



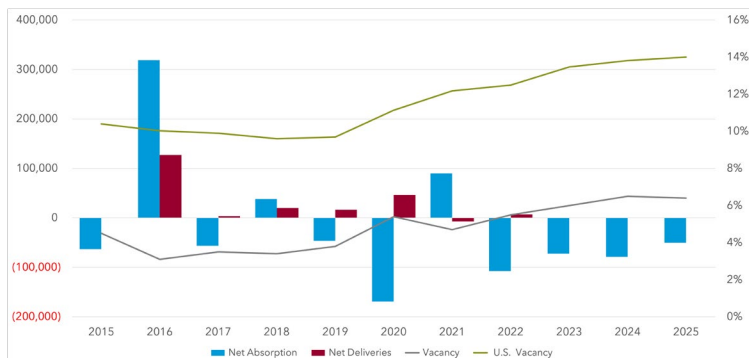
OFFICE MARKET OVERVIEW

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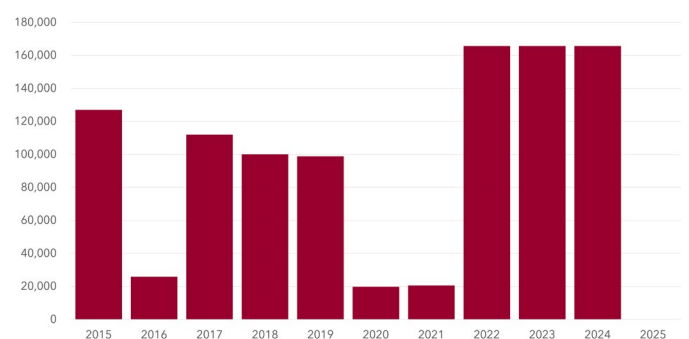
Santa Barbara's office market remains stable supported by a diverse employment base anchored by aerospace, healthcare, and defense-related users tied to Vandenberg Space Force Base. Vacancy measured 6.5% in Q4 2025, up modestly year over year following negative net absorption and no new completions. Leasing activity continues to be driven primarily by smaller transactions due to limited availability, though larger deals still occur highlighted by UC Regents' 105,000 SF lease at Campus Pointe. The market faces minimal supply pressure as planned office development at Paseo Nuevo was shelved. Asking rents increased 1.9% year over year, outperforming national growth. Vacancy remains manageable, and fundamentals are expected to remain steady through 2026.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▼ 12 Mo. Net Absorption SF	(55,973)	32,127	167,000	14,960	(78,596)
▲ Vacancy Rate	6.46%	6.10%	5.30%	6.40%	6.50%
▲ Avg NNN Asking Rent PSF	\$35.30	\$34.77	\$35.02	\$33.14	\$32.73
▲ Sale Price PSF	\$323.00	\$316.00	\$313.00	\$304.00	\$304.00
▼ Cap Rate	7.69%	7.76%	7.70%	7.84%	8.09%
◀ ▶ Under Construction	-	-	-	-	165,641
▼ Inventory	13,339,944	13,380,733	13,200,000	14,009,022	13,990,374

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2020-2024 De La Vina Santa Barbara, CA	16,918 SF	\$2,750,000 \$162.55 PSF	2020 DLV LLC John L. Bennet	Class B
25 W. Cota Street Santa Barbara, CA	13,971 SF	\$7,694,633 \$550.76 PSF	Regency Cota LLC The Paskin Group	Class B
650 Alama Pintado Road Solvang, CA	9,828 SF	\$3,075,000 \$312.88 PSF	Ray Mahboob Duane Serritslev	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
509 W. Morrison Avenue Santa Maria, CA	20,217 SF	Nick Vora	Undisclosed	Undisclosed
1020 State Street Santa Barbara, CA	17,100 SF	Barry Semler	Brownstein	Law
2429 Professional Parkway Santa Barbara, CA	4,583 SF	Pedersen Leo Family Trust	Undisclosed	Undisclosed

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