

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

	4Q23	3Q23	4Q22	Annual Change
Direct Vacancy Rate	15.0%	14.5%	14.0%	7.16%
Availability Rate	20.0%	19.4%	18.7%	6.70%
Asking Lease Rate	\$3.46	\$3.49	\$3.52	-1.70%
Leasing Activity (SF)	2,709,114	3,863,128	4,340,170	-37.58%
Sale Volume (SF)	1,556,743	1,267,981	1,542,385	0.93%
Net Absorption (SF)	(1,754,301)	(801,222)	(984,656)	N/A

4Q 2023

↓ **2.7M SF**
LEASING ACTIVITY

↓ **-1.8M SF**
NET ABSORPTION

↑ **15.0%**
VACANCY RATE

↓ **\$3.46**
ASKING RENT (AVG)

↓ **120K SF**
NEW DELIVERIES

Year-Over-Year Trend

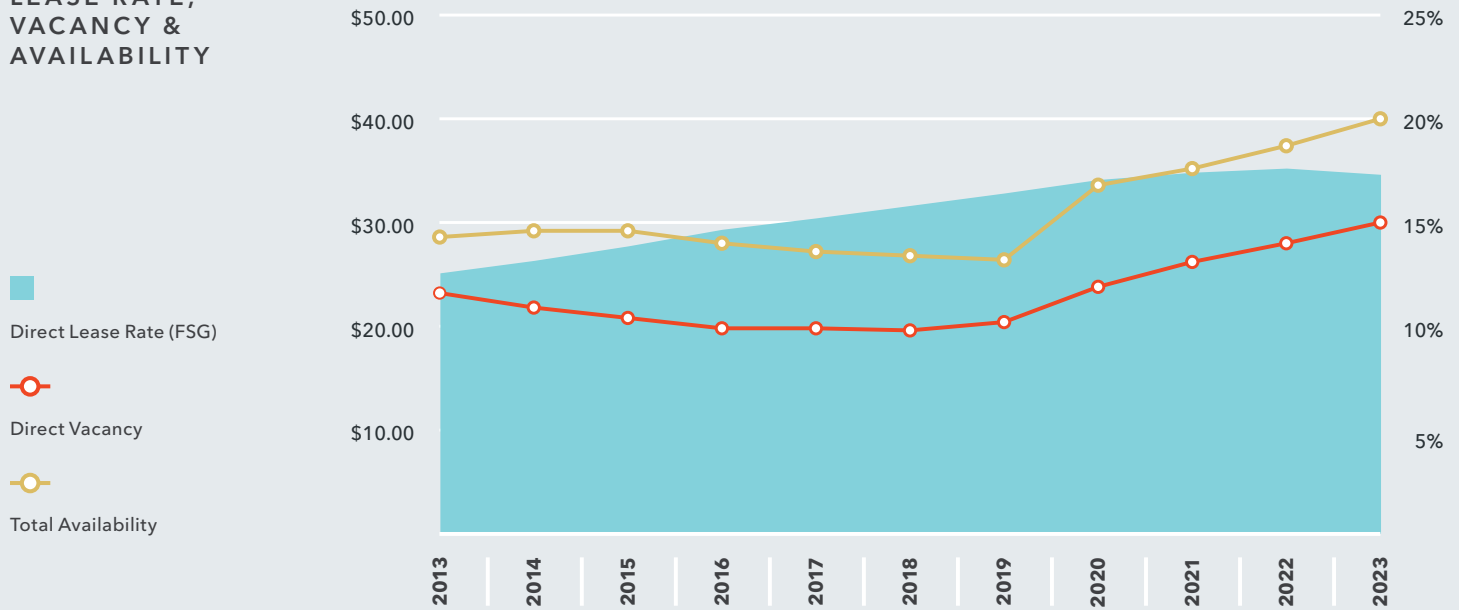
Market Highlights

DIRECT VACANCY RATES were at 14.3% in Q4 2023

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

146K SF was delivered in Q4 2023, while 3.5M SF is still being developed

LEASE RATE, VACANCY & AVAILABILITY

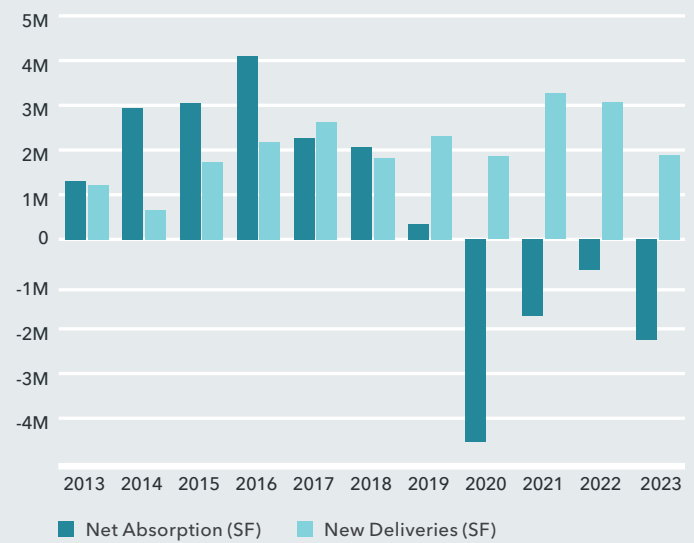


BIGGEST SALE OF THE QUARTER

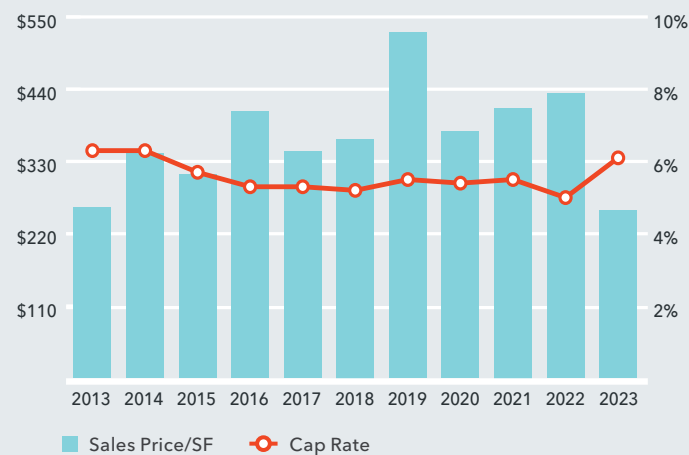
1540 2nd St, West Los Angeles



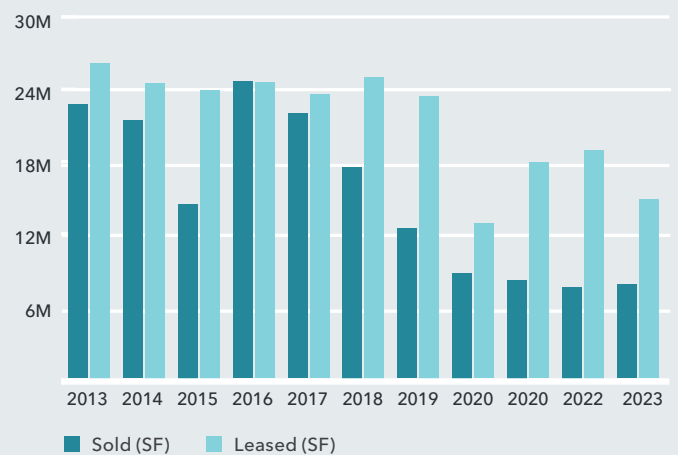
NET ABSORPTION & NEW DELIVERIES



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 (FS)
Tri-Cities	43,469,947	13.8%	1.7%	15.5%	21.1%	(618,101)	(395,545)	238,519	1,489,773	\$3.60
Burbank	14,390,811	12.7%	2.8%	15.6%	21.8%	(595,497)	(213,115)	41,017	317,081	\$4.22
Glendale	12,091,277	16.2%	1.7%	18.0%	21.5%	18,291	(130,837)	89,412	639,160	\$3.24
Pasadena	16,987,859	12.9%	0.8%	13.7%	20.2%	(40,895)	(51,593)	108,090	533,532	\$3.33
Downtown Los Angeles	70,269,630	17.8%	1.4%	19.2%	21.2%	(497,625)	(619,328)	139,651	1,289,973	\$3.06
Mid-Cities	8,678,004	5.9%	0.3%	6.2%	8.0%	(24,773)	(40,075)	36,605	314,352	\$2.49
Mid-Wilshire	42,909,395	17.1%	1.3%	18.4%	18.9%	(135,373)	(547,422)	186,722	1,712,861	\$3.31
East Hollywood/Silver Lake	3,271,037	5.6%	2.5%	8.0%	12.2%	8,061	15,435	11,469	59,516	\$3.29
Hollywood	9,221,232	16.6%	1.4%	18.0%	19.7%	(206,953)	(250,955)	26,308	550,856	\$4.02
Mid-Wilshire	15,424,640	17.2%	0.1%	17.4%	19.4%	112,034	109,777	75,723	366,422	\$2.58
Miracle Mile	5,723,521	30.1%	1.5%	31.6%	31.2%	(54,780)	(210,664)	26,657	428,607	\$4.07
Park Mile	1,637,087	26.3%	3.9%	30.2%	33.4%	73,483	(98,323)	5,661	47,310	\$3.08
West Hollywood	7,274,042	11.0%	2.3%	13.4%	16.8%	(67,218)	(112,692)	40,904	260,150	\$4.95
San Fernando Valley	45,936,221	13.1%	2.4%	15.5%	19.3%	(97,101)	(452,558)	442,385	2,606,259	\$2.72
Calabasas/Westlake Village	6,854,932	12.8%	4.4%	17.2%	21.3%	(1,385)	(7,794)	83,080	505,257	\$2.59
Eastern SFV	5,299,202	7.7%	0.6%	8.2%	10.0%	(23,503)	(12,202)	33,070	186,989	\$2.39
Encino	4,960,873	14.8%	1.5%	16.2%	18.2%	(10,597)	(99,128)	80,162	399,947	\$2.86
North Hollywood	2,604,395	17.8%	0.0%	17.8%	16.6%	(13,953)	(17,181)	6,592	51,682	\$3.64
Sherman Oaks	3,424,236	12.5%	2.9%	15.3%	19.0%	(11,809)	18,429	51,452	271,543	\$2.97
Studio/Universal Cities	3,501,862	9.5%	1.8%	11.3%	13.8%	(8,635)	(53,034)	41,317	140,333	\$3.35
Tarzana	1,711,482	10.2%	0.2%	10.4%	11.5%	14,506	35,994	13,561	86,728	\$3.25
Western SFV	7,971,423	11.3%	0.6%	11.9%	15.0%	(16,617)	(99,094)	87,232	394,991	\$2.53
Woodland Hills/Warner City	9,607,816	17.6%	5.2%	22.8%	31.5%	(25,108)	(218,548)	45,919	568,789	\$2.48
San Gabriel Valley	29,287,700	7.3%	0.2%	7.5%	9.1%	5,841	74,940	198,204	874,324	\$2.58
South Bay	58,318,788	15.1%	2.2%	17.4%	19.4%	200,064	106,728	538,342	2,124,401	\$3.20
190th Street Corridor	4,068,470	17.1%	2.9%	20.1%	14.9%	(18,108)	1,930	7,413	106,414	\$2.94
Beach Cities/Palos Verdes	4,900,351	7.3%	0.0%	7.3%	8.3%	145,946	294,646	26,288	142,034	\$3.30
El Segundo	18,228,596	16.8%	3.5%	20.3%	27.2%	(126,242)	(380,921)	114,379	736,399	\$4.12
Hawthorne/Gardena	2,175,108	7.2%	0.3%	7.5%	7.0%	57,965	(2,792)	17,875	32,498	\$2.15
LAX	4,386,905	35.5%	0.1%	35.6%	29.8%	(23,106)	(191,997)	8,453	99,366	\$2.44
Downtown Long Beach	7,934,337	17.4%	2.4%	19.7%	22.1%	65,937	40,469	57,711	223,245	\$2.56
Suburban Long Beach	8,865,841	11.1%	2.1%	13.2%	13.5%	85,464	238,291	220,535	423,794	\$2.64
Torrance	7,759,180	8.1%	1.9%	10.1%	12.1%	12,208	107,102	85,688	360,651	\$2.97
Southeast Los Angeles	7,710,670	6.6%	0.7%	7.3%	7.8%	(70,035)	(118,661)	61,730	207,620	\$2.47
West Los Angeles	76,333,301	17.8%	2.8%	20.6%	26.3%	(517,198)	(253,410)	866,956	4,211,416	\$5.13
Los Angeles Total	382,913,656	15.0%	1.8%	16.8%	20.0%	(1,754,301)	(2,245,331)	2,709,114	14,830,979	\$3.46
Class A	179,309,136	19.2%	2.6%	21.8%	25.7%	(1,321,478)	(1,392,864)	1,433,440	8,028,541	\$3.61
Class B	158,073,367	12.7%	1.1%	13.8%	16.6%	(146,460)	(651,038)	1,050,720	5,783,379	\$3.31
Class C	45,153,334	6.2%	1.0%	7.2%	8.8%	(212,447)	(127,513)	224,954	1,020,184	\$3.06

TOP SALE TRANSACTIONS 4Q 2023

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
1540 2nd St - Pierpoint	West Los Angeles	76,892	\$86,680,000	\$1,127.30	Undisclosed (Pre-Foreclosure Sale)	Realty Bancorp Equities, LLC
9000 Wilshire Blvd	West Los Angeles	50,267	\$71,000,000	\$1,412.46	Undisclosed	Skanska
Brand Blvd Center Portfolio	Burbank/Glendale/Pasadena	440,770	\$58,000,000	\$131.59	Central Brand, LLC	Kennedy Wilson, Inc.
18000 Studebaker Rd	Mid-Cities	191,940	\$31,600,000	\$164.63	Logos Missions Inc.	The Koll Company
1700 E Walnut Ave	South Bay	120,000	\$31,168,000	\$259.73	Montana Avenue Capital Partners	CalSTRS
222 E Huntington Dr	San Gabriel Valley	122,000	\$25,000,000	\$204.92	iHealth	Positive Investments, Inc.

TOP LEASE TRANSACTIONS 4Q 2023

Property	Submarket	SF	Transaction Date	Landlord	Tenant
1500 Hughes Way	South Bay	175,302	December 2023	Omninet Capital	Los Angeles County
11355 W Olympic Blvd	West Los Angeles	125,360	October 2023	McCarthy Cook & Co.	Penske Media Group
1950 Avenue of the Stars	West Los Angeles	75,000	December 2023	Century City Realty LLC	Sidley Austin LLP
6801 Park Terrace Dr	West Los Angeles	47,039	October 2023	Healthcare Realty Trust Inc.	Cedars-Sina (Renewal)
21680 Gateway Center Dr	San Gabriel Valley	41,523	November 2023	Buchanan Street Partners	Travelers Insurance
3470 Wilshire Blvd - Central Plaza	Mid-Wilshire	39,335	December 2023	Jamison Services, 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
Burbank Studios	3000 W Alameda Ave	Burbank/Glendale/Pasadena	355,000	Worthe Real Estate Group	April 2024
100 Universal City Plz	100 Universal City Plz	San Fernando Valley	331,000	NBCUniversal	February 2024
Impact At Nash	200 S Nash St	South Bay	324,000	Continental Development Corp.	August 2024
42XX Glencoe	4204 Glencoe Ave	West Los Angeles	151,066	Bradmore Realty Investment Co Ltd	July 2024
REFRAME - South Building	4561 Colorado Blvd	Burbank/Glendale/Pasadena	145,674	Westbrook Partners	January 2024
Forge at Alloy	520 Mateo St	Downtown Los Angeles	137,281	Carmel Partners	September 2024

Data Source: EDD, CoStar



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COMMERCIAL
BROKERAGE

\$12B

TRANSACTION
VOLUME ANNUALLY

32.1M

ANNUAL
SALES SF

41.2M

ANNUAL
LEASING SFASSET
SERVICES

53M

MANAGEMENT
PORTFOLIO SF

771+

ASSETS UNDER
MANAGEMENT

250+

ASSET SERVICES
CLIENTSVALUATION
ADVISORY

2,800+

ASSIGNMENTS
ANNUALLY

42

TOTAL
APPRAISERS

23

WITH MAI
DESIGNATIONS