

San Mateo County

Market Facts

3.5%

Overall Vacancy

\$3.02

Average Asking Rate

20,461 SF

Q2 2019 Net Absorption

2,498,980 SF

Under Construction

R&D Market Overview

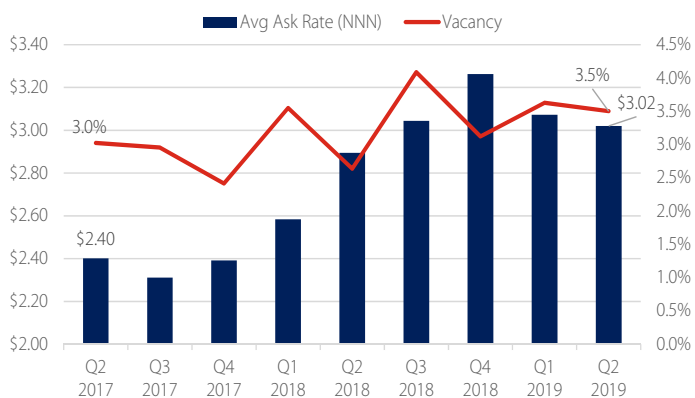
San Mateo County is definitely turning into the main biotech sector within the Bay Area. It seems like every biotech company within Northern California is flocking to the North County of the Peninsula, which consists of Brisbane, Daly City, South San Francisco, San Bruno, Millbrae, and Burlingame. Even the construction cannot keep up with the tenants' demand since 70% of the buildings currently under construction are already pre-leased.

South San Francisco is easily becoming the place to be for R&D space within San Mateo County. A couple of big developments and campuses within South San Francisco are attracting some of the biggest names within the life science industry. The Cove at Oyster Point in South San Francisco, which includes over 1.1 million square feet of R&D space, is finally almost finished with their last two buildings and will be 100% occupied at the time of completion. Kilroy Realty Corporation's recent purchase along Oyster Point is also currently under construction and will bring 600,000 square feet of life science space to the North County by the end of 2020.

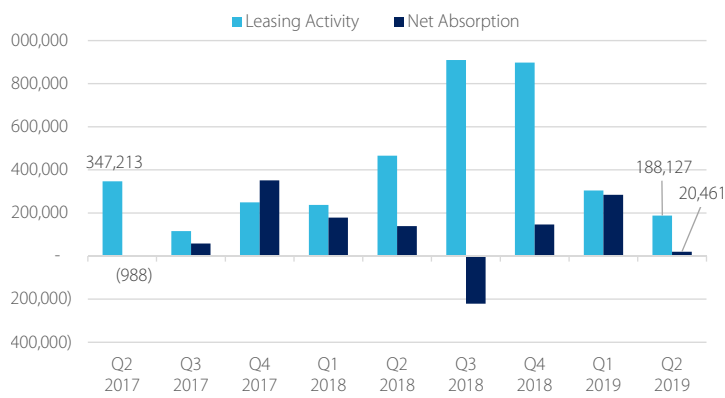
Brisbane is also moving in on the biotech front with a major development breaking ground this quarter. The Shore at Sierra Point is a 23-acre waterfront campus that will bring 616,000 square feet of R&D space to the heart of biotech region in San Mateo County. HCP is the developer and hopes to release the entire campus in three phases within the next couple of years. The first phase consists of two flex buildings totaling 226,079 square feet that are already 100% pre-leased with biotech tenants. It is expected to be completed in late 2020. The next two phases will include the remaining R&D space and roughly 15,000 square feet of amenities including a nine-hole putting green and amphitheater.

It is safe to say that the R&D market along the Peninsula will continue to thrive, much like the economy. San Mateo County continues to hold the record for the lowest unemployment rate in the state. According to the California Labor Market, San Mateo County measured a 1.7% unemployment rate, which is 180 basis points lower than the 3.5% rate recorded for the state of California and 190 basis points lower than the 3.6% rate for the U.S.

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 (NNN)
				Q1 2019	Q2 2019			
Brisbane/Daly City	115,882	-	-	-	-	-	-	-
South San Francisco	5,506,553	293,221	38,966	6.7%	6.0%	38,053	261,881	\$3.10
San Bruno/Millbrae	136,825	3,599	-	2.6%	2.6%	-	-3,599	\$1.50
Burlingame	1,080,098	18,200	9,588	2.8%	2.6%	2,362	-18,655	\$2.20
North County	6,839,358	315,020	48,554	5.9%	5.3%	40,415	239,627	\$3.02
San Mateo/Foster City	1,662,514	-	-	-	-	-	-	-
Redwood Shores	1,486,054	-	-	-	-	-	-	-
Central County	3,148,568	-	-	-	-	-	-	-
Belmont/San Carlos	2,013,461	75,171	23,559	2.7%	4.9%	-43,598	-15,180	\$2.58
Redwood City*	775,494	31,290	8,350	8.1%	5.1%	23,375	25,923	\$2.95
Menlo Park	2,985,910	45,195	-	1.5%	1.5%	269	-2,831	\$4.09
South County	5,774,865	151,656	31,909	2.8%	3.2%	-19,954	7,912	\$3.03
San Mateo County Total	15,762,791	466,676	80,463	3.6%	3.5%	301,044	584,927	\$3.02

Top Leases

Tenant	Building	Submarket	Square Feet	Type
Enel X (eMotorWorks)	360 Industrial Road	San Carlos	37,755	New Lease
Ascendis Pharma	1200 Bridge Parkway	Redwood Shores	37,500	New Lease
BayMedica	458 Carlton Court	South San Francisco	20,000	New Lease
Avinger, Inc	400 Chesapeake Drive	Redwood City	19,600	Renewal

Top Sales

Building	Buyer	Submarket	Square Feet	Sale Price
1091 Industrial Road	Premia Capital	San Carlos	40,000	\$15,000,000
858 Stanton Road	Ribi Living Trust 2000	Burlingame	15,708	\$5,700,000



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Properties

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