
4Q24

East Bay Industrial Market Overview

NEWMARK

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Market Observations

Economy

- The East Bay’s unemployment decreased by 50 basis points in the fourth quarter and currently stands at 4.8%. This is 60 basis points higher than the national average.
- For industrial using employment sectors, trade and transportation services and manufacturing employment experienced year-over-year growth, while construction decreased.

Major Transactions

- WPT Capital Advisors, LLC acquired the Pinole Point Distribution Center in Richmond from JLL income Property Trust. The property is comprised of 3 properties totaling 518,000 square feet. At the time of sale, the largest occupant, Williams Sonoma, occupied 252,375 square feet at 6000 Giant Road, and a subsidiary company, chocolatier Easton Malloy occupied 41,365 square feet at 6025 Giant Road. 6015 Giant Road was vacant at the time of sale.
- The largest lease transaction of the quarter was a 125,700 SF of space signed by NorCal Moving at 31129 Wiegman Rd. in Hayward.
- The largest lease renewal was signed by Forward Air Corporation for 135,860 square feet in Union City.

Leasing Market Fundamentals

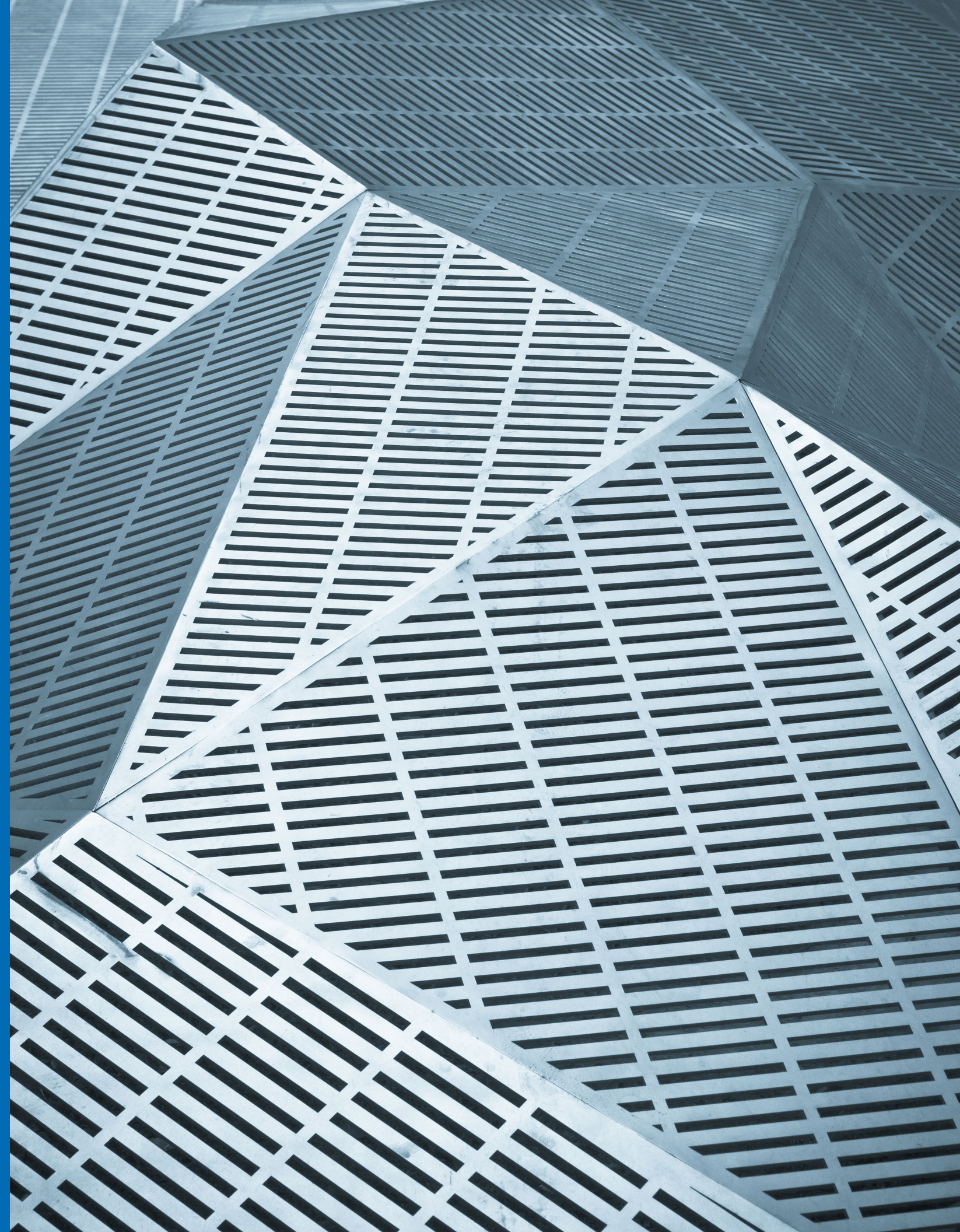
- The industrial market experienced a continued decrease in demand resulting in negative net absorption of 303,825 in the fourth quarter of 2024, amounting to negative 4.5M square feet for the year.
- Vacancy rates remained at 7.5% quarter over quarter. The majority of the vacancy was in warehouse/distribution buildings. Vacancy rates for all three product types remained stable between the third and fourth quarter. Overall availability rates remained at 9.4%, of which 2.3% was sublease space.
- Published asking rates haven’t declined significantly although noticeable softer deal rates occurred on transactions – especially on less functional buildings.

Outlook

- The current development pipeline will be fully delivered by the early part of 2025.
- New Construction starts will be at the lowest levels in 10 years although the planned development pipeline remains robust as developers wait for fundamentals to shift.
- Overall, optimistic that Tenant demand will increase throughout the course of 2025 although we don’t expect a meaningful decline in overall vacancies until 2026.

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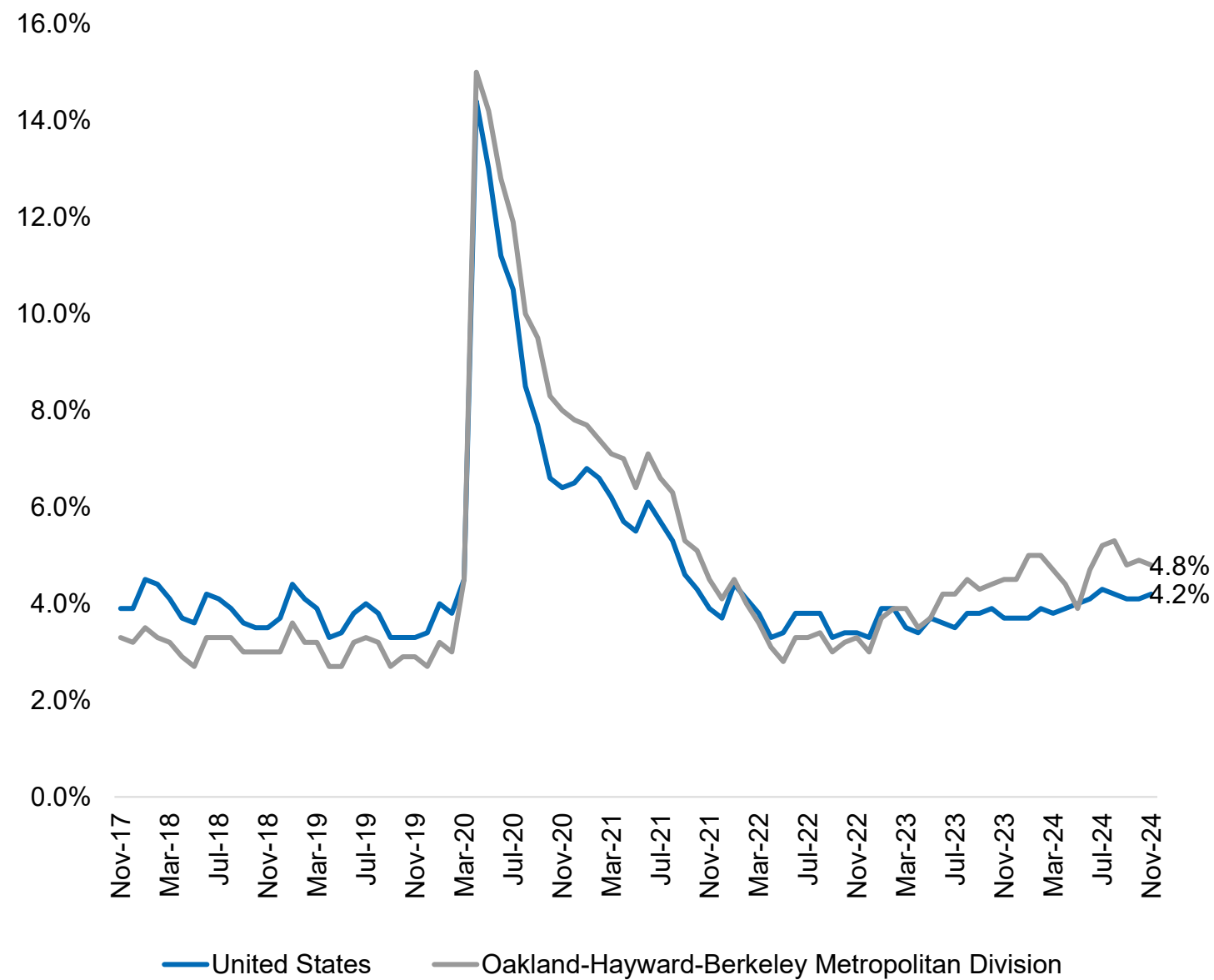
Economy



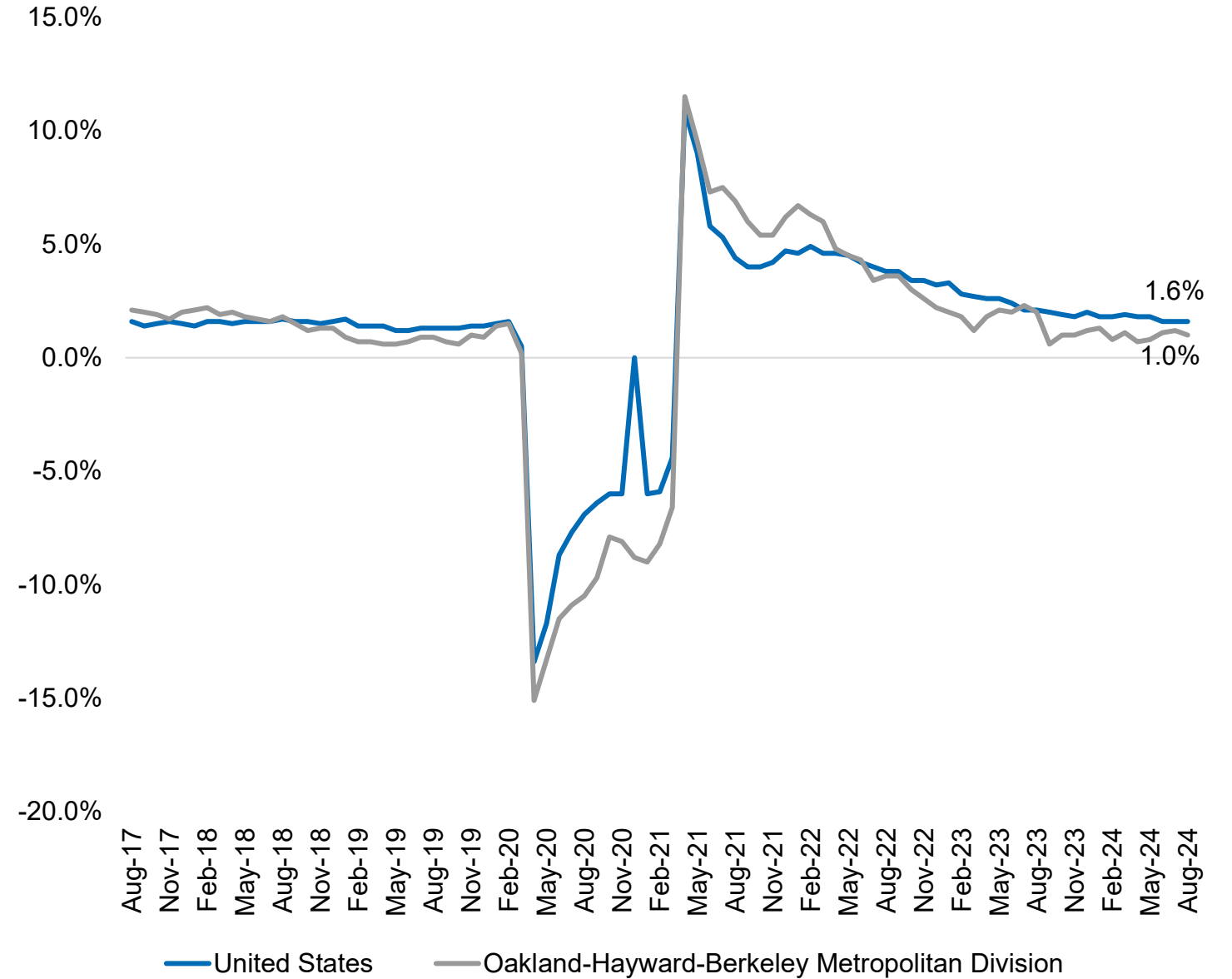
Metro Employment Trends Signaled a Slight Comeback

The current unemployment rate for the East Bay Area is now 20 basis points higher than it was at the beginning of 2024, and at 4.8% is 60 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

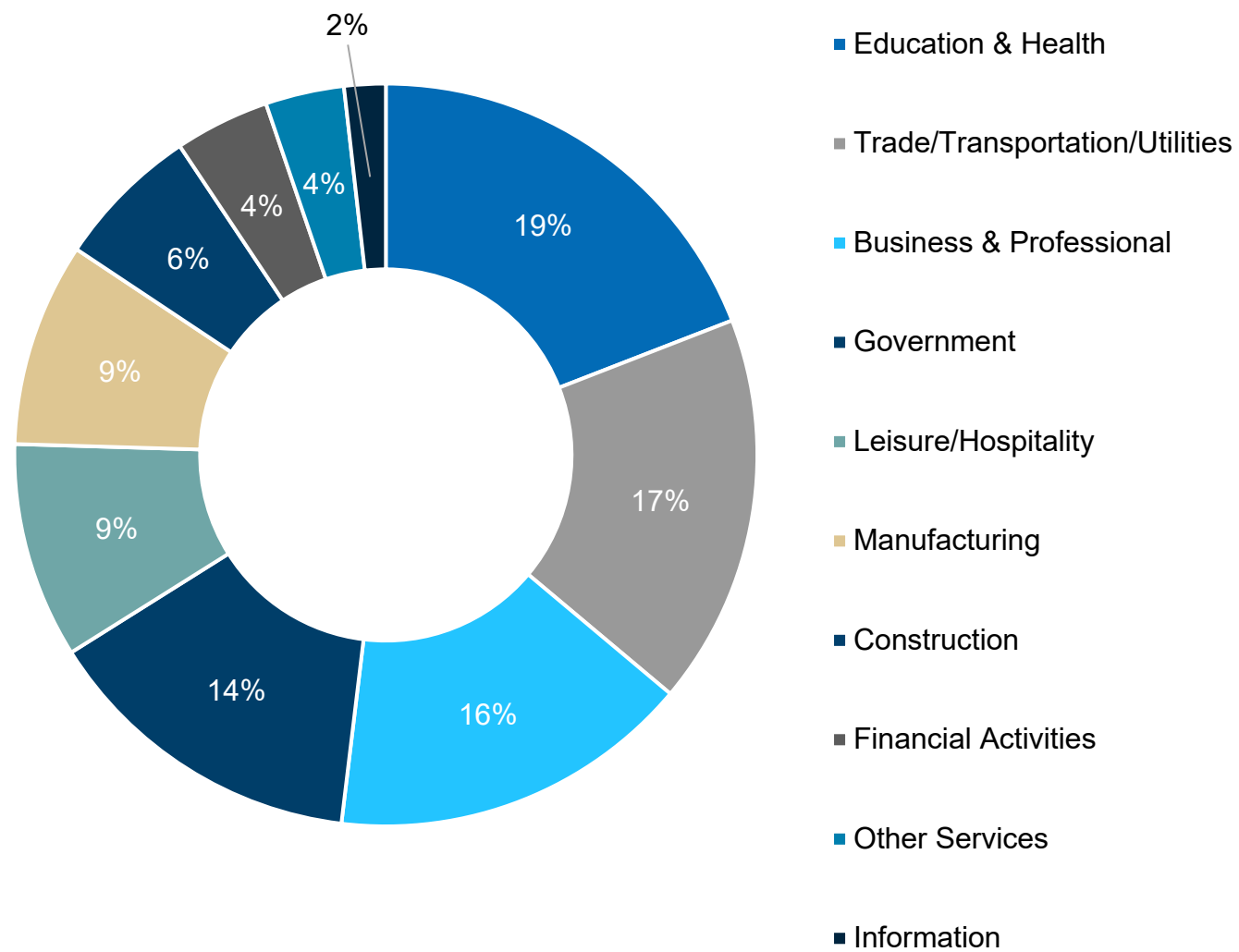


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

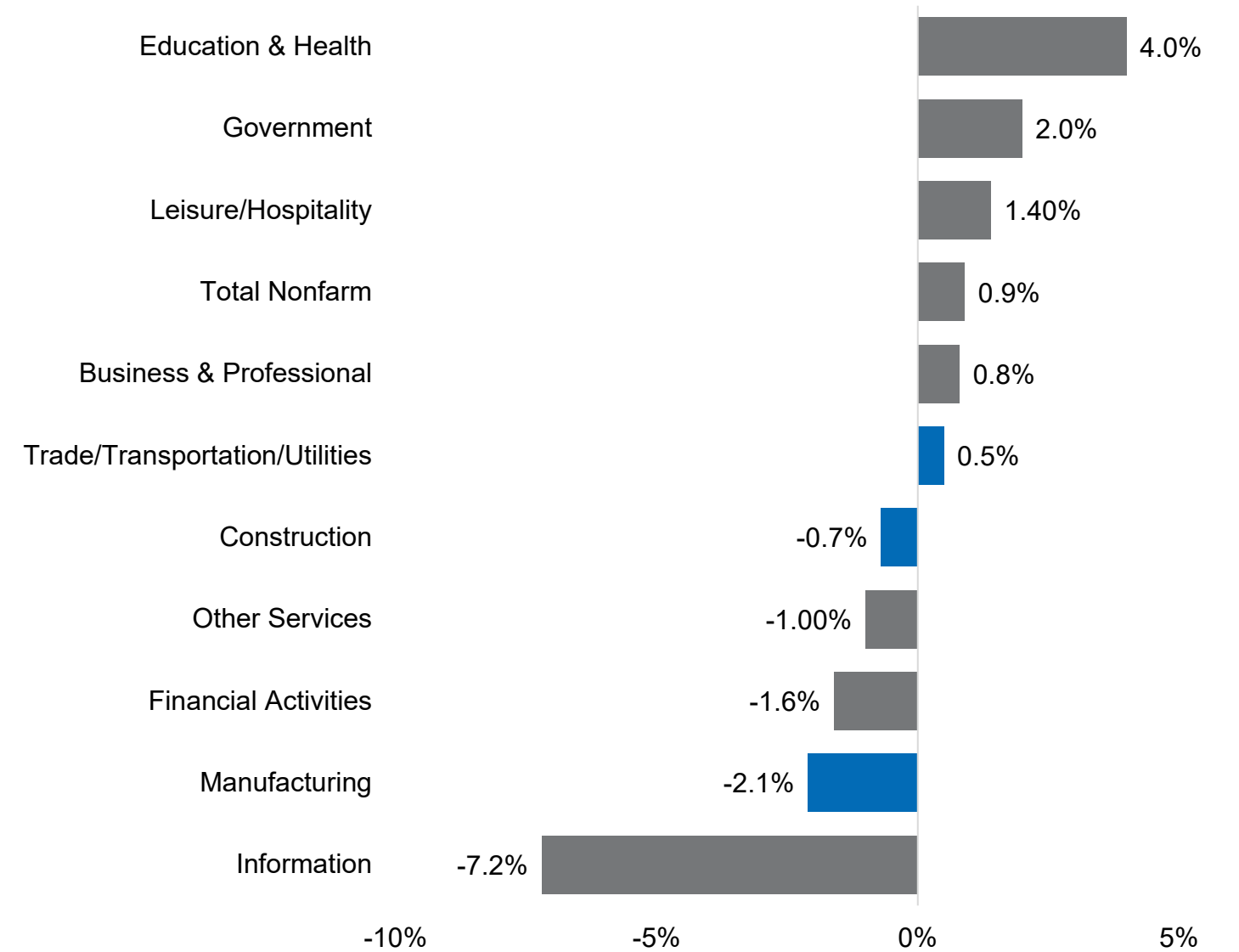
Office-Using Employment Down

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

Employment by Industry, November 2024



Employment Growth by Industry, 12-Month % Change, November 2024

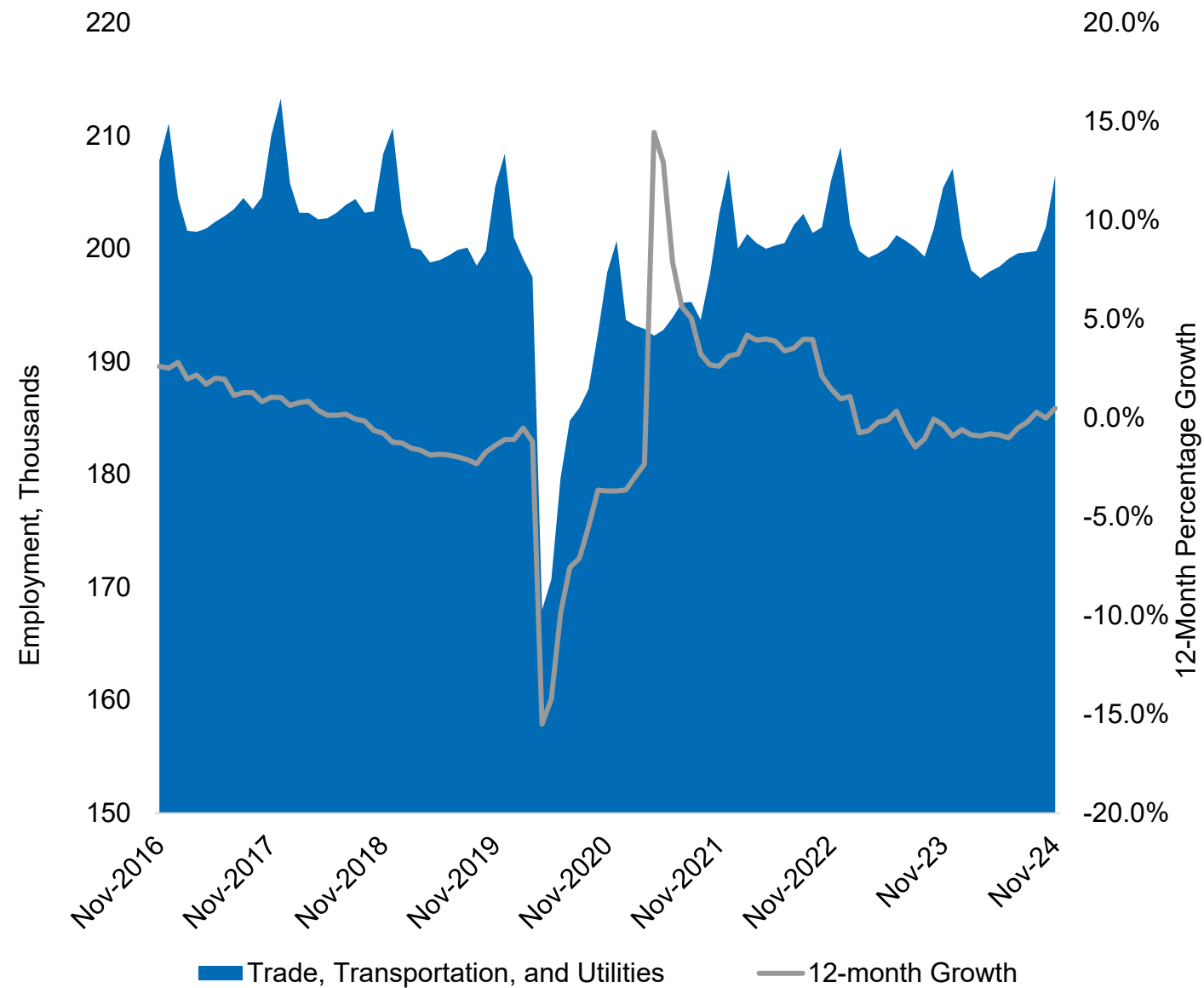


Source: U.S. Bureau of Labor Statistics, Oakland-Hayward-Berkeley Metropolitan Division (comprised of Alameda and Contra Costa Counties)

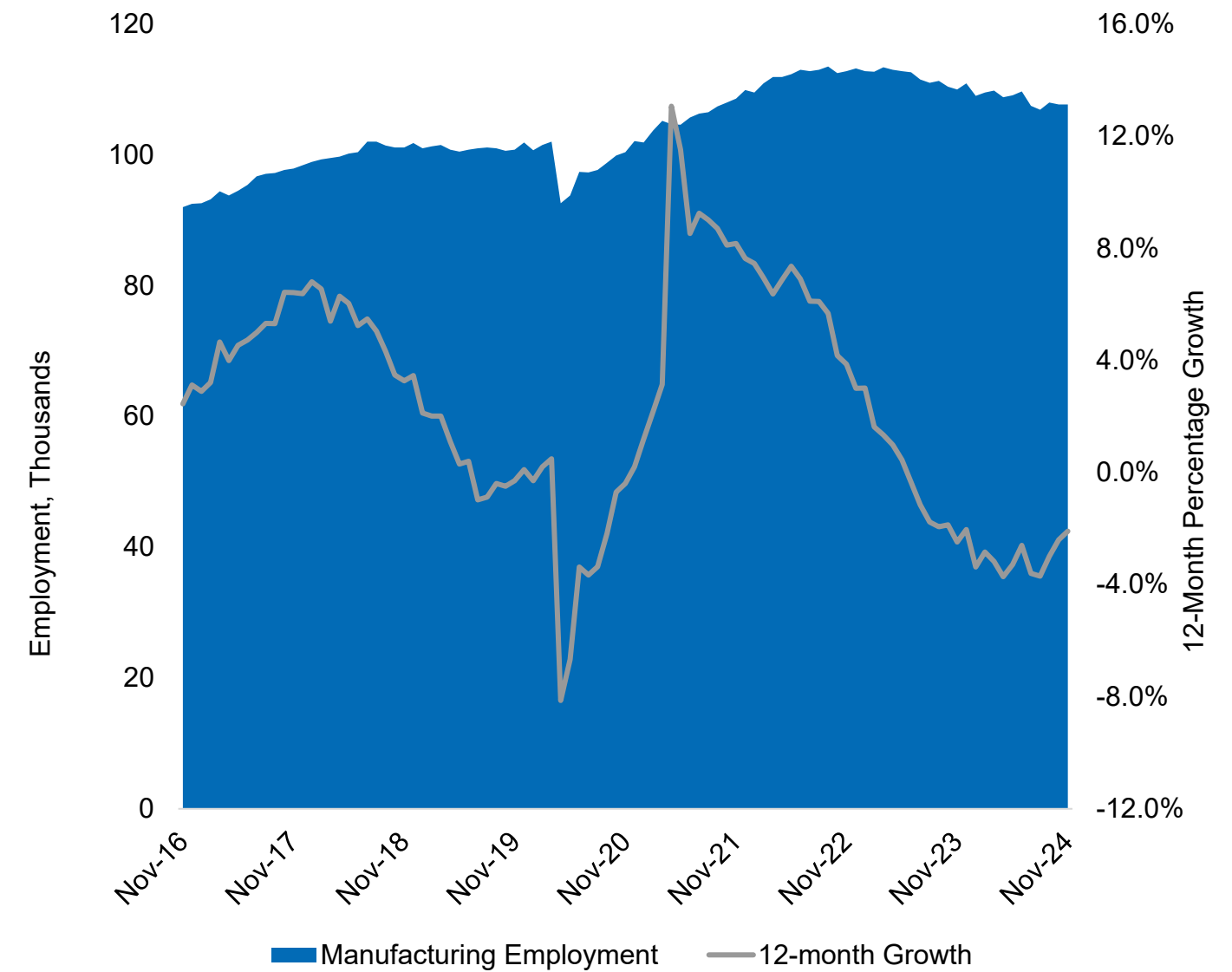
Industrial Employment Strong but Not Immune to Softening Conditions

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

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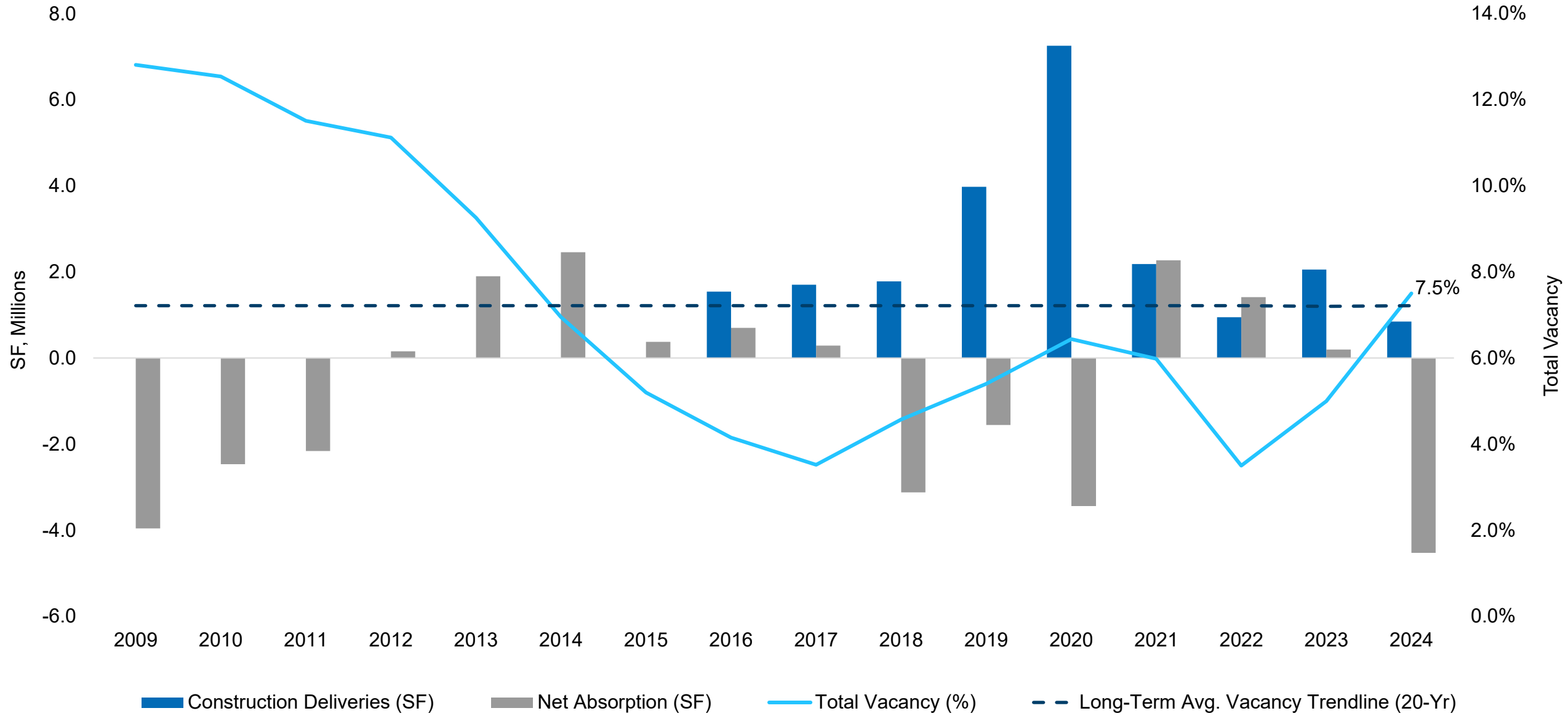
Leasing Market Fundamentals



Vacancy Remains Up Year Over Year

Vacancy rates in the East Bay remained stable quarter over quarter, while absorption went deeper into the negatives. There was no new construction delivered in the fourth quarter of 2024, although there is approximately 1.3 MSF currently under construction.

Historical Construction Deliveries, Net Absorption, and Vacancy

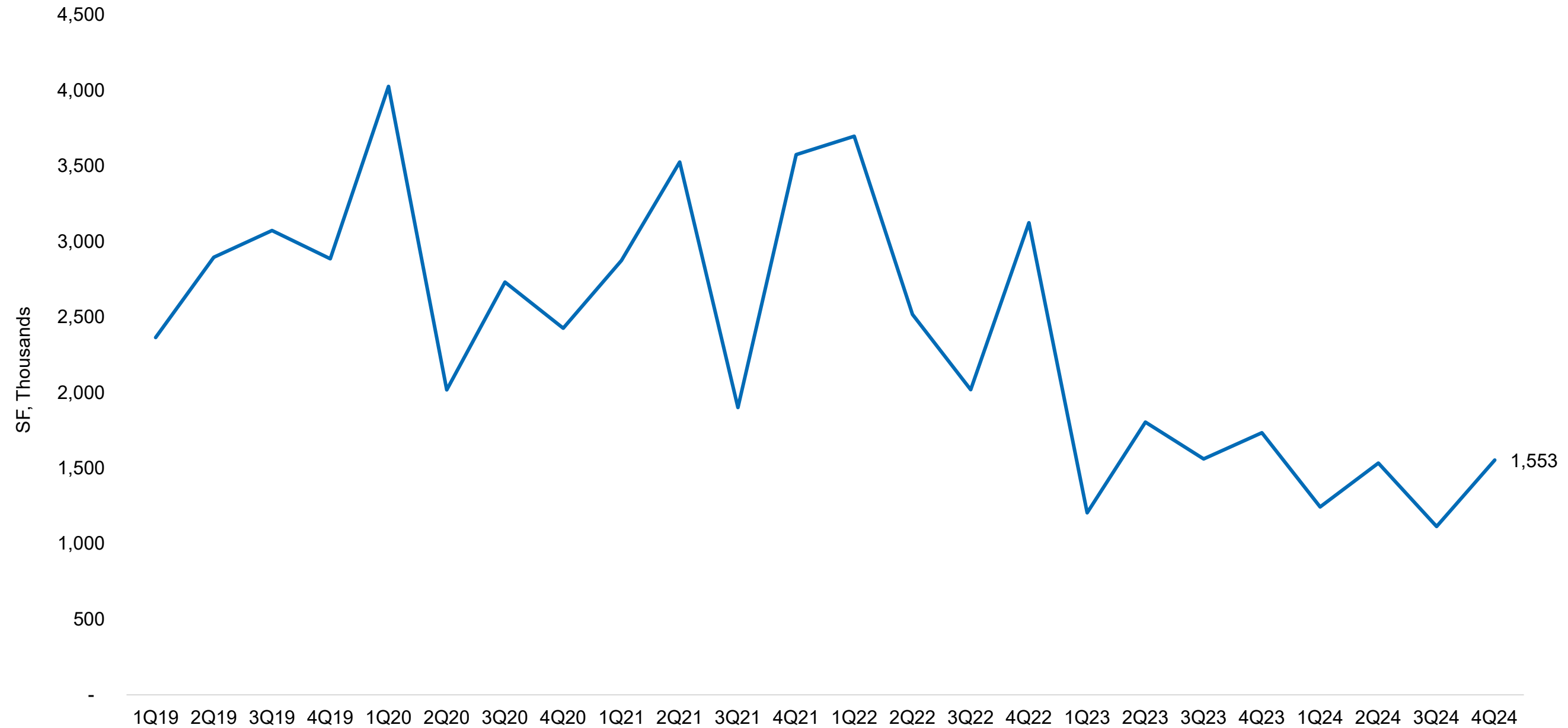


Source: Newmark Research, CoStar

Industrial Leasing Activity Increased

In the fourth quarter of 2024, overall leasing activity experienced an increase of almost 450k square feet from the prior quarter. The majority of the leasing activity this quarter happened in Hayward and Fremont. Leasing in these two submarkets represented about 49% of the total square footage leased in the quarter.

Total Leasing Activity (SF)

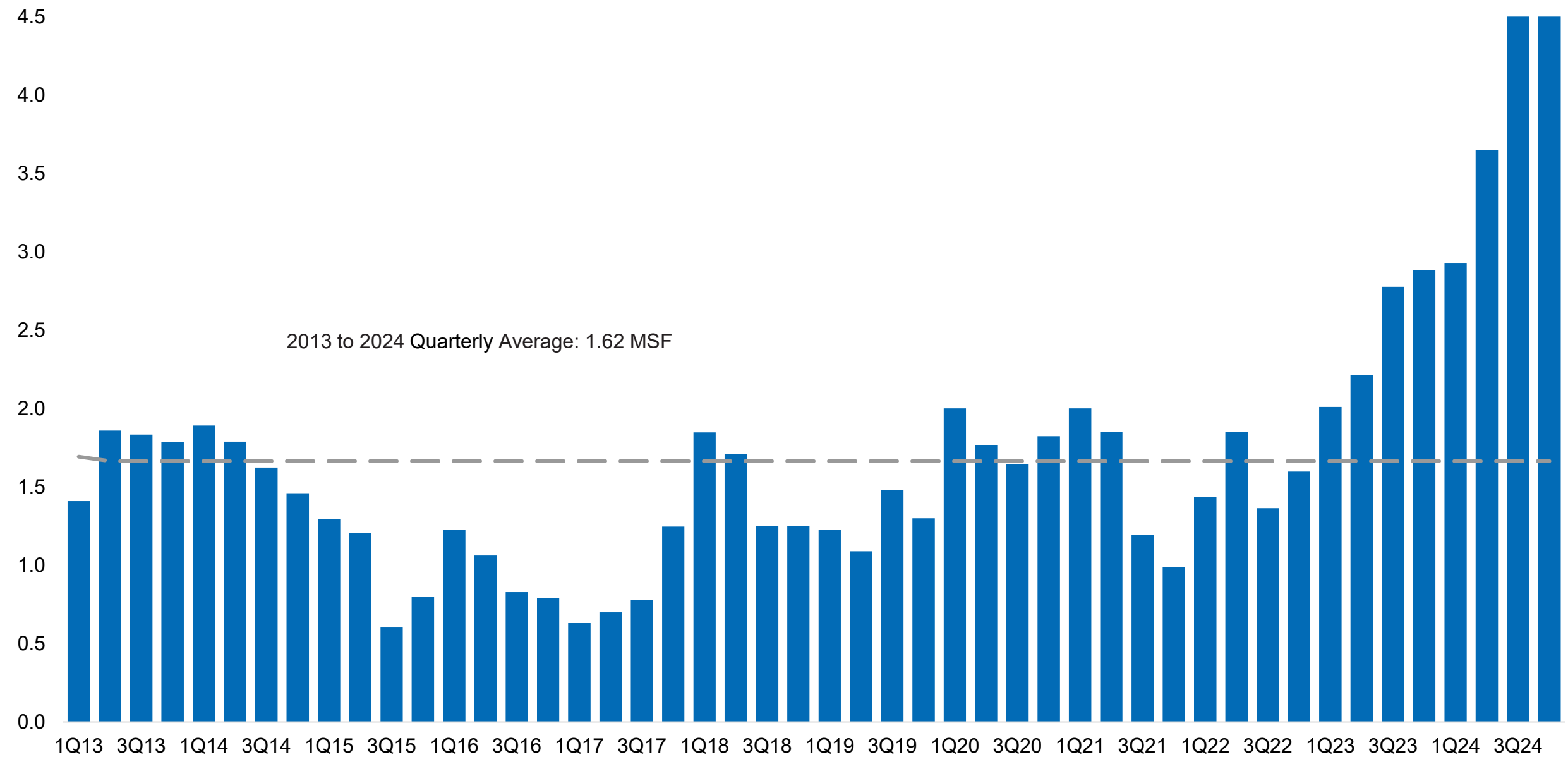


Source: Newmark Research, CoStar

Industrial Sublease Availability Continued to Climb

In the East Bay, sublease space increased by another 175,000 SF, now totaling 4.7 MSF. Of this space 59% is represented by 18 spaces over 100k. Across the East Bay industrial market, the amount of sublease space has doubled since the beginning of 2023.

Available Industrial Sublease Volume (MSF)

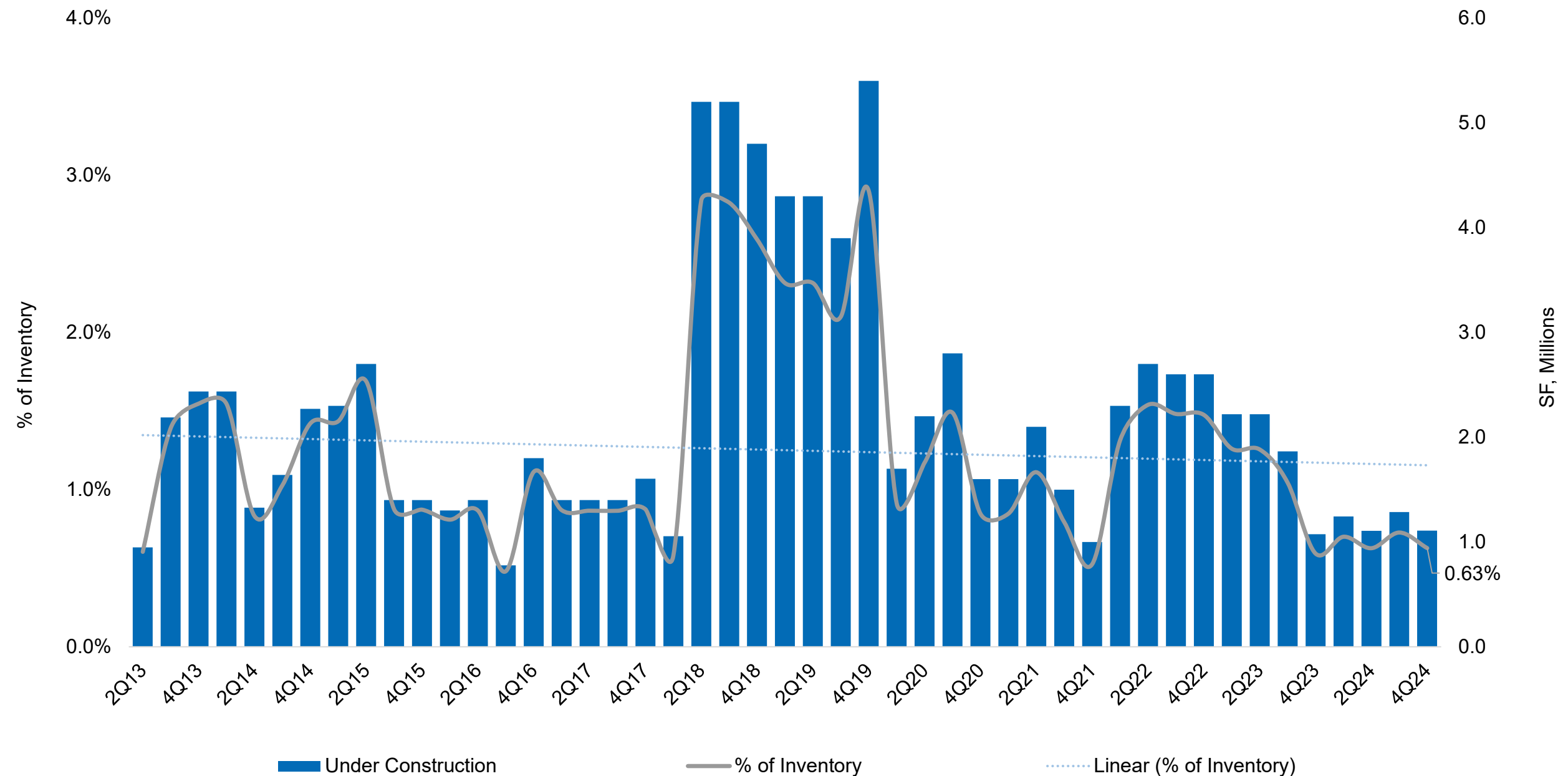


Source: Newmark Research, CoStar

Industrial Supply Pipeline

There was no new construction starting in the fourth quarter. Approximately 1.3 million square feet of construction activity was recorded in the market, all of which is scheduled to be delivered in the early part of 2025.

Industrial Under Construction and % of Inventory

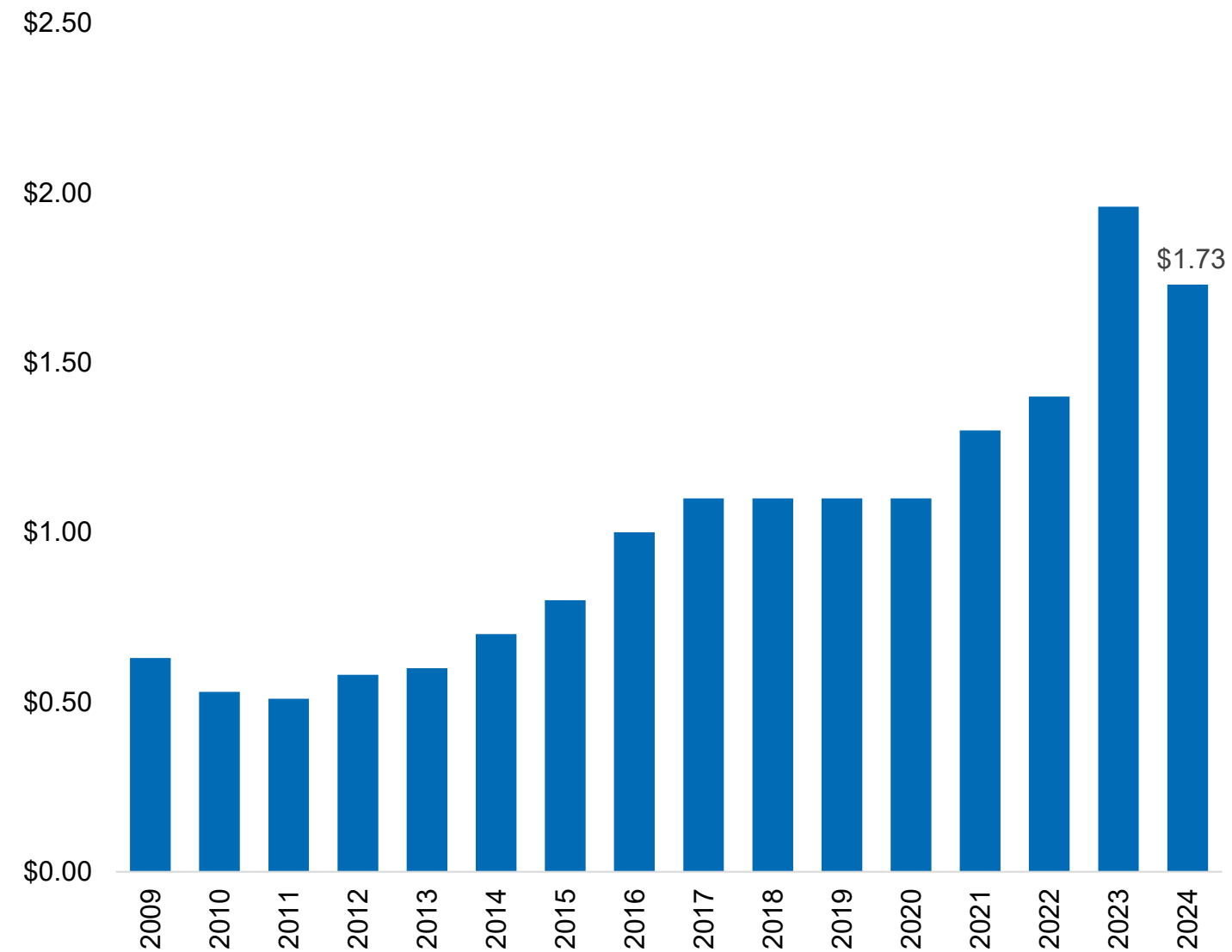


Source: Newmark Research, CoStar

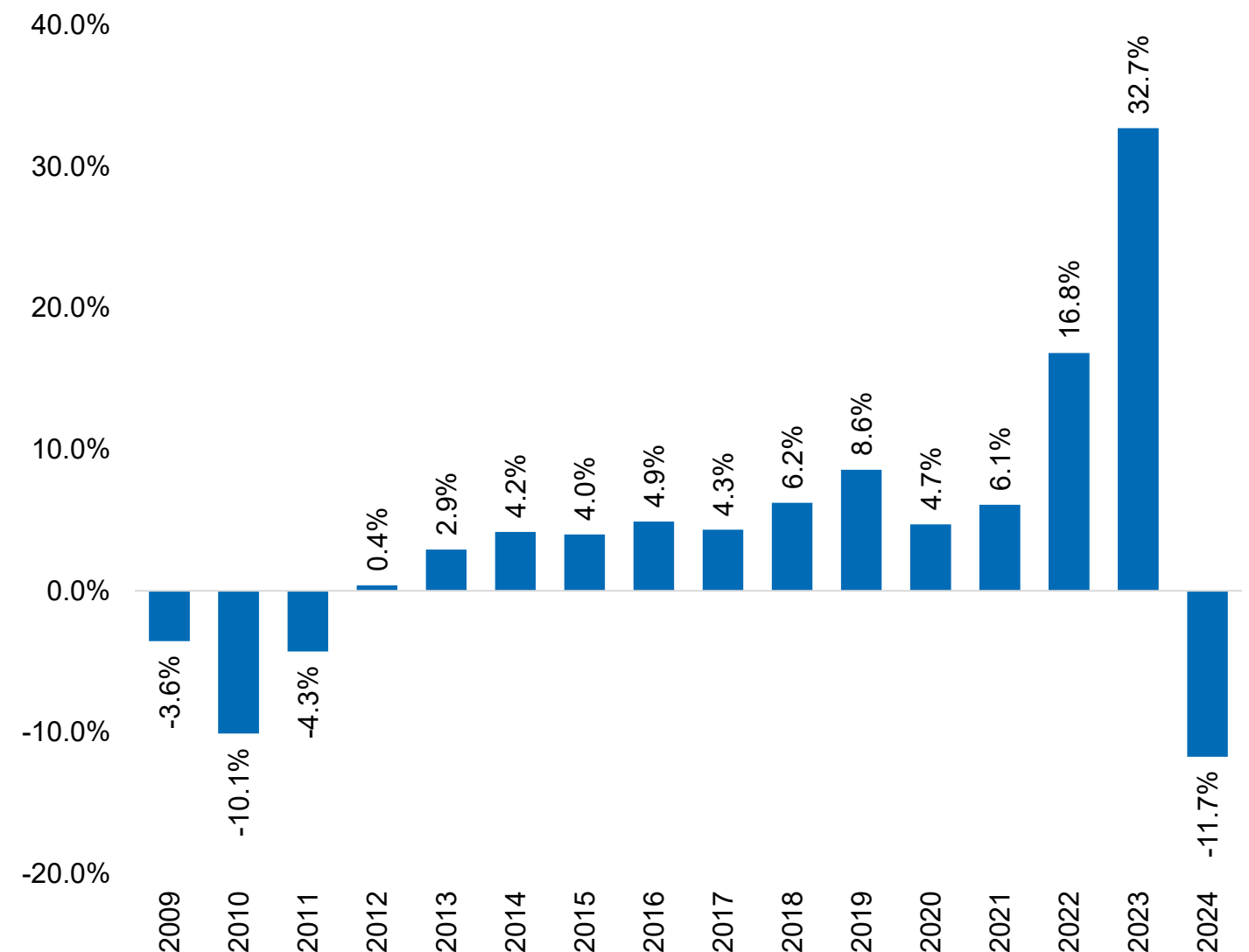
Industrial Asking Rent Growth Declines

Industrial average asking rents remained largely flat quarter over quarter while asking rent growth declined by nearly 12% year over year.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 4Q24 Lease Transactions

While there a handful of lease transactions over 100,000 SF, leasing continued to remain slow in comparison to pre-pandemic and early-pandemic activity.

Select Lease Transactions

Tenant	Building	Submarket	Type	Product Type	Square Feet
Forward Air Corporation	30108 Eigenbrodt Way	Union City – West	Lease Renewal	Warehouse/Distribution	135,860
NorCal Moving	31129 Wiegman Road	Hayward -- South	Direct Lease	Warehouse/Distribution	125,700
American Tire Distributors	2600 Goodrick Avenue	Richmond – Richmond	Lease Renewal	Warehouse/Distribution	124,484
US Auto Force	2000 Maritime Street	Oakland – West	Direct Lease	Warehouse/Distribution	116,415
Iron Mountain	1400 Factor Avenue	San Leandro – West	Lease Renewal	Warehouse/Distribution	98,000
Miltac International	30750 San Clemente Street	Hayward – South	Direct Lease	Warehouse/Distribution	93,224
Everbright Flooring	33001 Dowe Avenue	Union City – East	Direct Lease	Warehouse/Distribution	90,445

Source: Newmark Research



Please reach out to your
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Appendix





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