



# INDUSTRIAL MARKET REPORT

## SAN DIEGO, CA | Q1 OF 2024

**INDUSTRIAL MARKET REPORT**

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12 Mo Deliveries in SF

**2.9M**

12 Mo Net Absorption in SF

**(3.3M)**

Vacancy Rate

**6.7%**

Market Asking Rent Growth

**4.0%**

San Diego's vacancy rate has doubled since the start of 2023 to 6.7% as of the second quarter. Rising vacancy has been driven by biotech firms in Sorrento Mesa and UTC leaving flex/lab space, and home goods retailers such as Wayfair, which departed its 100,000-SF facility on Oceanside at the end of 2023. Meanwhile, more than 1.4 million SF is still available for lease among new speculative deliveries that opened last year. With tenant demand having softened, the availability rate has risen to its highest level since 2014. As in most other major West Coast markets, availability has been rising faster than the U.S. average, and it has been particularly acute in buildings above 100,000 SF, as leasing among those properties has fallen to its lowest level since 2019.

Conversely, leasing in small-bay properties remains robust. Local brokers are still seeing significant demand for traditional industrial spaces between 5,000 and 25,000 SF, and landlords still have leverage over tenants in lease negotiations. Free rent and build-out allowances remain minimal for these spaces, unlike larger spaces over 50,000 SF, where tenants can often receive up to five months free for a five-year term. In 2022, similar spaces may have netted one or two months of free rent at most.

Asking rents grew by only 0.7% during 23Q4, the weakest quarterly growth in the past decade. While rents

have risen 4.0% year over year as of the second quarter, most of these year-over-year gains occurred in the first half of 2023. Market participants have noted that new construction in South County has helped keep advertised rates afloat, although should rates on those new properties drop, rents could fall elsewhere. Rents are likely to moderate further until demand fills new inventory.

Construction levels are elevated relative to history, and roughly 75% of the industrial pipeline is available for lease, most of which is located in South County. Yet that represents only about 1.9% of existing inventory and places San Diego in the middle of the National Index in terms of supply-side pressure.

Although some developers in Otay Mesa are delaying projects until the new space is absorbed, few areas of the region have the demand drivers that the Port of Entry and Mexican labor force offer to local industrial users. With consumer confidence improving and recessionary concerns easing, that should provide momentum for demand returning among logistics facilities larger than 100,000 SF in the coming quarters, particularly with a new, second port of entry under construction capable of handling significantly higher northbound commercial traffic destined for warehouses in Otay Mesa and along the I-15 corridor.

### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	90,615,555	7.2%	\$18.84	9.6%	(276,631)	0	1,693,348
Specialized Industrial	64,887,224	3.0%	\$19.24	5.1%	49,731	0	44,278
Flex	54,570,029	10.3%	\$32.09	16.7%	19,825	0	2,166,177
<b>Market</b>	<b>210,072,808</b>	<b>6.7%</b>	<b>\$22.47</b>	<b>10.1%</b>	<b>(207,075)</b>	<b>0</b>	<b>3,903,803</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.8%	7.0%	6.4%	11.2%	2010 Q1	2.8%	2022 Q2
Net Absorption SF	(3.3M)	1,587,025	1,526,683	8,471,986	2022 Q1	(4,559,952)	2009 Q3
Deliveries SF	2.9M	2,097,132	2,358,488	6,670,256	2000 Q2	75,015	2011 Q2
Market Asking Rent Growth	4.0%	3.9%	4.4%	11.4%	2022 Q3	-5.3%	2009 Q4
Sales Volume	\$1.5B	\$1.5B	N/A	\$5.3B	2022 Q3	\$350.2M	2009 Q3

The overall vacancy rate has shifted by 2.8% year over year to 6.7% after net absorption tallied about -3.3 million SF in the past 12 months. Net absorption was negative during each quarter in 2023, the longest streak in 10 years, and vacancy has climbed above the 10-year average for the region during the second quarter. Vacancy should rise through the pending deliveries scheduled in 2024 before stabilizing as that space is absorbed.

With new supply entering the pipeline and space returning to landlords, availability has trended up in every size cohort since last year. The availability rate is trending at 10.1%, totaling about 21.7 million SF, which is the highest level in nearly 10 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 15% in that size cohort.

Availability for small-bay properties, or those under 50,000 SF, has been on the rise, although it remains low from a historical perspective, and vacancy is still only 2%. 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.

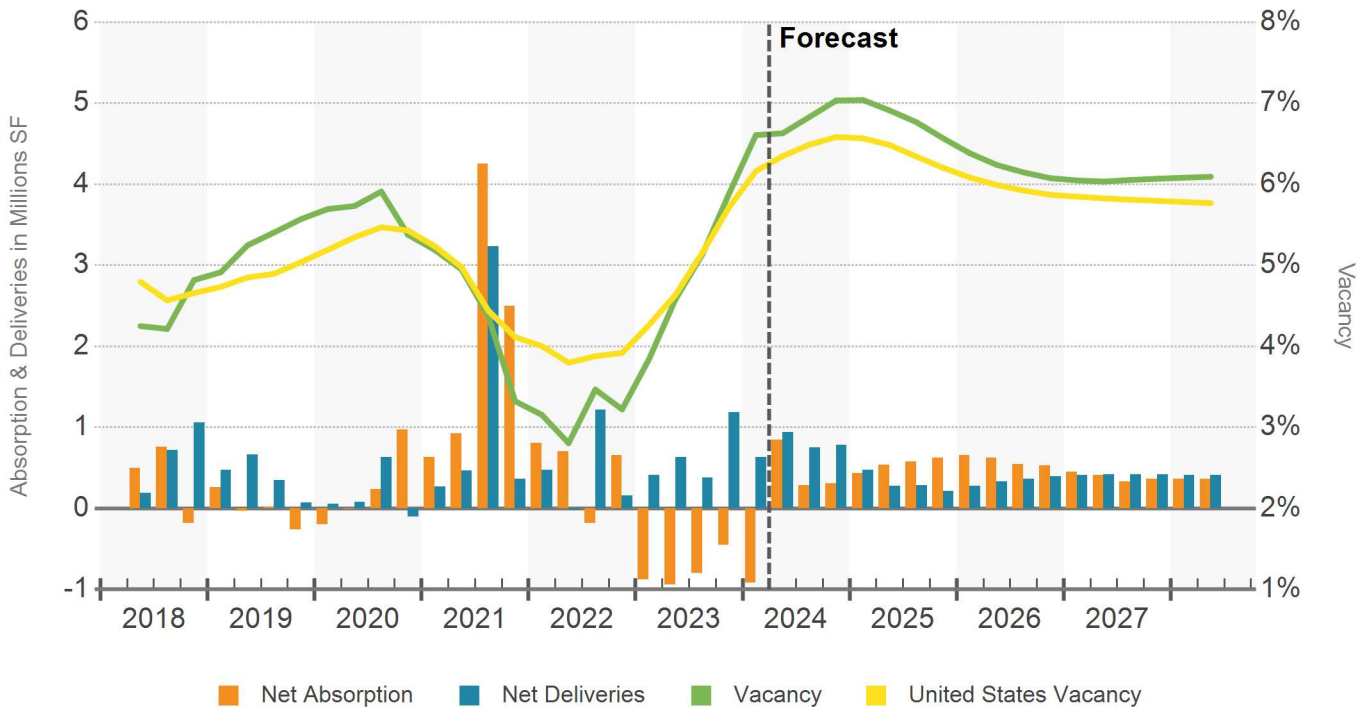
Sublet space, totaling around 3.9 million SF, has reached its highest level in more than a decade. At the beginning of 2022, there was less than 700,000 SF available. Amazon has added up to five facilities and around 650,000 SF to the sublet market since the second half of 2022, and spaces in Carlsbad, the Morena district and Chula Vista have since been occupied. Among primary industrial submarkets, Otay Mesa and Mira Mesa/Miramar have the most exposure to available sublet space, although it represents only about 1.5% of existing inventory in each submarket.

More than 2 million SF of 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 delivered at the beginning of 2024. Other larger sublet availabilities in flex/lab space include NuVasive's 150,000-SF building at Sorrento Summit II and Arena Pharmaceuticals' 125,000 SF in Sorrento Mesa.

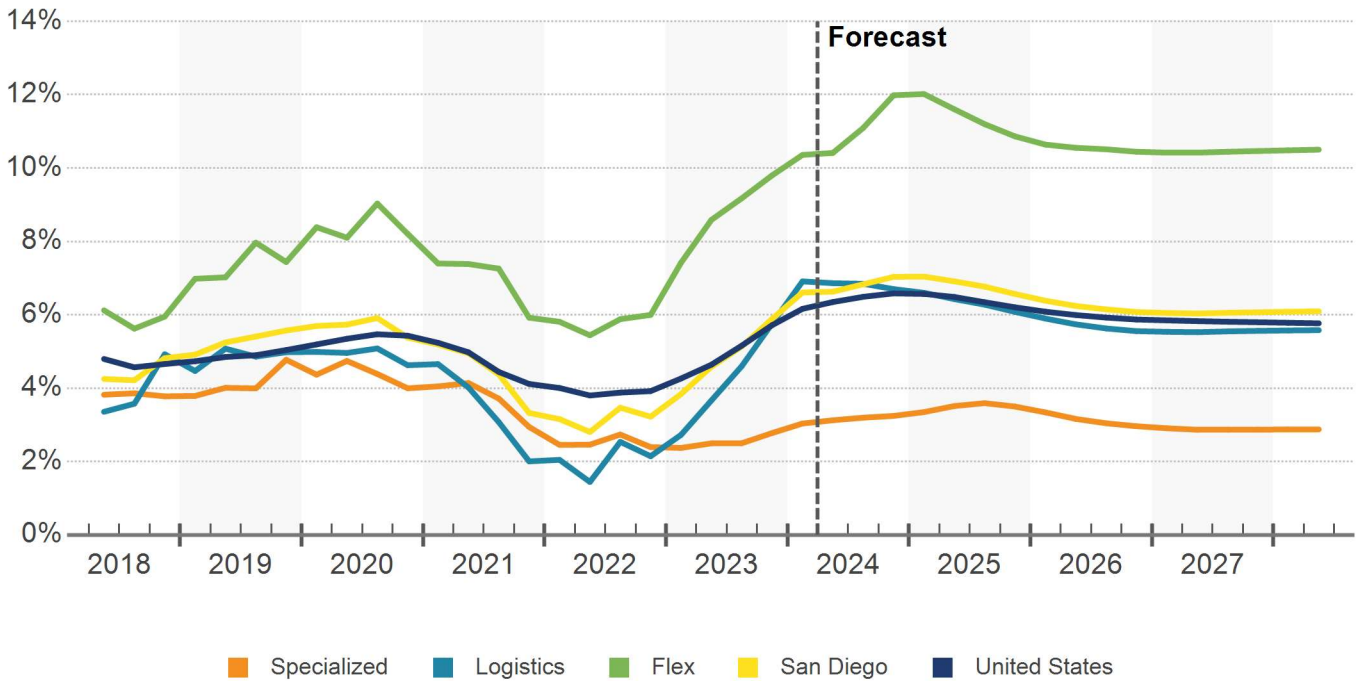
In North County, leasing activity has moderated in recent quarters in Vista for spaces above 50,000 SF. That submarket has typically driven leasing volume among North County industrial submarkets in recent years, although absorption over the past 12 months has only been marginal. Most activity has been driven by small-bay users, and local brokers anticipate demand should remain stable there for those spaces.



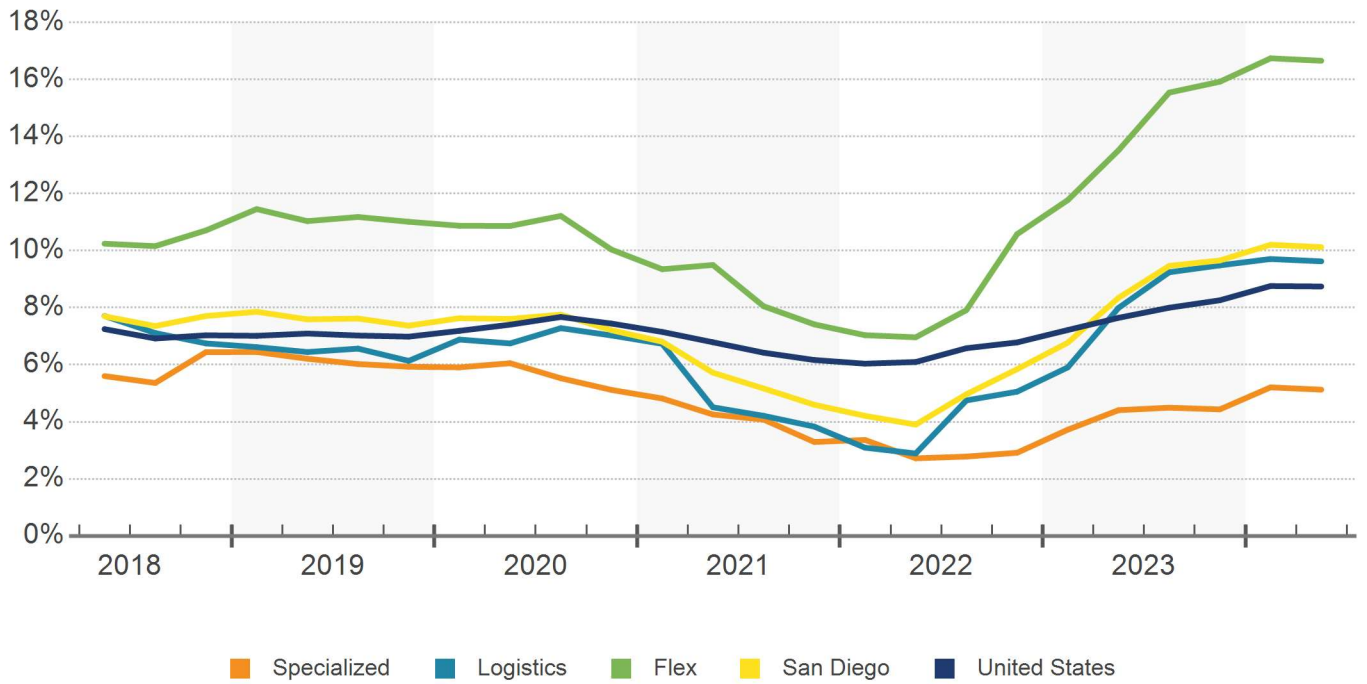
### NET ABSORPTION, NET DELIVERIES & VACANCY



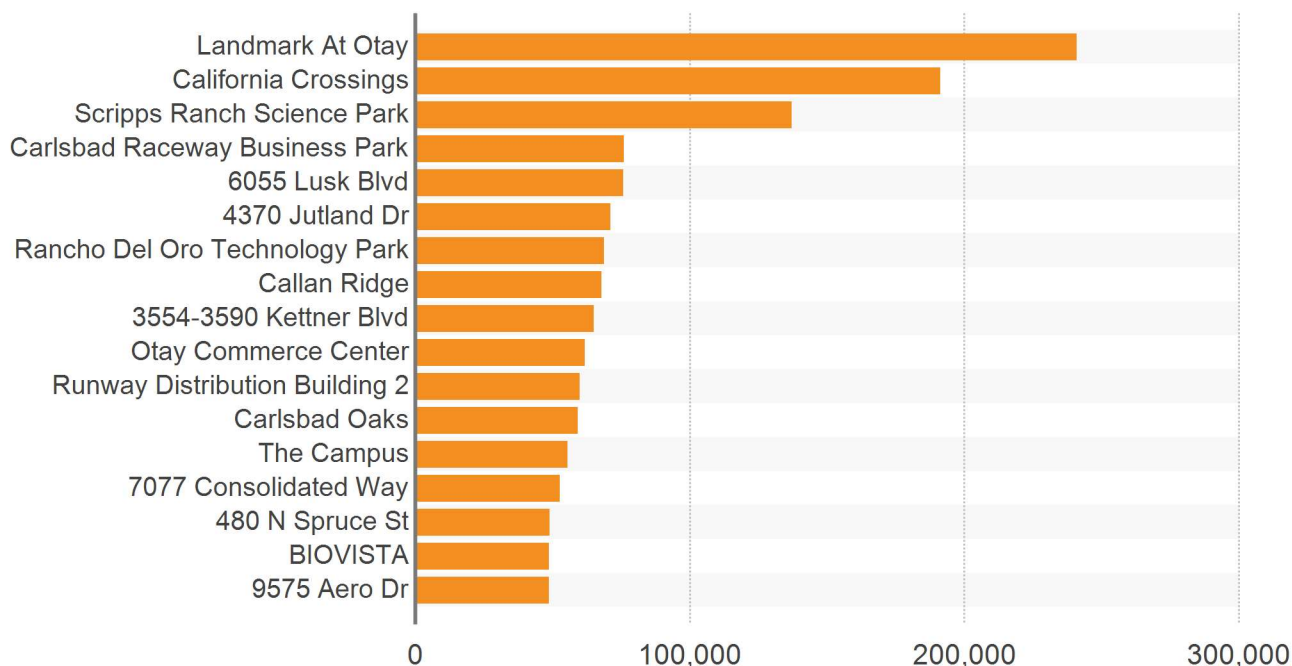
### VACANCY RATE



### 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
Landmark At Otay	Otay Mesa Ind	240,975	0	0	0	0	0	240,975
California Crossings	Otay Mesa Ind	202,408	0	0	0	0	0	191,286
Scripps Ranch Science Park	Scripps Ranch Ind	145,000	0	0	0	0	0	137,033
Carlsbad Raceway Business Park	Carlsbad Ind	175,295	85,240	0	0	0	0	76,000
6055 Lusk Blvd	Sorrento Mesa Ind	94,230	18,375	0	0	0	0	75,855
4370 Jutland Dr	PB/Rose Canyon/Mo...	72,716	0	0	0	0	0	71,083
Rancho Del Oro Technology Park	Oceanside Ind	143,274	30,082	45,263	43,725	0	0	68,655
Callan Ridge	Torrey Pines Ind	67,800	0	67,800	0	0	0	67,800
3554-3590 Kettner Blvd	Sports Arena/Airport...	64,939	0	0	64,939	0	0	64,939
Otay Commerce Center	Otay Mesa Ind	61,740	0	42,000	0	0	0	61,740
Runway Distribution Building 2	Otay Mesa Ind	59,905	0	0	0	0	0	59,905
Carlsbad Oaks	Carlsbad Ind	123,454	31,095	26,853	0	0	0	59,215
The Campus	Otay Mesa Ind	208,692	0	18,500	0	0	0	55,517
7077 Consolidated Way	Mira Mesa/Miramar Ind	157,208	0	0	0	0	0	52,545
480 N Spruce St	Escondido Ind	48,976	0	0	0	0	0	48,976
BIOVISTA	Sorrento Mesa Ind	154,815	49,274	7,820	0	0	0	48,694
9575 Aero Dr	Kearny Mesa Ind	48,635	0	0	0	0	0	48,635
<b>Subtotal Primary Competitors</b>		<b>2,070,062</b>	<b>214,066</b>	<b>208,236</b>	<b>108,664</b>	<b>0</b>	<b>0</b>	<b>1,428,853</b>
Remaining San Diego Market		208,031,756	13,876,390	(1,127,869)	(315,739)	0	0	(4,695,324)
<b>Total San Diego Market</b>		<b>210,101,818</b>	<b>14,090,456</b>	<b>(919,633)</b>	<b>(207,075)</b>	<b>0</b>	<b>0</b>	<b>(3,266,471)</b>



### TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
1756 Weld Blvd	El Cajon	160,000	Q3 23	GKN Aerospace	JLL	JLL
8830 Siempre Viva Rd	Otay Mesa	153,166	Q1 24	Southland Envelope	JLL	IDS Real Estate Group;...
755 Harvest Rd	Otay Mesa	127,141	Q1 24	-	-	CBRE
2600 Melksee St *	Otay Mesa	121,970	Q3 23	CareFusion	JLL	JLL
8917 Kerns St *	Otay Mesa	104,180	Q4 23	Mad Engine Global	-	-
2020 Piper Ranch Rd *	Otay Mesa	98,500	Q3 23	Balboa Water Group	JLL	CBRE;Cushman & Wa...
1462 Corporate Center Dr	Otay Mesa	91,753	Q1 24	-	-	CBRE
2735 Cactus Rd	Otay Mesa	81,951	Q2 23	Knapheide	JLL	JLL
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
13500 Danielson St *	Poway	72,600	Q1 24	Somacis	Hughes Marino;Savills	JLL
6212 Corte Del Abeto *	Carlsbad	70,224	Q4 23	K1 Speed	-	Lee & Associates
3817 Ocean Ranch Blvd	Oceanside	66,780	Q4 23	Westlake Royal Roofing	-	-
6800 Gateway Park Dr *	Otay Mesa	61,443	Q4 23	DHL Global Forwarding	-	-
4000 Ruffin Rd	Kearny Mesa	60,000	Q2 23	Cal-State Auto Parts Inc	-	CBRE
9050 Airway Rd	Otay Mesa	59,905	Q4 23	DC Logistics	JLL	JLL
7411 Goen Pl *	Mission Gorge	57,351	Q3 23	HD Supply	Cushman & Wakefield	CBRE
9043 Siempre Viva Rd	Otay Mesa	56,980	Q2 23	Logistix	-	-
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
2320 Meyers Ave	Escondido	54,073	Q2 23	Strong Box	-	-
1327-1375 Fayette St	El Cajon	52,000	Q2 23	PF Bakeries	-	-
7545 Carroll Rd *	Mira Mesa/Miramar	51,409	Q1 24	Rivulis Irrigation Inc	-	Lee & Associates Com...
3939 Market St	Southeast San Diego	51,262	Q3 23	Cruise	JLL	Kidder Mathews
9577 Chesapeake Dr *	Kearny Mesa	51,000	Q4 23	City of San Diego	-	Voit Real Estate Services
1466 F St	Central San Diego	50,310	Q4 23	Goodwill	-	Cushman & Wakefield
2810 Caribou Ct	Carlsbad	50,150	Q3 23	Bollé Brands	-	-
480 N Spruce St	Escondido	48,976	Q4 23	Big and Bold Wholesale	Venture Pacific Com...	Kidder Mathews
5807 Van Allen Way *	Carlsbad	47,946	Q4 23	SMAC Inc.	-	-
4075 Ruffin Rd	Kearny Mesa	47,544	Q4 23	Greenstar Labs	Cushman & Wakefield	CBRE
5995 Pacific Center Blvd *	Sorrento Mesa	47,498	Q3 23	Abbott	CBRE	-
2800 Whiptail Loop	Carlsbad	46,838	Q1 24	ATX	CBRE	CBRE;Cushman & Wa...
4039 Calle Platino	Oceanside	43,725	Q2 24	-	-	CBRE
9655 Via Excelencia	Mira Mesa/Miramar	43,560	Q4 23	Care Ambulance	-	Kidder Mathews
2220 Niels Bohr Ct	Otay Mesa	43,316	Q1 24	HJM International	Colliers	Colliers
800 Benedict Ave *	El Cajon	40,000	Q1 24	ABC Supply Co., Inc.	Matthews Real Estat...	Matthews Real Estate I...
2025 Gillespie Way	El Cajon	37,600	Q4 23	Brady West	Toller Cornell Comm...	CBRE
4370 Jutland Dr	PB/Rose Canyon/Morena	37,252	Q3 23	The King of Padel Inc.	Transnational Realty	Colliers
6852 Calle de Linea	Otay Mesa	36,050	Q2 24	-	-	KW Signature
11908 Community Rd	Poway	35,915	Q1 24	-	-	Colliers

\*Renewal

At 4.0%, year-over-year rent growth is still above the long-term average as of the second quarter, but elevated interest rates, coupled with waning demand in recent quarters, has led to further moderation. Rent growth during 23Q4 fell to its lowest level in the past decade at 0.7%, and most of the recent annual gains were front-loaded in 2023. Rent growth will likely decelerate through 2024 until new space is absorbed.

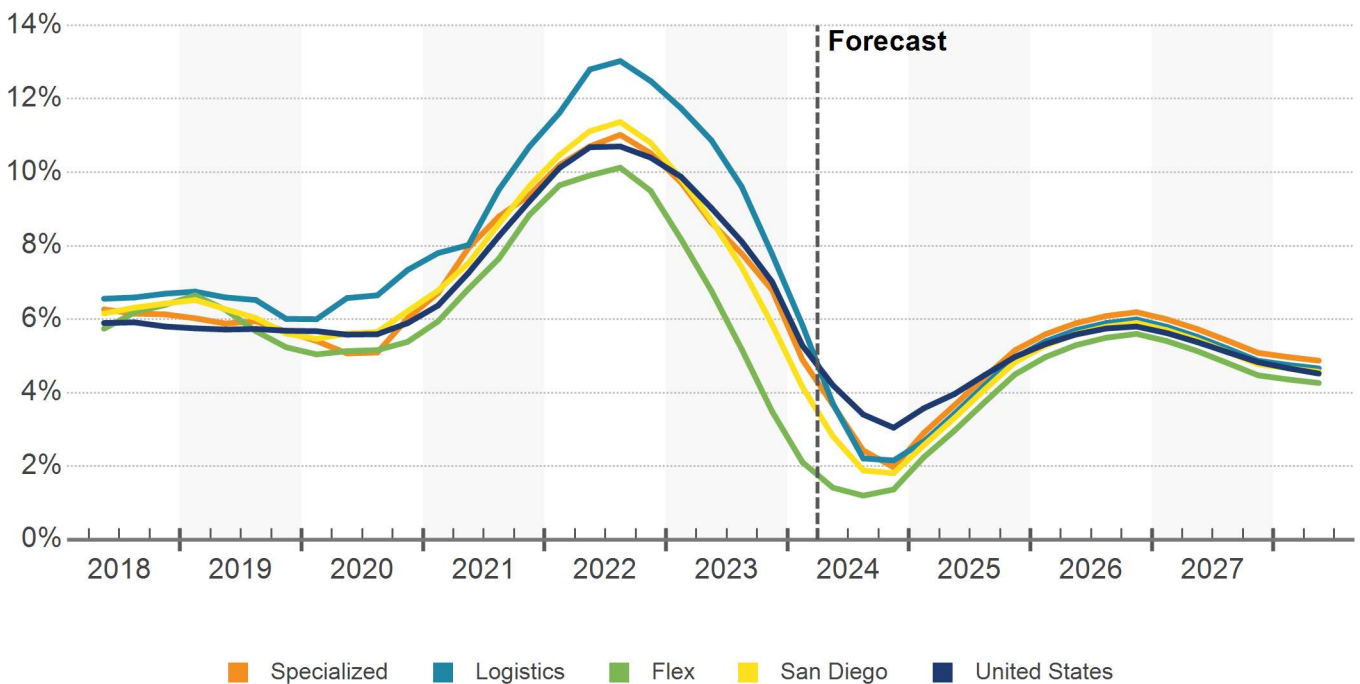
Tenants are beginning to receive some concessions, particularly for larger buildings, and build-out allowances are typically between \$1 and \$5/SF. According to local brokers, institutional owners are holding firm on rent levels, particularly those with new construction interested in selling, while providing 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, with minimal free rent. Tenants might

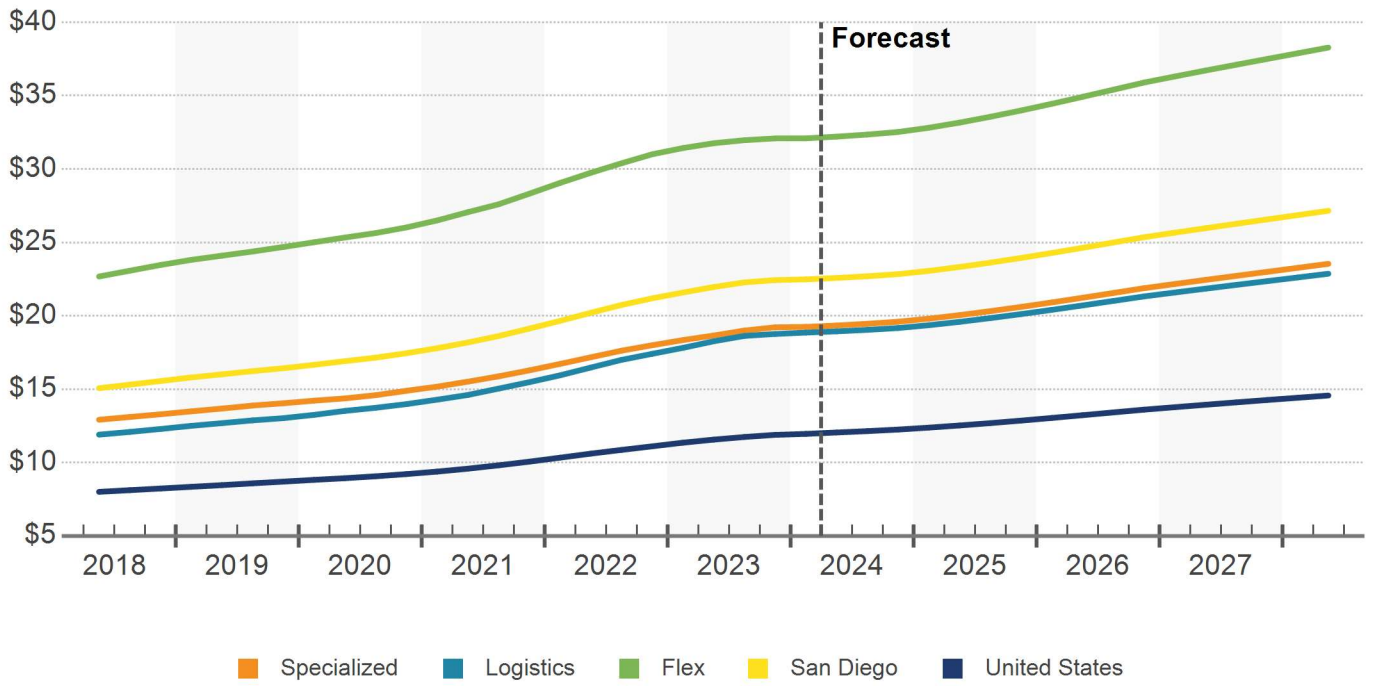
receive one or two months free on a five-year term. For instance, Modular Medical signed a four-year, 24,000-SF lease in Rancho Bernardo in 2023 with 4% escalations and no free rent. In Kearny Mesa, Hajoca Corp signed a five-year lease for 34,000 SF in 2023 that included two months of free rent with 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 a similar starting rent and two months free.

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 three months of free rent. 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. In Chula Vista, advertised rents at the Heritage Industrial Center, a three-building, 200,000-SF campus that delivered in 2023, are \$19.20/SF.

### MARKET ASKING RENT GROWTH (YOY)



### MARKET ASKING RENT PER SQUARE FEET





With 3.9 million SF under construction, San Diego's pipeline has reached one of its highest levels in 10 years, and more than 75% of it is available for lease. Otay Mesa accounts for over half 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. Roughly 3.6 million SF has opened there since 2022, and roughly 45% of that space is available for lease as of the second quarter.

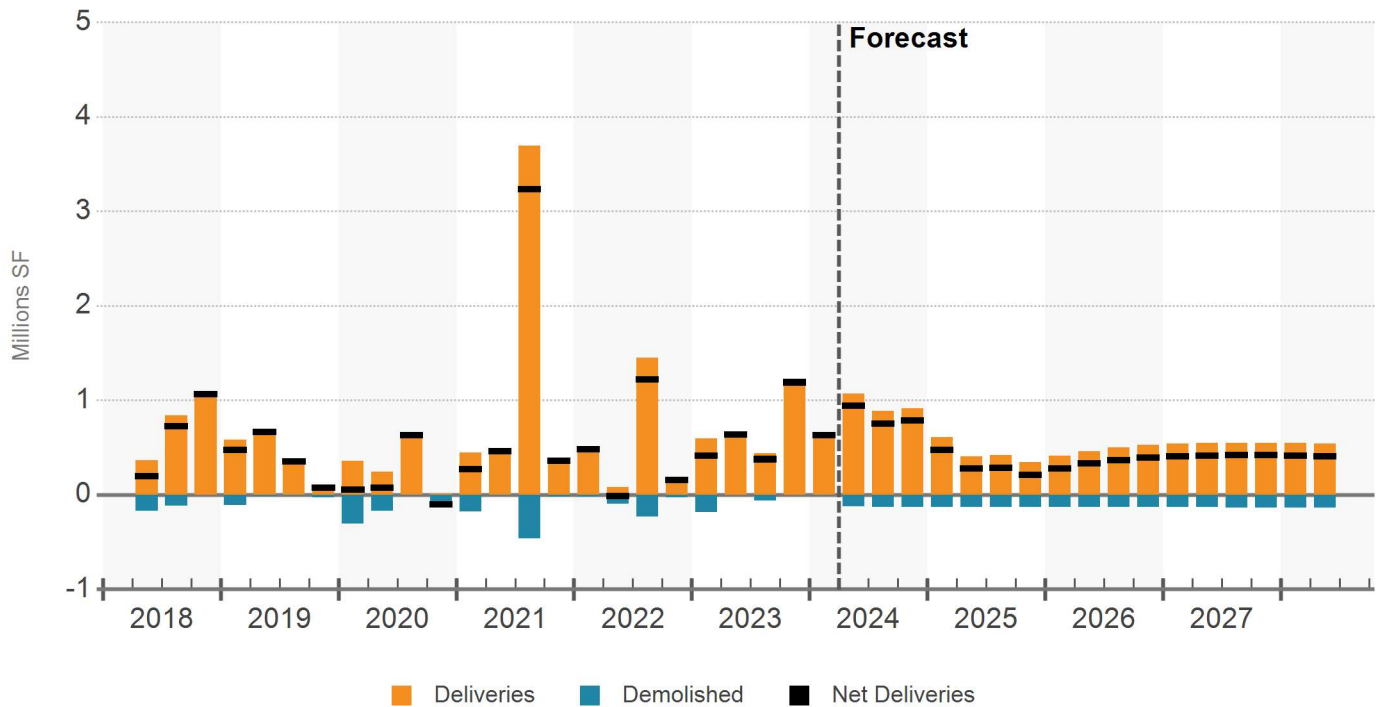
Land costs have jumped there since 2022. Raw land and improved lots had been selling for around \$10 to \$15/SF, but industrial parcels have traded for more than \$30/SF over the past several quarters. Hines paid more than \$40/SF during 23Q3 for 9.5 acres. Those costs are closer to land costs in North and Central counties, although available land has largely dried up in those areas.

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 divisible to

95,000 SF broke ground during 23Q2 on spec and is scheduled to deliver in mid-2024. Chestnut Properties, the developer, received a \$91 million construction loan for the project. The site was originally targeted for a 140,000-SF distribution center for Amazon. GKN Aerospace preleased roughly 160,000 SF during 23Q3 to add to its 200,000-SF footprint within the submarket.

The weight of new lab space will likely place upward pressure to vacancy as demand has waned in recent quarters among biotech users. Roughly 70% of the flex pipeline which consists of 2.2 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. Although local brokers have suggested that requirements have increased in recent months for lab space, this has yet to translate into increased leasing activity. At Torrey View, an office/lab development, Pfizer pre-leased the remaining 230,000-SF of the 500,000-SF campus during 24Q1 which is scheduled to deliver in 2024. But it will take time for the new space to be absorbed, even if 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	1,461	126	8.6%	6	46,624	182,583	3
2	Otay Mesa	6	701	64	9.1%	5	63,171	116,895	5
3	Carlsbad	2	388	388	100%	1	32,467	193,980	2
4	El Cajon	1	381	159	41.7%	4	18,999	381,240	1
5	UTC	2	335	172	51.4%	3	96,650	167,424	4
6	Kearny Mesa	2	219	0	0%	7	24,780	109,646	6
7	Torrey Pines	2	206	206	100%	1	80,122	102,833	7
8	Chula Vista	2	205	0	0%	7	25,351	102,633	8
9	La Mesa/Spring Valley	1	8	0	0%	7	8,586	7,500	9
10	Central San Diego	0	-	-	-	-	17,917	-	-
	All Other	0	-	-	-	-	19,597	-	-
<b>Totals</b>		<b>26</b>	<b>3,904</b>	<b>1,115</b>	<b>28.6%</b>		<b>23,776</b>	<b>150,146</b>	

# Under Construction Properties

San Diego Industrial

Properties

Square Feet

Percent of Inventory

Released

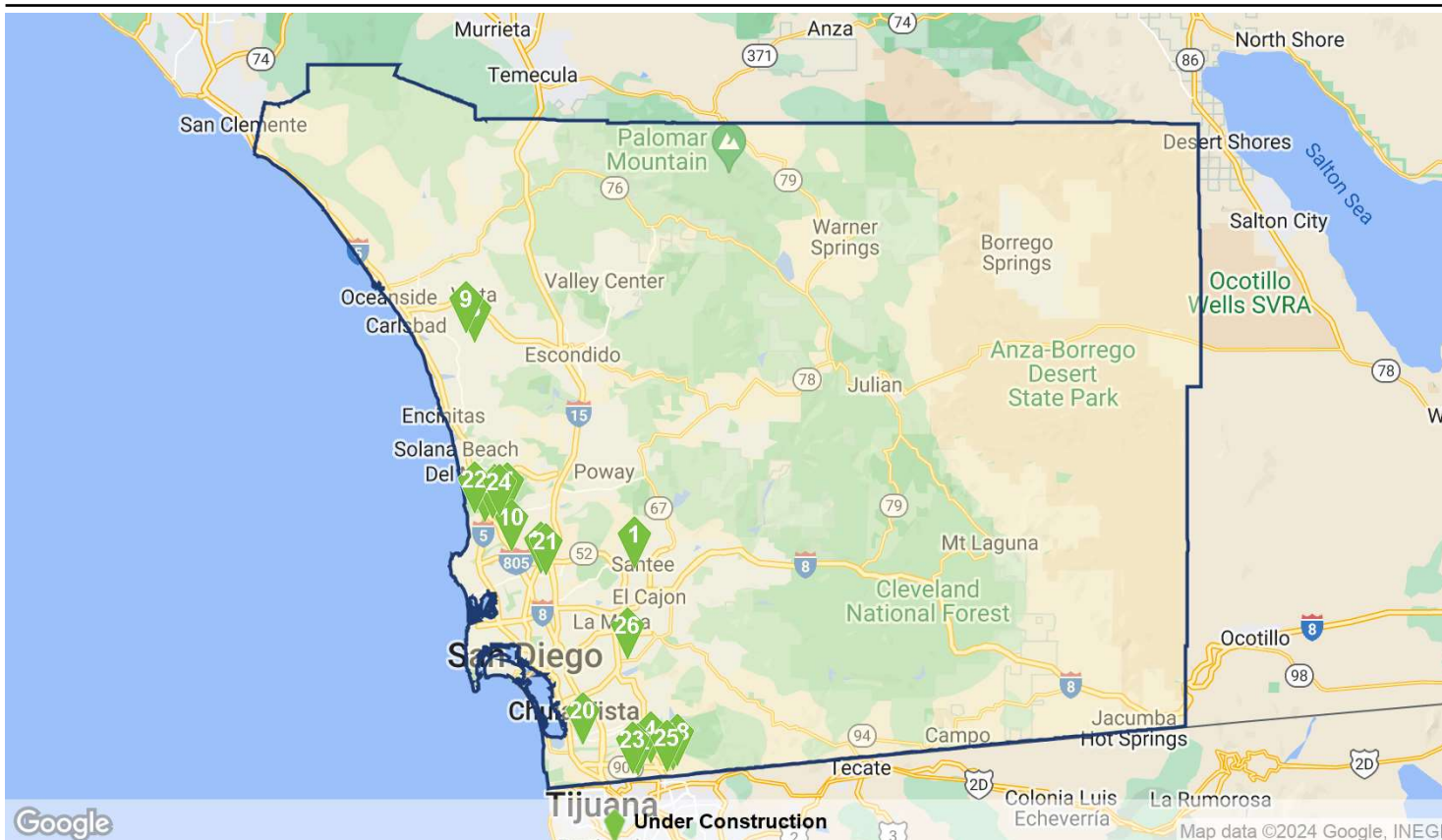
26

3,903,803

2.5%

28.6%

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Gillespie Field iPark 1756 Weld Blvd	★★★★☆	381,240	1	Jun 2023	May 2024	-
2 5975 Pacific Mesa Ct	★★★★★	322,000	6	Aug 2023	Nov 2024	Sterling Bay   West Harrison Street Capital
3 Bioterra 5889 Oberlin Dr	★★★★☆	310,754	5	Dec 2022	Oct 2024	- Longfellow Real Estate Partners
4 Landmark Phase III 8425 Otay Mesa Rd	★★★★☆	256,789	1	Jul 2023	Jun 2024	Majestic Realty Co. Majestic Realty Co.
5 Building C 10075 Barnes Canyon Rd	★★★★★	253,741	5	Sep 2022	May 2024	Alexandria Real Estate Equities, I... Alexandria Real Estate Equities, I...
6 Lots 1-4 Lionshead Ave	★★★★☆	222,959	1	Nov 2022	May 2024	- Hines
7 5974 Pacific Mesa Ct	★★★★★	174,000	5	Aug 2023	Nov 2024	- Harrison Street Capital



# Under Construction Properties

San Diego Industrial

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>4150 Campus Point Ct</b>	★ ★ ★ ★ ☆	172,000	5	Jun 2023	Apr 2025	Alexandria Real Estate Equities, I... Alexandria Real Estate Equities, I...
9 <b>2830 Whiptail Loop</b>	★ ★ ★ ☆ ☆	165,000	2	Dec 2023	Sep 2025	Oxford Properties Group Oxford Properties Group
10 <b>6220 Greenwich Dr</b>	★ ★ ★ ☆ ☆	162,848	2	Oct 2022	Oct 2024	- Breakthrough Properties LLC
11 <b>Enrico Fermi Industrial</b> 7129 Enrico Fermi Pl	★ ★ ★ ☆ ☆	150,530	1	May 2023	May 2024	Phelan Development Company Amanda Garcia
12 <b>7401 Bristow Ct</b>	★ ★ ★ ☆ ☆	124,000	1	Jan 2024	Dec 2024	- Johnson Properties, LLC
13 <b>8888 Balboa Ave</b>	★ ★ ★ ★ ☆	123,492	2	Dec 2023	Aug 2024	- Rexford Industrial Realty, Inc.
14 <b>Headquarters Point - Bld...</b> 4910 Headquarters Pt	★ ★ ★ ★ ★	122,535	4	Jul 2023	May 2024	- Bioscience Property Investments
15 <b>Headquarters Point - Bld...</b> 4902 Headquarters Pt	★ ★ ★ ★ ★	122,126	3	Jul 2023	May 2024	- Bioscience Property Investments
16 <b>Vista Sorrento Labs</b> 10251 Vista Sorrento Pky	★ ★ ★ ★ ☆	117,000	4	Jun 2023	Aug 2024	- Trammell Crow Company
17 <b>Building 3</b> 10931 N Torrey Pines Rd	★ ★ ★ ★ ☆	113,094	2	Jul 2023	Dec 2024	- Alexandria Real Estate Equities, I...
18 <b>Lot 16</b> 7310 Otay Crossing Ct	★ ★ ★ ☆ ☆	110,825	1	Jan 2023	May 2024	TFW Construction, Inc. Phelan Development Company
19 <b>Lot 10 &amp; 11</b> 2855 Faivre St	★ ★ ★ ☆ ☆	108,200	1	May 2023	May 2024	TFW Construction, Inc. Sudberry Properties, Inc.
20 <b>Lot 12</b> 2995 Faivre St	★ ★ ★ ☆ ☆	97,066	1	Feb 2023	May 2024	TFW Construction, Inc. Sudberry Properties, Inc.
21 <b>4400 Ruffin Rd</b>	★ ★ ★ ☆ ☆	95,800	1	Jan 2024	Dec 2024	- LBA Logistics
22 <b>Building 4</b> 10933 N Torrey Pines Rd	★ ★ ★ ★ ☆	92,572	2	Apr 2023	Dec 2024	- Alexandria Real Estate Equities, I...
23 <b>2548 Cactus Rd</b>	★ ★ ★ ☆ ☆	44,278	1	Mar 2023	May 2024	Hamann Companies -
24 <b>9805 Scranton Rd</b>	★ ★ ★ ★ ☆	38,507	2	Apr 2023	Jul 2024	DPR Construction, Inc. Alexandria Real Estate Equities, I...
25 <b>9848 Marconi Dr</b>	★ ★ ★ ★ ☆	14,947	1	Aug 2022	Jun 2024	Hamann Construction Gregg Hamann
26 <b>9404 San Diego St</b>	★ ★ ★ ☆ ☆	7,500	1	Mar 2019	Oct 2024	- Ahmed Awad

Local lenders have uniformly noted that banks have become more cautious with industrial loans since mid-2022. That has shown up in transaction data, where the total number of deals in the second half of 2023 was below a typical quarter between 2015 and 2019. Total sales volume during 23Q3 and 23Q4 was roughly 70% below the \$2 billion quarterly peak of 21Q4. Overall transactional pricing has been similar to what it was in early 2022 around \$275/SF as pricing has leveled off. Following suit, cap rates have increased to between 5% and 5.5%. In early 2022, buildings were trading at cap rates of around 4%.

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

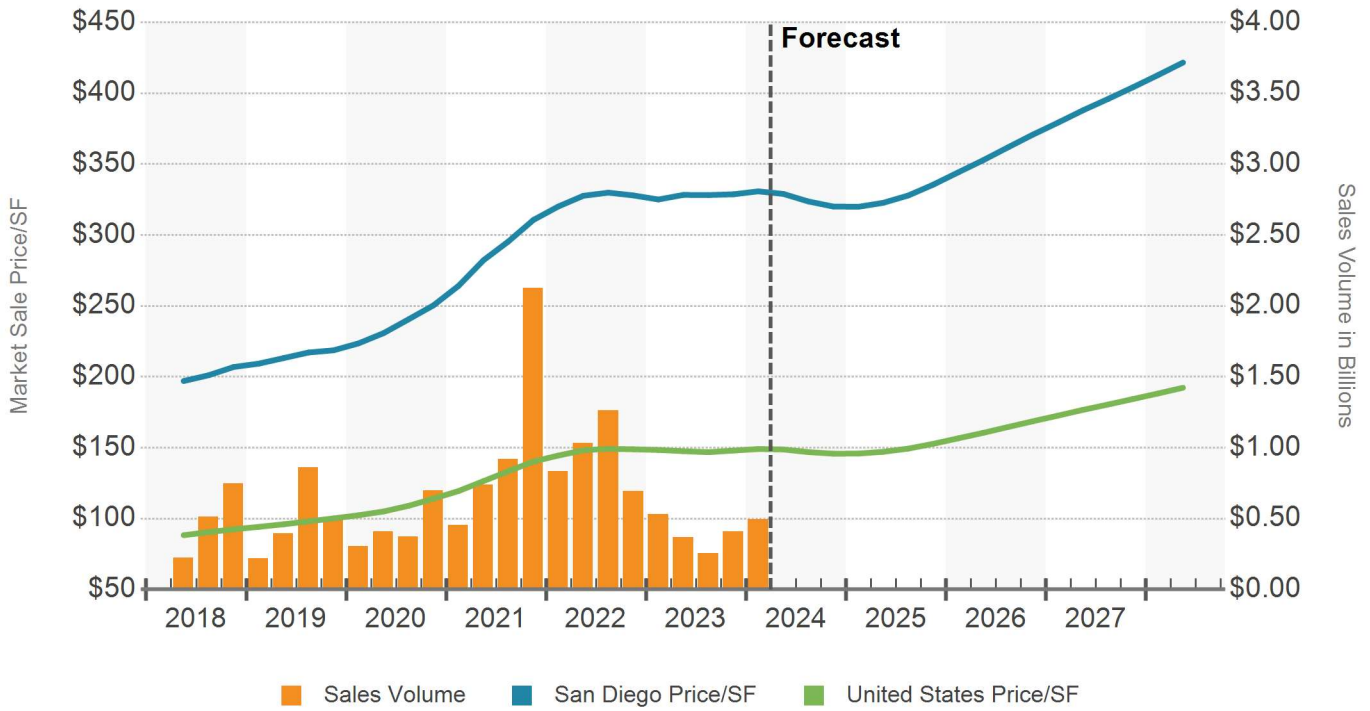
10-year lease for 125,000 SF at the second building. The more recent sale was under contract during the 2022 purchase.

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.

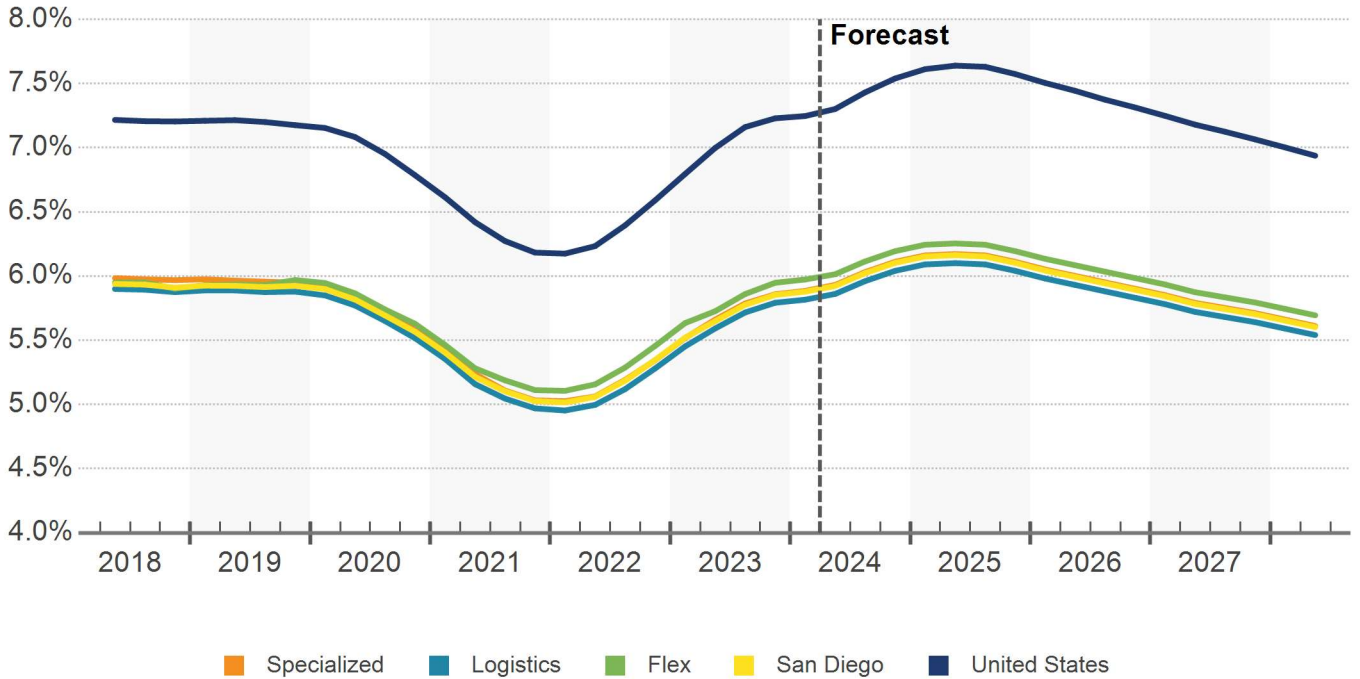
Hawaii-based T & S Properties purchased the two-building Empire Centre in Otay Mesa during 23Q3 for \$34.6 million, or about \$260/SF, at a 5.2% cap rate. The manufacturing buildings spanned 130,000 SF and were fully leased to 16 tenants at the time of the sale with below-market rents. Lease terms in 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."

Market participants have suggested that 2024 could be a repeat of 2023. With rent growth moderating, elevated interest rates and more modest demand, it may take time for the investment market to return to pre-2020 norms.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE





# Sales Past 12 Months

San Diego Industrial

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

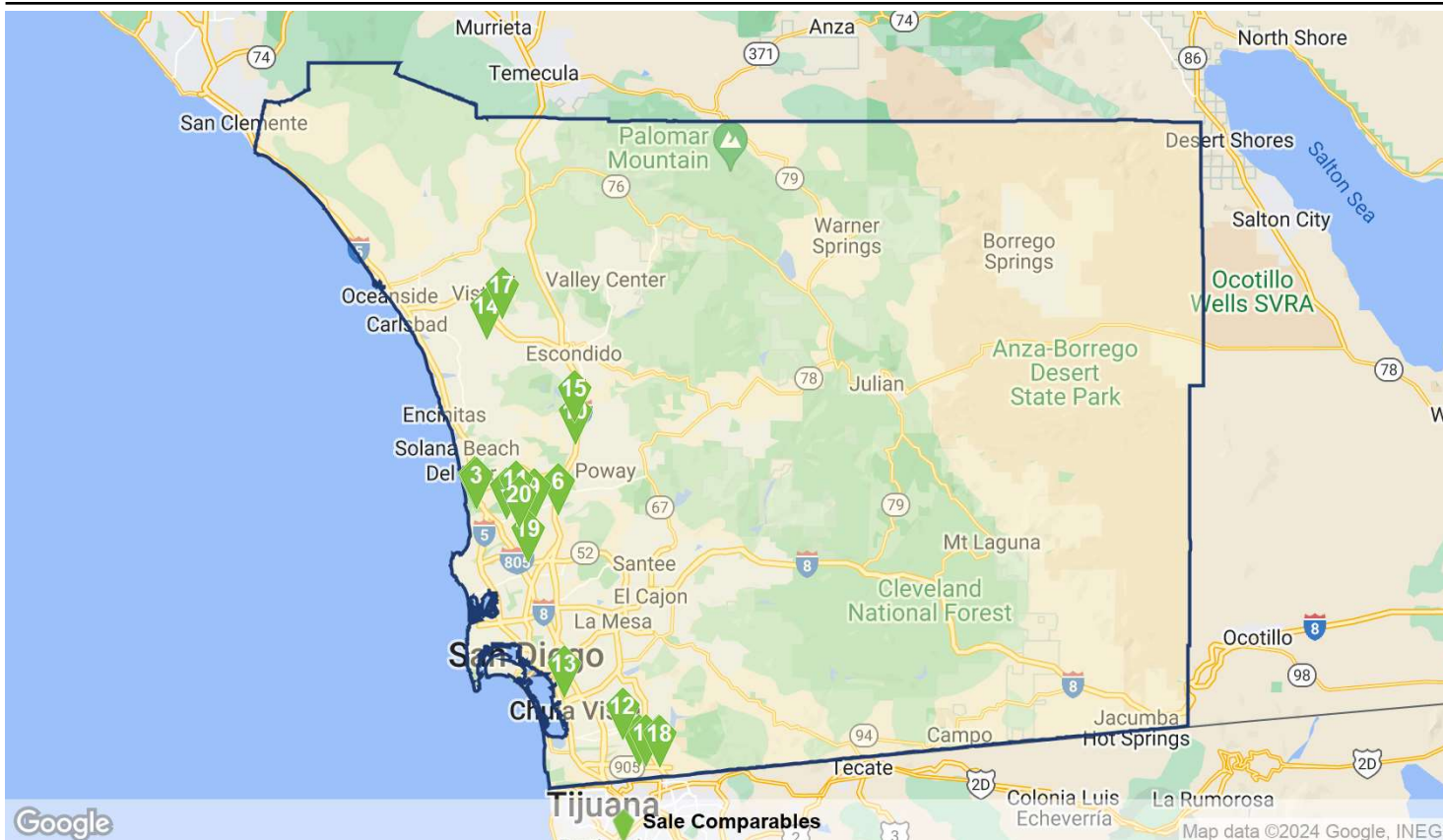
**257**

**5.6%**

**\$360**

**23.7%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$453,475	\$7,581,464	\$4,351,872	\$93,091,829
Price/SF	\$104	\$360	\$316	\$1,368
Cap Rate	3.1%	5.6%	5.8%	11.0%
Time Since Sale in Months	0.1	6.1	5.8	12.0
Property Attributes	Low	Average	Median	High
Building SF	1,343	23,174	14,000	175,295
Ceiling Height	9'	19'5"	18'	36'
Docks	0	2	0	35
Vacancy Rate At Sale	0%	23.7%	0%	100%
Year Built	1918	1986	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
<b>1</b> Bldg A 3020 Callan Rd	★★★★★	2023	105,511	100%	1/9/2024	\$93,091,829	\$1,357	-
<b>2</b> Arenisca 11119 N Torrey Pines Rd	★★★★★	1990	72,506	0%	5/4/2023	\$86,000,000	\$1,186	-
<b>3</b> Bldg B 3030 Callan Rd	★★★★★	2023	67,800	0%	1/9/2024	\$60,308,171	\$1,368	-
<b>4</b> Runway Distribution Buil... 9040 Airway Rd	★★★★★	2023	140,092	100%	7/12/2023	\$39,685,874	\$283	-
<b>5</b> Yard 5825 5825 Oberlin Dr	★★★★★	1985	60,518	30.3%	5/19/2023	\$36,000,000	\$595	-
<b>6</b> 10054 Old Grove Rd	★★★★★	1971	85,824	0%	8/15/2023	\$33,999,000	\$396	-
<b>7</b> Building 1 7498 Colchester Ct	★★★★★	2023	102,099	100%	10/9/2023	\$30,585,707	\$300	-
<b>8</b> Building 2 7222 Airway Rd	★★★★★	2023	101,145	100%	10/9/2023	\$30,331,793	\$300	-
<b>9</b> Stromesa Center 7949 Stromesa Ct	★★★★★	1980	107,564	13.0%	3/20/2024	\$26,500,000	\$246	-
<b>10</b> 15330 Avenue of Science	★★★★★	1984	73,756	0%	12/13/2023	\$26,350,000	\$357	-
<b>11</b> Bldg A 10140 Mesa Rim Rd	★★★★★	1987	42,547	0%	2/23/2024	\$23,000,000	\$541	-
<b>12</b> Heritage Industrial Cente... 3390 Heritage Rd	★★★★★	2023	105,550	100%	12/28/2023	\$21,600,000	\$205	-
<b>13</b> 131 W 33rd St	★★★★★	1969	78,699	0.6%	7/28/2023	\$20,330,000	\$258	5.4%
<b>14</b> BioFilm Inc. 3225 Executive Ridge	★★★★★	2004	57,609	0%	12/5/2023	\$19,695,556	\$342	-
<b>15</b> 11501 Rancho Bernardo... 7920 Airway Rd	★★★★★	1982	52,855	0%	12/26/2023	\$19,290,354	\$365	-
<b>16</b> Bldg A 7920 Airway Rd	★★★★★	1999	74,916	0%	7/12/2023	\$19,078,836	\$255	-
<b>17</b> Production Bldg B 2946 Norman Strasse Rd	★★★★★	2018	94,172	0%	1/26/2024	\$19,000,000	\$202	-
<b>18</b> Runway Distribution Buil... 9050 Airway Rd	★★★★★	2023	59,905	100%	7/12/2023	\$17,314,126	\$289	-
<b>19</b> 7440 Convoy Ct	★★★★★	1971	53,978	0%	10/11/2023	\$17,140,000	\$318	5.9%
<b>20</b> 6695 Rasha St	★★★★★	1983	37,747	0%	9/7/2023	\$16,000,000	\$424	-

According to the latest report from the Bureau of Labor Statistics, San Diego's unemployment rate of 4.7% was unchanged in February. That was 100 basis points higher than the February 2023 rate and nearly 100 basis points below California's statewide unemployment rate.

In a change of course, professional and business services led all industries in February, with 3,100 positions added to payrolls. Those jobs accounted for over half of the 6,000 added in February. The other two office-using sectors, information, and financial activities shed 300 positions.

The leisure and hospitality sector also rebounded in February after adding 2,500 jobs, 1,800 of which were in accommodation and food services. For over a year, food and beverage tenants have helped drive small-box retail leasing in San Diego. Those tenants and other service-related retailers occupying less than 3,000 square feet helped that retail tranche account for over half of retail leasing volume in the past 12 months. Local brokers have reported that high demand for these available spaces has handed leverage to landlords, given the historically low availability across the region.

Over the past 12 months, San Diego's nonfarm employers added 13,600 to payrolls for 0.9% annual growth. The region's labor force exceeded 1.6 million people in February. That's the highest level since November.

Private education and health services led annual hiring gains with 15,000 added to payrolls. Leisure and hospitality added 6,100 and the government added 5,700 to lead industries.

The office-using sectors shed more than 12,000 jobs in the past 12 months. The relationship between office-using job growth and office demand has decoupled over the past several years. It is no longer the indication of space requirements for employers that it once was.

Domestic migration in San Diego has typically trended in negative territory, and the latest census data for 2023 was no different. More than 30,000 people left the county between mid-2022 and mid-2023, according to the U.S. Census Bureau, and that was one of the highest levels in over three decades, aside from the initial stages of the pandemic. That figure was partially offset by international migration, which exceeded 10,000. High housing costs are one of the primary reasons that the local population shrunk by more than 7,000 in 2023.

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 facility upgrades, further bolstering San Diego as a destination for "medical tourism."

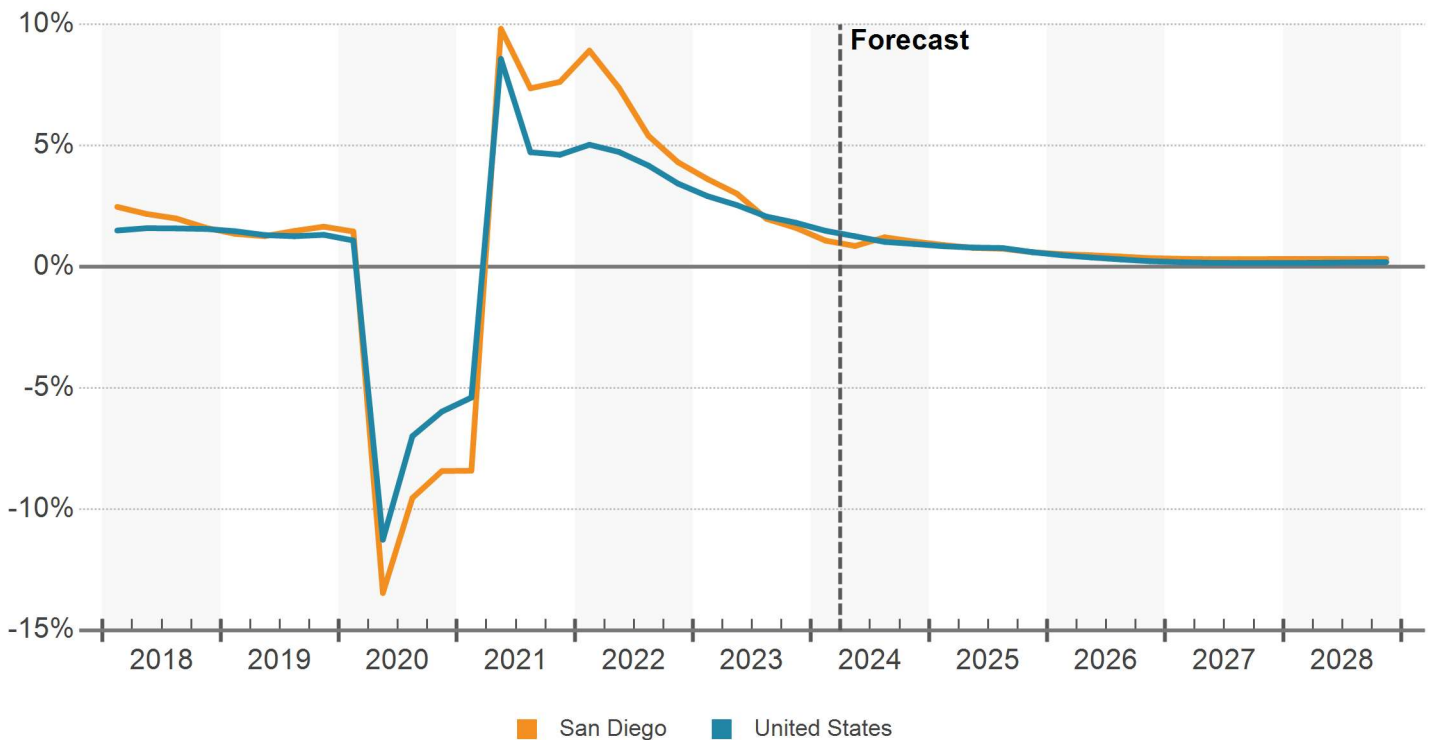
San Diego also has over 140,000 active duty and civilian military employees. According to the San Diego Military Advisory Council, the defense industry accounts for more than 350,000 jobs in the region. That is close to 25% of the economy. The Navy's renewed focus on the Pacific theater of operation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

### 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	-0.20%	0.04%	1.65%	0.71%	0.34%	0.14%
Trade, Transportation and Utilities	225	0.8	0.73%	0.08%	0.42%	1.04%	-0.03%	0.14%
Retail Trade	139	0.9	0.38%	-0.16%	-0.28%	0.19%	-0.09%	0.13%
Financial Activities	79	0.9	1.07%	0.60%	1.24%	1.45%	-0.09%	0.18%
Government	251	1.1	1.06%	2.38%	1.02%	0.55%	0.35%	0.33%
Natural Resources, Mining and Construction	90	1.0	0.61%	2.20%	3.50%	2.38%	0.78%	0.25%
Education and Health Services	245	0.9	4.15%	3.43%	2.98%	1.98%	1.01%	0.64%
Professional and Business Services	286	1.2	-0.33%	0.74%	2.60%	1.98%	0.34%	0.48%
Information	21	0.7	-3.25%	-1.80%	-1.23%	1.10%	0.31%	0.22%
Leisure and Hospitality	210	1.2	0.88%	2.55%	1.93%	1.52%	0.97%	0.70%
Other Services	60	1.0	2.40%	1.51%	1.34%	0.66%	0.33%	0.27%
<b>Total Employment</b>	<b>1,584</b>	<b>1.0</b>	<b>1.07%</b>	<b>1.47%</b>	<b>1.77%</b>	<b>1.35%</b>	<b>0.48%</b>	<b>0.37%</b>

Source: Oxford Economics  
LQ = Location Quotient

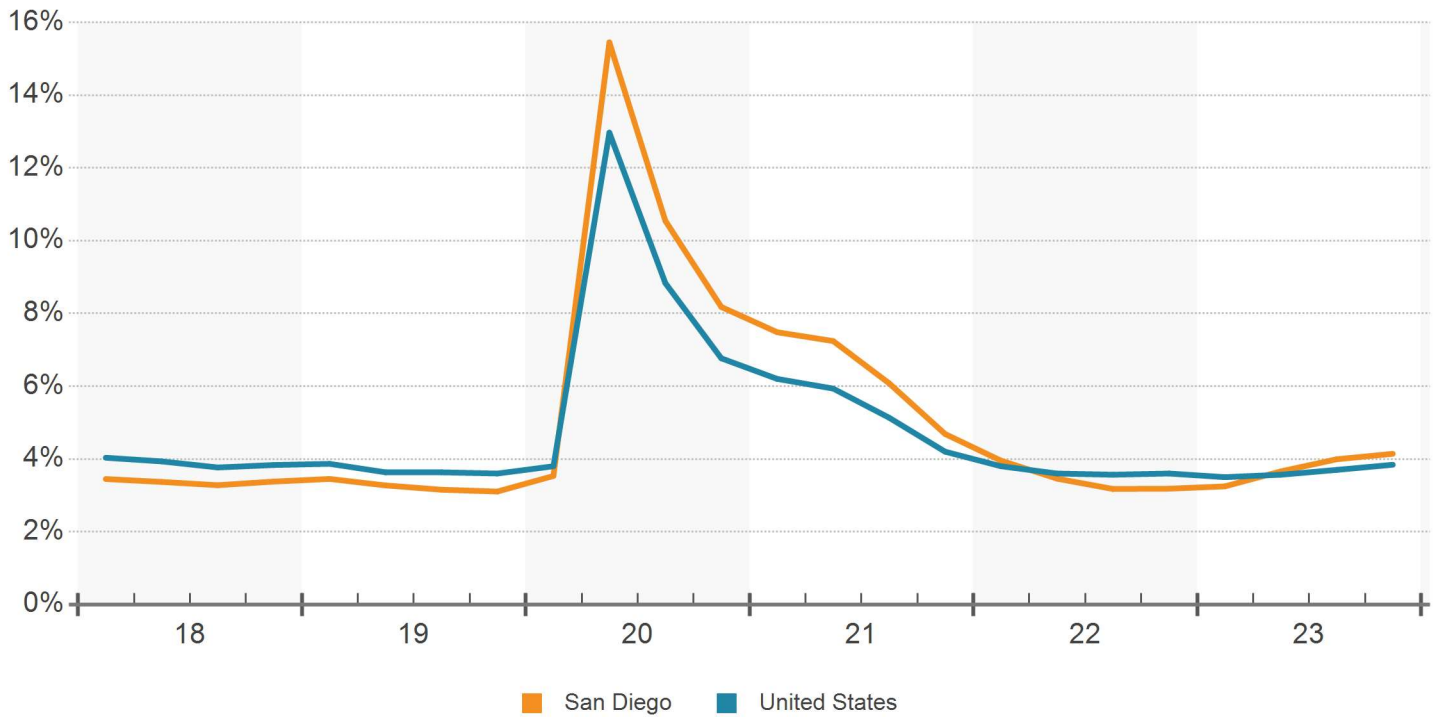
### JOB GROWTH (YOY)



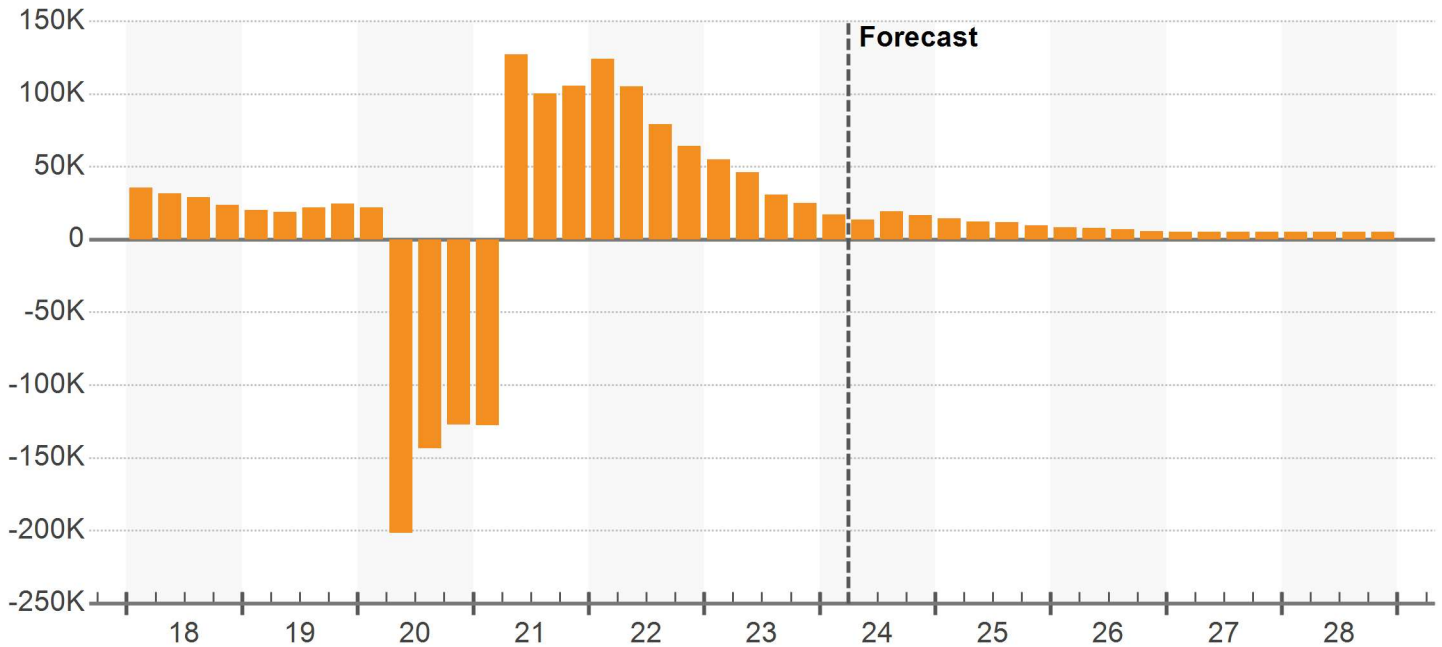
Source: Oxford Economics



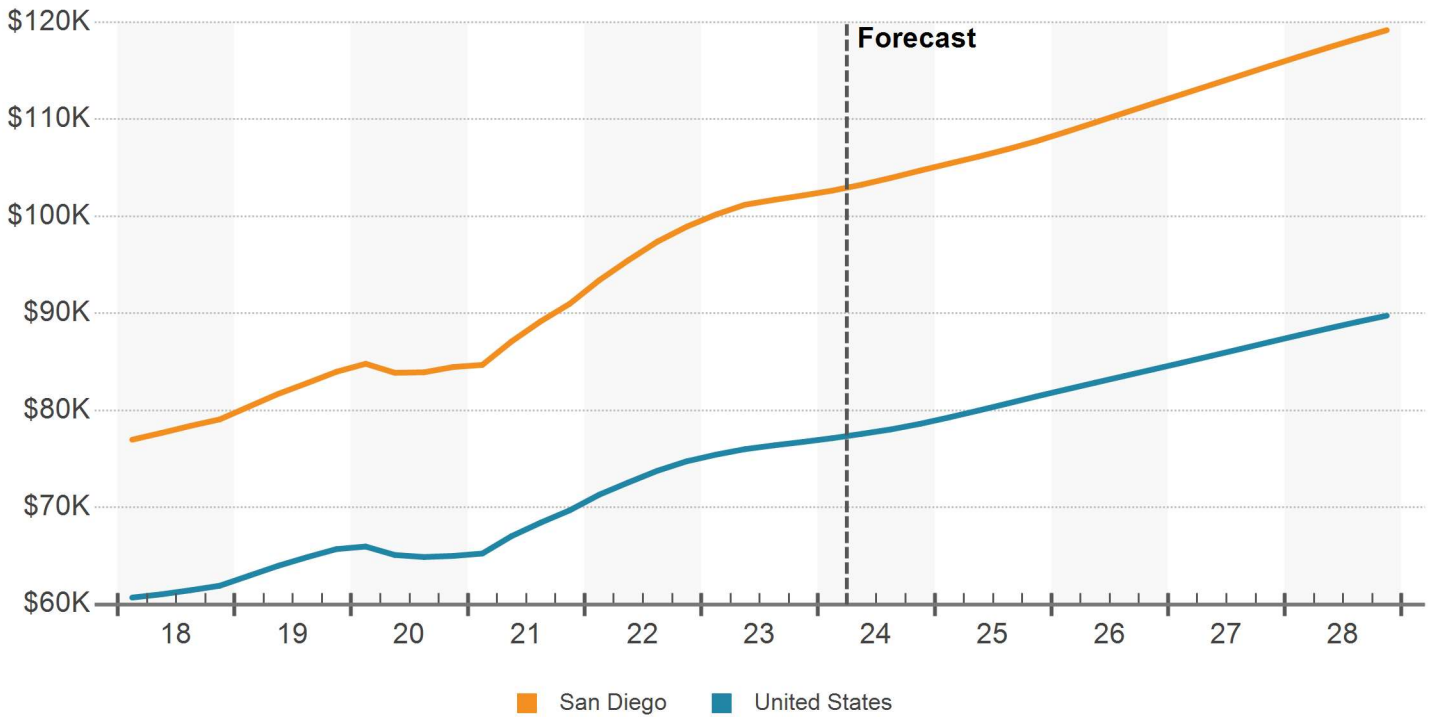
### UNEMPLOYMENT RATE (%)



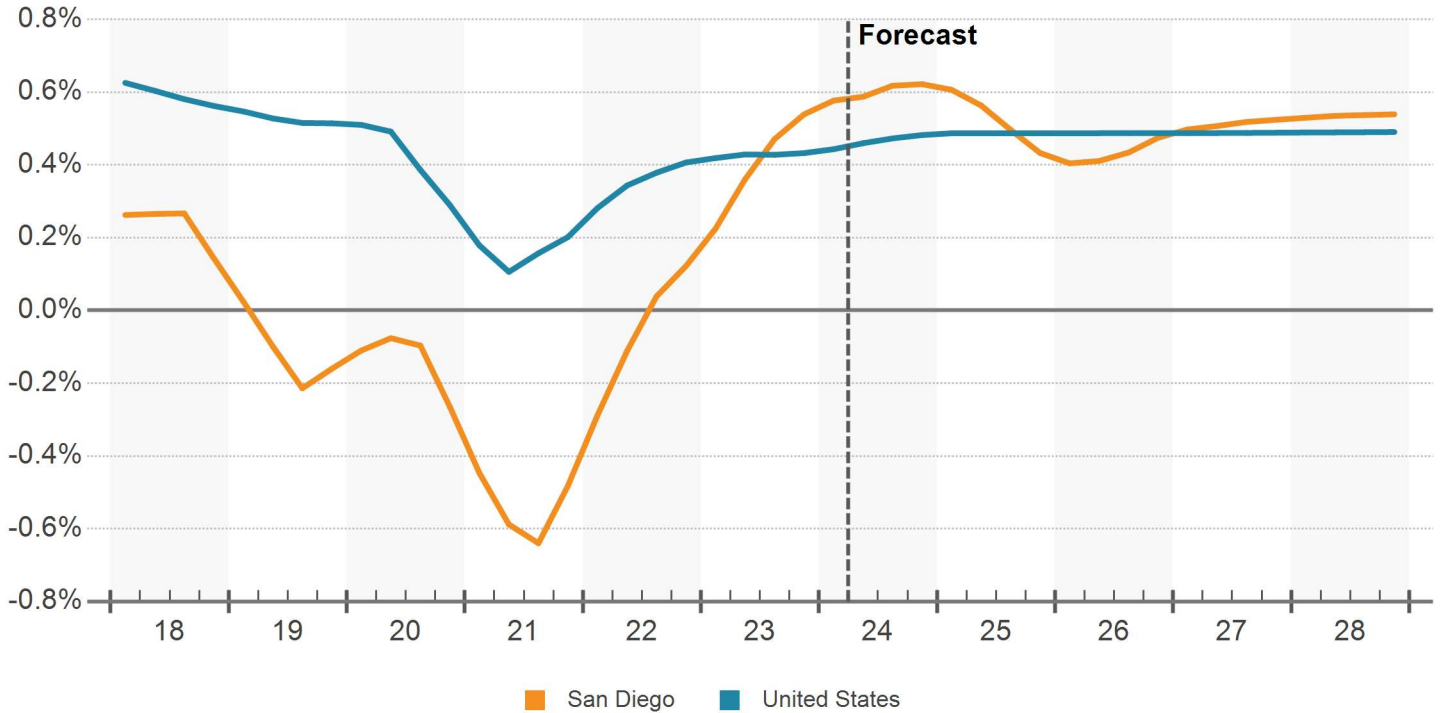
### NET EMPLOYMENT CHANGE (YOY)



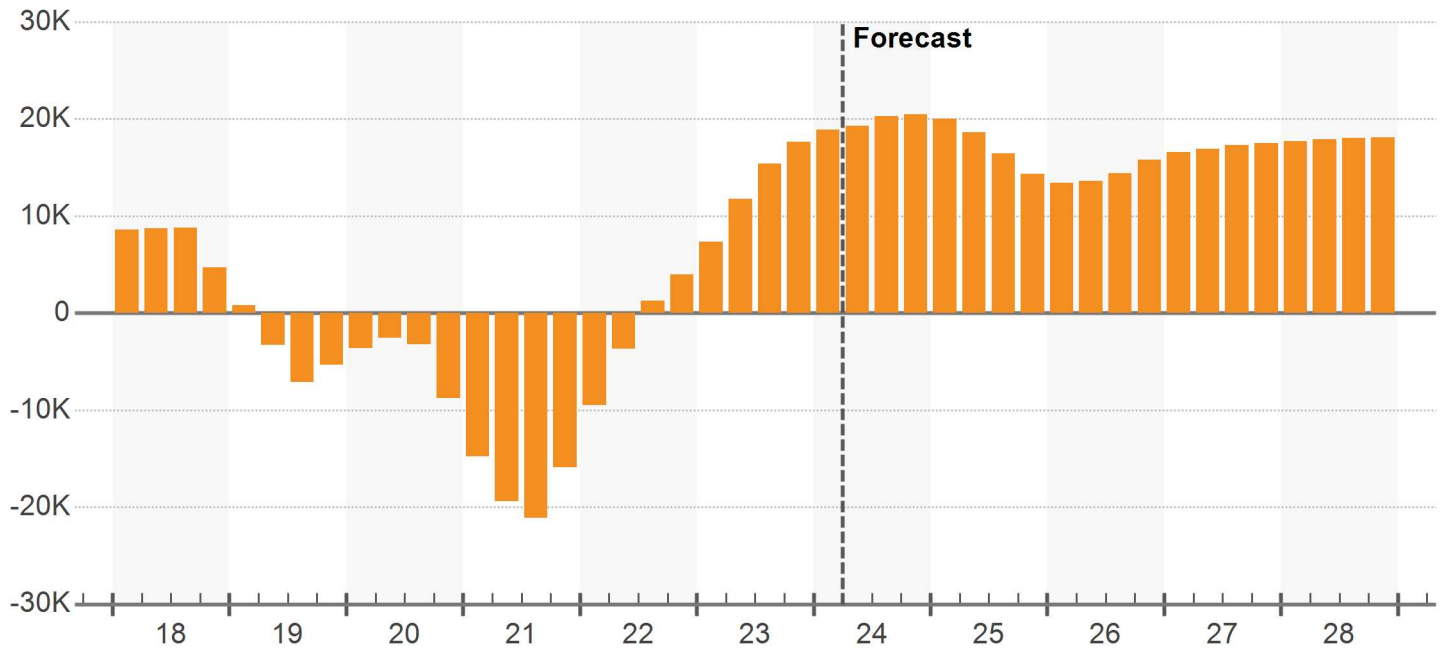
### MEDIAN HOUSEHOLD INCOME



### POPULATION GROWTH (YOY %)



### NET POPULATION CHANGE (YOY)

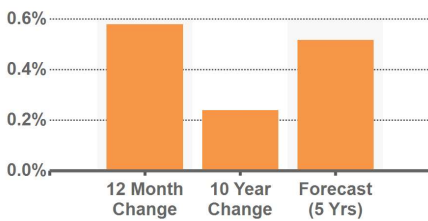


### DEMOGRAPHIC TRENDS

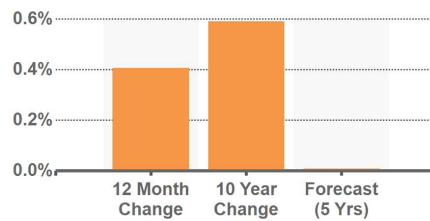
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	3,301,778	335,516,750	0.6%	0.4%	0.2%	0.5%	0.5%	0.5%
Households	1,184,351	131,041,672	0.7%	0.6%	0.5%	0.9%	0.6%	0.6%
Median Household Income	\$102,690	\$77,169	2.4%	2.2%	5.1%	3.9%	3.2%	3.2%
Labor Force	1,618,075	169,039,828	0.4%	1.6%	0.6%	0.8%	0%	0.1%
Unemployment	4.1%	3.8%	0.9%	0.3%	-0.3%	-0.3%	-	-

Source: Oxford Economics

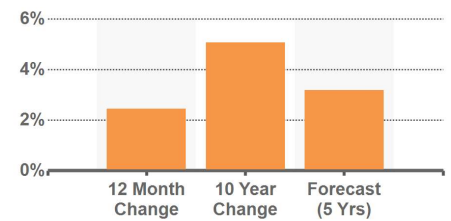
### POPULATION GROWTH



### LABOR FORCE GROWTH

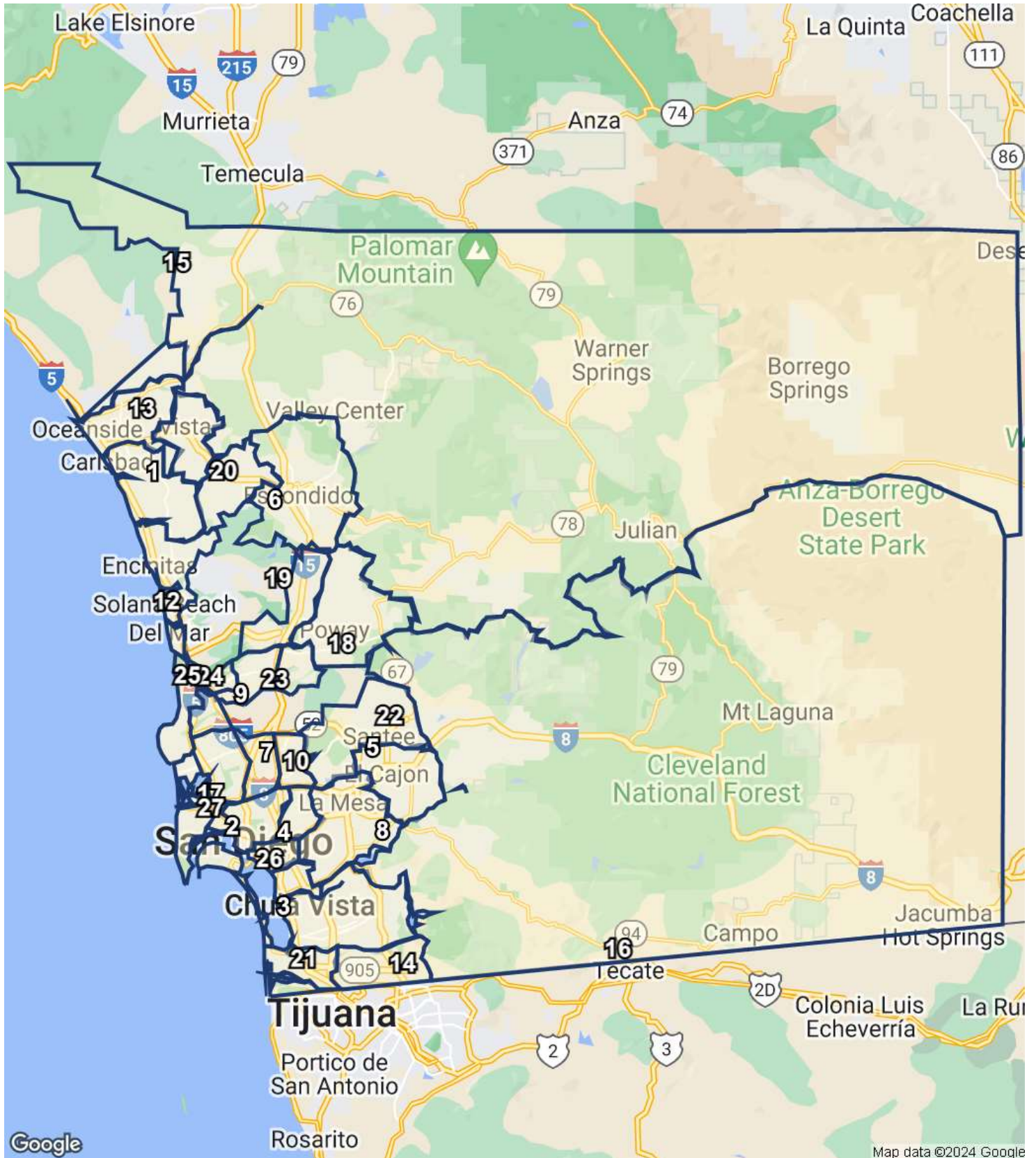


### INCOME GROWTH



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	490	15,909	7.6%	3	0	0	0%	-	2	388	2.4%	3
2	Central San Diego	101	1,810	0.9%	24	0	0	0%	-	0	-	-	-
3	Chula Vista	407	10,318	4.9%	7	3	203	2.0%	2	2	205	2.0%	8
4	East City	61	975	0.5%	29	0	0	0%	-	0	-	-	-
5	El Cajon	531	10,088	4.8%	8	0	0	0%	-	1	381	3.8%	4
6	Escondido	720	8,463	4.0%	12	0	0	0%	-	0	-	-	-
7	Kearny Mesa	624	15,463	7.4%	4	0	0	0%	-	2	219	1.4%	6
8	La Mesa/Spring Valley	350	3,005	1.4%	20	0	0	0%	-	1	8	0.2%	9
9	Mira Mesa/Miramar	800	18,294	8.7%	2	0	0	0%	-	0	-	-	-
10	Mission Gorge	134	2,097	1.0%	23	0	0	0%	-	0	-	-	-
11	National City	278	4,064	1.9%	17	0	0	0%	-	0	-	-	-
12	North Beach Cities	58	406	0.2%	30	0	0	0%	-	0	-	-	-
13	Oceanside	432	10,078	4.8%	9	0	0	0%	-	0	-	-	-
14	Otay Mesa	393	24,826	11.8%	1	19	2,063	8.3%	1	6	701	2.8%	2
15	Outlying SD County N	143	1,247	0.6%	27	0	0	0%	-	0	-	-	-
16	Outlying SD County S	110	1,089	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	9,762	4.6%	10	0	0	0%	-	0	-	-	-
19	Rancho Bernardo	141	7,721	3.7%	13	0	0	0%	-	0	-	-	-
20	San Marcos	533	9,212	4.4%	11	0	0	0%	-	0	-	-	-
21	San Ysidro/Imp Beach	69	1,432	0.7%	26	0	0	0%	-	0	-	-	-
22	Santee	342	4,579	2.2%	14	0	0	0%	-	0	-	-	-
23	Scripps Ranch	58	1,758	0.8%	25	1	137	7.8%	5	0	-	-	-
24	Sorrento Mesa	245	11,423	5.4%	6	1	166	1.4%	4	8	1,461	12.8%	1
25	Sorrento Valley	153	3,641	1.7%	18	0	0	0%	-	0	-	-	-
26	Southeast San Diego	390	4,510	2.1%	15	0	0	0%	-	0	-	-	-
27	Sports Arena/Airport	175	3,106	1.5%	19	1	34	1.1%	6	0	-	-	-
28	Torrey Pines	56	4,487	2.1%	16	2	173	3.9%	3	2	206	4.6%	7
29	UTC	29	2,803	1.3%	21	0	0	0%	-	2	335	11.9%	5
30	Vista	590	14,759	7.0%	5	0	0	0%	-	0	-	-	-

### SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Carlsbad	\$22.25	14	3.7%	24	-2.5%	12
2	Central San Diego	\$24.19	8	5.0%	5	-4.1%	24
3	Chula Vista	\$19.37	20	4.8%	10	-3.5%	20
4	East City	\$22.24	15	4.1%	20	-3.4%	19
5	El Cajon	\$18.73	22	5.0%	8	-3.4%	18
6	Escondido	\$19.40	19	5.0%	7	-4.2%	25
7	Kearny Mesa	\$25.36	6	3.9%	22	-2.5%	11
8	La Mesa/Spring Valley	\$19.92	17	5.0%	6	-5.0%	28
9	Mira Mesa/Miramar	\$23.04	13	4.1%	21	-5.1%	29
10	Mission Gorge	\$23.11	12	4.8%	9	-1.0%	3
11	National City	\$19.48	18	5.1%	3	-3.3%	17
12	North Beach Cities	\$31.17	5	3.7%	23	-2.1%	7
13	Oceanside	\$17.02	28	4.6%	18	-2.5%	10
14	Otay Mesa	\$14.76	30	5.6%	1	-3.0%	13
15	Outlying SD County N	\$18.16	25	4.6%	16	-2.1%	6
16	Outlying SD County S	\$17.67	26	4.7%	15	-4.9%	27
17	PB/Rose Canyon/Morena	\$23.29	10	4.7%	12	-3.3%	16
18	Poway	\$20.83	16	4.6%	17	-2.5%	9
19	Rancho Bernardo	\$24.57	7	3.3%	26	-3.7%	23
20	San Marcos	\$18.32	24	4.5%	19	-1.6%	5
21	San Ysidro/Imp Beach	\$16.95	29	5.1%	4	-5.5%	30
22	Santee	\$19.36	21	4.7%	13	-3.2%	15
23	Scripps Ranch	\$23.12	11	3.3%	25	-2.2%	8
24	Sorrento Mesa	\$32.35	4	2.5%	27	-3.7%	22
25	Sorrento Valley	\$36.43	3	1.8%	30	1.4%	1
26	Southeast San Diego	\$18.57	23	5.2%	2	-4.7%	26
27	Sports Arena/Airport	\$23.45	9	4.7%	14	-3.7%	21
28	Torrey Pines	\$66.33	1	2.0%	29	-1.0%	4
29	UTC	\$48.70	2	2.5%	28	-0.6%	2
30	Vista	\$17.42	27	4.8%	11	-3.1%	14

### SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Carlsbad	1,351,326	8.5%	21	(332,659)	-2.1%	28	-
2	Central San Diego	46,064	2.5%	12	(5,213)	-0.3%	10	-
3	Chula Vista	924,021	9.0%	22	(517,576)	-5.0%	30	-
4	East City	-	-	-	8,911	0.9%	6	-
5	El Cajon	125,893	1.2%	3	(30,789)	-0.3%	16	-
6	Escondido	190,662	2.3%	10	(9,912)	-0.1%	12	-
7	Kearny Mesa	622,529	4.0%	14	(242,763)	-1.6%	23	-
8	La Mesa/Spring Valley	33,176	1.1%	1	10,554	0.4%	5	-
9	Mira Mesa/Miramar	993,771	5.4%	17	(339,167)	-1.9%	29	-
10	Mission Gorge	37,780	1.8%	7	(7,704)	-0.4%	11	-
11	National City	75,861	1.9%	8	(3,344)	-0.1%	8	-
12	North Beach Cities	5,240	1.3%	4	11,062	2.7%	4	-
13	Oceanside	445,709	4.4%	16	(201,054)	-2.0%	22	-
14	Otay Mesa	3,080,575	12.4%	25	(102,716)	-0.4%	18	-
15	Outlying SD County N	46,063	3.7%	13	(11,590)	-0.9%	13	-
16	Outlying SD County S	148,400	13.6%	26	(132,150)	-12.1%	20	-
17	PB/Rose Canyon/Morena	158,666	5.9%	18	(20,623)	-0.8%	14	-
18	Poway	223,518	2.3%	11	(144,544)	-1.5%	21	-
19	Rancho Bernardo	517,772	6.7%	19	4,280	0.1%	7	-
20	San Marcos	682,446	7.4%	20	(264,184)	-2.9%	24	-
21	San Ysidro/Imp Beach	28,528	2.0%	9	(26,553)	-1.9%	15	-
22	Santee	51,268	1.1%	2	19,969	0.4%	3	-
23	Scripps Ranch	169,021	9.6%	23	49,425	2.8%	2	-
24	Sorrento Mesa	1,784,477	15.6%	28	(295,699)	-2.6%	26	-
25	Sorrento Valley	582,920	16.0%	29	(308,472)	-8.5%	27	-
26	Southeast San Diego	80,420	1.8%	6	(4,444)	-0.1%	9	-
27	Sports Arena/Airport	48,293	1.6%	5	119,204	3.8%	1	0.3
28	Torrey Pines	552,083	12.3%	24	(289,671)	-6.5%	25	-
29	UTC	411,030	14.7%	27	(119,334)	-4.3%	19	-
30	Vista	604,092	4.1%	15	(96,533)	-0.7%	17	-

### OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	218,440,306	1,619,196	0.7%	1,427,976	0.7%	1.1
2027	216,821,110	1,654,525	0.8%	1,549,072	0.7%	1.1
2026	215,166,585	1,367,136	0.6%	2,353,774	1.1%	0.6
2025	213,799,449	1,246,728	0.6%	2,174,613	1.0%	0.6
2024	212,552,721	3,109,687	1.5%	506,525	0.2%	6.1
YTD	210,072,808	629,774	0.3%	(1,126,708)	-0.5%	-
2023	209,443,034	2,607,085	1.3%	(3,069,749)	-1.5%	-
2022	206,835,949	1,832,177	0.9%	1,979,145	1.0%	0.9
2021	205,003,772	4,323,923	2.2%	8,298,159	4.0%	0.5
2020	200,679,849	657,704	0.3%	1,007,121	0.5%	0.7
2019	200,022,145	1,560,014	0.8%	(13,990)	0%	-
2018	198,462,131	2,276,196	1.2%	1,313,483	0.7%	1.7
2017	196,185,935	379,280	0.2%	1,319,048	0.7%	0.3
2016	195,806,655	757,023	0.4%	1,400,578	0.7%	0.5
2015	195,049,632	(76,774)	0%	3,027,740	1.6%	-
2014	195,126,406	(315,405)	-0.2%	2,789,333	1.4%	-
2013	195,441,811	(87,709)	0%	1,323,342	0.7%	-
2012	195,529,520	(930,967)	-0.5%	1,983,534	1.0%	-

### SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	64,378,965	(98,459)	-0.2%	(101,536)	-0.2%	-
2027	64,477,424	(96,615)	-0.1%	(36,639)	-0.1%	-
2026	64,574,039	(104,177)	-0.2%	253,618	0.4%	-
2025	64,678,216	(93,456)	-0.1%	(248,799)	-0.4%	-
2024	64,771,672	(118,284)	-0.2%	(412,372)	-0.6%	-
YTD	64,887,224	(2,732)	0%	(121,323)	-0.2%	-
2023	64,889,956	(183,864)	-0.3%	(428,086)	-0.7%	-
2022	65,073,820	(4,894)	0%	351,907	0.5%	-
2021	65,078,714	(7,461)	0%	681,038	1.0%	-
2020	65,086,175	(194,336)	-0.3%	318,580	0.5%	-
2019	65,280,511	(6,510)	0%	(656,729)	-1.0%	-
2018	65,287,021	389,099	0.6%	509,434	0.8%	0.8
2017	64,897,922	(206,720)	-0.3%	(192,695)	-0.3%	-
2016	65,104,642	196,376	0.3%	279,276	0.4%	0.7
2015	64,908,266	24,198	0%	1,187,199	1.8%	0
2014	64,884,068	220,651	0.3%	787,539	1.2%	0.3
2013	64,663,417	(95,707)	-0.1%	220,419	0.3%	-
2012	64,759,124	(614,164)	-0.9%	(482,322)	-0.7%	-

### LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	95,621,142	1,129,936	1.2%	1,042,760	1.1%	1.1
2027	94,491,206	1,151,771	1.2%	1,073,565	1.1%	1.1
2026	93,339,435	968,788	1.0%	1,407,217	1.5%	0.7
2025	92,370,647	468,092	0.5%	1,016,442	1.1%	0.5
2024	91,902,555	1,919,506	2.1%	953,147	1.0%	2.0
YTD	90,615,555	632,506	0.7%	(721,604)	-0.8%	-
2023	89,983,049	1,935,413	2.2%	(1,360,129)	-1.5%	-
2022	88,047,636	1,626,976	1.9%	1,470,936	1.7%	1.1
2021	86,420,660	4,280,432	5.2%	6,347,366	7.3%	0.7
2020	82,140,228	772,388	0.9%	1,025,341	1.2%	0.8
2019	81,367,840	906,817	1.1%	816,009	1.0%	1.1
2018	80,461,023	1,670,394	2.1%	260,879	0.3%	6.4
2017	78,790,629	131,531	0.2%	373,235	0.5%	0.4
2016	78,659,098	321,715	0.4%	329,233	0.4%	1.0
2015	78,337,383	6,338	0%	1,177,143	1.5%	0
2014	78,331,045	(177,208)	-0.2%	1,575,067	2.0%	-
2013	78,508,253	83,778	0.1%	577,242	0.7%	0.1
2012	78,424,475	(186,766)	-0.2%	1,135,991	1.4%	-

### FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	58,440,199	587,719	1.0%	486,752	0.8%	1.2
2027	57,852,480	599,369	1.0%	512,146	0.9%	1.2
2026	57,253,111	502,525	0.9%	692,939	1.2%	0.7
2025	56,750,586	872,092	1.6%	1,406,970	2.5%	0.6
2024	55,878,494	1,308,465	2.4%	(34,250)	-0.1%	-
YTD	54,570,029	0	0%	(283,781)	-0.5%	-
2023	54,570,029	855,536	1.6%	(1,281,534)	-2.3%	-
2022	53,714,493	210,095	0.4%	156,302	0.3%	1.3
2021	53,504,398	50,952	0.1%	1,269,755	2.4%	0
2020	53,453,446	79,652	0.1%	(336,800)	-0.6%	-
2019	53,373,794	659,707	1.3%	(173,270)	-0.3%	-
2018	52,714,087	216,703	0.4%	543,170	1.0%	0.4
2017	52,497,384	454,469	0.9%	1,138,508	2.2%	0.4
2016	52,042,915	238,932	0.5%	792,069	1.5%	0.3
2015	51,803,983	(107,310)	-0.2%	663,398	1.3%	-
2014	51,911,293	(358,848)	-0.7%	426,727	0.8%	-
2013	52,270,141	(75,780)	-0.1%	525,681	1.0%	-
2012	52,345,921	(130,037)	-0.2%	1,329,865	2.5%	-



### OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$27.75	232	4.5%	23.7%	13,361,526	6.1%	0%
2027	\$26.57	222	4.8%	18.4%	13,160,680	6.1%	0%
2026	\$25.35	212	5.9%	13.0%	13,076,201	6.1%	-0.5%
2025	\$23.94	200	4.8%	6.7%	14,042,348	6.6%	-0.5%
2024	\$22.84	191	1.8%	1.8%	14,954,156	7.0%	1.1%
YTD	\$22.47	188	4.0%	0.2%	14,090,456	6.7%	0.8%
2023	\$22.43	187	5.9%	0%	12,333,974	5.9%	2.7%
2022	\$21.19	177	10.8%	-5.5%	6,667,405	3.2%	-0.1%
2021	\$19.13	160	9.6%	-14.7%	6,814,373	3.3%	-2.1%
2020	\$17.45	146	6.2%	-22.2%	10,787,026	5.4%	-0.2%
2019	\$16.43	137	5.6%	-26.8%	11,138,249	5.6%	0.7%
2018	\$15.55	130	6.4%	-30.7%	9,564,245	4.8%	0.4%
2017	\$14.61	122	5.7%	-34.9%	8,596,532	4.4%	-0.5%
2016	\$13.82	115	6.5%	-38.4%	9,541,300	4.9%	-0.3%
2015	\$12.98	108	6.2%	-42.1%	10,174,364	5.2%	-1.6%
2014	\$12.22	102	5.3%	-45.5%	13,289,369	6.8%	-1.6%
2013	\$11.61	97	3.8%	-48.2%	16,394,107	8.4%	-0.7%
2012	\$11.19	93	2.0%	-50.1%	17,805,158	9.1%	-1.4%

### SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$24.09	235	4.8%	25.3%	1,859,219	2.9%	0%
2027	\$22.99	224	5.1%	19.7%	1,851,168	2.9%	-0.1%
2026	\$21.88	213	6.2%	13.9%	1,912,708	3.0%	-0.5%
2025	\$20.61	201	5.2%	7.2%	2,262,611	3.5%	0.3%
2024	\$19.59	191	2.0%	2.0%	2,100,616	3.2%	0.5%
YTD	\$19.24	187	4.8%	0.1%	1,920,504	3.0%	0.2%
2023	\$19.22	187	6.8%	0%	1,801,913	2.8%	0.4%
2022	\$17.99	175	10.5%	-6.4%	1,557,691	2.4%	-0.5%
2021	\$16.28	159	9.4%	-15.3%	1,914,492	2.9%	-1.1%
2020	\$14.89	145	6.0%	-22.5%	2,601,408	4.0%	-0.8%
2019	\$14.04	137	5.7%	-26.9%	3,116,130	4.8%	1.0%
2018	\$13.29	129	6.1%	-30.9%	2,465,911	3.8%	-0.2%
2017	\$12.52	122	5.9%	-34.8%	2,586,246	4.0%	0%
2016	\$11.82	115	6.6%	-38.5%	2,600,271	4.0%	-0.1%
2015	\$11.08	108	6.1%	-42.3%	2,683,171	4.1%	-1.8%
2014	\$10.44	102	4.8%	-45.7%	3,846,172	5.9%	-0.9%
2013	\$9.96	97	3.5%	-48.2%	4,413,060	6.8%	-0.5%
2012	\$9.63	94	1.6%	-49.9%	4,729,186	7.3%	-0.1%

### LOGISTICS RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$23.38	250	4.5%	24.6%	5,347,245	5.6%	0%
2027	\$22.36	239	4.9%	19.2%	5,255,897	5.6%	0%
2026	\$21.32	228	6.0%	13.6%	5,184,371	5.6%	-0.5%
2025	\$20.11	215	4.9%	7.2%	5,615,276	6.1%	-0.6%
2024	\$19.17	205	2.2%	2.2%	6,157,585	6.7%	0.9%
YTD	\$18.84	202	5.6%	0.4%	6,538,065	7.2%	1.5%
2023	\$18.76	201	7.8%	0%	5,183,955	5.8%	3.6%
2022	\$17.41	186	12.5%	-7.2%	1,888,413	2.1%	0.1%
2021	\$15.48	166	10.7%	-17.5%	1,732,373	2.0%	-2.6%
2020	\$13.98	150	7.3%	-25.5%	3,799,307	4.6%	-0.4%
2019	\$13.03	140	6.0%	-30.6%	4,052,260	5.0%	0.1%
2018	\$12.29	132	6.7%	-34.5%	3,961,452	4.9%	1.7%
2017	\$11.52	123	6.2%	-38.6%	2,551,937	3.2%	-0.3%
2016	\$10.85	116	7.4%	-42.2%	2,793,641	3.6%	0%
2015	\$10.10	108	6.4%	-46.2%	2,801,159	3.6%	-1.5%
2014	\$9.49	102	5.1%	-49.4%	3,971,964	5.1%	-2.2%
2013	\$9.02	97	3.9%	-51.9%	5,724,239	7.3%	-0.6%
2012	\$8.68	93	2.4%	-53.7%	6,217,703	7.9%	-1.7%

### FLEX RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$39.06	215	4.2%	21.7%	6,155,062	10.5%	0.1%
2027	\$37.50	206	4.5%	16.9%	6,053,615	10.5%	0%
2026	\$35.89	197	5.6%	11.9%	5,979,122	10.4%	-0.4%
2025	\$33.99	187	4.5%	5.9%	6,164,461	10.9%	-1.1%
2024	\$32.53	179	1.4%	1.4%	6,695,955	12.0%	2.2%
YTD	\$32.09	176	2.0%	0%	5,631,887	10.3%	0.5%
2023	\$32.09	176	3.5%	0%	5,348,106	9.8%	3.8%
2022	\$31.01	170	9.5%	-3.4%	3,221,301	6.0%	0.1%
2021	\$28.32	156	8.8%	-11.7%	3,167,508	5.9%	-2.3%
2020	\$26.02	143	5.4%	-18.9%	4,386,311	8.2%	0.8%
2019	\$24.69	136	5.2%	-23.1%	3,969,859	7.4%	1.5%
2018	\$23.46	129	6.4%	-26.9%	3,136,882	6.0%	-0.6%
2017	\$22.05	121	5.3%	-31.3%	3,458,349	6.6%	-1.4%
2016	\$20.95	115	5.6%	-34.7%	4,147,388	8.0%	-1.1%
2015	\$19.85	109	6.1%	-38.1%	4,690,034	9.1%	-1.5%
2014	\$18.71	103	5.7%	-41.7%	5,471,233	10.5%	-1.4%
2013	\$17.70	97	3.8%	-44.8%	6,256,808	12.0%	-1.1%
2012	\$17.06	94	1.8%	-46.8%	6,858,269	13.1%	-2.7%

### 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
2028	-	-	-	-	-	-	\$437.36	325	5.5%
2027	-	-	-	-	-	-	\$404.21	300	5.7%
2026	-	-	-	-	-	-	\$370.87	275	5.9%
2025	-	-	-	-	-	-	\$335.48	249	6.1%
2024	-	-	-	-	-	-	\$320.11	238	6.1%
YTD	75	\$505.1M	0.6%	\$7,539,521	\$392.27	6.1%	\$330.97	246	5.9%
2023	269	\$1.6B	2.9%	\$6,809,832	\$303.35	5.1%	\$328.72	244	5.9%
2022	412	\$3.8B	5.2%	\$10,444,463	\$383.67	4.9%	\$327.92	243	5.3%
2021	555	\$4.2B	7.6%	\$8,431,178	\$295.87	5.4%	\$310.64	230	5.0%
2020	355	\$1.8B	4.0%	\$5,291,222	\$222.38	5.8%	\$250.41	186	5.6%
2019	529	\$2B	5.1%	\$5,552,060	\$225.44	6.0%	\$218.69	162	5.9%
2018	528	\$2B	6.2%	\$5,058,898	\$177.95	6.0%	\$206.92	154	5.9%
2017	519	\$1.8B	5.7%	\$4,669,852	\$178.31	6.2%	\$190.25	141	5.9%
2016	548	\$1.7B	6.2%	\$3,856,008	\$178.05	6.4%	\$185.39	138	5.7%
2015	630	\$1.6B	7.5%	\$3,333,845	\$131.84	6.8%	\$172.99	128	5.7%
2014	430	\$1.3B	5.2%	\$3,677,170	\$139.02	7.0%	\$153.62	114	6.1%
2013	399	\$820.3M	3.8%	\$2,523,909	\$119.45	7.4%	\$141.50	105	6.3%

(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
2028	-	-	-	-	-	-	\$406.47	340	5.5%
2027	-	-	-	-	-	-	\$374.70	313	5.7%
2026	-	-	-	-	-	-	\$342.90	286	5.9%
2025	-	-	-	-	-	-	\$309.41	259	6.1%
2024	-	-	-	-	-	-	\$294.49	246	6.1%
YTD	18	\$63.5M	0.4%	\$3,528,634	\$258.17	5.7%	\$304.02	254	5.9%
2023	69	\$275.7M	1.6%	\$4,519,581	\$295.75	4.6%	\$302.34	253	5.9%
2022	128	\$644.8M	4.1%	\$5,328,938	\$245.73	4.6%	\$302.31	253	5.3%
2021	167	\$784.4M	6.1%	\$5,485,132	\$221.73	5.6%	\$284.97	238	5.0%
2020	118	\$429.2M	3.5%	\$3,831,743	\$189.37	5.8%	\$228.14	191	5.6%
2019	200	\$414.2M	4.5%	\$3,287,290	\$181.22	5.6%	\$198.56	166	5.9%
2018	179	\$469.4M	5.6%	\$3,638,432	\$144.03	6.0%	\$185.16	155	6.0%
2017	176	\$295.7M	3.5%	\$2,593,478	\$159.51	6.3%	\$170.85	143	6.0%
2016	183	\$322.1M	3.9%	\$2,077,803	\$138.72	5.9%	\$166.30	139	5.8%
2015	213	\$344M	5.7%	\$2,308,477	\$113.34	6.5%	\$154.41	129	5.8%
2014	152	\$337.3M	5.0%	\$2,720,386	\$110.11	6.9%	\$137.24	115	6.2%
2013	141	\$160.6M	2.7%	\$1,574,095	\$103.76	7.9%	\$125.47	105	6.4%

(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
2028	-	-	-	-	-	-	\$395.91	334	5.5%
2027	-	-	-	-	-	-	\$365.56	308	5.6%
2026	-	-	-	-	-	-	\$335.08	283	5.8%
2025	-	-	-	-	-	-	\$302.80	255	6.0%
2024	-	-	-	-	-	-	\$288.73	244	6.0%
YTD	33	\$173.1M	0.7%	\$5,770,445	\$273.67	5.9%	\$298.48	252	5.8%
2023	107	\$680.9M	3.3%	\$6,809,123	\$264.67	6.1%	\$296.32	250	5.8%
2022	141	\$1.2B	4.3%	\$9,294,005	\$326.74	5.1%	\$296.62	250	5.3%
2021	213	\$1.4B	7.9%	\$7,439,507	\$238.30	4.9%	\$279.84	236	5.0%
2020	124	\$582.8M	4.0%	\$4,777,110	\$176.61	5.3%	\$224.28	189	5.5%
2019	191	\$588.7M	4.7%	\$4,709,688	\$171.22	5.8%	\$195.10	165	5.9%
2018	206	\$634M	6.2%	\$4,496,186	\$143.95	5.7%	\$183.22	155	5.9%
2017	191	\$473.9M	5.3%	\$3,385,247	\$124.40	5.2%	\$168.70	142	5.9%
2016	184	\$399.8M	4.5%	\$2,683,067	\$132.30	6.1%	\$164.07	138	5.7%
2015	247	\$539.2M	8.1%	\$2,852,928	\$115.29	6.7%	\$152.40	129	5.7%
2014	146	\$311.6M	3.6%	\$2,618,849	\$118.23	6.5%	\$134.41	113	6.1%
2013	158	\$344.4M	4.5%	\$2,513,537	\$101.68	7.5%	\$123.86	104	6.3%

(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
2028	-	-	-	-	-	-	\$540.14	303	5.6%
2027	-	-	-	-	-	-	\$500.87	281	5.8%
2026	-	-	-	-	-	-	\$461.11	258	6.0%
2025	-	-	-	-	-	-	\$418.50	235	6.2%
2024	-	-	-	-	-	-	\$400.51	224	6.2%
YTD	24	\$268.5M	0.8%	\$14,132,585	\$656.25	6.6%	\$414.69	232	6.0%
2023	93	\$602.8M	3.7%	\$8,865,363	\$368.51	4.5%	\$411.63	231	5.9%
2022	143	\$2B	7.9%	\$16,801,011	\$532.82	5.3%	\$408.16	229	5.5%
2021	175	\$2B	8.9%	\$12,150,382	\$425.57	5.7%	\$390.14	219	5.1%
2020	113	\$771.2M	4.7%	\$7,487,178	\$314.50	6.4%	\$318.39	178	5.6%
2019	138	\$973.6M	6.2%	\$9,272,609	\$319.91	6.5%	\$280.12	157	6.0%
2018	143	\$849.4M	7.1%	\$7,322,541	\$256.59	6.2%	\$270.36	152	5.9%
2017	152	\$1.1B	9.0%	\$7,666,624	\$230.20	6.7%	\$247.51	139	5.9%
2016	181	\$982.5M	11.7%	\$7,119,704	\$232.33	6.9%	\$241.92	136	5.7%
2015	170	\$697.1M	9.0%	\$5,125,558	\$163.06	6.9%	\$227.74	128	5.7%
2014	132	\$693.2M	8.0%	\$5,681,937	\$175.25	7.5%	\$203.62	114	6.1%
2013	100	\$315.4M	4.1%	\$3,666,955	\$163.17	6.7%	\$188.55	106	6.3%

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