

LOCAL EXPERTISE INTERNATIONAL REACH WORLD CLASS

MARKET SNAPSHOT

North I-880 Industrial Inventory:	57,094,882
North I-880 Industrial Availability:	1,517,361
North I-880 Industrial Availability Rate:	2.52%
I-880 Industrial Inventory:	79,845,962
I-880 Industrial Availability:	2,517,518
I-880 Industrial Availability Rate:	2.35%
Fremont/Newark Industrial Inventory:	55,613,739
Fremont/Newark Industrial Availability:	2,313,275
Fremont/Newark Industrial Availability Rate:	4.16%

New construction of Class "A" Warehouse and Advanced Manufacturing buildings along the I-880 Corridor from Richmond through North San Jose is very strong. Roughly 5.5 Million Square Feet of new product is hitting the market with an underlying question being, will the demand be there to support the needed rents in this very expensive market? Expensive not only in terms of values and rents, but also in construction costs, materials and contractor demand. We have seen several projects get delayed by contractors that are stretched too thin, city delays, etc. Additionally, we see most projects running over budget as costs continue to increase in the Bay Area.

Notable recent pre-leasing and build to suits include the following under construction projects:

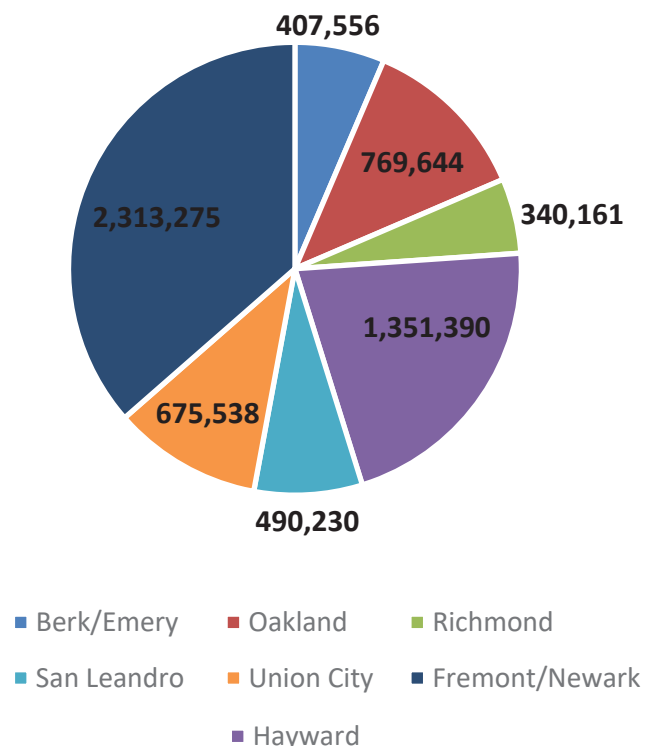
- 175,000±SF in San Leandro (UPS)
- 300,000±SF in Richmond (Mattress Firm)
- 225,000±SF in Newark (Facebook)

See our Under Construction & Transactions sections for details

We appreciate your business and invite you to contact us with any questions or comments you may have regarding commercial properties in the East Bay. We look forward to working with you!

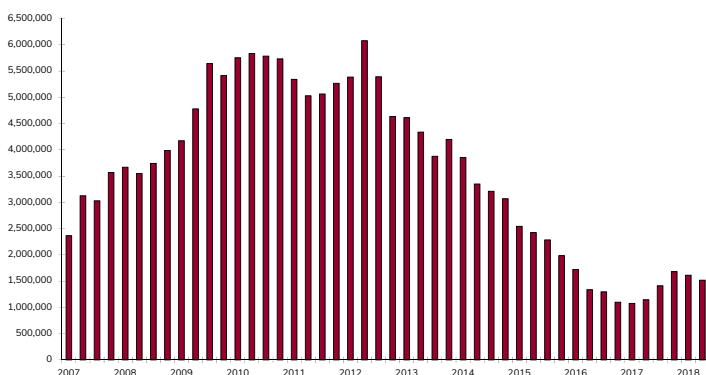
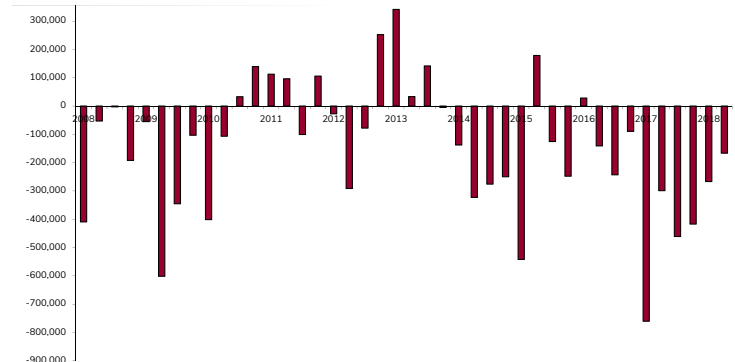
- Craig Hagglund, SIOR, Managing Principal
Lee & Associates - Oakland

TOTAL AVAILABLE SF BY SUBMARKET



Lee & Associates maintains an up-to-date database of all available properties and sold/leased properties.

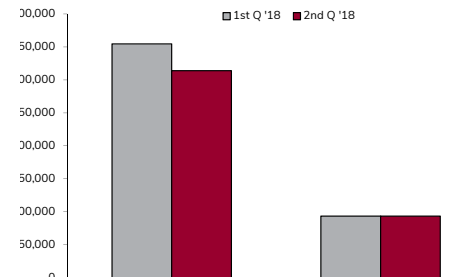
MARKET	INVENTORY		AVAILABILITY			AVAILABILITY RATE	
	Buildings	Total SF	Direct SF	Sublease SF	Available SF	Direct	Total
BERKELEY/EMERYVILLE							
INDUSTRIAL/WAREHOUSE	420	9,156,184	313,949	0	313,949	3.43%	3.43%
FLEX/R&D	82	3,352,548	93,607	0	93,607	2.79%	2.79%
TOTAL	502	12,508,732	407,556	0	407,556	3.26%	3.26%
OAKLAND							
INDUSTRIAL	1,239	22,642,046	467,620	73,598	541,218	2.07%	2.39%
MULTI TENANT/INCUBATOR	42	291,246	18,287	0	18,287	6.28%	6.28%
FLEX/R&D	116	1,983,760	7,700	0	7,700	0.39%	0.39%
WAREHOUSE/DIST	82	6,305,683	202,439	0	202,439	3.21%	3.21%
TOTAL	1,479	31,222,735	696,046	73,598	769,644	2.23%	2.47%
RICHMOND							
INDUSTRIAL	286	7,002,848	196,655	0	196,655	2.81%	2.81%
MULTI TENANT/INCUBATOR	23	1,142,316	10,626	3,000	13,626	0.93%	1.19%
FLEX/R&D	22	813,882	19,935	0	19,935	2.45%	2.45%
WAREHOUSE/DIST	39	4,404,369	109,945	0	109,945	2.50%	2.50%
TOTAL	370	13,363,415	337,161	3,000	340,161	2.52%	2.55%
MARKET TOTAL	2,351	57,094,882	1,440,763	76,598	1,517,361	2.52%	2.66%

AVAILABLE/ABSORPTION HISTORY**NORTH I-880 AVAILABLE****NORTH I-880 ABSORPTION**

BERKELEY/EMERYVILLE INDUSTRIAL - RYAN DAVIDSON

West Berkeley continues to show its strength as a sought after market for creative investment opportunities. Leasing also continues to remain steady within the submarket with three new leases at strong pricing.

The big news for Emeryville is the purchase of a five-building, 131,451±SF portfolio, commonly known as the *Emeryville Exchange*. Hackman Capital reportedly paid \$41.5MM for the package which was 87% occupied by sixteen tenants at closing.



Notable Sale from the 2nd Quarter:

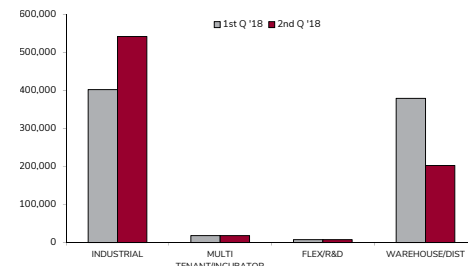
- 22,000±SF to Bruce Gordon | 2629 7th Street

Notable Leases from the 2nd Quarter:

- 16,500±SF to Ciel Creative | 932 Parker Street at \$1.20/SF IG
- 8,860±SF to Embodied Intelligence | 707 Heinz Avenue at \$1.45/SF IG
- 8,240±SF to Thistle Health | 1435 4th Street at \$1.50/SF IG

OAKLAND INDUSTRIAL - DREW FISCHER

The 2nd Quarter for the Oakland Industrial Market did not have the quantity or deal size of the previous period, but what stood out are some of the per square foot prices. Owner/user sales are the key indicator for the I-880 Industrial Corridor. We specifically want to see sub 25,000±SF owner/user activity, as that is the majority of the inventory. This Quarter we saw \$300/SF on 10,000-15,000±SF buildings. How much higher will the market accept? The scarcity in the marketplace and the attraction is creating all time highs for industrial product.



Notable Sales from the 2nd Quarter:

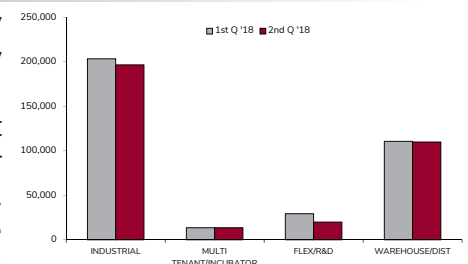
- 14,704±SF to 671 4th Street, LLC | 671 4th Street for \$291.76/SF
- 8,238±SF to Gill's Electric Company | 909 7th Street for \$305.54/SF

Notable Leases from the 2nd Quarter:

- 88,506±SF to Royal Coffee | 6195 Coliseum Way (relocation & expansion within the same complex)

RICHMOND INDUSTRIAL - BRIAN BARDEN

The 2nd Quarter proved once again it's a seller's market. The cannabis industry continues to drive pricing upwards and the Richmond market is greatly benefiting. For the first time Richmond is seeing industrial prices nearing \$200/SF with some flex buildings selling. Leasing has been relatively quiet with only a couple sub 10,000±SF industrial deals completed, however there are multiple 20,000±SF deals currently in negotiation. Additionally, there are multiple 100,000±SF development projects underway with late 2018/early 2019 delivery dates and we expect to see some large lease deals with record rates completed in the near future.



Notable Sale from the 2nd Quarter:

- 79,624±SF to Walden Management | 845-865 Marina Bay Parkway
- 21,822±SF to CA State Lottery | 618 S. 8th Street
- 20,050±SF to The Floor Store | 3443 Regatta Boulevard

I-880 Corridor Quarterly Report

I-880 MARKET STATISTICS

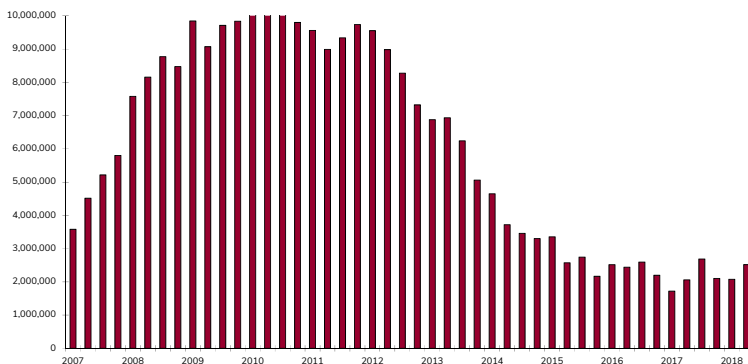
SECOND QUARTER 2018

QUARTER IN REVIEW

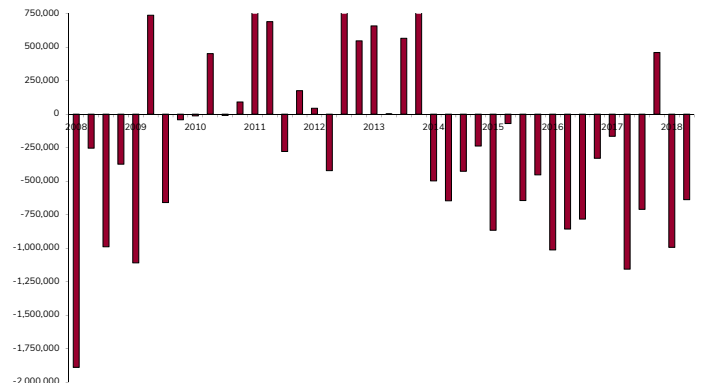


MARKET	INVENTORY		AVAILABILITY			AVAILABILITY RATE	
	Buildings	Total SF	Direct SF	Sublease SF	Available SF	Direct	Total
HAYWARD							
INDUSTRIAL	857	16,155,328	184,863	46,681	231,544	1.14%	1.43%
MULTI TENANT/INCUBATOR	165	2,155,990	26,825	0	26,825	1.24%	1.24%
FLEX/R&D	74	3,321,691	152,850	4,873	157,723	4.60%	4.75%
WAREHOUSE/DIST	228	21,817,729	688,124	247,174	935,298	3.15%	4.29%
TOTAL	1,324	43,450,738	1,052,662	298,728	1,351,390	2.42%	3.11%
SAN LEANDRO							
INDUSTRIAL	411	12,676,190	312,338	37,500	349,838	2.46%	2.76%
MULTI TENANT/INCUBATOR	29	595,162	34,341	0	34,341	5.77%	5.77%
FLEX/R&D	34	1,388,821	2,610	0	2,610	0.19%	0.19%
WAREHOUSE/DIST	94	7,567,385	93,441	10,000	103,441	1.23%	1.37%
TOTAL	568	22,227,558	442,730	47,500	490,230	1.99%	2.21%
UNION CITY							
INDUSTRIAL	109	3,442,893	89,724	8,100	97,824	2.61%	2.84%
MULTI TENANT/INCUBATOR	21	377,117	0	0	0	0.00%	0.00%
FLEX/R&D	15	438,401	11,365	0	11,365	2.59%	2.59%
WAREHOUSE/DIST	105	9,909,255	282,657	283,692	566,349	2.85%	5.72%
TOTAL	250	14,167,666	383,746	291,792	675,538	2.71%	4.77%
MARKET TOTAL	2,142	79,845,962	1,879,138	638,020	2,517,158	2.35%	3.15%

AVAILABLE/ABSORPTION HISTORY



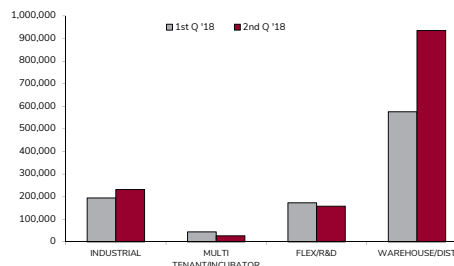
I-880 AVAILABLE



I-880 ABSORPTION

HAYWARD INDUSTRIAL - CRAIG HAGGLUND, SIOR

The Hayward Market encompasses roughly 43 million square feet of Warehouse/Distribution, Industrial, Multi-Tenant/Incubator and Flex/R&D space. Hayward remains a top submarket for both Investors and Tenants. Both the sale and lease markets remain very tight with little product offered, however we are seeing new construction such as Blackcreek's 550,000±SF Class A warehouse project on W. Winton Avenue.



Notable Sale from the 2nd Quarter:

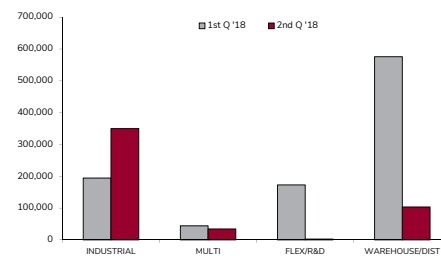
- 100,320±SF to Transpac | 20458-20470 Corsair Boulevard
- 65,267±SF to Huntwood, LLC | 30680-30690 Huntwood Avenue

Notable Lease from the 2nd Quarter:

- 42,000±SF to Accent Building Supply | 3527 Arden Road
- 72,775±SF to Compass Group, Inc. | 3536 Arden Road
- 64,916±SF to Temco Logistics | 2802 W. Winton Avenue

SAN LEANDRO INDUSTRIAL - CHRIS SCHOFIELD, SIOR

The San Leandro Market encompasses roughly 22 million square feet of Warehouse/Distribution, Industrial, Multi-Tenant/Incubator and Flex/R&D space. Market surveys show the overall vacancy at 2.21% - up from 1.61% last Quarter. Warehouse/Distribution product remains strong at just 1.37% vacant. Due to a lack of inventory, very few new leases and sales were completed in the 2nd Quarter. There were two significant investment deals that took place with a third going into contract and set to close this Quarter. The most significant lease deal took place in the new San Leandro Business Center, where UPS preleased 121,000±SF. With vacancy this low, we anticipate both lease rates and sale prices will continue to rise over the next quarter.

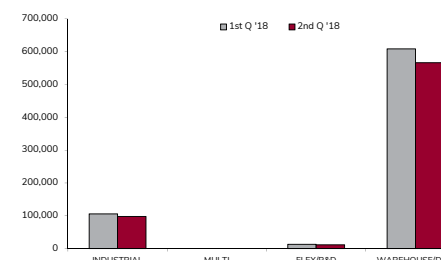


Notable Sales from the 2nd Quarter:

- 583,000±SF to COLFIN 2018 2 Industrial Owner, LLC | Doolittle Drive & Williams Street for \$100,500,000/4.25% CAP
- 41,100±SF to B.P. Management | 575 Marina Boulevard for \$16,500,00/5.6% CAP

UNION CITY INDUSTRIAL - RYAN MARTENS

The Union City market consists of roughly 14 million square feet of Warehouse/Distribution, Industrial, Multi-Tenant/Incubator and Flex/R&D space. Union City's vacancy rate continues to decrease, now sitting under 5%. We expect to see increased lease & sale values throughout the year as inventory remains extremely low.



Notable Sales from the 2nd Quarter:

- 52,000± SF to Exeter | 34585 7th Street
- 43,020± SF to United Mechanical Inc. | 33333 Lewis Avenue

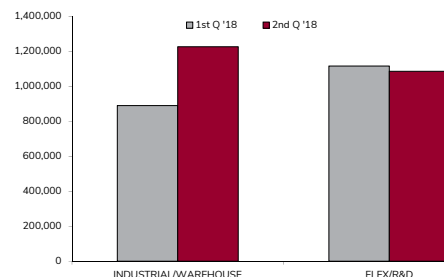
Notable Leases from the 2nd Quarter:

- 86,401± SF to Weber Logistics | 30300 Whipple Road (renewal)

MARKET	INVENTORY Total SF	AVAILABILITY			AVAILABILITY RATE	
		Direct SF	Sublease SF	Available SF	Direct	Total
FREMONT/NEWARK						
INDUSTRIAL/WAREHOUSE	31,938,739	1,180,915	46,036	1,226,951	3.70%	3.84%
FLEX/R&D	23,675,000	1,026,344	59,980	1,086,324	4.34%	4.59%
MARKET TOTAL	55,613,739	2,207,259	106,016	2,313,275	3.97%	4.16%

FREMONT/NEWARK INDUSTRIAL - ANDREW STODDARD

Last Quarter in the Fremont/Newark submarket saw strong tenant demand "driven" by the automotive and transportation sectors, as well as from the traditional technology and distribution users. However many of the large lease transactions were renewals. Construction is underway at the largest industrial development in the Bay Area - The Pacific Commons Industrial Center (1,800,000±SF). This speculative warehouse project is scheduled for delivery at the end of this year.



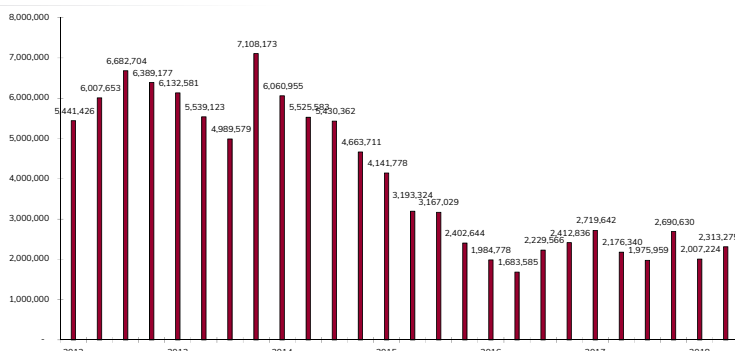
Notable Sales from the 2nd Quarter:

- 22,022±SF to Golden Sand Investment | 45755 W. Northport Loop
- 52,321±SF to REV Projects | 46335 Landing Parkway

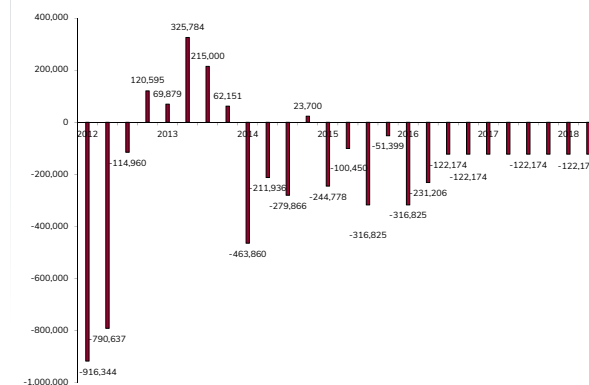
Notable Leases from the 2nd Quarter:

- 132,900±SF to OnTrac | 41469 Boyce Road (renewal)
- 80,558±SF to Inside Source | 7091 Central Avenue (renewal)
- 50,400±SF to Tesla | 1250 Page Avenue

AVAILABLE/ABSORPTION HISTORY



FREMONT/NEWARK AVAILABLE



FREMONT/NEWARK ABSORPTION

I-880 Corridor Quarterly Report
UNDER CONSTRUCTION

SECOND QUARTER 2018



555,000±SF, SAN LEANDRO
DEVELOPER: TRAMMEL CROW



Under Construction
Class "A" Warehouse

256,136±SF, OAKLAND
DEVELOPER: PROLOGIS



Phase I - State of the Art Class "A"
Warehouse Development

231,660±SF, OAKLAND
DEVELOPER: PROLOGIS



Phase II - State of the Art Class "A"
Warehouse Development
Under Construction

804,106±SF, MILPITAS
DEVELOPER: MCCARTHY RANCH



Phase 1 Delivery Q2 2018
Two Buildings Totaling 450,610±SF

2,530,000±SF, FREMONT
DEVELOPER: OVERTON & CONNOR



11 Buildings on 143± Acres
Construction Slated for 2018
Under Construction

75,200±SF, SAN LEANDRO
DEVELOPER: DCT



Under Construction
Class "A" Warehouse

296,698±SF, SAN LEANDRO
DEVELOPER: OVERTON MOORE



Class "A" Warehouse
Situated on 13± Acres

440,234±SF, OAKLAND
DEVELOPER: CENTERPOINT



Phase I - Class "A" Industrial Facility
Exclusive Seaport Development

566,725±SF, RICHMOND
DEVELOPER: SCANNELL



Two Proposed Class "A" Warehouses
Delivery Q2 2019

**INDUSTRIAL - 136,785±SF LEASED
625 N. MCCARTHY BLVD., MILPITAS
SF MOTORS**



**INDUSTRIAL - 121,643±SF LEASED
100 HALCYON DRIVE, SAN LEANDRO
UPS**



**INDUSTRIAL - 100,320±SF SOLD
20458-20470 CORSAIR BLVD., HAYWARD
HAYWARD70, LLC**



**INDUSTRIAL - 88,506±SF LEASED
6195 COLISEUM WAY, OAKLAND
ROYAL COFFEE**



**INDUSTRIAL - 86,401± SF LEASED
LINCOLN ALVARADO BUSINESS PARK
WEBER LOGISTICS**



**INDUSTRIAL - 79,624± SF SOLD
MARINA BAY CROSSINGS
WALDEN MANAGEMENT**



**INDUSTRIAL - 72,775± SF LEASED
3536 ARDEN ROAD, HAYWARD
COMPASS GROUP, INC.**



**INDUSTRIAL - 65,267± SF SOLD
HUNTWOOD BUSINESS PARK
HUNTWOOD, LLC**



**INDUSTRIAL - 64,916± SF LEASED
2802 W. WINTON AVENUE, HAYWARD
TEMCO LOGISTICS**



**INDUSTRIAL - 52,321±SF LEASED
46335 LANDING PKWY., FREMONT
REV PROJECTS**



**INDUSTRIAL - 52,000± SF SOLD
34585 7TH STREET, UNION CITY
EXETER**



**LAND - 4.95± ACRES SOLD
31500 HAYMAN STREET, HAYWARD
DCT INDUSTRIAL**



I-880 Corridor Quarterly Report
EXCLUSIVE LEE LISTINGS

SECOND QUARTER 2018



FOR LEASE
AVAILABLE: 5.47± ACRES
6565-87 SMITH AVENUE, NEWARK



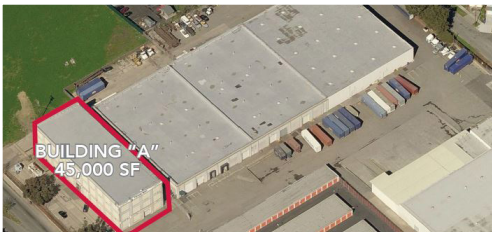
FOR LEASE
AVAILABLE: 142,322± SF
2230-42 DAVIS COURT, HAYWARD



FOR LEASE
AVAILABLE: 128,168± SF
650-680 85TH AVENUE, OAKLAND



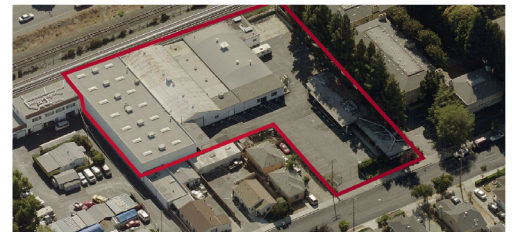
FOR SALE
AVAILABLE: 45,000± SF
350 CARLSON BOULEVARD, RICHMOND



FOR LEASE/SALE
AVAILABLE: 29,991± SF
45897 HOTCHKISS STREET, FREMONT



FOR SALE
AVAILABLE: 29,450± SF
24615-19 O'NEIL AVENUE, HAYWARD



FOR LEASE/SALE
AVAILABLE: 26,552± SF
1500 ATLANTIC STREET, UNION CITY



FOR LEASE
AVAILABLE: 25,500± SF
2855 MILLER STREET, SAN LEANDRO



FOR LEASE
AVAILABLE: 16,120± SF
26142 EDEN LANDING ROAD, HAYWARD



FOR SALE
AVAILABLE: 12,247± SF
23052 BERNHARDT STREET, HAYWARD



FOR LEASE
AVAILABLE: 1,250± SF - 10,000±SF
CLIPPER COURT CENTER, FREMONT



FOR LEASE/SALE
AVAILABLE: 10,000± SF
2908 CHAPMAN STREET, OAKLAND



I-880 Corridor Quarterly Report YOUR OAKLAND TEAM

SECOND QUARTER 2018



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ABOUT LEE & ASSOCIATES

Lee & Associates, founded in 1979, is one of the largest regional commercial real estate providers in the United States.

Since 1979, our seasoned, motivated shareholders and professionals have been offering comprehensive quality service nationally and locally in a pro-active manner. We develop customized solutions for all of your real estates needs through our market-to-market knowledge in all property types. Our unique business model and extensive experience has helped us become one of the largest commercial real estate providers in the United States.