



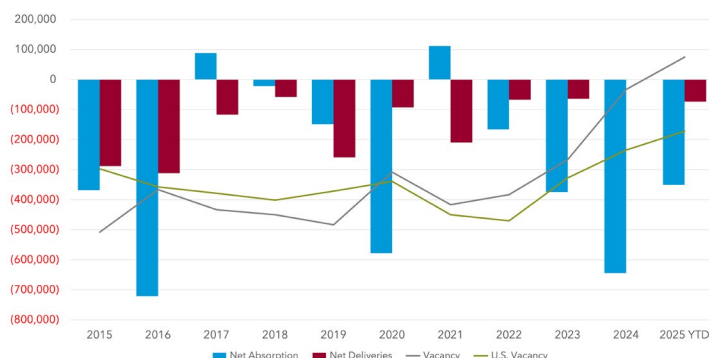
INDUSTRIAL MARKET OVERVIEW

THOMAS NIU, Senior Vice President

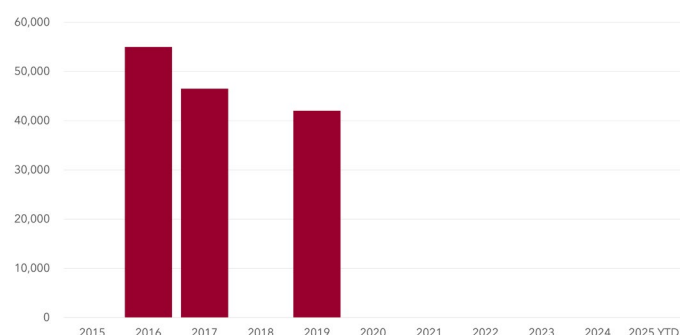
San Francisco's industrial market experienced a relatively quiet Q3 2025. Vacancy fell 18 basis points but remained far above recent norms at 10.46% as firms continue to grapple with uncertain economic policy and materials costs. The largest transaction seen in the quarter was at 200 Potrero Ave, where the owners of Gizmo Art Production were able to purchase their studio headquarters from Regency Centers, a national retail REIT. Large lease transactions from the autonomous delivery division of Doordash, Humble Robotics, and aerospace firm Astro Mechanica, meanwhile, demonstrate the potential for growing firms in cutting edge fields enabled by advances in artificial intelligence, such as robotics and autonomous vehicles, to start cutting into vacant industrial space.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▲ 12 Mo. Absorption Units	(614,573)	(677,474)	(398,020)	(643,944)	(518,899)
▼ Vacancy Rate	10.46%	10.64%	9.43%	9.22%	8.34%
▲ Avg NNN Asking Rent PSF	\$21.95	\$21.91	\$21.86	\$21.63	\$21.52
▼ Sale Price PSF	\$342.00	\$344.00	\$344.00	\$350.00	\$348.00
▲ Cap Rate	6.01%	5.98%	5.96%	5.86%	5.84%
◀ ▶ Under Construction	-	-	-	-	-
▼ Inventory	22,712,340	22,754,376	22,754,376	22,786,056	22,786,056

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
200 Potrero Avenue San Francisco, CA	27,716 SF	\$4,999,000 \$180.37 PSF	Mark & Kathy Sabatino Regency Centers	Class C
1031 Valencia Street San Francisco, CA	8,019 SF	\$3,135,000 \$390.95 PSF	Brett Thurber Janet Moyer Landscaping	Class C
305 12th Street San Francisco, CA	6,753 SF	\$2,350,000 \$347.99 PSF	LionDanceME GROUP i	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1960 Folsom Street San Francisco, CA	34,325 SF	Lumberman Construction Supply	Doordash	Food Delivery
201 11th Street San Francisco, CA	28,992 SF	Nader Heydayian	Humble Robotics	Robotics
550 7th Street (flex) San Francisco, CA	21,500 SF	Vantage Property Investors	Astro Mechanica	Aerospace

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com