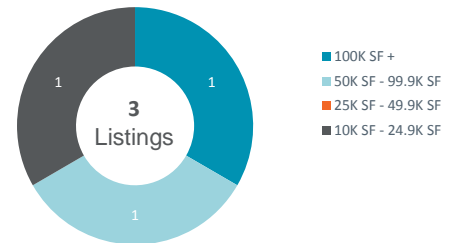
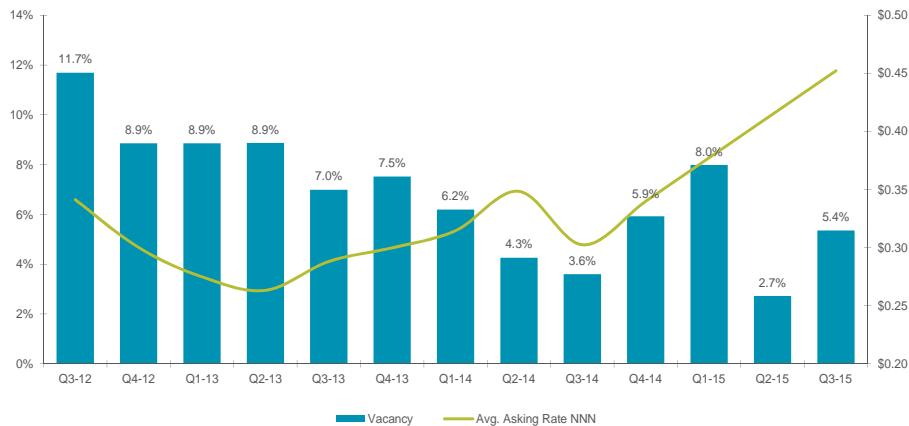


WAREHOUSE

Vacancy did rise to 5.4% as a result of new product added to the market up at Point Pinole Business Park, but by no means is it any indication of this market segment. After a banner 2014 for the Richmond warehouse market, you would think there would be a hangover or a sophomore slump, but there is no such thing. 2015 has been nothing short of a continuance of this red hot market. 2014 broke all Gross Absorption records within 1 MSF of Gross Absorption ($\pm 400,000$ SF the norm). 2015 is on pace for 1.2 MSF. It would be even higher if we had more product. The lack of quality supply continues to be a challenge for tenants looking to expand or migrate to the market. The East Bay market, as a whole, has been experiencing this lack of supply for quite some time. And while the development pipeline continues to swell, these projects seem to pre-lease as quickly as they are built. And while virtually every other market is basically land constrained, Richmond has ample land ripe for development. Turning this fallow land is exactly what Richmond needs. Building modern facilities will attract the next generation of companies that will bring jobs and economically bolster Richmond for years to come.

Deals this Quarter: Mom Enterprises, Inc. leased 10,178 SF and Ocean Beach Sportswear leased 7,110 SF, both at 1001 Canal Boulevard. Pegasus Solar relocated to 100 W. Ohio Avenue (32,000 SF) and CTC Food International leased 50 W. Ohio Avenue (56,000 SF).

Vacancy & Average Asking Rate Trend


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Spaces for Lease

Bay Area Logistics Center	700,000 SF
Point Pinole Business Park	41,365 SF
Point Pinole Business Park	224,154 SF

Properties for Sale

4075 Lakeside Drive (In Escrow)	69,594 SF
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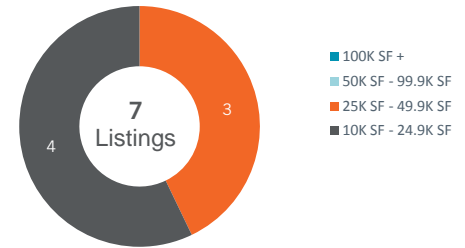
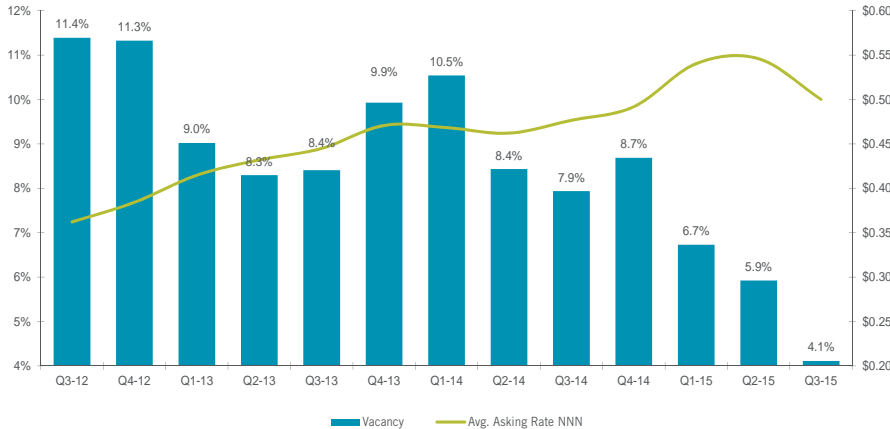
MANUFACTURING

The Richmond manufacturing market hit an all-time low vacancy rate of 4.1%, down from 8.4% just a year ago. Gross Absorption is solidly keeping pace with 2014. I hate to sound like a broken record, but Richmond is turning away deals due to lack of quality available manufacturing space. Richmond is now in the game in a big way. Companies from all over the Bay Area are looking to Richmond as a home for their business. Average Asking Rent is stabilizing at \$0.50 NNN. No bubble here, just a solid market. Most of the current vacancies (what little there is) have activity on them, so expect the market to stay strong and tight for awhile. Now is the time for Richmond to attract development. With a renewed city promotion of economic incentives that supports business, capital and job growth, combined with the significant State economic incentives, the Richmond manufacturing market could once again rise as a leader amongst East Bay cities. And with the possible advent of UC's Global Campus, Richmond could rise to the global level.

Deals this Quarter: Northwest Cascade renewed (28,800 SF) at 900 Brookside Drive. Foam Order expanded into the Bypass 93 Industrial Center (11,800 SF). Anchor Steam leased 11,397 SF at Collins Industrial Park. K-Pure Inc. leased 7,500 SF at 1850 Garden Tract Road. Monvera expanded another 32,640 SF at Ford Point. Kinston Cutters leased 19,481 SF at 1045 Hensley Street. 2400 Florida Ave (32,858 SF) sold to Live/Work developer. 717 S. 32nd Street (4,950 SF) sold to owner/user and 1150 Hensley Street (24,000 SF on 2.5 acres) sold to GK Welding.

Vacancy & Average Asking Rate Trend

Vacancy & Average Asking Rate Trend


Spaces for Lease

1208 Hensley Street	45,000 SF
506 West Ohio Avenue	65,000 SF
1430 Potrero Avenue	8,000 SF

Properties for Sale

3000 Giant Road	290,000 SF
11 Parr Boulevard	10,000 SF on 2.9 Acres
250 & 252 S Garrard Blvd	20,639 SF
401 Parr Blvd	19,351 SF on 1.4 Acres



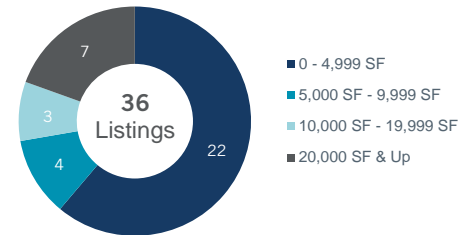
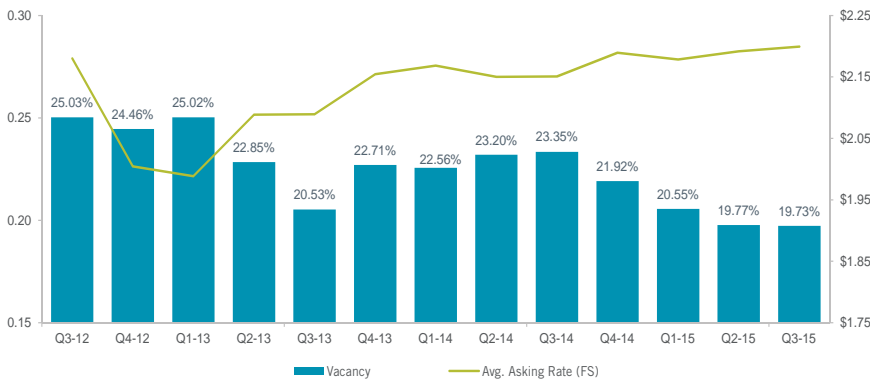
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OFFICE & OFFICE/FLEX

The Richmond office and office/flex market is on the brink of becoming a player in the East Bay and North Bay markets. With very little available product in the neighboring Berkeley/Emeryville and Marin County markets, Richmond is becoming the benefactor. Richmond's proximity to road, rail and water to everywhere else in the Bay Area and beyond is no secret to the industrial companies but lately the city has been attracting those who are now eager to see homes and office/artist/work space. Richmond now bills itself as the place where entrepreneurs can take their ideas to scale and homeowners can enjoy an affordable, culturally rich lifestyle close to their jobs. There is a historic level of residential development demand. And with that, we should see more office and office/flex type product follow. The proposed Global Campus and the future ferry service along the waterfront is of much rejoicing in Richmond. These two developments have spurred much speculative interest in the Marina Bay area. I expect this interest to increase exponentially as more positive news is released on the likelihood of these two developments. We are seeing (finally) space users from San Francisco looking to migrate to the East Bay. You have heard the buzz concerning Oakland. We can only hope that this trend continues and will soon include Richmond. But local tenants are in growth mode as well. Could speculative development be on the horizon?

Deals This Quarter: The Family Justice Center purchased 200-24th Street (12,774 SF). Mom Enterprises leased 6,955 SF at Point Richmond Tech Center. 4136 Lakeside Drive (5,460 SF) sold to California Autism Foundation. 3170 Hilltop Mall Road (37,986 SF), formerly Mechanics Bank, sold to investor.

Vacancy & Average Asking Rate Trend

Spaces for Lease

1414 Harbour Way S., Ste. 2401	41,089 SF
1301 Canal Boulevard	14,268 SF
880 Harbour Way South	22,000 SF

Properties for Sale

210 Washington Avenue	6,000 SF
4301 Lakeside Drive (In Escrow)	26,568 SF
880 Harbour Way South	57,800 SF



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