



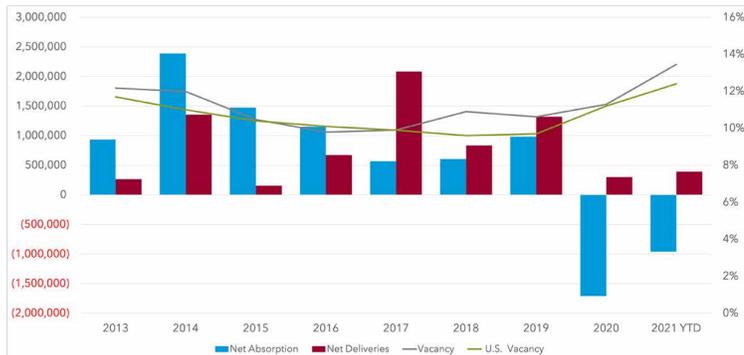
OFFICE MARKET OVERVIEW

GARY MCARDELL, *Senior Vice President/Principal*

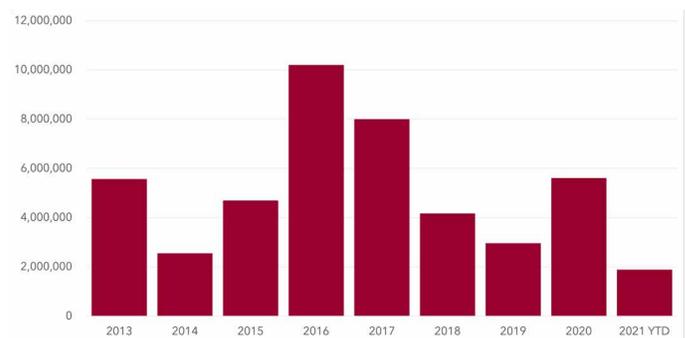
The office market showed hints of stabilization with a significantly improved Q2 that followed 2.3 million SF of negative net absorption over the previous three quarters. In fact, Q2 absorption would have been in the black except for delivery of 218,153 SF since March. Five buildings totaling 474,307 SF were delivered earlier in the lockdown - during which the vacancy rate rose from 10.6% to 13.6% - and five buildings totaling 829,738 SF remain under construction. Asking rents since early last year have declined an average of 3.6% to 2018 levels.

MARKET INDICATORS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
▲ 12 Mo. Net Absorption SF	(169,466)	(790,971)	(1,131,726)	(710,906)	(92,172)
▲ Vacancy Rate	13.60%	13.30%	12.49%	11.36%	10.69%
▼ Avg NNN Asking Rate PSF	\$2.64	\$2.67	\$2.68	\$2.70	\$2.74
▼ SF Under Construction	829,738	1,048,251	1,223,455	1,413,111	1,482,759
▲ Inventory SF	117,606,922	117,388,409	117,213,205	116,983,549	116,913,902

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
26200 Enterprise Way Lake Forest, CA	144,906 SF	\$34,900,000 \$240.85 PSF	IPT Enterprise Business Center LLC Drawbridge Enterprises, LLC	Class B
1936 E Deere Avenue Santa Ana, CA	77,523 SF	\$19,565,638 \$252.38 PSF	Alton Deere Plaza LLC Alton Deere, LP	Class B
1700 E Carnegie Avenue Santa Ana, CA	77,016 SF	\$12,785,838 \$166.02 PSF	BH Equities 70 LLC Realty Associates Fund X, LP	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4675 MacArthur Ct., Suite 800 Newport Beach, CA	49,034 SF SF	The Irvine Company	Clean Energy	Utilities
18100 Von Karman, Sts 900 & 1000 Irvine, CA	48,944 SF	The Irvine Company	Alliant Insurance Services	Finance and Insurance
48 Discovery, First Floor Irvine, CA	26,920 SF	The Irvine Company	Midas Technologies	Manufacturing

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