

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.8% Vacancy Rate	▲	▼
-12K YTD Net Absorption, SF	▼	▲
\$3.85 Asking Rent, PSF (Overall, All Property Classes)	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
258K San Diego Healthcare Employment	▲	▲
4.5% San Diego Unemployment Rate	▼	▲
4.2% United States Unemployment Rate Source: BLS	▼	▲

ECONOMIC OVERVIEW

San Diego employment increased by 10,900 jobs, or 0.7% year-over-year (YOY), between August 2025 and August 2026, reflecting modest growth that continues to trail historical trends, while supporting steady demand for medical office space. Health care led employment gains, adding 12,300 jobs (+5.0% YOY) and reinforcing demand for outpatient, clinical and specialty care facilities. The unemployment rate declined modestly to 4.9%¹ from 5.1% a year earlier but remained above the Q3 2026 average of 4.5%, reflecting a stable but subdued labor market. Ongoing growth in health care employment continues to support medical office demand, even as broader office-using sectors face challenges.

Looking ahead, employment is projected to grow by 1.0% in 2026 and 0.8% in 2027², both below the five-year historical average of 1.8%. Despite slower overall job growth, demographic trends, an aging population and sustained demand for health care services are expected to support stable medical office fundamentals.

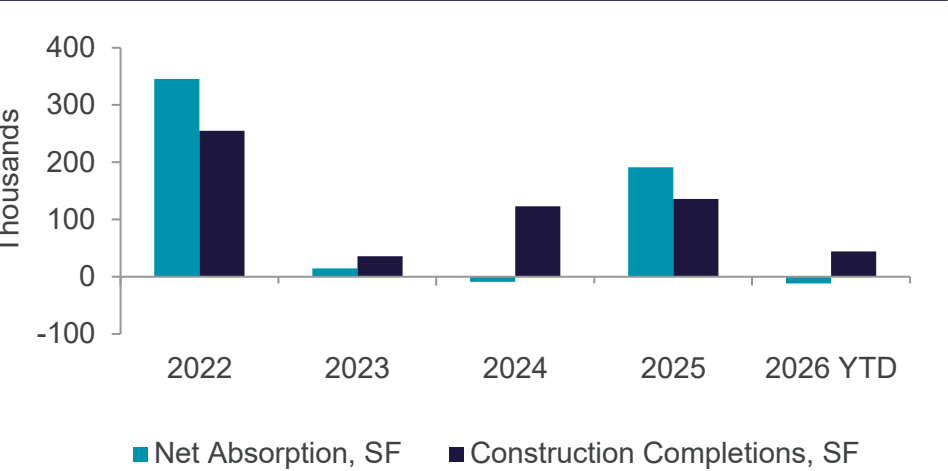
SUPPLY AND DEMAND

Supply and demand conditions in San Diego's medical office market continue to reflect the health care sector's resilience amid economic uncertainty. Rising demand for care, both nationally and regionally, is creating opportunities for investors and occupiers that can effectively manage operating costs while adapting services to evolving patient needs and demographics. At the end of Q3 2026, the overall vacancy rate was 6.8%, up 10 basis points (bps) quarter-over-quarter and 40 bps YOY. North County (9.1%) and the I-15 Corridor (8.4%) recorded the highest vacancy rates, while South County remained the lowest at 3.0%, highlighting local supply-and-demand variations rather than broad-based market weakness.

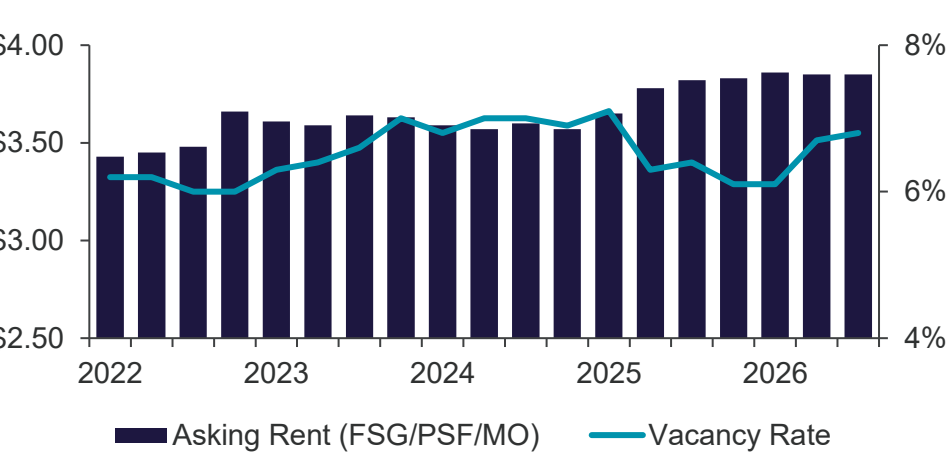
PRICING

Average asking rent across all classes reached \$3.85 per square foot per month on a full-service basis in Q3 2026, representing a 0.8% YOY increase. Class B properties recorded the strongest rent growth among property classes, increasing 1.5% YOY, while Class A rent rose 0.5%. South County led all submarkets in rent growth at 3.1% YOY, followed by Mid City at 2.2%. These trends suggest continued pricing resilience in select submarkets, where health care providers prioritize access to patient populations, referral networks and major health care campuses.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Class A	4,871,383	18,516	182,851	4.1%	3,327	-21,184	250,568	143,057	\$4.24	
Class B	8,118,174	65,298	655,248	8.9%	-4,138	13,379	222,798	0	\$3.83	
Class C	1,989,025	820	95,103	4.8%	3,210	-4,011	38,575	0	\$2.71	
North County	3,776,355	21,435	320,504	9.1%	8,340	8,292	107,816	93,057	\$3.78	\$3.95
Mid City	2,824,007	14,452	171,904	6.6%	7,147	-9,985	60,880	0	\$4.74	\$5.28
I-15 Corridor	1,204,995	27,958	73,369	8.4%	-618	-6,845	162,582	0	\$4.21	\$5.21
Central Suburban	4,061,596	20,789	248,620	6.6%	-9,576	-11,656	123,305	0	\$3.51	\$4.17
East County	1,163,210	0	60,182	5.2%	-1,558	9,896	13,179	50,000	\$3.22	\$3.84
South County	1,948,419	0	58,623	3.0%	-1,336	-1,518	44,179	0	\$3.04	\$3.56
On Campus	4,982,037	42,790	271,829	6.3%	-6,650	6,060	150,801	50,000	\$3.70	\$4.15
Off Campus	9,996,545	41,844	661,373	7.0%	9,049	-17,876	361,140	93,057	\$3.90	\$4.27
SAN DIEGO TOTALS	14,978,582	84,634	933,202	6.8%	2,399	-11,816	511,941	143,057	\$3.85	\$4.24

*Rental rates reflect full-service gross (FSG) asking, \$psf/month. **Renewals not included in leasing statistics.

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
15004 Innovation Dr.	Rancho Bernardo	Scripps Health	150,801	Renewal
3870 Murphy Canyon Rd.	Kearny Mesa	Exodus Recovery	6,287	Renewal
333 H St.	Chula Vista	Rady Children’s Hospital	5,473	Renewal
16959 Bernardo Center Dr.	Rancho Bernardo	ASIS Physical Therapy	4,218	New
600 B St.	Downtown	Pro-Kinetix	3,595	New

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
145 Thunder Dr.	Vista	Moss Group / Family Health Centers	16,485	\$8.1M / \$493
1241 Carlsbad Village Dr.	Carlsbad	Mara Real Estate / 1241 Carlsbad Village LLC	6,288	\$3.5M / \$556
909 Cardiff St.	East County	MWG Holdings / Pacific Capital Management	3,491	\$2.5M / \$716

Sources: ¹ [www.EDD.gov](#) San Diego-Chula Vista-Carlsbad, CA MSA. ²Lightcast forecast for San Diego-Chula Vista-Carlsbad, CA MSA as of October 2026.

JUSTIN BALAGTAS
Senior Research Analyst
Tel: +1 858 625 5245
justin.balagtas@cushwake.com

JOLANTA CAMPION
Senior Research Director, Southern California
Tel: +1 858 625 5235
jolanta.campion@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION
Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of \$10.3 billion across its core service lines of Services, Leasing, Capital Markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit [www.cushmanwakefield.com](#).

©2026 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities - of CWK or any other company - based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.