



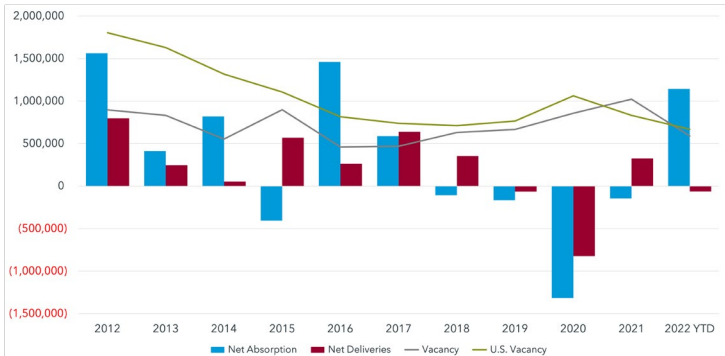
RETAIL MARKET OVERVIEW

ERIK FAUCETT, *Vice President*

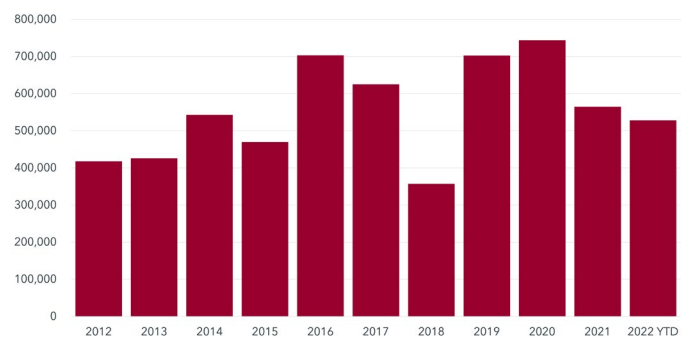
Prior to Q32022, San Diego saw positive net absorption for the previous five quarters, the longest streak in the past 10 years. Retail rents have grown 4% year-over-year and Landlords are offering fewer concessions than they were one year ago. The average new lease size is down by 20% compared to the years before the pandemic. Budget retailers, such as Grocery Outlet, Aldi and Burlington have been among the most active lessees in the market. Retailers continue to struggle to find enough workers to fill the available positions. With rising interest rates, investment activity and deal volume is slowing. Several recent deals point to the trend of retail space being repositioned to add housing units on the properties.

MARKET INDICATORS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
▼ 12 Mo. Net Absorption SF	1,234,449	1,374,784	903,105	(144,445)	(329,138)
▼ Vacancy Rate	4.2%	4.4%	4.8%	5.0%	5.1%
▲ Avg NNN Asking Rate PSF	\$2.71	\$2.70	\$2.67	\$2.62	\$2.61
▼ SF Under Construction	528,165	566,363	570,701	564,624	576,929
▲ Inventory SF	138,572,701	138,524,690	138,546,390	138,634,640	138,639,916

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
262-278 Town Center Parkway Santee, CA	48,731 SF	\$12,725,699 \$261.00 PSF	Brixton Capital Union City Investments	Multi-Tenant
230-240 Town Center Parkway Santee, CA	42,175 SF	\$9,268,516 \$219.00 PSF	Brixton Capital Union City Investments	Multi-Tenant
9420 Scranton Road San Diego, CA	16,995 SF	\$8,150,000 \$479.00 PSF	Huoyen International The Festival Companies	Single Tenant

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
7480 Miramar Road San Diego, CA	42,318 SF	Omninet Capital	Undisclosed	Retail
8400 Miramar Road San Diego, CA	10,368 SF	Ann Glynn	Luxury Outdoor Solutions	Lawn & Garden Retail
8105 Mira Mesa Boulevard San Diego, CA	8,000 SF	Mesa Center	Undisclosed	Retail

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