



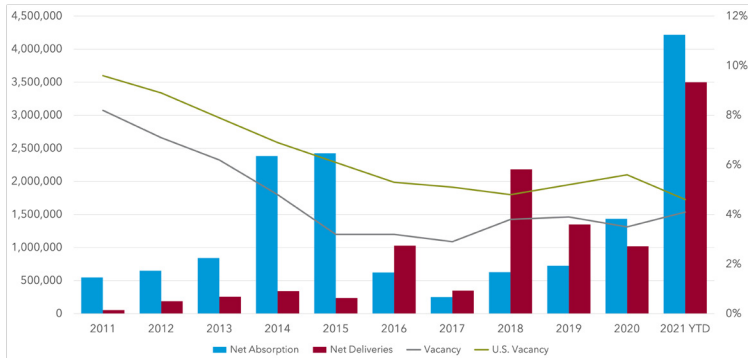
OFFICE MARKET OVERVIEW

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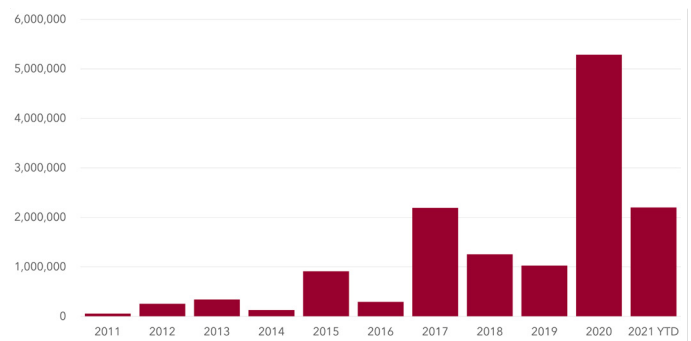
The office market is undoubtedly picking up steam in North County San Diego. Remote workforces are returning to the office and in-place tenants are negotiating long-term renewals. Landlords continue to offer additional concessions in higher-vacancy projects while still holding firm to market lease rates. Sales transaction volume remains healthy with ample investment activity and a continued push of owner-user buyers, fueled by sellers looking to cash out and extremely attractive interest rates. The NCSD office market is ripe for continued activity as major industry players identify the area as a low-cost, high-value alternative to the more densely populated L.A. and S.F. marketplaces. Overall, the office sector is primed for increased activity in 21Q4 and 22Q1.

MARKET INDICATORS	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
▼ 12 Mo. Net Absorption SF	50,072	81,959	(83,305)	243,355	(66,328)
◀▶ Vacancy Rate	11.3%	11.3%	11.8%	11.3%	11.8%
▲ Avg NNN Asking Rate PSF	\$32.64	\$32.28	\$32.02	\$31.92	\$32.04
▼ SF Under Construction	95,177	155,177	80,177	80,177	265,177
▲ Inventory SF	19,500,746	19,440,746	19,447,042	19,447,042	19,262,702

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
NONE TO REPORT				

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5759 Fleet Street Carlsbad, CA	82,163 SF	Drawbridge Pacific View Corp LP	Rockstar Games, Inc.	Computer Programming
277 Rancheros San Marcos, CA	17,023 SF	Carleton Management, Inc.	Undisclosed	Undisclosed
5928 Pascal Court Carlsbad, CA	12,608 SF	AAE Pacific Park Associates LLC	Biospyder Technologies	Biotech

