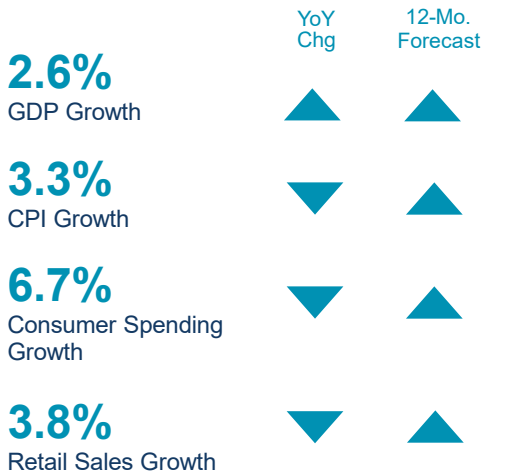


U.S. ECONOMIC INDICATORS
Q4 2023



Source: BLS, BOC, Moody's Analytics, Costar, RCA
Q4 2023 data are based on latest available data.
Growth rates are year-over-year.

ECONOMY: Unemployment Rate Rises

The North Bay region, which includes Marin, Napa, Sonoma and Solano counties, saw its unemployment rate rise from 3.2% in 2022 to 3.8% at the close of 2023. Despite the uptick, San Mateo and San Francisco counties still recorded the lowest unemployment rates in the state at 3.0% and 3.3%, respectively. The median household income in the region continued to increase and stood at \$114,000 at the end of 2023, up 3.4% year-over-year (YOY). Meanwhile, the population grew moderately at 0.2%

SUPPLY & DEMAND: Vacancy Rate Increases

The retail market in the San Francisco / North Bay Metro area closed 2023 with a vacancy rate of 5.3%. This was a slight increase of 10 basis points (bps) from the previous quarter and 40 bps from the same period last year. The lowest vacancy rates in the region were in Napa and Marin counties, both at 3.0%; followed by San Mateo County at 4.6%, Sonoma County at 4.8% and Solano County at 6.1%. On the other hand, San Francisco County recorded a high vacancy rate of 16.3%, mainly due to the low occupancy in its largest mall, the San Francisco Centre (formerly Westfield San Francisco Centre).

The total net absorption in the fourth quarter was in red at -41,300 square feet (sf), bringing the 2023 total to -162,200 sf. It was a significant reduction of -145.4% from the total net absorption in 2022 at 357,400 sf. The largest loss in occupancy in the fourth quarter occurred in Sonoma and San Mateo counties at -64,700 sf and -27,300 sf, respectively.

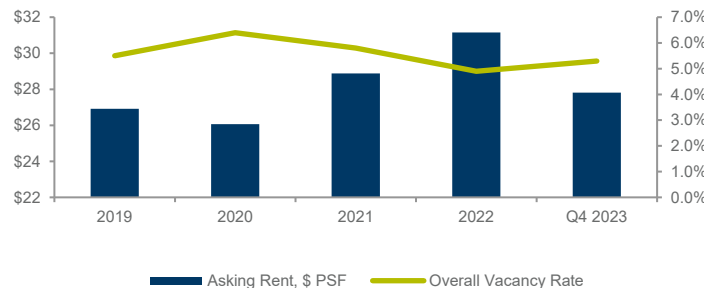
There was minimal new retail construction in the region. At the end of 2023, the total shopping center inventory remained at 39.3 million square feet (msf), leaving approximately 2.1 msf of vacant retail space. The 5,500 sf of retail space under construction is an expansion of an existing center.

The retail investment sales in the region were slow in 2023. Approximately 397,100 sf of retail space across 15 properties changed ownership in the fourth quarter, with the total investment sales of approximately \$131.4 million. This brought the total annual investment to \$515.3 million in 2023 or only 36.2% of the total investment in 2022 of \$1.4 billion. Some notable sales transactions in the fourth quarter were: 100 Van Ness Avenue (122,800 sf) and Northpoint Centre (87,000 sf), both in San Francisco, and Strawflower Village (78,900 sf) in Half Moon Bay.

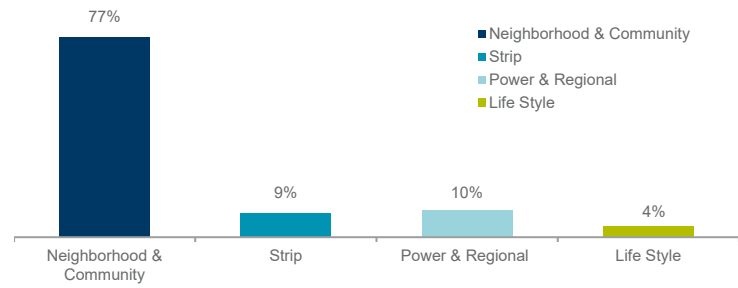
PRICING: Average Asking Rents Decreases

The increase in the vacancy rate resulted in reduced average rental rates in the region. As of the fourth quarter of 2023, the average asking rent was recorded at \$27.81 per square foot (psf) on an annual triple net basis, down 10.7% from \$31.15 psf one year ago.

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	5,749,126	2,200	171,181	3.0%	26,530	2,799	0	\$38.01
Napa County	2,716,108	16,835	65,137	3.0%	2,985	-12,200	0	\$41.44
Sonoma County	10,686,087	22,271	487,746	4.8%	-64,746	-64,983	0	\$18.57
Solano County	8,004,376	4,660	480,677	6.1%	1,193	-3,752	5,502	\$20.93
San Francisco County	2,390,086	0	390,424	16.3%	20,043	-66,043	0	\$26.67
San Mateo County	9,763,709	25,992	421,850	4.6%	-27,333	-18,028	0	\$38.41
SF / NORTH BAY METRO TOTALS	39,309,492	71,958	2,017,015	5.3%	-41,328	-162,207	5,502	\$27.81

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
222 Park Road (220 Park)	San Mateo County	Bacchus Management Group	7,900	New Lease
2001 Van Ness Avenue	San Francisco	Bay Breakers Boxing Gym	7,200	New Lease
260 El Camino Real	San Mateo County	Rebarts Interiors	7,000	New Lease
18 Miller Avenue	Marin County	Epicenter Cycling	6,900	New Lease
5800 Northgate Drive (Northgate Mall)	Marin County	Game Master	6,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1000 Van Ness Avenue	San Francisco	SITE Centers Corp / Lakeside Investment Company	122,800	\$28.0M / \$228
350 Bay Street (Northpoint Centre)	San Francisco	Northpoint Investors / Anchor Pacific Capital	87,000	\$18.6M / \$214
80 Cabrillo Hwy N (Strawflower Village)	San Mateo County	SJM Construction / SJ Amoroso Properties	78,900	\$34.0M / \$431
1300 W Texas Street (Country Corner Center)	Solano County	Kenneth W Keeler / Baldev S Turna	24,700	\$3.5M / \$142
1601 Haight Street (Haight Clayton Building)	San Francisco	Baychester Shopping Center Inc / JP Morgan	17,200	\$6.5M / \$377

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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