



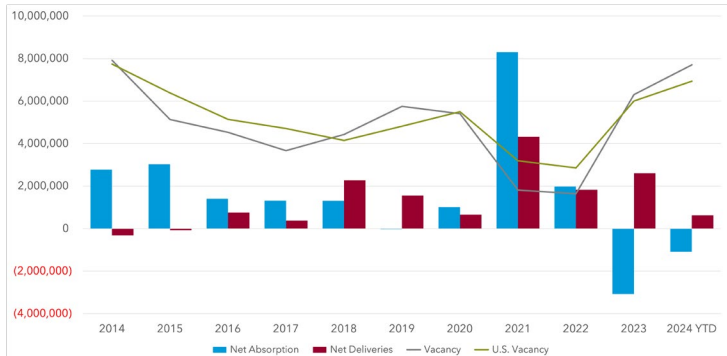
### INDUSTRIAL MARKET OVERVIEW

SPENCER DOK, *Associate*

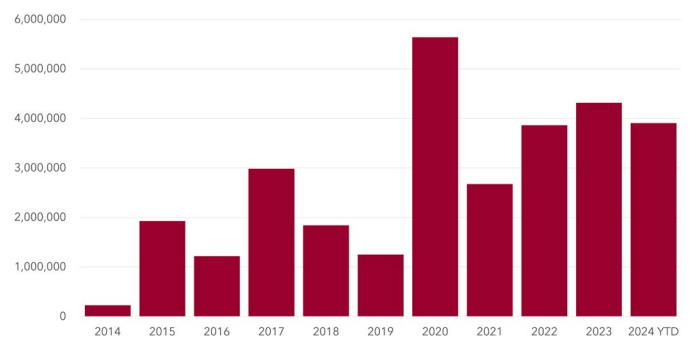
San Diego's industrial vacancy rate doubled to 6.6% since 2023 due to biotech firms and Wayfair vacating space. Over 1.4M SF of new space is unoccupied. Tenant demand softened, pushing availability rates to 2014 highs, exceeding national averages. Leasing in large properties dropped to 2019 levels, while smaller spaces see strong demand, giving landlords leverage. Asking rents grew by 0.7% in 23Q4. Elevated construction levels, especially in South County, may moderate rents. Otay Mesa developers may delay projects despite potential demand from the Port of Entry and Mexican onshoring.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▼ 12 Mo. Net Absorption SF	(3,111,111)	(3,069,749)	(1,966,622)	(1,349,627)	295,221
▲ Vacancy Rate	6.6%	5.9%	5.1%	4.6%	3.8%
▲ Avg NNN Asking Rate PSF	\$1.88	\$1.87	\$1.86	\$1.83	\$1.80
▼ SF Under Construction	3,903,803	4,316,509	5,215,922	4,543,223	3,518,453
▲ Inventory SF	210,109,039	209,479,265	208,291,360	207,916,714	207,070,036

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



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
195 Bosstick Blvd + 2946-54 Norman Strasse Road, San Marcos, CA	221,009 SF	\$50,000,000 \$226.24 PSF	Investcorp ShopCore Properties	Class A
7110-7122 Enrico Fermi Place San Diego, CA	198,858 SF	\$71,639,500 \$266.86 PSF	Zucarmex Ares Management Corp.	Class A
7949 Stromesa Court San Diego, CA	107,564 SF	\$26,500,000 \$246.37 PSF	Birtcher Anderson Davis George Damoose	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
8830 Siempre Viva Road San Diego, CA	153,166 SF	TIAA / Nuveen / IDS	Marketing.com	Technical Services
755 Harvest Road San Diego, CA	127,141 SF	Sudberry Properties	Agorus	Construction
1462 Corporate Center Drive San Diego, CA	91,753 SF	Sudberry Properties	JMC Global	Transportation



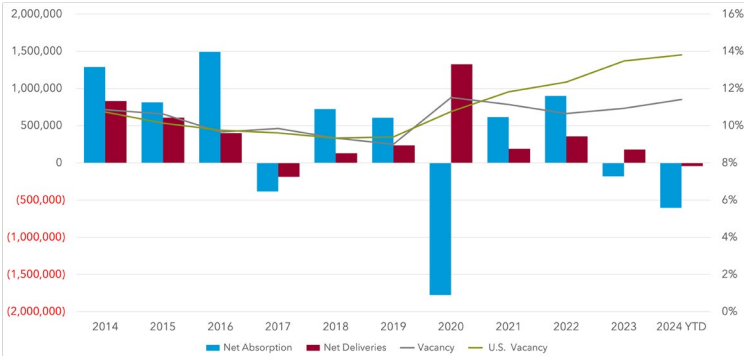
### OFFICE MARKET OVERVIEW

SPENCER DOK, Associate

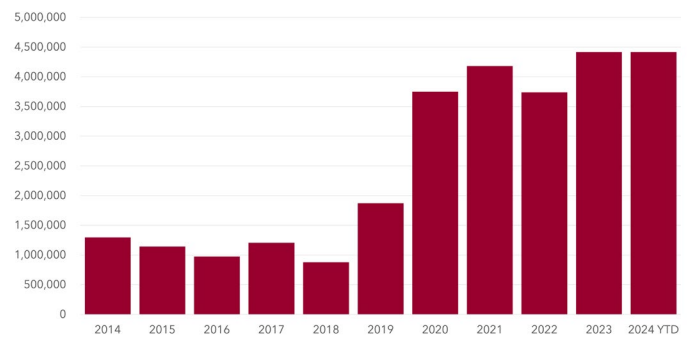
San Diego's office market has weathered occupancy losses better than other major U.S. cities due to its innovation and military sectors. Despite this, leasing activity is expected to remain below pre-pandemic levels, with rent growth stagnant. Vacancy rates, while currently only moderately higher than pre-pandemic levels, are set to rise, potentially exceeding 14% with upcoming projects. New leasing is down by about 20%, mainly driven by smaller tenants, while larger ones prioritize space efficiency. Pricing, rather than quality, may drive demand, with high-end properties like La Jolla Commons commanding top rents. Tenants now negotiate for larger concessions, leading to real rent decreases, with no recovery expected soon due to abundant available space and sublets.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▼ 12 Mo. Net Absorption SF	(407,836)	(180,438)	(667,128)	(1,049,570)	352,378
▲ Vacancy Rate	11.3%	10.9%	11.2%	11.0%	10.7%
◀ ▶ Avg NNN Asking Rate PSF	\$3.20	\$3.20	\$3.19	\$3.19	\$3.18
◀ ▶ SF Under Construction	4,414,829	4,414,829	4,257,720	3,799,233	3,737,290
◀ ▶ Inventory SF	119,379,259	119,379,259	119,225,777	119,056,631	119,124,818

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
9040-9050 Friars Road San Diego, CA	161,068 SF	\$24,000,000 \$149.00 PSF	Intracorp Westbrook Partners	Class B
1111 6th Avenue San Diego, CA	70,602 SF	\$7,850,000 \$111.19 PSF	Salwan Komo Expansive	Class B
9577 Chesapeake Drive San Diego, CA	54,000 SF	\$17,000,000 \$314.81 PSF	Arrimus Capital Providence Capital Group	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
11202-11208 El Camino Real San Diego, CA	230,133 SF	Breakthrough Properties	Pfizer	Pharmaceutical
9785-9791 Towne Centre Drive San Diego, CA	126,607 SF	The Irvine Company	Lytx	Information
2385 Northside Drive San Diego, CA	22,266 SF	City Office REIT, Inc.	Undisclosed	Undisclosed



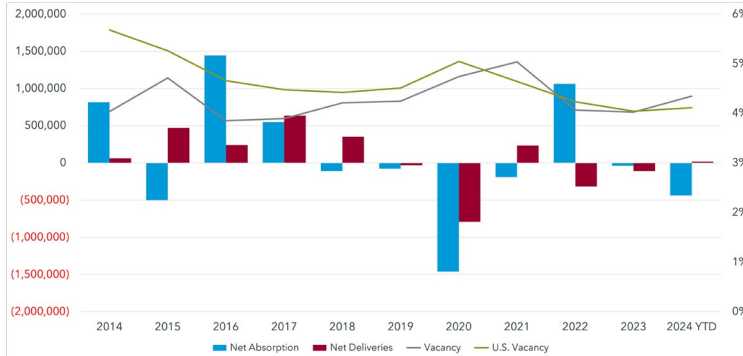
### RETAIL MARKET OVERVIEW

ERIK FAUCETT, *Vice President*

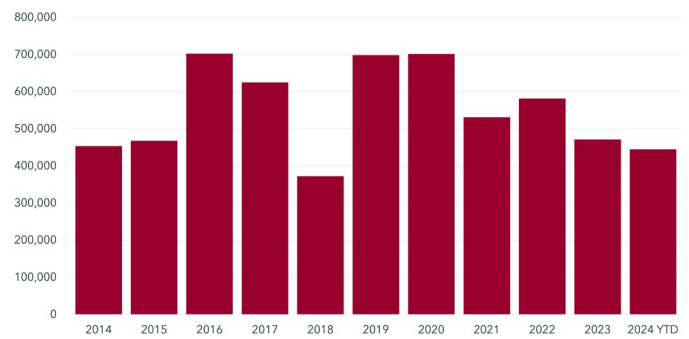
The retail market in San Diego continues to be amid one of its strongest position in years. The lack of retail development over the past several years has provided fewer brick-and-mortar options for tenants. A recent trend is seeing residential housing replace less competitive retail space. With the lack of retail space in the market, Landlords have significant leverage in tenant negotiations, often giving minimal concessions, such as one month of free rent for a five-year term. With the rise in inflation, Landlords are also looking for 4% annual escalations. Sales transactions have fallen by nearly 50% from 2021 levels with most of the activity being driven by freestanding retail. Cap rates remain steady in the 5% to 6.5% range.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▼ 12 Mo. Net Absorption SF	(54,779)	(39,621)	(74,211)	(132,468)	445,023
▲ Vacancy Rate	4.4%	4.0%	4.1%	4.4%	4.4%
▲ Avg NNN Asking Rate PSF	\$35.16	\$34.92	\$34.68	\$34.44	\$33.96
▼ SF Under Construction	444,590	471,375	534,693	552,115	570,484
▲ Inventory SF	140,432,242	140,408,380	140,341,183	140,570,418	140,559,533

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



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
850 E. Main Street El Cajon, CA	75,000 SF	\$17,102,000 \$228.00 PSF	Family Health Centers Carol Sipan	Single-Tenant
889 Arnele Avenue El Cajon, CA	35,350 SF	\$12,500,000 \$353.00 PSF	Toyota of El Cajon Tipton Trust	Single-Tenant
12740 Poway Road Poway, CA	22,924 SF	\$14,000,000 \$610.00 PSF	Aaron Automotive Sherman Trust	Single-Tenant

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
635 N. Broadway Escondido, CA	44,047 SF	Shahrian Pourteymour	O'Reilly Auto Parts	Automotive Parts
9680 Mission Gorge Road Santee, CA	30,000 SF	Harris Laskey	Trader Joe's	Groceries
3150 National City Boulevard National City, CA	26,398 SF	Dalton Automotive	Dalton Automotive	Auto Dealer

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