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Santa Barbara Office Leasing: 3rd Quarter Recap

By Paul Gamberdella and Bob Tuler

The Santa Barbara office market remained steady over the 3rd quarter with no substantive fluctuations in vacancy rates and market rental rates as compared to the 2nd quarter. The 3rd quarter office leasing market experienced a small decrease in the vacancy rate dropping from 5.6% to 5.4%.

The actual amount of SF leased during the 3rd quarter of this year was 30,000 SF which was well short of the 200,000 SF which leased in the 2nd quarter of 2011. This indicates that 3rd quarter office leasing activity in Santa Barbara has slowed dramatically as compared to the 2nd quarter of 2011. Despite the slowdown in activity, asking rates on Santa Barbara office space remained constant at \$2.30 per SF modified gross.

Notable Santa Barbara lease transactions which occurred during the 3rd quarter were Aspect Education's lease of 6,200 SF on the entire 3rd floor of 21 E. Victoria Street and D-2 Technology's lease of 5,400 SF at 104 W. Anapamu.

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In summary, the Santa Barbara office market is trending towards stability and slow growth.

With over 30 office availabilities ranging in size from 2,000 SF to 5,000 SF, the Santa Barbara office market provides opportunities to a variety of tenants looking to secure long-term leases in prime downtown office space at attractive rental rates.

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