

# SAN DIEGO

Retail Q3 2021



YoY Chg      12-Mo. Forecast

**\$85,900**  
Median HH Income



**0.4%**  
Population Growth



**6.4%**  
Unemployment Rate



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

## U.S. ECONOMIC INDICATORS Q3 2021

YoY Chg      12-Mo. Forecast

**5.6%**  
GDP Growth



**11.0%**  
Consumer Spending Growth



**14.1%**  
Retail Sales Growth



Source: BEA, Census Bureau

## ECONOMIC OVERVIEW

The San Diego employment market has recovered more than half (57%) of the 248,000 jobs lost during the beginning of the pandemic between March and April of 2020. Nonfarm employment grew by 59,200 or +4.4% year-over-year (YOY) between August 2020 through August 2021, with the leisure and hospitality sector accounting for 31,000 jobs added (+23.2% YOY). During the same time, the monthly unemployment rate decreased from 10.8% last year to 6.6%. The current monthly rate is 930 basis points (bps) lower compared to the 15.9% high recorded in April of 2020 and 20 bps above the Q3 2021 quarterly rate of 6.4%.<sup>1</sup> All employment sectors are expected to grow at a combined rate of 2.0% in 2021 and 4.5% in 2022. San Diego's economy of \$241.7 billion as measured by gross regional product is forecast to return to growth of 7.9% in 2021 and 5.1% in 2022, above its 10-year average of 2.7%.<sup>2</sup>

## SUPPLY AND DEMAND

Retail vacancy, excluding sublease, decreased 30 bps quarter-over-quarter (QOQ) to 6.2% but remains 90 bps higher than a year ago. Current vacancy is 120 bps above the 10-year quarterly average of 5.0% yet 50 bps below the peak rate of 6.7% recorded in Q4 2010. Occupancy increased by 276,876 square feet (sf) across all center types in Q3 2021. Power centers absorbed the most space in 85,329 sf, followed by strip centers (69,858 sf), community centers (66,552 sf) and neighborhood centers (51,900 sf). The tenants that actively pursued leases at the end of 2020 and the beginning of 2021 were able to secure the top available locations. This left the rest of the operators competing for fewer available opportunities.

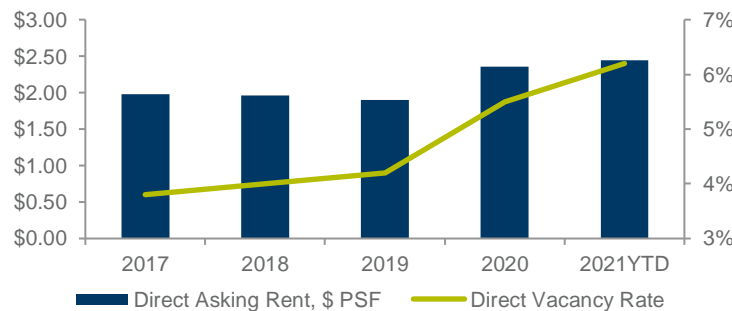
## PRICING

Countywide direct asking rent across all classes reached \$2.45 per square foot (psf) on a monthly triple net basis, an increase of 0.4% QOQ and up 6.1% YOY. Asking rents are currently \$0.54 above the 10-year quarterly average of \$1.91. Asking rents at regional centers have driven rent growth posting \$4.00 asking rents countywide. Asking rents at power centers and strip centers have increased countywide at 18.7% and 3.8% QOQ, respectively. Rents for A centers have remained firm, while B and C centers are offering more concessions.

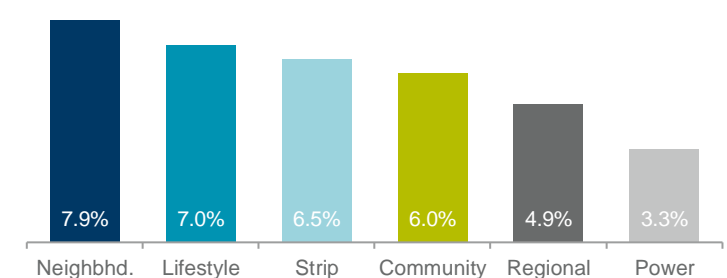
## SALES ACTIVITY

The San Diego retail market recorded \$373 million in sales volume across 28 centers and 1.5 msf in Q3 2021 compared to \$387 million in Q2 2021 and \$58 million in Q3 2020. Average price was \$293 psf in Q3 2021 compared to \$370 in Q3 2020 (-21% YOY). In 2021 so far as of Q3 2021, sales have reached \$896 million compared to \$348 million last year. Private investors comprised 63% of buyers (vs. 86% in 2020) and 66% of sellers (vs. 71% in 2020) through the first three quarters of 2021.<sup>3</sup>

## 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	25,850,309	42,556	1,931,389	7.5%	66,547	-66,809	56,020	\$2.02
Central County	21,952,324	25,521	1,338,441	6.1%	66,460	-52,643	42,488	\$2.41
South County	20,667,068	11,061	1,038,989	5.0%	80,681	-82,200	312,030	\$2.94
East County	12,122,008	13,282	692,083	5.7%	63,188	-131,560	0	\$1.66
Community	19,819,343	12,114	1,129,565	5.7%	66,552	90,678	5,000	\$2.37
Lifestyle	3,264,498	10,031	176,713	5.4%	-9,261	6,166	0	\$1.40
Neighborhood	23,929,583	55,013	1,588,082	6.6%	51,900	16,838	19,850	\$1.90
Power	12,056,663	4,365	589,126	4.9%	85,329	-154,730	30,700	\$1.78
Regional	10,960,647	4,682	998,956	9.1%	12,498	-416,713	300,000	\$4.00
Strip	10,560,975	6,215	518,460	4.9%	69,858	124,549	54,988	\$2.17
<b>SAN DIEGO TOTALS</b>	<b>80,591,709</b>	<b>92,420</b>	<b>5,000,902</b>	<b>6.2%</b>	<b>276,876</b>	<b>-333,212</b>	<b>410,538</b>	<b>\$2.45</b>

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

## KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
150 S. Bent Ave.	San Marcos	Costco	144,013	New
Grand Plaza	San Marcos	Jo-Ann Stores	40,000	New
Mission Promenade	Oceanside	Grocery Outlet	25,000	New
Santee Trolley Square	Santee	Barnes & Noble	22,500	Renewal
Grossmont Center	La Mesa	David's Bridal	11,575	Renewal

## KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
12880 & 12900 Gregg Ct.	Poway	AVR Realty Company / Pajama Properties	107,328	\$27.5M / \$256
Mission Douglas Plaza	Oceanside	Yacoel Properties / Farhad Isaac Nedjat-Haiem	88,923	\$19.8M / \$223
Red Rock Center	San Marcos	Penelope King / Ronen Armory	74,008	\$18.7M / \$253
Mercado Del Barrio	National City	Shea Properties / Kusay Kalasho Yousif	62,720	\$13.9M / \$221
Hillcrest Plaza	Uptown	Foley Enterprises / Carlos & Victoria Hsieh	30,951	\$15.3M / \$494

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