



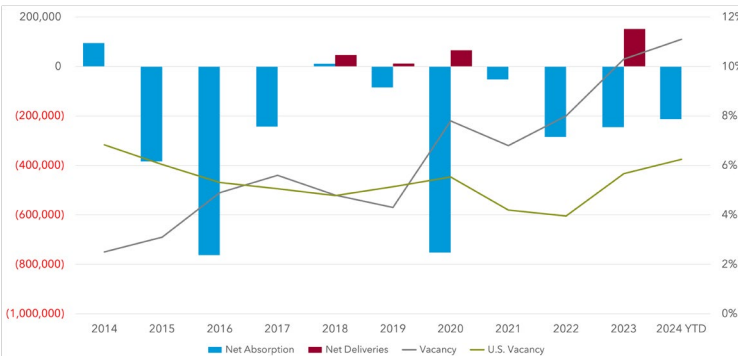
INDUSTRIAL MARKET OVERVIEW

THOMAS NIU, *Senior Vice President*

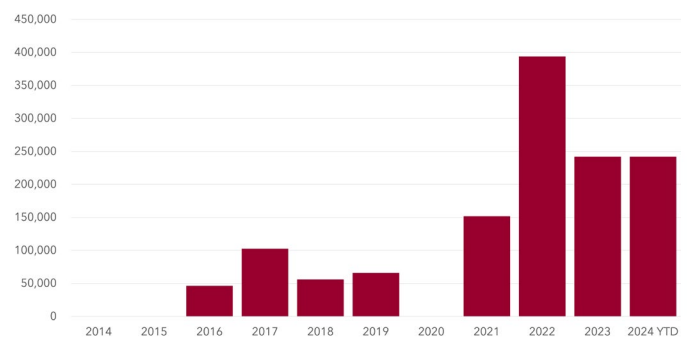
The first quarter was similar to the end of last year, recording no lease larger than 40,000 square feet. Of the three largest leases that we have reported, one was to the City of San Francisco for conversion into supportive housing and the second was a plumbing contractor who took over the space of an electrical supplier who consolidated to the East Bay. On the other hand, we have witnessed an uptick of tenants in the market. With several 50K + tenants potentially expanding to require larger facilities. The sale of 650 Divisadero at \$969 psf is indicative of the value of industrial properties for higher and better uses - in this case, a City sponsored housing project where the site will be razed and replaced with a nine story, 100 unit apartment building.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▼ 12 Mo. Net Absorption SF	(538,596)	(525,875)	(584,454)	(498,923)	(428,963)
▲ Vacancy Rate	11.17%	10.57%	9.90%	8.60%	8.90%
▲ Avg NNN Asking Rate PSF	\$28.94	\$27.62	\$27.85	\$27.64	\$27.47
◀ ▶ SF Under Construction	242,086	242,086	393,863	393,863	393,863
▲ Inventory SF	27,938,700	27,924,021	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
53-69 Bluxome Street San Francisco, CA	34,901 SF	\$6,050,000 \$173.35 PSF	Luksich Family Revocable Living Tr. John Maillard	Class C
650 Divisadero Street San Francisco, CA	12,641 SF	\$12,250,000 \$969.07 PSF	Young Community Developers American Realty & Construction, Inc.	Class B
190 Capp Street San Francisco, CA	7,500 SF	\$1,400,000 \$186.67 PSF	Putnam Auto Diana Coopersmith	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1575 Burke Avenue San Francisco, CA	38,811 SF	John Phelan	Keller Supply	Wholesaler
100 Paul Avenue San Francisco, CA	37,500 SF	Gloria Nomura	Undisclosed	Undisclosed
2177 Jerrold Avenue San Francisco, CA	24,591 SF	SCAFCO Steel Stud Company	City and County of San Francisco	Government, Legislative

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com