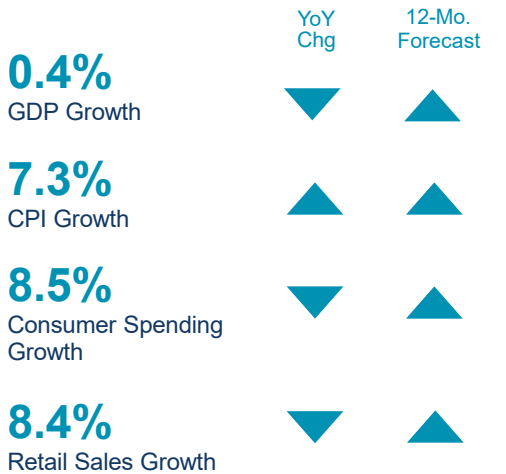


U.S. ECONOMIC INDICATORS Q4 2022



Source: BLS, BOC, Moody's Analytics
Q4 2022 data are based on latest available data.
Growth rates are year-over-year.

ECONOMY: Unemployment Rate Modestly Up

At the end of 2022, the unemployment rate in the North Bay (Marin, Napa, Sonoma and Solano counties) was 3.0%, unchanged from last quarter's figure, but down from 4.8% rate last year. Although the unemployment was modestly up in the last quarter of 2022, San Mateo and San Francisco counties continued to record the lowest rates in the State of California at 2.2% (up from 2.0%) and 2.3% (up from 2.1%), respectively. Meanwhile, the population growth was stagnant and the median household income was up 4.3% year-on-year (YOY) to \$105,200 at the end of 2022.

SUPPLY & DEMAND: The Lowest Vacancy Rate Since 2018

The San Francisco/North Bay Metro shopping center market closed out 2022 with the lowest vacancy rate in the last four years since 2018 at 4.9%. This was 40 basis points (bps) lower than last quarter's figure of 5.3% and 100 bps lower than the 5.9% rate last year. Available retail space has been scarce and no new retail development was underway in the region. In addition, some underperforming centers were being converted into other uses, such as life science or biotechnology campuses.

At the end of 2022, the total retail inventory in the region remained at 40.2 million square feet (msf), leaving almost 2.0 msf of vacant retail space. Napa, Marin and Sonoma counties maintained the low vacancy rates of under 5.0% at 2.3%, 3.0% and 3.2%, respectively. Meanwhile, the vacancy rates in San Mateo, Solano and San Francisco counties were recorded at 5.5%, 6.1%, and 14.2%, respectively.

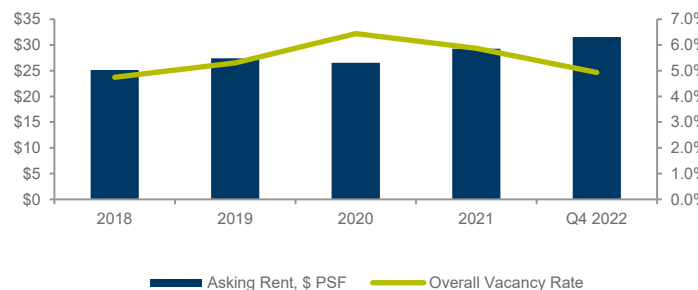
The total net absorption during the fourth quarter was 163,600 square feet (sf), which brought the 2022's total net absorption to 366,800 sf, the highest annual absorption since 2015. Solano County contributed the most take-up in the fourth quarter at 108,000 sf, followed by Marin and San Mateo counties at 40,500 sf and 36,400 sf, respectively.

According to Real Capital Analytics, a total of 232,800 sf retail space traded hands during the fourth quarter, which brought the total annual transaction volume to 3.5 msf in 2022. Meanwhile, the total investment sales in the fourth quarter were recorded at \$81.2 million, bringing the total sales volume to \$1,422.4 million in 2022. The total sales were down 13.5% from 2021's figure at \$1,645.3 million.

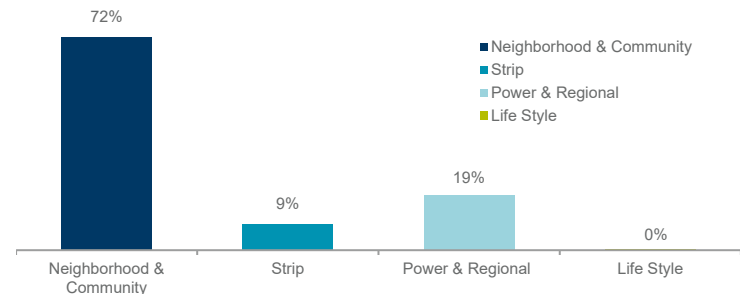
PRICING: Average Asking Rents Increases

The average asking rent at the end of 2022 was \$31.53 psf on an annual triple net basis, a 7.7% increase from \$29.28 psf a year ago. The rental rates ranged from \$20.96 psf in Solano County to \$61.12 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	5,831,263	0	176,180	3.0%	40,481	76,055	0	\$37.34
Napa County	2,633,752	0	61,397	2.3%	-8,601	-8,336	0	\$38.79
Sonoma County	10,648,219	11,574	331,400	3.2%	-15,499	51,580	0	\$21.63
Solano County	8,009,746	0	484,785	6.1%	107,959	2,202	0	\$20.96
San Francisco County	2,341,552	0	331,785	14.2%	2,929	209,042	0	\$61.12
San Mateo County	10,731,152	17,470	568,372	5.5%	36,363	36,210	0	\$37.93
SF / NORTH BAY METRO TOTALS	40,195,684	29,044	1,953,919	4.9%	163,632	366,753	0	\$31.53

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
100 Stockton Street	San Francisco	Convene	65,000	New Lease
475 Serramonte Boulevard	San Mateo County	Automotive Dealership	27,300	New Lease
869 W Francisco Boulevard	Marin County	N/A	20,800	New Lease
1305-1350 Gateway Boulevard (Gateway Plaza)	Solano County	Petco	15,800	New Lease
1 Rancho Square (Rancho Square)	Solano County	N/A	11,500	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
901 Golf Course Drive (Mountain Shadows Plaza)	Sonoma County	Boyd Realty & Investment / OAK CAP Ventures	77,800	\$11.8M / \$151
2621 Springs Road (Spring Hill Center)	Solano County	Arbon Holdings LLC / Reza & Adeebah Fakurnejad	42,600	\$5.0M / \$117
990 Industrial Road	San Mateo County	Black Mountain Props LLC / Dewey Land Co	27,700	\$22M / \$794
2750 Van Ness Avenue (Chase Bank)*	San Francisco	MetLife / JP Morgan Chase Bank NA	24,800	\$5.6M / \$227
98 West Portal Avenue (Chase Bank)*	San Francisco	MetLife / JP Morgan Chase Bank NA	12,700	\$7.2M / \$568

*Part of Portfolio Sale

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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