

MARKET TRENDS

SAN DIEGO OFFICE

MARKET DRIVERS

The San Diego office market vacancy rate increased by 160 basis points (bps) year-over-year (YOY) and rose 90 bps quarter-over-quarter (QOQ) to 13.8%. Total availability held steady at 17.7% QOQ but is up 10 bps YOY.

Leasing activity totaled 1.1M SF in 1Q25, marking a 28.0% decline from the 1.5M SF recorded in 1Q24. Direct net absorption was negative 45.9K SF; however, strong sublease activity pushed total net absorption into positive territory at 36.9K SF in 1Q25, an improvement over 1Q24 and a bright spot amid softer leasing volume.

There were 880.7K SF of sales transactions in 1Q25, up 127.4% from 1Q24. While this was slightly less than half the activity from last quarter's total, the average price per SF increased significantly, reaching the highest level recorded since 3Q23.

ECONOMIC REVIEW

In February 2025, San Diego County's unemployment rate stood at 4.4%, marking a 20 bps decrease from October 2024 and a 10 bps increase year-over-year. Statewide, California reported an unemployment rate of 5.4%, down 10 bps from the previous quarter but up 30 bps compared to the same time last year.

The San Diego-Carlsbad-San Marcos Metropolitan Statistical Area (MSA) lost 14,000 jobs in total non-farm employment between November and February. The largest decreases in this time came from the Trade, Transportation, and Utilities, and the Professional and Business Services sectors, which lost 7,000 and 2,300 jobs respectively. Education and Health Services was the only sector to add jobs, gaining 2,800 in this time frame.

NEAR-TERM OUTLOOK

The San Diego office market is currently navigating a period of uncertainty, as decision-makers await clarity on several proposed federal policies that could significantly impact business operations. Measures such as tariffs, reduced corporate taxes, and deregulation have all been floated, but the lack of implementation thus far makes it difficult to predict the market's trajectory. Until these proposals take shape, many companies are adopting a wait-and-see approach. Once key policy decisions are finalized, stakeholders will be better positioned to evaluate long-term strategies, potentially unlocking a more active leasing and investment environment in the region.

Market Summary

	1Q25	4Q24	1Q24	YOY Change
Vacancy Rate	13.8%	12.9%	12.2%	160 bps
Availability Rate	17.7%	17.7%	17.6%	10 bps
Asking Lease Rate	\$3.07	\$3.03	\$3.04	1.0%
	1Q25	4Q24	1Q24	YOY Change
Lease Transactions	1,077,477	1,509,543	1,496,099	-28.0%
Sale Transactions	880,736	1,796,765	387,233	127.4%
Net Absorption	-45,865	-326,565	-397,713	N/A

1Q 2025

↓ **1.1M SF**
LEASING ACTIVITY

↑ **-46K SF**
NET ABSORPTION

↑ **13.8%**
VACANCY RATE

↑ **\$3.07**
ASKING RENT (AVG)

↑ **1.2M SF**
NEW DELIVERIES

Year-Over-Year Trend

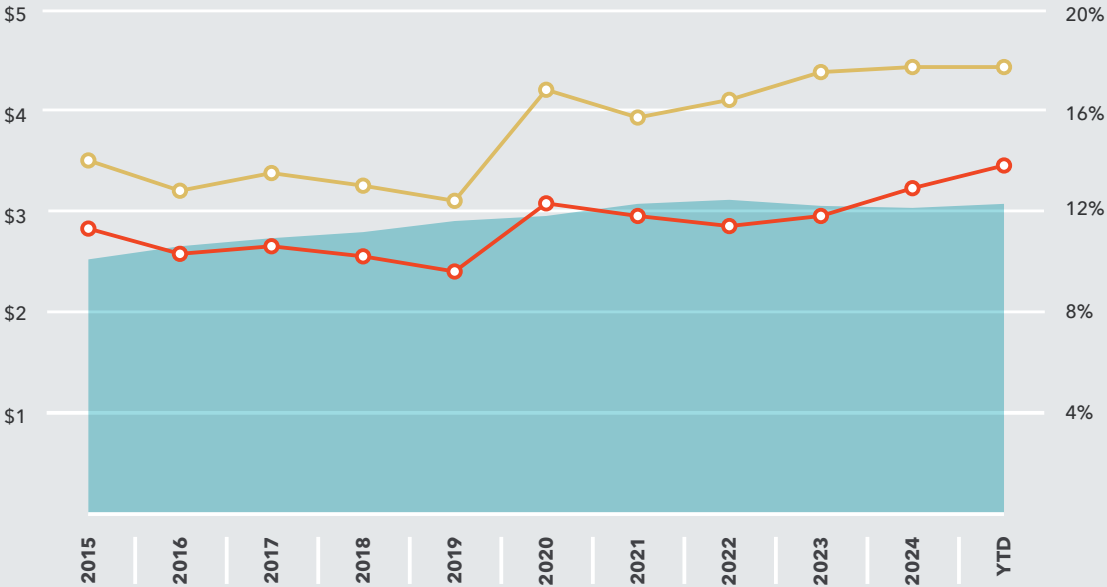
Market Highlights

LEASING VOLUME
fell YOY to 1.1M SF.

RENTAL RATES
increased slightly QOQ
to \$3.07/SF FSG.

SALES VOLUME
more than halved QOQ but
doubled YOY.

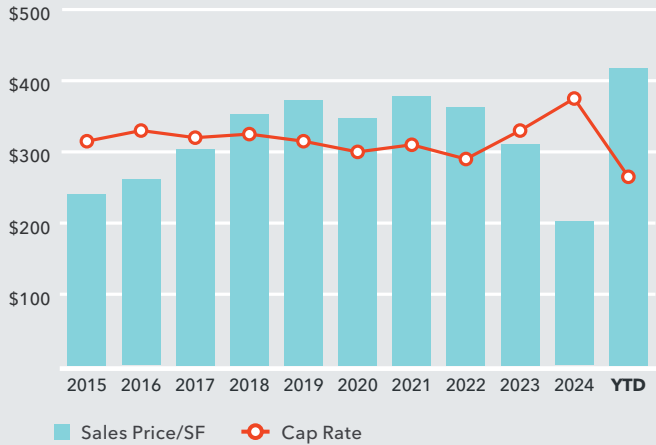
LEASE RATE, VACANCY & AVAILABILITY



BIGGEST SALE OF THE QUARTER

Pfizer Research Campus

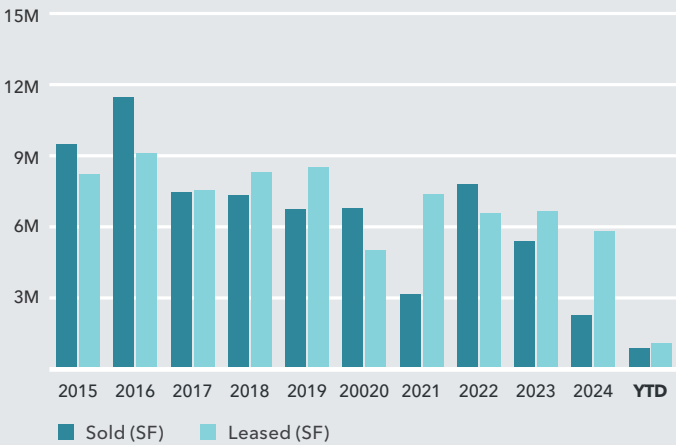
AVERAGE SALES PRICE/SF & CAP RATE



NET ABSORPTION & NEW DELIVERIES



SALE VOLUME & LEASING ACTIVITY



1Q 2025 | SAN DIEGO OFFICE

SUBMARKET STATISTICS

Submarket	Total Inventory	Total Vacancy Rate	Sublet Availability Rate	Total Availability Rate	1Q25 Total Net Absorption	2024 Total Net Absorption	1Q25 Leasing Activity	2024 Leasing Activity	Direct Rental Rate
Carlsbad	6,864,746	15.3%	2.2%	22.2%	-15,161	-183,215	96,703	325,556	\$2.62
Escondido	1,733,682	12.7%	5.2%	21.3%	-17,665	75	24,994	114,440	\$2.29
Oceanside	1,495,487	9.5%	0.0%	10.0%	108	7,829	30,624	46,114	\$2.68
San Marcos	1,486,212	4.7%	1.4%	6.3%	9,604	-2,666	18,106	58,269	\$2.42
Vista	1,265,005	20.3%	2.1%	13.5%	-21,013	4,010	16,358	38,157	\$2.59
North County	12,845,132	0.9%	1.0%	18.0%	-44,127	-173,967	186,785	582,536	\$2.56
Poway	1,202,278	7.6%	1.4%	9.2%	-15,340	37,864	5,016	28,059	\$1.89
Rancho Bernardo	6,519,262	8.0%	1.6%	13.7%	27,825	117,252	63,418	305,624	\$3.31
Scripps Ranch	2,691,122	21.4%	2.7%	19.3%	2,405	-117,540	30,224	104,581	\$3.10
I-15 Corridor	10,412,662	0.6%	0.5%	14.6%	14,890	37,576	98,658	438,264	\$3.09
Del Mar Heights/Carmel Valley	6,223,416	11.5%	5.6%	20.1%	-58,950	502,969	44,839	720,605	\$4.68
Governor Park	769,603	6.6%	0.6%	13.8%	-3,906	34,264	6,584	76,598	\$3.19
La Jolla	1,374,476	13.9%	1.1%	20.6%	6,884	5,853	31,712	119,047	\$3.70
Miramar	1,473,929	6.1%	0.1%	43.0%	-16,724	-3,834	2,223	105,354	\$2.19
North Beach Cities	2,509,653	8.3%	1.3%	12.1%	11,589	-26,020	38,211	99,539	\$4.40
Sorrento Mesa	8,487,593	7.6%	2.0%	11.3%	-98,244	-99,605	39,500	114,723	\$3.12
Sorrento Valley	494,528	26.5%	0.4%	16.8%	5,361	-42,025	0	11,888	\$2.38
Torrey Pines	3,079,697	2.0%	0.5%	4.3%	-16,981	5,730	992	42,340	\$3.93
UTC	9,413,014	11.8%	5.4%	22.7%	-33,922	-69,444	150,305	569,023	\$3.84
North Cities	33,825,909	9.5%	1.3%	17.4%	-204,893	307,888	314,366	1,859,117	\$3.75
Kearny Mesa	11,372,742	9.2%	2.2%	13.0%	-1,614	-174,312	93,159	316,775	\$3.06
Mission Gorge	578,819	4.2%	0.0%	4.2%	-7,939	-13,952	6,070	11,268	\$1.97
Mission Valley	7,481,776	17.1%	3.2%	19.4%	-46,889	-10,926	148,842	668,224	\$3.01
Old Town/Sports Arena/Pt. Loma	2,284,808	9.3%	3.3%	13.5%	-2,380	-26,317	10,746	101,640	\$2.76
PB/Rose Canyon/Morena	1,199,174	8.1%	0.4%	9.6%	-10,007	-53,546	14,322	62,812	\$2.45
Central Suburban	22,917,319	11.6%	0.4%	14.7%	-68,829	-279,053	273,139	1,160,719	\$2.95
College Area	1,245,123	4.7%	0.1%	5.7%	1,900	-11,853	2,457	20,393	\$2.61
East County	3,820,903	3.3%	0.0%	6.2%	10,860	-11,362	17,396	81,697	\$2.97
East County	5,066,026	3.6%	0.0%	6.1%	12,760	-23,215	19,853	102,090	\$2.88
Park East	134,334	2.2%	0.0%	4.9%	-2,926	985	0	7,698	\$2.47
Uptown East	104,010	0.0%	0.0%	0.0%	0	0	0	9,015	\$1.89
Uptown West/Park West	2,129,398	6.1%	0.1%	7.9%	-12,833	-4,180	6,700	65,373	\$2.60
Uptown	2,367,742	5.6%	0.0%	7.4%	-15,759	-3,195	6,700	82,086	\$2.42
Downtown	15,786,890	35.5%	0.9%	38.5%	231,192	-150,170	158,371	760,682	\$2.61
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Chula Vista	2,933,139	5.2%	0.8%	6.0%	-29,900	3,143	18,683	186,383	\$2.72
Coronado	84,540	0.0%	0.0%	0.0%	600	-600	600	0	-
National City	583,906	6.9%	1.7%	8.5%	16,572	-39,941	1,476	29,674	\$2.69
Otay Mesa	247,341	3.4%	0.0%	3.4%	41,629	1,215	0	12,734	\$2.50
San Ysidro/Imperial Beach	168,703	0.7%	0.0%	0.7%	0	3,876	0	1,620	\$3.77
Southeast San Diego	481,600	0.5%	0.0%	0.5%	0	18,226	0	18,226	-
South County	4,499,229	4.5%	0.4%	5.3%	28,901	-14,081	20,759	248,637	-
San Diego Total	107,720,909	13.8%	2.2%	18.5%	-45,865	-298,217	1,078,631	5,234,131	\$3.07
Class A	44,305,413	16.5%	3.6%	24.8%	244,424	353,730	476,459	2,624,665	\$3.39
Class B	49,781,179	9.7%	1.3%	14.8%	-306,698	-454,321	495,361	2,125,358	\$2.89
Class C	13,634,317	6.1%	0.3%	8.1%	16,409	-197,626	106,811	484,108	\$2.39

SIGNIFICANT SALE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Pfizer Research Campus	Torrey Pines	630,998	\$255,000,000	\$404.12	BRE-BMR SCD	Pfizer Inc.
3030 Science Park Rd	Torrey Pines	186,874	\$159,000,000	\$850.84	Breakthrough Properties, LLC	Diversified Healthcare Trust
8990-8998 Miramar Rd	Mira Mesa/Miramar	170,467	\$30,575,000	\$179.36	Pacifica L 38, LLC	8990 Miramar Landing, LP
1350 Fashion Valley Rd	Mission Valley	44,621	\$17,500,000	\$392.19	San Diego Unified School District	Carol Marie Clark Separate Property Trust
7065 Broadway	East County	40,000	\$15,000,000	\$375.00	FHCSD Sanitas 11, LLC	Morelli Brothers Enterprises, LLC

SIGNIFICANT LEASE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
600 B St	Downtown	44,544	January 2025	Rockwood Capital	NewSchool of Architecture and Design
4840 Eastgate Mall	UTC	41,609	February 2025	The Irvine Company	Undisclosed
4183 Avenida De La Plata	Oceanside	23,690	February 2025	Rutsch Design	Ohana California
8989 Rio San Diego Dr*	Mission Valley	20,088	March 2025	Markel Homes	Considine & Considine
9645 Granite Ridge Dr	Kearny Mesa	18,928	February 2025	Cadre	Event Network

*Renewal

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
The Campus at Horton	100 & 200 & 600 Horton Plz	Downtown	767,871	Stockdale Capital Partners	2Q25
Thnk @ Millenia - Phase I	1785 Millenia Ave	Chula Vista	168,000	Chesnut Properties	3Q25
565 Broadway	565 Broadway	Chula Vista	77,775	Cal West	3Q25
Sharp Rees-Stealy Otay Ranch Medical Center	1400 E Palomar St	Chula Vista	60,000	Sharp HealthCare	3Q25

Data Source: EDD, CoStar, SDBJ, SD Union-Tribune



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The information in this report was composed by the Kidder Mathews Research Group.

GARY BARAGONA
Vice President of Research
415.229.8925
gary.baragona@kidder.com

ERIC PAULSEN
Chief Operating Officer
858.509.1200
eric.paulsen@kidder.com
LIC N° 01001040

COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

26.2M

ANNUAL
SALES SF

36.7M

ANNUAL
LEASING SFASSET
SERVICES

58M SF

MANAGEMENT
PORTFOLIO SIZE

850

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400

AVERAGE
ASSIGNMENTS

39

TOTAL
APPRAISERS

24

WITH MAI
DESIGNATIONS

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