# SD4Q18 **FOURTH QUARTER 2018 MARKET REPORT** SAN DIEGO INDUSTRIAL



**NEW DELIVERIES MAKING WAVES.** At the close of 2018, the San Diego County industrial market rental rates again set an all-time high, while vacancy increased over the previous year with a significant amount of new construction coming online. Net absorption was almost a million square feet to the positive in 2018, placing it among the strongest years for growth in the tenant base in recent years.

**VACANCY.** Direct/sublease space (unoccupied) finished the quarter at 4.34%, rising above 4% for the first time in more than a year; however the vacancy rate for San Diego County's industrial market is still significantly lower than the best number posted in the last period of economic expansion, which was roughly 6% in 2006. Most of this increase in vacancy was caused by new construction in the market, and this has had the biggest impact in Carlsbad where the vacancy rate is now ten percentage points higher than the county average.

**LEASE RATES.** The average asking lease rate checked in at \$1.00 per square foot per month, an 8.7% increase year-over-year. The average asking rate is at an all-time high for the San Diego industrial market. The lack of availability has left tenants with limited options in many submarkets, keeping rental rates high.

**TRANSACTION ACTIVITY.** The total square feet leased and sold in the fourth quarter was approximately 3.1 million square feet, a significant slowdown from the 4.8 million square feet of transactions in the third quarter of 2018. The sales volume of 7.5 million square feet in sales for 2018 was the second highest level in the past decade, while the leasing volume was near a decade low in 2018. This statistic can have some lag time in being reported, so look for this quarter's figures to end up somewhat higher in the next report.

**EMPLOYMENT.** The unemployment rate in San Diego County was 3.2% in November 2018, down from a revised 3.3% in October 2018, and below the year-ago estimate of 3.5%. This compares with an unadjusted unemployment rate of 3.9% for California and 3.5% for the nation during the same period. According to the State of California Employment Development Department, San Diego County gained 26,400 payroll jobs between November 2017 and November 2018, including 16,500 from professional and business services, which reported the largest overall gain. The manufacturing sector reported a growth of 6,000 jobs, the second most among the major employment sectors. The largest year-over-year loss was in trade, transportation, and utilities which reported 3,400 fewer jobs than the prior year.

**OVERALL.** Despite an increase in the vacancy rate at the end of the year due to a wave a new construction deliveries, the overall occupancy rate for the county remains almost two percentage points higher than the last cycle's peak in 2006. The San Diego industrial market conditions remain strong with rental rates continuing to reach new highs, quarter after quarter. The record high rental rates have suppressed the leasing activity, but conversely the sale volume has increased. The construction pipeline is still loaded with 1.4 million square feet under construction, and the overall market appears well positioned to handle the influx.



# TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Markat Statistic

	Change Over Last Quarter	4Q 2018	3Q 2018	4Q 2017	% Change Over Last Year
Vacancy Rate	UP UP	4.34%	3.83%	3.68%	18.00%
Availability Rate	UP UP	7.25%	6.98%	6.30%	15.12%
Average Asking Lease Rate	UP UP	\$1.00	\$0.98	\$0.92	8.70%
Sale & Lease Transactions	DOWN	3,068,827	4,803,251	4,579,183	(32.98%)
Gross Absorption	DOWN	1,769,343	2,158,747	2,075,370	(14.75%)
Net Absorption	NEGATIVE	(62,217)	457,834	430,101	N/A

# SD4Q18 INDUSTRIAL

**EMPLOYMENT.** The labor market in San Diego County will continue to improve, although we anticipate job growth to slow. In 2017 there was a 1.2% increase in total employment, and a 1.0–1.2% increase is projected for 2018. With the local stalwarts of defense and biotech remaining strong, look for these sectors to lead the way for employment gains, followed by healthcare.

LEASE RATES. Expect average asking rates to increase by approximately 3–4% over the next four quarters.

**VACANCY.** We anticipate the vacancy rate will continue to move up from record lows as the vacancy rate is still nearly three percentage points lower than availability, and we have 1.4 million square feet currently under construction.

**CONSTRUCTION.** 2.2 million square feet of new industrial projects were delivered in 2018, the most square feet delivered since 2007. The new construction will continue into 2019 with 1.4 million square feet still under construction. The current product under construction is largely concentrated in the North County, and Otay Mesa.

**AVAILABILITY.** Direct/sublease space being marketed was 7.25% at the end of the fourth quarter, up 15.12% from the countywide availability rate of 6.3% in the fourth quarter of 2017, and nearly three percentage points higher than the vacancy rate. The majority of this available space which is not vacant is in the current construction pipeline.

**ABSORPTION.** There was 62,217 square feet of negative net absorption in the fourth quarter, with a total for the year of 902,690 square feet of positive net absorption. The San Diego industrial market just completed its ninth consecutive year of positive net absorption, and 2018 saw the third most positive net absorption of any year in the past decade. The East County was the only segment of the county to record more than 100,000 square feet of negative net absorption, and yet the East County area vacancy rate remains near 2%.



# Significant Transactions

Sales						
Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller	
9043 & 8863 Siempre Viva Rd., Et Al	Otay Mesa	544,643	\$67,500,000	IDS Real Estate Group	AFL-CIO Building Investment Trus	
3250 Business Park Dr.	Vista	221,660	\$31,150,000	BLT Enterprises	DENSO Wireless Systems	
2695 Customhouse Ct. & 8830 Siempre Viva Rd.	Otay Mesa	264,679	\$28,500,000	TIAA-CREF	<b>BKM</b> Capital Partners	
2011–2101 Haffley Ave.	National City	146,700	\$24,800,000	KKR & Co, LP	Presidio Property Trust	
2710 Progress St.	Vista	135,020	\$24,715,000	The Blackstone Group, LP	J&D Laboratories	
Leases						
Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner	
4400 Ruffin Rd.	Kearny Mesa	106,000	Dec-2018	TWI	LBA Realty	
3817 Ocean Ranch Blvd.	Oceanside	66,780	Nov-2018	Undisclosed	First Industrial Realty Trust	
1669 Brandywine Ave.	Chula Vista	34,460	Nov-2018	Juiced Bikes	Industrial Property Trust	
7466 Carroll Rd.	Miramar	32,000	Oct-2018	Land Rover	(Sublease)	
4863 Shawline St.	Kearny Mesa	31,613	Nov-2018	Oakwood Worldwide	McGrath	
2 VOIT REAL ESTATE SERVICES						

# INDUSTRIAL **SD4Q18**

brack <th< th=""><th></th><th></th><th colspan="3">INVENTORY</th><th>VAC</th><th colspan="5">VACANCY &amp; LEASE RATES</th><th colspan="5">ABSORPTION</th></th<>			INVENTORY			VAC	VACANCY & LEASE RATES					ABSORPTION				
network91441.34000.00.030.94894.4091.400.10.00.00		of	Rentable	Feet	Feet	Feet	Rate	Feet	Rate	Asking	Absorption	Absorption	Absorption	Gross Absorption 2018		
isat chy616633.470000.00%00.00%-0000Sammetrik3604.277.060071.961.512.911.20%1.1601.1601.161.2001.0001.162.001.161.2001.1601.161.2001.1601.161.2001.1601.161.2001.161.2001.1601.161.2001.1601.161.2001.1601.161.2001.1601.1601.161.2001.1601.1601.1601.161.2001.1601.1601.161.2001.1601.161.200 <t< td=""><td>Central County</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Central County															
Swhent Chy     363     4,277,385     0     7     9,381     1455,38     1455,38     5,189     15,289     12,030     2,180       Kearny Marka     427     B56,558     0     7,418     21,501     2,185     17,736     2,2275     3,141     6,5489     (5,748)     7,180     7,2686       Misein Goge     112     1,52,4184     0     0     4,8523     5,355,     660,711     2,758     51,16     (7,922)     1,748     7,748     64,368     (5,723)     4,758     51,16     (7,922)     1,748     4,749     4,748     4,749     4,749     4,749     4,749     4,749     4,749     4,749     4,749     4,749     4,749     4,749     4,74	Central City	95	1,441,347	0	0	8,353	0.58%	29,439	2.04%	\$1.31	0	35,297	5,000	58,450		
nearry Mata4779,08,53809,41821,5032,198117,2312,27881,416,5075,11,205,11,20Minus Logo1122,146,678006,2582,0786,10,2732,1785,1435,21741,1087,108Spent Ansaly1122,06678000,5504,05372,0785,1516,1274,1781,1087,1085,288Spent Ansaly7813,223,43100,10010,0024,6582,94,4017,2985,116(12,838)(15,836)(12,738)1,1051,558Sprent Minea7813,223,43100,00500,051,101(11,838)(15,273)2,528Sprent Minea740,01,02300,0051,05,6842,6981,1780,1480,1127(01,838)(12,838)(13,838)(11,827)0,1282,528Sprent Marei4480,005,3231,0001,1270,0281,228(11,838)(1	East City	61	965,347	0	0	0	0.00%	0	0.00%	-	0	0	0	0		
Interior origination   112   1.841.868   0   0   0.4388   2.19%   44.97   2.71%   51.43   (5.58)   (5.12)   7.7168   (5.23)     Speci huma/findination   167   3.224.844   0   0   0.222   0.59%   0.0073   3.718   (5.12)   4.716   (7.18)   (7.11)   (7.18)   (7.11)   (7.11)   (7.14)   (7.14)   (7.14)   (7.14)   (7.14)   (7.14)   (7.14)   (7.14)   (7.10)   (7.11)   (7.12)   (7.10)   (7.11)   (7.13)   (7.11)   (7.11)   (7.12)   (7.11)	Southeast City	363	4,297,936	0	0	79,366	1.85%	163,328	3.80%	\$1.06	5,829	(12,906)	28,000	112,361		
Bose Garyan, Marena     112     2,466,676     0     0     15,823     0,69%     122,523     4,91%     51,51     22,174     77,469     75,666       Storis Acany, Alpent     144     16,852,200     0     0     0,227     0,29%     66,073     370%     51,16     0,232,69     17,460     7,169     6,250     370%     51,16     0,233,89     11,150     0,226,9     17,96     51,16     0,133,89     (12,23)     2,5719       Sarmato Mainy     3     10,448     0     19,858     2,64%     3798     4,138     51,12     (21,140)     (81,23)     397,993       Eat     Commy     110,148     0.00     7,146     4,87%     28,879     4,138     51,20     1,177     (92,28)     397,993       Eat County     110     15,032     17,240     17,270     17,270     17,270     41,203     12,770     41,203     12,770     41,203     12,770     41,203     12,770     41,203     12,770     14,720     12,7719     11,770     12,720	Kearny Mesa	427	9,826,536	0	24,188	215,081	2.19%	317,361	3.23%	\$1.41	6,007	58,182	93,057	435,125		
Sparts Arena / Arapet     143     1.855, 200     0     9.277     9.578     6.0579     0.709     6.122     4.198     7.168     6.7283       Minant     0.76     3.22,400     0     0     0.000     4.000     6.200     6.116     0.13.86     1.16     0.13.86     1.16     0.13.86     1.16     0.13.86     1.16     0.13.86     1.16     0.13.86     1.16     0.13.86     1.16     0.13.86     0.000	Mission Gorge	112	1,841,686	0	0	40,386	2.19%	49,973	2.71%	\$1.43	(5,588)	(61,786)	12,609	61,017		
Mmmur     567     13,224,884     0     615,000     469,036     3,55%     690,116     5,22%     51.16     (19,282)     (14,359)     144,520       Semeth Mates     76     3,772,690     0     0     110,026     44,5%     37,968     41.16     (12,827,3)     25,700     25,900       Semeth Mates     3     104,448     0     149,663     0     0,00%     -     0.0     0	Rose Canyon/Morena	132	2,496,676	0	0	15,823	0.63%	122,523	4.91%	\$1.31	22,174	17,490	76,666	121,579		
Sameta Mean     78     3,729,899     0     0     100,095     4,85%     994,44     7.899     4.18     (134,889)     (192,75)     92,710       Sameta Meany     14     020625     0     0     3.756     3.45%     51,989     4.13%     51,440     (0.0,89)     62,035     52,00       Central County Iotal     2,040     40,457,355     0     708,851     1,050,054     2,66%     1,776,02     4,47%     51,00     1,122     (0.2,62)     52,669       Labexa/Spiny Maily     300     2,051,112     0     70,000     1,125     61,144     0.2%     3,77%     50,99     2,41%     51,00     1,122     (0.2,62)     52,669       Labexa/Spiny Maily     309     2,241,117     0     70,00     1,123     32,240     2,07%     7,370     3,04     (7,142)     (15,7,70)     1,010       Labexa/Spiny Maily     1,110     16,033,93     1,77,83     131,75     339,89     4,27%     8,376     3,035     6,055     50,05     60,0529     122,129	Sports Arena / Airport	143	1,635,200	0	0	9,227	0.56%	60,579	3.70%	\$1.22	4,796	7,169	6,296	68,701		
Serreti Valley     41     92.025     0     0     31.756     9.45%     97.990     41.75%     51.48     (10.00)     42.243     52.490       Torrey ProvITC     3     10.444     0     14.9673     0     0.00%     0     0.00%     -     0     0     0       Control Comp/ Total     2.640     40.497.355     0     788.851     1.050.854     2.60%     1.766.072     3.47%     S1.10     (21.440)     681.69     2.77.97     2.78.79     0     70.00     1.1285     3.48%     19.56.99     4.74.75     5.30.90     4.71.72     (13.700)     11.227       Samter/Likestict     7.7     3.644.324     0     2.82.560     17.94     4.87.75     2.73.00     1.72.70     1.70.00     1.72.70     1.70.00     1.72.70     7.77.70     6.77.7     7.77.70     0.70.70     3.73%     50.90     2.74.77     7.77.70     6.77.7     7.77.70     6.77.7     7.77.70     6.77.75     7.75.77     7.77.70     7.77.70     7.77.77     7.77.7     7.77.75	Miramar	587	13,224,864	0	615,000	469,936	3.55%	690,418	5.22%	\$1.16	(99,262)	(14,359)	144,520	989,893		
Interprint     3     104,448     0     40,663     0     0.00%     0     0.00%     1     0.0     0       Central County Total     2,404     40,467,355     0     788,851     10,50,054     2,60%     17,76,023     4,34%     51,21     (21,144)     (01,623)     397,098       East County     East     0     0,00,525     17,060     112,126     61,144     0.68%     306,790     4,44%     51,00     1,127     (30,28)     12,028       Beame/Lalestain     0.77     3,684,32     0.0     9,283     17,44     4,47%     24,541     6,37%     6,388     (20,47)     (13,700)     12,700     10.00     12,700     10.00     12,700     10.00     12,700     10.00     12,700     4,38%     51.05     (9,329)     (21,17)     (13,708)     4,44,51     32,244     2,67%     59,103     6,348     (29,47)     15,576     79,730       Contrint     110     16,033,05     0.00     0,17,790     14,345     14,663,676     9,249     6,313<	Sorrento Mesa	76	3,732,690	0	0	180,926	4.85%	294,404	7.89%	\$1.16	(134,888)	(152,753)	25,710	99,857		
Chrini County Totini     Qu40     Qu40, 2455     Q     Results     Results     Si 2     Q 11,400     (B1,52)     397,096       Eact County     B Ogen     449     90,05,25     17,060     112,126     61,144     0.68%     3,48%     15,660     7,41%     51,34     (B7,68)     (E,60)       Lamas.Smiring May     30     2,661,117     0     7000     18,85     3,48%     16,560     7,41%     51,34     (B7,68)     (E,00)     1,000     12,000     4,000     1,000 <td< td=""><td>Sorrento Valley</td><td>41</td><td>920,625</td><td>0</td><td>0</td><td>31,756</td><td>3.45%</td><td>37,998</td><td>4.13%</td><td>\$1.48</td><td>(10,508)</td><td>42,043</td><td>5,240</td><td>96,687</td></td<>	Sorrento Valley	41	920,625	0	0	31,756	3.45%	37,998	4.13%	\$1.48	(10,508)	42,043	5,240	96,687		
East County     Processing Value     Processing Value	Torrey Pines/UTC	3	104,448	0	149,663	0	0.00%	0	0.00%	-	0	0	0	0		
B Capin4489.005.3217.06017.12161.1410.68%396,7003.41%51.0011.127(90.28)12.230La Maez Syminy Maley3092.441.17070.00091.8653.44%195.6607.41K51.3461.44(71.47)(91.23)Santer-La Maes Mark733.643.2400.00.0000.0000.00080.7512.20012.10014.700East County Rath7676.262000.00014.7897.37.0004.58%51.050.65.29221.12561.000East County Rath7.11015.05.3017.78019.27%13.7262.97.923.73%5.0982.94.1215.5.767.97.92Docemaside4029.00.0812.77.7313.1762.99.927.45%67.8498.57.88.99.92.94.22105.62167.83Sondarcos7.278.521.77.859.0004.600557.664.37%1.88.16914.789.09.212.62.6217.79174.661Candard2.677.87.554.17.4750.1051.24.1871.44.841.48.81.6914.5710.009.09.0917.99147.89North County Told2.78.256.17.67000.00%100.00%1.09.0217.90147.89North County Told1.799.57.677.97.951.27.811.37.852.99.161.37.951.27.811.37.82.99.171.38.191.37.951.	Central County Total	2,040	40,487,355	0	788,851	1,050,854	2.60%	1,766,023	4.36%	\$1.21	(211,440)	(81,623)	397,098	2,043,670		
La Mear/Spring Valley     309     2,641,117     0     70000     91,855     3,48%     196,669     7,41%     81,34     (77,62)     (137,80)     (14,72)     (137,80)     (14,72)     (137,80)     (14,72)     (137,80)     (14,72)     (137,80)     (1,80)       Bard bourdy fold     110     16,098,392     10     0     0.06%     0     0.06%     50,0     50,05     56,320     22,125     1,000     12,700       East county fold     633     7,516,244     0     105,50     147,389     1,96%     200,70     3,7%     50,90     26,441     155,76     79,200       Sommarco     472     9,202,819     27,773     13,726     557,665     4,37%     1,886,190     14,749     50,46     155,746     8,557     80,49     15,749     14,866     65,85     81,07     10,902     167,32       Sommarco     427     8,787,5     0,186     557,665     4,37%     1,886,190     14,79     80,42     20,002     17,500     12,501     14,502     12,61	East County															
Samteer/Lakaside     277     3,884,324     0     282,385     179,441     4,87%     234,541     6,37%     \$0,944     (71,472)     (137,899)     4,108       Outhyng S0 Cunnty South     76     722,629     0     0     0     0.00%     0     0.00%     \$0,75     12,700     1,000     12,700       Eaxt Cunnty Total     1,110     16,03395     17,660     444,521     332,440     2,07%     73,7300     45,05%     \$1,05     (6,529)     (22,125)     61,000       Chrich County     633     7,516,284     0     103,500     147,389     1,96%     280,370     3,73%     \$0,988     (29,412)     155,726     79,250       Occasside     402     0.001919     277,733     131,726     389,369     4.27%     58,35%     90.91     4,443     28,654     1152,477       Sam Marcos     472     7,393,359     90.00     64,055     54,374     1,48610     1.47%     51.01     30,320     22,455     (12,717)     174,691     241,875     141,41% <th< td=""><td>El Cajon</td><td>448</td><td>9,005,325</td><td>17,060</td><td>112,126</td><td>61,144</td><td>0.68%</td><td>306,790</td><td>3.41%</td><td>\$1.00</td><td>1,127</td><td>(30,285)</td><td>25,069</td><td>175,482</td></th<>	El Cajon	448	9,005,325	17,060	112,126	61,144	0.68%	306,790	3.41%	\$1.00	1,127	(30,285)	25,069	175,482		
Dathlyng S0 Caurly South     76     762,623     0     0     0     0.00%     40     50.00     \$5.75     12,00     1,000     12,00       East Caurly Total     1,110     16,003,395     17,060     444,521     332,440     2,07%     737,000     45.8%     \$1.05     (95,329)     (22,112)     61,100       North     Eastandia     633     7,516,284     0     0     147,389     1.98%     280,370     3.73%     \$0.98     (23,412)     155,726     77,235       San Marcos     472     7,937,350     9,000     84,000     621,982     7.4%     576,949     6.53%     51.01     8.13%     9.02     192,025     117,17     144,010       Carisbad     227     7,29,53     9,000     44,000     0.00%     0     0.00%     0     0.00%     -     0     0     0     0.00%     0     0.00%     -     0     0     0     0     0.00%     -     0.00%     1.018     1.02%     1.11     1.8.28     2.26.0	La Mesa/Spring Valley	309	2,641,117	0	70,000	91,855	3.48%	195,669	7.41%	\$1.34	(37,684)	(54,031)	19,223	62,039		
East County Total     1,10     16,093,995     17,060     444,521     332,40     2,07%     737,000     4,58%     51.05     (95,329)     (221,125)     61,100       North County     Escondido     653     7,516,284     0     103,500     147,389     1.96%     280,370     3.73%     50.88     (29,412)     155,726     79,250       Decamaide     402     9,020,81     277,73     131,726     389,860     4.32%     680,76     9,28%     50.90     7,44,83     26,543     167,443       San Marcos     528     12,769,326     77,725     60,165     557,665     4.37%     1.868,166     14.79%     50.92     92,255     (12,717)     174,601       Carisbach Chies     42     2,7670     0     0     0     000%     0     00,000     1.0     0     0     0     0     0     1.6     1.6     1.6     1.6     1.6     1.6     1.7     1.7     7.8     2.8     1.6     0.7     1.6     0.7     0     0	Santee/Lakeside	277	3,684,324	0	262,395	179,441	4.87%	234,541	6.37%	\$0.94	(71,472)	(137,809)	4,108	62,685		
North County     Eacondido     6.33     7,516,284     0     103,500     147,389     1.96%     280,370     3.73%     S0.98     (29,412)     155,726     79,250       Oceanside     402     9,002,019     277,733     131,726     383,389     4.32%     838,776     9,28%     S0.90     74,643     26,543     152,647       San Marcos     472     7,397,50     9,00     84,000     621,992     7,487     168,199     4,74%     S0.90     74,643     26,543     157,433       Vista     12,783,526     71,725     60,156     57,566     4,37%     1,881,199     14,798     S0.92     92,255     (62,17)     174,601     1,20%     S1.11     165,28     26,694     273,09     26,592     0.00     0     0.00%     0     0.00%     S1.01     0.82,09     178,930     126,582       North Beach Cities     42     27,017     0     0.0     90,005     1.00%     S1.11     16.582     26,694     723,422     26,6187     723,422     26,649	Outlying SD County South	76	762,629	0	0	0	0.00%	0	0.00%	\$0.75	12,700	1,000	12,700	19,700		
Escondido     633     7,56,284     0     103,00     147,399     196%     280,70     3.73%     50.90     (29,12)     15,728     79,203       Decenside     402     9,002,010     277,78     131,726     838,369     4.2%     836,76     9,2%     50.00     74,43     26,431     112,461       San Marcos     472     79,73,56     90.00     621,992     7,84%     67,649     8,53%     50.01     12,416     147,390     106,552       Carsbad     528     12,768,326     77,72     60,160     557,68     4.37%     14,888,661     14,799     0.00     0.00%     14,799     10,652       Carsbad     422     57,017     10     0     0.00%     10     0.00%     1.659%     51.01     148,68     15.027     61,618     723,42     23,000       North Deach Clites     42     27,017     71,990     433,25     2,9659     2,9659     13,075     11,50     12,92     2,66,94     2,30,692     12,72,72     2,66,95     12,91	East County Total	1,110	16,093,395	17,060	444,521	332,440	2.07%	737,000	4.58%	\$1.05	(95,329)	(221,125)	61,100	319,906		
Escondio     633     7,56,284     0     103,50     147,389     1,96%     2280,70     3,73%     50.80     (29,12)     15,728     77,293       Decenside     402     9,002,0110     277,78     131,726     838,369     4.2%     858,76     9,2%     50.00     74,643     26,543     152,726       San Marcos     472     79,73,50     90.00     61,015     12,14%     14,14%     14,883,66     16,5%     51,07     (48,17)     14,14%     14,16%     14,79%     50.00     12,652       Outh Beach Cities     42     25,707     70     0     0     0.00%     0.00%     1.00     1.00     0.00     0.00%     1.01     18,528     26,664     23,000       Outlying SD County North     107     95,420     0.0     3,734     6,708     0.70%     11,508     12,02     16,739     23,069     23,070     23,029     24,030     23,029     24,030     23,029     24,030     33,027     23,029     24,030     33,027     23,02     24,030	North County															
San Marcos     472     7,937,350     9,000     84,000     621,992     7.84%     676,940     8.53%     90.91     93,482     190,032     167,343       Vista     528     12,768,326     77,725     60,165     557,865     4.37%     1,888,169     14.79%     50.92     92,255     (12,717)     174,601       Carlsbad     237     8,782,556     417,477     50,150     1,241,875     14.14%     1,466,366     15.59%     51,07     (93,20)     179,909     126,582       North Beach Cities     42     257,017     0     0     0,00%     0     0,00%     12,09%     51,11     18,528     26,684     23,000       North County/Ibrial     2,421     47,237,772     781,998     332,85     2,465,18     51,013     12,09%     51,61     73,222     320,692     167,739       Rancho Bernardo     42     3,110,636     0     140,155     234,128     75,3%     310,335     9,96%     51,47     3,52,91     166,463     15,57     56,616     76,840     <	-	633	7,516,284	0	103,500	147,389	1.96%	280,370	3.73%	\$0.98	(29,412)	155,726	79,250	586,870		
Vista     528     12,768,326     77,725     60,165     557,865     4.37%     1,888,169     1.478%     50,92     92,255     (12,17)     174,601       Carlsbad     237     8,782,556     417,478     50,150     1,241,875     14.14%     1,456,366     16.58%     \$1.07     (93,209)     179,909     126,522       North Beach Cities     42     257,017     0     0     0     0,00%     0     0,00%     -     0     0     0       North Beach Cities     242     47,237,772     781,996     433,295     2,965,198     6,28%     5,150,138     10.0%     \$0.06     156,287     566,167     72,323       I-15 Corridor     7     7,246,533     82,742     50,085     18,607     1.88%     303,610     4.19%     \$1.06     73,232     20,602     167,739       Rancho Bemardo     42     3,110,636     0     0     92,619     13,16%     91,995     13,07%     \$1.22     (6,795)     (4,615)     7,680       L=15 Corridor Total	Oceanside	402	9,020,819	277,793	131,726	389,369	4.32%	836,776	9.28%	\$0.90	74,643	26,543	152,647	443,745		
Carlabad     237     8,782,566     417,478     50,150     1,241,875     14,14%     1,466,366     16.58%     \$1.07     (93,29)     179,99     125,582       North Beach Citles     42     257,017     0     0     0.00%     0     0.00%     -     0     0     0       Outlying SD County North     107     955,420     0     3,754     6,708     0.70%     11,508     1.216     \$1.11     18,528     26,604     23,000       North County Yorlal     2,421     47,237,777     781,996     2,965,198     6,28%     5,150,138     10.05%     \$1.66     73,222     266,617     72,34,23       F-I-S Corridor     2     3,110,538     82,742     530,850     13,637     18,8%     303,055     9,19%     \$1.40     73,222     26,595     4,6159     7,586       Rancho Bernado     24     3,110,636     0     0     9,219     13,16%     9,19%     \$1.40     5,160     3,174     78,586     6,38%     \$1.22     6,395     1,41,58     1,	San Marcos	472	7,937,350	9,000	84,000	621,992	7.84%	676,949	8.53%	\$0.91	93,482	190,032	167,343	506,845		
North Beach Cities     42     257,017     0     0     0     0.00%     -     0     0     0       Outlying SD County North     107     955,420     0     3,754     6,708     0.70%     11,508     1.20%     \$1.11     18,528     26,694     23,000       North County Total     2,421     47,237,772     781,996     433,295     2,965,198     6.28%     5,150,138     10.90%     \$0.96     156,287     566,187     723,423       I-15 Corridor       7,246,533     82,742     530,850     136,037     1.88%     303,610     4.19%     \$1.06     73,222     20,692     167,739       Rancho Bernardo     42     3,110,636     0     140,155     234,128     7.5%     313,055     9.9%     \$1.47     3.227     (4,530)     3.227       Scrips Ranch     28     703,806     0     0     174,064     4.18%     705,958     6.39%     \$0.49     (4,615)     7,786       South County      332     15,757,655	Vista	528	12,768,326	77,725	60,165	557,865	4.37%	1,888,169	14.79%	\$0.92	92,255	(12,717)	174,601	650,091		
Outlying SD County North     107     955,420     0     3,754     6,708     0.70%     11,508     1.20%     \$1.11     18,528     2,6694     23,000       North County Total     2,421     47,237,772     781,996     433,295     2,965,198     6.28%     5,150,138     10.90%     \$0.96     156,287     566,187     723,423       I-15 Corridor     Poway     178     7,246,533     82,742     530,850     136,037     1.88%     303,610     4.19%     \$1.06     73,232     320,992     167,739       Rancho Bernardo     42     3,110,636     0     140,155     234,128     7.53%     310,353     9.94%     \$1.47     3,227     (4,530)     3.227       Scripps Ranch     28     703,806     0     0     92,619     13.16%     91,995     13.07%     \$1.22     (6,795)     (4,615)     7.686       South County     Counto     State     Sta	Carlsbad	237	8,782,556	417,478	50,150	1,241,875	14.14%	1,456,366	16.58%	\$1.07	(93,209)	179,909	126,582	599,641		
North County Total     2,421     47,237,772     781,996     433,295     2,965,198     6.28%     5,150,138     10.90%     80.96     156,287     566,187     723,423       L-15 Corridor     Poway     178     7,246,533     82,742     530,850     136,037     1.88%     303,610     4.19%     \$1.06     73,232     320,692     167,739       Rancho Bernardo     42     3,110,636     0     140,155     234,128     7.53%     310,353     9.96%     \$1.47     3.227     (4,530)     3.227       Scripps Ranch     28     703,806     0     0     92,619     13.16%     91,995     13.07%     \$1.22     (6,795)     (4,615)     7,680       L=15 Corridor Total     248     11,060,975     82,742     671,005     462,784     4.18%     705,958     6.38%     \$1.21     69,664     311,547     178,666       South County     255     3,822,916     0     0     43,725     1.14%     68,015     1.78%     \$1.22     (18,293)     11,709     5.092 </td <td>North Beach Cities</td> <td>42</td> <td>257,017</td> <td>0</td> <td>0</td> <td>0</td> <td>0.00%</td> <td>0</td> <td>0.00%</td> <td>_</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td>	North Beach Cities	42	257,017	0	0	0	0.00%	0	0.00%	_	0	0	0	0		
L15 ContorPoway1787,246,53382,742530,850136,0371.88%303,6104.19%\$1.0673,232320,692167,739Rancho Bernardo423,110,6360140,155234,1287.53%310,3539.99%\$1.473.227(4,530)3.227Scripps Ranch28703,8060092,61913.16%91,99513.07%\$1.22(6,795)(4,615)7,680I-15 Corridor Total24811,060,97582,742671,005462,7844.18%705,9586.38%\$1.2169,664311,547178,646South County2553.822,9160043,7251.14%66,0151.78%\$1.22(18,293)11,7095.092Otay Mesa3315,757,655398,9601,201,6101,194,4997.58%1,393,8248.86%\$0.7183,219403,628334,628San Vidro /Imperial Beach641,412,815024,14137,3212.64%53,6873.80%\$0.38(7,624)19,7025,197South County Total97629,318,404\$61,9601,225,7511,449,694.94%2,094,5807,14%\$0.7818,601327,974409,076South County Total97629,318,404\$61,9601,225,7511,64%53,6873.80%\$0.13(7,2,27)92,9601,619,311,000-19,9991,77525,078,1303,1247,604252,7501,62%1	Outlying SD County North	107	955,420	0	3,754	6,708	0.70%	11,508	1.20%	\$1.11	18,528	26,694	23,000	51,359		
Poway     178     7,246,533     82,742     530,850     136,037     1.88%     303,610     4.19%     \$1.06     73,232     320,692     167,739       Rancho Bernardo     42     3,110,636     0     140,155     234,128     7.53%     310,353     9.98%     \$1.47     3,227     (4,50)     3,227       Scripps Ranch     28     703,806     0     0     92,619     13,16%     91,995     13,07%     \$1.22     (6,795)     (4,615)     7,680       L=15 Corridor Total     248     10,060,975     82,742     671,005     462,784     4.18%     705,958     6.38%     \$1.21     69,664     311,547     178,666       South County       0     174,064     2.09%     579,054     6.96%     \$0.89     (38,701)     (107,065)     64,159       National City     255     3,822,916     0     0     43,725     1.14%     68,015     1.78%     \$1.22     (18,293)     11,709     5,092       San Ysidro /Imperial Beach     64     <	North County Total	2,421	47,237,772	781,996	433,295	2,965,198	6.28%	5,150,138	10.90%	\$0.96	156,287	566,187	723,423	2,838,551		
Poway1787,246,53382,742530,850136,0371.88%303,6104.19%\$1.0673,232320,692167,739Rancho Bernardo423,110,6360140,155234,1287.53%310,3539.98%\$1.473,227(4,530)3,227Scripps Ranch28703,8060092,61913.16%91,99513.07%\$1.22(6,795)(4,615)7,680I-15 Corridor Total24811,060,97582,742671,005462,7844.18%705,9586.38%\$1.2169,664311,547178,666South County553,822,91600174,0642.09%579,0546.96%\$0.89(38,701)(107,065)64,159National City2553,822,9160043,7251.14%68,0151.78%\$1.22(18,293)11,7095,092Otay Mesa33315,75,655398,9601,201,6101,194,4997.58%1,393,8248.85%\$0.7183,219403,628334,628San Ysidro /Imperial Beach641,412,815024,14137,3212.64%53,6873.80%\$0.93(7,624)19,0025,197South County Total97629,318,404561,9001,225,7511,449,6094.94%2,094,5807.14%\$0.7818,601327,974409,076San Diego County Total6,791,443,790,563,2803,6971,6251,62%1,10,2444.67	I-15 Corridor															
Bancho Bernardo     42     3,110.636     0     140,155     224,128     7.53%     310,353     9.98%     \$1.47     3.227     (4,53)     3.227       Scripps Ranch     28     703,806     0     0     92,619     13.16%     91,995     13.07%     \$1.22     (6,795)     (4,615)     7.680       I-15 Corridor Total     248     11,060,975     82,742     671,005     462,784     4.18%     705,958     6.38%     \$1.21     69,664     311,547     178,666       South County       324     8.325,018     163,000     0     174,064     2.09%     579,054     6.96%     \$0.89     (38,701)     (107,065)     64,159       National City     255     3.822,916     0     0     43,725     1.14%     68,015     1.78%     \$1,22     (18,293)     11,709     5,092       Otay Mesa     333     15,757,655     398,600     1,21,610     1,194,499     7.58%     1,33,824     8.85%     \$0.71     83,219     403,628     344,628		178	7.246.533	82,742	530.850	136.037	1.88%	303.610	4.19%	\$1.06	73.232	320.692	167.739	687,244		
Scripps Ranch     28     703,806     0     0     92,619     13.16%     91,995     13.07%     \$1.22     (6,795)     (4,615)     7,680       I-15 Corridor Total     248     11,060,975     82,742     671,005     462,784     4.18%     705,958     6.38%     \$1.21     69,664     311,547     178,646       South County          579,054     6.96%     \$0.89     (38,701)     (107,065)     64,159       National City     255     3,822,916     0     0     43,725     1.14%     68,015     1.78%     \$1.22     (18,293)     11,709     5,092       Otay Mesa     333     15,757,655     398,960     1,201,610     1,194,499     7,58%     1,393,824     8.85%     \$0.71     83,219     403,628     334,628       San Yeitor //mperial Beach     64     1,412,815     0     2,25,751     1,449,609     4,94%     2,094,580     7,14%     \$0.78     18,601     327,974     409,076       San Diego County Total     9,	•				,	,		,				,	,	56,995		
I - 15 Corridor Total     248     11,060,975     82,742     671,005     462,784     4.18%     705,958     6.38%     \$1.21     69,664     311,547     178,646       South County         579,054     6.96%     \$0.89     (38,701)     (107,065)     64,159       National City     255     3,822,916     0     0     43,725     1.14%     68,015     1.78%     \$1.22     (18,293)     11,709     5,092       Otay Mesa     333     15,757,655     398,960     1,201,610     1,194,499     7.58%     1,393,824     8.85%     \$0.71     83,219     403,628     334,628       San Ysidro /Imperial Beach     64     1,412,815     0     24,141     37,321     2.64%     53,687     3.80%     \$0.03     (7,624)     19,702     5,197       South County Total     976     29,318,404     561,960     1,225,751     1,449,609     4.94%     2,094,580     7.14%     \$0.07     81,601     327,974     409,076       South County Total     6,79														20,590		
South County     South County     Sage (1, 1, 2, 1, 2, 1, 1, 1, 2, 1, 2, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,														764,829		
Chula Vista     324     8,325,018     163,000     0     174,064     2.09%     579,054     6.96%     \$0.89     (38,701)     (107,065)     64,159       National City     255     3,822,916     0     0     43,725     1.14%     68,015     1.78%     \$1.22     (18,293)     11,709     5,092       Otay Mesa     333     15,757,655     398,960     1,201,610     1,194,499     7.58%     1,393,824     8.85%     \$0.71     83,219     403,628     334,628       San Ysidro/Imperial Beach     64     1,412,815     0     24,141     37,321     2.64%     53,687     3.80%     \$0.93     (7,624)     19,702     5,197       South County Total     976     29,318,404     561,960     1,225,751     1,449,699     4.94%     2,094,580     7.14%     \$0.78     18,601     327,97     409,076       San Diego County Total     6,795     144,197,901     1,443,758     3,5642     6,260,85     43,4%     10,453,699     7.25%     \$1.00     (62,217)     902,960     1,769,4			,,	-,	.,	_, ,		,0			,	,	-,	.,3		
National City   255   3,822,916   0   0   43,725   1.14%   68,015   1.78%   \$1.22   (18,293)   11,709   5,092     Otay Mesa   333   15,757,655   398,960   1,201,610   1,194,499   7.58%   1,393,824   8.85%   \$0.71   83,219   403,628   333,4628     San Ysidro /Imperial Beach   64   1,412,815   0   24,141   37,321   2.64%   53,687   3.80%   \$0.93   (7,624)   19,702   5,197     South County Total   976   29,318,404   561,960   1,225,751   1,449,609   4.94%   2,094,580   7.14%   \$0.78   18,601   327,974   409,076     San Diego County Total   6,795   144,197,901   1,443,758   3,563,423   6,260,885   4.34%   10,453,699   7.25%   \$1.00   (62,217)   902,960   1,769,343     County Total   6,795   144,197,901   1,443,758   3,563,423   6,260,885   4.34%   10,453,699   7.25%   \$1.00   (62,217)   902,960   1,769,343     County Total   6,795   144,197,901   1,443	-	201	8 325 019	163 000	0	174 064	2 00%	570 054	6.06%	\$በ ደባ	(38 701)	(107 065)	6/ 150	279,559		
Otay Mesa     333     15,757,655     398,960     1,201,610     1,194,499     7.58%     1,393,824     8.85%     \$0.71     83,219     403,628     334,628       San Ysidro/Imperial Beach     64     1,412,815     0     24,141     37,321     2.64%     53,687     3.80%     \$0.93     (7,624)     19,702     5,197       South County Total     976     29,318,404     561,960     1,225,751     1,449,609     4.94%     2,094,580     7.14%     \$0.78     18,601     327,974     409,076       San Diego County Total     6,795     144,197,901     1,443,758     3,563,423     6,260,885     4.34%     10,453,699     7.25%     \$1.00     (62,217)     902,960     1,769,343       County Total     6,795     144,197,901     1,443,758     3,563,423     6,260,885     4.34%     10,453,699     7.25%     \$1.00     (62,217)     902,960     1,769,343       County Total     6,795     144,197,901     1,443,758     3,563,423     6,260,885     4.34%     10,453,699     7.25%     \$1.01     (														99,628		
San Ysidro /Imperial Beach     64     1,412,815     0     24,141     37,321     2.64%     53,687     3.80%     \$0.93     (7,624)     19,702     5,197       South County Total     976     29,318,404     561,960     1,225,751     1,449,609     4.94%     2,094,580     7.14%     \$0.78     18,601     327,974     409,076       San Diego County Total     6,795     144,197,901     1,443,758     3,563,423     6,260,885     4.34%     10,453,699     7.25%     \$1.00     (62,217)     902,960     1,769,343       Co-9,999     3,072     15,639,118     37,184     7,804     252,750     1.62%     427,721     2.73%     \$1.21     (58,024)     (40,812)     104,330       10,000-19,999     1,775     25,078,230     71,618     30,923     599,792     2.39%     1,170,244     4.67%     \$1.15     84,127     (115,195)     376,340       20,000-34,999     979     25,081,648     30,520     324,209     632,578     2.52%     1,224,369     4.88%     \$1.03     (72,272)	•													1,221,086		
South County Total     976     29,318,404     561,960     1,225,751     1,449,609     4.94%     2,094,580     7.14%     \$0.78     18,601     327,974     409,076       San Diego County Total     6,795     144,197,901     1,443,758     3,563,423     6,260,885     4.34%     10,453,699     7.25%     \$1.00     (62,217)     902,960     1,769,343       D-9,999     3,072     15,639,118     37,184     7,804     252,750     1.62%     427,721     2.73%     \$1.21     (58,024)     (40,812)     104,330       10,000–19,999     1,775     25,078,230     71,618     30,923     599,792     2.39%     1,170,244     4.67%     \$1.15     84,127     (115,195)     376,340       20,000–34,999     979     25,081,648     30,520     324,209     632,578     2.52%     1,224,369     4.88%     \$1.03     (72,272)     97,618     304,911       35,000–49,999     362     14,918,310     90,705     248,490     553,260     3.71%     1,227,501     8.23%     \$0.99     (103,449) <t< td=""><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>79,427</td></t<>	-													79,427		
San Diego County Total     6,795     144,197,901     1,443,758     3,563,423     6,260,885     4.34%     10,453,699     7.25%     \$1.00     (62,217)     902,960     1,769,343       0-9,999     3,072     15,639,118     37,184     7,804     252,750     1.62%     427,721     2.73%     \$1.21     (58,024)     (40,812)     104,330       10,000-19,999     1,775     25,078,230     71,618     30,923     599,792     2.39%     1,170,244     4.67%     \$1.15     84,127     (115,195)     376,340       20,000-34,999     979     25,081,648     30,520     324,209     632,578     2.52%     1,224,369     4.88%     \$1.03     (72,272)     97,618     304,911       35,000-49,999     362     14,918,310     90,705     248,490     553,260     3.71%     1,227,501     8.23%     \$0.99     (103,449)     11,632     100,621       50,000-99,999     392     26,975,405     331,321     450,658     1,459,812     5.41%     2,663,242     9.87%     \$0.90     152,919     180,1														1,679,700		
0-9,999     3,072     15,639,118     37,184     7,804     252,750     1.62%     427,721     2.73%     \$1.21     (58,024)     (40,812)     104,330       10,000-19,999     1,775     25,078,230     71,618     30,923     599,792     2.39%     1,170,244     4.67%     \$1.15     84,127     (115,195)     376,340       20,000-34,999     979     25,081,648     30,520     324,209     632,578     2.52%     1,224,369     4.88%     \$1.03     (72,272)     97,618     304,911       35,000-49,999     362     14,918,310     90,705     248,490     553,260     3.71%     1,227,501     8.23%     \$0.99     (103,449)     11,632     100,621       50,000-99,999     392     26,975,405     331,321     450,658     1,459,812     5.41%     2,663,242     9.87%     \$0.90     152,919     180,166     508,530       100,000 Plus     215     36,505,190     882,410     2,501,339     2,762,693     7.57%     3,740,622     10.25%     \$0.95     (65,518)     769,551     <	-													7,646,656		
10,000-19,999   1,775   25,078,230   71,618   30,923   599,792   2.39%   1,170,244   4.67%   \$1.15   84,127   (115,195)   376,340     20,000-34,999   979   25,081,648   30,520   324,209   632,578   2.52%   1,224,369   4.88%   \$1.03   (72,272)   97,618   304,911     35,000-49,999   362   14,918,310   90,705   248,490   553,260   3.71%   1,227,501   8.23%   \$0.99   (103,449)   11,632   100,621     50,000-99,999   392   26,975,405   331,321   450,658   1,459,812   5.41%   2,663,242   9.87%   \$0.90   152,919   180,166   508,530     100,000 Plus   215   36,505,190   82,410   2,501,339   2,762,693   7.57%   3,740,622   10.25%   \$0.95   (65,518)   769,551   374,611								,								
10,000-19,999   1,775   25,078,230   71,618   30,923   599,792   2.39%   1,170,244   4.67%   \$1.15   84,127   (115,195)   376,340     20,000-34,999   979   25,081,648   30,520   324,209   632,578   2.52%   1,224,369   4.88%   \$1.03   (72,272)   97,618   304,911     35,000-49,999   362   14,918,310   90,705   248,490   553,260   3.71%   1,227,501   8.23%   \$0.99   (103,449)   11,632   100,621     50,000-99,999   392   26,975,405   331,321   450,658   1,459,812   5.41%   2,663,242   9.87%   \$0.90   152,919   180,166   508,530     100,000 Plus   215   36,505,190   882,410   2,501,339   2,762,693   7.57%   3,740,622   10.25%   \$0.95   (65,518)   769,551   374,611	0–9,999	3,072	15,639,118	37,184	7,804	252,750	1.62%	427,721	2.73%	\$1.21	(58,024)	(40,812)	104,330	523,237		
20,000-34,999   979   25,081,648   30,520   324,209   632,578   2.52%   1,224,369   4.88%   \$1.03   (72,272)   97,618   304,911     35,000-49,999   362   14,918,310   90,705   248,490   553,260   3.71%   1,227,501   8.23%   \$0.99   (103,449)   11,632   100,621     50,000-99,999   392   26,975,405   331,321   450,658   1,459,812   5.41%   2,663,242   9.87%   \$0.90   152,919   180,166   508,530     100,000 Plus   215   36,505,190   882,410   2,501,339   2,762,693   7.57%   3,740,622   10.25%   \$0.95   (65,518)   769,551   374,611														1,371,910		
35,000-49,999   362   14,918,310   90,705   248,490   553,260   3.71%   1,227,501   8.23%   \$0.99   (103,449)   11,632   100,621     50,000-99,999   392   26,975,405   331,321   450,658   1,459,812   5.41%   2,663,242   9.87%   \$0.90   152,919   180,166   508,530     100,000 Plus   215   36,505,190   882,410   2,501,339   2,762,693   7.57%   3,740,622   10.25%   \$0.95   (65,518)   769,551   374,611														1,456,375		
50,000–99,999   392   26,975,405   331,321   450,658   1,459,812   5.41%   2,663,242   9.87%   \$0.90   152,919   180,166   508,530     100,000 Plus   215   36,505,190   882,410   2,501,339   2,762,693   7.57%   3,740,622   10.25%   \$0.95   (65,518)   769,551   374,611														910,549		
100,000 Plus 215 36,505,190 882,410 2,501,339 2,762,693 7.57% 3,740,622 10.25% \$0.95 (65,518) 769,551 374,611														1,669,614		
														1,714,971		
San Diego County Total 6,795 144,197,901 1,443,758 3,563,423 6,260,885 4.34% 10,453,699 7.25% \$1.00 (62,217) 902,960 1,769,343	San Diego County Total	6,795	144,197,901	1,443,758	3,563,423	6,260,885	4.34%	10,453,699	7.25%	\$1.00	(6 <u>2,217)</u>	902,960	1,769,343	7,646,656		

Lease rates are on am industrial gross basis.







# A lot of noise out there...

by Randy LaChance SENIOR VICE PRESIDENT/PARTNER, SAN DIEGO 858.458.3374 · rlachance@voitco.com · Lic. #00969674

If you listen to the "talking heads" you might want to put your money under your mattress and take some time off. Whether it is talk of impeachment, the government shutdown, rising interest rates, Chinese tariffs, inverted yield curve or.... Right now, the news is dominating the equity markets and creating a ton of volatility.

Even with all of these headwinds, 2018 is expected to have close to 3% GDP growth and most economists are still predicting GDP growth in 2019 to be in the 2.5% range, unemployment to remain low and inflation to remain relatively low.

The San Diego industrial markets continue to enjoy some of their best times. Vacancy rates are still at or near all-time lows, even with the addition of more than 2,000,000 square feet of new product built this year, and rental rates across all markets are at all-time highs. Rents have increased a healthy 9% overall in 2018, mostly caused by the rents for the new product that came online. With limited land available in the county, and with current land prices being high, industrial development will be constrained and will not be able to keep up with market demand, which should continue to push rates even higher. With limited availability in the Central County, leasing concessions have been reduced and most owners are limiting their tenant improvement contribution, except for the most creditworthy tenants and even then, they are requiring amortization. Net absorption finished the year with a strong 900,000 square feet, which is the most in the last three years. This was facilitated in large part by the new construction that came online.

In 2018, more than 2.2 million square feet of industrial development occurred (the most in San Diego since 2006), mostly in perimeter markets of San Diego – San Marcos / Escondido (450,000 square feet), Carlsbad (860,000 square feet), Poway (400,000 square feet) and Otay Mesa (330,000 square feet). These industrial properties provide features that are not available in most of the older properties throughout the county, such as ESFR sprinklers for higher density storage, higher clear height, better truck courts with dock and grade level loading. With limited choices in the Central County markets these new developments have seen good activity.

Sales prices for both owner/user properties and investment sales continued to rise in 2018 as demand outpaced supply. 2019 should bring more of the same, as industrial property owners benefit from the market fundamentals.

# Product Type

## MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 49.9% office space.

# Submarkets

#### **CENTRAL COUNTY**

Central City, East City, Southeast City, Kearny Mesa, Mission Gorge, Rose Canyon/Morena, Sports Arena/Airport, Miramar, Sorrento Mesa, Sorrento Valley, Torrey Pines/UTC

## EAST COUNTY

El Cajon, La Mesa/Spring Valley, Santee/Lakeside

## **NORTH COUNTY**

Escondido, Oceanside, San Marcos, Vista, Carlsbad, North Beach Cities, Outlying SD County North

## **I-15 CORRIDOR**

Poway, Rancho Bernardo, Scripps Ranch

## SOUTH BAY

Chula Vista, National City, Otay Mesa, San Ysidro/Imperial Beach, Outlying SD County South

#### Please Contact Us for Further Information

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Los Angeles, CA 424.329.7500 San Diego, CA 858.453.0505

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on an industrial gross basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services. ©2019 Voit Real Estate Services, Inc. DRE License #01991785.

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