



Industrial Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy



Absorption



Lease Rates



Construction



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Market Highlights

- ◆ The Industrial vacancy rate was recorded at 6.22% for the first quarter of 2008, which is slightly higher than it was a year ago when it was 6.18%. The lowest vacancy rate in the county can be found in the Central Suburban submarket, coming in at 1.80%.
- ◆ The average asking Triple Net lease rate per month per foot in San Diego County is currently at \$0.73, which is the same when compared to last year's figure. The highest rates in the county can be found in the North City and North County submarkets, where the average asking Triple Net lease rate is \$0.91 and \$0.98 per square foot respectively. Rental rates are expected to increase 1% to 3% in 2008.
- ◆ Industrial absorption registered 441,118 square feet of negative net absorption for the first quarter of 2008. Most of the negative absorption that occurred was in the Highway 78 Corridor and North County submarkets.
- ◆ The level of activity registered at 1.66 million square feet for the first quarter of 2008. This is down from the 2 million square feet of activity when compared to the same quarter last year. This drop in activity is mostly a result of hesitancy in the marketplace from the continuous stream of negative news in a wide area of topics, most notably the credit crunch. However, the credit crunch has not directly impacted tenants or buyers of real estate for use, but rather investors. These conditions could result in an increase in activity in the second half of 2008 from pent up demand.
- ◆ According to the State of California Employment Development Department, San Diego County added 300 payroll jobs over the last twelve months. Between January 2008 and February 2008 San Diego County gained 3,500 jobs, mostly in the government, leisure and hospitality sectors.
- ◆ According to Los Angeles County Economic Development Corporation, it is estimated that San Diego County will gain 12,700 nonfarm jobs with a 4.1% increase in total personal income in 2008, and they are forecasting 19,800 new jobs for 2009.
- ◆ The unemployment rate in San Diego County was 5.0% in February 2008, down from the revised 5.2% percent in January 2008, but above the year ago estimate of 4.3%. This compares with an unadjusted unemployment rate of 6.1 percent for California and 5.2 percent for the nation during the same period.
- ◆ Currently there is 944,0914 square feet of Industrial construction underway, and total construction is down just over 45% when compared to a year ago. This slow down is due to increasing land and construction costs and the general slow down of the US economic environment.
- ◆ Planned Industrial construction in San Diego County is down compared to last year. Currently there is 2.2 million square feet of Industrial space on the slate as being planned, compared to last year's figure of 4 million square feet.



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INDUSTRIAL MARKET OVERVIEW

	1Q2008	4Q2007	1Q2007	% CHANGE VS. 1Q07
Under Construction	944,091	465,221	1,736,269	-45.63%
Planned Construction	2,235,478	3,555,536	4,059,193	-44.93%
Vacancy	6.22%	5.92%	6.18%	0.65%
Availability	7.99%	7.92%	7.41%	7.83%
Pricing	\$0.73	\$0.74	\$0.73	0.00%
Net Absorption	-441,118	1,036,081	-517,055	N/A

Real People. Real Solutions.

RECENT TRANSACTIONS

Sales Activity

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
10808 Willow Court	Rancho Bernardo	93,646	\$15,700,000	Gen-Probe Incorporated	Kelly Capital
237 Via Vera Crus	San Marcos	80,257	\$14,800,000	Bixby Land Company	Veritek Real Estate Holdings LLC
4040 Calle Platino	Oceanside	80,998	\$9,700,000	Harsch Investment Properties	Fenway Properties
7520 Convoy Court	Kearny Mesa	21,160	\$5,352,000	Wells Fargo Bank	Hendrickson Family Charitable Unitrust

Lease Activity

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
Carlsbad Corporate Center	Carlsbad	73,480	March-08	Alphatec Holdings, Inc.	Fenton Carlsbad LLC
La Pacifica - Phase 1 - Building 3	Oceanside	66,780	January-08	N/A	RREEF America REIT III
Prescott Industrial Park	Oceanside	56,969	February-08	Vitro America, Inc.	Alere Property Group LLC
Pacific Technology Park - Building B	Sorrento Mesa	39,138	March-08	Qualcomm, Inc.	RREEF America LLC

VACANCY RATE



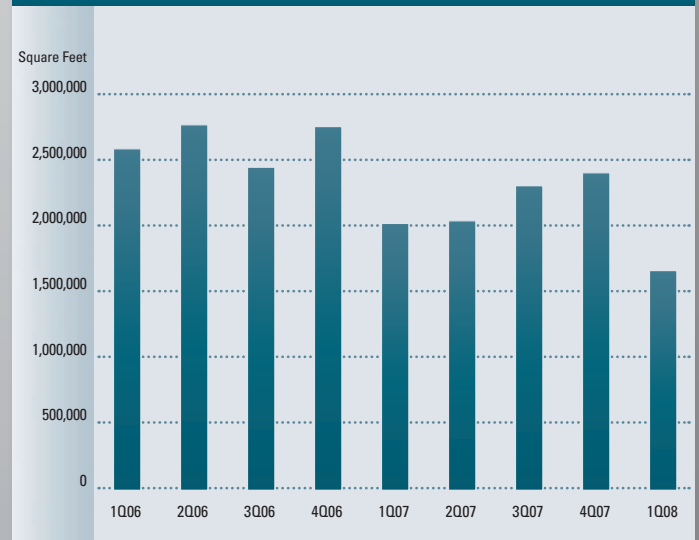
AVERAGE ASKING TRIPLE NET LEASE RATE



NET ABSORPTION



GROSS ABSORPTION



	INVENTORY			VACANCY & LEASE RATES					ABSORPTION			
	Number Of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2008	Total Availability 1Q2008	Average Asking Lease Rate	Net Absorption 1Q2008	Net Absorption 2007	Net Absorption 2006	Net Absorption 2005
Central												
Downtown	206	7,263,459	0	0	516,179	7.11%	496,298	\$0.71	(62,871)	(96,590)	117,491	(328,061)
East City	55	1,715,509	0	0	37,522	2.19%	37,522	\$0.89	(322)	1,400	75,965	(18,545)
Central Total	261	8,978,968	0	0	553,701	6.17%	533,820	\$0.73	(63,193)	(95,190)	193,456	(346,606)
Central Suburban												
Airport/Sports Arena	87	2,210,843	0	92,548	28,756	1.30%	157,698	\$0.90	32,050	13,125	50,690	15,154
Kearny Mesa	363	11,276,329	0	0	151,892	1.35%	345,606	\$1.15	37,204	111,262	177,485	(81,043)
Mission Gorge	61	2,092,369	0	0	145,917	6.97%	248,970	\$0.86	(1,628)	(53,449)	60,471	(94,758)
Rose Canyon/Morena	107	3,675,293	0	0	20,010	0.54%	18,357	\$1.00	2,263	(794)	10,629	(8,128)
Central Suburban Total	618	19,254,834	0	92,548	346,575	1.80%	770,631	\$0.90	69,889	70,144	299,275	(168,775)
East County												
El Cajon	304	9,312,080	0	0	183,620	1.97%	181,638	\$0.80	(10,330)	126,562	85,247	(137,831)
La Mesa/Spring Valley	66	1,618,023	0	0	98,023	6.06%	118,213	\$0.54	(52,054)	(8,029)	(3,748)	47,300
Santee/Lakeside	172	4,167,426	25,101	312,680	117,930	2.83%	242,746	\$0.75	(10,089)	25,334	229,349	(20,286)
East County	14	506,460	0	0	0	0.00%	0	\$0.00	0	9,500	0	4,000
East County Total	556	15,603,989	25,101	312,680	399,573	2.56%	542,597	\$0.67	(72,473)	153,367	310,848	(106,817)
Highway 78 Corridor												
Oceanside	275	8,045,498	132,782	608,078	873,330	10.85%	765,414	\$0.76	(59,617)	367,919	301,160	256,919
San Marcos	279	7,776,002	0	136,747	535,097	6.88%	638,969	\$0.74	(64,315)	(31,109)	50,742	25,141
Vista/Fallbrook	262	9,974,513	12,915	191,750	851,062	8.53%	966,291	\$0.79	(81,335)	26,322	29,642	102,942
Highway 78 Corridor Total	816	25,796,013	145,697	936,575	2,259,489	8.76%	2,370,674	\$0.77	(205,267)	363,132	381,544	385,002
I-15 Corridor												
Escondido	269	5,738,268	53,727	250,000	207,403	3.61%	212,271	\$0.85	(66,961)	49,523	(236)	(71,724)
Poway	140	7,227,394	0	385,500	235,680	3.26%	714,917	\$0.86	49,734	84,331	98,980	612,989
Rancho Bernardo	52	4,625,448	0	0	279,400	6.04%	400,140	\$0.90	(109,053)	89,249	(114,951)	237,562
Scripps Ranch	29	800,115	0	0	48,014	6.00%	48,014	\$0.91	(1,296)	32,428	(51,013)	44,460
I-15 Corridor Total	490	18,391,225	53,727	635,500	770,497	4.19%	1,375,342	\$0.87	(127,576)	255,531	(67,220)	823,287
North City												
Miramar	402	14,112,498	0	0	648,809	4.60%	843,044	\$0.93	138,751	(137,590)	201,966	217,104
Sorrento Mesa	93	4,983,690	0	0	234,506	4.71%	477,091	\$0.88	1,135	281,327	(77,680)	(76,876)
Sorrento Valley	61	1,460,286	0	0	12,086	0.83%	17,379	\$0.00	4,680	47,204	33,623	55,433
UTC	4	211,064	0	0	0	0.00%	0	\$0.00	0	0	0	0
North City Total	560	20,767,538	0	0	895,401	4.31%	1,337,514	\$0.91	144,566	190,941	157,909	195,661
North County												
Carlsbad	224	9,782,143	0	26,054	854,830	8.74%	1,068,948	\$0.98	(214,833)	246,670	171,012	155,140
North Beach Cities	15	568,124	0	0	0	0.00%	0	\$0.00	0	0	0	8,243
North County Total	239	10,350,267	0	26,054	854,830	8.26%	1,068,948	\$0.98	(214,833)	246,670	171,012	163,383
South Bay												
Chula Vista	229	9,933,857	0	20,000	746,390	7.51%	878,936	\$0.75	5,255	(77,580)	71,014	696,130
National City	85	3,884,447	0	0	229,034	5.90%	226,527	\$0.76	(14,124)	(80,195)	59,907	(65,747)
Otay Mesa	248	13,558,393	719,566	166,000	2,054,931	15.16%	2,614,825	\$0.56	27,185	384,565	1,081,429	374,794
San Ysidro	47	1,770,232	0	46,121	119,678	6.76%	124,675	\$0.70	9,453	(43,626)	14,255	48,274
South Bay Total	609	29,146,929	719,566	232,121	3,150,033	10.81%	3,844,963	\$0.61	27,769	183,164	1,226,605	1,053,451
San Diego County Total	4,149	148,289,763	944,091	2,235,478	9,230,099	6.22%	11,844,489	\$0.73	(441,118)	1,367,759	2,673,429	1,998,586

This survey consists of buildings greater than 10,000 square feet. Lease rates are on a triple net basis.

CONSTRUCTION UPDATE

Under Construction

Property Address	Submarket	Square Feet	Estimate Delivery	Recorded Owner
Otay Logistics - 2 Buildings	Otay Mesa	266,000	May-08	Trammell Crow Company
Siempre Viva Business Park	Otay Mesa	159,631	August-08	Siempre Viva Busn Park West
Britannia Industrial Park - 5 Buildings	Otay Mesa	156,068	April-08	Kearny Real Estate Company
Pacific Coast Business Park - 6 Buildings	Oceanside	132,782	June-08	AMB Properties Corporation

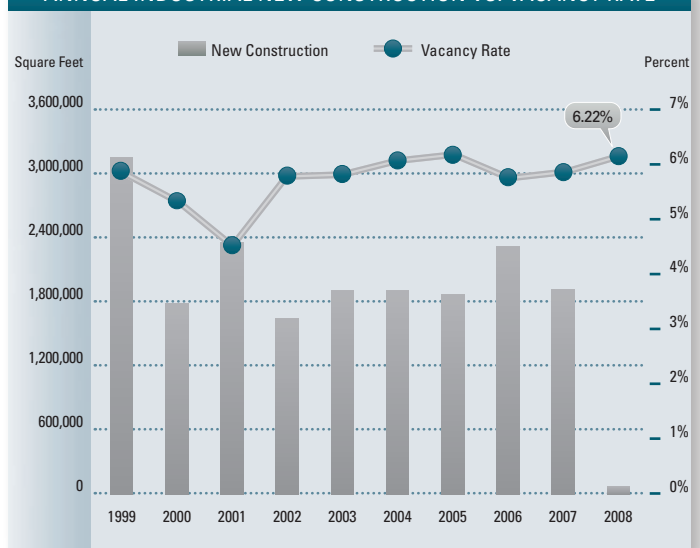
Recent Deliveries

Property Address	Submarket	Square Feet	Date Delivered	Recorded Owner
Venture Commerce Center - 27 Buildings	Otay Mesa	98,250	February-08	Lbvcc Otay Mesa LLC
8527 Avenida Costa Sur	Otay Mesa	55,380	January-08	Siempre Viva III, LLC
SpectrumFlex at Bressi Ranch	Carlsbad	11,080	February-08	Kelly Capital Group Inc.
2545 fortune Way	Vista	5,438	January-88	Yahn Family Trust

Product Type

Industrial product consists of commercial buildings that feature the following: loading docks, ceiling heights greater than 16 feet, less than 30% of the building built-out as office space, and primary use of the building is manufacturing, distribution and/or warehousing.

ANNUAL INDUSTRIAL NEW CONSTRUCTION VS. VACANCY RATE



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To view available properties, please visit:

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This survey consists of properties 10,000 square feet and larger in size, representing both single tenant and multi-tenant buildings. The lease rates are based on a triple net 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 Commercial Brokerage use only, and cannot legally be reproduced without prior written consent from the management of Voit Commercial Brokerage.