



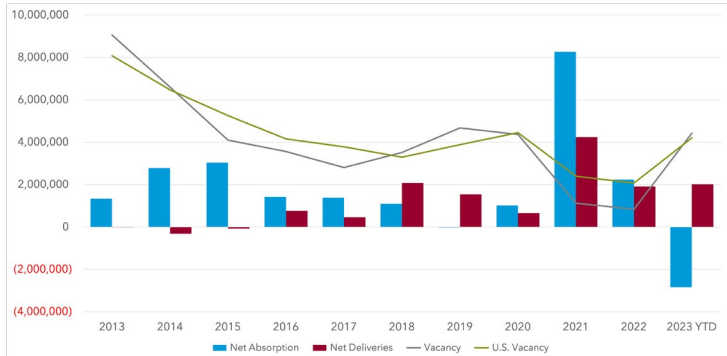
### INDUSTRIAL MARKET OVERVIEW

SPENCER DOK, *Associate*

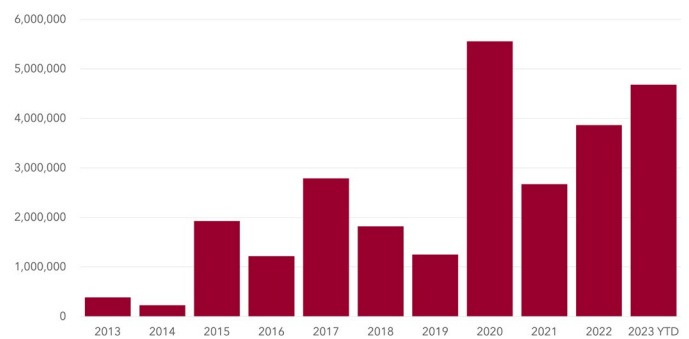
San Diego's industrial market faced challenges in the second and third quarters, with low leasing activity, negative net absorption, and rising availability rates. However, steady demand persisted for mid-sized traditional warehouse space, while the upcoming surge in smaller properties' demand is expected to boost the region. Although the sublet market contributed to surplus space, positive indicators, such as the growing demand for lab space and the sustained appeal of Otay Mesa for investors and users, highlight the market's resilience. Despite moderate rent growth, the area's strong fundamentals, including its labor pool and cross-border trade advantages, bode well for future recovery and growth.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ 12 Mo. Net Absorption SF	(1,508,988)	(848,712)	429,504	2,239,688	3,842,665
▲ Vacancy Rate	5.0%	4.5%	3.8%	3.1%	3.5%
▲ Avg NNN Asking Rate PSF	\$1.87	\$1.84	\$1.81	\$1.78	\$1.74
▲ SF Under Construction	5,049,564	4,256,426	3,523,580	3,865,439	3,115,134
▲ Inventory SF	207,604,293	207,168,008	206,534,603	205,954,191	205,798,591

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



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
9040-9050 Airway Road San Diego, CA	200,000 SF	\$57,000,000 \$285.00 PSF	ARES Management Corporation Lincoln Property Company	Class B
10054 Old Grove Road San Diego, CA	85,824 SF	\$33,999,000 \$396.15 PSF	Carpenters Union Chandru Wadhvani	Class B
131 W. 33rd Street San Diego, CA	78,699 SF	\$20,300,000 \$258.00 PSF	Dean Factor Unilev Capital Corporation	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1756 Weld Boulevard San Diego, CA	160,000 SF	NPI	GKN Aerospace	Aerospace
2600 Melksee Street San Diego, CA	121,970 SF	LaSalle	CareFusion	Medical Devices
2020 Piper Ranch Road San Diego, CA	98,500 SF	LaSalle	Balboa Water Group	Distributor



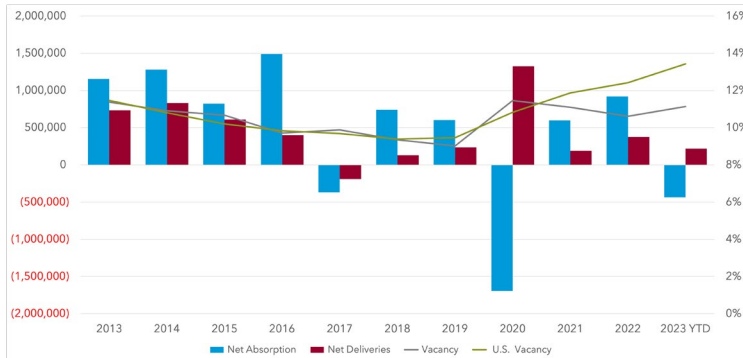
### OFFICE MARKET OVERVIEW

SPENCER DOK, *Associate*

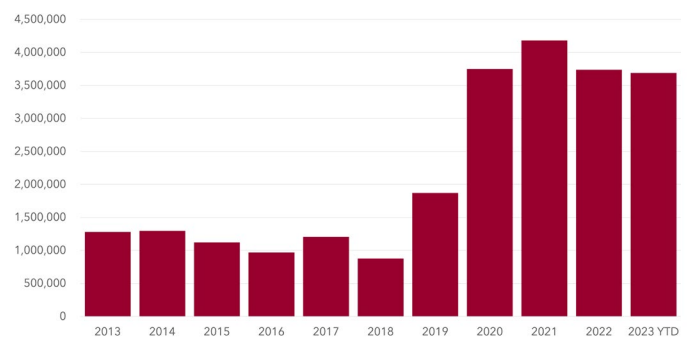
San Diego's office market faces challenges, with declining leasing sizes and volumes since pre-pandemic levels. Availability has surged to an all-time high, notably in Downtown, where upcoming supply additions are expected to exacerbate vacancy rates. The flight to quality trend and the increasing sublease market indicate diverse tenant needs. Older prime buildings experienced negative absorption, while newer constructions fared better. Rent concessions have led to decreasing effective rents, prompting landlords to resist higher tenant improvement allowances. With cautious investor sentiment due to rising interest rates, transaction activity has plummeted, leading to widespread pricing uncertainties.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▲ 12 Mo. Net Absorption SF	(434,354)	(750,525)	479,952	920,457	1,454,733
▲ Vacancy Rate	11.1%	10.9%	10.7%	10.6%	10.6%
◀ ▶ Avg NNN Asking Rate PSF	\$38.28	\$38.28	\$38.16	\$37.92	\$37.80
▼ SF Under Construction	3,688,308	3,788,004	3,736,580	3,736,580	3,901,438
▲ Inventory SF	119,632,860	119,365,164	119,389,351	1,194,152,228	119,487,239

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



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2127 W. Citracado Parkway Escondido, CA	75,000 SF	\$60,200,000 \$802.67 PSF	Harrison Street Capital JRM Real Estate	Class B
9555 Chesapeake Drive San Diego, CA	60,000 SF	\$17,752,500 \$295.88 PSF	SDUSD Sason Organization	Class B
3636 4th Avenue San Diego, CA	26,607 SF	\$6,675,500 \$250.89 PSF	Dorit Miller PSYD Artiano Shinoff	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
17089 Via Del Campo San Diego, CA	128,178 SF	Teradata	Northrop Grumman	Defense
401 B Street San Diego, CA	114,125 SF	Irvine Company	SANDAG	Government
1011 Union Street San Diego, CA	87,309 SF	Lowe/HPG	SANDAG	Government



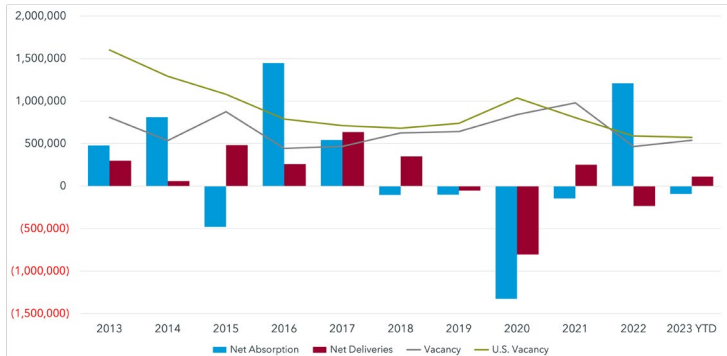
### RETAIL MARKET OVERVIEW

ERIK FAUCETT, *Vice President*

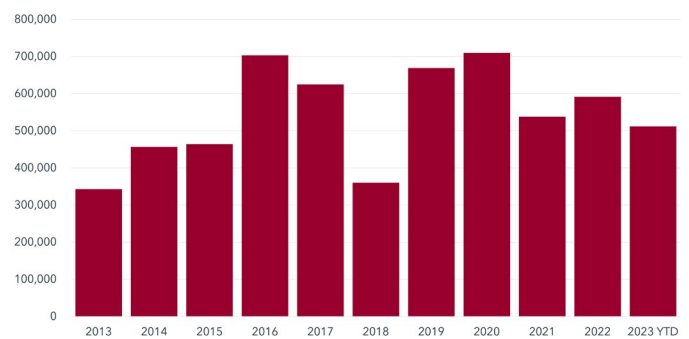
Retail tenants in San Diego are finding it increasingly difficult to find space as the availability of quality sites has diminished. There has been little new inventory added in recent years, combined with some of the big box sites and car dealerships that are being tapped for redevelopment into housing. Landlords are holding firm on their asking rates while offering little in the form of concessions. With the rise in interest rates, buyers are becoming more selective and cautious. The market is seeing more multifamily investors seeking to invest in retail properties as the cap rates are higher in the retail market.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ 12 Mo. Net Absorption SF	81,681	82,042	594,269	1,209,760	1,123,644
▼ Vacancy Rate	4.1%	4.2%	4.2%	3.9%	4.2%
▲ Avg NNN Asking Rate PSF	\$34.32	\$34.20	\$33.72	\$33.12	\$32.76
▼ SF Under Construction	511,713	533,378	570,187	591,315	541,348
▲ Inventory SF	139,271,386	139,249,721	139,205,114	139,155,268	139,310,450

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



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
1640-1750 Camino Del Rio North San Diego, CA	474,324 SF	\$64,392,052 \$135.76 PSF	Real Capital Solutions Unibail-Rodamco-Westfield	Multi-Tenant
1702 Camino Del Rio North San Diego, CA	385,000 SF	\$52,265,835 \$135.76 PSF	Real Capital Solutions Unibail-Rodamco-Westfield	Multi-Tenant
1288 Camino Del Rio North San Diego, CA	199,774 SF	\$27,120,402 \$135.76 PSF	Real Capital Solutions Unibail-Rodamco-Westfield	Multi-Tenant

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
10511-10543 S. Commons Drive San Diego, CA	27,045 SF	Regency Centers	RH Outlet	Home Furnishings
9340-9396 Mira Mesa Boulevard San Diego, CA	24,473 SF	Asset Management Group	Aldi	Grocer
1410 E. Plaza Drive National City, CA	15,780 SF	Blue Owl	Big Lots	Discount Retailer

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