



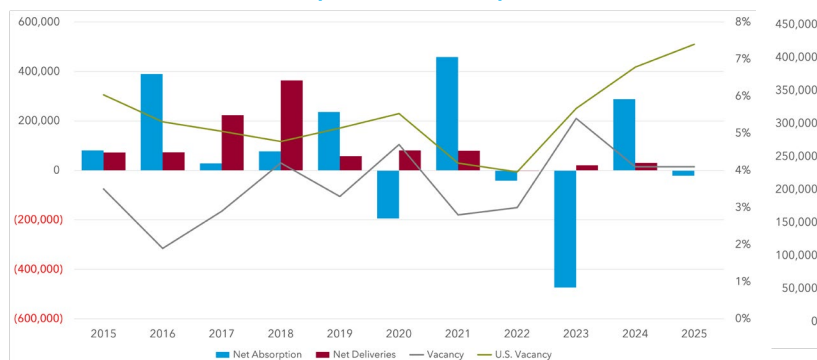
INDUSTRIAL MARKET OVERVIEW

TOM DAVIDSON, *Senior Vice President*

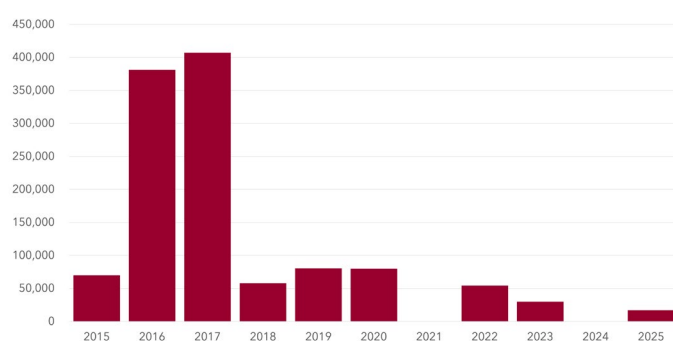
Santa Barbara's industrial market remains supply-constrained but experienced modest softening in late 2025. Vacancy measured 4.3% in Q4, slightly above long-term averages, as negative net absorption occurred despite no new deliveries over the past year. Availability stands at 5.2% with limited construction activity totaling just 37,000 SF underway, consistent with historical norms. Average asking rents are \$17.30/SF led by higher flex pricing, though overall rents declined marginally year over year. While logistics and specialized assets saw slight rent compression, long-term rent growth remains solid. The market's limited inventory, development constraints, and coastal location continue to support stable industrial fundamentals despite near-term demand softness.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ 12 Mo. Net Absorption SF	(53,007)	(92,671)	95,726	204,664	288,491
▼ Vacancy Rate	4.30%	4.31%	4.40%	4.20%	4.10%
▲ Avg NNN Asking Rate PSF	\$17.27	\$17.19	\$18.13	\$17.95	\$17.92
▼ Sale Price PSF	\$222.00	\$220.00	\$202.00	\$217.00	\$213.00
▲ Cap Rate	6.93%	6.92%	7.60%	6.86%	7.00%
▼ Under Construction SF	36,550	43,350	43,350	43,350	-
▲ Inventory SF	20,960,264	20,863,331	20,787,805	20,738,840	20,322,695

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1025-1029 Cindy Lane Santa Barbara, CA	20,500 SF	\$4,495,000 \$219.27 PSF	SB Parlors LLC Castagnola Trust	Class B
51 Industrial Way Santa Barbara, CA	10,978 SF	\$3,090,000 \$281.47 PSF	Owen Shafer Edward L. & Linda Kushner	Class B
1637 W. Central Avenue Lompoc, CA	20,000 SF	\$3,040,000 \$152.00 PSF	GH Lompoc LLC New Street Partners LLC	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1310 W. McCoy Lane Santa Maria, CA	41,434 SF	Robin and Stephanie Ventura Trust	Fedex Ground	Logistics
2727 Skyway Drive Santa Maria, CA	30,237 SF	Den-Mat, Inc.	Acorn Paper	Manufacturing
1025-1029 Cindy Lane Santa Barbara, CA	8,250 SF	Peter Hif	Undisclosed	Undisclosed

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