

Los Angeles



Quick Stats

6.3%

Los Angeles County
Unemployment Rate as of
March 2020

(788,327) SF

Year to Date Negative
Net Absorption

13.2%

Total Vacancy Rate unchanged
from Q4 2019

\$3.28 PSF

Weighted FSG Average Asking
Rental Rate

Momentum built throughout Q4 2019 was expected to yield a first quarter of 2020 that was more robust in leasing activity and rate increases. That momentum was shuttered by the onset of covid-19 and the following shelter-in-place ordinance. With Los Angeles being one of the most prominent commercial investment hubs in the United States, the effects of covid-19 and the following the economic slowdown were felt by the end of Q1 2020.

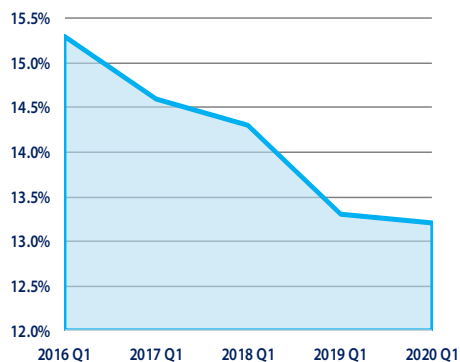
There were two distinct effects felt from covid-19 on pipelines. Some deals that were near completion, particularly those where the potential spaces had already been toured, went on to close much faster than they would have, had there not been a global pandemic. A mutually understood increase in urgency as a result of uncertainty helped some move deals along. Alternatively, however, it was more often the case that deals in their infancy were put on hold or fell through entirely. With most companies banning nonessential travel, portfolio accounts were the first to see a significant drop in leasing activity.

With an increased volume of deals on hold, the Los Angeles County office market has begun to register a decline in rental rates. Office rents in the Downtown Los Angeles cluster fell 5.5% and the West

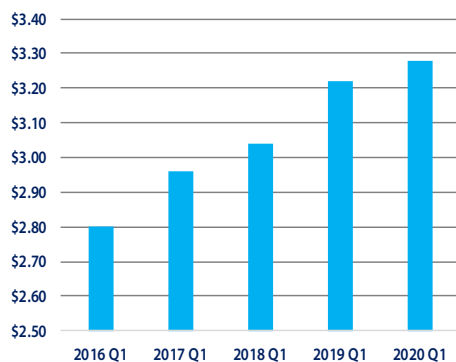
Los Angeles cluster fell by 3.5%. Apart from the South Bay and Tri Cities clusters, which achieved nominal rental rate increases at best, all other Los Angeles County office clusters recorded decreases. As of the first quarter of the year, the county as a whole dropped to \$3.28 FSG, from \$3.32 FSG recorded in the previous quarter. Meanwhile, vacancy across clusters remained notably steady with no cluster exceeding a delta of more than 1%. This indicates the decline in rental rates may be a temporary measure to combat market volatility in the interim.

While leasing activity is expected to slow over the next quarter, current conditions have proven to be an opportunistic time for tenants with good credit and sound balance sheets. For tenants that fall in that category, the answer to business development inquiries hasn't been "not interested" but rather "will I get a better rate next month." There has been much speculation about how office layouts will be modified and what returning to work in offices will look like; while measures will be taken to ensure safety of the work force, there is no indication that the footprint of office users will be significantly impacted.

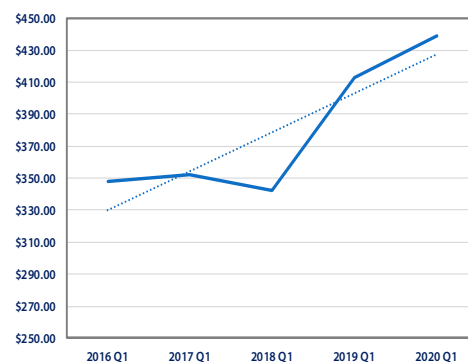
Vacancy Rent



Asking Rate



Sale Price



Top Leases

Tenant	Type	Address	Submarket	SF
Titmouse	New	2835 North Naomi Street	Burbank	94,163
Department of Public Social Services	Expansion	2601 Wilshire Boulevard	Mid-Wilshire	70,791
LA County Departments of Public Social Services and Public Health	Renewal	9800 South La Cienega Boulevard	Inglewood	60,172
Marcum	New	777 South Figueroa Street	DTLA	29,105
Reid Smith	New	1901 Avenue of the Stars	Century City	26,125

Top Sales

Address	Submarket	Buyer	Seller	Price	SF	P/SF (\$)
5900 Wilshire Boulevard	Miracle Mile	Rockpoint Group	PGIM Real Estate, Ratkovich Co, AXA IM - Real Assets	\$306,123,738	452,800	\$676
21215 Burbank Boulevard	West SFV	Global Mutual	Angelo, Gordon, Lincoln Property Co	\$211,000,000	559,462	\$377
5870 West Jefferson Boulevard	Los Angeles	Clarion Partners, Lincoln Property Co	Home Silk Properties, The Rader Company	\$168,900,000	152,146	\$1,110
1960 East Grand Avenue	El Segundo	Starwood Property Trust, Artisan Realty Advisors	Brookfield AM	\$126,850,000	247,570	\$512
3465 East Foothill Boulevard	Pasadena	CFT Development	Columbia Property Trust	\$78,000,000	266,674	\$292

Under Construction

Address	Submarket	Developer	SF	Completion
801 South Broadway	DTLA	Waterbridge Capital	627,564	Mid 2020
10800-10900 West Pico Boulevard	West LA	Hudson Pacific Properties	584,000	Early 2022
11355 -11377 West Olympic	Olympic Corridor	McCarthy Cook & Co.	553,475	Early 2022
888 N Douglas	El Segundo	Hackman Capital Partners	550,000	Mid 2020
510-550 S Vermont Avenue	Mid-Wilshire	Trammell Crow Company	468,000	Mid-Late 2021

Los Angeles By The Numbers

Submarket	Existing Inventory (SF)	Q1 2020 Vacancy %	Q4 2019 Vacancy %	Q1 2020 Net Absorption (SF)	YTD Net Absorption (SF)	Q1 2020 Completions (SF)	U/C (SF)	Avg Asking Rate
Downtown	34,437,243	18.2%	17.8%	(158,523)	(287,678)	0	1,163,564	\$3.11
Class A	30,311,396	16.3%	15.7%	(208,561)	(365,410)		1,025,564	\$3.11
Class B	3,694,888	30.3%	30.1%	(6,004)	59,194		138,000	\$3.12
Class C	430,959	38.7%	51.5%	55,092	17,320			\$2.85
West LA	58,188,901	9.6%	10.3%	519,678	779,421	162,031	3,087,011	\$4.72
Class A	44,910,227	9.3%	10.7%	667,746	1,064,370		2,597,557	\$4.82
Class B	12,235,781	10.8%	10.2%	(97,555)	(45,832)	162,031	489,454	\$4.54
Class C	1,042,893	6.1%	6.1%	(361)	(74,205)			\$3.86
Tri Cities	21,605,097	11.8%	11.4%	(94,261)	127,787	47,830	258,067	\$3.34
Class A	16,736,957	13.7%	12.7%	(82,137)	149,942		258,067	\$3.51
Class B	6,140,994	7.3%	8.9%	(27,352)	(46,344)	47,830		\$2.69
Class C	492,053	1.4%	2.7%	6,121	11,905			\$2.17
South Bay	33,180,948	16.3%	16.2%	(62,420)	(717,839)	109,961	1,192,810	\$3.05
Class A	19,088,199	17.6%	17.9%	(39,556)	(623,829)		1,075,872	\$3.44
Class B	12,721,661	15.4%	14.7%	(21,856)	(87,300)	109,961	116,938	\$2.54
Class C	1,329,628	5.2%	5.1%	(1,008)	(6,788)			\$1.87
LA North SFV and parts of CONEJO and SANTA CLARITA VALLEY	30,765,194	12.1%	11.3%	(209,003)	(708,813)	0	847,953	\$2.62
Class A	16,632,919	13.5%	12.3%	(212,523)	(88,412)		505,219	\$2.90
Class B	13,315,109	10.9%	10.5%	(1,139)	(620,447)		342,734	\$2.42
Class C	817,166	3.5%	4.0%	4,659	46			\$2.25
San Gabriel Valley	10,322,643	8.2%	9.1%	6,329	59,649	0	88,960	\$2.38
Class A	1,932,518	10.3%	11.6%	26,663	22,325		88,960	\$2.58
Class B	8,014,249	7.8%	7.3%	957	42,147			\$2.35
Class C	375,876	5.4%	5.0%	(679)	(4,833)			\$1.90
Hollywood / Mid-Wilshire	17,861,554	17.3%	17.3%	(39,510)	(194,133)	0	1,069,632	\$3.22
Class A	13,478,788	17.0%	17.3%	29,772	(19,757)		1,069,632	\$3.12
Class B	3,109,913	18.9%	18.0%	(44,444)	(144,819)			\$3.84
Class C	554,318	10.6%	13.4%	750	(17,928)			\$3.17
LA County	206,361,580	13.2%	13.2%	47,835	(788,327)	319,822	7,707,997	\$3.28
Class A	142,588,548	13.6%	13.8%	181,404	139,227		6,620,871	\$3.52
Class B	58,730,139	12.8%	12.5%	(197,393)	(852,401)	319,822	1,087,126	\$2.86
Class C	5,042,893	8.2%	9.7%	63,924	(74,153)			\$2.92

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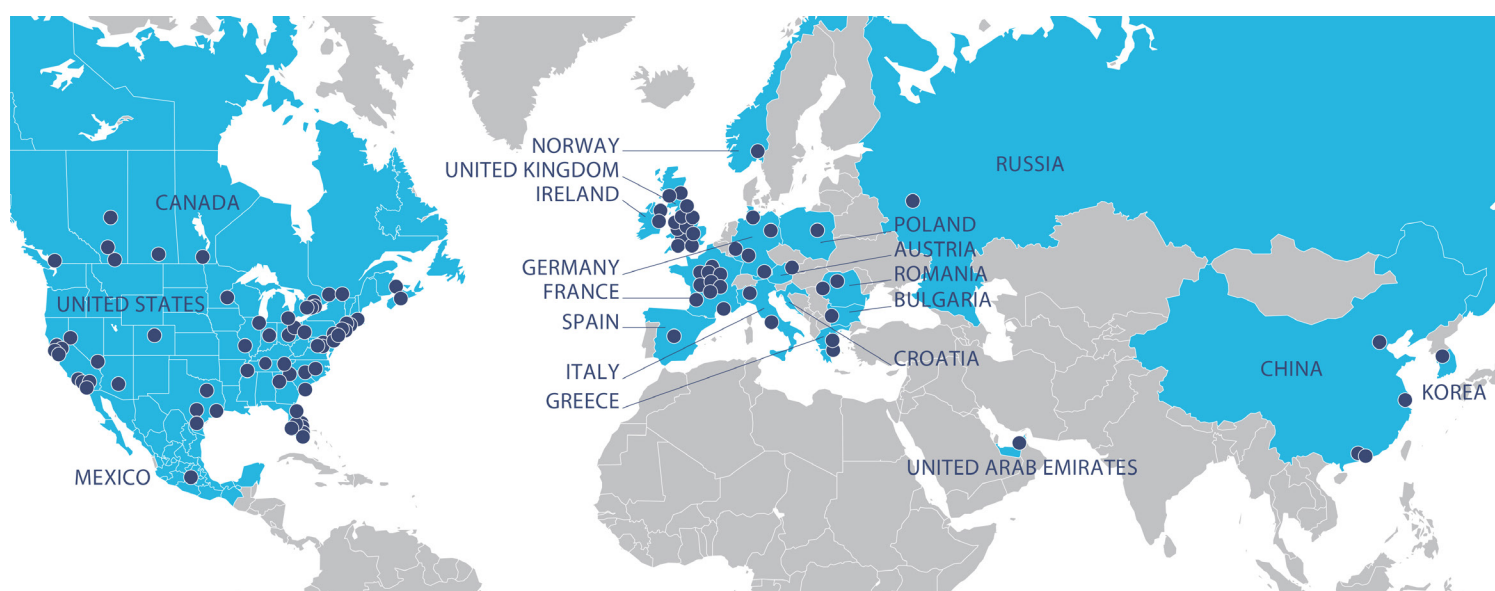
Submarket	Existing Inventory (SF)	Q1 2020 Vacancy %	Q4 2019 Vacancy %	Q1 2020 Net Absorption (SF)	YTD Net Absorption (SF)	Q1 2020 Completions (SF)	U/C (SF)	Weighted Avg Asking Lease Rate
DOWNTOWN	34,437,243	18.2%	17.8%	(158,523)	(287,678)	0	1,163,564	\$3.11
Bunker Hill	8,044,645	13.7%	12.5%	(141,265)	(98,601)	-	-	\$3.16
Financial District	19,656,333	21.4%	21.1%	(1,826)	(357,345)	-	-	\$3.12
Greater Downtown	2,918,375	14.1%	13.0%	(33,445)	72,302	-	1,163,564	\$3.04
South Park	3,817,890	15.8%	16.7%	18,013	95,966	-	-	\$3.04
WEST LA	58,188,901	9.6%	10.3%	519,678	779,421	162,031	3,087,011	\$4.72
Beverly Hills	7,054,262	10.1%	10.9%	25,145	116,079	-	-	\$5.71
Brentwood	3,468,653	10.9%	11.4%	(578)	60,701	-	-	\$4.46
Century City	10,517,827	5.2%	4.1%	(26,280)	1,028	-	-	\$5.50
Culver City	4,553,378	7.9%	8.0%	122,337	244,553	-	917,525	\$4.12
Marina Del Rey/Venice	6,225,188	11.2%	14.6%	160,406	320,359	162,031	482,995	\$4.63
Miracle Mile	5,160,827	15.7%	18.2%	264,455	97,897	-	-	\$4.31
Olympic Corridor	2,746,067	8.8%	7.5%	(11,552)	(361,925)	-	633,815	\$5.08
Santa Monica	9,654,384	8.3%	7.0%	(145,074)	161,456	-	140,726	\$5.19
West Hollywood	3,067,035	12.0%	10.9%	(24,838)	(10,879)	-	97,742	\$5.03
West Los Angeles	879,130	33.8%	37.8%	34,604	34,396	-	814,208	\$3.79
Westwood	4,862,150	15.4%	12.8%	121,053	115,756	-	-	\$4.59
TRI CITIES	21,605,097	11.8%	11.4%	(94,261)	127,787	47,830	258,067	\$3.34
Burbank	6,879,659	7.4%	7.7%	(33,501)	81,757	-	-	\$3.81
Glendale	6,262,721	14.5%	14.6%	4,521	128,303	47,830	39,067	\$3.23
Pasadena	8,462,717	13.3%	12.5%	(65,281)	(82,273)	-	219,000	\$3.30
SOUTH BAY	33,180,948	16.3%	16.2%	(62,420)	(717,839)	109,961	1,192,810	\$3.05
190th Street Corridor	3,507,820	18.7%	18.8%	6,887	124,981	-	-	\$2.32
Central Torrance	4,489,799	10.5%	11.6%	48,697	(57,345)	-	-	\$2.73
Downtown Long Beach	5,064,451	20.0%	17.5%	(118,339)	(19,115)	-	-	\$2.29
El Segundo/Beach Cities	11,612,871	14.5%	14.0%	(16,034)	(464,299)	109,961	741,938	\$4.13
LAX	3,925,518	28.9%	27.4%	(57,669)	(265,567)	-	450,872	\$2.34
Long Beach Airport	4,580,489	9.8%	12.9%	74,038	(36,494)	-	-	\$2.47
SFV AND PARTS OF CONEJO AND SANTA CLARITA VALLEY	30,765,194	12.1%	11.3%	(209,003)	(708,813)	0	847,953	\$2.62
Central SF Valley	4,923,405	9.7%	9.5%	8,772	(63,851)	-	-	\$2.58
Conejo Valley	6,249,931	13.4%	13.8%	26,962	144,775	-	-	\$2.67
East SF Valley	2,197,687	11.4%	11.7%	4,772	94,907	-	-	\$3.35
Santa Clarita Valley	2,301,945	12.1%	13.8%	11,897	12,988	-	314,475	\$2.57
West SF Valley	15,092,226	12.4%	10.5%	(261,406)	(897,632)	-	533,478	\$2.45
SAN GABRIEL VALLEY	10,322,643	8.2%	9.1%	6,329	59,649	0	88,960	\$2.38
East San Gabriel Valley	6,635,890	9.4%	10.9%	4,929	80,089	-	-	\$2.38
West San Gabriel Valley	3,686,753	6.0%	6.0%	1,400	(20,440)	-	88,960	\$2.37
HOLLYWOOD/MID-WILSHIRE	17,861,554	17.3%	17.3%	(39,510)	(194,133)	0	1,069,632	\$3.22
Hollywood	7,728,984	11.7%	11.5%	(17,978)	(121,826)	-	601,632	\$4.98
Mid-Wilshire	10,132,570	19.8%	19.7%	(21,532)	(72,307)	-	468,000	\$2.74
LA COUNTY	206,361,580	13.2%	13.2%	47,835	(788,327)	319,822	7,707,997	\$3.28

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Avison Young at a Glance

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