



# San Diego office market report

Q2 2022

**AVISON  
YOUNG**

# San Diego office market trends

## 01

### Employment

- The San Diego Metro area's **unemployment rate dropped to 2.7%** as of May 2022, the second-lowest rate in San Diego's history behind 2.6% in December 1999.
- **Office occupying jobs have increased by 18,100** since May 2021. Professional and business services have fully recovered and exceeds pre-pandemic employment.
- **Hybrid work schedules** continue to be offered on a company-by-company basis, requiring employees to return to the office between 2 to 4 days a week.

## 02

### Vacancy & Activity

- Total **office vacancy decreased to 11.9%** at the end of the second quarter of 2022, down 1.1% when compared to Q2 2021.
- At the end of the second quarter, the office development pipeline totaled **4.1 msf across 20 properties**. The market received an additional 176,910 sf with the delivery of 10555 Barnes Canyon Rd.
- **Leasing activity in Q2 2022 remained stable** when compared to Q2 2021.
- There has been an increase in touring, during Q2 2022 **which indicate signs of improvement for the office market leasing**.

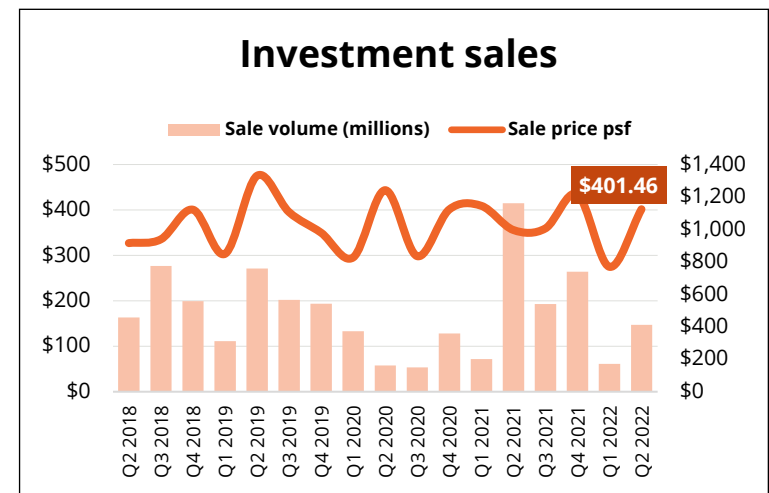
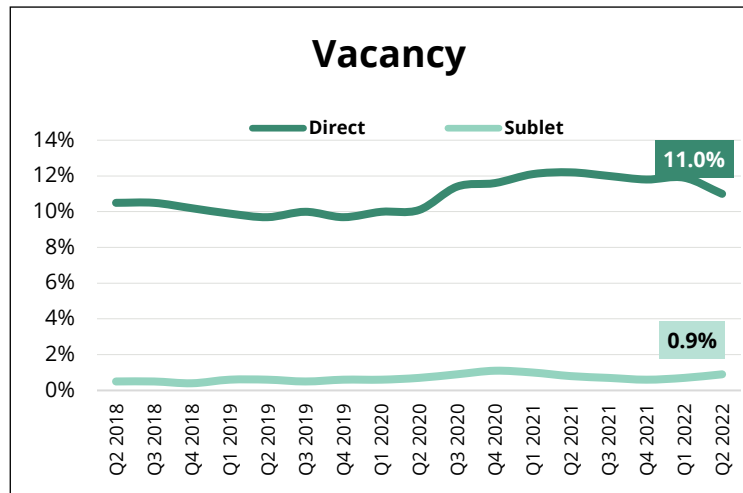
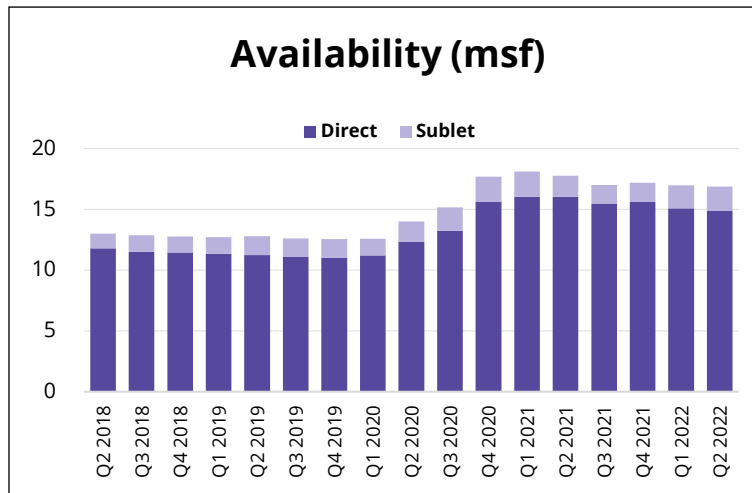
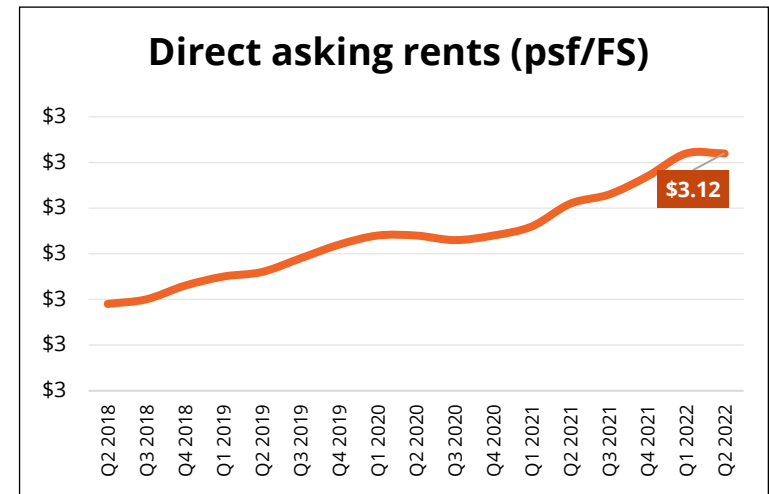
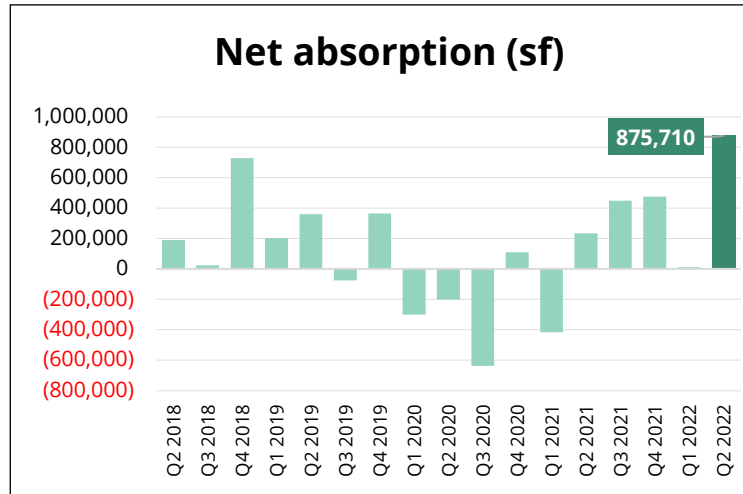
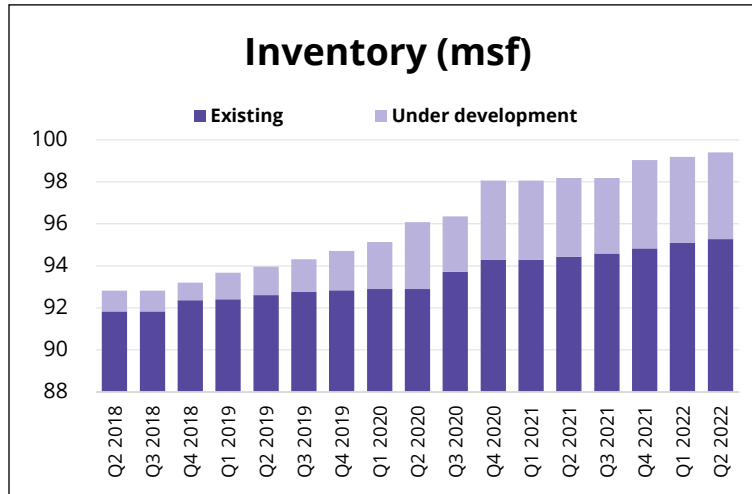
## 03

### Pricing

- **Office rents hold steady at \$3.12 psf** full service per month at quarter end.
- **Concession packages have become more generous** in recent months, the latest indication of tenant-favorable market conditions.



# San Diego office market indicators



\*Survey consists of office buildings greater than 20,000 sf.

# San Diego office market activity

## Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Apple	16765 W Bernardo Dr, San Diego	I-15 Corridor	May 2022	95,166	New	Direct
MaxLinear, Inc	5966 La Place Ct, Carlsbad	I-5 Corridor	Apr 2022	63,639	Renewal	Direct
State of California	8620 Spectrum Center Blvd, San Diego	Central San Diego	Apr 2022	52,897	New	Direct
Apple	16409 W Bernardo Dr, San Diego	I-15 Corridor	Apr 2022	52,800	New	Direct
Undisclosed	5600 Avenida Encinas, Carlsbad	I-5 Corridor	Apr 2022	49,130	New	Direct

## Recent sales activity

Buyer	Address	Sale date	Square Feet	Sale price	Sale price psf	Seller
Breakthrough Properties	6220 Greenwich Dr, San Diego	Apr 2022	141,214	\$103,541,419	\$733	Manulife Investment Management
Divco West Services, LLC	12220 Scripps Summit Dr, San Diego	Apr 2022	129,916	\$76,100,000	\$585	Davlyn Investments
Clarion Partners	1950 Camino Vida Roble, Carlsbad	Apr 2022	121,541	\$45,900,000	\$378	RAF Pacifica Group Inc
Menlo Equities	5540 Fermi Ct, Carlsbad	Apr 2022	115,414	\$42,000,000	\$364	Regent Properties
Breakthrough Properties	6200 Greenwich Dr, San Diego	Apr 2022	70,987	\$41,458,581	\$584	Manulife Investment Management

## Large contiguous space availabilities

Owner	Address	Date available	Block size (sf)	Floors	Asking rent	Landlord Broker
Hammer Ventures	180 Broadway	Vacant	319,908	2-25	TBD	CBRE
Kilroy Realty Corporation	2100 Kettner Blvd	Vacant	199,572	3-7	\$6.30 FS	Cushman & Wakefield
Jamison Services, Inc	110 W C St, San Diego	Vacant	157,607	7-23	\$1.95 FS	JLL
Bosa Development	770 First Ave, San Diego	Vacant	137,135	1-4	\$2.50 FS	JLL

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# San Diego office market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under	Average Asking Rent		
			Class A	Class B	2Q22	YTD	Construction	Total	Class A	Class B
Central San Diego	23,360,532	10.9%	16.2%	9.8%	128,280	137,819	70,000	\$2.82	\$3.37	\$2.65
Coronado	78,385	2.1%	0.0%	2.9%	0	0	0	\$3.25	\$0.00	\$3.25
Downtown	13,382,193	25.5%	25.9%	30.5%	(68,438)	(16,267)	2,763,107	\$2.90	\$3.10	\$2.51
I-15 Corridor	11,089,773	12.0%	10.9%	14.0%	263,930	(27,052)	158,482	\$2.96	\$3.46	\$2.73
I-5 Corridor	13,607,079	14.0%	16.7%	11.1%	55,780	12,308	574,415	\$3.61	\$3.90	\$3.27
North Central County	182,849	9.0%	0.0%	9.0%	3,877	9,115	0	\$4.12	\$0.00	\$4.12
North San Diego	24,525,982	6.2%	5.9%	6.2%	422,531	626,261	560,851	\$3.50	\$4.17	\$2.96
South Bay	5,903,608	3.5%	9.1%	2.4%	62,613	151,201	0	\$2.59	\$2.83	\$2.48
SR-78 Corridor	3,146,893	12.0%	7.5%	13.2%	7,137	(6,925)	0	\$2.28	\$2.77	\$2.15
<b>Market Total</b>	<b>95,277,294</b>	<b>11.9%</b>	<b>14.6%</b>	<b>10.4%</b>	<b>875,710</b>	<b>886,460</b>	<b>4,126,855</b>	<b>\$3.12</b>	<b>\$3.54</b>	<b>\$2.79</b>

By Class	Inventory (sf)	Vacancy	2Q Absorption	YTD Absorption	SF Under Construction	Available Sublease
Class A	40,304,953	14.60%	445,039	324,978	3,639,528	590,726
Class B	46,522,220	10.40%	441,537	498,278	487,327	270,470
Class C	8,450,121	7.00%	(10,866)	63,204	0	6,010
<b>Market Total</b>	<b>95,277,294</b>	<b>11.90%</b>	<b>875,710</b>	<b>886,460</b>	<b>4,126,855</b>	<b>867,206</b>

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For more market insights  
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