

EAST BAY RETAIL

WHAT'S HAPPENING ON OUR STREETS

WALNUT CREEK

BERKELEY

OAKLAND

ALAMEDA

SAN FRANCISCO

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2023 IN REVIEW

MARKET OBSERVATIONS

PHYSICAL DAYTIME POPULATION

Continued slow return to office steers tenants away from CBD districts. Downtowns are seeing 30-35% occupancy.

EXPENSE SENSITIVITY

Tenants have more awareness than ever of capital and occupancy costs. There is a quicker return on capital and positive cash flow.

COLD FEET

Uncertainty in the market has lead to tenant hesitation and terminating negotiations far into the leasing cycle.

LEASING IS KING

Due to the cost of capital and lack of availability, we have seen a severe reduction in sales. Due to increase cap rates (decreased valuation), sellers are holding property.

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WHAT CAN WE DO?

WAYS TO SUPPORT LEASING EFFORTS

SECURITY FROM START TO FINISH

WHEN TOURING

- Provide security for Brokers and Tenants. Provide secure parking where possible.
- Path of travel should be clean & clear, perception of safety.
- Storefront and ground floor exterior should be free of debris, graffiti, damage and clean
- Management should assure building/space is secure prior to tour

PREPARE SPACE FOR LEASING

- Clear of all debris and dirt
- Clean space and windows
- Have all information regarding space available: utilities, plans, path of travel, venting, ADA compliance
- Prepare information regarding required upgrades to bring space to code, if appropriate do work
- Have architect/contractor available to answer questions

ECONOMIC FLEXIBILITY/UNDERSTANDING

- Is space an amenity to the remainder of the building. If so, flexible terms and increased TIA to secure desired Tenant
- Look at some work as base building work vs TIA where appropriate
- Incentivize Brokers with a flat rate fee where rent is minimal or percentage rent only
- Tenants have choices. Typically, not only in space, but also in city/state/location
- Understand if cost to buildout will be justified economically by rent. If not, should space be banked, or should loss be looked at as amenity cost? Look at impact on valuation.

ACTIVITY

TENANT TYPES

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LOCAL

REGIONAL

NATIONAL

ACTIVE & OPPORTUNISTIC

MINIMAL ACTIVITY
IMPACTED BY COST OF CAPITAL

CAUTIOUS EXPANSION
START & STOP



RETAIL OUTLOOK

A TALE OF TWO MARKETS

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CENTRAL BUSINESS DISTRICTS

- Will enough people return to work to support retail?
- Ending the “Doom Loop”

VS.

NEIGHBORHOOD SHOPPING DISTRICTS

- Relatively healthy, stable
- Price adjustment in rent or in LL contribution



THANK YOU