The explosive growth in San Francisco over the last five years has not been limited to employment, population, and wealth; it’s also present in the expansion of the retail heart of San Francisco: Union Square.

Where art galleries were created in empty store fronts little more than five years ago in the depths of the recession, now high-end boutiques, new eateries, and renovated entertainment venues line the streets.

Union Square has largely maintained its place firmly planted between Market, Kearny, Bush, and Mason. But a new area is emerging to accommodate the numerous retailers who desire to be in one of the premier global shopping districts, but are hard-pressed to find space within the traditional boundaries. Further adding to the frustration is the new price floor for prime retail space in the square, of $700 per square foot.
UNION SQUARE West

A new demographic is moving into the neighborhood with an appetite for authentic, urban retail

Within this new trade area:

23,793
Residents within a 3-minute walk, +9.2% since 2000

$61K
Average household income for residents within a 3-minute walk

820
Brand new apartment units within a 10-minute walk

A new area is taking shape, bridging the gap between the newest trade area in San Francisco, Mid-Market, with the gritty, up-and-coming Tenderloin, and it has potential to be one of the hottest retail locations in San Francisco.

Union Square West is a shopping district ripe with opportunity for both landlords and tenants.

The demographic and psychographic profile of the 16 square-block area bound by Mason, Sutter, Jones, and Market, is shifting toward a consumer that loves art, design, craft cocktails and beer, live entertainment, and is eager and willing to pay premium prices for these things.

<table>
<thead>
<tr>
<th>Psychographic Profile:</th>
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<tbody>
<tr>
<td>Metro Renters 65%</td>
<td>Educated professionals in their early 30s, largely white, with a median income of $52K</td>
</tr>
<tr>
<td>Trendsetters 20%</td>
<td>Single professionals in their late 30s, largely white, with median income of $51k</td>
</tr>
<tr>
<td>Social Security Set 15%</td>
<td>Late 40s, only high school diploma, diverse group with median income of $16k</td>
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UNION SQUARE West

Recent lease and sale comps illustrate how the high price of Union Square is driving demand west.

OFFICE SALE

Reddit Headquarters
420 Taylor Street
46,024 s.f.
$45M / $978 per s.f.
Seven Equity Group purchased from Seal Rock Investments and partners

Sale represents a new high watermark on per square foot pricing within the boundaries of this submarket. This is a creative office property selling above the overall office average of just over $800 per square foot. Indicates strong investor interest in the market.

RETAIL LEASE

Halal Guys
336 O’Farrell Street
1,921 s.f.
5 years
$96 NNN

Lease represents the company’s first presence outside their home city of New York. The neighborhood is a perfect location for their mid-priced entrees, and is just the beginning of an ambitious national expansion plan. Think: Chipotle of the Middle East.

RETAIL SALE

Tiffany Building
360 Post Street
96,882 s.f.
$139M / $1,428 per s.f.
Ponte Gadea purchased from RECAP in JV with Greystone Realty Advisors LLC

One of the most highly-anticipated sales of the year, this deal underscores the high price point for prime retail space. Rents near the square are at all-time highs, pushing more demand west for tenants unable to stomach the price tag.
New boundaries for Union Square, that include this new trade area, are outlined below. While the premium shopping streets will remain Maiden Lane and Post Street, a new demographic of shoppers is moving into the neighborhood, driving the evolution of this unique shopping district.

**Tenants currently touring Union Square + West**

- Topshop
- Ralph Lauren
- Eataly
- COS
- Pirch
- West Elm
- Crate & Barrell (relocation)
- Container Store (relocation)
- Hamley’s
- Penhaligons
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