



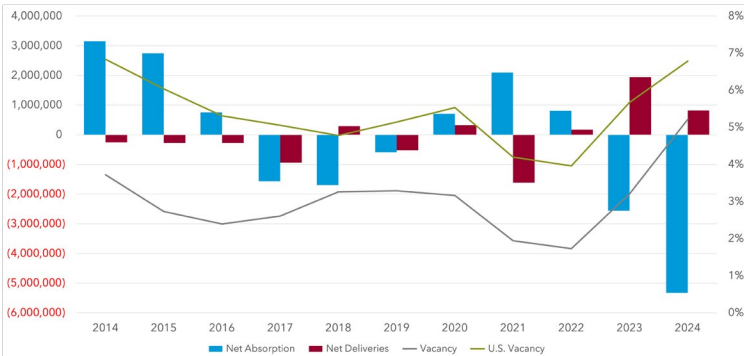
INDUSTRIAL MARKET OVERVIEW

JACK HALEY, *Principal*

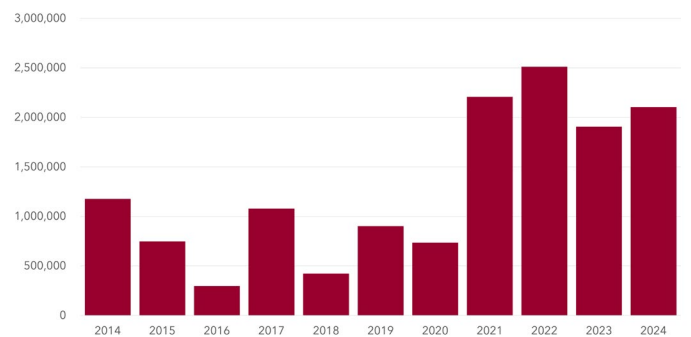
Continued softening demand for industrial space drove up the vacancy rate in the last eight quarters from an all-time low of 1.8% to 5.5% as net absorption in 2024 fell to its lowest level in more than a decade. Overall rental rates continued to tick downward in 2024 while a record was set for available sublet space. The weakness in tenant activity continues and points to slower business growth plans in late 2024 and is pending the U.S. elections and their effect on tariffs. Leasing activity was down 5.3% for the year but Q4's 2.8 million SF total was off 28% from 2023. Net absorption in Orange County, whose inventory totals 278 million SF, was negative 1,191,254 SF in Q4 and off 5,269,917 SF for the year.

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▲ Qtrly Net Absorption SF	(1,128,119)	(1,312,527)	(778,899)	(2,104,780)	(228,504)
▲ Vacancy Rate	5.2%	4.8%	4.2%	3.9%	3.2%
▼ Avg NNN Asking Rate PSF	\$1.59	\$1.60	\$1.64	\$1.67	\$1.72
▲ Sale Price PSF	\$364	\$311	\$384	\$317	\$316
▼ Cap Rate	4.56%	5.35%	5.17%	5.07%	5.33%
▼ Under Construction SF	2,104,205	1,855,255	1,940,042	1,345,791	1,906,829
▲ Inventory SF	304,221,662	304,096,984	303,687,890	303,459,776	303,401,792

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
25892-25902 Towne Centre Drive Foothill Ranch, CA	309,035 SF	\$96,000,000 \$310.64 PSF	Ares Management Morgan, Stanley & Co LLC	Class A
12552 Western Avenue Garden Grove, CA	99,600 SF	\$19,066,500 \$191.43 PSF	Garden Grove Crd LLC Deutsch Company	Class C
16452 Millikan Avenue Irvine, CA	59,230 SF	\$50,000,000 \$844.17 PSF	P3 Foundation, Inc. Harbert South Bay Partners LLC	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
50 Icon Foothill Ranch, CA	307,781 SF	Prologis, Inc.	Hampton Products	Retailer
15967 Alton Parkway Irvine, CA	136,998 SF	The Irvine Company	Weber Distribution	Transportation & Warehousing
12101 Western Avenue Garden Grove, CA	125,773 SF	Karney Management Company	GKN Aerospace	Aerospace Manufacturing

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