trno-202409300001476150FALSE2024Q3--12-31P3Yxbrli:sharesiso4217:USDiso4217:USDxbrli:sharestrno:segmenttrno:propertyutr:sqftutr:acrexbrli:puretrno:period00014761502024-01-012024-09-3000014761502024-11-0500014761502024-09-3000014761502023-12-310001476150trno:CommonStockHeldAtRabbiTrustMember2024-09-300001476150trno:CommonStockHeldAtRabbiTrustMember2023-12-3100014761502024-07-012024-09-3000014761502023-07-012023-09-3000014761502023-01-012023-09-300001476150us-gaap:CommonStockMember2023-12-310001476150us-gaap:AdditionalPaidInCapitalMember2023-12-310001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2023-12-310001476150us-gaap:RetainedEarningsMember2023-12-310001476150us-gaap:RetainedEarningsMember2024-01-012024-03-3100014761502024-01-012024-03-310001476150us-gaap:CommonStockMember2024-01-012024-03-310001476150us-gaap:AdditionalPaidInCapitalMember2024-01-012024-03-310001476150us-gaap:CommonStockMember2024-03-310001476150us-gaap:AdditionalPaidInCapitalMember2024-03-310001476150trno:CommonStockHeldAtRabbiTrustMember2024-03-310001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2024-03-310001476150us-gaap:RetainedEarningsMember2024-03-3100014761502024-03-310001476150us-gaap:RetainedEarningsMember2024-04-012024-06-3000014761502024-04-012024-06-300001476150us-gaap:CommonStockMember2024-04-012024-06-300001476150us-gaap:AdditionalPaidInCapitalMember2024-04-012024-06-300001476150us-gaap:CommonStockMember2024-06-300001476150us-gaap:AdditionalPaidInCapitalMember2024-06-300001476150trno:CommonStockHeldAtRabbiTrustMember2024-06-300001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2024-06-300001476150us-gaap:RetainedEarningsMember2024-06-3000014761502024-06-300001476150us-gaap:RetainedEarningsMember2024-07-012024-09-300001476150us-gaap:CommonStockMember2024-07-012024-09-300001476150us-gaap:AdditionalPaidInCapitalMember2024-07-012024-09-300001476150us-gaap:CommonStockMember2024-09-300001476150us-gaap:AdditionalPaidInCapitalMember2024-09-300001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2024-09-300001476150us-gaap:RetainedEarningsMember2024-09-300001476150us-gaap:CommonStockMember2022-12-310001476150us-gaap:AdditionalPaidInCapitalMember2022-12-310001476150trno:CommonStockHeldAtRabbiTrustMember2022-12-310001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2022-12-310001476150us-gaap:RetainedEarningsMember2022-12-3100014761502022-12-310001476150us-gaap:RetainedEarningsMember2023-01-012023-03-3100014761502023-01-012023-03-310001476150us-gaap:CommonStockMember2023-01-012023-03-310001476150us-gaap:AdditionalPaidInCapitalMember2023-01-012023-03-310001476150trno:CommonStockHeldAtRabbiTrustMember2023-01-012023-03-310001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2023-01-012023-03-310001476150us-gaap:CommonStockMember2023-03-310001476150us-gaap:AdditionalPaidInCapitalMember2023-03-310001476150trno:CommonStockHeldAtRabbiTrustMember2023-03-310001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2023-03-310001476150us-gaap:RetainedEarningsMember2023-03-3100014761502023-03-310001476150us-gaap:RetainedEarningsMember2023-04-012023-06-3000014761502023-04-012023-06-300001476150us-gaap:CommonStockMember2023-04-012023-06-300001476150us-gaap:AdditionalPaidInCapitalMember2023-04-012023-06-300001476150trno:CommonStockHeldAtRabbiTrustMember2023-04-012023-06-300001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2023-04-012023-06-300001476150us-gaap:CommonStockMember2023-06-300001476150us-gaap:AdditionalPaidInCapitalMember2023-06-300001476150trno:CommonStockHeldAtRabbiTrustMember2023-06-300001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2023-06-300001476150us-gaap:RetainedEarningsMember2023-06-3000014761502023-06-300001476150us-gaap:RetainedEarningsMember2023-07-012023-09-300001476150us-gaap:CommonStockMember2023-07-012023-09-300001476150us-gaap:AdditionalPaidInCapitalMember2023-07-012023-09-300001476150us-gaap:CommonStockMember2023-09-300001476150us-gaap:AdditionalPaidInCapitalMember2023-09-300001476150trno:CommonStockHeldAtRabbiTrustMember2023-09-300001476150us-gaap:DeferredCompensationShareBasedPaymentsMember2023-09-300001476150us-gaap:RetainedEarningsMember2023-09-3000014761502023-09-300001476150us-gaap:BuildingMember2024-09-300001476150us-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember2024-09-300001476150us-gaap:BuildingMemberus-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember2024-09-300001476150us-gaap:LandAndLandImprovementsMember2024-09-300001476150trno:RedevelopmentPropertyMember2024-09-300001476150trno:LandEntitledForFutureDevelopmentMember2024-09-300001476150us-gaap:LeasesAcquiredInPlaceMember2024-09-300001476150us-gaap:LeasesAcquiredInPlaceMember2023-12-310001476150us-gaap:AboveMarketLeasesMember2024-09-300001476150us-gaap:AboveMarketLeasesMember2023-12-310001476150us-gaap:BuildingMember2024-09-300001476150srt:MinimumMemberus-gaap:BuildingImprovementsMember2024-09-300001476150srt:MaximumMemberus-gaap:BuildingImprovementsMember2024-09-300001476150trno:NorthernNewJerseyAndNewYorkMembersrt:OfficeBuildingMember2024-09-300001476150trno:NorthernNewJerseyAndNewYorkMembertrno:ImprovedLandParcelsMember2024-09-300001476150trno:NorthernNewJerseyAndNewYorkMemberus-gaap:CustomerConcentrationRiskMemberus-gaap:SalesRevenueNetMember2024-01-012024-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2024Member2024-07-012024-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2024Memberus-gaap:LandMember2024-07-012024-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2024Memberus-gaap:BuildingMember2024-07-012024-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2024Member2024-01-012024-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2024Memberus-gaap:LandMember2024-01-012024-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2024Memberus-gaap:BuildingMember2024-01-012024-09-300001476150trno:AssetAcquisitions2024Member2024-07-012024-09-300001476150trno:AssetAcquisitions2024Member2024-01-012024-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2023Member2023-07-012023-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2023Memberus-gaap:LandMember2023-07-012023-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2023Member2023-01-012023-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2023Memberus-gaap:LandMember2023-01-012023-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2023Memberus-gaap:BuildingMember2023-01-012023-09-300001476150trno:AssetAcquisitions2023Member2023-07-012023-09-300001476150trno:AssetAcquisitions2023Member2023-01-012023-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:BuildingMember2024-09-300001476150srt:IndustrialPropertyMembertrno:AssetAcquisitions2024Member2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:LandAndLandImprovementsMember2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:MapleIIIMember2024-09-300001476150us-gaap:BuildingMemberus-gaap:ScenarioPlanMember2024-01-012024-09-300001476150us-gaap:BuildingMemberus-gaap:ScenarioPlanMember2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:CountylineBuilding31Member2024-01-012024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:CountylineBuilding31Member2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:CountylineBuilding32Member2024-01-012024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:CountylineBuilding32Member2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:CountylineBuilding33Member2024-01-012024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:CountylineBuilding33Member2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:A147thStreetMember2024-01-012024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:A147thStreetMember2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:MapleIIIMember2024-01-012024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:PatersonPlankIIIMember2024-01-012024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:PatersonPlankIIIMember2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:GarryAvenueMember2024-01-012024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:GarryAvenueMember2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:A139thStreetMember2024-01-012024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:A139thStreetMember2024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:PropertiesUnderDevelopmentMember2024-01-012024-09-300001476150trno:RedevelopmentPropertyMemberus-gaap:ScenarioPlanMembertrno:PropertiesUnderDevelopmentMember2024-09-300001476150us-gaap:LandMemberus-gaap:ScenarioPlanMembertrno:CountylinePhaseIVLandMember2024-01-012024-09-300001476150us-gaap:LandMemberus-gaap:ScenarioPlanMembertrno:CountylinePhaseIVLandMember2024-09-300001476150us-gaap:LandMemberus-gaap:ScenarioPlanMembertrno:LandForFutureDevelopmentMember2024-01-012024-09-300001476150us-gaap:LandMemberus-gaap:ScenarioPlanMembertrno:LandForFutureDevelopmentMember2024-09-300001476150srt:IndustrialPropertyMembertrno:IndustrialDistributionInMiamisCountylineMember2024-09-300001476150srt:IndustrialPropertyMembertrno:RedevelopmentAdjacentToFloridaTurnpikeAndSouthernI75Member2024-09-300001476150srt:IndustrialPropertyMemberus-gaap:ScenarioPlanMembertrno:RedevelopmentAdjacentToFloridaTurnpikeAndSouthernI75Member2024-01-012024-09-300001476150srt:IndustrialPropertyMemberus-gaap:SubsequentEventMemberus-gaap:ScenarioPlanMembertrno:CountylinePhaseIVLandMember2024-10-210001476150srt:IndustrialPropertyMemberus-gaap:SubsequentEventMemberus-gaap:ScenarioPlanMembertrno:CountylinePhaseIVLandMember2024-10-212024-10-210001476150trno:CompletedRedevelopmentsMember2024-09-300001476150trno:RedevelopmentPropertyMembertrno:CountylineBuilding38Member2024-01-012024-09-300001476150trno:RedevelopmentPropertyMembertrno:CountylineBuilding38Member2024-09-300001476150trno:RedevelopmentPropertyMembertrno:CountylineBuilding39Member2024-01-012024-09-300001476150trno:RedevelopmentPropertyMembertrno:CountylineBuilding39Member2024-09-300001476150trno:RedevelopmentPropertyMembertrno:CountylineBuilding40Member2024-01-012024-09-300001476150trno:RedevelopmentPropertyMembertrno:CountylineBuilding40Member2024-09-300001476150trno:RedevelopmentPropertyMembertrno:CountryLineBuilding38And40Member2024-01-012024-09-300001476150trno:RedevelopmentPropertyMembertrno:CountryLineBuilding38And40Member2024-09-300001476150trno:SanFranciscoBayAreaOneMemberus-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember2024-09-300001476150trno:SanFranciscoBayAreaOneMemberus-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember2024-01-012024-09-300001476150trno:SanFranciscoBayAreaTwoMemberus-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMemberus-gaap:BuildingMember2024-09-300001476150trno:SanFranciscoBayAreaTwoMemberus-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember2024-01-012024-09-300001476150trno:SanFranciscoBayAreaTwoMemberus-gaap:DisposalGroupHeldforsaleNotDiscontinuedOperationsMember2024-09-300001476150trno:SeattleMemberus-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember2024-09-300001476150trno:SeattleMemberus-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember2024-01-012024-09-300001476150trno:NewYorkAndNewJerseyMemberus-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember2023-09-300001476150trno:NewYorkAndNewJerseyMemberus-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMember2023-01-012023-09-300001476150us-gaap:UnsecuredDebtMember2023-12-310001476150us-gaap:LineOfCreditMember2024-09-300001476150us-gaap:LineOfCreditMember2023-12-310001476150us-gaap:LineOfCreditMember2024-01-012024-09-300001476150trno:AmendedTermLoanMaturingJanuary2027Memberus-gaap:UnsecuredDebtMember2024-01-012024-09-300001476150trno:AmendedTermLoanMaturingJanuary2027Memberus-gaap:UnsecuredDebtMember2024-09-300001476150trno:AmendedTermLoanMaturingJanuary2027Memberus-gaap:UnsecuredDebtMember2023-12-310001476150trno:AmendedTermLoanMaturingJanuary2028Memberus-gaap:UnsecuredDebtMember2024-01-012024-09-300001476150trno:AmendedTermLoanMaturingJanuary2028Memberus-gaap:UnsecuredDebtMember2024-09-300001476150trno:AmendedTermLoanMaturingJanuary2028Memberus-gaap:UnsecuredDebtMember2023-12-310001476150trno:July2024SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2023-12-310001476150trno:July2024SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-01-012024-09-300001476150trno:July2024SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-09-300001476150trno:July2026SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-09-300001476150trno:July2026SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-01-012024-09-300001476150trno:July2026SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2023-12-310001476150trno:October2027SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-09-300001476150trno:October2027SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-01-012024-09-300001476150trno:October2027SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2023-12-310001476150trno:July2028SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-09-300001476150trno:July2028SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-01-012024-09-300001476150trno:July2028SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2023-12-310001476150trno:December2029SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-09-300001476150trno:December2029SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-01-012024-09-300001476150trno:December2029SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2023-12-310001476150trno:August2030SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-09-300001476150trno:August2030SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-01-012024-09-300001476150trno:August2030SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2023-12-310001476150trno:July2031SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-09-300001476150trno:July2031SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2024-01-012024-09-300001476150trno:July2031SeniorUnsecuredNotesMemberus-gaap:UnsecuredDebtMember2023-12-310001476150srt:MinimumMemberus-gaap:LineOfCreditMember2024-01-012024-09-300001476150srt:MaximumMemberus-gaap:LineOfCreditMember2024-01-012024-09-300001476150trno:AmendedTermLoanMaturingJanuary2027Memberus-gaap:UnsecuredDebtMembersrt:MinimumMember2024-01-012024-09-300001476150trno:AmendedTermLoanMaturingJanuary2027Memberus-gaap:UnsecuredDebtMembersrt:MaximumMember2024-01-012024-09-300001476150us-gaap:LineOfCreditMember2024-01-012024-09-300001476150trno:AmendedFacilityMaturingAugust2025Memberus-gaap:RevolvingCreditFacilityMember2024-09-242024-09-240001476150trno:AmendedFacilityMaturingAugust2025Memberus-gaap:RevolvingCreditFacilityMember2024-09-300001476150trno:AmendedFacilityMaturingAugust2025Memberus-gaap:RevolvingCreditFacilityMember2023-12-310001476150trno:TermLoanMember2024-09-300001476150trno:TermLoanMember2023-12-310001476150us-gaap:RevolvingCreditFacilityMember2024-09-300001476150trno:AmendedFacilityMaturingAugust2025Memberus-gaap:RevolvingCreditFacilityMember2024-01-012024-09-300001476150trno:AmendedFacilityMaturingAugust2025Memberus-gaap:RevolvingCreditFacilityMemberus-gaap:FederalFundsEffectiveSwapRateMember2024-01-012024-09-300001476150trno:AmendedFacilityMaturingAugust2025Memberus-gaap:RevolvingCreditFacilityMemberus-gaap:SecuredOvernightFinancingRateSofrMember2024-01-012024-09-300001476150trno:AmendedFacilityMaturingAugust2025Memberus-gaap:RevolvingCreditFacilityMembersrt:MinimumMember2024-01-012024-09-300001476150trno:AmendedFacilityMaturingAugust2025Memberus-gaap:RevolvingCreditFacilityMembersrt:MaximumMember2024-01-012024-09-300001476150trno:CreditFacilityMember2024-09-300001476150us-gaap:SeniorNotesMember2024-09-300001476150us-gaap:FairValueInputsLevel1Member2024-09-300001476150us-gaap:FairValueInputsLevel2Member2024-09-300001476150us-gaap:FairValueInputsLevel3Member2024-09-300001476150us-gaap:FairValueInputsLevel1Member2023-12-310001476150us-gaap:FairValueInputsLevel2Member2023-12-310001476150us-gaap:FairValueInputsLevel3Member2023-12-310001476150trno:AtMarketEquityOfferingProgram500MillionMember2024-01-

012024-09-300001476150trno:AtMarketEquityOfferingProgram500MillionMember2024-09-300001476150trno:PreviousAtMarketEquityOfferingProgram500MillionMember2024-08-272024-08-270001476150trno:AtMarketEquityOfferingProgram300MillionMember2024-08-272024-08-270001476150trno:PreviousAtMarketEquityOfferingProgram500MillionMember2024-01-012024-09-300001476150trno:PreviousAtMarketEquityOfferingProgram500MillionMember2024-07-012024-09-300001476150us-gaap:CommonStockMemberus-gaap:IPOMember2024-03-272024-03-270001476150us-gaap:CommonStockMemberus-gaap:IPOMember2024-03-270001476150us-gaap:CommonStockMemberus-gaap:OverAllotmentOptionMember2024-03-272024-03-270001476150us-gaap:CommonStockMemberus-gaap:IPOMember2023-02-132023-02-130001476150us-gaap:CommonStockMemberus-gaap:IPOMember2023-02-130001476150us-gaap:CommonStockMemberus-gaap:OverAllotmentOptionMember2023-02-132023-02-130001476150trno:A2019PlanMember2024-05-072024-05-070001476150trno:A2019PlanMember2023-05-022023-05-020001476150trno:A2019PlanMember2024-07-012024-09-300001476150trno:A2019PlanMember2024-01-012024-09-300001476150trno:CommonStockHeldAtRabbiTrustMember2024-01-012024-09-300001476150trno:CommonStockHeldAtRabbiTrustMember2023-01-012023-09-300001476150trno:A2019PlanMember2024-09-300001476150us-gaap:RestrictedStockMembersrt:MinimumMember2010-02-162024-09-300001476150us-gaap:RestrictedStockMembersrt:MaximumMember2010-02-162024-09-300001476150us-gaap:RestrictedStockMember2024-01-012024-09-300001476150us-gaap:RestrictedStockMembersrt:MinimumMember2024-01-012024-09-300001476150us-gaap:RestrictedStockMembersrt:MaximumMember2024-01-012024-09-300001476150us-gaap:RestrictedStockMember2024-09-300001476150us-gaap:RestrictedStockMember2024-07-012024-09-300001476150us-gaap:RestrictedStockMember2023-07-012023-09-300001476150us-gaap:RestrictedStockMember2023-01-012023-09-300001476150us-gaap:RestrictedStockMember2023-12-310001476150trno:YearOneMember2024-09-300001476150trno:YearTwoMember2024-09-300001476150trno:YearThreeMember2024-09-300001476150trno:YearFourMember2024-09-300001476150trno:YearFiveMember2024-09-300001476150trno:ThereafterMember2024-09-300001476150trno:LongTermIncentivePlanMember2024-09-300001476150trno:LongTermIncentivePlanMember2024-01-012024-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod1Member2024-01-012024-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod1Member2024-07-012024-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod1Member2023-07-012023-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod1Member2023-01-012023-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod2Member2024-01-012024-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod2Member2024-07-012024-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod2Member2023-07-012023-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod2Member2023-01-012023-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod3Member2024-01-012024-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod3Member2024-07-012024-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod3Member2023-07-012023-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod3Member2023-01-012023-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod4Member2024-01-012024-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod4Member2024-07-012024-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod4Member2023-07-012023-09-300001476150trno:AmendedLongTermIncentivePlanMemberus-gaap:PerformanceSharesMembertrno:PerformanceSharesPeriod4Member2023-01-012023-09-300001476150trno:AmendedLongTermIncentivePlanMember2024-01-012024-09-300001476150trno:AmendedLongTermIncentivePlanMember2024-07-012024-09-300001476150trno:AmendedLongTermIncentivePlanMember2023-07-012023-09-300001476150trno:AmendedLongTermIncentivePlanMember2023-01-012023-09-300001476150us-gaap:PerformanceSharesMember2024-07-012024-09-300001476150us-gaap:PerformanceSharesMember2023-07-012023-09-300001476150us-gaap:PerformanceSharesMember2024-01-012024-09-300001476150us-gaap:PerformanceSharesMember2023-01-012023-09-300001476150trno:ThirdPartyContractMemberus-gaap:SubsequentEventMemberus-gaap:ScenarioPlanMember2024-11-050001476150trno:ThirdPartyContractMemberus-gaap:SubsequentEventMemberus-gaap:ScenarioPlanMember2024-11-052024-11-050001476150srt:IndustrialPropertyMembertrno:CountylinePhaseIVLandMemberus-gaap:SubsequentEventMemberus-gaap:ScenarioPlanMember2024-10-210001476150srt:IndustrialPropertyMembertrno:CountylinePhaseIVLandMemberus-gaap:SubsequentEventMemberus-gaap:ScenarioPlanMember2024-10-212024-10-210001476150us-gaap:SubsequentEventMember2024-11-052024-11-05Table of ContentsUNITED STATESSECURITIES AND EXCHANGE COMMISSIONWashington,Â D.C. 20549_________________________FormÂ 10-Q _________________________â˜'QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended SeptemberÂ 30, 2024 ORâ˜TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the transition period from __________ to __________Commission file number: 001-34603 _________________________Terreno Realty Corporation(Exact Name of Registrant as Specified in Its Charter)_________________________Maryland27-1262675(State or Other Jurisdiction ofIncorporation or Organization)(I.R.S. EmployerIdentification No.)10500 NE 8th Street, Suite 1910 Bellevue, WA98004(Address of Principal Executive Offices)(Zip Code)Registrantâ€™s telephone number, including area code: (415)Â 655-4580 Securities registered pursuant to Section 12(b) of the Act:Title of each classTrading Symbol(s)Name of each exchange on which registeredCommon Stock, $0.01 par value per shareTRNONew York Stock Exchange_________________________Indicate by check mark whether the registrant: (1)Â has filed all reports required to be filed by SectionÂ 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12Â months (or for such shorter period that the registrant was required to file such reports), and (2)Â has been subject to such filing requirements for the past 90Â days.Â Â Â Â YesÂ Â â˜'Â Â Â Â NoÂ Â â˜Indicate by check mark whether the registrantÂ has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Â§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).Â Â Â Â YesÂ Â â˜'Â Â Â Â NoÂ Â â˜Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting companyâ€ and â€œemerging growth companyâ€ in RuleÂ 12b-2 of the Exchange Act.Large accelerated filerâ˜'AcceleratedÂ filerâ˜Non-acceleratedÂ filerâ˜SmallerÂ reportingÂ companyâ˜EmergingÂ growthÂ companyâ˜If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to SectionÂ 13(a) of the Exchange Act.Â Â â˜Indicate by check mark whether the registrant is a shell company (as defined in RuleÂ 12b-2 of the Exchange Act).Â Â Â Â YesÂ Â â˜Â Â Â Â NoÂ Â â˜'Â The registrant had 99,735,692 shares of its common stock, $0.01Â par value per share, outstanding as of NovemberÂ 5, 2024.Terreno Realty CorporationTable of ContentsPART I. FINANCIAL INFORMATIONItemÂ 1.Financial Statements of Terreno Realty Corporation (unaudited)Consolidated Balance Sheets as of September 30, 2024 and December 31, 20232Consolidated Statements of Operations for the three and nine months ended September 30, 2024 and 20233Consolidated Statements of Equity for the three and nine months ended September 30, 2024 and 20234Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 20235Condensed Notes to Consolidated Financial Statements6ItemÂ 2.Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations19ItemÂ 3.Quantitative and Qualitative Disclosures About Market Risk41ItemÂ 4.Controls and Procedures41PART II. OTHER INFORMATIONItemÂ 1.Legal Proceedings42ItemÂ 1A.Risk Factors42ItemÂ 2.Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities42ItemÂ 3.Defaults Upon Senior Securities42ItemÂ 4.Mine Safety Disclosures42ItemÂ 5.Other Information42ItemÂ 6.Exhibits43SIGNATURES441Table of ContentsPART I. FINANCIAL INFORMATIONItem 1. Financial Statements of Terreno Realty CorporationTerreno Realty CorporationConsolidated Balance Sheets(in thousands â€" except share and per share data)September 30, 2024December 31, 2023Â (unaudited)Â ASSETSInvestments in real estateLand$2,348,670Â $1,995,494Â Buildings and improvements1,858,948Â 1,561,532Â Construction in progress287,804Â 343,485Â Intangible assets177,258Â 147,329Â Total investments in properties4,672,680Â 4,047,840Â Accumulated depreciation and amortization(445,544)(384,480)Net investments in properties4,227,136Â 3,663,360Â Properties held for sale, net10,844Â â€"Â Net investments in real estate4,237,980Â 3,663,360Â Cash and cash equivalents243,670Â 165,400Â Restricted cash261Â 836Â Other assets, net88,960Â 75,081Â Total assets$4,570,871Â $3,904,677Â LIABILITIES AND EQUITYLiabilitiesCredit facility$â€"Â $â€"Â Term loans payable, net199,321Â 199,145Â Senior unsecured notes, net472,836Â 572,418Â Security deposits37,351Â 32,934Â Intangible liabilities, net91,250Â 84,718Â Dividends payable48,871Â 39,052Â Accounts payable and other liabilities89,947Â 61,783Â Total liabilities939,576Â 990,050Â Commitments and contingencies (Note 11)EquityStockholdersâ€™ equityCommon stock: $0.01 par value, 400,000,000 shares authorized, and 99,227,029 and 87,487,098 shares issued and outstanding at SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively.994Â 876Â Additional paid-in capital3,594,034Â 2,849,961Â Common stock held in deferred compensation plan: 508,663 and 508,663 shares at SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively.(31,788)(31,788)Retained earnings68,055Â 95,578Â Total stockholdersâ€™ equity3,631,295Â 2,914,627Â Total liabilities and equity$4,570,871Â $3,904,677Â The accompanying condensed notes are an integral part of these consolidated financial statements.2Table of ContentsTerreno Realty CorporationConsolidated Statements of Operations(in thousands â€" except share and per share data)(Unaudited)For the Three Months Ended September 30,For the Nine Months Ended September 30,Â 2024202320242023REVENUESRental revenues and tenant expense reimbursements$99,635Â $82,920Â $278,912Â $237,106Â Total revenues99,635Â 82,920Â 278,912Â 237,106Â COSTS AND EXPENSESProperty operating expenses25,599Â 20,469Â 70,261Â 57,436Â Depreciation and amortization24,058Â 18,245Â 68,009Â 54,636Â General and administrative10,775Â 9,119Â 31,828Â 28,205Â Acquisition costs and other11Â 51Â 47Â 126Â Total costs and expenses60,443Â 47,884Â 170,145Â 140,403Â OTHER INCOME (EXPENSE)Interest and other income2,347Â 1,093Â 9,572Â 4,029Â Interest expense, including amortization(4,900)(5,814)(15,660)(19,089)Gain on sales of real estate investmentsâ€"Â â€"Â 5,715Â 12,257Â Total other (expense) income(2,553)(4,721)(373)(2,803)Net income36,639Â 30,315Â 108,394Â 93,900Â Allocation to participating securities(156)(150)(466)(437)Net income available to common stockholders$36,483Â $30,165Â $107,928Â $93,463Â EARNINGS PER COMMON SHARE - BASIC AND DILUTED:Net income available to common stockholders - basic$0.37Â $0.36Â $1.14Â $1.13Â Net income available to common stockholders - diluted$0.37Â $0.36Â $1.14Â $1.13Â BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING97,561,792Â 84,041,413Â 94,253,923Â 82,366,365Â DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING97,870,794Â 84,266,740Â 94,598,279Â 82,597,824Â The accompanying condensed notes are an integral part of these consolidated financial statements.3Table of ContentsTerreno Realty CorporationConsolidated Statements of Equity(in thousands â€" except share data)(Unaudited)Nine months ended SeptemberÂ 30, 2024:Â CommonÂ StockAdditionalPaid-inÂ CapitalCommon Shares Held in Deferred Compensation PlanDeferred Compensation PlanÂ RetainedEarnings Â NumberÂ ofSharesAmountTotalBalance as of December 31, 202387,487,098Â $876Â $2,849,961Â 508,663Â $(31,788)$95,578Â $2,914,627Â Net incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 36,059Â 36,059Â Issuance of common stock, net of issuance costs of $3,2268,678,278Â 87Â 534,955Â â€"Â â€"Â â€"Â 535,042Â Forfeiture of common stock related to employee awards(9,324)â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Common shares acquired related to employee awards(14,517)â€"Â (983)â€"Â â€"Â â€"Â (983)Issuance of restricted stock53,904Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Stock-based compensationâ€"Â â€"Â 3,356Â â€"Â â€"Â â€"Â 3,356Â Common stock dividends ($0.45 per share)â€"Â â€"Â â€"Â â€"Â â€"Â (43,517)(43,517)Balance as of March 31, 202496,195,439Â 963Â 3,387,289Â 508,663Â (31,788)88,120Â 3,444,584Â Net incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 35,696Â 35,696Â Issuance of common stock, net of issuance costs of $011,385Â 1Â â€"Â â€"Â â€"Â â€"Â 1Â Forfeiture of common stock related to employee awards(7,013)â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Common shares acquired related to employee awards(874)â€"Â (55)â€"Â â€"Â â€"Â (55)Issuance of restricted stock13,306Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Stock-based compensationâ€"Â â€"Â 3,988Â â€"Â â€"Â â€"Â 3,988Â Common stock dividends ($0.45 per share)â€"Â â€"Â â€"Â â€"Â â€"Â (43,529)(43,529)Balance as of June 30, 202496,212,243Â 9643,391,222Â 508,663Â (31,788)80,2873,440,685Â Net incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 36,639Â 36,639Â Issuance of common stock, net of issuance costs of $3,0882,976,266Â 30Â 201,341Â â€"Â â€"Â â€"Â 201,371Â Common shares acquired related to employee awards(32,650)â€"Â (2,306)â€"Â â€"Â â€"Â (2,306)Issuance of restricted stock71,170Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Stock-based compensationâ€"Â â€"Â 3,777Â â€"Â â€"Â â€"Â 3,777Â Common stock dividends ($0.49 per share)â€"Â â€"Â â€"Â â€"Â â€"Â (48,871)(48,871)Balance as of September 30, 202499,227,029Â $994Â $3,594,034Â 508,663Â $(31,788)$68,055Â $3,631,295Â NineÂ months endedÂ SeptemberÂ 30, 2023:Â CommonÂ StockAdditionalPaid-inÂ CapitalCommon Shares Held in Deferred Compensation PlanDeferred Compensation PlanRetained EarningsÂ NumberÂ ofSharesAmountTotalBalance as of December 31, 202276,463,482Â $765Â $2,167,276Â 417,665Â $(26,462)$88,272Â $2,229,851Â Net incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 23,331Â 23,331Â Issuance of common stock, net of issuance costs of $9436,197,825Â 62Â 377,426Â â€"Â â€"Â â€"Â 377,488Â Forfeiture of common stock related to employee awards(6,434)â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Common shares acquired related to employee awards(9,745)â€"Â (627)â€"Â â€"Â â€"Â (627)Issuance of restricted stock59,504Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Stock-based compensationâ€"Â â€"Â 3,038Â â€"Â â€"Â â€"Â 3,038Â Common stock dividends ($0.40 per share)â€"Â â€"Â â€"Â â€"Â â€"Â (33,209)(33,209)Deposits to deferred compensation plan(94,794)â€"Â 5,547Â 94,794Â (5,547)â€"Â â€"Â Balance as of March 31, 202382,609,838Â 827Â 2,552,660Â 512,459Â (32,009)78,394Â 2,599,872Â Net incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 40,254Â 40,254Â Issuance of common stock, net of issuance costs of $822 629,586Â 6Â 37,897Â â€"Â â€"Â â€"Â 37,903Â Common shares acquired related to employee awards(1,167)â€"Â (105)â€"Â â€"Â â€"Â (105)Stock-based compensationâ€"Â â€"Â 3,805Â â€"Â â€"Â â€"Â 3,805Â Common stock dividends ($0.40 per share)â€"Â â€"Â â€"Â â€"Â â€"Â (33,465)(33,465)Deposits to deferred compensation plan(2,080)â€"Â 125Â 2,080Â (125)â€"Â â€"Â Balance as of June 30, 202383,236,177Â 833Â 2,594,382514,539Â (32,134)85,183Â 2,648,264Â Net incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 30,315Â 30,315Â Issuance of common stock, net of issuance costs of $1,4381,575,173Â 17Â 94,292Â â€"Â â€"Â â€"Â 94,309Â Forfeiture of common stock related to employee awards(555)â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Common shares acquired related to employee awards(12,499)â€"Â (773)â€"Â â€"Â â€"Â (773)Issuance of restricted stock73,070Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Stock-based compensationâ€"Â â€"Â 3,280Â â€"Â â€"Â â€"Â 3,280Â Common stock dividends ($0.45 per share)â€"Â â€"Â â€"Â â€"Â â€"Â (38,425)(38,425)Balance as of September 30, 202384,871,366Â $850Â $2,691,181Â 514,539Â $(32,134)$77,073Â $2,736,970Â The accompanying condensed notes are an integral part of these consolidated financial statements.4Table of ContentsTerreno Realty CorporationConsolidated Statements of Cash Flows(in thousands)(Unaudited)Â For the Nine Months Ended September 30,Â 20242023CASH FLOWS FROM OPERATING ACTIVITIESNet income$108,394Â $93,900Â Adjustments to reconcile net income to net cash provided by operating activitiesStraight-line rents(6,517)(6,510)Amortization of lease intangibles(12,414)(10,681)Depreciation and amortization68,009Â 54,636Â Gain on sales of real estate investments(5,715)(12,257)Deferred financing cost amortization1,148Â 1,157Â Stock-based compensation11,121Â 10,123Â Changes in assets and liabilitiesOther assets(2,745)(4,447)Accounts payable and other liabilities20,080Â 14,705Â Net cash provided by operating activities181,361Â 140,626Â CASH FLOWS FROM INVESTING ACTIVITIESCash paid for property acquisitions(476,832)(392,503)Proceeds from sales of real estate investments, net10,172Â 24,585Â Additions to construction in progress(108,148)(72,449)Additions to buildings, improvements and leasing costs(30,635)(39,270)Net cash used in investing activities(605,443)(479,637)CASH FLOWS FROM FINANCING ACTIVITIESIssuance of common stock742,728Â 512,902Â Issuance costs on issuance of common stock(5,704)(2,740)Repurchase of common stock related to employee awards(3,344)(1,505)Borrowings on credit facilityâ€"Â 49,000Â Payments on credit facilityâ€"Â (49,000)Payments on senior unsecured notes(100,000)â€"Â Payment of deferred financing costs(5,805)(80)Dividends paid to common stockholders(126,098)(97,427)Net cash provided by financing activities501,777Â 411,150Â Net increase in cash and cash equivalents and restricted cash77,695Â 72,139Â Cash and cash equivalents and restricted cash at beginning of period166,236Â 28,083Â Cash and cash equivalents and restricted cash at end of period$243,931Â $100,222Â SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATIONCash paid for interest, net of capitalized interest$24,733Â $24,156Â Supplemental disclosures of non-cash transactionsAccounts payable related to capital improvements36,104Â 29,441Â Non-cash issuance of common stock to the deferred compensation planâ€"Â (5,672)Lease liability arising from recognition of right-of-use asset2,264Â â€"Â Reconciliation of cash paid for property acquisitionsAcquisition of properties$499,415Â $436,980Â Assumption of other assets and liabilities(22,583)(44,477)Net cash paid for property acquisitions$476,832Â $392,503Â The accompanying condensed notes are an integral part of these consolidated financial statements.5Table of ContentsTerreno Realty CorporationCondensed Notes to Consolidated Financial Statements(Unaudited)NoteÂ 1.Â OrganizationTerreno Realty Corporation (â€œTerrenoâ€, and together with its subsidiaries, the â€œCompanyâ€) acquires, owns and operates industrial real estate in six major coastal U.S.Â markets: Northern New Jersey/New York City; Los Angeles; Miami; San Francisco Bay Area; Seattle and Washington, D.C. All square feet, acres, occupancy and number of properties disclosed in these condensed notes to the consolidated financial statements are unaudited. As of SeptemberÂ 30, 2024, the Company owned 294 buildings (including two properties consisting of three buildings held for sale) aggregating approximately 18.3 million square feet, 45 improved land parcels consisting of approximately 152.4 acres, eight properties under development or redevelopment and approximately 35.4 acres of land for future development.The Company is an internally managed Maryland corporation and elected to be taxed as a real estate investment trust (â€œREITâ€) under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the â€œCodeâ€), commencing with its taxable year ended DecemberÂ 31, 2010.NoteÂ 2.Â Significant Accounting PoliciesBasis of Presentation.Â The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (â€œGAAPâ€) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by GAAP for annual financial statements. In managementâ€™s opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The interim consolidated financial statements include all of the Companyâ€™s accounts and its subsidiaries and all intercompany balances and transactions have been eliminated in consolidation. The financial statements should be read in conjunction with the financial statements contained in the Companyâ€™s Annual Report on Form 10-K for the year ended December 31, 2023 and the notes thereto, which was filed with the Securities and Exchange Commission on FebruaryÂ 7, 2024.Use of Estimates. The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.Capitalization of Costs. The Company capitalizes costs directly related to the development, redevelopment, renovation and expansion of its investment in real estate. Costs associated with such projects are capitalized as incurred. If the project is abandoned, these costs are expensed during the period in which the development, redevelopment, renovation or expansion project is abandoned. Costs considered for capitalization include, but are not limited to, construction costs, interest, real estate taxes and insurance, if appropriate. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress. In the event that the activities to ready the asset for its intended use are suspended, the capitalization period will cease until such activities are resumed. Costs incurred for maintaining and repairing properties, which do not extend their useful lives, are expensed as incurred.Interest is capitalized based on actual capital expenditures from the period when development, redevelopment, renovation or expansion commences until the asset is ready for its intended use, at the weighted average borrowing rate during the period.Investments in Real Estate. Investments in real estate, including tenant improvements, leasehold improvements and leasing costs, are stated at cost, less accumulated depreciation, unless circumstances indicate that the cost cannot be recovered, in which case, an adjustment to the carrying value of the property is made to reduce it to its estimated fair value. The Company also reviews the impact of above and below-market leases, in-place leases and lease origination costs for acquisitions and records an intangible asset or liability accordingly.Impairment. Carrying values for financial reporting purposes are reviewed for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value of a property may not be fully recoverable. Examples of such events or changes in circumstances may include classifying an asset to be held for sale, changing the intended hold period or when an asset remains vacant significantly longer than expected. The intended use of an asset either held for sale or held for use can significantly impact how impairment is measured. If an asset is intended to be held for the long-term, the recoverability is based on the undiscounted future cash flows. If the asset carrying value is not supported on an undiscounted 6Table of Contentsfuture cash flow basis, then the asset carrying value is measured against the lower of cost or the present value of expected cash flows over the expected hold period. An impairment charge to earnings is recognized for the excess of the assetâ€™s carrying value over the lower of cost or the present values of expected cash flows over the expected hold period. If an asset is intended to be sold, impairment is determined using the estimated fair value less costs to sell. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions, among other things, regarding current and future economic and market conditions and the availability of capital. The Company determines the estimated fair values based on its assumptions regarding rental rates, lease-up and holding periods, as well as sales prices. When available, current market information is used to determine capitalization and rental growth rates. If available, current comparative sales values may also be used to establish fair value. When market information is not readily available, the inputs are based on the Companyâ€™s understanding of market conditions and the experience of the Companyâ€™s management team. Actual results could differ significantly from the Companyâ€™s estimates. The discount rates used in the fair value estimates represent a rate commensurate with the indicated holding period with a premium layered on for risk. There were no impairment charges recorded to the carrying values of the Companyâ€™s properties during the three or nine months ended SeptemberÂ 30, 2024 or 2023.Property Acquisitions. In accordance with Accounting Standards Update (â€œASUâ€) 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the integrated set of assets and activities is not considered a business. To be a business, the set of acquired activities and assets must include inputs and one or more substantive processes that together contribute to the ability to create outputs. The Company has determined that its real estate property acquisitions will generally be accounted for as asset acquisitions under the clarified definition. Upon acquisition of a property the Company estimates the fair value of acquired tangible assets (consisting generally of land, buildings and improvements) and intangible assets and liabilities (consisting generally of the above and below-market leases and the origination value of all in-place leases). The Company determines fair values using LevelÂ 3 inputs such as replacement cost, estimated cash flow projections and other valuation techniques and applying appropriate discount and capitalization rates based on available market information. Mortgage loans assumed in connection with acquisitions are recorded at their fair value using current market interest rates for similar debt at the date of acquisition. Acquisition-related costs associated with asset acquisitions are capitalized to individual tangible and intangible assets and liabilities assumed on a relative fair value basis and acquisition-related costs associated with business combinations are expensed as incurred.The fair value of the tangible assets is determined by valuing the property as if it were vacant. Land values are derived from current comparative sales values, when available, or managementâ€™s estimates of the fair value based on market conditions and the experience of the Companyâ€™s management team. Building and improvement values are calculated as replacement cost less depreciation, or managementâ€™s estimates of the fair value of these assets using discounted cash flow analyses or similar methods. The fair value of the above and below-market leases is based on the present value of the difference between the contractual amounts to be received pursuant to the acquired leases (using a discount rate that reflects the risks associated with the acquired leases) and the Companyâ€™s estimate of the market lease rates measured over a period equal to the remaining term of the leases plus the term of any below-market fixed rate renewal options. The above and below-market lease values are amortized to rental revenues over the remaining initial term plus the term of any below-market fixed rate renewal options that are considered bargain renewal options of the respective leases. The total net impact to rental revenues due to the amortization of above and below-market leases was a net increase of approximately $4.6 million and $3.5 million for the three months ended SeptemberÂ 30, 2024 and 2023, respectively, and approximately $12.4 million and $10.7 million for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively. The origination value of in-place leases is based on costs to execute similar leases, including commissions and other related costs. The origination value of in-place leases also includes real estate taxes, insurance and an estimate of lost rental revenue at market rates during the estimated time required to lease up the property from vacant to the occupancy level at the date of acquisition. The remaining weighted average lease term related to these intangible assets and liabilities as of SeptemberÂ 30, 2024 was 6.1 years. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the Companyâ€™s intangible assets and liabilities, including properties held for sale (if any), consisted of the following (dollars in thousands):Â September 30, 2024December 31, 2023Â GrossAccumulatedAmortizationNetGrossAccumulatedAmortizationNetIn-place leases$172,756Â $(107,543)$65,213Â $143,444Â $(93,476)$49,968Â Above-market leases5,231Â (3,730)1,501Â 3,885Â (3,463)422Â Below-market leases(156,160)64,910Â (91,250)(137,047)52,329Â (84,718)Total$21,827Â $(46,363)$(24,536)$10,282Â $(44,610)$(34,328)7Table of ContentsDepreciation and Useful Lives of Real Estate and Intangible Assets.Â Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the related assets or liabilities. The following table reflects the standard depreciable lives typically used to compute depreciation and amortization. However, such depreciable lives may be different based on the estimated useful life of such assets or liabilities.DescriptionStandardÂ DepreciableÂ LifeLandNot depreciatedBuilding40 yearsBuilding Improvements5-40 yearsTenant ImprovementsShorter of lease term or useful lifeLeasing CostsLease termIn-place LeasesLease termAbove/Below-Market LeasesLease termHeld for Sale Assets. The Company considers a property to be held for sale when it meets the criteria established under Accounting Standards Codification (â€œASCâ€) 360, Property, Plant and Equipment (See â€œNote 5 - Held for Sale/Disposed Assetsâ€). Properties held for sale are reported at the lower of the carrying amount or fair value less estimated costs to sell and are not depreciated while they are held for sale.Cash and Cash Equivalents.Â Cash and cash equivalents consists of cash held in a major banking institution and other highly liquid short-term investments with original maturities of three months or less. Cash equivalents are generally invested in U.S. government securities, government agency securities or money market accounts.Restricted Cash.Â Restricted cash includes cash held in escrow in connection with property acquisitions and reserves for certain capital improvements, leasing, interest and real estate tax and insurance payments as required by certain mortgage loan obligations.The following summarizes the reconciliation of cash and cash equivalents and restricted cash as presented in the accompanying consolidated statements of cash flows (dollars in thousands):For the Nine Months Ended September 30,20242023BeginningCash and cash equivalents at beginning of period$165,400Â $26,393Â Restricted cash836Â 1,690Â Cash and cash equivalents and restricted cash166,236Â 28,083Â EndingCash and cash equivalents at end of period243,670Â 96,196Â Restricted cash261Â 4,026Â Cash and cash equivalents and restricted cash243,931Â 100,222Â Net increase in cash and cash equivalents and restricted cash$77,695Â $72,139Â Revenue Recognition. The Company records rental revenue from operating leases on a straight-line basis over the term of the leases and maintains an allowance for estimated losses that may result from the inability of its tenants to make required payments. If tenants fail to make contractual lease payments that are greater than the Companyâ€™s allowance for doubtful accounts, security deposits and letters of credit, then the Company may have to recognize additional doubtful account charges in future periods. The Company monitors the liquidity and creditworthiness of its tenants on an ongoing basis by reviewing their financial condition periodically as appropriate. Each period the Company reviews its outstanding accounts receivable, including straight-line rents, for doubtful accounts and provides allowances as needed. The Company also records lease termination fees when a tenant has executed a definitive termination agreement with the Company and the payment of the termination fee is not subject to any conditions that must be met or waived before the fee is due to the Company. If a tenant remains in the leased space following the execution of a definitive termination agreement, the applicable termination will be deferred and recognized over the term of such tenantâ€™s occupancy. Tenant expense reimbursement income includes payments and amounts due from tenants pursuant to their leases for real estate taxes, insurance and other recoverable property operating expenses and is recognized as revenues during the same period the related expenses are incurred. 8Table of ContentsAs of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, approximately $60.3 million and $56.1 million, respectively, of straight-line rent and accounts receivable, net of allowances of approximately $2.5 million and $1.2 million as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively, were included as a component of other assets in the accompanying consolidated balance sheets.Deferred Financing Costs. Costs incurred in connection with financings are capitalized and amortized to interest expense using the effective interest method over the term of the related loan. Deferred financing costs associated with the Companyâ€™s revolving credit facility are classified as an asset, as a component of other assets in the accompanying consolidated balance sheets, and deferred financing costs associated with debt liabilities are reported as a direct deduction from the carrying amount of the debt liability in the accompanying consolidated balance sheets. Deferred financing costs related to the revolving credit facility and debt liabilities are carried at cost, net of accumulated amortization in the aggregate of approximately $14.6 million and $13.5 million as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively.Income Taxes. The Company elected to be taxed as a REIT under the Code and operates as such beginning with its taxable year ended DecemberÂ 31, 2010. To qualify as a REIT, the Company must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its annual REIT taxable income to its stockholders (which is computed without regard to the dividends paid deduction or net capital gain and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, the Company generally will not be subject to federal income tax to the extent it distributes qualifying dividends to its stockholders. If it fails to qualify as a REIT in any taxable year, it will be subject to federal income tax on its taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which qualification is lost unless the IRS grants it relief under certain statutory provisions. Such an event could materially adversely affect the Companyâ€™s net income and net cash available for distribution to stockholders. However, the Company believes it is organized and operates in such a manner as to qualify for treatment as a REIT.ASC 740-10, Income Taxes (â€œASC 740-10â€), provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740-10 requires the evaluation of tax positions taken in the course of preparing the Companyâ€™s tax returns to determine whether the tax positions are â€œmore-likely-than-notâ€ of being sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold are recorded as a tax expense in the current year. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the Company did not have any unrecognized tax benefits and does not believe that there will be any material changes in unrecognized tax positions over the next 12 months. The Companyâ€™s tax returns are subject to examination by federal, state and local tax jurisdictions, which as of SeptemberÂ 30, 2024, include years 2020 to 2023 for federal purposes. Stock-Based Compensation and Other Long-Term Incentive Compensation.Â The Company follows the provisions of ASC 718, Compensation-Stock Compensation, to account for its stock-based compensation plan, which requires that the compensation cost relating to stock-based payment transactions be recognized in the financial statements and that the cost be measured on the fair value of the equity or liability instruments issued. The Companyâ€™s 2019 Equity Incentive Plan (the â€œ2019 Planâ€) provides for the grant of restricted stock awards, performance share awards, unrestricted shares or any combination of the foregoing. Stock-based compensation is recognized as a general and administrative expense in the accompanying consolidated statements of operations and measured at the fair value of the award on the date of grant. The Company estimates the forfeiture rate based on historical experience as well as expected behavior. The amount of the expense may be subject to adjustment in future periods depending on the specific characteristics of the stock-based award.In addition, the Company has awarded long-term incentive target awards (the â€œPerformance Share awardsâ€) under its Amended and Restated Long-Term Incentive Plan (as amended and restated, the â€œAmended LTIPâ€), which the Company amended and restated on January 8, 2019, to its executives that may be payable in shares of the Companyâ€™s common stock after the conclusion of each pre-established performance measurement period, which is generally three years. The amount that may be earned is variable depending on the relative total shareholder return of the Companyâ€™s common stock as compared to the total shareholder return of the MSCI U.S. REIT Index (RMS) and the FTSE Nareit Equity Industrial Index over the pre-established performance measurement period. Under the Amended LTIP, each participantâ€™s Performance Share award granted will be expressed as a number of shares of common stock and settled in shares of common stock. The grant date fair value of the Performance Share awards will be determined using a Monte Carlo simulation model on the date of grant and recognized on a straight-line basis over the performance period. 9Table of ContentsFair Value of Financial Instruments. ASC 820, Fair Value Measurements and Disclosures (â€œASC 820â€) (See â€œNote 8 - Fair Value Measurementsâ€), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also provides guidance for using fair value to measure financial assets and liabilities. ASC 820 requires disclosure of the level within the fair value hierarchy in which the fair value measurements fall, including measurements using quoted prices in active markets for identical assets or liabilities (Level 1), quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active (Level 2), and significant valuation assumptions that are not readily observable in the market (Level 3).Segment Disclosure. ASC 280, Segment Reporting, establishes standards for reporting financial and descriptive information about an enterpriseâ€™s reportable segments. The Company has determined that it has one reportable segment, with activities related to investing in real estate. The Companyâ€™s investments in real estate are geographically diversified and the chief operating decision makers evaluate operating performance on an individual asset level. As each of the Companyâ€™s assets has similar economic characteristics, the assets have been aggregated into one reportable segment.New Accounting Standards. In November 2023, the Financial Accounting Standards Board issued ASU 2023-07, Segment Reporting (Topics 280): Improvements to Reportable Segment Disclosures (â€œASU 2023-07â€). ASU 2023-07 improves current segment disclosures and requires additional disclosures of segment expenses. This standard is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating ASU 2023-07 and does not expect its adoption to be material to the financial statements and disclosures.Note 3. Concentration of Credit RiskFinancial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Company may maintain deposits in federally insured financial institutions in excess of federally insured limits. However, the Companyâ€™s management believes the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.As of SeptemberÂ 30, 2024, the Company owned 62 buildings aggregating approximately 3.5 million square feet and 13 improved land parcels consisting of approximately 68.0 acres located in Northern New Jersey/New York City, which accounted for a combined percentage of approximately 26.8% of its annualized base rent. Such annualized base rent is based on contractual monthly base rent per the leases, for all buildings and improved land parcels, excluding any partial or full rent abatements as of SeptemberÂ 30, 2024, multiplied by 12.Other real estate companies compete with the Company in its real estate markets. This results in competition for tenants to occupy space. The existence of competing properties could have a material impact on the Companyâ€™s ability to lease space and on the level of rent that can be achieved. The Company had no tenant that accounted for greater than 10% of the Company's annualized base rent as of SeptemberÂ 30, 2024.Note 4. Investments in Real EstateDuring the three months ended SeptemberÂ 30, 2024, the Company acquired one industrial property with a total initial investment, including acquisition costs, of approximately $7.9Â million, of which $5.2Â million was recorded to land and $2.7Â million to buildings and improvements.During the nine months ended SeptemberÂ 30, 2024, the Company acquired four industrial properties and one portfolio of industrial properties, with a total initial investment, including acquisition costs, of approximately $499.4Â million, of which $318.2Â million was recorded to land, $149.8Â million to buildings and improvements, and $31.4Â million to intangible assets. Additionally, the Company assumed $22.4 million in liabilities.The Company recorded revenues and net income for the three months ended SeptemberÂ 30, 2024 of approximately $9.1Â million and $2.8Â million, respectively, and recorded revenues and net income for the nine months ended SeptemberÂ 30, 2024 of approximately $15.6Â million and $5.6Â million, respectively, related to the 2024 acquisitions.During the three months ended SeptemberÂ 30, 2023, the Company acquired one industrial property with a total initial investment, including acquisition costs, of approximately $16.5 million, of which $13.7 million was recorded to land and $2.8 million to intangible assets. Additionally, the Company assumed $2.1 million in liabilities. Upon acquisition, the property was placed into redevelopment with a total expected investment of approximately $40.6Â million.10Table of ContentsDuring the nine months ended SeptemberÂ 30, 2023, the Company acquired five industrial properties with a total initial investment, including acquisition costs, of approximately $437.0 million, of which $267.4 million was recorded to land, $147.9 million to buildings and improvements, and $21.7 million to intangible assets. Additionally, the Company assumed $45.1 million in liabilities.The Company recorded revenues and net income for the three months ended SeptemberÂ 30, 2023 of approximately $4.4 million and $1.5 million, respectively, and recorded revenues and net income for the nine months ended SeptemberÂ 30, 2023 of approximately $8.6 million and $2.7 million, respectively, related to the 2023 acquisitions.The above assets and liabilities were recorded at fair value, which uses LevelÂ 3 inputs. The purchase price for each acquisition was allocated to the individual acquired assets and liabilities based on their relative fair values. The properties were acquired from unrelated third parties using existing cash on hand, proceeds from property sales and issuances of common stock and borrowings on the revolving credit facility.As of SeptemberÂ 30, 2024, the Company had eight properties under development or redevelopment that, upon completion, will consist of nine buildings aggregating approximately 0.9Â million square feet and one approximately 2.8-acre improved land parcel. Additionally, the Company owned approximately 35.4 acres of land for future development that, upon completion, will consist of three buildings aggregating approximately 0.7Â million square feet. The following table summarizes certain information with respect to the properties under development or redevelopment and the land for future development as of SeptemberÂ 30, 2024:PropertyÂ NameLocationTotalÂ ExpectedInvestment(in thousands)Â 1Estimated Post-Development Square FeetEstimated Post-Development AcreageProperties under development or redevelopment:Countyline Phase IV 2Countyline Building 31Hialeah, FL$42,000Â 161,800â€”Â Countyline Building 32Hialeah, FL40,100Â 164,300â€”Â Countyline Building 33Hialeah, FL39,000Â 158,000â€”Â 147th StreetHawthorne, CA15,600Â 31,400â€”Â Maple IIIRancho Dominguez, CA28,200Â â€”Â 2.8Â Paterson Plank IIICarlstadt, NJ35,300Â 47,300â€”Â East Garry AvenueSanta Ana, CA40,700Â 91,500â€”Â 139th Street 3Gardena, CA104,600Â 227,800â€”Â Total$345,500Â 882,1002.8Â Land for future development:Countyline Phase IV 2Countyline Phase IV Land 4Hialeah, FL$174,800Â 653,000â€”Â Total$174,800Â 653,000â€”Â 1Excludes below-market lease adjustments recorded at acquisition. Total expected investment for the properties includes the initial purchase price, buyerâ€™s due diligence and closing costs, estimated near-term redevelopment expenditures, capitalized interest and leasing costs necessary to achieve stabilization.2â€œCountyline Phase IVâ€ is a 121-acre project entitled for 2.2Â million square feet of industrial distribution buildings located in Miamiâ€™s Countyline Corporate Park (â€œCountylineâ€), immediately adjacent to the Companyâ€™s seven buildings within Countyline. Countyline Phase IV, a landfill redevelopment adjacent to Floridaâ€™s Turnpike and the southern terminus of I-75, is expected to contain ten LEED-certified industrial distribution buildings at completion.3This redevelopment property was initially acquired in 2017 for a total initial investment, including closing costs and acquisition costs, of approximately $39.9Â million. The property was in the operating portfolio until January 2024 when redevelopment commenced. The amount spent to date includes the total initial investment and capital expenditures incurred prior to redevelopment and excludes accumulated depreciation recorded since acquisition. The Company expects a total incremental investment of approximately $64.0Â million.11Table of Contents4On October 21, 2024, the Company commenced development of Countyline Building 34 in Countyline Phase IV. Upon completion, which is expected to occur in the third quarter of 2025, Countyline Building 34 will consist of one approximately 220,000 square foot industrial building with a total expected investment of approximately $55.9Â million. The building is 70% pre-leased. The lease will commence upon completion of the building and tenant improvements and will expire in February 2033.During 2024, the Company completed development of three properties. The following table summarizes certain information with respect to the development properties completed during the nine months ended SeptemberÂ 30, 2024:PropertyÂ NameLocationTotalInvestment (inthousands)Â 1Post-Development Square FeetCompletion QuarterCountyline Building 38Hialeah, FL$88,500Â 506,215Â Q2 2024Countyline Building 39Hialeah, FL43,800Â 178,201Q3 2024Countyline Building 40Hialeah, FL43,800Â 186,107Q2 2024Total/Weighted Average$176,100Â 870,523Â 1Total investment for the properties include the initial purchase price, buyerâ€™s due diligence and closing costs, redevelopment expenditures, capitalized interest and leasing costs necessary to achieve stabilization.The Company capitalized interest associated with development, redevelopment, renovation or expansion activities of approximately $2.7Â million and $2.6Â million during the three months ended SeptemberÂ 30, 2024 and 2023, respectively, and approximately $8.7 million and $5.5 million during the nine months ended SeptemberÂ 30, 2024 and 2023, respectively. Note 5. Held for Sale/Disposed AssetsAs of SeptemberÂ 30, 2024, the Company had entered into agreements with third-party purchasers to sell one property located in the San Francisco Bay Area market for a sales price of approximately $16.9Â million (net book value of approximately $6.3Â million) and one property consisting of two buildings also located in the San Francisco Bay Area market for a sales price of approximately $13.0Â million (net book value of approximately $4.5Â million). The sales of the properties are subject to various closing conditions.During the nine months ended SeptemberÂ 30, 2024, the Company sold one property located in the Seattle market for a sales price of approximately $11.0Â million, resulting in a gain of approximately $5.7Â million.During the nine months ended SeptemberÂ 30, 2023, the Company sold one property located in the Northern New Jersey/New York City market for a sales price of approximately $25.5 million, resulting in a gain of approximately $12.3 million.Note 6. DebtAs of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the Company had $675.0Â million and $775.0Â million, respectively, of unsecured debt and no secured debt. The following table summarizes the components of the Companyâ€™s indebtedness as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023 (dollars in thousands):12Table of ContentsSeptember 30, 2024December 31, 2023Margin Above SOFRInterest Rate 1Contractual Maturity DateUnsecured Debt:Credit Facility$â€”Â $â€”Â 1.1% 2n/a1/15/20295-Year Term Loan100,000Â 100,000Â 1.3% 26.2Â %1/15/20275-Year Term Loan100,000Â 100,000Â 1.3% 26.5Â %1/15/2028$100M 7-Year Unsecured 3, 4â€”Â 100,000Â n/a3.8Â %7/14/2024$50M 10-Year Unsecured 350,000Â 50,000Â n/a4.0Â %7/7/2026$50M 12-Year Unsecured 350,000Â 50,000Â n/a4.7Â %10/31/2027$100M 7-Year Unsecured 3100,000Â 100,000Â n/a2.4Â %7/15/2028$100M 10-Year Unsecured 3100,000Â 100,000Â n/a3.1Â %12/3/2029$125M 9-Year Unsecured 3125,000Â 125,000Â n/a2.4Â %8/17/2030$50M 10-Year Unsecured 350,000Â 50,000Â n/a2.8Â %7/15/2031Total Unsecured Debt675,000Â 775,000Â Less: Unamortized debt issuance costs(2,843)(3,437)Total$672,157Â $771,563Â 1Reflects the contractual interest rate under the terms of each loan as of SeptemberÂ 30, 2024. Excludes the effects of unamortized debt issuance costs.2The interest rates on these loans are comprised of the Secured Overnight Financing Rate (â€œSOFRâ€) plus a SOFR margin. The SOFR margins will range from 1.10% to 1.55% (1.10% as of SeptemberÂ 30, 2024) for the revolving credit facility and 1.25% to 1.75% (1.25% as of SeptemberÂ 30, 2024) for the term loans, depending on the ratio of the Companyâ€™s outstanding consolidated indebtedness to the value of the Companyâ€™s consolidated gross asset value and includes a 10 basis points SOFR credit adjustment. 3Collectively, the â€œSenior Unsecured Notesâ€.4In July 2024, the Company repaid the $100.0Â million tranche of 7-year Senior Unsecured Notes using existing cash on hand. The notes bore interest at 3.8% and had an original maturity date of July 14, 2024.On September 24, 2024, the Company entered into the Third Amendment to the Sixth Amended and Restated Senior Credit Agreement (as amended, the â€œAmended Facilityâ€) in order to, among other things, (i) increase the borrowing capacity of the revolving credit facility by $200.0Â million to $600.0Â million and (ii) extend the maturity date of the revolving credit facility from August 2025 to January 2029. The Amended Facility consists of a $600.0Â million revolving credit facility that matures in January 2029, a $100.0Â million term loan that matures in January 2027 and a $100.0 million term loan that matures in January 2028. As of both SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, there were no borrowings outstanding on the revolving credit facility and $200.0 million of borrowings outstanding on the term loans.The aggregate amount of the Amended Facility may be increased by up to an additional $450.0 million to a maximum aggregate amount not to exceed $1.25 billion, subject to the approval of the administrative agent and the identification of lenders willing to make available additional amounts. Outstanding borrowings under the Amended Facility are limited to the lesser of (i)Â the sum of the $600.0Â million revolving credit facility, the $100.0 million term loan maturing in January 2027 and the $100.0 million term loan maturing in January 2028, or (ii)Â 60.0% of the value of the unencumbered properties. Interest on the Amended Facility, including the term loans, is generally to be paid based upon, at the Companyâ€™s option, either (i)Â SOFR plus the applicable SOFR margin or (ii)Â the applicable base rate, which is the greatest of the administrative agentâ€™s prime rate, 0.50% above the federal funds effective rate, thirty-day SOFR plus the applicable SOFR margin for SOFR rate loans under the Amended Facility plus 1.25%, or 1.25% per annum. The applicable SOFR margin will range from 1.10% to 1.55% (1.10% as of SeptemberÂ 30, 2024) for the revolving credit facility and 1.25% to 1.75% (1.25% as of SeptemberÂ 30, 2024) for the term loans, depending on the ratio of the Companyâ€™s outstanding consolidated indebtedness to the value of the Companyâ€™s consolidated gross asset value and includes a 10 basis points SOFR credit adjustment. The Amended Facility requires quarterly payments of an annual facility fee in an amount ranging from 0.15% to 0.30%, depending on the ratio of the Companyâ€™s outstanding consolidated indebtedness to the value of the Companyâ€™s consolidated gross asset value.13Table of ContentsThe Amended Facility and the Senior Unsecured Notes are guaranteed by the Company and by substantially all of the current and to-be-formed subsidiaries of the Company that own an unencumbered property. The Amended Facility and the Senior Unsecured Notes are not secured by the Companyâ€™s properties or by interests in the subsidiaries that hold such properties. The Amended Facility and the Senior Unsecured Notes include a series of financial and other covenants with which the Company must comply. The Company was in compliance with the covenants under the Amended Facility and the Senior Unsecured Notes as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023.The scheduled principal payments of the Companyâ€™s debt as of SeptemberÂ 30, 2024 were as follows (dollars in thousands):CreditFacilityTermÂ LoanSeniorUnsecuredNotesTotalÂ Debt2024 (3 months)$â€”$â€”$â€”$â€”2025â€”â€”â€”â€”2026â€”â€”50,00050,0002027â€”100,00050,000150,0002028â€”100,000100,000200,000Thereafterâ€”â€”275,000275,000Total debtâ€”200,000475,000675,000Deferred financing costs, netâ€”(679)(2,164)(2,843)Total debt, net$â€”$199,321$472,836$672,157Weighted average interest raten/a6.3Â %3.0Â %4.0Â %Note 7. LeasingThe following is a schedule of minimum future cash rentals on tenant operating leases in effect as of SeptemberÂ 30, 2024. The schedule does not reflect future rental revenues from the renewal or replacement of existing leases and excludes property operating expense reimbursements (dollars in thousands):2024 (3 months)$72,351Â 2025292,569Â 2026255,549Â 2027199,994Â 2028148,346Â Thereafter315,971Â Total$1,284,780Â Note 8. Fair Value MeasurementsASC 820 requires disclosure of the level within the fair value hierarchy in which the fair value measurements fall, including measurements using quoted prices in active markets for identical assets or liabilities (Level 1), quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active (Level 2), and significant valuation assumptions that are not readily observable in the market (Level 3).Financial Instruments Disclosed at Fair Value. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the fair values of cash and cash equivalents, accounts receivable and accounts payable approximated their carrying values because of the short-term nature of these investments or liabilities based on LevelÂ 1 inputs. The fair values of the Companyâ€™s Senior Unsecured Notes were estimated by calculating the present value of principal and interest payments, based on borrowing rates available to the Company, which are LevelÂ 2 inputs, adjusted with a credit spread, as applicable, and assuming the loans are outstanding through maturity. The fair value of the Companyâ€™s Amended Facility approximated its carrying value because the variable interest rates approximate market borrowing rates available to the Company, which are LevelÂ 2 inputs. 14Table of ContentsThe following table sets forth the carrying value and the estimated fair value of the Companyâ€™s debt as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023 (dollars in thousands):Â Fair Value Measurement UsingÂ TotalÂ FairÂ ValueQuotedÂ PriceÂ inActiveÂ MarketsforÂ IdenticalAssets andLiabilities(Level 1)SignificantOtherObservableInputs(Level 2)SignificantUnobservableInputs(Level 3)CarryingÂ ValueLiabilitiesDebt at:September 30, 2024$635,262Â $â€”Â $635,262Â $â€”Â $672,157Â December 31, 2023$721,269Â $â€”Â $721,269Â $â€”Â $771,563Â Note 9. Stockholdersâ€™ EquityThe Companyâ€™s authorized capital stock consists of 400,000,000 shares of common stock, $0.01 par value per share, and 100,000,000 shares of preferred stock, $0.01 par value per share. The Company has an at-the-market equity offering program (the "$500 Million ATM Program") pursuant to which the Company may issue and sell shares of its common stock having an aggregate offering price of up to $500.0 million ($438.3Â million remaining as of SeptemberÂ 30, 2024) in amounts and at times to be determined by the Company from time to time. Prior to the implementation of the $500 Million ATM Program, the Company had two previous at-the-market equity offering programs (the "Previous $500 Million ATM Program" and the "$300 Million ATM Program"), which were substantially utilized as of August 27, 2024 and September 5, 2023, respectively, and are no longer active. Actual sales under the $500 Million ATM Program, if any, will depend on a variety of factors to be determined by the Company from time to time, including, among others, market conditions, the trading price of the Companyâ€™s common stock, determinations by the Company of the appropriate sources of funding for the Company and potential uses of funding available to the Company. During the three and nine months ended SeptemberÂ 30, 2024, the Company issued an aggregate of 2,976,266 and 5,329,544 shares, respectively, of common stock at a weighted average offering price of $68.70 and $66.62 per share, respectively, under the Previous $500 Million ATM Program and the $500 Million ATM Program, resulting in net proceeds of approximately $201.5 million and $349.9 million, respectively, and paying total compensation to the applicable sales agents of approximately $3.0 million and $5.1 million, respectively. During the three and nine months ended SeptemberÂ 30, 2023, the Company issued an aggregate of 1,575,173 and 2,542,279 shares, respectively, of common stock at a weighted average offering price of $60.78 and $61.61 per share, respectively, under the $300 Million ATM Program and the Previous $500 Million ATM Program, resulting in net proceeds of approximately $94.4 million and $154.4 million, respectively, and paying total compensation to the applicable sales agents of approximately $1.4 million and $2.3 million, respectively.On MarchÂ 27, 2024, the Company completed a public offering of 6,325,000 shares of common stock at a price per share of $62.00, which included the underwritersâ€™ full exercise of their option to purchase an additional 825,000 shares. The net proceeds of the offering were approximately $387.1Â million after deducting the underwriting discount and offering costs of approximately $5.0Â million. The Company used the net proceeds for acquisitions.On FebruaryÂ 13, 2023, the Company completed a public offering of 5,750,000 shares of common stock at a price per share of $62.50, which included the underwritersâ€™ full exercise of their option to purchase an additional 750,000 shares. The net proceeds of the offering were approximately $355.9Â million after deducting the underwriting discount and offering costs of approximately $3.5Â million. The Company used the net proceeds for acquisitions.In connection with the Annual Meeting of Stockholders on May 7, 2024, the Company granted a total of 11,385 unrestricted shares of the Company's common stock to its independent directors under the 2019 Plan with a grant date fair value per share of $54.90. The grant date fair value of the common stock was determined using the closing price of the Companyâ€™s common stock on the date of the grant. The Company recognized approximately $0.6 million in compensation costs for the nine months ended SeptemberÂ 30, 2024 related to this issuance.The Company has a share repurchase program authorizing the Company to repurchase up to 3,000,000 shares of its outstanding common stock from time to time through December 31, 2026.Â Purchases made pursuant to the program will be made in either the open market or in privately negotiated transactions as permitted by federal securities laws and other legal requirements.Â The timing, manner, price and amount of any repurchases will be determined by the Company in its discretion and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors.Â The program may be suspended 15Table of Contentsor discontinued at any time. As of SeptemberÂ 30, 2024, the Company had not repurchased any shares of common stock pursuant to its share repurchase program.The Company has a Non-Qualified Deferred Compensation Plan (the â€œDeferred Compensation Planâ€) maintained for the benefit of select employees and members of the Companyâ€™s Board of Directors, in which certain of their cash and equity-based compensation may be deposited. Deferred Compensation Plan assets are held in a rabbi trust, which is subject to the claims of the Companyâ€™s creditors in the event of bankruptcy or insolvency. The shares held in the Deferred Compensation Plan are classified within stockholdersâ€™ equity in a manner similar to the manner in which treasury stock is classified. Subsequent changes in the fair value of the shares are not recognized. During both the three months ended SeptemberÂ 30, 2024 and 2023, no shares of common stock were deposited into the Deferred Compensation Plan and during the nine months ended SeptemberÂ 30, 2024 and 2023, 0 and 96,874 shares of common stock, respectively, were deposited into the Deferred Compensation Plan. During each of the three and nine months ended SeptemberÂ 30, 2024 and 2023, no shares of common stock were withdrawn from the Deferred Compensation Plan.As of SeptemberÂ 30, 2024, there were 1,898,961 shares of common stock authorized for issuance as restricted stock grants, unrestricted stock awards or Performance Share awards under the 2019 Plan, of which 367,062 were remaining and available for issuance. The grant date fair value per share of restricted stock awards issued during the period from FebruaryÂ 16, 2010 (commencement of operations) to SeptemberÂ 30, 2024 ranged from $14.20 to $78.33. The fair value of the restricted stock that was granted during the nine months ended SeptemberÂ 30, 2024 was approximately $8.8 million and the vesting period for the restricted stock is typically between three and five years. As of SeptemberÂ 30, 2024, the Company had approximately $16.4 million of total unrecognized compensation costs related to restricted stock issuances, which is expected to be recognized over a remaining weighted average period of approximately 3.3 years. The Company recognized compensation costs of approximately $1.8 million and $1.6 million for the three months ended SeptemberÂ 30, 2024 and 2023, respectively, and approximately $5.0 million and $4.6 million for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively, related to the restricted stock issuances.The following is a summary of the total restricted shares granted to the Companyâ€™s executive officers and employees with the related weighted average grant date fair value share prices for the nine months ended SeptemberÂ 30, 2024:Restricted Stock Activity:SharesWeightedÂ AverageÂ GrantDateÂ FairÂ ValueNon-vested shares outstanding as of December 31, 2023419,057Â $60.99Â Granted138,380Â 63.48Â Forfeited(16,337)66.98Â Vested(114,213)55.39Â Non-vested shares outstanding as of September 30, 2024426,887Â $63.06Â The following is a vesting schedule of the total non-vested shares of restricted stock outstanding as of SeptemberÂ 30, 2024:Non-vestedÂ SharesÂ VestingÂ ScheduleNumberÂ ofÂ Shares2024 (3 months)â€”Â 202597,920Â 202680,040Â 2027104,687Â 202873,070Â Thereafter71,170Â Total Non-vested Shares426,887Â Long-Term Incentive Plan:As of SeptemberÂ 30, 2024, there were three open performance measurement periods for the Performance Share awards: JanuaryÂ 1, 2022 to DecemberÂ 31, 2024, JanuaryÂ 1, 2023 to DecemberÂ 31, 2025, and January 1, 2024 to December 31, 2026. During the nine months ended SeptemberÂ 30, 2024, the Company did not issue any shares of common stock related to the Performance Share awards for the performance period from January 1, 2021 to December 31, 2023.16Table of ContentsThe following table summarizes certain information with respect to the Performance Share awards granted on or after January 1, 2019 and includes the forfeiture of certain of the Performance Share awards during 2024 (dollars in thousands):PerformanceÂ ShareÂ PeriodFair Value on Date of Grant 1Expense for the Three Months Ended September 30,Expense for the Nine Months Ended September 30,2024202320242023January 1, 2021 - December 31, 2023$4,820Â $â€”Â $402Â $â€”Â $1,206Â January 1, 2022 - December 31, 20245,618Â 468Â 482Â 1,276Â 1,446Â January 1, 2023 - December 31, 20258,583Â 715Â 753Â 1,955Â 2,259Â January 1, 2024 - December 31, 20269,261Â 772Â â€”Â 2,298Â â€”Â Total$28,282Â $1,955Â $1,637Â $5,529Â $4,911Â 1 Â Â Â Â Reflects the fair value on date of grant for all performance shares outstanding at SeptemberÂ 30, 2024.Dividends:The following table sets forth the cash dividends paid or payable per share during the nine months ended SeptemberÂ 30, 2024:ForÂ theÂ Three Months EndedSecurityDividendÂ per ShareDeclarationÂ DateRecordÂ DateDateÂ PaidMarch 31, 2024Common Stock$0.45Â February 6, 2024March 28, 2024April 5, 2024June 30, 2024Common Stock$0.45Â May 7, 2024June 28, 2024July 12, 2024September 30, 2024Common Stock$0.49Â August 6, 2024September 30, 2024October 11, 2024 Note 10. Net Income (Loss) Per SharePursuant to ASC 260-10-45, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities, unvested share-based payment awards that contain non-forfeitable rights to dividends are participating securities and are included in the computation of earnings per share pursuant to the two-class method. The two-class method of computing earnings per share allocates earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. Under the two-class method, earnings per common share are computed by dividing the sum of distributed earnings to common stockholders and undistributed earnings allocated to common stockholders by the weighted average number of common shares outstanding for the period. The Companyâ€™s non-vested shares of restricted stock are considered participating securities since these share-based awards contain non-forfeitable rights to dividends irrespective of whether the awards ultimately vest or expire. The Company had no antidilutive securities or dilutive restricted stock awards outstanding for the three and nine months ended SeptemberÂ 30, 2024 and 2023.In accordance with the Companyâ€™s policies of determining whether instruments granted in share-based payment transactions are participating securities and accounting for earnings per share, the net income (loss) per common share is adjusted for earnings distributed through declared dividends (if any) and allocated to all participating securities (weighted average common shares outstanding and unvested restricted shares outstanding) under the two-class method. Under this method, allocations were made to 422,856 and 404,010 of weighted average unvested restricted shares outstanding for the three months ended SeptemberÂ 30, 2024 and 2023, respectively, and 430,782 and 384,239 of weighted average unvested restricted shares outstanding for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively.Performance Share awards which may be payable in shares of the Companyâ€™s common stock after the conclusion of each pre-established performance measurement period are included as contingently issuable shares in the calculation of diluted weighted average common shares of stock outstanding assuming the reporting period is the end of the measurement period, and the effect is dilutive. Diluted shares related to the Performance Share awards were 309,002 and 225,327 for the three months ended SeptemberÂ 30, 2024 and 2023, respectively, and 344,356 and 231,459 for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively.17Table of ContentsNote 11. Commitments and ContingenciesContractual Commitments. As of NovemberÂ 5, 2024, the Company had two outstanding contracts with third-party sellers to acquire two industrial properties for a total purchase price of approximately $163.9Â million. In addition, the Company has a commitment to assume existing debt of approximately $72.9Â million secured by one of the properties. There is no assurance that the Company will acquire the properties because the proposed acquisitions are subject to due diligence and various closing conditions.Note 12. Subsequent Events On October 21, 2024, the Company commenced development of Countyline Building 34 in Countyline Phase IV. Upon completion, which is expected to occur in the third quarter of 2025, Countyline Building 34 will consist of one approximately 220,000 square foot industrial building with a total expected investment of approximately $55.9Â million. The building is 70% pre-leased. The lease will commence upon completion of the building and tenant improvements and will expire in February 2033.On NovemberÂ 5, 2024, the Companyâ€™s board of directors declared a cash dividend in the amount of $0.49 per share of its common stock payable on JanuaryÂ 7, 2025 to the stockholders of record as of the close of business on DecemberÂ 13, 2024.18Table of ContentsItem 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations.This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, SectionÂ 27A of the Securities Act of 1933, as amended (the â€œSecurities Actâ€), and SectionÂ 21E of the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€). We caution investors that forward-looking statements are based on managementâ€™s beliefs and on assumptions made by, and information currently available to, management. When used, the words â€œanticipateâ€, â€œbelieveâ€, â€œestimateâ€, â€œexpectâ€, â€œintendâ€, â€œmayâ€, â€œmightâ€, â€œplanâ€, â€œprojectâ€, â€œresultâ€, â€œshouldâ€, â€œwillâ€, â€œseekâ€, â€œtargetâ€, â€œseeâ€, â€œlikelyâ€, â€œpositionâ€, â€œopportunityâ€, â€œoutlookâ€, â€œpotentialâ€, â€œfutureâ€ and similar expressions which do not relate solely to historical matters are intended to identify forward-looking statements. These statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors, that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.Some of the risks and uncertainties that may cause our actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:â€¢the factors included under the headings â€œRisk Factorsâ€ and â€œManagementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€ in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023, which was filed with the Securities and Exchange Commission on FebruaryÂ 7, 2024, in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, which was filed with the Securities and Exchange Commission on May 8, 2024, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, which was filed with the Securities and Exchange Commission on August 7, 2024, in this Quarterly Report on Form 10-Q, and in our other public filings;â€¢our ability to identify and acquire industrial properties on terms favorable to us;â€¢general volatility of the capital markets and the market price of our common stock;â€¢adverse economic or real estate conditions or developments in the industrial real estate sector and/or in the markets in which we own properties;â€¢our dependence on key personnel and our reliance on third-party property managers;â€¢our inability to comply with the laws, rules and regulations applicable to companies, and in particular, public companies;â€¢our ability to manage our growth effectively;â€¢tenant bankruptcies and defaults on, or non-renewal of, leases by tenants;â€¢decreased rental rates or increased vacancy rates;â€¢increased interest rates and operating costs;â€¢declining real estate valuations and impairment charges;â€¢our expected leverage, our failure to obtain necessary outside financing, and existing and future debt service obligations;â€¢our ability to make distributions to our stockholders;â€¢our failure to successfully hedge against interest rate increases;â€¢our failure to successfully operate acquired properties;â€¢risks relating to our real estate development, redevelopment, renovation and expansion strategies and activities (including rising inflation, supply chain disruptions and construction delays);â€¢the impact of any future pandemic, epidemic or outbreak of any highly infectious disease on the U.S., regional and global economies and on our business, financial condition and results of operations and that of our tenants;â€¢risks associated with security breaches through cyber attacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology networks and related systems;19Table of Contentsâ€¢our failure to qualify or maintain our status as a real estate investment trust (â€œREITâ€), and possible adverse changes to tax laws;â€¢uninsured or underinsured losses and costs relating to our properties or that otherwise result from future litigation;â€¢environmental uncertainties and risks related to natural disasters;â€¢financial market fluctuations;Â andâ€¢changes in real estate and zoning laws and increases in real property tax rates.OverviewTerreno Realty Corporation (â€œTerrenoâ€, and together with its subsidiaries, â€œweâ€, â€œusâ€, â€œourâ€, â€œour Companyâ€, or â€œthe Companyâ€) acquires, owns and operates industrial real estate in six major coastal U.S.Â markets: Northern New Jersey/New York City; Los Angeles; Miami; San Francisco Bay Area; Seattle and Washington, D.C. We invest in several types of industrial real estate, including warehouse/distribution (approximately 77.9% of our total annualized base rent as of SeptemberÂ 30, 2024), flex (including light industrial and research and development, or R&D) (approximately 3.7%), transshipment (approximately 6.4%) and improved land (approximately 12.0%). We target functional properties in infill locations that may be shared by multiple tenants and that cater to customer demand within the various submarkets in which we operate. Infill locations are geographic locations surrounded by high concentrations of already developed land and existing buildings. As of SeptemberÂ 30, 2024, we owned a total of 294 buildings (including two properties consisting of three buildings held for sale) aggregating approximately 18.3 millionÂ square feet, 45 improved land parcels consisting of approximately 152.4 acres, eight properties under development or redevelopment and approximately 35.4 acres of land for future development. As of SeptemberÂ 30, 2024, our buildings and improved land parcels were approximately 97.0% and 98.1% leased, respectively, to 675 customers, the largest of which accounted for approximately 3.3% of our total annualized base rent. See â€œItem 1 â€“ Our Investment Strategy â€“ Industrial Facility General Characteristicsâ€ in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 for a general description of these types of industrial real estate.We are an internally managed Maryland corporation and elected to be taxed as a REIT under SectionsÂ 856 through 860 of the Internal Revenue Code of 1986, as amended, commencing with our taxable year ended DecemberÂ 31, 2010.The following table summarizes by type our investments in real estate as of SeptemberÂ 30, 2024:TypeNumber of Buildings or Improved Land ParcelsAnnualized Base Rent (inÂ thousands) 1% of TotalWarehouse/distribution257$232,165Â 77.9Â %Flex1711,041Â 3.7Â %Transshipment2019,000Â 6.4Â %Improved land4535,669Â 12.0Â %Total339$297,875Â 100.0Â %1Annualized base rent is calculated as contractual monthly base rent per the leases, excluding any partial or full rent abatements, as of SeptemberÂ 30, 2024, multiplied by 12.20Table of ContentsThe following table summarizes by market our investments in real estate as of SeptemberÂ 30, 2024:Northern New Jersey/New York CityLos AngelesMiamiSan Francisco Bay AreaSeattleWashington, D.C.Total/Weighted AverageInvestments in Real EstateNumberÂ of Buildings62Â 60Â 41Â 59Â 44Â 28Â 294Â Rentable SquareÂ Feet3,469,583Â 2,780,481Â 3,876,622Â 3,282,021Â 2,731,389Â 2,177,649Â 18,317,745Â %Â of Total18.9Â %15.2Â %21.2Â %17.9Â %14.9Â %11.9Â %100.0Â %Occupancy %Â asÂ ofÂ SeptemberÂ 30, 202494.7Â %99.8Â %98.8Â %96.8Â %95.0Â %96.3Â %97.0Â %Annualized BaseÂ Rent (in thousands) 1$65,832Â $39,602Â $43,306Â $50,409Â $34,890Â $28,167Â $262,206Â %Â of Total25.2Â %15.1Â %16.5Â %19.2Â %13.3Â %10.7Â %100.0Â %Annualized BaseÂ Rent 1Â Per Occupied SquareÂ Foot$20.03Â $14.27Â $11.30Â $15.86Â $13.45Â $13.43Â $14.76Â Weighted Average Remaining LeaseÂ Term (Years)Â 23.4Â 5.0Â 5.7Â 3.7Â 3.4Â 2.7Â 4.1Â Investments in Improved LandNumberÂ of Land Parcels13Â 13Â 3Â 4Â 10Â 2Â 45Â Acres68.0Â 27.0Â 9.9Â 14.3Â 25.9Â 7.3Â 152.4Â %Â of Total44.6Â %17.7Â %6.5Â %9.4Â %17.0Â %4.8Â %100.0Â %Occupancy %Â asÂ ofÂ SeptemberÂ 30, 2024100.0Â %100.0Â %100.0Â %100.0Â %88.8Â %100.0Â %98.1Â %Annualized BaseÂ Rent (inÂ thousands)Â 1$14,108Â $8,957Â $2,155Â $2,882Â $6,170Â $1,397Â $35,669Â %Â of Total39.6Â %25.1Â %6.0Â %8.1Â %17.3Â %3.9Â %100.0Â %Annualized BaseÂ Rent 1Â Per Occupied SquareÂ Foot$4.76Â $7.61Â $5.00Â $4.64Â $6.16Â $4.40Â $5.48Â Weighted Average Remaining LeaseÂ Term (Years)Â 23.9Â 2.8Â 8.3Â 5.7Â 3.0Â 8.8Â 4.3Â Total Investments in Real Estate and Improved LandAnnualized Base Rent (inÂ thousands) 1$79,940Â $48,559Â $45,461Â $53,291Â $41,060Â $29,564Â $297,875Â % of Total Annualized Base Rent 126.8Â %16.3Â %15.3Â %17.9Â %13.8Â %9.9Â %100.0Â %Gross Book Value (inÂ thousands) 3$1,105,156Â $817,122Â $875,014Â $846,459Â $616,309Â $427,108Â $4,687,168Â % of Total Gross Book Value23.6Â %17.4Â %18.7Â %18.1Â %13.1Â %9.1Â %100.0Â %1Annualized base rent is calculated as contractual monthly base rent per the leases, excluding any partial or full rent abatements, as of SeptemberÂ 30, 2024, multiplied by 12.2Weighted average remaining lease term is calculated by summing the remaining lease term of each lease as of SeptemberÂ 30, 2024, weighted by the respective square footage.3Includes eight properties under development or redevelopment that, upon completion, will consist of nine buildings aggregating approximately 0.9 million square feet and one approximately 2.8-acre improved land parcel, approximately 35.4 acres of land for future development and two properties consisting of three buildings held for sale with a gross book value of approximately $14.5Â million.As of SeptemberÂ 30, 2024, we owned eight properties under development or redevelopment that, upon completion, will consist of nine buildings aggregating approximately 0.9 million square feet and one approximately 2.8-acre improved land parcel, and approximately 35.4 acres of land for future development, with a total

expected investment of approximately $520.3 21Table of Contentsmillion,Â including redevelopment costs, capitalized interest and other costs.The following table summarizes our capital expenditures incurred during the three and nine months ended SeptemberÂ 30, 2024 and 2023 (dollars in thousands):For the Three Months Ended September 30,For the Nine Months Ended September 30,2024202320242023Operating portfolio:Building and tenant improvements$9,871Â $9,025Â $27,377Â $24,649Â Leasing commissions4,797Â 2,579Â 9,871Â 9,367Â Total 1$14,668Â $11,604Â $37,248Â $34,016Â Properties under development and redevelopment: Development, redevelopment, renovation and expansion$37,536Â $51,479Â $110,615Â $88,876Â 1Includes approximately $4.5Â million and $4.0 million for the three months ended SeptemberÂ 30, 2024 and 2023, respectively, and approximately $11.0Â million and $13.8Â million for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively, related to leasing acquired vacancy.Our industrial properties are typically subject to leases on a â€œtriple net basis,â€ in which tenants pay their proportionate share of real estate taxes, insurance and operating costs, or are subject to leases on a â€œmodified gross basis,â€ in which tenants pay expenses over certain threshold levels. In addition, approximately 97.6% of our leased space includes fixed rental increases or Consumer Price Index-based rental increases. Lease terms typically range from three to ten years. We monitor the liquidity and creditworthiness of our tenants on an ongoing basis by reviewing outstanding accounts receivable balances, and as provided under the respective lease agreements, review the tenantâ€™s financial condition periodically as appropriate. As needed, we hold discussions with the tenantâ€™s management about their business and we conduct site visits of the tenantâ€™s operations.22Table of ContentsOur top 20 customers based on annualized base rent as of SeptemberÂ 30, 2024 are as follows:CustomerLeasesRentableSquareÂ Feet%Â ofÂ TotalRentableSquareÂ FeetImproved Land AcreageAnnualizedBaseÂ Rent(inÂ thousands)Â 1 %Â ofÂ TotalAnnualizedBaseÂ Rent 21Amazon.com 5471,8802.6Â %2.8$9,892Â 3.3Â %2FedEx Corporation 6308,8891.7Â %7.76,421Â 2.2Â %3Imperial Bag & Paper Co LLC1505,7292.8Â %â€”Â 4,729Â 1.6Â %4United States Government8316,7961.7Â %â€”Â 4,620Â 1.6Â %5O'Neill Logistics2429,6922.3Â %â€”Â 4,480Â 1.5Â %6Meta Platforms, Inc.2299,7751.6Â %â€”Â 4,442Â 1.5Â %7Danaher 3171,7070.9Â %â€”Â 4,201Â 1.4Â %8District of Columbia8245,8881.3Â %â€”Â 3,613Â 1.2Â %9MD Turbines Inc. 2284,1611.6Â %â€”Â 3,556Â 1.2Â %10International Cargo Terminals Inc.131,6010.2Â %â€”Â 3,399Â 1.1Â %11Motivate LLC3101,2340.6Â %â€”Â 3,070Â 1.0Â %12Lucid USA, Inc.1161,6800.9Â %â€”Â 2,676Â 0.9Â %13Northrop Grumman Systems Corporation2148,4580.8Â %â€”Â 2,489Â 0.8Â %14Port Kearny Security, Inc.1â€”â€”Â %16.9Â 2,460Â 0.8Â %15Sarcona Management Corporation228,1240.2Â %4.9Â 2,325Â 0.8Â %16Triton Logistics Inc.1190,9071.0Â %â€”Â 2,273Â 0.8Â %17B&B Granite Block Sales, LLC1â€”â€”Â %7.2Â 2,246Â 0.8Â %18JAM'N Logistics Inc.1110,3360.6Â %â€”Â 2,231Â 0.7Â %19Fisica Inc. (previously L3 Harris Applied Technologies, Inc.)1170,1140.9Â %â€”Â 2,230Â 0.7Â %20Costco-Innovel Solutions LLC1219,9101.2Â %â€”Â 2,044Â 0.7Â %Total524,196,88122.9Â %39.5$73,397Â 24.6Â %1Annualized base rent is calculated as contractual monthly base rent per the leases, excluding any partial or full rent abatements, as of SeptemberÂ 30, 2024, multiplied by 12. 2Total annualized base rent is calculated as contractual monthly base rent per the leases, for all buildings and improved land parcels, excluding any partial or full rent abatements, as of SeptemberÂ 30, 2024, multiplied by 12.The following tables summarize the anticipated lease expirations for leases in place as of SeptemberÂ 30, 2024, without giving effect to the exercise of unexercised renewal options or termination rights, if any, at or prior to the scheduled
expirations:Buildings:YearRentableÂ SquareÂ Feet%Â ofÂ TotalÂ RentableSquareÂ FeetAnnualizedÂ BaseÂ Rent(inÂ thousands)Â 2%Â ofÂ TotalÂ AnnualizedBaseÂ Rent 32024 (3 months)
1368,9762.0Â %$5,406Â 1.6Â %20252,144,23011.7Â %34,286Â 10.3Â %20263,621,79819.8Â %55,585Â 16.7Â %20272,914,16915.9Â %48,731Â 14.6Â %20282,259,43912.3Â %44,411Â 13.3Â %T
of ContentsImproved Land Parcels:YearImproved Land Acreage%Â ofÂ TotalÂ Improved Land AcreageAnnualizedÂ BaseÂ Rent(inÂ thousands)Â 2%Â ofÂ TotalÂ AnnualizedBaseÂ Rent 32024 (3 months)
45.73.7Â %$2,215Â 0.7Â %202517.711.6Â %4,244Â 1.3Â %202620.913.7Â %5,756Â 1.7Â %202715.810.4Â %5,183Â 1.6Â %202821.213.9Â %5,628Â 1.7Â %Thereafter68.244.8Â %17,896Â 5.3Â %
Buildings and Improved Land Parcels:YearTotal Annualized Base Rent (in thousands)3%Â ofÂ Total Annualized Base Rent 32024 (3 months)
5$7,621Â 2.3Â %202538,530Â 11.6Â %202661,341Â 18.4Â %202753,914Â 16.2Â %202850,039Â 15.0Â %Thereafter122,305Â 36.5Â %Total$333,750Â 100.0Â %1Includes leases that expire on or after SeptemberÂ 30, 2024 and month-to-month leases totaling approximately 47,003 square feet.2Annualized base rent is calculated as contractual monthly base rent per the leases at expiration, excluding any partial or full rent abatements, as of SeptemberÂ 30, 2024, multiplied by 12.3Total annualized base rent is calculated as contractual monthly base rent per the leases at expiration, for all buildings and/or improved land parcels, excluding any partial or full rent abatements, as of SeptemberÂ 30, 2024, multiplied by 12.4Includes leases that expire on or after SeptemberÂ 30, 2024 and month-to-month leases totaling approximately 2.4 acres.5Includes leases that expire on or after SeptemberÂ 30, 2024 and month-to-month leases disclosed in footnotes 1 and 4 of the table.Our ability to re-lease or renew expiring space at rental rates equal to or in excess of current rental rates will impact our results of operations. As of SeptemberÂ 30, 2024, leases representing approximately 2.3% of the total annualized base rent of our portfolio are scheduled to expire during the remainder of the year ending December 31, 2024. We currently expect that, on average, the rental rates we are likely to achieve on new (re-leased) or renewed leases for our remaining 2024 expirations will be above the rates currently being paid for the same space. Cash rent changes on new and renewed leases totaling approximately 0.5 million square feet and 0.3 acres of improved land commencing during the three months ended SeptemberÂ 30, 2024 were approximately 24.1% higher as compared to the previous rental rates for that same space, and cash rent changes on new and renewed leases totaling approximately 1.6Â million square feet and 22.5 acres commencing during the nine months ended SeptemberÂ 30, 2024 were approximately 40.5% higher as compared to the previous rental rates for that same space. We had a tenant retention ratio for the operating portfolio of 67.3% and 58.0%, respectively, for the three and nine months ended SeptemberÂ 30, 2024. We had a tenant retention ratio for the improved land portfolio of 100.0% and 66.3%, respectively, for the three and nine months ended SeptemberÂ 30, 2024. We define tenant retention ratio as the square footage or acreage of all leases commenced during the period that are rented by existing tenants divided by the square footage or acreage of all expiring leases during the reporting period. The square footage or acreage of tenants that default or buy-out prior to expiration of their lease and short-term leases of less than one year are not included in the calculation.24Table of ContentsOur past performance may not be indicative of future results, and we cannot assure you that leases will be renewed or that our properties will be re-leased at all or at rental rates equal to or above the current average rental rates. Further, re-leased/renewed rental rates in a particular market may not be consistent with rental rates across our portfolio as a whole and re-leased/renewed rental rates for particular properties within a market may not be consistent with rental rates across our portfolio within a particular market, in each case due to a number of factors, including local real estate conditions, local supply and demand for industrial space, the condition of the property, the impact of leasing incentives, including free rent and tenant improvements, and whether the property, or space within the property, has been redeveloped.Recent DevelopmentsAcquisition ActivityDuring the three months ended SeptemberÂ 30, 2024, we acquired one industrial property, for a total purchase price of approximately $7.6 million. The property was acquired from an unrelated third party using existing cash on hand and net proceeds from the issuance of common stock. The following table sets forth the industrial property we acquired during the three months ended SeptemberÂ 30,
2024:PropertyÂ NameLocationAcquisitionÂ DateNumberÂ ofBuildingsSquareFeetPurchaseÂ Price(inÂ thousands)Â 1StabilizedCapÂ RateÂ 23000 V Street NEWashington, D.C.August 1, 20241Â 26,000Â $7,600Â 5.6Â %1Excludes intangible liabilities. The total aggregate initial investment was approximately $7.9Â million, including $0.3Â million in capitalized closing costs and acquisition costs.2Stabilized capitalization rates, referred to herein as stabilized cap rates, are calculated, at the time of acquisition, as annualized cash basis net operating income for the property stabilized to market occupancy (generally 95%) divided by the total acquisition cost for the property. Total acquisition cost basis for the property includes the initial purchase price, the effects of marking assumed debt to market, buyerâ€™s due diligence and closing costs, estimated near-term capital expenditures and leasing costs necessary to achieve stabilization. We define cash basis net operating income for the property as net operating income excluding straight-line rents and amortization of lease intangibles. These stabilized cap rates are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors that are beyond our control, including risks related to our ability to meet our estimated forecasts related to stabilized cap rates and those risk factors contained in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 and in our other public filings.25Table of ContentsDevelopment and Redevelopment ActivityAs of SeptemberÂ 30, 2024, we had eight properties under development or redevelopment that, upon completion, will consist of nine buildings aggregating approximately 0.9 million square feet and one approximately 2.8-acre improved land parcel. Additionally, we owned approximately 35.4 acres of land for future development that, upon completion, will consist of three buildings aggregating approximately 0.7 million square feet. The following table summarizes certain information with respect to the properties under development or redevelopment and the land for future development as of SeptemberÂ 30, 2024:
PropertyÂ NameTotalÂ ExpectedInvestment (in thousands)Â 1Amount Spent to Date (in thousands) 2EstimatedStabilizedÂ CapRateÂ 3Estimated Post-Development Square FeetEstimated Post-Development AcreageEstimatedStabilizationQuarter% Pre-leased SeptemberÂ 30, 2024Properties under development or redevelopment:Countyline Phase IV 4Countyline Building 31$42,000Â $38,900Â 6.0Â %161,800â€”Â Q4 2024100.0Â %Countyline Building 3240,100Â 29,400Â 6.0Â %164,300â€”Â Q4 2025â€”Â %Countyline Building 3339,000Â 32,500Â 5.9Â %158,000â€”Â Q4 202566.6Â %147th Street15,600Â 15,600Â 5.3Â %31,400â€”Â Q4 2024â€”Â %Maple III28,200Â 26,100Â 2.3Â %â€”Â 2.8Â Q4 2024â€”Â %Paterson Plank III35,300Â 33,800Â 3.8Â %47,300â€”Â Q1 2025â€”Â %East Garry Avenue40,700Â 30,700Â 5.1Â %91,500â€”Â Q2 2025100.0Â %139th Street 5104,600Â 41,000Â 6.1Â %227,800â€”Â Q4 2027â€”Â %Total/Weighted Average$345,500Â $248,000Â 5.4Â %882,1002.840.6Â %Land for future development:Countyline Phase IV 4Countyline Phase IV Land 6174,800Â 57,500Â 6.0Â %653,000â€”Â 2025-2027N/ATotal$174,800Â $57,500Â 6.0Â %653,000â€”Â N/A1Excludes below-market lease adjustments recorded at acquisition. Total expected investment for the properties includes the initial purchase price, buyerâ€™s due diligence and closing costs, estimated near-term redevelopment expenditures, capitalized interest and leasing costs necessary to achieve stabilization.2Excludes below-market lease adjustments recorded at acquisition.3Estimated stabilized cap rates, referred to herein as estimated stabilized cap rates, are calculated as estimated annualized cash basis net operating income for the property stabilized to market occupancy (generally 95%) divided by the total acquisition cost for the property. We define cash basis net operating income for the property as net operating income excluding straight-line rents and amortization of lease intangibles. These stabilized cap rates are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors that are beyond our control, including risks related to our ability to meet our estimated forecasts related to stabilized cap rates and those risk factors contained in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 and in our other public filings.4â€œCountyline Phase IVâ€ is a 121-acre project entitled for 2.2Â million square feet of industrial distribution buildings located in Miamiâ€™s Countyline Corporate Park (â€œCountylineâ€), immediately adjacent to our seven buildings within Countyline. Countyline Phase IV, a landfill redevelopment adjacent to Floridaâ€™s Turnpike and the southern terminus of I-75, is expected to contain ten LEED-certified industrial distribution buildings at completion.5This redevelopment property was initially acquired in 2017 for a total initial investment, including closing costs and acquisition costs, of approximately $39.9Â million. The property was in the operating portfolio until January 2024 when redevelopment commenced. The amount spent to date includes the total initial investment and capital expenditures 26Table of Contentsincurred prior to redevelopment and excludes accumulated depreciation recorded since acquisition. We expect a total incremental investment of approximately $64.0Â million.6On October 21, 2024, we commenced development of Countyline Building 34 in Countyline Phase IV. Upon completion, which is expected to occur in the third quarter of 2025, Countyline Building 34 will consist of one approximately 220,000 square foot industrial building with a total expected investment of approximately $55.9 million and an estimated stabilized cap rate of 5.7%. The building is 70% pre-leased. The lease will commence upon completion of the building and tenant improvements and will expire in February 2033.During the nine months ended SeptemberÂ 30, 2024, we completed development of three properties. The following table summarizes certain information with respect to the development properties completed during the nine months ended SeptemberÂ 30,
2024:PropertyÂ NameLocationTotalInvestmentÂ (inthousands)Â 1EstimatedStabilizedÂ CapRateÂ 2Post-Development Square FeetPost-Development AcreageCompletion QuarterCountyline Building 38Hialeah, FL$88,500Â 5.0Â %506,215â€”Â Q2 2024Countyline Building 39Hialeah, FL43,800Â 5.8Â %178,201â€”Â Q3 2024Countyline Building 40Hialeah, FL43,800Â 6.3Â %186,107â€”Â Q2 2024Total/Weighted Average$176,100Â 5.5Â %870,523â€”Â 1Total investment for the properties include the initial purchase price, buyerâ€™s due diligence and closing costs, redevelopment expenditures, capitalized interest and leasing costs necessary to achieve stabilization.2Estimated stabilized cap rates are calculated as estimated annualized cash basis net operating income for the properties stabilized to market occupancy (generally 95%) divided by the total acquisition cost for the property. We define cash basis net operating income for the property as net operating income excluding straight-line rents and amortization of lease intangibles. These stabilized cap rates are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors that are beyond our control, including risks related to our ability to meet our estimated forecasts related to stabilized cap rates and those risk factors contained in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 and in our other public filings.Disposition ActivityDuring the nine months ended SeptemberÂ 30, 2024, we sold one property located in the Seattle market for a sales price of approximately $11.0Â million, resulting in a gain of approximately $5.7Â million. The following summarizes the condensed results of operations of the property sold during the three and nine months ended SeptemberÂ 30, 2024 (dollars in thousands):For the Three Months Ended September 30,For the Nine Months Ended September 30,2024202320242023Rental revenues$â€”Â $144Â $140Â $434Â Tenant expense reimbursementsâ€”Â 39Â 28Â 86Â Property operating expensesâ€”Â (32)(30)(90)Depreciation and amortizationâ€”Â (26)(24)(76)Income from operations$â€”Â $125Â $114Â $354Â Senior Unsecured NotesIn July 2024, we repaid the $100.0Â million tranche of our 7-year senior unsecured notes using existing cash on hand. The notes bore interest at 3.8% and had an original maturity date of July 14, 2024.Public OfferingOn MarchÂ 27, 2024, we completed a public offering of 6,325,000 shares of common stock at a price per share of $62.00, which included the underwritersâ€™ full exercise of their option to purchase an additional 825,000 shares. The net proceeds of the 27Table of Contentsoffering were approximately $387.1Â million after deducting the underwriting discount and offering costs of approximately $5.0Â million. We used the net proceeds for acquisitions.ATM ProgramWe have an at-the-market equity offering program (the "$500 Million ATM Program") pursuant to which we may issue and sell shares of our common stock having an aggregate offering price of up to $500.0 million ($438.3Â million remaining as of SeptemberÂ 30, 2024) in amounts and at times as we determine from time to time. Prior to the implementation of the $500 Million ATM Program, we had a previous at-the-market equity program (the â€œPrevious $500 Million ATM Programâ€), which was substantially utilized as of August 27, 2024 and which is no longer active. We intend to use the net proceeds from the offering of the shares under the $500 Million ATM Program, if any, for general corporate purposes, which may include future acquisitions, redevelopments and repayment of indebtedness, including borrowings under our revolving credit facility. During the three and nine months ended SeptemberÂ 30, 2024, we issued an aggregate of 2,976,266 and 5,329,544 shares, respectively, of common stock at a weighted average offering price of $68.70 and $66.62 per share, respectively, under the Previous $500 Million ATM Program and the $500 Million ATM Program, resulting in net proceeds of approximately $201.5 million and $349.9 million, respectively, and paying total compensation to the applicable sales agents of approximately $3.0 million and $5.1 million, respectively.Share Repurchase ProgramWe have a share repurchase program authorizing us to repurchase up to 3,000,000 shares of our outstanding common stock from time to time through December 31, 2026. Purchases made pursuant to this program, if any, will be made in either the open market or in privately negotiated transactions as permitted by federal securities laws and other legal requirements. The timing, manner, price and amount of any repurchases will be determined by us in our discretion and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The program may be suspended or discontinued at any time. As of SeptemberÂ 30, 2024, we had not repurchased any shares of our common stock pursuant to our share repurchase program.Dividend and Distribution ActivityOn NovemberÂ 5, 2024, our board of directors declared a cash dividend in the amount of $0.49 per share of our common stock payable on JanuaryÂ 7, 2025 to the stockholders of record as of the close of business on DecemberÂ 13, 2024.Contractual CommitmentsAs of NovemberÂ 5, 2024, we had two outstanding contracts to acquire two industrial properties for a total price of $163.9Â million, as described under the heading â€œMaterial Cash Commitmentsâ€ in this Quarterly Report on Form 10-Q. In addition, we have a commitment to assume existing debt of approximately $72.9 million secured by one of the properties. There is no assurance that we will acquire the properties under contract because the proposed acquisitions are subject to the completion of satisfactory due diligence and various closing conditions.InflationThe U.S. economy experienced a significant increase in inflation rates in recent years. A wide variety of industries and sectors have been, and will continue to be, affected by increasing commodity prices. In recent years, inflation has increased construction costs, including tenant improvements and capital projects, goods and labor, and operating costs.

Most of our leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation. In addition, leases with respect to approximately 63.5% of our total rentable square feet and improved land acreage expire within five years which enables us to seek to replace existing leases with new leases at the then-existing market rate.Financial Condition and Results of OperationsWe derive substantially all of our revenues from rents received from tenants under existing leases on each of our properties. These revenues include fixed base rents and recoveries of certain property operating expenses that we have incurred and that we pass through to the individual tenants. Approximately 97.6% of our leased space includes fixed rental increases or Consumer Price Index-based rental increases. Lease terms typically range from three to ten years.28Table of ContentsOur primary cash expenses consist of our property operating expenses, which include: real estate taxes, repairs and maintenance, management expenses, insurance, utilities, general and administrative expenses, which include compensation costs, office expenses, professional fees and other administrative expenses, acquisition costs, which include third-party costs paid to brokers and consultants, and interest expense, primarily on our revolving credit facility, term loans and senior unsecured notes.Our consolidated results of operations often are not comparable from period to period due to the impact of property acquisitions at various times during the course of such periods. The results of operations of any acquired property are included in our financial statements as of the date of its acquisition.The analysis of our results below for the three and nine months ended SeptemberÂ 30, 2024 and 2023 includes the changes attributable to same store properties. The same store pool for the comparison of the three and nine months ended SeptemberÂ 30, 2024 and 2023 includes all properties that were owned and in operation as of SeptemberÂ 30, 2024 and since JanuaryÂ 1, 2023 and excludes properties that were either disposed of prior to, held for sale to a third party or in development or redevelopment as of SeptemberÂ 30, 2024. As of SeptemberÂ 30, 2024, the same store pool consisted of 243 buildings aggregating approximately 14.6 million square feet representing approximately 79.8% of our total square feet owned and 44 improved land parcels consisting of approximately 145.3 acres representing approximately 95.3% of our total acreage owned. As of SeptemberÂ 30, 2024, the non-same store properties, which we acquired, developed or redeveloped, or sold during 2024 and 2023 or were held for sale or in development or redevelopment as of SeptemberÂ 30, 2024, consisted of 51 buildings (including two properties consisting of three buildings held for sale) aggregating approximately 3.7 million square feet, one improved land parcel consisting of approximately 7.1 acres, eight properties under development or redevelopment and approximately 35.4 acres of land for future development. As of SeptemberÂ 30, 2024 and 2023, our consolidated same store pool occupancy was approximately 97.3% and 98.4%, respectively.Our future financial condition and results of operations, including rental revenues, straight-line rents and amortization of lease intangibles, may be impacted by the acquisitions of additional properties, and expenses may vary materially from historical results.29Table of ContentsComparison of the Three Months Ended SeptemberÂ 30, 2024 to the Three Months Ended SeptemberÂ 30, 2023:Â For the Three Months Ended September 30,Â Â Â 20242023$Â Change%Â ChangeÂ (Dollars in thousands)Â Rental revenues 1Same store$61,657Â $59,596Â $2,061Â 3.5Â %Non-same store operating properties 217,108Â 5,361Â 11,747Â 219.1Â %Total rental revenues78,765Â 64,957Â 13,808Â 21.3Â %Tenant expense reimbursements 1Same store17,130Â 16,098Â 1,032Â 6.4Â %Non-same store operating properties 23,740Â 1,865Â 1,875Â 100.5Â %Total tenant expense reimbursements20,870Â 17,963Â 2,907Â 16.2Â %Total revenues99,635Â 82,920Â 16,715Â 20.2Â %Property operating expensesSame store19,712Â 18,425Â 1,287Â 7.0Â %Non-same store operating properties 25,887Â 2,044Â 3,843Â 188.0Â %Total property operating expenses25,599Â 20,469Â 5,130Â 25.1Â %Net operating income 3Same store59,075Â 57,269Â 1,806Â 3.2Â %Non-same store operating properties 214,961Â 5,182Â 9,779Â 188.7Â %Total net operating income$74,036Â $62,451Â $11,585Â 18.6Â %Other costs and expensesDepreciation and amortization24,058Â 18,245Â 5,813Â 31.9Â %General and administrative10,775Â 9,119Â 1,656Â 18.2Â %Acquisition costs and other11Â 51Â (40)(78.4)%Total other costs and expenses34,844Â 27,415Â 7,429Â 27.1Â %Other income (expense)Interest and other income2,347Â 1,093Â 1,254Â 114.7Â %Interest expense, including amortization(4,900)(5,814)914Â (15.7)%Total other (expense) income(2,553)(4,721)2,168Â (45.9)%Net income$36,639Â $30,315Â $6,324Â 20.9Â %1Accounting Standards Update (â€œASUâ€) No. 2018-11, Leases (Topic 842), allows us to elect not to separate lease and non-lease rental income. All rental income earned pursuant to tenant leases is reflected as one line, â€œRental revenues and tenant expense reimbursementsâ€ on our accompanying consolidated statements of operations. We believe that the above presentation of rental revenues and tenant expense reimbursements is not, and is not intended to be, a presentation in accordance with accounting principles generally accepted in the United States of America (â€œGAAPâ€), and a reconciliation to total revenue is provided above. We believe this information is frequently used by management, investors, and other interested parties to evaluate our performance. See â€œNote 2 - Significant Accounting Policiesâ€ in our condensed notes to consolidated financial statements for more information regarding our adoption of this standard.2Includes 2024 and 2023 acquisitions and dispositions, one improved land parcel, eight properties under development or redevelopment, approximately 35.4 acres of land for future development and two properties consisting of three buildings held for sale as of SeptemberÂ 30, 2024.3Includes straight-line rents and amortization of lease intangibles. See â€œNon-GAAP Financial Measuresâ€ in this Quarterly Report on Form 10-Q for a definition and reconciliation of net operating income and same store net operating income from net income and a discussion of why we believe net operating income and same store net operating income are useful supplemental measures of our operating performance.30Table of ContentsRevenues. Total revenues increased approximately $16.7Â million for the three months ended SeptemberÂ 30, 2024 compared to the same period from the prior year due primarily to increased revenue on new and renewed leases and property acquisitions during 2024 and 2023. Cash rents on new and renewed leases totaling approximately 0.5 million square feet and 0.3 acres of improved land commencing during the three months ended SeptemberÂ 30, 2024 increased approximately 24.1% compared to the previous rental rates for that same space in the same period from the prior year. For the three months ended SeptemberÂ 30, 2024 and 2023, approximately $2.1Â million and $1.8Â million, respectively, was recorded in straight-line rental revenues related to contractual rent abatements given to certain tenants and approximately $10,000 and $0.1Â million, respectively, was recorded in lease termination revenue. The increase in total revenues for the three months ended SeptemberÂ 30, 2024 was partially offset by a decrease in occupancy for the operating portfolio. Additionally, total revenues for both the three months ended SeptemberÂ 30, 2024 and 2023 were partially offset by approximately $0.1Â million of bad debt write-offs.Property operating expenses. Total property operating expenses increased approximately $5.1Â million during the three months ended SeptemberÂ 30, 2024 compared to the same period from the prior year. The increase in total property operating expenses was primarily due to an increase of approximately $3.8Â million attributable to property acquisitions during 2024 and 2023 as well as increases in insurance premiums and real estate taxes.Depreciation and amortization. Depreciation and amortization increased approximately $5.8Â million during the three months ended SeptemberÂ 30, 2024 compared to the same period from the prior year primarily due to property acquisitions during 2024 and 2023.General and administrative expenses. General and administrative expenses increased approximately $1.7Â million during the three months ended SeptemberÂ 30, 2024 compared to the same period from the prior year primarily due to increased compensation expenses including increased restricted stock amortization, LTIP expense and bonus expense, and an increase in the number of employees and salaries compared to the same period from the prior year.Interest and other income. Interest and other income increased approximately $1.3Â million for the three months ended SeptemberÂ 30, 2024 compared to the same period from the prior year primarily due to higher cash and cash equivalent balances.Interest expense, including amortization. Interest expense decreased approximately $0.9Â million for the three months ended SeptemberÂ 30, 2024 compared to the same period from the prior year. This was primarily due to an increase in capitalized interest for the development and redevelopment properties, and lower outstanding debt due to the repayment of the $100Â million tranche of 7-year Senior Unsecured Notes during the three months ended SeptemberÂ 30, 2024. 31Table of ContentsComparison of the Nine Months Ended SeptemberÂ 30, 2024 to the Nine Months Ended SeptemberÂ 30, 2023:Â For the Nine Months Ended September 30,Â Â Â 20242023$Â Change%Â ChangeÂ (Dollars in thousands)Â Rental revenues 1Same store$180,931Â $174,111Â $6,820Â 3.9Â %Non-same store operating properties 238,635Â 13,855Â 24,780Â 178.9Â %Total rental revenues219,566Â 187,966Â 31,600Â 16.8Â %Tenant expense reimbursements 1Same store51,467Â 45,294Â 6,173Â 13.6Â %Non-same store operating properties 27,879Â 3,846Â 4,033Â 104.9Â %Total tenant expense reimbursements59,346Â 49,140Â 10,206Â 20.8Â %Total revenues278,912Â 237,106Â 41,806Â 17.6Â %Property operating expensesSame store58,648Â 52,869Â 5,779Â 10.9Â %Non-same store operating properties 211,613Â 4,567Â 7,046Â 154.3Â %Total property operating expenses70,261Â 57,436Â 12,825Â 22.3Â %Net operating income 3Same store173,750Â 166,536Â 7,214Â 4.3Â %Non-same store operating properties 234,901Â 13,134Â 21,767Â 165.7Â %Total net operating income$208,651Â $179,670Â $28,981Â 16.1Â %Other costs and expensesDepreciation and amortization68,009Â 54,636Â 13,373Â 24.5Â %General and administrative31,828Â 28,205Â 3,623Â 12.8Â %Acquisition costs and other47Â 126Â (79)(62.7)%Total other costs and expenses99,884Â 82,967Â 16,917Â 20.4Â %Other income (expense)Interest and other income9,572Â 4,029Â 5,543Â 137.6Â %Interest expense, including amortization(15,660)(19,089)3,429Â (18.0)%Gain on sales of real estate investments5,715Â 12,257Â (6,542)(53.4)%Total other (expense) income(373)(2,803)2,430Â (86.7)%Net income$108,394Â $93,900Â $14,494Â 15.4Â %1ASU No. 2018-11, Leases (Topic 842), Targeted Improvements, allows us to elect not to separate lease and non-lease rental income. All rental income earned pursuant to tenant leases is reflected as one line, â€œRental revenues and tenant expense reimbursementsâ€ on our accompanying consolidated statements of operations. We believe that the above presentation of rental revenues and tenant expense reimbursements is not, and is not intended to be, a presentation in accordance with GAAP. We believe this information is frequently used by management, investors, and other interested parties to evaluate our performance. See â€œNote 2 - Significant Accounting Policiesâ€ in our notes to consolidated financial statements for more information regarding our adoption of this standard.2Includes 2023 and 2024 acquisitions and dispositions, one improved land parcel, eight properties under development or redevelopment, approximately 35.4 acres of land entitled for future development and two properties consisting of three buildings held for sale as of SeptemberÂ 30, 2024.3Includes straight-line rents and amortization of lease intangibles. See â€œNon-GAAP Financial Measuresâ€ in this Quarterly Report on Form 10-Q for a definition and reconciliation of net operating income and same store net operating income from net income and a discussion of why we believe net operating income and same store net operating income are useful supplemental measures of our operating performance.32Table of ContentsRevenues. Total revenues increased approximately $41.8 millionÂ for the nine months ended SeptemberÂ 30, 2024 compared to the same period from the prior year due primarily to increased revenue on new and renewed leases and property acquisitions during 2024 and 2023. Cash rents on new and renewed leases totaling approximately 1.6 million square feet and 22.5 acres commencing during the nine months ended SeptemberÂ 30, 2024 increased approximately 40.5% compared to the same space in the same period from the prior year. For the nine months ended SeptemberÂ 30, 2024 and 2023, approximately $5.4Â million and $5.9Â million, respectively, was recorded in straight-line rental revenues related to contractual rent abatements given to certain tenants and approximately $0.5Â million and $0.3Â million, respectively, was recorded in lease termination revenue. The increase in total revenues for the nine months ended SeptemberÂ 30, 2024 was partially offset by a decrease in occupancy for the operating portfolio. Additionally, total revenues for the nine months ended SeptemberÂ 30, 2024 and 2023 were partially offset by approximately $0.2Â million and $0.4Â million, respectively, of bad debt write-offs.Property operating expenses. Total property operating expenses increased approximately $12.8 million during the nine months ended SeptemberÂ 30, 2024 compared to the same period from the prior year. The increase in total property operating expenses was primarily due to an increase of approximately $7.0Â millionÂ attributable to property acquisitions during 2024 and 2023 as well as increases in insurance premiums and real estate taxes.Depreciation and amortization. Depreciation and amortization increased approximately $13.4 million during the nine months ended SeptemberÂ 30, 2024 compared to the same period from the prior year primarily due to property acquisitions during 2024 and 2023.General and administrative expenses. General and administrative expenses increased approximately $3.6 million for the nine months ended SeptemberÂ 30, 2024 compared to the same period from the prior year primarily due to increased compensation expenses including increased restricted stock amortization, LTIP expense and bonus expense, and an increase in the number of employees and salaries compared to the same period from the prior year.Interest and other income. Interest and other income increased approximately $5.5 million during the nine months ended SeptemberÂ 30, 2024 compared to the same period from the prior year primarily due to higher cash and cash equivalent balances.Interest expense, including amortization. Interest expense decreased approximately $3.4 million for the nine months ended SeptemberÂ 30, 2024 compared to the same period from the prior year. This was primarily due to an increase in capitalized interest for the development and redevelopment properties, and lower outstanding debt due to the repayment of the $100Â million tranche of 7-year Senior Unsecured Notes during the nine months ended SeptemberÂ 30, 2024.Gain on sales of real estate investments. Gain on sales of real estate investments decreased approximately $6.5 million for the nine months ended SeptemberÂ 30, 2024 compared to the same period from the prior year. We recognized a gain of approximately $5.7 million from the sale of one property during the nine months ended SeptemberÂ 30, 2024, as compared to a gain of approximately $12.3 million from the sale of one property during the same period from the prior year.Liquidity and Capital ResourcesThe primary objective of our financing strategy is to maintain financial flexibility with a conservative capital structure using retained cash flows, proceeds from dispositions of properties, long-term debt and the issuance of common and perpetual preferred stock to finance our growth. Over the long-term, we intend to:â€¢limit the sum of the outstanding principal amount of our consolidated indebtedness and the liquidation preference of any outstanding perpetual preferred stock to less than 35% of our total enterprise value;â€¢maintain a fixed charge coverage ratio in excess of 2.0x;â€¢maintain a net debt-to-adjusted EBITDA ratio below 5.0x;â€¢limit the principal amount of our outstanding floating rate debt to less than 20% of our total consolidated indebtedness;Â andâ€¢have staggered debt maturities that are aligned to our expected average lease term (five to sevenÂ years), positioning us to re-price parts of our capital structure as our rental rates change with market conditions.We intend to preserve a flexible capital structure with a long-term goal to maintain our investment grade rating and be in a position to issue additional unsecured debt and perpetual preferred stock. We intend to primarily utilize senior unsecured notes, term loans, credit facilities, dispositions of properties, and proceeds from the issuance of common stock and perpetual preferred stock. We may also assume debt in connection with property acquisitions which may have a higher loan-to-value ratio.33Table of ContentsWe expect to meet our short-term liquidity requirements generally through net cash provided by operations, existing cash balances and, if necessary, short-term borrowings under our revolving credit facility. We believe that our net cash provided by operations will be adequate to fund operating requirements, pay interest on any borrowings and fund distributions in accordance with the REIT requirements of the federal income tax laws. In the near-term, we intend to fund future investments in properties, property developments and redevelopments and scheduled debt maturities with cash on hand, term loans, senior unsecured notes, borrowings under our revolving credit facility, perpetual preferred and common stock issuances and, from time to time, property dispositions. We expect to meet our long-term liquidity requirements, including with respect to other investments in industrial properties, property acquisitions, property developments and redevelopments, renovations and expansions and scheduled debt maturities, through borrowings under our revolving credit facility, periodic issuances of common stock, perpetual preferred stock, and long-term unsecured and secured debt, and, from time to time, with proceeds from the disposition of properties. The success of our acquisition strategy may depend, in part, on our ability to obtain and borrow under our revolving credit facility and to access additional capital through issuances of equity and debt securities.We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.Equity Sources of LiquidityOn MarchÂ 27, 2024, we completed a public offering of 6,325,000 shares of common stock at a price per share of $62.00, which included the underwritersâ€™ full exercise of their option to purchase an additional 825,000 shares. The net proceeds of the offering were approximately $387.1Â million after deducting the underwriting discount and offering costs of approximately $5.0Â million. We used the net proceeds for acquisitions.The following sets forth certain information regarding our current at-the-market common stock offering program as of SeptemberÂ 30, 2024:ATMÂ StockÂ OfferingÂ ProgramDateÂ ImplementedMaximumÂ Aggregate OfferingÂ PriceÂ (in thousands)AggregateÂ CommonÂ Stock AvailableÂ (in thousands)$500 Million ATM ProgramAugust 28, 2024$500,000Â $438,258Â The tables below set forth the activity under our at-the-market common stock offering programs during the three and nine months ended SeptemberÂ 30, 2024 and 2023, respectively:For the Three Months EndedShares SoldWeighted Average Price Per ShareNet Proceeds(in thousands)SalesÂ Commissions(inÂ thousands)September 30, 20242,976,266Â $68.70Â $201,495Â $2,964Â September 30, 20231,575,173Â $60.78Â $94,357Â $1,388Â For the Nine Months EndedSharesÂ SoldWeightedÂ AveragePriceÂ PerÂ ShareNetÂ Proceeds(in thousands)SalesÂ Commissions(inÂ thousands)September 30, 20245,329,544Â $66.62Â $349,919Â $5,148Â September 30, 20232,542,279Â $61.61Â $154,355Â $2,271Â Debt Sources of LiquidityAs of SeptemberÂ 30, 2024, we had $50.0 million of senior unsecured notes that mature in July 2026, $50.0 million of senior unsecured notes that mature in October 2027, $100.0Â million of senior unsecured notes that mature in July 2028, $100.0 million of senior unsecured notes that mature in December 2029, $125.0Â million of senior unsecured notes that mature in August 2030, and $50.0Â million of senior unsecured notes that mature in July 2031 (collectively, the â€œSenior Unsecured Notesâ€).In July 2024, we repaid the $100.0Â million tranche of 7-year Senior Unsecured Notes using existing cash on hand. The notes bore interest at 3.8% and had an original maturity date of July 14, 2024.On September 24, 2024, we entered into the Third Amendment to the Sixth Amended and Restated Senior Credit Agreement (as amended, the â€œAmended Facilityâ€) in order to, among other things, (i) increase the borrowing capacity of the revolving credit facility by $200.0Â million to $600.0Â million and (ii) extend the maturity date of the revolving credit facility from August 2025 to January 2029.34Table of ContentsThe Amended Facility consists of a $600.0Â million revolving credit facility that matures in January 2029, a $100.0Â million term loan that matures in January 2027 and a $100.0 million term loan that matures in January 2028. As of both SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, there were no borrowings outstanding on the revolving credit facility and $200.0 million of borrowings outstanding on the term loans.The aggregate amount of the Amended Facility may be increased by up to an additional $450.0 million to a maximum amount not to exceed $1.25 billion, subject to the approval of the administrative agent and the identification of lenders willing to make available additional amounts. Outstanding borrowings under the Amended Facility are limited to the lesser of (i)Â the sum of the $600.0Â million revolving credit facility, the $100.0 million term loan maturing in January 2027 and the $100.0 million term loan maturing in January 2028, or (ii)Â 60.0% of the value of the unencumbered properties. Interest on the Amended Facility, including the term loans, is generally to be paid based upon, at our option, either (i) the Secured Overnight Financing Rate (â€œSOFRâ€) plus the applicable SOFR margin or (ii)Â the applicable base rate, which is the greatest of the administrative agentâ€™s prime rate, 0.50% above the federal funds effective rate, thirty-day SOFR plus the applicable SOFR margin for SOFR rate loans under the Amended Facility plus 1.25%, or 1.25% per annum. The applicable SOFR margin will range from 1.10% to 1.55% (1.10% as of SeptemberÂ 30, 2024) for the revolving credit facility and 1.25% to 1.75% (1.25% as of SeptemberÂ 30, 2024) for the term loans, depending on the ratio of our outstanding consolidated indebtedness to the value of our consolidated gross asset value and includes a 10 basis points SOFR credit adjustment. The Amended Facility requires quarterly payments of an annual facility fee in an amount ranging from 0.15% to 0.30%, depending on the ratio of our outstanding consolidated indebtedness to the value of our consolidated gross asset value.The Amended Facility and the Senior Unsecured Notes are guaranteed by us and by substantially all of the current and to-be-formed subsidiaries of the borrower that own an unencumbered property. The Amended Facility and the Senior Unsecured Notes are not secured by our properties or by interests in the subsidiaries that hold such properties. The Amended Facility and the Senior Unsecured Notes include a series of financial and other covenants with which we must comply. We were in compliance with the covenants under the Amended Facility and the Senior Unsecured Notes as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023.As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, we held cash and cash equivalents totaling approximately $243.7 million and $165.4 million, respectively. The following tables summarize our debt maturities and principal payments as of SeptemberÂ 30, 2024 and our market capitalization, capitalization ratios, Adjusted EBITDA, interest coverage, fixed charge coverage and debt ratios as of and for the nine months ended SeptemberÂ 30, 2024 and 2023 (dollars in thousands, except per share data):CreditFacilityTermÂ LoanSeniorUnsecuredNotesTotalÂ Debt2024 (3 months)$â€”$â€”$â€”$â€”2025â€”â€”â€”â€”2026â€”â€”50,00050,0002027â€”100,00050,000150,0002028â€”100,000100,000200,000Thereafterâ€”â€”275,000275,000Total Debtâ€”200,000475,000675,000Deferred financing costs, netâ€”(679)(2,164)(2,843)Total Debt, net$â€”$199,321$472,836$672,157Weighted average interest raten/a6.3%3.0%4.0%35Table of ContentsAs of September 30, 2024As of September 30, 2023Total Debt, net$672,157Â $771,355Â Less: Cash and cash equivalents(243,670)(96,196)Net Debt $428,487Â $675,159Â EquityCommon StockShares Outstanding 199,735,69285,385,905Market Price 2$66.83$56.80Total Equity6,665,3364,849,919Total Market Capitalization$7,337,493$5,621,274Total Debt-to-Total Investments in Properties 314.3%19.6%Total Debt-to-Total Market Capitalization 49.2%13.7%Floating Rate Debt as a % of Total Debt 529.7%25.8%Net Income$108,394$93,900Adjusted EBITDA 6$197,516$165,617Interest Coverage 712.6Â x8.7Â xFixed Charge Coverage 88.1Â x6.7Â xNet Debt-to-Adjusted EBITDA 91.5Â x2.9Â xWeighted Average Maturity of Total Debt (years)4.1Â 4.6Â 1Includes 426,887 and 419,500 shares of unvested restricted stock outstanding as of SeptemberÂ 30, 2024 and 2023, respectively. Also includes 508,663 and 514,539 shares held in the Deferred Compensation Plan as of SeptemberÂ 30, 2024 and 2023, respectively.2Closing price of a share of our common stock on the New York Stock Exchange on SeptemberÂ 30, 2024 and 2023, respectively, in dollars per share.3Total debt-to-total investments in properties is calculated as total debt, net of deferred financing costs, divided by total investments in properties, including two properties consisting of three buildings held for sale as of SeptemberÂ 30, 2024.4Total debt-to-total market capitalization is calculated as total debt, net of deferred financing costs, divided by total market capitalization.5Floating rate debt as a percentage of total debt is calculated as floating rate debt, net of deferred financing costs, divided by total debt, net of deferred financing costs.6Earnings before interest, taxes, gains (losses) from sales of property, depreciation and amortization, acquisition costs and stock-based compensation (â€œAdjusted EBITDAâ€) for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively. See â€œNon-GAAP Financial Measuresâ€ in this Quarterly Report on Form 10-Q for a definition and reconciliation of Adjusted EBITDA from net income and a discussion of why we believe Adjusted EBITDA is a useful supplemental measure of our operating performance.7Interest coverage is calculated as Adjusted EBITDA divided by interest expense, including amortization. See â€œNon-GAAP Financial Measuresâ€ in this Quarterly Report on Form 10-Q for a definition and reconciliation of Adjusted EBITDA from net income and a discussion of why we believe Adjusted EBITDA is a useful supplemental measure of our operating performance.8Fixed charge coverage is calculated as Adjusted EBITDA divided by interest expense, including amortization plus capitalized interest. See â€œNon-GAAP Financial Measuresâ€ in this Quarterly Report on Form 10-Q for a definition and reconciliation of Adjusted EBITDA from net income and a discussion of why we believe Adjusted EBITDA is a useful supplemental measure of our operating performance.9Net debt-to-Adjusted EBITDA is calculated as net debt divided by annualized Adjusted EBITDA. See â€œNon-GAAP Financial Measuresâ€ in this Quarterly Report on Form 10-Q for the definitions of Adjusted EBITDA and net debt, a reconciliation of Adjusted EBITDA from net income and a discussion of why we believe Adjusted EBITDA and net debt are useful supplemental measures of our operating performance.36Table of ContentsThe following table sets forth the cash dividends paid or payable per share during the nine months ended SeptemberÂ 30, 2024:ForÂ theÂ ThreeMonths EndedSecurityDividendÂ perShareDeclarationÂ DateRecordÂ DateDateÂ PaidMarch 31, 2024Common Stock$0.45Â February 6, 2024March 28, 2024April 5, 2024June 30, 2024Common Stock$0.45Â May 7, 2024June 28, 2024July 12, 2024September 30, 2024Common Stock$0.49Â August 6, 2024September 30, 2024October 11, 2024Sources and Uses of CashOur principal sources of cash are cash from operations, borrowings under loans payable, draws on our Amended Facility, common and preferred stock issuances, proceeds from property dispositions and issuances of unsecured notes. Our principal uses of cash are asset acquisitions, developments and redevelopments, debt service, capital expenditures, operating costs, corporate overhead costs and common stock dividends.Cash From Operating Activities. Net cash provided by operating activities totaled approximately $181.4 millionÂ for the nine months ended SeptemberÂ 30, 2024 compared to approximately $140.6 million for the nine months ended SeptemberÂ 30, 2023. This increase in cash provided by operating activities is primarily attributable to additional cash flows generated from the properties acquired during 2024 and 2023 and increased rents on new and renewed leases at our same store properties.Cash From Investing Activities. Net cash used in investing activities was approximately $605.4 million and $479.6 million for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively, which consisted primarily of cash paid for property acquisitions of approximately $476.8 million and $392.5 million, respectively, additions to capital improvements of approximately $138.8 millionÂ and $111.7 million, respectively, and was partially offset by proceeds from sales of real estate investments of approximately $10.2Â million and $24.6Â million, respectively.Cash From Financing Activities. Net cash provided by financing activities was approximately $501.8 millionÂ for the nine months ended SeptemberÂ 30, 2024, which consisted primarily of approximately $737.0Â million in net proceeds from the issuance of common stock, partially offset by approximately $126.1 million in equity dividend payments and payment of a $100.0Â million tranche of the Senior Unsecured Notes. Net cash provided by financing activities was approximately $411.2 millionÂ for the nine months ended SeptemberÂ 30, 2023, which consisted primarily of approximately $510.2 million in net proceeds from the issuance of common stock, partially offset by approximately $97.4 million in equity dividend payments.Critical Accounting Policies And EstimatesA summary of our critical accounting policies is set forth in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 and in the condensed notes to consolidated financial statements in this Quarterly Report on Form 10-Q.Material Cash CommitmentsAs of NovemberÂ 5, 2024, we had two outstanding contracts with third-party sellers to acquire two industrial properties for a total price of $163.9Â million. In addition, we have a commitment to assume existing debt of approximately $72.9 million secured by one of the properties. There is no assurance that we will acquire the properties under contract because the proposed acquisitions are subject to the completion of satisfactory due diligence and various closing conditions.The following table summarizes our material cash commitments due by period as of SeptemberÂ 30, 2024 (dollars in thousands):Material Cash CommitmentsLessÂ thanÂ 1Year1-3Â Years3-5Â YearsMoreÂ thanÂ 5YearsTotalDebt$â€”Â $150,000Â $250,000Â $275,000Â $675,000Â Debt interest payments14,265Â 26,535Â 18,643Â 7,385Â 66,828Â Operating lease commitments948Â 2,030Â 1,519Â â€”Â 4,497Â Purchase obligations 1163,850Â â€”Â â€”Â â€”Â 163,850Â Total$179,063Â $178,565Â $270,162Â $282,385Â $910,175Â 1As of NovemberÂ 5, 2024.37Table of ContentsNon-GAAPÂ Financial MeasuresWe use the following non-GAAP financial measures that we believe are useful to investors as key supplemental measures of our operating performance: funds from operations, or FFO, Adjusted EBITDA, net operating income, or NOI, same store NOI, cash-basis same store NOI and net debt. FFO, Adjusted EBITDA, NOI, same store NOI, cash-basis same store NOI and net debt should not be considered in isolation or as a substitute for measures of performance in accordance with GAAP. Further, our computation of FFO, Adjusted EBITDA, NOI, same store NOI, cash-basis same store NOI and net debt may not be comparable to FFO, Adjusted EBITDA, NOI, same store NOI, cash-basis same store NOI and net debt reported by other companies.We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts (â€œNareitâ€), which defines FFO as net income (loss) (determined in accordance with GAAP), excluding gains (losses) from sales of property and impairment write-downs of depreciable real estate, plus depreciation and amortization on real estate assets and after adjustments for unconsolidated partnerships and joint ventures (which are calculated to reflect FFO on the same basis). We believe that presenting FFO provides useful information to investors regarding our operating performance because it is a measure of our operations without regard to specified non-cash items, such as real estate depreciation and amortization and gain or loss on sale of assets.We believe that FFO is a meaningful supplemental measure of our operating performance because historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting alone to be insufficient. As a result, we believe that the use of FFO, together with the required GAAP presentations, provide a more complete understanding of our operating performance.The following table reflects the calculation of FFO reconciled from net income for the three and nine months ended SeptemberÂ 30, 2024 and 2023 (dollars in thousands except per share data):Â For the Three Months Ended September 30,Â Â For the Nine Months Ended September 30,Â 20242023$Â Change%Â Change20242023$Â Change%Â ChangeNet income$36,639Â $30,315Â $6,324Â 20.9Â %$108,394Â $93,900Â $14,494Â 15.4Â %Gain on sales of real estate investmentsâ€”Â â€”Â â€”Â n/a(5,715)(12,257)6,542Â (53.4)%Depreciation and amortization24,058Â 18,245Â 5,813Â 31.9Â %68,009Â 54,636Â 13,373Â 24.5Â %Non-real estate depreciation(35)(41)6Â (14.6)%(113)(107)(6)5.6Â %Allocation to participating securities 1(260)(237)(23)9.7Â %(749)(633)(116)18.3Â %FFO attributable to common stockholders$60,402Â $48,282Â $12,120Â 25.1Â %$169,826Â $135,539Â $34,287Â 25.3Â %Basic FFO per common share$0.62Â $0.57Â $0.05Â 8.8Â %$1.80Â $1.65Â $0.15Â 9.1Â %Diluted FFO per common share$0.62Â $0.57Â $0.05Â 8.8Â %$1.80Â $1.64Â $0.16Â 9.8Â %Basic weighted average common shares outstanding97,561,792Â 84,041,413Â 94,253,923Â 82,366,365Â Diluted weighted average common shares outstanding97,870,794Â 84,266,740Â 94,598,279Â 82,597,824Â 1To be consistent with our policies of determining whether instruments granted in share-based payment transactions are participating securities and accounting for earnings per share, the FFO per common share is adjusted for FFO distributed through declared dividends (if any) and allocated to all participating securities (weighted average common shares outstanding and unvested restricted shares outstanding) under the two-class method. Under this method, allocations were made to 422,856 and 404,010 of weighted average unvested restricted shares outstanding for the three 38Table of Contentsmonths ended SeptemberÂ 30, 2024 and 2023, respectively, and 430,782 and 384,239 of weighted average unvested restricted shares outstanding for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively.FFO increased by approximately $12.1 million and $34.3 million for the three and nine months ended SeptemberÂ 30, 2024, respectively, compared to the same periods from the prior year due primarily to property acquisitions during 2023 and 2024 as well as same store NOI growth of approximately $1.8 millionÂ and $7.2 million for the three and nine months ended SeptemberÂ 30, 2024, respectively, compared to the same periods from the prior year. The FFO increase was partially offset by increased weighted average common shares outstanding and increased general and administrative expenses due to increased restricted stock amortization and other compensation expenses, including an increase in bonus expense and an increase in the number of employees and salaries for the three and nine months ended SeptemberÂ 30, 2024 compared to the same periods from the prior year. We compute Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, gain on sales of real estate investments, acquisition costs and stock-based compensation. We believe that presenting Adjusted EBITDA provides useful information to investors regarding our operating performance because it is a measure of our operations on an unleveraged basis before the effects of tax, gain (loss) on sales of real estate investments, non-cash depreciation and amortization expense, acquisition costs and stock-based compensation. By excluding interest expense, Adjusted EBITDA allows investors to measure our operating performance independent of our capital structure and indebtedness and, therefore, allows for more meaningful comparison of our operating performance between quarters and other interim periods as well as annual periods and for the comparison of our operating performance to that of other companies, both in the real estate industry and in other industries. As we are currently in a growth phase, acquisition costs are excluded from Adjusted EBITDA to allow for the comparison of our operating performance to that of stabilized companies.The following table reflects the calculation of Adjusted EBITDA reconciled from net income for the three and nine months ended SeptemberÂ 30, 2024 and 2023 (dollars in thousands):Â For the Three Months Ended September 30,Â Â For the Nine Months Ended September 30,Â 20242023$Â Change%Â Change20242023$Â Change%Â ChangeNet income$36,639Â $30,315Â $6,324Â 20.9Â %$108,394Â $93,900Â $14,494Â 15.4Â %Gain on sales of real estate investmentsâ€”Â â€”Â â€”Â n/a(5,715)(12,257)6,542Â (53.4)%Depreciation and amortization24,058Â 18,245Â 5,813Â 31.9Â %68,009Â 54,636Â 13,373Â 24.5Â %Interest expense, including amortization4,900Â 5,814Â (914)(15.7)%15,660Â 19,089Â (3,429)(18.0)%Stock-based compensation3,777Â 3,280Â 497Â 15.2Â %11,121Â 10,123Â 998Â 9.9Â %Acquisition costs and other11Â 51Â (40)(78.4)%47Â 126Â (79)(62.7)%Adjusted EBITDA$69,385Â $57,705Â $11,680Â 20.2Â %$197,516Â $165,617Â $31,899Â 19.3Â %We compute NOI as rental revenues, including tenant expense reimbursements, less property operating expenses. We compute same store NOI as rental revenues, including tenant expense reimbursements, less property operating expenses on a same store basis. NOI excludes depreciation, amortization, general and administrative expenses, acquisition costs and interest expense, including amortization. We compute cash-basis same store NOI as same store NOI excluding straight-line rents and amortization of lease intangibles. The same store pool includes all properties that were owned and in operation as of SeptemberÂ 30, 2024 and since JanuaryÂ 1, 2023 and excludes properties that were either disposed of prior to, held for sale to a third party or in development or redevelopment as of SeptemberÂ 30, 2024. As of SeptemberÂ 30, 2024, the same store pool consisted of 243 buildings aggregating approximately 14.6 million square feet representing approximately 79.8% of our total square feet owned and 44 improved land parcels containing approximately 145.3 acres representing approximately 95.3% of our total acreage owned. We believe that presenting NOI, same store NOI and cash-basis same store NOI provides useful information to investors regarding the operating performance of our properties because NOI excludes certain items that are not considered to be controllable in connection with the management of the properties, such as depreciation, amortization, general and administrative expenses, acquisition costs and interest expense. By presenting same store NOI and cash-basis same store NOI, the operating results on a same store basis are directly comparable from period to period.39Table of ContentsThe following table reflects the calculation of NOI, same store NOI and cash-basis same store NOI reconciled from net income for the three and nine months ended SeptemberÂ 30, 2024 and 2023 (dollars in thousands):Â For the Three Months Ended September 30,Â Â For the Nine Months Ended September 30,Â 20242023$Â Change%Â Change20242023$Â Change%Â ChangeNet income 1$36,639Â $30,315Â $6,324Â 20.9Â %$108,394Â $93,900Â $14,494Â 15.4Â %Depreciation and amortization24,058Â 18,245Â 5,813Â 31.9Â %68,009Â 54,636Â 13,373Â 24.5Â %General and administrative10,775Â 9,119Â 1,656Â 18.2Â %31,828Â 28,205Â 3,623Â 12.8Â %Acquisition costs and other11Â 51Â (40)(78.4)%47Â 126Â (79)(62.7)%Total other income and expenses2,553Â 4,721Â (2,168)(45.9)%373Â 2,803Â (2,430)(86.7)%Net operating income74,036Â 62,451Â 11,585Â 18.6Â %208,651Â 179,670Â 28,981Â 16.1Â %Less non-same store NOI 2(14,961)(5,182)(9,779)188.7Â %(34,901)(13,134)(21,767)165.7Â %Same store NOI $59,075Â $57,269Â $1,806Â 3.2Â %$173,750Â $166,536Â $7,214Â 4.3Â %Less straight-line rents and amortization of lease intangibles 3(2,815)(4,438)1,623Â (36.6)%(7,783)(14,802)7,019Â (47.4)%Cash-basis same store NOI $56,260Â $52,831Â $3,429Â 6.5Â %$165,967Â $151,734Â $14,233Â 9.4Â %Less termination fee income(11)(149)138Â (92.6)%(511)(169)(342)202.4Â %Cash-basis same store NOI excluding termination fees $56,249Â $52,682Â $3,567Â 6.8Â %$165,456Â $151,565Â $13,891Â 9.2Â %1Includes approximately $10,000 and $0.1 million of lease termination income for the three months ended SeptemberÂ 30, 2024 and 2023, respectively, and approximately $0.5 million and $0.3 million of lease termination income for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively. 2Includes 2023 and 2024 acquisitions and dispositions, one improved land parcel, eight properties under development or redevelopment, approximately 35.4 acres of land for future development and two properties consisting of three buildings held for sale as of SeptemberÂ 30, 2024.3Includes straight-line rents and amortization of lease intangibles for the same store pool only.Cash-basis same store NOI increased by approximately $3.4 million for the three months ended SeptemberÂ 30, 2024 compared to the same period from the prior year primarily due to increased rental revenue on new and renewed leases and contractual rent increases on pre-existing leases. For the three months ended SeptemberÂ 30, 2024 and 2023, total contractual rent abatements of approximately $0.4Â million and $0.6Â million, respectively, were given to certain tenants in the same store pool and approximately $10,000 and $0.1Â million, respectively, in lease termination income was received from certain tenants in the same store pool. In addition, approximately $0.9 million of the increase in cash-basis same store NOI for the three months ended SeptemberÂ 30, 2024 related to properties that were acquired vacant or with near term expirations in 2022. The increase in cash-basis same store NOI was partially offset by a decrease in same store occupancy for the three months ended SeptemberÂ 30, 2024 compared to the same period from the prior year. Additionally, total cash-basis same store NOI for the three months ended SeptemberÂ 30, 2024 and 2023 was partially offset by approximately $0.1Â million and $25,100, respectively, of bad debt write-offs in the same store pool.Cash-basis same store NOI increased by approximately $14.2 million for the nine months ended SeptemberÂ 30, 2024 compared to the same period from the prior year primarily due to increased rental revenue on new and renewed leases. For the nine months ended SeptemberÂ 30, 2024 and 2023, total contractual rent abatements of approximately $1.1Â million and $4.1Â million, respectively, were given to certain tenants in the same-store pool and approximately $0.5Â million and $0.2Â million, respectively, in lease termination income was received from certain tenants in the same store pool. In addition, approximately 40Table of Contents$2.6Â million of the increase in cash-basis same store NOI for the nine months ended SeptemberÂ 30, 2024 related to properties that were acquired vacant or with near term expirations in 2022. The increase in cash-basis same store NOI was partially offset by a decrease in same store occupancy for the nine months ended SeptemberÂ 30, 2024 compared to the same period from the prior year. Additionally, total cash-basis same store NOI for the nine months ended SeptemberÂ 30, 2024 and 2023 was partially offset by approximately $0.2Â million and $0.3Â million, respectively, of bad debt write-offs in the same store pool.We compute net debt as total debt, less deferred financing costs and cash and cash equivalents. We believe that presenting net debt provides useful information to investors regarding our ability to repay our outstanding consolidated indebtedness. See â€œDebt Sources of Liquidityâ€ in this Quarterly Report on Form 10-Q for a reconciliation of net debt from total debt. Item 3.Â Â Â Â Quantitative and Qualitative Disclosures About Market Risk.Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. In pursuing our business strategies, the primary market risk which we are exposed to is interest rate risk. We are exposed to interest rate changes primarily as a result of debt used to maintain liquidity, fund capital expenditures and expand our investment portfolio and operations. We seek to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. As described below, some of our outstanding debt bears interest at variable rates, and we expect that some of our future outstanding debt will have variable interest rates. We may use interest rate caps and/or swap agreements to manage our interest rate risks relating to our variable rate debt. We expect to replace variable rate debt on a regular basis with fixed rate, long-term debt to finance our assets and operations.As of SeptemberÂ 30, 2024, we had $200.0Â million of borrowings outstanding under our Amended Facility, none of which were subject to interest rate caps. Amounts borrowed under our Amended Facility bear interest at a variable rate based on SOFR plus an applicable SOFR margin. The weighted average interest rate on borrowings outstanding under our Amended Facility was 6.3% as of SeptemberÂ 30, 2024. If the SOFR rate were to fluctuate by 0.25%, interest expense would increase or decrease, depending on rate movement, future earnings and cash flows by approximately $0.5 million annually on the total of the outstanding balances on our Amended Facility as of SeptemberÂ 30, 2024.ItemÂ 4.Â Â Â Â Controls and Procedures.Evaluation of Disclosure Controls and Procedures Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer, President and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in RulesÂ 13a-15(e) and 15d-15(e) under the Exchange Act), and has concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective to give reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commissionâ€™s rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer, President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Changes in Internal Control Over Financial Reporting There were no changes in our internal control over financial reporting during the quarter ended SeptemberÂ 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.41Table of ContentsPART II. OTHER INFORMATIONItem 1.Â Â Â Â Â Â Â Â Legal Proceedings. We are not involved in any material litigation nor, to our knowledge, is any material litigation threatened against us.Item 1A.Â Â Â Â Risk Factors.Except to the extent updated below or to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors (including, without limitation, the matters discussed in Part I, â€œItem 2â€”Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€), there have been no material changes to the risk factors disclosed in the Companyâ€™s Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023.ItemÂ 2.Â Â Â Â Â Â Â Â Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.(a)Not Applicable.(b)Not Applicable.(c)Period(a) Total Number of Shares of Common Stock Purchased(b) Average Price Paid per Common Share(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plan or ProgramJuly 1, 2024 - July 31, 2024â€"$â€"Â n/an/aAugust 1, 2024 - August 31, 202432,56068.45n/an/aSeptember 1, 2024 - September 30, 2024â€"â€"n/an/aTotal32,5601$68.45Â n/an/a1 Â Â Â Â Represents shares of common stock surrendered by employees to the Company to satisfy such employeesâ€™ tax withholding obligations in connection with the vesting of restricted stock.ItemÂ 3.Â Â Â Â Â Â Â Â Defaults Upon Senior Securities. None.ItemÂ 4.Â Â Â Â Â Â Â Â Mine Safety Disclosures. Not Applicable.Item 5.Â Â Â Â Â Â Â Â Other Information.During the three months ended SeptemberÂ 30, 2024, none of the Companyâ€™s directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).42Table of ContentsItemÂ 6.Â Â Â Â Exhibits. ExhibitNumberExhibitÂ Description10.1Third Amendment, dated as of September 24, 2024, to the Sixth Amended and Restated Senior Credit Agreement, among Terreno Realty LLC and the several lenders identified therein (previously filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K on September 30, 2024 and incorporated herein by reference).31.1*Rule 13a-14(a)/15d-14(a) Certification dated November 6, 2024.31.2*Rule 13a-14(a)/15d-14(a) Certification dated November 6, 2024.31.3*Rule 13a-14(a)/15d-14(a) Certification dated November 6, 2024.32.1**18 U.S.C. Â§ 1350 Certification dated November 6, 2024.32.2**18 U.S.C. Â§ 1350 Certification dated November 6, 2024.32.3**18 U.S.C. Â§ 1350 Certification dated November 6, 2024.101.SCH*Inline XBRL Taxonomy Extension Schema Document101.CAL*Inline XBRL Taxonomy Extension Calculation Linkbase Document101.LAB*Inline XBRL Taxonomy Extension Label Linkbase Document101.PRE*Inline XBRL Taxonomy Extension Presentation Linkbase Document101.DEF*Inline XBRL Taxonomy Definition Linkbase Document104*Cover Page Interactive Data File (formatted as inline XBRL and with applicable taxonomy extension information contained in Exhibits 101.*)________________*Â Â Â Â Filed herewith. **Â Â Â Â Furnished herewith.43Table of ContentsSIGNATURESPursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.Terreno Realty CorporationNovember 6, 2024By:Â /s/ W. Blake BairdÂ W. Blake BairdÂ Chairman and Chief Executive OfficerNovember 6, 2024By:/s/ Michael A. CokeMichael A. CokePresidentNovember 6, 2024By:/s/ Jaime J. CannonJaime J. CannonChief Financial Officer (Principal Financial and Accounting Officer)44DocumentExhibit 31.1CertificationI, W. Blake Baird, certify that:1.Â Â Â Â I have reviewed this Quarterly Report on Form 10-Q of Terreno Realty Corporation;2.Â Â Â Â Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Â Â Â Â Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.Â Â Â Â The registrantâ€™s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:(a)Â Â Â Â Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b)Â Â Â Â Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c)Â Â Â Â Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d)Â Â Â Â Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.Â Â Â Â The registrantâ€™s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):Â Â (a)Â Â Â Â All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; andÂ (b)Â Â Â Â Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Â Date: NovemberÂ 6, 2024 Â /s/ W. Blake BairdChairman and Chief Executive Officer(Principal Executive Officer)DocumentExhibit 31.2CertificationI, Michael A. Coke, certify that:1.Â Â Â Â I have reviewed this Quarterly Report on FormÂ 10-QÂ of Terreno Realty Corporation;2.Â Â Â Â Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Â Â Â Â Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.Â Â Â Â The registrantâ€™s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e)Â andÂ 15d-15(e))Â and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f)Â andÂ 15d-15(f))Â for the registrant and have:(a)Â Â Â Â Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b)Â Â Â Â Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c)Â Â Â Â Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d)Â Â Â Â Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.Â Â Â Â The registrantâ€™s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):(a)Â Â Â Â All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and(b)Â Â Â Â Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: NovemberÂ 6, 2024Â /s/ Michael A. CokePresidentDocumentExhibit 31.3CertificationI, Jaime J. Cannon, certify that:1.Â Â Â Â I have reviewed this Quarterly Report on FormÂ 10-QÂ of Terreno Realty Corporation;2.Â Â Â Â Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Â Â Â Â Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.Â Â Â Â The registrantâ€™s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e)Â andÂ 15d-15(e))Â and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f)Â andÂ 15d-15(f))Â for the registrant and have:(a)Â Â Â Â Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b)Â Â Â Â Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c)Â Â Â Â Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d)Â Â Â Â Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.Â Â Â Â The registrantâ€™s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):(a)Â Â Â Â All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and(b)Â Â Â Â Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: NovemberÂ 6, 2024/s/ Jaime J. CannonChief Financial Officer(Principal Financial Officer)DocumentExhibit 32.1CertificationThe undersigned officer, who is the Chief Executive Officer of Terreno Realty Corporation (the â€œCompanyâ€), hereby certifies to the best of his knowledge, that the Companyâ€™s Quarterly Report on FormÂ 10-QÂ to which this certification is attached (the â€œReportâ€), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of SectionÂ 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.Date: NovemberÂ 6, 2024Â /s/ W. Blake BairdChairman and Chief Executive Officer(Principal Executive Officer)DocumentExhibit 32.2CertificationThe undersigned officer, who is the President of Terreno Realty Corporation (the â€œCompanyâ€), hereby certifies to the best of his knowledge, that the Companyâ€™s Quarterly Report on FormÂ 10-QÂ to which this certification is attached (the â€œReportâ€), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of SectionÂ 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the

Company.Date: NovemberÂ 6, 2024Â /s/ Michael A. CokePresidentDocumentExhibit 32.3CertificationThe undersigned officer, who is the Chief Financial Officer of Terreno Realty Corporation (the â€œCompanyâ€), hereby certifies to the best of his knowledge, that the Companyâ€™s Quarterly Report on FormÂ 10-QÂ to which this certification is attached (the â€œReportâ€), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of SectionÂ 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.Date: NovemberÂ 6, 2024Â /s/ Jaime J. CannonChief Financial Officer(Principal Financial Officer)