

San Diego

Office market snapshot | Q2 2024

The San Diego office market continues to experience leasing difficulties to cap off Q2 2024. With only 1,065,658 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 13.4%. Office owners are now poised with the task of enticing tenants to fill spaces, via additional amenities, lower rents, and other appealing options.

171,801 sf

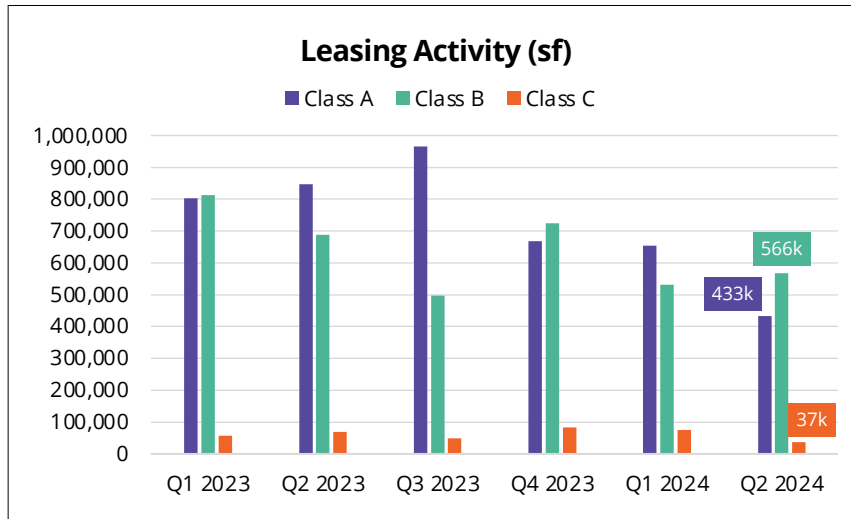
After a 550k square feet of negative absorption in Q1 2024, Q2 boasted positive absorption of 171k square feet. This can be attributed to almost 1M of construction being completed.

\$35.03

San Diego office direct asking rents are at an average of \$35.03/SF, as owners make an effort to entice office occupiers to fill their vacant spaces.

16.3%

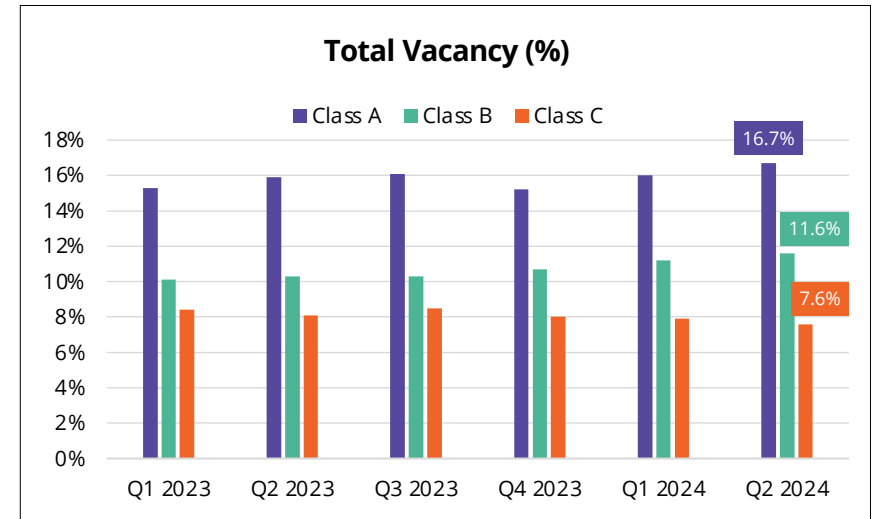
San Diego's direct office availability sits at 16.3%, about 5% higher than the pre-pandemic rate of 11.5%. As spaces remain empty, we see a struggling leasing environment.



Leasing activity in the San Diego office markets continue to slow down, as only 1,065,658 total square feet of space was leased. 124,892 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

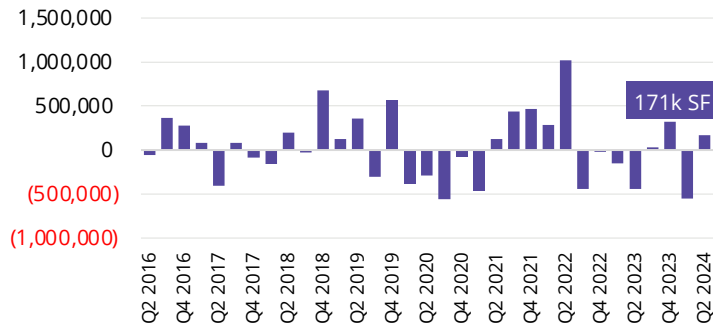


Vacancy throughout the San Diego office market can be seen at an all time high, sitting at an average of 13.4%. Class A office space was 16.7% vacant on average, boasting the highest vacancy in San Diego history. Although these rates are on the higher side, the San Diego office market has fared better than other Southern California markets.

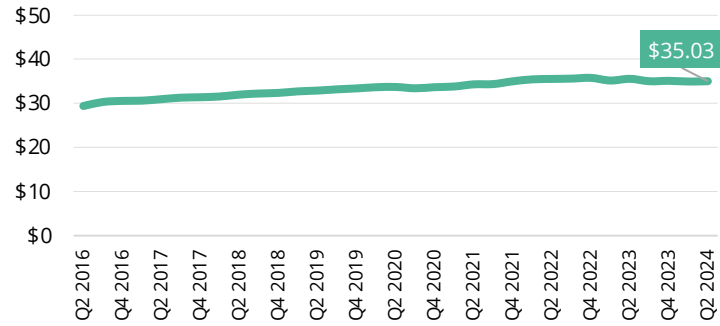
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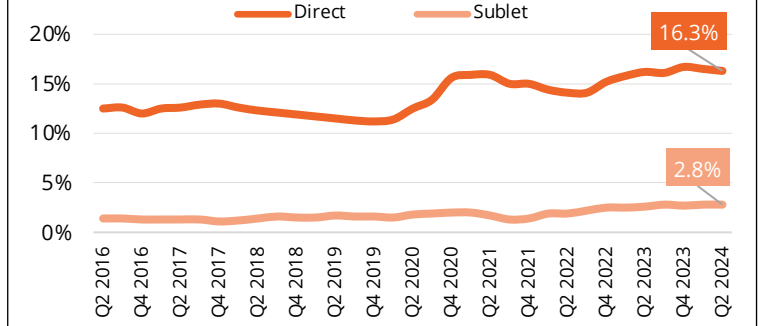
Net Absorption (sf)



Direct asking rents (psf/FS)



Availability (%)



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
DRS Daylight Solutions	16465 Via Esprillo	82,999	Direct	Renewal
City of San Diego	7650 Mission Valley Rd	74,000	Direct	Sublease
Simpler Space	1959 Palomar Oaks Way	16,600	Direct	New Lease

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Sharp HealthCare	6719 Alvarado Rd	\$16,350,000	\$304.01	TDA Investment Group
VEBA	3990 Ruffin Rd	\$12,250,000	\$266.62	CONAM Management
Optima Medical Group	9265 Sky Park Ct	\$11,500,000	\$261.24	Omninet Capital
Turner Impact Capital	450 4 th Ave	\$10,500,000	\$287.00	Welltower Inc.

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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	23,564,721	0	0	12.9%	2.3%	15.2%	(69,561)	\$33.23
South Bay	6,181,696	0	228,000	6.5%	0.4%	6.9%	(52,156)	\$30.20
Downtown	13,745,776	289,206	2,426,312	36.7%	1.3%	38.0%	(121,854)	\$32.21
I-15 Corridor	10,934,831	0	0	13.6%	2.1%	15.7%	18,162	\$34.14
I-5 Corridor	14,209,223	520,604	442,534	13.5%	6.2%	19.7%	395,230	\$39.02
North San Diego	24,293,634	0	558,183	12.5%	3.4%	15.7%	(1,473)	\$40.19
SR-78 Corridor	3,159,407	0	0	9.6%	1.1%	10.7%	3,453	\$26.63
Market total	96,089,288	809,810	3,655,029	16.3%	2.8%	19.1%	171,801	\$35.03

	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	40,735,130	809,810	3,595,029	21.0%	4.0%	25.0%	372,407	\$39.17
Class B	46,762,706	0	60,000	13.2%	2.2%	15.4%	(193,249)	\$32.01
Class C	8,557,452	0	0	8.5%	0.2%	8.7%	(7,357)	\$25.87
Market total	96,089,288	809,810	3,655,029	16.3%	2.8%	19.1%	171,801	\$35.03

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