

FIGURES | OAKLAND INDUSTRIAL | Q1 2024

# New deliveries contribute to vacancy growth

▲ 4.9%

Vacancy Rate

▼ (1.30M)

SF Net Absorption

▲ 1.23M

SF Under Construction

▼ \$1.33

NNN / Lease Rate  
Existing Properties

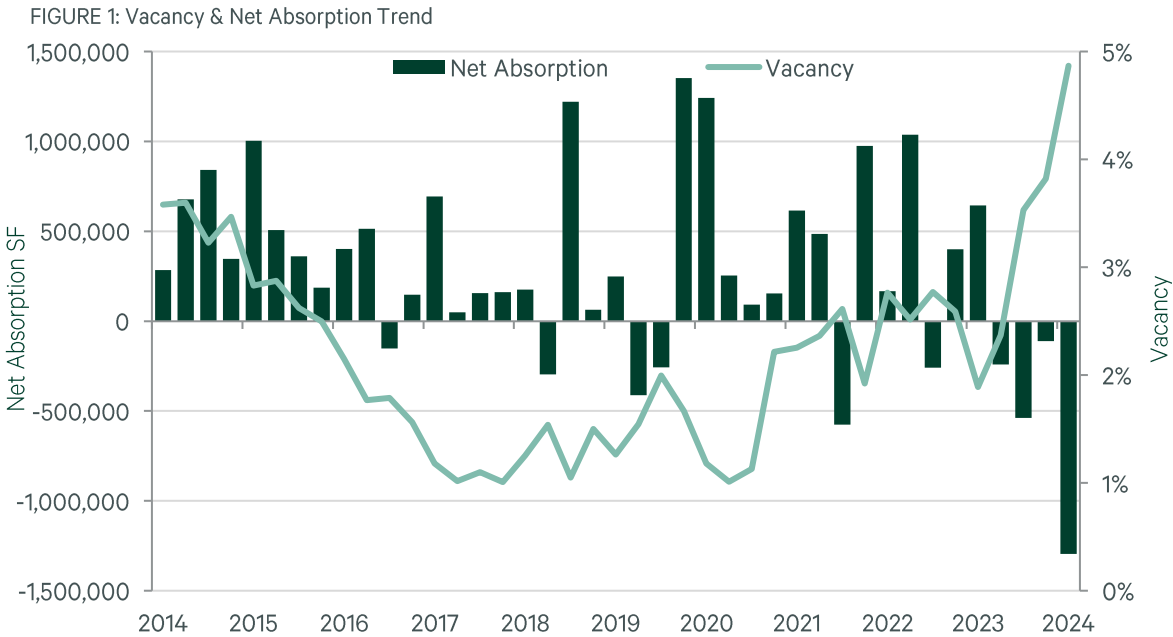
▼ 256.8K

Industrial Using Employment  
Alameda & Contra Costa Cos

Note: Arrows indicate change from previous quarter.

## INDUSTRIAL MARKET HIGHLIGHTS

- The total population of Alameda and Contra Costa Counties stood at 2.83 million, an increase of 0.27% from the previous quarter and up 1.07% from Q1 2023. Total labor force increased 0.28%, from 1.392 million to 1.396 million while total industrial using employment decreased by 0.23%, from 255.7K during Q4 2023 to 256.8K at the end of Q1 2024. The unemployment rate increased quarter-over-quarter (QoQ) by 14 basis points (bps) from 4.36% to 4.50% and up 117 bps year-over-year (YoY) from 3.33% to 4.50%.
- The overall vacancy rate increased by 110 bps QoQ to 4.9%. This represents a 300-bps increase YoY from the 1.9% reported during Q1 2023. The current vacancy rate is 271 bps above the 10-year average vacancy of 2.2%.
- The first quarter of 2024 had 1.3 million sq. ft. of negative net absorption with 1.4 million sq. ft. of gross leasing. In comparison, Q1 2023 had 643,356 sq. ft. of positive net absorption with 2.0 million sq. ft. in gross leasing.
- Warehouse/distribution space represented 95% of total leasing volume. New leases, when compared to renewals, were 47% of the total gross leasing volume.



Source: CBRE Research, Q1 2024

INDUSTRIAL OVERVIEW

The Oakland/East Bay industrial market currently contains just under 128 million sq. ft. of inventory, including the Q1 2024 deliveries of the 353,653-sq.-ft. Nexus Innovation Center at 25500 Clawiter Rd in Hayward and Scannell’s 157,725-sq.-ft. Industrial Center at 155 Parr Blvd in Richmond for a total of 475,386 sq. ft. Both projects were delivered vacant. The Nexus Innovation Center was purchased by PGIM this quarter for \$103M. (\$291 \$/psf) The overall vacancy rate increased from 3.8% to 4.9% while the overall availability rate increased from 5.4% to 6.0% QoQ. These increases were due to the aforementioned vacant construction deliveries and several availabilities that became vacant during the quarter. Overall landlord asking rates saw a slight decrease from \$1.38 to \$1.33 NNN psf/mo as vacancy rates increased.

Active tenant requirements for warehouse/distribution and manufacturing space increased to 39 tenants from 35 QoQ, with square footage required increasing from 3.2 million sq. ft. to 4.1 million sq. ft. Conversely, this represents a decline of 18 requirements from the 53 reported during Q1 2023. The average requirement is 104,103 sq. ft., with 51% of requirements looking for spaces over 100,000 sq. ft. The total square footage of requirements increased by roughly 28% QoQ but experienced a decline of about 25% YoY.

Leasing activity saw a decrease by 22% QoQ from 1.8 million sq. ft. during Q4 2023 to 1.4 million sq. ft. at the start of 2024. This represents a 31% decline YoY when compared with Q1 2023. New leases in Q1 2024 accounted for roughly 68% of the leases signed and 54% of gross leasing square footage. The largest lease of the quarter was a renewal by Access Information at 2668-2688 & 2704 W. Winton Rd in Hayward for 176,760 sq. ft.

The Oakland/East Bay industrial market has 1.2 million sq. ft. under construction/renovation, with 466,256 sq. ft. expected to deliver in Q2 2024. The largest renovation project in the market is Prologis Nexus. Located at 1345 Doolittle Drive in San Leandro, this project will result in a 266,000-sq.-ft., class A distribution facility.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Lease Rate (\$)		Q1 Net Absorption	YTD Net Absorption
				Mfg.	Whs.		
Richmond	13,423,249	5.2%	5.4%	\$1.40	\$1.40	(25,288)	(25,288)
Berkeley	5,045,294	2.4%	2.9%	\$1.50	\$1.75	(19,881)	(19,881)
Emeryville	2,292,824	6.6%	6.6%	\$1.50	\$1.75	5,850	5,850
Oakland	34,283,649	4.9%	6.3%	\$1.00	\$1.25	(192,404)	(192,404)
Alameda	3,800,445	6.4%	6.4%	\$1.30	\$1.30	(121,416)	(121,416)
San Leandro	19,760,960	5.5%	6.2%	\$1.35	\$1.35	(424,550)	(424,550)
San Lorenzo	1,104,363	1.0%	1.0%	\$1.35	\$1.35	0	0
Hayward	35,613,364	5.0%	6.2%	\$1.35	\$1.35	(398,339)	(398,339)
Union City	12,663,912	3.7%	6.1%	\$1.40	\$1.40	(120,202)	(120,202)
<b>Oakland Ind. Market</b>	<b>127,988,060</b>	<b>4.9%</b>	<b>6.0%</b>	<b>\$1.33</b>	<b>\$1.33</b>	<b>(1,296,230)</b>	<b>(1,296,230)</b>
<b>Manufacturing</b>	<b>34,116,227</b>	<b>3.4%</b>	<b>4.2%</b>	<b>\$1.32</b>	<b>N/A</b>	<b>(174,471)</b>	<b>(174,471)</b>
<b>Warehouse</b>	<b>93,871,833</b>	<b>5.4%</b>	<b>6.7%</b>	<b>N/A</b>	<b>\$1.34</b>	<b>(1,121,759)</b>	<b>(1,121,759)</b>

Source: CBRE Research, Q1 2024

FIGURE 3: Notable Lease Transactions Q1 2024

Tenant	City	SF Leased	Type
Access Information*	Hayward	176,760	Warehouse
Shaw Industries Inc*	Union City	127,969	Warehouse
PODS Enterprises*	Hayward	118,820	Warehouse
SparME LLC	San Lorenzo	80,308	Warehouse
Imperial Bag & Paper*	Union City	60,080	Warehouse
Cutera	Hayward	53,000	Warehouse

Source: CBRE Research, Q1 2024

\* Renewal

FIGURE 4: Notable Sale Transactions Q1 2024

Buyer	City	SF Sold	Sale Price
PGIM	Hayward	353,653	\$103M
Royal Coffee Inc	Oakland	130,513	\$31.7M
DR Stephens & Co	Oakland	101,834	\$10.5M
Fortinet	Union City	53,939	\$14.8M
Carpenter Rigging Group	Hayward	51,120	\$15.8M

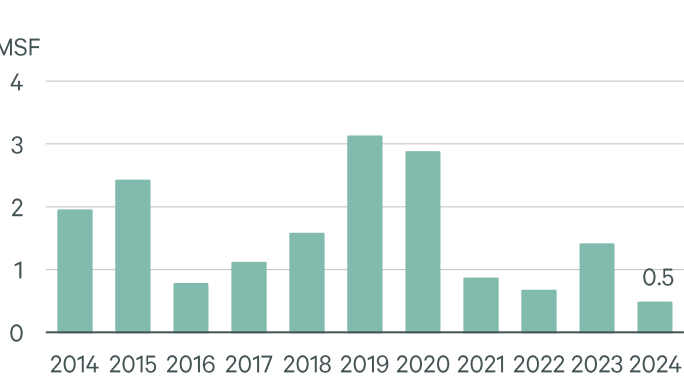
Source: CBRE Research, Q1 2024

FIGURE 5: Lease Rates



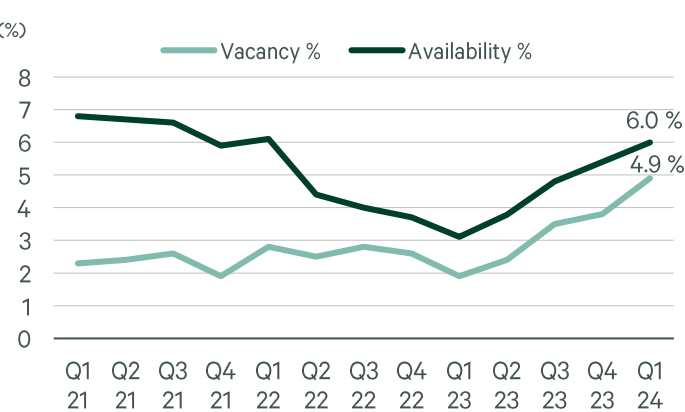
Source: CBRE Research, Q1 2024

FIGURE 7: Construction Completions



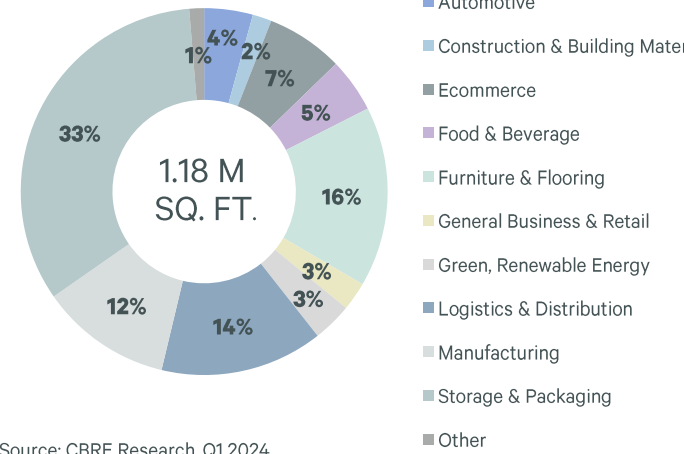
Source: CBRE Research, Q1 2024

FIGURE 6: Vacancy & Availability



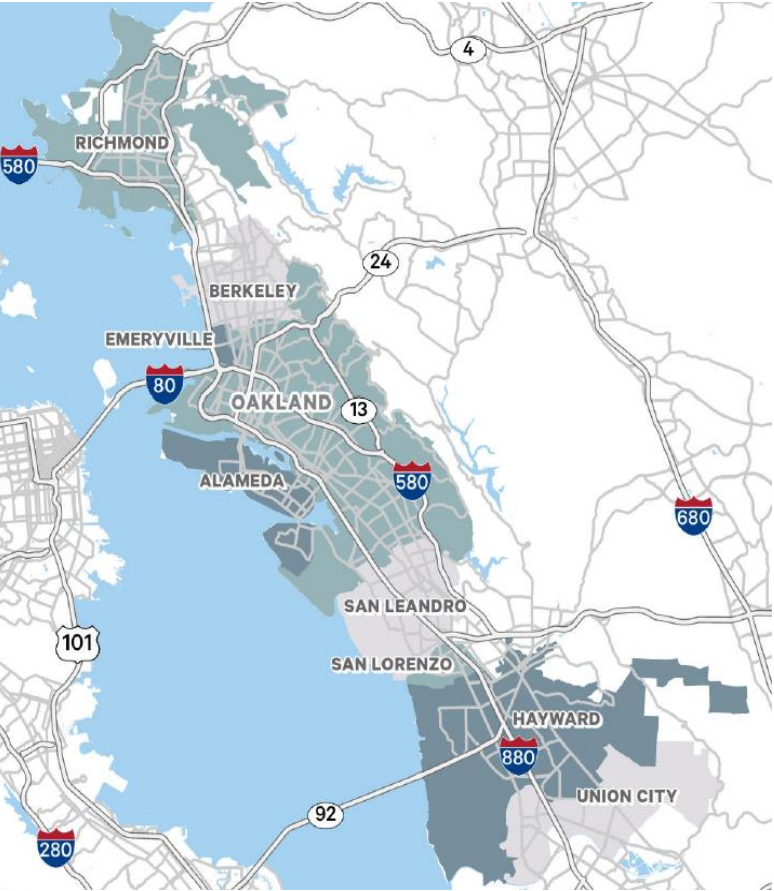
Source: CBRE Research, Q1 2024

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q1 2024

Submarket Map



Source: CBRE Research, Location Intelligence

Definitions

Average Asking Rate Direct Monthly Lease Rates, Triple Net (NNN). Availability All existing space being marketed for lease. Total Vacancy Rate Direct Vacancy + Sublease Vacancy.

CBRE’s market report analyzes existing single- and multi-tenant industrial buildings that total 5,000+ sq. ft. within defined submarkets, including owner-occupied buildings. CBRE assembles all information through telephone canvassing, third-party vendors, and listings received from owners, tenants and members of the commercial real estate brokerage community.

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