

An aerial photograph of West Los Angeles, California, showing a dense urban landscape with various high-rise and mid-rise buildings, interspersed with greenery and palm trees. In the background, the blue mountains of the Los Angeles basin are visible under a clear sky. A solid blue rectangular shape is positioned in the top-left corner of the image.

# West Los Angeles office market report

Q4 2023

---

**AVISON  
YOUNG**

---

# West Los Angeles office market trends

**\$3.97B**

## CMBS debt set to mature in the next 3 years

Over the course of the next three years, there is almost \$4 billion dollars in CMBS loans set to mature. With a lump sum of these being large office and development loans taken out during the pandemic and post pandemic quarters, we see a record high amount of loans coming to maturity. West Los Angeles poses one of the largest loan markets in the Southern California area, as many major companies look to move office headquarters into the West Los Angeles market.

**-501k**

## Tenants continue to downsize office utilization

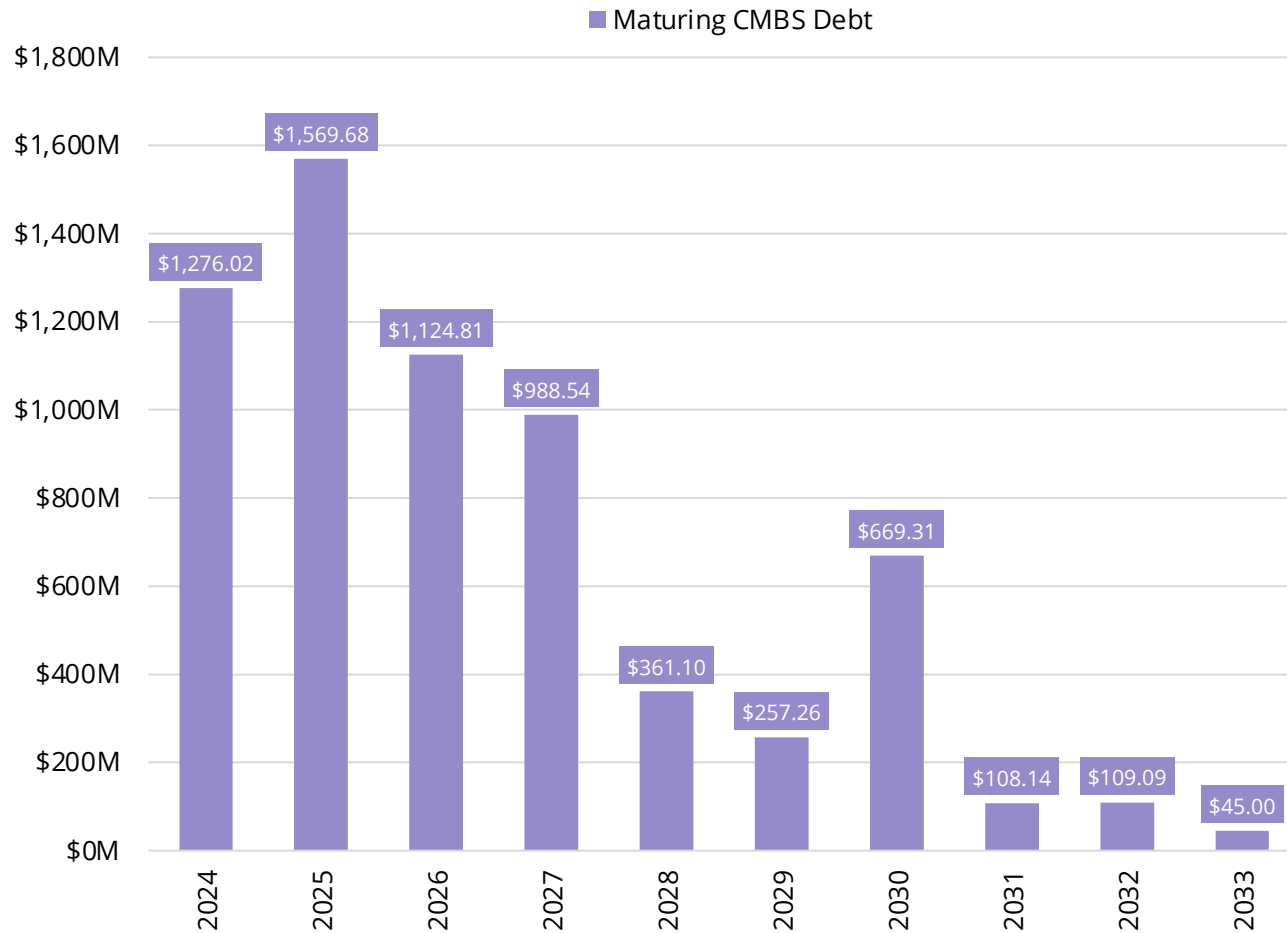
As we come to the end of 2023 in Q4, net absorption for the West LA office market can be seen at -501,431 square feet. This marks the second straight quarter with an absorption below -450,000 square feet and can be attributed to the current leasing struggles occurring throughout West Los Angeles. With hundreds of thousands of square feet of negative absorption, the beginning of 2024 is posed with an incredible opportunity for large leases to be signed to fill empty spaces.

**860k sf**

## Leasing cools to conclude 2023

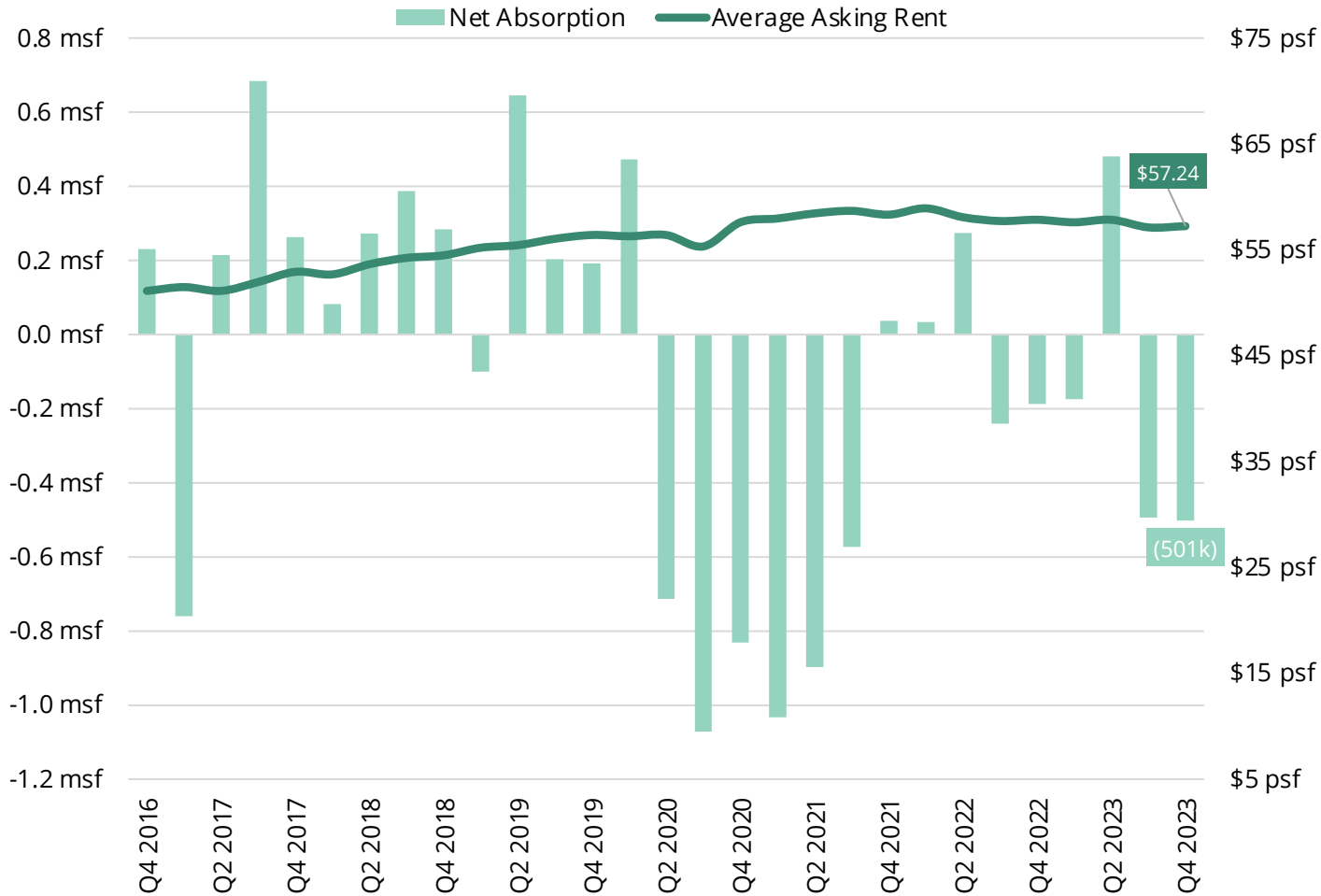
Q4 2023 saw 860,784 square feet of office space leased through West Los Angeles. This is about 600,000 sf less than Q1 2023, where leasing volume drastically picked up as companies began to mandate “in office” work policies. Although Q4 2023 had a smaller leasing volume, we see a few large pre-leased spaces in buildings that are still under development, such as the Sidley Austin’s decision to establish their headquarters in West LA with 75,000 square feet pre-leased at 1950 Avenue of the Stars.

# Maturing CMBS Debt



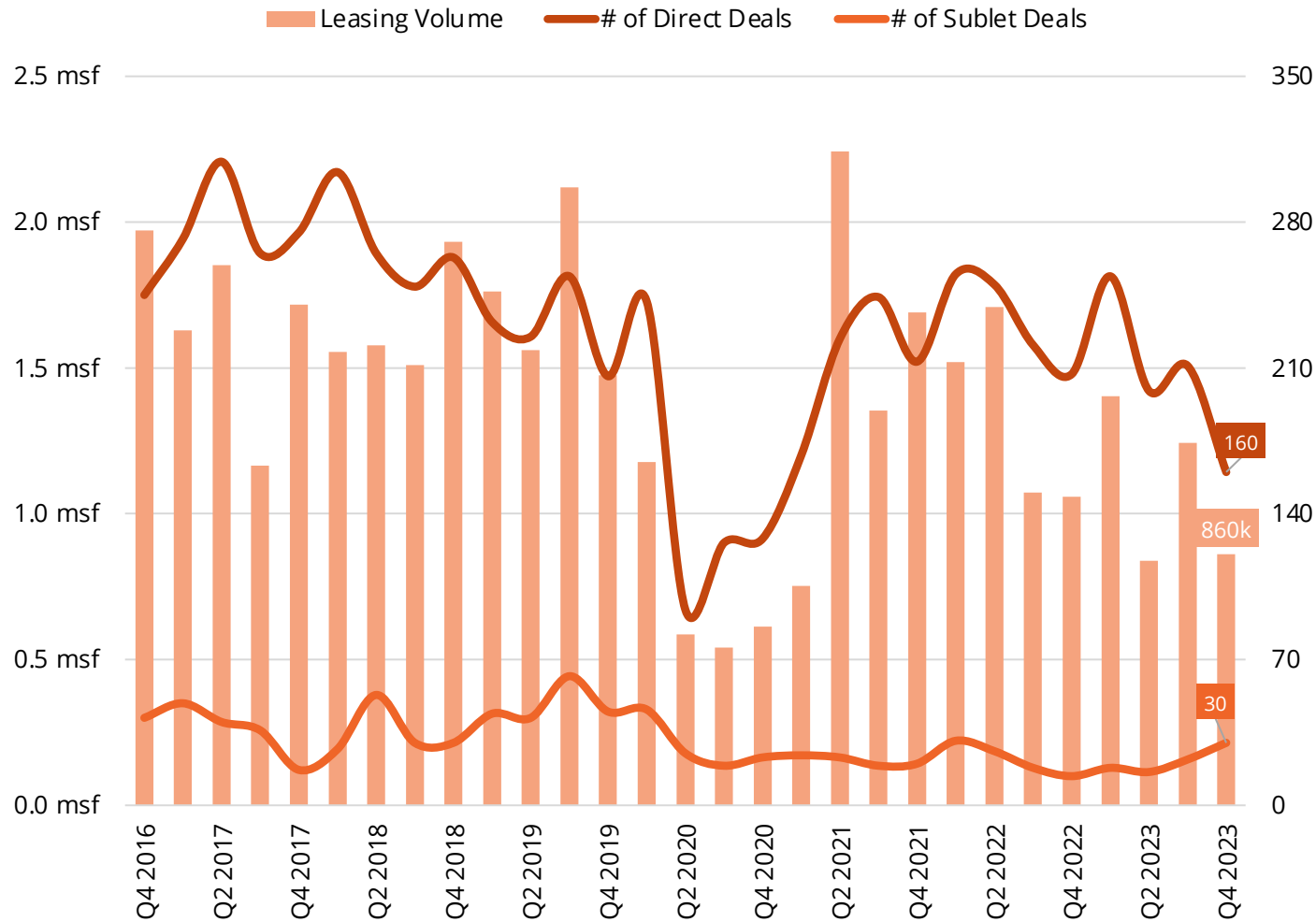
Over the course of the next three years, there is almost \$4 billion dollars in CMBS loans set to mature. This is due to a plethora of large office development loans in West LA.

# Absorption



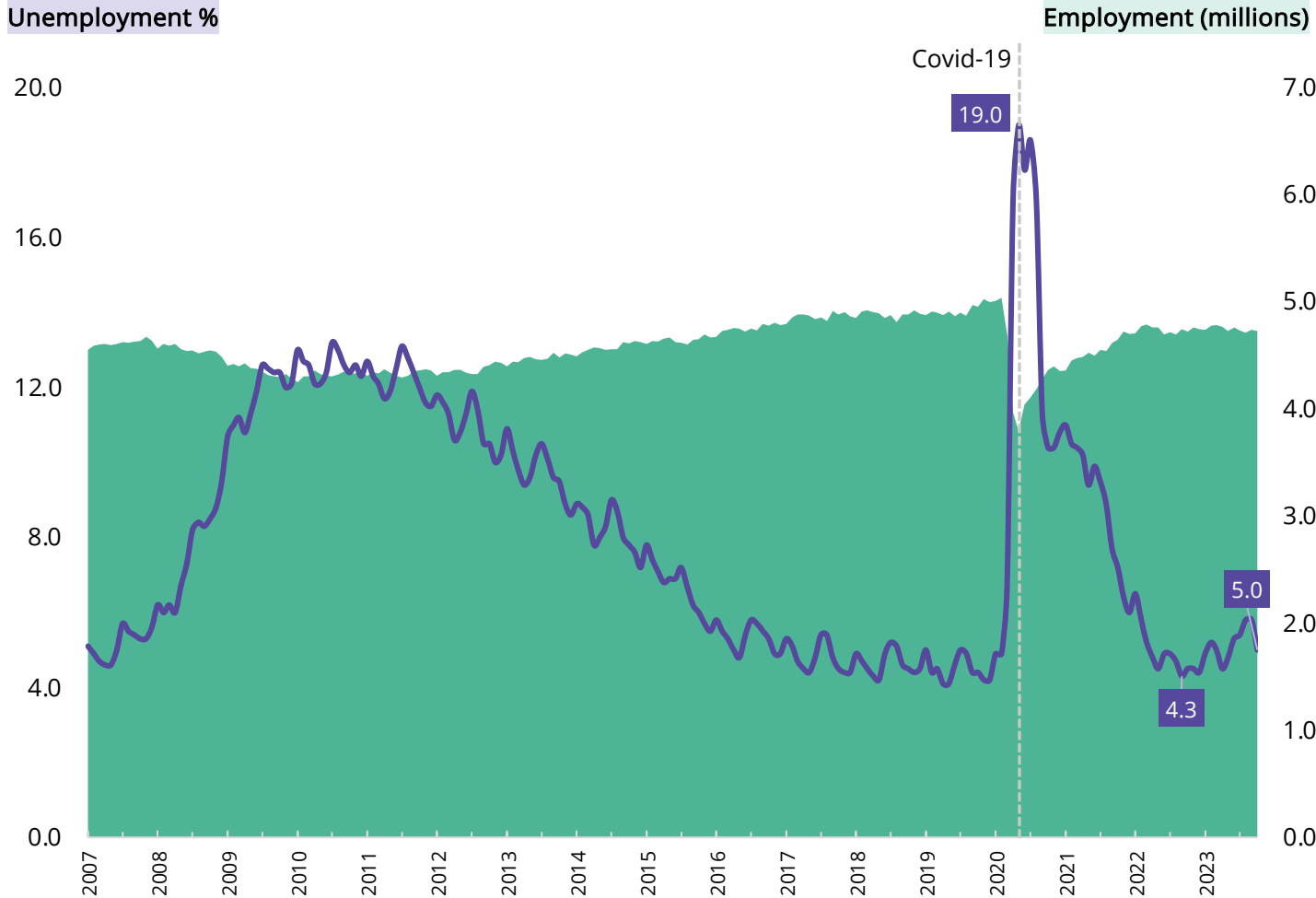
**Q4 2023 net absorption for the West LA office market can be seen at -501,431 square feet. This marks the second consecutive quarter of negative absorption.**

# Leasing activities



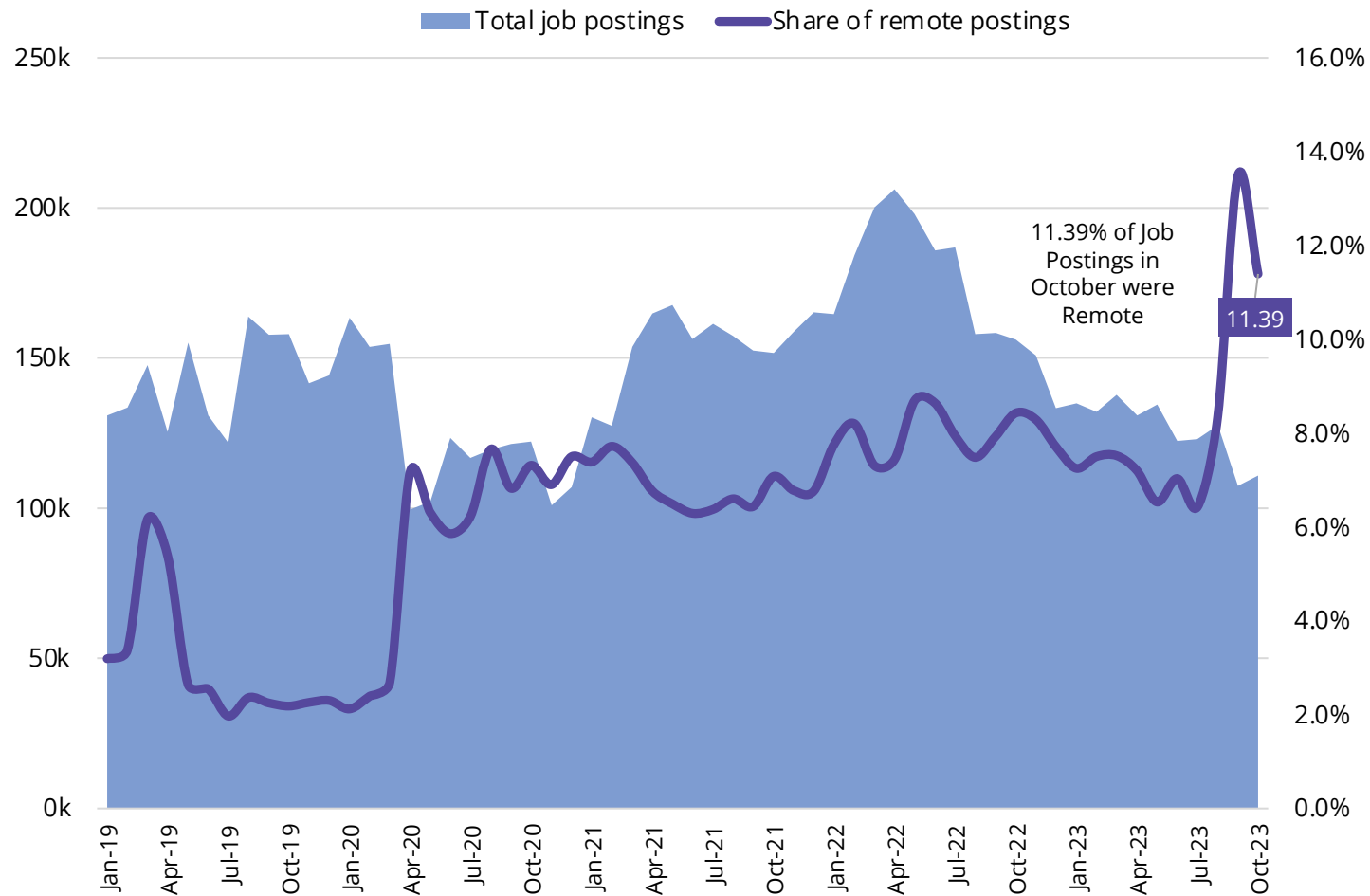
**Q4 2023 saw 860,784 sf of office space leased through West Los Angeles. This is a 39% decrease compared to Q1 2023, where leasing volume drastically picked up to 1.4 msf.**

# Unemployment rate and employment



**Los Angeles's unemployment rate sits at 5.0%, 70 bps higher than September 2022, where the market reached a post pandemic low of 4.3%.**

# Office Job Postings



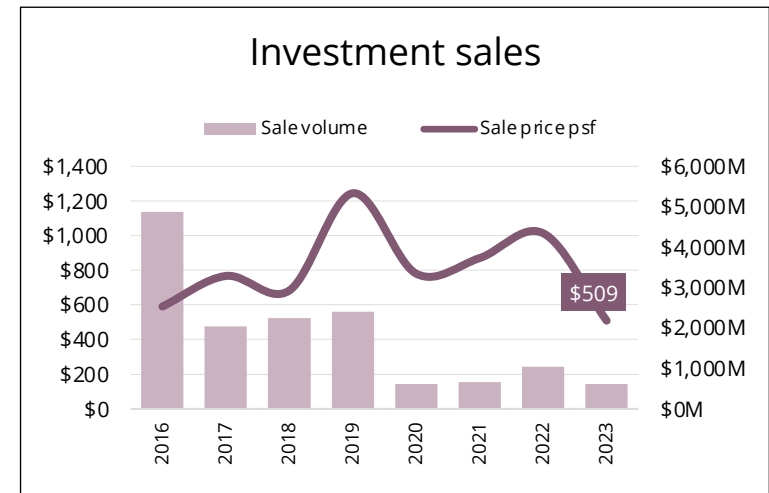
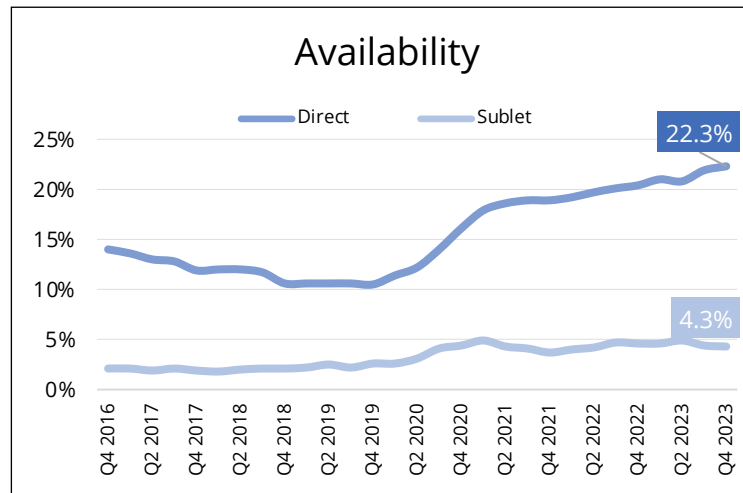
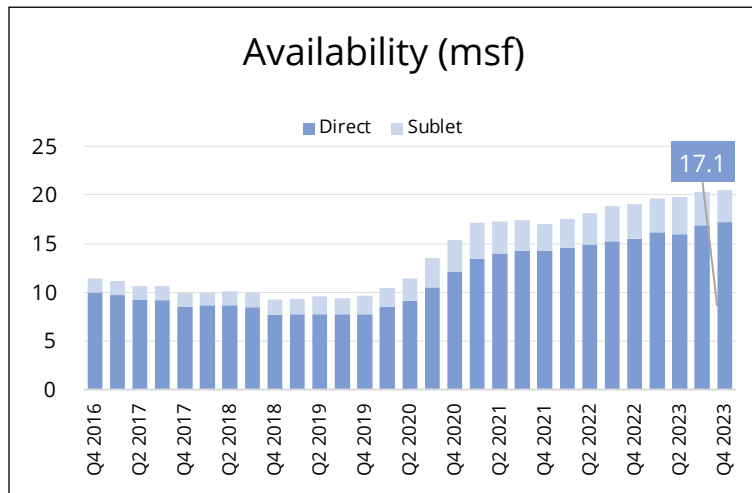
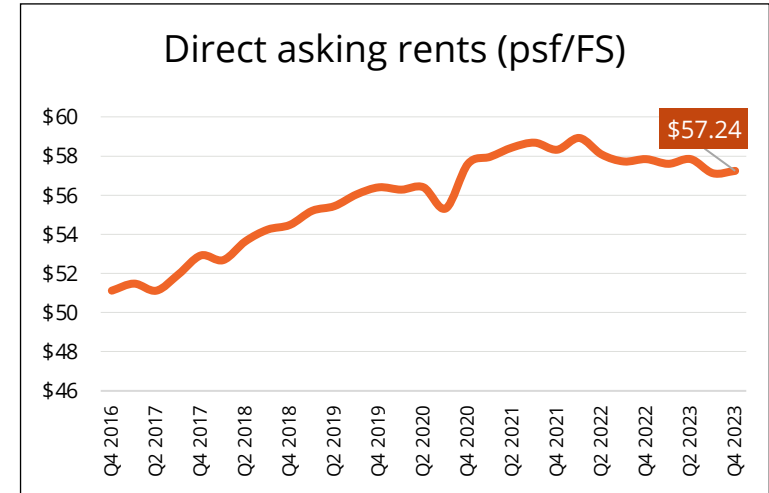
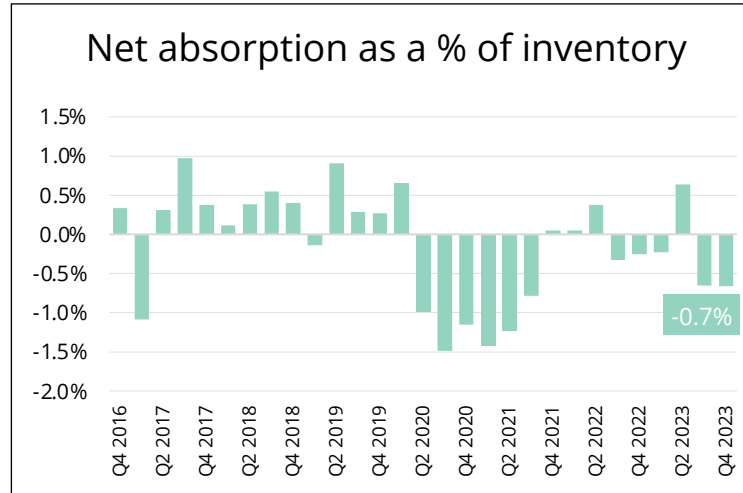
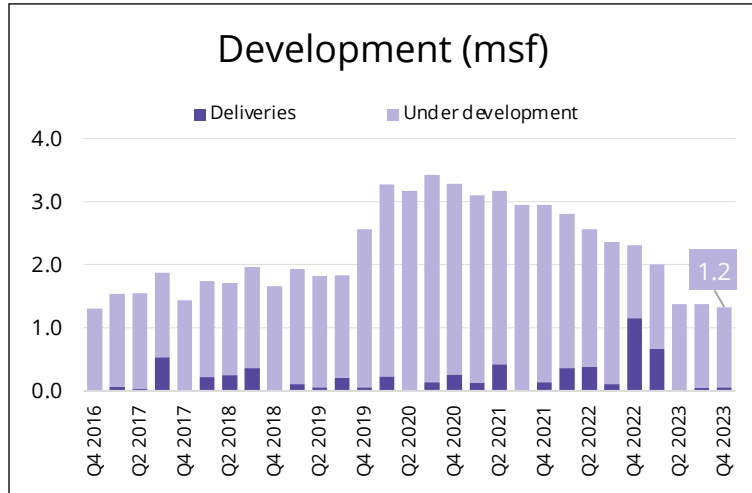
**The decline in office-using job postings suggests that either positions have been filled or are no longer needed due to cost-cutting initiatives or right-sizing efforts. More than 10% of job listings are remote only, compared to just 6% of postings in July of 2023.**

# Appendix





# West Los Angeles office market indicators



# West Los Angeles office market activity

## Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Sidley Austin (Pre-Leased)	1950 Avenue of the Stars	Century City	Dec 2023	75,000	Direct	New
Cedar Sinai	6801 Park Terrace Dr	Marina Del Rey	Oct 2023	47,039	Direct	Renewal
Stubhub	120 Broadway	Santa Monica	Nov 2023	30,681	Direct	Sublease

## Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
First Citizens	1540 2 <sup>nd</sup> St	Dec 2023	79,892	\$86,680,000	\$1,127	Realty Bancorp Equities
Undisclosed	9000 Wilshire Blvd	Dec 2023	50,267	\$71,000,000	\$1,412	Skanska
Harbor Associates	1640 S Sepulveda Blvd	Dec 2023	164,682	\$44,713,000	\$271	Goldman Sachs

## Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
1950 Avenue of the Stars	Century City	Jan 2026	731,250	31%	JMB Realty
315 Colorado Ave	Santa Monica	Jan 2024	100,000	50%	The Macerich Company
5237 W Jefferson Blvd	Culver City	Jan 2024	71,732	0%	RevOz Capital

# West Los Angeles office market stats

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption (QTD)	Net absorption (YTD)	Annual direct asking rent psf FS
Beverly Hills	10,041,160	50,267	24,255	19.6%	3.6%	23.2%	61,351	109,141	\$71.52
Brentwood	3,935,236	0	0	22.0%	2.2%	24.2%	56,530	(1,123)	\$53.20
Century City	10,780,575	0	731,250	18.2%	2.7%	20.9%	(258,594)	(266,661)	\$71.28
Culver City	8,263,413	461,327	157,425	28.1%	5.3%	33.4%	(270,946)	(560,168)	\$56.04
Marina Del Rey/Venice	9,316,366	0	151,067	27.3%	7.1%	34.4%	(31,017)	(226,174)	\$59.28
Miracle Mile	5,617,257	0	0	28.4%	2.2%	30.6%	(43,421)	(216,536)	\$47.76
Olympic Corridor	4,637,270	255,615	0	27.3%	1.6%	28.9%	(110,976)	55,805	\$46.08
Santa Monica	13,063,679	0	208,011	19.5%	6.0%	25.5%	127,366	(264,382)	\$56.40
West Los Angeles	2,461,894	0	0	21.1%	1.8%	22.9%	(19,418)	780,389	\$59.52
Westwood	7,481,874	0	0	17.8%	4.9%	22.7%	(12,306)	(98,070)	\$46.80
<b>Market total</b>	<b>75,598,724</b>	<b>767,209</b>	<b>1,272,008</b>	<b>22.3%</b>	<b>4.3%</b>	<b>26.6%</b>	<b>(501,431)</b>	<b>(687,779)</b>	<b>\$57.24</b>

# Office insights glossary of terms

## Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

## Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

## Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

## Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and  
information visit [avisonyoung.com](https://www.avisonyoung.com)

**Chris Cooper**

Principal, Regional Managing Director  
+1 213 935 7435  
CA DRE #01260886  
[chris.cooper@avisonyoung.com](mailto:chris.cooper@avisonyoung.com)

**Mitch Stokes**

Principal  
+1 424 257 6472  
CA DRE #01037526  
[mitch.stokes@avisonyoung.com](mailto:mitch.stokes@avisonyoung.com)

**Mark Mattis**

Principal  
+1 310 215 8500  
CA DRE #00934378  
[mark.mattis@avisonyoung.com](mailto:mark.mattis@avisonyoung.com)

**Neil Resnick**

Principal  
+1 310 871 1961  
CA DRE #00950538  
[neil.resnick@avisonyoung.com](mailto:neil.resnick@avisonyoung.com)

**Erick Parulan**

Senior Analyst, Market Intelligence  
+ 1 949 757 1283  
[erick.parulan@avisonyoung.com](mailto:erick.parulan@avisonyoung.com)

**Taylor Stokes**

Analyst, Market Intelligence  
+ 1 310 339 2976  
CA DRE #01987676  
[taylor.stokes@avisonyoung.com](mailto:taylor.stokes@avisonyoung.com)

**Sebastian Bernt**

Analyst, Market Intelligence  
+ 1 818 584 9500  
[sebastian.bernt@avisonyoung.com](mailto:sebastian.bernt@avisonyoung.com)