

Q3 2024 ***END QTR***
OFFICE REPORT
SAN DIEGO MARKET



**PACIFIC COAST
COMMERCIAL**
SALES - MANAGEMENT - LEASING

TCN
WORLDWIDE
REAL ESTATE SERVICES

OFFICE MARKET REPORT

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12 Mo Deliveries in SF

1.4M

12 Mo Net Absorption in SF

(57.6K)

Vacancy Rate

11.9%

Market Asking Rent Growth

0.2%

The occupancy losses that have spread across the major office markets in the U.S. since 2020 have not been nearly as dramatic in San Diego. The region's core industries, which are tied to the innovation and military economies, have helped the region sidestep some of those concerns. Even so, there is widespread belief among market participants that leasing activity will remain below pre-pandemic trends, it has settled in at about 17% below that period, and rent growth will further stagnate while confronting the largest speculative delivery schedule in 20 years.

Vacancy has increased by roughly 300 basis points since the start of the pandemic, compared to more than 450 in the national index, and net absorption was positive in 24Q2 for the second time in the past three quarters. Yet vacancy is heading toward a peak in San Diego that could approach 15% following the completion of Campus at Horton and RaDD in Downtown this year. Those projects span 2.4 million SF, and no office or lab tenants have been announced as of the third quarter. Barring additional last-minute pre-leasing, which could materially shift the local narrative to the upside, these developments will also push Downtown's vacancy to a new headline peak above 35%. However, market participants have suggested true vacancy could be closer to 50%, given the CBD's underutilized and unmarketed space.

While much has been made about the flight to quality

among tenants, pricing has played a role in securing new demand. A third tower at the 5 Star La Jolla Commons was completed in 2023 and is almost fully available for lease. Asking rent levels are among the region's highest, as are RaDD's. Between the current pipeline and what was delivered last year, roughly 2.8 million SF of new space is available, representing over 2% of existing inventory.

Tenants have gained leverage in lease negotiations and have held out for high concessions, including free rent and build-out allowances. Due to concession packages, seven-year terms have become the new five-year term in primary office submarkets. Those concession packages and waning rent growth of 0.2% year over year, compared with 0.9% nationally, have led to rent losses in real terms.

Available sublet space has also played a role in stymying rent growth. During the third quarter, it was trending at its highest level in 20 years at 2.9 million SF. That is 20% higher than the peak during the Great Recession.

Over 50% of leases signed before the pandemic have yet to expire, and combined with record-high sublet space and looming supply, San Diego will have trouble avoiding peak vacancy. That will likely stifle rent growth throughout the region, as some of San Diego's primary office-using submarkets are already seeing falling rents.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	37,449,403	17.0%	\$43.38	25.5%	90,211	414,811	3,180,218
3 Star	52,354,336	12.1%	\$37.32	15.0%	(110,858)	2,492	69,990
1 & 2 Star	30,018,714	5.3%	\$32.13	7.1%	(9,417)	0	0
Market	119,822,453	11.9%	\$38.05	16.6%	(30,064)	417,303	3,250,208
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.0%	10.4%	13.6%	14.4%	2010 Q1	5.3%	2000 Q2
Net Absorption SF	(57.6K)	957,040	207,858	4,391,211	2000 Q2	(1,938,639)	2020 Q4
Deliveries SF	1.4M	1,507,224	1,014,864	3,588,640	2007 Q2	234,858	2023 Q2
Market Asking Rent Growth	0.2%	2.6%	0.6%	17.0%	2001 Q1	-11.5%	2009 Q3
Sales Volume	\$641M	\$1.7B	N/A	\$4.1B	2007 Q3	\$256.1M	2009 Q3

Small leases have dominated office leasing. In the first half of 2024, more than 50% of leasing volume was consumed by leases under 5,000 SF, a trend that has carried over from 2023. The previous decade averaged closer to 40% and never exceeded 50%. Overall, new leasing volume has stabilized roughly 17% below the pre-pandemic norm, and market participants anticipate that the leasing environment will not reverse course anytime soon. Office users continue to respond to stable attendance and slowing employment growth in office-using sectors by shrinking their footprints.

Momentum has largely stalled among the largest occupiers. Between 2015 and 2019, 25% to 30% of leasing volume was concentrated in leases above 25,000 SF. Through the first half of 2024, that figure fell to 11%, the same level as last year. Only three leases above 25,000 SF were signed during 24Q1 and 24Q2, and two of those were subleases. The largest was Pfizer's 230,000-SF new lease at Torrey View for incubator space, which brought the new 500,000-SF lab campus to full occupancy. That spurred positive absorption during 24Q2 in the region and the suburbs.

Occupancy in San Diego's suburbs has increased by nearly 1.3 million SF since the start of 2020. Most of the new supply in the suburbs has been pre-leased or occupied, and sublet space has not materially impacted vacancy or availability in most of these neighborhoods, such as Carlsbad, Rancho Bernardo, and Del Mar Heights/Carmel Valley. While suburban demand could weaken with slower growth in private-sector office-using employment, it likely would not match what is happening Downtown where occupancy has fallen by 1 million SF since 2020. Nearly every quarter during the past four years has seen negative demand, and vacancy

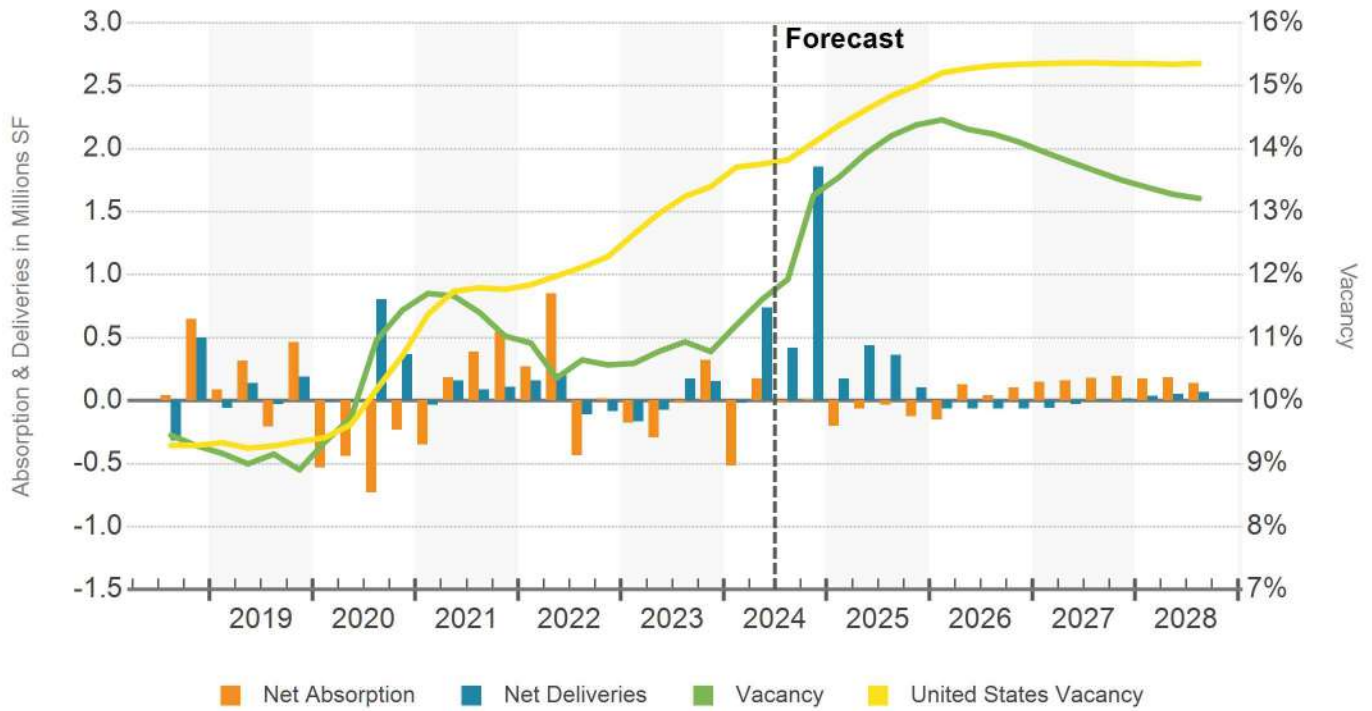
exceeded 29% in mid-2024, easily the highest level in 20 years. The spread of homelessness has been a top-of-mind topic and has impacted demand. Downtown stakeholders have grown increasingly concerned with the number of high-vacancy office towers, and few tenants have been actively seeking large requirements that might reverse the narrative. Vacancy will climb higher as several projects are scheduled to deliver in 2024.

Some market participants have pointed to prime office nodes such as UTC with concern. Apple has driven leasing activity with several new leases signed between 2018 and 2023 totaling almost 1 million SF, most recently exercising an option to expand at Eastgate during 23Q4. There is concern that few tenants are searching for large requirements that might alter the near-term outlook of softer demand and weakening rent growth in UTC. Leasing volume has fallen to a 10-year low, and the availability and vacancy rates have more than doubled since the end of 2019.

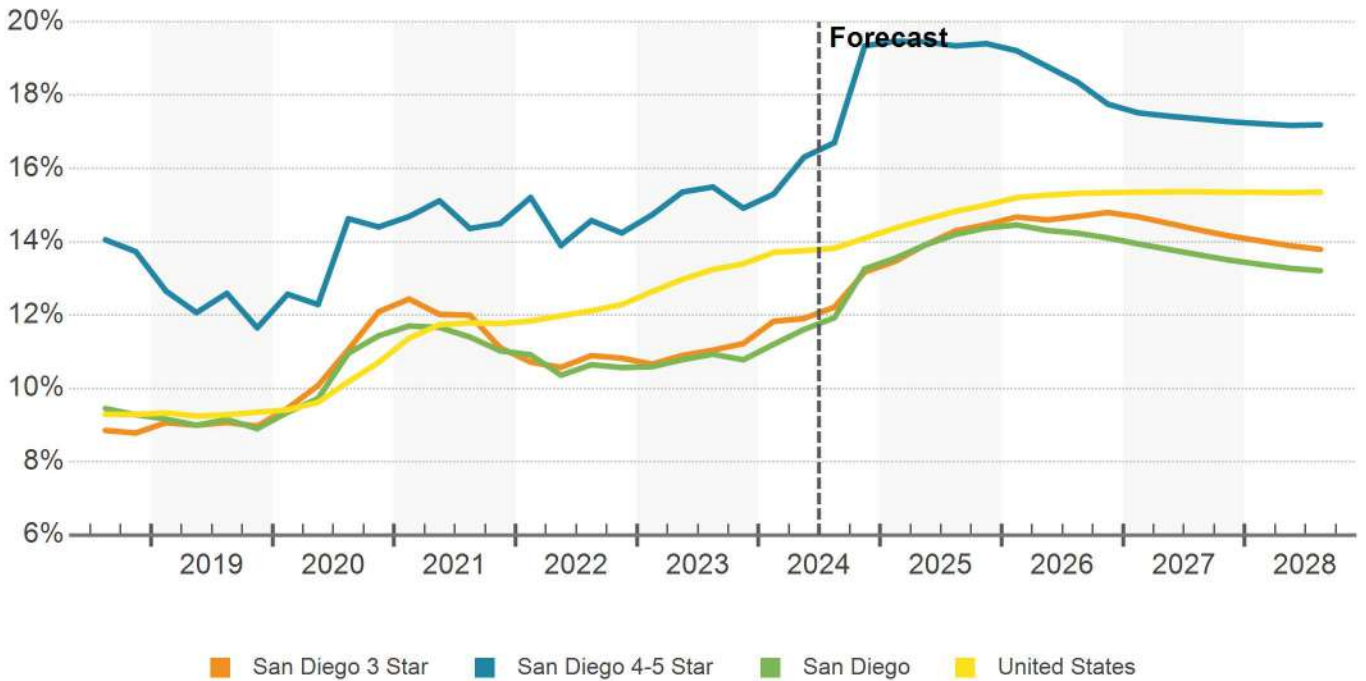
Roughly 20.4 million SF is available on the leasing market as of the third quarter. That is trending near an all-time high, and the level has increased for seven straight quarters through 24Q2. Included in this is 2.9 million SF of sublease availability. That is 20% higher than the peak during the Great Recession, and 1.7 million SF of that space is in 4 & 5 Star properties. Over 800,000 SF of sublet space is concentrated in UTC and Sorrento Mesa.

Slowing job growth, smaller requirements, and new spec supply point to vacancy continuing to rise. It is expected to approach 15%, close to the height of the Great Recession in 2010. It took seven years for vacancy to return to the pre-recession norm.

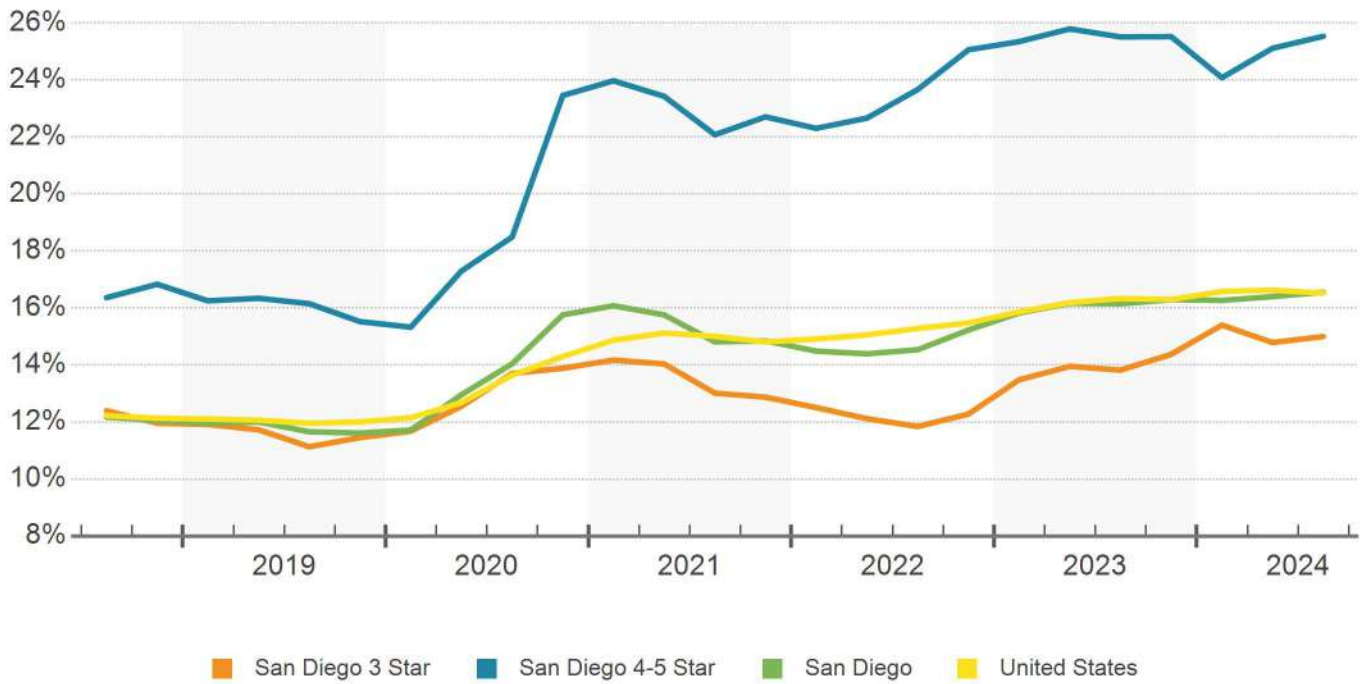
NET ABSORPTION, NET DELIVERIES & VACANCY



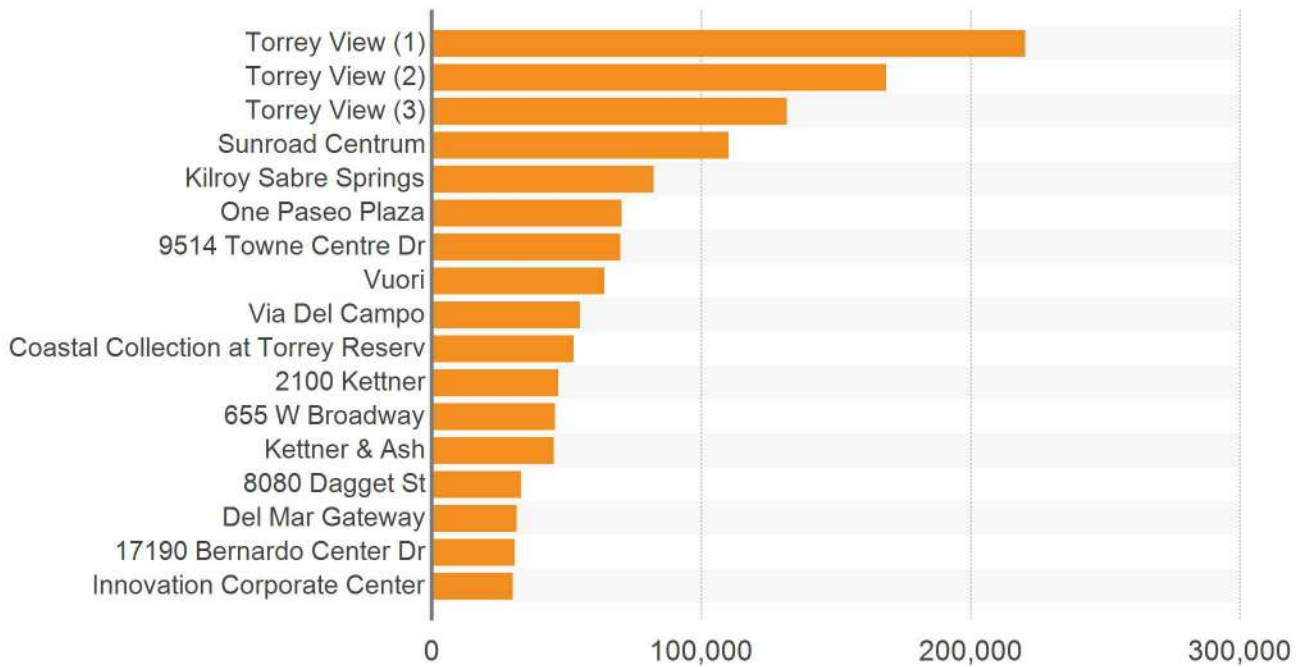
VACANCY RATE



AVAILABILITY RATE



12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Torrey View (1)	Del Mar Hts/Carmel...	220,270	0	0	220,270	0	0	220,270
Torrey View (2)	Del Mar Hts/Carmel...	168,637	0	0	168,637	0	0	168,637
Torrey View (3)	Del Mar Hts/Carmel...	131,900	0	0	118,934	12,966	0	131,900
Sunroad Centrum	Kearny Mesa	279,722	9,985	(5,219)	(4,766)	0	0	110,224
Kilroy Sabre Springs	Rancho Bernardo	154,157	49,587	17,054	2,008	0	0	82,327
One Paseo Plaza	Del Mar Hts/Carmel...	87,944	17,446	0	0	35,482	0	70,498
9514 Towne Centre Dr	UTC	70,000	0	70,000	0	0	0	70,000
Vuori	Carlsbad	176,097	0	0	0	0	0	64,062
Via Del Campo	Rancho Bernardo	83,482	28,313	0	0	55,169	0	55,169
Coastal Collection at Torrey Res...	Del Mar Hts/Carmel...	144,419	3,727	7,198	43,427	2,146	0	52,771
2100 Kettner	Downtown	234,198	132,287	(1,136)	3,513	28,863	0	47,004
655 W Broadway	Downtown	430,481	49,097	(9,009)	0	46,070	0	45,688
Kettner & Ash	Downtown	123,062	35,948	376	19,334	0	0	45,375
8080 Dagget St	Kearny Mesa	33,112	0	33,112	0	0	0	33,112
Del Mar Gateway	Del Mar Hts/Carmel...	162,964	64,123	3,055	0	0	0	31,536
17190 Bernardo Center Dr	Rancho Bernardo	66,769	24,844	(10,357)	0	0	0	30,735
Innovation Corporate Center	Rancho Bernardo	78,880	45,058	(8,441)	0	0	0	30,041
Subtotal Primary Competitors		2,646,094	460,415	96,633	571,357	180,696	0	1,289,349
Remaining San Diego Market		117,176,359	13,848,987	(614,207)	(398,804)	(210,760)	0	(1,346,937)
Total San Diego Market		119,822,453	14,309,402	(517,574)	172,553	(30,064)	0	(57,588)

TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Torrey View	Del Mar Hts/Carmel Valley	118,934	Q1 24	Pfizer Inc.	Cushman & Wakefield	JLL
Northrop Grumman Spectrum *	Kearny Mesa	116,375	Q4 23	Northrop Grumman	-	-
Wells Fargo Plaza *	Downtown	114,125	Q3 23	San Diego Association of...	-	Irvine Company Office...
Torrey View	Del Mar Hts/Carmel Valley	109,166	Q1 24	Pfizer Inc.	Cushman & Wakefield	JLL
Discovery Corporate Center *	Rancho Bernardo	83,000	Q2 24	DRS Daylight Solutions	-	-
Ocean Pointe *	UTC	76,141	Q1 24	Lytix	-	-
7650 Mission Valley Rd	Mission Valley	74,000	Q2 24	City of San Diego	-	RE:Align, Inc.
Township 14 *	Del Mar Hts/Carmel Valley	69,764	Q4 23	Latham & Watkins LLP	-	Irvine Company Office...
TR Hale Business Center *	Mission Valley	67,346	Q3 24	General Dynamics	-	CBRE
Eastgate Technology Park	UTC	53,794	Q4 23	Apple	-	Irvine Company Office...
Aero Industrial *	Kearny Mesa	52,295	Q4 23	Level 3 Communications	-	-
Ocean Pointe *	UTC	50,466	Q1 24	Lytix	-	-
9889 Willow Creek Rd *	Scripps Ranch	50,236	Q2 24	Werfen	-	-
701 B St *	Downtown	49,999	Q4 23	Bank of America Private B...	Cushman & Wakefield	Newmark
Flight *	Carlsbad	47,940	Q4 23	Activision Blizzard, Inc.	JLL	Cushman & Wakefield
BIOVISTA *	Sorrento Mesa	44,545	Q3 23	BioLabs	-	-
Five50West	Downtown	43,460	Q3 24	City of San Diego	-	JLL
Pacific Center	Mission Valley	41,816	Q2 24	SAIC	JLL	CBRE
New Cubic HQ -- Bldg B	Kearny Mesa	41,667	Q3 23	Cubic	-	-
Carlsbad Ranch	Carlsbad	36,650	Q3 24	-	-	CBRE;Cushman & Wa...
One Paseo Plaza	Del Mar Hts/Carmel Valley	35,482	Q3 24	-	-	JLL
8080 Dagget St	Kearny Mesa	33,112	Q4 23	San Ysidro Health	Colliers	Lee & Associates Com...
DiamondView Tower *	Downtown	30,807	Q3 23	ClickUp	-	CBRE
10240 Science Center Dr	Torrey Pines	29,615	Q1 24	The Salk Institute	-	-
Carmel Corporate Plaza *	Rancho Bernardo	26,000	Q4 23	California Department of...	-	-
South Bay Corporate Center	National City	25,886	Q4 23	County of San Diego	-	JLL
Kilroy Sabre Springs	Rancho Bernardo	23,973	Q2 24	Lennar	CBRE	CBRE
Cush Plaza Scripps Ranch	Scripps Ranch	23,497	Q2 24	Engineering Partners, Inc.	Cushman & Wakefield	Cushman & Wakefield
1081 Camino del Rio S	Mission Valley	23,400	Q4 23	WeWork	-	Pacific Coast Commercial
ARE Esplanade	UTC	23,379	Q1 24	Geno	-	-
Kilroy Centre Del Mar *	Del Mar Hts/Carmel Valley	22,821	Q1 24	Dividend	Riviera Real Estate,...	CBRE
Mission City Corporate Center	Mission Valley	22,266	Q1 24	CoreLogic	-	JLL
101 West Broadway	Downtown	20,788	Q1 24	-	-	Irvine Company Office...
101 West Broadway	Downtown	20,788	Q1 24	-	-	Irvine Company Office...
1 Columbia Place	Downtown	20,293	Q4 23	-	-	Newmark
101 West Broadway	Downtown	20,225	Q3 24	Quarles	-	-
12250 Parkway Centre Dr	Poway	20,000	Q3 24	-	-	Kidder Mathews
GENESIS	Downtown	19,962	Q1 24	AnaBios	Newmark	JLL
Canyon Corporate Center *	Kearny Mesa	19,962	Q4 23	Rady Children's Physician	-	JLL
Bayview Commerce Center *	Chula Vista	19,867	Q1 24	San Diego Workforce Part...	JLL	Voit Real Estate Services

*Renewal

San Diego rents have shifted by 0.2% year over year, compared to the long-term average rate of 2.6%. However, when adjusting for inflation and concessions, rent growth in real terms has been in negative territory, impacting NOI growth. That trend is not anticipated to reverse course in the coming quarters.

According to local brokers, escalations typically range from 3.5% to 4%, and seven-year terms have become the new five-year term. Tenants can typically expect five months of free rent on a seven-year lease in submarkets such as UTC and Del Mar Heights/Carmel Valley and slightly less in suburban environments where vacancy and availability have been more stable. TI allowances have increased to over \$40/SF for previously occupied spaces, and new spaces can command more than \$100/SF in build-out allowance. Two years ago, TIs for older spaces were around \$25/SF and \$75/SF for new spaces. Higher concession packages have led landlords to insist on longer leases.

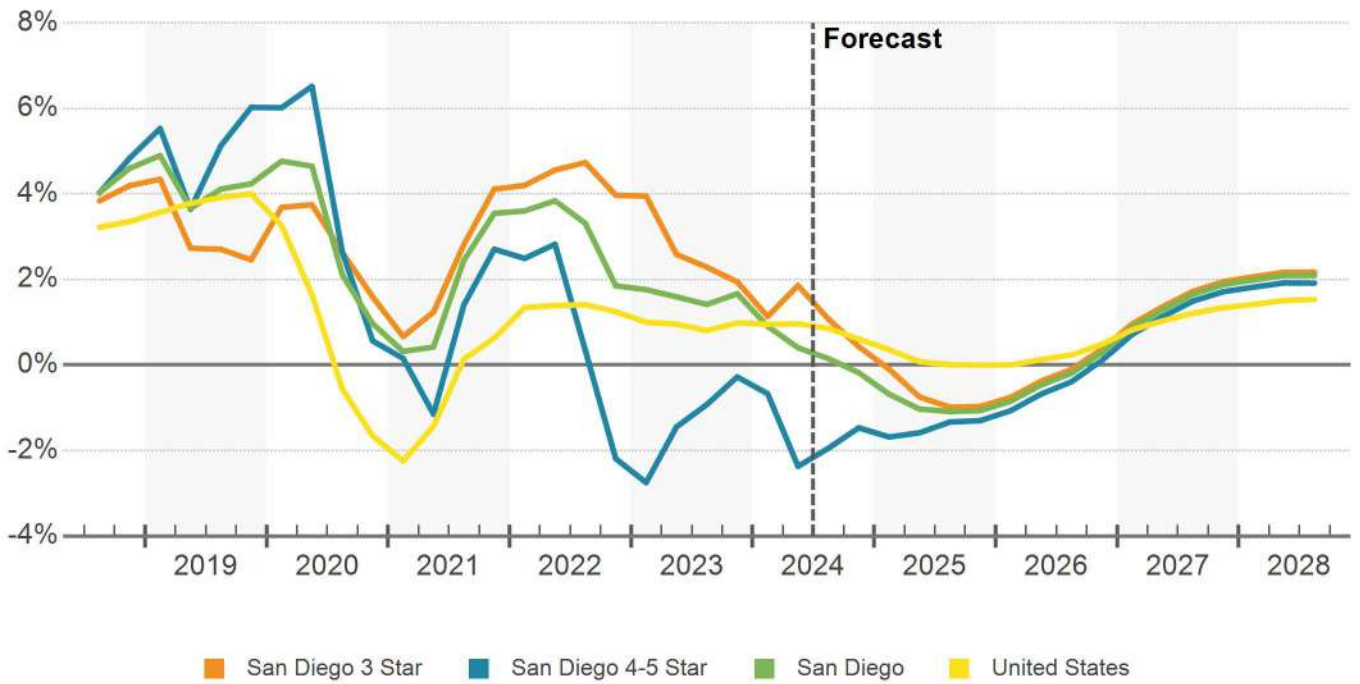
However, landlords' ability to offer such concessions may reach a ceiling. While tenants hold greater leverage in negotiations, the higher inflation and construction costs have significantly increased build-out expenses, so some landlords have pivoted from out-of-pocket expenses toward lowering asking rents and offering more free rent. Local market participants have noted that even long-term leases may have to provide concession

packages worth several years of the total rent collected during the lease to secure the tenant. The new regime of elevated concessions has led to what more than one local broker has referred to as "paralysis by analysis." In an environment of leverage, tenants shop for concessions just as much as they do for space.

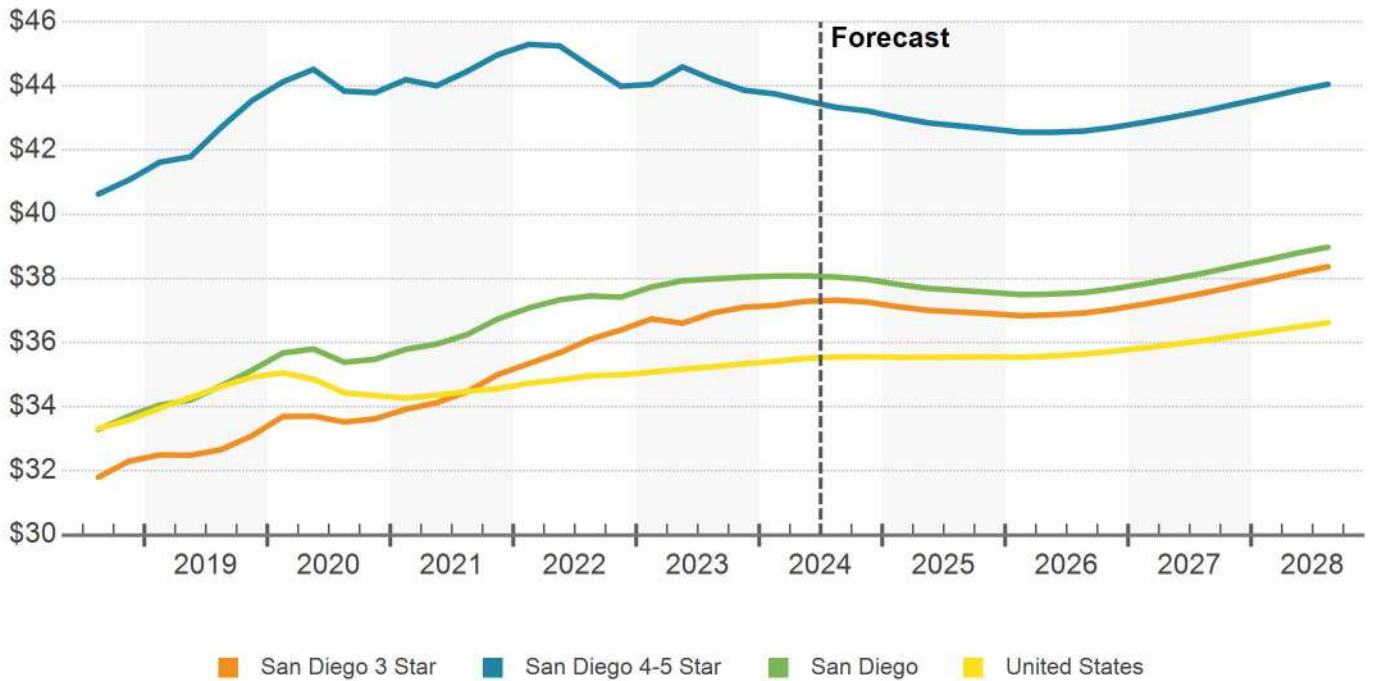
While Downtown offers a discount to primary office submarkets in the UC San Diego area, few firms have shown the willingness to relocate there to take advantage of lower rents and higher concessions. Larger leases there typically have 3.5% escalations, and free rent is often more than one month per year of the term. A lease by the City of San Diego during 24Q3 highlights this trend. It is relocating from 120,000 SF Downtown into 75,000 SF of sublet space in Mission Valley and 43,000 SF at 550 W C Street. The five-year term on W C Street includes seven months of free rent at \$44/SF gross. The deal includes 3.5% annual escalations, only 87 parking spaces, and \$40/SF for build-out, of which \$20/SF can be applied to base rent.

The term for the City's Mission Valley sublease was four years and four months and included five months of free rent, saving nearly \$900,000. The sublease was signed for \$28.80/SF NNN with 3% annual escalations and approximately 580 surface parking spaces free of charge. Furniture and fixtures were included.

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET



4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
San Diego	\$0.87	\$1.35	\$1.08	\$4.63	\$4.83	\$12.76
Central San Diego	\$0.42	\$1.42	\$1	\$3.79	\$4.71	\$11.34
Downtown	\$1.28	\$1.83	\$0.88	\$4.32	\$7.53	\$15.84
I-15 Corridor	\$0.50	\$1.22	\$1.04	\$4.09	\$3.92	\$10.77
I-5 Corridor	\$0.74	\$1.41	\$0.98	\$5.16	\$4.32	\$12.61
North Central County	\$0.55	\$1.25	\$1.14	\$0.67	\$4.22	\$7.83
North San Diego	\$1.32	\$1.10	\$1.40	\$5.45	\$4.73	\$14
South Bay	\$0.51	\$1.28	\$1.03	\$2.01	\$4.69	\$9.52
SR-78 Corridor	\$0.54	\$1.20	\$0.77	\$2.97	\$3.15	\$8.63

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
San Diego	\$0.63	\$1.23	\$0.64	\$4.31	\$3.36	\$10.17
Central San Diego	\$0.49	\$1.11	\$0.62	\$4.01	\$3.52	\$9.75
Coronado	\$0.38	\$1.26	\$0.58	\$6.03	\$3.78	\$12.03
Downtown	\$1.13	\$1.57	\$0.78	\$3.65	\$5.53	\$12.66
I-15 Corridor	\$0.51	\$1.18	\$0.55	\$3.68	\$2.47	\$8.39
I-5 Corridor	\$0.93	\$1.49	\$0.58	\$4.70	\$3.09	\$10.79
North Central County	\$0.56	\$1.15	\$0.50	\$8.11	\$2.55	\$12.87
North San Diego	\$0.71	\$1.06	\$0.88	\$6.02	\$3.75	\$12.42
Outlying SD County N	\$0.53	\$1.17	\$0.49	\$1.18	\$2.35	\$5.72
Outlying SD County S	\$0.31	\$1.04	\$0.48	\$2.94	\$3.13	\$7.90
South Bay	\$0.37	\$1.21	\$0.58	\$3.45	\$3.65	\$9.26
SR-78 Corridor	\$0.53	\$1.16	\$0.53	\$3.50	\$2.29	\$8.01

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
San Diego	\$0.44	\$0.81	\$0.40	\$3.95	\$3.36	\$8.96
Central San Diego	\$0.52	\$1.07	\$0.39	\$4	\$3.38	\$9.36
Coronado	\$0.36	\$0.42	\$0.55	\$6.37	\$4.48	\$12.18
Downtown	\$0.68	\$1.41	\$0.25	\$5.42	\$4.84	\$12.60
I-15 Corridor	\$0.38	\$0.74	\$0.28	\$3.05	\$3.05	\$7.50
I-5 Corridor	\$0.40	\$0.91	\$0.36	\$5.48	\$4.29	\$11.44
MCAS Miramar	\$0.36	\$0.42	\$0.55	\$2.49	\$1.96	\$5.78
North Central County	\$0.40	\$0.76	\$0.32	\$6.03	\$3	\$10.51
North San Diego	\$0.57	\$1	\$0.40	\$4.62	\$3.88	\$10.47
Outlying SD County N	\$0.39	\$0.75	\$0.31	\$3.26	\$3.08	\$7.79
Outlying SD County S	\$0.35	\$0.46	\$0.54	\$4.86	\$2.95	\$9.16
South Bay	\$0.35	\$0.42	\$0.54	\$3.42	\$2.91	\$7.64
SR-78 Corridor	\$0.37	\$0.70	\$0.29	\$3.42	\$2.93	\$7.71

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

The surfeit of development is Downtown, and 100% of the space was available during the third quarter. Stockdale's redevelopment of Horton Plaza will add 700,000 SF with a mix of office and life science space in 2024. IQHQ's \$1.5 billion Research and Development District is also scheduled to deliver this year. That campus will consist of more than 1.5 million SF of lab space. Asking rents at RaDD are above \$90/SF gross. Downtown market participants have suggested that IQHQ has little room to revise rents downward due to its financing structure and that creating a new biotech cluster here could be challenging.

Holland Partner Group completed the mixed-use West project Downtown during 24Q2. The budget increased from \$400 million to \$510million due to rising interest rates and the price of labor and materials. SANDAG leased two floors and 87,000 SF at the 270,000-SF project. It complements the 431 apartment units built on top of the commercial space. SANDAG is leaving behind 115,000 SF at the 80's vintage Wells Fargo Tower, where it was paying \$38/SF gross. The new 15-year lease was signed for roughly \$50/SF gross, and the agency received 14 months of free rent.

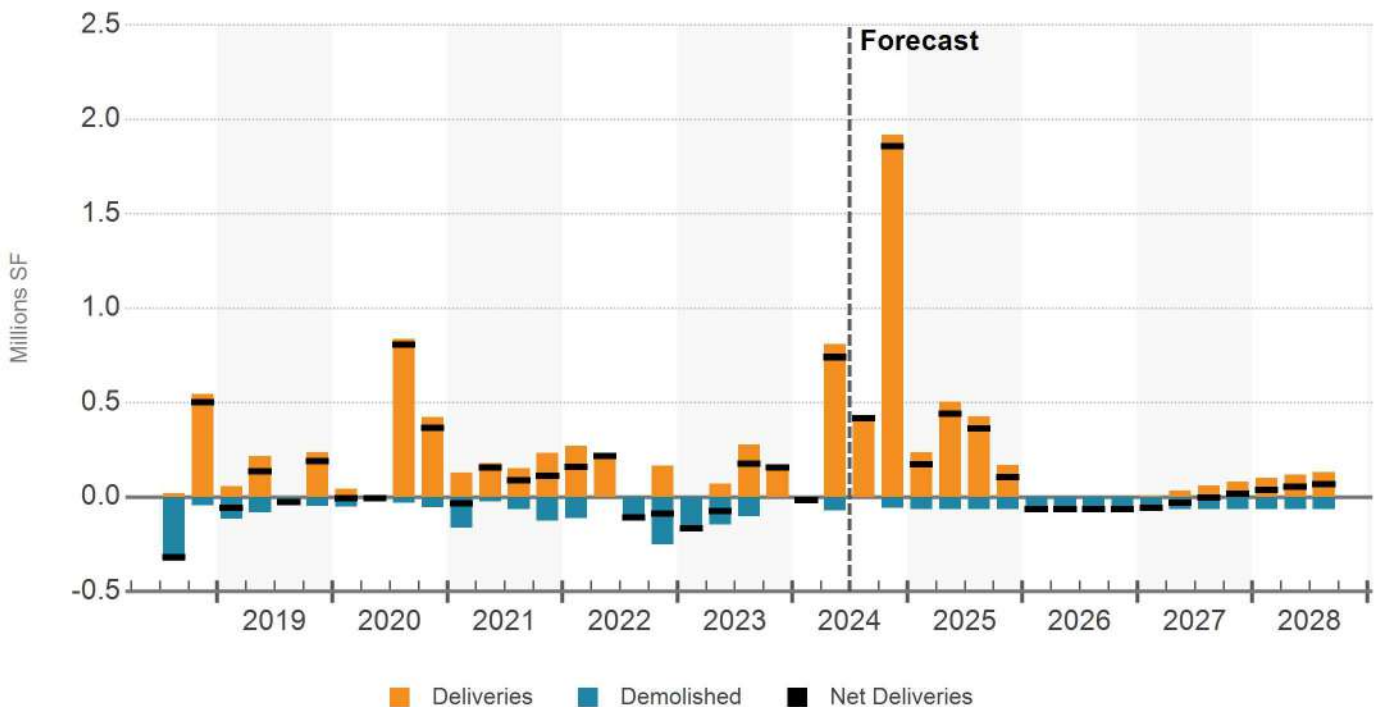
There have been discussions about converting some of the aging towers Downtown into housing, although the age and layout of many of these properties complicate

that path. Tower 180 was sold at the end of 2023 to an investor who will convert the 390,000-SF office tower and its 15,000-SF floor plates into housing and hospitality. The building was renovated in 2020 and was 87% vacant when it sold at a discount to its 2016 sale price.

At Torrey View, an office/lab development in Del Mar Heights/Carmel Valley, Pfizer pre-leased the remaining 230,000-SF of the 500,000-SF campus during 24Q1 shortly before delivery to expand its footprint from Torrey Pines. That is one of several lab developments in the pipeline across the region. Roughly 4.9 million SF of lab space is under construction in office and flex buildings, and 75% of that pipeline is available during the third quarter. That is almost 1 million SF more space than was available in the lab pipeline in 2021 amid record-high demand.

The suburban pipeline consists of nearly 700,000 SF of space, around 15% of which is available for lease. The City of Chula Vista is building a 168,000-SF Cinematic and Arts Academic Center & Library at Millenia after more than 50,000 SF was pre-leased to the City of Chula Vista Library. The \$89 million project will be the first significant office addition to the submarket in 15 years, and it accounts for most of the available suburban pipeline.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Downtown	7	2,012	162	8.0%	4	67,817	287,357	1
2	UTC	2	558	558	100%	1	99,806	279,092	2
3	Del Mar Hts/Carmel Valley	4	453	450	99.5%	3	69,626	113,131	4
4	Chula Vista	2	228	228	100%	1	13,052	114,000	3
5	Carlsbad	0	-	-	-	-	23,627	-	-
6	College Area	0	-	-	-	-	10,963	-	-
7	Coronado	0	-	-	-	-	6,218	-	-
8	East County	0	-	-	-	-	8,187	-	-
9	Escondido	0	-	-	-	-	8,556	-	-
10	Governor Park	0	-	-	-	-	40,452	-	-
	All Other	0	-	-	-	-	20,716	-	-
Totals		15	3,250	1,398	43.0%		22,006	216,681	

Under Construction Properties

San Diego Office

Properties

Square Feet

Percent of Inventory

Released

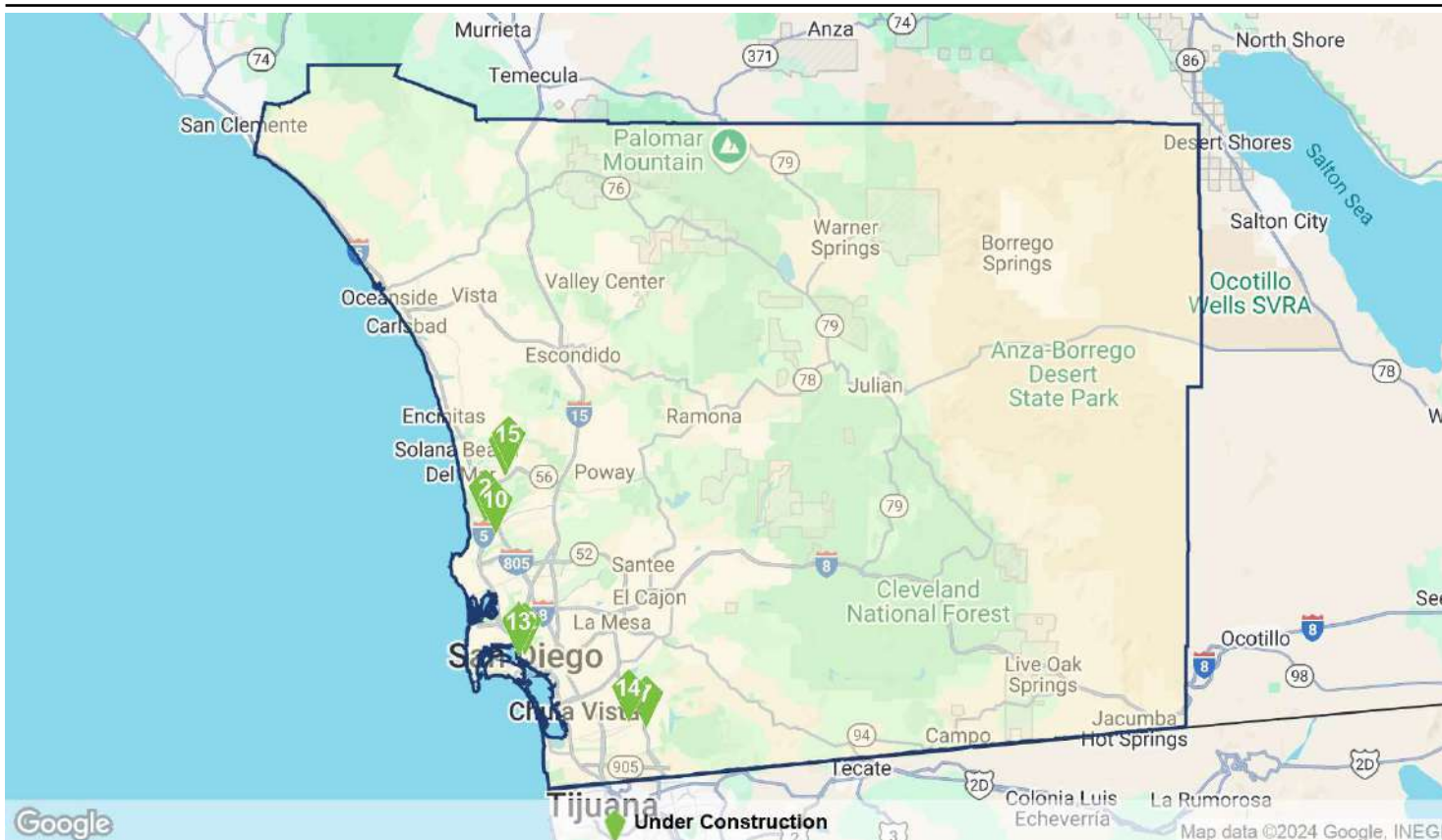
15

3,250,208

2.7%

43.0%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Building 2B-Rise 800 Pacific Coast Hwy	★★★★★	769,171	15	Oct 2020	Oct 2024	IQHQ IQHQ
2 Campus Point Dr	★★★★★	427,000	5	Sep 2023	Jun 2025	Alexandria Real Estate Equities, I... TIAA
3 The Campus at Horton-B... 100 Horton Plz	★★★★☆	388,359	10	Jun 2020	Oct 2024	- Stockdale Capital Partners
4 The Campus at Horton-B... 200 Horton Plz	★★★★☆	255,483	5	Jun 2020	Oct 2024	- Stockdale Capital Partners
5 Building 3A-Core 950 Waterfront Pl	★★★★★	236,238	6	May 2022	Dec 2024	- IQHQ
6 Phase II- Bldg 4B 6040 Edgewood Bend Ct	★★★★★	185,160	5	Oct 2023	Mar 2025	Lincoln Property Company Gemdale USA
7 Think Campus: Phase 1 1785 Millenia Ave	★★★★☆	168,000	4	Sep 2023	Nov 2025	- Chesnut Properties

Under Construction Properties

San Diego Office

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 Building 2A-Alley 825 N Harbor Dr	★★★★★	132,979	4	Oct 2020	Oct 2024	- IQHQ
9 Phase I - Bldg 3 6040 Edgewood Bend Ct	★★★★★	131,943	4	Jun 2023	Mar 2025	Lincoln Property Company -
10 4555 Executive Dr	★★★★☆	131,183	5	Jul 2023	Oct 2024	- Scripps Health
11 Phase II- Bldg 4A 6040 Edgewood Bend Ct	★★★★★	125,431	5	Oct 2023	Mar 2025	Lincoln Property Company Gemdale USA
12 The Campus at Horton-B... 600 Horton Plz	★★★★☆	124,029	5	Jun 2020	Oct 2024	- Stockdale Capital Partners
13 Building 4A-Edge 975 Waterfront Pl	★★★★★	105,242	4	Oct 2020	Oct 2024	- IQHQ
14 Sharp Rees-Stealy Otay... 1400 E Palomar St	★★★☆☆	60,000	2	Jan 2024	Mar 2025	- Sharp HealthCare
15 Corallina 6191 Village Way	★★★☆☆	9,990	1	Jul 2021	Oct 2024	- R&V Management Corporation

Trailing 12-month transactions and sales volume are reminiscent of levels during the recovery from the Great Recession in 2010. Lenders have pulled back, and few office properties are finding buyers, particularly with heavy near-term roll.

The average office property has been trading near \$210/SF during the past 12 months, compared to three years ago when it was \$350/SF. The average property size to trade hands has been about 17,000 SF during that period, which is squarely in the private buyer strike zone. Institutional and REIT entities have accounted for 30% of buyer activity in 2024. Fund-level equity has been on 6% of volume on the buying side this year. Those same groups represented a similar level on the seller's side, while private groups dominated overall activity.

Recent sales above \$10 million tell the divergent story of today's office market. Of the deals, several sold below their previous sale price, a pair of single-tenant lab buildings featured a long-term lease, and an office-to-residential conversion planned for Mission Valley were among them. In the rare instances where going-in yields drove the deal, cap rates have typically been in a band between 7.5% to 8.5%.

Among the most recent of those deals was when Los Angeles-based Orum Capital purchased the 205,000-SF Sky Park Office Plaza in Kearny Mesa for \$19 million, or about \$93/SF, during 24Q2. More than 50% of the property was available for lease, with the balance of

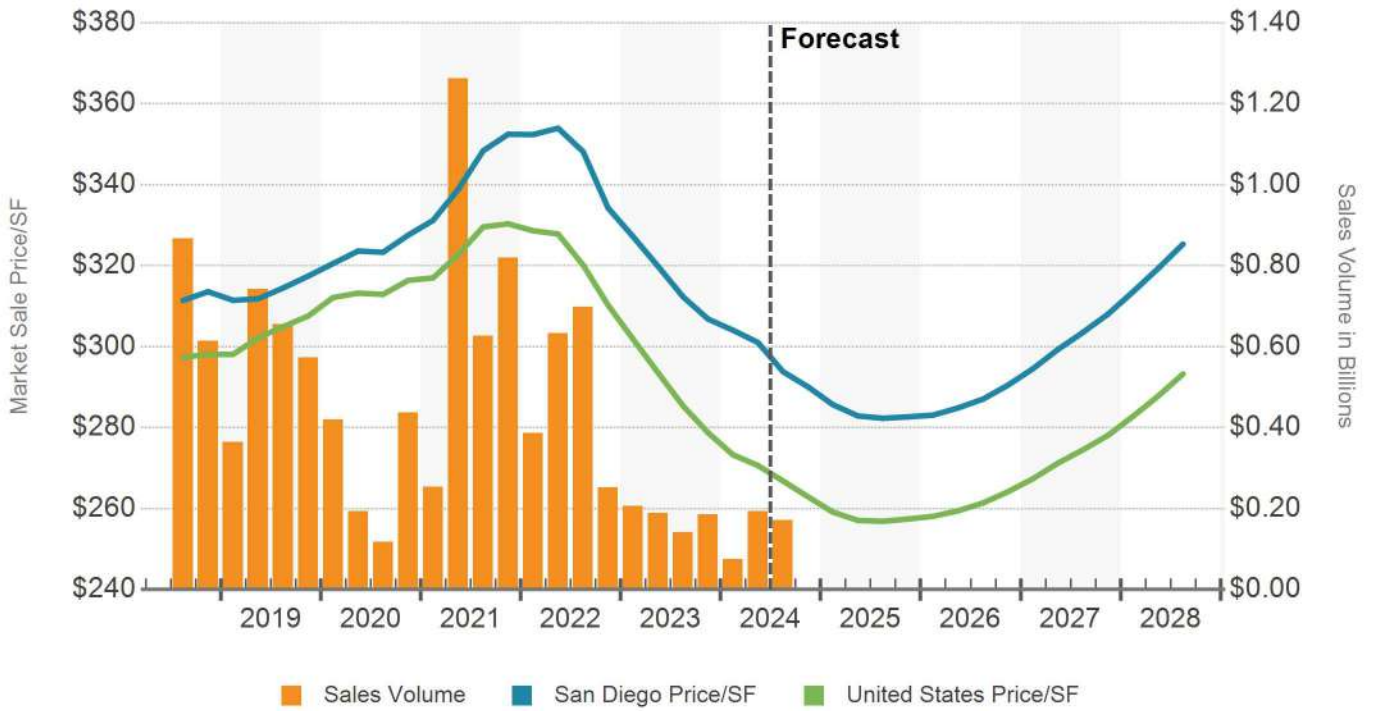
leases expiring within five years. The seller, TPG Angelo Gordon & Company of New York, acquired the property in 2019 for \$50.6 million at a 7.6% cap rate, with a weighted average lease term of 4.4 years.

Arrimus Capital purchased the 54,000-SF property at 9577 Chesapeake Drive in Kearny Mesa from Providence Capital Group for \$17 million, or about \$315/SF, at a 8.5% cap rate during 24Q1. The buyer secured \$10.5 million in debt to finance the purchase. The property was listed at a 8.38% cap rate, and the City of San Diego extended its lease for the entire building for three years at the time of the sale.

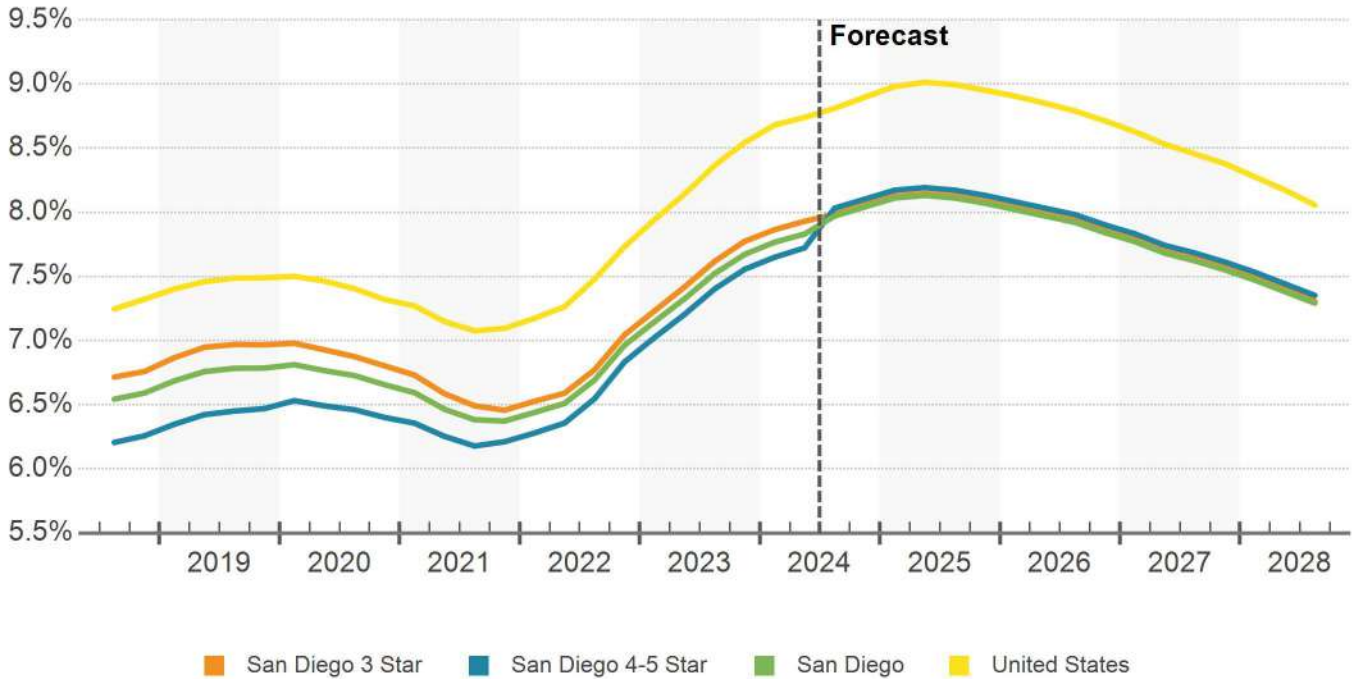
The office-to-residential deal in Mission Valley closed earlier this year when Vancouver-based Intracorp purchased the two-building Contour property totaling 161,000 SF for \$24 million, or \$149/SF. It was roughly 50% occupied when it sold. That was below its previous purchase price when Westbrook Partners acquired the property in 2019 for \$33.9 million from the occupier, who left at the end of 2020. The buyer intends to redevelop the site into housing.

Investors are likely to look for discounted properties and conversion opportunities with occupancy-challenged properties or single-tenant buildings featuring long-term leases. One of Downtown's office towers is nearing foreclosure with roughly 40% occupancy. While it was long-awaited, it has concerned market participants that a significant discount could lead to cutting rents, which would have a ripple effect across the CBD.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



Sales Past 12 Months

San Diego Office

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

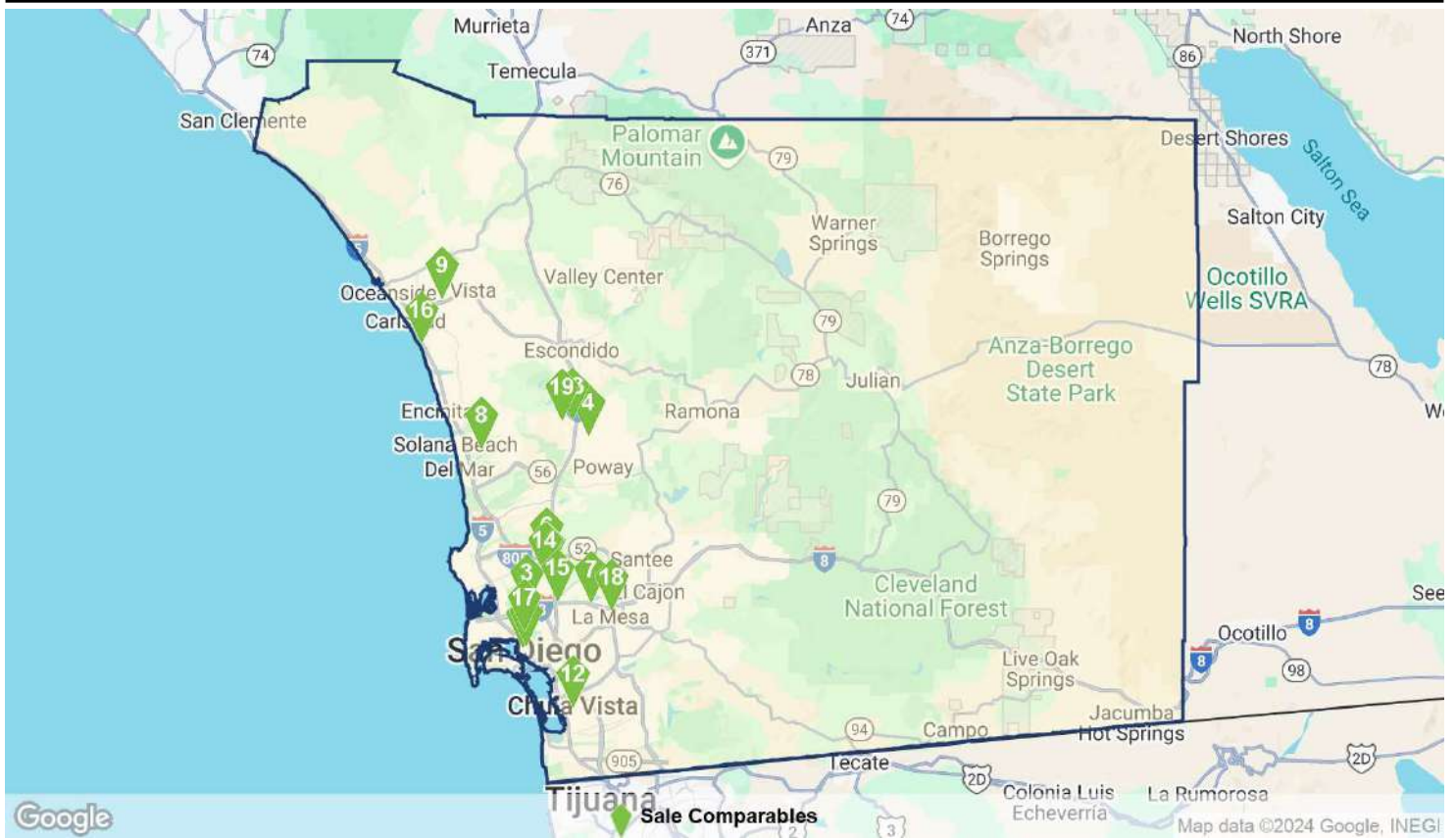
192

7.0%

\$213

20.0%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$235,000	\$5,449,568	\$2,700,000	\$61,000,000
Price/SF	\$12	\$213	\$362	\$1,756
Cap Rate	3.5%	7.0%	7.0%	10.3%
Time Since Sale in Months	0.2	5.8	5.2	12.0
Property Attributes	Low	Average	Median	High
Building SF	875	27,584	7,246	546,092
Stories	1	2	2	34
Typical Floor SF	438	7,963	5,270	35,000
Vacancy Rate At Sale	0%	20.0%	0%	100%
Year Built	1900	1976	1982	2024
Star Rating	★★★★★	★★★★★ 2.4	★★★★★	★★★★★

Sales Past 12 Months

San Diego Office

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 Tower 180 180 Broadway	★★★★★	1963	387,627	73.6%	12/15/2023	\$61,000,000	\$157	-
2 Symphony Towers 750 B St	★★★★★	1989	546,092	24.8%	9/3/2024	\$45,686,000	\$84	-
3 Hazard Center Office To... 7676 Hazard Center Dr	★★★★★	1989	278,230	23.9%	8/29/2024	\$42,356,049	\$152	-
4 Gateway Medical Center 15721-15725 Pomerado Rd	★★★★★	1990	70,000	13.2%	6/24/2024	\$22,250,000	\$318	-
5 Chula Vista Medical Arts I 480 4th Ave	★★★★★	1975	63,316	45.7%	8/7/2024	\$17,950,000	\$283	-
6 9577 Chesapeake Dr	★★★★★	1990	54,000	0%	3/11/2024	\$17,000,000	\$315	8.5%
7 6719 Alvarado Rd	★★★★★	1991	53,781	40.2%	4/23/2024	\$16,350,000	\$304	-
8 Polo Plaza 3790 Via de la Valle	★★★★★	1987	48,008	18.2%	6/12/2024	\$14,143,288	\$295	-
9 Tri-City Medical Building 3998 Vista Way	★★★★★	1989	37,488	0%	10/2/2023	\$12,500,000	\$333	-
10 3990 Ruffin Rd	★★★★★	1986	45,940	0%	4/15/2024	\$12,248,500	\$267	-
11 Sky Park Office Plaza 9275 Sky Park Ct	★★★★★	1986	131,401	35.2%	5/15/2024	\$12,141,743	\$92	-
12 Chula Vista Medical Arts II 450 4th Ave	★★★★★	1985	37,000	0%	6/26/2024	\$11,550,000	\$312	6.8%
13 16981 Via Tazon	★★★★★	1984	34,661	0%	12/26/2023	\$11,509,646	\$332	-
14 9265 Sky Park Ct	★★★★★	1986	44,020	0%	6/11/2024	\$11,500,000	\$261	-
12 Chula Vista Medical Arts II 450 4th Ave	★★★★★	1985	37,000	0%	4/11/2024	\$10,500,000	\$284	-
15 4025 Camino del Rio S	★★★★★	1986	48,571	0%	6/18/2024	\$9,800,000	\$202	8.2%
16 Pacific View Plaza 5973 Avenida Encinas	★★★★★	1986	51,176	21.6%	5/16/2024	\$9,750,000	\$191	-
17 3043 4th Ave	★★★★★	1968	17,300	0%	10/25/2023	\$9,440,000	\$546	-
18 La Mesa Village Plaza 4700 Spring St	★★★★★	1991	43,643	0%	12/14/2023	\$8,675,000	\$199	-
19 Bldg 2 17075 Camino San Bernar...	★★★★★	1999	26,481	0%	1/11/2024	\$8,000,000	\$302	7.0%

With summer recess in full swing, July's jobs report for San Diego showed an uptick in the unemployment rate from 4.5% to 4.9% in July. That was still far below California's statewide unemployment rate of 5.8%.

The rise in San Diego's unemployment rate can also be tied to the rise in the local labor force. Almost 13,000 people joined the labor force in July, according to the Bureau of Labor Statistics. That marked a 0.8% increase month-over-month, and it was one of the few months in the past year to see an increase. In the past 12 months, San Diego's labor force has fallen by 0.4%, or about 6,600.

The San Diego region reported a drop of 12,200 nonfarm jobs in July. Government recorded the largest month-over-month decline of 15,200 jobs. Nearly 90% of those were tied to local government as San Diego's schools headed for summer recess.

Conversely, with the summer tourist season in full effect, leisure and hospitality recorded the largest monthly job gains with 1,900 added to payrolls, the majority of which were in accommodation and food services. Hotel occupancy reached 84.8% in July, which was the highest level since last July.

The office-using employment sectors that consist of professional and business services, information and financial activities, reported 1,300 new jobs in July. That

marked one of the best months this year.

However, in the past 12 months, those sectors shed 6,400 positions, followed by 3,700 in manufacturing in the past year. Private education and health services recorded the strongest job growth in the past year, with 12,900 more positions, followed by 5,500 in government.

San Diego's nonfarm job growth since last July was 0.9%, or 13,500. Both Los Angeles and Orange County outpaced the local job growth in the past year.

More than 80 research institutes, from Scripps Research Institute to Salk Institute for Biological Studies, and five universities are located in San Diego. This cluster of research in the Golden Triangle has created one of the strongest life science cores in the United States. Furthermore, Scripps Health has five campuses across the metro and announced that it is spending \$2.6 billion on facility upgrades, further bolstering San Diego as a destination for "medical tourism."

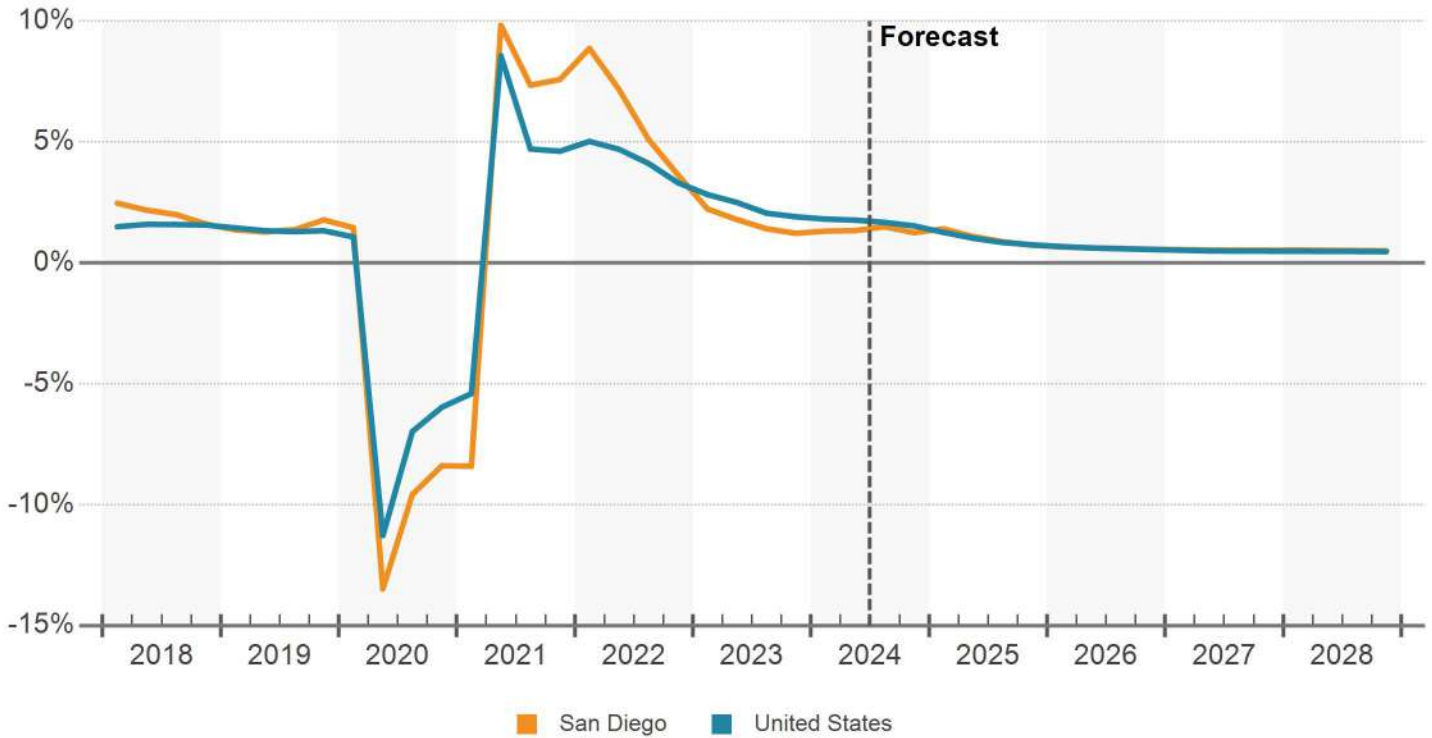
San Diego also has over 140,000 active duty and civilian military employees. According to the San Diego Military Advisory Council, the defense industry accounts for more than 350,000 jobs in the region. That is close to 25% of the economy. The Navy's renewed focus on the Pacific theater of operation will result in a 60/40 split between the Pacific and Atlantic fleets, further solidifying San Diego's status as a major Navy hub.

SAN DIEGO EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	113	0.9	-1.96%	0.34%	1.00%	0.63%	0.40%	0.34%
Trade, Transportation and Utilities	223	0.8	0.04%	0.78%	0.32%	1.01%	0.05%	0.29%
Retail Trade	140	0.9	0.32%	0.80%	-0.30%	0.25%	-0.01%	0.22%
Financial Activities	73	0.8	-0.49%	0.38%	0.46%	1.48%	0.02%	0.36%
Government	255	1.1	1.88%	2.34%	1.08%	0.66%	0.51%	0.52%
Natural Resources, Mining and Construction	93	1.1	1.90%	2.44%	3.70%	2.29%	0.68%	0.74%
Education and Health Services	255	1.0	4.36%	3.70%	3.22%	2.08%	1.02%	0.78%
Professional and Business Services	275	1.2	-0.23%	0.75%	2.15%	1.82%	0.53%	0.60%
Information	22	0.7	-0.26%	0.27%	-0.82%	1.02%	0.49%	0.54%
Leisure and Hospitality	211	1.2	3.86%	2.29%	1.77%	1.47%	1.21%	1.00%
Other Services	58	1.0	2.05%	1.44%	0.93%	0.61%	0.66%	0.50%
Total Employment	1,579	1.0	1.47%	1.69%	1.62%	1.34%	0.61%	0.57%

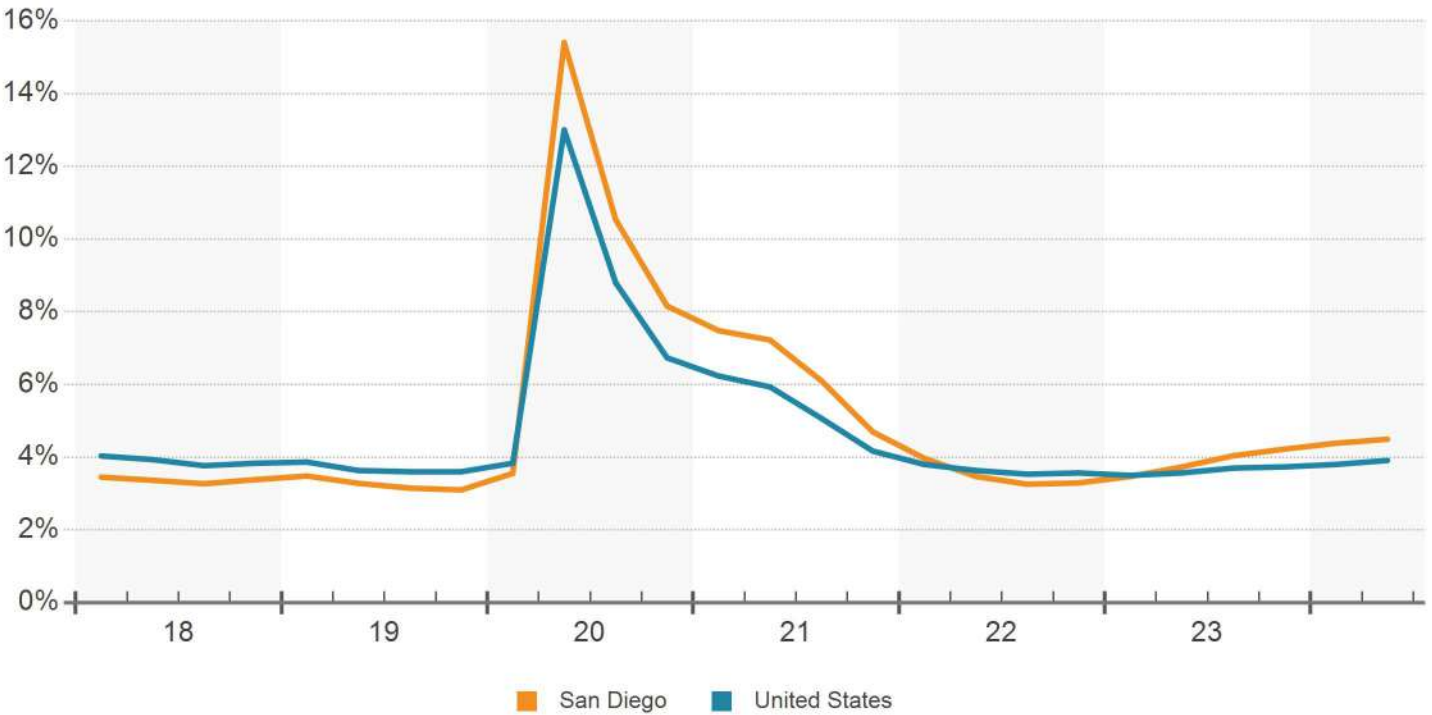
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

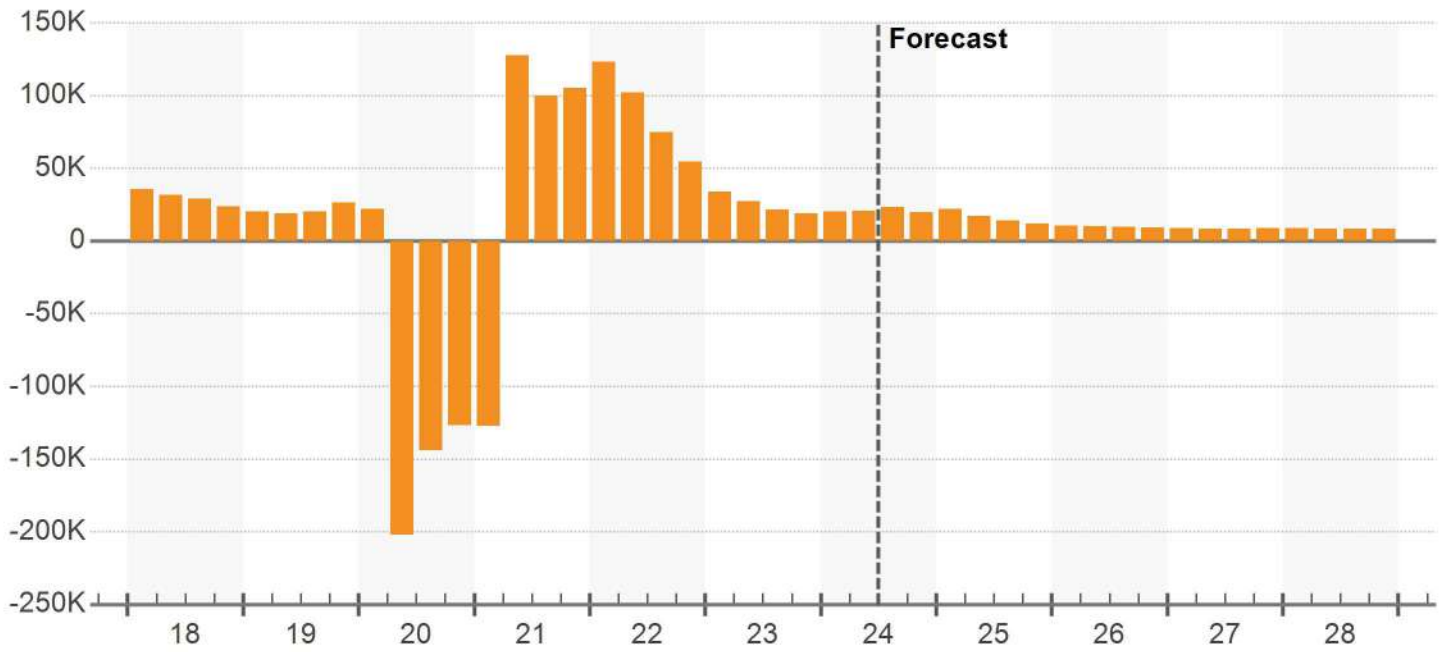


Source: Oxford Economics

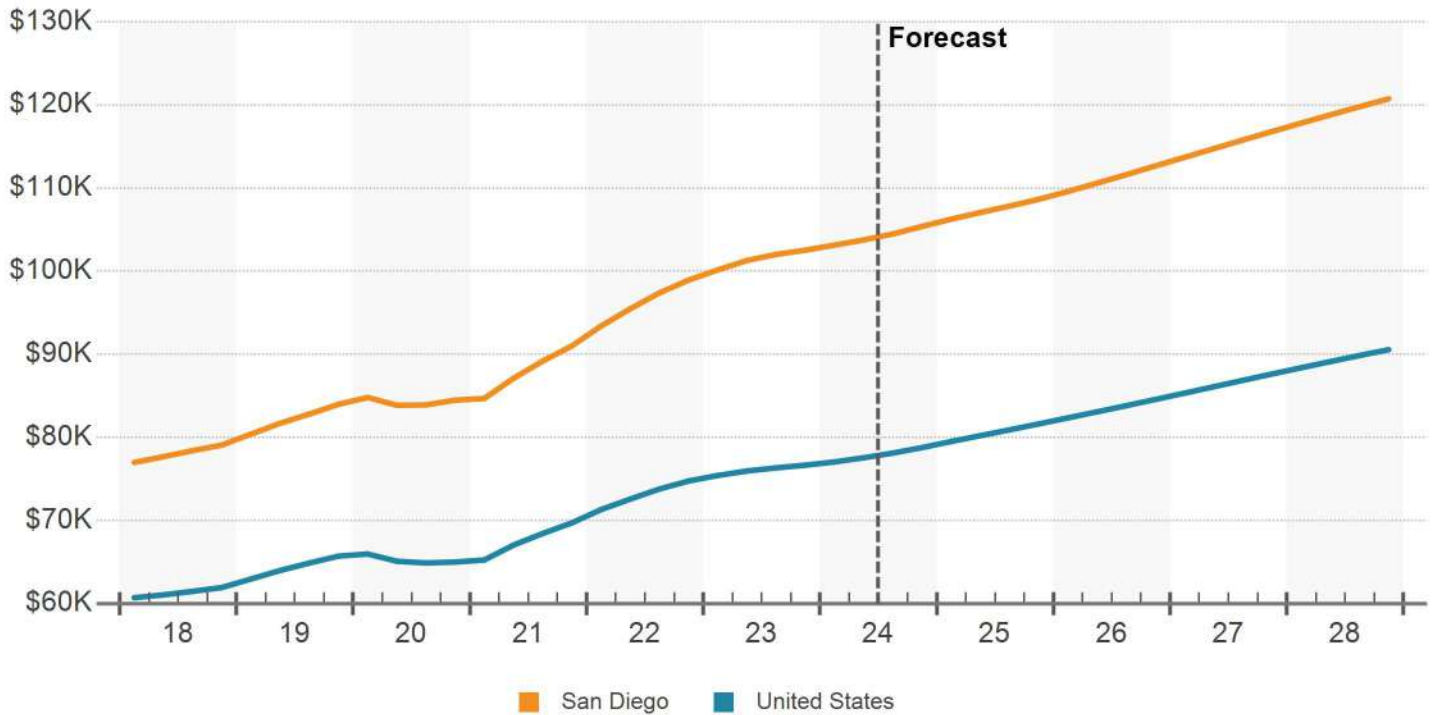
UNEMPLOYMENT RATE (%)



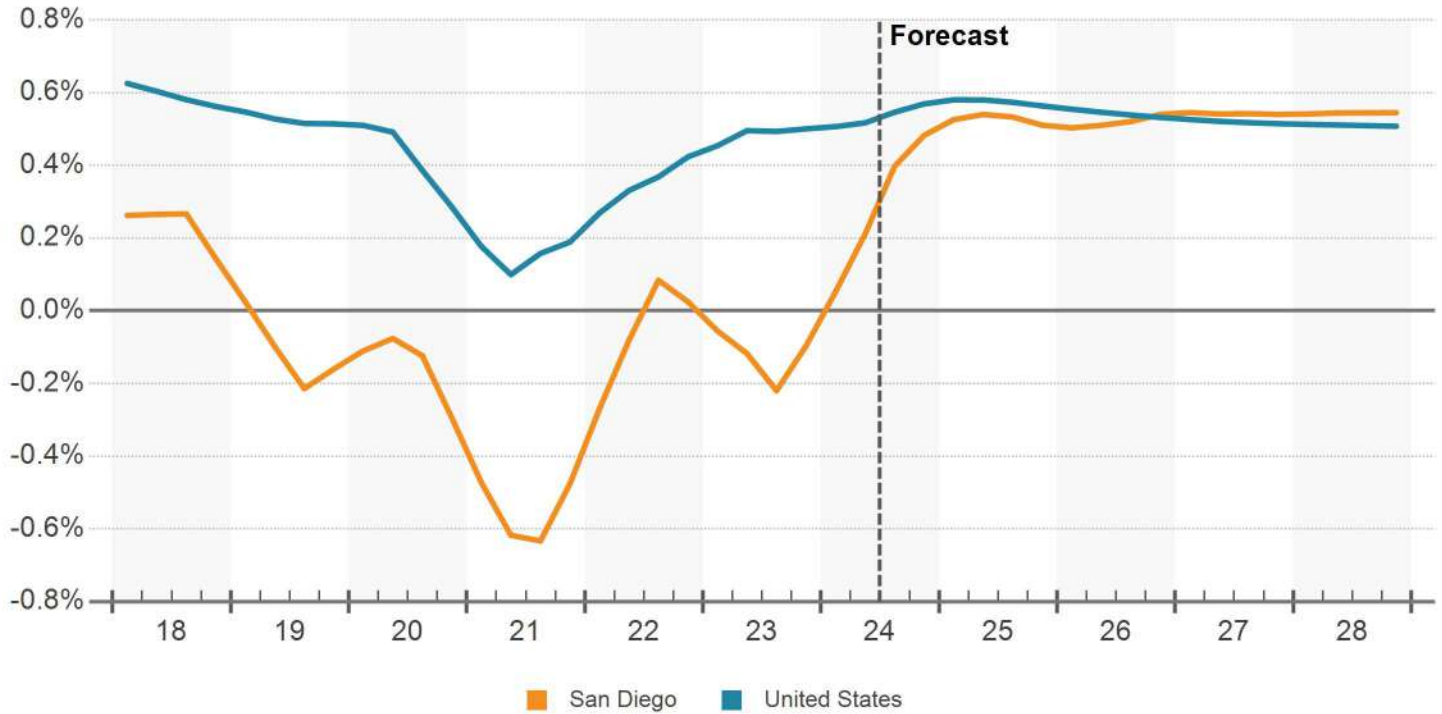
NET EMPLOYMENT CHANGE (YOY)



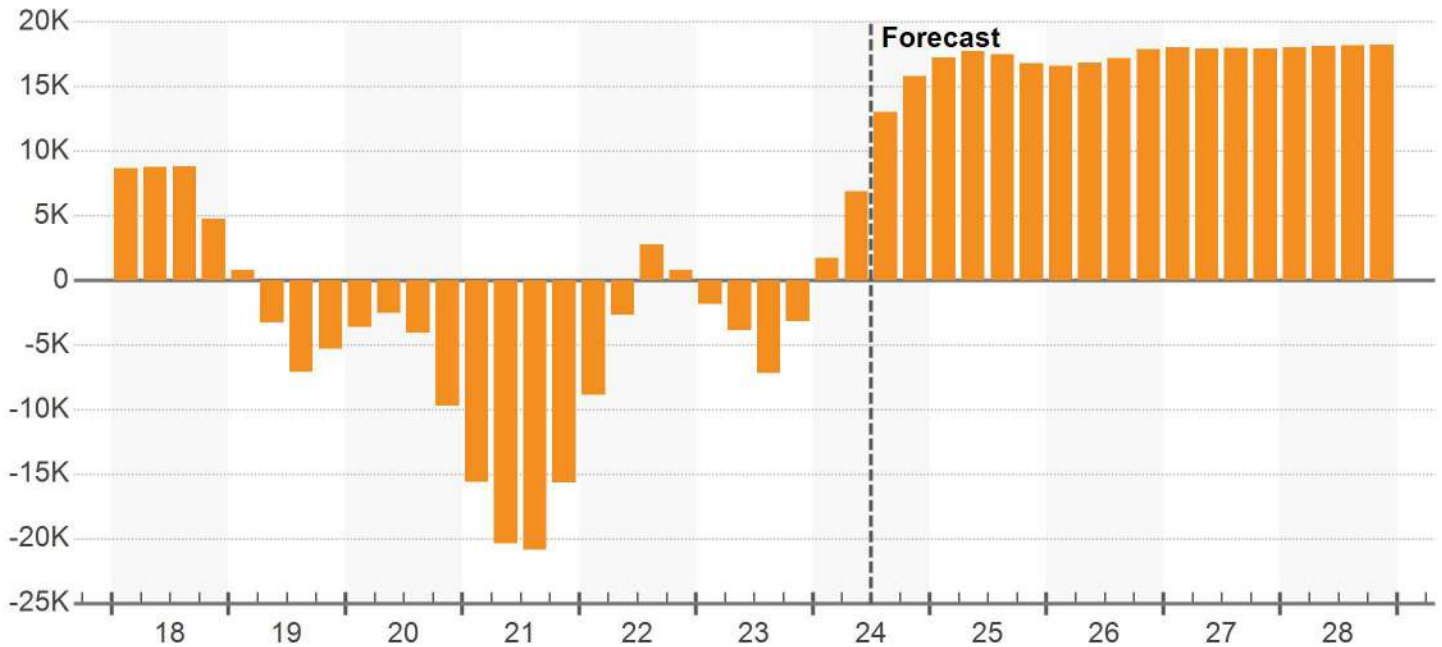
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)



DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	3,282,389	336,678,344	0.4%	0.5%	0.1%	0.5%	0.5%	0.5%
Households	1,178,086	131,581,578	0.5%	0.7%	0.4%	0.9%	0.6%	0.6%
Median Household Income	\$104,387	\$78,038	2.4%	2.3%	4.9%	3.9%	3.4%	3.5%
Labor Force	1,605,203	168,315,078	0.2%	0.5%	0.5%	0.8%	0.2%	0.5%
Unemployment	4.5%	3.9%	0.5%	0.2%	-0.2%	-0.2%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH



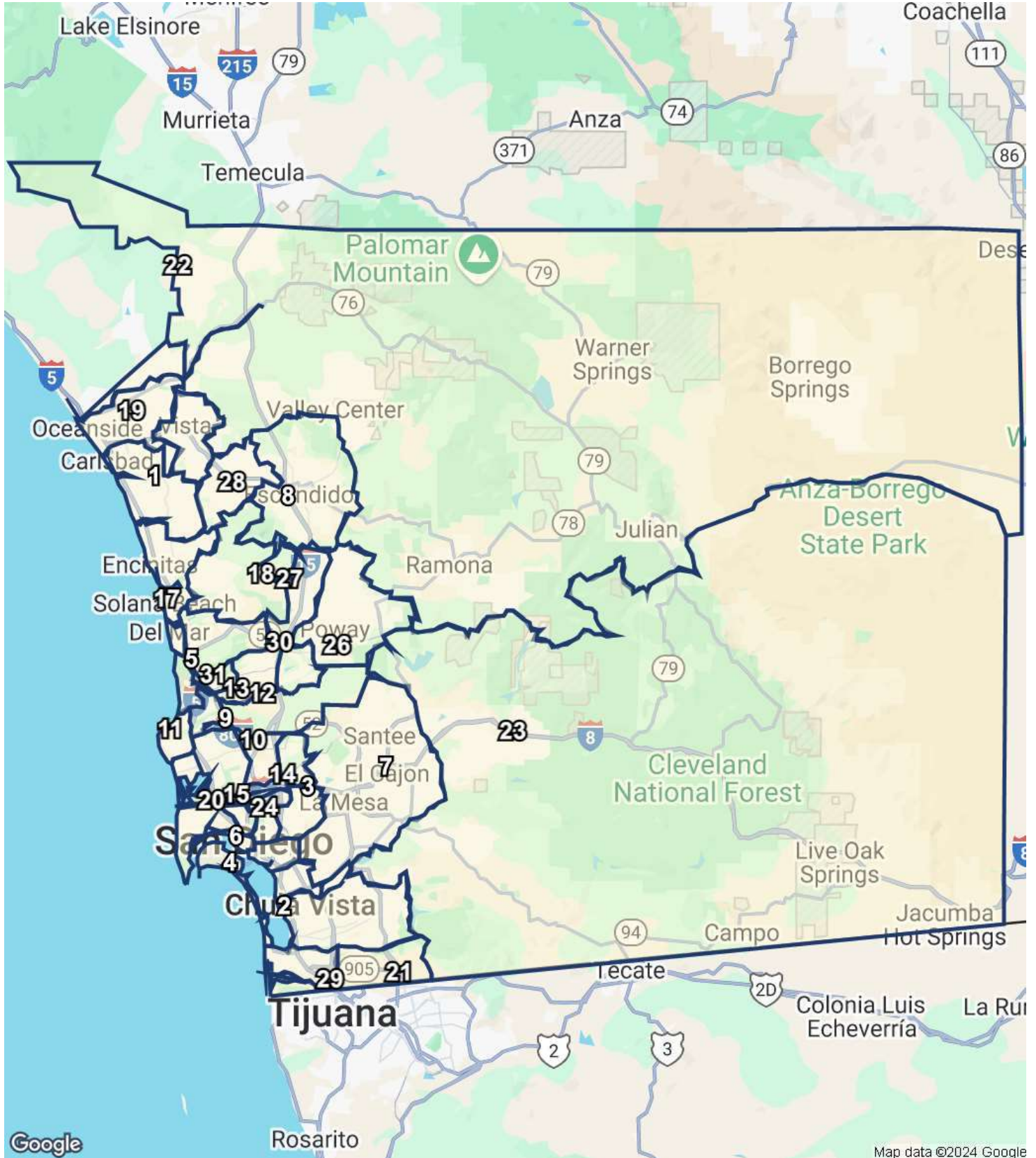
INCOME GROWTH



Source: Oxford Economics

Submarkets

SAN DIEGO SUBMARKETS



Submarkets

San Diego Office

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Carlsbad	329	7,773	6.5%	5	0	0	0%	-	0	-	-	-
2	Chula Vista	276	3,602	3.0%	10	0	0	0%	-	2	228	6.3%	4
3	College Area	149	1,633	1.4%	22	0	0	0%	-	0	-	-	-
4	Coronado	23	143	0.1%	37	0	0	0%	-	0	-	-	-
5	Del Mar Hts/Carmel Valley	90	6,266	5.2%	8	4	523	8.4%	2	4	453	7.2%	3
6	Downtown	222	15,055	12.6%	1	2	704	4.7%	1	7	2,012	13.4%	1
7	East County	705	5,772	4.8%	9	0	0	0%	-	0	-	-	-
8	Escondido	305	2,610	2.2%	16	0	0	0%	-	0	-	-	-
9	Governor Park	19	769	0.6%	26	0	0	0%	-	0	-	-	-
10	Kearny Mesa	283	11,652	9.7%	2	0	0	0%	-	0	-	-	-
11	La Jolla	109	1,657	1.4%	21	0	0	0%	-	0	-	-	-
12	MCAS Miramar	1	32	0%	38	0	0	0%	-	0	-	-	-
13	Mira Mesa/Miramar	45	1,576	1.3%	23	0	0	0%	-	0	-	-	-
14	Mission Gorge	42	712	0.6%	27	0	0	0%	-	0	-	-	-
15	Mission Valley	141	7,528	6.3%	6	0	0	0%	-	0	-	-	-
16	National City	84	839	0.7%	25	0	0	0%	-	0	-	-	-
17	North Beach Cities	320	3,378	2.8%	11	1	10	0.3%	5	0	-	-	-
18	North Central County	37	398	0.3%	31	0	0	0%	-	0	-	-	-
19	Oceanside	165	1,921	1.6%	17	1	1	0%	7	0	-	-	-
20	Old Twn/S Arena/Pt Loma	208	2,845	2.4%	14	0	0	0%	-	0	-	-	-
21	Otay Mesa	20	215	0.2%	35	0	0	0%	-	0	-	-	-
22	Outlying SD County N	159	707	0.6%	28	1	1	0.2%	6	0	-	-	-
23	Outlying SD County S	39	195	0.2%	36	0	0	0%	-	0	-	-	-
24	Park East	71	347	0.3%	32	0	0	0%	-	0	-	-	-
25	PB/Rose Canyon/Morena	207	1,821	1.5%	18	0	0	0%	-	0	-	-	-
26	Poway	80	1,448	1.2%	24	0	0	0%	-	0	-	-	-
27	Rancho Bernardo	128	6,632	5.5%	7	1	83	1.3%	4	0	-	-	-
28	San Marcos	92	1,730	1.4%	20	0	0	0%	-	0	-	-	-
29	San Ysidro/Imperial Beach	36	268	0.2%	34	0	0	0%	-	0	-	-	-
30	Scripps Ranch	58	2,808	2.3%	15	0	0	0%	-	0	-	-	-
31	Sorrento Mesa	123	8,624	7.2%	4	0	0	0%	-	0	-	-	-
32	Sorrento Valley	26	640	0.5%	30	0	0	0%	-	0	-	-	-
33	Southeast San Diego	86	697	0.6%	29	0	0	0%	-	0	-	-	-
34	Torrey Pines	43	3,046	2.5%	13	0	0	0%	-	0	-	-	-
35	Uptown East	72	270	0.2%	33	0	0	0%	-	0	-	-	-
36	Uptown West/Park West	384	3,279	2.7%	12	0	0	0%	-	0	-	-	-
37	UTC	92	9,182	7.7%	3	2	102	1.1%	3	2	558	6.1%	2
38	Vista	176	1,751	1.5%	19	0	0	0%	-	0	-	-	-

SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Carlsbad	\$38.23	11	0.2%	30	-0.7%	32
2	Chula Vista	\$37.31	14	1.8%	19	0%	26
3	College Area	\$32.53	25	2.7%	9	0.5%	15
4	Coronado	\$46.41	6	2.3%	14	0.7%	7
5	Del Mar Hts/Carmel Valley	\$56.20	1	-1.2%	36	-0.9%	34
6	Downtown	\$33.45	21	-0.8%	34	-1.1%	35
7	East County	\$31.21	29	2.6%	10	0.4%	16
8	Escondido	\$30.78	31	1.4%	23	0.3%	24
9	Governor Park	\$38.17	12	-0.4%	33	0%	27
10	Kearny Mesa	\$34.38	19	1.1%	24	0%	28
11	La Jolla	\$46.83	5	0.6%	27	0.3%	23
12	MCAS Miramar	\$32.91	22	2.4%	13	0.6%	10
13	Mira Mesa/Miramar	\$34.77	16	0.4%	28	-0.5%	31
14	Mission Gorge	\$29.83	34	2.9%	7	0.7%	8
15	Mission Valley	\$34.60	17	0.9%	26	0.1%	25
16	National City	\$31.60	28	2.6%	12	0.5%	12
17	North Beach Cities	\$47.48	4	0.4%	29	0.3%	21
18	North Central County	\$55.15	2	1.8%	18	0.6%	9
19	Oceanside	\$30.60	32	1.6%	20	0.4%	17
20	Old Twn/S Arena/Pt Loma	\$35.01	15	2.7%	8	0.8%	6
21	Otay Mesa	\$39.99	9	2.1%	15	0.3%	20
22	Outlying SD County N	\$26.25	38	3.2%	3	0.6%	11
23	Outlying SD County S	\$29.46	35	1.9%	17	0.5%	13
24	Park East	\$32.70	24	3.1%	4	1.2%	2
25	PB/Rose Canyon/Morena	\$30.91	30	3.0%	5	0.8%	5
26	Poway	\$31.82	27	1.4%	22	0.3%	22
27	Rancho Bernardo	\$39.08	10	-0.1%	32	-0.4%	30
28	San Marcos	\$30.15	33	1.6%	21	0.5%	14
29	San Ysidro/Imperial Beach	\$34.41	18	4.8%	1	-2.3%	38
30	Scripps Ranch	\$37.42	13	0.1%	31	-0.3%	29
31	Sorrento Mesa	\$41.19	8	-1.6%	38	-1.1%	36
32	Sorrento Valley	\$32.83	23	1.0%	25	0.4%	19
33	Southeast San Diego	\$32.51	26	2.6%	11	0.4%	18
34	Torrey Pines	\$44.47	7	-1.1%	35	-0.8%	33
35	Uptown East	\$29.43	36	3.3%	2	0.9%	4
36	Uptown West/Park West	\$34.17	20	2.9%	6	1.1%	3
37	UTC	\$49.78	3	-1.5%	37	-1.1%	37
38	Vista	\$28.81	37	2.0%	16	1.5%	1

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Carlsbad	1,129,343	14.5%	30	(156,269)	-2.0%	37	-
2	Chula Vista	146,739	4.1%	11	(24,354)	-0.7%	29	-
3	College Area	61,198	3.7%	10	(11,287)	-0.7%	25	-
4	Coronado	2,852	2.0%	8	(42)	0%	21	-
5	Del Mar Hts/Carmel Valley	732,620	11.7%	27	404,832	6.5%	1	1.3
6	Downtown	4,710,482	31.3%	36	(208,023)	-1.4%	38	-
7	East County	187,616	3.3%	9	5,341	0.1%	15	-
8	Escondido	254,552	9.8%	25	(38,380)	-1.5%	30	-
9	Governor Park	58,594	7.6%	19	16,337	2.1%	6	-
10	Kearny Mesa	1,064,184	9.1%	23	5,637	0%	13	-
11	La Jolla	213,093	12.9%	28	(43,278)	-2.6%	31	-
12	MCAS Miramar	-	-	-	0	0%	-	-
13	Mira Mesa/Miramar	86,542	5.5%	16	(14,034)	-0.9%	26	-
14	Mission Gorge	4,200	0.6%	1	440	0.1%	19	-
15	Mission Valley	1,294,905	17.2%	33	20,890	0.3%	4	-
16	National City	12,932	1.5%	7	(6,335)	-0.8%	24	-
17	North Beach Cities	292,007	8.6%	22	(18,923)	-0.6%	27	-
18	North Central County	54,115	13.6%	29	1,854	0.5%	17	-
19	Oceanside	154,902	8.1%	20	18,514	1.0%	5	0
20	Old Twn/S Arena/Pt Loma	234,984	8.3%	21	(48,804)	-1.7%	34	-
21	Otay Mesa	48,494	22.6%	35	3,965	1.8%	16	-
22	Outlying SD County N	32,438	4.6%	13	(179)	0%	23	-
23	Outlying SD County S	2,095	1.1%	4	(89)	0%	22	-
24	Park East	3,733	1.1%	3	11,004	3.2%	8	-
25	PB/Rose Canyon/Morena	94,262	5.2%	15	(43,609)	-2.4%	32	-
26	Poway	82,952	5.7%	17	33,008	2.3%	3	-
27	Rancho Bernardo	617,468	9.3%	24	212,757	3.2%	2	0.4
28	San Marcos	82,603	4.8%	14	11,538	0.7%	7	-
29	San Ysidro/Imperial Beach	2,370	0.9%	2	5,583	2.1%	14	-
30	Scripps Ranch	463,259	16.5%	32	(46,436)	-1.7%	33	-
31	Sorrento Mesa	598,661	6.9%	18	(59,506)	-0.7%	35	-
32	Sorrento Valley	143,160	22.4%	34	(22,625)	-3.5%	28	-
33	Southeast San Diego	10,137	1.5%	5	9,700	1.4%	9	-
34	Torrey Pines	44,941	1.5%	6	6,120	0.2%	12	-
35	Uptown East	-	-	-	1,300	0.5%	18	-
36	Uptown West/Park West	146,206	4.5%	12	6,281	0.2%	11	-
37	UTC	971,402	10.6%	26	(97,919)	-1.1%	36	-
38	Vista	269,361	15.4%	31	7,405	0.4%	10	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	122,655,320	236,096	0.2%	629,827	0.5%	0.4
2027	122,419,224	(76,950)	-0.1%	681,671	0.6%	-
2026	122,496,174	(259,629)	-0.2%	120,191	0.1%	-
2025	122,755,803	1,076,077	0.9%	(429,051)	-0.3%	-
2024	121,679,726	2,997,366	2.5%	(346,270)	-0.3%	-
YTD	119,822,453	1,140,093	1.0%	(375,085)	-0.3%	-
2023	118,682,360	87,643	0.1%	(172,586)	-0.1%	-
2022	118,594,717	180,036	0.2%	702,299	0.6%	0.3
2021	118,414,681	317,150	0.3%	765,941	0.6%	0.4
2020	118,097,531	1,154,762	1.0%	(1,938,639)	-1.6%	-
2019	116,942,769	236,647	0.2%	660,113	0.6%	0.4
2018	116,706,122	129,730	0.1%	742,516	0.6%	0.2
2017	116,576,392	(186,296)	-0.2%	(413,305)	-0.4%	-
2016	116,762,688	404,062	0.3%	1,507,115	1.3%	0.3
2015	116,358,626	610,437	0.5%	816,628	0.7%	0.7
2014	115,748,189	835,347	0.7%	1,289,401	1.1%	0.6
2013	114,912,842	732,953	0.6%	1,196,980	1.0%	0.6
2012	114,179,889	432,270	0.4%	1,639,489	1.4%	0.3

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	41,291,658	485,215	1.2%	423,878	1.0%	1.1
2027	40,806,443	178,210	0.4%	342,004	0.8%	0.5
2026	40,628,233	(623)	0%	669,951	1.6%	-
2025	40,628,856	1,273,153	3.2%	1,002,189	2.5%	1.3
2024	39,355,703	3,130,671	8.6%	920,269	2.3%	3.4
YTD	37,449,403	1,224,371	3.4%	262,913	0.7%	4.7
2023	36,225,032	298,146	0.8%	11,140	0%	26.8
2022	35,926,886	506,662	1.4%	525,483	1.5%	1.0
2021	35,420,224	619,761	1.8%	497,714	1.4%	1.2
2020	34,800,463	1,027,046	3.0%	(50,631)	-0.1%	-
2019	33,773,417	388,205	1.2%	1,037,880	3.1%	0.4
2018	33,385,212	741,413	2.3%	447,738	1.3%	1.7
2017	32,643,799	616,687	1.9%	15,832	0%	39.0
2016	32,027,112	405,347	1.3%	317,293	1.0%	1.3
2015	31,621,765	802,797	2.6%	333,415	1.1%	2.4
2014	30,818,968	831,000	2.8%	936,689	3.0%	0.9
2013	29,987,968	705,800	2.4%	569,267	1.9%	1.2
2012	29,282,168	409,733	1.4%	1,058,790	3.6%	0.4

Supply & Demand Trends

San Diego Office

3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	52,437,278	9,532	0%	246,182	0.5%	0
2027	52,427,746	3,420	0%	338,084	0.6%	0
2026	52,424,326	0	0%	(173,743)	-0.3%	-
2025	52,424,326	60,000	0.1%	(625,608)	-1.2%	-
2024	52,364,326	(27,643)	-0.1%	(1,047,480)	-2.0%	-
YTD	52,354,336	(37,633)	-0.1%	(505,187)	-1.0%	-
2023	52,391,969	(183,626)	-0.3%	(371,821)	-0.7%	-
2022	52,575,595	(245,774)	-0.5%	(68,768)	-0.1%	-
2021	52,821,369	(189,992)	-0.4%	352,580	0.7%	-
2020	53,011,361	230,954	0.4%	(1,444,836)	-2.7%	-
2019	52,780,407	5,392	0%	(94,328)	-0.2%	-
2018	52,775,015	(387,315)	-0.7%	251,479	0.5%	-
2017	53,162,330	(653,771)	-1.2%	(351,330)	-0.7%	-
2016	53,816,101	122,379	0.2%	792,539	1.5%	0.2
2015	53,693,722	(40,035)	-0.1%	201,671	0.4%	-
2014	53,733,757	116,989	0.2%	253,958	0.5%	0.5
2013	53,616,768	197,074	0.4%	700,377	1.3%	0.3
2012	53,419,694	347,786	0.7%	943,110	1.8%	0.4

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	28,926,384	(258,651)	-0.9%	(40,233)	-0.1%	-
2027	29,185,035	(258,580)	-0.9%	1,583	0%	-
2026	29,443,615	(259,006)	-0.9%	(376,017)	-1.3%	-
2025	29,702,621	(257,076)	-0.9%	(805,632)	-2.7%	-
2024	29,959,697	(105,662)	-0.4%	(219,059)	-0.7%	-
YTD	30,018,714	(46,645)	-0.2%	(132,811)	-0.4%	-
2023	30,065,359	(26,877)	-0.1%	188,095	0.6%	-
2022	30,092,236	(80,852)	-0.3%	245,584	0.8%	-
2021	30,173,088	(112,619)	-0.4%	(84,353)	-0.3%	-
2020	30,285,707	(103,238)	-0.3%	(443,172)	-1.5%	-
2019	30,388,945	(156,950)	-0.5%	(283,439)	-0.9%	-
2018	30,545,895	(224,368)	-0.7%	43,299	0.1%	-
2017	30,770,263	(149,212)	-0.5%	(77,807)	-0.3%	-
2016	30,919,475	(123,664)	-0.4%	397,283	1.3%	-
2015	31,043,139	(152,325)	-0.5%	281,542	0.9%	-
2014	31,195,464	(112,642)	-0.4%	98,754	0.3%	-
2013	31,308,106	(169,921)	-0.5%	(72,664)	-0.2%	-
2012	31,478,027	(325,249)	-1.0%	(362,411)	-1.2%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$39.17	134	2.0%	3.0%	16,141,234	13.2%	-0.3%
2027	\$38.38	132	1.9%	0.9%	16,527,703	13.5%	-0.6%
2026	\$37.68	129	0.3%	-1.0%	17,279,652	14.1%	-0.3%
2025	\$37.57	129	-1.1%	-1.2%	17,652,016	14.4%	1.1%
2024	\$37.97	130	-0.2%	-0.2%	16,138,808	13.3%	2.5%
YTD	\$38.05	131	0.2%	0%	14,309,402	11.9%	1.2%
2023	\$38.04	131	1.7%	0%	12,794,225	10.8%	0.2%
2022	\$37.42	128	1.9%	-1.6%	12,533,996	10.6%	-0.5%
2021	\$36.74	126	3.5%	-3.4%	13,056,259	11.0%	-0.4%
2020	\$35.48	122	1.0%	-6.7%	13,505,050	11.4%	2.5%
2019	\$35.14	121	4.2%	-7.6%	10,411,649	8.9%	-0.4%
2018	\$33.71	116	4.6%	-11.4%	10,835,115	9.3%	-0.5%
2017	\$32.23	111	4.5%	-15.3%	11,444,659	9.8%	0.2%
2016	\$30.84	106	2.6%	-18.9%	11,210,883	9.6%	-1.0%
2015	\$30.08	103	5.5%	-20.9%	12,313,936	10.6%	-0.2%
2014	\$28.52	98	8.4%	-25.0%	12,520,127	10.8%	-0.5%
2013	\$26.31	90	3.5%	-30.8%	12,974,181	11.3%	-0.5%
2012	\$25.42	87	5.3%	-33.2%	13,438,208	11.8%	-1.1%

4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$44.25	125	1.9%	-1.6%	7,110,797	17.2%	-0.1%
2027	\$43.44	123	1.7%	-3.4%	7,049,945	17.3%	-0.5%
2026	\$42.71	121	0.1%	-5.0%	7,214,220	17.8%	-1.7%
2025	\$42.66	120	-1.3%	-5.1%	7,884,794	19.4%	0.1%
2024	\$43.23	122	-1.5%	-3.9%	7,613,828	19.3%	4.4%
YTD	\$43.38	123	-2.0%	-3.6%	6,364,870	17.0%	2.1%
2023	\$43.87	124	-0.3%	-2.5%	5,403,413	14.9%	0.7%
2022	\$43.99	124	-2.2%	-2.2%	5,116,407	14.2%	-0.3%
2021	\$44.98	127	2.7%	0%	5,135,228	14.5%	0.1%
2020	\$43.79	124	0.6%	-2.6%	5,013,181	14.4%	2.8%
2019	\$43.55	123	6.0%	-3.2%	3,935,504	11.7%	-2.1%
2018	\$41.07	116	4.8%	-8.7%	4,585,179	13.7%	0.6%
2017	\$39.18	111	4.4%	-12.9%	4,291,504	13.1%	1.6%
2016	\$37.51	106	0.5%	-16.6%	3,683,882	11.5%	0.1%
2015	\$37.34	105	3.2%	-17.0%	3,595,828	11.4%	1.2%
2014	\$36.18	102	11.9%	-19.6%	3,126,446	10.1%	-0.6%
2013	\$32.33	91	2.5%	-28.1%	3,232,135	10.8%	0.2%
2012	\$31.54	89	8.1%	-29.9%	3,095,602	10.6%	-2.4%

3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$38.56	138	2.1%	3.9%	7,187,106	13.7%	-0.5%
2027	\$37.76	135	1.9%	1.8%	7,424,107	14.2%	-0.6%
2026	\$37.04	132	0.4%	-0.2%	7,759,023	14.8%	0.3%
2025	\$36.90	132	-1.0%	-0.5%	7,585,280	14.5%	1.3%
2024	\$37.26	133	0.4%	0.4%	6,899,672	13.2%	2.0%
YTD	\$37.32	133	1.2%	0.6%	6,347,357	12.1%	0.9%
2023	\$37.10	133	1.9%	0%	5,879,803	11.2%	0.4%
2022	\$36.40	130	4.0%	-1.9%	5,691,608	10.8%	-0.3%
2021	\$35.01	125	4.1%	-5.7%	5,868,614	11.1%	-1.0%
2020	\$33.62	120	1.6%	-9.4%	6,411,186	12.1%	3.1%
2019	\$33.10	118	2.5%	-10.8%	4,735,396	9.0%	0.2%
2018	\$32.30	115	4.2%	-12.9%	4,635,676	8.8%	-1.1%
2017	\$31	111	3.9%	-16.4%	5,274,470	9.9%	-0.4%
2016	\$29.83	107	3.9%	-19.6%	5,576,911	10.4%	-1.3%
2015	\$28.71	103	7.8%	-22.6%	6,247,071	11.6%	-0.4%
2014	\$26.63	95	6.9%	-28.2%	6,488,777	12.1%	-0.3%
2013	\$24.91	89	4.5%	-32.9%	6,625,746	12.4%	-1.0%
2012	\$23.84	85	3.6%	-35.8%	7,129,049	13.3%	-1.2%

1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$33.34	147	2.2%	4.9%	1,843,331	6.4%	-0.7%
2027	\$32.62	144	2.0%	2.6%	2,053,651	7.0%	-0.8%
2026	\$31.97	141	0.5%	0.6%	2,306,409	7.8%	0.5%
2025	\$31.83	140	-0.8%	0.1%	2,181,942	7.3%	1.9%
2024	\$32.10	142	1.0%	1.0%	1,625,308	5.4%	0.4%
YTD	\$32.13	142	2.3%	1.1%	1,597,175	5.3%	0.3%
2023	\$31.79	140	4.9%	0%	1,511,009	5.0%	-0.7%
2022	\$30.30	134	5.9%	-4.7%	1,725,981	5.7%	-1.1%
2021	\$28.61	126	4.1%	-10.0%	2,052,417	6.8%	-0.1%
2020	\$27.47	121	0.5%	-13.6%	2,080,683	6.9%	1.1%
2019	\$27.33	121	4.3%	-14.0%	1,740,749	5.7%	0.4%
2018	\$26.21	116	5.0%	-17.5%	1,614,260	5.3%	-0.8%
2017	\$24.97	110	5.8%	-21.5%	1,878,685	6.1%	-0.2%
2016	\$23.59	104	4.2%	-25.8%	1,950,090	6.3%	-1.7%
2015	\$22.64	100	5.6%	-28.8%	2,471,037	8.0%	-1.4%
2014	\$21.44	95	4.0%	-32.5%	2,904,904	9.3%	-0.6%
2013	\$20.62	91	3.7%	-35.1%	3,116,300	10.0%	-0.3%
2012	\$19.89	88	3.2%	-37.4%	3,213,557	10.2%	0.2%

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$330.91	142	7.2%
2027	-	-	-	-	-	-	\$308.06	132	7.6%
2026	-	-	-	-	-	-	\$290.51	125	7.8%
2025	-	-	-	-	-	-	\$282.69	121	8.1%
2024	-	-	-	-	-	-	\$290.10	124	8.0%
YTD	117	\$438.2M	2.0%	\$4,564,598	\$199.67	7.0%	\$295.34	127	7.9%
2023	186	\$721.7M	2.1%	\$4,943,263	\$370.39	6.4%	\$306.84	132	7.7%
2022	350	\$2B	5.2%	\$6,412,479	\$370.59	5.4%	\$334.28	143	7.0%
2021	362	\$3B	7.0%	\$9,339,742	\$371.22	6.0%	\$352.50	151	6.4%
2020	252	\$1.2B	2.9%	\$5,333,742	\$342.53	5.9%	\$327.55	140	6.7%
2019	368	\$2.3B	5.9%	\$9,298,854	\$372.55	6.3%	\$317.44	136	6.8%
2018	423	\$2.4B	7.0%	\$7,894,190	\$339.71	6.0%	\$313.61	134	6.6%
2017	394	\$2.3B	7.0%	\$8,406,486	\$297.07	6.3%	\$306.20	131	6.4%
2016	360	\$1.7B	6.5%	\$5,976,353	\$265.65	6.4%	\$303.88	130	6.2%
2015	471	\$2.4B	9.9%	\$6,794,708	\$240.92	6.4%	\$300.81	129	6.1%
2014	410	\$2B	8.7%	\$6,471,107	\$227.07	6.9%	\$281.55	121	6.2%
2013	335	\$1.8B	6.4%	\$7,626,751	\$260.32	7.3%	\$258.58	111	6.4%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred. The price index is not smoothed.

4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$361.37	124	7.3%
2027	-	-	-	-	-	-	\$336.88	115	7.6%
2026	-	-	-	-	-	-	\$318.06	109	7.9%
2025	-	-	-	-	-	-	\$309.88	106	8.1%
2024	-	-	-	-	-	-	\$318.49	109	8.1%
YTD	2	\$88M	2.2%	\$44,021,025	\$106.81	-	\$324.59	111	8.0%
2023	4	\$290.5M	2.1%	\$72,632,412	\$386.98	4.5%	\$347.52	119	7.6%
2022	11	\$437.8M	3.4%	\$54,728,611	\$447.32	-	\$381.53	131	6.8%
2021	19	\$1.2B	9.0%	\$67,930,556	\$411.35	7.1%	\$406.51	139	6.2%
2020	10	\$451.8M	2.9%	\$45,184,451	\$446.53	-	\$385.55	132	6.4%
2019	12	\$1B	6.1%	\$87,481,065	\$507.99	5.5%	\$376.83	129	6.5%
2018	26	\$950.1M	7.9%	\$41,307,533	\$426.28	7.1%	\$374.63	128	6.3%
2017	15	\$746.1M	6.6%	\$53,291,980	\$354.03	6.3%	\$369.59	126	6.1%
2016	20	\$841.4M	9.5%	\$49,497,015	\$310.39	5.0%	\$366.07	125	5.8%
2015	17	\$541.3M	6.5%	\$41,638,767	\$293.37	6.4%	\$370.60	127	5.7%
2014	17	\$601.5M	8.5%	\$42,966,348	\$246.59	6.1%	\$348.90	119	5.7%
2013	17	\$763.2M	8.5%	\$44,893,971	\$299.82	6.6%	\$320.80	110	6.0%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred. The price index is not smoothed.

3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$317.27	148	7.2%
2027	-	-	-	-	-	-	\$295.61	138	7.6%
2026	-	-	-	-	-	-	\$278.93	130	7.9%
2025	-	-	-	-	-	-	\$271.50	127	8.1%
2024	-	-	-	-	-	-	\$278.48	130	8.1%
YTD	52	\$227.8M	2.3%	\$6,157,182	\$214.88	7.3%	\$283.25	132	8.0%
2023	71	\$229M	2.0%	\$4,403,492	\$347.72	6.8%	\$289.47	135	7.8%
2022	129	\$981.9M	5.9%	\$9,351,075	\$370.62	5.6%	\$316.50	148	7.0%
2021	142	\$1.3B	6.9%	\$11,622,160	\$374.26	6.0%	\$333.16	155	6.5%
2020	75	\$407.9M	2.4%	\$6,687,594	\$330.15	5.8%	\$305.49	142	6.8%
2019	135	\$973.8M	6.9%	\$8,694,271	\$300.81	6.5%	\$294.12	137	7.0%
2018	146	\$1.1B	6.9%	\$9,508,228	\$316.33	6.3%	\$291.60	136	6.8%
2017	100	\$1.2B	7.9%	\$13,560,276	\$299.72	6.4%	\$283.58	132	6.6%
2016	119	\$562.1M	5.7%	\$5,620,584	\$225.92	6.6%	\$282.49	132	6.3%
2015	170	\$1.5B	13.5%	\$10,105,671	\$237.54	6.8%	\$276.95	129	6.3%
2014	149	\$1.2B	10.0%	\$9,597,294	\$238.67	7.2%	\$259.20	121	6.4%
2013	132	\$844.1M	6.5%	\$8,526,337	\$252.43	7.6%	\$239.13	112	6.6%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred. The price index is not smoothed.

1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$313.50	168	7.1%
2027	-	-	-	-	-	-	\$290.80	156	7.4%
2026	-	-	-	-	-	-	\$273.45	147	7.7%
2025	-	-	-	-	-	-	\$265.42	142	8.0%
2024	-	-	-	-	-	-	\$271.94	146	7.9%
YTD	63	\$122.3M	1.2%	\$2,146,378	\$394.55	6.7%	\$276.86	149	7.8%
2023	111	\$202.2M	2.3%	\$2,246,724	\$374.98	6.4%	\$282.14	151	7.7%
2022	210	\$548.9M	6.1%	\$2,829,583	\$325.94	5.3%	\$301.41	162	7.0%
2021	201	\$424.6M	5.0%	\$2,283,032	\$284.22	5.7%	\$313.16	168	6.4%
2020	167	\$308.3M	4.0%	\$2,083,120	\$265.16	5.9%	\$287.57	154	6.7%
2019	221	\$310.5M	3.9%	\$2,444,733	\$322.98	6.1%	\$277.78	149	6.9%
2018	251	\$356.3M	6.0%	\$2,146,472	\$258.41	5.7%	\$269.44	145	6.7%
2017	279	\$318.2M	6.1%	\$1,882,548	\$210.40	6.3%	\$259.92	139	6.6%
2016	221	\$311.7M	4.8%	\$1,833,563	\$247.83	6.6%	\$257.06	138	6.4%
2015	284	\$330.9M	7.1%	\$1,769,658	\$196.07	5.9%	\$248.03	133	6.3%
2014	244	\$282.1M	6.7%	\$1,558,388	\$165.90	6.9%	\$229.45	123	6.5%
2013	186	\$169.7M	4.1%	\$1,450,667	\$181.17	7.2%	\$208.34	112	6.8%

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HOW CAN WE HELP YOU REACH YOUR COMMERCIAL REAL ESTATE GOALS?

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