

Q1 2018

Retail Market Report

San Diego County Economy Spotlight

San Diego's Vacancy Increases to 3.6%

Net Absorption Negative (149,493) SF in the Quarter

FIRST QUARTER SUMMARY The San Diego retail market did not experience much change in market conditions in the first quarter 2018. The vacancy rate went from 3.4% in the previous quarter to 3.6% in the current quarter. Net absorption was negative (149,493) square feet, and vacant sublease space increased by 9,233 square feet. Quoted rental rates decreased from fourth quarter 2017 levels, ending at \$1.88 per square foot per month. A total of 8 retail buildings with 50,064 square feet of retail space were delivered to the market in the quarter, with 271,284 square feet still under construction at the end of the quarter.

RENTAL RATES Average quoted asking rental rates in the San Diego retail market are down over previous quarter levels, and down from their levels four quarters ago. Quoted rents ended the first quarter 2018 at \$1.88 per square foot per month. That compares to \$1.90 per square foot in the fourth quarter 2017, and \$1.90 per square foot at the end of the second quarter 2017. This represents a 1.0% decrease in rental rates in the current quarter, and a 1.24% decrease from four quarters ago.

DELIVERIES During the first quarter 2018, eight buildings totaling 50,064 square feet were completed in the San Diego retail market. Over the past four quarters, a total of 804,406 square feet of retail space has been built in San Diego. In addition to the current quarter, 13 buildings with 554,153 square feet were completed in fourth quarter 2017, seven buildings totaling 99,172 square feet completed in third quarter 2017, and 101,017 square feet in 10 buildings completed in second quarter 2017.

Toys R Us
to Sell or Close All
800
Stores Nationwide

San Diego Retail Base
140 Million Sq.Ft.



Total Retail Vacancy
3.6% ↑

San Diego County Average is Up From Last Quarter

Average Asking Lease
\$1.88/SF ↓

San Diego County Average is Down From Last Quarter

San Diego Unemployment
3.5% ↓

San Diego County Average is Down From Last Quarter

35 Million Visitors
Projected Estimate of Arrivals to San Diego in 2018

Visitors to San Diego
To Spend Over
\$10.8 Billion Annually
at San Diego Businesses

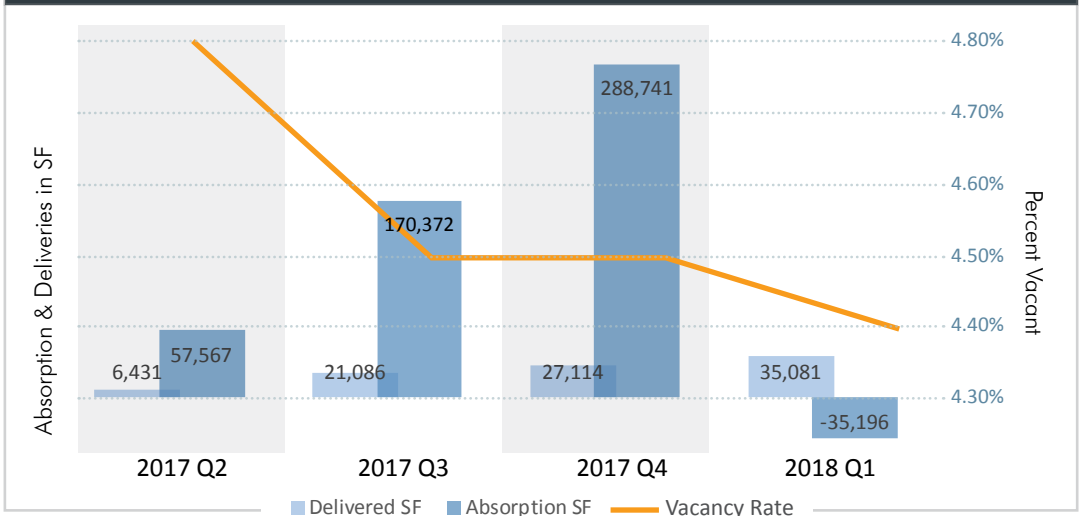
Source: San Diego Tourism Authority

San Diego
Hotel Occupancy
77.3%

Current Occupation Rate of San Diego Hotels

Market Tracker	Vacancy		YTD Net Absorption		Rental Rates/SF	
	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017
San Diego County	3.6% ↑	3.4%	(149,493) ✓	972,018 SF	\$1.88 NNN ↓	\$1.90 NNN
North County	4.4% ↓	4.5%	(35,196) ✓	288,741 SF	\$1.52 NNN ↓	\$1.55 NNN

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



Q1 2018 NORTH SAN DIEGO COUNTY RETAIL STANDINGS - 5 SUBMARKETS

SELECT SUB MARKETS	EXISTING INVENTORY		OVERALL VACANCY			YTD ABSORPTION (SF)	YTD DELIVERIES	# SF UNDER CONSTRUCTION	QUOTED RATES
	TOTAL BUILDINGS	TOTAL SF	DIRECT VACANT SF	TOTAL SF	% VACANCY				
Carlsbad	369	5,598,196	139,639	143,264	2.6%	(22,628)	0	8,068	\$3.24
Escondido	851	10,168,917	358,853	360,653	3.5%	(47,084)	2,200	51,700	\$1.75
Oceanside	710	7,555,444	354,620	357,120	4.7%	30,964	32,881	3,604	\$1.86
San Marcos	310	4,685,601	281,665	281,665	6.0%	(5,965)	0	39,891	\$0.98
Vista	548	5,313,026	286,739	315,652	5.9%	9,517	0	2,020	\$1.41
Total	2,849	33,321,184	1,421,516	1,458,354	4.5%	(35,196)	35,081	105,283	\$1.85

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



	Address	Bldg Size	Sales Price	Price/SF*
1	300-320 S Twin Oaks Valley Rd*	104,335 SF	\$53,565,235	\$513.40
2	7660 El Camino Real	50,689 SF	\$18,000,000	\$355.11
3	1702-1706 Oceanside Blvd*	59,211 SF	\$13,092,014	\$221.11
4	4181 Oceanside Blvd	14,319 SF	\$9,200,000	\$642.50
5	1356 W Valley Pkwy*	26,536 SF	\$9,018,915	\$339.87
6	560 Carlsbad Village Dr	19,950 SF	\$8,195,000	\$410.78
7	3507 Cannon Rd	14,380 SF	\$7,400,000	\$514.60
8	1401 S Coast Hwy*	25,278 SF	\$7,330,143	\$289.98
9	601-607 N Broadway*	52,047 SF	\$6,865,727	\$1,009.13

*Part of a Multi-Property Portfolio Sale

SELECT RETAIL LEASES IN NORTH SAN DIEGO COUNTY - Q1 2018

	Submarket	Size	Address/Building	Tenant
1	Oceanside	58,646 SF	3504 College Boulevard	Hobby Lobby
2	Carlsbad	11,000 SF	Windmill Building	The Windmill Food Hall
3	Escondido	8,150 SF	Plaza Las Palmas	Boot Barn
4	San Marcos	6,297 SF	Cal State San Marcos	The Quad
5	Oceanside	6,000 SF	1702 Oceanside Boulevard	N/A
6	Escondido	4,500 SF	157 E Grand Avenue	N/A
7	Vista	4,225 SF	Santa Fe Crossroads	Western Dental Centers
8	San Marcos	4,001 SF	100 N Rancho Sante Fe Road	Beauty Supply 123
9	Escondido	3,902 SF	810 W Valley Parkway	VIP Dickies Clothing

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