



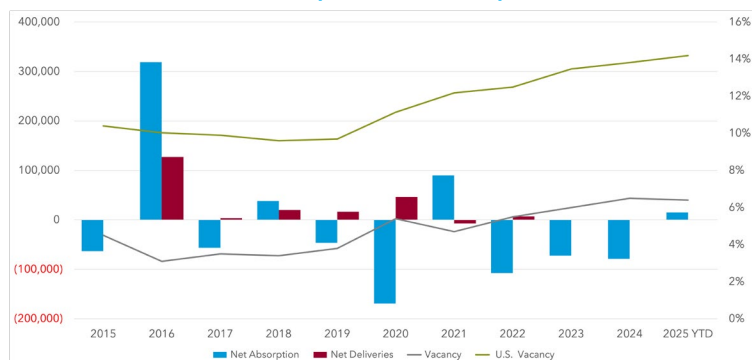
### OFFICE MARKET OVERVIEW

AUSTIN JACKSON, Associate

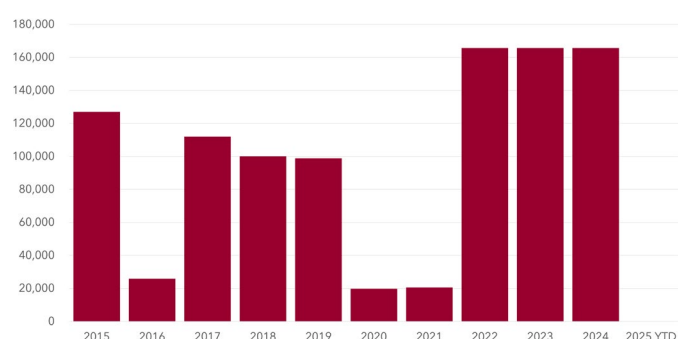
Santa Barbara's office market, supported by aerospace, healthcare, and defense-related employment, including ties to Vandenberg Air Force Base, has not been immune to national office market challenges post-2020. Vacancy stood at 5.3% in Q3 2025, up from under 4% pre-pandemic, though still outperforming national trends. Limited large-space availabilities and stalled office developments, such as at Paseo Nuevo, have constrained supply. Rent growth reached 1.3% year-over-year, above the 0.6% national average, with long-term growth at 1.2% annually. Sales volumes rebounded in late 2024 and early 2025, driven by private and institutional investors. Notable trades include 5638 Hollister Ave (\$151/SF), Town Center Tower (\$146/SF, 7.2% cap), and De La Vina Street (\$328/SF, 5.61% cap).

MARKET INDICATORS	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
▲ 12 Mo. Net Absorption SF	167,000	14,960	(78,596)	(128,903)	(77,405)
▼ Vacancy Rate	5.30%	6.40%	6.50%	6.86%	6.3%
▲ Avg NNN Asking Rent PSF	\$35.02	\$33.14	\$32.73	\$32.93	\$32.69
▲ Sale Price PSF	\$313.00	\$304.00	\$304.00	\$326.00	\$326.00
▼ Cap Rate	7.70%	7.84%	8.09%	7.48%	7.49%
◀ ▶ Under Construction	-	-	165,641	165,641	166,000
▼ Inventory	13,200,000	14,009,022	13,990,374	13,888,544	13,802,603

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
114 E. Haley Street Santa Barbara, CA	21,470 SF	\$5,800,000 \$270 PSF	Investec Undisclosed	Class B
1110 Eugenia Place Carpinteria, CA	7,263 SF	\$1,525,000 \$210 PSF	Mckenzie Cervini Delwiche Family Trust	Class B
2323 De La Vina Street Santa Barbara, CA	3,183 SF	\$2,300,000 \$723 PSF	Teddy Bear Foundation Undisclosed	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
419 State Street Santa Barbara, CA	27,773 SF	Peter Lewis	Undisclosed	Undisclosed
University Business Center Goleta, CA	13,708 SF	Majestic Asset Management	Undisclosed	Medical
Goleta Business Park Goleta, CA	7,396 SF	Goleta Business Park	Undisclosed	Undisclosed

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com