

MARKET TRENDS

LOS ANGELES OFFICE

MARKET DRIVERS

The Los Angeles office market continues to face headwinds, with leasing activity in the first quarter of 2026 remaining relatively flat. The Class A direct vacancy rate held steady at 20.6%.

Many companies remain hesitant to mandate a full return to the office. As a result, remote and hybrid work models persist, prompting businesses to reassess their space needs and, in many cases, reduce their overall footprint. Net absorption trends continue to reflect this structural shift in tenant demand.

Despite these challenges, select sectors are driving activity. Healthcare-related occupiers, along with new media companies, including streamers and podcasting firms, are showing increased demand for office and production space.

ECONOMIC REVIEW

Los Angeles maintains a large and diverse economic base, although key sectors such as technology and entertainment are currently underperforming. Ongoing company consolidation and the outsourcing of production by legacy media firms continue to put pressure on historically strong submarkets, including Burbank and Hollywood.

The labor market faces significant challenges, including net outmigration during 2025, slow employment growth, and high cost-of-living expenses, all of which impact office demand. Leasing activity remains limited, particularly for large blocks of space.

In higher-vacancy submarkets, landlords continue to offer generous concession packages, including tenant improvement allowances and rent abatement, in lieu of reducing rents. Despite these headwinds, the metro area's Class A average asking rent, at \$3.53 SF on a full-service basis, has remained impressively stable.

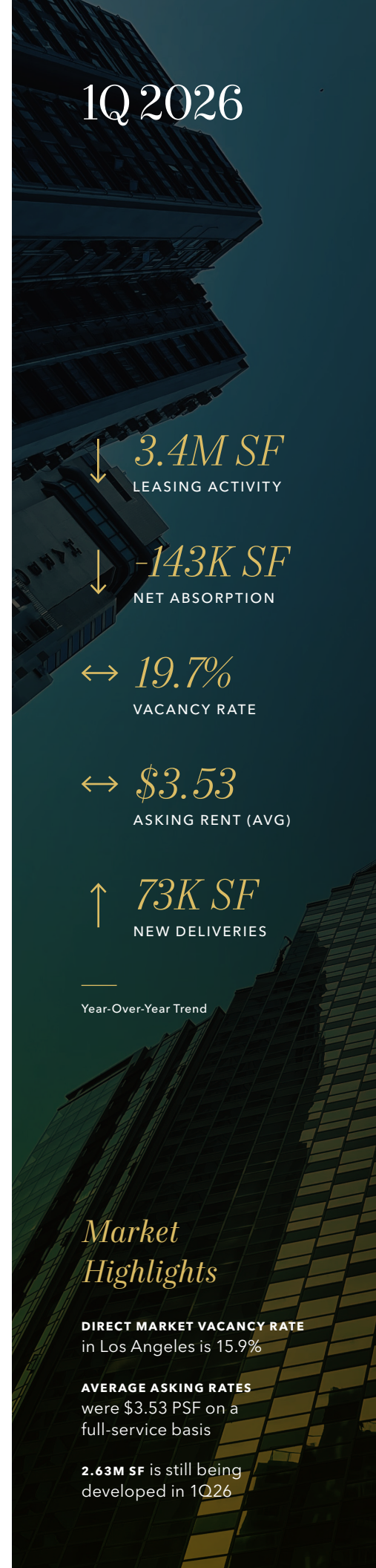
NEAR-TERM OUTLOOK

The Los Angeles office market shows limited but emerging signs of stabilization, though overall sentiment remains cautious. Vacancy is expected to remain elevated and rent growth constrained through at least mid-2027.

Market Summary

	1Q26	4Q25	1Q25	YOY Change
Direct Vacancy Rate	15.9%	15.9%	15.4%	3.38%
Total Availability Rate	19.7%	19.6%	19.6%	0.41%
Direct Asking Lease Rate/SF/Mo	\$3.53	\$3.48	\$3.52	0.28%

	1Q26	4Q25	1Q25	YOY Change
Total Lease Transactions (SF)	3,354,831	5,183,693	4,925,346	-31.89%
Sale Transactions (SF)	1,142,778	3,421,649	1,850,554	-38.25%
Direct Net Absorption (SF)	-143,402	-178,487	172,513	N/A



↓ **3.4M SF**
LEASING ACTIVITY

↓ **-143K SF**
NET ABSORPTION

↔ **19.7%**
VACANCY RATE

↔ **\$3.53**
ASKING RENT (AVG)

↑ **73K SF**
NEW DELIVERIES

Year-Over-Year Trend

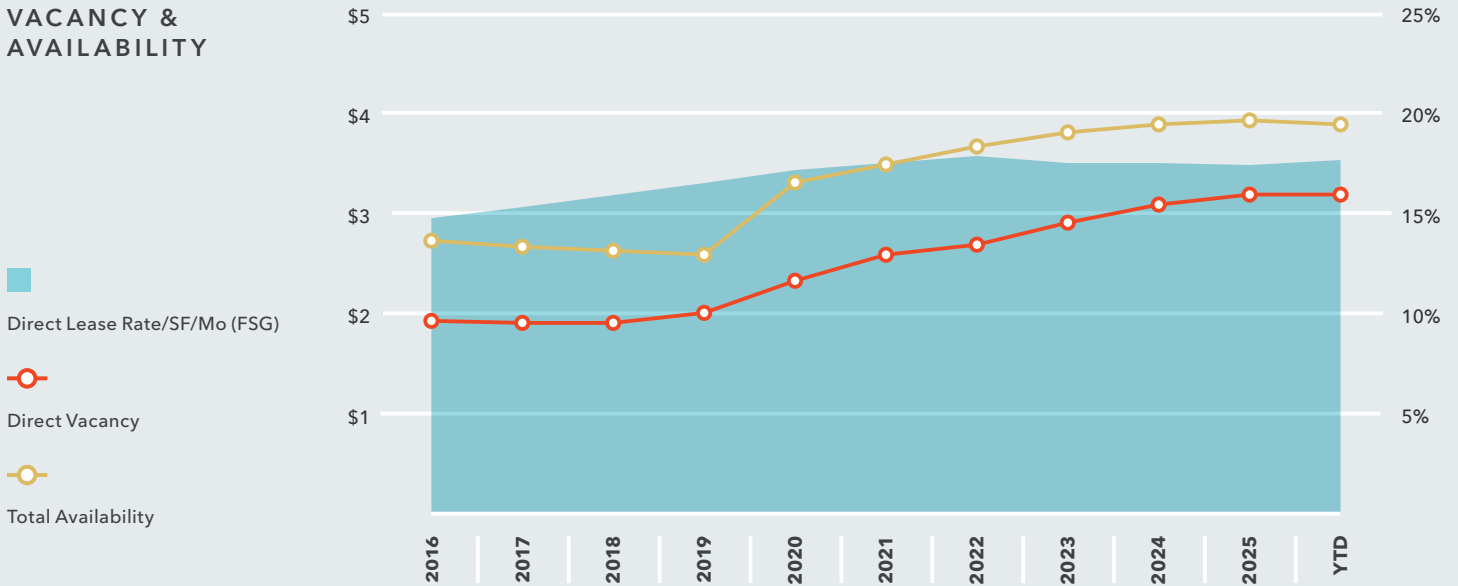
Market Highlights

DIRECT MARKET VACANCY RATE in Los Angeles is 15.9%

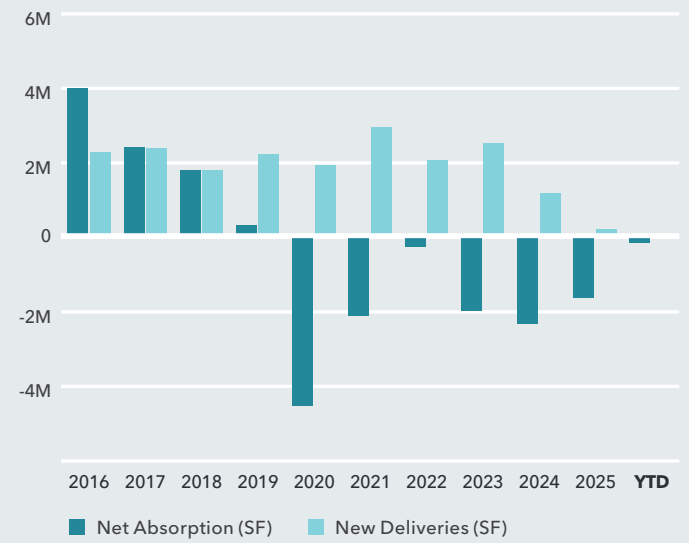
AVERAGE ASKING RATES were \$3.53 PSF on a full-service basis

2.63M SF is still being developed in 1Q26

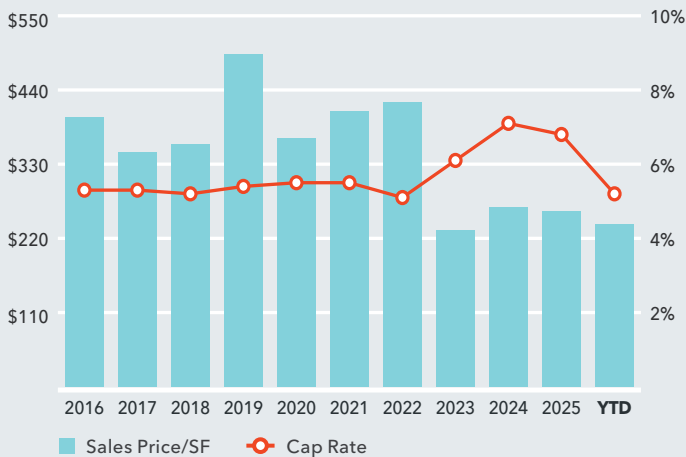
LEASE RATE, VACANCY & AVAILABILITY



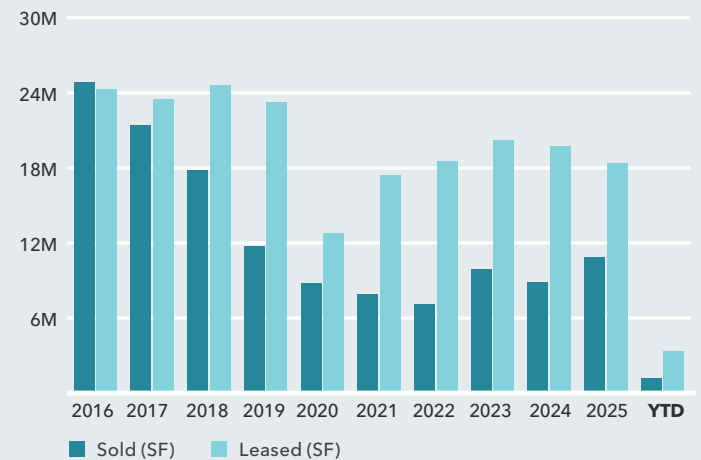
NET ABSORPTION & NEW DELIVERIES



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	1Q26 Direct Net Absorption	2025 Direct Net Absorption	1Q26 Total Leasing Activity	2025 Total Leasing Activity	Average Direct Rental Rate
Burbank	14,210,897	20.1%	2.5%	22.6%	25.3%	-2,396	-2,396	50,200	50,200	\$4.32
Glendale	11,939,404	17.3%	0.7%	18.1%	19.7%	-154,254	-154,254	131,512	131,512	\$3.22
Pasadena	16,910,473	13.8%	1.4%	15.2%	18.7%	-55,326	-55,326	178,887	178,887	\$3.63
Tri-Cities	43,060,774	16.8%	1.6%	18.4%	21.2%	-211,976	-211,976	360,599	360,599	\$3.83
Downtown Los Angeles	68,521,214	21.1%	1.2%	22.2%	22.0%	27,519	27,519	441,024	441,024	\$3.01
Mid-Cities	8,505,379	5.7%	0.1%	5.8%	7.8%	11,325	11,325	21,969	21,969	\$2.89
Mid-Wilshire	43,789,165	17.3%	1.1%	18.3%	21.1%	55,644	55,644	286,603	286,603	\$3.43
East Hollywood/Silver Lake	4,374,899	4.6%	0.2%	4.7%	20.4%	-25,780	-25,780	5,155	5,155	\$4.04
Hollywood	8,792,194	21.5%	1.6%	23.1%	25.6%	129,805	129,805	168,929	168,929	\$4.01
Mid-Wilshire	15,143,197	16.8%	0.3%	17.1%	17.6%	-37,118	-37,118	47,960	47,960	\$2.80
Miracle Mile	6,044,351	25.9%	1.4%	27.3%	31.8%	6,662	6,662	22,923	22,923	\$4.05
Park Mile	1,665,384	27.0%	0.6%	27.6%	18.5%	-3,838	-3,838	11,863	11,863	\$3.13
West Hollywood	7,769,140	11.7%	2.3%	14.0%	15.7%	-14,087	-14,087	29,773	29,773	\$4.87
San Fernando Valley	46,229,100	13.2%	2.3%	15.6%	17.0%	154,646	154,646	470,467	470,467	\$2.76
Calabasas/Westlake Village	6,856,420	16.6%	4.2%	20.8%	23.8%	4,809	4,809	52,566	52,566	\$2.70
Eastern SFV	5,467,547	5.6%	0.2%	5.8%	6.9%	130,183	130,183	35,990	35,990	\$2.54
Encino	5,009,852	13.8%	1.0%	14.8%	15.7%	-10,810	-10,810	100,392	100,392	\$2.83
North Hollywood	2,434,989	15.3%	5.0%	20.2%	22.2%	3,259	3,259	12,320	12,320	\$3.65
Sherman Oaks	3,425,044	12.3%	1.4%	13.7%	15.0%	-11,731	-11,731	41,760	41,760	\$2.73
Studio/Universal Cities	3,843,636	13.7%	0.1%	13.7%	15.9%	-61,844	-61,844	9,200	9,200	\$3.32
Tarzana	1,759,034	15.3%	0.2%	15.5%	14.8%	17,843	17,843	12,230	12,230	\$2.80
Western SFV	7,993,446	8.9%	0.8%	9.7%	11.1%	55,267	55,267	108,237	108,237	\$2.66
Woodland Hills/Warner City	9,439,132	17.8%	5.1%	22.9%	24.0%	27,670	27,670	97,772	97,772	\$2.35
San Gabriel Valley	30,029,863	6.6%	0.2%	6.8%	7.4%	-15,826	-15,826	121,569	121,569	\$2.75
South Bay	57,057,646	13.8%	1.5%	15.3%	18.1%	88,203	88,203	736,781	736,781	\$3.17
190th Street Corridor	3,395,767	12.1%	2.7%	14.8%	12.9%	-11,224	-11,224	23,476	23,476	\$2.96
Beach Cities/Palos Verdes	4,497,433	11.6%	0.0%	11.6%	13.4%	17,099	17,099	144,393	144,393	\$3.25
El Segundo	18,507,493	14.7%	1.6%	16.3%	22.0%	88,471	88,471	378,983	378,983	\$4.19
Hawthorne/Gardena	2,057,681	3.9%	0.0%	3.9%	5.3%	39,827	39,827	8,787	8,787	\$2.30
LAX	4,298,783	28.3%	0.0%	28.3%	27.8%	78,257	78,257	17,465	17,465	\$2.29
Downtown Long Beach	7,809,199	17.7%	2.9%	20.5%	22.4%	-83,607	-83,607	5,735	5,735	\$2.70
Suburban Long Beach	9,041,632	9.3%	0.8%	10.1%	13.6%	968	968	52,896	52,896	\$2.93
Torrance	7,449,658	9.4%	2.3%	11.7%	12.1%	-41,588	-41,588	105,046	105,046	\$3.09
Southeast Los Angeles	7,965,615	6.1%	0.2%	6.3%	7.0%	-52,204	-52,204	15,487	15,487	\$2.47
West Los Angeles	77,613,819	19.0%	2.2%	21.2%	26.1%	-200,733	-200,733	900,332	900,332	\$5.03
Los Angeles Total	382,772,575	15.9%	1.5%	17.4%	19.7%	-143,402	-143,402	3,354,831	3,354,831	\$3.53
Class A	171,066,773	20.6%	2.3%	22.9%	26.6%	74,502	74,502	1,175,522	1,176,390	\$3.76
Class B	165,754,092	13.9%	1.0%	14.9%	16.3%	-173,890	-173,890	1,976,142	1,973,868	\$3.33
Class C	45,786,338	6.1%	0.1%	6.2%	6.4%	-44,014	-44,014	203,767	203,767	\$3.01

SIGNIFICANT SALE TRANSACTIONS 1Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Western Asset Plaza	Burbank/Glendale/Pasadena	269,885	\$97,888,000	\$362.70	East West Bank	The Irvine Company
Sunset Media Center	Mid-Wilshire	325,772	\$61,000,000	\$187.25	Barker Pacific Group	Kilroy Realty Corporation
Binoculars Building	West Los Angeles	78,578	\$39,600,000	\$503.96	The Luzzatto Company	Net Lease Office Properties
10916-10918 Le Conte	West Los Angeles	50,530	\$38,200,000	\$755.99	The J. Paul Getty Trust	Beitler Commercial Real Estate
103-119 E Colorado Blvd	Burbank/Glendale/Pasadena	82,000	\$27,000,000	\$329.27	Edgewood Realty Partners	CenterSquare Inv. Mgmt.
202-210 N Canon Dr	West Los Angeles	18,375	\$24,820,000	\$1,350.75	Brickstar Capital, LLC	Anderson Real Estate
Metropolitan Theatre Bldg	Mid-Wilshire	19,273	\$14,600,000	\$757.54	Diversified Healthcare Trust	The Fuller Revocable Trust

SIGNIFICANT LEASE TRANSACTIONS 1Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
6301 Owensmouth	San Fernando Valley	251,774	January 2026	JPMorgan Chase & Co.	Farmers Insurance (Renewal)
9200 Oakdale Ave	San Fernando Valley	166,867	March 2026	Omninet Capital	North Los Angeles County Regional Center
3701 Doolittle Dr	South Bay	124,400	January 2026	Miramar Capital	Northrop Grumman (Renewal)
1990 E Grand Ave	South Bay	99,600	February 2026	Fortress Investment Group	Undisclosed (Sublease)
6121 W Sunset Blvd	Mid-Wilshire	93,419	February 2026	Kilroy Realty Corporation	The Field
145 S Spring St	Downtown Los Angeles	74,056	February 2026	Onni Group	General Services Administration
20151 Nordhoff St	San Fernando Valley	73,595	January 2026	K & A Investments, LP	LA County Public Works Office
2355 Crenshaw Blvd	South Bay	71,000	January 2026	Omninet Capital	Northrop Grumman (Renewal)

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	May 2026
Echelon The Workshop	1200 N Cahuenga Blvd	Mid-Wilshire	101,300	BARDAS Investment Group	April 2026
1475 E El Segundo Blvd	1475 E El Segundo Blvd	South Bay	63,915	Smoky Hollow Industries, LLC	August 2026
Skechers	305 S Sepulveda Blvd	South Bay	37,879	Skechers	April 2026

Data Source: EDD, CoStar



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The information in this report was composed by the Kidder Mathews Research Group.

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COMMERCIAL BROKERAGE	\$9B AVERAGE ANNUAL TRANSACTION VOLUME	32.4M ANNUAL SALES SF	32.5M ANNUAL LEASING SF
ASSET SERVICES	55M SF MANAGEMENT PORTFOLIO SIZE	800+ ASSETS UNDER MANAGEMENT	250+ CLIENTS SERVED
VALUATION ADVISORY	2,700+ AVERAGE ANNUAL ASSIGNMENTS	42 TOTAL APPRAISERS	23 WITH MAI DESIGNATIONS