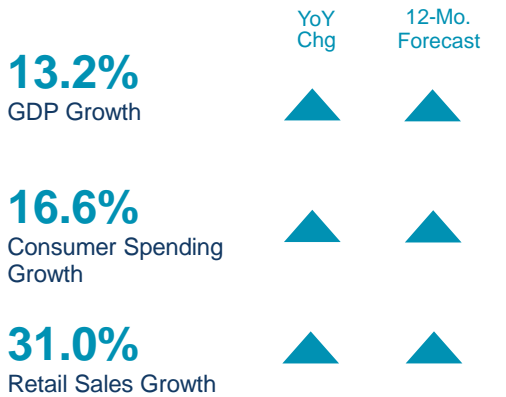


U.S. ECONOMIC INDICATORS Q2 2021



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 North Bay (Marin, Napa, Sonoma and Solano counties) declined significantly to 5.8%, after reaching the highest figure at 13.4% when the effect of the global pandemic initially occurred last year. The unemployment rates in San Francisco and San Mateo counties were also down to 4.9% and 4.6%, respectively. The median household income in the region, however, was down 2.3% to \$96,200 from \$98,500 a year ago. Meanwhile, the population grew by 0.2% year-over-year (YOY).

SUPPLY & DEMAND: Vacancy Rate Starts to Decline

After increasing for five consecutive quarters, the retail vacancy rate in the San Francisco / North Bay region showed a quarterly decline in the second quarter. The vacancy rate closed the second quarter at 6.9%, down 20 basis points (bps) from 7.1% last quarter, although it was still up 120 bps from 5.7% one year ago. Of the roughly 40.0 million square feet (msf) of shopping center inventory in the region, approximately 2.8 msf of space was available as of the end of the second quarter.

All counties in the region, except San Francisco County, recorded positive quarterly net absorption and, along with no new retail space completions, brought the vacancy rates down. Napa County continued to have the lowest vacancy rate at 2.2%, down from 2.8% rate last quarter; followed by Marin County at 3.8%, down from 4.0% last quarter. Meanwhile, San Francisco County continued to record the highest vacancy rate in the region at 24.5%, up from 22.9% last quarter.

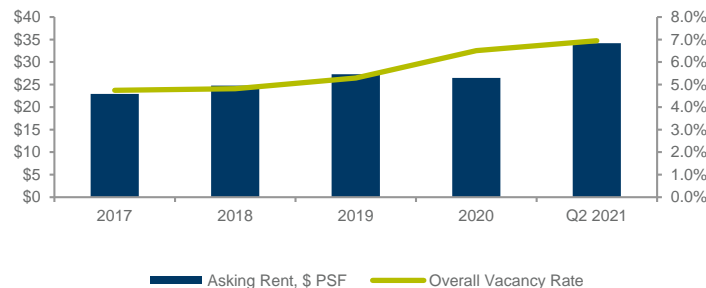
The region experienced the first positive absorption after five consecutive quarters in the red. In the second quarter of 2021, the total net absorption was 55,600 square feet (sf), with the majority of that in Sonoma County at 54,600 sf. This was followed by Napa, Solano and Marin counties at 16,100 sf, 10,900 sf, and 9,900 sf, respectively.

The largest shopping center transaction in the region was the sale of the 292,350-sf Montgomery Village, a community open-air shopping center in Santa Rosa by WS Development. Another significant transaction was the sale of Gateway 101, a 92,100-sf retail space occupied by Target and Nordstrom Rack in East Palo Alto, for \$53.2 million from Regency Center to Bayshore 1771 LLC.

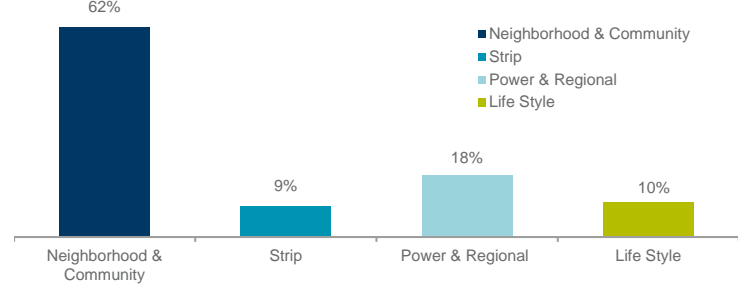
PRICING: Average Asking Rents Increases

The average asking rent in the second quarter of 2021 was recorded at \$34.18 per square foot (psf) on an annual triple net basis, up from \$26.33 psf one year ago. The rental rates ranged from \$17.88 psf in Solano County to \$87.30 psf in San Francisco 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	5,892,702	1,948	223,285	3.8%	9,869	14,061	0	\$34.58
Napa County	2,643,043	0	58,681	2.2%	16,085	32,647	0	\$38.04
Sonoma County	10,733,161	22,577	479,841	4.7%	54,602	5,365	3,500	\$19.20
Solano County	7,832,039	20,728	628,821	8.3%	10,929	-2,074	0	\$17.88
San Francisco County	2,451,606	15,395	584,746	24.5%	-38,132	-217,402	0	\$87.30
San Mateo County	10,409,125	6,142	734,095	7.1%	3,226	-9,244	0	\$36.85
SF / NORTH BAY METRO TOTALS	39,961,676	66,790	2,709,469	6.9%	56,579	-176,647	3,500	\$34.18

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1155 Veterans Boulevard	Marin County	N/A	100,000	New Lease
2121 Junipero Serra Boulevard	Marin County	Carvana	47,500	New Lease
1305-1350 Gateway Boulevard	Solano County	Michelle's Furniture & Mattress	16,600	New Lease
6285 Commerce Boulevard	Sonoma County	Dollar Tree	13,650	New Lease
401 Miller Avenue	Marin	Simple Mills	6,700	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
911 Village Court (Montgomery Village)	Sonoma County	Codding Enterprises / WS Development	292,350	\$93M / \$318
1771 East Bayshore Boulevard (Gateway 101)	Marin County	Regency Centers / Bayshore 1771 LLC	92,100	\$53.2M / \$577
2001 Van Ness Avenue	SF County	Astorian Family Trust / TRA Investments LLC JV Mark Hutchinson	40,000	\$12.3M / \$306
2415 Mission Street	SF County	Jered Kenna; 20Mission Inc / Argentic Services	32,500	\$7.3M / \$223
1505 North 4 th Street (Ace Dixon Hardware & Lumber)	Solano County	Anthony A Tryba / Lifestyle LLC	29,500	\$2.8M / \$93

KEY CONSTRUCTION COMPLETIONS YTD 2021

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

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