



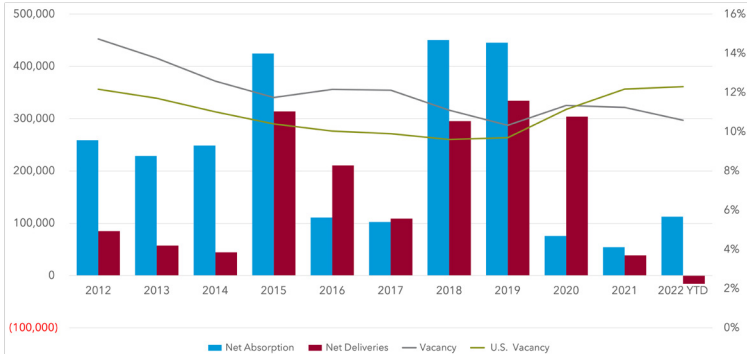
OFFICE MARKET OVERVIEW

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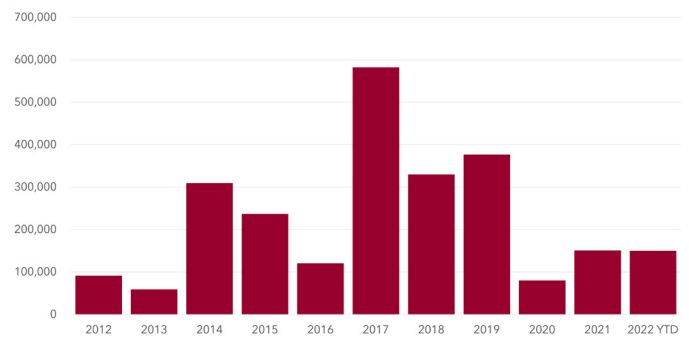
Last year, North County had a negative 12-month net absorption as the pandemic led to an exodus of people. In Q1 2022, we are seeing a positive 12-month net absorption as companies have returned to the office. The life sciences boom in San Diego has made its way north. Q1's largest sales transaction was the purchase of a vacant office building to be repurposed into life sciences. We expect more of this activity as the life science hubs in San Diego cannot keep up with demand. Sublet availability is on the rise. Del Mar Heights and Carmel Valley areas have exceeded 200,000 SF of sublet space during Q1 for the first time since 2014.

MARKET INDICATORS	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
▲ 12 Mo. Net Absorption SF	142,172	10,651	45,039	81,959	(83,305)
▼ Vacancy Rate	10.4%	11.2%	11.4%	11.3%	11.8%
▲ Avg NNN Asking Rate PSF	\$35.04	\$34.92	\$34.56	\$34.32	\$33.96
▼ SF Under Construction	150,522	150,903	96,058	156,058	80,177
▼ Inventory SF	19,465,286	19,480,756	19,496,029	19,436,029	19,442,325

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1935 Camino Vida Roble Carlsbad, CA	40,445 SF	\$7,280,100 \$180.00 PSF	Kinovate Life Sciences, Inc SVN Carlsbad, LLC	Class B
125 W Mission Avenue Escondido, CA	14,783 SF	\$2,250,000 \$152.20 PSF	Escondido Consulting LLC Aerus Tran	Class C
952 Postal Way Vista, CA	13,179 SF	\$1,787,509 \$130.29 PSF	Escondido Ventures LLC RLS Investments	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1903 Wright Place Carlsbad, CA	12,193 SF	Harbor Associates	Undisclosed	Undisclosed
6185 Paseo del Norte Carlsbad, CA	11,730 SF	Scott Leggett	Undisclosed	Healthcare
4630 North Avenue Oceanside, CA	11,016 SF	Dario Paduano	Undisclosed	Undisclosed

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