The reported industrial vacancy rates in San Francisco and surrounding Peninsula areas decreased to 3.2% at the end of Q4 2018 (down from 3.5% in Q3 2018). Warehouse space specific to the Bayshore Corridor of San Francisco remains in high demand with extremely limited supply as referenced by the 2.2% vacancy rate (down from 2.4% in Q3 2018) for industrial product. The amount of vacant sublease space in the San Francisco market decreased to 241,592 square feet by the end of Q4 2018 from 341,182 square feet at the end of Q3 2018.

Q4 2018 ended with over-all rents (industrial and flex) up 4.7% to $2.45 per square foot from $2.34 per square foot. Rents specific to warehouse product increased from $1.75 psf in Q2 2018 to $1.76 at the end Q3 2018, representing a 1% increase. Quoted Warehouse Rents for the Bayshore stood at $1.79 psf. Year-over-year over-all rents are up 26% from Q4 2017.

Q3 2018 Industrial sale transactions are down slightly from Q3 2018 with $147M in sales volume averaging $510.53 per square foot compared to $158M in sales averaging $401.31 per square foot in Q2 2018. CAP rates averaged 4.99% in Q3 2018, representing a decrease over Q1-Q3 2017 CAP rates of 5.56%. During Q3 2018, one building of 46,500 square feet was completed in the San Francisco Peninsula market, compared to zero deliveries in Q4 2018.

2019 BAY AREA CRE TRENDS TO WATCH

- Tech Leasing
  - Tech firms continue to expand Bay Area footprints
- Central SOMA Development
  - Upzone plan will bring new buildings & 32k jobs
- Office Builing Sales
  - Bay Area office market remains active amongst investors

2019 NATIONAL CRE TRENDS

- Last-Mile Warehousing
- Opportunity Zones
- Under-Utilized Assets
- Class B Warehouse

Calco Commercial has leased and sold 1,112,761+/- square feet of industrial, flex, office and land in 2018 comprising 66 transactions, with 20 transactions totalling 409,070+/- square feet in Q4 alone. Following are the notable Q4 2018 transactions: 30 Tanforan Avenue, S. San Francisco (215,539 +/- sf - industrial/lot lease), 695 Minnesota Street, San Francisco (25,000+/- sf - warehouse/lease), 350 Harbor Way, S. San Francisco (24,600+/- sf warehouse/sublease), and 301 Toland Street, San Francisco (36,000+/- sf warehouse/lease). Calco Commercial is a leading industrial & commercial real estate firm with decades of experience in Landlord /Owner representation, and repositioning assets into net leased properties with in-place income streams. Let us help make the most of your real estate properties and investments.

If you would like to discuss your real estate options, or would simply like more information related to current market conditions, please call our office at 415.970.0000, or directly contact one of our professionals.
INDUSTRIAL TRANSACTIONS
COMPLETED BY CALCO COMMERCIAL

30 Tanforan Avenue, SSF
Leased - 215,539 +/- SF

800 Cesar Chavez, SF
Sold - 54,027 +/- SF

555 Tully Road, San Jose
Leased - 11,400 +/- SF

1400 Minnesota Steet & 1475 Indiana Street, SF
Leased - 30,080 +/- SF

695 Minnesota Street, SF
Leased - 25,000 +/- SF

350 Harbor Way, SSF
Leased - 24,600 +/- SF
INDUSTRIAL TRANSACTIONS
COMPLETED BY CALCO COMMERCIAL

2150 Geneva Avenue, Daly City
Leased - 162,000+/- SF

969 Folsom Street & 260 Shipley Street, SF
Sold - 8,150+/- SF & 8,750+/- SF

2121 Oakdale Avenue, SF
Leased - 19,228+/- SF

531 Bayshore Boulevard, SF
Leased - 140,756+/- SF Land

Valhalla Industrial Complex, SF
Various Leased - 142,731+/- SF

460 9th Street, SF
Leased - 16,040+/- SF

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INDUSTRIAL TRANSACTIONS
COMPLETED BY CALCO COMMERCIAL

240 Ryan Way, SSF
Leased - 24,000 +/- SF

60 Elmira Street, SF
Sold - 9,950 +/- SF

898 Pennsylvania Avenue, SF
Leased - 25,500 +/- SF

301 Toland Street, SF
Leased - 19,230 +/- SF

375 Alabama Street, SF
Leased - 15,295 +/- SF

1980 Oakdale Avenue, SF
Leased - 36,400 +/- SF
OFFICE/TECH/FLEX TRANSACTIONS COMPLETED BY CALCO COMMERCIAL

800 Airport Boulevard, Burlingame
Sold - 42,839+/- SF

Valhalla Industrial Complex, SF
Various Office Units
Leased - 3,500+/- SF

1458 San Bruno Avenue, SF
Various Units
Leased - 3,200+/- SF

221 Main Street, SF
Leased - 3,933+/- SF

375 Alabama Street, SF
Leased - 8,055+/- SF

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