

CBRE

An aerial photograph of a port area. A large red cargo ship is docked at a pier, with its deck covered in stacks of colorful shipping containers (blue, red, green, and white). Several blue gantry cranes are positioned along the pier, ready for loading and unloading. The scene is brightly lit, casting long shadows on the concrete ground.

Northern California Industrial

Regional Overview | Q2 2023

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NORTHERN CALIFORNIA KEY FACTS:



14th

Largest Economy Globally
(2022 GDP, Nominal)



11.4M

Total Population
(2022)



1,016K

Total Industrial Employment
(2022)



8th

Busiest Port in the U.S.
(Oakland)



12th

2022 Busiest Airport in the U.S.
(Oakland)



\$258.1B

Industrial Real GDP
(2022)



711.7M

Sq. Ft. Inventory
(Q2 2023)



3.7%

Regional Vacancy
(Q2 2023)



(837.5K)

Sq. Ft. Net Absorption
(Q2 2023)



40.2M

Sq. Ft. Tenants in the Market
(Q2 2023)



13.6M

Sq. Ft. Under Cons.
(Q2 2023)



\$950.5M

Investment Sales
(Q2 2023)

Northern CA Megaregion



The Northern California megaregion represents eight metropolitan statistical areas, which combine for a total land area of 32,722 square miles. Major interstate freeways connect the region to the lower 48 U.S. States, as well as Canada and Mexico.



There are roughly 11.4 million residents in the greater Northern California megaregion. Net migration turned negative during the pandemic, with roughly 225,000 residents leaving the area. However, the population is forecasted to increase soon.



The Northern California megaregion would be the 14th largest global economy if it was its own sovereign nation – just ahead of Spain. The region ended 2022 at \$1.47 trillion in combined gross regional product (GRP).

Sources: Oxford Economics, CBRE Research, Q2 2023



Employment & Economy

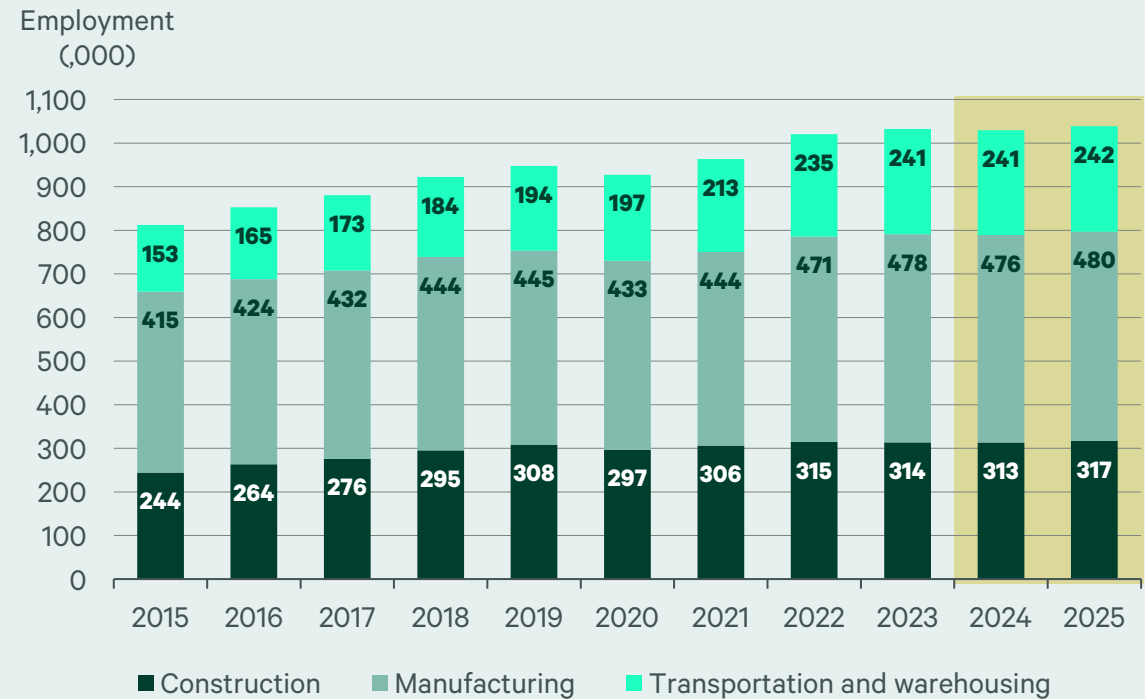
EMPLOYMENT

Recently, Northern California industrial employment – represented by construction, manufacturing and transportation and warehousing jobs – has outpaced total employment growth across all industry sectors. Since 2015, this segment's labor force has grown by 27% to 1,020,000 jobs, compared to just 12% growth across all industry employment sectors. The manufacturing sector represented the highest concentration of industrial employment at 46%, followed by construction (31%) and transportation and warehousing (23%).

GROSS REGIONAL PRODUCT

Industrial Real GRP – comprised of construction, manufacturing, and transportation and warehousing – was \$258.1 billion or 21% of total GRP for the region. The combined GRP reported a decline of 3% in 2022 and is forecasted to stabilize this year, followed by projected sustained growth over the next five years.

Primary Industrial Sector Employment Trend and Forecast



Sources: CBRE Research, Oxford Economics, Q2 2023

Freight Statistics



Port of Oakland

Container volume at the Port of Oakland through H1 2023 was down 17.8% compared to H1 2021. Statistics below reflect annual volume through June of 2023.

• Full Import Volume:	392.3K TEU	-27.7%
• Empty Import Volume:	93.7K TEU	+10.2%
• Full Export Volume:	359.5K TEU	-10.8%
• Empty Export Volume:	166.6K TEU	-16.9%
• Grand Total:	1,012.2K TEU	-17.8%

Sources: CBRE Research, FAA, Oakland Seaport, Q2 2023



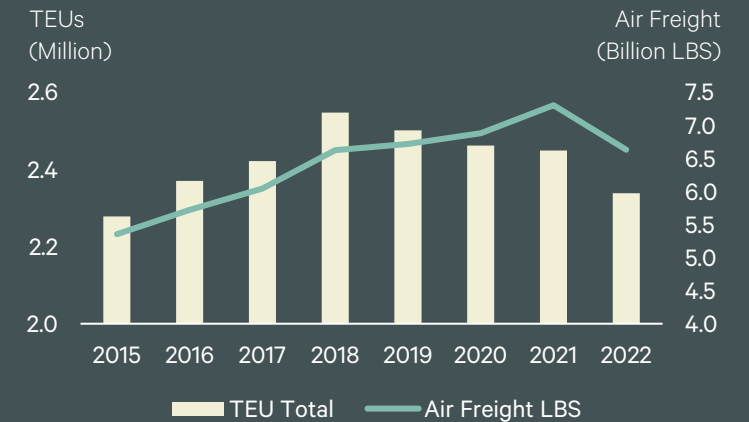
Air Cargo / Freight

Northern California airports moved over 6.2 billion pounds of total air freight in 2022, representing a 9% decrease from 2021. OAK ranked 12th in 2022 among all U.S. airports for landed freight, while SFO and SMF finished in 32nd and 52nd, respectively.

• OAK Landings (#12):	3.7B lbs
• SFO Landings (#32):	1.2B lbs
• SMF Landings (#52):	0.6B lbs

Airports: OAK, SFO, MHR, SMF, SJC, FAT, and CIC

Historical Container & Air Freight (NorCal)



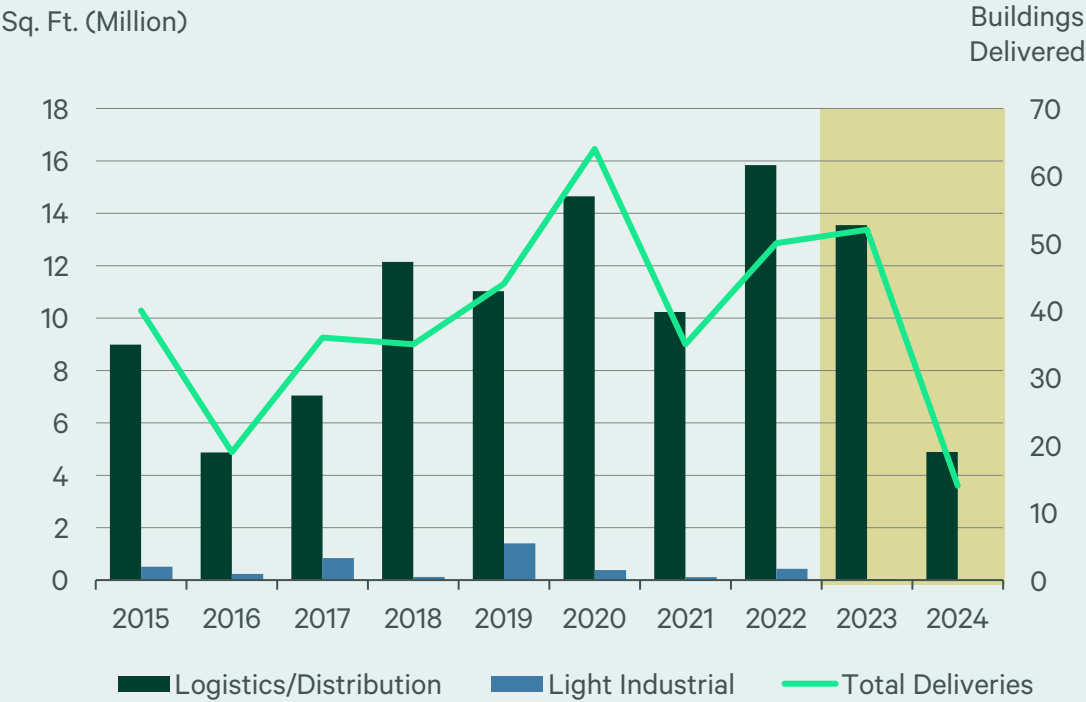
Development Pipeline

SUMMARY

Over the past 12 years, Northern California has undergone a dramatic evolution of its industrial base. Roughly 100 million square feet of new product, the bulk of which was in the logistics/warehouse category, was delivered to the region. A surge in e-commerce, last-mile, and food related industries serving a consumer base of 11.4 million residents catalyzed industrial growth in the region. As of Q2 2023, 13.6 million sq. ft. was under construction across the region.

Deliveries by Market Since 2010	Light Industrial	Logistics/ Distribution	Total Industrial
Oakland	619,993	8,397,035	9,017,028
I-680 Corridor	0	4,672,341	4,672,341
Silicon Valley	3,179,305	6,861,720	10,041,025
Napa-Solano County	288,000	6,687,867	6,975,867
Sacramento	803,432	18,976,704	19,780,136
Central Valley	475,369	49,546,154	50,021,523
Grand Total	5,366,099	95,141,821	100,507,920

Industrial Deliveries and Under Construction
By Actual and Forecast Delivery Year



Sources: CBRE Research, Q2 2023

Tenants in the Market

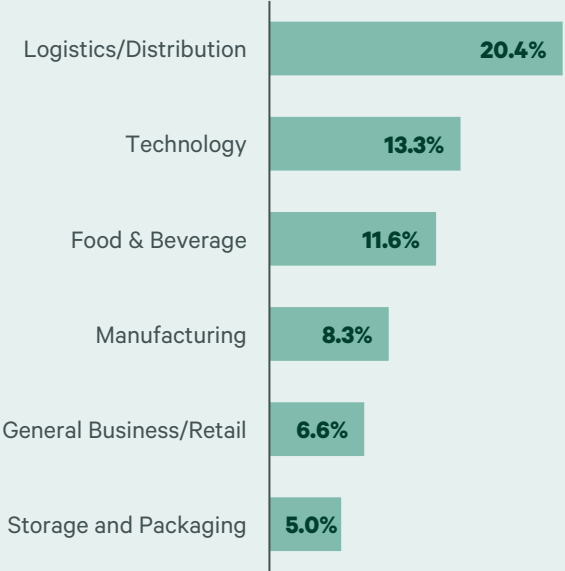
SUMMARY

Total active industrial requirements closed Q2 2023 at 40.2 million sq. ft. with 181 companies (≥25,000 sq. ft.) searching for space across the Northern California region. Logistics/distributions users represent 20.4% of the requirements in the region while technology was the next largest at 13.3%. The most active size range was in the 100K – 249.9K-sq.-ft. category at 11.1 million sq. ft. of total volume.

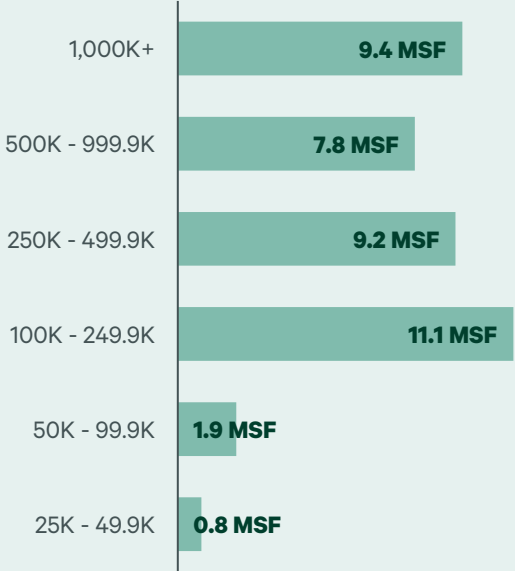
MARKET ACTIVITY – Q2 2023

Market	Requirements	Square Feet	Average Size
Oakland	49	4,730,000	96,531
Silicon Valley	30	4,180,000	139,333
Peninsula	12	703,560	58,630
Sacramento	36	10,955,000	304,306
Central Valley	54	19,650,000	363,889
Grand Total	181	40,218,560	222,202

Tenants in the Market
By Industry Vertical* Sq. Ft.



Tenants in the Market
By Size Segment Sq. Ft.



*Based on disclosed tenants.
Sources: CBRE Research, Q2 2023

ECONOMIC DRIVERS

Capital Markets

SUMMARY

Investment activity in Northern California accelerated in Q2 2023 after a bleak Q1 2023. The total dollar volume ended the quarter just shy of the 1-billion mark (950.5M), not far from the \$1.2-billion, five-year quarterly average. Activity is expected to further thaw once the Fed exhibits some form of quantitative easing after more than a year of rate hikes, restoring the delicate gap between yield spreads.

STATISTICS (12-MONTH TRAILING)

Market	Total Volume	Total Sq. Ft.	Price / Sq. Ft.*	Cap Rate
East Bay**	\$1,242.0 M	3.69 M	\$379.01	4.7%
Silicon Valley	\$463.1 M	1.24 M	\$434.74	0.0%
San Francisco & Peninsula	\$412.1 M	0.86 M	\$542.70	0.0%
Napa / Solano	\$183.8 M	0.87 M	\$226.75	5.6%
Sacramento	\$491.1 M	3.33 M	\$187.89	5.6%
Central Valley	\$620.2 M	4.63 M	\$203.81	3.8%
Grand Total	\$3,412.3 M	14.62 M	\$349.42	4.8%

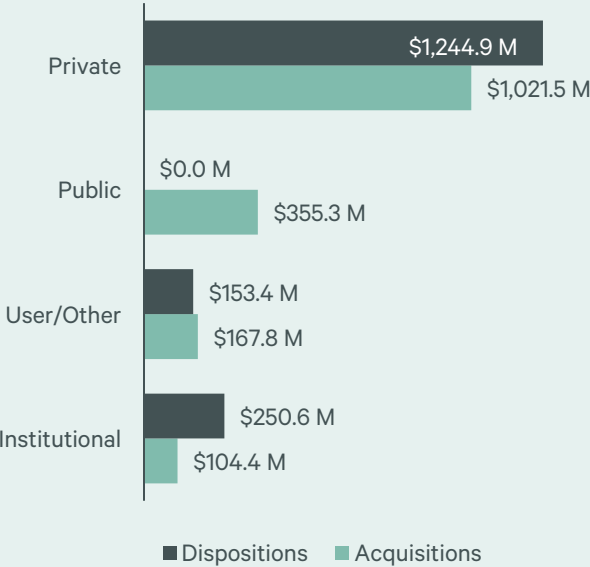
*Based on deals with disclosed sale price.

**Inclusive of I-680/Tri-Valley.

Historical Total Dollar Volume & Average Cap Rate



Activity by Capital Sector (H1 2023)



Sources: CBRE Research, Real Capital Analytics, Q2 2023

Oakland/East Bay

Net Rentable Area Sq. Ft.	128,009,227
Under Construction Sq. Ft.	1,910,418
Total TIMs Demand Sq. Ft.**	4,730,000

Overview

The Oakland/East Bay industrial market continued to exhibit growth through new construction and planned projects sprinkled throughout this market. Current tenant demand portrayed the stability of this market, while strong renewal activity in Q2 2023 demonstrated the desire for industrial tenants to stay, and potentially expand within the market.

Absorption

Net absorption fell to -240,938 sq. ft, compared to the positive 643,356 sq. ft. reported during Q1. This quarter marked only the third quarter of negative absorption over the previous ten for the Oakland/East Bay industrial market. In total, ten new vacancies were added to the market surpassing 25,000 sq. ft. each.

Vacancy

Overall vacancy and availability were only slightly elevated by the slowing pace of the industrial market. With historically tight market conditions, this market has been well-insulated from massive occupancy loss. Renewals continued to be a growing segment of this market's leasing activity, while new deals were not enough to outpace occupancy losses. These occupancy losses resulted in overall vacancy rising to 2.4% and availability growing to 3.8%.

▲ 2.4%

Vacancy Rate

▼ 474K

Sq. Ft. Net
Absorption
Year-to-Date

▲ \$1.38

Average Asking Rate
PSF / Month NNN

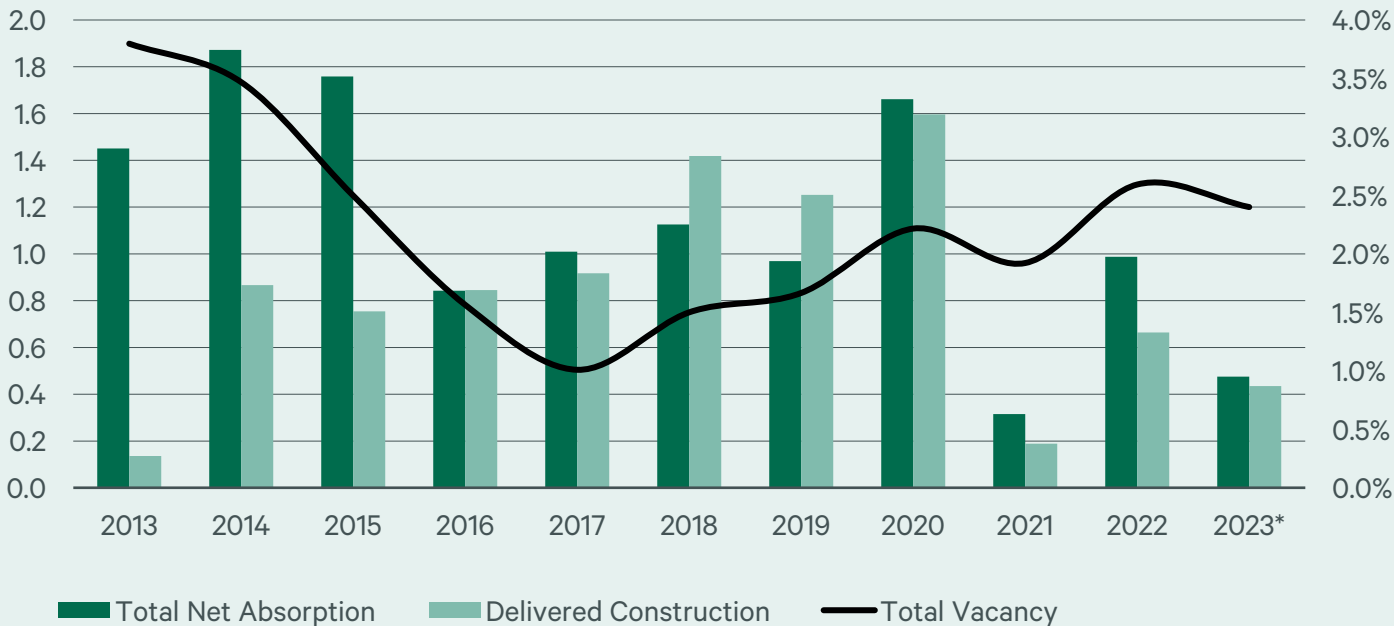
▲ 435K

Sq. Ft. Delivered
Construction

Historical Net Absorption, Deliveries & Vacancy Trend

Net Absorption & Deliveries
Sq. Ft. (Millions)

Vacancy Rate (%)



*Year-to-date

**Requirements ≥25,000 sq. ft.

Source: CBRE Research, Q2 2023.

I-680/Tri-Valley

Net Rentable Area Sq. Ft.	38,055,323
Under Construction Sq. Ft.	0
Total TIMs Demand Sq. Ft.**	N/A

Overview

The I-680 Corridor industrial market ended Q2 2023 with net absorption of -136,364 sq. ft. Livermore was the most active submarket, with -166,634 sq. ft. of net absorption in Q2 2023. Vacancy increased 40 bps QoQ from 3.2% in Q1 2023 to 3.6% in Q2 2023. On the investment sales front, due to rising interest rates and a pull-back on overall demand, institutional investment was non-existent in Q2 2023. This trend also impacted new development as rising interest rates led to higher costs associated to constructions loans .

Absorption

The I-680 Corridor industrial market is broken into two distinct submarkets. The Tri-Valley had -147,298 sq. ft. of net absorption, fueled by large vacant spaces coming to market, while the North I-680 Corridor, represented by smaller, local users reported -7,780 sq. ft. of net absorption in Q2 2023.

Vacancy

Vacancy in the I-680 Corridor industrial market reached 3.6%, at the end of Q2 2023. The availability rate followed suit, with a QoQ increase from 4.2% in Q1 2023 to 4.5% in Q2 2023.

▲ 3.6%

Vacancy Rate

▼ (136K)

Sq. Ft. Net
Absorption
Year-to-Date

► \$1.20

Average Asking Rate
PSF / Month NNN

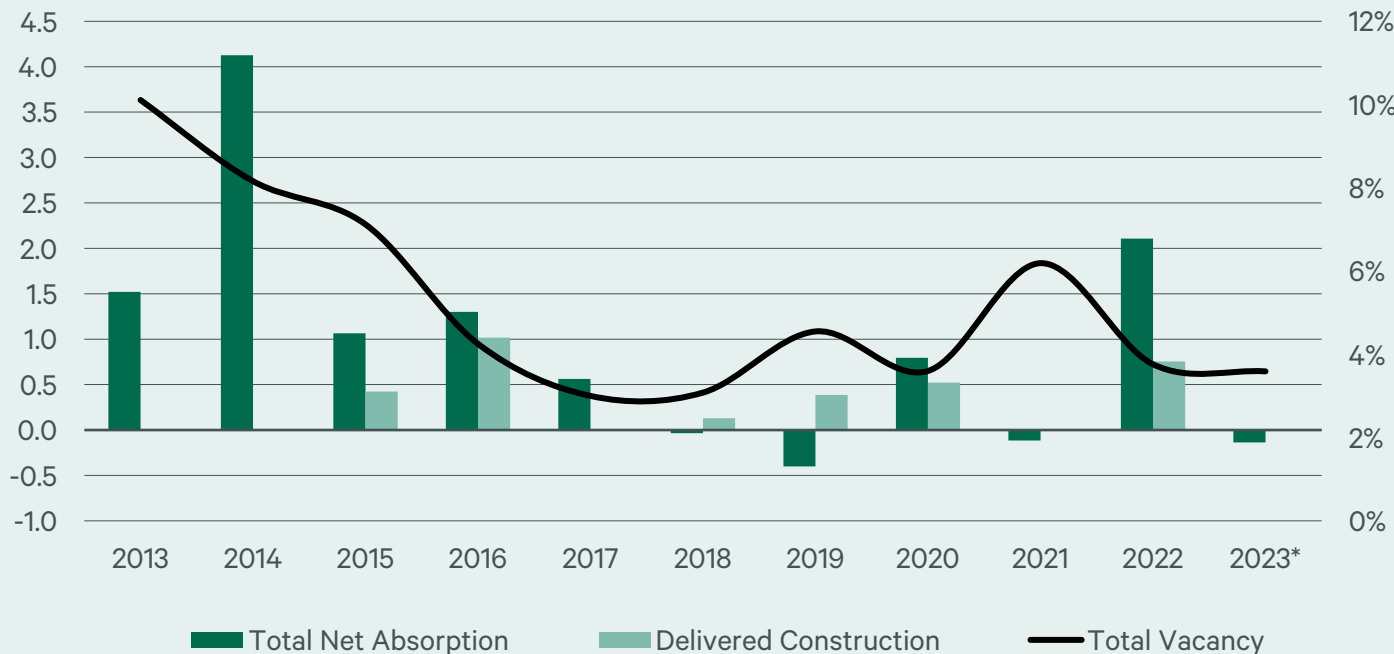
► N/A

Sq. Ft. Delivered
Construction

Historical Net Absorption, Deliveries & Vacancy Trend

Net Absorption & Deliveries
Sq. Ft. (Millions)

Vacancy Rate (%)



*Year-to-date

**Requirements ≥25,000 sq. ft.

Source: CBRE Research, Q2 2023.

Silicon Valley

Net Rentable Area Sq. Ft.	108,958,602
Under Construction Sq. Ft.	944,580
Total TIMs Demand Sq. Ft.**	4,180,000

Overview

The industrial market gained momentum in Q2 2023, registering the first positive net absorption since Q2 2022. Tenant demand remained above the ten-year average, ending with 4.2 million sq. ft. of tracked requirements. Gross absorption totaled 1.7 million sq. ft., up 80% from the 946,848 sq. ft. reported last quarter. Although the market continues to perform well, there are headwinds preventing further growth. Notably, power demand is outpacing supply, and tenants continue to experience extended waiting periods getting adequate power into their buildings.

Absorption

Net absorption recorded positive 25,276 sq. ft. in Q2 2023. The largest contributor to the positive absorption was a confidential new lease for 209,926 sq. ft. of vacant space in Fremont.

Vacancy

Average market vacancy and availability rate remained flat quarter-over-quarter at 2.5% and 3.4%, respectively. Both are still near all-time lows. Nearly 1 million sq. ft. was under construction at the close of the quarter, of which, 18% or roughly 180,000 sq. ft. was preleased.

▶ 2.5%

Vacancy Rate

▲ (544)K

Sq. Ft. Net
Absorption
Year-to-Date

▲ \$1.58

Average Asking Rate
PSF / Month NNN

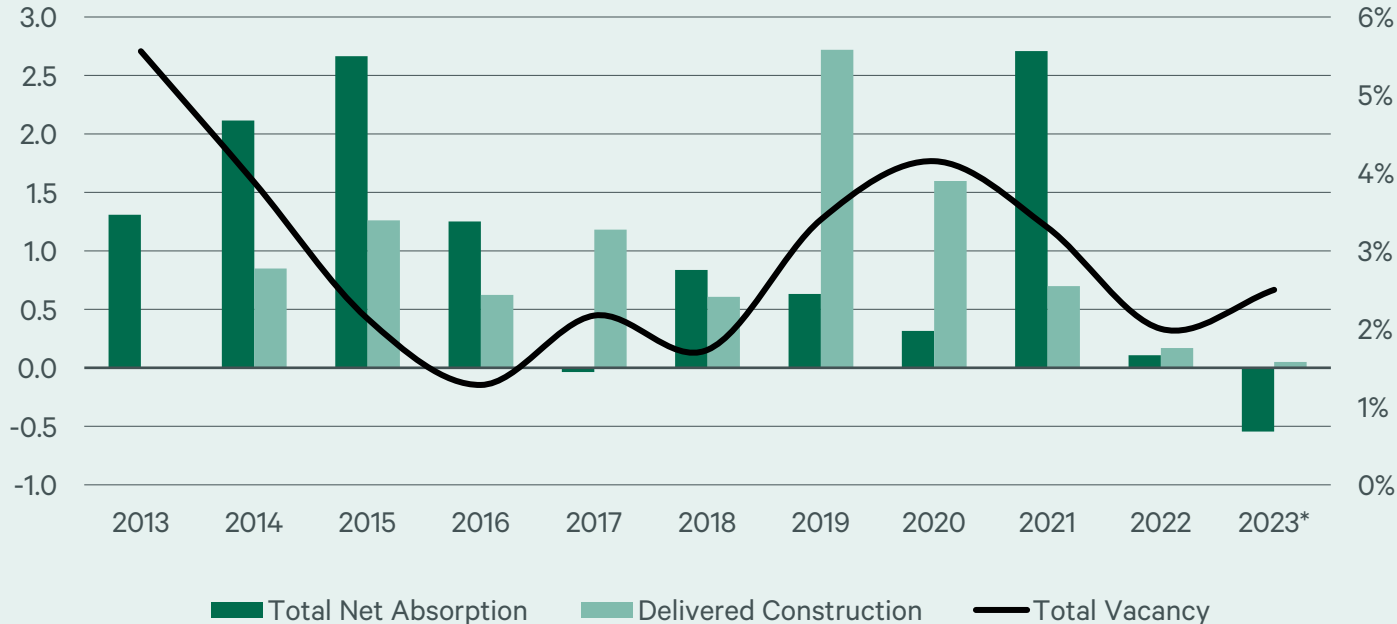
▲ 51K

Sq. Ft. Delivered
Construction

Historical Net Absorption, Deliveries & Vacancy Trend

Net Absorption & Deliveries
Sq. Ft. (Millions)

Vacancy Rate (%)



*Year-to-date

**Requirements ≥25,000 sq. ft.

Source: CBRE Research, Q2 2023.

San Francisco Peninsula

Net Rentable Area Sq. Ft.	35,026,191
Under Construction Sq. Ft.	0
Total TIMs Demand Sq. Ft.**	703,560

Overview

The interest rate hikes and changing economic conditions impeded growth in the San Francisco Peninsula for both leasing and sale activity. The slowdown in institutional interest and more conservative approach to deploying capital has driven a disproportionately higher amount owner-user sales and private investor activity in recent quarters.

Absorption

The San Francisco Peninsula industrial market closed Q2 2023 with -105,125 sq. ft. of net absorption. Overall gross absorption increased by 44% from Q1 2023 totaling 488,124 sq. ft. in Q2 2023, influenced by a few larger renewals. The largest lease signed during Q2 2023 was at 325 Valley Dr in Brisbane. Trimark, a restaurant supply company, who signed a 131,120-sq.-ft. renewal.

Vacancy

Market-wide availability increased by 60 bps from the previous quarter to 4.1% at the end of Q2 2023. This corresponded to the 35-bps increase in the market-wide vacancy rate from Q1 2023 to 2.6%. The largest contributing factor to the negative absorption and increase in vacancy was due to the 32,761-sq.-ft. vacant warehouse space that hit the market at 50 Broderick Road in Burlingame.

▲ 2.6%

Vacancy Rate

▼ (177K)

Sq. Ft. Net
Absorption
Year-to-Date

▲ \$1.72

Average Asking Rate
PSF / Month NNN

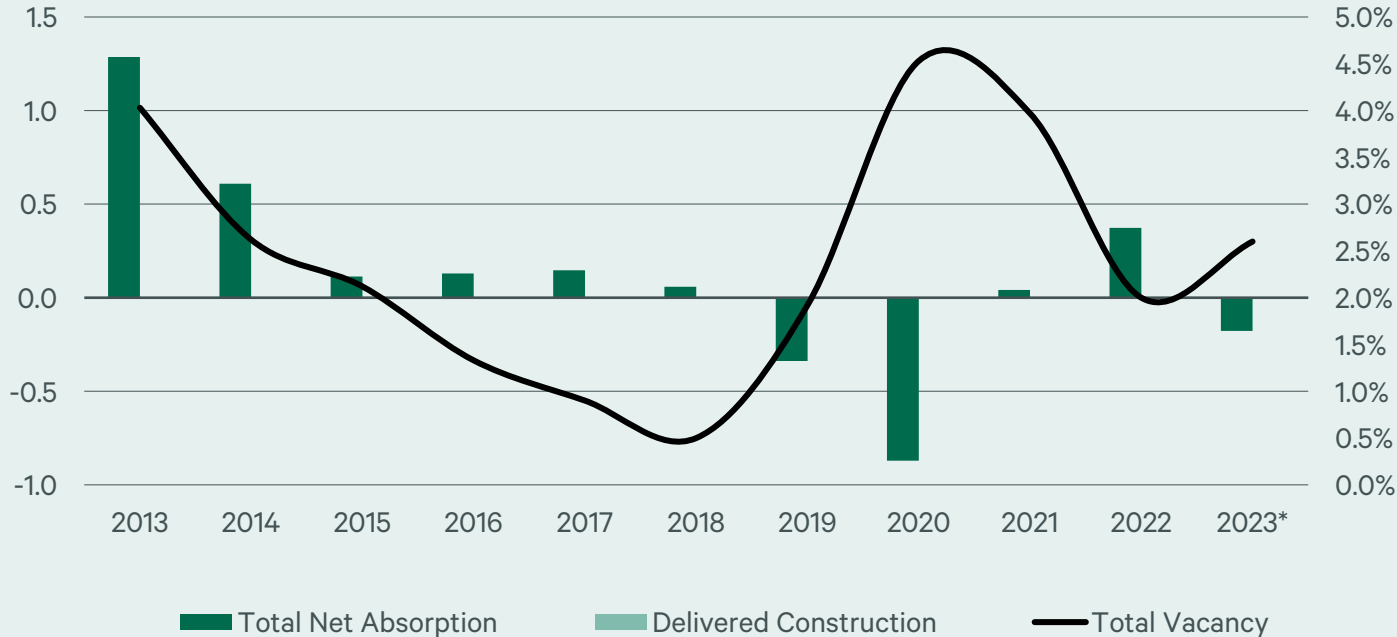
► N/A

Sq. Ft. Delivered
Construction

Historical Net Absorption, Deliveries & Vacancy Trend

Net Absorption & Deliveries
Sq. Ft. (Millions)

Vacancy Rate (%)



*Year-to-date

**Requirements ≥25,000 sq. ft.

Source: CBRE Research, Q2 2023.

San Francisco

Net Rentable Area Sq. Ft.	21,592,055
Under Construction Sq. Ft.	0
Total TIMs Demand Sq. Ft.**	N/A

Overview

The San Francisco Industrial market registered 53,716 sq. ft. of net absorption in Q2 2023, an improvement from the -217,000 sq. ft. of net absorption reported in Q1 2023. The increase in occupancy decreased the overall market vacancy rate to 4.9%. Market conditions have improved slightly as tenant demand remains stable and supply remains constrained, but market-wide occupancy was still down from the peak in 2021. The overall average asking rate decreased from \$2.56 to \$2.50 per sq. ft. on a monthly, IG basis, with warehouse rents averaging \$2.44 IG and manufacturing rents averaging \$2.75 IG.

Absorption

The largest lease of Q2 2023 was USPS's renewal of 101,331 sq. ft. at 180-200 Napoleon St. The largest new lease of the quarter was Grubmarket Norcal absorbing 15,000 sq. ft. at 1925 Jerrold Ave. Mission/Potrero saw the largest increase in occupancy in Q2 with 54,454 sq. ft. of net absorption, while South of Market experienced the largest loss in occupancy with -27,642 sq. ft. of net absorption.

Vacancy

Warehouse vacancy decreased to 4.0% and manufacturing vacancy decreased to 10.9% in Q2 2023. Close proximity to SFO, OAK, and the Port of Oakland, along with a dearth of new construction, continues to support the existing industrial inventory in San Francisco.

▼ 4.9%

Vacancy Rate

▲ (163K)

Sq. Ft. Net
Absorption
Year-to-Date

▼ \$2.50

Average Asking Rate
PSF / Month IG

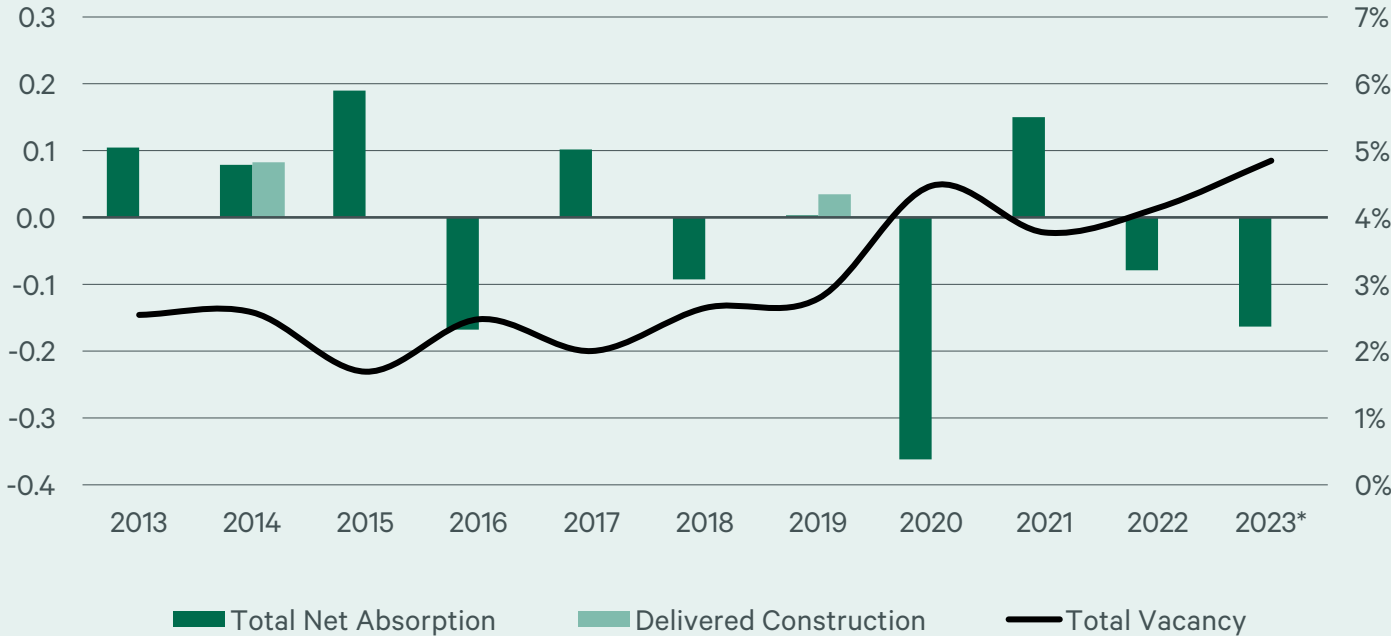
► 0

Sq. Ft. Delivered
Construction

Historical Net Absorption, Deliveries & Vacancy Trend

Net Absorption & Deliveries
Sq. Ft. (Millions)

Vacancy Rate (%)



*Year-to-date

**Requirements ≥25,000 sq. ft.

Source: CBRE Research, Q2 2023.

Napa/Solano

Net Rentable Area Sq. Ft.	55,946,019
Under Construction Sq. Ft.	3,546,151
Total TIMs Demand Sq. Ft.**	N/A

Overview

The Napa-Solano Industrial Market, comprising of Napa and Solano counties, is home to 588,400 residents and hosts a labor force of 271,360. Through June of 2023, the total resident employment was roughly 263,870, representing an increase of roughly 6,020 jobs from this time last year with a 3.4% unemployment rate in Q2 2023. The industrial marketplace is vibrant with a strong representation of wineries, food and beverage companies, and life sciences all necessitating well-located and highly-efficient logistics and manufacturing facilities.

Absorption

The overall net absorption for the Napa-Solano Industrial market was -146,388 sq. ft to end Q2 2023. Combined with the positive figure in Q1 2023, the year-to-date total was -98,189 sq. ft. in Q2 2023.

Vacancy

The overall vacancy rate increased 20 bps quarter-over quarter from 1.3% in Q1 to 1.5% in Q2 largely due to new availability adds in American Canyon and Benicia.

▲ 1.5%

Vacancy Rate

▼ (98K)

Sq. Ft. Net
Absorption
Year-to-Date

▶ \$0.99

Average Asking Rate
PSF / Month NNN

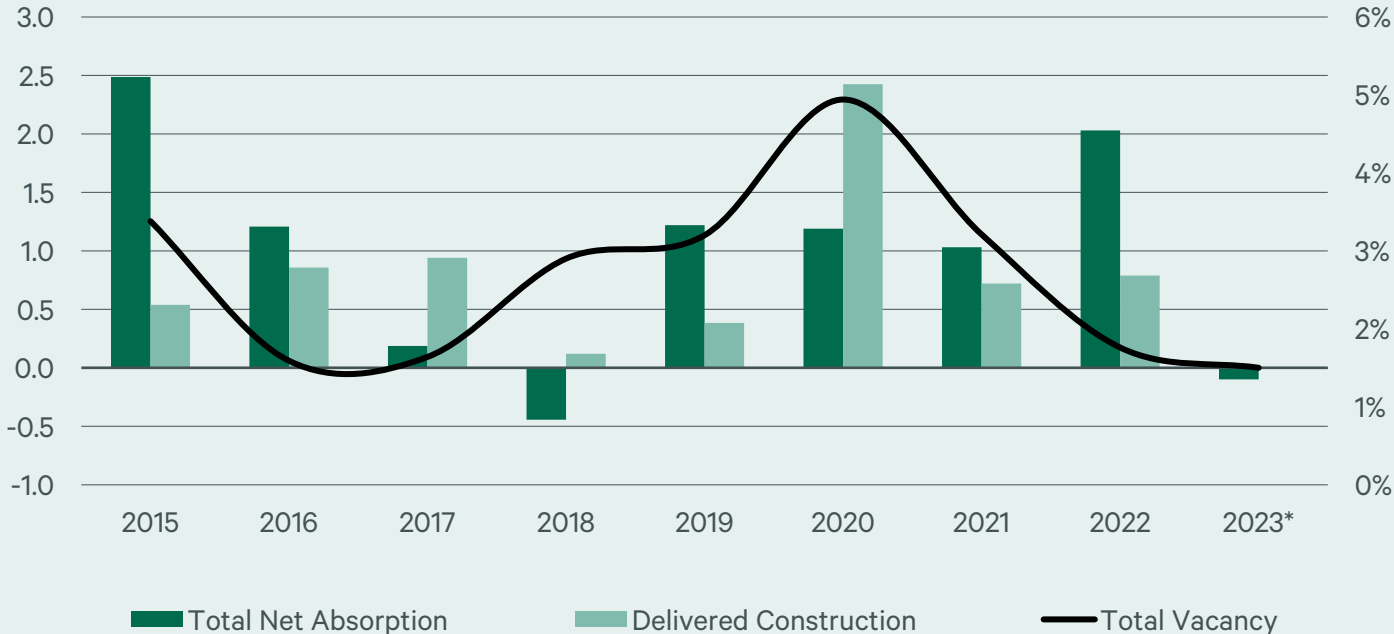
▶ N/A

Sq. Ft. Delivered
Construction

Historical Net Absorption, Deliveries & Vacancy Trend

Net Absorption & Deliveries
Sq. Ft. (Millions)

Vacancy Rate (%)



*Year-to-date

**Requirements ≥25,000 sq. ft.

Source: CBRE Research, Q2 2023.

Sacramento

Net Rentable Area Sq. Ft.	190,721,999
Under Construction Sq. Ft.	1,291,186
Total TIMs Demand Sq. Ft.**	10,955,000

Overview

The Sacramento industrial market has experienced dramatic growth in recent years, through leasing of multi-generational facilities to the preleasing of highly functional, large block of inventory delivered over the past ten years. In total, 19.6 million square feet of new facilities were delivered which had accelerated occupancy growth over the same period. The average direct asking rate remained steady quarter-over-quarter at \$0.81 per sq. ft. monthly on a NNN basis. Despite destabilizing economic conditions, the Sacramento industrial market continues to entice local and national investors and users.

Absorption

The Sacramento market posted -43,413 sq. ft. of net absorption in Q2 2023. The West Sacramento submarket experienced the highest amount of space givebacks at -237,800 sq. ft., while the Northgate/Natomas submarket closed the quarter on the positive side of the pendulum at 174,663 sq. ft.

Vacancy

Market-wide, vacancy and availability rates increased in Q2 2023. The availability rate rose 30 bps QoQ to 4.9%. while the vacancy rate increased 20 bps to 3.1%.

▲ 3.1%

Vacancy Rate

▼ 315K

Sq. Ft. Net
Absorption
Year-to-Date

▶ \$0.81

Average Asking Rate
PSF / Month NNN

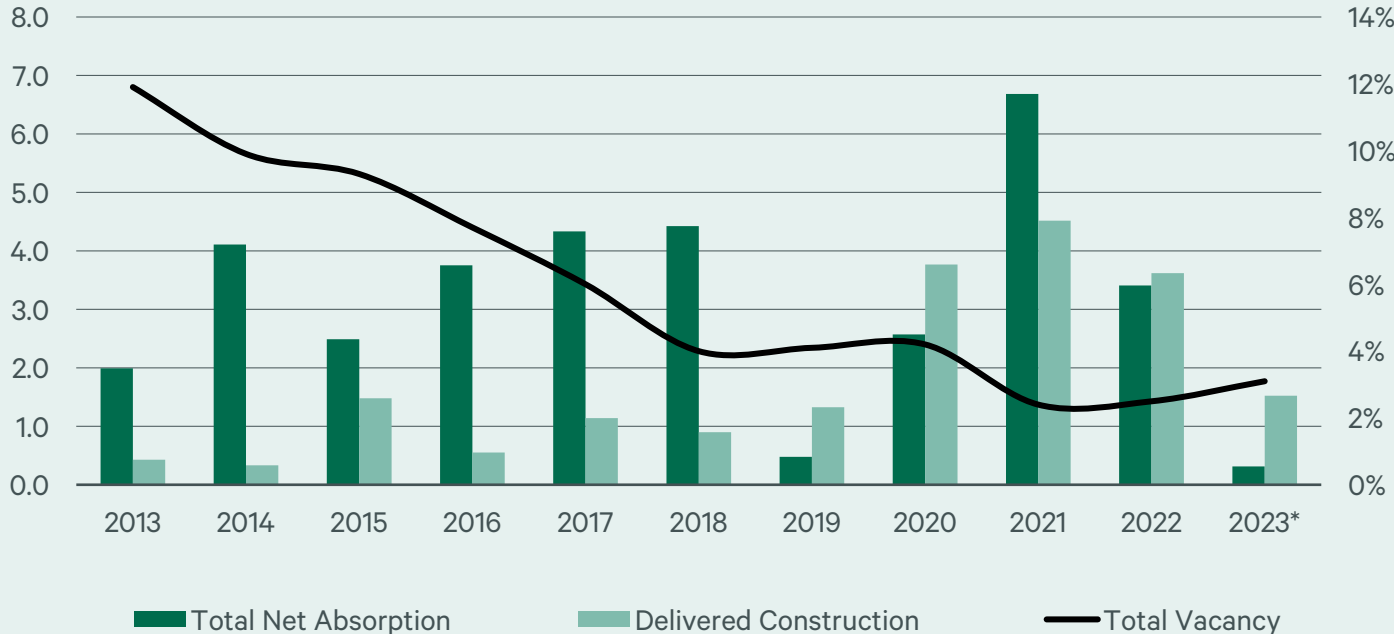
▲ 1.5M

Sq. Ft. Delivered
Construction

Historical Net Absorption, Deliveries & Vacancy Trend

Net Absorption & Deliveries
Sq. Ft. (Millions)

Vacancy Rate (%)



*Year-to-date

**Requirements ≥50,000 sq. ft.

Source: CBRE Research, Q2 2023.

Central Valley

Net Rentable Area Sq. Ft.	133,435,553
Under Construction Sq. Ft.	5,797,784
Total TIMs Demand Sq. Ft.**	19,650,000

Overview

Situated adjacent to Sacramento and Bay Area markets, the Central Valley has become a central hub connecting Northern and Southern California markets with same-day logistics. During Q2 2023, new construction starts slowed due to the continued high cost of construction, interest rate pressure, and supply chain delays. The average direct asking rate in Q2 2023 had increased 11% year-over-year to \$0.73 on a monthly, NNN basis.

Absorption

The Central Valley market totaled -233,334 sq ft. of net absorption for Q2 2023, breaking the streak of 41 consecutive quarters of positive net absorption. Deal volume in the first half of 2023 weighed heavily towards renewals in comparison to previous quarters.

Vacancy

Market-wide vacancy and availability rates rose in Q2 2023. The vacancy rate increased 130 bps to 7.7% and the availability rate held steady at 8.5%. The Lathrop submarket had the highest vacancy in the market at 12.0% followed by Tracy at 9.7%.

▲ 7.7%

Vacancy Rate

▼ 867K

Sq. Ft. Net
Absorption
Year-to-Date

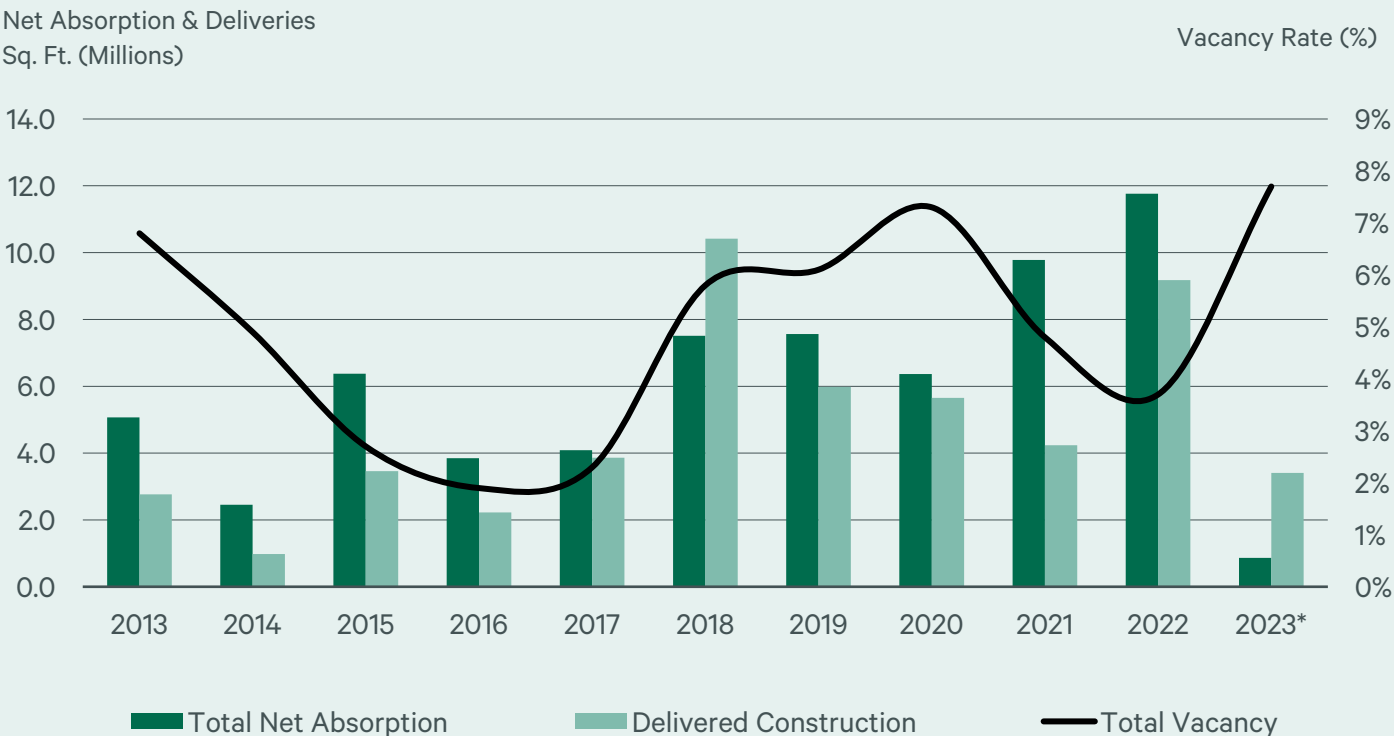
▲ \$0.73

Average Asking Rate
PSF / Month NNN

▲ 3.4M

Sq. Ft. Delivered
Construction

Historical Net Absorption, Deliveries & Vacancy Trend



*Year-to-date

**Requirements ≥50,000 sq. ft.

Source: CBRE Research, Q2 2023.

Northern California Historical Market Statistics

	2016	2017	2018	2019	2020	2021	2022	2023*
OAKLAND/EAST BAY								
Absorption (Net, Sq. Ft.)	842,692	1,009,165	1,125,891	968,922	1,661,521	315,590	987,473	474,970
Overall Asking Rent (NNN Avg. Mthly \$/Sq. Ft.)	0.74	0.85	0.92	0.93	0.91	1.05	1.34	1.38
Delivered Construction (Sq. Ft.)	845,229	917,304	1,418,238	1,251,937	1,596,012	189,038	664,067	435,007
Vacancy Rate (%)	1.56	1.01	1.50	1.67	2.22	1.92	2.59	2.40
I-690/TRI-VALLEY								
Absorption (Net, Sq. Ft.)	1,299,898	562,450	-35,496	-400,711	794,458	-116,169	2,106,481	-136,364
Overall Asking Rent (NNN Avg. Mthly \$/Sq. Ft.)	0.61	0.82	0.87	0.86	0.87	0.97	1.20	1.20
Delivered Construction (Sq. Ft.)	1,017,193	0	128,622	387,091	522,617	0	752,281	0
Vacancy Rate (%)	4.25	3.00	3.08	4.55	3.6	6.19	3.76	3.6
SILICON VALLEY								
Absorption (Net, Sq. Ft.)	1,250,740	-35,949	836,850	631,993	315,422	2,707,963	107,742	-544,243
Overall Asking Rent (NNN Avg. Mthly \$/Sq. Ft.)	1.06	1.11	1.11	1.14	1.14	1.39	1.56	1.58
Delivered Construction (Sq. Ft.)	623,586	1,181,108	606,617	2,718,910	1,597,770	698,683	169,604	50,727
Vacancy Rate (%)	1.28	2.17	1.73	3.40	4.15	3.25	2.01	2.49

	2016	2017	2018	2019	2020	2021	2022	2023*
SF PENINSULA								
Absorption (Net, Sq. Ft.)	128,979	146,420	58,157	-338,053	-870,806	41,380	373,022	-177,495
Overall Asking Rent (NNN Avg. Mthly \$/Sq. Ft.)	1.16	1.25	1.32	1.55	1.51	1.61	1.66	1.72
Delivered Construction (Sq. Ft.)	0	0	0	0	0	0	0	0
Vacancy Rate (%)	1.33	0.90	0.50	1.92	4.53	3.97	2.00	2.6
SAN FRANCISCO								
Absorption (Net, Sq. Ft.)	-167,865	101,716	-92,715	3,184	-361,934	150,044	-78,925	-163,355
Overall Asking Rent (IG Avg. Mthly \$/Sq. Ft.)	1.58	2.16	2.44	2.33	2.09	2.27	2.52	2.50
Delivered Construction (Sq. Ft.)	0	0	0	34,663	0	0	0	0
Vacancy Rate (%)	2.48	2.00	2.65	2.79	4.47	3.78	4.14	4.85
NAPA / SOLANO								
Absorption (Net, Sq. Ft.)	1,207,063	187,526	-443,324	1,220,286	1,190,057	1,031,549	2,029,869	-98,189
Overall Asking Rent (NNN Avg. Mthly \$/Sq. Ft.)	0.60	0.83	0.86	0.87	0.86	0.97	0.88	0.99
Delivered Construction (Sq. Ft.)	856,802	941,271	120,080	384,091	2,424,906	720,637	789,283	0
Vacancy Rate (%)	1.59	1.64	2.90	3.20	4.94	3.21	1.76	1.50

*Year-to-date
Source: CBRE Research, Q2 2023.

Northern California

Historical Market Statistics

	2016	2017	2018	2019	2020	2021	2022	2023*
SACRAMENTO								
Absorption (Net, Sq. Ft.)	3,753,959	4,331,207	4,423,625	478,233	2,571,127	6,683,082	3,407,413	315,120
Overall Asking Rent (NNN Avg. Mthly \$/Sq. Ft.)	0.45	0.51	0.63	0.68	0.67	0.76	0.80	0.81
Delivered Construction (Sq. Ft.)	551,994	1,140,500	900,695	1,328,013	3,764,936	4,516,359	3,619,247	1,523,801
Vacancy Rate (%)	7.7	6.0	4.0	4.1	4.2	2.4	2.5	3.1
CENTRAL VALLEY								
Absorption (Net, Sq. Ft.)	3,850,525	4,087,477	7,513,446	7,562,294	6,365,599	9,779,044	11,762,777	867,441
Overall Asking Rent (NNN Avg. Mthly \$/Sq. Ft.)	0.39	0.41	0.46	0.47	0.51	0.61	0.71	0.73
Delivered Construction (Sq. Ft.)	2,223,598	3,864,697	10,418,333	5,984,643	5,653,076	4,236,150	9,178,489	3,406,663
Vacancy Rate (%)	1.9	2.3	5.8	6.1	7.3	4.8	3.7	7.7

*Year-to-date
Source: CBRE Research, Q2 2023.



Top Leases – Q2 2023

San Francisco Bay Area

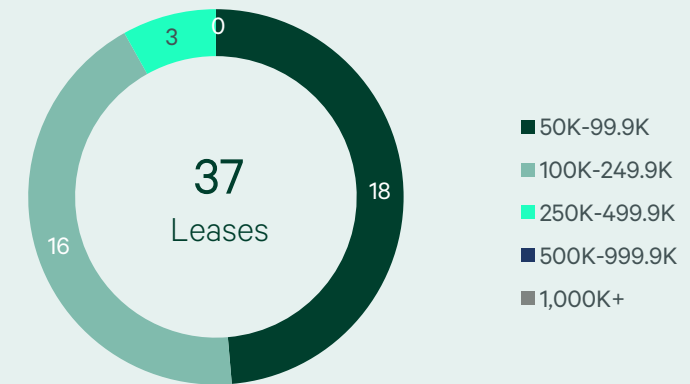
Tenant	Market	City	Property Subtype	Area Leased	Sub/Direct
Confidential	Silicon Valley	Fremont	Distribution/Logistics	209,926	New Lease
RK Logistics Group, Inc.	Silicon Valley	Fremont	Distribution/Logistics	209,916	New Lease
Confidential	Silicon Valley	San Jose	Distribution/Logistics	188,179	New Lease
Airport Appliance	Oakland	Hayward	Distribution/Logistics	151,631	Renewal
Confidential	Oakland	Richmond	Distribution/Logistics	149,558	New Lease
National Auto Parts	Oakland	Hayward	Distribution/Logistics	148,525	New Lease
JB Hunt	Oakland	Union City	Distribution/Logistics	145,349	Renewal
Ontrac Logistics	Silicon Valley	Fremont	Distribution/Logistics	132,900	Renewal

Sacramento / Central Valley

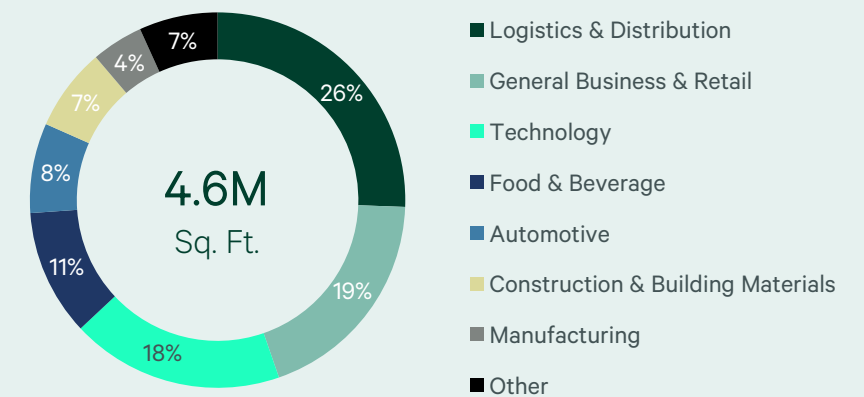
Tenant	Market	City	Property Subtype	Area Leased	Sub/Direct
Performance Foods	Central Valley	Stockton	Distribution/Logistics	373,022	New Lease
Article.com	Central Valley	Patterson	Distribution/Logistics	356,065	New Lease
Grant & Bowman, Inc.	Sacramento	Woodland	Distribution/Logistics	317,799	New Lease
International Paper	Central Valley	Tracy	Distribution/Logistics	206,451	Renewal
Alom Technologies Corp.	Sacramento	Sacramento	Distribution/Logistics	169,924	New Lease
DHL	Central Valley	Tracy	Distribution/Logistics	120,367	Renewal
ILG	Sacramento	West Sacramento	Distribution/Logistics	99,287	New Lease
Confidential	Central Valley	Lathrop	Distribution/Logistics	92,747	Renewal

Source: CBRE Research, Q2 2023.

Leasing Activity by Size Segment - #



Leasing Activity by Industry – Sq. Ft.



Thank you



FOR MORE INFORMATION

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