

Q1 2018

Industrial Market Report

North County San Diego
Industrial Market Tracking Report



San Diego County Economy Spotlight

2.4 Million Sq.Ft. New Industrial Product

Delivered in North County for 2018



E-Commerce & 3PL Industries

Playing Major Roll
in Growth Story

8 Million Sq. Ft. of Absorption since 2013

Jeld-Wells Renews in 123,000 SF - Vista

Acushnet Renews in 166,000 SF - Carlsbad

Bio-tech & Life Science \$400 Million of VC Funding in 1st Quarter

Total RSD Industrial Inventory 120 Million Sq. Ft.

San Diego County Average is Up From Last Quarter

Lowest Levels of Construction in Years

in all of San Diego County



San Diego's Vacancy Increases to 4.5% Net Absorption Negative (350,182) SF in the Quarter

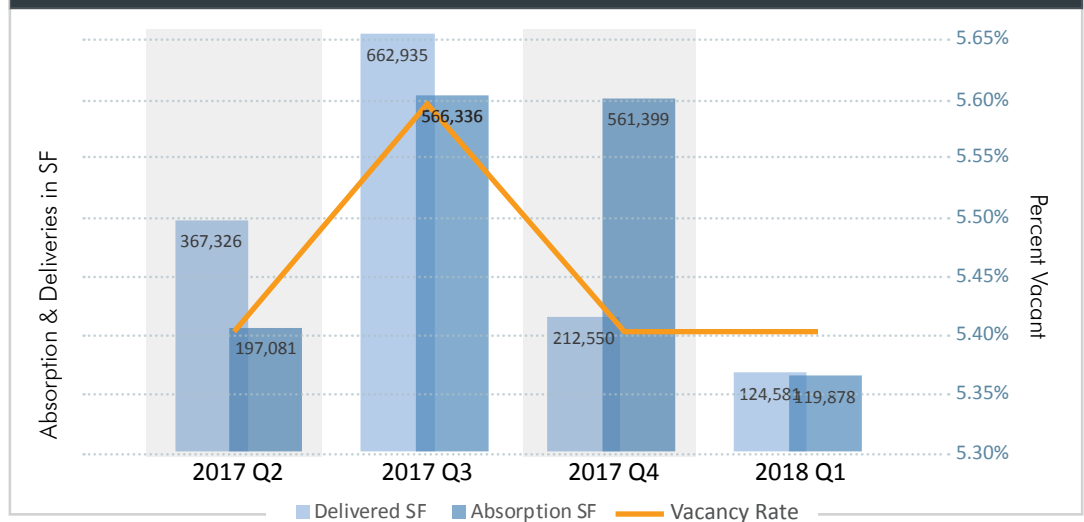
FIRST QUARTER SUMMARY The San Diego Industrial market ended the first quarter 2018 with a vacancy rate of 4.5%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (350,182) square feet in the first quarter. Vacant sublease space decreased in the quarter, ending the quarter at 402,790 square feet. Rental rates ended the first quarter at \$1.06, an increase over the previous quarter. A total of two buildings delivered to the market in the quarter totaling 188,481 square feet, with 2,902,919 square feet still under construction at the end of the quarter.

VACANCY The Industrial vacancy rate in the San Diego market area increased to 4.5% at the end of the first quarter 2018. The vacancy rate was 4.3% at the end of the fourth quarter 2017, 4.5% at the end of the third quarter 2017, and 4.9% at the end of the second quarter 2017. Flex projects reported a vacancy rate of 7.7% at the end of the first quarter 2018, 6.6% at the end of the fourth quarter 2017, 6.4% at the end of the third quarter 2017, and 8.1% at the end of the second quarter 2017. Warehouse projects reported a vacancy rate of 3.5% at the end of the first quarter 2018, 3.5% at the end of fourth quarter 2017, 3.9% at the end of the third quarter 2017, and 3.8% at the end of the second quarter 2017.

RENTAL RATES The average quoted asking rental rate for available Industrial space was \$1.06 per square foot per month at the end of the first quarter 2018 in the San Diego market area. This represented a 1.5% increase in quoted rental rates from the end of the fourth quarter 2017, when rents were reported at \$1.04 per square foot. The average quoted rate within the Flex sector was \$1.51 per square foot at the end of the first quarter 2018, while Warehouse rates stood at \$0.92. At the end of the fourth quarter 2017, Flex rates were \$1.49 per square foot, and Warehouse rates were \$0.90.

Market Tracker	Vacancy		YTD Net Absorption		Rental Rates/SF	
	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017
San Diego County	4.5% ↑	4.4%	(350,182) SF	1,402,218 SF	\$ 1.06 NNN	\$ 1.05 NNN
North County	5.4% =	5.4%	119,878 SF	561,399 SF	\$ 1.14 NNN	\$ 1.11 NNN

ALL NSDC DELIVERIES, VACANCY RATE, NET ABSORPTION: Q1 2018



LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES - NORTH SAN DIEGO COUNTY
1900 Wright Place, Suite 200 | Carlsbad, CA 92008 | 760.929.9700 (M) - 760.929.9977 (F) | www.lee-associates.com/sandiegonth



Q1 2018 NORTH SAN DIEGO COUNTY INDUSTRIAL STANDINGS - 5 SUBMARKETS

SELECT SUB MARKETS	EXISTING INVENTORY		OVERALL VACANCY			YTD ABSORPTION (\$F)	YTD DELIVERIES	# SF UNDER CONSTRUCTION	QUOTED RATES
	TOTAL BUILDINGS	TOTAL SF	DIRECT VACANT SF	TOTAL SF	% VACANCY				
Carlsbad	485	14,199,846	1,095,929	1,112,672	7.8%	52,136	63,900	1,210,026	\$1.12
Escondido	707	8,100,795	188,431	192,054	2.4%	(83,259)	0	212,088	\$0.97
Oceanside	438	10,021,998	439,027	439,027	4.4%	9,848	124,581	0	\$0.85
San Marcos	561	9,034,359	563,359	569,361	6.3%	79,186	0	222,028	\$0.88
Vista	557	13,894,772	653,942	661,855	4.8%	(66,196)	0	0	\$0.84
Total	2,748	55,251,770	2,940,688	2,974,969	5.1%	(8,285)	188,481	1,644,142	\$0.93

TOP 10 INDUSTRIAL SALES IN NORTH SAN DIEGO COUNTY - Q1 2018



	Address	Bldg Size	Sales Price	Price/SF*
1	2819 Loker Avenue	166,310 SF	\$40,000,000	\$240.51
2	1319 Rocky Point Dr - Pacific Coast Collection Pt. 1	124,581 SF	\$19,932,960	\$160.00
3	1395 Park Center Drive	158,784 SF	\$18,440,000	\$116.13
4	2843 Benet Rd *	31,945 SF	\$8,746,930	\$273.81
5	2785 Loker Avenue	27,950 SF	\$5,265,000	\$188.37
6	4055 Oceanside Blvd.*	34,421 SF	\$4,621,363	\$134.26
7	4065 Oceanside Blvd*	29,639 SF	\$3,979,332	\$134.26
8	2300 La Mirada Dr *	24,553 SF	\$3,841,000	\$156.44
9	1205 Avenida Chelsea	22,707 SF	\$3,565,500	\$157.02
10	2251 Las Palmas	11,600 SF	\$2,250,000	\$193.97

*Part of a Multi-Property Portfolio Sale

SELECT INDUSTRIAL LEASES IN NORTH SAN DIEGO COUNTY - Q1 2018

Submarket	Size	Address/Building	Tenant
1 Vista	67,476 SF	Palomar Corporate Center	N/A
2 Vista	45,360 SF	Oak Ridge Business Center - Bldg. 18	N/A
3 Carlsbad	42,268 SF	Carlsbad Oaks Business Park	N/A
4 Carlsbad	39,260 SF	2258 Rutherford Rd	N/A
5 Carlsbad	34,413 SF	1969 Kellogg Ave	N/A
6 Escondido	33,690 SF	2425 Auto Park Way	N/A
7 Vista	24,473 SF	2410 Birch St	N/A
8 Carlsbad	18,710 SF	el.e.vate at Carlsbad Oaks North - Bldg. A	N/A
9 Vista	16,442 SF	Vista Commerce Center	N/A

..... about lee & associates - north san diego county:

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