



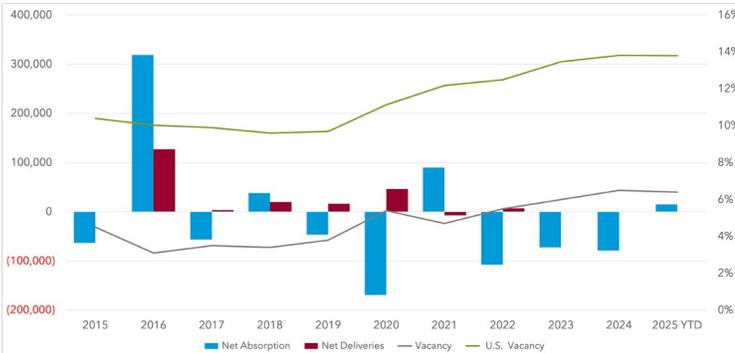
OFFICE MARKET OVERVIEW

CHRISTI VIOR, *Senior Associate*

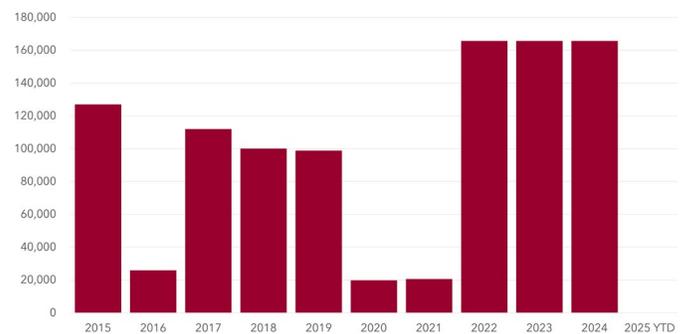
Santa Barbara's office vacancy rate reached 6.4% in Q1 2025, up over 50 basis points from 2024 and well above its pre-pandemic level below 4%. Vacancy is expected to climb in 2025 due to new speculative supply set to deliver, including the 165,000 SF former Nordstrom office redevelopment project on State Street. Leasing volume hit its highest in since 2021, though deal count was 30% below the 2021 numbers. Rent growth is 1.1% year over year, matching national trends. Long-term rent growth is expected to remain steady, but vacancy is unlikely to return to historical lows anytime soon.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▲ 12 Mo. Net Absorption SF	14,960	(78,596)	(128,903)	(77,405)	(65,596)
▼ Vacancy Rate	6.40%	6.50%	6.86%	6.30%	6.60%
▲ Avg NNN Asking Rent PSF	\$33.14	\$32.73	\$32.93	\$32.69	32.64
◀ ▶ Sale Price PSF	\$304	\$304	\$326	\$326	\$326
▼ Cap Rate	7.84%	8.09%	7.48%	7.49%	7.47%
▼ Under Construction	-	165,641	165,641	166,000	166,000
▲ Inventory	14,009,022	13,990,374	13,888,544	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
5638 Hollister Avenue Santa Barbara, CA	27,817 SF	\$4,200,000 \$150.99 PSF	Jason Yardi Christopher & Jess Parker	Class B
730 Anacapa Street Santa Barbara, CA	1,176 SF	\$1,575,000 \$1,339.29 PSF	Martin W Foreman Trust Gene Montesano	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
25 E. Mason Street Santa Barbara, CA	14,053 SF	Dansk Investment Group, Inc.	Undisclosed	Undisclosed
130 Robin Hill Road Goleta, CA	10,028 SF	Santa Barbara County Employee's Ret System	Undisclosed	Undisclosed
4860 Calle Real Santa Barbara, CA	5,011 SF	Yvonne Connolly	Big Green Cleaning Company	Commercial Cleaning

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