

FIGURES | OAKLAND INDUSTRIAL | Q4 2023

# Continued vacancy growth pushes annual net absorption negative

▲ 3.8%

Vacancy Rate

▼ (110.8K)

SF Net Absorption

▲ 1.16M

SF Under Construction

▶ \$1.38

NNN / Lease Rate  
Existing Properties

▼ 278.8K

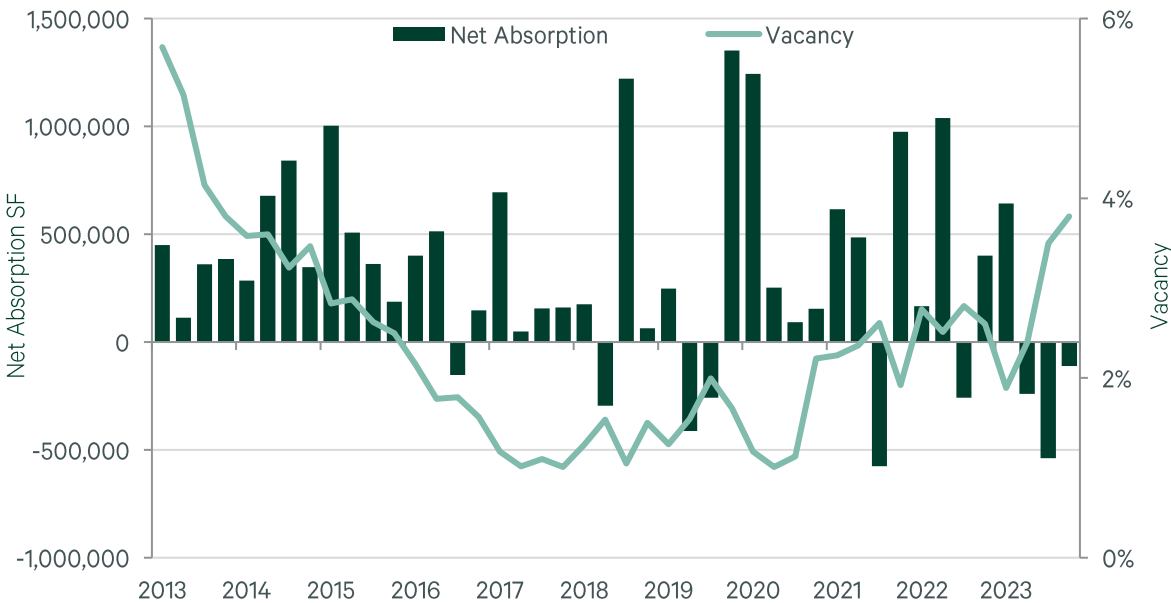
Industrial Using Employment  
Alameda & Contra Costa Cos

Note: Arrows indicate change from previous quarter.

## INDUSTRIAL MARKET HIGHLIGHTS

- The total population of Alameda and Contra Costa Counties stood at 2.82 million, an increase of 0.26% from the previous quarter. Total labor force saw increased 0.44%, from 1.386 million to 1.391 million while total industrial using employment decreased by 0.20%, from 279.4K during Q3 to 278.8K at the end of Q4. The unemployment rate increased quarter-over-quarter (QoQ) by 15 basis points (bps) from 4.21% to 4.36% and up 118 bps year-over-year (YoY) from 3.17% to 4.36%.
- Overall vacancy increased 30 bps QoQ to 3.5%. Up 120 bps YoY from 2.6%, to 3.8% at the end of 2023. The current vacancy rate is 150 bps above the 10-year average vacancy of 2.3%.
- Overall net absorption was negative 110,796 sq. ft. This brings the year-to-date (YTD) net absorption to negative 680,776 sq. ft.
- Warehouse/distribution space represented 90% of the total leasing volume. New leases, compared to renewals, were 67% of the total gross leasing market.
- The Prologis 157,725-sq.ft. development, located at 24493 Clawiter Road in Hayward, was delivered this quarter. This brought the 2023 construction deliveries total to 1.4M sq. ft.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, 4Q 2023

INDUSTRIAL OVERVIEW

The Oakland/East Bay industrial market currently contains just under 128 million sq. ft. of inventory, including the Q4 delivery of Prologis’ 157,725 sq. ft. warehouse at 24493 Clawiter in Hayward. This site was 100% preleased to CEVA back in Q3 2022. This brings 2023 deliveries to nine projects totaling 1.4M sq. ft., with the largest being the 534,242-sq.-ft. redevelopment project at Bridge Point Oakland during Q3. Of the 1.4M sq. ft. delivered in 2023, only 58% is currently occupied. The overall vacancy rate increased 30 bps QoQ from 3.5% and up 120 bps YoY from 2.6% to 3.8% at the end of 2023. The overall availability rate increased 60 bps from 4.8% to 5.4% QoQ. Landlords are holding asking rates constant, despite the increase in vacancy rates.

Active tenant requirements at the end of 2023 for warehouse/distribution and manufacturing space was up to 35 tenants from 27 QoQ, with square footage required increasing from 3.1M to 3.2M. This represents growth from 33 tenants at year-end 2022 and 28 from year-end 2021. The average requirement is 98,235 sq. ft., with 59% of requirements under 100K sq. ft. with 41% looking for spaces over 100K sq. ft. However, the total square footage of requirements declined roughly 25% from year-end 2022 to year-end 2023 and 45% from year-end 2021 to year-end 2023.

Leasing activity increased by 49% QoQ from 1.19 million sq. ft. in Q3 to 1.78 million sq. ft. in Q4 2023. Despite the increase, this total represents a 22% decrease compared to both Q4 2022 and Q4 2021. New leases in Q4 accounted for 71% of the leases signed and roughly 67% of gross leasing square footage. The largest deal for the quarter occurred at 1919 Williams St in San Leandro for 200,584 sq. ft, followed by 128,168 sq. ft. at 650-680 85<sup>th</sup> Ave in Oakland.

Looking forward, a total of 1.2M sq. ft. of product is expected to deliver in the Oakland/East Bay industrial market during 2024. LogistiCenter at Highway 92 in Hayward and Scannell Industrial Center in Richmond, a combined 475,000 sq. ft., should deliver during Q1 2024.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Lease Rate (\$)		Q4 Net Absorption	YTD Net Absorption
				Mfg.	Whs.		
Richmond	13,264,656	4.1%	4.1%	1.30	1.30	18,866	17,590
Berkeley	5,026,333	1.5%	1.9%	1.50	1.75	(3,531)	(15,563)
Emeryville	2,292,824	4.8%	6.9%	1.50	1.75	(19,285)	(36,759)
Oakland	34,519,347	5.0%	6.4%	1.35	1.35	(162,842)	(300,272)
Alameda	3,689,884	3.5%	3.5%	1.00	1.50	141,000	73,500
San Leandro	20,085,618	3.4%	6.1%	1.40	1.40	(29,560)	(148,809)
San Lorenzo	1,104,363	1.0%	1.0%	1.10	1.10	0	0
Hayward	35,239,927	3.3%	5.1%	1.40	1.40	46,985	20,246
Union City	12,628,912	3.6%	5.4%	1.40	1.40	(102,429)	(290,709)
<b>Oakland Ind. Market</b>	<b>127,851,864</b>	<b>3.8%</b>	<b>5.4%</b>	<b>1.38</b>	<b>1.38</b>	<b>(110,796)</b>	<b>(680,776)</b>
<b>Manufacturing</b>	<b>34,002,839</b>	<b>2.9%</b>	<b>3.6%</b>	<b>1.36</b>	<b>N/A</b>	<b>(31,039)</b>	<b>(160,820)</b>
<b>Warehouse</b>	<b>93,849,025</b>	<b>4.2%</b>	<b>6.0%</b>	<b>N/A</b>	<b>1.38</b>	<b>(79,757)</b>	<b>(519,956)</b>

Source: CBRE Research, 4Q 2023

FIGURE 3: Notable Lease Transactions Q4 2023

Tenant	City	SF Leased	Type
Confidential	San Leandro	200,584	Warehouse
Lansum International	Oakland	128,168	Warehouse
Pyka	Alameda	106,000	Warehouse
Galaxy Desserts*	Richmond	103,624	Manufacturing
Sol Cabinets Wholesale*	Union City	94,976	Warehouse

Source: CBRE Research, 4Q 2023

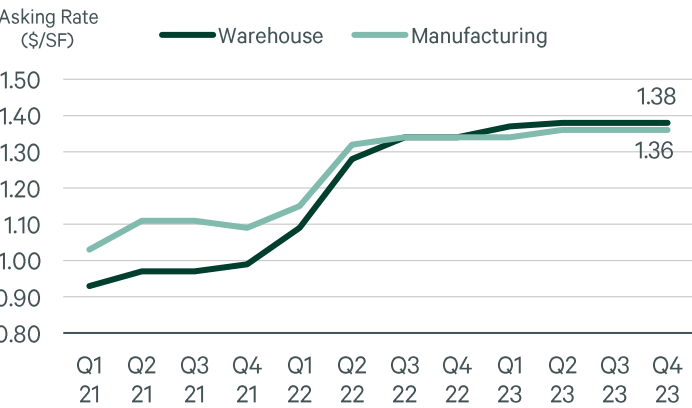
\*Renewal

FIGURE 4: Notable Sale Transactions Q4 2023

Buyer	City	SF Sold	Sale Price
Layline LLC	Hayward	25,108 (6.6 Acres)	\$20.1M
Christensen Properties LLC	Hayward	19,073	\$8.1M
CP IOS Aggregator	Hayward	13,500	\$4.5M

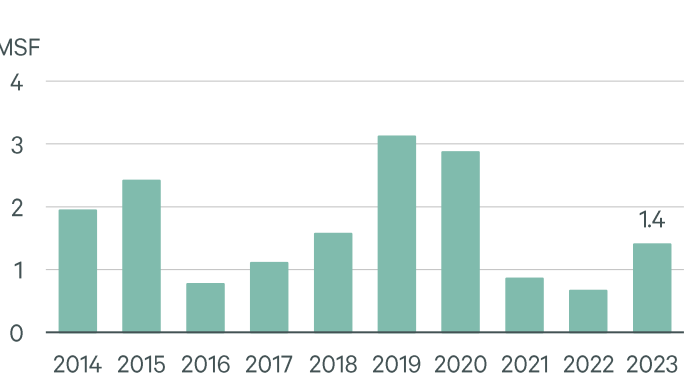
Source: CBRE Research, 4Q 2023

FIGURE 5: Lease Rates



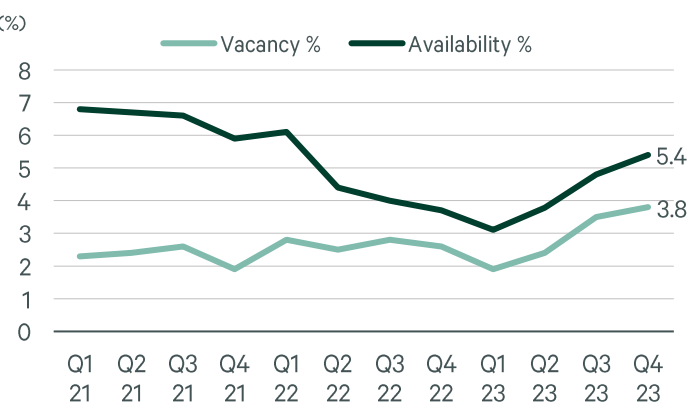
Source: CBRE Research, 4Q 2023

FIGURE 7: Construction Completions



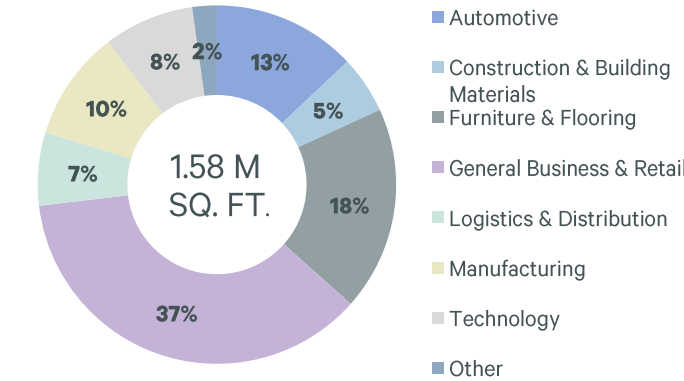
Source: CBRE Research, 4Q 2023

FIGURE 6: Vacancy & Availability



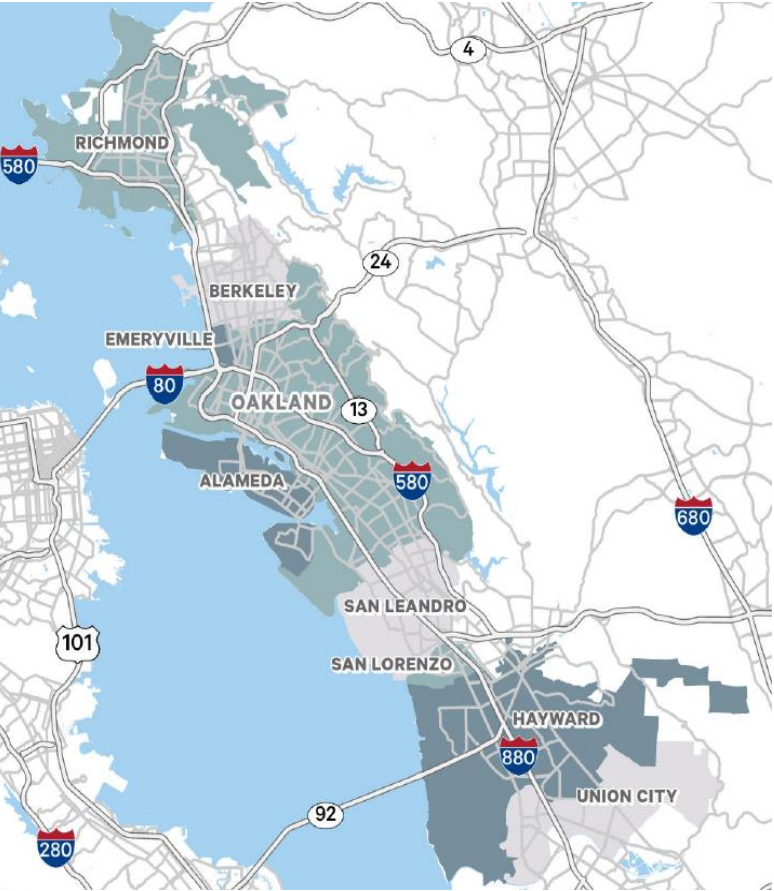
Source: CBRE Research, 4Q 2023

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, 4Q 2023

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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