

An aerial photograph of a modern office park in West Los Angeles. The image shows several tall, glass-clad skyscrapers and a large, multi-story office building with a prominent glass facade. The buildings are surrounded by greenery, including trees and landscaped areas. In the background, rolling hills and a clear blue sky are visible. The overall scene depicts a high-density, modern urban environment.

# West Los Angeles office market report

Q3 2024

**AVISON  
YOUNG**

# West Los Angeles office market trends

## 883K SF

### Leasing activity decreases in Q3 2024

The West Los Angeles office market saw a decrease in leasing volume, with a total of 883,674 square feet leased. This is nearly a 50% decrease from Q1 2024, which had nearly 1.56 million square feet of office space leased. The leasing slowdown in Q3 can be attributed to a decrease in renewals, with only two significant renewals executed for about 78,000 square feet. This is the second straight quarter of leasing volume decreasing after a successful Q1.

## -58K

### Net Absorption drops down slightly into the negatives

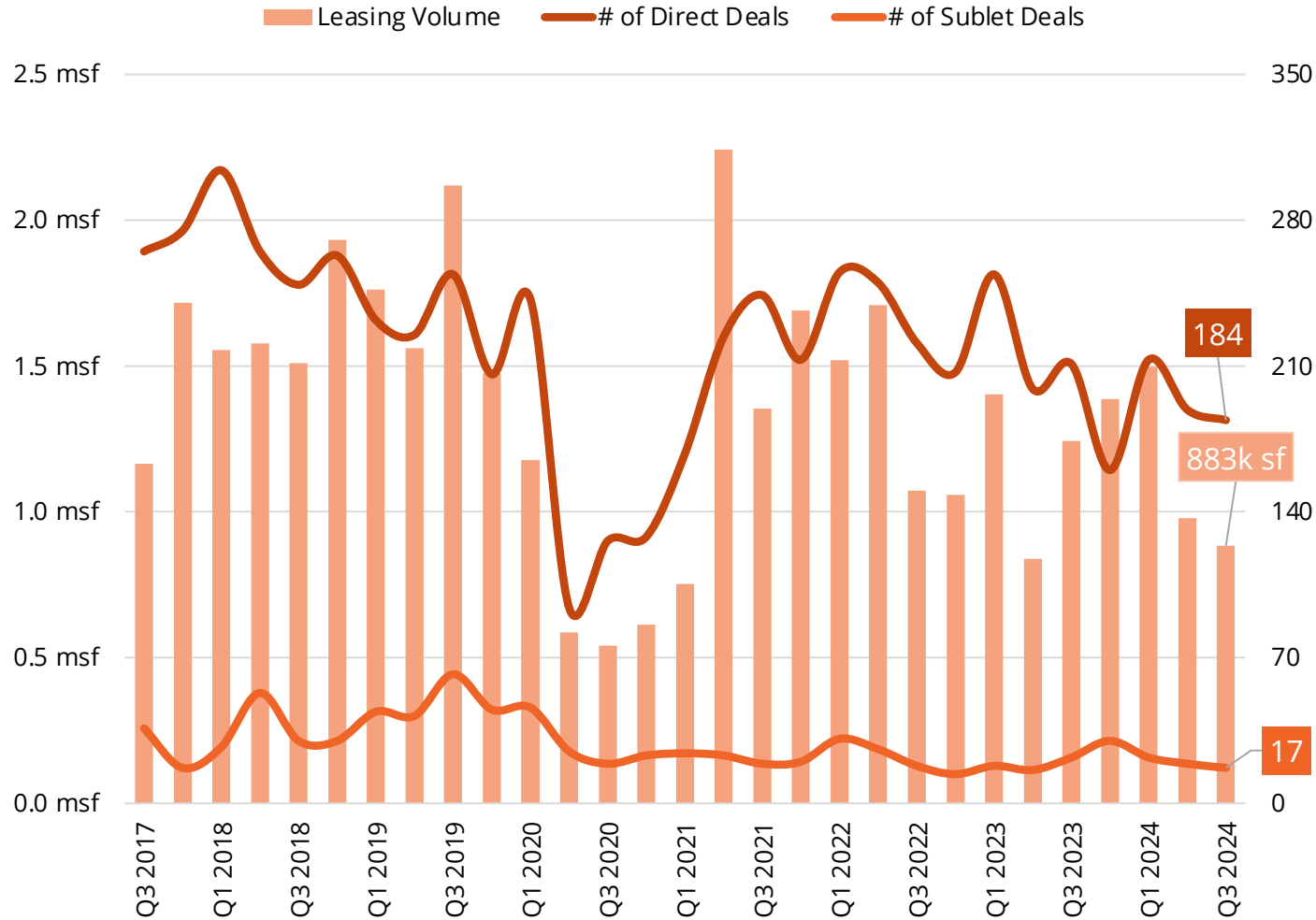
Q3 2024 net absorption for the West Los Angeles office market dropped into the negative at -58,300 square feet following a Q2 positive value of 140,612 square feet. Due to a lack of leasing activity during the summer months coupled with an abundance of available space, owners have struggled to increase Westside occupancy. As we move into the final quarter of 2024, lower rental rates and larger concessions are already present especially in the Class B and C inventory.

## \$3.97B

### CMBS debt set to mature in the next 3 years

Over the course of the next three years, there is almost \$4 billion dollars in CMBS loans set to mature in West Los Angeles. With many of these being Trophy & Class A office and development loans issued during the pandemic and post-pandemic periods, a record-high number of loans are now reaching maturity. As these maturity dates come closer, owners will be posed with the dilemma of potentially selling or refinancing their buildings, which will benefit the capital markets environment.

# Leasing activity

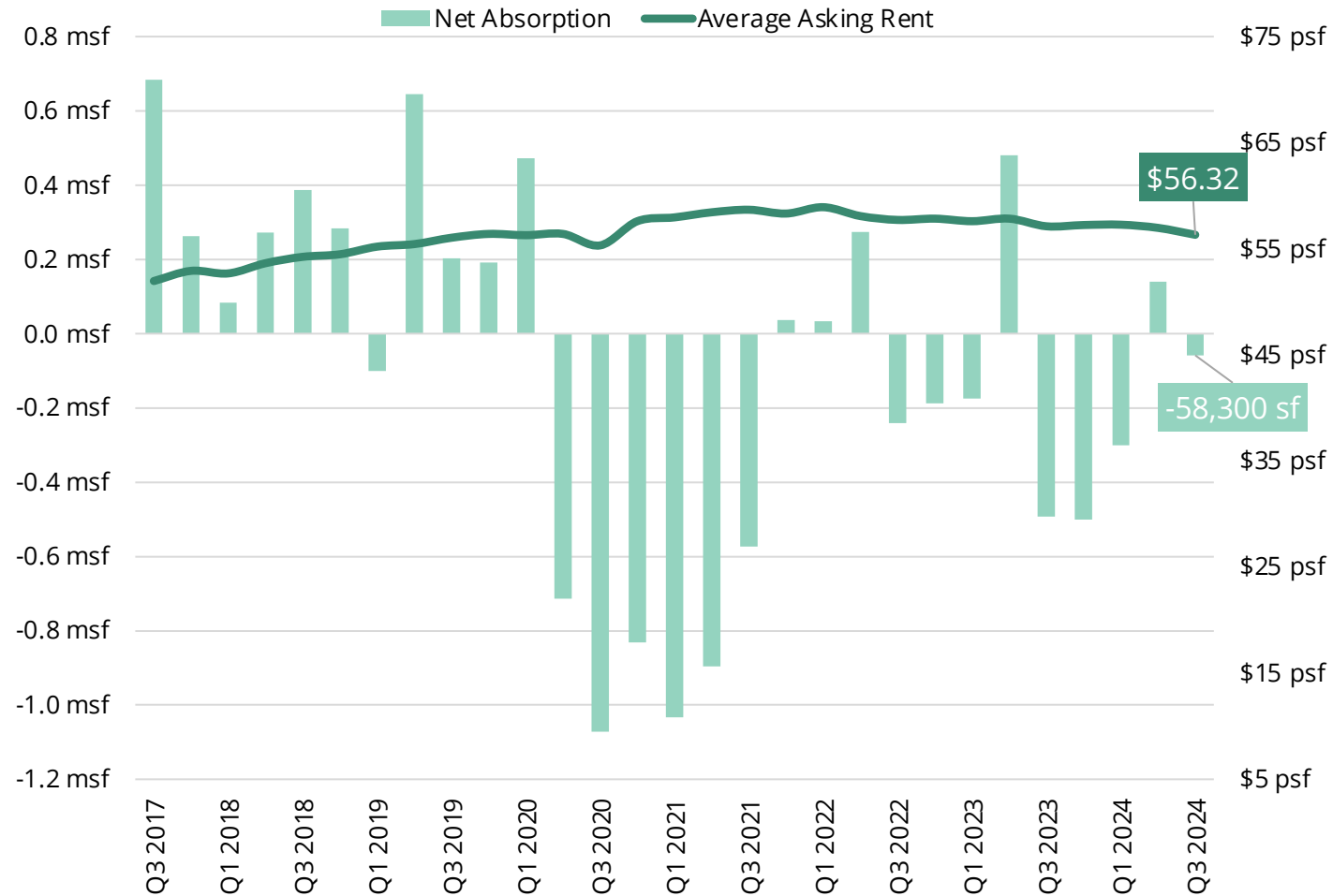


Note: Survey consists of office buildings 20k square feet +

**Leasing activity in West Los Angeles has decreased for a second straight quarter with 883,674 total square feet of deals completed.**

We see a lack of renewals and few large deals contributing to this drop-off. Q3 2024 is a 40% decrease from Q1 2024's leasing volume of 1.49 million square feet.

# Absorption

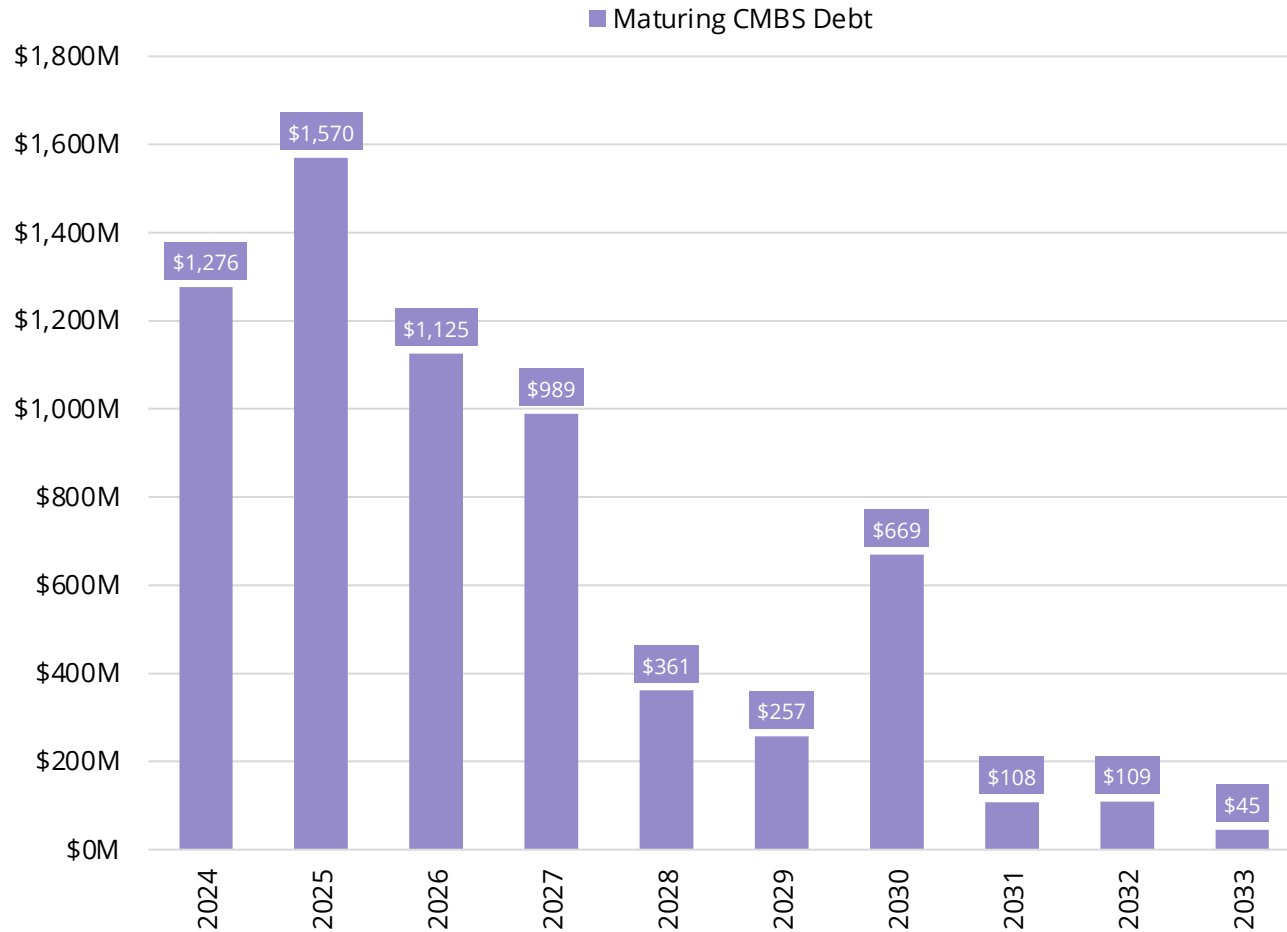


**The West Los Angeles office market saw a decrease in net absorption in Q3 2023 with -58,300 square feet.**

After a strong, positive absorption in Q2 at 140,612 square feet, the market recorded nearly a 200,000 square foot drop, as owners continue to struggle with leasing out vacant spaces.

Note: Survey consists of office buildings 20k square feet +

# Maturing CMBS Debt



Note: Survey consists of office buildings 20k square feet +

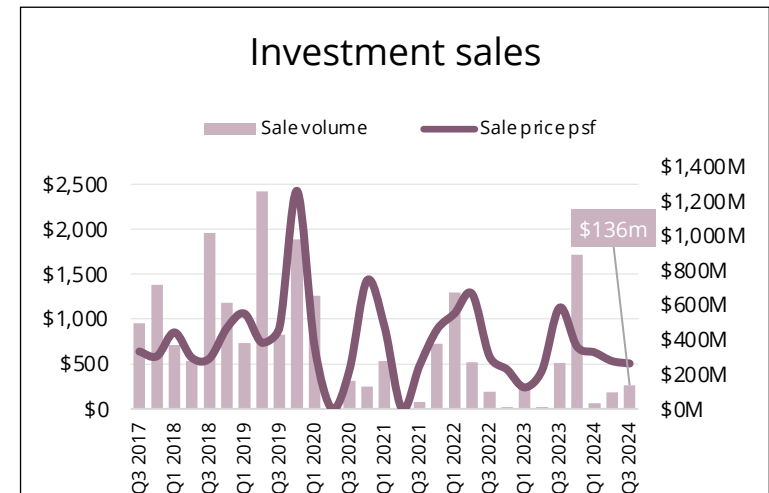
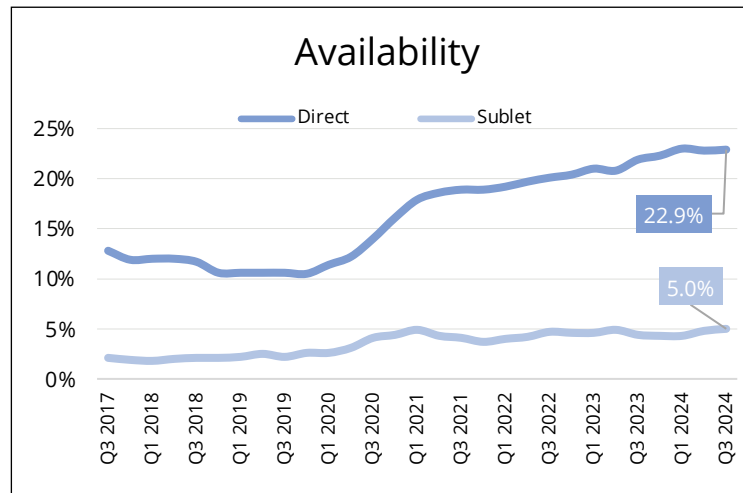
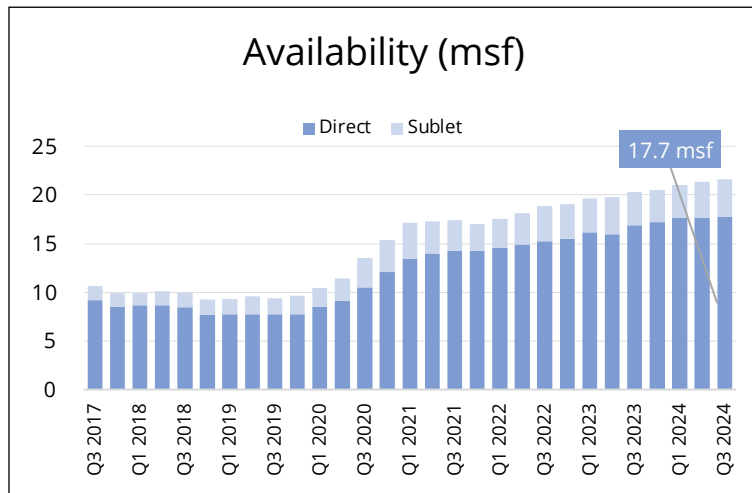
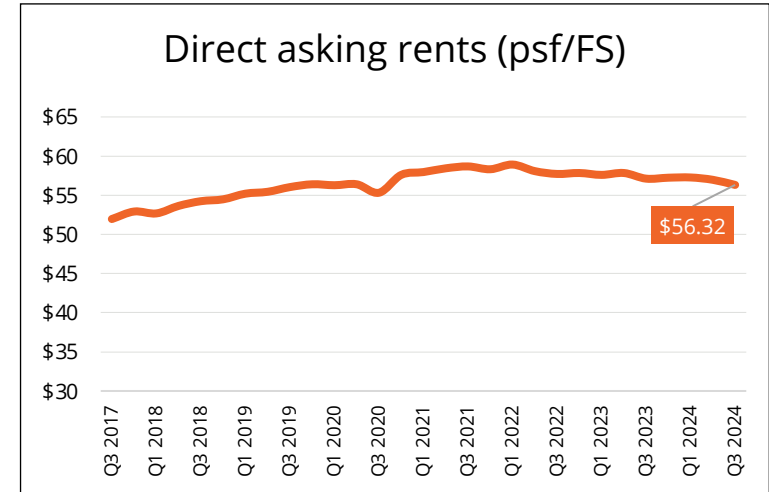
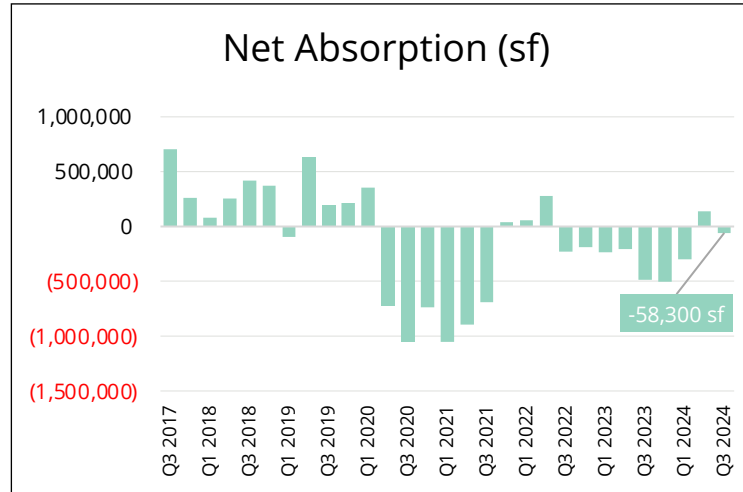
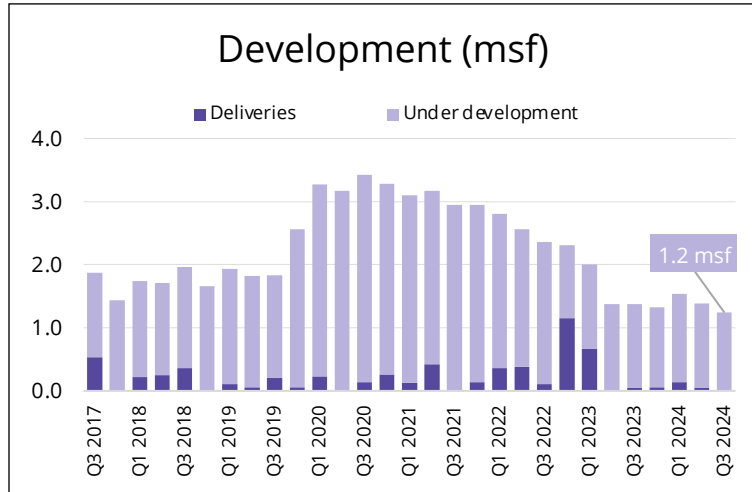
**Over the course of the next three years, there is almost \$4 billion dollars in CMBS loans set to mature in West LA.**

With billions of dollars in loans coming due throughout 2025-2026, there is the potential of an influx in sales volume as owners may choose not to refinance under current economic lending conditions.

# Appendix

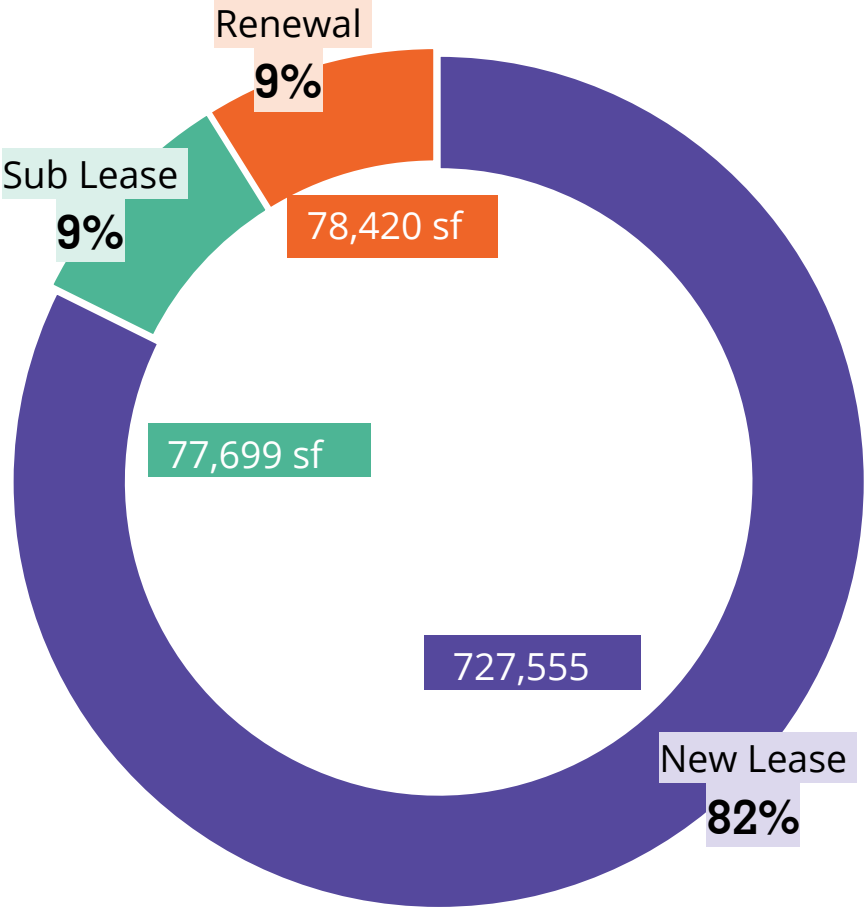


# West Los Angeles office market indicators



Note: Survey consists of office buildings 20k square feet +

# Lease type differentiation

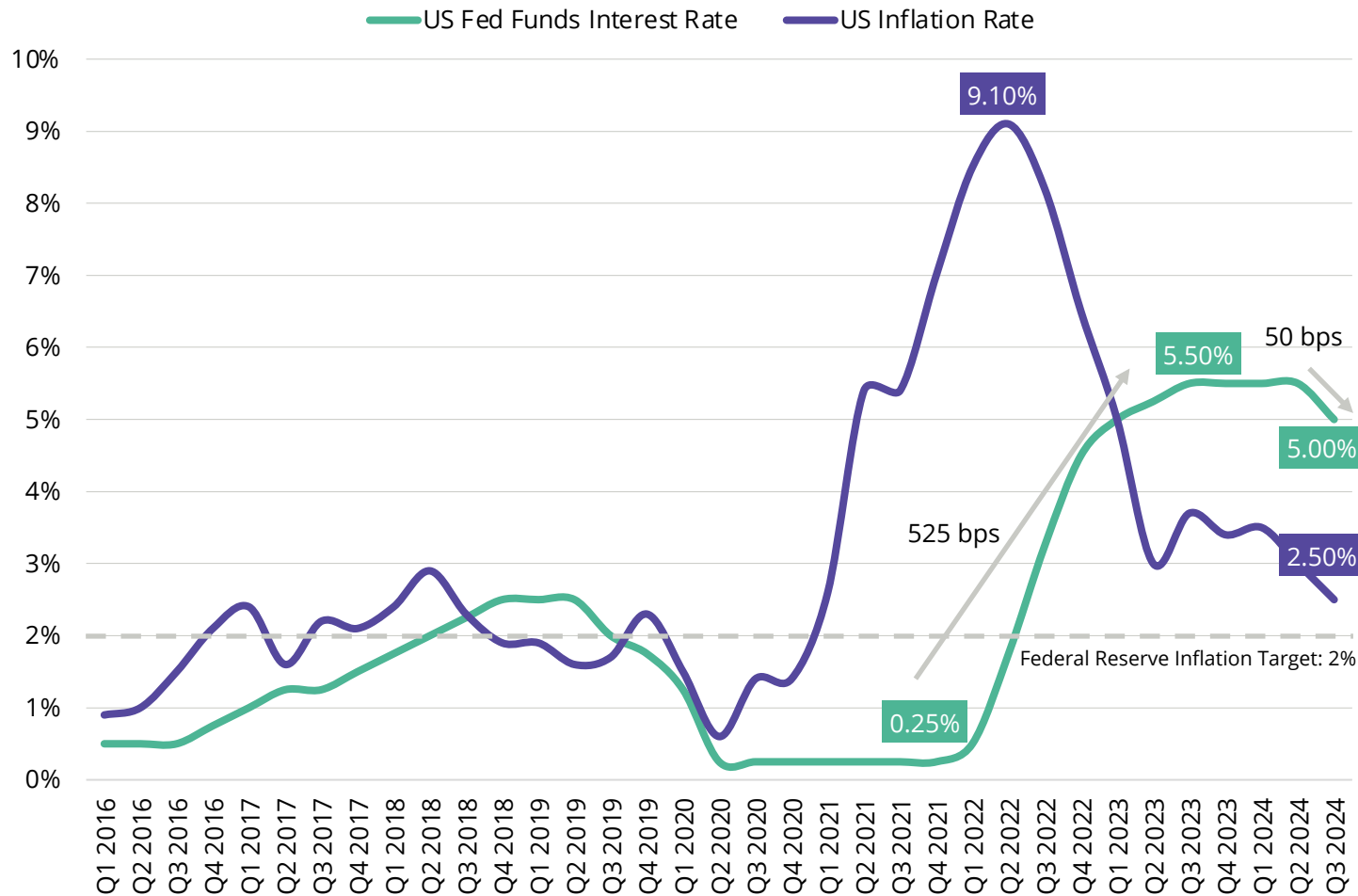


The West Los Angeles office market experienced a leasing deficit in Q3 2024, with a total of 883,674 square feet leased.

This is nearly 40% of the volume seen in Q1, where 1.49 million square feet of space was leased. Renewals and subleases were low in the third quarter, both sitting around 77K square feet. As availabilities continue to increase, we see owners starting to offer lower rents to fill their spaces.



# Fed Cut interest rates by 50 basis points

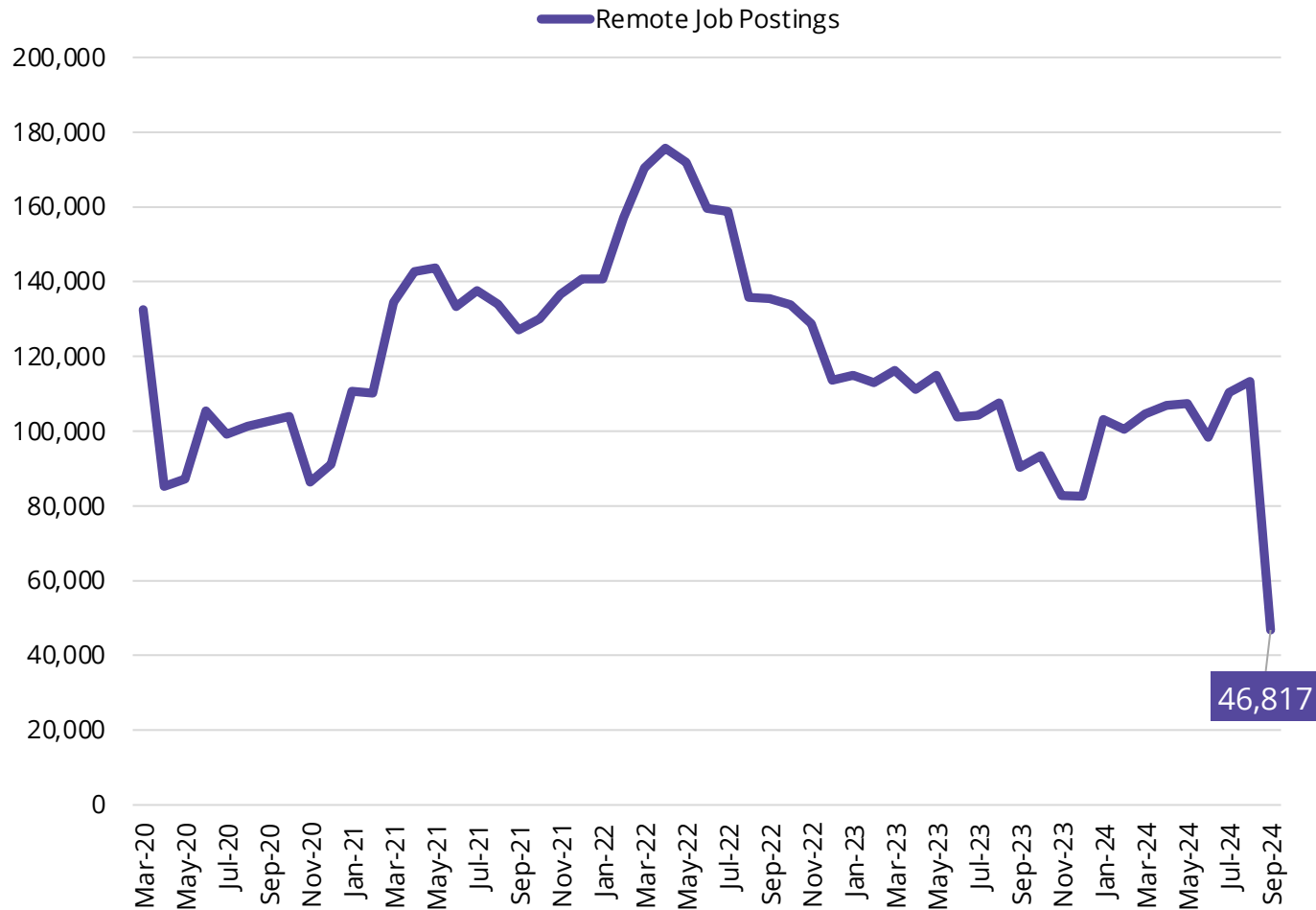


Source: Trading Economics

**To stimulate the economy during the pandemic, the Fed cut interest rates to near zero.**

However, government assistance programs like student loan deferments, stimulus checks, and increased credit card usage led to a rapid spike in inflation, reaching 9.1% in 2022. In response, the Fed aggressively raised interest rates to curb inflation. Now that inflation has dropped closer to the Fed’s target of 2%, the central bank has lowered rates by 50 basis points, with further cuts expected by year-end. As rates decline banks would be able to offer loans with more favorable terms. This should allow for a boost in real estate activity, as firms will be able to borrow at better rates, driving up property transactions and prices.

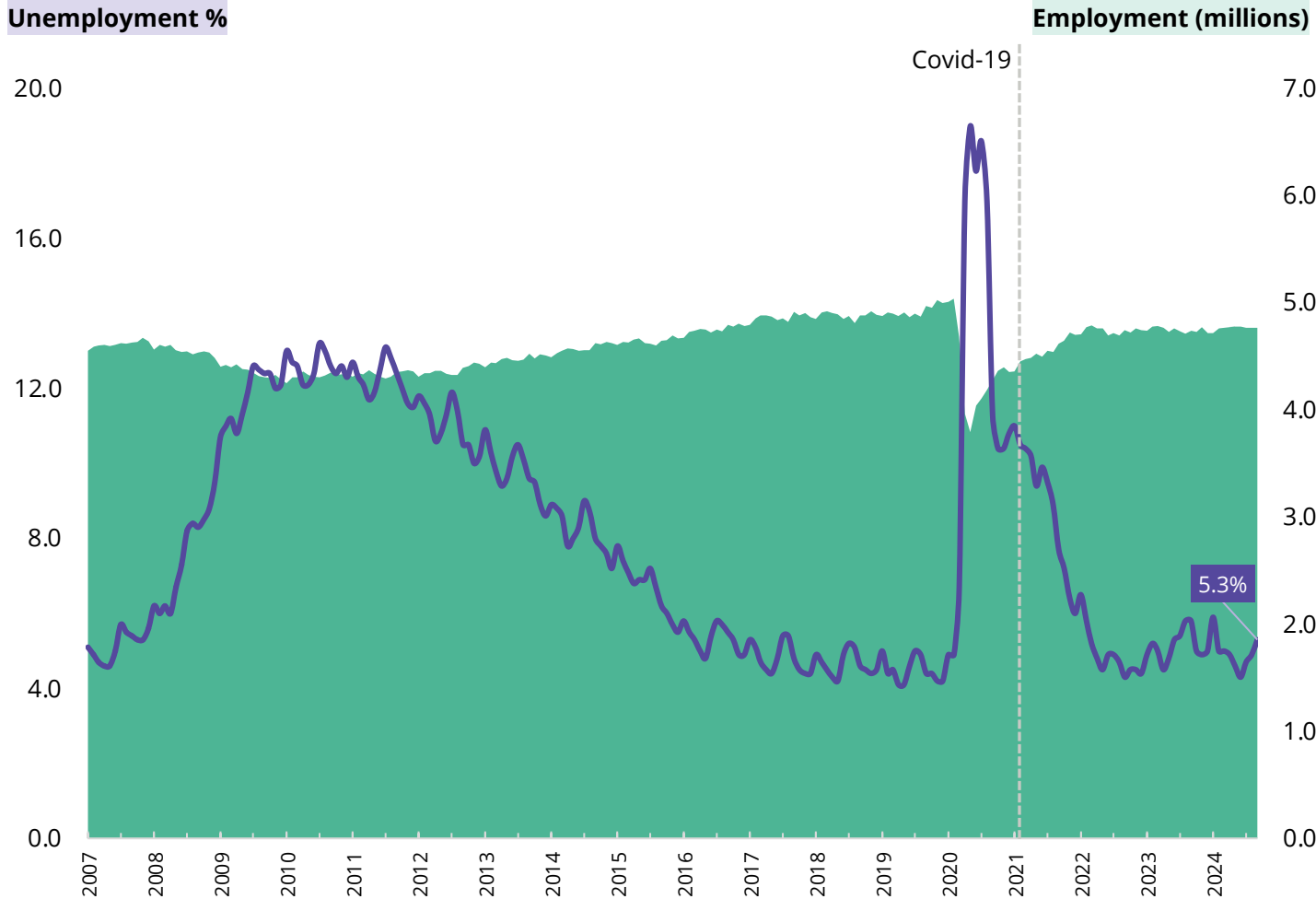
# Remote job postings



**Remote job postings currently sit at 46K as of September 2024 for Los Angeles.**

This is a large drop from the 113k remote job postings in August, showing a demand for employees to return to physical offices spaces. As we continue to move out of the pandemic era, more office occupiers have been open to adopting hybrid work policies.

# Unemployment rate and employment



**The Los Angeles unemployment rate currently sits at 5.3%, a 1.0% increase from the unemployment rate in September 2024.**

As Los Angeles citizens continue to navigate the post pandemic occupational difficulties, the unemployment rate has fluctuated each month. Despite the increase in the unemployment rate to 5.3%, the rise in job postings is anticipated to support a reduction in the rate moving forward.

Introducing

# The Office Busyness Index

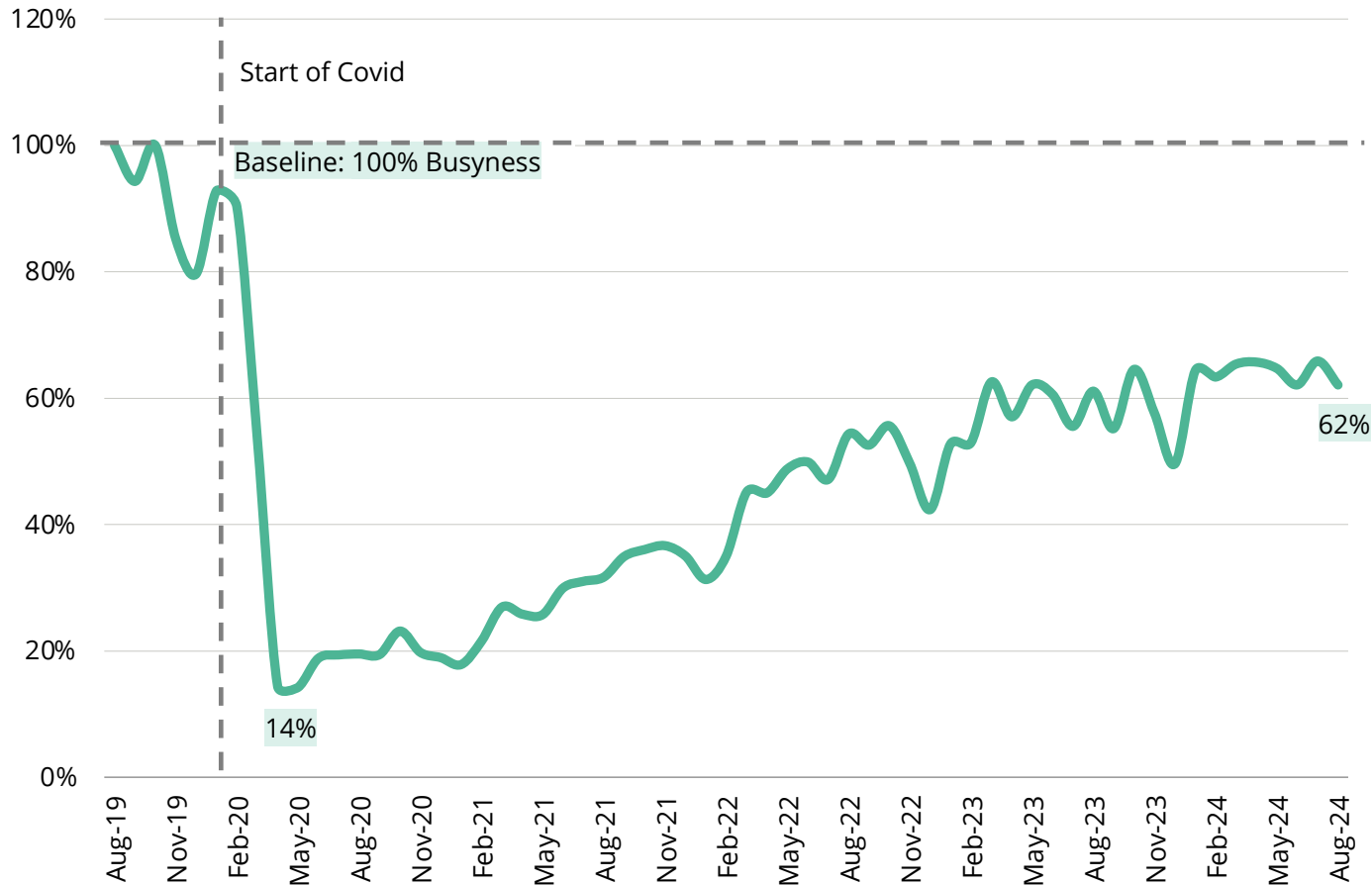
Access the most accurate view of office utilization in the industry today. Explore our interactive dashboard to uncover how busy office buildings truly are across U.S. markets.

[Learn more](#)



## West Los Angeles office "Busyness" continues to recover

Office Busyness %

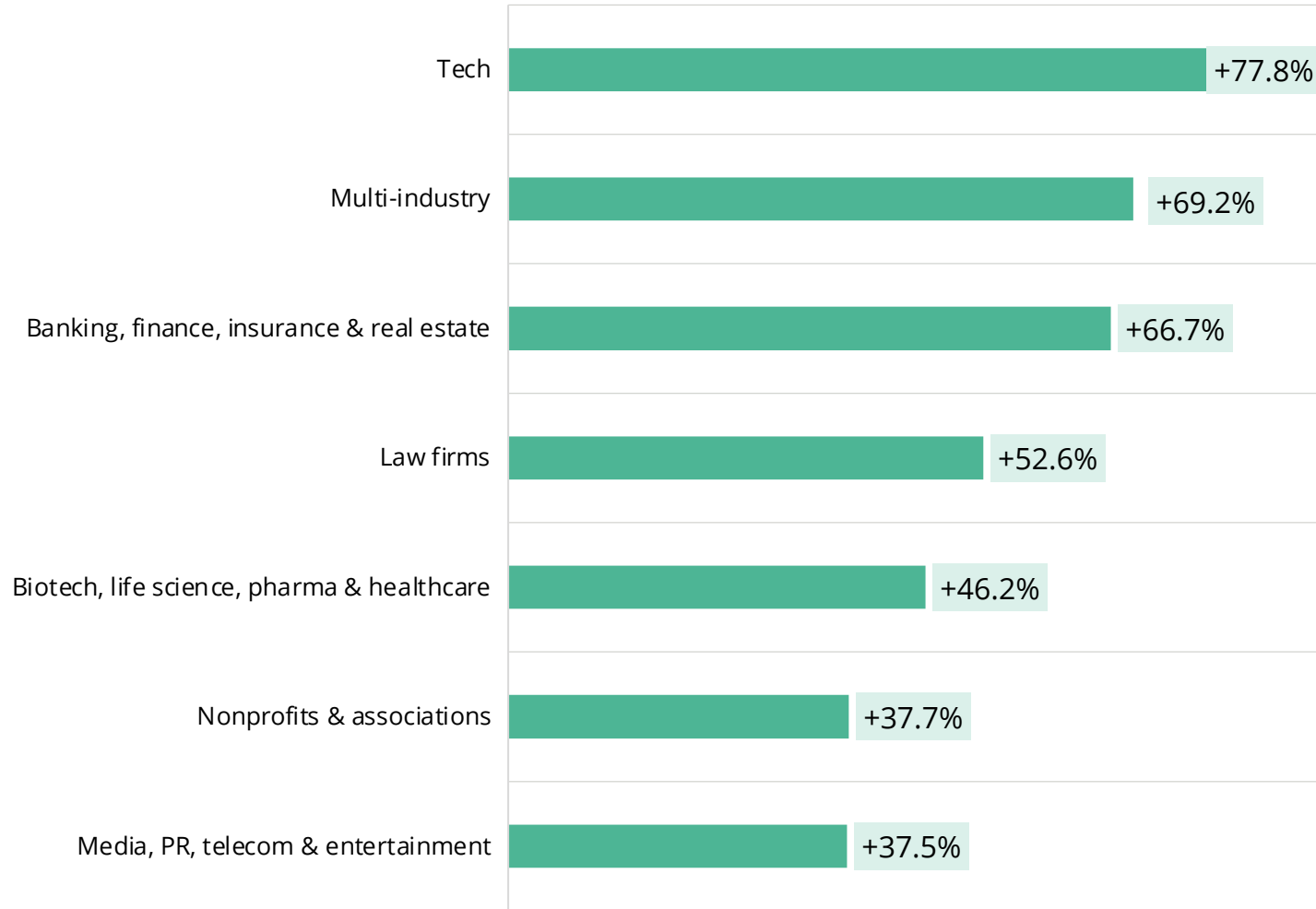


Source: Office Busyness Index by Avison Young, Placer.ai

**As the West Los Angeles office market shifts away from the COVID-19 pandemic, there has been a notable increase in employees returning to the workplace due to reduced work-from-home flexibility.**

According to Avison Young's Busyness Index, office activity has recovered to 62% of its pre-pandemic level (based on August 2019 as a baseline of 100%). With more companies enforcing in-office policies, office utilization is expected to gradually rise in the coming months.

# Tech leads the way in office "Busyness"



Source: Office Busyness Index by Avison Young, Placer.ai

**Tech companies have taken the lead in initiating return-to-office policies, with many other firms following. Office "busyness" has reached 77.8% of 2019 levels, when used as the base year.**

Companies like WarnerMedia, Amazon, Snap Inc., and Riot Games have made announcements for employees to return, either full-time or partially. As a result, these occupiers have contributed to the largest leases and renewals in West Los Angeles in 2024. As more companies finalize their office strategies, we can expect office activity to continue increasing.

# West Los Angeles office market activity

## Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Amazon Studios	9300 Culver Blvd	Culver City	Jul 2024	75,178	Renewal	Direct
Jazwares	6181 W Centinela Ave	Culver City	Sept 2024	51,284	New Lease	Direct
Woo You Dating App Inc	5995 S Sepulveda Blvd	Culver City	Aug 2024	27,090	New Lease	Direct

## Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Fashion Nova	407 N Maple Dr, Beverly Hills	8/28/2024	174,847	\$118,000,000	\$674.88	Tishman Speyer
U.S Merchants	9212 W Olympic Blvd, Beverly Hills	8/30/2024	26,130	\$18,000,000	\$688.86	Bob Etebar

## Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
1950 Avenue of the Stars	Century City	Jan 2026	731,250	100%	JMB Realty
3401 S La Cienega Blvd	Culver City	Jan 2026	253,491	0%	Shop Architects
4204 Glencoe Ave (3 Buildings)	Santa Monica	Oct 2024	151,067	0%	The Macerich Company

# West Los Angeles office market stats

	Existing inventory sf	Deliveries sf (QTD)	Under development (sf)	Direct availability (%)	Sublet availability (%)	Total availability (%)	Net absorption (QTD)	Net Absorption (YTD)	Annual direct asking rent psf FS
Beverly Hills	10,109,694	0	0	19.3%	3.4%	22.7%	22,624	(265,674)	\$67.22
Brentwood	3,989,880	0	0	21.1%	4.0%	25.1%	(8,048)	(112,058)	\$59.33
Century City	11,101,442	0	731,250	19.5%	3.4%	22.7%	19,925	(168,812)	\$72.69
Culver City	8,494,738	0	317,480	29.8%	5.3%	35.1%	9,998	113,917	\$52.82
Marina Del Rey/Venice	9,286,738	0	151,067	26.3%	9.4%	35.7%	39,039	(78,382)	\$55.28
Miracle Mile	5,683,695	0	0	28.7%	1.7%	30.4%	(57,228)	363,293	\$50.39
Olympic Corridor	4,682,934	0	0	24.0%	1.8%	25.8%	(34,896)	96,594	\$44.28
Santa Monica	13,536,391	0	42,023	21.5%	8.1%	29.6%	(77,125)	(276,987)	\$56.72
West Los Angeles	1,882,817	0	0	30.8%	2.3%	33.1%	(66,598)	(23,538)	\$44.45
Westwood	7,561,467	0	0	17.1%	3.7%	20.8%	92,895	76,786	\$51.24
<b>Market total</b>	<b>76,329,796</b>	<b>0</b>	<b>1,241,820</b>	<b>22.9%</b>	<b>5.0%</b>	<b>27.9%</b>	<b>(58,300)</b>	<b>(273,801)</b>	<b>\$56.32</b>

Note: Survey consists of office buildings 20k square feet +



# West Los Angeles office market stats by class

	Existing inventory (sf)	Deliveries sf (QTD)	Under development (sf)	Direct availability (%)	Sublet availability (%)	Total availability (%)	Net absorption sf (QTD)	Net absorption sf (YTD)	Annual direct asking rent psf FS
Class A	52,036,141	0	988,329	23.8%	5.8%	29.6%	(100,913)	(460,469)	\$59.84
Class B	21,024,792	0	253,491	21.6%	3.2%	24.8%	27,308	182,483	\$52.58
Class C	3,268,863	0	0	16.7%	3.0%	19.7%	15,305	4,185	\$43.44
<b>Market total</b>	<b>76,329,796</b>	<b>0</b>	<b>1,241,820</b>	<b>22.9%</b>	<b>5.0%</b>	<b>27.9%</b>	<b>(58,300)</b>	<b>(273,801)</b>	<b>\$56.32</b>



# Office insights glossary of terms

## Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

## Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

## Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

## Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and  
information visit **avisonyoung.com**

**Chris Cooper**

Principal, Regional Managing Director  
+1 213 935 7435  
CA DRE #01260886  
chris.cooper@avisonyoung.com

**Mitch Stokes**

Principal  
+1 424 257 6472  
CA DRE #01037526  
mitch.stokes@avisonyoung.com

**Mark Mattis**

Principal  
+1 310 215 8500  
CA DRE #00934378  
mark.mattis@avisonyoung.com

**Neil Resnick**

Principal  
+1 310 871 1961  
CA DRE #00950538  
neil.resnick@avisonyoung.com

**Sebastian Bernt**

Analyst, Market Intelligence  
+ 1 818 584 9500  
CA DRE #02218235  
sebastian.bernt@avisonyoung.com

**Erick Parulan**

Senior Analyst, Market Intelligence  
+ 1 949 757 1283  
erick.parulan@avisonyoung.com