

How to Find Industrial Production Space in San Francisco



Looking for space? This guide lists the major steps and helpful tips.

1 Initial phase: define your space needs and budget

Write a checklist of requirements *and* a wish list.

Establish your budget before beginning your search: consider monthly rent, utilities, move costs, fixtures/equipment, permit fees, deposit, property costs and operating costs.

2 Initial phase: location and zoning

Walk around neighborhoods of interest. Use word of mouth, personal contacts, and internet resources like SFMade's listing (<https://sfmade.org/location-listings/>), Craigslist, Loopnet and CoStar.

Before visiting a space, check its zoning and permit history: consult the online Property Information Map of the SF Planning Department at <http://propertymap.sfplanning.org/>

In San Francisco, manufacturing is permitted in PDR 1 (light industrial), PDR 2 (heavy industrial), SLI (service light industrial), and UMU (urban mixed use).

3 Search and touring phase: Checklist

Don't forget your checklists, and keep track of each place you visit.

- How much: budget rent and also move-in, property, and operating costs.
- What kind: zoning, size, layout. Utilities requirements: power, gas, electric, water.
- Where: consider travel and parking for you, employees, customers, vendors.
- Amenities
- Terms: length of lease, option to renew.
- Timing
- Special considerations: security, flexibility/expandability, and any of your own considerations.

4 Permits and fees

Understand which agencies you will need to comply with and evaluate planning and permitting fees: contact the Planning Dept. Information Center (PIC): 1660 Mission Street, 1st floor – (415) 558-6377.

The City may also impose fees for changing an established (permitted) land use from one to another (Change of Use Fees).

5 Lease negotiation: proposals and counter-proposals

2017 PDR rent ranges: \$2-\$5 in Potrero/Dogpatch/NE Mission (PDR 1), \$1-\$2.5 in Bayview (PDR 2)

First negotiation step: The LOI (Letter Of Intent) lists the terms and conditions you want. SFMade can provide a template/checklist if the landlord doesn't provide this.

LOI negotiation / proposals and counter-proposals:

- Understand the real estate market. Create a narrative and sell your strengths. Be prepared and strategic. *Don't forget: every space/lease is negotiable.*
- Profile the landlord: short-term or long-term holder? Trying to craft a certain mixture of tenants? How do they manage their buildings? (for value vs. invest in building/community)
- Try different approaches and to understand things from the landlords' point of view (Do you have good financials and credit? Can you pay the rent?).
- Compare proposals: determine best option based on utility and cost.

Remember that loan programs can help finance your move (real estate, tenant improvements, equipment... More info: www.oewd.org/grant-and-loan-programs)

6 Proposal acceptance and lease generation

We recommend having a real estate attorney review the LOI and the lease.

The lease may include addendums with floor plans, tenant improvement, and operating expenses.

7 Vocabulary and acronyms

CAM: Common Area Maintenance covers the use of common areas such as: lobby, breakroom, hallways, bathrooms, roof, lockers, showers, bike racks, trash room, breezeway, stairwells, elevator, etc.

Usable: the actual space you occupy from wall to wall. Usable square footage does not include CAM areas.

Rentable: the usable square footage plus a portion of the CAM areas. As a tenant in a commercial space, you pay for a portion of the shared space and thus your monthly rent is calculated on the rentable square footage.

IG rent: Industrial Gross — the landlord pays the real estate taxes, insurance, maintenance.

TN or NNN rent: Triple Net — the tenant pays the real estate taxes, insurance, maintenance.

TI: Tenant Improvements — custom alterations a building owner makes as part of a lease agreement for the needs of a tenant.



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Want a free consultation?

Email spaces@sfmade.org or call 415-408-5605 ext.11