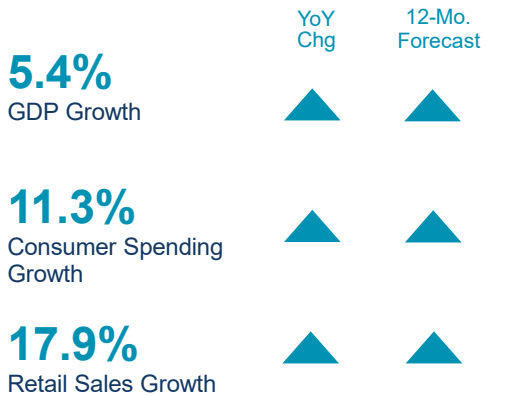


U.S. ECONOMIC INDICATORS Q4 2021



Source: BLS, BOC, Moody's Analytics
Q4 2021 data are based on latest available data.
Growth rates are year-over-year.

ECONOMY: Unemployment Rate Declines

Despite facing some challenges, such as supply chain shortage, inflation and rising COVID-19 cases due to the Omicron variant in the last weeks of December, the economic fundamentals and retail business in the San Francisco / North Bay region showed continued improvement in the last quarter of 2021. The unemployment rate in the region dropped to 4.8% from last year's figure of 6.3%. The median household income increased by 1.6% year-over-year (YOY) to \$96,800 at the end of 2021, while the population grew steadily by 0.2% YOY.

SUPPLY & DEMAND: Vacancy Rate Continues to Decrease

At the end of 2021, shopping center vacancy throughout the region was recorded at 6.0%, down 40 basis points (bps) from last quarter's figure of 6.4% and 50 bps from the year-end 2020 figure of 6.5%. Napa County continued to have the lowest vacancy rate at 2.1%, down from 3.4% last year; followed by Sonoma County at 3.7%, down from 4.7% in the same period last year. Meanwhile, the vacancy rates in Marin, San Mateo, Solano and San Francisco counties were 4.2%, 6.0%, 6.5% and 23.0%, respectively.

The total net absorption in the fourth quarter of 2021 was 184,400 square feet (sf), which brought 2021's total to 297,900 sf, a big jump from the total absorption in 2019 of -83,900 sf and in 2020 of -438,600 sf. San Mateo County contributed the majority of that at 88,500 sf, followed by Sonoma County (72,800 sf), Solano County (40,500 sf) and San Francisco County (13,300 sf). Meanwhile, Marin and Napa counties had negative absorption of -29,300 sf and -1,500 sf, respectively.

With no new and under-construction retail space added to the market, the retail inventory in the region was stable at 40.3 million square feet (msf), with approximately 2.4 million square feet (msf) of retail space were available in the market.

The retail investment sales in the region were very active in the fourth quarter of 2021. Approximately 2.4 msf of retail space traded hand with the total investment of \$907.5 million in the fourth quarter, bringing the total annual investment in 2021 to over \$1.6 billion. The largest shopping center transaction in the region was the sale of a stack of the 1.3 million-sf Hillsdale Shopping Center in San Mateo County from the Bohannon Companies to Northwood Investors LLC for \$256.9 million.

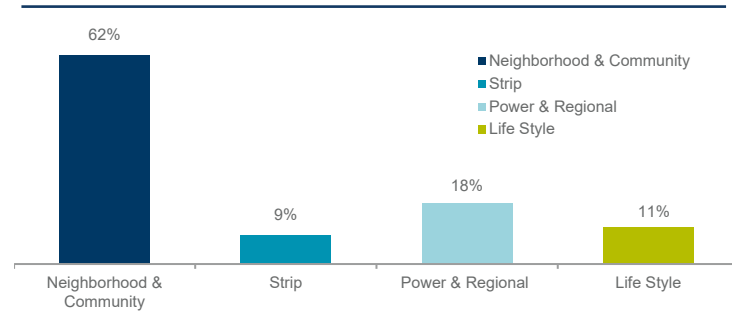
PRICING: Average Asking Rents Increases

San Francisco / North Bay metro retail market recorded an average asking rents of \$29.34 per square foot (psf) on an annual triple net basis at the end of 2021, up 10.6% from \$26.53 psf one year ago. The rental rates ranged from \$19.04 psf in Solano County to \$56.26 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	5,911,283	1,948	248,393	4.2%	-29,269	-10,047	0	\$35.00
Napa County	2,657,260	0	55,514	2.1%	-1,472	35,814	0	\$38.80
Sonoma County	10,677,317	20,381	375,967	3.7%	72,812	108,869	0	\$19.41
Solano County	8,021,589	0	518,706	6.5%	40,538	107,178	0	\$19.04
San Francisco County	2,355,344	11,877	530,057	23.0%	13,299	-121,213	0	\$56.26
San Mateo County	10,697,062	13,934	622,753	6.0%	88,456	177,306	0	\$34.80
SF / NORTH BAY METRO TOTALS	40,319,855	48,140	2,351,390	6.0%	184,364	297,907	0	\$29.34

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
515 Veterans Boulevard	San Mateo County	SC Redwood City RE	24,000	Sublease
1650 Pacific Avenue	San Francisco	Modern Animal	15,500	New Lease
908-970 Admiral Callaghan Lane	Solano County	PetSmart	12,500	New Lease
580 Francisco Boulevard West	Marin County	Party City	10,000	New Lease
105-171 North McDowell Boulevard	Sonoma County	Sleep City	6,400	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
60 31 st Avenue (Hillsdale Shopping Center)	San Mateo County	Bohannon (CA) / Northwood Investors	1,300,000	\$256.9M / \$198
1178 El Camino Real (former Sears)	San Mateo County	Seritage Growth Props / Alexandria	276,600	\$128.0M / \$463
301 S McDowell Blvd (Washington Square)	Sonoma County	Fulcrum Group / Paragon Commercial Grp JV Canyon Partners Real Estate; Canyon Catalyst Fund	215,800	\$56.2M / \$261
180 El Camino Real (Spruce Shopping Center)	San Mateo County	Shamaim Inc / SteelWave	135,800	\$98.0M / \$722
384 Post Street (Saks Fifth Avenue)	San Francisco	Madison International JV DWS Group Americas / Lincoln Property JV Cara Investment GmbH	135,000	\$156.0M / \$1,156

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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