

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.5% Vacancy Rate	▼	■
159K YTD Net Absorption, SF	▲	■
\$2.14 Asking Rent, PSF (Overall, Net Asking Rent)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
419K San Mateo County Employment*	▲	▲
3.6% San Mateo County Unemployment Rate*	▼	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS
*Q3 2026 figures are based on latest available data

ECONOMY: SAN MATEO EMBRACING TECH AND AI DEMAND

San Mateo County office-sector employment rose slightly year-over-year (YOY) to 418,500 jobs. Total nonfarm employment increased by 5,900 jobs (1.4%) while the unemployment rate fell 40 basis points (bps) to 3.6%. Venture capital funding declined from the second quarter but was still a healthy \$3.4 billion (B) across 101 deals. Deals for the year totaled \$11.8B, already surpassing 2025 at \$10.4B and only trails the 2021 record high of \$20B.

SUPPLY: TAILWINDS BUILD AS SUPPLY SHRINKS

San Mateo County’s industrial vacancy rate closed the third quarter at 4.5%, a 10-basis-point (bps) dip from the year-ago figure of 4.6%. Since reaching a recent low of 2.3% in the first quarter of 2023, vacancy has ticked higher. It is relatively tight compared to many other markets in Northern California and will remain that way as there are no large new developments in the pipeline. North County, the largest region by inventory, ended the quarter at 4.9%. Since North County’s recent high of 6.4% in the second quarter of 2024, vacancy has decreased by over 420,000 square feet (sf). There were eight large blocks over 50,000 square feet (sf) available in San Mateo County at the close of the quarter with the newest addition being 245 South Spruce Avenue in South San Francisco.

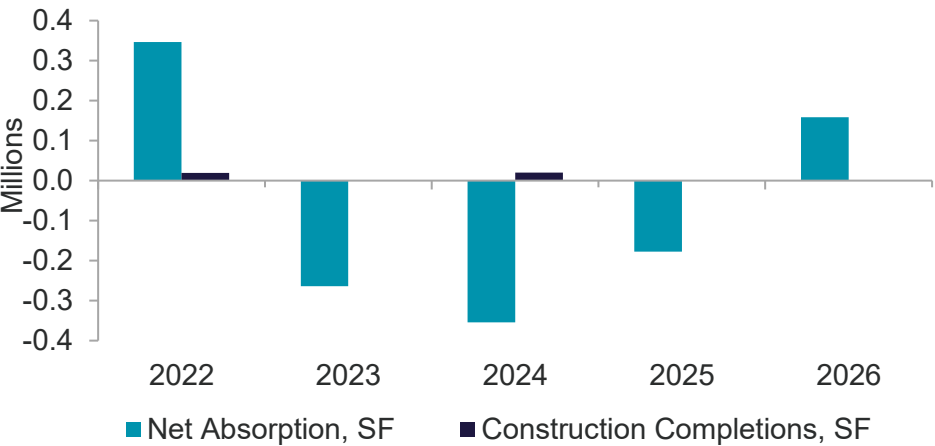
DEMAND: NORTH COUNTY HOT STREAK CONTINUES

The San Mateo industrial market ended the third quarter with overall net absorption of positive 96,653 sf, building on the trend from the prior quarter’s positive 14,496 sf. North County remains attractive to a diverse set of industries, achieving six straight quarters of positive absorption totaling 358,939 sf. Most of the gains in occupancy were in South San Francisco at 309,105 sf over the same period. Leasing activity for the quarter hit nearly 500,000 sf of split between 64% new leases and 36% renewals. Almost half of all leasing was in Brisbane, led by PITCO Foods 89,200 sf renewal at 385 Valley Drive.

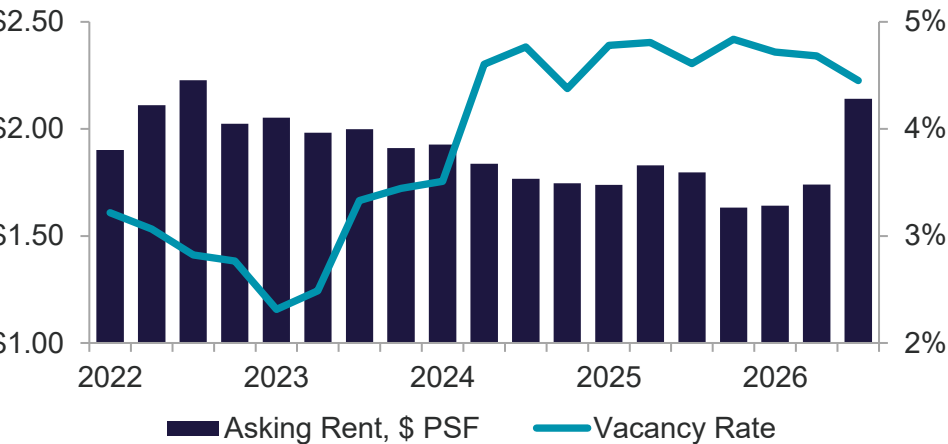
PRICING: ADVANCED TECHNOLOGY DEMAND DRIVES RENT GROWTH

The average asking rate jumped in the third quarter at \$2.14 per square foot (psf), on a monthly triple net basis, up \$0.40 psf from the prior quarter and up \$0.34 psf YOY. The biggest swings are in South San Francisco and Burlingame as more advanced technology uses are offered in big block spaces. The average rate for manufacturing and light industrial product ended the third quarter at \$2.09 psf, with warehouse product at \$2.15 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	5,616,943	207,575	3.7%	0	-16,938	0	0	N/A	\$1.72
S. San Francisco/San Bruno	16,855,053	691,861	4.1%	20,484	141,226	0	0	N/A	\$2.24
Burlingame/Millbrae	4,124,914	391,133	9.5%	64,179	113,451	0	0	N/A	\$2.16
NORTH TOTALS	26,596,910	1,290,569	4.9%	84,663	237,739	0	0	N/A	\$2.19
San Mateo/Foster City	1,017,456	18,530	1.8%	0	16,163	0	0	N/A	\$2.32
Belmont/San Carlos	6,509,562	239,471	3.7%	24,388	-67,276	0	0	\$2.30	\$1.80
Redwood City	3,640,882	81,485	2.2%	0	-11,200	0	0	\$2.41	\$2.31
Menlo Park	1,818,604	131,812	7.2%	-12,398	-16,913	0	0	\$1.77	\$1.00
SAN MATEO COUNTY TOTALS	39,583,414	1,761,867	4.5%	96,653	158,513	0	0	\$2.09	\$2.15

*Rental rates reflect weighted net asking \$psf/year
**Market indicators are not reflective of US MarketBeat tables

KEY LEASE TRANSACTIONS Q3 2026

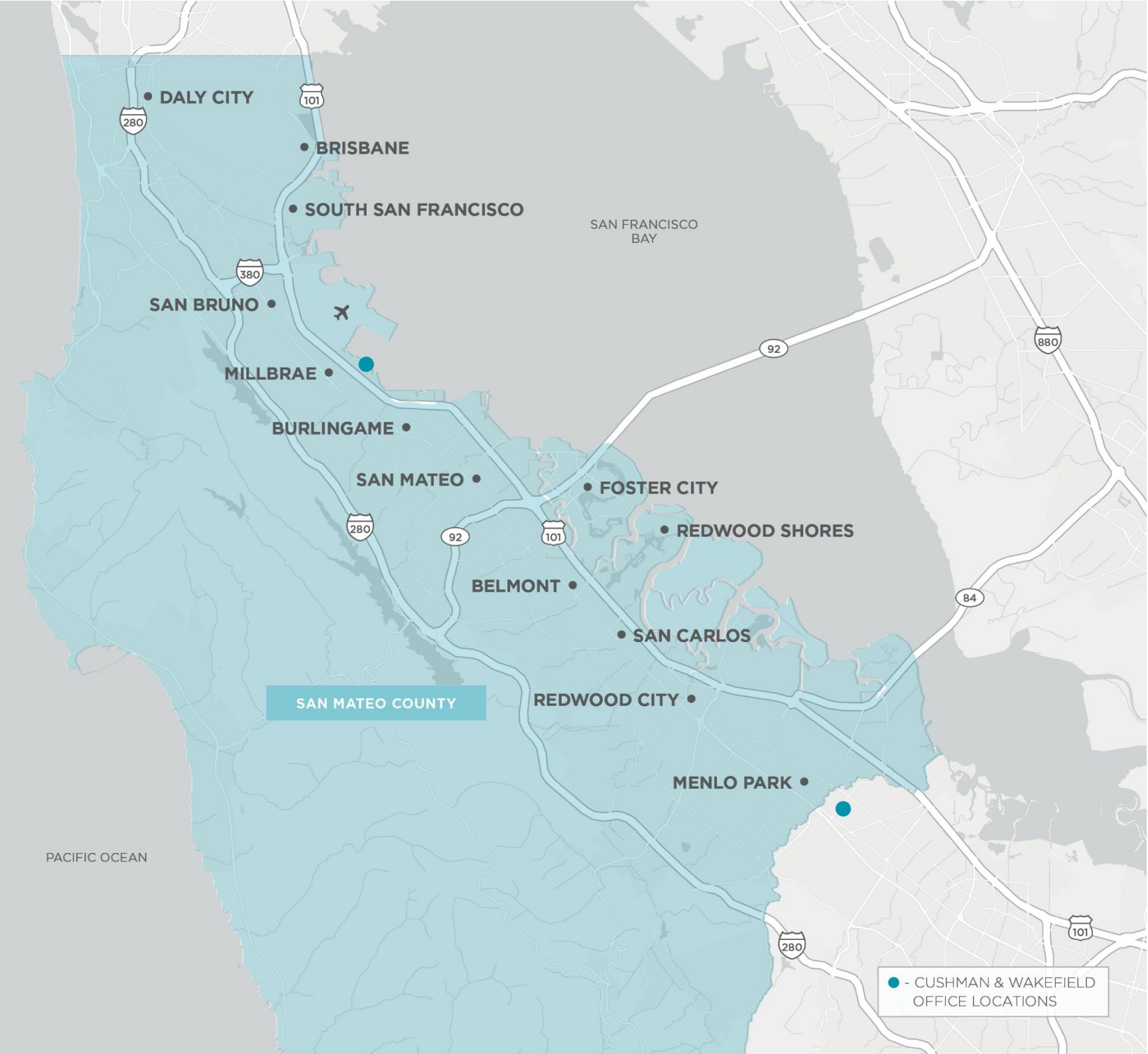
PROPERTY	SUBMARKET	TENANT	SF	TYPE
385 Valley Dr	Brisbane	PITCO Foods	89,200	Renewal
340 Valley Dr	Brisbane	Parallax Energy	79,400	New Lease
1635 Rollins Rd	Burlingame	Bright Machines	56,899	New Lease
355 Valley Dr	Brisbane	AT&T	42,000	Renewal
867 American St	San Carlos	Stanford Medicine	35,000	Renewal

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
161 Starlite St	South San Francisco	A & S Realty / WareSpace	64,103	\$16.5M / \$257

INDUSTRIAL SUBMARKETS



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