



MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.4% Vacancy Rate	▲	▼
-351K YTD Net Absorption, SF	▼	▲
\$1.76 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M San Francisco Metro Employment	▼	▲
3.7% San Francisco Metro Unemployment Rate	▲	▼
4.2% U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

ECONOMY: xAI LEADS VENTURE CAPITAL FUNDING

Non-farm employment in the San Francisco metro division (MD) eased year-over-year (YOY), closing at 1.2 million (M) jobs. In conjunction, the unemployment ticked up YOY with the most recent figure at 3.7%. On the brighter side, venture capital (VC) funding into companies headquartered in San Mateo County skyrocketed in the fourth quarter, with capital investment totaling \$8.0 billion (B), up from \$1.8B in the third quarter due to the blockbuster deal by xAI at \$6.0B. San Mateo County-based companies captured 16.5% and 10.3% of the total funding to Bay Area and U.S. companies, respectively.

SUPPLY: INDUSTRIAL VACANCY DIPS AT YEAR-END

San Mateo County's industrial vacancy rate dipped to 4.4% at the end of the fourth quarter, down 30 bps from last quarter's reading of 4.7% but an increase of 90 bps from one year ago. Since reaching a low of 1.7% 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, ended the quarter at 5.4%; it contains seven large blocks over 50,000 square feet (sf) with 52.7% of all market-wide availabilities concentrated in the county.

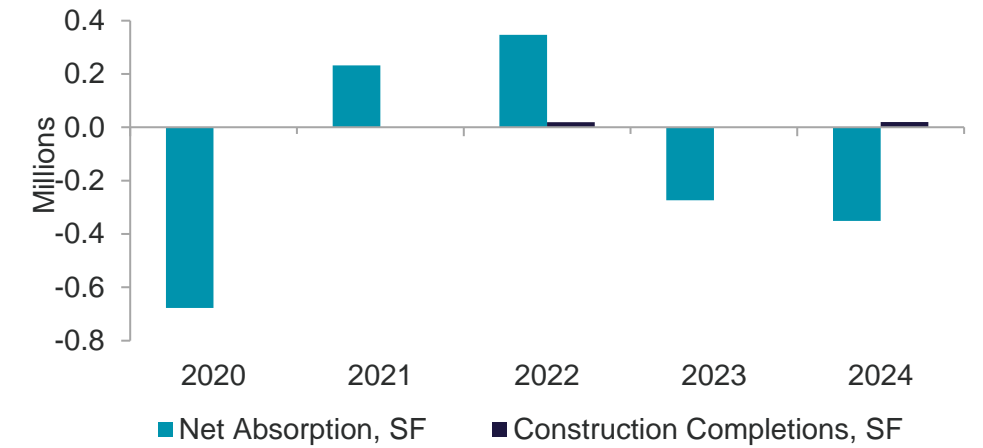
DEMAND: POSITIVE ABSORPTION IN A TIGHT MARKET

The San Mateo industrial market ended the fourth quarter with 148,238 square feet (sf) of positive overall net absorption, up from the previous quarter's negative 65,039 sf. North County was responsible for most of the positive absorption with 119,682 sf of net occupancy gains due to multiple small to mid-size move-ins. Revised leasing activity totaled 335,689 sf, and ended the year at nearly 1.3 msf, just below the prior year's total. 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.

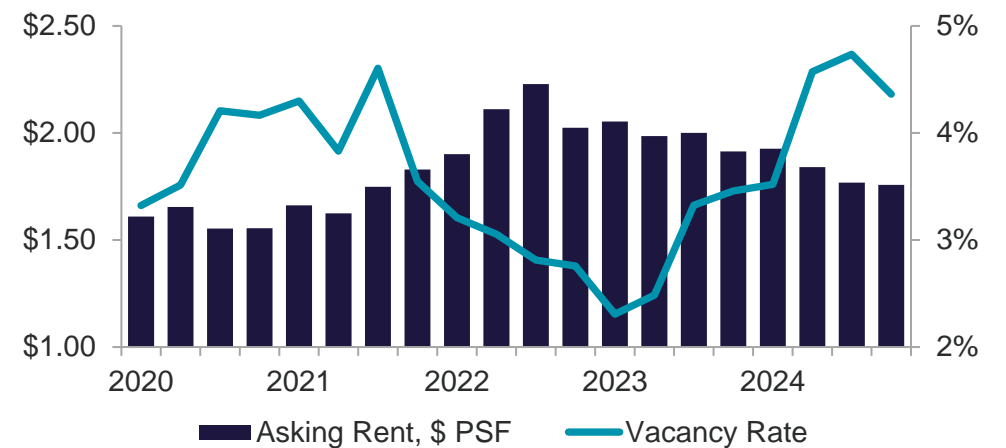
PRICING: OVERALL ASKING RATE TICKS DOWN

The average asking rate in San Mateo County closed the fourth quarter of 2024 at \$1.76 per square foot (psf), on a monthly triple net basis, down \$0.01 quarter-over-quarter and down \$0.16 YOY. The average rate for manufacturing and light industrial product increased \$0.32 YOY to \$2.16 psf, with warehouse product down \$0.17 YOY to \$1.72 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)
Brisbane/Daly City	5,616,281	397,852	7.1%	-26,248	-141,248	0	0	NA	\$1.80
S. San Francisco/San Bruno	17,081,919	918,835	5.4%	50,769	-124,671	0	0	NA	\$1.47
Burlingame/Millbrae	4,092,238	248,633	6.1%	95,161	-66,668	0	20,000	NA	\$1.89
NORTH TOTALS	26,790,438	1,565,320	5.8%	119,682	-332,587	0	20,000	NA	\$1.69
San Mateo/Foster City	1,017,456	44,443	4.4%	0	-30,248	0	0	\$1.99	\$2.35
Belmont/San Carlos	6,571,544	44,239	0.7%	18,756	19,604	0	0	\$1.90	\$2.30
Redwood City	3,730,688	36,547	1.0%	9,800	41,525	0	0	\$2.50	\$2.15
Menlo Park	1,833,587	52,000	2.8%	0	-49,500	0	0	\$2.18	NA
SAN MATEO COUNTY TOTALS	39,943,713	1,742,549	4.4%	148,238	-351,206	0	20,000	\$2.16	\$1.72

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
455 Valley Drive	Brisbane	Greenleaf Produce & Specialty Foods	112,326	Renewal
435 Valley Drive	Brisbane	Blueprint Studio	106,234	New Lease
333 Corey Way	South San Francisco	Zipline International	41,627	Renewal
240 Lawrence Ave	South San Francisco	CDR Trans LLC	17,233	New Lease
735 2 nd Ave	Redwood City	Precision Sport Science LLC	9,595	New Lease

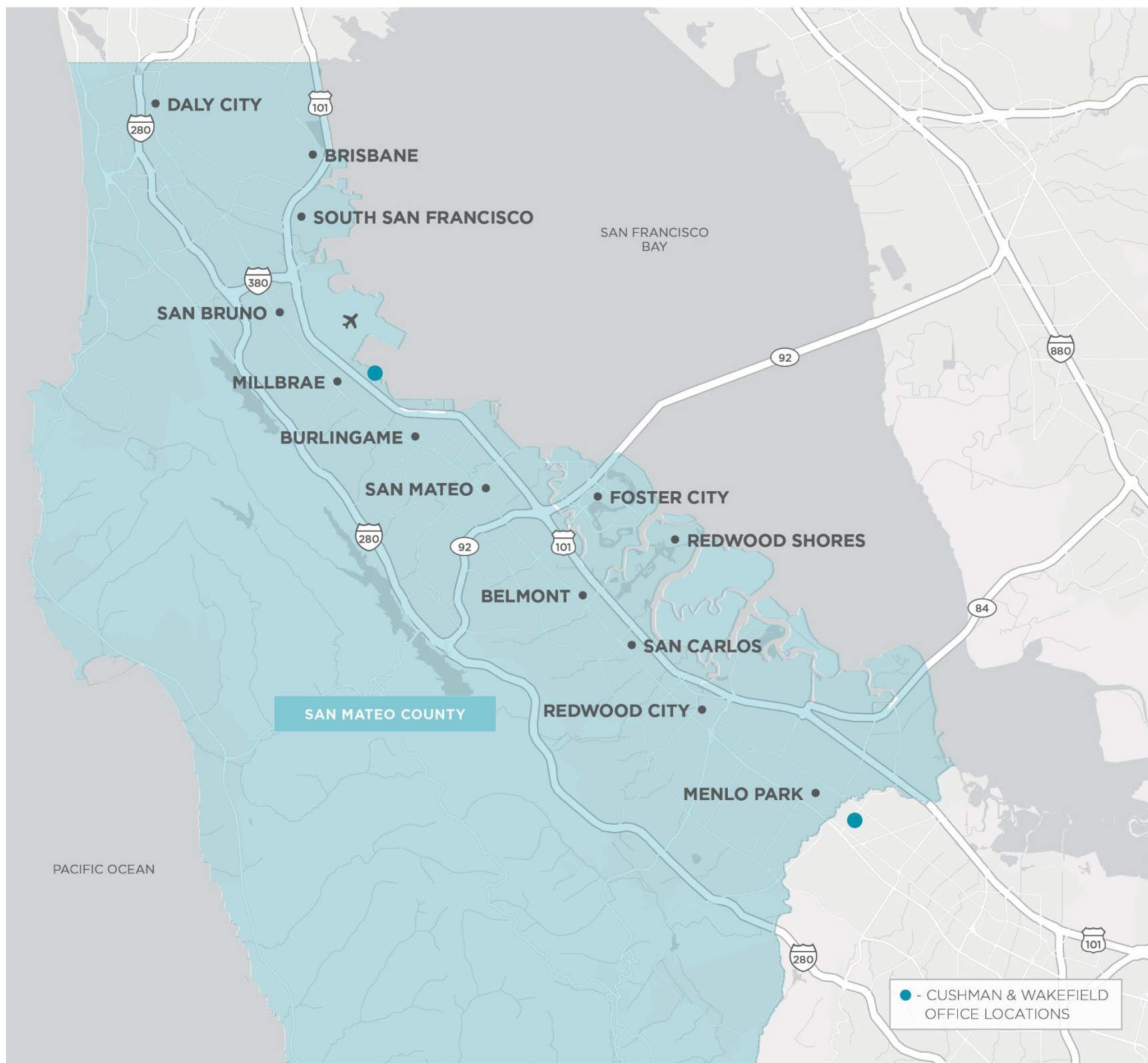
KEY SALE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
291 Utah Ave	South San Francisco	Draeger's Markets, Inc / LBA Logistics	50,700	\$16.6M / \$327
1065-1069 San Mateo Ave	San Bruno	Barry Gevertz / Jason Wong	19,200	\$6.2M / \$320
1 Hill Dr, W.	Brisbane	Epstein Trust / TTM Ventures LLC	12,600	\$4.6M / \$361

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
1221 Whitehorn Way	Burlingame	Ek Construction	20,000	Whitehorn LP

INDUSTRIAL SUBMARKETS



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