



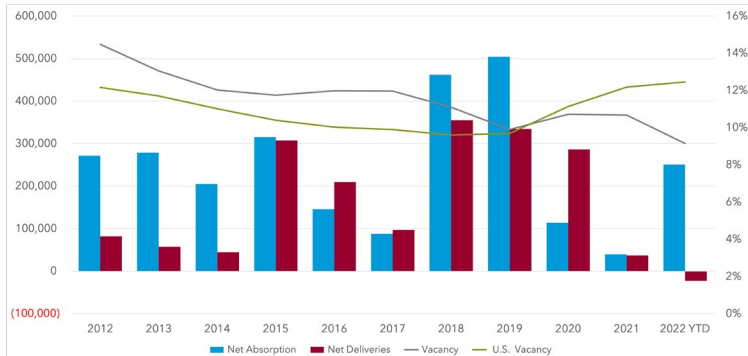
OFFICE MARKET OVERVIEW

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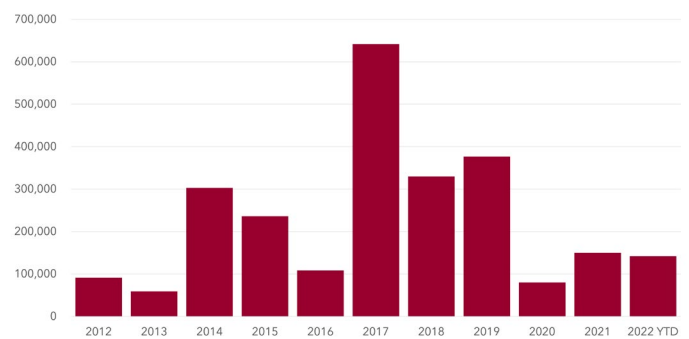
The life sciences sector in San Diego, which was a shining star during the pandemic, is now seeing a slowdown in growth. The funding for the medical and biotech startups is weakening. This coupled with inflation and rising interest rates has led to a huge decline in office activity. Supply chain delays persist, leading to no new deliverables in Q3. Leasing activity has slowed down and we see the continued trend of companies downsizing and leasing smaller spaces. Medical office activity remains strong with two of the three largest office sales transactions based on square footage to be in the medical sector.

MARKET INDICATORS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
▼ 12 Mo. Net Absorption SF	57,442	158,519	145,010	867	56,242
▲ Vacancy Rate	8.3%	8.2%	9.3%	9.6%	9.6%
▲ Avg NNN Asking Rate PSF	\$31.08	\$30.84	\$30.72	\$30.12	\$30.00
◀▶ SF Under Construction	142,022	142,022	150,022	150,022	95,177
◀▶ Inventory SF	17,732,391	17,732,391	17,724,391	17,754,915	17,770,188

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1070 S Santa Fe Avenue Vista, CA	31,840 SF	Undisclosed	Undisclosed RLS Investments	Class C
440 S Melrose Drive Vista, CA	24,722 SF	\$4,000,000 \$161.80 PSF	Dr. Samuel Lee Providence Capital Group, Inc.	Class A
2002 Jimmy Durante Blvd Del Mar, CA	18,425 SF	\$9,250,000 \$502.04 PSF	Lewis C. Musser, Inc. Hinds Investments LP	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2382 Faraday Avenue Carlsbad, CA	22,830 SF	Coseo Properties, Inc.	Breg Inc	Medical Device Sales
5946 Priestly Drive Carlsbad, CA	8,878 SF	Tytus Holding LLC	The Aldrich Group	Accounting
5875 Avenida Encinas Carlsbad, CA	6,716 SF	Time For Living	Undisclosed	Undisclosed

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