

# Report

FIRST  
QUARTER  
2003

## Market Highlights

- Unemployment in the first quarter of 2003 in San Diego County is 4.4%, which is an increase of 0.3% since the fourth quarter of 2002 and up from the 3.8% we saw a year ago.
- According to The Greater San Diego Commerce Economic Research Bureau, it is estimated that San Diego County added 25,000 new jobs in 2002, and is forecasting 23,000 new jobs to be added to the county in 2003.
- Currently there is 724,161 square feet of Office construction underway, and total construction is lower than the 1,550,667 square feet that was under construction at this same time last year. This is a decrease of 53.30%.
- Planned Office construction in San Diego County is up by 10.38% compared to last year. Currently there is 10,164,067 square feet of Office space on the slate as being planned, compared to last year's figure of 9,208,274 square feet.
- The Office vacancy rate is at 11.05%, which is up from the 10.86% rate during the first quarter of 2002. This increase of supply can be explained by the slower economy coupled with the product that has been added to market place over the past few years.
- The average asking full service lease rate checked in at \$2.32 a square foot per month this quarter. This is the same as last quarter and the same as what was reported in the first quarter of 2002.
- The Office absorption checked in at a positive 497,697 square feet for the first quarter of 2003. This is down from the last quarter's figure of 592,920.

### OFFICE MARKET STATISTICS

	1Q2003	4Q2002	1Q2002	% CHANGE VS. 1Q02
Under Construction	724,161	972,643	1,550,667	-53.30%
Planned Construction	10,164,067	10,580,855	9,208,274	10.38%
Vacancy	11.05%	10.86%	10.38%	6.45%
Availability	12.46%	13.23%	12.83%	-2.88%
Pricing - Full Service Gross	\$2.32	\$2.32	\$2.32	0.00%
Net Absorption	497,697	592,920	-525,819	194.65%

Compared to  
last quarter:

**Vacancy**



**Absorption**



**Lease Rates**



**Construction**



San Diego County

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Vice President

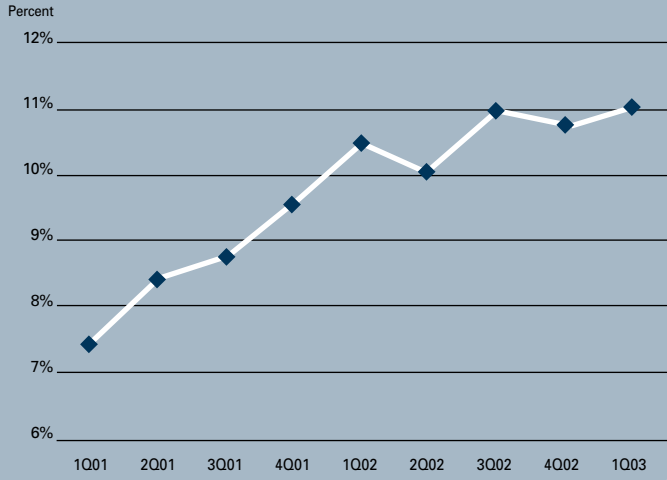
of Market Research

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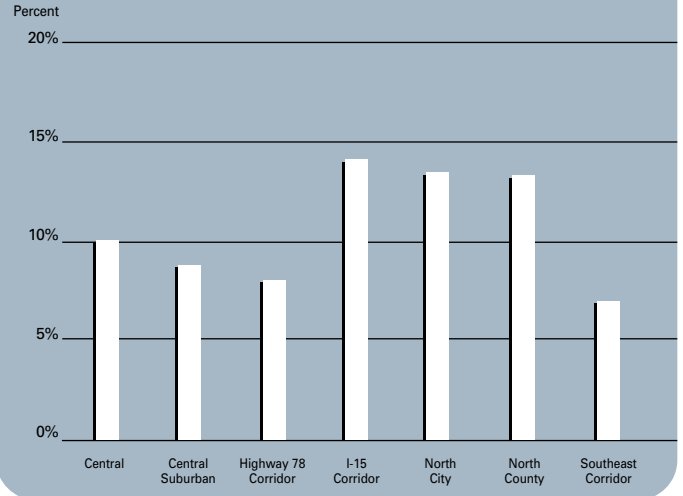
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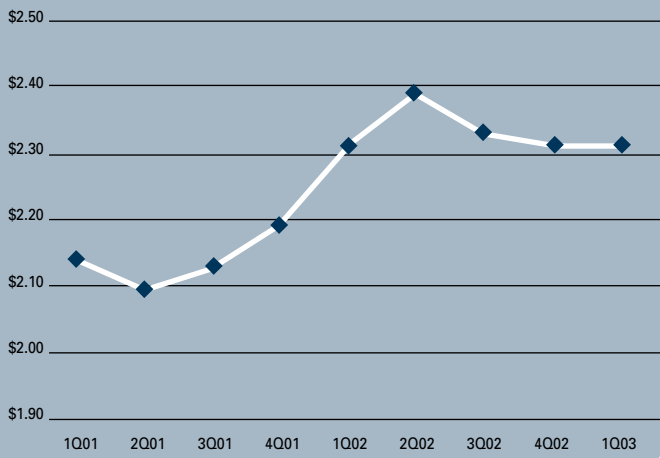
## VACANCY RATE



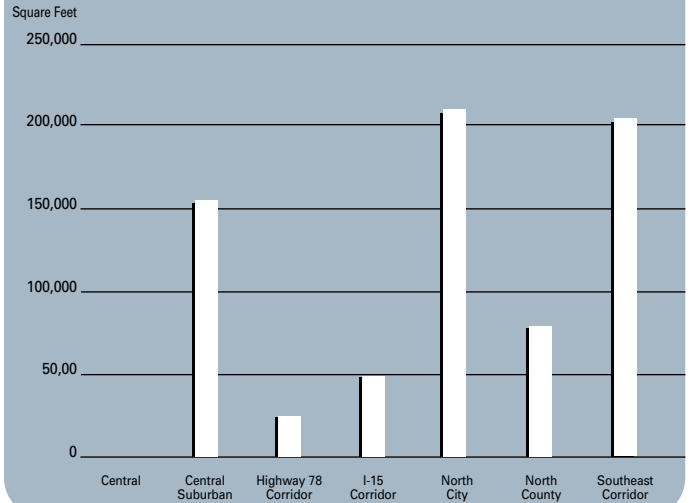
## VACANCY RATE BY SUBMARKET



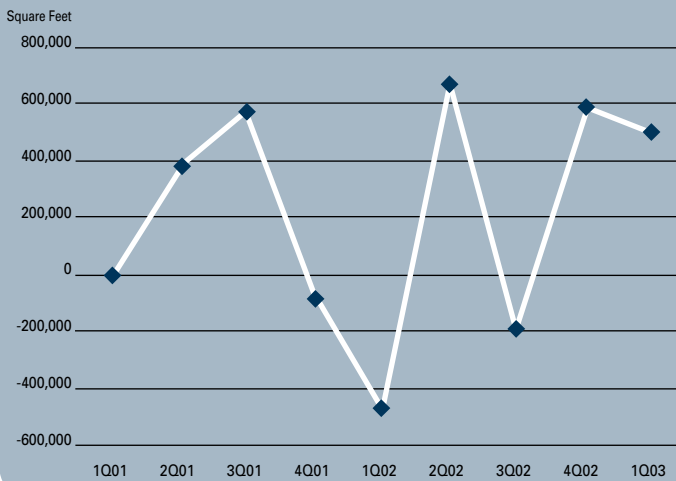
## AVERAGE ASKING FULL SERVICE GROSS LEASE RATE



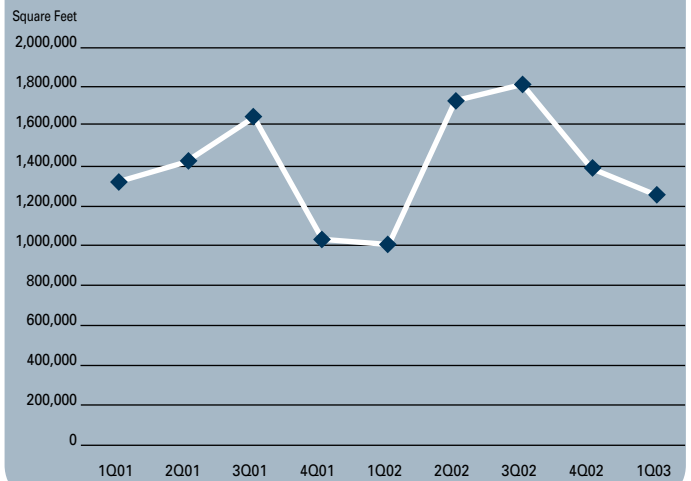
## CONSTRUCTION ACTIVITY



## NET ABSORPTION



## GROSS ABSORPTION



INVENTORY

VACANCY & ABSORPTION

	Number Of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2003	Vacancy with Sublet 1Q2003	Average Asking Lease Rate	Net Absorption 1Q2003	Net Absorption 2002
<b>Central</b>										
Downtown	139	11,225,951	0	1,748,297	1,124,368	10.02%	10.69%	\$2.17	(93,386)	(128,993)
Central Total	139	11,225,951	0	1,748,297	1,124,368	10.02%	10.69%	\$2.17	(93,386)	(128,993)
<b>Central Suburban</b>										
5th Ave/Financial District	78	1,962,729	0	0	135,909	6.92%	7.28%	\$1.92	7,917	(3,421)
City Heights/University	29	486,310	0	125,700	22,913	4.71%	4.71%	\$1.60	6,900	8,722
Kearny Mesa	200	7,904,338	0	1,577,396	942,740	11.93%	12.65%	\$1.95	59,785	(91,081)
Mission Gorge	49	1,265,457	0	0	77,952	6.16%	6.16%	\$1.64	11,309	(28,342)
Mission Valley	120	6,345,000	58,000	276,370	427,888	6.74%	7.72%	\$2.31	56,466	89,312
Old Town	29	614,775	0	0	54,764	8.91%	8.91%	\$1.99	6,689	8,060
Point Loma	43	1,044,761	99,960	38,727	51,574	4.94%	4.94%	\$0.00	(346)	(26,095)
Rose Canyon/Morena	43	963,608	0	0	56,576	5.87%	6.20%	\$1.80	403	10,734
Central Suburban Total	591	20,586,978	157,960	2,018,193	1,770,316	8.60%	9.23%	\$2.09	149,123	(32,111)
<b>Highway 78 Corridor</b>										
Oceanside	24	463,606	22,766	0	35,837	7.73%	7.73%	\$1.55	8,049	(9,038)
San Marcos/Vista	71	1,925,342	0	276,138	154,271	8.01%	8.32%	\$1.68	14,175	113,109
Highway 78 Corridor Total	95	2,388,948	22,766	276,138	190,108	7.96%	8.20%	\$1.66	22,224	104,071
<b>I-15 Corridor</b>										
Escondido	51	1,022,521	49,935	159,900	44,017	4.30%	4.65%	\$2.15	1,669	45,966
Rancho Bernardo/Poway	96	4,936,089	0	1,261,594	676,588	13.71%	15.23%	\$2.11	12,497	335,273
Scripps Ranch	37	1,363,132	0	680,500	315,398	23.14%	26.67%	\$1.83	60,483	11,504
I-15 Corridor Total	184	7,321,742	49,935	2,101,994	1,036,003	14.15%	15.88%	\$1.96	74,649	392,743
<b>North City</b>										
Del Mar Heights	57	3,455,029	209,000	700,875	729,133	21.10%	22.69%	\$0.00	47,067	(152,397)
Governor Park	18	803,702	0	0	85,979	10.70%	10.83%	\$2.00	(29,965)	13,614
La Jolla	59	1,711,387	0	0	115,657	6.76%	7.73%	\$2.91	(14,057)	(19,133)
Miramar	32	1,068,553	0	600,000	246,957	23.11%	23.63%	\$0.00	13,449	(108,784)
Sorrento Mesa	88	5,439,097	0	687,568	839,038	15.43%	19.82%	\$2.36	16,308	131,698
Torrey Pines/Sorrento Valley	51	2,251,983	0	95,000	200,371	8.90%	8.90%	\$3.20	460	51,197
UTC Center	74	6,629,099	0	991,800	648,572	9.78%	14.14%	\$2.83	92,332	(260,251)
North City Total	379	21,358,850	209,000	3,075,243	2,865,707	13.42%	16.22%	\$2.72	125,594	(344,056)
<b>North County</b>										
Carlsbad	102	3,681,150	0	556,440	555,408	15.09%	16.70%	\$0.00	219,577	378,093
North Beach Cities	71	1,634,646	80,500	29,750	162,217	9.92%	11.07%	\$2.54	15,134	(12,451)
North County Total	173	5,315,796	80,500	586,190	717,625	13.50%	14.97%	\$2.54	234,711	365,642
<b>South/Southeast Corridor</b>										
East County	94	1,984,851	0	0	132,831	6.69%	6.69%	\$0.99	(33,495)	52,520
South San Diego	77	2,269,277	204,000	358,012	172,546	7.60%	7.60%	\$1.80	18,277	139,595
South/Southeast Total	171	4,254,128	204,000	358,012	305,377	7.18%	7.18%	\$1.62	(15,218)	192,115
Class A	191	21,624,871	466,485	6,479,627	3,596,870	16.63%	19.44%	\$2.55	188,760	48,407
Class B	781	32,932,750	257,676	3,684,440	3,063,079	9.30%	10.38%	\$2.17	242,704	496,224
Class C	760	17,894,772	0	0	1,349,555	7.54%	7.83%	\$1.65	66,233	4,780
<b>San Diego County Total</b>	<b>1,732</b>	<b>72,452,393</b>	<b>724,161</b>	<b>10,164,067</b>	<b>8,009,504</b>	<b>11.05%</b>	<b>12.46%</b>	<b>\$2.32</b>	<b>497,697</b>	<b>549,411</b>

This survey consists of office buildings greater than 10,000 square feet. Lease rates are on a full service gross basis.

**OFFICE  
MARKET  
Report**

1ST QUARTER 2003

**SUBMARKETS**

**CENTRAL**  
Downtown

**CENTRAL SUBURBAN**  
5th Ave/Financial District  
City Heights/University  
Kearny Mesa  
Mission Gorge  
Mission Valley  
Old Town  
Point Loma  
Rose Canyon/Morena

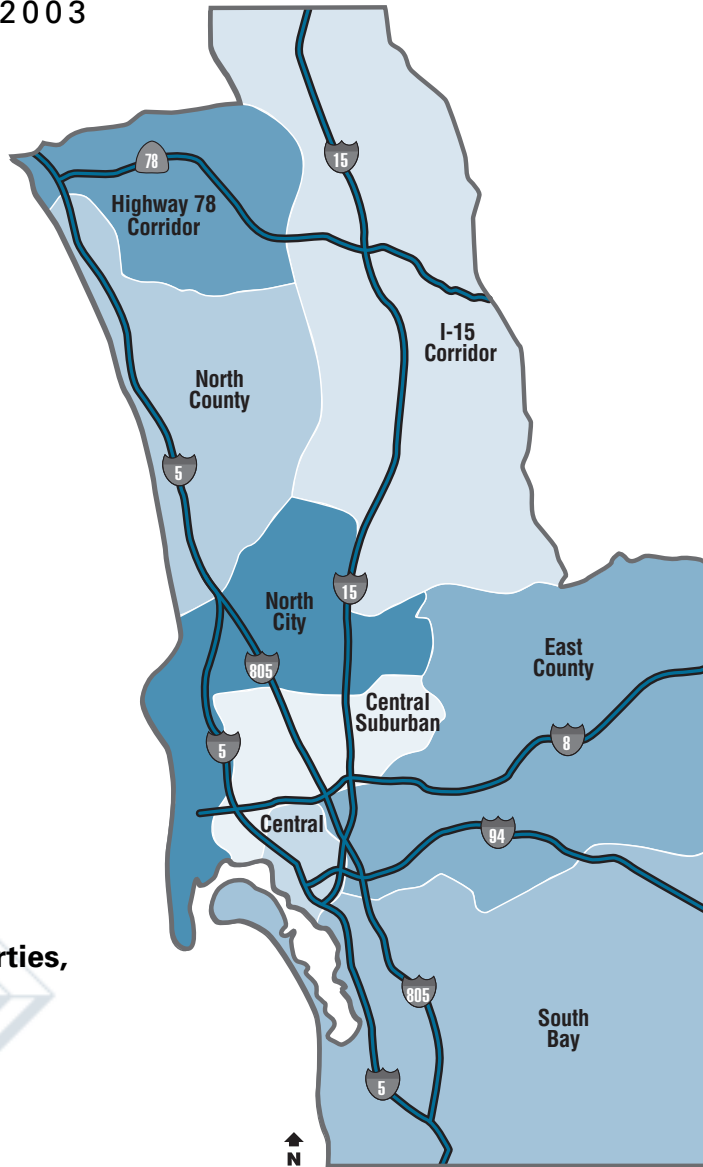
**HIGHWAY 78 CORRIDOR**  
Oceanside  
San Marcos/Vista

**I-15 CORRIDOR**  
Escondido  
Rancho Bernardo/Poway  
Scripps Ranch

**NORTH CITY**  
Del Mar Heights  
Governor Park  
La Jolla  
Miramar  
Sorrento Mesa  
Torrey Pines/Sorrento Valley  
UTC Center

**NORTH COUNTY**  
Carlsbad  
North Beach Cities

**SOUTH/SOUTHEAST CORRIDOR**  
East County  
South San Diego



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