

## MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
<b>163,500</b> Median HH Income	▲	▲
<b>0.6%</b> Population Growth	▲	▲
<b>4.0%</b> Unemployment Rate	▲	▼

## ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
<b>2.4%</b> GDP Growth	▼	▲
<b>7.0%</b> Consumer Spending Growth	—	▲
<b>1.7%</b> Retail Sales Growth	▼	▲

Source: BLS, BOC, Moody's Analytics.  
Q3 2024 data are based on latest available data.  
Growth rates are year-over-year.

## ECONOMY: HIGH MEDIAN HOUSEHOLD INCOME

Silicon Valley's unemployment rate rose by 20 basis points (bps) year-over-year (YOY), reaching 4.0% in the third quarter of 2024. Despite this uptick, the region continued to lead the nation in median household income, tied with San Francisco, at approximately \$163,500, a 3.6% increase from the prior year.

## SUPPLY & DEMAND: POSITIVE NET ABSORPTION

The Silicon Valley retail market finished the third quarter of 2024 with a 5.0% vacancy rate. It was 50 bps lower than the 5.5% rates, both in the previous quarter and one year ago. The vacancy rates in the region ranged from 3.0% in Sunnyvale/Cupertino to 6.0% in Morgan Hill/Gilroy.

All submarkets in Silicon Valley recorded positive net absorption in the third quarter, which brought the total figure to 187,200 square feet (sf). San Jose/Campbell/Los Gatos recorded the most occupancy gain at 112,000 sf, bringing the vacancy rate in this submarket down from 6.3% last quarter to 5.8%. This was followed by Palo Alto/ Mountain View/Los Altos and Sunnyvale/Cupertino with 36,900 sf and 24,500 sf of net absorption in the third quarter, respectively.

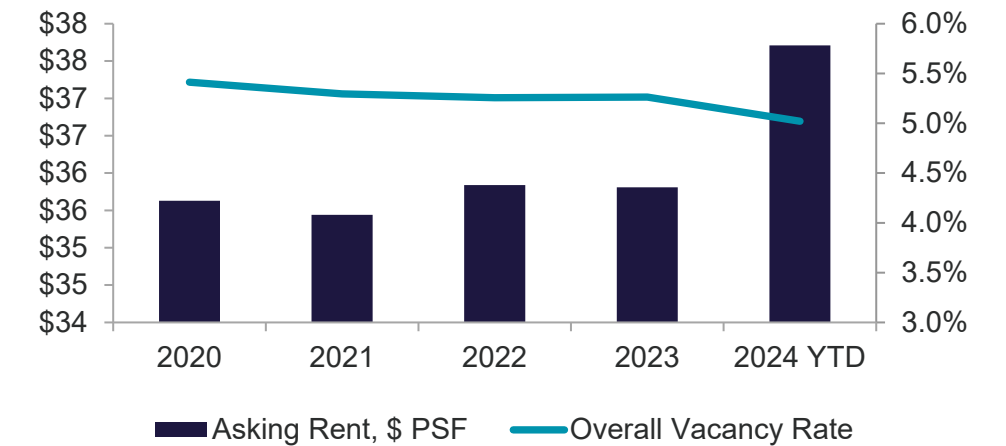
Additional retail space came from the completion of three retail buildings, totaling 16,000 sf, in Evergreen Circle - a mixed-use project in San Jose. With these additions, the total shopping center inventory in Silicon Valley was 37.6 million square feet (msf), leaving approximately 1.9 msf of vacant retail space in the third quarter.

One significant shopping center transaction was the sale of The Plant, a 367,900-sf power center in San Jose. Milan Capital Management and Arc Capital Partners acquired the property for \$95 million. This shopping center features major tenants like Target, Home Depot, Best Buy, Ulta Beauty, Ross Dress for Less, among others.

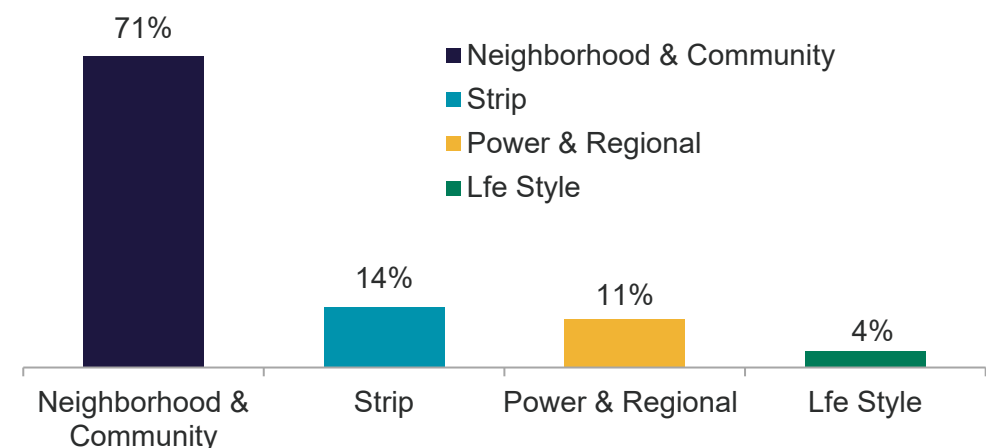
## PRICING: AVERAGE RENTAL RATE INCREASES

The rental rates in the Silicon Valley retail market continued to rise, primarily driven by limited new construction. In the third quarter of 2024, the average asking rent was \$37.71 per square foot (psf) on an annual triple net basis, a 4.6% increase YOY.

## OVERALL VACANCY & ASKING RENT



## AVAILABILITY BY PRODUCT TYPE



Source: Costar

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
San Jose (DT/South)/Campbell/Los Gatos	18,566,883	90,691	984,724	5.8%	112,025	38,445	166,058	\$37.19
Sunnyvale/Cupertino	4,784,830	500	142,474	3.0%	24,495	37,309	0	\$42.03
Santa Clara	2,540,133	2,300	105,222	4.2%	2,713	34,764	0	\$36.86
Palo Alto/Mountain View/Los Altos	2,557,949	0	94,276	3.7%	36,874	47,805	0	\$51.77
Milpitas/North San Jose	5,124,271	1,421	224,978	4.4%	7,868	18,797	0	\$37.56
Morgan Hill/Gilroy	3,978,056	0	238,628	6.0%	3,197	-70,746	0	\$29.04
<b>SILICON VALLEY TOTALS</b>	<b>37,552,122</b>	<b>94,912</b>	<b>1,790,302</b>	<b>5.0%</b>	<b>187,172</b>	<b>106,374</b>	<b>166,058</b>	<b>\$37.71</b>

\*Rental rates reflect Triple Net asking \$PSF/Year

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
14800 Camden Avenue (Cambrian Park Plaza)	San Jose	Claudio Franca Brazilian Jiu Jitsu	18,000	New Lease
3171 Meridian Avenue (Hacienda Gardens)	San Jose	Sky Zone	17,300	New Lease
1615 Meridian Avenue (Village Square)	San Jose	Trudys Brides & Special Occasion	14,300	New Lease
16100 Los Gatos Boulevard (Kings Court)	Los Gatos	Wells Fargo	5,700	Renewal*
169-189 W Santa Clara Street	San Jose	The Pressroom	5,500	New Lease

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1 Curtner Avenue (The Plant)	San Jose	Global Net Lease / Milan Cap Management JV Arc Capital Partners	367,900	\$95M / \$258
1905 Latham Street	Mountain View	Martha Rosenberg / Shak Properties LLC	8,600	\$3.8M / \$441
1728 Hostetter Road	San Jose	GPR Ventures / Kha Le; Mai Huong Thi Tran	7,200	\$4.0M / \$556
1336 N. First Street 1330	San Jose	Insurance VU L Trust / Hai N Truong	6,000	\$3.0M / \$500
1105 West San Carlos Street	San Jose	AIM ONE / Eric Engstrom	3,700	\$3.8M / \$1,026

KEY CONSTRUCTION COMPLETIONS YTD 2024

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

Source: Costar, RCA

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