



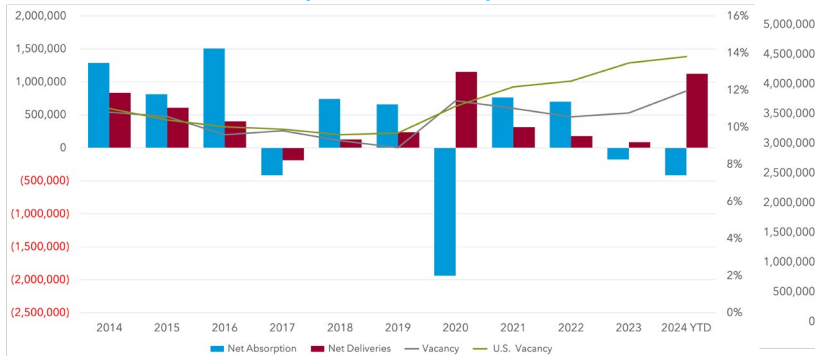
OFFICE MARKET OVERVIEW

JEFF ABRAMSON, *Principal*

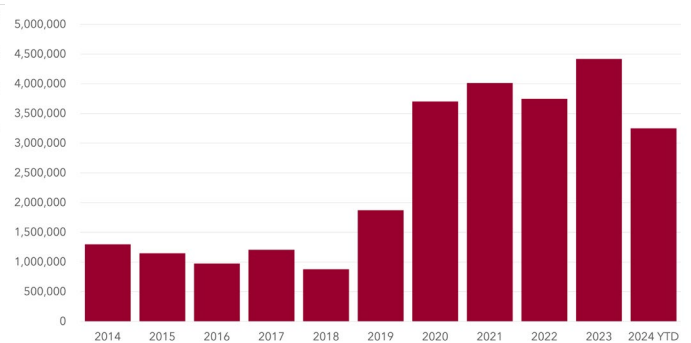
San Diego's office market has stayed pretty resilient over the last quarter, despite all the challenges in the wider U.S. market. Ongoing buyer demand for downtown office buildings in prime locations is a good sign for viability and recovery as a product. We're still seeing interest from institutional buyers, with several high-profile office buildings changing hands. In regard to leasing throughout the quarter, volume was relatively stable. San Diego seems to be weathering pretty well with ongoing sales and investor confidence. With Class A activity leading the pack, we experienced three times the absorption in Q3 compared to Q2, which could be an indicator that the office market is heating back up.

MARKET INDICATORS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
▲ 12 Mo. Net Absorption SF	128,327	44,200	512,007	172,586	477,258
▲ Vacancy Rate	11.86%	11.61%	11.20%	10.78%	10.93%
◀ ▶ Avg NNN Asking Rate PSF	\$35.76	\$35.76	\$35.64	\$35.88	\$35.88
▼ Sale Price PSF	\$168.00	\$243.00	\$259.00	\$261.00	\$508.00
▼ Cap Rate	6.46%	8.41%	6.45%	7.20%	5.64%
▼ Under Construction SF	3,250,208	3,667,511	4,477,946	4,417,946	4,259,445
▲ Inventory SF	20,460,309	20,184,997	20,030,294	20,055,382	19,827,114

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
750 B Street San Diego, CA	546,092 SF	\$45,686,000 \$83.66 PSF	Ares Property Group The Irvine Company	Class A
7676 Hazard Center Drive San Diego, CA	270,000 SF	\$42,404,868 \$157.06 PSF	BH Properties Principal Real Estate Investors	Class A
404 Euclid Avenue San Diego, CA	73,000 SF	\$21,000,000 \$287.67 PSF	Turner Impact Capital Jacobs Center Neighborhood Innovation	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
8939 Villa La Jolla Drive La Jolla, CA	21,907 SF	Protea Properties	Proprioceptive Solutions	Health Care and Social Assistance
101 W. Broadway San Diego, CA	20,225 SF	The Irvine Company	Quarles	Law
4715 Viewridge Avenue San Diego, CA	12,144 SF	Dollinger Properties	Commonwealth Financial Network	Finance and Insurance

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