

# Report

**SECOND  
 QUARTER  
 2003**


## Market Highlights

- Unemployment in the second quarter of 2003 in San Diego County is 4.1%, which is a decrease of 0.3% since the first quarter of 2003 and up from the 3.7% 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 940,002 square feet of Industrial construction underway, and total construction is about the same as it was a year ago.
- Planned Industrial construction in San Diego County is down compared to last year. Currently there is 1,590,465 square feet of Industrial space on the slate as being planned, compared to last year's figure of 2,753,594.
- The Industrial vacancy rate is checking in at 6.23%, which is up from the 5.80% rate during the first quarter of 2003. This lack of supply is creating a lot of constrained demand for Industrial space in the San Diego County area, and would explain the flat rental rates in the market place today.
- Industrial absorption checked in at 448,374 square feet of positive net absorption during second quarter of 2003. This is an increase of over 33% when compared to last year.

### INDUSTRIAL MARKET STATISTICS

	2Q2003	1Q2003	2Q2002	% CHANGE VS. 2002
Under Construction	940,002	907,007	936,681	0.35%
Planned Construction	1,590,465	2,065,919	2,753,594	-42.24%
Vacancy	6.23%	5.80%	5.09%	22.40%
Availability	8.54%	6.59%	6.45%	32.40%
Pricing	\$0.60	\$0.60	\$0.60	0.00%
Net Absorption	448,374	1,259,748	335,982	33.45%

 Compared to  
 last quarter:

**Vacancy**

**Absorption**

**Lease Rates**

**Construction**


San Diego County

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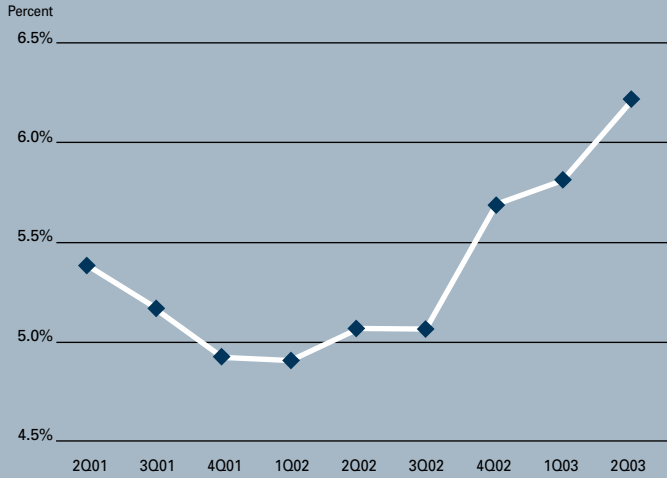
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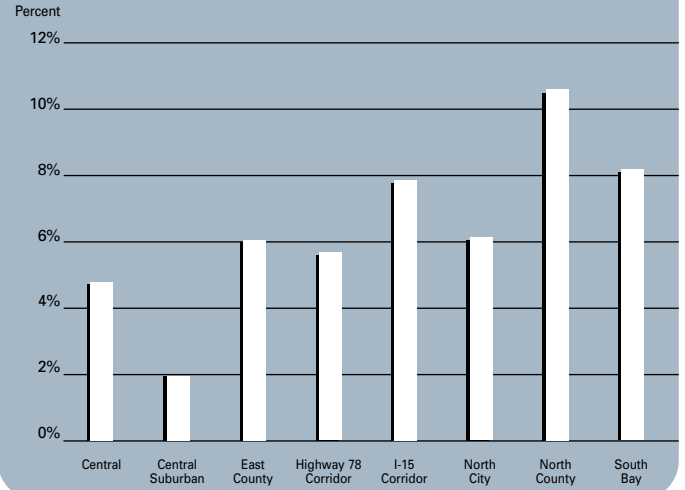
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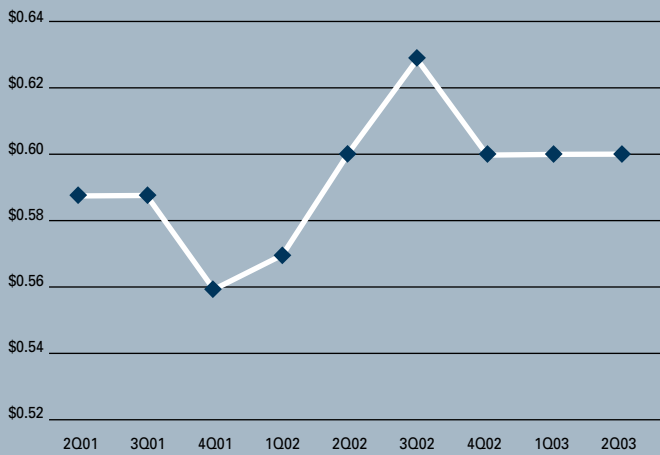
## VACANCY RATE



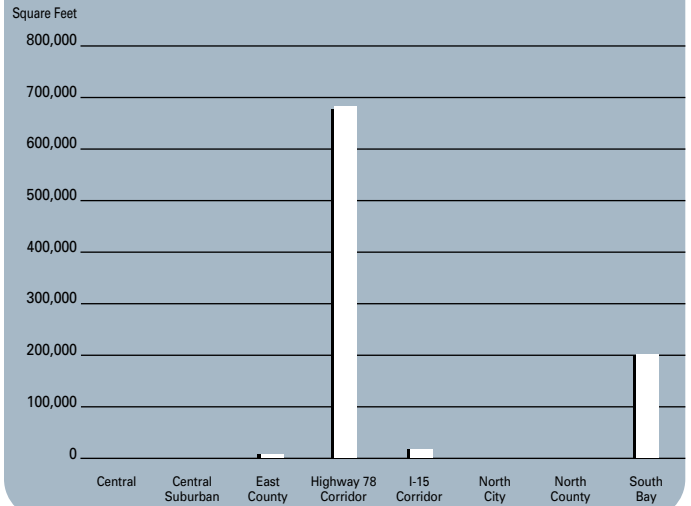
## VACANCY RATE BY SUBMARKET



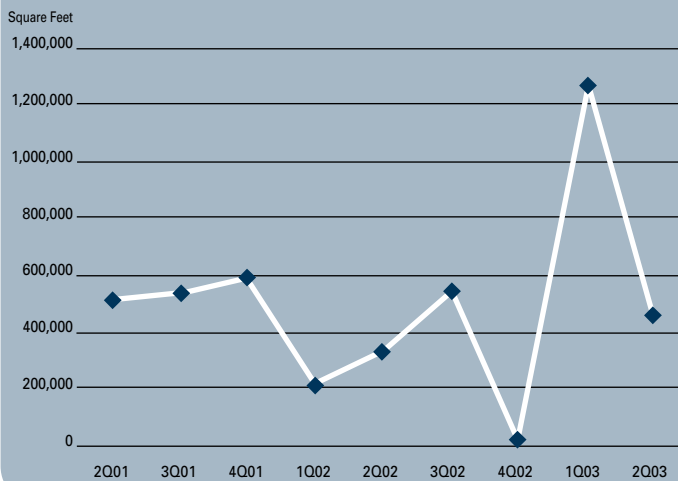
## AVERAGE ASKING TRIPLE NET LEASE RATE



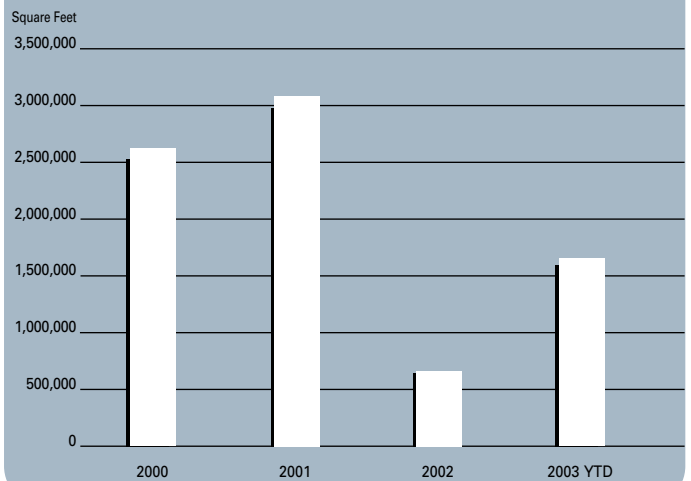
## CONSTRUCTION ACTIVITY



## QUARTERLY NET ABSORPTION



## ANNUAL NET ABSORPTION



S A N D I E G O C O U N T Y

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.

**INVENTORY**

**VACANCY & ABSORPTION**

	Number Of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2003	Vacancy with Sublet 2Q2003	Average Asking Lease Rate	Net Absorption 2Q2003	Net Absorption 2003
<b>Central</b>										
Downtown	150	3,916,086	0	51,672	179,066	4.57%	208,066	\$0.75	63,000	47,278
East City	150	3,441,372	0	0	177,055	5.14%	184,655	\$0.53	(10,056)	3,278
<b>Central Total</b>	<b>300</b>	<b>7,357,458</b>	<b>0</b>	<b>51,672</b>	<b>356,121</b>	<b>4.84%</b>	<b>392,721</b>	<b>\$0.68</b>	<b>52,944</b>	<b>50,556</b>
<b>Central Suburban</b>										
Airport/Sports Arena	153	3,500,650	0	0	94,900	2.71%	137,700	\$0.56	22,619	19,364
Kearny Mesa	349	9,597,675	0	0	191,672	2.00%	590,069	\$0.86	95,130	128,589
Mission Gorge	66	1,262,370	0	0	28,056	2.22%	42,167	\$0.75	80,624	80,463
Rose Canyon/Morena	136	3,343,009	0	0	30,550	0.91%	30,550	\$0.00	97,752	78,125
<b>Central Suburban Total</b>	<b>704</b>	<b>17,703,704</b>	<b>0</b>	<b>0</b>	<b>345,178</b>	<b>1.95%</b>	<b>800,486</b>	<b>\$0.75</b>	<b>296,125</b>	<b>306,541</b>
<b>East County</b>										
El Cajon	303	6,609,446	17,580	27,438	581,659	8.80%	914,993	\$0.75	36,765	70,163
La Mesa/Spring Valley	105	1,457,658	0	0	25,305	1.74%	27,305	\$0.70	44,271	42,605
Santee/Lakeside	215	3,227,826	0	12,680	85,930	2.66%	97,659	\$0.00	17,655	8,420
<b>East County Total</b>	<b>623</b>	<b>11,294,930</b>	<b>17,580</b>	<b>40,118</b>	<b>692,894</b>	<b>6.13%</b>	<b>1,039,957</b>	<b>\$0.73</b>	<b>98,691</b>	<b>121,188</b>
<b>Highway 78 Corridor</b>										
Oceanside	288	5,324,464	0	532,154	328,844	6.18%	381,049	\$0.48	(133,571)	(115,727)
San Marcos	510	9,350,815	37,608	20,000	445,034	4.76%	509,917	\$0.63	408,186	435,365
Vista/Fallbrook	391	11,087,635	646,749	183,992	671,897	6.06%	827,901	\$0.57	53,444	259,941
<b>Highway 78 Corridor Total</b>	<b>1,189</b>	<b>25,762,914</b>	<b>684,357</b>	<b>736,146</b>	<b>1,445,775</b>	<b>5.61%</b>	<b>1,718,867</b>	<b>\$0.55</b>	<b>328,059</b>	<b>579,579</b>
<b>I-15 Corridor</b>										
Escondido	371	5,992,890	33,020	0	337,841	5.64%	401,535	\$0.58	123,041	209,778
Poway/Rancho Penasquitos	183	6,351,774	0	0	560,054	8.82%	649,012	\$0.68	(147,441)	(76,094)
Rancho Bernardo	68	4,589,227	0	0	441,691	9.62%	600,932	\$0.72	(185,916)	(176,334)
Scripps Ranch	22	488,376	0	0	42,836	8.77%	42,836	\$0.66	5,062	1,509
<b>I-15 Corridor Total</b>	<b>644</b>	<b>17,422,267</b>	<b>33,020</b>	<b>0</b>	<b>1,382,422</b>	<b>7.93%</b>	<b>1,694,315</b>	<b>\$0.68</b>	<b>(205,254)</b>	<b>(41,141)</b>
<b>North City</b>										
Miramar	495	13,019,912	0	65,010	786,598	6.04%	1,122,416	\$0.57	857	128,825
Sorrento Mesa	89	3,167,779	0	0	250,066	7.89%	422,227	\$0.99	(39,622)	4,830
Sorrento Valley	53	1,099,487	0	0	27,712	2.52%	29,856	\$0.95	27,079	50,917
<b>North City Total</b>	<b>637</b>	<b>17,287,178</b>	<b>0</b>	<b>65,010</b>	<b>1,064,376</b>	<b>6.16%</b>	<b>1,574,499</b>	<b>\$0.75</b>	<b>(11,686)</b>	<b>184,572</b>
<b>North County</b>										
Carlsbad	220	7,642,668	0	166,884	825,221	10.80%	917,942	\$0.70	(181,862)	(96,441)
North Beach Cities	8	139,002	0	0	15,000	10.79%	15,000	\$0.00	0	3,026
<b>North County Total</b>	<b>228</b>	<b>7,781,670</b>	<b>0</b>	<b>166,884</b>	<b>840,221</b>	<b>10.80%</b>	<b>932,942</b>	<b>\$0.70</b>	<b>(181,862)</b>	<b>(93,415)</b>
<b>South Bay</b>										
Chula Vista	180	5,112,754	205,045	0	386,547	7.56%	537,654	\$0.52	(37,319)	(78,569)
National City	93	2,670,142	0	74,000	107,304	4.02%	110,014	\$0.59	(47,790)	(50,758)
Otay Mesa	190	9,440,189	0	456,635	1,020,709	10.81%	1,652,391	\$0.46	201,103	730,306
San Ysidro	56	1,295,096	0	0	25,404	1.96%	60,092	\$0.65	(4,637)	(737)
<b>South Bay Total</b>	<b>519</b>	<b>18,518,181</b>	<b>205,045</b>	<b>530,635</b>	<b>1,539,964</b>	<b>8.32%</b>	<b>2,360,151</b>	<b>\$0.47</b>	<b>111,357</b>	<b>600,242</b>
<b>San Diego County Total</b>	<b>4,844</b>	<b>123,128,302</b>	<b>940,002</b>	<b>1,590,465</b>	<b>7,666,951</b>	<b>6.23%</b>	<b>10,513,938</b>	<b>\$0.60</b>	<b>488,374</b>	<b>1,708,122</b>

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

**INDUSTRIAL  
MARKET  
Report**

2ND QUARTER 2003

**SUBMARKETS**

**CENTRAL**

Downtown  
East City

**CENTRAL SUBURBAN**

Airport/Sports Arena  
Kearny Mesa  
Mission Gorge  
Rose Canyon/Morena

**EAST COUNTY**

El Cajon  
La Mesa/Spring Valley  
Santee/Lakeside

**HIGHWAY 78 CORRIDOR**

Oceanside  
San Marcos  
Vista/Fallbrook

**I-15 CORRIDOR**

Escondido  
Poway/Rancho Penasquitos  
Rancho Bernardo  
Scripps Ranch

**NORTH CITY**

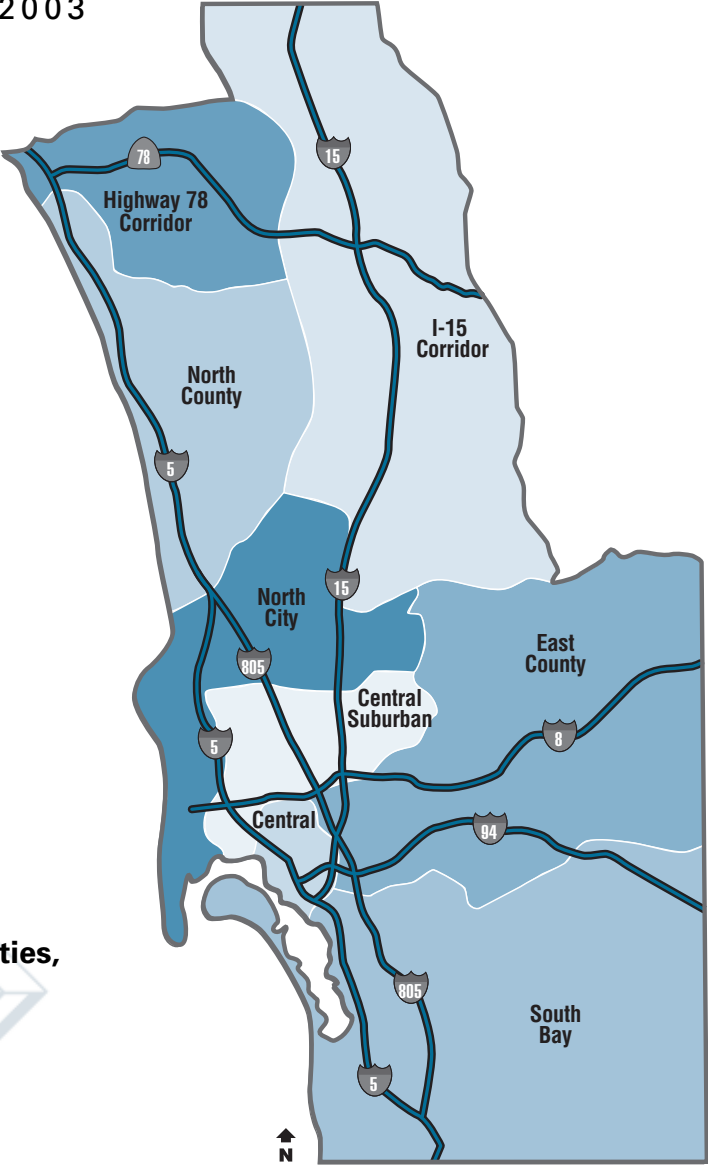
Miramar  
Sorrento Mesa  
Sorrento Valley

**NORTH COUNTY**

Carlsbad  
North Beach Cities

**SOUTH BAY**

Chula Vista  
National City  
Otay Mesa  
San Ysidro



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