



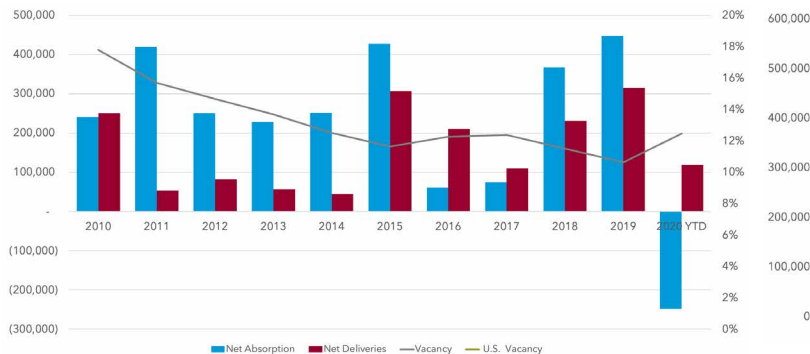
### OFFICE MARKET OVERVIEW

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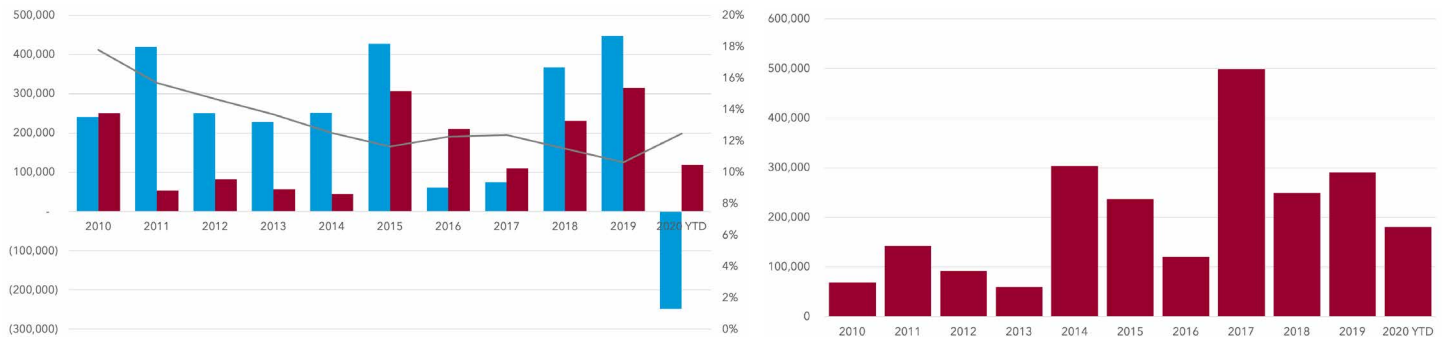
San Diego's North County office market in Q3 2020 experienced a decrease in leasing volume, negative rent growth and a decrease in sales transactions. The current leasing trend shows a majority of office tenants 'right-sizing' their overall footprint to meet their current operations in a pandemic-burdened CRE marketplace. Lease renewals for 12-24 months are most common, many with flat rental base rates. Tenants walking away from office space into a Zoom-based work-from-home scenario substantially increased availability via direct and sub-lease inventory. Sales transactions were down as investors patiently waiting on the sidelines for COVID-discounted price points have yet to find the decrease in \$/SF they're looking for.

MARKET INDICATORS	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
▲ Net Absorption	(26,228) SF	(31,794) SF	(54,864) SF	131,009 SF	51,104 SF
▲ Vacancy Rate	12.0%	11.2%	11.0%	10.6%	10.9%
◀▶ Avg NNN Asking Rate	\$2.67 PSF	\$2.67 PSF	\$2.63 PSF	\$2.54 PSF	\$2.47 PSF
▼ Under Construction	180,177 SF	272,315 SF	264,315 SF	290,668 SF	228,604 SF
▲ Inventory	19,309,396 SF	19,217,258 SF	19,217,258 SF	19,190,905 SF	19,112,905 SF

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
217 Salk Ave Carlsbad, CA	46,199 SF	\$24,750,000.00 \$535.73 PSF	Scripps Health H.G. Fenton Company	Class B
5928 Pascal Court Carlsbad, CA	38,276 SF	\$6,150,000.00 \$160.68 PSF	AAE Pacific Park Associates, LLC Pascal Court, LLC	Class B
201 E Grand Ave Escondido, CA	15,806 SF	\$2,100,000.00 \$132.86 PSF	Grand Ventures, LLC Grand Patio, LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2310 Camino Vida Roble Carlsbad, CA	11,583 SF	Vida I, LLC	Undisclosed	-
918 Mission Ave Oceanside, CA	7,491 SF	Charles Beck Family Trust	Undisclosed	-
1800 Aston Ave Carlsbad, CA	7,309 SF	Burke Aston Partners, LLC	Undisclosed	-

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