

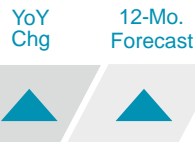
# SAN DIEGO

Retail Q3 2022



**\$95,700**

Median HH Income



**0.4%**

Population Growth



**3.1%**

Unemployment Rate



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

## U.S. ECONOMIC INDICATORS Q3 2022

**1.5%**

GDP Growth



**7.9%**

Consumer Spending Growth



**8.9%**

Retail Sales Growth



Source: BEA, Census Bureau

## ECONOMIC OVERVIEW

The total nonfarm employment in San Diego grew by 59,600 or +4.1% year-over-year (YOY) between August 2021 through August 2022, with the leisure and hospitality sector accounting for the most significant gains or 25,300 jobs added (+14.1% YOY). During the same time, the monthly unemployment rate decreased from 6.5% last year to 3.4% and is currently 30 basis points (bps) above the quarterly average of 3.1%.<sup>1</sup> All employment sectors are expected to grow at a combined rate of 5.3% (+76,370 jobs) in 2022, while office employment is forecasted to grow by 3.0% (+11,260 jobs) and high-tech employment by 2.9% (+4,140 jobs). The annual unemployment rate is forecasted to decrease from 6.5% in 2021 to 3.6% in 2022 and 3.3% in 2023. San Diego's economy of \$252.1 billion as measured by 2021 gross regional product is forecasted to grow 3.9% in 2022 and 1.9% in 2023.<sup>2</sup>

## SUPPLY AND DEMAND

Retail overall vacancy, including sublease, decreased 40 bps quarter-over-quarter (QOQ) to 5.0% and is 130 bps lower than a year ago. The current vacancy is 10 bps below the 10-year quarterly average of 5.1% and 210 bps below the peak rate of 7.1% recorded in Q1 2011. Occupancy increased by 342,146 square feet (sf) across all center types in Q3 2022. Neighborhood centers absorbed the most space at 196,271 sf, followed by community centers at 98,211 sf, strip centers at 26,537 sf, power centers at 25,639 sf and lifestyle centers at 14,846. Regional centers returned 19,358 sf. On annual basis, occupancy increased by 885,689 sf during the first nine months. There are currently seven projects totaling 334,750 sf under construction, the majority of which are in South County.

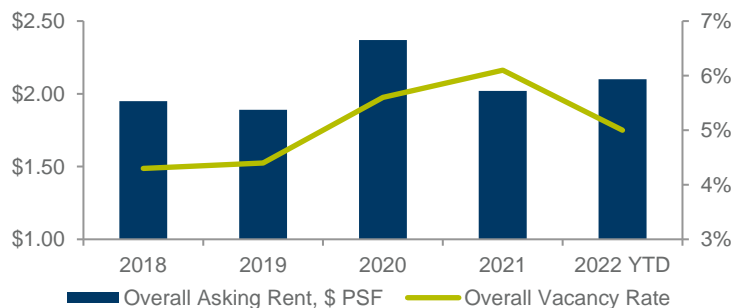
## PRICING

Countywide overall asking rent across all classes increased slightly to \$2.10 per square foot (psf) on a monthly triple net basis, an increase of 1.4% QOQ and down 15.0% YOY. The average asking rent is currently \$0.16 above the 10-year quarterly average of \$1.94 psf. The YOY decrease is largely caused by the withdrawal of public asking rents at regional centers, affecting average asking rent calculations. Rents at community centers increased 2.9% to \$2.40 psf, while rents at strip centers increased 0.9% to \$2.37 psf QOQ.

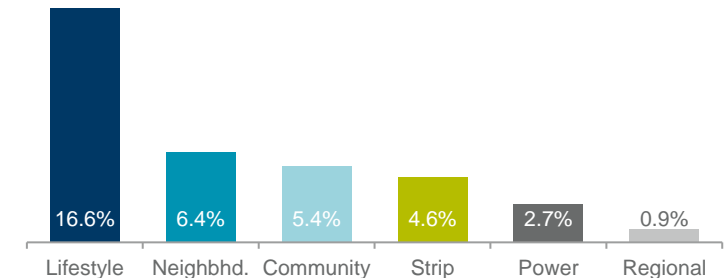
## SALES ACTIVITY

The San Diego retail market recorded \$276 million in sales volume across 21 centers and 651,000 sf in Q3 2022 compared to \$282 million in Q2 2022 (-2.3% QOQ) and \$402 million in Q3 2021 (-31.4% YOY). The average price was \$385 psf in Q3 2022 compared to \$295 in Q3 2021 (+30.6% YOY). In 2022 so far, private investors comprised 64% of buyers (vs. 64% in 2021) and 79% of sellers (vs. 69% in 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	26,363,922	29,361	1,471,452	5.7%	213,970	462,113	29,950	\$2.09
Central County	21,821,572	37,499	989,654	4.7%	42,797	205,442	0	\$2.46
South County	20,654,892	12,239	995,837	4.9%	23,626	40,892	304,800	\$2.00
East County	11,942,520	13,282	521,027	4.5%	61,753	177,242	0	\$1.79
Community	19,558,814	25,472	862,206	4.5%	98,211	162,052	0	\$2.40
Lifestyle	3,240,289	23,905	171,099	6.0%	14,846	-21,304	300,000	\$1.67
Neighborhood	24,162,148	25,515	1,266,371	5.3%	196,271	340,713	2,750	\$1.83
Power	11,695,885	8,779	396,342	3.5%	25,639	174,103	4,800	\$4.41
Regional	11,448,487	6,432	847,981	7.5%	-19,358	139,005	0	-
Strip	10,677,283	2,278	433,971	4.1%	26,537	91,120	27,200	\$2.37
<b>SAN DIEGO TOTALS</b>	<b>80,782,906</b>	<b>92,381</b>	<b>3,977,970</b>	<b>5.0%</b>	<b>342,146</b>	<b>885,689</b>	<b>334,750</b>	<b>\$2.10</b>

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

## KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Del Oro Marketplace	Oceanside	Dollar Tree	13,795	Sublease
8400 Miramar Rd.	Mira Mesa	Luxury Outdoor Solutions	10,368	New
Marketplace del Rio	Oceanside	Crab Pub	10,200	New
Mira Mesa Marketplace	Mira Mesa	Lazy Dog	6,550	New
San Elijo Hills Town Center	San Marcos	Central Montessori School	6,200	New

## KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Oceanside Plaza	Oceanside	Mission Oceanside LLC / MSM Global Ventures	123,518	\$32.0M / \$259
Santee Town Center	Santee	Public Investment Coporation / Brixton Capital	104,609	\$27.1M / \$259
Del Oro Marketplace	Oceanside	Oceanside 5 LLC / Lulav Terra LLC	87,115	\$33.0M / \$379
Palm Promenade	Chula Vista	Citivest / Lake 1925 LP	77,505	\$25.8M / \$333
Eastlake Terraces	Chula Vista	Crow Holdings / Gershman Properties	60,972	\$48.8M / \$784

Sources: <sup>1</sup>www.bls.gov <sup>2</sup>Moody's Analytics economy.com 10/2022 <sup>3</sup>Real Capital Analytics.

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