



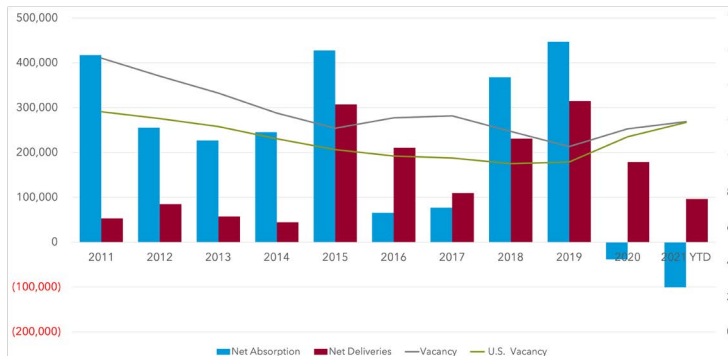
OFFICE MARKET OVERVIEW

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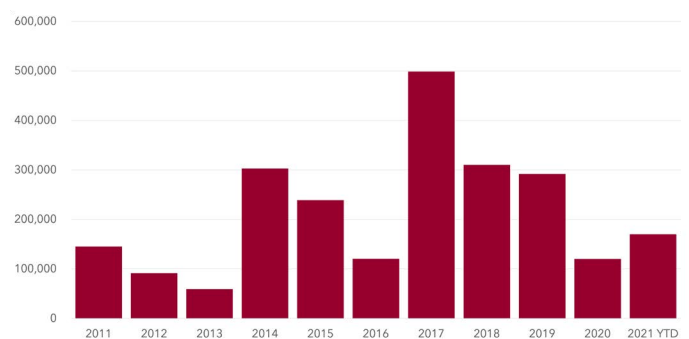
Overall office sentiment is tracking positively with tenants, landlords, buyers and sellers, looking to make moves in 2021. We are seeing the trends from Q4 2020 continue as leasing volume remains at the lowest level it has been in 20 years. Meanwhile, sublease volume is at its highest level since the great financial crisis with an increase of 65% subleased square footage. As vacancy rates continue to rise, we are starting to see asking lease rates begin to drop. We anticipate leasing activity picking up as tenants have now had an entire year to evaluate the effects of the pandemic on their business. Companies downsizing or looking to save money on rent will cause movement.

MARKET INDICATORS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
▼ Net Absorption SF	(78,636)	59,205	(6,388)	(35,336)	(55,616)
▲ Vacancy Rate	12.1%	11.7%	12.0%	11.2%	11.0%
▼ Avg NNN Asking Rate	\$28.80	\$28.92	\$29.04	\$29.16	\$28.56
▲ SF Under Construction	170,177	120,177	120,177	273,509	265,509
◀▶ Inventory SF	19,370,770	19,370,770	19,371,520	19,218,188	19,218,188

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2130 W Citracado Parkway Escondido, CA	80,064 SF	\$53,600,000 \$669.46 PSF	Harrison Street Capital JRM Real Estate	Class A
5796 Armada Drive Carlsbad, CA	75,000 SF	\$28,250,000 \$376.67 PSF	SENTR, Inc Miller Global Properties, LLC	Class A
1902 Wright Place Carlsbad, CA	50,117 SF	\$10,591,240 \$211.33 PSF	Cornerstone Corp Wasatach Group	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1800 Aston Avenue Carlsbad, CA	16,162 SF	Brian Burke	Undisclosed	Undisclosed
201-235 W Grand Avenue Escondido, CA	8,925 SF	Isaac Alchalel	Undisclosed	Undisclosed
1441 Montiel Road Escondido, CA	7,182 SF	Tom Gaeto	Undisclosed	Undisclosed

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