

**\$110,800**

Median HH Income

YoY  
Chg12-Mo.  
Forecast**0.6%**

Population Growth

**10.7%**

Unemployment Rate

**U.S. ECONOMIC INDICATORS  
Q3 2020****-4.2%**

GDP Growth

YoY  
Chg12-Mo.  
Forecast**-7.6%**Consumer Spending  
Growth**5.1%**

Retail Sales Growth



Source: BLS, BOC, Moody's Analytics  
2020Q3 data are based on latest available data.  
Growth rates are year-over-year.

**ECONOMY: Unemployment Rate Hikes**

The East Bay, encompassing Alameda and Contra Costa counties, recorded an unemployment rate of 10.7% in the third quarter of 2020, up from 2.9% one year ago. The unemployment rate has improved from the second quarter's figure of 14.2%. The median household income grew by 3.2% year-over-year (YOY) to \$110,800, while population growth was 0.6% YOY.

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

**SUPPLY & DEMAND: Vacancy Rate Increases**

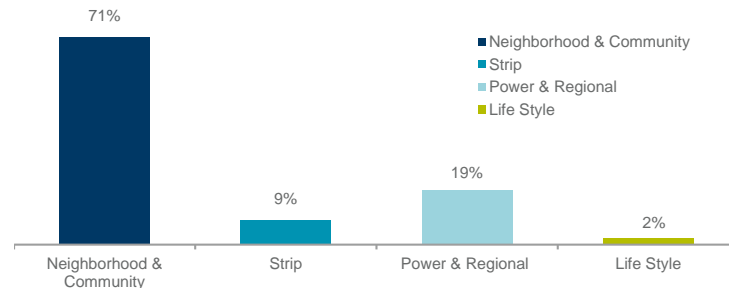
The East Bay's shopping center vacancy rate stood at 5.9% in the third quarter of 2020, increasing 20 basis points (bps) from 5.7% last quarter and up 40 bps from 5.5% a year ago. The vacancy rates were 6.0% in Alameda County and 5.9% in Contra Costa County.

Almost all submarkets in the East Bay, except Highway 4 and North 80 Corridor, experienced negative absorption, with the total quarterly absorption figure for the region at negative 115,000 square feet (sf). Submarkets in the red were led by 680 Corridor at negative 73,100 sf, followed by 580 Corridor at negative 70,800 sf and Oakland at negative 43,300 sf. Meanwhile, Highway 4 and North 80 Corridor recorded positive take-up at 48,600 sf and 38,300 sf, respectively. The impact of COVID-19 pandemic varied by each retail category, with categories deemed "essential" generally faring better. Grocery store, home improvement, sporting goods and outdoor gears, consumer electronics and office supplies have been strong performers during the pandemic.

With limited new and under construction retail space added to the market, the retail inventory in the East Bay was relatively stable at 52.1 million square feet (msf). Additionally, there is 133,100 sf of retail space under construction at the third quarter of 2020.

**PRICING: Asking Rents Increases, Expect to Decline**

Despite the increase of vacancy rate, the average asking rent in the East Bay moved up slightly from \$28.68 to \$28.78 per square foot (psf) on annual triple net basis in the third quarter of 2020, up 0.3% from YOY. Higher quality space returning to the market has lifted the overall average rents in the region. Given the current economic backdrop, we expect a rent correction in line with a rise in vacancies in the near term.

**RENT / VACANCY RATE****AVAILABILITY BY PRODUCT TYPE**



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Highway 4	9,092,479	59,881	572,993	7.0%	48,564	115,100	122,600	\$17.70
680 Corridor	11,530,340	10,425	591,951	5.2%	-73,053	-110,822	0	\$34.35
North 80 Corridor	4,003,627	5,441	202,305	5.2%	38,306	31,272	0	\$34.75
<b>CONTRA COSTA COUNTY TOTALS</b>	<b>24,626,446</b>	<b>75,747</b>	<b>1,367,249</b>	<b>5.9%</b>	<b>13,817</b>	<b>35,550</b>	<b>122,600</b>	<b>\$26.02</b>
South 80 Corridor	1,722,147	4,000	54,526	3.4%	-9,566	-9,178	0	\$28.05
Oakland	2,165,756	0	324,323	15.0%	-43,295	-63,615	10,524	\$28.36
880 Corridor	15,858,805	9,258	734,989	4.7%	-5,147	9,254	0	\$31.73
580 Corridor	7,691,384	10,938	513,272	6.8%	-70,773	-77,272	0	\$33.34
<b>ALAMEDA COUNTY TOTALS</b>	<b>27,438,092</b>	<b>24,196</b>	<b>1,627,110</b>	<b>6.0%</b>	<b>-128,781</b>	<b>-140,811</b>	<b>10,524</b>	<b>\$31.97</b>
<b>EAST BAY TOTALS</b>	<b>52,064,538</b>	<b>99,943</b>	<b>2,994,359</b>	<b>5.9%</b>	<b>-114,964</b>	<b>-105,261</b>	<b>133,124</b>	<b>\$28.76</b>

\*Rental rates reflect NNN asking

## KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
14869 E 14 <sup>th</sup> Street	880 Corridor	88 Manor Supermarket	20,000	New Lease
535 Center Street	680 Corridor	KMOR LLC	7,100	New Lease
1267-1299 Washington Street (San Leandro Plaza)	880 Corridor	Joe's Pho	6,900	New Lease
1383-1389 North Broadway	680 Corridor	XYZ Matrix	6,000	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3480-4180 Blackhawk Plaza Circle (Blackhawk Plaza)	680 Corridor	CenterCal Properties JV Principal Global Investors / Ramanujan Group; Deba Shyam	205,200	\$38.3M / \$187
5849 Lone Tree Way (Hobby Lobby)	Highway 4	Jensen F & Jade Cheng / Agree Realty Corp	78,700	\$11M / \$140
2388 Buchanan Road (Orchard Square)	Highway 4	Adam Sapir / Jon P Le	52,200	\$3.6M / \$69
2250 Marina Boulevard (Marina Center)	880 Corridor	JR and Hazel L Fone Trust / 3156 24 <sup>th</sup> Street LLC	15,800	\$2.6M / \$164

## KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Lone Tree Way (The Shops At Lone Tree Village)	Highway 4	Chase Bank, 24-Hour Fitness	59,400	Tekin & Associates

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