



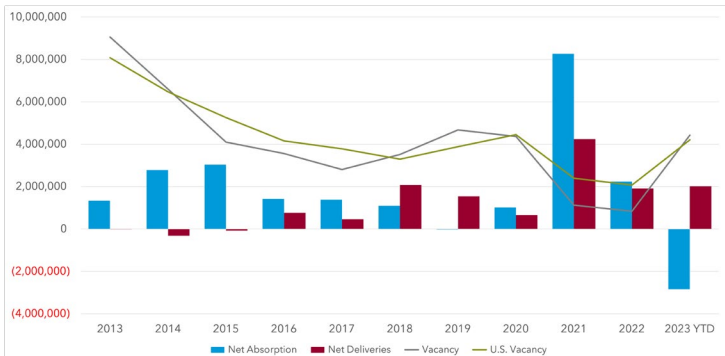
### INDUSTRIAL MARKET OVERVIEW

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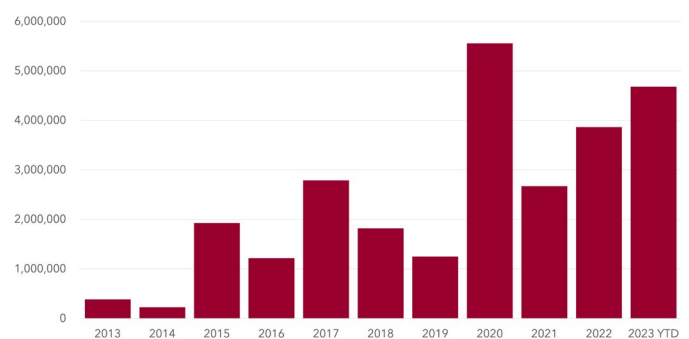
San Diego's industrial market faced challenges in the second and third quarters, with low leasing activity, negative net absorption, and rising availability rates. However, steady demand persisted for mid-sized traditional warehouse space, while the upcoming surge in smaller properties' demand is expected to boost the region. Although the sublet market contributed to surplus space, positive indicators, such as the growing demand for lab space and the sustained appeal of Otay Mesa for investors and users, highlight the market's resilience. Despite moderate rent growth, the area's strong fundamentals, including its labor pool and cross-border trade advantages, bode well for future recovery and growth.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ 12 Mo. Net Absorption SF	(1,508,988)	(848,712)	429,504	2,239,688	3,842,665
▲ Vacancy Rate	5.0%	4.5%	3.8%	3.1%	3.5%
▲ Avg NNN Asking Rate PSF	\$1.87	\$1.84	\$1.81	\$1.78	\$1.74
▲ SF Under Construction	5,049,564	4,256,426	3,523,580	3,865,439	3,115,134
▲ Inventory SF	207,604,293	207,168,008	206,534,603	205,954,191	205,798,591

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
9040-9050 Airway Road San Diego, CA	200,000 SF	\$57,000,000 \$285.00 PSF	ARES Management Corporation Lincoln Property Company	Class B
10054 Old Grove Road San Diego, CA	85,824 SF	\$33,999,000 \$396.15 PSF	Carpenters Union Chandru Wadhvani	Class B
131 W. 33rd Street San Diego, CA	78,699 SF	\$20,300,000 \$258.00 PSF	Dean Factor Unilev Capital Corporation	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1756 Weld Boulevard San Diego, CA	160,000 SF	NPI	GKN Aerospace	Aerospace
2600 Melksee Street San Diego, CA	121,970 SF	LaSalle	CareFusion	Medical Devices
2020 Piper Ranch Road San Diego, CA	98,500 SF	LaSalle	Balboa Water Group	Distributor

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