



Industrial Market Report

San Jose - CA

PREPARED BY



INDUSTRIAL MARKET REPORT

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12 Mo Deliveries in SF

177K

12 Mo Net Absorption in SF

(834K)

Vacancy Rate

6.5%

12 Mo Rent Growth

0.9%

In the second half of 2023, leasing activity in San Jose continues to be negatively impacted by subdued demand, as tenants hold back on expansion plans in the face of high interest rates and recessionary concerns.

San Jose's industrial market is driven by the growth of Silicon Valley's technology-based economy. The impressive growth of this sector over the past 30 years has supported increased demand for specific types of industrial real estate, such as data centers and flex properties catering to high-tech firms conducting research and development and to some extent manufacturing. Indeed, flex properties constitute over half of industrial real estate in San Jose, compared to only 10% of industrial space nationally.

The most notable drop in leasing transactions has occurred at the high end of the size range. In the logistics sector, no leases above 50,000 SF have been signed since the beginning of the year, while in the flex category, the largest new lease in that period was for a 68,600-SF space taken by Cerebras Systems, a maker of AI processors, in Sunnyvale.

Vacancy, at 6.5%, remains low in comparison to historical levels. This is primarily due to low levels of new construction and the continuation of the long-term trend to re-purpose older industrial sites for housing and other

uses, which results in a net reduction in industrial stock. San Jose's flex inventory operates at a significantly higher vacancy rate (9.5% as of the third quarter) than properties in its logistics market, which is severely supply constrained and currently has an aggregate vacancy rate of 3.5%.

As with other real estate sectors, strong demand and tight supply has made industrial rents in San Jose among the highest in the nation, second only to San Francisco. However, the rate of growth in rents is currently one of the nation's lowest. Year-over-year rent growth in the local flex and logistics sectors is running at 0.4% and 3.3% respectively. These figures have declined over the past six months and are below the national average for these subtypes.

New construction activity has increased to a total of 5.2 million SF of industrial space under construction across the entire market, a 20-year high. However, almost all the product under construction is either distribution space at the southern part of the market around Gilroy and Morgan Hill, or data center space in Santa Clara.

With demand continuing to remain soft as the economy moves towards a possible mild recession later in 2023, vacancy is forecast to move slightly upwards and rent growth is set to remain low over the coming quarters.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	54,030,541	3.5%	\$18.55	5.5%	(210,085)	0	1,992,630
Specialized Industrial	42,616,602	3.2%	\$19.54	4.0%	(113,109)	0	1,235,070
Flex	102,176,083	9.5%	\$31.87	11.0%	(345,851)	0	2,011,379
Market	198,823,226	6.5%	\$25.56	8.0%	(669,045)	0	5,239,079

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.2%	8.8%	6.7%	15.7%	2003 Q3	2.0%	2000 Q2
Net Absorption SF	(834K)	(360,540)	(180,900)	13,595,627	2000 Q2	(12,452,110)	2002 Q1
Deliveries SF	177K	1,412,721	1,231,964	6,790,418	2001 Q3	14,745	2013 Q2
Rent Growth	0.9%	3.1%	5.0%	11.0%	2015 Q2	-12.5%	2003 Q2
Sales Volume	\$1.6B	\$1.6B	N/A	\$4.3B	2022 Q1	\$168.6M	2009 Q4

Muted tenant demand in 2023 has resulted in negative absorption in the year to date. After two years of positive net absorption, this is a return to the longer term trend in San Jose, characterized by the redevelopment of industrial sites for other uses, such as office or residential.

Leasing activity in the first half of 2023 was at a historic low, comparable to the trough of the Great Recession in 2009 or the pandemic lockdown in 2020. With a high proportion of flex space, the market is sensitive to the slowdown in tenant demand in the tech sector, as high interest rates shrink tech company valuations and reduce the availability of capital to fund expansion strategies.

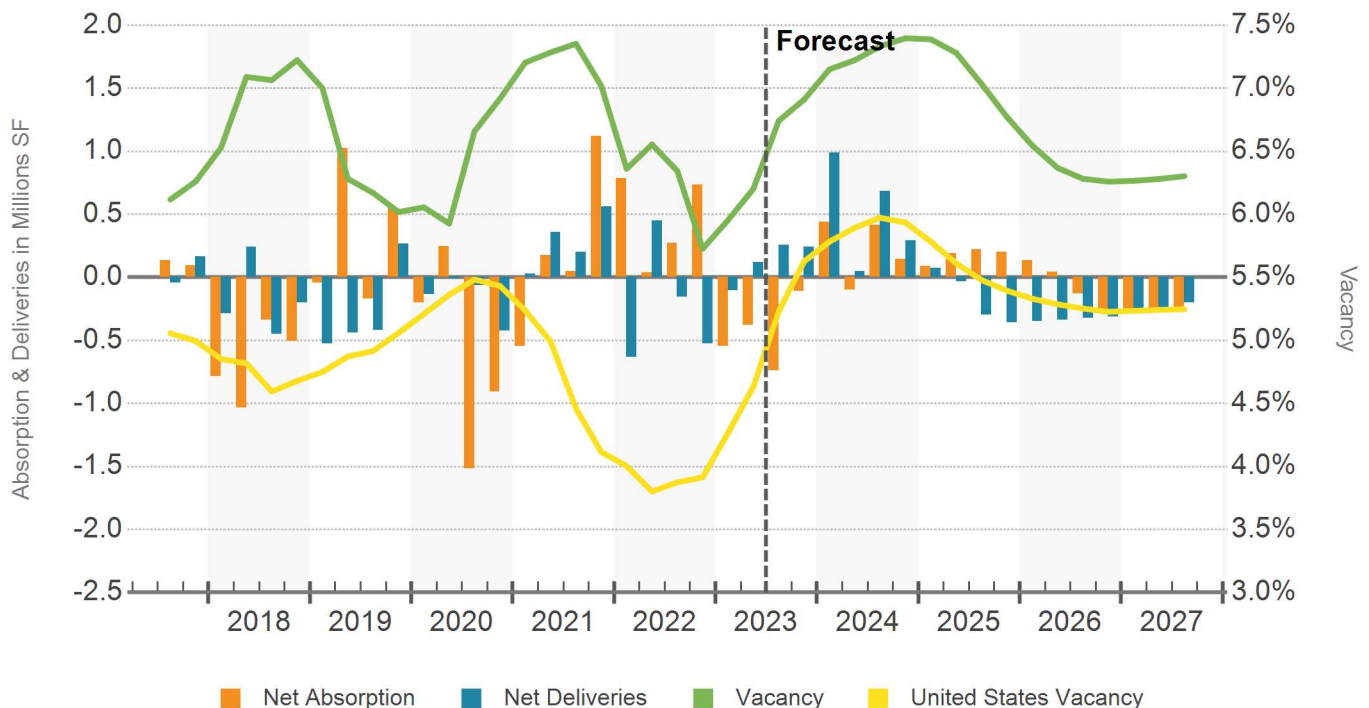
For flex properties, new leases have been signed across a diverse range of industries including healthcare, robotics, cleantech, and information technology; however, lease sizes are in the smaller range, generally under 20,000 SF. The larger lease deals in the over 50,000-SF range that were being signed for much of the previous year have been notably absent in the past few months.

The exception is a 68,600-SF lease signed by Cerebras Systems in Sunnyvale in June 2023. Cerebras is one of a number of AI-related businesses that are reported to have increased space requirements in Silicon Valley.

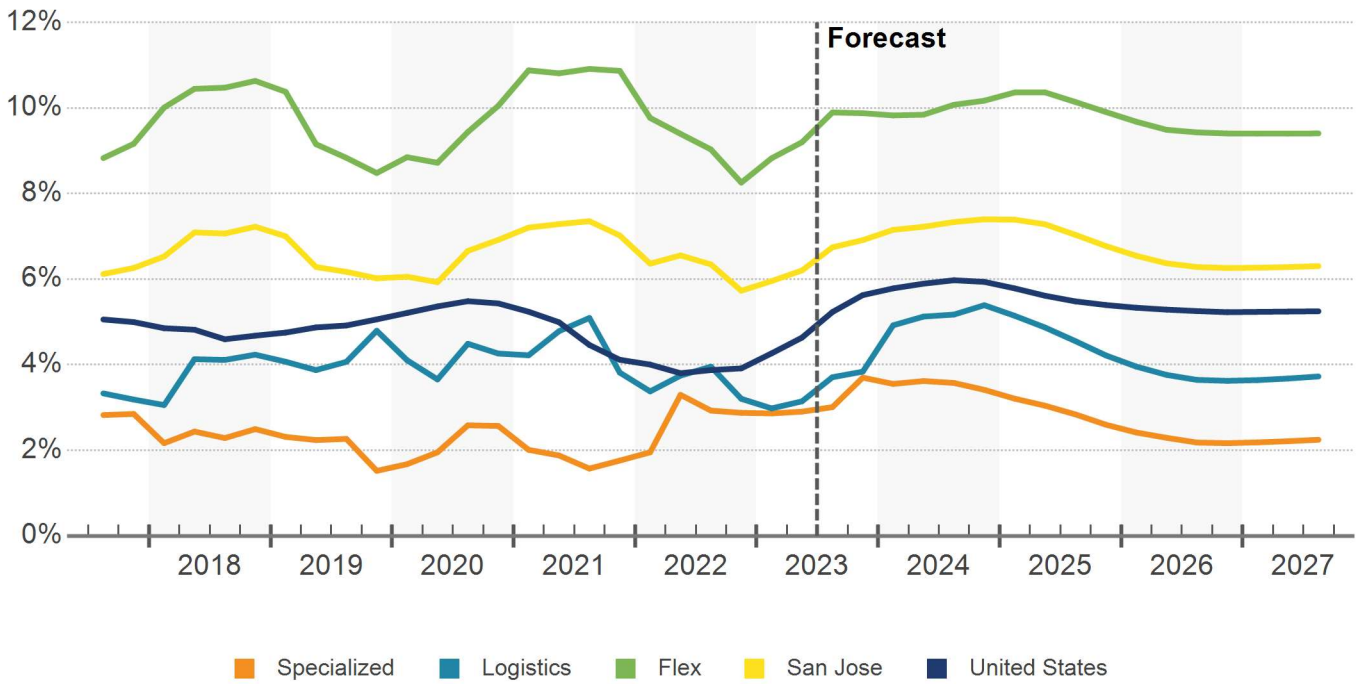
Large lease signings in traditional logistics properties have been rare in recent quarters, but that is also a reflection of an extremely low level of available space. In fact, there are only three existing logistics properties in the entire market currently listing more than 100,000 SF of available space, one of which is a property built in Gilroy in 1957. The largest availability is at Almaden Vineyards Wharf, a 458,000-SF distribution property built in East San Jose in 1972, where San Jose Distribution Services leases 166,000 SF. Another 259,000 SF is listed as available within the property at advertised triple-net rents of \$13.80/SF.

New construction of large space industrial properties is currently underway in areas such as Gilroy, to the south of San Jose. However, none of this space has been pre-leased.

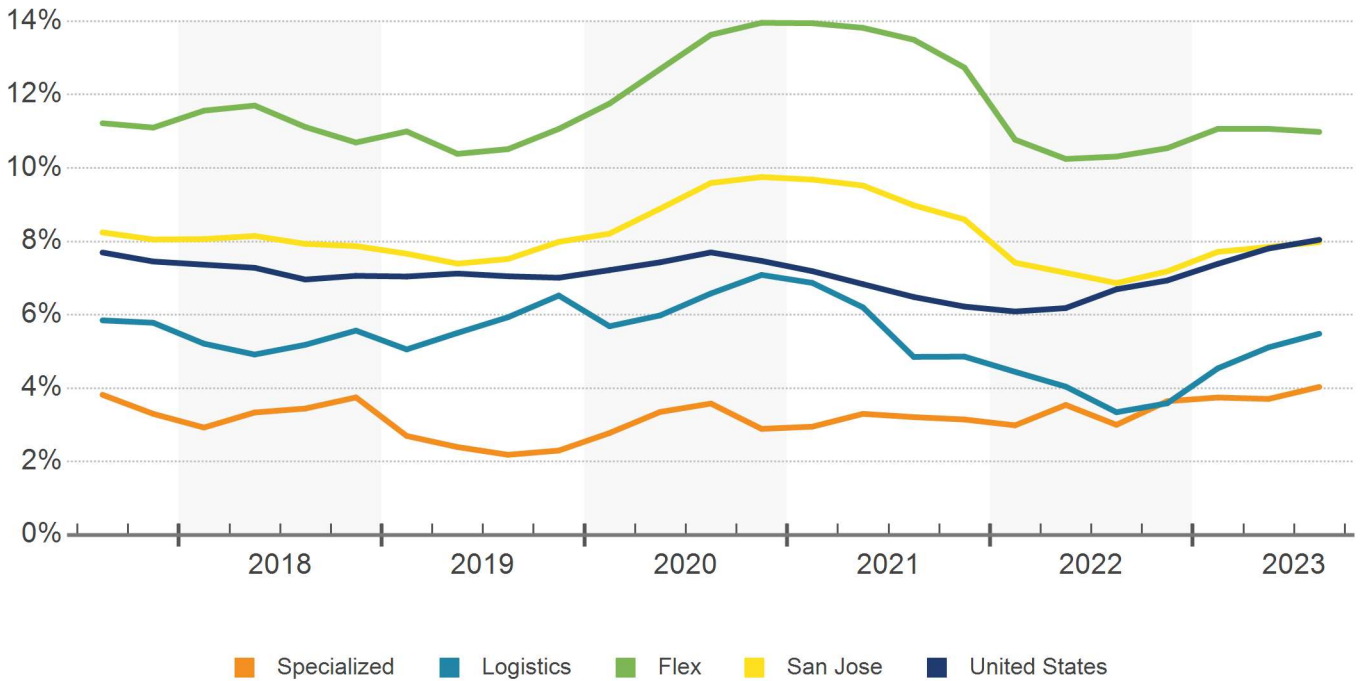
NET ABSORPTION, NET DELIVERIES & VACANCY



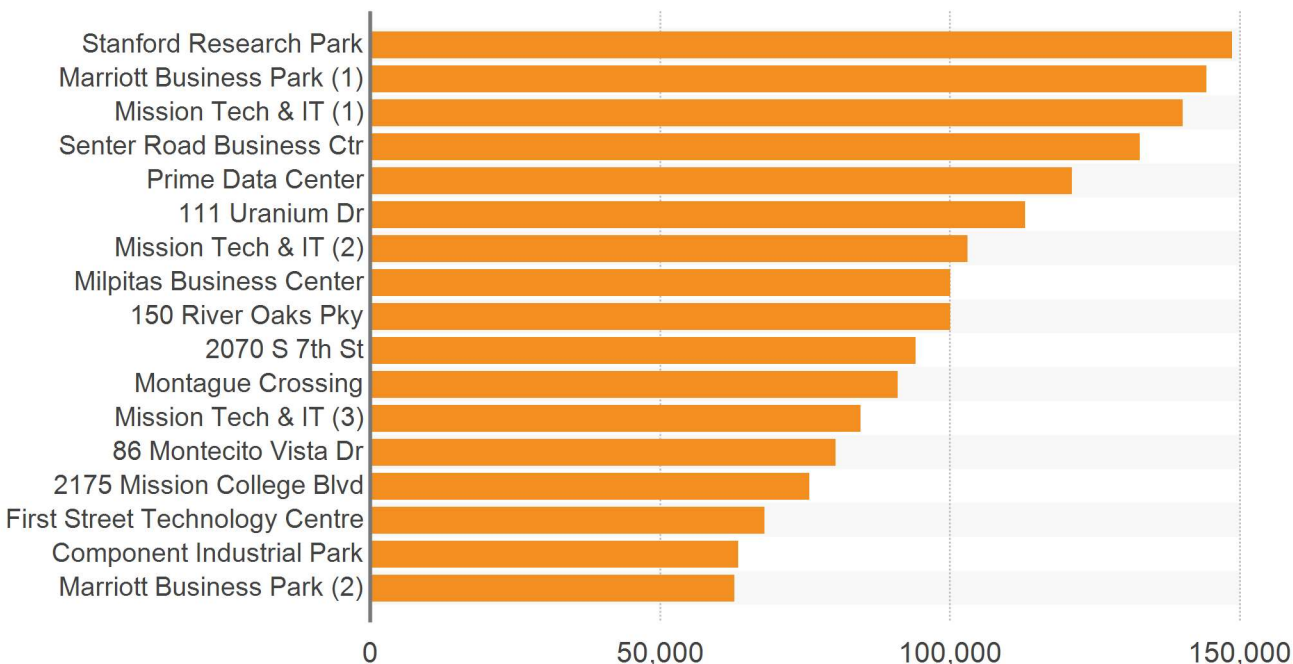
VACANCY RATE



AVAILABILITY RATE



12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Stanford Research Park	Palo Alto	224,229	0	0	0	0	0	148,649
Marriott Business Park (1)	North Santa Clara	144,277	0	144,277	0	0	0	144,277
Mission Tech & IT (1)	North Santa Clara	140,178	0	0	0	140,178	0	140,178
Senter Road Business Ctr	East San Jose-Willo...	132,721	0	0	0	0	0	132,721
Prime Data Center	Central Santa Clara	121,000	0	0	121,000	0	0	121,000
111 Uranium Dr	Sunnyvale	126,788	0	0	0	0	0	113,006
Mission Tech & IT (2)	North Santa Clara	103,099	0	0	0	103,099	0	103,099
Milpitas Business Center	Milpitas	174,268	0	100,103	0	0	0	100,103
150 River Oaks Pky	North San Jose	100,024	0	0	0	38,137	0	100,024
2070 S 7th St	East San Jose-Willo...	315,789	0	0	0	0	0	94,128
Montague Crossing	North San Jose	90,974	0	0	0	0	0	90,974
Mission Tech & IT (3)	North Santa Clara	84,652	0	0	0	84,652	0	84,652
86 Montecito Vista Dr	East San Jose-Willo...	80,260	0	0	0	0	0	80,260
2175 Mission College Blvd	North Santa Clara	75,810	0	0	75,810	0	0	75,810
First Street Technology Centre	North San Jose	68,024	0	0	68,024	0	0	68,024
Component Industrial Park	North San Jose	136,508	0	38,250	0	0	0	63,500
Marriott Business Park (2)	North Santa Clara	70,520	0	(70,520)	70,520	0	0	62,854
Subtotal Primary Competitors		2,189,121	0	212,110	335,354	366,066	0	1,723,259
Remaining San Jose Market		196,634,105	13,006,990	(760,291)	(714,481)	(1,035,111)	0	(2,557,439)
Total San Jose Market		198,823,226	13,006,990	(548,181)	(379,127)	(669,045)	0	(834,180)

TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
San Felipe Rd	San Benito County	1,049,760	Q3 23	Amazon	-	-
3001 Orchard Pky *	North San Jose	97,890	Q4 22	ProteinSimple	Cushman & Wakefield	-
455 E Trimble Rd	North San Jose	80,125	Q4 22	XP Power	CBRE	Cushman & Wakefield
1130-1170 Olinder Ct	East San Jose-Willow Glen	64,594	Q3 23	-	-	CBRE
715-735 Sycamore Dr *	Milpitas	45,127	Q4 22	Johnson & Johnson Visio...	-	CBRE
660 Vista Way	Milpitas	41,855	Q4 22	TCT Circuit Supply Inc	Cushman & Wakefield	Kidder Mathews
400-430 E Trimble Rd	North San Jose	38,433	Q4 22	-	Colliers	CBRE;Newmark
581 Race St	Midtown San Jose	35,072	Q1 23	-	-	Swenson
3501-3521 Leonard Ct	North Santa Clara	33,360	Q1 23	Vibrant America	CBRE	Cushman & Wakefield
1020 Timothy Dr	San Jose-Berryessa	29,952	Q4 22	Action Gypsum Drywall	CBRE	Cushman & Wakefield;...
1709 Junction Ct	North San Jose	27,981	Q3 23	Nakagawa	Colliers	CBRE
1709 Junction Ct	North San Jose	27,605	Q4 22	Quality Circuit Assembly Inc	Cushman & Wakefield	CBRE
480 Vandell Way	Campbell	26,920	Q4 22	Orbital Composites	-	CBRE
3660 Thomas Rd	North Santa Clara	24,902	Q3 23	-	-	CBRE
3200 Coronado Dr	Central Santa Clara	24,740	Q4 22	-	-	Irvine Company Office...
2215-2221 Ringwood Ave	San Jose-Berryessa	24,281	Q4 22	-	-	CBRE
222 Commercial St	Sunnyvale	24,000	Q2 23	-	-	Cushman & Wakefield
111 Pullman Way	East San Jose-Willow Glen	21,551	Q2 23	-	-	Cushman & Wakefield
1711 Senter Rd	East San Jose-Willow Glen	21,434	Q4 22	Rivian Automotive	JLL	Cushman & Wakefield
615 Dado St	North San Jose	21,254	Q2 23	East Bay Tire Co	-	CBRE
850 San Antonio Rd	Palo Alto	20,880	Q1 23	-	-	Sequoia Realty Services
556-568 S Milpitas Blvd	Milpitas	20,750	Q3 23	-	-	Newmark
980 Walsh Ave	Central Santa Clara	20,000	Q4 22	-	-	Central Computers
3175 De La Cruz Blvd	North Santa Clara	20,000	Q1 23	-	-	CBRE
700 Comstock St	Central Santa Clara	19,920	Q1 23	Gothic Landscaping	Bishop Clancy Com...	CBRE
1919 Monterey Rd	East San Jose-Willow Glen	19,610	Q1 23	SJ Cash & Carry Inc	-	JLL
950-960 George St	North Santa Clara	19,481	Q3 22	-	-	Daniel Olesen and Ass...
3601 Thomas Rd	North Santa Clara	18,035	Q4 22	Nanez Manufacturing, Inc.	-	Cushman & Wakefield
2510-2514 Channing Ave	North San Jose	17,648	Q4 22	-	-	Central Computers
2202-2228 Junction Ave	North San Jose	17,500	Q1 23	Kellers Supply	Newmark	Colliers
650 Quinn Ave	East San Jose-Willow Glen	17,000	Q4 22	-	-	NAI Northern California
480 Gianni St	North Santa Clara	16,800	Q4 22	-	-	Cushman & Wakefield
480 Gianni St	North Santa Clara	16,800	Q4 22	YS & YK Pak, LLC	Cushman & Wakefield	Cushman & Wakefield
2544 Leghorn St	Mountain View	16,800	Q1 23	Powerflex Solar, LLC	Colliers	Renault & Handley
1289-1295 Forgewood Ave *	Sunnyvale	16,740	Q4 22	Turntide Technologies	JLL	-
1530-1538 Montague Expy	San Jose-Berryessa	16,140	Q4 22	-	-	Avison Young;Colliers
1060 Commercial St	San Jose-Berryessa	16,128	Q4 22	-	-	CBRE
8525 Forest St	Gilroy	16,000	Q2 23	-	Cushman & Wakefield	ANB Property Corporati...
1566 S 7th St	East San Jose-Willow Glen	16,000	Q2 23	-	-	Colliers
140-148 E Dana St *	Mountain View	15,732	Q2 23	Kiwi Crate, Inc.	Cushman & Wakefield	Cushman & Wakefield

*Renewal

Industrial rent growth has slowed during the first half of 2023. The strong demand for space from companies looking to build out their distribution networks during the post-pandemic boom saw industrial rents shoot up by over 10% nationally in 2022. This same level of growth was seen in San Jose's logistics segment. However, flex rent growth, which is subject to different demand drivers, was more modest during this period.

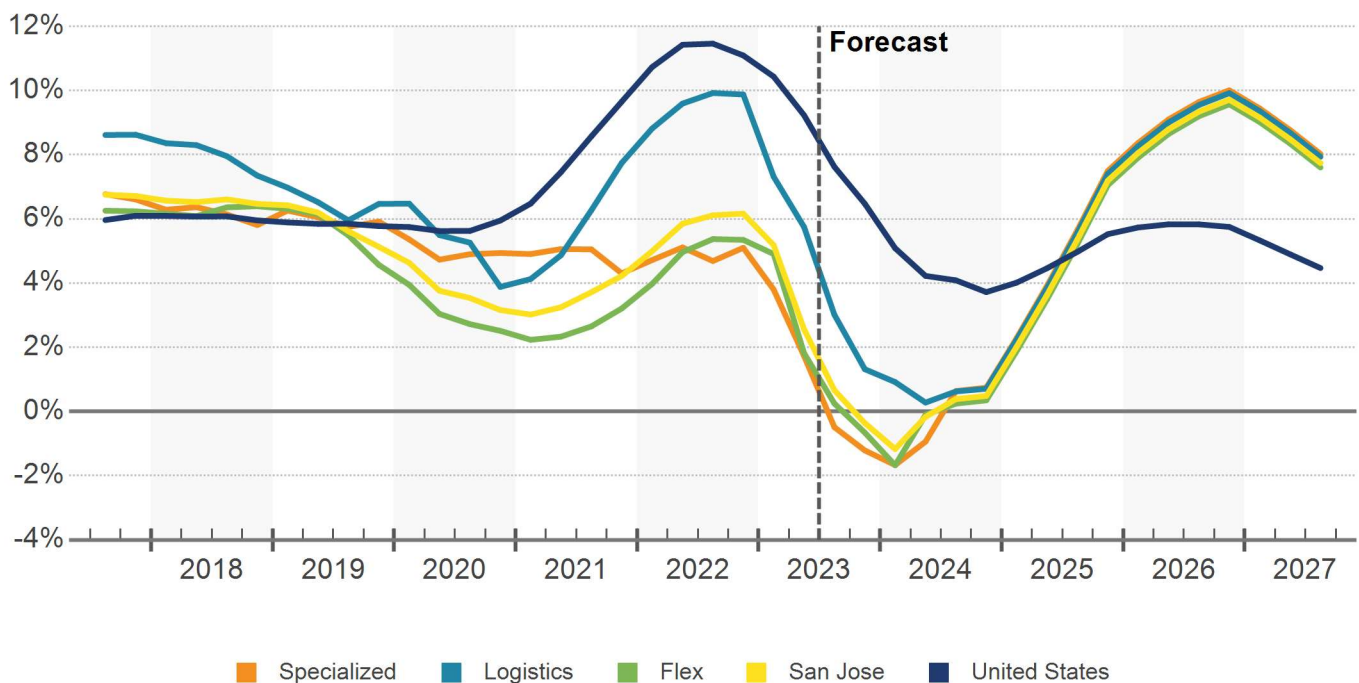
As of the third quarter, average asking rents in San Jose are 0.9% above where they were a year ago, and currently stand at \$26.00/SF. This slower rate of growth is forecast to continue for the remainder of 2023, after which improved economic conditions should see an uptick in demand.

For both flex and logistics properties, rental rates in the San Jose market are approximately twice the national average. Average market rent for flex properties currently

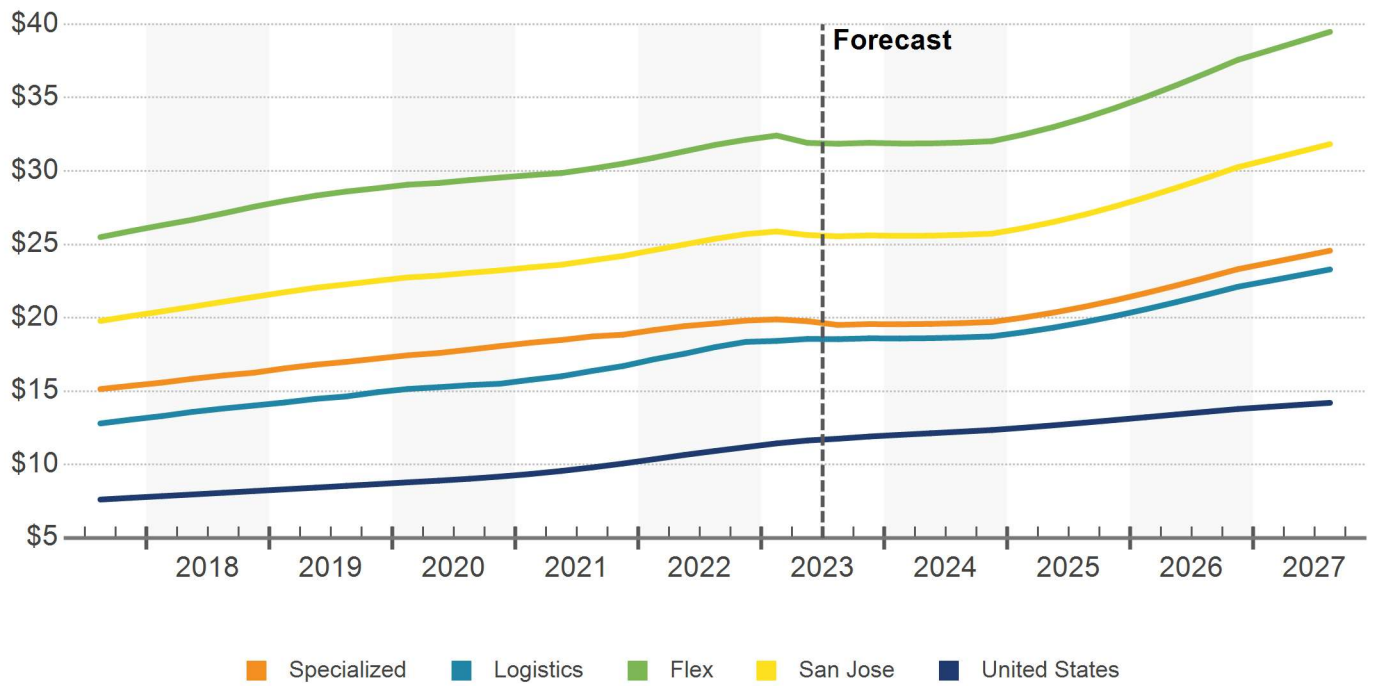
stands at \$32.00/SF, having increased by 0.4% over the past 12 months. Logistics properties currently rent for \$18.50/SF, an increase of 3.3% over the previous year.

There is wide variation in rents across property subtypes and locations. Rents are highest in the supply-constrained submarkets in the center of Silicon Valley, such as Cupertino, Mountain View, and Palo Alto, where there are high concentrations of flex and data center properties. This compares to areas to the east and south of San Jose, which have the lowest average rents. These areas coincide with the largest inventory of distribution space in the market. For example, in March 2023, Kellers Supply leased a 15,500-SF warehouse in North San Jose at an asking rent of \$16.20/SF. By contrast, higher rents can be achieved for R&D spaces in the most sought-after locations. For instance, a 5,900-SF space at 170 S Whisman Road in Mountain View leased for \$42/SF in May 2023.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



Construction of new industrial buildings has increased to a 20-year high in San Jose. As of the third quarter, around 5.2 million SF of new construction is underway, which is the highest level of the past 10 years and compares to the 10-year average of 1.5 million SF. Strong demand and rent growth have prompted developers to break ground on new projects over the past three years. As a result, around 3 million SF of new space is expected to deliver over the next 12 months.

Flex space accounts for around 2.0 million SF currently under construction, with most of these projects being the construction of data centers. Several of the leading owner-operators in this sector have projects under construction. This list includes Prime Data Centers, Digital Realty, Amazon, and American Tower. These projects are all located in Santa Clara, where the new deliveries will join an existing cluster of data center properties.

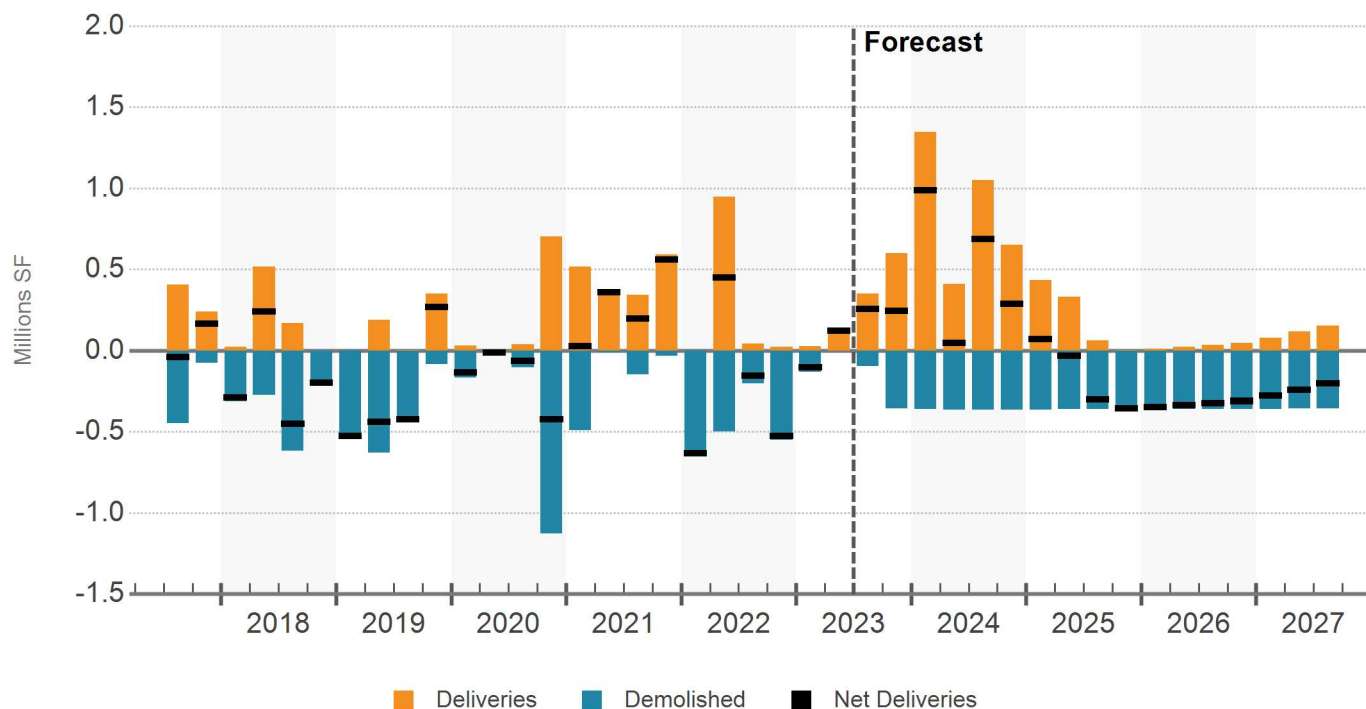
In the R&D segment, the 847,000-SF

manufacturing/research facility being built for Intuitive Surgical at 932 Kifer Road in Sunnyvale is the largest project currently underway.

Logistics space under construction amounts to just 2.0 million SF, which equates to 3.7% of existing inventory in San Jose, compared to 3.6% nationally. This low ratio suggests that the very low vacancy rate for distribution properties in San Jose will continue. Furthermore, the logistics properties under construction are all located at the southern end of the San Jose market in Gilroy and Martinez. As of the third quarter, no tenants for these properties have been announced.

In the heart of Silicon Valley, there are few opportunities for development of logistics properties. Amazon's recent purchase of a 41-acre manufacturing site in Santa Clara is evidence that logistics companies are prepared to acquire sites and conduct redevelopment projects to expand their networks.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Central Santa Clara	5	1,707	1,707	100%	1	33,323	341,477	4
2	San Benito County	1	1,050	1,050	100%	1	24,559	1,049,760	1
3	Sunnyvale	1	847	847	100%	1	32,520	847,000	2
4	Morgan Hill	6	560	60	10.7%	6	33,945	93,384	7
5	Gilroy	2	383	0	0%	7	28,948	191,283	5
6	North Santa Clara	1	353	353	100%	1	29,572	352,679	3
7	San Jose-Berryessa	2	339	127	37.3%	5	32,512	169,692	6
8	Campbell	0	-	-	-	-	12,507	-	-
9	Central Sunnyvale	0	-	-	-	-	-	-	-
10	Cupertino	0	-	-	-	-	42,562	-	-
	All Other	0	-	-	-		34,838	-	
Totals		18	5,239	4,144	79.1%		32,445	291,060	

Under Construction Properties

San Jose Industrial

Properties

Square Feet

Percent of Inventory

Released

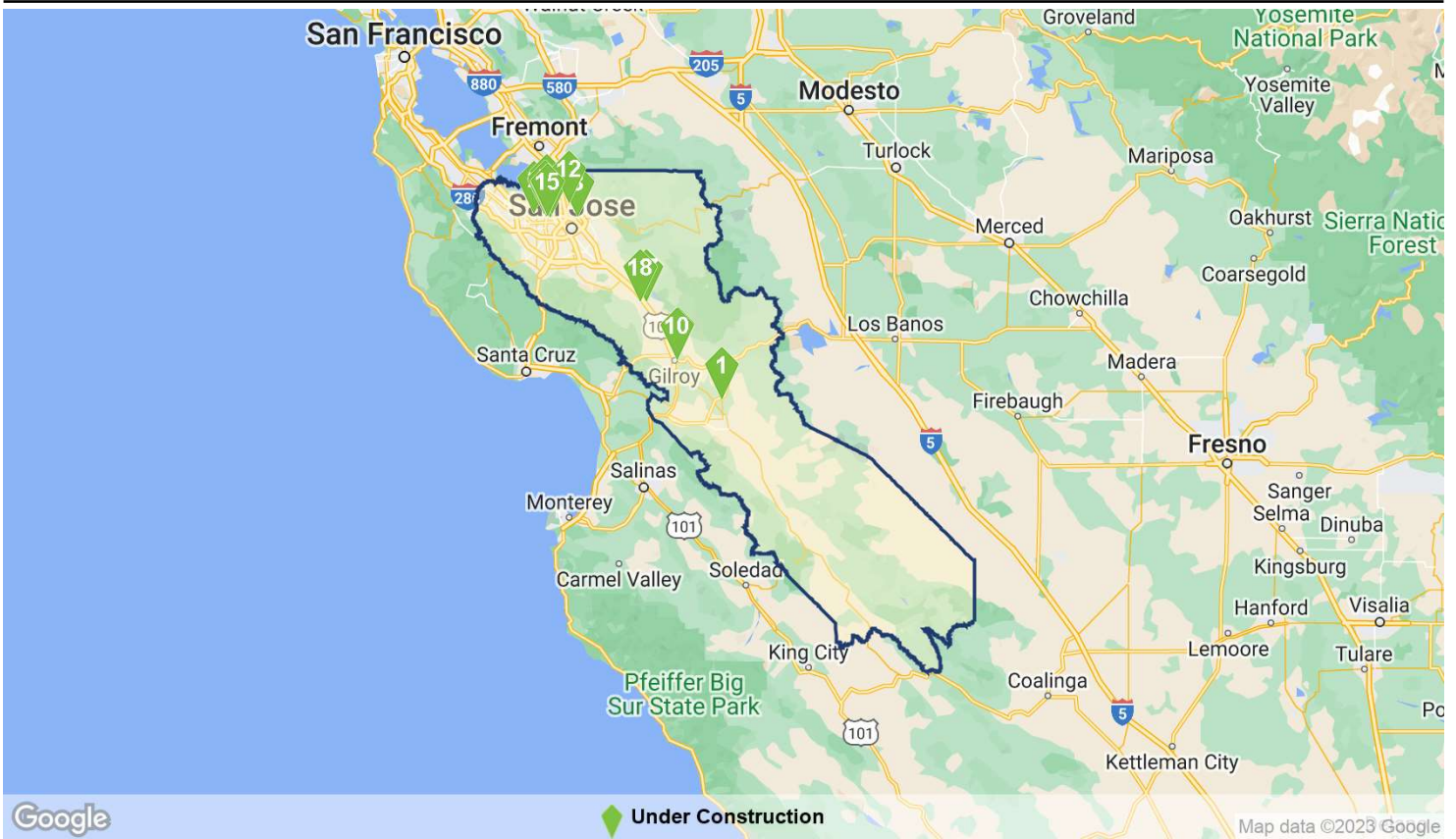
18

5,239,079

5.4%

79.1%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 San Felipe Rd	★★★★★	1,049,760	1	Apr 2023	Jul 2024	-
2 South Site 950 Kifer Rd	★★★★★	847,000	-	Dec 2021	Feb 2024	- Intuitive
3 1200 Memorex Dr	★★★★☆	472,920	4	Jun 2022	Oct 2023	Skybox Datacenters -
4 2590 Walsh Ave	★★★★☆	469,467	4	Aug 2022	Dec 2023	- Vantage Data Centers
5 641 Walsh Ave	★★★★☆	435,000	4	Sep 2021	Oct 2023	Layton Construction Co Inc Digital Realty Trust, Inc.
6 2305 Mission College Blvd	★★★★☆	352,679	2	Apr 2021	Oct 2023	SSV Properties Amazon
7 2905 Stender Way	★★★★☆	250,000	4	Oct 2022	Oct 2023	- American Tower Corporation

Under Construction Properties

San Jose Industrial

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 650 N King Rd	★ ★ ★ ★ ★	212,683	1	Dec 2022	Dec 2023	-
9 Building B 1001 Venture Way	★ ★ ★ ★ ★	198,965	1	Feb 2023	Feb 2024	McCarthy Ranch Rockpoint
10 Building A 901 Venture Way	★ ★ ★ ★ ★	183,600	1	Feb 2023	Feb 2024	- Rockpoint
11 Building A DuPeal Dr	★ ★ ★ ★ ★	138,689	1	Feb 2023	Feb 2024	-
12 Concourse Logistics Ce... 1953 Concourse Dr	★ ★ ★ ★ ★	126,700	1	Dec 2022	Nov 2023	-
13 Building C Half Rd	★ ★ ★ ★ ★	121,101	1	Feb 2023	Feb 2024	-
14 Building B Half Rd	★ ★ ★ ★ ★	92,841	1	Feb 2023	Feb 2024	-
15 2175 Martin Ave	★ ★ ★ ★ ★	80,000	3	Nov 2022	Dec 2023	Prime Data Centers Prime Data Centers
16 Building E Depaul Dr	★ ★ ★ ★ ★	74,006	1	Feb 2023	Feb 2024	-
17 Building D Half Rd	★ ★ ★ ★ ★	73,668	1	Feb 2023	Feb 2024	-
18 440-480 Cochrane Cir	★ ★ ★ ★ ★	60,000	1	Aug 2023	Aug 2024	Techconcorp Landscape Constru... Techconcorp Landscape Constru...

Transaction volume in San Jose has slowed, as investors remain on the sidelines in the face of rising interest rates and recessionary caution. As of the third quarter of 2023, some \$1.6 billion of sales of industrial properties have closed in the past 12 months. This is about half of the average annual sales volume over the past five years, which stands at \$2.8 billion.

National institutional buyers accounted for most sales volume over the past year. Owner-users such as Amazon and Apple took the highest share of acquisitions, but private buyers were also well-represented, particularly in the under-\$20 million sales category. Around \$360 million of transactions were closed in the \$5 million - \$20 million range, with 58% of these selling to private buyers. The average sales price was \$369/SF at a 7.1% average cap rate.

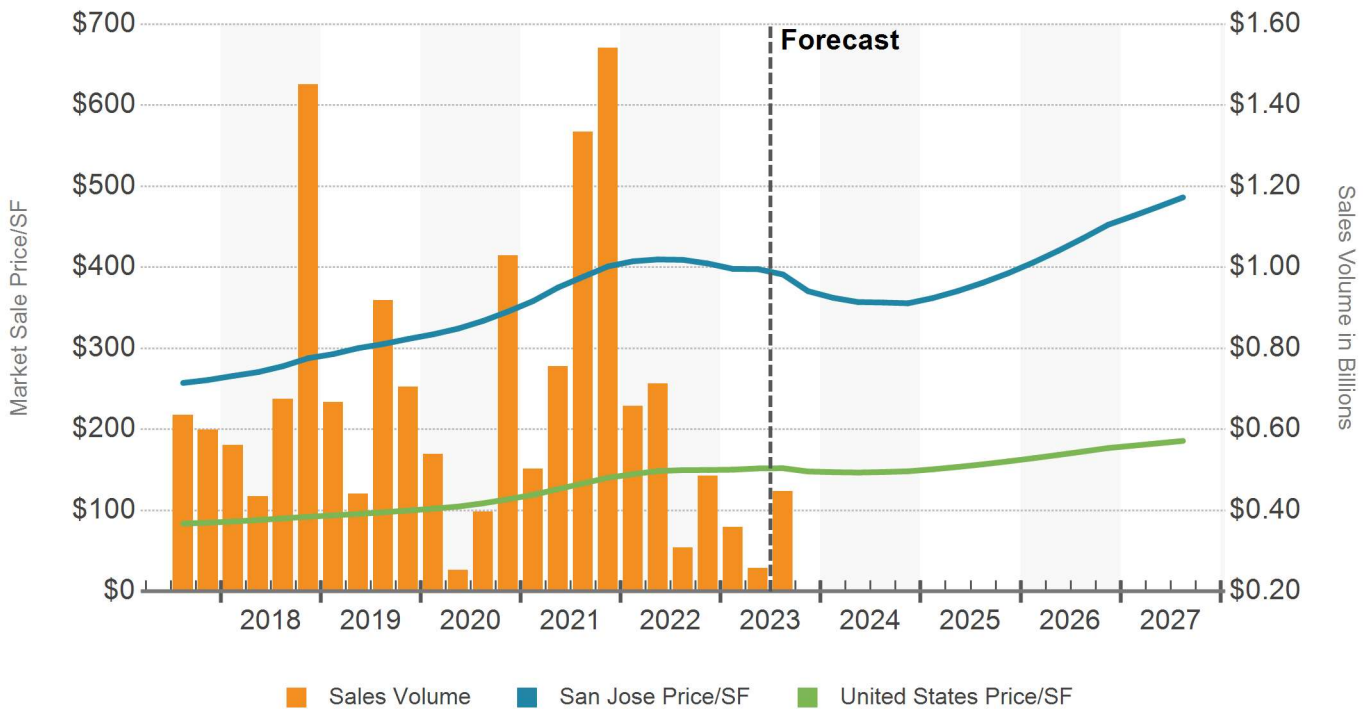
Developers have also been active, taking the opportunity

to acquire sites with redevelopment or value add potential. For example, in June 2023 Fox Real Estate and Development bought the San Tomas Business Center in Los Gatos, picking up the 9-building center for \$15.2 million, or \$194/SF.

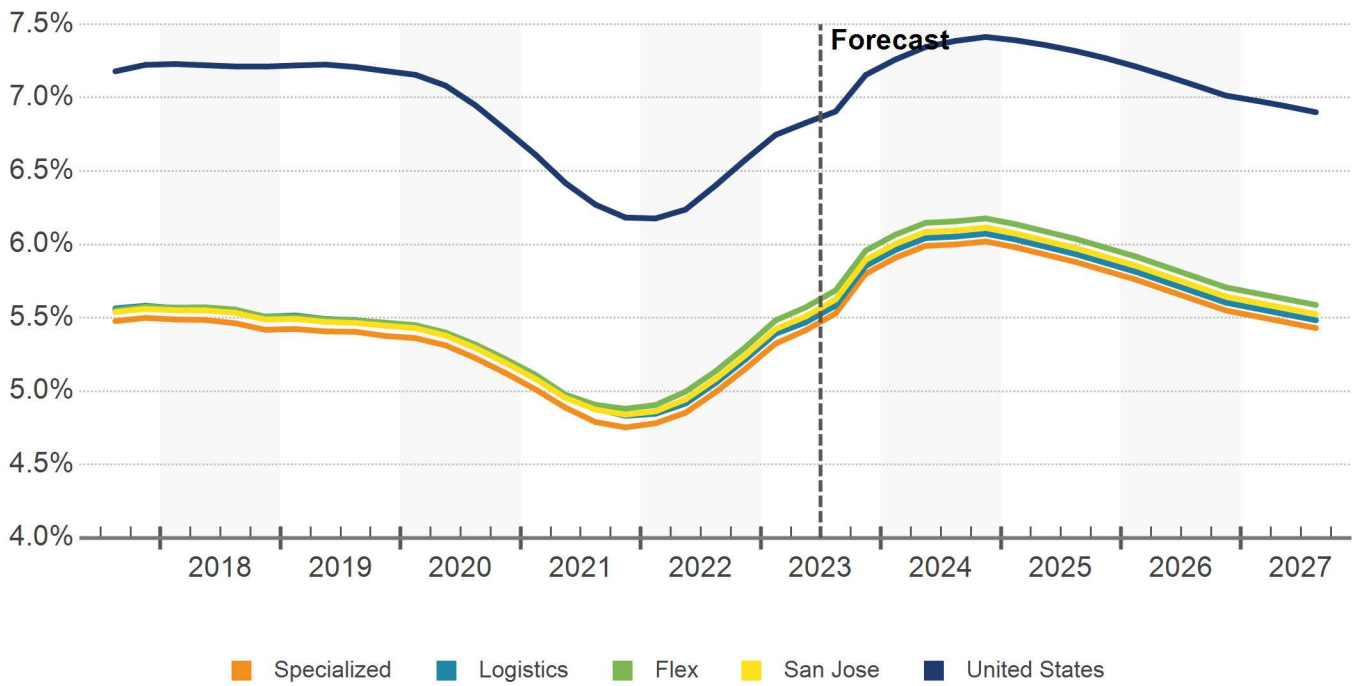
San Jose is one of the most expensive markets in the nation for industrial properties. The average transaction price over the past year was \$370/SF, which is way above the national average at \$143/SF.

Among recent sales, in March 2023, Amazon paid \$238 million for a manufacturing site at 960-980 Central Expressway in Santa Clara. Even though Amazon has slowed its distribution space expansion program nationally, it is still making select investments of attractive sites in good locations, such as this 41-acre site in Santa Clara.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



Sales Past 12 Months

San Jose Industrial

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

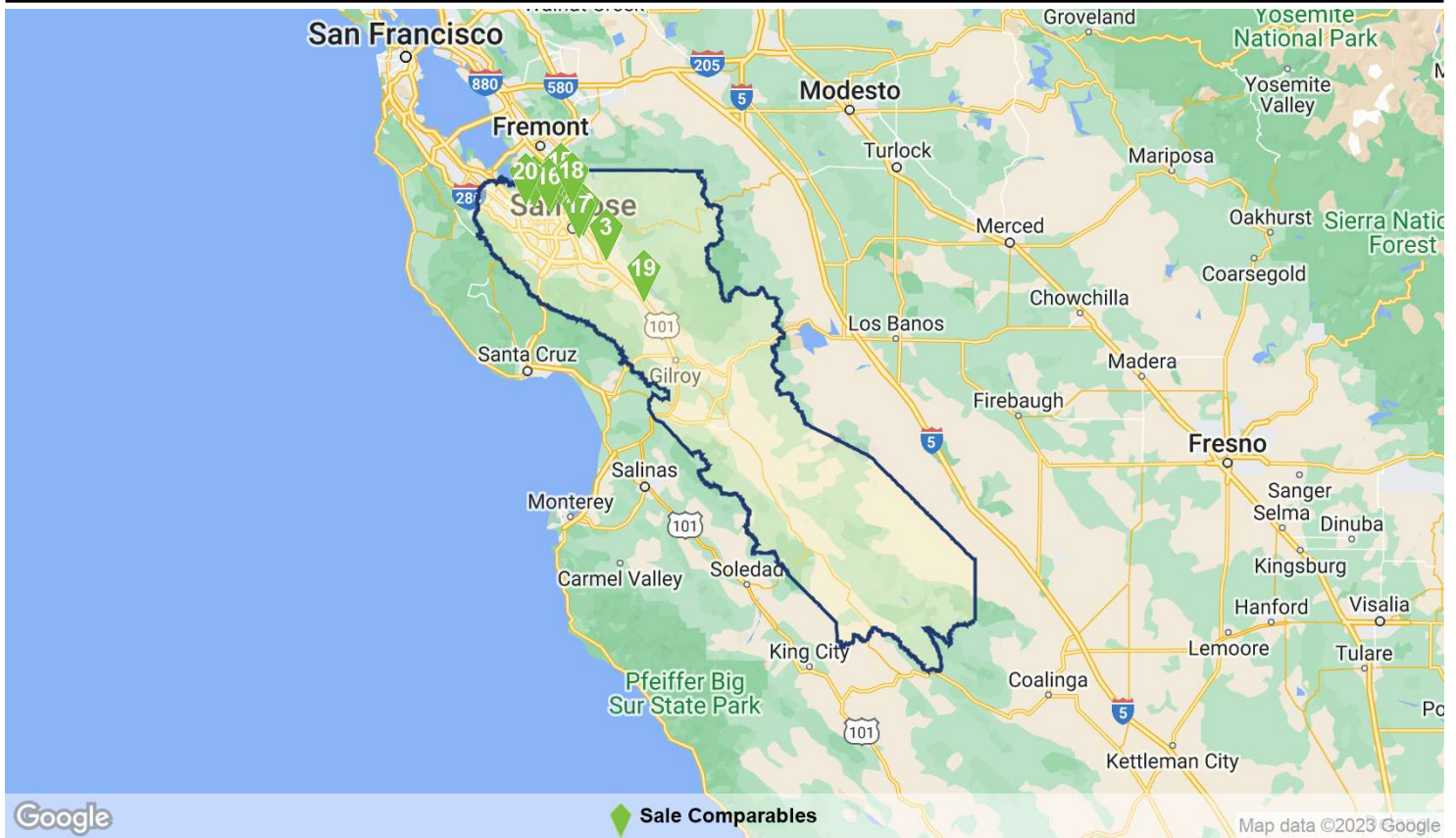
124

6.0%

\$368

4.4%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$900,000	\$15,642,386	\$5,809,324	\$237,761,000
Price/SF	\$70	\$368	\$354	\$2,301
Cap Rate	4.0%	6.0%	4.6%	12.7%
Time Since Sale in Months	0.3	6.3	6.7	11.8
Property Attributes	Low	Average	Median	High
Building SF	1,456	46,598	22,734	747,424
Ceiling Height	9'	18'4"	17'3"	42'
Docks	0	2	0	47
Vacancy Rate At Sale	0%	4.4%	0%	100%
Year Built	1900	1978	1980	2024
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.5	★ ★ ★ ★ ★	★ ★ ★ ★ ★

Sales Past 12 Months

San Jose Industrial

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 960 Central Expy	★★★★★	1947	747,424	0%	3/6/2023	\$237,761,000	\$318	-
2 Equinix - SV3 1735 Lundy Ave	★★★★★	1990	103,420	0%	6/20/2023	\$86,250,000	\$834	-
3 5853 Rue Ferrari	★★★★★	2024	302,775	100%	10/3/2022	\$69,906,715	\$231	-
4 525 Sycamore Dr	★★★★★	1983	93,324	0%	10/3/2022	\$60,611,811	\$649	-
5 Amazon 2256 Junction Ave	★★★★★	1968	141,270	0%	10/3/2022	\$56,283,626	\$398	-
6 951 Sandisk Dr	★★★★★	1992	176,516	0%	9/6/2023	\$52,804,917	\$299	-
7 1051 Sandisk Dr	★★★★★	1992	155,734	0%	9/6/2023	\$44,951,981	\$289	-
8 541-555 E Trimble Rd	★★★★★	1984	90,974	0%	11/10/2022	\$42,463,031	\$467	-
9 1001 Sandisk Dr	★★★★★	1992	101,253	0%	9/6/2023	\$41,111,243	\$406	-
10 825 Stewart Dr	★★★★★	1968	75,350	0%	8/28/2023	\$41,000,000	\$544	-
11 2560 Junction Ave	★★★★★	1983	84,169	0%	11/10/2022	\$40,038,723	\$476	-
12 350 E Plumeria Dr	★★★★★	1984	142,700	0%	12/27/2022	\$37,932,000	\$521	-
13 1980 Senter Rd	★★★★★	1986	132,721	0%	6/2/2023	\$37,828,500	\$285	-
14 475 Sycamore Dr	★★★★★	1983	50,374	0%	10/3/2022	\$32,716,765	\$649	-
15 1101 Sandisk Dr	★★★★★	1995	94,480	0%	9/6/2023	\$32,505,605	\$344	-
16 Bldg A 3101 Jay St	★★★★★	1998	47,015	0%	8/24/2023	\$32,500,000	\$691	-
17 Bldg 2 1919 Monterey Rd	★★★★★	2001	77,727	37.2%	7/13/2023	\$25,000,000	\$322	-
18 2201 Qume Dr	★★★★★	1986	63,958	0%	9/6/2023	\$24,000,000	\$375	-
19 18305 Sutter Blvd	★★★★★	1999	73,600	0%	7/20/2023	\$23,500,000	\$319	-
20 880-888 W Maude Ave	★★★★★	1974	40,925	0%	6/9/2023	\$23,000,000	\$562	-

As of the third quarter of 2023, the San Jose economy is facing headwinds, as rising interest rates force tech companies to cut costs and investors to reduce the amount of capital available for start-ups. Moreover, the collapse earlier in the year of Silicon Valley Bank made investors nervous and disrupted the flow of financing to businesses.

This is a change from the past few years, during which time tech companies recorded strong earnings growth, and employment recovered from losses incurred during the pandemic. Growth in demand for tech products and services led tech companies to hire rapidly during 2020 and 2021. By the middle of 2022, however, with demand softening, and under pressure to manage costs, employers started to initiate hiring freezes, staff layoffs, and office space reductions. Similarly, softening demand is leading retail and industrial tenants to reconsider expansion plans.

Many people left the Bay Area during the pandemic, as their lives and work were impacted by lockdowns and health concerns. In 2023, the metro's population is once again growing but remains -49,000 short of the total population of three years ago.

The rate of unemployment declined to a historical low of just 2.5% in the past year, reflecting high demand for workers. More recently, tech layoffs across Silicon Valley have caused unemployment to rise again, and this should provide some much-needed liquidity to the metro's job market.

San Jose and, more broadly, the Bay Area, has firmly established itself as the nation's largest and most prestigious market for tech companies. Highly educated,

STEM-field graduates (science, technology, engineering, and mathematics) flock to San Jose and the greater San Francisco Bay Area in pursuit of employment at one of the many leading tech companies or startups headquartered in Silicon Valley. As a result, the market boasts one of the highest rates of educational attainment in the country, with over 50% of its working-age population possessing a college degree, more than 1.5 times the national rate.

Despite the current economic headwinds facing the market, San Jose is expected to retain its position as a leading center for innovation and economic growth. Over the past ten years, San Jose saw an average annual increase in GDP of 8.3%, the highest rate among the largest 20 metro areas in the nation, and twice the US average.

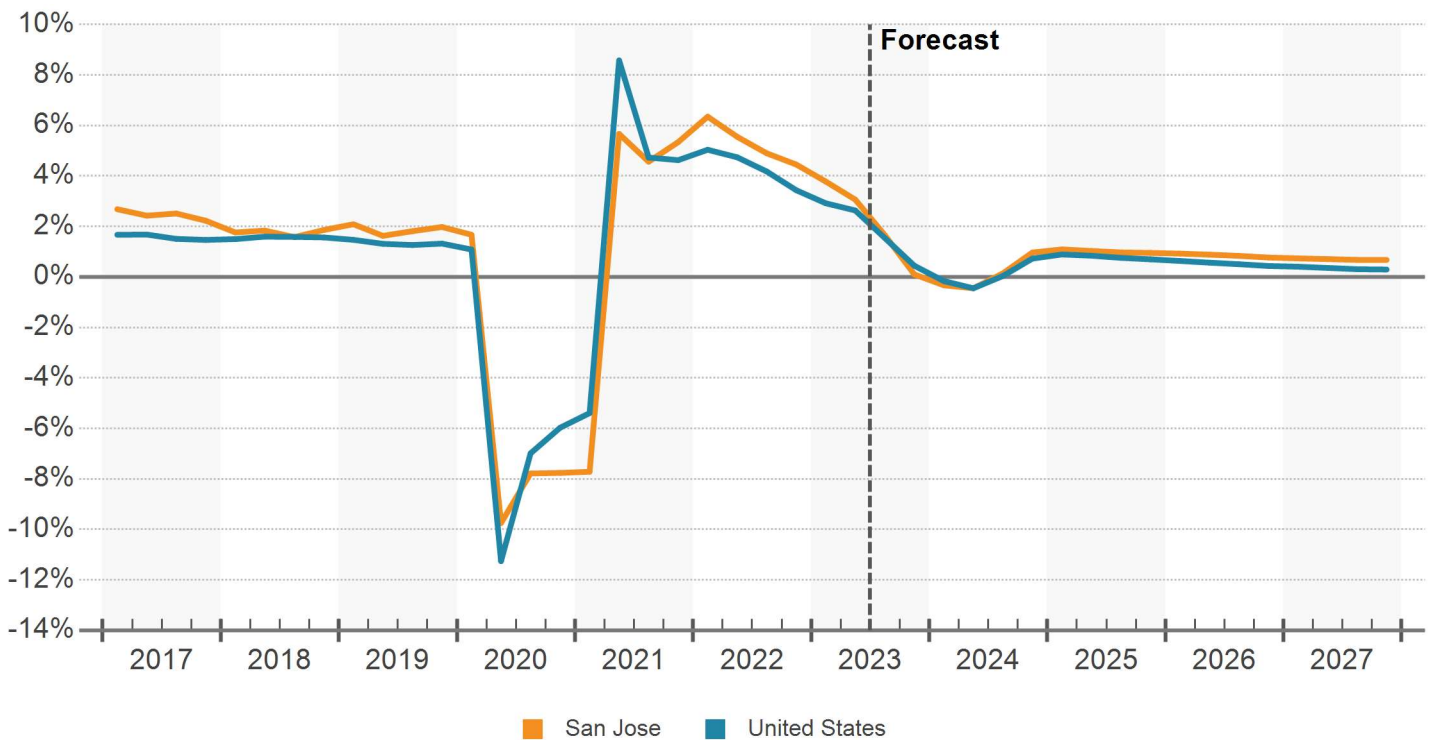
Several factors led to San Jose's prominence in technology. The market is home to one of the nation's premier educational institutions, Stanford University, as well as San Jose State and several other large universities. In conjunction with the culture of innovation that Stanford and Silicon Valley foster, venture capital investment is a key component of the market's success. Technological advancements incubated locally are funded by the nation's largest collection of venture capital firms, many of which are located along Sand Hill Road in Menlo Park. The relationship between tech and venture capitalists in San Jose is symbiotic, with between 30% and 40% of total U.S. venture capital funding typically going to Bay Area-based companies. Venture capital funding to San Jose-based businesses reached a record level in 2021, but deal count and investment value have pulled back in the past year in response to higher interest rates and global economic uncertainty.

SAN JOSE EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	182	1.9	0.34%	0.47%	1.40%	0.75%	0.06%	0.06%
Trade, Transportation and Utilities	123	0.6	1.15%	0.39%	-0.76%	1.14%	-0.16%	0.10%
Retail Trade	74	0.6	0.63%	0.24%	-1.18%	0.30%	-0.06%	0.09%
Financial Activities	38	0.5	1.01%	0.55%	1.23%	1.44%	0.06%	0.12%
Government	96	0.6	0.24%	1.46%	0.72%	0.32%	0.39%	0.42%
Natural Resources, Mining and Construction	56	0.9	4.09%	1.87%	3.90%	2.40%	0.83%	0.22%
Education and Health Services	194	1.0	3.19%	2.95%	2.92%	1.78%	1.21%	0.68%
Professional and Business Services	257	1.5	1.29%	1.34%	2.61%	2.09%	0.50%	0.36%
Information	105	4.5	-0.12%	-1.29%	6.25%	1.25%	1.49%	0.28%
Leisure and Hospitality	105	0.8	6.59%	4.41%	1.82%	1.52%	1.55%	0.89%
Other Services	26	0.6	0.68%	1.99%	0.00%	0.62%	0.18%	0.28%
Total Employment	1,183	1.0	1.78%	1.64%	2.02%	1.32%	0.65%	0.38%

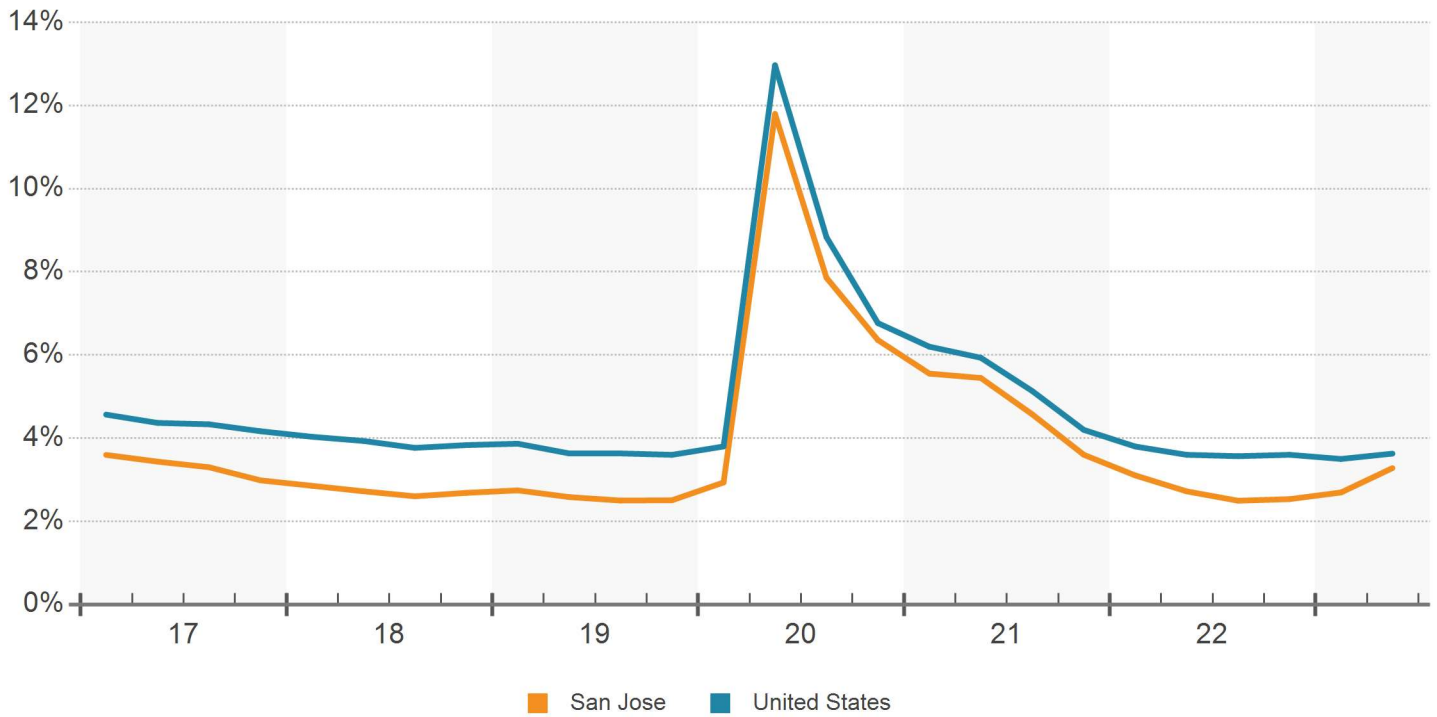
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

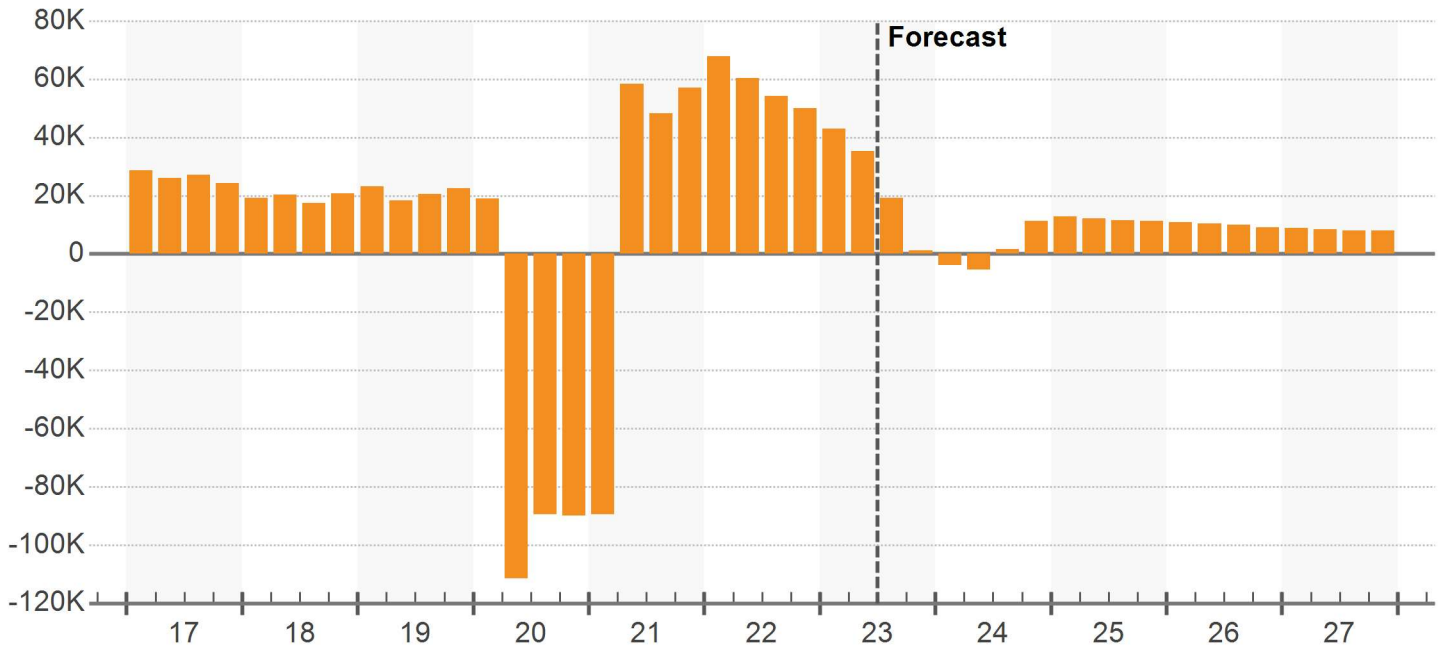


Source: Oxford Economics

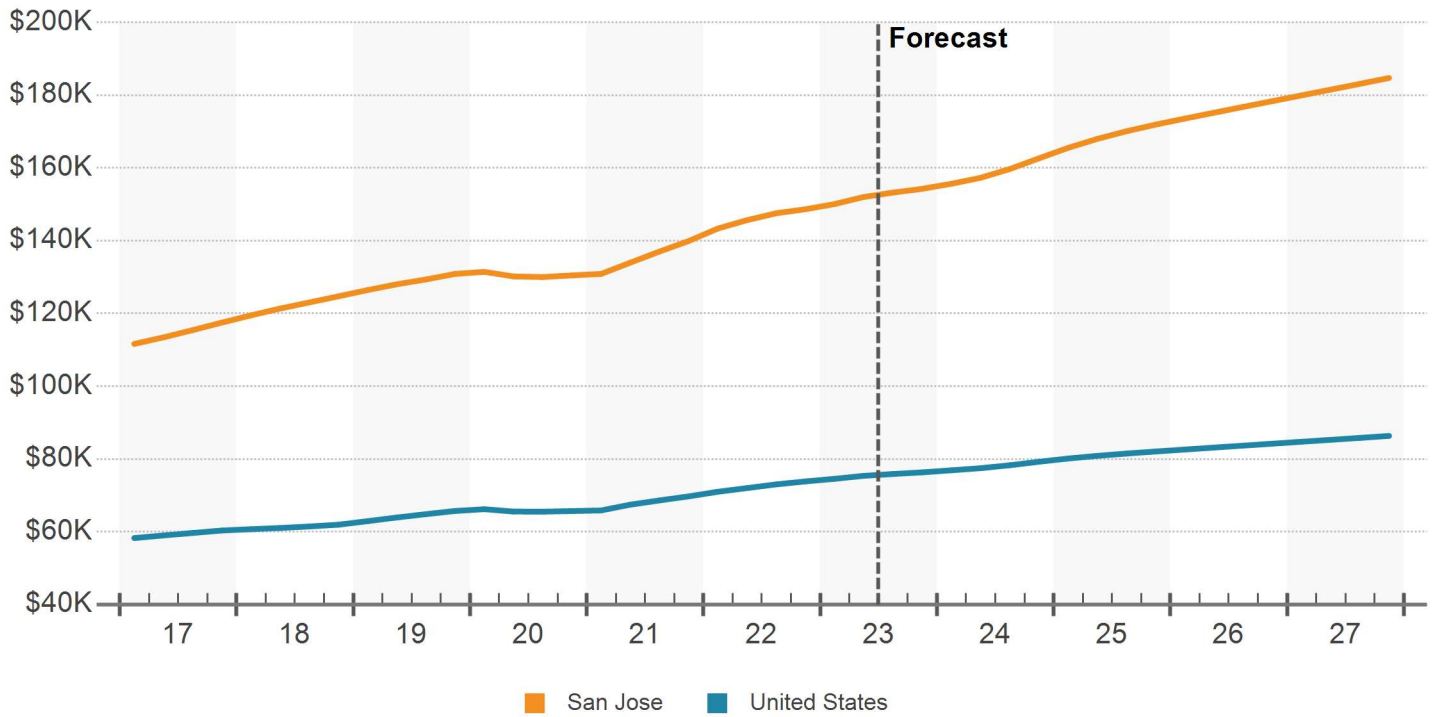
UNEMPLOYMENT RATE (%)



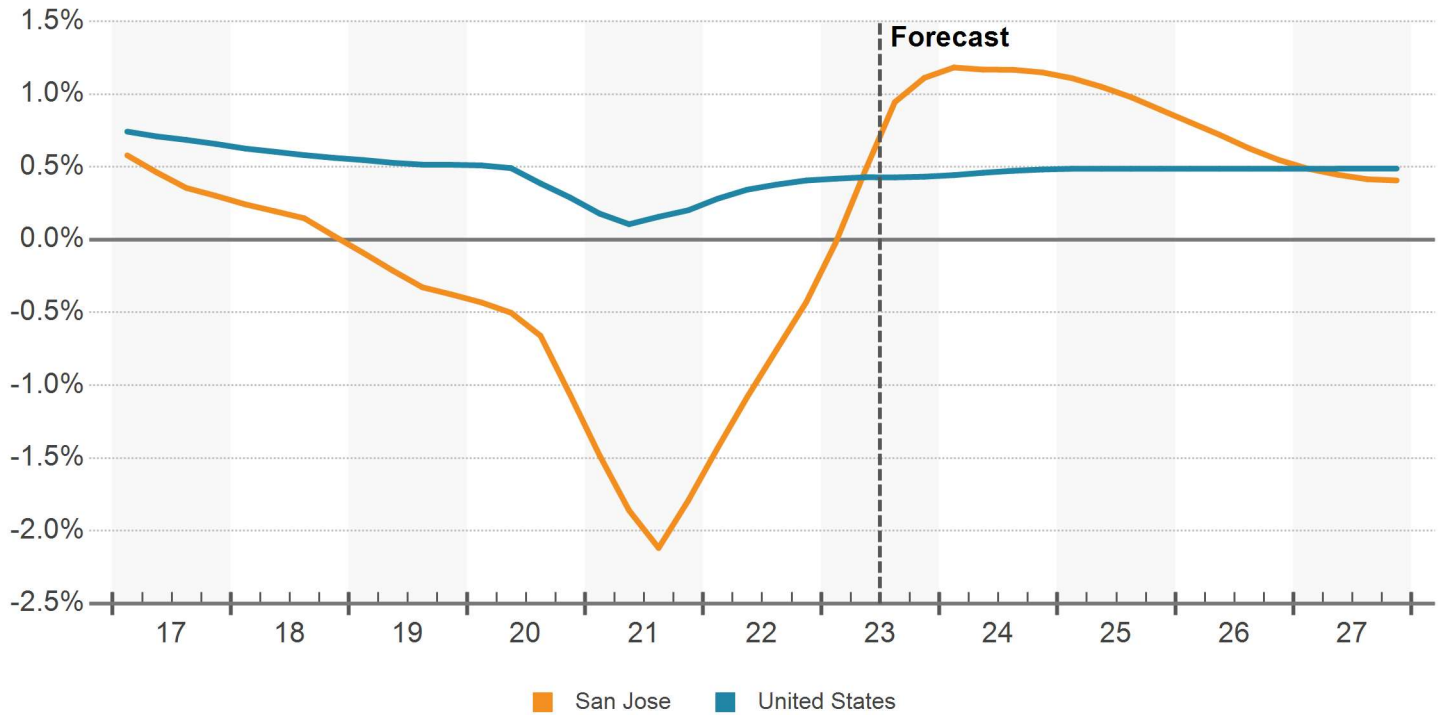
NET EMPLOYMENT CHANGE (YOY)



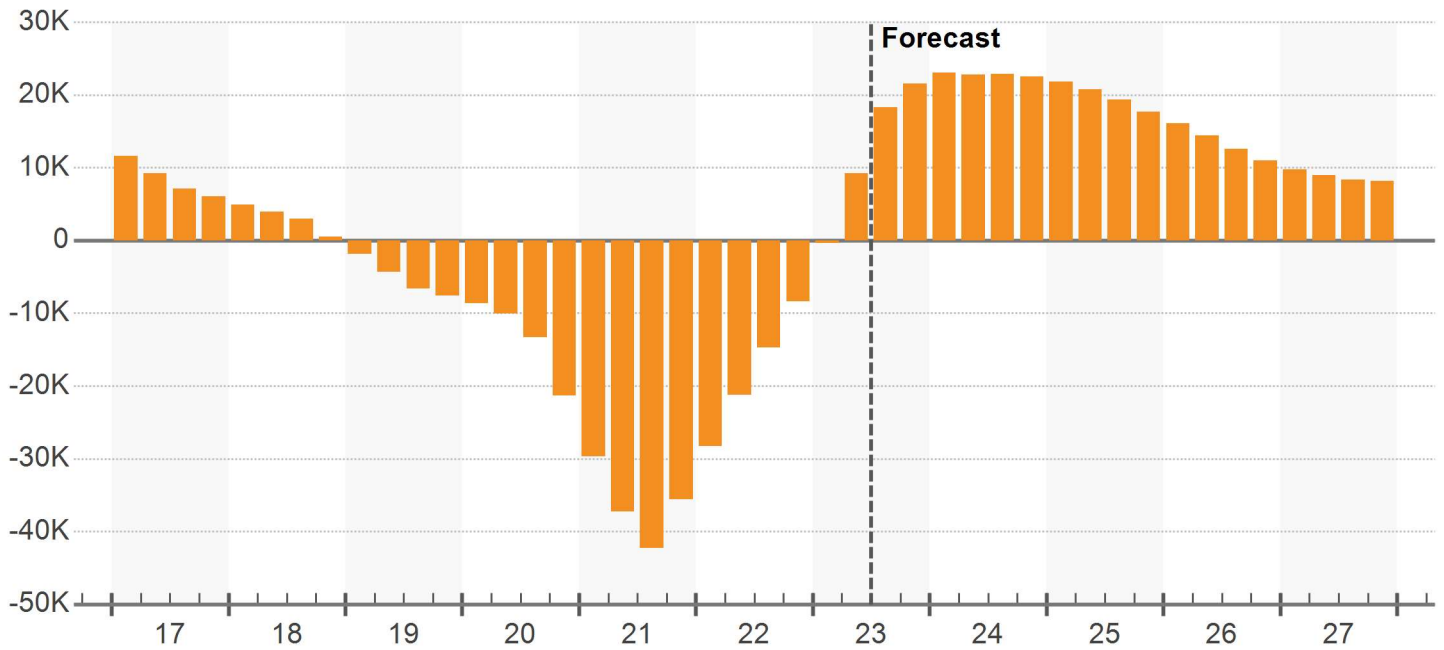
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

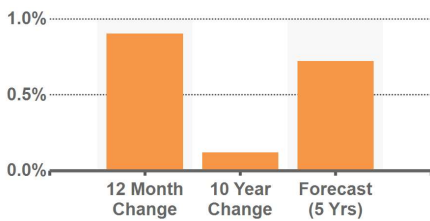


DEMOGRAPHIC TRENDS

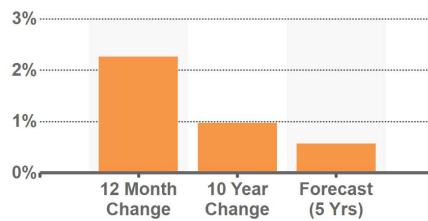
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	1,956,419	334,695,844	0.9%	0.4%	0.1%	0.6%	0.7%	0.5%
Households	679,541	129,975,961	1.1%	0.6%	0.5%	0.9%	0.8%	0.6%
Median Household Income	\$153,095	\$75,823	3.9%	4.0%	5.3%	3.8%	4.4%	3.0%
Labor Force	1,098,158	165,913,797	2.3%	0.9%	1.0%	0.6%	0.6%	0.4%
Unemployment	3.3%	3.6%	0.8%	0.1%	-0.3%	-0.4%	-	-

Source: Oxford Economics

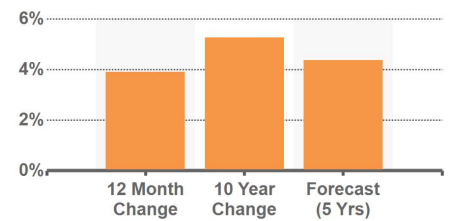
POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics

SAN JOSE SUBMARKETS



Submarkets

San Jose Industrial

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Campbell	280	3,502	1.8%	16	1	7	0.2%	4	0	-	-	-
2	Central Santa Clara	584	19,461	9.8%	2	1	121	0.6%	1	5	1,707	8.8%	1
3	Central Sunnyvale	0	-	0%	-	0	0	-	-	0	-	-	-
4	Cupertino	68	2,894	1.5%	17	0	0	0%	-	0	-	-	-
5	De La Cruz	0	-	0%	-	0	0	-	-	0	-	-	-
6	Downtown Mountain View	0	-	0%	-	0	0	-	-	0	-	-	-
7	Downtown Palo Alto	5	48	0%	24	0	0	0%	-	0	-	-	-
8	Downtown San Jose	350	3,588	1.8%	15	0	0	0%	-	0	-	-	-
9	East Arques Ave Corridor	0	-	0%	-	0	0	-	-	0	-	-	-
10	East San Jose-Willow Glen	633	15,342	7.7%	6	0	0	0%	-	0	-	-	-
11	Embarcadero/101	0	-	0%	-	0	0	-	-	0	-	-	-
12	Gilroy	240	6,947	3.5%	12	2	24	0.4%	2	2	383	5.5%	5
13	Los Altos	4	12	0%	25	0	0	0%	-	0	-	-	-
14	Los Gatos	0	-	0%	-	0	0	-	-	0	-	-	-
15	Los Gatos/Saratoga	33	463	0.2%	21	0	0	0%	-	0	-	-	-
16	Midtown San Jose	133	1,842	0.9%	18	0	0	0%	-	0	-	-	-
17	Milpitas	314	18,419	9.3%	3	0	0	0%	-	0	-	-	-
18	Moffett Park	78	5,880	3.0%	13	0	0	0%	-	0	-	-	-
19	Morgan Hill	226	7,672	3.9%	10	0	0	0%	-	6	560	7.3%	4
20	Mountain View	446	9,971	5.0%	9	0	0	0%	-	0	-	-	-
21	N. San Jose - Brokaw	0	-	0%	-	0	0	-	-	0	-	-	-
22	N.E. Santa Clara	0	-	0%	-	0	0	-	-	0	-	-	-
23	North San Jose	665	32,877	16.5%	1	0	0	0%	-	0	-	-	-
24	North Santa Clara	377	11,149	5.6%	8	0	0	0%	-	1	353	3.2%	6
25	Oak Creek	0	-	0%	-	0	0	-	-	0	-	-	-
26	Outlying Santa Clara Cnty	14	530	0.3%	20	0	0	0%	-	0	-	-	-
27	Palo Alto	225	7,009	3.5%	11	1	2	0%	5	0	-	-	-
28	Peery Park	0	-	0%	-	0	0	-	-	0	-	-	-
29	Plumeria Drive	1	84	0%	22	0	0	0%	-	0	-	-	-
30	San Benito County	198	4,863	2.4%	14	2	22	0.5%	3	1	1,050	21.6%	2
31	San Jose East	1	7	0%	26	0	0	0%	-	0	-	-	-
32	San Jose, IBP East	0	-	0%	-	0	0	-	-	0	-	-	-
33	San Jose-Berryessa	560	18,206	9.2%	4	0	0	0%	-	2	339	1.9%	7
34	Scott Blvd Corridor	0	-	0%	-	0	0	-	-	0	-	-	-
35	Shoreline Corridor North	0	-	0%	-	0	0	-	-	0	-	-	-
36	Shoreline Corridor South	0	-	0%	-	0	0	-	-	0	-	-	-
37	South San Jose	178	11,255	5.7%	7	0	0	0%	-	0	-	-	-
38	South Santa Clara	31	1,139	0.6%	19	0	0	0%	-	0	-	-	-
39	Sunnyvale	480	15,609	7.9%	5	0	0	0%	-	1	847	5.4%	3
40	Sunnyvale Triangle	0	-	0%	-	0	0	-	-	0	-	-	-
41	West Mountain View	0	-	0%	-	0	0	-	-	0	-	-	-
42	West San Jose	4	53	0%	23	0	0	0%	-	0	-	-	-

Submarkets

San Jose Industrial

SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Campbell	\$28.60	12	1.6%	6	1.7%	1
2	Central Santa Clara	\$26.88	14	0.8%	18	-1.0%	9
3	Central Sunnyvale	-	-	-	-	-	-
4	Cupertino	\$44.78	4	0.6%	19	-0.9%	6
5	De La Cruz	-	-	-	-	-	-
6	Downtown Mountain View	-	-	-	-	-	-
7	Downtown Palo Alto	\$45.63	3	-3.8%	26	-2.0%	21
8	Downtown San Jose	\$20.06	20	1.6%	7	-2.1%	22
9	East Arques Ave Corridor	-	-	-	-	-	-
10	East San Jose-Willow Glen	\$18.57	23	2.0%	3	-1.4%	13
11	Embarcadero/101	-	-	-	-	-	-
12	Gilroy	\$14.28	25	0.8%	15	-3.6%	26
13	Los Altos	\$35.65	6	1.0%	14	-1.4%	16
14	Los Gatos	-	-	-	-	-	-
15	Los Gatos/Saratoga	\$31.36	9	0.8%	16	-1.2%	11
16	Midtown San Jose	\$19.82	21	1.5%	8	-0.1%	3
17	Milpitas	\$20.72	18	1.2%	10	-1.6%	19
18	Moffett Park	\$29.90	11	0.3%	22	-1.9%	20
19	Morgan Hill	\$17.79	24	1.1%	11	-1.5%	17
20	Mountain View	\$40.72	5	0.2%	23	-1.0%	8
21	N. San Jose - Brokaw	-	-	-	-	-	-
22	N.E. Santa Clara	-	-	-	-	-	-
23	North San Jose	\$25.71	16	1.4%	9	-1.1%	10
24	North Santa Clara	\$26.34	15	0%	25	-2.2%	24
25	Oak Creek	-	-	-	-	-	-
26	Outlying Santa Clara Cnty	\$18.97	22	1.8%	5	-2.4%	25
27	Palo Alto	\$49.19	2	0.5%	20	-0.9%	7
28	Peery Park	-	-	-	-	-	-
29	Plumeria Drive	\$30.36	10	0.5%	21	-0.6%	4
30	San Benito County	\$12.82	26	2.6%	2	-1.3%	12
31	San Jose East	\$50.22	1	2.6%	1	-1.4%	15
32	San Jose, IBP East	-	-	-	-	-	-
33	San Jose-Berryessa	\$20.70	19	1.0%	12	-1.4%	14
34	Scott Blvd Corridor	-	-	-	-	-	-
35	Shoreline Corridor North	-	-	-	-	-	-
36	Shoreline Corridor South	-	-	-	-	-	-
37	South San Jose	\$23.70	17	1.0%	13	-0.7%	5
38	South Santa Clara	\$27.45	13	1.9%	4	0.1%	2
39	Sunnyvale	\$32.04	7	0.1%	24	-2.2%	23
40	Sunnyvale Triangle	-	-	-	-	-	-
41	West Mountain View	-	-	-	-	-	-
42	West San Jose	\$31.79	8	0.8%	17	-1.5%	18

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Campbell	199,150	5.7%	10	(2,623)	-0.1%	29	-
2	Central Santa Clara	917,086	4.7%	6	(14,982)	-0.1%	31	-
3	Central Sunnyvale	-	-	-	0	-	-	-
4	Cupertino	17,850	0.6%	1	(9,802)	-0.3%	30	-
5	De La Cruz	-	-	-	0	-	-	-
6	Downtown Mountain View	-	-	-	0	-	-	-
7	Downtown Palo Alto	-	-	-	3,082	6.4%	7	-
8	Downtown San Jose	91,053	2.5%	4	(52,825)	-1.5%	35	-
9	East Arques Ave Corridor	-	-	-	0	-	-	-
10	East San Jose-Willow Glen	906,210	5.9%	12	(19,756)	-0.1%	32	-
11	Embarcadero/101	-	-	-	0	-	-	-
12	Gilroy	226,176	3.3%	5	13,898	0.2%	5	1.7
13	Los Altos	-	-	-	0	0%	-	-
14	Los Gatos	-	-	-	0	-	-	-
15	Los Gatos/Saratoga	25,328	5.5%	8	7,784	1.7%	6	-
16	Midtown San Jose	93,429	5.1%	7	57,948	3.1%	3	-
17	Milpitas	1,266,768	6.9%	14	(46,097)	-0.3%	34	-
18	Moffett Park	341,491	5.8%	11	(71,379)	-1.2%	37	-
19	Morgan Hill	880,751	11.5%	20	(168,100)	-2.2%	39	-
20	Mountain View	994,005	10.0%	19	(338,854)	-3.4%	41	-
21	N. San Jose - Brokaw	-	-	-	0	-	-	-
22	N.E. Santa Clara	-	-	-	0	-	-	-
23	North San Jose	2,533,537	7.7%	17	(280,766)	-0.9%	40	-
24	North Santa Clara	789,440	7.1%	15	553,778	5.0%	1	-
25	Oak Creek	-	-	-	0	-	-	-
26	Outlying Santa Clara Cnty	-	-	-	0	0%	-	-
27	Palo Alto	514,316	7.3%	16	(66,026)	-0.9%	36	-
28	Peery Park	-	-	-	0	-	-	-
29	Plumeria Drive	-	-	-	0	0%	-	-
30	San Benito County	99,260	2.0%	2	18,882	0.4%	4	1.1
31	San Jose East	-	-	-	0	0%	-	-
32	San Jose, IBP East	-	-	-	0	-	-	-
33	San Jose-Berryessa	1,033,562	5.7%	9	(454,765)	-2.5%	42	-
34	Scott Blvd Corridor	-	-	-	0	-	-	-
35	Shoreline Corridor North	-	-	-	0	-	-	-
36	Shoreline Corridor South	-	-	-	0	-	-	-
37	South San Jose	773,682	6.9%	13	159,076	1.4%	2	-
38	South Santa Clara	26,575	2.3%	3	(38,030)	-3.3%	33	-
39	Sunnyvale	1,277,321	8.2%	18	(84,624)	-0.5%	38	-
40	Sunnyvale Triangle	-	-	-	0	-	-	-
41	West Mountain View	-	-	-	0	-	-	-
42	West San Jose	-	-	-	0	0%	-	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	198,612,260	(882,369)	-0.4%	(998,250)	-0.5%	-
2026	199,494,629	(1,321,040)	-0.7%	(219,734)	-0.1%	-
2025	200,815,669	(615,195)	-0.3%	699,539	0.3%	-
2024	201,430,864	2,012,129	1.0%	902,882	0.4%	2.2
2023	199,418,735	519,063	0.3%	(1,772,691)	-0.9%	-
YTD	198,823,226	(76,446)	0%	(1,596,353)	-0.8%	-
2022	198,899,672	(866,085)	-0.4%	1,829,829	0.9%	-
2021	199,765,757	1,146,161	0.6%	795,874	0.4%	1.4
2020	198,619,596	(637,368)	-0.3%	(2,382,438)	-1.2%	-
2019	199,256,964	(1,120,395)	-0.6%	1,361,803	0.7%	-
2018	200,377,359	(695,629)	-0.3%	(2,663,240)	-1.3%	-
2017	201,072,988	182,378	0.1%	438,464	0.2%	0.4
2016	200,890,610	(2,409,409)	-1.2%	(736,577)	-0.4%	-
2015	203,300,019	(2,086,163)	-1.0%	(11,862)	0%	-
2014	205,386,182	(3,888,714)	-1.9%	1,694,332	0.8%	-
2013	209,274,896	(2,829,791)	-1.3%	(3,758,686)	-1.8%	-
2012	212,104,687	(4,775,302)	-2.2%	(3,164,499)	-1.5%	-
2011	216,879,989	(3,016,100)	-1.4%	890,123	0.4%	-

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	42,807,244	(143,216)	-0.3%	(188,194)	-0.4%	-
2026	42,950,460	(256,017)	-0.6%	(60,734)	-0.1%	-
2025	43,206,477	(206,159)	-0.5%	156,817	0.4%	-
2024	43,412,636	393,703	0.9%	506,983	1.2%	0.8
2023	43,018,933	409,333	1.0%	44,609	0.1%	9.2
YTD	42,616,602	7,002	0%	(118,126)	-0.3%	-
2022	42,609,600	172,122	0.4%	(306,361)	-0.7%	-
2021	42,437,478	214,120	0.5%	552,042	1.3%	0.4
2020	42,223,358	113,311	0.3%	(331,415)	-0.8%	-
2019	42,110,047	(98,464)	-0.2%	314,518	0.7%	-
2018	42,208,511	(270,385)	-0.6%	(113,438)	-0.3%	-
2017	42,478,896	(644,128)	-1.5%	(330,568)	-0.8%	-
2016	43,123,024	(450,270)	-1.0%	(674,511)	-1.6%	-
2015	43,573,294	(110,760)	-0.3%	(237,599)	-0.5%	-
2014	43,684,054	(677,018)	-1.5%	(112,349)	-0.3%	-
2013	44,361,072	(387,164)	-0.9%	(244,136)	-0.6%	-
2012	44,748,236	(302,298)	-0.7%	(375,911)	-0.8%	-
2011	45,050,534	(249,609)	-0.6%	(127,014)	-0.3%	-

LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	54,537,533	(178,388)	-0.3%	(264,673)	-0.5%	-
2026	54,715,921	(366,683)	-0.7%	(27,444)	-0.1%	-
2025	55,082,604	(356,729)	-0.6%	314,550	0.6%	-
2024	55,439,333	1,512,219	2.8%	594,893	1.1%	2.5
2023	53,927,114	(198,827)	-0.4%	(438,628)	-0.8%	-
YTD	54,030,541	(95,400)	-0.2%	(178,145)	-0.3%	-
2022	54,125,941	(64,572)	-0.1%	269,074	0.5%	-
2021	54,190,513	1,270,419	2.4%	1,457,624	2.7%	0.9
2020	52,920,094	(572,923)	-1.1%	(263,716)	-0.5%	-
2019	53,493,017	444,284	0.8%	126,433	0.2%	3.5
2018	53,048,733	331,312	0.6%	(330,861)	-0.6%	-
2017	52,717,421	465,325	0.9%	(488,657)	-0.9%	-
2016	52,252,096	(643,508)	-1.2%	1,315,677	2.5%	-
2015	52,895,604	(483,384)	-0.9%	(93,554)	-0.2%	-
2014	53,378,988	(297,991)	-0.6%	874,640	1.6%	-
2013	53,676,979	(610,953)	-1.1%	(940,167)	-1.8%	-
2012	54,287,932	(1,891,964)	-3.4%	(1,887,445)	-3.5%	-
2011	56,179,896	(1,438,983)	-2.5%	497,043	0.9%	-

FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	101,267,483	(560,765)	-0.6%	(545,383)	-0.5%	-
2026	101,828,248	(698,340)	-0.7%	(131,556)	-0.1%	-
2025	102,526,588	(52,307)	-0.1%	228,172	0.2%	-
2024	102,578,895	106,207	0.1%	(198,994)	-0.2%	-
2023	102,472,688	308,557	0.3%	(1,378,672)	-1.3%	-
YTD	102,176,083	11,952	0%	(1,300,082)	-1.3%	-
2022	102,164,131	(973,635)	-0.9%	1,867,116	1.8%	-
2021	103,137,766	(338,378)	-0.3%	(1,213,792)	-1.2%	-
2020	103,476,144	(177,756)	-0.2%	(1,787,307)	-1.7%	-
2019	103,653,900	(1,466,215)	-1.4%	920,852	0.9%	-
2018	105,120,115	(756,556)	-0.7%	(2,218,941)	-2.1%	-
2017	105,876,671	361,181	0.3%	1,257,689	1.2%	0.3
2016	105,515,490	(1,315,631)	-1.2%	(1,377,743)	-1.3%	-
2015	106,831,121	(1,492,019)	-1.4%	319,291	0.3%	-
2014	108,323,140	(2,913,705)	-2.6%	932,041	0.9%	-
2013	111,236,845	(1,831,674)	-1.6%	(2,574,383)	-2.3%	-
2012	113,068,519	(2,581,040)	-2.2%	(901,143)	-0.8%	-
2011	115,649,559	(1,327,508)	-1.1%	520,094	0.4%	-

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$32.37	265	7.0%	26.0%	12,580,373	6.3%	0.1%
2026	\$30.26	248	9.7%	17.7%	12,487,596	6.3%	-0.5%
2025	\$27.59	226	7.2%	7.3%	13,600,696	6.8%	-0.6%
2024	\$25.73	211	0.5%	0.1%	14,900,058	7.4%	0.5%
2023	\$25.61	210	-0.4%	-0.4%	13,781,069	6.9%	1.2%
YTD	\$25.56	209	0.9%	-0.6%	13,006,990	6.5%	0.8%
2022	\$25.70	210	6.2%	0%	11,391,683	5.7%	-1.3%
2021	\$24.21	198	4.2%	-5.8%	14,021,075	7.0%	0.1%
2020	\$23.23	190	3.2%	-9.6%	13,737,310	6.9%	0.9%
2019	\$22.52	184	5.1%	-12.4%	11,992,240	6.0%	-1.2%
2018	\$21.42	175	6.5%	-16.7%	14,474,438	7.2%	1.0%
2017	\$20.12	165	6.7%	-21.7%	12,588,848	6.3%	0.1%
2016	\$18.85	154	8.7%	-26.7%	12,468,107	6.2%	-0.7%
2015	\$17.35	142	10.7%	-32.5%	14,140,939	7.0%	-0.9%
2014	\$15.67	128	10.4%	-39.0%	16,061,153	7.8%	-2.5%
2013	\$14.20	116	9.2%	-44.8%	21,620,170	10.3%	0.6%
2012	\$13	106	8.5%	-49.4%	20,691,275	9.8%	-0.5%
2011	\$11.99	98	6.0%	-53.4%	22,302,078	10.3%	-1.6%

SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$25	243	7.3%	26.2%	979,406	2.3%	0.1%
2026	\$23.31	226	10.0%	17.7%	930,595	2.2%	-0.4%
2025	\$21.19	206	7.5%	7.0%	1,122,821	2.6%	-0.8%
2024	\$19.71	191	0.7%	-0.5%	1,481,644	3.4%	-0.3%
2023	\$19.57	190	-1.2%	-1.2%	1,590,694	3.7%	0.8%
YTD	\$19.54	190	-0.2%	-1.3%	1,350,612	3.2%	0.3%
2022	\$19.81	192	5.1%	0%	1,225,484	2.9%	1.1%
2021	\$18.85	183	4.3%	-4.9%	747,001	1.8%	-0.8%
2020	\$18.07	175	4.9%	-8.8%	1,084,923	2.6%	1.0%
2019	\$17.22	167	5.9%	-13.1%	640,197	1.5%	-1.0%
2018	\$16.26	158	5.8%	-17.9%	1,053,179	2.5%	-0.4%
2017	\$15.37	149	6.6%	-22.4%	1,210,126	2.8%	-0.3%
2016	\$14.41	140	8.3%	-27.2%	1,373,866	3.2%	0.5%
2015	\$13.31	129	9.1%	-32.8%	1,149,625	2.6%	0.3%
2014	\$12.20	118	8.0%	-38.4%	1,022,786	2.3%	-1.2%
2013	\$11.29	110	6.6%	-43.0%	1,563,426	3.5%	-0.3%
2012	\$10.59	103	5.3%	-46.5%	1,706,454	3.8%	0.2%
2011	\$10.06	98	2.8%	-49.2%	1,632,841	3.6%	-0.3%

LOGISTICS RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$23.70	301	7.2%	29.1%	2,064,362	3.8%	0.2%
2026	\$22.11	281	9.9%	20.5%	1,982,442	3.6%	-0.6%
2025	\$20.12	255	7.4%	9.6%	2,323,213	4.2%	-1.2%
2024	\$18.73	238	0.7%	2.0%	2,988,235	5.4%	1.6%
2023	\$18.60	236	1.3%	1.3%	2,069,778	3.8%	0.6%
YTD	\$18.55	235	3.3%	1.0%	1,912,023	3.5%	0.3%
2022	\$18.36	233	9.9%	0%	1,733,878	3.2%	-0.6%
2021	\$16.71	212	7.7%	-9.0%	2,067,524	3.8%	-0.4%
2020	\$15.51	197	3.9%	-15.5%	2,254,729	4.3%	-0.5%
2019	\$14.93	189	6.5%	-18.7%	2,563,936	4.8%	0.6%
2018	\$14.02	178	7.3%	-23.6%	2,246,085	4.2%	1.0%
2017	\$13.06	166	8.6%	-28.9%	1,679,312	3.2%	1.8%
2016	\$12.02	153	10.1%	-34.5%	725,330	1.4%	-3.7%
2015	\$10.92	139	11.5%	-40.5%	2,684,515	5.1%	-0.7%
2014	\$9.79	124	9.9%	-46.7%	3,074,345	5.8%	-2.2%
2013	\$8.91	113	7.8%	-51.5%	4,246,976	7.9%	0.7%
2012	\$8.27	105	5.9%	-55.0%	3,917,762	7.2%	0.2%
2011	\$7.81	99	3.8%	-57.5%	3,922,281	7.0%	-3.2%

FLEX RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$40.14	262	6.8%	24.9%	9,536,605	9.4%	0%
2026	\$37.57	245	9.6%	16.9%	9,574,559	9.4%	-0.5%
2025	\$34.29	223	7.0%	6.7%	10,154,662	9.9%	-0.3%
2024	\$32.03	209	0.3%	-0.3%	10,430,179	10.2%	0.3%
2023	\$31.92	208	-0.7%	-0.7%	10,120,597	9.9%	1.6%
YTD	\$31.87	208	0.4%	-0.8%	9,744,355	9.5%	1.3%
2022	\$32.13	209	5.3%	0%	8,432,321	8.3%	-2.6%
2021	\$30.50	199	3.2%	-5.1%	11,206,550	10.9%	0.8%
2020	\$29.55	193	2.5%	-8.0%	10,397,658	10.0%	1.6%
2019	\$28.83	188	4.6%	-10.3%	8,788,107	8.5%	-2.2%
2018	\$27.57	180	6.4%	-14.2%	11,175,174	10.6%	1.5%
2017	\$25.91	169	6.2%	-19.4%	9,699,410	9.2%	-0.7%
2016	\$24.39	159	8.4%	-24.1%	10,368,911	9.8%	0.2%
2015	\$22.50	147	10.9%	-30.0%	10,306,799	9.6%	-1.4%
2014	\$20.30	132	11.1%	-36.8%	11,964,022	11.0%	-3.2%
2013	\$18.26	119	10.3%	-43.2%	15,809,768	14.2%	0.9%
2012	\$16.56	108	10.1%	-48.5%	15,067,059	13.3%	-1.2%
2011	\$15.05	98	7.6%	-53.2%	16,746,956	14.5%	-1.4%

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$498.48	385	5.5%
2026	-	-	-	-	-	-	\$452.51	350	5.6%
2025	-	-	-	-	-	-	\$392.73	303	5.9%
2024	-	-	-	-	-	-	\$355.72	275	6.1%
2023	-	-	-	-	-	-	\$370.64	286	5.9%
YTD	79	\$1.1B	1.7%	\$14,373,567	\$356.89	6.4%	\$395.64	306	5.6%
2022	293	\$2.2B	5.3%	\$11,147,572	\$343.75	5.0%	\$404.75	313	5.2%
2021	280	\$4.1B	5.9%	\$15,481,727	\$384.41	4.8%	\$401.24	310	4.8%
2020	220	\$2.2B	3.7%	\$11,152,390	\$331.46	5.4%	\$345.52	267	5.2%
2019	312	\$2.7B	5.4%	\$14,232,354	\$303.51	6.0%	\$311.67	241	5.4%
2018	343	\$3.1B	5.8%	\$14,657,689	\$329.63	5.9%	\$287.90	222	5.5%
2017	424	\$2.7B	6.3%	\$10,263,805	\$258.16	6.0%	\$261.04	202	5.6%
2016	409	\$2.6B	5.9%	\$9,060,873	\$267.33	6.0%	\$247.70	191	5.4%
2015	499	\$3.1B	8.0%	\$8,075,904	\$224.68	6.0%	\$224.23	173	5.5%
2014	455	\$2.8B	6.8%	\$7,127,668	\$215	6.7%	\$189.32	146	6.0%
2013	431	\$2.4B	6.8%	\$7,815,611	\$198.44	7.0%	\$161.19	125	6.5%
2012	528	\$1.5B	8.9%	\$5,827,826	\$156.94	7.1%	\$143.80	111	6.8%

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(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

SPECIALIZED INDUSTRIAL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$464.95	404	5.4%
2026	-	-	-	-	-	-	\$420.81	365	5.5%
2025	-	-	-	-	-	-	\$363.97	316	5.8%
2024	-	-	-	-	-	-	\$328.62	285	6.0%
2023	-	-	-	-	-	-	\$341.91	297	5.8%
YTD	22	\$362.7M	3.1%	\$17,271,504	\$332.80	8.7%	\$365.66	317	5.5%
2022	80	\$507.7M	5.1%	\$7,577,728	\$305.80	5.4%	\$374.38	325	5.2%
2021	70	\$1.1B	5.2%	\$15,907,820	\$507.66	4.3%	\$372.22	323	4.8%
2020	54	\$316M	3.3%	\$6,449,561	\$225.70	6.1%	\$317.58	276	5.1%
2019	106	\$393M	6.2%	\$7,415,153	\$173.98	5.0%	\$285.73	248	5.4%
2018	113	\$281.8M	5.2%	\$6,552,817	\$255.85	5.2%	\$262.75	228	5.4%
2017	145	\$410.1M	6.3%	\$7,593,617	\$251.35	6.1%	\$236.17	205	5.5%
2016	127	\$178.9M	3.4%	\$3,374,911	\$175.13	6.3%	\$221.36	192	5.4%
2015	134	\$359.5M	6.2%	\$4,180,128	\$159.02	5.5%	\$198.74	173	5.5%
2014	103	\$201.7M	4.6%	\$2,653,862	\$113.19	6.0%	\$167.62	146	6.0%
2013	94	\$173.9M	3.8%	\$2,946,702	\$126.27	7.3%	\$142.30	124	6.4%
2012	136	\$133.7M	6.1%	\$2,386,618	\$102.23	6.5%	\$126.96	110	6.8%

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LOGISTICS SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$402.06	398	5.4%
2026	-	-	-	-	-	-	\$364.27	360	5.6%
2025	-	-	-	-	-	-	\$315.49	312	5.9%
2024	-	-	-	-	-	-	\$285.17	282	6.1%
2023	-	-	-	-	-	-	\$296.57	293	5.9%
YTD	20	\$149.2M	1.1%	\$7,851,082	\$326.96	5.2%	\$316.38	313	5.5%
2022	70	\$374.5M	4.8%	\$7,342,186	\$309.18	4.8%	\$321.31	318	5.2%
2021	61	\$704.5M	3.8%	\$11,741,950	\$347.88	4.1%	\$316.41	313	4.8%
2020	63	\$277M	2.3%	\$4,946,056	\$303.63	5.3%	\$270.38	267	5.2%
2019	83	\$317.3M	3.9%	\$7,933,285	\$228.06	5.9%	\$242.97	240	5.5%
2018	89	\$267.5M	2.9%	\$5,943,987	\$263.25	4.6%	\$224.38	222	5.5%
2017	107	\$336.2M	4.3%	\$5,898,696	\$209.76	6.0%	\$203.64	201	5.6%
2016	93	\$265.7M	4.9%	\$3,639,462	\$172.10	5.5%	\$191.01	189	5.4%
2015	115	\$425.3M	5.4%	\$4,778,128	\$178.20	5.7%	\$173.46	172	5.6%
2014	74	\$157.2M	2.9%	\$2,576,382	\$111.59	5.8%	\$146.65	145	6.1%
2013	98	\$173M	4.5%	\$3,263,706	\$105.80	7.4%	\$124.94	124	6.5%
2012	124	\$198.7M	5.4%	\$3,425,131	\$110.79	7.6%	\$111.87	111	6.8%

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FLEX SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$564.46	375	5.5%
2026	-	-	-	-	-	-	\$513.31	341	5.7%
2025	-	-	-	-	-	-	\$446.38	296	6.0%
2024	-	-	-	-	-	-	\$405.08	269	6.2%
2023	-	-	-	-	-	-	\$422.58	280	6.0%
YTD	37	\$551.8M	1.5%	\$16,228,583	\$384.71	4.7%	\$450.88	299	5.6%
2022	143	\$1.3B	5.5%	\$16,848,286	\$374.42	5.6%	\$462.41	307	5.3%
2021	149	\$2.3B	7.4%	\$16,894,671	\$355.08	6.0%	\$459.09	305	4.9%
2020	103	\$1.6B	4.6%	\$17,301,256	\$371.03	5.0%	\$397.69	264	5.2%
2019	123	\$2B	5.9%	\$20,427,044	\$377.78	6.1%	\$359.55	239	5.5%
2018	141	\$2.6B	7.5%	\$20,582,698	\$349.86	6.5%	\$332.65	221	5.5%
2017	172	\$1.9B	7.3%	\$12,901,397	\$270.65	6.1%	\$302.38	201	5.6%
2016	189	\$2.2B	7.3%	\$13,364,076	\$300.85	6.0%	\$289.28	192	5.4%
2015	250	\$2.3B	10.0%	\$11,172,155	\$253.68	6.5%	\$262.28	174	5.5%
2014	278	\$2.4B	9.6%	\$9,549,776	\$248.36	7.0%	\$221.41	147	6.0%
2013	239	\$2.1B	9.2%	\$10,484,887	\$225.72	6.8%	\$188.64	125	6.4%
2012	268	\$1.2B	11.6%	\$8,149,951	\$180.88	7.0%	\$168.06	112	6.8%

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