



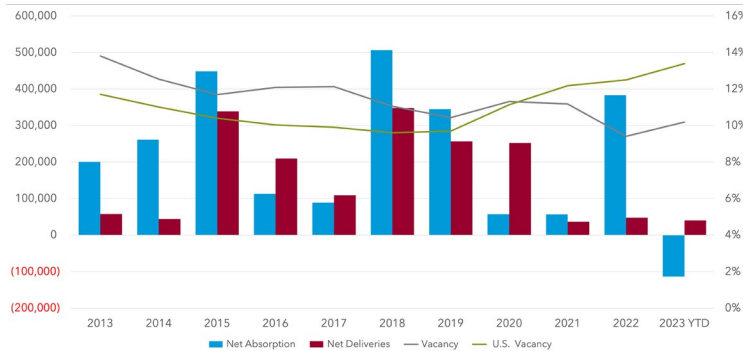
OFFICE MARKET OVERVIEW

JAMES BENGALA, *Senior Associate*

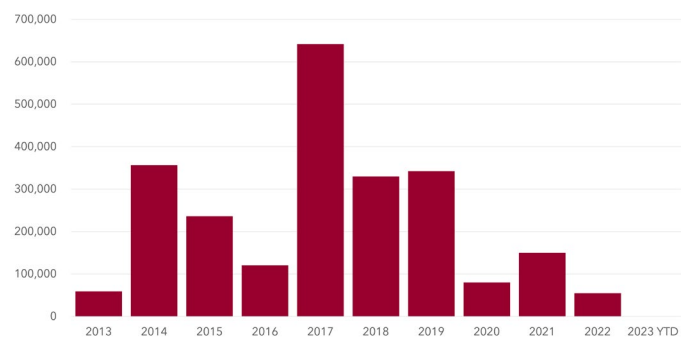
The North San Diego County office market is showing signs of resiliency, carried mostly by medical groups, and some software & tech companies. Well-positioned medical groups are absorbing vacancies as well as buying up office buildings with strong visibility and convenient accessibility. Deals are getting done albeit financial institutions remain the single biggest hurdle. Landlords of smaller, executive office spaces are enjoying the WFH era and may be nearly at full occupancy, or very close. Sublease space still remains high in the 5,000-15,000 SF range and professional office tenants certainly have the leverage. Although the market isn't completely dead at this time, it could certainly use a boost... maybe Santa has a few large tenants in his bag of gifts.

| MARKET INDICATORS | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| ▲ 12 Mo. Net Absorption SF | 54,845 | 38,406 | (80,677) | (26,783) | 120,957 |
| ▲ Vacancy Rate | 10.2% | 9.6% | 9.8% | 9.4% | 8.9% |
| ▼ Avg NNN Asking Rate PSF | \$32.16 | \$32.52 | \$32.28 | \$33.00 | \$32.40 |
| ▼ SF Under Construction | 0 | 54,845 | 54,845 | 54,845 | 54,845 |
| ▲ Inventory SF | 2,879,924 | 2,829,362 | 2,765,489 | 2,680,402 | 2,500,874 |

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|--|-----------|------------------------------|---|----------------|
| 2127 W. Citracado Parkway Escondido, CA | 75,000 SF | \$60,200,000 \$802.67 PSF | Harrison Street Capital JRM Real Estate | Class B |
| 3998 Vista Way Oceanside, CA | 37,488 SF | \$12,500,000 \$333.44 PSF | TrueCare Robert E. Wailes | Class B |
| 5958 Priestly Drive Carlsbad, CA | 17,056 SF | \$4,359,840 \$255.62 PSF | Conjupro Biotherapeutics, Inc. Bobbi Marin | Class B |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|---------------------------------------|-----------|---|-------------------------------|-----------------------|
| 5600 Avenida Encinas Carlsbad, CA | 51,495 SF | Alexandria Real Estate Equities, Inc | Undisclosed | Undisclosed |
| 5928 Pascal Court Carlsbad, CA | 25,341 SF | S&A Properties | Capital Partner Services Corp | Finance and Insurance |
| 1959 Palomar Oaks Way Carlsbad, CA | 16,729 SF | MJL Properties | Undisclosed | Undisclosed |

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com