

MARKET TRENDS

LOS ANGELES OFFICE

MARKET DRIVERS

The Los Angeles office market remained stagnant through the third quarter, though select submarkets saw modest increases in leasing activity. Markets that underperformed were weighed down by ongoing vacancies brought on by substantial space reductions and sublease availability, along with contractions in the entertainment and IT sectors. Leasing activity was mainly driven by shorter-term renewals and a demand for new but less space. However, some occupiers are showing willingness to commit to longer-term leases, prompting landlords to offer more incentives to attract and retain tenants.

ECONOMIC REVIEW

Los Angeles' diverse economy is primarily driven by the tourism, professional services, entertainment, and aerospace sectors. Los Angeles faces difficulties due to labor issues, population shifts, and migration, even with corporate advantages. Employment growth has slowed, and office-using industries showed little expansion. The slow recovery of major industries has dampened the demand for office space. Despite this, economic uncertainty influenced corporate real estate decisions.

NEAR-TERM OUTLOOK

The Los Angeles office market continues to favor tenants, characterized by high vacancy rates, limited demand, low absorption, and increased concessions.

Vacancies are likely to continue to rise until 2026, but a quicker recovery is possible if demand rises and if inventory is reduced. There are plans for substantial demolition and conversion to residential activity, along with limited new construction. A recovery is possible if the overall economy stabilizes, workplace strategies change, and tenant demand increases.

Market Summary

	3Q25	2Q25	3Q24	YOY Change
Direct Vacancy Rate	16.0%	15.8%	15.3%	4.35%
Total Availability Rate	20.3%	19.8%	19.7%	2.85%
Direct Asking Lease Rate	\$3.50	\$3.51	\$3.55	-1.41%
	3Q25	2Q25	3Q24	YOY Change
Total Lease Transactions	2,880,547	3,829,015	4,622,135	-37.68%
Sale Transactions	1,423,257	2,578,983	1,916,333	-25.73%
Direct Net Absorption	-548,995	-1,289,286	-677,315	N/A

3Q 2025

↓ **2.9M SF**
LEASING ACTIVITY

↑ **-549K SF**
NET ABSORPTION

↑ **16.0%**
VACANCY RATE

↓ **\$3.50**
ASKING RENT (AVG)

↓ **0 SF**
NEW DELIVERIES

Year-Over-Year Trend

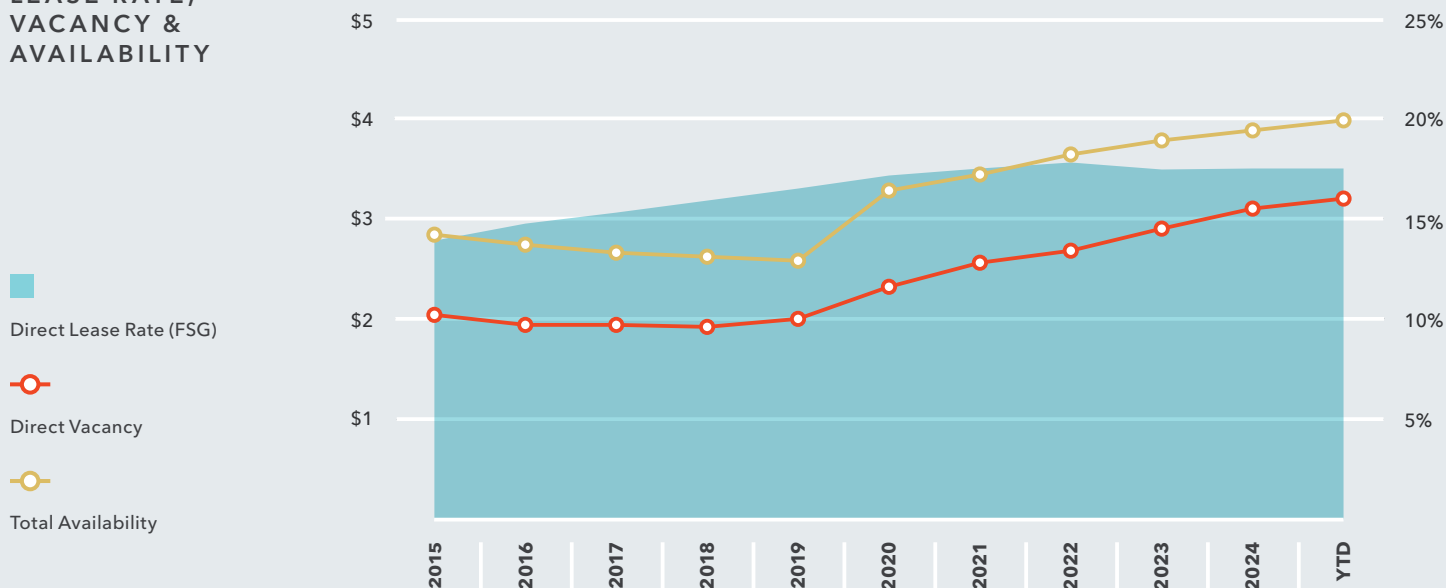
Market Highlights

THE DIRECT MARKET
vacancy rate was 16.0%

AVERAGE ASKING RATES
were \$3.50 PSF on a
full-service basis

IN Q3 2025, 2.8M SF is still
being developed

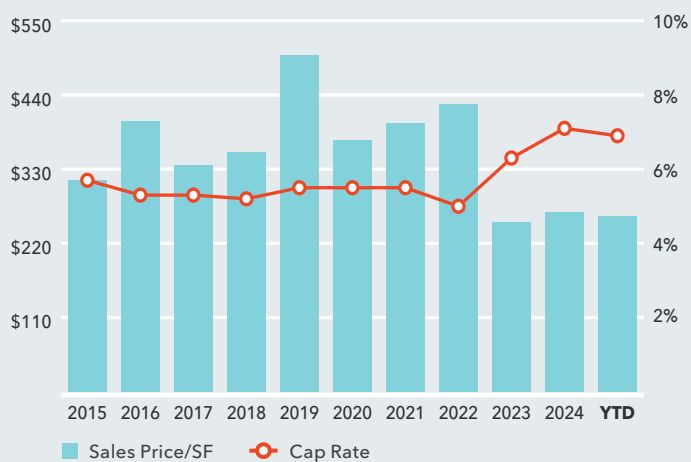
LEASE RATE, VACANCY & AVAILABILITY



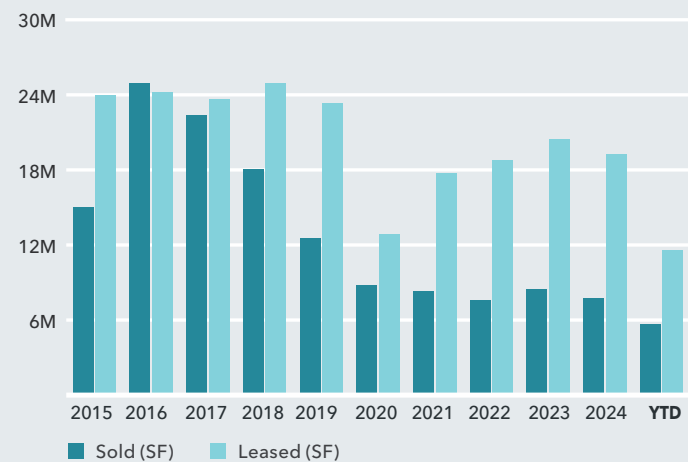
NET ABSORPTION & NEW DELIVERIES



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 Availability Rate	3Q25 Direct Net Absorption	YTD Direct Net Absorption	3Q25 Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate
Burbank	14,491,758	18.0%	3.0%	21.0%	25.0%	143,371	157,264	42,823	339,253	\$4.34
Glendale	12,569,845	17.0%	0.8%	17.8%	19.6%	42,141	75,853	92,968	490,141	\$3.21
Pasadena	17,354,813	13.2%	1.1%	14.3%	19.7%	89,175	53,332	168,119	563,169	\$3.64
Tri-Cities	44,416,416	15.8%	1.6%	17.5%	21.4%	274,687	286,449	303,910	1,392,563	\$3.82
Downtown Los Angeles	70,385,840	21.5%	1.3%	22.8%	22.4%	-549,278	-433,221	348,051	1,774,761	\$2.98
Mid-Cities	8,933,243	6.1%	0.1%	6.2%	7.1%	-152,939	-158,367	19,597	122,815	\$2.60
Mid-Wilshire	44,543,339	17.0%	0.9%	17.9%	21.0%	203,503	-282,129	276,964	842,527	\$3.40
East Hollywood/Silver Lake	4,152,700	4.7%	0.1%	4.8%	20.3%	-23,750	27,552	23,048	48,321	\$4.15
Hollywood	8,941,596	20.0%	1.3%	21.3%	26.8%	184,809	-126,370	97,717	232,235	\$4.16
Mid-Wilshire	15,456,274	17.3%	0.2%	17.6%	17.0%	32,291	-34,902	27,348	112,320	\$2.73
Miracle Mile	5,926,551	27.0%	1.3%	28.2%	34.0%	16,077	-192,261	21,486	115,936	\$4.05
Park Mile	1,663,627	26.8%	0.5%	27.2%	19.6%	20,670	-13,286	2,153	37,719	\$3.10
West Hollywood	8,402,591	10.2%	2.2%	12.4%	13.6%	-26,594	57,138	105,212	295,996	\$4.95
San Fernando Valley	47,043,046	13.1%	2.0%	15.1%	18.5%	144,521	-87,808	346,373	1,590,651	\$2.78
Calabasas/Westlake Village	7,354,919	14.1%	2.7%	16.9%	20.6%	54,634	-117,601	42,200	226,839	\$2.66
Eastern SFV	5,539,751	7.9%	0.5%	8.4%	9.0%	5,595	34,198	27,898	81,227	\$2.45
Encino	5,162,895	14.1%	1.0%	15.2%	16.4%	-60,318	-32,010	55,924	208,392	\$2.75
North Hollywood	2,621,193	16.4%	3.2%	19.6%	20.0%	18,171	24,028	210	16,470	\$3.47
Sherman Oaks	3,425,289	13.8%	1.1%	14.9%	18.2%	-19,680	-37,617	74,365	230,235	\$3.05
Studio/Universal Cities	3,822,375	10.3%	0.2%	10.5%	16.1%	-52,485	-26,484	18,234	80,422	\$3.34
Tarzana	1,740,555	13.3%	0.2%	13.5%	13.9%	-7,599	-55,887	3,779	36,978	\$3.26
Western SFV	7,949,076	9.8%	0.5%	10.4%	13.2%	124,487	40,971	42,336	384,673	\$2.66
Woodland Hills/Warner City	9,426,993	17.4%	5.2%	22.6%	29.6%	81,716	82,594	81,427	325,415	\$2.45
San Gabriel Valley	30,298,307	6.3%	0.2%	6.5%	8.2%	-89,186	-136,317	102,247	433,353	\$2.74
South Bay	58,804,088	14.5%	1.8%	16.3%	18.8%	-50,212	-245,484	563,962	1,735,447	\$3.18
190th Street Corridor	3,838,163	14.8%	2.1%	16.9%	12.6%	44,031	24,406	27,982	91,175	\$3.00
Beach Cities/Palos Verdes	4,761,092	11.7%	0.0%	11.7%	14.1%	-64,110	-78,441	23,413	104,675	\$3.30
El Segundo	18,575,619	15.2%	2.5%	17.7%	23.1%	-48,293	-154,729	289,012	780,915	\$4.06
Hawthorne/Gardena	2,306,757	5.7%	0.0%	5.7%	6.5%	10,635	15,497	1,293	27,563	\$2.45
LAX	4,426,761	33.8%	0.1%	33.9%	29.3%	-88,207	-24,402	11,038	58,298	\$2.34
Downtown Long Beach	8,045,381	16.4%	2.8%	19.3%	21.2%	97,815	-15,459	34,357	155,528	\$2.68
Suburban Long Beach	9,059,033	10.1%	0.6%	10.8%	14.3%	-12,962	49,629	128,266	329,855	\$2.90
Torrance	7,791,282	9.0%	3.0%	11.9%	14.6%	10,879	-61,985	48,601	187,438	\$3.03
Southeast Los Angeles	7,925,024	5.3%	0.2%	5.5%	5.8%	11,089	75,560	22,044	409,934	\$2.48
West Los Angeles	77,790,719	19.3%	2.6%	21.9%	27.1%	-341,180	-779,075	897,399	3,266,419	\$5.02
Los Angeles Total	390,140,022	16.0%	1.6%	17.6%	20.3%	-548,995	-1,760,392	2,880,547	11,568,470	\$3.50
Class A	180,102,068	20.7%	2.4%	23.2%	27.2%	-451,861	-1,096,018	1,479,504	6,244,295	\$3.74
Class B	163,884,542	13.3%	1.0%	14.4%	16.4%	31,361	-689,300	1,235,481	4,705,141	\$3.25
Class C	45,852,634	6.7%	0.3%	7.0%	6.8%	-128,495	24,926	165,562	619,034	\$2.98

SIGNIFICANT SALE TRANSACTIONS 3Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Pasadena Towers (2 Office Prop.)	Burbank/Glendale/Pasadena	488,400	\$125,000,000	\$255.94	Harbor Associates	CBRE Inv. Mgmt.
Culver Pointe Office Park (2 Office Prop.)	West Los Angeles	461,960	\$72,500,000	\$156.94	Sunny Hills Mgmt. Co, Inc.	New York Life Inv.
7060 & 7107 Hollywood Blvd (2 Office Prop.)	Mid-Wilshire	197,979	\$41,000,000	\$207.09	RCB Equities, LLC	LeFrak
501 Santa Monica Blvd	West Los Angeles	78,509	\$40,000,000	\$509.50	WA Cap. Mgmt., Inc.	Kilroy Realty Corp.
790 E Colorado Blvd - The Terrace	Burbank/Glendale/Pasadena	146,313	\$31,500,000	\$215.29	GD Realty Group	Swift R.E. Ptns.
Office & Industrial Prop. (Sold for Land Value)	West Los Angeles	28,701	\$25,250,000	\$879.76	City of Los Angeles	North American Realty
5435-5445 Balboa Blvd (Conversion Project)	San Fernando Valley	74,947	\$20,640,000	\$275.39	Capstone Equities	Thousand Gold Balboa, LLC

SIGNIFICANT LEASE TRANSACTIONS 3Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
U.S. Bank Tower	Downtown Los Angeles	69,455	July 2025	Silverstein Properties	KPMG LLP
FourFortyFour South Flower	Downtown Los Angeles	57,903	August 2025	Coretrust Capital Partners	U.S. Securities & Exchange (Renewal)
Brickworks at Smoky Hollow	South Bay	56,247	July 2025	Ocean West Capital Partners	Undisclosed
888 North Douglas	South Bay	54,749	July 2025	Hackman Capital Partners	Varda Space (Sublease)
Continental Park	South Bay	50,000	September 2025	Continental Development Corp.	KPMG LLP
1500 Hughes Way	South Bay	44,945	July 2025	Omninet Capital	Undisclosed
1999 Avenue of the Stars	West Los Angeles	42,705	September 2025	JMB Financial Advisors	Bain & Co. (Renewal/Expansion)

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Century City Center	1950 Avenue of the Stars	West Los Angeles	825,000	JMB Financial Advisors, LLC	June 2026
Echelon Studios	5601 Santa Monica Blvd	Mid-Wilshire	606,740	BARDAS Investment Group	October 2026
Apple LA Campus	8825 National Blvd	West Los Angeles	536,000	Apple Inc.	June 2027
Habitat	3401 S La Cienega Blvd	West Los Angeles	256,391	Lendlease Corporation	January 2026
Echelon The Workshop	1200 N Cahuenga Blvd	Mid-Wilshire	101,300	BARDAS Investment Group	January 2026
590 S Fair Oaks Ave	590 S Fair Oaks Ave	Burbank/Glendale/Pasadena	100,000	Genesis FO Partners, LLC	October 2025

Data Source: EDD, CoStar



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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

26.2M

ANNUAL
SALES SF

36.7M

ANNUAL
LEASING SFASSET
SERVICES

53M SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400+

AVERAGE ANNUAL
ASSIGNMENTS

39

TOTAL
APPRAISERS

24

WITH MAI
DESIGNATIONS