

# San Diego

## Direct vacancy hits record low, spurring new development in North and South County

- Total leasing activity decelerates but several sizeable leases were signed during Q4, 70% of which were new leases
- Year-to-date total net absorption was strong despite large sublease space added to the market in the second half of the year
- 2022 ends with vacancy at a record low, causing rents to increase 23% year-over-year
- Several new projects broke ground in North and South County as demand for new large block space remains active in these regions

The San Diego industrial market closed out 2022 confidently despite the challenging economic landscape. Leasing activity stayed relatively subdued during Q4, but several notable leases were signed. New leases included PCI Pharma signing a long-term contract for 105,000 s.f. in Otay Mesa, Pirch leasing 94,000 s.f. in Vista and CAPS leasing 92,000 s.f. in Santee. All new large leases in Q4 were located outside of the Central County and the I-15 Corridor clusters where pricing is at a discount.

The year ended with 1.5 million s.f. of year-to-date total net absorption, less than 9% below the 10-year annual average. The first two quarters of 2022 showed strong positive net absorption, but the second half was offset by the addition of several large sublease spaces to the market, led by an e-commerce giant. As a result of the rise in sublease vacancy, Q4 net absorption was essentially flat. Despite a rise in sublease vacancy, direct vacancy now sits at a record low of 1.7%, pushing average asking rents up by 23% year-over-year.

In Q4, Hamann Companies completed PROTO Logistics Center, two buildings totaling 128,000 s.f. that delivered 100% pre-leased in Otay Mesa. The largest projects to break ground in Otay Mesa during Q4 were two buildings at the Sanyo Logistics Center totaling 243,000 s.f. and two buildings totaling 203,000 s.f. at phase two of Brown Field Tech Park. Up in Carlsbad, Hines broke ground on a long-awaited 253,000 s.f. BTS project for a large logistics user. Some developers are now measuring projected rents against current construction costs and weighing the decision of whether to break ground. As a result, we may begin to see proposed projects halt and push out expected completion dates.

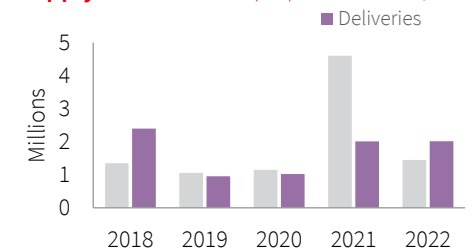
### Outlook

Market fundamentals showed resiliency despite cooling in capital markets and leasing. Demand for large block space remains elevated, but economic conditions could influence activity in the coming quarters. However, the San Diego industrial sector is well-positioned due in part to a lack of options larger than 100,000 s.f. available for direct lease, which continues to put upward pressure on asking rents.

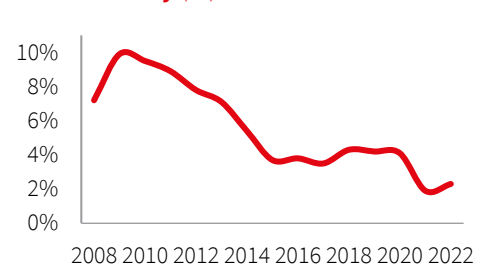
### Fundamentals

|                      | Forecast         |
|----------------------|------------------|
| YTD net absorption   | 1,447,396 s.f. ► |
| Under construction   | 2,902,410 s.f. ▼ |
| Total vacancy        | 2.3% ►           |
| Sublease vacancy     | 762,668 s.f. ►   |
| Direct asking rent   | \$1.29 p.s.f. ►  |
| Sublease asking rent | \$1.23 p.s.f. ►  |
| Concessions          | Stable ►         |

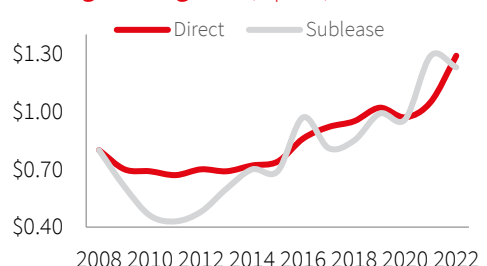
### Supply and demand (s.f.)



### Total vacancy (%)



### Average asking rent (\$ p.s.f.)



## JLL Research Report

## Industrial Statistics

|  | Inventory (s.f.)   | Quarterly total net absorption (s.f.) | YTD total net absorption (s.f.) | YTD total net absorption (% of stock) | Total vacancy (%) | Total availability (%) | Average total asking rent (\$ p.s.f.) | Quarterly Completions (s.f.) | YTD Completions (s.f.) | Under construction (s.f.) |
|--|--------------------|---------------------------------------|---------------------------------|---------------------------------------|-------------------|------------------------|---------------------------------------|------------------------------|------------------------|---------------------------|
| <b>San Diego total</b>                 |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 75,218,427         | 104,025                               | 1,749,895                       | 2.3%                                  | 2.4%              | 5.7%                   | \$1.30                                | 128,491                      | 2,014,972              | 2,902,410                 |
| Manufacturing                          | 49,580,850         | -129,312                              | -278,151                        | -0.6%                                 | 2.2%              | 3.6%                   | \$1.24                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 2,959,668          | -11,537                               | -24,348                         | -0.8%                                 | 2.4%              | 2.4%                   | \$1.26                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>127,758,945</b> | <b>-36,824</b>                        | <b>1,447,396</b>                | <b>1.1%</b>                           | <b>2.3%</b>       | <b>4.9%</b>            | <b>\$1.28</b>                         | <b>128,491</b>               | <b>2,014,972</b>       | <b>2,902,410</b>          |
| <b>Central County Industrial total</b> |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 21,959,532         | -21,439                               | 454,839                         | 2.1%                                  | 1.5%              | 3.7%                   | \$1.49                                | 0                            | 315,000                | 346,128                   |
| Manufacturing                          | 11,128,519         | -7,249                                | -93,211                         | -0.8%                                 | 1.9%              | 3.7%                   | \$1.40                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 836,170            | -3,552                                | -1,936                          | -0.2%                                 | 0.5%              | 0.5%                   | \$1.53                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>33,924,221</b>  | <b>-32,240</b>                        | <b>359,692</b>                  | <b>1.1%</b>                           | <b>1.6%</b>       | <b>3.6%</b>            | <b>\$1.46</b>                         | <b>0</b>                     | <b>315,000</b>         | <b>346,128</b>            |
| <b>Downtown (CBD) Ind</b>              |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 1,286,236          | 0                                     | -4,185                          | -0.3%                                 | 4.0%              | 4.6%                   | \$1.03                                | 0                            | 0                      | 0                         |
| Manufacturing                          | 437,769            | 0                                     | -13,353                         | -3.1%                                 | 3.1%              | 3.1%                   | \$1.60                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 62,088             | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>1,786,093</b>   | <b>0</b>                              | <b>-17,538</b>                  | <b>-1.0%</b>                          | <b>3.6%</b>       | <b>4.1%</b>            | <b>\$1.13</b>                         | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>Kearny Mesa Ind</b>                 |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 5,253,257          | 20,676                                | 368,204                         | 7.0%                                  | 1.7%              | 5.0%                   | \$1.70                                | 0                            | 315,000                | 0                         |
| Manufacturing                          | 3,043,271          | 8,336                                 | -9,177                          | -0.3%                                 | 1.1%              | 1.5%                   | \$1.68                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 227,242            | -3,552                                | -1,936                          | -0.9%                                 | 1.6%              | 1.6%                   | \$0.00                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>8,523,770</b>   | <b>25,460</b>                         | <b>357,091</b>                  | <b>4.2%</b>                           | <b>1.5%</b>       | <b>3.6%</b>            | <b>\$1.70</b>                         | <b>0</b>                     | <b>315,000</b>         | <b>0</b>                  |
| <b>Miramar Ind</b>                     |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 7,605,720          | -6,211                                | 122,957                         | 1.6%                                  | 0.3%              | 2.5%                   | \$1.46                                | 0                            | 0                      | 0                         |
| Manufacturing                          | 2,803,253          | 6,347                                 | 8,624                           | 0.3%                                  | 0.5%              | 4.5%                   | \$1.20                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 207,675            | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>10,616,648</b>  | <b>136</b>                            | <b>131,581</b>                  | <b>1.2%</b>                           | <b>0.3%</b>       | <b>3.0%</b>            | <b>\$1.41</b>                         | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>Mission Gorge Ind</b>               |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 1,108,475          | 0                                     | -5,002                          | -0.5%                                 | 0.5%              | 3.3%                   | \$1.34                                | 0                            | 0                      | 0                         |
| Manufacturing                          | 317,186            | 800                                   | -3,979                          | -1.3%                                 | 1.3%              | 1.3%                   | \$0.00                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 76,886             | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>1,502,547</b>   | <b>800</b>                            | <b>-8,981</b>                   | <b>-0.6%</b>                          | <b>0.6%</b>       | <b>2.7%</b>            | <b>\$1.34</b>                         | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>Rose Canyon/Morena Ind</b>          |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 1,690,860          | 0                                     | 54,686                          | 3.2%                                  | 0.4%              | 4.9%                   | \$0.00                                | 0                            | 0                      | 0                         |
| Manufacturing                          | 398,718            | 0                                     | -72,716                         | -18.2%                                | 18.2%             | 18.2%                  | \$1.10                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 10,000             | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>2,099,578</b>   | <b>0</b>                              | <b>-18,030</b>                  | <b>-0.9%</b>                          | <b>3.7%</b>       | <b>7.4%</b>            | <b>\$1.10</b>                         | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>Sorrento Mesa Ind</b>               |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 2,256,156          | -49,009                               | -70,496                         | -3.1%                                 | 3.2%              | 4.1%                   | \$1.65                                | 0                            | 0                      | 0                         |
| Manufacturing                          | 1,435,855          | -37,042                               | -19,838                         | -1.4%                                 | 3.8%              | 4.0%                   | \$1.71                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 14,272             | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>3,706,283</b>   | <b>-86,051</b>                        | <b>-90,334</b>                  | <b>-2.4%</b>                          | <b>3.4%</b>       | <b>4.0%</b>            | <b>\$1.69</b>                         | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>Sorrento Valley Ind</b>             |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 203,536            | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| Manufacturing                          | 375,621            | 8,000                                 | 8,000                           | 2.1%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 37,040             | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>616,197</b>     | <b>8,000</b>                          | <b>8,000</b>                    | <b>1.3%</b>                           | <b>0.0%</b>       | <b>0.0%</b>            | <b>\$0.00</b>                         | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>Southeast San Diego Ind</b>         |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 1,637,119          | 0                                     | -17,000                         | -1.0%                                 | 1.2%              | 1.3%                   | \$1.31                                | 0                            | 0                      | 346,128                   |
| Manufacturing                          | 1,016,051          | 6,310                                 | 9,228                           | 0.9%                                  | 1.0%              | 6.9%                   | \$1.61                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 148,877            | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>2,802,047</b>   | <b>6,310</b>                          | <b>-7,772</b>                   | <b>-0.3%</b>                          | <b>1.0%</b>       | <b>3.0%</b>            | <b>\$1.54</b>                         | <b>0</b>                     | <b>0</b>               | <b>346,128</b>            |
| <b>Sports Arena Ind</b>                |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 823,173            | 13,105                                | 5,675                           | 0.7%                                  | 7.1%              | 10.0%                  | \$1.50                                | 0                            | 0                      | 0                         |
| Manufacturing                          | 1,300,795          | 0                                     | 0                               | 0.0%                                  | 0.9%              | 1.6%                   | \$0.89                                | 0                            | 0                      | 0                         |
| Special Purpose                        | 52,090             | 0                                     | 0                               | 0.0%                                  | 1.7%              | 1.7%                   | \$1.53                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>2,176,058</b>   | <b>13,105</b>                         | <b>5,675</b>                    | <b>0.3%</b>                           | <b>3.3%</b>       | <b>4.8%</b>            | <b>\$1.46</b>                         | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>UTC Ind</b>                         |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 95,000             | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%                   | \$0.00                                | 0                            | 0                      | 0                         |
| <b>Overall Total</b>                   | <b>95,000</b>      | <b>0</b>                              | <b>0</b>                        | <b>0.0%</b>                           | <b>0.0%</b>       | <b>0.0%</b>            | <b>\$0.00</b>                         | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>East County total</b>               |                    |                                       |                                 |                                       |                   |                        |                                       |                              |                        |                           |
| Warehouse & Distribution               | 5,881,528          | -28,941                               | 3,603                           | 0.1%                                  | 1.5%              | 2.3%                   | \$1.27                                | 0                            | 35,000                 | 0                         |
| Manufacturing                          | 6,190,643          | 55,140                                | -112,823                        | -1.8%                                 | 4.6%              | 3.3%                   | \$1.09                                | 0                            | 0                      | 0                         |

|                            |                   |                 |                  |              |              |              |               |                |                  |                  |
|----------------------------|-------------------|-----------------|------------------|--------------|--------------|--------------|---------------|----------------|------------------|------------------|
| Special Purpose            | 612,699           | -6,000          | -6,000           | -1.0%        | 1.0%         | 1.0%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>12,684,870</b> | <b>20,199</b>   | <b>-115,220</b>  | <b>-0.9%</b> | <b>3.0%</b>  | <b>2.7%</b>  | <b>\$1.14</b> | <b>0</b>       | <b>35,000</b>    | <b>0</b>         |
| <b>El Cajon</b>            |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 3,375,123         | -12,156         | -10,514          | -0.3%        | 1.6%         | 2.4%         | \$1.19        | 0              | 0                | 0                |
| Manufacturing              | 4,010,290         | 16,840          | 17,733           | 0.4%         | 0.6%         | 0.7%         | \$1.06        | 0              | 0                | 0                |
| Special Purpose            | 352,832           | -6,000          | -6,000           | -1.7%        | 1.7%         | 1.7%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>7,738,245</b>  | <b>-1,316</b>   | <b>1,219</b>     | <b>0.0%</b>  | <b>1.1%</b>  | <b>1.5%</b>  | <b>\$1.09</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>La Mesa</b>             |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 844,035           | 2,048           | -470             | -0.1%        | 1.1%         | 3.8%         | \$1.57        | 0              | 0                | 0                |
| Manufacturing              | 794,792           | 38,300          | -122,856         | -15.5%       | 20.7%        | 20.9%        | \$1.10        | 0              | 0                | 0                |
| Special Purpose            | 99,148            | 0               | 0                | 0.0%         | 0.0%         | 0.0%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>1,737,975</b>  | <b>40,348</b>   | <b>-123,326</b>  | <b>-7.1%</b> | <b>10.0%</b> | <b>11.4%</b> | <b>\$1.18</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>Santee</b>              |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 1,662,370         | -18,833         | 14,587           | 0.9%         | 1.3%         | 1.4%         | \$1.56        | 0              | 35,000           | 0                |
| Manufacturing              | 1,385,561         | 0               | -7,700           | -0.6%        | 7.2%         | 0.6%         | \$1.38        | 0              | 0                | 0                |
| Special Purpose            | 160,719           | 0               | 0                | 0.0%         | 0.0%         | 0.0%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>3,208,650</b>  | <b>-18,833</b>  | <b>6,887</b>     | <b>0.2%</b>  | <b>3.8%</b>  | <b>1.0%</b>  | <b>\$1.44</b> | <b>0</b>       | <b>35,000</b>    | <b>0</b>         |
| <b>I-15 Corridor total</b> |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 7,167,687         | -91,190         | -95,757          | -1.3%        | 1.4%         | 1.8%         | \$1.66        | 0              | 0                | 0                |
| Manufacturing              | 4,581,560         | 2,803           | -1,107           | 0.0%         | 0.5%         | 3.5%         | \$1.27        | 0              | 0                | 0                |
| Special Purpose            | 85,525            | -7,200          | -7,200           | -8.4%        | 8.4%         | 8.4%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>11,834,772</b> | <b>-95,587</b>  | <b>-104,064</b>  | <b>-0.9%</b> | <b>1.1%</b>  | <b>2.5%</b>  | <b>\$1.51</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>Poway</b>               |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 5,117,562         | 0               | -1,304           | 0.0%         | 0.0%         | 0.5%         | \$1.53        | 0              | 0                | 0                |
| Manufacturing              | 2,870,130         | 2,803           | -5,882           | -0.2%        | 0.7%         | 2.1%         | \$1.18        | 0              | 0                | 0                |
| Special Purpose            | 33,500            | 0               | 0                | 0.0%         | 0.0%         | 0.0%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>8,021,192</b>  | <b>2,803</b>    | <b>-7,186</b>    | <b>-0.1%</b> | <b>0.3%</b>  | <b>1.1%</b>  | <b>\$1.25</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>Rancho Bernardo</b>     |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 1,649,081         | -91,894         | -92,144          | -5.6%        | 5.6%         | 5.6%         | \$1.70        | 0              | 0                | 0                |
| Manufacturing              | 1,478,099         | 0               | 4,775            | 0.3%         | 0.0%         | 0.9%         | \$1.65        | 0              | 0                | 0                |
| Special Purpose            | 37,625            | 0               | 0                | 0.0%         | 0.0%         | 0.0%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>3,164,805</b>  | <b>-91,894</b>  | <b>-87,369</b>   | <b>-2.8%</b> | <b>2.9%</b>  | <b>3.3%</b>  | <b>\$1.70</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>Scripps Ranch</b>       |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 401,044           | 704             | -2,309           | -0.6%        | 1.2%         | 2.5%         | \$1.39        | 0              | 0                | 0                |
| Manufacturing              | 233,331           | 0               | 0                | 0.0%         | 0.0%         | 36.8%        | \$0.00        | 0              | 0                | 0                |
| Special Purpose            | 14,400            | -7,200          | -7,200           | -50.0%       | 50.0%        | 50.0%        | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>648,775</b>    | <b>-6,496</b>   | <b>-9,509</b>    | <b>-1.5%</b> | <b>1.8%</b>  | <b>15.9%</b> | <b>\$1.39</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>North County total</b>  |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 19,226,893        | -55,970         | -94,220          | -0.5%        | 3.0%         | 3.8%         | \$1.38        | 0              | 175,466          | 253,015          |
| Manufacturing              | 17,811,620        | -186,498        | -5,453           | 0.0%         | 2.3%         | 4.4%         | \$1.21        | 0              | 0                | 0                |
| Special Purpose            | 1,171,617         | 3,184           | 8,502            | 0.7%         | 3.1%         | 3.1%         | \$1.25        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>38,210,130</b> | <b>-239,284</b> | <b>-91,171</b>   | <b>-0.2%</b> | <b>2.6%</b>  | <b>4.1%</b>  | <b>\$1.24</b> | <b>0</b>       | <b>175,466</b>   | <b>253,015</b>   |
| <b>Carlsbad</b>            |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 3,969,053         | -184,731        | -321,956         | -8.1%        | 8.6%         | 9.3%         | \$1.55        | 0              | 0                | 253,015          |
| Manufacturing              | 3,110,141         | -177,618        | -113,938         | -3.7%        | 6.7%         | 9.0%         | \$1.23        | 0              | 0                | 0                |
| Special Purpose            | 273,906           | 0               | -5,372           | -2.0%        | 2.0%         | 2.0%         | \$1.60        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>7,353,100</b>  | <b>-362,349</b> | <b>-441,266</b>  | <b>-6.0%</b> | <b>7.6%</b>  | <b>8.9%</b>  | <b>\$1.28</b> | <b>0</b>       | <b>0</b>         | <b>253,015</b>   |
| <b>Escondido</b>           |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 2,969,878         | -3,554          | -20,037          | -0.7%        | 2.3%         | 1.2%         | \$1.36        | 0              | 0                | 0                |
| Manufacturing              | 2,047,446         | 0               | 2,364            | 0.1%         | 0.7%         | 2.6%         | \$1.19        | 0              | 0                | 0                |
| Special Purpose            | 369,036           | 0               | 6,000            | 1.6%         | 7.3%         | 7.3%         | \$1.18        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>5,386,360</b>  | <b>-3,554</b>   | <b>-11,673</b>   | <b>-0.2%</b> | <b>2.0%</b>  | <b>2.2%</b>  | <b>\$1.25</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>Oceanside</b>           |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 4,852,562         | -61,931         | -52,495          | -1.1%        | 1.6%         | 2.4%         | \$1.33        | 0              | 0                | 0                |
| Manufacturing              | 2,943,344         | -41,285         | -64,671          | -2.2%        | 2.5%         | 2.6%         | \$1.10        | 0              | 0                | 0                |
| Special Purpose            | 205,844           | 5,502           | 8,938            | 4.3%         | 0.8%         | 0.8%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>8,001,750</b>  | <b>-97,714</b>  | <b>-108,228</b>  | <b>-1.4%</b> | <b>1.9%</b>  | <b>2.4%</b>  | <b>\$1.14</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>San Marcos</b>          |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 3,366,249         | 10,142          | -5,532           | -0.2%        | 2.1%         | 4.2%         | \$1.33        | 0              | 0                | 0                |
| Manufacturing              | 2,573,362         | -4,835          | 105,431          | 4.1%         | 0.5%         | 1.8%         | \$1.29        | 0              | 0                | 0                |
| Special Purpose            | 161,296           | 0               | 0                | 0.0%         | 0.0%         | 0.0%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>6,100,907</b>  | <b>5,307</b>    | <b>99,899</b>    | <b>1.6%</b>  | <b>1.4%</b>  | <b>3.0%</b>  | <b>\$1.32</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>Vista</b>               |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 4,069,151         | 184,104         | 305,800          | 7.5%         | 0.2%         | 1.5%         | \$0.95        | 0              | 175,466          | 0                |
| Manufacturing              | 7,137,327         | 37,240          | 65,361           | 0.9%         | 1.4%         | 4.7%         | \$1.23        | 0              | 0                | 0                |
| Special Purpose            | 161,535           | -2,318          | -1,064           | -0.7%        | 1.4%         | 1.4%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>11,368,013</b> | <b>219,026</b>  | <b>370,097</b>   | <b>3.3%</b>  | <b>1.0%</b>  | <b>3.5%</b>  | <b>\$1.22</b> | <b>0</b>       | <b>175,466</b>   | <b>0</b>         |
| <b>South County total</b>  |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 20,982,787        | 301,565         | 1,481,430        | 7.1%         | 3.4%         | 11.4%        | \$1.21        | 128,491        | 1,489,506        | 2,303,267        |
| Manufacturing              | 9,868,508         | 6,492           | -65,557          | -0.7%        | 1.5%         | 2.3%         | \$1.19        | 0              | 0                | 0                |
| Special Purpose            | 253,657           | 2,031           | -17,714          | -7.0%        | 7.0%         | 7.0%         | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>       | <b>31,104,952</b> | <b>310,088</b>  | <b>1,398,159</b> | <b>4.5%</b>  | <b>2.8%</b>  | <b>8.6%</b>  | <b>\$1.21</b> | <b>128,491</b> | <b>1,489,506</b> | <b>2,303,267</b> |
| <b>Chula Vista</b>         |                   |                 |                  |              |              |              |               |                |                  |                  |
| Warehouse & Distribution   | 4,130,324         | 20,726          | -69,955          | -1.7%        | 4.6%         | 15.6%        | \$1.04        | 0              | 0                | 201,200          |

|                          |                   |                |                  |              |             |             |               |                |                  |                  |
|--------------------------|-------------------|----------------|------------------|--------------|-------------|-------------|---------------|----------------|------------------|------------------|
| Manufacturing            | 3,742,632         | 2,710          | -18,442          | -0.5%        | 0.9%        | 2.2%        | \$1.13        | 0              | 0                | 0                |
| Special Purpose          | 177,989           | 0              | -14,000          | -7.9%        | 7.9%        | 7.9%        | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>     | <b>8,050,945</b>  | <b>23,436</b>  | <b>-102,397</b>  | <b>-1.3%</b> | <b>2.9%</b> | <b>9.4%</b> | <b>\$1.08</b> | <b>0</b>       | <b>0</b>         | <b>201,200</b>   |
| <b>National City</b>     |                   |                |                  |              |             |             |               |                |                  |                  |
| Warehouse & Distribution | 2,136,932         | -2,125         | -399             | 0.0%         | 0.2%        | 1.7%        | \$1.68        | 0              | 0                | 0                |
| Manufacturing            | 543,037           | -1,126         | 54,605           | 10.1%        | 0.2%        | 0.2%        | \$0.00        | 0              | 0                | 0                |
| Special Purpose          | 23,670            | 0              | 0                | 0.0%         | 0.0%        | 0.0%        | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>     | <b>2,703,639</b>  | <b>-3,251</b>  | <b>54,206</b>    | <b>2.0%</b>  | <b>0.2%</b> | <b>1.4%</b> | <b>\$1.68</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |
| <b>Otay Mesa</b>         |                   |                |                  |              |             |             |               |                |                  |                  |
| Warehouse & Distribution | 14,061,476        | 282,964        | 1,558,153        | 11.1%        | 3.6%        | 11.9%       | \$1.21        | 128,491        | 1,489,506        | 2,102,067        |
| Manufacturing            | 4,964,050         | 2,785          | -103,843         | -2.1%        | 2.3%        | 2.5%        | \$1.24        | 0              | 0                | 0                |
| Special Purpose          | 51,998            | 2,031          | -3,714           | -7.1%        | 7.1%        | 7.1%        | \$0.00        | 0              | 0                | 0                |
| <b>Overall Total</b>     | <b>19,077,524</b> | <b>287,780</b> | <b>1,450,596</b> | <b>7.6%</b>  | <b>3.3%</b> | <b>9.7%</b> | <b>\$1.21</b> | <b>128,491</b> | <b>1,489,506</b> | <b>2,102,067</b> |
| <b>San Ysidro</b>        |                   |                |                  |              |             |             |               |                |                  |                  |
| Warehouse & Distribution | 654,055           | 0              | -6,369           | -1.0%        | 1.1%        | 1.5%        | \$0.00        | 0              | 0                | 0                |
| Manufacturing            | 618,789           | 2,123          | 2,123            | 0.3%         | 0.4%        | 2.1%        | \$1.00        | 0              | 0                | 0                |
| <b>Overall Total</b>     | <b>1,272,844</b>  | <b>2,123</b>   | <b>-4,246</b>    | <b>-0.3%</b> | <b>0.8%</b> | <b>1.8%</b> | <b>\$1.00</b> | <b>0</b>       | <b>0</b>         | <b>0</b>         |