



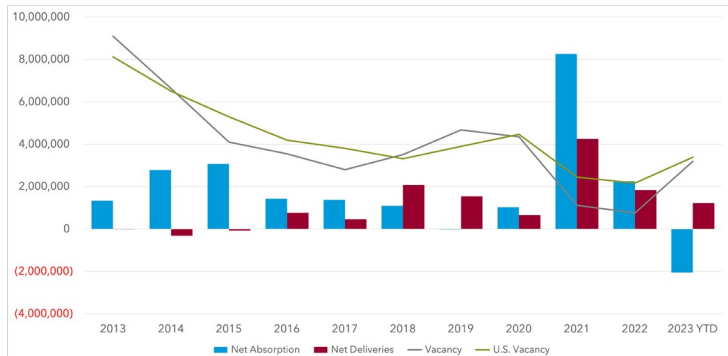
## INDUSTRIAL MARKET OVERVIEW

SPENCER DOK, Associate

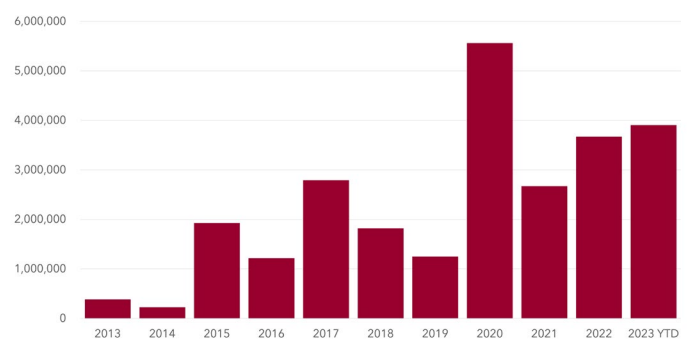
Leasing activity has slowed as larger space users opt for lease renewals amid economic concerns and limited alternative options. Demand for buildings <50,000 SF remains stable. Vacancy rates increased but are still significantly below long-term averages in San Diego. The industrial market has returned to more normal levels after experiencing record-high leasing and rent growth. Construction is concentrated near Otay Mesa Port, with high demand leading to quick lease agreements, albeit at lower price points. Annual rent growth remains above average, although it has started to moderate and landlords are offering more concessions. Investor activity has decreased due to economic uncertainty, resulting in rising cap rates and more responsive pricing.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ 12 Mo. Net Absorption SF	(860,622)	364,362	2,256,303	3,933,235	8,274,435
▲ Vacancy Rate	4.4%	3.8%	3.1%	3.4%	2.8%
▲ Avg NNN Asking Rate PSF	\$1.83	\$1.81	\$1.78	\$1.74	\$1.69
▲ SF Under Construction	3,903,986	3,330,334	3,671,903	3,210,031	2,810,133
▲ Inventory SF	206,664,040	206,022,448	205,436,010	205,359,047	204,142,849

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4205-47 Ponderosa Avenue San Diego, CA	156,079 SF	\$46,500,000 \$297.93 PSF	Monro Capital CCF IND Ponderosa LLC	Class B
1451 N. Johnson Avenue San Diego, CA	57,484 SF	\$9,100,000 \$158.30 PSF	RSA Engineered Products Weldmac Manufacturing Company	Class C
1207 Air Wing Road San Diego, CA	36,475 SF	\$9,400,000 \$257.71 PSF	Agramont Transport Inc. RCJ Properties LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4370 Jutland Drive San Diego, CA	72,716 SF	Isaac Alchalel	TopBuild	Construction
2055 Sanyo Avenue San Diego, CA	54,500 SF	JLL IPT	Intelligent Blends	Manufacturing
1210 Air Wing Road San Diego, CA	54,404 SF	DWS	Chipman Relocations	Moving & Storage

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