

San Francisco 4Q14 Retail Report

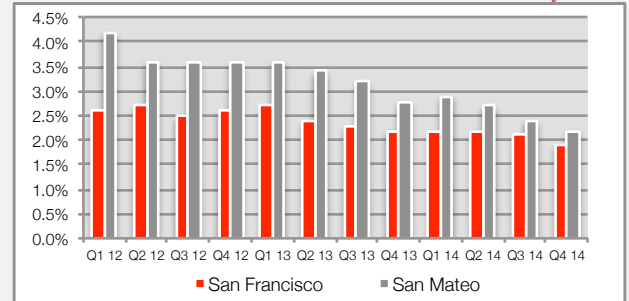


Unemployment in the San Francisco county market dropped from 5.4% to 4.7% and unemployment in the San Mateo county market dropped from 5.1% to 4.4%. With an increase of 21,000 jobs, the employment increased from 854,000 to 882,000, compared to the fourth quarter of 2013. The San Francisco market had an unemployment rate of 4.4% in the fourth quarter, which is 140 basis points lower than the national unemployment rate. The San Mateo market had unemployment rate of 4.1% in the fourth quarter, which is 170 basis points lower than the national unemployment rate.

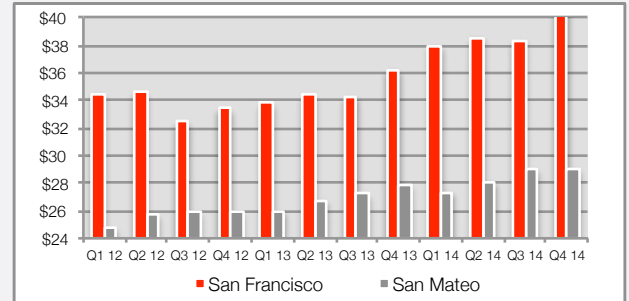
Since the fourth quarter of 2013, quoted rates have increased by 7.43%. Average quoted rates were \$34.11 in the fourth quarter of 2014. With the rise in quoted rates, the vacancy rate for San Francisco and San Mateo has declined 30 basis points since last year, retail vacancy was 2.1% in the fourth quarter of 2014. Since the fourth quarter of 2013, multiple tenancy retail vacancy has declined to 2.5%, this was a 120 basis point decrease.

In the fourth quarter, we want to highlight three major retail sales in the market. TIAA-CREF purchased 856 Market St. for \$23,500,000. Gaetani purchased 2201 Junipero Serra Blvd. for \$13,050,000 from SPI Holdings. Richard Sanders purchased 364-368 Bush St. for \$5,900,000 from Nicolas Toussaint. 856 Market St. was fully leased to Puma; Puma is responsible for all property expenses, property taxes and insurance.

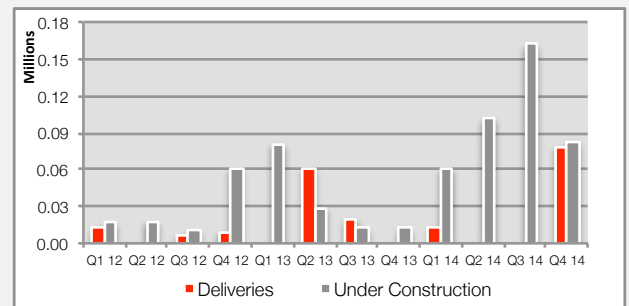
Vacancy Rates



Quoted Rates



New Construction



Trends for 4Q14

▲
NET ABSORPTION

▼
VACANCY RATE

▼
CONSTRUCTION

▲
QUOTED RATES

San Francisco 4Q14

Retail Report

Market Overview:

SUBMARKET	# OF BLDGS	TOTAL RBA (SF)	VACANCY (%)	QUOTED RATES (\$/SF/YR)	NET ABSORPTION (SF)	DELIVERIES (SF)	UNDER CONST.
San Mateo Central	841	8,116,992	1.17%	\$29.91	69,987	-	-
San Mateo North	1241	12,572,805	3.58%	\$23.15	153,325	80,217	6,600
San Mateo South	1118	8,170,363	1.50%	\$34.38	41,770	11,142	47,152
San Mateo West	156	1,884,401	1.36%	\$27.68	(3,762)	-	-
SF Downtown Core	92	865,548	6.97%	\$61.32	(17,536)	-	-
SF Downtown North	282	2,891,374	5.92%	\$40.68	15,293	-	-
SF Downtown South	302	3,650,242	1.08%	\$46.54	37,801	-	-
SF Downtown West	1110	12,956,853	2.11%	\$37.64	82,648	-	-
SF Outer Areas	4761	26,622,029	1.33%	\$40.71	14,470	-	29,883
SF Southeast	524	3,607,260	2.09%	\$24.05	(36,789)	-	-

Significant San Francisco County Sales Transactions:

Buyer	Address	Price	Submarket
TIAA-CREF	856 Market St	\$23,500,000	Union Square
Richard Saunders	364-368 Bush St	\$5,900,000	Financial District
Mosser Companies	2356-2360 Van Ness Ave	\$5,400,000	Van Ness Corridor
AA Meat Products Corp	1019-1029 Grant Ave	\$5,000,000	Chinatown/Nob Hill
Wing C & Sioe D Cheung	3000-3010 24th St	\$4,700,000	Potrero West of 101 Fwy
Tj Development Inc	1607-1623 Ocean Ave	\$4,300,000	Southern City
Leslie A Natali	4125-4131 18th St	\$3,500,000	Southern City

Significant San Mateo County Sales Transactions:

Buyer	Address	Price	City
Gaetani Realty	2201 Junipero Serra Blvd	\$13,050,000	Daly City
-	333 Lorton Ave	\$3,700,000	Burlingame
GFL Group, Inc.	932 El Camino Real	\$2,400,000	South San Francisco
Jad F & Nawal Jajeh	221 Airport Blvd	\$2,025,000	South San Francisco
-	2501-2511 Geneva Ave	\$1,100,000	Daly City
Abdellatif Ahmed	107-109 Visitacion Ave	\$930,000	Brisbane

4Q'14

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NAINorthern California

101 California Suite 1050
San Francisco, CA USA 94111
+1 415 481 0984

For inquiries about joining our team contact VP of Sales & Recruiting Scott Przybyla.

James Kilpatrick
President
BRE Lic No: 01277022
(415) 449-8784

Scott Przybyla
VP of Sales & Recruiting
(510) 336-4711

Mary Alam
Broker Associate
BRE Lic No: 01927340
(415) 358-2111

Jake Delgadillo
Senior Researcher
(510) 336-4716