

TRI NEWS UPDATE

Industrial Services

TRI Commercial is uniquely positioned to assist industrial owners, tenants and logistics companies and developers. Our in-depth knowledge in this market is supported by professionals with decades of experience identifying the best opportunities. We cover the entire Bay Area through our six strategically located offices. Our complete lines of brokerage services cover office properties, industrial sites, retail, medical use, multi-family and investment sales. We are highly qualified and motivated to assist you.

JUNE • 2021

As of this month, there is currently over 1.5 million square feet of industrial real estate under construction in the East Bay region. However, there is a lot of uncertainty moving forward for developers as building material costs continue to soar to all-time highs.

Prices of both lumber and steel – two primary buildings materials – have surged 25%-30% recently, according to Daniel Pomfrett, national director of forecasting and analytics at construction cost tracking firm, Cumming. Over the past year, iron and steel prices have surged 50.8% and lumber prices have increased by over 73% in the last 12 months, [according to the Producer Price index](#). A recent National Associate of Home Builders report found that spikes in lumber prices alone during the wake of the Covid pandemic have caused the price of an average single-family home to increase by more than \$16,000.

Supply chain woes due to the pandemic remain the major driving factoring pushing the prices of building material prices through the roof. Factors such as factories pulling back production when demand dropped in early 2020, transportation hiccups that have caused a backup in ships outside ports, tariffs on lumber after last year's fire season, are all reasons related to the Covid pandemic that have influenced these all-time high prices.

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Ken Simonson, Chief Economist at the General Contractors of America, pointed to the [37 ships packed with goods from China](#) and elsewhere that were anchored off Southern California at the beginning of February. Other ships were clogging the wharf as an outbreak of COVID-19 among dockworkers meant there was not enough personnel to unload them. There has also been a shortage of empty shipping containers in China to pack those goods into, as the pandemic has twisted global trade's back-and-forth cadence.

Moving forward, the future of new developments in all asset classes will be uncertain. Simonson says, "First off, construction demand will remain spotty, both geographically, and by project type. Any owner who is expecting to build new or renovate had better factor in the likelihood that there will be delays and depending on how the risk is shared with contractors, price increases."

Property Address	Sale Date	Sale Price	Price PSF	Buyer	Seller	Bldg Size (SF)
4225 Hacienda Dr Pleasanton, CA	04/29/21	\$97,250,000	\$246.87	Elion Part- ners	Dermody Properties	393,931
6045 Giant Rd Richmond, CA	05/18/21	\$52,000,000	\$255.53	Hines	6300 GR LLC	203,500
6013 Las Positas Rd, Livermore, CA	04/01/21	\$23,900,000	\$214.98	Stock- bridge	Scannell Properties	111,172
3500 W Warren Ave, Fremont, CA	04/07/21	\$15,858,710	\$257.14	Kennedy Wilson	TA Realty	61,674
14680 Washington Ave, San Leandro	04/19/21	\$9,000,000	\$203.90	14680 Washing- ton LLC	LightHouse	44,139
4064 Pike Ln, Con- cord, CA	04/11/19	\$3,529,500	\$235.30	Haist Corp	Todd Ber- ryhill	15,000

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