

3Q'15

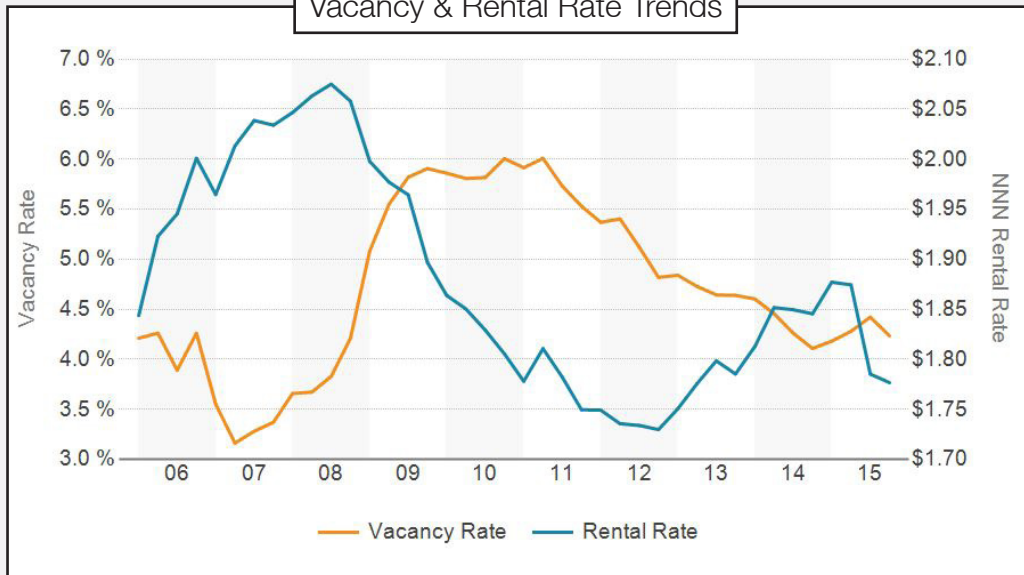
Retail Market Update



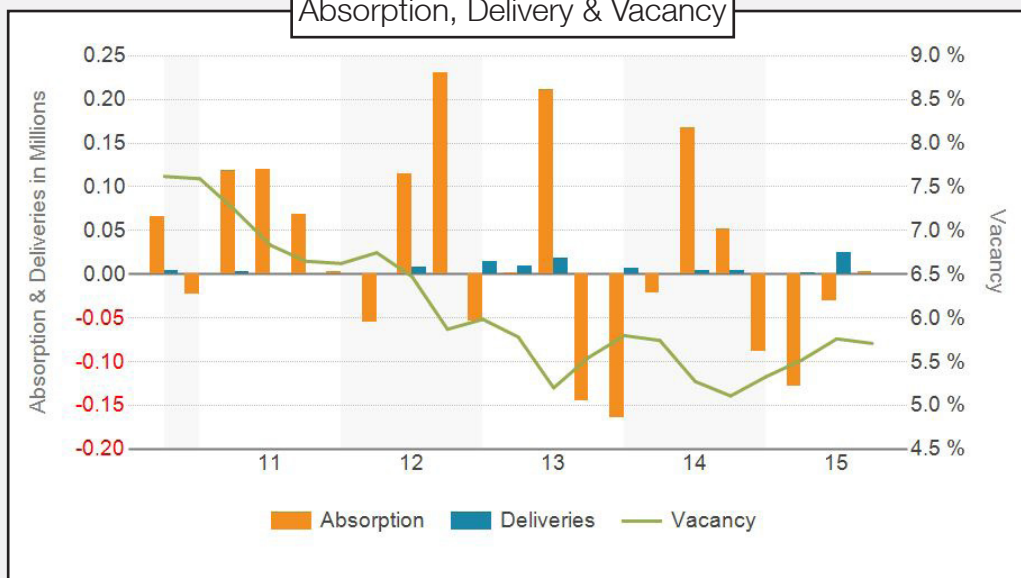
The San Diego retail market did not experience much change in market conditions in the third quarter 2015. The vacancy rate went from 4.2% in the previous quarter to 4.3% in the current quarter. Net absorption was positive 112,640 square feet, and vacant sublease space increased by 65,796 square feet. Quoted rental rates decreased from second quarter 2015 levels, ending at \$21.64 per square foot per year. A total of 8 retail buildings with 156,822 square feet of retail space were delivered to the market in the quarter, with 310,562 square feet still under construction at the end of the quarter.

San Diego County ended the third quarter with a 4.6% unemployment rate. This beats the California average of 5.5%, as well as the 4.9% national average.

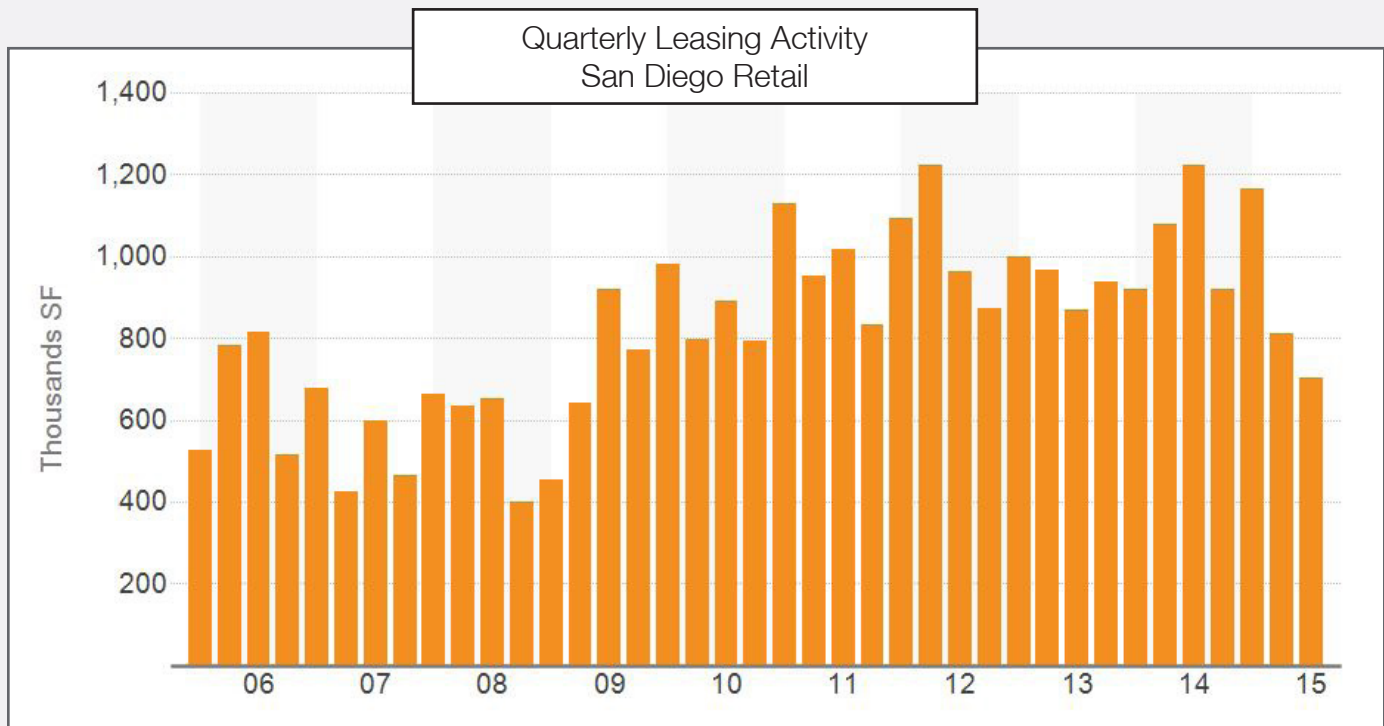
Vacancy & Rental Rate Trends



Absorption, Delivery & Vacancy



Market	Total SF	Direct Vacant SF	Sublease Vacant SF	Total Vacant SF	Vacancy Rate	YTD Net Absorption	Under Construction	Quoted Rent
North County	28,625,541	1,705,655	26,843	1,732,498	6.05%	(97,155)	30,010	\$1.61
Golden Triangle	7,291,221	336,319	2,989	339,308	4.65%	(16,772)	76,559	\$3.81
Central San Diego	29,531,562	903,086	13,476	916,562	3.10%	(53,199)	2,310	\$2.66
I-15 Corridor	19,559,658	827,615	14,918	842,533	4.31%	35,344	19,825	\$1.82
East County	21,130,066	734,783	27,620	762,403	3.61%	11,145	0	\$1.51
South Bay	16,028,341	629,627	62,479	692,106	4.32%	132,847	0	\$1.63
Total - San Diego County	122,166,389	5,137,085	148,325	5,285,410	4.33%	12,210	128,704	\$1.95



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.	5,616,284	101,173	0	101,173	1.80%	(21,316)	0	\$2.62
Carlsbad Ret	5,614,017	193,279	0	193,279	3.44%	28,205	3,600	\$2.76
Oceanside Ret	7,678,700	543,718	23,542	567,260	7.39%	(39,288)	0	\$1.66
San Marcos Ret	4,527,506	464,347	725	465,072	10.27%	(81,498)	16,737	\$1.05
Vista Ret	5,189,034	403,138	2,576	405,714	7.82%	16,742	9,673	\$1.37
Subtotal - North County	28,625,541	1,705,655	26,843	1,732,498	6.05%	(97,155)	30,010	\$1.61
Del Mar/S Bch/Rho SF.	3,062,539	190,047	0	190,047	6.21%	31,108	44,539	\$3.63
La Jolla/Torrey Pine.	2,376,287	131,723	2,989	134,712	5.67%	(25,399)	23,720	\$4.20
UTC Ret	1,852,395	14,549	0	14,549	0.79%	(22,481)	8,300	\$2.53
Subtotal - Golden Triangle	7,291,221	336,319	2,989	339,308	4.65%	(16,772)	76,559	\$3.81
Central San Diego Re.	4,955,300	149,644	10,076	159,720	3.22%	(9,018)	0	\$2.59
Clarmnt/KM/Tierrasnt.	6,939,561	208,371	1,300	209,671	3.02%	46,522	2,310	\$1.49
Downtown Ret	4,660,794	224,083	2,100	226,183	4.85%	(13,274)	0	\$2.59
Mid City/SE San Dieg.	7,216,152	263,110	0	263,110	3.65%	(7,197)	0	\$1.30
Mission Valley Ret	5,759,755	57,878	0	57,878	1.00%	(70,232)	0	\$2.85
Pacific Beach/Morena.	2,957,849	86,771	0	86,771	2.93%	59,807	0	\$2.56
Pt Loma/Sports Arena.	4,497,594	180,391	0	180,391	4.01%	69,000	14,915	\$2.18
Subtotal - Central San Diego	29,531,562	903,086	13,476	916,562	3.10%	(53,199)	2,310	\$2.66
Carmel Mountain Ranc.	2,253,539	86,631	0	86,631	3.84%	(21,859)	0	\$3.34
Escondido Ret	10,157,205	448,433	14,918	463,351	4.56%	81,266	4,200	\$1.50
Miramar/M Mesa/S Rnc.	4,344,464	204,145	0	204,145	4.70%	(2,153)	15,625	\$1.60
Poway Ret	2,804,450	88,406	0	88,406	3.15%	(21,910)	0	\$2.08
Rancho Bernardo Ret	478,901	17,158	0	17,158	3.58%	(2,218)	166,943	\$0.00
Rancho Peñasquitos R.	719,158	13,766	0	13,766	1.91%	6,885	0	\$2.81
Subtotal - I-15 Corridor	19,559,658	827,615	14,918	842,533	4.31%	35,344	19,825	\$1.82
El Cajon Ret	9,055,626	325,339	2,553	327,892	3.62%	39,447	0	\$1.41
La Mesa Ret	5,180,420	143,684	0	143,684	2.77%	18,501	0	\$1.42
Lakeside Ret	633,692	51,081	13,950	65,031	10.26%	(13,637)	0	\$1.63
Lemon Grv/Spring Vly.	2,549,095	58,854	8,561	67,415	2.64%	(15,943)	0	\$1.43
M Gorge/A Grdns/D Ce.	1,028,682	44,393	2,556	46,949	4.56%	(25,318)	0	\$1.67
Santee Ret	2,682,551	111,432	0	111,432	4.15%	8,095	0	\$1.81
Subtotal - East County	21,130,066	734,783	27,620	762,403	3.61%	11,145	0	\$1.51
Chula Vista Ret	8,874,931	366,118	0	366,118	4.13%	(13,204)	0	\$1.71
Coronado Ret	593,152	6,960	0	6,960	1.17%	808	0	\$2.75
Eastlake Ret	2,449,758	111,140	53,936	165,076	6.74%	(1,413)	0	\$1.32
Imperial Bch/South S.	4,110,500	145,409	8,543	153,952	3.75%	146,656	0	\$1.73
National City Ret	3,449,361	207,411	31,084	238,495	6.91%	(63,101)	0	\$1.30
Subtotal - South Bay	16,028,341	629,627	62,479	692,106	4.32%	132,847	0	\$1.63
Total - San Diego County	122,166,389	5,137,085	148,325	5,285,410	4.33%	12,210	128,704	\$1.95

3Q'15

Retail Market Update

The world's largest commercial real estate network.

55 countries. 400 local offices. 5,000 local market leaders.

All actively managed to work wherever you do.

NAI San Diego

123 Camino de la Reina
Suite 200 South
San Diego, CA 92108
tel +1 619 497 2255
www.naisandiego.com