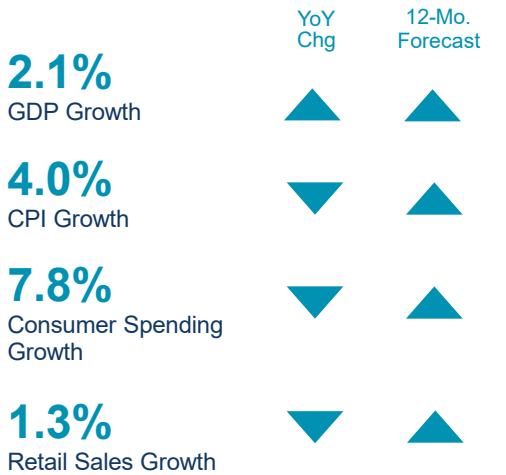


U.S. ECONOMIC INDICATORS
Q2 2023



Source: BLS, BOC, Moody's Analytics
Q2 2023 data are based on latest available data.
Growth rates are year-over-year.

ECONOMY: Unemployment Rate Rises

In the second quarter of 2023, the unemployment rate in the North Bay (Marin, Napa, Sonoma and Solano counties) was recorded at 3.2%, slightly up 10 basis points (bps) from 3.1% one year ago. Although ticking higher, the unemployment rates in San Francisco and San Mateo counties remained one of the lowest in California at 2.7% and 2.6%, respectively. Additionally, the median household income increased by 3.0% year-on-year (YOY) to \$106,800, and the population grew moderately at 0.3%.

SUPPLY & DEMAND: Positive Net Take-Up Recorded

The shopping center vacancy rate in the San Francisco/North Bay Metro stood at 5.0% in the second quarter of 2023, down 20 bps from 5.2% last quarter and 60 bps from 5.6% one year ago. Napa and Marin counties recorded the lowest vacancy rates in the region each at 2.9%, followed by San Mateo County at 4.3% and Sonoma County at 4.6%. Meanwhile, the vacancy rates in Solano and San Francisco counties remained high at 6.4% and 13.3%, respectively.

The total net take-up in the second quarter of 2023 was 81,300 square feet (sf), with San Mateo and San Francisco counties contributed the most occupancy gain at 45,700 sf and 35,000 sf, respectively, followed by Solano County at 8,800 sf. On the contrary, Sonoma and Napa counties experienced negative take-up at -18,000 sf and -7,900 sf, respectively. One notable leasing transaction in the region was Nordstrom Rack, taking over the 36,000-sf former Bed Bath & Beyond space in Bridgepointe Shopping Center in San Mateo with an expected opening in fall 2024.

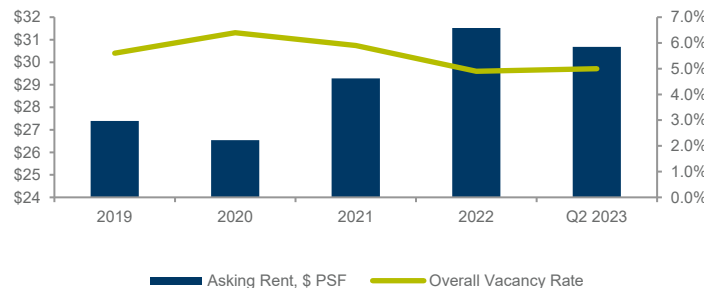
New retail supply has been scarce and there has been a trend to transform the existing retail space into other uses, such as biotech, or converting the upper level of retail buildings into office or residential. At the end of the second quarter, the total shopping center inventory remained at 39.3 million square feet (msf), leaving approximately 2.0 msf of vacant retail space, most of which was direct retail space at 1.9 msf (97.6%) with only 46,600 sf (2.4%) being sublease space.

According to Real Capital Analytics, there were only eight (8) small retail buildings trading hands in the second quarter with a total of 89,800 sf at \$39.9 million.

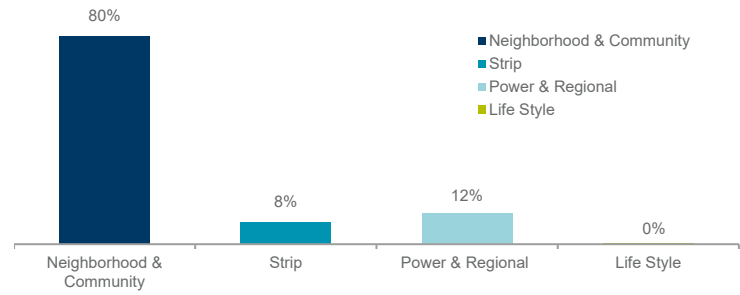
PRICING: Average Asking Rents Decreases

In the second quarter, the average asking rent in the region stood at \$30.68 per square feet (psf) on an annual triple net basis, down 2.8% from \$31.55 psf last quarter and down 0.8% from \$30.92 one year ago. The rental rates ranged from \$21.05 psf in Solano County to \$59.80 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	5,821,751	676	168,148	2.9%	17,594	7,356	0	\$36.82
Napa County	2,643,805	16,389	61,531	2.9%	-7,864	-16,523	0	\$39.68
Sonoma County	10,656,164	9,714	475,603	4.6%	-17,953	-42,983	0	\$21.17
Solano County	7,983,615	4,660	503,518	6.4%	8,829	-26,593	0	\$21.05
San Francisco County	2,334,619	0	311,660	13.3%	35,013	20,125	0	\$59.80
San Mateo County	9,827,027	15,184	407,414	4.3%	45,693	14,244	0	\$38.15
SF / NORTH BAY METRO TOTALS	39,266,981	46,623	1,927,874	5.0%	81,312	-44,374	0	\$30.68

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
1050 Broadway Street	San Mateo County	24 Hour Fitness	42,000	Renewal
2280 Bridgepointe Parkway (Bridgepointe Shopping Center)	San Mateo County	Nordstrom Rack	35,500	New Lease
2900 Alemany Boulevard	San Francisco	Island Pacific Seafood Market	34,000	New Lease
400 Las Gallinas Avenue (North Gate III)	Marin County	Michaels	21,700	Renewal
3093 Marlow Road	Sonoma County	Walgreens	13,600	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
181 Depot Street	Solano County	N/A	43,400	\$6.8M / \$156
3093 Marlow Road (Walgreens)	Sonoma County	Walgreens / Evarkiou F&P Trust	15,200	\$7.0M / \$460
601 Clement Street	San Francisco	Paul Tat Mau Wong / Richmond Area Multi-Services Inc	7,800	\$5.3M / \$682
1016-1022 Grant Avenue	San Francisco	Randall & Mary Der Trust / Grant 1010 LLC	7,200	\$3.3M / \$453
1414 El Camino Real	San Mateo County	Madison Avenue Development Group LLC / Caglar Vural	6,600	\$3.5M / \$530

KEY CONSTRUCTION COMPLETIONS YTD 2023

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

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