

FIGURES | SAN DIEGO INDUSTRIAL | Q2 2025

Availability Surges To 10-Year High As Under Construction Continues to Thrive

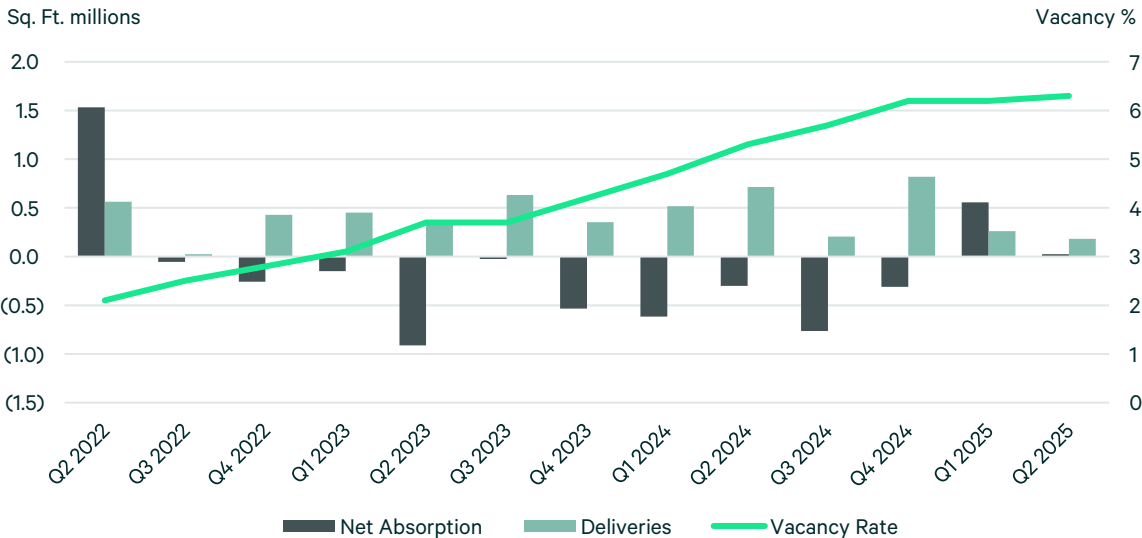


Note: Arrows indicate change from previous quarter.

HIGHLIGHTS

- In Q2 2025, the overall industrial availability rate increased 30 basis points (bps) quarter over quarter (Q-o-Q) to 9.0%. It was the largest rate registered in over 10 years.
- Net absorption was positive for only the second time in the last twelve quarters, while leasing activity reached its second highest level since Q2 2022.
- Average asking rents increased \$0.05 (3.3%) Q-o-Q but was \$0.01 (0.6%) lower year over year (Y-o-Y). It was also \$0.19 (12.4%) greater than the \$1.34 experienced three years before.
- Available sublet space decreased 10 bps from Q1 to 1.5%, the first Q-o-Q decrease in seven quarters.
- Under construction rose to 2.7M sq. ft. for the quarter, half of which is attributable to Elevation Land Company breaking ground on phase one of Otay Business Park. Q2’s under construction was an increase of nearly 1.2M sq. ft. Q-o-Q., It was the third largest amount recorded in over three years and 16.8% greater than the three-year average of 2.27M sq. ft.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2025

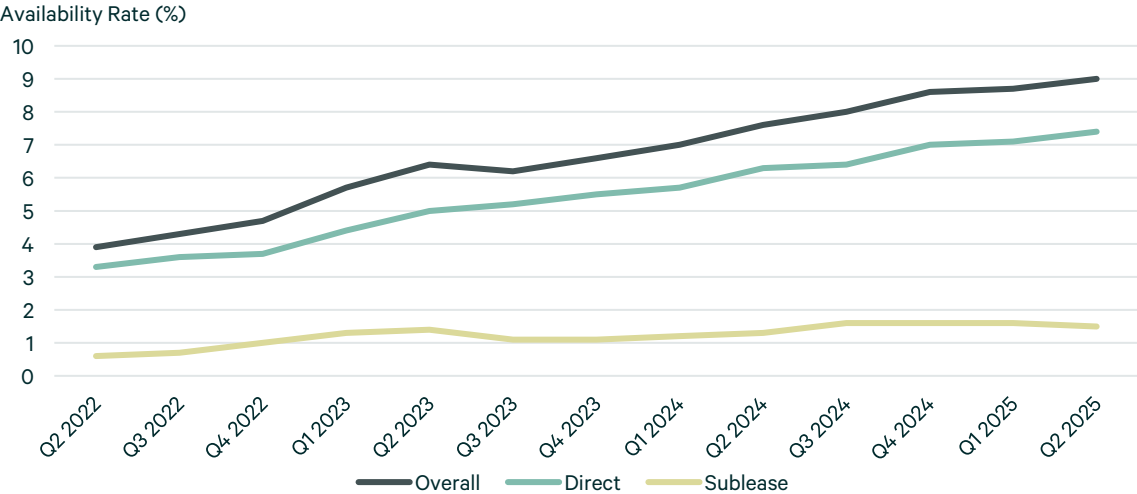
Availability Rate

San Diego’s Industrial market reported an overall availability rate of 9.0% in Q2 2025, up 30 bps Q-o-Q and 140 bps Y-o-Y. It was also an increase of 510 bps going back three years to Q2 2022. Direct availability was 7.4%, up 30 bps Q-o-Q and 110 bps Y-o-Y. It had also increased 410 bps over the same three-year period. Available sublease space was 1.5% in Q2 2025, a decrease of 10 bps Q-o-Q, but increased 20 bps Y-o-Y. Sublease availability was 90 bps greater than the 0.6% experienced in Q2 2022.

Asking Rent

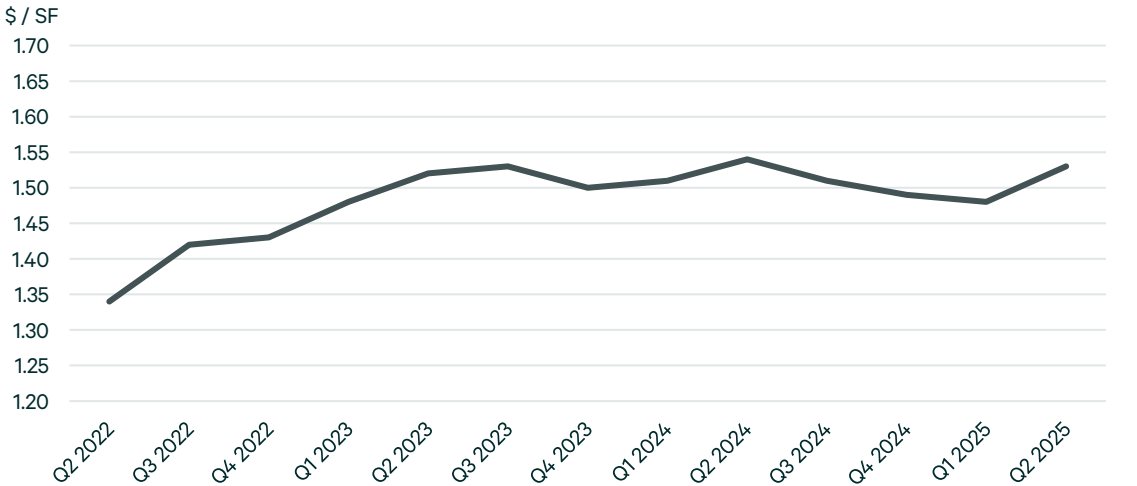
In Q2 2025, average asking rents increased \$0.05 (3.3%) Q-o-Q but was \$0.01 (0.6%) lower year over year (Y-o-Y). Over the last three-years average asking rents increased by \$0.19, 12.4% more than the \$1.34 recorded in Q2 2022. It also equaled the second-highest rate in the past five years.

FIGURE 2: Availability Rates



Source: CBRE Research, Q2 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/MTH)



Source: CBRE Research, Q2 2025

Net Absorption

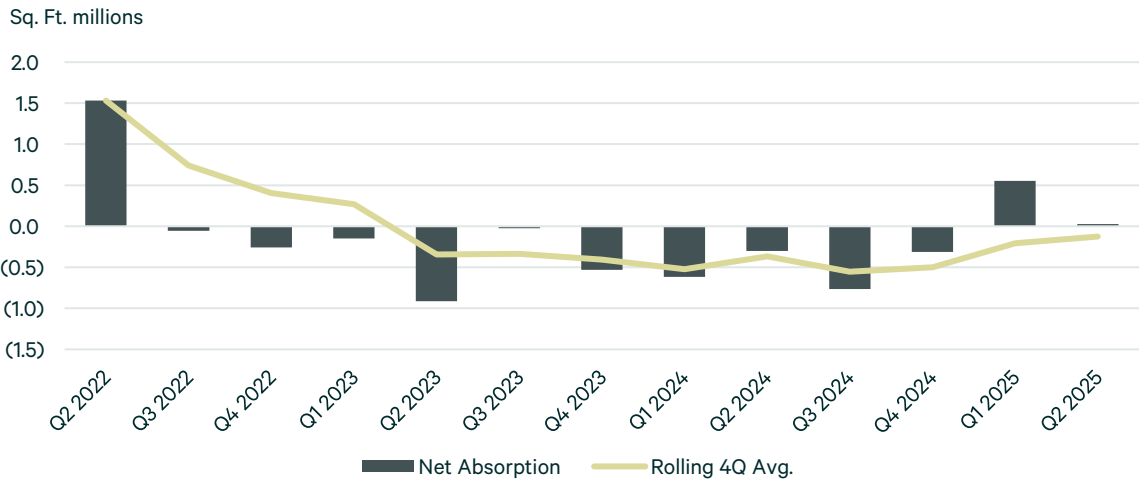
There was 25,024 sq. ft. of positive net absorption in Q2 2025. Although it was a significant decline from Q1's 555,160 sq. ft., it remained the second largest amount of positive net absorption experienced in the last twelve quarters. Transactions that helped boost quarterly net absorption include Marketplace Brands' 136,350 sq.-ft. lease at 2055 Dublin Dr, Rivian's 59,828 sq.-ft. lease at 3280 Corporate View and Elite Relocation's 42,333 sq.-ft. sublease at 2057 Aldergrove Ave.

Construction Activity

With 16 buildings under development in Q2 2025, under construction activity in San Diego's industrial market surged to 2.7M sq. ft. It was an increase of roughly 43% Q-o-Q from Q1 2025's 1.56M sq. ft. However, it was a slight decline from the 2.8M sq. ft. recorded in Q2 2024.

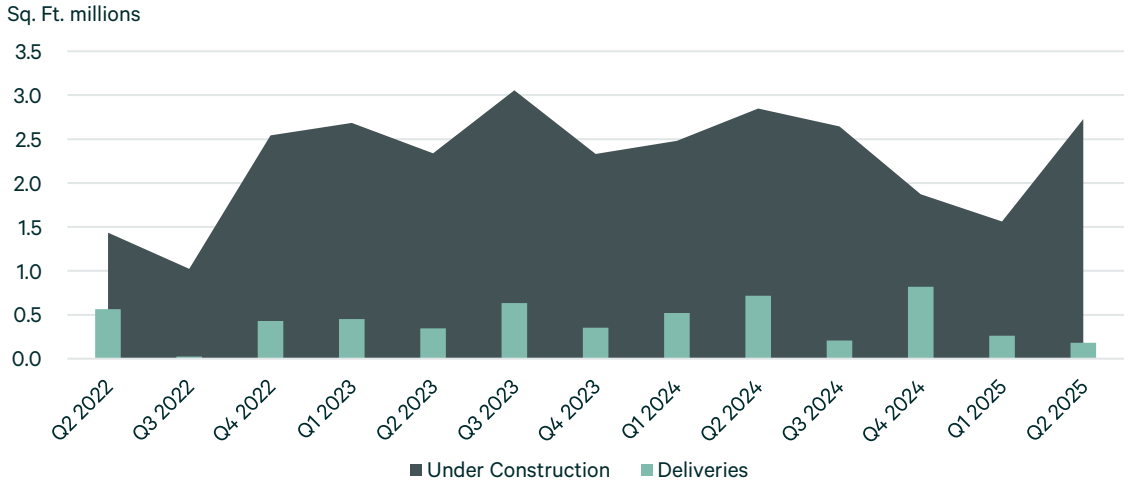
There were 31 buildings (totaling 181,113 sq. ft.) delivered in Q2 2025, down 30.6% from the 261,135 sq. ft delivered in the previous quarter. The new buildings are part of the French Valley Airport Center in Southwest Riverside. A combined total of 5.5M sq. ft have been delivered in the last three years.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q2 2025

FIGURE 5: Construction Activity



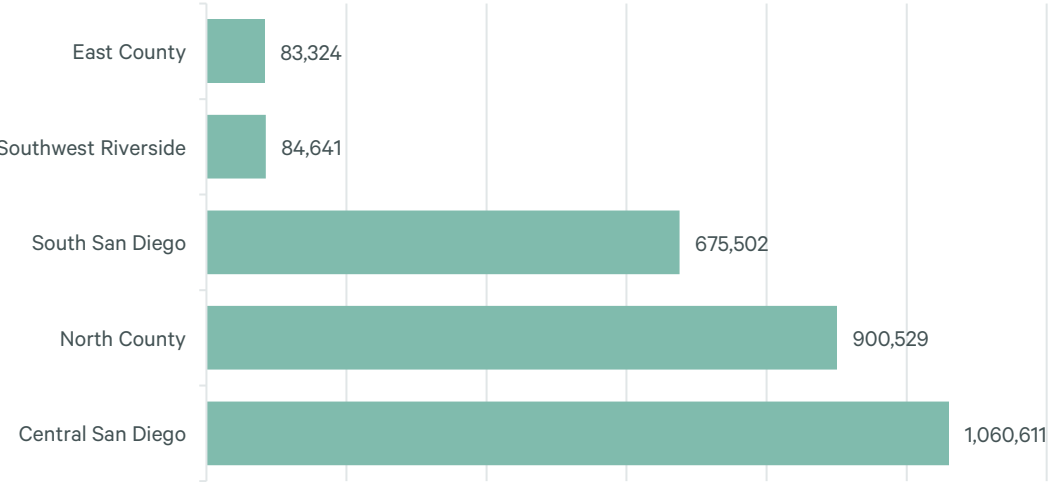
Source: CBRE Research, Q2 2025

Leasing Activity

Leasing activity for the quarter remained robust with an impressive 2.8M sq. ft leased. The combined leasing activity of Central San Diego (1,060,611 sq. ft.) and North County (900,529 sq. ft.) submarkets made up the lion’s share of all industrial leasing activity (70%) in the county. While leasing activity in Q2 slightly decreased Q-o-Q (1.3%), it was still 10.6% greater than leasing activity recorded the previous year and 21.6% greater than the 3-year quarterly average of 2.3M sq. ft.

**"Leasing Activity" figures include New Lease and Renewal records over 1,000 SF*

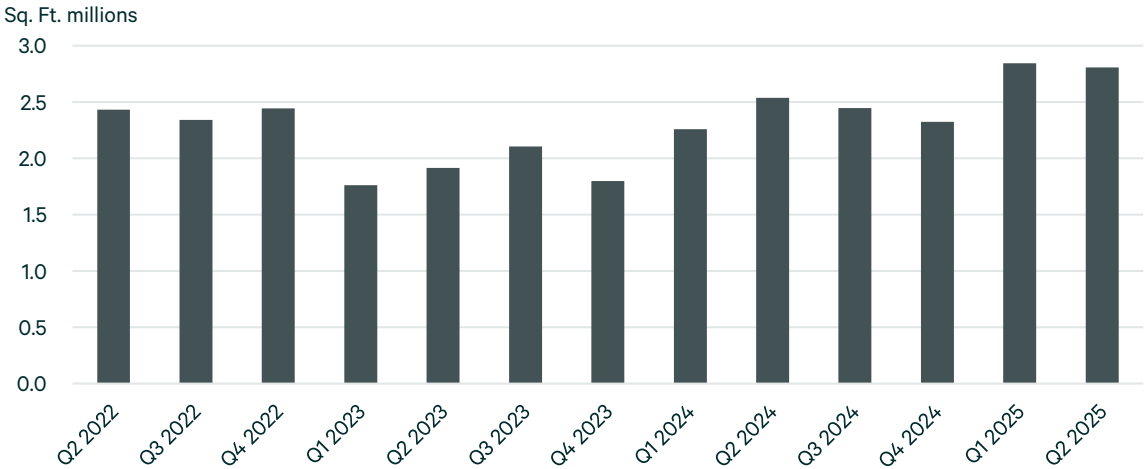
FIGURE 6: Leasing Activity by Submarket



Source: CBRE Research, Q2 2025

**Leasing activity excludes records less than 1,000 SF*

FIGURE 6: Leasing Activity Trend



Source: CBRE Research, Q2 2025

**Leasing activity excludes records less than 1,000 SF*

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Marketplace Brands Canada	136,350	New Lease	2055 Dublin Dr	South San Diego
One Source Distributors	91,146	Renewal	3951 Oceanic Dr	North County
Ametek Programmable Power	88,225	Renewal	9250 Brown Deer Rd	Central San Diego
Triboro Electronics	66,243	Renewal	2655 Melksee	South San Diego
Amazon	62,572	Renewal	9269 Lightwave Ave	Central San Diego
CEVA Freight	62,482	Renewal	7411 Goen Pl	Central San Diego
Rivian	59,828	New Lease	3280 Corporate View	North County
AutoGenomics, Inc.	59,680	Renewal	1600 Faraday Ave	North County
SMAC	47,496	Renewal	5807 van Allen Way	North County
Elite Relocation	42,333	Sublease	2057 Aldergrove Ave	North County

Source: CBRE Research, Q2 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/MTH)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 20,000 sq. ft.	43,717,752	3.3	4.9	4.3	0.6	1.67	117,023	(4,928)	181,113	17,419
20,000-49,000 sq. ft.	54,948,109	5.1	7.5	6.1	1.4	1.61	(160,411)	(561,689)	0	50,302
50,000-99,000 sq. ft.	34,776,508	8.2	12.1	9.2	1.5	1.52	(228,807)	(102,322)	0	406,405
100,000-199,999 sq. ft.	30,655,358	10.1	13.3	11.2	2.0	1.43	(139,126)	622,567	0	504,501
200,000-299,999 sq. ft.	10,440,927	10.3	12.5	11.0	1.5	1.17	436,345	588,687	0	670,960
300,000-499,999 sq. ft.	7,618,931	3.7	8.7	8.7	0.0	-	0	170,733	0	0
500,000-749,999 sq. ft.	2,416,146	12.7	12.7	12.7	0.0	1.04	0	(132,864)	0	0
750,000+ sq. ft.	3,431,229	0.0	0.0	0.0	0.0	-	0	0	0	1,077,413
Total	188,004,960	6.3	9.0	7.4	1.5	1.53	25,024	580,184	181,113	2,727,000

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/MTH)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	63,592,052	9.9	12.6	10.9	1.7	1.44	44,919	674,601	181,113	2,659,279
Manufacturing	67,236,420	3.5	6.1	4.7	1.4	1.47	169,614	94,550	0	0
R&D / Flex	31,120,290	5.7	8.7	6.8	1.9	1.77	(188,940)	(91,988)	0	67,721
Other Industrial	26,056,198	5.3	7.8	6.9	0.9	1.54	(569)	(96,979)	0	0
Total	188,004,960	6.3	9.0	7.4	1.5	1.53	25,024	580,184	181,113	2,727,000

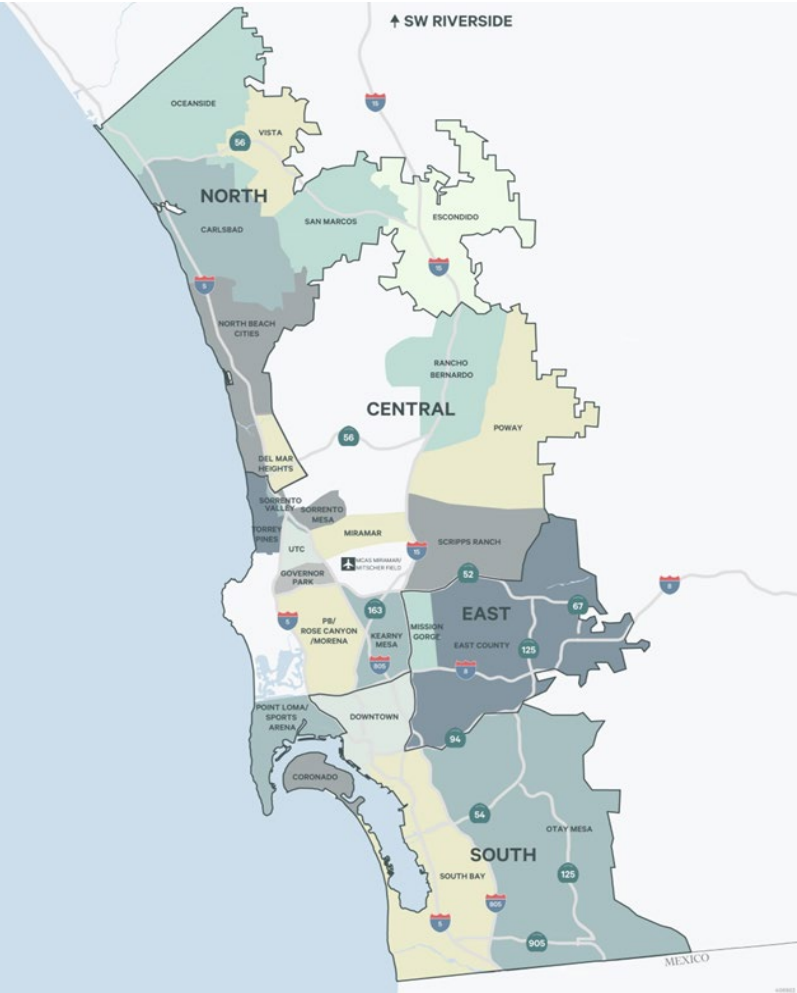
Market Statistics by Class

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/MTH)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Class A	6,671,685	14.8	16.3	13.7	2.6	1.25	67,690	585,845	0	504,501
All Other Buildings	181,333,275	6.0	8.7	7.2	1.5	1.53	(42,666)	(5,661)	181,113	2,222,499
Total	188,004,960	6.3	9.0	7.4	1.5	1.53	25,024	580,184	181,113	2,727,000

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/MTH)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Central San Diego	64,488,900	5.7	7.9	5.9	2.0	1.83	(450,719)	(494,975)	0	0
East County	15,811,112	2.6	3.8	2.9	0.9	1.48	(10,037)	(28,440)	0	0
North County	51,559,223	6.0	9.1	7.5	1.6	1.4	9,821	188,007	0	191,426
South San Diego	40,815,811	10.0	13.5	12.5	1.1	1.37	104,573	576,049	0	2,535,574
Southwest Riverside	15,329,914	3.9	5.7	5.0	0.7	1.3	371,386	339,543	181,113	0
Total	188,004,960	6.3	9.0	7.4	1.5	1.53	25,024	580,184	181,113	2,727,000

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Effective Q1 2022, Lab space has been removed from the Industrial inventory and will be reported as a separate property type. Lab space has been removed from historical data so figures reported previously may have changed.

Contacts

Zach DiSalvo
Associate Research Director
zach.disalvo@cbre.com

Will Howard
Field Research Analyst
will.howard@cbre.com

San Diego Research Department

SanDiegoResearch@cbre.com