

Retail Q2 2024

	YoY Chg	12-Mo. Forecast
\$116,000 Median HH Income	▲	▲
-0.4% Population Growth	▼	▲
4.5% Unemployment Rate	▲	▼

U.S. ECONOMIC INDICATORS
Q2 2024

	YoY Chg	12-Mo. Forecast
2.9% GDP Growth	▲	▲
3.4% CPI Growth	▼	▲
6.9% Consumer Spending Growth	▼	▲
3.1% Retail Sales Growth	▲	▲

Source: BLS, BOC, Moody's Analytics, Costar, RCA
Q2 2024 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, experienced a 90 basis points (bps) year-over-year (YOY) increase in unemployment, bringing the current rate to 4.5%. Furthermore, as the technology companies continued to adjust their workforce, San Francisco and San Mateo counties also saw increases in unemployment rates, reaching 3.8% (up from 2.9%) and 3.7% (up from 2.8%), respectively. Despite these rises, the unemployment rate in San Mateo, San Francisco and Marin counties remained the lowest in the State of California. Moreover, median household income in the North Bay also continued to grow at a 3.4% rate YOY, reaching an estimated \$116,000 at the end of the second quarter.

SUPPLY & DEMAND: Vacancy Rate Increases

The vacancy rate of the San Francisco/North Bay Metro retail market continued to trend higher, reaching 5.6% in the second quarter, up 10 bps from last quarter and 60 bps from a year ago. San Francisco County experienced the most significant increase, jumping by 280 bps quarter-over-quarter (QOQ) to 20.9%, mainly due to high vacancy in the Emporium Centre San Francisco. Meanwhile, Marin and Napa counties maintained the lowest vacancy rates in the region at 2.7% and 2.8%, respectively.

Net absorption for the second quarter was in the red at -39,900 square feet (sf). San Francisco County contributed the most occupancy loss at -64,600 sf. Conversely, Solano and Marin counties recorded positive net absorption in the second quarter at 38,200 sf and 7,300 sf, respectively.

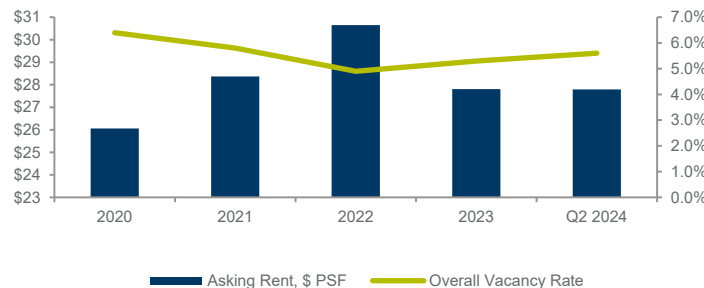
There have been no new retail completions in the region over the past three years and only 5,500 sf of retail space is currently under-construction. The total inventory has remained at 39.2 million square feet (msf), with approximately 2.2 msf of vacant retail space in the second quarter of 2024.

According to Real Capital Analytics, 217,200 sf of retail space across eleven retail properties changed ownership in the second quarter with the total investment sales of \$97.8 million. The largest retail investment transaction in the region was the acquisition of the 98,400-sf retail space in Oceanview Village Shopping Center in San Francisco by its tenant, H Mart, for \$37.1 million.

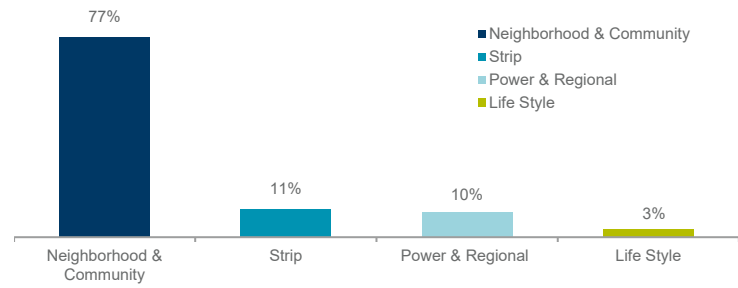
PRICING: Average Asking Rents Slightly Increases

The average asking rent was recorded at \$27.79 per square foot (psf) on an annual triple net basis in the second quarter, up 0.9% from last quarter's figure, but still 8.4% below the \$30.33 psf rate 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	5,769,683	6,700	151,530	2.7%	7,301	15,151	0	\$37.30
Napa County	2,717,418	0	74,745	2.8%	-2,591	7,227	0	\$42.12
Sonoma County	10,686,733	29,656	516,644	5.1%	-12,157	-37,821	0	\$20.33
Solano County	7,965,624	4,660	487,047	6.2%	38,167	-6,370	5,502	\$22.37
San Francisco County	2,330,062	0	486,639	20.9%	-64,554	-107,410	0	\$25.43
San Mateo County	9,715,109	30,992	417,754	4.6%	-6,050	-17,754	0	\$37.01
SF / NORTH BAY METRO TOTALS	39,184,629	72,008	2,134,359	5.6%	-39,884	-146,977	5,502	\$27.79

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
3-127 Serramonte Center (Serramonte Center)	Daly City	Jagalchi Market	75,000	New Lease
601 Beck Avenue	Fairfield	Thrifty Bargain	22,200	New Lease
2107-2125 Broadway Street (On Broadway)	Redwood City	Domino Hoskins Black History Museum	18,000	New Lease
245 Utah Avenue	South San Francisco	Moulin Boulangerie	17,700	New Lease
415-425 Rohnert Park Expy Way (Target Center)	Rohnert Park	Dollar Tree	16,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
3995 Alemany Blvd (OceanView Village)	San Francisco	Broe RE Group JV Citivest / H Mart	98,400	\$37.1M / \$377
2145 Market Street	San Francisco	Richard & Janet Lyons / Pacific Castle Props	29,400	\$9.4M / \$318
532-536 Sutter Street	San Francisco	Greenhood Investment Company / Wilshire Quinn Capital	17,200	\$6.8M / \$395
6283 Commerce Boulevard	Sonoma County	Foxco LP / Kimberly R McMahon	13,600	\$4.5M / \$332
105 & 115 East Dorset Drive	Solano County	Anil Lal; Suman Lan / N/A	13,100	\$3.7M / \$278

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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