

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q2 | 2025

Market Report

Los Angeles Office

West/ South



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MARKET REPORT Q2

Office 2025 Los Angeles West/ South



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Increased 9 bps in Q2 to 24.74%.
- **Net Absorption:** Remains negative, but improved demand in Q2 totaling -87K SF.
- **Sales:** Three recorded sales in Q2 totaling \$307M in volume. All sales were located in the Westside Market. Institutional capital eyeing Class A assets.
- **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 May & June meetings, the FOMC decided hold rates at 4.25-4.50%. FOMC members are still projecting two 25 bps cuts to occur in 2025. With the first cut likely in September.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 10.2%. The cost from China/East Asia to the West Coast increased 55% over Q2, ending at \$3,389 per container. (Freightos). The US tariff landscape remains highly fluid with the July 9 deadline for the 90-day pause on "reciprocal tariffs" approaching. Current rates include a 10% baseline tariff on most imports plus country-specific levies. Onshoring trends are driving strong demand for industrial properties as companies relocate in US.


Direct Vacancy
⬆ 21.52%


Net Absorption
⬆ -86,619 SF


Overall Vacancy
⬆ 24.74%


Gross Absorption
⬆ 1,931,691 SF


Under Construction
⬆ 1,860,686 SF


Rental Rates (FSG)
⬆ \$3.83


Median Sale \$/SF
⬆ \$511.73



Deal Volume
⬆ \$307M


U.S. Employment
⬆ 4.1%


U6 Rate
⬆ 7.7%


Interest Rate
⬆ 6.77%
(30 year fixed)


Changing GDP
⬆ 2.5%


Port Traffic Y/Y Δ
⬆ 10.2%


NYSE Performance
⬆ 11.1%


Inflation Change
⬆ 2.38%


10 Yr. - 2 Yr. Spread
⬆ 52 BPS

EXPERIENCE IN A CHANGING MARKET

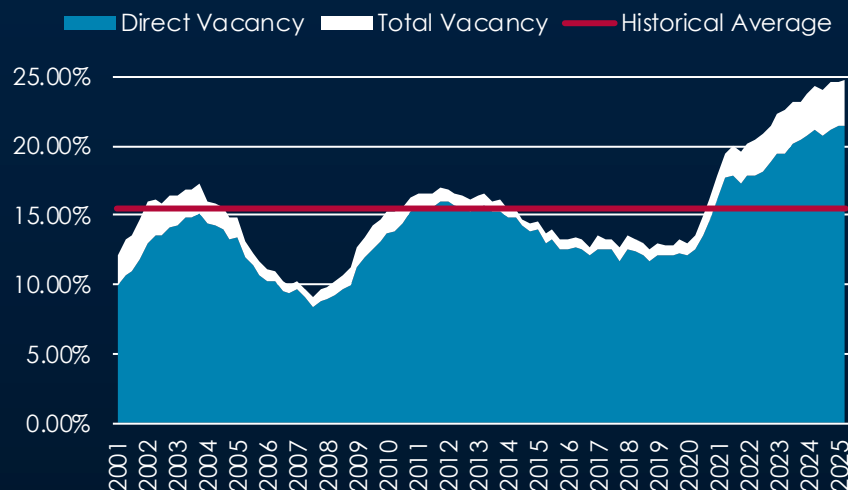
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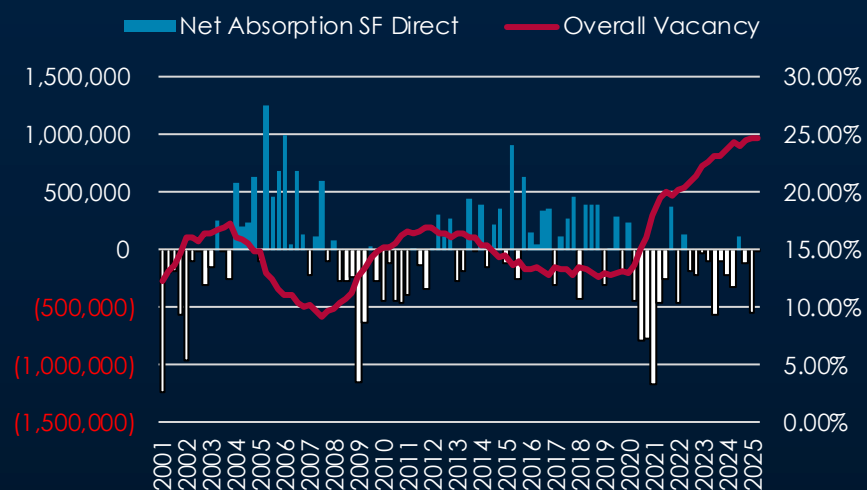
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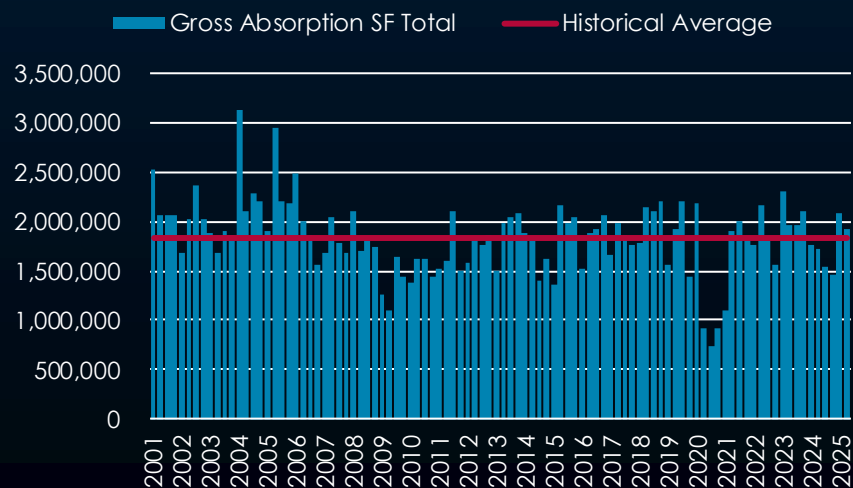
OVERALL VACANCY INCREASED BY 9 BPS FROM Q1 TO 24.74% IN Q2



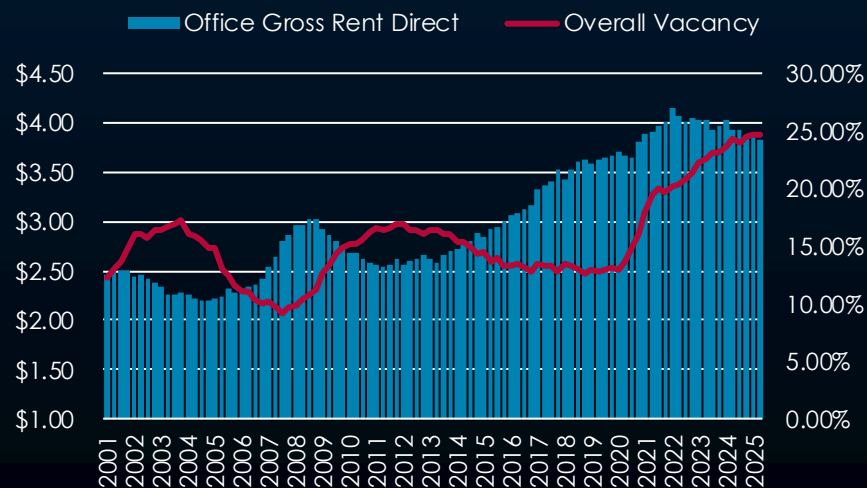
NET ABSORPTION STRONGER DEMAND IN Q2 TOTALING -87K SF



GROSS ABSORPTION DECLINED BY 7.0% FROM Q1 TO 1.93M SF IN Q2

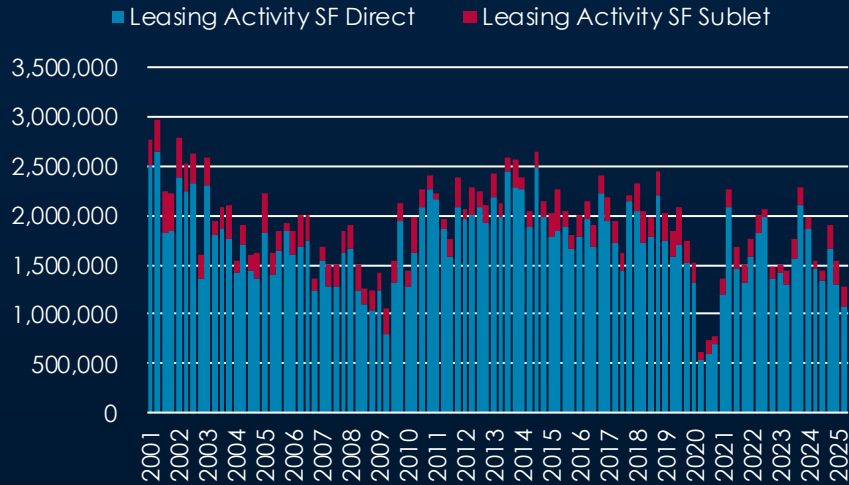


ASKING RENTS DECLINED 1.3% OR \$0.05 TO \$3.83 PSF IN Q2

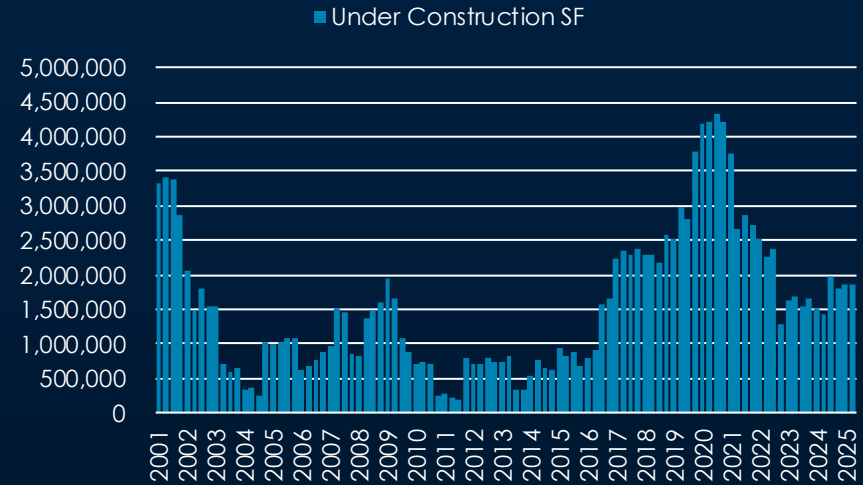


Q2 Market Report

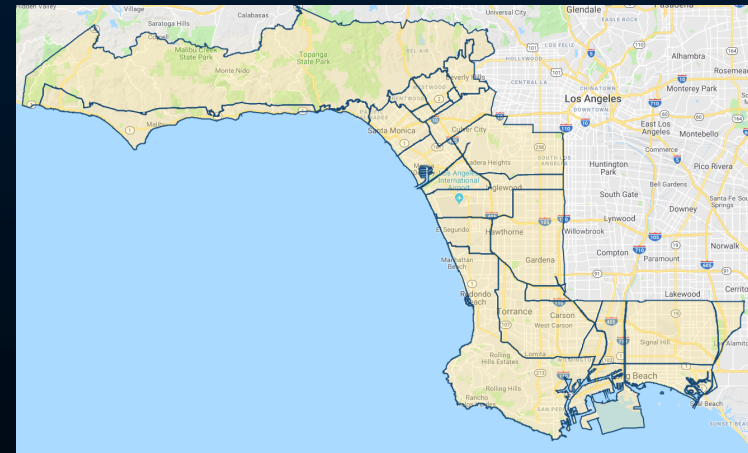
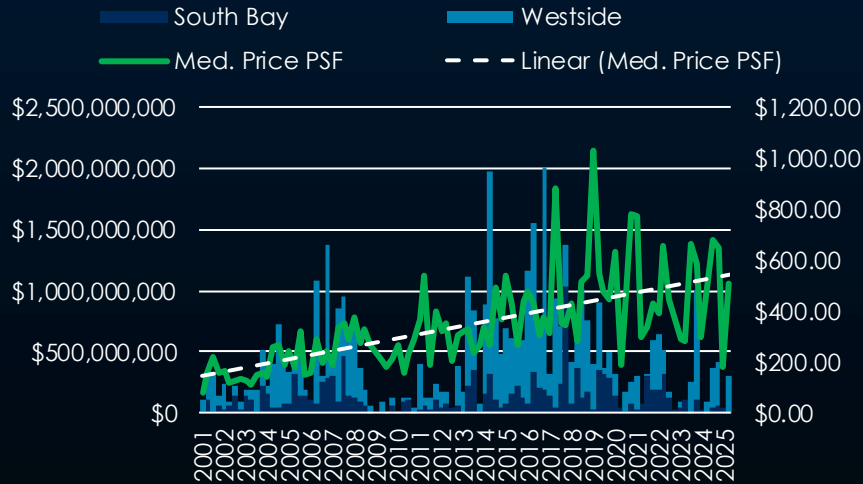
LEASING ACTIVITY
TOTALLED 1.28M SF IN Q2. DOWN 17.5% FROM Q1



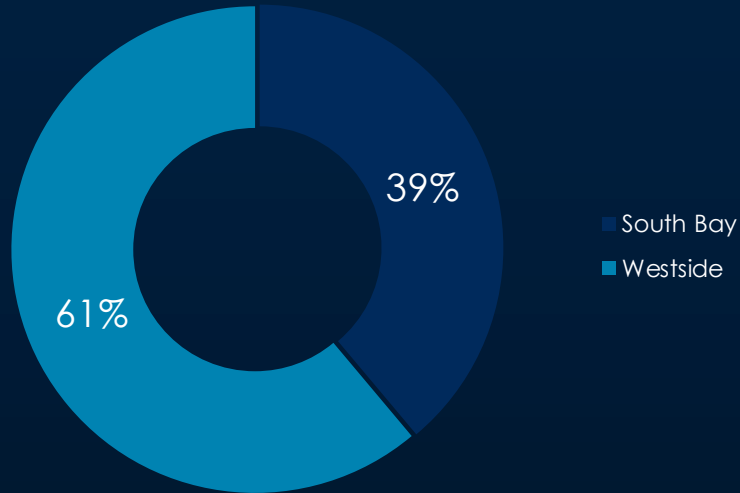
CONSTRUCTION ACTIVITY
NO DELIVERIES IN Q2. UC REVISED TO 1.86M SF



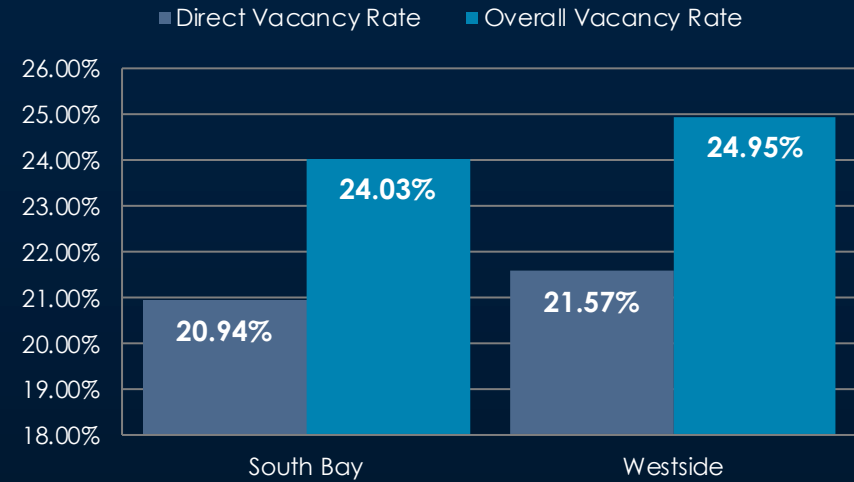
SALES
THREE SALES IN Q2 ALL LOCATED IN THE WESTSIDE MARKET



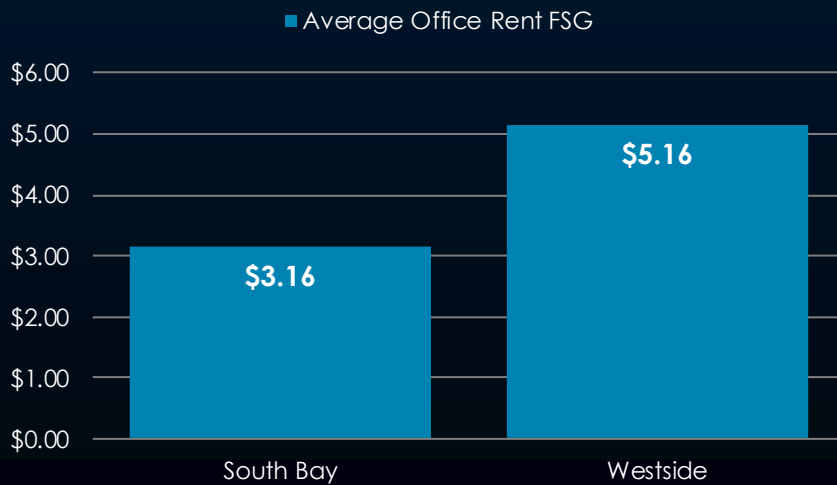
SQUARE FOOT BREAKDOWN- 94,747,332 SF MARKET SIZE



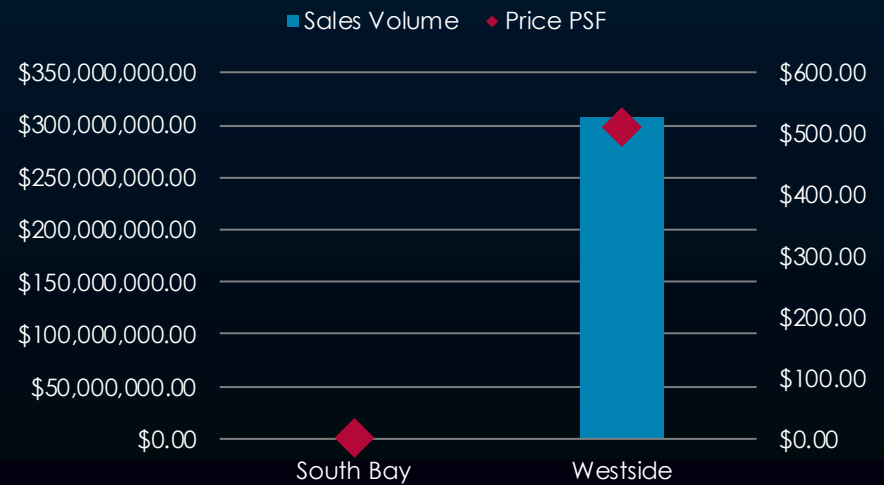
VACANCY BREAKDOWN



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

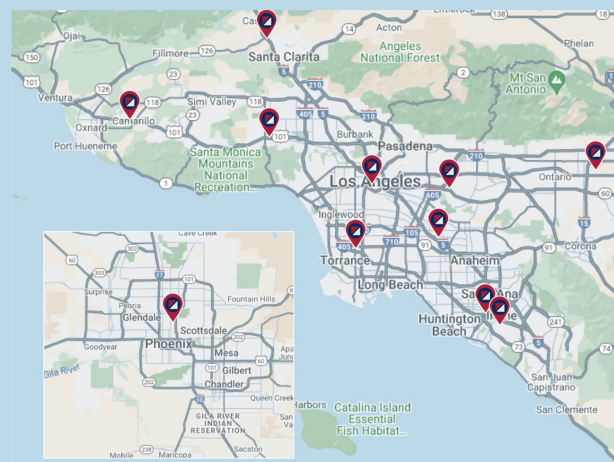
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

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
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

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Q2 | 2025

Market Report

Los Angeles Office

South Bay



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MARKET REPORT Q2

Office 2025 Los Angeles South Bay



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Increased by 24 bps from revised Q1 to 24.03% in Q2.
- **Net Absorption:** Direct was positive in Q2, but overall remained negative at -89K SF.
- **Sales:** No recorded sales in Q2.
- **Asking Rents:** Increased by 1.0% or \$0.03 PSF to a rate of \$3.16 PSF in Q2.

ECONOMIC OUTLOOK

- **Interest Rates:** At both the May & June meetings, the FOMC decided hold rates at 4.25-4.50%. FOMC members are still projecting two 25 bps cuts to occur in 2025. With the first cut likely in September.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 10.2%. The cost from China/East Asia to the West Coast increased 55% over Q2, ending at \$3,389 per container. (Freightos). The US tariff landscape remains highly fluid with the July 9 deadline for the 90-day pause on "reciprocal tariffs" approaching. Current rates include a 10% baseline tariff on most imports plus country-specific levies. Onshoring trends are driving strong demand for industrial properties as companies relocate in US.


Direct Vacancy
⬆ 20.94%


Net Absorption
⬆ -89,094 SF


Overall Vacancy
⬆ 24.03%


Gross Absorption
⬆ 695,767 SF


Under Construction
⬆ 176,794 SF


Rental Rates (FSG)
⬆ \$3.16


Median Sale \$/SF
⬆ N/A


Deal Volume
⬆ N/A


U.S. Employment
⬆ 4.1%



U6 Rate
⬆ 7.7%



Interest Rate
⬆ 6.77%
(30 year fixed)


Changing GDP
⬆ 2.5%


Port Traffic Y/Y Δ
⬆ 10.2%


NYSE Performance
⬆ 11.1%


Inflation Change
⬆ 2.38%


10 Yr. - 2 Yr. Spread
⬆ 52 BPS

EXPERIENCE IN A CHANGING MARKET

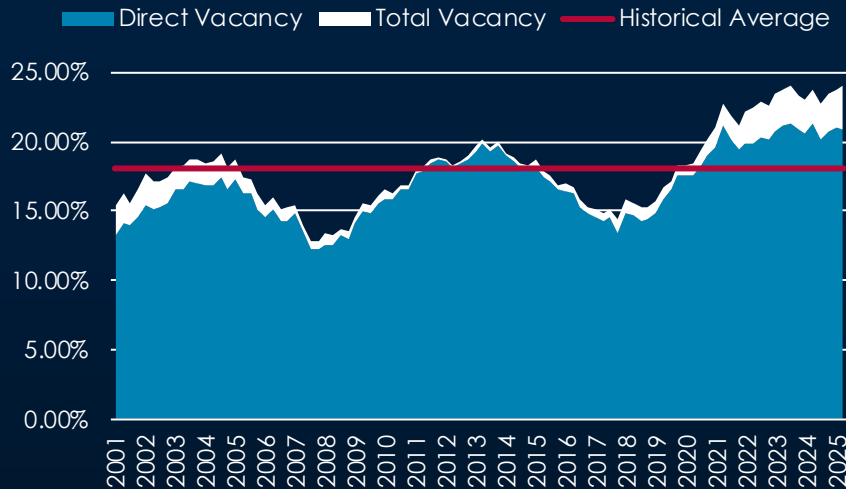
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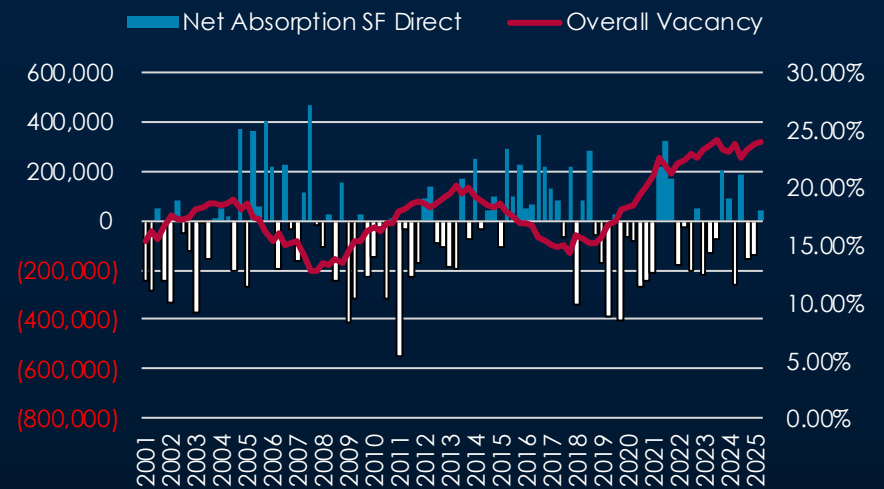
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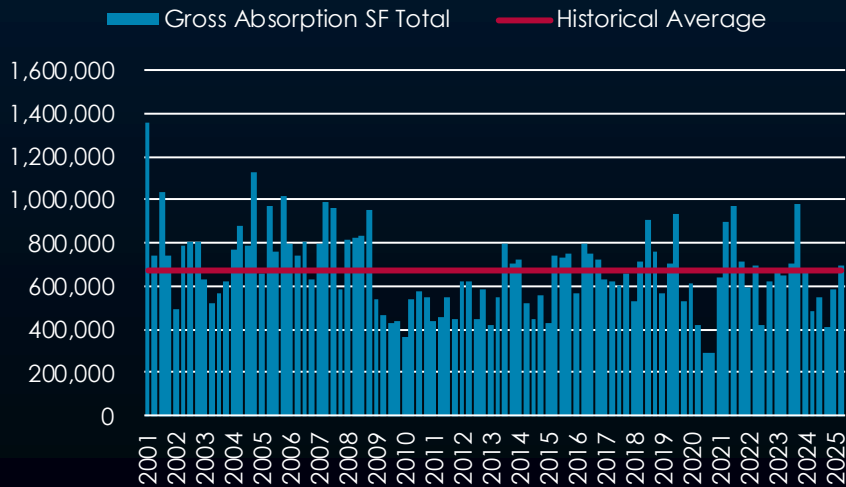
OVERALL VACANCY INCREASED BY 24 BPS FROM REVISED Q1 TO 24.03% IN Q2



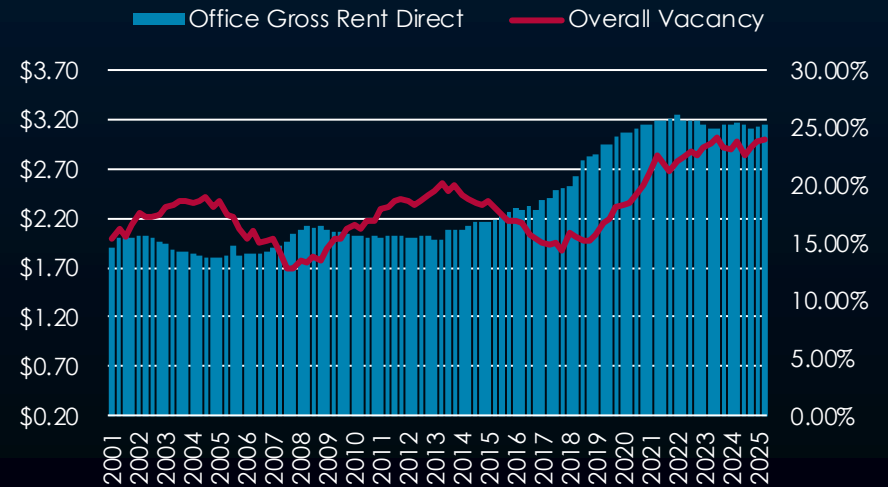
NET ABSORPTION DIRECT WAS POSITIVE IN Q2, BUT OVERALL NEGATIVE AT -89K SF



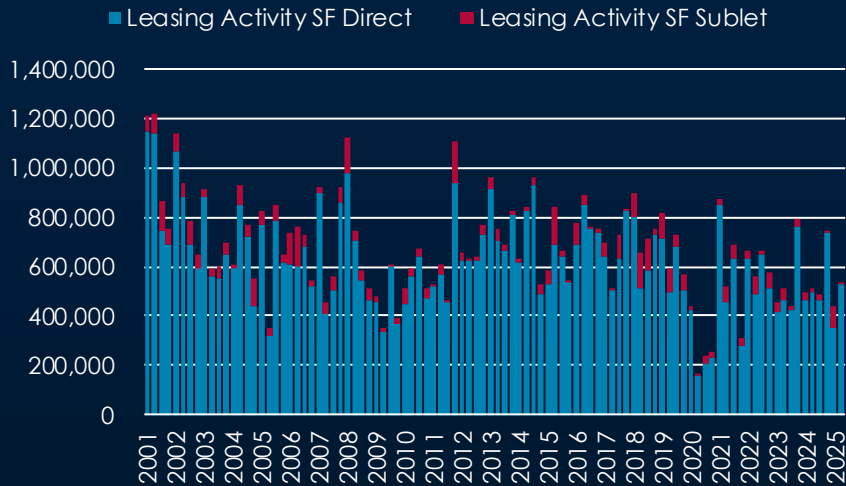
GROSS ABSORPTION INCREASED 18.5% FROM Q1 TO 696K SF IN Q2



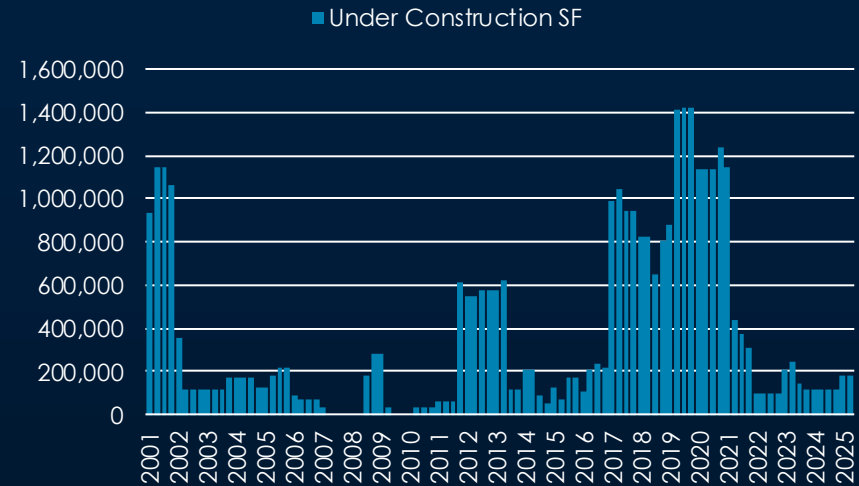
ASKING RENTS INCREASED BY 1.0% OR \$0.03 PSF TO A RATE OF \$3.16 PSF IN Q2



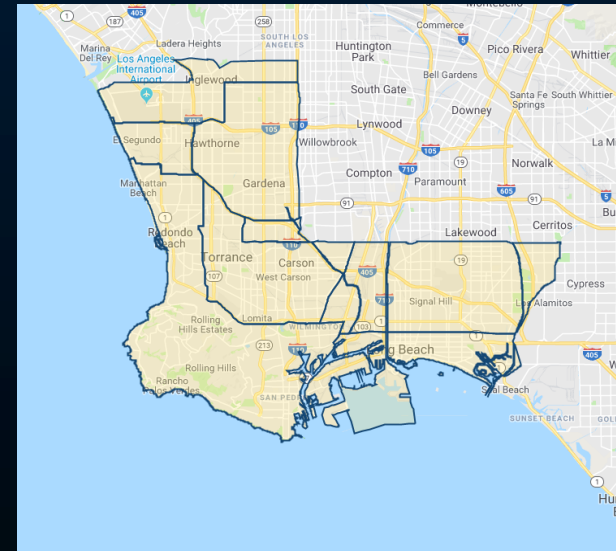
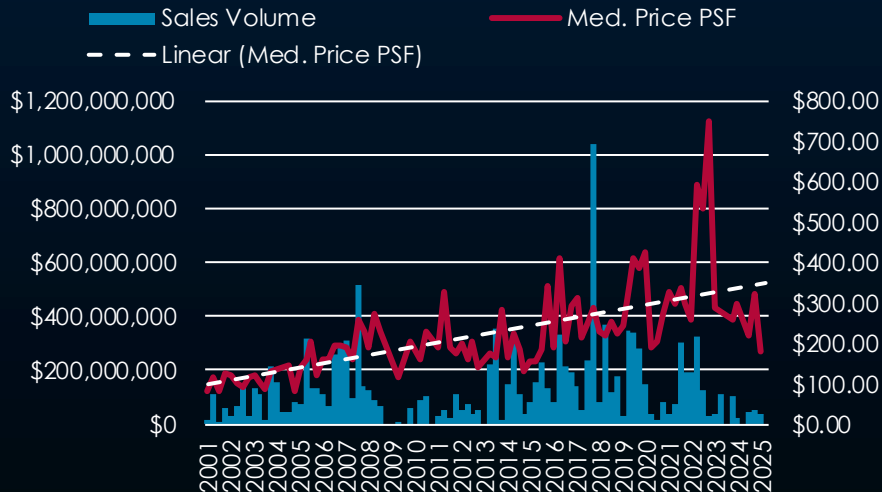
LEASING ACTIVITY INCREASED 20.7% FROM Q1 TO 534K SF IN Q2



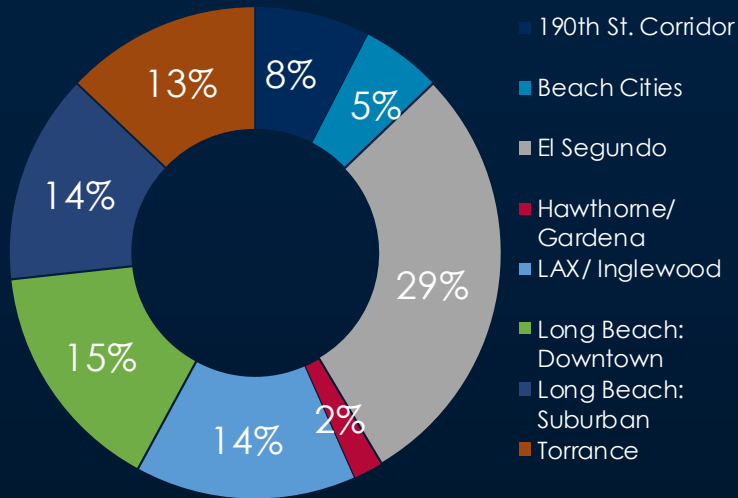
CONSTRUCTION ACTIVITY NO DELIVERIES IN Q2. UC REVISED TO 177K SF



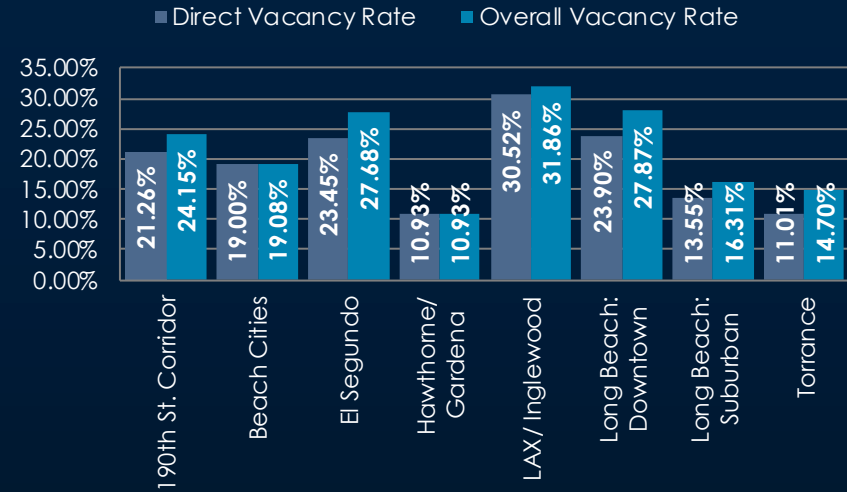
SALES NO RECORDED SALES IN Q2



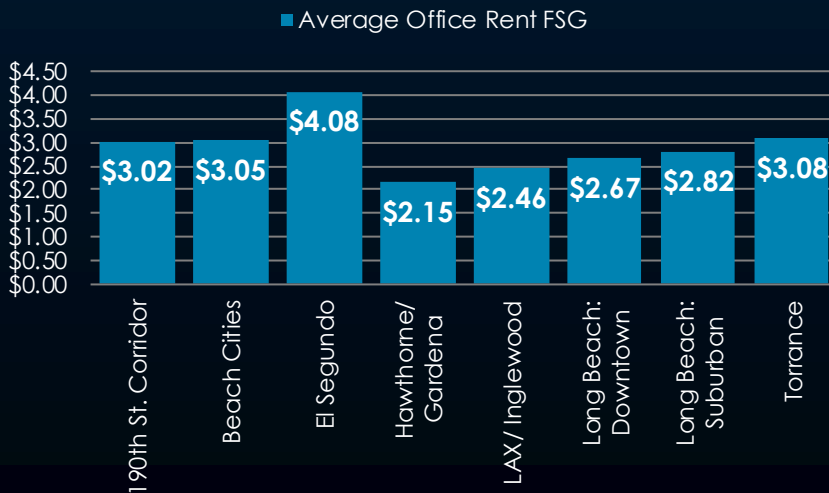
SQUARE FOOT BREAKDOWN- 36,848,060 SF MARKET SIZE



VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

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Direct Vacant SF

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Net Absorption

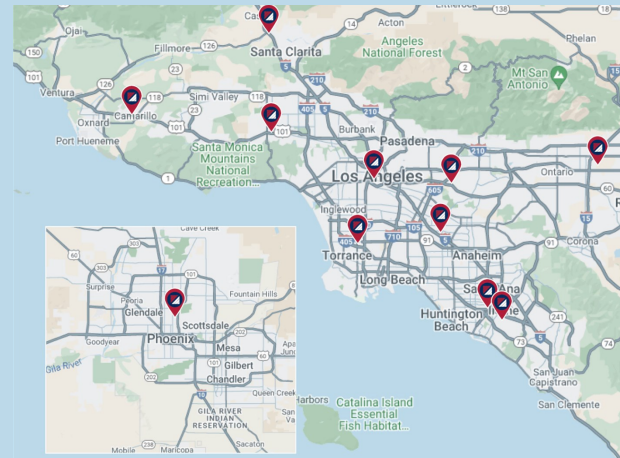
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Under Construction

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Completed in 2025

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Westside



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MARKET REPORT Q2

Office 2025 Los Angeles Westside



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Marginal decline of 1 bps to 25.19%.
- **Net Absorption:** Improved demand in Q2.
- **Asking Rents:** Increased by \$0.05 PSF or 1.0% from Q1 to a rate of \$5.16 PSF in Q2.
- **Sales:** Three recorded sales in Q2. Fenway Capital Advisors purchased the Entrada at 6181 W Centinela Ave for \$130M. Barings purchased ilo at Playa Vista for \$150.7M. Institutional capital is beginning to flow back into the office sector.

ECONOMIC OUTLOOK

- **Interest Rates:** At both the May & June meetings, the FOMC decided hold rates at 4.25-4.50%. FOMC members are still projecting two 25 bps cuts to occur in 2025. With the first cut likely in September.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 10.2%. The cost from China/East Asia to the West Coast increased 55% over Q2, ending at \$3,389 per container. (Freightos). The US tariff landscape remains highly fluid with the July 9 deadline for the 90-day pause on "reciprocal tariffs" approaching. Current rates include a 10% baseline tariff on most imports plus country-specific levies. Onshoring trends are driving strong demand for industrial properties as companies relocate in US.


Direct Vacancy
⬆ 21.89%


Net Absorption
⬆ 4,199 SF


Overall Vacancy
⬆ 25.19%


Gross Absorption
⬆ 1,235,924 SF


Under Construction
⬆ 1,683,892 SF


Rental Rates (FSG)
⬆ \$5.16


Median Sale \$/SF
⬆ \$511.73


Deal Volume
⬆ \$307M


U.S. Employment
⬆ 4.1%



U6 Rate
⬆ 7.7%


Interest Rate
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(30 year fixed)


Changing GDP
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Port Traffic Y/Y Δ
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NYSE Performance
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Inflation Change
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10 Yr. - 2 Yr. Spread
⬆ 52 BPS

EXPERIENCE IN A CHANGING MARKET

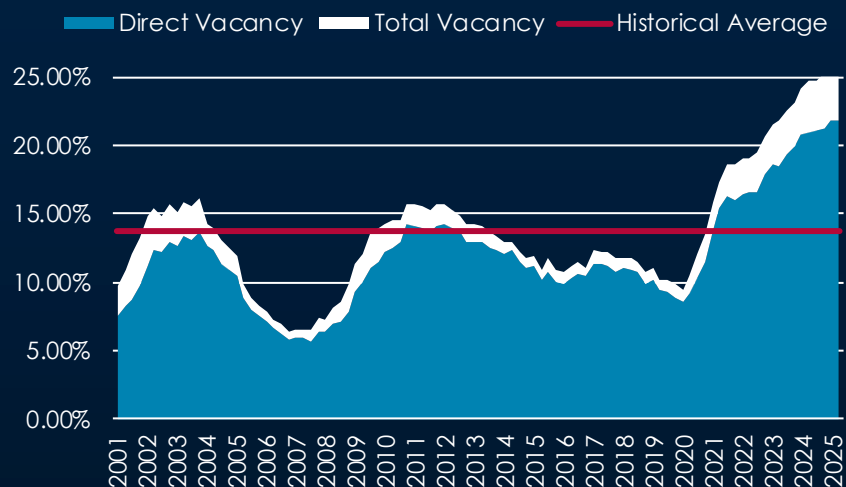
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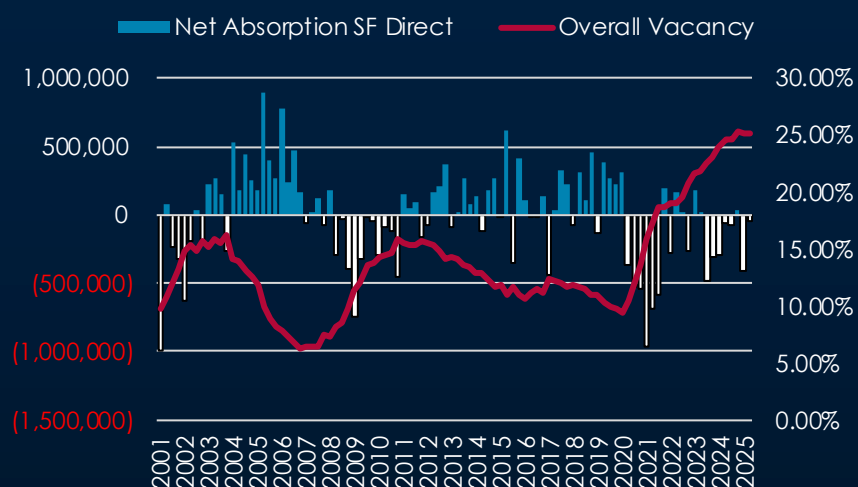
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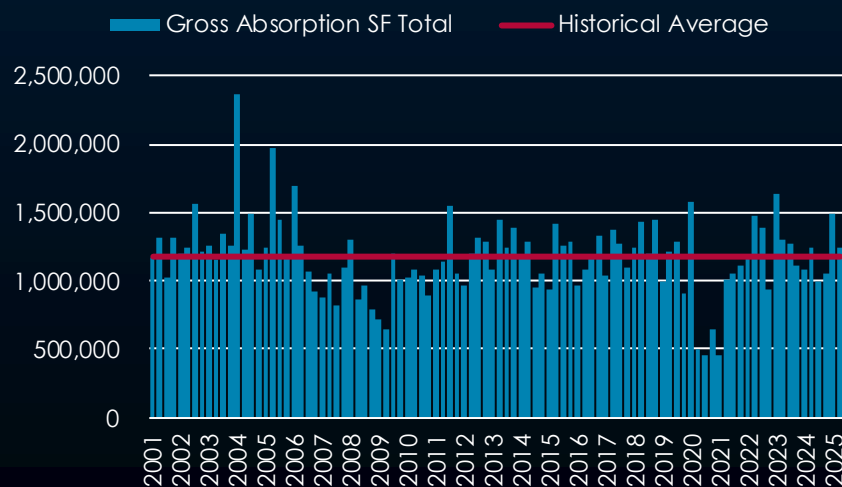
OVERALL VACANCY MARGINAL DECLINE OF 1 BPS FROM REVISED Q1 TO 25.19% IN Q2



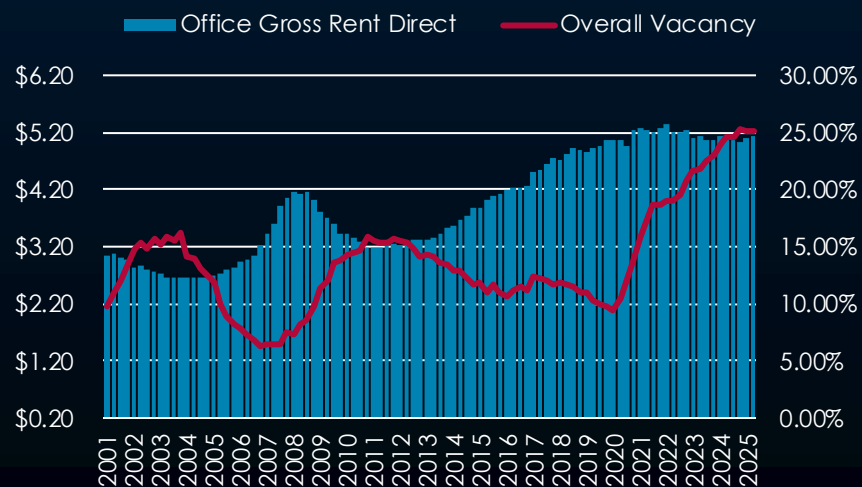
NET ABSORPTION STRONGER DEMAND FROM REVISED Q1 IN Q2 TOTALING 4.2K SF



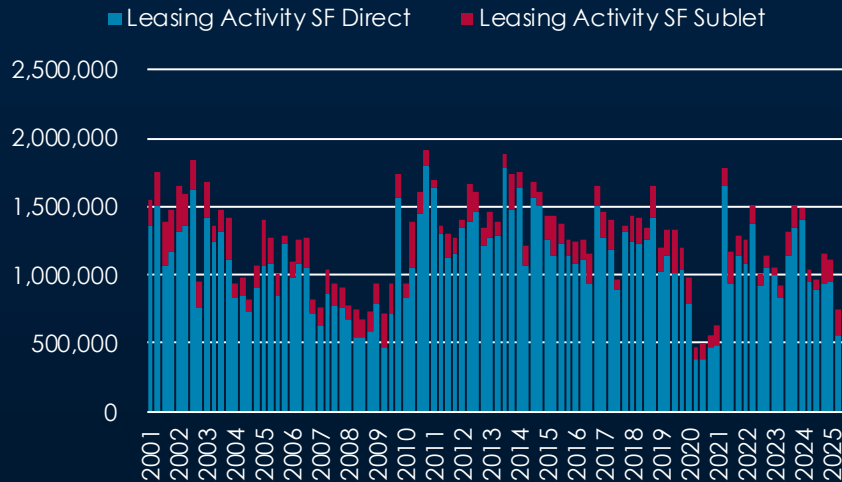
GROSS ABSORPTION DECLINED 17% FROM Q1 TOTALING 1.23M SF IN Q2



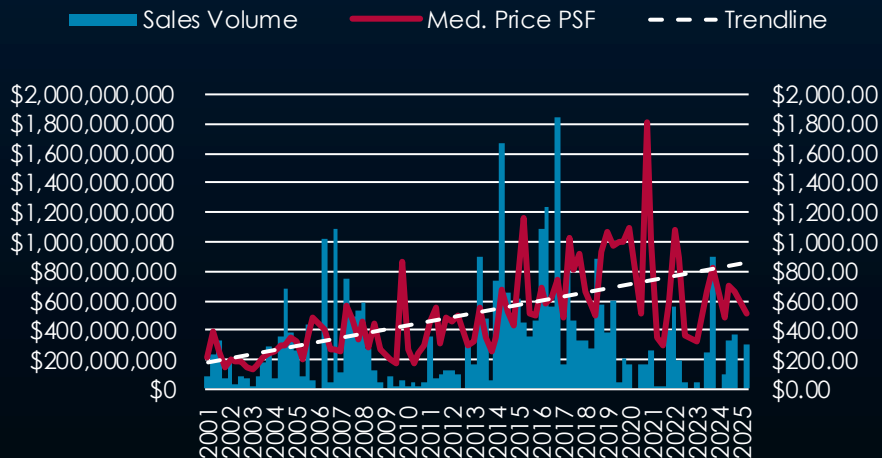
ASKING RENTS INCREASED BY \$0.05 PSF OR 1.0% TO \$5.16 PSF IN Q2



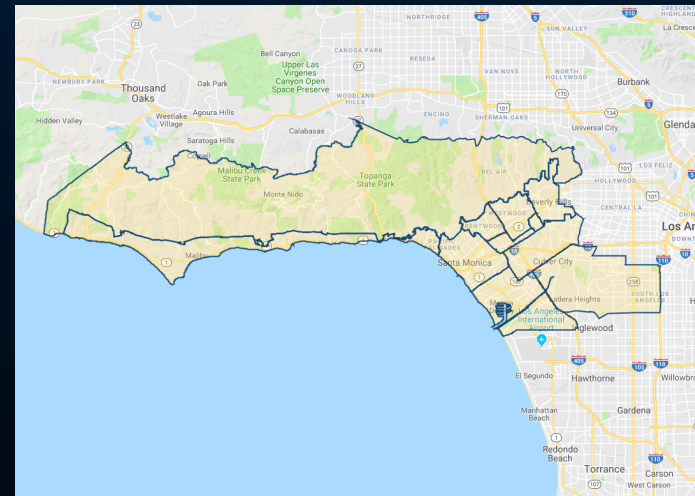
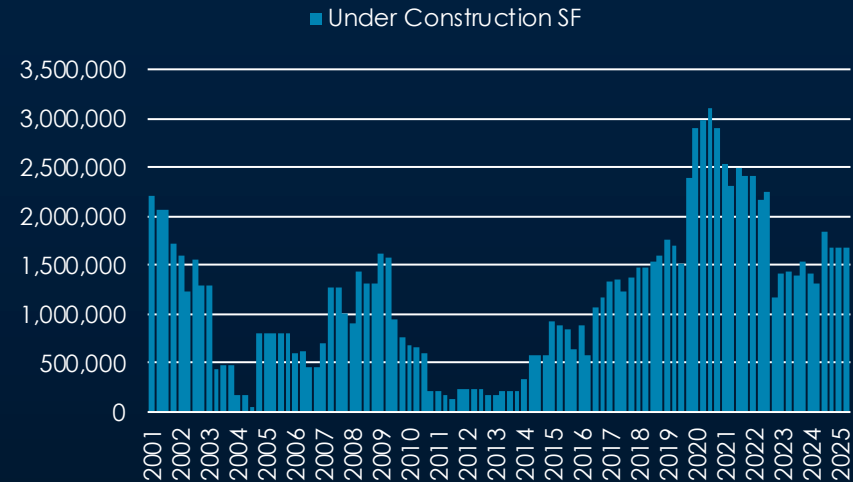
LEASING ACTIVITY DECLINED BY 32.7% FROM Q1 TOTALING 746K SF IN Q2



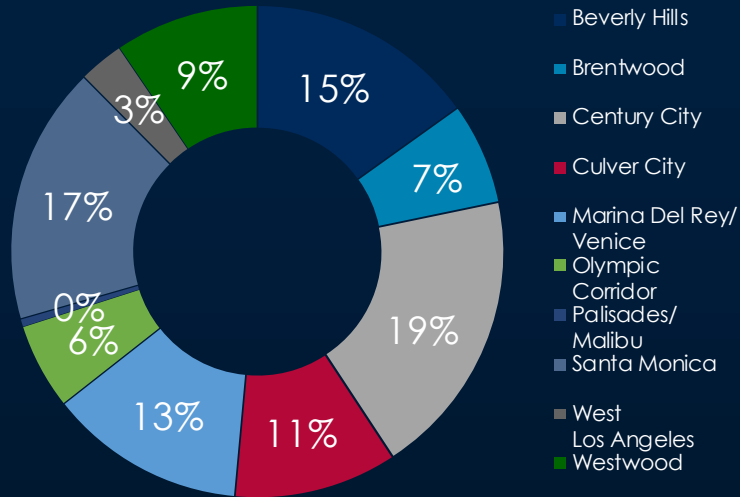
SALES THREE RECORDED SALES IN Q2 TOTALING \$307M IN VOLUME



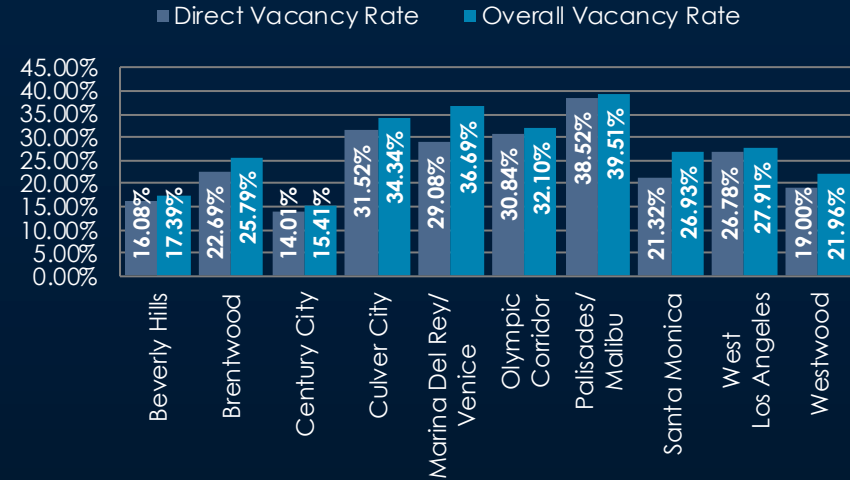
CONSTRUCTION ACTIVITY NO DELIVERIES IN Q2. UC REVISED AT 1.68M SF



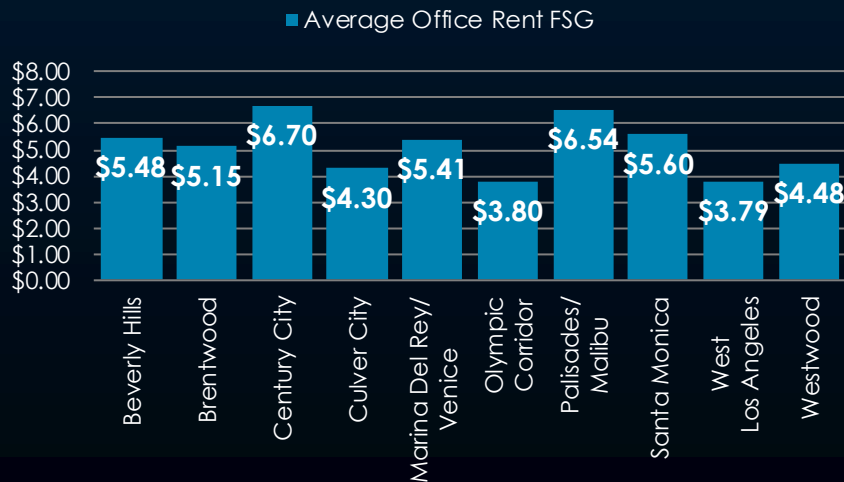
SQUARE FOOT BREAKDOWN- 57,748,786 SF MARKET SIZE



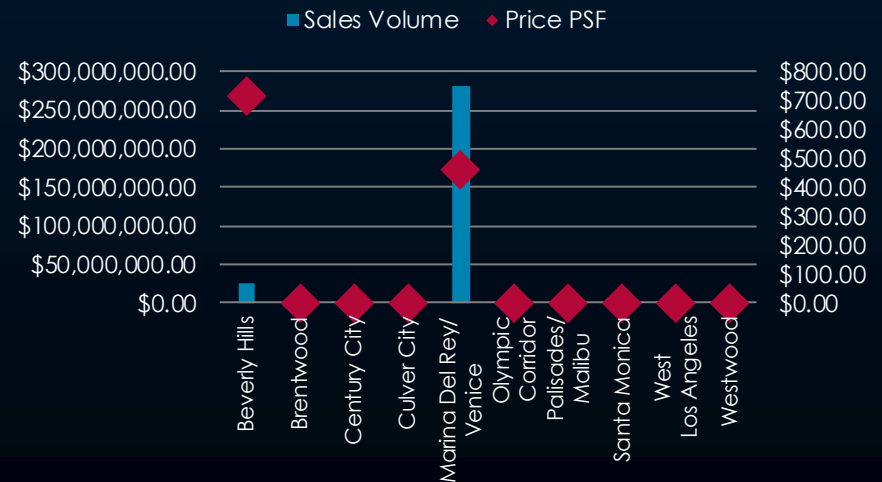
VACANCY BREAKDOWN



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

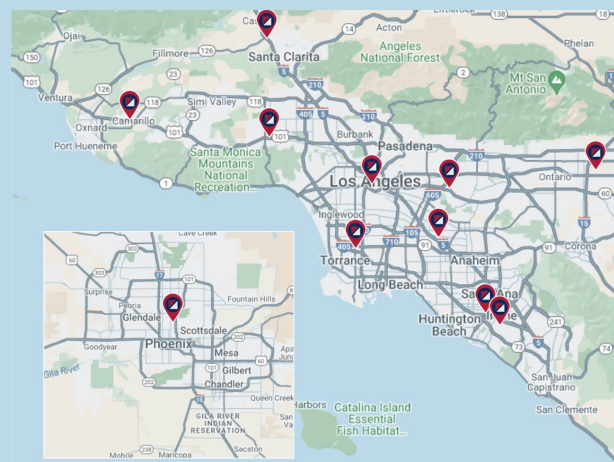
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

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
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

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//////////////////// Los Angeles //////////////////////

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////////// Orange County //////////

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////////// Ventura //////////

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////////// Inland Empire //////////

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////////// Phoenix //////////

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Economic Overview

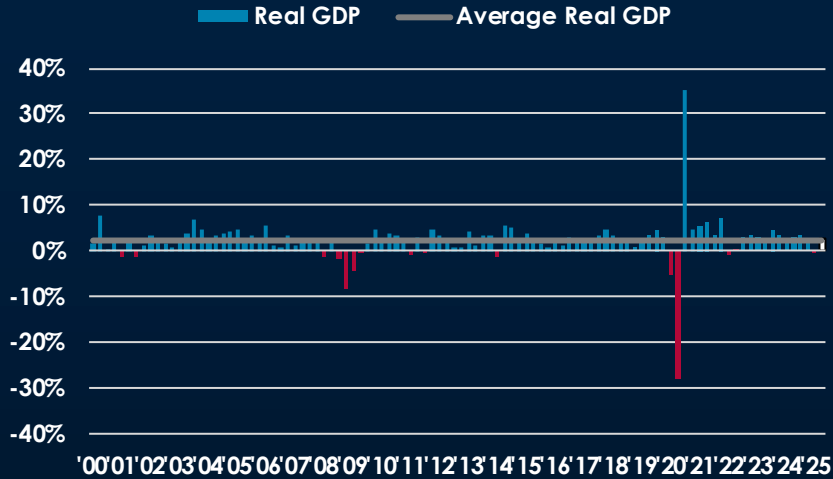


////////// Q2 2025

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.

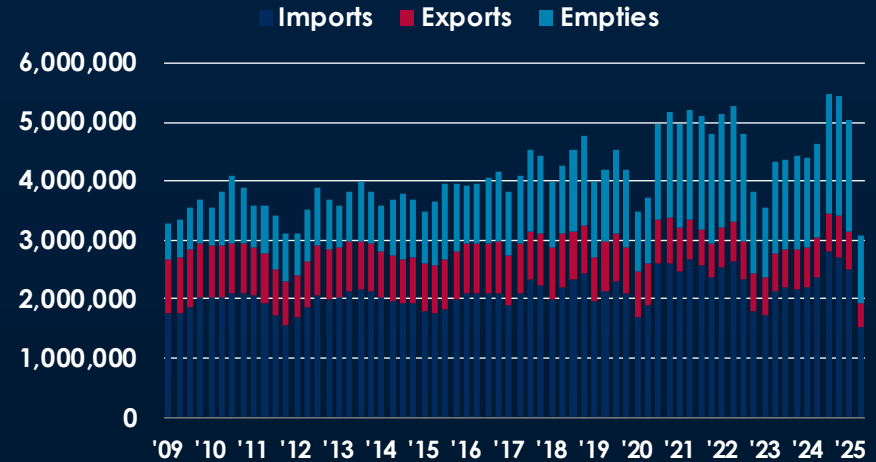
Q2 Market Report

GDP IN Q1 FINISHED AT -0.5%. Q2 ESTIMATE AT 2.5% PER GDPNOW

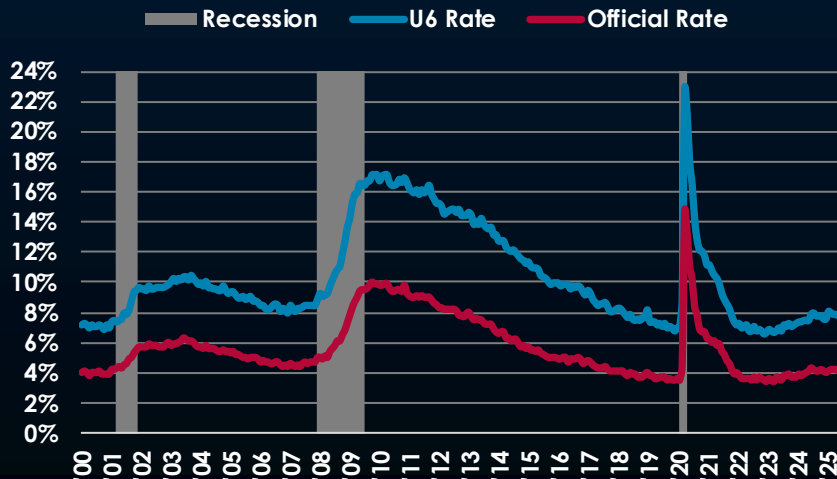


*2.5% Estimate for Q2-25 from the Federal Reserve Bank of Atlanta GDPNow

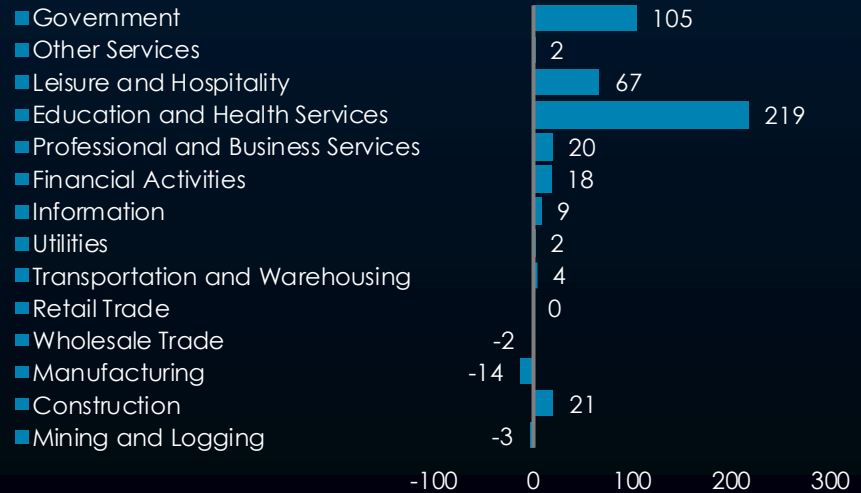
PORT ACTIVITY IN Q1 WAS UP 15.0% Y/Y. YTD 2025 UP 10.2% Y/Y



LABOR MARKET REMAINS RESILIENT; MAKING FED DECISION TO CUT HARDER

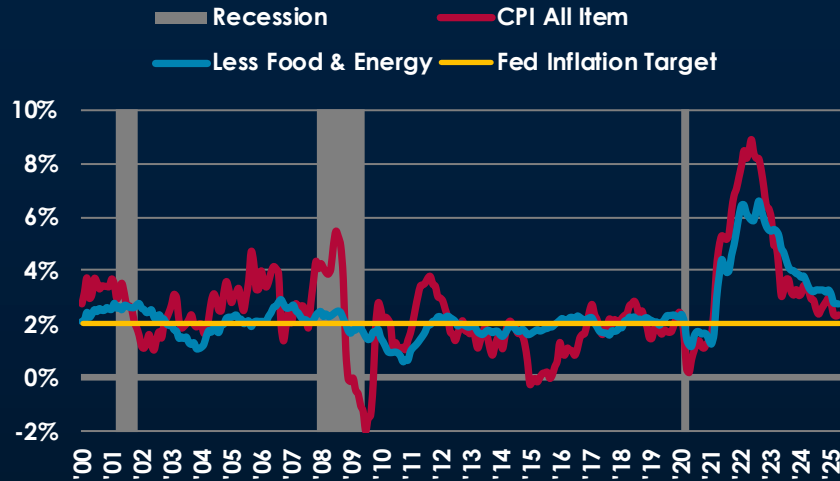


EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q2

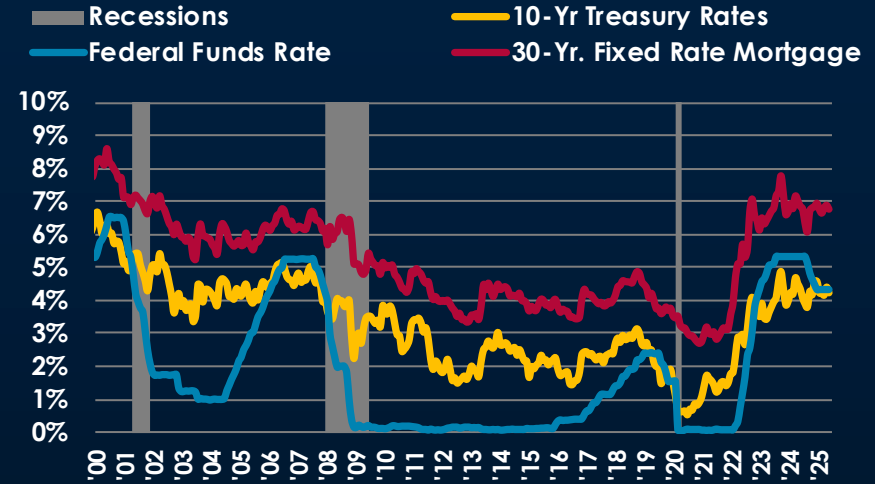


Q2 Market Report

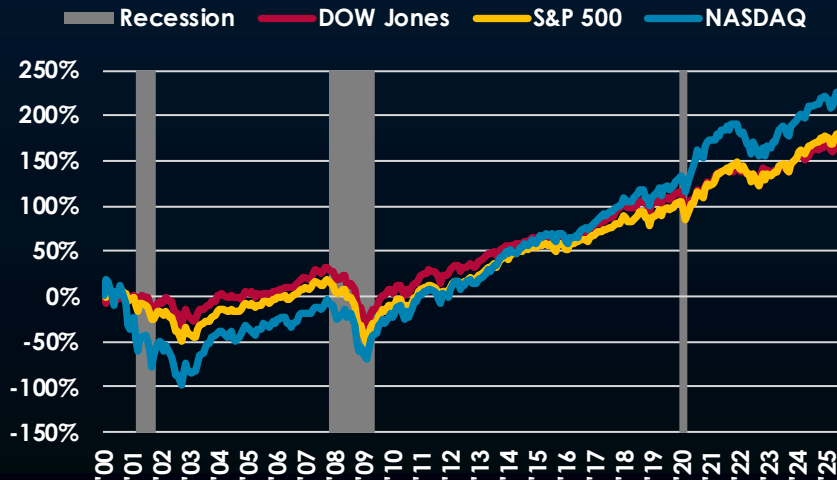
CONTINUES TO REMAIN ABOVE THE FED TARGET OF 2%



THE FED HELD RATES IN MAY & JUNE. 10 YR UP BY ONLY 1 BPS IN Q2



S&P 500 AND NASDAQ REACHED ALL TIME HIGHS TO CLOSE Q2



10-2 YEAR YIELD CURVE STEEPENED IN Q2

