MARKETBEAT

SAN FRANCISCO / NORTH BAY METRO

Retail Q3 2023

	YoY Chg	12-Mo. Forecast
$110,200 Median HH Income	▲	▲
0.3% Population Growth	▲	▲
3.7% Unemployment Rate	▲	▼

U.S.ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
2.4% GDP Growth	▲	▲
3.4% CPI Growth	▼	▲
7.4% Consumer Spending Growth	▼	▲
2.7% Retail Sales Growth	▼	▲

Source: BLS, BOC, Moody's Analytics
Q3 2023 data are based on latest available data. Growth rates are year-over-year.

ECONOMY: Unemployment Rate Rises

The unemployment rate in the North Bay, encompassing Marin, Napa, Sonoma and Solano counties, was recorded at 3.7%, reflecting a 60 basis points (bps) increase from the previous year's rate of 3.1%. Additionally, the unemployment rates in San Francisco and San Mateo counties stood at 3.1% and 2.8%, respectively, remaining one of the lowest in California. Despite the uptick in the unemployment rate, the median household income continued its ascent with a 5.5% year-over-year (YOY) increase, reaching $110,200 while the population exhibited moderate growth at 0.3%.

SUPPLY & DEMAND: Vacancy Rate Increases

In the third quarter of 2023, the shopping center vacancy rate throughout the region stood at 5.2%. This marked a slight decrease from the previous year's rate of 5.3% but was up 20 bps from the 5.0% rate last quarter. Napa and Marin counties maintained the lowest vacancy rates in the region at 3.1% and 3.4%, respectively, followed by Sonoma County at 4.2% and San Mateo County at 4.4%. In contrast, the vacancy rates in Solano and San Francisco counties remained notably high at 6.1% and 16.9%, respectively. Closures of some major retailers, such as the 312,000-square foot (sf) Nordstrom in San Francisco Centre, contributed to the increase in the vacancy rate in San Francisco.

The overall net take-up in the third quarter of 2023 was -66,200 sf. The largest reduction in occupancy occurred in San Francisco and San Mateo counties at -96,900 sf and -31,100 sf, respectively. Conversely, Sonoma and Solano counties experienced occupancy gain at 42,700 sf and 21,600 sf, respectively.

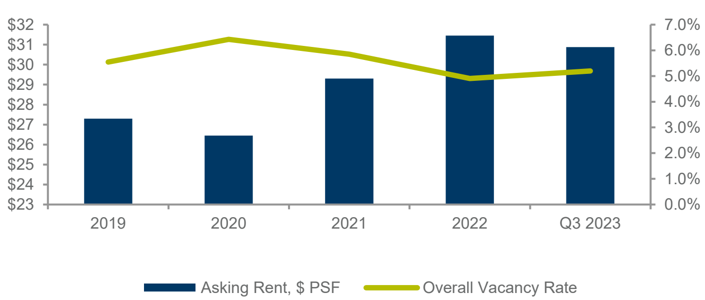
At the end of the third quarter, the total shopping center inventory remained at 39.4 million square feet (msf), leaving approximately 2.1 msf of vacant retail space. Additionally, there is an 11,800-sf retail space under construction, which is part of the Vaughn Road project in Dixon, Solano County.

In the investment market, a total of 367,700 sf of retail space across 9 properties changed ownership in the third quarter, with total investment sales of approximately $115.7 million. A couple of significant shopping center sales were Anchorage Square Mall, a mixed-use project, in San Francisco and Power Plaza, a 112,500-sf grocery-anchored neighborhood center, in Vacaville.

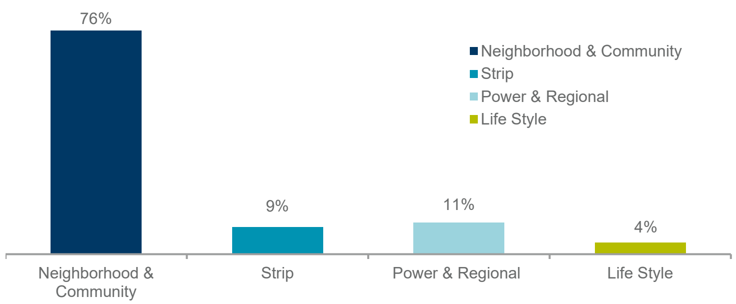
PRICING: Average Asking Rents Decreases

The average asking rent in the region was $30.88 per square feet (psf) on an annual triple net basis. This figure represented a marginal 0.5% decrease from $31.03 psf last year but marked an increase of 0.8% from the $30.62 rate last quarter.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



SAN FRANCISCO / NORTH BAY METRO

Retail Q3 2023

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	5,798,910	2,876	197,035	3.4%	-31,087	-23,731	0	$35.38
Napa County	2,717,302	16,835	68,122	3.1%	2,330	-15,185	0	$41.37
Sonoma County	10,670,068	9,714	435,557	4.2%	42,746	-237	0	$21.27
Solano County	7,993,404	4,660	481,870	6.1%	21,648	-4,945	11,800	$20.09
San Francisco County	2,374,623	0	401,204	16.9%	-96,948	-76,823	0	$59.80
San Mateo County	9,866,535	15,184	417,238	4.4%	-4,894	4,420	0	$38.29
SF / NORTH BAY METRO TOTALS	**39,420,842**	**49,269**	**2,001,026**	**5.2%**	**-66,205**	**-116,501**	**11,800**	**$30.88**

Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
1950 El Camino Real (Five Points Center)	San Mateo County	AutoZone	25,000	New Lease
1351A Redwood Way (The Redwoods)	Sonoma County	Body English Health & Performance	19,800	New Lease
2202 Bridgepointe Parkway (Bridgepointe Shopping Center)	San Mateo County	Nazareth Ice Oasis	18,200	New Lease
3435-3475 Sonoma Boulevard (Vallejo Plaza)	Solano County	Black Friday	17,700	New Lease
1830 Ocean Avenue	San Francisco	N/A	17,300	New Lease

Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
500 Beach Street (Anchorage Square Mall)	San Francisco	ADIA / BH Properties	198,500	$65.0M / $327
1001-1061 Helen Power Dr (Power Plaza)	Solano County	ProEquity Asset Management / Peter W Doerken	112,200	$29.3M / $261
1923-1925 Fillmore Street	San Francisco	Robert C Sanchez / Matthew Ebrahimoon	15,400	$3.3M / $215
110 East D Street (Treasury Commons)	Solano County	Murchio LLC; Lee & Susan North; WSP Properties LLC	11,600	$4.0M / $343
600 Gravenstein Hwy N (Sebastopol Hardware)	Sonoma County	Anadra Partnership / Douglas M Bishop	9,100	$2.8M / $308

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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