
2Q24

Marin County Office Market Overview



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Market Observations

Economy

- Office-using employment continues to experience negative growth, largely due to hybrid work and downsizing of companies.
- Marin County’s unemployment rate decreased by 100 basis points between February and May of 2024, and is 100 basis points below the United States unemployment rate and 220 basis points below California’s unemployment rate of 5.2%.
- Other services and government experienced the largest year over year growth. None of the office using sectors experienced year over year growth.

Major Transactions

- The largest lease signed in the second quarter of 2024 was Marin Health, renewing and expanding to 72,888 square feet at 75 Rowland Way in Northern San Rafael.
- Golden Gate Regional Center expanded to 25,274 square feet at 4000 Civic Center Drive in Northern San Rafael.
- Wells Fargo extended their 12,584 square foot lease at 770 Tamalpais Drive in Corte Madera.

Leasing Market Fundamentals

- Net absorption was positive 35,886 square feet for the second quarter of 2024. A large amount can be attributed to Golden Gate Regional Center expanding their footprint by 16,000 square feet.
- Asking rates across Marin County in 2024 have slightly dropped by 10 basis points, and over the remaining half of 2024 are not expected to change.
- Tenants are expected to continue being drawn to well improved high-end buildings.
- Hybrid work trends continue to inspire downsizing into quality buildings, allowing employers to better incentivize workers to return to the office.

Outlook

- The Marin County office market is fairing well when compared to nearby urban metros such as San Francisco, which posted an office vacancy rate of 30.0% in the second quarter of 2024.
- Companies exiting and downsizing out of larger metro areas are expected to result in a decrease in vacancy across Marin County throughout 2024.
- With a number of Marin County office buildings scheduled to be converted to housing as well as new housing developments, it is expected in years to come that there could be a lack of supply for the demand of office space.

1. Economy
2. Leasing Market Fundamentals
3. Appendix / Tables

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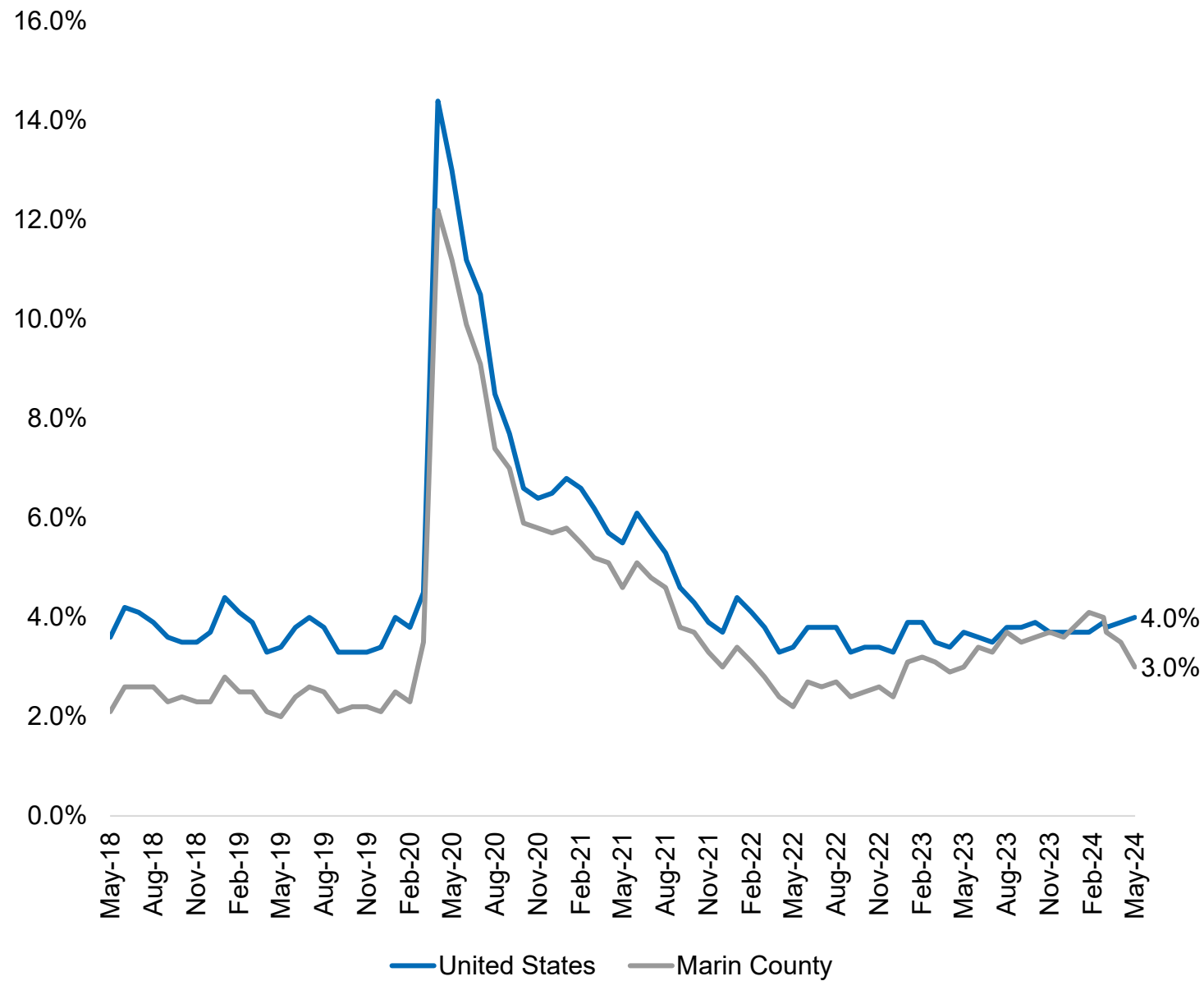
Economy



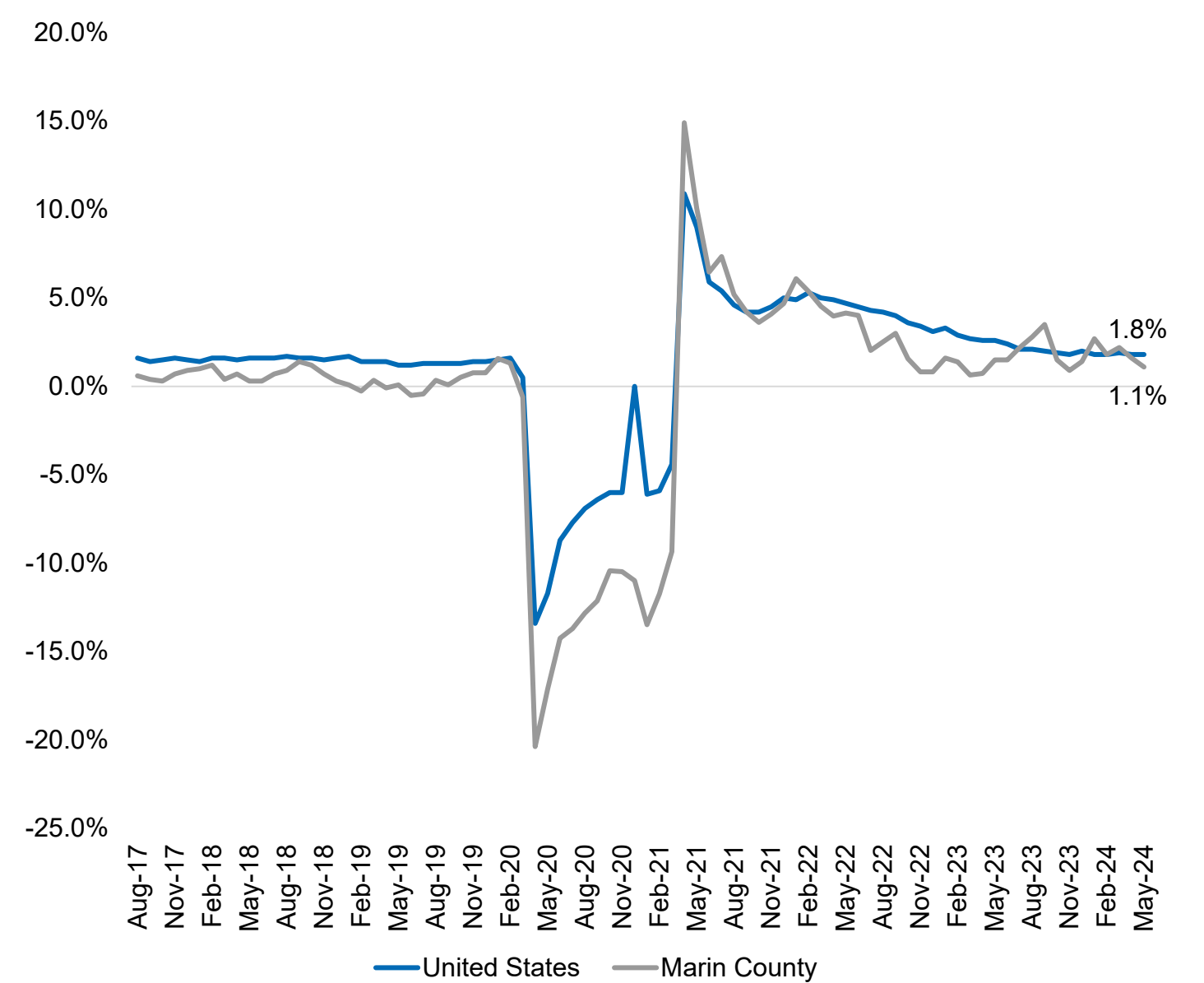
Metro Employment Increase

Marin County's unemployment rate decreased by 100 basis points between February and May of 2024. As of the end of May, Marin County's unemployment rate was 10 basis points lower than it was in May of 2023. At 3.0%, the unemployment rate in Marin County is 100 basis points below the national rate.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

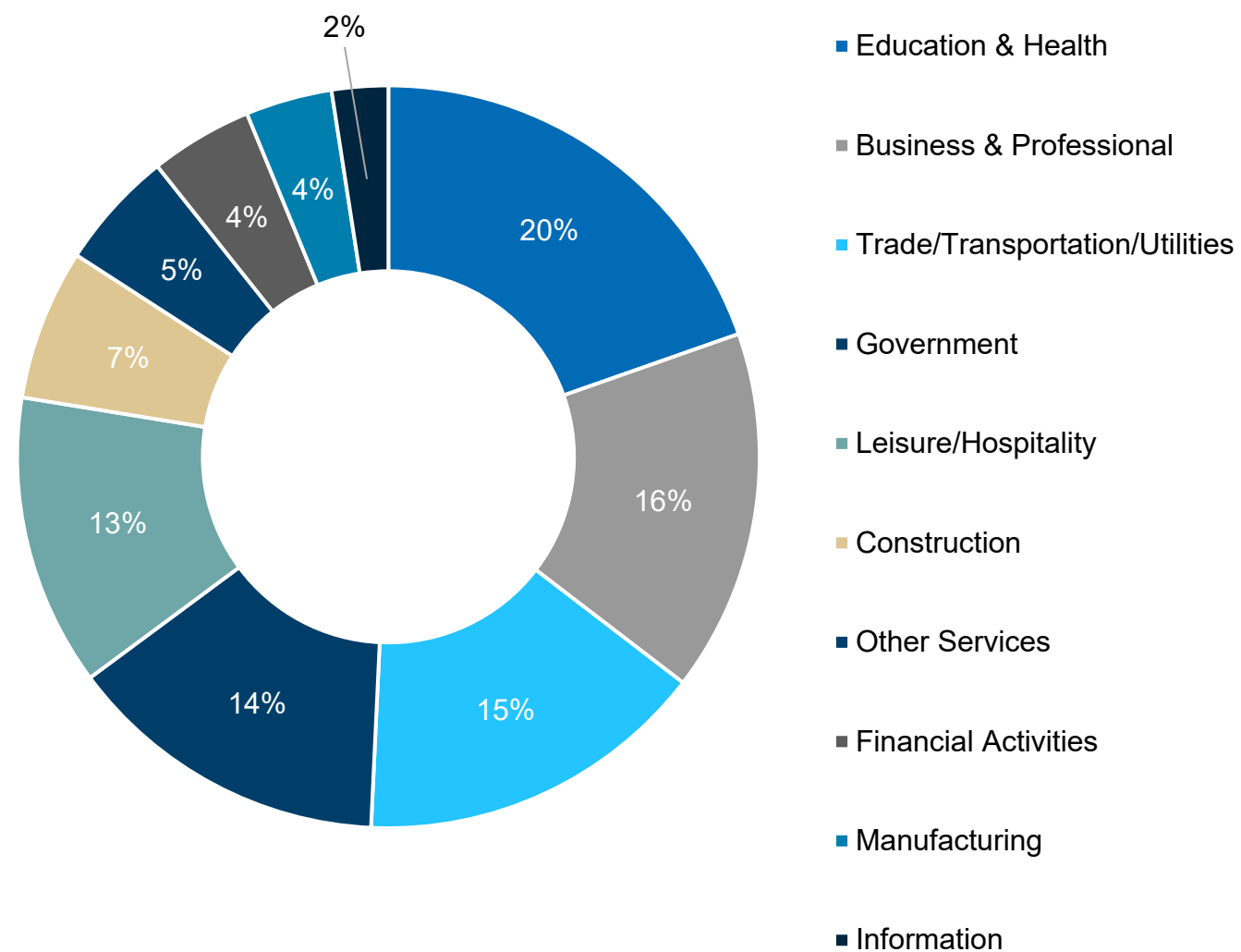


Source: U.S. Bureau of Labor Statistics, San Rafael (comprised of Marin County)

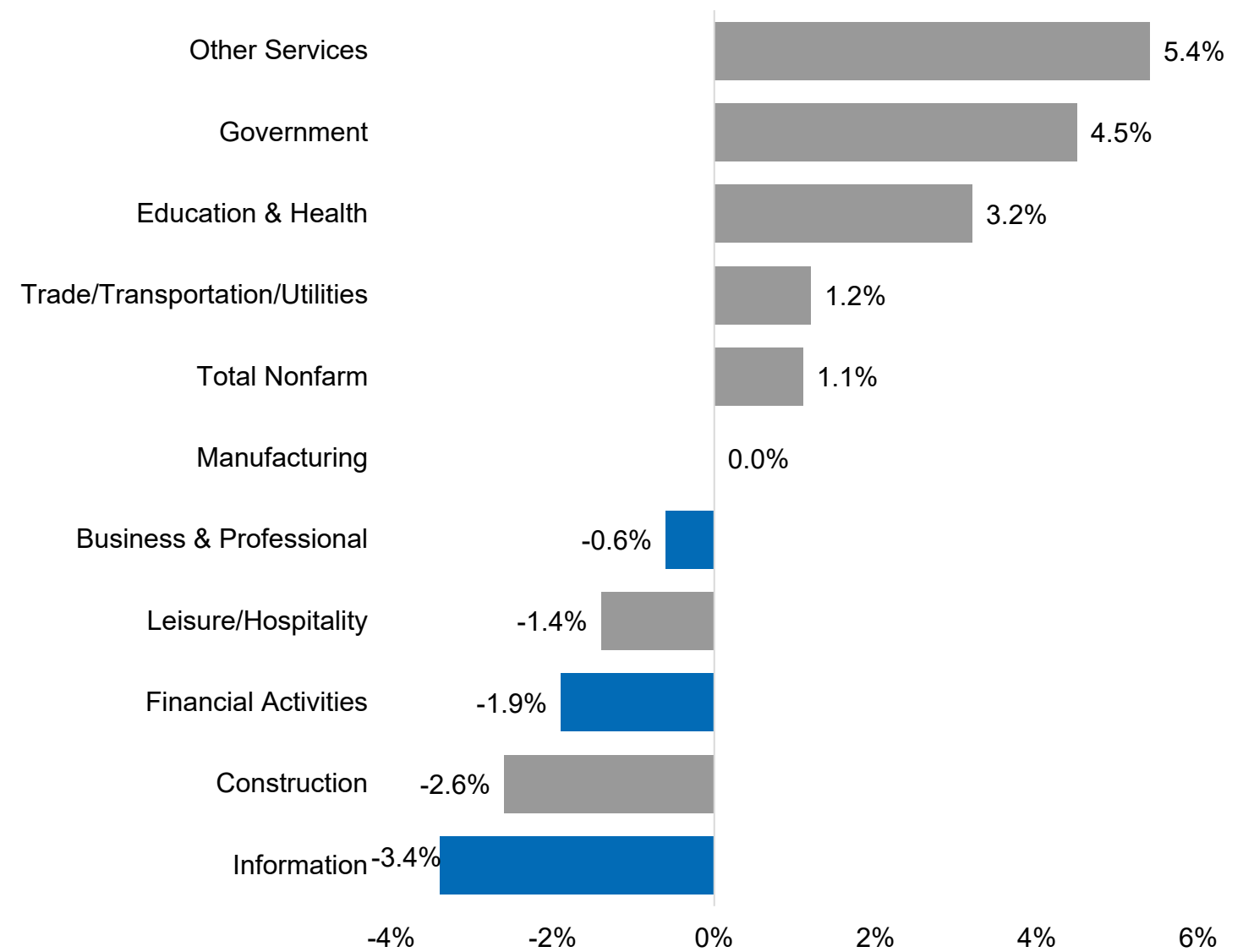
Office-Using Employment Down Year-Over-Year

The education and health sector has the most employees in Marin County, followed by business and professional Services and trade/transportation/utilities. No office using sector in Marin County has experienced year over year increases in hiring.

Employment by Industry, May 2024



Employment Growth by Industry, 12-Month % Change, May 2024

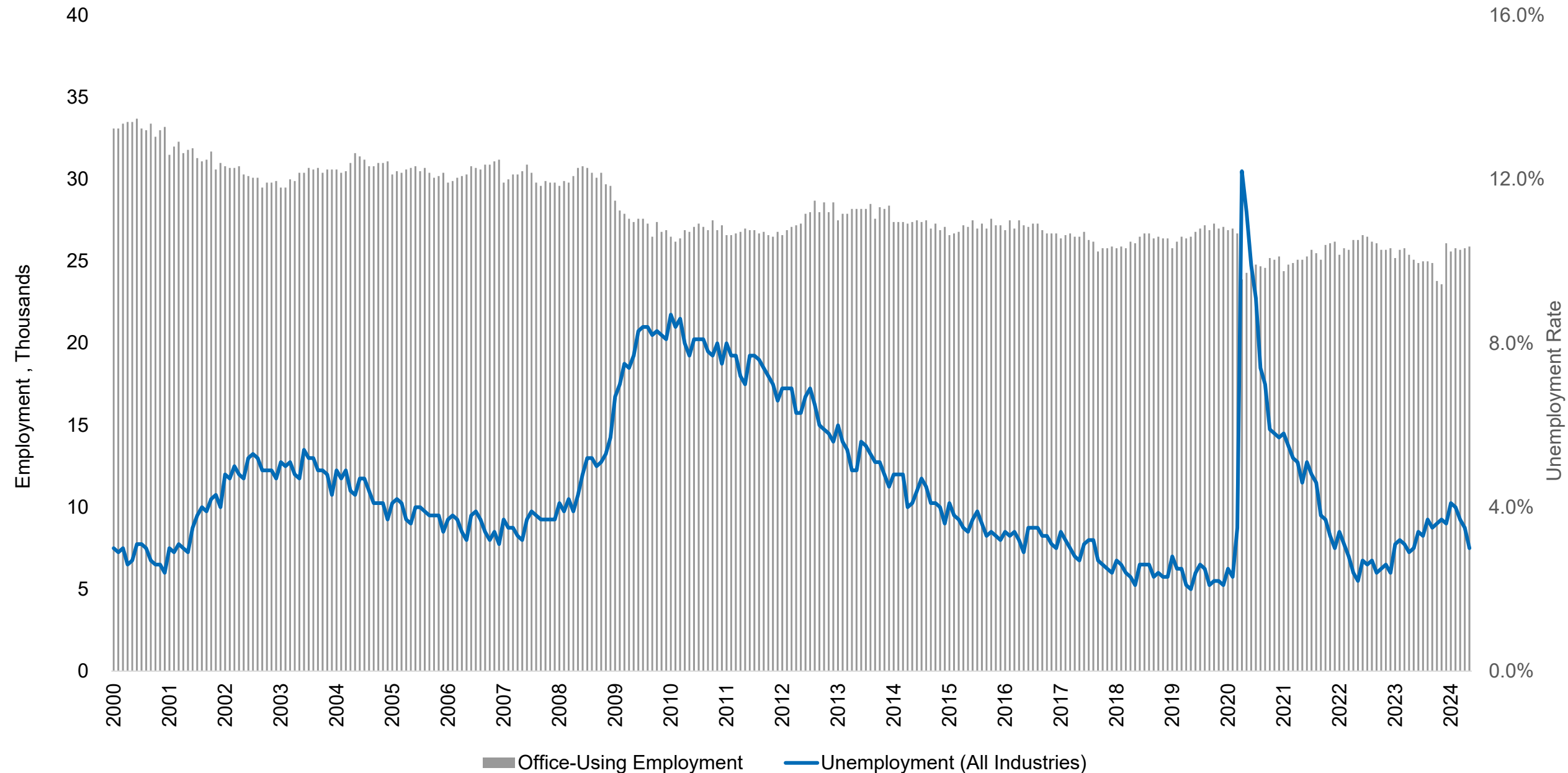


Source: U.S. Bureau of Labor Statistics, San Rafael (comprised of Marin County)

Office-Using Employment Remains Under Pre-Pandemic Totals

The number of office jobs in Marin County is trending up, yet still has not reached pre-pandemic levels. The unemployment rate in Marin County has decreased by 70 basis points since February of 2024.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, San Rafael (comprised of Marin County). Note: May 2023 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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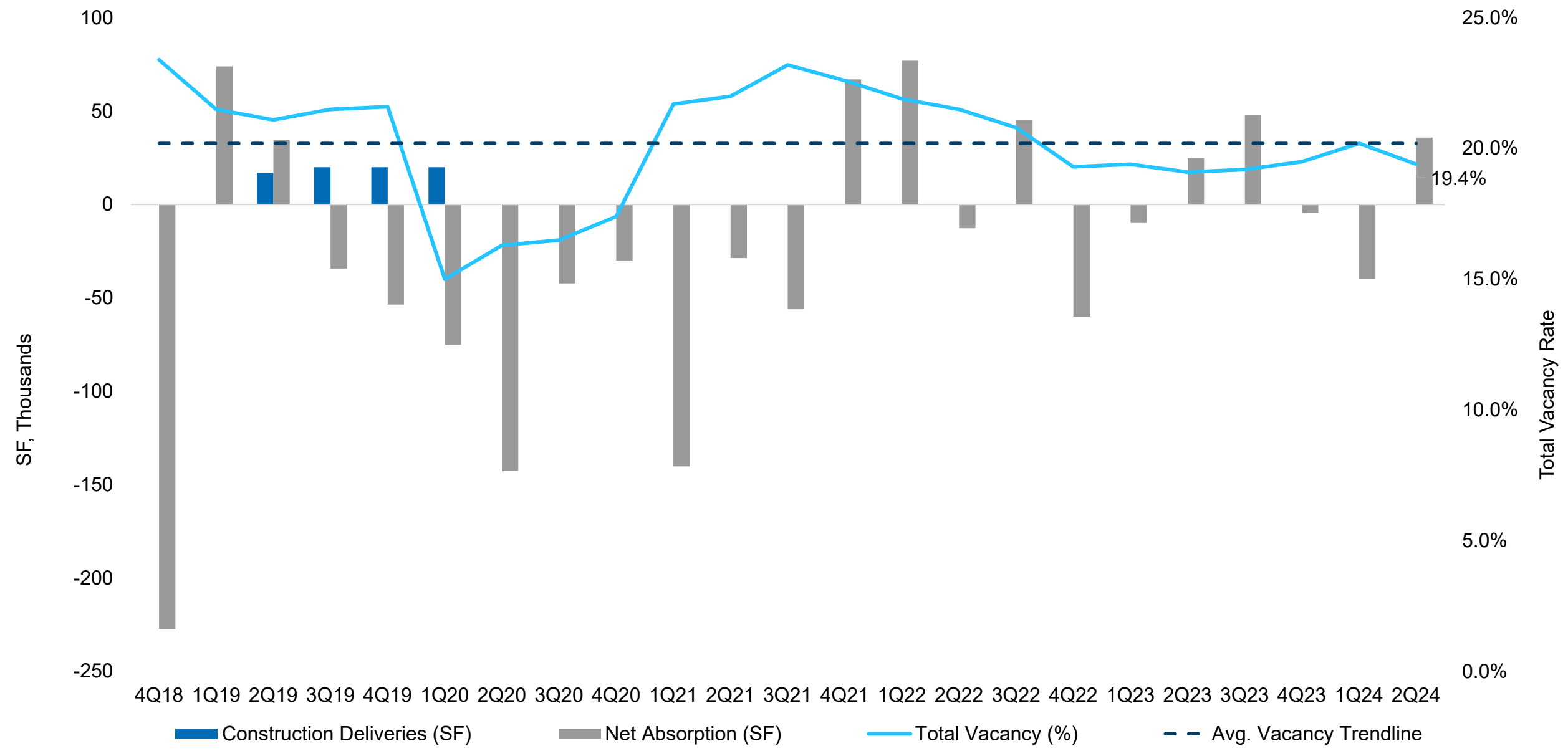
Leasing Market Fundamentals



Office Vacancy Decreased in 2Q24

The vacancy rate for office space in Marin County dropped to 19.4% in the second quarter of 2024.

Historical Construction Deliveries, Net Absorption, and Vacancy

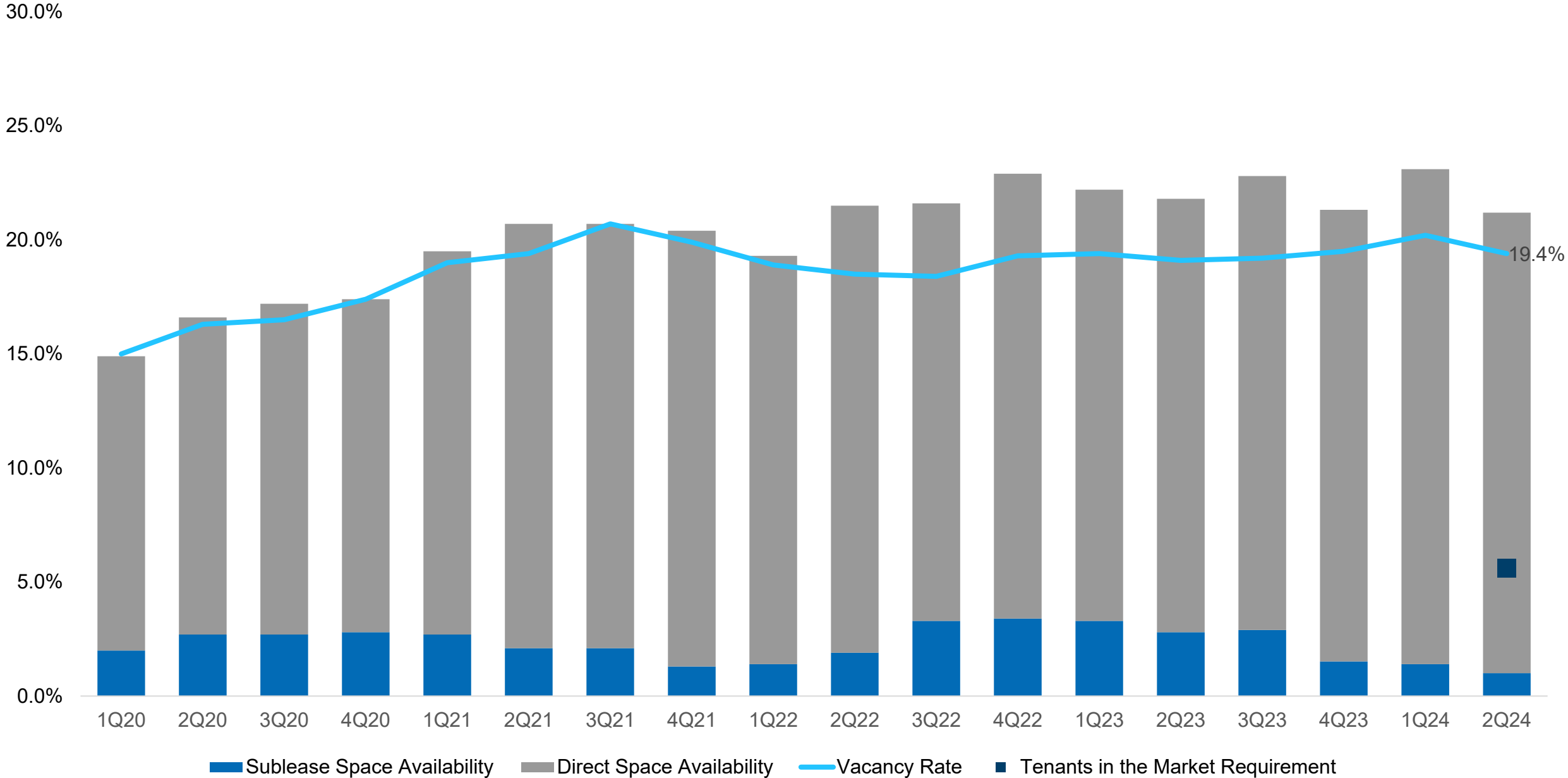


Source: Newmark Research

Tenants in the Market Demand

The second quarter demand for tenants in the market for office space is 5.6% of the 7.39-million-SF total office inventory in Marin County. Demand for office space in Marin County is expected to increase as more companies exit larger metropolitan areas.

Available Space and Tenant Demand as Percent of Overall Market

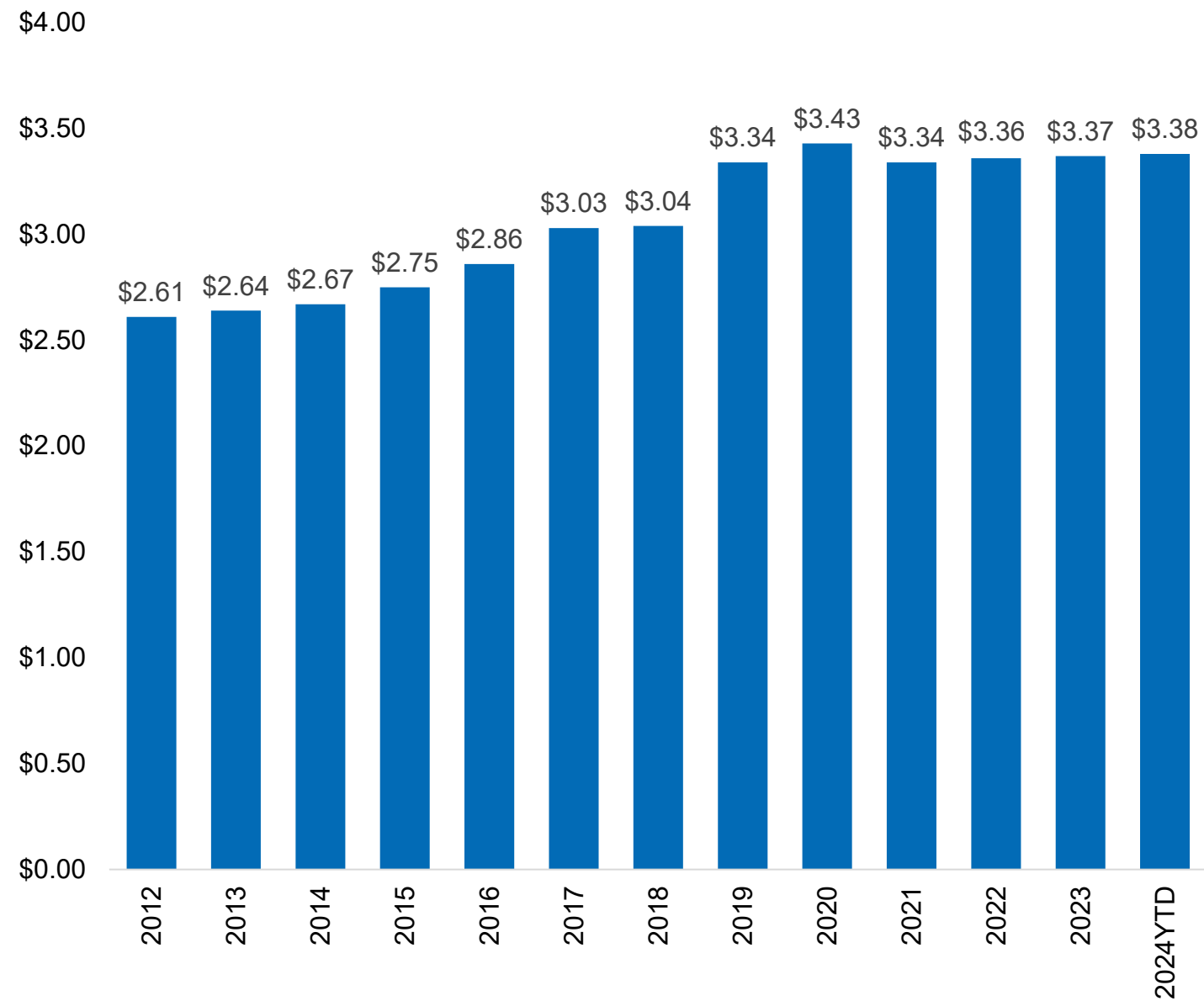


Source: Newmark Research, CoStar

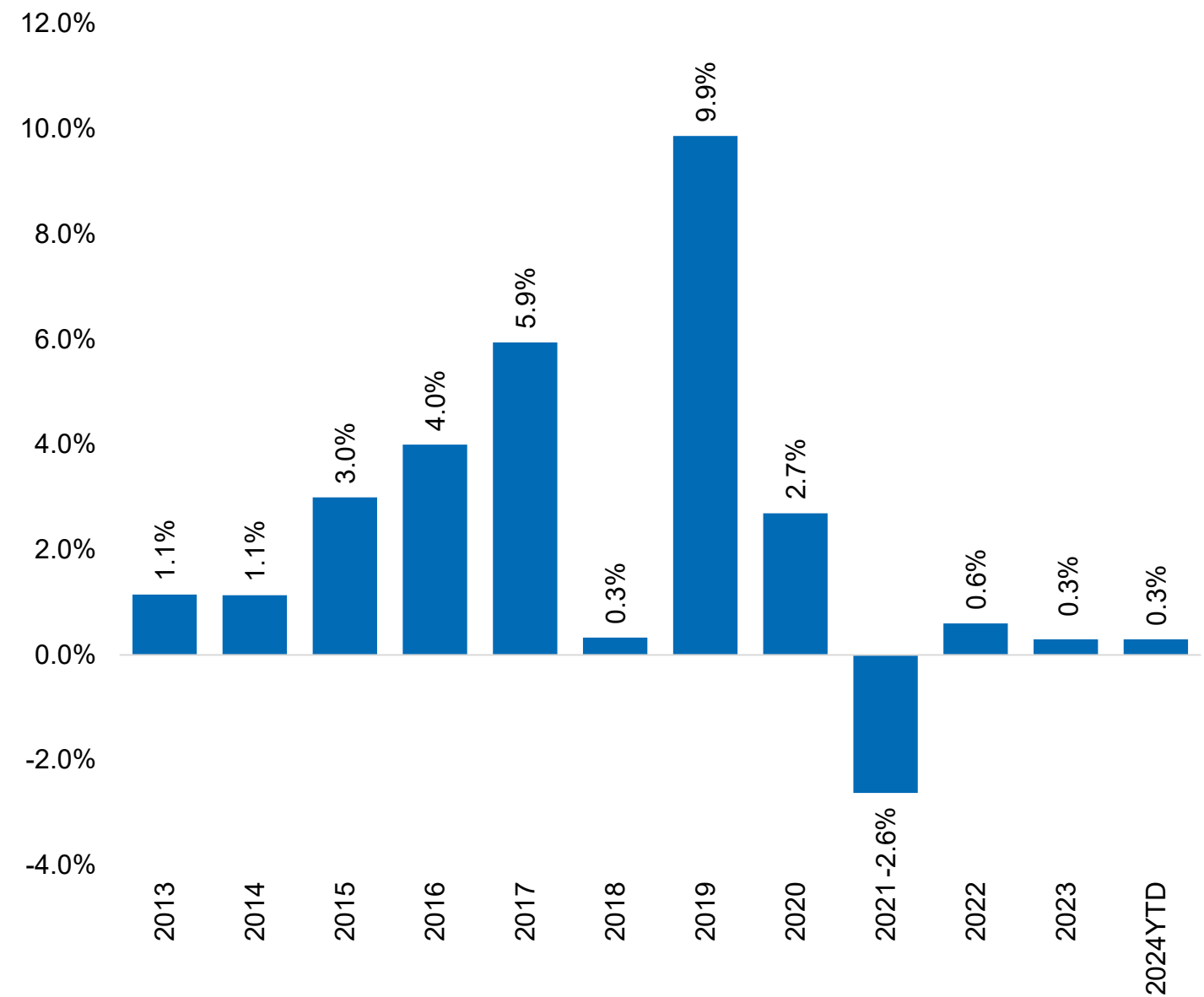
Office Asking Rents Remain Constant

Asking rents in Marin County have remained constant and have only increased 10 basis points over the course of 2024. It is expected that asking rents remain constant into the foreseeable future.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar

2Q24 Lease Transactions

The three largest leases in the second quarter for Marin County were extensions or expansions, while the largest direct leases were under 3,000 square feet.

Notable 2Q24 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Marin Health	75 Rowland Way	Novato	Lease Extension/Expansion	72,888
Golden Gate Regional Center Inc.	4000 Civic Center Dr.	Northern San Rafael	Lease Expansion	25,274
Wells Fargo	770 Tamalpais Dr.	Marin Central	Lease Extension	12,584

Appendix





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