



North County

Industrial 21Q2

Key Takeaways

- Vacancy dropped 89 basis points (BPS) to reach 4.97%.
- Average asking rental rate surged by \$0.04 to stand at \$1.07/SF.
- North County (+496,000 SF) had the highest demand in all the county.



Summary

The North County industrial market continued to strengthen during the post COVID-19 pandemic conditions of 2020. Demand from growing industries such as communications, life science and e-commerce remain robust while vacancy slides below 5%, for the first time in over two years.

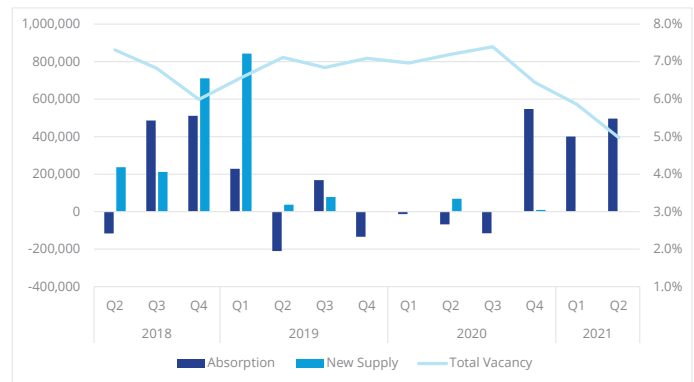
Market Indicators



Historic Comparison

	20Q2	21Q1	21Q2
Total Inventory (in Thousands of SF)	56,835.3	55,683.0	55,683.0
New Supply (in Thousands of SF)	68.7	0	0
Net Absorption (in Thousands of SF)	(67.8)	400.3	496.0
Overall Vacancy	7.19%	5.86%	4.97%
Under Construction (in Thousands of SF)	0.0	0.0	70.0
Overall Asking Lease Rates (NNN)	\$1.02	\$1.03	\$1.07

Historical Market Trends



North County demand has been extremely robust during the first half of 2021, with 896,000 SF of net absorption, bringing vacancy down to just below 5%. Despite the overall weak economy countywide in 2020 and early-2021, the last 18 months have yielded over 1.2 million SF of net absorption.

Recent Transactions



Lease
2765 Progress St
Vista | 37k SF



Lease
3193 Lionshead Ave
Carlsbad | 35k SF



Lease
2750 La Mirada Dr
Vista | 32k SF



Sale
2611 Business Park Dr
Vista | \$215/SF



Sale
4630 North Ave
Oceanside | \$150/SF



Sale
1911 Palomar Oaks Way
Carlsbad | \$217/SF

North County | 21Q2 | Industrial | Market Statistics

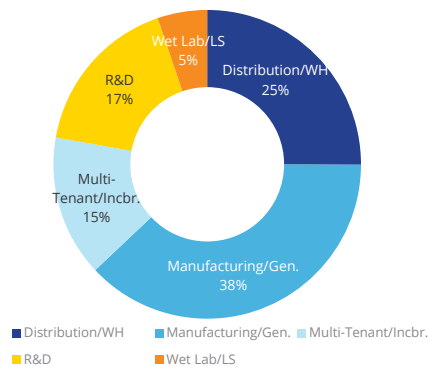
Submarkets - Industrial & Flex



Submarket/Class	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
Carlsbad										
Industrial	8,046,370	9.47%	0.14%	9.61%	10.06%	36,051	6,606	70,000	0	\$1.19
Flex	7,925,230	4.83%	0.21%	5.03%	5.86%	65,719	187,661	0	0	\$1.35
TOTAL	15,971,600	7.17%	0.17%	7.34%	7.98%	101,770	194,267	70,000	0	\$1.26
Escondido										
Industrial	7,055,224	1.88%	0.24%	2.12%	3.17%	74,194	73,281	0	0	\$1.15
Flex	350,261	2.60%	3.53%	6.13%	8.19%	7,200	(10,921)	0	0	\$1.18
TOTAL	7,405,485	1.91%	0.40%	2.31%	3.41%	81,394	62,360	0	0	\$1.15
Oceanside										
Industrial	8,096,093	2.86%	0.54%	3.39%	3.67%	21,959	101,005	0	0	\$0.94
Flex	1,857,242	1.24%	0.00%	1.24%	1.46%	4,060	(34)	0	0	n/a
TOTAL	9,953,335	2.55%	0.44%	2.99%	3.25%	26,019	100,971	0	0	\$0.94
San Marcos										
Industrial	7,810,108	2.88%	0.56%	3.44%	4.69%	97,623	254,692	0	0	\$0.95
Flex	627,803	4.95%	2.34%	7.29%	7.29%	0	(5,003)	0	0	\$1.10
TOTAL	8,437,911	3.03%	0.70%	3.73%	4.89%	97,623	249,689	0	0	\$0.95
Vista										
Industrial	12,306,257	3.57%	0.67%	4.24%	5.64%	172,708	288,985	0	0	\$0.98
Flex	1,608,399	18.15%	0.00%	18.15%	19.17%	16,442	0	0	0	\$1.06
TOTAL	13,914,656	5.26%	0.59%	5.85%	7.21%	189,150	288,985	0	0	\$0.98
North County										
Industrial	43,314,052	4.13%	0.46%	4.59%	5.52%	402,535	724,569	70,000	0	\$1.02
Flex	12,368,935	5.97%	0.35%	6.32%	7.07%	93,421	171,703	0	0	\$1.29
TOTAL	55,682,987	4.54%	0.43%	4.97%	5.86%	495,956	896,272	70,000	0	\$1.07

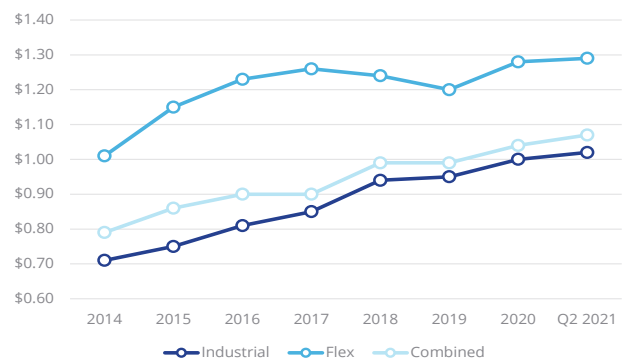
Inventory Breakdown

	Size (SF)
Distribution/WH	13,945,561
Manufacturing/Gen.	21,124,180
Multi-Tenant/Incr.	8,244,311
R&D	9,464,260
Wet Lab/LS	2,904,675
TOTAL	55,682,987
Under Construction	70,000
Proposed	680,855



Historical Industrial/Flex Rental Rates

Average Asking Monthly Rental Rate per SF, Triple Net



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