

1Q'17

Retail Market Update



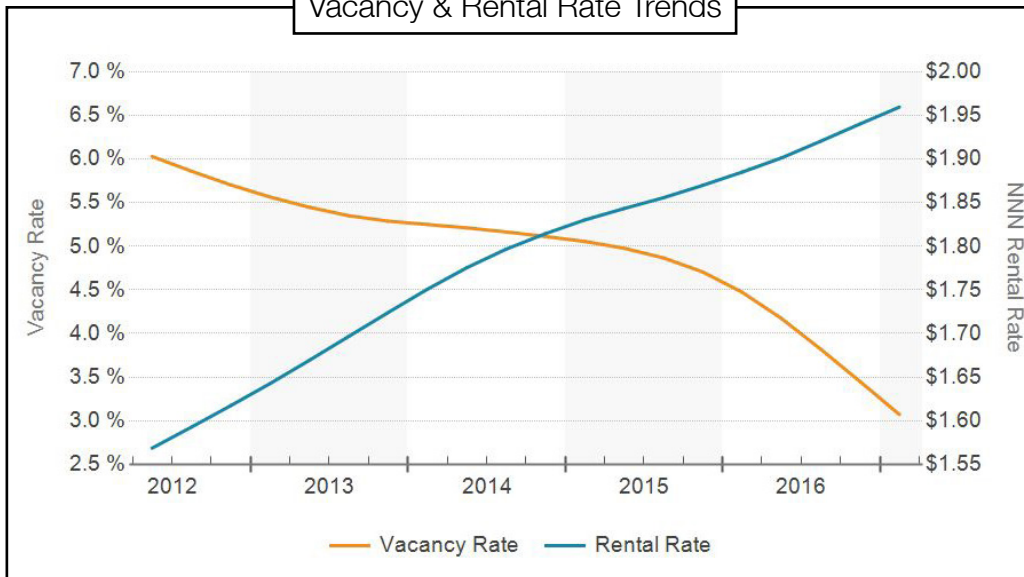
The San Diego Retail market experienced a slight increase in vacancy rates from the previous quarter's 3.78% to 3.82% at the end of the first quarter 2017. The Retail market had a net absorption totaling positive 9,673 square feet in the first quarter.

Quoted rental rates for the first quarter were at \$1.91 per square foot per month. During the first quarter 2017, eight buildings totaling 85,935 square feet were completed and delivered in the San Diego Retail market in addition to 698,575 square feet of retail space under construction.

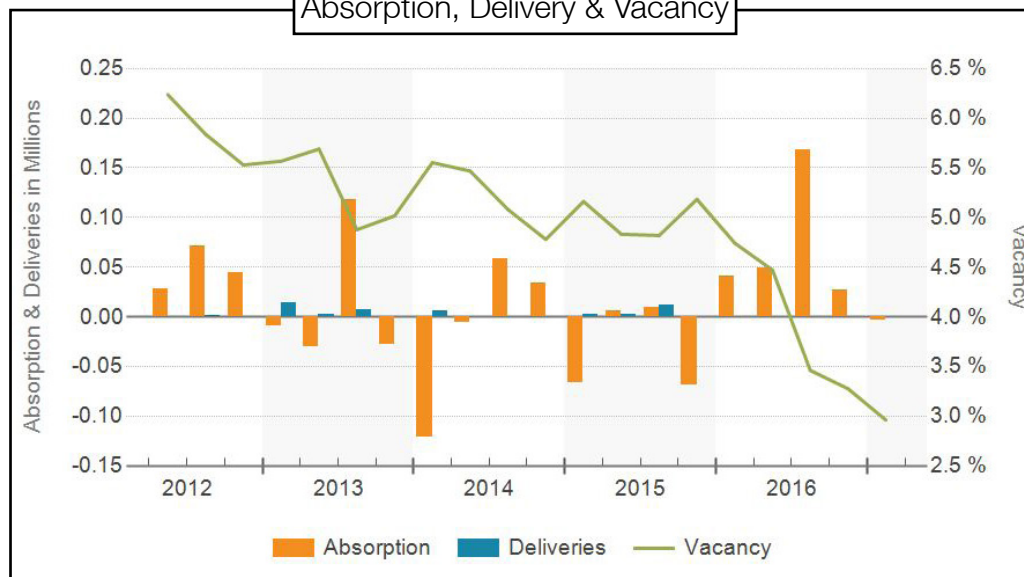
Cap rates have been lower, averaging 5.81%, compared to the same period of the prior year's average of 6.49%.

According to the state of California's Employment Development Department and the United States Department of Labor's Bureau of Labor Statistics, San Diego County ended the first quarter 2017 with an unemployment rate of 4.2%, lower than the state's average unemployment rate of 5.2% and the national average of 4.5%.

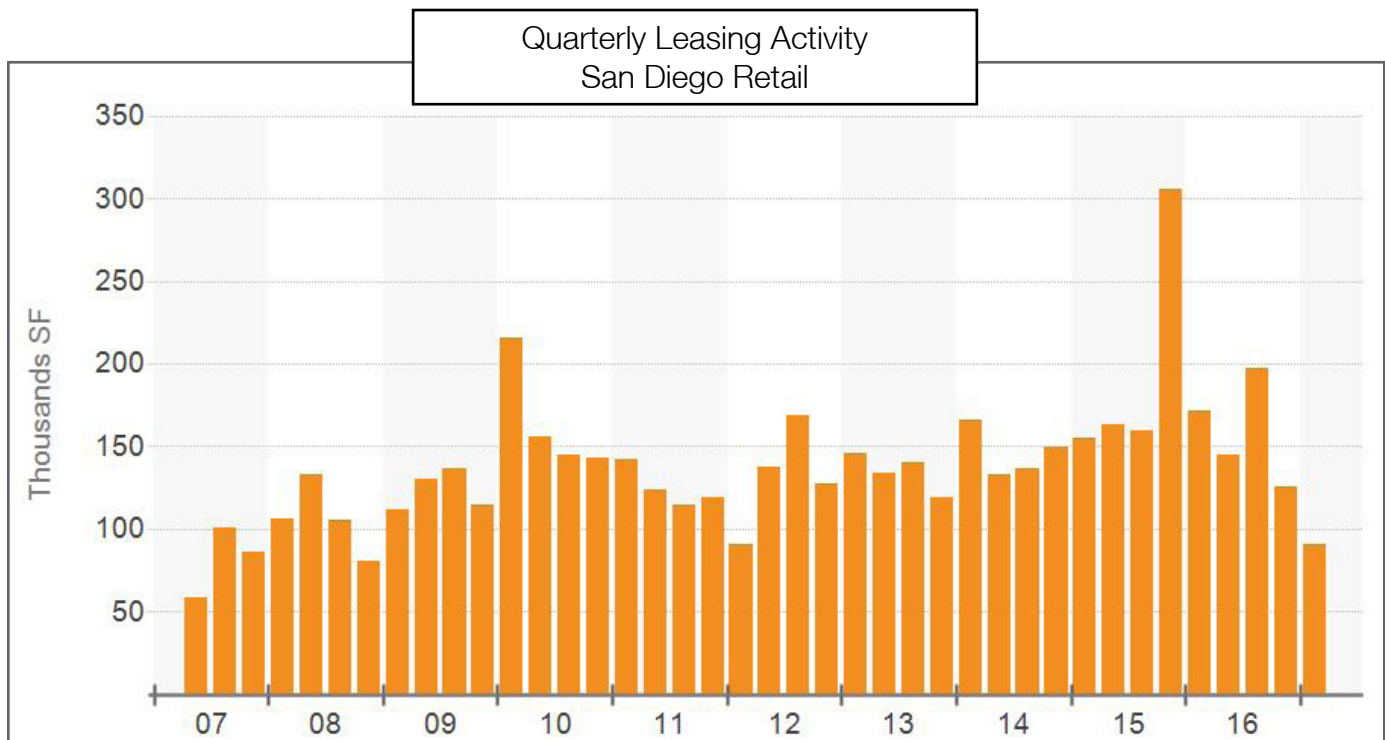
Vacancy & Rental Rate Trends



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	28,475,444	1,467,004	46,644	1,513,648	5.32%	(73,749)	53,046	\$1.65
Golden Triangle	7,292,656	253,186	14,076	267,262	3.66%	12,995	474,608	\$3.52
Central San Diego	37,509,117	1,113,455	49,774	1,163,229	3.10%	62,604	89,540	\$2.06
I-15 Corridor	21,002,359	844,516	57,580	902,096	4.30%	35,321	21,288	\$2.09
East County	21,384,686	549,744	45,426	595,170	2.78%	(3,156)	14,322	\$1.63
South Bay	19,587,539	649,215	82,721	731,936	3.74%	(24,342)	45,771	\$1.63
Total - San Diego County	135,251,801	4,877,120	296,221	5,173,341	3.82%	9,673	698,575	\$1.91



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.

Sources: NAI San Diego, CoStar, California Employment Development Department. The information in this report is from 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.	5,594,328	65,692	5,033	70,725	1.26%	43,601	5,024	\$2.82
Carlsbad Ret	5,502,905	136,534	7,640	144,174	2.62%	(11,033)	4,000	\$3.30
Oceanside Ret	7,571,611	558,267	2,500	560,767	7.41%	(46,692)	35,974	\$1.77
San Marcos Ret	4,632,033	482,437	24,604	507,041	10.95%	(113,516)	6,028	\$0.99
Vista Ret	5,174,567	224,074	6,867	230,941	4.46%	53,891	2,020	\$1.43
Subtotal - North County	28,475,444	1,467,004	46,644	1,513,648	5.32%	(73,749)	53,046	\$1.65
Del Mar/S Bch/Rho SF.	3,035,895	85,458	13,776	99,234	3.27%	6,660	60,308	\$3.89
La Jolla/Torrey Pine.	1,783,825	92,558	300	92,858	5.21%	(7,926)	0	\$3.86
UTC Ret	2,472,936	75,170	0	75,170	3.04%	14,261	414,300	\$2.62
Subtotal - Golden Triangle	7,292,656	253,186	14,076	267,262	3.66%	12,995	474,608	\$3.52
Central San Diego Re.	4,965,936	166,896	30,176	197,072	3.97%	(50,977)	10,340	\$2.13
Clarmnt/KM/Tierrasnt.	7,106,710	209,739	0	209,739	2.95%	57,678	0	\$1.55
Downtown Ret	4,697,560	231,801	7,500	239,301	5.09%	(6,087)	0	\$2.65
Mid City/SE San Dieg.	7,267,624	222,173	1,125	223,298	3.07%	19,934	69,200	\$1.57
Mission Valley Ret	5,897,311	29,734	7,561	37,295	0.63%	40,470	0	\$2.72
Pacific Beach/Morena.	3,044,567	79,295	1,450	80,745	2.65%	(8,173)	10,000	\$2.40
Pt Loma/Sports Arena.	4,529,409	173,817	1,962	175,779	3.88%	9,759	0	\$2.15
Subtotal - Central San Diego	37,509,117	1,113,455	49,774	1,163,229	3.10%	62,604	89,540	\$2.06
Carmel Mountain Ranc.	2,271,608	72,818	0	72,818	3.21%	46,510	0	\$3.21
Escondido Ret	10,150,696	355,375	0	355,375	3.50%	718	18,088	\$1.78
Miramar/M Mesa/S Rnc.	4,372,998	250,286	0	250,286	5.72%	(8,372)	3,200	\$1.96
Poway Ret	2,804,458	129,794	0	129,794	4.63%	(7,612)	0	\$1.99
Rancho Bernardo Ret	683,836	27,476	0	27,476	4.02%	6,228	0	\$3.75
Rancho Peñasquitos R.	718,763	8,767	57,580	66,347	9.23%	(2,151)	0	\$2.54
Subtotal - I-15 Corridor	21,002,359	844,516	57,580	902,096	4.30%	35,321	21,288	\$2.09
El Cajon Ret	9,267,584	256,130	24,793	280,923	3.03%	19,783	9,796	\$1.64
La Mesa Ret	5,184,621	119,796	0	119,796	2.31%	(12,770)	4,526	\$1.74
Lakeside Ret	634,315	20,771	0	20,771	3.27%	(300)	0	\$1.65
Lemon Grv/Spring Vly.	2,570,103	48,604	8,561	57,165	2.22%	2,637	0	\$1.38
M Gorge/A Grdns/D Ce.	1,023,650	40,085	0	40,085	3.92%	900	0	\$1.68
Santee Ret	2,704,413	64,358	12,072	76,430	2.83%	(13,406)	0	\$1.55
Subtotal - East County	21,384,686	549,744	45,426	595,170	2.78%	(3,156)	14,322	\$1.63
Chula Vista Ret	9,032,428	314,691	39,725	354,416	3.92%	(57,577)	0	\$1.58
Coronado Ret	602,232	7,379	112	7,491	1.24%	(2,812)	0	\$3.66
Eastlake Ret	2,409,151	112,130	0	112,130	4.65%	837	13,144	\$2.34
Imperial Bch/South S.	4,073,741	97,714	8,500	106,214	2.61%	28,012	32,627	\$1.81
National City Ret	3,469,987	117,301	34,384	151,685	4.37%	7,198	0	\$1.55
Subtotal - South Bay	19,587,539	649,215	82,721	731,936	3.74%	(24,342)	45,771	\$1.63
Total - San Diego County	135,251,801	4,877,120	296,221	5,173,341	3.82%	9,673	698,575	\$1.91

Sources: NAI San Diego, CoStar, California Employment Development Department. The information in this report is from sources deemed to be reliable, but no warranty is made as to the accuracy of the data nor its usefulness for any particular purpose.

1Q'17

Retail Market Update

The world's largest commercial real estate network.

55 Countries

375 Local Offices

6,000 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