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FEATURED

# San Mateo County takes advantage of commercial property market

Burlingame property to be purchased for \$24.5 million

By Ana Mata, Daily Journal staff  
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Taking advantage of the current market, San Mateo County is looking to make long-term investments and get out of costly leases by acquiring several properties in a short period of time.

The latest is three buildings and three parking lot parcels in Burlingame on 6.75 acres of land. At the upcoming meeting Aug. 27, the Board of Supervisors will vote, on consent, to declare an intent to purchase the Bayfront properties at 849 Mitten Road, 863 Mitten Road and 866 Malcolm Road for \$24.5 million.

The property is intended to be used for administrative, executive and professional offices for county programs, according to a staff report.



Mike Callagy

“Now is probably the best time in a long time, probably in decades, that we’ve seen to buy commercial property,” County Executive Mike Callagy said.

With the sale of the Circle Star towers in 2014 for nearly \$90 million, and patience for interest to accrue, that money has well positioned the county to make these investments with the intent of long-term savings, he said.

The decrease in occupancy of commercial buildings has driven down the cost of purchasing these facilities. Of note, the county purchased the Bridgepointe Office Park, at 1500-1510 Fashion Island Blvd. in San Mateo, for the same amount it sold in 2007, and \$9 million less than its 2019 sale price.

While the purchases are advantageous, they are not purchased on a whim, Callagy said.

“We’re not just acquiring property without a plan,” Callagy said. We’re constantly assessing our needs and making a determination how that will position the county to be more economically stable in the future. The extent that that rises that we see a specific need, we certainly will do that.”

Part of that need is bolstering the county’s affordable housing availability.

The county also expressed interest in acquiring several properties over the past year, including a Walnut Street residential development in San Carlos and a half-acre piece of land in North Fair Oaks. It also purchased 50 acres of property in Half Moon Bay for \$9 million, meant for farmworker housing.

The county is also under negotiation for three parcels at 1717, 1725 and 1731 El Camino Real in San Mateo, just north of State Route 92.

“Some of these places will also mean working with cities, to accommodate not only the needs of the county for lease space on the ground floor, but to build affordable housing above it, and that would be in collaboration with cities,” he said.

Part of the impetus for such acquisitions also comes from the county looking to get out of current rental leases that leave it at the mercy of landlords who can continue raising prices, Callagy said, costing the county “millions and millions” in rent.

“When commercial space is at a premium, leases go up because you can’t buy and you’re really at the mercy of the commercial property owners,” Callagy said. “Here gives us an opportunity to be our own landlord and to utilize their property to move away from some of those leases and give the county long-term stability.”

With these commercial sites and the purchases of Homekey properties, the county has already acquired hundreds of millions of dollars in properties that it owns outright. Not only does this reduce the cost of lease space, but helps the county lower the cost of borrowing against the properties should it need to in the future, Callagy said.

“This ultimately doesn’t put us at the mercy of the economic times, which we’ve seen in the past, and I guarantee you, in San Mateo County, we will see again, the cost of commercial property start to skyrocket,” he said.

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