

Los Angeles



Quick Stats

20.6%

Los Angeles County
Unemployment Rate as of
May 2020

(1,237,418) SF

Year to Date Negative
Net Absorption

13.8%

Total Vacancy Rate increased
from Q1 2020

\$3.25 PSF

Weighted FSG Average Asking
Rental Rate

Office market took a turn as vacancy rose and rents dropped amid COVID-19

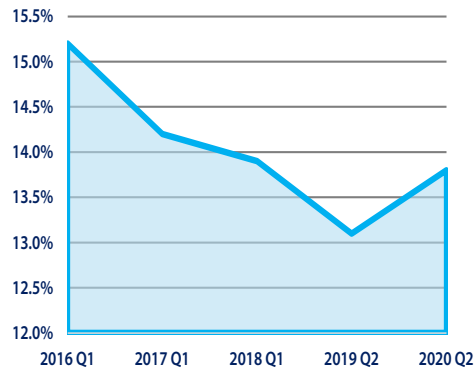
The second quarter of 2020 brought a change in trajectory for the Los Angeles office market, as the impact of the Covid-19 pandemic on commercial real estate began to unfold. Coming out of 2019 the LA office market was tacking in a direction of improvement. However, evidence of an economic slowdown is now underway. During the second quarter, LA's unemployment rate climbed to 20.6%, per the Bureau of Labor Statistics, significantly up from 6.3% the previous quarter. Meanwhile, the county recorded over 1.2M SF of negative net absorption, and a 60-bps increase in vacancy.

Some companies have responded to changes in the market by placing their current unused office space up for lease. The amount of available office space for sublease has increased significantly from the previous quarter, totaling approximately 5M SF. This is up 750K SF from the previous quarter and 1M SF from the same time one year ago. Historically speaking, the amount of available sublease space on the market was greater in 2009 when it reached as high as 6.5M SF. We still have not eclipsed that historical mark from the previous recession, but sublease availability is on

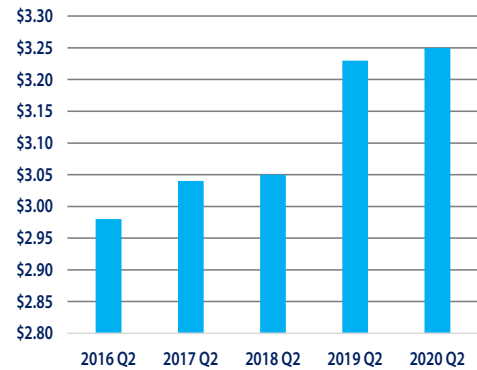
the rise and we expect the total to climb during the third quarter. The majority of sublease availability is coming from four main areas: West LA with 2.3M SF, followed by Downtown LA with 750K SF, South Bay with 650K SF, and Tri-Cities with 550K SF. LA North accounts for 200K SF and the Hollywood/Mid-Wilshire area accounts for 170K SF, while the remaining balance is dispersed throughout the county.

Investment sale activity was also substantially slow, down 30% from typical second quarter levels historically. There was a large contraction in the number of office building sales during second quarter as compared to one year ago during the same period. At this time, we are not worried with the long-term prospects for LA econometrics. Companies and real estate investors continue to choose LA's global gateway market status as a place to find the best talent and invest capital in low-risk sub-markets. The second largest office lease in the second quarter was by Facebook in Playa Vista, and Pasadena recorded two of the top sales. Additionally, we are seeing strong leasing and sales activity in medical office real estate throughout the region, specifically related to requirements for clinical services, oncology, ambulatory care, surgery and imaging.

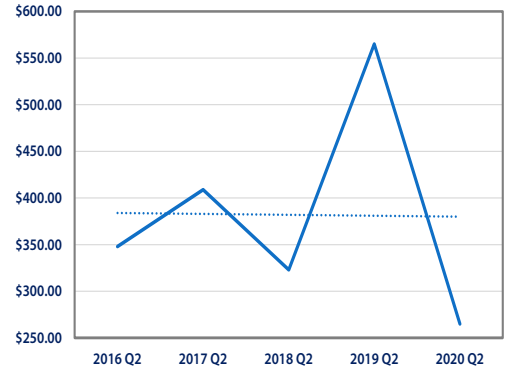
Vacancy Rent



Asking Rate



Sale Price



Top Leases

Tenant	Type	Address	Submarket	SF
Los Angeles Department of Water and Power	New	233 South Beaudry Avenue	DTLA	132,000
Facebook	New	12105 West Waterfront Drive	Marina Del Rey/Venice	84,616
The Los Angeles Homeless Services Authority	New	707 Wilshire Boulevard	DTLA	58,353
SCS Engineers	Renewal	3900 Kilroy Airport Way	South Bay	39,618
Armata Pharmaceuticals	Renewal	4509 Glencoe Avenue	Marina Del Rey/Venice	35,453

Top Sales

Address	Submarket	Buyer	Seller	Price	SF	P/SF (\$)
St. Vincent Medical Center	Hollywood/Mid-Wilshire	Dr. Patrick Soon-Shiong	Verify Health System	\$135,000,000	465,555	\$290
Pasadena Corporate Park	Pasadena	Cheng Family Trust	Columbia Property Trust	\$78,000,000	261,671	\$298
101 South Marengo Avenue	Pasadena	Atlas Capital Group	Woodridge Capital Partners	\$72,000,000	315,000	\$229
420 Rowland Street	Eastern SGV	IRA Capital	Davita Inc.	\$39,860,000	62,969	\$633
Park Del Amo	Torrance	Omninet Capital	TA Realty	\$39,000,000	205,714	\$190

Under Construction

Address	Submarket	Developer	SF	Completion
801 South Broadway	DTLA	Waterbridge Capital	627,564	Late 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
510-550 S Vermont Avenue	Mid-Wilshire	Trammell Crow Company	468,000	Late 2021
888 N Douglas	El Segundo	Hackman Capital Partners	390,000	Late 2020

Los Angeles By The Numbers

Submarket	Existing Inventory (SF)	Q2 2020 Vacancy %	Q1 2020 Vacancy %	Q2 2020 Net Absorption (SF)	YTD Net Absorption (SF)	Q2 2020 Completions (SF)	U/C (SF)	Avg Asking Rate
Downtown	34,437,243	17.9%	18.2%	113,079	(45,444)	0	1,163,564	\$3.07
Class A	30,311,396	15.9%	16.3%	136,090	(72,471)		1,025,564	\$3.05
Class B	3,694,888	30.7%	30.3%	(17,738)	(23,742)		138,000	\$3.13
Class C	430,959	39.9%	38.7%	(5,273)	50,769			\$2.87
West LA	58,801,475	10.5%	9.6%	(606,493)	(36,663)	0	3,281,957	\$4.73
Class A	44,910,227	9.9%	9.3%	(365,860)	287,687		2,749,937	\$4.82
Class B	12,235,781	10.8%	10.8%	(228,914)	(312,270)		532,020	\$4.54
Class C	1,042,893	7.4%	6.1%	(11,719)	(12,080)			\$3.98
Tri Cities	21,687,610	11.5%	11.8%	77,195	(17,066)	0	400,317	\$3.32
Class A	16,736,957	13.2%	13.7%	96,549	2,287		344,817	\$3.49
Class B	6,140,994	7.6%	7.3%	(17,784)	(45,136)		55,500	\$2.65
Class C	492,053	1.8%	1.4%	(1,570)	25,783			\$2.23
South Bay	32,984,383	17.1%	16.3%	(235,343)	(297,763)	0	1,231,872	\$3.03
Class A	19,088,199	19.0%	17.6%	(226,813)	(266,369)		1,075,872	\$3.38
Class B	12,721,661	15.5%	15.4%	(9,410)	(12,446)		156,000	\$2.56
Class C	1,329,628	5.1%	5.2%	880	(18,948)			\$2.07
LA North	30,325,498	13.8%	12.1%	(180,335)	(424,410)	0	958,319	\$2.62
Class A	16,632,919	14.2%	13.5%	(101,104)	(302,649)		455,926	\$2.80
Class B	13,315,109	10.9%	10.9%	(76,766)	(123,955)		502,393	\$2.45
Class C	817,166	3.8%	3.5%	(2,465)	2,194			\$2.25
San Gabriel Valley	10,399,343	8.8%	8.2%	(73,507)	(46,566)	0	94,210	\$2.38
Class A	1,932,518	11.8%	10.3%	(35,888)	(9,225)		26,960	\$2.59
Class B	8,014,249	8.3%	7.8%	(30,526)	-34,773		67,250	\$2.33
Class C	375,876	5.8%	5.4%	(7,093)	(2,568)			\$1.81
Hollywood / Mid-Wilshire	18,238,564	19.5%	17.3%	(297,505)	(369,506)	0	1,086,081	\$3.13
Class A	13,478,788	20.8%	17.0%	(278,231)	(280,950)		1,069,633	\$3.03
Class B	3,109,913	17.7%	18.9%	(23,731)	(93,013)		16,448	\$3.84
Class C	554,318	10.1%	10.6%	4,457	4,457			\$2.48
LA County	206,874,116	13.8%	13.2%	(1,202,909)	(1,237,418)	0	8,216,320	\$3.25
Class A	142,588,548	14.2%	13.6%	(775,257)	(641,690)		6,748,709	\$3.44
Class B	58,730,139	13.3%	12.8%	(404,869)	(645,335)		1,467,611	\$2.90
Class C	5,042,893	8.5%	8.2%	(22,783)	49,607			\$2.94

Los Angeles By The Numbers

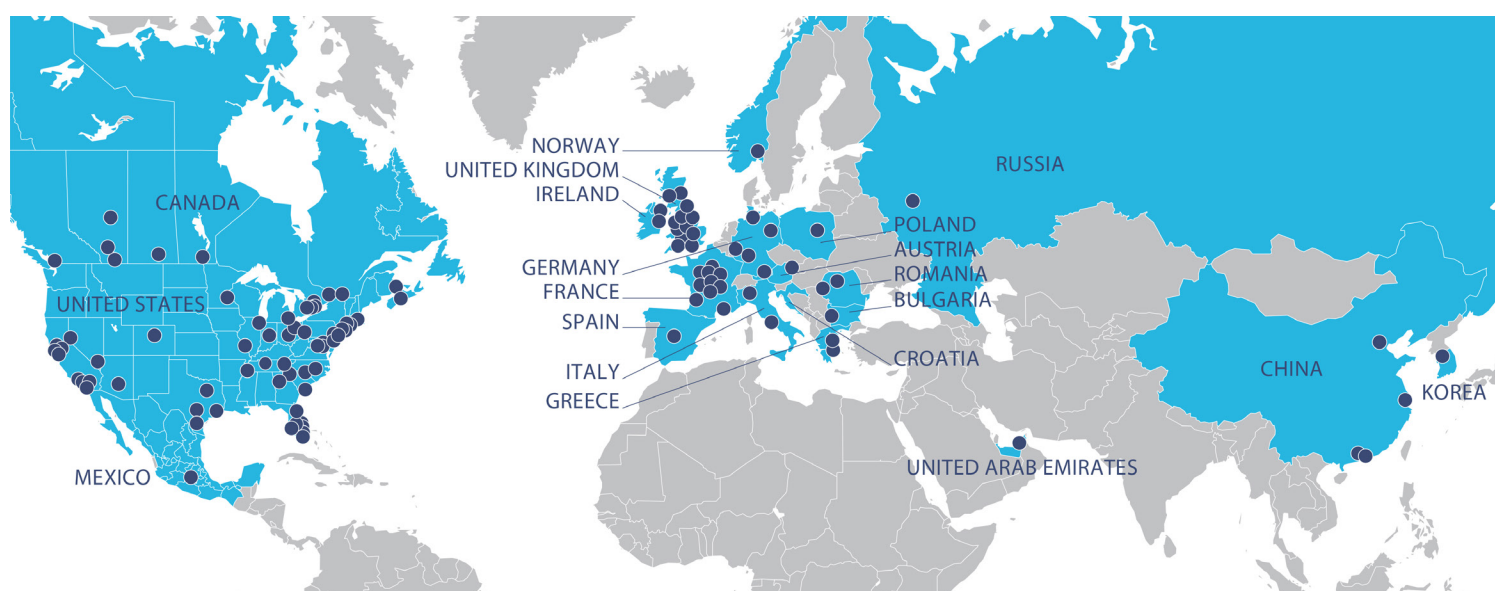
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DOWNTOWN	34,437,243	17.9%	18.2%	113,079	(45,444)	0	1,163,564	\$3.07
Bunker Hill	8,044,645	12.9%	13.7%	59,592	(81,673)	-	-	\$3.14
Financial District	19,656,333	21.1%	21.4%	59,628	57,802	-	-	\$3.07
Greater Downtown	2,918,375	15.4%	14.1%	(37,755)	(71,200)	-	1,163,564	\$2.93
South Park	3,817,890	15.0%	15.8%	31,614	49,627	-	-	\$3.06
WEST LA	58,801,475	10.5%	9.6%	(606,493)	(36,663)	0	3,281,957	\$4.73
Beverly Hills	7,057,430	11.6%	10.1%	(104,390)	(79,245)	-	-	\$5.64
Brentwood	3,470,321	11.6%	10.9%	(25,814)	(5,955)	-	-	\$4.47
Century City	10,805,165	5.1%	5.1%	2	(26,278)	-	-	\$5.73
Culver City	4,481,162	8.8%	8.0%	(32,736)	89,601	-	1,038,241	\$4.16
Marina Del Rey/Venice	6,423,764	13.1%	10.8%	(150,556)	9,850	-	503,955	\$4.62
Miracle Mile	5,358,905	12.6%	11.6%	(54,704)	275,490	-	-	\$4.33
Olympic Corridor	2,734,894	9.6%	8.8%	(21,030)	(32,582)	-	633,815	\$5.01
Santa Monica	9,676,136	9.9%	8.2%	(156,063)	(301,137)	-	146,726	\$5.06
West Hollywood	3,040,819	11.8%	12.1%	9,222	(15,616)	-	97,742	\$4.97
West Los Angeles	879,130	36.4%	33.8%	(22,909)	11,695	-	814,208	\$3.77
Westwood	4,873,749	16.9%	11.0%	(47,515)	37,514	-	47,270	\$4.40
TRI CITIES	21,687,610	11.5%	11.8%	77,195	(17,066)	0	400,317	\$3.32
Burbank	6,926,956	7.7%	8.0%	187,468	153,967	-	142,250	\$3.78
Glendale	6,263,118	15.5%	14.5%	(64,972)	(60,451)	-	39,067	\$3.22
Pasadena	8,497,536	13.8%	13.2%	(45,301)	(110,582)	-	219,000	\$4.09
SOUTH BAY	32,984,383	17.1%	16.3%	(235,343)	(297,763)	0	1,231,872	\$3.03
190th Street Corridor	3,483,951	19.3%	18.8%	(17,882)	(10,995)	-	-	\$2.32
Central Torrance	4,513,295	10.4%	10.5%	3,006	51,703	-	-	\$2.71
Downtown Long Beach	5,070,981	20.0%	20.0%	(881)	(119,220)	-	-	\$2.30
El Segundo/Beach Cities	11,409,941	14.8%	14.9%	18,067	2,033	-	781,000	\$4.13
LAX	3,925,518	34.0%	28.2%	(224,789)	(282,458)	-	450,872	\$2.42
Long Beach Airport	4,580,697	10.0%	9.8%	(12,864)	61,174	-	-	\$2.42
LA NORTH	30,325,498	13.8%	12.1%	(180,335)	(424,410)	0	958,319	\$2.62
Central SF Valley	4,933,619	11.7%	9.5%	(106,893)	(98,121)	-	155,940	\$2.63
Conejo Valley	5,785,740	14.0%	13.7%	(18,199)	(26,309)	-	-	\$2.70
East SF Valley	2,197,846	11.2%	11.4%	5,297	10,069	-	277,663	\$3.30
Santa Clarita Valley	2,310,931	13.3%	12.1%	(28,562)	(16,665)	-	268,901	\$2.58
West SF Valley	15,097,362	12.4%	12.1%	(31,978)	(293,384)	-	255,815	\$2.46
SAN GABRIEL VALLEY	10,399,343	8.8%	8.2%	(73,507)	(46,566)	0	94,210	\$2.38
East San Gabriel Valley	6,712,590	9.6%	9.3%	(19,938)	5,603	-	5,250	\$2.39
West San Gabriel Valley	3,686,753	7.4%	6.0%	(53,569)	(52,169)	-	88,960	\$2.35
HOLLYWOOD/MID-WILSHIRE	18,238,564	19.5%	17.3%	(297,505)	(369,506)	0	1,086,081	\$3.13
Hollywood	8,087,174	13.3%	11.0%	(183,296)	(213,765)	-	618,081	\$4.88
Mid-Wilshire	10,151,390	22.2%	21.1%	(114,209)	(155,741)	-	468,000	\$2.76
LA COUNTY	206,874,116	13.8%	13.2%	(1,202,909)	(1,237,418)	0	8,216,320	\$3.25

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Avison Young at a Glance

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Contact Information

Los Angeles - Downtown
555 S Flower Street, Ste 3200
Los Angeles, CA 90071
Primary Contact: Ted Simpson
ted.simpson@avisonyoung.com
213.935.7430

Los Angeles - West
10940 Wilshire Blvd., Ste 800
Los Angeles, CA 90024
Primary Contact: Jonathan Larsen
jonathan.larsen@avisonyoung.com
424.257.6474

Los Angeles - North
6711 Forest Lawn Drive
Los Angeles, CA 90068
Primary Contact: Mark Evanoff
mark.evanoff@avisonyoung.com
323.851.6666

Regional Managing Director:
Chris Cooper - Corporate
555 S Flower Street, Ste 3200
Los Angeles, CA 90071
chris.cooper@avisonyoung.com
213.935.7435

Orange County - Irvine
2030 Main Street, Ste 150
Irvine, CA 92614
Primary Contact: Keith Kropfl
keith.kropfl@avisonyoung.com
949.757.1190

San Diego - UTC
4655 Executive Drive, Ste 325
San Diego, CA 92121
Primary Contact: Damian McKinney
damian.mckinney@avisonyoung.com
858.519.3248

Inland Empire - Ontario
3281 E. Guasti Road, Ste 700
Ontario, CA 91761
Primary Contact: Stan Nowak
stan.nowak@avisonyoung.com
951.267.2770

Report Prepared By:
Arty Maharajh
555 S Flower Street, Ste 3200
Los Angeles, CA 90071
arty.maharajh@avisonyoung.com
213.935.7430



avisonyoung.com

