

MARKET TRENDS

# SAN DIEGO INDUSTRIAL

#### MARKET DRIVERS

The San Diego industrial market experienced negative 719.9K SF of direct net absorption in 2Q25, which is significantly more than the negative 324.2K SF in 2Q24. This is the 10th consecutive quarter of negative net absorption. Cumulatively, direct net absorption reached negative 1.2M SF this year, only 62K SF less than this point last year.

The total vacancy rate continues to reach new heights, a year-over-year (YOY) increase of 270 basis points (bps) brought it to 9.5%. Likewise, quarter-over-quarter (QOQ) vacancy grew by 100 bps.

Lease transaction volume decreased YOY and QOQ, recording 2.0M SF on the quarter. Despite this slight decrease, cumulative transaction volume is nearly identical to this point last year.

Industrial sales volume also saw a decrease QOQ and YOY. Unlike lease volume, sales are down cumulatively 24.7%. Although sales volume has slowed, it is still early in the year, and the lower interest rates as well as increased demand for warehouse space as tariffs are implemented are signs that industrial can turn around in the second half of 2025.

# **ECONOMIC OVERVIEW**

The unemployment rate in San Diego County was 4.0 percent in May 2025, 40 bps lower than in February 2024, and 40 bps above last year. Similarly, California reported a 5.4% rate, 10 bps lower than last quarter and 10 bps higher than last year.

The San Diego-Carlsbad-San Marcos Metropolitan Statistical Area (MSA) industrial jobs saw slight decreases over the past quarter and year. The Manufacturing sector reported 109.1K jobs, marking a 3.4% decrease YOY, and a 0.5% decrease since 1Q25. The Transportation and Utilities sector is down 0.2% YOY and 0.5% QOQ to 220.0K jobs.

continued on page 3

# Market Summary

|                               | 2Q25      | 1Q25       | 2Q24       | YOY Change |
|-------------------------------|-----------|------------|------------|------------|
| Direct Vacancy Rate           | 9.50%     | 8.50%      | 6.80%      | 270 bps    |
| Total Availability Rate       | 12.20%    | 11.70%     | 10.20%     | 200 bps    |
| Direct Asking Lease Rate      | \$1.50    | \$1.52     | \$1.57     | -4.46%     |
|                               | 2Q25      | 2025 YTD   | 2024 YTD   | YOY Change |
| Total Lease Transactions (SF) | 1,959,014 | 4,255,352  | 4,256,272  | -0.02%     |
| Sale Transactions (SF)        | 1,249,143 | 2,536,354  | 3,367,503  | -24.68%    |
| Direct Net Absorption (SF)    | -719,903  | -1,229,436 | -1,167,230 | N/A        |



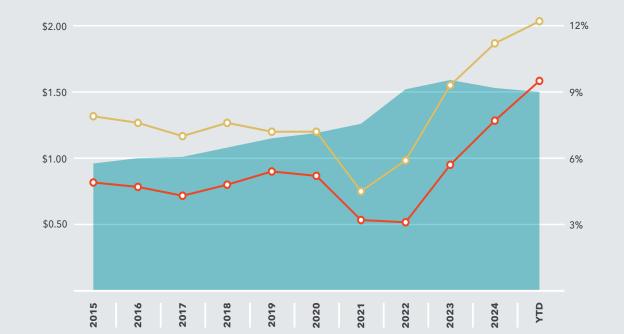
Direct Lease Rate (NNN)

**-**0-

-0-

**Total Vacancy** 

Total Availability

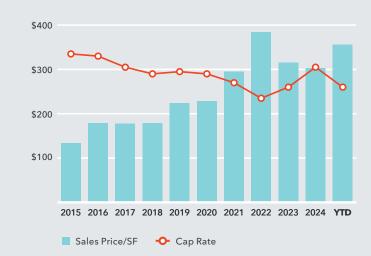


# BIGGEST SALE OF THE QUARTER 4400-4450 Ruffin Rd, San Diego

# NET ABSORPTION & NEW DELIVERIES



# AVERAGE SALES PRICE/SF & CAP RATE



# SALE VOLUME & LEASING ACTIVITY



# 2Q 2025 | SAN DIEGO INDUSTRIAL

### SUBMARKET STATISTICS

| Escondido  | Submarket                   | Total<br>Inventory | Direct<br>Vacancy<br>Rate | Total<br>Vacancy<br>Rate | 2Q25<br>Direct Net<br>Absorption | YTD<br>Direct Net<br>Absorption | 2Q25<br>Leasing<br>Activity           | YTD<br>Leasing<br>Activity            | SF<br>Under<br>Construction | YTD<br>Construction<br>Completions |        |
|--|-----------------------------|--------------------|---------------------------|--------------------------|----------------------------------|---------------------------------|---------------------------------------|---------------------------------------|-----------------------------|------------------------------------|--------|
| North Beach Cities 302,674 0,0% 0,0% 0 880 0 880 0 0 0 0 0 0 0 0 0 0 0 0 0   | Carlsbad                    | 16,258,187         | 7.0%                      | 9.1%                     | -208,433                         | -223,830                        | 217,048                               | 408,058                               | 232,714                     | 0                                  | \$1.67 |
| Ceanside   10,173,498   3.9%   4.0%   47,797   101,924   82,882   235,779   0   0   \$1.21   | Escondido                   | 7,856,081          | 4.3%                      | 5.0%                     | -65,436                          | -184,077                        | 140,577                               | 189,468                               | 0                           | 59,091                             | \$1.38 |
| San Marcos   9,014,578   7,4%   9,2%   7,2624   48,717   117,157   102,416   0   0   51,32     Visto   14,610,216   6,4%   7,3%   51,420   19,297   58,332   389,141   123,705   22,480   51,29     Morth County   58,215,234   6,0%   7,2%   182,476   372,525   616,018   1,415,742   356,419   81,571   51,39     Kearny Mesa   15,529,249   5,2%   5,5%   47,931   9,997   97,984   264,894   0   95,800   51,88     Mira Mesar Miramar   17,649,652   6,8%   8,2%   190,355   84,560   315,230   528,213   0   0   51,70     BP/Rose Canyon/ Morena   2,561,573   9,6%   11,2%   91,546   102,594   16,593   164,274   0   0   51,55     Sorrento Mesa   13,024,997   23,5%   27,5%   212,015   313,769   35,721   7,4618   0   0   52,02     Sorrento Valley   3,699,990   17,7%   22,4%   109,947   7,99,68   17,799   38,354   0   0   52,02     Sorrento Valley   3,099,990   17,7%   22,4%   109,947   7,99,68   17,990   38,354   0   0   0   0     Torrey Pines   5,299,817   10,9%   16,7%   6,464   122,322   97,399   221,085   0   0   0   0     Torrey Pines   5,299,817   10,9%   16,7%   6,464   122,322   97,399   221,085   0   0   0   0     Central County   64,183,766   11,5%   13,8%   140,668   -83,102   670,683   1,401,642   0   95,800   51,70     Mission Gorge   1,934,135   6,7%   6,7%   89,245   83,929   13,310   44,864   0   0   51,75     Sorripps Ranch   1,685,271   9,8%   10,3%   0   -6,197   0   11,693   0   0   51,75     Sorripps Ranch   1,685,271   9,8%   10,3%   0   -6,197   0   11,693   0   0   51,75     Chule Vista   10,304,009   12,9%   12,4%   134,236   149,405   101,319   146,754   0   0   51,175     Sorripps Ranch   1,685,271   9,8%   10,3%   0   -6,197   0   11,693   0   0   0   51,175     Sorripps Ranch   1,685,271   9,8%   10,3%   0   -6,197   0   11,693   0   0   0   51,175     Sorripps Ranch   1,351,584   1.1%   1.4%   14,805   14,945   11,750   1,750   0   0   51,181     Downtown   1,953,911   41,4%   418,436   14,9405   14,9405   14,175   0   0   0   51,181     Sorripps Rance   4,211,286   3,7%   3,7%   70,158   66,263                           | North Beach Cities          | 302,674            | 0.0%                      | 0.0%                     | 0                                | 880                             | 0                                     | 880                                   | 0                           | 0                                  | 0      |
| North County   S2,15,234   Color   C                         | Oceanside                   | 10,173,498         | 3.9%                      | 4.0%                     | 47,797                           | 101,924                         | 82,882                                | 235,779                               | 0                           | 0                                  | \$1.21 |
| North County   58,215,234   6.0%   7.2%   -182,476   -372,525   616,018   1,415,742   356,419   81,571   \$1.39     Nearny Mesa   15,529,249   5.2%   5.5%   47,931   -9,997   97,984   264,894   0   95,800   \$1.88     Mira Mesa/ Miramar   17,649,652   6.8%   8.2%   190,355   -84,560   315,230   528,213   0   0   \$1.70     PDR/Rose Canyon/ Morena   2,561,573   9.6%   11,2%   91,546   -102,594   16,593   528,213   0   0   \$1.75     Sorrento Mesa   13,024,997   23.5%   27.5%   212,015   -313,769   35,721   74,618   0   0   \$2.02     Sorrento Valley   3,699,090   17,7%   22.4%   -109,947   -79,968   17,990   38,354   0   0   \$2.02     Sorrento Valley   3,699,090   17,7%   22.4%   -109,947   -79,968   17,990   38,354   0   0   \$2.02     Sorrento Valley   3,699,090   17,7%   22.4%   -109,947   -79,968   17,990   38,354   0   0   0   \$2.02     Sorrento Valley   3,699,090   17,7%   22.4%   -109,947   -79,968   17,990   38,354   0   0   0   \$2.00     Torrey Pines   5,269,817   10,9%   16,7%   6,464   122,322   97,399   221,085   0   0   \$2.00     UTC   3,448,817   21.4%   22.4%   34,013   -63,573   76,466   89,904   0   0   0   0     Central County   64,183,766   11.5%   13.8%   -140,668   -531,062   670,683   1,401,642   0   95,800   \$1.70     Mission Gorge   1,934,135   6,7%   6,7%   -89,245   -83,929   13,310   44,864   0   0   \$1.55     Rancho Bernardo   7,672,212   3.3%   5,8%   -89,339   103,218   9,625   81,616   0   0   \$1.75     Scripps Ranch   1,685,271   9,8%   10,3%   0   -6,197   0   11,693   0   0   \$1.75     I-S Corridor   21,128,320   3,9%   4.8%   -96,283   11,186   91,203   235,106   0   0   \$1.81     Downtown   1,953,911   2,1%   2,4%   134,236   -149,405   10,319   146,754   0   0   \$1.81     Otay Mesa   25,407,331   2,3%   14,0%   114,099   74,387   335,093   10,119,203   1,077,413   531,319   \$1.13     San Yaidro/ Imp Beach   1,351,584   1,1%   14,4%   14,805   14,975   16,523   16,523   0   0   \$1.85     East City   90,293   0,0%   0,0%   0,0%   0,0%   0,0%   0,0%   0,0%   0,0%   0,0%   0,0%   0,0       | San Marcos                  | 9,014,578          | 7.6%                      | 9.2%                     | -7,824                           | -86,719                         | 117,159                               | 192,416                               | 0                           | 0                                  | \$1.32 |
| Kearny Mesa         15,529,249         5.2%         5.5%         47,931         .9,997         97,984         264,894         0         95,800         \$1.88           Mira Mesa/ Miramar         17,649,652         6.8%         8.2%         190,355         -84,560         315,230         528,213         0         0         \$1.70           PB/Rose Canyor/ Morena         2,561,573         9.6%         11.2%         -91,546         -102,594         16,593         164,274         0         0         \$1.55           Sorrento Walley         3,699,090         17.7%         22.4%         -10,947         -79,968         17,990         38,354         0         0         \$2.42           Sports Arena/ Airport         3,000,571         3.7%         6,9%         -5,923         1,077         13,300         20.00         0         0         0           Torrey Pine         5,269,817         10,9%         -5,923         1,077         13,300         20.00         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         22.42         5,948,817         1,944,84         122,3  | Vista                       | 14,610,216         | 6.4%                      | 7.5%                     | 51,420                           | 19,297                          | 58,352                                | 389,141                               | 123,705                     | 22,480                             | \$1.29 |
| Mira Mesa/ Miramar         17,649,652         6.8%         8.2%         190,355         -84,560         315,230         528,213         0         0         \$1.70           PB/Rose Canyor/ Morena         2,561,573         9.0%         11.2%         -91,546         -102,594         16,593         164,274         0         0         \$1.50           Sorrento Mesa         13,024,997         23,5%         22,105         313,749         35,721         4,618         0         0         \$2.02           Sorrento Valley         3,699,090         17.7%         22,4%         -109,947         -79,968         17,990         38,354         0         0         \$2.42           Sports Arena/Airport         3,000,571         3.7%         6,9%         -5,923         1,077         13,300         20,300         0         0         \$2.00           UTC         3,448,817         21.4%         22.4%         34,013         -63,573         76,466         89,904         0         0         0           Central County         64,183,766         11.5%         13.8%         -140,668         -531,062         670,683         1,401,642         0         95,800         \$1.70           Mission Gorge         1,934,135  | North County                | 58,215,234         | 6.0%                      | 7.2%                     | -182,476                         | -372,525                        | 616,018                               | 1,415,742                             | 356,419                     | 81,571                             | \$1.39 |
| PB/Rose Canyon/ Morena   2,561,573   9,6%   11,2%   -91,546   -102,594   16,593   164,274   0   0   \$1.55   | Kearny Mesa                 | 15,529,249         | 5.2%                      | 5.5%                     | 47,931                           | -9,997                          | 97,984                                | 264,894                               | 0                           | 95,800                             | \$1.88 |
| Sorrento Mesa   13,024,977   23.5%   27.5%   212,015   313,769   35,721   74,618   0   0   \$2.02  | Mira Mesa/ Miramar          | 17,649,652         | 6.8%                      | 8.2%                     | 190,355                          | -84,560                         | 315,230                               | 528,213                               | 0                           | 0                                  | \$1.70 |
| Sorrento Valley 3,699,090 17.7% 22.4% 109,947 -79,968 17,990 38,354 0 0 \$2.42   Sports Arena/ Airport 3,000,571 3.7% 6,9% 5,923 1,077 13,300 20,300 0 0 0 0 Torrey Pines 5,269,817 10,9% 16.7% 6,464 122,322 97,399 221,085 0 0 \$2.00   UTC 3,448,817 21.4% 22.4% 34,013 -63,573 76,466 89,904 0 0 0 0 0   Central County 64,183,766 11.5% 13.8% 140,668 -531,062 670,683 1,401,642 0 95,800 \$1.70   Mission Gorge 1,934,135 6.7% 6.7% -89,245 -83,929 13,310 44,864 0 0 \$2.04   Poway 9,836,702 2.8% 2.8% 1,901 -1,906 68,268 96,933 0 0 \$1.56   Rancho Bernardo 7,672,212 3.3% 5.8% -8,939 103,218 9,625 81,616 0 0 51.75   Scripps Ranch 1,685,271 9.8% 10.3% 0 -6,197 0 11,693 0 0 \$1.77   I-15 Corridor 21,128,320 3.9% 4.8% -96,283 11,186 91,203 235,106 0 0 \$1.69   Chula Vista 10,304,009 12.0% 12.4% -134,236 -149,405 101,319 146,754 0 0 \$1.41   Downtown 1,953,911 2.1% 2.4% 18,369 13,869 11,750 11,750 0 0 \$0.85   National City 3,769,510 4.1% 4.8% 13,973 -60,528 32,358 126,176 0 0 \$1.85   Otay Mesa 25,407,331 12.3% 14.0% -114,099 -74,387 335,093 1,019,203 1,077,413 531,319 \$11.3   San Ysidro/ Imp Beach 1,351,584 1.1% 1.4% 14,805 14,975 16,523 16,523 0 0 \$1.55   South County 42,786,345 10.7% 11,9% -230,798 -285,426 497,043 1,320,406 1,077,413 531,319 \$1.25   East City 902,939 0.0% 0.0% 0.0% 0 0 0 0 0 0 0 \$1.69   EICajon 10,202,286 3.7% 3.7% -70,158 -86,206 26,631 70,884 0 0 \$1.55   Southeast San Diego Cty 2,140,675 0.0% 6.0% 6,193 -14,851 27,080 36,158 0 0 \$0.85   Southeast San Diego Cty 2,140,675 0.0% 6.0% 6,193 -14,851 27,080 36,158 0 0 0 \$1.69   Outlying SD County North 1,166,470 2.4% 2.4% 12,972 1,949 11,950 14,918 0 0 0 \$1.69   Outlying SD County North 1,166,470 2.4% 2.4% -12,972 1,949 11,950 14,918 0 0 0 \$1.69   Outlying SD County North 1,166,470 2.4% 2.4% -12,972 1,949 11,950 14,918 0 0 0 \$1.69   Outlying SD County South 974,205 10.2% 10.2% 10.2% 19,165 -3,400 15,130 21,240 0 0 0 \$1.69   Outlying SD County South 974,205 10.2% 10.2% 10.2% 19,165 -3,400 15,130 21,240 0 0 0 \$1.69   Outlying SD County South 974,205 10.2% 10.2% 10.2% 19,16 | PB/Rose Canyon/ Morena      | 2,561,573          | 9.6%                      | 11.2%                    | -91,546                          | -102,594                        | 16,593                                | 164,274                               | 0                           | 0                                  | \$1.55 |
| Sports Arena/Airport   3,000,571   3.7%   6.9%   5.923   1,077   13,300   20,300   0   0   0   0   | Sorrento Mesa               | 13,024,997         | 23.5%                     | 27.5%                    | 212,015                          | -313,769                        | 35,721                                | 74,618                                | 0                           | 0                                  | \$2.02 |
| Torrey Pines 5,269,817 10.9% 16.7% 6,464 122,322 97,399 221,085 0 0 \$2.00 UTC 3,448,817 21.4% 22.4% 34,013 -63,573 76,466 89,904 0 0 0 0 0 Central County 64,183,766 11.5% 13.8% -140,668 -531,062 670,683 1,401,642 0 95,800 \$1.70 Mission Gorge 1,934,135 6.7% 6.7% -89,245 -83,929 13,310 44,864 0 0 \$2.04 Mission Gorge 9,836,702 2.8% 2.8% 1,901 1,906 68,268 96,933 0 0 \$1.56 Rancho Bernardo 7,672,212 3.3% 5.8% -8,939 103,218 9,625 81,616 0 0 \$1.75 Scripps Ranch 1,685,271 9.8% 10.3% 0 -6,197 0 11,693 0 0 \$1.75 I-15 Corridor 21,128,320 3.9% 4.8% -96,283 11,186 91,203 235,106 0 0 \$1.69 University of the control of the cont                | Sorrento Valley             | 3,699,090          | 17.7%                     | 22.4%                    | -109,947                         | -79,968                         | 17,990                                | 38,354                                | 0                           | 0                                  | \$2.42 |
| UTC         3,448,817         21.4%         22.4%         34,013         -63,573         76,466         89,904         0         0         0           Central County         64,183,766         11.5%         13.8%         -140,668         -531,062         670,683         1,401,642         0         95,800         \$1.70           Mission Gorge         1,934,135         6.7%         6.7%         -89,245         -83,929         13,310         44,864         0         0         \$2.04           Poway         9,836,702         2.8%         2.8%         1,901         -1,906         68,268         96,933         0         0         \$1.56           Rancho Bernardo         7,672,212         3.3%         5.8%         -8,939         103,218         9,625         81,616         0         0         \$17.75           I-15 Corridor         21,128,320         3.9%         4.8%         -96,283         11,186         91,203         235,106         0         \$1.77           I-15 Corridor         21,128,320         3.9%         4.8%         -96,283         11,186         91,203         235,106         0         0         \$1.47           Chula Vista         10,304,009         12.0%         12.4% <td>Sports Arena/ Airport</td> <td>3,000,571</td> <td>3.7%</td> <td>6.9%</td> <td>-5,923</td> <td>1,077</td> <td>13,300</td> <td>20,300</td> <td>0</td> <td>0</td> <td>0</td>   | Sports Arena/ Airport       | 3,000,571          | 3.7%                      | 6.9%                     | -5,923                           | 1,077                           | 13,300                                | 20,300                                | 0                           | 0                                  | 0      |
| Central County         64,183,766         11.5%         13.8%         -140,668         -531,062         670,683         1,401,642         0         95,800         \$1.70           Mission Gorge         1,934,135         6.7%         6.7%         -89,245         -83,929         13,310         44,864         0         0         \$2.04           Poway         9,836,702         2.8%         2.8%         1,901         -1,906         68,268         96,933         0         0         \$1.56           Rancho Bernardo         7,672,212         3.3%         5.8%         8,939         103,218         9,625         81,616         0         0         \$1.75           Scripps Ranch         1,685,271         9.8%         10.3%         0         -6,197         0         11,693         0         0         \$1.77           L15 Corridor         21,128,320         3.9%         4.8%         -96,283         11,186         91,203         235,106         0         0         \$1.69           Chula Vista         10,304,009         12.0%         12.4%         -134,236         -149,405         101,319         146,754         0         0         \$1.41           Downtown         1,953,911         2.1%  | Torrey Pines                | 5,269,817          | 10.9%                     | 16.7%                    | 6,464                            | 122,322                         | 97,399                                | 221,085                               | 0                           | 0                                  | \$2.00 |
| Mission Gorge         1,934,135         6.7%         6.7%         -89,245         -83,929         13,310         44,864         0         0         \$2.04           Poway         9,836,702         2.8%         2.8%         1,901         -1,906         68,268         96,933         0         0         \$1.56           Rancho Bernardo         7,672,212         3.3%         5.8%         -8,939         103,218         9,625         81,616         0         0         \$1.75           Scripps Ranch         1,685,271         9.8%         10.3%         0         -6,197         0         11,693         0         0         \$1.77           I-15 Corridor         21,128,320         3.9%         4.8%         -96,283         11,186         91,203         235,106         0         0         \$1.47           Chula Vista         10,304,009         12.0%         12.4%         -134,236         -14,9405         101,319         146,754         0         0         \$1.49           Downtown         1,953,911         2.1%         2.4%         18,369         11,750         11,750         0         0         \$0.85           National City         3,769,510         4.1%         4.8%         13,973 </td <td>UTC</td> <td>3,448,817</td> <td>21.4%</td> <td>22.4%</td> <td>34,013</td> <td>-63,573</td> <td>76,466</td> <td>89,904</td> <td>0</td> <td>0</td> <td>0</td>   | UTC                         | 3,448,817          | 21.4%                     | 22.4%                    | 34,013                           | -63,573                         | 76,466                                | 89,904                                | 0                           | 0                                  | 0      |
| Poway         9,836,702         2.8%         2.8%         1,901         -1,906         68,268         96,933         0         0         \$1.56           Rancho Bernardo         7,672,212         3.3%         5.8%         -8,939         103,218         9,625         81,616         0         0         \$1.75           Scripps Ranch         1,685,271         9.8%         10.3%         0         -6,197         0         11,693         0         0         \$1.77           I-15 Corridor         21,128,320         3.9%         4.8%         -96,283         11,186         91,203         235,106         0         0         \$1.69           Chula Vista         10,304,009         12.0%         12.4%         -134,236         -149,405         101,319         146,754         0         0         \$1.69           Chula Vista         10,304,009         12.0%         18,369         11,750         11,750         0         0         \$0.85           National City         3,769,510         4.1%         4.8%         13,973         -60,528         32,358         126,176         0         0         \$1.81           Otay Mesa         25,407,331         12.3%         14.0%         -14,805         -  | Central County              | 64,183,766         | 11.5%                     | 13.8%                    | -140,668                         | -531,062                        | 670,683                               | 1,401,642                             | 0                           | 95,800                             | \$1.70 |
| Poway         9,836,702         2.8%         2.8%         1,901         -1,906         68,268         96,933         0         0         \$1.56           Rancho Bernardo         7,672,212         3.3%         5.8%         -8,939         103,218         9,625         81,616         0         0         \$1.75           Scripps Ranch         1,685,271         9.8%         10.3%         0         -6,197         0         11,693         0         0         \$1.77           I-15 Corridor         21,128,320         3.9%         4.8%         -96,283         11,186         91,203         235,106         0         0         \$1.69           Chula Vista         10,304,009         12.0%         12.4%         -134,236         -149,405         101,319         146,754         0         0         \$1.41           Downtown         1,953,911         2.1%         1.4%         18,369         13,869         11,750         0         0         \$0.85           National City         3,769,510         4.1%         4.8%         13,973         -60,528         32,358         126,176         0         0         \$1.81           Otay Mesa         25,407,331         12.3%         14.0%         -114,095<  | Mission Gorge               | 1,934,135          | 6.7%                      | 6.7%                     | -89,245                          | -83,929                         | 13,310                                | 44,864                                | 0                           | 0                                  | \$2.04 |
| Scripps Ranch         1,685,271         9.8%         10.3%         0         -6,197         0         11,693         0         0         \$1.77           I-15 Corridor         21,128,320         3.9%         4.8%         -96,283         11,186         91,203         235,106         0         0         \$1.69           Chula Vista         10,304,009         12.0%         12.4%         -134,236         -149,405         101,319         146,754         0         0         \$1.41           Downtown         1,953,911         2.1%         2.4%         18,369         13,869         11,750         11,750         0         0         \$0.85           National City         3,769,510         4.1%         4.8%         13,973         -60,528         32,358         126,176         0         0         \$1.81           Otay Mesa         25,407,331         12.3%         14.0%         -114,099         -74,387         335,093         1,019,203         1,077,413         531,319         \$1.13           San Ysidro/ Imp Beach         1,351,584         1.1%         1.4%         -14,805         -14,975         16,523         16,523         0         0         \$1.35           South County         90,2939  |                             | 9,836,702          | 2.8%                      | 2.8%                     | 1,901                            | -1,906                          | 68,268                                | 96,933                                | 0                           | 0                                  | \$1.56 |
| Life Corridor   21,128,320   3.9%   4.8%   -96,283   11,186   91,203   235,106   0   0   0   51.69   | Rancho Bernardo             | 7,672,212          | 3.3%                      | 5.8%                     | -8,939                           | 103,218                         | 9,625                                 | 81,616                                | 0                           | 0                                  | \$1.75 |
| Chula Vista         10,304,009         12.0%         12.4%         -134,236         -149,405         101,319         146,754         0         0         \$1.41           Downtown         1,953,911         2.1%         2.4%         18,369         13,869         11,750         11,750         0         0         \$0.85           National City         3,769,510         4.1%         4.8%         13,973         -60,528         32,358         126,176         0         0         \$1.81           Otay Mesa         25,407,331         12.3%         14.0%         -114,099         -74,387         335,093         1,019,203         1,077,413         531,319         \$1.13           San Ysidro/ Imp Beach         1,351,584         1.1%         1.4%         -14,805         -14,975         16,523         0         0         \$1.35           South County         42,786,345         10.7%         11.9%         -230,798         -285,426         497,043         1,320,406         1,077,413         531,319         \$1.25           East City         902,939         0.0%         0.0%         0         0         0         0         0         0         0         0         0         0         0         0         <   | Scripps Ranch               | 1,685,271          | 9.8%                      | 10.3%                    | 0                                | -6,197                          | 0                                     | 11,693                                | 0                           | 0                                  | \$1.77 |
| Downtown         1,953,911         2.1%         2.4%         18,369         13,869         11,750         0         0         \$0.85           National City         3,769,510         4.1%         4.8%         13,973         -60,528         32,358         126,176         0         0         \$1.81           Otay Mesa         25,407,331         12.3%         14.0%         -114,099         -74,387         335,093         1,019,203         1,077,413         531,319         \$1.13           San Ysidro/ Imp Beach         1,351,584         1.1%         1.4%         -14,805         -14,975         16,523         16,523         0         0         \$1.35           South County         42,786,345         10.7%         11.9%         -230,798         -285,426         497,043         1,320,406         1,077,413         531,319         \$1.25           East City         902,939         0.0%         0.0%         0         \$1.68         0         \$1.68         \$1.69         \$2.478 <td< td=""><td>I-15 Corridor</td><td>21,128,320</td><td>3.9%</td><td>4.8%</td><td>-96,283</td><td>11,186</td><td>91,203</td><td>235,106</td><td>0</td><td>0</td><td>\$1.69</td></td<>  | I-15 Corridor               | 21,128,320         | 3.9%                      | 4.8%                     | -96,283                          | 11,186                          | 91,203                                | 235,106                               | 0                           | 0                                  | \$1.69 |
| Downtown         1,953,911         2.1%         2.4%         18,369         13,869         11,750         11,750         0         0         \$0.85           National City         3,769,510         4.1%         4.8%         13,973         -60,528         32,358         126,176         0         0         \$1.81           Otay Mesa         25,407,331         12.3%         14.0%         -114,099         -74,387         335,093         1,019,203         1,077,413         531,319         \$1.13           San Ysidro/ Imp Beach         1,351,584         1.1%         1.4%         -14,805         -14,975         16,523         16,523         0         0         \$1.35           South County         42,786,345         10.7%         11.9%         -230,798         -285,426         497,043         1,320,406         1,077,413         531,319         \$1.25           East City         902,939         0.0%         0.0%         0  | Chula Vista                 | 10.304.009         | 12.0%                     | 12.4%                    | -134.236                         | -149.405                        | 101.319                               | 146.754                               | 0                           | 0                                  | \$1.41 |
| National City         3,769,510         4.1%         4.8%         13,973         -60,528         32,358         126,176         0         0         \$1.81           Otay Mesa         25,407,331         12.3%         14.0%         -114,099         -74,387         335,093         1,019,203         1,077,413         531,319         \$1.13           San Ysidro/ Imp Beach         1,351,584         1.1%         1.4%         -14,805         -14,975         16,523         16,523         0         0         \$1.35           South County         42,786,345         10.7%         11.9%         -230,798         -285,426         497,043         1,320,406         1,077,413         531,319         \$1.25           East City         902,939         0.0%         0.0%         0         \$1.68         1.68         1.4         1.4         2.478         26,779         1,792         23,273         0         0         \$1.69         \$1.69         \$1.69         \$2.679,420         0.9%         2.4%         2.478   | Downtown                    |                    | 2.1%                      | 2.4%                     |                                  |                                 | · · · · · · · · · · · · · · · · · · · | · · · · · · · · · · · · · · · · · · · | 0                           | 0                                  | \$0.85 |
| Otay Mesa         25,407,331         12.3%         14.0%         -114,099         -74,387         335,093         1,019,203         1,077,413         531,319         \$1.13           San Ysidro/ Imp Beach         1,351,584         1.1%         1.4%         -14,805         -14,975         16,523         16,523         0         0         0         \$1.35           South County         42,786,345         10.7%         11.9%         -230,798         -285,426         497,043         1,320,406         1,077,413         531,319         \$1.25           East City         902,939         0.0%         0.0%         0         1.02         0         0  | National City               |                    | 4.1%                      | 4.8%                     |                                  |                                 | •                                     |                                       | 0                           | 0                                  | \$1.81 |
| San Ysidro/ Imp Beach         1,351,584         1.1%         1.4%         -14,805         -14,975         16,523         16,523         0         0         \$1.35           South County         42,786,345         10.7%         11.9%         -230,798         -285,426         497,043         1,320,406         1,077,413         531,319         \$1.25           East City         902,939         0.0%         0.0%         0         1,68         1,68         1,68         1,69         2,6779         1,792         23,273         0  |                             |                    | 12.3%                     | 14.0%                    |                                  |                                 |                                       | · · · · · · · · · · · · · · · · · · · | 1.077.413                   | 531.319                            | \$1.13 |
| South County         42,786,345         10.7%         11.9%         -230,798         -285,426         497,043         1,320,406         1,077,413         531,319         \$1.25           East City         902,939         0.0%         0.0%         0         \$1.68         8.6,206         26,631         70,884         0         0         \$1.68         \$1.69<  |                             |                    | 1.1%                      | 1.4%                     | -14,805                          | -                               | -                                     |                                       | 0                           | 0                                  | \$1.35 |
| El Cajon         10,202,286         3.7%         3.7%         -70,158         -86,206         26,631         70,884         0         0         \$1.68           La Mesa/ Spring Valley         2,679,420         0.9%         2.4%         2,478         26,779         1,792         23,273         0         0         \$1.69           Santee         4,211,286         1.3%         1.4%         -17,446         -13,460         28,564         63,952         0         0         \$1.43           Southeast San Diego         4,020,498         6.1%         6.1%         9,255         22,729         0         47,934         0         0         \$1.35           East County         22,016,429         3.2%         3.4%         -75,871         -50,158         56,987         206,043         0         0         \$1.50           Outlying SD County North         1,166,470         2.4%         2.4%         -12,972         1,949         11,950         14,918         0         0         \$0.64           Outlying SD County South         974,205         10.2%         19,165         -3,400         15,130         21,240         0         0         \$1.59           Outlying East San Diego Cty         2,140,675         6.0%  |                             |                    | 10.7%                     | 11.9%                    |                                  |                                 |                                       |                                       | 1,077,413                   | 531,319                            |        |
| La Mesa/ Spring Valley       2,679,420       0.9%       2.4%       2,478       26,779       1,792       23,273       0       0       \$1.69         Santee       4,211,286       1.3%       1.4%       -17,446       -13,460       28,564       63,952       0       0       \$1.43         Southeast San Diego       4,020,498       6.1%       6.1%       9,255       22,729       0       47,934       0       0       \$1.35         East County       22,016,429       3.2%       3.4%       -75,871       -50,158       56,987       206,043       0       0       \$1.50         Outlying SD County North       1,166,470       2.4%       2.4%       -12,972       1,949       11,950       14,918       0       0       \$0.64         Outlying SD County South       974,205       10.2%       10.2%       19,165       -3,400       15,130       21,240       0       0       \$1.59         Outlying East San Diego Cty       2,140,675       6.0%       6.0%       6,193       -1,451       27,080       36,158       0       0       \$0.64  | East City                   | 902,939            | 0.0%                      | 0.0%                     | 0                                | 0                               | 0                                     | 0                                     | 0                           | 0                                  | 0      |
| Santee         4,211,286         1.3%         1.4%         -17,446         -13,460         28,564         63,952         0         0         \$1.43           Southeast San Diego         4,020,498         6.1%         6.1%         9,255         22,729         0         47,934         0         0         \$1.35           East County         22,016,429         3.2%         3.4%         -75,871         -50,158         56,987         206,043         0         0         \$1.50           Outlying SD County North         1,166,470         2.4%         2.4%         -12,972         1,949         11,950         14,918         0         0         \$0.64           Outlying SD County South         974,205         10.2%         10.2%         19,165         -3,400         15,130         21,240         0         0         \$1.59           Outlying East San Diego Cty         2,140,675         6.0%         6.0%         6,193         -1,451         27,080         36,158         0         0         \$0.64  | El Cajon                    | 10,202,286         | 3.7%                      | 3.7%                     | -70,158                          | -86,206                         | 26,631                                | 70,884                                | 0                           | 0                                  | \$1.68 |
| Southeast San Diego         4,020,498         6.1%         6.1%         9,255         22,729         0         47,934         0         0         \$1.35           East County         22,016,429         3.2%         3.4%         -75,871         -50,158         56,987         206,043         0         0         \$1.50           Outlying SD County North         1,166,470         2.4%         2.4%         -12,972         1,949         11,950         14,918         0         0         \$0.64           Outlying SD County South         974,205         10.2%         10.2%         19,165         -3,400         15,130         21,240         0         0         \$1.59           Outlying East San Diego Cty         2,140,675         6.0%         6.0%         6,193         -1,451         27,080         36,158         0         0         \$0.64  | La Mesa/ Spring Valley      | 2,679,420          | 0.9%                      | 2.4%                     | 2,478                            | 26,779                          | 1,792                                 | 23,273                                | 0                           | 0                                  | \$1.69 |
| East County         22,016,429         3.2%         3.4%         -75,871         -50,158         56,987         206,043         0         0         \$1.50           Outlying SD County North         1,166,470         2.4%         2.4%         -12,972         1,949         11,950         14,918         0         0         \$0.64           Outlying SD County South         974,205         10.2%         10.2%         19,165         -3,400         15,130         21,240         0         0         \$1.59           Outlying East San Diego Cty         2,140,675         6.0%         6.0%         6,193         -1,451         27,080         36,158         0         0         \$0.64   | Santee                      | 4,211,286          | 1.3%                      | 1.4%                     | -17,446                          | -13,460                         | 28,564                                | 63,952                                | 0                           | 0                                  | \$1.43 |
| Outlying SD County North       1,166,470       2.4%       2.4%       -12,972       1,949       11,950       14,918       0       0       \$0.64         Outlying SD County South       974,205       10.2%       19,165       -3,400       15,130       21,240       0       0       \$1.59         Outlying East San Diego Cty       2,140,675       6.0%       6.0%       6,193       -1,451       27,080       36,158       0       0       \$0.64  | Southeast San Diego         | 4,020,498          | 6.1%                      | 6.1%                     | 9,255                            | 22,729                          | 0                                     | 47,934                                | 0                           | 0                                  | \$1.35 |
| Outlying SD County South         974,205         10.2%         19,165         -3,400         15,130         21,240         0         0         \$1.59           Outlying East San Diego Cty         2,140,675         6.0%         6.0%         6,193         -1,451         27,080         36,158         0         0         \$0.64  | East County                 | 22,016,429         | 3.2%                      | 3.4%                     | -75,871                          | -50,158                         | 56,987                                | 206,043                               | 0                           | 0                                  | \$1.50 |
| Outlying East San Diego Cty 2,140,675 6.0% 6.0% 6,193 -1,451 27,080 36,158 0 0 \$0.64  | Outlying SD County North    | 1,166,470          | 2.4%                      | 2.4%                     | -12,972                          | 1,949                           | 11,950                                | 14,918                                | 0                           | 0                                  | \$0.64 |
| Outlying East San Diego Cty 2,140,675 6.0% 6.0% 6,193 -1,451 27,080 36,158 0 0 \$0.64  | Outlying SD County South    | 974,205            | 10.2%                     | 10.2%                    | 19,165                           | -3,400                          | 15,130                                | 21,240                                | 0                           | 0                                  | \$1.59 |
| San Diego County 210,470,769 8.1% 9.5% -719,903 -1,229,436 1,959,014 4,615,097 1,433,832 708,690 \$1.50  | Outlying East San Diego Cty | 2,140,675          | 6.0%                      | 6.0%                     | 6,193                            |                                 | 27,080                                | 36,158                                | 0                           | 0                                  | \$0.64 |
| San Diego County 210,470,769 8.1% 9.5% -719,903 -1,229,436 1,959,014 4,615,097 1,433,832 708,690 \$1.50  |                             |                    |                           |                          |                                  | 4 000 46 -                      | 4.000.04.5                            |                                       |                             |                                    |        |
|  | San Diego County            | 210,470,769        | 8.1%                      | 9.5%                     | -/19,903                         | -1,229,436                      | 1,959,014                             | 4,615,097                             | 1,433,832                   | /08,690                            | \$1.50 |

# **NEAR-TERM OUTLOOK**

No new construction has been completed this quarter, and there is only 1.3M SF remaining in the construction pipeline, all of which is concentrated in North and South County. Supply constraints and growing demand are reshaping industrial market dynamics. On the supply side, elevated construction costs, driven by tariffs and volatile material pricing, particularly for steel and aluminum, continue to challenge developers. In response, many are adjusting their strategies through bulk purchasing and contingency planning, while general contractors are recalibrating cost projections amid unpredictable input costs.

At the same time, demand is intensifying as global fragmentation drives occupiers to duplicate infrastructure and build redundancy into their supply chains. According to Prologis executives, this trend is leading to increased leasing activity across key logistics markets as companies seek to secure space closer to end users and diversify regional operations. Together, these factors are tightening market fundamentals and placing upward pressure on industrial space competition.

# **SIGNIFICANT SALE TRANSACTIONS 2025**

| Property               | Submarket             | SF      | Sale Price   | \$/SF    | Buyer                     | Seller                          |
|------------------------|-----------------------|---------|--------------|----------|---------------------------|---------------------------------|
| 4400-4450 Ruffin Rd    | Kearny Mesa           | 202,547 | \$80,050,000 | \$395.22 | CenterPoint Properties    | LBA Realty                      |
| 4901 Morena Blvd       | PB/Rose Canyon/Morena | 234,287 | \$67,000,000 | \$285.97 | Parallel Capital Partners | Vertical Ventures               |
| 2270 Camino Vida Roble | Carlsbad              | 106,311 | \$30,700,000 | \$288.78 | MCA Realty, Inc.          | Rexford Industrial Realty, Inc. |
| 9605 Airway Rd         | Otay Mesa             | 72,158  | \$16,200,000 | \$224.51 | The Bendetti Company      | TA Realty                       |
| 2260 Oak Ridge Wy      | Vista                 | 59,379  | \$13,360,500 | \$225.00 | San Diego Food Bank       | Advanced Web Offset, Inc.       |

# SIGNIFICANT LEASE TRANSACTIONS 2Q25

| Property                 | Submarket     | SF     | Transaction Date | Landlord           | Tenant                    |
|--------------------------|---------------|--------|------------------|--------------------|---------------------------|
| 9269 Lightwave Ave*      | Kearny Mesa   | 62,572 | May 2025         | BLT Enterprises    | Amazon                    |
| 6740 Cobra Wy            | Sorrento Mesa | 47,790 | June 2025        | Chase Terrace, LLC | Cymbiotika                |
| 2057 Aldergrove Ave      | Escondido     | 42,333 | May 2025         | Aina Famco Llc     | Elite Moving & Storage    |
| 1855 Dornoch Ct          | Otay Mesa     | 36,029 | April 2025       | KKR & Co. Inc      | Atlas Freight             |
| 1424 Corporate Center Dr | Otay Mesa     | 32,426 | April 2025       | Morgan Stanley     | R&R International Freight |

<sup>\*</sup>Renewal

#### SIGNIFICANT UNDER CONSTRUCTION

| Property           | Address                                  | Submarket | SF        | Owner                   | Delivery |
|--------------------|--|-----------|-----------|-------------------------|----------|
| 6980 Otay Mesa Rd  | 6980 Otay Mesa Rd                        | Otay Mesa | 1,077,413 | Amazon                  | 3Q25     |
| 2830 Whiptail Loop | 2830/2836 Whiptail Loop                  | Carlsbad  | 165,000   | Oxford Properties Group | 3Q25     |
| 1430 Decision St   | 1430 Decision St                         | Vista     | 123,705   | LBA Logistics           | 3Q25     |
| Evolve             | Carlsbad Oaks North Lot 3- Whiptail Loop | Carlsbad  | 67,714    | Techbilt Companies, Inc | 3Q25     |

Data Source: EDD, CoStar



The information in this report was composed by the Kidder Mathews Research Group.

# GARY BARAGONA

Vice President of Research 415.229.8925 gary.baragona@kidder.com

## DARREN TAPPEN

Regiona President, Brokerage 858.509.1200 darren.tappen@kidder.com LIC N° SA510719000 Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 20 offices in Washington, Oregon, California, Idaho, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

| COMMERCIAL<br>BROKERAGE | \$9B  AVERAGE ANNUAL  TRANSACTION VOLUME | 26.2M ANNUAL SALES SF        | 36.7M ANNUAL LEASING SF  |
|-------------------------|--|------------------------------|--------------------------|
| ASSET<br>SERVICES       | 58M SF  MANAGEMENT PORTFOLIO SIZE        | 850+ ASSETS UNDER MANAGEMENT | 250+ CLIENTS SERVED      |
| VALUATION<br>ADVISORY   | 2,400+ AVERAGE ASSIGNMENTS               | 39<br>TOTAL<br>APPRAISERS    | 24 WITH MAI DESIGNATIONS |