

# GLOBAL SPOTLIGHT

## San Diego, California



**San Diego has a diversified economic base driven by biotechnology/life sciences, telecommunications, tourism and a large military presence.**

- San Diego's coastal location, wonderful climate and quality of life have fueled steady population and economic growth since World War II.
- After five years of rapid development and robust absorption across all product types, absorption has slowed in 2008 and vacancies have crept upward as new construction completions have increased supply. Office, industrial and retail all recorded modest negative net absorption during the first half of 2008.
- Retail properties, while showing signs of weakness compared to recent years, continue to perform well with low vacancy countywide.
- The industrial market, a total of approximately 165 million SF, remains healthy but with negative net absorption in the first half of 2008 of about 650,000 SF. Industrial buildings that accommodate smaller users remain in strong demand and sell quickly if properly priced.
- Office vacancy in certain submarkets particularly Carlsbad in North County, have increased with recent deliveries. Leasing is flat with concessions growing for tenants, but significant reductions in sales prices have not occurred as sellers are 'hanging on' in the hope of getting their price.
- While median home prices have declined about 20% over the past two years, luxury home prices have remained stable and recent signals suggest the residential market may have bottomed out. A highly diversified economic base and the outdoor lifestyle will continue to make San Diego a highly desirable location.

## San Diego At A Glance

Population	2,800,000
Location	Southern California
Interest	4.11%
Unemployment	5.0%

Property	Rent/SF/Year Low	High	Vacancy Rate
Downtown Office Class A	\$29.40	\$47.04	16%
Suburban Office Class A	\$19.56	\$55.80	19%
Industrial Bulk Warehouse	\$4.80	\$21.00	6%
Retail Downtown	\$1.32	\$120.00	3%

NAI San Diego offers local market expertise in San Diego, California real estate market.

## About NAI Global:

NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

### At A Glance

375	Offices
55	Countries
8,000	Professionals
\$45 billion	Annual Transaction Volume
250	MSF of Property Management

For more information about NAI Global please visit [www.naiglobal.com](http://www.naiglobal.com) or call 609.945.4000

June 2008



Commercial Real Estate Services, Worldwide.

Build on the power of our network.™