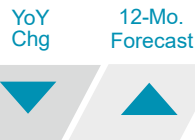


SILICON VALLEY

Retail Q3 2021

\$131,700
Median HH Income



0.5%
Population Growth



4.6%
Unemployment Rate

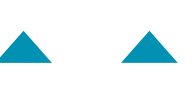


U.S. ECONOMIC INDICATORS Q3 2021

5.6%
GDP Growth



11.0%
Consumer Spending Growth



14.1%
Retail Sales Growth



Source: BLS, BOC, Moody's Analytics
Q3 2021 data are based on latest available data.
Growth rates are year-over-year.

ECONOMY: Unemployment Rate Continues to Decline

The spread of the Delta variant adversely impacted the re-opening progress during the third quarter of 2021. Once again, an indoor mask mandate took effect in the San Francisco Bay Area, including in Silicon Valley, regardless of the vaccination status. The unemployment rate in Silicon Valley, however, continued to decline with notable job gains in leisure and hospitality. At the close of the third quarter, the unemployment was recorded at 4.6%, well below the figure of 8.3% one year ago. Nonetheless, the median household income was down by 0.6% to \$131,700 from \$132,500 a year ago. The population remained in growth mode at 0.5% year-over-year (YOY).

SUPPLY & DEMAND: Vacancy Remains the Lowest in the Bay Area

Silicon Valley's retail vacancy rate remained the lowest in the Bay area. It was recorded at 5.5% in the third quarter of 2021, unchanged from last quarter's figure, but down 10 basis points (bps) from 5.6% rate last year. This translates to 2.0 million square feet (msf) of vacant retail space in the region. Santa Clara had the lowest vacancy rate in the region at 4.6%, followed by Palo Alto/Mountain View/Los Altos at 4.8%. Meanwhile, Sunnyvale/Cupertino and Milpitas/North San Jose each had 5.5% vacancy and San Jose/Campbell/Los Gatos and Morgan Hill/Gilroy recorded 5.6% rate each.

In the third quarter of 2021, the total net absorption was 32,000 square feet (sf), with the majority of that in Sunnyvale/Cupertino at 45,300 sf, followed by Santa Clara at 16,200 sf. Other submarkets in Silicon Valley experienced negative absorption.

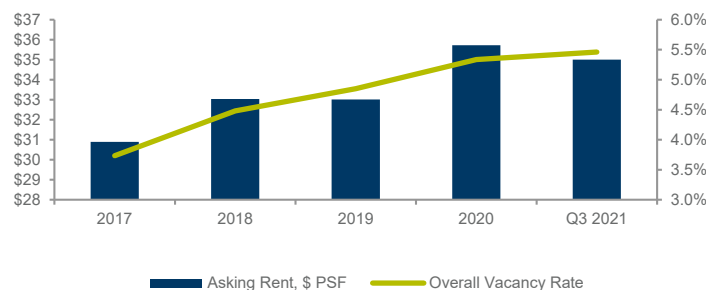
There was only one small retail completion in the third quarter: a 5,400-sf building in Park Town Plaza in Milpitas. Consequently, the total inventory in Silicon Valley was stable at 37.5 msf.

The largest shopping center transaction in the region was the sale of a portion of The Village at San Antonio Center, a mixed-use project in Mountain View, from Merlone Geier Partners to TA Realty for \$77.1 million. The sold parcel includes Safeway, Mizu Sushi Bar & Grill, The Counter hamburger restaurant, Jared jewelry store and T-Mobile site.

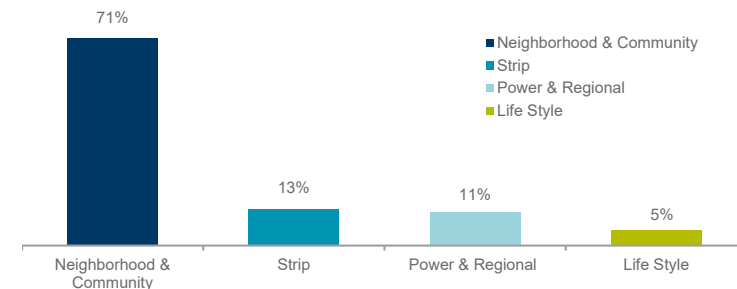
PRICING: Average Asking Rents Increase

Silicon Valley's retail market recorded an average asking rent of \$35.00 per square foot (psf) on an annual triple net basis in the third quarter of 2021, up 1.5% from last year's figure of \$34.47 psf. The rental rates ranged from \$26.08 psf for the Morgan Hill/Gilroy submarket to \$56.85 psf in the Palo Alto/Mountain View/Los Altos 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)*
San Jose (DT/South)/Campbell/Los Gatos	18,543,429	41,186	998,200	5.6%	-3,641	-5,314	0	\$33.96
Sunnyvale/Cupertino	4,682,021	6,812	252,297	5.5%	45,283	-92,120	0	\$33.64
Santa Clara	2,537,717	0	115,508	4.6%	16,162	27,736	0	\$31.99
Palo Alto/Mountain View/Los Altos	2,559,107	10,695	111,776	4.8%	-10,797	-24,881	0	\$56.85
Milpitas/North San Jose	5,184,489	4,196	281,882	5.5%	-11,270	202,893	1,250	\$34.58
Morgan Hill/Gilroy	3,974,489	24,600	199,521	5.6%	-3,709	-34,151	0	\$26.08
SILICON VALLEY TOTALS	37,481,252	87,489	1,959,184	5.5%	32,028	74,163	1,250	\$35.00

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1020-1080 S White Road (White Road Plaza)	San Jose	Dollar Tree	9,500	New Lease
5084 El Camino Real	Los Altos	Classic Patio	8,400	New Lease
1715 Lundy Avenue (Pacific Rim Plaza II)	San Jose	USA Fuji Foundation	7,300	New Lease
3111-3159 Mission College Boulevard (Mercado Santa Clara Shopping Center)	Santa Clara	Tostadas	5,400	New Lease
4360 Stevens Creek Boulevard (Stevens Creek Executive Center)	San Jose	Mediterranean Food Market & Restaurant	3,300	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
645 San Antonio Road (The Village at San Antonio Center)	Mountain View	Merlone Geier Partners / TA Realty	180,900	\$77.1M / \$426
5601 Silver Creek Valley Road (Canyon Creek Plaza)	San Jose	CRW Development / Retail Opp Investments Corp	61,000	\$27.9 / \$457
1132-1140 South de Anza Boulevard	San Jose	Ping Shiu Chow / Stanley K Woo	19,300	\$15.8M / \$819
2040 Tully Road (Michaels)	San Jose	Liu Investments LLC / Hua Family Trust	15,500	\$6.8M / \$438
770 1 st Street (Walgreens)	Gilroy	G&I Pirnik 1992 Trust / William Miner & Leslie Miner Trust	14,500	\$11.1M / \$763

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1401-1477 Berryessa Road (Market Park San Jose)	San Jose	Safeway, CVS, Chase Bank, Carbon Health	101,000	Bumb & Associates

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