

# 4Q'16

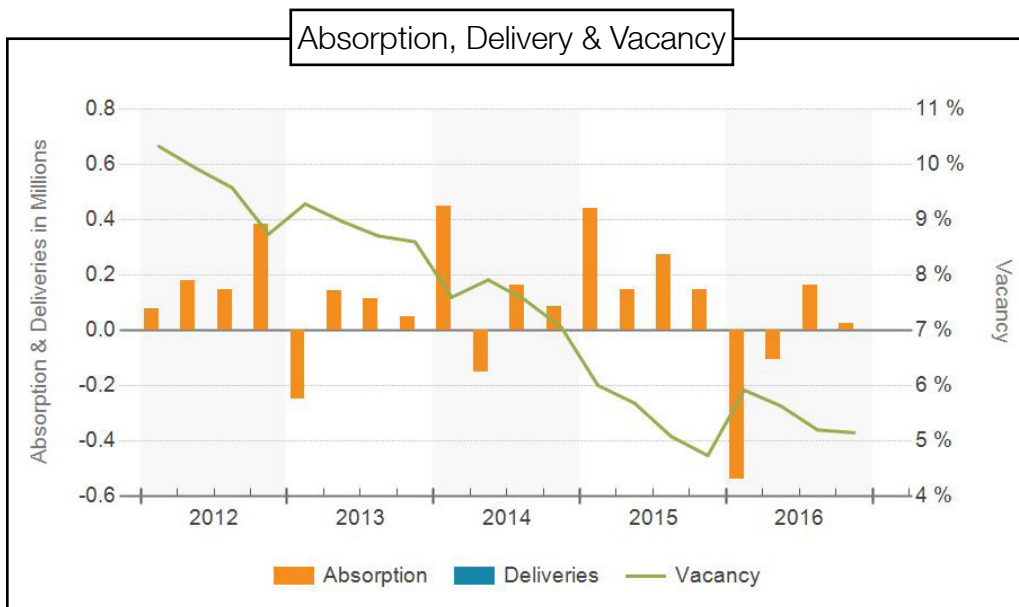
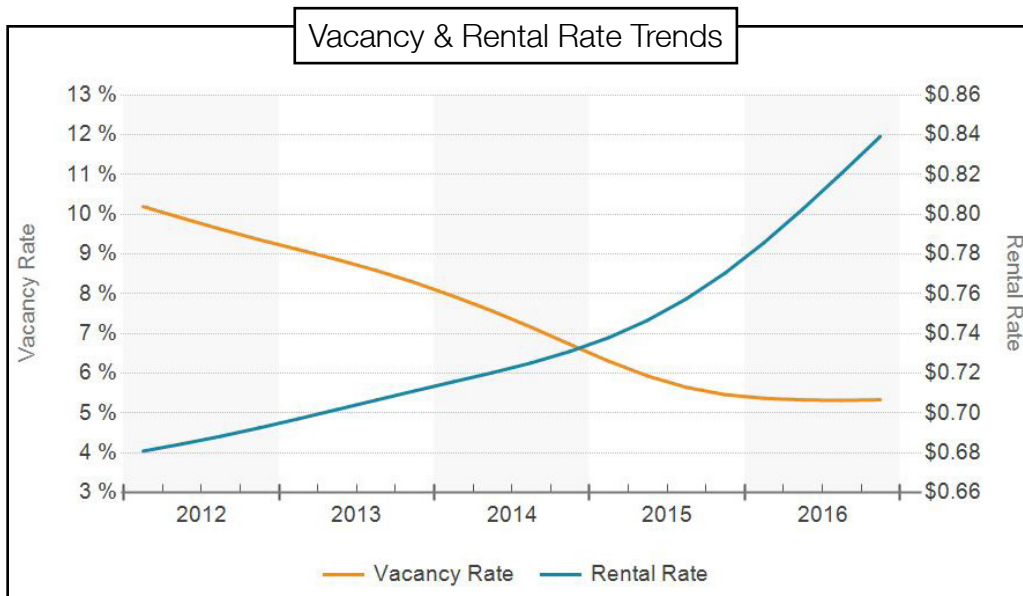
## Industrial Market Update



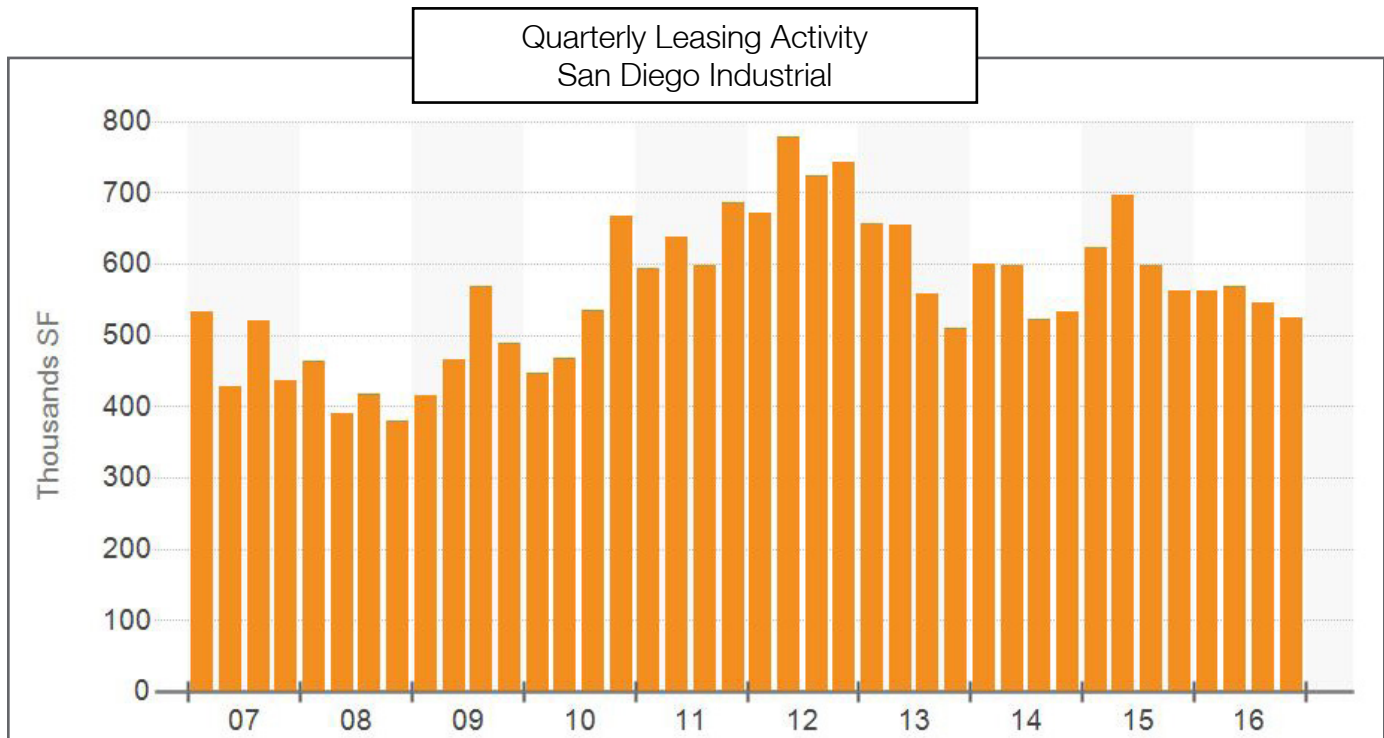
The San Diego Industrial market ended the fourth quarter 2016 with a vacancy rate of 5.1%, which was slightly decreased over the previous quarter. The Industrial market had a net absorption totaling 748,294 square feet in the fourth quarter, with a positive total of 1,127,296 square feet (YTD).

Rental rates ended the fourth quarter at \$1.04 per square foot per month, an increase over the previous quarter's rates of \$1.01. A total of nine buildings, totaling 732,599 square feet, were delivered to the market during the fourth quarter. At the end of the fourth quarter, there were 1,161,242 square feet of Industrial space under construction.

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 third quarter with an unemployment rate of 4.2%, lower than the state's average unemployment rate of 5.0% and the national average of 4.9%.



Market	Total SF	Direct Vacant SF	Sublease Vacant SF	Total Vacant SF	Vacancy Rate	YTD Net Absorption	Under Construction	Quoted Rent
North County	54,958,510	2,609,223	164,773	2,773,996	5.05%	1,017,365	210,125	\$0.86
Central San Diego	55,678,080	2,320,212	369,363	2,689,575	4.83%	(270,709)	0	\$1.32
I-15 Corridor	18,140,952	1,153,163	28,926	1,182,089	6.52%	201,128	82,640	\$1.39
East County	24,123,978	463,380	24,322	487,702	2.02%	71,292	0	\$0.85
South Bay	31,034,759	1,923,182	3,000	1,926,182	6.21%	108,220	123,134	\$0.72
<b>Total - San Diego County</b>	<b>183,936,279</b>	<b>8,469,160</b>	<b>590,384</b>	<b>9,059,544</b>	<b>4.93%</b>	<b>1,127,296</b>	<b>415,899</b>	<b>\$1.04</b>



**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, 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	13,679,533	1,108,330	133,319	1,241,649	9.08%	337,507	156,977	\$1.09
Escondido Ind	8,068,156	216,329	0	216,329	2.68%	(65,811)	53,148	\$0.90
North Beach Cities I.	433,657	880	0	880	0.20%	11,138	0	\$2.07
Oceanside Ind	9,732,987	229,658	0	229,658	2.36%	874,381	0	\$0.73
San Marcos Ind	9,065,512	574,271	4,495	578,766	6.38%	(80,392)	0	\$0.77
Vista Ind	13,978,665	479,755	26,959	506,714	3.62%	(59,458)	0	\$0.80
<b>Subtotal - North County</b>	<b>54,958,510</b>	<b>2,609,223</b>	<b>164,773</b>	<b>2,773,996</b>	<b>5.05%</b>	<b>1,017,365</b>	<b>210,125</b>	<b>\$0.86</b>
Central San Diego In.	2,683,881	71,908	0	71,908	2.68%	(22,629)	0	\$1.31
Kearny Mesa Ind	15,338,968	471,023	27,902	498,925	3.25%	47,117	0	\$1.29
Mira Mesa/Miramar In.	17,987,317	718,942	174,509	893,451	4.97%	(277,737)	0	\$1.16
PB/Rose Canyon/Moren.	3,379,616	210,148	4,350	214,498	6.35%	(167,729)	0	\$1.02
Sorrento Mesa Ind	9,906,519	636,379	159,337	795,716	8.03%	137,862	0	\$1.49
Sorrento Valley Ind	3,416,856	188,177	3,265	191,442	5.60%	(5,520)	0	\$1.81
Sports Arena/Airport.	2,964,923	23,635	0	23,635	0.80%	17,927	0	\$1.20
<b>Subtotal - Central San Diego</b>	<b>55,678,080</b>	<b>2,320,212</b>	<b>369,363</b>	<b>2,689,575</b>	<b>4.83%</b>	<b>(270,709)</b>	<b>0</b>	<b>\$1.32</b>
Poway Ind	8,683,061	267,410	20,261	287,671	3.31%	103,850	82,640	\$0.94
Rancho Bernardo Ind	7,999,509	665,036	3,790	668,826	8.36%	77,900	0	\$1.45
Scripps Ranch Ind	1,458,382	220,717	4,875	225,592	15.47%	19,378	0	\$0.92
<b>Subtotal - I-15 Corridor</b>	<b>18,140,952</b>	<b>1,153,163</b>	<b>28,926</b>	<b>1,182,089</b>	<b>6.52%</b>	<b>201,128</b>	<b>82,640</b>	<b>\$1.39</b>
East City Ind	1,008,583	2,000	0	2,000	0.20%	(900)	0	\$1.50
El Cajon Ind	9,984,468	226,079	18,132	244,211	2.45%	(4,873)	0	\$0.82
La Mesa/Spring Valle.	3,007,390	69,140	1,574	70,714	2.35%	58,829	0	\$0.81
Mission Gorge Ind	2,203,514	24,529	4,616	29,145	1.32%	(25,429)	0	\$1.22
Santee Ind	4,187,954	71,192	0	71,192	1.70%	(20,628)	0	\$0.93
Southeast San Diego .	3,732,069	70,440	0	70,440	1.89%	64,293	0	\$0.76
<b>Subtotal - East County</b>	<b>24,123,978</b>	<b>463,380</b>	<b>24,322</b>	<b>487,702</b>	<b>2.02%</b>	<b>71,292</b>	<b>0</b>	<b>\$0.85</b>
Chula Vista Ind	10,195,027	579,242	3,000	582,242	5.71%	71,241	0	\$0.86
National City Ind	3,823,289	64,479	0	64,479	1.69%	41,623	0	\$0.95
Otay Mesa Ind	15,505,750	1,181,664	0	1,181,664	7.62%	32,610	123,134	\$0.65
San Ysidro/Imp Beach.	1,510,693	97,797	0	97,797	6.47%	(37,254)	0	\$0.65
<b>Subtotal - South Bay</b>	<b>31,034,759</b>	<b>1,923,182</b>	<b>3,000</b>	<b>1,926,182</b>	<b>6.21%</b>	<b>108,220</b>	<b>123,134</b>	<b>\$0.72</b>
<b>Total - San Diego County</b>	<b>183,936,279</b>	<b>8,469,160</b>	<b>590,384</b>	<b>9,059,544</b>	<b>4.93%</b>	<b>1,127,296</b>	<b>415,899</b>	<b>\$1.04</b>

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## Industrial Market Update

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