

1Q'17

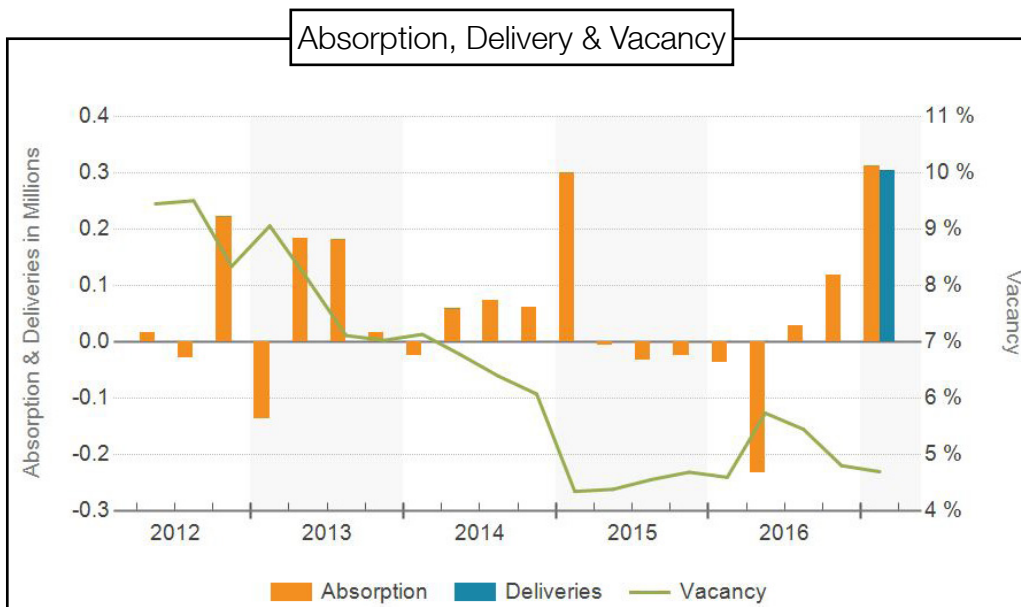
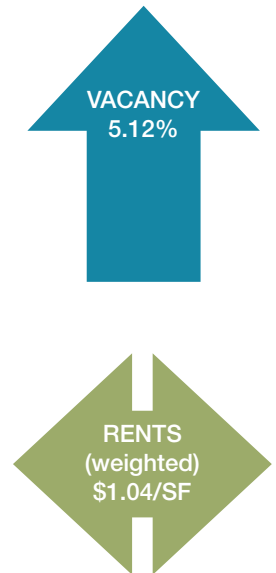
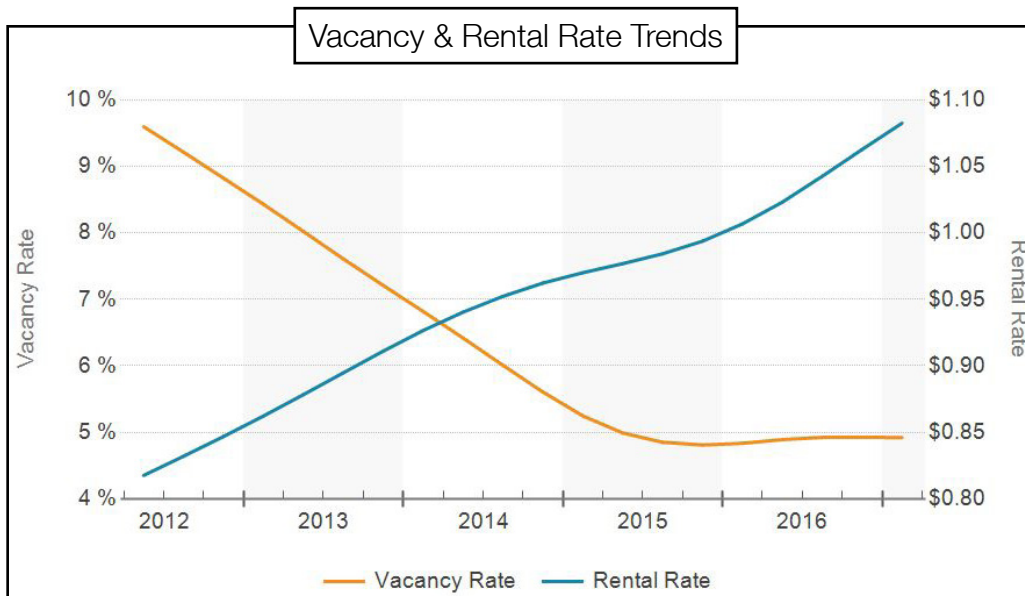
Industrial Market Update



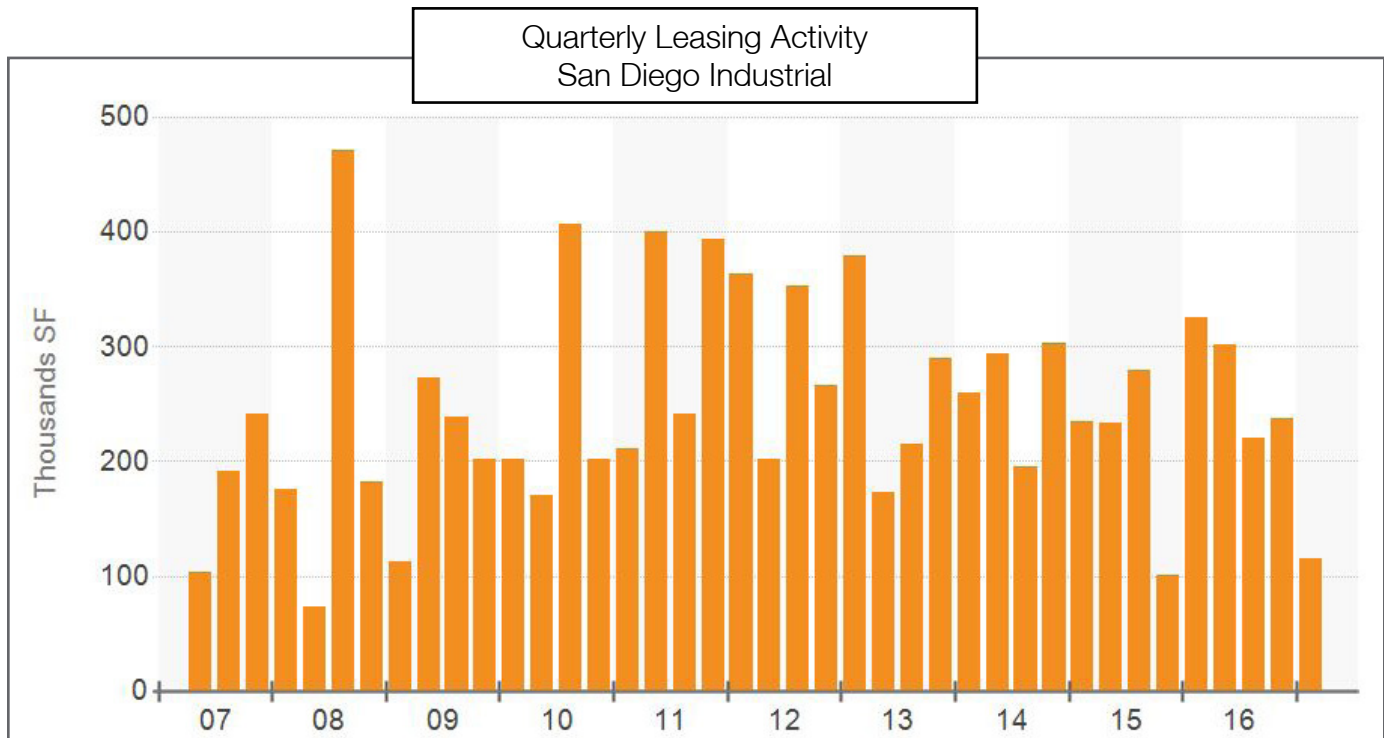
The San Diego Industrial market did not experience much change in vacancy rate during the first quarter 2017 with a rate of 5.12%, over the previous quarter's rate of 5.1%. The Industrial market had a net absorption totaling negative 343,412 square feet in the first quarter.

Rental rates ended the first quarter at \$1.04 per square foot per month. Two buildings, totaling 156,977 square feet, were completed and delivered to the market during the first quarter. At the end of the quarter, there were 1,433,825 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 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%.



Market	Total SF	Direct Vacant SF	Sublease Vacant SF	Total Vacant SF	Vacancy Rate	YTD Net Absorption	Under Construction	Quoted Rent
North County	55,169,333	2,748,844	182,034	2,930,878	5.31%	95	335,103	\$0.88
Central San Diego	55,652,768	2,207,529	353,835	2,561,364	4.60%	(38,071)	156,000	\$1.32
I-15 Corridor	17,946,718	1,449,283	20,339	1,469,622	8.19%	(269,623)	82,640	\$1.35
East County	24,110,311	340,839	30,222	371,061	1.54%	116,641	0	\$0.88
South Bay	31,097,807	2,035,362	45,446	2,080,808	6.69%	(152,454)	123,456	\$0.73
Total - San Diego County	183,976,937	8,781,857	631,876	9,413,733	5.12%	(343,412)	697,199	\$1.04



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	13,856,703	1,233,971	107,544	1,341,515	9.68%	57,111	281,593	\$1.08
Escondido Ind	8,073,631	137,669	48,916	186,585	2.31%	29,744	53,510	\$0.89
North Beach Cities I.	433,657	915	0	915	0.21%	(35)	0	\$2.01
Oceanside Ind	9,732,669	248,836	0	248,836	2.56%	(19,178)	0	\$0.78
San Marcos Ind	9,039,202	600,872	7,194	608,066	6.73%	(29,300)	0	\$0.80
Vista Ind	14,033,471	526,581	18,380	544,961	3.88%	(38,247)	0	\$0.81
Subtotal - North County	55,169,333	2,748,844	182,034	2,930,878	5.31%	95	335,103	\$0.88
Central San Diego In.	2,620,947	71,908	0	71,908	2.74%	0	0	\$1.25
Kearny Mesa Ind	15,434,114	529,625	16,103	545,728	3.54%	(46,803)	156,000	\$1.29
Mira Mesa/Miramar In.	17,987,278	754,008	162,485	916,493	5.10%	(35,942)	0	\$1.15
PB/Rose Canyon/Moren.	3,346,620	55,102	0	55,102	1.65%	9,396	0	\$0.93
Sorrento Mesa Ind	9,909,622	606,255	159,337	765,592	7.73%	30,124	0	\$1.46
Sorrento Valley Ind	3,390,264	163,458	11,910	175,368	5.17%	12,692	0	\$1.78
Sports Arena/Airport.	2,963,923	27,173	4,000	31,173	1.05%	(7,538)	0	\$1.19
Subtotal - Central San Diego	55,652,768	2,207,529	353,835	2,561,364	4.60%	(38,071)	156,000	\$1.32
Poway Ind	8,638,825	461,419	11,674	473,093	5.48%	(186,012)	82,640	\$0.97
Rancho Bernardo Ind	7,849,511	842,977	3,790	846,767	10.79%	(159,441)	0	\$1.43
Scripps Ranch Ind	1,458,382	144,887	4,875	149,762	10.27%	75,830	0	\$0.92
Subtotal - I-15 Corridor	17,946,718	1,449,283	20,339	1,469,622	8.19%	(269,623)	82,640	\$1.35
East City Ind	1,023,583	0	0	0	0.00%	2,000	0	\$1.50
El Cajon Ind	9,944,143	94,253	18,132	112,385	1.13%	131,826	0	\$0.85
La Mesa/Spring Valle.	3,007,377	74,450	1,574	76,024	2.53%	(5,310)	0	\$0.79
Mission Gorge Ind	2,206,587	34,982	7,016	41,998	1.90%	(12,853)	0	\$1.25
Santee Ind	4,187,854	63,794	3,500	67,294	1.61%	3,898	0	\$0.94
Southeast San Diego .	3,740,767	73,360	0	73,360	1.96%	(2,920)	0	\$0.77
Subtotal - East County	24,110,311	340,839	30,222	371,061	1.54%	116,641	0	\$0.88
Chula Vista Ind	10,212,083	634,986	36,170	671,156	6.57%	(87,742)	0	\$0.87
National City Ind	3,824,289	60,439	0	60,439	1.58%	4,040	0	\$1.01
Otay Mesa Ind	15,550,742	1,246,890	9,276	1,256,166	8.08%	(73,502)	123,456	\$0.64
San Ysidro/Imp Beach.	1,510,693	93,047	0	93,047	6.16%	4,750	0	\$0.73
Subtotal - South Bay	31,097,807	2,035,362	45,446	2,080,808	6.69%	(152,454)	123,456	\$0.73
Total - San Diego County	183,976,937	8,781,857	631,876	9,413,733	5.12%	(343,412)	697,199	\$1.04

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Industrial Market Update

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