

## SOUTH COAST

Radius Group Commercial Real Estate in Santa Barbara recently released a second-quarter report tracking South Coast commercial real estate activity over the last six months, and the numbers aren't good.

Until now, real estate agents have remained relatively upbeat about the state of the market, reporting positive figures amid plummeting residential real estate sales and values. But recent commercial data has taken a turn.

Sales volume has dropped about 35 percent this year compared to the first six months of 2007.

"The brakes have been on for quite a while, it's just because we're such low volume it takes a while to see it," said Radius Group Partner Scott Glenn. "We feel it in our bones, but it's hard to substantiate it."

Experts previously reported that the region has remained relatively protected from national trends because of its niche beach town offerings, but Glenn said that security is fading.

"Santa Barbara always thinks of itself as being different because our vacancy rates are always so much lower than the national markets," he said. "But nonetheless, when you scale it down, we're seeing the same kind of decrease in volume as national markets are seeing."

And now that the area is experiencing the commercial real estate slump, there's no telling when things will turn around. Glenn said he believes the commercial real estate market tends to lag behind trends seen in the residential market by about a year.

"So the question is, when will the residential market recover?" Glenn asked. "But it seems like in both cases, we're a year or two away."

On the positive side, Glenn said when the market begins to recover it will be quick. In addition, he said the slowdown has resulted in great buying opportunities.



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