

An aerial photograph of West Los Angeles, showing a dense urban area with various buildings, including several high-rise structures. The city is nestled against a backdrop of green, rolling hills under a clear blue sky. The title text is overlaid on the right side of the image.

West Los Angeles office market report

Q1 2024

**AVISON
YOUNG**

West Los Angeles office market trends

1.49m sf

Leasing picks up to begin 2024

Q1 2024 saw 1,497,177 square feet of office space leased through West Los Angeles. This is about 650,000 sf more than Q2 2023, where now leasing volume has drastically picked up as companies began to mandate “in office” work policies. Although 2023 had a smaller leasing volume, 2024 is off to a hot start as office owners offer lower rents and add more amenities to help fill their vacant spaces. This marks the 4th quarter in a row of increasing leasing volume, showing West LA is on the upwards curve of a positive leasing turnaround.

-301k

Tenants continue to downsize office utilization

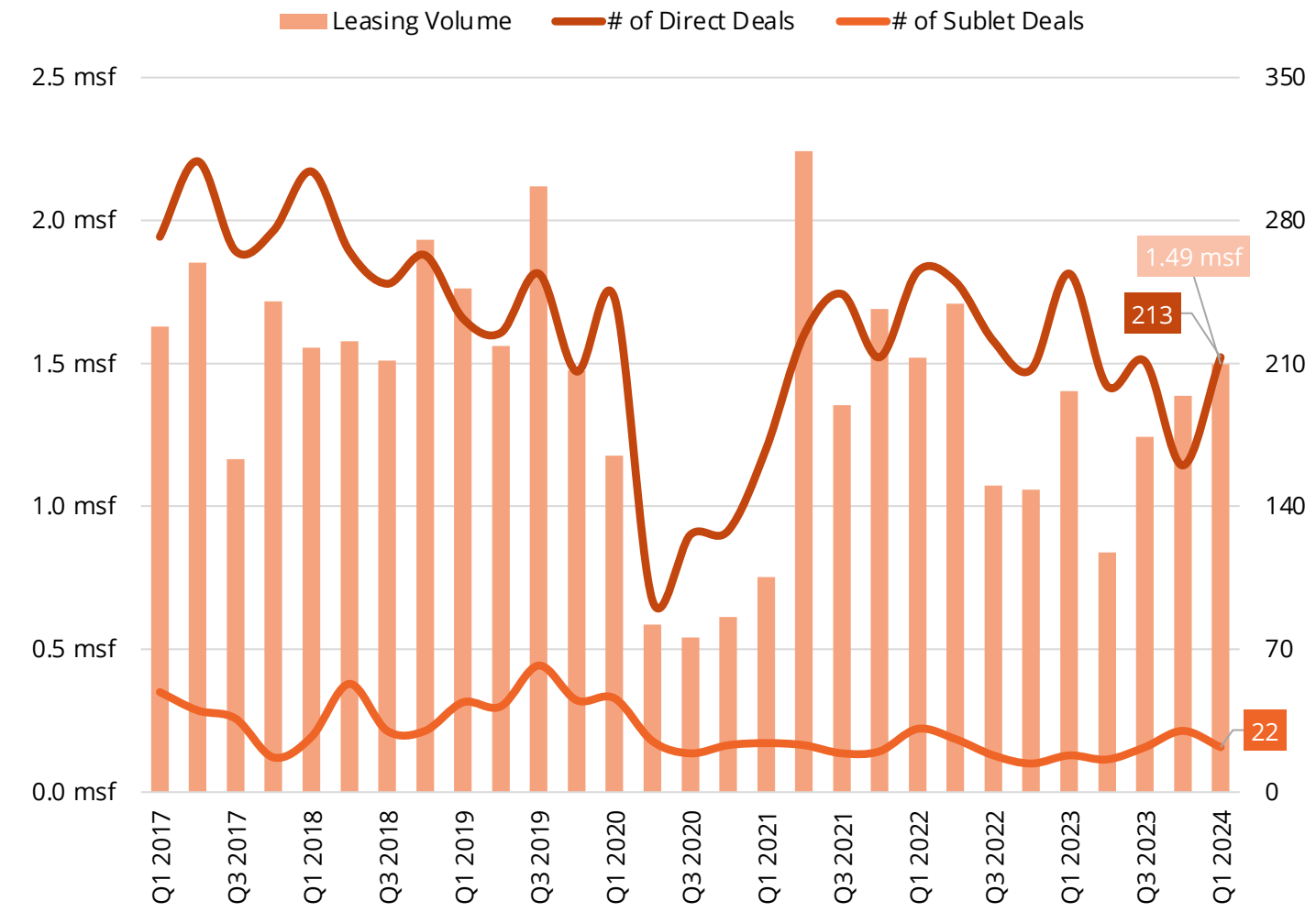
As we begin the year 2024, net absorption for the West LA office market sat at -301,251 square feet. This is about a 200,000 square foot increase from Q4 2023's net absorption of -501,431 sf, showing occupancy and leasing is trending in a positive direction. With a massive 200,000 square feet of added absorption, 2024 is posed with an incredible opportunity for large leases to be signed to fill empty spaces. This once again shows West LA leasing trends climbing in a positive direction.

\$3.97B

CMBS debt set to mature in the next 3 years

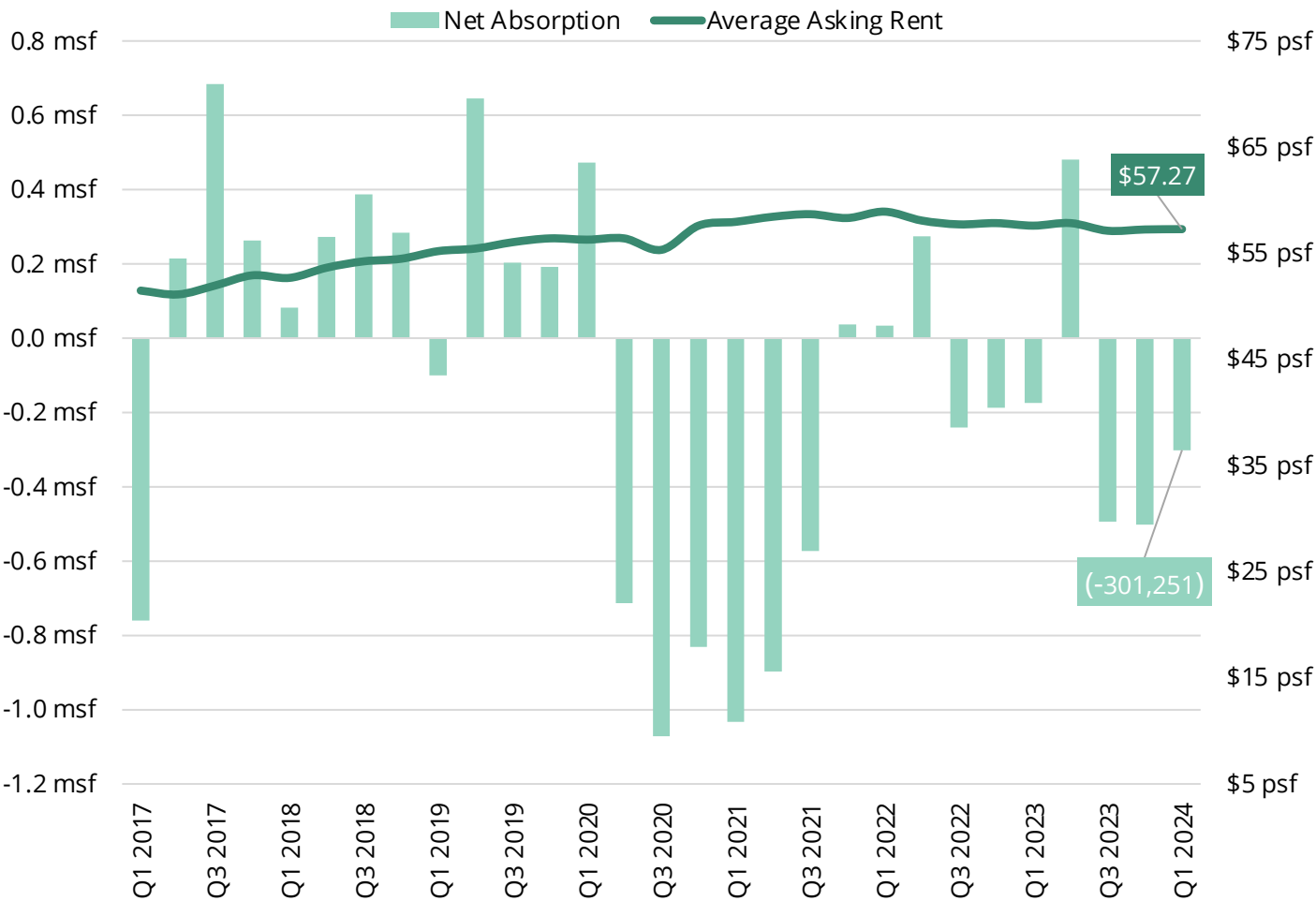
Over the course of the next three years, there is almost \$4 billion dollars in CMBS loans set to mature. With a lump sum of these being large office and development loans taken out during the pandemic and post pandemic quarters, we see a record high amount of loans coming to maturity. West Los Angeles 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.

Leasing activities



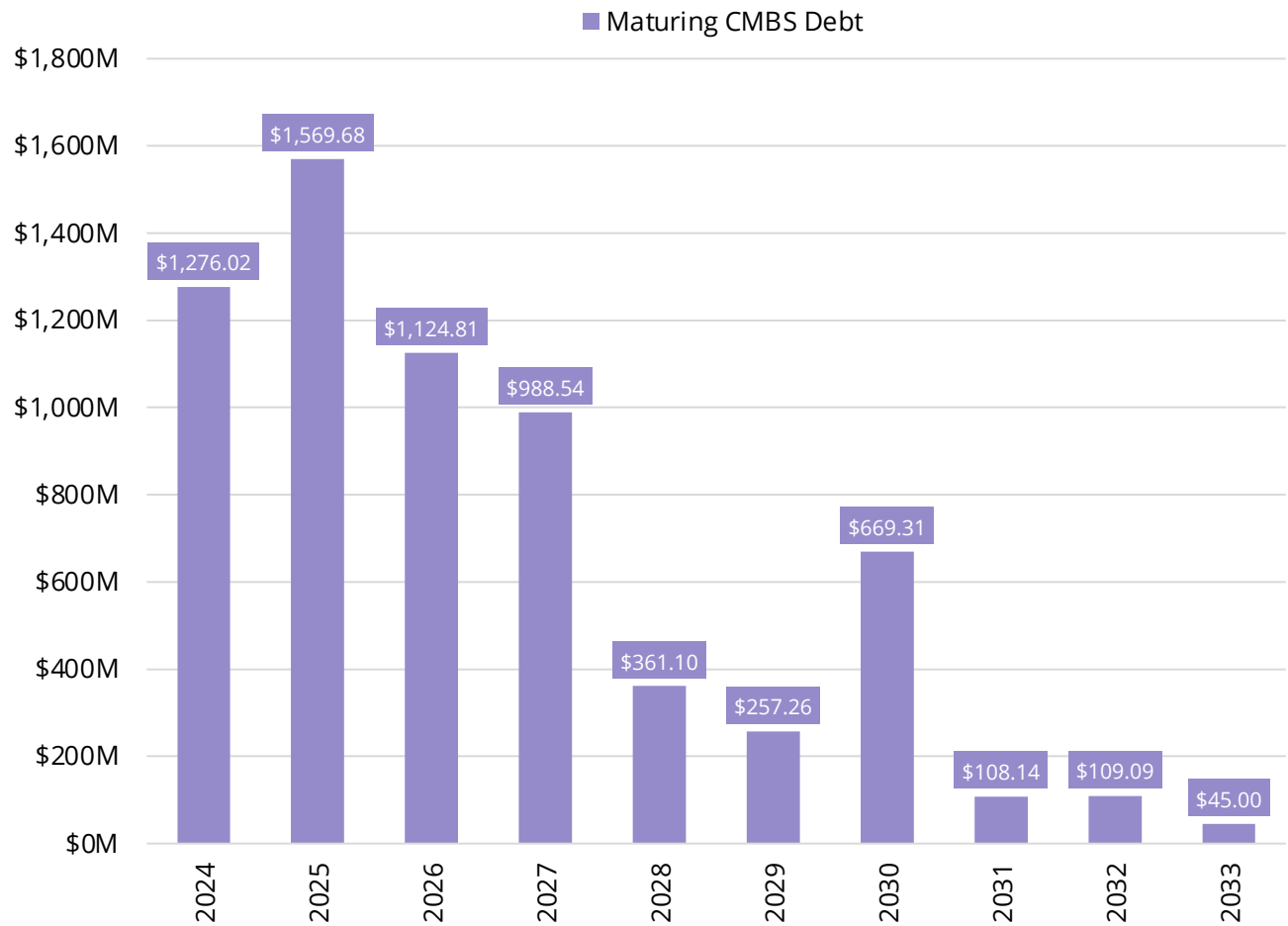
Q1 2024 saw 1,497,177 sf of office space leased throughout West Los Angeles. This is a 45% increase compared to Q2 2023, marking the 4th consecutive quarterly increase in leasing volume.

Absorption



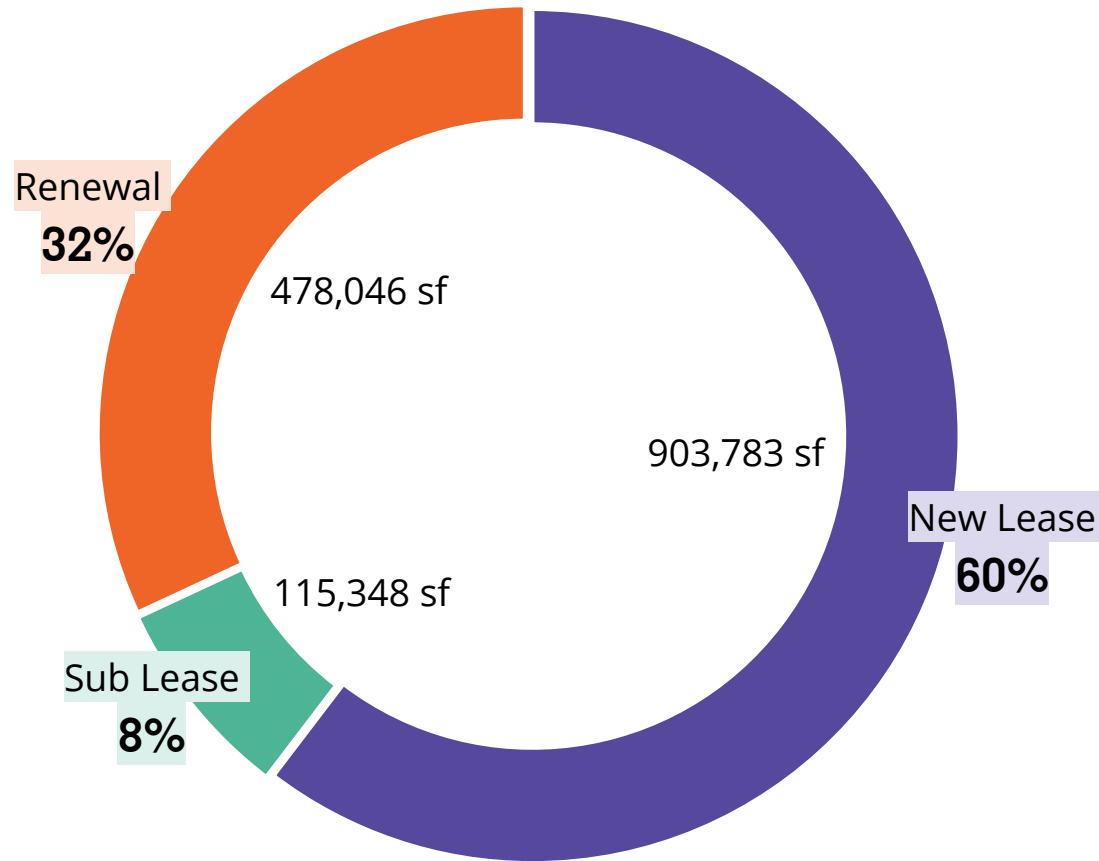
Q1 2024 net absorption for the West LA office market can be seen at -301,251 sf. While absorption is still negative, there was a +200,000 sf increase from the prior quarter, trending in a positive direction.

Maturing CMBS Debt



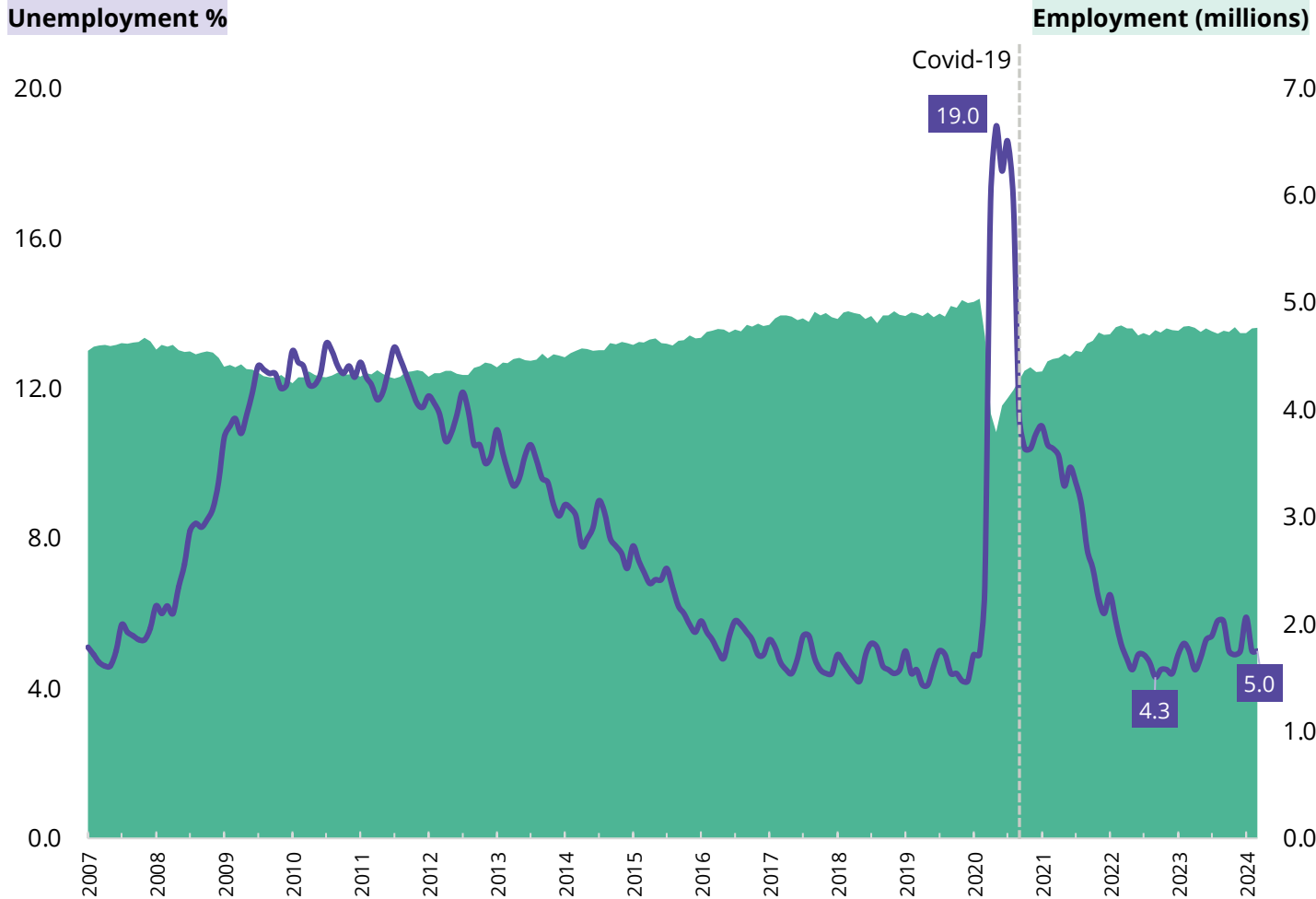
Over the course of the next three years, there is almost \$4 billion dollars in CMBS loans set to mature in West LA. This is due to a plethora of large office development loans in West LA.

Lease type differentiation



The West Los Angeles office market experienced a leasing surplus in Q1 2024. 32% of all leases were renewals, and this is largely due to Snap Inc.'s 478,036 sf Santa Monica lease renewals.

Unemployment rate and employment

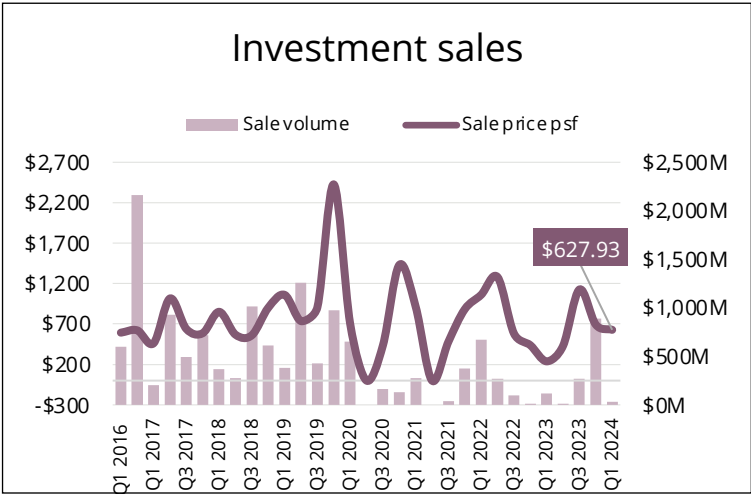
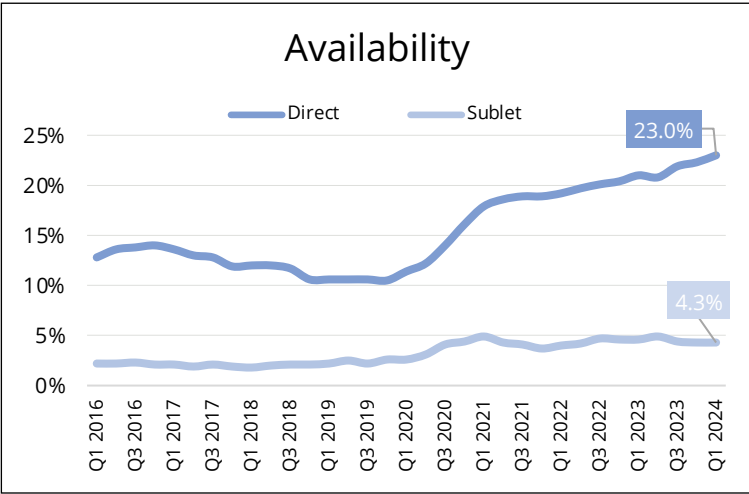
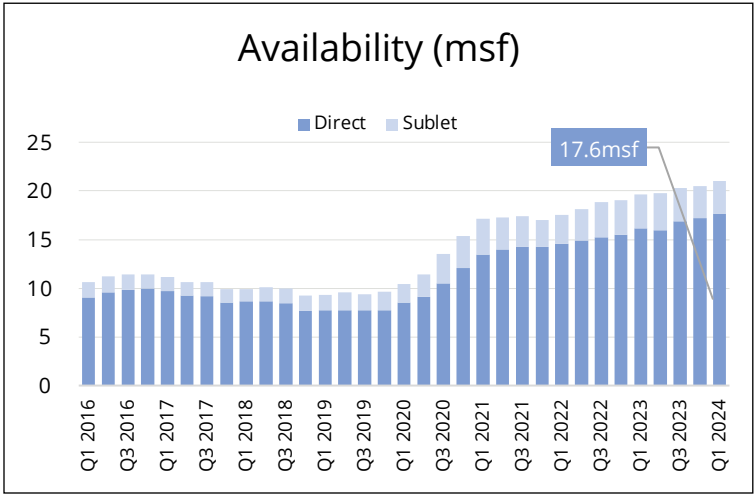
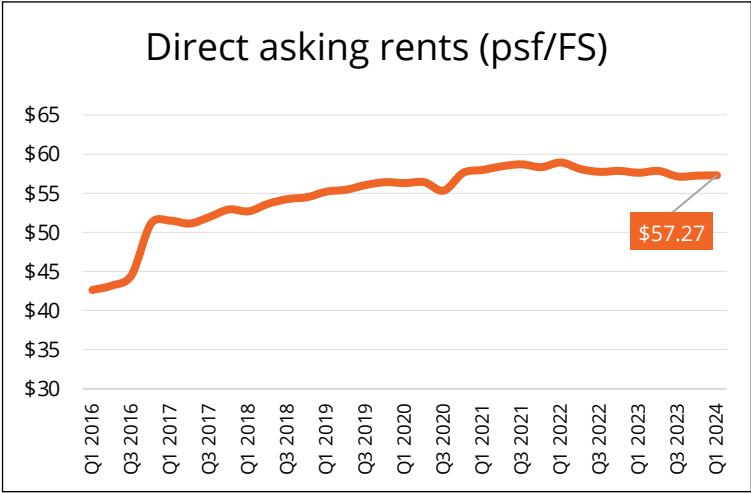
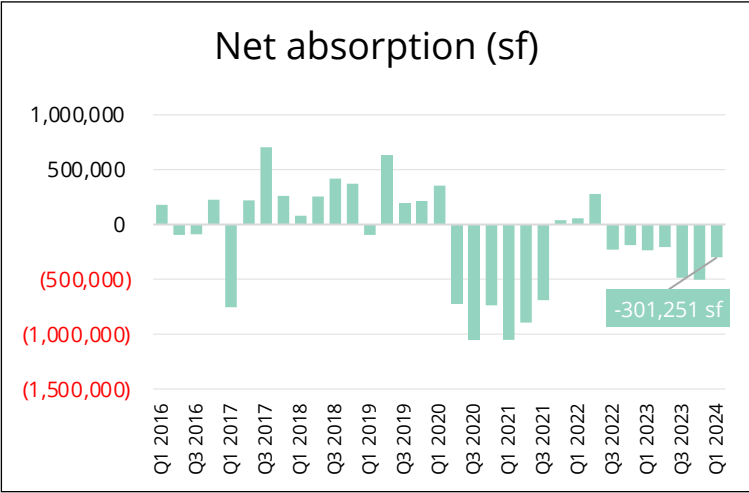
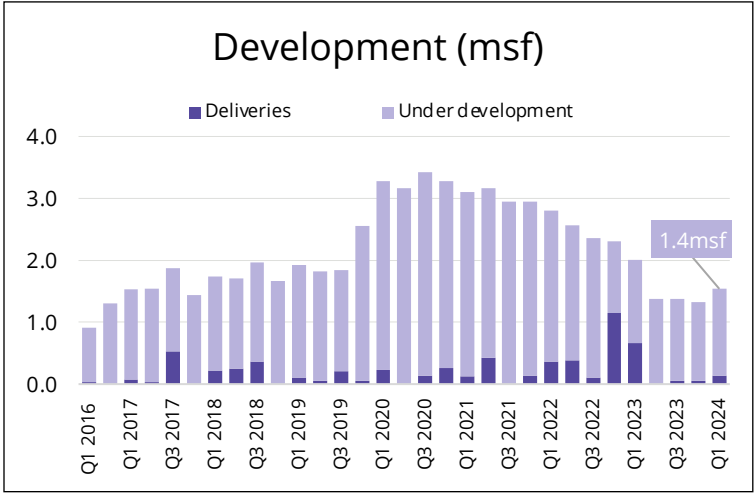


Los Angeles's unemployment rate sits at 5.0%, 70 bps higher than September 2022, where the market reached a post pandemic low of 4.3%.

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
Snap Inc.	2850-3250 Ocean Park Blvd (4 buildings)	Santa Monica	Jan 2024	478,036	Renewal	Direct
LA County Department of Health	3609 S 10 th Ave	Culver City	Jan 2024	33,670	New Lease	Direct
BCW Los Angeles	6300 Wilshire Blvd	Miracle Mile	March 2024	23,715	New Lease	Direct

Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
UCLA	10800-10900 W Pico Blvd	Dec 2023	590,403	\$675,000,000	\$1,143.29	The Macerich Co.
Dr. Daniel Barrett	501 S Beverly Dr	Jan 2024	23,075	\$21,300,000	\$923.08	Abady Holdings Co.
Payam Bahari	5995 S Sepulveda Blvd	Feb 2024	27,090	\$10,200,000	\$376.52	Reading International Inc.

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
3401 S La Cienega Blvd	Culver City	Jan 2026	253,491	0%	SHoP Architects
315 Colorado Ave	Santa Monica	Jun 2024	100,000	50%	The Macerich Company

West Los Angeles office market stats

	Existing inventory sf	Deliveries sf (QTD)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption (QTD)	Annual direct asking rent psf FS
Beverly Hills	10,021,766	0	50,543	20.2%	3.5%	23.7%	(57,472)	\$67.38
Brentwood	3,935,717	0	0	23.3%	2.4%	25.7%	(39,794)	\$58.27
Century City	10,934,638	0	731,250	18.9%	3.0%	21.9%	(65,667)	\$72.71
Culver City	8,311,429	71,732	339,184	30.2%	4.6%	34.8%	123,925	\$54.03
Marina Del Rey/Venice	9,393,356	0	151,067	27.5%	8.4%	35.(%)	(49,732)	\$57.47
Miracle Mile	5,654,915	0	0	27.5%	2.1%	29.6%	12,867	\$36.07
Olympic Corridor	4,637,270	0	0	26.6%	1.6%	28.2%	(1,876)	\$44.79
Santa Monica	13,440,703	65,398	129,660	20.0%	5.6%	25.6%	(176,731)	\$59.73
West Los Angeles	1,874,622	0	0	27.0%	2.4%	29.4%	12,465	\$55.56
Westwood	7,481,874	0	0	17.3%	4.5%	21.8%	(59,236)	\$50.79
Market total	75,686,290	137,130	1,401,704	23.0%	4.3%	27.3%	(301,251)	\$57.27

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**

Chris Cooper

Principal, Regional Managing Director
+1 213 935 7435
CA DRE #01260886
chris.cooper@avisonyoung.com

Mitch Stokes

Principal
+1 424 257 6472
CA DRE #01037526
mitch.stokes@avisonyoung.com

Mark Mattis

Principal
+1 310 215 8500
CA DRE #00934378
mark.mattis@avisonyoung.com

Neil Resnick

Principal
+1 310 871 1961
CA DRE #00950538
neil.resnick@avisonyoung.com

Erick Parulan

Senior Analyst, Market Intelligence
+ 1 949 757 1283
erick.parulan@avisonyoung.com

Taylor Stokes

Analyst, Market Intelligence
+ 1 310 339 2976
CA DRE #01987676
taylor.stokes@avisonyoung.com

Sebastian Bernt

Analyst, Market Intelligence
+ 1 818 584 9500
sebastian.bernt@avisonyoung.com