



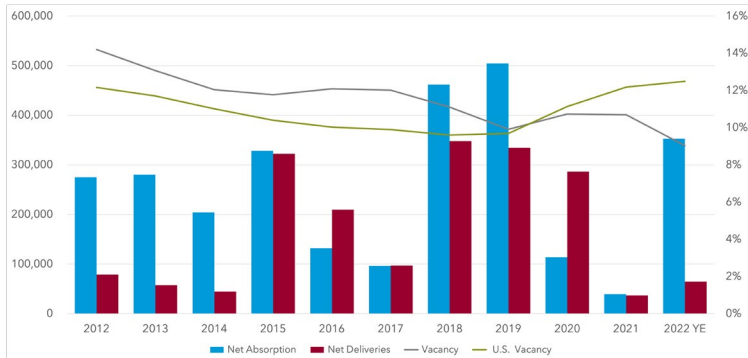
OFFICE MARKET OVERVIEW

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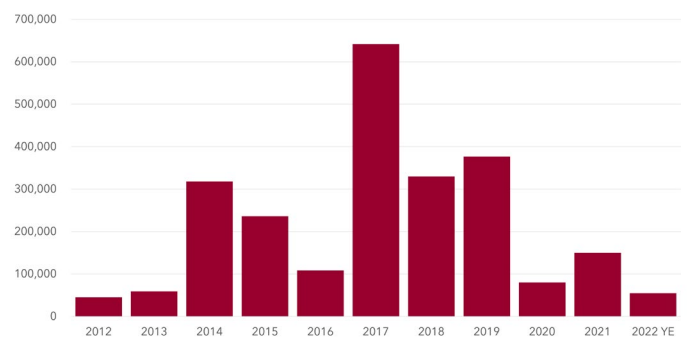
The delivery of the medical/office property at cCARE Encinitas was the largest addition of inventory in 10 years and has been taken by Scripps. Another large project that will be coming available is the Sandbox in Solana Beach with 50,000 SF coming available in 2023. Vacancy rates in Carlsbad, San Marcos and Oceanside continue to decrease. North Central County and North Beach Cities have vacancy rates that are increasing. Vista, Oceanside and Carlsbad submarkets continue to see properties trading with regularity. There are no supply-side pressures on vacancy or rent in the near term, as nothing is under construction. Inventory has contracted over the past five years, as demolition activity has outpaced new construction.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▼ 12 Mo. Net Absorption SF	(22,210)	80,125	178,015	148,472	(3,222)
▲ Vacancy Rate	9.6%	9.1%	9.5%	10.4%	11.3%
▲ Avg NNN Asking Rate PSF	\$33.48	\$32.88	\$33.00	\$33.12	\$32.52
▼ SF Under Construction	54,845	142,022	142,022	150,022	150,022
▲ Inventory SF	19,553,421	19,466,244	19,466,244	19,458,244	19,488,768

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1959 Palomar Oaks Way Carlsbad, CA	47,273 SF	\$10,106,500 \$213.79 PSF	Wimatex, Inc. Labyrinth, Inc.	Class A
1925 Palomar Oaks Way Carlsbad, CA	46,065 SF	\$9,074,724 \$197.00 PSF	M.C Strauss Company Brookwood Financial Partners	Class A
1921 Palomar Oaks Way Carlsbad, CA	42,804 SF	\$8,469,708 \$197.87 PSF	M.C Strauss Company Brookwood Financial Partners	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
462 Stevens Avenue Solana Beach, CA	16,420 SF	American Assets Trust	Undisclosed	Undisclosed
440 S Melrose Drive Vistas, CA	13,993 SF	Lee Real Estate LLC	Undisclosed	Undisclosed
4263 Oceanside Boulevard Oceanside, CA	10,426 SF	MacArthur 7036 LP	Dance Unlimited Performing Arts Academy	Dance Studio

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