



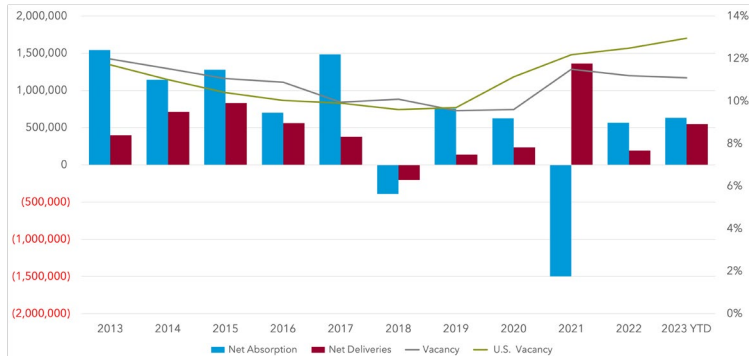
OFFICE MARKET OVERVIEW

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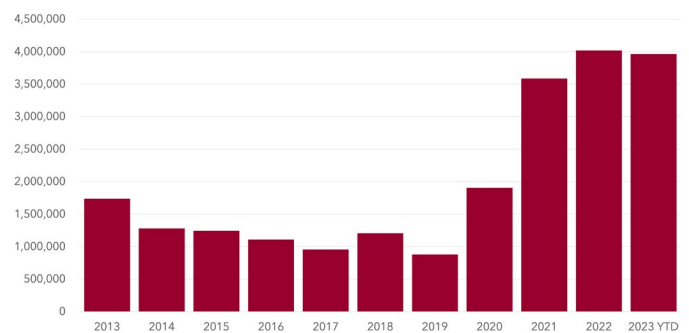
The San Diego office market is beginning to show the predicted trends forecasted in 2022; office landlords are beginning to contemplate selling as their debt continues to mature. The logical question last year was this: who would buy an office building if the assets are set to decrease in value significantly? The answer seems to be non-office real estate companies looking to attempt redevelopments/pivots. One of the top three sales in San Diego was a multifamily based redevelopment purchase. Another one of the top three office sales was purchased by Rexford Industrial. On the leasing end, the market shows some promise for recovery. As we continue moving further out of covid, the “work from home” trend seems to be waxing and waning depending on submarket and industry type.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ 12 Mo. Net Absorption SF	336,022 SF	936,253 SF	290,440 SF	491,107 SF	165,126 SF
▲ Vacancy Rate	10.36%	9.12%	10.97%	10.34%	11.13%
◀ ▶ Avg NNN Asking Rate PSF	\$36.60	\$36.60	\$36.36	\$36.00	\$35.52
▲ SF Under Construction	397,482 SF	153,482 SF	330,392 SF	246,910 SF	176,910 SF
◀ ▶ Inventory SF	119,000,000 SF	119,000,000	119,000,000	119,000,000	119,000,000

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
9333 Balboa Avenue San Diego, CA	125,000 SF	\$62,500,000 \$499.86 PSF	Rexford Cubic	Class A
8760 Cuyamaca Street San Diego, CA	25,219 SF	\$8,200,000 \$325.15 PSF	200 N Palm Dr, LLC John L. Davidson Trust	Class B
1070 S Santa Fe Avenue San Diego, CA	31,840 SF	\$6,680,000 \$209.64 PSF	Ambient Communities RLS Investments	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
6350 Sequence Drive San Diego, CA	132,802 SF	Alexandria Real Estate Equities	Dexcom	Tech - Office
13480 Evening Creek Drive N San Diego, CA	63,781 SF	Kilroy Realty	MediaTek USA	Tech - Office
6310 Sequence Drive San Diego, CA	62,415 SF	Alexandria Real Estate Equities	Dexcom	Tech - Office

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