

# NORTH I-680 INDUSTRIAL MARKET

## CONTRA COSTA COUNTY

The Contra Costa County industrial market ended the second quarter of 2018 with an availability rate of 5.66% and 165,742 square feet of negative absorption. This marked an increase in availability from the prior quarter, when the rate was 4.68%, but was still down from a year ago, when the market posted an availability rate of 6.11%. The submarkets of Antioch, Concord, Martinez/Pacheco and Pleasant Hill all have less than 3.0% of total space available. The high availability rate in Pittsburg (16.53%) is mostly the result of just two large vacancies: the United Spiral plant at 900 East Third Street (357,000 square feet, available for three years) and the Empire Business Park (180,000 square feet). If both were absorbed, the overall availability rate for Contra Costa County would be 2.48%.

Per usual, the majority of leasing activity in the Contra Costa County industrial market was experienced in transactions for less than 5,000 square feet. As space remains scarce, landlords continue to push rents in this size range to capitalize on very high demand. One of the larger noteworthy deals was the leasing of 15,000 square feet of light industrial space at 4090 Pike Lane in North Concord by the Marine Spill Response Corporation. Newmark Knight Frank represented the landlord in this transaction.

Sales activity for Contra Costa County was relatively slow compared with the last few quarters, which can be attributed to the lack of inventory on the market for sale. One sale transaction that took place was an off-market opportunity, in which JRM Properties, LLC, a tenant at the facility, purchased 1330 Galaxy Way, a 12,536-square foot light industrial building in Concord. In Antioch, Suntek, LLC acquired 721 East 18th Street, an 8,624-square foot industrial/office/retail property situated on 0.96 acres.

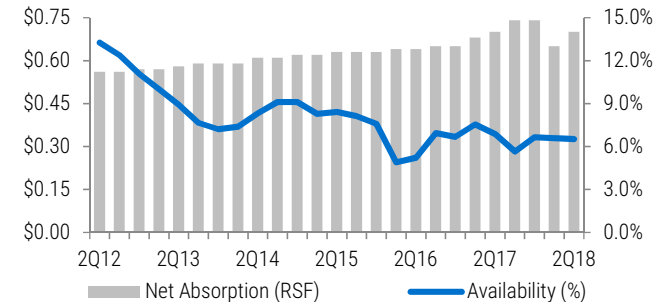
There is currently over 275,000 square feet of industrial space planned, but it is uncertain whether any of these projects will get underway in 2018.

In a piece of good news for East Contra Costa, BART finally opened its extended rail service to Antioch on May 26th, 2018. Along with the Highway 4 widening project that was finished in 2016, these infrastructure upgrades have significantly improved the traffic flow along this notoriously congested corridor.

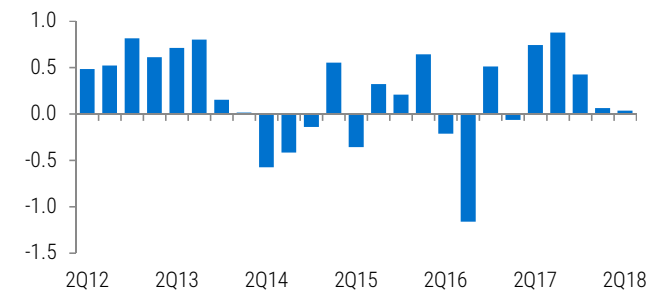
The Concord Community Reuse Project, the proposed redevelopment of approximately 2,300 acres of the 5,028 acres Concord Naval Weapons Station site, is still in the planning stages. In May, both the city and the chosen reuse developer, Lennar Concord LLC, asked for a 12-month

## MARKET ANALYSIS

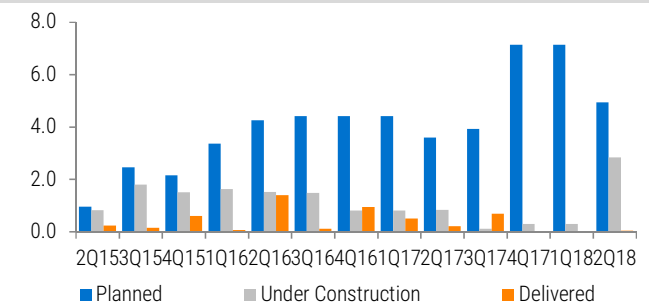
### Asking Rent & Availability



### Net Absorption (Square Feet, Millions)



### Construction & Deliveries (Square Feet, Thousands)



## MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	61.2M SF	61.2M SF	60.4M SF	↑
Total Availability Rate	6.52%	6.58%	6.88%	↓
Net Absorption	35K SF	63K SF	741K SF	↑
Direct NNN Asking Rent	\$0.70/SF	\$0.68/SF	\$0.70/SF	↑
Under Construction	2.83M SF	293K SF	836K SF	↑
Planned Construction	4.93M SF	7.1M SF	3.6M SF	↓

extension to complete their land transfer contract and to develop a specific plan for the site. The extension means the parallel processes of completing the contract and the specific plan will be up for consideration in June 2019.

## **SOLANO COUNTY**

The Solano County industrial market finished the second quarter of 2018 with an availability rate of 8.7% and negative absorption of 63,852 square feet, bringing the year-to-date negative absorption to 205,461 square feet. This quarter's negative absorption was mostly the result of Saxco International putting 176,760 square feet on the market for sublease at 2875 Cordelia Road in Fairfield.

In Solano County's largest second-quarter lease transaction, Yandell Truckaway, Inc. leased 80,000 square feet on Industrial Way in Benicia. Also in Benicia, Sears Logistics Group renewed its 49,920 square feet on Stone Road, and California Custom Molding, LLC leased 31,900 square feet of warehouse space at 3150 Bayshore Road. In Vacaville, Interstate RV leased 57,926 square feet at 840 Eubanks, and CCH leased 28,600 square feet at 721 Eubanks Drive.

Contrary to last quarter, the Solano County industrial market experienced a high volume of sales activity during the second quarter. In Fairfield, 2750 Maxwell Way was acquired by DC Solar Solutions, adding 88,868 square feet of warehouse space to its local portfolio. In Benicia, Boilermakers Local 549 Apprenticeship purchased 4900 East 2nd Street, a 22,273-square-foot metal manufacturing building with an acre of yard attached. Also in Benicia, Ahern Rentals sold 201 Mallard Drive, a

21,484-square-foot building on 1.87 acres and is leasing back from the buyer. Joe Polichio acquired 175 Industrial Way, a 12,144-square foot warehouse located on a 1.89-acre parcel. In Vacaville, Adel Alami acquired 803 Vaca Valley Parkway, an 18,800-square-foot light industrial building.

## **NAPA**

The Napa County industrial market had a strong first half of 2018, ending with 296,308 square feet of positive absorption year-to-date. The absorption of 264,981 square feet during the second quarter brought the availability rate down to 3.11%. By comparison, the total availability rate at the end of the second quarter of 2017 was 8.8%. In the last year alone, the American Canyon submarket has absorbed over 950,000 square feet of industrial space, largely because of the leasing of new construction.

One notable lease transaction in Napa County during the second quarter was QX, Inc.'s lease of 249,508 square feet at the Green Island Industrial Park in American Canyon. Also in American Canyon, a confidential national credit tenant leased 60,606 square feet at 1245 Commerce Boulevard.

Sales activity for Napa County this quarter was headlined by Westcore Properties' disposition of the Napa Airpark Centre, located at 600-650 Airpark Road. Channel Properties purchased the five-building, 152,517-square-foot R&D/light industrial project, which was 79.4% occupied at the time of sale. In Napa, Brooks Street acquired 807 Soscol Avenue, a 17,105-square-foot property that has sold twice in the last two years.

### SELECT LEASE TRANSACTIONS

Tenant	Building(s)	Submarket	Use	Type	Square Feet
QX, Inc.	1000 Green Island Road	American Canyon	Warehouse	Direct Lease	249,508
Yandell Truckaway, Inc.	437-457 Industrial Way	Benicia	Warehouse	Direct Lease	80,000
Confidential	1245 Commerce Blvd	American Canyon	Light Industrial	Direct Lease	60,606
Interstate RV	840 Eubanks Drive	Vacaville	Warehouse	Direct Lease	57,926
Sears Logistics Group	521-531 Stone Road	Benicia	Warehouse	Direct Lease	49,920

### SELECT SALE TRANSACTIONS

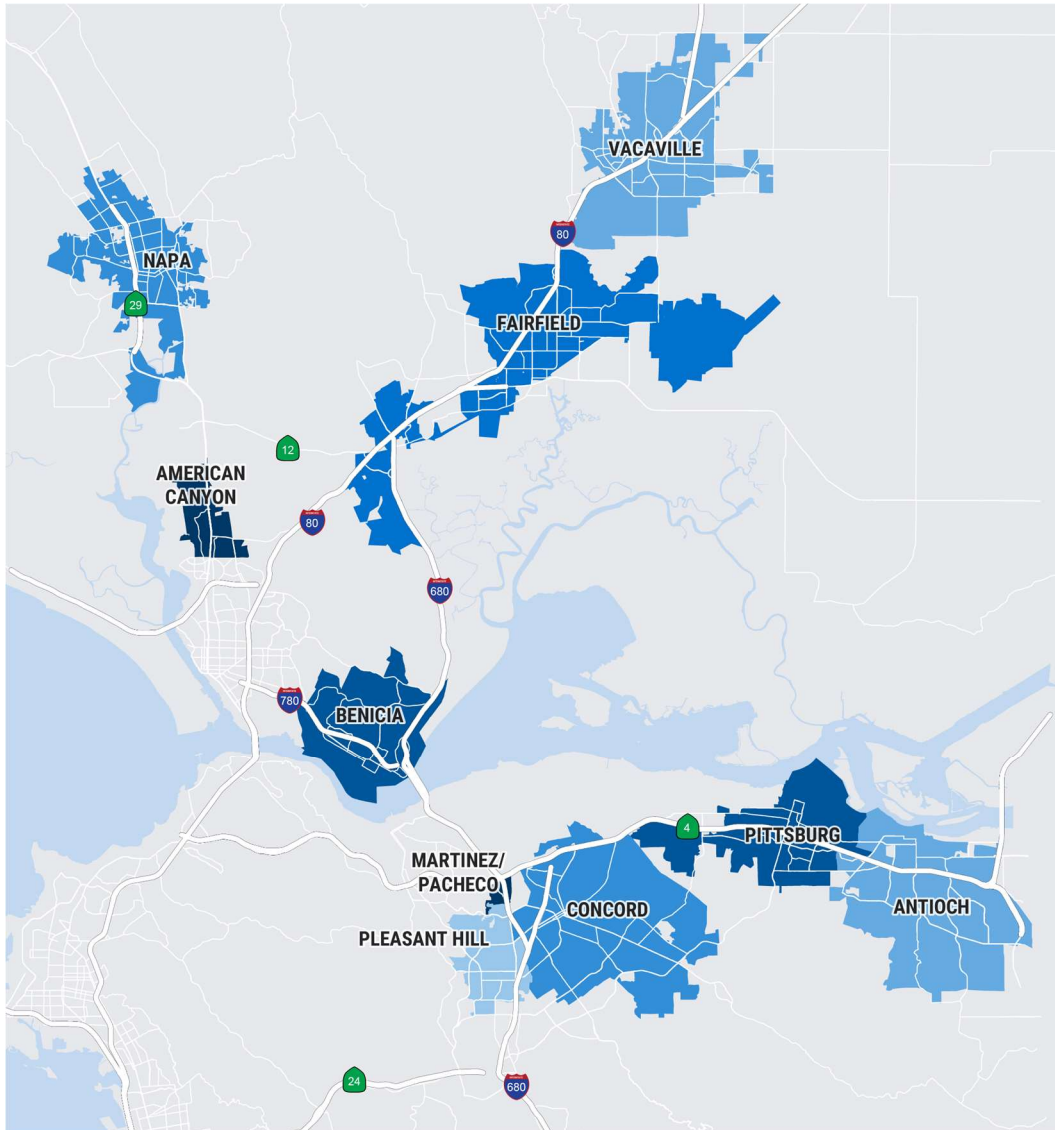
Building(s)	Submarket	Sale Price	\$/RSF	Use	Square Feet
600-650 Airpark Road	Napa	\$28,000,000	\$183.59	R&D/Light Industrial	152,517
2750 Maxwell Way	Fairfield	\$7,950,000	\$89.46	Warehouse	88,868
4900 East 2 <sup>nd</sup> Street	Benicia	\$3,500,000	\$157.14	Light Industrial	22,273
201 Mallard Drive	Benicia	\$3,300,000	\$153.60	Light Industrial	21,484
803 Vaca Valley Parkway	Vacaville	\$1,700,000	\$90.43	Light Industrial	18,800
175 Industrial Way	Benicia	\$2,070,000	\$170.45	Light Industrial	12,144

### NEW CONSTRUCTION (100,000 SF +)

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	U/C (partially)	2,072,880
Napa Commerce Center	Devlin Road & Airport Blvd	Napa	Warehouse	U/C	388,000
Napa Airport Corporate Center	Airport Road & S Kelly Road	American Canyon	Warehouse	Planned	360,599
North Watney Way & Courage Dr.	North Watney Way & Courage Dr.	Fairfield	Warehouse	Planned	340,000
Guittard Chocolate Company	785 Chadbourne Road	Fairfield	Warehouse	Planned	290,000
Interchange Business Park	Eubanks Drive	Vacaville	Warehouse	Planned	263,400
Dermody Properties	2121 Icon Way	Vacaville	Warehouse	Planned	252,160
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

## SUBMARKET STATISTICS

	Total Inventory (SF)	Total Availability (SF)	Sublease Availability (SF)	Total Availability Rate	Sublease Availability Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Direct NNN Asking Rent (Price/SF)
<b>CONTRA COSTA COUNTY</b>	<b>16,901,970</b>	<b>956,401</b>	<b>954,016</b>	<b>5.66%</b>	<b>0.01%</b>	<b>-165,742</b>	<b>8,052</b>	<b>\$0.67</b>
<b>Antioch</b>	<b>3,134,770</b>	<b>82,834</b>	<b>82,834</b>	<b>2.64%</b>	<b>0.00%</b>	<b>-10,991</b>	<b>-18,494</b>	<b>\$1.05</b>
R&D	71,460	0	0	0.00%	0.00%	0	0	\$0.00
Industrial	1,813,370	74,764	74,764	4.12%	0.00%	-10,991	-10,424	\$1.01
Warehouse	1,249,940	8,070	8,070	0.65%	0.00%	0	-8,070	\$1.30
<b>Pittsburg</b>	<b>4,060,632</b>	<b>671,144</b>	<b>671,144</b>	<b>16.53%</b>	<b>0.00%</b>	<b>-147,030</b>	<b>462</b>	<b>\$0.49</b>
R&D	24,500	0	0	0.00%	0.00%	0	11,911	\$0.00
Industrial	2,881,105	83,744	83,744	2.91%	0.00%	-10,230	-1,797	\$0.58
Warehouse	1,155,027	587,400	587,400	50.86%	0.00%	-136,800	-9,652	\$0.49
<b>Concord</b>	<b>6,789,211</b>	<b>132,620</b>	<b>130,235</b>	<b>1.95%</b>	<b>0.04%</b>	<b>-39,506</b>	<b>-3,287</b>	<b>\$0.97</b>
R&D	559,598	0	0	0.00%	0.00%	0	4,000	\$0.00
Industrial	5,598,541	107,420	105,035	1.92%	0.04%	-14,306	17,913	\$1.01
Warehouse	631,072	25,200	25,200	3.99%	0.00%	-25,200	-25,200	\$0.85
<b>Martinez/Pacheco</b>	<b>2,582,561</b>	<b>67,504</b>	<b>67,504</b>	<b>2.61%</b>	<b>0.00%</b>	<b>32,084</b>	<b>31,670</b>	<b>\$1.15</b>
R&D	318,341	67,504	67,504	21.20%	0.00%	18,490	18,490	\$1.15
Industrial	1,858,311	0	0	0.00%	0.00%	2,750	13,180	\$0.00
Warehouse	405,909	0	0	0.00%	0.00%	10,844	0	\$0.00
<b>Pleasant Hill</b>	<b>334,796</b>	<b>2,299</b>	<b>2,299</b>	<b>0.69%</b>	<b>0.00%</b>	<b>-299</b>	<b>-2,299</b>	<b>\$0.35</b>
R&D	9,466	0	0	0.00%	0.00%	0	0	\$0.00
Industrial	325,330	2,299	2,299	0.71%	0.00%	-299	-2,299	\$0.35
Warehouse	0	0	0	0.00%	0.00%	0	0	\$0.00
<b>SOLANO COUNTY</b>	<b>29,577,687</b>	<b>2,577,948</b>	<b>1,892,266</b>	<b>8.72%</b>	<b>2.32%</b>	<b>-63,852</b>	<b>-205,461</b>	<b>\$0.61</b>
<b>Benicia</b>	<b>7,710,955</b>	<b>384,124</b>	<b>323,088</b>	<b>4.98%</b>	<b>0.79%</b>	<b>12,124</b>	<b>-213,831</b>	<b>\$0.63</b>
R&D	138,876	0	0	0.00%	0.00%	4,608	0	\$0.00
Industrial	2,432,827	45,454	45,454	1.87%	0.00%	-19,283	-21,442	\$1.53
Warehouse	5,139,252	338,670	277,634	6.59%	1.19%	26,799	-192,389	\$0.53
<b>Fairfield</b>	<b>15,248,856</b>	<b>1,206,457</b>	<b>581,811</b>	<b>7.91%</b>	<b>4.10%</b>	<b>-175,236</b>	<b>-36,596</b>	<b>\$0.59</b>
R&D	1,419,651	134,646	134,646	9.48%	0.00%	-18,027	-27,616	\$0.96
Industrial	1,551,681	38,671	21,285	2.49%	1.12%	1,620	72,262	\$0.67
Warehouse	12,277,524	1,033,140	425,880	8.41%	4.95%	-158,829	-81,242	\$0.51
<b>Vacaville</b>	<b>6,617,876</b>	<b>987,367</b>	<b>987,367</b>	<b>14.92%</b>	<b>0.00%</b>	<b>99,260</b>	<b>44,966</b>	<b>\$0.81</b>
R&D	313,865	23,507	23,507	7.49%	0.00%	894	-5,820	\$1.00
Industrial	614,413	13,408	13,408	2.18%	0.00%	11,840	6,560	\$0.70
Warehouse	5,689,598	950,452	950,452	16.71%	0.00%	86,526	44,226	\$0.00
<b>NAPA COUNTY</b>	<b>14,740,327</b>	<b>457,805</b>	<b>313,162</b>	<b>3.11%</b>	<b>0.98%</b>	<b>264,981</b>	<b>296,308</b>	<b>\$1.17</b>
<b>American Canyon</b>	<b>7,447,743</b>	<b>22,524</b>	<b>15,024</b>	<b>0.30%</b>	<b>0.10%</b>	<b>310,114</b>	<b>315,034</b>	<b>\$0.92</b>
R&D	0	0	0	0.00%	0.00%	0	0	\$0.00
Industrial	1,537,978	15,024	15,024	0.98%	0.00%	60,606	65,526	\$0.92
Warehouse	5,909,765	7,500	0	0.13%	0.13%	249,508	249,508	\$0.00
<b>Napa</b>	<b>7,292,584</b>	<b>435,281</b>	<b>298,138</b>	<b>5.97%</b>	<b>1.88%</b>	<b>-45,133</b>	<b>-18,726</b>	<b>\$1.19</b>
R&D	1,435,649	72,847	30,175	5.07%	2.97%	1,767	-4,107	\$1.28
Industrial	2,952,190	302,622	227,261	10.25%	2.55%	-46,900	-64,419	\$1.17
Warehouse	2,904,745	59,812	40,702	2.06%	0.66%	0	49,800	\$0.00
<b>NORTH I-680</b>	<b>61,219,984</b>	<b>3,992,154</b>	<b>3,159,444</b>	<b>6.52%</b>	<b>1.36%</b>	<b>35,387</b>	<b>98,899</b>	<b>\$0.70</b>
R&D	4,291,406	298,504	255,832	6.96%	0.99%	7,732	-3,142	\$1.09
Industrial	21,565,746	683,406	588,274	3.17%	0.44%	-25,193	75,060	\$1.03
Warehouse	35,362,832	3,010,244	2,315,338	8.51%	1.97%	52,848	26,981	\$0.52



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