



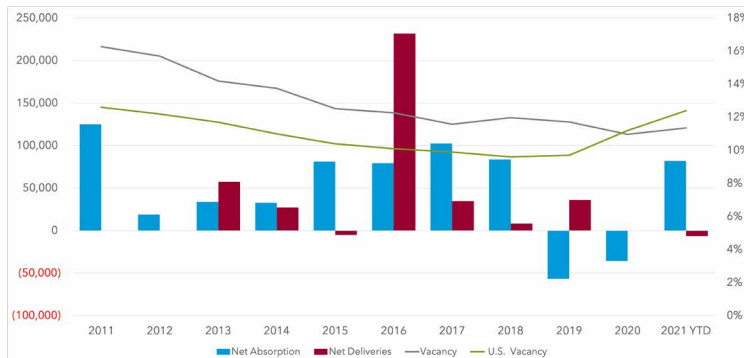
### OFFICE MARKET OVERVIEW

JAMES BENGALA, *Senior Associate*

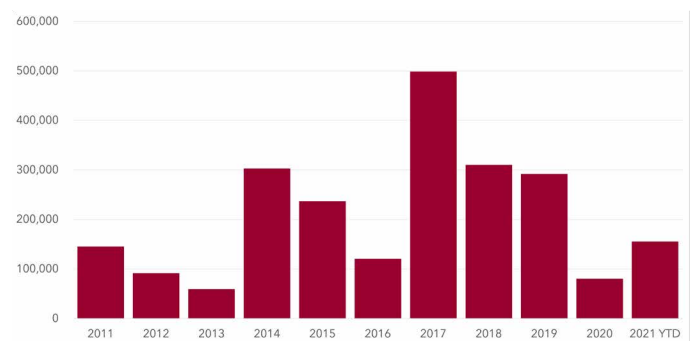
As more of the population receives the COVID-19 vaccine and the state of California has lifted its restrictions, we are beginning to see many companies returning to the office. The pandemic has caused a change in their operational needs leading to a flurry of leasing activity in Q2. Many companies are on the hunt for spaces in the 1,000-3,000 SF range while spaces in the 5,000+ SF range are experiencing diminished demand. Construction has also picked up with nearly twice as many SF under construction compared to a year ago. With pent-up demand of owner users sitting on the sidelines during the pandemic, we are seeing a rise in demand of owner-user acquisition for stand-alone buildings. As more return to the office, we anticipate Q3 2021 to be a busy one.

MARKET INDICATORS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
▲ 12 Mo. Net Absorption SF	82,504	(83,305)	158,320	(66,388)	(35,606)
▼ Vacancy Rate	11.4%	11.8%	11.4%	11.7%	11.00%
▲ Avg NNN Asking Rate PSF	\$29.16	\$28.80	\$28.92	\$29.04	\$29.16
▲ SF Under Construction	155,177	80,177	80,177	180,177	273,509
▼ Inventory SF	19,365,052	19,371,348	19,371,348	19,272,098	19,178,766

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
6120 Paseo del Norte Carlsbad, CA	34,668 SF	\$7,975,000 \$230.04 PSF	NDA Commerce 657 Mission St Bldg Ptrnshp CS Burton	Class B
1706 Descanso Avenue San Marcos, CA	19,592 SF	\$3,270,000 \$166.90 PSF	PEV Family Revocable Trust Pacifica Enterprises	Class B
906 Sycamore Avenue Vista, CA	18,878 SF	\$3,179,000 \$168.40 PSF	Sycamore Group LLC North San Diego Cnty Assn of Rltrs	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
701-725 S Coast Hwy 101 Encinitas, CA	19,913 SF	3D Investments	Flock Freight	Logistics
25 E E Street Encinitas, CA	15,966 SF	RAF Pacifica Group, Inc.	Flock Freight	Logistics
5505 Cancha de Golf Rancho Santa Fe, CA	10,600 SF	Pacifica Enterprises	Undisclosed	Undisclosed

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