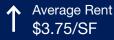
# **Los Angeles**

Office | Q4 2023 Market Report

### Quarterly Snapshot



Vacancy 20.1%

Net Absorption -1,400,176 SF

# Occupier's Perspective

Overall, companies are looking to retain flexibility with the unknown economic outcomes and aren't doing long-term deals, instead opting for short-term deals.

With the Federal Reserve stating that they no longer intend to hike interest rates, but are holding off on a timeline for rate cuts, has left businesses with uncertainty on debt but trending towards optimism.

Lenders and landlords are still having difficult conversations about restructuring debt and some landlords are finding it best to hand back the keys on buildings with non-recourse debt. Current net absorption numbers were negative 1.4 million square feet for the fourth quarter bringing the 12 month absorption down to negative 2.36 million square feet. In particular, Burbank showed a large increase in vacancy this quarter with negative 521,190 square feet and Downtown Los Angeles contributing negative 414,547 square feet, combining for two-thirds of the negative net absorption in the market. While Santa Monica and South Bay saw the largest positive net absorptions of the quarter with Santa Monica at 127,456 square feet and El Segundo with 66,874.

West Los Angeles remains to be the strongest performer with a positive net absorption of 560,136 square feet this quarter and a price increase from \$4.89 per square foot to \$5.20 per square foot. West Los Angeles, Tri-cities and Wilshire district saw modest growth in rental rates while the rest of the submarkets decreased rates.

# **Recent Transactions**

Tenant	Size (SF)	Submarket	Туре	Building
LA Unified School District	1,441,889 SF	DTLA	Renewal	Office
Los Angeles County	175,302 SF	Long Beach	Renewal	Office
Sports Basement	129,000 SF	Long Beach	New Lease	Office
Sheppard Mullin	112,000 SF	DTLA	New Lease	Office
Sidley Austin LLP	70,000 SF	Century City	New Lease	Office
Pacific City Bank	53,032 SF	Wilshire Corridor	Renewal	Office
Stubhub	30,681 SF	West Los Angeles	Sublease	Office
Breen Design	19,260 SF	South Bay	New Lease	Office

### **Submarket Movement**

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
20.2%	<b>A</b>	\$3.09	Downtown Los Angeles
18.9%		\$3.17	San Fernando Valley
29.2%		\$3.23	Wilshire District
16.8%		\$3.59	South Bay
19.7%		\$3.84	Tri-Cities
16.2%	<b>A</b>	\$4.66	Hollywood
18.9%	<b>A</b>	\$5.20	West Los Angeles

