

Los Angeles



Photo by Mott Smith

Market Facts

4.0%

Los Angeles County unemployment rate

484,463 SF

Net absorption

14.2%

Total vacancy rate

\$3.09 PSF

Weighted FSG average asking rental rate

Market Overview

Halfway through 2018, the Los Angeles County economy remained healthy, with a decline in unemployment from 4.7% in January to 4.0% in May according to the most recent data available from the Bureau of Labor Statistics. Business growth continues in a broad range of industry sectors, such as technology, media entertainment, finance, professional services, education, and health care.

Los Angeles County office vacancy decreased to 14.2% during the second quarter, declining 40 basis points from the previous quarter. Net absorption was close to positive 500,000 sf due to strong demand out of Downtown and West Los Angeles sub-markets. The monthly average asking rental rate increased to \$3.09 psf FSG from \$3.07 psf FSG the previous quarter. With employment fundamentals projected to remain robust we expect to see increased rental rates. Accordingly, expect to see Los Angeles County tenants right size and/or pursue less expensive markets. To that end, we anticipate near term steady leasing activity, especially for media, entertainment, and tech companies curating media content.

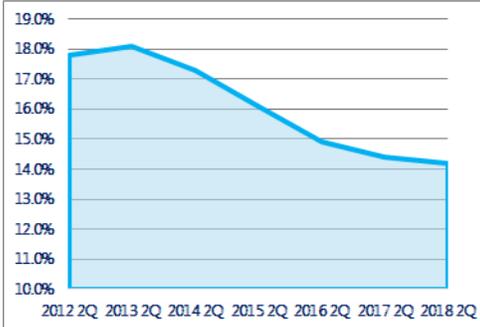
Los Angeles has been ground zero for what has been called a golden age of content curation, with curators of media content most active in this robust Los Angeles recovery. Emblematic of this, the largest office lease deal in Los Angeles so far this year was Warner Bros. with their renewal of 416,000 SF in Burbank. Additionally, Amazon Studios had a new 70,000 SF deal in Culver City earlier this year. As a result, emboldened landlords will continue to nudge up asking rental rates having many tenants right size and/or pursue less expensive markets. A case in point: Logix Federal Credit Union cited a better long-term option as the reason for their relocation to Valencia from their home of thirty years in Burbank, in the third largest lease deal in Los Angeles for the first half of the year.

Market By The Numbers

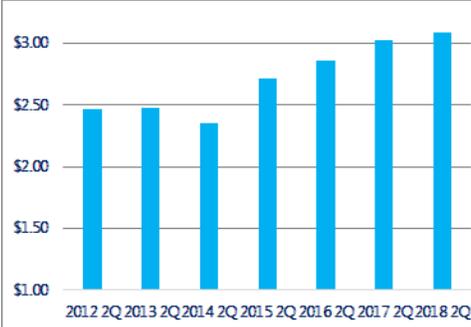
Submarket	Existing Inventory (SF)	Q2 2018 Vacancy %	Q1 2018 Vacancy %	Q2 2018 Net Absorption (SF)	YTD Net Absorption (SF)	Q2 2018 Completions (SF)	U/C & Renovation (SF)	Weighted Avg Asking Lease Rate
DOWNTOWN	34,168,006	16.9%	17.5%	171,023	151,728	-	2,607,460	\$3.30
Bunker Hill	8,033,972	10.2%	13.2%	186,641	233,223	-	-	\$3.25
Financial District	19,455,515	19.2%	19.8%	118,613	138,250	-	-	\$3.30
Greater Downtown	2,910,936	20.9%	22.1%	37,227	(6,607)	-	2,607,460	\$3.58
South Park	3,767,583	17.6%	12.7%	(172,030)	(213,138)	-	-	\$3.07
WEST LA	59,046,236	12.7%	13.2%	217,423	424,053	364,413	1,793,465	\$4.62
Beverly Hills	6,990,301	11.8%	12.5%	(5,925)	74,416	148,800	-	\$5.39
Brentwood	3,447,734	8.9%	8.9%	(1000)	(6,980)	-	10,347	\$4.52
Century City	10,502,344	7.2%	9.1%	133,998	155,379	-	-	\$4.76
Culver City	4,371,673	19.4%	21.2%	17,408	57,051	15,400	561,668	\$4.19
Marina Del Rey/Venice	6,972,278	19.3%	19.8%	71,065	118,020	-	771,441	\$4.90
Miracle Mile	5,263,224	18.1%	17.8%	(12,022)	(95,377)	-	-	\$3.94
Olympic Corridor	3,070,722	5.0%	6.0%	31,040	20,544	-	91,347	\$4.28
Santa Monica	9,546,864	10.9%	9.0%	(148,413)	20,420	200,213	193,133	\$5.60
West Hollywood	3,157,168	16.4%	17.6%	37,718	69,323	-	165,529	\$4.70
West Los Angeles	871,389	15.7%	18.5%	24,076	17,033	-	-	\$3.58
Westwood	4,852,530	13.9%	15.4%	69,478	(5,776)	-	-	\$4.21
TRI CITIES	23,591,125	13.5%	13.3%	(31,733)	(178,246)	-	42,067	\$3.05
Arcadia	623,885	4.0%	3.5%	(3,444)	(3,089)	-	-	\$2.34
Burbank	6,903,717	10.1%	11.2%	78,838	205,787	-	3,000	\$3.42
Glendale	6,449,174	18.7%	16.8%	(135,288)	(388,266)	-	39,067	\$2.88
Monrovia	1,139,708	11.9%	10.9%	(11,286)	(15,715)	-	-	\$2.18
Pasadena	8,474,641	13.3%	14.0%	39,447	23,037	-	-	\$3.09
SOUTH BAY	33,564,104	14.6%	14.9%	114,298	(132,703)	-	300,727	\$2.63
190th Street Corridor	3,498,058	22.7%	23.1%	16,705	8,323	-	-	\$2.26
Central Torrance	4,507,651	9.6%	9.3%	(14,935)	(17,905)	-	-	\$2.53
Downtown Long Beach	5,096,961	17.9%	18.6%	34,892	(93,452)	-	-	\$2.42
El Segundo/Beach Cities	11,556,063	9.5%	9.3%	(22,875)	(57,005)	-	250,895	\$3.62
LAX	4,344,224	30.4%	33.8%	83,867	21,541	-	-	\$2.00
Long Beach Airport	4,561,147	8.2%	8.5%	16,644	5,795	-	49,832	\$2.32
LA NORTH	31,317,601	12.5%	13.0%	142,988	(80,839)	-	423,133	\$2.45
Central SF Valley	4,864,072	7.6%	8.5%	45,616	66,866	-	89,158	\$2.54
Conejo Valley	6,409,933	15.3%	15.3%	(2,530)	(108,388)	-	-	\$2.35
East SF Valley	2,272,297	11.6%	10.6%	(22,712)	(25,111)	-	22,160	\$2.70
Santa Clarita Valley	2,302,180	19.9%	18.1%	(40,459)	(47,735)	-	56,000	\$2.52
West SF Valley	15,469,119	12.0%	13.1%	163,073	33,529	-	255,815	\$2.45
SAN GABRIEL VALLEY	10,189,369	13.3%	13.2%	(5,344)	(25,134)	-	87,200	\$2.25
East San Gabriel Valley	6,504,639	16.5%	16.8%	19,342	(2,877)	-	25,200	\$2.24
West San Gabriel Valley	3,684,730	7.5%	6.8%	(24,686)	(22,257)	-	62,000	\$2.27
HOLLYWOOD/MID-WILSHIRE	18,386,879	18.2%	17.3%	(124,192)	(100,453)	-	970,894	\$2.86
Hollywood	7,732,520	15.4%	15.0%	(38,035)	67,069	-	970,894	\$4.63
Mid-Wilshire	10,654,359	19.7%	19.0%	(86,157)	(167,522)	-	-	\$2.29
LA COUNTY	210,263,320	14.2%	14.6%	484,463	(58,406)	364,413	6,224,946	\$3.09

	Existing Inventory (SF)	Q2 2018 Vacancy %	Q1 2018 Vacancy %	Q2 2018 Net Absorption (SF)	YTD Net Absorption (SF)	Q2 2018 Completions (SF)	U/C & Renovation (SF)	Weighted Avg Asking Lease Rate
DOWNTOWN	34,168,006	16.9%	17.5%	171,023	151,728	-	2,607,460	\$3.30
Class A	28,875,856	15.1%	15.8%	144,139	161,166	-	-	\$3.37
Class B	4,869,230	28.2%	28.4%	28,254	(12,715)	-	2,607,460	\$3.14
Class C	422,920	13.6%	13.3%	(1,370)	3,277	-	-	\$2.74
WEST LA	59,046,236	12.7%	13.2%	217,423	424,053	364,413	1,793,465	\$4.62
Class A	45,502,297	13.7%	14.2%	163,884	246,437	205,096	1,208,026	\$4.78
Class B	12,362,226	9.5%	10.2%	52,341	150,405	159,317	585,439	\$4.04
Class C	1,181,713	4.9%	5.4%	1,198	27,211	-	-	\$2.45
TRI CITIES	23,591,125	13.5%	13.3%	(31,733)	(178,246)	-	42,067	\$3.05
Class A	17,281,174	15.7%	15.3%	(108,568)	(206,576)	-	39,067	\$3.22
Class B	5,814,608	7.8%	9.2%	57,475	13,267	-	3,000	\$2.41
Class C	495,343	4.9%	8.9%	19,360	15,063	-	-	\$1.82
SOUTH BAY	33,564,104	14.6%	14.9%	114,298	(132,703)	-	300,727	\$2.63
Class A	20,528,527	15.5%	16.2%	61,667	(180,471)	-	-	\$2.77
Class B	11,743,162	13.9%	14.5%	44,670	18,620	-	300,727	\$2.43
Class C	1,292,415	5.5%	6.1%	7,961	29,148	-	-	\$2.02
LA NORTH	31,317,601	12.5%	13.0%	142,988	(80,839)	-	423,133	\$2.45
Class A	18,684,424	14.2%	14.2%	(13,724)	(156,691)	-	-	\$2.60
Class B	11,810,775	10.1%	11.7%	164,593	88,772	-	423,133	\$2.25
Class C	822,402	9.4%	8.4%	(7,881)	(12,920)	-	-	\$1.91
SAN GABRIEL VALLEY	10,189,369	13.3%	13.2%	(5,344)	(25,134)	-	87,200	\$2.25
Class A	2,684,987	8.1%	10.1%	51,184	19,497	-	-	\$2.60
Class B	7,067,284	15.7%	15.4%	(66,242)	(54,330)	-	87,200	\$2.20
Class C	437,098	4.9%	7.2%	9,714	9,699	-	-	\$1.65
HOLLYWOOD/MID-WILSHIRE	18,386,879	18.2%	17.3%	(124,192)	(100,453)	-	970,894	\$2.86
Class A	11,494,482	17.7%	17.3%	(71,410)	(128,385)	-	799,004	\$2.82
Class B	6,450,922	20.5%	17.6%	(46,535)	28,712	-	171,890	\$3.10
Class C	441,385	14.8%	13.4%	(6,247)	(780)	-	-	\$2.66
LA COUNTY	210,263,320	14.2%	14.6%	484,463	(58,406)	364,413	6,224,946	\$3.09
Class A	148,220,178	14.7%	15.1%	227,172	(234,163)	-	2,046,097	\$3.31
Class B	56,961,129	13.4%	14.0%	235,050	175,757	74,305	4,178,849	\$2.66
Class C	5,082,013	7.4%	7.9%	22,241	0	-	-	\$2.11

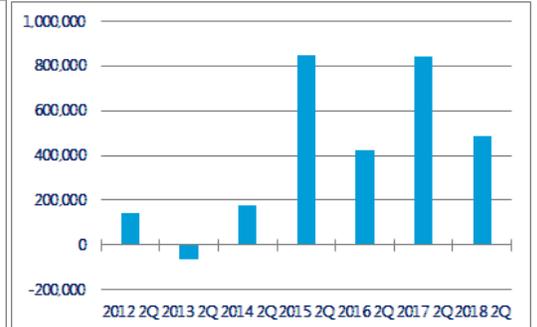
Vacancy Rate



Asking Rent



Net Absorption



Top Leases

Tenant	Type	Address	Submarket	SF
WARNER BROS.	RENEWAL	3400 W RIBVERSIDE DR, BURBANK	TRI CITIES	415,949
CORESITE	RENEWAL	624 S GRAND AVE, LOS ANGELES	DOWNTOWN	176,685
LOGIX FEDERAL CREDIT UNION	NEW	27918 FRANKLIN PKY, VALENCIA	LA NORTH	169,998
PEPPERDINE UNIVERSITY	RENEWAL	6100 CENTER DR, LOS ANGELES	WEST LA	100,000
USC CANCER INSTITUTE	NEW	12414 EXPOSITION BLVD, LOS ANGELES	WEST LA	80,340

Top Sales

Address	Buyer	Seller	Price	SF	P/SF
CORPORATE CENTER PASADENA	CORETRUST	UBS REALTY INVESTORS LLC	\$254,000,000	639,970	\$397
THE AIRFLYTE, EL SEGUNDO	SWIFT REAL ESTATE PTRS	CALPERS	\$167,500,000	549,222	\$305
L3 TECH CAMPUS, TORRANCE	FRM ASSOCIATES, LLC	PM REALTY GROUP	\$124,000,000	573,167	\$216
MARINA PARK, MARINA DEL REY	LASALLE INVESTMENT	ALLIANCEBERNSTEIN	\$83,815,000	149,695	\$560
331 N MAPLE DR, BEVERLY HILLS	DIVCOWEST	RREEF MANAGEMENT LLC	\$82,200,000	89,642	\$917

Top Under Construction/Renovation

Address	Developer	SF	Completion
801 S BROADWAY, LOS ANGELES	WATERBRIDGE CAPTIAL LLC	955,561	Q1 2019
757 S ALAMEDA ST, LOS ANGELES	ATLAS CAPITAL GROUP LLC	425,131	Q1 2019
433 S SPRING ST, LOS ANGELES	RISING REALTY PARTNERS & LIONSTONE	338,889	Q3 2018
5901 W SUNSET BLVD, LOS ANGELES	HUDSON PACIFIC PROPERTIES INC	327,914	Q1 2020
5868 S CAMPUS CENTER DR, PLAYA VISTA	THE RATKOVICH COMPANY	310,000	Q4 2018

Avison Young at a Glance

Founded: **1978**

Total Real Estate Professionals: **2,600**

Offices: **84**

Brokerage Professionals: **1,100**

Property Under Management: **100 million sf**

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, the company comprises 2,600 real estate professionals in 84 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.



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