



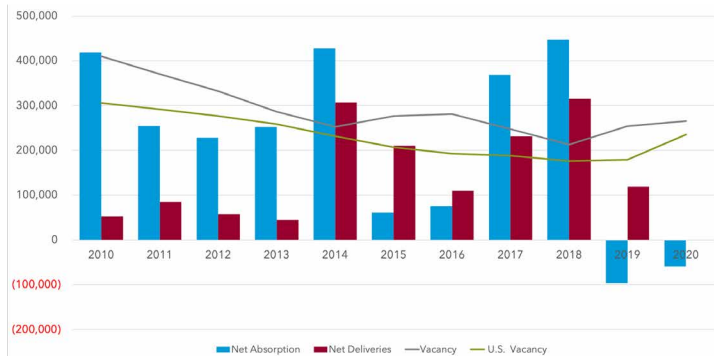
OFFICE MARKET OVERVIEW

JAMES BENGALA, *Senior Associate*

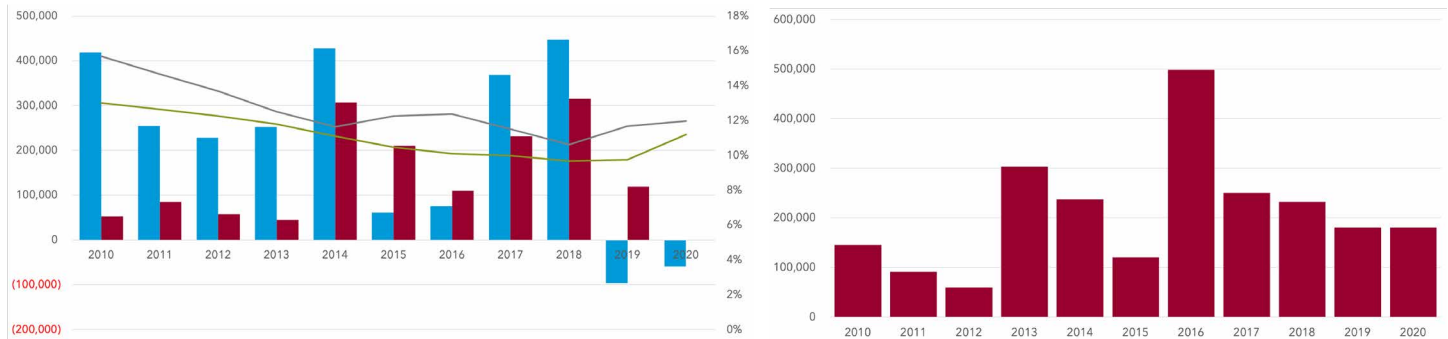
An interesting quarter to wrap up an interesting year to say the least. EOY lease expirations accounted for a small uptick in lease transactions - both renewals and relocations - for tenants looking to lock in advantageous terms for 1-3 year periods. While some Landlords held firm on lease rate integrity, instead offering creative tenant concessions, others played the lease rate discount game and dropped rates significantly to encourage longer term commitments from tenants. Surprisingly enough, 26 buildings traded in Q4 2020 with office condos and portfolio sales making up the lion's share of transactions. Also noteworthy, 7 stand-alone buildings traded in the \$3M-\$5M range, Q4 2020 average sales transactions landed at \$285/SF.

MARKET INDICATORS	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
▲ Net Absorption	61,056 SF	(64,930) SF	(35,907) SF	(56,833) SF	131,926 SF
▼ Vacancy Rate	11.7%	12.0%	11.2%	11.0%	10.6%
▼ Avg NNN Asking Rate	\$24.96 PSF	\$33.72 PSF	\$33.84 PSF	\$33.84 PSF	\$33.24 PSF
◀▶ Under Construction	180,177 SF	180,177 SF	274,509 SF	265,509 SF	231,862 SF
▼ Inventory	19,326,228 SF	19,326,978 SF	19,233,646 SF	19,233,646 SF	19,207,293 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
550 W Vista Way Vista, CA	32,694 SF	\$3,795,123.00 \$116.97 PSF	REALM Dan & Cynthia Kronemeyer Fam Tr	Class C
500-549 W Vista Way Carlsbad, CA	22,907 SF	\$2,659,047.00 \$116.08 PSF	REALM Dan & Cynthia Kronemeyer Fam Tr	Class C
2251 Las Palmas Drive Carlsbad, CA	15,700 SF	\$4,000,000.00 \$254.78 PSF	Ronin Holdings LLC In Eden Properties, LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
705 Palomar Airport Road Carlsbad, CA	14,000 SF	Brookwood Financial Partners, LLC	Undisclosed	Undisclosed
2177 Salk Avenue Carlsbad, CA	12,804 SF	Brookwood Financial Partners, LLC	Undisclosed	Undisclosed
920 Boardwalk San Marcos, CA	6,676 SF	WCSU, Inc.	Undisclosed	Undisclosed

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

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

© Copyright 2021 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com