



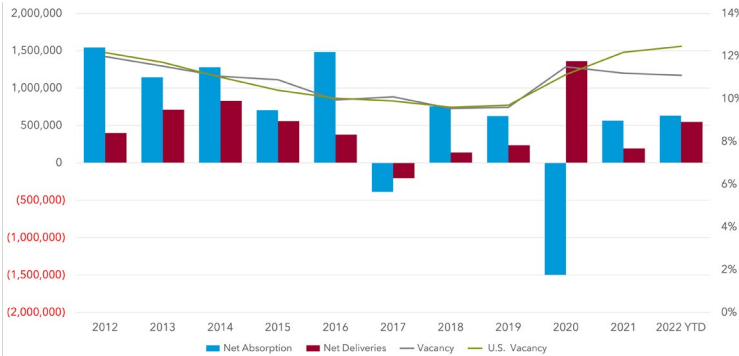
OFFICE MARKET OVERVIEW

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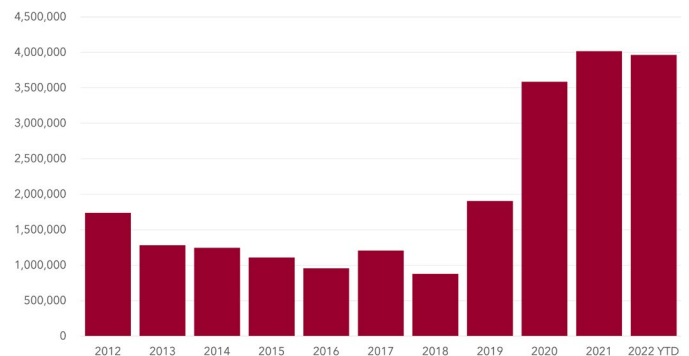
The San Diego office demand is beginning to show signs of recovery following the pandemic. From Q3 2021 to Q3 2022, vacancy has decreased from 11.53% to 10.82%. During this past quarter, some landmark transactions occurred in central San Diego, demonstrating the increased demand for office. Namely, Apple acquired seven properties in Rancho Bernardo for 445M, totaling 816,000 square feet of office space. In congruence with the rising demand, office rents have seen a slight increase as well over the past year, going from \$3.04/SF/month to \$3.11/SF/month. Sales price per square foot has increased from \$358 to \$380 over the past year. Conversely, the market cap rate has decreased slightly from 6.2% to 6.1%. The jury is still out on the future of office, but the market indicators currently forecast a recovery.

MARKET INDICATORS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
▼ 12 Mo. Net Absorption SF	336,022	936,253	290,440	491,107	165,126
▲ Vacancy Rate	10.82%	9.12%	10.97%	10.34%	11.13%
◀▶ Avg NNN Asking Rate PSF	\$36.60	\$36.60	\$36.36	\$36.00	\$35.52
▲ SF Under Construction	397,482	153,482	330,392	246,910	176,910
◀▶ Inventory SF	119,000,000	119,000,000	119,000,000	119,000,000	119,000,000

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
16409 W Bernardo Drive San Diego, CA	158,003 SF	\$103,690,000 \$656.27 PSF	Apple Swift Real Estate Partners	Class A
7310 Miramar Road San Diego, CA	133,195 SF	\$30,500,000 \$228.99 PSF	Global Equity Finance Bridgewest Group	Class B
12220 Scripps Summit N San Diego, CA	129,916 SF	\$76,100,000 \$585.76 PSF	Divco West Services Davlyn Investments	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
6450 Sequence Drive San Diego, CA	105,740 SF	Alexandria Real Estate Equities	Google	Tech - Office
16765 W Bernardo Drive San Diego, CA	95,166 SF	Prudential Financial, Inc.	Apple	Tech - Office
5717 Pacific Center Boulevard San Diego, CA	54,232 SF	BioMed Realty	Maravai Life Sciences	Life Sciences

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