

2Q'15

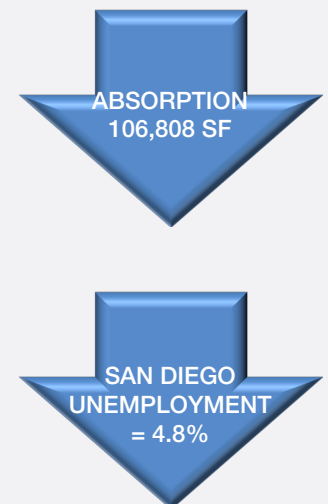
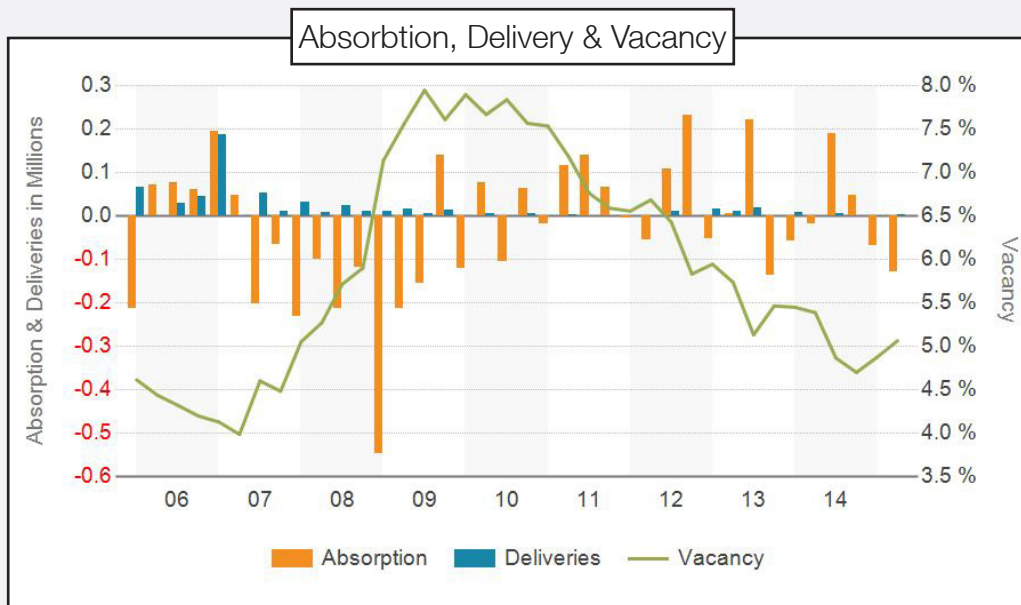
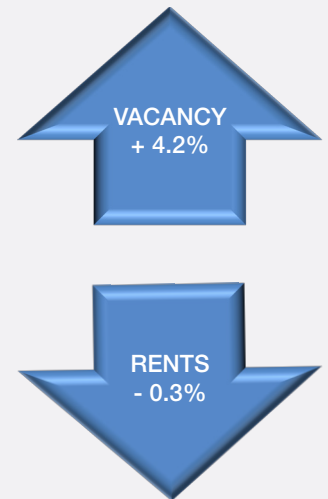
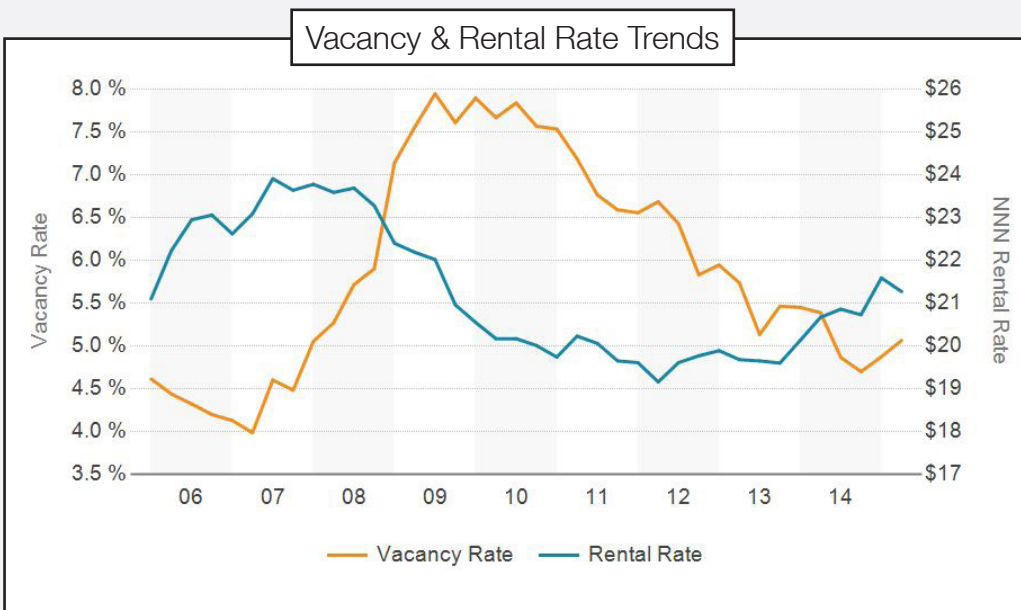
Retail Market Update



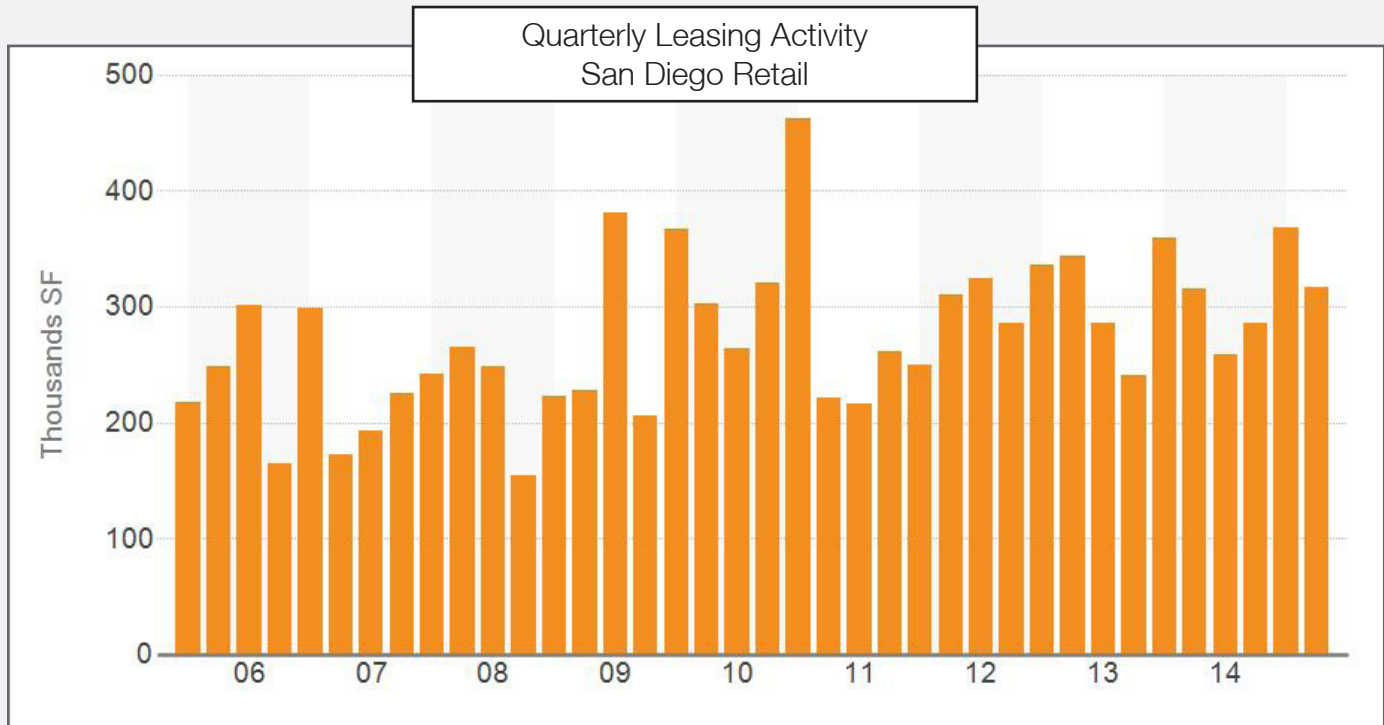
The San Diego retail market did not experience much change in market conditions in the second quarter 2015. The vacancy rate increased from 4.1% in the previous quarter to 4.2% in the current quarter. The amount of vacant sublease space in the San Diego market has trended down over the past four quarters. Currently, there are 127,563 square feet vacant in the market.

Net absorption was negative (106,808) square feet, and vacant sublease space decreased by (33,970) square feet. Quoted rental rates decreased from first quarter 2015 levels, ending at \$22.86 per square foot per year. This represents a 0.3% decrease in rental rates in the current quarter, and a 1.40% increase from four quarters ago.

A total of 11 retail buildings with 138,708 square feet of retail space were delivered to the market in the quarter, with 192,007 square feet still under construction at the end of the quarter.



Market	Total SF	Direct Vacant SF	Sublease Vacant SF	Total Vacant SF	Vacancy Rate	YTD Net Absorption	Under Construction	Quoted Rent
North County	28,542,525	1,674,398	14,494	1,688,892	5.92%	(75,329)	34,789	\$1.70
Golden Triangle	7,327,079	353,930	3,130	357,060	4.87%	5,276	46,880	\$3.90
Central San Diego	29,525,841	948,004	15,523	963,527	3.26%	(104,014)	12,500	\$2.54
I-15 Corridor	19,491,374	828,517	15,497	844,014	4.33%	33,863	19,825	\$1.94
East County	20,972,138	714,770	20,859	735,629	3.51%	37,919	0	\$1.50
South Bay	15,980,227	531,297	58,060	589,357	3.69%	126,373	0	\$1.85
Total - San Diego County	121,839,184	5,050,916	127,563	5,178,479	4.25%	24,088	113,994	\$2.04



Methodology The data used in the NAI San Diego Retail Update is based on retail buildings of all sizes, in all classes. We have divided San Diego County into six markets for retail properties: North County, Golden Triangle, Central San Diego, I-15 Corridor, South Bay and East County. Rental rates are based on quoted rents for available space on a monthly, per square foot, NNN basis. Average rents are weighted based on available square footage. The information contained in this report is sourced from NAI San Diego, CoStar, the California Employment Development Department and other sources deemed to be reliable, but no warranty is made as to the accuracy of the data nor its usefulness for any particular purpose.

Market	Total SF	Direct Vacant SF	Sublease Vacant SF	Total Vacant SF	Vacancy Rate	YTD Net Absorption	Under Constr.	Quoted Rent
Cardiff/Encinitas Re.	5,571,633	87,286	0	87,286	1.57%	(8,129)	0	\$2.59
Carlsbad Ret	5,589,737	186,736	0	186,736	3.34%	14,268	24,080	\$2.68
Oceanside Ret	7,672,063	539,866	11,193	551,059	7.18%	(23,087)	0	\$1.60
San Marcos Ret	4,530,758	467,203	725	467,928	10.33%	(84,954)	10,709	\$1.55
Vista Ret	5,178,334	393,307	2,576	395,883	7.64%	26,573	0	\$1.37
Subtotal - North County	28,542,525	1,674,398	14,494	1,688,892	5.92%	(75,329)	34,789	\$1.70
Del Mar/S Bch/Rho SF.	3,049,534	194,268	250	194,518	6.38%	21,137	14,860	\$3.70
La Jolla/Torrey Pine.	2,402,677	146,894	2,880	149,774	6.23%	(17,961)	23,720	\$4.28
UTC Ret	1,874,868	12,768	0	12,768	0.68%	2,100	8,300	\$2.53
Subtotal - Golden Triangle	7,327,079	353,930	3,130	357,060	4.87%	5,276	46,880	\$3.90
Central San Diego Re.	4,952,507	151,578	8,623	160,201	3.23%	(5,499)	0	\$2.67
Clarmnt/KM/Tierrasnt.	6,943,311	232,287	3,300	235,587	3.39%	28,706	0	\$1.52
Downtown Ret	4,643,743	210,423	3,600	214,023	4.61%	(14,264)	12,500	\$2.60
Mid City/SE San Dieg.	7,219,157	296,338	0	296,338	4.10%	(43,225)	0	\$1.34
Mission Valley Ret	5,767,123	57,378	0	57,378	0.99%	(69,732)	0	\$2.93
Pacific Beach/Morena.	2,896,461	90,563	0	90,563	3.13%	(4,825)	0	\$2.59
Pt Loma/Sports Arena.	4,417,396	151,460	0	151,460	3.43%	30,860	78,013	\$1.99
Subtotal - Central San Diego	29,525,841	948,004	15,523	963,527	3.26%	(104,014)	12,500	\$2.54
Carmel Mountain Ranc.	2,258,028	93,725	0	93,725	4.15%	(28,953)	0	\$3.30
Escondido Ret	10,085,317	443,604	14,918	458,522	4.55%	86,095	4,200	\$1.52
Miramar/M Mesa/S Rnc.	4,349,323	209,066	0	209,066	4.81%	(7,074)	15,625	\$1.65
Poway Ret	2,798,706	82,122	579	82,701	2.95%	(16,205)	0	\$2.08
Rancho Bernardo Ret	526,921	18,207	0	18,207	3.46%	(3,267)	0	\$2.95
Rancho Peñasquitos R.	720,216	21,171	0	21,171	2.94%	(520)	0	\$2.93
Subtotal - I-15 Corridor	19,491,374	828,517	15,497	844,014	4.33%	33,863	19,825	\$1.94
El Cajon Ret	8,892,738	317,235	2,553	319,788	3.60%	47,551	0	\$1.43
La Mesa Ret	5,180,339	137,310	1,800	139,110	2.69%	23,075	0	\$1.34
Lakeside Ret	633,692	51,951	13,950	65,901	10.40%	(14,507)	0	\$1.63
Lemon Grv/Spring Vly.	2,548,722	51,815	0	51,815	2.03%	(343)	0	\$1.56
M Gorge/A Grdns/D Ce.	1,028,682	45,790	2,556	48,346	4.70%	(26,715)	0	\$1.59
Santee Ret	2,687,965	110,669	0	110,669	4.12%	8,858	0	\$1.76
Subtotal - East County	20,972,138	714,770	20,859	735,629	3.51%	37,919	0	\$1.50
Chula Vista Ret	8,862,788	264,484	0	264,484	2.98%	(17,353)	0	\$1.65
Coronado Ret	578,677	6,579	0	6,579	1.14%	689	0	\$2.50
Eastlake Ret	2,441,405	112,235	52,560	164,795	6.75%	(1,132)	0	\$2.33
Imperial Bch/South S.	4,097,357	147,999	5,500	153,499	3.75%	144,169	0	\$1.65
National City Ret	3,440,949	196,522	0	196,522	5.71%	(32,403)	0	\$1.34
Subtotal - South Bay	15,980,227	531,297	58,060	589,357	3.69%	126,373	0	\$1.85
Total - San Diego County	121,839,184	5,050,916	127,563	5,178,479	4.25%	24,088	113,994	\$2.04

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Retail Market Update

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