

NorCal Snapshot

Industrial • 1st Quarter 2024

THE CCIM INSTITUTE

Northern California Chapter

Property Type	# Bldgs	Inventory	Direct Vacant SF	Sublet Vacant SF	1Q 2024 Vacant %	4Q 2023 Vacant %	1Q 2023 Vacant %	1Q 2024 Net Absorption (SF)	4Q 2023 Net Absorption (SF)	2024 YTD Net Absorption (SF)	1Q 2023 Net Absorption (SF)	2023 YTD Net Absorption (SF)	1Q 2024 Deal Velocity	1Q 2023 Deal Velocity	2024 YTD Deal Velocity
Industrial	27,037	780,860,160	40,734,312	4,631,383	5.80%	5.40%	4.30%	(1,450,755)	(1,587,909)	(1,450,755)	95,608	(3,013,577)	380	423	380
Industrial Warehouse	18,091	468,868,642	22,496,141	2,829,798	5.40%	5.00%	4.30%	265,845	(733,693)	265,845	(447,293)	(2,132,950)	298	337	298
	45,128	1,249,728,802	63,230,453	7,461,181	5.60%	5.20%	4.30%	(1,184,910)	(2,321,602)	(1,184,910)	(351,685)	(5,146,527)	678	760	678

Source: CoStar

End of the Good Times?

Northern California's industrial commercial real estate markets continued to slow in Q1, 2024 as vacancy rates hit 5.6%. This is a significant jump over the prior year's 4.3% vacancy rate and up from the 5.2% posted in Q4, 2023. Absorption rates remained negative with 1.1M sq. ft. coming back to the landlord. Not as bad as Q4, 2023's 2.3M of negative absorption but well above the 350K sq. ft. of negative absorption in Q1, 2023. Worth noting is that the SF Bay area was responsible for 91% of the 1.1 M sq. ft. total negative absorption. Deal velocity also dropped 11% from the prior year, with 678 transactions in NorCal during the first three months of 2024.

By: Eric Rehn, CCIM – TRI Commercial

