

FIGURES | OAKLAND INDUSTRIAL | Q3 2024

Last minute leases push quarterly net absorption positive

▼ 5.7%

Vacancy Rate

▲ 43.9K

SF Net Absorption

▶ 908K

SF Under Construction/Renovation

▶ \$1.36

NNN / Lease Rate
Existing Properties

▲ 281.3K

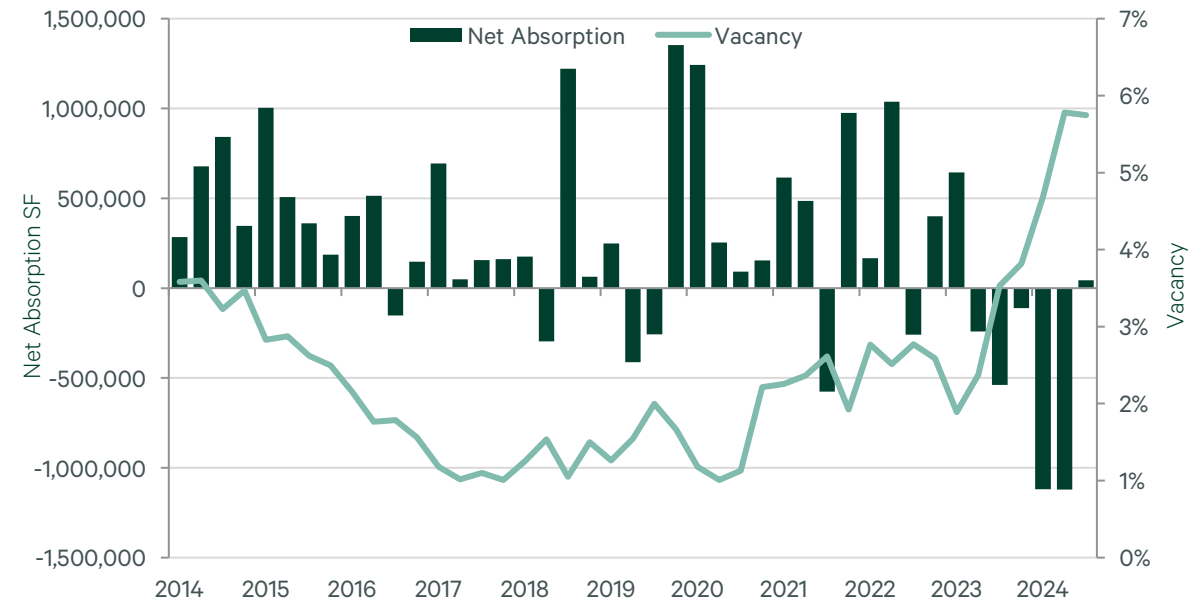
Industrial Using Employment
Alameda & Contra Costa Cos

Note: Arrows indicate change from previous quarter.

INDUSTRIAL MARKET HIGHLIGHTS

- The total population of Alameda and Contra Costa Counties stood at 2.80 million, an increase of 0.24% from the previous quarter and up 0.85% from Q3 2023. Total labor force increased 0.27%, from 1.386 million to 1.390 million, while total industrial using employment increased by 0.38%, from 280.3K during Q2 2024 to 281.3K at the end of Q3 2024. The unemployment rate increased quarter-over-quarter (QoQ) by 9 basis points (bps) from 4.75% to 4.87% and up 54 bps year-over-year (YoY) from 4.3%.
- The overall vacancy rate decreased nominally QoQ to 5.7%. Conversely, this represents a 230-bps increase from the 3.5% reported during Q3 2023. The current availability rate grew by only 30 bps QoQ to 7.7%.
- This quarter had 1.2 million sq. ft. of gross leasing activity and 43,921 sq. ft. of positive net absorption. This brings the year-to-date 2024 total to 4.4 million sq. ft. of gross leasing and 2.2 million sq. ft. of negative net absorption.
- Warehouse/distribution space represented 91% of total leasing volume. New leases, when compared to renewals, were 56% of the total gross leasing volume.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q3 2024

INDUSTRIAL OVERVIEW

The Oakland/East Bay industrial market currently contains just under 128 million sq. ft. of inventory. Construction numbers were tempered as no projects broke ground and no deliveries occurred during the quarter. Demolition commenced on the Owens-Brockway Glass facility at 3600 Alameda Ave in Oakland where Prologis plans to develop the site into a 430,000-sf building.

A late lease at the end of the quarter pushed leasing activity above new vacancies resulting in positive 43,921 sq. ft. of net absorption. This follows five consecutive quarter of negative absorption. The overall vacancy rate dipped slightly to 5.8% while the overall availability rate increased from 7.4% to 7.6%. Sublease additions to the market slowed during the quarter after a robust jump in square footage during Q2. Currently, sublease availabilities make up 27% of the total available space on the market. Overall landlord direct asking rates remained flat at \$1.36 NNN psf/mo.

Tenant demand declined 13% QoQ to 3.5MSF but the number of tenants looking for 50,000 sq. ft. and greater grew from 22 to 25. This decline in demand has kept leasing activity numbers below historical averages. QoQ leasing activity was down 24% while YTD leasing activity (1Q-3Q23 vs 1Q-3Q24) was only down 19%. There were only three leases signed for over 100,000 sf during the quarter. Conversely, there are several pending lease transactions that could boost leasing activity by the end of the year. Renewals make up a growing segment of quarterly leasing activity as three of the top five lease transactions were renewals.

The Oakland/East Bay industrial market has just under 1.0 million sq. ft. under construction/renovation, with 440,078 sq. ft. expected to deliver during Q4 2024. The largest project under construction was Prologis at Merced at 1919 Williams St in San Leandro. The 220,495-sq.-ft. project was preleased to Torani back in Q4 2023.

FIGURE 2: Submarket Statistics

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Lease Rate (\$)		Q3 Net Absorption	YTD Net Absorption
				Mfg.	Whs.		
Richmond	13,670,422	6.7%	8.7%	\$1.40	\$1.40	(17,078)	(1,573)
Berkeley	4,783,458	2.4%	2.4%	\$1.50	\$1.75	0	(144)
Emeryville	2,270,994	7.4%	7.4%	\$1.50	\$1.75	(9,591)	(11,729)
Oakland	33,012,071	7.2%	8.7%	\$1.00	\$1.30	(218,660)	(925,113)
Alameda	3,822,285	6.1%	9.1%	\$1.30	\$1.30	0	(115,299)
San Leandro	19,817,184	5.0%	6.3%	\$1.40	\$1.40	187,678	(317,016)
San Lorenzo	1,184,671	0.9%	11.2%	\$1.10	\$1.10	0	0
Hayward	35,368,154	5.2%	7.6%	\$1.40	\$1.40	5,429	(640,393)
Union City	12,572,242	4.75%	7.2%	\$1.40	\$1.40	96,143	(185,499)
Oakland Ind. Market	126,501,481	5.7%	7.7%	1.34	1.36	43,921	(2,196,766)
Manufacturing	33,422,975	3.7%	4.9%	1.34	N/A	27,115	(284,964)
Warehouse	93,078,506	6.5%	8.6%	N/A	1.36	16,806	(1,911,802)

Source: CBRE Research, Q3 2024

FIGURE 3: Notable Lease Transactions Q3 2024

Tenant	Location	SF Leased	Type
Chetak San Francisco	30300-30330 Whipple Rd, Union City	126,456	Warehouse
Veronica Foods*	1905-1991 Dennison St, Oakland	125,232	Warehouse
Nippon Express*	26534 Danti Ct, Hayward	112,800	Warehouse
OTM Furniture Installations*	31101 Wiegman Rd, Hayward	71,600	Warehouse
DHX	2062 W 140th Ave, San Leandro	68,662	Warehouse

Source: CBRE Research, Q3 2024

* Renewal

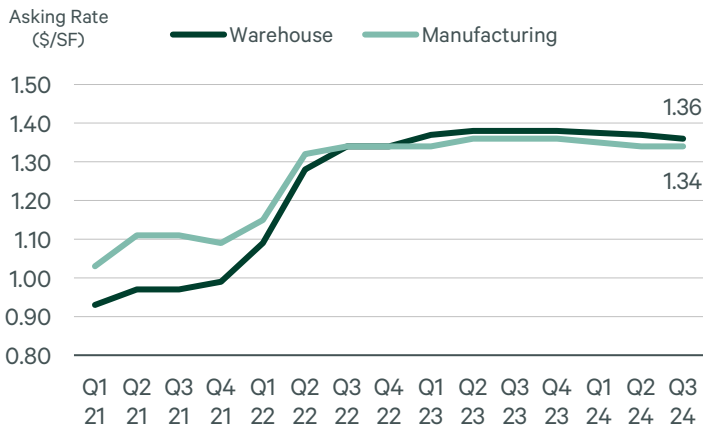
FIGURE 4: Notable Sale Transactions Q3 2024

Buyer	Location	SF Sold	Sale Price \$/SF
Confidential	2376 Davis Ave, Hayward	132,741	Confidential
Fortinet*	33378 Transit Ave, Union City	54,277	\$299 psf
BKM Capital Partners	North Cabot Industrial Park, Hayward	51,038	\$10.5M \$206
Pacific Supply*	940 81st Ave, Oakland	37,437	\$8M \$214
Hongene Biotech*	29555 Kohoutek Way, Union City	20,263	\$6.7M \$331

Source: CBRE Research, Q3 2024

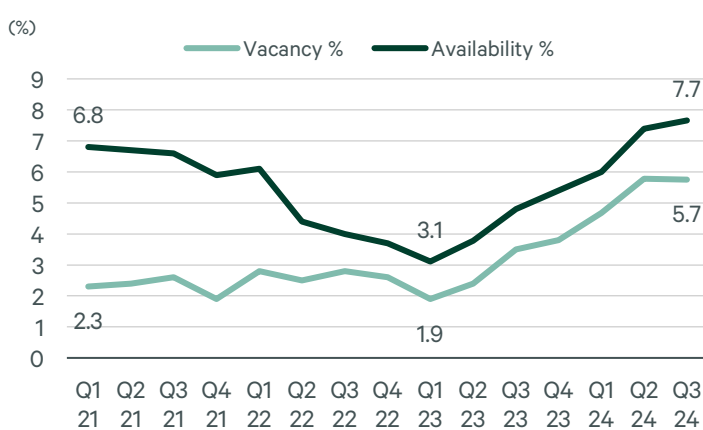
* User Sale

FIGURE 5: Lease Rates



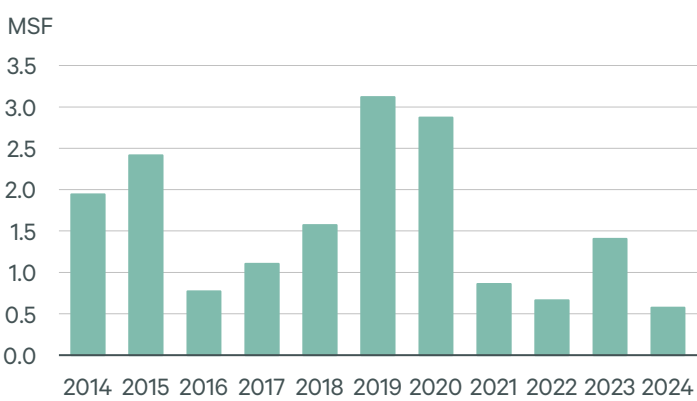
Source: CBRE Research, Q3 2024

FIGURE 6: Vacancy & Availability



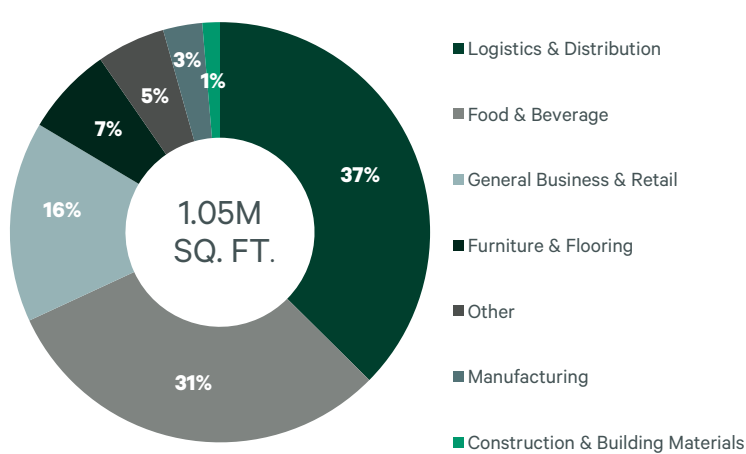
Source: CBRE Research, Q3 2024

FIGURE 7: Construction Completions



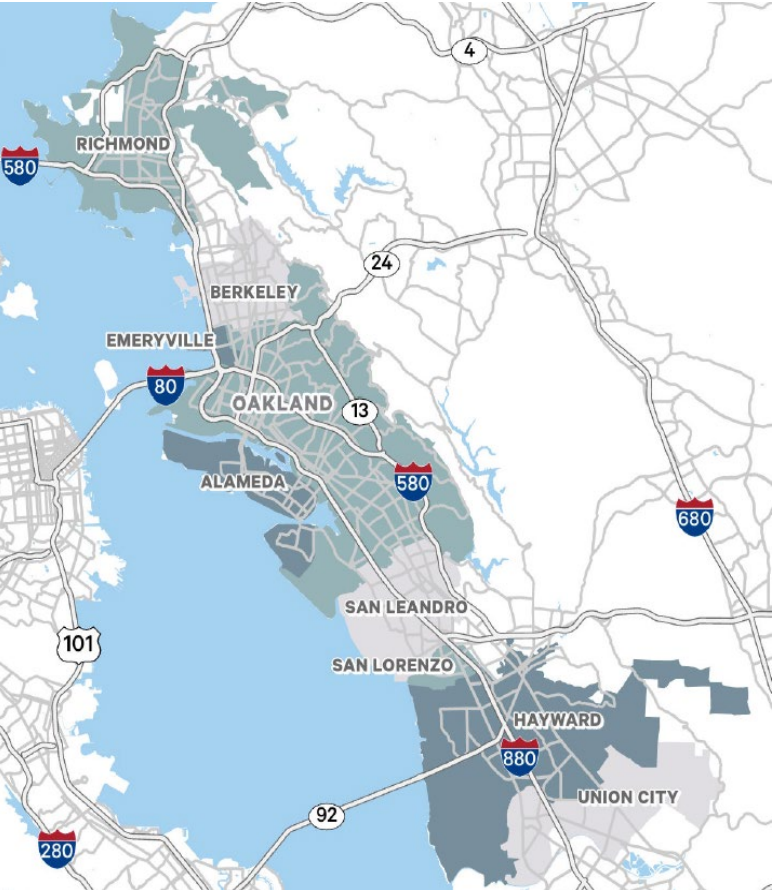
Source: CBRE Research, Q3 2024

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q3 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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