

Walnut Creek Downtown Retail Market Overview

Fourth Quarter 2023



Downtown Leasing
Rebounds Q4 2023



PARTNER **XTEAM**
RETAIL ADVISORS

JohnCumbelich
& Associates

Walnut Creek Downtown | Retail Market Overview

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Retail Trade Areas

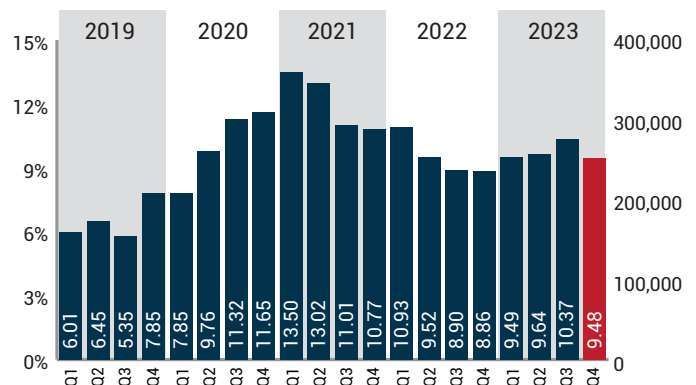
	Retail Area	Total SF	Vacant SF	Vacancy Rate
1	Broadway Plaza	990,000	109,000	11.0%
2	Historic Downtown	599,424	68,026	11.3%
3	West of California	178,412	31,130	17.4%
4	Plaza Escuela	170,371	1,000	0.6%
5	Target	141,558	0	0.0%
6	East of Broadway	121,359	9,120	7.5%
7	Olympia Place	105,319	2,018	1.9%
8	The Corners	87,320	4,154	4.8%
9	North of Civic	96,368	10,200	10.6%
10	Main Street Plaza	78,990	9,590	12.1%
11	South of Newell	65,219	900	1.4%
12	Newell Promenade/ Agora	75,830	11,820	15.6%
TOTALS:		2,710,170	256,958	9.48%

Leasing Rebounded in Q4 2023, While Outlook for 2024 is Mixed.

John Cumbelich & Associates survey of the Downtown Walnut Creek retail market in Q4 of 2023 reflects a welcome recovery in leasing momentum that occurred as 2023 came to a close. Not only did the downtown market for retail and dining space enjoy a brisk rebound in new leases, but the occurrence of new vacancies ebbed, with only a single space shuttering. Q4 of 2023 represented the first period with meaningful positive absorption in over a year.

Paced by new leases with Terra Outdoor Furniture signing up for the former Pier 1 Imports space, and new leases with both Verizon and Comcast Xfinity at Main Street Plaza, the market saw 39,276 SF in new absorption during Q4. With only a single new vacancy of 3,740 SF, the market enjoyed 35,536 SF in net positive absorption, dropping the vacancy rate from 10.37% to 9.48%. The vacancy rate in the downtown market has remained stubbornly fixed at 9% or above since Q1 of 2020, the last period before the COVID pandemic. Other new leases were signed with Hospice of the East Bay, Wingstop and Base Hair Studio at Newell Promenade, as well as Wink Dog Salon and B12 Love Vitamin Lounge.

Overall WC Downtown Vacancy Rate

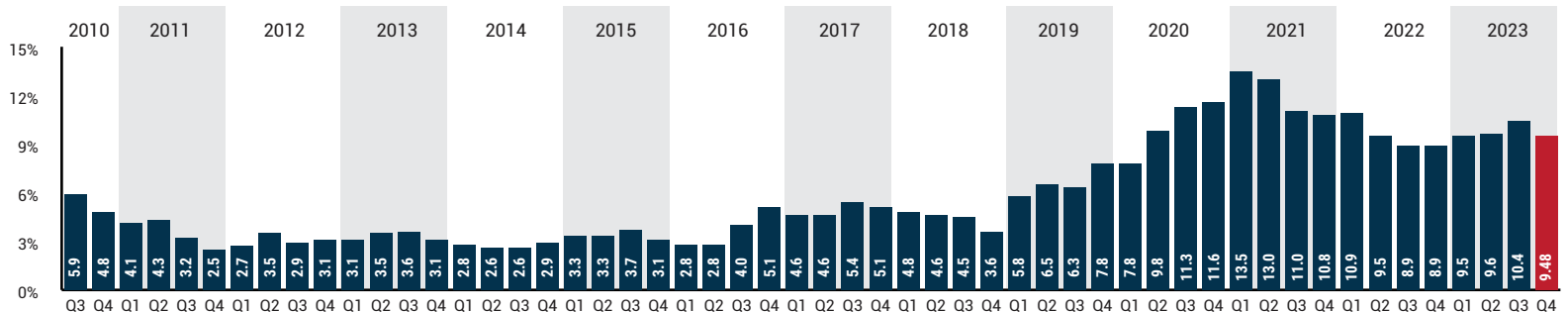


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Historical Walnut Creek Downtown Vacancy Rate



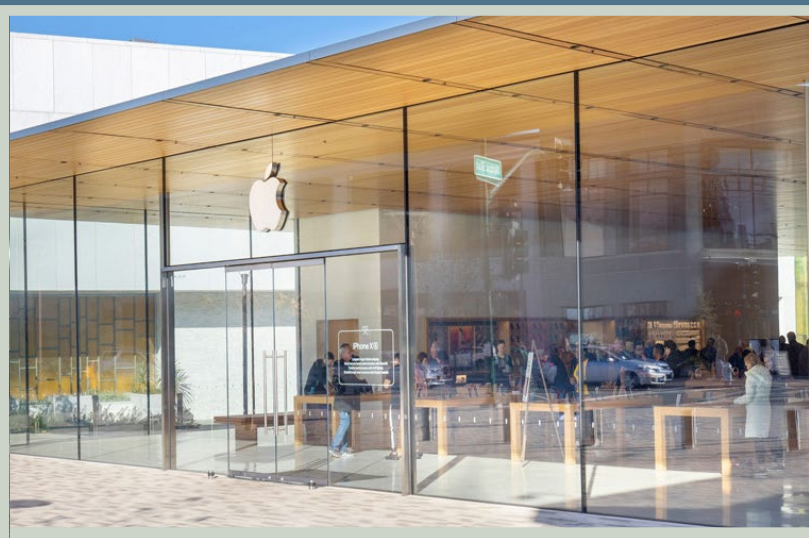
THE OVERALL DOWNTOWN VACANCY RATE DECREASED 0.89% IN Q4

Q4: Cont'd

Tempering the good news in retail leasing is the fact that two of the new leases, Terra Outdoor and Verizon, and relocations of existing stores. These relocations will eventually result in new vacancies, when the current homes of these establishments are vacated, creating new voids. Other notable vacancies include spaces formerly occupied by Scott's Seafood (14,500 SF), Tuesday Morning (9,590 SF), Vic Stewart's (9,120 SF) and six other spaces in the Historic Downtown between 7,180 SF and 4,453 SF.

While the vacancy rate in the Historic Downtown district fell from 13.0% to 11.3%, the Historic Downtown's share of overall vacancy is still some 26.5%. A total of 68,026 SF of space is vacant in the Historic Downtown district. While Broadway Plaza tallies some 109,000 SF in total vacancy, this sum is largely reflective of the single vacant department store, formerly occupied by Neiman Marcus. If we omit Broadway Plaza from the calculation, the Historic Downtown surpasses every one of Walnut Creek's ten other retail districts in total vacancies. In fact, the Historic Downtown district's 68,026 SF in total vacancy rivals the 79,932 SF in total vacancy of every other district combined, excluding Broadway Plaza.

The outlook for 2024 is mixed, as the market grapples with some 256,170 SF in total vacancy. The prospect of an eventual solution to the Neiman Marcus box in 2024 has the ability to act as a major correction to vacancy rates. Were the Neiman Marcus space absorbed today, Walnut Creek's vacancy rate will drop to 6.34%, a total much closer to the historic averages of 2010 – 2020.



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Walnut Creek's Retail Market

The Walnut Creek retail market is the premier shopping destination in the East Bay and home to a wide variety of premium branded retailers.

Tiffany & Co., Nordstrom, Coach, Crate & Barrel, Banana Republic, Talbots, Apple Store, Anthropologie, Pottery Barn and numerous other best-of-class retailer serve the entire East Bay market from stores located in this unique, open air retail landscape that mixes successful restaurant, retail and entertainment destinations.

Downtown Walnut Creek offers a rare mixture of newer retail centers and an historic shopping district that blend seamlessly.



Rental Rates



Key Findings from the Retail Sector

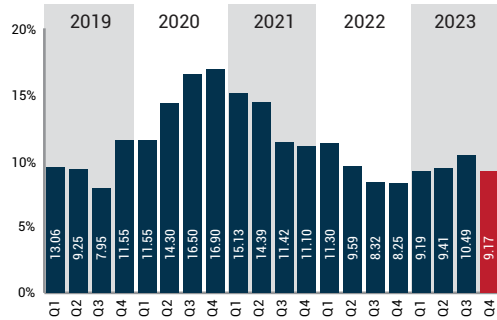
- Terra Outdoor Living is relocating to 1902 Mt Diablo Blvd.
- A private investor purchased the restaurant building located at 1399 N Main St (Hotboys).
- Crate & Barrel opened in its new 13,360 SF location at 1201 S Main St.
- The former Neiman Marcus remains the largest vacancy in the market.
- Overall vacancy in Walnut Creek dropped .89% to 9.48%
- The vacancy rate for spaces 10,000 SF and below dropped to 10.25%
- The vacancy rate for spaces 30,000 SF and below dropped to 9.17%

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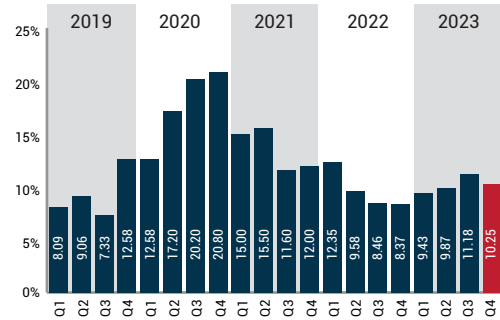
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Results

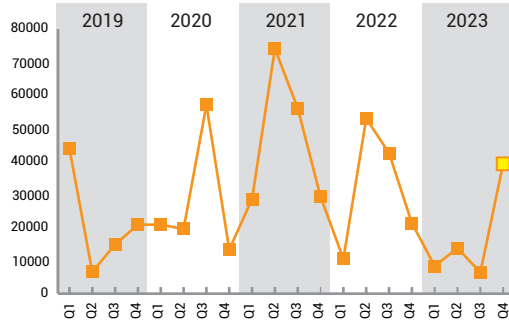
Vacancy Rate Excluding Anchors 30k+ SF



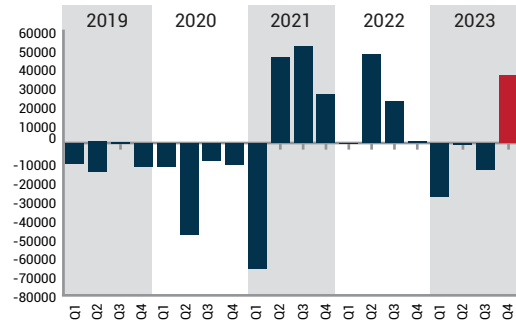
Vacancy Rate Excluding Spaces 10k+ SF



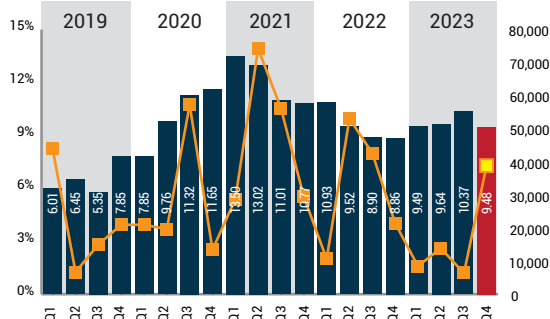
Gross Absorption (SF)



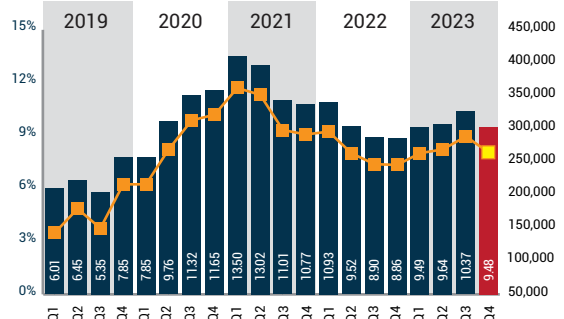
Net Absorption (SF)



Vacancy Rate vs Absorption (SF)

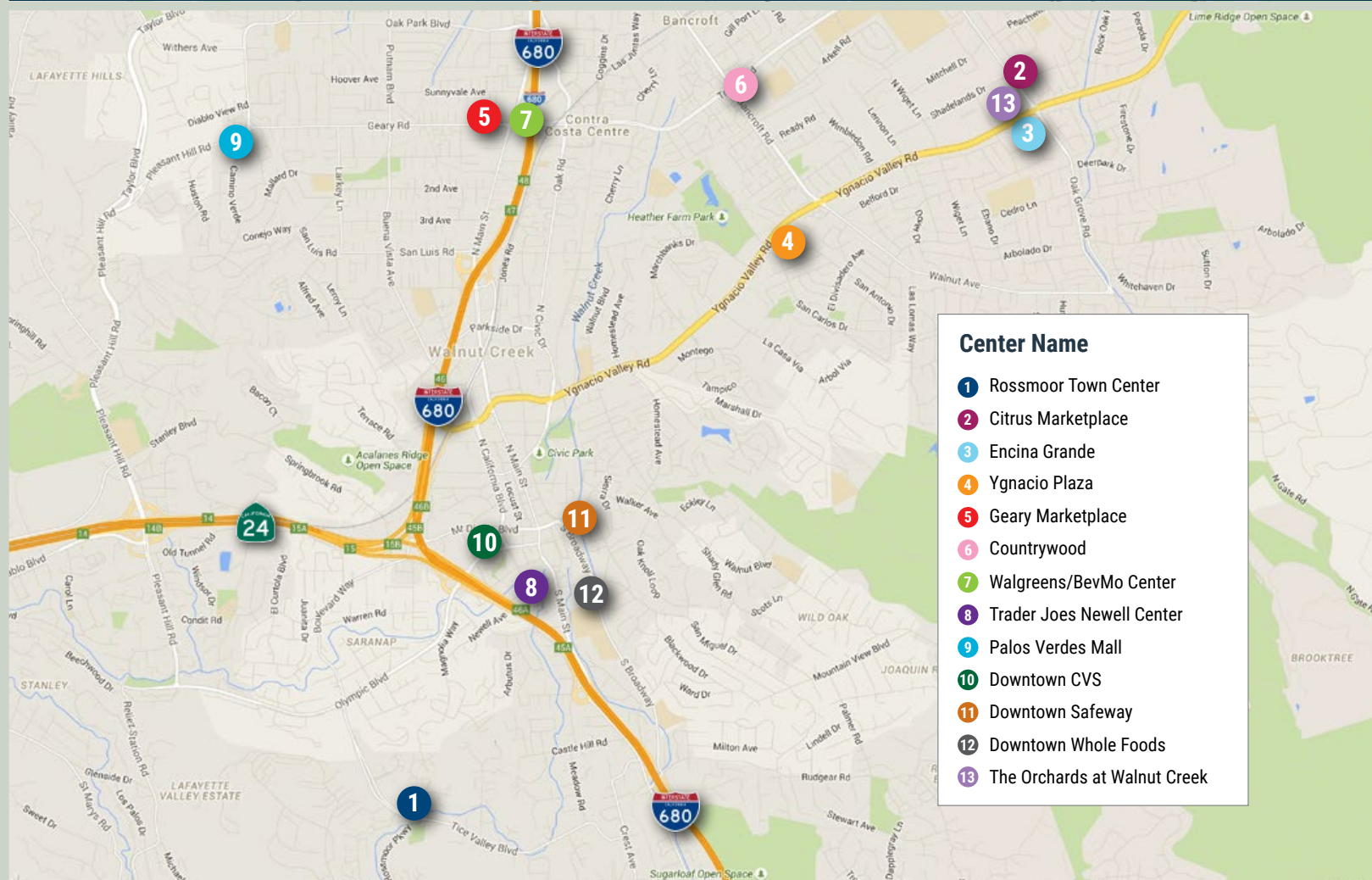


Vacancy Rate vs Available (SF)



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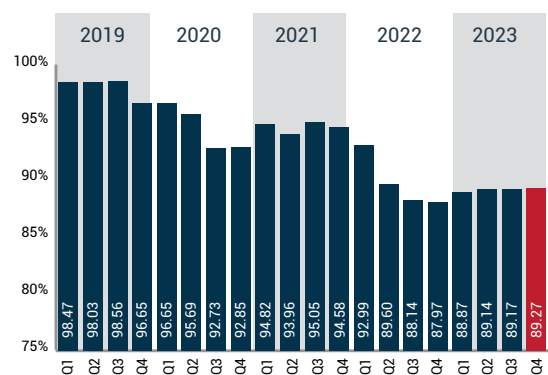
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Neighborhood Center Summary

- The retail market for neighborhood shopping center space was essentially flat in Q4 with the occupancy rate ticking higher from 89.17% to 89.27%.
- The market has remained below the 90% occupancy level for a record seven consecutive quarters.
- The decline in occupancy rates among the city's neighborhood shopping centers has generally correlated to the addition of new space through development or expansion of new centers over the past five years.
- While demand for retail space has stayed essentially flat, supply has increased by hundreds of thousands of feet, creating what are proving to be lasting impacts on the retail landscape.

Neighborhood Center Occupancy Rate



THERE WAS MINIMAL CHANGE IN THE OCCUPANCY OF GROCERY ANCHORED CENTERS Q4

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Recent Transaction

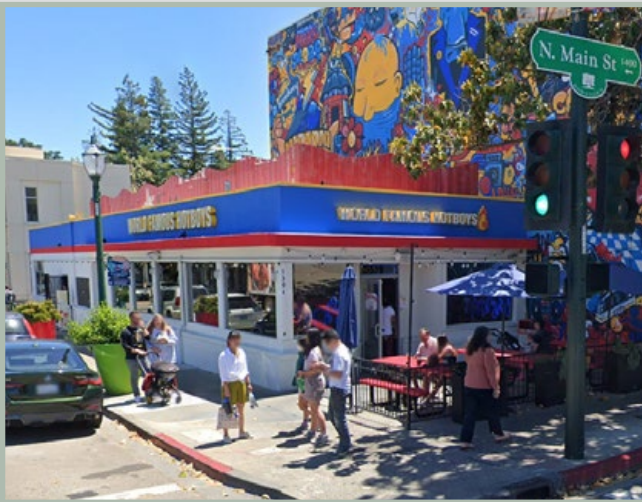


Terra consummated a 10,000 SF, 15 year lease at
1902 MT DIABLO BLVD – WALNUT CREEK, CA
The firm represented both the lessor and the lessee
Contact [John Cumbelich](#) | [Tim Seiler](#)

ABOUT THE FIRM

John Cumbelich & Associates is a San Francisco Bay Area firm that provides commercial real estate services to Fortune 500 retailers and select owners and developers of retail commercial properties. The firm's expertise is in developing store networks for retailers seeking to penetrate the Northern California marketplace, and the representation of premier power center and lifestyle developments.

Recent Transaction



The firm sold the
2,100 SF
restaurant building
located at

**1394 N MAIN ST
WALNUT CREEK, CA**

The firm represented
both the buyer
and the seller
in the transaction

Contact
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Featured Listing



[VIEW
BROCHURE](#)

1399 N MAIN STREET - WALNUT CREEK, CA
1,334 SF Highly Visible Retail Space on Prime Corner

Contact
[Joe Kuvetakis](#)

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[VIEW ALL LISTINGS](#)

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Completed Assignments – Walnut Creek, CA

TIFFANY & CO.

Tiffany & Co.
6,785 SF
The Corners

MACERICH

Macerich
2,509 SF
1401 Mt Diablo Blvd

RH

RH
11,747 SF
Broadway Point

Crate&Barrel

Crate & Barrel
19,725 SF
1201 S Main St

**POTTERY
BARN**

Pottery Barn
16,760 SF
Broadway Point

terra
OUTDOOR LIVING

Terra Outdoor Living
10,000 SF
1902 Mt Diablo Blvd

verizon

Verizon
4,285 SF
Main Street Plaza

xfinity

Xfinity
3,452 SF
Main Street Plaza

**LUNA SEA
LOUNGE**

Luna Sea Lounge
1,145 SF
The Waymark

Opa!

OPA!
2,400 SF
1532 N Main St

TALBOTS

Talbots
13,525 SF
Plaza Escuela

MODEL BAKERY
EST. 1908

Model Bakery
4,367 SF
1315 N Main St

**california
PIZZA KITCHEN**

California Pizza Kitchen
6,000 SF
Agora @ S Main

**GOTT'S
ROADSIDE**

Gott's Roadside
5,500 SF
Main Street Plaza

**LC
LENSCRAFTERS**

LensCrafters
3,099 SF
The Corners

HIGHWIRE
-COFFEE ROASTERS-

Highwire Coffee
642 SF
The Waymark

Hot Boys

World Famous Hot Boys
2,100 SF
1394 N Main St

vineyard vines

Vineyard Vines
3,400 SF
1500 Mt Diablo Blvd

Pacific Catch
WESTCOAST FISH HOUSE

Pacific Catch
5,446 SF
Agora @ S Main

**TD
Ameritrade**

TD Ameritrade
4,988 SF
Agora @ S Main

Starbucks

Starbucks
1,700 SF
Agora @ S Main

**Mike's
bikes**

Mike's Bikes
6,725 SF
The Mercer

**Tommy
Bahama**

Tommy Bahama
4,100 SF
The Corners

SKINSPiRiT

SkinSpirit
3,000 SF
The Mercer

burgerlounge
THE ORIGINAL grass-fed BURGER

Burger Lounge
2,376 SF
The Orchards

**PAPER
SOURCE**

Paper Source
2,983 SF
Main Street Plaza

ROOFTOP
RESTAURANT & BAR

Rooftop
4,143 SF
1500 Mt Diablo Blvd

**telefèric
BARCELONA**

Teleferic Barcelona
4,495 SF
1500 Mt Diablo Blvd

Sasa

Sasa
3,640 SF
1432 N Main St

AT&T

AT&T
5,196 SF
1521 Olympic Blvd

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Seize the Day

JOHN CUMBELICH | DECEMBER 15, 2024

Over decades in the CRE industry, our team has completed hundreds, or perhaps thousands, of multi-market site tours with grocers, fuel brands, restaurants, pharmacies, home improvement and fitness brands, coffee and burger and chicken concepts, and many, many other users of quality real estate. Over that time, my appreciation for the art of the real estate tour has grown ever deeper. I've learned that in order to have real value, the successful real estate site tour always needs to be two things: the journey has to be horizontal, from site to site or city to city; and also vertical, from one idea to the next.

That travel time with the client is a precious one-on-one window to discuss who their customer is, how they evaluate their real estate, how the brand is executing, growing and changing, what market pressures are helping or hindering their growth – capital markets, competitors, stock price, housing starts, unemployment data, etc. etc.

As the pro who is conducting the tour, you ask these questions, absorb the client's answers, and create advice that reconciles the client's needs to the marketplace where you are the expert. Your advice is the synthesis of the horizontal and vertical journeys. Sometimes, as the repartee unfolds in the car as we move from site to site, my questions receive a detailed and lengthy response. But other questions are met with a long silence and a thoughtful gaze out the window. The silence and mystery of the client's non-answer descend on me like a benediction. Have we struck gold? Have we discovered a new way to capture the customer or frame the real estate deal that they haven't previously considered? A good conversation about real estate sets the gears in the client's brain turning, sharpening the focus on how we will execute real estate in this particular market. Like a talented actor who can inhabit the role of his character, the best broker learns the mind of the client, and makes it his own.

Our day long discussion is filled with questions, observations, coffee breaks, answers and non-answers. By the end of a successful tour, we've exchanged a great deal of information. Sometimes, the tour feels like a tiny, double espresso version of a trip to the therapist. We both complete the journey with new perspectives, with many questions answered, and a sense of direction about our efforts, both individual and collective.

The successful real estate site tour is less, far less, about sites, rents and terms, and much more about creating a partnership, a bond of understanding, that will inform all of the subsequent energy that we put into positioning the brand to thrive.

Invariably, I return home from the site tour exhausted – mentally exhausted. Imagine if you can, driving 200 miles in a day and visiting eight or ten locations, while conducting a thorough, day-long investigation into your client's vision, needs, challenges and dreams. Simultaneously, you are navigating traffic, organizing lunch, dinner and coffee breaks, meeting with owners and brokers, answering questions from one or more clients sharing the journey, all sandwiched between a very early and a very late trip to the airport. I am wrung out, yet deeply satisfied when the journey is complete and the mission accomplished.

In some ways, ours is a young person's business. The site tours can be taxing to the extreme. And, guess what? There's no guarantee that any of the sites reviewed will result in signed leases or closed escrows. The prospect of a day spent fruitlessly can be daunting. Yet only with age and experience can we give the client everything that they need and deserve from a visit to our market. As a young man, I would simply jump in the car and drive. As an older man, I consider the journey carefully. Now, only when I am ready to go forth and conquer, like the ancient Romans who proclaimed "Carpe Diem!" do I embark. And we seize the day.



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