

TRI-VALLEY Q4 2018 > CRE MARKET UPDATE



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DEAR VALUED CLIENT/FRIEND:

The following summarizes the fourth quarter of 2018 market activity for the I-580/I-680 Corridor (Tri-Valley) industrial, office, and retail markets and what we expect for the first quarter of 2019. Should you wish information on other Bay Area markets, please don't hesitate to request them from us.

TRI-VALLEY INDUSTRIAL MARKET

The Tri-Valley industrial market finished fundamentally strong in 2018 with some significant sales transaction, despite the overall vacancy rate creeping up to three percent, which is two percentage points higher than at the end of 2017...

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TRI-VALLEY OFFICE MARKET

The 2018 Tri-Valley commercial office campaign has come and gone with forgettable statistics and a continued underlying message of a slowing market...

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TRI-VALLEY RETAIL MARKET

The City Center Bishop Ranch opened at the end of this last quarter, amidst an unsettled retail market. The City Center opened 75% leased, and is expected to be fully leased by summer 2019. Equinox, Anthropologie, West Elm, Fieldworks Brewing Company, and The Slanted Door are among the names drawn to the \$300 million retail project, adjacent to the 30,000 employee Bishop Ranch office park.

In Livermore, Republic Square at Livermore on I-580 furthers the Fallon Rd/El Charro Road corridor development with a 24 acre fully entitled site that includes plans for an additional 279,195 square feet of retail, restaurant, hotel and additional factory outlet parking on the southeast side of the freeway. There are plans for two 100+ room hotels, 25,000+ square feet of restaurant space, and 25,000+ square feet of quick service restaurant space. Simon, the owner of the adjacent San Francisco Outlet Mall, purchased a 5 acre portion of the parking lot on the northwest corner of the project to alleviate pressure on the parking at the outlet mall.

TRI-VALLEY RETAIL MARKET (continued)

Elsewhere in Livermore, a new Wendy's restaurant is under construction at S. Vasco Road and Naylor Avenue.

After years of debate, the IKEA store has been approved in Dublin. The 317,000 square foot store on 27 acres along I-580 near Hacienda Drive will begin construction in April 2020 with an estimate of opening at year end 2021. This will be the only one in the nation that will bear colors other than the bright blue and yellow iconic colors. Instead, it will have a grey and glass façade and include 97,000 square feet of additional retail space. Potential retail and restaurants include a steak house, wood-fired pizza, a fitness center and coffee shop.

In Pleasanton, Porky's Pizza Palace, having been under construction at 2911 Hopyard Road for over a year, should open its doors in the first quarter of 2019. Other new restaurants include BurgerIM and Xushi Bento House (Rosewood Pavilion); Go Fresh (Mission Plaza); and the Sidetrack Bar and Grill (downtown). Pacific Pearl continues to open new stores such as Candy Doll Beauty and Banou International Foods. The Coop, a modern indoor play and event space for kids, opened last quarter in Hopyard Village.

IN SUMMARY

The Tri-Valley commercial real estate markets are ever-changing, and they are now Landlord/Seller markets. Now more than ever, our clients need the counsel and knowledge of local brokers who are active in their markets. Please do not hesitate to call either one of us if we can assist you in your leasing, sales, or general commercial real estate concerns.

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*"Mark Triska, SIOR and Anne Shultz:
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