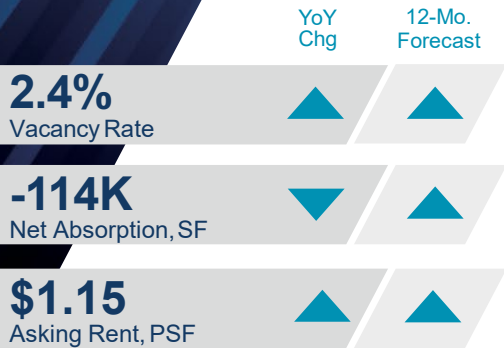
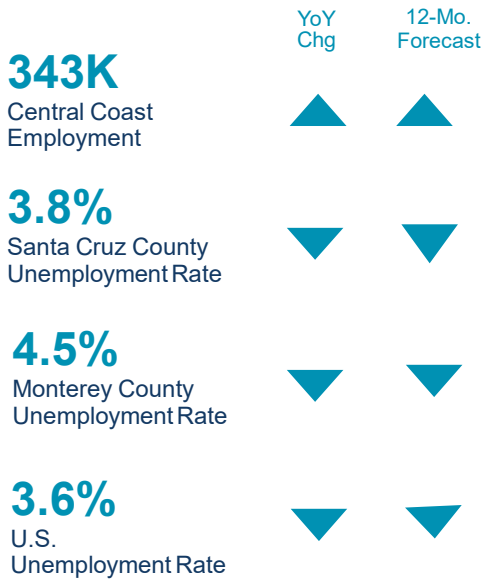


Industrial Q2 2022



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2022



Source: BLS, Moody's Analytics
2022 Q2 data are based on latest available data

ECONOMY: Employment Ratcheting Up

About two years ago, U.S. job losses reached levels unseen since the Great Depression. As the COVID-19 vaccine was rolled out early last year and the economy began to open, improvement was initially slow. There have been gains in the Central Coast metropolitan statistical area (MSA) and the unemployment rate has declined from its high in 2020. The quarterly figure is at 4.2%, a decrease from 7.6% one year ago, which breaks down to 3.8% unemployment for Santa Cruz County and 4.5% for Monterey County. With businesses fully reopen and the second COVID-19 booster being introduced, employment has improved dramatically. Furthermore, a low unemployment rate is expected to remain for the rest of the year with inflation on the rise.

COASTAL MARKET: Vacancy Remaining Low

The supply of available space in the Central Coast industrial market increased with vacancy ending at 2.4% in the second quarter. Average asking rents for the Central Coast slightly decreased to \$1.15 per square foot (psf) from \$1.18 psf in the prior quarter.

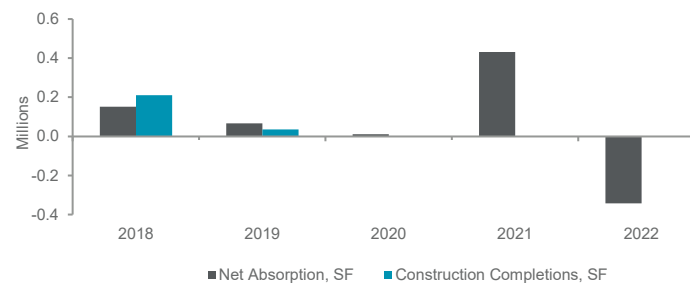
Leasing activity in the Central Coast market increased in the second quarter to 87,595 square feet (sf) compared to 74,827 sf in the prior quarter. Net absorption remained negative at 113,648 sf, preceded by -228,941 sf in the first quarter.

SANTA CRUZ COUNTY / MONTEREY COUNTY:

The vacancy rate in Santa Cruz County increased in the second quarter finishing at 3.6%, up by a negligible amount of 0.3% in the last quarter. Net absorption in the county dramatically increased, coming in at -20,527 sf, compared with -240,078 sf in the previous quarter. The average asking rate in Santa Cruz County decreased to \$1.15 psf, down from the \$1.24 psf in the first quarter.

For the first time after sixth consecutive quarters, Monterey County's vacancy rate increased to 1.8%. However, the average asking rent in Monterey County increased by a small amount in the second quarter to \$1.14 psf, down from \$1.10 psf prior quarter.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q2 2022

MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET	DIRECT	VACANCY	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	AVERAGE ASKING RENT
Scotts Valley	25	563,075	0	19,551	3.5%	4,169	-15,382	0	\$1.51
Santa Cruz	132	2,702,311	0	10,415	0.4%	885	-5,115	0	\$1.34
Watsonville	184	4,798,087	35,000	218,160	5.3%	-27,021	-224,412	175,328	\$1.08
Mid-County	28	320,368	0	15,696	4.9%	1,440	-15,696	0	\$1.75
Santa Cruz County	369	8,383,841	35,000	263,822	3.6%	-20,527	-260,605	175,328	\$1.15
Sand City / Seaside / Marina	65	891,230	0	0	0.0%	0	0	0	\$1.50
Monterey	31	752,084	0	63,472	8.4%	-12,658	-4,918	0	\$1.51
Salinas / Castroville	422	14,675,141	17,743	211,549	1.6%	-80,463	-77,066	0	\$1.04
Monterey County	518	16,318,455	17,743	275,021	1.8%	-93,121	-81,984	0	\$1.14
TOTAL	887	24,702,296	52,743	538,843	2.4%	-113,648	-342,589	175,328	\$1.15

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1149-1151 Madison Ln	Salinas	OnTrac	33,474	Warehouse
2024 Del Monte Ave	Monterey	The Lab	9,308	Warehouse
2576 Freedom Blvd	Watsonville	Mariani-Stonebarger, LLC	7,500	Warehouse
5 Harris Ct	Monterey	Sierra Instruments	4,800	Warehouse

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
325 Airport Rd	South Monterey County	Margarita Umstead / Miguel Jacobo	11,200	\$900K / \$257

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