



## Market Overview

### Office

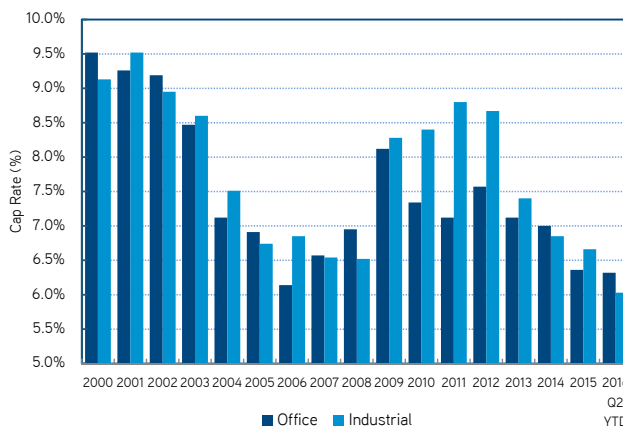
- > Countywide positive net absorption (193,284 SF) outpaced construction dropping vacancy rates to 12.6% - the lowest level in ten years.
- > Overall average asking rental rates countywide increased significantly (+\$0.03/SF) to \$2.47/SF/month in Q2. After two prior quarters of decreases, the Class A rate increased (+0.03/SF) to \$3.16/SF/month.
- > Shifting workforce dynamics continue to drive office space trends like “co-work” space and “creative” office conversion of non-traditional space, especially in Downtown San Diego.
- > Office cap rates are maintaining their compression and are averaging around 6.3%.

### Industrial/R&D

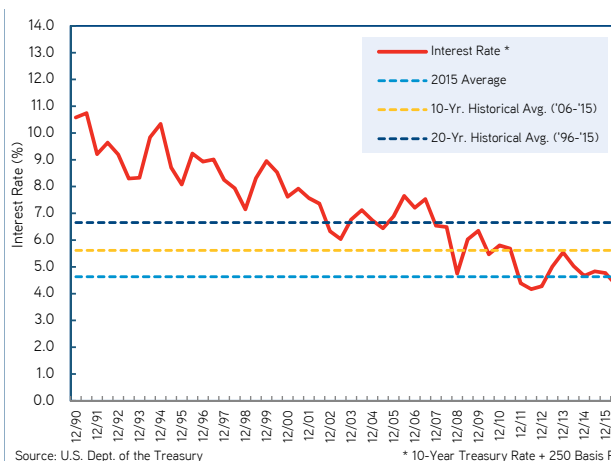
- > Combined industrial/R&D net absorption totaled 294,137 SF countywide in Q2 2016. This erased the net demand losses in Q1 and brought year-to-date net absorption to 251,177 SF. Combined industrial/R&D vacancy of 4.8% countywide is its lowest level in over 18 years.
- > Average asking rental rates countywide for industrial/R&D increased (\$0.01) to an all-time high, triple-net rate of \$1.02/SF/month.
- > Increasing rental rates, limited concessions, and tight vacancy rates are going to drive significant levels of new construction unlike anything seen in the last ten years.
- > Industrial/R&D cap rates are averaging around 6.0%.

This report is produced for Owner-User and Private Client Investors with a focus on Office and Industrial products, providing market data and identifying trends in sales transactions throughout San Diego County.

### CAP RATE

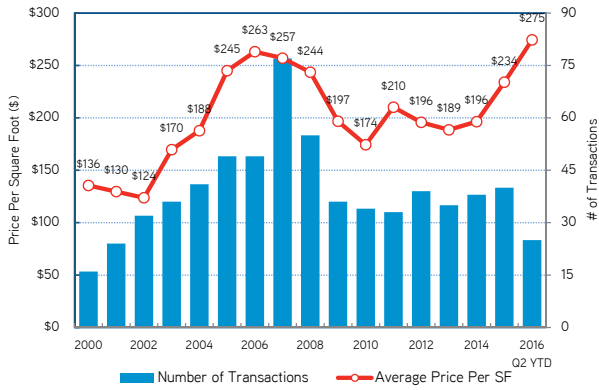


### INTEREST RATE

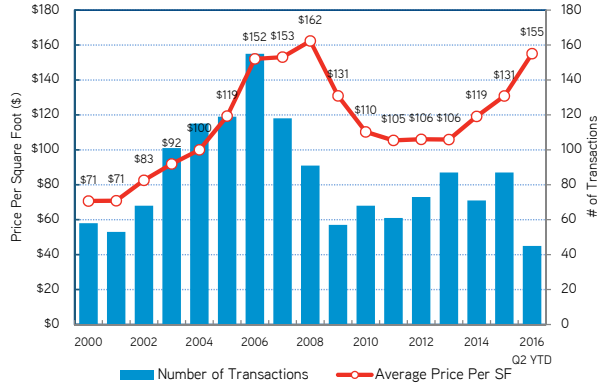


All data sourced from CoStar Group, Inc. Includes properties sold between \$1M to \$10M.

OFFICE



INDUSTRIAL



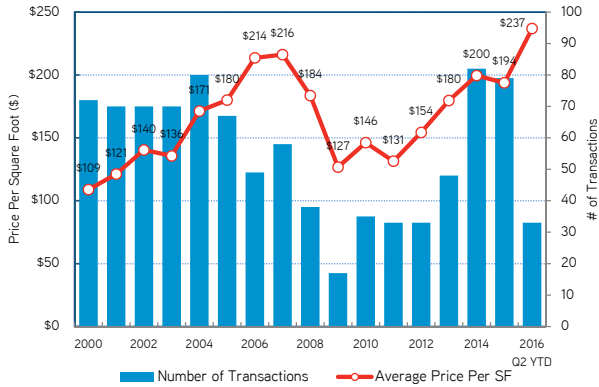
Owner-User Summary

San Diego County Markets, Q2 2016

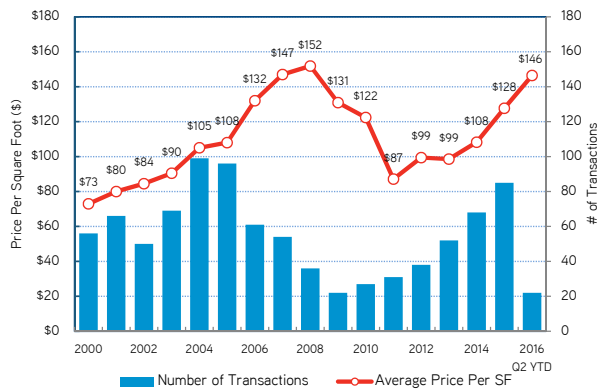
	1Q 2016	2Q 2016	Change
<b>OFFICE</b>			
Pricing	\$311 PSF	\$273 PSF	↓
Transactions	9	15	↑
<b>INDUSTRIAL</b>			
Pricing	\$138 PSF	\$160 PSF	↑
Transactions	21	24	↑

- > Office demand is up over previous quarter.
- > **Office pricing has surpassed peak levels of 2007.**
- > Industrial pricing and demand up over previous quarter.

OFFICE



INDUSTRIAL



Investment Summary

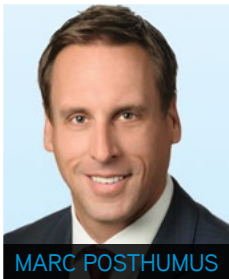
San Diego County Markets, Q2 2016

	1Q 2016	2Q 2016	Change
<b>OFFICE</b>			
Pricing	\$235 PSF	\$225 PSF	↓
Transactions	21	14	↓
<b>INDUSTRIAL</b>			
Pricing	\$172 PSF	\$139 PSF	↓
Transactions	6	15	↑

- > Office pricing and demand down.
- > Industrial demand up from previous quarter.
- > **Office and industrial pricing have surpassed peak levels of 2007.**

## Recent Team Sales Transactions

	Buyer	Bldg SF	Sale Price	Yr Built
	Seller	COE	Price PSF	Sale Type
<b>9225 MIRA ESTE COURT, SAN DIEGO, CA 92126</b>				
	Capo Fireside	11,401 SF	\$2,170,000	1987
	Robert & Terri Sherwood	05/13/2016	\$190.33 PSF	Owner-User
<b>5755 OBERLIN DRIVE, SAN DIEGO, CA 92121</b>				
	Coastal Patent Law Group, P. C.	28,400 SF	\$248,000	1985
	Cardell Media LIC	05/12/2016	\$262.99 PSF	Owner-User
<b>10065 OLD GROVE RD, SAN DIEGO, CA 92131</b>				
	Stacey Dramiga	21,400 SF	\$4,450,000	1980
	The CARES Group LIC	04/20/2016	\$207.94 PSF	Owner-User
<b>2028-2030 HANCOCK STREET, SAN DIEGO, CA 92110</b>				
	Cohn Restaurant Group	7,684 SF	\$976,000	1991
	David B McDonough	4/6/2016	\$127.02 PSF	Owner-User
<b>6100 INNOVATION WAY, CARLSBAD, CA 92009</b>				
	Jessica A & Ganisha Sethi	3,474 SF	\$1,225,000	2007
	Rushall & McGeever	01/22/2016	\$352.62 PSF	Owner-User
<b>6158 INNOVATION WAY, CARLSBAD, CA 92009</b>				
	Patrick N Keegan 2012 Trust	1,982 SF	\$723,430	2007
	Jessica A & Ganisha Sethi	01/19/2016	\$365.00 PSF	Owner-User
<b>17065 VIA DEL CAMPO, SAN DIEGO, CA 92127</b>				
	Axis Medical Technologies LLC	9,120 SF	\$2,100,000	1991
	Brehm Communications, Inc.	01/13/2016	\$230.23 PSF	Owner-User
<b>6124 INNOVATION WAY, CARLSBAD, CA 92009</b>				
	Michael C. Call	2,886 SF	\$660,000	2007
	Haisha, Laith	12/29/2015	\$228.69 PSF	Owner-User
<b>1297 CARLSBAD VILLAGE DRIVE, CARLSBAD, CA 92008</b>				
	Christopher K Tadano & Kellen M Tadano Fam Trust	2,617 SF	\$1,110,000	2007
	Russell Ries	11/23/2015	\$424.15 PSF	Owner-User
<b>2714 LOKER AVENUE, CARLSBAD, CA 92010</b>				
	A4D	28,585 SF	\$3,850,000	1990
	ECP East LLC	11/09/2015	\$134.69 PSF	Investment
<b>355 GRAND AVENUE, ESCONDIDO, CA 92025</b>				
	Undisclosed	11,833 SF	\$984,550	1951
	Physician's Medical Building LLC	07/14/2015	\$83.00 PSF	Investment
<b>531 ENCINITAS BOULEVARD, ENCINITAS, CA 92024</b>				
	Paul Meardon	4,986 SF	\$1,271,430	1984
	Barbara A. Halper & David W. Halper	05/26/2015	\$255.00 PSF	Investment

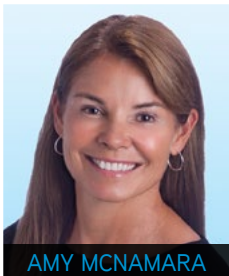


MARC POSTHUMUS

Marc Posthumus is a Commercial Real Estate Broker with over eighteen years experience in the industry. Mr. Posthumus is committed to the highest level of client service and his primary areas of focus are office, industrial and R&D properties.

Mr. Posthumus is an expert in the area of owner occupied real estate and private capital investment sales. He takes a consultative approach to advising his clients on their long term real estate strategy.

Mr. Posthumus has extensive experience in both acquisitions and dispositions and works closely with his clients to navigate through the process of both conventional and SBA financing.



AMY MCNAMARA

Amy McNamara is a Vice President with Colliers International, specializing in leasing and sales of high-rise, mid-rise and garden office / investment properties. She has joined Colliers International from Cushman & Wakefield with 27 years experience in real estate. Amy has participated in leasing and sales transactions totaling over five million square feet. She works closely with business owners, investors, developers and financial institutions to help formulate and execute a comprehensive real estate strategy to achieve her client's goals and objectives.

Amy has represented such clients as Wells Fargo, New York Life Insurance Company, Principal Financial Group and Rockefeller Group Development Corporation. Since 1993 she has completed sales transactions totaling over \$213 million.

Amy has received numerous honors and awards including Top Office Producer for 16 years and Top Producer Overall. She is presently on the Advisory Board for Meals on Wheels (MOW).



**Giving back is an important part of our Team's strategic approach and we donate 10% of our commission on sales transactions to the charity of the clients' choosing.**

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**554** offices in  
**66** countries on  
**6** continents

**\$2.5** billion in annual revenue

**2** billion square feet under management

**21,800** professionals and staff

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**MARC POSTHUMUS**

Vice President  
Lic. No. 01440118  
DIRECT +1 760 930 7950  
[marc.posthumus@colliers.com](mailto:marc.posthumus@colliers.com)

**AMY MCNAMARA**

Vice President  
Lic. No. 01083491  
DIRECT +1 760 930 7920  
[amy.mcnamara@colliers.com](mailto:amy.mcnamara@colliers.com)

5901 Priestly Drive, Suite 100  
Carlsbad, CA 92008  
MAIN +1 760 438 8950  
FAX +1 760 xxx xxxx



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