

East Bay Industrial Market Overview

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Market Observations

Economy

- The East Bay's unemployment decreased by 20 basis points in the first quarter and currently stands at 4.5%, 40 basis points higher than the national average.
- For industrial using employment sectors, trade and transportation services employment experienced year-over-year growth, while construction and manufacturing decreased.
- The U.S. Economy is undergoing significant changes driven by recent tariff policies and interest rate decisions which we will continue keep an eye on as we head into the second quarter of 2025.

Major Transactions

- The largest lease transaction of the quarter was a 261,242-square-foot lease signed by AIVRES at 47550 Kato Road in Fremont.
- The largest lease renewal was signed by Supermicro Computer for 246,450 square feet, also in Fremont.
- 32611-32621 Central Avenue sold for \$6.1 million, or \$67/sf to a private individual.
- 30180 Ahern Street sold for \$16.9 million, or \$257/sf. It was last sold in 2015 for \$7.4 million or \$112/sf.



Leasing Market Fundamentals

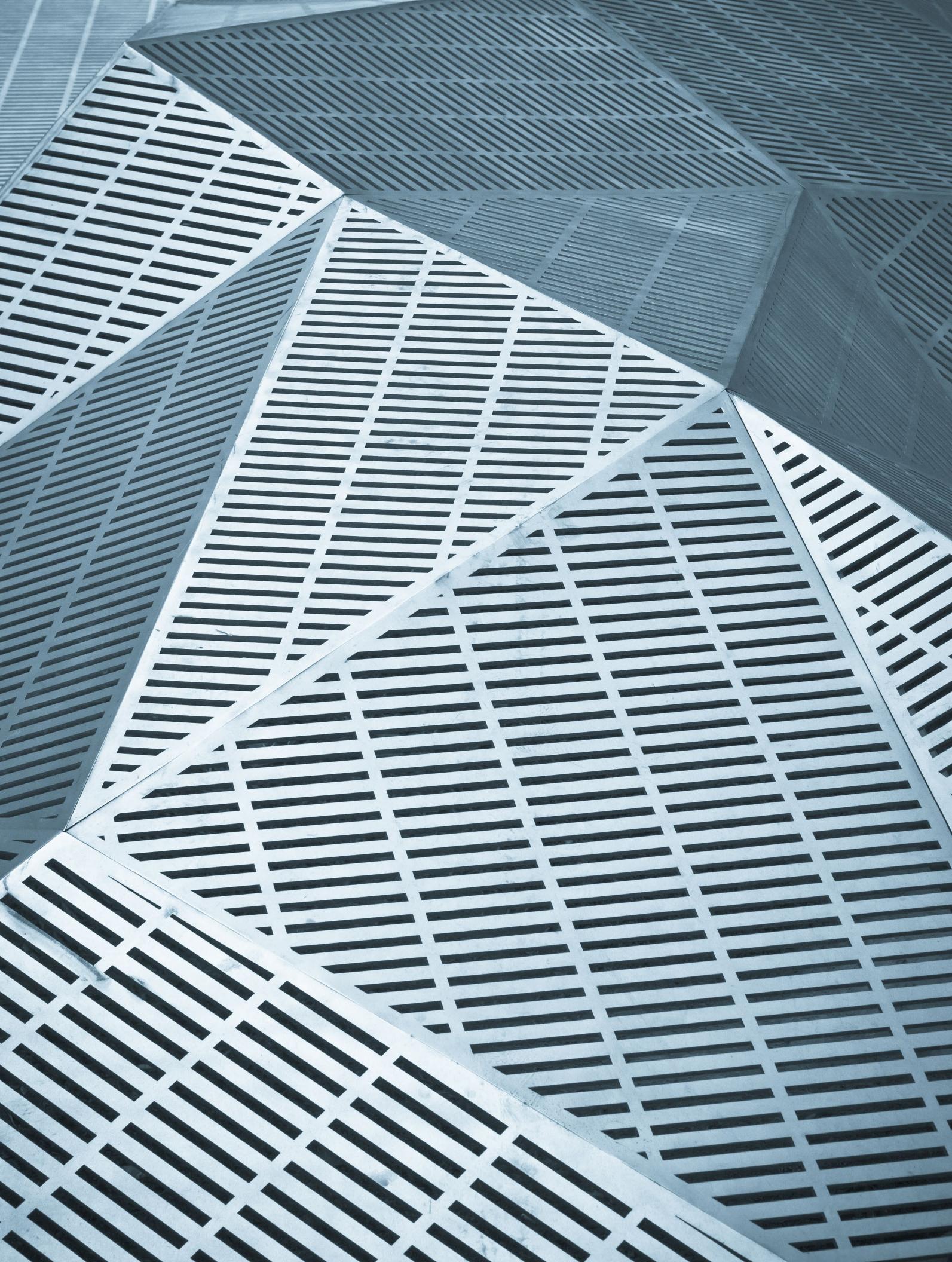
- The industrial market experienced a continued decrease in demand resulting in negative net absorption of 579,483 in the first quarter of 2025.
- Vacancy rates remained at 7.4%, the same as last quarter. The majority of the vacancy was in warehouse/distribution buildings. Vacancy rates for all three product types remained relatively stable throughout the first quarter. Overall availability rates increased to 9.8%, of which 2.2% was sublease space.
- Published asking rates haven't declined significantly although noticeable softer deal rates occurred on transactions – especially on less functional buildings.



Outlook

- New Construction starts are at the lowest levels in 10 years although the planned development pipeline remains robust as developers wait for fundamentals to shift.
- Tariffs threaten the supply chain in the Greater Oakland Market area and will specifically affect the productivity in the Port of Oakland. The cost of goods along with complex import/export regulations will be something to watch over the course of 2025 as it continues to disrupt many factors in the industrial market.
- Optimism remains that tenant demand will increase throughout the course of 2025 before a meaningful decline in overall vacancies until 2026.

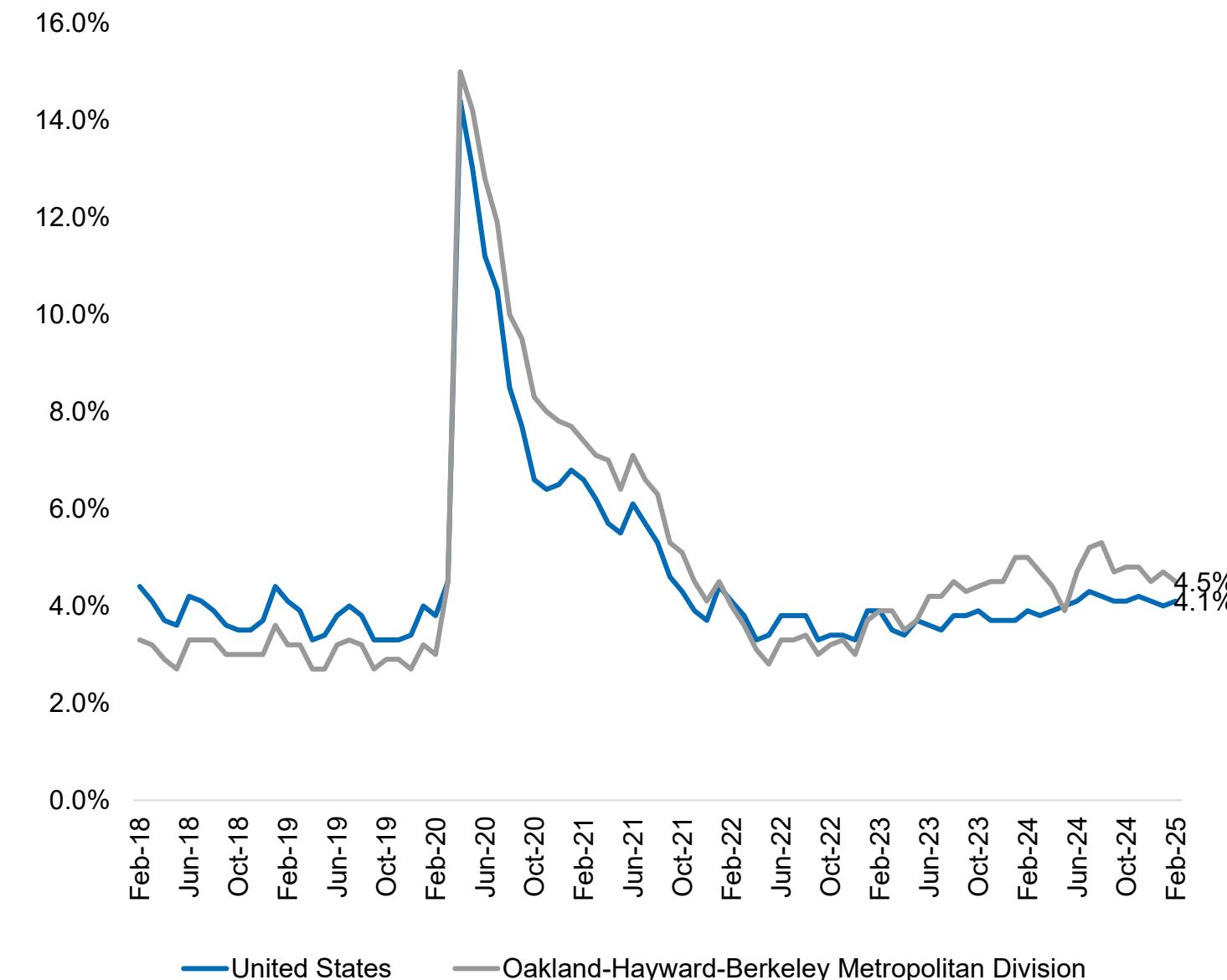
Economy



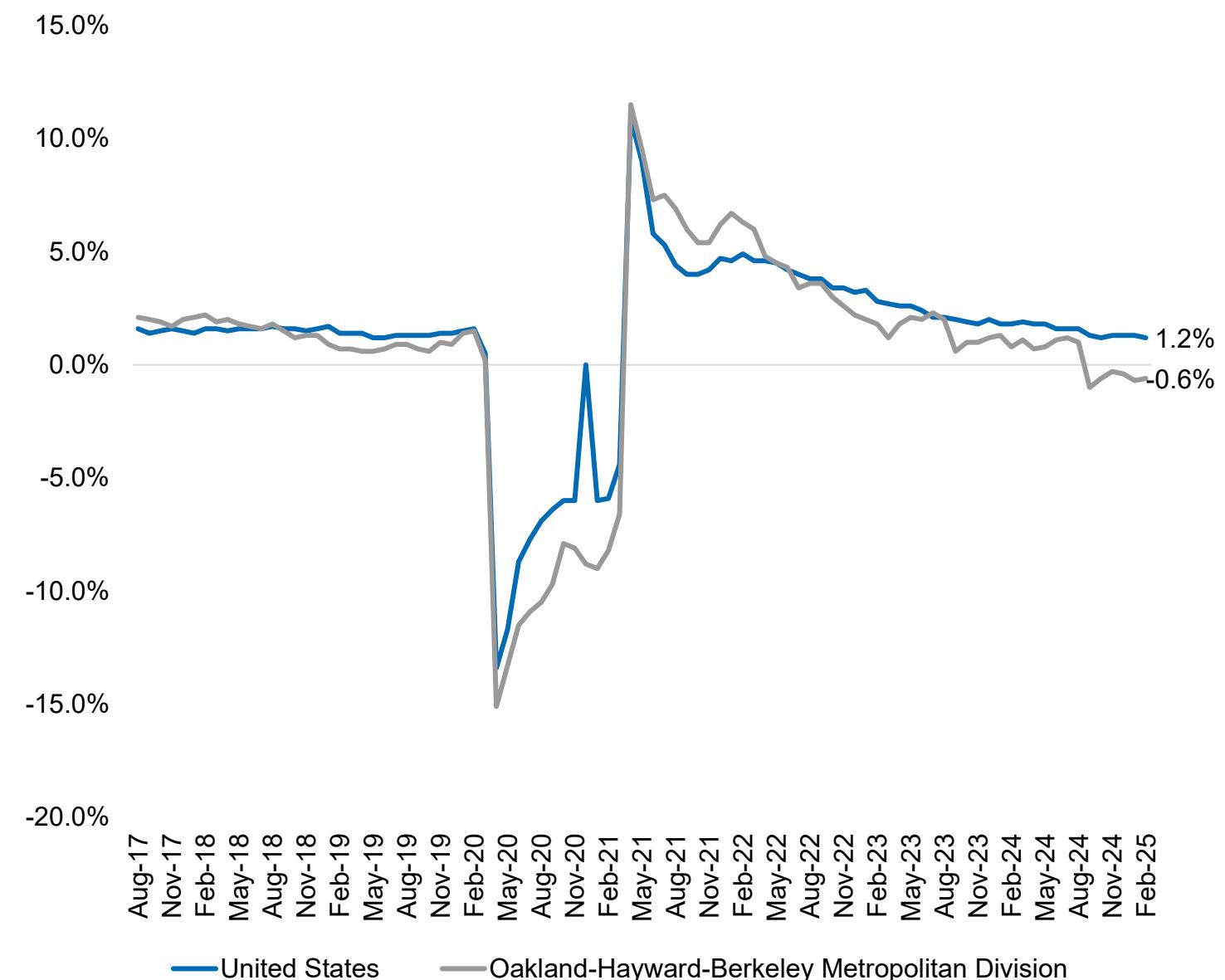
Metro Employment Trends Experience a Slight Decrease

The current unemployment rate for the East Bay Area is now 50 basis points lower than it was in the beginning of 2024. At 4.5% the unemployment rate for the East Bay Area is 40 basis points higher than the national average. Unemployment rates remain above pre-pandemic levels.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

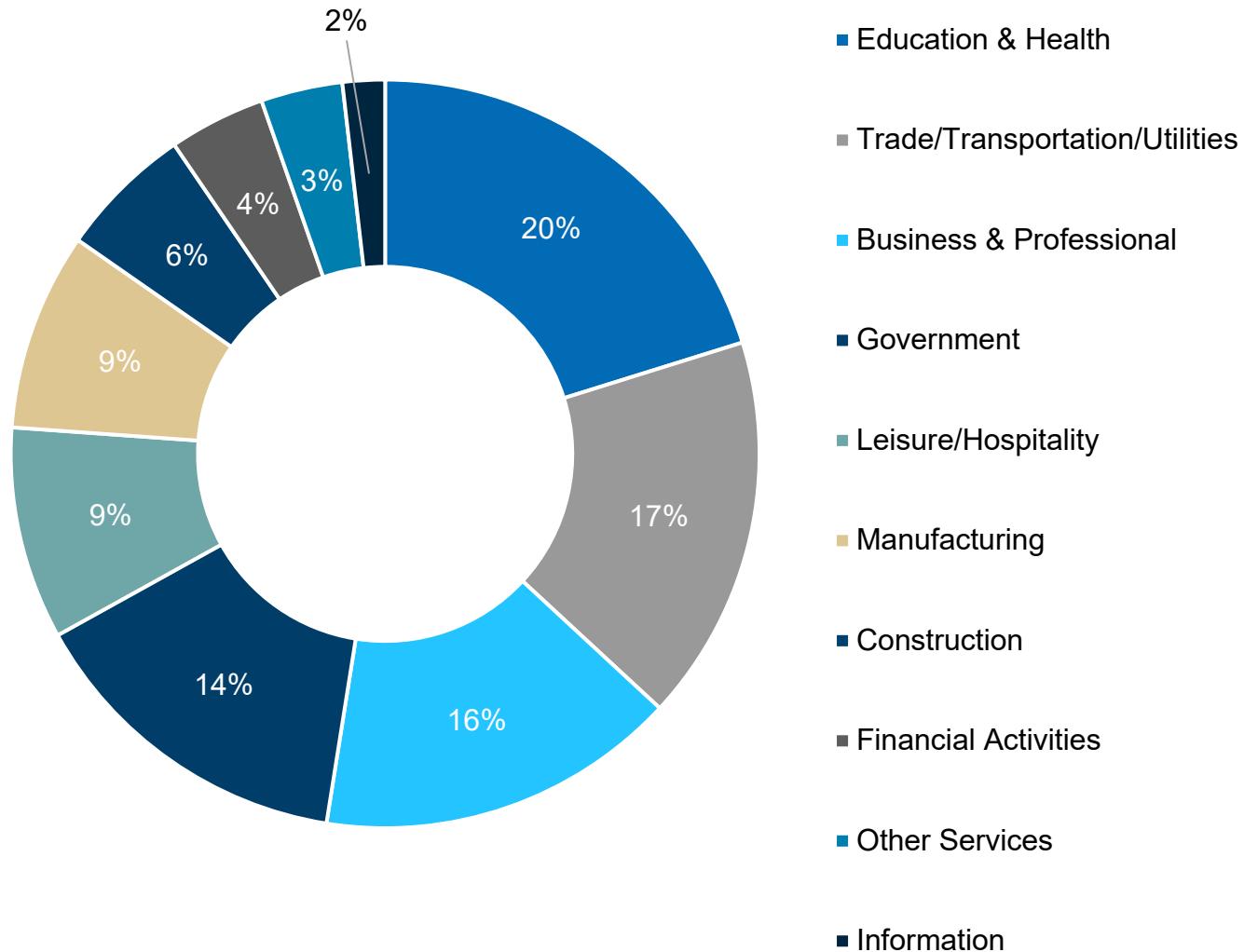


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

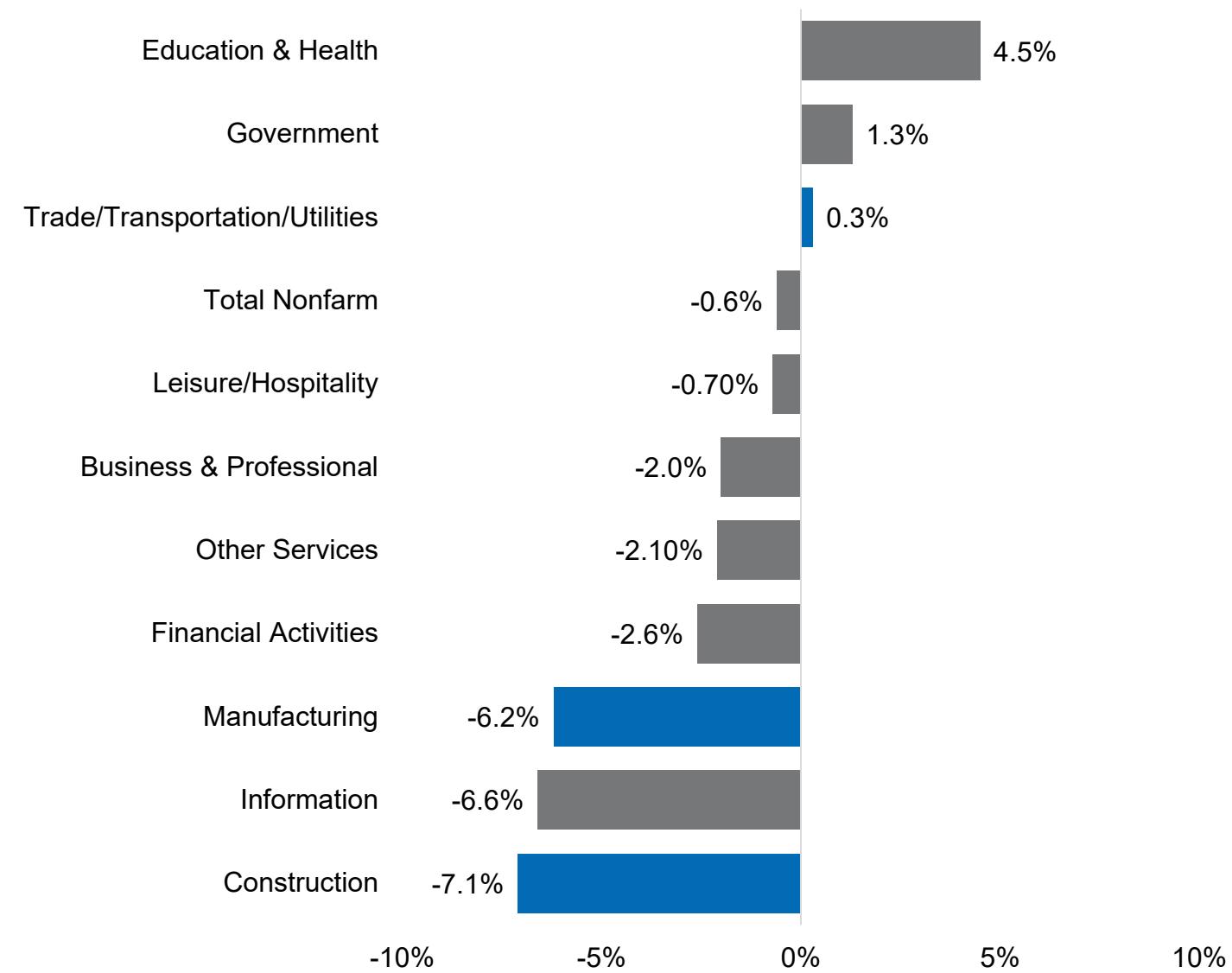
Office-Using Employment Down

Construction experienced the largest loss in growth for industrial using sectors year-over-over, while manufacturing also experienced negative growth, and trade/transportation/utilities increased slightly.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

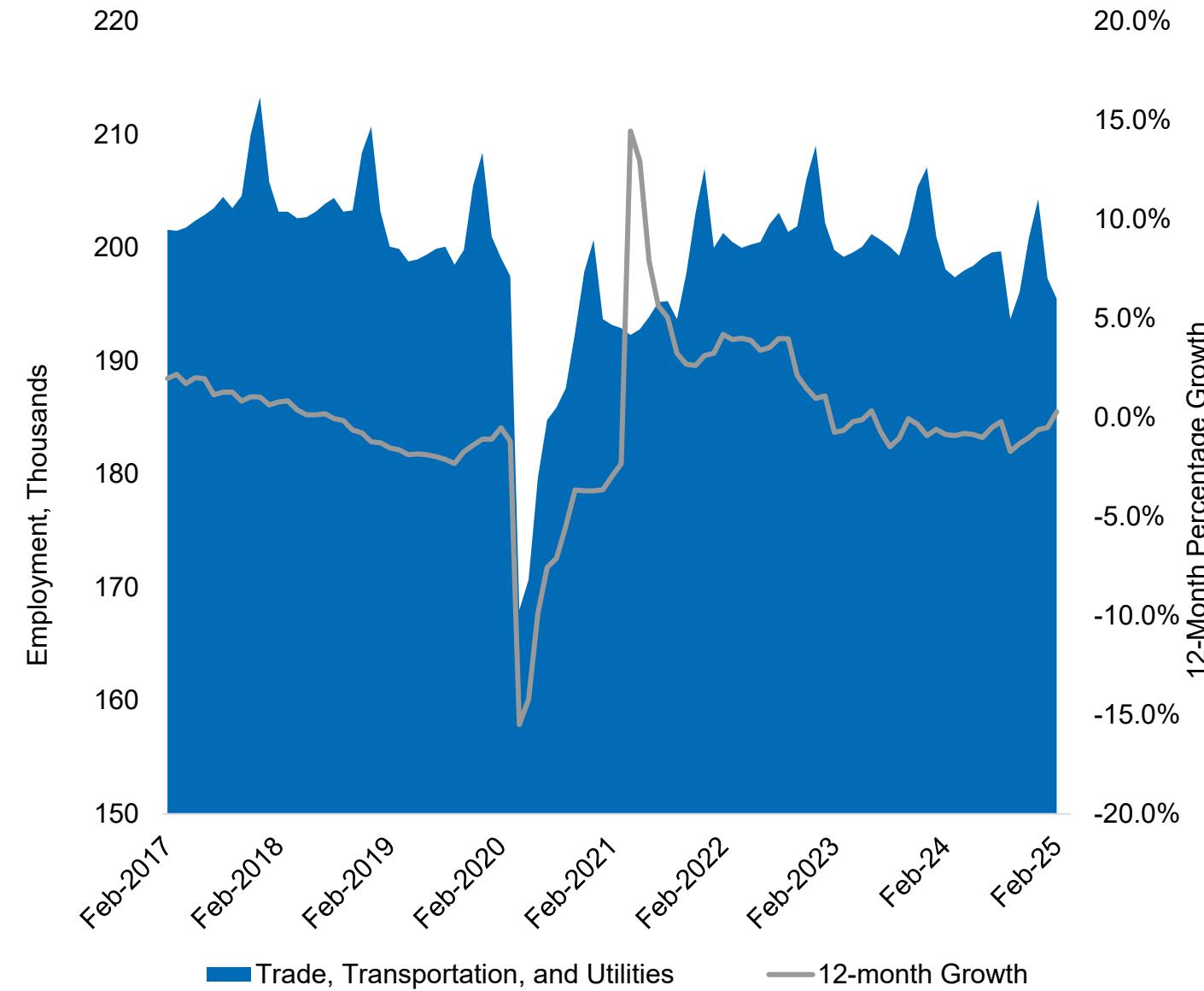


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

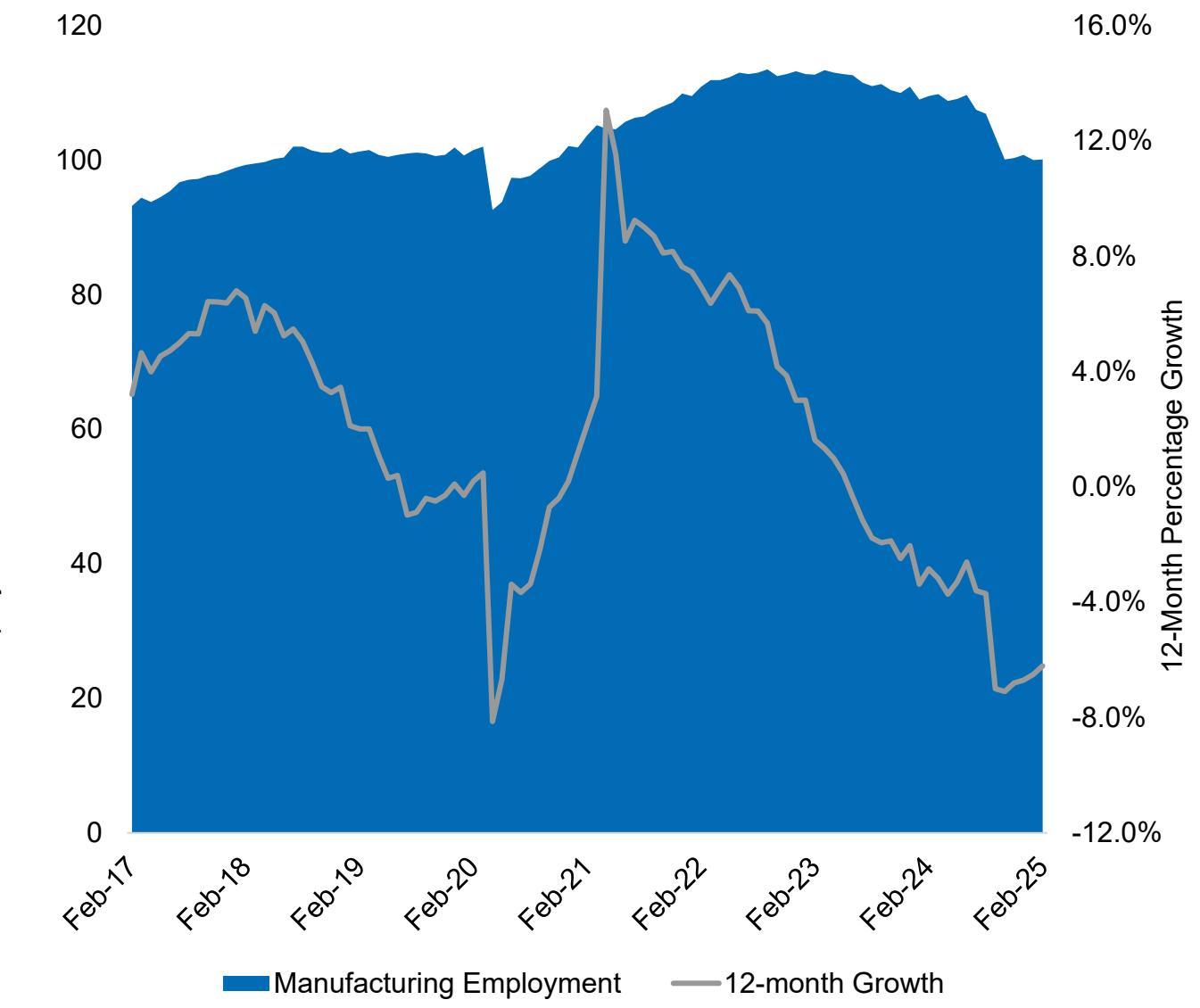
Industrial Employment Strong but Not Immune to Softening Conditions

Since the pandemic spike, Trade/Transportation/Utilities and Manufacturing year-over-year growth has come back down close to pre pandemic levels. Trade/transportation/utilities finished the year with slightly positive year-over-year growth. Manufacturing has had negative year-over-year growth since July of 2023.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities

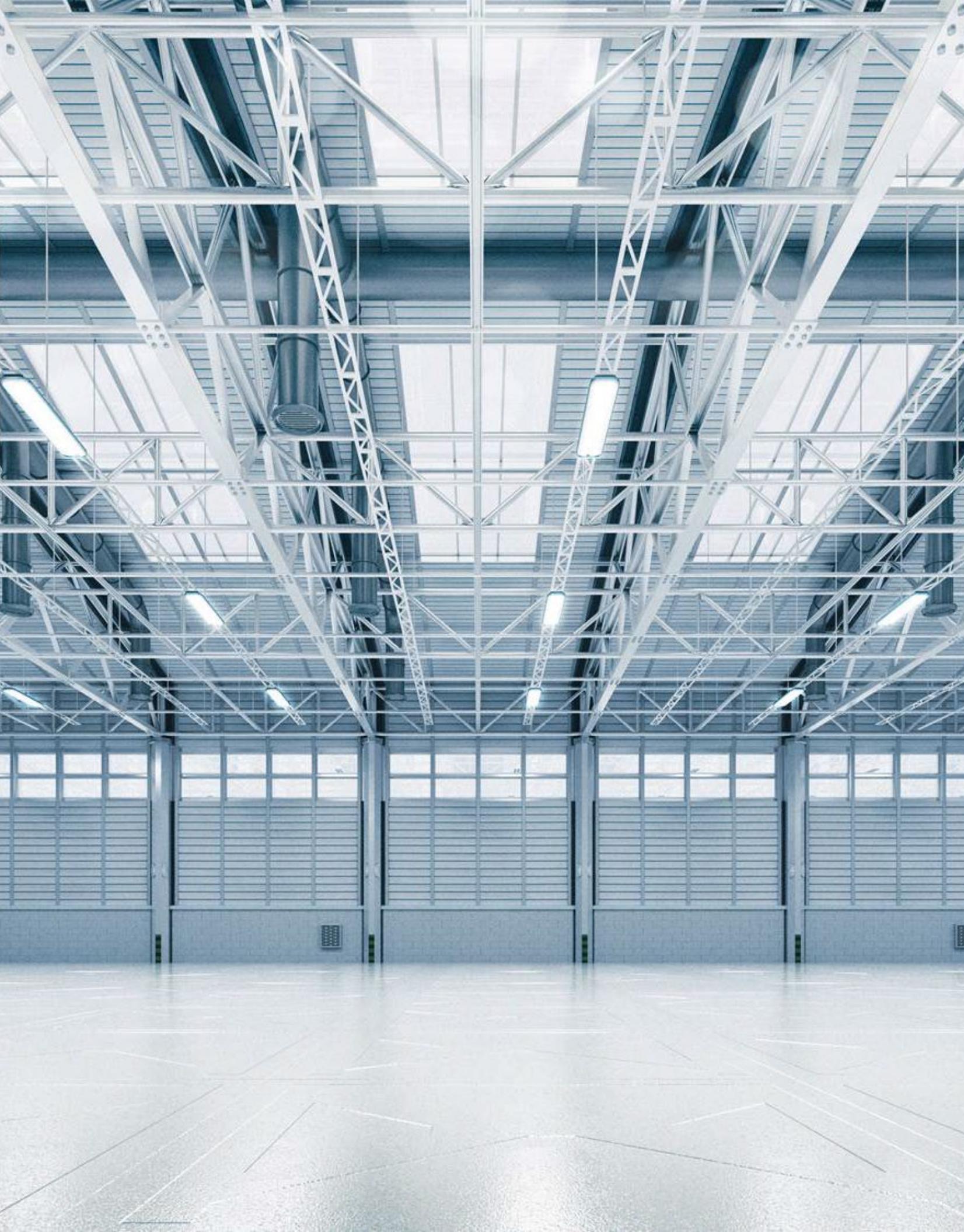


Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley

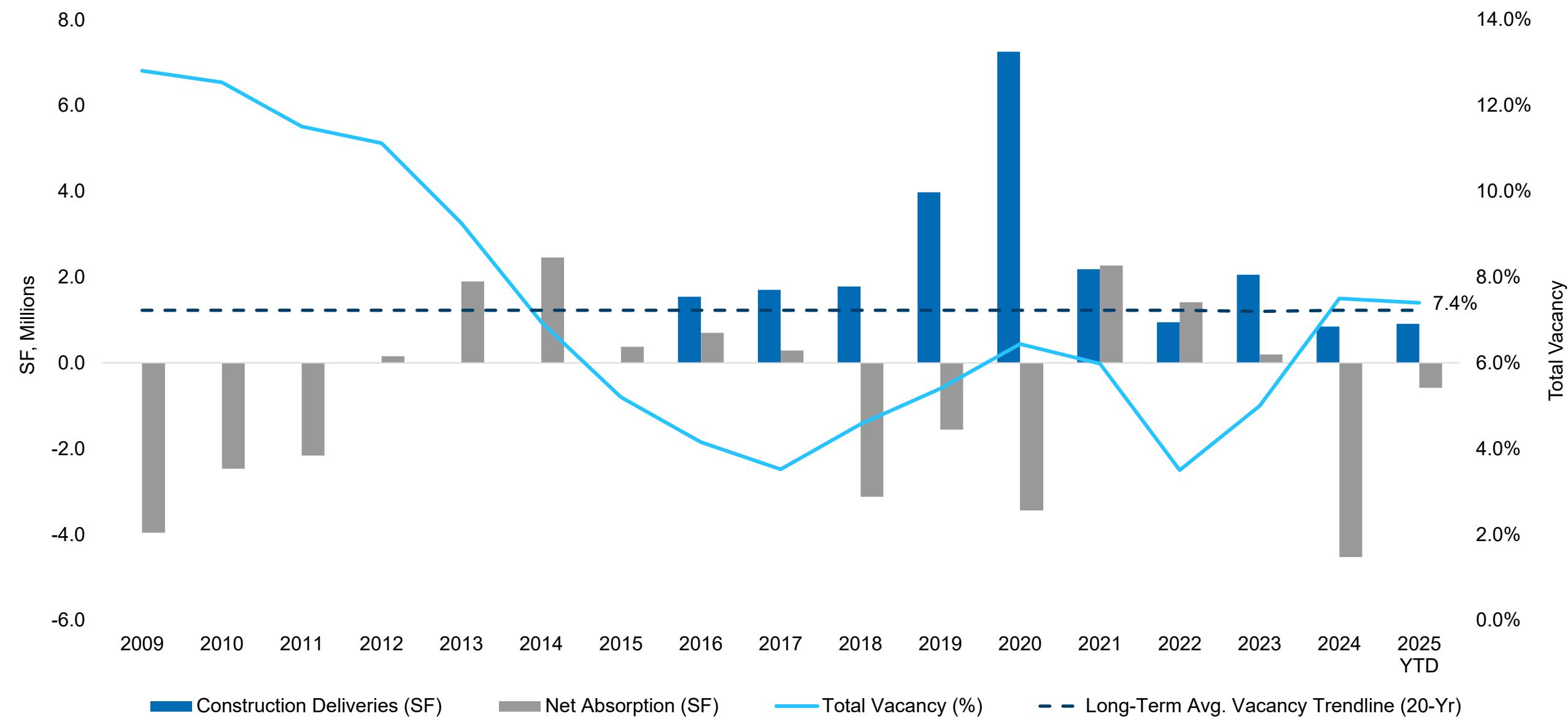
Leasing Market Fundamentals



Vacancy Remains Up Year Over Year

Vacancy rates in the East Bay remained stable quarter-over-quarter. There was 910K square feet of new construction delivered in the first quarter of 2025 which consisted of 1919 Williams, 1411 Harbor Way, 3636 Enterprise Avenue and 49000 Milmont Drive. There are no buildings currently under construction.

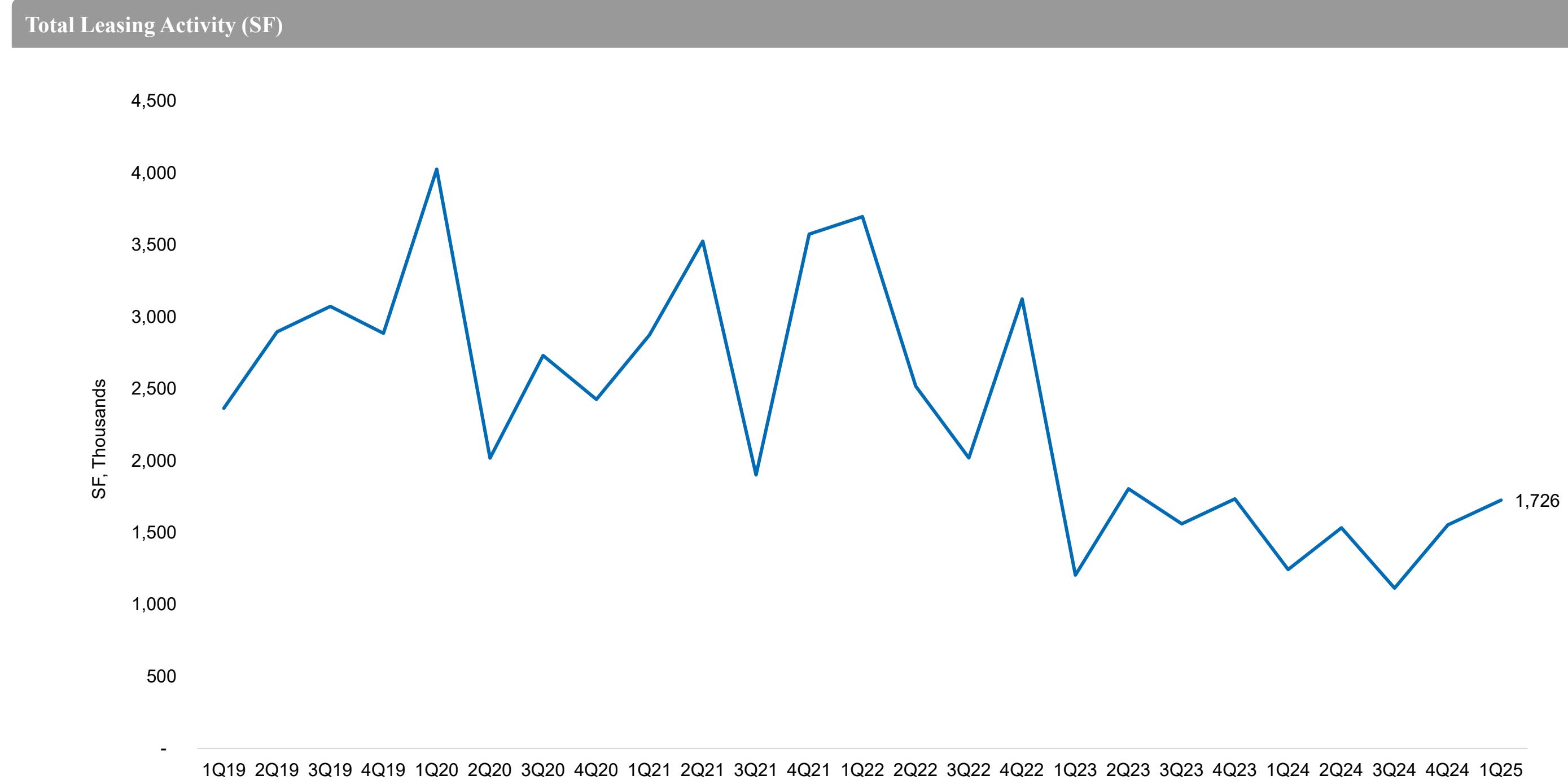
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Industrial Leasing Activity Increased

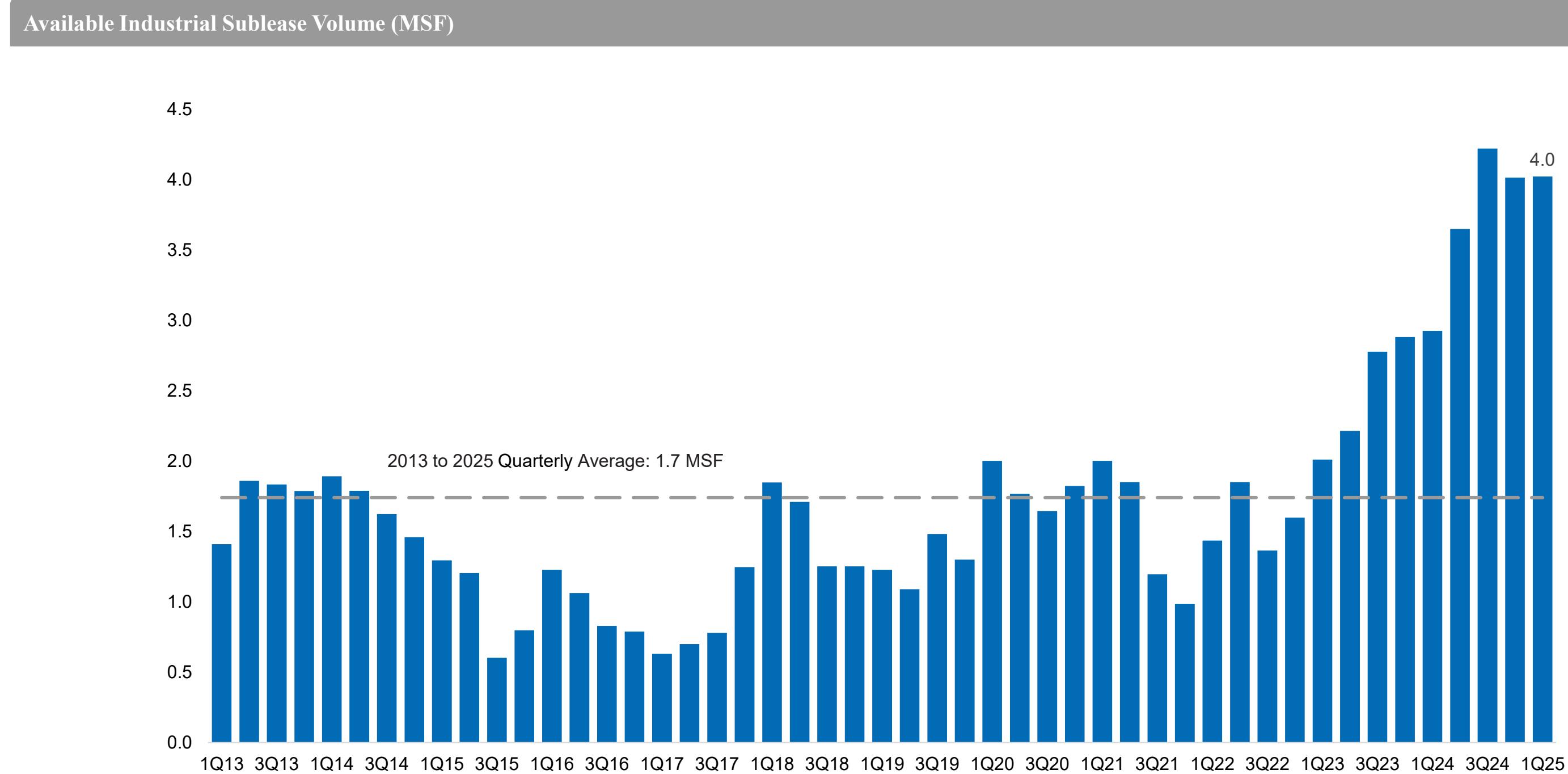
In the first quarter of 2025, overall leasing activity increased by almost 200k square feet from the prior quarter. The majority of the leasing activity this quarter happened in Newark and Fremont. Leasing in these two submarkets represented about 42% of the total square footage leased in the quarter.



Source: Newmark Research, CoStar

Industrial Sublease Availability Plateaus

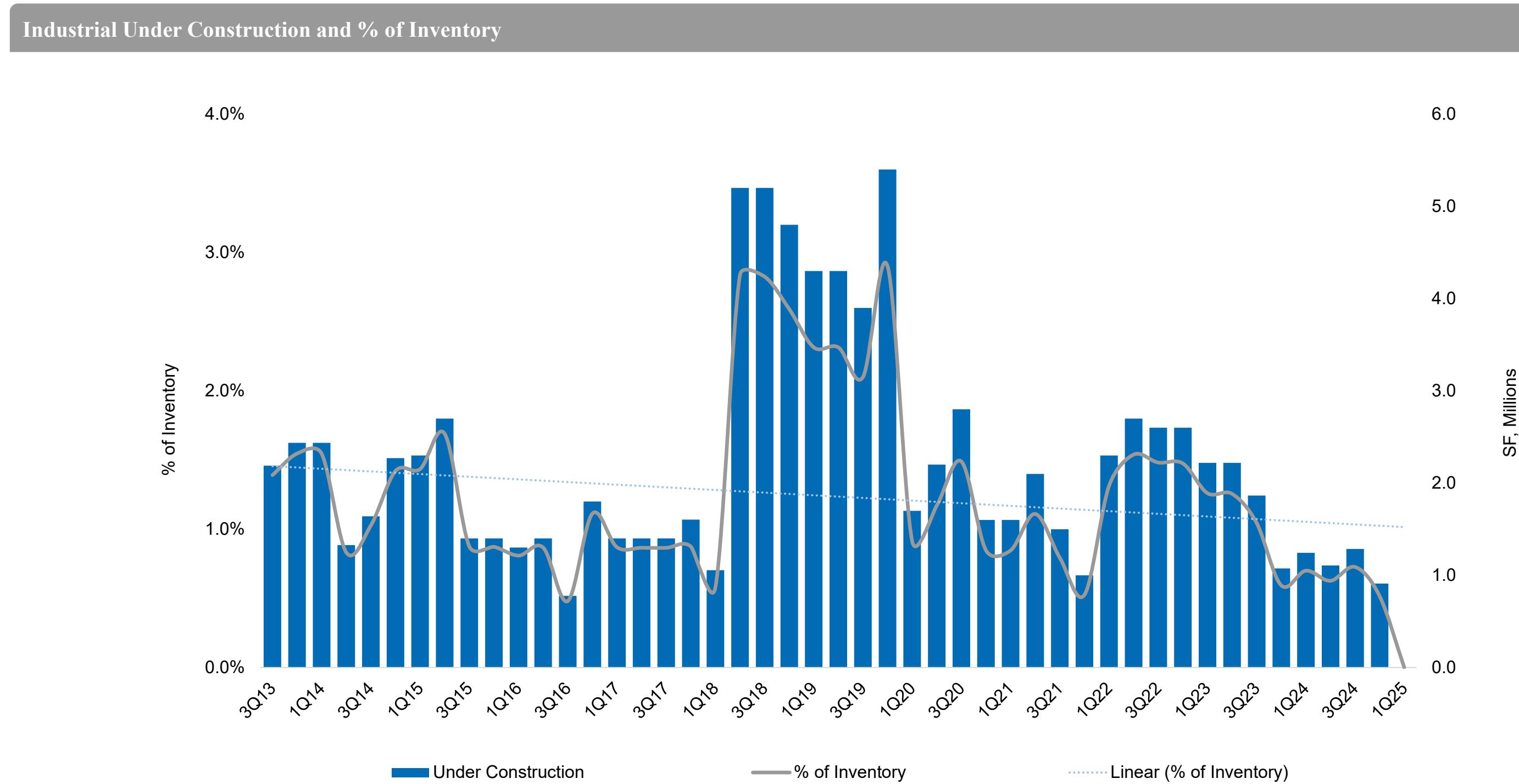
In the East Bay, sublease space remained stable at 4.0 MSF. There are 15 spaces over 100K square feet and combined these spaces represent 56% of the availability. There were no major subleases added in the greater Oakland market during the first quarter of 2025.



Source: Newmark Research, CoStar

Industrial Supply Pipeline

There was no new construction or construction activity recorded in the market in the first quarter of 2025.

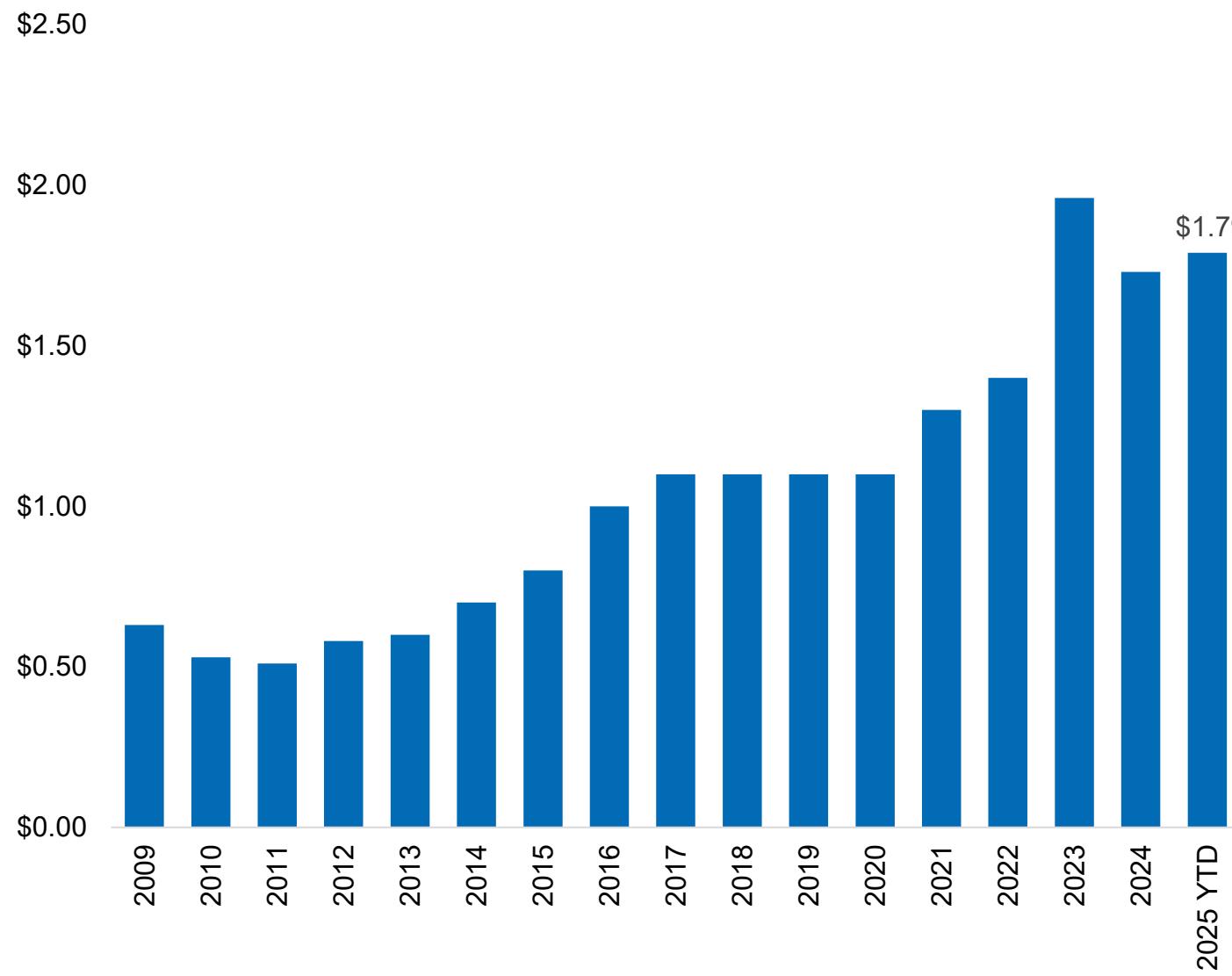


Source: Newmark Research, CoStar

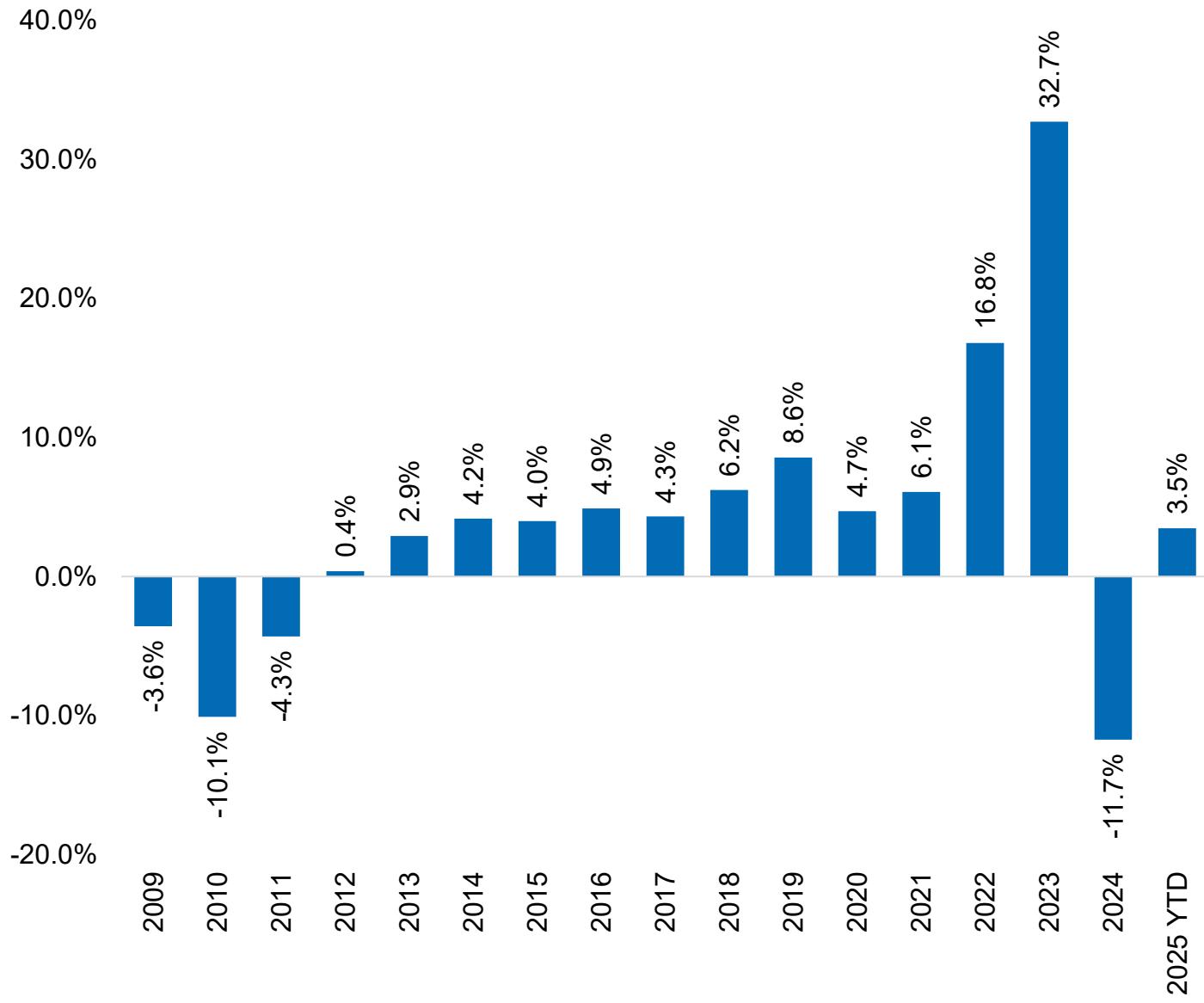
Industrial Asking Rent Growth Increases

Industrial average asking rent increased in the first quarter of 2025 by \$0.06 along with the asking rent growth which increased by nearly 3.5%.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 1Q25 Lease Transactions

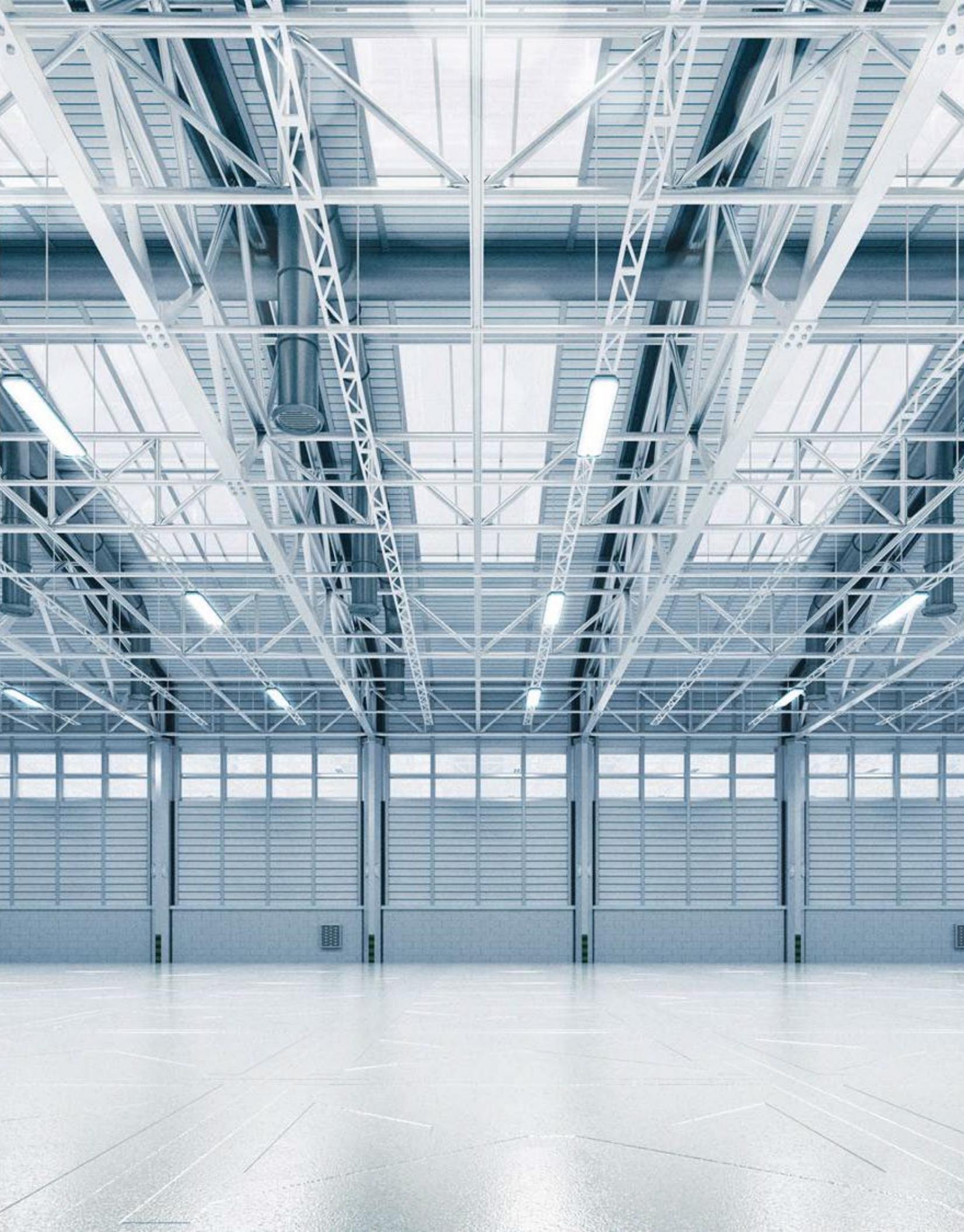
There were a handful of lease transactions 150,000 SF and greater in the first quarter of 2025. Leasing continued to remain slow in certain areas of the Greater Oakland market but these large deals provide signs to be optimistic about the future.

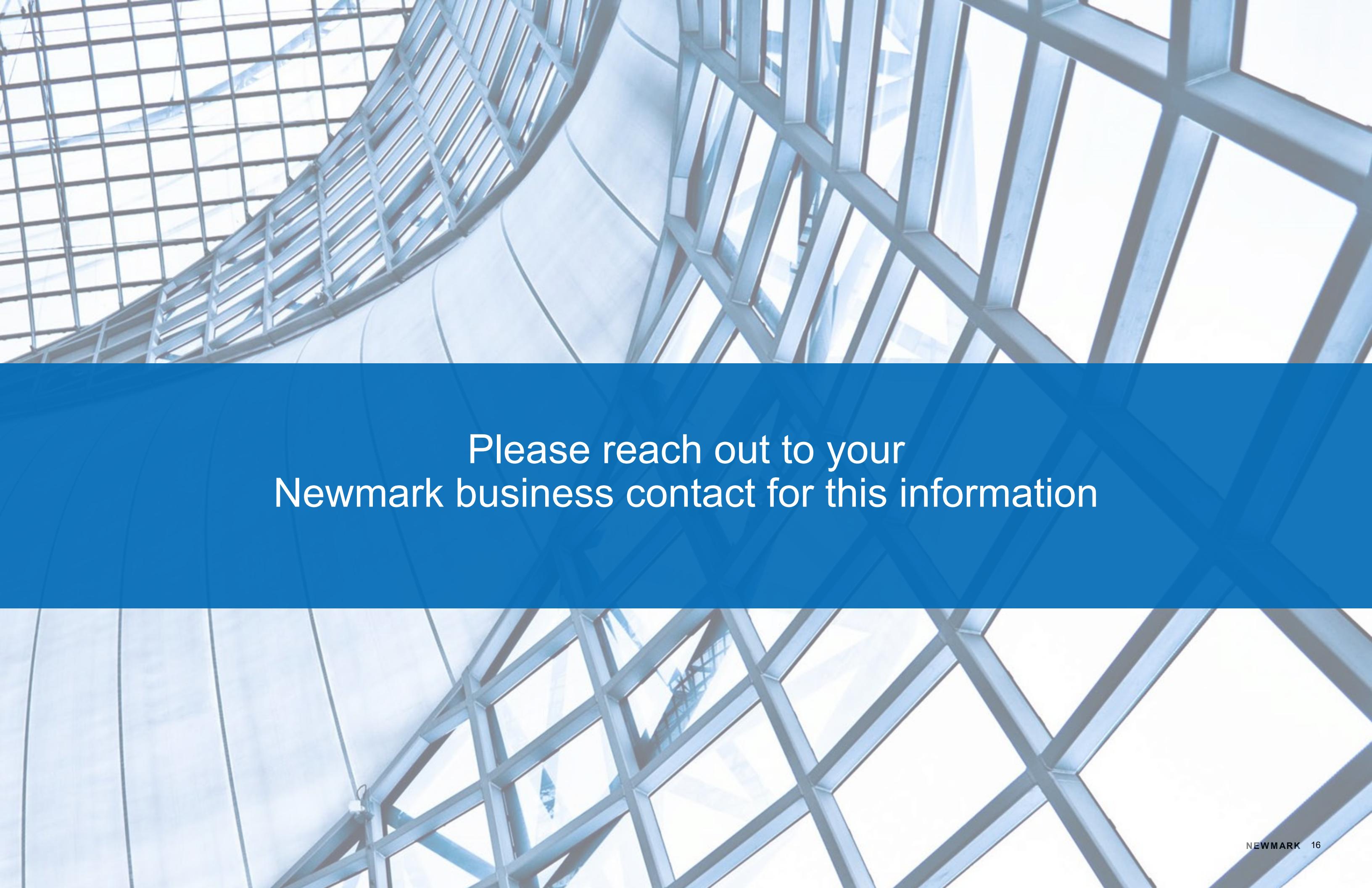
Select Lease Transactions

Tenant	Building	Submarket	Type	Product Type	Square Feet
Alvres	47550 Kato Road	Fremont – Mission South	Direct Lease	Warehouse/Distribution	261,242
Supermicro Computer	48350 Fremont Blvd	Fremont - Bayside	Lease Renewal	Warehouse/Distribution	246,450
Landsberg Orora	8311 Central Avenue	Newark	Lease Renewal	Warehouse/Distribution	206,592
Omni Logistics	33300 Dowe Avenue	Union City – East	Lease Renewal	Warehouse/Distribution	191,668
Mitac Industrial	40541 Albrae	Fremont – Auto Mall North	Direct Lease	Warehouse/Distribution	190,503
Valassis Digital	6955 Mowry Avenue	Newark	Lease Renewal	General Industrial	161,000
Fedex	500 85 th Avenue	Oakland - East	Direct Lease	Warehouse/Distribution	147,500

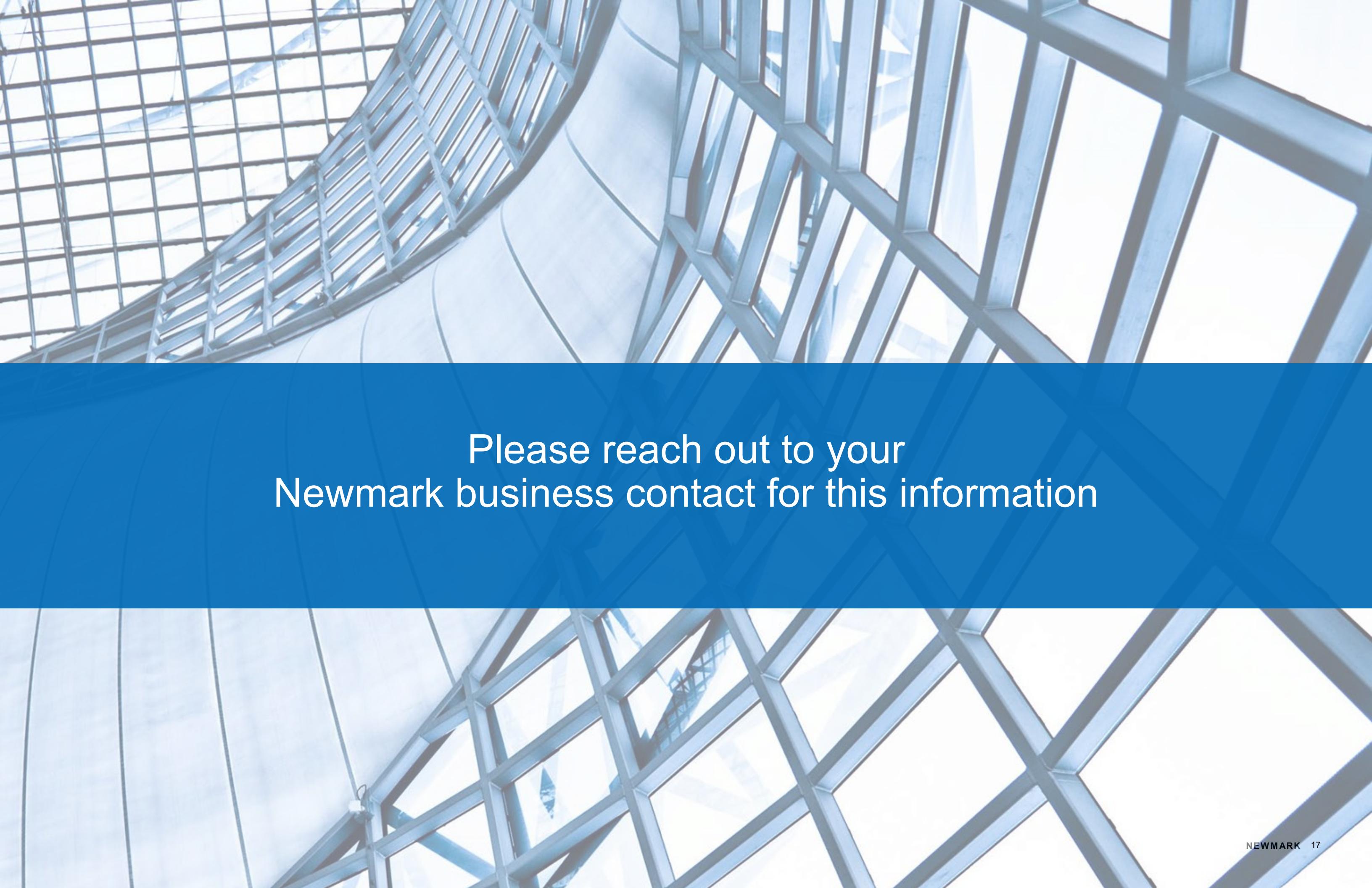
Source: Newmark Research

Appendix





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