

# NorCal Snapshot

Office • 1st Quarter 2024

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	940	174,329,790	37,469,080	8,666,781	26.50%	25.70%	20.00%	(516,493)	(2,458,181)	(516,493)	(1,204,592)	(10,758,134)	232	224	232
Office-B	9,625	249,643,014	38,855,796	5,847,654	17.90%	17.70%	16.30%	(552,579)	(1,640,470)	(552,579)	(891,556)	(4,870,659)	696	712	696
Office-C	15,840	122,680,581	8,028,828	496,812	6.90%	6.70%	6.90%	(280,527)	83,583	(280,527)	(206,744)	(366,661)	342	327	342
	<b>26,405</b>	<b>546,653,385</b>	<b>84,353,704</b>	<b>15,011,247</b>	<b>17.10%</b>	<b>16.70%</b>	<b>14.40%</b>	<b>(1,349,599)</b>	<b>(4,015,068)</b>	<b>(1,349,599)</b>	<b>(2,302,892)</b>	<b>(15,995,454)</b>	<b>1270</b>	<b>1263</b>	<b>1270</b>

Source: CoStar

## Still Bleeding

Still no signs of a recovery as vacancy rates for office space in NorCal climbed to 17.2% in Q1, 2024 from 14.4% in Q1, 2023. Absorption was a negative 1.35M sq. ft. but this is actually an improvement from the 2.45M sq. ft. negative absorption in Q4, 2023. Interesting to note that Class C office space has not seen much impact, with vacancy rates continuing to remain under 7% compared to the 25% vacancy rate for Class A space. Deal velocity remained consistent with little change from the prior year.

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