

# Report

THIRD  
QUARTER  
2003



## Market Highlights

- Unemployment in the third quarter of 2003 in San Diego County is 4.3%, which is an increase of 0.2% since the second quarter of 2003 and down from the 4.1% 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 931,812 square feet of Research & Development construction underway, this figure is 20% higher than last year's third quarter number of 778,756 square feet.
- Planned Research & Development construction in San Diego County is down 70% when compared to last year. Currently, there is 902,470 square feet of Research & Development space on the slate as being planned, compared to last year's figure of 3,031,302 square feet.
- The Research & Development vacancy rate is 9.19%, which is lower than it was during the second quarter of 2003 when it was 9.73% and is a little lower than last year's figure of 9.42%. The flat vacancy rate would explain the drop in the average asking lease rate of \$1.12 when compared to last year.
- The Research & Development absorption checked in at a positive 237,742 square feet of net absorption during the third quarter of 2003. This is about the same as the 248,680 square feet of positive net absorption we experienced during the third quarter of 2002.

### R&D MARKET STATISTICS

	3Q2003	2Q2003	3Q2002	% CHANGE VS. 3Q02
Under Construction	931,812	547,301	778,756	19.65%
Planned Construction	902,470	1,206,470	3,031,302	-70.23%
Vacancy	9.19%	9.73%	9.42%	-2.44%
Availability	12.49%	12.65%	12.87%	-2.95%
Pricing	\$1.12	\$1.14	\$1.29	-13.18%
Net Absorption	237,742	230,259	248,680	4.40%

Compared to  
last quarter:

**Vacancy**



**Absorption**



**Lease Rates**



**Construction**



San Diego County

Prepared by:

**Jerry J. Holdner, Jr.**

Vice President

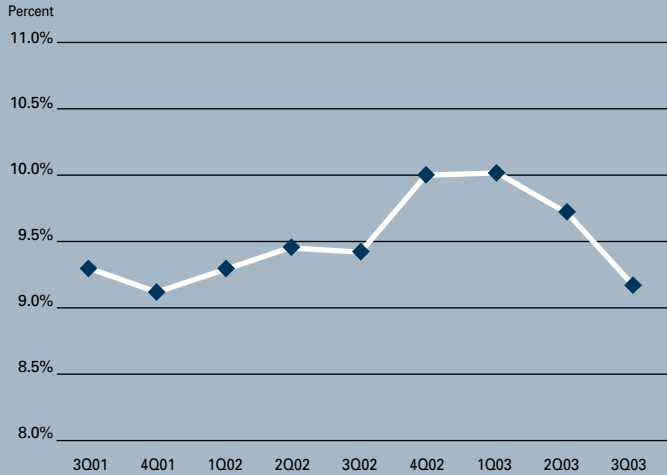
of Market Research

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

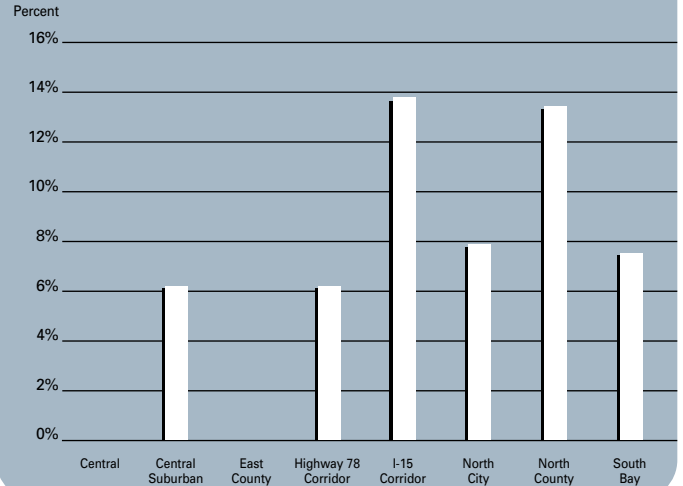
To view available properties, please visit:

[www.voidco.com](http://www.voidco.com)

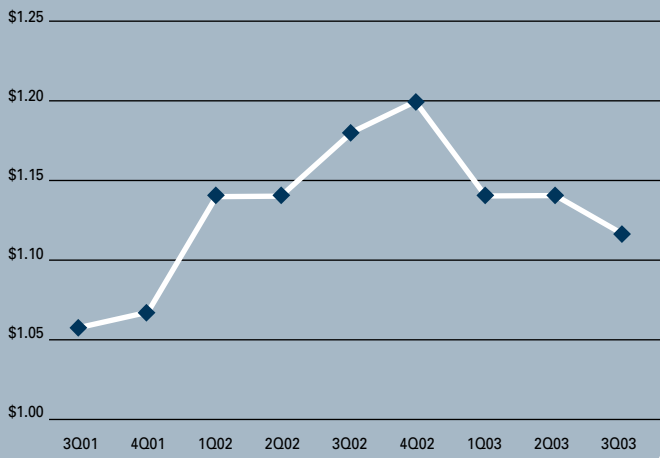
## VACANCY RATE



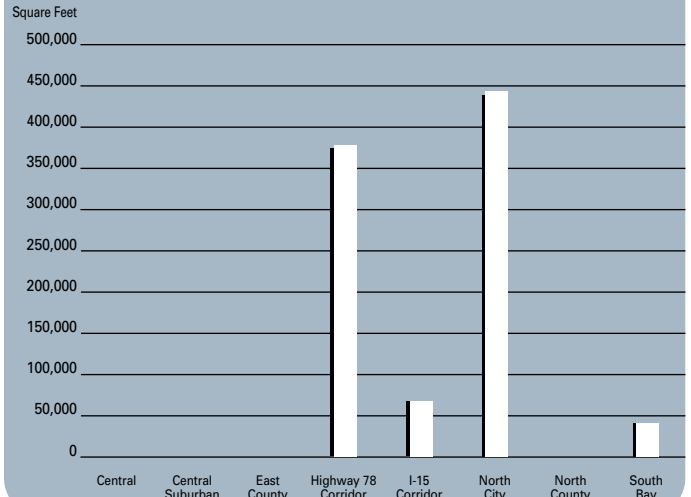
## VACANCY RATE BY SUBMARKET



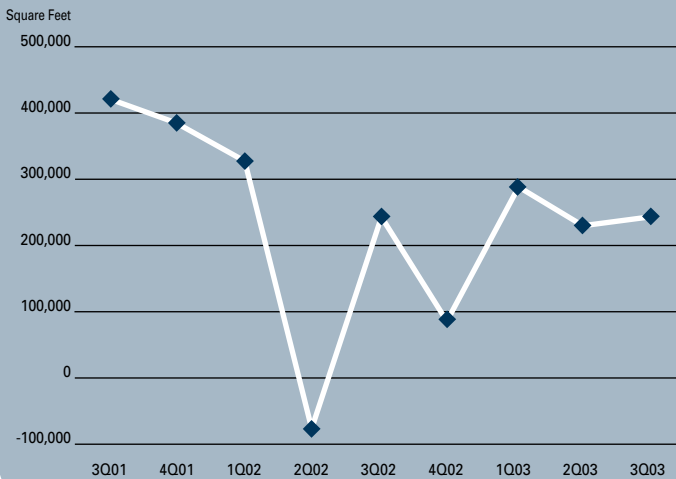
## AVERAGE ASKING TRIPLE NET LEASE RATE



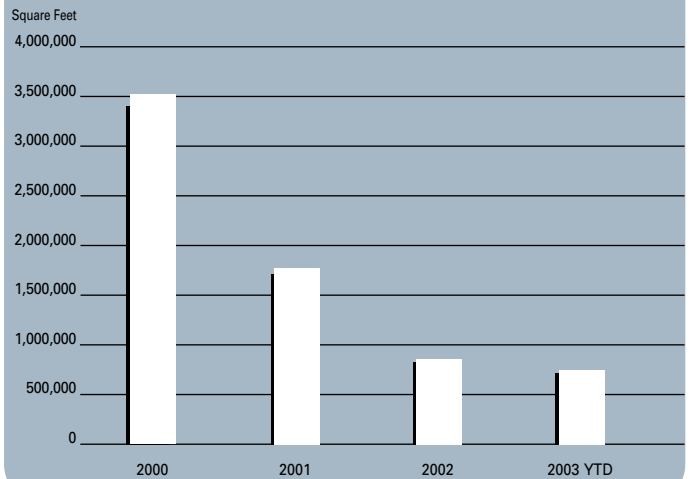
## CONSTRUCTION ACTIVITY



## 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 Of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2003	Total Availability 3Q2003	Average Asking Lease Rate	Net Absorption 3Q2003	Net Absorption 2003
<b>Central</b>										
Downtown	8	230,898	0	0	0	0.00%	0	\$0.00	0	0
Central Total	8	230,898	0	0	0	0.00%	0	\$0.00	0	0
<b>Central Suburban</b>										
Airport/Sports Arena	13	423,801	0	74,670	108,000	25.48%	108,000	\$0.00	0	13,000
Kearny Mesa	181	7,215,258	0	159,630	400,407	5.55%	558,798	\$0.99	60,956	188,125
Mission Gorge	17	432,684	0	0	1,500	0.35%	1,500	\$0.00	0	120,895
Rose Canyon/Morena	4	146,970	0	0	0	0.00%	0	\$0.00	0	(12,299)
Central Suburban Total	215	8,218,713	0	234,300	509,907	6.20%	668,298	\$0.99	60,956	309,721
<b>East County</b>										
El Cajon	6	264,640	0	0	0	0.00%	0	\$0.00	0	19,785
East County Total	6	264,640	0	0	0	0.00%	0	\$0.00	0	19,785
<b>Highway 78 Corridor</b>										
Oceanside	10	267,096	198,171	0	0	0.00%	20,314	\$0.52	6,500	10,084
San Marcos	21	576,119	53,730	0	12,206	2.12%	15,126	\$0.00	(12,206)	686
Vista/Fallbrook	38	1,726,129	129,600	0	155,671	9.02%	155,671	\$0.71	748	73,391
Highway 78 Corridor Total	69	2,569,344	381,501	0	167,877	6.53%	191,111	\$0.63	(4,958)	84,161
<b>I-15 Corridor</b>										
Carmel Mountain Ranch	17	1,076,943	0	178,272	111,204	10.33%	140,825	\$0.86	9,912	33,982
Escondido	21	404,525	69,500	0	0	0.00%	0	\$0.00	11,112	51,698
Poway	24	1,281,367	0	65,000	225,235	17.58%	232,074	\$0.99	72,373	132,326
Rancho Bernardo	48	3,729,252	0	0	487,437	13.07%	583,931	\$1.14	(12,940)	400,543
Sabre Springs	4	193,894	0	0	111,573	57.54%	111,573	\$1.25	1,780	3,080
Scripps Ranch	25	795,141	0	0	86,141	10.83%	86,141	\$0.87	(19,000)	(14,096)
I-15 Corridor Total	139	7,481,122	69,500	243,272	1,021,590	13.66%	1,154,544	\$1.07	63,237	607,533
<b>North City</b>										
Miramar	135	4,485,025	20,000	0	375,462	8.37%	634,974	\$1.30	74,382	(74,457)
Sorrento Mesa	164	8,404,156	379,000	270,000	772,623	9.19%	1,264,349	\$1.40	116,709	(82,741)
Sorrento Valley	91	2,580,222	0	0	213,848	8.29%	233,272	\$1.42	(41,903)	(128,799)
Torrey Pines	29	2,031,149	46,000	0	0	0.00%	79,759	\$0.00	0	0
UTC Center	19	1,265,743	0	0	132,721	10.49%	162,109	\$3.00	(3)	(132,003)
North City Total	438	18,766,295	445,000	270,000	1,494,654	7.96%	2,374,463	\$1.38	149,185	(418,000)
<b>North County</b>										
Carlsbad	144	6,291,290	0	29,898	858,450	13.65%	1,137,777	\$0.95	(30,678)	73,771
North Beach Cities	2	107,000	0	125,000	0	0.00%	0	\$0.00	0	2,480
North County Total	146	6,398,290	0	154,898	858,450	13.42%	1,137,777	\$0.95	(30,678)	76,251
<b>South Bay</b>										
Chula Vista	10	558,604	35,811	0	7,755	1.39%	7,755	\$0.00	0	0
Otay Mesa	3	208,600	0	0	0	0.00%	0	\$0.00	0	66,793
San Ysidro	1	54,000	0	0	54,000	100.00%	54,000	\$0.55	0	0
South Bay Total	14	821,204	35,811	0	61,755	7.52%	61,755	\$0.55	0	66,793
<b>San Diego County Total</b>	<b>1,035</b>	<b>44,750,506</b>	<b>931,812</b>	<b>902,470</b>	<b>4,114,233</b>	<b>9.19%</b>	<b>5,587,948</b>	<b>\$1.12</b>	<b>237,742</b>	<b>746,244</b>

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

R & D  
MARKET  
**Report**

3RD QUARTER 2003

**SUBMARKETS**

**CENTRAL**

Downtown

**CENTRAL SUBURBAN**

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

**EAST COUNTY**

El Cajon

**HIGHWAY 78 CORRIDOR**

Oceanside  
San Marcos  
Vista/Fallbrook

**I-15 CORRIDOR**

Carmel Mountain Ranch  
Escondido  
Poway/Rancho Penasquitos  
Rancho Bernardo  
Sabre Springs  
Scripps Ranch

**NORTH CITY**

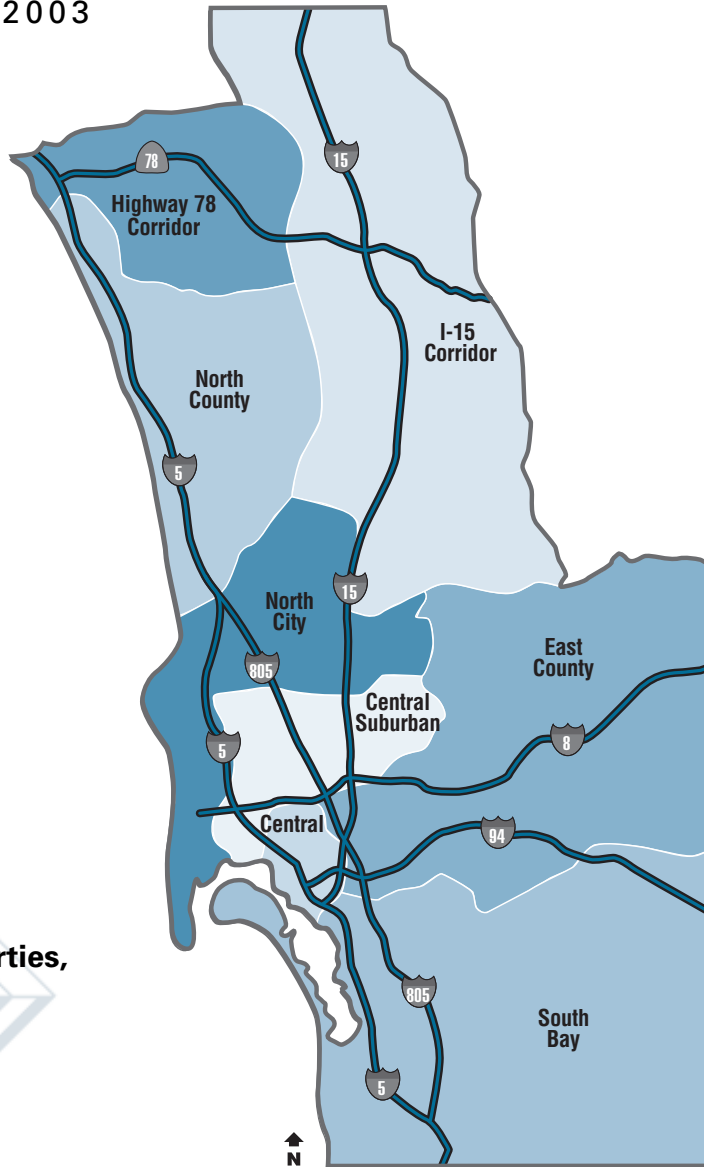
Miramar  
Sorrento Mesa  
Sorrento Valley  
Torrey Pines  
UTC Center

**NORTH COUNTY**

Carlsbad  
North Beach Cities

**SOUTH BAY**

Chula Vista  
Otay Mesa  
San Ysidro



To view available properties,  
please visit:  
[www.voidco.com](http://www.voidco.com)

For Further Information:

**SAN DIEGO OFFICE**

4370 La Jolla Village Drive, Suite 990  
San Diego, California 92122  
**TEL: 858.453.0505**  
**FAX: 858.453.1981**

**CHULA VISTA OFFICE**

660 Bay Boulevard, Suite 210  
Chula Vista, California 91910  
**TEL: 619.498.4560**  
**FAX: 619.495.4567**



**Real People. Real Solutions.**

This survey consists of properties located in San Diego County, representing both single tenant and multi-tenant buildings. 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.