

MARKET TRENDS

LOS ANGELES OFFICE

MARKET DRIVERS

THE LOS ANGELES OFFICE MARKET had an assortment of activities in Q12023. On the one hand, the vacancy rate rose again to 14.3%, up from 7.1% the previous year. On the other hand, asking rents were broadly steady, reducing by just 2 cents/SF over a year to \$2.49/SF.

THE STATISTICS were affected by a few distinct factors. The first was the reality that fewer than 20% of cost-effective office space was still available. Rising interest rates, the difficulties resulting from global conflicts, and the ongoing plague of COVID-19 are only a few instances of these circumstances. Second, due to developers' sustained optimism over the long-term prospects of the office market, the amount of office space under construction increased, with deliveries averaging 751K SF.

ECONOMIC REVIEW

IN FEBRUARY 2023 the adjusted unemployment rate in Los Angeles County was 4.8%, a slight elevation from 4.2% the previous year.

IN RECENT MONTHS, office leasing activity has been exciting in the DTLA area. It significantly contributed to the outstanding performance of the financial and business industries. These industries are particularly immune to financial difficulties, and therefore their businesses have been largely insulated from the economic pressures impacting other market groups.

NEAR-TERM OUTLOOK

LOS ANGELES OFFICE MARKET is uncertain due to a range of challenges that are likely to develop in the near future. However, positive indicators in Los Angeles County include that several cities are still significant hubs for commerce and entertainment and that some industries need office space. This continues to draw in new businesses and residents, which might help expand the office market to thrive.

THE LOS ANGELES OFFICE MARKET could benefit from investing in commercial real estate by reducing overall risk and diversifying its investment portfolio. The landlord can minimize their risk by maintaining a steady flow of rental payments and managing their earnings potential.

Market Summary

	1Q23	4Q22	1Q22	Annual Change
Direct Vacancy Rate	14.3%	14.2%	13.4%	7.07%
Availability Rate	19.8%	18.9%	18.4%	7.86%
Asking Lease Rate	\$3.49	\$3.51	\$3.51	-0.57%
Leasing Activity (SF)	694,610	3,773,101	4,870,735	-85.74%
Sale Volume (SF)	3,726,269	1,567,170	3,283,554	13.48%
Net Absorption (SF)	742,481	(1,172,893)	(178,710)	N/A

↓ 695K SF
LEASING ACTIVITY

↑ 742K SF
NET ABSORPTION

↑ 14.3%
VACANCY RATE

↔ \$3.49
ASKING RENT (AVG)

↑ 751K SF
NEW DELIVERIES

Year-Over-Year Trend

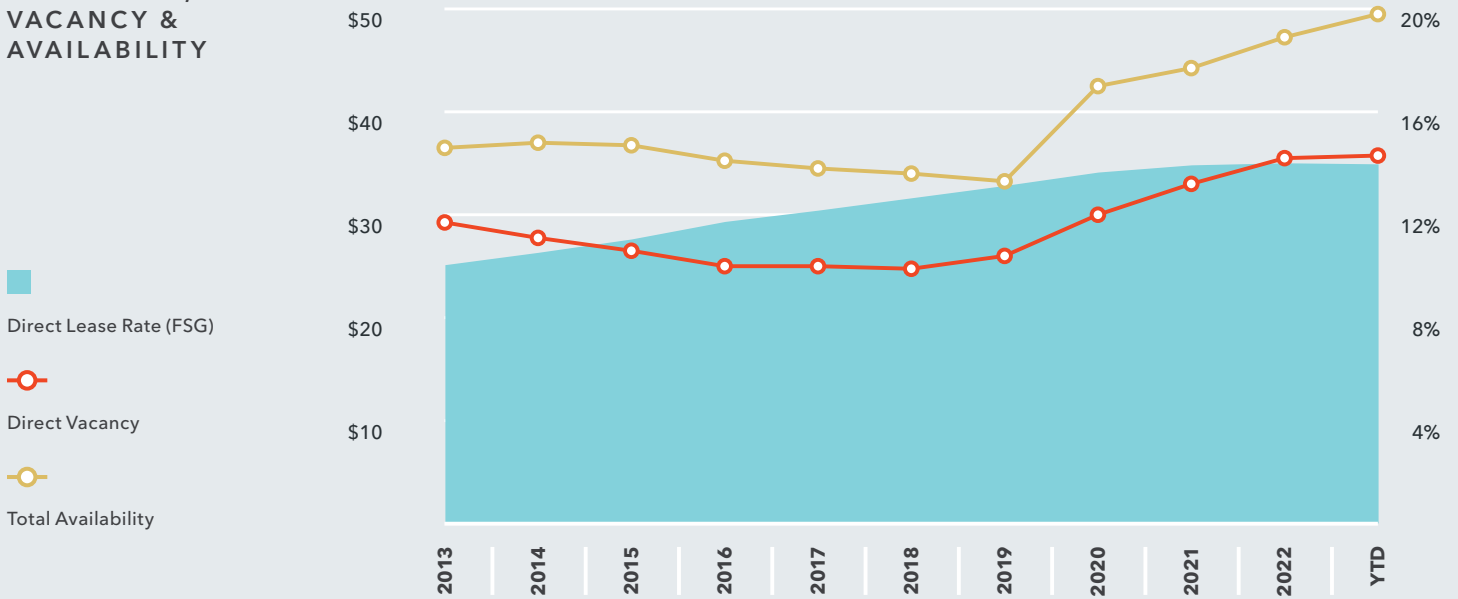
Market Highlights

DIRECT MARKET VACANCY in Los Angeles currently stands at 14.3%.

AVERAGE ASKING RATES were at \$3.49/SF on a full-service basis.

IN Q12022, 751K SF was delivered, while 3.7M SF is still under development.

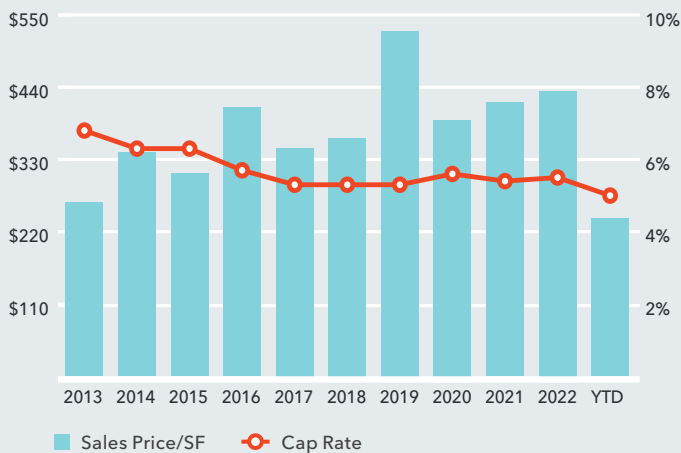
LEASE RATE, VACANCY & AVAILABILITY



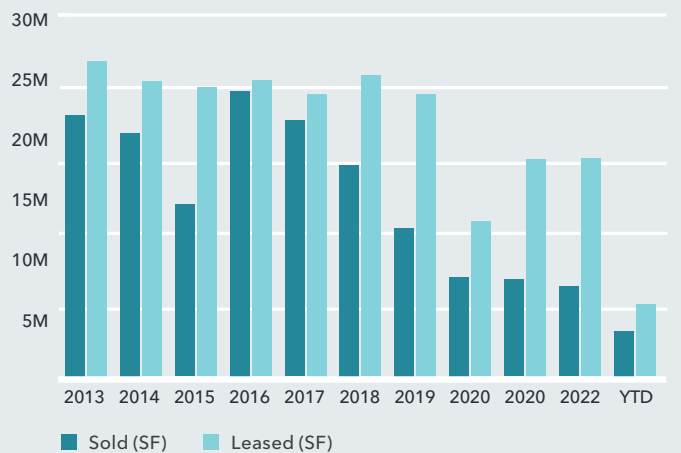
NET ABSORPTION & NEW DELIVERIES



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	2022 YTD Direct Net Absorption	1Q Total Leasing Activity	2022 YTD Leasing Activity	Average Rental Rate (FS)
Tri-Cities	42,707,902	12.0%	1.7%	13.7%	18.4%	(38,414)	(345,505)	25,328	623,206	\$3.67
Burbank	13,581,782	8.9%	3.7%	12.5%	16.5%	(74,112)	(337,088)	2,647	163,376	\$4.24
Glendale	11,971,102	14.5%	0.9%	15.4%	20.3%	68,075	(179,090)	1,711	215,981	\$3.32
Pasadena	17,155,018	12.7%	0.7%	13.4%	18.6%	(32,377)	170,673	20,970	243,849	\$3.50
Downtown Los Angeles	68,796,702	17.4%	1.4%	18.8%	22.3%	48,356	(211,632)	79,227	639,937	\$3.12
Mid-Cities	8,699,757	4.8%	0.7%	5.5%	7.3%	(5,552)	105,973	2,601	76,022	\$2.40
Mid-Wilshire	42,456,572	16.9%	1.4%	18.3%	20.9%	43,453	86,906	357,942	715,884	\$3.22
East Hollywood/Silver Lake	2,852,249	7.1%	0.4%	7.5%	11.6%	0	19,358	0	40,217	\$3.16
Hollywood	9,265,304	14.8%	2.3%	17.1%	20.2%	(44,106)	71,863	0	48,261	\$4.39
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	5,734,360	29.5%	1.6%	31.1%	33.5%	(7,352)	(113,860)	0	64,590	\$4.09
Park Mile	1,637,087	32.4%	1.3%	33.7%	36.0%	(1,490)	(4,838)	0	24,723	\$3.14
West Hollywood	7,161,960	9.5%	2.9%	12.4%	15.6%	(6,100)	(101,365)	25,430	170,729	\$4.68
San Fernando Valley	45,635,877	12.8%	1.9%	14.7%	18.3%	(76,573)	(235,507)	77,202	907,338	\$2.76
Calabasas/Westlake Village	6,844,898	13.8%	3.3%	17.1%	19.4%	(25,250)	(24,000)	574	177,886	\$2.68
Eastern SFV	5,253,542	8.0%	0.7%	8.7%	10.0%	(7,944)	(34,418)	7,302	23,844	\$2.34
Encino	4,806,997	14.3%	1.3%	15.5%	18.4%	3,668	13,570	3,547	137,755	\$2.90
North Hollywood	2,592,057	16.9%	0.0%	16.9%	15.4%	1,065	(3,090)	0	11,451	\$4.15
Sherman Oaks	3,388,553	11.9%	2.7%	14.6%	20.6%	(227)	11,383	5,369	147,048	\$2.86
Studio/Universal Cities	3,485,983	7.7%	0.2%	7.9%	11.6%	(3,648)	(52,129)	1,200	17,651	\$3.43
Tarzana	1,704,880	12.9%	0.1%	13.0%	13.8%	(2,994)	(39,402)	0	28,560	\$3.19
Western SFV	7,960,125	12.3%	0.3%	12.6%	15.4%	(20,851)	(35,134)	39,411	102,600	\$2.54
Woodland Hills/Warner City	9,598,842	15.4%	4.3%	19.7%	27.8%	(20,392)	(72,287)	19,799	260,543	\$2.49
San Gabriel Valley	29,235,472	7.3%	0.2%	7.5%	10.0%	39,415	(241,227)	40,669	222,588	\$2.58
South Bay	57,300,927	15.5%	2.0%	17.6%	20.3%	105,998	(386,199)	25,942	1,034,121	\$3.21
190th Street Corridor	4,066,732	18.0%	2.8%	20.8%	16.1%	(1,390)	29,139	0	80,167	\$2.90
Beach Cities/Palos Verdes	4,667,863	10.8%	0.2%	11.0%	13.2%	(4,649)	(138,966)	5,102	47,276	\$2.86
El Segundo	18,076,990	15.8%	3.4%	19.3%	26.4%	166,732	(54,669)	0	500,836	\$4.18
Hawthorne/Gardena	2,177,245	9.2%	0.3%	9.5%	10.3%	0	22,205	0	14,647	\$2.13
LAX	4,028,049	33.8%	0.1%	33.9%	29.6%	(20,284)	8,411	0	32,575	\$2.42
Downtown Long Beach	7,721,729	18.6%	1.3%	19.9%	22.0%	(19,143)	(57,705)	5,755	51,970	\$2.50
Suburban Long Beach	8,786,537	12.7%	1.4%	14.1%	16.0%	458	(134,633)	10,610	134,530	\$2.54
Torrance	7,775,782	8.9%	2.2%	11.1%	13.4%	(15,726)	(59,981)	4,475	172,120	\$2.92
Southeast Los Angeles	7,371,277	5.1%	0.4%	5.5%	6.1%	(7,462)	(19,916)	4,011	54,477	\$2.51
West Los Angeles	75,433,021	16.3%	2.7%	18.9%	25.1%	633,260	(571,535)	81,688	1,677,497	\$5.13
Los Angeles Total	377,637,507	14.3%	1.7%	16.1%	19.8%	742,481	(1,818,642)	694,610	5,951,070	\$3.49
Class A	176,029,092	17.8%	2.4%	20.2%	25.1%	646,521	(1,363,337)	93,149	3,280,596	\$3.60
Class B	156,725,270	12.8%	1.2%	13.9%	17.3%	37,687	(489,337)	205,566	2,166,866	\$3.36
Class C	44,846,108	6.3%	0.9%	7.2%	8.2%	(38,364)	(247,782)	76,281	357,992	\$3.23

TOP SALE TRANSACTIONS 1Q 2023

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Union Bank Plaza	Downtown Los Angeles	701,888	\$110,000,000	\$156.72	Waterbridge Capital, LLC	KBS REIT II, Inc.
AltaMed Medical Building	Mid-Wilshire	147,078	\$75,000,000	\$509.93	Stockdale Capital Partners	Healthcare Realty Trust
801 S Grand Ave	Downtown Los Angeles	215,097	\$46,000,000	\$213.86	Elat Properties, Inc	CIM Group, LP
Adams Plaza	Mid-Wilshire	109,815	\$42,954,545	\$391.15	DFCC Group LLC	Jamison Services, Inc.
The Mix Campus Portfolio	San Fernando Valley	142,420	\$41,143,973	\$288.89	Affinius Capital	DRA Advisors
2777 N Ontario St	Burbank/Glendale/Pasadena	127,140	\$37,000,000	\$291.02	2777 Ontario LLC	2777 Ontario Venture LLC
The Wilshire Campus	Mid-Wilshire	143,000	\$34,400,000	\$240.56	Kanden Realty & Development	Creative Media & Community Trust
Variety Building	West Los Angeles	75,769	\$31,500,000	\$415.74	NG Investmernts, LLC	Sandstone Properties

TOP LEASE TRANSACTIONS 1Q 2023

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Wilshire Courtyard	Mid-Wilshire	218,506	February 2023	Onni Group	Sony Pictures
611 N Brand Blvd	Burbank/Glendale/Pasadena	82,723	March 2023	Onni Group	Los Angeles County
655 S Santa Fe Av	Downtown Los Angeles	51,898	April 2023	PJK Investment	Undisclosed (Sublease)
315 Colorado Ave	West Los Angeles	50,000	January 2023	The Macerich Company	Undisclosed
Corporate Pointe At West Hills	San Fernando Valley	49,140	January 2023	Kennedy Wilson, Inc.	Undisclosed

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Century City Center	1950 Avenue of the Stars	West Los Angeles	731,250	Century City Realty LLC	January 2026
Second Century Expansion Bldg1	3000 W Alameda Ave	Burbank/Glendale/Pasadena	445,000	Worthe Real Estate Group	July 2023
Second Century Expansion Bldg2	3000 W Alameda Ave	Burbank/Glendale/Pasadena	355,000	Worthe Real Estate Group	July 2023
100 Universal City Plz	100 Universal City Plz	San Fernando Valley	331,000	NBCUniversal	April 2023
Impact At Nash	200 S Nash St	South Bay	324,000	Continental Development Corp.	September 2023

Data Source: EDD, CoStar



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COMMERCIAL BROKERAGE	\$12B TRANSACTION VOLUME ANNUALLY	32.1M ANNUAL SALES SF	41.2M ANNUAL LEASING SF
ASSET SERVICES	53M MANAGEMENT PORTFOLIO SF	771+ ASSETS UNDER MANAGEMENT	250+ ASSET SERVICES CLIENTS
VALUATION ADVISORY	2,600+ ASSIGNMENTS ANNUALLY	46 TOTAL APPRAISERS	23 WITH MAI DESIGNATIONS

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