

FOURTH QUARTER 2014 SAN DIEGO



MARKET CHANGE

Compared to 2013:



Net Absorption



Lease Rates



Transactions



Deliveries



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HIGHLIGHTS

- Steady Growth The San Diego office market had another year of improvement, posting over 1.3 million square feet of positive net absorption along with a hearty 18¢ per square foot increase in asking rental rates. The market now has a total of 7.2 million square feet of positive absorption for the last four years. Vacancy and availability continued their downward trends and new office deliveries increased.
- **Construction** Office deliveries have consistently been around 400,000-700,000 square feet a year over the past four years. This rate of construction is below the historical average and has helped to push vacancy down, but delivery levels are trending upwards. The Irvine Company's 300,000 square foot speculative office building that broke ground at the start of 2014 signaled a maturation in the current recovery and other speculative office development has since broken ground as well.
- Vacancy Direct/sublease space (unoccupied) finished the year at 11.69%, a 4.9% decrease from the previous year's figure of 12.29%. Rancho Bernardo posted the lowest vacancy rate of any submarket with at least five million square feet of inventory at 6.92%.
- Availability Direct/sublease space being marketed was 14.29% at the end of the quarter, significant decrease from the 16.28% availability rate of the previous year.
- Lease Rates The average asking full-service gross (FSG) lease rate per square foot per month in San Diego County was \$2.40 at the end of the fourth quarter, a five-cent increase from the prior quarter and a eighteen-cent increase over 2013's fourth quarter rate of \$2.20. The record high rate of \$2.76 was established in the first and second quarters of 2008.
- Absorption The San Diego office market posted 1,366,079 square feet of positive net absorption in 2014. Class A office led the way with 1,103,758 square feet of positive net

absorption. This is nearly four times the amount of positive net absorption in Class B Office, despite the class A Sector of the San Diego Office market being 35% smaller than Class B.

- Transaction Activity Sale and lease transactions totaled 15.5 million square feet in 2014, a slight increase from the 15.1 million square feet transacted in the previous year. This statistic can have some lag time in being reported, so look for figures to end up somewhat higher in the next report. Details of the largest transactions can be found on the back page of this report.
- Employment The unemployment rate in San Diego County was 5.8% in November 2014, unchanged from a revised 5.8% in October 2014 and below the year-ago estimate of 7.0%. This compares with an unadjusted unemployment rate of 7.1% for California and 5.5% for the nation during the same period. According to the State of California Employment Development Department, San Diego County gained 43,000 payroll jobs from November 2013 and November 2014, including 13,300 from professional and business services, 7,700 from educational and health services, and 6,500 from leisure and hospitality. The financial activities sector recorded the greatest number of job losses, down 800 year over year.
- Overall Construction levels of new office product are still lower than 2005-2008, but the San Diego office market has now recorded three consecutive year over year increases in office square feet delivered. In part because of the rising levels of office construction, occupancy increases are slowing. Yet at the same time, rental rate increases are accelerating. The office market is steady but not explosive, and Class A office product has fared the best through this recovery. Unemployment rates have continued to trend downward since the peak in January 2010. As job creation continues and consumer confidence stabilizes, the office market recovery will continue.

FORECAST

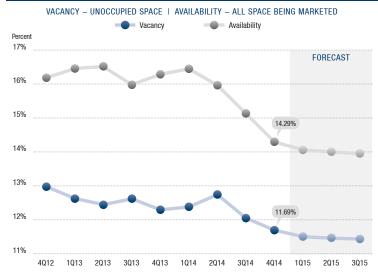
- **Construction** The recovery of the San Diego office market has now matured to the point that we have multiple speculative office developments under construction. Local office development is trending upward.
- **Employment** We anticipate job growth of around 1.9%, or 24,600, jobs in San Diego County over the year. Look for sectors like construction, administrative & support, and transportation & utilities to lead the way for employment gains in 2015.
- Lease Rates Expect the average asking lease rate to increase by 4% to 7% percent over the next four quarters.
- Vacancy We anticipate vacancy to descend at a moderate pace in coming quarters, dropping to approximately 11.4%, by the end of the third quarter of 2015.

OVERVIEW

	2014	2013	2012	% of Change vs. 2013
Total Vacancy Rate	11.69%	12.29%	12.99%	(4.88%)
Availability Rate	14.29%	16.28%	16.19%	(12.22%)
Average Asking Lease Rate	\$2.40	\$2.22	\$2.13	8.11%
Sale & Lease Transactions	15,529,551	15,144,777	15,262,466	2.54%
Gross Absorption	8,115,863	8,177,972	8,404,786	(0.76%)
Net Absorption	1,366,079	1,406,221	1,867,439	N/A

OFFICE

VACANCY & AVAILABILITY RATE

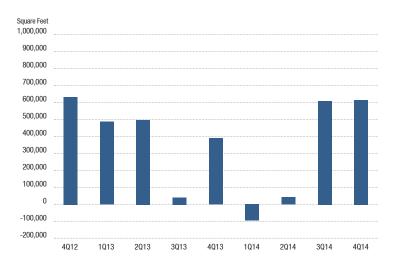


LEASE TRANSACTIONS



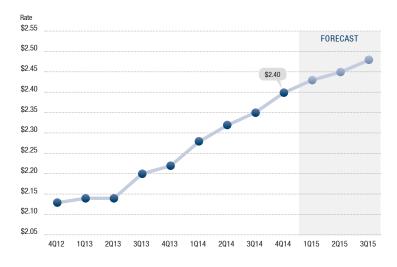
NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



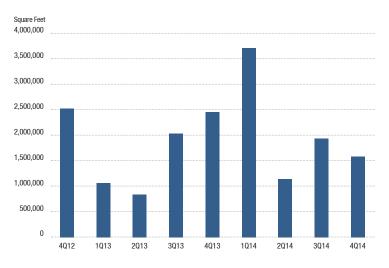
AVERAGE ASKING FULL-SERVICE LEASE RATE

MONTHLY OCCUPANCY COST ON A PER SQ. FT. BASIS



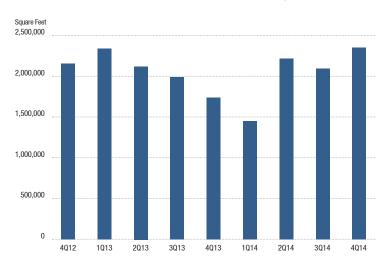
SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



GROSS ABSORPTION

TOTAL AMOUNT OF SPACE THAT BECAME OCCUPIED IN A QUARTER



OFFICE

Voit REAL ESTATE SERVICES

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Cari Hal Cari Halph Chemania Part 102-257 20.00 0 09.1936 8.89% 01.104 8.89% 01.00 15.195 20.400 0.0 0	Downtown	134	12,546,178	320,000	1,061,944	1,909,351	15.22%	2,177,508	17.36%	\$2.21	(5,510)	160,846	218,877	881,786
Cgy Indexa 1 1 2 1 2 1 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 1	Downtown Total	134	12,546,178	320,000	1,061,944	1,909,351	15.22%	2,177,508	17.36%	\$2.21	(5,510)	160,846	218,877	881,786
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Onewale 0 10 0<	City Heights/University	28	1,032,587	25,000	0	91,864	8.90%	91,184	8.83%	\$0.00	16,195	36,498	20,620	62,641
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North County Total 330 12,859,222 252,164 1,033,556 1,779,941 13,84% 2,182,795 17,05% \$2,81 74,731 184,447 361,109 1,288,70 Governor Park 19 870,142 0 0 155,162 17,83% 179,891 20,67% \$2,38 (6,619) (24,401) 12,589 45,5 La Jolla 53 1,606,068 0 0 285,103 16,09% 352,125 19,87% \$2,004) (47,535) 22,189 69,3 Sorrento Masa 122 9,862,872 0 1,865,576 70,859 1,232,303 12,89% \$2,004) (47,535) 22,189 56,017 10,693 Sorrento Maley 24 690,576 0 0 100,000 40,076 32,339 11,89% \$3,830 (71,759) 14,732 7,232 03,170 1,700,710 10,42,033 11,89% \$3,837,746 15,15% \$3,38 415,355 445,559 85,519 2,617,7 Southant Son Song Song Song Song Song S				··•····	*******	•••••••		••••••	••• •••••••			***************************************		492,748
Solution														1,288,194
Governo Park 19 870,142 0 0 155,162 17.83% 179,891 20.67% 52.38 (6,819) (34,401) 12,589 45.5 La Jolla 53 1,606,068 0 0 244,671 15,23% 284,945 17,74% \$3.39 (25,004) (47,535) 22,189 692, Miranar 38 1,772,311 0 0 285,103 16,09% 322,125 18,87% \$2.08 (6,495) 32,119 17,016 692, Sorrento Walley 24 690,576 0 0 80,012 11.59% 54,227 7.85% \$0.00 (554) 7.042 1,866 562, Sorrento Walley 24 690,576 0 0 100,006 4.00% 321,339 11.89% \$3.35 (77,1759) 14,732 7.322 933, UTC 86 8,161,030 305,952 304,770 13.87,730 11.92% 3.887,746 15,15% \$3.38 415,935 44,941	•	000	12,000,222	202,101	1,000,000	.,	10101770	2,102,100	1110070	ψ2.0 F	,	101,111		1,200,10
La Jolla 53 1,606,068 0 0 244,671 15,23% 284,945 17,74% \$3.39 (25,004) (47,535) 22,189 69; Miranar 38 1,772,311 0 0 285,103 16.09% 352,125 19,87% \$2.08 (8,495) 32,119 17,016 98; Sorrento Mesa 122 9,862,872 0 1,865,576 798,359 8,09% 1,22,306 12,49% \$2.79 455,022 326,434 558,917 1,031,6 Sorrento Valley 24 690,576 0 0 108,060 4.00% 32,139 11,89% \$3.85 (71,759) 14,722 7,232 93; UTC 86 8,161,030 305,952 2,077,70 1,387,730 17,00% 15,15% \$3.38 415,955 445,569 855,619 2,617; Southern & Eastern Areas 5 2,5666,698 305,952 2,170,346 3,059,097 11,92% 3,887,746 15,15% \$1,44 11,716 53,220 32,067 144,174 Southern & Eastern Areas 1 3,	,	10				155 100	17 000/	170.001	00.070/	** **	(0.0.10)		10 500	
Miramar 38 1,772,311 0 0 285,103 16.09% 352,125 19.87% \$2.08 (8,495) 32,119 17,016 98,2 Sorrento Mesa 122 9,662,872 0 1,665,576 798,359 8.09% 1,222,006 12,49% \$2.79 455,022 326,434 555,917 1,031,3 Sorrento Valley 24 660,576 0 0 108,666 4.00% 521,333 11.69% \$3.55 (71,759) 11,472 7,222 93,31 11.69% \$3.59 73,544 147,178 235,810 12.28,0 UTC 86 8,161,030 305,952 304,770 1,387,730 17.00% 1,462,913 17.93% \$3.59 73,544 147,178 235,810 12.28,0 North ChY Total 385 25,666,698 305,952 2,170,346 3059,097 11.92% 3.887,746 15.15% \$3.38 415,935 445,569 855,619 2,617. Southern & Eastern Areas Chula Vista 90 2,795,523 0 765,002 331,573 11.86% 365,236 13.0			, , , , , , , , , , , , , , , , , , ,			•••••••		·····						45,704
Sorrento Mesa 122 9,862,872 0 1,865,576 798,359 8.09% 1,232,306 12.49% \$2.79 455,022 326,434 558,917 1,031,3 Sorrento Valley 24 660,576 0 0 108,600 4.00% 321,339 11.89% \$3.85 (71,759) 1.7,322 7,232 93,31 UTC 86 8,110.103 059,952 304,770 1.387,730 17.00% 1.462,913 17.39% \$3.359 73,544 147,178 235,810 1.228 North City Total 385 25,666,698 305,952 2,170,346 3,059,097 11.92% 3,887,746 15.15% \$3.38 415,935 445,569 855,619 2,617, Southern & Eastern Areas 5 2,795,523 0 765,002 331,573 11.86% 365,236 13.07% \$1.56 (14,159) 10,326 20,378 120; Eastern Areas 154 3,727,0 0 194,200 212,651 5.71% 283,981 7.63%								•••••••	••• •••••••		·····			69,306
Sorrento Valley 24 690,576 0 0 80,012 11.59% 54,227 7.85% \$0.00 (1554) 7,042 1.866 50,1 Torrey Pines 43 2,703,699 0 0 108,060 4.00% 321,339 11.89% \$3.85 (71,759) 14.732 7,232 93,3 UTC 86 8,161,030 305,952 3.04,770 1.387,730 17.00% 1.462,913 17.93% \$3.59 73,544 147,178 235,810 1.228,4 North City Total 385 2,666,698 305,952 2,170,346 3,059,097 11.92% 3,887,746 15.15% \$3.38 415,935 445,569 855,619 2,617,35 Southern & Eastern Areas 90 2,795,523 0 765.02 331,573 11.86% 365,236 13.07% \$1.44 11,550 53,220 32,076 126,0 National City 16 554,973 0 0 111,291 20,05% 61,41% \$0.0 33,206								·····				*******		98,229
Torrey Pines 43 2,703,699 0 0 108,060 4.00% 321,339 11.89% \$3.85 (71,759) 14,732 7,232 93; UTC 86 8,161,030 305,952 304,770 1,387,730 17.00% 1,462,913 17.93% \$3.59 73,544 147,178 235,810 1,228,0 North City Total 385 25,666,698 305,952 2,170,346 3,059,097 11.92% 3,887,746 15.15% \$3.83 415,935 445,569 855,619 2,617. Southern & Eastern Areas 27,95,523 0 765,002 331,573 11.86% 365,226 13.07% \$1.44 11,560 53,220 32,067 194,4 National City 16 554,973 0 0 111,291 20.0756 6.14% 20,756 6.14% 51.30 3,306 6,333 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,449 \$1.90% \$1.00 774 (3.811) 774						•••••••••••••••••••••••••••••••••••••••		••••••	••••					1,031,381
UTC 86 8,161,030 305,952 304,770 1,387,730 17.0% 1,462,913 17.93% \$3.59 73,544 147,178 23,810 1,228, North City Total 385 25,666,698 305,952 2,170,346 3,059,097 11.92% 3,887,746 15.15% \$3.38 415,935 445,569 855,619 2,617; Southern & Eastern Areas E Southern & Eastern Areas Sinth 11,86% 365,286 13.07% \$1.56 (14,159) 10.326 20.378 120; East County 154 3,721,970 0 194,200 212,651 5.71% 283,981 7.63% \$1.44 11,560 53,220 32,067 194,31 National City 16 554,973 0 0 111,291 20.05% 118,816 21.41% \$0.00 36,295 49,841 105,085 126,6 Otay Mesa 14 338,164 0 137,680 20,756 6.14% \$1.30 3.006 6.333 3,306			·····			•••••••		•••••••	••••		••••••••••••••••••••••••••••••••••••••			50,274
North City Total 385 25,666,698 305,952 2,170,346 3,059,097 11.92% 3,887,746 15.15% \$3.38 415,935 445,569 855,619 2,617,755 Southern & Eastern Areas 90 2,795,523 0 765,002 331,573 11.86% 365,236 13.07% \$1.56 (14,159) 10.326 20.378 120; East County 154 3,721,970 0 144,200 212,651 5.71% 28.061 7.63% \$1.44 11,560 53,220 32,067 194,4 National City 16 554,973 0 0 111,291 20.05% 118,816 21.41% \$0.00 36,295 49,841 105,085 126,75 National City 16 554,973 0 146,822 746,061 9.56% 862,851 11.06% \$1.33 3,776 115,889 161,610 449; Southeast San Diego 10 391,848 0 0 59,832 189,066 14.74% 189,256 <						•••••••••		•••••••						93,724
Southern & Eastern Areas 90 2,795,523 0 765,002 331,573 11.86% 365,236 13.07% \$1.56 (14,159) 10.326 20,378 120; East County 154 3,721,970 0 194,200 212,651 5.71% 283,981 7.63% \$1.44 11,560 53,220 32,067 194,400 104,993 10,9756 6.14% \$1.30 30,066 63,333 3,066 126; 5.71% 74,062 18,90% \$0.00 36,295 49,841 105,085 126; 5.71% 74,062 18,90% \$0.00 774 (3,831) 774 2; 33,066 61,4% \$1.30 3,306 63,33 3,306 64,93 55,932 11,46,282 746,061 9.56% 862,851 11.06% \$1.33 37,776 115,889 161,610 449; 144,93 144,4139 17,4148 13,18% 188,655 14,27% \$0.00 19,421 2,026 23,451 91,4 Southeart San Marcos 36	UTC	86	8,161,030	305,952	304,770	1,387,730	17.00%	1,462,913	17.93%	\$3.59	73,544	147,178	235,810	1,228,499
Ohula Vista 90 2,795,523 0 765,002 331,573 11.86% 365,236 13.07% \$1.56 (14,159) 10,326 20,378 120,756 East County 154 3,721,970 0 194,200 212,651 5.71% 283,981 7.63% \$1.44 11,560 53,220 32,067 124,65 National City 16 554,973 0 0 111,291 20,05% 118,816 21,41% \$0.00 3,306 6,333 3,306 6,433 Otay Mesa 14 338,164 0 187,080 20,756 6,14% 20,756 6,14% \$1.30 3,306 6,333 3,306 6,433 Southeast San Diego 10 391,848 0 0 69,790 17.81% 74,062 18.90% \$0.00 774 (3,831) 774 2; Southeast San Diego 10 391,843 11,46,282 746,061 9,56% 862,851 11.06% \$1.33 37,776 115,889 161,610 449; Southeast San Marcos 36 1,323,322 0	North City Total	385	25,666,698	305,952	2,170,346	3,059,097	11.92%	3,887,746	15.15%	\$3.38	415,935	445,569	855,619	2,617,117
East County 154 3,721,970 0 194,200 212,651 5,71% 283,981 7,63% \$1.44 11,560 53,220 32,067 194,4 National City 16 554,973 0 0 111,291 20.05% 118,816 21.41% \$0.00 36,295 49,841 105,085 126,6 Otay Mesa 14 338,164 0 187,080 20,756 6.14% 20,756 6.14% \$1.30 3,306 6,333 3,307 <td< td=""><td>Southern & Eastern Areas</td><td>3</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Southern & Eastern Areas	3												
National City 16 554,973 0 0 111,291 20.05% 118,816 21.41% \$0.00 36,295 49,841 105,085 126,3 Otay Mesa 14 338,164 0 187,080 20,756 6.14% \$1.30 3,306 6,333 3,306 6,333 3,306 6,433 3,306 6,333 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 7,40 2,75 Southers transformation 50.00 774 (3,831) 774 2,7 Southers transformation 51.33 37,776 115,889 161,610 449,7 Highway 78 Corridor 5 1,282,611 0 59,832 189,066	Chula Vista	90	2,795,523	0	765,002	331,573	11.86%	365,236	13.07%	\$1.56	(14,159)	10,326	20,378	120,140
National City 16 554,973 0 0 111,291 20.05% 118,816 21.41% \$0.00 36,295 49,841 105,085 126,3 Otay Mesa 14 338,164 0 187,080 20,756 6.14% \$1.30 3,306 6,333 3,306 6,333 3,306 6,433 3,306 6,333 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 3,306 6,433 7,40 2,75 Southers transformation 50.00 774 (3,831) 774 2,7 Southers transformation 51.33 37,776 115,889 161,610 449,7 Highway 78 Corridor 5 1,282,611 0 59,832 189,066	East County	154	3,721,970	0	194,200	212,651	5.71%	283,981	7.63%	\$1.44	••••••	53,220	32,067	194,560
Otay Mesa 14 338,164 0 187,080 20,756 6.14% 20,756 6.14% \$1.30 3,306 6,333 3,306 6,433 Southeast San Diego 10 391,848 0 0 69,790 17.81% 74,062 18.90% \$0.00 774 (3,831) 774 2; Southeast San Diego 10 391,848 0 1,146,282 746,061 9.56% 862,851 11.06% \$1.33 37,776 115,889 161,610 449, Highway 78 Corridor 0 59,832 189,066 14.74% 189,256 14.76% \$0.00 19,421 2,026 23,451 91,4 San Marcos 36 1,323,322 0 1,484,139 174,418 13.18% 188,855 14.27% \$0.00 9,879 34,159 16,452 80,4 Vista 49 1,215,697 0 188,350 232,261 19,11% 236,738 19,47% \$1.53 13,770 21,866 26,793 73,4 Highway 78 Corridor Total 142 3,821,630 0 1,732,321<	National City	16	554,973	0	0	111,291	20.05%	118,816	21.41%	\$0.00	36,295	49,841	105,085	126,377
Southern & Eastern Areas Total 284 7,802,478 0 1,146,282 746,061 9.56% 862,851 11.06% \$1.33 37,776 115,889 161,610 449,7 Highway 78 Corridor Oceanside 57 1,282,611 0 59,832 189,066 14.74% 189,256 14.76% \$0.00 19,421 2,026 23,451 91,4 San Marcos 36 1,323,322 0 1,484,139 174,418 13.18% 188,855 14.27% \$0.00 9,879 34,159 16,452 80,4 Vista 49 1,215,697 0 188,350 232,261 19,11% 236,738 19,47% \$1.53 13,770 21,866 26,793 73,4 Highway 78 Corridor Total 142 3,821,630 0 1,732,321 595,745 15.59% 614,849 16.09% \$1.53 43,070 58,051 66,696 246,57 Class A 261 33,414,062 878,116 6,603,367 3,292,704 <td< td=""><td>Otay Mesa</td><td>14</td><td>338,164</td><td>0</td><td>187,080</td><td>20,756</td><td>6.14%</td><td></td><td>6.14%</td><td>\$1.30</td><td></td><td>6,333</td><td>3,306</td><td>6,538</td></td<>	Otay Mesa	14	338,164	0	187,080	20,756	6.14%		6.14%	\$1.30		6,333	3,306	6,538
Highway 78 Corridor Oceanside 57 1,282,611 0 59,832 189,066 14.74% 189,256 14.76% \$0.00 19,421 2,026 23,451 91,4 San Marcos 36 1,323,322 0 1,484,139 174,418 13.18% 188,855 14.27% \$0.00 9,879 34,159 16,452 80,4 Vista 49 1,215,697 0 188,350 232,261 19.11% 236,738 19.47% \$1.53 13,770 21,866 26,793 73,4 Highway 78 Corridor Total 142 3,821,630 0 1,732,321 595,745 15.59% 614,849 16.09% \$1.53 43,070 58,051 66,696 246,557 Vista 261 33,414,062 878,116 6,603,367 3,292,704 9.85% 4,268,557 12.77% \$3.00 467,738 1,026,310 1,103,758 3,251,45 Class A 261 33,414,062 878,116 6,603,367 3,292,704 9.85% 4,268,557 12.77% \$3.00 467,738 1,026,310 1,103,758	Southeast San Diego	10	391,848	0	0	69,790	17.81%	74,062	18.90%	\$0.00	774	(3,831)	774	2,109
Oceanside 57 1,282,611 0 59,832 189,066 14.74% 189,256 14.76% \$0.00 19,421 2,026 23,451 91,6 San Marcos 36 1,323,322 0 1,484,139 174,418 13.18% 188,855 14.27% \$0.00 9,879 34,159 16,452 80,6 Vista 49 1,215,697 0 188,350 232,261 19,11% 236,738 19,47% \$1.53 13,770 21,866 26,793 73,6 Highway 78 Corridor Total 142 3,821,630 0 1,732,321 595,745 15.59% 614,849 16.09% \$1.53 43,070 58,051 66,696 246,57 Class A 261 33,414,062 878,116 6,603,367 3,292,704 9.85% 4,268,557 12.77% \$3.00 467,738 1,026,310 1,103,758 3,251,5 Class B 1,209 51,157,825 25,000 3,959,484 7,028,619 13.74% 8,252,951 16.13%	Southern & Eastern Areas Total	284	7,802,478	0	1,146,282	746,061	9.56%	862,851	11.06%	\$1.33	37,776	115,889	161,610	449,72
San Marcos 36 1,323,322 0 1,484,139 174,418 13.18% 188,855 14.27% \$0.00 9,879 34,159 16,452 80,0 Vista 49 1,215,697 0 188,350 232,261 19.11% 236,738 19.47% \$1.53 13,770 21,866 26,793 73,0 Highway 78 Corridor Total 142 3,821,630 0 1,732,321 595,745 15.59% 614,849 16.09% \$1.53 43,070 58,051 66,696 246,576 Class A 261 33,414,062 878,116 6,603,367 3,292,704 9.85% 4,268,557 12.77% \$3.00 467,738 1,026,310 1,103,758 3,251,4 Class B 1,209 51,157,825 25,000 3,959,484 7,028,619 13.74% 8,252,951 16.13% \$2.05 208,622 284,502 1,075,632 4,105,7 Class C 739 16,150,223 0 0 1,456,735 9,02% 1,871,169 11.59% \$1.56 37,293 55,267 178,740 759,00	Highway 78 Corridor													
San Marcos 36 1,323,322 0 1,484,139 174,418 13.18% 188,855 14.27% \$0.00 9,879 34,159 16,452 80,0 Vista 49 1,215,697 0 188,350 232,261 19.11% 236,738 19.47% \$1.53 13,770 21,866 26,793 73,0 Highway 78 Corridor Total 142 3,821,630 0 1,732,321 595,745 15.59% 614,849 16.09% \$1.53 43,070 58,051 66,696 246,576 Class A 261 33,414,062 878,116 6,603,367 3,292,704 9.85% 4,268,557 12.77% \$3.00 467,738 1,026,310 1,103,758 3,251,4 Class B 1,209 51,157,825 25,000 3,959,484 7,028,619 13.74% 8,252,951 16.13% \$2.05 208,622 284,502 1,075,632 4,105,7 Class C 739 16,150,223 0 0 1,456,735 9,02% 1,871,169 11.59% \$1.56 37,293 55,267 178,740 759,00	Oceanside	57	1,282.611	0	59,832	189.066	14.74%	189.256	14.76%	\$0.00	19,421	2,026	23,451	91,884
Vista 49 1,215,697 0 188,350 232,261 19.11% 236,738 19.47% \$1.53 13,770 21,866 26,793 73,6 Highway 78 Corridor Total 142 3,821,630 0 1,732,321 595,745 15.59% 614,849 16.09% \$1.53 43,070 58,051 66,696 246,3 Class A 261 33,414,062 878,116 6,603,367 3,292,704 9.85% 4,268,557 12.77% \$3.00 467,738 1,026,310 1,103,758 3,251,4 Class B 1,209 51,157,825 25,000 3,959,484 7,028,619 13.74% 8,252,951 16.13% \$2.05 208,622 284,502 1,075,632 4,105,7 Class C 739 16,150,223 0 0 1,456,735 9.02% 1,871,169 11.59% \$1.56 37,293 55,267 178,740 759,04					***************************************	•••••••		•••••••				***************************************		80,810
Highway 78 Corridor Total 142 3,821,630 0 1,732,321 595,745 15.59% 614,849 16.09% \$1.53 43,070 58,051 66,696 246,576 Class A 261 33,414,062 878,116 6,603,367 3,292,704 9.85% 4,268,557 12.77% \$3.00 467,738 1,026,310 1,103,758 3,251,4 Class B 1,209 51,157,825 25,000 3,959,484 7,028,619 13.74% 8,252,951 16.13% \$2.05 208,622 284,502 1,07,6,632 4,105,7 Class C 739 16,150,223 0 0 1,456,735 9.02% 1,871,169 11.59% \$1.56 37,293 55,267 178,740 759,04						•••••••••••••••••••••••••••••••••••••••			••• ••••••			*******		73,655
Class B 1,209 51,157,825 25,000 3,959,484 7,028,619 13.74% 8,252,951 16.13% \$2.05 208,622 284,502 1,075,632 4,105,735 Class C 739 16,150,223 0 0 1,456,735 9.02% 1,871,169 11.59% \$1.56 37,293 55,267 178,740 759,000														246,349
Class B 1,209 51,157,825 25,000 3,959,484 7,028,619 13.74% 8,252,951 16.13% \$2.05 208,622 284,502 1,075,632 4,105,735 Class C 739 16,150,223 0 0 1,456,735 9.02% 1,871,169 11.59% \$1.56 37,293 55,267 178,740 759,000		061	22 414 000	070 110	6 602 207	2 000 704	0.050/	1 000 557	10 770/	¢2.00	467 700	1,000,010	1 102 750	2 051 50
Class C 739 16,150,223 0 0 1,456,735 9.02% 1,871,169 11.59% \$1.56 37,293 55,267 178,740 759,					•••••••	•••••••					•••••••••••••••••••••••••••••••••••••••			
		······			•••••••									4,105,229 759,040
San Diego County Total 2,209 100,722,110 903,116 10,562,851 11,778,058 11.69% 14,392,677 14.29% \$2.40 713,653 1,366,079 2,358,130 8,115,4			,,			,,		,,			,	,0.	,,	5,0 10
	San Diego County Total	2,209	100,722,110	903,116	10,562,851	11,778,058	11.69%	14,392,677	14.29%	\$2.40	713,653	1,366,079	2,358,130	8,115,863

This survey consists of buildings greater than 10,000 square feet. Lease rates are on a full-service gross basis.

MAJOR TRANSACTIONS OF 2014

Sales Transactions

Property Address	Submarket	Class	Square Feet	Sale Price Per SF	Buyer	Seller
15051-15333 Avenue of Science 5005-5010 Wateridge Vista Dr. Et Al	Rancho Bernardo Sorrento Mesa	В	1,054,800	\$279.67	Starwood Capital Group	Kilroy Realty
9605-9805 Scranton Rd.	Sorrento Mesa	В	588,055	\$436.18	Lionstone Investments	Beacon Capital Partners
701 B St. & 707 Broadway	Downtown	А	747,633	\$207.32	Emmes Group of Companies	The Blackstone Group
10201-10241 Wateridge Cir.	Sorrento Mesa	А	278,787	\$260.06	Parallel Capital Partners, Inc. Equity Group Investments, LLC	Beacon Capital Partners C-III Realty Services
9333 & 9339 Genesee Rd.	UTC	А	161,184	\$446.69	Polidev Investments, Inc.	Stockbridge Capital Group, LLC DivcoWest

Lease Transactions

Property Address	Submarket	Class	Square Feet	Transaction Date	Tenant	Owner
12400 High Bluff Dr. – Renewal	Del Mar Heights	А	175,672	Jun-14	AMN Healthcare, Inc.	Kilroy Realty Corporation
9326-9356 Spectrum Center Blvd. – Renewal	Kearny Mesa	В	116,375	Nov-14	Northrop Grumman Systems	American Funds US Investments, LP
530 B St. – Renewal	Downtown	В	87,754	Jan-14	Union Bank	Kearny Real Estate Company
600 W. Broadway	Downtown	А	77,147	Sep-14	Office of the Attorney General	The Irvine Company
9785 Towne Centre Dr.	UTC	В	75,537	Jun-14	Lytx	The Irvine Company

PRODUCT TYPE

CLASS A

Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high-quality standard finishes, state-of-the-art systems, exceptional accessibility and a definite market presence.

CLASS B

Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area, and systems are adequate. However, Class B buildings cannot compete with Class A buildings of the same price.

CLASS C

Voit

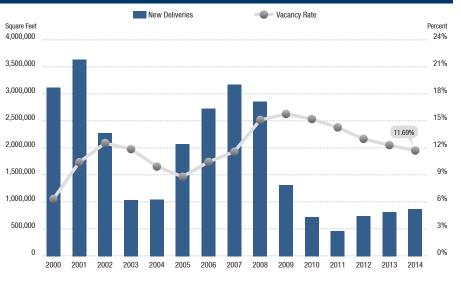
REAL ESTATE SERVICES

Real People.

Real Solutions.®

Buildings competing for tenants requiring functional space at rents below the area average.

ANNUAL NEW DELIVERIES VS. VACANCY RATE



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This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a full-service gross basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

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