



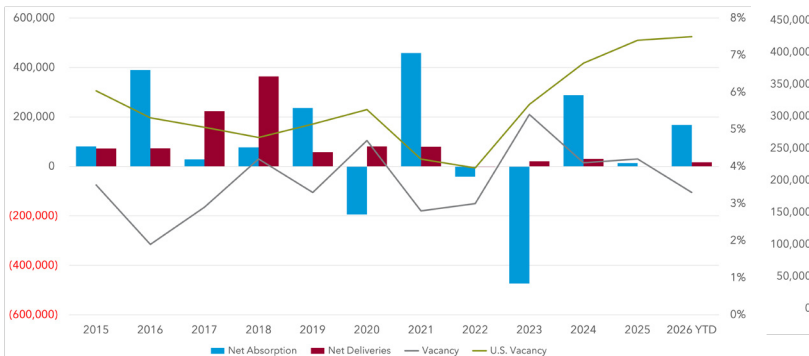
INDUSTRIAL MARKET OVERVIEW

TOM DAVIDSON, *Senior Vice President*

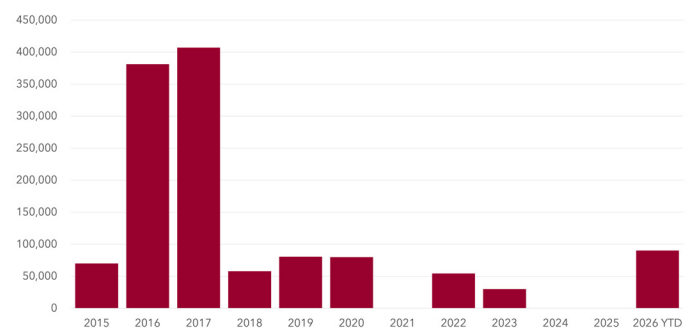
Santa Barbara's industrial market demonstrated improving fundamentals through Q3 2026, with vacancy declining to approximately 3.3%, below historical averages. Positive net absorption of 190,000 SF over the trailing 12 months significantly outpaced limited new deliveries, supporting stronger occupancy levels. Availability remains tight at 4.4%, representing approximately 970,000 SF of available space. Construction activity has increased to 90,000 SF underway, exceeding historical norms but remaining modest relative to total inventory. Average asking rents reached \$17.60/SF, remaining flat year over year, with flex properties commanding the highest rates. Looking ahead, limited supply and sustained tenant demand are expected to support stable occupancy and modest rent appreciation.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▲ 12 Mo. Net Absorption SF	194,119	145,345	291,365	(53,007)	(92,671)
▼ Vacancy Rate	3.30%	3.60%	3.30%	4.30%	4.31%
▼ Avg NNN Asking Rate PSF	\$17.58	\$17.65	\$17.44	\$17.27	\$17.19
▼ Sale Price PSF	\$225.35	\$228.83	\$226.00	\$222.00	\$220.00
▲ Cap Rate	7.20%	7.00%	7.00%	6.93%	6.92%
▲ Under Construction SF	90,144	19,550	19,550	36,550	43,350
▲ Inventory SF	22,116,811	21,392,539	21,295,871	20,960,264	20,863,331

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
147-153 Castilian Dr Goleta, CA	68,878 SF	\$27,451,635 \$398.55 PSF	Google Investec	Class B
165 Castilian Dr Goleta, CA	12,620 SF	\$5,048,365 \$400.03 PSF	Google Investec	Class B
6780 Cortona Dr Goleta, CA	11,792 SF	\$4,025,000 \$341.33 PSF	La Cumbres Observatory CMC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
432 Commerce Ct Lompoc, CA	16,965 SF	BCA	J K CABINETS	Construction
305 Oak St Santa Maria, CA	11,712 SF	Unknown	Unknown	Unknown
327 E Oak St Santa Maria, CA	7,500 SF	La Brea Ice Company	Unknown	Unknown

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