

NORTH I-680 4Q17 INDUSTRIAL MARKET

Contra Costa County

The Contra Costa County industrial market ended the year with 212,122 square feet of positive net absorption, which included 8,668 square feet of negative net absorption in the fourth quarter. The current availability rate for Contra Costa County now sits at 5.7%, with a majority of the vacancy still stemming from the United Spiral plant at 900 East Third Street in Pittsburg (357,000 rentable square feet). The Concord, Martinez/Pacheco and Pleasant Hill industrial markets are especially tight, with all posting availability rates below 2.0%.

The largest lease transaction in Contra Costa County during the fourth quarter was Prowess, Inc.'s pre-leasing of Gonsalves & Santucci, Inc.'s 56,154-square-foot concrete tilt-up building at 5129 Commercial Circle in North Concord. Prowess will be expanding their current facility at 1844 Clayton Road. Also in Concord, Golden Gate Sign leased 24,480 rentable square feet at 2500 Bisso Lane, and Pulse Systems renewed 18,295 rentable square feet and expanded into 6,944 rentable square feet at 4085 Nelson Avenue. In Martinez, Terracare Associates renewed 20,636 rentable square feet at 921 Arnold Drive.

Sale activity remains robust in Contra Costa County. Marc Paul, Inc. acquired 4041 Pike Lane, a 25,564-square-foot light industrial property in North Concord. This is the second building of DCT's three-building portfolio on Pike Lane. The third property is expected to close in early 2018. Also on Pike Lane, Todd Berryhill purchased 4064 Pike Lane, a 15,000-square-foot light industrial building. In Antioch, Kyle Hannaford purchased 1208-1214 Sunset Drive. Reportedly, the new ownership intends to keep the property operating as an indoor sports facility. Also in Antioch, Greystone Holding LLC purchased 6.7 acres of land on Vineyard Drive & East 18th Street for just over \$11/SF. It plans to develop the land into self-storage units.

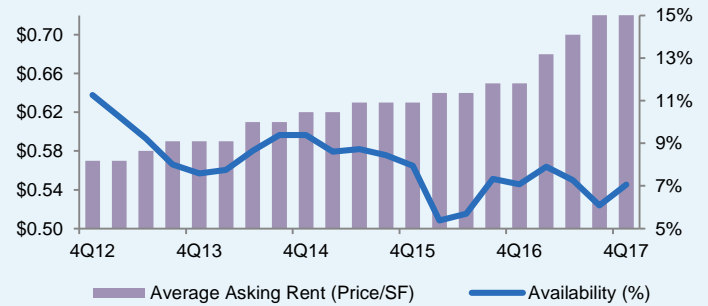
As mentioned above, the ownership at 5129 Commercial Circle has found a tenant to occupy the entire building and plans on completing construction in the first quarter of 2018. The 225,950-square-foot Concord Logistics Center on Evora Road is in the planning stages and has potential litigation issues. Zocchi Company has contacted the city for permits in North Concord for Northpoint V, a two-building, 45,600-square-foot complex (9,980 rentable square feet and 35,620 rentable square feet).

Solano County

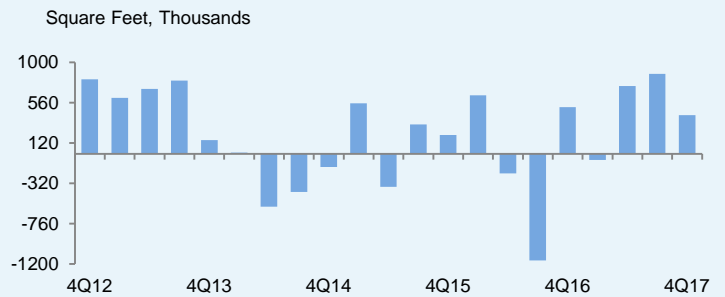
The Solano County industrial market experienced 461,649 square feet of negative net absorption during the fourth quarter, yet net absorption for the year was positive at 581,257 rentable square feet. The main contributor to the fourth quarter's negative absorption was Blue Apron giving back 430,500 square feet at 2920 Cordelia Road in Fairfield. Overall availability for Solano County is 7.9%, down from 8.6% at the end of 2016. The Benicia industrial market remains extremely supply-constrained, posting an availability of 2.2%. Expect rents in this market to continue to increase throughout 2018, especially when factoring in the limited developable land. Fairfield experienced one of the largest sale transactions throughout the fourth

Current Conditions

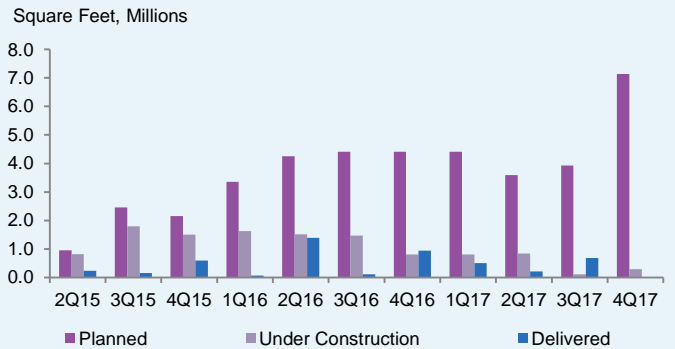
Asking Rent and Availability



Net Absorption



New Construction Pipeline



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (SF)	61.4M	61.4M	61.0M	↑
Availability Rate	6.66%	5.64%	6.68%	↓
Qtr Net Absorption (SF)	-424K	876K	512K	↑
Dir. Avg. NNN Ask Rent	\$0.74	\$0.74	\$0.60	↑
Under Construction (SF)	293K	254K	4.41M	↑
Planned Construction (SF)	7.1M	3.9M	802K	↔

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quarter, when Mitchell Family Trust acquired 2349 and 2351 Watney Way, a two-building, multi-tenant light industrial project totaling 72,240 rentable square feet. Also in Fairfield, Scannell Properties purchased 1801 Walters Court, a 14,030-square-foot freestanding building on 3.1 acres of land and put one of their tenants in place.

The Solano County market has a substantial amount of industrial product planned or under construction, totaling 3,941,328 square feet and 235,652 square feet, respectively. A large portion of planned construction derives from the Suisun Logistics Center, where Buzz Oates plans on developing its massive 8-building, 2,632,167-square-foot logistics project three miles off of Highway 80.

Napa County

Napa County finished the fourth quarter of 2017 with an availability of 5.2%, down 0.5% from a year ago. The county experienced positive 46,035 rentable square feet of net absorption for the fourth quarter, bringing its net absorption for the year to positive 335,547 rentable square feet.

The largest lease transaction of the fourth quarter occurred at the Greenwood Business Park in Napa, where Eurostampa leased 80,271 rentable square feet at 1315 Airport Boulevard. The print company, which specializes in high-end labels for wine and spirits, is taking advantage of the growth that California's luxury wine business has been experiencing.

Napa also experienced the largest sale transaction of the quarter, when LeFever Mattson purchased a five-building portfolio from JCM Partners. The portfolio consisted of light industrial and flex buildings located on Enterprise Way and Kaiser Road, totaling 84,947 rentable square feet. The buildings were all 100% leased at the time of sale.

Napa County also has an abundance of planned development in the pipeline. There are currently six different projects totaling 2,957,395 rentable square feet of planned construction in Napa and American Canyon. The largest and most notable project is DivcoWest and Orchard Partner's Napa Logistics Park in American Canyon, which still has over 2.0 million square feet left after leasing 646,000 square feet to Ikea.

Select Lease/Owner User Transactions

Tenant	Building	Use	Submarket	Type	Square Feet
Eurostampa	1315 Airport Blvd	Warehouse	Napa	Direct	80,271
Prowess, Inc.	5129 Commercial Circle	Warehouse	Concord	Direct (Pre-Lease)	56,146
Pulse Systems	4085 Nelson Avenue	Light Industrial	Concord	Renewal/ Expansion	25,239
Golden Gate Sign	2500 Bisso Lane	Warehouse	Concord	Direct	24,480
Terracare Associates, LLC	921 Arnold Drive	Light Industrial	Martinez/Pacheco	Renewal	20,636

Select Investment Sales Transactions

Buyer	Building	Submarket	Use	Sale Price	Price/SF	Square Feet
LeFever Mattson	902-908 Enterprise Way & 860 Kaiser Rd	Napa	Flex/ Light Industrial	\$12,250,000.00	\$144.21	84,947
Mitchell Family Trust	2349 & 2351 N Watney Way	Fairfield	Warehouse	\$8,400,000.00	\$116.28	72,240
Marc Paul, Inc.	4041 Pike Lane	Concord	Light Industrial	\$4,150,000.00	\$162.34	25,564
Kyle Hannaford	1208-1214 Sunset Drive	Antioch	Specialized Warehouse	\$3,400,000.00	\$143.16	23,750
Todd Berryhill	4064 Pike Lane	Concord	Light Industrial	\$2,625,000.00	\$175.00	15,000
Scannell Properties	1801 Walters Court	Fairfield	Light Industrial	\$2,200,000.00	\$156.81	14,030

New Construction (Greater Than 100,000 Square Feet)

Project	Address	Submarket	Use	Status	Square Feet
Suisun Logistic Center	Peterson Road & Walters Road	Suisun City	Warehouse	Planned	2,632,167
Napa Logistics Park	Devlin Road	American Canyon	Warehouse	Planned	2,072,880
Napa Commerce Center	Devlin Road & Airport Blvd	Napa	Warehouse	Planned	388,000
Napa Airport Corporate Center	Airport Road & S Kelly Road	Napa	Warehouse	Planned	350,403
Columbus Craft Meats	North Watney Way & Courage Dr.	Fairfield	Warehouse	Planned	340,000
Guittard Chocolate Company	785 Chadbourne Road	Fairfield	Warehouse	Planned	290,000
Concord Logistics Center	Evora Road & Willow Pass Road	Concord	Warehouse	Planned	225,950
Metropolitan Van & Storage	South Watney Way	Fairfield	Warehouse	U/C	197,799
Nut Tree Business Park	50 Nut Tree Road	Vacaville	Warehouse	Planned	176,392
Oates Investments Project	100 Jim Oswalt Way	American Canyon	Warehouse	U/C	120,080
2370 North Watney Way	2370 North Watney Way	Fairfield	Warehouse	Planned	104,000

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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	16,893,900	966,578	0	5.72%	0.00%	-8,668	212,122	\$0.87
Antioch	3,126,700	64,340	0	2.06%	0.00%	-9,748	25,408	\$1.02
R&D	71,460	0	0	0.00%	0.00%	0	1,665	-
Industrial	1,813,370	64,340	0	3.55%	0.00%	-9,748	-2,257	\$1.02
Warehouse	1,241,870	0	0	0.00%	0.00%	0	26,000	-
Pittsburg	4,060,632	671,606	0	16.54%	0.00%	21,602	70,539	\$0.55
R&D	24,500	11,911	0	48.62%	0.00%	0	0	\$0.60
Industrial	2,881,105	81,947	0	2.84%	0.00%	21,602	-5,330	\$0.54
Warehouse	1,155,027	577,748	0	50.02%	0.00%	0	75,869	\$0.55
Concord	6,789,211	131,458	0	1.94%	0.00%	-29,422	69,170	\$0.96
R&D	559,598	4,000	0	0.71%	0.00%	-4,000	23,025	\$0.90
Industrial	5,598,541	127,458	0	2.28%	0.00%	-25,422	26,015	\$0.96
Warehouse	631,072	0	0	0.00%	0.00%	0	20,130	-
Martinez/Pacheco	2,582,561	99,174	0	3.84%	0.00%	6,601	13,818	\$1.17
R&D	318,341	85,994	0	27.01%	0.00%	6,632	6,632	\$1.19
Industrial	1,858,311	13,180	0	0.71%	0.00%	-31	7,186	\$1.08
Warehouse	405,909	0	0	0.00%	0.00%	0	0	-
Pleasant Hill	334,796	0	0	0.00%	0.00%	2,299	33,187	-
R&D	9,466	0	0	0.00%	0.00%	0	9,466	-
Industrial	325,330	0	0	0.00%	0.00%	2,299	23,721	-
Warehouse	0	0	0	0.00%	0.00%	0	0	-
Solano County	29,899,278	2,372,487	552,348	7.93%	1.85%	-461,649	581,257	\$0.55
Benicia	7,710,895	170,293	0	2.21%	0.00%	-15,612	278,031	\$0.50
R&D	138,876	0	0	0.00%	0.00%	0	0	-
Industrial	2,432,767	24,012	0	0.99%	0.00%	-2,576	26,202	\$0.75
Warehouse	5,139,252	146,281	0	2.85%	0.00%	-13,036	251,829	\$0.50
Fairfield	15,248,856	1,169,861	552,348	7.67%	3.62%	-393,876	-41,217	\$0.56
R&D	1,419,651	107,030	0	7.54%	0.00%	15,244	39,262	\$1.01
Industrial	1,551,681	110,933	17,386	7.15%	1.12%	21,380	18,693	\$0.49
Warehouse	12,277,524	951,898	534,962	7.75%	4.36%	-430,500	-99,172	\$0.50
Vacaville	6,939,527	1,032,333	0	14.88%	0.00%	-52,161	344,443	\$0.80
R&D	313,865	17,687	0	5.64%	0.00%	29,197	34,902	\$0.80
Industrial	614,413	19,968	0	3.25%	0.00%	5,745	-6,196	\$0.80
Warehouse	6,011,249	994,678	0	16.55%	0.00%	-87,103	315,737	-
Napa County	14,620,247	754,113	66,625	5.16%	0.46%	46,035	335,547	\$0.83
American Canyon	7,327,663	337,558	7,500	4.61%	0.10%	-9,024	355,462	\$0.62
R&D	0	0	0	0.00%	0.00%	0	0	-
Industrial	1,537,978	80,550	0	5.24%	0.00%	-9,024	-41,030	\$0.76
Warehouse	5,789,685	257,008	7,500	4.44%	0.13%	0	396,492	\$0.58
Napa	7,292,584	416,555	59,125	5.71%	0.81%	55,059	-19,915	\$1.25
R&D	1,435,649	68,740	36,819	4.79%	2.56%	103,508	112,767	\$1.30
Industrial	2,952,190	238,203	3,196	8.07%	0.11%	-111,386	-151,341	\$1.24
Warehouse	2,904,745	109,612	19,110	3.77%	0.66%	62,937	18,659	-
NORTH I-680	61,413,425	4,093,178	618,973	6.66%	1.01%	-424,282	1,128,926	\$0.74
R&D	4,291,406	295,362	36,819	6.88%	0.86%	150,581	227,719	\$1.12
Industrial	21,565,686	760,591	20,582	3.53%	0.10%	-107,161	-104,337	\$0.90
Warehouse	35,556,333	3,037,225	561,572	8.54%	1.58%	-467,702	1,005,544	\$0.54

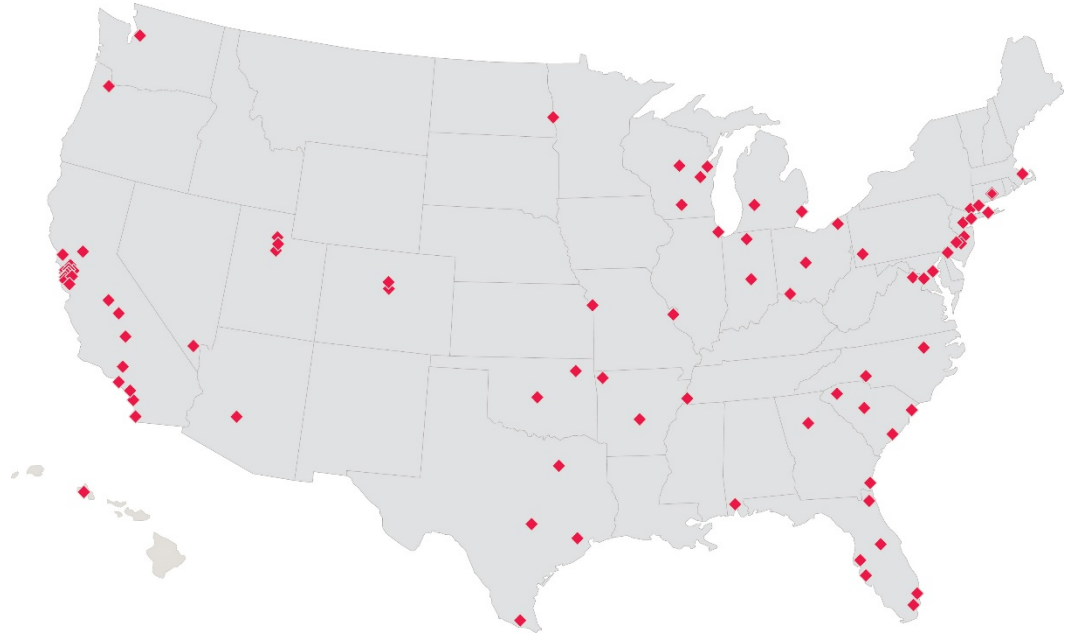
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Newmark Knight Frank
1333 North California Blvd, Suite 343
Walnut Creek, CA 94596
925.974.0100

Corporate CA RE #00832933

Tyler Epting
Managing Director
925.974.0238
tepting@ngkf.com

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