



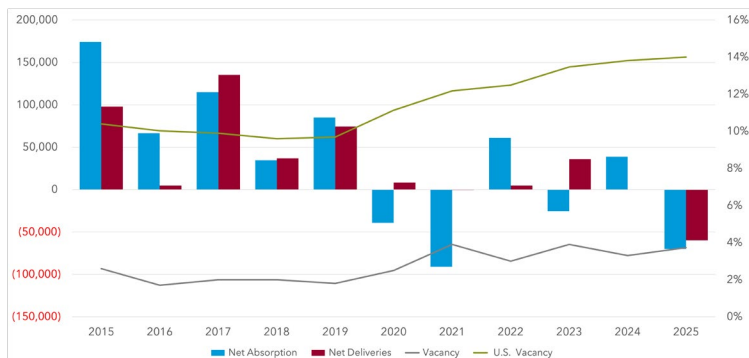
OFFICE MARKET OVERVIEW

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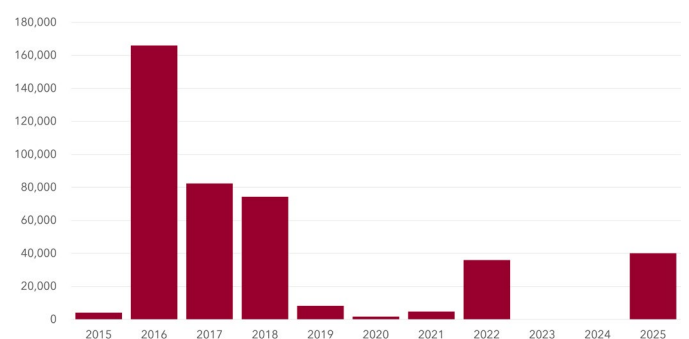
San Luis Obispo's office market remains tight despite modest softening with vacancy rising to 3.8% in Q4 2025, still below long-term historical averages. The increase reflects negative net absorption over the past year, partially offset by limited reductions in inventory and restrained new development. Availability stands at 4.1%, with just 40,000 SF under construction, consistent with the market's historically low development pipeline. Asking rents average \$30.00/SF and increased 1.1% year over year, outperforming national growth. Rent gains were strongest in lower-tier assets, reflecting continued demand for cost-effective space. Overall, constrained supply and a limited inventory base continue to support stable fundamentals in the San Luis Obispo office market.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▼ 12 Mo. Net Absorption SF	(92,014)	46,615	31,396	42,203	38,901
▲ Vacancy Rate	3.73%	2.80%	3.00%	3.20%	3.30%
▲ Avg NNN Asking Rent PSF	\$30.19	\$29.40	\$29.52	\$29.02	\$29.27
▼ Sale Price PSF	\$233.00	\$236.00	\$229	\$234.00	\$229.00
▼ Cap Rate	9.36%	9.40%	9.30%	9.00%	9.30%
▼ Under Construction	40,150	43,550	43,550	43,550	-
▼ Inventory	6,796,776	6,825,293	6,760,770	6,732,783	6,754,297

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1998 Santa Barbara Street San Luis Obispo, CA	16,672 SF	\$3,800,000 \$227.93 PSF	Transitions-Mental Health Assoc. RaigDevelopment Co LLC	Class C
8575 Morro Road Atascadero, CA	6,088 SF	\$1,375,000 \$225.85 PSF	Preston M. Beck John Schomp	Class B
166 S. 10th Street Grover Beach, CA	3,750 SF	\$580,500 \$154.80 PSF	Kieu Trinh Nguyen Proverbs 163 Trust	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
899 Pacific Street San Luis Obispo, CA	3,635 SF	First American Title Insurance Co	Undisclosed	Undisclosed
1551 Bishop Street San Luis Obispo, CA	3,209 SF	Matt Quagliano	Undisclosed	Medical
1446 Spring Street Paso Robles, CA	2,750 SF	Brian Dirk	Undisclosed	Undisclosed

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