

Q2 2023 ***END QTR***

INDUSTRIAL REPORT

SAN DIEGO MARKET



**PACIFIC COAST
COMMERCIAL**
SALES - MANAGEMENT - LEASING



TCN
WORLDWIDE
REAL ESTATE SERVICES

INDUSTRIAL MARKET REPORT

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12 Mo Deliveries in SF

2.9M

12 Mo Net Absorption in SF

(854K)

Vacancy Rate

4.4%

12 Mo Rent Growth

8.7%

Leasing activity has moderated over the past several quarters. Many larger space users have become more cautious amid economic concerns and are reportedly trying to renew instead of actively seeking new space. Local brokers have noted that those spaces are seeing notably fewer tours than they had over the past few years. Those deals are taking longer to close than they had in 2022, which could spell further moderation in new leasing activity throughout 2023.

Conversely, small-bay occupiers have shown less caution, and demand for buildings under 50,000 SF has remained largely unchanged. The median time for space to lease in those properties has fallen to a record low in 2023. There has been a consensus among local participants that the industrial market has returned to more normative levels following the record-high leasing and rent growth over the past few years.

Vacancy has been on the rise in 2023 with demand declining during the first quarter. It was the largest drop in quarterly absorption in more than five years, driven in part by new vacant sublet availabilities. However, the vacancy rate, which is still almost 50% below the long-term average in San Diego, and the availability rate are both low from a historical perspective.

Given the difficulty in building in the region, San Diego has generally not been weighed down by excessive speculative development that might otherwise create a supply-demand imbalance. There is about 1.6 million SF available in the industrial pipeline. The majority of space under construction is near the port of entry in Otay Mesa.

There is roughly 1.2 million SF available within one mile of the port of entry, which accounts for 80% of the logistics pipeline within the submarket. However, given recent demand patterns in Otay Mesa, buildings are often leased within a short window of delivery.

Developers are also building several lab projects in North County. Of that 1.1 million SF in flex buildings under development, roughly 80% is available for lease.

Annual rent growth remains firmly ahead of the long-term average and the rate of inflation during the second quarter, and, at 8.7%, it compares to the U.S. average of 9.1%. However, rents have begun moderating on a quarterly basis since 22Q4. While rent growth is anticipated to moderate further in 2023 – with landlords beginning to offer more concessions – it is anticipated to remain comfortably above the long-term average.

Investors have reacted to economic uncertainty and rising interest rates with a notable downshift in activity since mid-2022.

Cap rates on institutional deals are edging upward, and pricing has started to become more responsive to conditions. Several deals that have closed since the end of last year in Otay Mesa sold at among the lower price points that have been seen there in recent years. That includes the Sunroad Corporate Center which sold for \$210/SF at the beginning of 2023. That was roughly a 20% discount compared to the average price paid per SF in 2022.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	87,783,024	3.5%	\$1.51	7.5%	(306,978)	402,405	2,633,090
Specialized Industrial	65,004,471	2.5%	\$1.55	4.5%	(71,124)	0	44,278
Flex	53,724,145	8.0%	\$2.70	12.7%	(199,097)	239,187	1,205,693
Market	206,511,640	4.4%	\$1.83	7.9%	(577,199)	641,592	3,883,061

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.5%	7.0%	4.7%	11.2%	2010 Q1	2.8%	2022 Q2
Net Absorption SF	(854K)	1,759,447	880,752	8,523,057	2022 Q1	(4,556,403)	2009 Q3
Deliveries SF	2.9M	2,063,591	2,021,805	6,650,845	2000 Q2	75,015	2011 Q2
Rent Growth	8.7%	4.2%	4.6%	12.5%	2022 Q3	-5.6%	2009 Q4
Sales Volume	\$2.8B	\$1.5B	N/A	\$5.1B	2022 Q3	\$348.9M	2009 Q3

San Diego is firmly established as one of the top life sciences markets in the country, with the heaviest concentration of those firms in the UC San Diego area and Sorrento Mesa. These firms, along with defense contractors that are spread along the I-805 and I-15 freeways, and logistics users have supported stability in the industrial market. Supply pressure, consequently, is not readily apparent.

The beginning of 2023 saw the largest dip in quarterly negative net absorption in more than five years after several firms from Panasonic to Dexcom added space to the sublet market and vacated their buildings. Sublet space coming to market accounted for half of the negative absorption during 23Q1. The vacancy rate of 4.4% has shifted by 1.5% year over year after -850,000 SF was absorbed in the past 12 months. That compares to the three-year average of 3.2 million SF. That is coming off a vacancy trough of 2.8% in the first half of 2022.

The availability rate is trending at 7.9%, totaling 16.7 million SF. With new supply entering the pipeline since mid-2022 coupled with space returning to landlords, the amount of available space has ticked up to its highest level since mid-2021. That has come as the median time on the market for available space is trending near three months, which is about half of the length of time in the years prior to 2020. Availability has been trending up in every size cohort. The largest buildings, those over 250,000 SF, have the lowest availability rate, followed by the smallest buildings, or those under 50,000 SF. The rate is highest in buildings between 100,000 to 250,000 SF.

One other metric worth monitoring is available sublet space. There is roughly 3.1 million SF available during the second quarter. It is trending at its highest level in more than 10 years, which has also added pressure to the availability rate.

Amazon has added four facilities and roughly 400,000 SF to the sublet market since the second half of last year. The most recent addition was roughly 120,000 SF

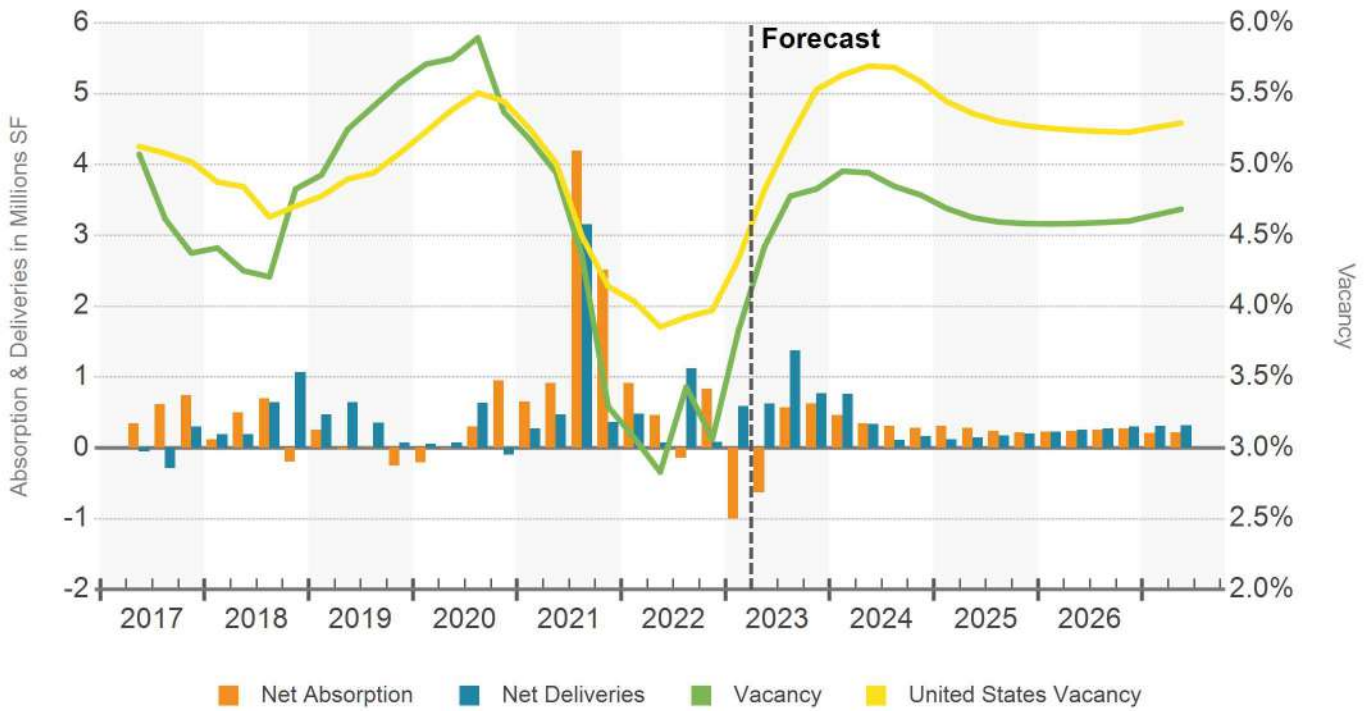
in Kearny Mesa. Others, like Panasonic, added nearly half of its logistics facility, 170,000 SF, at The Campus in Otay Mesa on the sublet market at the beginning of 2023.

More than half of the available sublet space is with flex 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. Dexcom also added its 92,000-SF space at Pacific Corporate Center in Sorrento Mesa up for sublease with a term until 2028 and vacated the building in 2023. Overall biotech demand has moderated since the middle of 2022, which has coincided with a 50% year-over-year drop in venture capital funding in San Diego. Many deals have been put on hold in recent quarters as a result due to the majority of newer and growing firms operating in a pre-revenue environment, according to local brokers.

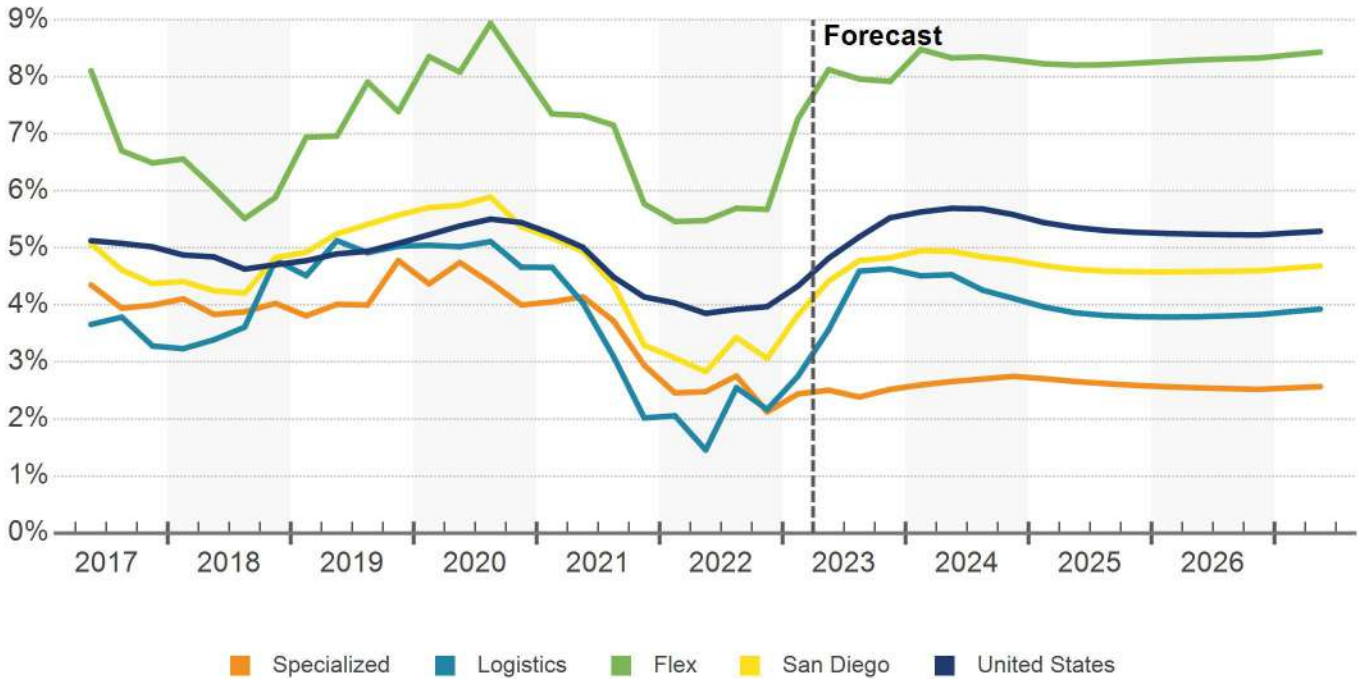
A slew of firms have signed significant expansions near the border in Otay Mesa for logistics space. RL Jones Customhouse Brokers pre-leased 240,000 SF at the newest phase of Landmark at Otay at the beginning of 2023. Suarez Brokerage more than doubled its footprint in the submarket when the firm leased 124,000 SF at the Viva Logistics Center near the end of 2022. Mad Engine leased 200,000 SF in mid-2022, and Home Depot leased 125,000 SF at the newly built Brown Field Technology Park. That doubled the space it occupied in the submarket. Amazon has also opened four facilities in Otay Mesa totaling nearly 4.5 million SF since 2021. That diversity of firms speaks to the demand that has spread across multiple industries for space in the submarket, and brokers' biggest concern is the dwindling supply there.

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.

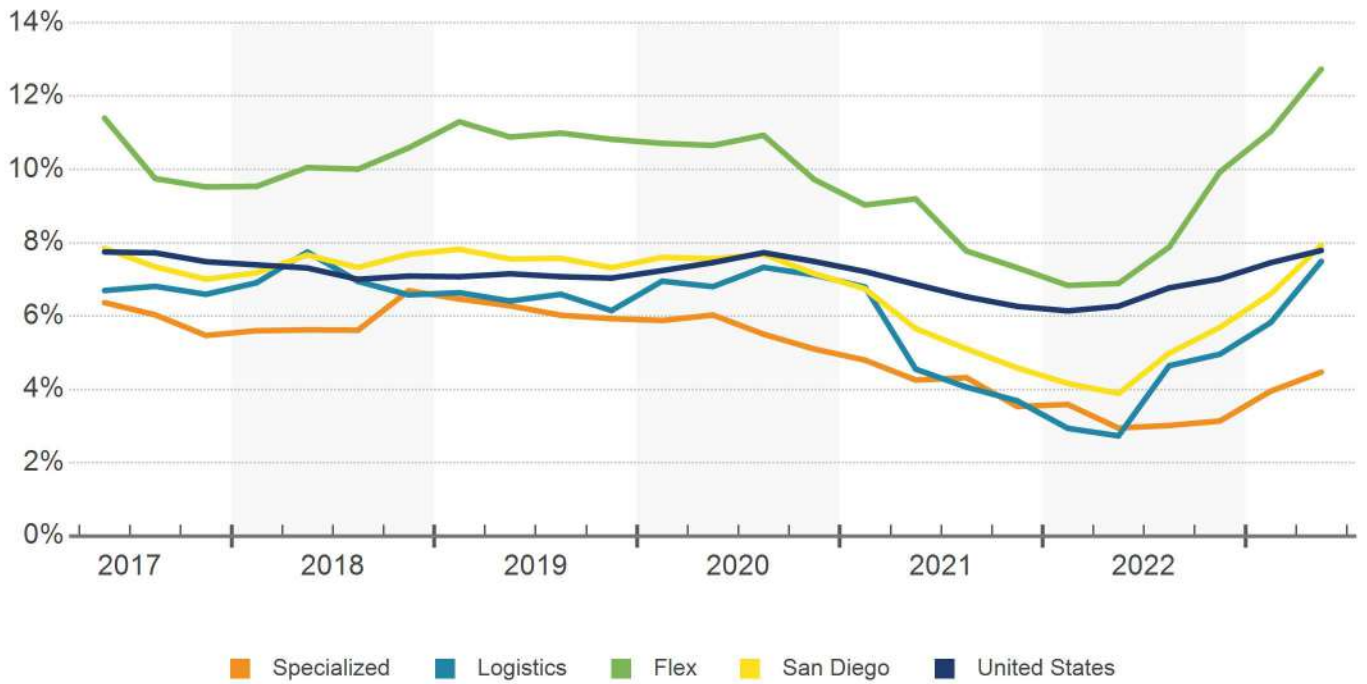
NET ABSORPTION, NET DELIVERIES & VACANCY



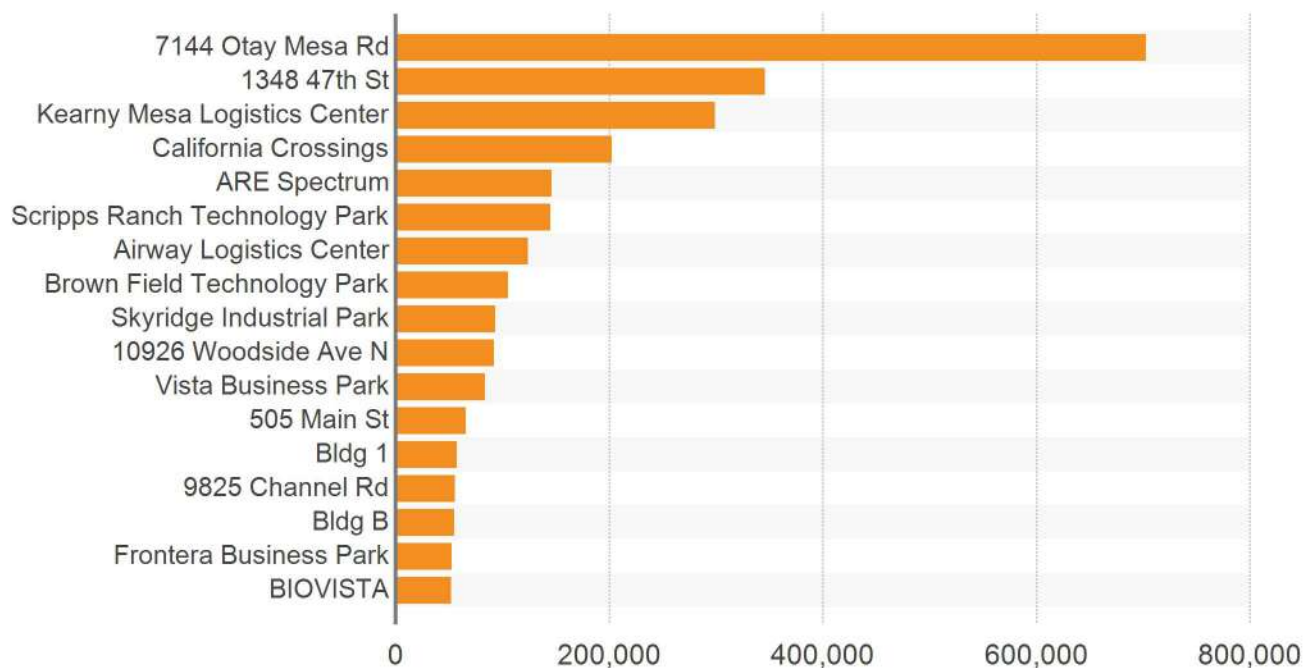
VACANCY RATE



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
7144 Otay Mesa Rd	Otay Mesa Ind	702,535	0	0	0	0	0	702,535
1348 47th St	East City Ind	346,128	0	346,128	0	0	0	346,128
Kearny Mesa Logistics Center	Kearny Mesa Ind	299,381	0	0	0	0	0	299,381
California Crossings	Otay Mesa Ind	202,408	0	0	202,408	0	0	202,408
ARE Spectrum	Torrey Pines Ind	146,368	0	0	0	0	0	146,368
Scripps Ranch Technology 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	123,748
Brown Field Technology Park	Otay Mesa Ind	105,457	0	0	0	0	0	105,457
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	175,367	0	0	0	0	0	83,722
505 Main St	Chula Vista Ind	79,611	14,000	74,611	(9,000)	0	0	65,611
Bldg 1	Otay Mesa Ind	57,629	0	31,717	0	0	0	57,629
9825 Channel Rd	Santee Ind	55,557	0	0	0	0	0	55,557
Bldg B	La Mesa/Spring Vall...	55,250	0	0	0	0	0	55,250
Frontera Business Park	Otay Mesa Ind	102,923	0	0	0	0	0	52,610
BIOVISTA	Sorrento Mesa Ind	154,815	49,930	13,956	50,831	0	0	52,217
Subtotal Primary Competitors		3,063,648	189,816	773,591	389,239	0	0	2,679,206
Remaining San Diego Market		203,452,933	8,881,311	(1,775,217)	(966,438)	0	0	(3,533,643)
Total San Diego Market		206,516,581	9,071,127	(1,001,626)	(577,199)	0	0	(854,437)

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
0 Rancho Del Oro Dr	Oceanside	217,000	Q4 22	Ionis Pharmaceuticals, Inc.	-	CBRE
5959 Santa Fe St *	PB/Rose Canyon/Morena	127,000	Q4 22	Anheuser-Busch Sales of...	-	CBRE
8409 Kerns St	Otay Mesa	124,000	Q3 22	Suarez Brokerage Company	JLL	JLL
7255 Otay Mesa Rd	Otay Mesa	105,457	Q4 22	PCI Pharma Services, Inc.	-	Cushman & Wakefield
7828 Waterville Rd	Otay Mesa	100,000	Q4 22	Honeywell	-	CBRE
2020 Piper Ranch Rd *	Otay Mesa	99,840	Q3 22	Atlas Freight Forwarding	Colliers	CBRE;Cushman & Wa...
1445 Engineer St	Vista	93,662	Q4 22	PIRCH	Lee & Associates	Cushman & Wakefield
10926 Woodside Ave N	Santee	91,923	Q4 22	Central Admixture Pharm...	-	Cushman & Wakefield
3055 Enterprise Ct	Vista	86,465	Q3 22	ShipLab LLC	JLL	CBRE
2858 Loker Ave E	Carlsbad	85,556	Q3 22	Abzena	CBRE	Cushman & Wakefield
505 Main St	Chula Vista	79,611	Q1 23	ReadySpaces	Colliers	Cushman & Wakefield
1650 47th St	East City	76,822	Q1 23	Fedex Ship Center	-	-
3266 Lionshead Ave	Carlsbad	76,000	Q2 23	-	-	KBC Advisors;Lee & As...
10111 Riverford Rd *	Santee	72,783	Q3 22	Southland Envelope Co Inc	-	-
4370 Jutland Dr	PB/Rose Canyon/Morena	72,716	Q2 23	TopBuild	-	Kidder Mathews
2025 Gillespie Way *	El Cajon	71,865	Q1 23	Bekins Moving Solutions	-	-
13950 Stowe Dr *	Poway	71,671	Q4 22	General Atomics	-	Cushman & Wakefield
2055 Sanyo Ave	Otay Mesa	67,500	Q3 22	BAE Systems	Colliers	JLL
970 Park Center Dr *	Vista	59,566	Q4 22	Apem Inc	-	-
1002-1008 Industrial Blvd	Chula Vista	56,665	Q4 22	Huntington Ingalls Industries	JLL	Voit Real Estate Services
10605 Jamacha Blvd	La Mesa/Spring Valley	55,250	Q3 22	HASA, Inc.	-	Inland Pacific
2055 Sanyo Ave	Otay Mesa	54,500	Q2 23	Intelligent Blend	Compass	JLL
1210 Air Wing Rd	Otay Mesa	54,404	Q2 23	Chipman Relocations	CBRE	Cushman & Wakefield
10605 Jamacha Blvd	La Mesa/Spring Valley	49,586	Q3 22	HASA Inc	-	Inland Pacific
5950 Nancy Ridge Dr *	Mira Mesa/Miramar	46,800	Q1 23	ACCO Engineered Syste...	-	-
8500 Kerns St	Otay Mesa	45,934	Q4 22	Suarez Brokerage Compa...	JLL	JLL
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
2057 Aldergrove Ave *	Escondido	42,333	Q3 22	Transportation Power, Inc.	CBRE	Lee & Associates
7615 Siempre Viva Rd	Otay Mesa	41,500	Q1 23	HK Trans LLC	CBRE	Colliers
2811 La Mirada Dr	Vista	41,472	Q3 22	Leidos	JLL	Lee & Associates
649 Benet Rd	Oceanside	39,140	Q4 22	La Cabana Food Distributi...	Colliers	Colliers
3275 Corporate View *	Vista	38,808	Q3 22	Orbot	-	Cushman & Wakefield;...
2780 Via Orange Way	La Mesa/Spring Valley	38,300	Q4 22	Frontier Water Systems	-	Marcus & Millichap
3817 Ocean Ranch Blvd	Oceanside	38,115	Q4 22	Orange Circle Studio Cor...	CBRE	Cushman & Wakefield
3636 Gateway Center Ave	Southeast San Diego	34,860	Q4 22	Técnico Corporation	Colliers	Retail Insite
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

*Renewal

Year-over-year rent growth of 8.7% as of the second quarter is coming off a peak of 12.5% at the end of 22Q3. It took one quarter later than the national trend for signs of moderation in quarterly rent growth, which took hold in 22Q4. While positive, rent growth moderated even further during 23Q1 compared to the end of last year.

Tenants for industrial space are beginning to receive TI allowances again and some concessions, particularly for larger buildings. Institutional owners are beginning to prioritize occupancy over holding out for higher rents, allowing large tenants to increasingly secure a few months free rent on new leases. Conversely, small-bay owners are still locking in 4% escalations, similar to what larger tenants are receiving, but free rent is still minimal. Those tenants might receive one month free on a five-year term. For instance, Modular Medical signed a four-year 24,000-SF lease in Rancho Bernardo at the beginning of 2023 with 4% escalations and no free rent.

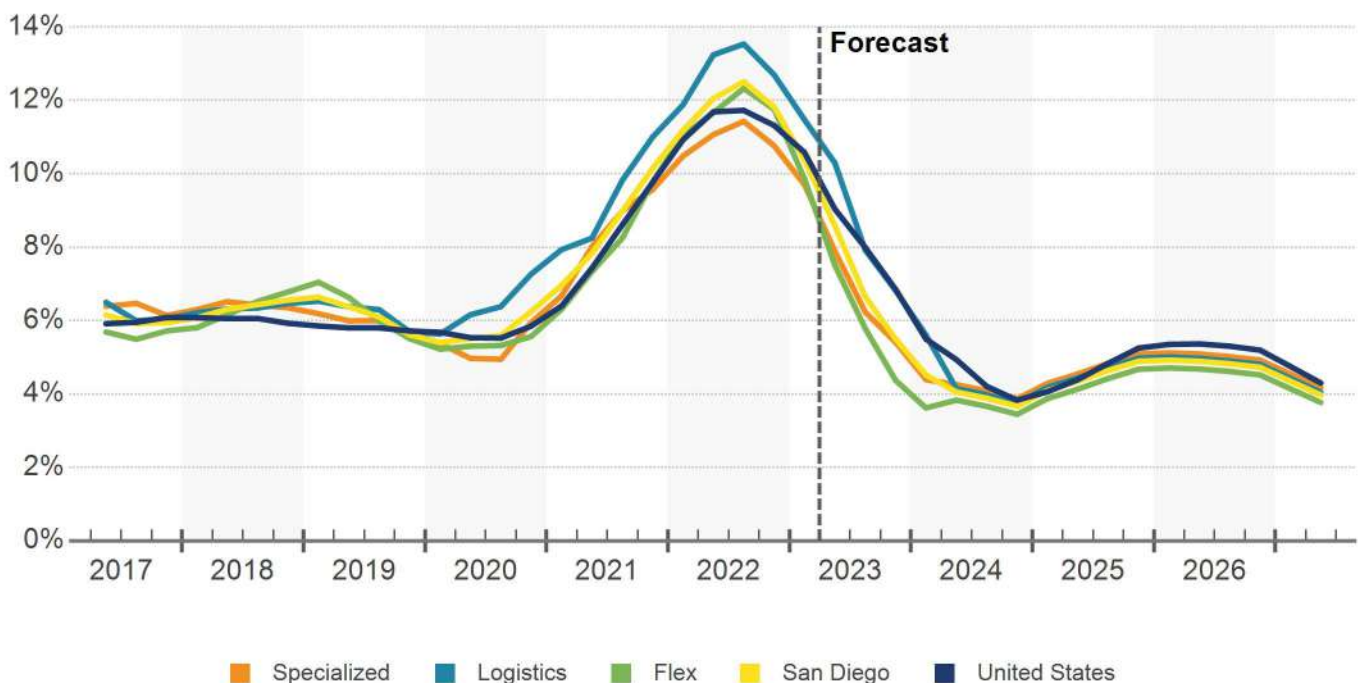
Tenants coming out of five-year leases are facing a newer, challenging leasing environment with rents that have risen upwards of 50% for similar space in many cases. For these tenants that have become much more price-conscious as interest rates have risen, they're turning more toward renewals.

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 close to \$12/SF. Starting rates at the new Landmark at Otay, which opened in 2022, were \$10/SF NNN. HK Trans LLC has branched out to Otay Mesa from South Gate with a 42,500-SF lease signed during 23Q1. 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. RL Customhouse's 240,000-SF lease at the under-construction Landmark at Otay during 23Q1 has a starting rent of \$14.40/SF NNN for an 87-month term.

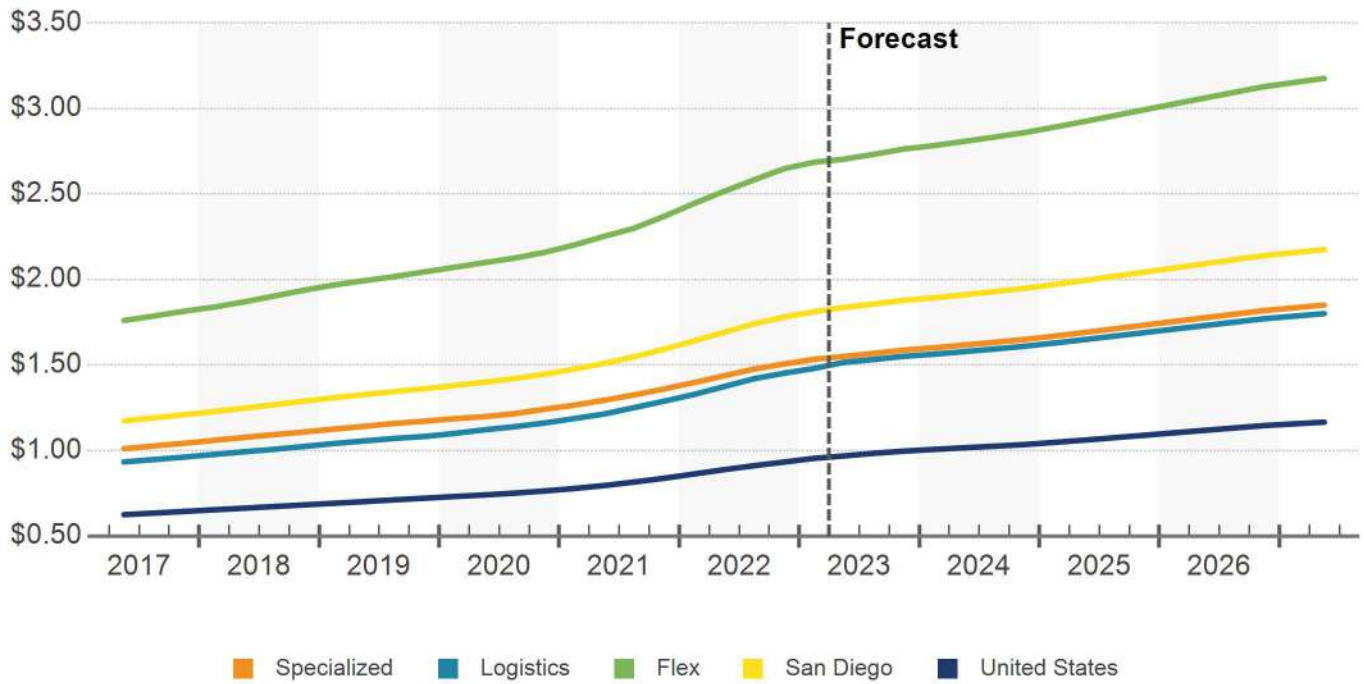
Tenants can expect to receive discounted upfront rent, free rent and high tenant improvement allowances for lab space. TI allowances for lab space typically approach, and exceed, \$200/SF for first-generation space.

Crinetics Pharmaceuticals' new 94,000-SF lease in Sorrento Mesa at the end of 2022 had a starting rate of almost \$68/SF gross. The asking rate for the 50,000-SF space leased by aTyr Pharma in Sorrento Valley in 2022 was above \$70/SF NNN. The 12-year, 200,000-SF deal that Singular Genomics signed at One Alexandria Square in Torrey Pines in 2022 has an effective rate of about \$80/SF FSG. The firm received seven months of free rent upfront and nearly \$300/SF in TIs for the first-generation space. Annual escalations are 3%.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



Few areas of San Diego offer the development opportunities Otay Mesa does, however much of the land remains unentitled. Given higher lending costs and the construction industry labor shortage, it could take time for more inventory to begin going vertical.

Raw land in South County typically sells for around \$10/SF, while partially-improved and finished pads approach \$15/SF. Those costs are about 50% lower compared with North County. Central County has reportedly run out of available industrial parcels. Otay Mesa in South County is where planners have zoned for upwards of 10,000 housing units near the industrial campuses so that workers can be close to their jobs. Investors have commented that land prices have softened more quickly than improved sites due to high interest rates.

Logistics firms in Otay Mesa can take advantage of the busiest land port of entry from Mexico in California. There are also eight international railroad crossings for freight shipments. The USMCA free trade agreement that replaced NAFTA provides tax benefits to American and Canadian companies that outsource manufacturing and production to Mexico in place of Asian nations. Caltrans has also 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. Additionally, the San Diego Association of Governments is hoping to complete construction on the second port of entry in the eastern part of the submarket next year. Occupiers north of the border can also take advantage of labor from the Mexican side of the border to fill logistics positions.

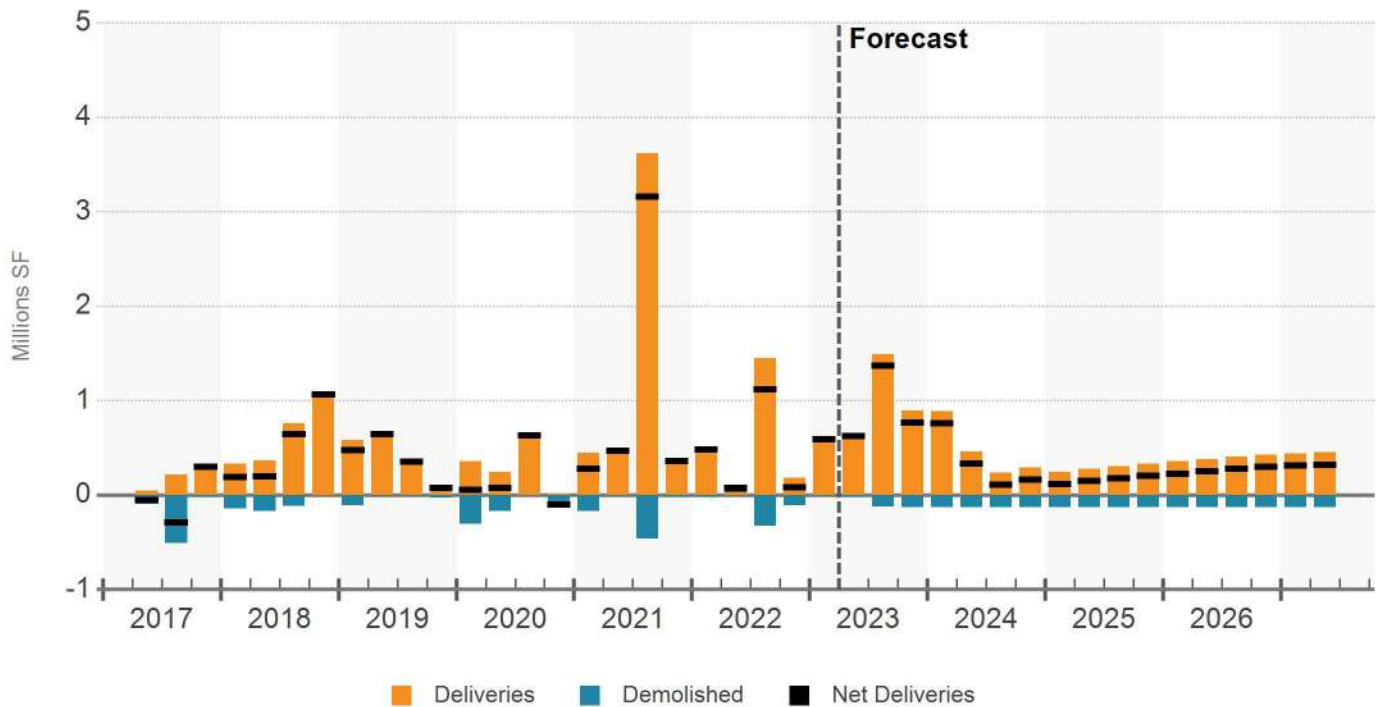
Nearly every spec building that has delivered near the port since 2019, nearly 3 million SF, has been leased. For example, one of the two buildings at California Crossings, a 200,000-SF facility, pre-leased to Amazon ahead of its 2023 delivery. Other recent commitments for new inventory include Home 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 is expected to open in 2023.

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.

But builders are not only focusing on logistics space. San Diego is one of the primary life sciences nodes in the U.S. and firms such as Alexandria Real Estate Equities have been actively adding new space.

Alexandria has a redevelopment at ARE Sunrise in Torrey Pines called One Alexandria Square that is expected to begin in the coming quarters after demolition work is complete. The redevelopment received its first commitment in 22Q1, more than 200,000 SF from Singular Genomics. The deal will more than double the footprint that Singular Genomics currently occupies in the submarket. A third building was pre-leased to Boundless Bio for a significant expansion within the submarket. It is scheduled to begin delivering by the end of 2024.

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	Otay Mesa	17	1,608	256	15.9%	5	61,622	94,587	6
2	Sorrento Mesa	4	577	39	6.7%	6	45,974	144,205	4
3	Chula Vista	5	406	0	0%	7	25,030	81,293	8
4	El Cajon	1	381	0	0%	7	18,927	381,240	1
5	Torrey Pines	3	279	93	33.2%	4	79,459	92,957	7
6	Carlsbad	1	249	249	100%	1	32,330	249,015	2
7	UTC	1	161	0	0%	7	96,198	161,000	3
8	Scripps Ranch	1	103	78	76.1%	3	28,704	103,000	5
9	Sports Arena/Airport	1	33	33	100%	1	17,371	32,661	9
10	Central San Diego	0	-	-	-	-	17,363	-	-
	All Other	0	-	-	-	-	19,381	-	-
Totals		34	3,797	747	19.7%		23,476	111,678	

Under Construction Properties

San Diego Industrial

Properties

Square Feet

Percent of Inventory

Released

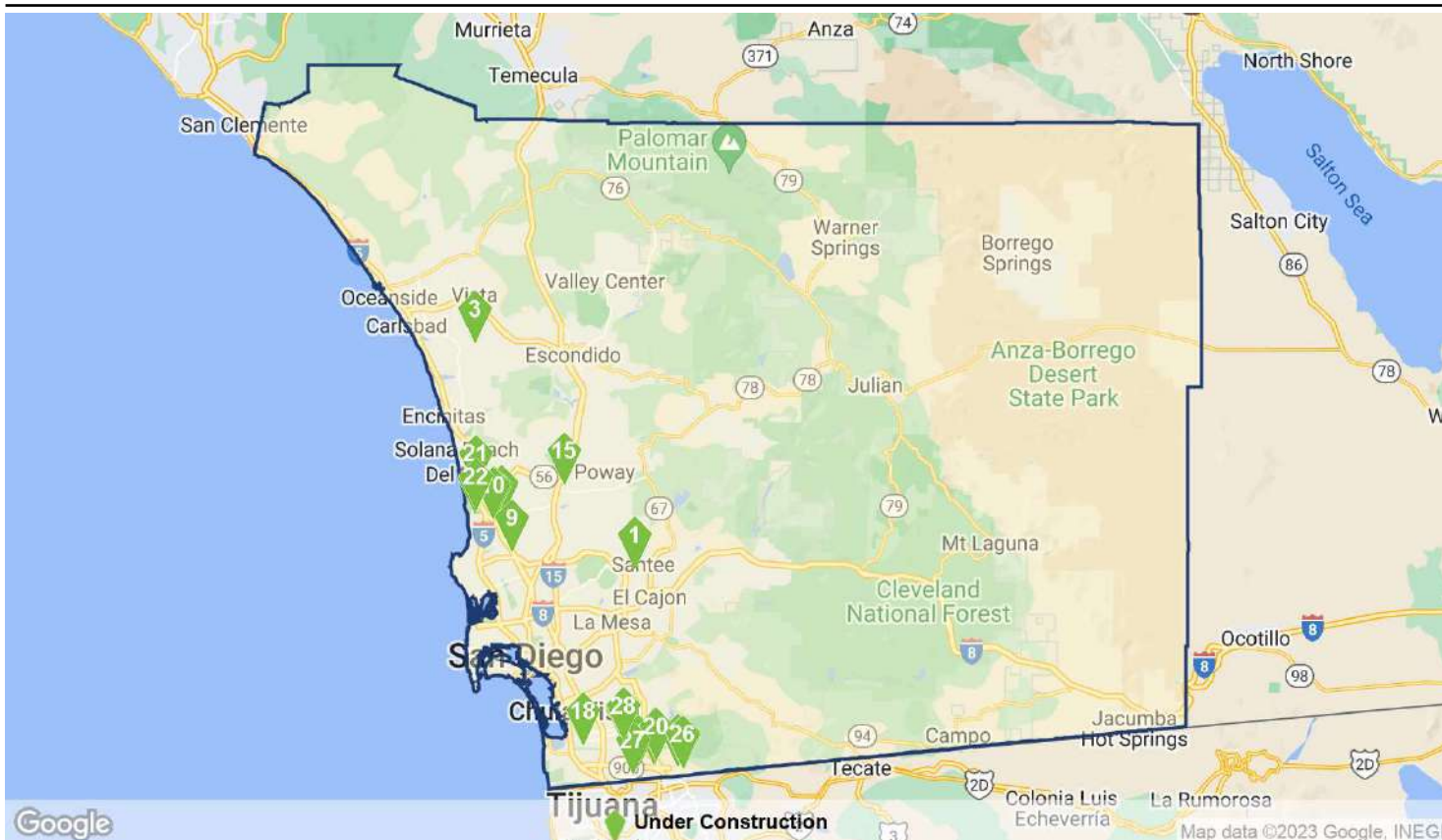
35

3,883,061

2.5%

19.5%

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 Building C 10075 Barnes Canyon Rd	★ ★ ★ ★ ★	254,771	5	Sep 2022	Feb 2024	Alexandria Real Estate Equities, I... Alexandria Real Estate Equities, I...
3 Lots 1-4 Lionshead Ave	★ ★ ★ ★ ★	249,015	1	Nov 2022	Nov 2023	- Hines
4 3 1610 Landmark Rd	★ ★ ★ ★ ★	240,975	1	Sep 2022	Jul 2023	Majestic Realty Co. Majestic Realty Co.
5 4 1910 Landmark Rd	★ ★ ★ ★ ★	235,085	1	Sep 2022	Aug 2023	Majestic Realty Co. Sunroad Holding Corporation
6 OBX- Building 4 7820 Paseo De La Fuente	★ ★ ★ ★ ★	205,500	1	Jun 2023	Dec 2023	- Kearny Real Estate Company
7 8841 Sage Way	★ ★ ★ ★ ★	183,695	1	Sep 2022	Jul 2023	Phelan Development Company -

Under Construction Properties

San Diego Industrial

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 Sorrento Gateway – Lot 2 4930 Directors Pl	★ ★ ★ ★ ★	166,543	5	Feb 2022	Jul 2023	Kilroy Realty Corporation Healthpeak Properties, Inc.
9 6220 Greenwich Dr	★ ★ ★ ★ ★	161,000	2	Oct 2022	Jan 2024	-
10 Vista Sorrento Labs 10251 Vista Sorrento Pky	★ ★ ★ ★ ★	117,000	4	May 2023	Feb 2024	- Trammell Crow Company
11 Bldg A 3020 Callan Rd	★ ★ ★ ★ ★	113,700	3	Jul 2022	Dec 2023	- Healthpeak Properties, Inc.
12 Lot 16 7310 Otay Crossing Ct	★ ★ ★ ★ ★	110,825	1	Jan 2023	Nov 2023	TFW Construction, Inc. Phelan Development Company
13 Lot 10 & 11 Faivre st	★ ★ ★ ★ ★	108,200	1	May 2023	Feb 2024	TFW Construction, Inc. Sudberry Properties, Inc.
14 BLDG A 3330 Heritage Rd	★ ★ ★ ★ ★	104,900	1	Jul 2022	Jul 2023	Rockefeller Group Rockefeller Group
15 GENESIS – Summit 10636 Scripps Summit Ct	★ ★ ★ ★ ★	103,000	2	Aug 2022	Jul 2023	-
16 Building 1 7498 Colchester Ct	★ ★ ★ ★ ★	102,099	2	Nov 2022	Aug 2023	- Murphy Development Company
17 Building 2 7222 Airway Rd	★ ★ ★ ★ ★	101,145	2	Dec 2022	Sep 2023	- Murphy Development Company
18 Lot 12 Faivre St	★ ★ ★ ★ ★	97,066	1	Feb 2023	Feb 2024	TFW Construction, Inc. Sudberry Properties, Inc.
19 Building 4 10933 N Torrey Pines Rd	★ ★ ★ ★ ★	92,572	2	Apr 2023	Dec 2024	- Alexandria Real Estate Equities, I...
20 8830 Cypress Ct	★ ★ ★ ★ ★	92,030	1	Sep 2022	Jul 2023	Phelan Development Company -
21 Genesis Del Mar 12250 El Camino Real Dr	★ ★ ★ ★ ★	86,000	3	Sep 2022	Jul 2024	- Phase 3 Real Estate Partners, Inc.
22 Bldg B 3030 Callan Rd	★ ★ ★ ★ ★	72,600	3	Mar 2022	Dec 2023	- Healthpeak Properties, Inc.
23 BLDG B 3360 Heritage Rd	★ ★ ★ ★ ★	55,700	1	Jul 2022	Jul 2023	Rockefeller Group Rockefeller Group
24 OBX - Building 1 7727 Paseo De La Fuente	★ ★ ★ ★ ★	52,500	1	Jun 2023	Feb 2024	- Kearny Real Estate Company
25 OBX - Building 3 7823 Paseo De La Fuente	★ ★ ★ ★ ★	50,100	1	Jun 2023	Mar 2024	- Kearny Real Estate Company
26 OBX - Building 2 7811 Paseo De La Fuente	★ ★ ★ ★ ★	45,700	1	Jun 2023	Dec 2023	- Kearny Real Estate Company
27 2548 Cactus Rd	★ ★ ★ ★ ★	44,278	1	Mar 2023	Feb 2024	Hamann Companies -
28 BLDG C 3390 Heritage Rd	★ ★ ★ ★ ★	40,600	1	Jul 2022	Jul 2023	Rockefeller Group Rockefeller Group

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, and activity is more in line with 2020 during the height of the pandemic than with the turbo-charged environment of 2021. Pricing is expected to level off for the near term as the cost of debt has entered a new regime since the second half of 2022. Following suit, cap rates are higher in response. Institutional deals had been selling at cap rates near 4%. The Ionis deal at the end of 2022 sold at one of the highest cap rates, 6%, in recent years for a deal of its size. Similarly, some deals in Otay Mesa have begun trading at lower prices in recent quarters.

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. The average transactional price has been about \$380/SF during that span.

Much like the office market in San Diego, investors have been attracted to San Diego's life science nodes where they have the potential to convert older office buildings and outdated industrial facilities into high-end lab space to accommodate the region's expanding biotech tenants. But as interest has soared there in recent years, available inventory has dwindled, leaving fewer investments there, as evidenced in the drop in deal flow in the Sorrento Mesa area since mid-2022. More than 50% of inventory has turned over there in the past five years. Otay Mesa has also attracted investors interested in core logistics facilities.

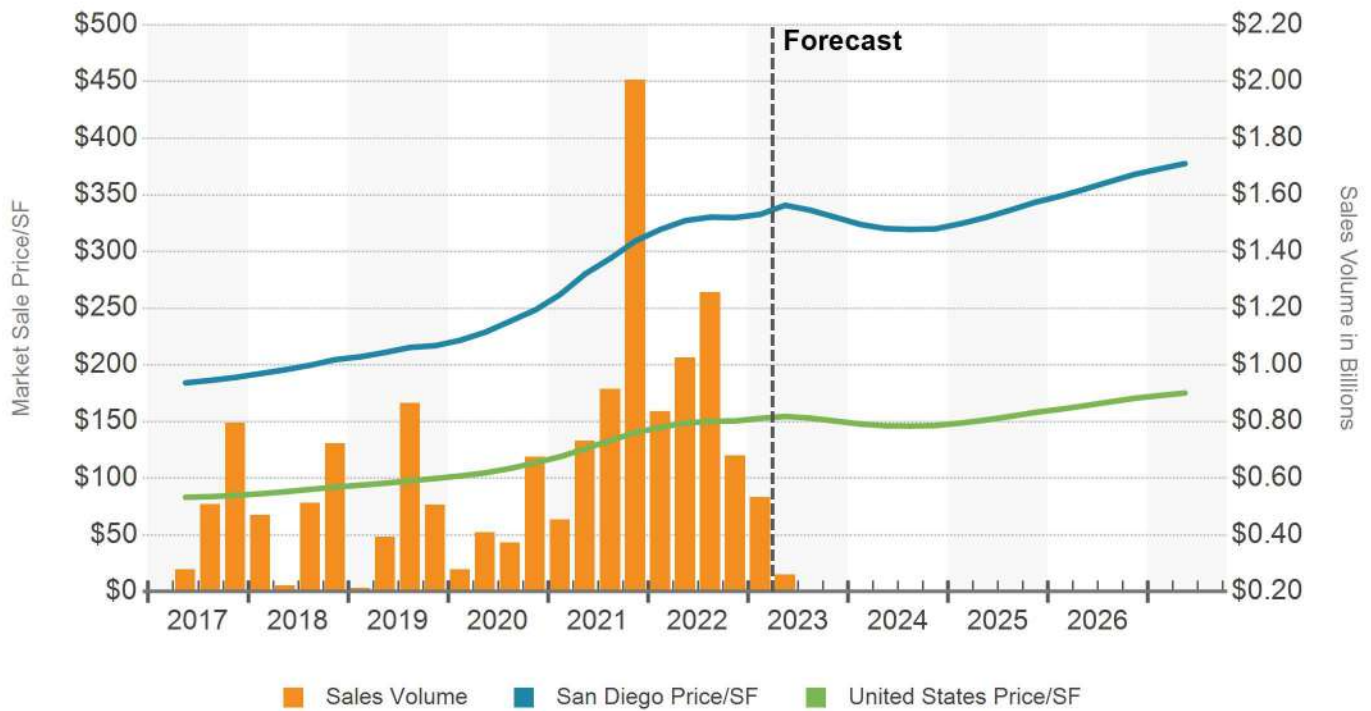
Rexford Industrial Trust acquired the five-building flex Cubic Corp campus in Kearny Mesa during 23Q1 for \$200 million, or about \$390/SF. Cubic leased back the campus for a 10-year term on a triple net lease. The property totals more than 500,000 SF on 26 acres with research and development and office buildings. The sale-leaseback traded at a 5.3% cap rate but the buyer expects to stabilize closer to a 7.4% cap after the development and lease-up of a new Class A industrial building on the site.

LaSalle Investment Management paid \$126.8 million, or about \$210/SF, to acquire the Sunroad Corporate Center in Otay Mesa at the beginning of 2023. The 600,000-SF distribution facility was built in 2003 and was fully occupied at the time of the sale by several firms. QS Customs Brokers, Biotix and Atlas Freight Forwarding were among the tenants. The seller, ARES Corp, purchased the building at the end of 2020 for \$109 million. That was below the average transactional price in Otay Mesa over the past 12 months, which was closer to \$260/SF.

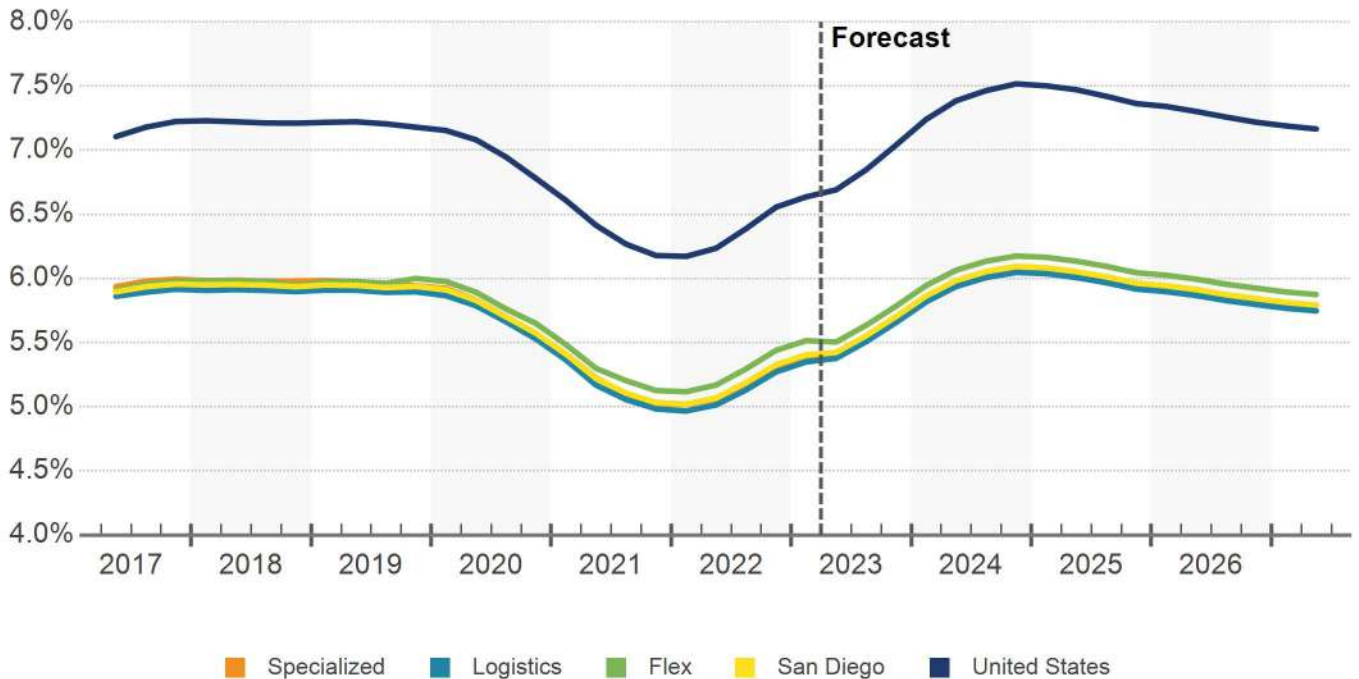
Oxford Properties purchased the biotech campus in Carlsbad occupied by Ionis Pharmaceuticals at the end of 2022 for \$258.4 million in a sale-leaseback. The three-building campus spans roughly 250,000 SF on 18 acres, and Ionis agreed to lease the buildings for a minimum of 15 years. The cap rate worked out to 6%. Ionis' credit was below investment-grade tenant which elevated the cap rate. The sale also included two nearby vacant lots for \$33 million that Oxford will build additional facilities for Ionis. The agreement allows the biotech firm the right of first offer in the event of Oxford deciding to sell them. That was Oxford's second significant purchase in San Diego in 2022 after the firm purchased 13 life science and technology buildings from BioMed Realty in Sorrento Mesa and Mira Mesa for \$464 million during 22Q1. Ionis was motivated to sell its campus due to "near-term capital needs to scale our organization to deliver on our growth initiatives," according to the firm's CFO.

Just ahead of the Ionis sale, Alexandria Real Estate Equities sold two life sciences buildings located at 7330 and 7360 Carroll Road in Mira Mesa for \$59.5 million, or about \$704/SF, at a 4.4% cap rate. A joint venture between GI Partners and CalPERS acquired the 84,000-SF portfolio that was 100% leased at the time of the sale. Catalent Pharma Solutions anchored the buildings in more than 60,000 SF with a term through September 2028. Alexandria acquired the buildings in separate transactions totaling roughly \$30 million.

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

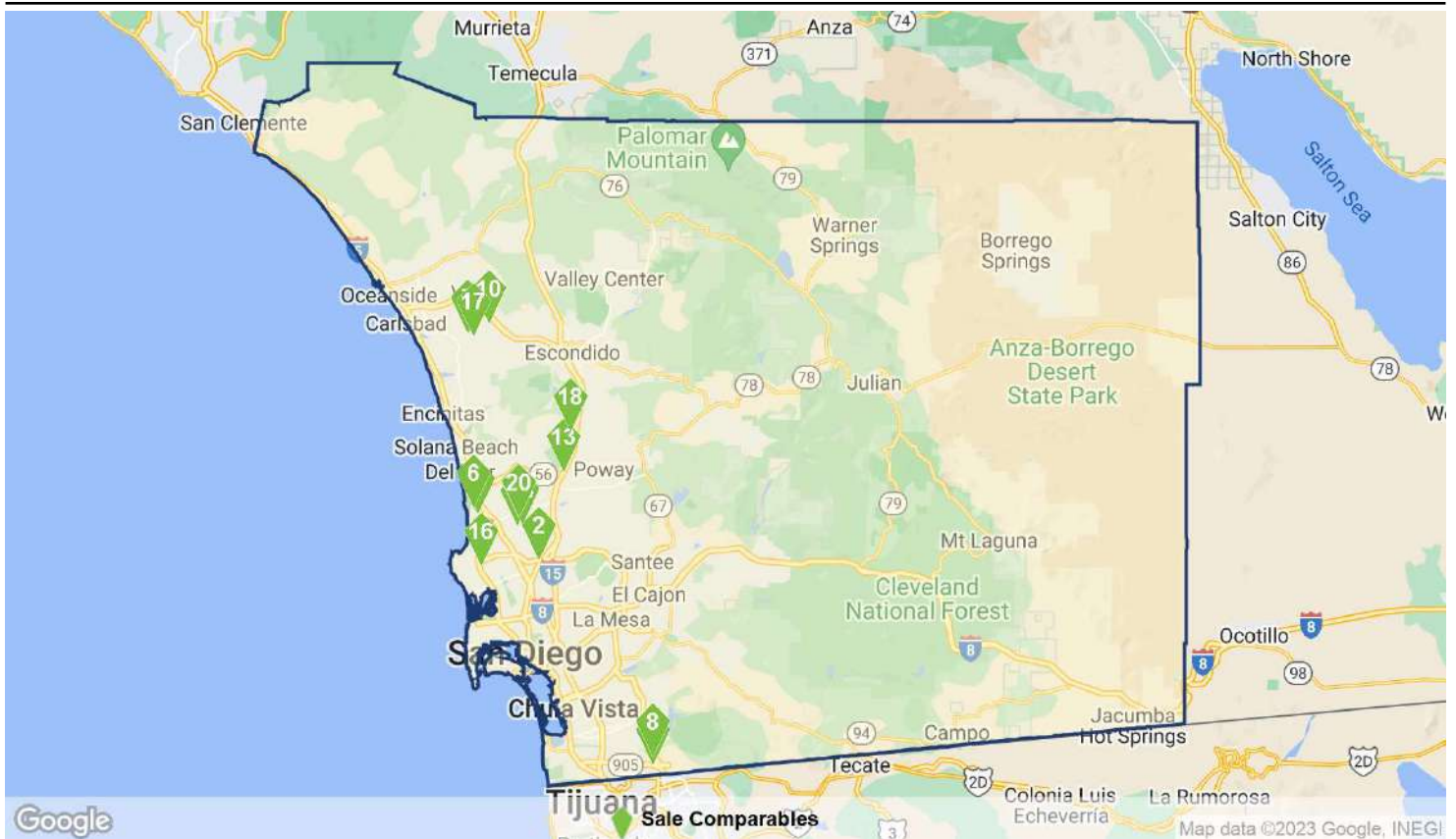
316

4.8%

\$395

10.9%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$101,000	\$11,240,647	\$3,369,192	\$173,720,905
Price/SF	\$4.04	\$395	\$300	\$1,358
Cap Rate	1.4%	4.8%	4.8%	10.1%
Time Since Sale in Months	0.2	6.6	7.2	12.0
Property Attributes	Low	Average	Median	High
Building SF	676	28,623	13,562	601,103
Ceiling Height	10'	19'7"	18'	40'
Docks	0	1	0	66
Vacancy Rate At Sale	0%	10.9%	0%	100%
Year Built	1900	1983	1981	2022
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 2855 Gazelle Ct	★★★★★	2011	176,000	0%	10/20/2022	\$173,720,905	\$987	-
2 Kearny Mesa Logistics C... 5670 Kearny Mesa Rd	★★★★★	2022	299,381	100%	9/27/2022	\$162,100,000	\$541	-
3 Spectrum IV 3215 Merryfield Row	★★★★★	2018	170,523	0%	9/30/2022	\$149,940,000	\$1,256	4.5%
4 Sunroad Corporate Center 2020 Piper Ranch Rd	★★★★★	2003	601,103	0%	1/27/2023	\$126,836,500	\$211	-
5 Building 65 16399 W Bernardo Dr	★★★★★	1997	144,628	0%	7/27/2022	\$95,529,776	\$661	-
6 Arenisca 11119 N Torrey Pines Rd	★★★★★	1990	72,506	0%	5/4/2023	\$86,000,000	\$1,186	-
7 Ionis Conference Center 2850 Gazelle Ct	★★★★★	2021	70,000	0%	10/20/2022	\$84,679,095	\$1,210	-
8 Building 1 1210 Air Wing Rd	★★★★★	2007	178,436	0%	7/7/2022	\$84,230,000	\$472	-
9 8870 Liquid Ct	★★★★★	1989	198,702	0%	12/14/2022	\$64,300,000	\$324	-
10 1 Viper Way	★★★★★	1999	175,367	42.7%	6/30/2022	\$58,000,000	\$331	-
11 Building 61A 16399 W Bernardo Dr	★★★★★	1976	129,107	0%	7/27/2022	\$57,319,046	\$444	-
12 Building 61 16399 W Bernardo Dr	★★★★★	1970	133,144	0%	7/27/2022	\$57,280,932	\$430	-
13 13112 Evening Creek Dr	★★★★★	1989	109,780	0%	9/26/2022	\$55,500,000	\$506	-
14 Building 3 7330 Carroll Rd	★★★★★	1982	66,244	0%	9/16/2022	\$53,000,000	\$800	-
15 9985 Summers Ridge Rd	★★★★★	2005	92,570	0%	9/29/2022	\$46,383,719	\$716	-
16 5959 Santa Fe St	★★★★★	1980	131,299	0%	10/27/2022	\$46,300,000	\$353	-
17 1395 Park Center Dr	★★★★★	2000	155,069	0%	8/15/2022	\$43,715,500	\$282	-
18 Building 61B 16399 W Bernardo Dr	★★★★★	1985	84,491	0%	7/27/2022	\$41,161,355	\$487	-
19 9975 Summers Ridge Rd	★★★★★	2005	81,898	0%	9/29/2022	\$40,609,309	\$708	-
20 9965 Summers Ridge Rd	★★★★★	2005	71,644	0%	9/29/2022	\$40,586,204	\$809	-

With roughly 20,000 people leaving the civilian labor force in April, San Diego's unemployment rate fell to 3.3% in April, according to the latest report from the Bureau of Labor Statistics. That's a drop from March's 3.7% unemployment rate, and it is 100 basis points below California's statewide rate.

Between March and April, nonfarm employment rose by 9,000. Leisure and hospitality once again led the month-over-month increase with 2,900 new hires. That marks 10 out of the past 12 months that this employment sector led hiring in San Diego.

The manufacturing and professional and business services industries were the only sectors to have posted job losses in the past month.

That was largely the driving factor behind the office-using sectors, recognized as financial activities, professional and business services and information, to see the loss of 900 jobs between March and April. That's a month after those same industries added only 200 positions.

According to Work Adjustment and Retraining Notices, known as WARN notices, filed with the State of California, several more firms have announced pending layoffs in San Diego. Among the latest are from Cue Health, which announced more than 300 layoffs from its manufacturing sites in Vista to its lab space in Sorrento Mesa. Jenny Craig also laid off nearly 150 workers and announced it was closing its Carlsbad headquarters and all of its retail locations. The weight-loss company had five centers locally.

Those layoffs are expected to lead to more space becoming available. For instance, after Sorrento Therapeutics filed for bankruptcy in February and announced it was laying off more than 500 workers, the biotech firm has placed two buildings and roughly 220,000 square feet on the market. Those were the first of its 600,000-square-foot local footprint to become available.

That could spell further trouble for the office market, which has seen rents fall in real terms over the past 12 months, and vacancy rise 50 basis points. That has coincided with sublet space rising to a record high during

the second quarter.

Yet there were 10,000 more jobs ads month over month in the City of San Diego, according to California's Employment Development Department. The professional, scientific and technical services sector along with finance and insurance were among the industries with the most job ads in April, with an uptick in 2,000 more ads compared with the trailing month. Firms are still in hiring mode, even as they right-size their footprint.

San Diego saw marginal population growth after falling each of the previous two years, according to the latest U.S. census data looking at the change in county population numbers between July 2021 and July 2022. Both Orange County and Los Angeles saw their populations continue to fall. Domestic migration in San Diego has typically trended in negative territory, and last year was no different. More than 18,000 people left the county through mid-2022. Last year's July 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. And 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.

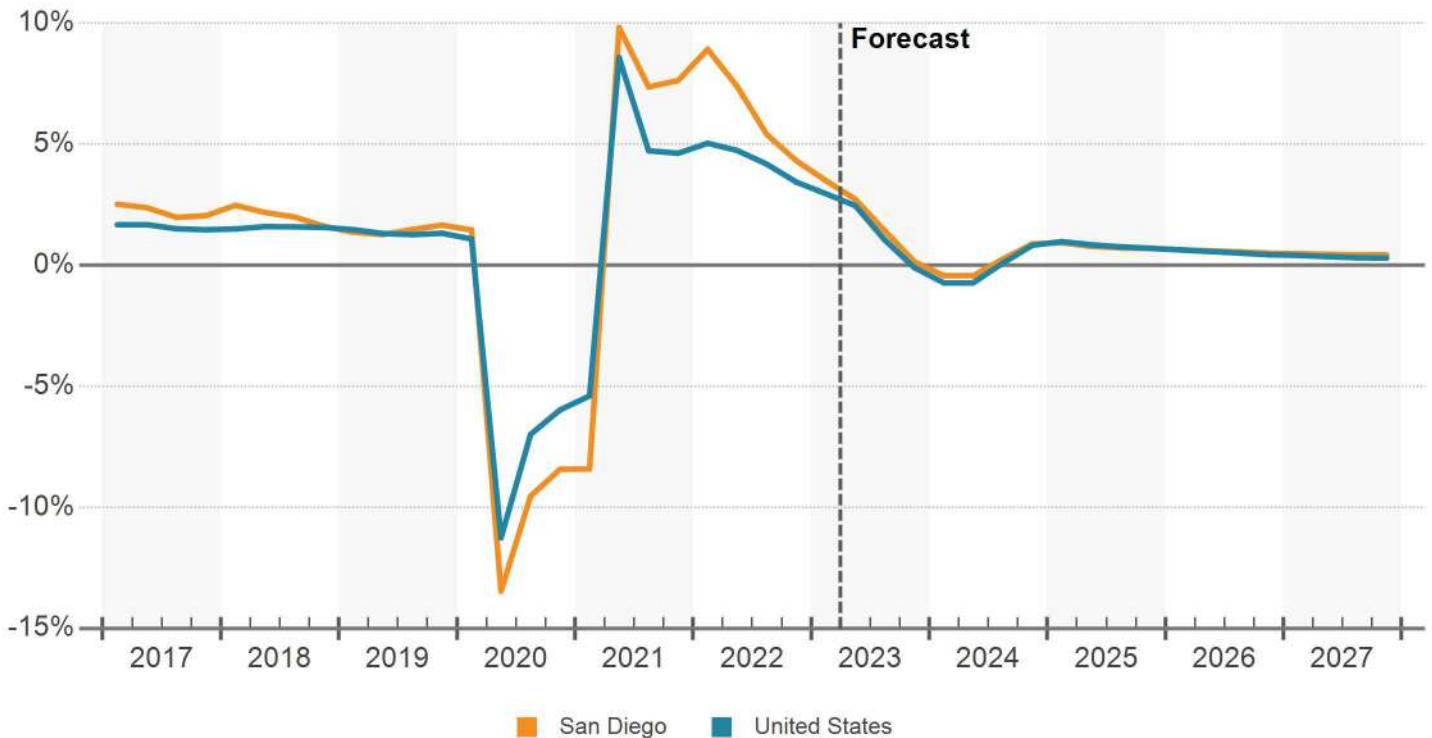
It is also why San Diego has one of the largest concentrations of millennials in the country, accounting for 25% of the population.

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	119	0.9	1.18%	1.69%	1.85%	0.80%	0.08%	-0.11%
Trade, Transportation and Utilities	223	0.8	-0.11%	1.00%	0.41%	1.21%	-0.13%	-0.03%
Retail Trade	138	0.9	-0.55%	0.69%	-0.13%	0.41%	-0.11%	-0.02%
Financial Activities	77	0.8	-1.68%	1.12%	0.77%	1.49%	-0.19%	-0.04%
Government	249	1.1	1.98%	1.82%	0.98%	0.29%	0.35%	0.44%
Natural Resources, Mining and Construction	89	1.0	0.87%	3.06%	3.79%	2.53%	0.75%	0.08%
Education and Health Services	238	0.9	5.57%	3.82%	2.82%	1.77%	0.87%	0.53%
Professional and Business Services	290	1.2	2.77%	2.26%	2.89%	2.16%	0.19%	0.21%
Information	22	0.7	-0.27%	-0.87%	-0.94%	1.16%	0.04%	0.14%
Leisure and Hospitality	206	1.2	6.62%	6.06%	2.11%	1.60%	0.89%	0.85%
Other Services	58	1.0	7.52%	3.15%	1.60%	0.69%	0.15%	0.16%
Total Employment	1,570	1.0	2.79%	2.50%	1.83%	1.36%	0.37%	0.27%

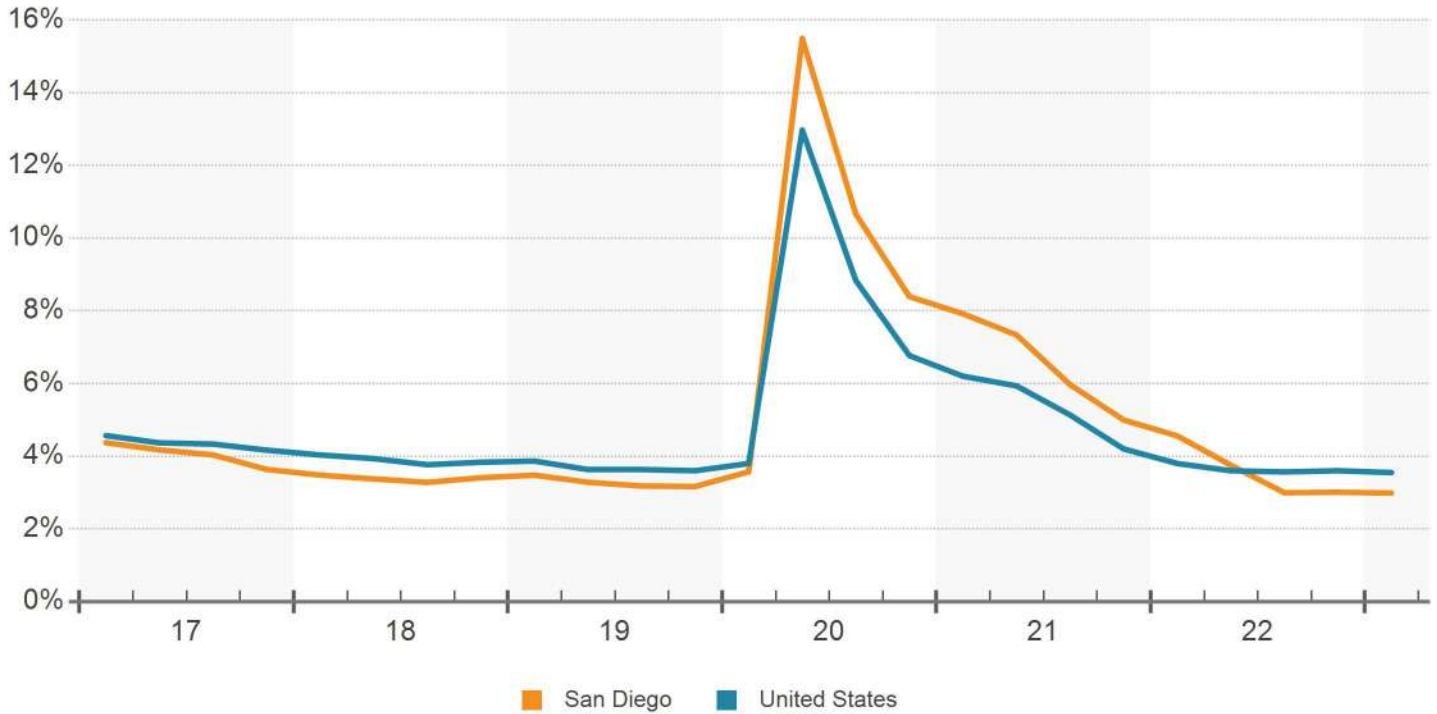
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

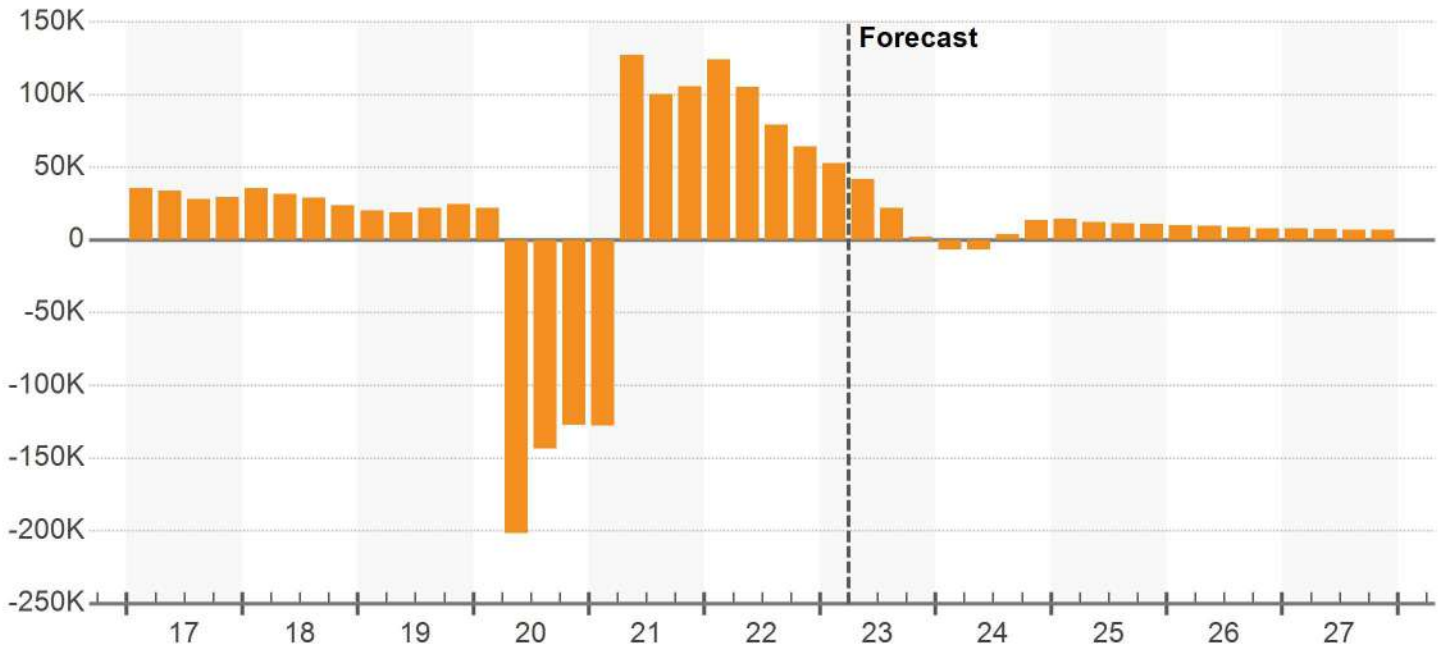


Source: Oxford Economics

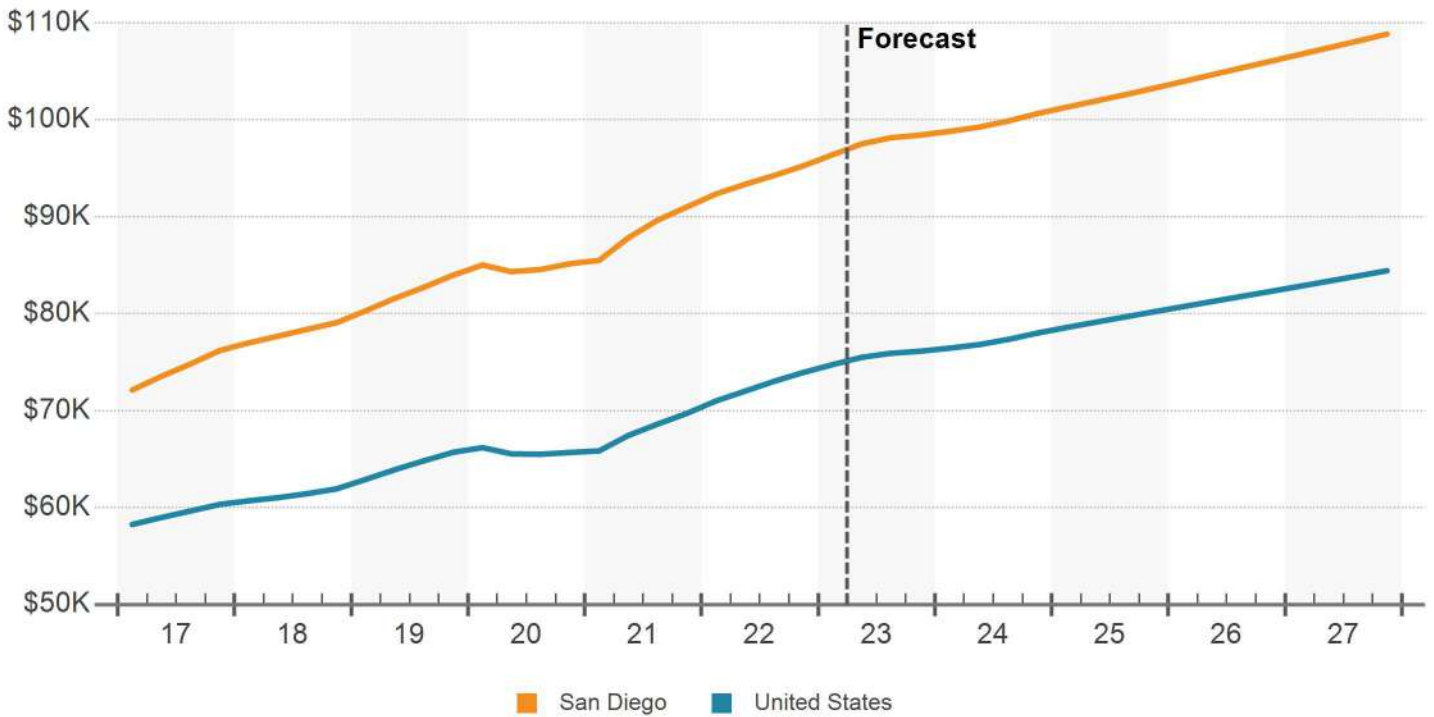
UNEMPLOYMENT RATE (%)



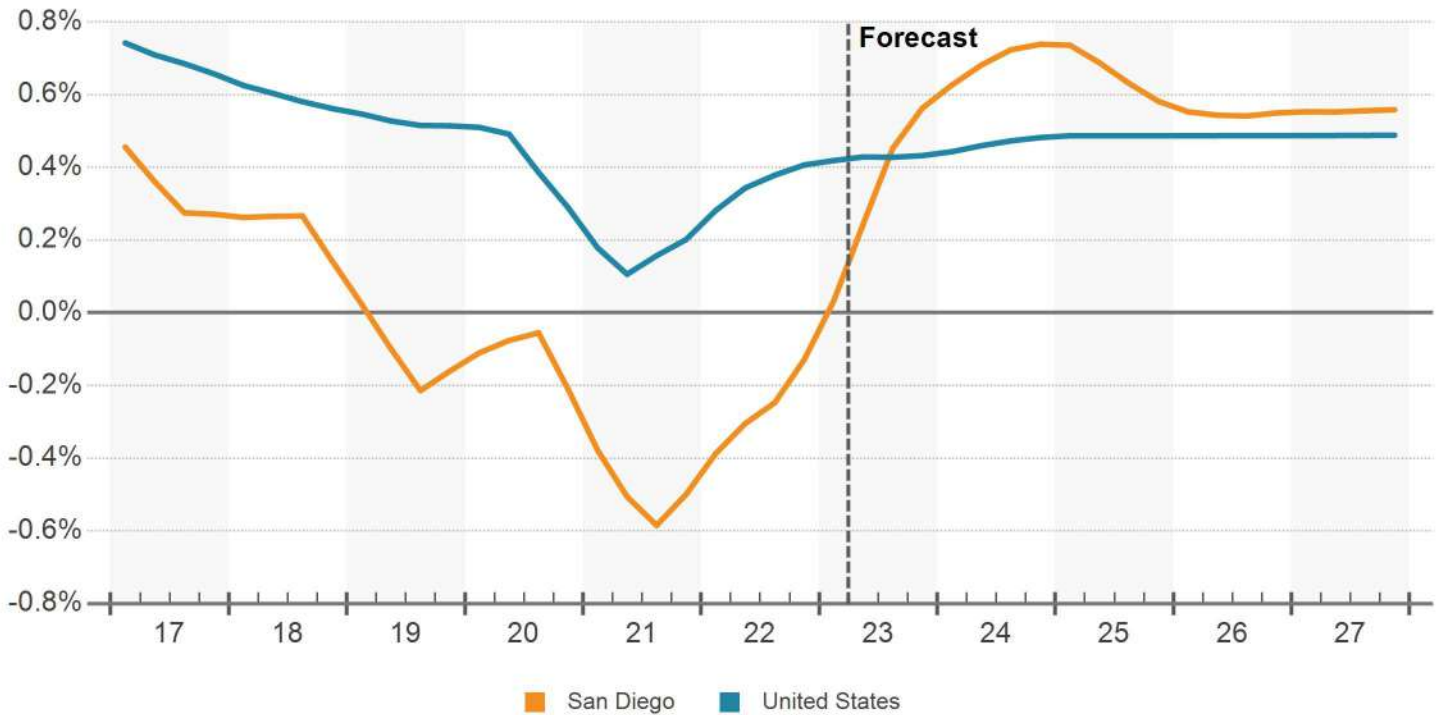
NET EMPLOYMENT CHANGE (YOY)



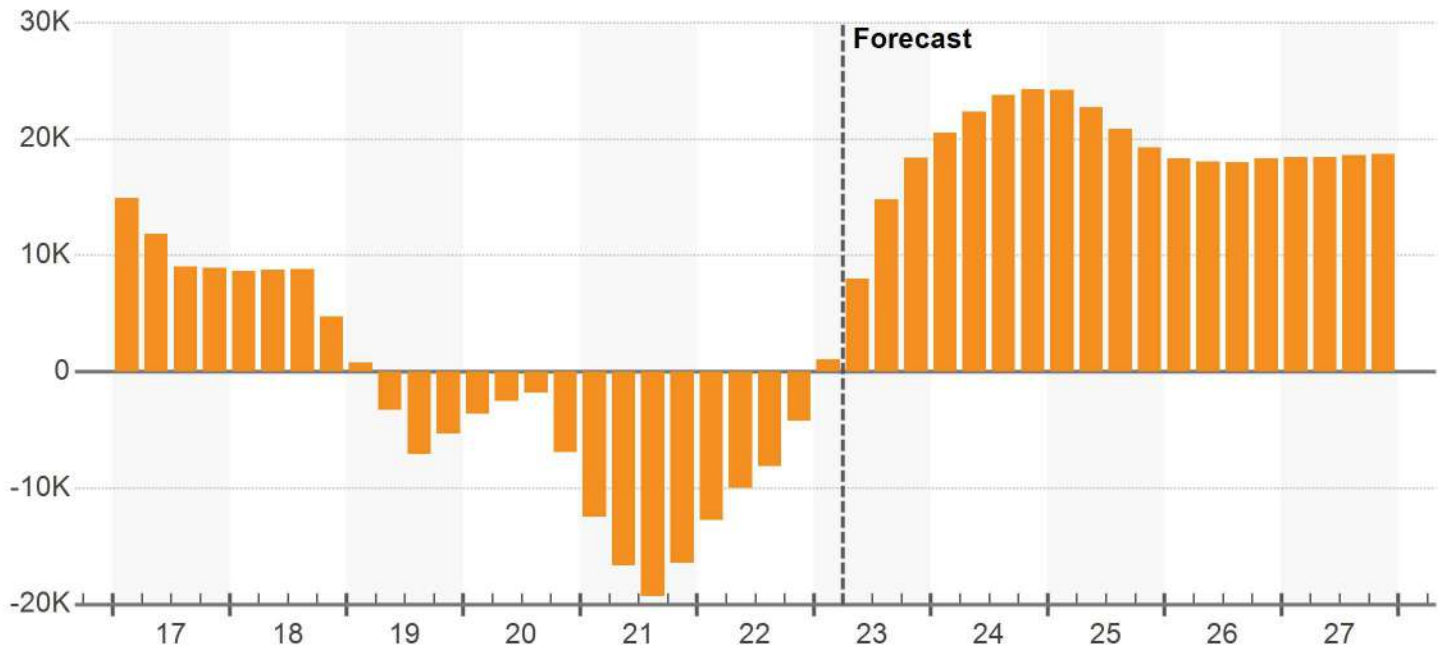
MEDIAN HOUSEHOLD INCOME



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	3,279,580	334,338,031	0.2%	0.4%	0.3%	0.6%	0.6%	0.5%
Households	1,172,520	129,785,711	0.6%	0.8%	0.4%	0.9%	0.7%	0.6%
Median Household Income	\$97,432	\$75,448	4.5%	4.9%	4.8%	3.8%	2.5%	2.5%
Labor Force	1,589,540	165,371,063	1.1%	0.8%	0.4%	0.6%	0.4%	0.4%
Unemployment	3.0%	3.5%	-0.8%	-0.1%	-0.5%	-0.4%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH

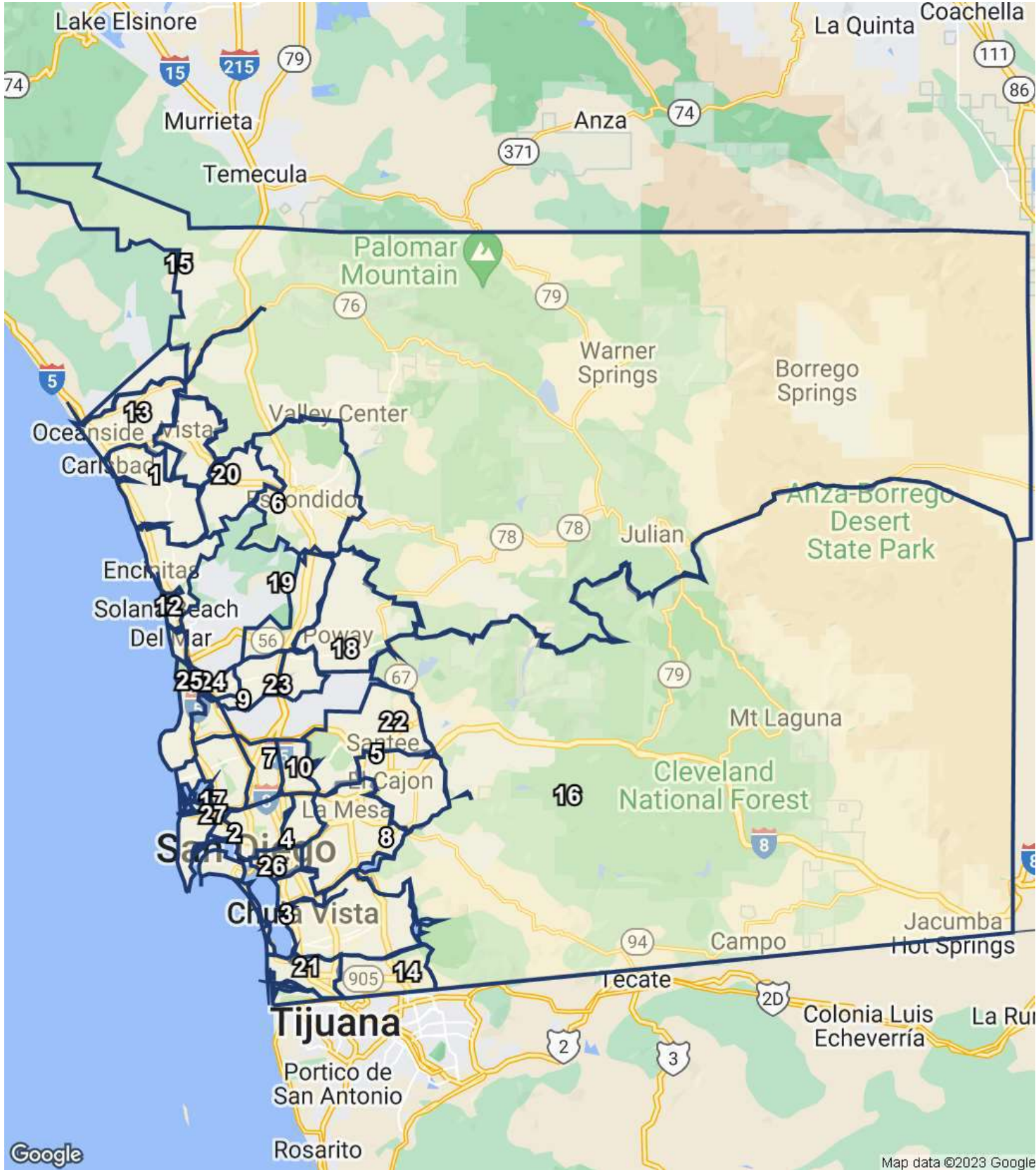


INCOME GROWTH



Source: Oxford Economics

SAN DIEGO SUBMARKETS



Google

Map data ©2023 Google

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	491	15,874	7.7%	3	0	0	0%	-	1	249	1.6%	6
2	Central San Diego	104	1,806	0.9%	24	0	0	0%	-	0	-	-	-
3	Chula Vista	410	10,262	5.0%	8	0	0	0%	-	5	406	4.0%	3
4	East City	62	979	0.5%	29	1	346	35.4%	2	0	-	-	-
5	El Cajon	533	10,088	4.9%	9	3	48	0.5%	8	1	381	3.8%	4
6	Escondido	720	8,402	4.1%	12	0	0	0%	-	0	-	-	-
7	Kearny Mesa	618	15,185	7.4%	4	1	299	2.0%	3	0	-	-	-
8	La Mesa/Spring Valley	356	3,037	1.5%	19	0	0	0%	-	0	-	-	-
9	Mira Mesa/Miramar	807	18,358	8.9%	2	0	0	0%	-	0	-	-	-
10	Mission Gorge	133	2,019	1.0%	23	0	0	0%	-	0	-	-	-
11	National City	274	3,971	1.9%	17	0	0	0%	-	0	-	-	-
12	North Beach Cities	60	420	0.2%	30	0	0	0%	-	0	-	-	-
13	Oceanside	433	10,346	5.0%	7	0	0	0%	-	0	-	-	-
14	Otay Mesa	375	23,108	11.2%	1	9	1,738	7.5%	1	17	1,608	7.0%	1
15	Outlying SD County N	139	1,209	0.6%	27	0	0	0%	-	0	-	-	-
16	Outlying SD County S	105	984	0.5%	28	0	0	0%	-	0	-	-	-
17	PB/Rose Canyon/Morena	169	2,676	1.3%	22	0	0	0%	-	0	-	-	-
18	Poway	248	9,742	4.7%	10	0	0	0%	-	0	-	-	-
19	Rancho Bernardo	140	7,709	3.7%	13	0	0	0%	-	0	-	-	-
20	San Marcos	531	9,148	4.4%	11	0	0	0%	-	0	-	-	-
21	San Ysidro/Imp Beach	68	1,418	0.7%	26	0	0	0%	-	0	-	-	-
22	Santee	342	4,590	2.2%	14	1	56	1.2%	7	0	-	-	-
23	Scripps Ranch	57	1,636	0.8%	25	1	145	8.9%	5	1	103	6.3%	8
24	Sorrento Mesa	240	11,034	5.3%	6	1	94	0.9%	6	4	577	5.2%	2
25	Sorrento Valley	150	3,572	1.7%	18	0	0	0%	-	0	-	-	-
26	Southeast San Diego	387	4,493	2.2%	15	0	0	0%	-	0	-	-	-
27	Sports Arena/Airport	173	3,005	1.5%	20	0	0	0%	-	1	33	1.1%	9
28	Torrey Pines	54	4,291	2.1%	16	1	146	3.4%	4	3	279	6.5%	5
29	UTC	28	2,694	1.3%	21	0	0	0%	-	1	161	6.0%	7
30	Vista	590	14,462	7.0%	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	\$1.84	14	8.6%	16	5.1%	19
2	Central San Diego	\$1.95	8	8.8%	12	6.1%	9
3	Chula Vista	\$1.57	19	9.0%	7	6.1%	8
4	East City	\$1.83	15	8.5%	22	5.0%	22
5	El Cajon	\$1.51	22	8.8%	10	5.9%	12
6	Escondido	\$1.56	20	8.7%	14	5.6%	15
7	Kearny Mesa	\$2.09	6	8.3%	24	5.1%	20
8	La Mesa/Spring Valley	\$1.61	17	8.5%	21	5.5%	17
9	Mira Mesa/Miramar	\$1.90	11	8.8%	11	6.0%	11
10	Mission Gorge	\$1.88	13	9.7%	2	7.8%	2
11	National City	\$1.56	21	9.7%	3	7.6%	3
12	North Beach Cities	\$2.61	5	8.1%	27	4.1%	27
13	Oceanside	\$1.40	28	9.1%	6	6.5%	7
14	Otay Mesa	\$1.18	30	10.3%	1	9.0%	1
15	Outlying SD County N	\$1.50	23	8.6%	15	5.4%	18
16	Outlying SD County S	\$1.41	26	8.6%	19	5.7%	14
17	PB/Rose Canyon/Morena	\$1.90	9	8.6%	17	6.8%	6
18	Poway	\$1.69	16	9.4%	4	6.8%	4
19	Rancho Bernardo	\$2.04	7	8.2%	26	4.6%	23
20	San Marcos	\$1.48	25	8.5%	20	5.0%	21
21	San Ysidro/Imp Beach	\$1.36	29	8.8%	8	6.0%	10
22	Santee	\$1.58	18	8.6%	18	5.6%	16
23	Scripps Ranch	\$1.89	12	8.3%	23	4.4%	25
24	Sorrento Mesa	\$2.65	4	8.2%	25	2.4%	29
25	Sorrento Valley	\$3.04	3	6.4%	30	0.2%	30
26	Southeast San Diego	\$1.49	24	9.2%	5	6.8%	5
27	Sports Arena/Airport	\$1.90	10	8.1%	28	4.6%	24
28	Torrey Pines	\$5.62	1	7.8%	29	3.4%	28
29	UTC	\$4.27	2	8.8%	9	4.3%	26
30	Vista	\$1.40	27	8.8%	13	5.8%	13

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Carlsbad	1,028,242	6.5%	26	(504,066)	-3.2%	29	-
2	Central San Diego	74,237	4.1%	18	(39,627)	-2.2%	21	-
3	Chula Vista	313,686	3.1%	12	6,556	0.1%	10	-
4	East City	9,100	0.9%	2	341,806	34.9%	2	1.0
5	El Cajon	84,047	0.8%	1	52,017	0.5%	8	0.9
6	Escondido	186,195	2.2%	10	(15,445)	-0.2%	16	-
7	Kearny Mesa	459,401	3.0%	11	114,299	0.8%	4	1.7
8	La Mesa/Spring Valley	48,564	1.6%	9	53,022	1.7%	7	-
9	Mira Mesa/Miramar	710,880	3.9%	16	(360,103)	-2.0%	28	-
10	Mission Gorge	26,842	1.3%	6	(17,430)	-0.9%	18	-
11	National City	50,014	1.3%	4	(4,396)	-0.1%	11	-
12	North Beach Cities	17,611	4.2%	19	(14,602)	-3.5%	15	-
13	Oceanside	332,885	3.2%	13	(218,468)	-2.1%	25	-
14	Otay Mesa	1,156,629	5.0%	22	1,049,958	4.5%	1	1.6
15	Outlying SD County N	40,393	3.3%	14	(33,913)	-2.8%	20	-
16	Outlying SD County S	55,400	5.6%	24	(53,758)	-5.5%	22	-
17	PB/Rose Canyon/Morena	170,759	6.4%	25	(136,762)	-5.1%	23	-
18	Poway	95,942	1.0%	3	(13,731)	-0.1%	14	-
19	Rancho Bernardo	540,416	7.0%	27	(312,499)	-4.1%	27	-
20	San Marcos	509,305	5.6%	23	(172,729)	-1.9%	24	-
21	San Ysidro/Imp Beach	18,349	1.3%	5	(13,591)	-1.0%	13	-
22	Santee	66,190	1.4%	7	135,913	3.0%	3	0.4
23	Scripps Ranch	76,227	4.7%	20	65,051	4.0%	5	0.7
24	Sorrento Mesa	1,385,009	12.6%	29	(559,735)	-5.1%	30	-
25	Sorrento Valley	299,727	8.4%	28	(18,404)	-0.5%	19	-
26	Southeast San Diego	70,867	1.6%	8	(16,444)	-0.4%	17	-
27	Sports Arena/Airport	142,213	4.7%	21	(11,767)	-0.4%	12	-
28	Torrey Pines	163,667	3.8%	15	12,011	0.3%	9	12.2
29	UTC	357,468	13.3%	30	(223,074)	-8.3%	26	-
30	Vista	580,862	4.0%	17	55,475	0.4%	6	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	212,973,406	1,291,918	0.6%	911,249	0.4%	1.4
2026	211,681,488	1,045,371	0.5%	978,550	0.5%	1.1
2025	210,636,117	636,530	0.3%	1,047,414	0.5%	0.6
2024	209,999,587	1,353,959	0.6%	1,395,829	0.7%	1.0
2023	208,645,628	3,340,070	1.6%	(440,730)	-0.2%	-
YTD	206,511,640	1,206,082	0.6%	(1,578,825)	-0.8%	-
2022	205,305,558	1,741,627	0.9%	2,059,203	1.0%	0.8
2021	203,563,931	4,258,342	2.1%	8,263,337	4.1%	0.5
2020	199,305,589	657,704	0.3%	1,027,972	0.5%	0.6
2019	198,647,885	1,540,014	0.8%	(22,600)	0%	-
2018	197,107,871	2,083,947	1.1%	1,107,317	0.6%	1.9
2017	195,023,924	461,920	0.2%	1,375,661	0.7%	0.3
2016	194,562,004	790,627	0.4%	1,427,771	0.7%	0.6
2015	193,771,377	(72,294)	0%	3,086,271	1.6%	-
2014	193,843,671	(315,405)	-0.2%	2,787,210	1.4%	-
2013	194,159,076	(17,709)	0%	1,340,971	0.7%	-
2012	194,176,785	(933,067)	-0.5%	2,003,988	1.0%	-
2011	195,109,852	82,974	0%	347,871	0.2%	0.2

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	64,521,081	(92,429)	-0.1%	(144,897)	-0.2%	-
2026	64,613,510	(100,713)	-0.2%	(46,247)	-0.1%	-
2025	64,714,223	(115,071)	-0.2%	(2,932)	0%	-
2024	64,829,294	(99,314)	-0.2%	(238,237)	-0.4%	-
2023	64,928,608	(97,811)	-0.2%	(351,037)	-0.5%	-
YTD	65,004,471	(21,948)	0%	(276,976)	-0.4%	-
2022	65,026,419	(4,894)	0%	527,968	0.8%	-
2021	65,031,313	(7,461)	0%	682,691	1.0%	-
2020	65,038,774	(194,336)	-0.3%	319,488	0.5%	-
2019	65,233,110	(6,510)	0%	(495,799)	-0.8%	-
2018	65,239,620	306,909	0.5%	273,501	0.4%	1.1
2017	64,932,711	(124,080)	-0.2%	(120,461)	-0.2%	-
2016	65,056,791	218,324	0.3%	284,651	0.4%	0.8
2015	64,838,467	28,678	0%	1,205,952	1.9%	0
2014	64,809,789	220,651	0.3%	839,059	1.3%	0.3
2013	64,589,138	(95,707)	-0.1%	208,854	0.3%	-
2012	64,684,845	(616,264)	-0.9%	(541,324)	-0.8%	-
2011	65,301,109	(21,000)	0%	327,805	0.5%	-

LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	93,206,221	1,180,962	1.3%	977,178	1.0%	1.2
2026	92,025,259	988,275	1.1%	926,513	1.0%	1.1
2025	91,036,984	669,540	0.7%	940,123	1.0%	0.7
2024	90,367,444	766,273	0.9%	1,204,037	1.3%	0.6
2023	89,601,171	2,463,352	2.8%	204,321	0.2%	12.1
YTD	87,783,024	645,205	0.7%	(578,432)	-0.7%	-
2022	87,137,819	1,634,976	1.9%	1,472,010	1.7%	1.1
2021	85,502,843	4,214,851	5.2%	6,277,986	7.3%	0.7
2020	81,287,992	772,388	1.0%	1,032,883	1.3%	0.7
2019	80,515,604	886,817	1.1%	648,248	0.8%	1.4
2018	79,628,787	1,560,335	2.0%	310,878	0.4%	5.0
2017	78,068,452	131,531	0.2%	367,920	0.5%	0.4
2016	77,936,921	333,371	0.4%	320,676	0.4%	1.0
2015	77,603,550	6,338	0%	1,185,294	1.5%	0
2014	77,597,212	(177,208)	-0.2%	1,526,623	2.0%	-
2013	77,774,420	153,778	0.2%	644,312	0.8%	0.2
2012	77,620,642	(186,766)	-0.2%	1,168,343	1.5%	-
2011	77,807,408	(216,626)	-0.3%	161,833	0.2%	-

FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	55,246,104	203,385	0.4%	78,968	0.1%	2.6
2026	55,042,719	157,809	0.3%	98,284	0.2%	1.6
2025	54,884,910	82,061	0.1%	110,223	0.2%	0.7
2024	54,802,849	687,000	1.3%	430,029	0.8%	1.6
2023	54,115,849	974,529	1.8%	(294,014)	-0.5%	-
YTD	53,724,145	582,825	1.1%	(723,417)	-1.3%	-
2022	53,141,320	111,545	0.2%	59,225	0.1%	1.9
2021	53,029,775	50,952	0.1%	1,302,660	2.5%	0
2020	52,978,823	79,652	0.2%	(324,399)	-0.6%	-
2019	52,899,171	659,707	1.3%	(175,049)	-0.3%	-
2018	52,239,464	216,703	0.4%	522,938	1.0%	0.4
2017	52,022,761	454,469	0.9%	1,128,202	2.2%	0.4
2016	51,568,292	238,932	0.5%	822,444	1.6%	0.3
2015	51,329,360	(107,310)	-0.2%	695,025	1.4%	-
2014	51,436,670	(358,848)	-0.7%	421,528	0.8%	-
2013	51,795,518	(75,780)	-0.1%	487,805	0.9%	-
2012	51,871,298	(130,037)	-0.3%	1,376,969	2.7%	-
2011	52,001,335	320,600	0.6%	(141,767)	-0.3%	-

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$2.21	226	3.2%	24.0%	10,137,543	4.8%	0.2%
2026	\$2.14	219	4.7%	20.1%	9,739,929	4.6%	0%
2025	\$2.04	209	4.9%	14.7%	9,655,410	4.6%	-0.2%
2024	\$1.95	199	3.7%	9.4%	10,048,945	4.8%	0%
2023	\$1.88	192	5.5%	5.5%	10,073,593	4.8%	1.8%
YTD	\$1.83	187	8.7%	2.9%	9,071,127	4.4%	1.3%
2022	\$1.78	182	11.8%	0%	6,286,220	3.1%	-0.2%
2021	\$1.59	163	10.1%	-10.6%	6,702,346	3.3%	-2.1%
2020	\$1.45	148	6.2%	-18.8%	10,705,758	5.4%	-0.2%
2019	\$1.36	139	5.6%	-23.6%	11,077,832	5.6%	0.7%
2018	\$1.29	132	6.6%	-27.6%	9,515,218	4.8%	0.5%
2017	\$1.21	124	5.9%	-32.1%	8,533,588	4.4%	-0.5%
2016	\$1.14	117	6.7%	-35.9%	9,452,329	4.9%	-0.3%
2015	\$1.07	109	6.6%	-40.0%	10,078,982	5.2%	-1.6%
2014	\$1	103	5.6%	-43.7%	13,248,038	6.8%	-1.6%
2013	\$0.95	97	4.0%	-46.7%	16,350,653	8.4%	-0.7%
2012	\$0.91	93	2.2%	-48.7%	17,709,333	9.1%	-1.5%
2011	\$0.89	91	-0.5%	-49.8%	20,646,388	10.6%	-0.1%

SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$1.88	221	3.4%	24.8%	1,687,865	2.6%	0.1%
2026	\$1.82	214	4.9%	20.7%	1,628,840	2.5%	-0.1%
2025	\$1.73	204	5.1%	15.1%	1,676,451	2.6%	-0.2%
2024	\$1.65	194	3.9%	9.5%	1,781,731	2.7%	0.2%
2023	\$1.59	187	5.4%	5.4%	1,636,201	2.5%	0.4%
YTD	\$1.55	182	8.0%	2.8%	1,635,616	2.5%	0.4%
2022	\$1.51	177	10.8%	0%	1,380,588	2.1%	-0.8%
2021	\$1.36	160	9.6%	-9.7%	1,913,450	2.9%	-1.1%
2020	\$1.24	146	5.9%	-17.6%	2,602,019	4.0%	-0.8%
2019	\$1.17	138	5.7%	-22.2%	3,117,649	4.8%	0.8%
2018	\$1.11	130	6.3%	-26.4%	2,628,360	4.0%	0%
2017	\$1.04	123	6.1%	-30.8%	2,594,952	4.0%	0%
2016	\$0.98	115	6.8%	-34.8%	2,598,571	4.0%	-0.1%
2015	\$0.92	108	6.3%	-39.0%	2,664,898	4.1%	-1.8%
2014	\$0.86	102	5.0%	-42.6%	3,842,172	5.9%	-1.0%
2013	\$0.82	97	3.7%	-45.3%	4,460,580	6.9%	-0.5%
2012	\$0.79	93	1.7%	-47.2%	4,765,141	7.4%	0%
2011	\$0.78	92	0.1%	-48.1%	4,840,081	7.4%	-0.5%

LOGISTICS RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$1.83	236	3.3%	25.9%	3,735,606	4.0%	0.2%
2026	\$1.77	229	4.8%	21.9%	3,525,136	3.8%	0%
2025	\$1.69	218	5.0%	16.4%	3,456,359	3.8%	-0.3%
2024	\$1.61	208	3.8%	10.8%	3,720,105	4.1%	-0.5%
2023	\$1.55	200	6.8%	6.8%	4,150,892	4.6%	2.5%
YTD	\$1.51	195	10.3%	4.1%	3,113,098	3.5%	1.4%
2022	\$1.45	187	12.7%	0%	1,889,461	2.2%	0.1%
2021	\$1.29	166	11.0%	-11.3%	1,726,495	2.0%	-2.6%
2020	\$1.16	150	7.3%	-20.1%	3,789,630	4.7%	-0.4%
2019	\$1.08	140	5.7%	-25.5%	4,050,125	5.0%	0.2%
2018	\$1.02	132	6.5%	-29.5%	3,811,556	4.8%	1.5%
2017	\$0.96	124	6.1%	-33.8%	2,562,099	3.3%	-0.3%
2016	\$0.91	117	7.5%	-37.6%	2,798,488	3.6%	0%
2015	\$0.84	109	6.5%	-41.9%	2,785,793	3.6%	-1.5%
2014	\$0.79	102	5.3%	-45.5%	3,964,749	5.1%	-2.2%
2013	\$0.75	97	4.2%	-48.2%	5,668,580	7.3%	-0.6%
2012	\$0.72	93	2.6%	-50.3%	6,159,114	7.9%	-1.7%
2011	\$0.70	91	-0.5%	-51.5%	7,514,223	9.7%	-0.5%

FLEX RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$3.22	220	3.0%	21.7%	4,714,072	8.5%	0.2%
2026	\$3.13	213	4.5%	18.1%	4,585,953	8.3%	0.1%
2025	\$2.99	204	4.7%	13.0%	4,522,600	8.2%	-0.1%
2024	\$2.86	195	3.4%	8.0%	4,547,109	8.3%	0.4%
2023	\$2.76	188	4.4%	4.4%	4,286,500	7.9%	2.2%
YTD	\$2.70	184	7.7%	2.0%	4,322,413	8.0%	2.4%
2022	\$2.65	181	11.8%	0%	3,016,171	5.7%	-0.1%
2021	\$2.37	162	9.8%	-10.5%	3,062,401	5.8%	-2.4%
2020	\$2.16	147	5.6%	-18.5%	4,314,109	8.1%	0.8%
2019	\$2.04	139	5.5%	-22.8%	3,910,058	7.4%	1.5%
2018	\$1.94	132	6.8%	-26.8%	3,075,302	5.9%	-0.6%
2017	\$1.81	124	5.7%	-31.5%	3,376,537	6.5%	-1.4%
2016	\$1.72	117	6.0%	-35.2%	4,055,270	7.9%	-1.2%
2015	\$1.62	110	6.8%	-38.8%	4,628,291	9.0%	-1.6%
2014	\$1.52	103	6.4%	-42.7%	5,441,117	10.6%	-1.4%
2013	\$1.43	97	4.1%	-46.2%	6,221,493	12.0%	-1.1%
2012	\$1.37	93	2.1%	-48.3%	6,785,078	13.1%	-2.9%
2011	\$1.34	91	-0.9%	-49.4%	8,292,084	15.9%	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	-	-	-	-	-	-	\$385.83	289	5.8%
2026	-	-	-	-	-	-	\$368.22	276	5.8%
2025	-	-	-	-	-	-	\$343.46	258	6.0%
2024	-	-	-	-	-	-	\$320.04	240	6.1%
2023	-	-	-	-	-	-	\$330.32	248	5.7%
YTD	130	\$790.9M	1.4%	\$6,702,821	\$292.09	4.4%	\$340.65	255	5.4%
2022	407	\$3.8B	5.1%	\$10,512,245	\$386.44	5.0%	\$330.01	247	5.3%
2021	555	\$4.1B	7.7%	\$8,242,625	\$297.39	5.4%	\$309.31	232	5.0%
2020	352	\$1.7B	4.0%	\$5,205,307	\$221.11	5.7%	\$248.54	186	5.6%
2019	527	\$2B	5.1%	\$5,520,808	\$225.77	6.0%	\$217	163	5.9%
2018	525	\$1.9B	6.2%	\$5,039,898	\$177.69	5.9%	\$204.72	154	5.9%
2017	517	\$1.8B	5.7%	\$4,702,804	\$179.15	6.2%	\$189	142	6.0%
2016	546	\$1.7B	6.1%	\$3,864,939	\$179.16	6.4%	\$184.19	138	5.7%
2015	630	\$1.6B	7.6%	\$3,319,710	\$129.95	6.7%	\$171.66	129	5.8%
2014	430	\$1.3B	5.3%	\$3,650,524	\$138.55	7.0%	\$152.52	114	6.1%
2013	398	\$819.3M	3.8%	\$2,528,580	\$119.36	7.4%	\$140.21	105	6.4%
2012	440	\$812.7M	4.1%	\$2,485,308	\$114.70	8.0%	\$132.48	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	-	-	-	-	-	-	\$357.57	301	5.8%
2026	-	-	-	-	-	-	\$340.68	286	5.8%
2025	-	-	-	-	-	-	\$317.23	267	6.0%
2024	-	-	-	-	-	-	\$295.09	248	6.1%
2023	-	-	-	-	-	-	\$304.17	256	5.7%
YTD	35	\$101.4M	0.6%	\$2,982,767	\$268.39	4.2%	\$313.63	264	5.4%
2022	126	\$640.9M	4.0%	\$5,385,536	\$248.50	4.8%	\$305.42	257	5.3%
2021	167	\$784.4M	6.1%	\$5,485,664	\$222.37	5.6%	\$285.32	240	5.0%
2020	118	\$429.5M	3.5%	\$3,834,648	\$189.81	5.8%	\$227.93	192	5.6%
2019	200	\$415.8M	4.5%	\$3,274,168	\$181.34	5.6%	\$198.25	167	5.9%
2018	177	\$479.5M	5.5%	\$3,775,754	\$149.42	6.0%	\$184.21	155	6.0%
2017	174	\$293.9M	3.5%	\$2,624,331	\$159.40	6.3%	\$170.44	143	6.0%
2016	183	\$322.3M	3.9%	\$2,079,141	\$139.20	5.9%	\$165.90	139	5.8%
2015	214	\$344.1M	5.9%	\$2,309,192	\$108.79	6.5%	\$153.90	129	5.8%
2014	154	\$358.8M	5.3%	\$2,847,269	\$111.17	6.8%	\$136.67	115	6.2%
2013	140	\$159.8M	2.7%	\$1,582,418	\$103.81	7.9%	\$124.89	105	6.4%
2012	149	\$200.7M	3.4%	\$2,027,039	\$108.24	6.1%	\$117.76	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	-	-	-	-	-	-	\$347.85	296	5.7%
2026	-	-	-	-	-	-	\$331.81	283	5.8%
2025	-	-	-	-	-	-	\$309.30	264	5.9%
2024	-	-	-	-	-	-	\$288	245	6.0%
2023	-	-	-	-	-	-	\$297.27	253	5.7%
YTD	42	\$275.6M	1.4%	\$6,889,882	\$236.14	4.6%	\$306.33	261	5.4%
2022	137	\$1.2B	4.2%	\$9,317,262	\$327.34	5.1%	\$298.06	254	5.3%
2021	211	\$1.3B	8.0%	\$6,904,295	\$236.95	4.9%	\$278.50	237	5.0%
2020	124	\$578.6M	4.1%	\$4,781,756	\$175.76	5.3%	\$222.80	190	5.5%
2019	190	\$588.6M	4.7%	\$4,746,705	\$171.34	5.8%	\$193.99	165	5.9%
2018	208	\$631.3M	6.3%	\$4,445,678	\$143.18	5.7%	\$181.92	155	5.9%
2017	191	\$475M	5.3%	\$3,393,205	\$124.64	5.2%	\$168.15	143	5.9%
2016	184	\$399.7M	4.5%	\$2,682,241	\$132.17	6.1%	\$163.35	139	5.7%
2015	248	\$540.1M	8.2%	\$2,842,779	\$115.40	6.7%	\$151.58	129	5.7%
2014	144	\$286.8M	3.4%	\$2,451,044	\$116.90	6.6%	\$133.65	114	6.1%
2013	158	\$337.8M	4.6%	\$2,465,870	\$99.59	7.5%	\$122.84	105	6.3%
2012	160	\$254.9M	3.6%	\$2,124,369	\$102.44	9.5%	\$115.91	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	-	-	-	-	-	-	\$481.80	273	5.8%
2026	-	-	-	-	-	-	\$460.77	261	5.9%
2025	-	-	-	-	-	-	\$430.75	244	6.0%
2024	-	-	-	-	-	-	\$402.31	228	6.2%
2023	-	-	-	-	-	-	\$415.69	235	5.8%
YTD	53	\$413.9M	2.3%	\$9,407,351	\$355.93	5.5%	\$429.14	243	5.5%
2022	144	\$2B	7.9%	\$17,003,281	\$540.11	5.2%	\$411.72	233	5.4%
2021	177	\$2B	9.1%	\$12,110,000	\$421.58	5.6%	\$388.42	220	5.1%
2020	110	\$725.3M	4.4%	\$7,252,941	\$317.45	6.2%	\$315.30	178	5.6%
2019	137	\$972M	6.2%	\$9,084,471	\$321.23	6.5%	\$277.09	157	6.0%
2018	140	\$814.4M	6.9%	\$7,207,382	\$253.19	6.0%	\$266.56	151	5.9%
2017	152	\$1.1B	9.1%	\$7,675,179	\$231.85	6.7%	\$245.31	139	6.0%
2016	179	\$982.5M	11.4%	\$7,171,661	\$235.36	6.9%	\$240.16	136	5.7%
2015	168	\$686M	9.0%	\$5,119,590	\$161.79	6.8%	\$225.74	128	5.7%
2014	132	\$686.9M	8.0%	\$5,630,437	\$174.49	7.5%	\$202.34	114	6.1%
2013	100	\$321.6M	4.1%	\$3,739,670	\$166.48	6.7%	\$186.94	106	6.3%
2012	131	\$357.1M	5.9%	\$3,306,431	\$130.20	8.3%	\$177.16	100	6.5%

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HOW CAN WE HELP YOU REACH YOUR COMMERCIAL REAL ESTATE GOALS?

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