

# San Diego, CA

Q4 2020

Technology Insight



San Diego's strong tech fundamentals are gaining momentum throughout the market



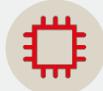
## Year in review

San Diego's innovation sector became even more diverse over the last 12 months. Big Tech (Fortune 100/500 tech companies) continue to grow their footprint throughout the market. Several of these tech companies have either expanded or signed new leases of at least 100,000 square feet in 2020. Additionally, locally based Qualcomm executed one of the largest leases in 2020 in Sorrento Mesa for 143,639 square feet and ServiceNow expanded in UTC/Eastgate for 61,000 square feet, pushing their San Diego footprint to over 500,000 square feet. In fact, technology led office leasing volume at 34 percent of the market's total leasing volume of 1.5 million square feet.



Despite COVID-19, the technology sector is still driving the office market with tenants seeking large blocks of space. Some of the tech sub-industries driving the growth include cloud, autonomous driving, aerospace and defense, e-commerce, telecommunications, electronics, hardware and software. Besides the telecom and software companies, autonomous and logistics software firms such as SmartDrive, LYTX and TuSimple are gaining steam. Flock Freight and TuSimple lead the market in tech VC funding in 2020, at \$113.5M and \$350M, respectively.

Life science and technology campus investors are moving into other submarkets including Downtown and the I-15 Corridor as the core biotech submarkets are becoming supply constrained. Historically, high biotech demand has and continues to absorb space in the North Cities area (UTC, Sorrento Mesa, and Del Mar Heights).



**84.4%**

5 year patent % growth



**1,440,000 s.f.**

Current tech tenant demand



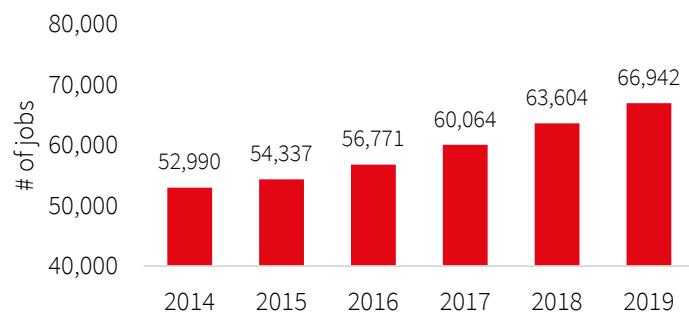
**5.3%**

Annual tech job growth

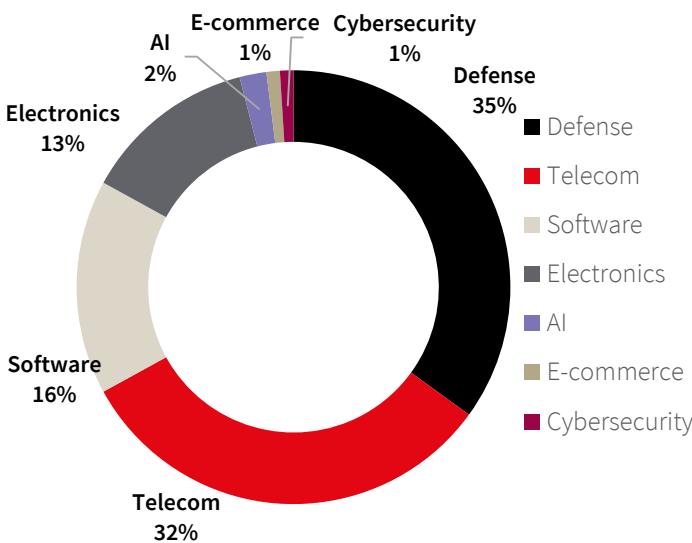
## Jobs and talent

Since 2014, high-tech establishments have grown the total number employees by 20%, being a crucial impact to the growth of the innovation sector. A key indicator that high-tech job growth will continue is through another robust year of venture capital funding enabling local companies to expand. San Diego tech venture capital beat the billion-dollar mark for the first time in 2020, increasing 50% from 2019. Only halfway through Q1 2021, tech VC is already at \$322 million. The defense, software and general technology industries combined, represented about one-third of the office leasing in 2020, indicating potential for more high-tech jobs to continue to increase for the foreseeable future. San Diego is rich with talent, being the catalyst for large companies to remain and grow their footprint throughout the market. UC San Diego generates the second greatest number of STEM degrees in the country totaling 6,482 a year.

## High-tech jobs (BLS latest data available)



## Top 50 employer's tech industry type share (JLL)



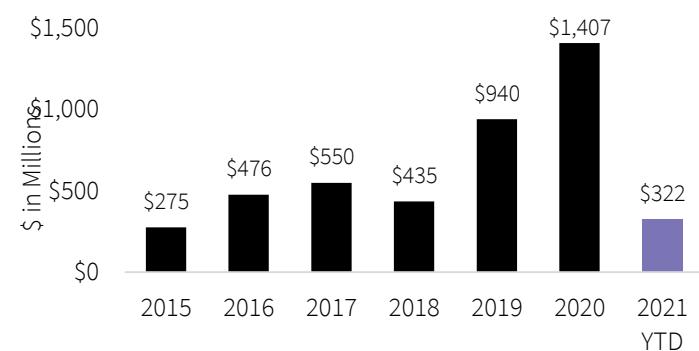
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## Outlook

San Diego's tech market continues to lure companies feeling the pinch from higher rents and heated competition for top talent in other coastal tech markets. San Diego's allure as one of most desirable cities to live keeps it on the map with tech companies seeking a highly qualified talent pool along with the lowest average asking office rents among key California office markets. With three major universities and growing defense, technology and life science industries, the caliber of tech talent continues to expand; this is validated by the fact San Diego ranks fifth in the nation for share of STEM bachelor's degrees. San Diego also has the highest percentage of patent growth, recording 84.4% growth in the last 5 years, making it an innovative city and a breeding ground for spin-off and emerging unicorn tech companies. With much of the groundwork laid and improving tech market metrics, the future is bright for San Diego.

## Tech venture capital funding (Crunchbase)



## Tech worker average salaries by market (Hired's 2019)

