

## MEMORANDUM

To: Trust for Public Land

From: Lynn Sedway and Mary Smitheram-Sheldon, Sedway Consulting

Date: July 15, 2015

Re: Point Molate Initial Market Research

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Sedway Consulting is pleased to present this memorandum to the Trust for Public Land (TPL) conveying the results of its initial research into the markets for a variety of potential uses at Point Molate in Richmond, CA. This approximate 420-acre former Navy property offers a spectacular bayside location and contains a variety of historic resources. The City of Richmond, various city, regional and state commissions/committees, and TPL are in discussion regarding ways to achieve a number of economic development goals and create magnificent trails and parkland at the property.

Key among the economic development goals are the identification of uses that could generate sufficient income to fund the restoration of the historic structures as well as enhance public recreation uses at the property. City leaders have specifically mentioned the desire for youth-related activities. A variety of potential uses have been identified for the property including a hotel with restaurant, conference center, and possibly a museum, office/research and development (R&D) space, winery, cottages and other residential, cultural space, watercraft rentals, equestrian center, combined heat and power (CHP) plant, and wind farm.

To date, the market for these uses has not been assessed either individually or in possible combination. Some of these uses are considered primary uses and lend themselves to market research, while others are considered accessory uses. Primary uses with the potential to achieve economic viability include hotel/conference center, possibly with the addition of camping facilities, residential (including cottages), and winery. Office/R&D use was also analyzed. Accessory and secondary uses with recreation and community building potential include cultural space, equestrian center, kayak center, other concession-type uses, and energy-related uses. These secondary uses are not expected to generate economic returns.

The City of Richmond and TPL are interested in encouraging the development of portions of Point Molate, while ensuring the preservation of other portions for parkland, trails and other community uses. It is anticipated that the development portions of the site will be subject to a long-term ground lease; however a limited portion of the property may be sold for development of for-sale residential. The City wants to be sure that any development is attractive and sensitive to the environment, but there is strong resistance to a luxury enclave.

Further, there is concern that residential is not the dominant use of the property. Rather, there is support for live/work and other uses that are open to the public and visitors.

Point Molate was owned by the Navy prior to transfer to the City. The Navy undertook a significant cleanup predicated on commercial remediation. This cleanup is now approximately 85% complete to a level which is appropriate for multifamily but not for single family development. The navy transferred the land to the City with an additional \$28.5 million dollars for further as yet undetermined cleanup and other needs.

### **Scope of Work**

The scope of work for this initial research, or first phase assignment, is to assess generally the market potential for the primary uses – to define the market area for each of the respective products, review the market conditions for these uses in terms of vacancy rates, rental rates, etc., and to compare the potential development at the Point Molate location within the competitive market. “Accessory” uses are also reviewed to assess their anticipated (positive and negative) impact on the primary uses. The first step of the assignment is to analyze the site from a physical standpoint, which informs the market assessment for each primary use.

### **Initial Site Analysis**

Point Molate is a 420-acre site that offers a unique bayfront setting on San Francisco Bay. The site has a varied topography, rising up from the shoreline to a ridgeline with hills and habitat areas, which afford a variety of views to the west. As the site is located at a point, access is limited to a single route approaching the property from the south, with a connection to Interstate 580. Nearby development is limited to the Chevron Richmond refinery, located east of the ridgeline and to the south along the access route.

The following summarizes Point Molate’s advantages and disadvantages:

#### ***Advantages***

- Bayfront location with water and Mt. Tamalpais/Marin County views
- Secluded, bucolic setting
- Proximate to Interstate 580 and Richmond-San Rafael Bridge
- Rich history
- Sufficient amount of land to accommodate a variety of uses

#### ***Disadvantages***

- Remote from services
- Access from other parts of Richmond difficult, especially with regard to public transportation
- Neighboring uses include refineries

- Topography limits developable areas
- Historic buildings require renovation, which is often potentially expensive
- Navy clean-up is not yet complete and may not be adequate for certain uses

In balancing the property's advantages and disadvantages, Sedway Consulting believes that the property is best suited for recreational/leisure and hospitality uses; the property has limited commercial development potential, primarily due to its remote location. Residential is also a possible use due to the site's ambiance; this use is supported by other nearby examples of residential in somewhat remote locations (portions of Point Richmond on the bay side of the tunnel, the residences at The Presidio, etc.).

### **Hotel/Conference Center**

#### ***Hotels***

For the hotel use, Sedway Consulting conducted a wider geographical search to include other waterfront inns and hotels. Given the size of Point Molate, the search focused primarily on somewhat larger properties as opposed to smaller "boutique" hotels. The search started with Richmond and included the City's largest hotel, the Courtyard by Marriott Richmond/Berkeley. The closest waterfront hotel is in Berkeley, the Doubletree at the Berkeley Marina. Both of these properties are considered "upscale." Also included is Cavallo Point at Fort Baker in Sausalito, which shares many of Point Molate's characteristics including a secluded location with limited access and spectacular views. Finally, given the desire for a strong meeting space component, The Claremont in the Berkeley Hills is included. Of the four hotels, this historic property has the largest amount of meeting space at 30,000 square feet. The Claremont also markets itself as a resort with extensive spa, tennis and pool facilities. Cavallo Point and The Claremont are "luxury" hotel resorts. Table 1 below summarizes the hotels included in the research with information on year opened, number of rooms and amount of meeting space.

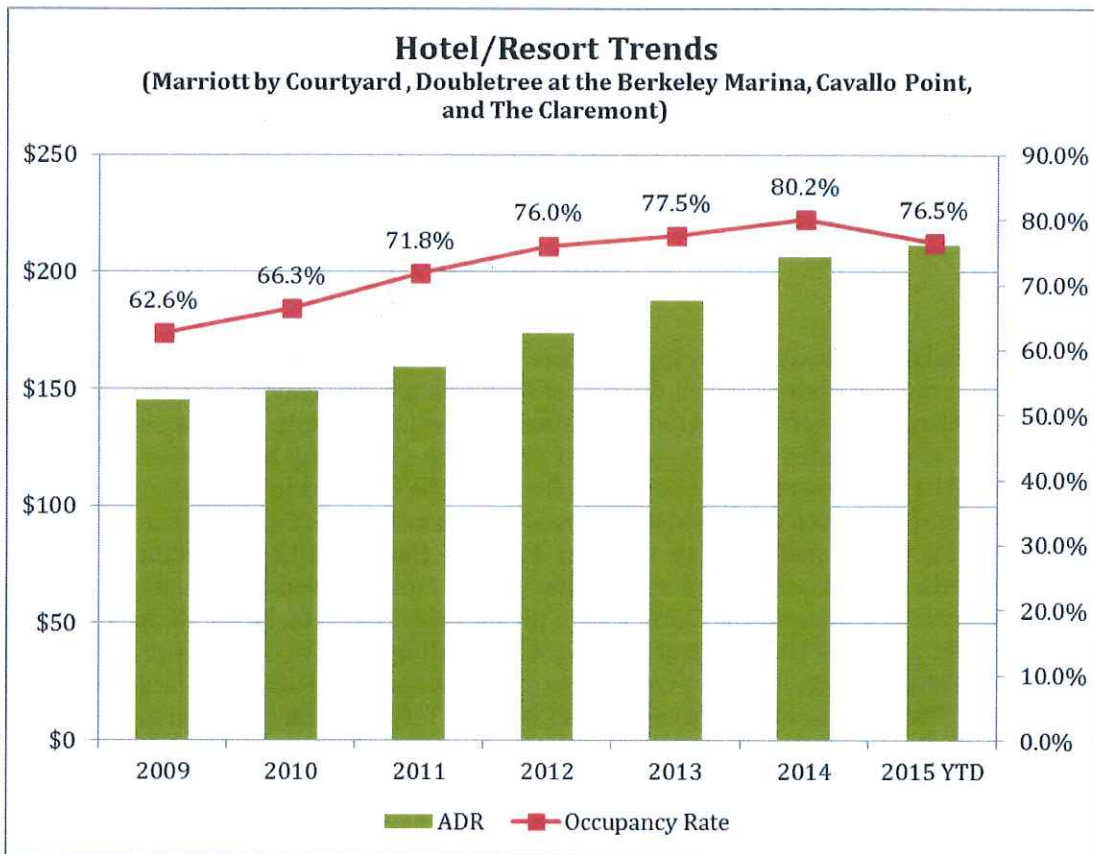
**Table 1**  
**Characteristics of Hotels Selected for Survey**

<b>Hotel Name and Location</b>	<b>Year Opened</b>	<b>No. Rooms</b>	<b>Meeting Space (Square Feet)</b>	<b>Class (1) and Comments</b>
Courtyard by Marriott Richmond/Berkeley; Richmond	1989	149	3,000	Upscale; Largest hotel in Richmond
Doubletree Berkeley Marina; Berkeley	1972	378	12,923	Upscale; Waterfront location
The Claremont; Berkeley Hills	1915	279	30,000	Luxury; Resort (spa, tennis, pool)
Cavallo Point; Sausalito (Fort Baker)	2008	142	14,000	Luxury; Waterfront location with spa
<b>Total Rooms</b>		<b>948</b>		

(1) Class as defined by STR (Smith Travel Research)  
Sources: STR; hotel web sites; Sedway Consulting



Sedway Consulting purchased statistical operational data for these four hotels as a group from STR, a hotel data vender. This vender's policy is to provide data in the aggregate for a group of properties. Information on annual average occupancy rates and average daily room rates are presented in the following graph.



As shown by the trends illustrated in the above graph, the hotel market is very strong in the current economy, which corresponds with Sedway Consulting's understanding of the overall market. Specifically, the occupancy rate for the four hotels/resorts researched increased by 28.1% between 2009 and 2014, from 62.6% up to 80.2%. The occupancy rate year-to-date through May 2015 averages 76.5%. During the 2009 to 2014 period, the ADR (average daily room rate) increased by 42.1%, from \$145 to \$206. Through May 2015, the ADR was up to \$211.50, which is 10% higher than that for the same period in 2014. It should be kept in mind that over half of the sample consists of lesser quality facilities that generally don't perform as well as new and renovated luxury properties.

The most comparable prototype for Point Molate is Cavallo Point in that it has a relatively remote location with magnificent views and surrounding park land. Cavallo Point opened in 2008 at the beginning of the Great Recession, causing a somewhat challenging beginning, but

it is now considered a success. Sedway Consulting interviewed a source in the Park Service who, while not disclosing specifics, indicated that the main source of demand is local visitors (weekenders) as well as domestic and international tourists, followed by the meeting market drawn by the modest amount of conference space. Average room rates float at market, and are reportedly in the moderate to high range of \$280 to \$290. The restaurant, Murray Circle, is also a draw; initially, the plan for the restaurant was to cater to the high end of the market, but a course correction changed its focus to a more moderate farm-to-table concept that has been very popular.

Based on the above, Sedway Consulting believes that hotel use holds promise for Point Molate. In order to draw from a wider base, the hotel should have a range of amenities, such as fitness facilities, access to hiking trails, pool, and perhaps a spa facility. Additionally, a restaurant is considered an important amenity for the hotel and related uses. While restaurants in a hotel are not necessarily profitable, such a facility is considered essential, especially given the secluded location and the potential related uses.

In addition City leaders have suggested camping facilities. In fact, there has been a trend in “glamping,” or glamorous (luxury) camping, where facilities offer more amenities than traditional camping, such as heating, fans, and plumbing, including upscale meals. These can take the form of cabins or quality tents on platforms (“tent bungalows”). Some or all of the 27 cottages could potentially be incorporated into the hotel use or alternatively be camping facilities.

### ***Conference and Meeting Space***

According to information from the Richmond Convention and Visitors Bureau, there is limited large-scale conference and meeting space in Richmond. With the exception of the meeting space at Courtyard by Marriott – Richmond/Berkeley, all of the City’s meeting space is located independent of a hotel. The largest facilities are summarized in Table 2 below, from largest to smallest:

**Table 2**  
**Selected Richmond Conference and Meeting Space Facilities**

<b>Facility Name</b>	<b>Address</b>	<b>Space Description</b>
Craneway Pavilion	1414 Harbor Way South	45,000 sf event, concert and production facility with 40,000 SF conference center on second floor
Richmond Memorial Convention Center	403 Civic Center Plaza	20,000 sf exhibit space; capacity for over 3,000 seats; Bermuda room at 2,100 sf and smaller Terrace meeting rooms
Richmond Art Center	2540 Barrett Avenue	25,000 sf facility comprising large gallery spaces and studios
East Bay Center for the Performing Arts	339 11th Street	Two large event spaces (Community Theater-2,250 sf/250 people and Iron Triangle Theater-200 people) and 8 smaller rooms
Richmond Country Club	1 Markovich Lane	Over 4,500 sf of meeting space; capacity up to 200 in combined ballroom
Courtyard by Marriott-Richmond/Berkeley	3150 Garrity Way	Five event rooms with a total of 3,000 sf and capacity of 200 people in combined ballroom

Sources: Richmond Convention and Visitors Bureau; facility web sites; and Sedway Consulting.

Of particular interest is Craneway Pavilion, which is a fairly recent significant addition to the conference and meeting space inventory in Richmond. Sedway Consulting reached out to management and received a very limited response regarding utilization of the space. Exact statistics were reported as being confidential and that overall the event space is “well-utilized.” Sedway Consulting believes that conference and meeting space would benefit from the property’s setting and would help support the hotel; however, Sedway Consulting also cautions against programming too much meeting space.

### **Residential Land Uses**

There are portions of the site that lend themselves to residential development. The decision as to multifamily, either as rentals or condominiums, and potentially single family development will depend on the soil conditions, after further excavation, and City policy regarding ground lease versus sale of a portion of the property. In addition, as discussed in the following section, housing could be provided after rehabilitation of the site’s existing cottages into residential product. There is also interest expressed by stakeholders in live/work units at the property. If ownership of the land is retained, a rental apartment project is considered more likely than condominium ownership, as the Bay Area has very

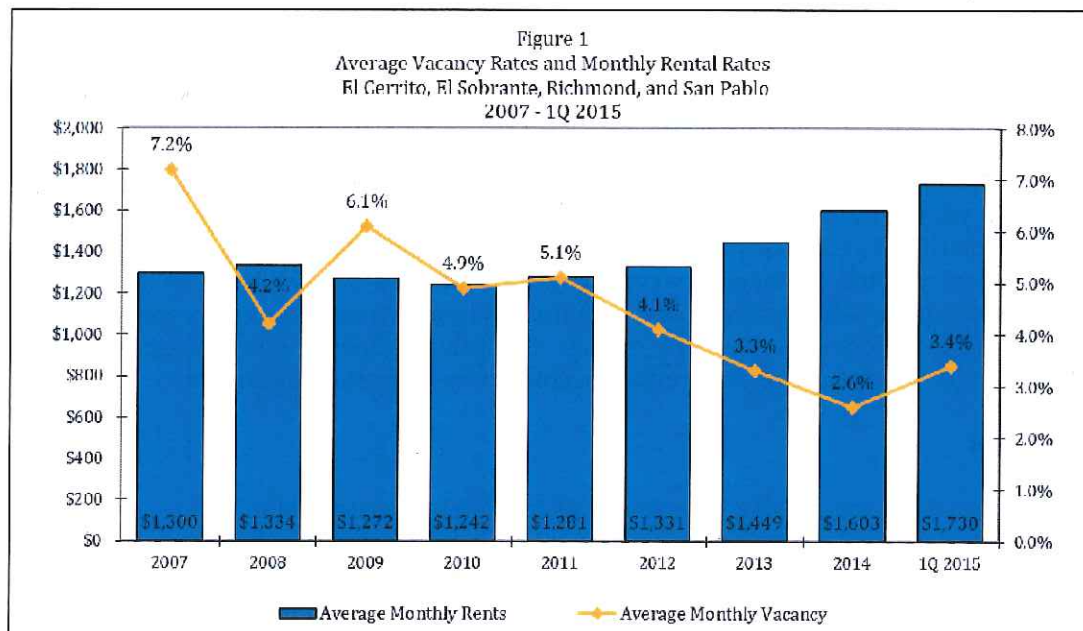


limited precedent for for-sale product on ground leased land. The primary market area for the potential residential uses are the City of Richmond and its surrounding communities.

### ***Rental Apartments***

With regard to the local rental apartment market, Sedway Consulting obtained information from RealFacts, Inc., a third-party apartment data provider. Average vacancy rates and monthly rental rates were obtained for a group of 10 apartment complexes built since 1984 located in El Cerrito, El Sobrante, Richmond, and San Pablo. These 10 complexes total 3,053 units and have an average year built of 1992. Overall, RealFacts tracks 18 apartment complexes in these cities, as well as in Pinole, with a total of 4,304 units. Those properties not included were built between 1964 and 1980.

Figure 1 below illustrates the vacancy rate and average monthly apartment rental rate trends over the past eight and one-quarter years. As shown, the current average vacancy rate is 3.4%, which is below the market equilibrium of 5.0%, and is up slightly from the 2014 average of 2.6%, while average monthly rents are \$1,730 as of the first quarter of 2015. Average monthly rents have increased nearly 40% since the market trough in 2010, when monthly rents averaged \$1,242. In 2013, rents increased by 8.9%, while in 2014, they increased by 10.6%. For the first quarter of 2015, the average rent of \$1,730 indicates a 7.9% increase over the average rent for all of 2014.



According to the RealFacts data, most of the apartment complexes in this dataset have one- and two-bedroom floorplans, averaging \$1,590 and \$1,992 per month, respectively. However, Sedway Consulting checked rents at two of the area's newest apartment complexes

(San Marcos and The Tides) and found that rents are substantially higher, with one-bedroom units renting from \$1,610 to \$2,257 per month and two-bedroom units renting from \$2,056 to \$2,450 per month. Both of these complexes are in the Hilltop area of Richmond, as are most of the newer complexes. To ascertain rent levels in a more waterfront setting, Sedway Consulting obtained rental information at Marina Bay (including The Cove at Marina Bay and The Shores at Marina Bay). These apartment complexes were converted to condominiums during the housing market bubble, with most units placed back on the rental market.<sup>1</sup> Rents at these complexes range from \$1,779 to \$2,603 for one-bedroom units and \$1,955 to \$2,949 for two bedroom units. Even though the Marina Bay properties are more dated products, their rents nonetheless reflect a premium for a waterfront location.

### ***Condominiums***

Statistics obtained from the local Multiple Listing Service indicate that the prices of condominiums and townhomes in Richmond have increased substantially over the past few years. Median home prices were mired around \$250,000 in the 2010 to 2012 period, but then increased by 31.3% in 2013 and by 20.0% in 2014. Over the first five months of 2015, median sales prices have increased nearly 6.0% to \$419,000. However, the number of sales is very small, ranging from 15 units in 2013 to 32 units in 2012. Year to date sales activity totals 17 units, which if annualized would indicate a total of 41 sales – the highest over the past five years and five months. Based on 2014 sales, condominiums and townhouses represent about 10% of the Richmond home sales market.

Overall, Sedway Consulting considers residential use, particularly rental apartments, to hold promise for Point Molate, due to fairly strong market conditions. Based on its survey, Sedway Consulting also finds that product in waterfront settings, such as those in Marina Bay, command a rental premium over other locations. Overall, the benefits of the site as a residential location – secluded waterfront setting – outweigh its disadvantages. For example, the lack of nearby retail services, particularly a supermarket, is not considered to be a significant disadvantage, as portions of Point Richmond and Marina Bay face similar issues. As previously noted, rental apartments allow for continued ownership of the land, whereas condominiums would require a sale. Additionally, condominium units are generally more expensive to build and have greater market risk, including longer absorption periods. Thus, Sedway Consulting believes that rental apartments merit further investigation.

### ***Cottages***

The 27 cottages are considered a subset of the hotel, a related camping use, or the rental residential land use, with their ultimate reuse tied to the markets for these uses. For example, Sedway Consulting believes that rental residential holds promise as a potential use for part of the site. To the extent that the cottages can feasibly be incorporated as part of the rental project (i.e., are within close proximity to the site designated for residential, are within a size range suitable for this use, can be renovated for this use, etc.), they could be a unique addition

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<sup>1</sup> Since the complex was converted to condominiums, its rental units are not tracked by RealFacts.



to the rental apartment project. In terms of the hotel use, which Sedway Consulting believes also has potential, the same issues apply in terms of location, size, renovation, etc.

In addition to their potential as a component of either apartments or hotel use, or camping use, the cottages could be targeted towards the artist market, as either work studios, or live/work units (again, depending upon size). As many artists are being priced out of other parts of the Bay Area, there could be demand from this tenant type; on the other hand, rental rates that are affordable to artists may not be sufficient to cover renovation costs. A more thorough investigation of the cottages in the context of the overall site planning is needed in order to identify the optimal reuse of these buildings.

### **Office/R&D Market Overview and Assessment**

With regard to the Office/R&D market, the appropriate market area is comprised of the City of Richmond, which is part of the broader East Bay Oakland office market. DTZ, a global commercial brokerage firm, prepares quarterly statistics pertaining to the East Bay-Oakland office market. Sedway Consulting obtained the firm's market summary for the first quarter of 2015. According to DTZ, the East Bay-Oakland office market is experiencing significant demand, particularly in the BART-served Central Business District ("CBD") submarkets such as Oakland City Center, Lake Merritt, Jack London Square, and Berkeley. As a result of strong net absorption of space over the past two years, vacancy has declined market-wide to 12.5%, the lowest point in several years. In the core CBD submarkets, the vacancy rate has dropped to 8.2%. Consequently, rents in the CBD submarkets increased substantially during 2014 and in the first quarter of 2015.

The outlook for the remainder of 2015 is continued improvement in rental rates in the CBD submarkets due to the dearth of large blocks of available Class A office space. However, there are several peripheral submarkets, including Richmond, where vacancy rates exceed 20%, and thus rents in these locations are expected to remain flat until significant amounts of vacant space are absorbed. The latest market statistics prepared by DTZ, summarized in Exhibit 1, are presented by submarket – Richmond, followed by the core CBD markets, and then the other peripheral submarkets (North and South Alameda, and Oakland Coliseum).

As shown by this exhibit, Richmond, with an inventory of 2.56 million square feet of space, has a vacancy rate of 21.1%, the lowest vacancy rate of the peripheral submarkets. The average asking rent is \$2.18 per square foot per month, full service gross, while that for Class A space is slightly higher at \$2.27 per square foot per month, full service gross. While Richmond's average asking rents are lower than the market-wide average, they are higher than other submarkets of South Alameda and Oakland Coliseum.

DTZ includes life sciences space in its office statistics, so Richmond's include the JOINN Innovation Park, the former Berlex/Bayer facility acquired by China-based Joinn Laboratories in early 2013. While Joinn occupies some of the 355,000-square foot campus, much of the space is leased to other life sciences firms. Over 200,000 square feet of this space is still available for lease. The 53-acre property has expansion rights to up to 1.0 million square feet of space.

Overall, Sedway Consulting finds that the Richmond office/R&D market requires significant improvement before new construction is justified. In considering the physical aspects of Point Molate in conjunction with the office/R&D market conditions, Sedway Consulting concludes that when new construction is supported by the local market (i.e., when vacancy rates are below 10% and rental rates increase substantially from their current levels), the most logical location for new construction will be in established office nodes, not at Point Molate.

### **Winery**

Sedway Consulting identified 18 “urban wineries” located in the broader East Bay, stretching northward from Alameda, presented in Exhibit 2. Half of these wineries are located in Oakland, with a grouping in Berkeley and another handful in Alameda. Currently, there are no wineries along Interstate 80 between Albany and Hercules; however, one winery is in the process of moving to Richmond (more on this in the next paragraph). The “grandfather” of these urban wineries is Rosenblum Cellars, which opened in Alameda in 1978 and relocated to Oakland’s Jack London Square in 2014. Of the 13 wineries that provided information on the year opened, 11 have been in operation since 2004. Of the wineries that provided size data, the footprints range from 2,400 to 40,000 square feet, with the majority less than 5,000 square feet. These wineries generally produce less than 10,000 cases of wine annually.

One winery currently located in Alameda, R&B Cellars, is planning to move into a 27,140-square-foot facility at 1420 Canal Street in Richmond in late 2015. This winery has been in operation since 1997 and produces about 15,000 cases annually. It is quite possible that, once established in Richmond, R&B Cellars could spur other wineries to consider locating or relocating in Richmond. In fact, during Sedway Consulting’s outreach to wineries, a few noted that they were generally interested in hearing more about Richmond. Overall, Point Molate’s setting could attract one or more wineries to its property.

### **Future Development in Richmond**

Based on information from the Richmond Planning Department, the vast majority of future development activity is in the residential category, as illustrated in Exhibit 3. While none of these projects are currently under construction, there is one approved for-sale townhome project with 60 units and seven other residential projects under review. Of these seven, three are for-sale (Richmond Riviera, Terminal One, and the Bay Walk Mixed Use Project, total 572 units) and all are located in either the Point Richmond or Marina Bay neighborhoods. The rest are rental apartment projects, two of which are affordable (total 461 units) and the other two, located in the Hilltop neighborhood, are market rate (total 278 units).

Identified future commercial development is currently very limited to a planned lumber yard, the relocation of R&B Cellars to Canal Street, and a 700,000 square foot logistics building in Point Pinole Business Park on the site of a former steel plant. Not included in the exhibit is the massive “global campus” planned by UC Berkeley at the Richmond Field Station, which is planned for 5.5 million square feet of development over a 40-year development horizon. The

first phase is expected to total 300,000 to 400,000 square feet of space comprising wet and dry laboratories, with construction planned to commence in 2016.

### **Accessory Uses**

Accessory uses are not anticipated to generate economic returns, but rather to support and supplement the primary uses, by augmenting demand for these primary uses. Sedway Consulting briefly researched watercraft rentals and equestrian centers, both of which are considered compatible with a recreation/leisure and hospitality destination.

### ***Watercraft Rentals***

In the East Bay, most watercraft rentals are located at lakes and reservoirs and are operated by the East Bay Regional Park District; however there are three bayside locations that offer rentals:

- Crown Beach in Alameda - operated by the East Bay Regional Park District, rentals include kayak and sailboard;
- Oakland Estuary - California Canoe & Kayak Oakland; a private operation at Jack London Square rents a variety of watercraft and offers lessons; and
- Berkeley Marina/UC Aquatic Center - Cal Adventures offers watercraft rentals (sailboats, kayaks, paddle boards, and windsurf) and classes on a seasonal basis.

In Marin County, Sea Trek has been offering kayak and paddle board rentals and classes for over 30 years in Sausalito. At Point Reyes, Blue Waters has two locations on Tomales Bay, renting kayaks and paddle boards). Finally, 101 Surf Sports, with a bayfront site in San Rafael, rents kayaks, paddle boards, windsurfing equipment and offers lessons.

### ***Equestrian Centers***

Most private equestrian centers in the East Bay are located in the more rural parts of Alameda and Contra Costa counties to the east. The East Bay Regional Park District does offer horse riding lessons at Chabot Equestrian Center, Skyline Ranch Equestrian Center, Las Trampas Stables at Little Hills Regional Recreation Area, and Piedmont Stables at Redwood Regional Park. Additionally, Western Trail Riding Services, which is a concessionaire to the East Bay Regional Park District, provides trail rides at Sunol Regional Wilderness and Las Trampas Regional Wilderness.

### **Development Concepts**

With regard to development concepts, Sedway Consulting believes that a mixed-use recreation/leisure and hospitality destination development with primary and accessory uses would be appropriate for Point Molate. The mix of uses should include those to help create a regional destination as well as benefit the local community. For example, a hotel with a restaurant and some resort amenities, a moderate amount of meeting space, and access to

trails, watercraft rentals, and maybe equestrian uses, plus one or more wineries, could be a regional destination. Rental residential can be nearby and could benefit from the nearby recreational amenities.

### **Conclusions and Next Steps**

Based on the information presented in this memorandum, Sedway Consulting believes that the potential economic development program for Point Molate should have a recreation/leisure, hospitality, and residential focus. Specifically, identified uses include a hotel with a moderate amount of conference and event space, a restaurant, and possibly camping facilities, supported by accessory recreational uses. Other uses include rental apartments, and one or more wineries.

Next steps include a more thorough analysis of the promising land uses. The additional analysis comprises a second phase assignment and would include an evaluation of development feasibility and economic development potential. This phase requires the input of architectural and land planning professionals.

The contents of this memorandum are subject to the attached Assumptions and General Limiting Conditions.



## ASSUMPTIONS AND LIMITING CONDITIONS

Sedway Consulting has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although Sedway Consulting believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

This report may not be used for any purpose other than that for which it is prepared. Neither all nor any part of the contents of this study shall be disseminated to the public through publication advertising media, public relations, news media, sales media, or any other public means of communication without prior written consent and approval of Sedway Consulting.

**Exhibit 1**  
**East Bay Oakland Office Market**  
**First Quarter 2015**

Submarket	Inventory (Sq. Ft.)	Total Vacant (Sq. Ft.)	Vacancy Rate	1Q 2015 Net Absorption (Sq. Ft.)	Under Const. (Sq. Ft.)	Average Asking Rent	Class A Avg. Asking Rent	No. Bldgs
<b>Richmond</b>	2,555,879	539,357	21.1%	35,669	0	\$2.18	\$2.27	53
<b>Core Submarkets</b>								
Berkeley CBD	2,126,615	130,285	6.1%	(15,244)	0	\$2.52	\$2.87	52
West Berkeley	1,205,821	18,242	1.5%	5,681	105,000	\$2.74	N/A	30
Emeryville	4,112,494	450,602	11.0%	99,206	0	\$2.99	\$3.07	46
City Center Oakland	5,108,410	489,313	9.6%	9,116	0	\$2.96	\$3.13	58
Lake Merritt Oakland	6,958,328	563,175	8.1%	88,912	0	\$2.88	\$3.06	64
Jack London Square	1,650,450	92,573	5.6%	(3,919)	0	\$2.02	\$2.85	38
Subtotal	21,162,118	1,744,190	8.2%	183,752	105,000	\$2.86		288
<b>Other Peripheral Submarkets</b>								
North Alameda	1,656,555	498,283	30.1%	49,053	0	\$2.28	\$2.34	49
South Alameda	1,882,859	445,359	23.7%	(36,624)	0	\$1.97	\$2.00	34
Oakland Coliseum	2,130,683	457,465	21.5%	50,226	0	\$1.45	\$1.85	49
Subtotal	5,670,097	1,401,107	24.7%	62,655	0	\$1.91		132
<b>Totals</b>	29,388,094	3,684,654	12.5%	282,076	105,000	\$2.40	\$2.68	473
<b>Market by Building Class</b>								
Class A	13,654,904	1,990,838	14.6%	163,990	105,000	\$2.68		92
Class B	12,606,332	969,958	7.7%	100,695	0	\$1.97		307
Office/Flex	3,126,858	723,858	23.1%	17,391	0	\$2.17		74
Total	29,388,094	3,684,654	12.5%	282,076	105,000	\$2.40		473

Sources: DTZ; Sedway Consulting.

**Exhibit 2**  
**Urban Wineries**  
**Alameda to Richmond**

Project Name	Location	City	Comments	Year Opened	Size	Cases Produced Annually
Rock Wall Wine Company	2301 Monarch Street, Suite 300	Alameda	Winery and tasting room	2008	40,000	20,000
R&B Cellars (1)	1835 San Jose Ave	Alameda	Winery and tasting room	1997	--	15,000
Building 43 Winery	2440 Monarch Street	Alameda Point	Winery and tasting room	2014	2,500	3,000
Urbano Cellars	2323 B 4th Street	Berkeley	Winery and tasting room	2006	4,600	1,200
Broc Cellars	1300 5th Street	Berkeley	Tasting room	2013	3,600	8,500
Lusu Cellars	805 Camelia Street	Berkeley	Winery and tasting room	--	--	--
Donkey & Goat	1340 5th Street	Berkeley	Winery and tasting room	2004	--	--
Carica Wines	2323-B 4th Street	Berkeley	Winery and tasting room	2014	--	--
Covenant	1102 6th Street	Berkeley	Winery and tasting room	--	--	--
Rosenblum Cellars (2)	10 Clay Street	Oakland	Winery and tasting room	1978	--	--
Dashe Cellars	55 4th Street	Oakland	Winery and tasting room	2004	16,500	10,000
Cerruti Cellars	100 Webster Street, Suite 100	Oakland	Winery and tasting room	2011	--	--
Periscope Cellars Winery	538 9th Street	Oakland	Winery and tasting room	--	--	--
Two Mile	477 25th Street	Oakland	Winery and tasting room	--	--	--
Urban Legend Cellars	621 4th Street	Oakland	Winery and tasting room	2009	2,400	3,000-3,700
Irish Monkey Cellars	1017 22nd Avenue Unit 300	Oakland	Winery and tasting room	2007	2,500	1,200
Stage Left Cellars	2102 Dennison Street	Oakland	Winery and tasting room	--	--	--
Jeff Cohn Cellars	160 Franklin Street	Oakland	Winery and tasting room	2014	15,000	5,000

Sources: winery staff and websites; and Sedway Consulting.

(1) R&B Winery is moving to 1420 Canal Street in Point Richmond and is estimated to open in Summer 2015.

(2) Rosenblum opened in Alameda in 1978 and moved to Jack London Square in 2014.

# SEDWAYCONSULTING

real estate & urban economics

Exhibit 3  
All Major Developments (1)  
Under Construction, Approved, or in Planning  
City of Richmond  
May 2015

Project Type		Address/Location	Status	Commercial (Square Feet)	Number of Units	Comments
Name	Developer/Contact					
<b><u>For Sale Residential</u></b>						
1	Terminal One NA	East of Ferry Point & Miller/Knox Regional Shoreline Park, west of Richmond Yacht Club & Brickyard	Proposed	--	258	This proposed project includes approximately 258 luxury condominiums, a 1.5-acre City Park, and an open space area, which includes the terminal pier. In addition, a new portion of the Bay Trail will be included.
2	Bottoms Property Shea Homes	Canal Blvd & Sea Cliff Drive	Approved	--	60	This proposed project includes 60 market rate townhome units.
3	Richmond Riviera Virtual Development Corporation	S. Marina Way	Proposed	--	59	The application was filed in July 2013 for a 59-unit residential project on 4.92 acres with 134 parking spaces.
<b><i>Subtotal - For Sale Residential</i></b>					<b><i>377</i></b>	
<b><u>Apartments</u></b>						
4	Central Avenue Housing AMG & Associates, LLC	5620 Central Avenue	Proposed	--	172	This proposed project comprises 172 below market apartment units, 309 parking spaces, public plazas, open spaces, and laundry and exercise rooms.
5	Nevin Homes Residential Project AMG & Associates, LLC	Nevin Avenue & 22nd Street	Proposed	--	289	This project proposes to build two six-story, 67-foot-high buildings with 289 below market apartments with parking, an interior courtyard on the second floor, and a community room with exercise room.
6	Hilltop Apartments LCA Architects	3080 Hilltop Mall Road	Proposed	--	180	This project comprises a six-story 180 unit apartment building on 2.27 acres.
7	Garrity Way Apartments Valley Green Holdings, LLC	3161 Garrity Way	Proposed	--	98	This proposed project comprises 98 market rate apartments.
<b><i>Subtotal - Apartments</i></b>					<b><i>739</i></b>	
<b><u>Mixed Use</u></b>						
8	Bay Walk Mixed Use Project Development Solutions Seascape, LLC	830 Marina Way South	Proposed	5,610	255	This project proposes to demolish the existing industrial building, railroad spur, and parking lots to construct a three-story mixed-use development with 255 townhomes (156 townhomes and 99 live-work townhomes); a two-story building containing a 2,980-square-foot business incubator suite and a 2,630-square-foot fitness center; 590 parking spaces.
<b><u>Retail</u></b>						
9	The Lumber Baron The Lumber Baron	1140 Harbour Way	Approved	150,282 (2)	--	This new three-building lumber yard is estimated to open in the Winter 2015.
10	R&B Cellars	1420 Canal Street	Approved	27,140	--	An urban winery and tasting room, estimated to open in late 2015.
<b><i>Subtotal - Retail</i></b>					<b><i>177,422</i></b>	
<b><u>Office / Industrial</u></b>						
11	Atlas Road Industrial Building Project	2995 Atlas Road	Proposed	700,000	--	This project comprises a 700,000-square-foot logistics building with parking, loading, and landscaping. This includes 40,000 square feet of office space and 687,820 square feet of warehouse space.
<b>Grand Total Commercial / Residential Units</b>				<b>883,832</b>	<b>1,116</b>	

Sources: Planning Department for the City of Richmond; project developers and sponsors; San Francisco Business Times; and Sedway Consulting.

(1) This list represents projects we believe are for-sale units based upon planning department records and interviews with developers and project sponsors. Changing market conditions, however, often dictate a change in ownership form as a project progresses. Not included in this list are 100 percent affordable developments, senior and student housing, and projects with less than 50 units.

(2) The square footage is the size of the lot; the square footage of the new building is unknown.

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