



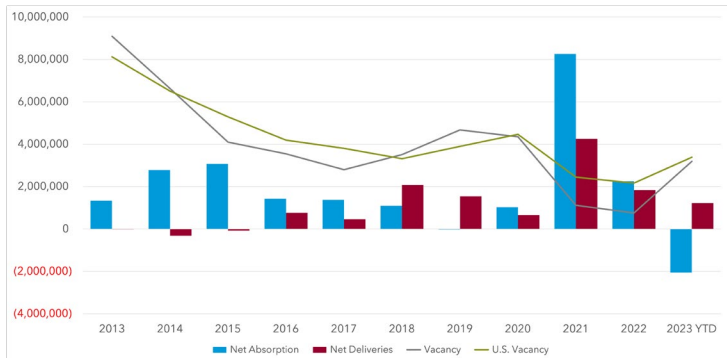
INDUSTRIAL MARKET OVERVIEW

SPENCER DOK, *Associate*

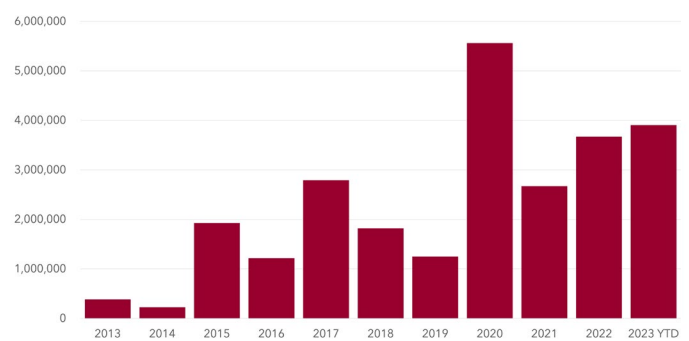
Leasing activity has slowed as larger space users opt for lease renewals amid economic concerns and limited alternative options. Demand for buildings <50,000 SF remains stable. Vacancy rates increased but are still significantly below long-term averages in San Diego. The industrial market has returned to more normal levels after experiencing record-high leasing and rent growth. Construction is concentrated near Otay Mesa Port, with high demand leading to quick lease agreements, albeit at lower price points. Annual rent growth remains above average, although it has started to moderate and landlords are offering more concessions. Investor activity has decreased due to economic uncertainty, resulting in rising cap rates and more responsive pricing.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ 12 Mo. Net Absorption SF	(860,622)	364,362	2,256,303	3,933,235	8,274,435
▲ Vacancy Rate	4.4%	3.8%	3.1%	3.4%	2.8%
▲ Avg NNN Asking Rate PSF	\$1.83	\$1.81	\$1.78	\$1.74	\$1.69
▲ SF Under Construction	3,903,986	3,330,334	3,671,903	3,210,031	2,810,133
▲ Inventory SF	206,664,040	206,022,448	205,436,010	205,359,047	204,142,849

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4205-47 Ponderosa Avenue San Diego, CA	156,079 SF	\$46,500,000 \$297.93 PSF	Monro Capital CCF IND Ponderosa LLC	Class B
1451 N. Johnson Avenue San Diego, CA	57,484 SF	\$9,100,000 \$158.30 PSF	RSA Engineered Products Weldmac Manufacturing Company	Class C
1207 Air Wing Road San Diego, CA	36,475 SF	\$9,400,000 \$257.71 PSF	Agramont Transport Inc. RCJ Properties LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4370 Jutland Drive San Diego, CA	72,716 SF	Isaac Alchalel	TopBuild	Construction
2055 Sanyo Avenue San Diego, CA	54,500 SF	JLL IPT	Intelligent Blends	Manufacturing
1210 Air Wing Road San Diego, CA	54,404 SF	DWS	Chipman Relocations	Moving & Storage



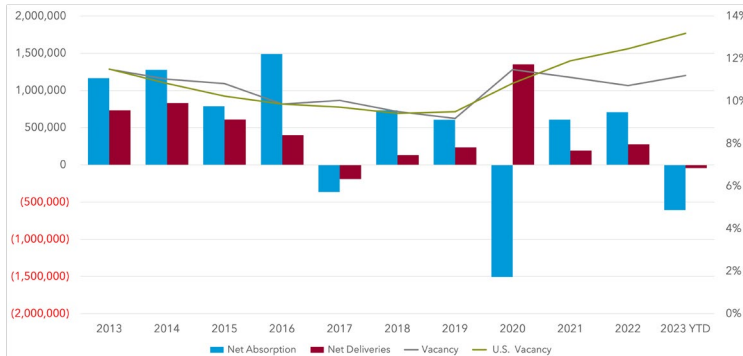
OFFICE MARKET OVERVIEW

SPENCER DOK, *Associate*

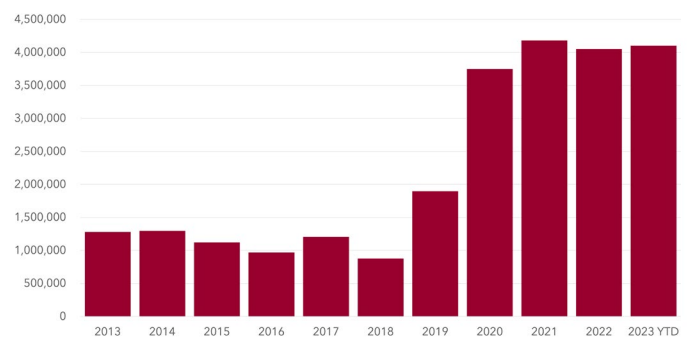
San Diego's office market benefits from a diverse mix of defense contractors, healthcare providers, life sciences firms, and tech companies supported by top universities. However, challenges persist, especially in biotech demand, leading to a decline in leasing activity for four consecutive quarters. The office market has become divided, with newer, well-located assets performing better than older properties. Despite positive net absorption, vacancy rates remain higher than pre-pandemic levels. Sublet space availability is at a 15-year high. Rent growth exceeds the national average, but adjusting for inflation, rents are falling. The market is set to witness a significant influx of speculative development, although cautious investor sentiment prevails due to rising interest rates.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ 12 Mo. Net Absorption SF	(1,040,252)	233,917	708,631	1,241,518	2,091,072
▲ Vacancy Rate	11.2%	10.9%	10.7%	10.8%	10.4%
▲ Avg NNN Asking Rate PSF	\$3.21	\$3.20	\$3.19	\$3.18	\$3.16
▲ SF Under Construction	4,102,469	4,051,045	4,051,045	3,901,414	3,901,414
▼ Inventory SF	119,357,491	119,381,678	119,399,555	119,471,566	119,678,607

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
5825 Oberlin Drive San Diego, CA	60,518 SF	\$36,000,000 \$594.86 PSF	King Street Properties Nuveen	Class B
2581 Camino Del Rio S San Diego, CA	32,000 SF	\$6,695,000 \$209.22 PSF	CGSK Properties LLC 2581 Camino Del Rio LP	Class B
10085 Carroll Canyon Road San Diego, CA	22,532 SF	\$6,421,620 \$285.00 PSF	10085 Carroll Canyon LLC Rosner & Mansfield	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4655 Executive Drive San Diego, CA	45,706 SF	Irvine Company	CoStar Group	Software
12830 El Camino Real San Diego, CA	30,294 SF	Kilroy Realty	Undisclosed	Undisclosed
9808 Scranton Road San Diego, CA	23,452 SF	CalSTRS / ARE	Undisclosed	Undisclosed



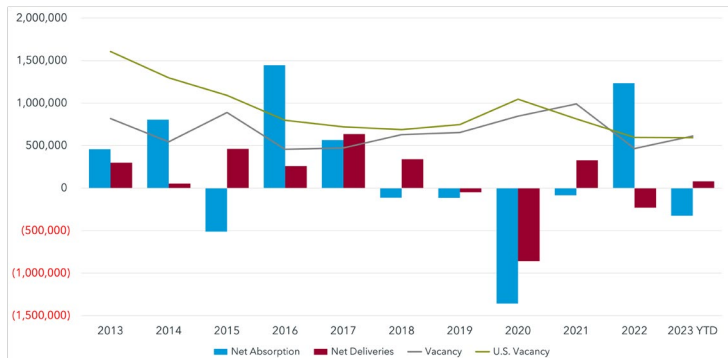
RETAIL MARKET OVERVIEW

ERIK FAUCETT, *Vice President*

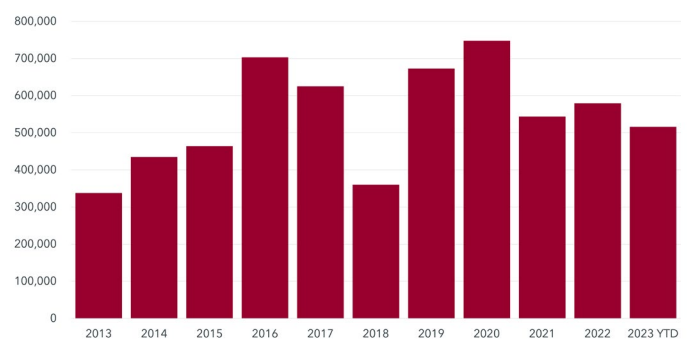
The general consensus is that the San Diego retail market is in one of its strongest positions in years. The spread between availability and vacancy rates are the lowest level in more than ten years. While leasing activity has slowed, that is more a function of less space than of less interest. The lack of new construction has also played a role in moderating demand. Deal flow and investment volume have slowed due to the rise in interest rates and buyers are being more selective.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ 12 Mo. Net Absorption SF	103,262	581,220	1,234,607	1,145,413	1,401,963
◀▶ Vacancy Rate	4.2%	4.2%	3.9%	4.2%	4.3%
▲ Avg NNN Asking Rate PSF	\$2.87	\$2.82	\$2.77	\$2.74	\$2.73
▼ SF Under Construction	515,989	540,545	579,262	541,775	565,266
▲ Inventory SF	138,765,556	138,727,379	138,679,353	138,834,535	138,826,783

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
1300-1330 Orange Avenue Coronado, CA	41,949 SF	\$40,000,000 \$953.00 PSF	Park 1 Paragon Real Estate	Multi-Tenant
300 El Cajon Boulevard El Cajon, CA	35,200 SF	\$21,200,000 \$602.00 PSF	KB Home City Ventures	Single-Tenant
635 Oxford Street Chula Vista, CA	30,480 SF	\$3,512,500 \$115.00 PSF	Allan Ziman Ronnie Maman	Multi-Tenant

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
Civita Blvd and Qualcomm Way San Diego, CA	25,000 SF	Sudberry Properties	Jimbo's Naturally	Grocer
10511-10543 4S Commons Way San Diego, CA	6,080 SF	Regency Centers	Kahoot's	Pet Supply
4664 Clairemont Mesa Boulevard San Diego, CA	5,984 SF	Ashmore Dental Three	Dental Express	Dentist

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