

# INDUSTRIAL MARKET REPORT

## Q3 - 2020



### DETAILS

**Vacancy Rate:** The Industrial vacancy rate in the 3rd quarter of 2020 for the San Diego market increased to 6.0% compared to 5.8% in the 2nd quarter of 2020.

**Absorption:** Net Absorption for the Industrial market at the end of the 3rd quarter in 2020 was positive 340,321 square feet compared to a negative (113,492) square feet of net absorption in the 2nd quarter of 2020.

**Lease Rates:** Average quoted asking rental rates for available industrial space remained the same in the 3rd and 2nd quarters of 2020 at \$16.58 per square foot per year (\$1.38/sf/month). The average quoted rate within the Flex sector remained the same at \$24.36/sf/year (\$2.02/sf/month) and Warehouse rates increased to \$14.16/sf/year (\$1.18/sf/month).

**Construction:** There was 4,893,754 SF of industrial space under construction in the 3rd quarter of 2020.

### OVERVIEW

**Summary:** The industrial space markets may be best positioned to weather the storm from the spread of the coronavirus relative to other commercial sectors in San Diego. Leasing volume has fallen only modestly compared with 2019, and this year has seen an uptick in each successive quarter in the amount of space leased. New spec projects are having success finding tenants and large available blocks of space are in short supply which may lead to vacancies ticking downward in the forecast.

Expanding defense contractors and tech firms add a further layer of demand for San Diego's existing product and new development along the I-805 and I-15 corridors. Those industries, along with San Diego's core industries like life science, should help support San Diego's industrial market as the region grapples with the coronavirus outbreak.

### Q3 SUMMARY



Vacancy Rate Increased



Lease Rates Remained



A total of 634,581 SF delivered to the market

### MARKET STATISTICS

#### Submarket Industrial Statistics

Location	# of Bldgs	Total Inventory	Total Vacancy (SF)	Vacancy %	YTD Net Absorption	Under Construction	Market Rent
Carlsbad	494	15,686,000	1,675,472	10.7%	289,347	0	\$1.42
Chula Vista	406	10,206,000	734,808	7.2%	(315,581)	96,000	\$1.21
Kearny Mesa	634	15,609,000	783,659	5.0%	(120,273)	0	\$1.62
Mira Mesa/Miramar	806	18,191,000	882,921	4.9%	(98,347)	0	\$1.43
Otay Mesa	348	16,501,000	1,119,671	6.8%	(9,919)	4,602,000	\$0.86
Poway	247	9,720,000	148,751	1.5%	609,004	0	\$1.28
San Marcos	537	9,101,000	870,584	9.6%	(114,933)	9,000	\$1.15
Santee	335	4,272,000	50,068	1.2%	73,933	69,000	\$1.20
Vista	594	14,487,000	1,468,037	10.1%	(378,105)	0	\$1.07

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