



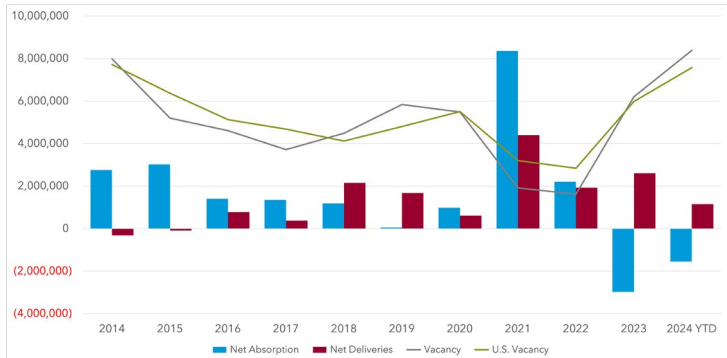
INDUSTRIAL MARKET OVERVIEW

SPENCER DOK, *Vice President*

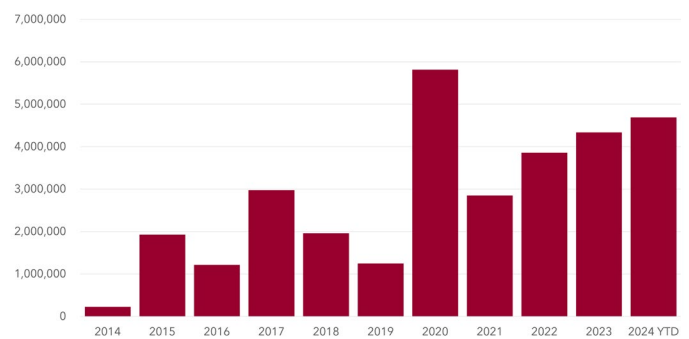
In 24Q2, San Diego's industrial market experienced negative absorption for the sixth consecutive quarter, the longest streak since the Great Recession. Vacancies rose to 7.1%, the highest in nearly a decade, driven by challenges in the defense, biotech, and distribution sectors. Leasing activity for spaces over 50,000 SF remained subdued, with only four new leases signed, reflecting less than 20% of total leasing volume. Despite increased construction, particularly in South County near the port of entry, broader macroeconomic concerns are dampening demand among large occupiers. Meanwhile, demand remains robust for smaller industrial spaces, driving competition among landlords and keeping rents stable with minimal growth observed during the quarter.

MARKET INDICATORS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
▲ 12 Mo. Net Absorption SF	(2,407,752)	(3,109,550)	(2,975,172)	(1,929,789)	(1,260,469)
▲ Vacancy Rate	6.9%	6.6%	5.8%	5.1%	4.5%
◀ ▶ Avg NNN Asking Rate PSF	\$1.88	\$1.88	\$1.87	\$1.85	\$1.82
▼ SF Under Construction	4,689,035	5,190,430	4,335,669	5,237,624	4,564,925
▲ Inventory SF	211,066,953	210,535,558	209,909,501	208,722,088	208,347,442

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
14105 Kirkham Way Poway, CA	115,000 SF	\$32,900,000 \$286.09 PSF	General Atomics Healthpeak Properties	Class B
13450 Stowe Drive Poway, CA	78,000 SF	\$19,600,000 \$251.28 PSF	Staley Point Capital Swift Engineering, Inc.	Class C
9575 Aero Drive San Diego, CA	48,635 SF	\$17,985,000 \$369.80 PSF	Rady Children's Hospital JRC Real Estate	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
13100 Danielson Street Poway, CA	129,910 SF	Lincoln Property Co.	Liberty Packaging	Manufacturing
2080 Sanyo Avenue San Diego, CA	58,852 SF	Ben Badiie	Blue Streak Electronics	Manufacturing
2210 Oak Ridge Way Vista, CA	53,269 SF	Staley Point Capital	Solatube International	Manufacturing

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