

MARKET TRENDS

LOS ANGELES OFFICE

FACTORS INFLUENCING THE MARKET

The third quarter of 2024 revealed various opportunities in the Los Angeles office market, with a notable potential being the high percentage of pre-pandemic leases set to expire. Rental rates could potentially reach a plateau as leasing activity continues to advance, though landlords continue to offer generous concessions in order to maintain rental rates. The current vacancy rate is 15.6%, marking a rise of 120 basis points compared to the end of September 2023.

The economic well-being, especially the inflation rate, has a direct impact on the profits and investments of businesses. Furthermore, it has a significant influence on the Federal Reserve's monetary policy, leasing initiatives, growth in employment, and expansion of businesses. The Federal Reserve's decision to decrease interest rates has the real estate community encouraged and hopeful that sales activity will increase in the coming months.

ECONOMIC REVIEW

The growing popularity of hybrid office models continues to affect the need for office space when businesses choose smaller, more flexible workspaces or less physical space for their workplace. However, more employers, including Amazon, have announced return to

office plans which has caused some optimism in the office sector. The healthy employment market is a factor that could also lead to an increase in the demand for office space.

The trend toward urbanization and corporate concentration may affect the demand for office space in Los Angeles. This trend serves as the benchmark for different submarkets in the city. These submarkets may experience differences in demand and performance. Factors, including area, transit options, and proximity to facilities, may influence submarket desirability.

NEAR-TERM OUTLOOK

After the first half of 2024, the Los Angeles office market will face various challenges. Co-working spaces are gaining importance as businesses adapt to changing employee preferences and priorities. With economic stabilization, companies may expand and hire again, increasing demand for office space.

The market's competitiveness pressures landlords to differentiate themselves. Many are enhancing amenity areas, offering flexible leases, and improving facilities. Tenants are likely to prioritize amenities such as gyms, outdoor spaces, and well-maintained common areas to attract and retain employees.

Market Summary

	3Q24	2Q24	3Q23	YOY Change
Direct Vacancy Rate	15.6%	15.4%	14.4%	8.58%
Total Availability Rate	20.6%	20.0%	19.0%	8.48%
Direct Asking Lease Rate	\$3.52	\$3.51	\$3.43	2.62%
	3Q24	2Q24	3Q23	YOY Change
Total Lease Transactions	3,293,908	3,565,462	5,665,986	-41.87%
Sale Transactions	1,819,106	1,491,740	1,212,365	50.05%
Direct Net Absorption	(767,034)	(642,313)	(810,172)	N/A

3Q 2024

↓ **3.3M SF**
LEASING ACTIVITY

↓ **-767K SF**
NET ABSORPTION

↑ **15.6%**
VACANCY RATE

↑ **\$3.52**
ASKING RENT (AVG)

↓ **53K SF**
NEW DELIVERIES

Year-Over-Year Trend

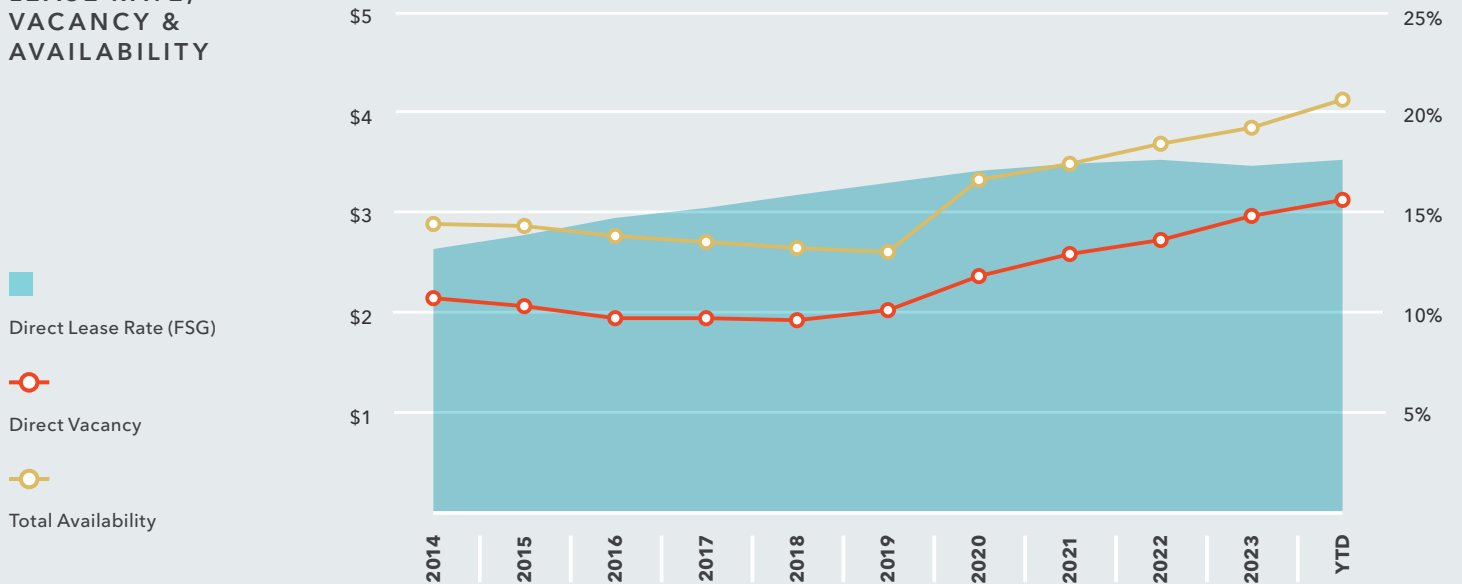
Market Highlights

THE DIRECT MARKET
vacancy rate in Los Angeles was 15.6%

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

IN Q2 2024, Los Angeles anticipates 2.9M SF are expected to remain under construction stage

LEASE RATE, VACANCY & AVAILABILITY



BIGGEST SALE OF THE QUARTER

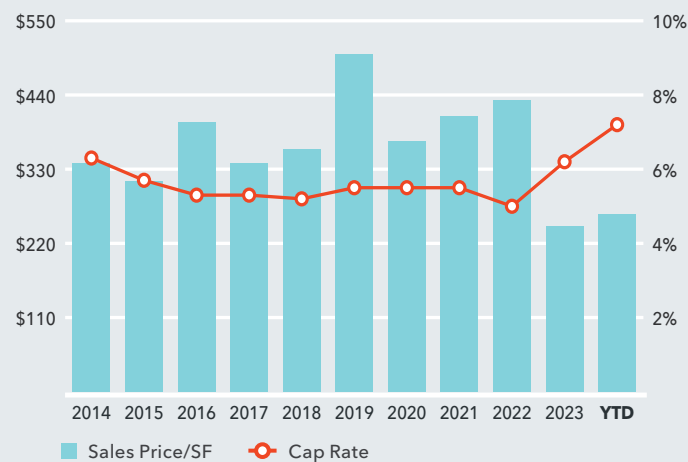
407 N Maple Dr, Beverly Hills



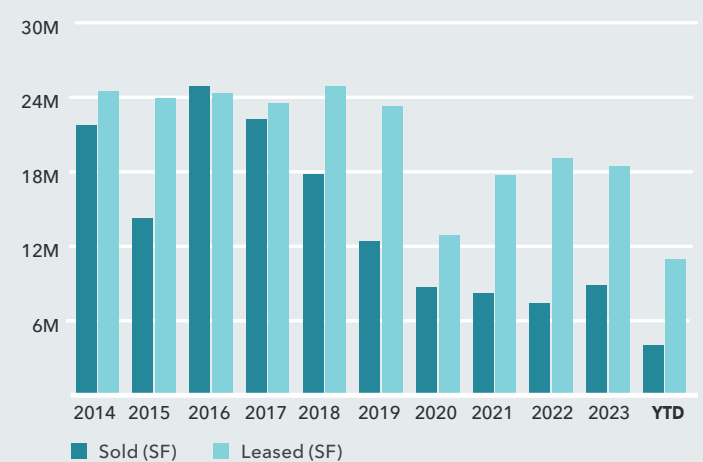
NET ABSORPTION & NEW DELIVERIES



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 Availability Rate	3Q24 Total Net Absorption	YTD Total Net Absorption	3Q24 Leasing Activity	YTD Leasing Activity	Direct Rental Rate
Burbank	43,327,861	16.1%	1.9%	18.0%	23.8%	(20,214)	(535,812)	323,037	1,009,190	\$3.71
Glendale	14,435,665	15.9%	3.1%	19.1%	26.3%	(42,778)	(114,566)	35,388	272,845	\$4.26
Pasadena	11,729,194	19.3%	1.9%	21.2%	25.0%	47,404	(251,799)	106,362	318,729	\$3.23
Tri-Cities	17,163,002	14.0%	1.0%	15.0%	20.8%	(24,840)	(169,447)	181,287	417,616	\$3.46
Downtown Los Angeles	71,002,793	20.2%	1.5%	21.7%	21.3%	(794,059)	(1,814,589)	468,842	1,309,240	\$3.10
Mid-Cities	8,837,408	5.4%	0.1%	5.5%	7.0%	2,895	20,593	30,968	242,451	\$2.37
Mid-Wilshire	43,318,240	17.0%	1.1%	18.1%	19.7%	(33,709)	25,015	312,770	1,064,804	\$3.54
East Hollywood/Silver Lake	3,466,375	5.4%	0.0%	5.4%	8.3%	53,620	37,369	54,610	181,882	\$3.23
Hollywood	8,816,823	18.4%	1.7%	20.1%	22.7%	1,158	(43,717)	61,311	223,081	\$4.29
Mid-Wilshire	15,747,321	18.7%	0.4%	19.1%	17.1%	14,130	(291,098)	71,619	184,180	\$2.74
Miracle Mile	5,794,100	23.6%	1.4%	25.0%	30.4%	(57,417)	354,385	46,755	235,969	\$4.23
Park Mile	1,773,790	25.1%	0.0%	25.1%	28.7%	(27,401)	(15,054)	29,828	64,738	\$3.07
West Hollywood	7,719,831	10.6%	2.4%	13.0%	16.2%	(17,799)	(16,870)	48,647	174,954	\$4.81
San Fernando Valley	46,536,408	13.2%	2.1%	15.3%	19.1%	(59,699)	(205,462)	409,231	1,535,528	\$2.67
Calabasas/Westlake Village	7,343,446	12.5%	3.3%	15.8%	19.9%	24,080	(50,456)	46,606	225,886	\$2.52
Eastern SFV	5,481,871	8.0%	0.3%	8.3%	10.2%	15,454	(38,253)	27,832	90,110	\$2.56
Encino	4,962,415	15.5%	0.7%	16.2%	18.9%	(31,554)	(42,160)	64,686	286,290	\$2.72
North Hollywood	2,618,295	16.4%	2.3%	18.6%	18.8%	(10,367)	37,408	3,383	64,326	\$3.70
Sherman Oaks	3,412,347	13.2%	2.4%	15.6%	19.7%	40,758	(31,238)	97,520	204,298	\$2.68
Studio/Universal Cities	3,458,381	9.3%	1.7%	11.0%	14.5%	3,684	4,358	13,107	96,913	\$3.17
Tarzana	1,691,950	10.8%	0.0%	10.8%	10.6%	(21,551)	(16,100)	13,026	38,419	\$3.37
Western SFV	8,040,492	10.5%	0.6%	11.1%	14.6%	37,168	48,201	47,536	175,058	\$2.50
Woodland Hills/Warner City	9,527,211	18.8%	4.7%	23.5%	30.3%	(117,371)	(117,222)	95,535	354,228	\$2.45
San Gabriel Valley	29,917,751	6.5%	0.3%	6.8%	9.2%	(16,246)	117,338	311,041	727,502	\$2.65
South Bay	58,874,217	14.2%	1.9%	16.1%	19.7%	216,854	377,227	491,291	1,499,496	\$3.19
190th Street Corridor	3,947,941	15.5%	2.6%	18.1%	13.6%	(7,041)	71,664	213,949	269,695	\$2.95
Beach Cities/Palos Verdes	4,867,865	10.1%	0.1%	10.2%	8.2%	3,788	11,871	14,209	83,173	\$3.23
El Segundo	18,559,483	14.4%	3.1%	17.4%	26.9%	211,538	368,704	136,529	488,698	\$4.10
Hawthorne/Gardena	2,296,571	5.5%	0.0%	5.5%	5.0%	38,651	31,189	8,626	77,763	\$2.16
LAX	4,386,905	37.3%	0.1%	37.4%	30.7%	3,836	(76,876)	4,751	59,427	\$2.44
Downtown Long Beach	7,989,083	16.0%	2.1%	18.2%	21.8%	35,816	77,322	27,537	123,350	\$2.63
Suburban Long Beach	9,018,634	10.6%	1.1%	11.7%	14.3%	(31,496)	(128,305)	49,497	230,491	\$2.74
Torrance	7,807,735	7.8%	2.1%	9.9%	14.8%	(38,238)	21,658	36,193	166,899	\$2.97
Southeast Los Angeles	7,763,255	6.1%	0.4%	6.5%	7.4%	7,112	30,524	68,123	184,771	\$2.44
West Los Angeles	77,049,663	18.6%	3.1%	21.7%	27.8%	(69,968)	(484,603)	878,605	3,423,233	\$5.06
Los Angeles Total	386,627,596	15.6%	1.8%	17.4%	20.6%	(767,034)	(2,469,769)	3,293,908	10,996,215	\$3.52
Class A	192,084,088	20.7%	2.9%	23.6%	26.9%	(989,772)	(2,146,694)	1,955,414	6,255,523	\$3.74
Class B	149,468,147	11.8%	0.9%	12.6%	16.2%	335,154	(91,346)	1,149,072	4,006,830	\$3.21
Class C	44,900,650	6.9%	0.4%	7.3%	8.2%	(82,299)	(210,412)	189,422	725,062	\$2.91
Class Total	386,627,596	15.6%	1.8%	17.4%	20.6%	(736,917)	(2,448,452)	3,293,908	6,152,011	\$3.52

SIGNIFICANT SALE TRANSACTIONS 3Q 2024

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
407 N Maple Dr	West Los Angeles	174,847	\$118,000,000	\$674.88	Fashion Nova	Tishman Speyer
801 Tower	Downtown Los Angeles	465,220	\$60,000,000	\$128.97	TS 801 Tower, LLC	Barings
Grand + Nash	South Bay	164,360	\$59,200,000	\$360.18	Mattel Realty Corporation	NY Life Real Estate Investors
Herbalife Plaza	South Bay	188,545	\$41,290,000	\$218.99	Rexford Industrial Realty, Inc.	Herbalife International Inc
2325 Crenshaw Blvd	South Bay	65,300	\$30,500,000	\$467.08	Rose Equities	Optimus Properties, LLC
Gateway Corporate Center	San Gabriel Valley	80,753	\$18,875,000	\$233.74	Diamond Cycle Properties LLC	Buchanan Street Partners

SIGNIFICANT LEASE TRANSACTIONS 3Q 2024

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Two California Plaza	Downtown Los Angeles	198,553	September 2024	CIM Group, LP	SoCalGas
Herbalife Plaza	South Bay	188,545	July 2024	Rexford Industrial Realty, Inc.	Herbalife Nutrition
The Campus	San Gabriel Valley	170,512	August 2024	MetLife, Inc	City of Hope
The Culver Steps	West Los Angeles	75,178	July 2024	Hackman Capital Partners	Amazon Studios
Entrada	West Los Angeles	74,699	September 2024	Lincoln Property Company	Undisclosed
777 Aviation	South Bay	63,823	September 2024	Lionstone Partners, LLC	Undisclosed

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Century City Center	1950 Avenue of the Stars	West Los Angeles	731,250	JMB Financial Advisors LLC	January 2026
Echelon Studios	5601 Santa Monica Blvd	Mid-Wilshire	350,000	Santa Monica Blvd Owner LLC	April 2026
NBCUniversal Plaza	100 Universal City Plz	San Fernando Valley	331,000	NBCUniversal	September 2024
Impact At Nash	200 S Nash St	South Bay	324,000	Continental Development Corporation	November 2024
3401 La Cienega -Mixed-Use	3401 S La Cienega Blvd	West Los Angeles	253,491	La Cienega Owner LLC	January 2026
42XX Glencoe	4204 Glencoe Ave	West Los Angeles	151,067	Bradmore Realty Investment Co Ltd	September 2024

Data Source: EDD, CoStar



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COMMERCIAL
BROKERAGE

\$10B

3-YEAR AVERAGE
TRANSACTION VOLUME

31.7M

ANNUAL
SALES SF

42.4M

ANNUAL
LEASING SFASSET
SERVICES

55M SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

260+

CLIENTS
SERVEDVALUATION
ADVISORY

2,600+

3-YEAR AVERAGE
ASSIGNMENTS

43

TOTAL
APPRAISERS

27

WITH MAI
DESIGNATIONS