

San Mateo County

Market Facts

2.3%

Overall Vacancy

\$1.58

Average Asking Rate

-79,501 SF

Q2 2019 Net Absorption

334,793 SF

Total Leasing Activity

Industrial Market Overview

During the second quarter of 2019, San Mateo County's industrial market remained stable, at least for the time being. With no new inventory in the pipeline, tenants have become increasingly frustrated with the limited inventory and lack of industrial presence among the Peninsula.

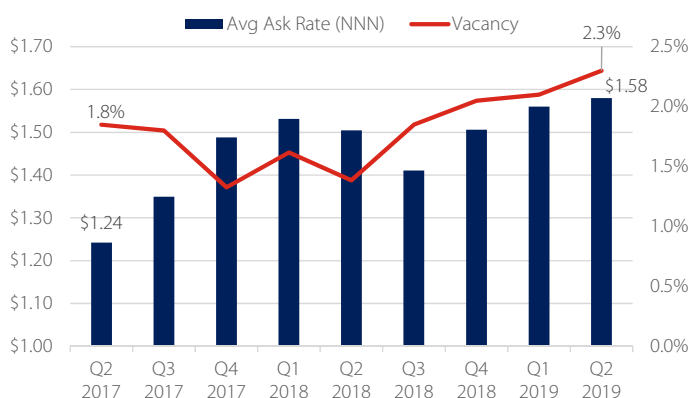
There is currently just over 35 million square feet of rentable building area with only 812,580 square feet available to lease. That translates to a 2.3% vacancy rate for the second quarter of 2019 which is definitely higher than the 1.4% vacancy rate seen this time last year; however, one should not get their hopes up that this will be a turning point for the industrial market. With the Office/R&D/flex market now booming within San Mateo County, it seems now that the only vacant industrial spaces left for lease are properties that are leftover from

prior tenants who have moved or expanded to a different part of the Bay Area.

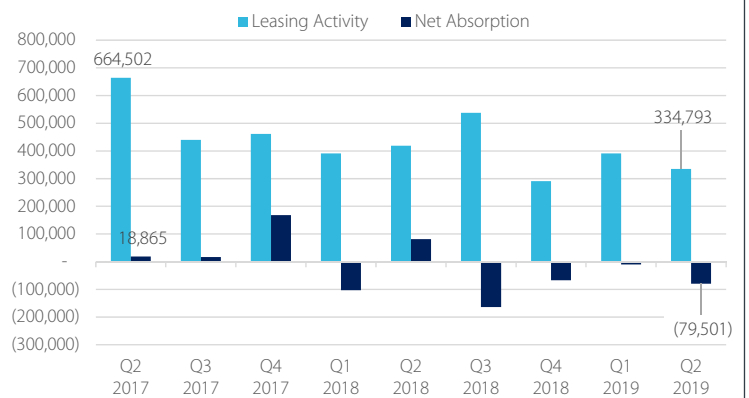
When the amount of available inventory is low, the weighted average asking rates will be very high. This practice is all too familiar to industrial tenants along the Peninsula who are now facing an average asking rate of \$1.58 NNN. That is a whopping 28.5% increase in rates in just two years where the average asking rate was measured at \$1.23 NNN.

At least there is one good thing happening along the Peninsula. 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
Brisbane/Daly City	5,385,158	22,708	-	0.4%	107,509	107,509	\$1.37
So. San Francisco/San Bruno	15,296,596	416,835	46,322	3.0%	-159,774	-163,590	\$1.37
Burlingame/Millbrae	3,757,638	55,787	-	1.5%	-6,860	-19,441	\$1.56
North County	24,439,392	495,330	46,322	2.2%	-59,125	-79,622	\$1.39
San Mateo/Foster City	877,292	18,666	5,000	2.7%	-18,666	-9,082	\$2.16
Belmont/San Carlos	4,431,087	73,249	62,000	3.1%	27,102	12,407	\$1.79
Redwood City	3,262,553	76,583	-	2.3%	-29,621	-17,712	\$1.92
Menlo Park	2,200,394	35,430	-	1.6%	809	4,149	\$2.54
South County	10,771,326	185,262	62,000	2.5%	-20,376	-10,238	\$1.96
TOTAL	35,210,718	680,592	108,322	2.3%	-79,501	-89,860	\$1.58

Significant Lease Transactions

Tenant	Building	Submarket	Square Feet	Type
San Francisco Chronicle	610 Quarry Road	San Carlos	64,000	Renewal
ABC Bus	3508 Haven Avenue	Redwood City	28,196	Renewal
AddLife	405 Victory Ave	South San Francisco	20,100	Sublease
Chan Zuckerberg Initiative	1270 Oddstad Drive	Redwood City	19,200	New Lease

Significant Sale Transactions

Building	Buyer	Submarket	Square Feet	Sale Price
355-369 Adrian Road	Gemisys Financial Services	Millbrae	36,550	\$13,000,000
2415 Bay Road	2415 Bay Road Partners LLC	Redwood City	21,831	\$11,000,000
2920-2950 Bay Road	Fox Creek Fund LLC	Redwood City	14,452	\$5,000,000



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Properties

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