

# RETAIL MARKET REPORT

THIRD QUARTER 2005

Compared to last quarter:

## VACANCY



UP

## ABSORPTION



UP

## LEASE RATES



UP

## CONSTRUCTION



UP

To view available properties, please visit:

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



Prepared by:  
**Jerry J. Holdner, Jr.**  
 Vice President  
 of Market Research  
 e-mail: [jholdner@voitco.com](mailto:jholdner@voitco.com)



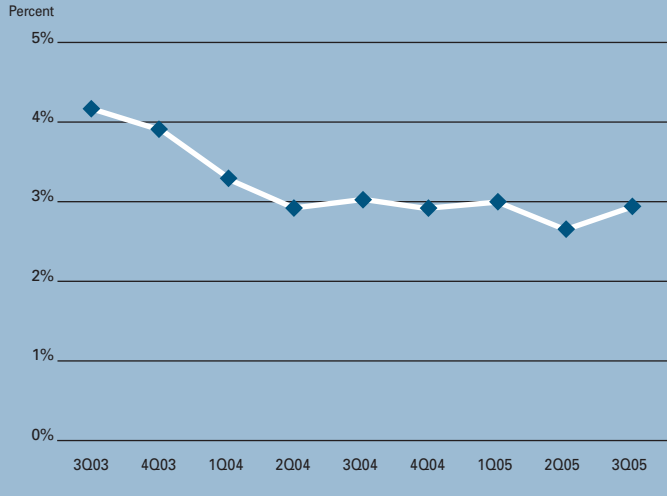
## MARKET HIGHLIGHTS

- ◆ Unemployment in the third quarter of 2005 in San Diego County is 4.3%, which is an increase of 0.5% since the second quarter of 2005 and up from the 3.7% we saw a year ago.
- ◆ According to Los Angeles County Economic Development Corporation it is estimated that San Diego County added 17,700 new non-farm jobs in 2004, and they are forecasting 23,500 new jobs in 2005. They are also forecasting a 6.5% increase in total personal income for 2005.
- ◆ Currently there is 1,654,976 square feet of Retail construction underway, and total construction is higher than the 861,550 square feet that was under construction at this same time last year.
- ◆ Planned Retail construction in San Diego County is up. Currently there is 2,847,951 square feet of Retail space on the slate as being planned.
- ◆ The Retail vacancy rate is at a low 3.51%, which is up from the 2.88% rate we saw during the second quarter of 2005.
- ◆ The average asking Triple Net lease rate checked in at \$1.83 a square foot per month this quarter. This is a new record high, four cents higher than last quarter and 5.17% higher than what was reported in the third quarter of 2004.
- ◆ The Retail absorption checked in at a positive 9,565 square feet for the third quarter of 2005, giving the San Diego Retail Market a total of 2,801,245 square feet of positive absorption for the last eight quarters.
- ◆ Rental rates are expected to continue to increase at moderate levels in the short run, and concessions will lessen as the economy in San Diego County continues to expand. These conditions will put upward pressure on lease rates going forward. We should see rental rate growth of 7% to 10% in 2005.

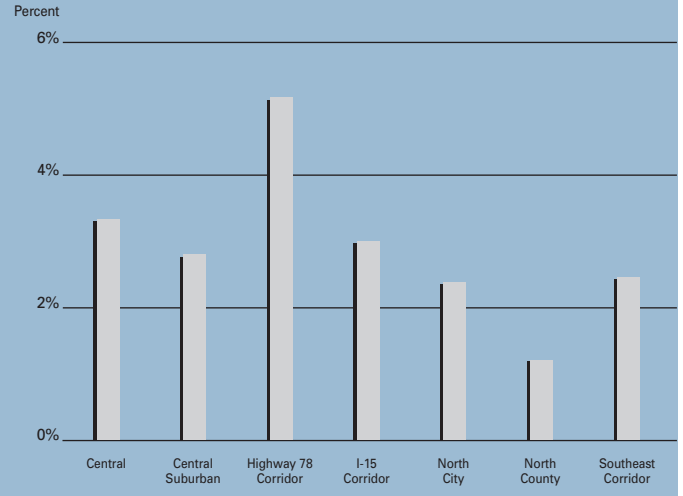
## RETAIL MARKET STATISTICS

	3Q2005	2Q2005	3Q2004	% CHANGE VS. 3Q04
Under Construction	1,654,976	884,823	861,550	92.09%
Vacancy	2.96%	2.65%	3.03%	-2.31%
Availability	3.51%	2.88%	3.24%	8.33%
Pricing - Triple Net Service	\$1.83	\$1.79	\$1.74	5.17%
Net Absorption	9,565	276,325	436,712	N/A

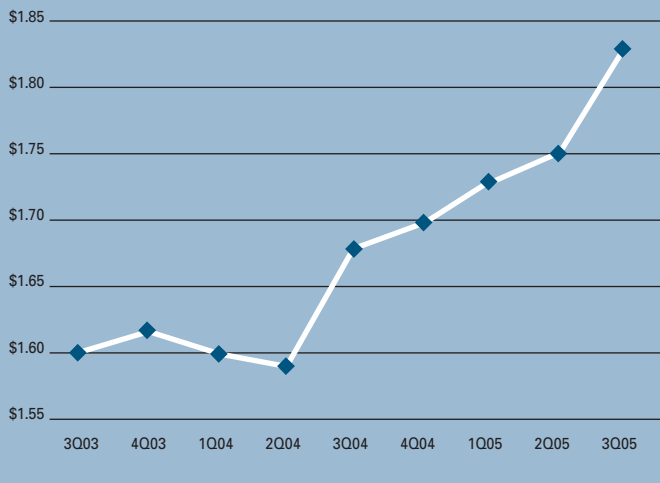
## VACANCY RATE



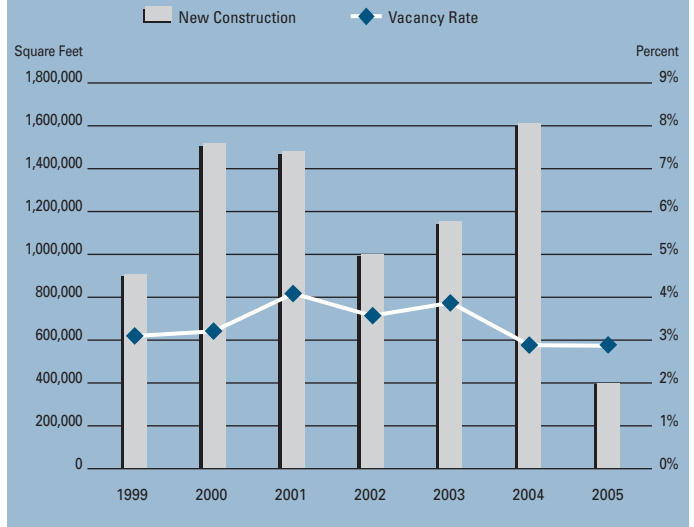
## VACANCY RATE BY SUBMARKET



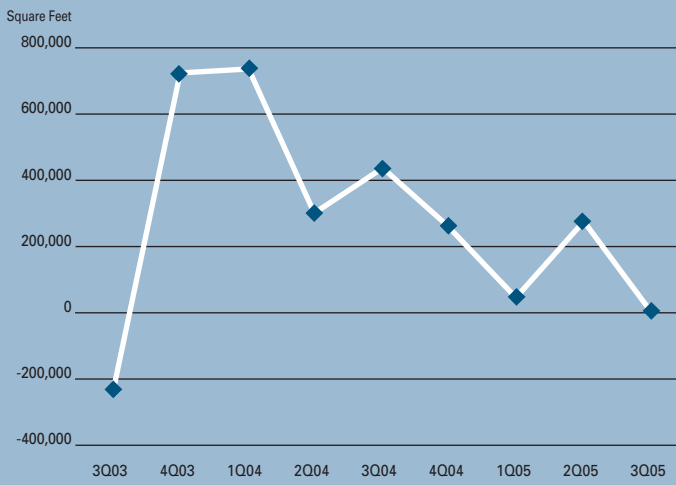
## AVERAGE ASKING TRIPLE NET LEASE RATE



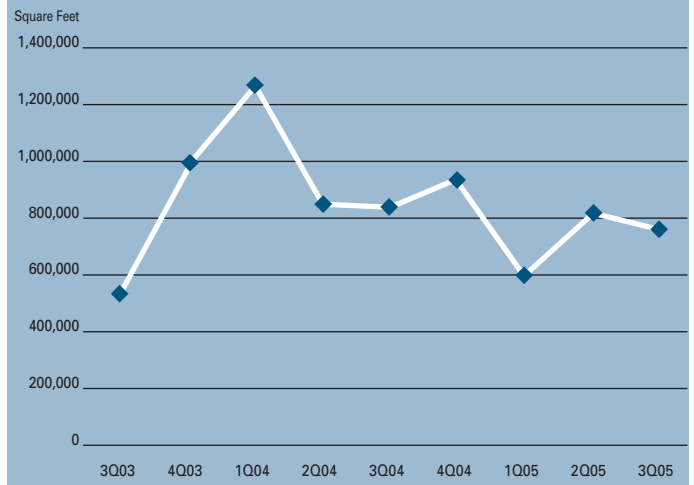
## ANNUAL NEW CONSTRUCTION VS. VACANCY RATE



## NET ABSORPTION



## GROSS ABSORPTION



## SAN DIEGO COUNTY

### INVENTORY

### VACANCY & ABSORPTION

	Number Of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2005	Total Availability 3Q2005	Average Asking Lease Rate	Net Absorption 3Q2005	Net Absorption 2005
<b>Central</b>										
Downtown	195	3,243,140	157,696	140,595	107,546	3.32%	115,003	\$2.79	11,710	69,761
<b>Central Total</b>	<b>195</b>	<b>3,243,140</b>	<b>157,696</b>	<b>140,595</b>	<b>107,546</b>	<b>3.32%</b>	<b>115,003</b>	<b>\$2.79</b>	<b>11,710</b>	<b>69,761</b>
<b>Central Suburban</b>										
City Heights/University	217	3,566,736	33,160	16,000	173,844	4.87%	239,036	\$1.31	(23,314)	(13,403)
Kearny Mesa	91	3,398,327	13,240	0	95,768	2.82%	95,768	\$1.73	(13,223)	18,944
Mission Gorge	81	3,190,896	0	0	36,353	1.14%	76,071	\$1.21	(13,959)	(9,811)
Mission Valley	34	5,019,158	0	0	28,928	0.58%	40,005	\$1.70	(3,201)	7,970
Old Town	15	132,184	0	8,000	550	0.42%	4,500	\$0.00	0	0
Point Loma	82	2,287,945	0	105,698	104,284	4.56%	112,394	\$2.04	(9,142)	(6,227)
Rose Canyon/Morena	139	3,742,621	9,000	126,676	122,735	3.28%	137,611	\$1.61	(9,274)	(14,173)
Uptown/Hillcrest	56	497,002	0	9,138	37,194	7.48%	42,939	\$2.84	(3,969)	(4,300)
<b>Central Suburban Total</b>	<b>715</b>	<b>21,834,869</b>	<b>55,400</b>	<b>265,512</b>	<b>599,656</b>	<b>2.75%</b>	<b>748,324</b>	<b>\$1.64</b>	<b>(76,082)</b>	<b>(21,000)</b>
<b>Highway 78 Corridor</b>										
Oceanside	102	4,735,238	23,817	178,764	337,488	7.13%	337,488	\$1.67	39,651	74,166
San Marcos/Vista	210	8,097,216	12,000	840,351	329,232	4.07%	335,879	\$1.75	37,761	172,149
<b>Highway 78 Corridor Total</b>	<b>312</b>	<b>12,832,454</b>	<b>35,817</b>	<b>1,019,115</b>	<b>666,720</b>	<b>5.20%</b>	<b>673,367</b>	<b>\$1.72</b>	<b>77,412</b>	<b>246,315</b>
<b>I-15 Corridor</b>										
Escondido	167	6,019,409	6,920	17,855	208,415	3.46%	245,571	\$1.50	(26,155)	(44,891)
Rancho Bernardo/Poway	94	4,977,464	9,887	303,430	129,085	2.59%	158,419	\$2.51	(22,703)	18,622
Scripps Ranch	14	365,025	0	6,400	2,775	0.76%	5,069	\$1.65	8,285	(2,775)
<b>I-15 Corridor Total</b>	<b>275</b>	<b>11,361,898</b>	<b>16,807</b>	<b>327,685</b>	<b>340,275</b>	<b>2.99%</b>	<b>409,059</b>	<b>\$1.82</b>	<b>(40,573)</b>	<b>(29,044)</b>
<b>North City</b>										
Del Mar Heights	4	556,521	0	22,987	28,906	5.19%	28,906	\$4.40	61,517	60,878
Governor Park	2	14,504	0	0	0	0.00%	0	\$0.00	0	0
La Jolla	81	788,202	0	0	31,040	3.94%	44,745	\$4.63	(10,888)	(10,949)
Miramar	48	2,676,345	0	0	72,448	2.71%	95,289	\$1.93	(8,339)	(22,963)
N University City - UTC Center	13	2,272,606	0	0	14,612	0.64%	14,612	\$1.43	(4,667)	2,088
Sorrento Mesa	6	230,749	0	12,000	7,677	3.33%	7,677	\$2.70	(1,016)	(706)
Torrey Pines/Sorrento Valley	3	23,589	0	0	2,548	10.80%	2,548	\$1.40	(2,548)	(2,548)
<b>North City Total</b>	<b>157</b>	<b>6,562,516</b>	<b>0</b>	<b>34,987</b>	<b>157,231</b>	<b>2.40%</b>	<b>193,777</b>	<b>\$2.67</b>	<b>34,059</b>	<b>25,800</b>
<b>North County</b>										
Carlsbad	35	3,017,302	0	210,000	25,893	0.86%	43,447	\$2.52	10,307	8,057
North Beach Cities	93	4,085,057	89,000	29,539	58,485	1.43%	59,232	\$2.32	(15,936)	5,068
<b>North County Total</b>	<b>128</b>	<b>7,102,359</b>	<b>89,000</b>	<b>239,539</b>	<b>84,378</b>	<b>1.19%</b>	<b>102,679</b>	<b>\$2.41</b>	<b>(5,629)</b>	<b>13,125</b>
<b>South/Southeast Corridor</b>										
East County	355	11,302,237	13,000	41,605	336,773	2.98%	441,629	\$1.33	36,162	98,105
South San Diego	342	13,140,406	1,287,256	778,913	292,723	2.23%	387,310	\$1.62	(27,494)	(37,606)
<b>South/Southeast Total</b>	<b>697</b>	<b>24,442,643</b>	<b>1,300,256</b>	<b>820,518</b>	<b>629,496</b>	<b>2.58%</b>	<b>828,939</b>	<b>\$1.49</b>	<b>8,668</b>	<b>60,499</b>
<b>San Diego County Total</b>	<b>2,479</b>	<b>87,379,879</b>	<b>1,654,976</b>	<b>2,847,951</b>	<b>2,585,302</b>	<b>2.96%</b>	<b>3,071,148</b>	<b>\$1.83</b>	<b>9,565</b>	<b>365,456</b>

Lease rates are on a triple net basis.

# RETAIL MARKET REPORT

THIRD QUARTER 2005

## SUBMARKETS

### CENTRAL

Downtown

### CENTRAL SUBURBAN

City Heights/University  
Kearny Mesa  
Mission Gorge  
Mission Valley  
Old Town  
Point Loma  
Rose Canyon/Morena  
Uptown/Hillcrest

### HIGHWAY 78 CORRIDOR

Oceanside  
San Marcos/Vista

### I-15 CORRIDOR

Escondido  
Rancho Bernardo/Poway  
Scripps Ranch

### NORTH CITY

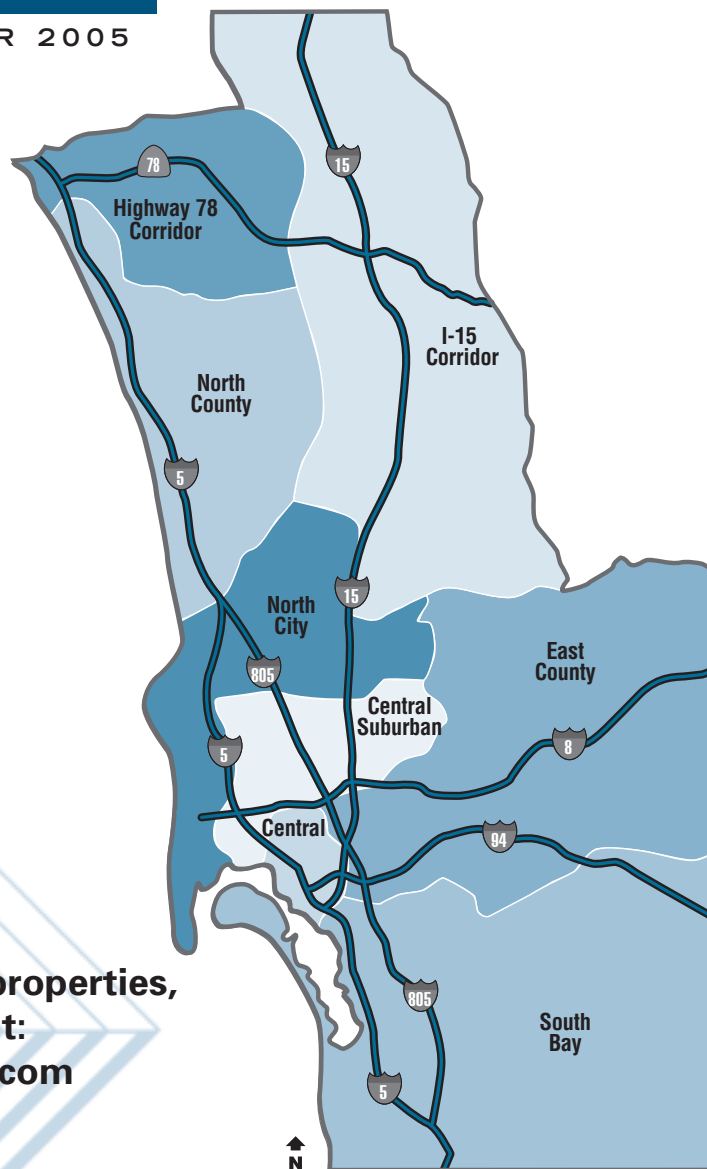
Del Mar Heights  
Governor Park  
La Jolla  
Miramar  
N University City - UTC Center  
Sorrento Mesa  
Torrey Pines/Sorrento Valley

### NORTH COUNTY

Carlsbad  
North Beach Cities

### SOUTH/SOUTHEAST CORRIDOR

East County  
South San Diego



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.**