

ECONOMY: Unemployment Rate Increases

At the close of the first quarter of 2024, the unemployment rate in the East Bay (comprising Alameda and Contra Costa counties) rose 120 basis points (bps) year-over-year (YOY) to 4.2%. However, despite this uptick, the region saw a notable YOY increase of 12,400 jobs, bringing the total regional employment to 1.19 million. Furthermore, the median household income grew by 2.8% YOY to \$130,100 and the population showed moderate growth, with an increase of 0.1% over the same period.

SUPPLY & DEMAND: Vacancy Rate Rises

After a sustained decline in vacancy rates over the past five quarters, the East Bay retail market experienced a correction, closing the first quarter with a vacancy rate of 7.0%. This represented an increase of 60 bps from the 6.4% rate last quarter and a marginal uptick of 10 bps from 6.9% rate a year ago. The increase of retail vacancy rates in the East Bay was primarily attributed to the closures of several major national retailers in the beginning of the year as part of their strategic portfolio decision, including Rite Aid, CVS, Bank of America, Party City, among others.

During the first quarter, the North 80 Corridor experienced the most significant increase in the vacancy rate, surging by 260 bps quarter-over-quarter (QOQ) to 8.8%. This was followed by Highway 4 that recorded a 140-bps increase in vacancy rate to 9.4%. Meanwhile, although Oakland retained the highest vacancy rate in the region, it was the only submarket to witness a decline in vacancy rate during the first quarter, dropping to 9.9% from 10.6% in the last quarter. Consequently, the total net absorption in the East Bay in the first quarter of 2024 was in the red at -294,100 square feet (sf). Contra Costa County contributed the most occupancy loss at -226,500, while Alameda County recorded a negative absorption of -67,600 sf.

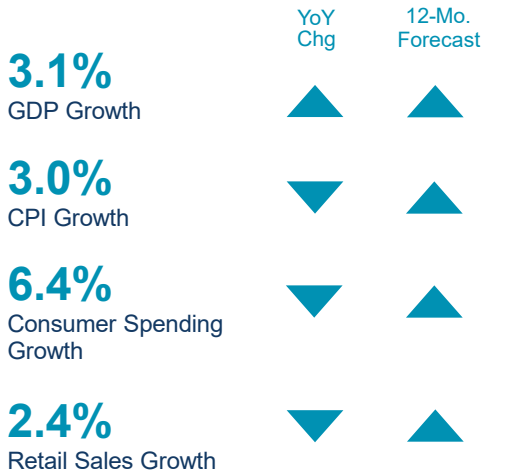
The total retail inventory remained at 52.0 million square feet (msf), leaving 3.6 msf of vacant retail space. Furthermore, there is just a single under-construction retail project – Plaza Gale Ranch Phase IV in San Ramon spanning 125,000 sf.

The largest retail investment activity in the first quarter was the sale of Olympia Place, a 114,700-sf retail center, in Walnut Creek from Kimco JV Prudential RE Investors to Michael T Yang for approximately \$44.5 million. Current tenants in the center include Century Theaters, Planet Fitness, Starbucks and Fleming's Steak House.

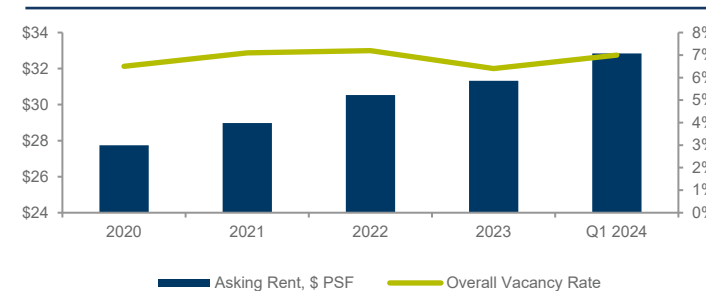
PRICING: Average Asking Rents Increases

Despite the increase in vacancy rate, the East Bay retail market was still able to maintain positive growth in the rental rates. In the first quarter, the average asking rent was recorded at \$32.84 psf on an annual triple net basis, up 4.9% from last quarter's figure and 7.4% from \$30.57 psf rate last year.

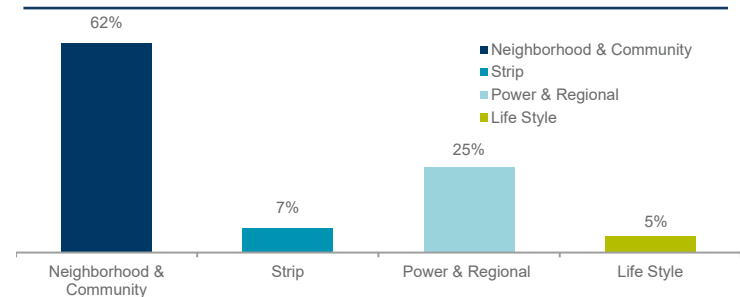
U.S. ECONOMIC INDICATORS Q1 2024



RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



Source: BLS, BOC, Moody's Analytics, Costar, RCA
Q1 2024 data are based on latest available data.
Growth rates are year-over-year.

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)*
Highway 4	8,829,666	28,409	802,144	9.4%	-122,906	-122,906	0	\$27.32
680 Corridor	11,521,686	2,500	826,948	7.2%	4,652	4,652	125,000	\$36.21
North 80 Corridor	4,173,849	85,852	279,954	8.8%	-108,248	-108,248	0	\$28.24
CONTRA COSTA COUNTY TOTALS	24,525,201	116,761	1,909,046	8.3%	-226,502	-226,502	125,000	\$31.81
South 80 Corridor	1,593,816	5,481	23,262	1.8%	355	355	0	\$36.00
Oakland	2,258,904	250	223,162	9.9%	16,053	16,053	0	\$41.28
880 Corridor	15,788,540	34,937	892,210	5.9%	-36,325	-36,325	0	\$31.43
580 Corridor	7,806,951	5,759	428,363	5.6%	-47,667	-47,667	0	\$39.60
ALAMEDA COUNTY TOTALS	27,448,211	46,427	1,566,997	5.9%	-67,584	-67,584	0	\$34.04
EAST BAY TOTALS	51,973,412	163,188	3,476,043	7.0%	-294,086	-294,086	125,000	\$32.84

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
1427 Park Street	Alameda	Magpie and Thorn	8,200	New Lease
15611 Hesperian Boulevard	San Lorenzo	Vista Paints	6,100	New Lease
1300-1328 10 th Street (Gilman Village)	Berkeley	Chase Bank	5,900	New Lease
1243 E 12 th Street	Oakland	Furball Fitness Dog Camp & Daycare	5,000	New Lease
1243 E 12 th Street	Oakland	Double H Glass	4,600	New Lease

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1601-1697 Mount Diablo Boulevard (Olympia Place)	Walnut Creek	Kimco JV Prudential RE Investors / Michael T Yang	114,700	\$44.5M / \$388
3846 Castro Valley Boulevard	Castro Valley	Musue LLC / Liu J Zheng	66,500	\$13.9M / \$209
2453-2489 Discovery Bay Boulevard (Lakeview Business Plaza)	Discovery Bay	Janet Todorovic / Denise Eldam; Joseph Eldam	21,100	\$6.3M / \$297
Golf Club Road	Pleasant Hill	MGP X DVC LLC / Anderson CO LLC	13,100	\$5.8M / \$440
1423-1427 E 14 th Street	San Leandro	John Rassier / Yao Guang Zhang	6,600	\$3.0M / \$447

KEY CONSTRUCTION COMPLETIONS YTD 2024

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

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