

Bay Area Snapshot

Office • 1st Quarter 2024

THE CCIM INSTITUTE

Northern California Chapter

Property Type	# Bldgs	Inventory	Direct Vacant SF	Sublet Vacant SF	1Q 2024 Vacant %	4Q 2023 Vacant %	1Q 2023 Vacant %	1Q 2024 Net Absorption (SF)	4Q 2023 Net Absorption (SF)	2024 YTD Net Absorption (SF)	1Q 2023 Net Absorption (SF)	2023 YTD Net Absorption (SF)	1Q 2024 Deal Velocity	1Q 2023 Deal Velocity	2024 YTD Deal Velocity
Office-A	720	149,439,814	33,197,145	8,409,445	27.80%	27.00%	20.70%	(209,867)	(2,326,588)	(209,867)	(1,060,867)	(9,928,841)	152	174	152
Office-B	5,446	176,085,836	30,090,415	5,449,693	20.20%	20.10%	17.90%	(317,362)	(1,956,473)	(317,362)	(544,620)	(4,769,279)	486	507	486
Office-C	8,444	67,498,749	4,886,861	436,655	7.90%	7.60%	7.50%	(150,465)	(111,367)	(150,465)	(213,600)	(385,636)	185	192	185
	14,610	393,024,399	68,174,421	14,295,793	18.63%	18.23%	15.37%	(677,694)	(4,394,428)	(677,694)	(1,819,087)	(15,083,756)	823	873	823

Source: CoStar

Getting Worse

Office markets in the SF Bay Area continue to bleed space as vacancies rose up from 15.3% in Q1, 2023 to finish Q1, 2024 at 18.63%. Class A space was responsible for most of the damage with a jump of 780 basis points in vacancies to 27.8%. One might call it a win this quarter since absorption was only negative to the tune of 677K sq. ft. compared to 1.8M sq. ft. in Q1, 2023. Yet, lowly Class C office product still remains strong with sub-8% vacancy rates for the last four quarters. Deal velocity remained unchanged from the prior year.

By: Eric Rehn, CCIM – TRI Commercial

