

San Mateo County

Market Facts

2.0%

Overall Vacancy

\$1.58

Average Asking Rate

29,478 SF

Q1 2019 Net Absorption

145,417 SF

Total Leasing Activity

Industrial Market Overview

The industrial market within San Mateo County continues to dwindle down. San Mateo County has about 35.3 million square feet of rentable building area, but only 2.0% of that space is available for lease. To make matters worse is the fact that many industrial buildings are being renovated into newer life-science/R&D buildings to accommodate the exponentially growing biotech industry. Due to this extremely limited inventory, industrial tenants are left with two very solemn options – to either stay put in their current location with no options of expanding or to seek other opportunities within the nearby counties.

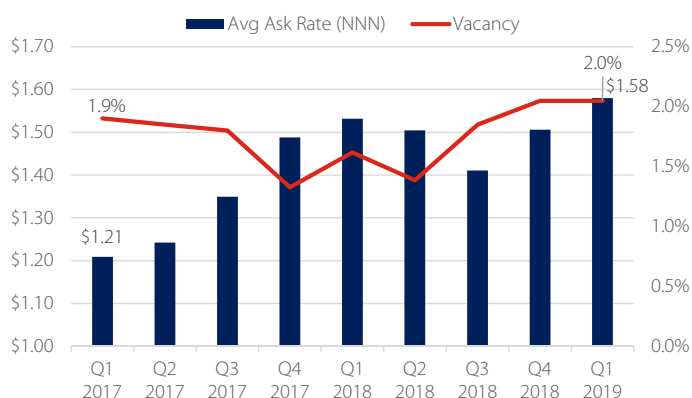
At the end of the first quarter, the total amount of available industrial space only totaled 693,242 square feet, which translates to an extremely low 2.0% vacancy rate. The vacancy rate for this industrial market has remained at or below 2.0% for the last three years, and under 5.0% for the past six years. The lack of space is extremely discouraging for both existing tenants and tenants thinking about possibly moving to the Peninsula.

San Mateo County's industrial market continued to see gradual increases in asking rates due to the increasingly high demand. The first quarter ended with a \$1.58 per square foot, triple net asking rate which is a 5.3% increase from last quarter, and a 30.6% increase from this same period in 2017.

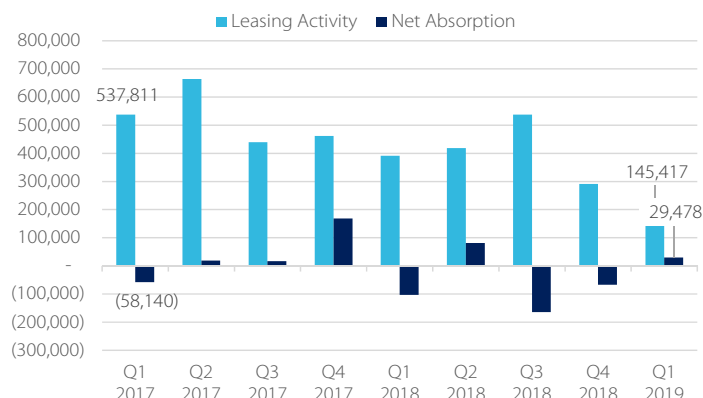
Leasing activity within the industrial market in San Mateo County has hit an all-time low. This quarter, the industrial market only saw activity totaling 145,417 square feet with 75% of lease transactions occurring in South San Francisco. With no new inventory in the pipeline, tenants have become increasingly frustrated with the limited inventory and lack of industrial presence among the Peninsula.

The economy within San Mateo County, however, has remained strong. San Mateo County continues to hold the lowest unemployment rate within the state of California with a rate of 2.3%, compared to 2.7% unemployment rate in nearby Santa Clara County and a 4.4% unemployment rate for the entire state of California.

Historical Vacancy & Asking Rental Rate (FSG)



Historical Net Absorption & Leasing Activity



Market By The Numbers

SUBMARKET	Total RBA (SF)	Direct Vacant Space (SF)	Sublet Vacant Space (SF)	Vacancy Rate	Net Absorption (SF)	Net Absorption YTD (SF)	Avg. Asking Rate
Brisbane/Daly City	5,411,818	130,217	0	2.4%	-4,100	-4,100	\$1.34
So. San Francisco/San Bruno	15,255,703	244,002	16,452	1.7%	39,113	39,113	\$1.33
Burlingame/Millbrae	3,779,316	52,019	0	1.4%	-15,673	-15,673	\$1.52
North County	24,446,837	426,238	16,452	1.8%	19,340	19,340	\$1.36
San Mateo/Foster City	881,034	0	5,000	0.6%	9,584	9,584	\$2.21
Belmont/San Carlos	4,472,956	99,651	62,700	3.6%	-14,695	-14,695	\$1.80
Redwood City	3,262,508	46,962	0	1.4%	11,909	11,909	\$1.99
Menlo Park	2,200,394	36,239	0	1.6%	3,340	3,340	\$2.69
South County	10,816,892	182,852	62,700	2.3%	10,138	10,138	\$1.97
TOTAL	35,263,729	609,090	79,152	2.0%	29,478	29,478	\$1.58

Significant Lease Transactions

Tenant	Building	Submarket	Square Feet	Type
Wismettac Asian Foods, Inc	340 Valley Drive	Brisbane	83,981	Renewal
Jericho Project	430 Valley Drive	Brisbane	71,207	New Lease
240 Dollar Ave Storage	240 Dollar Avenue	South San Francisco	62,000	Extension
The Wayfarer Group	350 Harbor Way	South San Francisco	40,000	New Lease

Significant Sale Transactions

Building	Buyer	Submarket	Square Feet	Sale Price
239 Utah Avenue	Kehoe Properties LLC	South San Francisco	25,262	\$7,200,000
49-55 Perry Street	KM-MG Perry, LLC	Redwood City	15,658	\$5,480,000
2691 Spring Street	West Valley Construction Company, Inc	Redwood City	5,000	\$2,210,000



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Properties

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