
3Q24

Marin County Office Market Overview



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Market Observations

Economy

- For the first time since 2020, the Federal Reserve cut rates in September. This could have a positive effect on lenders' outlook into the office market.
- Marin County's unemployment rate increased by 120 basis points between May and August of 2024, and is now equivalent to the United States unemployment rate. However, it is still 110 basis points below California's unemployment rate of 5.3%.
- The Education and Health sector experienced the largest year over year growth. The only office using sector: Professional and Business Services, experienced growth since last year.

Major Transactions

- The largest lease signed in the third quarter of 2024 was CellMark, renewing 14,586 square feet at 88 Rowland Way in Northern San Rafael.
- J Supple Law took 5,893 square feet at 899 Northgate Drive in Northern San Rafael.
- There were three office buildings over 2,000 square feet sold in the third quarter, the largest being 124 East Blithedale Ave, selling for \$1.81 million or \$479 per square foot.

Leasing Market Fundamentals

- Net absorption was negative 25,193 square feet for the third quarter of 2024. A large amount can be attributed to 15,779 square feet becoming vacant at 100 Smith Ranch Road in Northern San Rafael.
- Asking rates across Marin County in 2024 have slightly increased by 40 basis points due to some expensive class A space becoming available in Central Marin.
- 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 30.3% 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 going into 2025.
- 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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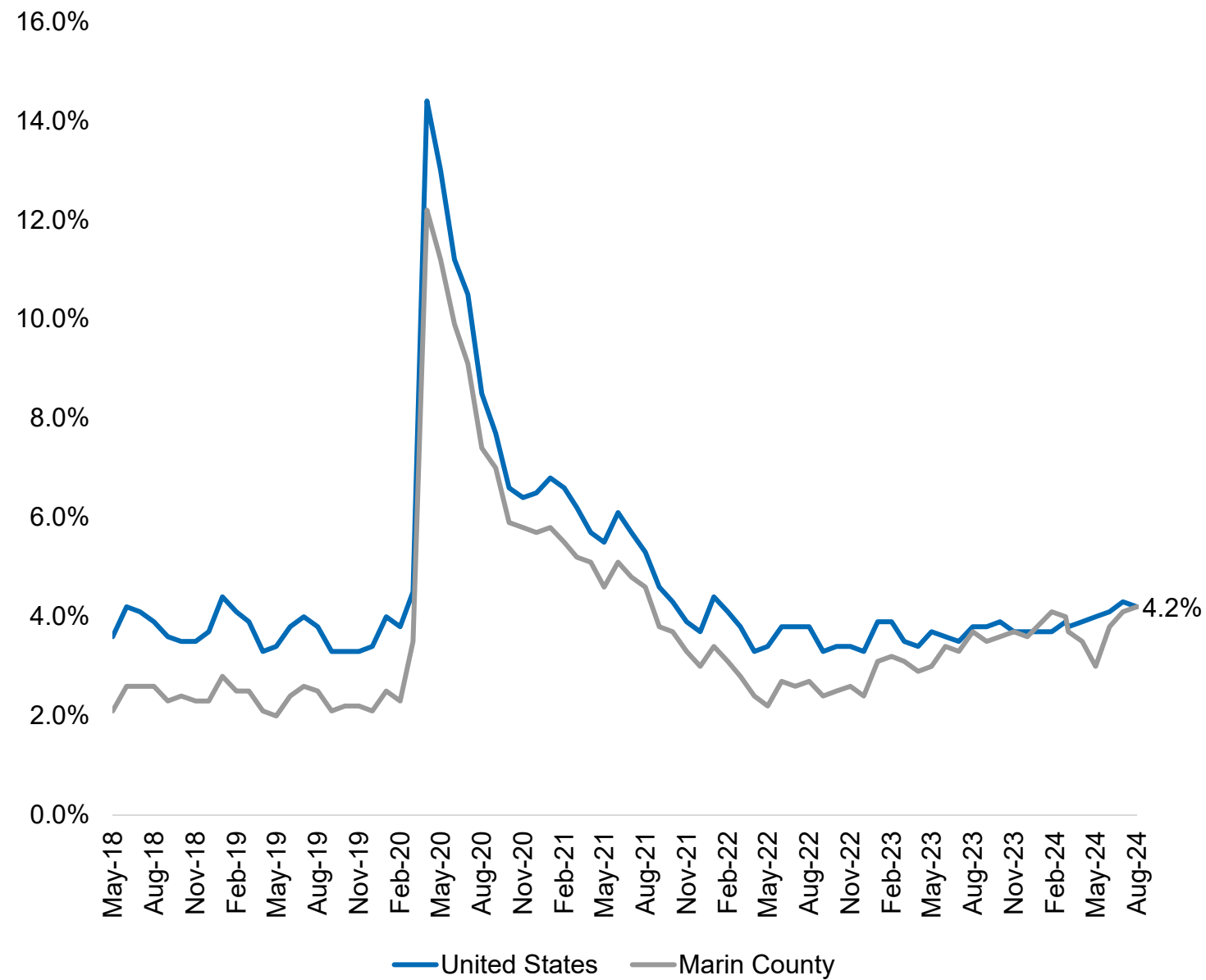
Economy



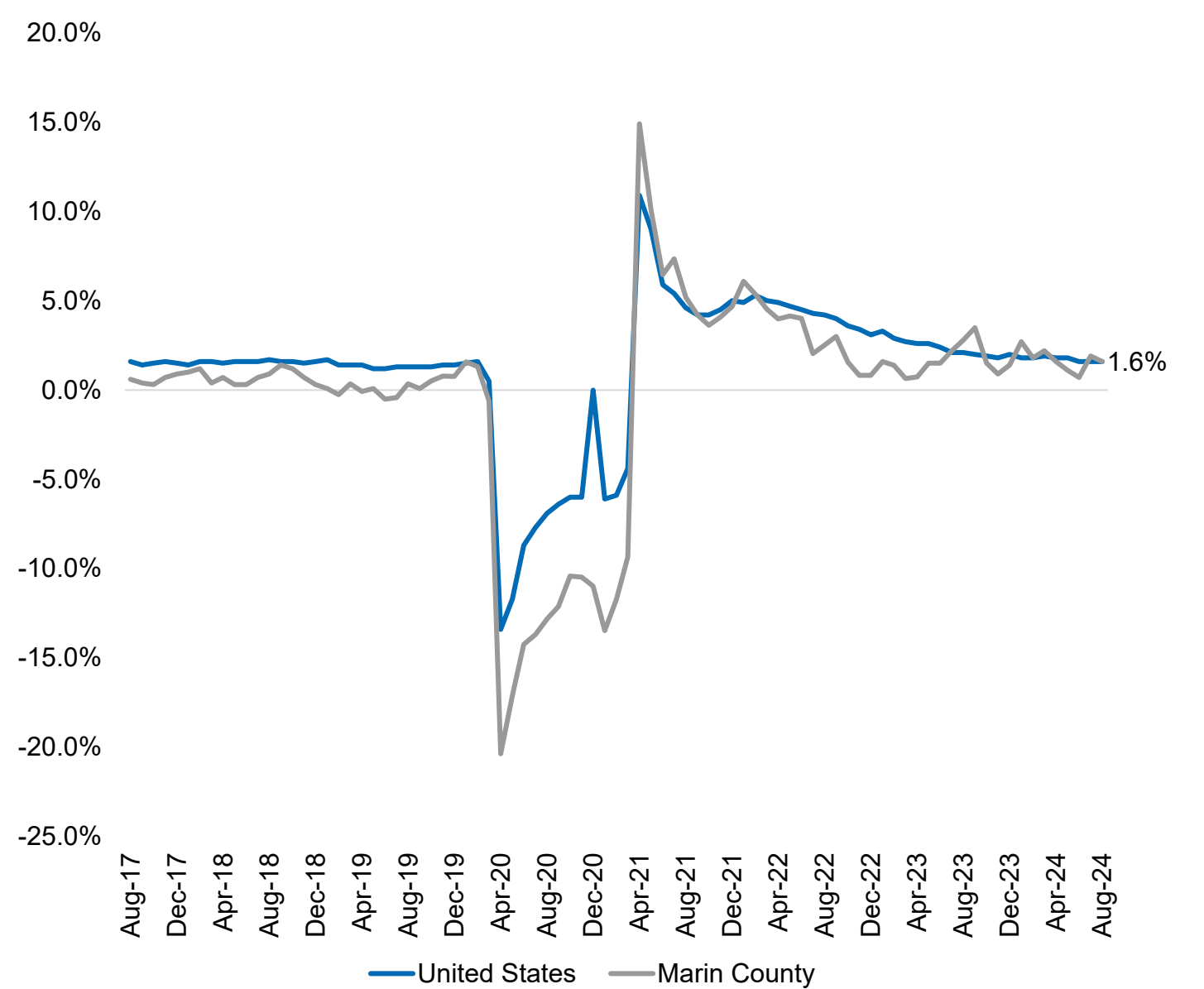
Metro Employment Increase

Marin County's unemployment rate increased by 120 basis points between May and August of 2024. As of the end of August, Marin County's unemployment rate was 50 basis points higher than it was in August of 2023. At 4.2%, the unemployment rate in Marin County is now equivalent to the national rate.

Unemployment Rate, Non-Seasonally Adjusted



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

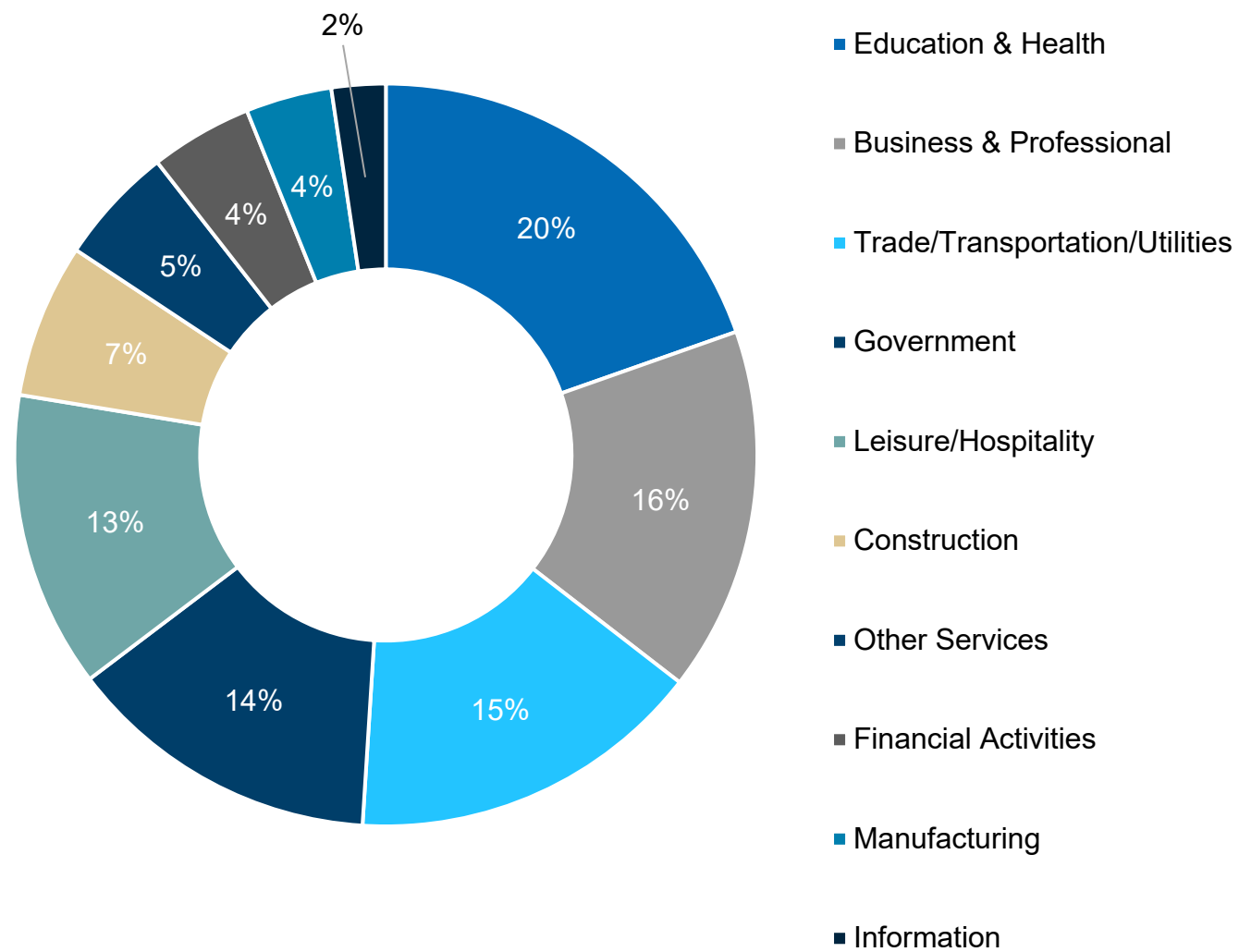


Source: U.S. Bureau of Labor Statistics, San Rafael (comprised of Marin County)

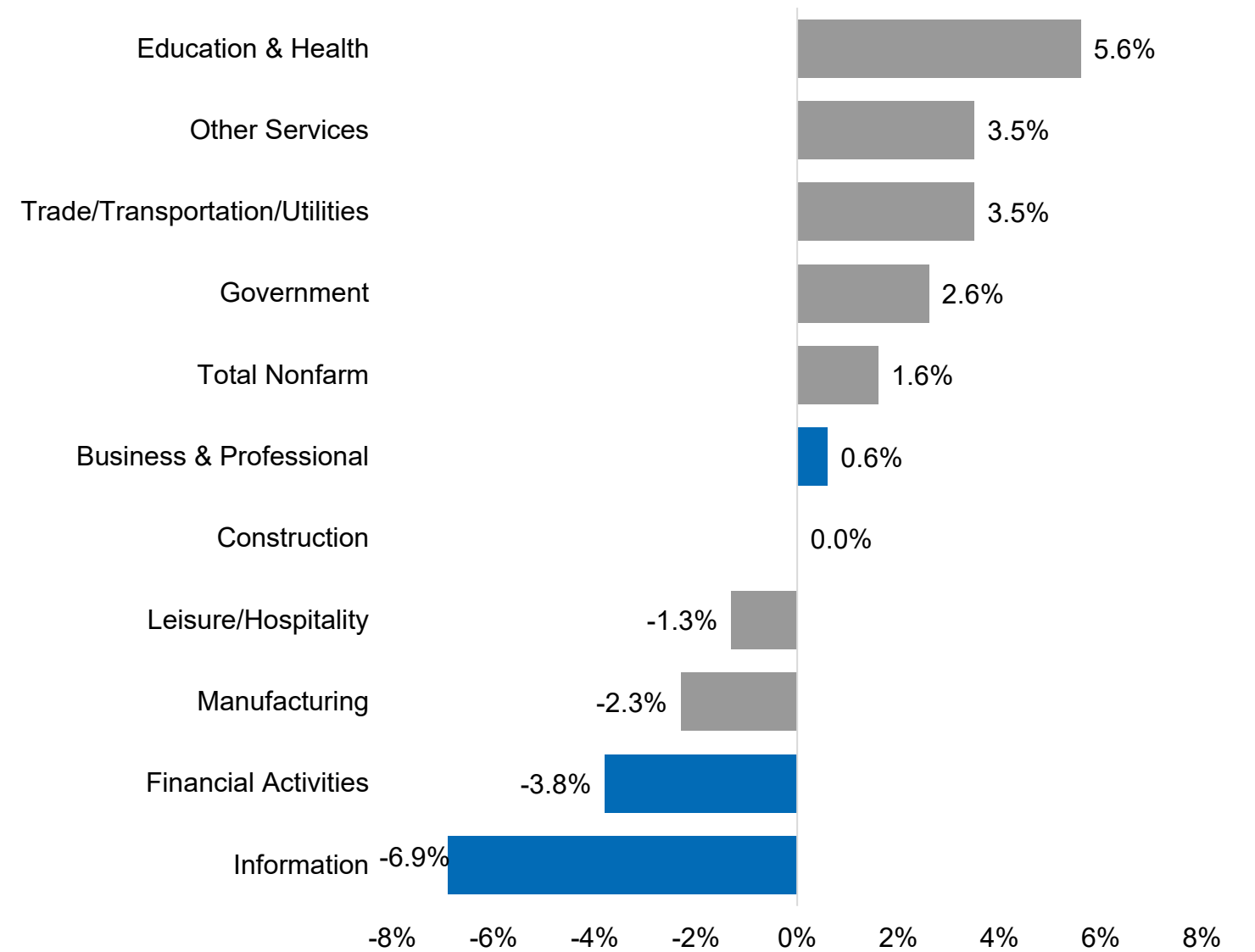
Office-Using Employment Down Year-Over-Year

The education and health sector has the most employees in Marin County, followed by business and professional Services and trade/transportation/utilities. The only office using sector in Marin County that experienced year over year increases in employees is Professional & Business Services.

Employment by Industry, August 2024



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

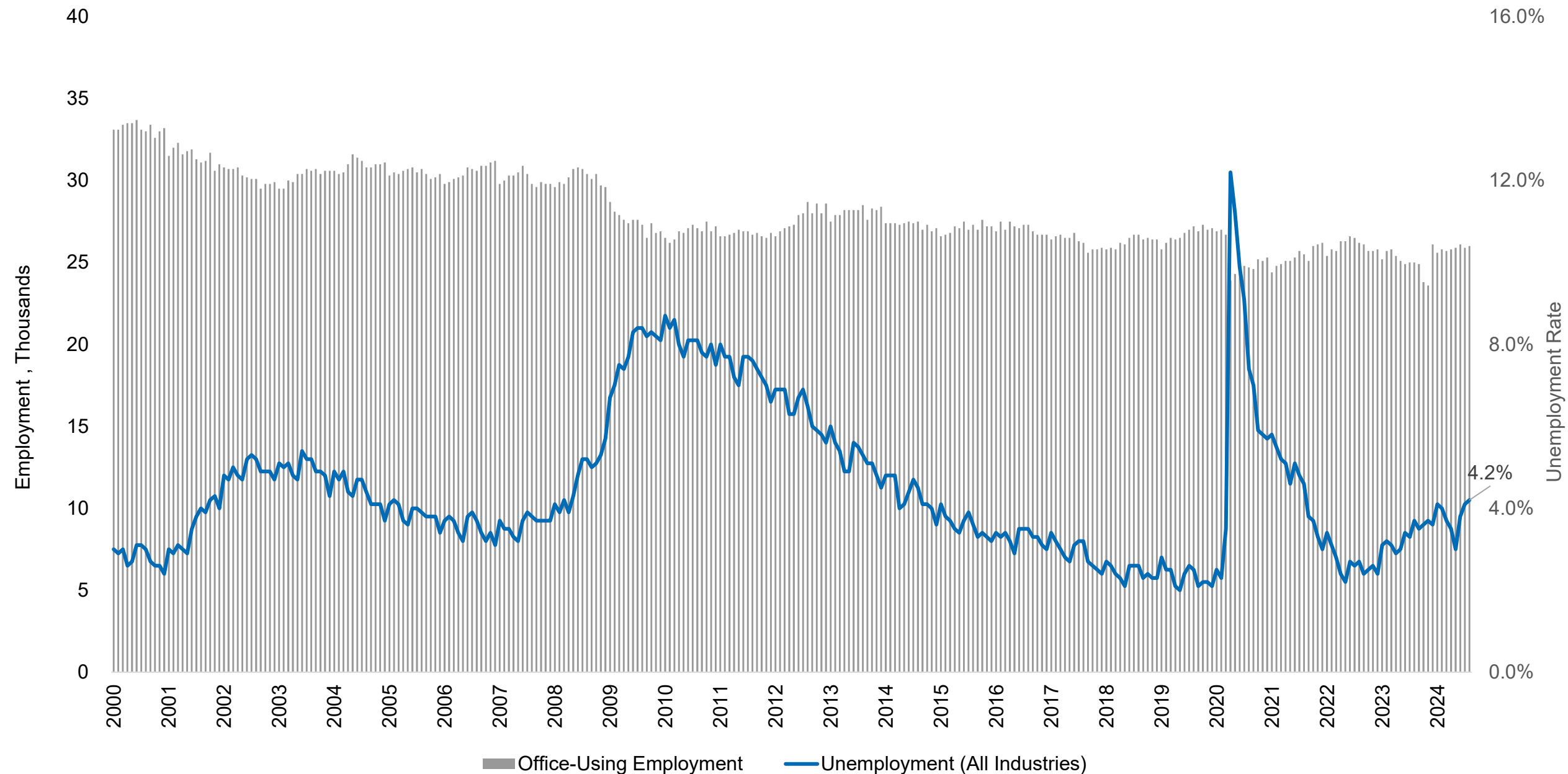


Source: U.S. Bureau of Labor Statistics, San Rafael (comprised of Marin County)

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 increased by 120 basis points since May 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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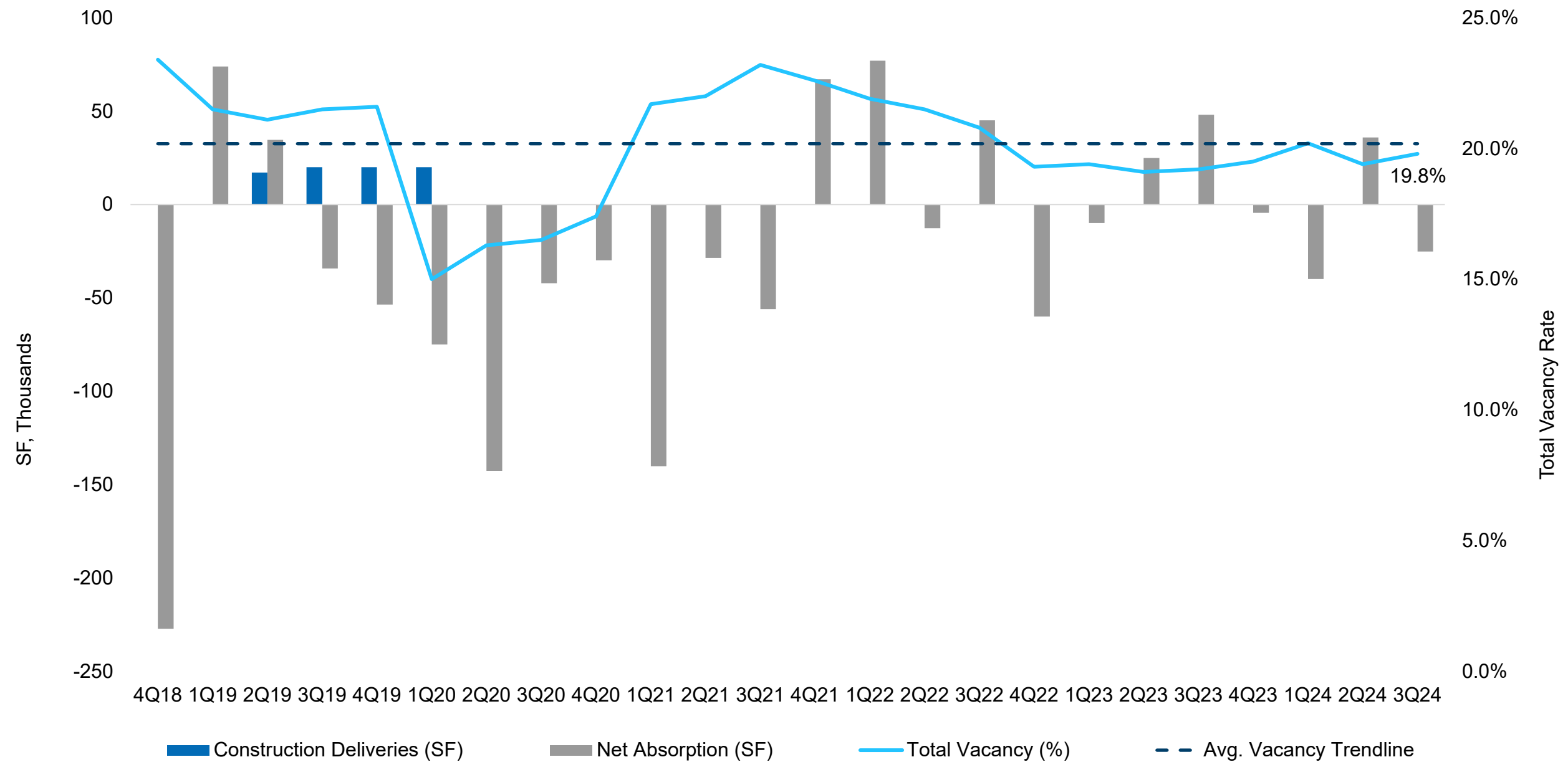
Leasing Market Fundamentals



Office Vacancy Increased in 3Q24

The vacancy rate for office space in Marin County increased by 40 basis points to 19.8% in the third quarter of 2024.

Historical Construction Deliveries, Net Absorption, and Vacancy

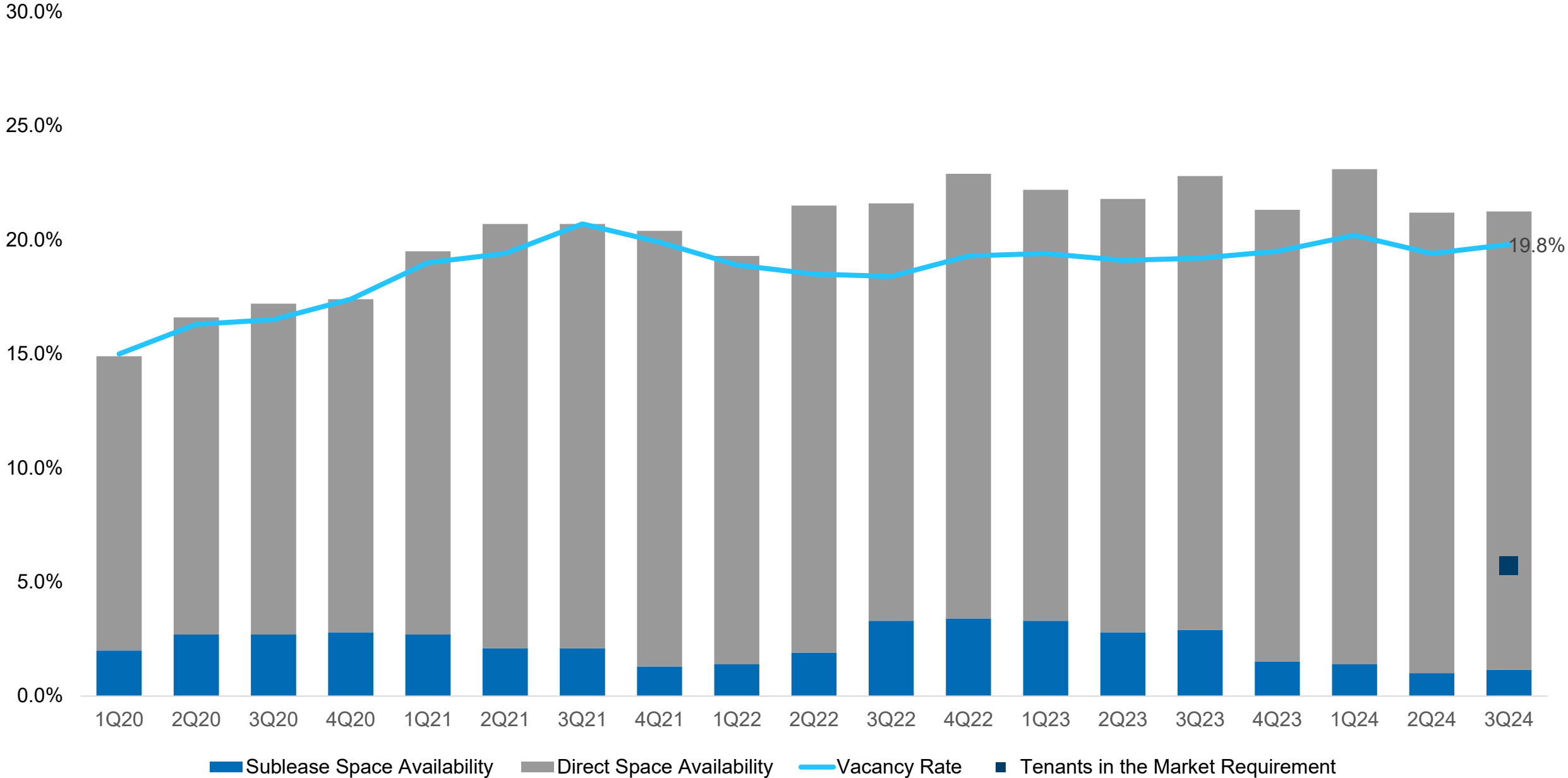


Source: Newmark Research, CoStar

Tenants in the Market Demand

The third quarter demand for tenants in the market for office space is 5.72% 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

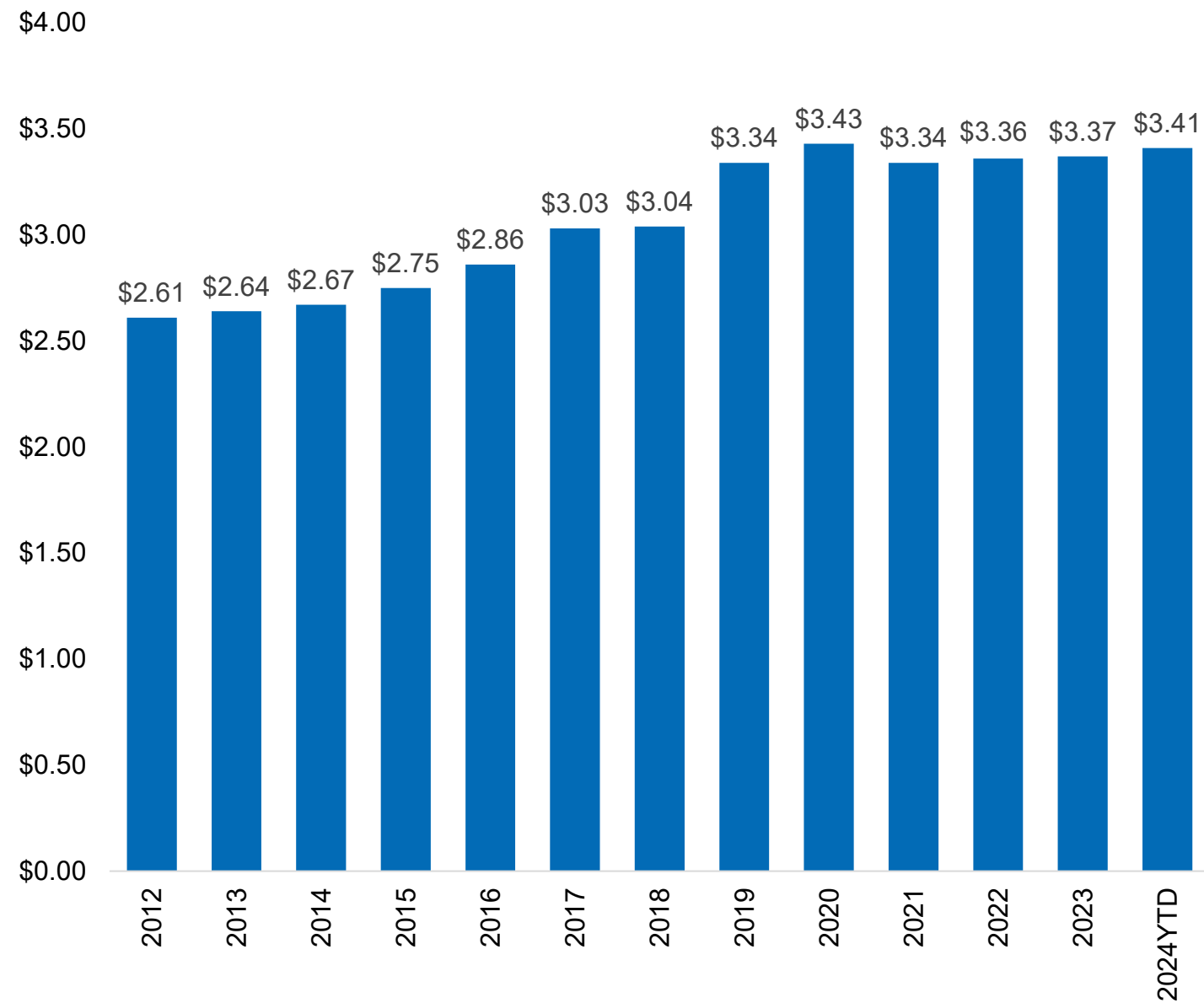


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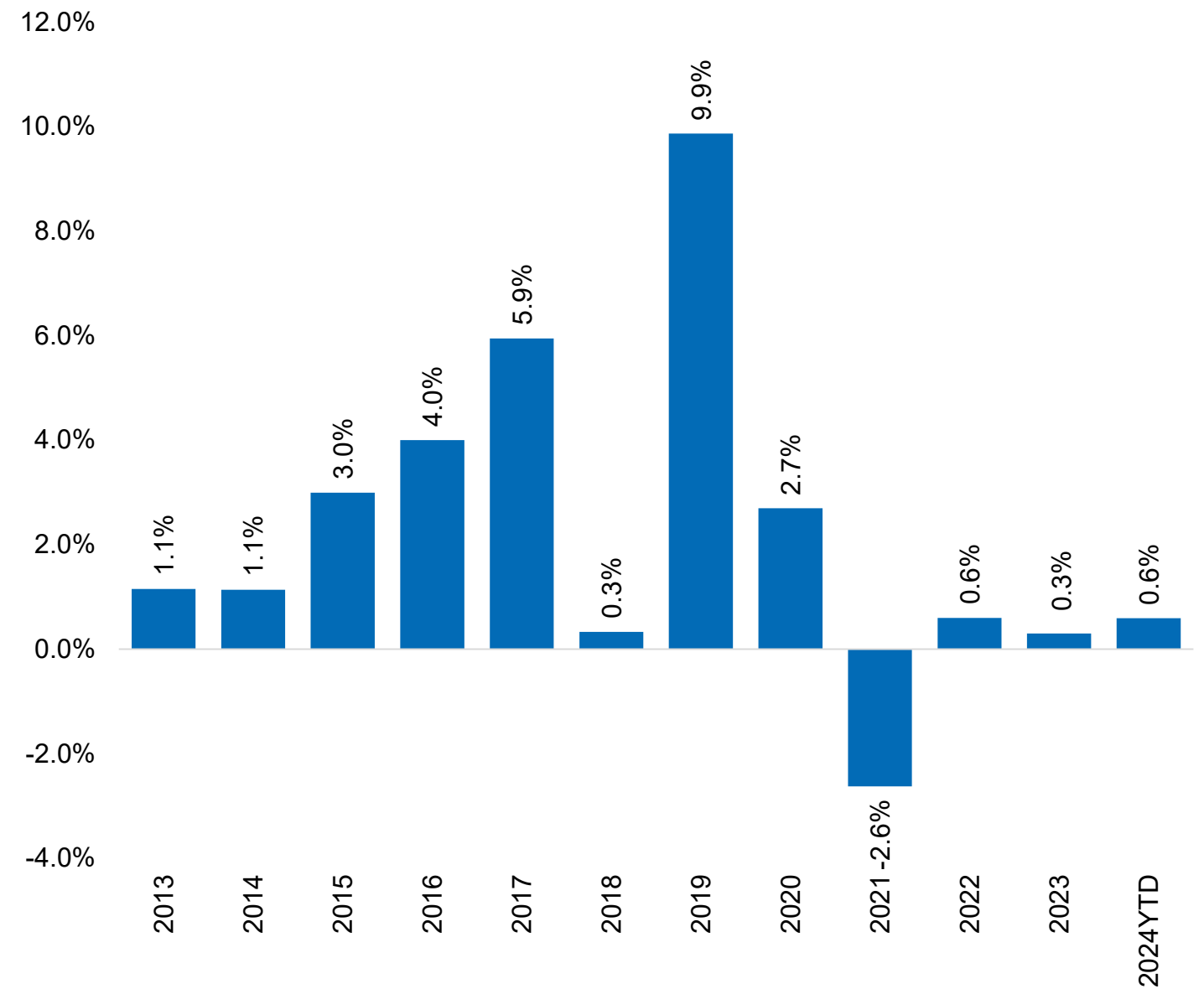
Office Asking Rents Remain Constant

Asking rents in Marin County have remained constant and have increased 40 basis points over the course of 2024. It is expected that asking rents remain stable into the foreseeable future.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar



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3Q24 Lease Transactions

There were 5 leases signed over 2,500 square feet in the third quarter for the Marin Office market, the largest being Cellmark renewing at 88 Rowland Way in Novato.

Notable 3Q24 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
CellMark	88 Rowland Way	Novato	Lease Extension	14,586
J Supple Law	899 Northgate Drive	Northern San Rafael	Direct Lease	5,893
Zone 2 Partners	300 Drakes Landing Road	Marin Central	Direct Lease	3,779
Meridian Compensation Partners, LLC	2 Belvedere Place	Marin Southern	Direct Lease	2,779
Mariner Wealth Advisors, LLC	300 Tamal Vista Blvd	Marin Central	Lease Extension	2,746

Appendix





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