



INDUSTRIAL MARKET REPORT

SAN DIEGO, CA | Q4 OF 2023

NAI San Diego

SOURCE: COSTAR

INDUSTRIAL MARKET REPORT

Market Key Statistics	1
Leasing	3
Rent	8
Construction	10
Under Construction Properties	12
Sales	14
Sales Past 12 Months	16
Economy	18
Market Submarkets	23
Supply & Demand Trends	27
Rent & Vacancy	29
Sale Trends	31

12 Mo Deliveries in SF

2.7M

12 Mo Net Absorption in SF

(2.9M)

Vacancy Rate

5.7%

12 Mo Rent Growth

6.0%

Following the second quarter when San Diego industrial leasing activity fell to one of its lowest levels in 10 years, the third quarter showed little improvement. Net absorption was negative for the third straight quarter, while the availability rate has risen to its highest level since 2015.

While demand for traditional warehouse or manufacturing space between 10,000 SF and 25,000 SF is keeping local brokers busy, availability has been on the rise for small-bay properties. Yet with little of that inventory in the pipeline, these properties will likely see among the highest demand in the region in the coming quarters. But availability has been rising among all size cohorts as of the fourth quarter. Local brokers have noted that many of San Diego's larger users are choosing to renew due to economic uncertainty. Larger deals above 50,000 SF, particularly in North County, have dried up in recent quarters.

The sublet market has added to the glut of available and vacant space and it has reached its highest level in more than 10 years. Amazon has placed up to five buildings and 600,000 SF on the sublease market since 2022 from Carlsbad to Kearny Mesa, although several have been backfilled. Lab tenants in flex buildings have increasingly returned space, with Sorrento Mesa and Torrey Pines both reaching peak levels.

That has concerned life sciences brokers in the region who have noted that many lab deals have been placed on hold while the region is poised to receive its largest injection of lab space in more than a decade. More than 85% of the flex pipeline that is concentrated in Sorrento Mesa and Torrey Pines is available for lease.

Of the 2.4 million SF under construction in the industrial pipeline, almost all of which is in South County, more

than 80% is available. There was also more than 600,000 SF available in properties that delivered in 2023 before the fourth quarter in Otay Mesa. Some developers in Otay Mesa are pushing back their projects until the swollen pipeline is absorbed, although local stakeholders anticipate that underlying demand drivers in Otay Mesa should be sufficient to fill the new inventory.

The weight of a speculative pipeline and waning demand have led to annual rent growth moderating further. Quarterly rent growth during the third quarter, while positive, was its lowest figure in more than five years. Landlords are still reportedly holding firm on asking rents, although free rent has been on the rise. Tenants are receiving upwards of five months of free rent on new five-year leases, while that same deal may have netted one month at the beginning of 2022.

Following the explosive growth in interest rates, investment activity in San Diego has tumbled to historic lows in recent quarters. Few owners have been willing to part with properties at the pricing discounts buyers demand in today's higher interest rate environment. Deal flow fell by nearly 50% year over year during 23Q3 and was approximately one-third of peak trading in 2021. Similarly, investment volume fell by nearly \$1 billion year over year and by more than \$1.5 billion from peak volume in 2021. The lack of transactions has led to widespread pricing discovery, with many sellers still offering properties at peak pricing. Even so, investors and users continue to target Otay Mesa, and pricing has held relatively firm at around \$260/SF compared with 2022 levels. Institutional investors point to the Mexican labor pool and cross-border trade as demand drivers, while users have the added motivation of securing occupancy where rents have grown 40% in the past three years.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	89,720,600	5.5%	\$19.02	9.4%	(201,676)	849,051	1,973,410
Specialized Industrial	64,512,786	2.9%	\$19.20	4.4%	(243,998)	0	44,278
Flex	54,343,020	9.5%	\$32.05	16.1%	(22,521)	165,543	2,024,199
Market	208,576,406	5.7%	\$22.53	9.6%	(468,195)	1,014,594	4,041,887

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.5%	7.0%	6.0%	11.2%	2010 Q1	2.8%	2022 Q2
Net Absorption SF	(2.9M)	1,677,038	975,328	8,483,805	2022 Q1	(4,554,343)	2009 Q3
Deliveries SF	2.7M	2,077,095	2,167,895	6,701,299	2000 Q2	75,015	2011 Q2
Rent Growth	6.0%	4.3%	4.4%	11.8%	2022 Q3	-5.5%	2009 Q4
Sales Volume	\$1.4B	\$1.5B	N/A	\$5.1B	2022 Q3	\$348.7M	2009 Q3

The vacancy rate has shifted by 2.5% year over year to 5.7% after net absorption tallied about -2.9 million SF in the past 12 months. That is coming off a vacancy trough of 2.8% in the first half of 2022. Net absorption has been negative for the past three quarters through 23Q3. Yet vacancy is still in line with the 10-year average, and the House View forecast anticipates that it will rise to roughly half as high as it did following the Great Recession as new space delivers through 2024.

New leasing activity showed little improvement during 23Q3 as many firms continue to express caution in the face of economic concerns, particularly among larger users, according to local brokers. That could stifle momentum in net absorption in the coming quarters.

With new supply entering the pipeline since mid-2022 coupled with space returning to landlords, availability trended up in every size cohort in 2023. The availability rate is trending at 9.6%, totaling about 20.5 million SF, which is the highest level in more than eight years. The sharpest rise has been in buildings between 100,000 and 250,000 SF, many of which are under construction. Availability has risen from 5% to more than 14% in that size cohort.

Availability for small-bay properties, or those under 50,000 SF, is rising, although it remains low from a historical perspective. Local brokers have noted that the small-bay, multi-tenant properties with traditional industrial space and minimal office space between 10,000 and 25,000 SF have seen the strongest demand. With small-bay properties accounting for only about 10% of the pipeline, there is an expectation among market participants that demand should remain resilient for these spaces in the coming quarters.

Sublet space, totaling around 3.9 million SF, has reached its highest level in more than a decade. Amazon has added up to five facilities and around 6500,000 SF to the sublet market since the second half of 2022, and several of its spaces have found sublessees. Others, like Panasonic, added nearly half of its logistics facility, 170,000 SF, at The Campus in Otay Mesa to the sublet market in 2023.

More than half of the available sublet space in San Diego is within flex/lab buildings. Turning Point Therapeutics has one of the largest available spaces in Torrey Pines for 185,000 SF in a project that is scheduled to deliver in 2023. Other larger sublet

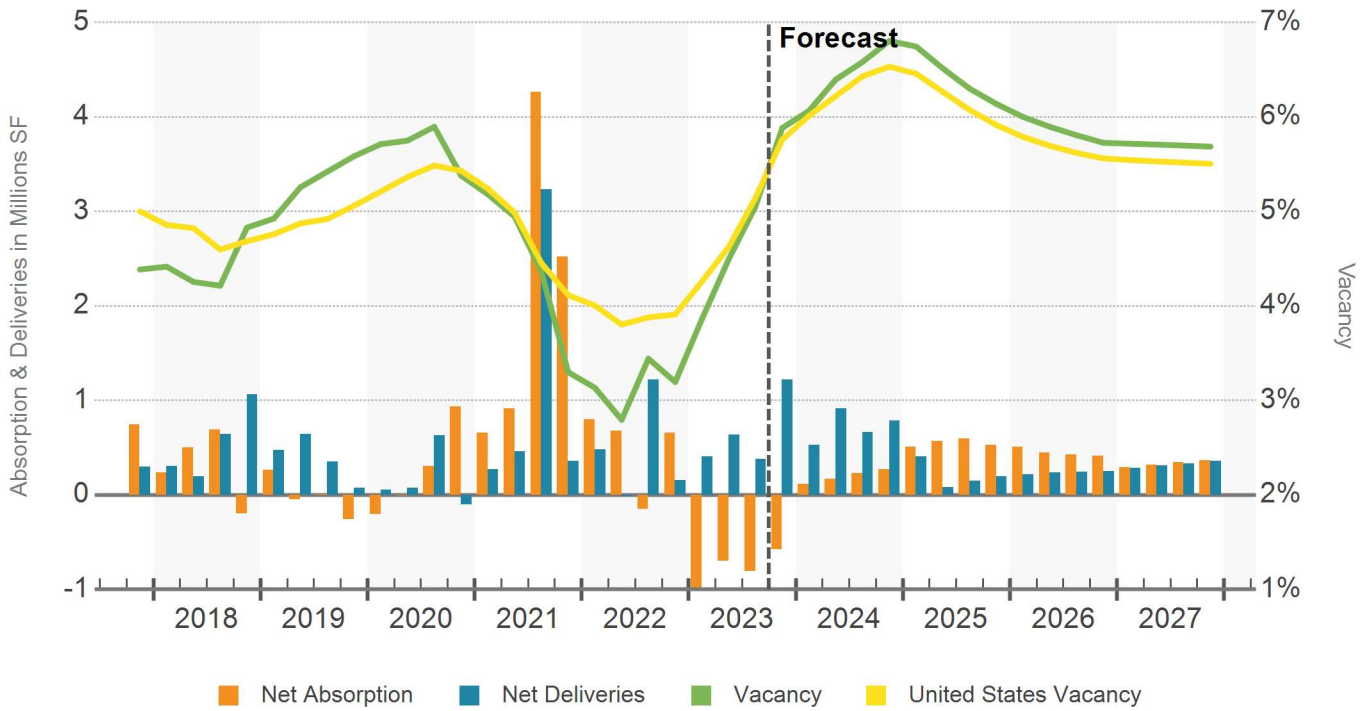
availabilities in flex space include NuVasive's 150,000-SF building at Sorrento Summit II with an expiration in 2034. Arena Pharmaceuticals added 125,000 SF of flex space in Sorrento Mesa during 23Q3 with an expiration in 2027, and Dexcom added its 92,000-SF space at Pacific Corporate Center in Sorrento Mesa with a term until 2028.

Even as leasing activity has moderated, few areas of San Diego have the demand drivers in place as Otay Mesa does. The trends of increased truck traffic, rising imports, growing maquiladora revenues and significant investment inflows should ensure that long-term demand drivers are secure here. The Otay Mesa Port of Entry is the largest commercial crossing along the California-Mexico border, handling about two-thirds of the traffic. It is where Mexican manufacturers, or maquiladoras, pass their goods through to the United States, often destined for warehouses in Otay Mesa. The United States-Mexico-Canada Agreement, which replaced NAFTA, also provides tax benefits to American and Canadian companies that outsource production to Mexico in place of Asian rim nations which has led to an increase in demand for border properties.

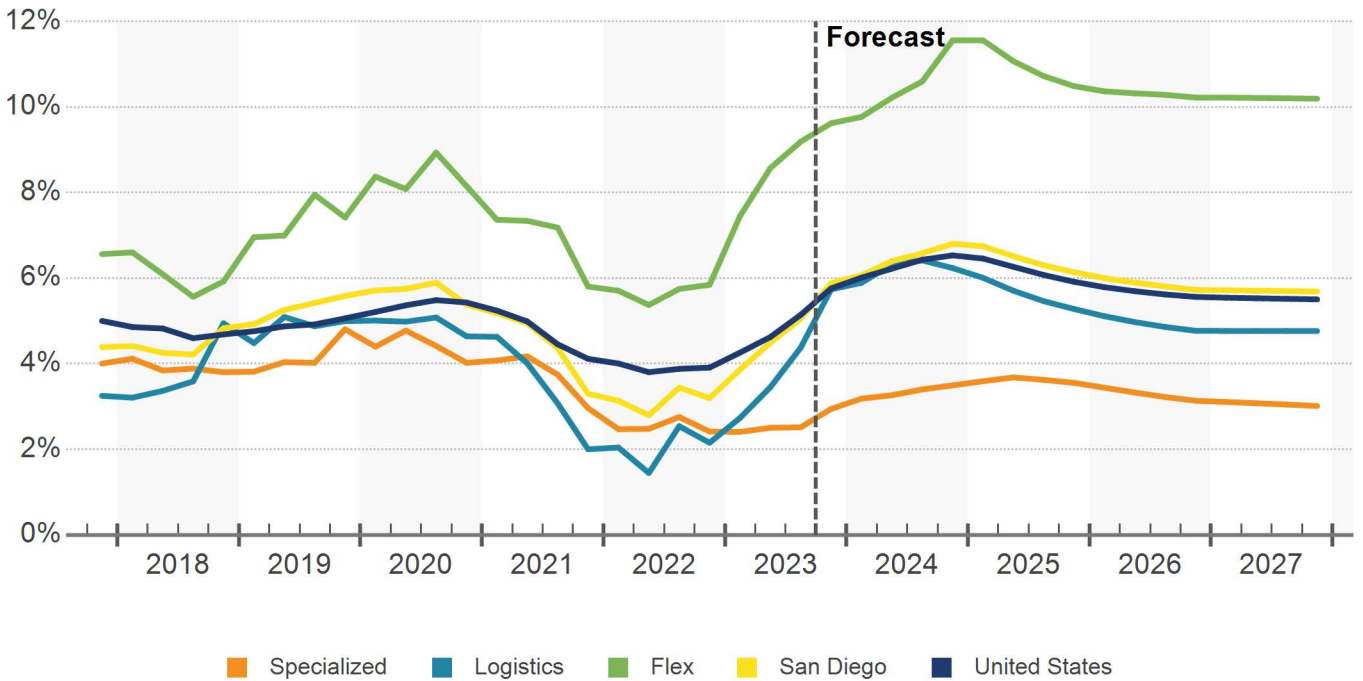
More than 1 million northbound trucks cross the border annually according to government data, and Caltrans has been actively building freeway extensions (State Routes 905 and 11) along the border and throughout the submarket to better connect the roadways, allowing for easier distribution. The number of lanes that can process cargo trucks into San Diego at Otay Mesa Port of Entry increased from nine to 16 in the first half of 2022. Additionally, the San Diego Association of Governments is hoping to complete construction on a second port of entry in the eastern part of the submarket by next year. Other infrastructure work will likely include fixing the streets. Many of the access roads to the industrial facilities here are crumbling due to the weight of freight being carried on them.

On the other end of the market in North County, leasing activity has moderated in recent quarters in Vista. That submarket has typically driven leasing volume among North County industrial submarkets in recent years, although absorption over the past 12 months has only been marginal. North County brokers have noted that deals above 50,000 SF have largely stalled in recent quarters, and most activity has been driven by small-bay users.

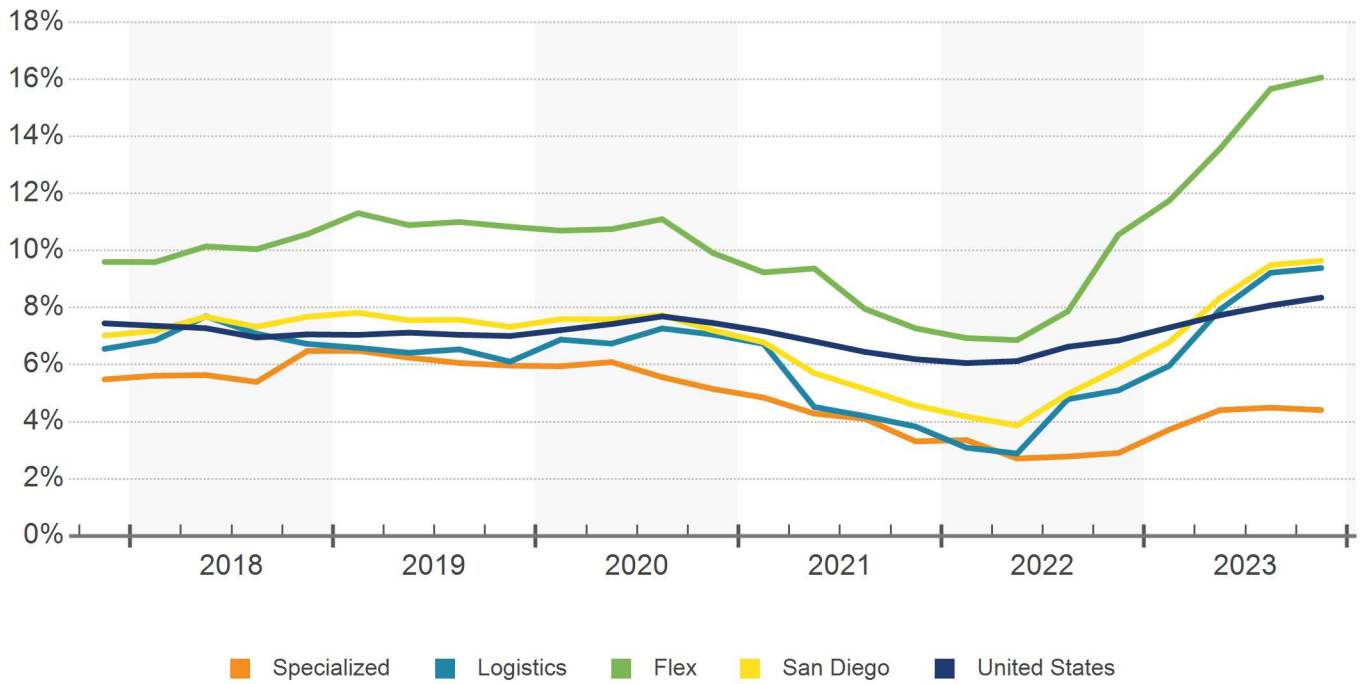
NET ABSORPTION, NET DELIVERIES & VACANCY



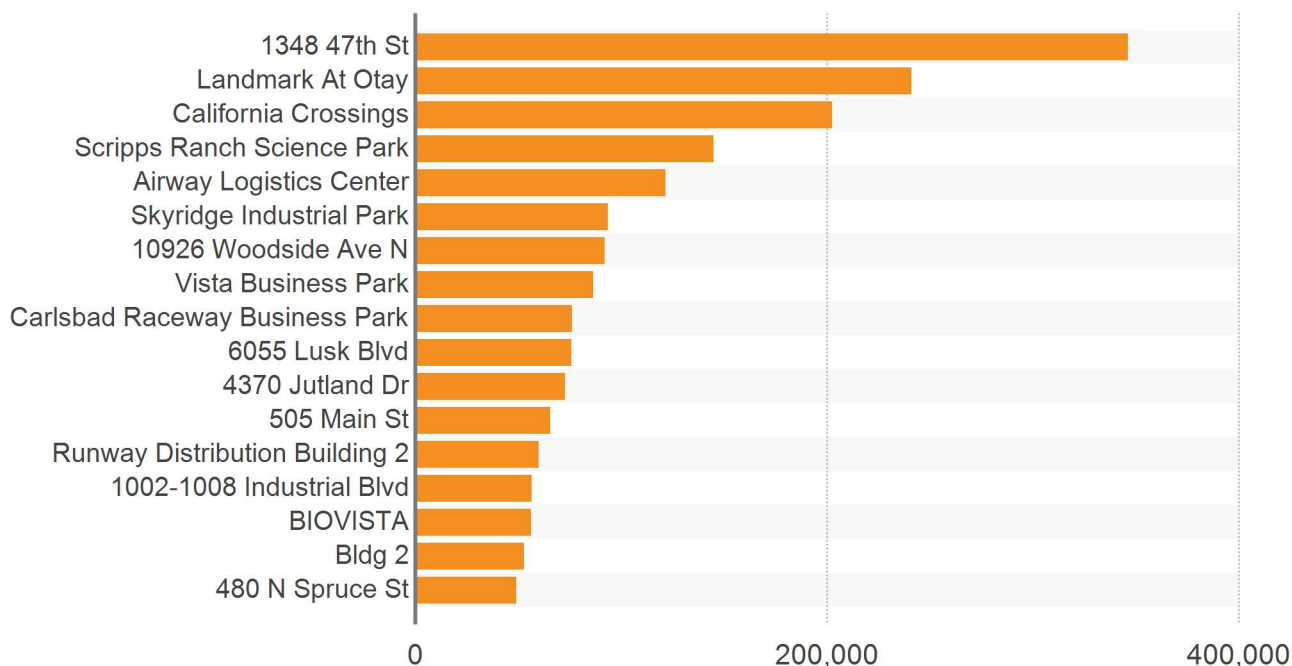
VACANCY RATE



AVAILABILITY RATE



12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
1348 47th St	East City Ind	346,128	0	346,128	0	0	0	346,128
Landmark At Otay	Otay Mesa Ind	240,975	0	0	0	0	240,975	240,975
California Crossings	Otay Mesa Ind	202,408	0	0	202,408	0	0	202,408
Scripps Ranch Science Park	Scripps Ranch Ind	145,000	0	0	145,000	0	0	145,000
Airway Logistics Center	Otay Mesa Ind	249,634	125,886	121,594	0	0	0	121,594
Skyridge Industrial Park	Vista Ind	93,662	0	93,662	0	0	0	93,662
10926 Woodside Ave N	Santee Ind	91,923	0	91,923	0	0	0	91,923
Vista Business Park	Vista Ind	86,465	0	86,465	0	0	0	86,465
Carlsbad Raceway Business Park	Carlsbad Ind	175,258	85,240	0	0	0	76,000	76,000
6055 Lusk Blvd	Sorrento Mesa Ind	94,230	18,375	0	0	94,230	(18,375)	75,855
4370 Jutland Dr	PB/Rose Canyon/Mo...	72,716	0	0	29,716	0	43,000	72,716
505 Main St	Chula Vista Ind	79,611	14,000	74,611	(9,000)	0	0	65,611
Runway Distribution Building 2	Otay Mesa Ind	59,905	0	0	0	0	59,905	59,905
1002-1008 Industrial Blvd	Chula Vista Ind	72,532	0	56,665	0	0	0	56,665
BIOVISTA	Sorrento Mesa Ind	154,815	57,094	13,956	50,831	(6,653)	(511)	56,317
Bldg 2	Otay Mesa Ind	70,862	0	50,395	(20,073)	0	20,073	52,842
480 N Spruce St	Escondido Ind	48,976	0	0	0	0	48,976	48,976
Subtotal Primary Competitors		2,285,100	300,595	935,399	398,882	87,577	470,043	1,893,042
Remaining San Diego Market		206,330,195	11,670,617	(1,918,453)	(1,100,400)	(894,789)	(938,238)	(4,774,209)
Total San Diego Market		208,615,295	11,971,212	(983,054)	(701,518)	(807,212)	(468,195)	(2,881,167)

TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
1610 Landmark Rd	Otay Mesa	240,975	Q1 23	RL Jones Customhouse B...	Cushman & Wakefield	Colliers
1756 Weld Blvd	El Cajon	160,000	Q3 23	GKN Aerospace	JLL	JLL
2600 Melksee St *	Otay Mesa	121,970	Q3 23	CareFusion	JLL	JLL
2020 Piper Ranch Rd *	Otay Mesa	98,500	Q3 23	Balboa Water Group	JLL	CBRE;Cushman & Wa...
2735 Cactus Rd	Otay Mesa	81,951	Q2 23	Knapheide	JLL	JLL
505 Main St	Chula Vista	79,611	Q1 23	ReadySpaces	Colliers	Cushman & Wakefield
1650 47th St	East City	76,822	Q1 23	FedEx Office	-	-
3266 Lionshead Ave	Carlsbad	76,000	Q2 23	Shiplab	JLL	KBC Advisors;Lee & As...
4370 Jutland Dr	PB/Rose Canyon/Morena	72,716	Q2 23	TopBuild	Swearingen Realty...	Kidder Mathews
2025 Gillespie Way *	El Cajon	71,865	Q1 23	Bekins Moving Solutions	-	-
6212 Corte Del Abeto *	Carlsbad	70,224	Q4 23	K1 Speed	-	Lee & Associates
4000 Ruffin Rd	Kearny Mesa	60,000	Q2 23	Cal-State Auto Parts Inc	-	CBRE
9050 Airway Rd	Otay Mesa	59,905	Q4 23	-	-	JLL
7411 Goen Pl *	Mission Gorge	57,351	Q3 23	HD Supply	Cushman & Wakefield	CBRE
9393 Waples St *	Sorrento Mesa	56,419	Q1 23	Ajinomoto Inc	-	-
2055 Sanyo Ave	Otay Mesa	54,500	Q2 23	Intelligent Blends	Compass	JLL
1210 Air Wing Rd	Otay Mesa	54,404	Q2 23	Chipman Relocations	CBRE	Cushman & Wakefield
3939 Market St	Southeast San Diego	51,262	Q3 23	Cruise	JLL	Kidder Mathews
480 N Spruce St	Escondido	48,976	Q4 23	-	Venture Pacific Com...	Kidder Mathews
5807 Van Allen Way *	Carlsbad	47,946	Q4 23	SMAC Inc.	-	-
5995 Pacific Center Blvd *	Sorrento Mesa	47,498	Q3 23	Abbott	CBRE	-
5950 Nancy Ridge Dr *	Mira Mesa/Miramar	46,800	Q1 23	ACCO Engineered Syste...	-	-
7615 Siempre Viva Rd	Otay Mesa	45,180	Q1 23	GTM Discount General St...	-	Colliers
6550 Mira Mesa Blvd	Sorrento Mesa	44,219	Q1 23	DPR Construction	Savills	Colliers
9655 Via Excelencia	Mira Mesa/Miramar	43,560	Q4 23	-	-	Kidder Mathews
Otay Center Dr	Otay Mesa	43,000	Q4 23	Calderon Auto	CBRE	CBRE
4370 Jutland Dr	PB/Rose Canyon/Morena	43,000	Q3 23	Paddle King	Transnational Realty	Colliers
7615 Siempre Viva Rd	Otay Mesa	41,500	Q1 23	HK Trans LLC	CBRE	Colliers
955 Gateway Center Way *	Southeast San Diego	39,777	Q1 23	RR Donnelley	-	-
2025 Gillespie Way	El Cajon	37,600	Q4 23	-	-	CBRE
8960 Carroll Way *	Mira Mesa/Miramar	35,725	Q1 23	Brain Corporation	-	-
3977 Ocean Ranch Blvd	Oceanside	34,375	Q1 23	Lamination Depot, Inc	-	Lee & Associates
7440 Convoy Ct	Kearny Mesa	33,995	Q1 23	Hajoca Corporation	Hughes Marino	Colliers
5625-5629 Copley Dr	Kearny Mesa	33,300	Q2 23	Paladin Technologies	-	Kidder Mathews
9550-9590 Distribution Ave	Mira Mesa/Miramar	32,400	Q1 23	Fall Brewing Company	Kidder Mathews	CBRE
9340 Cabot Dr	Mira Mesa/Miramar	32,271	Q4 23	-	-	Cushman & Wakefield
2735 Cactus Rd	Otay Mesa	31,282	Q4 23	-	-	JLL
8917 Kerns St	Otay Mesa	31,072	Q4 23	K Flex	Colliers	JLL
3888 Calle Fortunada	Kearny Mesa	30,528	Q1 23	Tesla	-	-
4039 Calle Platino	Oceanside	30,082	Q3 23	-	-	CBRE

*Renewal

At 6.0%, year-over-year rent growth is still above the long-term average as of the fourth quarter, but elevated interest rates coupled with waning demand in recent quarters has led to further moderation. 23Q3 was the fifth straight quarter that rent growth decelerated, notching the lowest quarterly performance since 2019. The House View forecast anticipates that rent growth will continue to decelerate through 2024.

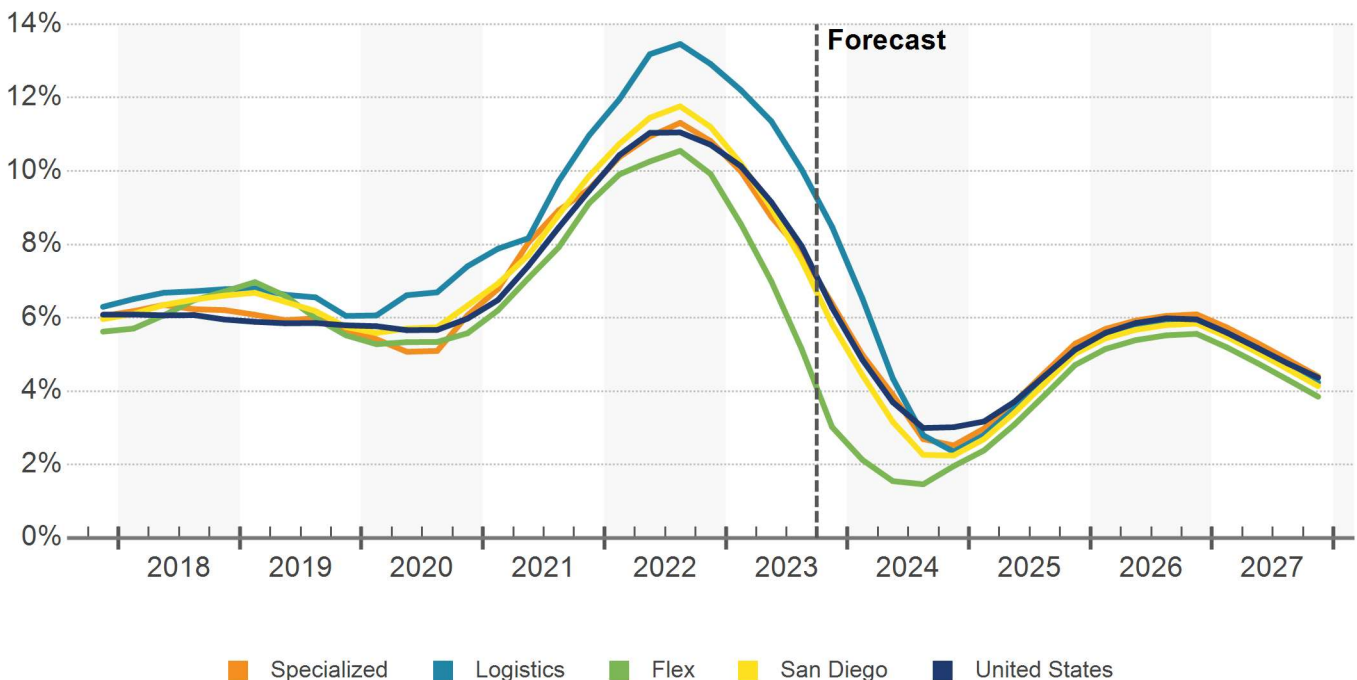
Tenants are beginning to receive some concessions, particularly for larger buildings, and build-out allowances are typically between \$1 and \$5 per SF. According to local brokers, institutional owners are prioritizing occupancy, allowing large tenants to increasingly secure more free rent on new leases. It has become more common for new leases to offer up to five months of free rent. Similar deals in 2021 and 2022 might have included one month of free rent. Brokers have also noted that landlords have been more willing to be flexible on terms, and short-term leases have become more common.

Conversely, small-bay owners are still locking in 3.5% to 4% escalations, similar to what larger tenants are

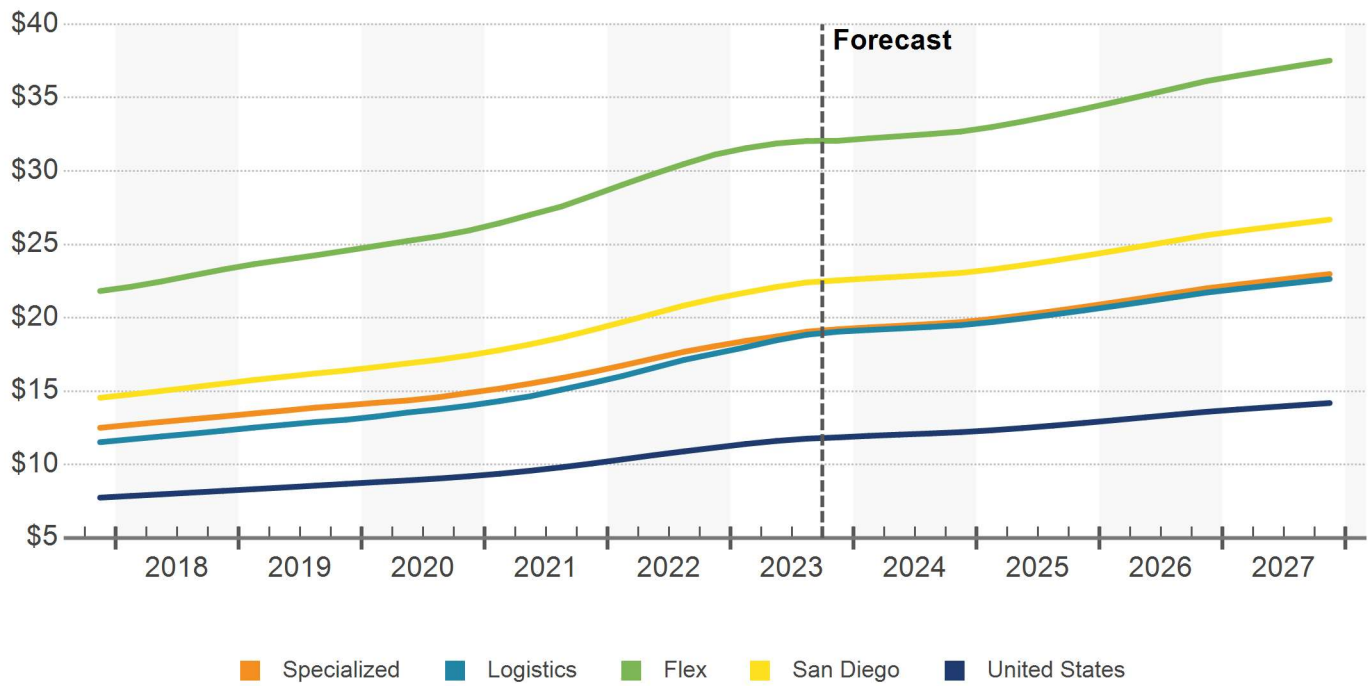
receiving, but free rent is still minimal. Those tenants might receive one or two months free on a five-year term. For instance, Modular Medical signed a four-year 24,000-SF lease in Rancho Bernardo in 2023 with 4% escalations and no free rent. In Kearny Mesa, Hajoca Corp signed a five-year lease for 34,000 SF in 2023 that included two months of free rent with a contract rent of \$19.20/SF NNN. Fall Brewing signed a lease for a similar size and length in Mira Mesa in 2023 with the same starting rent and free rent.

Otay Mesa still has the lowest average rents in the region, and tenants can find new space close to the Otay Mesa Port of Entry for relatively low rates. RL Customhouse's pre-lease of 240,000 SF there in 2023 has a starting rent of \$14.40/SF NNN for an 87-month term and several months of early occupancy. HK Trans LLC has branched out to Otay Mesa from South Gate with a 42,500-SF lease in 2023. The five-year term at the Britannia Corporate Center next to the border had 4% annual escalations at an effective rate of almost \$16/SF NNN.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



With 4.0 million SF under construction, San Diego's pipeline has reached one of its highest levels in 10 years, and more than 80% of it is available for lease. Otay Mesa accounts for almost 90% of the industrial inventory under construction in San Diego, almost all of which is available for lease. Yet local participants remain bullish on the area and so far, are not concerned about a supply-demand imbalance there. Between 2010 and 2019, inventory expanded by only about 5%. Since 2020, inventory has grown by more than 40% as firms have increasingly onshored operations to be closer to maquiladoras in Tijuana. However, some developers are moving back their projects until the properties in the pipeline are absorbed.

Land costs have jumped there in the past year. Raw land and improved lots had been selling for around \$10 to \$15/SF, but industrial parcels have been trading for more than \$30/SF over the past several quarters. Hines paid more than \$40/SF during 23Q3 for 9.5 acres. Those costs are closer to what land costs in North and Central counties, although available land has largely dried up in those areas.

Most of the spec space that has delivered near the port since 2020, nearly 3 million SF, has been leased. For example, one of the two buildings at California Crossings, a 200,000-SF facility, pre-leased to Amazon ahead of its 2023 delivery. Other recent commitments for new inventory include Home Depot's 125,000-SF deal at Brown Field Technology Park and RL Jones Customhouse Brokers pre-leasing 240,000 SF at Landmark at Otay in 2023. The newest phase of that campus delivered near the end of 2023 with 235,000 SF available.

Elevation Land Co and Crow Holdings are planning one of the next big projects in Otay Mesa. They are preparing to break ground on the eight-building, 1.8 million-SF distribution center Otay Business Park. The buildings will be able to accommodate users from 45,000 SF up to

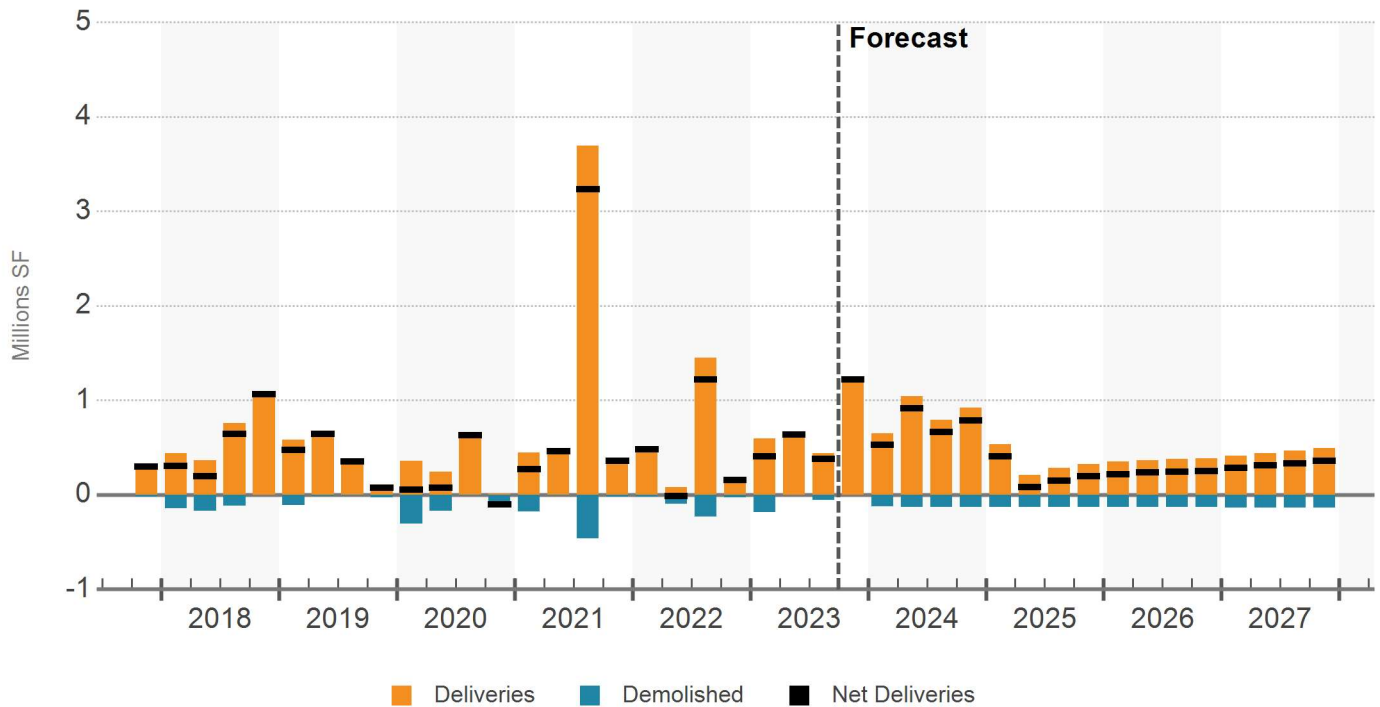
500,000 SF. The first buildings of the \$165 million project are scheduled to deliver by the end of 2024.

One of the largest development projects is in El Cajon, where little new inventory has come to market in the past decade. A 380,000-SF distribution facility that is divisible to 95,000 SF broke ground during 23Q2 on spec and is scheduled to deliver in mid-2024. The site was originally targeted for a 140,000-SF distribution center for Amazon. GKN Aerospace preleased roughly 160,000 SF there during 23Q3 to add to its 200,000-SF footprint within the submarket.

San Diego is one of the primary life sciences nodes in the U.S. and firms such as Alexandria, Healthpeak, and Longfellow have been actively adding new flex space in Torrey Pines and Sorrento Mesa. But the weight of new lab space will likely place upward pressure to vacancy as demand has waned in recent quarters. Roughly 85% of the flex pipeline which consists of 2 million SF of lab space is available for lease and three formerly pre-leased developments in Sorrento Mesa and Torrey Pines have become available in recent quarters. One of those, Directors Science Park at the Sorrento Gateway in Sorrento Mesa, delivered at the end of 2023. The 165,000-SF lab building had been pre-leased to Sorrento Therapeutics before the lease was terminated following the firm's bankruptcy in 2023.

Although local brokers have suggested that requirements have increased in recent months for lab space, it has yet to translate into an increase in leasing activity after many deals have been reportedly placed on hold. It will take time for the new space to be absorbed. Yet, there are reasons to be optimistic. The long-term drivers in San Diego remain in place, including government support and funding, collaborative work with the University of California-San Diego, an aging population, technological advances that can improve the quality of life and a strong entrepreneurial spirit.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Sorrento Mesa	8	1,464	95	6.5%	5	46,738	183,029	3
2	Otay Mesa	11	1,176	15	1.3%	6	62,875	106,869	5
3	Torrey Pines	4	392	219	55.8%	3	79,394	97,992	7
4	El Cajon	1	381	159	41.7%	4	18,997	381,240	1
5	Carlsbad	1	223	223	100%	1	32,511	222,959	2
6	Chula Vista	2	205	0	0%	7	25,449	102,633	6
7	UTC	1	168	0	0%	7	96,157	168,000	4
8	Sports Arena/Airport	1	33	33	100%	1	17,577	32,661	8
9	Central San Diego	0	-	-	-	-	17,620	-	-
10	East City	0	-	-	-	-	15,786	-	-
	All Other	0	-	-	-	-	19,499	-	-
Totals		29	4,042	743	18.4%		23,643	139,375	

Under Construction Properties

San Diego Industrial

Properties

Square Feet

Percent of Inventory

Released

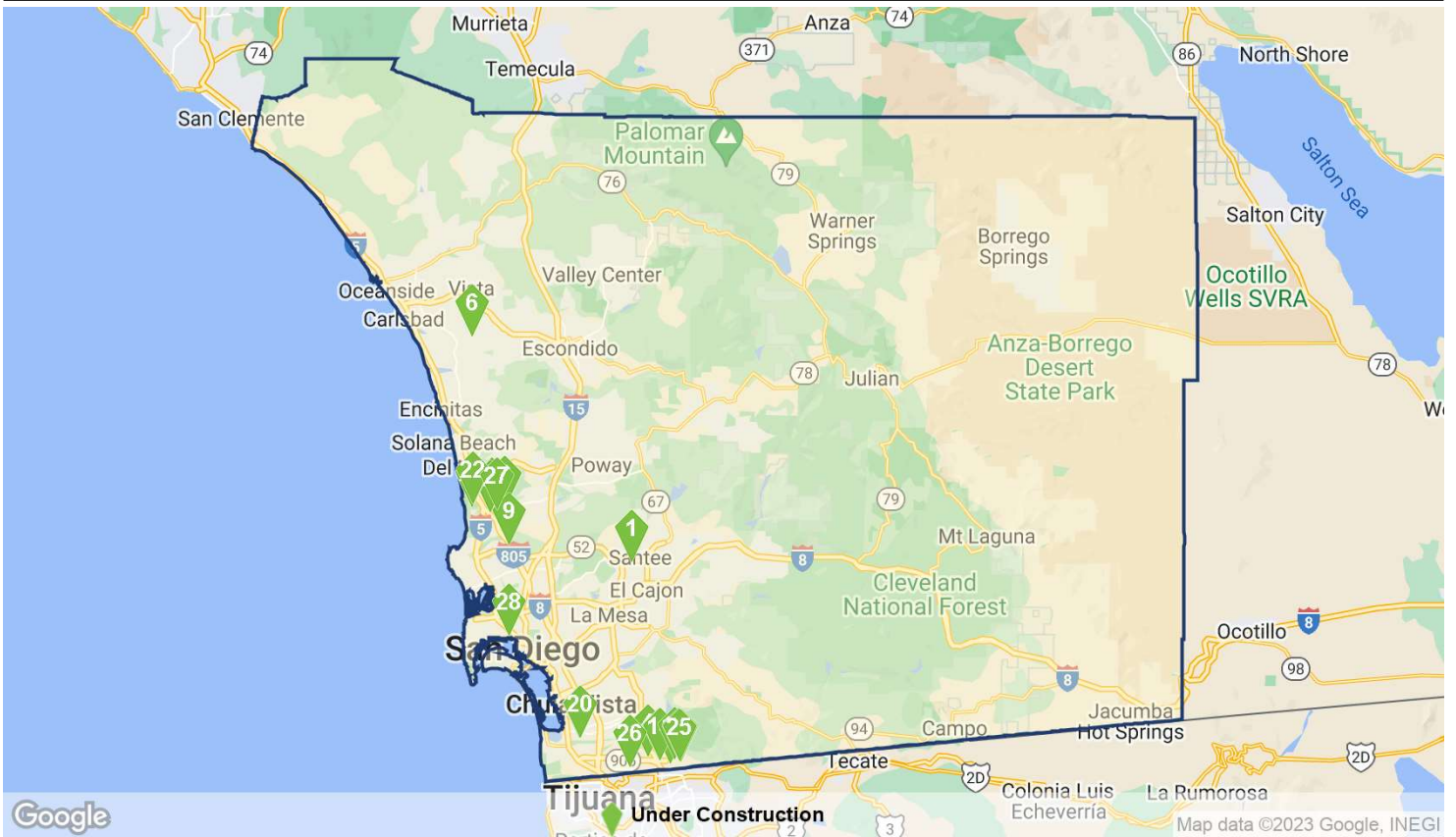
29

4,041,887

2.6%

18.4%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 1756 Weld Blvd	★★★★☆	381,240	1	Jun 2023	May 2024	-
2 5975 Pacific Mesa Ct	★★★★★	322,000	6	Aug 2023	Nov 2024	- Harrison Street Capital
3 Bioterra 5889 Oberlin Dr	★★★★☆	314,489	5	Dec 2022	Oct 2024	- Longfellow Real Estate Partners
4 La Media Road	★★★★☆	256,789	1	Jul 2023	Apr 2024	Majestic Realty Co. Majestic Realty Co.
5 Building C 10075 Barnes Canyon Rd	★★★★★	253,741	5	Sep 2022	Mar 2024	Alexandria Real Estate Equities, I... Alexandria Real Estate Equities, I...
6 Lots 1-4 Lionshead Ave	★★★★☆	222,959	1	Nov 2022	Feb 2024	- Hines
7 OBX- Building 4 7820 Paseo De La Fuente	★★★★☆	205,845	1	Jun 2023	Jan 2024	- Kearny Real Estate Company

Under Construction Properties

San Diego Industrial

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 5974 Pacific Mesa Ct	★★★★★	174,000	5	Aug 2023	Nov 2024	- Harrison Street Capital
9 6220 Greenwich Dr	★★★★☆	168,000	2	Oct 2022	Oct 2024	- Breakthrough Properties LLC
10 Enrico Fermi Industrial 7129 Enrico Fermi Pl	★★★★☆	150,530	1	May 2023	May 2024	Phelan Development Company -
11 Headquarters Point - Bld... 4910 Headquarters Pt	★★★★★	125,046	3	Jul 2023	May 2024	- Bioscience Property Investments
12 Bldg 1 2080 Sanyo Ave	★★★★☆	123,925	1	May 2023	Jan 2024	Badiee Development Inc. Badiee Development Inc.
13 Headquarters Point - Bld... 4902 Headquarters Pt	★★★★★	119,450	3	Jul 2023	May 2024	- Bioscience Property Investments
14 Bldg 2 9350 Airway Rd	★★★★☆	119,044	1	Jul 2023	Aug 2024	Badiee Development Inc. Badiee Development Inc.
15 Vista Sorrento Labs 10251 Vista Sorrento Pky	★★★★☆	117,000	4	May 2023	Feb 2024	- Trammell Crow Company
16 Bldg A 3020 Callan Rd	★★★★☆	113,700	3	Jul 2022	Jan 2024	- Healthpeak Properties, Inc.
17 Building 3 10933 N Torrey Pines Rd	★★★★☆	113,094	2	Jul 2023	Dec 2024	- Alexandria Real Estate Equities, I...
18 Lot 16 7310 Otay Crossing Ct	★★★★☆	110,825	1	Jan 2023	Jan 2024	TFW Construction, Inc. Phelan Development Company
19 Lot 10 & 11 2855 Faivre St	★★★★☆	108,200	1	May 2023	Feb 2024	TFW Construction, Inc. Sudberry Properties, Inc.
20 Lot 12 2995 Faivre St	★★★★☆	97,066	1	Feb 2023	Feb 2024	TFW Construction, Inc. Sudberry Properties, Inc.
21 Building 4 10933 N Torrey Pines Rd	★★★★☆	92,572	2	Apr 2023	Dec 2024	- Alexandria Real Estate Equities, I...
22 Bldg B 3030 Callan Rd	★★★★☆	72,600	3	Mar 2022	Jan 2024	- Healthpeak Properties, Inc.
23 OBX - Building 1 7727 Paseo De La Fuente	★★★★☆	52,643	1	Jun 2023	Feb 2024	- Kearny Real Estate Company
24 OBX - Building 3 7823 Paseo De La Fuente	★★★★☆	50,559	1	Jun 2023	Mar 2024	- Kearny Real Estate Company
25 OBX - Building 2 7811 Paseo De La Fuente	★★★★☆	46,177	1	Jun 2023	Jan 2024	- Kearny Real Estate Company
26 2548 Cactus Rd	★★★★☆	44,278	1	Mar 2023	Feb 2024	Hamann Companies -
27 9805 Scranton Rd	★★★★☆	38,507	2	Apr 2023	Jan 2024	DPR Construction, Inc. Alexandria Real Estate Equities, I...
28 2701 N Harbor Dr	★★★★☆	32,661	1	Nov 2022	Jan 2024	- -

Local lenders have uniformly noted that banks have become more cautious with industrial loans since mid-2022 amid explosive interest rate growth. That has shown up in transaction data, where the number of deals fell by more than 45% year over year during 23Q3 and sales volume was roughly 75% below the year-ago level. Sales volume during 23Q3 was roughly 85% below the \$2 billion peak at the end of 2021. Overall transactional pricing has been similar to what it was in early 2022 around \$275/SF as pricing has leveled off as the cost of debt has entered a new regime since the second half of 2022. Following suit, cap rates have edged higher toward 5% to 5.5%. In early 2022, buildings were trading at cap rates of around 4.5%.

While foreign investors have placed money in San Diego over the past few years, the majority of sales volume has originated from national participants in the past 12 months. Institutional, private equity and REIT entities have accounted for about 40% of sales volume in the past year on the buying side, which is a bit higher than the longer-term average. Those same entities represented about 30% of the volume on the seller's side.

During 23Q4, Hines paid \$61 million, or about \$300/SF for the second phase of the Brown Field Technology Park in Otay Mesa, a 200,000-SF, two-building industrial campus that delivered in 2023. The buildings were 100% vacant at the time of the sale, and the buyer intended to pursue a lease-up strategy to bring them to full occupancy. Hines also purchased two new facilities that opened in 2021 totaling 230,000 SF at the same campus in mid-2022 for \$336/SF. One building was fully vacant at the time of the sale, while Home Depot had a 10-year lease for 125,000 SF at the second building. The more recent sale was under contract at the time of

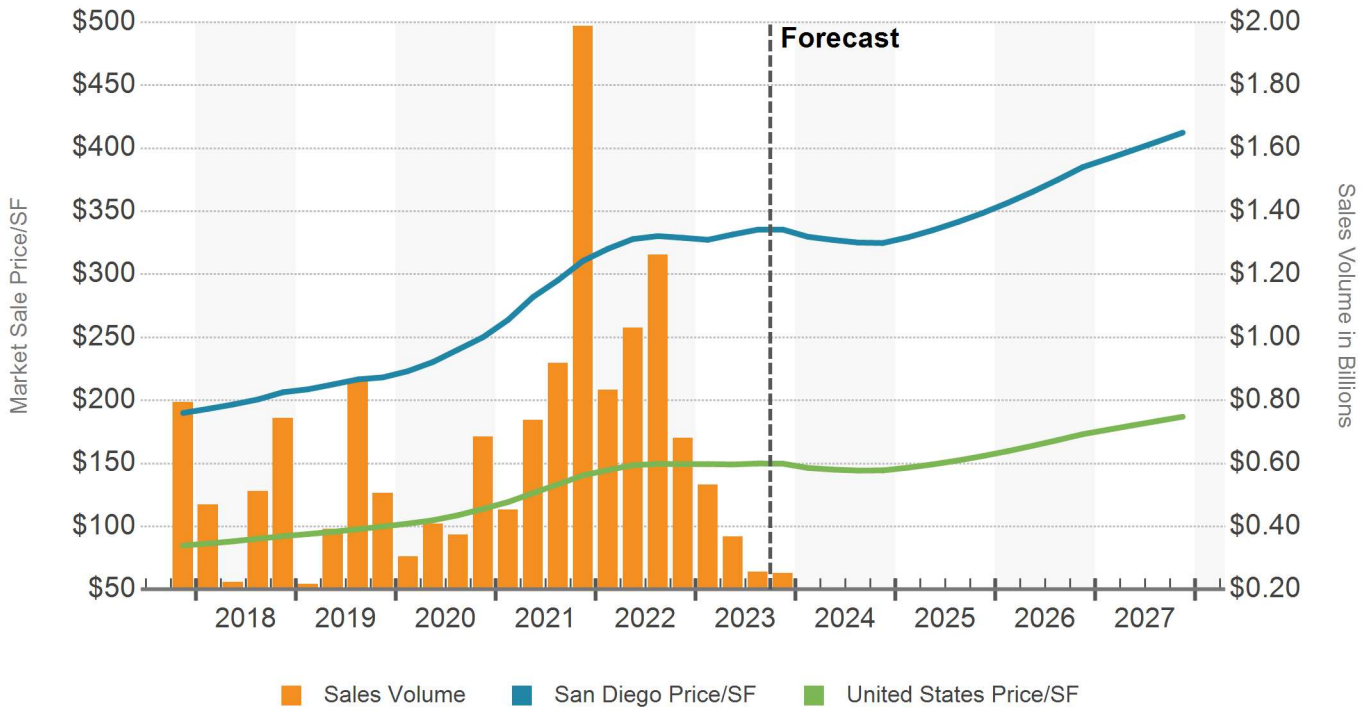
the 2022 purchase.

During 23Q3, a private investor from Los Angeles purchased a 79,000-SF industrial warehouse and storage facility in National City for \$20.3 million, or about \$260/SF, at a 5.4% cap rate. Roughly 10% of the building was available for lease at the time of the sale, and in-place leases were reportedly 8% below the market level with roughly half of the tenants occupying space there for more than seven years. The seller, Beverly Hills-based Unilev Capital purchased the facility in 2020 for \$13.5 million.

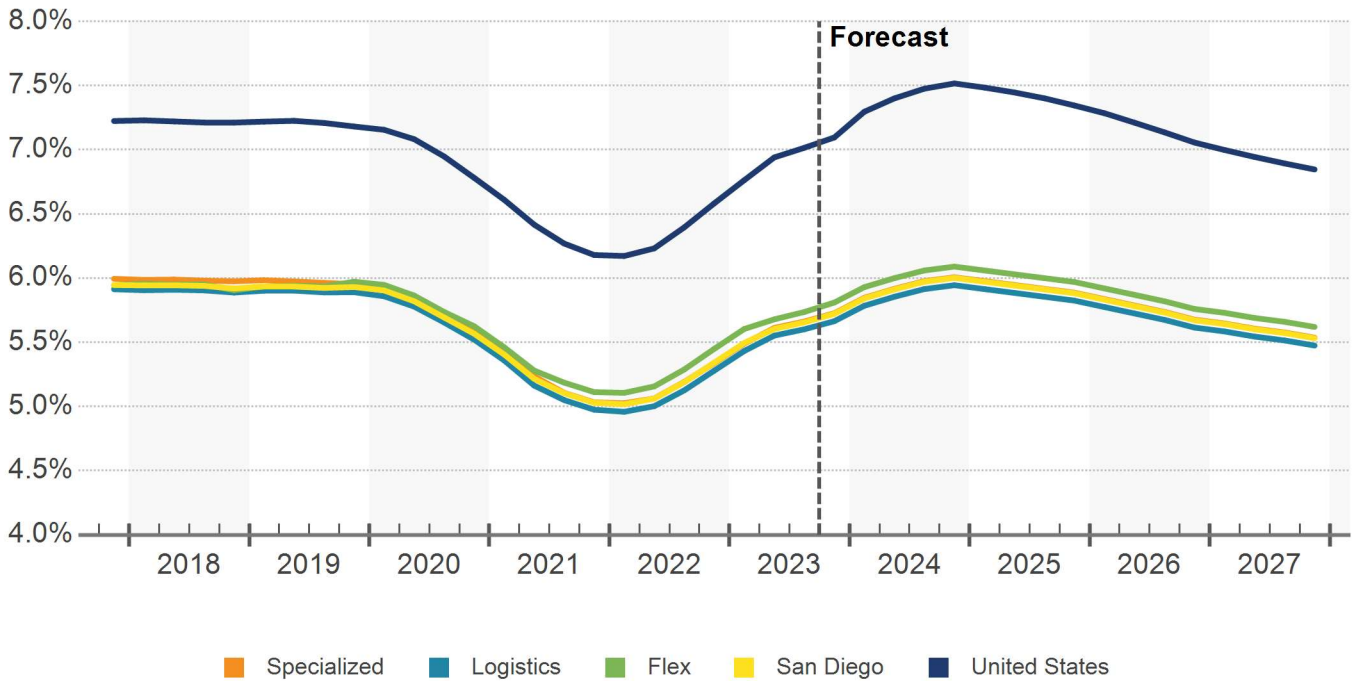
Hawaii-based T & S Properties purchased the two-building Empire Centre in Otay Mesa during 23Q3 for \$34.6 million, or about \$260/SF, at a 5.2% cap rate. The manufacturing buildings spanned 130,000 SF and were fully leased to 16 tenants at the time of the sale with below-market rents. Lease terms in each building were staggered. The seller, TA Realty, acquired the buildings in 2018 for \$13.7 million. According to the buyer, "Empire Centre's varied suite sizes and flexibility provided a preferred location for smaller industrial tenants, a segment where availability remains tight."

An owner-user doing business as Agramont Transport, a cross-border logistics firm, purchased a 36,500-SF warehouse facility on 2.2 acres located at Piper Ranch Industrial in Otay Mesa during 23Q2 for \$9.4 million, or about \$258/SF. The Complete Logistics Company sold the property. This is an expansion from a storage lot in the area that the buyer owns and allows the buyer to transport goods easily across the Cali Baja region. Given that rents have increased by nearly 60% over the past five years in Otay and the tight leasing market, the purchase provides a measure of stability in occupancy.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



Sales Past 12 Months

San Diego Industrial

Sale Comparables

256

Avg. Cap Rate

5.0%

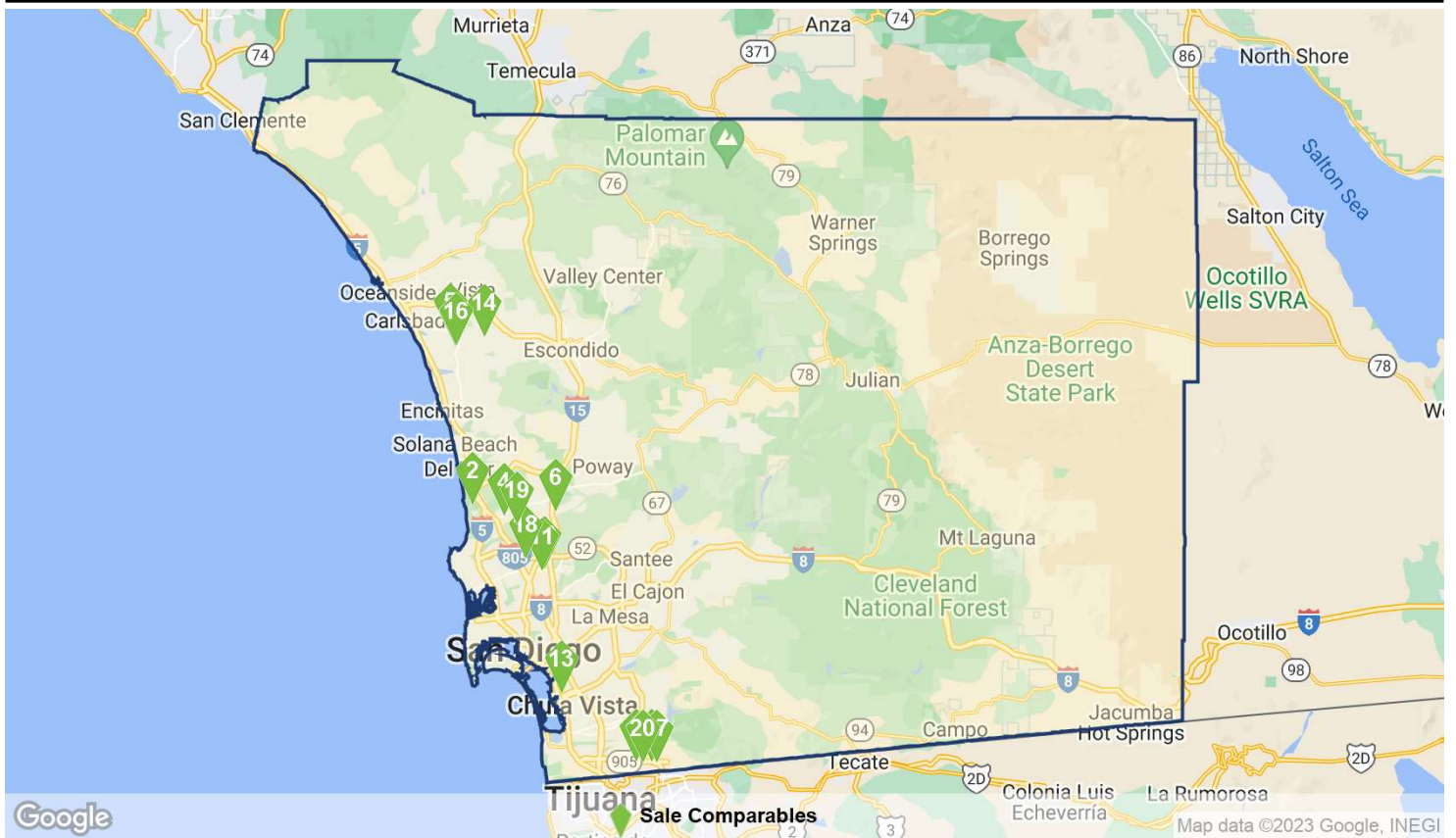
Avg. Price/SF

\$305

Avg. Vacancy At Sale

19.5%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$101,000	\$7,047,165	\$3,740,973	\$126,836,500
Price/SF	\$4.04	\$305	\$300	\$1,333
Cap Rate	3.1%	5.0%	5.0%	11.0%
Time Since Sale in Months	0.3	6.4	6.9	12.0
Property Attributes	Low	Average	Median	High
Building SF	800	24,122	13,226	601,103
Ceiling Height	9'	19'4"	18'	36'
Docks	0	2	0	52
Vacancy Rate At Sale	0%	19.5%	0%	100%
Year Built	1932	1984	1982	2023
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.2	★ ★ ★ ★ ★	★ ★ ★ ★ ★

Sales Past 12 Months

San Diego Industrial

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 Sunroad Corporate Center 2020 Piper Ranch Rd	★★★★★	2003	601,103	0%	1/27/2023	\$126,836,500	\$211	-
2 Arenisca 11119 N Torrey Pines Rd	★★★★★	1990	72,506	0%	5/4/2023	\$86,000,000	\$1,186	-
3 Runway Distribution Buil... 9040 Airway Rd	★★★★★	2023	140,092	100%	7/12/2023	\$39,791,394	\$284	-
4 Yard 5825 5825 Oberlin Dr	★★★★★	1985	60,518	30.3%	5/19/2023	\$36,000,000	\$595	-
5 Research Center Pointe 2210 Faraday Ave	★★★★★	1997	119,591	0%	1/5/2023	\$35,750,000	\$299	-
6 10054 Old Grove Rd	★★★★★	1971	85,824	0%	8/15/2023	\$33,999,000	\$396	-
7 Building 1 7498 Colchester Ct	★★★★★	2023	102,099	100%	10/9/2023	\$30,585,707	\$300	-
8 Building 2 7222 Airway Rd	★★★★★	2023	101,145	100%	10/9/2023	\$30,331,793	\$300	-
9 Bldg C 9323 Balboa Ave	★★★★★	-	101,785	0%	3/30/2023	\$29,397,837	\$289	-
10 Blding D 9323 Balboa Ave	★★★★★	-	98,970	0%	3/30/2023	\$28,782,515	\$291	-
11 4285 Ponderosa Ave	★★★★★	1970	65,146	0%	3/30/2023	\$24,640,000	\$378	-
12 2271 Cosmos Ct	★★★★★	1987	88,533	100%	1/9/2023	\$21,050,000	\$238	-
13 131 W 33rd St	★★★★★	1969	78,699	0.6%	7/28/2023	\$20,330,000	\$258	5.4%
14 BioFilm Inc. 3225 Executive Ridge	★★★★★	2004	57,609	0%	12/5/2023	\$19,700,216	\$342	-
15 Bldg A 7920 Airway Rd	★★★★★	1999	74,916	0%	7/12/2023	\$19,078,836	\$255	-
16 2290 Cosmos Ct	★★★★★	1989	37,329	0%	2/8/2023	\$18,176,912	\$487	5.5%
17 Runway Distribution Buil... 9050 Airway Rd	★★★★★	2023	59,905	100%	7/12/2023	\$17,208,606	\$287	-
18 7440 Convoy Ct	★★★★★	1971	53,978	0%	10/11/2023	\$17,140,000	\$318	5.5%
19 6695 Rasha St	★★★★★	1983	37,747	0%	9/7/2023	\$16,000,000	\$424	-
20 Bldg B 7880 Airway Rd	★★★★★	1999	57,751	1.1%	7/12/2023	\$15,501,164	\$268	-

San Diego's unemployment rate climbed from 4.1% to 4.2% in October, according to the latest jobs report released by the Bureau of Labor Statistics. One year ago, the local unemployment rate was 3.3%. The unadjusted statewide rate in California was 4.8% in October.

With the holidays on the doorstep, nonfarm employers added 15,500 jobs in October. Seasonal holiday employment in retail trade increased employment by 2,300, which represented two-thirds of the positions added in the trade, transportation and utilities employment sector.

Holiday hiring comes at a time when San Diego's retail market has been in one of its strongest positions in years. Tenants are having a difficult time sourcing space as the availability rate has fallen quarter over quarter and is trending at one of its lowest positions in years. Big-box available space, or those over 50,000 SF, has largely dried up, and Rite Aid's store closures at the end of 2023 due to its bankruptcy have totaled less than 100,000 SF. Those spaces are expected by local market participants to be backfilled by new tenants quickly.

Reversing the annual trend that has found the office-using employment sectors lose steam with more jobs lost than added, those sectors added 3,700 positions in October. That has been the most jobs added across the financial activities, information and professional and business services sectors in months.

On a year-over-year basis, the San Diego region saw the addition of 26,500 nonfarm positions to payrolls, for a 1.7% increase. That was better than the 1.6% annual increase in Los Angeles and below the 2.1% rise in Orange County.

Leisure and hospitality added the most jobs in the past 12 months, 11,100, with the majority in accommodation and food services. Office-using employers shed 2,200 positions during that time, concentrated in the business

and professional services sector declining by 3,800.

The effects of inflation continue to ripple across the region. The Consumer Price Index rose 4.7% for all items in the past 12 months through September, according to the Bureau of Labor Statistics. That was one percentage point higher than the national figure as local households continue to feel economic stress amid high housing costs and rising household debt.

Domestic migration in San Diego has typically trended in negative territory, and 2022 year was no different. More than 18,000 people left the county through mid-2022. That figure was partially offset by international migration, which exceeded 9,000, the most here in three years. High housing costs are one of the primary reasons that population growth has largely stalled.

More than 80 research institutes are located in San Diego, from Scripps Research Institute to Salk Institute for Biological Studies, in addition to five universities. This cluster of research in the Golden Triangle has created one of the strongest life science cores in the United States. Furthermore, Scripps Health has five campuses across the metro and announced that it is spending \$2.6 billion on upgrades to its facilities, further bolstering San Diego as a destination for "medical tourism."

San Diego is also home to more than 140,000 active duty and civilian military employees. The defense industry accounts for more than 350,000 jobs in the region according to the San Diego Military Advisory Council. That is close to 25% of the economy. The Navy's renewed focus on the Pacific theater of operation will result in a 60/40 split between the Pacific and Atlantic fleets, further solidifying San Diego's status as a major Navy hub.

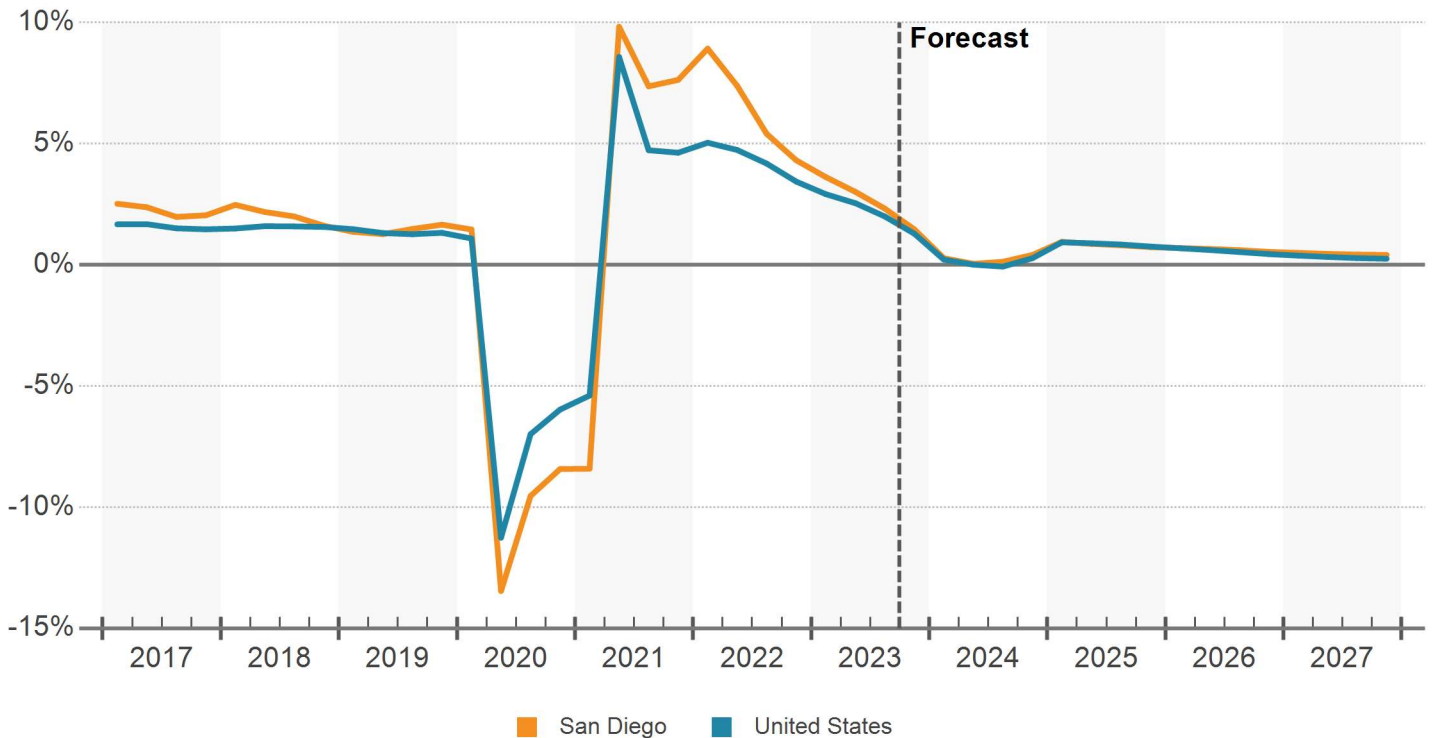
It is also why San Diego has one of the largest concentrations of millennials in the country, accounting for 25% of the population.

SAN DIEGO EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	118	0.9	-0.54%	0.05%	1.70%	0.72%	0.23%	0.08%
Trade, Transportation and Utilities	224	0.8	1.19%	0.21%	0.39%	1.07%	-0.03%	0.14%
Retail Trade	140	0.9	1.91%	0.48%	-0.24%	0.25%	-0.11%	0.09%
Financial Activities	79	0.9	3.41%	0.60%	1.19%	1.46%	-0.16%	0.14%
Government	249	1.1	0.49%	1.61%	0.90%	0.37%	0.35%	0.40%
Natural Resources, Mining and Construction	90	1.0	2.75%	1.56%	3.69%	2.35%	0.88%	0.27%
Education and Health Services	241	0.9	3.54%	3.15%	2.90%	1.88%	1.02%	0.66%
Professional and Business Services	287	1.2	-0.04%	0.79%	2.59%	2.02%	0.40%	0.50%
Information	22	0.7	-3.90%	-2.66%	-1.20%	1.11%	0.28%	0.33%
Leisure and Hospitality	208	1.2	3.17%	3.09%	2.01%	1.49%	1.09%	0.83%
Other Services	59	1.0	3.80%	1.78%	1.49%	0.64%	0.31%	0.27%
Total Employment	1,577	1.0	1.55%	1.36%	1.76%	1.31%	0.50%	0.40%

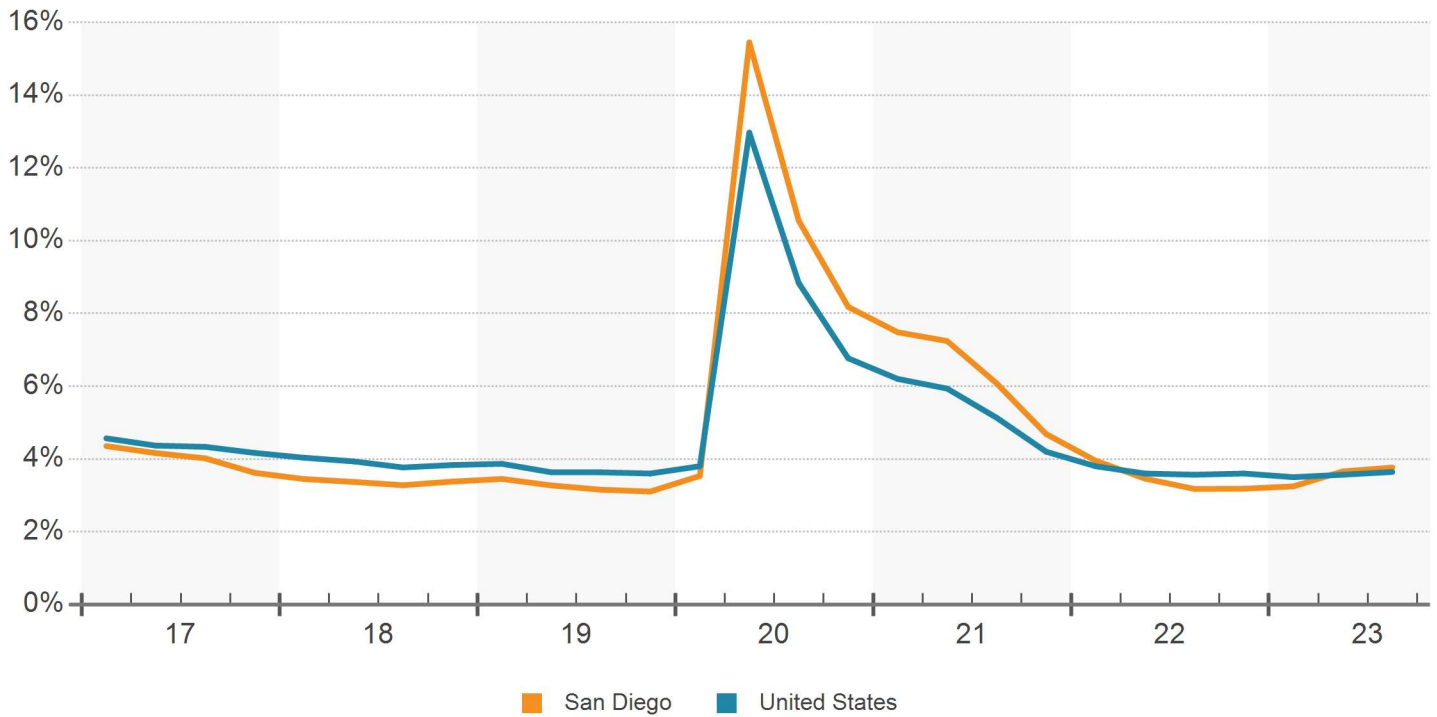
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

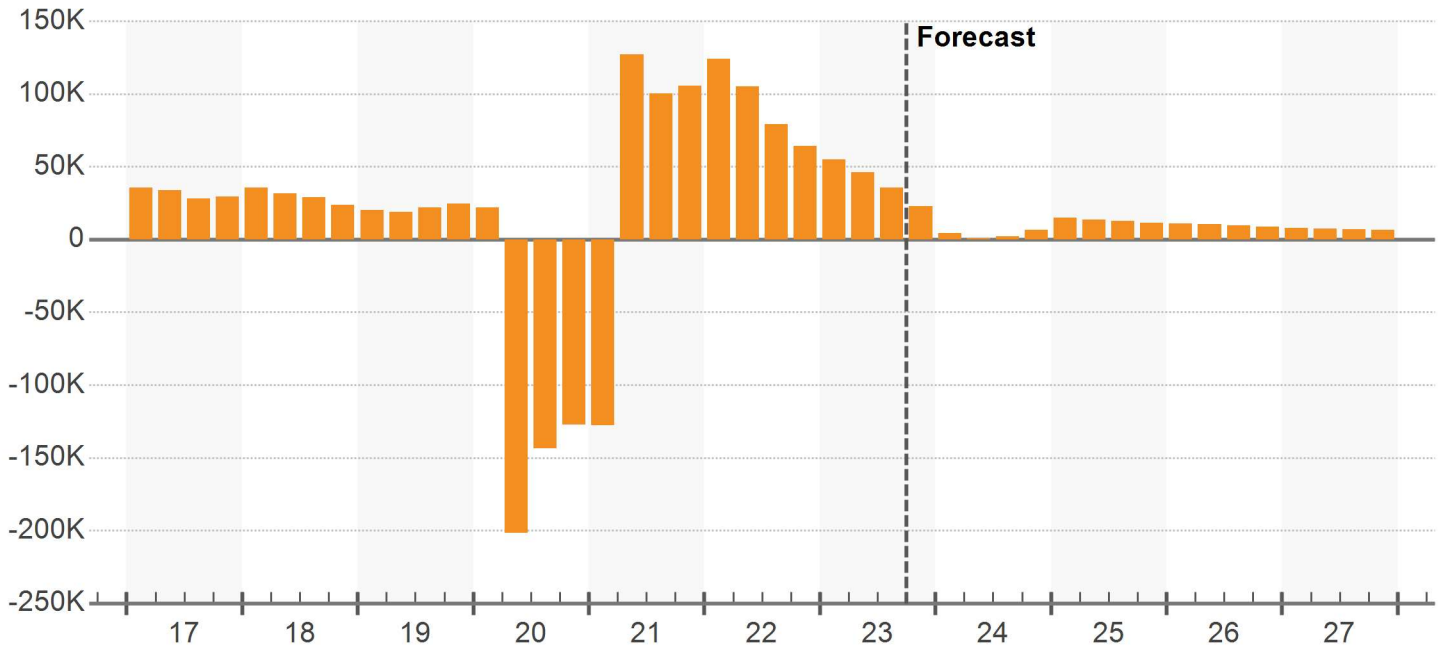


Source: Oxford Economics

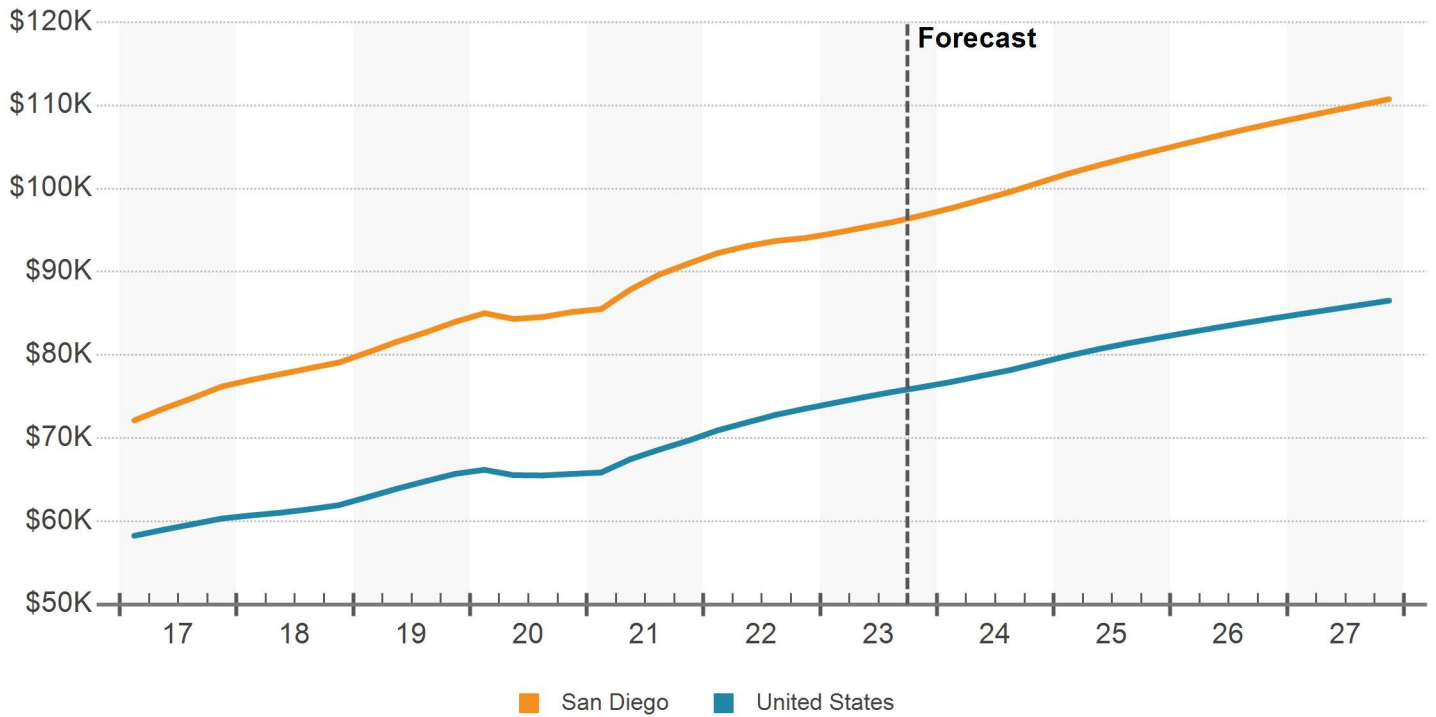
UNEMPLOYMENT RATE (%)



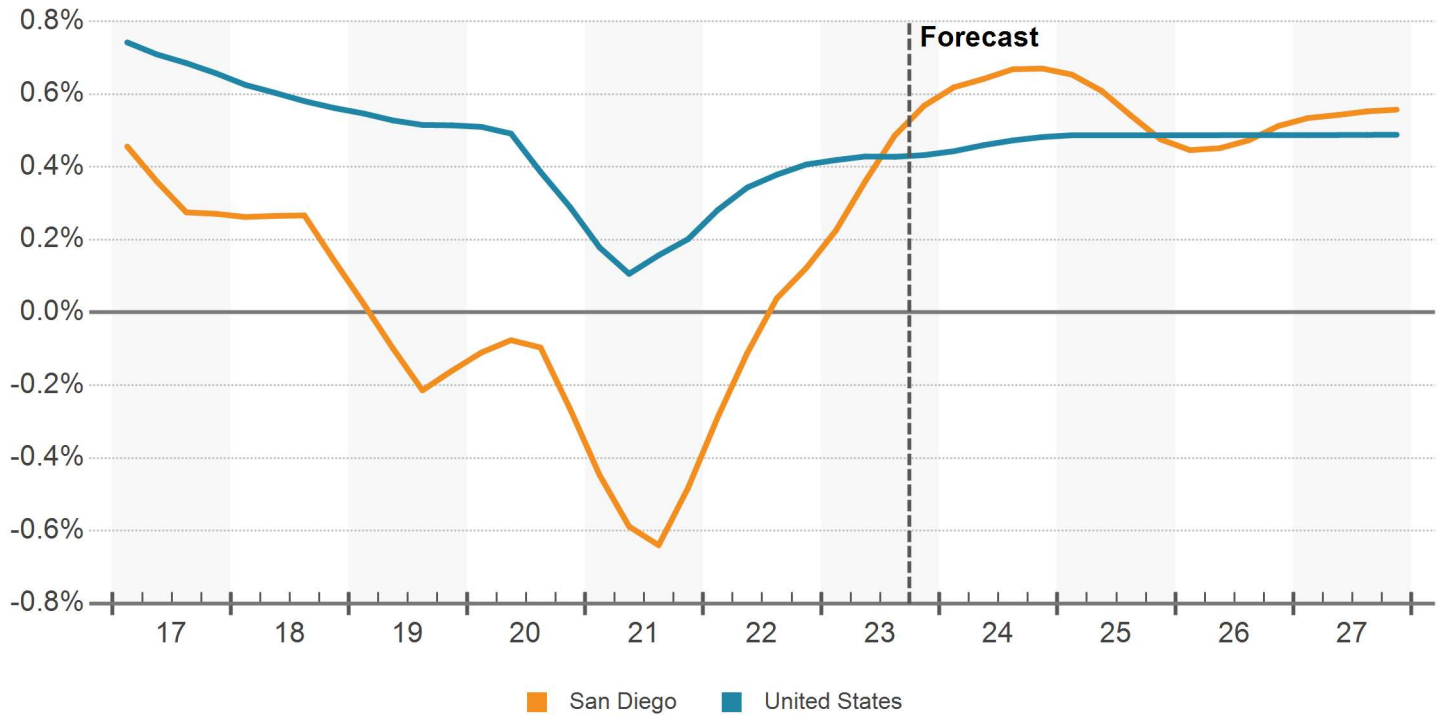
NET EMPLOYMENT CHANGE (YOY)



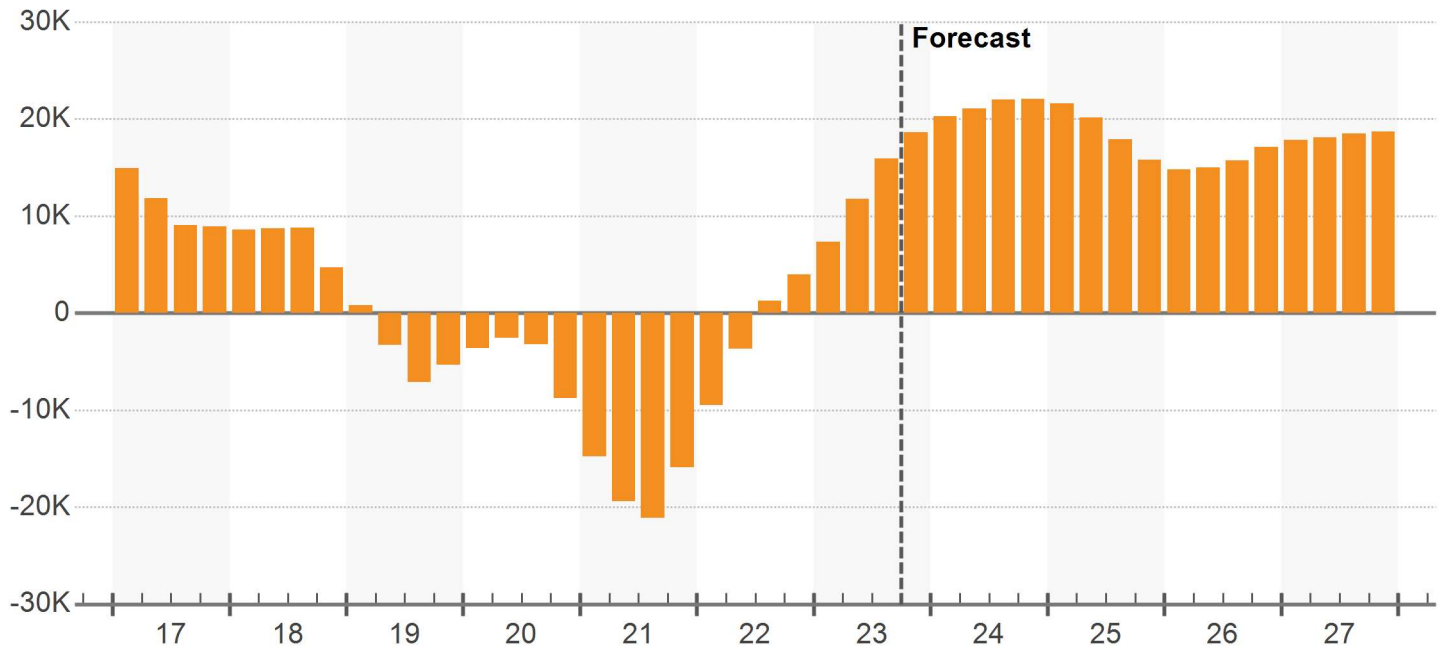
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

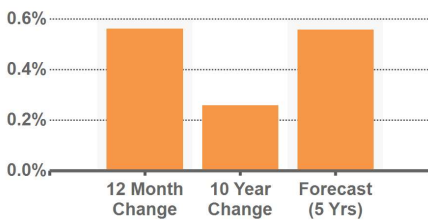


DEMOGRAPHIC TRENDS

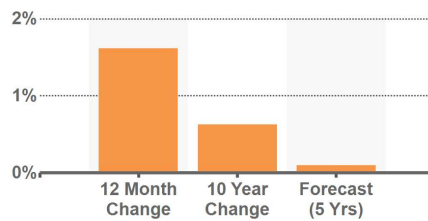
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	3,297,020	335,065,875	0.6%	0.4%	0.3%	0.5%	0.6%	0.5%
Households	1,186,111	130,811,625	0.7%	0.6%	0.5%	0.9%	0.7%	0.6%
Median Household Income	\$96,703	\$76,086	2.8%	3.6%	4.6%	3.8%	3.3%	3.1%
Labor Force	1,621,539	167,576,531	1.6%	1.8%	0.6%	0.8%	0.1%	0.2%
Unemployment	3.8%	3.6%	0.6%	0%	-0.4%	-0.3%	-	-

Source: Oxford Economics

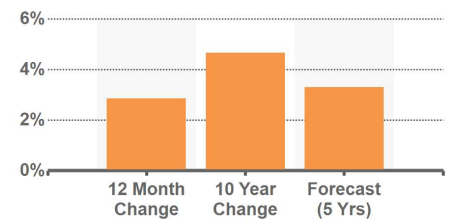
POPULATION GROWTH



LABOR FORCE GROWTH

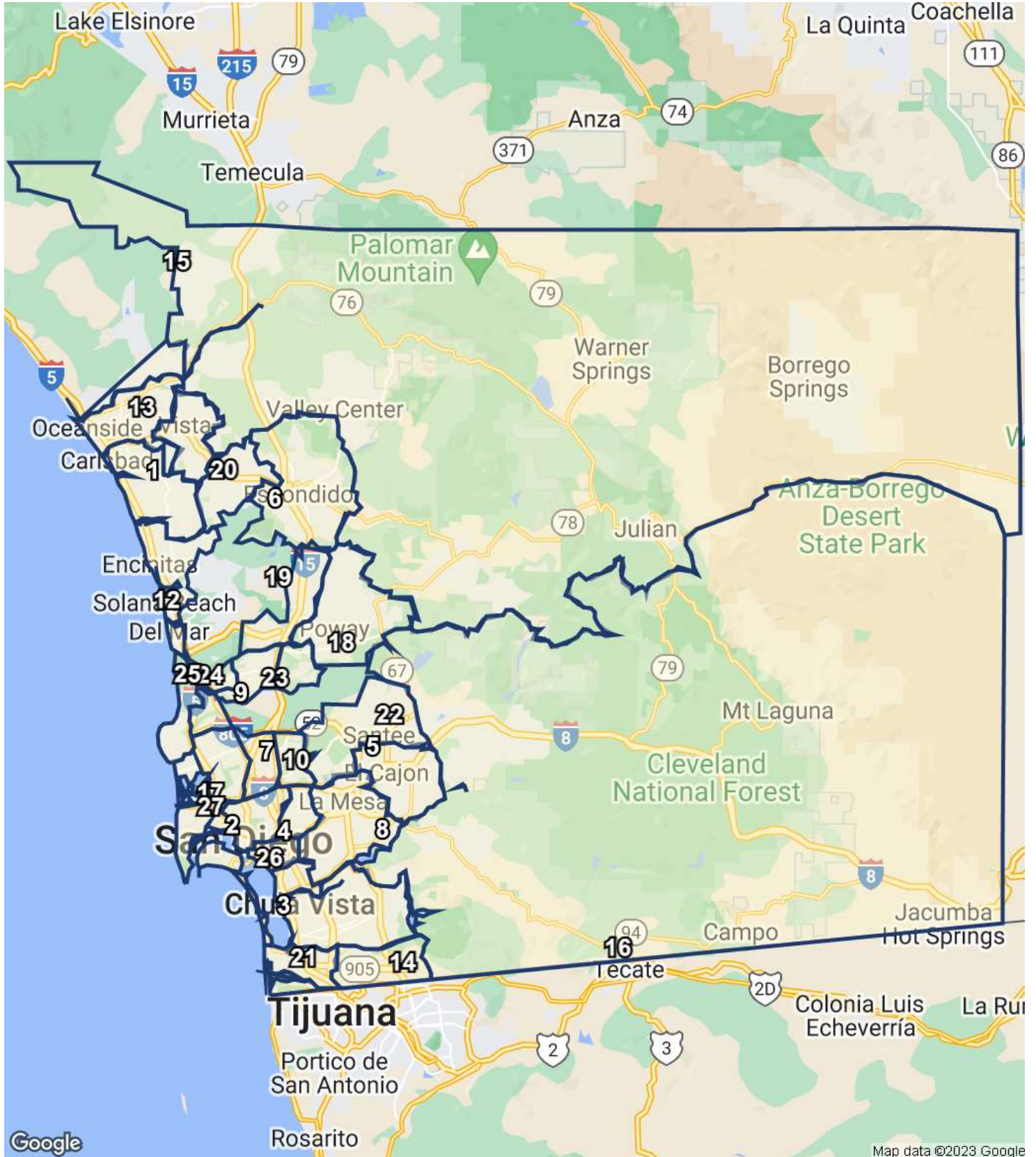


INCOME GROWTH



Source: Oxford Economics

SAN DIEGO SUBMARKETS



SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Carlsbad	489	15,898	7.6%	3	0	0	0%	-	1	223	1.4%	5
2	Central San Diego	102	1,797	0.9%	24	0	0	0%	-	0	-	-	-
3	Chula Vista	408	10,383	5.0%	7	3	201	1.9%	3	2	205	2.0%	6
4	East City	62	979	0.5%	29	1	346	35.4%	2	0	-	-	-
5	El Cajon	531	10,087	4.8%	8	0	0	0%	-	1	381	3.8%	4
6	Escondido	721	8,461	4.1%	12	0	0	0%	-	0	-	-	-
7	Kearny Mesa	620	15,339	7.4%	4	0	0	0%	-	0	-	-	-
8	La Mesa/Spring Valley	354	3,033	1.5%	20	0	0	0%	-	0	-	-	-
9	Mira Mesa/Miramar	800	18,312	8.8%	2	0	0	0%	-	0	-	-	-
10	Mission Gorge	133	2,045	1.0%	23	0	0	0%	-	0	-	-	-
11	National City	277	3,994	1.9%	17	0	0	0%	-	0	-	-	-
12	North Beach Cities	60	420	0.2%	30	0	0	0%	-	0	-	-	-
13	Oceanside	432	10,077	4.8%	9	0	0	0%	-	0	-	-	-
14	Otay Mesa	385	24,207	11.6%	1	15	1,750	7.2%	1	11	1,176	4.9%	2
15	Outlying SD County N	140	1,225	0.6%	27	0	0	0%	-	0	-	-	-
16	Outlying SD County S	109	1,085	0.5%	28	0	0	0%	-	0	-	-	-
17	PB/Rose Canyon/Morena	171	2,689	1.3%	22	0	0	0%	-	0	-	-	-
18	Poway	249	9,752	4.7%	10	0	0	0%	-	0	-	-	-
19	Rancho Bernardo	141	7,720	3.7%	13	0	0	0%	-	0	-	-	-
20	San Marcos	531	9,180	4.4%	11	0	0	0%	-	0	-	-	-
21	San Ysidro/Imp Beach	69	1,432	0.7%	26	0	0	0%	-	0	-	-	-
22	Santee	344	4,593	2.2%	14	1	7	0.1%	6	0	-	-	-
23	Scripps Ranch	57	1,708	0.8%	25	1	145	8.5%	5	0	-	-	-
24	Sorrento Mesa	246	11,498	5.5%	6	1	166	1.4%	4	8	1,464	12.7%	1
25	Sorrento Valley	152	3,617	1.7%	18	0	0	0%	-	0	-	-	-
26	Southeast San Diego	389	4,505	2.2%	15	0	0	0%	-	0	-	-	-
27	Sports Arena/Airport	176	3,094	1.5%	19	0	0	0%	-	1	33	1.1%	8
28	Torrey Pines	54	4,287	2.1%	16	0	0	0%	-	4	392	9.1%	3
29	UTC	28	2,692	1.3%	21	0	0	0%	-	1	168	6.2%	7
30	Vista	590	14,418	6.9%	5	0	0	0%	-	0	-	-	-

SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Carlsbad	\$22.43	14	5.7%	22	1.9%	24
2	Central San Diego	\$24.38	8	7.0%	9	4.5%	1
3	Chula Vista	\$19.45	18	7.0%	7	2.3%	22
4	East City	\$22.22	15	5.8%	21	2.8%	18
5	El Cajon	\$18.76	22	6.9%	10	3.5%	11
6	Escondido	\$19.40	20	6.9%	11	4.0%	7
7	Kearny Mesa	\$25.54	6	5.6%	23	2.8%	16
8	La Mesa/Spring Valley	\$19.85	17	6.6%	14	4.3%	5
9	Mira Mesa/Miramar	\$23.17	12	6.2%	20	2.6%	19
10	Mission Gorge	\$23.41	9	7.5%	3	3.0%	15
11	National City	\$19.42	19	7.7%	2	3.4%	12
12	North Beach Cities	\$31.74	5	5.1%	24	2.3%	23
13	Oceanside	\$17.15	28	7.0%	6	2.8%	17
14	Otay Mesa	\$14.95	30	9.1%	1	3.0%	14
15	Outlying SD County N	\$18.48	24	6.9%	12	4.5%	2
16	Outlying SD County S	\$17.76	26	6.2%	19	4.4%	3
17	PB/Rose Canyon/Morena	\$23.31	11	6.4%	16	2.5%	20
18	Poway	\$20.95	16	7.2%	5	2.5%	21
19	Rancho Bernardo	\$24.73	7	5.0%	26	1.3%	26
20	San Marcos	\$18.34	25	6.3%	17	4.4%	4
21	San Ysidro/Imp Beach	\$16.99	29	7.0%	8	4.1%	6
22	Santee	\$19.40	21	6.5%	15	4.0%	8
23	Scripps Ranch	\$22.78	13	5.1%	25	1.9%	25
24	Sorrento Mesa	\$31.97	4	3.8%	28	0.2%	29
25	Sorrento Valley	\$36.67	3	3.0%	30	1.0%	27
26	Southeast San Diego	\$18.60	23	7.4%	4	3.9%	9
27	Sports Arena/Airport	\$23.33	10	6.3%	18	3.7%	10
28	Torrey Pines	\$66.54	1	3.4%	29	-0.2%	30
29	UTC	\$49.20	2	4.1%	27	0.5%	28
30	Vista	\$17.44	27	6.8%	13	3.3%	13

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Carlsbad	1,241,794	7.8%	24	(315,796)	-2.0%	26	-
2	Central San Diego	32,164	1.8%	8	(8,307)	-0.5%	14	-
3	Chula Vista	501,126	4.8%	20	(630)	0%	12	-
4	East City	7,575	0.8%	1	349,931	35.8%	1	1.0
5	El Cajon	103,474	1.0%	2	25,737	0.3%	7	-
6	Escondido	160,528	1.9%	9	(4,173)	0%	13	-
7	Kearny Mesa	451,321	2.9%	14	(127,625)	-0.8%	20	-
8	La Mesa/Spring Valley	34,973	1.2%	4	11,477	0.4%	10	-
9	Mira Mesa/Miramar	835,131	4.6%	18	(571,492)	-3.1%	29	-
10	Mission Gorge	46,671	2.3%	12	(33,745)	-1.7%	17	-
11	National City	46,175	1.2%	5	14,186	0.4%	9	-
12	North Beach Cities	5,240	1.2%	6	(84)	0%	11	-
13	Oceanside	451,304	4.5%	17	(326,659)	-3.2%	27	-
14	Otay Mesa	2,268,077	9.4%	26	172,796	0.7%	2	10.0
15	Outlying SD County N	23,650	1.9%	11	26,631	2.2%	6	-
16	Outlying SD County S	144,400	13.3%	28	(132,294)	-12.2%	21	-
17	PB/Rose Canyon/Morena	126,830	4.7%	19	(28,192)	-1.0%	16	-
18	Poway	265,432	2.7%	13	(216,756)	-2.2%	22	-
19	Rancho Bernardo	567,499	7.4%	23	(336,150)	-4.4%	28	-
20	San Marcos	651,296	7.1%	22	(276,378)	-3.0%	23	-
21	San Ysidro/Imp Beach	27,387	1.9%	10	(25,041)	-1.7%	15	-
22	Santee	49,211	1.1%	3	89,616	2.0%	4	-
23	Scripps Ranch	105,716	6.2%	21	143,304	8.4%	3	1.0
24	Sorrento Mesa	1,796,390	15.6%	30	(594,611)	-5.2%	30	-
25	Sorrento Valley	483,937	13.4%	29	(312,046)	-8.6%	25	-
26	Southeast San Diego	74,657	1.7%	7	32,242	0.7%	5	-
27	Sports Arena/Airport	103,056	3.3%	15	23,136	0.7%	8	-
28	Torrey Pines	356,052	8.3%	25	(298,960)	-7.0%	24	-
29	UTC	342,615	12.7%	27	(109,328)	-4.1%	19	-
30	Vista	598,679	4.2%	16	(69,105)	-0.5%	18	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	214,718,473	1,279,169	0.6%	1,310,378	0.6%	1.0
2026	213,439,304	947,810	0.4%	1,786,252	0.8%	0.5
2025	212,491,494	824,797	0.4%	2,199,396	1.0%	0.4
2024	211,666,697	2,884,446	1.4%	783,175	0.4%	3.7
2023	208,782,251	2,640,280	1.3%	(3,065,961)	-1.5%	-
YTD	208,576,406	2,434,435	1.2%	(2,959,979)	-1.4%	-
2022	206,141,971	1,832,177	0.9%	1,986,382	1.0%	0.9
2021	204,309,794	4,323,923	2.2%	8,336,950	4.1%	0.5
2020	199,985,871	657,704	0.3%	1,026,680	0.5%	0.6
2019	199,328,167	1,540,014	0.8%	(31,123)	0%	-
2018	197,788,153	2,194,181	1.1%	1,225,382	0.6%	1.8
2017	195,593,972	461,920	0.2%	1,404,488	0.7%	0.3
2016	195,132,052	768,679	0.4%	1,437,020	0.7%	0.5
2015	194,363,373	(72,294)	0%	2,976,786	1.5%	-
2014	194,435,667	(315,405)	-0.2%	2,790,096	1.4%	-
2013	194,751,072	(87,709)	0%	1,268,916	0.7%	-
2012	194,838,781	(930,967)	-0.5%	2,050,036	1.1%	-
2011	195,769,748	154,621	0.1%	418,128	0.2%	0.4

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	64,094,433	(87,394)	-0.1%	1,186	0%	-
2026	64,181,827	(99,630)	-0.2%	178,791	0.3%	-
2025	64,281,457	(121,609)	-0.2%	(148,728)	-0.2%	-
2024	64,403,066	(109,720)	-0.2%	(455,359)	-0.7%	-
2023	64,512,786	(178,621)	-0.3%	(514,890)	-0.8%	-
YTD	64,512,786	(178,621)	-0.3%	(481,818)	-0.7%	-
2022	64,691,407	(4,894)	0%	348,787	0.5%	-
2021	64,696,301	(7,461)	0%	679,521	1.1%	-
2020	64,703,762	(194,336)	-0.3%	320,098	0.5%	-
2019	64,898,098	(6,510)	0%	(656,730)	-1.0%	-
2018	64,904,608	306,909	0.5%	425,726	0.7%	0.7
2017	64,597,699	(124,080)	-0.2%	(110,055)	-0.2%	-
2016	64,721,779	196,376	0.3%	285,747	0.4%	0.7
2015	64,525,403	28,678	0%	1,188,328	1.8%	0
2014	64,496,725	220,651	0.3%	785,579	1.2%	0.3
2013	64,276,074	(95,707)	-0.1%	220,859	0.3%	-
2012	64,371,781	(614,164)	-0.9%	(487,319)	-0.8%	-
2011	64,985,945	(21,000)	0%	284,325	0.4%	-

LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	93,463,731	929,105	1.0%	897,111	1.0%	1.0
2026	92,534,626	715,082	0.8%	1,155,178	1.2%	0.6
2025	91,819,544	369,380	0.4%	1,230,675	1.3%	0.3
2024	91,450,164	1,523,719	1.7%	987,181	1.1%	1.5
2023	89,926,445	2,136,676	2.4%	(1,131,865)	-1.3%	-
YTD	89,720,600	1,930,831	2.2%	(1,119,335)	-1.2%	-
2022	87,789,769	1,626,976	1.9%	1,461,450	1.7%	1.1
2021	86,162,793	4,280,432	5.2%	6,355,885	7.4%	0.7
2020	81,882,361	772,388	1.0%	1,024,540	1.3%	0.8
2019	81,109,973	886,817	1.1%	801,729	1.0%	1.1
2018	80,223,156	1,670,569	2.1%	256,449	0.3%	6.5
2017	78,552,587	131,531	0.2%	370,920	0.5%	0.4
2016	78,421,056	333,371	0.4%	320,433	0.4%	1.0
2015	78,087,685	6,338	0%	1,188,104	1.5%	0
2014	78,081,347	(177,208)	-0.2%	1,576,643	2.0%	-
2013	78,258,555	83,778	0.1%	570,542	0.7%	0.1
2012	78,174,777	(186,766)	-0.2%	1,135,033	1.5%	-
2011	78,361,543	(144,979)	-0.2%	281,380	0.4%	-

FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	57,160,309	437,458	0.8%	412,081	0.7%	1.1
2026	56,722,851	332,358	0.6%	452,283	0.8%	0.7
2025	56,390,493	577,026	1.0%	1,117,449	2.0%	0.5
2024	55,813,467	1,470,447	2.7%	251,353	0.5%	5.9
2023	54,343,020	682,225	1.3%	(1,419,206)	-2.6%	-
YTD	54,343,020	682,225	1.3%	(1,358,826)	-2.5%	-
2022	53,660,795	210,095	0.4%	176,145	0.3%	1.2
2021	53,450,700	50,952	0.1%	1,301,544	2.4%	0
2020	53,399,748	79,652	0.1%	(317,958)	-0.6%	-
2019	53,320,096	659,707	1.3%	(176,122)	-0.3%	-
2018	52,660,389	216,703	0.4%	543,207	1.0%	0.4
2017	52,443,686	454,469	0.9%	1,143,623	2.2%	0.4
2016	51,989,217	238,932	0.5%	830,840	1.6%	0.3
2015	51,750,285	(107,310)	-0.2%	600,354	1.2%	-
2014	51,857,595	(358,848)	-0.7%	427,874	0.8%	-
2013	52,216,443	(75,780)	-0.1%	477,515	0.9%	-
2012	52,292,223	(130,037)	-0.2%	1,402,322	2.7%	-
2011	52,422,260	320,600	0.6%	(147,577)	-0.3%	-

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$26.69	227	4.1%	25.2%	12,207,072	5.7%	0%
2026	\$25.63	218	5.8%	20.3%	12,221,289	5.7%	-0.4%
2025	\$24.22	206	5.0%	13.6%	13,042,366	6.1%	-0.7%
2024	\$23.06	196	2.2%	8.2%	14,400,312	6.8%	0.9%
2023	\$22.55	191	5.8%	5.8%	12,283,039	5.9%	2.7%
YTD	\$22.53	191	6.0%	5.7%	11,971,212	5.7%	2.5%
2022	\$21.31	181	11.2%	0%	6,587,063	3.2%	-0.1%
2021	\$19.16	163	9.9%	-10.1%	6,741,268	3.3%	-2.1%
2020	\$17.44	148	6.3%	-18.1%	10,752,712	5.4%	-0.2%
2019	\$16.40	139	5.7%	-23.0%	11,123,494	5.6%	0.8%
2018	\$15.51	132	6.6%	-27.2%	9,552,357	4.8%	0.4%
2017	\$14.55	124	6.0%	-31.7%	8,578,558	4.4%	-0.5%
2016	\$13.73	117	6.7%	-35.6%	9,526,126	4.9%	-0.4%
2015	\$12.88	109	6.5%	-39.6%	10,183,976	5.2%	-1.6%
2014	\$12.08	103	5.6%	-43.3%	13,243,547	6.8%	-1.6%
2013	\$11.45	97	4.0%	-46.3%	16,349,048	8.4%	-0.7%
2012	\$11	93	2.2%	-48.4%	17,705,673	9.1%	-1.5%
2011	\$10.77	91	-0.5%	-49.5%	20,686,676	10.6%	-0.1%

SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$22.98	225	4.4%	27.2%	1,930,134	3.0%	-0.1%
2026	\$22.01	216	6.1%	21.8%	2,012,046	3.1%	-0.4%
2025	\$20.75	203	5.3%	14.8%	2,283,717	3.6%	0.1%
2024	\$19.70	193	2.5%	9.1%	2,250,007	3.5%	0.6%
2023	\$19.22	188	6.4%	6.4%	1,898,598	2.9%	0.5%
YTD	\$19.20	188	6.5%	6.3%	1,865,526	2.9%	0.5%
2022	\$18.07	177	10.8%	0%	1,562,329	2.4%	-0.5%
2021	\$16.30	160	9.5%	-9.8%	1,916,010	3.0%	-1.1%
2020	\$14.89	146	6.1%	-17.6%	2,601,409	4.0%	-0.8%
2019	\$14.03	138	5.7%	-22.3%	3,117,649	4.8%	1.0%
2018	\$13.28	130	6.2%	-26.5%	2,467,429	3.8%	-0.2%
2017	\$12.50	123	6.0%	-30.8%	2,586,246	4.0%	0%
2016	\$11.79	116	6.8%	-34.7%	2,600,271	4.0%	-0.2%
2015	\$11.04	108	6.3%	-38.9%	2,689,642	4.2%	-1.8%
2014	\$10.39	102	5.0%	-42.5%	3,849,292	6.0%	-0.9%
2013	\$9.89	97	3.6%	-45.2%	4,414,220	6.9%	-0.5%
2012	\$9.55	94	1.7%	-47.2%	4,730,786	7.3%	-0.1%
2011	\$9.39	92	0.2%	-48.0%	4,857,631	7.5%	-0.5%

LOGISTICS RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$22.64	245	4.2%	28.9%	4,451,612	4.8%	0%
2026	\$21.72	235	6.0%	23.7%	4,413,051	4.8%	-0.5%
2025	\$20.50	221	5.1%	16.7%	4,846,217	5.3%	-1.0%
2024	\$19.50	211	2.4%	11.0%	5,700,987	6.2%	0.5%
2023	\$19.05	206	8.5%	8.5%	5,158,002	5.7%	3.6%
YTD	\$19.02	206	8.6%	8.3%	4,939,627	5.5%	3.4%
2022	\$17.56	190	12.9%	0%	1,889,461	2.2%	0.2%
2021	\$15.55	168	11.0%	-11.4%	1,723,935	2.0%	-2.6%
2020	\$14.02	151	7.4%	-20.2%	3,799,388	4.6%	-0.4%
2019	\$13.05	141	6.0%	-25.7%	4,051,540	5.0%	0.1%
2018	\$12.30	133	6.8%	-29.9%	3,966,452	4.9%	1.7%
2017	\$11.52	124	6.3%	-34.4%	2,552,332	3.2%	-0.3%
2016	\$10.84	117	7.6%	-38.3%	2,791,721	3.6%	0%
2015	\$10.08	109	6.6%	-42.6%	2,778,783	3.6%	-1.5%
2014	\$9.46	102	5.3%	-46.2%	3,960,549	5.1%	-2.2%
2013	\$8.98	97	4.2%	-48.9%	5,714,400	7.3%	-0.6%
2012	\$8.62	93	2.5%	-50.9%	6,201,164	7.9%	-1.7%
2011	\$8.41	91	-0.6%	-52.1%	7,522,963	9.6%	-0.5%

FLEX RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$37.52	212	3.8%	20.6%	5,825,326	10.2%	0%
2026	\$36.13	204	5.6%	16.1%	5,796,192	10.2%	-0.3%
2025	\$34.23	193	4.7%	10.0%	5,912,432	10.5%	-1.1%
2024	\$32.69	185	2.0%	5.0%	6,449,318	11.6%	1.9%
2023	\$32.06	181	3.0%	3.0%	5,226,439	9.6%	3.8%
YTD	\$32.05	181	3.3%	3.0%	5,166,059	9.5%	3.7%
2022	\$31.12	176	9.9%	0%	3,135,273	5.8%	0%
2021	\$28.31	160	9.1%	-9.0%	3,101,323	5.8%	-2.3%
2020	\$25.95	147	5.6%	-16.6%	4,351,915	8.1%	0.7%
2019	\$24.58	139	5.5%	-21.0%	3,954,305	7.4%	1.5%
2018	\$23.29	132	6.7%	-25.2%	3,118,476	5.9%	-0.6%
2017	\$21.82	123	5.6%	-29.9%	3,439,980	6.6%	-1.4%
2016	\$20.66	117	5.8%	-33.6%	4,134,134	8.0%	-1.2%
2015	\$19.53	110	6.7%	-37.2%	4,715,551	9.1%	-1.4%
2014	\$18.31	103	6.2%	-41.2%	5,433,706	10.5%	-1.4%
2013	\$17.23	97	4.1%	-44.6%	6,220,428	11.9%	-1.0%
2012	\$16.55	94	2.2%	-46.8%	6,773,723	13.0%	-2.9%
2011	\$16.20	92	-0.9%	-48.0%	8,306,082	15.8%	0.8%

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$412.44	307	5.5%
2026	-	-	-	-	-	-	\$385.10	286	5.7%
2025	-	-	-	-	-	-	\$348.70	259	5.9%
2024	-	-	-	-	-	-	\$324.87	242	6.0%
2023	-	-	-	-	-	-	\$335.52	250	5.7%
YTD	253	\$1.4B	2.6%	\$6,577,536	\$303.79	5.0%	\$338.19	252	5.7%
2022	410	\$3.8B	5.1%	\$10,453,929	\$384.98	5.0%	\$329.01	245	5.3%
2021	555	\$4.1B	7.6%	\$8,226,721	\$297.74	5.4%	\$310.66	231	5.0%
2020	354	\$1.8B	4.0%	\$5,284,320	\$222.38	5.8%	\$250.15	186	5.6%
2019	529	\$2B	5.1%	\$5,555,398	\$225.46	6.0%	\$218.33	162	5.9%
2018	527	\$1.9B	6.2%	\$5,073,304	\$178.14	5.9%	\$206.53	154	5.9%
2017	519	\$1.8B	5.7%	\$4,690,498	\$179.41	6.2%	\$190.06	141	5.9%
2016	546	\$1.7B	6.2%	\$3,864,572	\$178.49	6.4%	\$185.20	138	5.7%
2015	632	\$1.6B	7.6%	\$3,329,744	\$131.97	6.8%	\$172.70	128	5.8%
2014	430	\$1.3B	5.3%	\$3,678,205	\$138.96	7.0%	\$153.33	114	6.1%
2013	398	\$819.3M	3.8%	\$2,528,834	\$119.33	7.4%	\$141.17	105	6.3%
2012	440	\$812.6M	4.1%	\$2,485,164	\$114.78	8.0%	\$133.39	99	6.5%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

SPECIALIZED INDUSTRIAL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$382.54	321	5.5%
2026	-	-	-	-	-	-	\$356.38	299	5.7%
2025	-	-	-	-	-	-	\$322.01	270	5.9%
2024	-	-	-	-	-	-	\$299.34	251	6.0%
2023	-	-	-	-	-	-	\$308.55	259	5.7%
YTD	67	\$266M	1.5%	\$4,509,307	\$296.62	4.6%	\$310.96	261	5.7%
2022	127	\$640.8M	4.1%	\$5,339,941	\$245.97	4.8%	\$303.41	254	5.3%
2021	167	\$784.3M	6.1%	\$5,484,733	\$221.72	5.6%	\$285.04	239	5.0%
2020	118	\$429.3M	3.5%	\$3,832,822	\$189.43	5.8%	\$227.96	191	5.6%
2019	200	\$414.2M	4.6%	\$3,287,290	\$181.22	5.6%	\$198.24	166	6.0%
2018	178	\$471M	5.6%	\$3,679,930	\$145.71	6.0%	\$184.79	155	6.0%
2017	176	\$295.5M	3.5%	\$2,591,934	\$159.28	6.3%	\$170.66	143	6.0%
2016	183	\$322.1M	3.9%	\$2,077,803	\$138.50	5.9%	\$166.05	139	5.8%
2015	213	\$344M	5.7%	\$2,308,946	\$113.44	6.5%	\$154.12	129	5.8%
2014	152	\$337.2M	5.1%	\$2,719,668	\$110.09	6.9%	\$136.83	115	6.2%
2013	141	\$160.6M	2.7%	\$1,574,169	\$103.76	7.9%	\$125.06	105	6.4%
2012	150	\$200.7M	3.4%	\$2,027,039	\$108.55	6.1%	\$117.98	99	6.6%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

LOGISTICS SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$373.74	316	5.5%
2026	-	-	-	-	-	-	\$348.64	295	5.6%
2025	-	-	-	-	-	-	\$315.31	267	5.8%
2024	-	-	-	-	-	-	\$293.47	248	5.9%
2023	-	-	-	-	-	-	\$303.09	256	5.7%
YTD	92	\$575.4M	2.9%	\$6,850,111	\$263.63	5.7%	\$305.39	258	5.6%
2022	138	\$1.2B	4.2%	\$9,281,377	\$327.25	5.1%	\$297.78	252	5.3%
2021	211	\$1.3B	7.9%	\$6,904,268	\$236.83	4.9%	\$280	237	5.0%
2020	124	\$578.6M	4.0%	\$4,781,477	\$175.74	5.3%	\$224.10	189	5.5%
2019	190	\$587.7M	4.7%	\$4,739,769	\$171.26	5.8%	\$194.82	165	5.9%
2018	207	\$629.9M	6.2%	\$4,467,232	\$143.01	5.7%	\$182.92	155	5.9%
2017	191	\$474.3M	5.2%	\$3,387,938	\$125.07	5.2%	\$168.56	142	5.9%
2016	184	\$399.8M	4.5%	\$2,683,067	\$132.24	6.1%	\$163.93	139	5.7%
2015	248	\$540.5M	8.1%	\$2,844,840	\$115.48	6.7%	\$152.19	129	5.7%
2014	145	\$307.7M	3.6%	\$2,607,898	\$117.79	6.5%	\$134.27	114	6.1%
2013	157	\$337.2M	4.5%	\$2,479,180	\$99.57	7.5%	\$123.65	105	6.3%
2012	161	\$256.7M	3.6%	\$2,121,372	\$102.02	9.5%	\$116.69	99	6.5%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

FLEX SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$509.65	286	5.6%
2026	-	-	-	-	-	-	\$477.32	268	5.8%
2025	-	-	-	-	-	-	\$433.59	244	6.0%
2024	-	-	-	-	-	-	\$405.20	228	6.1%
2023	-	-	-	-	-	-	\$419.17	235	5.8%
YTD	94	\$566.1M	3.4%	\$7,973,721	\$364.34	4.5%	\$422.72	237	5.8%
2022	145	\$2B	7.9%	\$16,906,642	\$538.38	5.2%	\$409.14	230	5.4%
2021	177	\$2B	8.9%	\$12,063,401	\$424.84	5.7%	\$389.88	219	5.1%
2020	112	\$762.4M	4.6%	\$7,474,630	\$317.37	6.4%	\$317.95	179	5.6%
2019	139	\$975.8M	6.3%	\$9,205,583	\$319.45	6.5%	\$279.58	157	6.0%
2018	142	\$847.2M	7.0%	\$7,367,286	\$256.81	6.1%	\$269.82	152	5.9%
2017	152	\$1.1B	9.0%	\$7,723,554	\$232.01	6.7%	\$247.27	139	5.9%
2016	179	\$982.4M	11.4%	\$7,171,095	\$233.91	6.9%	\$241.74	136	5.7%
2015	171	\$697.1M	9.0%	\$5,125,558	\$163.21	6.9%	\$227.36	128	5.7%
2014	133	\$697.6M	8.1%	\$5,671,333	\$175.05	7.5%	\$203.25	114	6.1%
2013	100	\$321.6M	4.1%	\$3,739,636	\$166.41	6.7%	\$188.11	106	6.3%
2012	129	\$355.3M	5.7%	\$3,320,428	\$130.83	8.3%	\$178.21	100	6.4%

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