Los Angeles office market report

Q2 2022

AVISON YOUNG

Los Angeles office market trends

01

Employment

- The Los Angeles Metro area's **unemployment rate registered 4.5%** as of May 2022, which is down by 0.9% since February 2022.
- **Office occupying jobs came in at 41.8% of pre-pandemic levels** during June 2022, the highest since the pandemic began in 2020.
- **Hybrid work schedules** continue to be offered on a company-by-company basis, requiring employees to return to the office between 2 to 4 days a week.

02

Vacancy & Activity

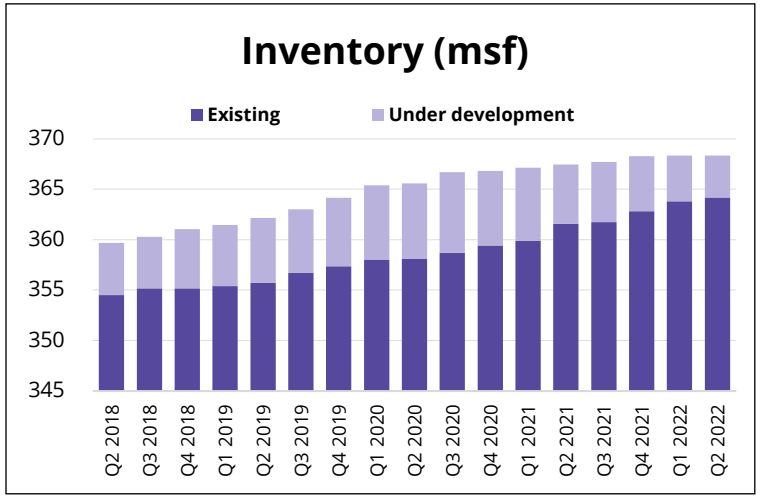
- Total **office vacancy continues to linger at 15%** at the end of the second quarter of 2022.
- The office development pipeline totaled **4.1 msf across 29 properties.**
- **Leasing activity in Q2 2022 remains stable** when compared to Q1 of 2022.
- There has been an increase in touring, during Q2 2022 **which indicates signs of improvement for the office market leasing.**

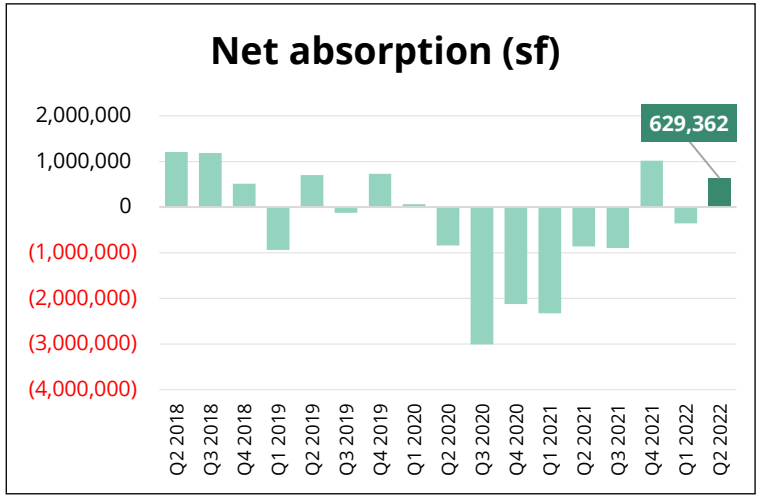
03

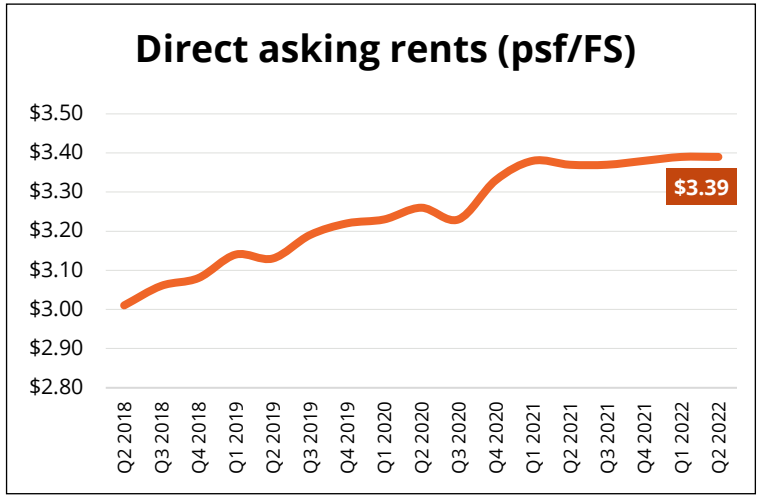
Pricing

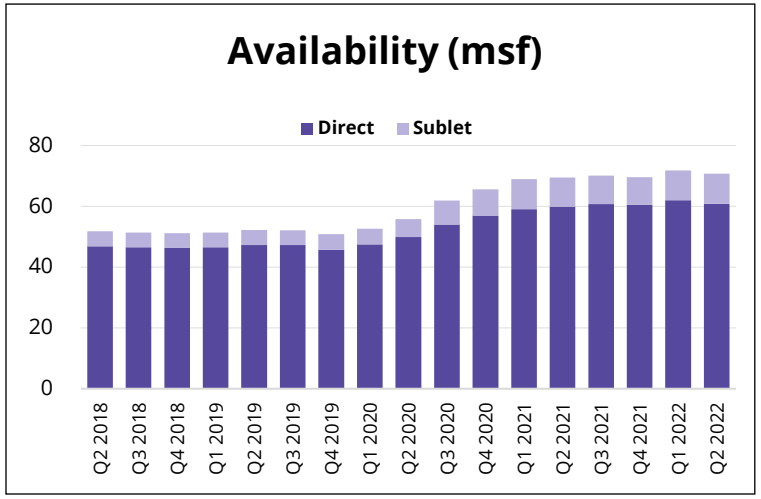
- Office **rents hold steady at $3.39 psf** full service per month at the end of Q2 2022.
- Rather than decreasing rents, landlords have been more inclined to provide larger concessions. Tenant improvement **allowance averages are just above $100 psf** for Class A & Trophy buildings.

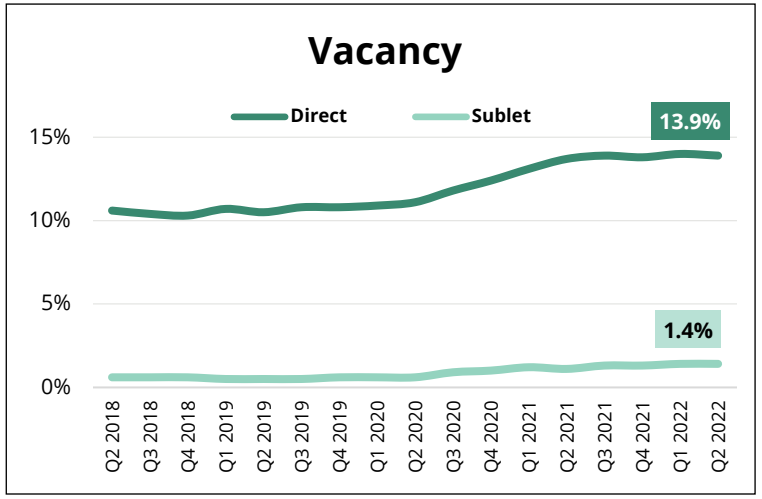
Los Angeles office market indicators

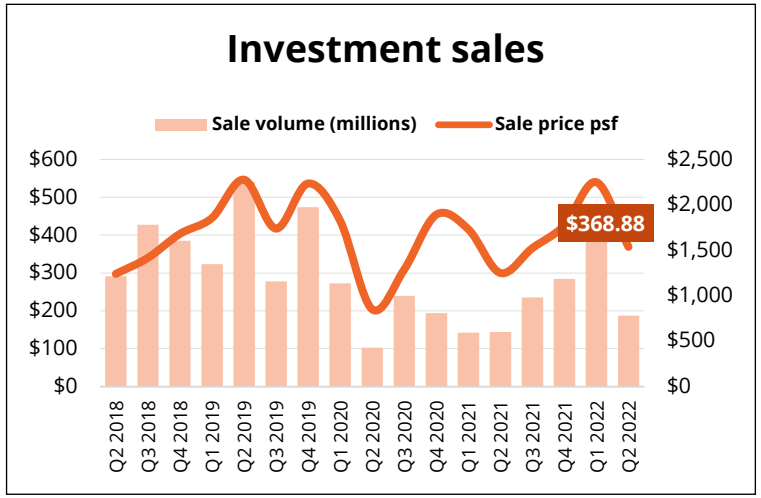












*Survey consists of office buildings greater than 20,000 sf.

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Los Angeles office market activity

Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Amazon	2450 Colorado Ave, Santa Monica	West Los Angeles	Apr 2022	207,821	New	Direct
Forever 21	110 E 9th St, Los Angeles	Downtown Los Angeles	Jun 2022	162,275	New	Direct
First Republic Bank	1888 Century Park East, Century City	West Los Angeles	Jun 2022	156,163	Renewal & Expansion	Direct
TCW Group Inc	515 S Flower St, Los Angeles	Downtown Los Angeles	May 2022	140,000	New	Direct
Dine Brands Global	10 W Walnut St, Pasadena	Burbank/Glendale/Pasadena	May 2022	92,671	New	Direct

Recent sales activity

Buyer	Address	Sale date	Square Feet	Sale price	Sale price psf	Seller
LaTerra Development	4132 Del Rey Ave, Los Angeles	May 2022	31,668	$37,000,000	$1,168	Park Bros
Harkham Fam Enterprises	2625 Townsgate Road, Thousand Oaks	Apr 2022	131,000	$35,100,000	$268	Pacifica RE Group
J Paul Getty Trust	640 N Sepulveda Blvd, Los Angeles	May 2022	34,241	$32,500,000	$949	Vectra Management Group
Rexford Industrial Realty, Inc	2400 Marine Ave, Redondo Beach	Jun 2022	50,000	$30,000,000	$600	Hawkwood Ventures LLC
Sterling RE Group LLC	225 W Broadway, Glendale	Jun 2022	122,359	$27,500,000	$225	Broadway JSL LLC

Large contiguous space availabilities

Owner	Address	Date available	Block size (sf)	Floors	Asking rent	Landlord Broker
Brookfield Properties	110 E 9th St, Los Angeles	Vacant	1,095,651	3-12	$1.85 FS	CBRE
The Chetrit Group	611 W 6th St, Los Angeles	Vacant	608,332	8-42	$3.50 FS	Newmark
Brookfield Properties	355 S Grand Ave, Los Angeles	Vacant	217,732	33-41	$2.50 NNN	CBRE
CIM Group, LP	350 S Grand Ave, Los Angeles	Vacant	160,399	40-45	$3.85 FS	JLL

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Los Angeles office market stats by submarket

By Submarket	Inventory (sf)	Vacancy Total %	Vacancy Class A	Vacancy Class B	Net Absorption 2Q22	Net Absorption YTD	SF Under Construction	Average Asking Rent Total	Average Asking Rent Class A	Average Asking Rent Class B
Antelope Valley	2,197,012	5.2%	0.0%	6.4%	36,069	54,147	39,600	$2.40	$0.00	$2.39
Burbank/Glendale/Pasadena	36,904,885	13.2%	16.2%	10.6%	(138,473)	(219,833)	917,543	$3.35	$3.54	$2.97
Downtown Los Angeles	67,708,769	17.6%	18.2%	19.8%	87,460	(219,678)	407,683	$3.15	$3.24	$3.00
Mid-Cities	6,423,977	8.7%	10.9%	8.0%	59,442	53,522	52,800	$2.42	$2.81	$2.26
Mid-Wilshire	38,124,606	17.9%	22.8%	13.5%	51,754	22,719	40,000	$3.30	$3.22	$3.47
San Fernando Valley	40,604,679	14.1%	18.2%	11.7%	(64,035)	(84,527)	352,391	$2.68	$2.82	$2.58
San Gabriel Valley	23,578,490	7.8%	11.0%	7.4%	52,310	64,046	93,160	$2.55	$2.55	$2.55
Santa Clarita Valley	4,319,233	14.5%	17.4%	12.1%	129,288	129,670	0	$2.77	$2.74	$2.83
South Bay	52,537,988	17.0%	21.9%	13.7%	(73,930)	(118,849)	175,000	$3.14	$3.28	$2.97
Southeast Los Angeles	6,285,138	4.3%	12.4%	3.4%	67,353	39,856	0	$2.48	$2.62	$2.44
Ventura North	3,615,037	6.6%	20.6%	3.2%	5,466	(8,916)	0	$2.45	$2.30	$2.18
Ventura South	10,719,354	15.6%	23.1%	14.2%	7,624	53,520	0	$2.40	$2.63	$2.29
West Los Angeles	71,162,885	17.3%	17.6%	17.3%	409,034	503,798	2,088,566	$4.93	$5.03	$4.90
Market Total	**364,182,053**	**15.3%**	**18.7%**	**13.1%**	**629,362**	**269,475**	**4,166,743**	**$3.39**	**$3.51**	**$3.24**

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Los Angeles office market stats by class

By Class	Inventory (sf)	Vacancy	2Q Absorption	YTD Absorption	Construction	Available Sublease
Class A	183,838,741	18.7%	128,741	(414,482)	3,520,660	3,388,790
Class B	150,444,435	13.1%	309,592	468,074	624,692	1,710,247
Class C	29,898,877	6.2%	191,029	215,883	21,391	121,037
Market Total	**364,182,053**	**15.3%**	**629,362**	**269,475**	**4,166,743**	**5,220,074**

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