



## 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](#)

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WEEKLY COVID-19 UPDATES

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## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	DIRECT VACANCY RATE	CURRENT QTR DIRECT NET ABSORPTION (SF)	YTD DIRECT NET ABSORPTION (SF)	YTD LEASING ACTIVITY** (SF)	YTD CONSTR COMPLETIONS (SF)	UNDER CNSTR (SF)	DIRECT AVG ASKING RENT (ALL CLASSES)*	DIRECT AVG ASKING RENT (CLASS A)*
Class A	3,550,834	9,349	183,481	5.2%	-2,929	-2,929	17,885	0	303,177	\$3.82	
Class B	7,517,966	5,322	374,657	5.0%	15,508	15,508	37,403	0	200,100	\$3.17	
Class C	1,972,790	0	134,964	6.8%	-25,012	-25,012	14,135	0	0	\$1.95	
North County	3,355,438	7,452	235,071	7.0%	-957	-957	17,954	0	147,177	\$3.07	\$3.87
Mid City	2,447,431	7,219	136,942	5.6%	336	336	10,266	0	0	\$3.86	\$4.35
I-15 Corridor	1,093,421	0	52,323	4.8%	-5,144	-5,144	1,345	0	0	\$3.59	\$4.00
Central Suburban	3,457,130	0	158,531	4.6%	-21,361	-21,361	14,182	0	270,100	\$3.13	\$3.71
East County	1,114,102	0	56,012	5.0%	886	886	10,961	0	86,000	\$2.84	\$2.84
South County	1,574,068	0	54,223	3.4%	13,807	13,807	14,715	0	0	\$2.43	\$3.33
On Campus	4,618,459	7,452	271,914	5.9%	1,811	1,811	16,933	0	175,000	\$2.87	\$3.68
Off Campus	8,423,131	7,219	421,188	5.0%	-14,244	-14,244	52,490	0	328,277	\$3.48	\$3.85
<b>SAN DIEGO TOTALS</b>	<b>13,041,590</b>	<b>14,671</b>	<b>693,102</b>	<b>5.3%</b>	<b>-12,433</b>	<b>-12,433</b>	<b>69,423</b>	<b>0</b>	<b>503,277</b>	<b>\$3.24</b>	<b>\$3.82</b>

\*Rental rates reflect full service asking. \*\*Leasing includes renewals.

## KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3998 Vista Way	North County	Scripps Health	5,376	Renewal
4909 Murphy Canyon Rd.	Central Suburban	Healthy Connections	4,569	New
8008 Frost St.	Central Suburban	San Diego Hand Specialist Management	4,510	Renewal
690 Otay Lakes Rd.	South County	Aldo Espinosa, DDS	4,109	New
2300 Boswell Rd.	South County	Psycare	4,069	New

## KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
17085 Camino San Bernardo	I-15 Corridor	Elite Ortho Center / Littrell Properties	20,322	\$4.3M / \$209
1380 El Cajon Blvd.	East County	Sherev Heart & Vascular Clinic / NTC Development	16,108	\$5.6M / \$345

## JUSTIN BALAGTAS

Research Analyst

+1 858 625 5245 / [justin.balagtas@cushwake.com](mailto:justin.balagtas@cushwake.com)

## JOLANTA CAMPION

Director of Research, San Diego, Nevada, Salt Lake City

+1 858 625 5235 / [jolanta.campion@cushwake.com](mailto:jolanta.campion@cushwake.com)

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