

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q1 | 2025

# Market Report

Los Angeles Office

West/ South



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### MARKET ACTIVITY

<p>Direct Vacancy ▲ 21.2%</p>	<p>Net Absorption ▲ -88,407 SF</p>
<p>Overall Vacancy ▼ 24.3%</p>	<p>Gross Absorption ▲ 2,151,317 SF</p>
<p>Under Construction ▲ 1,281,395 SF</p>	<p>Rental Rates (FSG) ▲ \$3.88</p>
<p>Median Sale \$/SF ▼ \$181.45</p>	<p>Deal Volume ▼ \$37.5M</p>

### KEY TAKE AWAYS

#### MARKET

- **Vacancy Rate:** Declined 3 bps in Q1 to 24.3%.
- **Net Absorption:** Direct fell, but overall improved to -88,407 SF in Q1.
- **Sales:** Only one recorded sale in Q1. 15000 Aviation Blvd in the El Segundo market sold for \$37.55M at \$181.45 PSF.
- **Trends:** Hybrid & permanent work from home policies have pushed vacancies to record highs as many companies are relocating or have chosen to reduce footprints. Large entertainment & tech companies have started to scale back on leasing space due to challenging current business environments.

#### ECONOMIC OUTLOOK

- **Interest Rates:** At both the January & March meetings, the FOMC decided hold rates at 4.25-4.50%. FOMC members are only projecting two 25 bps cuts to occur in 2025.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 15.3%. The cost from China/East Asia to North America West Coast declined 63% over Q1, ending at \$2,187 per container. (Freightos). Newly announced sweeping tariffs aimed at resetting global trade will potentially have a significant impact on businesses and consumers. To avoid the impact of the tariffs, businesses may decide to onshore manufacturing. A positive sign for the industrial real estate sector.

### ECONOMIC OUTLOOK

<p>U.S. Employment ◀ 4.1%</p>	<p>U6 Rate ▲ 8.0%</p>
<p>Interest Rate ▼ 6.65% <small>(30 year fixed)</small></p>	<p>Changing GDP ▼ -3.7%</p>
<p>Port Traffic Y/Y Δ ▲ 15.3%</p>	<p>NYSE Performance ▼ -5.4%</p>
<p>Inflation Change ▲ 2.81%</p>	<p>10 Yr. - 2 Yr. Spread ▲ 34 BPS</p>

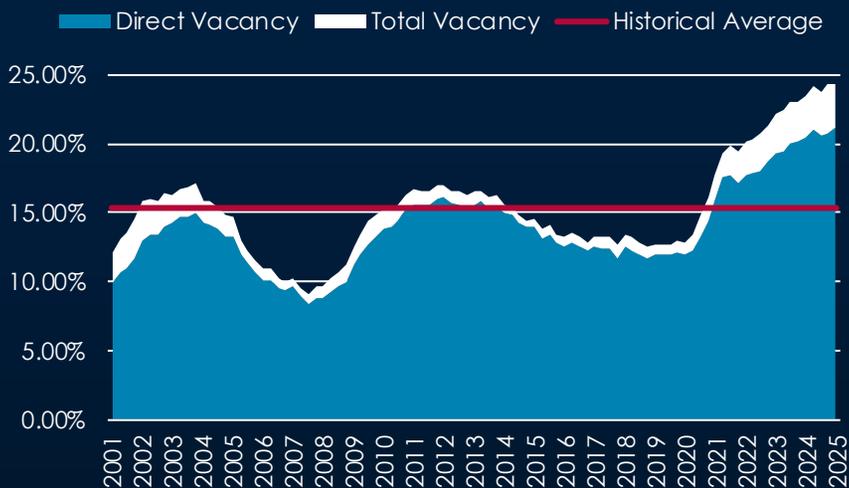
EXPERIENCE IN A CHANGING MARKET

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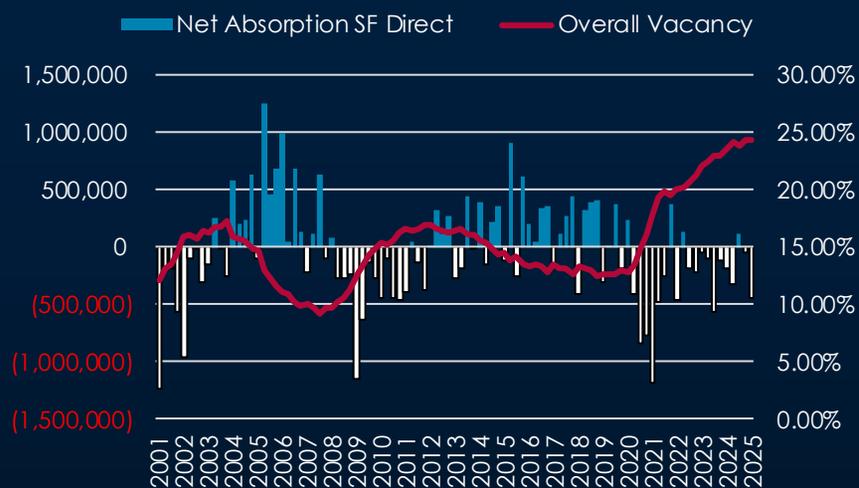


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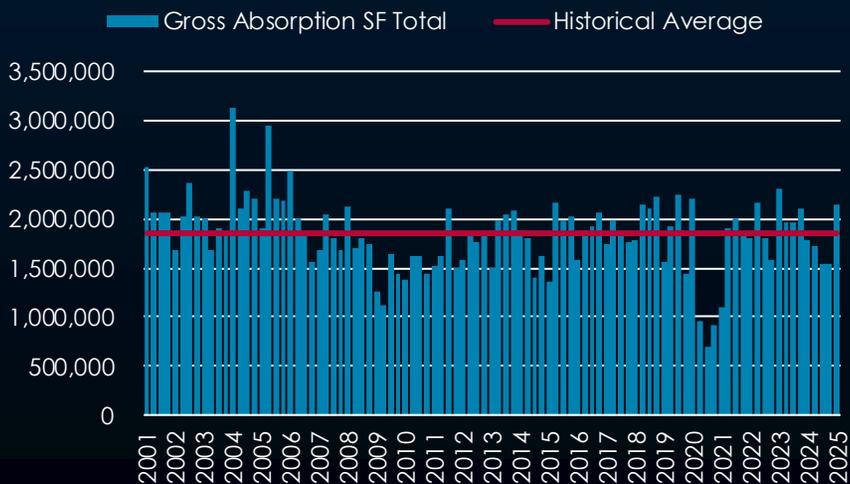
## OVERALL VACANCY DECLINED BY 3 BPS FROM Q4 TO 24.3% IN Q1



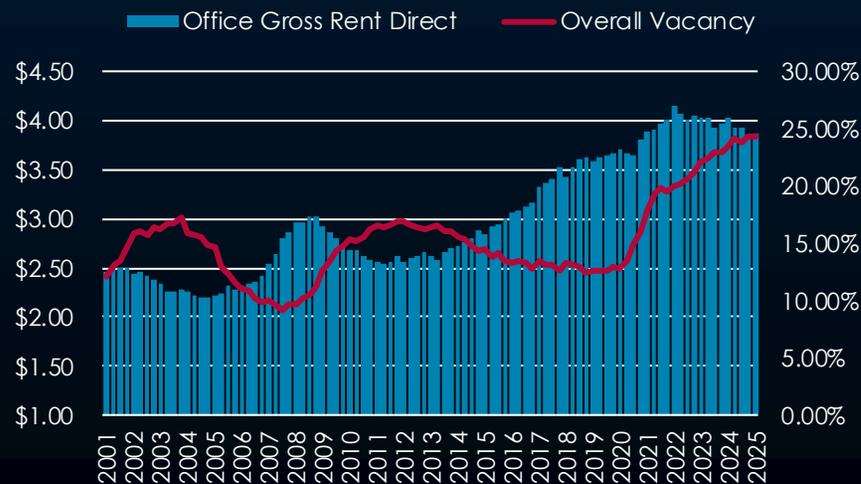
## NET ABSORPTION DIRECT FELL BUT OVERALL IMPROVED TO -88K SF IN Q1



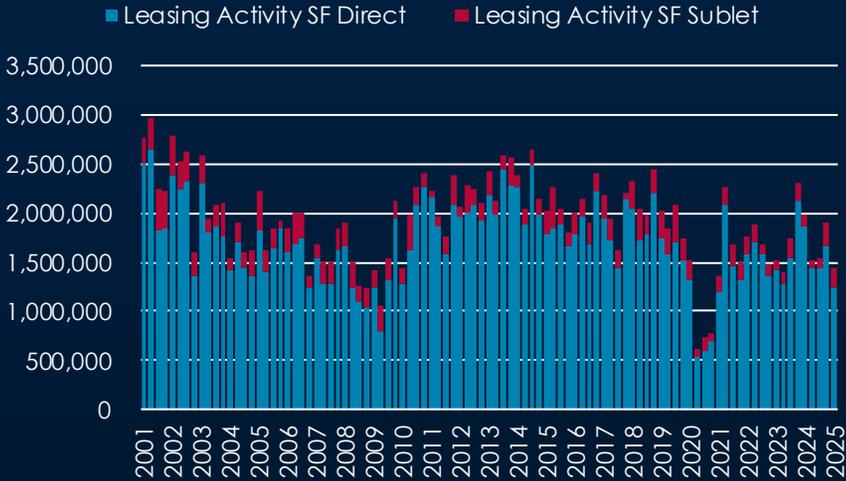
## GROSS ABSORPTION INCREASED BY 40.2% FROM Q4 TO 2.15M SF IN Q1



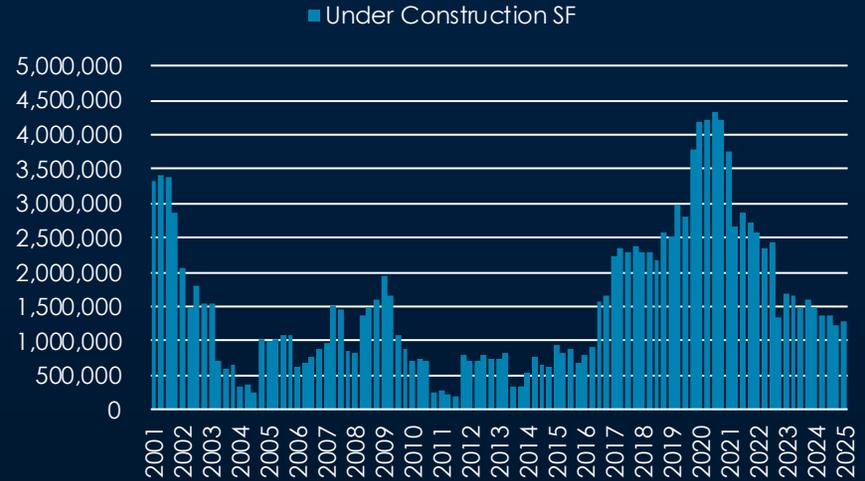
## ASKING RENTS INCREASED 0.8% OR \$0.03 TO \$3.88 PSF IN Q1



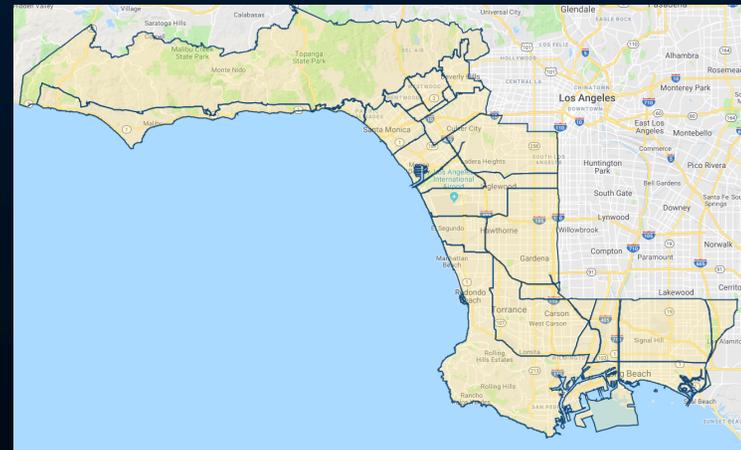
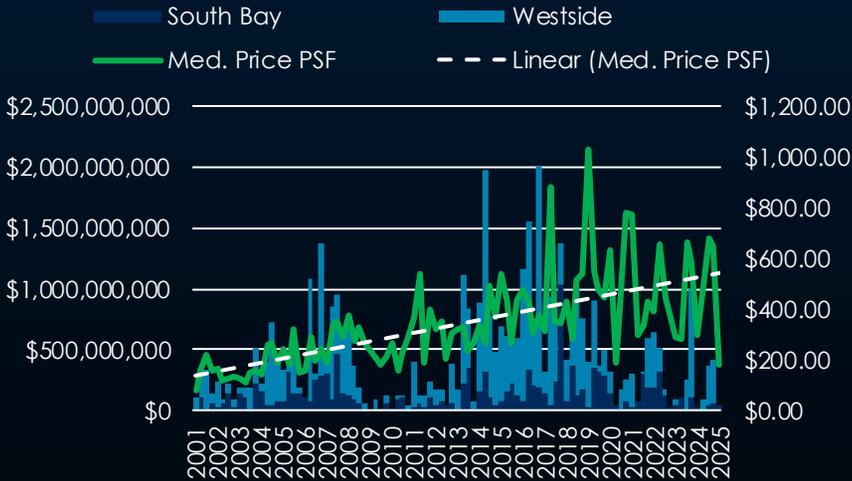
## LEASING ACTIVITY TOTALED 1.43M SF IN Q1. DOWN 24.5% FROM Q4



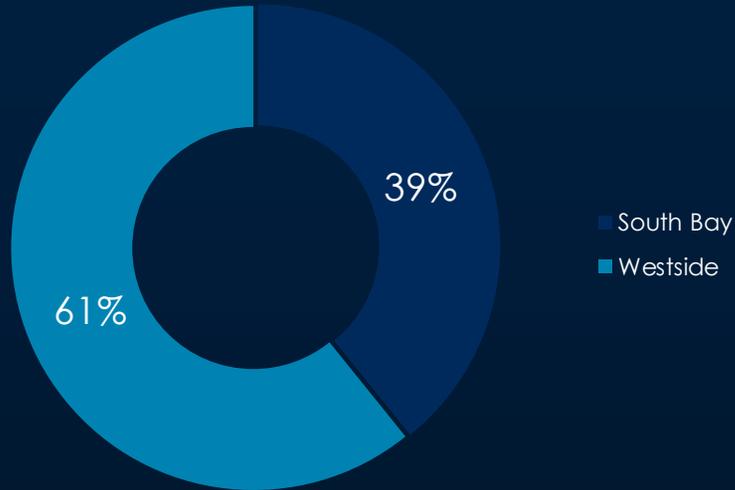
## CONSTRUCTION ACTIVITY NO DELIVERIES IN Q1. UC REVISED TO 1.28M SF



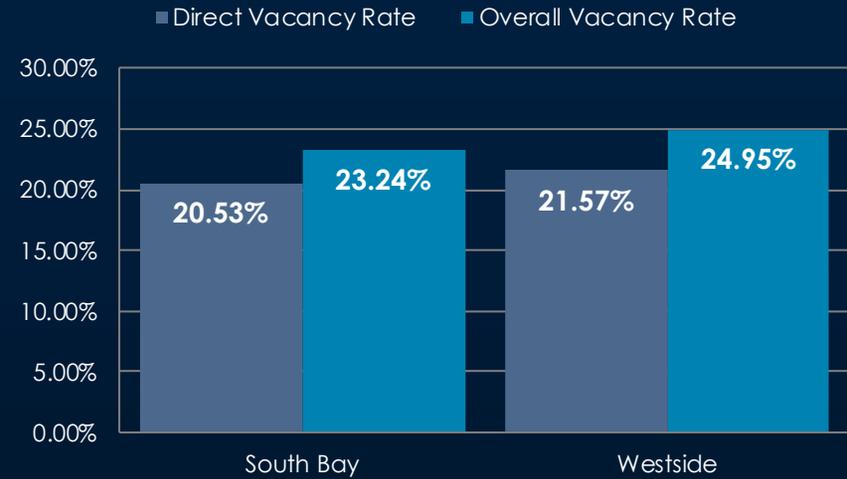
## SALES ONLY ONE SALE IN Q1 LOCATED IN EL SEGUNDO MARKET



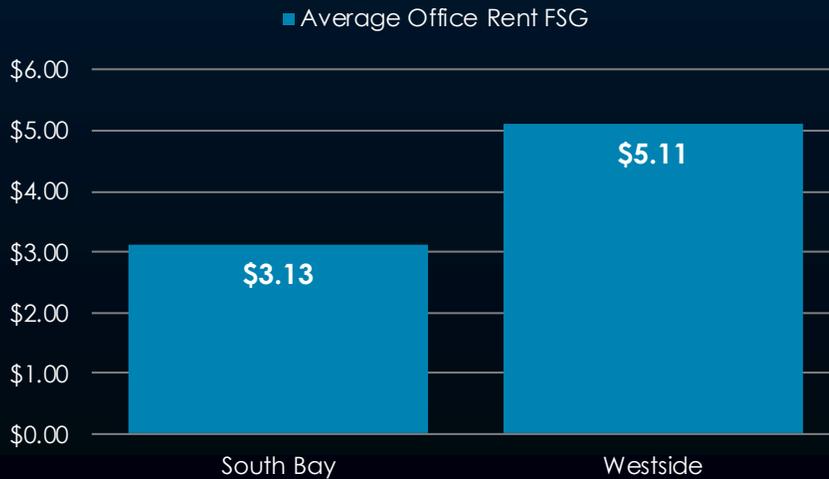
## SQUARE FOOT BREAKDOWN- 95,234,811 SF MARKET SIZE



## VACANCY BREAKDOWN



## AVERAGE RENT PSF



## VOLUME BREAKDOWN



## METHODOLOGY & TERMINOLOGY

### Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & greater.

### Direct Vacant SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

### Total Vacant W/ Sublet SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

### Direct Vacancy Rate

Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

### Vacancy W/ Sublet Rate

Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

### Gross Absorption

The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time.

### Net Absorption

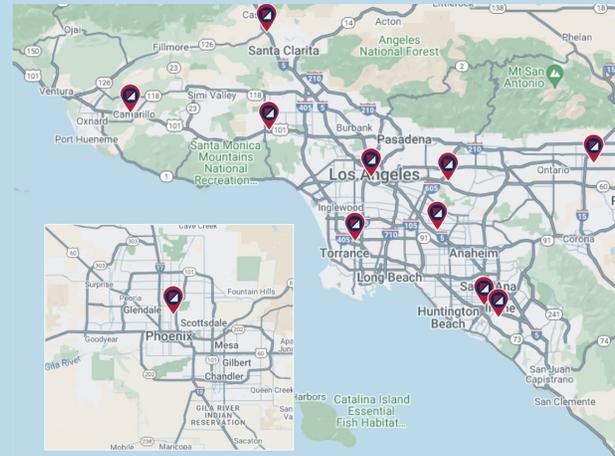
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

### Under Construction

Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

### Completed in 2025

New buildings with original construction completed in the year 2025 and granted a Certificate of Occupancy. Renovated buildings are not included.



MARKET	OFFICE ADDRESS	PHONE NUMBER
LOS ANGELES	801 S FIGUEROA ST. SUITE 600 LOS ANGELES, CA 90017	213-626-9101
LOS ANGELES NORTH	21820 BURBANK BLVD, SUITE 130 WOODLAND HILLS, CA 91367	818-887-3600
SANTA CLARITA VALLEY	27200 TOURNEY RD. SUITE 425 VALENCIA, CA 91355	661-705-2299
SAN GABRIEL VALLEY	13181 CROSSROADS PKWY N. SUITE 100 CITY OF INDUSTRY, CA 91746	562-695-7244
SOUTH BAY	19191 S VERMONT AVE. SUITE 850 TORRANCE, CA 90502	310-538-6700
MID-COUNTIES	13810 CERRITOS CORPORATE DR. SUITE C CERRITOS, CA 90703	562-207-3300
ORANGE COUNTY	4400 MACARTHUR BLVD. SUITE 950 NEWPORT BEACH, CA 92660	949-724-1900
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INLAND EMPIRE	3595 E INLAND EMPIRE BLVD. BLDG 5 ONTARIO, CA 91764	909-980-1234
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# Market Report

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South Bay



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### MARKET ACTIVITY

<p>Direct Vacancy ▲ 20.5%</p>	<p>Net Absorption ▲ -95,904 SF</p>
<p>Overall Vacancy ▲ 23.2%</p>	<p>Gross Absorption ▲ 618,241 SF</p>
<p>Under Construction ▲ 138,915 SF</p>	<p>Rental Rates (FSG) ▲ \$3.13</p>
<p>Median Sale \$/SF ▼ \$181.45</p>	<p>Deal Volume ▼ \$37.6M</p>

### KEY TAKE AWAYS

#### MARKET

- **Vacancy Rate:** Increased by 26 bps from revised Q4 to 23.2% in Q1.
- **Net Absorption:** Remained negative in Q1, totaling -96K SF.
- **Sales:** One recorded sale in Q1. 15000 Aviation Blvd in El Segundo Market sold for \$37.55M at a price PSF of \$181.45.
- **Asking Rents:** Increased by 0.6% or \$0.02 PSF to a rate of \$3.13 PSF in Q1.

#### ECONOMIC OUTLOOK

- **Interest Rates:** At both the January & March meetings, the FOMC decided hold rates at 4.25-4.50%. FOMC members are only projecting two 25 bps cuts to occur in 2025.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 15.3%. The cost from China/East Asia to North America West Coast declined 63% over Q1, ending at \$2,187 per container. (Freightos). Newly announced sweeping tariffs aimed at resetting global trade will potentially have a significant impact on businesses and consumers. To avoid the impact of the tariffs, businesses may decide to onshore manufacturing. A positive sign for the industrial real estate sector.

### ECONOMIC OUTLOOK

<p>U.S. Employment ◀ 4.1%</p>	<p>U6 Rate ▲ 8.0%</p>
<p>Interest Rate ▼ 6.65% <small>(30 year fixed)</small></p>	<p>Changing GDP ▼ -3.7%</p>
<p>Port Traffic Y/Y Δ ▲ 15.3%</p>	<p>NYSE Performance ▼ -5.4%</p>
<p>Inflation Change ▲ 2.81%</p>	<p>10 Yr. - 2 Yr. Spread ▲ 34 BPS</p>

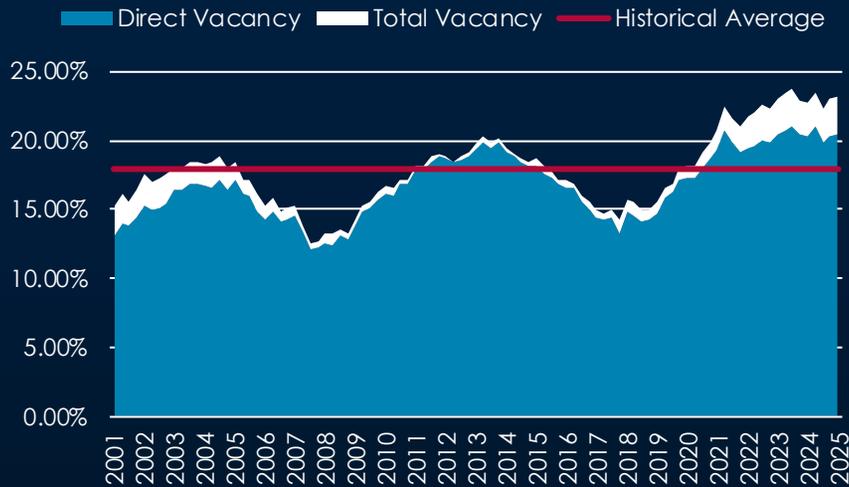
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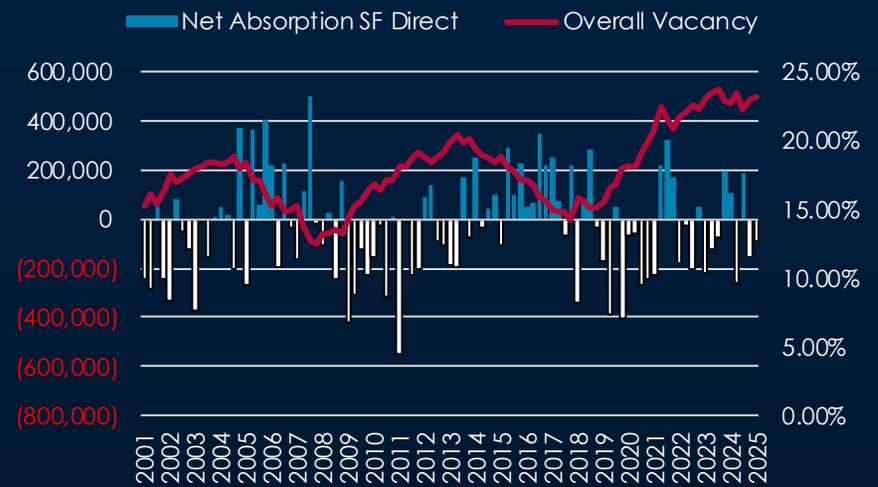


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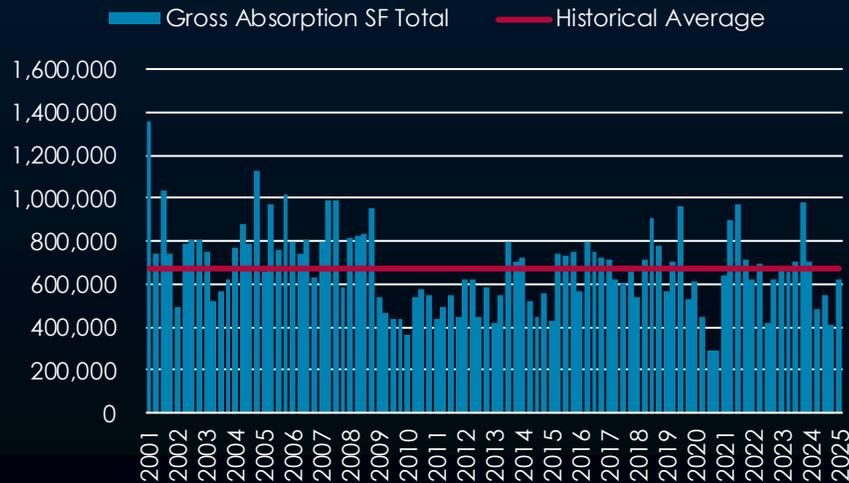
## OVERALL VACANCY INCREASED BY 26 BPS FROM REVISED Q4 TO 23.2% IN Q1



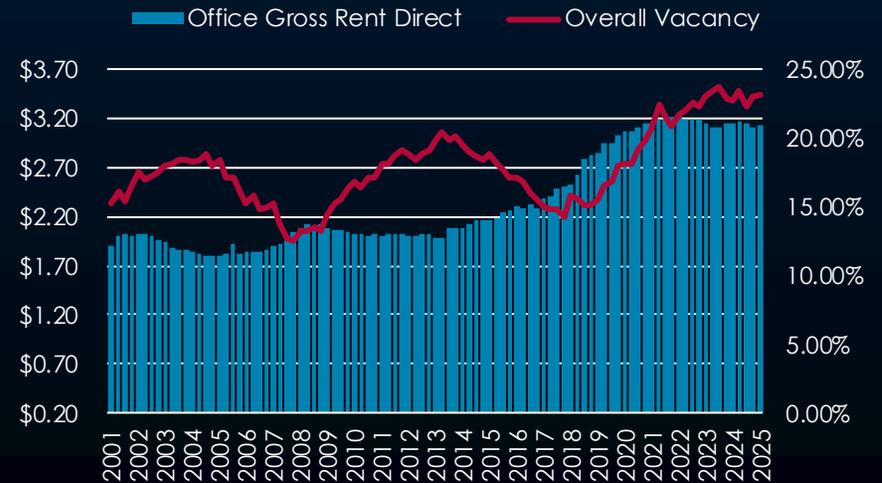
## NET ABSORPTION REMAINED NEGATIVE IN Q1 TOTALING -96K SF



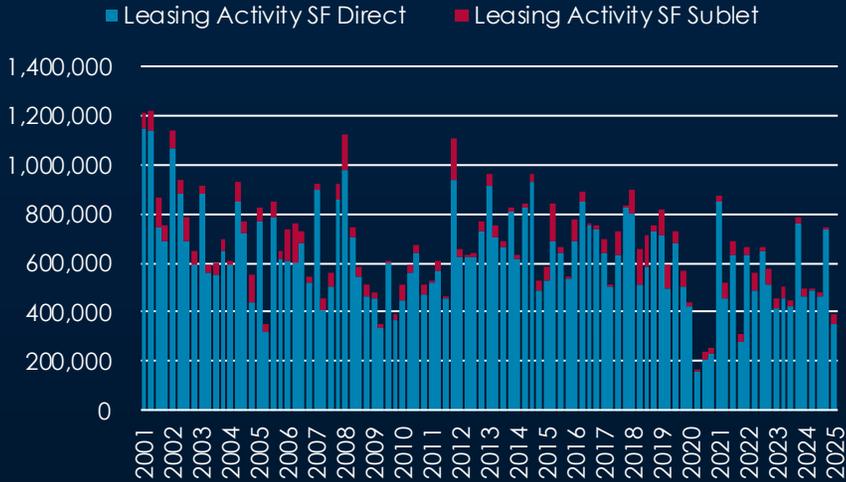
## GROSS ABSORPTION INCREASED 51.4% FROM Q4 TO 618K SF IN Q1



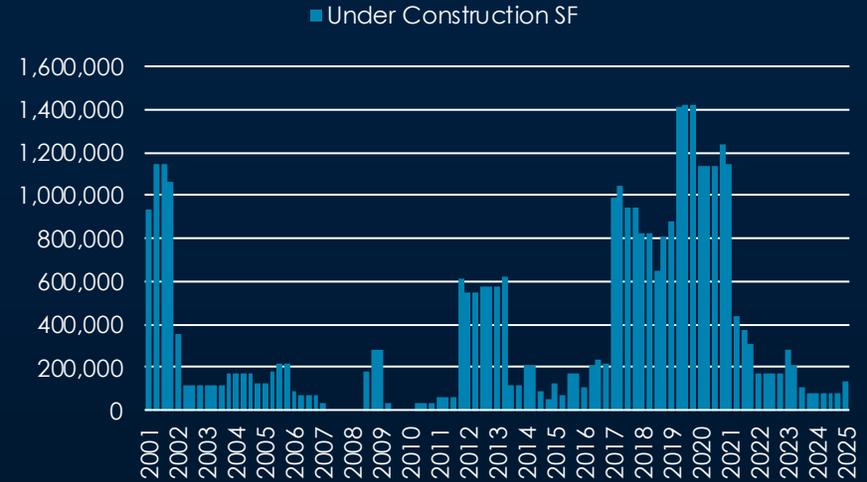
## ASKING RENTS INCREASED BY 0.6% OR \$0.02 PSF TO A RATE OF \$3.13 PSF IN Q1



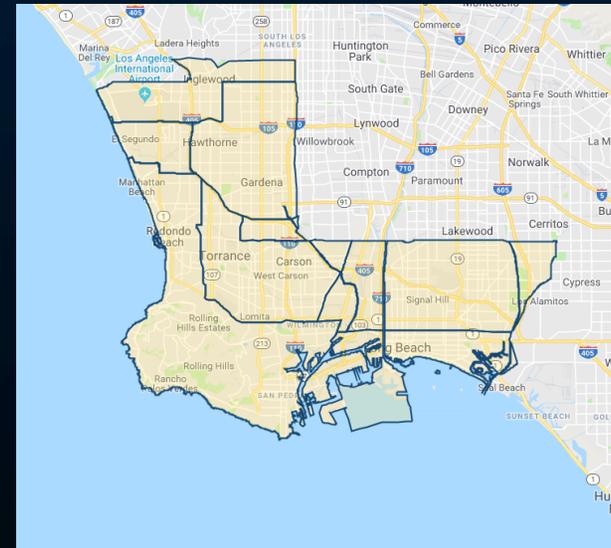
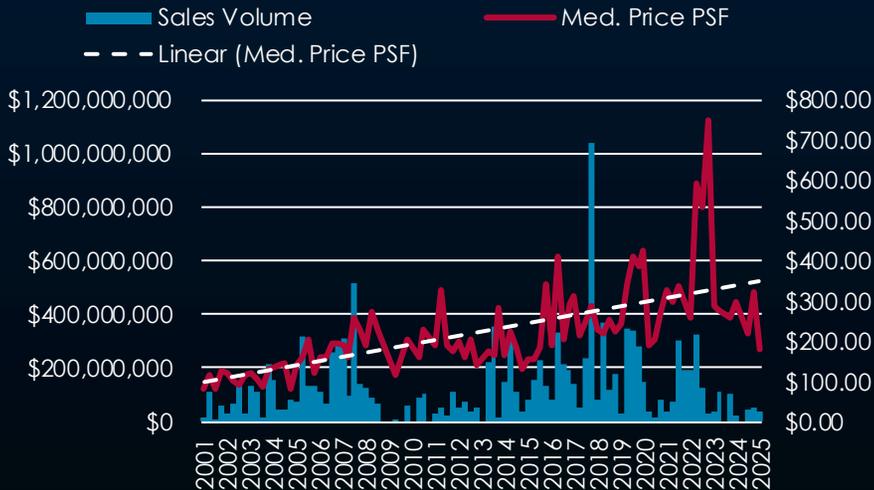
## LEASING ACTIVITY DECLINED 47.8% FROM Q4 TO 390K SF IN Q4



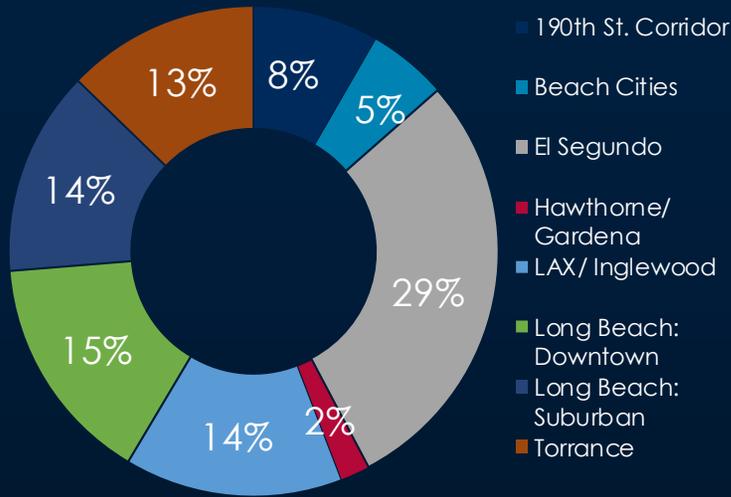
## CONSTRUCTION ACTIVITY NO DELIVERIES IN Q1. UC REVISED TO 139K SF



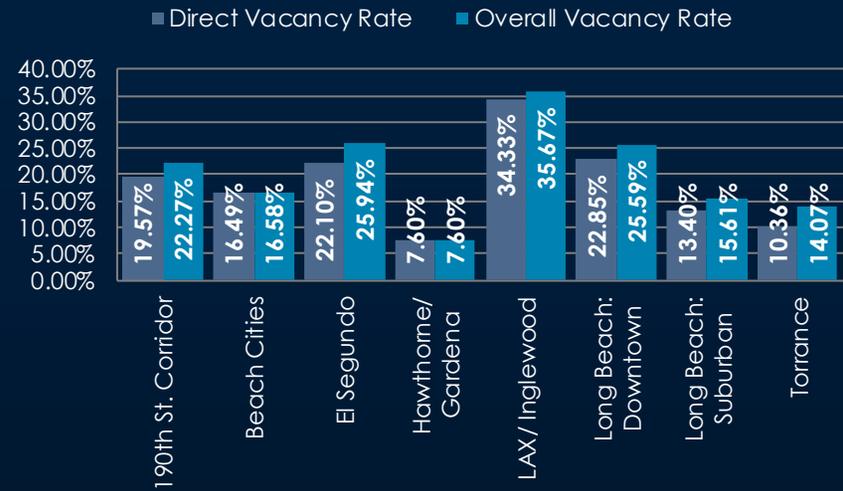
## SALES ONE RECORDED SALE FOR \$37.5M IN EL SEGUNDO AT \$181.45 PSF



## SQUARE FOOT BREAKDOWN- 37,335,539 SF MARKET SIZE



## VACANCY BREAKDOWN



## AVERAGE RENT PSF



## VOLUME BREAKDOWN



## METHODOLOGY & TERMINOLOGY

### Methodology

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### Gross Absorption

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### Net Absorption

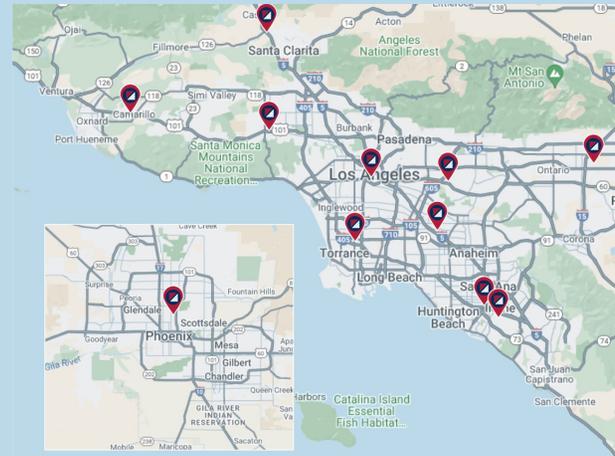
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### Under Construction

Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

### Completed in 2025

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# Market Report

Los Angeles Office

**Westside**



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### MARKET ACTIVITY

<p>Direct Vacancy ▲ 21.5%</p>	<p>Net Absorption ▲ 7,497 SF</p>
<p>Overall Vacancy ▼ 24.9%</p>	<p>Gross Absorption ▲ 1,533,076 SF</p>
<p>Under Construction ▼ 1,142,480 SF</p>	<p>Rental Rates (FSG) ▲ \$5.11</p>
<p>Median Sale \$/SF ▼ N/A</p>	<p>Deal Volume ▼ N/A</p>

### KEY TAKE AWAYS

#### MARKET

- **Vacancy Rate:** Declined 21 bps in Q1 to 24.9%.
- **Net Absorption:** Direct fell in Q1, but overall was stronger.
- **Asking Rents:** Increased by \$0.07 PSF or 1.4% from Q4 to a rate of \$5.11 PSF in Q1.
- **Sales:** No recorded sales in Q1.
- **Trends:** This market will face challenges if technology & entertainment companies begin to reduce their space requirements due to permanent work from home or hybrid policies & changing business climate.

#### ECONOMIC OUTLOOK

- **Interest Rates:** At both the January & March meetings, the FOMC decided hold rates at 4.25-4.50%. FOMC members are only projecting two 25 bps cuts to occur in 2025.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 15.3%. The cost from China/East Asia to North America West Coast declined 63% over Q1, ending at \$2,187 per container. (Freightos). Newly announced sweeping tariffs aimed at resetting global trade will potentially have a significant impact on businesses and consumers. To avoid the impact of the tariffs, businesses may decide to onshore manufacturing. A positive sign for the industrial real estate sector.

### ECONOMIC OUTLOOK

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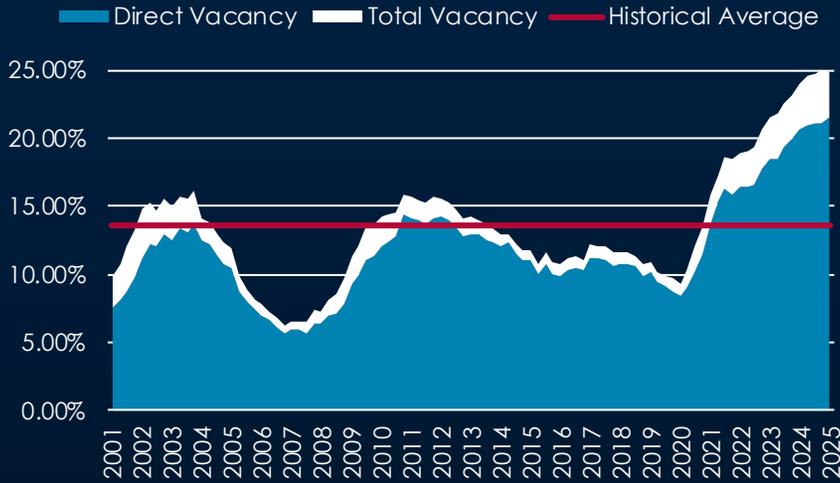
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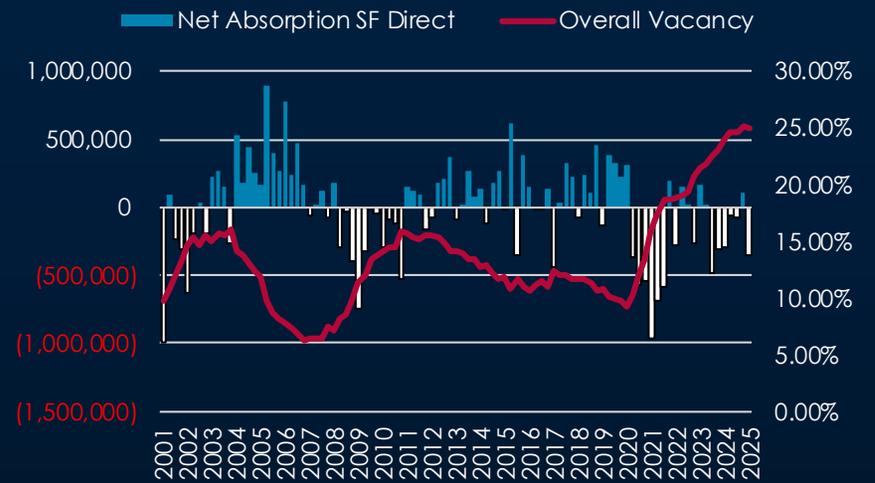


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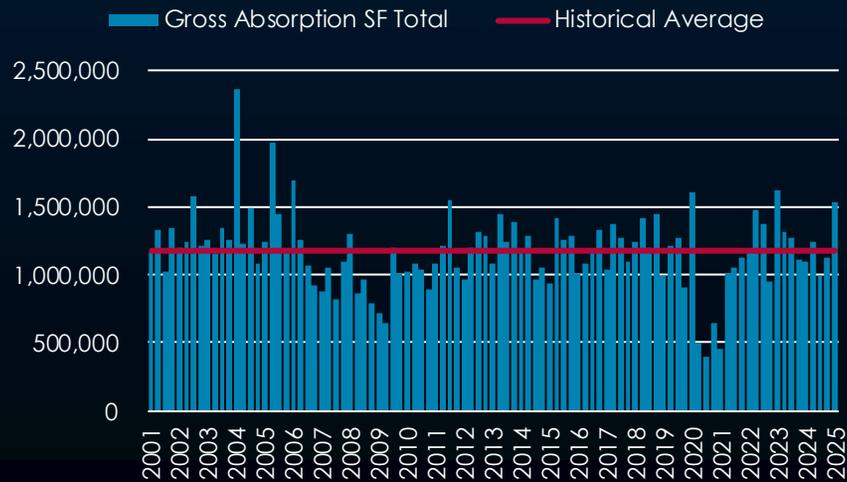
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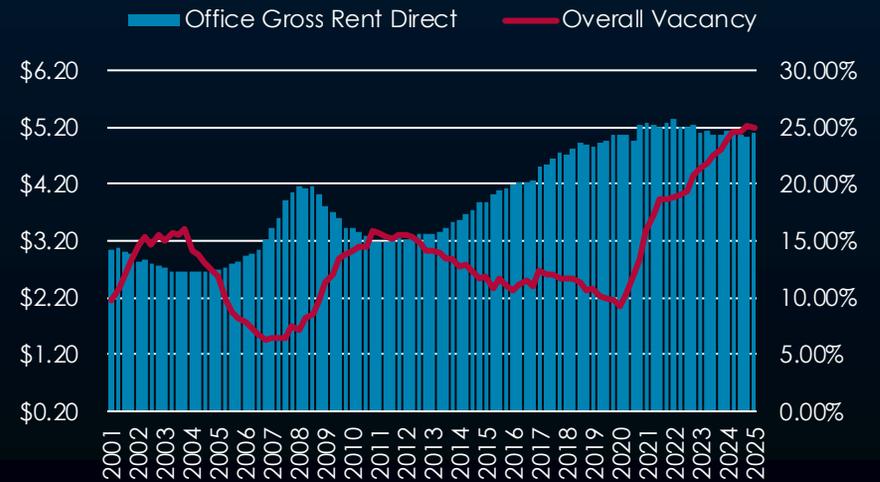
## NET ABSORPTION DIRECT FELL IN Q1, OVERALL IMPROVED TOTALING 7.5K SF



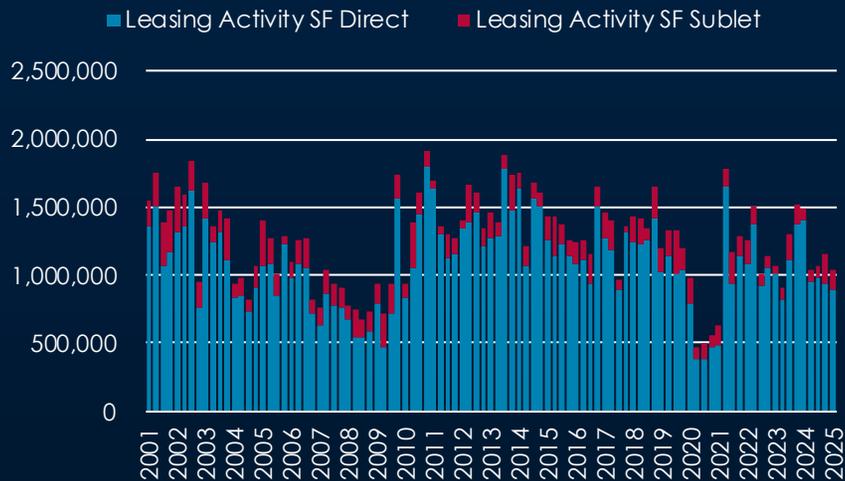
## GROSS ABSORPTION INCREASED 36.1% FROM Q4 TOTALING 1.53M SF IN Q1



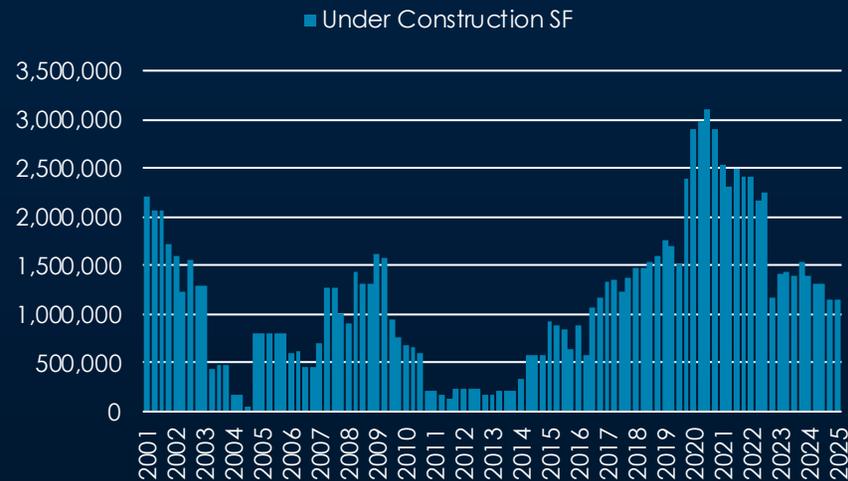
## ASKING RENTS INCREASED BY \$0.07 PSF OR 1.2% TO \$5.11 PSF IN Q1



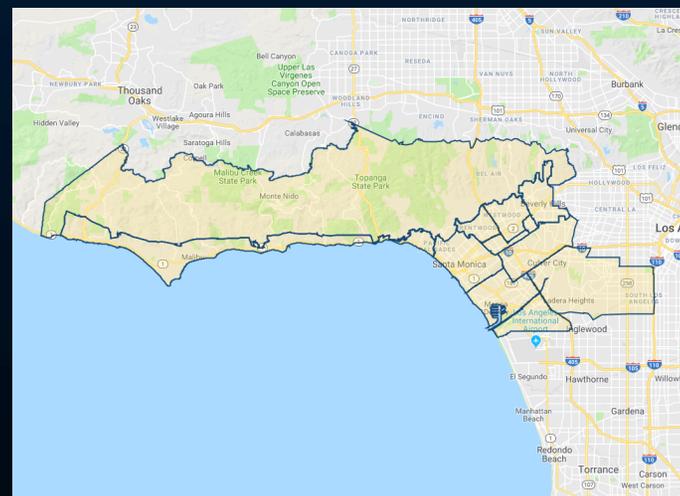
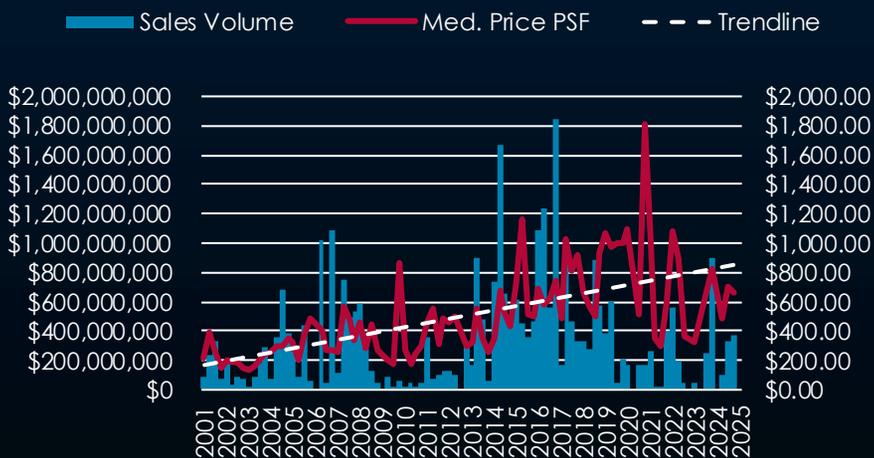
## LEASING ACTIVITY DECLINED BY 9.4% FROM Q4 TOTALING 1.04M SF IN Q1



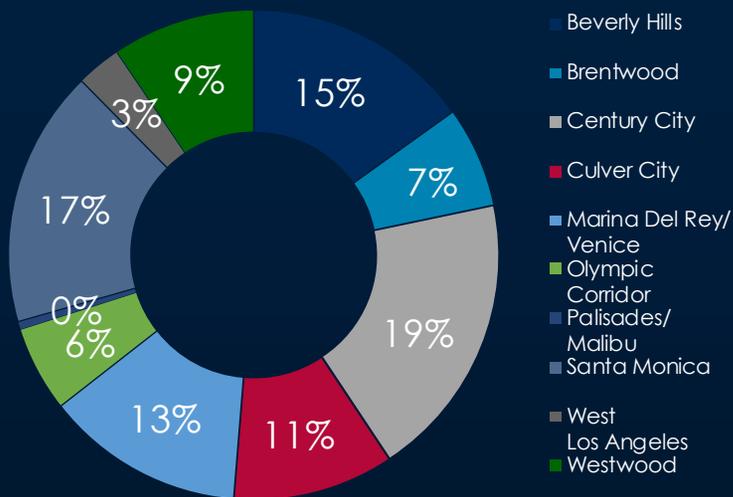
## CONSTRUCTION ACTIVITY NO DELIVERIES IN Q1. UC REVISED TO 1.14M SF



## SALES NO RECORDED SALES IN Q1



## SQUARE FOOT BREAKDOWN- 57,899,272 SF MARKET SIZE



## VACANCY BREAKDOWN



## AVERAGE RENT PSF



## VOLUME BREAKDOWN



## METHODOLOGY & TERMINOLOGY

### Methodology

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### Direct Vacant SF

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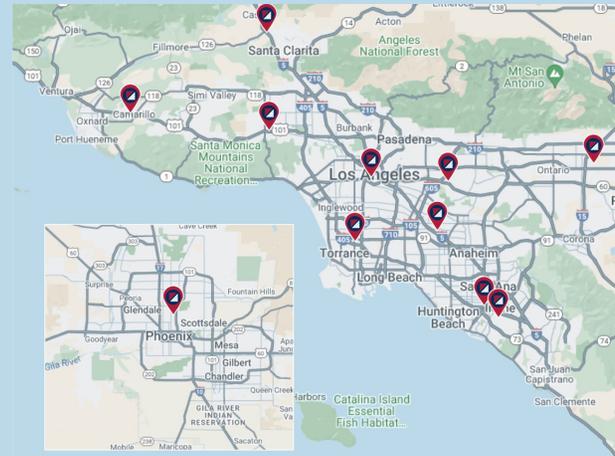
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LOS ANGELES NORTH	21820 BURBANK BLVD, SUITE 130 WOODLAND HILLS, CA 91367	818-887-3600
SANTA CLARITA VALLEY	27200 TOURNEY RD. SUITE 425 VALENCIA, CA 91355	661-705-2299
SAN GABRIEL VALLEY	13181 CROSSROADS PKWY N. SUITE 100 CITY OF INDUSTRY, CA 91746	562-695-7244
SOUTH BAY	19191 S VERMONT AVE. SUITE 850 TORRANCE, CA 90502	310-538-6700
MID-COUNTIES	13810 CERRITOS CORPORATE DR. SUITE C CERRITOS, CA 90703	562-207-3300
ORANGE COUNTY	4400 MACARTHUR BLVD. SUITE 950 NEWPORT BEACH, CA 92660	949-724-1900
VENTURA COUNTY	751 DAILY DR. SUITE 105 CAMARILLO, CA 93010	805-987-8866
INLAND EMPIRE	3595 E INLAND EMPIRE BLVD. BLDG 5 ONTARIO, CA 91764	909-980-1234
PHOENIX	1702 E HIGHLAND AVE. SUITE 120 PHOENIX, AZ 85016	602-957-7300
INVESTMENT DIVISION	650 TOWN CENTER DR. SUITE 120 COSTA MESA, CA 92626	949-341-4500
INDIAN WELLS	74900 HIGHWAY 111, SUITE 221 INDIAN WELLS, CA 92210	760-253-8539

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

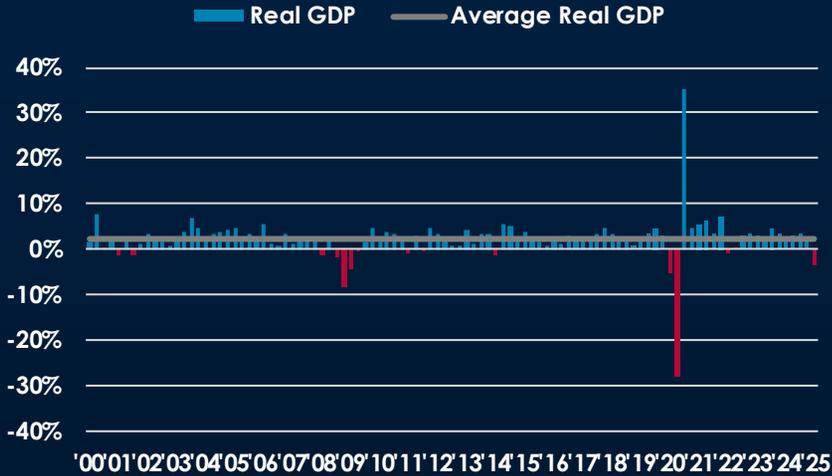
# Economic Overview



Q1 2025

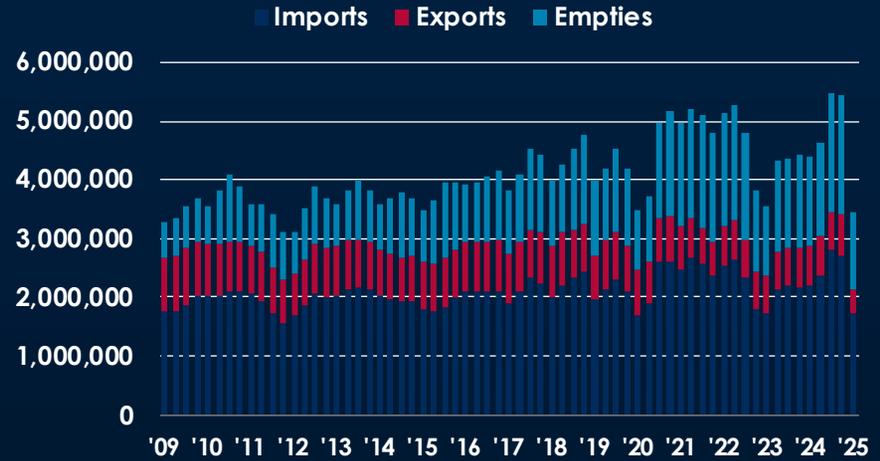
Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

GDP IN Q4 FINISHED AT 2.4%. Q1 ESTIMATE AT -3.7% PER GDPNOW

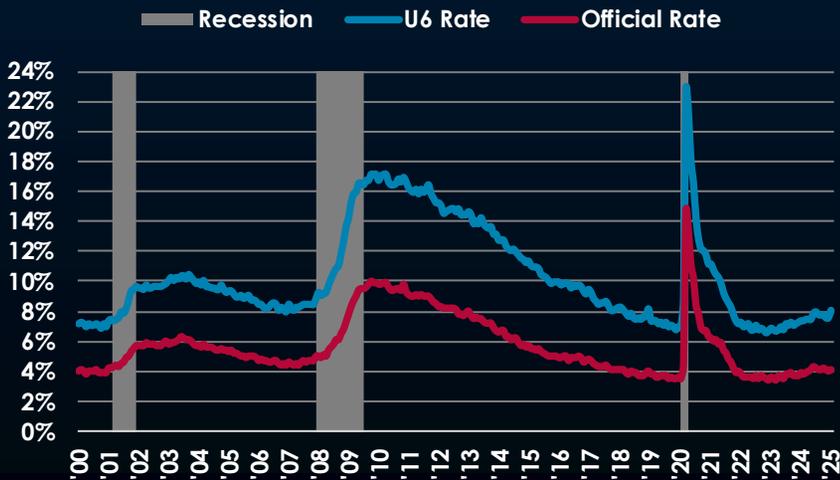


\*-3.7% Estimate for Q1-25 from the Federal Reserve Bank of Atlanta GDPNow

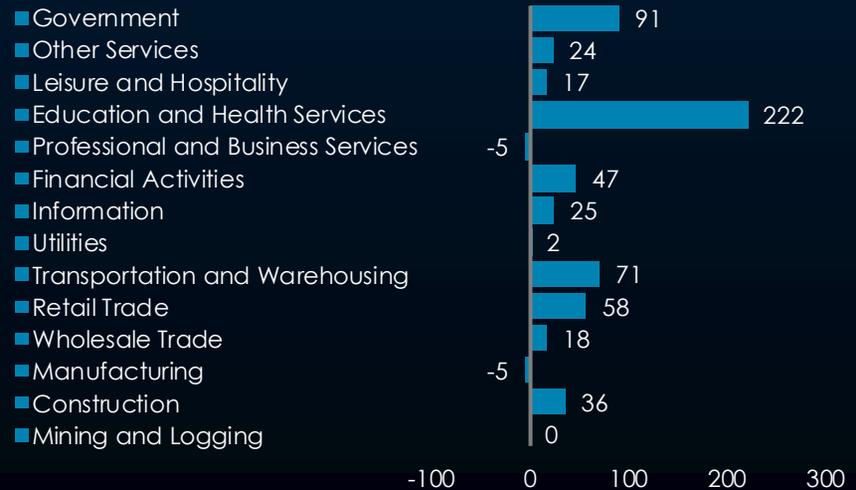
PORT ACTIVITY IN Q4 WAS UP 22.8% Y/Y. YTD 2025 UP 15.3% Y/Y



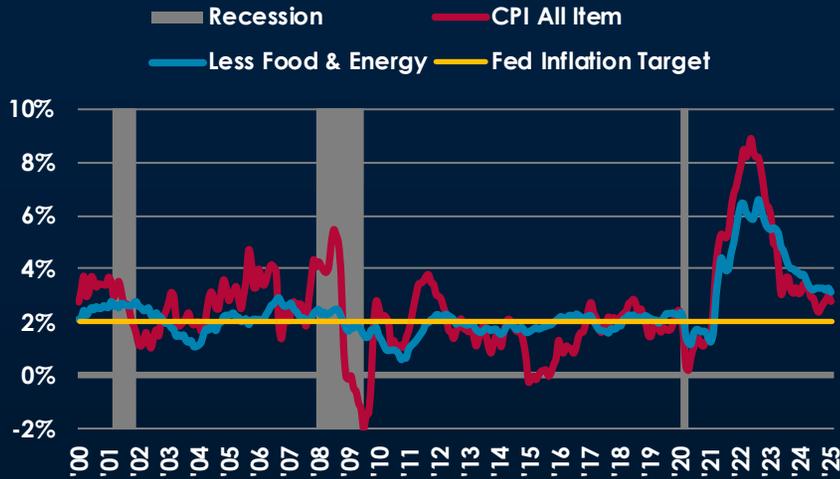
LABOR MARKET SHOWING SIGNS OF SOFTENING, BUT REMAINS RESILIENT



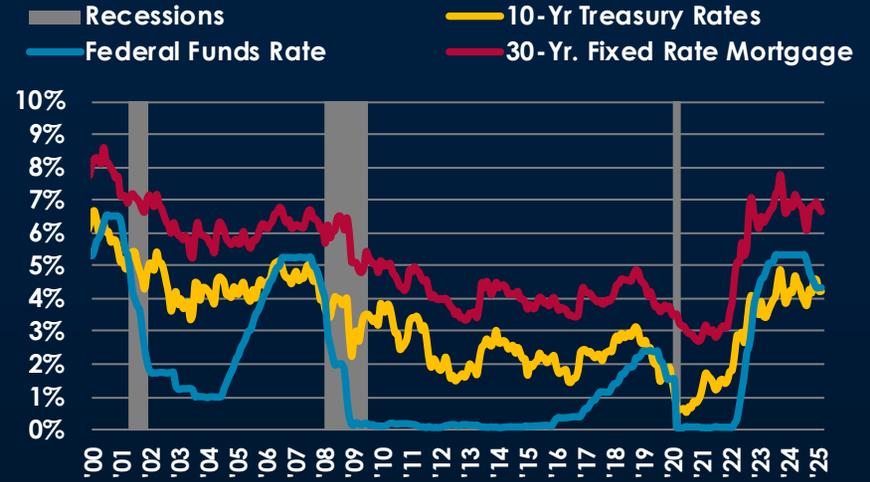
EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q1



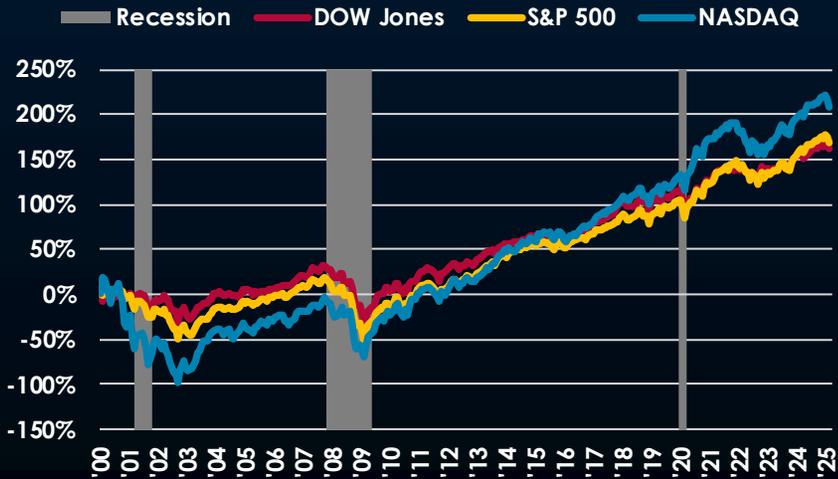
CONTINUES TO REMAIN ABOVE THE FED TARGET OF 2%



THE FED HELD RATES IN JAN & MARCH. 10 YR DOWN 35 BPS IN Q1



THE MAJOR INDEXES WERE DOWN AN AVERAGE OF 5.4% IN Q1



10-2 YEAR YIELD CURVE STEEPENED IN Q1

