

# Vacancy Rates and Property Trends

May 6, 2019







# Property types

- Office
- Industrial
- Retail
- Multi-family residential

# Property Data Points

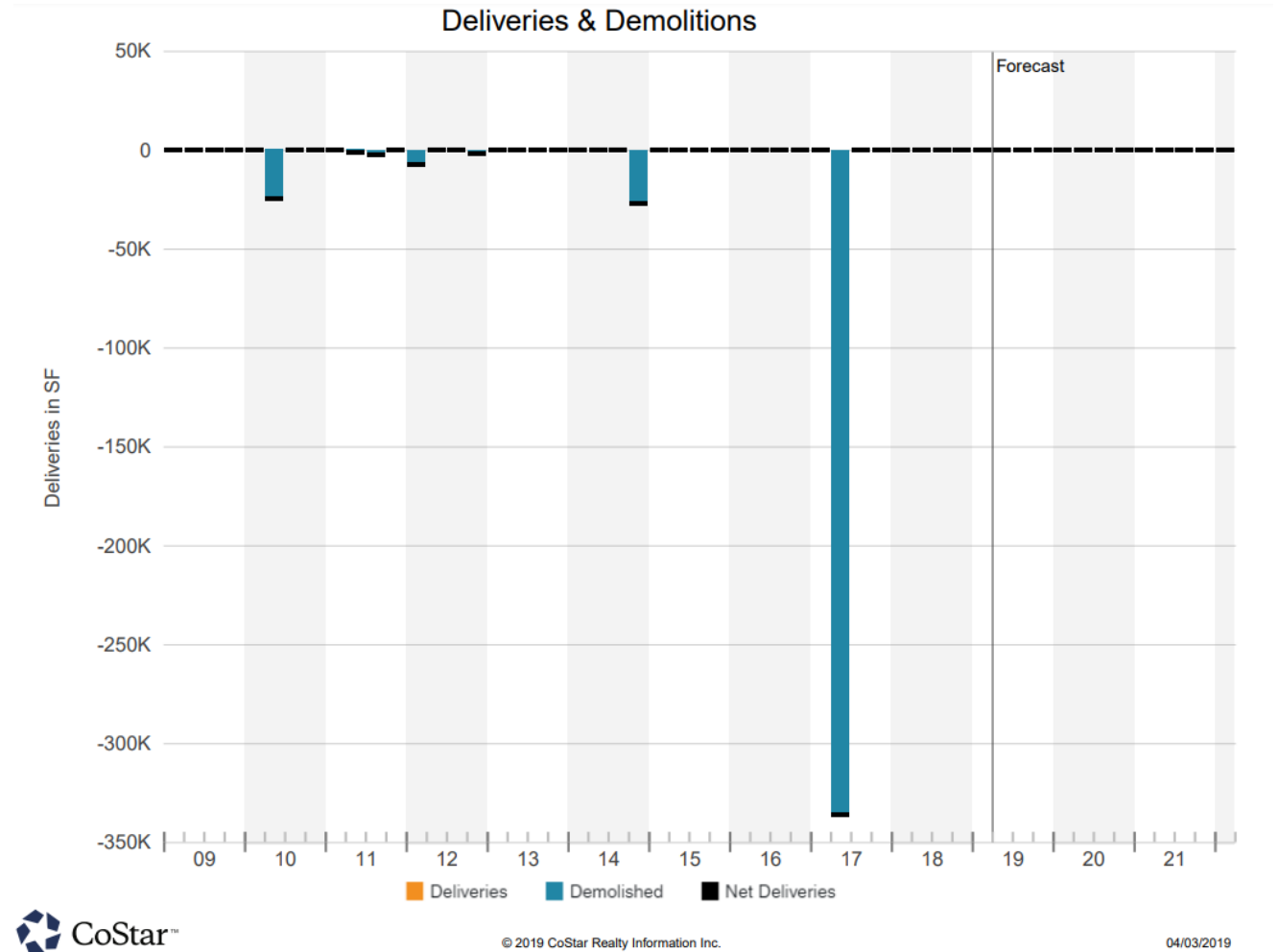


- Total leasable space
- Vacancy Rate
- Rent per square foot or unit
- Absorption Rate
- New Construction
- Sales Price

All data provided by CoStar

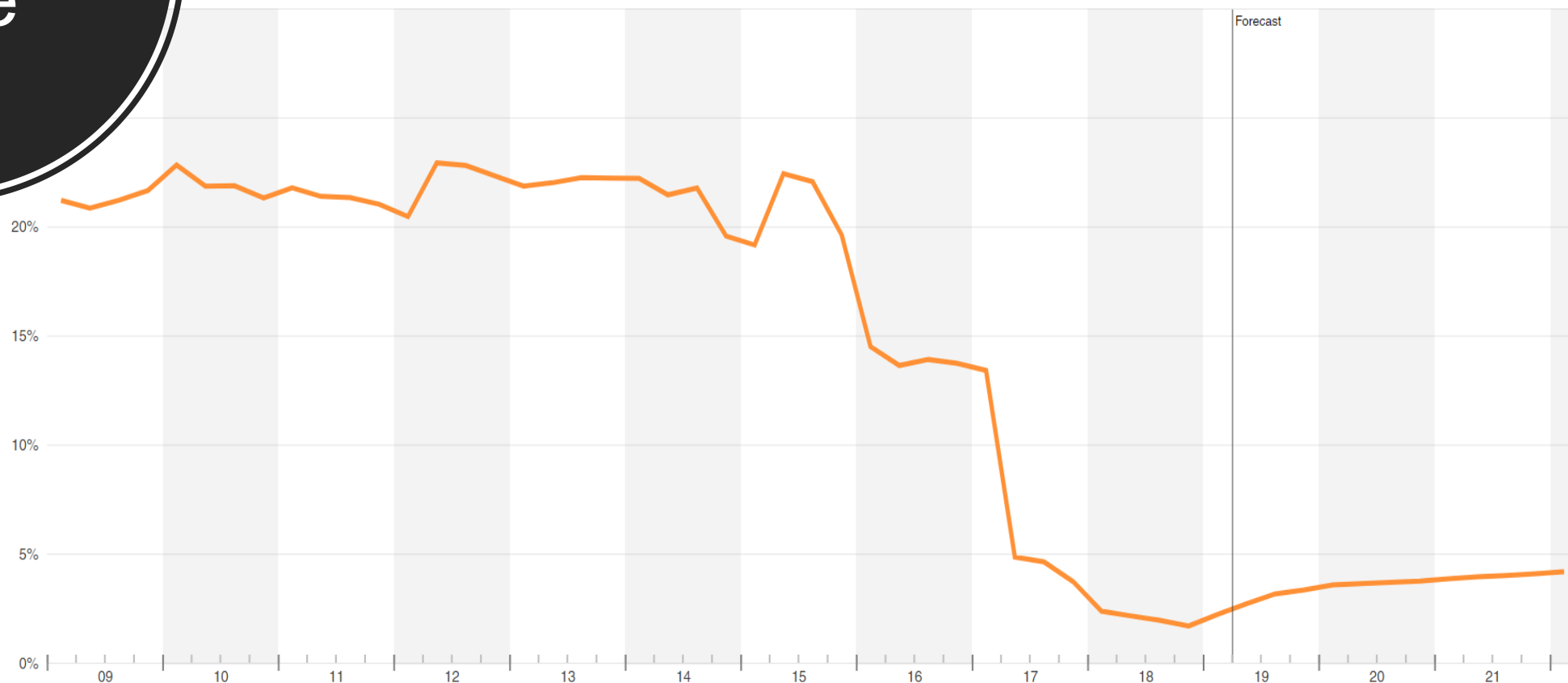
# Office Space

- Total Current Leasable Space – 3.1 Million Square feet (includes 145,000 sq.ft. at City Center)
- No Significant New Office space constructed in past 10 years
- Some existing space demolished (Mervyn's)



# Office Vacancy Rate

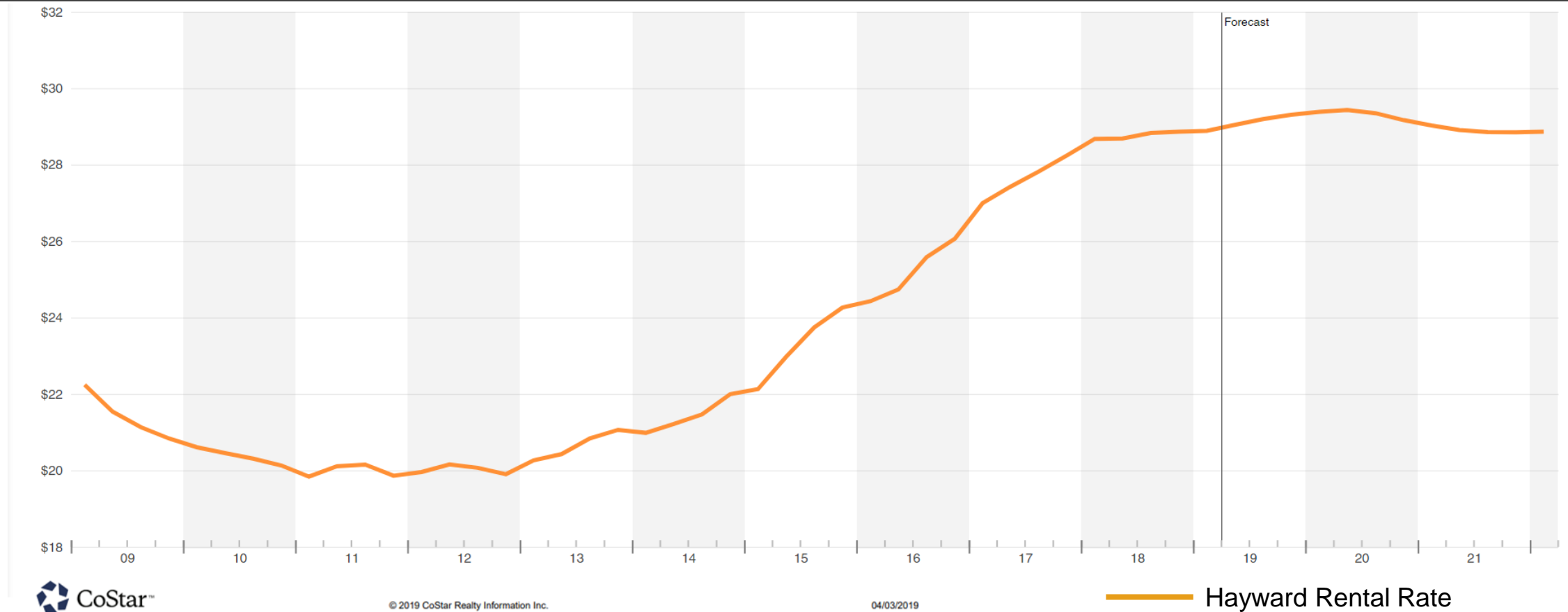
Hayward Vacancy Rate – 2.3%  
East Bay Vacancy Rate – 8.8%



# Office - Rent per square foot

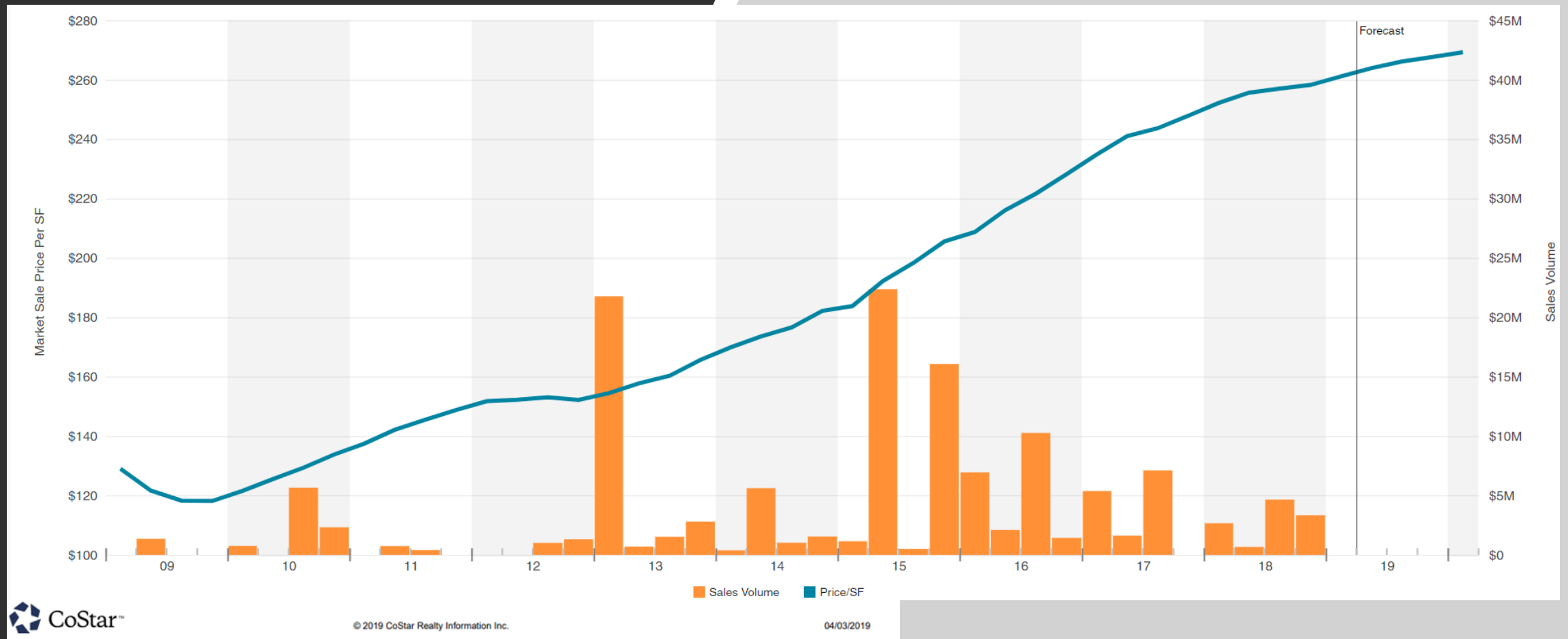
Hayward Rent - \$29.00/ sq. ft. per year

East Bay - \$37.00/ sq. ft. per year

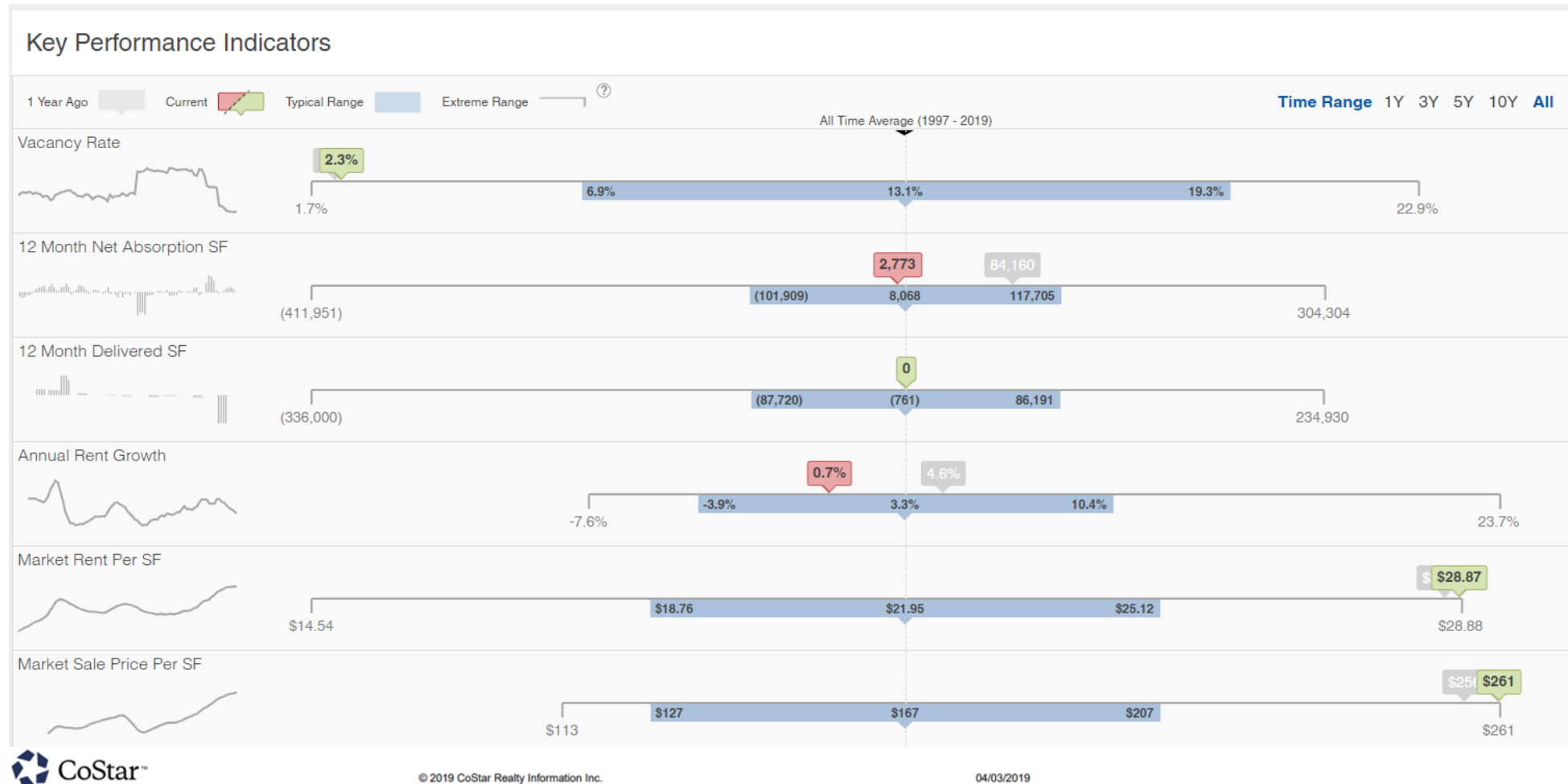


# Sales Volume and Sale Price per Square Foot

## Office Space



# Office Performance Indicators – 22 years

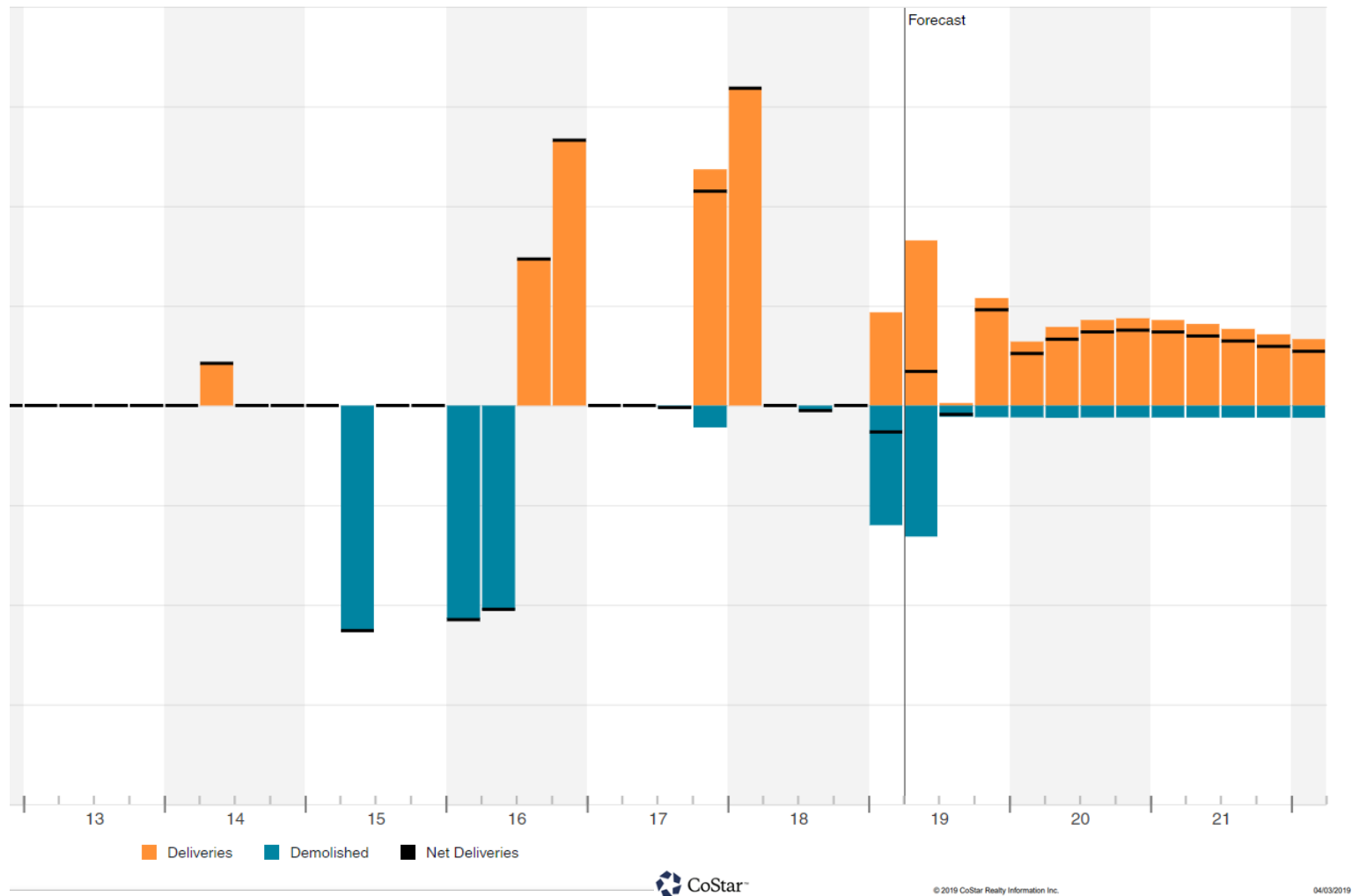




# Office Summary

- Rent growth has slowed dramatically since 2016, but remains positive, while market occupancy remains elevated above the historical norm.
- Assets are selling at record price levels.
- In San Francisco, rents have more than doubled since 2010. As a result, emerging East Bay submarkets with solid transportation infrastructure, are seeing an in-migration of tenants moving across the bay.

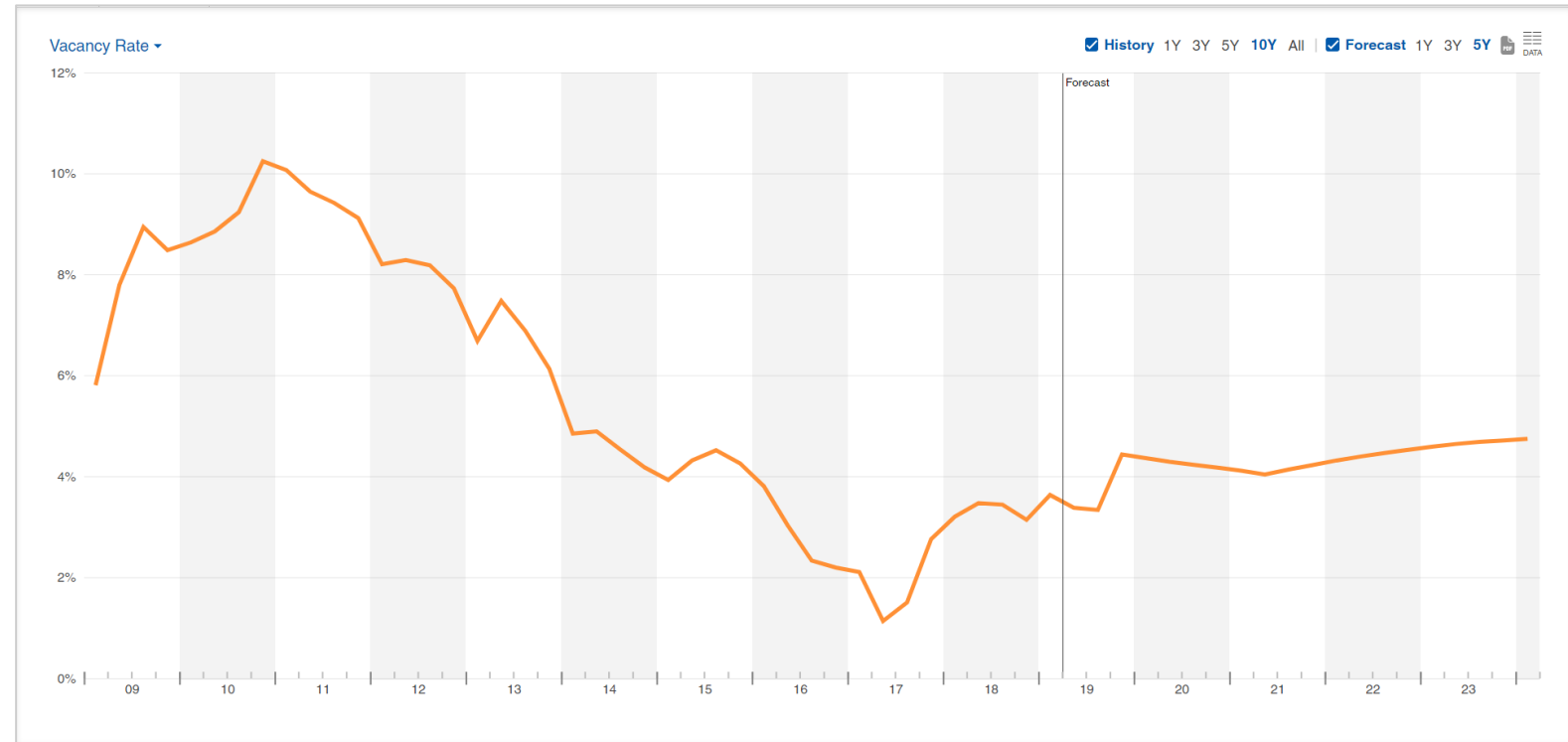
# Industrial Space



- Total Current Leasable Space – 37 Million Square feet
- New Industrial Space on the market and proposed

# Industrial Vacancy Rate

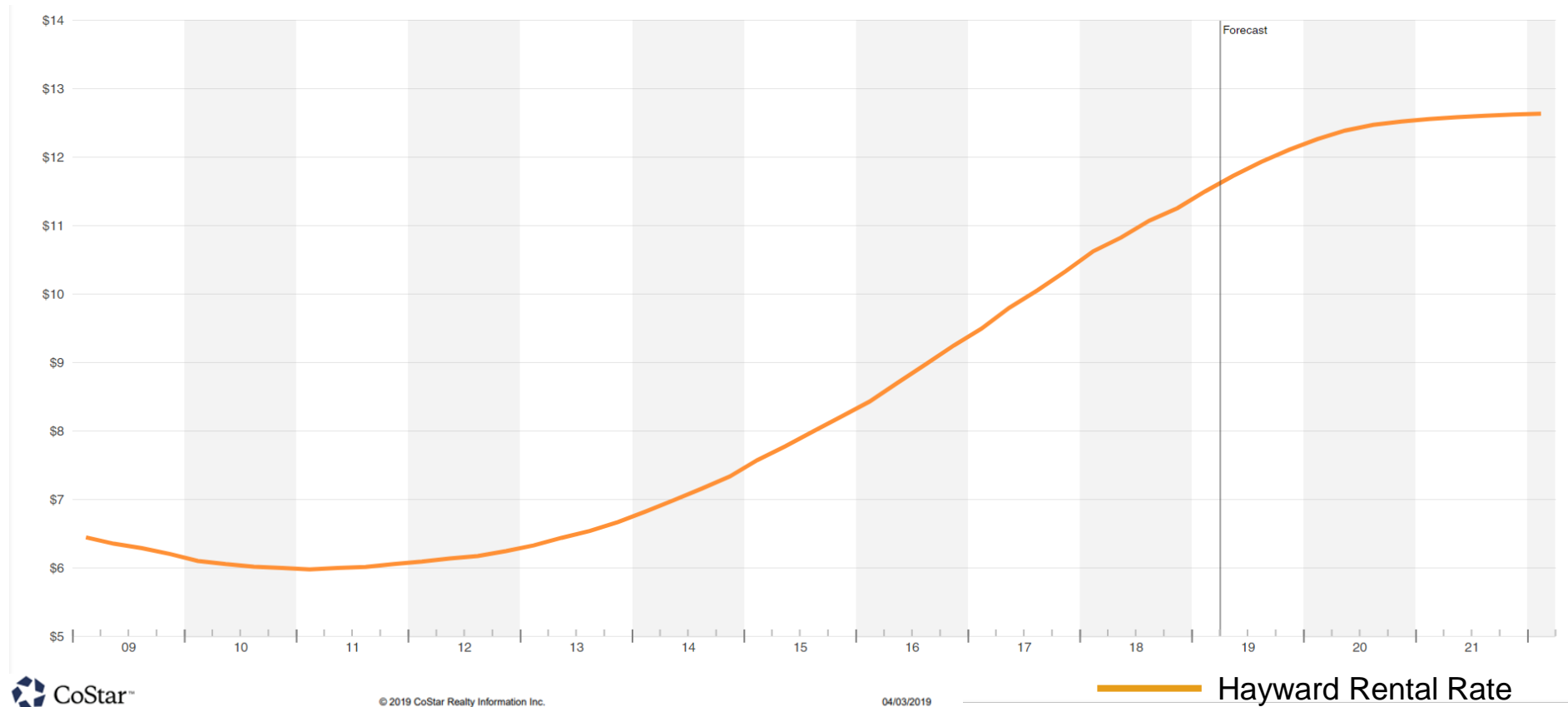
Hayward Vacancy  
Rate – 3.7%  
East Bay Vacancy  
Rate – 4.8%



# Industrial - Rent per square foot

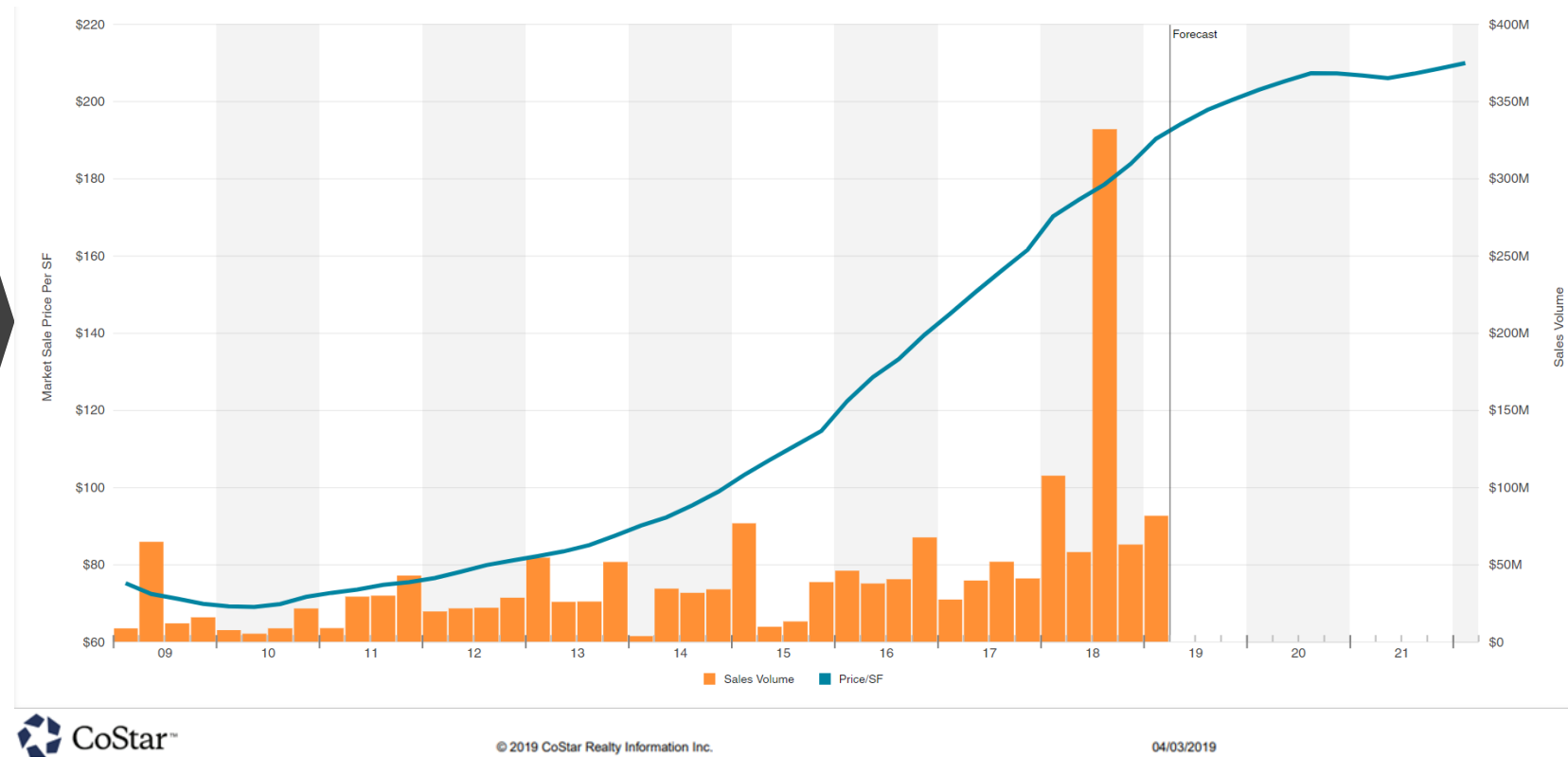
Hayward Rent - \$12.50/ sq. ft. per year

East Bay - \$14.25/ sq. ft. per year



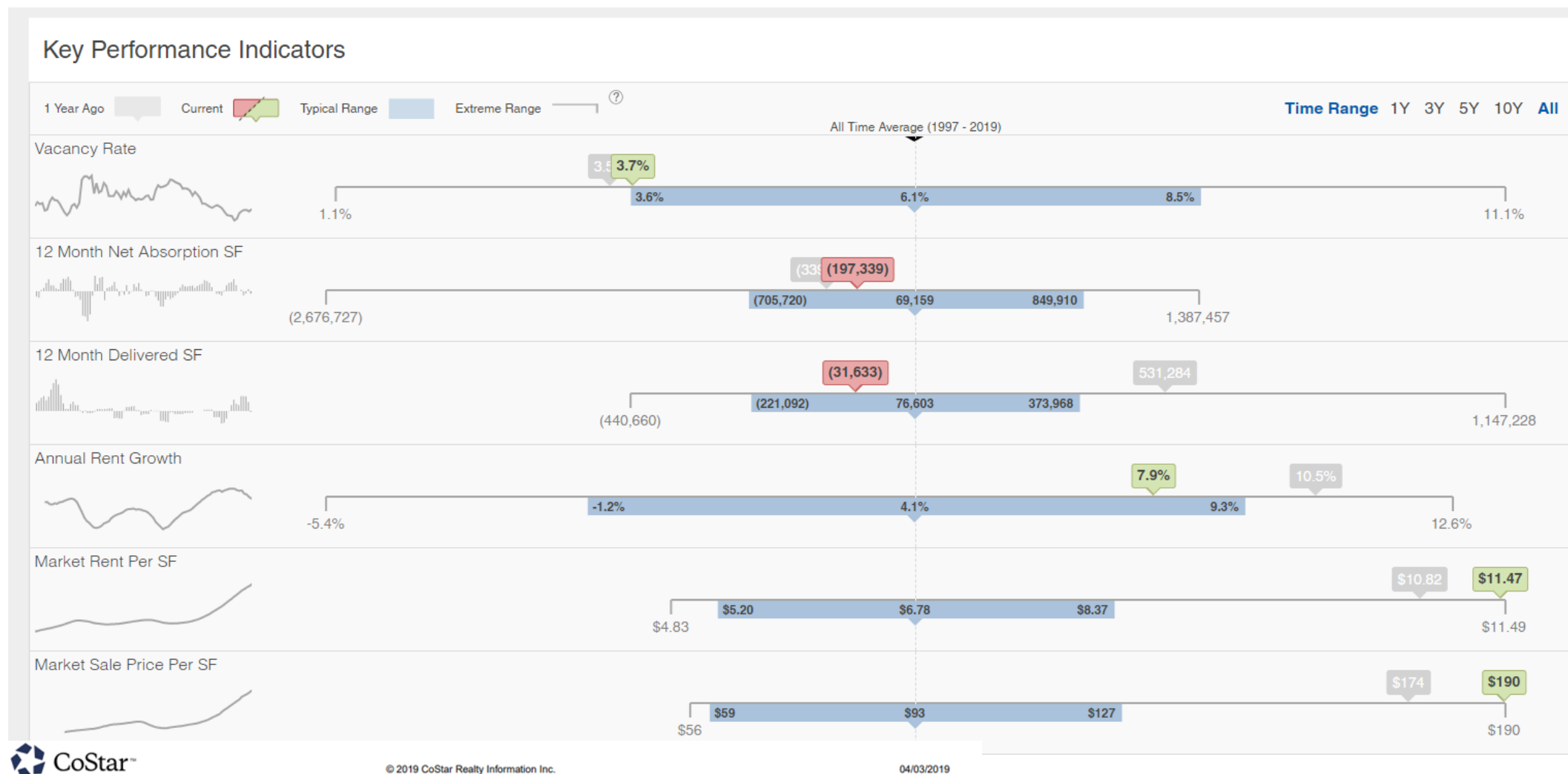
# Industrial Space

Sales  
Volume and  
Sale Price  
per Square  
Foot





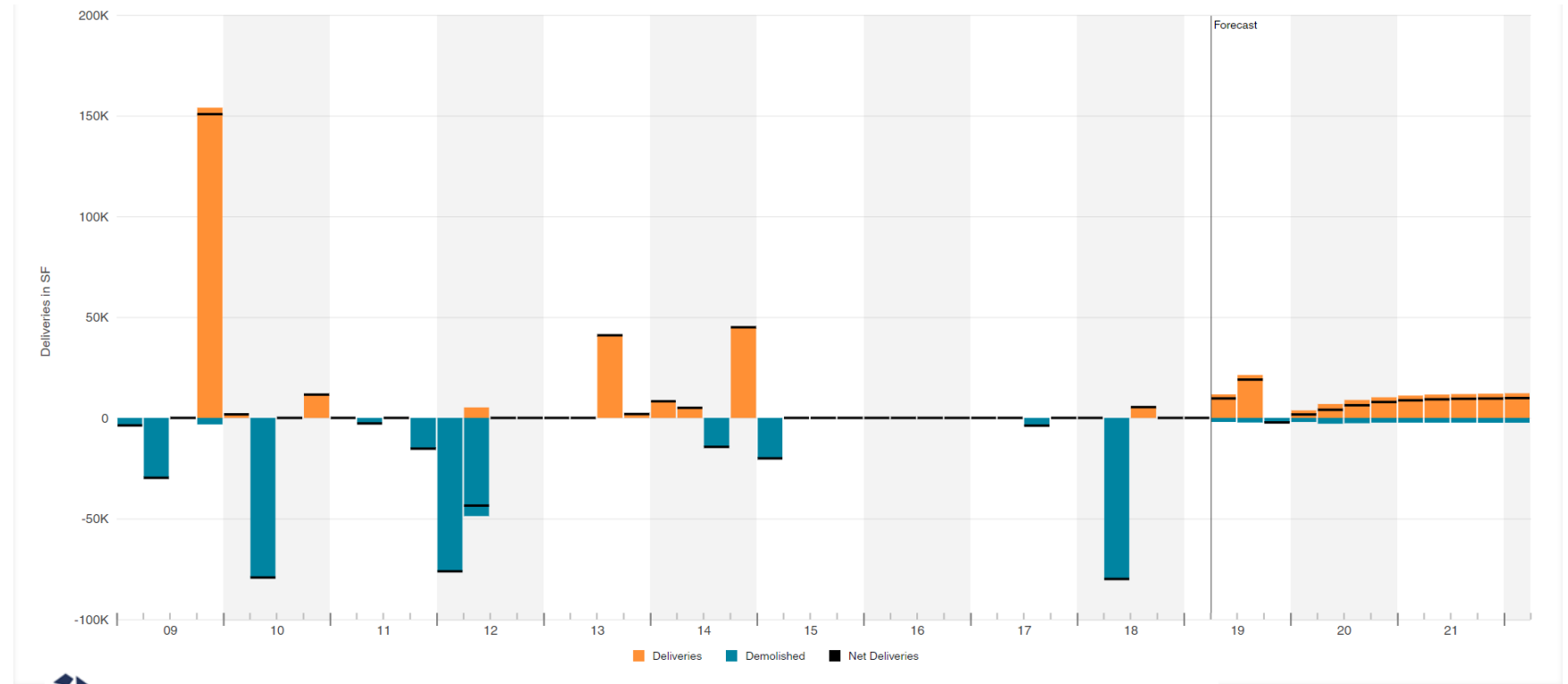
# Industrial Performance Indicators – 22 years



# Industrial Summary

- National industrial production is at an all-time high and robust employment growth, both nationally and across the Bay Area, have bolstered the industrial sector.
- Investors and owner-users are capitalizing on the industrial market's strong momentum. Sales volume reached a new record high in 2018, and pricing continues to increase.
- E-commerce sales are driving demand for industrial real estate, particularly in the Bay Area. Tech savvy Bay Area residents are likely shopping online more often than average, and a thriving local economy and rising wages allow for the consumption of more goods. Retailers are growing warehouse inventories and establishing last mile distribution centers for digital commerce.

# Retail Space



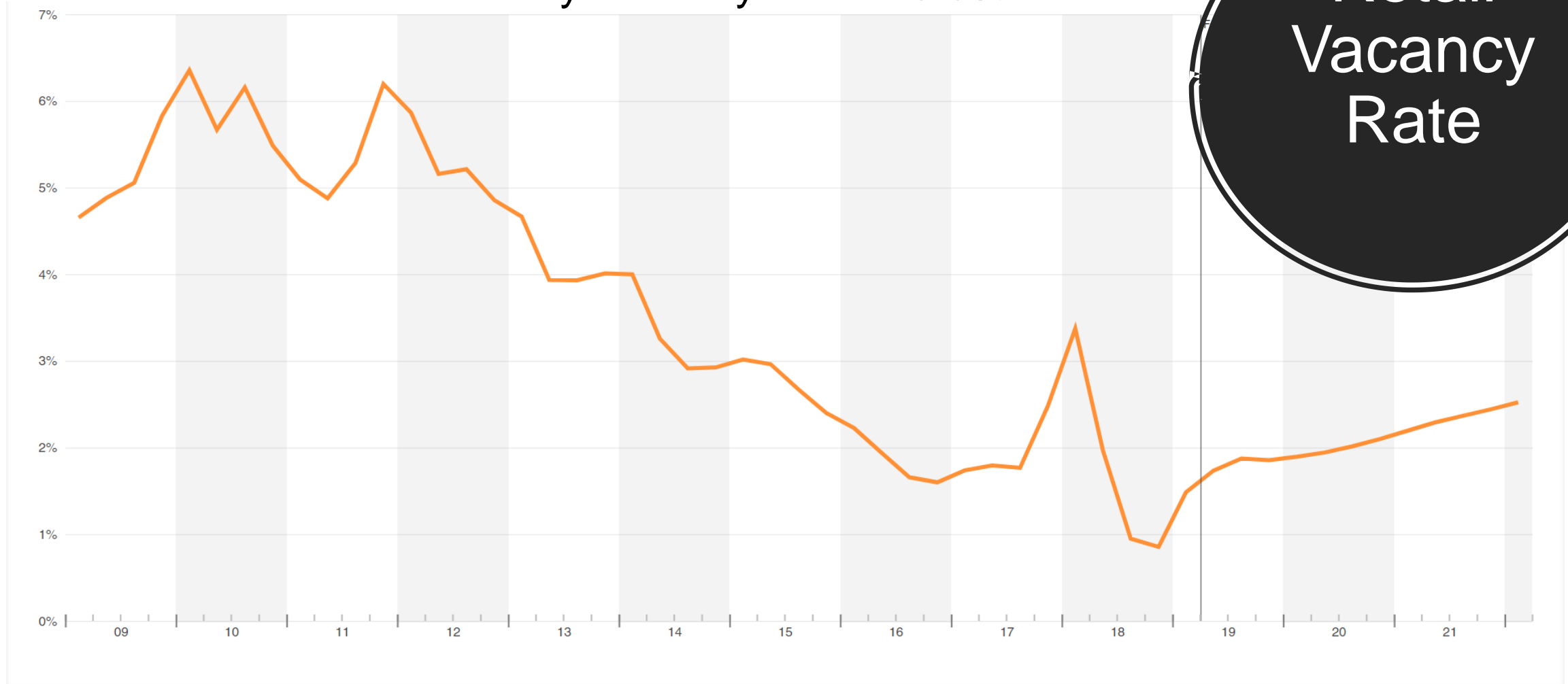
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04/03/2019

- Total Current Leasable Space – 7.7 Million Square feet
- New retail space on the horizon – small scale

Hayward Vacancy Rate – 1.5%  
East Bay Vacancy Rate – 3.3%

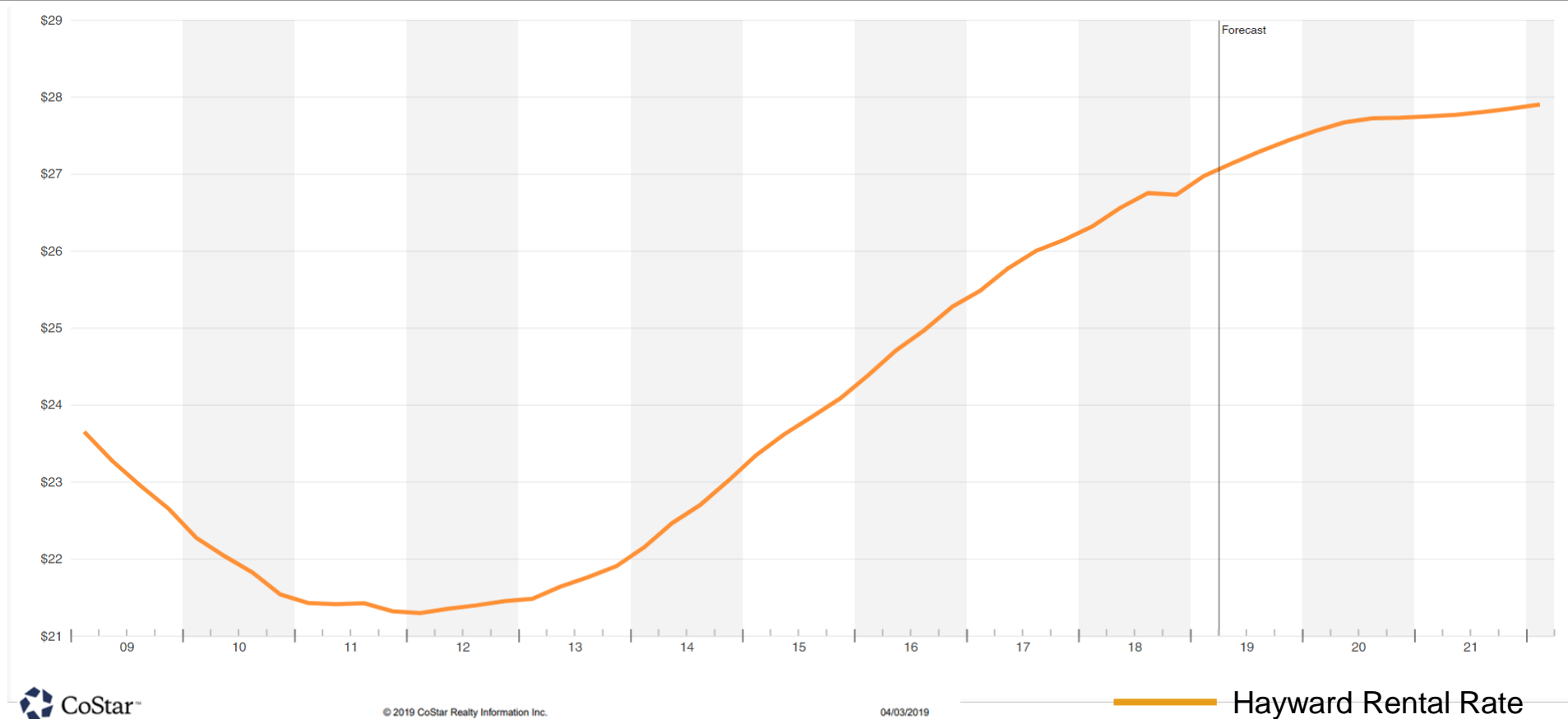
Retail  
Vacancy  
Rate



# Retail - Rent per square foot

Hayward Rent - \$27.00/ sq. ft. per year

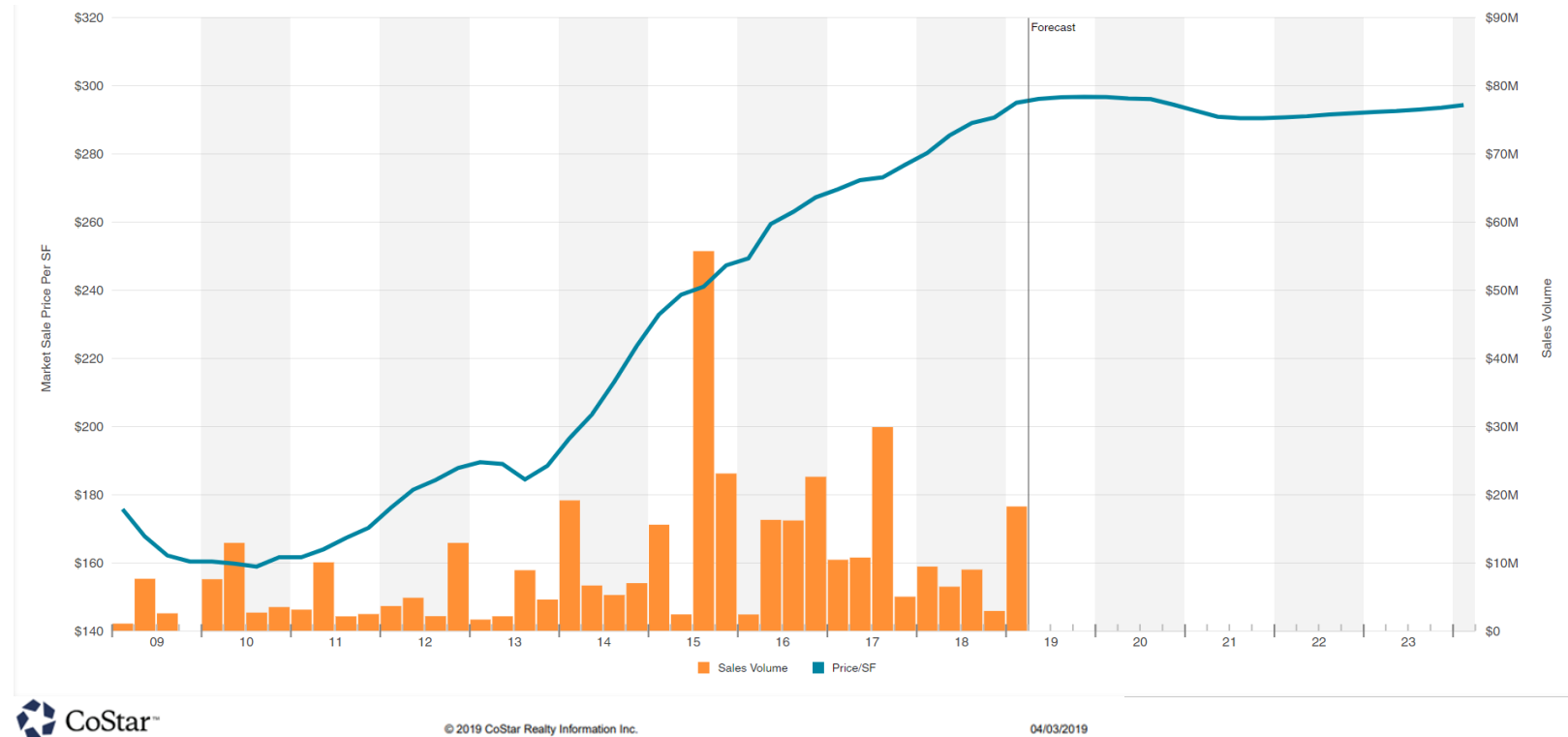
East Bay - \$29.90/ sq. ft. per year





# Retail Space

Sales  
Volume and  
Sale Price  
per Square  
Foot

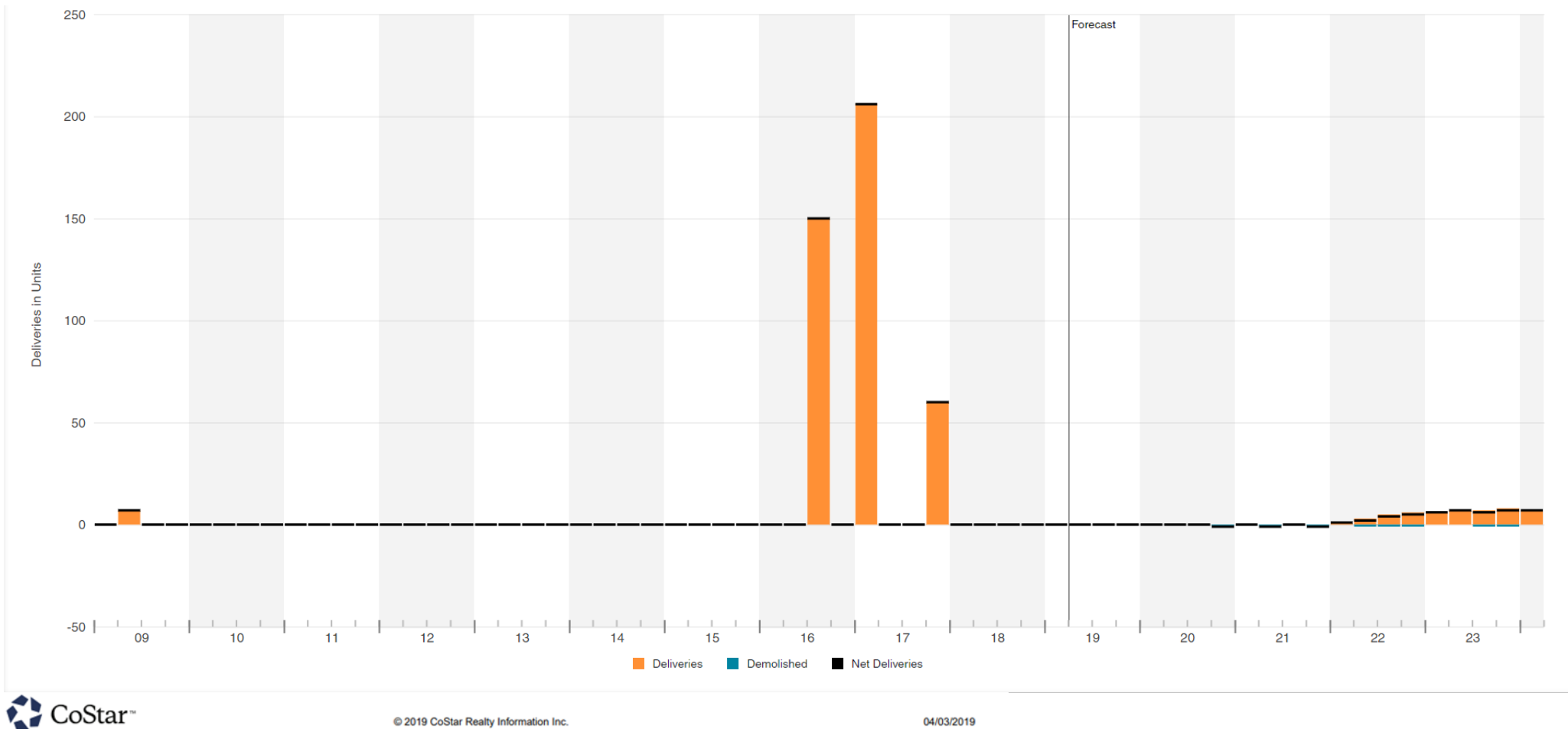


# Retail Performance Indicators – 22 years



# Retail Summary

- East Bay is home to one of the healthier retail markets in the country. Vacancies remain tight, and relatively limited new construction averts concern about a major vacancy expansion happening any time soon.
- While rents were especially slow to recover from the recession, gains were strong over the last few years.
- Institutional and regional investors alike continue to show interest in this area.

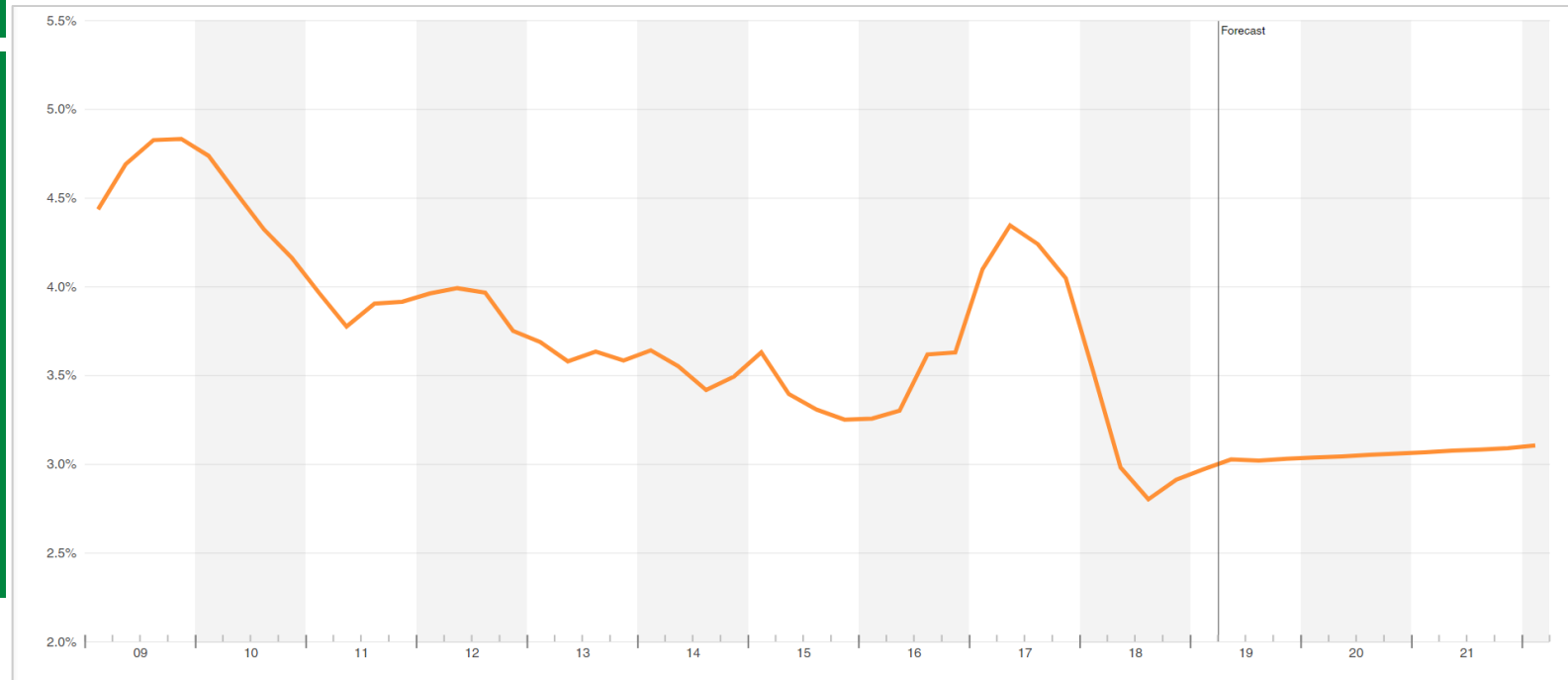


# Multi-family Units

- Total Current Number of Units – 18,827
- Multi-Family are rental units only. Does not include condo projects

## Multi-Family Vacancy Rate

Hayward Vacancy  
Rate – 3.0%  
East Bay Vacancy  
Rate – 4.3%



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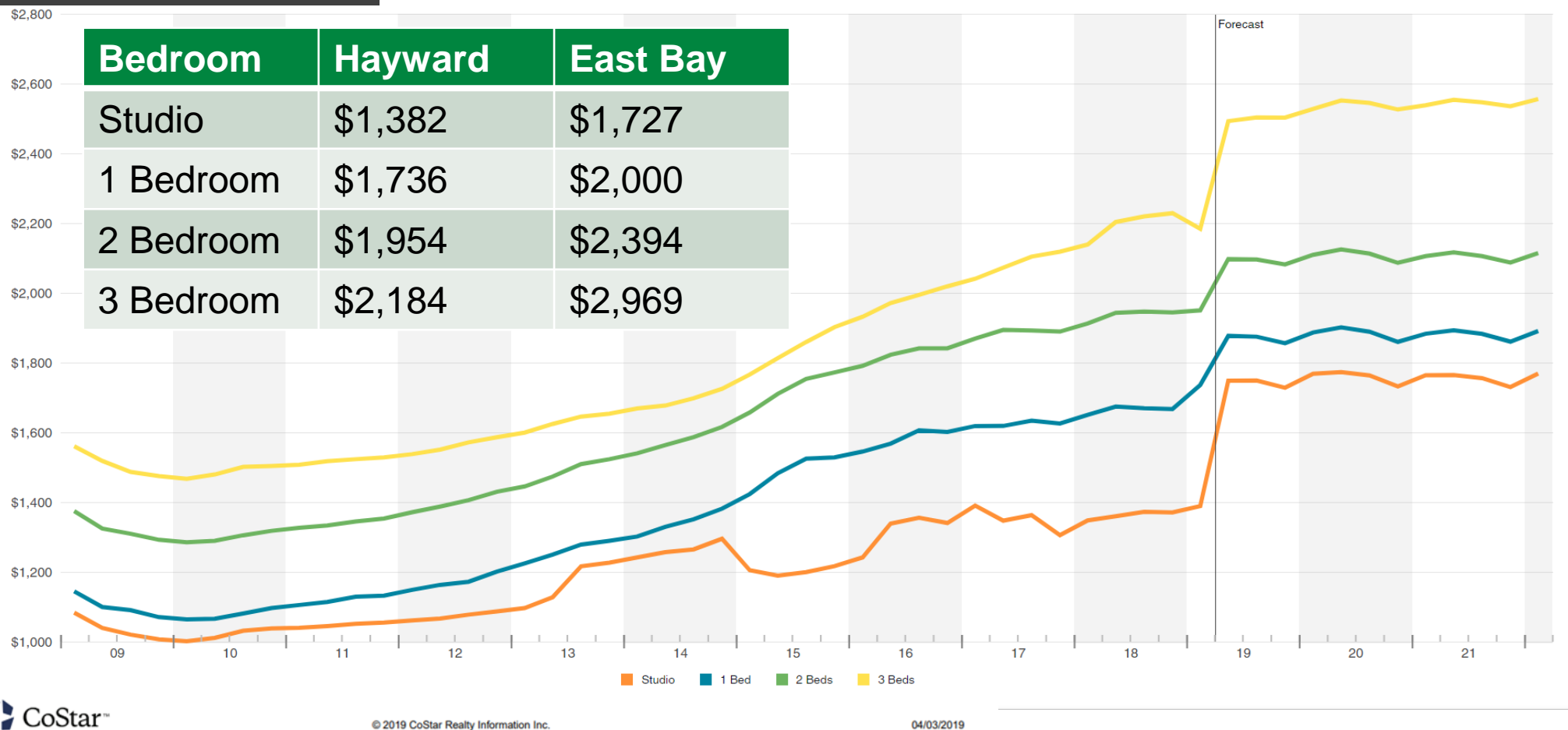
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— Hayward Vacancy Rate

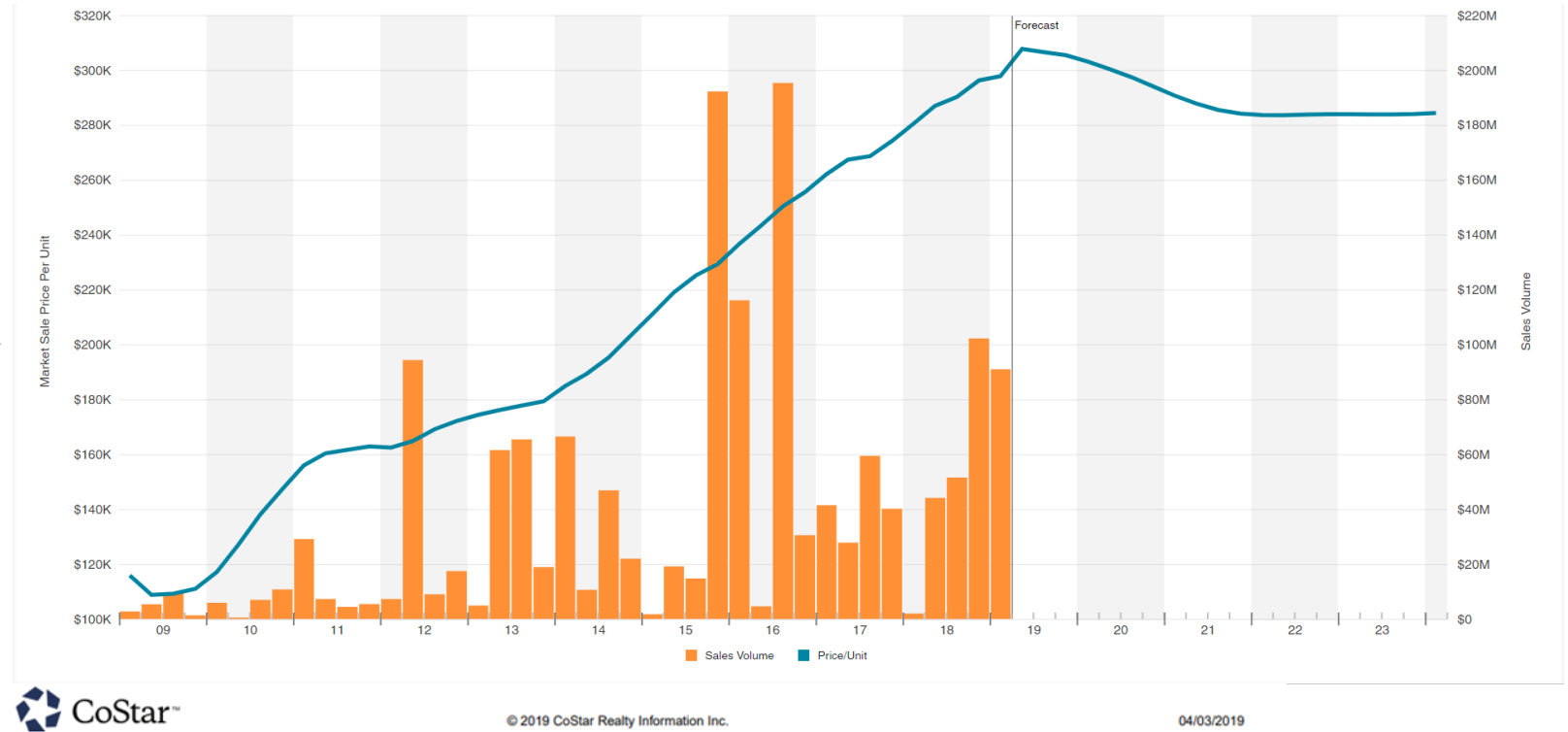


# Multi-Family - Rent per Bedroom

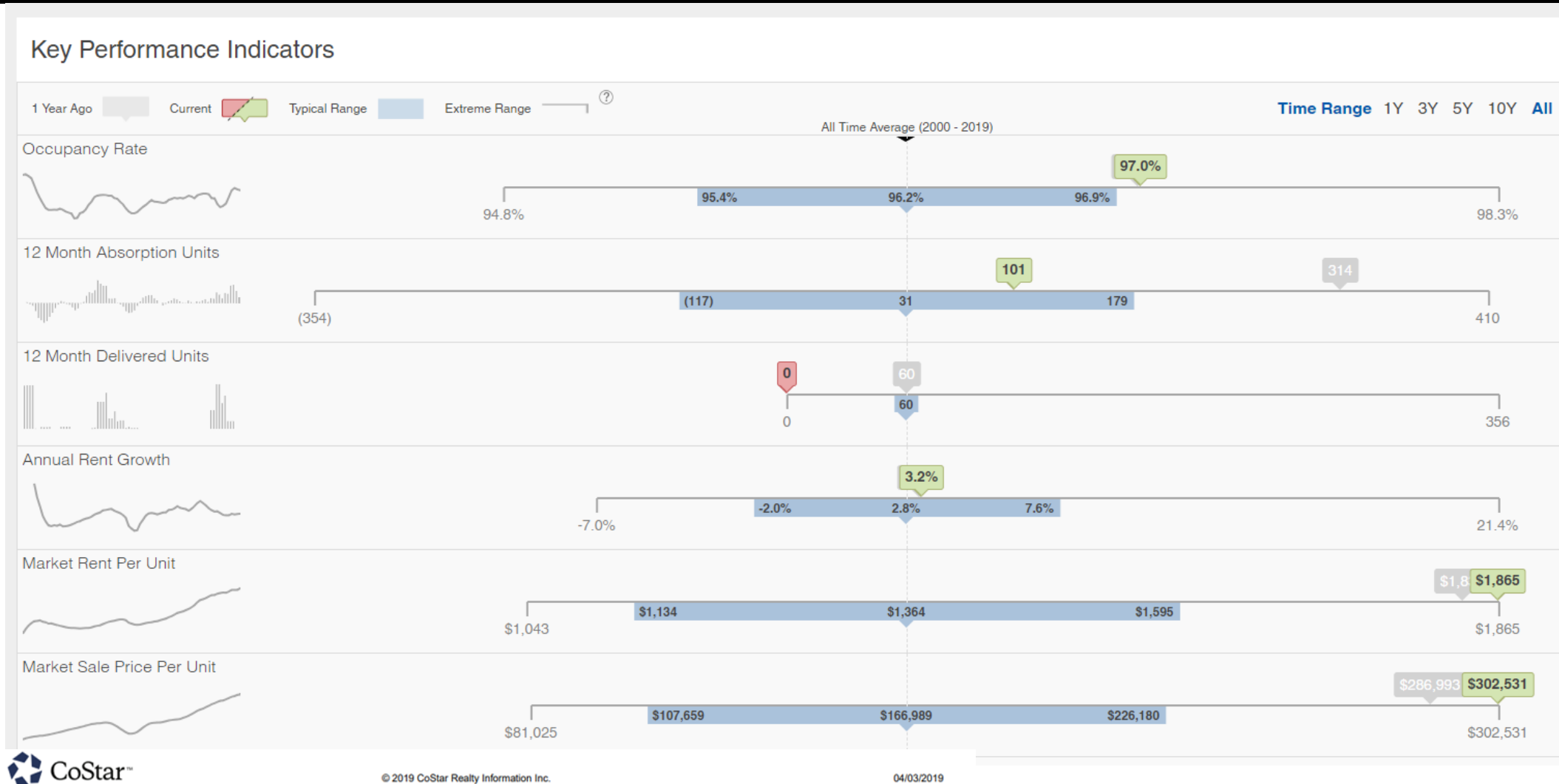
— Studio Rent  
— 1 Bed Rate  
— 2 Bed Rate  
— 3 Bed Rate



# Multi-Family Sales Volume and Sale Price per Square Foot



# Multi-Family Performance Indicators – 19 years



# Multi-Family Summary

- While strong market fundamentals in the East Bay and Hayward have triggered a flurry of multifamily building construction, there are indications that high, escalating construction costs may be affecting financial feasibility.
- The Bay Area is the most expensive place in the world to build an apartment, office, or warehouse building due to high demand, labor shortages, steel tariffs and rapid economic growth.
- Vacancy is trending near expansion-era lows despite the measured levels of recent supply growth.
- In response to traffic congestion significantly impacting mobility in the Bay Area, most multifamily units under construction in the East Bay are located within walking distance of BART stations.

# Questions

