

3Q'15

Industrial Market Update



The San Diego Industrial market ended the third quarter 2015 with a vacancy rate of 5.5%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 966,898 square feet in the third quarter.

Vacant sublease space decreased in the quarter, ending the quarter at 441,658 square feet. Rental rates ended the third quarter at \$11.54, an increase over the previous quarter.

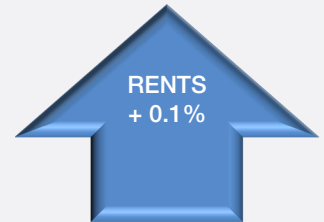
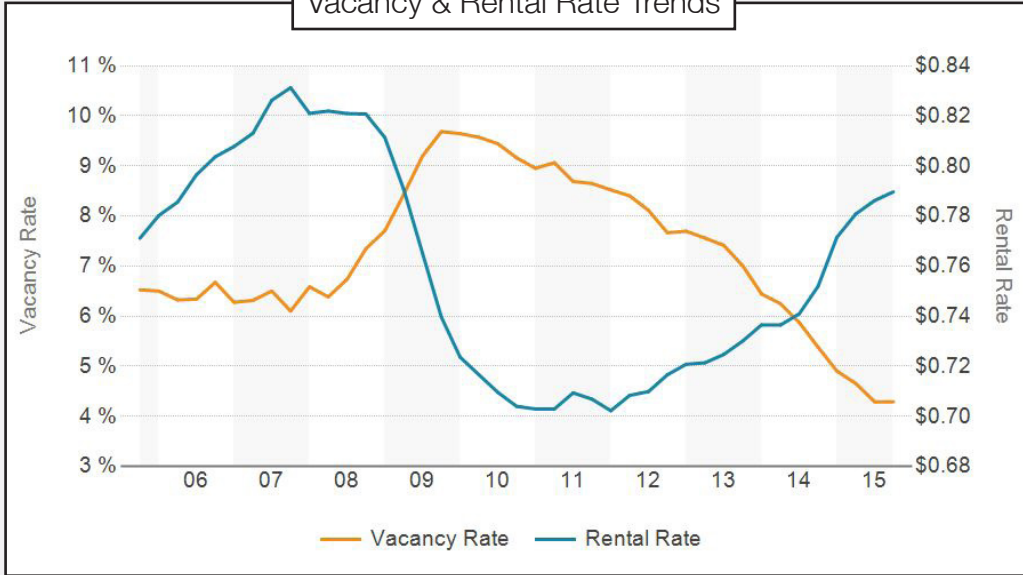
A total of one building delivered to the market in the quarter totaling 46,035 square feet, with 1,373,844 square feet still under construction at the end of the quarter.

Net absorption for the overall San Diego Industrial market was positive 966,898 square feet in the third quarter 2015. That compares to positive 610,341 square feet in the second quarter 2015.

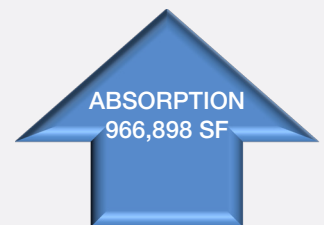
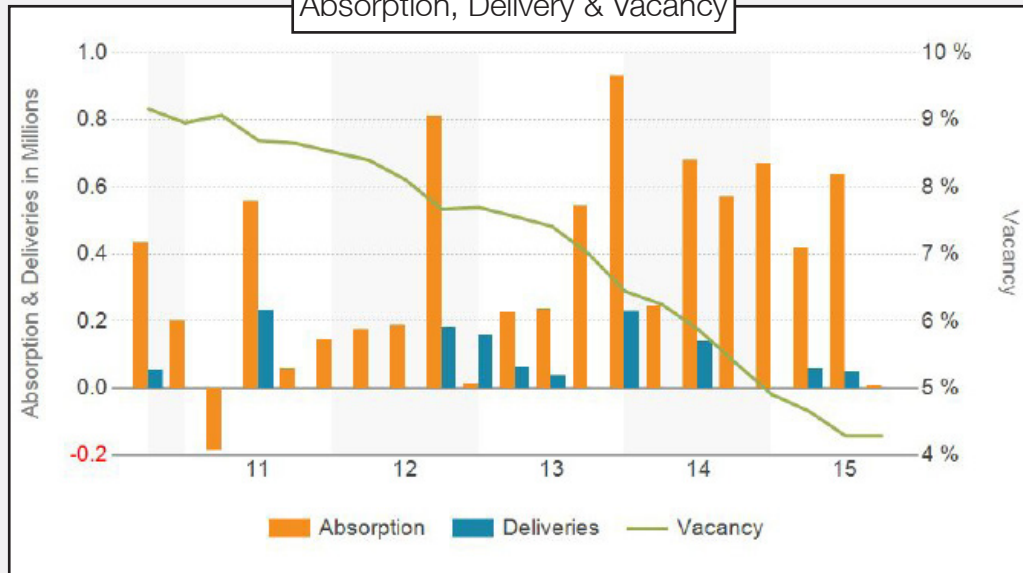
The Industrial vacancy rate in the San Diego market area decreased to 5.5% at the end of the third quarter 2015. The vacancy rate was 6.0% at the end of the second quarter 2015.

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

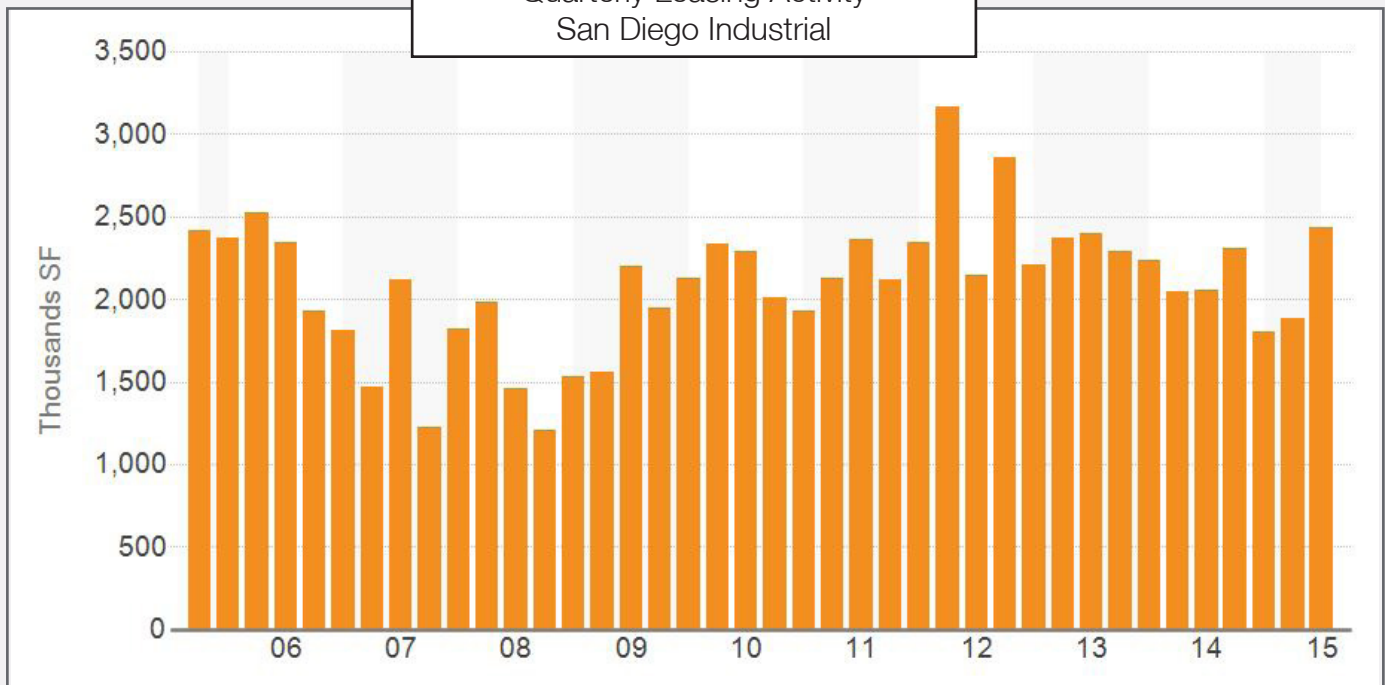


Absorption, Delivery & Vacancy



Market	Total SF	Direct Vacant SF	Sublease Vacant SF	Total Vacant SF	Vacancy Rate	YTD Net Absorption	Under Construction	Quoted Rent
North County	46,178,948	2,945,942	86,070	3,032,012	6.57%	738,674	623,722	\$0.87
Golden Triangle	18,966,955	1,482,849	241,302	1,724,151	9.09%	146,907	603,269	\$1.81
Central San Diego	43,202,209	1,612,759	35,166	1,647,925	3.81%	508,582	0	\$1.11
I-15 Corridor	26,365,991	1,471,344	8,365	1,479,709	5.61%	337,553	24,883	\$1.13
East County	24,045,102	673,836	24,308	698,144	2.90%	128,794	0	\$0.82
South Bay	31,039,436	1,803,851	46,447	1,850,298	5.96%	548,271	121,970	\$0.62
Total - San Diego County	189,798,641	9,990,581	441,658	10,432,239	5.50%	2,408,781	1,373,844	\$1.05

Quarterly Leasing Activity
San Diego Industrial



Methodology The data used in the NAI San Diego Industrial Update is based on industrial and flex buildings of all sizes, in all classes (including owner-user buildings). We have divided San Diego County into six markets for industrial / flex 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
Carlsbad Ind	13,637,205	1,454,479	26,231	1,480,710	10.86%	65,205	80,392	\$1.02
North Beach Cities I.	499,182	6,800	0	6,800	1.36%	(5,123)	0	\$1.94
Oceanside Ind	9,028,962	460,725	17,184	477,909	5.29%	388,782	543,330	\$0.68
San Marcos Ind	9,250,867	539,305	5,083	544,388	5.88%	72,664	0	\$0.78
Vista Ind	13,762,732	484,633	37,572	522,205	3.79%	217,146	0	\$0.72
Subtotal - North County	46,178,948	2,945,942	86,070	3,032,012	6.57%	738,674	623,722	\$0.87
Sorrento Mesa Ind	10,368,103	755,936	139,378	895,314	8.64%	60,894	0	\$1.36
Sorrento Valley Ind	3,468,722	236,054	16,342	252,396	7.28%	(27,681)	0	\$1.80
Torrey Pines Ind	3,429,046	243,284	14,072	257,356	7.51%	152,836	0	\$3.47
UTC Ind	1,701,084	247,575	71,510	319,085	18.76%	(39,142)	603,269	\$1.72
Subtotal - Golden Triangle	18,966,955	1,482,849	241,302	1,724,151	9.09%	146,907	603,269	\$1.81
Central San Diego In.	2,729,016	91,362	0	91,362	3.35%	10,635	0	\$0.93
Kearny Mesa Ind	15,493,427	650,784	3,574	654,358	4.22%	150,362	0	\$1.28
Mira Mesa/Miramar In.	17,962,161	776,140	15,517	791,657	4.41%	315,570	0	\$1.00
PB/Rose Canyon/ Moren.	3,310,447	63,941	16,075	80,016	2.42%	(6,632)	0	\$1.12
Sports Arena/Airport.	3,707,158	30,532	0	30,532	0.82%	38,647	0	\$1.01
Subtotal - Central San Diego	43,202,209	1,612,759	35,166	1,647,925	3.81%	508,582	0	\$1.11
Escondido Ind	8,067,335	234,055	6,312	240,367	2.98%	21,097	0	\$0.80
Poway Ind	8,650,890	397,430	2,053	399,483	4.62%	(18,184)	24,883	\$0.89
Rancho Bernardo Ind	8,157,766	774,263	0	774,263	9.49%	257,660	0	\$1.36
Scripps Ranch Ind	1,490,000	65,596	0	65,596	4.40%	76,980	0	\$1.04
Subtotal - I-15 Corridor	26,365,991	1,471,344	8,365	1,479,709	5.61%	337,553	24,883	\$1.13
East City Ind	1,008,083	1,100	0	1,100	0.11%	0	0	\$0.00
El Cajon Ind	9,883,991	273,647	15,300	288,947	2.92%	2,863	0	\$0.80
La Mesa/Spring Valle.	3,022,228	165,813	0	165,813	5.49%	6,735	0	\$0.81
Mission Gorge Ind	2,126,517	87,727	0	87,727	4.13%	(10,782)	0	\$1.01
Santee Ind	4,257,282	51,455	7,328	58,783	1.38%	21,044	0	\$0.87
Southeast San Diego .	3,747,001	94,094	1,680	95,774	2.56%	108,934	0	\$0.70
Subtotal - East County	24,045,102	673,836	24,308	698,144	2.90%	128,794	0	\$0.82
Chula Vista Ind	10,231,836	400,826	8,814	409,640	4.00%	122,351	0	\$0.79
National City Ind	3,825,938	132,518	0	132,518	3.46%	(31,921)	0	\$0.80
Otay Mesa Ind	15,429,660	1,195,085	37,633	1,232,718	7.99%	339,151	121,970	\$0.54
San Ysidro/Imp Beach.	1,552,002	75,422	0	75,422	4.86%	118,690	0	\$0.58
Subtotal - South Bay	31,039,436	1,803,851	46,447	1,850,298	5.96%	548,271	121,970	\$0.62
Total - San Diego County	189,798,641	9,990,581	441,658	10,432,239	5.50%	2,408,781	1,373,844	\$1.05

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Industrial Market Update

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NAI San Diego

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