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Office Vacancy Rate Rises to 17.8 Percent

Effects of the national credit crunch and housing correction have trickled down into the local office market, according to CB Richard Ellis' fourth quarter office market report released Jan. 13.

Direct vacancy rates reached 17.8 percent at the end of the year in San Diego, which is 3.8 percent higher than the start of 2008.

CB Richard Ellis brokers and other local commercial brokerage firms expect 2009 to remain slow.

Grubb & Ellis|BRE Commercial Director of Research Jolanta Campion reported in a fourth quarter 2008 office trends report that there is no doubt that tenant demand in 2009 will be weaker and most investors will take a wait and see attitude.

Campion said many tenants are seeking to take advantage of the soft market conditions, distressed sellers are becoming more motivated to sell, and low-leveraged buyers are expected to lead acquisition activity.

Submarkets with the highest overall vacancy rates include South San Diego, Scripps Ranch and Carlsbad.

— Michelle Mowad