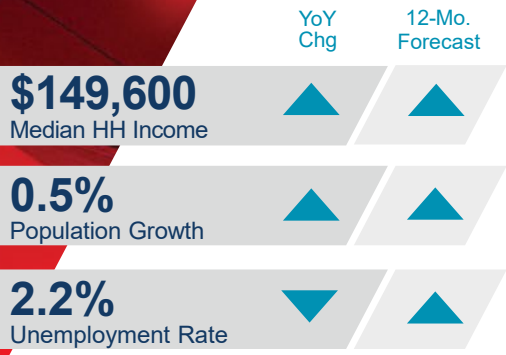
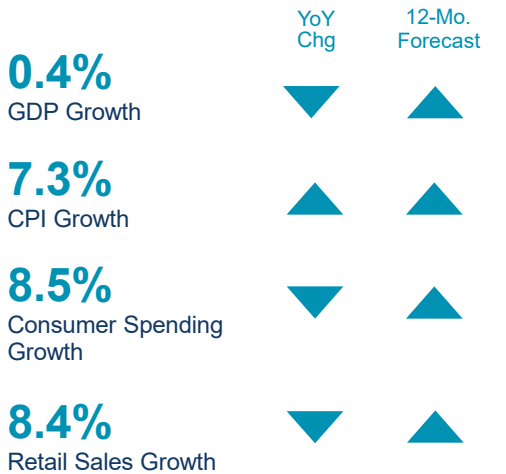


SILICON VALLEY

Retail Q4 2022



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: The Highest Median Household Income in the Country

Although the job growth has been slower in the fourth quarter, the unemployment rate in Silicon Valley was still low at 2.2% at the end of 2022, down 160 basis points (bps) from last year's figure of 3.8%. Professional and business services as well as hospitality contributed to the most job growth in Silicon Valley in 2022. The median household income was recorded as the highest in the country at \$149,600, an increase of 8.2% from \$138,200 a year ago. Meanwhile, the population grew by 0.5% annually.

SUPPLY & DEMAND: Vacancy Rate Stable

The overall vacancy rate of the shopping centers in Silicon Valley was flat in the fourth quarter of 2022. At the end of 2022, it was recorded at 5.3%, remaining unchanged from both last quarter and last year's figures. Sunnyvale/Cupertino and Morgan Hill/Gilroy recorded the lowest vacancy rates each at 3.4%, followed by Santa Clara at 3.7%. Meanwhile, the vacancy rates in Palo Alto/Mountain View/Los Altos, Milpitas/North San Jose and San Jose/Campbell/Los Gatos were 5.3%, 5.6%, and 6.3% respectively.

Almost all submarkets in Silicon Valley had positive absorption in the fourth quarter, except Milpitas/North San Jose (-20,200 square feet (sf)) and Santa Clara (-4,900 sf). San Jose/Campbell/Los Gatos had the highest occupancy gain at 24,300 sf, followed by Morgan Hill/Gilroy at 14,700 sf, which brought the total net absorption in the fourth quarter to 22,400 sf. Even though the net absorptions have been positive in the last three quarters, the total annual absorption in 2022 was in red due to a large negative take-up in the beginning of the year with the closures of big box retailers. The total annual net absorption in 2022 was recorded at -50,800 sf, down 132.9% from 2021's figure at 154,500 sf.

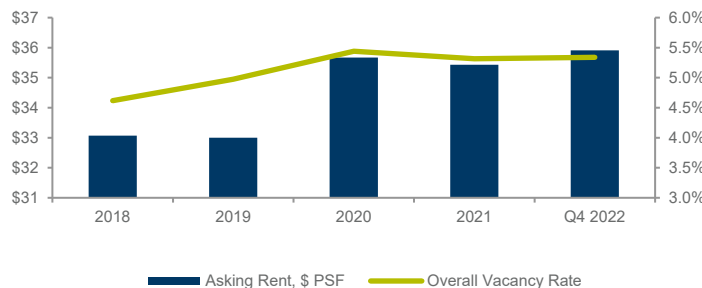
The total retail inventory in Silicon Valley remained at 37.3 million square feet (msf) at the end of 2022, leaving 2.0 msf of vacant retail space, which consisted of 1.9 msf (96.2%) of direct retail space and 74,100 sf (3.8%) of sublease space.

According to Real Capital Analytics, a total of 157,300 sf retail space in Silicon Valley traded hands during the fourth quarter, bringing the total annual transaction volume to almost 2.5 msf in 2022. Total investment sales in the fourth quarter were \$86.1 million, for a total 2022 sales volume of \$1.2 billion, 39.6% higher than the total sales in 2021 of \$858.7 million.

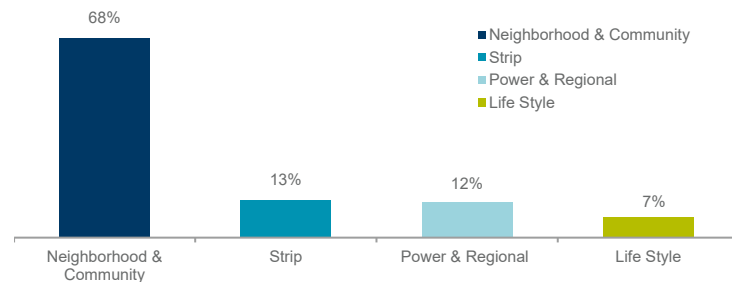
PRICING: Average Asking Rents Relatively Flat

At the end of 2022, the average asking rent was \$35.91 psf on an annual triple net basis, modestly up 1.4% from 2021's figure of \$35.43 psf. The rental rates ranged from \$29.60 psf for Morgan Hill/Gilroy submarket to \$51.76 psf in 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	18,475,156	57,698	1,103,578	6.3%	24,328	-119,846	8,810	\$34.44
Sunnyvale/Cupertino	4,593,654	4,055	153,992	3.4%	6,658	14,240	0	\$42.26
Santa Clara	2,514,516	0	91,940	3.7%	-4,913	6,734	0	\$30.17
Palo Alto/Mountain View/Los Altos	2,611,483	10,695	127,829	5.3%	1,875	-15,524	0	\$51.76
Milpitas/North San Jose	5,116,435	1,605	283,704	5.6%	-20,227	-2,896	0	\$33.16
Morgan Hill/Gilroy	3,946,641	0	133,070	3.4%	14,704	66,498	0	\$29.60
SILICON VALLEY TOTALS	37,257,885	74,053	1,894,113	5.3%	22,425	-50,794	8,810	\$35.91

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
12333 Saratoga-Sunnyvale Road (Saratoga Center)	Saratoga	Paragon Body, Inc	13,000	New Lease
300 Orchard City Drive	Campbell	Vialto Partners	12,900	New Lease
131 Curtner Avenue (The Plant)	San Jose	Culich Town	7,100	New Lease
1773-1793 Hillsdale Avenue (Hillsdale Center)	San Jose	Gizmo's Dag Daycare	6,900	New Lease
390 W El Camino Real (Cherry Orchard Shopping Center)	Sunnyvale	Benihana	6,800	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
777 East Capitol Avenue (Northwood Plaza)	Milpitas	Castello Family Interests / Gold MCM Investment LLC	34,400	\$12.9M / \$521
5302 Monterey Highway	San Jose	Ends IN E Inc / Korody	21,300	\$11.1M / \$521
1156-1200 Story Road (Little Saigon Plaza II)	San Jose	Intelli LLC / Pov & May Tov Family Foundation	16,300	\$11.6M / \$709
890 Renz Lane (Pacheco Pass)	Gilroy	JH Real Estate Partners / Renz-Gilroy LLC	15,000	\$8.8M / \$587
5145 Stevens Creek Boulevard	Santa Clara	Schiro Robert P JR SPE Trust / Yuan Li Investment LLC	14,700	\$6.7M / \$458

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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