



Valbridge
PROPERTY ADVISORS



QUARTERLY MARKET UPDATE

NORTHERN CALIFORNIA Q1-2023

This newsletter is designed to be an easily digestible tool for you to get a quick picture of the Northern California commercial real estate markets in the last quarter. Some figures are interpolated and estimated due to variances between the information sources.

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Commercial Markets

RETAIL (ALL)

Retail Snapshot							
Market	Inventory (SF)	Market Rent (SF/Mo)	Market Rent Growth Rate (12 Mo.)	Vacancy Rate	Market Sale Price per SF	Market Cap Rate	12 Mo. Net Absorption (SF)
Silicon Valley	70,900,000	\$3.07	2.9%	4.3%	\$561	5.0%	127,377
Peninsula	29,400,000	\$3.15	-0.9%	5.1%	\$567	4.4%	211,000
San Francisco	51,100,000	\$3.81	-1.5%	5.9%	\$654	4.5%	-118,000
East Bay *	124,000,000	\$2.69	0.2%	5.2%	\$349	5.3%	-281,000
Sacramento **	80,700,000	\$1.85	1.9%	6.6%	\$237	6.2%	-251,000

Source: CoStar Group and Valbridge Property Advisors

* East Bay includes Alameda and Contra Costa Counties

** Sacramento includes Sacramento and Yolo Counties

OFFICE (CLASS A & B)

Office Snapshot							
Market	Inventory (SF)	Market Rent (SF/Mo)	Market Rent Growth Rate (12 Mo.)	Vacancy Rate	Market Sale Price per SF	Market Cap Rate	12 Mo. Net Absorption (SF)
Silicon Valley	120,000,000	\$5.30	-2.1%	13.8%	\$736	5.1%	2,100,000
Peninsula	50,800,000	\$5.45	-1.3%	12.0%	\$744	4.7%	60,300
San Francisco	115,000,000	\$4.98	-1.9%	21.9%	\$776	4.9%	-5,500,000
East Bay *	89,800,000	\$3.39	0.6%	15.5%	\$358	5.9%	-1,600,000
Sacramento **	65,700,000	\$2.45	1.1%	12.7%	\$233	7.4%	-747,000

Source: CoStar Group and Valbridge Property Advisors

* East Bay includes Alameda and Contra Costa Counties

** Sacramento includes Sacramento and Yolo Counties

INDUSTRIAL (ALL)

Industrial Snapshot							
Market	Inventory (SF)	Market Rent (SF/Mo)	Market Rent Growth Rate (12 Mo.)	Vacancy Rate	Market Sale Price per SF	Market Cap Rate	12 Mo. Net Absorption (SF)
Silicon Valley	80,800,000	\$1.69	5.6%	2.7%	\$402	4.6%	-143,000
Peninsula	46,900,000	\$1.73	5.9%	3.8%	\$410	4.6%	427,000
San Francisco	26,900,000	\$2.02	6.1%	6.1%	\$501	4.2%	-490,000
East Bay *	218,000,000	\$1.29	7.3%	3.6%	\$301	4.4%	3,300,000
Sacramento **	145,000,000	\$0.84	7.4%	4.6%	\$153	5.9%	2,300,000

Source: CoStar Group and Valbridge Property Advisors

* East Bay includes Alameda and Contra Costa Counties

** Sacramento includes Sacramento and Yolo Counties



MULTI-FAMILY (ALL)

Multi-Family Snapshot							
Market	Inventory (Units)	Market Rent (Unit)	Market Rent Growth Rate (12 Mo.)	Vacancy Rate	Market Sale Price per Unit	Market Cap Rate	12 Mo. Net Absorption (# Units)
Silicon Valley	206,832	\$2,715	2.8%	5.0%	\$560,000	3.6%	1,632
Peninsula	76,047	\$2,805	1.2%	5.6%	\$636,000	3.5%	506
San Francisco	158,964	\$2,876	-0.5%	7.2%	\$668,000	3.6%	1,350
East Bay *	259,966	\$2,214	0.6%	6.7%	\$425,000	4.1%	801
Sacramento **	165,404	\$1,603	0.9%	6.3%	\$250,000	4.3%	-748

Source: CoStar Group and Valbridge Property Advisors

* East Bay includes Alameda and Contra Costa Counties

** Sacramento includes Sacramento and Yolo Counties

UNEMPLOYMENT & LENDING RATES

Unemployment	Feb '23	Jan '23	Feb '22
San Jose MSA	3.2%	3.1%	3.3%
San Francisco MSA *	2.8%	2.7%	3.0%
Oakland MSA **	3.8%	3.7%	4.0%
Sacramento MSA ***	4.3%	4.3%	4.5%
California (Statewide)	4.3%	4.8%	5.0%
United States (Nationwide)	3.6%	3.4%	3.8%

Rates	Mar '23	Feb '23	Mar '22
15-Year Fixed	5.56%	5.76%	3.83%
30-Year Fixed	6.32%	6.50%	4.67%
10-Year Treasury	3.48%	3.97%	2.39%

* San Francisco MSA includes San Francisco and San Mateo Counties

** Oakland MSA includes Alameda and Contra Costa Counties

*** Sacramento MSA includes El Dorado, Placer, Sacramento, and Yolo Counties

CAP RATES – NATIONAL

According to the Real Estate Research Corporation (RERC) “Real Estate Report” and the PwC “Real Estate Investor Survey,” these are the respective Cap Rates nationally.

National Rates Property	Low	High	Average	12 Month Change (Basis Points)
Apartment	3.50%	8.00%	5.01%	+61
Warehouse	3.00%	7.00%	4.82%	+60
CBD Office	4.25%	7.50%	5.78%	+14
Suburban Office	4.65%	8.00%	6.24%	+11
Regional Mall	5.00%	12.50%	7.28%	+5
Power Center	5.25%	7.50%	6.48%	-5
Strip Center	5.00%	10.00%	7.23%	+8



Valbridge Property Advisors is North America's largest independent provider of commercial real estate appraisal and advisory services. Our 80+ offices nationwide are each led by professionals with the MAI designation. Valbridge Property advisors provides its clients with national coverage and local expertise.

Valbridge Property Advisors | Northern California has provided professional appraisal services to the region since 1976. Collectively, our team has appraised over \$300 billion in real estate. Our team holds offices in San Jose, San Ramon, and Sacramento. Valbridge Property Advisors appraises all commercial asset classes, including special purpose and fractional interests. We also provide specialty services such as litigation support, tax appeal, market studies, feasibility studies, and eminent domain appraisals.

COMPREHENSIVE VALUATION AND ADVISORY SERVICES

- Office Buildings
- Industrial Buildings
- Retail Buildings
- Apartments, Multi-Family, Senior Living Buildings
- Hotel, Lodging, Hospitality, Recreational Buildings
- Special Purpose Buildings
- Land Properties
- Open Space/Conservation Easements

SPECIALTY SERVICES

- Business and Partnership Valuation and Advisory Services
- Litigation Support, including Expert Witness Testimony
- Valuations for Right-of-Way, Eminent Domain, Easements
- Property Tax Assessment Review, Property Tax Appeals
- Real Estate Market and Feasibility Analysis, including Rent Demand Studies
- Site Analysis and Selection
- Property and Lease Comparables, including Lease Review
- Due Diligence
- REO and Foreclosure
- Valuation of Property for Financial Reporting, including Good Impairment, Impairment or Disposal of Long-Lived Assets, Fair Value and Leasehold Valuation
- Valuation for Insurance, Estate Planning and Trusteeship, including Fractional Interest Valuation for Gifting and IRS Purposes