



NORTH I-680 2Q17 INDUSTRIAL MARKET

Contra Costa County

Contra Costa County ended the second quarter with an availability rate of 6.1% and positive net absorption of 79,890 square feet, giving it 114,216 square feet of positive absorption year-to-date. Concord remains the most supply constrained market in Contra Costa County, posting an availability rate of 1.27%. This marks a 73% decrease from one year ago, when the availability rate was 4.6%.

The largest lease transaction in Contra Costa County was a renewal signed by Concord Iron Works for 95,000 square feet at 1501 Loveridge Road in Pittsburg. Also in Pittsburg, Masterank Wax Company leased 68,000 square feet on California Avenue. In Concord, Unique Scaffolding leased 21,015 square feet at 1960 Olivera Road.

With very limited inventory available for sale, there was one significant sale transaction during the second quarter. Birch Tree Properties LLC purchased 1015 Shary Circle, a 27,014-square-foot light industrial building. The new ownership plans to renovate the project with extensive internal and external capital improvements.

As the market continues to tighten, demand for spaces under 5,000 square feet is far outstripping supply, creating an extremely competitive market. The constant pursuit for shadow space in the smaller size ranges is in full effect. Landlords are using this leverage to push rents continually higher. With minimal construction in the foreseeable future, there are no clear indicators that the Contra Costa industrial market will loosen up anytime soon.

Gonsalves and Santucci's 56,154-square-foot building at 5129 Commercial Circle is under construction, and the building already has significant interest from full and partial building users. At press time, we expect that this building will be fully leased in the near future. The Concord Logistics Center on Evora Road (225,950 square feet) is in the late planning stages, and the developer is hoping to start construction in 2018.

Solano County

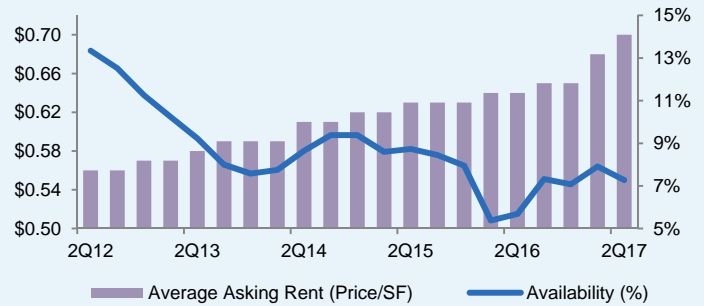
Solano County had a huge quarter in terms of absorption, ending with positive 951,276 square feet. The overall availability rate in Solano County is currently 6.38%. However, if 700 Crocker Drive (843,248 square feet) were removed from the availability, the overall rate would be 3.5%.

Solano County experienced a few sizeable deals completed during the second quarter. Most notably, WB Logistics leased 212,802 square feet at 2102 Courage Drive in Fairfield. Also in Fairfield, Landsberg leased 100,590 square feet at 2701 Maxwell Way. In Benicia, Durkee Drayage leased 186,238 square feet on Stone Road.

The largest sale transactions of the quarter were all in Solano County. Cranbrook Group, Inc. purchased 4347 Iowa Street and 597 Indiana Street (499,512 SF) in Benicia for \$61/SF. In Fairfield, a confidential buyer purchased 300 Crocker Drive and plans to occupy the entire newly constructed 321,993-square-foot warehouse. Also in Fairfield, the Flanagan Family bought 495-499 Edison Court, a three-building warehouse project totaling 95,848 square feet. In Vacaville, JAJ Industrial LLC purchased 777 Elmira Road, a 67,160-square-foot warehouse. Migration from other markets and organic growth from within the market has pushed prices higher than the previous peak in 2007, yet sales activity remains red hot and product is snatched up not long after coming on the market. The Solano County industrial market now has less than 250,000

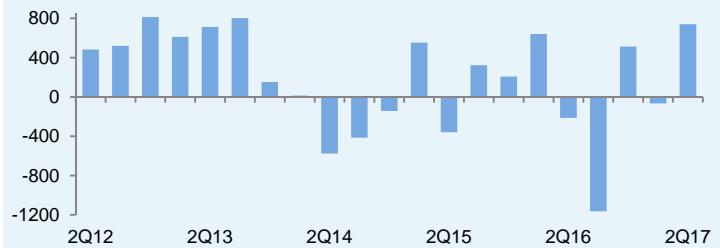
Current Conditions

Asking Rent and Availability



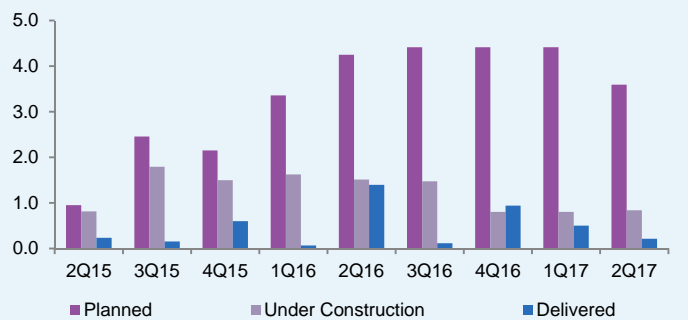
Net Absorption

Square Feet, Thousands



New Construction Pipeline

Square Feet, Millions



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (SF)	60,384,116	60.8M	58.9M	↑
Availability Rate	6.88%	7.6%	5.2%	↓
Qtr Net Absorption (SF)	741,045	-65K	-212K	↑
Dir. Avg. NNN Ask Rent	\$0.70	\$0.68	\$0.62	↑
Under Construction (SF)	836K	801K	2.1M	↔
Planned Construction (SF)	3.6M	3.8M	3.8M	↔



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square feet planned or under construction.

Napa County

Napa County ended the first half of 2017 with an availability rate of 8.8% and net absorption of negative 354,202 square feet year-to-date. American Canyon saw a large space come back on the market at 1000 Green Island Road, where Vitro Packaging is vacating 249,508 square feet. Also in American Canyon, the Napa Logistics Park at 1 Middleton Way has 646,000 square feet of warehouse currently available. IDS Real Estate Group's Greenwood Business Park on Airport Boulevard in Napa is now completed and actively looking to find a tenant for its 80,271-square-foot

vacancy. These are the only large industrial availabilities in Napa County.

There are, however, a few projects in the planning stages or under construction. American Canyon currently has an additional 2.3 million square feet planned for the Napa Logistics Park. Additionally, Wine Direct is almost finished with its 268,000-square-foot "high-technology wine-fulfillment center," and Oates Investments is planning an 116,000-square-foot warehouse building. In the city of Napa, there are two major planned developments, the Napa Airport Corporate Center and Napa Commerce Center. These two will combine for more than 1.0 million square feet of additional warehouse space.

Select Lease/Owner User Transactions

Tenant	Building	Use	Submarket	Type	Square Feet
WB Logistics	2102 Courage Drive	Warehouse	Fairfield	Direct	212,802
Durkee Drayage	539 & 601 Stone Road	Warehouse	Benicia	Direct	186,238
Landsberg	2701 Maxwell Way	Warehouse	Fairfield	Direct	100,590
Concord Iron Works	1101-1501 Loveridge Road	Warehouse	Pittsburg	Renewal	95,000
Masterank Wax Company	1221-1225 California Avenue	Warehouse	Pittsburg	Direct	68,000
Ernie and Sons Scaffolding	1960 Olivera Road	Light Industrial	Concord	Direct	21,015

Select Investment Sales Transactions

Buyer	Building	Submarket	Use	Sale Price	Price/SF	Square Feet
Cranbrook Group, Inc.	4347 Iowa Street & 597 Indiana Street	Benicia	Warehouse	\$30,500,000.00	\$61.06	499,512
Flanagan Family	495-499 Edison Court	Fairfield	Warehouse	\$10,600,000.00	\$110.59	95,848
JAJ Industrial LLC	777 Elmira Road	Vacaville	Warehouse	\$2,990,000.00	\$44.52	67,160
Charlie Malet	630 & 640 Eubanks Court	Vacaville	Light Industrial	\$4,200,000.00	\$95.02	44,200
Birch Tree Properties LLC	1015 Shary Circle	Concord	Light Industrial	\$3,800,000.00	\$140.67	27,014
Grace Nursery, Inc.	3200 Bayshore Road	Benicia	Light Industrial	\$1,850,000.00	\$121.07	15,280

New Construction

Project	Address	Submarket	Use	Status	Square Feet
Napa Logistics Park	Devlin Road (5 buildings)	American Canyon	Warehouse	Planned	2,254,000
Napa Airport Corporate Center	Airport Road	Napa	Warehouse	Planned	550,783
Napa Commerce Center	Devlin Road & Airport Blvd	Napa	Warehouse	Planned	388,000
Vacaville Business Park	300 Crocker Drive	Vacaville	Warehouse	U/C	321,651
Wine Direct Project	450 Green Island Road	American Canyon	Warehouse	U/C	268,000
Concord Logistics Center	Evora Road & Willow Pass Road	Concord	Warehouse	Planned	225,950
Oates Investments Project	Green Island Road	American Canyon	Warehouse	Planned	116,000
Napa Airport Corporate Center	Airport Road	Napa	Warehouse	U/C	90,799
Innova Fairfield Project	Maxwell Way	Fairfield	Warehouse	U/C	61,739
Metropolitan Van & Storage	South Watney Way	Fairfield	Warehouse	Planned	56,420
Gonsalves & Santucci	5129 Commercial Circle	Concord	Warehouse	U/C	56,000
Busch Corporate Park	2825 Cordielia Road	Fairfield	Warehouse	U/C	37,853



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Submarket Statistics

	Total Inventory (RSF)	Total Availability* (RSF)	Sublease Availability* (RSF)	Total Availability Rate	Sublease Availability Rate	Qtr Net Absorption (RSF)	YTD Net Absorption (RSF)	Direct NNN Asking Rent (Price/RSF)
Contra Costa County	16,478,498	1,006,404	174,199	6.11%	1.06%	79,890	114,216	\$0.77
Antioch	2,709,266	78,106	0	2.88%	0.00%	23,475	-13,025	\$0.64
R&D	71,460	1,665	0	2.33%	0.00%	0	0	\$0.55
Industrial	1,792,136	31,241	0	1.74%	0.00%	6,175	6,175	\$0.94
Warehouse	845,670	45,200	0	5.34%	0.00%	17,300	-19,200	\$0.38
Pittsburg	4,054,172	711,132	162,029	17.54%	4.00%	-550	12,039	\$0.50
R&D	24,500	11,911	0	48.62%	0.00%	0	0	-
Industrial	2,874,645	45,604	0	1.59%	0.00%	-550	12,039	\$0.53
Warehouse	1,155,027	653,617	162,029	56.59%	14.03%	0	0	\$0.50
Concord	6,791,831	86,177	0	1.27%	0.00%	44,968	102,311	\$0.82
R&D	559,598	4,140	0	0.74%	0.00%	22,885	22,885	\$0.85
Industrial	5,601,161	82,037	0	1.46%	0.00%	1,953	59,296	\$0.82
Warehouse	631,072	0	0	0.00%	0.00%	20,130	20,130	-
Martinez/Pacheco	2,596,627	109,567	0	4.22%	0.00%	2,531	3,425	\$1.13
R&D	332,407	92,626	0	27.87%	0.00%	1,433	0	\$1.18
Industrial	1,858,311	16,941	0	0.91%	0.00%	1,098	3,425	\$0.85
Warehouse	405,909	0	0	0.00%	0.00%	0	0	-
Pleasant Hill	326,602	21,422	12,170	6.56%	3.73%	9,466	9,466	\$0.92
R&D	9,466	0	0	0.00%	0.00%	9,466	9,466	-
Industrial	317,136	21,422	12,170	6.75%	3.84%	0	0	\$0.92
Warehouse	0	0	0	0.00%	0.00%	0	0	-
Solano County	29,556,237	1,885,503	233,347	6.38%	0.79%	951,276	917,468	\$0.55
Benicia	7,710,895	201,860	16,896	2.62%	0.22%	180,904	246,464	\$0.54
R&D	138,876	0	0	0.00%	0.00%	0	0	-
Industrial	2,432,767	21,992	0	0.90%	0.00%	-3,026	28,222	\$0.65
Warehouse	5,139,252	179,868	16,896	3.50%	0.33%	183,930	218,242	\$0.53
Fairfield	15,248,856	621,018	121,848	4.07%	0.80%	372,916	356,853	\$0.59
R&D	1,419,651	129,540	0	9.12%	0.00%	16,752	16,752	\$0.97
Industrial	1,551,681	107,902	17,386	6.95%	1.12%	27,800	9,324	\$0.49
Warehouse	12,277,524	383,576	104,462	3.12%	0.85%	328,364	330,777	\$0.52
Vacaville	6,596,486	1,062,625	94,603	16.11%	1.43%	397,456	314,151	\$0.38
R&D	313,865	37,928	14,448	12.08%	4.60%	14,661	14,661	\$0.71
Industrial	593,023	12,122	0	2.04%	0.00%	0	1,650	\$0.67
Warehouse	5,689,598	1,012,575	80,155	17.80%	1.41%	382,795	297,840	\$0.25
Napa County	14,349,381	1,263,322	78,929	8.80%	0.55%	-290,121	-354,202	\$0.99
American Canyon	7,327,663	983,784	0	13.43%	0.00%	-237,658	-298,264	\$0.73
R&D	0	0	0	0.00%	0.00%	0	0	-
Industrial	1,537,978	88,276	0	5.74%	0.00%	11,850	-48,756	\$0.73
Warehouse	5,789,685	895,508	0	15.47%	0.00%	-249,508	-249,508	-
Napa	7,021,718	279,538	78,929	3.98%	1.12%	-52,463	-55,938	\$1.25
R&D	1,435,649	113,515	59,819	7.91%	4.17%	-19,838	-36,291	\$1.30
Industrial	2,681,324	66,913	0	2.50%	0.00%	-13,515	-537	\$1.22
Warehouse	2,904,745	99,110	19,110	3.41%	0.66%	-19,110	-19,110	-
NORTH I-680	60,384,116	4,155,229	486,475	6.88%	0.81%	741,045	677,482	\$0.70
R&D	4,305,472	391,325	74,267	9.09%	1.72%	45,359	27,473	\$1.13
Industrial	21,240,162	494,450	29,556	2.33%	0.14%	31,785	70,838	\$0.79
Warehouse	34,838,482	3,269,454	382,652	9.38%	1.10%	663,901	579,171	\$0.49



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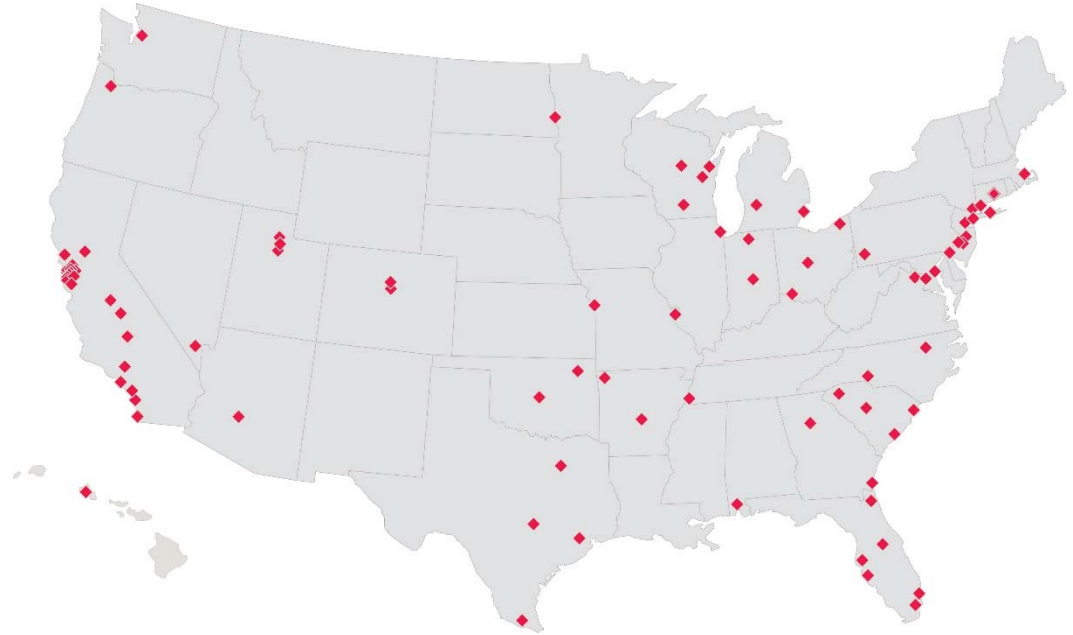
Newmark Knight Frank
1333 North California Blvd, Suite 343
Walnut Creek, CA 94596
925.974.0100

Corporate CA RE #00832933

Tyler Epting

Managing Director
925.974.0238
tepting@newmarkccarey.com

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