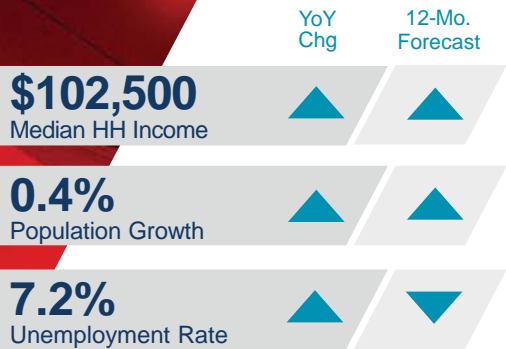
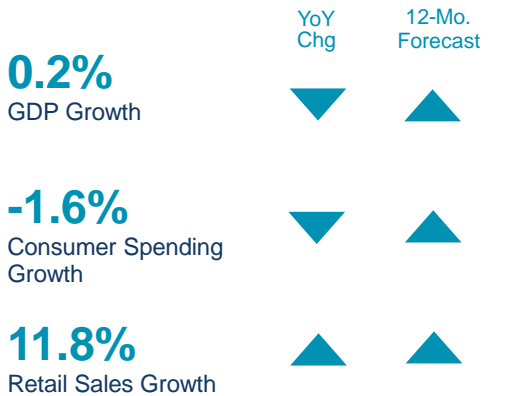


Retail Q1 2021



U.S. ECONOMIC INDICATORS  
Q1 2021



Source: BLS, BOC, Moody's Analytics  
2021Q1 data are based on latest available data.  
Growth rates are year-over-year.

**ECONOMY: Unemployment Rate Gradually Decreases**

The unemployment rate in the North Bay (Marin, Napa, Sonoma and Solano counties) in the first quarter was recorded at 7.2%, up 400 basis points (bps) from 3.2% a year ago. This figure, however, has been decreasing since its highest level (16.1%) at the beginning of the global pandemic in the second quarter of 2020. Meanwhile, the unemployment rates in San Francisco and San Mateo counties were 5.8% and 6.2%, respectively. With the vaccine rollout, the economy has started to show some improvements in early 2021. The median household income in the region was up 9.0% year-over-year (YOY) to \$102,500, while population growth was 0.4% YOY.

**SUPPLY & DEMAND: Highest Vacancy Rate Since 2010**

The retail vacancy rate for the San Francisco / North Bay region increased further, reaching the highest figure since 2010. In the first quarter of 2021, the vacancy rate was recorded at 7.1%, up 60 basis points (bps) from 6.5% last quarter and increased 140 bps from 5.7% one year ago. Napa County continued to have the lowest vacancy rate in the region at 2.8%, followed by Marin County at 4.1%, Sonoma County at 5.2% and San Mateo County at 7.2%. Meanwhile, Solano and San Francisco counties recorded the high vacancy rates at 8.3% and 23.0%, respectively. The redevelopment of 100 Stockton Street (formerly the Macy's Men store) and the former Macy's and Nordstrom's spaces in Stonestown Galleria, as well as the fit out of the future IKEA in 6x6 contributed to the high shopping center vacancy in San Francisco.

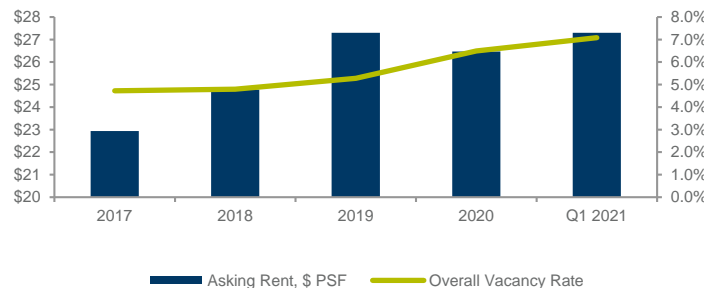
The region has experienced negative absorption for five consecutive quarters. Almost all counties, except Napa and Marin counties, experienced negative quarterly absorption in the first quarter of 2021 that brought the total figure in the region to negative 235,700 square feet (sf). All counties in the region were in the State's purple tier early in the year, which meant tougher restrictions for retail capacity and indoor dining. The restrictions were lifted gradually with the counties moved into the red, and eventually the orange tier in March 2021. With more of a "return to normal" on the horizon, the retail sector is expected to improve in the near future.

There was no new retail completion in the first quarter and the inventory was stable at 40.0 million square feet (msf). Additionally, there is 267,100 sf of retail space under construction in the region.

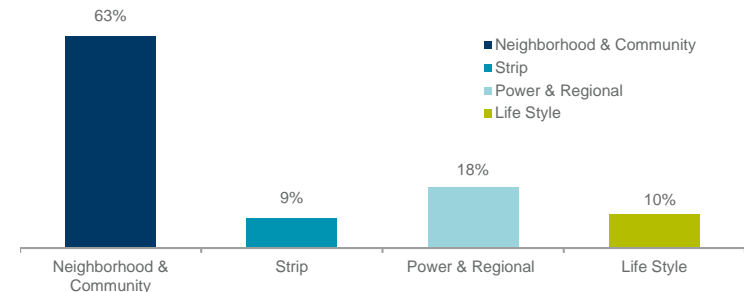
**PRICING: Stable Asking Rents**

The average asking rent in the first quarter of 2021 was recorded at \$27.30 per square foot (psf) on an annual triple net basis, relatively stable from \$27.38 psf one year ago. The rental rates range from \$17.36 psf in Solano County to \$38.71 psf in San Mateo County.

**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)*
Marin County	5,775,414	1,948	233,154	4.1%	4,192	4,192	0	\$33.86
Napa County	2,642,902	0	74,766	2.8%	16,562	16,562	0	\$37.78
Sonoma County	10,745,412	43,177	513,843	5.2%	-49,237	-49,237	3,500	\$19.74
Solano County	8,000,855	20,728	640,546	8.3%	-13,003	-13,003	0	\$17.36
San Francisco County	2,440,876	15,395	546,614	23.0%	-179,270	-179,270	263,640	\$37.61
San Mateo County	10,424,422	6,142	739,821	7.2%	-14,970	-14,970	0	\$38.71
<b>SF / NORTH BAY METRO TOTALS</b>	<b>40,029,881</b>	<b>87,390</b>	<b>2,748,744</b>	<b>7.1%</b>	<b>-235,726</b>	<b>-235,726</b>	<b>267,140</b>	<b>\$27.30</b>

\*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1355 Van Ness Avenue	San Francisco	N/A	200,000	New Lease
201 Casa Buena Drive	Corte Madera	Tesla	18,700	New Lease
790 North San Mateo Drive	San Mateo	VinFast Group	9,600	New Lease
1208 Donnelly Avenue	Burlingame	Anthem Interiors	6,400	New Lease
910 West Texas Street	Fairfield	Cosplay Elite 8	4,800	New Lease

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1000 Main Street	Napa	Thomas A Frame; Pamela E Frame / Wiseman Company	28,900	\$4.3M / \$148
1805 Old Sonoma Road	Napa	Brooks Street / 6B Whiskey LLC	25,800	\$5.2M / \$200
1620 East Monte Vista Avenue	Vacaville	Richard & Carolyn Hiland / Tux Inn LLC	8,800	\$7.3M / \$828
616 South B Street (Kelly-Moore Paints)	San Mateo	Paul Sauer / Nazareth Enterprises	7,500	\$7.3M / \$977
780 Santa Cruz Avenue	Menlo Park	The Aldrich Family Trust / Clark's MP, LLC	5,700	\$4.3M / \$760

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
N/A	N/A	N/A	N/A	N/A

SOANY GUNAWAN

Senior Research Analyst

+1 415 658 3665 / [soany.gunawan@cushwake.com](mailto:soany.gunawan@cushwake.com)

ROBERT SAMMONS

Senior Director

+1 415 773 3514 / [robert.sammons@cushwake.com](mailto:robert.sammons@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

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