

SAN MATEO COUNTY

Office & R&D Q1 2020



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U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

[Click for Article](#)

CUSHMAN & WAKEFIELD
WEEKLY COVID-19 UPDATES

[Click to Sign Up for ongoing insights in your inbox.](#)



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Daly City	966,712	3,681	78,723	8.5%	20,734	20,734	28,698	0	\$4.04	\$4.65
Brisbane	1,001,609	97,764	63,651	16.1%	-50,153	-50,153	139,702	616,439	\$5.49	\$5.50
S. San Francisco	13,281,175	275,787	550,705	6.2%	785,451	785,451	225,411	1,763,000	\$5.19	\$3.78
San Bruno/Millbrae	1,821,863	8,683	12,010	1.1%	-6,683	-6,683	0	0	\$4.53	\$4.00
Burlingame	3,464,628	102,799	342,068	12.8%	690,870	690,870	55,942	0	\$5.21	\$5.70
NORTH COUNTY TOTALS	20,535,987	488,714	1,047,157	7.5%	1,440,219	1,440,219	449,753	2,379,439	\$5.15	\$4.94
San Mateo	8,096,719	210,457	832,322	12.9%	7,459	7,459	208,738	533,345	\$5.80	\$5.97
Foster City	5,124,151	7,436	288,192	5.8%	30,436	30,436	6,199	0	\$5.82	\$5.94
Redwood Shores	6,320,697	312,123	358,147	10.6%	-88,814	-88,814	60,001	0	\$5.35	\$5.06
CENTRAL COUNTY TOTALS	19,541,567	530,016	1,478,661	10.3%	-50,919	-50,919	274,938	533,345	\$5.66	\$5.74
Belmont/San Carlos	2,414,508	66,391	55,302	5.0%	56,159	56,159	114,229	582,000	\$4.39	\$5.63
Redwood City	6,618,755	137,414	139,001	4.2%	71,118	71,118	247,847	727,079	\$5.72	\$5.88
Menlo Park	9,808,602	190,209	364,107	5.7%	-20,515	-20,515	100,436	436,463	\$7.38	\$8.85
SOUTH COUNTY TOTALS	18,841,865	394,014	558,410	5.1%	106,762	106,762	462,512	1,745,542	\$6.52	\$7.86
SAN MATEO COUNTY TOTALS	58,919,419	1,412,744	3,084,228	7.6%	1,496,062	1,496,062	1,187,203	4,658,326	\$5.67	\$6.01

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1180 Main St	Redwood City	CZI	141,636	New Lease
Sierra Point Pkwy	Brisbane	Janssen	135,202	New Lease
625 Industrial Rd	San Carlos	Allakos	99,000	New Lease
2 Tower Place	S. San Francisco	Smart Labs	80,000	New Lease
275 Middlefield Rd	Menlo Park	Robinhood	41,637	Sublease
1 Franklin Pkwy	San Mateo	Samsara	40,619	Sublease
1100 Park Place	San Mateo	Medallia	37,937	Sublease

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2700-2770/3000 Sand Hill Rd	Menlo Park	Ford Land Co. / DivcoWest	297,826	\$610M / \$2,048
30 Ingold Rd	Burlingame	Vector Laboratories / Summerhill Housing Group	24,600	\$35M / \$1,422
68 Willow Place	Menlo Park	Willow Place Investments / Premia Capital	23,222	\$31M / \$1,335

KEY CONSTRUCTION COMPLETIONS Q1 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Burlingame Point	Burlingame	Facebook	803,853	Kylli
Gateway of the Pacific, Phase I	S. San Francisco	AbbVie	550,000	Biomed Realty Trust

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