

Forecast 2021



San Mateo County, CA

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San Mateo County



Executive Summary

- Most of the larger tech companies have allowed employees to work from home for the near future
- The biotech sector has been thriving throughout the pandemic without signs of slowing

San Mateo County has always been known for its strength and growth, mostly due to the high demands from the tech sector and the ongoing developments within life science. Many expected 2020 to be a record-breaking year, but then the Coronavirus (COVID-19) pandemic began and everything started to change as we adapted to this new way of living.

When COVID-19 started to hit the Bay Area in early March 2020, San Mateo County appeared to be one of the only counties that wasn't devastatingly crushed by its effects. Many of the larger firms already had their employees working on a flexible schedule balancing working in the office with working at home, so these firms didn't have to change much to their current system when the shelter-in-place restrictions were set.

Moreover, this new way of working has already become a rising trend within San Mateo County, especially among companies

outside the tech sector. These corporations are starting to realize that they don't need to have every single employee come into the office every day. It's been studied that employees are happier when they have the opportunity to work from home because they don't have to worry about outside factors such as commute or access to amenities. However, it is important to note that studies have also proved that a more flexible workplace may actually be the best answer for talent retention simply because, people like to have options. And because of the uncertainty about the pandemic, many of the larger firms, such as Facebook, Uber, and Google, have pushed out their return-to-office dates while some companies, like Twitter, and Square, have told employees they can work remotely indefinitely. Facebook has already decided that they will keep their current headquarters, despite their plans to have a quarter of their workforce work remote. These corporate level decisions have proven to make employees happier and more productive, while also saving money for the company during this uncertain time.



“For the past couple of years, San Mateo County has held the lowest unemployment rate in the state of California noting around 2%. Due to the pandemic, the unemployment rate slightly increased around March but employment has significantly increased again, partially due to the need for more lab scientists, over the past few months bringing the rates back down to around 5-6%.”

However, teleworking does not just affect the businesses and their employees; it also makes an impact on the future of a landlord's portfolio. With many of the technology firms deciding to work remote for the near future or even longer, landlords are having to deal with the uncertainty of their income, coupled with shortened and more flexible lease terms. Due to the pandemic, tenants are hesitant to lock in long-term leasing so landlords will have to learn to adapt.

Within San Mateo County, the biotech and life science sectors have been thriving for the past couple of years, but they've really bloomed throughout 2020. The life science sector has been the only product type to have remained strong, if not performed better over the past couple of quarters along the Peninsula. Fueled by the desire and urgent need to get a vaccination out to the people, biotech and healthcare tenants have been working nonstop and have been expanding their locations whenever possible. Any available lab space on the market has been quickly snatched up by current and upcoming biotech businesses and it seems like even more developers are working on office/life science conversions due to the never-ending demand on the Peninsula. Healthpeak Properties has decided to propose a new bioscience campus totaling more than 1 million square feet in South San Francisco, while Genentech is planning on doubling their current space on their campus to around 9 million square feet. It's safe to say that at least for the near future, the biotech sector will continue to flourish within San Mateo County.

Trend watch



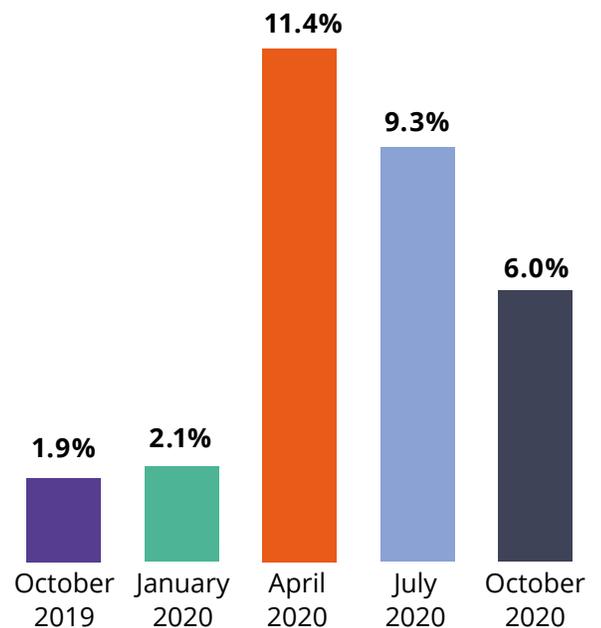
No place like home

Tech employees have already been working from home and they're thriving. Now that everyone else has been forced to telework, we're realizing this new model may just work out after all. We can expect more companies to adopt a partial remote-working environment even when the pandemic is over.



Portfolio metamorphosis

While some employers can completely transition their workplace to home, some companies will still need office space for in-person collaboration. Landlords will now have to reconsider their portfolios to accommodate a more flexible workforce.



Unemployment Rates

U.S. Labor Market Information Division

Get more market information

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