

2024

QUARTER 4

SAN DIEGO COUNTY

Medical Office Market Report



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Market Highlights

ECONOMIC OVERVIEW

Total nonfarm employment in San Diego grew by 8,900 jobs or 0.6% year-over-year (YOY) between November 2023 and November 2024. The private education and health services sector accounted for the most significant job gains, adding 11,800 jobs (+4.7% YOY). Health care and social assistance accounted for 9,900 (+4.5% YOY) of 11,800 jobs added. The government added 500 jobs (+0.2% YOY), while the leisure & hospitality sector added 500 jobs (+0.2%). The professional and business industry shrunk by 500 jobs (-0.2% YOY), while financial activities added 200 jobs (+0.3% YOY).

During the same time, the monthly unemployment rate increased from 4.3% to 4.6% and is currently 50 basis points (bps) above the quarterly average of 4.5%.¹ The recovery from the 249,300 nonfarm job losses between March and April 2020 has been completed, with 313,400 jobs fully recovered between May 2020 and November 2024. All employment sectors are projected to grow at a combined growth rate of 1.1% in 2025 and 0.9% in 2026, compared to the five-year historical average of 0.8%.

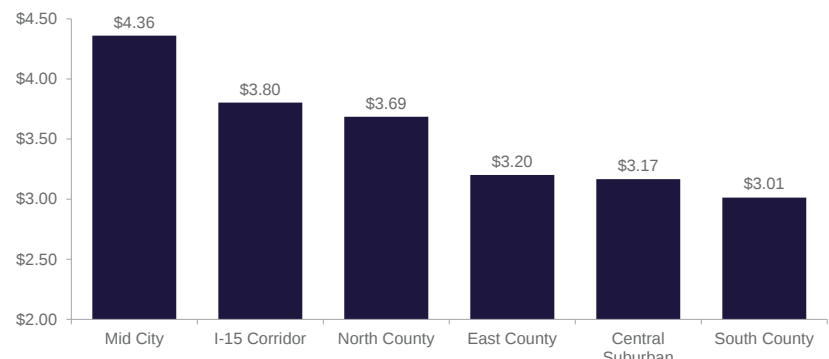
SUPPLY AND DEMAND

The healthcare industry has been noticeably resilient in past economic headwinds. Through today's economic turmoil, rising demand for care nationwide and in San Diego is expected, providing opportunities for investors and occupiers who can manage costs and offer services that match patient demographics and diagnosed needs. San Diego's medical office overall vacancy of 6.9% at the end of Q4 2024 decreasing by 10 bps YOY. Occupancy gains were recorded across Class A and C products, driven by absorption in East County, I-15 Corridor and North County submarkets. The highest vacancy was recorded in the I-15 Corridor and North County submarkets at 8.4% and 7.9%, respectively.

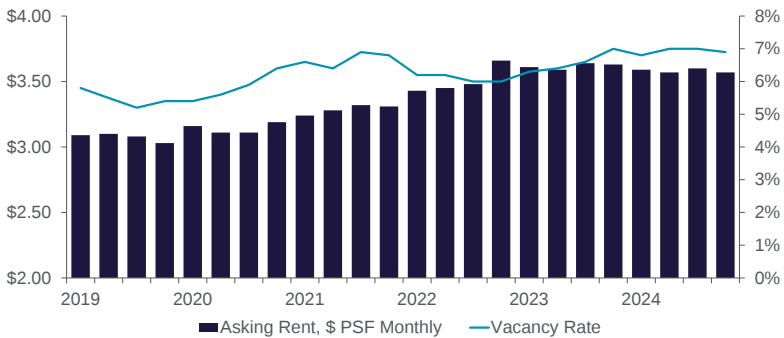
PRICING

The average countywide asking rent across all classes was \$3.57 per square foot (psf) on a monthly full-service basis in Q4 2024, a 1.7% decrease YOY. Class A rents rose by 0.3% while class B fell 1.7%. The Mid City submarkets recorded the highest average rent growth YOY at 5.8%, followed by I-15 Corridor, where rents rose by 1.0%.

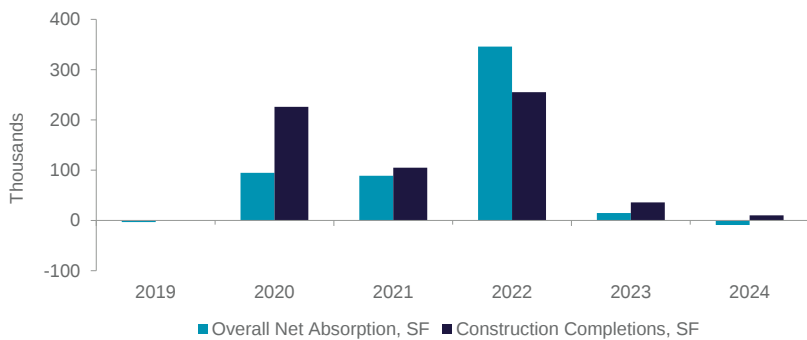
Asking Rent by Submarket \$/PSF. Full Service



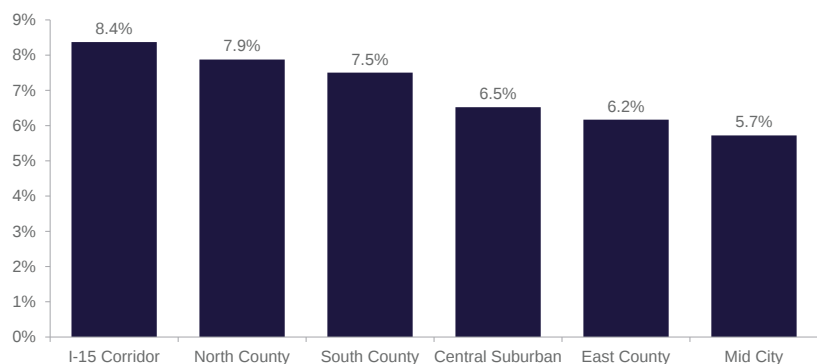
Direct Vacancy / Asking Rent \$/PSF. Full Service



Space Demand / Deliveries



Submarket Direct Vacancy



\$2.5M
TOTAL SALES VOLUME



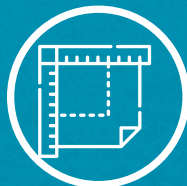
6.9%
VACANCY



\$3.57
AVERAGE RATE



5.4%
CAP RATE



\$103
AVERAGE PRICE
PER SF

Market Statistics

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR DIRECT NET ABSORPTION (SF)	YTD DIRECT NET ABSORPTION (SF)	YTD LEASING ACTIVITY** (SF)	YTD CONSTR COMPLETIONS (SF)	UNDER CNSTR (SF)	DIRECT AVG ASKING RENT (ALL CLASSES)*	DIRECT AVG ASKING RENT (CLASS A)*
Class A	4,532,066	14,855	181,496	4.3%	13,621	49,208	191,256	135,884	\$3.83		
Class B	7,977,206	21,507	704,696	9.1%	-471	-44,809	395,523	0	\$3.57		
Class C	1,997,022	5,567	79,998	4.3%	13,101	-13,573	101,503	0	\$2.50		
North County	3,584,580	3,284	279,038	7.9%	-5,004	14,010	166,734	0	\$3.69	\$3.81	\$3.75
Mid City	2,717,055	8,343	147,074	5.7%	12,982	11,380	82,922	0	\$4.36	\$4.08	\$4.03
I-15 Corridor	1,200,165	803	99,658	8.4%	-423	1,062	36,613	0	\$3.80	\$4.45	\$4.45
Central Suburban	4,028,442	22,987	239,801	6.5%	18,086	-98	236,721	0	\$3.17	\$3.84	\$4.09
East County	1,212,498	0	74,816	6.2%	1,367	-26,320	53,194	0	\$3.20	\$3.67	\$3.62
South County	1,763,554	6,512	125,803	7.5%	-757	-9,208	112,098	135,884	\$3.01	\$3.34	\$3.22
On Campus	4,929,026	1,401	332,321	6.8%	6,903	8,996	58,698	0	\$3.43	\$3.56	\$3.54
Off Campus	9,577,268	40,528	633,869	7.0%	19,348	-18,170	629,584	135,884	\$3.62	\$3.88	\$3.83
SAN DIEGO TOTALS	14,506,294	41,929	966,190	6.9%	26,251	-9,174	688,282	135,884	\$3.57	\$3.83	\$3.78

*Rental rates reflect full service asking. **Leasing includes renewals.

Key Lease Transactions Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7862 El Cajon Blvd.	East County	Small Talk Speech Therapy	6,838	New
5555 Reservoir Dr.	East County	San Diego Sexual Medicine	6,062	Renewal
5555 Reservoir Dr.	East County	Katz, Sun & Thorn MD	4,154	Renewal
11770 Bernardo Plaza Ct.	Rancho Bernardo	Naeem Etemadi DDS	2,242	New
530 Lomas Santa Fe Dr	Solana Beach	Elona Gaball DDS	2,031	Renewal

Key Sales Transactions Q4 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
8965 Balboa Ave.	Kearny Mesa	Dollinger Properties /Sharp Healthcare	27,761	\$12.4 / \$445
9373 Hazard Way	Kearny Mesa	FE Hollow Trust /Balboa Nephrology	10,655	\$3.0M / \$282
1273 Las Flores Dr.	Carlsbad	1273 Las Flores Dr. LLC / Wavecrest Prop Mgmt LLC	3,390	\$2.4M / \$708



Medical Submarkets and Health Systems



- 1 Scripps Memorial Hospital Encinitas
- 2 Scripps Green Hospital
- 3 Scripps Memorial Hospital La Jolla
- 4 Scripps Mercy Hospital Hillcrest
- 5 Scripps Mercy Hospital Chula Vista



- 6 Sharp Chula Vista Medical Center
- 7 Sharp Memorial Hospital
- 8 Sharp Grossmont Hospital
- 9 Sharp Coronado Hospital



- 10 Palomar Medical Center Escondido
- 11 Palomar Medical Center Poway



- 12 UC San Diego Medical Center
- 13 Jacobs Medical Center & Sulpizio Cardiovascular Center
- 14 UCSD East Office Medical



- 15 Paradise Valley Hospital



- 16 Tri-City Medical Center



- 17 Rady Children's Hospital



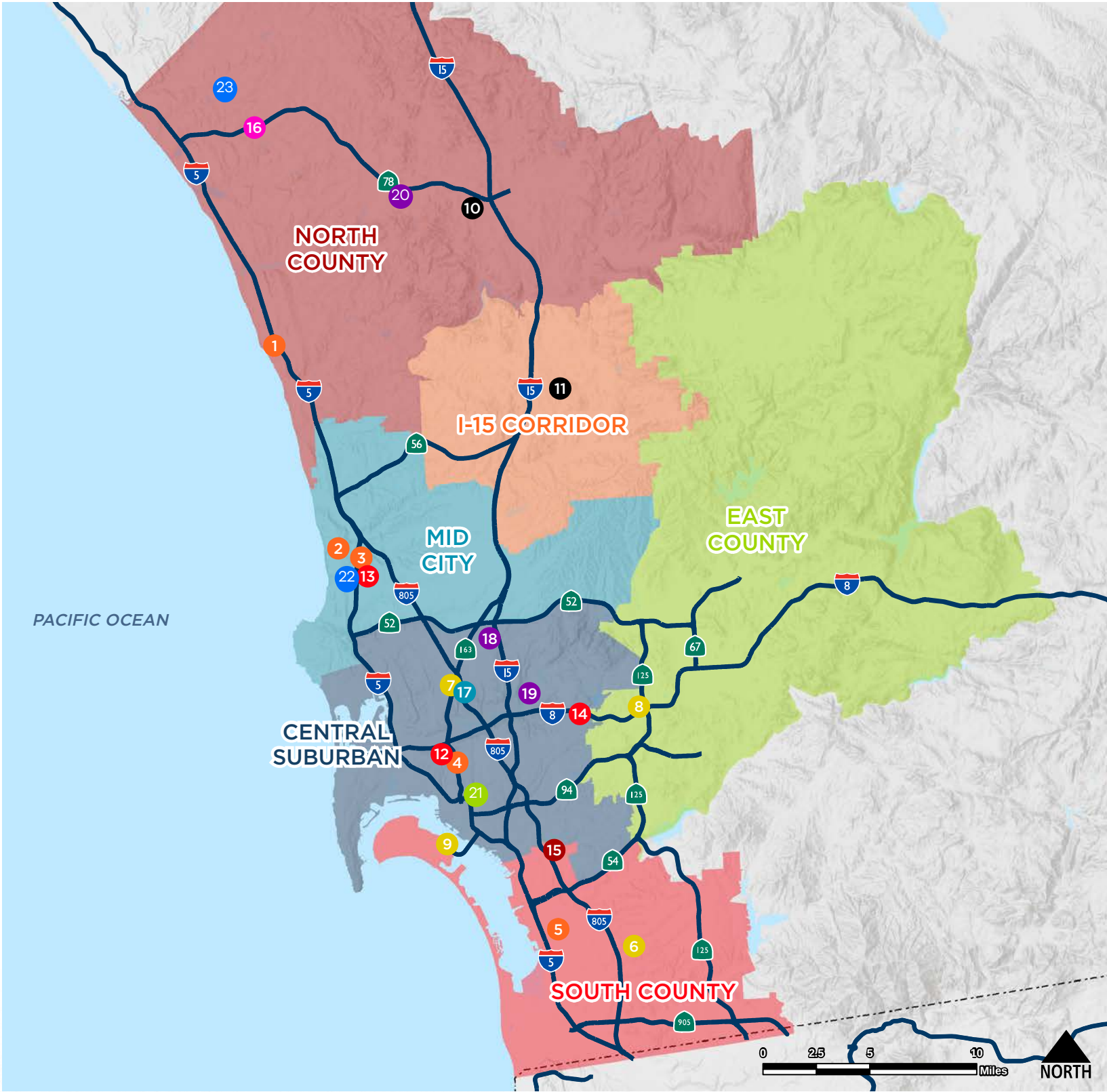
- 18 Kaiser Permanente San Diego Medical Center
- 19 Kaiser Permanente Zion Medical Center
- 20 Kaiser Permanente San Marcos



- 21 Naval Medical Center



- 22 San Diego VA Medical Center
- 23 Oceanside VA Medical Center



Healthcare Service Lines Service Growth Projections

CENTRAL COUNTY

Service Line	2022 Volume	2027 Volume	2032 Volume	5 Yr Growth	10 Yr Growth
Endocrinology	4,763	5,905	6,719	24.0%	41.1%
Psychiatry	318,086	373,472	383,206	17.4%	20.5%
Spine	4,464	5,221	5,763	17.0%	29.1%
Vascular	36,232	41,895	47,556	15.6%	31.3%
Physical Therapy/Rehabilitation	596,706	686,972	775,467	15.1%	30.0%
Ophthalmology	192,346	220,769	248,372	14.8%	29.1%
Podiatry	36,236	41,518	46,585	14.6%	28.6%
Orthopedics	66,595	76,145	84,955	14.3%	27.6%
Cardiology	215,101	245,802	270,786	14.3%	25.9%
Pain Management	25,109	28,602	31,236	13.9%	24.4%

EAST COUNTY

Service Line	2022 Volume	2027 Volume	2032 Volume	5 Yr Growth	10 Yr Growth
Endocrinology	4,676	5,779	6,553	23.6%	40.1%
Psychiatry	303,947	357,917	367,504	17.8%	20.9%
Spine	4,419	5,136	5,630	16.2%	27.4%
Physical Therapy/Rehabilitation	578,223	665,764	750,167	15.1%	29.7%
Vascular	36,594	41,799	46,787	14.2%	27.9%
Orthopedics	67,185	76,041	83,871	13.2%	24.8%
Cardiology	215,965	243,927	265,251	12.9%	22.8%
Ophthalmology	196,752	222,179	245,491	12.9%	24.8%
Pain Management	25,234	28,484	30,813	12.9%	22.1%
Podiatry	36,648	41,335	45,514	12.8%	24.2%

I-15 CORRIDOR

Service Line	2022 Volume	2027 Volume	2032 Volume	5 Yr Growth	10 Yr Growth
Obstetrics	5,800	4,919	4,147	-15.2%	-28.5%
Pulmonology	20,014	19,205	18,316	-4.0%	-8.5%
Gynecology	13,638	13,557	13,438	-0.6%	-1.5%
Cosmetic Procedures	11,383	11,782	11,863	3.5%	4.2%
Urology	13,749	14,235	14,547	3.5%	5.8%
General Surgery	8,536	8,895	9,139	4.2%	7.1%
Gastroenterology	33,990	35,571	36,497	4.6%	7.4%
Neurosurgery	1,308	1,371	1,464	4.8%	11.9%
Dermatology	61,715	64,766	67,435	4.9%	9.3%
Oncology	21,355	22,416	23,470	5.0%	9.9%



Market Scenario Planner displays the types of services patients in your market are expected to use and allows projections to be customized according to five key growth drivers; disease prevalence, care management, insurance, readmissions and technology shifts.

MID CITY

Service Line	2022 Volume	2027 Volume	2032 Volume	5 Yr Growth	10 Yr Growth
Endocrinology	2,239	2,770	3,151	23.7%	40.8%
Psychiatry	146,459	172,574	178,339	17.8%	21.8%
Spine	2,133	2,485	2,730	16.5%	28.0%
Physical Therapy/Rehabilitation	278,308	320,528	362,603	15.2%	30.3%
Vascular	17,581	20,188	22,729	14.8%	29.3%
Ophthalmology	93,210	106,393	118,827	14.1%	27.5%
Podiatry	17,577	20,057	22,376	14.1%	27.3%
Orthopedics	31,887	36,335	40,364	14.0%	26.6%
Cardiology	103,772	117,883	128,990	13.6%	24.3%
Pain Management	12,131	13,727	14,886	13.2%	22.7%

NORTH COUNTY

Service Line	2022 Volume	2027 Volume	2032 Volume	5 Yr Growth	10 Yr Growth
Endocrinology	5,286	6,557	7,458	24.0%	41.1%
Psychiatry	340,115	403,755	417,952	18.7%	22.9%
Spine	5,035	5,861	6,429	16.4%	27.7%
Physical Therapy/Rehabilitation	651,669	754,219	854,236	15.7%	31.1%
Vascular	41,979	47,963	53,659	14.3%	27.8%
Orthopedics	76,468	86,710	95,738	13.4%	25.2%
Ophthalmology	225,279	254,544	281,111	13.0%	24.8%
Podiatry	42,265	47,755	52,620	13.0%	24.5%
Cardiology	248,137	280,359	304,764	13.0%	22.8%
Pain Management	28,816	32,539	35,198	12.9%	22.1%

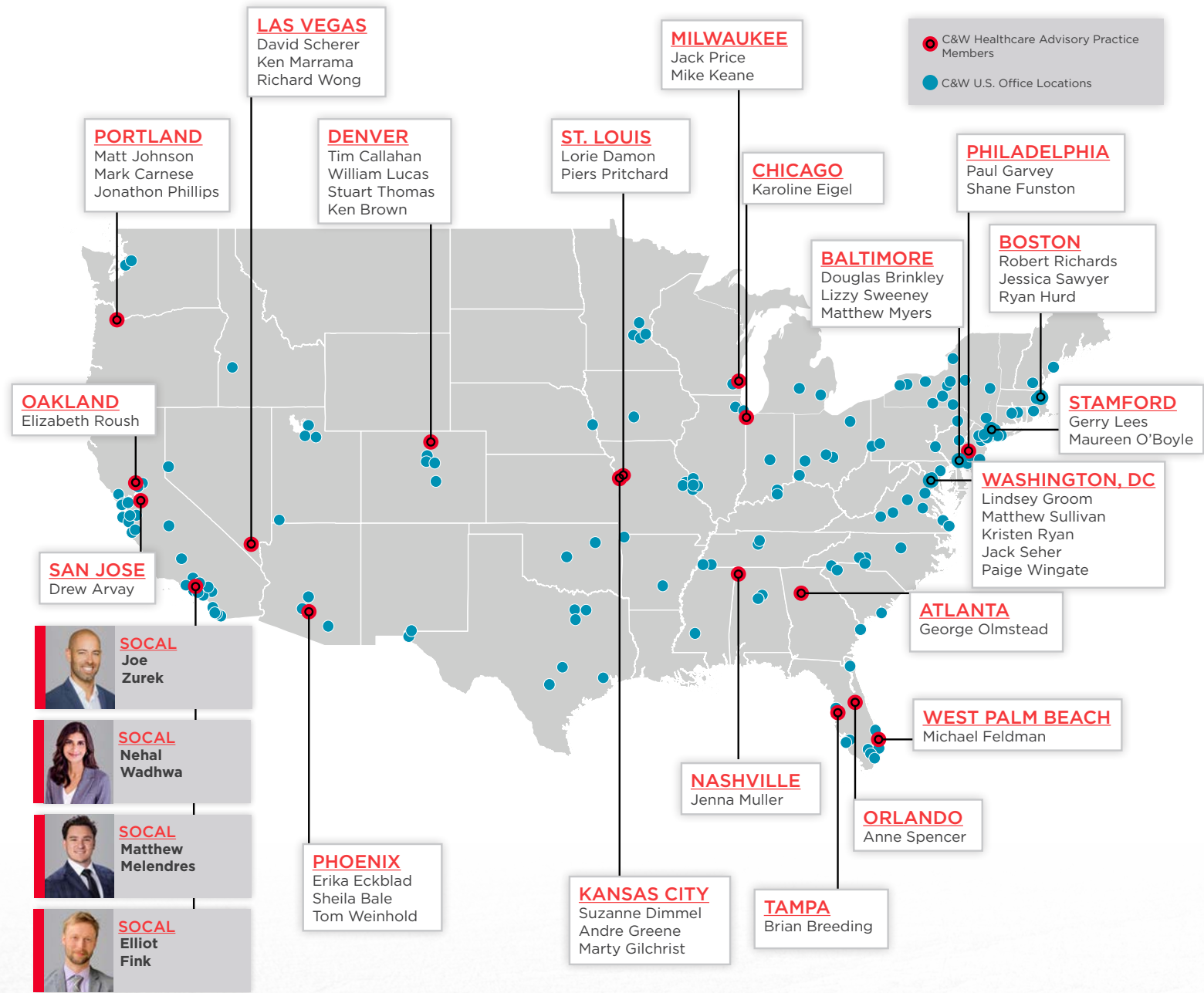
SOUTH COUNTY

Service Line	2022 Volume	2027 Volume	2032 Volume	5 Yr Growth	10 Yr Growth
Endocrinology	3,922	4,742	5,291	20.9%	34.9%
Psychiatry	238,994	274,876	279,583	15.0%	17.0%
Spine	3,789	4,356	4,777	15.0%	26.1%
Podiatry	33,794	38,497	42,886	13.9%	26.9%
Vascular	32,681	37,129	41,566	13.6%	27.2%
Physical Therapy/Rehabilitation	476,797	538,101	598,802	12.9%	25.6%
Ophthalmology	174,213	196,485	217,955	12.8%	25.1%
Cardiology	192,884	216,335	234,962	12.2%	21.8%
Orthopedics	58,129	64,890	70,913	11.6%	22.0%
Pain Management	22,127	24,644	26,516	11.4%	19.8%

Healthcare Advisory Practice

The Healthcare Advisory Practice is comprised of 300+ real estate professionals from every major market around the country, drawn from a variety of disciplines including consulting, brokerage, project management, property/facilities management and valuation.

Featured Members



Healthcare Office Market Report

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