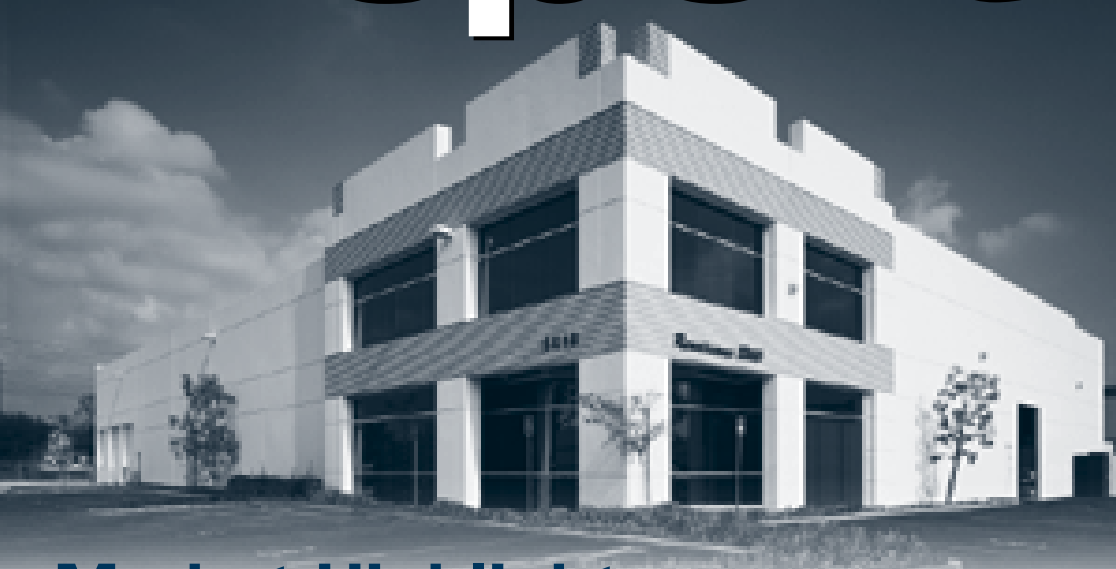


# Report

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 547,301 square feet of Research & Development construction underway, this figure is higher than last year's second quarter number of 271,696 square feet.
- Planned Research & Development construction in San Diego County is down 65% when compared to last year. Currently, there is 1,206,470 square feet of Research & Development space on the slate as being planned, compared to last year's figure of 3,500,025 square feet.
- The Research & Development vacancy rate is 9.73%, which is about the same as it was in the first quarter of 2003 when it was 10.01% and is a little higher than last year's figure of 9.47%. The flat vacancy rate would explain the flat average asking lease of \$1.14 when compared to last year.
- The Research & Development absorption checked in at a positive 259,633 square feet of net absorption during the second quarter of 2003. This is higher than the negative 70,339 square feet of net absorption we experienced during the second quarter of 2002.

### R&D MARKET STATISTICS

|                      | 2Q2003    | 1Q2003    | 2Q2002    | % CHANGE VS. 2002 |
|----------------------|-----------|-----------|-----------|-------------------|
| Under Construction   | 547,301   | 904,190   | 271,696   | 101.44%           |
| Planned Construction | 1,206,470 | 3,227,371 | 3,500,025 | -65.53%           |
| Vacancy              | 9.73%     | 10.01%    | 9.47%     | 2.75%             |
| Availability         | 12.65%    | 13.48%    | 12.98%    | -2.54%            |
| Pricing              | \$1.14    | \$1.14    | \$1.14    | 0.00%             |
| Net Absorption       | 259,633   | 278,243   | -70,339   | 469.12%           |

Compared to  
last quarter:

**Vacancy**



**Absorption**



**Lease Rates**



**Construction**



San Diego County

Prepared by:

**Jerry J. Holdner, Jr.**

Vice President

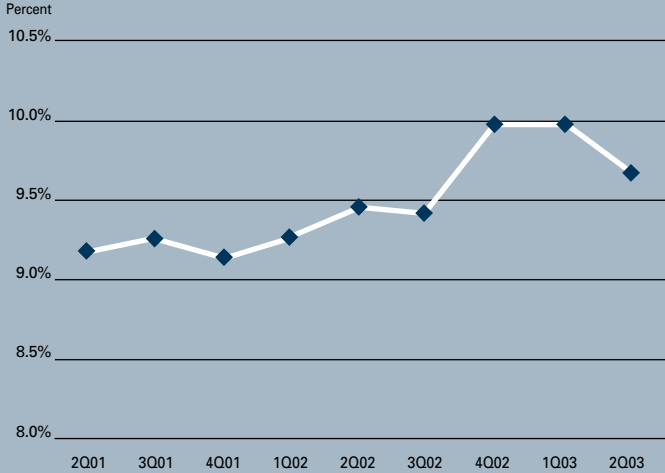
of Market Research

e-mail: [jholdner@voitco.com](mailto:jholdner@voitco.com)

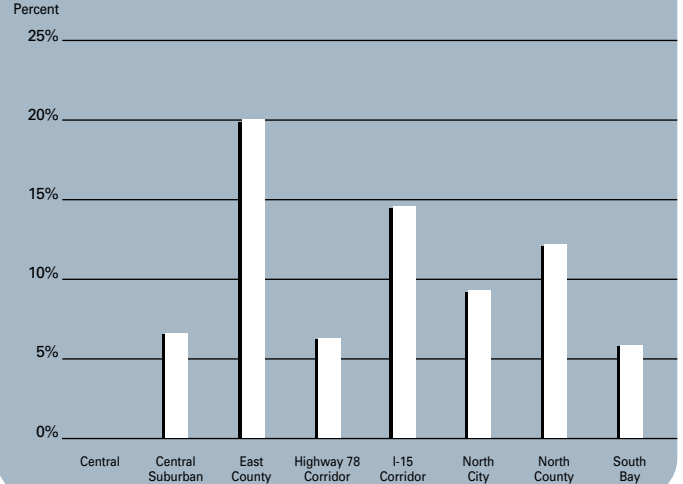
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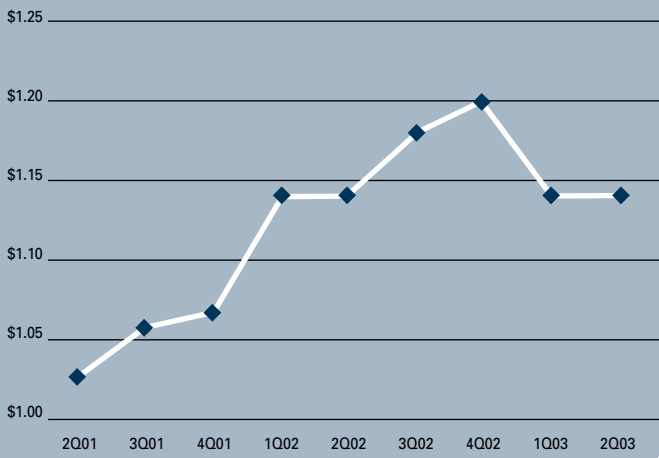
## VACANCY RATE



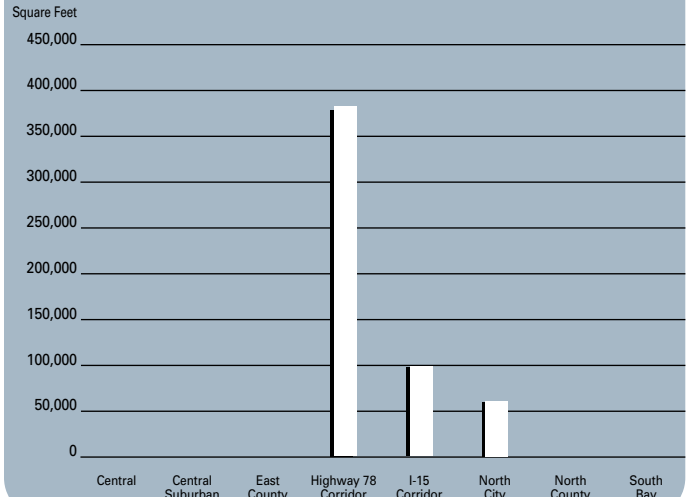
## VACANCY RATE BY SUBMARKET



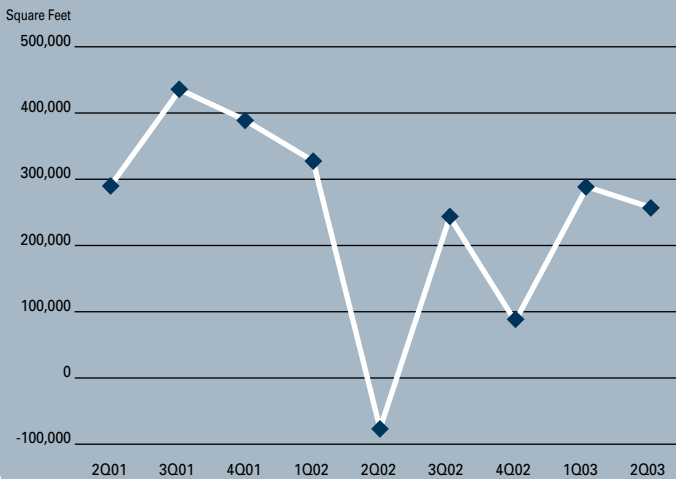
## AVERAGE ASKING TRIPLE NET LEASE RATE



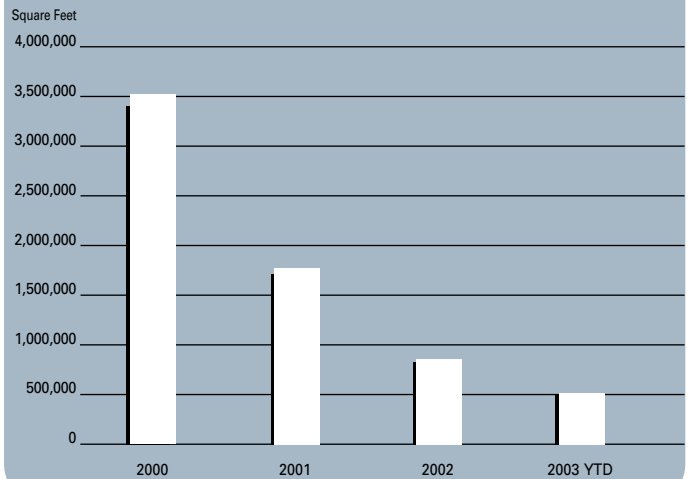
## CONSTRUCTION ACTIVITY



## QUARTERLY NET ABSORPTION



## ANNUAL NET ABSORPTION



S A N   D I E G O   C O U N T Y

Research and Development (R&D) buildings can be one story, one story with a mezzanine, and two story built-out structures with a high ratio of window wall to floor area with lower ceilings. They generally have over 30% built-out office space or laboratory use, with the remaining space being utilized as light manufacturing or warehousing. In addition, the parking ratio must be at least 3 spaces or greater per 1,000 square feet.

**INVENTORY**

**VACANCY & ABSORPTION**

|                                  | Number<br>Of<br>Buildings | Net<br>Rentable<br>Square Feet | Square<br>Feet<br>U / C | Square<br>Feet<br>Planned | Square<br>Feet<br>Vacant | Vacancy<br>Rate<br>2Q2003 | Vacancy<br>with Sublet<br>2Q2003 | Average<br>Asking<br>Lease Rate | Net<br>Absorption<br>2Q2003 | Net<br>Absorption<br>2003 |
|----------------------------------|---------------------------|--------------------------------|-------------------------|---------------------------|--------------------------|---------------------------|----------------------------------|---------------------------------|-----------------------------|---------------------------|
| <b>Central</b>                   |                           |                                |                         |                           |                          |                           |                                  |                                 |                             |                           |
| Downtown                         | 11                        | 243,778                        | 0                       | 0                         | 0                        | 0.00%                     | 0                                | \$0.00                          | 0                           | 0                         |
| <b>Central Total</b>             | <b>11</b>                 | <b>243,778</b>                 | <b>0</b>                | <b>0</b>                  | <b>0</b>                 | <b>0.00%</b>              | <b>0</b>                         | <b>\$0.00</b>                   | <b>0</b>                    | <b>0</b>                  |
| <b>Central Suburban</b>          |                           |                                |                         |                           |                          |                           |                                  |                                 |                             |                           |
| Airport/Sports Arena             | 14                        | 460,801                        | 0                       | 74,670                    | 108,000                  | 23.44%                    | 108,000                          | \$0.00                          | 0                           | 13,000                    |
| Kearny Mesa                      | 197                       | 7,180,195                      | 0                       | 159,630                   | 454,081                  | 6.32%                     | 545,003                          | \$1.04                          | 70,315                      | 127,169                   |
| Mission Gorge                    | 23                        | 459,153                        | 0                       | 0                         | 1,500                    | 0.33%                     | 1,500                            | \$0.00                          | 126,895                     | 120,895                   |
| Rose Canyon/Morena               | 8                         | 173,252                        | 0                       | 0                         | 0                        | 0.00%                     | 0                                | \$0.00                          | 0                           | (12,299)                  |
| <b>Central Suburban Total</b>    | <b>242</b>                | <b>8,273,401</b>               | <b>0</b>                | <b>234,300</b>            | <b>563,581</b>           | <b>6.81%</b>              | <b>654,503</b>                   | <b>\$1.04</b>                   | <b>197,210</b>              | <b>248,765</b>            |
| <b>East County</b>               |                           |                                |                         |                           |                          |                           |                                  |                                 |                             |                           |
| El Cajon                         | 1                         | 17,625                         | 0                       | 0                         | 0                        | 0.00%                     | 0                                | \$0.00                          | 0                           | 19,785                    |
| La Mesa/Spring Valley            | 1                         | 2,600                          | 0                       | 0                         | 0                        | 0.00%                     | 0                                | \$0.00                          | 0                           | 0                         |
| Santee/Lakeside                  | 4                         | 111,392                        | 0                       | 0                         | 26,600                   | 23.88%                    | 26,600                           | \$0.00                          | 4,400                       | 4,400                     |
| <b>East County Total</b>         | <b>6</b>                  | <b>131,617</b>                 | <b>0</b>                | <b>0</b>                  | <b>26,600</b>            | <b>20.21%</b>             | <b>26,600</b>                    | <b>\$0.00</b>                   | <b>4,400</b>                | <b>24,185</b>             |
| <b>Highway 78 Corridor</b>       |                           |                                |                         |                           |                          |                           |                                  |                                 |                             |                           |
| Oceanside                        | 10                        | 267,096                        | 198,171                 | 0                         | 6,500                    | 2.43%                     | 6,500                            | \$0.00                          | 3,584                       | 3,584                     |
| San Marcos                       | 27                        | 695,629                        | 53,730                  | 0                         | 0                        | 0.00%                     | 0                                | \$0.00                          | 9,469                       | 12,542                    |
| Vista/Fallbrook                  | 46                        | 1,762,055                      | 129,600                 | 0                         | 166,485                  | 9.45%                     | 286,485                          | \$0.71                          | 61,484                      | 64,219                    |
| <b>Highway 78 Corridor Total</b> | <b>83</b>                 | <b>2,724,780</b>               | <b>381,501</b>          | <b>0</b>                  | <b>172,985</b>           | <b>6.35%</b>              | <b>292,985</b>                   | <b>\$0.71</b>                   | <b>74,537</b>               | <b>80,345</b>             |
| <b>I-15 Corridor</b>             |                           |                                |                         |                           |                          |                           |                                  |                                 |                             |                           |
| Escondido                        | 25                        | 472,372                        | 69,500                  | 0                         | 0                        | 0.00%                     | 0                                | \$0.00                          | 58,336                      | 58,336                    |
| Poway/Rancho Penasquitos         | 42                        | 2,433,340                      | 0                       | 243,272                   | 567,588                  | 23.33%                    | 567,588                          | \$0.00                          | 22,115                      | 55,685                    |
| Rancho Bernardo                  | 51                        | 3,728,045                      | 30,300                  | 0                         | 457,137                  | 12.26%                    | 533,500                          | \$1.15                          | 330,849                     | 449,511                   |
| Scripps Ranch                    | 38                        | 887,506                        | 0                       | 0                         | 71,537                   | 8.06%                     | 71,537                           | \$0.00                          | 3,124                       | 3,124                     |
| <b>I-15 Corridor Total</b>       | <b>156</b>                | <b>7,521,263</b>               | <b>99,800</b>           | <b>243,272</b>            | <b>1,096,262</b>         | <b>14.58%</b>             | <b>1,172,625</b>                 | <b>\$1.10</b>                   | <b>414,424</b>              | <b>566,656</b>            |
| <b>North City</b>                |                           |                                |                         |                           |                          |                           |                                  |                                 |                             |                           |
| Miramar                          | 219                       | 5,195,629                      | 20,000                  | 0                         | 437,974                  | 8.43%                     | 697,335                          | \$1.28                          | (192,833)                   | (152,480)                 |
| Sorrento Mesa                    | 165                       | 8,462,296                      | 0                       | 649,000                   | 984,172                  | 11.63%                    | 1,422,360                        | \$1.41                          | (130,964)                   | (194,350)                 |
| Sorrento Valley                  | 97                        | 2,670,680                      | 0                       | 0                         | 157,896                  | 5.91%                     | 175,819                          | \$1.22                          | 21,487                      | (86,896)                  |
| UTC Center                       | 51                        | 3,289,422                      | 46,000                  | 0                         | 147,976                  | 4.50%                     | 257,123                          | \$3.00                          | (132,000)                   | (132,000)                 |
| <b>North City Total</b>          | <b>532</b>                | <b>19,618,027</b>              | <b>66,000</b>           | <b>649,000</b>            | <b>1,728,018</b>         | <b>8.81%</b>              | <b>2,552,637</b>                 | <b>\$1.36</b>                   | <b>(434,310)</b>            | <b>(565,726)</b>          |
| <b>North County</b>              |                           |                                |                         |                           |                          |                           |                                  |                                 |                             |                           |
| Carlsbad                         | 163                       | 6,586,236                      | 0                       | 29,898                    | 843,998                  | 12.81%                    | 1,075,547                        | \$0.95                          | (23,216)                    | 111,390                   |
| North Beach Cities               | 2                         | 107,000                        | 0                       | 50,000                    | 0                        | 0.00%                     | 0                                | \$0.00                          | 0                           | 2,480                     |
| <b>North County Total</b>        | <b>165</b>                | <b>6,693,236</b>               | <b>0</b>                | <b>79,898</b>             | <b>843,998</b>           | <b>12.61%</b>             | <b>1,075,547</b>                 | <b>\$0.95</b>                   | <b>(23,216)</b>             | <b>113,870</b>            |
| <b>South Bay</b>                 |                           |                                |                         |                           |                          |                           |                                  |                                 |                             |                           |
| Chula Vista                      | 12                        | 571,704                        | 0                       | 0                         | 7,755                    | 1.36%                     | 9,105                            | \$0.00                          | 0                           | 0                         |
| National City                    | 3                         | 68,500                         | 0                       | 0                         | 0                        | 0.00%                     | 0                                | \$0.00                          | 0                           | (5,935)                   |
| Otay Mesa                        | 3                         | 208,600                        | 0                       | 0                         | 0                        | 0.00%                     | 0                                | \$0.00                          | 23,600                      | 72,728                    |
| San Ysidro                       | 5                         | 113,802                        | 0                       | 0                         | 54,000                   | 47.45%                    | 58,032                           | \$0.55                          | 2,988                       | 2,988                     |
| <b>South Bay Total</b>           | <b>23</b>                 | <b>962,606</b>                 | <b>0</b>                | <b>0</b>                  | <b>61,755</b>            | <b>6.42%</b>              | <b>67,137</b>                    | <b>\$0.55</b>                   | <b>26,588</b>               | <b>69,781</b>             |
| <b>San Diego County Total</b>    | <b>1,218</b>              | <b>46,168,708</b>              | <b>547,301</b>          | <b>1,206,470</b>          | <b>4,493,199</b>         | <b>9.73%</b>              | <b>5,842,034</b>                 | <b>\$1.14</b>                   | <b>259,633</b>              | <b>537,876</b>            |

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

R & D  
MARKET  
**Report**

2ND QUARTER 2003

**SUBMARKETS**

**CENTRAL**

Downtown

**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**

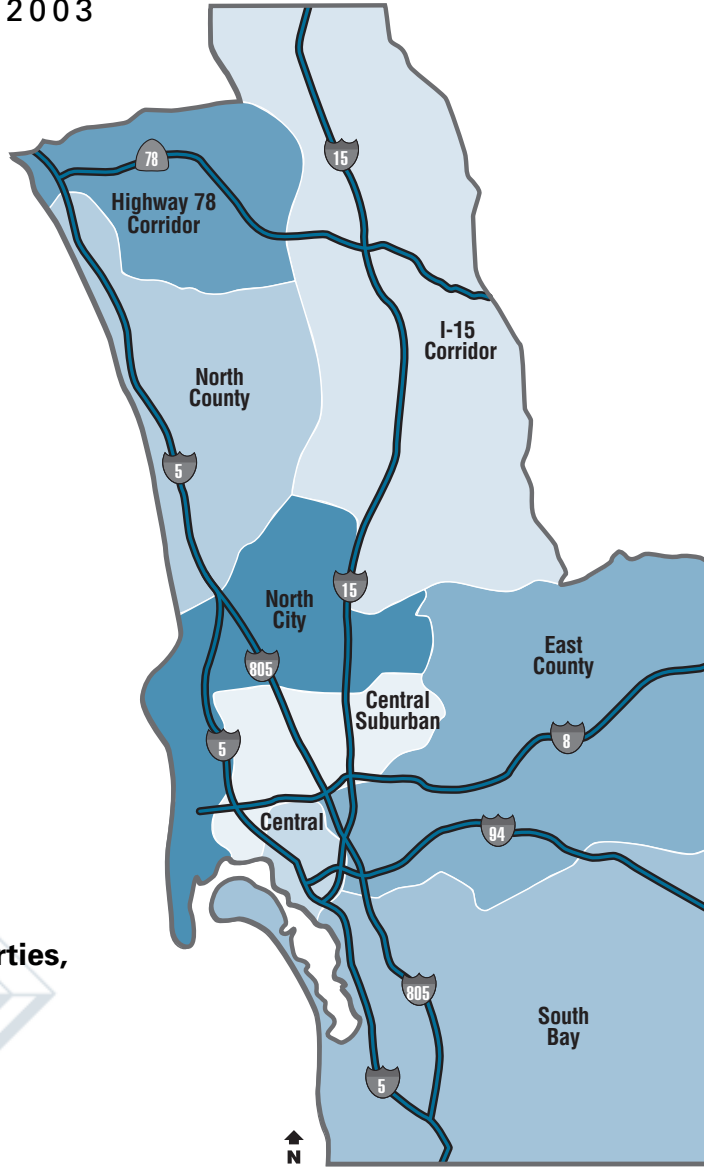
Miramar  
Sorrento Mesa  
Sorrento Valley  
UTC Center

**NORTH COUNTY**

Carlsbad  
North Beach Cities

**SOUTH BAY**

Chula Vista  
National City  
Otay Mesa  
San Ysidro



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Chula Vista, California 91910  
**TEL: 619.498.4560**  
**FAX: 619.495.4567**



**Real People. Real Solutions.**

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