



Office Market Report

San Diego - CA USA

PREPARED BY



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OFFICE MARKET REPORT

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12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	Market Asking Rent Growth
488K	125K	13.8%	1.0%

San Diego's office market has shown little change from its recent trends. New leasing volume has consistently been 15% to 20% below last cycle's average, as was the case in 26Q2. Market participants expect this dynamic to carry into 2027, with leasing demand unlikely to recover materially in the near term to pre-pandemic levels. At the same time, rent growth is likely to be confined to well-amenitized, trophy buildings, while landlords reposition rents in commodity buildings in an effort to increase occupancy.

Vacancy has risen to its highest level in nearly 15 years at 13.8%, and properties targeted for conversion, particularly Downtown, have prevented the rate from rising even higher. Although the national vacancy rate is higher than San Diego's, the national benchmark's vacancy has shown improvement, whereas the San Diego rate has shifted by -0.1% year over year following 120,000 SF of net absorption and 22,000 SF of completions as redevelopments spread. Slower in-office job growth, coupled with smaller footprints and consistent, albeit lower, demand, are expected to dampen a material improvement this year.

Leasing activity has softened among larger occupiers. Elevated capital costs associated with relocations, combined with ongoing economic uncertainty, have contributed to reduced activity at the top end of the market, and area brokers have noted that negotiations have often been longer than in the past. Only one lease exceeded 30,000 SF during the second quarter, following a 50% year-over-year decline in large leases in 2025. In fact, no new leases above 30,000 SF have been

executed so far this year. San Diego's high operating and housing costs have limited its ability to attract large out-of-region tenants. Many of the larger high-tech and life sciences occupiers that supported demand in prior years have instead often reduced space or remained in existing footprints.

In contrast, smaller professional services tenants account for the majority of leasing activity, while larger occupiers have often turned to renewals in an effort to delay new commitments and additional capital expenditures. Renewal rates have risen approximately 25% above pre-pandemic norms.

Sublet availability has declined for a third consecutive quarter, settling below 2 million SF for the first time since 2022. However, demand for sublease space remains muted despite the more flexible lease terms and often rebated rent, with much of the recent decline attributable to landlords withdrawing spaces from the market or sublet terms expiring.

Concession packages have become standard in lease negotiations, including discounted face rents and the growing use of promotional rates. Rent growth has measured 1.0% year over year, compared to 2.0% nationally, and below the rate of inflation. Some of the region's trophy buildings, however, continue to see rents rise, while achieving market-leading strike rents.

Looking ahead, vacancy is expected to remain elevated through 2026, limiting overall rent growth and delaying a broader recovery until at least 2027.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	43,893,408	20.4%	\$50.46	24.6%	52,781	0	516,592
3 Star	53,281,242	12.3%	\$38.81	14.5%	(3,849)	8,950	101,910
1 & 2 Star	27,976,297	6.3%	\$32.94	7.6%	(26)	0	0
Market	125,150,947	13.8%	\$41.62	16.6%	48,906	8,950	618,502
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	-0.1% (YOY)	10.7%	14.3%	14.6%	2010 Q1	5.5%	2000 Q2
Net Absorption SF	125K	1,029,409	(288,328)	5,941,616	2000 Q4	(1,696,703)	2020 Q4
Deliveries SF	488K	1,703,838	267,662	5,638,660	2000 Q4	288,836	2023 Q2
Market Asking Rent Growth	1.0%	2.5%	1.3%	16.2%	2001 Q1	-10.7%	2009 Q3
Sales Volume	\$1.6B	\$1.7B	N/A	\$4.2B	2007 Q3	\$261.5M	2009 Q3

With office-using employment stable marginal, and workplace utilization plateauing below the last cycle, occupiers have continued to reduce space needs and limit new commitments.

Leasing activity remains heavily concentrated among small tenants. Roughly 85% of new leases signed this year have been for less than 5,000 SF, and three-quarters have been under 3,000 SF, reinforcing a trend that began in earnest in 2023. In an effort to lease spaces more quickly, landlords have increasingly responded by offering move-in-ready suites. These pre-built spaces have leased at an average of nine months faster than those that require work. Smaller tenants below 10,000 SF with more flexibility to move on shorter notice have shown a preference for these spaces, although not all landlords have the ability to invest in move-in ready spaces without a lease in place. At the same time, new leases above 25,000 SF have declined to a 10-year low.

Unlike many U.S. markets that have seen an increase in the total number of transactions, San Diego has experienced a reduction in overall deal volume. Over the past four quarters, total new leases have been approximately 20% below pre-pandemic levels, with average lease sizes declining by nearly 15%. As a result, new quarterly leasing volume has consistently held near one million SF, which was the case during 26Q2.

Downtown continues to weigh on the broader market. A concentration of vacancy in older office towers, particularly along the B Street corridor, accounts for a large share of available space there. Elevated vacancy, combined with concerns of homelessness along that corridor, have dampened tenant demand, and market participants are unsure if it will return. While Downtown's vacancy has fallen from a high of 35% to 33%, that has more to do with uncompetitive buildings being removed from the leasing market as they are repositioned than it

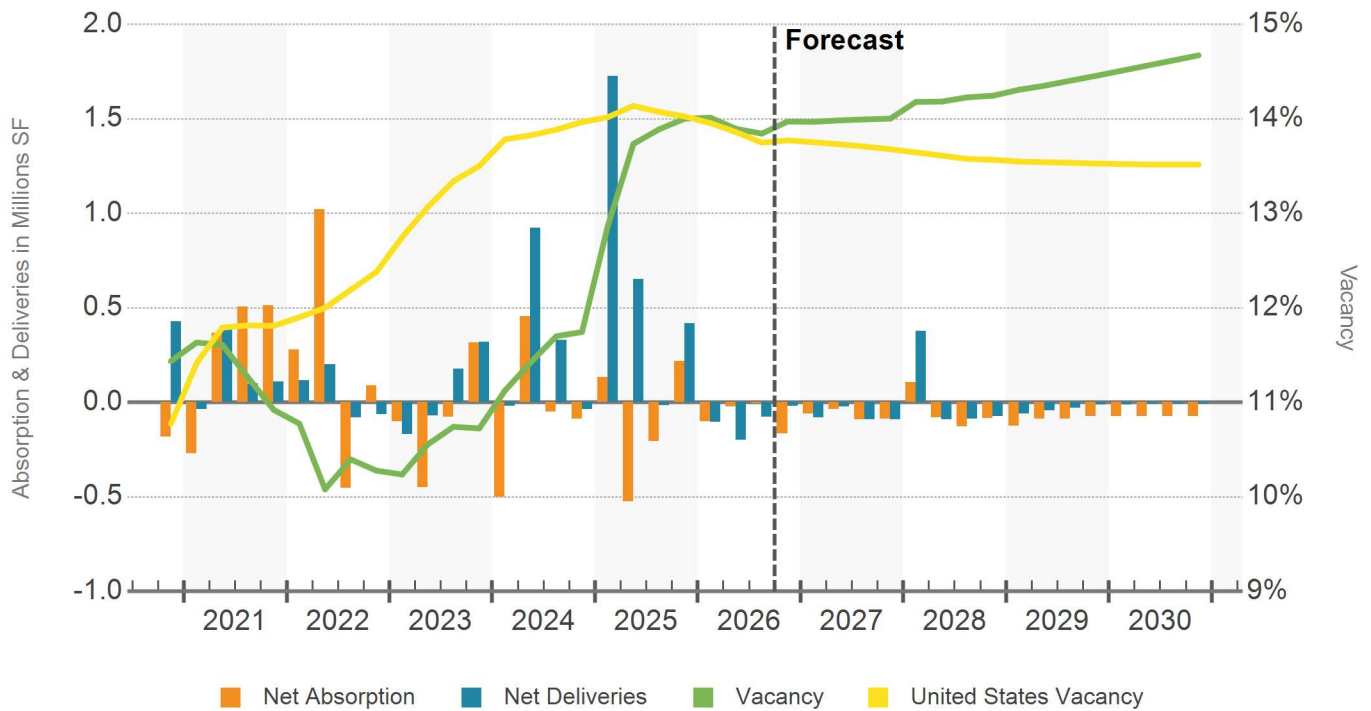
does with improving demand. Vacancy is still double what it was before the pandemic, and new leasing volume seldom surpasses 100,000 SF.

Conditions outside the CBD have been more stable, if underwhelming. Vacancy across suburban submarkets has settled below 10% on average. Tenants have prioritized locations near residential areas, schools, and lifestyle amenities. Submarkets such as Del Mar Heights, Carmel Valley, and Rancho Bernardo have benefited from this shift, with vacancy rates that compare favorably to pre-pandemic levels and continued tenant migration from other locations. Brokers in Del Mar Heights and Carmel Valley have noted that half of their requirements for those submarkets are from tenants currently occupying space elsewhere. Yet even in these submarkets, 4 & 5 Star properties tend to see a larger share of demand compared with 3 Star buildings.

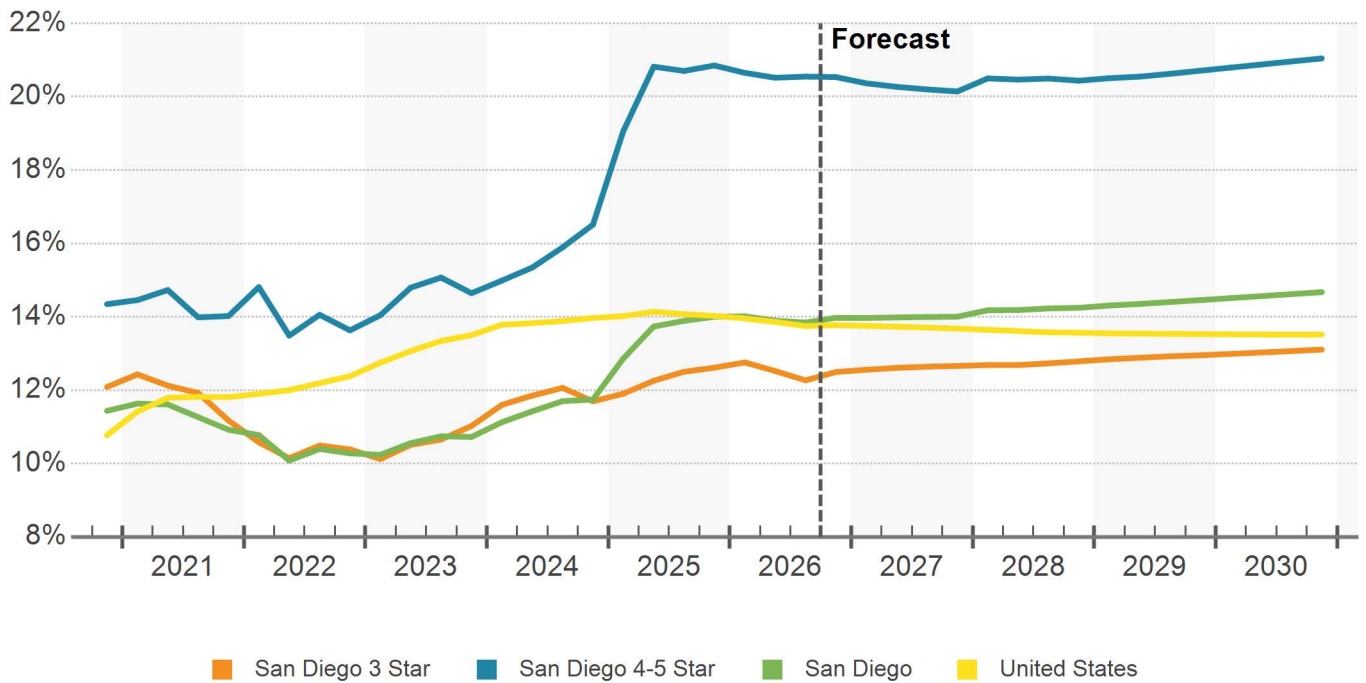
Differences in performance across building quality have also widened across San Diego. Vacancy has risen to a 13-year high in 3 Star properties, and it has been over three years since net absorption was more than just marginally positive. In the past four quarters, net absorption has tallied -200,000 SF, compared with 500,000 SF for 4 & 5 Star properties. One & 2 Star buildings have maintained more stable occupancy, supported by cost-sensitive tenants that require physical space.

High costs have been a primary deterrent of attracting corporate relocations into San Diego, and few large tenants are actively pursuing expansion opportunities in the market. Major tech firms that previously drove leasing demand have largely stabilized their footprints, although education and entertainment companies could be a source of potential growth. With demand concentrated in smaller tenants and larger occupiers often reducing space, vacancy is forecast to end 2026 at 14.0%.

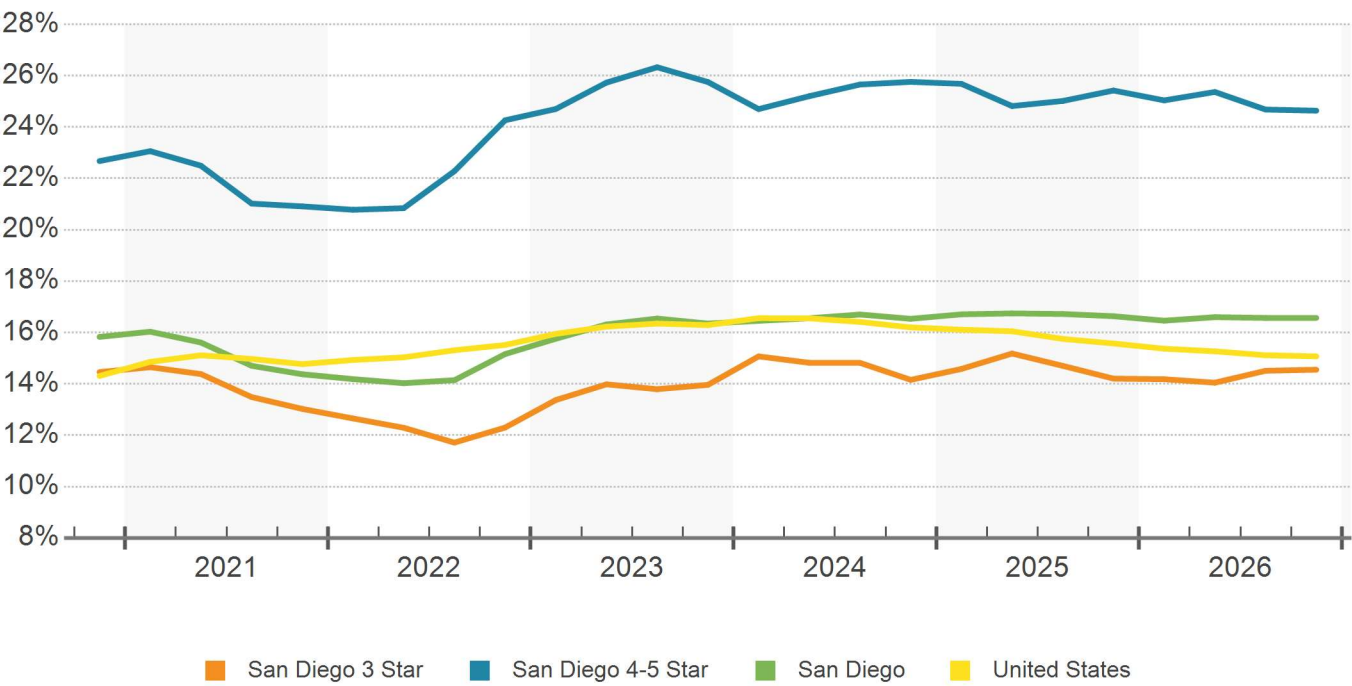
NET ABSORPTION, NET DELIVERIES & VACANCY



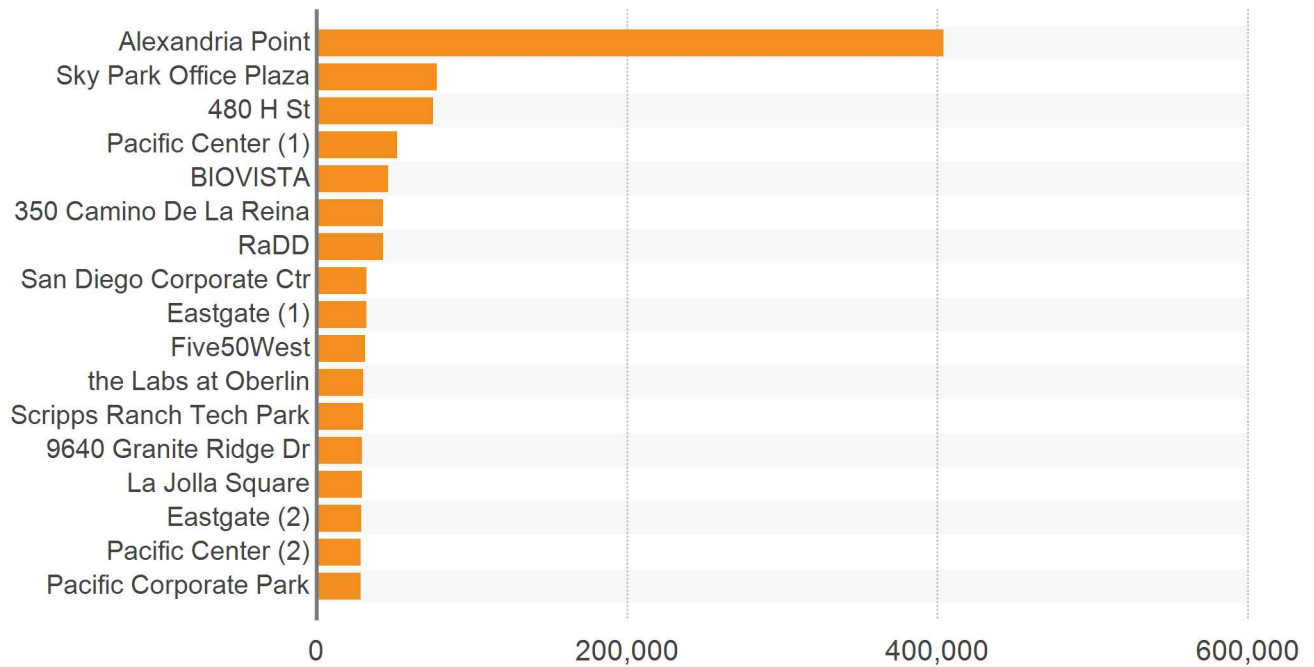
VACANCY RATE



AVAILABILITY RATE



12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	2026 Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Alexandria Point	UTC	427,000	0	0	0	0	0	403,793
Sky Park Office Plaza	Kearny Mesa	131,401	2,399	0	0	34,535	0	77,389
480 H St	Chula Vista	75,000	0	75,000	0	0	0	75,000
Pacific Center (1)	Sorrento Mesa	322,000	245,000	(2,000)	54,000	0	0	52,000
BIOVISTA	Sorrento Mesa	133,841	25,466	21,079	(766)	26,024	0	46,337
350 Camino De La Reina	Mission Valley	359,749	50,438	45,658	0	1,000	0	42,983
RaDD	Downtown	236,238	138,246	0	0	0	42,726	42,726
San Diego Corporate Ctr	Del Mar Hts/Carmel...	93,220	3,679	(3,679)	6,035	30,541	0	32,320
Eastgate (1)	UTC	93,744	0	0	0	32,000	0	32,000
Five50West	Downtown	351,040	152,672	14,374	17,147	7,756	0	31,230
the Labs at Oberlin	Sorrento Mesa	62,800	0	0	0	0	0	30,203
Scripps Ranch Tech Park	Scripps Ranch	60,850	0	(30,425)	54,392	0	0	29,956
9640 Granite Ridge Dr	Kearny Mesa	40,788	1,493	0	19,935	9,280	0	29,215
La Jolla Square	UTC	239,621	7,687	426	2,428	12,754	13,548	29,156
Eastgate (2)	UTC	34,612	0	0	28,706	0	0	28,706
Pacific Center (2)	Mission Valley	215,449	20,871	0	0	0	0	28,597
Pacific Corporate Park	Sorrento Mesa	48,677	0	0	(639)	0	23,947	28,501
Subtotal Primary Competitors		2,926,030	647,951	120,433	181,238	153,890	80,221	1,040,111
Remaining San Diego Market		122,224,917	16,636,344	(222,860)	(204,522)	(158,728)	(31,315)	(915,470)
Total San Diego Market		125,150,947	17,284,295	(102,427)	(23,284)	(4,838)	48,906	124,642

TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Summit Rancho Bernardo *	Rancho Bernardo	196,734	Q2 26	Apple	-	-
ARE Towne Centre	UTC	171,001	Q3 26	Capricor Therapeutics	-	CBRE;Cushman & Wa...
15004 Innovation Dr *	Rancho Bernardo	145,998	Q3 26	Scripps Clinic	Cushman & Wakefield	JLL
451 A St *	Downtown	100,854	Q4 25	San Diego County Public...	JLL	Cushman & Wakefield
One La Jolla Center *	UTC	68,391	Q4 25	Jones Day	JLL	-
1355 Park Center Dr *	Vista	63,640	Q4 25	Dr. Bronner's All One	Palomar Commercial	Kidder Mathews
Sunroad Centre *	Kearny Mesa	60,000	Q3 26	County of San Diego	JLL	-
16535 Via Esprillo	Rancho Bernardo	58,889	Q4 25	EDF Renewable Energy	-	CBRE
Pacific Center	Sorrento Mesa	54,374	Q2 26	Quantum-SI, Inc.	Savills	Cushman & Wakefield
Scripps Ranch Tech Park	Scripps Ranch	54,000	Q4 25	Monarch Quantum	-	Voit Real Estate Services
Seaview Corporate Center	Sorrento Mesa	43,942	Q3 26	Whoa Inc.	-	Cushman & Wakefield
Seaview Corporate Center *	Sorrento Mesa	40,453	Q4 25	Brain Corporation	-	-
City Heights Center *	College Area	37,986	Q2 26	Central Region Child Welf...	JLL	-
99Twenty *	Sorrento Mesa	31,370	Q1 26	Viking Therapeutics	-	-
3860 Calle Fortunada *	Kearny Mesa	29,747	Q2 26	211 San Diego	JLL	-
Carlsbad Research Center *	Carlsbad	28,094	Q3 26	Exagen Inc	CBRE	CBRE
Kilroy Centre Del Mar	Del Mar Hts/Carmel Valley	27,220	Q3 26	GreenburgTraurig	CBRE	CBRE
Coastal Collection at Torrey Reserv	Del Mar Hts/Carmel Valley	27,000	Q1 26	Pettit Kohn Ingrassia Lutz...	-	CBRE
1 Columbia Place *	Downtown	26,567	Q2 26	Industrious	-	-
One Del Mar *	Del Mar Hts/Carmel Valley	26,224	Q2 26	Procopio, Cory, Hargreav...	Hughes Marino	Irvine Company Office...
Gateway at Torrey Hills	Del Mar Hts/Carmel Valley	26,219	Q2 26	MG Properties	-	Irvine Company Office...
BIOVISTA	Sorrento Mesa	26,024	Q2 26	-	-	Colliers
Carmel Corporate Plaza *	Rancho Bernardo	26,000	Q2 26	California Department of...	-	-
Tower 591 *	Mission Valley	25,308	Q2 26	HDR	JLL	JLL
Scripps Collection	Scripps Ranch	25,266	Q2 26	Climatec, LLC	Cushman & Wakefield	CBRE
99Twenty	Sorrento Mesa	25,063	Q4 25	Viking Therapeutics	-	Cushman & Wakefield
Aston Point	Carlsbad	24,839	Q2 26	-	-	CBRE
La Tortuga Office Park *	Vista	24,488	Q3 26	County of San Diego	JLL	CBRE
Third Avenue Plaza *	Chula Vista	24,289	Q1 26	State Of California Depart...	-	-
Pacific Corporate Park	Sorrento Mesa	23,947	Q2 26	ACCO Engineered Systems	Cushman & Wakefield	Cushman & Wakefield
10201 Wateridge Cir	Sorrento Mesa	23,272	Q2 26	n-Lorem Foundation	-	JLL
Torrey Point *	Del Mar Hts/Carmel Valley	23,000	Q1 26	Neurelis	RE:Align, Inc.	CBRE
One Paseo Junction	Del Mar Hts/Carmel Valley	22,511	Q1 26	SDRE Homebuilders	JLL	JLL
SD Tech by Alexandria *	Sorrento Mesa	21,971	Q4 25	Hughes Network Systems	-	-
Arjons Industrial Park *	Mira Mesa/Miramar	21,600	Q1 26	Hire Elegance LLC	JLL	CBRE
Wells Fargo Plaza	Downtown	21,428	Q4 25	The San Diego Tourism A...	JLL	CBRE
Pacific Ridge South *	Carlsbad	21,388	Q2 26	Kisco Senior Living	-	CBRE
San Diego Corporate Ctr *	Del Mar Hts/Carmel Valley	21,139	Q2 26	Wells Fargo Advisors	Cushman & Wakefield	Cushman & Wakefield
101 West Broadway *	Downtown	21,071	Q1 26	Horton, Oberrecht, Kirkpat...	SVN Vanguard	CBRE
9889 Willow Creek Rd	Scripps Ranch	20,799	Q1 26	-	-	CBRE

*Renewal

Rent growth has measured 1.0% year over year compared to the national average of 2.0%. At the end of the fourth quarter in 2025, annual rent growth measured 1.5%, and it has averaged 1.8% over the past five years.

Concession packages play a central role in lease negotiations. Annual rent escalations typically average around 3%, with some exceptions in UTC and Del Mar Heights, while tenants can typically secure one month of free rent for each year of their term. Tenant improvement allowances for first-generation spaces have increased above \$100/SF, while second-generation spaces often pay over \$50/SF for improvements. JLL's new lease at La Jolla Commons came with a TI package well above \$100/SF.

In many cases, effective rents are materially below face rates, particularly in Downtown properties requiring substantial capital investment. For larger lease transactions, concession packages can represent a significant share of the total lease value, reducing net effective rents to half of the initial asking rates. With operating costs between \$16-\$24/SF and a TI allowance above \$100/SF for first-gen space, the net effective rent could fall below \$10/SF.

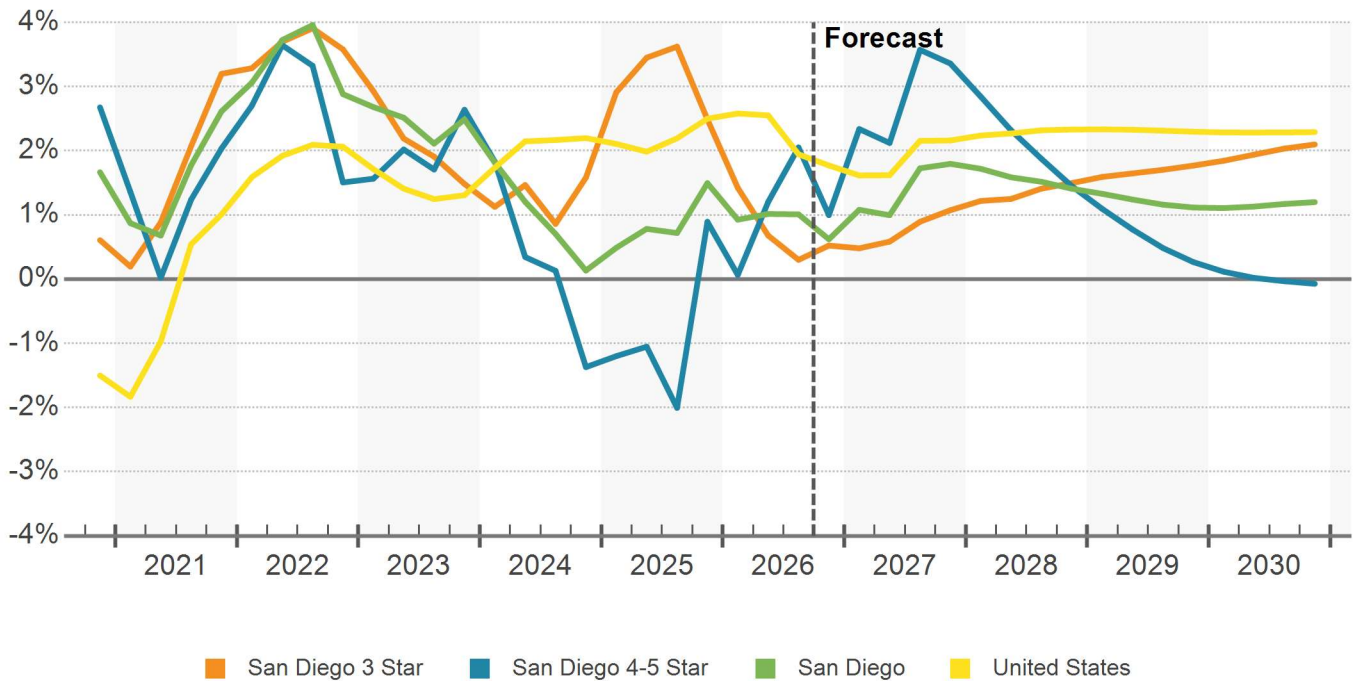
Higher build-out costs have also shifted some financial burden to tenants. In select cases, occupiers are required to contribute capital toward improvements, which has led to delays or cancellations in lease negotiations.

Recent distress sales have placed downward pressure on rents Downtown, particularly along the business corridor. Last year, the NewSchool of Architecture and Design signed a lease for nearly 45,000 SF at 600 B Street at a starting rent of \$25.80/SF gross for more than five years. Ten years earlier, the San Diego Union-Tribune signed a 15-year lease in the same property at a starting rent of over \$42/SF gross.

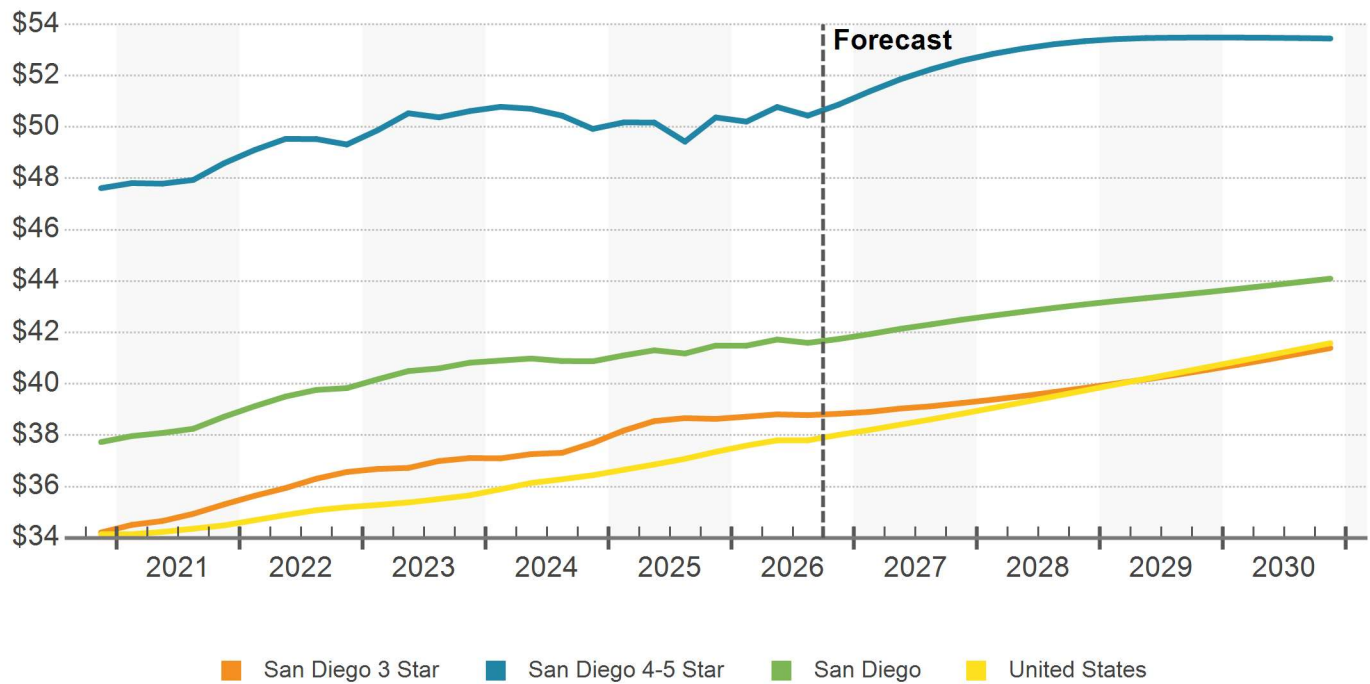
Downtown faces additional challenges related to parking costs. Monthly parking rates in newer buildings can reach approximately \$250/space, and \$200/space in older towers, compared to free parking in submarkets such as Mission Valley, Rancho Bernardo, or Kearny Mesa. In some cases, corporate tenants have spurned Downtown specifically for free parking in the suburbs.

Looking ahead, rent growth is forecast to finish the year at 0.6%, while similar concessions will likely remain a fixture in lease negotiations for the next several quarters.

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	\$2.95	\$1	\$0.65	\$5.18	\$6.05	\$15.84
Central San Diego	\$4.04	\$1.33	\$0.59	\$3.78	\$6.74	\$16.48
Downtown	\$3.62	\$1.23	\$0.81	\$3.48	\$6.19	\$15.34
I-15 Corridor	\$4.12	\$0.95	\$0.49	\$4.40	\$6.40	\$16.36
I-5 Corridor	\$1.91	\$1.09	\$0.56	\$6.69	\$7.83	\$18.07
North Central County	\$2.49	\$1.05	\$0.44	\$2.90	\$5.43	\$12.31
North San Diego	\$2.87	\$0.69	\$0.78	\$6.19	\$4.41	\$14.94
South Bay	\$1.68	\$1.14	\$0.51	\$2.37	\$5.54	\$11.24
SR-78 Corridor	\$2.04	\$1.05	\$0.70	\$2.10	\$3.12	\$9.01

Expenses are estimated using CMBS, 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	\$2.37	\$1.05	\$0.49	\$3.86	\$5.55	\$13.32
Central San Diego	\$2.92	\$1.22	\$0.48	\$3.57	\$5.53	\$13.72
Coronado	\$3.18	\$1.05	\$0.61	\$8.82	\$8.10	\$21.77
Downtown	\$3.08	\$1.21	\$0.70	\$1.63	\$5.44	\$12.06
I-15 Corridor	\$3.09	\$1.05	\$0.42	\$3.43	\$5.58	\$13.57
I-5 Corridor	\$1.59	\$0.94	\$0.41	\$4.77	\$6	\$13.71
North Central County	\$1.63	\$1.05	\$1.28	\$8.82	\$8.91	\$21.69
North San Diego	\$2.45	\$0.76	\$0.54	\$5.02	\$5.20	\$13.97
Outlying SD County N	\$2.15	\$1.05	\$0.41	\$1.87	\$5.46	\$10.94
Outlying SD County S	\$1.93	\$1.05	\$0.42	\$1.32	\$5.58	\$10.30
South Bay	\$1.74	\$1.16	\$0.48	\$2.98	\$5.84	\$12.21
SR-78 Corridor	\$1.92	\$1.05	\$0.45	\$3.55	\$4.39	\$11.36

Expenses are estimated using CMBS, 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	\$1.95	\$1.09	\$0.42	\$3.81	\$5.13	\$12.41
Central San Diego	\$2.46	\$1.10	\$0.41	\$3.76	\$4.99	\$12.71
Coronado	\$2.37	\$1.05	\$0.45	\$8.85	\$6.02	\$18.74
Downtown	\$2.99	\$1.21	\$0.66	\$4.43	\$5.23	\$14.52
I-15 Corridor	\$2.15	\$1.03	\$0.40	\$3.23	\$5.32	\$12.13
I-5 Corridor	\$1.49	\$1.12	\$0.43	\$5.35	\$6.93	\$15.32
MCAS Miramar	\$1.97	\$1.05	\$0.38	\$2.70	\$5.01	\$11.11
North Central County	\$1.78	\$1.05	\$1.47	\$7.38	\$9.79	\$21.48
North San Diego	\$2.22	\$0.99	\$0.55	\$4.47	\$7.72	\$15.96
Outlying SD County N	\$1.39	\$1.05	\$0.27	\$3.13	\$3.54	\$9.38
Outlying SD County S	\$1.84	\$1.05	\$0.35	\$4.14	\$4.69	\$12.07
South Bay	\$1.41	\$1.12	\$0.37	\$3.34	\$4.66	\$10.90
SR-78 Corridor	\$1.67	\$1.05	\$0.40	\$3.48	\$3.75	\$10.35

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

San Diego's under-construction pipeline for speculative traditional office space has shut off. Instead, medical-office properties and a development deal for the biotech Novartis in UTC fill the pipeline. Medical buildings with available space are being built in East County and Carlsbad, and San Diego's medical office vacancy rate is roughly 7% compared to the overall vacancy rate of 13.8%. San Diego's population of 65-plus people is forecast to be the fastest-growing demographic group over the next 20 years, and operators such as Sharp continue to be among the most active in building out new space.

Despite the reduction in new construction, a substantial portion of recently delivered space remains available, and most of it is located Downtown. Of the 4 million SF that has been completed across the region since 2022, nearly half is available. The exception is Tower III at La Jolla Commons. The 212,000-SF property was completed in mid-2023 and is less than 50% occupied.

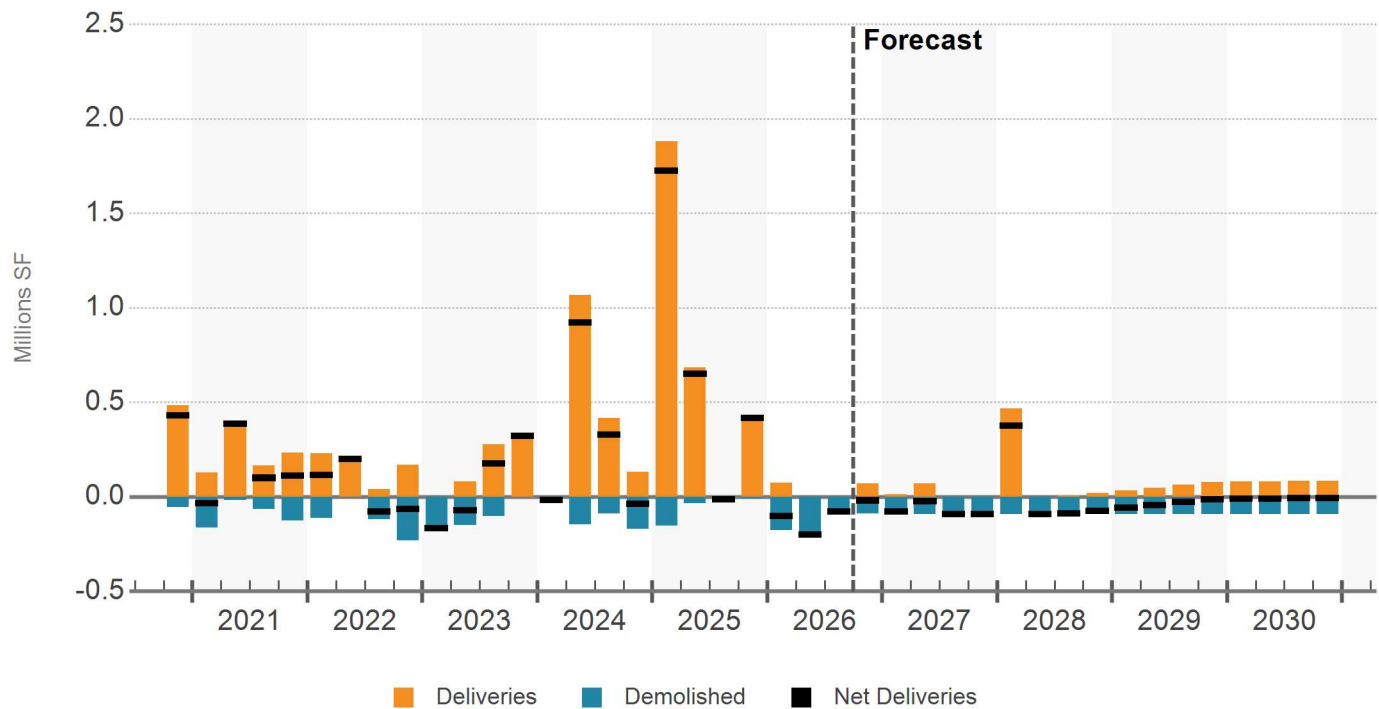
IQHQ's 1.7 million-SF RaDD life science campus was completed Downtown last year and has secured its first and only non-retail lease. The transaction, a 42,000-SF commitment from a La Jolla-based biotech firm, required a substantial concession package. With lab demand Downtown remaining muted, IQHQ has shown greater flexibility toward traditional office tenants, though such deals are expected to be signed at meaningfully lower effective rents.

Other major projects, including The Campus at Horton, have faced financial distress, with construction halted and ownership taken over by its lender last year. The timing of completion is uncertain, although it has been in a state of near-completion for over two years, reflecting broader challenges facing large-scale speculative development. The property has approvals to build multifamily housing, which could compel development to shift toward housing from the 700,000 SF of office and lab space alongside the 300,000 SF of retail space originally envisioned for the former mall.

At the same time, conversion activity has increased. Several Downtown office buildings, including 530 B Street and 707 Broadway, have traded at discounted pricing, with new owners pursuing residential redevelopment. These transactions reflect broader efforts to reduce excess office supply and reposition underutilized assets at discounted prices, although not all of the occupancy-challenged buildings will be redevelopment candidates due to structural constraints.

Most activity has been focused on build-to-suit or speculative medical office projects. Given elevated costs, financing challenges, and uncertain demand for traditional office space, a meaningful rebound in speculative office development is unlikely in the near term.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

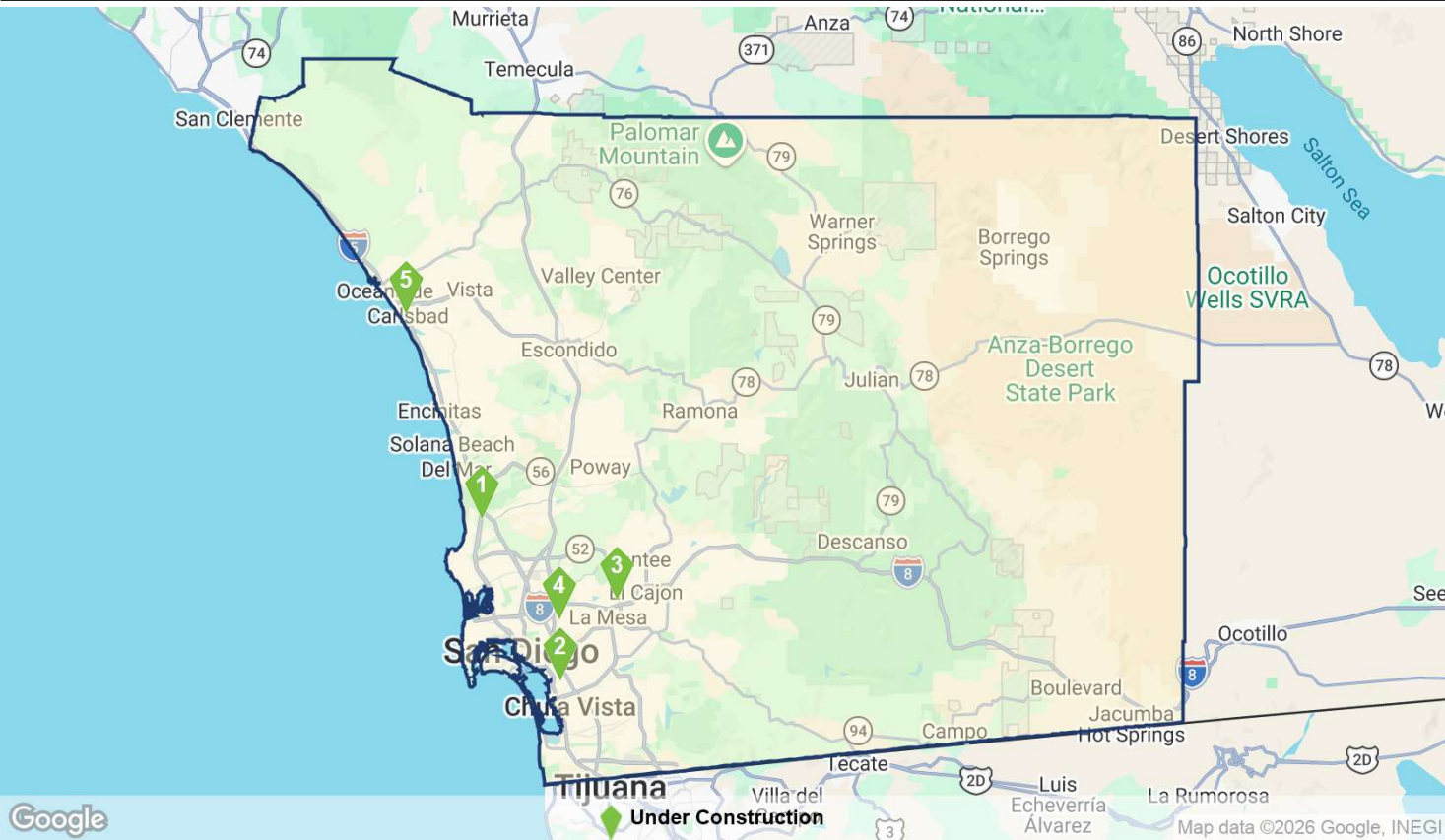
No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	UTC	1	467	467	100%	1	102,593	466,592	1
2	National City	1	70	70	100%	1	9,789	70,000	2
3	East County	1	50	25	50.0%	4	8,146	50,000	3
4	College Area	1	19	6	33.3%	5	10,852	19,110	4
5	Carlsbad	1	13	10	80.5%	3	23,860	12,800	5
6	Chula Vista	0	0	0	-	-	13,250	-	-
7	Coronado	0	0	0	-	-	7,438	-	-
8	Del Mar Hts/Carmel Valley	0	0	0	-	-	69,748	-	-
9	Downtown	0	0	0	-	-	72,901	-	-
10	Escondido	0	0	0	-	-	8,713	-	-
	All Other	0	-	-	-		21,856	-	
Totals		5	619	578	93.5%		22,909	123,700	

Under Construction Properties

San Diego Office

Properties	Square Feet	Percent of Inventory	Released
5	618,502	0.5%	93.5%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	10210 Campus Point Dr	★★★★★	466,592	8	Feb 2026	Feb 2028	-
2	San Diego Pace 1317 D Ave	★★★★☆	70,000	2	Jun 2023	Dec 2026	- Community HousingWorks
3	Cush Medical Plaza 8787 Center Dr	★★★★☆	50,000	2	May 2026	Jun 2027	- Rainbow Investment Company
4	4350 El Cajon Blvd	★★★★☆	19,110	3	Jul 2026	Jun 2027	-
5	Grand Hope Medical Office 2879-85 Hope Ave	★★★★☆	12,800	2	Jan 2026	Jan 2027	- William J Cho

While property values have yet to recover, the investment market may have passed its bottom, even if volume decelerated year over year. Sales volume has tallied \$1.6 billion in the past 12 months, and volume during 26Q2 fell over 20% year-over-year. Few insitutional sales have concluded in recent quarters for stabilized buildings, making it challenging to discern accurate cap rates.

Institutional and REIT capital sources have accounted for 30% of buy-side volume in the past five years, which was 10% more than during the past four quarters. Much of that shift can be attributed to the change in ownership Downtown, where most of the recent sales have been to family offices from the institutional owners that dominated the submarket.

Once the largest landlord Downtown, The Irvine Company exited Downtown after the disposition of One America Plaza at the end of last year. The landlord/developer intends to use the proceeds to invest in the UTC area where a new community plan update could pave the way for thousands of new housing units. The properties sold at an average discount of 50 to 70% compared to when The Irvine Company purchased the assets.

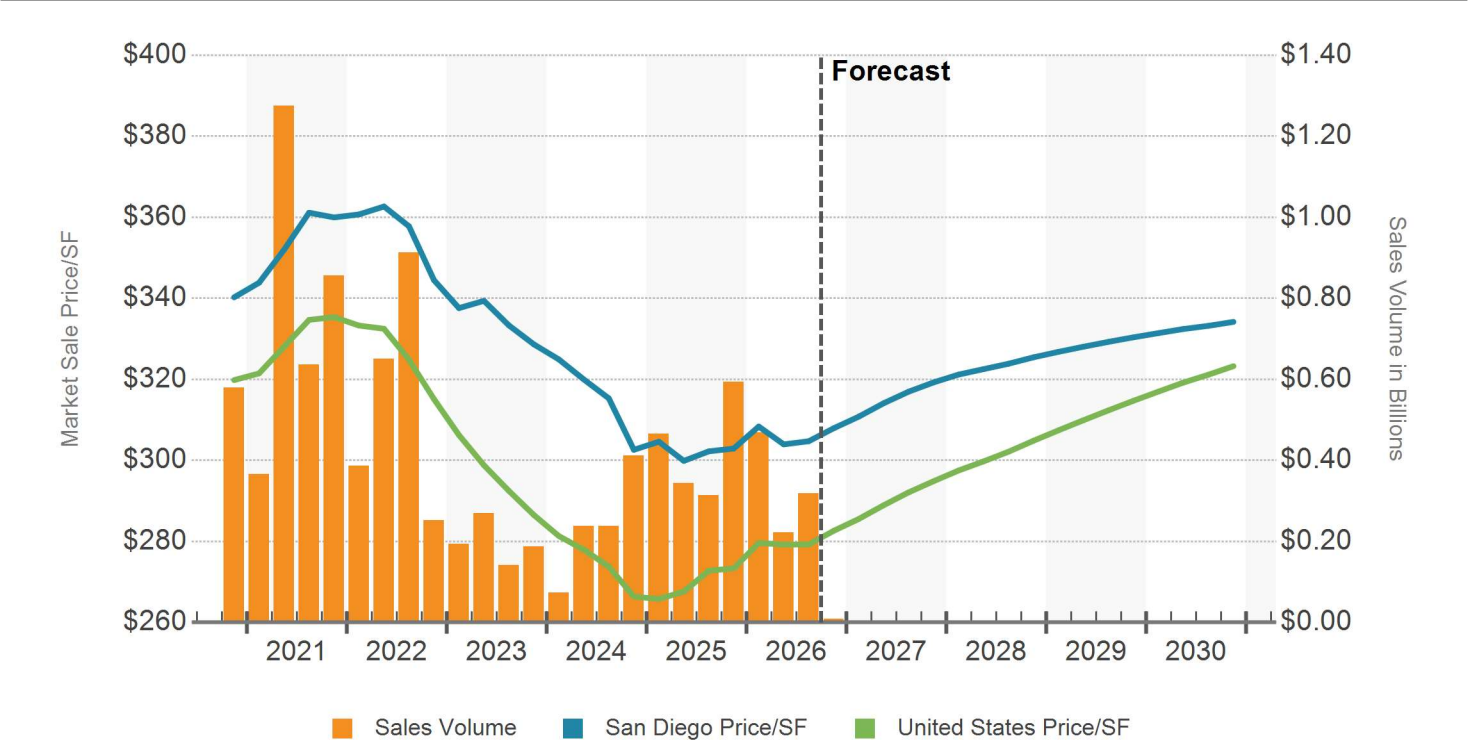
Since 2024, 12 office towers have been sold Downtown,

totaling 4.8 million SF, or nearly one-third of Downtown's office inventory. With a new ownership class entering the market, and most buildings trading far below their previous sale price, this has allowed new landlords to lower asking rents, particularly along B Street. However, with building expenses often near \$1.50/SF monthly, there is likely a threshold below which owners cannot further discount rents.

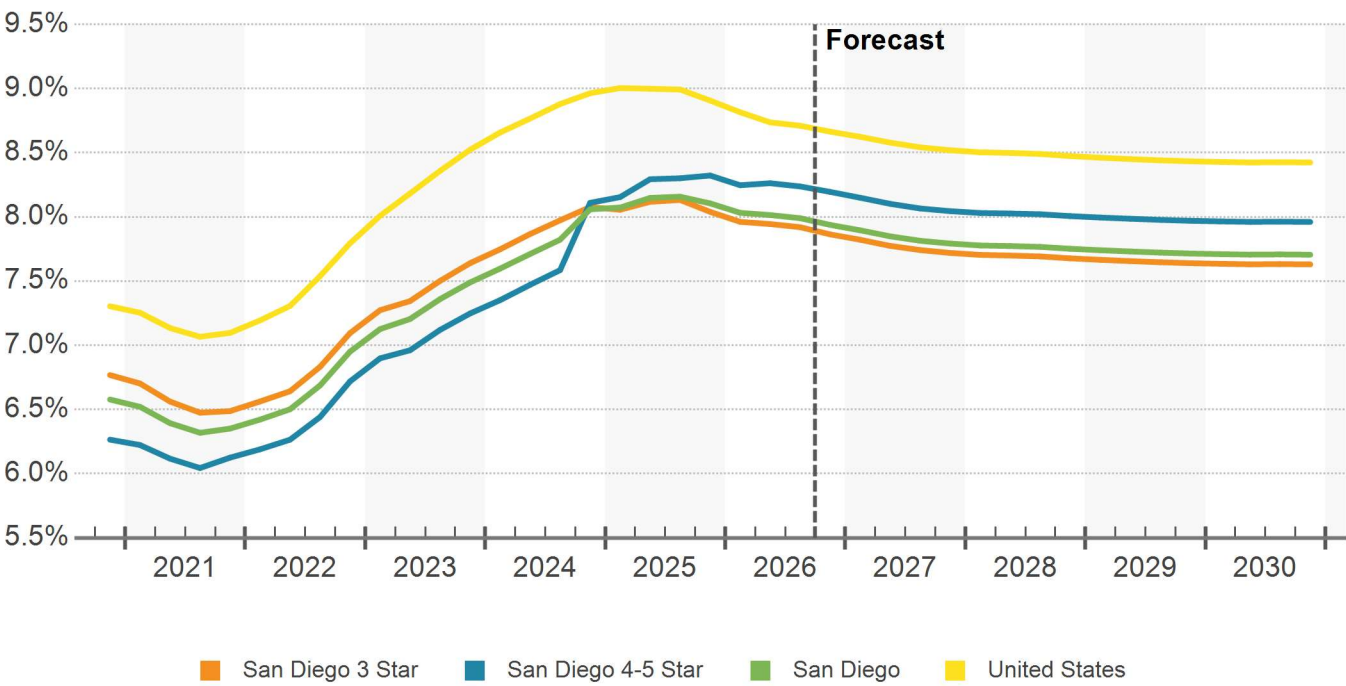
A partnership purchased the Plaza Del Mar for \$43 million, or about \$368/SF, in early 2026. The 116,000-SF property was approximately 60% leased when it sold, with floor plates that can accommodate users from 2,000 to 10,000 SF. The buyer intended to improve the entry and courtyard areas in order to integrate the interior and exterior spaces. They also planned to upgrade available suites to make them ready for occupancy. Del Mar Heights and Carmel Valley have been among the most in-demand areas in San Diego among occupiers since 2020, with firms increasingly relocating there from Downtown and Mission Valley, among other submarkets.

Investors are likely to look for discounted properties and conversion opportunities with occupancy-challenged properties or single-tenant buildings featuring long-term leases. Some of Downtown's landlords have stopped servicing their debt, which could spell further distress sales or foreclosures there.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE

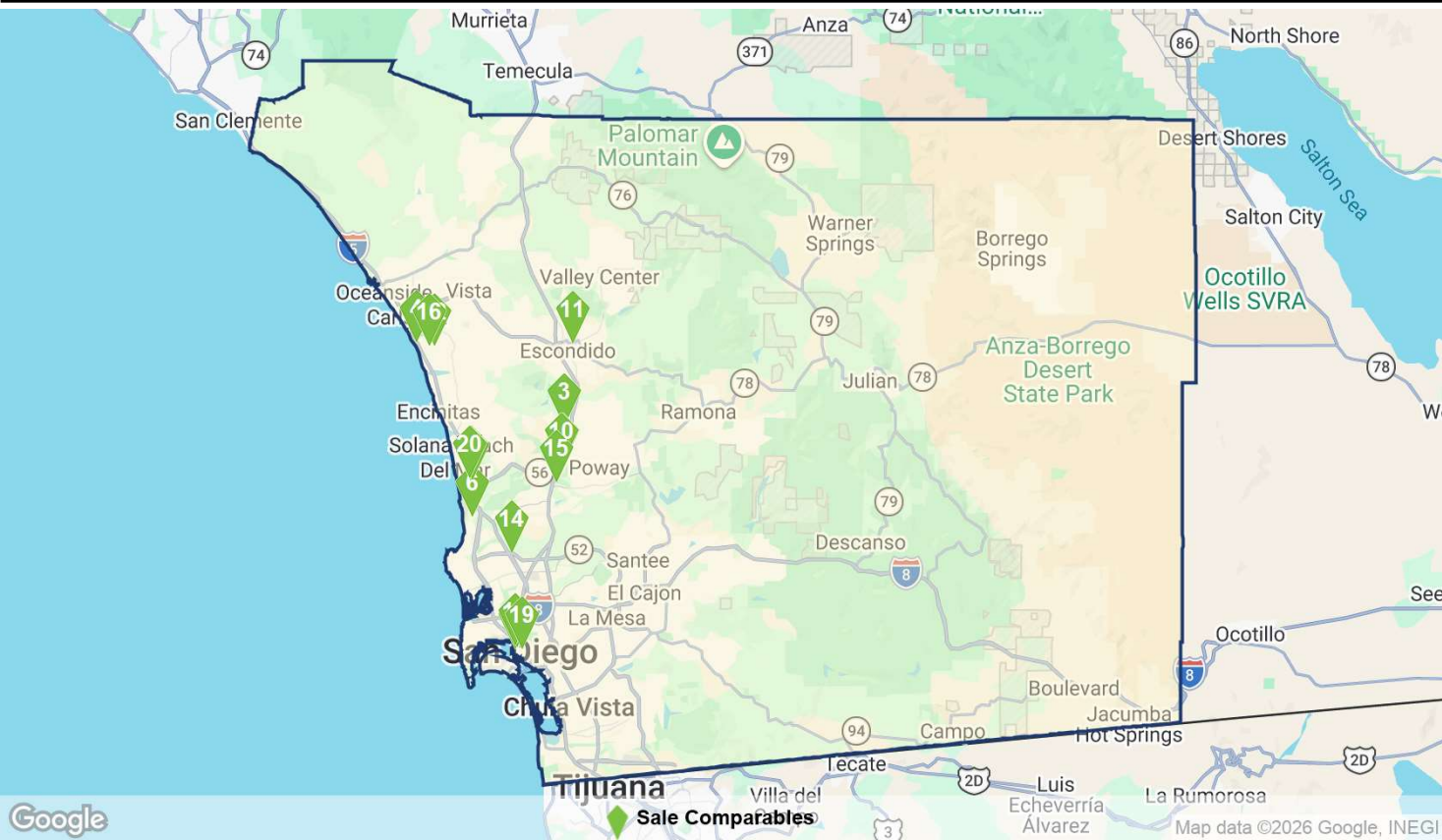


Sales Past 12 Months

San Diego Office

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
267	7.4%	\$244	14.6%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$230,000	\$9,464,663	\$3,719,350	\$120,000,000
Price/SF	\$13	\$244	\$390	\$2,460
Cap Rate	6.0%	7.4%	6.5%	12.0%
Time Since Sale in Months	0.1	6.2	6.4	12.0
Property Attributes	Low	Average	Median	High
Building SF	840	40,800	12,186	649,897
Stories	1	3	2	34
Typical Floor SF	840	12,412	8,212	180,999
Vacancy Rate At Sale	0%	14.6%	0%	100%
Year Built	1896	1982	1984	2021
Star Rating	★★★★★	★★★★★ 2.6	★★★★★	★★★★★

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 One America 600 W Broadway	★★★★★	1992	649,897	13.7%	10/28/2025	\$120,000,000	\$185	-
2 1 Columbia Place 401 W A St	★★★★★	1982	556,943	18.5%	2/11/2026	\$86,500,000	\$155	-
3 16535 Via Esprillo	★★★★★	2009	461,510	0%	11/18/2025	\$67,367,000	\$146	-
4 Vuori 5600 Avenida Encinas	★★★★★	2015	180,999	0%	12/17/2025	\$64,100,000	\$354	-
5 High Bluff Ridge at Del Mar 12531 High Bluff Dr	★★★★★	2005	93,220	3.9%	7/30/2026	\$57,197,923	\$614	-
6 Nautilus Three 3535 General Atomics Ct	★★★★★	1991	80,543	65.8%	12/10/2025	\$45,723,885	\$568	-
7 Bldg 1 13480 Evening Creek Dr N	★★★★★	2008	154,157	20.5%	1/23/2026	\$44,666,690	\$290	-
8 Bldg 3 13520 Evening Creek Dr N	★★★★★	2002	146,701	17.1%	1/23/2026	\$42,147,383	\$287	-
9 High Bluff Ridge at Del Mar 12481 High Bluff Dr	★★★★★	2005	71,723	6.2%	7/30/2026	\$38,277,077	\$534	-
10 Bldg 2 13500 Evening Creek Dr N	★★★★★	2002	137,658	0%	1/23/2026	\$37,685,927	\$274	-
11 Valley Parkway Medical... 488 E Valley Pky	★★★★★	1990	72,000	2.6%	12/16/2025	\$36,400,000	\$506	-
12 24 Hour Fitness 1265 Laurel Tree Ln	★★★★★	2007	85,000	0%	10/6/2025	\$30,700,000	\$361	-
13 Kettner & Ash 1420 Kettner Blvd	★★★★★	1985	123,079	29.2%	4/13/2026	\$30,500,000	\$248	-
14 Terraces At Copley Point... 5887 Copley Dr	★★★★★	2009	205,705	29.3%	12/22/2025	\$30,000,000	\$146	-
15 Northridge Summit 12220 Scripps Summit Dr	★★★★★	2000	129,919	0%	6/22/2026	\$25,000,000	\$192	-
16 Crossings Healthcare Ce... 6005 Hidden Valley Rd	★★★★★	2001	73,230	0%	1/28/2026	\$23,000,000	\$314	-
17 Riva 12526 High Bluff Dr	★★★★★	1987	58,862	59.2%	3/17/2026	\$22,092,857	\$375	-
18 Del Mar Tech 12348 High Bluff Dr	★★★★★	1999	39,193	65.0%	3/26/2026	\$21,000,000	\$536	-
19 707 707 Broadway	★★★★★	1961	186,803	0%	12/16/2025	\$21,000,000	\$112	-
20 Riva 12520 High Bluff Dr	★★★★★	1985	57,999	23.4%	3/17/2026	\$20,907,143	\$360	-

San Diego County is the second most populous county in California and home to one of the largest cities in the country, with over 1.4 million people. The region is located in Southern California along the Pacific Ocean, and it shares a border with Mexico.

As a destination for tourists from around the world, over 25.3 million passed through San Diego International Airport in 2025, the busiest year in its history, as well as the busiest single-runway airport in the United States.

San Diego has been an attractive region for residents due to its diversified economy, great weather, and outdoor lifestyle. The innovation, military and tourism economies are the economic backbone, placing in the top 20 in the U.S. for GDP and the top 15 for job growth.

The high cost of living has been a key component in population growth in recent years, with the latest estimates recording a year-over-year decline. That has placed San Diego in the bottom half of population growth among major markets in the country.

The long-term economic drivers appear stable, and a regional economy that includes a collaborative cross-border partnership, coupled with a strong university system and defense industry, should underpin the region in the years ahead.

San Diego's commercial real estate is concentrated west of Interstate 15, with its primary employment nodes in Downtown and the UC San Diego area.

The region has a high concentration of multifamily housing, accounting for over one-third of the real estate footprint and an estimated value exceeding \$115 billion. That makes San Diego a top 10 market in the U.S. by value.

Tourism supports the hospitality market in San Diego, placing the region in the top 15 for the size of its hospitality footprint. Along with 125 million SF of office space, multifamily and hospitality each exceed the national share of total SF.

With nearly 215 million SF of industrial inventory, the industrial market has the most space among commercial sectors, and the largest concentration of logistics space is located along the border with Mexico. When compared with the U.S. San Diego has nearly 30% less industrial space than the national average.

San Diego's retail footprint falls in the middle of national rankings, although it has one of the lowest square footages per capita among major markets, and more retail space has been removed than has been added in recent years.

San Diego has a well-educated population, with over 45% of residents holding a bachelor's degree, and median household incomes are well above the national median.

People have moved to San Diego over the decades to enjoy its climate, economy and outdoor lifestyle.

Population growth was negative year over year in the latest estimates, with international migration falling by 60% year over year. Net migration has been a net negative in recent years, with domestic net migration falling steadily by more than 20,000 people annually. High living costs, median home prices and average apartment rents are among the country's most expensive, have often compelled residents to seek out more affordable housing markets.

The oldest age bracket of 65-plus residents has been the fastest growing, and that trend is expected to continue in the years ahead.

Conversely, the share of younger residents has been falling, and the percentage of residents under 18 is expected to decline further, as high housing costs often compel growing households to relocate. Similarly, the prime renting cohort of 20-34 year-olds fell in the latest census estimates.

San Diego's economy is supported by the military, innovation and tourism economies.

San Diego has over 140,000 active duty and civilian military employees. According to the San Diego Military Advisory Council, the defense industry accounts for nearly 360,000 jobs in the region, roughly one in four jobs in the county. Defense spending contributed nearly 23% to the local GDP in the last fiscal year, or over \$61 billion.

More than 80 research institutes, from Scripps Research Institute to Salk Institute for Biological Studies are located in San Diego. This cluster of research in the UC San Diego area has created one of the strongest life sciences cores in the United States. Over 85,000 people work in San Diego's life science industry, accounting for

nearly 7% of total employment.

Amazon, Google and Apple are among the tech giants with a footprint in San Diego, most of which occupy space in the UTC area, although Apple renewed a full-building lease in Rancho Bernardo in mid-2026.

The tourism industry supports roughly one in eight jobs in the region, and visitor spending has approached \$15 billion during the most recent fiscal year.

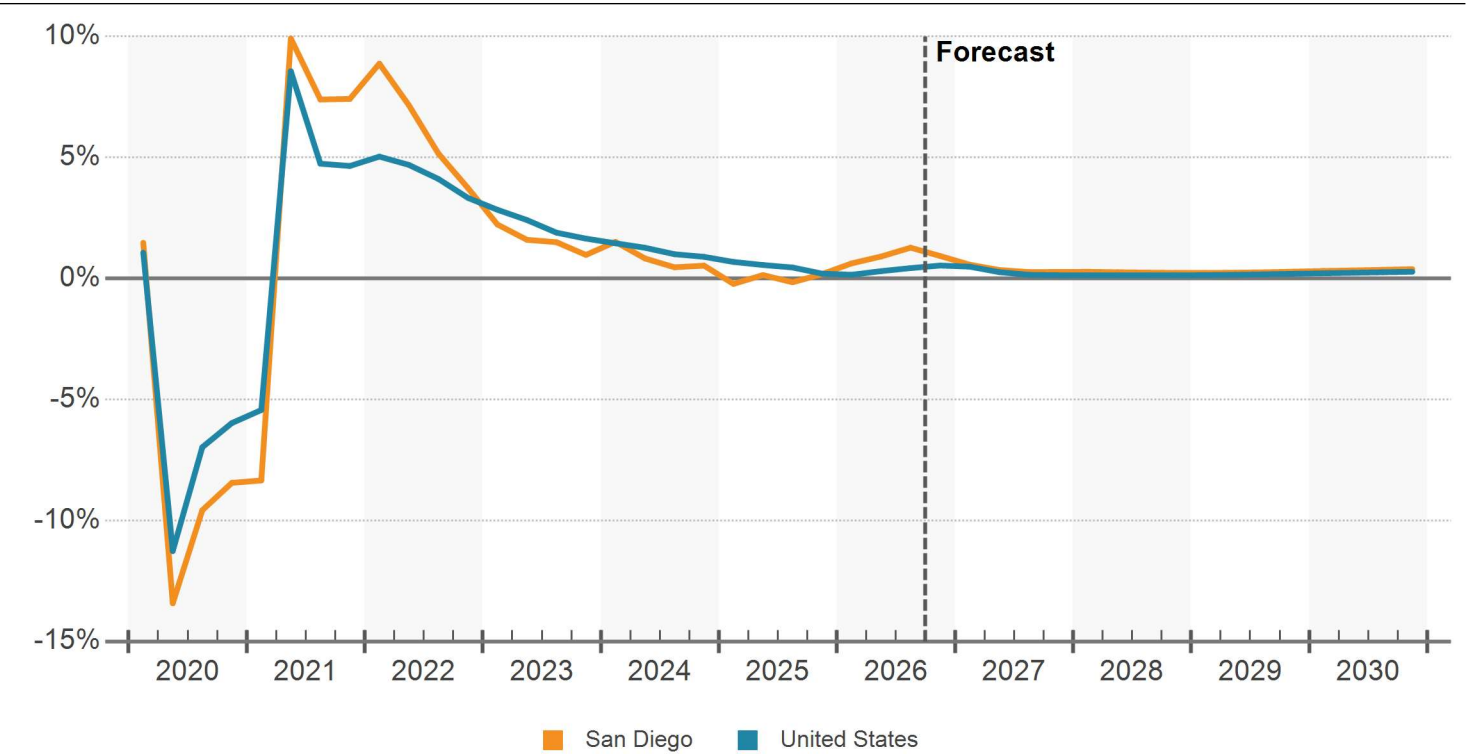
San Diego's unemployment rate has typically exceeded the national rate since 2020, and job growth, while positive, has slowed since 2025.

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	111	0.9	0.29%	-0.02%	0.24%	0.23%	0.16%	0.00%
Trade, Transportation, and Utilities	220	0.8	0.76%	-0.08%	-0.05%	0.55%	-0.12%	0.01%
Retail Trade	137	0.9	1.19%	0.19%	-0.70%	-0.22%	-0.03%	0.00%
Financial Activities	74	0.8	-0.79%	-0.87%	0.03%	0.92%	-0.25%	0.07%
Government	252	1.1	-0.54%	-0.73%	0.44%	0.47%	0.24%	0.17%
Natural Resources, Mining, and Construction	89	1.0	0.39%	1.28%	1.45%	1.95%	0.44%	0.35%
Education and Health Services	284	1.0	2.91%	1.86%	3.60%	2.09%	0.60%	0.26%
Professional and Business Services	265	1.2	0.99%	0.50%	1.20%	1.06%	0.17%	0.27%
Information	18	0.6	-2.72%	-2.80%	-2.68%	-0.10%	0.04%	0.00%
Leisure and Hospitality	211	1.2	3.65%	1.61%	0.91%	0.87%	0.85%	0.59%
Other Services	60	1.0	2.80%	0.60%	0.88%	0.57%	0.40%	0.12%
Total Employment	1,584	1.0	1.25%	0.43%	1.05%	0.96%	0.31%	0.20%

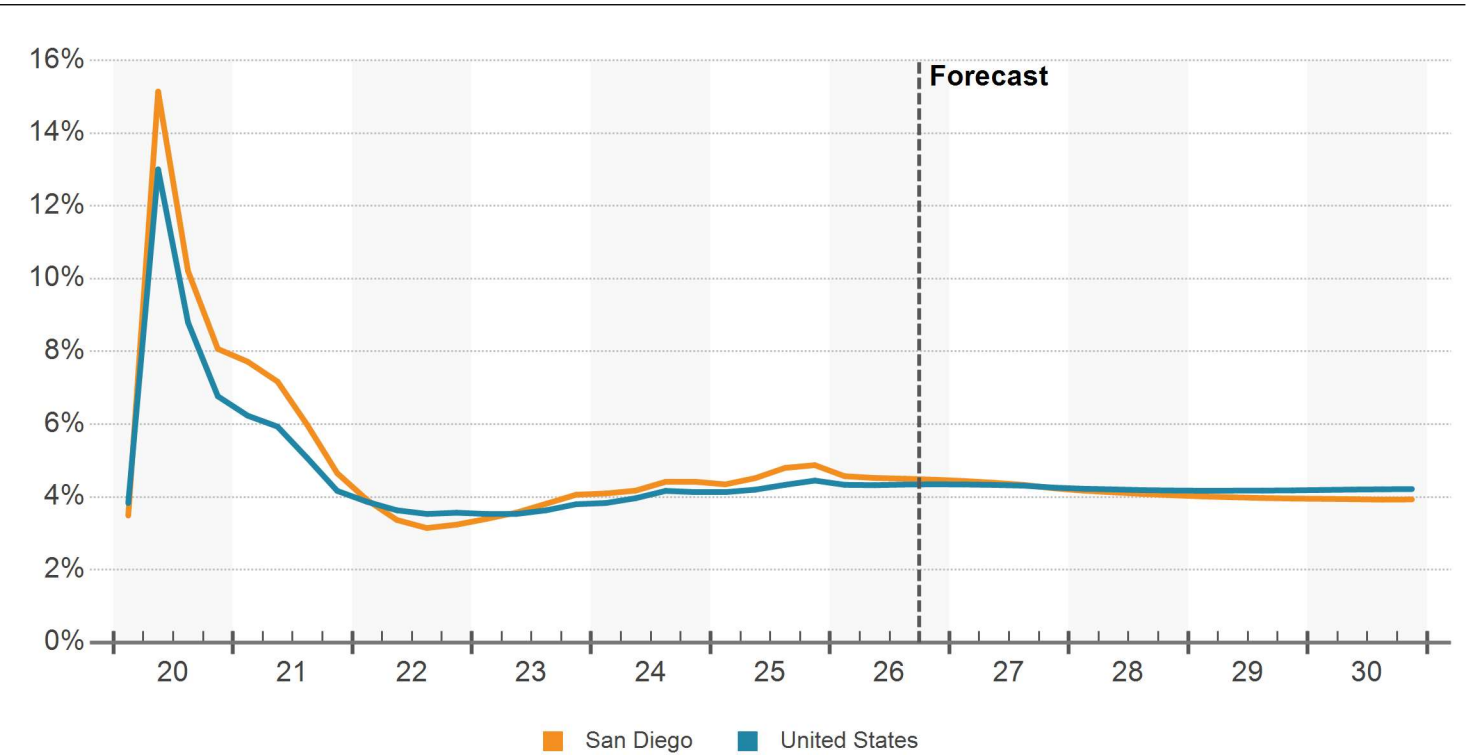
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

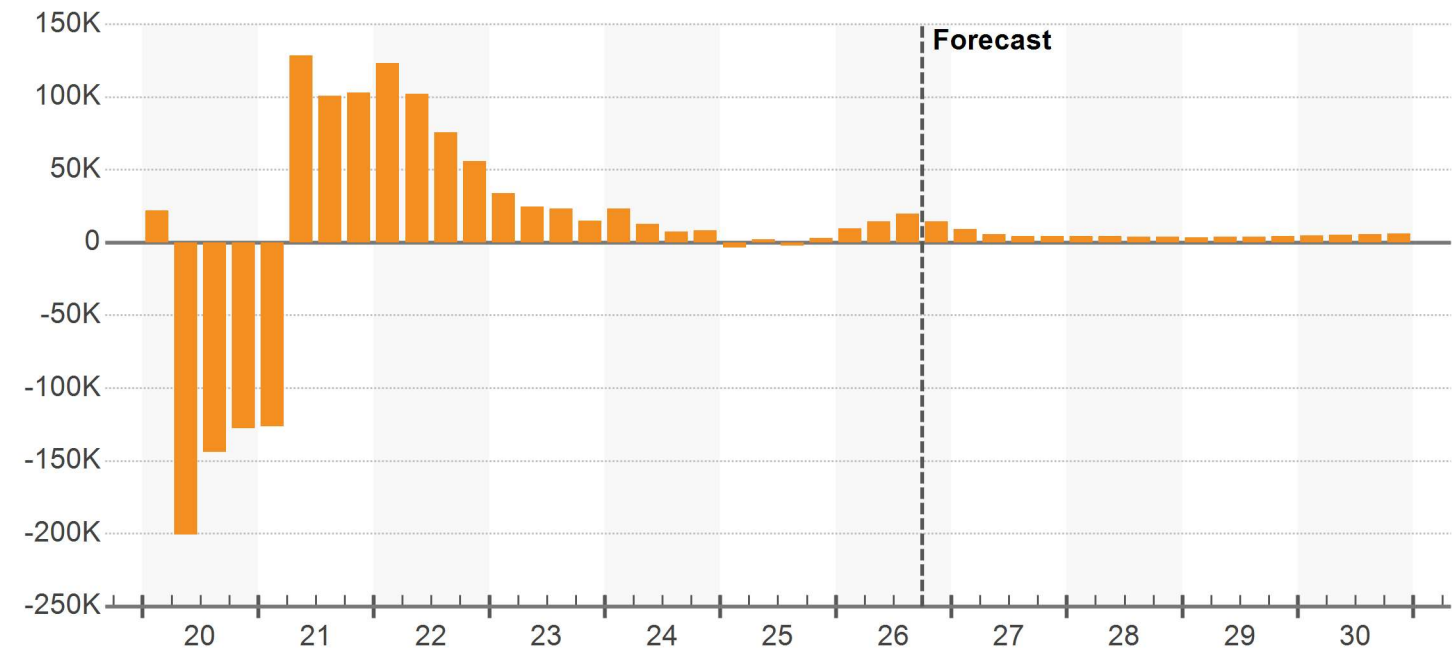


Source: Oxford Economics

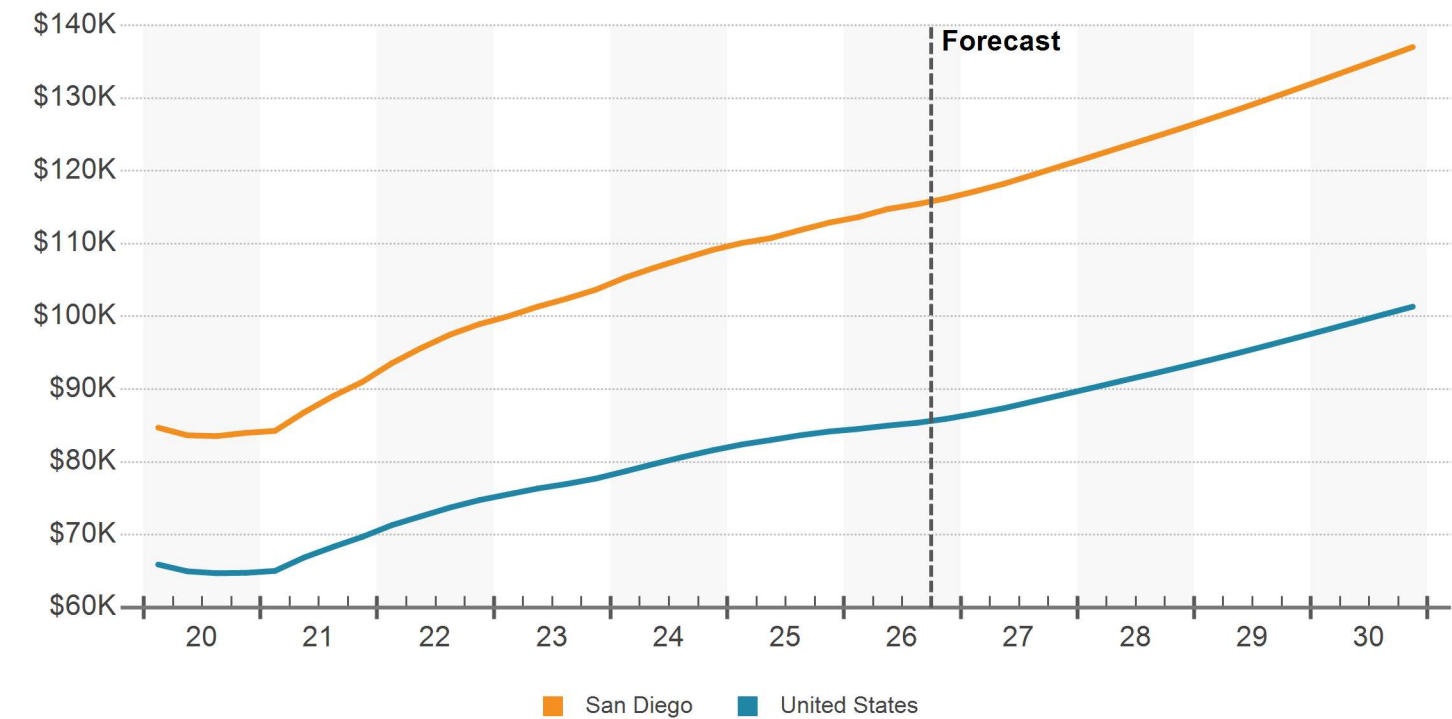
UNEMPLOYMENT RATE (%)



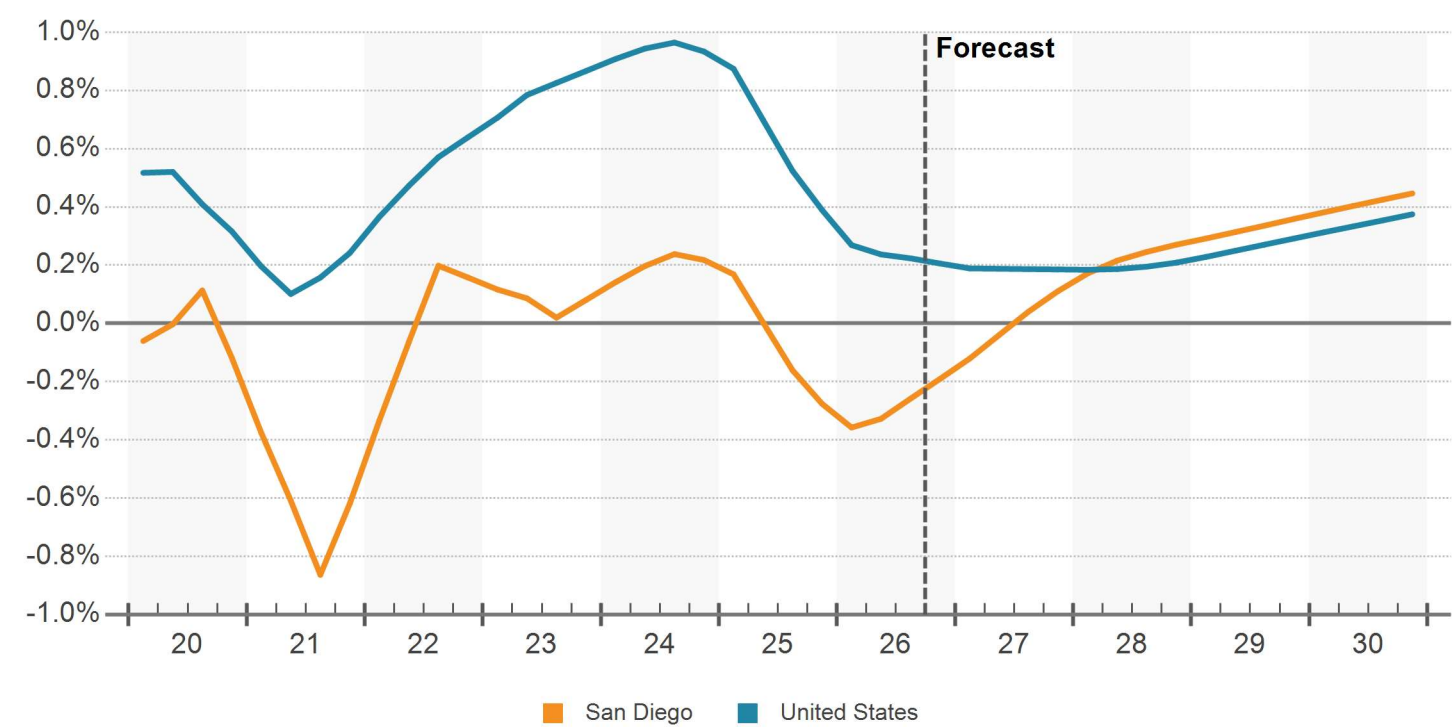
NET EMPLOYMENT CHANGE (YOY)



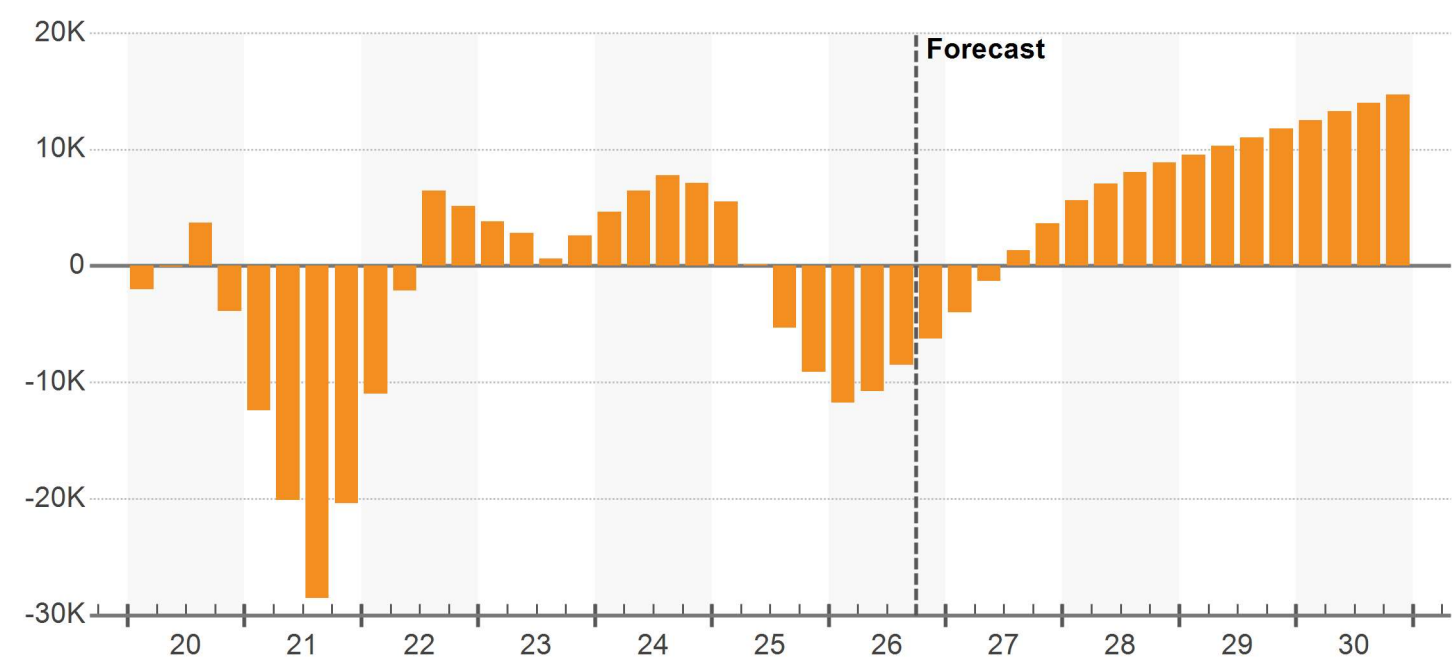
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

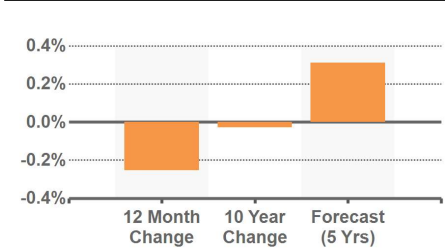


DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	3,273,735	342,557,625	-0.3%	0.2%	0%	0.5%	0.3%	0.3%
Households	1,184,372	134,631,078	0.2%	0.7%	0.4%	1.0%	0.6%	0.5%
Median Household Income	\$115,459	\$85,406	3.2%	2.0%	5.2%	4.1%	4.1%	4.1%
Labor Force	1,656,149	170,224,672	-1.0%	-0.4%	0.4%	0.7%	-0.1%	0.1%
Unemployment	4.5%	4.3%	-0.3%	0%	0%	-0.1%	-0.1%	0%

Source: Oxford Economics

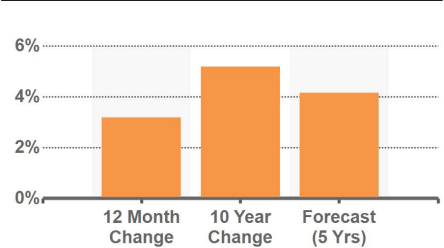
POPULATION GROWTH



LABOR FORCE GROWTH

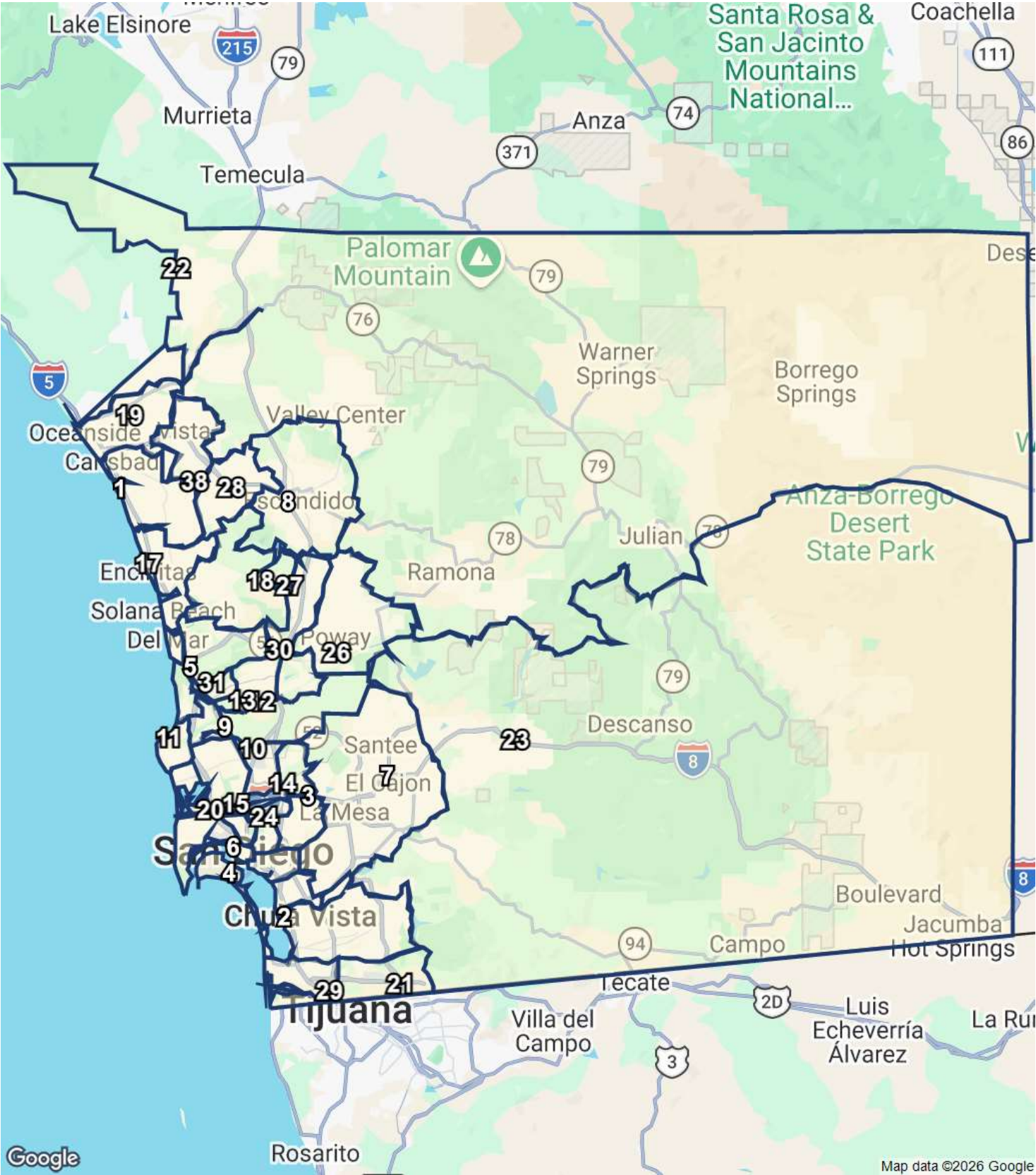


INCOME GROWTH



Source: Oxford Economics

SAN DIEGO SUBMARKETS



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	320	7,635	6.1%	5	0	0	0%	-	1	13	0.2%	5
2	Chula Vista	279	3,697	3.0%	11	1	75	2.0%	2	0	0	0%	-
3	College Area	150	1,628	1.3%	20	0	0	0%	-	1	19	1.2%	4
4	Coronado	23	171	0.1%	37	0	0	0%	-	0	0	0%	-
5	Del Mar Hts/Carmel Valley	96	6,696	5.4%	8	0	0	0%	-	0	0	0%	-
6	Downtown	227	16,548	13.2%	1	0	0	0%	-	0	0	0%	-
7	East County	696	5,670	4.5%	9	0	0	0%	-	1	50	0.9%	3
8	Escondido	307	2,675	2.1%	16	0	0	0%	-	0	0	0%	-
9	Governor Park	19	773	0.6%	26	0	0	0%	-	0	0	0%	-
10	Kearny Mesa	285	11,605	9.3%	2	0	0	0%	-	0	0	0%	-
11	La Jolla	104	1,583	1.3%	22	0	0	0%	-	0	0	0%	-
12	MCAS Miramar	1	32	0%	38	0	0	0%	-	0	0	0%	-
13	Mira Mesa/Miramar	45	1,063	0.8%	24	0	0	0%	-	0	0	0%	-
14	Mission Gorge	41	698	0.6%	29	0	0	0%	-	0	0	0%	-
15	Mission Valley	143	7,507	6.0%	6	0	0	0%	-	0	0	0%	-
16	National City	85	832	0.7%	25	0	0	0%	-	1	70	8.4%	2
17	North Beach Cities	322	3,431	2.7%	12	0	0	0%	-	0	0	0%	-
18	North Central County	37	410	0.3%	31	0	0	0%	-	0	0	0%	-
19	Oceanside	162	1,964	1.6%	17	0	0	0%	-	0	0	0%	-
20	Old Twn/S Arena/Pt Loma	205	2,837	2.3%	14	0	0	0%	-	0	0	0%	-
21	Otay Mesa	13	275	0.2%	34	0	0	0%	-	0	0	0%	-
22	Outlying SD County N	158	685	0.5%	30	0	0	0%	-	0	0	0%	-
23	Outlying SD County S	41	216	0.2%	36	0	0	0%	-	0	0	0%	-
24	Park East	70	325	0.3%	32	0	0	0%	-	0	0	0%	-
25	PB/Rose Canyon/Morena	208	1,855	1.5%	18	0	0	0%	-	0	0	0%	-
26	Poway	83	1,530	1.2%	23	0	0	0%	-	0	0	0%	-
27	Rancho Bernardo	129	6,805	5.4%	7	0	0	0%	-	0	0	0%	-
28	San Marcos	91	1,677	1.3%	19	0	0	0%	-	0	0	0%	-
29	San Ysidro/Imperial Beach	37	280	0.2%	33	1	9	3.2%	3	0	0	0%	-
30	Scripps Ranch	56	2,727	2.2%	15	0	0	0%	-	0	0	0%	-
31	Sorrento Mesa	147	10,982	8.8%	3	0	0	0%	-	0	0	0%	-
32	Sorrento Valley	33	747	0.6%	27	0	0	0%	-	0	0	0%	-
33	Southeast San Diego	91	720	0.6%	28	0	0	0%	-	0	0	0%	-
34	Torrey Pines	50	3,782	3.0%	10	0	0	0%	-	0	0	0%	-
35	Uptown East	69	266	0.2%	35	0	0	0%	-	0	0	0%	-
36	Uptown West/Park West	368	3,158	2.5%	13	0	0	0%	-	0	0	0%	-
37	UTC	98	10,054	8.0%	4	1	404	4.0%	1	1	467	4.6%	1
38	Vista	174	1,611	1.3%	21	0	0	0%	-	0	0	0%	-

Submarkets

San Diego Office

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	\$39.80	11	1.2%	5	2.2%	17
2	Chula Vista	\$38.37	15	0.7%	13	2.9%	14
3	College Area	\$33.56	24	0.3%	27	0.1%	31
4	Coronado	\$44.75	8	0.2%	29	0.1%	30
5	Del Mar Hts/Carmel Valley	\$67.64	1	3.6%	1	3.0%	13
6	Downtown	\$38.86	12	1.3%	4	1.3%	24
7	East County	\$32.38	30	0.3%	24	3.2%	12
8	Escondido	\$32.97	28	0.7%	11	9.9%	6
9	Governor Park	\$38.80	13	0.1%	36	0%	34
10	Kearny Mesa	\$37.22	17	1.1%	6	1.9%	19
11	La Jolla	\$48.32	6	0.2%	34	14.0%	4
12	MCAS Miramar	\$33.29	25	0%	37	0%	-
13	Mira Mesa/Miramar	\$31.82	32	0.4%	19	15.3%	3
14	Mission Gorge	\$31.61	33	0.7%	12	0%	35
15	Mission Valley	\$37.70	16	1.0%	7	2.2%	18
16	National City	\$33.99	23	0.4%	20	1.0%	25
17	North Beach Cities	\$50.08	4	0.8%	10	7.3%	9
18	North Central County	\$56.47	2	0.3%	23	11.2%	5
19	Oceanside	\$32.73	29	0.6%	14	2.5%	15
20	Old Twn/S Arena/Pt Loma	\$35.83	19	0.3%	26	9.2%	7
21	Otay Mesa	\$33.11	27	0.2%	32	0.2%	29
22	Outlying SD County N	\$26.78	38	0.2%	33	0.7%	27
23	Outlying SD County S	\$31.24	34	0.4%	21	-0.1%	37
24	Park East	\$34.19	20	0.3%	28	1.5%	23
25	PB/Rose Canyon/Morena	\$33.12	26	0.2%	30	1.8%	21
26	Poway	\$34.12	21	0.9%	8	29.4%	1
27	Rancho Bernardo	\$39.92	10	1.4%	3	4.5%	10
28	San Marcos	\$32.37	31	0.8%	9	0.4%	28
29	San Ysidro/Imperial Beach	\$30.45	37	0.1%	35	0%	32
30	Scripps Ranch	\$38.46	14	1.4%	2	9.0%	8
31	Sorrento Mesa	\$45.84	7	0.3%	22	1.9%	20
32	Sorrento Valley	\$40.71	9	0.5%	16	19.7%	2
33	Southeast San Diego	\$34.10	22	0.3%	25	1.6%	22
34	Torrey Pines	\$48.84	5	0.4%	18	1.0%	26
35	Uptown East	\$31.16	35	-0.1%	38	0%	33
36	Uptown West/Park West	\$35.89	18	0.2%	31	-0.1%	36
37	UTC	\$54.41	3	0.5%	17	3.3%	11
38	Vista	\$31.02	36	0.5%	15	2.5%	16

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Carlsbad	1,170,041	15.3%	32	(28,324)	-0.4%	31	-
2	Chula Vista	147,780	4.0%	8	68,086	1.8%	5	1.1
3	College Area	69,034	4.2%	10	(15,308)	-0.9%	26	-
4	Coronado	7,301	4.3%	11	10,033	5.9%	10	-
5	Del Mar Hts/Carmel Valley	606,411	9.1%	22	43,080	0.6%	7	-
6	Downtown	5,297,230	32.0%	37	1,022	0%	14	-
7	East County	233,000	4.1%	9	(83,613)	-1.5%	36	-
8	Escondido	251,059	9.4%	23	(10,785)	-0.4%	22	-
9	Governor Park	47,382	6.1%	15	(10,730)	-1.4%	21	-
10	Kearny Mesa	898,125	7.7%	20	192,058	1.7%	2	-
11	La Jolla	188,988	11.9%	29	49,624	3.1%	6	-
12	MCAS Miramar	-	-	-	0	0%	-	-
13	Mira Mesa/Miramar	117,184	11.0%	27	(18,581)	-1.7%	27	-
14	Mission Gorge	25,027	3.6%	4	3,988	0.6%	13	-
15	Mission Valley	854,613	11.4%	28	166,650	2.2%	3	-
16	National City	30,491	3.7%	6	13,664	1.6%	9	-
17	North Beach Cities	326,710	9.5%	24	(36,710)	-1.1%	32	-
18	North Central County	40,729	9.9%	25	(12,113)	-3.0%	23	-
19	Oceanside	149,430	7.6%	19	(12,769)	-0.7%	24	-
20	Old Twn/S Arena/Pt Loma	252,008	8.9%	21	(57,911)	-2.0%	35	-
21	Otay Mesa	67,628	24.6%	35	(21,887)	-8.0%	30	-
22	Outlying SD County N	27,241	4.0%	7	(14,358)	-2.1%	25	-
23	Outlying SD County S	11,719	5.4%	13	(6,555)	-3.0%	20	-
24	Park East	11,900	3.7%	5	(19,367)	-6.0%	28	-
25	PB/Rose Canyon/Morena	100,561	5.4%	12	7,745	0.4%	11	-
26	Poway	86,302	5.6%	14	(1,109)	-0.1%	16	-
27	Rancho Bernardo	494,871	7.3%	17	33,550	0.5%	8	-
28	San Marcos	116,627	7.0%	16	(20,778)	-1.2%	29	-
29	San Ysidro/Imperial Beach	2,600	0.9%	1	7,468	2.7%	12	1.2
30	Scripps Ranch	432,431	15.9%	33	124,473	4.6%	4	-
31	Sorrento Mesa	2,807,794	25.6%	36	(430,389)	-3.9%	38	-
32	Sorrento Valley	148,660	19.9%	34	(4,737)	-0.6%	18	-
33	Southeast San Diego	19,844	2.8%	3	(6,384)	-0.9%	19	-
34	Torrey Pines	411,645	10.9%	26	(89,802)	-2.4%	37	-
35	Uptown East	2,821	1.1%	2	(2,718)	-1.0%	17	-
36	Uptown West/Park West	232,547	7.4%	18	(45,884)	-1.5%	33	-
37	UTC	1,392,482	13.8%	31	405,331	4.0%	1	-
38	Vista	204,079	12.7%	30	(51,317)	-3.2%	34	-

Supply & Demand Trends

San Diego Office

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2030	124,775,448	(38,359)	0%	(294,223)	-0.2%	-
2029	124,813,807	(144,880)	-0.1%	(375,870)	-0.3%	-
2028	124,958,687	121,863	0.1%	(186,631)	-0.1%	-
2027	124,836,824	(285,854)	-0.2%	(272,376)	-0.2%	-
2026	125,122,678	(401,111)	-0.3%	(297,376)	-0.2%	-
YTD	125,150,947	(372,842)	-0.3%	(81,643)	-0.1%	-
2025	125,523,789	2,779,768	2.3%	(379,368)	-0.3%	-
2024	122,744,021	1,193,292	1.0%	(186,692)	-0.2%	-
2023	121,550,729	257,568	0.2%	(311,865)	-0.3%	-
2022	121,293,161	170,958	0.1%	932,793	0.8%	0.2
2021	121,122,203	557,862	0.5%	1,117,196	0.9%	0.5
2020	120,564,341	1,398,525	1.2%	(1,696,703)	-1.4%	-
2019	119,165,816	292,633	0.2%	837,261	0.7%	0.3
2018	118,873,183	277,543	0.2%	827,192	0.7%	0.3
2017	118,595,640	(199,674)	-0.2%	(350,720)	-0.3%	-
2016	118,795,314	655,512	0.6%	1,644,007	1.4%	0.4
2015	118,139,802	632,387	0.5%	1,004,746	0.9%	0.6
2014	117,507,415	837,882	0.7%	1,284,447	1.1%	0.7

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2030	44,713,898	256,555	0.6%	53,798	0.1%	4.8
2029	44,457,343	158,698	0.4%	5,579	0%	28.4
2028	44,298,645	429,562	1.0%	213,590	0.5%	2.0
2027	43,869,083	(9,570)	0%	164,689	0.4%	-
2026	43,878,653	60,245	0.1%	188,153	0.4%	0.3
YTD	43,893,408	75,000	0.2%	244,977	0.6%	0.3
2025	43,818,408	2,990,924	7.3%	596,148	1.4%	5.0
2024	40,827,484	1,609,576	4.1%	611,125	1.5%	2.6
2023	39,217,908	527,153	1.4%	58,104	0.1%	9.1
2022	38,690,755	483,393	1.3%	565,998	1.5%	0.9
2021	38,207,362	819,205	2.2%	826,188	2.2%	1.0
2020	37,388,157	1,298,244	3.6%	157,139	0.4%	8.3
2019	36,089,913	368,770	1.0%	951,041	2.6%	0.4
2018	35,721,143	845,331	2.4%	415,143	1.2%	2.0
2017	34,875,812	596,921	1.7%	203,346	0.6%	2.9
2016	34,278,891	336,375	1.0%	249,441	0.7%	1.3
2015	33,942,516	807,699	2.4%	561,977	1.7%	1.4
2014	33,134,817	831,000	2.6%	775,003	2.3%	1.1

Supply & Demand Trends

San Diego Office

3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2030	52,337,992	(239,590)	-0.5%	(287,173)	-0.5%	-
2029	52,577,582	(243,671)	-0.5%	(296,311)	-0.6%	-
2028	52,821,253	(245,791)	-0.5%	(277,121)	-0.5%	-
2027	53,067,044	(214,372)	-0.4%	(272,578)	-0.5%	-
2026	53,281,416	(363,208)	-0.7%	(246,835)	-0.5%	-
YTD	53,281,242	(363,382)	-0.7%	(144,745)	-0.3%	-
2025	53,644,624	(158,059)	-0.3%	(631,471)	-1.2%	-
2024	53,802,683	(323,298)	-0.6%	(649,812)	-1.2%	-
2023	54,125,981	(247,410)	-0.5%	(566,050)	-1.0%	-
2022	54,373,391	(267,424)	-0.5%	190,009	0.3%	-
2021	54,640,815	(161,676)	-0.3%	357,310	0.7%	-
2020	54,802,491	189,743	0.3%	(1,583,769)	-2.9%	-
2019	54,612,748	62,516	0.1%	127,078	0.2%	0.5
2018	54,550,232	(348,546)	-0.6%	413,434	0.8%	-
2017	54,898,778	(650,200)	-1.2%	(429,970)	-0.8%	-
2016	55,548,978	423,539	0.8%	1,043,320	1.9%	0.4
2015	55,125,439	(69,435)	-0.1%	189,135	0.3%	-
2014	55,194,874	111,394	0.2%	366,763	0.7%	0.3

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2030	27,723,558	(55,324)	-0.2%	(60,848)	-0.2%	-
2029	27,778,882	(59,907)	-0.2%	(85,138)	-0.3%	-
2028	27,838,789	(61,908)	-0.2%	(123,100)	-0.4%	-
2027	27,900,697	(61,912)	-0.2%	(164,487)	-0.6%	-
2026	27,962,609	(98,148)	-0.3%	(238,694)	-0.9%	-
YTD	27,976,297	(84,460)	-0.3%	(181,875)	-0.7%	-
2025	28,060,757	(53,097)	-0.2%	(344,045)	-1.2%	-
2024	28,113,854	(92,986)	-0.3%	(148,005)	-0.5%	-
2023	28,206,840	(22,175)	-0.1%	196,081	0.7%	-
2022	28,229,015	(45,011)	-0.2%	176,786	0.6%	-
2021	28,274,026	(99,667)	-0.4%	(66,302)	-0.2%	-
2020	28,373,693	(89,462)	-0.3%	(270,073)	-1.0%	-
2019	28,463,155	(138,653)	-0.5%	(240,858)	-0.8%	-
2018	28,601,808	(219,242)	-0.8%	(1,385)	0%	-
2017	28,821,050	(146,395)	-0.5%	(124,096)	-0.4%	-
2016	28,967,445	(104,402)	-0.4%	351,246	1.2%	-
2015	29,071,847	(105,877)	-0.4%	253,634	0.9%	-
2014	29,177,724	(104,512)	-0.4%	142,681	0.5%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2030	\$44.10	142	1.2%	6.3%	18,306,664	14.7%	0.2%
2029	\$43.57	141	1.1%	5.0%	18,041,363	14.5%	0.2%
2028	\$43.09	139	1.4%	3.9%	17,800,098	14.2%	0.2%
2027	\$42.49	137	1.8%	2.4%	17,479,958	14.0%	0%
2026	\$41.75	135	0.6%	0.6%	17,481,728	14.0%	0%
YTD	\$41.62	134	1.0%	0.3%	17,284,295	13.8%	-0.2%
2025	\$41.49	134	1.5%	0%	17,575,494	14.0%	2.3%
2024	\$40.88	132	0.1%	-1.5%	14,416,358	11.7%	1.0%
2023	\$40.82	132	2.5%	-1.6%	13,036,375	10.7%	0.4%
2022	\$39.83	129	2.9%	-4.0%	12,466,920	10.3%	-0.6%
2021	\$38.72	125	2.6%	-6.7%	13,228,755	10.9%	-0.5%
2020	\$37.73	122	1.7%	-9.1%	13,788,089	11.4%	2.5%
2019	\$37.11	120	4.5%	-10.5%	10,692,861	9.0%	-0.5%
2018	\$35.53	115	4.6%	-14.4%	11,237,489	9.5%	-0.5%
2017	\$33.97	110	3.7%	-18.1%	11,783,896	9.9%	0.1%
2016	\$32.77	106	2.9%	-21.0%	11,626,083	9.8%	-0.9%
2015	\$31.83	103	5.2%	-23.3%	12,614,578	10.7%	-0.4%
2014	\$30.27	98	8.1%	-27.0%	12,974,218	11.0%	-0.5%

4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2030	\$53.45	142	-0.1%	5.6%	9,408,837	21.0%	0.3%
2029	\$53.48	142	0.3%	5.7%	9,205,976	20.7%	0.3%
2028	\$53.34	141	1.4%	5.4%	9,052,492	20.4%	0.3%
2027	\$52.58	139	3.4%	3.9%	8,836,046	20.1%	-0.4%
2026	\$50.87	135	1.0%	0.5%	9,009,743	20.5%	-0.3%
YTD	\$50.46	134	2.0%	-0.3%	8,965,947	20.4%	-0.4%
2025	\$50.37	134	0.9%	-0.5%	9,135,924	20.8%	4.3%
2024	\$49.93	132	-1.4%	-1.4%	6,741,148	16.5%	1.9%
2023	\$50.62	134	2.6%	0%	5,742,698	14.6%	1.0%
2022	\$49.32	131	1.5%	-2.6%	5,273,649	13.6%	-0.4%
2021	\$48.59	129	2.0%	-4.0%	5,356,254	14.0%	-0.3%
2020	\$47.62	126	2.7%	-5.9%	5,363,237	14.3%	2.6%
2019	\$46.38	123	6.5%	-8.4%	4,222,132	11.7%	-1.8%
2018	\$43.53	115	5.9%	-14.0%	4,804,403	13.4%	0.9%
2017	\$41.09	109	3.0%	-18.8%	4,374,215	12.5%	0.9%
2016	\$39.89	106	0.5%	-21.2%	3,973,873	11.6%	0.1%
2015	\$39.68	105	3.3%	-21.6%	3,886,939	11.5%	0.5%
2014	\$38.41	102	10.9%	-24.1%	3,641,217	11.0%	-0.1%

3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2030	\$41.39	143	2.1%	7.1%	6,859,424	13.1%	0.2%
2029	\$40.54	140	1.8%	4.9%	6,809,326	13.0%	0.2%
2028	\$39.84	138	1.5%	3.1%	6,753,865	12.8%	0.1%
2027	\$39.25	136	1.1%	1.6%	6,718,647	12.7%	0.2%
2026	\$38.84	134	0.5%	0.5%	6,657,144	12.5%	-0.1%
YTD	\$38.81	134	0.4%	0.4%	6,547,643	12.3%	-0.3%
2025	\$38.63	133	2.5%	0%	6,766,280	12.6%	0.9%
2024	\$37.70	130	1.6%	-2.4%	6,292,868	11.7%	0.7%
2023	\$37.11	128	1.5%	-3.9%	5,966,354	11.0%	0.6%
2022	\$36.57	126	3.6%	-5.3%	5,647,714	10.4%	-0.8%
2021	\$35.30	122	3.2%	-8.6%	6,105,147	11.2%	-0.9%
2020	\$34.21	118	0.6%	-11.4%	6,624,133	12.1%	3.2%
2019	\$34	117	2.9%	-12.0%	4,850,621	8.9%	-0.1%
2018	\$33.03	114	3.2%	-14.5%	4,915,183	9.0%	-1.3%
2017	\$31.99	110	4.1%	-17.2%	5,677,163	10.3%	-0.3%
2016	\$30.72	106	4.9%	-20.5%	5,897,393	10.6%	-1.2%
2015	\$29.27	101	7.5%	-24.2%	6,517,174	11.8%	-0.4%
2014	\$27.23	94	6.1%	-29.5%	6,763,025	12.3%	-0.5%

1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2030	\$34.41	143	2.3%	4.8%	2,038,403	7.4%	0.1%
2029	\$33.62	140	1.8%	2.4%	2,026,061	7.3%	0.1%
2028	\$33.03	137	1.1%	0.6%	1,993,741	7.2%	0.3%
2027	\$32.67	136	-0.4%	-0.5%	1,925,265	6.9%	0.4%
2026	\$32.81	137	-0.1%	-0.1%	1,814,841	6.5%	0.5%
YTD	\$32.94	137	0.2%	0.3%	1,770,705	6.3%	0.4%
2025	\$32.83	137	0.8%	0%	1,673,290	6.0%	1.0%
2024	\$32.58	136	0.7%	-0.8%	1,382,342	4.9%	0.2%
2023	\$32.36	135	4.4%	-1.4%	1,327,323	4.7%	-0.8%
2022	\$31	129	4.9%	-5.6%	1,545,557	5.5%	-0.8%
2021	\$29.56	123	2.8%	-10.0%	1,767,354	6.3%	-0.1%
2020	\$28.76	120	1.5%	-12.4%	1,800,719	6.3%	0.7%
2019	\$28.34	118	2.7%	-13.7%	1,620,108	5.7%	0.4%
2018	\$27.59	115	4.4%	-16.0%	1,517,903	5.3%	-0.7%
2017	\$26.43	110	4.2%	-19.5%	1,732,518	6.0%	0%
2016	\$25.36	106	4.5%	-22.8%	1,754,817	6.1%	-1.5%
2015	\$24.26	101	4.8%	-26.1%	2,210,465	7.6%	-1.2%
2014	\$23.15	96	5.6%	-29.5%	2,569,976	8.8%	-0.8%

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
2030	-	-	-	-	-	-	\$334.20	136	7.7%
2029	-	-	-	-	-	-	\$330.40	134	7.7%
2028	-	-	-	-	-	-	\$325.46	132	7.8%
2027	-	-	-	-	-	-	\$319.27	129	7.8%
2026	-	-	-	-	-	-	\$307.95	125	7.9%
YTD	195	\$1B	3.8%	\$5,879,004	\$247.22	7.5%	\$305.30	124	8.0%
2025	235	\$1.7B	5.7%	\$7,908,014	\$261.49	6.2%	\$302.95	123	8.1%
2024	198	\$961.4M	3.7%	\$5,622,462	\$213.83	7.6%	\$302.63	123	8.1%
2023	189	\$790.3M	1.9%	\$4,760,655	\$368.15	6.1%	\$328.65	133	7.5%
2022	360	\$2.2B	5.4%	\$6,775,243	\$389.11	5.5%	\$344.50	140	7.0%
2021	364	\$3.1B	7.0%	\$9,521,810	\$375.82	6.0%	\$359.99	146	6.4%
2020	258	\$1.4B	3.4%	\$5,912,874	\$343.59	5.9%	\$340.26	138	6.6%
2019	386	\$2.4B	6.7%	\$8,943,402	\$350.10	6.3%	\$328.35	133	6.7%
2018	434	\$2.4B	7.1%	\$7,383,909	\$339.38	6.1%	\$326.12	132	6.5%
2017	397	\$2.1B	6.8%	\$7,335,788	\$277.37	6.3%	\$315.58	128	6.4%
2016	368	\$1.8B	6.9%	\$5,961,901	\$263.43	6.4%	\$314.80	128	6.1%
2015	473	\$2.4B	9.6%	\$6,375,853	\$243.29	6.3%	\$310.21	126	6.1%

(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
2030	-	-	-	-	-	-	\$367.29	113	8.0%
2029	-	-	-	-	-	-	\$368.43	114	8.0%
2028	-	-	-	-	-	-	\$366.01	113	8.0%
2027	-	-	-	-	-	-	\$357.45	110	8.0%
2026	-	-	-	-	-	-	\$336.82	104	8.2%
YTD	21	\$501.1M	5.9%	\$27,840,056	\$223.78	9.3%	\$332.19	103	8.2%
2025	17	\$823M	8.5%	\$51,436,116	\$226.44	7.7%	\$335.17	103	8.3%
2024	12	\$333.7M	5.3%	\$27,806,643	\$153.75	-	\$348.73	108	8.1%
2023	6	\$312.4M	2.1%	\$52,063,966	\$371.47	4.5%	\$395.39	122	7.2%
2022	12	\$572.7M	3.1%	\$63,635,047	\$596.56	4.5%	\$414.97	128	6.7%
2021	22	\$1.4B	8.8%	\$62,271,877	\$409.52	6.6%	\$435.06	134	6.1%
2020	13	\$611.4M	3.8%	\$47,029,899	\$435.08	-	\$420.20	130	6.3%
2019	18	\$1B	6.5%	\$65,468,930	\$481.57	6.3%	\$408.24	126	6.4%
2018	31	\$957.9M	8.2%	\$36,840,689	\$431.79	6.8%	\$407.51	126	6.2%
2017	21	\$712.4M	6.1%	\$35,617,732	\$343.38	6.0%	\$397.60	123	6.0%
2016	26	\$753.8M	8.6%	\$35,892,894	\$312.48	5.8%	\$395.15	122	5.8%
2015	26	\$604.6M	7.3%	\$37,786,255	\$302.51	6.4%	\$396.95	123	5.7%

(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
2030	-	-	-	-	-	-	\$319.99	149	7.6%
2029	-	-	-	-	-	-	\$313.48	146	7.6%
2028	-	-	-	-	-	-	\$306.88	143	7.7%
2027	-	-	-	-	-	-	\$301.14	140	7.7%
2026	-	-	-	-	-	-	\$293.10	137	7.9%
YTD	89	\$365.8M	3.0%	\$4,516,068	\$267	6.9%	\$291.30	136	7.9%
2025	115	\$697.8M	5.5%	\$6,645,343	\$288.79	6.8%	\$287.48	134	8.0%
2024	94	\$416.4M	3.3%	\$5,626,924	\$237.75	7.4%	\$279.96	130	8.1%
2023	82	\$278.5M	1.7%	\$4,284,753	\$352.95	6.4%	\$296.18	138	7.6%
2022	146	\$1.1B	6.8%	\$9,015,758	\$356.62	5.9%	\$310.29	145	7.1%
2021	152	\$1.3B	6.8%	\$10,539,552	\$372.68	6.1%	\$324.02	151	6.5%
2020	97	\$475.9M	2.8%	\$5,665,271	\$316.91	5.7%	\$301.68	141	6.8%
2019	159	\$1.1B	8.3%	\$8,610,646	\$290.28	6.5%	\$289.91	135	6.9%
2018	174	\$1.1B	7.3%	\$7,624,556	\$301.93	6.4%	\$288.94	135	6.7%
2017	118	\$1.1B	7.8%	\$10,523,343	\$263.59	6.4%	\$277.98	129	6.6%
2016	134	\$733.3M	7.0%	\$6,606,634	\$231.87	6.3%	\$278.86	130	6.3%
2015	174	\$1.4B	12.3%	\$8,858,384	\$236.34	6.7%	\$271.95	127	6.3%

(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
2030	-	-	-	-	-	-	\$308.80	167	7.4%
2029	-	-	-	-	-	-	\$302.32	164	7.5%
2028	-	-	-	-	-	-	\$296.57	161	7.5%
2027	-	-	-	-	-	-	\$293.28	159	7.5%
2026	-	-	-	-	-	-	\$290.45	157	7.7%
YTD	85	\$150.1M	2.1%	\$2,028,989	\$297.57	7.2%	\$289.32	157	7.7%
2025	103	\$195.3M	1.9%	\$2,034,378	\$381.57	5.8%	\$281.31	152	7.9%
2024	92	\$211.4M	2.1%	\$2,486,694	\$367.87	7.9%	\$272.70	148	7.9%
2023	101	\$199.4M	2.0%	\$2,098,695	\$385.97	6.1%	\$284.66	154	7.6%
2022	202	\$511.3M	5.7%	\$2,662,941	\$326.89	5.2%	\$297.94	161	7.0%
2021	190	\$424.2M	5.0%	\$2,356,506	\$303.27	5.7%	\$309.47	168	6.4%
2020	148	\$296.3M	4.0%	\$2,163,074	\$264.56	6.1%	\$287	155	6.7%
2019	209	\$238.2M	3.7%	\$1,936,770	\$280.77	6.2%	\$274.90	149	6.9%
2018	229	\$313.7M	5.3%	\$2,077,608	\$280.44	5.7%	\$267.85	145	6.7%
2017	258	\$292.2M	5.8%	\$1,792,723	\$218.55	6.4%	\$257.14	139	6.6%
2016	208	\$283.6M	4.6%	\$1,718,772	\$247.27	6.6%	\$255.88	139	6.3%
2015	273	\$343.5M	7.2%	\$1,761,642	\$198.89	5.9%	\$245.54	133	6.3%

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