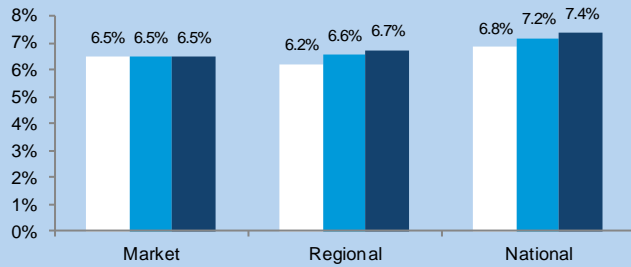


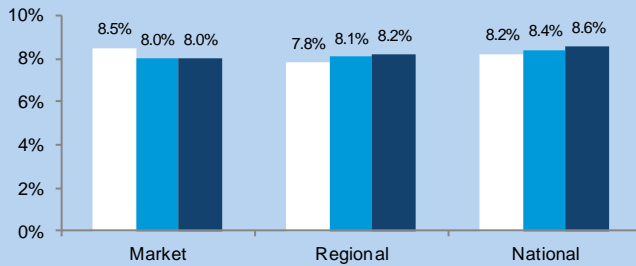


Retail Snapshot

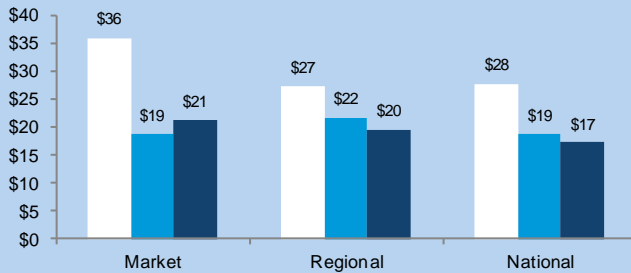
GOING IN CAP RATES (%)



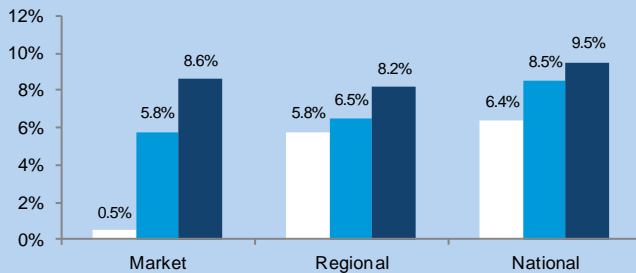
DISCOUNT RATES (%)



MARKET RENT (\$/SF)



VACANCY RATE (%)



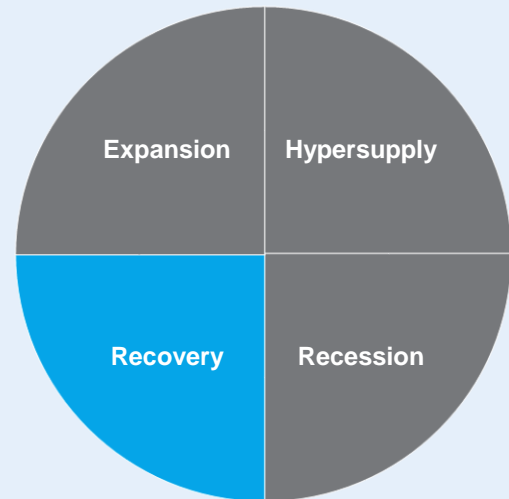
Legend

- Regional Mall
- Community Retail
- Neighborhood Retail

Market Commentary

The San Diego retail market is expected to remain positive in the near future, but there is no data suggesting any remarkable gains. Rental rates have increased at a modest rate, and vacancy rates are decreasing slightly. As the San Diego economy continues to improve, so too will the overall retail market.

MARKET CYCLE



Market Cycle: Recovery Stage 3

- Decreasing vacancy rates
- Low new construction
- Moderate absorption
- Low/moderate employment growth
- Neg/low rental rate growth

SAN DIEGO FORECASTS

Categories	Regional Mall	Community Retail	Neighborhood Retail
Going In Cap Rate	Decrease 1-24 bps	Decrease 1-24 bps	Decrease 1-24 bps
Discount Rate	Decrease 1-24 bps	Decrease 1-24 bps	Decrease 1-24 bps
Market Rent Change (%)	3.00%	3.00%	3.00%
Expense Change (%)	3.00%	3.00%	3.00%
Absorption (SF)	25,000	40,000	75,000
Construction (SF)	500,000		
Tenant Improvement (\$/SF)	\$10	\$10	\$10
Years to Balance	In Balance	In Balance	In Balance

CHANGE IN VALUE

Time	Regional Mall	Community Retail	Neighborhood Retail
Previous 36 Months	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Previous 12 Months	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Future 12 Months	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Future 36 Months	Increase .1% - 1.9%	Increase .1% - 1.9%	Increase .1% - 1.9%

About IRR

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 200 MAI-designated members of the of the Appraisal Institute among over 900 professions based in our 66 offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

TOP SEVEN CAP RATE FACTORS

- 1 Supply/demand
- 2 Local economy, job growth, unemployment
- 3 National economic conditions/GDP growth
- 4 Property income growth
- 5 Risk premium of private real estate
- 6 Interest rates
- 7 Availability of financing

Disclaimer

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