

SAN MATEO COUNTY

Industrial Q1 2024

3.5%
Vacancy Rate



-72K
Net Absorption, SF



\$1.91
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024

1.2M
SF Peninsula Metro
Employment



3.7%
SF Peninsula Metro
Unemployment Rate



3.8%
U.S.
Unemployment Rate



Source: BLS, Moody's Analytics
2024 Q1 data are based on latest available data

ECONOMY: Job Count Declines

Nonfarm employment in the San Francisco metro division (San Francisco and San Mateo counties) decreased by 13,933 jobs year-over-year (YOY) for a decline of 1.2%. Subsequently, the unemployment rate rose 110 basis points (bps) YOY with the most recent figure at 3.7%. Venture capital (VC) funding into start-ups is a significant driver of the San Mateo County economy. Capital invested into San Mateo County-based companies in the first quarter reached \$8.7 billion (B), bouncing back from the previous quarter figure of \$1.6B. South San Francisco-based financial software/artificial intelligence company, Stripe, secured \$6.9B late-stage round funding and claimed the top spot in the U.S. Life sciences, one of the most important industries in the market, contributed \$728.4 million (M) and secured the second and third largest deals in the U.S. which were to South San Francisco-based drug discovery company, Alumis, in a \$259M late-stage round and South San Francisco-based decision/risk analysis company, Freenome, in a \$254M late-stage round.

SUPPLY: Industrial Vacancy Inches Higher

San Mateo County's industrial vacancy rate climbed to 3.5% at the end of the first quarter, up from last quarter's reading of 3.2% and an increase of 130 bps from one year ago. Since reaching a low of 1.6% in the first quarter of 2019, vacancy has skewed higher, however it remains relatively low with no large new developments in the pipeline. South San Francisco, the largest submarket by inventory, has had six consecutive quarters of increasing vacancy, ending the quarter at 4.7%; it contains 57.9% of all availabilities in the county.

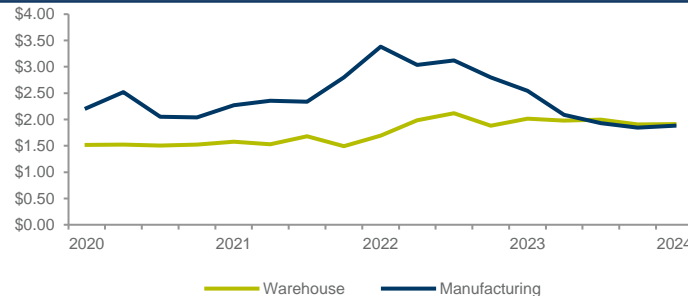
DEMAND: Leasing Activity Near Record Low

The San Mateo industrial market ended the first quarter with 72,236 square feet (sf) of negative overall net absorption, continuing the trend from the previous quarter at negative 42,249 sf. Burlingame/Millbrae was responsible for most of the issue this quarter with 43,999 sf of net occupancy losses. Leasing activity totaled 212,970 sf, just above the historic low of 200,036 sf at the end of the first quarter of 2020. New leasing made up 62.2% of the total figure, led by Ebb Carbon occupying 27,355 sf at 111 S. Maple Avenue in South San Francisco. The low velocity in new leasing activity is expected to continue due to limited expansion or relocation options in a tight market that lacks significant new development.

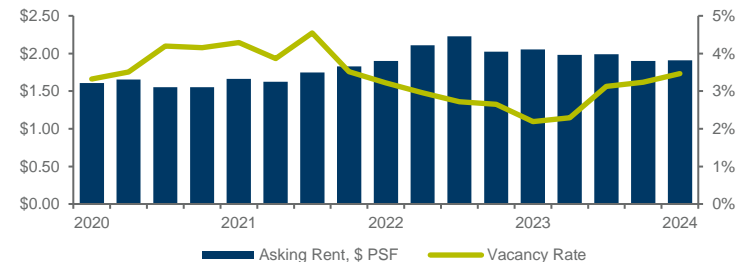
PRICING: Overall Asking Rate Flattens Out

The average asking rate in San Mateo County closed the first quarter of 2024 at \$1.91 per square foot (psf), on a monthly-basis, triple net basis, up \$0.01 quarter-over-quarter and down \$0.14 YOY. The average rate for manufacturing and light industrial product dropped \$0.66 YOY to \$1.88 psf, with warehouse product down \$0.10 YOY to \$1.91 psf.

WAREHOUSE/MANUFACTURING ASKING RENT (\$ PSF, NNN)



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR NET ABSORPTION (SF)	OVERALL YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL, WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
Brisbane/Daly City	5,613,281	258,049	4.6%	-1,445	-1,445	0	0	\$1.35	\$1.90	\$1.90
S. San Francisco/San Bruno	17,146,790	802,622	4.7%	-7,149	-7,149	0	0	\$1.80	\$1.75	\$1.75
Burlingame/Millbrae	4,093,021	175,249	4.3%	-43,999	-43,999	0	20,000	\$1.25	\$2.27	\$2.27
NORTH COUNTY	26,853,092	1,235,920	4.6%	-52,593	-52,593	0	20,000	\$1.80	\$1.85	\$1.85
San Mateo/Foster City	1,015,793	14,834	1.5%	-639	-639	0	0	\$2.10	\$2.25	\$2.25
Belmont/San Carlos	6,571,544	60,096	0.9%	-4,313	-4,313	0	0	\$2.02	\$2.55	\$2.14
Redwood City	3,730,888	72,170	1.9%	-14,691	-14,691	0	0	\$2.18	\$2.16	\$2.17
Menlo Park	1,823,555	2,500	0.1%	0	0	0	0	\$1.75	\$1.35	\$1.75
TOTAL	39,994,872	1,385,520	3.5%	-72,236	-72,236	0	20,000	\$1.88	\$1.91	\$1.91

*Rental rates reflect asking \$psf/month converted to Triple Net

MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
111 Maple Ave, S.	South San Francisco	Ebb Carbon	27,355	New Lease
590 Taylor Way	San Carlos	Zap Surgical	23,000	Renewal
179 Starlite St	South San Francisco	Raison D'etre Bakery	22,500	Renewal
224 Ryan Way	South San Francisco	Steven Engineering	21,682	Renewal
405 Eccles Ave	South San Francisco	Team Worldwide	18,075	Renewal

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
525 DNA Way	South San Francisco	San Francisco Baking Insurance School / Genentech	31,688	\$36.5M / \$1,152
352 Grand Ave, E.	South San Francisco	LBC Holdings USA Corp / Steven Sullivan	24,645	\$7.2M / \$292

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