

MARKET TRENDS

LOS ANGELES OFFICE

MARKET DRIVERS

The Los Angeles office market stands out among other major markets in the nation due to the decentralized nature of its office assets. The city's expansive layout and well-earned reputation for having some of the highest traffic in the country has led to this. The most prestigious office buildings can be found in long-established corporate submarkets with a reputation for drawing in more traditional and image-conscious tenants.

Rents have remained static. Many landlords are still steadfast with their asking prices, indicating a certain amount of optimism that more robust tenant demand will soon return. Some submarkets that provide relative values have done better than others throughout this time.

ECONOMIC REVIEW

In November 2022, the adjusted unemployment rate in Los Angeles County was 4.5%, down from 6.2% the previous year.

Trade, Transportation, and Utilities have seen the most substantial increase in employment from one month to the next, up 11,500. Retail Trade, the last stage in the distribution of goods, took the lead in the increase with an increase of 8,700 jobs, followed by Local Government Management.

NEAR-TERM OUTLOOK

There is some positive news several significant tenants have just signed long-term leases, signaling their commitment to keeping an office in the city, despite some companies still delaying their space decisions.

In the California Market Center at 110 E 9th St. in Downtown Los Angeles, Forever 21 and Adidas America committed to 162,000 SF and 107,000 SF, respectively, making them two of the biggest office leases executed this year since the start of the epidemic.

MARKET SUMMARY

	4Q22	3Q22	4Q21	Annual Change
Direct Vacancy Rate	14.2%	13.6%	13.2%	7.38%
Total Availability Rate	19.5%	18.8%	17.8%	9.50%
Direct Asking Lease Rate	\$3.52	\$3.51	\$3.48	1.15%
Total SF Leased	2,916,264	4,168,442	4,964,048	-41.25%
Total SF Sold	1,034,540	1,294,412	2,490,141	-58.45%
Direct Net Absorption	(1,406,480)	(437,503)	1,687,000	N/A

4Q 2022

↓ **2.9M SF**
LEASING ACTIVITY

↓ **-1.4M SF**
NET ABSORPTION

↑ **14.2%**
VACANCY RATE

↔ **\$3.52**
ASKING RENT (AVG)

↓ **639K SF**
NEW DELIVERIES

Year-Over-Year Trend

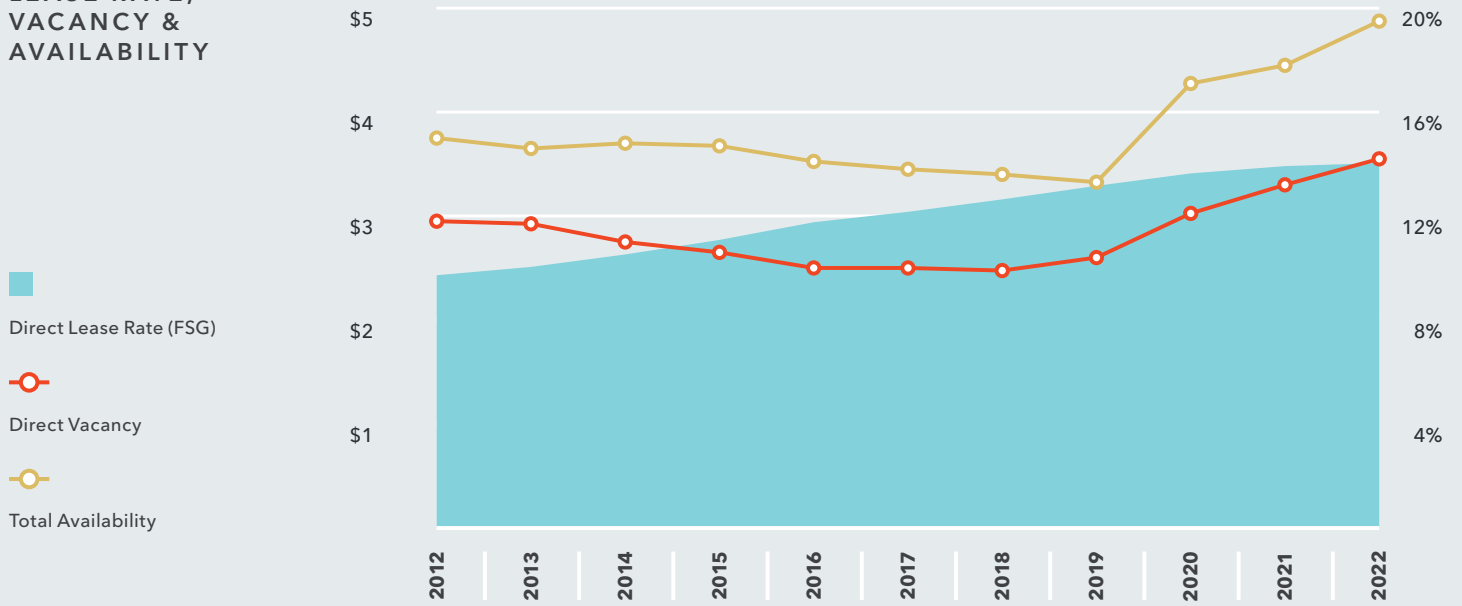
MARKET HIGHLIGHTS

Direct Market Vacancy in Los Angeles currently stands at 14.2%.

Average asking rates were at \$3.52/SF on a full-service basis.

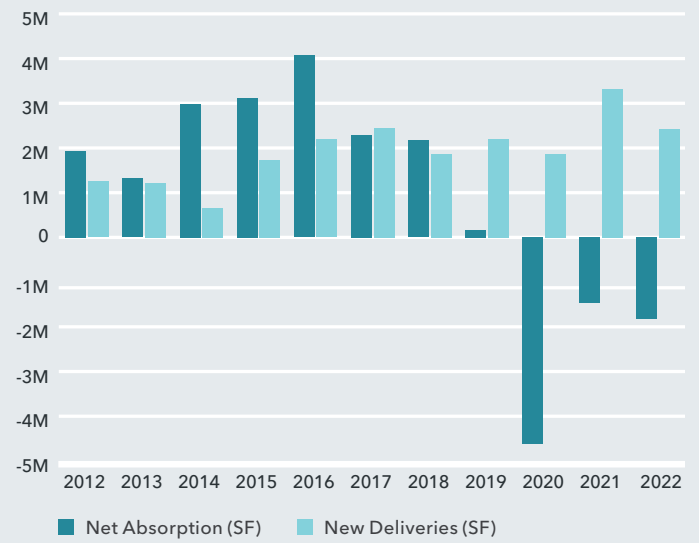
In 4Q2022, 639K SF was delivered, while 3.8M SF is still under development.

LEASE RATE, VACANCY & AVAILABILITY

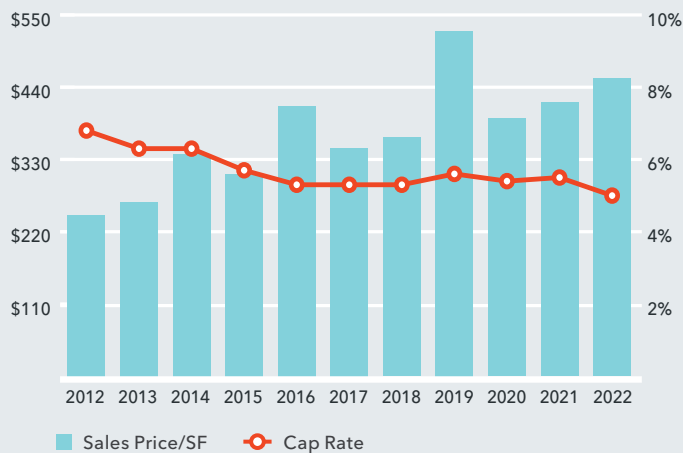


BIGGEST SALE OF THE QUARTER
Bullocks Building

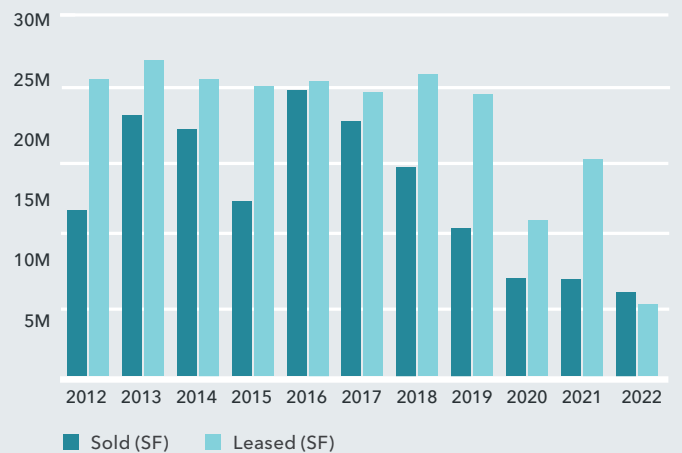
NET ABSORPTION & NEW DELIVERIES



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	4Q Direct Net Absorption	YTD Direct Net Absorption	4Q Total Leasing Activity	YTD Leasing Activity	Average Rental Rate (F5)
Tri-Cities	42,128,197	12.1%	1.6%	13.7%	18.5%	(295,576)	(345,505)	317,295	623,206	\$3.64
Burbank	13,585,967	8.7%	3.5%	12.2%	17.1%	(325,262)	(337,088)	59,997	163,376	\$4.27
Glendale	11,873,579	14.7%	0.8%	15.5%	19.1%	(161)	(179,090)	129,397	215,981	\$3.29
Pasadena	16,668,651	13.0%	0.7%	13.6%	19.2%	29,847	170,673	127,901	243,849	\$3.50
Downtown Los Angeles	68,844,115	17.2%	1.1%	18.3%	21.7%	(346,805)	(211,632)	253,441	639,937	\$3.27
Mid-Cities	8,684,771	5.3%	0.6%	5.9%	7.4%	104,320	105,973	52,594	76,022	\$2.44
Mid-Wilshire	43,013,685	16.1%	1.4%	17.5%	20.9%	43,453	86,906	357,942	715,884	\$3.29
East Hollywood/Silver Lake	2,857,749	6.4%	0.5%	6.9%	9.9%	21,485	19,358	10,971	40,217	\$3.30
Hollywood	9,627,362	13.3%	2.1%	15.4%	19.8%	57,707	71,863	31,619	48,261	\$4.82
Mid-Wilshire	15,424,640	17.2%	0.1%	17.4%	19.4%	70,797	141,594	65,547	131,094	\$2.40
Miracle Mile	5,634,462	26.0%	1.6%	27.6%	33.9%	(45,038)	(113,860)	35,707	64,590	\$4.11
Park Mile	1,773,480	25.0%	2.0%	27.0%	39.9%	(1,799)	(4,838)	20,356	24,723	\$3.08
West Hollywood	7,105,248	9.9%	3.5%	13.3%	15.3%	(77,015)	(101,365)	104,524	170,729	\$4.61
San Fernando Valley	45,733,376	12.6%	2.0%	14.6%	18.6%	(203,101)	(235,507)	463,802	907,338	\$2.74
Calabasas/Westlake Village	6,974,108	15.0%	3.1%	18.1%	21.6%	(75,761)	(24,000)	44,145	177,886	\$2.67
Eastern SFV	5,316,826	7.5%	0.7%	8.2%	9.9%	(33,488)	(34,418)	13,292	23,844	\$2.34
Encino	4,809,206	13.6%	1.8%	15.4%	19.2%	7,583	13,570	109,244	137,755	\$2.91
North Hollywood	2,592,057	17.2%	0.0%	17.2%	15.7%	617	(3,090)	11,451	11,451	\$4.03
Sherman Oaks	3,388,553	12.8%	2.8%	15.7%	19.2%	25,695	11,383	73,169	147,048	\$2.90
Studio/Universal Cities	3,465,143	7.2%	0.9%	8.0%	11.5%	(36,010)	(52,129)	9,488	17,651	\$3.50
Tarzana	1,683,346	12.3%	0.0%	12.3%	22.9%	(11,001)	(39,402)	15,202	28,560	\$3.15
Western SFV	7,934,395	10.5%	0.3%	10.8%	15.6%	49,882	(35,134)	77,662	102,600	\$2.52
Woodland Hills/Warner City	9,569,742	15.4%	4.5%	19.9%	25.7%	(130,618)	(72,287)	110,149	260,543	\$2.51
San Gabriel Valley	28,719,439	7.5%	0.2%	7.7%	10.2%	(203,383)	(241,227)	114,247	222,588	\$2.55
South Bay	56,899,381	15.0%	1.6%	16.6%	18.4%	(134,778)	(386,199)	463,133	1,034,121	\$3.18
190th Street Corridor	4,129,564	16.9%	2.8%	19.7%	15.2%	26,395	29,139	40,221	80,167	\$2.92
Beach Cities/Palos Verdes	4,630,645	10.3%	0.2%	10.5%	12.5%	(31,373)	(138,966)	16,569	47,276	\$2.88
El Segundo	17,954,014	14.6%	2.8%	17.3%	22.1%	1,109	(54,669)	147,201	500,836	\$4.20
Hawthorne/Gardena	2,156,881	7.2%	0.3%	7.6%	9.8%	(20,395)	22,205	2,851	14,647	\$2.14
LAX	4,028,049	34.0%	0.2%	34.2%	27.3%	(18,141)	8,411	17,285	32,575	\$2.44
Downtown Long Beach	7,700,484	16.7%	0.8%	17.5%	21.7%	(16,642)	(57,705)	46,296	51,970	\$2.51
Suburban Long Beach	8,786,431	13.3%	1.1%	14.4%	14.4%	(41,922)	(134,633)	92,618	134,530	\$2.56
Torrance	7,513,313	9.8%	1.7%	11.5%	14.4%	(33,809)	(59,981)	100,092	172,120	\$2.87
Southeast Los Angeles	7,385,953	4.9%	0.4%	5.4%	6.5%	(4,289)	(19,916)	33,802	54,477	\$2.48
West Los Angeles	75,335,183	16.3%	2.3%	18.7%	24.8%	(366,321)	(571,535)	860,008	1,677,497	\$5.14
Los Angeles Total	376,744,100	14.2%	1.5%	15.7%	19.5%	(1,406,480)	(1,818,642)	2,916,264	5,951,070	\$3.52
Class A	175,540,124	17.8%	2.2%	20.0%	24.4%	(1,170,020)	(1,363,337)	1,738,830	3,280,596	\$3.65
Class B	156,232,507	12.2%	1.0%	13.2%	16.9%	(243,554)	(489,337)	1,001,058	2,166,866	\$3.36
Class C	44,989,924	6.6%	0.7%	7.3%	8.8%	5,359	(247,782)	207,463	357,992	\$3.21

TOP SALE TRANSACTIONS 4Q 2022

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
800 S Hope St - Bullocks Bldg	Downtown Los Angeles	242,176	\$130,000,000	\$536.80	Verizon	CSHV 800 South Hope Llc
6922 Hollywood Blvd Portfolio	Mid-Wilshire	308,868	\$96,000,000	\$310.81	Harbor Associates	Hudson Pacific Properties, Inc.
Village Green Office Park	San Fernando Valley	100,613	\$40,000,000	\$397.56	Lindero Middle LLC	Nasch Village Green LP
Tarzana Medical Plaza	San Fernando Valley	75,000	\$30,000,000	\$400.00	Agora Realty & Management, Inc.	Prout Family Trust
5000-5001 Airport Plz	South Bay	126,219	\$29,000,000	\$229.76	JL Realty Partners, LLC	West Coast Capital Partners
124 E Olympic Blvd	Downtown Los Angeles	70,744	\$18,000,000	\$254.44	Amrapur Overseas, Inc.	Jamison Services, Inc.
3001 N Hollywood Way	Burbank/Glendale/Pasadena	16,500	\$14,488,000	\$878.06	Golden Eye 1995 LLC	Burbank Industrial Investors LP
40 E Verdugo Ave	Burbank/Glendale/Pasadena	24,475	\$14,200,000	\$580.18	The Brooklyn Companies	Lion Real Estate Group, LLC

TOP LEASE TRANSACTIONS 4Q 2022

Property	Submarket	SF	Transaction Date	Landlord	Tenant
333 S Hope St	Downtown Los Angeles	52,966	October 2022	Brookfield Properties	Undisclosed
601 Hawaii St	South Bay	50,823	December 2022	G & N Managment Inc	Undisclosed
39959 Sierra Hwy	Antelope Valley	49,622	December 2022	The Abbey Management Company	Department of Children & Family Serv.
801 N Brand Blvd	Burbank/Glendale/Pasadena	46,000	December 2022	SPUS8 Glendale, LP	New York Life Insurance Co (Renew)
1041 N Formosa Ave	Mid-Wilshire	38,687	October 2022	CIM Group, LP	Hartbeat

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
LUMEN West LA	11355-11377 W Olympic Blvd	West Los Angeles	550,403	Northwood Investors, LLC	February 2023
Second Century Expansion Bldg1	3000 W Alameda Ave	Burbank/Glendale/Pasadena	445,000	Worthe Real Estate Group	January 2023
Second Century Expansion Bldg2	3000 W Alameda Ave	Burbank/Glendale/Pasadena	355,000	Worthe Real Estate Group	January 2023
100 Universal City Plz	100 Universal City Plz	San Fernando Valley	331,000	NBCUniversal	April 2023
West Edge	12101 W Olympic Blvd	West Los Angeles	255,615	Hines	January 2023

Data Source: EDD, CoStar



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COMMERCIAL BROKERAGE	\$10.9B TRANSACTION VOLUME ANNUALLY	49.7M ANNUAL SALES SF	43.7M ANNUAL LEASING SF
ASSET SERVICES	52M MANAGEMENT PORTFOLIO SF	875+ ASSETS UNDER MANAGEMENT	270+ ASSET SERVICES CLIENTS
VALUATION ADVISORY	2,600+ ASSIGNMENTS ANNUALLY	48 TOTAL APPRAISERS	25 WITH MAI DESIGNATIONS

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