

MARKET TRENDS

LOS ANGELES OFFICE

MARKET DRIVERS

THE LOS ANGELES OFFICE MARKET is expected to remain slow due to a persistent shortage of leasing activity and increasing vacancy rates. A few encouraging signals still exist, including government agencies in Los Angeles leasing large blocks of office space.

TENANTS are still evaluating offices needs, with many identifying alternative office geographies, offering offices for sublease, and reducing the size of their office footprints as companies navigate the tension between company needs and employee demands. Tenants continue to have more negotiating power and leverage, allowing them to ask for more substantial tenant improvements and other concessions, often putting landlords in challenging positions as there is greater scrutiny on occupancy and lending requirements

ECONOMIC REVIEW

THE ECONOMY is predicted to keep growing moderately and slightly in 2023. As businesses expand and more jobs are created, there may be a rise in the need for office space.

THE OFFICE MARKET could benefit from acceptable local and state laws that encourage companies to move to Los Angeles.

NEAR-TERM OUTLOOK

ALTHOUGH OVERALL MARKET CONDITIONS seem weakened, West Los Angeles has experienced a higher amount of tenant interest. Conventional tenants have favored the submarket as a transition from a higher-quality building to a higher-quality location.

LOS ANGELES has promoted creative and innovative centers to attract small business owners, media companies, and tech startups. These strategic locations may increase regional demand for office space, benefiting this office market.

AS COMPANIES LOOK to accommodate in-person and remote work, adopting hybrid work models—where employees work both in the office and remotely—could result in a more steady demand for office space.

Market Summary

	3Q23	2Q23	3Q22	Annual Change
Direct Vacancy Rate	14.3%	14.3%	13.6%	4.94%
Availability Rate	20.0%	19.5%	18.6%	7.38%
Asking Lease Rate	\$3.44	\$3.49	\$3.52	-2.27%
Leasing Activity (SF)	2,404,316	3,911,335	4,259,214	-43.55%
Sale Volume (SF)	700,204	1,250,112	1,320,606	-46.98%
Net Absorption (SF)	328,947	906,006	(356,951)	N/A

↓ **2.4M SF**
LEASING ACTIVITY

↑ **329K SF**
NET ABSORPTION

↑ **14.3%**
VACANCY RATE

↓ **\$3.44**
ASKING RENT (AVG)

↓ **146K SF**
NEW DELIVERIES

Year-Over-Year Trend

Market Highlights

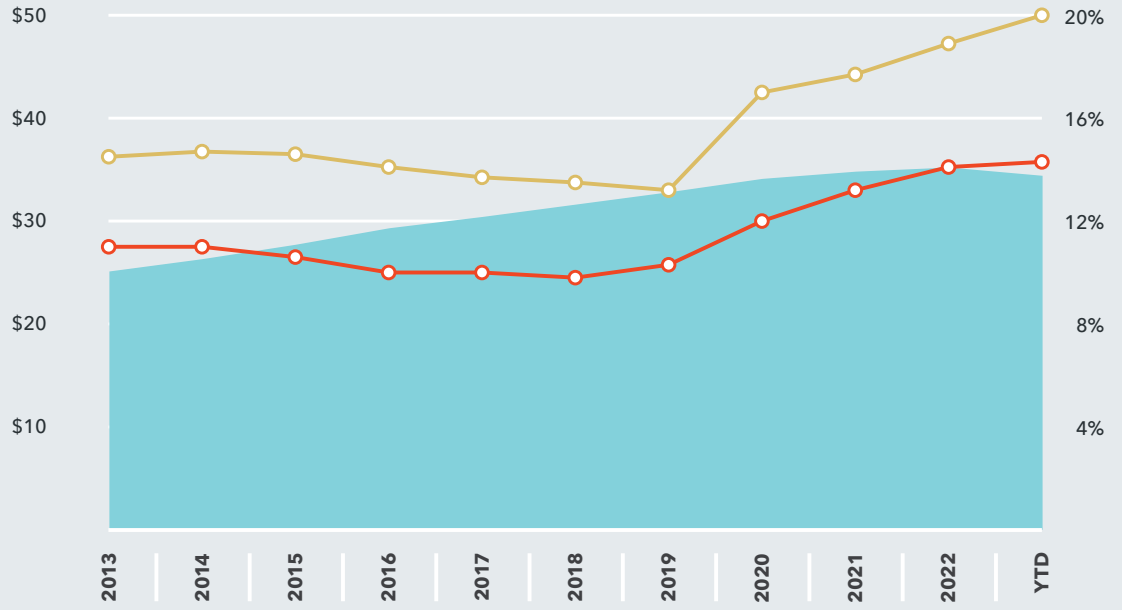
LOS ANGELES currently has a 14.3% direct market vacancy rate.

AVERAGE ASKING RATES were at \$3.44/SF on a full-service basis.

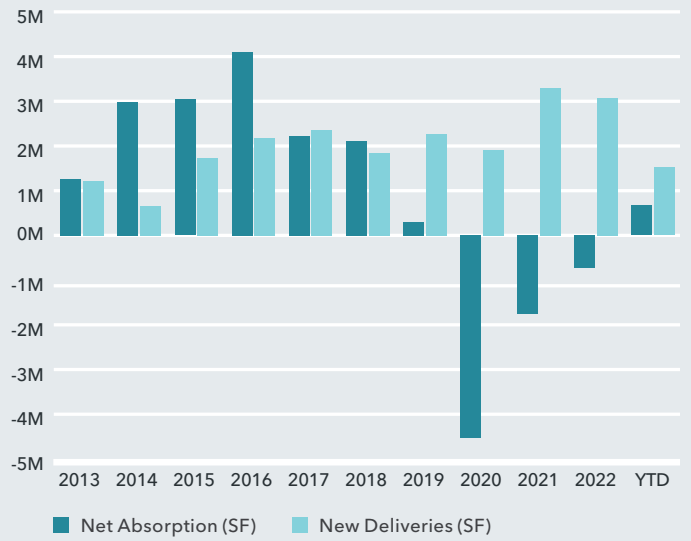
145K SF was delivered in Q32023, while 3.5M SF is still being developed.

LEASE RATE, VACANCY & AVAILABILITY

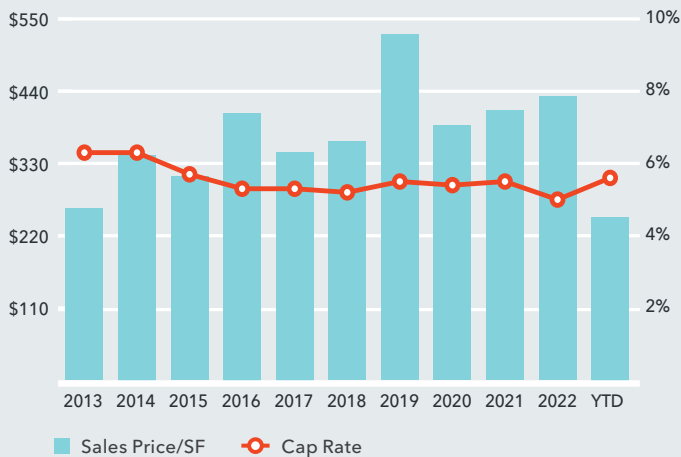
- Direct Lease Rate (FSG)
- Direct Vacancy
- Total Availability



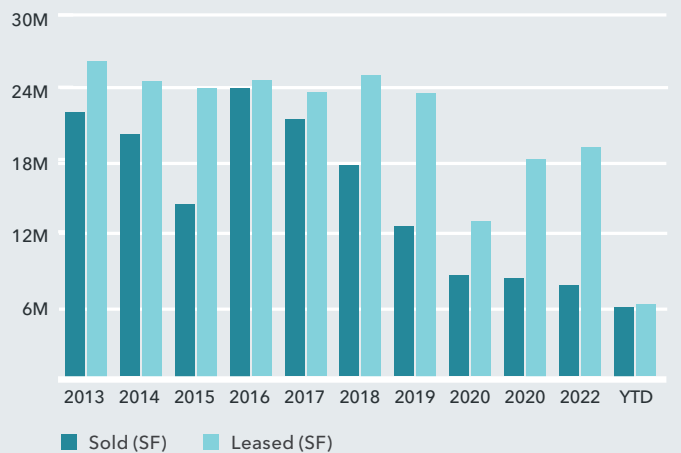
NET ABSORPTION & NEW DELIVERIES



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	3Q Direct Net Absorption	YTD Direct Net Absorption	3Q Total Leasing Activity	YTD Leasing Activity	Average Rental Rate (FS)
Tri-Cities	43,259,547	12.6%	1.9%	14.5%	20.4%	(325,361)	144,130	196,985	1,111,421	\$3.60
Burbank	14,265,523	8.7%	3.7%	12.4%	18.4%	(38,700)	381,140	29,993	255,529	\$4.23
Glendale	12,001,373	16.7%	1.5%	18.2%	22.3%	(113,098)	(166,465)	65,514	463,680	\$3.29
Pasadena	16,992,651	13.0%	0.7%	13.7%	20.6%	(173,563)	(70,545)	101,478	392,212	\$3.29
Downtown Los Angeles	69,389,411	15.6%	1.7%	17.4%	20.5%	1,011,759	955,147	164,899	1,014,835	\$3.07
Mid-Cities	8,725,289	5.8%	0.1%	5.9%	6.8%	1,395	(37,046)	43,080	174,294	\$2.40
Mid-Wilshire	42,536,403	16.7%	1.5%	18.3%	19.5%	1,977	(319,508)	288,868	1,453,683	\$3.27
East Hollywood/Silver Lake	2,936,018	5.4%	2.8%	8.1%	12.8%	51,388	39,651	2,775	45,647	\$3.33
Hollywood	9,291,446	14.4%	2.3%	16.7%	19.4%	(10,794)	(47,418)	71,795	514,582	\$4.40
Mid-Wilshire	15,424,640	17.2%	0.1%	17.4%	19.4%	95,928	89,287	90,629	263,716	\$2.40
Miracle Mile	5,734,360	29.5%	1.5%	31.0%	33.0%	(101,314)	(166,885)	69,672	409,275	\$4.05
Park Mile	1,637,087	30.7%	3.9%	34.5%	36.7%	22,098	(169,672)	14,123	23,385	\$3.15
West Hollywood	7,177,377	10.5%	2.3%	12.8%	15.7%	(55,329)	(64,471)	39,874	197,078	\$5.06
San Fernando Valley	45,878,755	13.0%	2.1%	15.1%	19.0%	(103,195)	(385,827)	373,283	1,699,715	\$2.75
Calabasas/Westlake Village	6,845,788	13.1%	4.4%	17.4%	20.0%	42,882	(6,283)	63,414	290,067	\$2.64
Eastern SFV	5,299,539	7.2%	0.9%	8.0%	10.6%	35,054	15,985	33,766	118,295	\$2.37
Encino	4,960,873	14.9%	1.4%	16.3%	19.5%	(24,692)	(106,554)	55,789	265,287	\$2.89
North Hollywood	2,592,057	16.6%	0.0%	16.6%	15.4%	7,517	17,334	4,274	45,090	\$3.84
Sherman Oaks	3,417,236	12.4%	2.0%	14.4%	18.5%	(44,677)	22,026	35,002	201,659	\$3.02
Studio/Universal Cities	3,501,862	9.0%	0.0%	9.0%	11.0%	(17,376)	(33,960)	10,363	66,832	\$3.34
Tarzana	1,691,104	12.3%	0.0%	12.3%	13.6%	34,800	2,589	8,789	60,139	\$3.28
Western SFV	7,968,431	11.4%	0.3%	11.7%	14.7%	53,647	(101,776)	35,987	295,469	\$2.55
Woodland Hills/Warner City	9,601,865	17.4%	4.9%	22.3%	31.2%	(190,350)	(195,188)	125,899	356,877	\$2.48
San Gabriel Valley	29,238,433	7.6%	0.2%	7.8%	9.7%	54,110	(8,798)	84,924	615,411	\$2.58
South Bay	58,210,800	15.5%	2.3%	17.8%	20.6%	21,429	(151,895)	343,622	1,223,985	\$3.19
190th Street Corridor	4,068,743	16.8%	2.5%	19.3%	15.2%	25,155	17,296	47,434	87,048	\$2.96
Beach Cities/Palos Verdes	4,912,911	10.5%	0.2%	10.6%	12.2%	97,002	138,013	16,540	82,816	\$2.97
El Segundo	18,163,811	16.2%	3.8%	20.0%	27.5%	(54,699)	(247,192)	88,766	402,590	\$4.14
Hawthorne/Gardena	2,167,691	10.4%	0.3%	10.7%	11.4%	(14,897)	(71,988)	300	10,842	\$2.12
LAX	4,386,905	35.1%	0.1%	35.2%	29.4%	(100,527)	(173,704)	11,557	74,665	\$2.46
Downtown Long Beach	7,965,747	18.3%	2.4%	20.8%	22.9%	36,902	(42,972)	69,997	154,600	\$2.53
Suburban Long Beach	8,792,034	11.4%	2.0%	13.4%	16.1%	25,474	161,846	55,095	177,303	\$2.60
Torrance	7,752,958	8.7%	1.9%	10.6%	13.2%	7,019	66,806	53,933	234,121	\$3.03
Southeast Los Angeles	7,471,166	6.0%	0.4%	6.4%	7.1%	(11,047)	(59,906)	46,434	131,916	\$2.46
West Los Angeles	76,258,790	16.8%	2.7%	19.5%	26.3%	(322,120)	533,168	862,221	2,875,538	\$5.13
Los Angeles Total	380,968,594	14.3%	1.9%	16.1%	20.0%	328,947	669,465	2,404,316	5,951,070	\$3.44
Class A	176,502,276	18.1%	2.6%	20.7%	25.7%	(842,616)	588,847	1,302,700	5,412,679	\$3.53
Class B	157,545,935	12.4%	1.2%	13.6%	16.7%	1,308,702	72,585	954,641	4,132,394	\$3.34
Class C	46,790,083	6.5%	1.2%	7.7%	9.4%	(136,539)	8,633	146,975	755,725	\$3.43

TOP SALE TRANSACTIONS 3Q 2023

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
2701 Olympic Blvd - Pen Factory	West Los Angeles	219,571	\$165,505,000	\$753.77	JPMorgan Chase & Co	CalSTRS
3401 Exposition Blvd	West Los Angeles	63,376	\$40,000,000	\$631.15	United XYZ LLC	Hudson Pacific Properties
433 S Spring St - The Trust Building	Downtown Los Angeles	285,394	\$40,000,000	\$140.16	The Regents of the Uni. of CA	Rising Realty Partners
604 Arizona Ave	West Los Angeles	44,260	\$32,500,000	\$734.30	604 Arizona, LLC	Hudson Pacific Properties
21688 Gateway Center Dr	San Gabriel Valley	81,796	\$23,000,000	\$281.19	Newegg Inc.	Buchanan Street Partners
824 E Carson St	South Bay	26,792	\$14,700,000	\$548.67	Torrance Health Assoc.	Continental 824 East Carson

TOP LEASE TRANSACTIONS 3Q 2023

Property	Submarket	SF	Transaction Date	Landlord	Tenant
555 W 5th St - The Gas Company Tower	Downtown Los Angeles	297,571	July 2023	Brookfield Properties	City of Los Angeles
1950 Avenue of the Stars - Century City Center	West Los Angeles	151,104	July 2023	Century City Realty LLC	Clearlake Capital
900 Corporate Pointe - Symantec Campus	West Los Angeles	92,049	August 2023	Northwood Investors LLC	Undisclosed (Sublease)
5800 Bristol Pky - C3	West Los Angeles	53,202	July 2023	IDS Real Estate Group	Tik Tok
21650 Oxnard St - Warner Center Tower III	San Fernando Valley	25,163	August 2023	Douglas Emmett Mgmt LLC	Undisclosed
3516 Schaefer St	West Los Angeles	24,997	July 2023	Redcar Properties LTD	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 2023
Second Century Expansion Bldg II	3000 W Alameda Ave	Burbank/Glendale/Pasadena	355,000	Worthe Real Estate Group	December 2023
100 Universal City Plz	100 Universal City Plz	San Fernando Valley	331,000	NBCUniversal	October 2023
Impact At Nash	200 S Nash St	South Bay	324,000	Continental Development Corp	September 2023
REFRAME - South Building	4561 Colorado Blvd	Burbank/Glendale/Pasadena	145,674	Westbrook Partners	January 2024
843 N Spring St	843 N Spring St	Downtown Los Angeles	125,000	Redcar Properties LTD	September 2023
520 Mateo St	520 Mateo St	Downtown Los Angeles	105,000	Carmel Partners	November 2023
520 Mateo St	520 Mateo St	Downtown Los Angeles	105,000	Carmel Partners	June 2023

Data Source: EDD, CoStar



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COMMERCIAL BROKERAGE	<i>\$12B</i> TRANSACTION VOLUME ANNUALLY	<i>32.1M</i> ANNUAL SALES SF	<i>41.2M</i> ANNUAL LEASING SF
ASSET SERVICES	<i>53M</i> MANAGEMENT PORTFOLIO SF	<i>771+</i> ASSETS UNDER MANAGEMENT	<i>250+</i> ASSET SERVICES CLIENTS
VALUATION ADVISORY	<i>2,800+</i> ASSIGNMENTS ANNUALLY	<i>41</i> TOTAL APPRAISERS	<i>23</i> WITH MAI DESIGNATIONS

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