



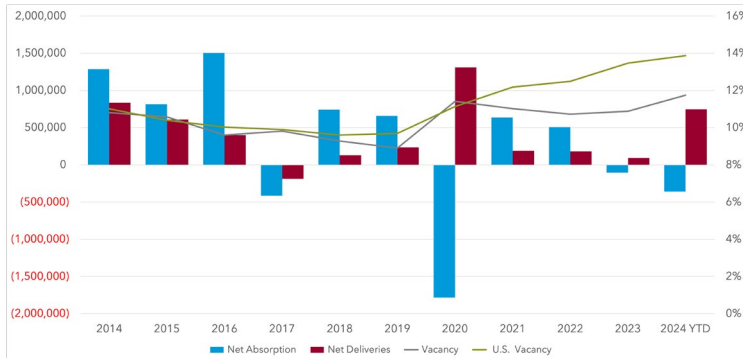
OFFICE MARKET OVERVIEW

JEFF ABRAMSON, *Principal*

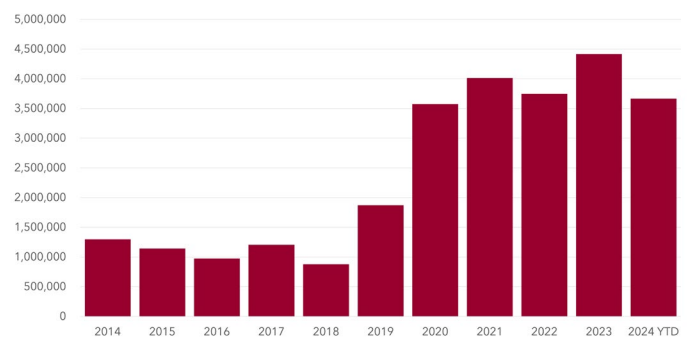
There continues to be lower transaction volume this quarter. Interest rates are making financing tougher. Uncertainties with the FED have prolonged investor skepticism specifically relating to lower buyer leverage. This is contributing to higher vacancy rates as new investments and tenant commitments slow down. Despite all this, deals are still being completed. Investors are always looking for creative deal structures and tenants need to continue to operate. There shouldn't be any drastic movement with rates in the upcoming two quarters, but being creative will assist clients in getting deals completed.

MARKET INDICATORS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
▼ 12 Mo. Net Absorption SF	9,000	489,554	104,042	676,940	1,090,750
▲ Vacancy Rate	11.74%	11.34%	11.89%	11.10%	11.94%
▲ Avg NNN Asking Rate PSF	\$35.76	\$35.64	\$35.88	\$35.88	\$36.48
▼ SF Under Construction	3,665,019	4,475,704	4,415,704	4,258,595	3,808,172
▼ Inventory SF	20,228,330	20,235,984	20,196,638	20,030,773	19,948,672

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
9275 Sky Park Court* San Diego, CA	131,401 SF	\$12,116,555 \$92.21 PSF	Orum Capital TPG Angelo Gordon & Co. LP	Class A
9325 Sky Park Court* San Diego, CA	73,599 SF	\$6,851,445 \$93.09 PSF	Orum Capital TPG Angelo Gordon & Co. LP	Class A
5973 Avenida Encinas Carlsbad, CA	51,176 SF	\$9,750,000 \$190.52 PSF	Luna Grill Peregrine Realty Partners	Class B

* Part of a 2-Property Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
16465 Via Esprillo San Diego, CA	82,999 SF	Global Atlantic Financial Group	DRS Daylight Solutions	Manufacturing
7650 Mission Valley Road San Diego, CA	74,000 SF	H.G. Fenton Company	City of San Diego	Government
1959 Palomar Oaks Way Carlsbad, CA	16,600 SF	MJL Properties, Inc.	SimplerSpace	Real Estate

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com