

Q3 2024 ***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

3.1M

12 Mo Net Absorption in SF

(2.4M)

Vacancy Rate

7.5%

Market Asking Rent Growth

2.5%

Absorption was negative for the sixth straight quarter in 24Q2, which has been the longest stretch since the height of the Great Recession. Vacancies tied to the defense industry and biotech sector in North County and to distributors in South County have led to vacancy rising to 7.5% during the third quarter, which is the highest level in nearly 10 years.

Market participants have noted that San Diego's industrial market is not normalizing but instead navigating a period of weaker demand, similar to the national theme. Leasing for spaces above 50,000 SF has still not returned to recent norms. Only four new leases were signed above that size during 24Q2, the same number as 24Q1. That represented less than 20% of new leasing volume during 24Q2, compared with an average of 30% between 2019 and 2023.

Roughly 2.9 million SF of space is scheduled to complete construction in 2024, and one-third of the pipeline is available. That will add to the 2.4 million SF that is available in buildings that have been completed since 2023. Although development activity has increased in Central and North counties, most of the new available space is near the port of entry in South County.

The demand drivers in Otay Mesa, including access to Mexico's labor force and transportation arteries through the region along the I-15 corridor, are unmatched in San Diego and should ensure that the space there is absorbed. However, market participants have noted that

broader macroeconomic concerns continue to weigh on large occupiers, and demand may not resurface until late 2025.

Landlords of small-bay properties face fewer hurdles and supply pressure. Local brokers from El Cajon to Central San Diego have noted that they have never been busier securing space for tenants with requirements between 2,000 SF to 10,000 SF. Availability in these buildings and submarkets is among San Diego's lowest, and demand should remain robust for these spaces. That has given leverage to landlords, who can often secure new tenants with minimal concessions.

In this environment, rents have shifted by 2.5% year over year and by 0.2% during 24Q2. That was the lowest quarterly rent growth in nearly 10 years as annual rent growth moderated below the historical benchmark. That follows significant embedded rent growth of 87.5% in the past decade. Further moderation will likely carry into next year until demand begins recovering and new space is absorbed.

San Diego has always been a small-bay market, and the demand environment is bifurcated between small-bay and large logistics facilities. Demand for small industrial spaces will likely continue driving the leasing market. Longer-term economic uncertainty among larger occupiers could delay the demand recovery until 2026, resulting in further occupancy losses in the near term.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	91,399,323	7.7%	\$18.81	9.8%	(359,431)	573,049	2,027,436
Specialized Industrial	65,144,401	4.3%	\$19.59	5.9%	(204,370)	0	147,054
Flex	55,352,068	10.8%	\$32.56	17.4%	(269,318)	0	2,404,775
Market	211,895,792	7.5%	\$22.71	10.7%	(833,119)	573,049	4,579,265

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.5%	7.0%	7.3%	11.1%	2010 Q1	2.8%	2022 Q2
Net Absorption SF	(2.4M)	1,578,522	1,244,100	8,602,820	2022 Q1	(4,466,473)	2009 Q3
Deliveries SF	3.1M	2,137,029	2,088,095	6,646,990	2000 Q2	75,015	2011 Q2
Market Asking Rent Growth	2.5%	4.0%	4.1%	10.6%	2022 Q3	-5.3%	2009 Q4
Sales Volume	\$1.5B	\$1.5B	N/A	\$5.2B	2022 Q3	\$350.4M	2009 Q3

San Diego's vacancy rate has increased by 250 basis points in the past 12 months after net absorption tallied roughly -2.4 million SF. Like the demand environment, vacancy is bifurcated. Vacancy in industrial buildings is under 6%, and it is roughly 10.8% in flex properties.

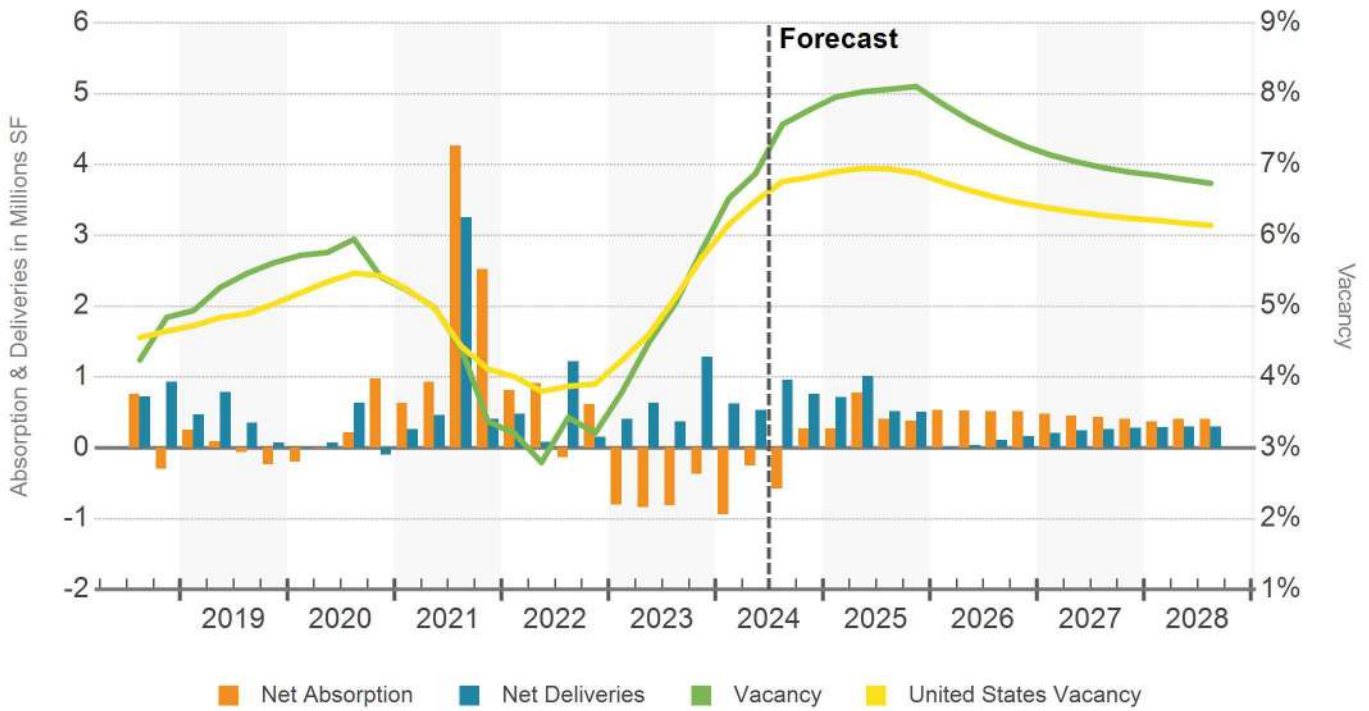
Availability has increased in every size cohort since last year. The sharpest rise has been in logistics buildings between 100,000 and 250,000 SF, many of which are in development, where it has risen from 5% to 14%. Market participants have suggested that large occupiers have been more concerned with controlling costs and seeking efficiency due to broader economic uncertainty, which has stifled leasing activity above 50,000 SF. That has certainly been the case in Otay Mesa, where the availability rate has nearly doubled to 15% since the end of 2022.

The rise in availability has been much more marginal in small-bay properties. Kearny Mesa, Central San Diego, El Cajon and Vista are among the submarkets where demand for small-bay spaces has been the strongest. The availability rate in small-bay facilities in these submarkets is roughly 40% below the region's average for these properties. They are located along transportation arteries and population clusters filled with service-related workers, and spaces in these buildings are leased in an average of two months. In El Cajon, a plumber leased 8,500 SF on a five-year term for space that had been available for only one month as a recent example in 2024.

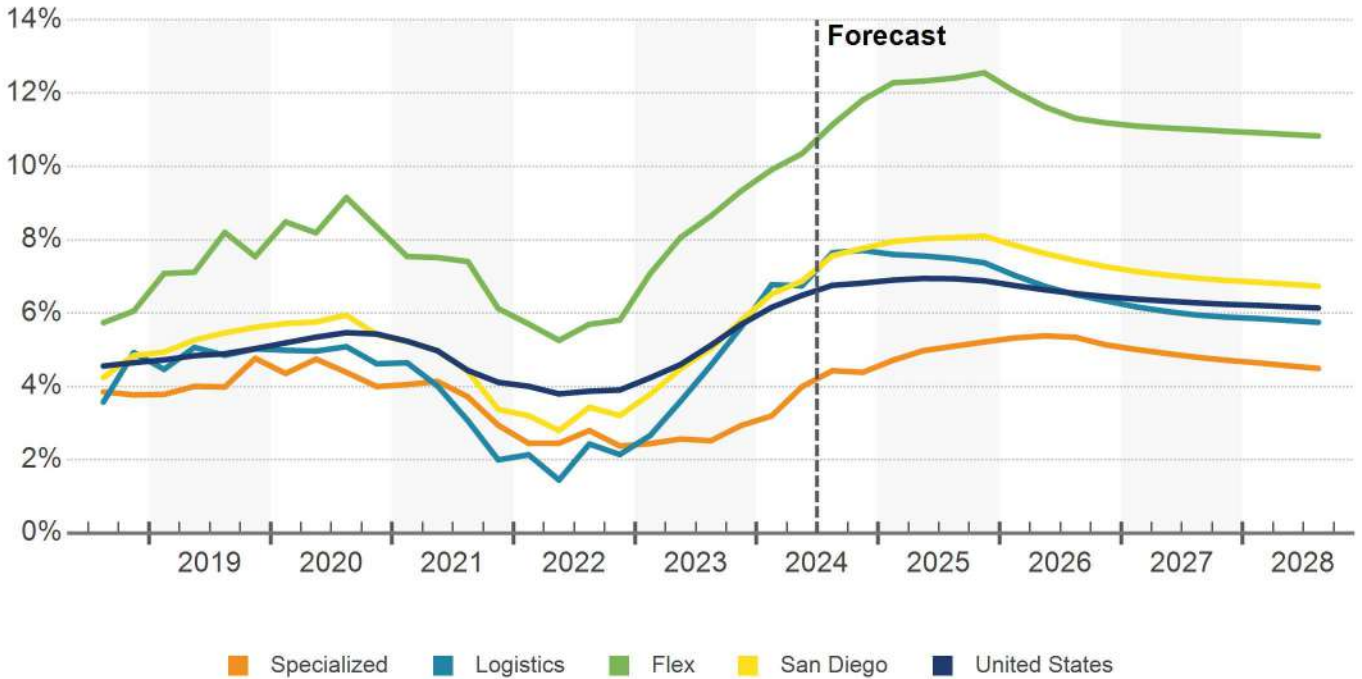
North County brokers have noted that requirements below 10,000 SF have been difficult to fill in Vista due to the high demand for space in incubator parks. Available spaces in that tranche are typically leased in less than two months in Vista, and most deals are on shorter terms. Investors have shown a willingness to target these properties and cut up the largest spaces into small-bay units to attract these tenants, and market participants expect these spaces and properties will continue driving demand in the coming quarters. Leases under 10,000 SF have accounted for 40% of new leasing volume in 2024, which is the same level as 2023 when it reached its highest percentage in 10 years. There are no available buildings below 50,000 SF under construction to secure additional demand.

The next six to 12 months could prove to be the market's most challenging period over the next several years as a wave of recently delivered and soon-to-complete, unleased projects navigate lease-up during a period of tepid tenant demand. Those South County logistics facilities will be leased, but it may not happen until larger occupiers express confidence in the economic climate and ramp up activity along the border. The longer that is delayed, the longer the demand recovery will take, which could lead to further occupancy losses in the coming quarters. Yet, the long-term demand drivers are secure. Tijuana continues to expand its manufacturing base, and those goods will filter through the border into Otay Mesa facilities before being distributed through the region along several freeway corridors.

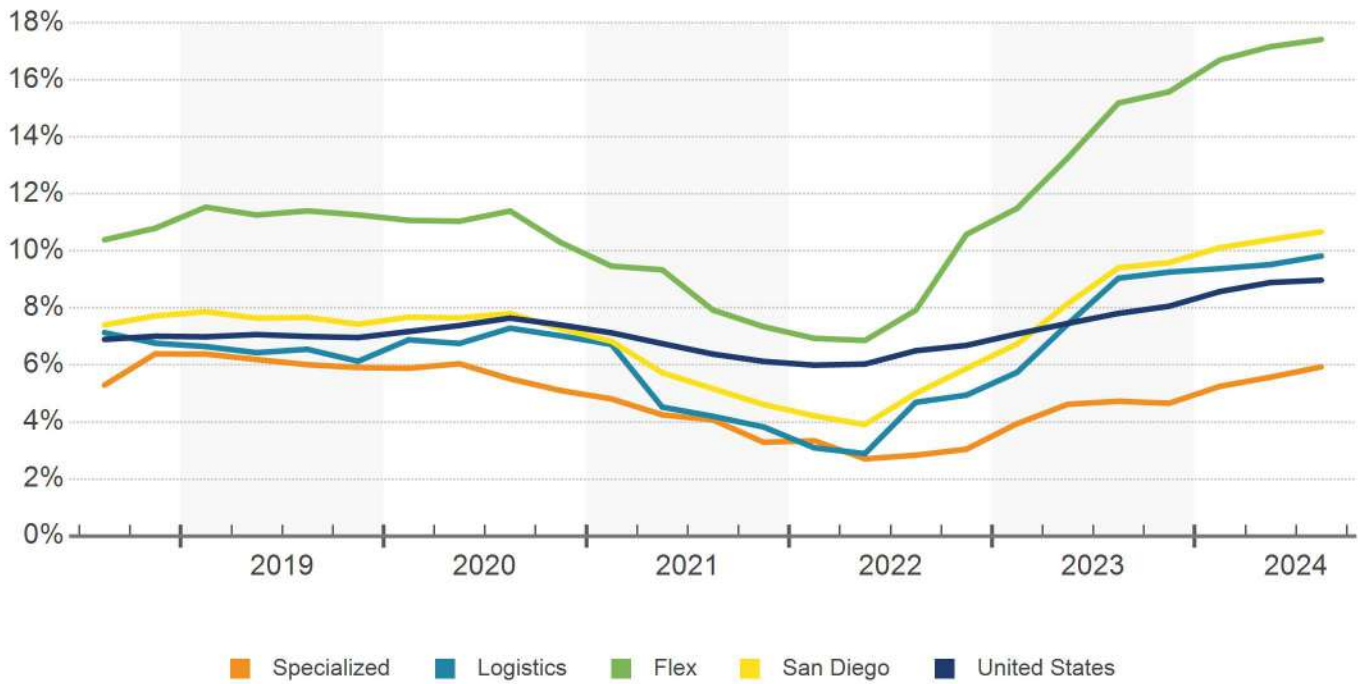
NET ABSORPTION, NET DELIVERIES & VACANCY



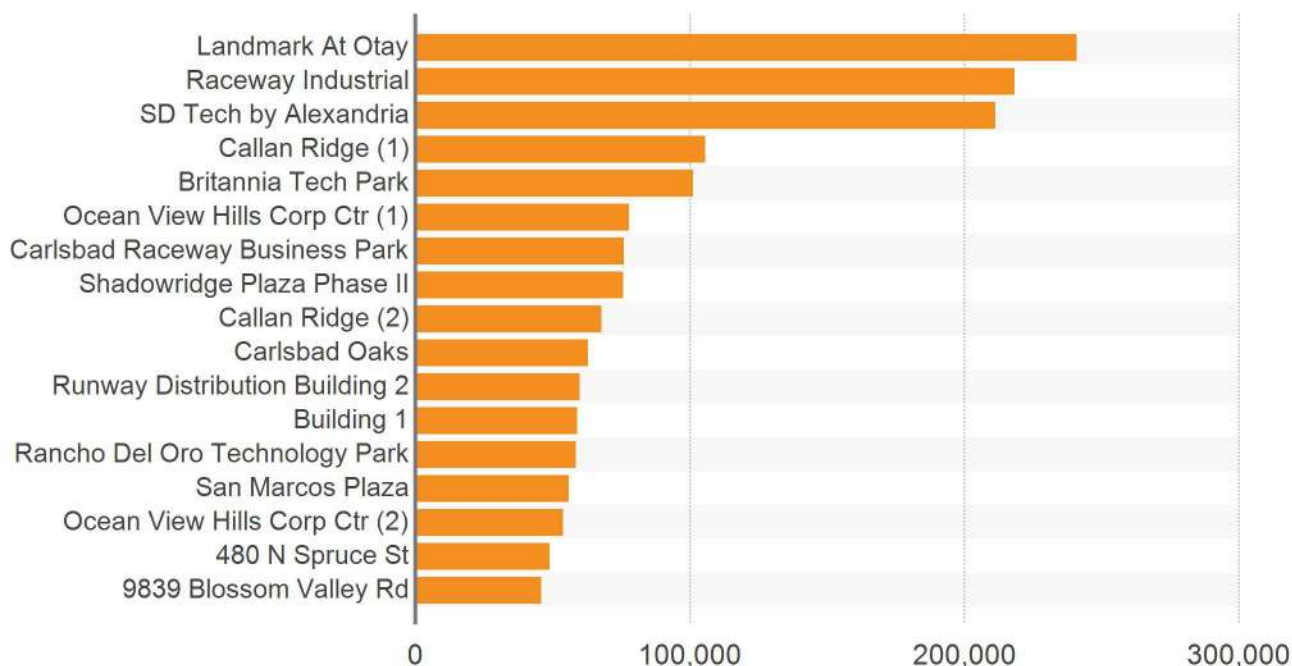
VACANCY RATE



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
Raceway Industrial	Carlsbad Ind	218,429	0	0	218,429	0	0	218,429
SD Tech by Alexandria	Sorrento Mesa Ind	253,741	42,506	0	44,885	166,350	0	211,235
Callan Ridge (1)	Torrey Pines Ind	105,511	0	0	105,511	0	0	105,511
Britannia Tech Park	Otay Mesa Ind	101,145	0	0	0	101,145	0	101,145
Ocean View Hills Corp Ctr (1)	Otay Mesa Ind	183,695	0	(918)	91,753	0	0	77,791
Carlsbad Raceway Business Park	Carlsbad Ind	175,295	85,240	0	0	0	0	76,000
Shadowridge Plaza Phase II	Vista Ind	76,872	0	0	0	76,872	0	75,806
Callan Ridge (2)	Torrey Pines Ind	67,800	0	67,800	0	0	0	67,800
Carlsbad Oaks	Carlsbad Ind	123,454	0	26,853	0	31,095	0	62,873
Runway Distribution Building 2	Otay Mesa Ind	59,905	0	0	0	0	0	59,905
Building 1	Otay Mesa Ind	123,925	65,073	4,881	15,396	38,575	0	58,852
Rancho Del Oro Technology Park	Oceanside Ind	143,274	30,082	45,263	43,725	0	0	58,507
San Marcos Plaza	San Marcos Ind	90,000	6,857	684	11,942	21,737	0	55,845
Ocean View Hills Corp Ctr (2)	Otay Mesa Ind	152,919	0	63,512	0	0	0	53,847
480 N Spruce St	Escondido Ind	48,976	0	0	0	0	0	48,976
9839 Blossom Valley Rd	Outlying SD County...	46,000	0	0	0	46,000	0	46,000
Subtotal Primary Competitors		2,211,916	229,758	208,075	531,641	481,774	0	1,619,496
Remaining San Diego Market		209,802,113	15,633,981	(1,145,577)	(780,404)	(1,238,021)	0	(4,057,041)
Total San Diego Market		212,014,029	15,863,739	(937,502)	(248,763)	(756,247)	0	(2,437,545)

TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
825 Energy Way	Chula Vista	451,282	Q3 24	-	-	CBRE
2081 Faraday Ave	Carlsbad	157,973	Q3 24	-	-	Cushman & Wakefield
8830 Siempre Viva Rd	Otay Mesa	153,166	Q1 24	Marketing.com	JLL	IDS Real Estate Group;...
13100 Danielson St *	Poway	129,910	Q2 24	Liberty Packaging	JLL	Lee & Associates
7995 Armour St	Kearny Mesa	116,000	Q2 24	-	-	KBC Advisors
1900 Weld Blvd *	El Cajon	112,168	Q1 24	Sigler	-	Toller Cornell Commer...
7222 Airway Rd	Otay Mesa	101,145	Q3 24	Foxx Development, Inc.	-	Cushman & Wakefield
1601 San Elijo Rd	San Marcos	95,000	Q4 23	Play by Play Productions	-	-
1601 San Elijo Rd	San Marcos	95,000	Q4 23	Samba Futsal Club	-	-
1445 Engineer St	Vista	93,662	Q3 24	-	-	CBRE
1462 Corporate Center Dr	Otay Mesa	91,753	Q1 24	JMC Global	JLL	CBRE
901 Bay Marina Dr	National City	91,541	Q3 24	Avis	CBRE	Cushman & Wakefield
8917 Kerns St *	Otay Mesa	73,108	Q4 23	Mad Engine Global	-	-
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	-	-
7484 Raytheon Rd *	Kearny Mesa	62,031	Q1 24	Daltile	-	Voit Real Estate Services
6800 Gateway Park Dr *	Otay Mesa	61,443	Q4 23	DHL Global Forwarding	-	-
9050 Airway Rd	Otay Mesa	59,905	Q4 23	DC Logistics	JLL	JLL
2080 Sanyo Ave	Otay Mesa	58,852	Q2 24	Blue Streak Electronics	Lee & Associates	Colliers
2210 Oak Ridge Way *	Vista	53,269	Q2 24	Solatube International, Inc	-	-
7545 Carroll Rd *	Mira Mesa/Miramar	51,409	Q1 24	Rivulis Irrigation Inc	-	Lee & Associates Com...
9577 Chesapeake Dr *	Kearny Mesa	51,000	Q4 23	City of San Diego	-	Voit Real Estate Services
1890 Ord Way *	Oceanside	50,851	Q3 24	Hydranautics	Lee & Associates	JLL
7365 Mission Gorge Rd *	Mission Gorge	50,407	Q2 24	Forward	-	-
1466 F St	Central San Diego	50,310	Q4 23	Goodwill	-	Cushman & Wakefield
480 N Spruce St	Escondido	48,976	Q4 23	Big and Bold Wholesale	Venture Pacific Com...	Kidder Mathews
8515 Miramar Pl *	Mira Mesa/Miramar	48,800	Q1 24	Foundation Building Mater...	-	Cushman & Wakefield
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
9404 Cabot Dr *	Mira Mesa/Miramar	46,846	Q2 24	CORT	JLL	-
2800 Whiptail Loop	Carlsbad	46,838	Q1 24	ATX	CBRE	CBRE;Cushman & Wa...
4039 Calle Platino	Oceanside	43,725	Q2 24	Daikin	Stream Realty Partn...	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
13955 Stowe Dr	Poway	37,530	Q2 24	-	-	Hughes Marino;Savills
4370 Jutland Dr	PB/Rose Canyon/Morena	37,252	Q3 23	The King of Padel Inc.	Transnational Realty	Colliers
1444 30th St *	San Ysidro/Imp Beach	37,138	Q2 24	-	-	Colliers

*Renewal

At 2.5%, year-over-year rent growth has moderated below the long-term average as of the third quarter, compared to 3.1% nationally. The second quarter saw the lowest quarter-over-quarter rent growth, 0.2%, in the past 10 years, and rents only grew around 1% in the first half of 2024.

Tenants are beginning to receive some concessions, particularly for larger occupiers, and build-out allowances are typically between \$1 and \$7/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 on large logistics spaces to offer up to five months of free rent to secure occupancy. 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. However, market participants are concerned that prices may have to come down to attract demand, given the drawback among larger occupiers.

Most larger logistics deals are signed for rents between \$15 and \$20/SF. MAT Express signed a 63-month lease for 20,000 SF at Pacific Ridge Industrial Park, a 2001-vintage campus with 28-foot clear heights, in Otay Mesa. The starting rent was \$15/SF NNN with 4% escalations and three months free. In Chula Vista, advertised rents at the Heritage Industrial Center, a three-building, 200,000-SF campus that was completed in 2023, have come down from \$19.20/SF by \$1/SF.

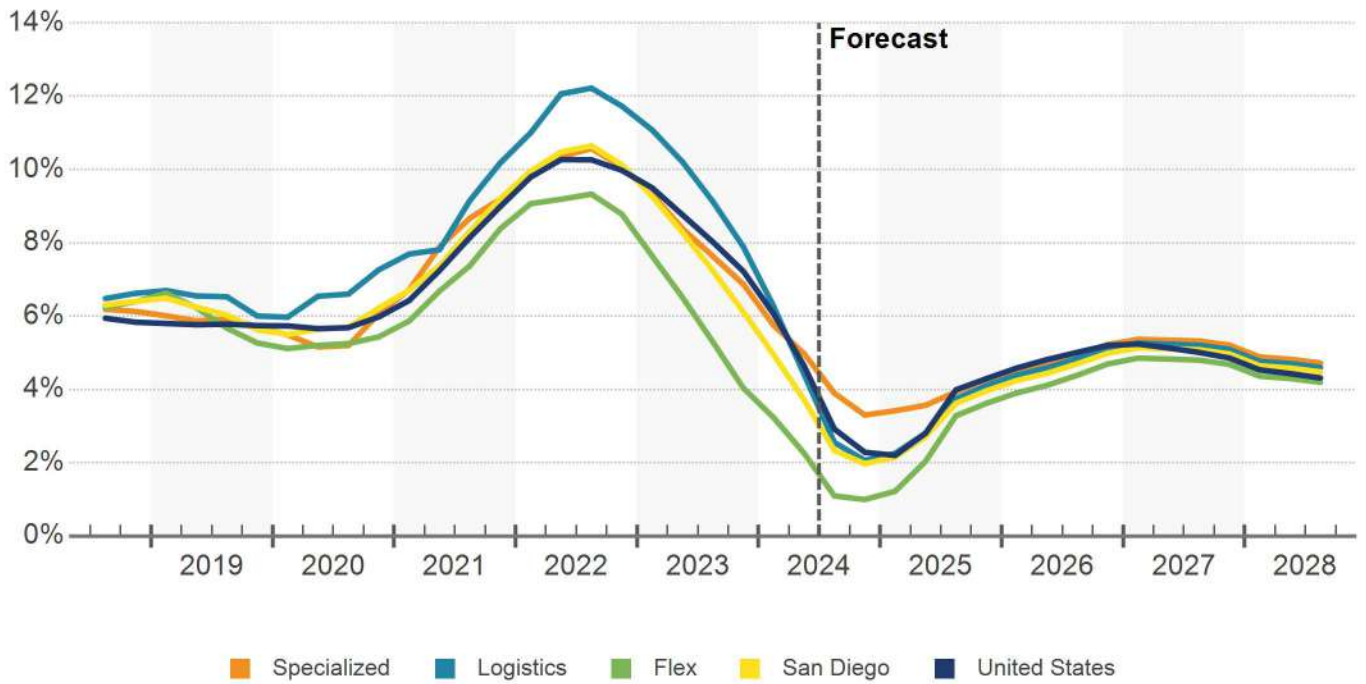
Clear heights at the new campus are between 28 and 32 feet. Daikan signed a 26,000-SF lease there in 2024 for seven years at a starting rate of around \$18/SF.

Some tenants are turning to renewals to secure occupancy, even at much higher rent levels. Natural Alternatives signed a 10-year renewal for its 162,000 SF of distribution space at Vista Business Park. The deal raised the rent to \$18/SF with 3.8% escalations and five months of free rent. The deal started in 24Q2 and represented a 138% increase over its lease signed 10 years earlier. The tenant intended to complete substantial improvements, including \$2.3 million in solar equipment, which the landlord would reimburse up to \$7/SF.

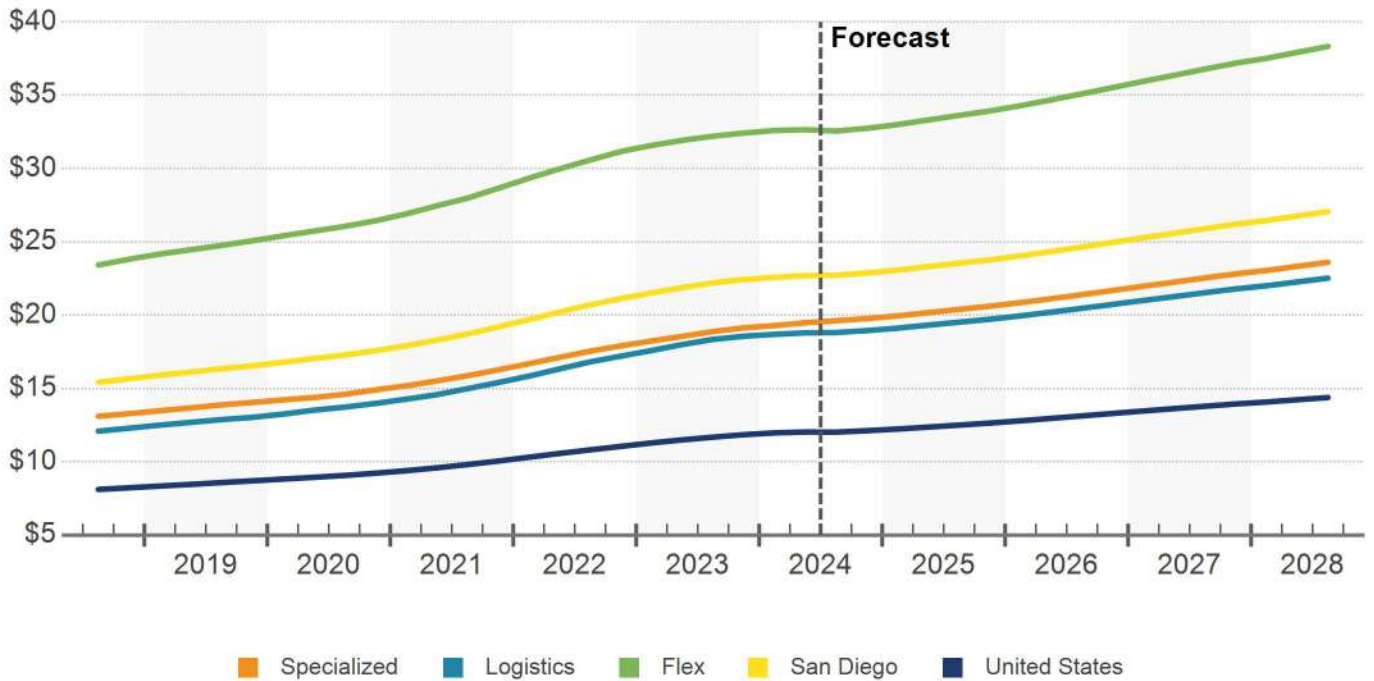
Conversely, small-bay owners are still locking in 4% escalations with minimal free rent. Tenants often receive one month of free rent on a three- to five-year deal, and tenants have shown they will pay for quality. In some North County campuses, small-bay spaces are leasing for more than \$30/SF NNN with one month free and 4% escalations. These spaces tend to lease quickly, often less than two months, and landlords have become more selective.

Landlords with small-bay spaces are likely to continue having leverage, particularly with low availability and short-term leases. However, rent growth will likely moderate until new space is absorbed, which may not take hold until the second half of 2025.

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET



With 4.6 million SF of flex and industrial space under construction, San Diego's pipeline will add supply-side pressure to vacancy and rent growth. Roughly 2.1 million SF is available for lease.

Otay Mesa accounts for over half of the industrial inventory under construction in San Diego, one-third of which is available. Between 2010 and 2019, inventory expanded by only about 5% in Otay Mesa. Since 2020, inventory has increased by 50% as firms have increasingly onshored operations to be closer to maquiladoras in Tijuana. Roughly 4.3 million SF has opened there since 2022, and approximately 50% of that space is available for lease as of the third 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. Amazon paid \$11/SF for 68 acres in 2021 and is underway on a 1.1 million-SF facility next to its others. 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.

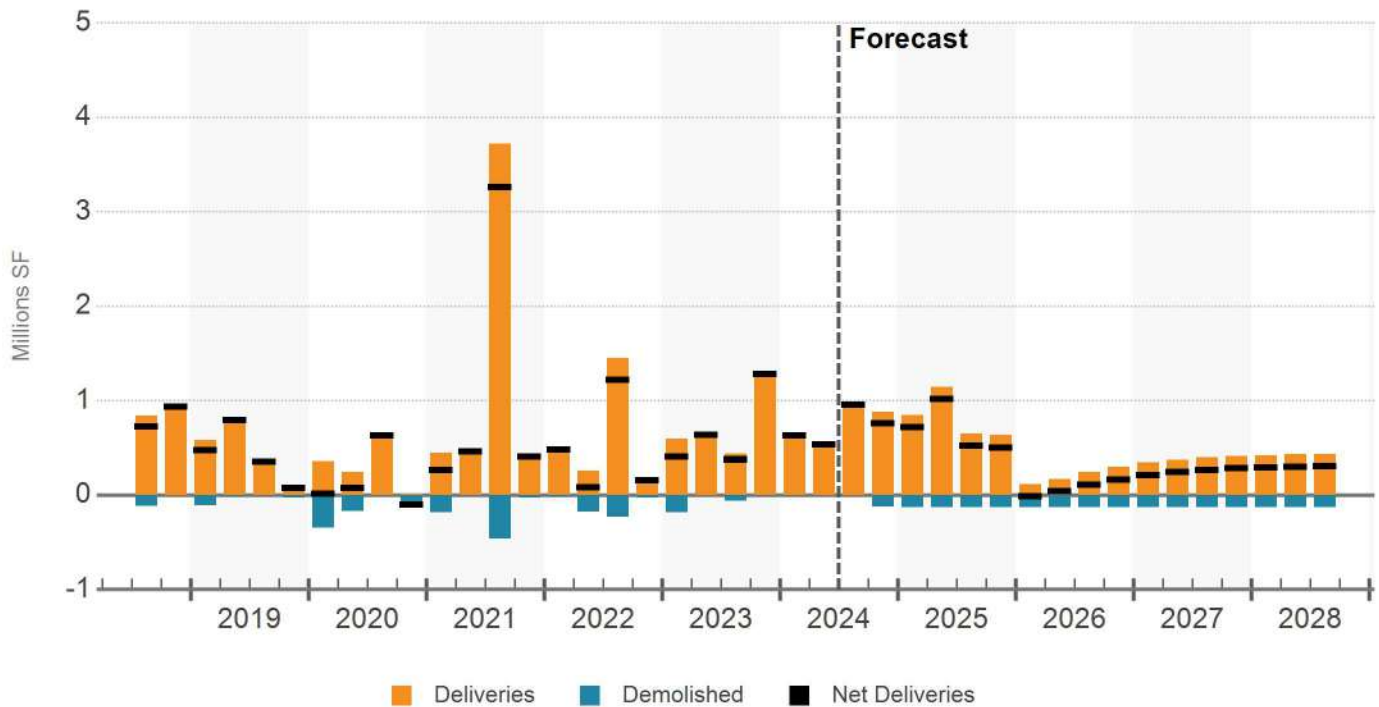
One of the largest development projects is in El Cajon, where little new inventory has come to market in the past decade. A 380,000-SF distribution facility, divisible to 95,000 SF, is scheduled to deliver in mid-2024 with 32-

foot clear heights. Chestnut Properties, the developer, received a \$91 million construction loan for the project. GKN Aerospace preleased roughly 160,000 SF to add to its 200,000-SF footprint within the submarket. That is one of several industrial projects in the pipeline outside of South County. A few infill sites are under development in Kearny Mesa totaling more than 200,000 SF, and they are available and scheduled to be completed in 2024.

Roughly two-thirds of the flex pipeline, which consists of 2 million SF of lab space, is available for lease, and several formerly pre-leased developments in Sorrento Mesa and Torrey Pines have become available in recent quarters. Demand for biotech space has fallen as the pandemic-fueled capital that spurred growth across the biotech industry has retrenched. Local brokers are concerned that demand will be relatively light through 2024, even as requirements have increased. 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 UCSD, technological advances that can improve the quality of life and a strong entrepreneurial spirit.

It will take time for the pipeline to be absorbed. Market participants are hoping that requirements among larger occupiers rises, and it may not be until the second half of 2025 when momentum for leasing new space returns.

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	4	1,395	1,169	83.8%	2	64,077	348,736	2
2	Sorrento Mesa	7	1,206	130	10.8%	8	48,102	172,354	3
3	Torrey Pines	6	631	514	81.5%	3	81,957	105,110	6
4	El Cajon	1	381	159	41.7%	7	18,970	381,240	1
5	UTC	2	335	172	51.4%	6	95,966	167,461	4
6	Carlsbad	4	233	165	70.9%	4	32,787	58,179	8
7	Kearny Mesa	2	219	0	0%	9	24,843	109,646	5
8	Escondido	2	147	89	60.2%	5	11,768	73,527	7
9	San Marcos	1	24	24	100%	1	17,309	24,461	9
10	La Mesa/Spring Valley	1	8	0	0%	9	8,574	7,500	10
	All Other	0	-	-	-		21,512	-	
Totals		30	4,579	2,422	52.9%		23,960	152,642	

Under Construction Properties

San Diego Industrial

Properties

Square Feet

Percent of Inventory

Released

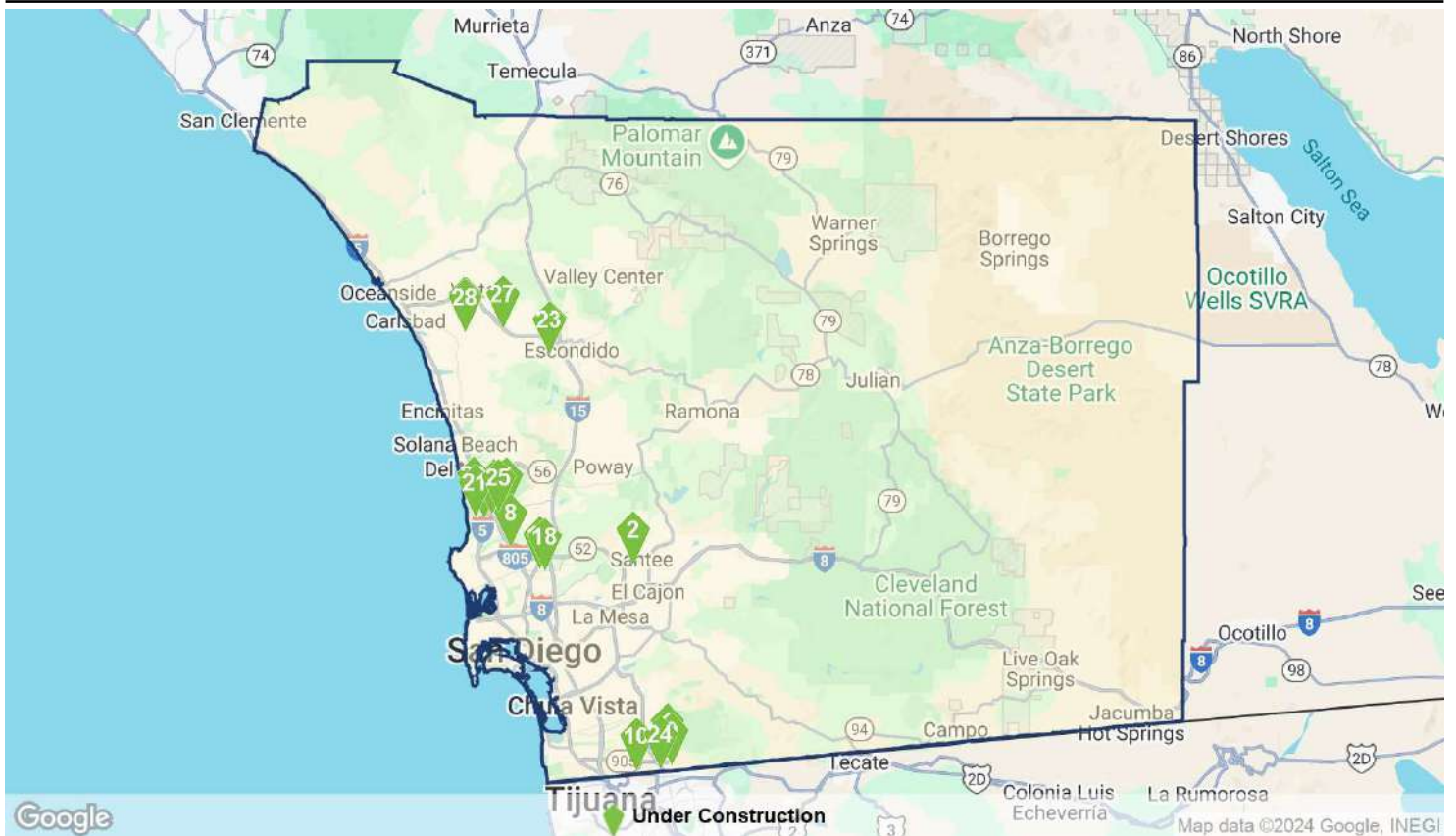
30

4,579,265

2.9%

52.9%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 6980 Otay Mesa Rd	★★★★☆	1,077,413	1	Feb 2024	May 2025	- Amazon
2 Gillespie Field iPark 1756 Weld Blvd	★★★★☆	381,240	1	Sep 2023	Oct 2024	- County of San Diego
3 5975 Pacific Mesa Ct	★★★★★	322,000	6	Aug 2023	Dec 2024	Sterling Bay West Harrison Street Capital
4 Bioterra 5889 Oberlin Dr	★★★★☆	310,754	5	Dec 2022	Oct 2024	- Longfellow Real Estate Partners
5 5974 Pacific Mesa Ct	★★★★★	174,000	5	Aug 2023	Dec 2024	- Harrison Street Capital
6 4150 Campus Point Ct	★★★★☆	172,000	5	Jun 2023	Apr 2025	Alexandria Real Estate Equities, I... Alexandria Real Estate Equities, I...
7 2830 Whiptail Loop	★★★★☆	165,000	2	Dec 2023	Sep 2025	Oxford Properties Group Oxford Properties Group

Under Construction Properties

San Diego Industrial

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 6220 Greenwich Dr	★ ★ ★ ★ ★	162,922	2	Oct 2022	Oct 2024	- Breakthrough Properties LLC
9 Enrico Fermi Industrial 7129 Enrico Fermi Pl	★ ★ ★ ★ ★	150,530	1	May 2023	Oct 2024	Phelan Development Company The Carlyle Group
10 7401 Bristow Ct	★ ★ ★ ★ ★	124,000	1	Jan 2024	Dec 2024	- Johnson Properties, LLC
11 8888 Balboa Ave	★ ★ ★ ★ ★	123,492	2	Dec 2023	Oct 2024	- Rexford Industrial Realty, Inc.
12 Headquarters Point - Bld... 4902 Headquarters Pt	★ ★ ★ ★ ★	122,920	3	Jul 2023	Oct 2024	- Bioscience Property Investments
13 Headquarters Point - Bld... 4910 Headquarters Pt	★ ★ ★ ★ ★	122,535	4	Jul 2023	Oct 2024	- Bioscience Property Investments
14 10945 Alexandria Way	★ ★ ★ ★ ★	122,302	2	Jul 2023	Dec 2024	- -
15 10935 Alexandria Way	★ ★ ★ ★ ★	119,202	3	Jul 2023	Dec 2024	- -
16 Vista Sorrento Labs 10251 Vista Sorrento Pky	★ ★ ★ ★ ★	115,761	4	Jun 2023	Feb 2025	- Trammell Crow Company
17 Building 3 10931 N Torrey Pines Rd	★ ★ ★ ★ ★	113,094	3	Jul 2023	Dec 2024	- Alexandria Real Estate Equities, I...
18 4400 Ruffin Rd	★ ★ ★ ★ ★	95,800	1	Jan 2024	Dec 2024	- LBA Logistics
19 10955 Alexandria Way	★ ★ ★ ★ ★	93,492	2	Jul 2023	Dec 2024	- -
20 Building 4 10933 N Torrey Pines Rd	★ ★ ★ ★ ★	92,572	2	Apr 2023	Dec 2024	- Alexandria Real Estate Equities, I...
21 10354 John Jay Hopkins...	★ ★ ★ ★ ★	90,000	3	May 2023	Oct 2024	- Scripps Health
22 SDCWA 1960 Citracado Pky	★ ★ ★ ★ ★	88,552	1	Jan 2024	Jan 2025	- The Carlyle Group
23 Escondido Logistics Ce... Lots 16-18 Citracado Pky	★ ★ ★ ★ ★	58,502	1	Jan 2024	Dec 2024	RAF Pacifica Group, Inc. -
24 Otay Center Dr	★ ★ ★ ★ ★	43,000	1	Feb 2024	Sep 2025	- Cedar Realty Group
25 9805 Scranton Rd	★ ★ ★ ★ ★	38,507	2	Apr 2023	Oct 2024	DPR Construction, Inc. Alexandria Real Estate Equities, I...
26 Bldg C Whiptail Loop	★ ★ ★ ★ ★	29,965	2	Sep 2024	Apr 2025	Techbilt Companies Techbilt Companies
27 109 S Pacific St	★ ★ ★ ★ ★	24,461	1	Jun 2023	Oct 2024	- -
28 Bldg B Whiptail Loop	★ ★ ★ ★ ★	20,330	2	Sep 2024	Apr 2025	Techbilt Companies Techbilt Companies

Lenders have noted that they have been more cautious with industrial loans. However, unlike the office sector, deal flow has outpaced the lows of the Great Recession. Total sales volume in the first half of 2024 was more than 50% below the \$2 billion quarterly cycle peak of 21Q4. Following suit, cap rates have increased to a band between 5% and 6%. Institutional-sized deals often include lengthy lease terms, which limits the ability to periodically roll rents to market. Therefore, these types of deals are trading in the mid-5% and 6% range. Mid- and small-bay properties, on the other hand, are seeing cap rates in the low 5% range as buyers can still drive NOI growth in the early stages of the cash flow. To contextualize these levels, in early 2022, buildings were trading at cap rates between the low 3% range up into the low fours.

The majority of sales volume originated from national participants in the first half of 2024. Institutional and REIT entities accounted for about 12% of buyer activity in 24Q1 and 24Q2, a bit lower than the longer-term average. Fund-level equity was on roughly 7% of volume on the buying side during that time. Those same groups represented almost 60% of the volume on the seller's side.

BKM Capital Partners purchased the Canyon Industrial Center in Kearny Mesa in the first half of 2024 for \$70.2 million, or about \$353/SF, at a 5% cap rate. The mix of industrial and flex buildings span roughly 200,000 SF and were 99% occupied at the time of the sale across 49 units ranging from 550 SF to 20,000 SF. BKM plans to upgrade the 70s-vintage campus that has 14- to 20-foot

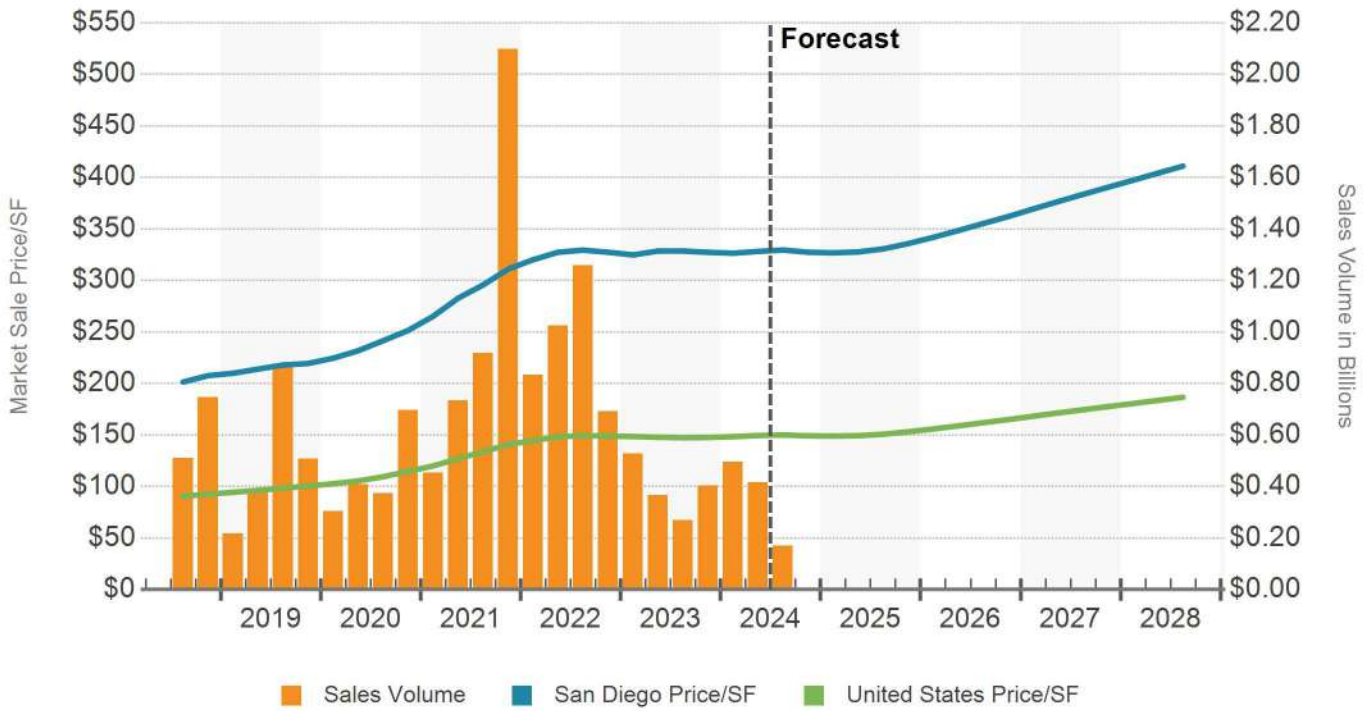
clear heights and redevelop some of the larger units into 8,000-SF spaces. The buyer is motivated to upgrade because existing leases are roughly 30% under the market, and more than 90% of existing leases are scheduled to roll during the intended hold period. The buyer secured \$51 million in debt to finance the purchase from the seller, Gateway Pacific Properties.

Hines has been active in South County. The firm purchased two new logistics facilities in the first phase at Britannia Tech Park in Otay Mesa in mid-2022 totaling 230,000 SF for \$336/SF. One building was vacant at the time of the sale and leased at the end of 2022, while Home Depot had a 10-year lease for 125,000 SF at the second building, and clear heights were from 32 to 34 feet.

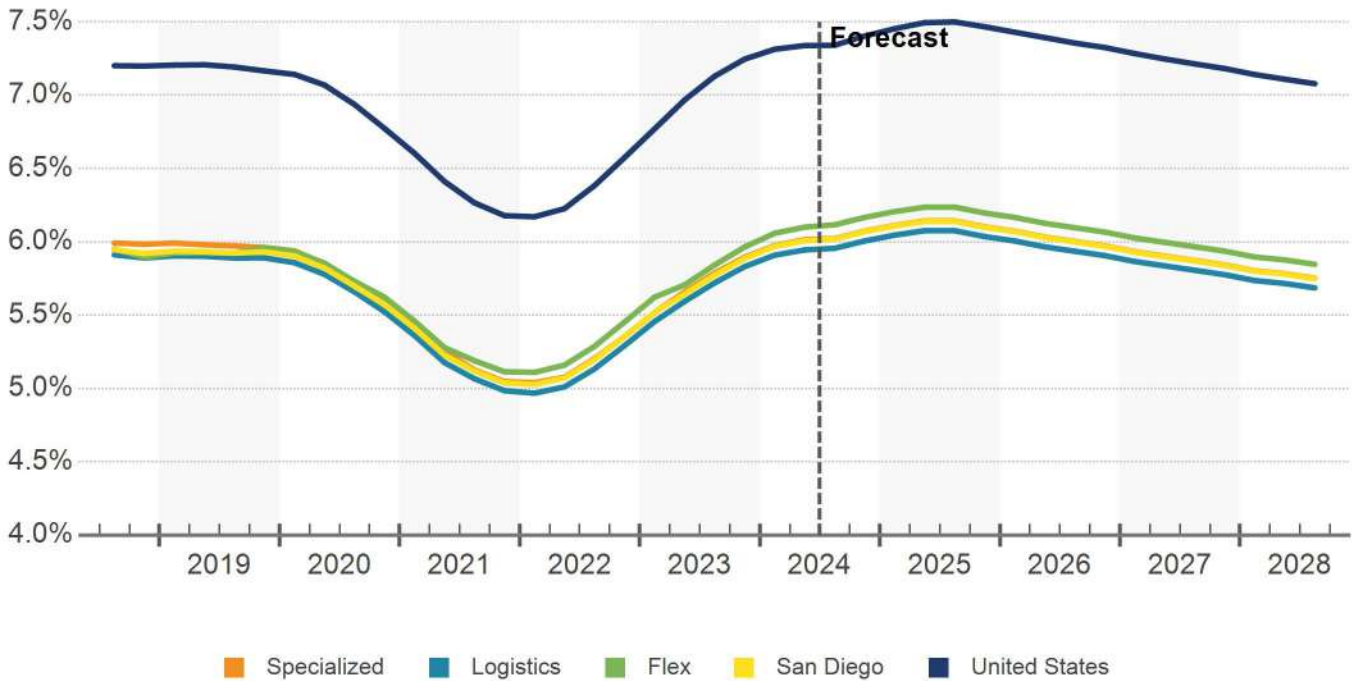
While closing that deal, Hines went under contract for two more buildings in phase two at the Britannia Tech Park. The buildings spanned 200,000 SF with 34-foot clear heights, and they closed for \$300/SF at the end of 2023 when they were completed. The buildings were vacant at the time of the sale with roughly 25% occupancy during 24Q3. In between the two sales, Hines also purchased a 9.5-acre development site without approved plans in Otay Mesa for \$41/SF.

Market participants have suggested that the investment activity will likely be similar to recent quarters due to rent growth having moderated below the long-term benchmark, elevated interest rates and more modest demand that is not expected to recover until late 2025 when new inventory is absorbed.

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

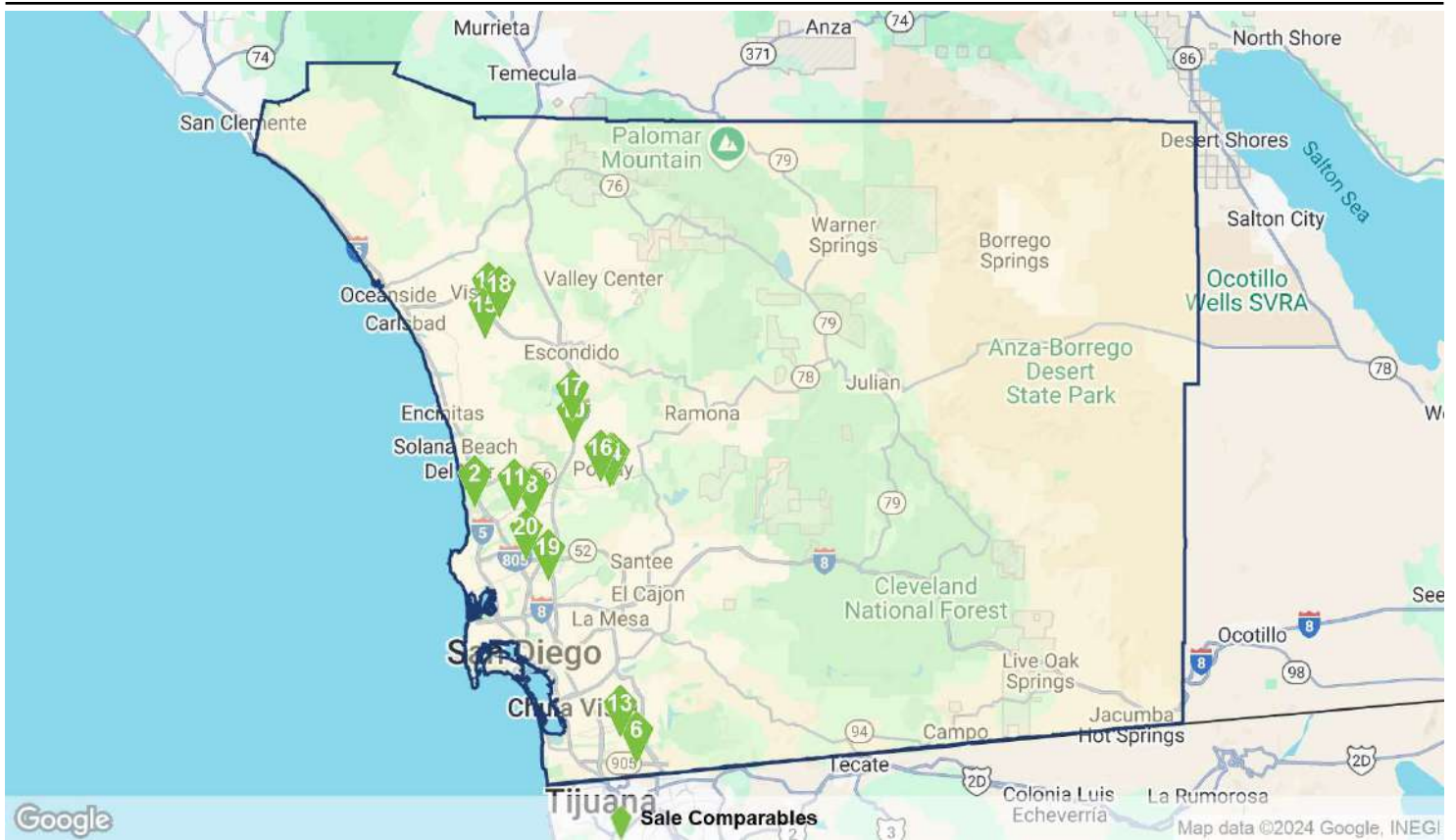
252

6.6%

\$328

18.8%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$235,000	\$7,248,990	\$4,205,340	\$93,091,829
Price/SF	\$21	\$328	\$315	\$1,403
Cap Rate	4.7%	6.6%	6.0%	11.0%
Time Since Sale in Months	0.1	6.3	6.6	12.0
Property Attributes	Low	Average	Median	High
Building SF	700	24,133	13,965	198,858
Ceiling Height	10'	20'3"	20'	34'
Docks	0	2	0	44
Vacancy Rate At Sale	0%	18.8%	0%	100%
Year Built	1918	1986	1982	2024
Star Rating	★★★★★	★★★★★ 2.3	★★★★★	★★★★★

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 Building A 3020 Callan Rd	★★★★★	2023	105,511	100%	1/9/2024	\$93,091,829	\$1,357	-
2 Bldg B 3030 Callan Rd	★★★★★	2023	67,800	0%	1/9/2024	\$60,308,171	\$1,368	-
3 Building 3 14253 Kirkham Way	★★★★★	2019	154,000	0%	4/5/2024	\$43,900,000	\$285	-
4 Building 1 14105 Kirkham Way	★★★★★	2014	115,000	0%	4/5/2024	\$32,900,000	\$286	-
5 Building 1 7498 Colchester Ct	★★★★★	2023	102,099	100%	10/9/2023	\$30,570,481	\$299	-
6 Building 2 7222 Airway Rd	★★★★★	2023	101,145	100%	10/9/2023	\$30,347,019	\$300	-
7 14250 Kirkham 14250 Kirkham Way	★★★★★	2002	125,196	0%	4/5/2024	\$26,900,000	\$215	-
8 Stromesa Center 7949 Stromesa Ct	★★★★★	1980	107,564	13.0%	3/20/2024	\$26,500,000	\$246	-
9 Building 4 14311 Kirkham Way	★★★★★	2020	80,500	0%	4/5/2024	\$26,454,240	\$329	-
10 15330 Avenue of Science	★★★★★	1984	73,756	0%	12/13/2023	\$26,350,000	\$357	-
11 Bldg A 10140 Mesa Rim Rd	★★★★★	1987	42,547	0%	2/23/2024	\$23,000,000	\$541	-
12 2065 Thibodo Rd	★★★★★	2008	76,872	0%	7/29/2024	\$22,617,500	\$294	-
13 Heritage Industrial Cente... 3390 Heritage Rd	★★★★★	2023	105,550	100%	12/28/2023	\$21,600,000	\$205	-
14 Building 2 14177 Kirkham Way	★★★★★	2019	70,000	0%	4/5/2024	\$20,100,000	\$287	-
15 BioFilm Inc. 3225 Executive Ridge	★★★★★	2004	57,609	0%	12/5/2023	\$19,695,556	\$342	-
16 Aldila Bldg 13450 Stowe Dr	★★★★★	1991	78,000	0%	6/14/2024	\$19,600,000	\$251	-
17 11501 Rancho Bernardo... 11501 Rancho Bernardo Rd	★★★★★	1982	52,855	0%	12/26/2023	\$19,290,354	\$365	-
18 Production Bldg B 2946 Norman Strasse Rd	★★★★★	2018	90,646	0%	1/26/2024	\$19,000,000	\$210	-
19 9575 Aero Dr	★★★★★	1992	48,635	0%	5/14/2024	\$17,985,000	\$370	-
20 7440 Convoy Ct	★★★★★	1971	53,978	0%	10/11/2023	\$17,140,000	\$318	5.9%

With summer recess in full swing, July's jobs report for San Diego showed an uptick in the unemployment rate from 4.5% to 4.9% in July. That was still far below California's statewide unemployment rate of 5.8%.

The rise in San Diego's unemployment rate can also be tied to the rise in the local labor force. Almost 13,000 people joined the labor force in July, according to the Bureau of Labor Statistics. That marked a 0.8% increase month-over-month, and it was one of the few months in the past year to see an increase. In the past 12 months, San Diego's labor force has fallen by 0.4%, or about 6,600.

The San Diego region reported a drop of 12,200 nonfarm jobs in July. Government recorded the largest month-over-month decline of 15,200 jobs. Nearly 90% of those were tied to local government as San Diego's schools headed for summer recess.

Conversely, with the summer tourist season in full effect, leisure and hospitality recorded the largest monthly job gains with 1,900 added to payrolls, the majority of which were in accommodation and food services. Hotel occupancy reached 84.8% in July, which was the highest level since last July.

The office-using employment sectors that consist of professional and business services, information and financial activities, reported 1,300 new jobs in July. That

marked one of the best months this year.

However, in the past 12 months, those sectors shed 6,400 positions, followed by 3,700 in manufacturing in the past year. Private education and health services recorded the strongest job growth in the past year, with 12,900 more positions, followed by 5,500 in government.

San Diego's nonfarm job growth since last July was 0.9%, or 13,500. Both Los Angeles and Orange County outpaced the local job growth in the past year.

More than 80 research institutes, from Scripps Research Institute to Salk Institute for Biological Studies, and five universities are located in San Diego. 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.

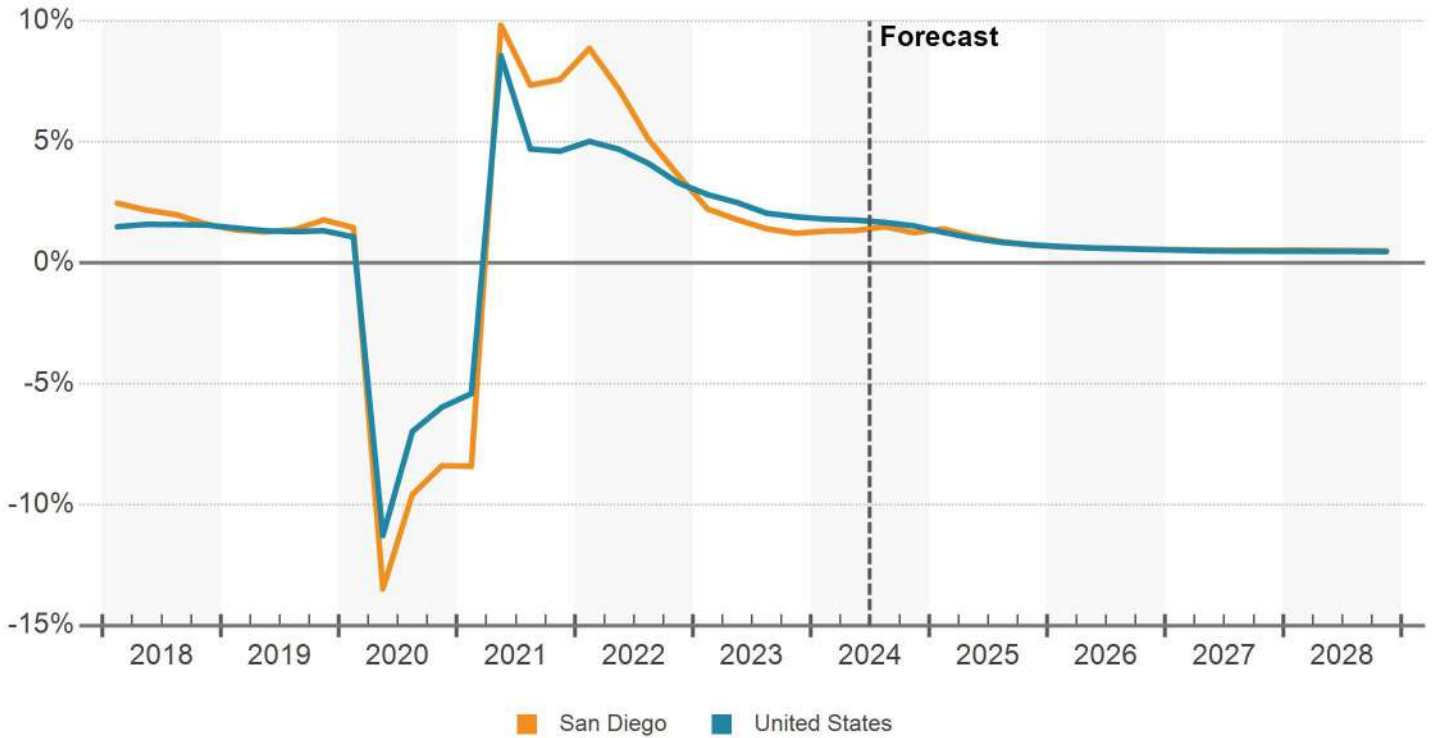
SAN DIEGO EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	113	0.9	-1.96%	0.34%	1.00%	0.63%	0.40%	0.34%
Trade, Transportation and Utilities	223	0.8	0.04%	0.78%	0.32%	1.01%	0.05%	0.29%
Retail Trade	140	0.9	0.32%	0.80%	-0.30%	0.25%	-0.01%	0.22%
Financial Activities	73	0.8	-0.49%	0.38%	0.46%	1.48%	0.02%	0.36%
Government	255	1.1	1.88%	2.34%	1.08%	0.66%	0.51%	0.52%
Natural Resources, Mining and Construction	93	1.1	1.90%	2.44%	3.70%	2.29%	0.68%	0.74%
Education and Health Services	255	1.0	4.36%	3.70%	3.22%	2.08%	1.02%	0.78%
Professional and Business Services	275	1.2	-0.23%	0.75%	2.15%	1.82%	0.53%	0.60%
Information	22	0.7	-0.26%	0.27%	-0.82%	1.02%	0.49%	0.54%
Leisure and Hospitality	211	1.2	3.86%	2.29%	1.77%	1.47%	1.21%	1.00%
Other Services	58	1.0	2.05%	1.44%	0.93%	0.61%	0.66%	0.50%
Total Employment	1,579	1.0	1.47%	1.69%	1.62%	1.34%	0.61%	0.57%

Source: Oxford Economics

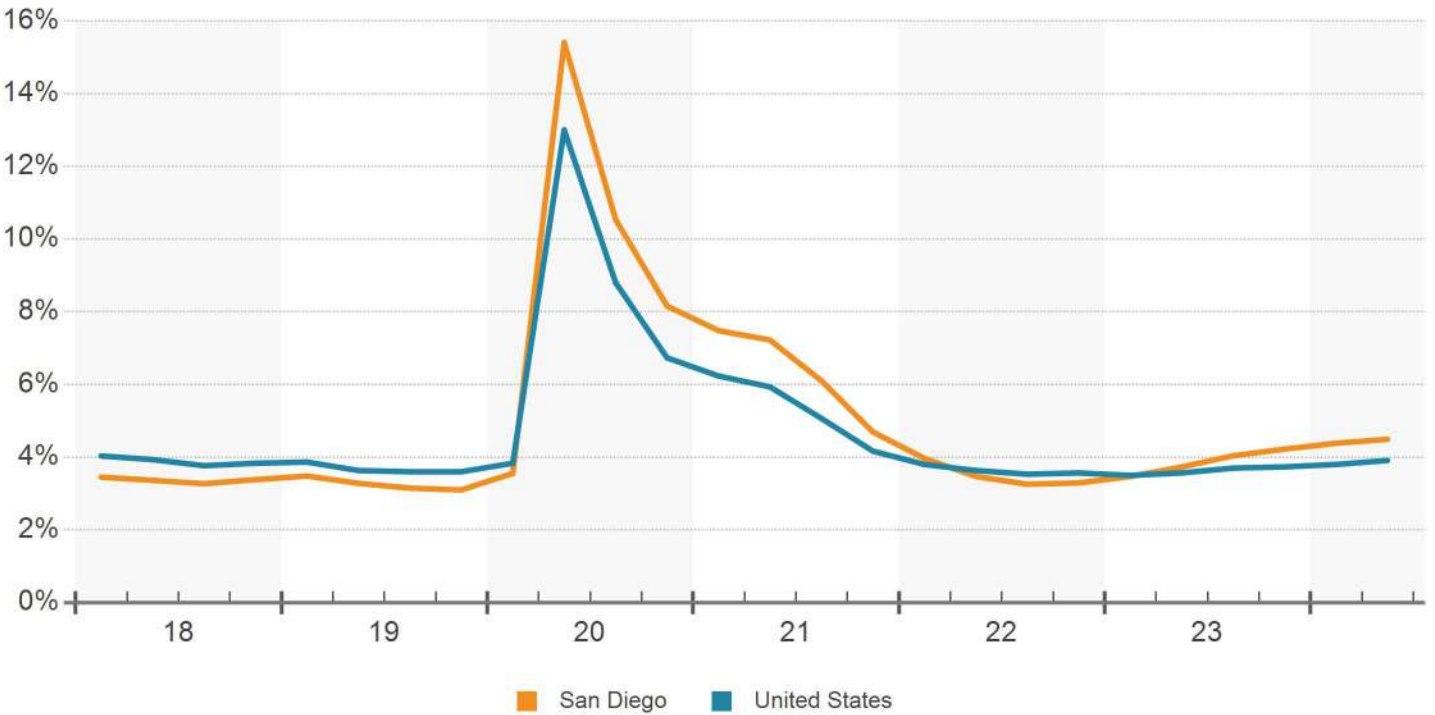
LQ = Location Quotient

JOB GROWTH (YOY)

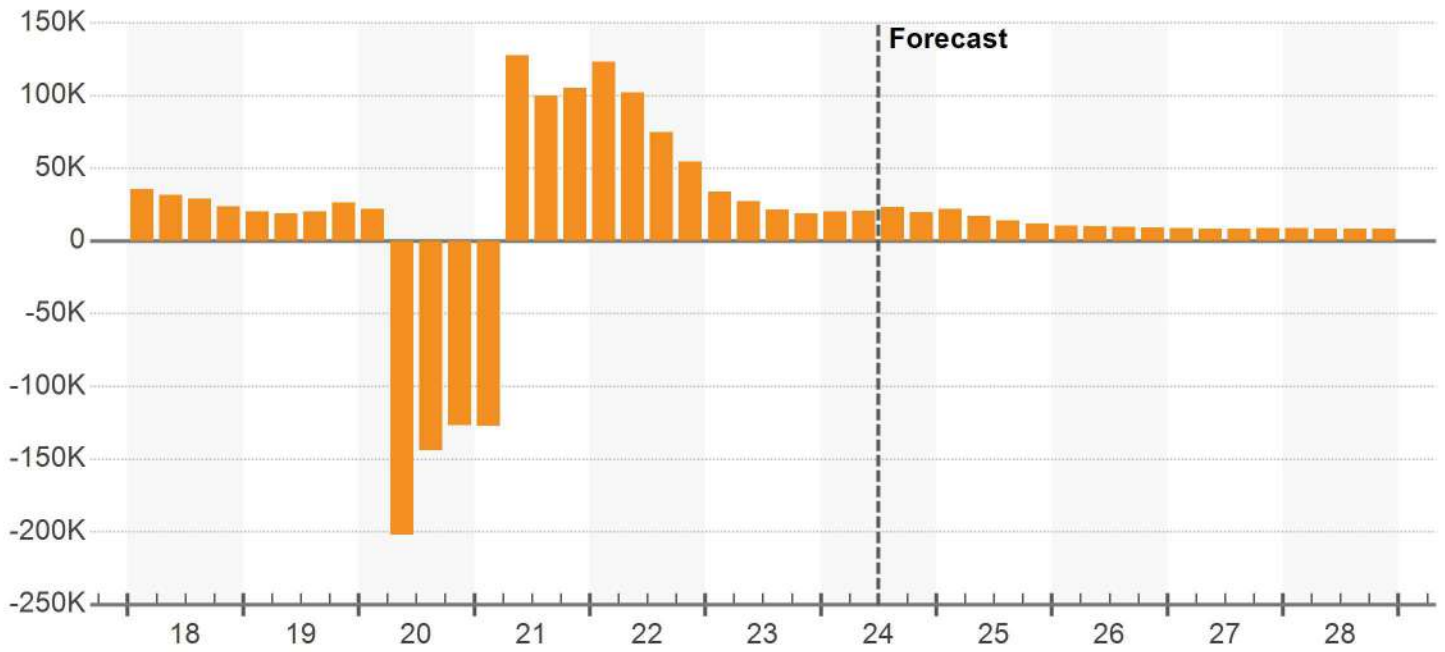


Source: Oxford Economics

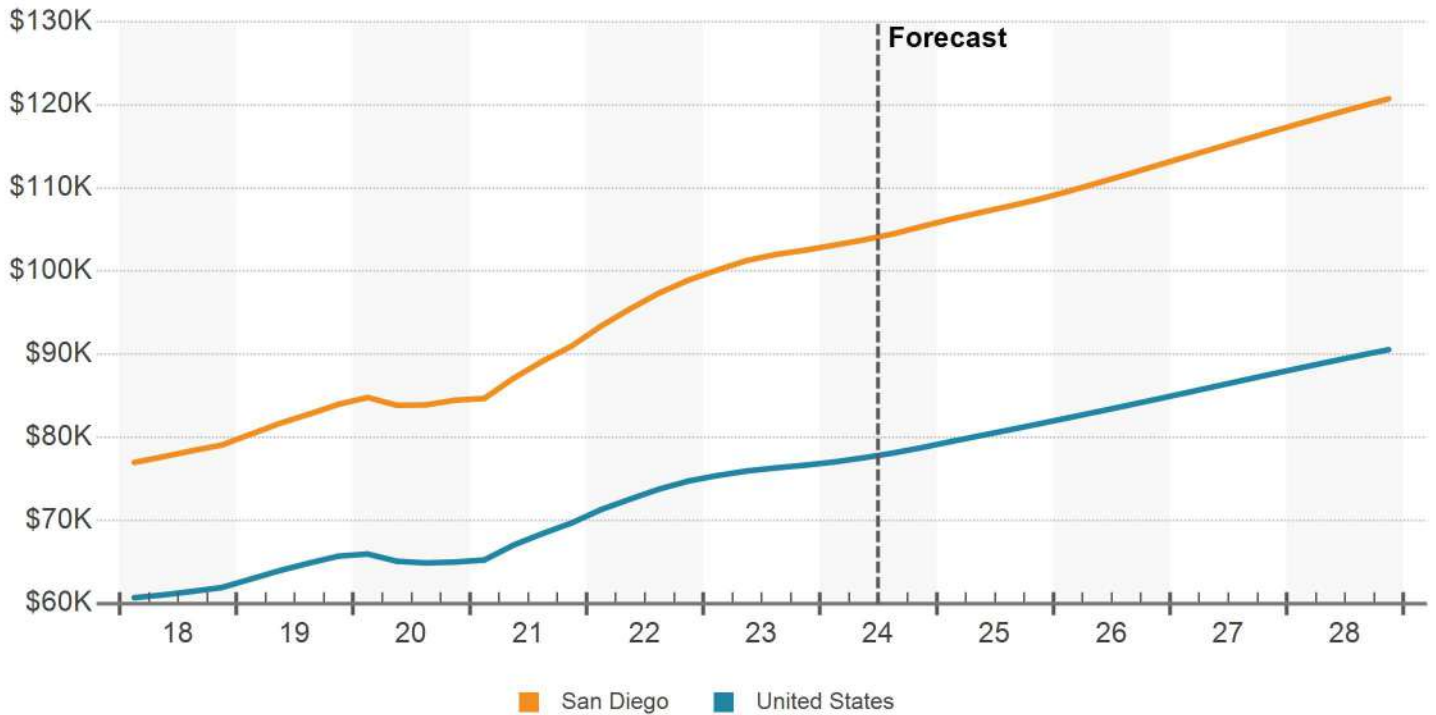
UNEMPLOYMENT RATE (%)



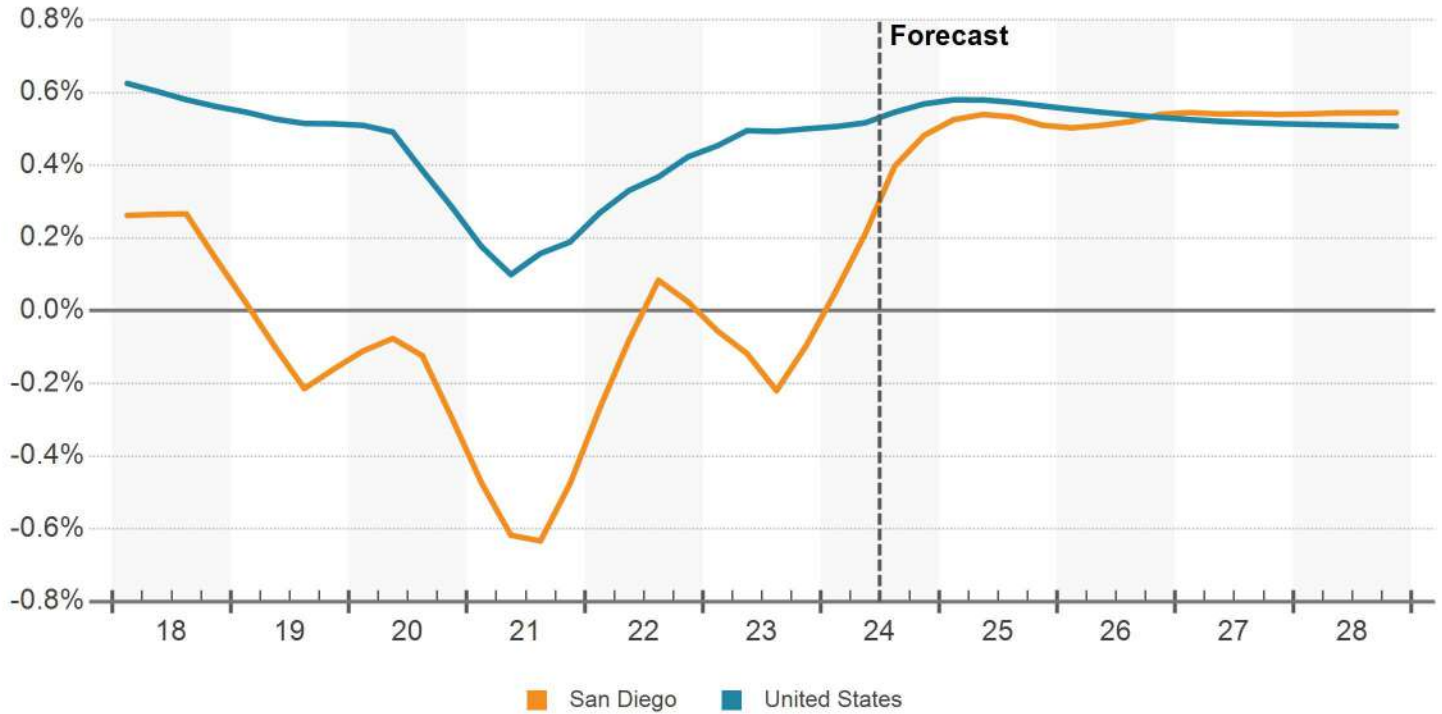
NET EMPLOYMENT CHANGE (YOY)



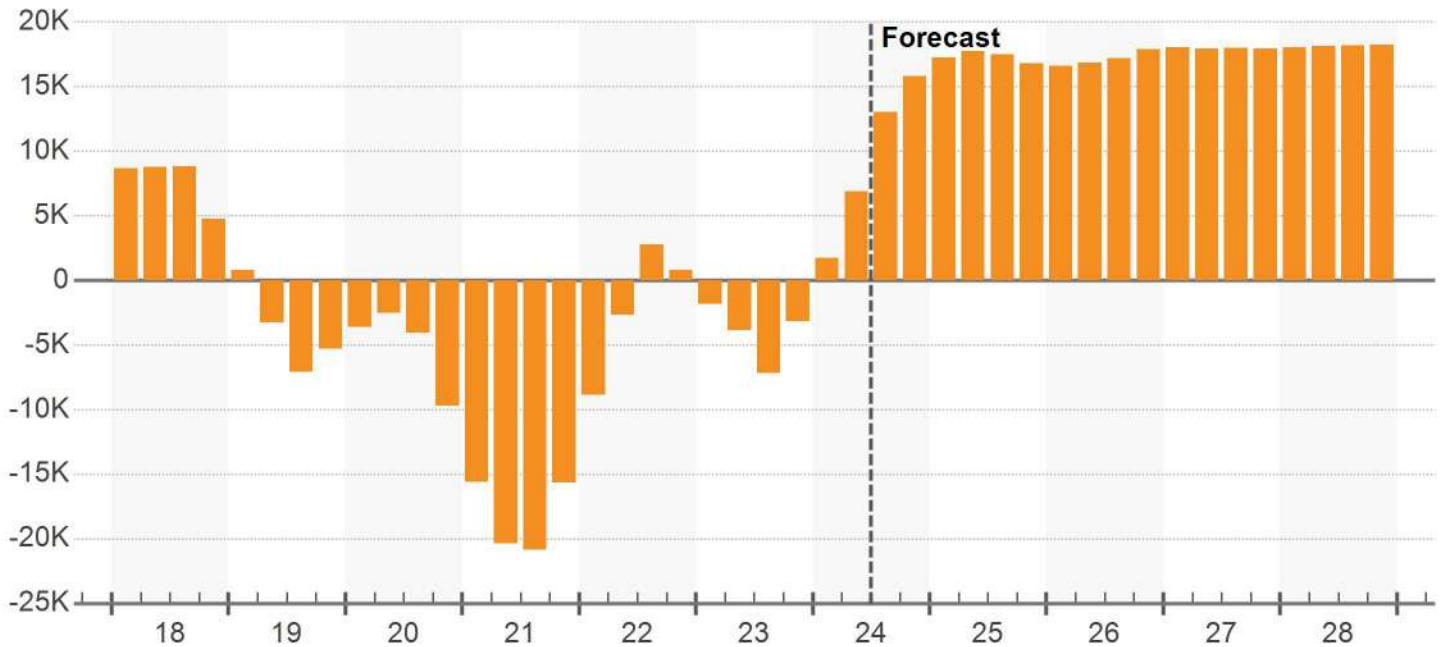
MEDIAN HOUSEHOLD INCOME



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	3,282,389	336,678,344	0.4%	0.5%	0.1%	0.5%	0.5%	0.5%
Households	1,178,086	131,581,578	0.5%	0.7%	0.4%	0.9%	0.6%	0.6%
Median Household Income	\$104,387	\$78,038	2.4%	2.3%	4.9%	3.9%	3.4%	3.5%
Labor Force	1,605,203	168,315,078	0.2%	0.5%	0.5%	0.8%	0.2%	0.5%
Unemployment	4.5%	3.9%	0.5%	0.2%	-0.2%	-0.2%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH

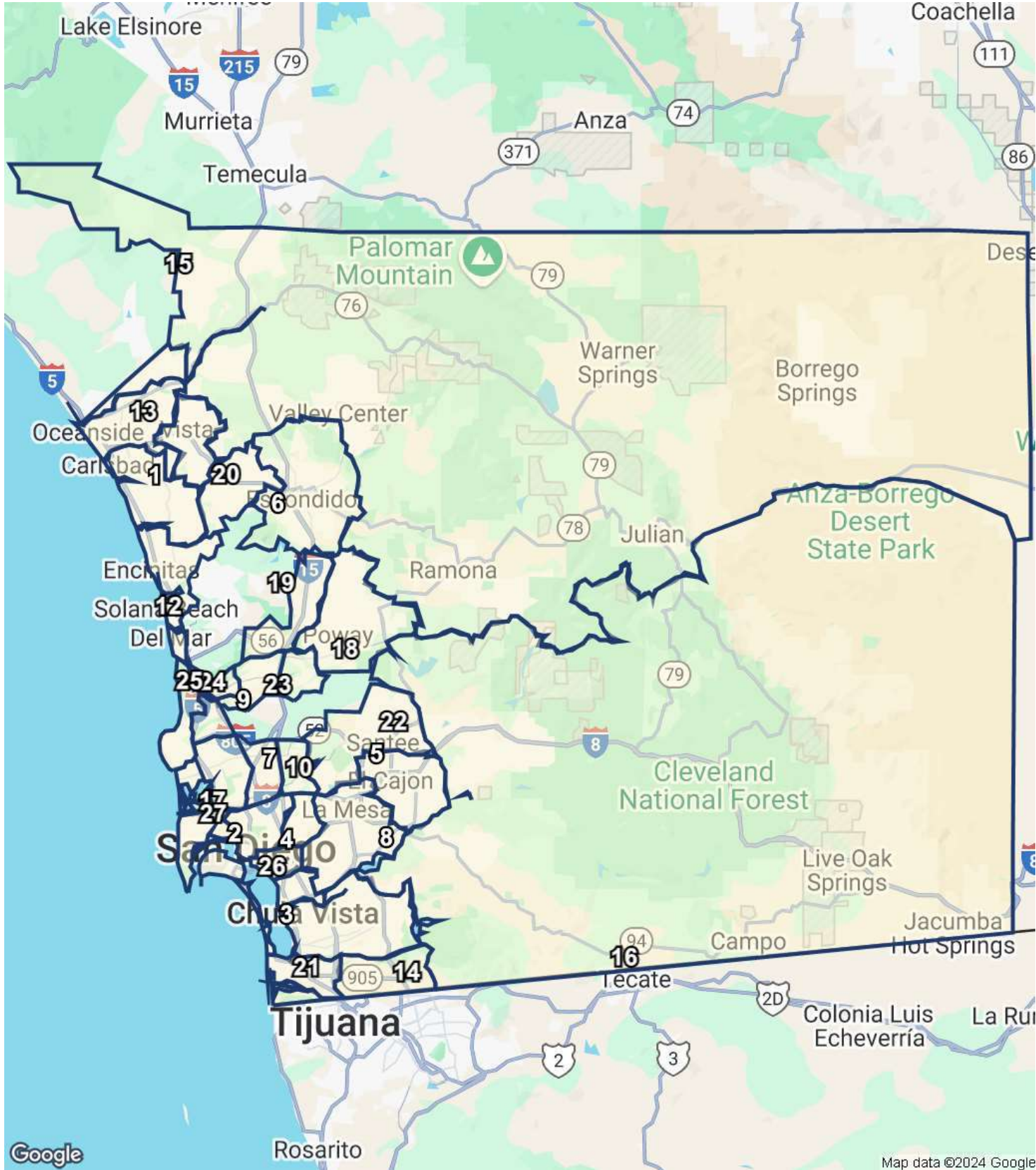


INCOME GROWTH



Source: Oxford Economics

SAN DIEGO SUBMARKETS



Google

Map data ©2024 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	490	16,066	7.6%	3	1	218	1.4%	4	4	233	1.4%	6
2	Central San Diego	100	1,775	0.8%	24	0	0	0%	-	0	-	-	-
3	Chula Vista	408	10,461	4.9%	7	3	236	2.3%	3	0	-	-	-
4	East City	61	975	0.5%	29	0	0	0%	-	0	-	-	-
5	El Cajon	533	10,111	4.8%	8	0	0	0%	-	1	381	3.8%	4
6	Escondido	720	8,473	4.0%	12	0	0	0%	-	2	147	1.7%	8
7	Kearny Mesa	623	15,477	7.3%	4	0	0	0%	-	2	219	1.4%	7
8	La Mesa/Spring Valley	352	3,018	1.4%	20	1	3	0.1%	7	1	8	0.2%	10
9	Mira Mesa/Miramar	801	18,327	8.6%	2	0	0	0%	-	0	-	-	-
10	Mission Gorge	134	2,070	1.0%	23	0	0	0%	-	0	-	-	-
11	National City	278	4,075	1.9%	17	0	0	0%	-	0	-	-	-
12	North Beach Cities	58	407	0.2%	30	0	0	0%	-	0	-	-	-
13	Oceanside	432	10,003	4.7%	9	0	0	0%	-	0	-	-	-
14	Otay Mesa	398	25,502	12.0%	1	20	1,910	7.5%	1	4	1,395	5.5%	1
15	Outlying SD County N	145	1,257	0.6%	27	0	0	0%	-	0	-	-	-
16	Outlying SD County S	109	1,079	0.5%	28	0	0	0%	-	0	-	-	-
17	PB/Rose Canyon/Morena	171	2,656	1.3%	22	0	0	0%	-	0	-	-	-
18	Poway	251	9,979	4.7%	10	0	0	0%	-	0	-	-	-
19	Rancho Bernardo	140	7,714	3.6%	13	0	0	0%	-	0	-	-	-
20	San Marcos	532	9,208	4.3%	11	0	0	0%	-	1	24	0.3%	9
21	San Ysidro/Imp Beach	68	1,430	0.7%	26	0	0	0%	-	0	-	-	-
22	Santee	342	4,582	2.2%	15	0	0	0%	-	0	-	-	-
23	Scripps Ranch	58	1,758	0.8%	25	0	0	0%	-	0	-	-	-
24	Sorrento Mesa	248	11,929	5.6%	6	3	513	4.3%	2	7	1,206	10.1%	2
25	Sorrento Valley	152	3,650	1.7%	18	0	0	0%	-	0	-	-	-
26	Southeast San Diego	392	4,522	2.1%	16	0	0	0%	-	0	-	-	-
27	Sports Arena/Airport	173	3,104	1.5%	19	1	34	1.1%	6	0	-	-	-
28	Torrey Pines	57	4,672	2.2%	14	2	173	3.7%	5	6	631	13.5%	3
29	UTC	30	2,879	1.4%	21	0	0	0%	-	2	335	11.6%	5
30	Vista	589	14,766	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	\$22.30	15	2.2%	24	0.1%	24
2	Central San Diego	\$24.51	7	3.4%	8	1.2%	6
3	Chula Vista	\$19.45	21	2.8%	19	0.9%	15
4	East City	\$22.49	14	2.8%	18	0.3%	22
5	El Cajon	\$19.07	22	3.6%	5	1.8%	1
6	Escondido	\$19.66	18	3.5%	6	1.0%	12
7	Kearny Mesa	\$25.59	6	3.0%	14	0.7%	18
8	La Mesa/Spring Valley	\$20.19	17	3.6%	2	1.1%	9
9	Mira Mesa/Miramar	\$23.24	13	2.6%	21	0.4%	21
10	Mission Gorge	\$23.41	10	2.8%	20	1.2%	8
11	National City	\$19.63	19	3.1%	13	1.5%	2
12	North Beach Cities	\$31.07	5	2.8%	16	0.4%	20
13	Oceanside	\$17.21	29	2.9%	15	0.9%	14
14	Otay Mesa	\$14.75	30	2.5%	22	0.8%	16
15	Outlying SD County N	\$18.44	25	3.2%	12	0.7%	17
16	Outlying SD County S	\$17.97	26	3.6%	3	1.0%	13
17	PB/Rose Canyon/Morena	\$23.40	11	2.8%	17	0%	25
18	Poway	\$21.14	16	2.5%	23	0.7%	19
19	Rancho Bernardo	\$24.29	8	2.0%	26	0.1%	23
20	San Marcos	\$18.45	24	3.5%	7	1.0%	11
21	San Ysidro/Imp Beach	\$17.24	28	3.8%	1	1.4%	4
22	Santee	\$19.60	20	3.3%	9	1.0%	10
23	Scripps Ranch	\$23.32	12	2.1%	25	-0.8%	27
24	Sorrento Mesa	\$32.85	4	1.2%	30	-1.1%	28
25	Sorrento Valley	\$36.68	3	1.6%	27	-0.4%	26
26	Southeast San Diego	\$18.70	23	3.3%	11	1.2%	7
27	Sports Arena/Airport	\$23.79	9	3.6%	4	1.5%	3
28	Torrey Pines	\$66.34	1	1.3%	29	-1.2%	29
29	UTC	\$47.19	2	1.4%	28	-1.3%	30
30	Vista	\$17.60	27	3.3%	10	1.3%	5

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Carlsbad	1,298,526	8.1%	20	142,801	0.9%	1	1.5
2	Central San Diego	72,564	4.1%	12	(18,490)	-1.0%	12	-
3	Chula Vista	1,125,163	10.8%	25	(79,209)	-0.8%	19	-
4	East City	-	-	-	7,807	0.8%	8	-
5	El Cajon	73,126	0.7%	2	(19,146)	-0.2%	13	-
6	Escondido	170,108	2.0%	5	7,958	0.1%	7	-
7	Kearny Mesa	818,362	5.3%	14	(370,864)	-2.4%	29	-
8	La Mesa/Spring Valley	118,487	3.9%	11	(92,863)	-3.1%	22	-
9	Mira Mesa/Miramar	1,167,476	6.4%	18	(438,900)	-2.4%	30	-
10	Mission Gorge	74,175	3.6%	10	(34,351)	-1.7%	14	-
11	National City	107,098	2.6%	6	(53,200)	-1.3%	16	-
12	North Beach Cities	3,845	0.9%	3	7,778	1.9%	9	-
13	Oceanside	492,773	4.9%	13	(253,964)	-2.5%	27	-
14	Otay Mesa	3,339,297	13.1%	26	(81,938)	-0.3%	20	-
15	Outlying SD County N	36,248	2.9%	7	(10,660)	-0.8%	11	-
16	Outlying SD County S	102,400	9.5%	22	(56,400)	-5.2%	17	-
17	PB/Rose Canyon/Morena	163,689	6.2%	17	21,064	0.8%	5	-
18	Poway	289,330	2.9%	8	(89,806)	-0.9%	21	-
19	Rancho Bernardo	500,113	6.5%	19	30,096	0.4%	3	-
20	San Marcos	770,384	8.4%	21	(135,351)	-1.5%	23	-
21	San Ysidro/Imp Beach	8,434	0.6%	1	13,992	1.0%	6	-
22	Santee	57,533	1.3%	4	259	0%	10	-
23	Scripps Ranch	180,765	10.3%	23	(71,575)	-4.1%	18	-
24	Sorrento Mesa	2,194,618	18.4%	29	(325,231)	-2.7%	28	-
25	Sorrento Valley	597,903	16.4%	28	(146,056)	-4.0%	24	-
26	Southeast San Diego	244,731	5.4%	15	(180,620)	-4.0%	25	-
27	Sports Arena/Airport	110,124	3.5%	9	37,274	1.2%	2	0.8
28	Torrey Pines	493,872	10.6%	24	(51,827)	-1.1%	15	-
29	UTC	389,563	13.5%	27	23,727	0.8%	4	-
30	Vista	799,332	5.4%	16	(226,702)	-1.5%	26	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	218,275,606	1,191,119	0.5%	1,536,314	0.7%	0.8
2027	217,084,487	999,049	0.5%	1,761,192	0.8%	0.6
2026	216,085,438	293,710	0.1%	2,088,160	1.0%	0.1
2025	215,791,728	2,754,211	1.3%	1,842,002	0.9%	1.5
2024	213,037,517	2,872,226	1.4%	(1,570,954)	-0.7%	-
YTD	211,895,792	1,730,501	0.8%	(2,019,384)	-1.0%	-
2023	210,165,291	2,697,758	1.3%	(2,833,435)	-1.3%	-
2022	207,467,533	1,929,087	0.9%	2,286,523	1.1%	0.8
2021	205,538,446	4,391,812	2.2%	8,342,487	4.1%	0.5
2020	201,146,634	614,706	0.3%	980,855	0.5%	0.6
2019	200,531,928	1,682,690	0.8%	61,214	0%	27.5
2018	198,849,238	2,149,757	1.1%	1,187,056	0.6%	1.8
2017	196,699,481	378,741	0.2%	1,352,649	0.7%	0.3
2016	196,320,740	784,923	0.4%	1,408,005	0.7%	0.6
2015	195,535,817	(86,938)	0%	3,020,046	1.5%	-
2014	195,622,755	(315,405)	-0.2%	2,763,115	1.4%	-
2013	195,938,160	(87,709)	0%	1,237,686	0.6%	-
2012	196,025,869	(930,967)	-0.5%	1,987,629	1.0%	-

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	64,820,341	(75,494)	-0.1%	106,856	0.2%	-
2027	64,895,835	(83,965)	-0.1%	201,436	0.3%	-
2026	64,979,800	(119,599)	-0.2%	(54,744)	-0.1%	-
2025	65,099,399	(9,274)	0%	(542,052)	-0.8%	-
2024	65,108,673	5,818	0%	(936,996)	-1.4%	-
YTD	65,144,401	41,546	0.1%	(852,056)	-1.3%	-
2023	65,102,855	(85,753)	-0.1%	(448,559)	-0.7%	-
2022	65,188,608	(4,894)	0%	363,676	0.6%	-
2021	65,193,502	(9,860)	0%	681,189	1.0%	-
2020	65,203,362	(199,336)	-0.3%	309,168	0.5%	-
2019	65,402,698	12,494	0%	(638,987)	-1.0%	-
2018	65,390,204	389,099	0.6%	506,734	0.8%	0.8
2017	65,001,105	(206,720)	-0.3%	(193,561)	-0.3%	-
2016	65,207,825	218,514	0.3%	300,863	0.5%	0.7
2015	64,989,311	21,228	0%	1,176,103	1.8%	0
2014	64,968,083	220,651	0.3%	789,817	1.2%	0.3
2013	64,747,432	(95,707)	-0.1%	233,368	0.4%	-
2012	64,843,139	(614,164)	-0.9%	(500,117)	-0.8%	-

Supply & Demand Trends

San Diego Industrial

LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	94,900,459	817,653	0.9%	941,587	1.0%	0.9
2027	94,082,806	699,533	0.7%	1,080,604	1.1%	0.6
2026	93,383,273	244,023	0.3%	1,202,366	1.3%	0.2
2025	93,139,250	1,138,635	1.2%	1,372,234	1.5%	0.8
2024	92,000,615	2,036,506	2.3%	982	0%	2,073.8
YTD	91,399,323	1,435,214	1.6%	(567,369)	-0.6%	-
2023	89,964,109	1,833,788	2.1%	(1,335,172)	-1.5%	-
2022	88,130,321	1,546,976	1.8%	1,388,233	1.6%	1.1
2021	86,583,345	4,362,432	5.3%	6,430,242	7.4%	0.7
2020	82,220,913	734,390	0.9%	1,031,020	1.3%	0.7
2019	81,486,523	1,010,489	1.3%	877,331	1.1%	1.2
2018	80,476,034	1,543,955	2.0%	135,354	0.2%	11.4
2017	78,932,079	131,531	0.2%	373,235	0.5%	0.4
2016	78,800,548	327,656	0.4%	338,383	0.4%	1.0
2015	78,472,892	6,338	0%	1,187,739	1.5%	0
2014	78,466,554	(177,208)	-0.2%	1,572,247	2.0%	-
2013	78,643,762	83,778	0.1%	570,147	0.7%	0.1
2012	78,559,984	(186,766)	-0.2%	1,151,975	1.5%	-

FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	58,554,806	448,960	0.8%	487,871	0.8%	0.9
2027	58,105,846	383,481	0.7%	479,152	0.8%	0.8
2026	57,722,365	169,286	0.3%	940,538	1.6%	0.2
2025	57,553,079	1,624,850	2.9%	1,011,820	1.8%	1.6
2024	55,928,229	829,902	1.5%	(634,940)	-1.1%	-
YTD	55,352,068	253,741	0.5%	(599,959)	-1.1%	-
2023	55,098,327	949,723	1.8%	(1,049,704)	-1.9%	-
2022	54,148,604	387,005	0.7%	534,614	1.0%	0.7
2021	53,761,599	39,240	0.1%	1,231,056	2.3%	0
2020	53,722,359	79,652	0.1%	(359,333)	-0.7%	-
2019	53,642,707	659,707	1.2%	(177,130)	-0.3%	-
2018	52,983,000	216,703	0.4%	544,968	1.0%	0.4
2017	52,766,297	453,930	0.9%	1,172,975	2.2%	0.4
2016	52,312,367	238,753	0.5%	768,759	1.5%	0.3
2015	52,073,614	(114,504)	-0.2%	656,204	1.3%	-
2014	52,188,118	(358,848)	-0.7%	401,051	0.8%	-
2013	52,546,966	(75,780)	-0.1%	434,171	0.8%	-
2012	52,622,746	(130,037)	-0.2%	1,335,771	2.5%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$27.37	227	4.4%	22.0%	14,632,266	6.7%	-0.2%
2027	\$26.21	218	5.0%	16.8%	14,967,988	6.9%	-0.4%
2026	\$24.97	207	5.0%	11.3%	15,711,796	7.3%	-0.8%
2025	\$23.78	197	4.0%	6.0%	17,490,494	8.1%	0.3%
2024	\$22.87	190	2.0%	2.0%	16,559,330	7.8%	2.0%
YTD	\$22.71	189	2.5%	1.3%	15,863,739	7.5%	1.7%
2023	\$22.43	186	6.1%	0%	12,113,854	5.8%	2.6%
2022	\$21.14	176	10.1%	-5.8%	6,582,661	3.2%	-0.2%
2021	\$19.19	159	9.2%	-14.4%	6,940,097	3.4%	-2.0%
2020	\$17.58	146	6.2%	-21.7%	10,889,189	5.4%	-0.2%
2019	\$16.55	137	5.6%	-26.2%	11,257,144	5.6%	0.8%
2018	\$15.66	130	6.4%	-30.2%	9,635,668	4.8%	0.4%
2017	\$14.72	122	5.7%	-34.4%	8,667,967	4.4%	-0.5%
2016	\$13.92	116	6.4%	-37.9%	9,646,875	4.9%	-0.3%
2015	\$13.08	109	6.2%	-41.7%	10,259,466	5.2%	-1.6%
2014	\$12.32	102	5.3%	-45.1%	13,376,941	6.8%	-1.6%
2013	\$11.70	97	3.8%	-47.9%	16,455,461	8.4%	-0.7%
2012	\$11.27	94	2.0%	-49.8%	17,780,856	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	\$23.88	234	4.7%	24.8%	2,880,021	4.4%	-0.3%
2027	\$22.82	223	5.2%	19.2%	3,058,023	4.7%	-0.4%
2026	\$21.69	212	5.2%	13.3%	3,336,530	5.1%	-0.1%
2025	\$20.61	202	4.3%	7.7%	3,395,117	5.2%	0.8%
2024	\$19.76	193	3.3%	3.3%	2,855,295	4.4%	1.4%
YTD	\$19.59	192	4.0%	2.4%	2,805,454	4.3%	1.4%
2023	\$19.13	187	6.9%	0%	1,911,852	2.9%	0.6%
2022	\$17.90	175	10.1%	-6.4%	1,549,046	2.4%	-0.6%
2021	\$16.26	159	9.2%	-15.0%	1,917,616	2.9%	-1.1%
2020	\$14.89	146	6.1%	-22.2%	2,607,082	4.0%	-0.8%
2019	\$14.04	137	5.7%	-26.6%	3,117,392	4.8%	1.0%
2018	\$13.28	130	6.1%	-30.6%	2,465,911	3.8%	-0.2%
2017	\$12.52	122	5.9%	-34.6%	2,583,546	4.0%	0%
2016	\$11.81	116	6.6%	-38.2%	2,596,705	4.0%	-0.1%
2015	\$11.09	108	6.1%	-42.1%	2,679,054	4.1%	-1.8%
2014	\$10.45	102	4.9%	-45.4%	3,833,929	5.9%	-0.9%
2013	\$9.96	97	3.5%	-47.9%	4,403,095	6.8%	-0.5%
2012	\$9.63	94	1.8%	-49.7%	4,732,170	7.3%	-0.1%

LOGISTICS RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$22.78	242	4.6%	22.7%	5,421,942	5.7%	-0.2%
2027	\$21.79	232	5.1%	17.4%	5,541,692	5.9%	-0.4%
2026	\$20.73	221	5.1%	11.7%	5,915,830	6.3%	-1.0%
2025	\$19.72	210	4.1%	6.3%	6,868,159	7.4%	-0.3%
2024	\$18.95	202	2.1%	2.1%	7,093,959	7.7%	2.1%
YTD	\$18.81	200	2.8%	1.3%	7,060,042	7.7%	2.1%
2023	\$18.56	197	7.9%	0%	5,057,459	5.6%	3.5%
2022	\$17.20	183	11.7%	-7.3%	1,888,499	2.1%	0.1%
2021	\$15.40	164	10.2%	-17.0%	1,729,756	2.0%	-2.6%
2020	\$13.97	149	7.3%	-24.7%	3,797,566	4.6%	-0.4%
2019	\$13.03	139	6.0%	-29.8%	4,094,196	5.0%	0.1%
2018	\$12.29	131	6.6%	-33.8%	3,961,038	4.9%	1.7%
2017	\$11.53	123	6.0%	-37.9%	2,552,437	3.2%	-0.3%
2016	\$10.87	116	7.2%	-41.4%	2,794,141	3.5%	0%
2015	\$10.14	108	6.2%	-45.4%	2,804,868	3.6%	-1.5%
2014	\$9.55	102	5.0%	-48.6%	3,986,269	5.1%	-2.2%
2013	\$9.09	97	3.8%	-51.0%	5,735,724	7.3%	-0.6%
2012	\$8.76	93	2.3%	-52.8%	6,222,093	7.9%	-1.7%

FLEX RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$38.73	211	4.2%	19.5%	6,330,303	10.8%	-0.1%
2027	\$37.18	202	4.7%	14.7%	6,368,273	11.0%	-0.2%
2026	\$35.52	193	4.7%	9.6%	6,459,436	11.2%	-1.4%
2025	\$33.93	185	3.6%	4.7%	7,227,218	12.6%	0.7%
2024	\$32.74	178	1.0%	1.0%	6,610,076	11.8%	2.5%
YTD	\$32.56	177	1.3%	0.4%	5,998,243	10.8%	1.5%
2023	\$32.42	176	4.0%	0%	5,144,543	9.3%	3.5%
2022	\$31.16	170	8.8%	-3.9%	3,145,116	5.8%	-0.3%
2021	\$28.64	156	8.4%	-11.6%	3,292,725	6.1%	-2.2%
2020	\$26.43	144	5.4%	-18.5%	4,484,541	8.3%	0.8%
2019	\$25.07	136	5.3%	-22.7%	4,045,556	7.5%	1.5%
2018	\$23.81	130	6.4%	-26.5%	3,208,719	6.1%	-0.6%
2017	\$22.38	122	5.4%	-31.0%	3,531,984	6.7%	-1.4%
2016	\$21.23	116	5.7%	-34.5%	4,256,029	8.1%	-1.0%
2015	\$20.09	109	6.3%	-38.0%	4,775,544	9.2%	-1.5%
2014	\$18.91	103	5.8%	-41.7%	5,556,743	10.6%	-1.4%
2013	\$17.87	97	3.9%	-44.9%	6,316,642	12.0%	-1.0%
2012	\$17.20	94	2.0%	-47.0%	6,826,593	13.0%	-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	-	-	-	-	-	-	\$417.69	308	5.7%
2027	-	-	-	-	-	-	\$390.46	288	5.8%
2026	-	-	-	-	-	-	\$362.03	267	6.0%
2025	-	-	-	-	-	-	\$335.79	248	6.1%
2024	-	-	-	-	-	-	\$327.44	241	6.1%
YTD	191	\$1.1B	1.7%	\$6,322,307	\$324.79	6.2%	\$330.32	243	6.0%
2023	267	\$1.6B	2.8%	\$6,847,211	\$302.83	5.1%	\$327.39	241	5.9%
2022	413	\$3.8B	5.2%	\$10,491,556	\$382.80	4.9%	\$327.43	241	5.4%
2021	553	\$4.2B	7.5%	\$8,413,307	\$295.85	5.4%	\$311	229	5.0%
2020	355	\$1.8B	4.0%	\$5,287,466	\$222.19	5.8%	\$251.55	185	5.6%
2019	529	\$2B	5.1%	\$5,590,677	\$225.13	6.0%	\$219.47	162	5.9%
2018	527	\$2B	6.2%	\$5,057,611	\$177.74	6.0%	\$207.70	153	5.9%
2017	517	\$1.8B	5.6%	\$4,669,051	\$178.43	6.2%	\$190.84	141	6.0%
2016	549	\$1.7B	6.3%	\$3,915,439	\$178.87	6.4%	\$186.26	137	5.7%
2015	629	\$1.6B	7.5%	\$3,339,510	\$131.97	6.7%	\$173.93	128	5.7%
2014	429	\$1.3B	5.2%	\$3,689,317	\$139.28	7.0%	\$154.53	114	6.1%
2013	394	\$813M	3.8%	\$2,527,205	\$118.91	7.4%	\$142.35	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. The price index is not smoothed.

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	-	-	-	-	-	-	\$387.69	324	5.7%
2027	-	-	-	-	-	-	\$361.70	302	5.8%
2026	-	-	-	-	-	-	\$334.70	279	6.0%
2025	-	-	-	-	-	-	\$309.85	259	6.1%
2024	-	-	-	-	-	-	\$301.47	252	6.1%
YTD	59	\$196.8M	1.5%	\$3,645,120	\$286.85	6.6%	\$303.64	254	6.0%
2023	69	\$308.4M	1.7%	\$4,974,223	\$295.76	4.6%	\$299.66	250	5.9%
2022	128	\$645.4M	4.2%	\$5,423,271	\$242.90	4.6%	\$300.71	251	5.4%
2021	165	\$775.9M	6.0%	\$5,502,724	\$222.80	5.6%	\$284.07	237	5.0%
2020	117	\$429.1M	3.5%	\$3,866,005	\$189.56	5.8%	\$227.98	190	5.6%
2019	199	\$410.5M	4.5%	\$3,310,298	\$180.79	5.5%	\$198.35	166	6.0%
2018	177	\$463.6M	5.5%	\$3,650,372	\$144.59	6.0%	\$184.89	154	6.0%
2017	175	\$295.7M	3.5%	\$2,593,478	\$159.64	6.3%	\$170.61	142	6.0%
2016	182	\$321.4M	3.9%	\$2,086,944	\$138.79	5.9%	\$166.38	139	5.8%
2015	212	\$343.7M	5.7%	\$2,322,537	\$113.86	6.5%	\$154.51	129	5.8%
2014	150	\$336.2M	5.0%	\$2,755,989	\$110.57	6.9%	\$137.29	115	6.2%
2013	139	\$159.8M	2.7%	\$1,582,345	\$102.82	7.9%	\$125.51	105	6.4%

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(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. The price index is not smoothed.

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	-	-	-	-	-	-	\$376.81	318	5.7%
2027	-	-	-	-	-	-	\$351.90	297	5.8%
2026	-	-	-	-	-	-	\$325.93	275	5.9%
2025	-	-	-	-	-	-	\$301.97	255	6.0%
2024	-	-	-	-	-	-	\$294.23	248	6.0%
YTD	83	\$368.4M	1.5%	\$4,911,561	\$281.96	5.3%	\$296.82	250	5.9%
2023	105	\$653.1M	3.2%	\$6,733,144	\$262.81	6.1%	\$293.33	248	5.8%
2022	142	\$1.1B	4.2%	\$9,249,717	\$327.37	5.1%	\$294.74	249	5.3%
2021	214	\$1.4B	8.0%	\$7,347,861	\$236.53	4.9%	\$278.88	235	5.0%
2020	126	\$582.9M	4.0%	\$4,700,874	\$176.04	5.3%	\$224.37	189	5.5%
2019	192	\$588.7M	4.7%	\$4,709,688	\$170.47	5.8%	\$194.66	164	5.9%
2018	208	\$639.1M	6.2%	\$4,469,432	\$143.27	5.7%	\$182.69	154	5.9%
2017	191	\$473.7M	5.2%	\$3,383,642	\$124.36	5.2%	\$168.23	142	5.9%
2016	185	\$400.4M	4.5%	\$2,669,130	\$132.17	6.1%	\$163.83	138	5.7%
2015	249	\$540.3M	8.1%	\$2,828,851	\$115.34	6.7%	\$152.29	129	5.7%
2014	147	\$311.6M	3.6%	\$2,596,942	\$117.68	6.5%	\$134.46	113	6.1%
2013	156	\$342.9M	4.5%	\$2,540,338	\$101.45	7.5%	\$123.74	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. The price index is not smoothed.

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	-	-	-	-	-	-	\$517.74	285	5.8%
2027	-	-	-	-	-	-	\$485.36	268	5.9%
2026	-	-	-	-	-	-	\$451.31	249	6.1%
2025	-	-	-	-	-	-	\$419.83	231	6.2%
2024	-	-	-	-	-	-	\$410.53	226	6.2%
YTD	49	\$493.3M	2.3%	\$12,031,546	\$389.54	6.3%	\$414.67	229	6.1%
2023	93	\$606.5M	3.5%	\$8,664,210	\$367.59	4.5%	\$413.85	228	6.0%
2022	143	\$2B	7.9%	\$16,800,838	\$532.17	5.3%	\$410.53	226	5.5%
2021	174	\$2B	8.7%	\$12,114,538	\$427.52	5.7%	\$393.41	217	5.1%
2020	112	\$769.8M	4.6%	\$7,547,462	\$314.90	6.4%	\$322.15	178	5.6%
2019	138	\$991.1M	6.3%	\$9,262,551	\$317.99	6.5%	\$283.47	156	6.0%
2018	142	\$849.5M	7.0%	\$7,323,379	\$256.17	6.2%	\$273.96	151	5.9%
2017	151	\$1.1B	8.9%	\$7,665,975	\$230.50	6.7%	\$250.26	138	5.9%
2016	182	\$1B	11.9%	\$7,286,193	\$232.70	6.9%	\$245.01	135	5.7%
2015	168	\$695.5M	8.9%	\$5,190,612	\$163.06	6.9%	\$230.88	127	5.7%
2014	132	\$695M	7.9%	\$5,697,111	\$175.84	7.5%	\$206.51	114	6.1%
2013	99	\$310.2M	4.0%	\$3,649,617	\$163.09	6.7%	\$191.47	106	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. The price index is not smoothed.

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

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