MARKETBEAT
SAN MATEO COUNTY
INDUSTRIAL Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.7% Vacancy Rate	▼	▬
58K YTD Net Absorption, SF	▲	▬
$1.74 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
417K San Mateo County Employment*	▲	▲
3.7% San Mateo County Unemployment Rate*	▼	▼
4.2% U.S. Unemployment Rate	▬	▲

Source: BLS
**Q2 2026 figures are based on latest available data*

ECONOMY: SAN MATEO ON THE COMEBACK

San Mateo County office-sector employment rose slightly year-over-year (YOY) to 416,800 jobs. Total nonfarm employment increased by 4,000 jobs (1.0%) while the unemployment rate fell 20 basis points (bps) to 3.7%. Venture capital funding declined from the first quarter but remained historically strong at $3.9 billion across 106 deals.

SUPPLY: BALANCING ACT

San Mateo County's industrial vacancy rate closed the second quarter at 4.7%, a 10-basis-point (bps) dip from year-ago figure of 4.8%. Since reaching a recent low of 2.3% in in the first quarter of 2023, vacancy has ticked higher. It does remain relatively tight compared to many other markets in the region 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 with a 5.2% vacancy rate, with most of the decrease in vacant space in South San Francisco due to strong leasing demand. Since North County's recent high of 6.4% in the second quarter of 2024, vacancy has decreased by over 300,000 square feet (sf). San Mateo County recorded eight large blocks over 50,000 square feet (sf) with the newest additions at 405 Airport Boulevard South in South San Francisco, 125 Valley Drive in Brisbane and 610 Quarry Road in San Carlos.

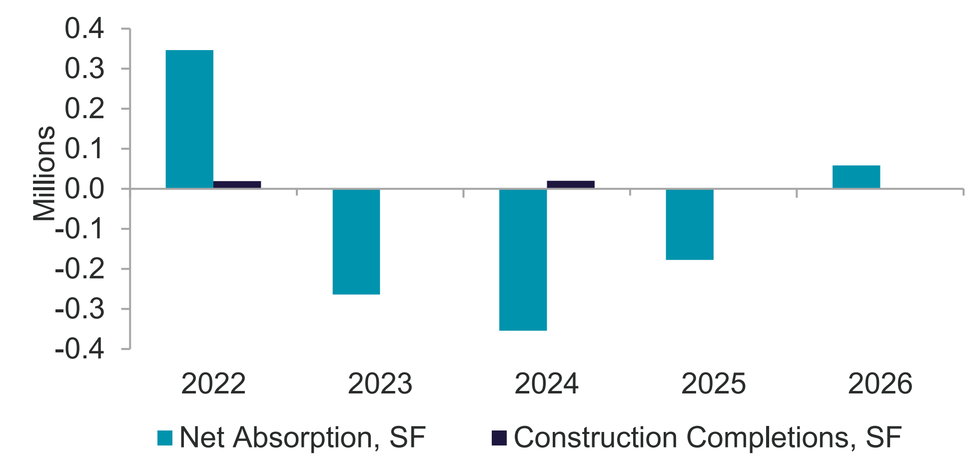
DEMAND: NORTH COUNTY IS THE HOT SPOT FOR DIVERSE INDUSTRIES

The San Mateo industrial market ended the second quarter with overall net absorption of positive 10,961 sf, continuing the trend from the prior quarter's positive 47,364 sf. North County remains attractive to a diverse set of industries, achieving five straight quarters of positive absorption at 270,741 sf. Most of the gains in occupancy for the quarter was in South San Francisco at 133,209 sf by ten tenants. Belmont/San Carlos was at the opposite end of the spectrum with 79,078 sf of net occupancy losses, led by a full building vacancy at 610 Quarry Road.

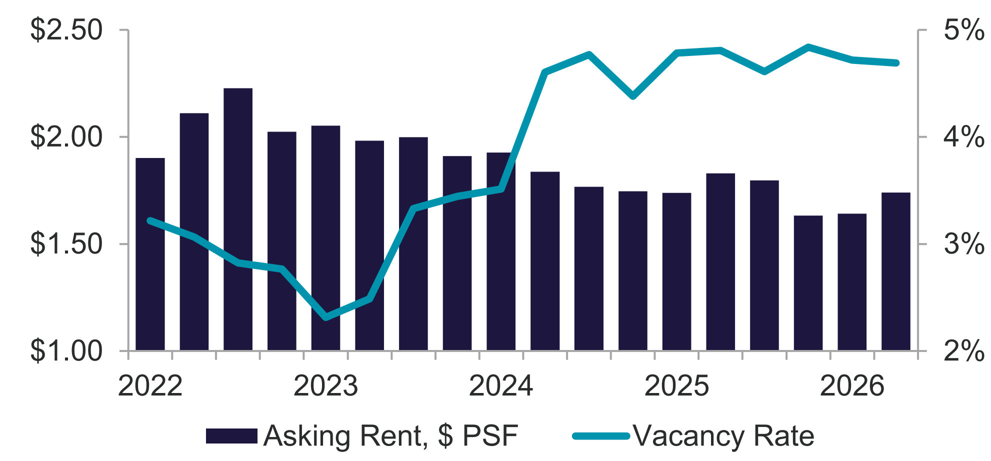
PRICING: JUMP IN RENTS ACROSS MOST MARKETS

The average asking rate closed the second quarter at $1.74 per square foot (psf), on a monthly triple net basis, up $0.10 psf from the prior quarter and down $0.09 psf YOY. The average rate for manufacturing and light industrial product ended the second quarter at $2.09 psf, with warehouse product at $1.64 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	207,575	3.7%	-45,765	-16,938	0	0	N/A	$1.80
S. San Francisco/San Bruno	16,964,109	712,345	4.2%	133,209	120,742	0	0	N/A	$1.66
Burlingame/Millbrae	4,124,914	458,847	11.1%	7,002	45,737	0	0	N/A	$1.44
NORTH TOTALS	26,705,304	1,378,767	5.2%	94,446	149,541	0	0	N/A	$1.61
San Mateo/Foster City	1,017,456	18,530	1.8%	16,163	16,163	0	0	N/A	$2.32
Belmont/San Carlos	6,509,562	263,859	4.1%	-79,078	-91,664	0	0	$2.30	$1.72
Redwood City	3,643,382	81,485	2.2%	-16,200	-11,200	0	0	$2.41	$2.31
Menlo Park	1,818,604	119,414	6.6%	-4,370	-4,515	0	0	$1.72	$1.00
SAN MATEO COUNTY TOTALS	39,694,308	1,862,055	4.7%	10,961	58,325	0	0	$2.09	$1.64

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

***Market indicators are not reflective of US MarketBeat tables*

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
100 Grand Ave, E.	South San Francsico	Short Story	70,728	Renewal
576-586 Eccles Ave	South San Francisco	Zipline	55,694	New Lease
206 Utah Ave	South San Francisco	Rivian	45,355	Renewal
137 Utah Ave	South San Francisco	Cablecom	40,000	Renewal
255 Utah Ave	South San Francisco	AES	21,008	New Lease

**Renewals not included in leasing statistics*

KEY SALE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
278 Lawrence Ave	South San Francisco	Varnhagen Trust / Pacific Coast Capital Investors	27,741	$7.0M / $282
1020 O'Brien Dr	Menlo Park	1030 O'Brien LLC / 1020 O'Brien Owner LLC	20,145	$5.2M / $258
2634 Bayshore Blvd	Daly City	Threeandnine LLC / Bayshore DC LLC	12,340	$4.1M / $332
1815 Bayshore Hwy	Burlingame	Lorraine Arnaudo Family / Constructive Solutions	10,680	$3.8M / $358

SAN MATEO COUNTY
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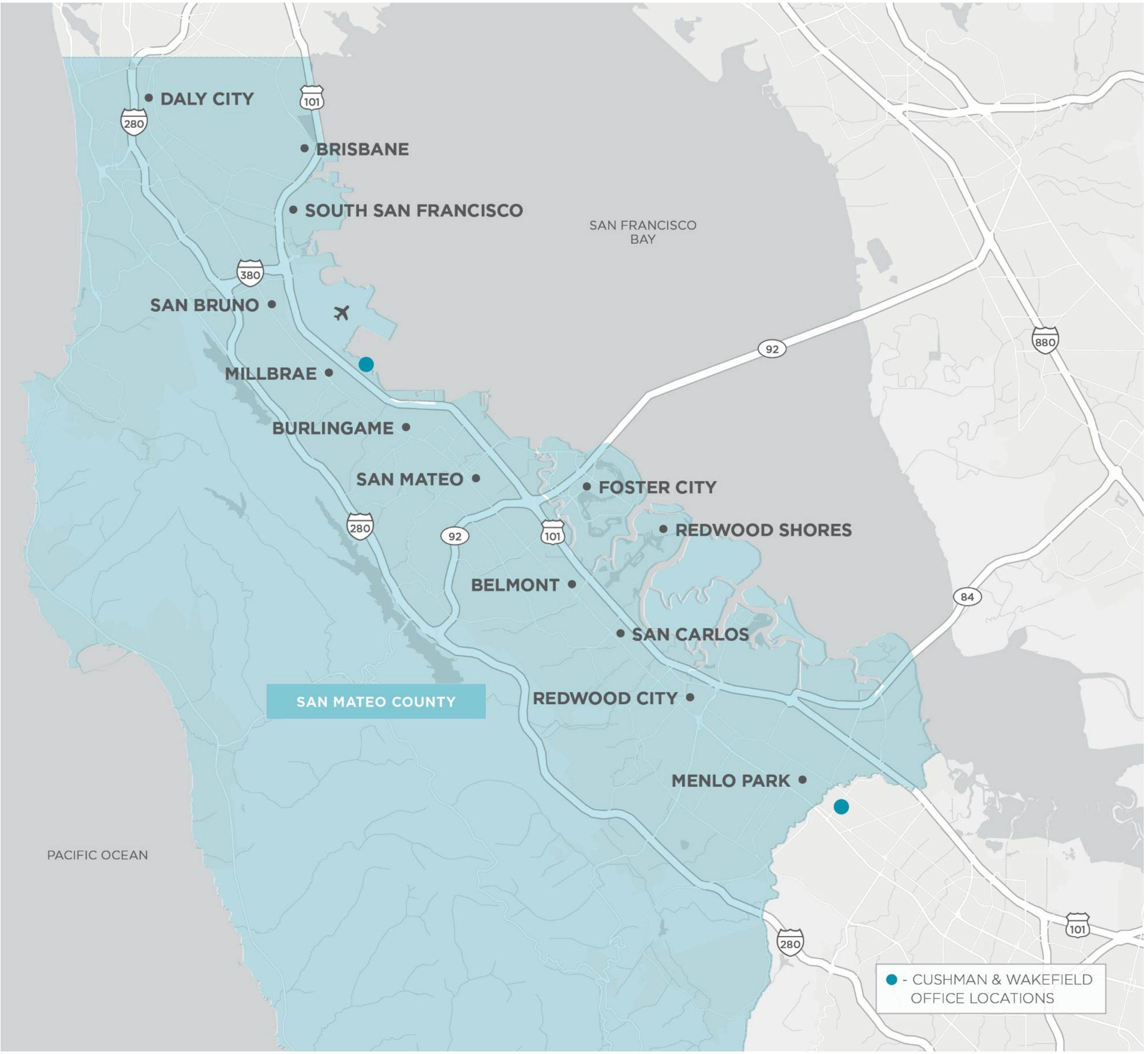
INDUSTRIAL SUBMARKETS



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