



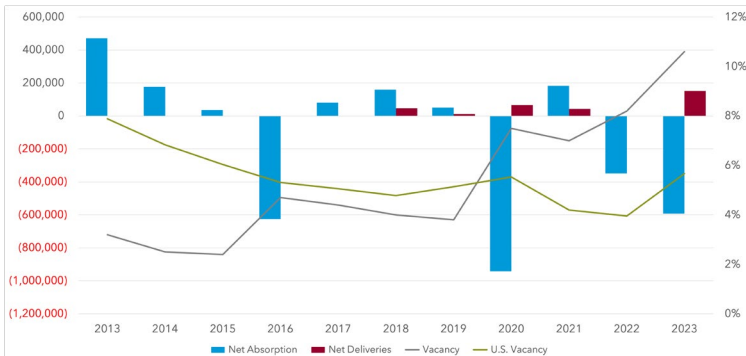
### INDUSTRIAL MARKET OVERVIEW

THOMAS NIU, *Senior Vice President*

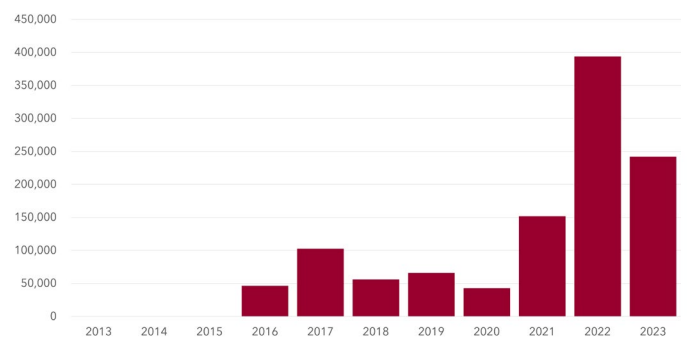
San Francisco's industrial market limped to the end of 2023 with muted leasing activity and a vacancy rate that jumped some 200 basis points. One factor is the retrenchment in tech due to both the increased cost of capital as well as the "belt-tightening" that started last year. Redevelopment of buildings into lab also abated as that industry retreated from the frenzied growth of the Covid era. The sales and investment market was quiet this quarter; a future barometer will be 1035 Howard, a vacant R&D cold-shell building recently brought to market after being purchased for \$410 PSF five years ago. Unlike the wave of defaulting properties now afflicting the office market - we are not aware of any material distressed transactions connected with industrial property.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▲ 12 Mo. Net Absorption SF	(525,875)	(584,454)	(498,923)	(428,963)	(349,234)
▲ Vacancy Rate	10.57%	9.90%	8.67%	8.99%	8.21%
▼ Avg NNN Asking Rate PSF	\$27.62	\$27.85	\$27.64	\$27.47	\$27.24
▼ SF Under Construction	242,086	393,863	393,863	393,863	393,863
▲ Inventory SF	27,924,021	27,772,244	27,772,244	27,772,244	27,772,244

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
335 Barneveld Avenue San Francisco, CA	14,961 SF	\$6,320,000 \$422.43 PSF	Sam Ye & Stella Huiping Li Trust Sharon E. Lamey Trust	Class C
1325 Egbert Avenue San Francisco, CA	6,250 SF	\$2,000,000 \$320.00 PSF	Adriam Hoffman The Arthur E. Behne 2013 Trust	Class C
235 Capitol Avenue San Francisco, CA	2,592 SF	\$1,010,000 \$389.66 PSF	Robin Jones Seosamn O'Brian	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2525-2545 16th Street San Francisco, CA	52,815 SF	Angus McCarthy	Undisclosed	Undisclosed
1575 Burke Avenue San Francisco, CA	38,811 SF	John Phelan	Keller Supply Company	Wholesaler
955-1055 Cesar Chavez Street San Francisco, CA	17,400 SF	William & Claire Spencer 1995 Living Tr	Undisclosed	Undisclosed

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