

# San Diego

Office market snapshot | Q3 2024

The San Diego office market continues to experience leasing difficulties to cap off Q3 2024. With only 1,035,174 square feet of space leased, we see owners continuing to struggle to fill vacant spaces in their buildings. Vacancy remains steadily high for the San Diego market at an average of 13.3%. Office owners are now poised with the task of enticing tenants to fill spaces, via additional amenities, lower rents, and other appealing options.

## 74,399 sf

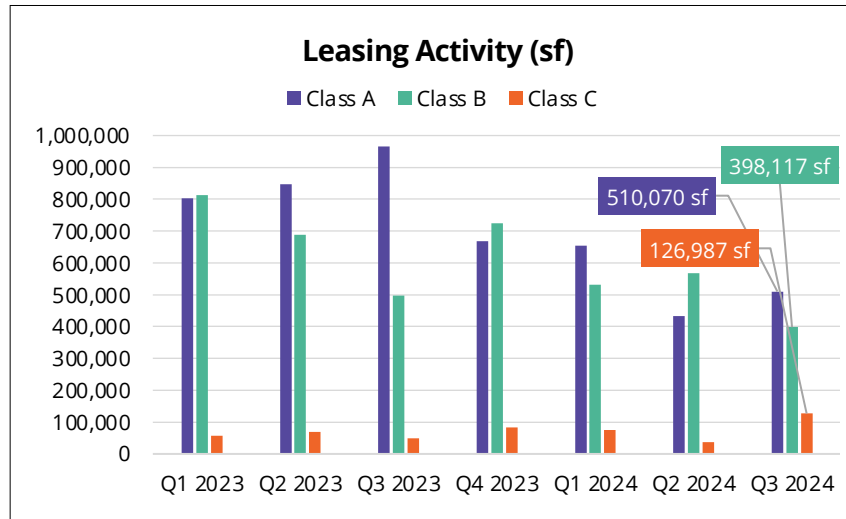
After a 550k square feet of negative absorption in Q1 2024, Q3 maintained positive absorption of 74k square feet. This follows a very high Q2 absorption of 230k square feet.

## \$34.97

San Diego office direct asking rents have dropped to an average of \$34.97/SF, as owners make an effort to entice office occupiers to fill their vacant spaces.

## 16.4%

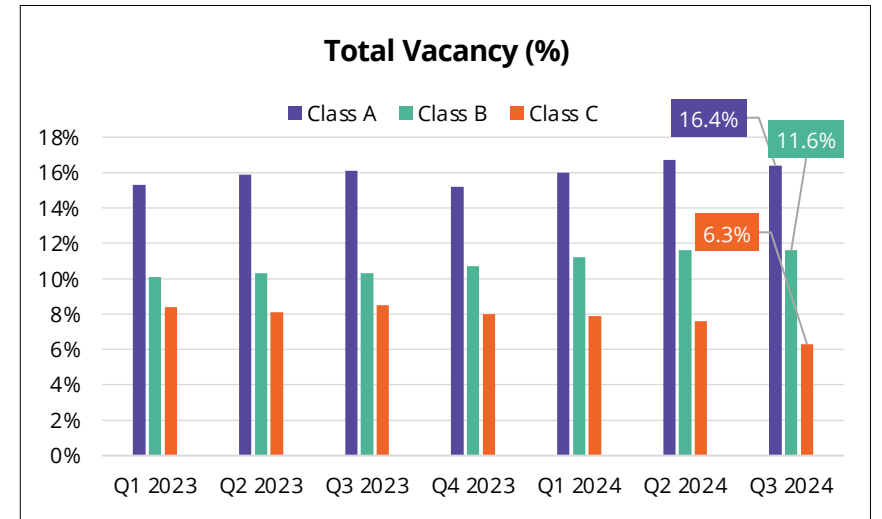
San Diego's direct office availability sits at 16.4%, about 5% higher than the pre-pandemic rate of 11.5%. As spaces remain empty, we see a struggling leasing environment.



Leasing activity in the San Diego office markets continue to slow down, as only 1,035,174 total square feet of space was leased. 126,987 square feet of this was sublet space, so we see tenants giving up space to explore other options in other Southern California office submarkets.

Survey based on office buildings 20,000 sf+

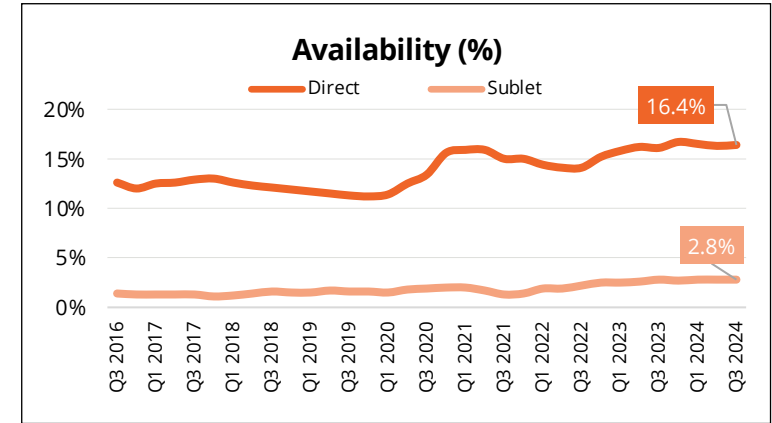
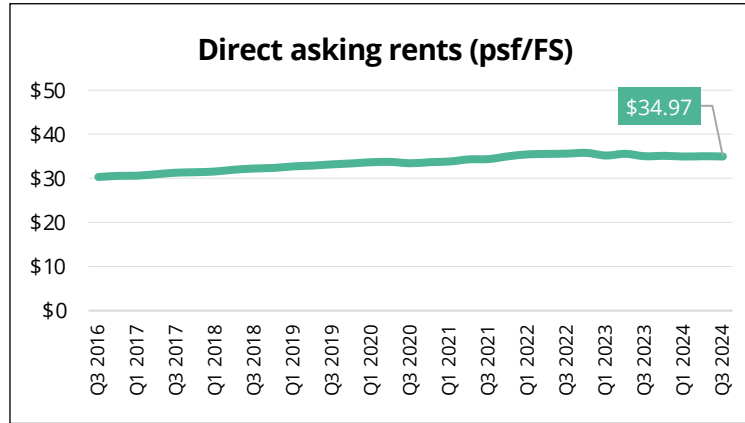
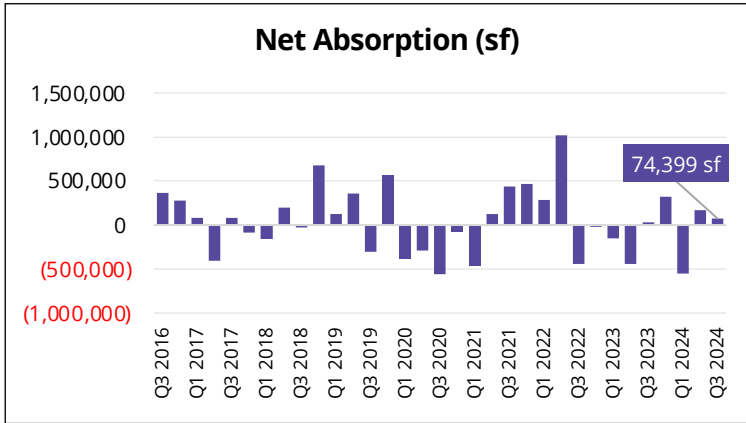
Source: ThoughtSpot, AVANT, CoStar



Vacancy throughout the San Diego office market can be seen at an all time high, sitting at an average of 13.3%. Class A office space was 16.4% vacant on average, while Class C was at 6.3%. Although these rates are on the higher side, the San Diego office market has fared better than other Southern California markets.

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## Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
General Dynamics	7470 Mission Valley Rd	67,346	Direct	Renewal
City of San Diego	550 W C St	43,460	Direct	New Lease
Proprioceptive Solutions	8939 Villa La Jolla Dr	21,907	Direct	New Lease

## Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Formosa LTD	750 B St	\$45,690,000	\$83.66	The Irvine Company
Turner Impact Capital LP	404 Euclid Ave	\$21,000,000	\$289.79	Jacobs Center for Neighborhood Innovation
Sava Property LLC	6920 Miramar Rd	\$4,151,250	\$119.47	Courtney & Bernice Buse

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## Get in touch

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	Existing inventory (sf)	Deliveries sf (QTD)	Under development (sf)	Direct availability (%)	Sublet availability (%)	Total availability (%)	Net absorption (QTD)	Annual direct asking rent psf FS
Central San Diego	23,536,960	0	0	12.8%	2.4%	15.2%	(97,235)	\$33.48
South Bay	6,165,564	0	303,884	5.0%	0.1%	5.1%	7,709	\$29.69
Downtown	14,044,032	414,811	2,011,501	36.0%	1.4%	37.4%	3,892	\$31.35
I-15 Corridor	10,838,703	0	0	13.4%	2.2%	15.6%	100,220	\$33.99
I-5 Corridor	14,219,450	0	442,534	14.6%	5.6%	20.2%	45,034	\$38.71
North San Diego	24,244,733	0	558,183	13.4%	3.5%	18.9%	8,458	\$40.17
SR-78 Corridor	3,162,978	0	0	9.3%	0.9%	11.2%	6,321	\$26.31
<b>Market total</b>	<b>96,212,420</b>	<b>414,811</b>	<b>3,316,102</b>	<b>16.4%</b>	<b>2.8%</b>	<b>19.2%</b>	<b>74,399</b>	<b>\$34.97</b>

	Existing inventory sf	Deliveries sf (QTD)	Under development sf	Direct availability (%)	Sublet availability (%)	Total availability (%)	Net absorption (QTD)	Annual direct asking rent psf FS
Class A	43,004,154	414,811	3,180,218	21.5%	3.8%	25.1%	206,165	\$39.38
Class B	44,802,002	0	135,884	13.1%	2.1%	15.2%	(91,485)	\$32.07
Class C	8,372,264	0	0	6.0%	0.3%	6.3%	(40,281)	\$24.84
<b>Market total</b>	<b>96,212,420</b>	<b>414,811</b>	<b>3,316,102</b>	<b>16.4%</b>	<b>2.8%</b>	<b>19.2%</b>	<b>74,399</b>	<b>\$34.97</b>

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