

\$84,100

Median HH Income

YoY Chg



12-Mo. Forecast



0.4%

Population Growth



4.9%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q1 2022

4.1%

GDP Growth

YoY Chg



12-Mo. Forecast



11.3%

Consumer Spending Growth



11.2%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW

The total nonfarm employment in San Diego grew by 104,300 or +7.5% year-over-year (YOY) between February 2021 through February 2022, with the leisure and hospitality sector accounting for the most significant gains or 52,700 jobs added (+40.2% YOY). During the same time, the monthly unemployment rate decreased from 7.2% last year to 4.0% and is currently 90 basis points (bps) below the quarterly average of 4.9%.¹ All employment sectors are expected to grow at a combined rate of 4.7% (+66,010 jobs) in 2022, while office employment is forecasted to grow by 2.8% (+10,390 jobs) and high-tech employment by 3.6% (+5,060 jobs). The annual unemployment rate is forecasted to decrease from 6.5% in 2021 to 4.2% in 2022 and 3.1% in 2023. San Diego's economy of \$252.7 billion as measured by 2021 gross regional product is forecasted to grow 3.9% in 2022 and 3.5% in 2023, above its 10-year average of 3.1%.²

SUPPLY AND DEMAND

Retail vacancy, excluding sublease, decreased 10 bps quarter-over-quarter (QOQ) to 5.9% and is 60 bps lower than a year ago. The current vacancy is 100 bps above the 10-year quarterly average of 4.9% yet 80 bps below the peak rate of 6.7% recorded in Q1 2011. Occupancy increased by 60,065 square feet (sf) across all center types in Q1 2022. Power centers absorbed the most space at 47,418 sf, followed by neighborhood centers at 16,076 sf, regional centers at 3,029 sf and strip centers at 1,401 sf. Lifestyle centers returned 6,331 sf, while community centers returned 1,528 sf. There are currently 13 projects totaling 366,104 sf under construction, the majority of which are in South County.

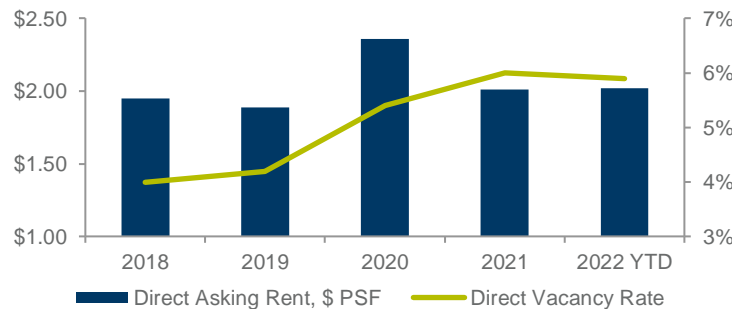
PRICING

Countywide direct asking rent across all classes increased slightly to \$2.02 per square foot (psf) on a monthly triple net basis, an increase of 0.5% QOQ and down 16.9% YOY. Asking rents are currently \$0.10 above the 10-year quarterly average of \$1.92. The YOY decrease is largely caused by the withdrawal of public asking rents at regional centers, affecting average asking rent calculations. Rents at lifestyle centers increased 5.0% to \$1.48 psf, while rents at neighborhood centers increased 2.8% to \$1.85 psf QOQ.

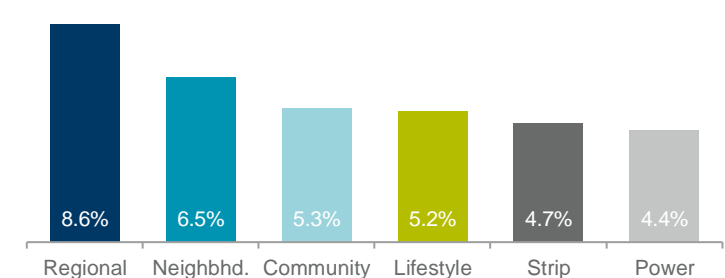
SALES ACTIVITY

The San Diego retail market recorded \$420 million in sales volume across 21 centers and 2.0 msf in Q1 2022 compared to \$257 million in Q4 2021 and \$135 million in Q1 2021. The average price was \$306 psf in Q1 2022 compared to \$381 in Q1 2021 (-20% YOY). In 2022 so far, private investors comprised 49% of buyers (vs. 64% in 2021) and 67% of sellers (vs. 69% in 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	26,453,933	31,622	1,926,106	7.3%	-8,906	-8,906	39,950	\$1.99
Central County	21,870,186	22,132	1,154,583	5.3%	53,654	53,654	4,124	\$2.46
South County	20,661,692	12,303	1,019,106	4.9%	6,324	6,324	322,030	\$1.93
East County	12,048,155	14,892	687,666	5.7%	8,993	8,993	0	\$1.72
Community	19,823,038	4,282	1,046,976	5.3%	-1,528	-1,528	0	\$2.32
Lifestyle	3,240,289	10,031	170,000	5.2%	-6,331	-6,331	300,000	\$1.48
Neighborhood	24,147,369	51,364	1,563,180	6.5%	16,076	16,076	7,850	\$1.85
Power	11,856,068	7,640	524,166	4.4%	47,418	47,418	4,800	\$2.25
Regional	11,448,487	4,682	985,707	8.6%	3,029	3,029	0	-
Strip	10,518,715	2,950	497,432	4.7%	1,401	1,401	53,454	\$2.19
SAN DIEGO TOTALS	81,033,966	80,949	4,787,461	5.9%	60,065	60,065	366,104	\$2.02

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

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Border Village	San Ysidro	Deal Hunterz	23,404	New
Santee Town Center	Santee	Sportsman's Warehouse	18,594	New
Santee Trolley Square	Santee	David's Bridal	10,060	New
El Camino North	Oceanside	Gaja Korean	8,000	New
El Camino Commons	Encinitas	NAPA Auto Parts	7,500	New

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Nordahl Marketplace	San Marcos	United American Properties / Miracle Day Investments	305,146	\$55.6M / \$182
University Square	Uptown	Fortress Development / MSM Global Ventures	211,797	\$68.8M / \$325
Costa Verde Center	UTC	Regency Centers / Alexandria Real Estate	178,619	\$125.0M / \$700
Zion Market	Kearny Mesa	Hammer Ventures / GH Palmer Associates	128,134	\$165.0M / \$1,288
2211 Morena Blvd.	Pacific Beach	JCBO Properties / Pacifica Companies	19,019	\$31.0M / \$1,630

Sources: ¹www.bls.gov ²Moody's Analytics economy.com 2/2022 ³Real Capital Analytics.

JUSTIN BALAGTAS

Senior Research Analyst

+1 858 625 5245 / justin.balagtas@cushwake.com

JOLANTA CAMPION

Senior Research Director, Southern California

+1 858 625 5235 / jolanta.campion@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 50,000 employees in over 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 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.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com