

San Diego

Office market snapshot | Q1 2024

The San Diego office market experienced a rough start to 2024, with Q1 showing some of the slowest leasing activity and lowest net absorption in the last 10 years. As occupiers begin to re-strategize leases as a result of work from home policies, we see many tenants downsizing or terminating office leases. Office owners have begun the process of offering more amenities, free rent, and discounted rents in order to attract new tenants.

-549,670

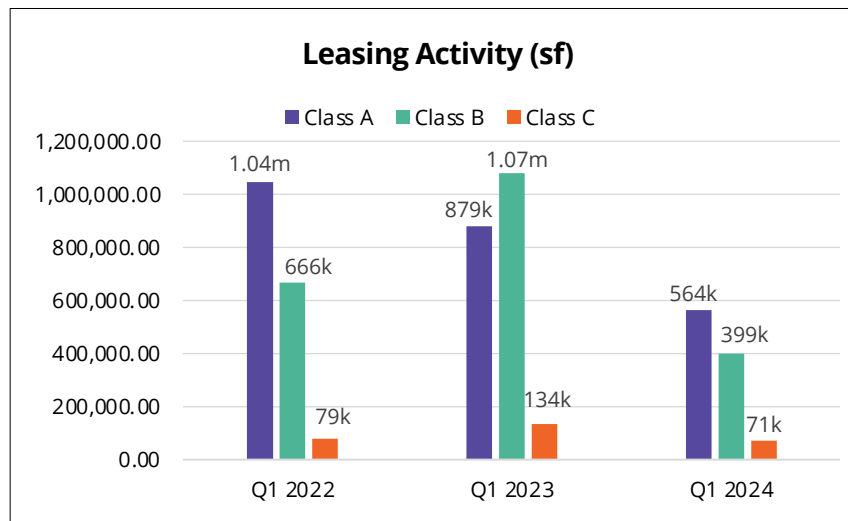
San Diego office occupiers are shedding more unused space at rapid speeds. We see a record setting quarterly negative net absorption of 590,670.

\$34.96

San Diego office direct asking rents have dropped by 0.5% to \$34.96 a square foot after 9 straight quarters of being above \$35.00.

16.5%

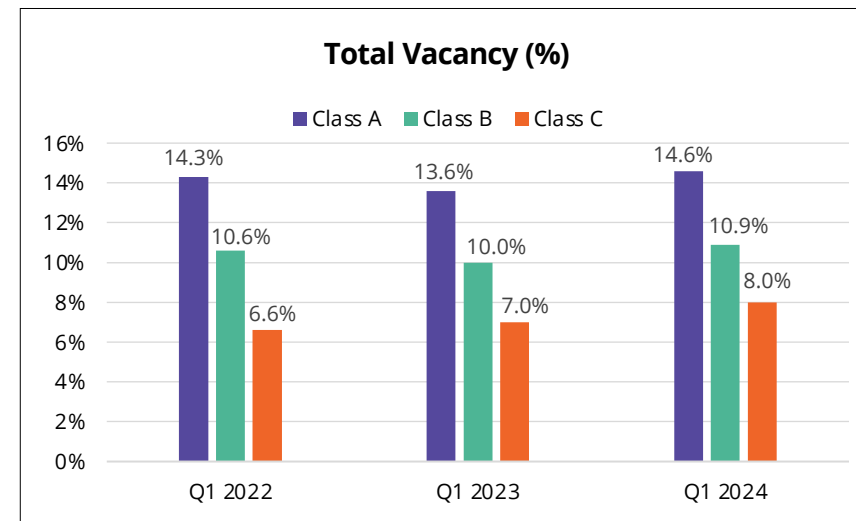
San Diego office availability remains at high levels, as we see tenants continuing to downsize and owners begin to restructure leases.



Leasing activity in the San Diego office markets continue to slow down in comparison to prior Q1's. Q1 2024 Class A offices had 564,491 sf leased, Class B saw 399,385 sf, and class C ended with 71,507 sf leased.

Survey based on office buildings 20,000 sf+

Source: ThoughtSpot, AVANT, CoStar

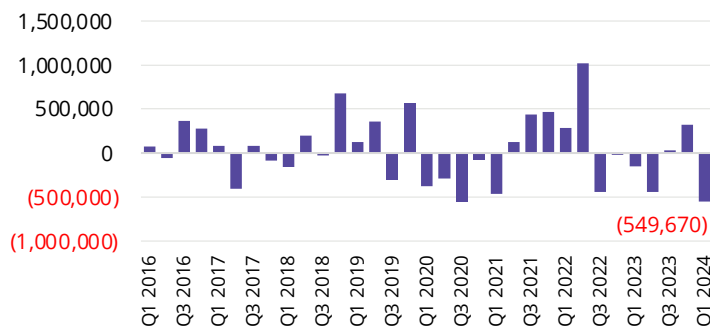


Vacancy throughout the San Diego office markets are seen at average levels in comparison to the last 3 years sitting around 12.5% for all building classes. Class A offices experienced the highest vacancies at 14.6% and class C was the lowest at 8.0%.

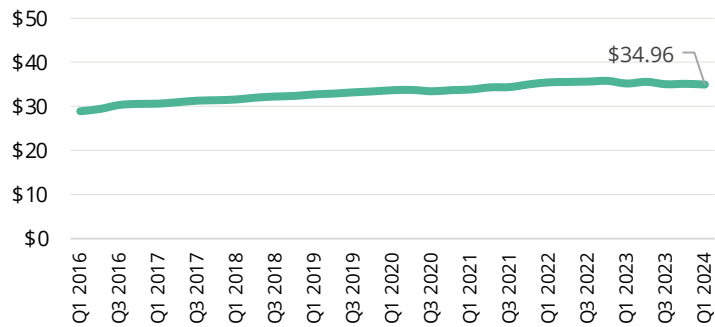
San Diego

Office market snapshot | Q1 2024

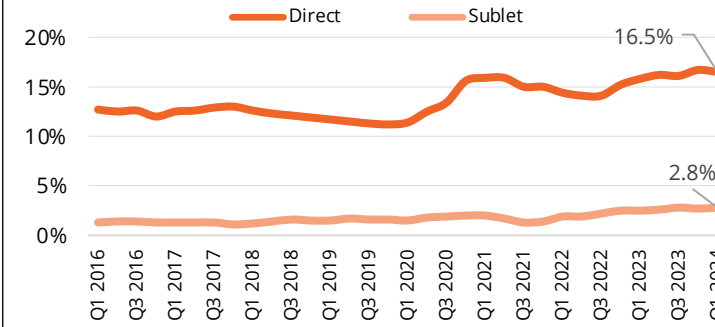
Net Absorption (sf)



Direct asking rents (psf/FS)



Availability (%)



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Pfizer Inc.	11202-11208 El Camino Real (2 buildings)	230,133	Direct	New lease
Rain Bird Co.	9325 Sky Park Ct	14,102	Direct	New Lease
Laurel Hill	9655 Granite Ridge Dr	10,048	Direct	New Lease

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Arrimus Capital	9577 Chesapeake Dr	\$17,000,000	\$333.33	Providence Capital Group
SD Food Bank	3914 Murphy Canyon Rd	\$14,929,917	\$212.57	Link Logistics
Dollinger Properties	16981 Via Tazon	\$11,509,646	\$332.06	Montana Ave Capital Partners
Mason Baldwin	2231 Rutherford Rd	\$6,200,000	\$155.79	William Beckman

San Diego

Office market snapshot | Q1 2024

Get in touch

Sebastian Bernt
Analyst, Market Intelligence
Southern California
sebastian.bernt@avisonyoung.com

Erick Parulan
Senior Analyst, Market Intelligence
Southern California
erick.parulan@avisonyoung.com

	Existing inventory (sf)	Deliveries sf (YTD)	Under development (sf)	Direct availability (%)	Sublet availability (%)	Total availability (%)	Net absorption (sf)	Annual direct asking rent psf FS
Central San Diego	23,589,189	-	-	13%	3.1%	15.1%	215,561	\$32.97
South Bay	6,068,108	-	168,000	3.3%	0.1%	3.4%	24,763	\$30.74
Downtown	13,427,937	-	2,715,518	37.6%	0.9%	38.5%	(344,046)	\$32.42
I-15 Corridor	11,037,401	-	-	13.3%	21.1%	15.4%	(101,820)	\$33.73
I-5 Corridor	13,689,167	-	963,138	13.4%	4.7%	18.1%	(185,056)	\$39.35
North San Diego	24,885,449	-	558,183	12.7%	3.8%	16.5%	(149,114)	\$40.36
SR-78 Corridor	3,236,670	-	-	8.5%	1.2%	9.7%	(9,958)	\$25.93
Market total	95,933,921 sf	-	4,404,839 sf	16.5%	2.8%	18.3%	(549,670)	\$34.95

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability (%)	Sublet availability (%)	Total availability (%)	Net absorption (sf)	Annual direct asking rent psf FS
Class A	40,262,339	-	4,404,838	21.0%	3.7%	24.8%	(291,424)	\$39.37
Class B	46,946,078	-	-	13.6%	2.4%	16.0%	(139,011)	\$31.95
Class C	8,725,504	-	-	8.8%	0.3%	9.1%	(119,235)	\$25.99
Market total	95,933,921 sf	-	4,404,839 sf	16.5%	2.8%	18.3%	(549,670)	\$34.95

Survey based on office buildings 20,000 sf+

Source: ThoughtSpot, AVANT, CoStar

