



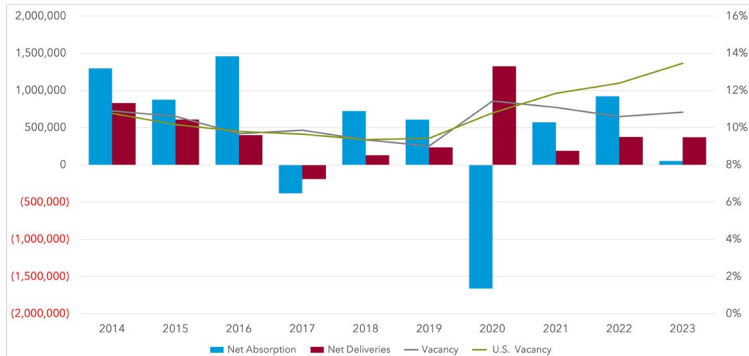
OFFICE MARKET OVERVIEW

SPENCER DOK, *Associate*

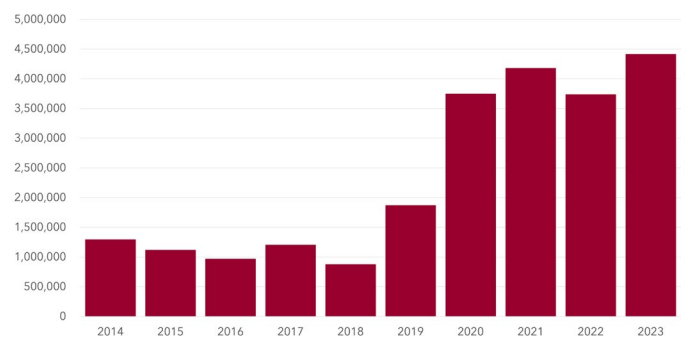
San Diego's office market faces ongoing challenges as the average new lease size in 3Q23 was 18% below the 2015-2019 quarterly average. Despite stable leasing volumes compared to the previous quarter, it's nearly 20% lower than pre-pandemic levels. Available space has increased by 7 million SF since 2020, reaching 16.7% of total inventory, an all-time high. Downtown is particularly affected, with a soaring availability rate of almost 40%. Sublease additions, especially from leading industries, contribute to rising vacancy rates. Older prime buildings experience negative absorption, while those built since 2015 show positive trends. Increasing landlord resistance to higher TI's may drive tenants toward discounted sublet spaces.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▲ 12 Mo. Net Absorption SF	52,113	(483,555)	(776,043)	461,309	921,032
▼ Vacancy Rate	10.8%	11.1%	10.9%	10.7%	10.6%
▲ Avg NNN Asking Rate PSF	\$38.64	\$38.52	\$38.52	\$38.40	\$38.16
▲ SF Under Construction	4,414,829	4,257,720	3,799,233	3,737,290	3,737,290
▲ Inventory SF	119,731,402	119,577,920	119,310,224	119,334,411	119,360,288

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 Hospitality Hammer Ventures	Class A
4700 Spring Street San Diego, CA	43,643 SF	\$8,675,000 \$198.77 PSF	PenChecks Trust Pacific View	Class B
3998 Vista Way San Diego, CA	37,488 SF	\$12,500,000 \$333.43 PSF	TrueCare Robert Wailes	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
401 Mile of Cars Way National City, CA	25,886 SF	Bosa Development	County 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	Northwestern Mutual	Financial Services

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