

## EAST BAY

Retail Q2 2021

**\$107,500**

Median HH Income

YoY  
Chg12-Mo.  
Forecast**0.5%**

Population Growth

**6.3%**

Unemployment Rate

U.S. ECONOMIC INDICATORS  
Q2 2021**13.2%**

GDP Growth

YoY  
Chg12-Mo.  
Forecast**16.6%**Consumer Spending  
Growth**31.0%**

Retail Sales Growth



Source: BLS, BOC, Moody's Analytics  
Q2 2021 data are based on latest available data.  
Growth rates are year-over-year.

**ECONOMY: The Bay Area Reopening Commences**

The Bay Area economy started to improve more rapidly after the State of California lifted all COVID-19 restrictions on June 15, 2021, allowing all businesses to re-open at full capacity. The unemployment rate in the East Bay declined significantly to 6.3%, after reaching the highest figure at 13.9% when the effect of the global pandemic initially occurred last year. Median household income, however, was down 4.4% to \$107,500 from \$112,500 a year ago. Meanwhile, the population in the East Bay grew by 0.5% year-over-year (YOY).

**SUPPLY & DEMAND: Vacancy Rate Rising**

The vacancy rate for the East Bay shopping center market continued to rise, even as pandemic restrictions have eased across the region. At the end of the second quarter of 2021, the overall retail vacancy stood at 6.8%, up 40 bps from 6.4% rate last quarter and 110 bps from the 5.7% rate one year ago. Both counties in the East Bay recorded the highest vacancy rates since 2013. Contra Costa County recorded a 7.2% vacancy rate, up from 6.0% one year ago. Meanwhile, the vacancy rate in Alameda County reached 6.4%, up from 5.5% one year ago. By submarket, the vacancy rates ranged from 4.9% in the 880 Corridor to 17.1% in Oakland.

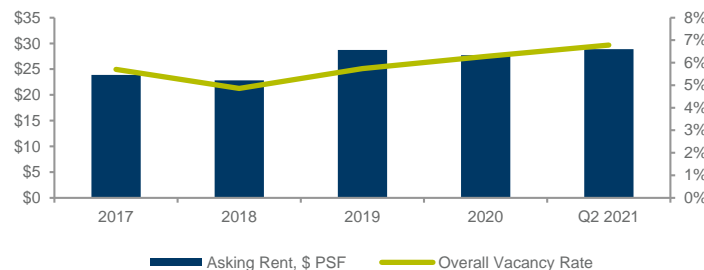
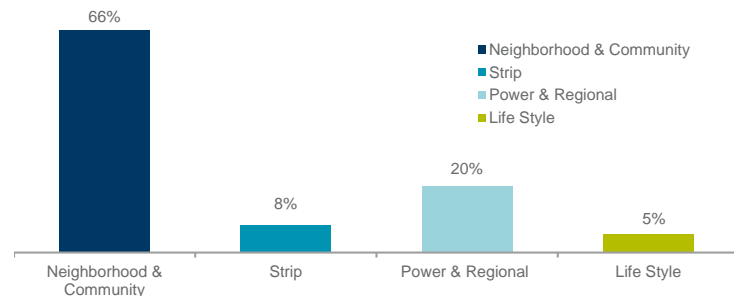
Net absorption was in the red in the second quarter, totaling negative 46,100 square feet (sf) and marking four consecutive quarters of occupancy losses. Declines were concentrated in Alameda County, where all the submarkets experienced negative absorption, with a total of negative 143,000 sf. Meanwhile, Contra Costa County posted positive net absorption of 96,900 sf.

There were two retail projects completed in the second quarter, adding approximately 153,300 sf new retail space to the market, such as the 80,000-sf Floor and Decor in Pleasant Hill and the partial completion of the 76,300-sf Safeway Center in Hercules, anchored by Safeway (65,800 sf) along with Chase Bank, Peet's Coffee and Safeway Fuel Station. This brought the total retail inventory in the East Bay to 51.9 million square feet (msf) at the end of the second quarter of 2021. Additionally, there is 69,900 sf of retail space under construction in the East Bay, including 24-Hour Fitness (38,300 sf) in Brentwood and Tivoli Plaza (31,600 sf) in Dublin.

The largest shopping center sales transaction in the second quarter was the acquisition of the nearly vacant, 78-acre Hilltop Mall in Richmond by Prologis for \$117 million for a redevelopment. This will be an adaptive reuse and conversion project from a shopping mall to a mixed-use redevelopment of residential and logistics space, along with retail.

**PRICING: Asking Rents Relatively Stable**

The average asking rent in the East Bay in the second quarter of 2021 was \$28.87 per square foot (psf) on annual triple net basis, relatively unchanged from the \$28.83 psf rent last year. The rental rates range from \$19.08 psf for the Highway 4 submarket to \$32.98 psf in the 880 Corridor submarket.

**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	8,969,271	28,409	731,241	8.5%	12,696	-31,490	38,300	\$19.08
680 Corridor	11,645,274	14,000	770,993	6.7%	21,098	-14,493	0	\$31.45
North 80 Corridor	4,085,942	0	226,906	5.6%	63,088	54,528	0	\$26.86
<b>CONTRA COSTA COUNTY TOTALS</b>	<b>24,700,487</b>	<b>42,409</b>	<b>1,729,140</b>	<b>7.2%</b>	<b>96,882</b>	<b>8,545</b>	<b>38,300</b>	<b>\$24.55</b>
South 80 Corridor	1,618,936	0	95,356	5.9%	-40,315	-38,793	0	\$28.05
Oakland	2,178,679	0	372,987	17.1%	-26,044	-20,001	0	\$26.94
880 Corridor	15,734,465	23,341	748,546	4.9%	-34,013	-42,979	0	\$32.98
580 Corridor	7,707,719	8,346	504,618	6.7%	-42,609	-7,867	31,606	\$31.43
<b>ALAMEDA COUNTY TOTALS</b>	<b>27,239,799</b>	<b>31,687</b>	<b>1,721,507</b>	<b>6.4%</b>	<b>-142,981</b>	<b>-109,640</b>	<b>31,606</b>	<b>\$32.24</b>
<b>EAST BAY TOTALS</b>	<b>51,940,286</b>	<b>74,096</b>	<b>3,450,647</b>	<b>6.8%</b>	<b>-46,099</b>	<b>-101,095</b>	<b>69,906</b>	<b>\$28.87</b>

\*Rental rates reflect NNN asking

## KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
26231 Mission Boulevard	880 Corridor	Sprouts Farmers Market	23,000	New Lease
3230 Auto Plaza	North 80 Corridor	VinFast	17,500	New Lease
7102-7114 Dublin Boulevard	580 Corridor	S and G Flooring	9,350	New Lease
39418 Fremont Boulevard	880 Corridor	O'Reilly	8,500	New Lease
35201-35249 Newark Boulevard	880 Corridor	Legend Hot Pot	6,700	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1000-2500 Hilltop Mall Road (Hilltop Mall)	North 80 Corridor	LBG RE Cos JV Aviva Investors / Prologis	1,137,100	\$117M / \$103
5669 Bay Street (Bay Street Emeryville)	South 80 Corridor	UBS Realty Investors LLC / CenterCal Properties	383,100	\$90.5M / \$236
26781 Mission Boulevard (Walgreens)	880 Corridor	Margaret Hoyt Stratford Trust / 678 Mission LLC	15,100	\$5.2M / \$341
200 James Street South	580 Corridor	Robert L & Thelma E Koopman Trust / Bruce & Erica Torquemada	13,500	\$4.0M / \$296
1231 Russell Way	880 Corridor	Chen Family Trust / Monument Crisis Center	12,700	\$4.2M / \$334

## KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
200 Golf Club Road (Diablo Valley Plaza)	680 Corridor	Floor & Decor	80,000	N/A
4000-4080 San Pablo Avenue (Safeway Center)	North 80 Corridor	Safeway, Peet's Coffee & Tea, Chase Bank	76,300	RPW Exchange Company

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