



Valbridge
PROPERTY ADVISORS



QUARTERLY MARKET UPDATE

NORTHERN CALIFORNIA Q3 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	71,000,000	\$3.50	-1.4%	4.4%	\$544	5.1%	117,000
Peninsula	31,800,000	\$3.22	0.9%	4.4%	\$580	4.4%	126,000
San Francisco	51,300,000	\$3.86	0.2%	6.6%	\$644	4.7%	-418,000
East Bay	125,000,000	\$2.67	-2.5%	5.5%	\$342	5.5%	105,000
Sacramento	72,000,000	\$1.88	2.2%	6.7%	\$243	6.2%	-50,400

Source: CoStar Group and Valbridge Property Advisors

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	112,000,000	\$5.00	-2.4%	15.4%	\$632	5.9%	-887,000
Peninsula	50,600,000	\$5.23	-2.7%	14.2%	\$645	5.5%	-1,500,000
San Francisco	116,000,000	\$4.56	-3.3%	24.7%	\$632	5.9%	-7,600,000
East Bay	90,100,000	\$3.29	-1.8%	16.5%	\$314	6.8%	-2,200,000
Sacramento	62,300,000	\$2.42	-0.4%	13.0%	\$210	8.5%	-662,000

Source: CoStar Group and Valbridge Property Advisors

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	39,400,000	\$1.65	4.1%	2.7%	\$359	5.4%	172,000
Peninsula	40,300,000	\$1.75	3.9%	4.4%	\$356	5.6%	-358,000
San Francisco	26,700,000	\$2.04	4.2%	5.9%	\$403	5.3%	-144,000
East Bay	221,000,000	\$1.23	0.7%	4.4%	\$260	5.3%	531,000
Sacramento	105,000,000	\$0.89	6.5%	4.2%	\$144	7.0%	963,000

Source: CoStar Group and Valbridge Property Advisors

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	211,234	\$2,723	-0.6%	5.0%	\$471,000	4.2%	2,355
Peninsula	77,402	\$2,833	0.4%	5.5%	\$558,000	3.8%	481
San Francisco	160,167	\$2,868	-1.3%	6.1%	\$578,000	4.1%	2,421
East Bay	262,968	\$2,219	-0.7%	6.4%	\$373,000	4.7%	2,385
Sacramento	146,318	\$1,605	0.2%	6.4%	\$222,000	4.9%	1,019

Source: CoStar Group and Valbridge Property Advisors

UNEMPLOYMENT & LENDING RATES

Unemployment	Aug '23	Jul '23	Aug '22
San Jose MSA	3.9%	3.6%	2.7%
San Francisco MSA *	3.5%	3.2%	2.5%
Oakland MSA **	4.5%	4.2%	3.4%
Sacramento MSA ***	4.5%	4.2%	3.7%
California (Statewide)	4.6%	4.6%	3.8%
United States (Nationwide)	3.8%	3.5%	3.7%

Rates	Aug '23	Jul '23	Aug '22
15-Year Fixed	6.55%	6.11%	4.98%
30-Year Fixed	7.18%	6.81%	5.66%
10-Year Treasury	5.39%	5.39%	3.50%

* 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	3.75%	8.00%	5.28%	+53
Warehouse	3.50%	6.50%	4.97%	+68
CBD Office	4.25%	8.50%	6.19%	+49
Suburban Office	5.00%	8.00%	6.54%	+57
Regional Mall	5.00%	14.00%	7.60%	+37
Power Center	5.50%	7.50%	6.47%	+4
Strip Center	5.00%	10.00%	7.16%	+2



Valbridge Property Advisors is North America's largest independent provider of commercial real estate appraisal and advisory services. Our 70+ 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

SPECIALTY SERVICES

- Business and Partnership Valuation and Advisory Services
- Litigation Support, including Expert Witness Testimony
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- 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