

MARKET TRENDS

LOS ANGELES OFFICE

MARKET DRIVERS

The Los Angeles office market continues to face headwinds from both ongoing trends and current economic factors. Businesses relocating out of California, the persistent effects of ongoing work-from-home dynamics, and an oversupply of Class B properties are all major contributors to the market's challenges. While direct vacancy improved marginally, declining from 16.5% to 16.4% quarter-over-quarter, broader market fundamentals remain soft. Century City has become Los Angeles's most desirable office submarket, a distinction earned through its prime location, abundant amenities, superior Class A properties, and consistent demand from major corporate tenants. Fortress Investment Group acquired the three-building, 198,126-square-foot former Sony Pictures Animation complex in Culver City at auction for \$71.3 million. The previous tenant has relocated to the Wilshire Courtyard in Mid-Wilshire.

ECONOMIC REVIEW

The Los Angeles market has a diverse economy spanning multiple industries. It thrives on its creative and diverse workforce and entrepreneurial spirit, which together support strong business growth. While recent policy adjustments have helped foster more production and post-production work in the entertainment industry, a weakening labor market, tariffs, and rising living costs are increasingly straining affordability throughout the region.

NEAR-TERM OUTLOOK

The overall market is performing below the national average, despite strong performance in certain submarkets. These areas have seen substantial growth, fueled by demand from stable industries and a tenant preference for high-quality Class A office space. Class A asking rents held steady this past quarter at an average of \$3.79 PSF for full-service leases, as tenants continue to seek premium Class A properties. In contrast, Downtown Los Angeles and other areas with Class B inventory continue to face challenges, as tenants downsize, reduce their office footprints, or relocate to higher-quality buildings.

Market Summary

	3Q26	2Q26	3Q25	YOY Change
Direct Vacancy Rate	16.4%	16.5%	15.9%	3.14%
Total Availability Rate	19.3%	19.2%	20.0%	-3.50%
Direct Asking Lease Rate/SF/Mo	\$3.50	\$3.50	\$3.49	0.29%
	3Q26	2026 YTD	2025 YTD	YOY Change
Total Lease Transactions (SF)	3,210,365	12,189,308	19,402,908	-37.18%
Sale Transactions (SF)	2,300,493	8,574,415	10,675,681	-19.68%
Direct Net Absorption (SF)	235,290	-1,327,091	-2,593,555	N/A

3Q 2026

↓ **3.2M SF**
LEASING ACTIVITY

↑ **235K SF**
NET ABSORPTION

↑ **16.4%**
DIRECT VACANCY RATE

↔ **\$3.50**
ASKING RENT (AVG)

↓ **0 SF**
NEW DELIVERIES

Year-Over-Year Trend

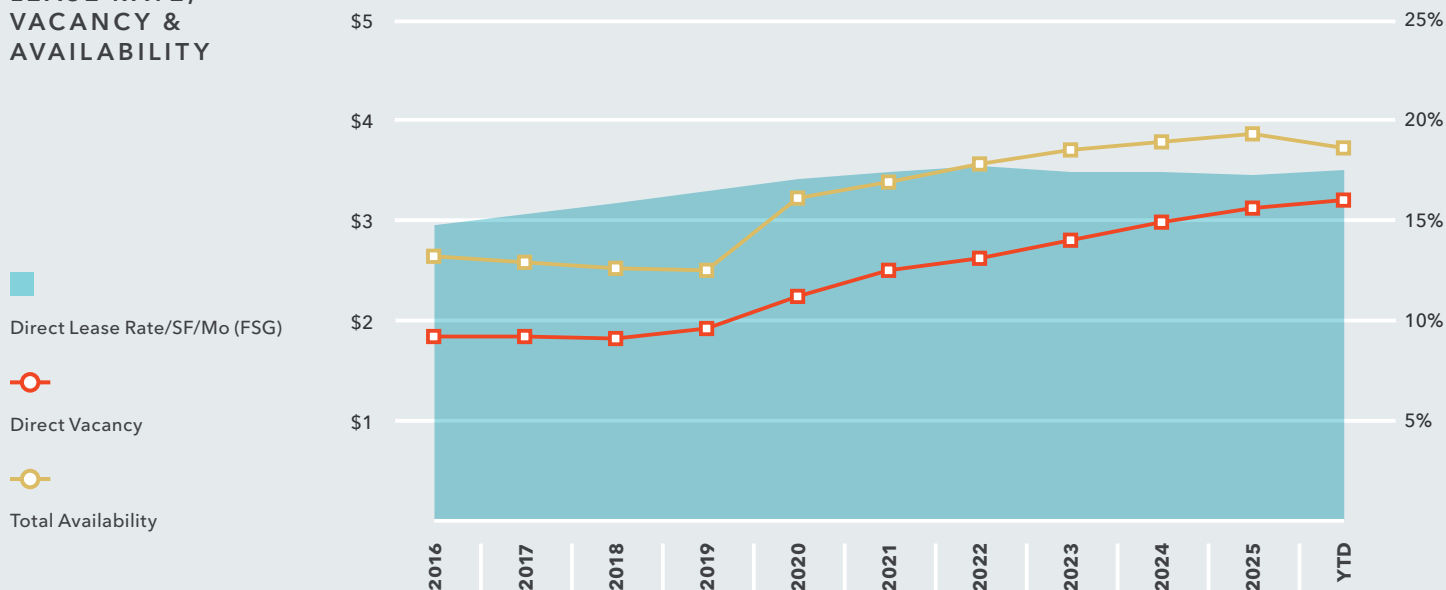
Market Highlights

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 3Q26

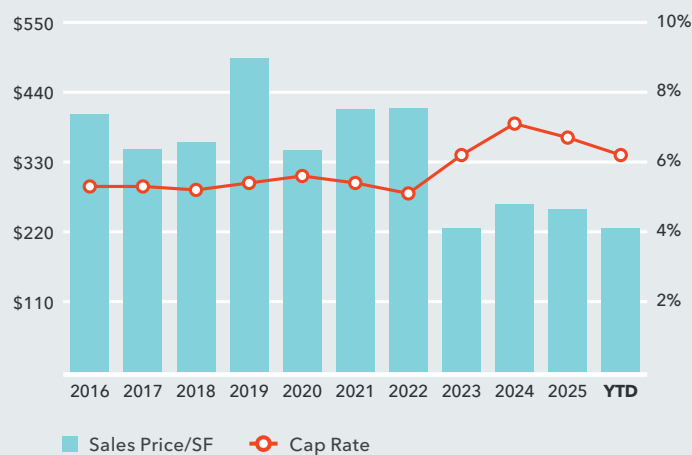
LEASE RATE, VACANCY & AVAILABILITY



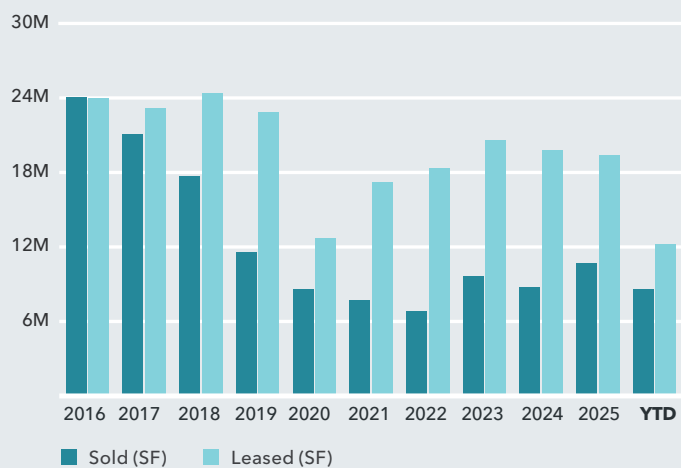
NET ABSORPTION & NEW DELIVERIES



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	3Q26 Direct Net Absorption	YTD Direct Net Absorption	3Q26 Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate
Burbank	13,947,987	20.8%	2.7%	23.4%	27.4%	62,796	-46,268	95,696	444,672	\$4.27
Glendale	11,815,900	17.6%	1.0%	18.7%	20.3%	-67,359	-128,847	184,474	534,670	\$3.21
Pasadena	16,865,845	13.4%	1.0%	14.4%	17.4%	13,262	2,477	241,235	726,253	\$3.51
Tri-Cities	42,629,732	17.0%	1.6%	18.6%	21.5%	8,699	-172,638	521,405	1,705,595	\$3.81
Downtown Los Angeles	68,093,498	23.3%	1.1%	24.4%	23.3%	398,252	-454,527	196,177	1,587,023	\$3.01
Mid-Cities	8,489,579	7.2%	0.1%	7.3%	9.3%	-91,433	-112,652	61,237	150,141	\$2.89
East Hollywood/Silver Lake	4,364,378	6.9%	0.3%	7.3%	20.9%	10,905	-129,128	6,264	41,407	\$4.20
Hollywood	8,619,168	23.1%	1.4%	24.5%	26.4%	-68,311	-32,154	87,655	391,602	\$3.97
Mid-Wilshire	15,204,523	18.5%	0.2%	18.7%	15.7%	-38,929	-268,839	28,900	204,714	\$2.77
Miracle Mile	5,975,695	31.1%	1.0%	32.0%	33.9%	-108,272	-285,375	85,548	131,173	\$4.02
Park Mile	1,654,116	27.4%	0.6%	28.0%	18.8%	2,139	-34,702	0	23,289	\$3.08
West Hollywood	7,670,835	11.1%	1.5%	12.6%	14.1%	-12,330	40,760	78,537	303,685	\$4.25
Mid-Wilshire	43,488,715	19.0%	0.8%	19.8%	20.7%	-214,798	-709,438	286,904	1,095,870	\$3.35
Calabasas/Westlake Village	6,882,943	16.8%	1.6%	18.4%	20.5%	3,727	-37,043	56,470	243,867	\$2.75
Eastern SFV	5,459,671	5.9%	0.2%	6.1%	7.2%	-10,318	-10,581	37,539	98,226	\$2.46
Encino	4,909,990	12.6%	0.5%	13.1%	14.4%	9,278	63,209	55,681	252,711	\$2.71
North Hollywood	2,449,620	14.4%	5.3%	19.7%	21.8%	6,877	22,504	23,195	43,737	\$3.27
Sherman Oaks	3,408,602	13.1%	0.9%	13.9%	14.8%	20,373	-34,522	48,420	151,051	\$2.68
Studio/Universal Cities	3,842,441	11.3%	0.1%	11.3%	13.4%	28,400	27,785	28,104	67,841	\$3.10
Tarzana	1,727,341	9.0%	0.3%	9.2%	9.6%	12,731	125,303	9,276	56,338	\$2.95
Western SFV	8,136,014	7.6%	0.9%	8.5%	10.8%	12,262	141,652	38,120	198,186	\$2.70
Woodland Hills/Warner City	9,366,978	17.4%	5.1%	22.6%	25.0%	49,652	72,277	86,013	285,524	\$2.47
San Fernando Valley	46,183,600	12.4%	1.9%	14.3%	16.1%	132,982	370,584	382,818	1,397,481	\$2.74
San Gabriel Valley	29,556,183	7.0%	0.2%	7.1%	7.6%	-22,288	-106,143	135,941	542,522	\$2.85
190th Street Corridor	3,329,227	13.2%	0.3%	13.5%	12.2%	-22,093	-38,021	19,826	80,158	\$3.21
Beach Cities/Palos Verdes	4,481,206	10.4%	0.0%	10.4%	7.3%	-13,128	74,007	5,154	162,670	\$3.28
El Segundo	18,173,976	14.9%	0.6%	15.5%	19.5%	50,294	80,716	447,992	1,008,046	\$4.05
Hawthorne/Gardena	1,938,774	7.1%	0.0%	7.1%	7.3%	-6,335	-17,677	10,250	29,370	\$2.33
LAX	4,564,541	28.1%	0.0%	28.1%	25.9%	-37,625	12,026	24,027	106,980	\$2.28
Downtown Long Beach	7,737,633	17.3%	3.4%	20.7%	22.4%	54,865	-47,607	21,981	111,816	\$2.79
Suburban Long Beach	8,734,980	10.9%	0.3%	11.2%	13.5%	76,280	-108,854	49,806	277,865	\$2.95
Torrance	7,299,302	8.3%	2.2%	10.5%	11.6%	67,200	48,763	60,342	249,034	\$3.12
South Bay	56,259,639	14.1%	1.0%	15.1%	16.6%	169,458	3,353	639,378	2,025,939	\$3.05
Southeast Los Angeles	7,878,994	5.9%	0.1%	6.0%	6.3%	-37,931	-31,367	43,019	117,401	\$2.75
West Los Angeles	74,418,451	18.3%	2.2%	20.5%	24.5%	-107,651	-114,263	943,486	3,567,336	\$5.09
Los Angeles Total	376,998,391	16.4%	1.3%	17.7%	19.3%	235,290	-1,327,091	3,210,365	12,189,308	\$3.50
Class A	150,595,799	20.8%	2.1%	22.9%	25.1%	55,451	-491,136	1,315,033	4,972,655	\$3.79
Class B	176,405,335	15.3%	0.9%	16.2%	17.6%	85,571	-574,984	1,671,195	6,402,622	\$3.30
Class C	49,846,934	7.1%	0.3%	7.3%	7.7%	94,268	-260,971	224,137	814,031	\$3.13

SIGNIFICANT SALE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Sony Pictures Animation Campus (Auction)	West Los Angeles	198,126	\$71,300,000	\$359.87	Fortress Investment Group	Hackman Capital Ptnrs.
LA World Trade Ctr. (Sold for Land Value)	Downtown Los Angeles	160,301	\$53,200,000	\$331.88	Jamison Properties	350 South Figueroa, LLC
132 S Rodeo Dr	West Los Angeles	29,860	\$51,500,000	\$1,724.72	Investcorp	132 Rodeo LP
Ocean Park Plaza (High Vacancy Property)	West Los Angeles	100,700	\$50,600,000	\$502.48	Wildwood School	Jade Enterprises
Lee Hughes Med Bldg (Purchase By Tenant)	Tri-Cities	76,197	\$39,050,000	\$512.49	Adventist Health	Welltower, Inc.
Oceangate Tower	South Bay	226,748	\$36,000,000	\$158.77	Port Of Long Beach	Faring
Topaz Tower	South Bay	309,732	\$26,100,000	\$84.27	Pacific Plaza Premier Dev.	Dof II-Topaz, LLC

SIGNIFICANT LEASE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Mattel Design Facility	South Bay	206,300	August 2026	Goldstein Planting Investments	Undisclosed
888 North Douglas	South Bay	101,000	August 2026	Hackman Capital Partners	Innocean
Royal Laundry Campus	Tri-Cities	81,273	July 2026	Charing Cross Partners LP	Undisclosed
Taft Building	Mid-Wilshire	71,992	August 2026	Elat Properties, Inc	Undisclosed
2121 Avenue of the Stars	West Los Angeles	67,860	July 2026	The Irvine Company	PwC
3401 Exposition Blvd	West Los Angeles	59,776	July 2026	XYZ Rent	Company 3
Studio Plaza	Tri-Cities	53,668	July 2026	Douglas Emmett, Inc.	Funko

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	October 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	October 2026
1475 E El Segundo Blvd	1475 E El Segundo Blvd	South Bay	63,915	Smoky Hollow Industries LLC	November 2026
1011 N Sycamore Ave	1011 N Sycamore Ave	Mid-Wilshire	45,000	CIM Group	October 2026
Skechers	305 S Sepulveda Blvd	South Bay	37,879	Skechers	October 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