



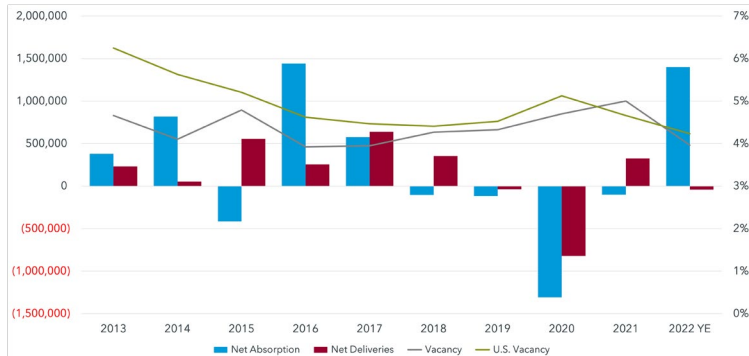
RETAIL MARKET OVERVIEW

ERIK FAUCETT, *Vice President*

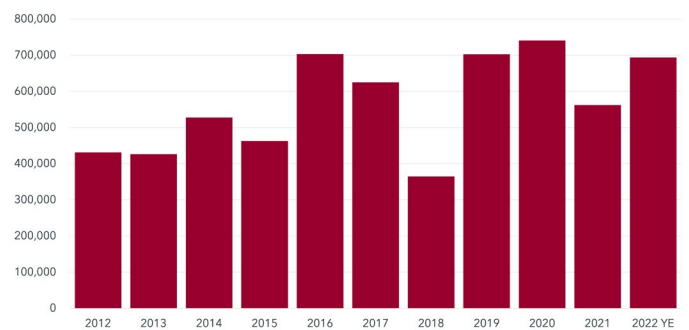
For the seventh consecutive quarter, net absorption has been positive, which is the longest streak in 10 years. New leasing activity has slowed over the past two quarters as occupancy has fully recovered. The waning leasing activity is more a function of the lack of space than of less interest. The average new retail is trending smaller as retailers adapt to consumer preferences for e-commerce. On the development side, most projects are smaller infill developments, single-tenant pads or smaller freestanding buildings. The State of California passed a law at the end of 2022 which would streamline the process to allow for development of affordable housing on vacant and underutilized commercial properties. With interest rates on the rise, deal flow and investment volume has slowed.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▲ 12 Mo. Net Absorption SF	1,399,431	1,262,021	1,412,685	964,452	(100,355)
▼ Vacancy Rate	4.0%	4.1%	4.3%	4.7%	5.00%
▲ Avg NNN Asking Rate PSF	\$2.75	\$2.73	\$2.73	\$2.68	\$2.64
▼ SF Under Construction	693,775	734,864	771,005	749,502	562,072
▲ Inventory SF	138,613,362	138,566,161	138,547,233	138,567,045	138,654,066

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
8508-8650 Genessee Avenue San Diego, CA	178,619 SF	\$125,000,000 \$699.81 PSF	Alexandria Real Estate Regency Centers	Multi-Tenant
5821-5975 University Avenue San Diego, CA	178,311 SF	\$56,023,533 \$314.19 PSF	MSM Global Ventures, LLC Fortress Development	Multi-Tenant
732 Center Drive San Marcos, CA	135,924 SF	\$21,560,264 \$158.52 PSF	Miracle Pay Investments United American Properties	Multi-Tenant

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1750 Camino Del Rio North San Diego, CA	77,909 SF	Westfield	Bed Bath & Beyond	Retail
7480 Miramar Road San Diego, CA	42,318 SF	Omninet Capital	Wood Bridge Interiors	Home Furnishing
1280 North Melrose Drive Vista, CA	35,214 SF	EQT Exeter	American Marble	Home Furnishing

