



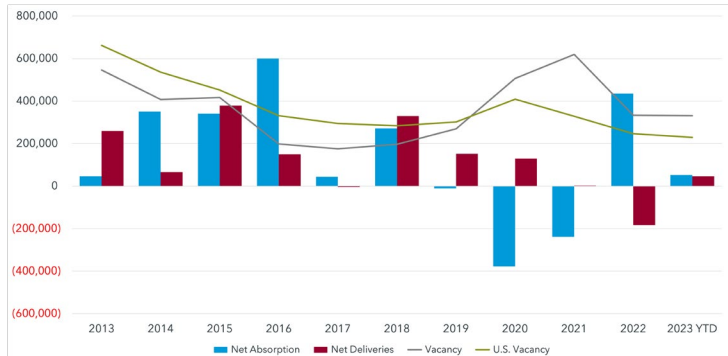
RETAIL MARKET OVERVIEW

JAMES PIERI, JR, *Senior Vice President, Broker and Principal*

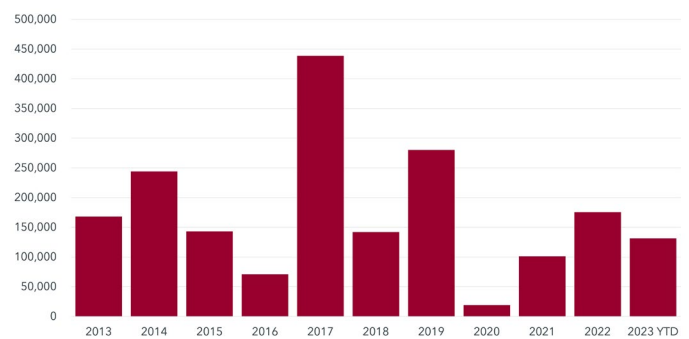
The San Diego North County retail trade areas continue to remain stable through Q3, 2023. Retail vacancy is down approximately 0.28% from Q2, 2023 and vacancy continues to hover at approximately 4.875% on average YTD 2023. In the same time period, North County retail rental rates have decreased by approximately 1.7% for a market average of approximately \$2.27/PSF plus NNN's. Projects under construction fell slightly by 4.3% from Q2 as well as inventory fell by 8% from Q2. The three largest lease transactions by SF in Q3 averaged 11,207 SF and the top sale transaction sold for \$24,960,275 in Escondido, CA. Purchase and sale volumes have continued to decrease due to increased interest rates, low supply to the market, lower buyer pool, and the uncertainty of the market futures.

| MARKET INDICATORS | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| ▲ 12 Mo. Net Absorption SF | 122,046 | 12,579 | (115,055) | (15,586) | 90,859 |
| ▼ Vacancy Rate | 4.72% | 5.00% | 5.03% | 4.74% | 4.97% |
| ▼ Avg NNN Asking Rate PSF | \$27.24 | \$27.72 | \$26.64 | \$26.40 | \$25.80 |
| ▼ SF Under Construction | 131,432 | 137,382 | 139,082 | 172,044 | 143,339 |
| ▼ Inventory SF | 2,043,799 | 2,221,630 | 2,090,880 | 2,000,307 | 1,951,688 |

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | TENANCY TYPE |
|---|------------|------------------------------|--|---------------|
| 620 W. Mission Avenue Escondido, CA | 169,112 SF | \$24,960,275 \$147.60 PSF | Safeco Capital Corporation Mar & Associates | Multi-Tenant |
| 1601-1649 S. Melrose Drive Vista, CA | 122,953 SF | Undisclosed | Marlone Geier Management, Inc. Kimco Realty Corporation | Multi-Tenant |
| 1717 Auto Park Way Escondido, CA | 25,569 SF | \$18,400,000 \$719.62 PSF | Aaron Automotive Group Gosch Auto Group | Single-Tenant |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|--|-----------|-----------------------------|---------------------|---|
| 1529 E. Valley Parkway Escondido, CA | 14,700 SF | Armony Family 1998 Trust | Indoor Baseball | Retailer |
| 2355 E. Valley Parkway Escondido, CA | 10,500 SF | Arileaus Capital | Childrens Choice | Professional, Scientific, and Technical Services |
| 114-172 N. El Camino Real Encinitas, CA | 8,421 SF | Kami Hoss | O'Reilly Auto Parts | Auto Retail |

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