



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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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)*
North County	11,503,376	29,383	1,754,900	15.3%	-85,484	-85,484	140,604	0	148,000	\$2.71	\$3.14
Central County	52,685,090	476,299	5,725,846	10.9%	-118,462	-118,462	947,627	0	1,507,816	\$3.67	\$4.04
South County	17,634,436	88,062	2,478,831	14.1%	-67,877	-67,877	54,703	290,260	1,076,669	\$3.28	\$3.73
Class A	36,422,758	258,091	4,624,476	12.7%	-98,862	-98,862	633,162	290,260	2,572,913	\$3.81	
Class B	35,279,868	290,752	4,359,555	12.4%	-131,356	-131,356	493,536	0	159,572	\$3.37	
Class C	10,120,276	44,901	975,546	9.6%	-41,605	-41,605	16,236	0	0	\$2.05	
SAN DIEGO TOTALS	81,822,902	593,744	9,959,577	12.2%	-271,823	-271,823	1,142,934	290,260	2,732,485	\$3.43	

*Rental rates reflect full service asking. **Renewals not included in leasing statistics.

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
12278 Scripps Summit Dr.	Scripps	Fate Therapeutics	198,880	New
16620 W. Bernardo Dr.	Rancho Bernardo	Apple	196,734	New
9940 & 9950 Barnes Canyon Rd.	Sorrento Mesa	Qualcomm	143,999	Renewal*
4790 Eastgate Mall	Eastgate	ServiceNow	60,900	New
16409 W. Bernardo Dr.	Rancho Bernardo	Intel	53,301	New

*Renewals not included in leasing statistics.

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
The Elements at Wateridge	Sorrento Mesa	Parallel Capital Group / West Tech & TPG	278,787	\$104.5M / \$375
Enclave Sorrento	Sorrento Mesa	AllianceBernstein / Alexandria	213,098	\$102.3M / \$480
Cornerstone Corporate Center	Carlsbad	Wasatch Group / Harbor Associates	177,917	\$34.2M / \$192
La Place Court	Carlsbad	Swift Real Estate Partners / Intersection	81,521	\$15.8M / \$194
4250 Pacific Hwy.	Point Loma/Sports Arena	Swanston Properties / The Casey Brown Co.	75,401	\$9.5M / \$126

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
The Paladion	Downtown	None	167,181	Bosa Development
Kettner & Ash	Downtown	Spaces	123,079	DivcoWest

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Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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