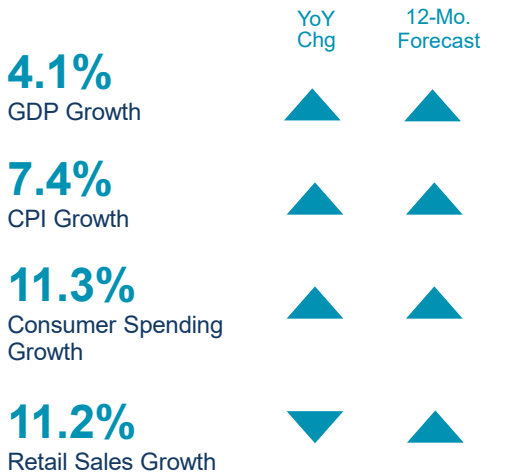


U.S. ECONOMIC INDICATORS  
Q1 2022



Source: BLS, BOC, Moody's Analytics  
Q1 2022 data are based on latest available data.  
Growth rates are year-over-year.

**ECONOMY: Unemployment Rate Declines**

The total unemployment rate in North Bay (Marin, Napa, Sonoma and Solano counties) was 4.6% in the first quarter of 2022, down from 6.9% one year ago. San Mateo and Marin counties recorded the lowest unemployment rate in the state at 2.7% and 2.8%, respectively. Meanwhile, the median household income continued to increase, up 1.6% year-over-year (YOY) to \$95,200 and the population grew steadily by 0.2% YOY. Although most of the COVID-19 restrictions have been lifted, supply chain issue, labor shortage and high inflation rate remain as challenges to the recovery of the retail sector.

**SUPPLY & DEMAND: Vacancy Rate Slightly Up**

The retail vacancy rate throughout the region was recorded at 6.0%, slightly up 10 basis points (bps) from last quarter's figure of 5.9%, but still 90 bps lower than the last year's figure of 6.9%. Napa County continued to record the lowest vacancy rate of only 1.6%, down from 2.7% last year; followed by Sonoma County at 3.0%, down from 5.2% in the same period last year. Meanwhile, the vacancy rates in Marin, San Mateo, Solano and San Francisco counties were 4.1%, 6.2%, 7.0% and 24.6%, respectively. Of the roughly 40.3 million square feet (msf) of shopping center inventory in the region, approximately 2.4 msf of space was available as of the end of the first quarter.

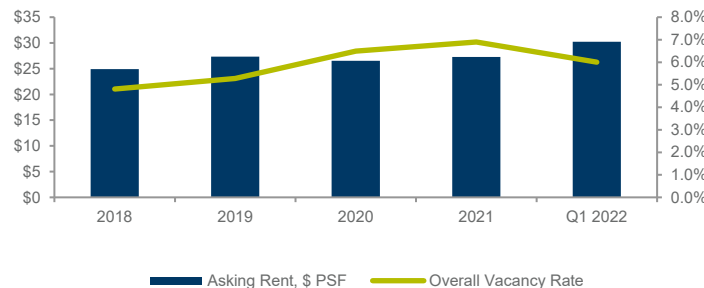
The region experienced negative absorption after being positive for three consecutive quarters. In the first quarter of 2022, the total net absorption was recorded at -27,100 square feet (sf). Solano County contributed to the biggest occupancy lost at -47,300 sf, followed by San Francisco County at -36,400 sf and San Mateo County at -30,300 sf. Meanwhile, Sonoma, Napa and Marin counties recorded positive absorption at 69,400 sf, 12,200 sf and 5,200 sf, respectively.

One notable retail transaction in the first quarter 2022 was the sale of the main retail and restaurant portion of The Shops at Tanforan mall in San Bruno from Queensland Investment Corp to Alexandria Real Estate, following the transactions of JCPenney and Sears anchor buildings in the same complex in 2021. Alexandria plans to transform the retail complex into a new mega campus for biotech and tech firms.

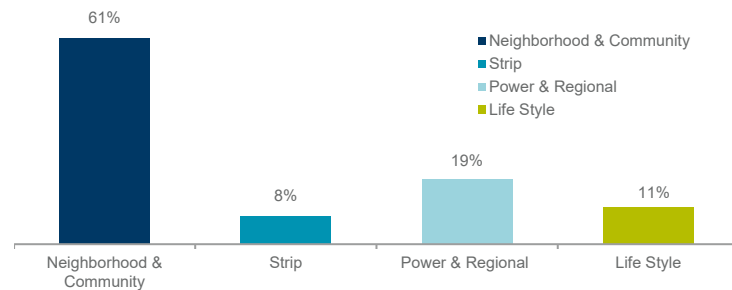
**PRICING: Average Asking Rents Continues to Increase**

The average asking rent in the region in the first quarter of 2022 was \$30.24 per square foot (psf) on an annual triple net basis, up 10.9% from \$27.28.53 psf one year ago. The rental rates ranged from \$19.16 psf in Solano County to \$60.07 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	5,935,369	1,948	243,186	4.1%	5,207	5,207	0	\$34.60
Napa County	2,633,752	0	40,853	1.6%	12,208	12,208	0	\$37.49
Sonoma County	10,661,461	20,381	304,770	3.0%	69,403	69,403	0	\$20.10
Solano County	8,032,044	14,000	551,982	7.0%	-47,276	-47,276	0	\$19.16
San Francisco County	2,355,339	11,877	566,467	24.6%	-36,410	-36,410	0	\$60.07
San Mateo County	10,714,904	13,934	653,016	6.2%	-30,263	-30,263	0	\$34.56
<b>SF / NORTH BAY METRO TOTALS</b>	<b>40,332,869</b>	<b>62,140</b>	<b>2,360,274</b>	<b>6.0%</b>	<b>-27,131</b>	<b>-27,131</b>	<b>0</b>	<b>\$30.24</b>

\*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
945 Market Street	San Francisco	N/A	45,000	New Lease
1500 Oliver Road (Fairfield Corners Shopping Center)	Solano County	Big Lots	39,600	New Lease
1750 Harrison Street	San Francisco	Total Wine & More	23,500	New Lease
2 Stockton Street	San Francisco	IT'SUGAR	21,500	New Lease
2145 Market Street	San Francisco	Live Fit	15,500	New Lease

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1150 El Camino Real (The Shops at Tanforan)	San Mateo County	QIC / Alexandria	560,600	\$95.2M / \$170
429 N McDowell Boulevard (Deer Creek Village)	Sonoma County	Merlone Geier Partners / Fortress JV DJM Capital Partners	257,000	\$74.5M / \$290
1420 Travis Boulevard (Sears)	Solano County	Seritage Growth Props / West Coast GC Group LLC	164,100	\$9.0M / \$55
4380 Sonoma Boulevard (Vallejo Village)	Solano County	Ballantine & Loraine LLC / HMH Property LLC	85,700	\$5.7M / \$66
1116 1 <sup>st</sup> Street (Kohls Parkway Plaza)	Napa County	Zapolski Real Estate JV Trademark Property Co / CMG Financial	77,300	\$37.0M / \$479

KEY CONSTRUCTION COMPLETIONS YTD 2022

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

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