



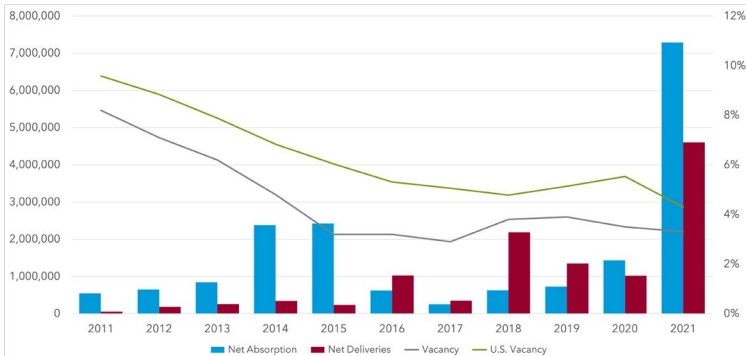
INDUSTRIAL MARKET OVERVIEW

TIM GOSSELIN, *Vice President*

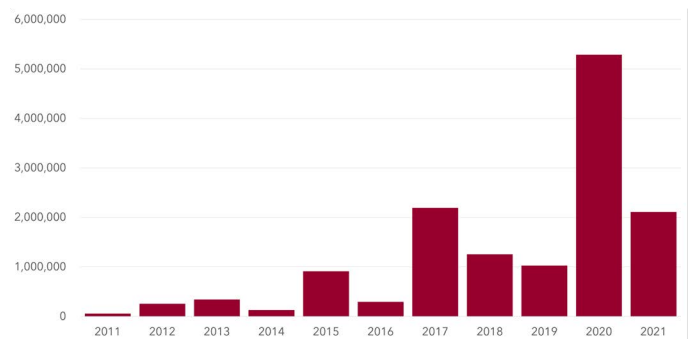
Demand for Industrial space in San Diego remained strong in Q4 with much of the demand being driven by Life Science and Last Mile/E-Commerce companies in the region. Continuous demand decreased available inventory, thus lowering vacancy rates and increasing rental rates across San Diego. The vacancy rate is currently 3.3%, down from 4.2% in Q3 2021. Reduced availability has raised rental rates, which have increased from \$1.42/SF in 2020 to \$1.54/SF in 2021 on average. Sale prices have also increased with sale price per SF rising from \$274/SF in Q3 to \$286/SF in Q4. With limited Industrial space and demand remaining high, the sales and leasing trends noted above are expected to continue in 2022.

| MARKET INDICATORS | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| ▼ 12 Mo. Net Absorption SF | 2,600,000 | 4,038,409 | 1,446,963 | 241,315 | 611,732 |
| ▼ Vacancy Rate | 3.30% | 4.20% | 4.60% | 4.40% | 4.30% |
| ▲ Avg NNN Asking Rate PSF | \$1.08 | \$1.05 | \$1.02 | \$1.00 | \$1.02 |
| ▼ SF Under Construction | 2,110,635 | 2,219,666 | 5,183,881 | 5,286,721 | 5,285,795 |
| ◀▶ Inventory SF | 151,363,829 | 151,363,829 | 147,852,378 | 147,922,163 | 147,542,603 |

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|---|------------|------------------------------|---|----------------|
| 2001 Sanyo Avenue San Diego, CA | 324,756 SF | \$67,919,273 \$209.14 PSF | LaSalle Investment Management Murphy Development Company | Class B |
| 9043 Siempre Viva Road San Diego, CA | 258,053 SF | \$63,728,769 \$246.96 PSF | EastGroup Properties Inc. IDS Real Estate Group | Class B |
| 1855 Dornoch Court San Diego, CA | 210,156 SF | \$47,350,000 \$225.31 PSF | Kohlberg Kravis Roberts & Co. L.P. CapRock Partners | Class B |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|--|------------|---|-----------------------|-----------------------------------|
| 5670 Kearny Mesa Road San Diego, CA | 315,000 SF | Lincoln Property Co. & Crow Holdings | Amazon | Retailer |
| 1701 Landmark Road San Diego, CA | 153,630 SF | Sunroad Holding Corporation | RL Jones Customhouse | Transportation and Warehousing |
| 1111 Pioneer Way El Cajon, CA | 110,663 SF | Elion Partners | Dynalectric San Diego | Utilities |

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