

East Bay 4Q14 Industrial Report



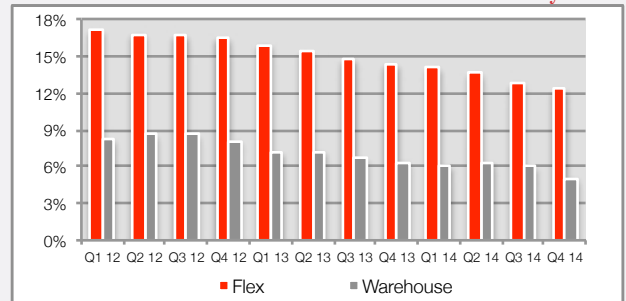
Unemployment in the East Bay market of Alameda and Contra Costa County dropped from 6.3% to 5.7%, a 60 basis point decrease, since the fourth quarter of 2013. With an increase of 34,000 jobs, the employment increased from 1,223,000 to 1,257,000, compared to the fourth quarter of 2013. The East Bay market had an unemployment rate of 5.7% in the fourth quarter, which is 10 basis points above than the national unemployment rate.

In the fourth quarter, the East Bay market had 2,251,412 square feet under construction -- 1,191,453 square feet located in the 880 Corridor market. Two projects that will be completed in the first quarter of 2015 are 311,469 square feet at Dixon Landing Rd. and 210,247 square feet at 1550 Pacific St. The East Bay has been negatively impacted by the vacancy of obsolete space and spaces that cannot meet new use needs of users searching for less than 50,000 square feet of space.

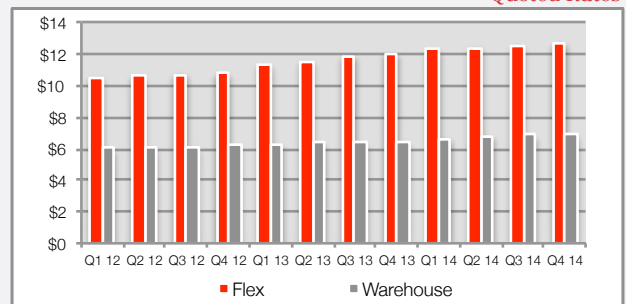
Crowsnest Properties has purchased Northport Business Parkway for \$46,450,000, with 371,112 square feet of industrial Class A light manufacturing and R & D space, with 237,346 square feet leased to Quanta Computer USA Inc. Baird Investment Company has purchased 245,000 square feet on 13.40 acres for \$18,400,000, currently leased by Nutiva and Sasaol Wax North American Inc.

The East Bay continues to experience a quarterly increase in quoted rates for warehouse and flex space. Since the fourth quarter of 2013, quoted rates have increased from \$8.00 to \$8.59 and vacancy has dropped from 8.0% to 6.5%.

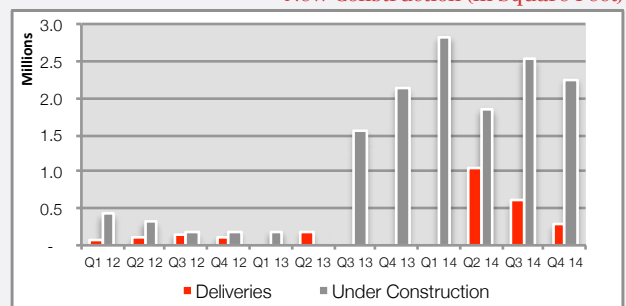
Vacancy Rates



Quoted Rates



New Construction (in Square Feet)



Trends for 4Q14



East Bay 4Q14

Industrial Report

Market Overview:

SUBMARKET NAME	# OF BLDGS	TOTAL RBA (SF)	VAC (%)	QUOTED RATES (\$/SF/YR)	YTD NET ABSORP. (SF)	YTD DELIV. (SF)	UNDER CONST. (SF)
680 North Corridor	408	8,167,185	8.00%	\$11.17	271,317	-	-
680 South Corridor	818	26,113,094	5.94%	\$10.39	410,508	-	17,408
80 Corridor	1172	30,642,684	7.84%	\$11.05	245,039	-	474,050
880 Corridor	3410	141,984,633	6.97%	\$8.07	3,922,385	1,458,639	1,191,453
Highway 4	636	17,575,166	5.97%	\$7.82	290,317	-	55,257
Napa	468	16,777,873	5.68%	\$8.95	5,053	103,416	513,244
Oakland	1632	38,263,995	4.37%	\$6.79	(230,106)	374,725	-

Significant Sales Transactions:

Buyer	Address	Price	City
Crowsnest Properties	Northport Business Parkway	\$46,450,000	Fremont
Industrial Property Trust	211-213 W Cutting Blvd	\$18,400,000	Richmond
Highridge Provender	2041 Factory St	\$15,000,000	Richmond
Oaktree Capital Management	860 81st Ave	\$14,456,000	Oakland
MKD Investments	6538 Patterson Pass Rd	\$14,000,000	Livermore
Tina & Ken Fey	40800 Encyclopedia Cir	\$5,766,500	Fremont
Shamrock Moving & Storage	34015 7th St	\$5,650,000	Union City
Belmont Wine	25811-25817 Clawiter Rd	\$5,512,500	Hayward
ACG Certified Public Accountants	5020 Franklin Dr	\$5,250,000	Pleasanton

Significant Lease Transactions:

Tenant	Address	Size	City
Macy's (Renewal)	1200 Whipple Rd	257,500	Union City
Valassis Communications, Inc (Renewal)	6955 Mowry Ave	161,280	Newark
CFR Rinkens	2875 Prune Ave	67,556	Fremont
New Haven Moving Equipment Corp (Renewal)	1501 Doolittle Dr	61,827	San Leandro
Underwriter Labs	843 Auburn Ct	60,312	Fremont
Lam Research	4050 Starboard Dr	52,232	Fremont
AEHR Test Systems	400-412 Kato Ter	51,289	Fremont
Reliable Liquidation	741-751 143rd Ave	49,942	San Leandro

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East Bay Industrial Market Report

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