

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**. [Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy. [Click for Article](#)

CUSHMAN & WAKEFIELD
WEEKLY COVID-19 UPDATES

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MARKETBEAT SAN DIEGO

Industrial Q1 2020



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	DIRECT VACANCY RATE	CURRENT DIRECT NET ABSORPTION (SF)	YTD DIRECT NET ABSORPTION (SF)	YTD CONSTR COMPLETIONS (SF)	UNDER CNSTR (SF)	AVERAGE ASKING DIRECT RENT (ALL TYPES)*	AVERAGE ASKING DIRECT RENT (R&D)	AVERAGE ASKING DIRECT RENT (DIST)
North County	53,425,201	325,773	3,578,915	6.7%	46,086	46,086	0	193,124	\$1.00	\$1.17	\$0.99
Central County	79,344,310	218,353	2,471,620	3.1%	127,470	127,470	0	671,877	\$1.36	\$1.65	\$1.08
South County	30,801,597	124,825	1,357,682	4.4%	-70,969	-70,969	137,000	490,899	\$0.87	\$1.24	\$0.79
R&D	31,955,004	282,456	1,651,515	5.2%	-36,660	-36,660	0	174,500	\$1.48		
MFG	64,263,221	163,548	2,726,746	4.2%	195,418	195,418	0	141,027	\$1.05		
IMT	20,390,630	80,016	834,342	4.1%	-13,379	-13,379	0	18,624	\$1.31		
DIST	46,962,253	142,931	2,195,614	4.7%	-42,792	-42,792	137,000	1,021,749	\$0.92		
SAN DIEGO TOTALS	163,571,108	668,951	7,408,217	4.5%	102,587	102,587	137,000	1,355,900	\$1.11		

*Rental rates reflect weighted triple net asking \$psf/month

R&D = R&D/Flex, MFG = Manufacturing, IMT = Incubator Multi-Tenant, DIST = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1345 Sycamore Ave.	Vista	Ernest Packaging	108,758	Renewal*
10054 Old Grove Rd.	Scripps	Manscaped	85,824	New
9125 Rehco Rd.	Miramar	Pacific Rim Mechanical	60,786	New
6125 El Camino Real	Carlsbad	CFG Carlsbad	53,972	Renewal*
9477 Waples St.	Sorrento Mesa	Feeding America	40,016	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Vista Technology Center	Vista	The Blackstone Group / BKM Capital Partners	228,381	\$40.1M / \$176
2620 Commerce Way	Vista	EverWest Real Estate / Westcore Properties	197,104	\$26.4M / \$134
2025 Gillespie Way	East County	NSD Associates / Cabot Properties	150,159	\$15.9M / \$106
9431 Dowdy Dr.	Miramar	Providence Capital Group / Stos Partners	55,200	\$11.0M / \$199
2750 Auto Park Way	Escondido	MCA Realty / Providence Capital Group	42,150	\$8.3M / \$196

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
2065 Sanyo Ave.	Otay Mesa	N/A	137,000	Murphy Development Company

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