



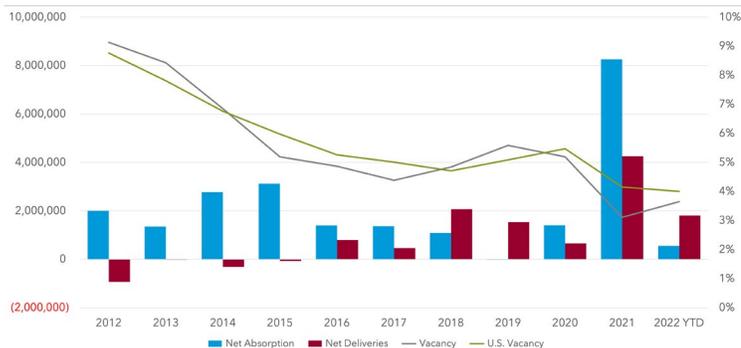
INDUSTRIAL MARKET OVERVIEW

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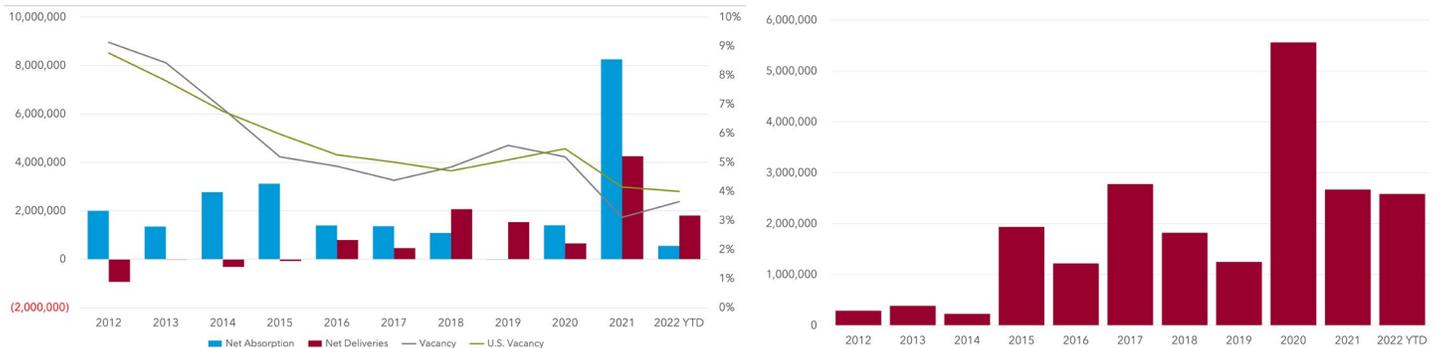
Demand for industrial space in San Diego remained strong in Q3 2022. Vacancy rates remained low despite a slight increase over the prior quarter to 3.5%. Average effective rents were up to \$1.75 per square foot. Cap rates for industrial product have largely remained steady despite interest rate increases. Average sale prices per square foot were up to \$341 per square foot. Pricing has been supported by increased manufacturing and distribution requirements. Developers continue to target the region's central submarkets for adaptive reuse and redevelopment opportunities of outdated industrial buildings, particularly to accommodate high demand for life science and multifamily.

MARKET INDICATORS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
▼ 12 Mo. Net Absorption SF	3,187,312	7,629,568	8,566,982	8,260,537	6,689,417
▲ Vacancy Rate	3.5%	2.9%	2.9%	3.1%	4.2%
▲ Avg NNN Asking Rate PSF	\$1.75	\$1.69	\$1.63	\$1.58	\$1.53
▼ SF Under Construction	2,696,838	2,765,103	2,845,924	2,668,365	2,520,917
▲ Inventory SF	204,770,821	203,639,708	203,569,899	203,092,692	202,731,855

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
5670 Kearny Mesa Road San Diego, CA	315,000 SF	\$162,100,000 \$515.00 PSF	Property Reserve, Inc. Lincoln Property Co.	Class A
1395 Park Center Drive Vista, CA	155,069 SF	\$43,715,500 \$282.00 PSF	DWS Group Oxford Properties Group	Class B
7615 Siempre Viva Road San Diego, CA	86,680 SF	\$24,850,000 \$287.00 PSF	Dalfen Industrial Lincoln Property Co	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
8409 Kerns Street San Diego, CA	124,000 SF	IDS Real Estate Group	Pacific World Corp	Beauty Care Products
2858 Loker Avenue E Carlsbad, CA	85,556 SF	BLT Enterprises	Abzena	Life Science
10111 Riverford Road Lakeside, CA	25,229 SF	Costco Wholesale Corporation	Southland Envelope Co	Manufacturing

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