

# Los Angeles



## Quick Stats

**15.1%**

Los Angeles County  
Unemployment Rate as of  
September 2020

**(3,705,284) SF**

Year to Date Negative  
Net Absorption

**15.1%**

Total Vacancy Rate increased  
from Q2 2020

**\$3.21 PSF**

Weighted FSG Average Asking  
Rental Rate

### LA office market records vacancy uptick in the third quarter

The Covid-19 pandemic had its most severe impact on the Los Angeles office market during the third quarter. Vacancy shot up from the previous quarter, climbing from 13.8% in the second quarter to 15.1% in the third quarter. Additionally, the third quarter experienced record number of move-outs, totaling more than 2.6M SF. Even so, Los Angeles benefits from being a global gateway market. The local labor market has begun showing somewhat early signs of a slight recovery as businesses have begun to reopen even if only at reduced capacities. Unemployment for Los Angeles, which was at a decade high of over 20% in May, is now at 15.1% as of September, per the Bureau of Labor Statistics.

Despite the improving labor statistics, the fact remains that office tenants are viewing and utilizing office space differently in this pandemic environment and will continue to do so for at least the near term. This has resulted in companies placing their current unused office space up for lease. Available sublease space for the LA office market now exceeds 6.6M SF. This is up 1.6M SF from the previous quarter and 2.8M SF from the same time a year ago. The amount of available sublease space currently on the market is highest on record in modern history, surpassing levels in the previous recession when available sublease space reached 6.5M SF in 2009.

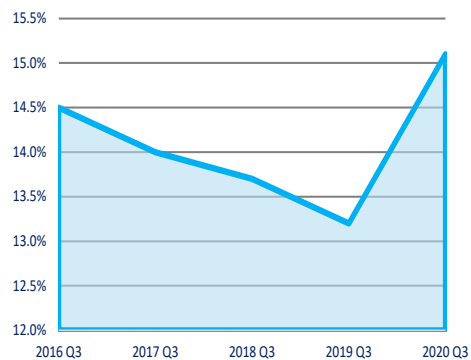
One submarket seeing a marked increase in sublease space has been Pasadena, registering 2.2M SF in third quarter, up from 1.8M SF in the previous quarter, and up from 1.4M SF in third quarter of last year. The third quarter saw Green Dot and Parsons return space.

The average asking rental rate contracted \$0.04 psf on a monthly basis for the overall LA office market dropping from \$3.25 in the second quarter to \$3.21 in the third quarter. Rents for all submarkets individually declined; no office submarket in Los Angeles was immune from the impact of Covid-19 on rental rate contraction during the third quarter.

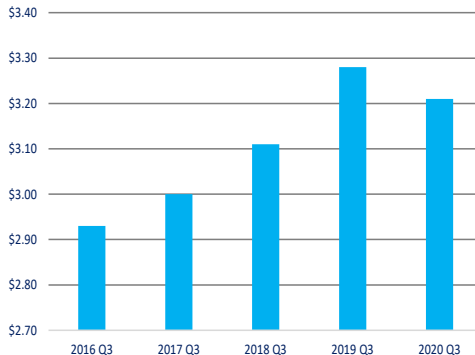
Investment sale activity picked up in the third quarter. There was a healthy increase in the number of office building sales, as twice as many transactions occurred during third quarter as compared to the previous quarter. Sales activity, in terms of dollar sales volume, was up three times from second quarter.

Trends we expect to continue to see going forward include increased subleases, tenants remaining at their current locations and moving forward with any plans cautiously, shortened lease terms, more free rent, and little to no reductions in face rents. We do plan to see rental rates increase for medical office spaces, such as clinics, and oncology, for well-located, high quality buildings.

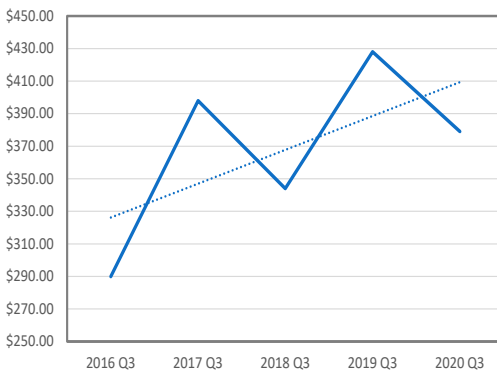
## Vacancy Rent



## Asking Rate



## Sale Price



## Top Leases

Tenant	Type	Address	Submarket	SF
Disney	Renewal	3800 West Alameda Avenue	Tri-Cities	420,000
Netflix	New	2300 West Empire Avenue	Tri-Cities	149,937
Comcast	New	1840 Victory Boulevard	Tri-Cities	67,573
Charter Communications Spectrum	Renewal	550 North Continental Boulevard	South Bay	68,000
Universal Music Group	Renewal	2100 Colorado Avenue	West LA	64,665

## Top Sales

Address	Submarket	Buyer	Seller	Price	SF	P/SF (\$)
633 W 5th Street	Downtown	Silverstein Properties	OUE Limited	\$430,000,000	1,432,607	\$300
900 Corporate Pointe	Culver City	Northwood Investors LLC	NortonLifeLock	\$120,000,000	287,800	\$417
6311 Romaine Street	Hollywood/Mid-Wilshire	BLT Enterprises	Henley Management Company	\$64,000,000	212,000	\$302
17777 Center Court Drive	Mid-Cities	Nome Technologies Inc.	The Blackstone Group L.P.	\$44,000,000	170,977	\$257
12959 Coral Tree Place	Marina Del Rey/Venice	Rialto Capital Management	Ignition Creative LLC	\$40,500,000	67,886	\$597

## Under Construction

Address	Submarket	Developer	SF	Completion
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 North Douglas Street	South Bay	Hackman Capital Partners	550,000	Late 2021
510-550 South Vermont Avenue	Mid-Wilshire	Trammell Crow Company	468,000	Late 2021
900 District Drive	Southeast LA	Wilson Meany	450,872	Early 2021

## Los Angeles By The Numbers

Submarket	Existing Inventory (SF)	Q3 2020 Vacancy %	Q2 2020 Vacancy %	Q3 2020 Net Absorption (SF)	YTD Net Absorption (SF)	Q3 2020 Completions (SF)	U/C (SF)	Avg Asking Rate
<b>Downtown</b>	<b>34,437,475</b>	<b>19.6%</b>	<b>17.9%</b>	<b>(425,502)</b>	<b>(312,423)</b>	<b>0</b>	<b>1,163,564</b>	<b>\$3.03</b>
Class A	30,313,992	17.1%	15.9%	(385,926)	(249,836)		1,025,564	\$3.02
Class B	3,692,524	31.8%	30.7%	(41,515)	(113,356)		138,000	\$3.13
Class C	430,959	39.9%	39.6%	1,939	50,769			\$2.99
<b>West LA</b>	<b>58,927,634</b>	<b>12.6%</b>	<b>10.5%</b>	<b>(1,031,711)</b>	<b>(1,638,204)</b>	<b>0</b>	<b>3,281,957</b>	<b>\$4.59</b>
Class A	46,470,332	12.1%	9.9%	(774,753)	(1,064,563)		2,749,937	\$4.82
Class B	11,517,319	14.3%	10.8%	(182,836)	(505,106)		532,020	\$4.24
Class C	939,983	13.6%	7.4%	(64,122)	(68,535)			\$3.74
<b>Tri Cities</b>	<b>21,702,862</b>	<b>12.3%</b>	<b>11.5%</b>	<b>(180,046)</b>	<b>(102,851)</b>	<b>0</b>	<b>400,317</b>	<b>\$3.24</b>
Class A	15,049,021	13.6%	13.2%	(66,226)	(63,939)		344,817	\$3.44
Class B	6,142,093	9.8%	7.6%	(112,662)	(42,305)		55,500	\$2.68
Class C	511,748	1.9%	1.8%	(1,158)	3,393			\$2.86
<b>South Bay</b>	<b>33,036,993</b>	<b>17.8%</b>	<b>17.1%</b>	<b>(372,712)</b>	<b>(483,576)</b>	<b>0</b>	<b>1,231,872</b>	<b>\$3.00</b>
Class A	18,692,776	20.2%	19.0%	(313,325)	(391,283)		1,075,872	\$3.35
Class B	13,022,383	15.6%	15.5%	(60,899)	(73,345)		156,000	\$2.50
Class C	1,321,834	5.7%	5.1%	1,512	(18,948)			\$2.03
<b>LA North</b>	<b>30,877,589</b>	<b>13.4%</b>	<b>12.5%</b>	<b>(304,218)</b>	<b>(481,574)</b>	<b>0</b>	<b>958,319</b>	<b>\$2.58</b>
Class A	16,745,314	15.1%	14.2%	(152,159)	(242,609)		455,926	\$2.75
Class B	13,315,109	11.9%	10.9%	(146,449)	(235,549)		502,393	\$2.43
Class C	817,166	4.5%	3.8%	(5,610)	(3,416)			\$2.24
<b>San Gabriel Valley</b>	<b>10,306,754</b>	<b>9.3%</b>	<b>8.8%</b>	<b>(35,961)</b>	<b>(109,468)</b>	<b>0</b>	<b>94,210</b>	<b>\$2.33</b>
Class A	1,916,629	13.0%	11.8%	(2,419)	(38,585)		26,960	\$2.51
Class B	8,014,249	8.6%	8.3%	(31,183)	(65,956)		67,250	\$2.29
Class C	375,876	6.3%	5.8%	(2,359)	(4,927)			\$1.76
<b>Hollywood / Mid-Wilshire</b>	<b>18,012,948</b>	<b>21.3%</b>	<b>19.5%</b>	<b>(279,683)</b>	<b>(577,188)</b>	<b>0</b>	<b>1,086,081</b>	<b>\$3.10</b>
Class A	14,348,717	22.7%	20.8%	(210,778)	(497,169)		1,069,633	\$3.00
Class B	3,109,913	18.1%	17.7%	(17,605)	(35,019)		16,448	\$3.31
Class C	554,318	14.4%	10.1%	(51,300)	(45,000)			\$2.45
<b>LA County</b>	<b>207,302,255</b>	<b>15.1%</b>	<b>13.8%</b>	<b>(2,629,833)</b>	<b>(3,705,284)</b>	<b>0</b>	<b>8,216,320</b>	<b>\$3.21</b>
Class A	143,620,232	15.6%	14.2%	(1,905,586)	(2,547,984)		6,748,709	\$3.42
Class B	58,730,139	14.2%	13.3%	(593,149)	(1,070,636)		1,467,611	\$2.86
Class C	4,951,884	10.5%	8.5%	(121,098)	(86,664)			\$2.91

## Los Angeles By The Numbers

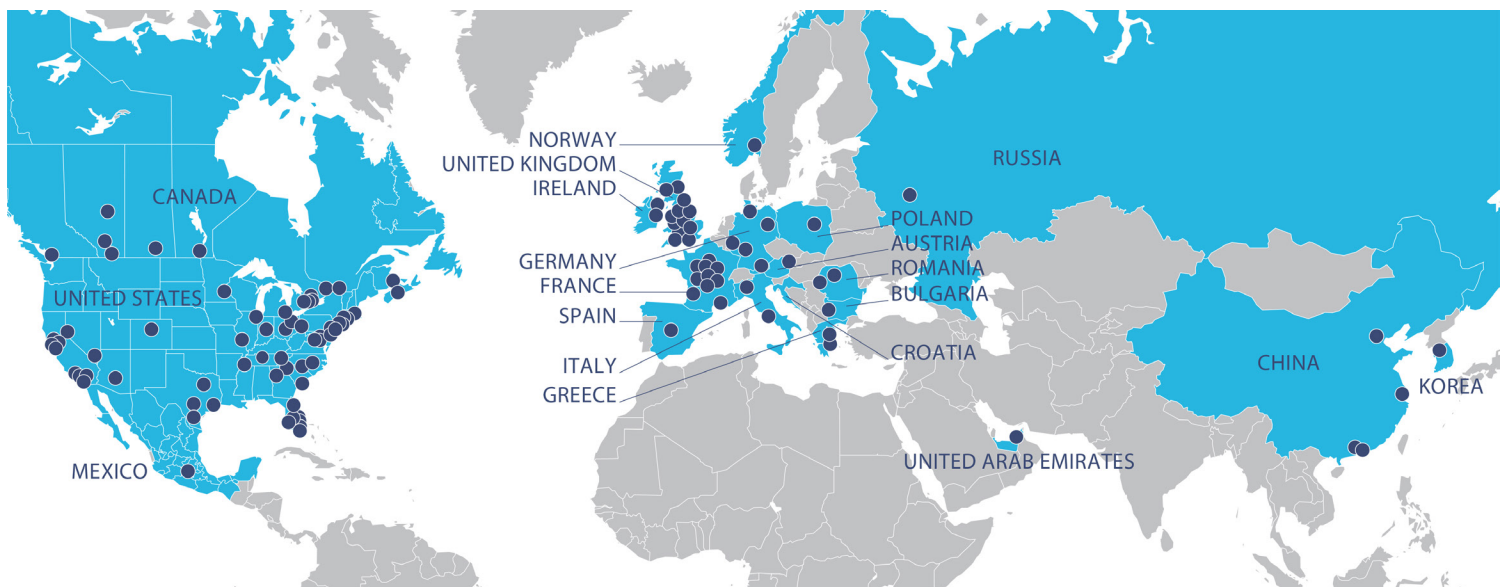
Submarket	Existing Inventory (SF)	Q3 2020 Vacancy %	Q2 2020 Vacancy %	Q3 2020 Net Absorption (SF)	YTD Net Absorption (SF)	Q3 2020 Completions (SF)	U/C (SF)	Weighted Avg Asking Lease Rate
<b>DOWNTOWN</b>	<b>34,437,475</b>	<b>19.6%</b>	<b>17.9%</b>	<b>(425,502)</b>	<b>(312,423)</b>	<b>0</b>	<b>1,163,564</b>	<b>\$3.03</b>
Bunker Hill	8,044,645	14.1%	12.9%	(94,096)	(34,504)	-	-	\$3.10
Financial District	19,656,333	22.4%	21.0%	(270,219)	(210,591)	-	-	\$3.05
Greater Downtown	2,918,375	15.2%	15.4%	6,361	(31,394)	-	1,163,564	\$2.90
South Park	3,818,122	16.7%	15.0%	(67,548)	(35,934)	-	-	\$3.07
<b>WEST LA</b>	<b>58,927,634</b>	<b>12.6%</b>	<b>10.5%</b>	<b>(1,031,711)</b>	<b>(1,638,204)</b>	<b>0</b>	<b>3,281,957</b>	<b>\$4.59</b>
Beverly Hills	7,071,751	12.6%	11.6%	(72,165)	(176,555)	-	-	\$5.35
Brentwood	3,470,321	13.5%	11.6%	(64,109)	(89,923)	-	-	\$4.45
Century City	10,805,165	6.1%	5.1%	(107,545)	(107,543)	-	-	\$5.72
Culver City	4,481,155	10.4%	8.8%	(74,170)	-106,906	-	1,038,241	\$3.77
Marina Del Rey/Venice	6,385,412	15.1%	13.2%	(120,286)	(270,842)	-	503,955	\$4.33
Miracle Mile	5,358,905	21.4%	16.9%	(237,881)	(292,585)	-	-	\$4.03
Olympic Corridor	2,729,293	12.4%	9.6%	(75,324)	(96,354)	-	633,815	\$4.73
Santa Monica	9,782,236	11.2%	9.5%	(165,919)	(321,982)	-	146,726	\$4.93
West Hollywood	3,040,664	13.2%	11.8%	(40,285)	(31,063)	-	97,742	\$5.09
West Los Angeles	879,130	36.4%	36.4%	729	(22,180)	-	814,208	\$3.63
Westwood	4,923,602	17.6%	11.8%	(74,756)	(122,271)	-	47,270	\$4.38
<b>TRI CITIES</b>	<b>21,702,862</b>	<b>12.3%</b>	<b>11.5%</b>	<b>(180,046)</b>	<b>(102,851)</b>	<b>0</b>	<b>400,317</b>	<b>\$3.24</b>
Burbank	6,927,604	7.3%	5.3%	(88,806)	98,662	-	142,250	\$3.63
Glendale	6,277,722	16.0%	15.5%	(35,054)	(100,026)	-	39,067	\$3.22
Pasadena	8,497,536	14.3%	13.6%	(56,186)	(101,487)	-	219,000	\$3.50
<b>SOUTH BAY</b>	<b>33,036,993</b>	<b>17.8%</b>	<b>17.1%</b>	<b>(372,712)</b>	<b>(483,576)</b>	<b>0</b>	<b>1,231,872</b>	<b>\$3.00</b>
190th Street Corridor	3,483,951	19.9%	19.3%	(20,648)	(38,530)	-	-	\$2.31
Central Torrance	4,528,759	11.6%	10.4%	(55,416)	(52,410)	-	-	\$2.68
Downtown Long Beach	5,070,981	22.2%	20.4%	(93,083)	(111,964)	-	-	\$2.28
El Segundo/Beach Cities	11,391,327	17.2%	14.8%	(281,148)	(263,081)	-	781,000	\$4.13
LAX	3,981,282	27.4%	29.9%	98,140	15,830	-	450,872	\$2.43
Long Beach Airport	4,580,693	10.5%	10.0%	(20,557)	(33,421)	-	-	\$2.39
<b>LA NORTH</b>	<b>30,877,589</b>	<b>13.4%</b>	<b>12.5%</b>	<b>(304,218)</b>	<b>(481,574)</b>	<b>0</b>	<b>958,319</b>	<b>\$2.58</b>
Central SF Valley	4,933,619	14.2%	11.7%	(123,351)	(230,244)	-	155,940	\$2.55
Conejo Valley	6,333,610	14.1%	13.5%	(38,262)	(53,482)	-	-	\$2.62
East SF Valley	2,197,846	11.6%	11.2%	(9,358)	(4,061)	-	277,663	\$3.15
Santa Clarita Valley	2,308,244	14.0%	13.4%	(13,900)	(42,462)	-	268,901	\$2.58
West SF Valley	15,104,270	13.1%	12.3%	(119,347)	(151,325)	-	255,815	\$2.46
<b>SAN GABRIEL VALLEY</b>	<b>10,306,754</b>	<b>9.3%</b>	<b>8.8%</b>	<b>(35,961)</b>	<b>(109,468)</b>	<b>0</b>	<b>94,210</b>	<b>\$2.33</b>
East San Gabriel Valley	6,615,042	9.6%	9.8%	8,910	-11,028	-	5,250	\$2.32
West San Gabriel Valley	3,691,712	8.6%	7.4%	(44,871)	(98,440)	-	88,960	\$2.35
<b>HOLLYWOOD/MID-WILSHIRE</b>	<b>18,012,948</b>	<b>21.3%</b>	<b>19.5%</b>	<b>(279,683)</b>	<b>(577,188)</b>	<b>0</b>	<b>1,086,081</b>	<b>\$3.10</b>
Hollywood	8,095,541	16.0%	12.9%	(251,065)	(434,361)	-	618,081	\$4.88
Mid-Wilshire	9,917,407	23.1%	22.8%	(28,618)	(142,827)	-	468,000	\$2.72
<b>LA COUNTY</b>	<b>207,302,255</b>	<b>15.1%</b>	<b>13.8%</b>	<b>(2,629,833)</b>	<b>(3,705,284)</b>	<b>0</b>	<b>8,216,320</b>	<b>\$3.21</b>

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## Avison Young at a Glance

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Offices:	<b>120</b>
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Brokerage Professionals:	<b>1,600+</b>
Property Under Management:	<b>290 million sf</b>

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its Principals. Founded in 1978, with legacies dating back more than 200 years, the company comprises approximately 5,000 real estate professionals in 120 offices in 20 countries. The firm's experts provide value-added, client-centric investment sales, leasing, advisory, management and financing services to clients across the office, retail, industrial, multi-family and hospitality sectors.



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