



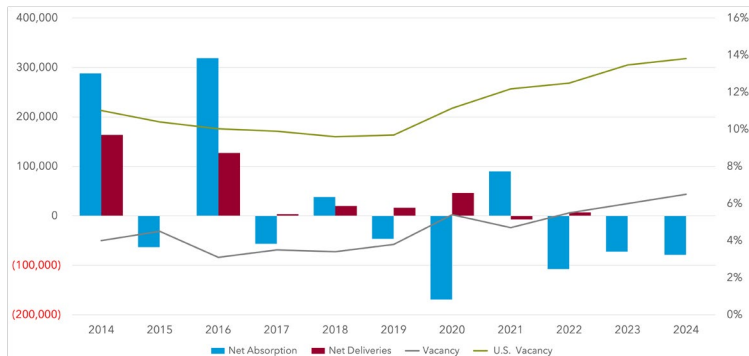
OFFICE MARKET OVERVIEW

STEPHEN LEIDER, *Broker Associate*

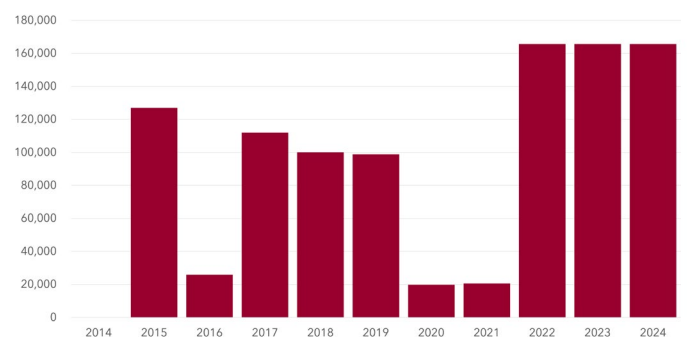
Santa Barbara hosts a cluster of tech, aerospace, healthcare, and defense-related employment, though demand has weakened as companies downsize. Redevelopment projects, like the former Nordstrom on State Street being converted into office space as part of Paseo Nuevo (165KSF), add supply pressure. With no deliveries in 2024 and -50KSF net absorption, the vacancy rate sits at 6.3% and is expected to rise in 2025. Sales volume has remained below \$20M per quarter since 2022, with \$43M transacted across 38 sales in the past 12 months. Average pricing is \$349/SF with a typical size of 4,500 SF and a 4.9% cap rate, aligning with the preferred range for most investors

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▲ 12 Mo. Net Absorption SF	(78,596)	(128,903)	(77,405)	(65,596)	(72,107)
▼ Vacancy Rate	6.50%	6.86%	6.3%	6.6%	6.0%
▼ Avg NNN Asking Rent PSF	\$32.73	\$32.93	\$32.69	32.64	\$32.52
▼ Sale Price PSF	\$304	\$326	\$326	\$326	\$328
▲ Cap Rate	8.09%	7.48%	7.49%	7.47%	7.41%
◀ ▶ Under Construction	165,641	165,641	166,000	166,000	166,000
▲ Inventory	13,990,374	13,888,544	13,802,603	13,802,603	13,802,603

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
411 E. Canon Perdido Street Santa Barbara, CA	17,265 SF	\$6,700,000 \$388.07 PSF	Jason Jaeger Brian E. Held	Class B
6381-6385 Rose Lane Carpenteria, CA	8,600 SF	\$2,487,000 \$289.19 PSF	David G. Tibma Trust Rincon Real Estate LLC	Class B
21-23 W. Anapamu Street Santa Barbara, CA	7,193 SF	\$1,935,000 \$269.01 PSF	Mark B. Karpeles Nicole R. Ashamalla	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
111 W. Micheltorena Street Santa Barbara, CA	6,147 SF	Laabs Investments LLC	Undisclosed	Undisclosed

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