

RETAIL MARKET REPORT

FOURTH
QUARTER
2005

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



To view available properties,
please visit:
www.voitco.com



Prepared by:
Jerry J. Holdner, Jr.
Vice President
of Market Research
e-mail: jholdner@voitco.com



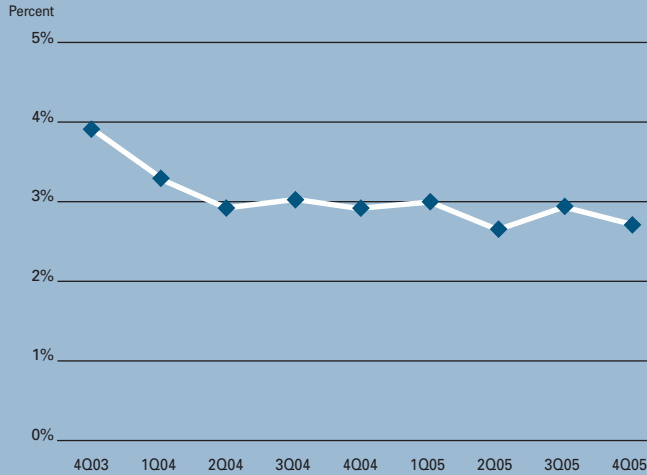
MARKET HIGHLIGHTS

- ◆ Unemployment in the fourth quarter of 2005 in San Diego County is 4.2%, which is a decrease of 0.1% since the third quarter of 2005 and down from the 4.4% we saw a year ago.
- ◆ According to Los Angeles County Economic Development Corporation it is estimated that San Diego County added 21,900 new non-farm jobs in 2005, and they are forecasting 23,000 new jobs in 2006. They are also forecasting a 6.8% increase in total personal income for 2005.
- ◆ Currently there is 1,865,913 square feet of Retail construction underway, and total construction is higher than the 475,644 square feet that was under construction at this same time last year.
- ◆ Planned Retail construction in San Diego County is up. Currently there is 2,833,065 square feet of Retail space on the slate as being planned.
- ◆ The Retail vacancy rate is at a low 2.71%, which is down from the 2.93% rate we saw during the fourth quarter of 2004.
- ◆ The average asking Triple Net lease rate checked in at \$1.80 a square foot per month this quarter. This is lower than last quarter and 5.88% higher than what was reported in the fourth quarter of 2004.
- ◆ The Retail absorption checked in at a positive 313,125 square feet for the fourth quarter of 2005, giving the San Diego Retail Market a total of 818,070 square feet of positive absorption for 2005.
- ◆ 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 5% to 7% in 2005.

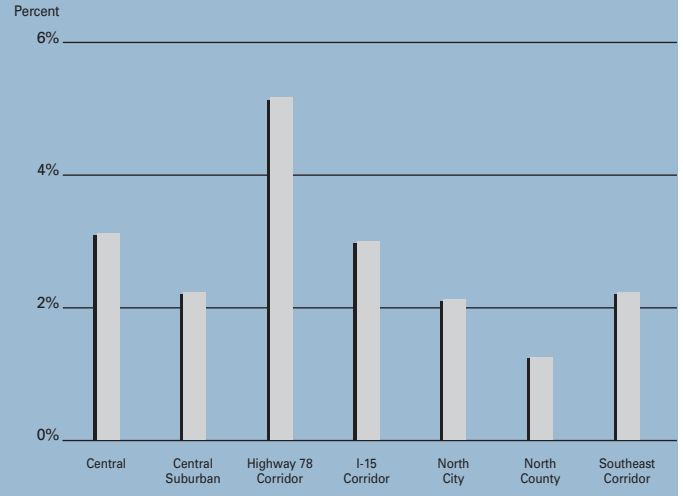
RETAIL MARKET STATISTICS

	2005	2004	2003	% CHANGE VS. 2004
Inventory Added	818,114	1,476,118	1,165,984	-44.58%
Under Construction	1,865,913	475,644	883,463	292.29%
Vacancy	2.71%	2.93%	3.44%	-7.51%
Availability	3.41%	3.79%	4.28%	-10.03%
Pricing	\$1.80	\$1.70	\$1.63	5.88%
Net Absorption	818,070	1,856,460	1,309,109	-55.93%
Gross Activity	2,994,071	4,115,157	3,261,185	-27.24%

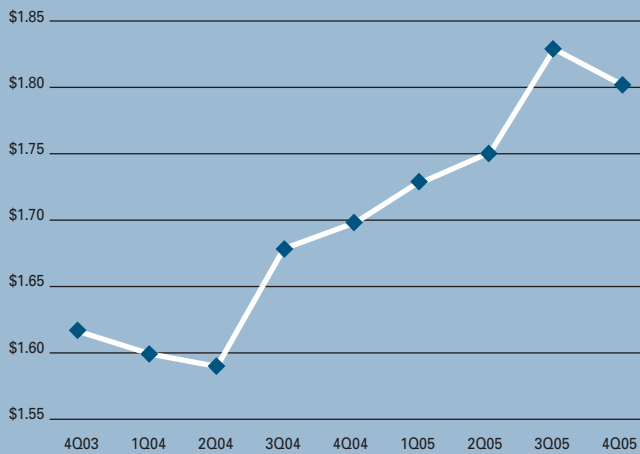
VACANCY RATE



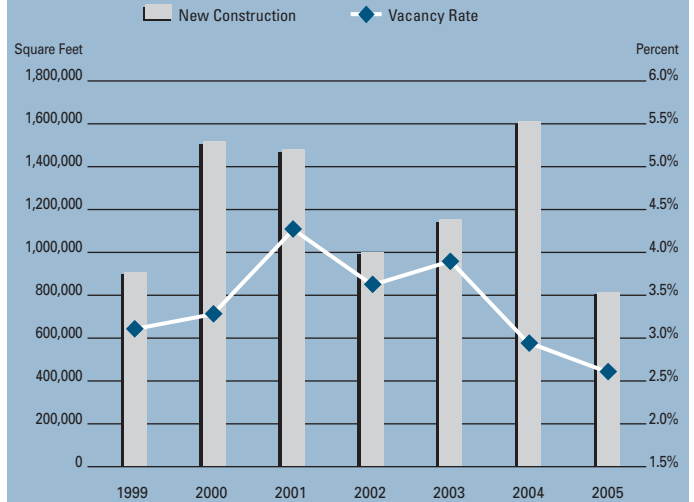
VACANCY RATE BY SUBMARKET



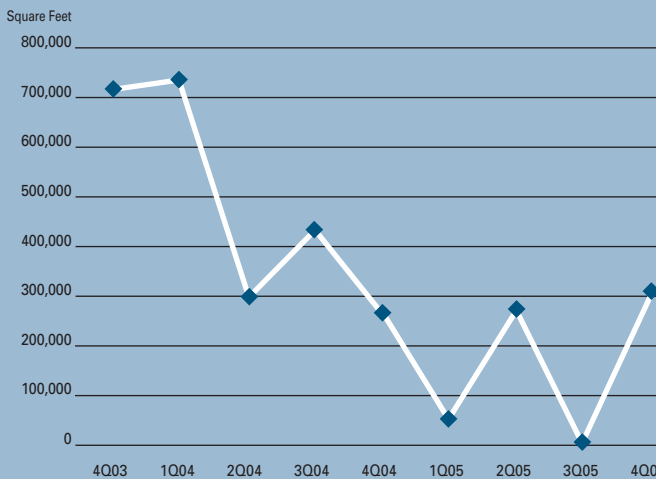
AVERAGE ASKING TRIPLE NET LEASE RATE



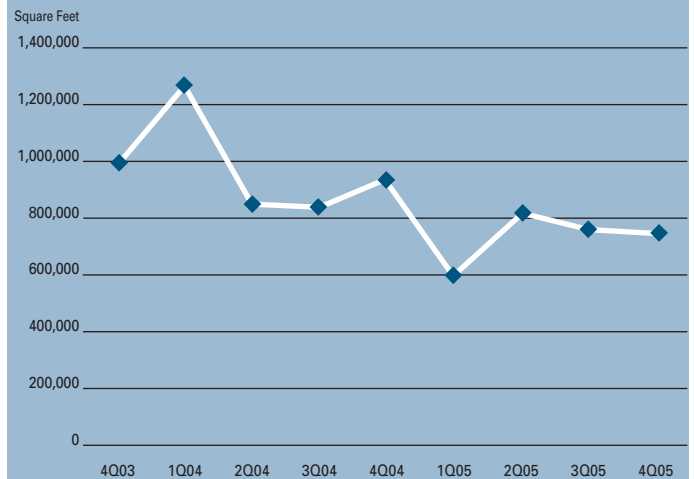
ANNUAL NEW CONSTRUCTION VS. VACANCY RATE



NET ABSORPTION



GROSS ABSORPTION



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

INVENTORY

VACANCY & ABSORPTION

	Number Of Buildings	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2005	Total Availability 4Q2005	Average Asking Lease Rate	Net Absorption 4Q2005	Net Absorption 2005
Central										
Downtown	188	3,114,070	158,662	220,095	95,242	3.06%	154,014	\$3.12	18,837	85,106
Central Total	188	3,114,070	158,662	220,095	95,242	3.06%	154,014	\$3.12	18,837	85,106
Central Suburban										
City Heights/University	227	3,775,256	33,160	16,000	169,387	4.49%	249,693	\$1.58	(813)	15,116
Kearny Mesa	93	3,437,769	0	0	55,668	1.62%	63,974	\$1.79	45,988	72,284
Mission Gorge	89	3,761,115	0	0	40,934	1.09%	44,084	\$1.45	(4,581)	1,658
Mission Valley	38	5,307,890	0	0	16,364	0.31%	40,921	\$2.46	12,564	20,534
Old Town	17	197,184	0	8,000	0	0.00%	3,950	\$0.00	550	550
Point Loma	88	2,521,745	24,000	255,698	85,607	3.39%	90,325	\$1.89	1,707	(6,212)
Rose Canyon/Morena	143	3,852,581	9,000	206,676	133,934	3.48%	155,237	\$1.63	(11,199)	(23,122)
Uptown/Hillcrest	60	507,676	0	9,138	42,122	8.30%	44,801	\$2.77	2,410	(2,268)
Central Suburban Total	755	23,361,216	66,160	495,512	544,016	2.33%	692,985	\$1.75	46,626	78,540
Highway 78 Corridor										
Oceanside	114	4,807,255	23,817	173,764	307,765	6.40%	307,765	\$1.65	29,723	125,815
San Marcos/Vista	220	8,528,850	406,981	530,324	368,715	4.32%	413,133	\$1.85	(27,483)	171,277
Highway 78 Corridor Total	334	13,336,105	430,798	704,088	676,480	5.07%	720,898	\$1.80	2,240	297,092
I-15 Corridor										
Escondido	176	6,233,978	6,920	17,855	209,502	3.36%	259,419	\$1.47	(1,087)	(45,978)
Rancho Bernardo/Poway	98	5,024,613	9,887	303,430	136,659	2.72%	144,399	\$2.48	329	6,318
Scripps Ranch	15	501,204	0	6,400	1,575	0.31%	3,869	\$1.69	1,200	3,155
I-15 Corridor Total	289	11,759,795	16,807	327,685	347,736	2.96%	407,687	\$1.73	442	(36,505)
North City										
Del Mar Heights	6	831,592	0	22,987	10,396	1.25%	10,396	\$3.99	21,441	82,317
Governor Park	2	14,504	0	0	0	0.00%	0	\$0.00	0	0
La Jolla	83	813,700	0	0	30,942	3.80%	36,104	\$5.29	98	(10,851)
Miramar	49	2,742,592	0	0	84,207	3.07%	201,600	\$1.61	(11,859)	(34,722)
N University City - UTC Center	15	2,341,311	0	0	13,100	0.56%	13,100	\$2.12	1,512	3,600
Sorrento Mesa	6	230,572	0	12,000	7,437	3.23%	7,437	\$2.77	240	(466)
Torrey Pines/Sorrento Valley	3	23,589	0	0	2,548	10.80%	2,548	\$1.40	0	(2,548)
North City Total	164	6,997,860	0	34,987	148,630	2.12%	271,185	\$2.33	11,432	37,330
North County										
Carlsbad	36	3,038,591	0	226,200	43,363	1.43%	61,112	\$2.44	(17,470)	(9,413)
North Beach Cities	99	4,307,909	89,000	28,480	54,175	1.26%	62,294	\$2.65	10,810	9,378
North County Total	135	7,346,500	89,000	254,680	97,538	1.33%	123,406	\$2.54	(6,660)	(35)
South/Southeast Corridor										
East County	378	11,269,724	0	21,605	315,807	2.80%	397,336	\$1.44	33,109	170,387
South San Diego	362	14,455,820	1,104,486	774,413	260,021	1.80%	360,155	\$1.73	207,099	186,155
South/Southeast Total	740	25,725,544	1,104,486	796,018	575,828	2.24%	757,491	\$1.59	240,208	356,542
San Diego County Total	2,605	91,641,090	1,865,913	2,833,065	2,485,470	2.71%	3,127,666	\$1.80	313,125	818,070

Lease rates are on a triple net basis.

RETAIL MARKET REPORT

FOURTH 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

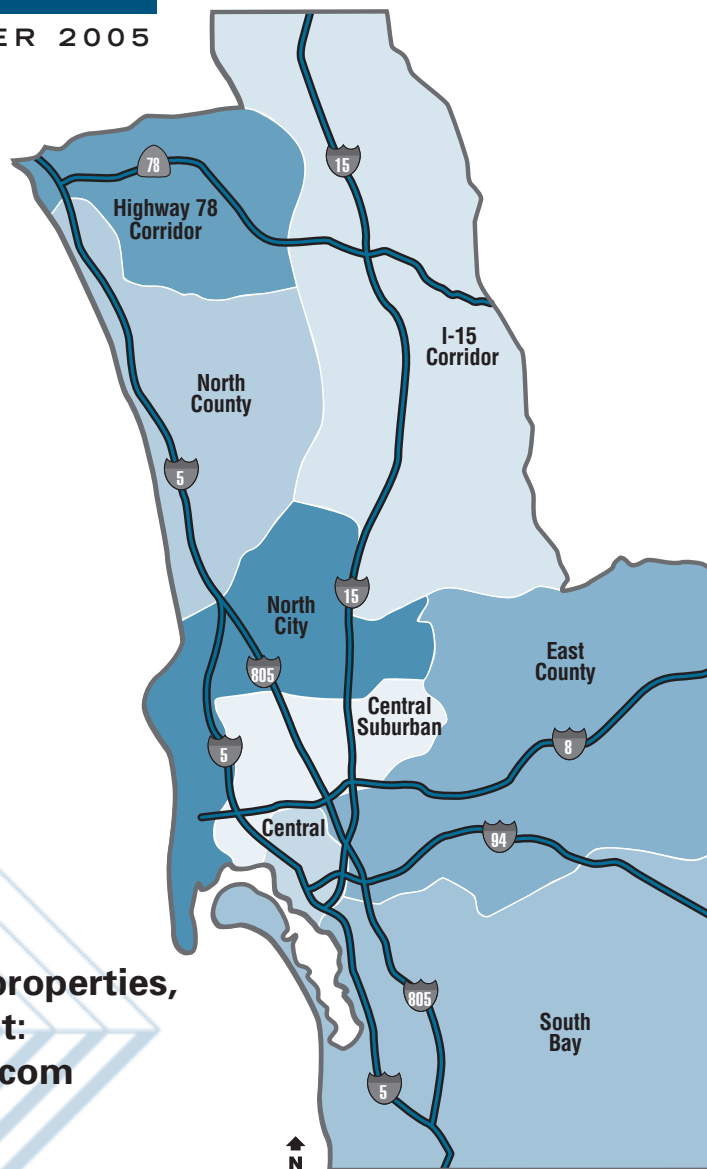
Del Mar Heights
Governor Park
La Jolla
Miramar
N University City - UTC Center
Sorrento Mesa
Torrey Pines/Sorrento Valley

NORTH COUNTY

Carlsbad
North Beach Cities

SOUTH/SOUTHEAST CORRIDOR

East County
South San Diego



To view available properties,
please visit:
www.voidco.com

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.