



# Sonoma Office Market

## Market Takes Slight Downturn in Q3

The Sonoma County office market took a slight downturn in the third quarter of 2022, with availability increasing 150 basis points to 17.9%. The vacancy rate was 15.7% at the end of the third quarter of 2022, an increase of 180 basis points quarter-over-quarter. Office occupancy decreased in the third quarter of 2022, with a net absorption of negative 130,471 square feet. Petaluma had the most negative absorption, with 72,316 square feet becoming vacant at 1465 N McDowell Blvd.

### Investment Sales

Sales activity picked up in the third quarter, with 5 office buildings selling for over \$1.0 million. Office sales of note are 9025 Old Redwood Hwy. in Windsor for \$3.2 million or \$333/SF, and 144 S E St. in Santa Rosa for \$1.95 million or \$177/SF.

### Leasing Activity

Although the absorption was negative in the third quarter of 2022, there were 46 leases signed in Sonoma County. Of note, the City of Rohnert Park signed a 130,000 square-foot lease at 6430 Station Ave. in Rohnert Park. Most of the leases signed in the third quarter of 2022 were under 2,000 square feet, suggesting a demand for smaller spaces.

### Economic Outlook

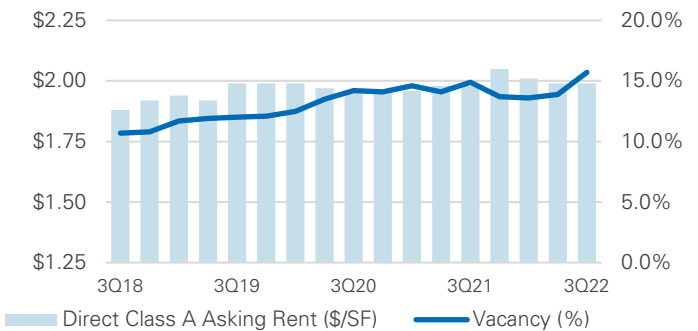
Sonoma County's unemployment rate has slightly risen since the second quarter but is still well below the state average of 4.1%. As more time passes since the height of the pandemic, it is anticipated that more tenants will return to the office.

### Market Summary

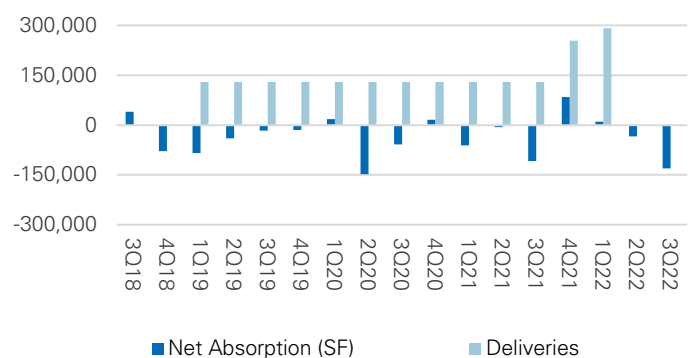
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	7.3M	7.3M	7.3M	↔
Vacancy Rate	15.7%	13.9%	14.9%	↓
Quarterly Net Absorption (SF)	-130K	-34K	-108K	↑
Average Asking Rent/SF	\$1.90	\$1.89	\$1.89	↑
Under Constr. (SF)	-	-	130K	↔

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION AND DELIVERIES



## City Statistics

	Total Inventory (SF)	Total Vacancy Rate	Total Vacancy (SF)	Total Availability Rate	Total Availability (SF)	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total FS Asking Rent (Price/SF)
<b>Petaluma</b>	<b>2,261,471</b>	<b>20.6%</b>	<b>466,978</b>	<b>25.4%</b>	<b>574,556</b>	<b>-76,200</b>	<b>-60,836</b>	<b>\$2.02</b>
Class A	1,424,790	30.1%	428,348	35.6%	506,880	-79,582	-65,977	\$2.05
Class B	836,681	4.6%	38,630	8.1%	67,676	3,382	5,141	\$1.85
<b>Rohnert Park</b>	<b>908,162</b>	<b>23.4%</b>	<b>212,321</b>	<b>26.1%</b>	<b>237,280</b>	<b>-41,704</b>	<b>-79,321</b>	<b>\$1.64</b>
Class A	222,507	50.8%	113,016	50.8%	113,016	-34,365	-34,073	\$1.66
Class B	685,655	13.4%	99,305	18.1%	124,264	-7,339	-45,248	\$1.63
<b>Santa Rosa</b>	<b>4,119,410</b>	<b>11.3%</b>	<b>463,896</b>	<b>11.9%</b>	<b>474,338</b>	<b>-12,567</b>	<b>7,209</b>	<b>\$1.89</b>
Class A	1,984,297	12.7%	252,041	13.3%	250,915	-1,569	-15,761	\$2.06
Class B	2,135,113	9.9%	211,855	10.6%	223,423	-10,998	22,970	\$1.72
<b>Sonoma County</b>	<b>7,289,043</b>	<b>15.7%</b>	<b>1,143,195</b>	<b>17.9%</b>	<b>1,301,392</b>	<b>-130,471</b>	<b>-132,948</b>	<b>\$1.90</b>
Class A	3,631,594	21.8%	793,405	24.3%	883,019	-115,516	-115,811	\$1.99
Class B	3,657,449	9.6%	349,790	11.4%	418,373	-14,955	-17,137	\$1.72

## Santa Rosa Submarket Statistics

	Total Inventory (SF)	Total Vacancy Rate	Total Vacancy (SF)	Total Availability Rate	Total Availability (SF)	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total FS Asking Rent (Price/SF)
Downtown Santa Rosa	693,121	23.1%	159,887	23.8%	164,728	-13,211	-11,060	\$1.82
Northwest Santa Rosa	391,266	0.9%	3,648	2.0%	7,747	-2,008	921	\$2.22
Northeast Santa Rosa	2,178,112	9.7%	211,443	9.8%	214,307	3,396	13,648	\$1.93
Southwest Santa Rosa	585,324	12.6%	73,720	12.6%	73,618	-4,407	3,588	\$1.89
Southeast Santa Rosa	271,587	5.6%	15,198	10.7%	29,156	3,663	112	\$1.87
<b>Santa Rosa</b>	<b>4,119,410</b>	<b>11.3%</b>	<b>463,896</b>	<b>11.9%</b>	<b>474,338</b>	<b>-12,567</b>	<b>7,209</b>	<b>\$1.89</b>

## Select Lease Transactions

Tenant	Building(s)	Market	Type	Square Feet
City of Rohnert Park	6430 Station Ave.	Rohnert Park	New Lease	130,000

## Select Sale Transactions

Building(s)	Sale Price	Market	\$/SF	Square Feet
9025 Old Redwood Hwy.	\$3,200,000	Santa Rosa	\$333	9,600
144 S E St.	\$1,950,000	Santa Rosa	\$177	1,750

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