



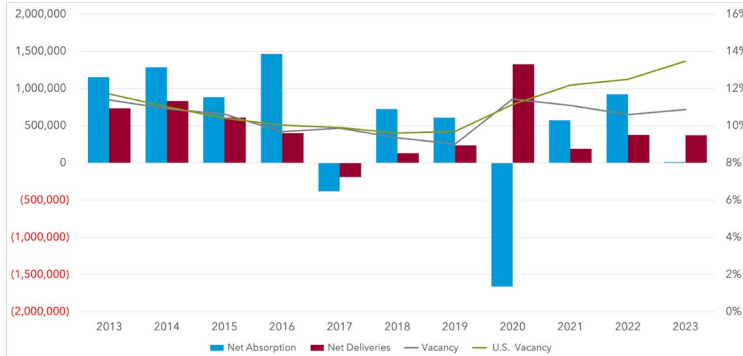
### OFFICE MARKET OVERVIEW

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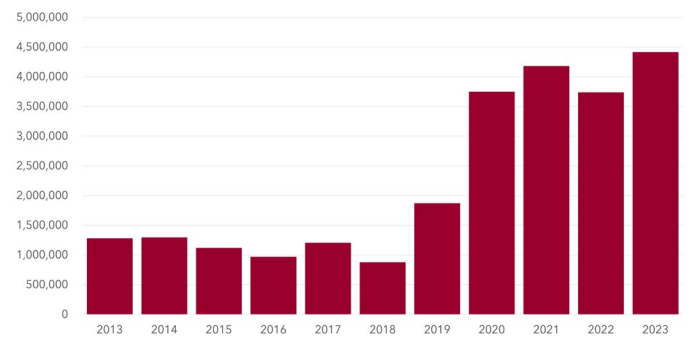
Glimmers of hope in the office leasing market were seen here and there throughout the year. Although Tenants have the leverage in most leasing scenarios the aggressive Landlords with prime coastal locations and smaller, upscale spaces have enjoyed high occupancy and continue to do so. Investment deals have to be absolutely cherry for buyers to make any sort of forward progress on an acquisition - due to a combination of interest rates, stickiness of WFH era and the 2024 impending presidential election. Cash buyers looking for deals are scoring in niche pockets. Owner/User buyers who have been sidelined for the majority of 2023 (Interest rates) are starting to gain some confidence again.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▼ 12 Mo. Net Absorption SF	202,337	483,555	776,043	461,309	921,032
▼ Vacancy Rate	10.87%	11.15%	10.89%	10.66%	10.60%
◀ ▶ Avg NNN Asking Rate PSF	\$35.88	\$35.88	\$36.48	\$36.24	\$36.48
▲ SF Under Construction	4,414,829	4,257,720	3,799,233	3,737,290	3,737,290
▲ Inventory SF	20,571,206	20,440,969	20,333,142	19,674,450	19,011,616

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
180 Broadway San Diego, CA	387,627 SF	\$61,000,000 \$157.37 PSF	J Street Space Hammer Ventures	Class A
9275 Sky Park Court* San Diego, CA	131,401 SF	Undisclosed	TPG TPG Angelo Gordon & Co., LP	Class A
3914 Murphy Canyon Road* San Diego, CA	70,236 SF	\$14,929,917 \$212.57 PSF	San Diego Food Bank Link Logistics Real Estate	Class B

\* Part of portfolio sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
401 Mile of Cars Way National City, CA	25,886 SF	Bosa Development	City of San Diego	Government
1081 Camino del Rio S San Diego, CA	23,400 SF	John Lyons	Undisclosed	Undisclosed
655 W. Broadway San Diego, CA	21,837 SF	MetLife Real Estate	North Western Mutual	Finance

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