

SAN DIEGO

Retail Q2 2021



YoY Chg 12-Mo. Forecast

\$82,400
Median HH Income



0.4%
Population Growth



6.6%
Unemployment Rate



Source: US Census Bureau; BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

13.2%
GDP Growth



4.2%
Consumer Spending Growth



31.0%
Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW

The San Diego employment market has recovered more than half (54%) of the 248,000 jobs lost during the beginning of the pandemic between February and April of 2020. Nonfarm employment grew by 119,500 or +9.3% year-over-year (YOY) between May 2020 through May 2021, with the leisure and hospitality sector accounting for 46,100 jobs added. During the same time, the monthly unemployment rate decreased from 15.6% last year to 6.4%. The current rate is 950 basis points (bps) lower compared to the 15.9% high recorded in April of 2020 and 20 bps below the Q2 2021 quarterly average of 6.6%.¹ All employment sectors are expected to grow at a combined rate of 2.2% in 2021 and 4.5% in 2022. Office-using employment is forecasted to grow 3.0% in 2021 and 3.5% in 2022. San Diego's economy of \$241.7 billion as measured by 2020 gross regional product is forecasted to return to growth of 8.4% in 2021 and 5.9% in 2022, above its 10-year average of 2.7%.²

SUPPLY AND DEMAND

Retail vacancy, excluding sublease, decreased 10 bps quarter-over-quarter (QOQ) to 6.3% but remains 140 bps higher than a year ago. Current vacancy is 130 bps above the 10-year quarterly average of 5.0% yet 40 bps below the peak rate of 6.7% recorded in Q4 2010. Occupancy increased by 77,650 square feet (sf) across all center types in Q2 2021. Community centers absorbed the most space in 69,536 sf, followed by strip centers (60,535), lifestyle centers (29,371 sf) and neighborhood centers (27,567 sf). Regional centers returned 86,664 sf, while power centers returned 22,695 sf. There are currently 22 projects totaling 468,400 sf under construction, majority of which are in South County.

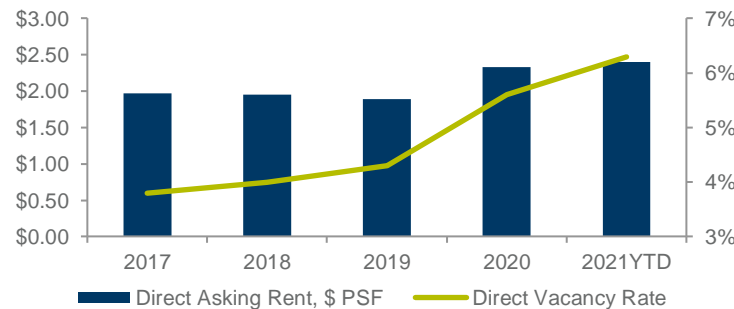
PRICING

Countywide direct asking rent across all classes reached \$2.40 per square foot (psf) on a monthly triple net basis, unchanged QOQ and up 9.6% YOY. Asking rents are currently \$0.51 above the 10-year quarterly average of \$1.89. Asking rents at regional centers have driven rent growth posting \$4.00 asking rents countywide. Rents across different center types either remained stable or experienced slight quarterly decreases with community centers experiencing the largest decrease of \$0.04 (-1.7% QOQ).

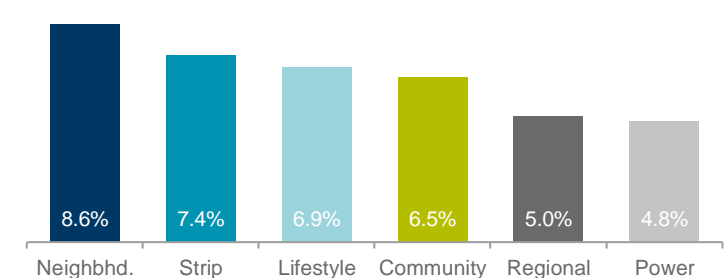
SALES ACTIVITY

The San Diego retail market recorded \$368 million in sales volume across 30 centers and 1.7 msf in Q2 2021 compared to \$137 million in Q1 2021 and \$108 million in Q2 2020. Average price was \$285 psf in Q2 2021 compared to \$349 in Q2 2020 (-18% YOY). Private investors comprised 79% of buyers (vs. 56% in 2020) and 83% of sellers (vs. 46% in 2020) in the first six months of 2021.³

RENT / VACANCY RATE



TOTAL AVAILABILITY BY PRODUCT TYPE



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)	UNDER CONSTRUCTION (SF)	DIRECT AVERAGE ASKING RENT (All Center Types)
North County	26,067,082	39,506	2,008,072	7.7%	91,132	-105,707	52,482	\$1.95
Central County	21,904,949	26,049	1,401,676	6.4%	-26,829	-118,378	42,488	\$2.20
South County	20,358,826	23,061	924,991	4.5%	47,992	66,469	373,430	\$2.93
East County	12,121,523	13,282	755,271	6.2%	-34,645	-194,748	0	\$1.61
Community	19,812,255	19,114	1,196,117	6.0%	69,536	24,126	5,000	\$2.27
Lifestyle	3,264,498	10,031	167,452	5.1%	29,371	56,427	0	\$1.43
Neighborhood	23,899,023	54,621	1,638,782	6.9%	27,567	-18,830	12,000	\$1.95
Power	11,775,568	4,365	658,814	5.6%	-22,695	-240,059	101,412	\$1.50
Regional	11,104,107	4,682	823,104	7.4%	-86,664	-240,861	300,000	\$4.00
Strip	10,596,929	9,085	605,741	5.7%	60,535	66,833	49,988	\$2.00
SAN DIEGO TOTALS	80,452,380	101,898	5,090,010	6.3%	77,650	-352,364	468,400	\$2.40

*Rental rates reflect triple net asking \$PSF/month. **Renewals included in leasing statistics.

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
659 9 th Ave.	Downtown	Target	36,000	New
324 Sycamore Ave.	Vista	Esporta Fitness	35,000	New
El Camino Promenade	Encinitas	Burlington Coat Factory	20,488	New
Miramar Landing	Mira Mesa	SD Motorworks	10,048	New
Vista Marketplace	Vista	Salcedo Dance Hall	8,400	New

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Grossmont Shopping Center	La Mesa	Rainbow Investment Co. / Federal Realty Investment Trust	924,717	\$175.8M / \$317
Torrey Hills Center	Del Mar	Sea Breeze Properties / First Washington Realty, Inc.	83,969	\$51.9M / \$618
Euclid Plaza	National City	ROIC / Plaza Fiesta Real Estate	77,044	\$25.8M / \$335
Convoy Village	Kearny Mesa	G. Harbaugh Foundation / CED Capital Partners	42,338	\$16.2M / \$383
Tierrasanta Gateway	Kearny Mesa	TGSC LLC / IAC Management	42,192	\$15.5M / \$367

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