

MARKET TRENDS | LOS ANGELES

OFFICE

MARKET DRIVERS

AS THE OMICRON VARIANT begins to wane, there is optimism for the LA Office market to rebound as companies signal a return to office in the following months.

AFTER REPORTING POSITIVE GAINS in 4Q 2021, direct net absorption reported negative in 1Q 2022 with 536K SF. Anticipate direct net absorption to pick up in the following quarters as tenants who leased spaced in 4Q 2021 wait for tenant improvements to be completed.

SUBLEASE AVAILABILITIES have fallen after peaking over 9.7M SF in 1Q 2021, falling by 4.0% to 9.3M SF in 1Q 2022. Silicon Beach continues to thrive due to healthy demand fundamentals from the tech industry and the Downtown Los Angeles market is showing signs of life with tenants in search for smaller requirements.

DIRECT ASKING LEASE RATES increased in 1Q 2022, concluding at \$3.52/SF on a full-service basis. Concessions have also increased, remaining above what they were pre-pandemic as landlords continue to provide more in order to achieve face rents.

USER SALES continue to be in high demand even with interest rates increasing as tenants apply their focus towards purchases with 45 transactions completed in 1Q 2022. The average sale price in 1Q 2022 was \$375.55/SF with cap rates at 5.0%.

ECONOMIC REVIEW

AS OF JANUARY 2022, the unemployment rate increased 20 basis points (bps) from the month prior to 7.0%.

COUNTYWIDE JOB LEVELS decreased by 75,100 between December and January with retail trade down 12,700 jobs.

NEAR TERM OUTLOOK

TECH AND ENTERTAINMENT industries will lead the way in Silicon Beach while Downtown Los Angeles is expected to improve as tours and proposals begin to trend up. Rent growth should remain limited and landlords will continue to offer concessions in order to maintain rental rates. As the Omicron variant begins to wane, many companies have signaled a return to office in April, and we can anticipate demand to increase moving forward as tenants begin to act on their real estate needs.

Market Summary

	1Q22	4Q21	1Q21	Annual Change
Direct Vacancy Rate	13.5%	13.1%	12.5%	7.95%
Total Availability Rate	19.0%	18.0%	17.9%	6.12%
Direct Asking Lease Rate	\$3.52	\$3.48	\$3.46	1.73%
Total SF Leased	3,635,570	4,805,405	3,484,923	4.32%
Total SF Sold	2,554,730	2,646,282	1,352,848	88.84%
Direct Net Absorption	(536,650)	1,174,448	(1,662,314)	N/A

1Q 2022

▲ **3.6M SF**
LEASING ACTIVITY

▼ **-536K SF**
NET ABSORPTION (SF)

▲ **13.5%**
VACANCY RATE

▲ **\$3.52**
AVERAGE ASKING RENT

▼ **896K SF**
NEW DELIVERIES (SF)

YEAR OVER YEAR TREND

Market Highlights

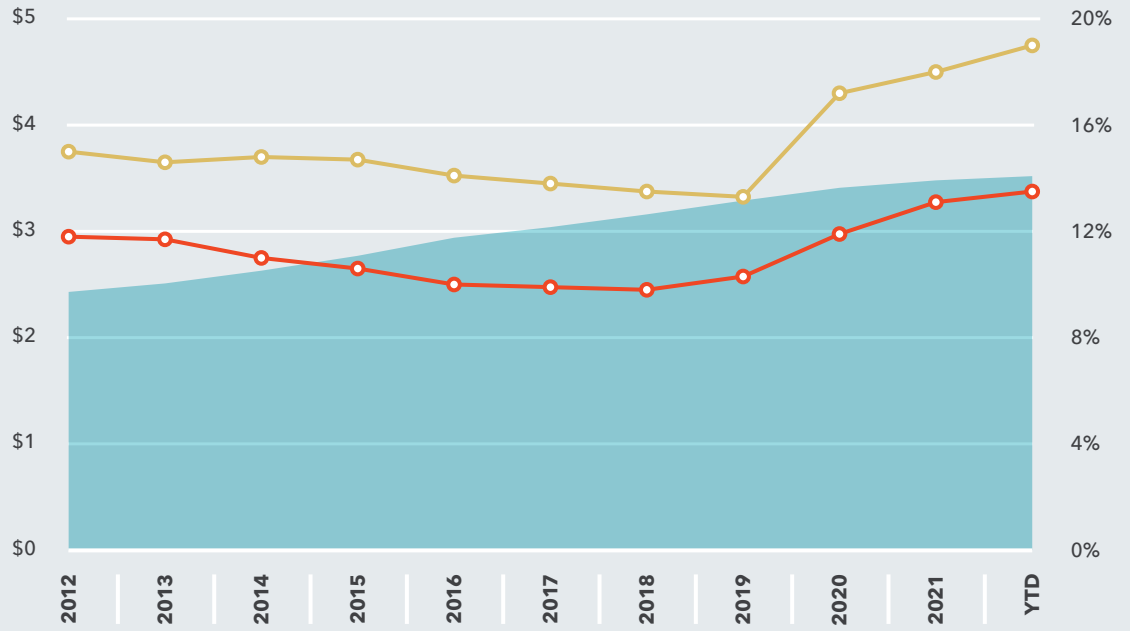
DIRECT VACANCIES market wide concluded the quarter at 13.5%.

AVERAGE ASKING RATES were at \$3.52/SF on a full-service basis.

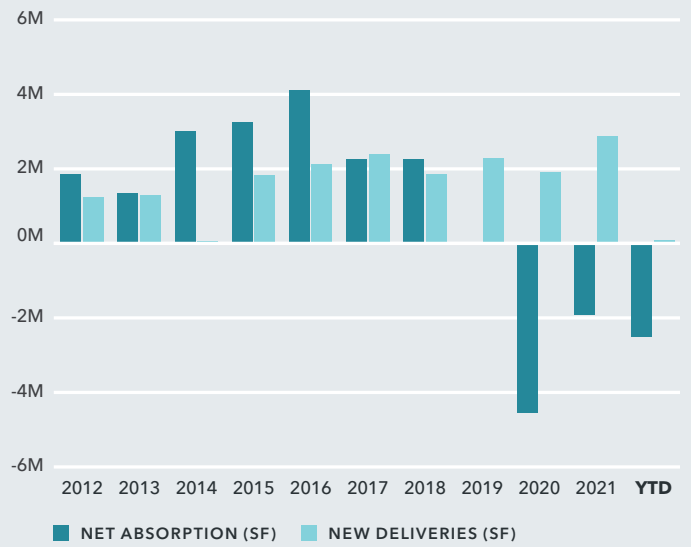
896K SF WAS DELIVERED in the first quarter with 4.7M SF currently under construction.

Lease Rate, Vacancy & Availability

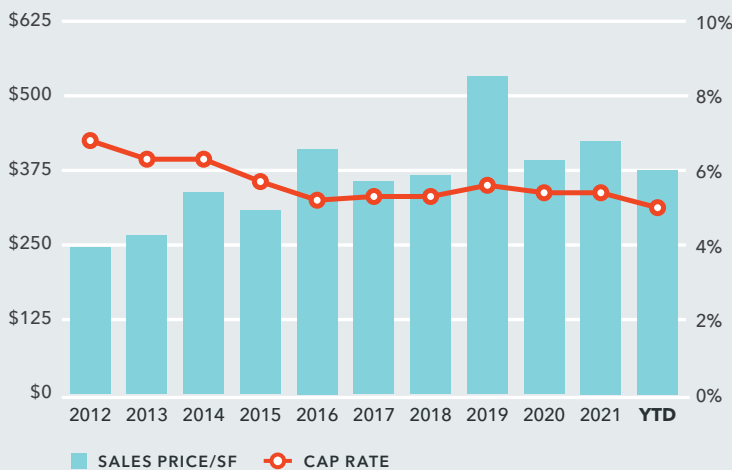
- DIRECT LEASE RATE (FSG)
- DIRECT VACANCY
- TOTAL AVAILABILITY



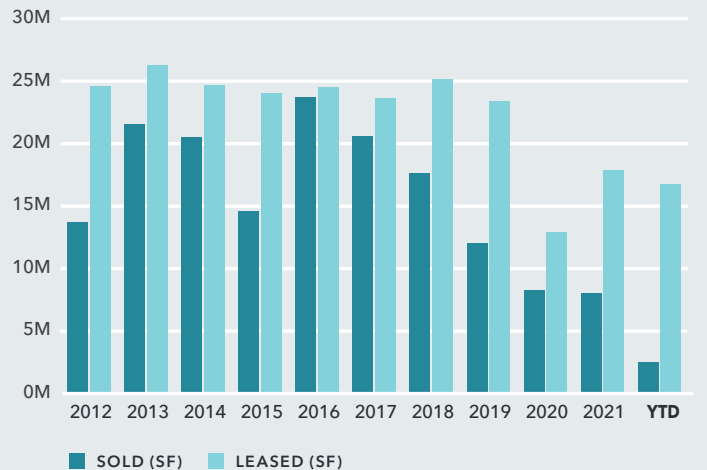
Net Absorption & New Deliveries



Average Sales Price/SF & Cap Rate



Sale Volume & Leasing Activity



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Available Rate	1Q Direct Net Absorption	2021 Direct Net Absorption	1Q Total Leasing Activity	2021 Leasing Activity	Average Rental Rate (FS)
Tri-Cities	41,089,919	10.7%	0.9%	11.7%	17.8%	(58,429)	(94,262)	382,332	1,475,621	\$3.51
Burbank	13,379,330	5.6%	1.1%	6.6%	12.4%	(288)	174,266	40,613	418,722	\$4.09
Glendale	11,409,318	14.4%	1.0%	15.4%	19.4%	(65,299)	(130,579)	111,899	384,147	\$3.27
Pasadena	16,301,271	12.4%	0.8%	13.2%	21.1%	7,158	(137,949)	229,820	672,752	\$3.31
Downtown Los Angeles	68,523,352	16.7%	0.8%	17.5%	21.8%	(252,208)	(272,350)	305,529	1,640,035	\$3.25
Mid-Cities	8,699,258	7.7%	0.7%	8.4%	9.6%	(33,037)	224,732	46,817	285,919	\$2.37
Mid-Wilshire	42,601,084	15.9%	0.9%	16.9%	19.2%	(44,625)	(417,771)	402,391	1,387,868	\$3.23
East Hollywood/Silver Lake	2,884,284	6.3%	0.1%	6.4%	11.7%	(1,920)	(18,910)	2,554	29,079	\$2.82
Hollywood	9,733,320	16.0%	2.0%	18.1%	19.0%	52,865	(268,049)	156,943	329,843	\$4.82
Mid-Wilshire	15,476,383	17.7%	0.1%	17.8%	18.8%	(90,776)	193,234	61,137	284,717	\$2.38
Miracle Mile	5,643,648	20.9%	0.9%	21.8%	29.2%	(6,778)	(175,168)	32,289	224,199	\$4.03
Park Mile	1,805,982	23.4%	1.8%	25.2%	25.8%	4,733	(71,691)	1,549	34,218	\$3.09
West Hollywood	7,057,467	10.0%	1.2%	11.2%	13.8%	(2,749)	(77,187)	147,919	485,812	\$4.63
San Fernando Valley	45,857,733	12.0%	1.3%	13.3%	18.0%	(137,726)	(92,588)	633,341	2,265,659	\$2.69
Calabasas/Westlake Village	7,012,001	14.9%	2.0%	16.9%	20.8%	(60,484)	(213,201)	101,909	365,234	\$2.66
Eastern SFV	5,312,022	6.5%	0.2%	6.7%	8.5%	(34,694)	3,455	23,444	99,098	\$2.33
Encino	4,861,173	11.5%	1.8%	13.3%	16.0%	83,054	4,844	116,464	344,437	\$2.92
North Hollywood	2,575,607	17.0%	0.0%	17.0%	20.8%	(800)	26,440	78,330	71,071	\$3.68
Sherman Oaks	3,439,568	15.9%	2.6%	18.5%	20.3%	37,483	(102,701)	94,033	366,236	\$2.82
Studio/Universal Cities	3,442,701	6.3%	1.7%	8.0%	11.5%	(12,954)	24,194	37,997	130,570	\$3.12
Tarzana	1,723,554	9.7%	0.0%	9.7%	14.3%	(9,600)	(26,903)	4,009	106,016	\$3.09
Western SFV	7,882,642	10.3%	0.4%	10.7%	14.4%	(33,682)	179,621	70,857	281,669	\$2.51
Woodland Hills/Warner City	9,608,465	14.3%	1.8%	16.0%	26.4%	(106,049)	11,663	106,298	501,328	\$2.48
San Gabriel Valley	28,460,966	7.2%	0.5%	7.7%	9.3%	(28,135)	211,424	191,644	780,270	\$2.59
South Bay	56,981,917	14.2%	1.5%	15.7%	18.4%	22,166	90,868	530,207	2,767,716	\$3.20
190th Street Corridor	4,566,402	14.9%	0.7%	15.6%	12.4%	35,649	37,055	18,545	293,934	\$2.79
Beach Cities/Palos Verdes	4,545,658	7.1%	2.3%	9.4%	12.8%	678	45,661	17,876	145,631	\$3.31
El Segundo	17,955,132	14.3%	2.3%	16.6%	21.5%	30,307	(5,149)	256,317	1,294,566	\$4.22
Hawthorne/Gardena	2,154,052	9.5%	0.3%	9.8%	14.2%	(18,285)	77,461	12,929	50,453	\$2.12
LAX	4,028,049	32.5%	0.6%	33.2%	26.6%	13,651	117,450	8,947	111,586	\$2.44
Downtown Long Beach	7,643,048	15.7%	0.8%	16.6%	22.5%	(52,890)	(27,517)	43,028	367,719	\$2.46
Suburban Long Beach	8,569,429	12.8%	1.1%	13.9%	15.2%	94,987	(256,187)	123,260	201,470	\$2.51
Torrance	7,520,147	9.2%	1.9%	11.1%	14.2%	(81,931)	102,094	49,305	302,357	\$2.88
Southeast Los Angeles	7,505,194	5.4%	0.0%	5.5%	7.0%	(22,226)	113,452	26,660	224,022	\$2.47
West Los Angeles	74,441,693	15.0%	2.4%	17.4%	24.1%	17,570	(2,272,295)	1,116,649	5,914,799	\$5.23
Los Angeles Total	374,161,116	13.5%	1.3%	14.8%	19.0%	(536,650)	(2,508,790)	3,635,570	16,741,909	\$3.52
Class A	177,820,888	16.7%	1.8%	18.6%	23.9%	(547,477)	(2,095,361)	1,980,366	9,226,859	\$3.68
Class B	152,351,946	11.9%	1.0%	12.8%	16.3%	(18,541)	(614,680)	1,331,289	6,350,988	\$3.31
Class C	43,958,559	6.0%	0.3%	6.2%	8.8%	29,368	201,251	323,915	1,164,062	\$3.30
Class Total	374,161,116	13.5%	1.3%	14.8%	19.0%	(536,650)	(2,508,790)	3,635,570	16,741,909	\$3.52

TOP SALE TRANSACTIONS FOR 1Q22

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
1350 N Western Ave	East Hollywood/Silver Lake	75,593	\$93,000,000	\$1,230.27	The Georgetown Co.	Gemdale USA Corp
Shoreline Square Tower	Downtown Long Beach	389,493	\$85,500,000	\$219.52	Jack Sitt Real Estate LLC	Parallel Capital Partners
123 S Marengo Ave	Pasadena	91,770	\$59,000,000	\$642.91	CCM Properties One, LLC	Wescom Credit Union
5005 McConnell Ave	Marina Del Rey/Venice	56,306	\$58,700,000	\$1,042.52	NexCore Group LP	Montana Ave Capital Partners LLC

TOP LEASE TRANSACTIONS FOR 1Q22

Property	Submarket	SF	Sign Date	Landlord	Tenant
5404 Jandy Pl	Marina Del Rey/Venice	74,583	January 2022	Karney Mgmt Co.	Walmart
1001 N Seward St	Hollywood	59,646	March 2022	Blackstone Inc	Undisclosed
12181 Bluff Creek Dr	Marina Del Rey/Venice	52,782	February 2022	Edward Minskoff Equities, Inc	Undisclosed
8740 Washington Blvd	Culver City	51,234	January 2022	Velski LLC	Undisclosed

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery Date
One Westside	10800-10900 W Pico Blvd	West Los Angeles	584,000	Hudson Pacific Properties, Inc.	September 2022
LUMEN West LA	11355-11377 W Olympic Blvd	Olympic Corridor	553,475	Northwood Investors, LLC	September 2022
3000 W Alameda Ave Bldg. 1	3000 W Alameda Ave	Burbank	445,000	Worthe Real Estate Group	January 2023
3000 W Alameda Ave Bldg. 2	3000 W Alameda Ave	Burbank	355,000	Worthe Real Estate Group	January 2023
100 Universal City Plz	100 Universal City Plz	Studio/Universal City	331,000	NBCUniversal	April 2023

DATA SOURCE: EDD, COSTAR

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**Commercial
Brokerage**

\$10.9B
TRANSACTION
VOLUME (ANNUAL)

49.7M **43.7M**
SALES SF (ANNUAL) LEASING SF (ANNUAL)

**Valuation
Advisory**

2,600+
ASSIGNMENTS
ANNUALLY

51/24
TOTAL NO.
APPRAISERS/MAI'S

**Asset
Services**

62M
MANAGEMENT
PORTFOLIO SF

\$11B
IN ASSETS UNDER
MANAGEMENT

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