



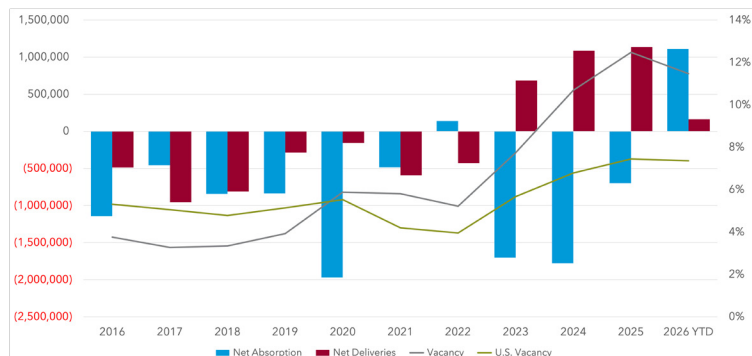
INDUSTRIAL MARKET OVERVIEW

JEFF IDA, *Founding Principal*

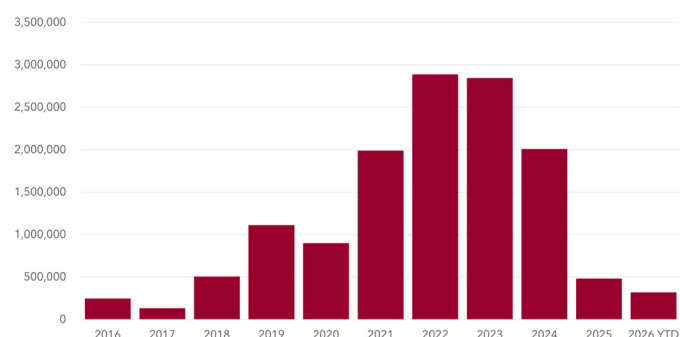
San Francisco's industrial market showed renewed tenant demand in Q3 2026, with 1.33 million square feet of 12-month net absorption. Vacancy held nearly flat from Q2 at 11.4%, while average asking rents remained steady at about \$28.02 per square foot annually. The market's vacancy rate has eased from 12.5% in Q4 2025, and construction activity has declined to roughly 319,000 square feet from 1.3 million a year earlier. Major lease activity included Vegiworks at 2050 McKinnon Avenue and Parallax Advanced Research in Brisbane.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▼ 12 Mo. Net Absorption SF	1,327,331	1,328,556	183,497	(698,785)	(1,286,378)
◀ ▶ Vacancy Rate	11.4%	11.4%	12.1%	12.5%	11.9%
▼ Avg NNN Asking Rent PSF	\$28.02	\$28.13	\$28.01	\$27.94	\$27.83
▼ Sale Price PSF	\$426.00	\$431.00	\$423.00	\$423.00	\$423.00
◀ ▶ Cap Rate	5.60%	5.60%	5.60%	5.60%	5.50%
▼ Under Construction	319,090	501,090	481,410	481,410	1,302,010
▲ Inventory	95,682,698	95,500,698	95,500,698	95,520,132	94,699,532

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
161 Starlite Street South San Francisco, CA	64,103 SF	\$16,500,000 \$257.40 PSF	WareSpace A&S Realty	Class B
1195 Evans Avenue San Francisco, CA	17,483 SF	\$6,590,000 \$377.02 PSF	Alere Property Group LLC Acorn Engineering Company	Class C
1300 Van Dyke Avenue San Francisco, CA	11,000 SF	\$1,630,000 \$170.73 PSF	Joanne Todaro Kluck Trust Farley Family 2012 Revocable Trust	Undisclosed

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2050 McKinnon Avenue San Francisco, CA	112,000 SF	Prologis Inc.	Vegiworks Inc.	Wholesale Distribution
2225 Jerrold Avenue San Francisco, CA	98,614 SF	Tishman Speyer	Withheld	Undisclosed
240 Valley Drive Brisbane, CA	79,400 SF	Prologis Inc.	Parallax Advanced Research	Research and Development

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 2026 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com