MARKETBEAT

SAN FRANCISCO / NORTH BAY METRO

Retail Q1 2024

	YoY Chg	12-Mo. Forecast
$114,800 Median HH Income	▲	▲
-0.4% Population Growth	▼	▲
3.8% Unemployment Rate	▲	▼

U.S.ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
3.1% GDP Growth	▲	▲
3.0% CPI Growth	▼	▲
6.4% Consumer Spending Growth	▼	▲
2.4% Retail Sales Growth	▼	▲

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

ECONOMY: Unemployment Rate Rises

The unemployment rate in the North Bay region, comprising Marin, Napa, Sonoma and Solano counties, increased to 3.8% in the first quarter of 2024 from 3.4% rate a year ago. Additionally, due to numerous tech layoffs since 2023, San Francisco and San Mateo counties also saw upticks in unemployment reaching 3.7% (up from 2.6%) and 3.5% (up from 2.5%), respectively. Despite these increases, however, the median household income in the North Bay continued to improve, reaching $114,800, marking a 3.8% year-over-year (YOY) increase.

SUPPLY & DEMAND: Vacancy Rate Increases

The retail vacancy rate in the San Francisco / North Bay Metro has been trending up for three consecutive quarters. In the first quarter of 2024, it reached 5.6%, up 30 basis points (bps) from 5.3% last quarter and 40 bps from 5.2% rate a year ago. San Francisco County experienced the most significant increase, jumping by 170 bps quarter-over-quarter (QOQ) to 18.0%, largely due to the store closures in the Emporium Centre San Francisco (formerly Westfield San Francisco Centre). Solano County recorded a 50-bps uptick to 6.6% in the first quarter. Meanwhile, San Mateo and Sonoma counties experienced moderate increases of 10-20 bps, reaching 4.7% (up from 4.6%) and 5.0% (up from 4.8%), respectively. On the other hand, the retail vacancy rates in Marin and Napa counties decreased, reaching the lowest rates in the region at 2.9% and 2.7%, respectively.

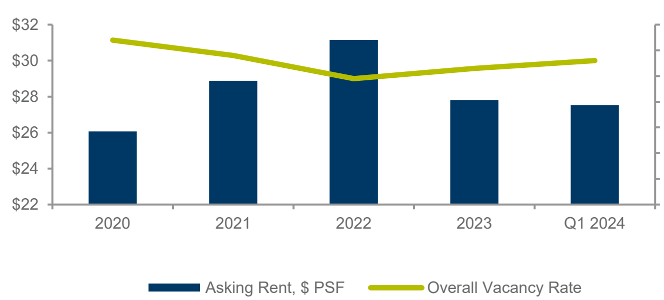
Consequently, the overall net absorption in the region in the first three months of 2024 showed a negative figure of -105,100 square feet (sf). This was primarily driven by Solano and San Francisco counties, which contributed the most occupancy loss at -44,500 sf and -42,900 sf, respectively. Sonoma and San Mateo counties also saw negative net take-up at -25,700 sf and -9,700 sf, respectively. Conversely, Napa and Marin counties recorded occupancy gains in the first quarter at 9,800 sf and 7,800 sf, respectively.

The San Francisco / North Bay Metro retail market is experiencing limited new construction and the overall inventory of retail space remained steady at 39.3 million square feet (msf) in the first quarter of 2024. Vacant space totaled 2.2 msf vacant during this period. There were only 5,500 sf of retail space under construction, primarily from an expansion project at an existing retail center at Dixon in Solano County.

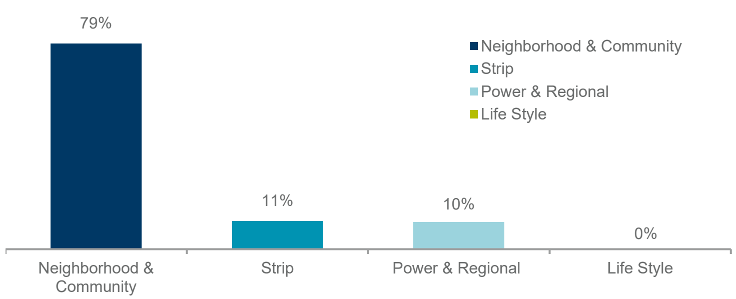
PRICING: Average Asking Rents Decreases

The rise in vacancy rate led to a decrease in average rental rates across the region. In the first quarter of 2024, the average asking rent was recorded at $27.53 per square foot (psf) on an annual triple net basis, down 11.7% from $31.18 psf one year ago.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



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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	5,769,683	12,631	152,900	2.9%	7,850	7,850	0	$39.49
Napa County	2,717,418	1,846	70,308	2.7%	9,818	9,818	0	$39.65
Sonoma County	10,697,075	24,371	511,310	5.0%	-25,664	-25,664	0	$20.06
Solano County	7,982,317	4,660	525,214	6.6%	-44,537	-44,537	5,502	$22.02
San Francisco County	2,402,062	0	433,280	18.0%	-42,856	-42,856	0	$26.67
San Mateo County	9,748,631	30,992	424,754	4.7%	-9,704	-9,704	0	$37.01
SF / NORTH BAY METRO TOTALS	**39,317,186**	**74,500**	**2,117,766**	**5.6%**	**-105,093**	**-105,093**	**5,502**	**$27.53**

**Rental rates reflect NNN asking*

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
2425 Irving Street	San Francisco	25th Irving Market	12,500	New Lease
3030-3038 Mission Street	San Francisco	Casa Guadalupe Supermarket	12,000	Sublease
1819 N Texas Street	Solano County	Food For Less	10,200	New Lease
1111 El Camino Real	San Mateo County	KFC	7,500	New Lease
944 Market Street	San Francisco	ABA Protection	5,600	New Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
2222-2226 Cleveland Avenue	Sonoma County	Duggan Jensen / Todd C Zapolski	50,000	$16.0M / $319
200-290 B Street (Wells Fargo)	Sonoma County	Hoffman Investment Company / Lbjm LLC	48,100	$8.5M / $177
959 El Camino Real	San Mateo County	Bay Properties Inc / Trammell Crow Co (CBRE)	28,300	$19.6M / $692
111 San Anselmo Avenue	Marin County	Harrigan Weidenmuller / Spirit Living Group	23,200	$4.0M / $172
1972 N Texas Street (Midfair Plaza Shopping Center)	Solano County	John P Garben Trust / Algadi A LLC	18,000	$4.1M / $228

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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