Industrial Market Report

San Jose - CA

PREPARED BY

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CoStar™

INDUSTRIAL MARKET REPORT

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
939K	(1.1M)	6.8%	1.5%

As 2024 approaches, San Jose's industrial market continues to be negatively impacted by subdued demand, as tenants hold back on expansion plans in the face of high interest rates and uncertainty around economic growth.

Over the longer term, the impressive growth of san Jose's technology sector over the past 30 years increased the demand for industrial buildings. In particular, high-tech firms conducting research and development and specialized manufacturing sought out flex properties and data centers. Flex properties constitute over half of industrial real estate in San Jose, compared to only 10% nationally.

Leasing activity has slowed in the past year, particularly for larger spaces. In the logistics sector, few leases above 50,000 SF have been signed, with one or two notable exceptions. For instance, in August, Amazon leased a 1 million-SF distribution center that is currently under construction in Hollister, at the southern end of the market. August also saw the largest flex lease, with Cerebras Systems, a maker of AI processors, taking 68,600-SF in Sunnyvale. While these larger leases are a positive sign, a wider recovery of leasing activity is not expected to materialize until 2025.

While vacancy, at 6.8%, is up by around 80 basis points over the past year, it now sits in line with the historical average for this market. San Jose's flex inventory operates at a significantly higher vacancy rate (9.8% as of the fourth quarter) than properties in its logistics market, which is somewhat supply constrained and currently has an aggregate vacancy rate of 3.8%.

New construction activity has increased to a total of 5.2 million SF of industrial space under construction, a 20-year high. 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. The growth in AI technology has strengthened demand for data centers, and all the data centers under construction in Santa Clara are either fully preleased or owner occupied. By contrast, almost all the distribution space under construction along Highway 101 south of San Jose is available, with the exception being the distribution center in Hollister preleased by Amazon.

Strong demand and tight supply have made industrial rents in San Jose among the highest in the nation, second only to San Francisco. However, the rate of rent growth 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 3.2%, respectively. These figures have declined over the past six months, and further deceleration, or even outright rent declines, are possible in 2024 if higher interest rates continue to weigh on the broader economy.

Property sales slowed this year in response to the lingering impacts of rising interest rates. Nevertheless, deals are still closing, with private investors and owner/users taking the opportunity to pick up assets at lower prices. In September, ISE Labs, a provider of engineering services to the semiconductor industry, purchased a 64,000-SF R&D building in Berryessa for $24 million, or $375/SF. According to reports, the sale price was 18.6% below what the seller was seeking less than a year ago.

Elsewhere, in the tightly held areas of central Silicon Valley, investors continue to pick up assets leased to highly creditworthy tenants, with no notable reduction from price levels seen in recent years. For example, in August, BGO acquired a 75,000-SF flex building at 825 Stewart Dr. in Sunnyvale for $41 million, or $544/SF. The tenant, Apple, has made substantial investments in fitting out the property's specialized lab space.

Overview

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	53,860,918	3.8%	$19.48	5.2%	(110,621)	0	1,761,100
Specialized Industrial	42,331,526	3.1%	$19.79	5.0%	17,851	0	1,769,375
Flex	103,207,286	9.8%	$31.92	11.1%	42,267	0	1,223,700
Market	**199,399,730**	**6.8%**	**$25.91**	**8.2%**	**(50,503)**	**0**	**4,754,175**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.9%	8.8%	6.9%	15.7%	2003 Q3	2.0%	2000 Q2
Net Absorption SF	(1.1M)	(368,102)	(34,937)	13,708,924	2000 Q2	(12,527,983)	2002 Q1
Deliveries SF	939K	1,426,160	1,304,052	6,779,788	2001 Q3	14,745	2013 Q2
Rent Growth	1.5%	3.0%	5.2%	10.7%	2015 Q2	-11.9%	2003 Q2
Sales Volume	$1.3B	$1.6B	N/A	$4.3B	2022 Q1	$168.6M	2009 Q4

Leasing

After two years of demand growth, the San Jose Market saw net absorption turn negative in 2023. The downturn came as a direct result of the Fed's action to slow the economy by raising interest rates. Industrial tenants, projecting weaker sales growth, slowed or cancelled expansion plans.

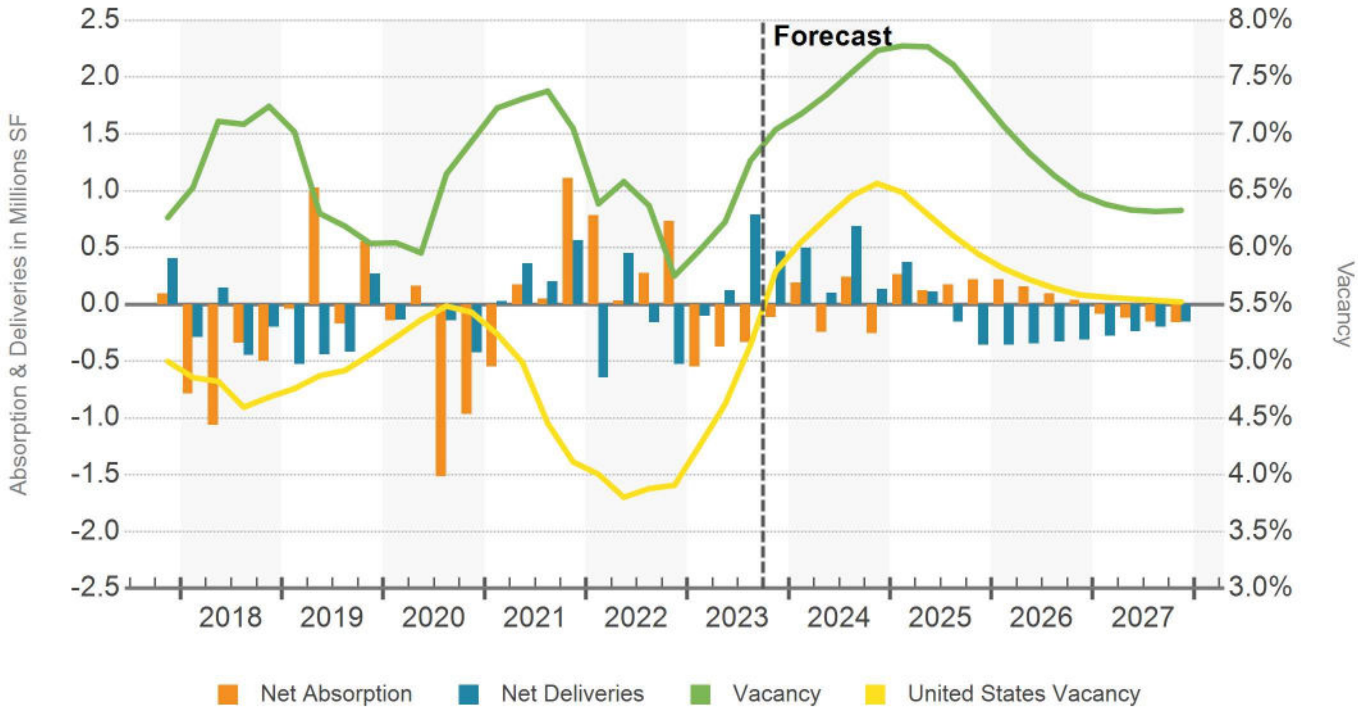
Accordingly, leasing activity in the first half of 2023 was at a historic low, comparable to the trough of the Great Recession in 2009 or the pandemic lockdown in 2020. With a high proportion of flex space, the market has been particularly sensitive to the slowdown in tenant demand in the tech sector,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

The smaller number of flex leases that have been signed are distributed 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 in the previous two years have been largely absent in 2023. That being said, one 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.

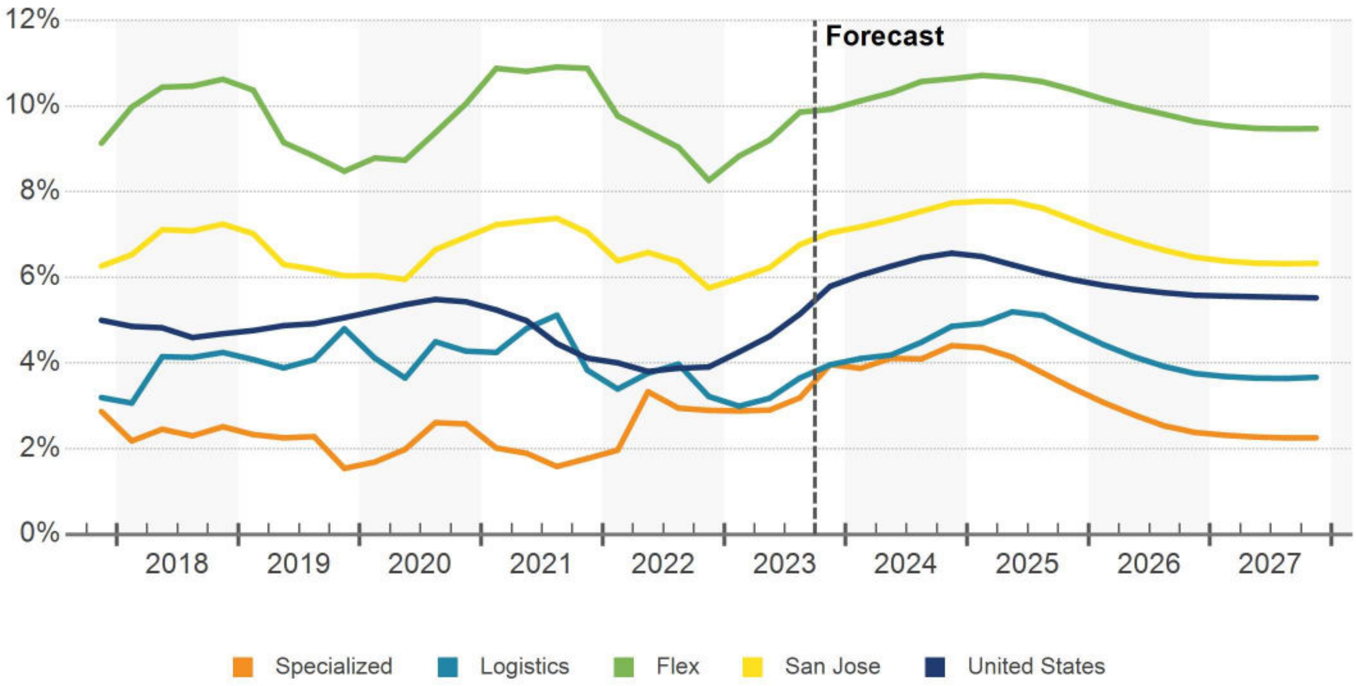
Large lease signings in traditional logistics properties have been rare in recent quarters, but that is also a reflection of an extremely low level of available space. In fact, there are only four existing logistics properties in the entire market currently listing more than 100,000 SF of available space. 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. One of these properties, a 1 million-SF distribution center in Hollister, was preleased by Amazon in August. This deal is a reminder that, although Amazon is in a period of consolidation rather than expansion, it will still move to lock in well-positioned properties in supply-constrained markets.

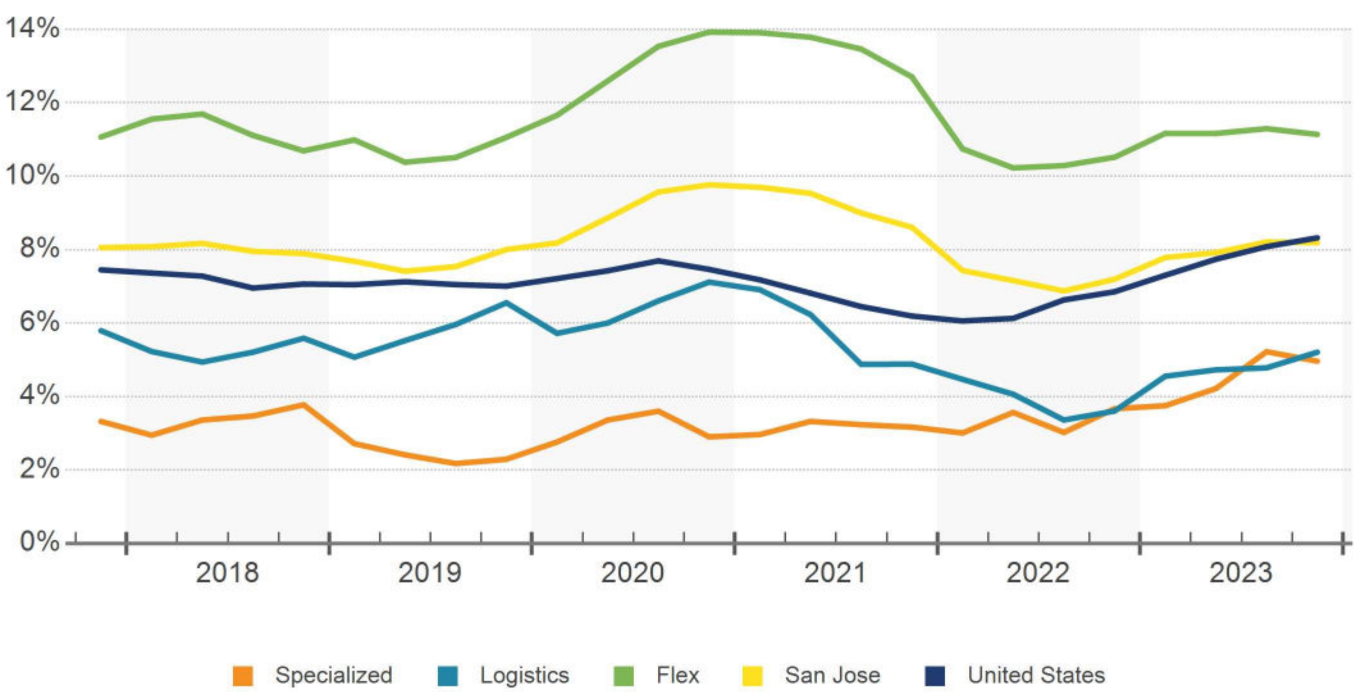
NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



AVAILABILITY RATE



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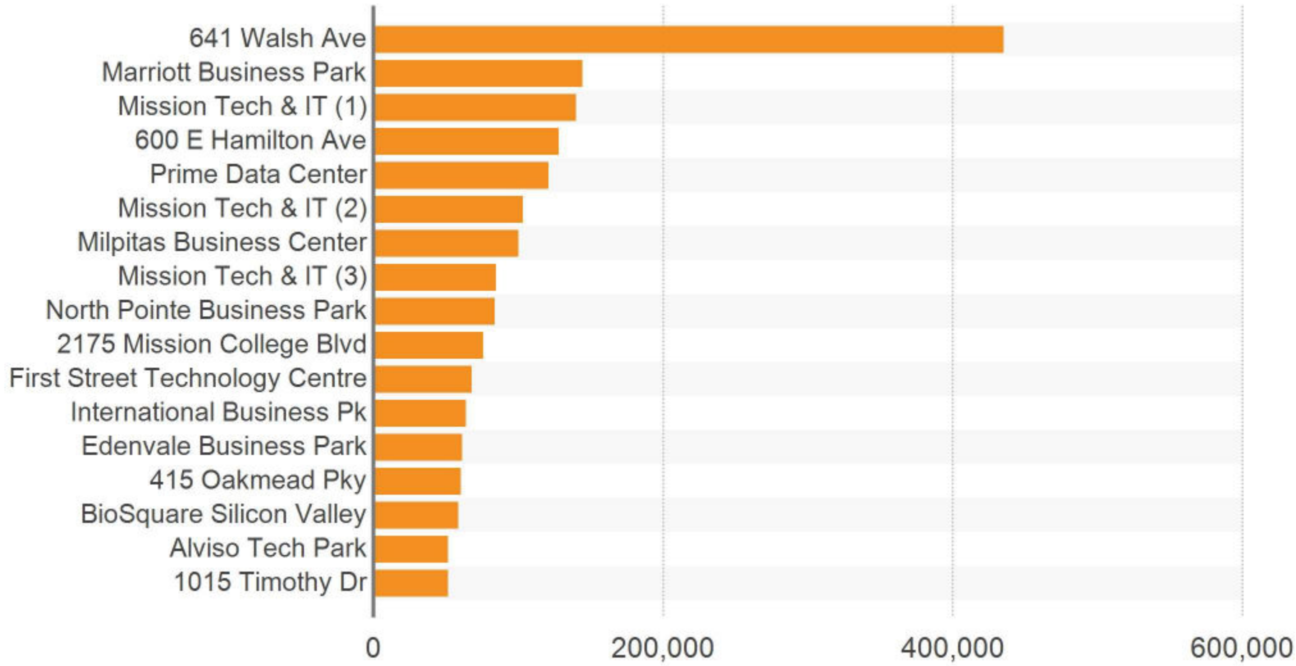
12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
641 Walsh Ave	Central Santa Clara	435,000	0	0	0	435,000	0	435,000
Marriott Business Park	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
600 E Hamilton Ave	Campbell	156,572	0	0	0	0	130,794	127,858
Prime Data Center	Central Santa Clara	121,000	0	0	121,000	0	0	121,000
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
Mission Tech & IT (3)	North Santa Clara	84,652	0	0	0	84,652	0	84,652
North Pointe Business Park	North San Jose	84,049	0	0	0	0	84,049	84,049
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
International Business Pk	San Jose-Berryessa	63,958	0	0	0	63,958	0	63,958
Edenvale Business Park	South San Jose	76,800	0	0	61,305	0	0	61,305
415 Oakmead Pky	Sunnyvale	60,517	0	60,517	0	0	0	60,517
BioSquare Silicon Valley	North San Jose	68,252	0	0	34,126	0	34,126	58,608
Alviso Tech Park	North San Jose	51,711	0	0	0	0	51,711	51,711
1015 Timothy Dr	San Jose-Berryessa	59,857	0	59,857	0	0	0	51,399
Subtotal Primary Competitors		**1,968,024**	**0**	**364,754**	**360,265**	**826,887**	**300,680**	**1,831,548**
Remaining San Jose Market		197,442,406	13,536,152	(912,935)	(737,490)	(1,162,823)	(354,063)	(3,042,774)
Total San Jose Market		**199,410,430**	**13,536,152**	**(548,181)**	**(377,225)**	**(335,936)**	**(53,383)**	**(1,211,227)**

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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	-	-
550-600 E Brokaw Rd	North San Jose	124,000	Q4 23	Supermicro	Colliers	-
6401 Automall Pky	Gilroy	100,479	Q3 23	Modules Inc.	-	Intero Real Estate Svc
3001 Orchard Pky *	North San Jose	97,890	Q4 22	ProteinSimple	Cushman & Wakefield	-
18225 Butterfield Blvd	Morgan Hill	85,456	Q4 23	Pinnacle	-	CBRE
746-876 S Milpitas Blvd	Milpitas	72,576	Q4 23	Valley Relocation Services	-	CBRE
1130-1170 Olinder Ct	East San Jose-Willow Glen	64,594	Q3 23	-	-	CBRE
6401 Automall Pky	Gilroy	61,538	Q3 23	Trevis Berry	-	Intero Real Estate Svc
1940 Milmont Dr	Milpitas	54,400	Q3 23	-	-	CBRE
2900 Mead Ave	Central Santa Clara	49,920	Q2 23	White Cap	-	-
600 E Hamilton Ave	Campbell	43,847	Q2 23	Campbell Bintang Badmin…	-	Newmark
1235 Elko Dr	Sunnyvale	36,036	Q1 23	Tesla, Inc.	-	-
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
825-831 S 5th St	East San Jose-Willow Glen	30,000	Q4 23	-	-	Colliers
1709 Junction Ct	North San Jose	27,981	Q3 23	Nakagawa	Colliers	CBRE
1802 Shelton Dr	San Benito County	27,000	Q4 23	-	-	Mahoney & Associates
3660 Thomas Rd	North Santa Clara	24,902	Q3 23	Anatamoge	Newmark	CBRE
222 Commercial St	Sunnyvale	24,000	Q2 23	-	-	Cushman & Wakefield
2201 Lafayette St	Central Santa Clara	24,000	Q4 23	-	-	Ritchie Commercial
111 Pullman Way	East San Jose-Willow Glen	21,551	Q2 23	-	-	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	Sciton	-	Sequoia Realty Services
556-568 S Milpitas Blvd	Milpitas	20,750	Q3 23	-	-	Newmark
404-446 S Abbott Ave	Milpitas	20,371	Q3 23	Holitna Construction, LLC	-	CBRE
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	Q3 23	Gothic Landscaping	Bishop Clancy Com…	CBRE
1919 Monterey Rd	East San Jose-Willow Glen	19,610	Q1 23	SJ Cash & Carry Inc	-	JLL
430-462 Martin Ave	Central Santa Clara	18,500	Q3 23	Max Precision Machine	Colliers	Meacham/Oppenheimer
385-395 E Taylor St	Downtown San Jose	17,500	Q4 23	-	-	Modesto Retail Group…
2202-2228 Junction Ave	North San Jose	17,500	Q1 23	-	Newmark	Colliers
2544 Leghorn St	Mountain View	16,800	Q1 23	Powerflex Solar, LLC	Colliers	Renault & Handley
8525 Forest St	Gilroy	16,000	Q2 23	Infinite Pet Life	Cushman & Wakefield	ANB Property Corporati…
1566 S 7th St	East San Jose-Willow Glen	16,000	Q2 23	-	-	Colliers
1125 Mabury Rd	San Jose-Berryessa	15,790	Q3 23	-	CBRE	CBRE
140-148 E Dana St *	Mountain View	15,732	Q2 23	Kiwi Crate, Inc.	Cushman & Wakefield	Cushman & Wakefield
6455 Automall Pky	Gilroy	14,992	Q4 23	United Rentals	-	Colliers
2114-2124 Bering Dr	North San Jose	14,000	Q4 23	-	-	Ritchie Commercial
2230 Will Wool Dr	East San Jose-Willow Glen	13,862	Q1 23	-	-	Intero Commercial

*Renewal

Industrial rent growth slowed rapidly in 2023. In the previous year, 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.

This same level of growth was seen in San Jose's logistics segment, although flex rent growth, which is subject to different demand drivers, was more modest during this period.

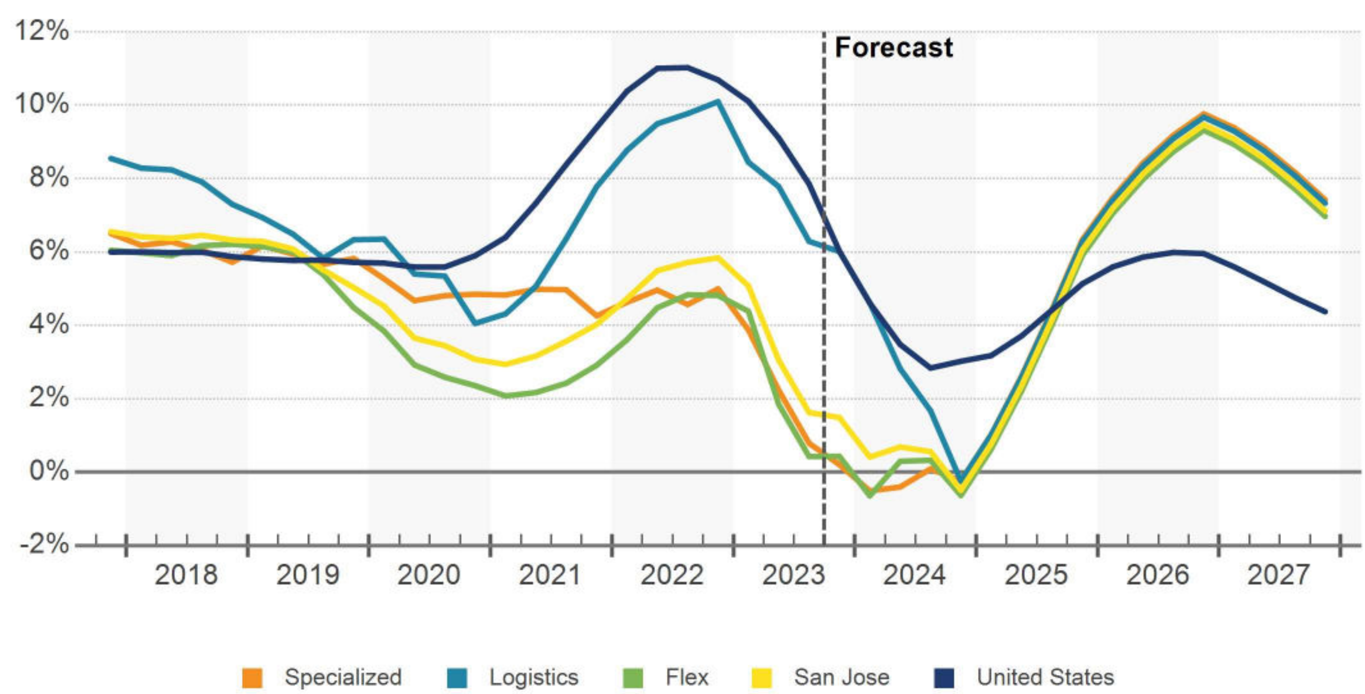
As of the fourth quarter, average asking rents in San Jose are 1.5% above where they were a year ago, and currently stand at $26.00/SF. This slower rate of growth is forecast to continue in 2024.

For both flex and logistics properties, rental rates in the San Jose market are approximately twice the national average. Having said that, rent growth is holding up much better in the logistics segment. 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 $19.50/SF, an increase of 6.0% 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 properties. This compares to the outlying areas of San Jose, which have the lowest average rents. These areas coincide with the largest inventory of distribution space in the market.

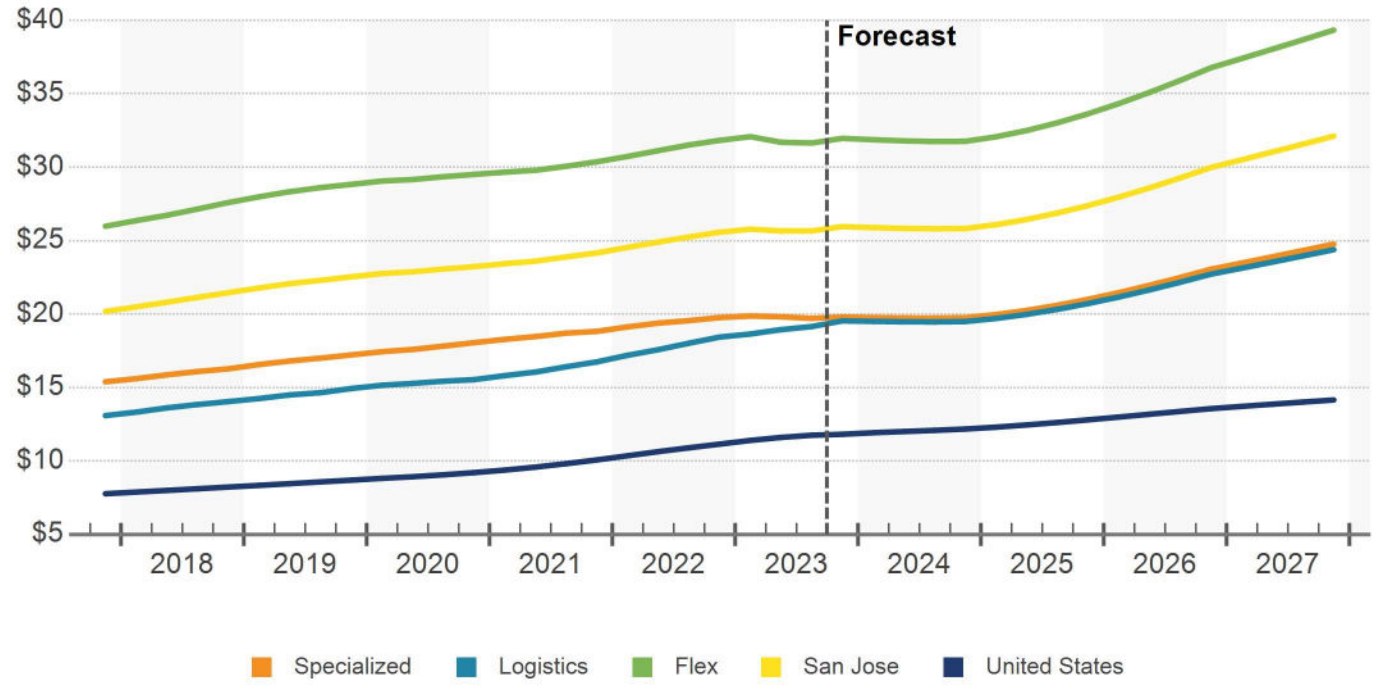
At the lower end of the rent range, in March 2023, Kellers Supply leased a 15,500-SF warehouse in North San Jose at an asking rent of $16.20/SF. By contrast, higher rents can be achieved for R&D spaces in the most sought-after locations. For instance, a 5,900-SF space at 170 S Whisman Road in Mountain View leased for $42/SF in May 2023.

MARKET RENT GROWTH (YOY)



Rent

MARKET RENT PER SQUARE FEET



Construction

In 2023, construction of new industrial buildings increased to a 20-year high. As of the fourth quarter, around 4.8 million SF of new construction is underway, which 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.

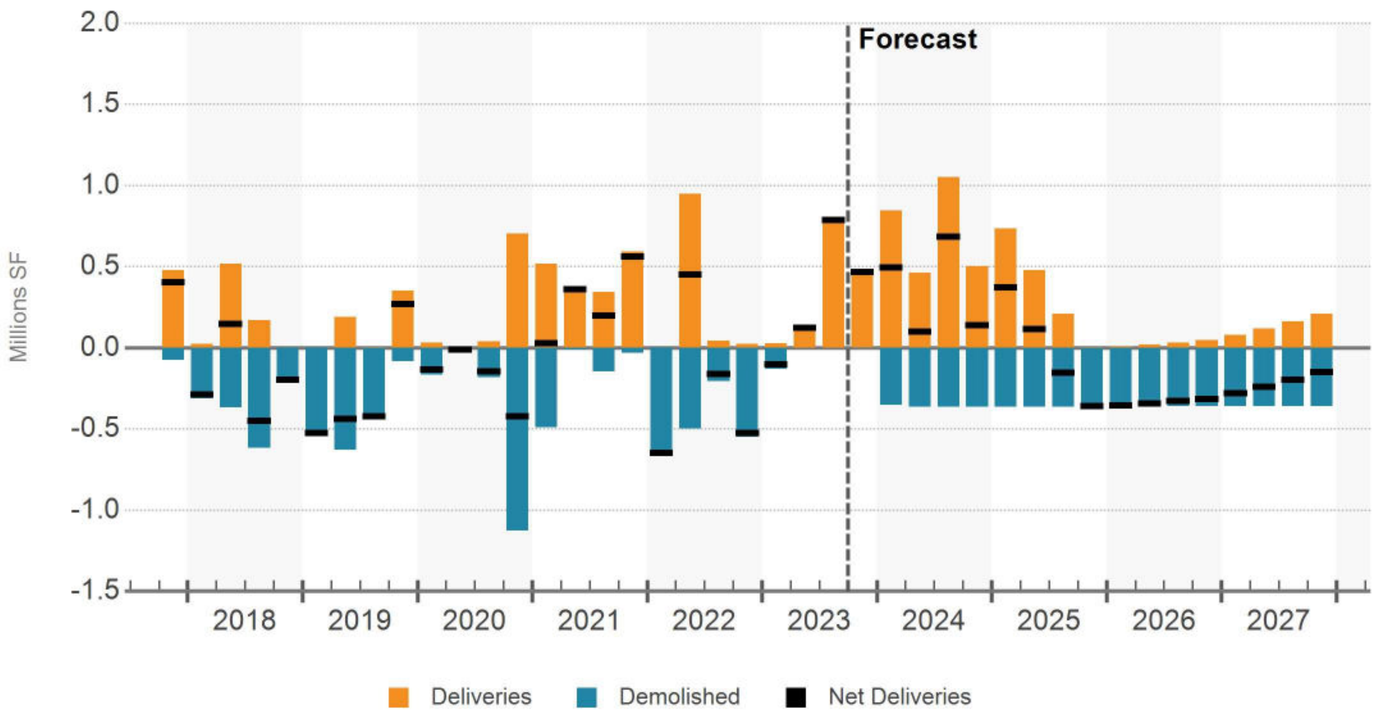
Flex space accounts for around 1.2 million SF currently under construction, with data centers accounting for most of this activity. Several of the leading owner-operators in this sector have projects under construction. This list includes Prime Data Centers, Digital Realty, Amazon, and American Tower. These projects are all located in Santa Clara, where the new deliveries will join an existing cluster of data center properties, drawn to the area by the competitive electricity pricing afforded by the city-owned utility company.

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 1.8 million SF, which equates to 3.3% of existing inventory in San Jose, compared to 2.9% nationally. The logistics properties under construction are predominantly located at the southern end of the San Jose market in Gilroy and Martinez. In August, Amazon leased the largest of these projects, a 1 million-SF distribution center in Hollister, due to open in 2024.

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 distributors wanting to build out their delivery networks are prepared to acquire sites that require substantial redevelopment.

DELIVERIES & DEMOLITIONS



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SUBMARKET CONSTRUCTION

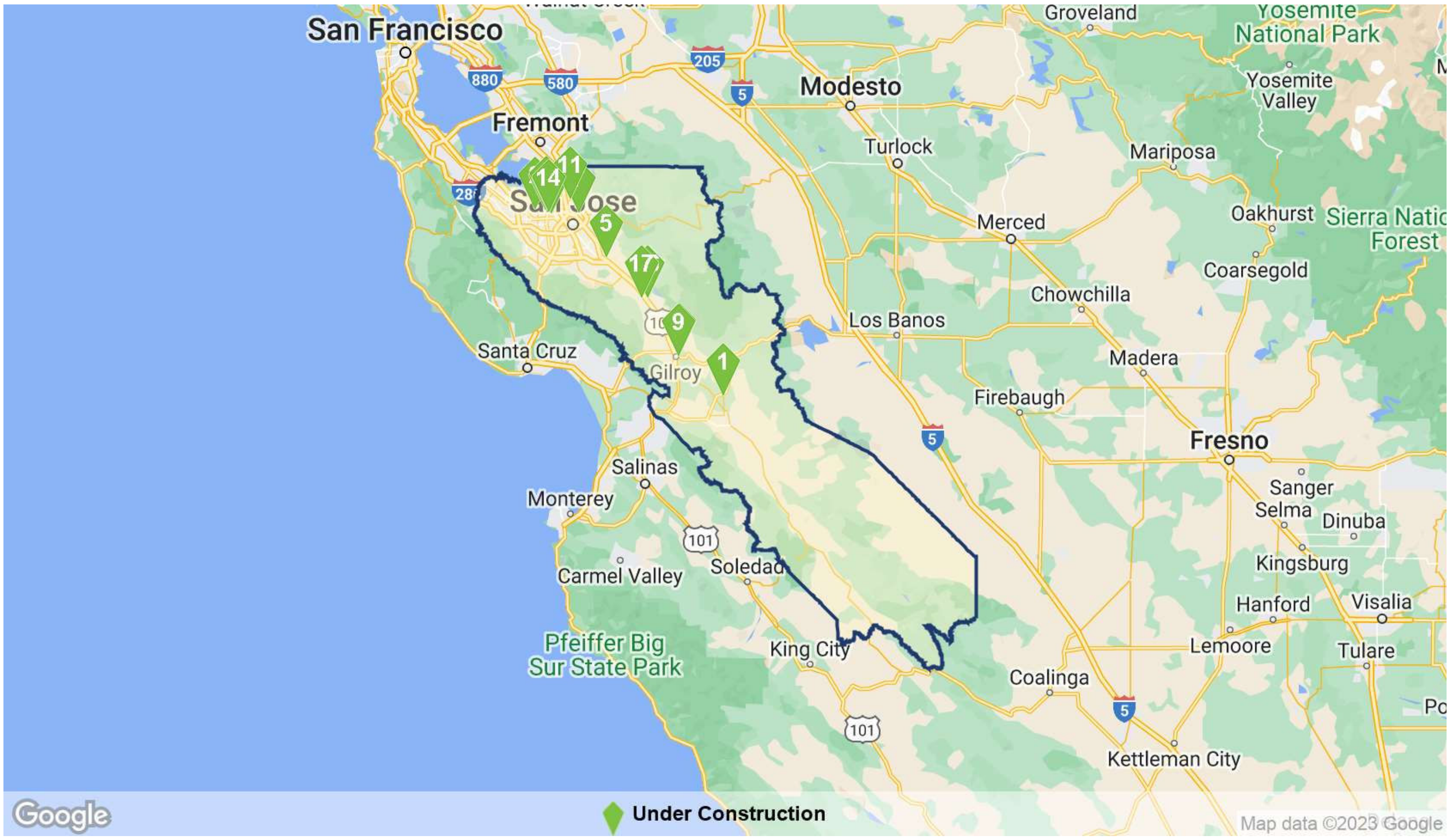
		Under Construction Inventory					Average Building Size		
No.	Submarket	Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Central Santa Clara	4	1,272	1,272	100%	1	33,565	318,097	3
2	San Benito County	1	1,050	1,050	100%	1	24,732	1,049,760	1
3	Sunnyvale	1	847	847	100%	1	32,656	847,000	2
4	Morgan Hill	6	560	60	10.7%	5	34,006	93,384	7
5	Gilroy	2	383	0	0%	6	29,025	191,283	5
6	San Jose-Berryessa	2	339	127	37.3%	4	32,536	169,692	6
7	South San Jose	1	303	0	0%	6	63,375	302,775	4
8	Campbell	0	-	-	-	-	12,535	-	-
9	Central Sunnyvale	0	-	-	-	-	-	-	-
10	Cupertino	0	-	-	-	-	42,562	-	-
	All Other	0	-	-	-		32,828	-	
	Totals	**17**	**4,754**	**3,356**	**70.6%**		**32,562**	**279,657**	

Under Construction Properties

San Jose Industrial

Properties	Square Feet	Percent of Inventory	Preleased
17	4,754,175	4.9%	70.6%

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	Skybox Data Center 1200 Memorex Dr	★★★★☆	472,920	4	Jun 2022	Jan 2024	Skybox Datacenters -
4	2590 Walsh Ave	★★★★☆	469,467	4	Aug 2022	Jan 2024	- Vantage Data Centers
5	5853 Rue Ferrari	★★★★☆	302,775	1	Aug 2023	Dec 2024	- Prologis, Inc.
6	2905 Stender Way	★★★★☆	250,000	4	Oct 2022	Mar 2024	- American Tower Corporation
7	650 N King Rd	★★★☆☆	212,683	1	Dec 2022	Jan 2024	- -

Under Construction Properties

San Jose Industrial

UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8	**Building B** 1001 Venture Way	★★★★☆	198,965	1	Feb 2023	Feb 2024	McCarthy Ranch Rockpoint
9	**Building A** 901 Venture Way	★★★★☆	183,600	1	Feb 2023	Feb 2024	- Rockpoint
10	**Building A** DuPeal Dr	★★★★☆	138,689	1	Feb 2023	Feb 2024	- Trammell Crow Company
11	**Concourse Logistics Ce…** 1953 Concourse Dr	★★★★☆	126,700	1	Jan 2023	Mar 2024	- -
12	**Building C** Half Rd	★★★★☆	121,101	1	Feb 2023	Feb 2024	- Trammell Crow Company
13	**Building B** Half Rd	★★★★☆	92,841	1	Feb 2023	Feb 2024	- Trammell Crow Company
14	**2175 Martin Ave**	★★★★☆	80,000	3	Nov 2022	Jan 2024	Prime Data Centers Prime Data Centers
15	**Building E** Depaul Dr	★★★★☆	74,006	1	Feb 2023	Feb 2024	- Trammell Crow Company
16	**Building D** Half Rd	★★★★☆	73,668	1	Feb 2023	Feb 2024	- Trammell Crow Company
17	**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 most investors remain on the sidelines in the face of high interest rates and weaker economic conditions. As of the fourth quarter, some $1.3 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 $2.7 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 $316 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 $345/SF at an 8.4% average cap rate.

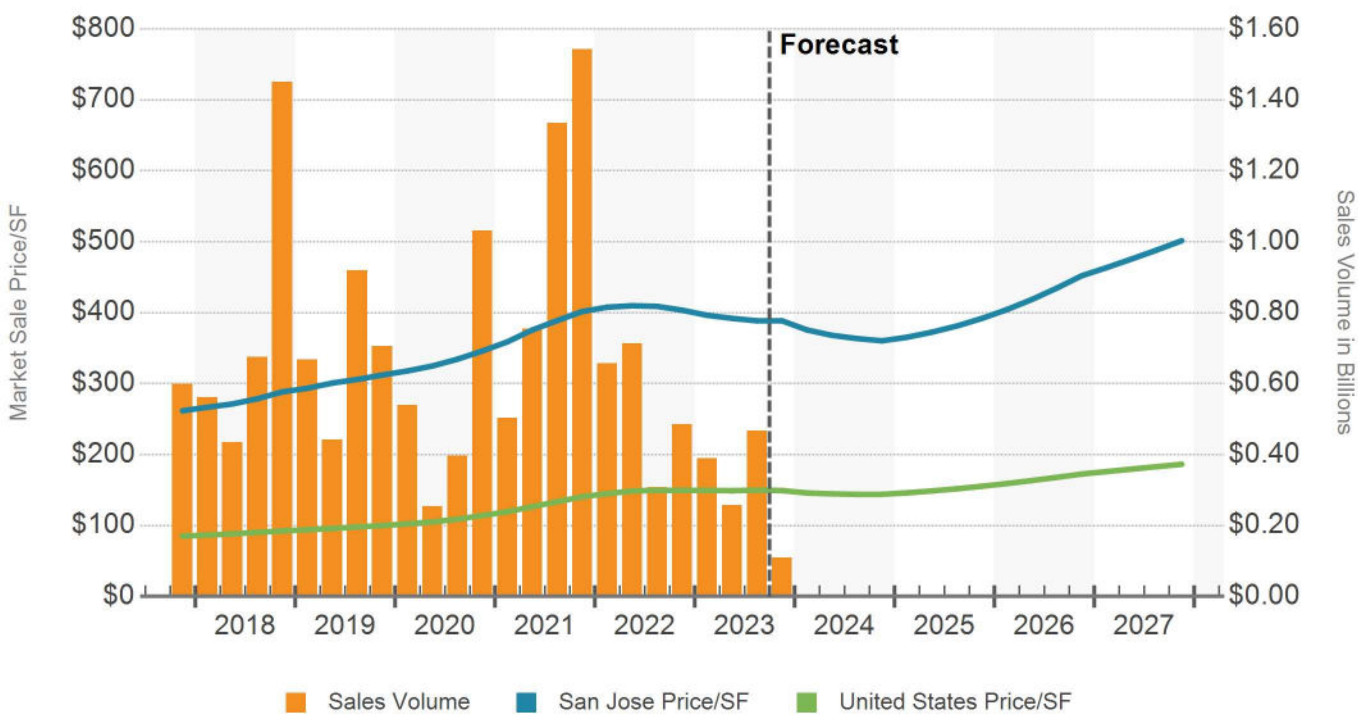
Developers have also been active, taking the opportunity to acquire sites with redevelopment or value add potential. For example, in June 2023, Fox Real Estate and Development bought the San Tomas Business Center in Los Gatos, picking up the nine-building center for $15.2 million, or $194/SF.

San Jose is one of the most expensive markets in the nation for industrial properties. The average transaction price over the past year was $360/SF, which is way above the national average at $145/SF.

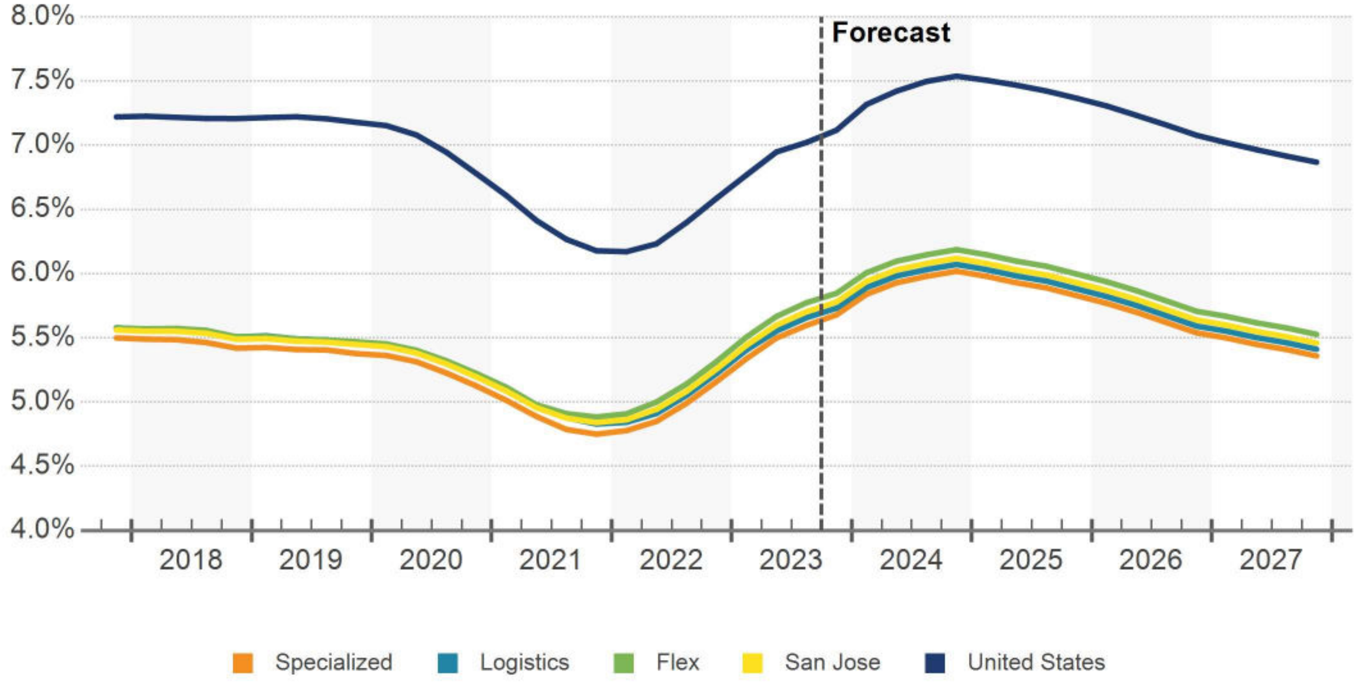
Among recent sales, in March 2023, Amazon paid $238 million for a manufacturing site at 960-980 Central Expressway in Santa Clara. Even though Amazon has slowed its distribution space expansion program nationally, it is still making select investments of attractive sites in good locations, such as this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

The most recent large sale was the sale-leaseback of the Western Digital campus in Milpitas. Blue Owl acquired the five-building portfolio for $192 million, or $327/SF, in September, with Western Digital entering into a 16-year lease.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE

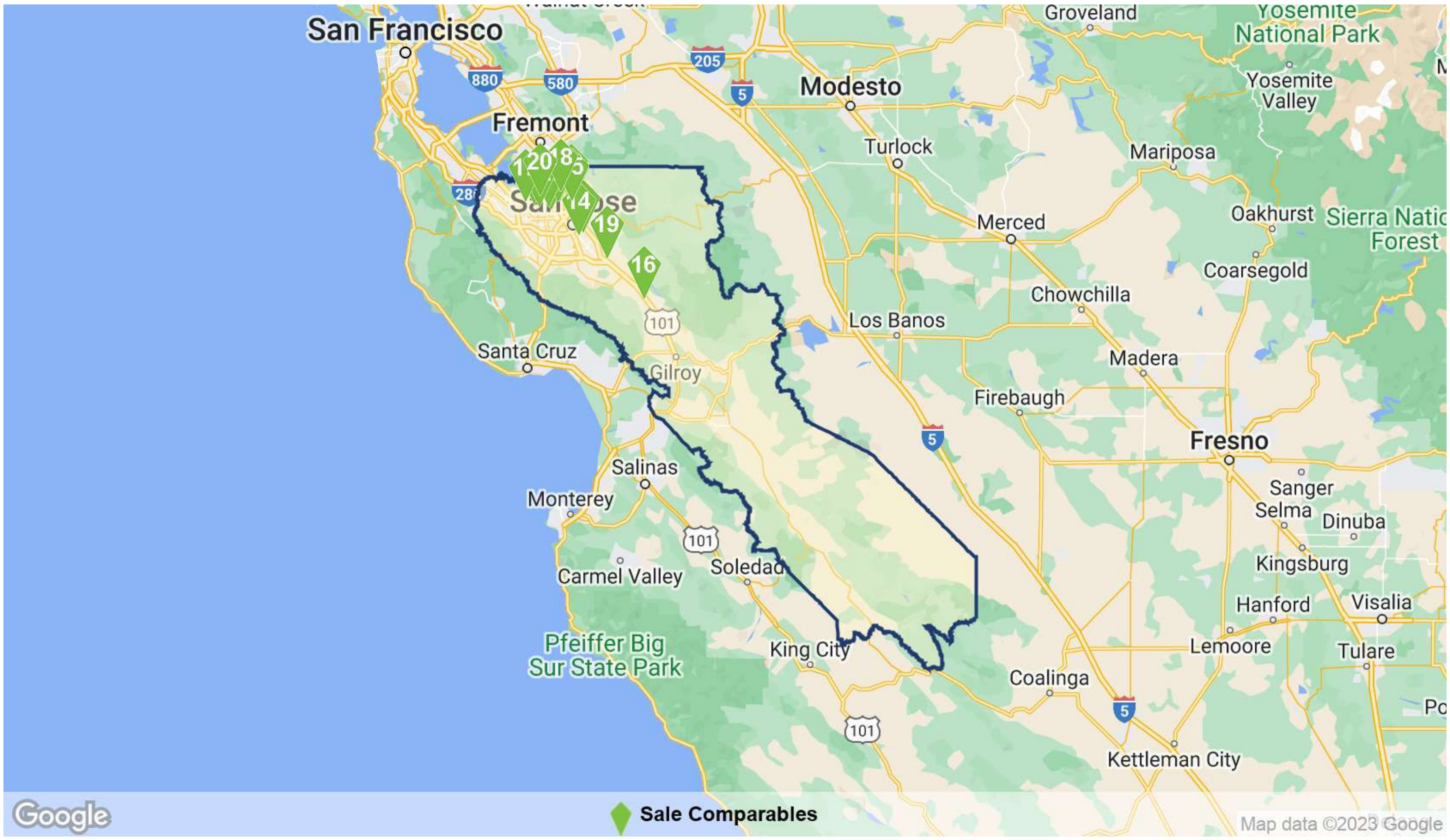


Sales Past 12 Months

San Jose Industrial

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
122	**5.5%**	**$367**	**4.3%**

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	$640,000	$14,002,775	$5,300,000	$237,761,000
Price/SF	$70	$367	$362	$3,403
Cap Rate	3.1%	5.5%	4.6%	12.7%
Time Since Sale in Months	0.6	5.9	5.2	12.0
Property Attributes	**Low**	**Average**	**Median**	**High**
Building SF	1,210	42,563	14,880	747,424
Ceiling Height	9'	17'10"	17'5"	36'
Docks	0	1	0	22
Vacancy Rate At Sale	0%	4.3%	0%	100%
Year Built	1900	1976	1978	2022
Star Rating	★☆☆☆☆	★★☆☆☆ 2.3	★★☆☆☆	★★★★☆

RECENT SIGNIFICANT SALES

		Property				Sale			
	Property Name - Address	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	951 Sandisk Dr	★★★☆☆	1992	176,516	0%	9/6/2023	$52,804,917	$299	-
4	1051 Sandisk Dr	★★★☆☆	1992	155,734	0%	9/6/2023	$44,951,981	$289	-
5	1001 Sandisk Dr	★★☆☆☆	1992	101,253	0%	9/6/2023	$41,111,243	$406	-
6	825 Stewart Dr	★★★★☆	1968	75,350	0%	8/28/2023	$41,000,000	$544	-
7	350 E Plumeria Dr	★★★☆☆	1984	142,700	0%	12/27/2022	$37,932,000	$521	-
8	1980 Senter Rd	★★★☆☆	1986	132,721	0%	6/2/2023	$37,828,500	$285	-
9	2825 N 1st St	★★★☆☆	1989	51,758	0%	10/3/2023	$34,079,000	$658	-
10	1101 Sandisk Dr	★★★☆☆	1995	94,480	0%	9/6/2023	$32,505,605	$344	-
11	Bldg A 3101 Jay St	★★★☆☆	1998	47,015	0%	8/24/2023	$32,500,000	$691	-
12	350 Cobalt Way	★★☆☆☆	1978	134,218	21.7%	1/20/2023	$31,005,000	$231	-
13	1951-1991 Tarob Ct	★★★☆☆	1984	37,336	0%	11/2/2023	$26,000,000	$696	-
14	Bldg 2 1919 Monterey Rd	★★★★☆	2001	77,310	37.4%	7/13/2023	$25,000,000	$323	-
15	2201 Qume Dr	★★★☆☆	1986	63,958	0%	9/6/2023	$24,000,000	$375	-
16	18305 Sutter Blvd	★★★☆☆	1999	73,600	0%	7/20/2023	$23,500,000	$319	-
17	880 W Maude Ave	★★★☆☆	1974	40,925	0%	6/9/2023	$23,000,000	$562	-
18	901 Sandisk Dr	★★★☆☆	1993	60,128	0%	9/6/2023	$21,076,254	$351	-
19	5891-5895 Rue Ferrari	★★★★☆	1997	76,800	0%	4/19/2023	$21,000,000	$273	-
20	1235 Elko Dr	★★☆☆☆	1967	36,036	0%	8/24/2023	$20,200,000	$561	-

Economy

As of the fourth 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 cloud computing 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 has led 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 -39,000 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, a slowing economy and 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.

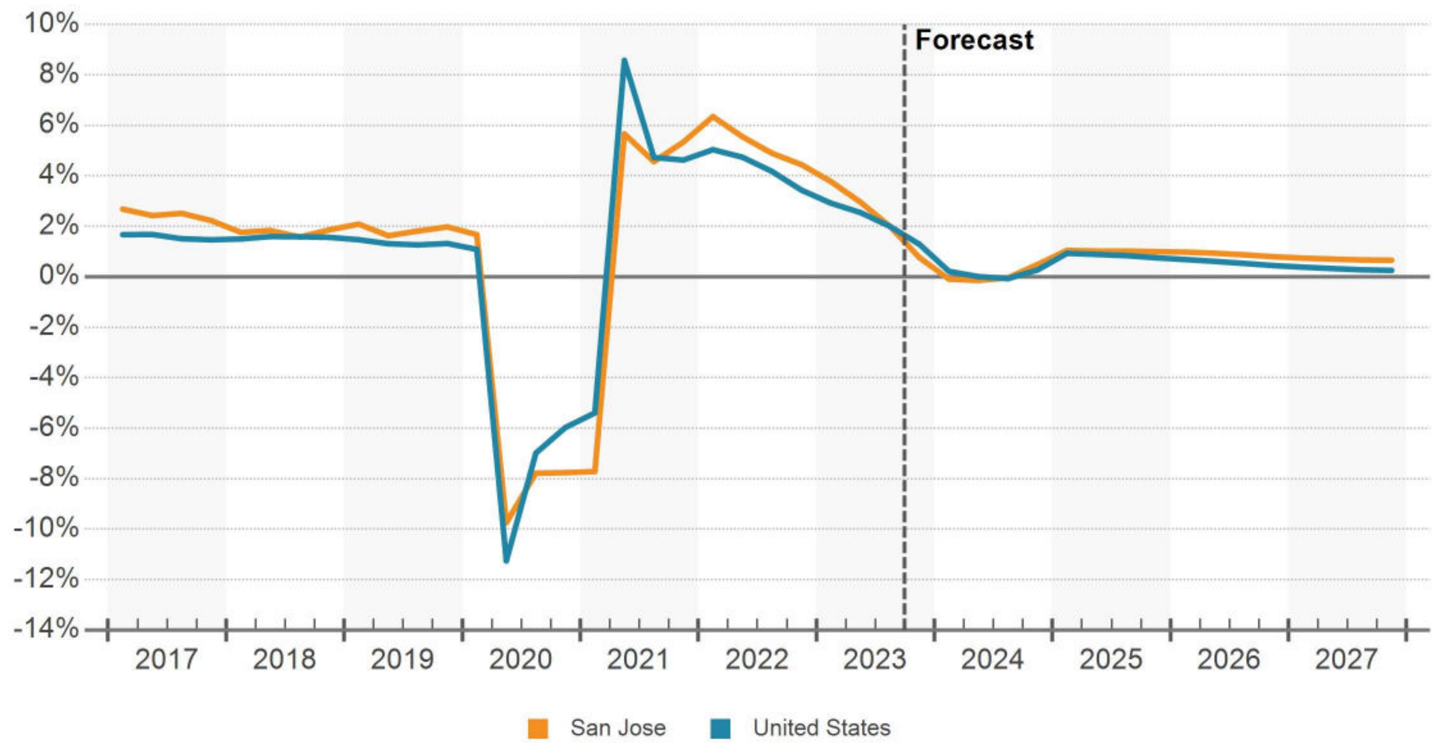
Venture capital funding to San Jose-based businesses reached a record level in 2021, but deal count and investment value have pulled back in the past year in response to higher interest rates and global economic uncertainty.

SAN JOSE EMPLOYMENT BY INDUSTRY IN THOUSANDS

	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
Industry	**Jobs**	**LQ**	**Market**	**US**	**Market**	**US**	**Market**	**US**
Manufacturing	181	1.8	-0.94%	0.06%	1.32%	0.72%	0.10%	0.07%
Trade, Transportation and Utilities	122	0.6	0.35%	0.21%	-0.91%	1.07%	-0.10%	0.14%
Retail Trade	73	0.6	-0.13%	0.47%	-1.37%	0.25%	0.00%	0.09%
Financial Activities	38	0.5	-0.68%	0.61%	1.14%	1.46%	0.14%	0.14%
Government	96	0.6	0.72%	1.61%	0.57%	0.37%	0.37%	0.40%
Natural Resources, Mining and Construction	55	0.9	-0.21%	1.58%	3.59%	2.35%	1.01%	0.27%
Education and Health Services	198	1.0	3.52%	3.16%	2.98%	1.88%	1.22%	0.66%
Professional and Business Services	257	1.5	0.33%	0.79%	2.45%	2.02%	0.61%	0.50%
Information	104	4.5	-1.96%	-2.65%	5.90%	1.11%	1.70%	0.33%
Leisure and Hospitality	107	0.8	4.93%	3.11%	1.77%	1.49%	1.41%	0.83%
Other Services	26	0.6	3.84%	1.79%	-0.04%	0.64%	0.32%	0.27%
Total Employment	**1,184**	**1.0**	**0.89%**	**1.36%**	**1.91%**	**1.31%**	**0.71%**	**0.40%**

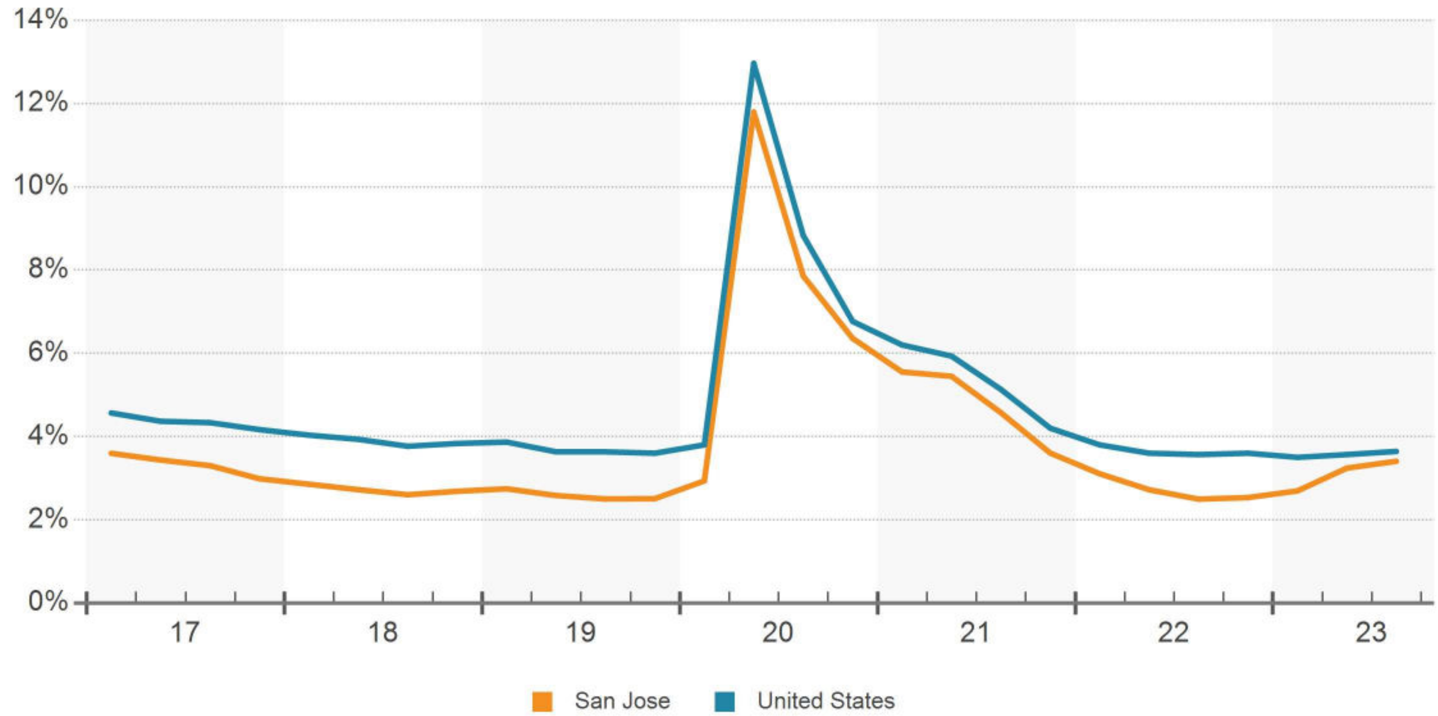
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

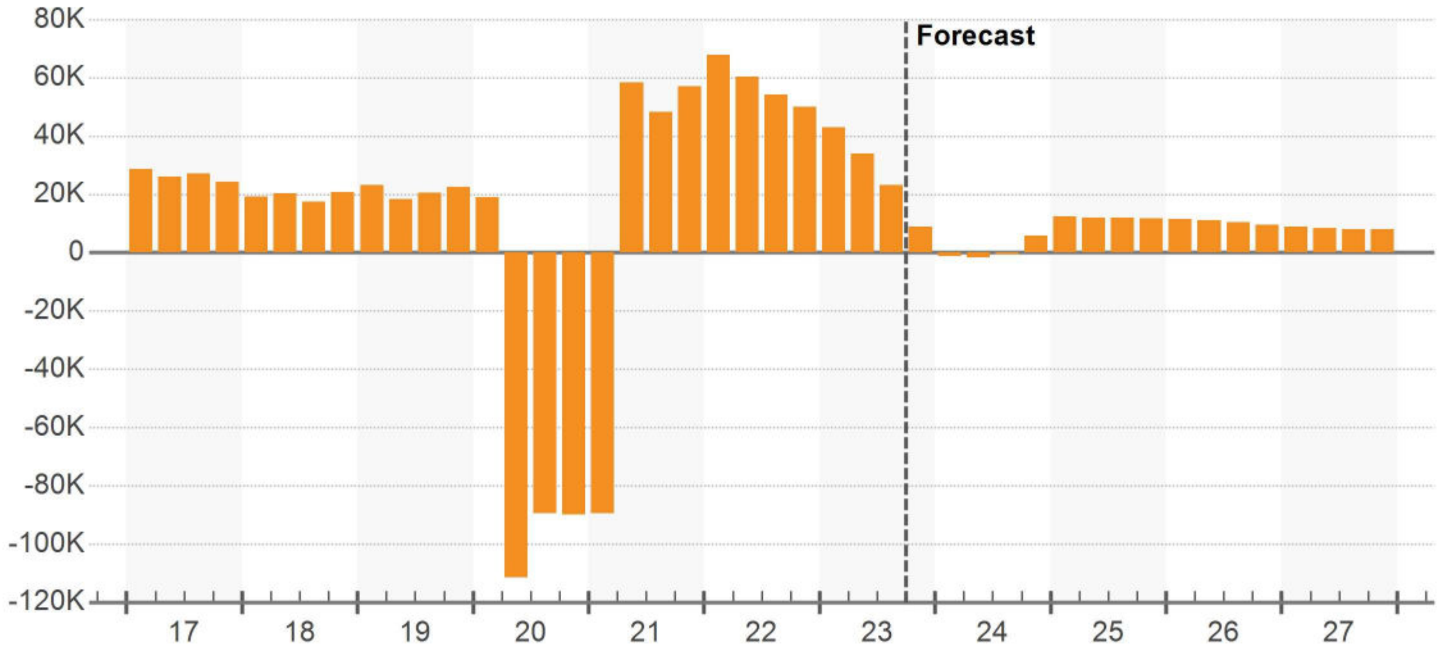


Source: Oxford Economics

UNEMPLOYMENT RATE (%)

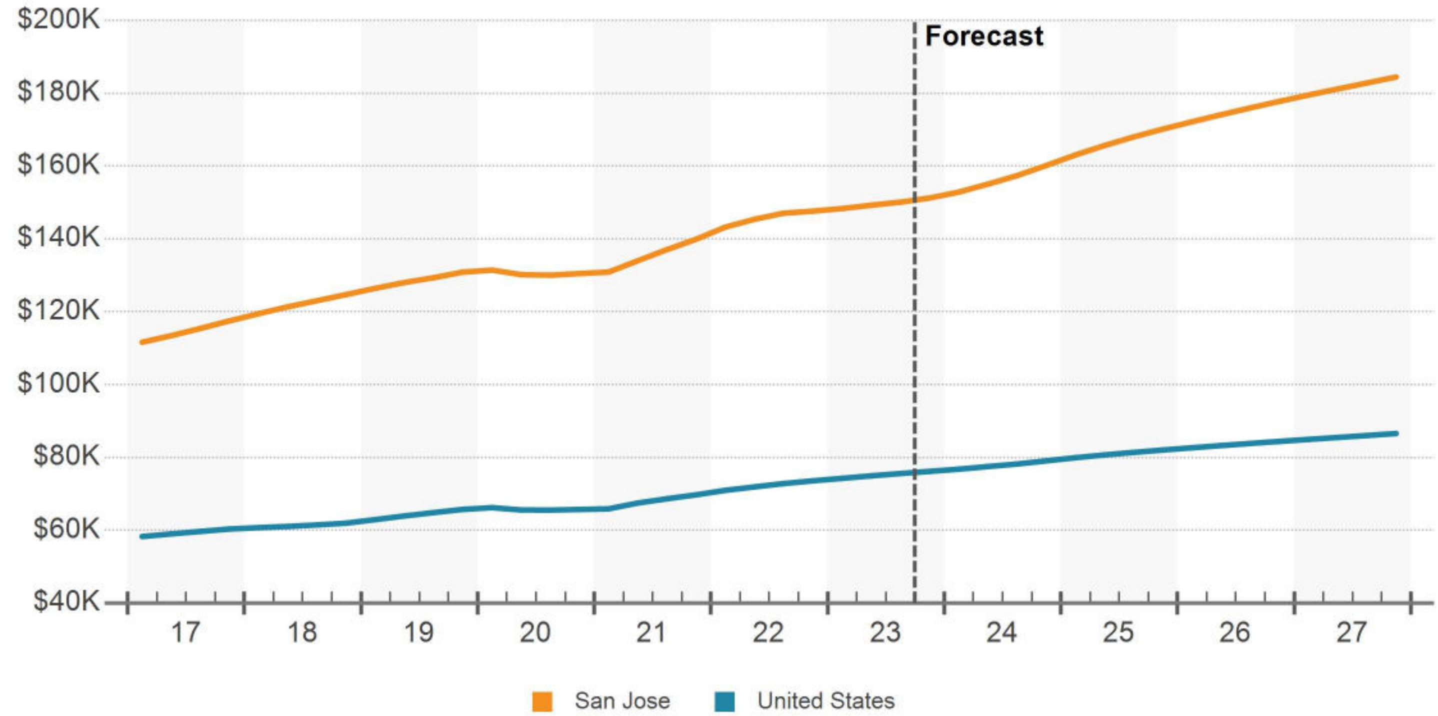


NET EMPLOYMENT CHANGE (YOY)

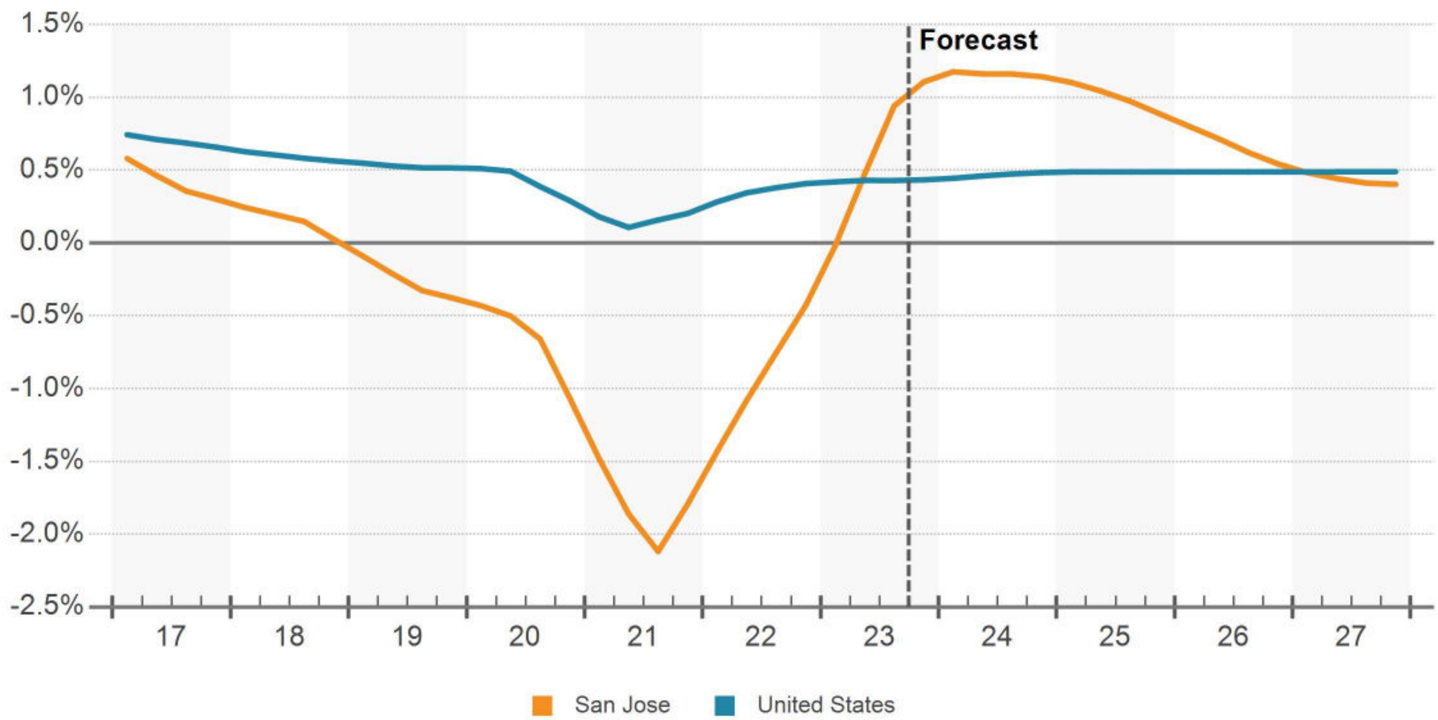


Economy

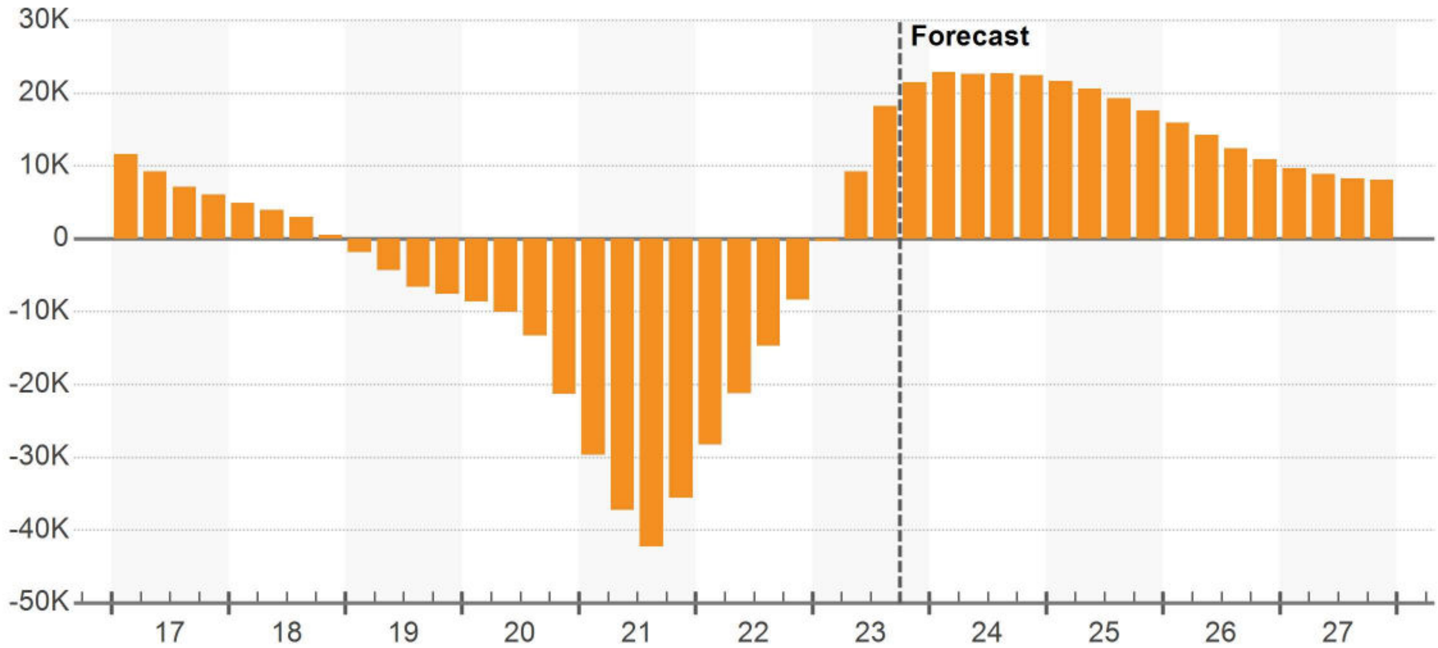
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)



DEMOGRAPHIC TRENDS

	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
Demographic Category	**Metro**	**US**	**Metro**	**US**	**Metro**	**US**	**Metro**	**US**
Population	1,961,810	335,061,719	1.1%	0.4%	0.1%	0.5%	0.7%	0.5%
Households	685,380	130,809,484	1.3%	0.6%	0.6%	0.9%	0.8%	0.6%
Median Household Income	$151,085	$76,080	2.4%	3.6%	5.1%	3.8%	4.8%	3.1%
Labor Force	1,094,874	167,575,594	1.1%	1.8%	0.9%	0.8%	0.4%	0.2%
Unemployment	3.4%	3.6%	0.9%	0%	-0.3%	-0.3%	-	-

Source: Oxford Economics

POPULATION GROWTH

LABOR FORCE GROWTH

INCOME GROWTH

Source: Oxford Economics

SAN JOSE SUBMARKETS

SUBMARKET INVENTORY

		Inventory				12 Month Deliveries				Under Construction			
No.	Submarket	Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Campbell	279	3,497	1.8%	16	1	7	0.2%	4	0	-	-	-
2	Central Santa Clara	585	19,636	9.8%	2	2	556	2.8%	1	4	1,272	6.5%	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%	23	0	0	0%	-	0	-	-	-
8	Downtown San Jose	350	3,589	1.8%	15	0	0	0%	-	0	-	-	-
9	East Arques Ave Corridor	0	-	0%	-	0	0	-	-	0	-	-	-
10	East San Jose-Willow Glen	634	15,336	7.7%	6	0	0	0%	-	0	-	-	-
11	Embarcadero/101	0	-	0%	-	0	0	-	-	0	-	-	-
12	Gilroy	240	6,966	3.5%	11	1	3	0%	5	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	32	457	0.2%	21	0	0	0%	-	0	-	-	-
16	Midtown San Jose	133	1,847	0.9%	18	0	0	0%	-	0	-	-	-
17	Milpitas	314	18,455	9.3%	3	0	0	0%	-	0	-	-	-
18	Moffett Park	78	5,882	2.9%	13	0	0	0%	-	0	-	-	-
19	Morgan Hill	226	7,685	3.9%	10	0	0	0%	-	6	560	7.3%	4
20	Mountain View	443	9,888	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	666	33,008	16.6%	1	0	0	0%	-	0	-	-	-
24	North Santa Clara	377	11,507	5.8%	7	1	353	3.1%	2	0	-	-	-
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	6,927	3.5%	12	0	0	0%	-	0	-	-	-
28	Peery Park	1	41	0%	24	0	0	0%	-	0	-	-	-
29	Plumeria Drive	0	-	0%	-	0	0	-	-	0	-	-	-
30	San Benito County	198	4,897	2.5%	14	1	20	0.4%	3	1	1,050	21.4%	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	18,220	9.1%	4	0	0	0%	-	2	339	1.9%	6
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	11,281	5.7%	8	0	0	0%	-	1	303	2.7%	7
38	South Santa Clara	31	1,139	0.6%	19	0	0	0%	-	0	-	-	-
39	Sunnyvale	478	15,609	7.8%	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%	22	0	0	0%	-	0	-	-	-

SUBMARKET RENT

		Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
No.	Submarket	Per SF	Rank	Growth	Rank	Growth	Rank
1	Campbell	$28.76	11	2.0%	10	3.6%	23
2	Central Santa Clara	$27.37	13	1.5%	14	4.9%	9
3	Central Sunnyvale	-	-	-	-	-	-
4	Cupertino	$44.44	4	0.7%	19	3.9%	21
5	De La Cruz	-	-	-	-	-	-
6	Downtown Mountain View	-	-	-	-	-	-
7	Downtown Palo Alto	$49.23	3	-3.4%	26	4.6%	13
8	Downtown San Jose	$20.48	20	2.8%	6	5.4%	4
9	East Arques Ave Corridor	-	-	-	-	-	-
10	East San Jose-Willow Glen	$19.22	23	3.9%	3	5.8%	3
11	Embarcadero/101	-	-	-	-	-	-
12	Gilroy	$14.70	25	1.8%	12	4.1%	18
13	Los Altos	$35.88	6	1.4%	15	4.8%	10
14	Los Gatos	-	-	-	-	-	-
15	Los Gatos/Saratoga	$31.37	9	1.2%	16	4.6%	11
16	Midtown San Jose	$20.22	21	2.6%	7	4.9%	8
17	Milpitas	$21.24	18	2.5%	8	5.3%	5
18	Moffett Park	$30.11	10	0.6%	21	3.3%	26
19	Morgan Hill	$18.10	24	2.1%	9	4.4%	16
20	Mountain View	$40.89	5	0.7%	20	5.1%	6
21	N. San Jose - Brokaw	-	-	-	-	-	-
22	N.E. Santa Clara	-	-	-	-	-	-
23	North San Jose	$26.06	15	1.9%	11	4.5%	14
24	North Santa Clara	$26.53	14	0.3%	25	3.8%	22
25	Oak Creek	-	-	-	-	-	-
26	Outlying Santa Clara Cnty	$19.64	22	3.7%	4	5.0%	7
27	Palo Alto	$49.80	2	0.4%	23	3.5%	24
28	Peery Park	$24.30	16	0.5%	22	4.0%	19
29	Plumeria Drive	-	-	-	-	-	-
30	San Benito County	$13.27	26	4.6%	1	6.2%	2
31	San Jose East	$51.36	1	4.1%	2	9.1%	1
32	San Jose, IBP East	-	-	-	-	-	-
33	San Jose-Berryessa	$21.02	19	1.7%	13	4.3%	17
34	Scott Blvd Corridor	-	-	-	-	-	-
35	Shoreline Corridor North	-	-	-	-	-	-
36	Shoreline Corridor South	-	-	-	-	-	-
37	South San Jose	$23.81	17	1.1%	18	3.3%	25
38	South Santa Clara	$28.01	12	2.9%	5	4.6%	12
39	Sunnyvale	$32.47	7	0.4%	24	3.9%	20
40	Sunnyvale Triangle	-	-	-	-	-	-
41	West Mountain View	-	-	-	-	-	-
42	West San Jose	$31.98	8	1.1%	17	4.5%	15

SUBMARKET VACANCY & NET ABSORPTION

		Vacancy			12 Month Absorption			
No.	Submarket	SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Campbell	64,280	1.8%	3	163,715	4.7%	3	0
2	Central Santa Clara	999,311	5.1%	8	343,351	1.7%	2	1.6
3	Central Sunnyvale	-	-	-	0	-	-	-
4	Cupertino	17,850	0.6%	1	(16,688)	-0.6%	30	-
5	De La Cruz	-	-	-	0	-	-	-
6	Downtown Mountain View	-	-	-	0	-	-	-
7	Downtown Palo Alto	9,025	18.7%	21	(5,943)	-12.3%	29	-
8	Downtown San Jose	60,994	1.7%	2	3,737	0.1%	7	-
9	East Arques Ave Corridor	-	-	-	0	-	-	-
10	East San Jose-Willow Glen	827,351	5.4%	10	(147,687)	-1.0%	37	-
11	Embarcadero/101	-	-	-	0	-	-	-
12	Gilroy	303,925	4.4%	6	(111,717)	-1.6%	35	-
13	Los Altos	-	-	-	0	0%	-	-
14	Los Gatos	-	-	-	0	-	-	-
15	Los Gatos/Saratoga	23,426	5.1%	9	11,756	2.6%	6	-
16	Midtown San Jose	89,829	4.9%	7	54,350	2.9%	5	-
17	Milpitas	1,296,845	7.0%	14	(188,871)	-1.0%	38	-
18	Moffett Park	319,087	5.4%	11	(53,761)	-0.9%	33	-
19	Morgan Hill	851,065	11.1%	19	(101,184)	-1.3%	34	-
20	Mountain View	1,104,176	11.2%	20	(504,754)	-5.1%	41	-
21	N. San Jose - Brokaw	-	-	-	0	-	-	-
22	N.E. Santa Clara	-	-	-	0	-	-	-
23	North San Jose	2,569,942	7.8%	16	(668,383)	-2.0%	42	-
24	North Santa Clara	1,128,557	9.8%	18	496,022	4.3%	1	0.7
25	Oak Creek	-	-	-	0	-	-	-
26	Outlying Santa Clara Cnty	-	-	-	0	0%	-	-
27	Palo Alto	487,471	7.0%	15	(195,094)	-2.8%	40	-
28	Peery Park	-	-	-	0	0%	-	-
29	Plumeria Drive	-	-	-	0	-	-	-
30	San Benito County	141,092	2.9%	4	(19,168)	-0.4%	31	-
31	San Jose East	-	-	-	0	0%	-	-
32	San Jose, IBP East	-	-	-	0	-	-	-
33	San Jose-Berryessa	1,036,512	5.7%	12	(194,262)	-1.1%	39	-
34	Scott Blvd Corridor	-	-	-	0	-	-	-
35	Shoreline Corridor North	-	-	-	0	-	-	-
36	Shoreline Corridor South	-	-	-	0	-	-	-
37	South San Jose	788,065	7.0%	13	94,530	0.8%	4	-
38	South Santa Clara	44,284	3.9%	5	(38,710)	-3.4%	32	-
39	Sunnyvale	1,373,065	8.8%	17	(132,467)	-0.8%	36	-
40	Sunnyvale Triangle	-	-	-	0	-	-	-
41	West Mountain View	-	-	-	0	-	-	-
42	West San Jose	-	-	-	0	0%	-	-

Supply & Demand Trends

OVERALL SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	199,037,000	(870,893)	-0.4%	(523,942)	-0.3%	-
2026	199,907,893	(1,344,159)	-0.7%	508,403	0.3%	-
2025	201,252,052	(33,628)	0%	777,314	0.4%	-
2024	201,285,680	1,413,030	0.7%	(72,540)	0%	-
2023	199,872,650	1,273,553	0.6%	(1,373,769)	-0.7%	-
YTD	199,399,730	800,633	0.4%	(1,311,845)	-0.7%	-
2022	198,599,097	(884,193)	-0.4%	1,823,259	0.9%	-
2021	199,483,290	1,146,161	0.6%	777,630	0.4%	1.5
2020	198,337,129	(717,533)	-0.4%	(2,462,403)	-1.2%	-
2019	199,054,662	(1,120,395)	-0.6%	1,363,444	0.7%	-
2018	200,175,057	(791,029)	-0.4%	(2,688,686)	-1.3%	-
2017	200,966,086	429,676	0.2%	445,376	0.2%	1.0
2016	200,536,410	(2,409,409)	-1.2%	(736,077)	-0.4%	-
2015	202,945,819	(2,086,163)	-1.0%	(22,957)	0%	-
2014	205,031,982	(3,888,714)	-1.9%	1,691,824	0.8%	-
2013	208,920,696	(2,892,784)	-1.4%	(3,811,493)	-1.8%	-
2012	211,813,480	(4,775,302)	-2.2%	(3,167,831)	-1.5%	-
2011	216,588,782	(3,016,100)	-1.4%	884,559	0.4%	-

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	43,165,216	(107,854)	-0.2%	(47,308)	-0.1%	-
2026	43,273,070	(254,339)	-0.6%	202,337	0.5%	-
2025	43,527,409	493,657	1.1%	910,303	2.1%	0.5
2024	43,033,752	229,306	0.5%	33,603	0.1%	6.8
2023	42,804,446	479,922	1.1%	8,976	0%	53.5
YTD	42,331,526	7,002	0%	(99,531)	-0.2%	-
2022	42,324,524	167,458	0.4%	(311,025)	-0.7%	-
2021	42,157,066	214,120	0.5%	549,042	1.3%	0.4
2020	41,942,946	113,311	0.3%	(324,415)	-0.8%	-
2019	41,829,635	(98,464)	-0.2%	310,518	0.7%	-
2018	41,928,099	(270,385)	-0.6%	(113,438)	-0.3%	-
2017	42,198,484	(644,128)	-1.5%	(330,568)	-0.8%	-
2016	42,842,612	(450,270)	-1.0%	(674,511)	-1.6%	-
2015	43,292,882	(110,760)	-0.3%	(237,599)	-0.5%	-
2014	43,403,642	(677,018)	-1.5%	(117,349)	-0.3%	-
2013	44,080,660	(387,164)	-0.9%	(239,136)	-0.5%	-
2012	44,467,824	(302,298)	-0.7%	(371,911)	-0.8%	-
2011	44,770,122	(249,609)	-0.6%	(131,014)	-0.3%	-

LOGISTICS SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	54,223,796	(189,870)	-0.3%	(131,303)	-0.2%	-
2026	54,413,666	(375,217)	-0.7%	190,910	0.4%	-
2025	54,788,883	95,169	0.2%	148,496	0.3%	0.6
2024	54,693,714	832,796	1.5%	313,195	0.6%	2.7
2023	53,860,918	(6,000)	0%	(404,950)	-0.8%	-
YTD	53,860,918	(6,000)	0%	(343,035)	-0.6%	-
2022	53,866,918	(64,572)	-0.1%	269,074	0.5%	-
2021	53,931,490	1,270,419	2.4%	1,455,824	2.7%	0.9
2020	52,661,071	(572,923)	-1.1%	(270,516)	-0.5%	-
2019	53,233,994	444,284	0.8%	130,633	0.2%	3.4
2018	52,789,710	235,912	0.4%	(327,661)	-0.6%	-
2017	52,553,798	472,237	0.9%	(481,745)	-0.9%	-
2016	52,081,561	(643,508)	-1.2%	1,316,177	2.5%	-
2015	52,725,069	(483,384)	-0.9%	(93,754)	-0.2%	-
2014	53,208,453	(297,991)	-0.6%	876,440	1.6%	-
2013	53,506,444	(610,953)	-1.1%	(942,467)	-1.8%	-
2012	54,117,397	(1,891,964)	-3.4%	(1,891,645)	-3.5%	-
2011	56,009,361	(1,438,983)	-2.5%	499,443	0.9%	-

FLEX SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	101,647,988	(573,169)	-0.6%	(345,331)	-0.3%	-
2026	102,221,157	(714,603)	-0.7%	115,156	0.1%	-
2025	102,935,760	(622,454)	-0.6%	(281,485)	-0.3%	-
2024	103,558,214	350,928	0.3%	(419,338)	-0.4%	-
2023	103,207,286	799,631	0.8%	(977,795)	-0.9%	-
YTD	103,207,286	799,631	0.8%	(869,279)	-0.8%	-
2022	102,407,655	(987,079)	-1.0%	1,865,210	1.8%	-
2021	103,394,734	(338,378)	-0.3%	(1,227,236)	-1.2%	-
2020	103,733,112	(257,921)	-0.2%	(1,867,472)	-1.8%	-
2019	103,991,033	(1,466,215)	-1.4%	922,293	0.9%	-
2018	105,457,248	(756,556)	-0.7%	(2,247,587)	-2.1%	-
2017	106,213,804	601,567	0.6%	1,257,689	1.2%	0.5
2016	105,612,237	(1,315,631)	-1.2%	(1,377,743)	-1.3%	-
2015	106,927,868	(1,492,019)	-1.4%	308,396	0.3%	-
2014	108,419,887	(2,913,705)	-2.6%	932,733	0.9%	-
2013	111,333,592	(1,894,667)	-1.7%	(2,629,890)	-2.4%	-
2012	113,228,259	(2,581,040)	-2.2%	(904,275)	-0.8%	-
2011	115,809,299	(1,327,508)	-1.1%	516,130	0.4%	-

OVERALL RENT & VACANCY

	Market Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	$32.11	258	7.1%	25.6%	12,590,686	6.3%	-0.1%
2026	$29.98	241	9.5%	17.2%	12,927,886	6.5%	-0.9%
2025	$27.39	220	6.1%	7.1%	14,767,009	7.3%	-0.4%
2024	$25.83	207	-0.5%	1.0%	15,565,608	7.7%	0.7%
2023	$25.95	208	1.5%	1.5%	14,068,116	7.0%	1.3%
YTD	$25.91	208	1.5%	1.3%	13,533,272	6.8%	1.0%
2022	$25.57	205	5.8%	0%	11,420,794	5.8%	-1.3%
2021	$24.16	194	4.0%	-5.5%	14,061,724	7.0%	0.1%
2020	$23.23	187	3.1%	-9.2%	13,759,715	6.9%	0.9%
2019	$22.54	181	5.0%	-11.9%	12,014,845	6.0%	-1.2%
2018	$21.46	172	6.3%	-16.1%	14,498,684	7.2%	1.0%
2017	$20.18	162	6.6%	-21.1%	12,587,648	6.3%	0%
2016	$18.94	152	8.5%	-25.9%	12,466,907	6.2%	-0.8%
2015	$17.46	140	10.4%	-31.7%	14,140,239	7.0%	-0.9%
2014	$15.82	127	10.1%	-38.1%	16,049,358	7.8%	-2.5%
2013	$14.37	115	8.9%	-43.8%	21,605,867	10.3%	0.6%
2012	$13.20	106	8.1%	-48.4%	20,687,158	9.8%	-0.5%
2011	$12.20	98	5.7%	-52.3%	22,294,629	10.3%	-1.6%

SPECIALIZED INDUSTRIAL RENT & VACANCY

	Market Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	$24.77	239	7.4%	25.3%	973,760	2.3%	-0.1%
2026	$23.05	222	9.8%	16.7%	1,030,669	2.4%	-1.0%
2025	$21	202	6.3%	6.3%	1,483,371	3.4%	-1.0%
2024	$19.75	190	-0.2%	0%	1,895,927	4.4%	0.4%
2023	$19.80	191	0.2%	0.2%	1,696,430	4.0%	1.1%
YTD	$19.79	191	0.3%	0.1%	1,332,017	3.1%	0.3%
2022	$19.76	190	5.0%	0%	1,225,484	2.9%	1.1%
2021	$18.82	181	4.3%	-4.8%	747,001	1.8%	-0.8%
2020	$18.05	174	4.8%	-8.6%	1,081,923	2.6%	1.0%
2019	$17.22	166	5.8%	-12.9%	644,197	1.5%	-1.0%
2018	$16.27	157	5.7%	-17.7%	1,053,179	2.5%	-0.4%
2017	$15.39	148	6.5%	-22.1%	1,210,126	2.9%	-0.3%
2016	$14.45	139	8.2%	-26.9%	1,373,866	3.2%	0.6%
2015	$13.35	129	9.0%	-32.4%	1,149,625	2.7%	0.3%
2014	$12.25	118	8.0%	-38.0%	1,022,786	2.4%	-1.2%
2013	$11.35	109	6.5%	-42.6%	1,558,426	3.5%	-0.3%
2012	$10.66	103	5.3%	-46.1%	1,706,454	3.8%	0.2%
2011	$10.12	98	2.7%	-48.8%	1,636,841	3.7%	-0.2%

LOGISTICS RENT & VACANCY

	Market Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	$24.38	306	7.3%	32.3%	1,988,067	3.7%	-0.1%
2026	$22.72	285	9.7%	23.2%	2,043,754	3.8%	-1.0%
2025	$20.71	260	6.3%	12.4%	2,606,286	4.8%	-0.1%
2024	$19.49	245	-0.2%	5.8%	2,655,984	4.9%	0.9%
2023	$19.54	245	6.0%	6.0%	2,132,828	4.0%	0.7%
YTD	$19.48	244	6.0%	5.7%	2,070,913	3.8%	0.6%
2022	$18.43	231	10.1%	0%	1,733,878	3.2%	-0.6%
2021	$16.74	210	7.8%	-9.2%	2,067,524	3.8%	-0.4%
2020	$15.53	195	4.1%	-15.7%	2,252,929	4.3%	-0.5%
2019	$14.93	187	6.3%	-19.0%	2,555,336	4.8%	0.6%
2018	$14.04	176	7.3%	-23.8%	2,241,685	4.2%	1.1%
2017	$13.09	164	8.5%	-29.0%	1,678,112	3.2%	1.8%
2016	$12.06	151	10.0%	-34.6%	724,130	1.4%	-3.7%
2015	$10.96	138	11.2%	-40.5%	2,683,815	5.1%	-0.7%
2014	$9.86	124	9.7%	-46.5%	3,073,445	5.8%	-2.2%
2013	$8.98	113	7.7%	-51.3%	4,247,876	7.9%	0.7%
2012	$8.34	105	5.7%	-54.7%	3,916,362	7.2%	0.2%
2011	$7.89	99	3.7%	-57.2%	3,916,681	7.0%	-3.2%

FLEX RENT & VACANCY

	Market Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	$39.33	250	7.0%	23.6%	9,628,859	9.5%	-0.2%
2026	$36.77	234	9.3%	15.5%	9,853,463	9.6%	-0.7%
2025	$33.64	214	5.9%	5.7%	10,677,352	10.4%	-0.3%
2024	$31.76	202	-0.6%	-0.2%	11,013,697	10.6%	0.7%
2023	$31.96	203	0.4%	0.4%	10,238,858	9.9%	1.7%
YTD	$31.92	203	0.4%	0.3%	10,130,342	9.8%	1.6%
2022	$31.83	203	4.8%	0%	8,461,432	8.3%	-2.6%
2021	$30.37	193	2.9%	-4.6%	11,247,199	10.9%	0.8%
2020	$29.51	188	2.4%	-7.3%	10,424,863	10.0%	1.6%
2019	$28.83	183	4.5%	-9.4%	8,815,312	8.5%	-2.1%
2018	$27.59	176	6.2%	-13.3%	11,203,820	10.6%	1.5%
2017	$25.98	165	6.0%	-18.4%	9,699,410	9.1%	-0.7%
2016	$24.50	156	8.2%	-23.0%	10,368,911	9.8%	0.2%
2015	$22.65	144	10.5%	-28.8%	10,306,799	9.6%	-1.4%
2014	$20.49	130	10.7%	-35.6%	11,953,127	11.0%	-3.2%
2013	$18.51	118	9.9%	-41.8%	15,799,565	14.2%	0.9%
2012	$16.85	107	9.6%	-47.1%	15,064,342	13.3%	-1.2%
2011	$15.37	98	7.1%	-51.7%	16,741,107	14.5%	-1.4%

OVERALL SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	$501.40	385	5.5%
2026	-	-	-	-	-	-	$452.06	347	5.6%
2025	-	-	-	-	-	-	$391.92	301	5.9%
2024	-	-	-	-	-	-	$360.32	277	6.1%
2023	-	-	-	-	-	-	$388.55	299	5.8%
YTD	115	$1.2B	2.1%	$12,359,077	$361.03	5.5%	$394.43	303	5.7%
2022	293	$2.2B	5.3%	$11,147,572	$344.03	5.0%	$403.50	310	5.3%
2021	280	$4.1B	6.0%	$15,482,704	$384.15	4.8%	$401.65	309	4.8%
2020	220	$2.2B	3.7%	$11,152,390	$329.97	5.4%	$345.98	266	5.2%
2019	312	$2.7B	5.4%	$14,232,354	$303.28	6.0%	$312.18	240	5.4%
2018	342	$3.1B	5.8%	$14,657,001	$329.81	5.9%	$288.47	222	5.5%
2017	423	$2.7B	6.3%	$10,265,388	$257.79	6.0%	$261.74	201	5.6%
2016	409	$2.6B	5.9%	$9,060,873	$267.38	6.0%	$248.59	191	5.4%
2015	498	$3.1B	8.0%	$8,092,286	$224.65	6.0%	$225.08	173	5.5%
2014	455	$2.8B	6.8%	$7,127,711	$215.07	6.7%	$190.16	146	6.0%
2013	431	$2.4B	6.9%	$7,822,302	$198.42	7.0%	$162.06	125	6.4%
2012	528	$1.5B	8.9%	$5,828,534	$157	7.1%	$144.58	111	6.8%

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SPECIALIZED INDUSTRIAL SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	$469.90	405	5.4%
2026	-	-	-	-	-	-	$422.32	364	5.5%
2025	-	-	-	-	-	-	$364.83	315	5.8%
2024	-	-	-	-	-	-	$334.42	288	6.0%
2023	-	-	-	-	-	-	$360.46	311	5.7%
YTD	34	$400.3M	4.1%	$14,827,214	$344.36	7.5%	$366.41	316	5.6%
2022	80	$507.7M	5.2%	$7,577,728	$305.80	5.4%	$374.15	323	5.2%
2021	70	$1.1B	5.2%	$15,881,521	$506.82	4.3%	$373.44	322	4.8%
2020	54	$316M	3.4%	$6,449,561	$225.70	6.1%	$318.30	275	5.1%
2019	106	$393M	6.2%	$7,415,153	$173.98	5.0%	$286.40	247	5.4%
2018	113	$281.8M	5.2%	$6,552,817	$255.85	5.2%	$263.42	227	5.4%
2017	145	$410.1M	6.4%	$7,595,195	$251.40	6.1%	$236.95	204	5.5%
2016	127	$178.9M	3.5%	$3,374,911	$175.13	6.3%	$222.50	192	5.4%
2015	134	$359.5M	6.2%	$4,180,128	$159.02	5.5%	$199.74	172	5.5%
2014	103	$201.7M	4.6%	$2,653,862	$113.19	6.0%	$168.59	145	6.0%
2013	94	$173.9M	3.8%	$2,946,702	$126.27	7.3%	$143.25	124	6.4%
2012	128	$133.7M	6.1%	$2,386,618	$102.23	6.5%	$127.80	110	6.8%

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LOGISTICS SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	$407.55	399	5.4%
2026	-	-	-	-	-	-	$366.65	359	5.6%
2025	-	-	-	-	-	-	$317.15	310	5.9%
2024	-	-	-	-	-	-	$290.93	285	6.1%
2023	-	-	-	-	-	-	$313.13	306	5.7%
YTD	35	$181.5M	1.3%	$6,260,303	$348.94	4.1%	$317.49	311	5.7%
2022	70	$374.5M	4.9%	$7,342,186	$309.18	4.8%	$322.41	315	5.2%
2021	61	$704.6M	3.8%	$11,742,893	$347.91	4.1%	$318.56	312	4.8%
2020	63	$277M	2.3%	$4,946,056	$303.63	5.3%	$272.08	266	5.2%
2019	83	$317.3M	4.0%	$7,933,285	$226.93	5.9%	$244.54	239	5.5%
2018	89	$267.5M	2.9%	$5,943,987	$263.25	4.6%	$225.89	221	5.5%
2017	107	$336.1M	4.3%	$5,896,433	$209.07	6.0%	$205.24	201	5.6%
2016	93	$265.7M	4.9%	$3,639,462	$172.30	5.5%	$192.70	189	5.4%
2015	115	$425.3M	5.4%	$4,778,128	$178.20	5.7%	$175.07	171	5.5%
2014	74	$157.2M	2.9%	$2,576,517	$111.49	5.8%	$148.14	145	6.1%
2013	98	$173.1M	4.5%	$3,265,685	$105.86	7.4%	$126.32	124	6.5%
2012	132	$198.7M	5.6%	$3,425,131	$110.79	7.6%	$113.14	111	6.8%

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FLEX SALES

	Completed Transactions (1)						Market Pricing Trends (2)		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	$564.67	374	5.5%
2026	-	-	-	-	-	-	$510.10	338	5.7%
2025	-	-	-	-	-	-	$443.16	294	6.0%
2024	-	-	-	-	-	-	$408.20	270	6.2%
2023	-	-	-	-	-	-	$440.56	292	5.8%
YTD	46	$641.7M	1.8%	$14,922,444	$376.07	4.4%	$447.23	296	5.8%
2022	143	$1.3B	5.5%	$16,848,286	$374.98	5.6%	$459.06	304	5.3%
2021	149	$2.3B	7.4%	$16,909,300	$354.97	6.0%	$457.78	303	4.9%
2020	103	$1.6B	4.6%	$17,301,256	$368.49	5.0%	$397	263	5.2%
2019	123	$2B	5.9%	$20,427,044	$377.78	6.1%	$359.07	238	5.5%
2018	140	$2.6B	7.4%	$20,581,525	$350.10	6.5%	$332.35	220	5.5%
2017	171	$1.9B	7.3%	$12,975,281	$270.28	6.1%	$302.28	200	5.6%
2016	189	$2.2B	7.3%	$13,364,076	$300.85	6.0%	$289.35	192	5.4%
2015	249	$2.3B	10.0%	$11,218,057	$253.68	6.5%	$262.40	174	5.5%
2014	278	$2.4B	9.6%	$9,549,811	$248.49	7.0%	$221.63	147	6.0%
2013	239	$2.1B	9.2%	$10,494,833	$225.63	6.8%	$189.03	125	6.4%
2012	268	$1.2B	11.6%	$8,151,225	$180.99	7.0%	$168.40	112	6.8%

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