Kidder Mathews

MARKET TRENDS

LOS ANGELES *OFFICE*

2Q 2026

MARKET DRIVERS

The Los Angeles office market's underlying conditions remain challenging, even though some areas are showing strength. The direct vacancy rate increased to 16.4%, up slightly from 16.0% in the previous quarter.

West Los Angeles and South Bay continue to perform strongly, driven by tenants' preference for high-quality Class A space and consistent demand from the legal, media, aerospace, and defense sectors. Healthcare requirements also continue to be active throughout the region.

Office-to-multifamily conversions have reduced inventory and the construction pipeline. Most active office development is limited to build-to-suit and well-located Class A properties, with activity still below historical levels. Limited new supply is no longer a major market pressure given abundant direct and sublease availability. While Los Angeles office demand remains weak, signs of stabilization are emerging, along with continued owner-user acquisitions, including The Capital Group purchasing 333 S Hope St, LADWP purchasing 865 S Figueroa St and State Compensation Insurance Fund purchasing 35 North Lake Ave.

ECONOMIC REVIEW

Demand for office space remains modest, with a slight upward trend. Constrained new supply is no longer a primary driver of market tension, and hybrid work arrangements continue to reduce overall space requirements. The development of new buildings is being scaled back to focus on well-located, build-to-suit projects, as older office parks are more frequently being redeveloped into apartments and senior housing.

Economic growth has been constrained by several factors: a shortage of available labor, a challenging job market, and insufficient gains in productivity. Key office-using sectors, particularly technology and entertainment, are proceeding with caution due to increasing company costs, regulatory challenges, job cuts, and ongoing outmigration.

NEAR-TERM OUTLOOK

Rent growth is moderate overall, yet western submarkets exhibit more promising long-term patterns. Landlords continue to offer more generous concession packages, tenant improvement allowances, and market rents. Class A asking rents held relatively steady during the quarter, averaging $3.75 PSF on a full-service lease basis.

Market Summary

	2Q26	1Q26	2Q25	YOY Change
Direct Vacancy Rate	16.4%	16.0%	15.8%	**4.06%**
Total Availability Rate	19.4%	19.5%	19.8%	**-1.93%**
Direct Asking Lease Rate/SF/Mo	$3.50	$3.49	$3.50	**0.00%**
	2Q26	**2026 YTD**	**2025 YTD**	**YOY Change**
Total Lease Transactions (SF)	3,389,791	8,205,948	18,974,443	**-56.75%**
Sale Transactions (SF)	5,117,279	6,200,857	10,679,939	**-41.94%**
Direct Net Absorption (SF)	-1,539,344	-1,510,840	-2,619,172	**N/A**

↓ *3.4M SF*
LEASING ACTIVITY

↓ *-1.5M SF*
NET ABSORPTION

↓ *19.4%*
VACANCY RATE

↓ *$3.50*
ASKING RENT (AVG)

↓ *0 SF*
NEW DELIVERIES

Year-Over-Year Trend

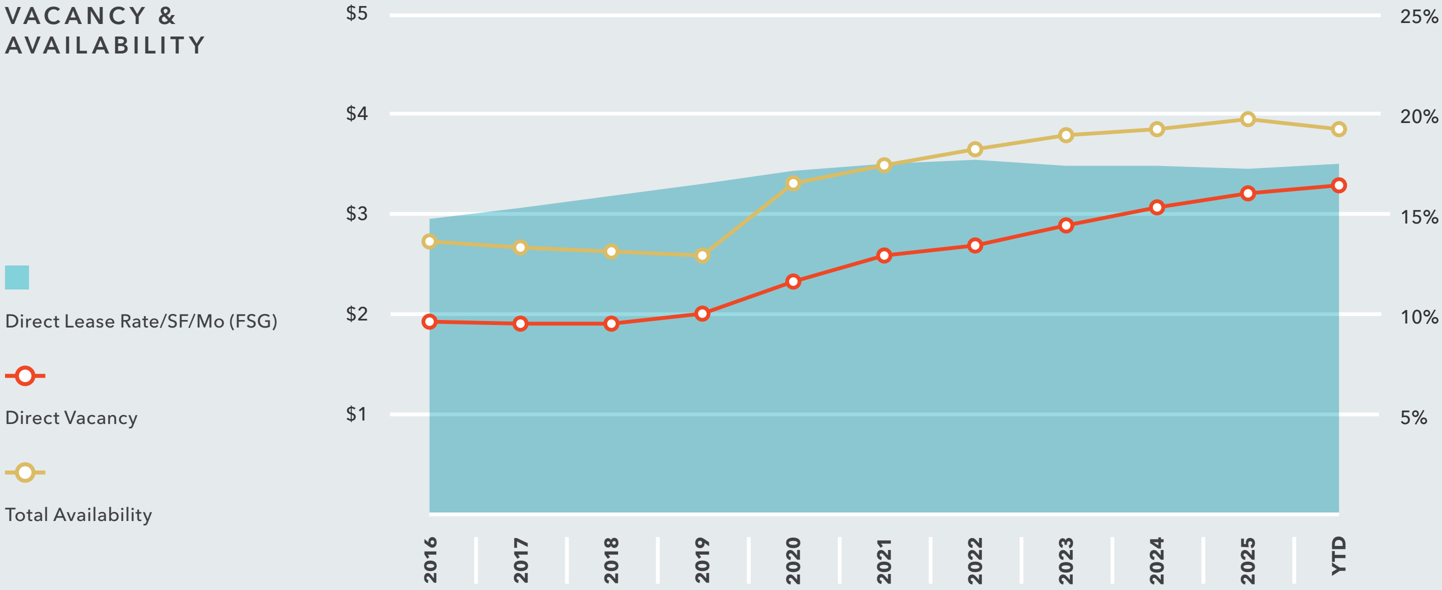
Market Highlights

DIRECT MARKET VACANCY RATE in Los Angeles is 16.4%

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

2.31M SF is still being developed in 2Q26

LEASE RATE, VACANCY & AVAILABILITY

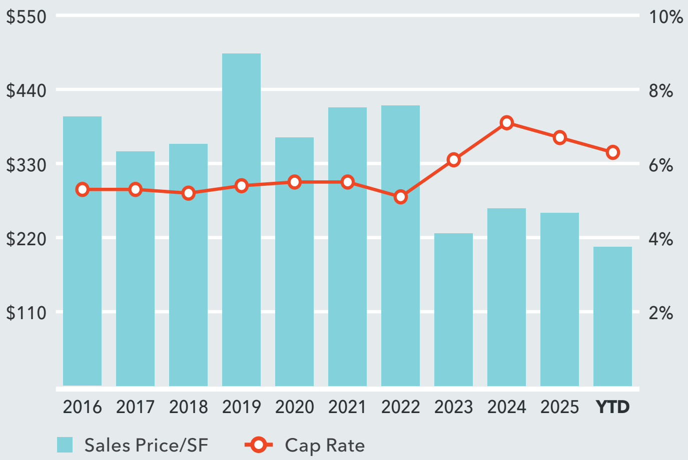


BIGGEST SALE OF THE QUARTER

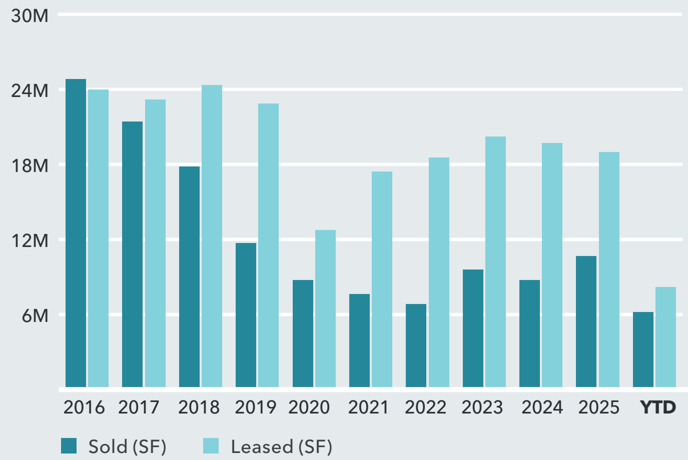
Bedford Collection, Beverly Hills

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	2Q26 Direct Net Absorption	YTD Direct Net Absorption	2Q26 Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate
Burbank	13,915,465	21.3%	2.7%	24.0%	26.7%	-28,221	-117,333	197,357	352,247	$4.27
Glendale	11,854,851	17.2%	0.9%	18.1%	21.0%	92,897	-57,918	174,236	340,050	$3.21
Pasadena	16,756,597	13.8%	1.2%	15.0%	17.3%	-6,572	-45,331	166,798	417,937	$3.57
Tri-Cities	**42,526,913**	**17.2%**	**1.6%**	**18.8%**	**21.4%**	**58,104**	**-220,582**	**538,391**	**1,110,234**	**$3.80**
Downtown Los Angeles	**68,563,430**	**23.7%**	**1.1%**	**24.8%**	**23.1%**	**-726,198**	**-788,353**	**544,993**	**1,316,131**	**$2.97**
Mid-Cities	**8,547,080**	**6.2%**	**0.0%**	**6.2%**	**7.9%**	**-28,632**	**-27,557**	**34,588**	**81,150**	**$2.92**
Mid-Wilshire	**43,400,547**	**18.5%**	**0.8%**	**19.3%**	**20.6%**	**-522,371**	**-472,427**	**344,633**	**746,911**	**$3.41**
East Hollywood/Silver Lake	4,369,619	7.4%	0.3%	7.7%	21.0%	-121,150	-150,534	4,293	27,643	$4.11
Hollywood	8,607,750	22.2%	1.0%	23.2%	25.4%	15,050	50,973	103,116	284,903	$4.09
Mid-Wilshire	15,060,512	18.3%	0.2%	18.5%	16.2%	-213,897	-229,600	79,978	148,544	$2.78
Miracle Mile	6,036,891	28.6%	1.4%	30.0%	32.8%	-155,458	-153,848	12,961	44,104	$4.03
Park Mile	1,654,725	27.5%	0.6%	28.1%	18.9%	-31,844	-36,841	3,886	23,289	$3.08
West Hollywood	7,671,050	11.0%	1.8%	12.8%	14.7%	-15,072	47,423	140,399	218,428	$4.82
San Fernando Valley	**46,280,016**	**12.7%**	**2.1%**	**14.8%**	**16.5%**	**151,298**	**269,088**	**385,257**	**1,005,331**	**$2.75**
Calabasas/Westlake Village	6,907,120	17.2%	2.7%	19.9%	22.2%	-32,027	-38,948	106,189	181,481	$2.77
Eastern SFV	5,450,753	5.6%	0.2%	5.9%	7.5%	-967	1,945	37,790	79,052	$2.48
Encino	4,906,533	12.8%	0.5%	13.3%	15.1%	21,181	53,475	37,980	189,853	$2.71
North Hollywood	2,450,620	14.6%	5.3%	19.9%	22.4%	13,042	16,710	3,034	19,692	$3.30
Sherman Oaks	3,399,202	13.6%	1.6%	15.1%	15.8%	-31,427	-51,149	62,959	101,395	$2.69
Studio/Universal Cities	3,845,003	12.0%	0.1%	12.0%	13.5%	60,715	739	27,641	39,737	$3.22
Tarzana	1,727,341	9.6%	0.2%	9.9%	10.1%	105,438	113,789	26,973	44,882	$2.86
Western SFV	8,146,419	7.5%	0.9%	8.3%	11.0%	5,385	155,987	17,834	157,940	$2.69
Woodland Hills/Warner City	9,447,025	17.9%	5.0%	23.0%	23.9%	9,958	16,540	64,857	191,299	$2.44
San Gabriel Valley	**29,611,544**	**6.9%**	**0.1%**	**7.0%**	**7.6%**	**-19,426**	**-83,132**	**117,023**	**386,776**	**$2.80**
South Bay	**56,530,428**	**14.4%**	**1.4%**	**15.7%**	**17.8%**	**-337,613**	**-162,319**	**400,103**	**1,260,320**	**$3.19**
190th Street Corridor	3,387,032	12.3%	0.3%	12.6%	10.0%	-15,016	-15,928	30,390	60,332	$2.94
Beach Cities/Palos Verdes	4,464,145	10.1%	0.0%	10.1%	7.9%	62,731	87,135	6,878	156,516	$3.19
El Segundo	18,288,031	15.2%	1.7%	16.9%	22.0%	-66,250	39,797	149,943	557,183	$4.20
Hawthorne/Gardena	2,000,965	6.8%	0.0%	6.8%	7.0%	-54,431	-16,342	8,811	19,734	$2.35
LAX	4,585,490	27.2%	0.0%	27.2%	25.9%	-49,387	47,143	54,251	82,953	$2.29
Downtown Long Beach	7,721,521	18.1%	3.4%	21.4%	23.4%	-41,496	-99,234	25,042	42,074	$2.79
Suburban Long Beach	8,819,696	11.7%	0.3%	12.0%	13.8%	-178,154	-186,047	70,506	173,735	$2.96
Torrance	7,263,548	9.3%	2.3%	11.6%	13.4%	4,390	-18,843	54,282	167,793	$3.15
Southeast Los Angeles	**7,801,578**	**5.6%**	**0.2%**	**5.7%**	**6.1%**	**44,622**	**-836**	**49,524**	**69,034**	**$2.70**
West Los Angeles	**74,547,747**	**18.2%**	**2.2%**	**20.4%**	**24.6%**	**-159,128**	**-23,482**	**975,279**	**2,230,061**	**$5.05**
Los Angeles Total	**377,809,283**	**16.4%**	**1.4%**	**17.8%**	**19.4%**	**-1,539,344**	**-1,509,600**	**3,389,791**	**8,205,948**	**$3.50**
Class A	152,755,315	21.0%	2.3%	23.3%	25.3%	-516,949	-570,354	1,641,435	3,302,346	$3.75
Class B	175,514,616	15.2%	1.0%	16.2%	17.8%	-860,163	-661,327	1,477,515	4,362,976	$3.32
Class C	49,347,476	6.7%	0.2%	6.9%	7.2%	-162,232	-277,919	270,841	540,626	$3.13

SIGNIFICANT SALE TRANSACTIONS 2Q 2026

Property	Submarket	SF	Sale Price	$/SF	Buyer	Seller
Bedford Collection	West Los Angeles	239,577	$260,000,000	$1,085.25	Douglas Emmett Inc.	CPP Inv.
Bank of America Plaza	Downtown Los Angeles	1,421,711	$210,000,000	$147.71	The Capital Group Co., Inc.	Trigild
Wells Fargo Center	Downtown Los Angeles	1,400,639	$150,000,000	$107.09	The 601W Companies	Brookfield Corp.
865 S Figueroa St	Downtown Los Angeles	718,993	$92,500,000	$128.65	Los Angeles Dept of Water & Power	Manulife US R.E.
35 N Lake Ave - NOLA 35	Burbank/Glendale/Pasadena	158,785	$33,175,000	$208.93	State Compensation Insurance Fund	Swift R.E. Ptns.
3424 Wilshire Blvd	Mid-Wilshire	237,427	$21,000,000	$88.45	Arc Capital Partners	Jamison Serv., Inc.
901 Corporate - LACC	SGV	100,743	$17,700,000	$175.69	Focus Universal Inc.	Jamison Serv., Inc.

SIGNIFICANT LEASE TRANSACTIONS 2Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Media Studios Phase IV	Burbank/Glendale/Pasadena	78,064	April 2026	Blackstone Inc.	Undisclosed
WorkScapes at the Hayden Tract	West Los Angeles	76,892	April 2026	IDS Real Estate Group	Apple*
2255 N Ontario St	Burbank/Glendale/Pasadena	65,000	June 2026	Blackstone/Worthe RE	Sony Entertainment*
2255 N Ontario St	Burbank/Glendale/Pasadena	64,000	June 2026	Blackstone/Worthe RE	Insomniac Games**
Playa Jefferson	West Los Angeles	57,178	April 2026	Rockwood Capital	Undisclosed
South Tower	Downtown Los Angeles	54,216	May 2026	Brookfield Properties	Undisclosed
2900 W Alameda Ave - The Pointe	Burbank/Glendale/Pasadena	30,600	June 2026	Blackstone/Worthe RE	Producer-Writer's Guild of America*
425 W Broadway - Broadway Plaza	Burbank/Glendale/Pasadena	18,525	June 2026	Sharp Capital	Acrisure*

*Renewal **Renewal/Expanded

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
Echelon | The Workshop	1200 N Cahuenga Blvd	Mid-Wilshire	101,300	BARDAS Investment Group	June 2026
1475 E El Segundo Blvd	1475 E El Segundo Blvd	South Bay	63,915	Smoky Hollow Industries, LLC	August 2026
Eastham Station	3523-3525 Eastham Dr	West Los Angeles	57,432	Redcar Properties Ltd.	October 2026
Skechers	305 S Sepulveda Blvd	South Bay	37,879	Skechers	July 2026

Data Source: EDD, CoStar

Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

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	54M 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