



MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.7% Vacancy Rate	▲	▼
-142K YTD Net Absorption, SF	▼	▲
\$1.74 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.1M San Francisco Metro Employment	▼	▲
3.9% San Francisco Metro Unemployment Rate	▲	▼
4.1% U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

ECONOMY: NON-FARM UNEMPLOYMENT AT 3.9%

Non-farm employment in the San Francisco metro division (MD) eased year-over-year (YOY), closing at 1.1 million (M) jobs. In conjunction, unemployment ticked up YOY with the most recent figure at 3.9%. Venture capital (VC) funding into companies headquartered in San Mateo County kicked-off the year with capital investment totaling \$1.7 billion (B), sharply down from \$8.0B in the prior quarter which was driven by a \$6.0B round to xAI. San Mateo County-based companies captured 2.9% and 1.9% of the total funding to Bay Area and U.S. companies, respectively. Capital investment market share was significantly lower due to San Francisco-based OpenAI's later stage round at \$40B. Deal count totaled 75 for the quarter, falling short of the four-quarter average of 79.

SUPPLY: VACANCY TRENDS HIGHER

San Mateo County's industrial vacancy rate bumped up to 4.7% at the end of the first quarter, a rise of 30 basis points (bps) from last quarter's reading of 4.4% and an increase of 120 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 tight and will likely remain that way as there are no large new developments in the pipeline. South San Francisco, the largest submarket by inventory, ended the quarter at 5.7%; it contains six large blocks over 50,000 square feet (sf) along with 51.6% of all county-wide availabilities.

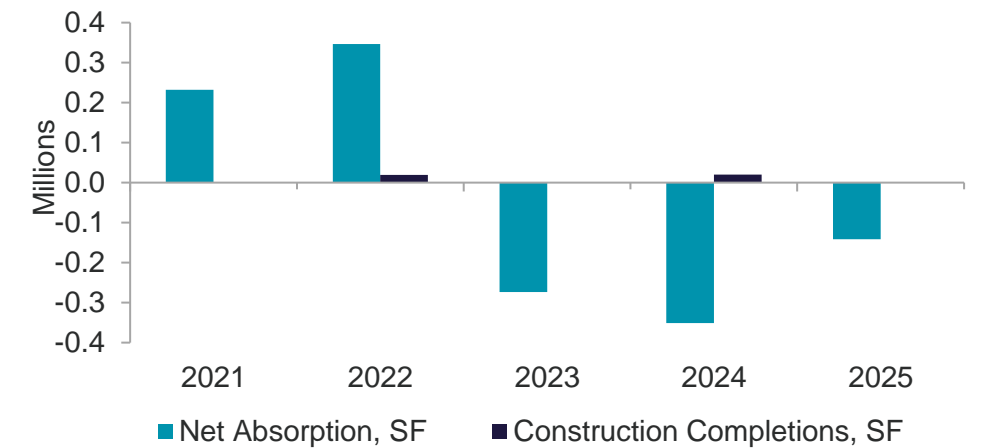
DEMAND: NEGATIVE ABSORPTION IN THREE MAJOR MARKETS

The San Mateo industrial market ended the first quarter with 141,573 sf of negative overall net absorption, down from the previous quarter's positive 148,438 sf. Three markets made up of South San Francisco, Burlingame/Millbrae and Belmont/San Carlos were responsible for most of the negative absorption with 253,290 sf of net occupancy losses due to multiple small to mid-size move-outs. Brisbane was at the opposite end of the spectrum with 100,470 sf of net occupancy gains.

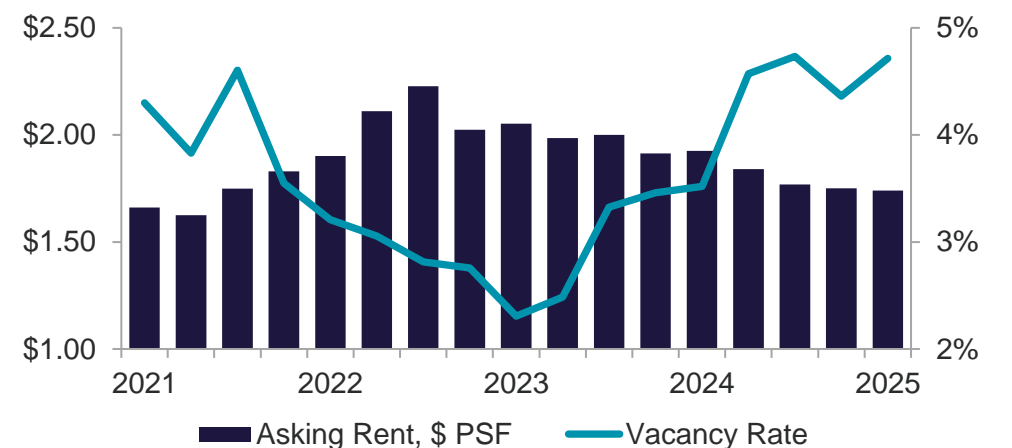
PRICING: OVERALL ASKING RATE TICKS DOWN

The average asking rate closed the first quarter at \$1.74 per square foot (psf), on a monthly triple net basis, down \$0.01 quarter-over-quarter and down \$0.18 YOY. The average rate for manufacturing and light industrial product increased \$0.26 YOY to \$2.28 psf, with warehouse product down \$0.22 YOY to \$1.70 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	297,382	5.3%	100,470	100,470	0	0	NA	\$1.75
S. San Francisco/San Bruno	17,087,485	971,163	5.7%	-52,328	-52,328	0	0	NA	\$1.48
Burlingame/Millbrae	4,092,238	359,283	8.8%	-110,650	-110,650	0	0	NA	\$1.85
NORTH TOTALS	26,796,004	1,627,828	6.1%	-62,508	-62,508	0	0	NA	\$1.65
San Mateo/Foster City	1,017,456	44,443	4.4%	0	0	0	0	NA	\$2.35
Belmont/San Carlos	6,571,544	134,551	2.0%	-90,312	-90,312	0	0	\$2.09	\$1.77
Redwood City	3,730,688	39,100	1.0%	-2,553	-2,553	0	0	\$2.45	\$2.23
Menlo Park	1,833,387	38,000	2.1%	13,800	13,800	0	0	\$2.25	\$2.25
SAN MATEO COUNTY TOTALS	39,949,079	1,883,922	4.7%	-141,573	-141,573	0	0	\$2.28	\$1.74

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

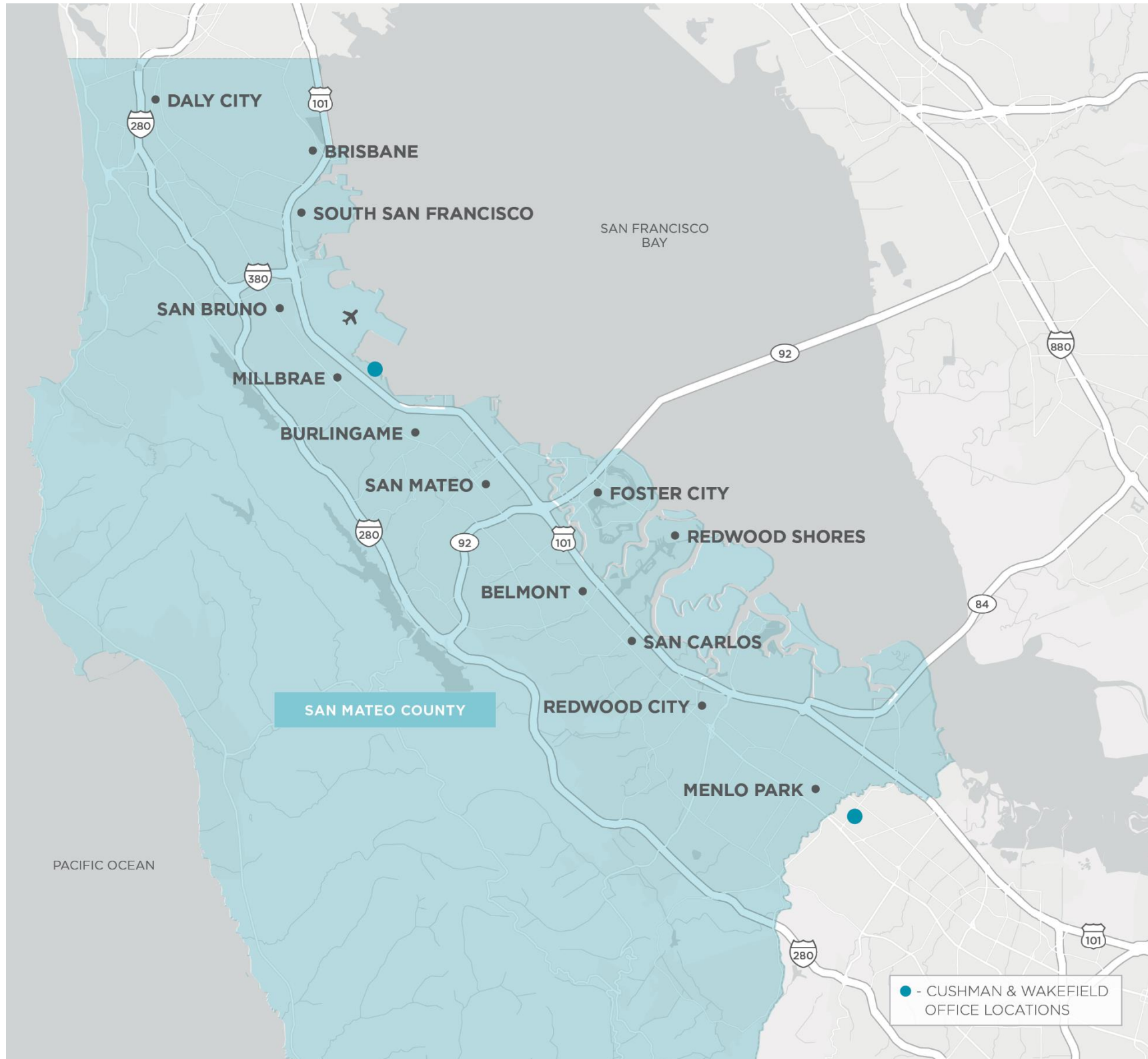
KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
427 Valley Drive	Brisbane	Mytra Robotics	101,350	New Lease
100 Grand Ave, E.	South San Francisco	Short Story	50,000	New Lease
299 Lawrence Ave	South San Francisco	Corfini Gourmet	19,247	Renewal
1334 San Mateo Ave	South San Francisco	Fulfillment Hub	17,115	New Lease
1001 Varian St	San Carlos	Johnstone Supply	9,672	New Lease

KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
179 Starlite St	South San Francisco	Terreno Realty / Longpont Realty Partners	22,275	\$8.0M / \$359
830-832 Kaynyne St	Redwood City	Maher Lahlouh / Tommy Ngai	12,900	\$4.8M/ \$372

INDUSTRIAL SUBMARKETS



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