



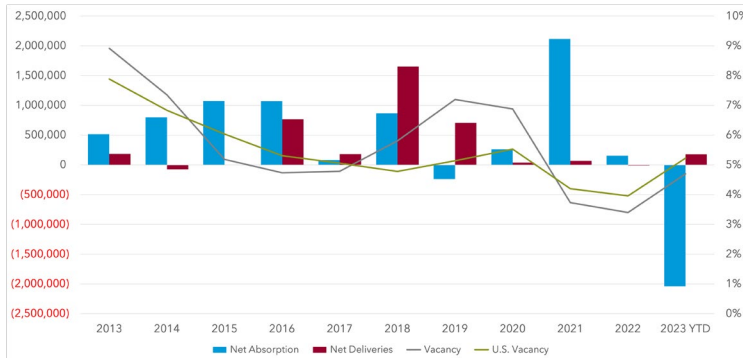
INDUSTRIAL MARKET OVERVIEW

DANIEL KNOKE, *Principal*

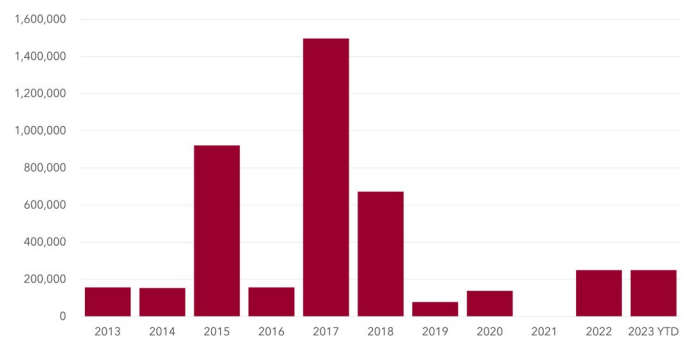
While sales and leasing volume in the north San Diego County area was lower than our historical norms, we saw a significant uptick in the last month of the quarter. Q3 saw a slowing of negative absorption from Q2, a trend we see continuing into the early weeks of Q4. Sales volume continued to decline in Q3 as more interest rate uncertainty spread malaise through the market. Investment Sales volume has decreased significantly as the pace of cap rates expansion does not match interest rate increases and previous underwriting metrics no longer apply. Pricing for owner-occupied buildings continues to remain stable with slight price increases.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▲ 12 Mo. Net Absorption SF	(790,367)	(926,910)	(444,723)	154,403	1,234,001
▲ Vacancy Rate	4.68%	3.23%	3.33%	3.44%	3.54%
▲ Avg NNN Asking Rate PSF	\$17.88	\$17.17	\$17.40	\$17.63	\$17.86
◀ ▶ SF Under Construction	249,015	249,015	249,015	249,015	0
◀ ▶ Inventory SF	58,246,239	58,246,239	58,246,239	58,246,239	58,246,239

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1545-1565 La Mirada Drive San Marcos, CA	61,264 SF	\$12,500,307 \$204.04 PSF	Street Properties, Inc. Stos Partners	Class B
2227 Enterprise Street Bldg B & 975 S. Andreasen Drive, Escondido, CA	38,616 SF	\$14,399,906 \$372.90 PSF	Boyd Watterson Asset Management Palomar Pomerado Health	Class B
1833 Diamond Street San Marcos, CA	17,569 SF	\$2,636,929 \$150.09 PSF	CFI Fireplaces Plus, Inc.	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
3210 Executive Ridge Vista, CA	67,476 SF	TDA Investment Group	VIP, Inc.	Manufacturing
480 N. Spruce Street Escondido, CA	48,796 SF	City of Escondido	Big & Bold Wholesale	Wholesaler
3809 Ocean Ranch, Suite 111 San Marcos, CA	23,490 SF	FR Oceanside LLC	Floral Trade Distributors LLC	Flower Distributor

