

MARKET TRENDS

LOS ANGELES OFFICE

MARKET DRIVERS

The Los Angeles office market continues to face challenges, with a stubborn vacancy rate that remains approximately 186 basis points above the national average. A continued lack of positive net absorption across the market underscores the persistence of remote and hybrid work models. As a result, many companies are signing smaller leases, reflecting reduced space requirements.

Net deliveries are expected to end the year at a low point, largely due to limited new office construction and a development focus that has shifted toward mixed-use and multifamily projects.

Net absorption remained negative in 2025, however, the 42,530 SF improvement over 2024 suggests the market is declining at a slower rate than in Q4 2024. Market data indicates that fewer businesses are vacating space, or that there is a modest uptick in tenant demand. This trends align with early signs of stabilization—small, gradual, but positive.

ECONOMIC REVIEW

Los Angeles, the second-largest metropolitan region in the U.S., has a diverse economy supported by key industries and a high concentration of creative professionals and higher education institutions.

In recent years, the region has experienced population decline, driven largely by its high cost of living. Rising labor challenges and elevated unemployment levels have further contributed to outbound migration, adding pressure to the office market.

NEAR-TERM OUTLOOK

Los Angeles office market experts expect many spaces to remain vacant, with no clear catalyst for a broad rebound in leasing activity. Without a resurgence in entertainment and tech, the city is likely to maintain an oversupply of office space. However, asking rents have stayed relatively steady across the metro despite minimal supply pressure and weak demand.

Market Summary

	4Q25	3Q25	4Q24	YOY Change
Direct Vacancy Rate	16.0%	15.9%	15.5%	2.99%
Total Availability Rate	20.1%	19.8%	19.4%	3.45%
Direct Asking Lease Rate	\$3.48	\$3.50	\$3.50	-0.57%
	4Q25	3Q25	4Q24	YOY Change
Total Lease Transactions (SF)	2,618,939	4,179,609	4,724,373	-44.57%
Sale Transactions (SF)	1,472,066	2,012,343	3,618,766	-59.32%
Direct Net Absorption (SF)	-251,984	-223,655	-294,514	N/A

↓ **2.6M SF**
LEASING ACTIVITY

↑ **-252K SF**
NET ABSORPTION

↑ **20.1%**
VACANCY RATE

↓ **\$3.48**
ASKING RENT (AVG)

↓ **120K SF**
NEW DELIVERIES

Year-Over-Year Trend

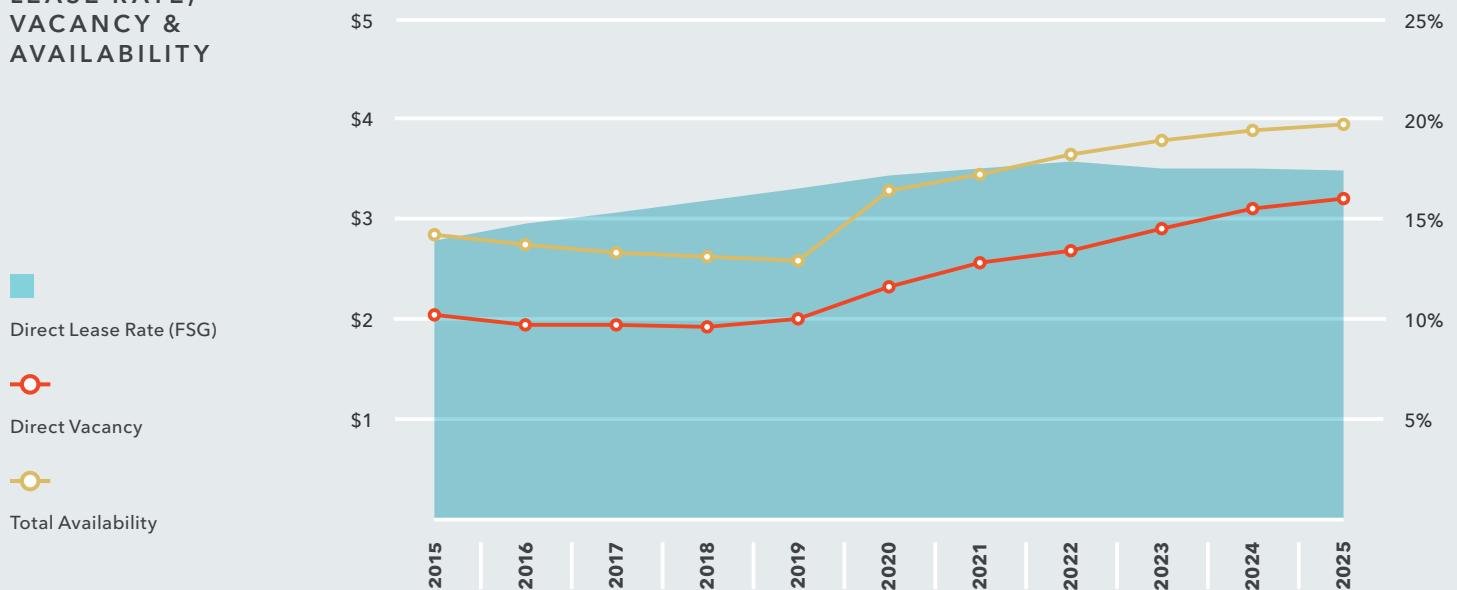
Market Highlights

VACANCY RATE was 20.1%

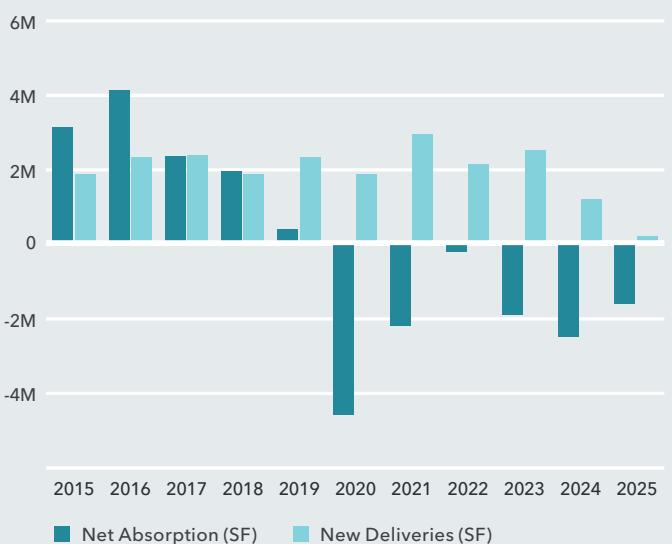
AVERAGE ASKING RATES were \$3.48 PSF on a full-service basis

IN Q4 2025, 2.7M SF is still being developed

LEASE RATE, VACANCY & AVAILABILITY



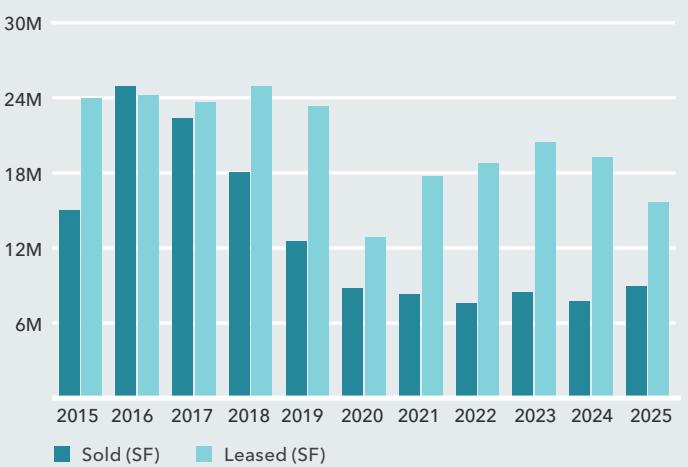
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Availability Rate	4Q25 Direct Net Absorption	2025 Direct Net Absorption	4Q25 Total Leasing Activity	2025 Total Leasing Activity	Average Direct Rental Rate
Burbank	14,401,778	18.8%	2.9%	21.7%	24.5%	-102,496	57,482	116,955	510,609	\$4.30
Glendale	12,325,700	15.9%	0.9%	16.8%	17.8%	21,534	106,815	149,824	671,753	\$3.22
Pasadena	17,374,141	13.4%	1.4%	14.8%	19.0%	67,312	110,295	146,800	823,225	\$3.58
Tri-Cities	44,101,619	15.9%	1.7%	17.6%	20.5%	-13,650	274,592	413,579	2,005,587	\$3.78
Downtown Los Angeles	70,024,550	21.1%	1.3%	22.4%	22.4%	166,111	-17,320	293,834	2,147,203	\$2.97
Mid-Cities	8,678,960	6.0%	0.1%	6.1%	6.6%	39,227	-133,675	33,189	176,950	\$2.58
Mid-Wilshire	43,753,349	17.5%	1.0%	18.5%	21.6%	-261,524	-633,140	123,754	1,122,699	\$3.41
East Hollywood/Silver Lake	4,215,367	4.5%	0.2%	4.7%	20.4%	22,138	32,475	4,579	57,810	\$4.07
Hollywood	8,906,213	22.4%	1.2%	23.6%	27.8%	-259,318	-334,596	29,136	276,657	\$4.12
Mid-Wilshire	15,202,491	16.9%	0.3%	17.2%	17.7%	942	-131,341	31,450	204,295	\$2.79
Miracle Mile	5,936,572	26.6%	1.4%	28.0%	32.7%	-6,344	-174,428	26,904	211,209	\$4.06
Park Mile	1,665,384	27.2%	0.5%	27.7%	19.1%	-10,081	-21,214	2,643	40,362	\$3.08
West Hollywood	7,827,322	11.1%	2.2%	13.2%	15.0%	-8,861	-4,036	29,042	332,366	\$4.83
San Fernando Valley	46,868,696	13.2%	2.0%	15.2%	18.4%	-53,772	-105,847	303,871	2,070,163	\$2.79
Calabasas/Westlake Village	7,358,575	13.2%	2.9%	16.2%	20.6%	10,376	-51,580	49,991	297,915	\$2.78
Eastern SFV	5,589,821	7.7%	0.4%	8.1%	9.3%	-132	46,871	10,356	96,969	\$2.57
Encino	5,000,967	14.0%	1.0%	15.0%	15.4%	38,541	-2,791	76,952	349,378	\$2.73
North Hollywood	2,591,722	17.2%	3.3%	20.5%	20.5%	-19,902	8,747	2,024	36,403	\$3.67
Sherman Oaks	3,413,602	12.1%	1.1%	13.2%	17.4%	47,097	20,779	37,253	298,612	\$2.75
Studio/Universal Cities	3,818,998	12.7%	0.2%	12.9%	16.0%	-76,856	-118,900	34,363	120,629	\$3.31
Tarzana	1,758,091	14.9%	0.2%	15.1%	14.2%	-6,762	-66,352	3,816	44,663	\$2.67
Western SFV	7,909,953	9.7%	0.6%	10.3%	13.0%	-3,050	52,657	22,277	414,741	\$2.67
Woodland Hills/Warner City	9,426,967	18.2%	5.1%	23.3%	29.9%	-43,084	4,722	66,839	410,853	\$2.39
San Gabriel Valley	30,150,882	6.6%	0.1%	6.7%	7.8%	-91,372	-201,762	211,687	833,868	\$2.72
South Bay	58,027,595	14.7%	1.7%	16.3%	18.7%	-151,552	-267,300	345,801	2,364,394	\$3.19
190th Street Corridor	3,780,148	14.4%	2.1%	16.5%	10.7%	-16,489	51,519	36,419	112,971	\$3.07
Beach Cities/Palos Verdes	4,711,207	11.3%	0.0%	11.3%	12.6%	30,414	-67,759	31,273	117,060	\$3.44
El Segundo	18,535,566	15.5%	2.2%	17.7%	24.1%	-169,342	-208,731	144,407	1,145,641	\$4.07
Hawthorne/Gardena	2,298,308	4.8%	0.0%	4.8%	7.1%	20,869	37,467	520	28,083	\$2.19
LAX	4,336,173	34.7%	0.1%	34.8%	29.8%	-10,942	-33,434	959	61,665	\$2.31
Downtown Long Beach	7,932,974	16.9%	2.9%	19.8%	21.8%	-24,266	-33,723	77,950	249,030	\$2.68
Suburban Long Beach	9,014,231	10.5%	0.9%	11.3%	14.4%	-40,725	21,638	22,830	400,142	\$2.95
Torrance	7,418,988	8.9%	2.2%	11.2%	12.0%	58,929	-34,277	31,443	249,802	\$3.08
Southeast Los Angeles	7,931,145	5.5%	0.2%	5.7%	6.8%	3,177	61,442	13,144	464,107	\$2.50
West Los Angeles	77,553,871	19.0%	2.3%	21.3%	26.5%	111,371	-565,271	880,080	4,439,631	\$4.94
Los Angeles Total	387,090,667	16.0%	1.5%	17.5%	20.1%	-251,984	-1,588,281	2,619,539	15,626,070	\$3.48
Class A	174,642,132	20.4%	2.4%	22.8%	26.7%	-62,031	-733,560	1,255,660	8,266,071	\$3.70
Class B	166,550,106	13.9%	1.0%	14.8%	16.8%	-161,024	-972,719	1,207,015	6,522,019	\$3.27
Class C	45,698,929	6.6%	0.2%	6.8%	6.7%	-28,929	117,998	156,864	837,980	\$3.05

SIGNIFICANT SALE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Pasadena Towers	Burbank/Glendale/Pasadena	488,400	\$125,000,000	\$255.94	Harbor Associates	CBRE Investment Mgmt.
8942 Wilshire Blvd	West Los Angeles	82,886	\$90,000,000	\$1,085.83	Alo	Breevast US, Inc.
3100 New York Dr	Burbank/Glendale/Pasadena	164,101	\$78,760,000	\$479.95	Amazon	Alvarez & Marsal Holdings, LLC
Culver Pointe Office Park	West Los Angeles	461,960	\$72,500,000	\$156.94	Sunny Hills Mgmt. Co, Inc.	New York Life Investments
Continental Park	South Bay	209,088	\$70,000,000	\$334.79	Lincoln Property Co.	Continental Dev. Corp.
111 W Ocean Blvd	South Bay	464,406	\$50,000,000	\$107.66	Shomof Group	John Hancock Life Insurance
7060 & 7107 Hollywood Blvd	Mid-Wilshire	197,979	\$41,000,000	\$207.09	RCB Equities, LLC	LeFrak

SIGNIFICANT LEASE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
UTA Plaza & Ice House	West Los Angeles	193,591	November 2025	Divco West Services, LLC	United Talent Agency (Renewal)
The Utah Campus	South Bay	68,301	October 2025	NSB Associates, Inc.	Canvas Worldwide
The Hubb	South Bay	55,974	October 2025	Redwood Urban, Inc	WeWork (Renewal)
El Segundo Business Park	South Bay	49,307	November 2025	BLT Enterprises	Nexon America (Renewal)
San Dimas Corporate Park	San Gabriel Valley	49,252	November 2025	Nautilus Global Inv., LLC	Undisclosed
177 E Colorado Blvd	Burbank/Glendale/Pasadena	48,882	October 2025	Rockpoint	Arrowhead Pharmaceuticals (Renewal)
Studio Plaza	Burbank/Glendale/Pasadena	48,237	October 2025	Douglas Emmett Mgmt, LLC	Deluxe Media
The Aramark Bldg	Burbank/Glendale/Pasadena	40,000	November 2025	Del Rey Properties	Undisclosed
75 N Fair Oaks Ave	Burbank/Glendale/Pasadena	32,470	November 2025	Morgan Stanley & Co.	Weaver & Tidwel

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Century City Center	1950 Avenue of the Stars	West Los Angeles	825,000	JMB Financial Advisors, LLC	June 2026
Echelon Studios	5601 Santa Monica Blvd	Mid-Wilshire	606,740	BARDAS Investment Group	October 2026
Apple LA Campus	8825 National Blvd	West Los Angeles	536,000	Apple Inc.	June 2027
Habitat	3401 S La Cienega Blvd	West Los Angeles	256,391	Lendlease Corporation	January 2026
Echelon The Workshop	1200 N Cahuenga Blvd	Mid-Wilshire	101,300	BARDAS Investment Group	January 2026
Echelon 717 Seward St	717 Seward St	Mid-Wilshire	83,500	BARDAS Investment Group	December 2025

Data Source: EDD, CoStar



Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

GARY BARAGONA

Vice President, Research
415.229.8925

gary.baragona@kidder.com

DARREN TAPPEN

Regional President, Brokerage
Greater LA, SoCal & Arizona
213.421.1400

darren.tappen@kidder.com

Designated Broker

Eric Paulsen | LIC N° 01001040

COMMERCIAL BROKERAGE**\$9B**

AVERAGE ANNUAL TRANSACTION VOLUME

26.2M

ANNUAL SALES SF

36.7M

ANNUAL LEASING SF

ASSET SERVICES**53M SF**

MANAGEMENT PORTFOLIO SIZE

800+

ASSETS UNDER MANAGEMENT

250+

CLIENTS SERVED

VALUATION ADVISORY**2,400+**

AVERAGE ANNUAL ASSIGNMENTS

41

TOTAL APPRAISERS

23

WITH MAI DESIGNATIONS