

# 1Q'16

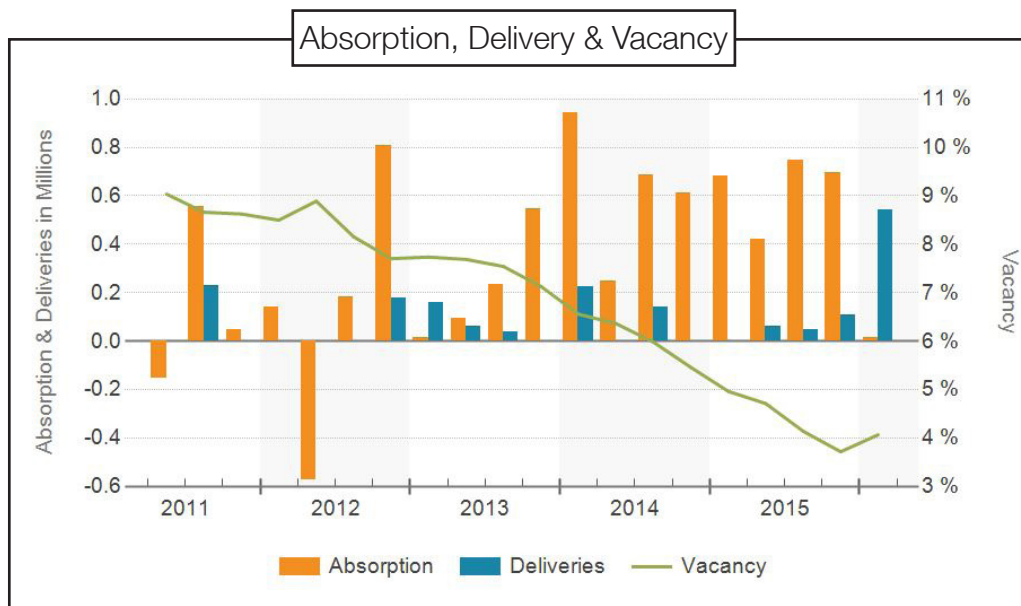
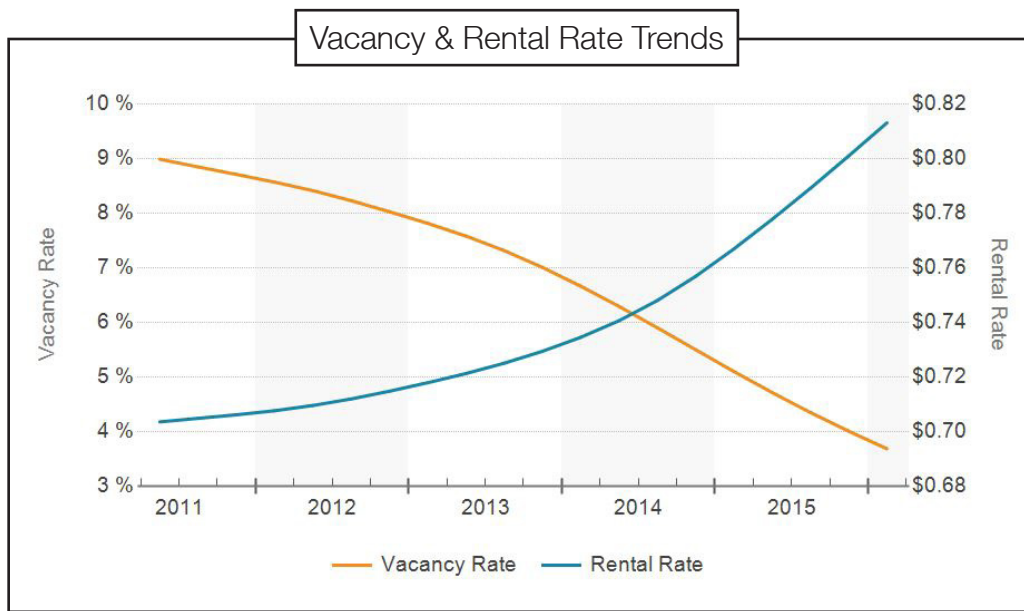
## Industrial Market Update



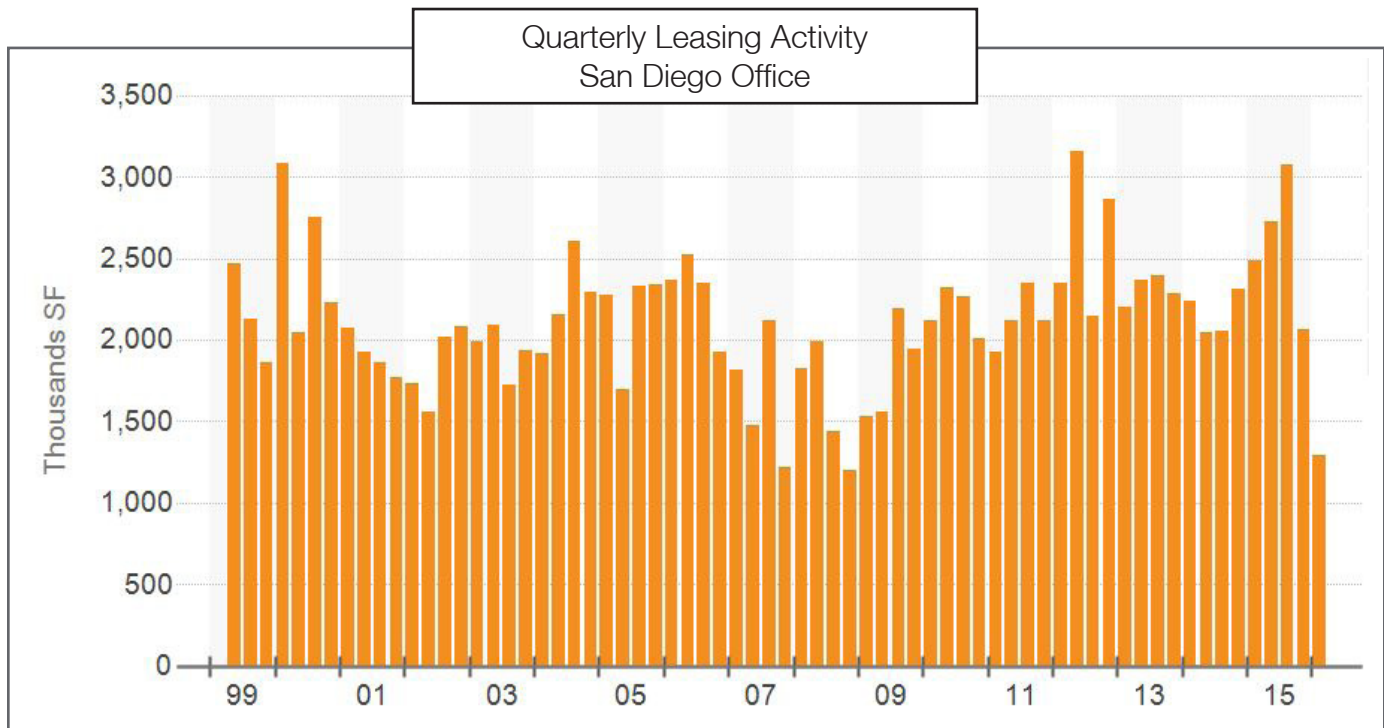
The San Diego Industrial market ended the first quarter 2016 with a vacancy rate of 5.2%. The vacancy rate was slightly increased over the previous quarters 5.1%, with net absorption totaling positive 453,702 square feet in the first quarter and 696,791 square feet in the previous quarter. Vacant sublease space increased in the quarter, ending the quarter at 466,079 square feet.

Rental rates ended the first quarter at \$1.08 per square foot per month, an increase of \$0.2 over the previous quarter. A total of five buildings delivered to the market in the quarter totaling 608,830 square feet, with 1,482,289 square feet still under construction at the end of the quarter.

According to the State of California's Employment Development Department the unemployment rate in the San Diego County was 4.7 percent in February 2016, unchanged from a revised 4.7 percent in January 2016, and below the year-ago of 5.5 percent. In the first quarter 2016 San Diego compares favorably with an unemployment rate of 5.5 percent for California and 5.0 percent for the nation.



Market	Total SF	Direct Vacant SF	Sublease Vacant SF	Total Vacant SF	Vacancy Rate	YTD Net Absorption	Under Construction	Quoted Rent
North County	46,811,324	3,064,844	161,105	3,225,949	6.89%	160,421	325,469	\$0.87
Golden Triangle	18,640,758	1,375,421	212,509	1,587,930	8.52%	233,460	1,032,350	\$1.83
Central San Diego	42,679,364	1,487,190	22,724	1,509,914	3.54%	(55,404)	2,500	\$1.15
I-15 Corridor	26,402,518	1,548,303	14,329	1,562,632	5.92%	(44,115)	0	\$1.19
East County	24,041,571	538,027	0	538,027	2.24%	46,186	0	\$0.82
South Bay	31,004,443	1,389,229	55,412	1,444,641	4.66%	113,154	121,970	\$0.66
Total - San Diego County	189,579,978	9,403,014	466,079	9,869,093	5.21%	453,702	1,482,289	\$1.08



**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	13,736,873	1,366,416	95,140	1,461,556	10.64%	132,160	113,830	\$1.03
North Beach Cities I.	496,519	3,035	0	3,035	0.61%	8,983	0	\$2.36
Oceanside Ind	9,556,063	905,205	0	905,205	9.47%	4,645	193,689	\$0.69
San Marcos Ind	9,050,777	452,475	33,648	486,123	5.37%	20,351	0	\$0.83
Vista Ind	13,971,092	337,713	32,317	370,030	2.65%	(5,718)	17,950	\$0.74
<b>Subtotal - North County</b>	<b>46,811,324</b>	<b>3,064,844</b>	<b>161,105</b>	<b>3,225,949</b>	<b>6.89%</b>	<b>160,421</b>	<b>325,469</b>	<b>\$0.87</b>
Sorrento Mesa Ind	9,985,591	744,127	124,657	868,784	8.70%	83,901	0	\$1.39
Sorrento Valley Ind	3,449,135	138,029	16,342	154,371	4.48%	67,094	0	\$1.88
Torrey Pines Ind	3,501,324	209,049	0	209,049	5.97%	84,540	63,000	\$4.03
UTC Ind	1,704,708	284,216	71,510	355,726	20.87%	(2,075)	969,350	\$1.58
<b>Subtotal - Golden Triangle</b>	<b>18,640,758</b>	<b>1,375,421</b>	<b>212,509</b>	<b>1,587,930</b>	<b>8.52%</b>	<b>233,460</b>	<b>1,032,350</b>	<b>\$1.83</b>
Central San Diego In.	2,731,341	82,262	0	82,262	3.01%	(5,900)	0	\$1.04
Kearny Mesa Ind	15,564,100	570,231	2,800	573,031	3.68%	26,765	0	\$1.32
Mira Mesa/Miramar In.	18,001,788	745,493	11,065	756,558	4.20%	(70,527)	0	\$1.04
PB/Rose Canyon/Moren.	3,374,364	34,074	8,859	42,933	1.27%	3,836	0	\$1.21
Sports Arena/Airport.	3,007,771	55,130	0	55,130	1.83%	(9,578)	2,500	\$1.07
<b>Subtotal - Central San Diego</b>	<b>42,679,364</b>	<b>1,487,190</b>	<b>22,724</b>	<b>1,509,914</b>	<b>3.54%</b>	<b>(55,404)</b>	<b>2,500</b>	<b>\$1.15</b>
Escondido Ind	8,081,165	142,344	10,132	152,476	1.89%	1,886	0	\$0.87
Poway Ind	8,678,291	305,613	4,047	309,660	3.57%	118,325	0	\$0.90
Rancho Bernardo Ind	8,153,062	857,008	150	857,158	10.51%	(87,968)	0	\$1.39
Scripps Ranch Ind	1,490,000	243,338	0	243,338	16.33%	(76,358)	0	\$1.04
<b>Subtotal - I-15 Corridor</b>	<b>26,402,518</b>	<b>1,548,303</b>	<b>14,329</b>	<b>1,562,632</b>	<b>5.92%</b>	<b>(44,115)</b>	<b>0</b>	<b>\$1.19</b>
East City Ind	1,008,583	1,100	0	1,100	0.11%	0	0	\$0.00
El Cajon Ind	9,877,409	210,421	0	210,421	2.13%	42,417	0	\$0.82
La Mesa/Spring Valle.	3,024,270	103,761	0	103,761	3.43%	25,782	0	\$0.80
Mission Gorge Ind	2,126,517	59,109	0	59,109	2.78%	(34,874)	0	\$1.03
Santee Ind	4,258,909	43,137	0	43,137	1.01%	8,527	0	\$0.93
Southeast San Diego .	3,745,883	120,499	0	120,499	3.22%	4,334	0	\$0.72
<b>Subtotal - East County</b>	<b>24,041,571</b>	<b>538,027</b>	<b>0</b>	<b>538,027</b>	<b>2.24%</b>	<b>46,186</b>	<b>0</b>	<b>\$0.82</b>
Chula Vista Ind	10,236,283	369,992	26,000	395,992	3.87%	(15,377)	0	\$0.85
National City Ind	3,829,649	73,855	0	73,855	1.93%	31,747	0	\$0.90
Otay Mesa Ind	15,438,308	871,529	29,412	900,941	5.84%	95,094	121,970	\$0.57
San Ysidro/Imp Beach.	1,500,203	73,853	0	73,853	4.92%	1,690	0	\$0.58
<b>Subtotal - South Bay</b>	<b>31,004,443</b>	<b>1,389,229</b>	<b>55,412</b>	<b>1,444,641</b>	<b>4.66%</b>	<b>113,154</b>	<b>121,970</b>	<b>\$0.66</b>
<b>Total - San Diego County</b>	<b>189,579,978</b>	<b>9,403,014</b>	<b>466,079</b>	<b>9,869,093</b>	<b>5.21%</b>	<b>453,702</b>	<b>1,482,289</b>	<b>\$1.08</b>

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## Industrial Market Update

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