LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q3 2026
SAN LUIS OBISPO, CA

INDUSTRIAL MARKET OVERVIEW

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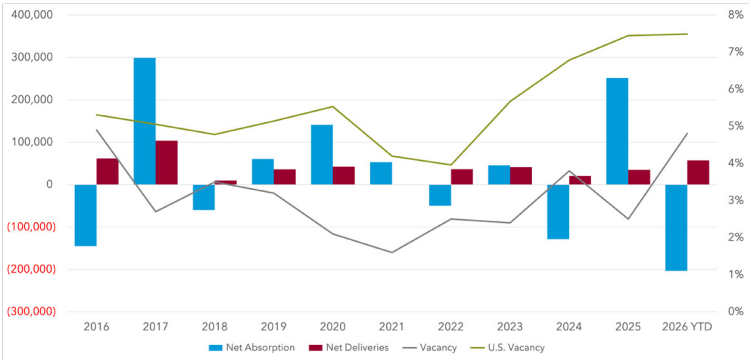
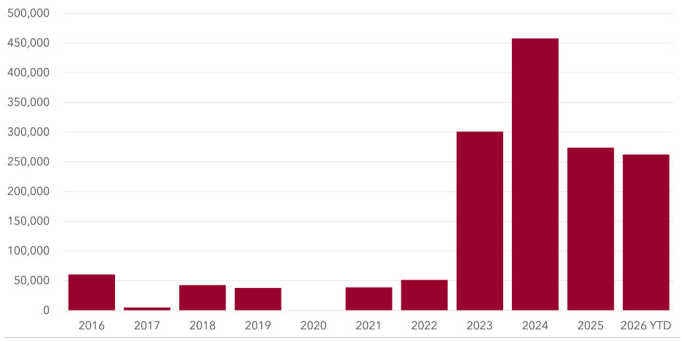
San Luis Obispo's industrial market experienced notable softening through Q3 2026, with vacancy rising to approximately 4.8%, above historical averages. Negative net absorption of 180,000 SF over the trailing 12 months, combined with 42,000 SF of new deliveries, contributed to increased availability. Approximately 570,000 SF remains available, representing 5.3% of total inventory. Construction activity remains slightly above historical norms, with 260,000 SF underway. Average asking rents reached $16.40/SF, reflecting a modest 0.2% annual decline, although flex properties continue to command premium rents. Looking ahead, softer tenant demand and additional supply could place further pressure on occupancy, with vacancy projected to rise and rent growth remaining subdued.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▼ 12 Mo. Net Absorption SF	(180,211)	44,276	124,838	25,478	186,369
▲ Vacancy Rate	4.81%	3.86%	3.61%	2.70%	2.40%
▼ Avg NNN Asking Rate PSF	$16.35	$16.47	$16.27	$16.10	$16.08
▼ Sale Price PSF	$191.00	$193.00	$196.00	$195.00	$197
▲ Cap Rate	6.90%	6.83%	6.80%	6.70%	6.70%
▼ Under Construction SF	262,427	277,095	277,095	274,000	325,000
▲ Inventory SF	10,365,148	10,171,545	10,110,788	10,000,000	9,900,000

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
8981 La Linia Avenue Atascadero, CA	18,484 SF	$2,065,000 $111.72 PSF	Tracy Morgan The Messer Family Trust	Class C
1730 Commerce Way Paso Robles, CA	9,500 SF	$1,200,000 $126.32 PSF	Joslyn Sunbank Company LLC Thomas Schulz	Class C
285 Prado Road San Luis Obispo, CA	8,486 SF	$2,160,000 $254.54 PSF	Andrew Grow Carol Ann Gouveia	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
143 Suburban Road San Luis Obispo, CA	46,242 SF	Covelop	Inspired Flight Technologies	Drone Manufacturing
741 Paso Robles Street Paso Robles, CA	5,800 SF	Obrien Holdings LLC	Undisclosed	Undisclosed
1101-1103 Paso Robles Street Paso Robles, CA	5,000 SF	Ducoing Living Trust	Paso Tile and Stone	Construction Supply

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