



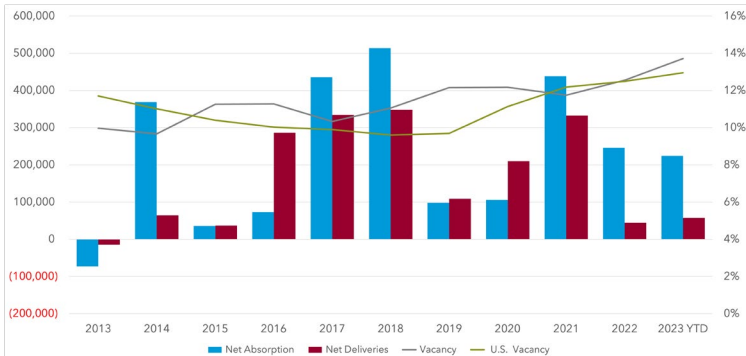
OFFICE MARKET OVERVIEW

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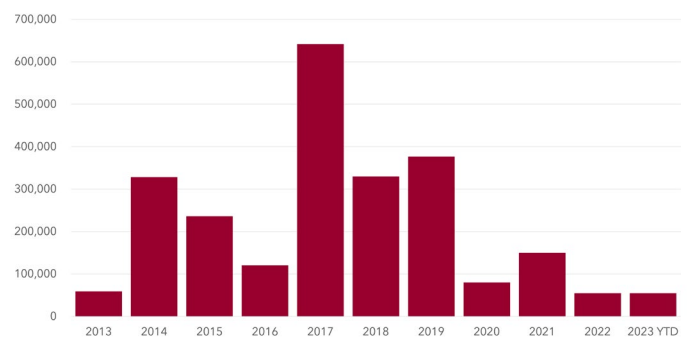
The presence of biotech has helped San Diego maintain resiliency. The office environment has become bifurcated as buildings that have delivered after 2010 have the lowest vacancies while older properties have vacancy rates twice as high. Sublet space continues to rise as tenants relinquish under-utilized office space. Sublet space coming to market has spread across nearly every sector, from biotech and high-tech to lending and healthcare. Buyers have shown more caution in the investment market as interest rates have risen. Pricing is anticipated to soften as cap rates rise to compensate for the high cost of debt. Consequently, investment activity has fallen to a level last seen in early 2020.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ 12 Mo. Net Absorption SF	(85,281)	(36,887)	79,183	177,995	148,472
▲ Vacancy Rate	10.0%	9.7%	9.1%	9.5%	10.4%
▼ Avg NNN Asking Rate PSF	\$30.36	\$30.96	\$30.36	\$30.24	\$30.24
◀▶ SF Under Construction	54,845	54,845	142,022	142,022	150,022
▼ Inventory SF	19,561,580	19,576,257	19,489,080	19,489,080	19,481,080

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1959 Palomar Oaks Way Carlsbad, CA	47,273 SF	\$10,106,500 \$213.79 PSF	Wimatex, Inc. CCSD LLC	Class A
1925 Palomar Oaks Way Carlsbad, CA	46,065 SF	\$9,074,724 \$197.00 PSF	MC Strauss Company Brookwood Financial Partners LLC	Class A
1921 Palomar Oaks Way Carlsbad, CA	42,804 SF	\$8,469,708 \$197.87 PSF	MC Strauss Company Brookwood Financial Partners LLC	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
440 S Melrose Drive Vista, CA	13,993 SF	Dr. Samuel Lee	Dr. Samuel Lee	Medical
5909 Sea Otter Place Carlsbad, CA	8,622 SF	Tritower Financial Group	Undisclosed	Undisclosed
Highway 101 @ Dahlia Solana Beach, CA	8,577 SF	Zephyr Partners	BOMA	Real Estate

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