

Los Angeles



Quick Stats

4.4%

Los Angeles County
Unemployment Rate

(246,187) SF

Net Absorption

13.2%

Total Vacancy Rate

\$3.32 PSF

Weighted FSG Average Asking
Rental Rate

The Los Angeles County office market remained resilient throughout 2019. As of the fourth quarter a strong uptick in the delivery of new inventory nudged vacancy up only slightly. Despite elevated economic concerns and political uncertainty on the horizon, the health of the market is expected to remain steady with increased investor interest into 2020.

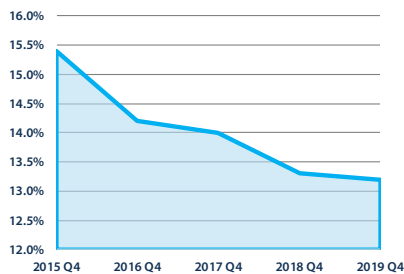
Demand for law office space continued to be a prominent driver in the traditional office market, as a steady flow of law firm acquisitions in the fourth quarter necessitated the need for movement. Meanwhile, demand for creative space was dominated by a consistent influx of technology startups, often with significant venture capital funding and a predilection for converting industrial to office. The entertainment industry remained another significant factor in office leasing activity, with its seemingly endless realms of content invention and the growing space requirements that support that pursuit.

Office leasing activity in the fourth quarter was marked by smaller space requirements and an increase in new development to accommodate these trending requirements. As a result of an increased demand for coworking space, landlords have become more amenable to short term leases. If this trend persists, an increase in lease term flexibility may lead to an increase in leasing volume.

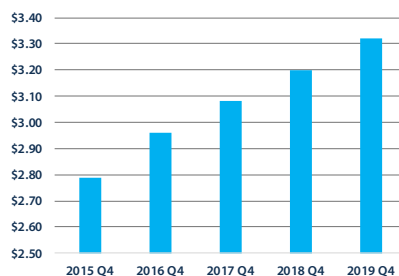
Los Angeles County's office construction boom has been driven in part by an onslaught of industrial conversions to meet the needs of creative office users. While demand for creative office was high as of the fourth quarter, this did not translate into sale transactions, as the number of transactions quarter-over-quarter recorded the lowest volume in nearly four years. However, high demand and limited inventory did impact sale pricing. As of the fourth quarter, creative office recorded \$318 psf, up significantly from \$213 psf one year ago. Sizable creative office leases signed during 2019 included Good RX for 73,869 sf at 2701 Olympic Boulevard in Santa Monica, and The RealReal for 29,690 sf at 3317 - 3325 Exposition Boulevard in Culver City.

Office rental rates for the overall market recorded a slight increase in the fourth quarter to \$3.32 psf FSG, up from \$3.31 psf FSG in the previous quarter. The dynamic South Bay Submarkets experienced the greatest gains with a quarter-over-quarter increase of \$0.07 psf. Robust construction activity throughout 2019 culminated in the fourth quarter with an additional 635,929 sf of new inventory delivered. Vacancy was impacted moderately, increasing to 13.2% in the fourth quarter, while negative total net absorption was recorded at 246,187 sf.

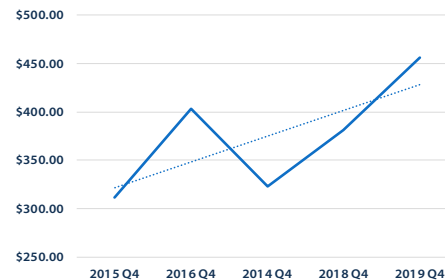
Vacancy Rent



Asking Rate



Sale Price



Top Leases

Tenant	Type	Address	Submarket	SF
LinQuest	New	300 N Pacific Coast Highway	El Segundo	65,499
Tencent America	New	12777 W Jefferson Boulevard	Playa Vista	56,296
AmaWaterways	New	4500 Park Granda	Calabassas	48,750
Sensormatic Electronics	New	15370 Barranaca Parkway	Irvine	47,039
Andersen Tax	New	350 S Grand	Downtown Los Angeles	45,748

Top Sales

Address	Buyer	Seller	Price	SF	P/SF (\$)
3003 Exposition Boulevard	Starwood Capital	Brightstone, Artisan Realty Advisors	\$214,982,500	208,855	\$1,029
3129 S La Cienega Blvd	Kilroy Realty Corp	Genton Property Group, Alcion Ventures	\$186,000,000	150,600	\$1,235
101 N Sepulveda	Graymark Capital, Nuveen (US)	AEW Capital, Claymark Capital, Lincoln Property Co	\$96,260,000	198,532	\$485
2160 E Grand Ave	Barings, SteelWave	Griffin Capital EAR II	\$63,500,000	151,879	\$418
6381 Hollywood Blvd	Omni Group Dev	Midfirst Bank	\$53,200,000	74,193	\$717

Under Construction

Address	Developer	SF	Completion
801 S Broadway	Waterbridge Capital	627,564	Early 2020
10800-10900 W Pico Blvd	Hudson Pacific Properties	584,000	Early 2022
888 N Douglas	Hackman Capital Partners	550,000	Mid 2020
510-550 S Vermont Avenue	Trammell Crow Company	468,000	Mid-Late 2021
900 District Drive	Wilson Meany	450,872	Mid 2021

Los Angeles By The Numbers

Submarket	Existing Inventory (SF)	Q4 2019 Vacancy %	Q3 2019 Vacancy %	Q4 2019 Net Absorption (SF)	YTD Net Absorption (SF)	Q4 2019 Completions (SF)	U/C (SF)	Avg Asking Rate
Downtown	34,361,889	17.8%	17.6%	(141,520)	(16,891)	120,000	1,163,564	\$3.29
Class A	30,236,042	15.7%	15.2%	(176,899)	(30,177)	-	1,025,564	\$3.38
Class B	3,999,437	30.1%	32.9%	37,718	(3,622)	120,000	138,000	\$3.15
Class C	430,959	51.5%	65.3%	(2,339)	(14,018)	-	-	\$2.96
West LA	59,429,265	10.3%	10.1%	24,350	632,880	56,000	2,563,596	\$4.89
Class A	45,282,667	10.7%	10.5%	18,433	666,864	56,000	2,044,592	\$5.00
Class B	13,103,705	10.2%	9.2%	42,120	102,890	-	519,004	\$4.55
Class C	1,042,893	6.1%	2.5%	(36,203)	1,409	-	-	\$3.93
Tri Cities	21,647,745	11.4%	11.7%	41,080	20,191	120,827	610,513	\$3.31
Class A	15,214,304	12.7%	12.9%	39,268	(32,025)	82,000	548,946	\$3.45
Class B	5,945,947	8.9%	9.1%	(7,191)	1,181	38,827	61,567	\$2.64
Class C	487,494	2.7%	4.5%	8,985	11,749	-	-	\$2.21
South Bay	33,362,397	16.2%	15.3%	(281,791)	(688,250)	0	1,302,771	\$3.02
Class A	19,088,199	17.9%	16.3%	(302,826)	(599,136)	-	1,075,872	\$3.37
Class B	12,727,418	14.7%	14.8%	21,581	(106,555)	-	226,899	\$2.57
Class C	1,329,628	5.1%	5.3%	3,454	4,726	-	-	\$2.18
SFV and parts of CONEJO and SANTA CLARITA VALLEY	31,173,381	11.3%	12.0%	183,203	(305,007)	37,000	570,290	\$2.66
Class A	16,597,149	12.3%	13.1%	123,593	(67,761)	-	227,556	\$2.87
Class B	13,758,907	10.5%	11.0%	65,503	(274,850)	37,000	342,734	\$2.45
Class C	817,647	4.0%	5.0%	(5,893)	737	-	-	\$2.12
San Gabriel Valley	10,321,088	9.1%	8.5%	(68,707)	77,367	0	120,120	\$2.40
Class A	1,930,725	11.6%	11.1%	(11,124)	(22,502)	-	26,960	\$2.57
Class B	8,014,487	7.3%	8.1%	(47,066)	37,972	-	93,160	\$2.35
Class C	375,876	5.0%	2.1%	(10,517)	10,800	-	-	\$1.84
Hollywood / Mid-Wilshire	17,854,763	17.1%	17.1%	50,152	(213,184)	302,102	1,069,632	\$3.02
Class A	13,478,788	17.3%	16.9%	(9,534)	10,986	302,102	1,069,632	\$2.94
Class B	3,109,913	18.0%	18.8%	5,384	(208,881)	-	-	\$3.68
Class C	441,385	13.4%	13.7%	1,348	(18,091)	-	-	\$2.83
LA County	208,150,528	13.2%	13.1%	(246,187)	(403,149)	635,929	7,400,486	\$3.32
Class A	141,827,874	13.8%	13.4%	(320,983)	193,289	440,102	6,019,122	\$3.55
Class B	61,075,634	12.5%	12.6%	115,961	(486,147)	195,827	1,381,364	\$2.86
Class C	5,341,702	9.7%	9.0%	(41,165)	(4,612)	-	-	\$2.78

Los Angeles By The Numbers

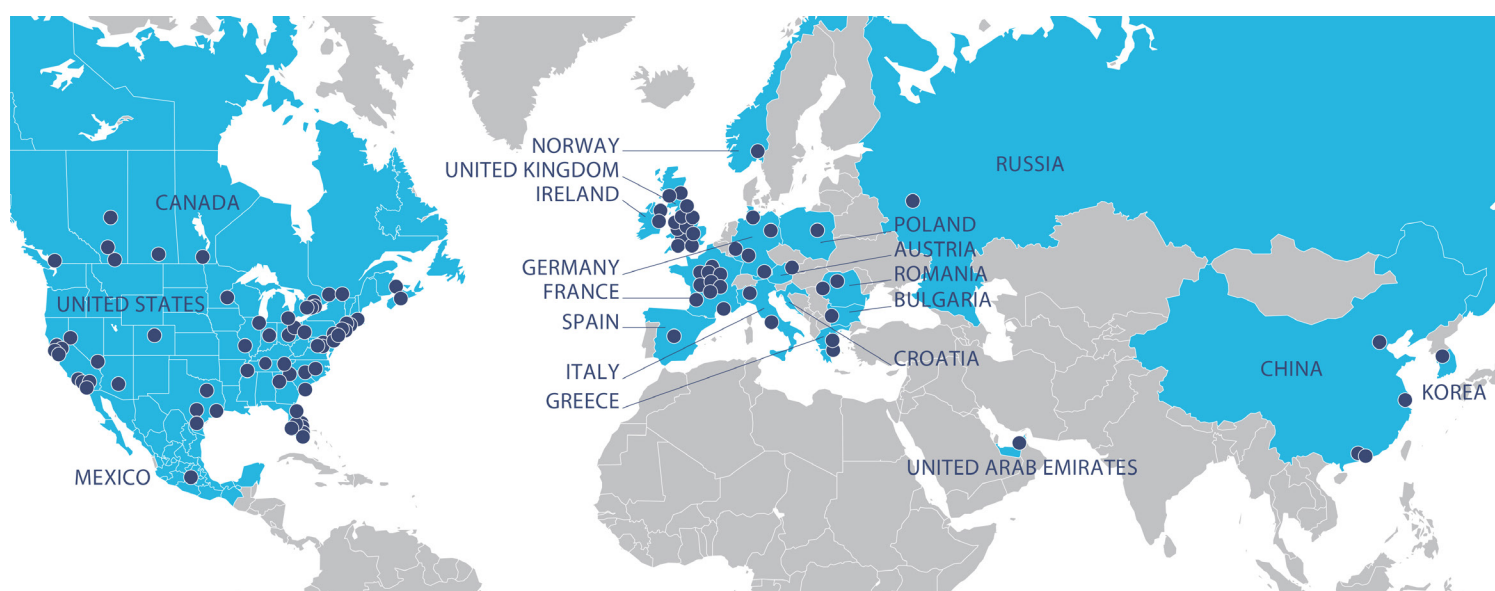
Submarket	Existing Inventory (SF)	Q4 2019 Vacancy %	Q3 2019 Vacancy %	Q4 2019 Net Absorption (SF)	YTD Net Absorption (SF)	Q4 2019 Completions (SF)	U/C (SF)	Weighted Avg Asking Lease Rate
DOWNTOWN	34,361,889	17.8%	17.6%	(141,520)	(202,537)	120,000	1,163,564	\$3.29
Bunker Hill	8,044,645	12.5%	12.7%	7,078	102,479	-	-	\$3.39
Financial District	19,663,204	21.1%	20.0%	(240,430)	(524,713)	-	138,000	\$3.31
Greater Downtown	2,918,375	13.0%	15.2%	66,634	134,817	120,000	398,000	\$3.19
South Park	3,735,665	16.7%	18.3%	31,566	(1,581)	-	627,564	\$3.32
WEST LA	59,429,265	10.3%	10.1%	24,350	777,080	56,000	2,563,596	\$4.89
Beverly Hills	7,059,248	10.9%	12.1%	78,714	2,334	-	-	\$5.71
Brentwood	3,478,341	11.4%	11.5%	2,787	(26,849)	-	-	\$4.70
Century City	10,504,726	4.1%	5.1%	52,104	116,494	-	-	\$5.17
Culver City	4,625,416	8.0%	9.6%	36,449	239,817	56,000	918,075	\$4.13
Marina Del Rey/Venice	6,996,686	14.6%	12.7%	(114,875)	169,559	-	482,955	\$5.18
Miracle Mile	5,190,597	18.2%	18.0%	12,731	(23,082)	-	-	\$4.19
Olympic Corridor	3,113,812	7.5%	8.1%	17,880	(148,549)	-	80,340	\$5.05
Santa Monica	9,653,281	7.0%	7.4%	36,251	338,444	-	170,276	\$5.69
West Hollywood	3,067,035	10.9%	10.8%	3,385	161,447	-	97,742	\$5.10
West Los Angeles	879,130	37.8%	10.2%	(17,830)	(35,241)	-	814,208	\$3.63
Westwood	4,860,993	12.8%	12.1%	(45,440)	(26,112)	-	-	\$4.25
TRI CITIES	21,647,745	11.4%	11.7%	41,080	81,333	120,827	610,513	\$3.31
Burbank	6,879,659	7.7%	9.3%	(28,019)	53,880	-	304,616	\$3.79
Glendale	6,317,995	14.6%	16.4%	102,852	120,551	38,827	86,897	\$3.18
Pasadena	8,450,091	12.5%	12.4%	(22,040)	(63,098)	82,000	219,000	\$3.33
SOUTH BAY	33,362,397	16.2%	15.3%	(281,791)	(704,965)	0	1,302,771	\$3.02
190th Street Corridor	3,517,978	18.8%	20.8%	67,619	68,265	-	-	\$2.27
Central Torrance	4,486,802	11.6%	9.4%	(102,128)	(127,707)	-	-	\$2.75
Downtown Long Beach	5,064,451	17.5%	17.7%	32,774	51,243	-	-	\$2.44
El Segundo/Beach Cities	11,613,837	14.0%	13.4%	(40,382)	(410,698)	-	851,899	\$4.05
LAX	4,145,667	27.4%	28.1%	(2,405)	(53,199)	-	450,872	\$2.20
Long Beach Airport	4,533,662	12.9%	7.7%	(237,239)	(300,458)	-	-	\$2.44
SFV AND PARTS OF CONEJO AND SANTA CLARITA VALLEY	31,173,381	11.3%	12.0%	183,203	(524,173)	37,000	570,290	\$2.66
Central SF Valley	4,904,666	9.5%	9.8%	14,901	(150,515)	-	-	\$2.61
Conejo Valley	6,249,033	13.8%	15.6%	106,547	6,151	-	-	\$2.70
East SF Valley	2,198,295	11.7%	12.8%	25,945	(54,279)	-	-	\$3.41
Santa Clarita Valley	2,300,709	13.8%	11.8%	(34,979)	(19,682)	37,000	314,475	\$2.67
West SF Valley	15,520,678	10.5%	11.1%	70,789	(135,268)	-	255,815	\$2.42
SAN GABRIEL VALLEY	10,321,088	9.1%	8.5%	(68,707)	102,892	0	120,120	\$2.40
East San Gabriel Valley	6,634,097	10.9%	10.2%	(40,182)	142,002	-	-	\$2.41
West San Gabriel Valley	3,686,991	6.0%	5.3%	(28,525)	1,072	-	120,120	\$2.39
HOLLYWOOD/MID-WILSHIRE	17,854,763	17.3%	17.1%	(2,802)	(215,986)	302,102	1,069,632	\$3.02
Hollywood	7,615,051	11.5%	11.2%	(26,475)	(140,499)	302,102	601,632	\$4.89
Mid-Wilshire	10,239,712	19.7%	19.6%	20,288	(1,660)	-	468,000	\$2.68
LA COUNTY	208,150,528	13.2%	13.1%	(246,187)	(543,657)	635,929	7,400,486	\$3.32

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Avison Young at a Glance

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