

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2025

Market Report

Los Angeles Office

West/ South



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MARKET REPORT Q3

Office 2025 Los Angeles West/ South



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Declined 47 bps in Q3 to 24.17%.
- **Net Absorption:** 516K SF of sublet space was absorbed in Q3 pushing total to 444K SF.
- **Sales:** Three recorded sales in Q3 totaling \$254.7M in volume. 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 the September meeting, the FOMC decided cut rates to 4.00-4.25%. FOMC members are still projecting two additional 25 bps cuts to occur in 2025.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 6.4%. The cost from China/East Asia to the West Coast declined 45.3% over Q3, ending at \$1,853 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China) effective August 1. Nearshoring accelerations drive 45% of businesses increasing regional sourcing from Mexico/Southeast Asia, sustaining strong industrial property demand as companies prioritize supply chain resilience.


Direct Vacancy
⬆ 21.50%


Net Absorption
⬆ 444,051 SF


Overall Vacancy
⬇ 24.17%


Gross Absorption
⬆ 2,429,995 SF


Under Construction
⬅ 1,860,686 SF


Rental Rates (FSG)
⬆ \$3.86


Median Sale \$/SF
⬆ \$589.60


Deal Volume
⬇ \$254.7M


U.S. Employment
⬆ 4.3%


U6 Rate
⬆ 8.1%


Interest Rate
⬇ 6.30%
(30 year fixed)


Changing GDP
⬆ 3.8%


Port Traffic Y/Y Δ
⬆ 6.4%


NYSE Performance
⬆ 8.1%


Inflation Change
⬆ 2.94%


10 Yr. - 2 Yr. Spread
⬆ 56 BPS

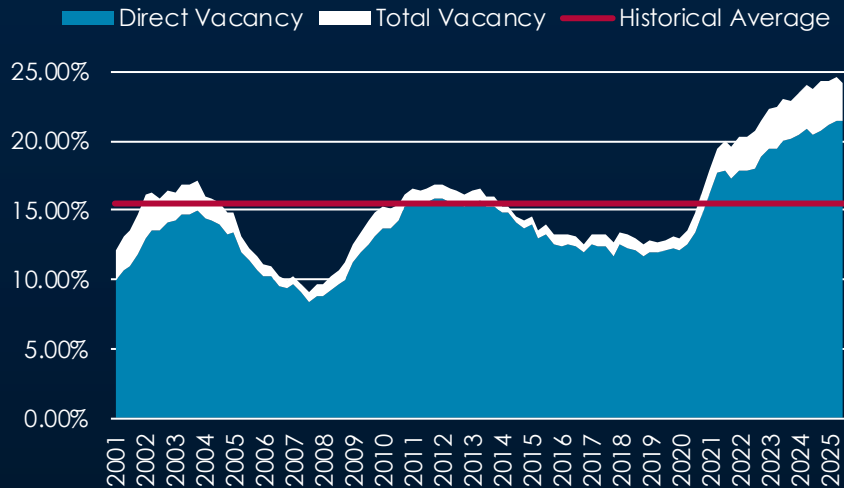
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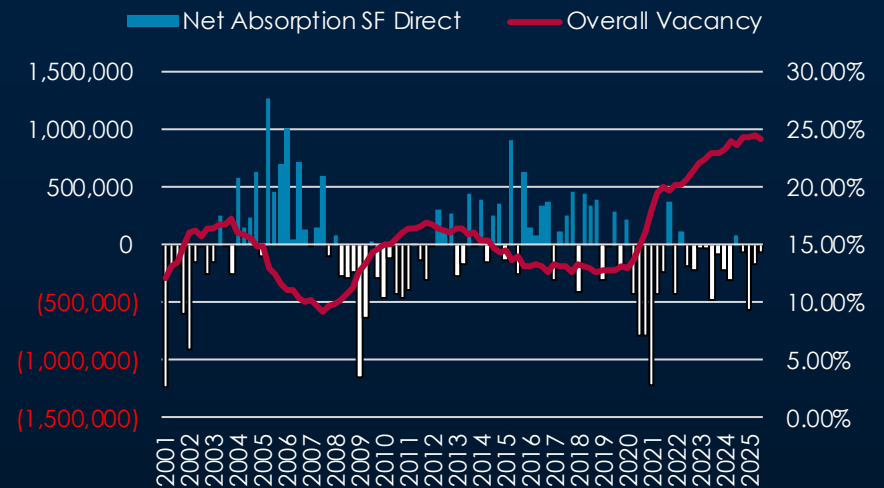
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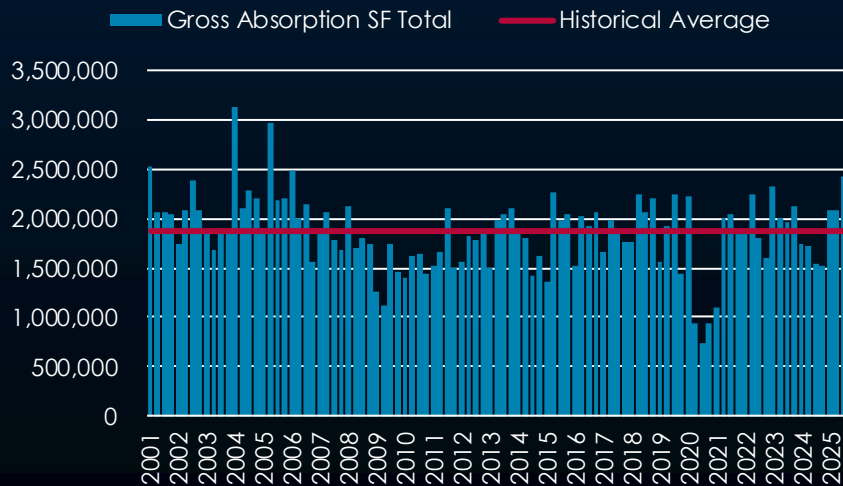
OVERALL VACANCY DECLINED BY 47 BPS FROM Q2 TO 24.17% IN Q3



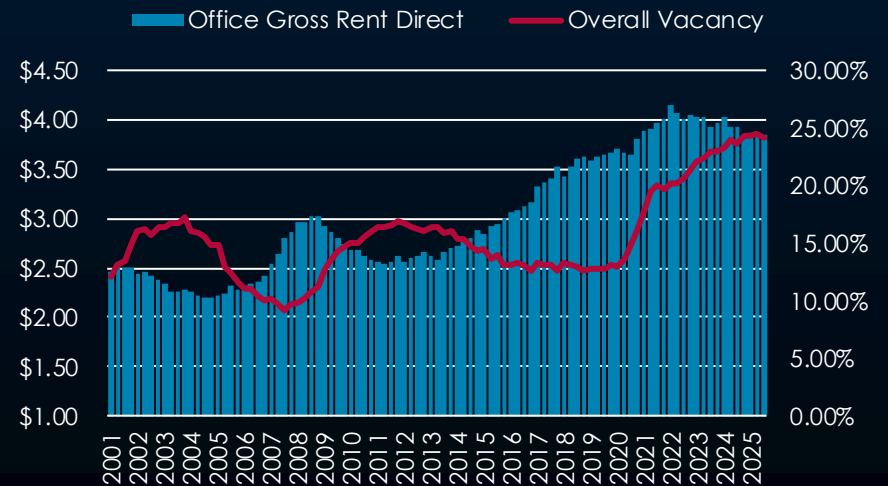
NET ABSORPTION STRONGER DEMAND IN Q3 AIDED BY SUBLET TOTALING 444K SF



GROSS ABSORPTION INCREASED BY 16.2% FROM Q2 TO 2.43M SF IN Q3

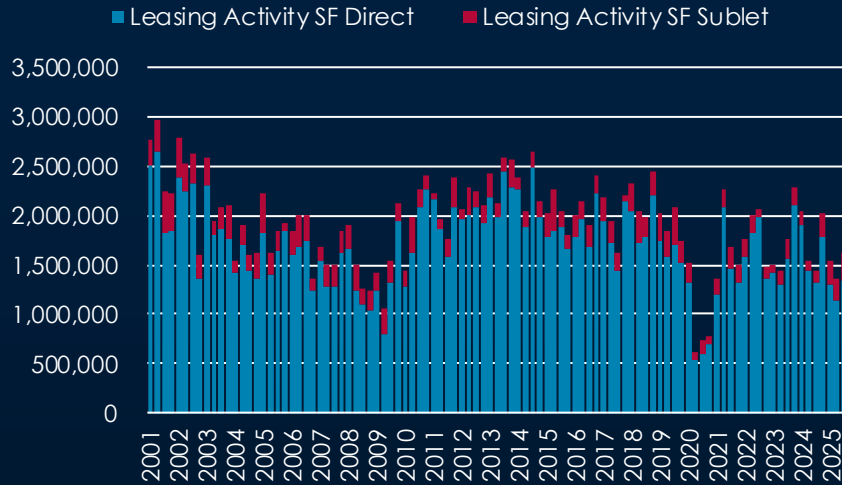


ASKING RENTS INCREASED 0.8% OR \$0.03 TO \$3.86 PSF IN Q3

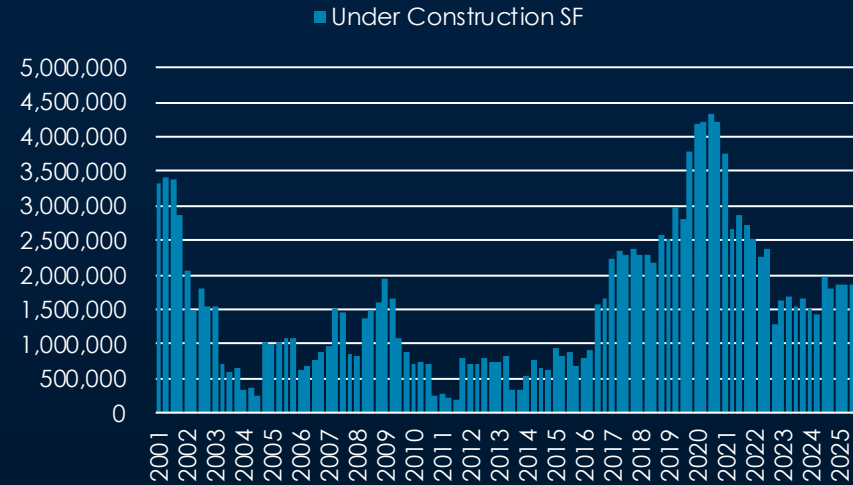


Q3 Market Report

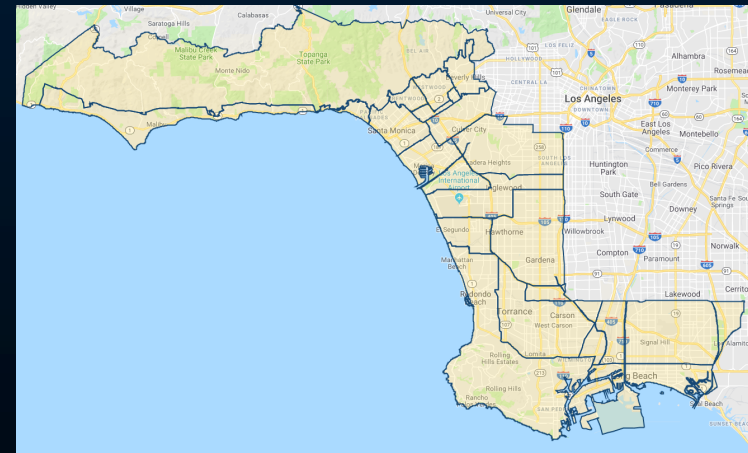
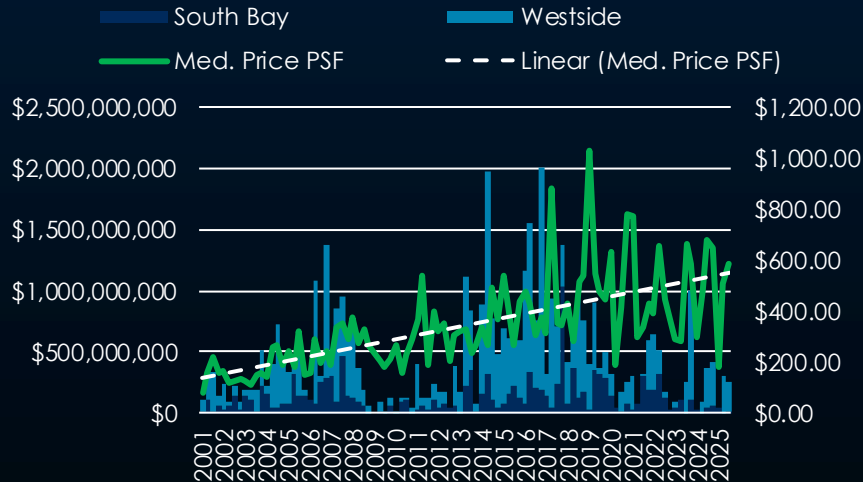
LEASING ACTIVITY
TOTALED 1.62M SF IN Q3. UP 20.2% FROM Q2



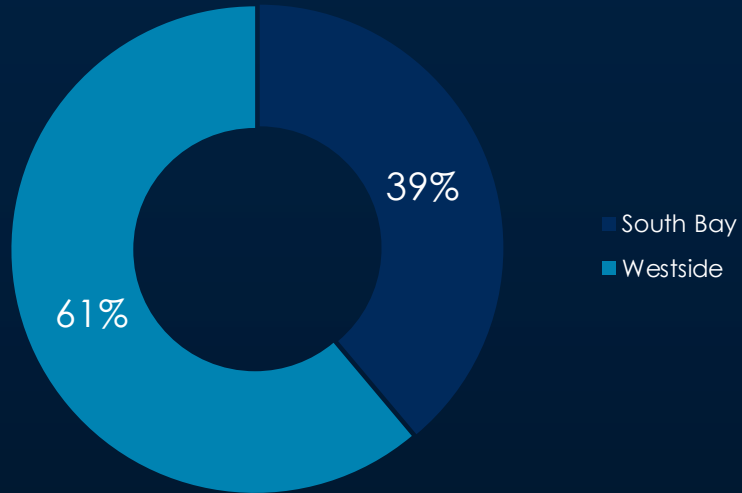
CONSTRUCTION ACTIVITY
NO DELIVERIES IN Q3. UC REMAINS AT 1.86M SF



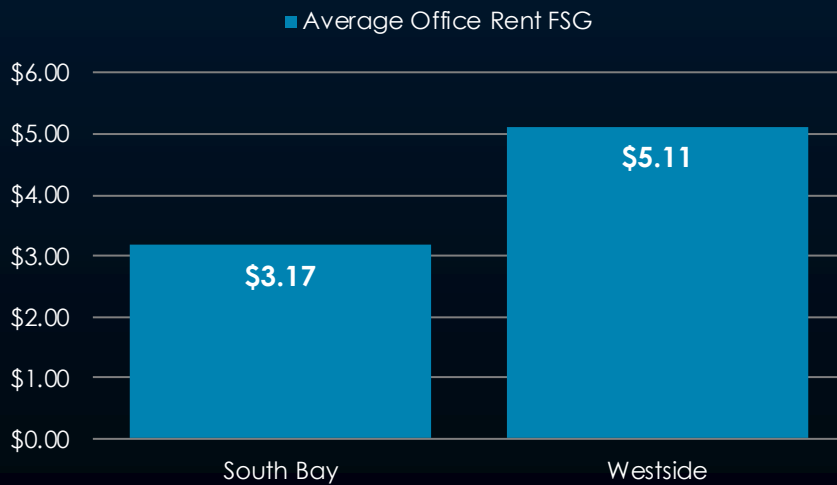
SALES
THREE SALES IN Q3 TOTALING \$254.7M



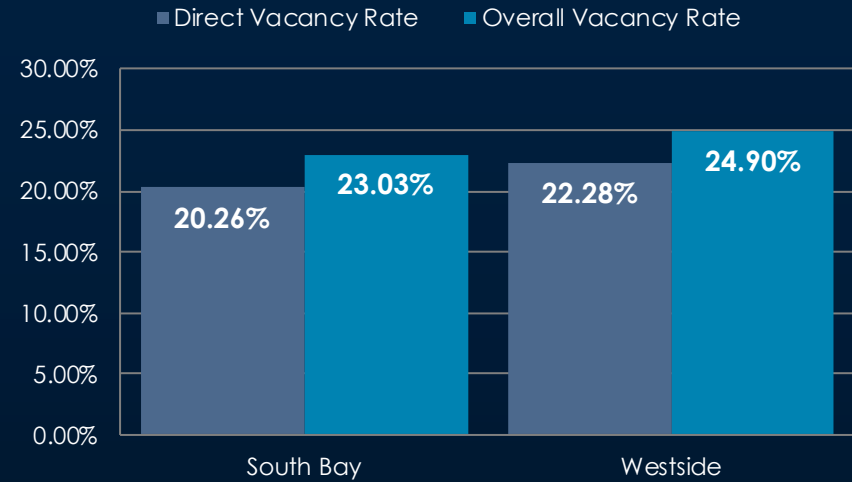
SQUARE FOOT BREAKDOWN- 95,257,215 SF MARKET SIZE



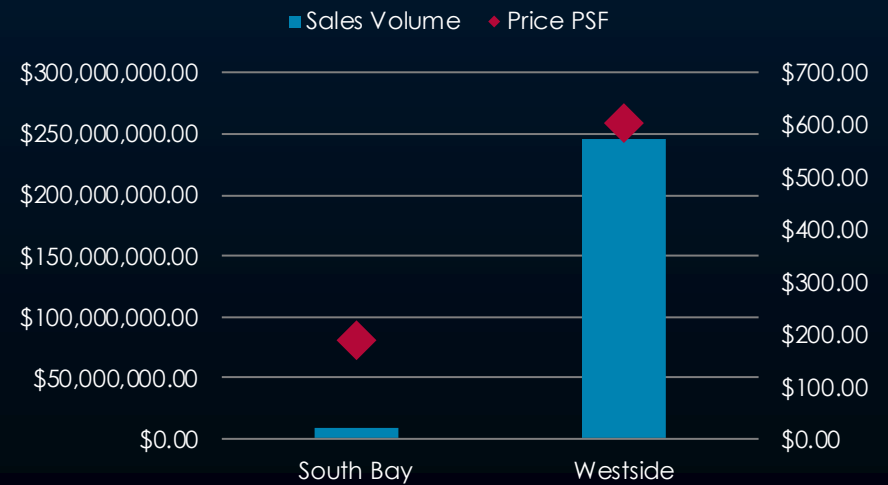
AVERAGE RENT PSF



VACANCY BREAKDOWN



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

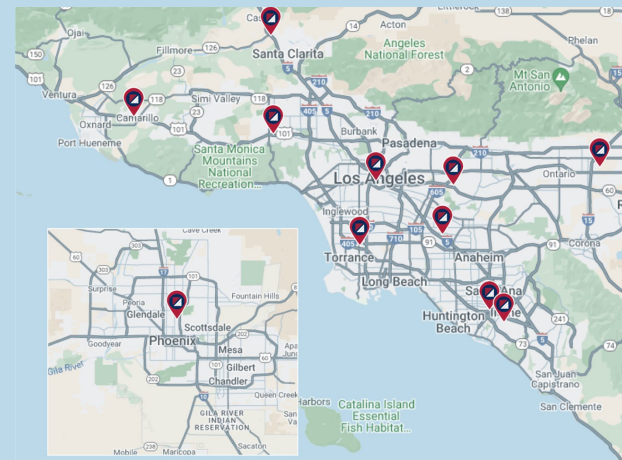
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

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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Market Report

Los Angeles Office

South Bay



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MARKET REPORT Q3

Office 2025 Los Angeles South Bay



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Declined by 63 bps from revised Q2 to 23.03% in Q3.
- **Net Absorption:** Stronger demand in Q3 totaling 232K SF.
- **Sales:** One recorded sale in Q3.
- **Asking Rents:** Increased by 0.3% or \$0.01 PSF to a rate of \$3.17 PSF in Q3.

ECONOMIC OUTLOOK

- **Interest Rates:** At the September meeting, the FOMC decided cut rates to 4.00-4.25%. FOMC members are still projecting two additional 25 bps cuts to occur in 2025.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 6.4%. The cost from China/East Asia to the West Coast declined 45.3% over Q3, ending at \$1,853 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China) effective August 1. Nearshoring accelerations drive 45% of businesses increasing regional sourcing from Mexico/Southeast Asia, sustaining strong industrial property demand as companies prioritize supply chain resilience.


Direct Vacancy
▼ 20.26%


Net Absorption
▲ 231,578 SF


Overall Vacancy
▼ 23.03%


Gross Absorption
▼ 837,533 SF


Under Construction
◀ 176,794 SF


Rental Rates (FSG)
▲ \$3.17


Median Sale \$/SF
▲ \$186.72


Deal Volume
▲ \$9.4M


U.S. Employment
▲ 4.3%


U6 Rate
▲ 8.1%


Interest Rate
▼ 6.30%
(30 year fixed)


Changing GDP
▲ 3.8%


Port Traffic Y/Y Δ
▲ 6.4%


NYSE Performance
▲ 8.1%


Inflation Change
▲ 2.94%


10 Yr. - 2 Yr. Spread
▲ 56 BPS

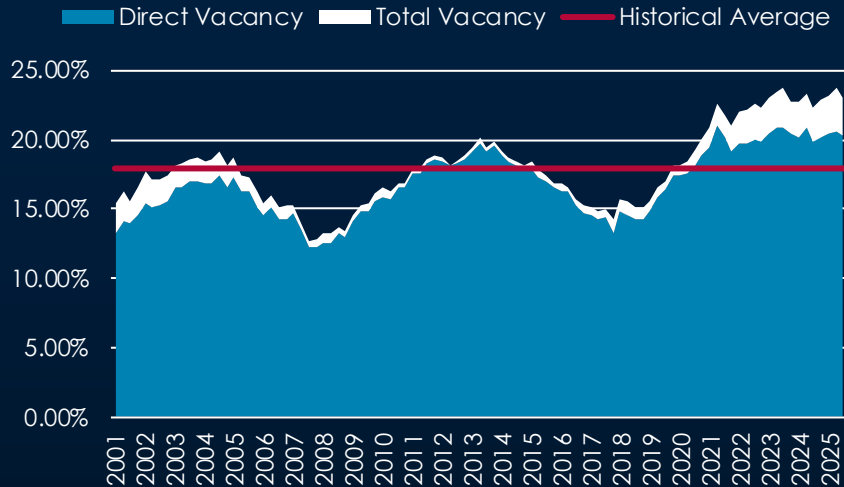
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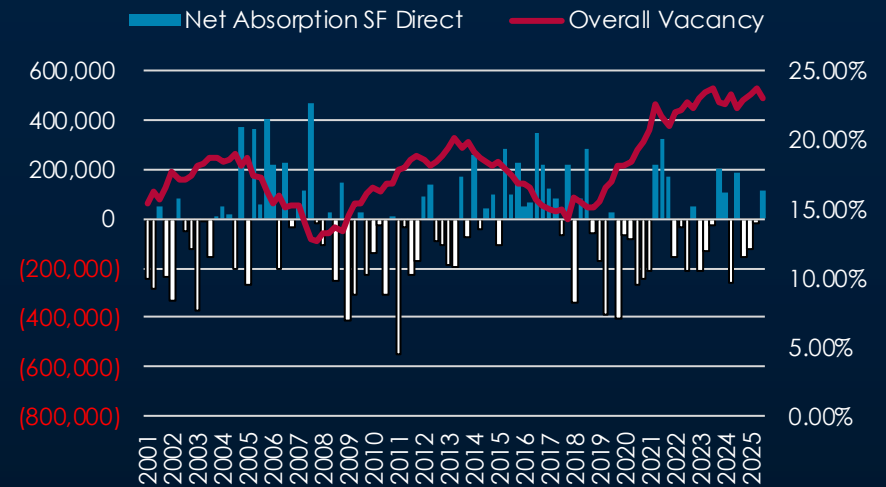
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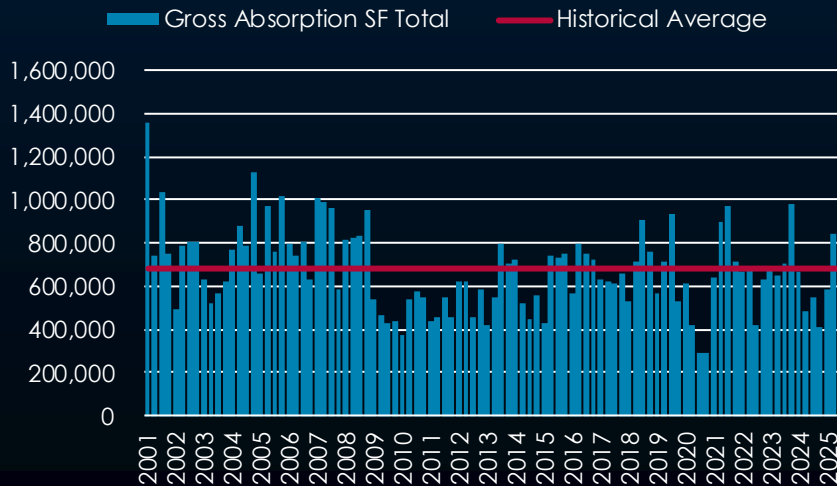
OVERALL VACANCY DECLINED BY 63 BPS FROM REVISED Q2 TO 23.03% IN Q3



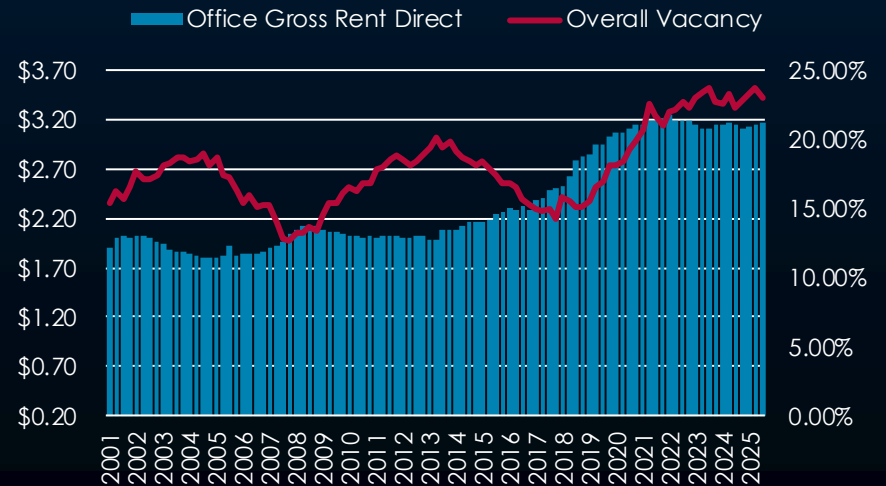
NET ABSORPTION POSITIVE IN Q3 TOTALING 232K SF



GROSS ABSORPTION DECLINED 1.0% FROM REVISED Q2 TO 837K SF IN Q3

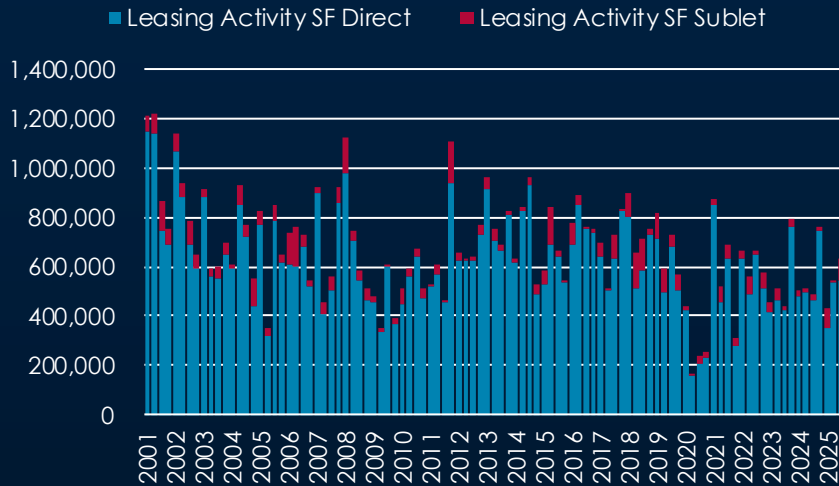


ASKING RENTS INCREASED BY 0.3% OR \$0.01 PSF TO A RATE OF \$3.17 PSF IN Q3

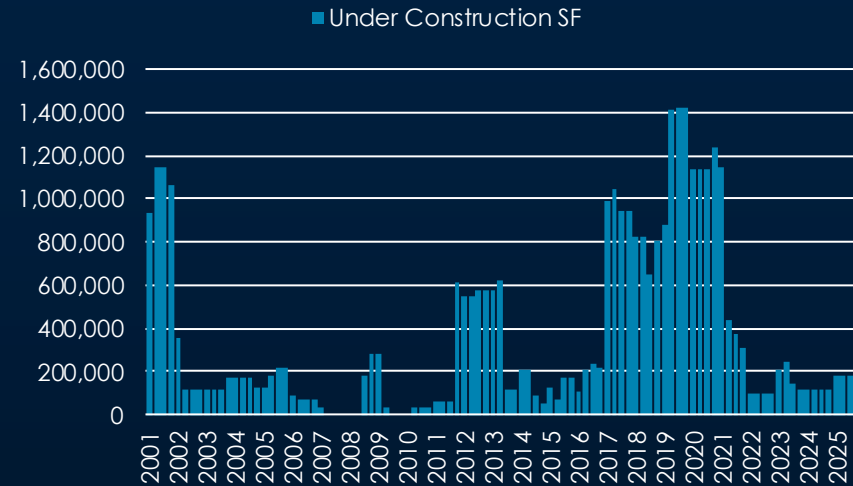


Q3 Market Report

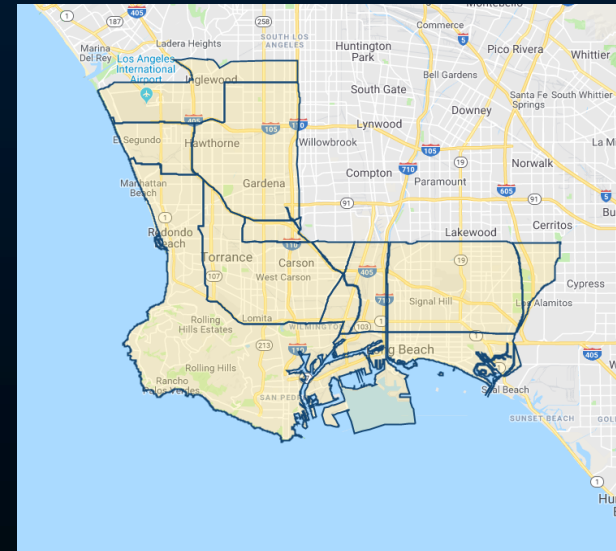
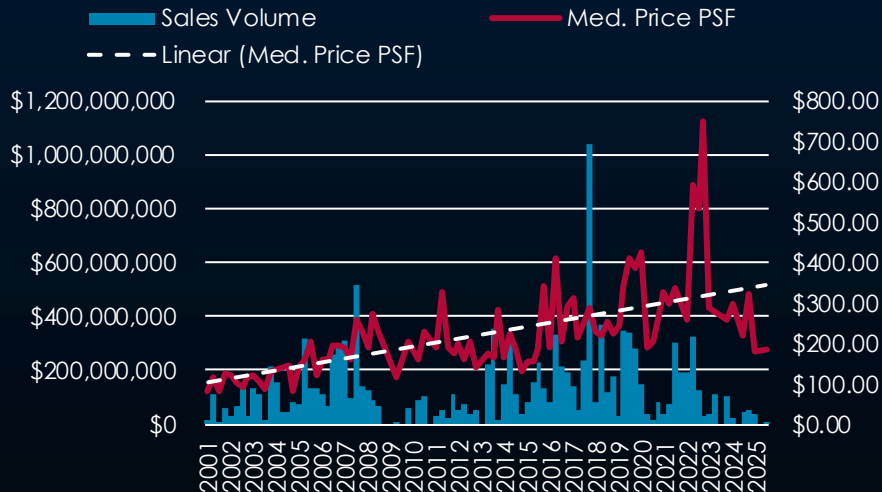
LEASING ACTIVITY INCREASED 15.9% FROM Q2 TO 634K SF IN Q3



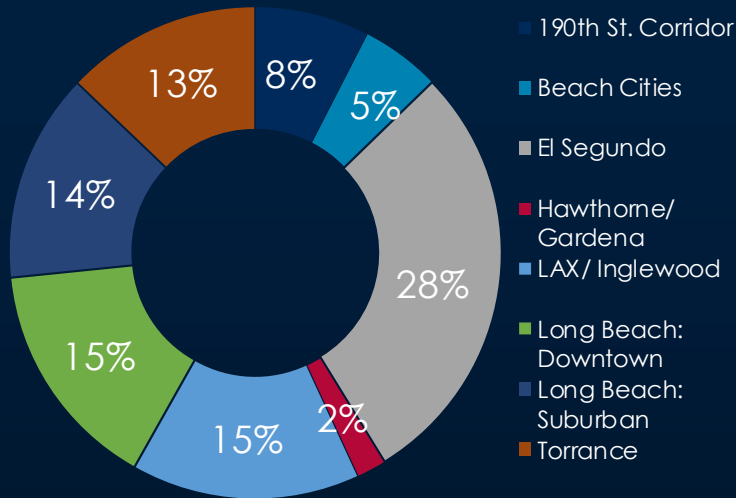
CONSTRUCTION ACTIVITY NO DELIVERIES IN Q3. UC REMAINS AT 177K SF



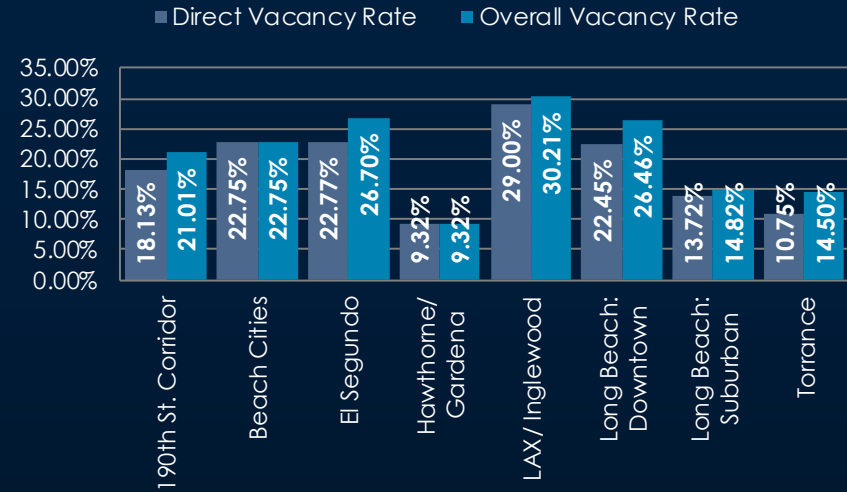
SALES ONE RECORDED SALE IN Q3



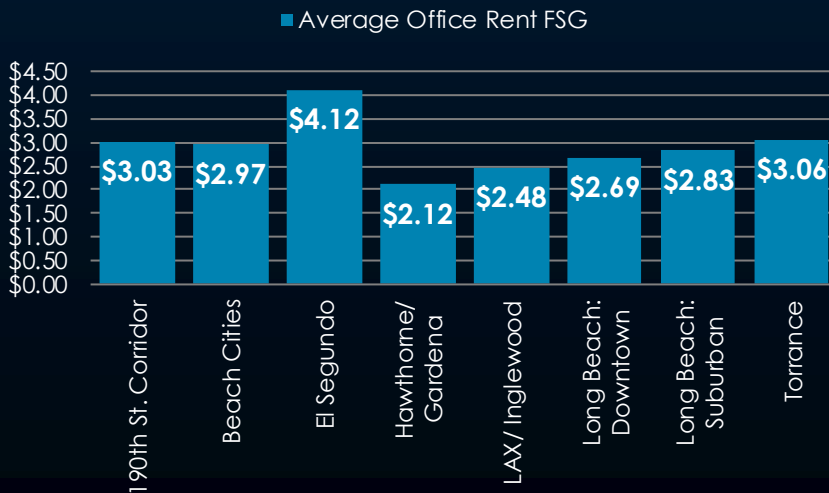
SQUARE FOOT BREAKDOWN- 37,036,844 SF MARKET SIZE



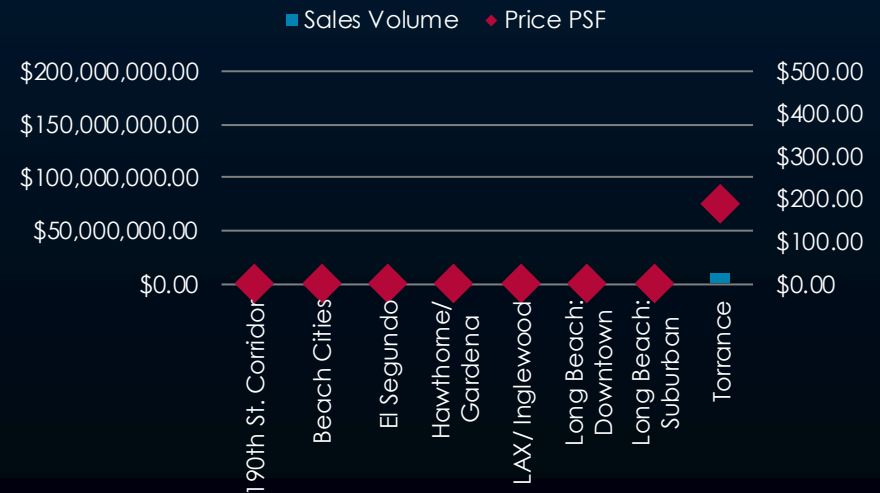
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

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Gross Absorption

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Net Absorption

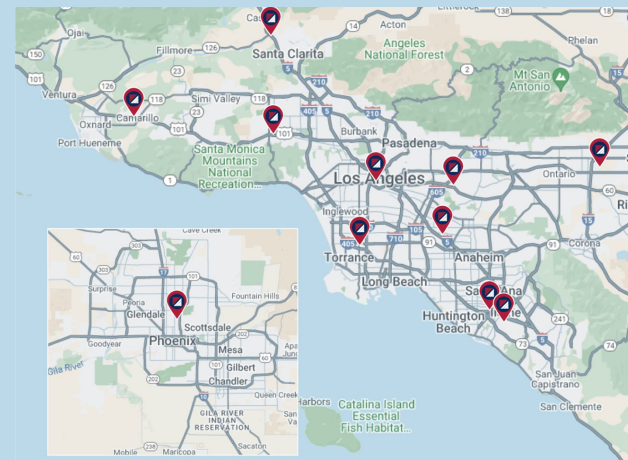
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

Under Construction

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Completed in 2025

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Market Report

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Westside



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MARKET REPORT Q3

Office 2025 Los Angeles Westside



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Reduction in sublet space pushed the vacancy rate lower by 36 bps to 24.90% in Q3.
- **Net Absorption:** Improved demand in Q3 with 398K of sublet space absorbed. Q3 totaled 212,473 SF.
- **Asking Rents:** Declined by \$0.05 PSF or 1.0% from Q2 to a rate of \$5.11 PSF in Q3.
- **Sales:** Two recorded sales in Q3. Kilroy Realty Corp. purchased the Maple Plaza for \$205.3M at \$700.68 PSF. Washington Capital purchased 78K SF in Santa Monica for \$40M at \$509.50 PSF. Institutional capital is beginning to flow back into the office sector.

ECONOMIC OUTLOOK

- **Interest Rates:** At the September meeting, the FOMC decided cut rates to 4.00-4.25%. FOMC members are still projecting two additional 25 bps cuts to occur in 2025.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 6.4%. The cost from China/East Asia to the West Coast declined 45.3% over Q3, ending at \$1,853 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China) effective August 1. Nearshoring accelerations drive 45% of businesses increasing regional sourcing from Mexico/Southeast Asia, sustaining strong industrial property demand as companies prioritize supply chain resilience.


Direct Vacancy
⬆ 22.28%


Net Absorption
⬆ 212,473 SF


Overall Vacancy
⬇ 24.90%


Gross Absorption
⬆ 1,592,462 SF


Under Construction
⬅ 1,683,892 SF



Rental Rates (FSG)
⬇ \$5.11


Median Sale \$/SF
⬆ \$605.09


Deal Volume
⬇ \$245.3M


U.S. Employment
⬆ 4.3%



U6 Rate
⬆ 8.1%



Interest Rate
⬇ 6.30%
(30 year fixed)


Changing GDP
⬆ 3.8%


Port Traffic Y/Y Δ
⬆ 6.4%


NYSE Performance
⬆ 8.1%


Inflation Change
⬆ 2.94%


10 Yr. - 2 Yr. Spread
⬆ 56 BPS

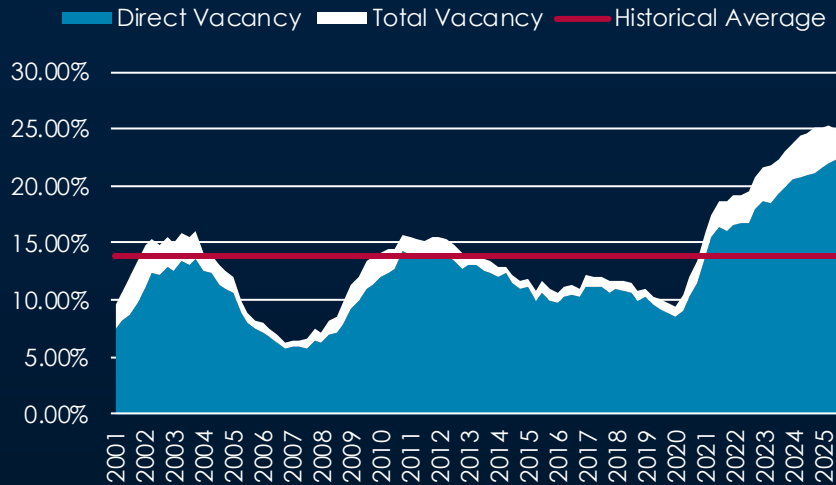
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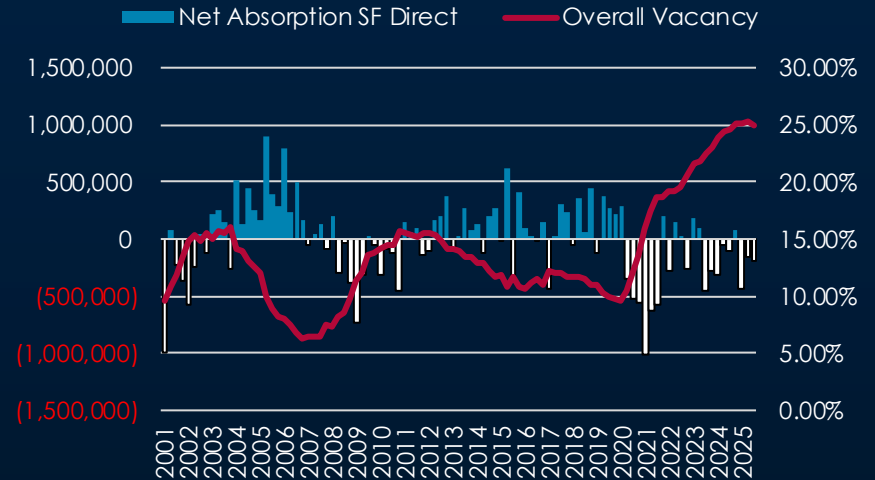
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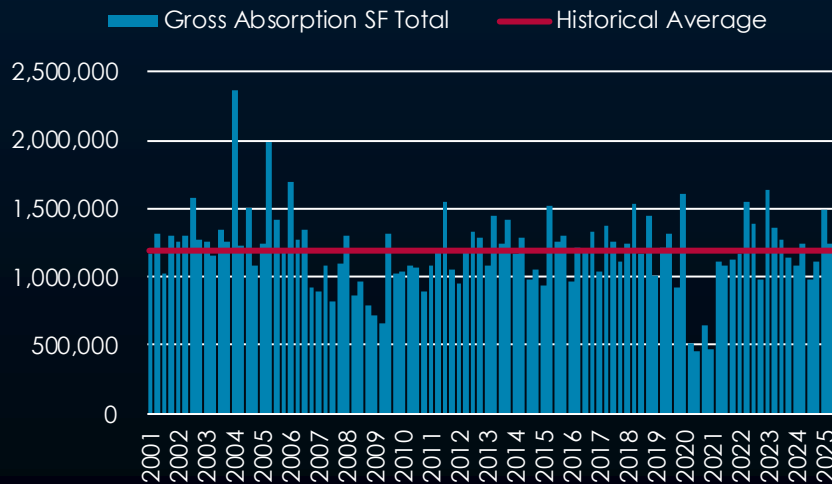
OVERALL VACANCY DECLINE OF 36 BPS FROM REVISED Q2 TO 24.90% IN Q3



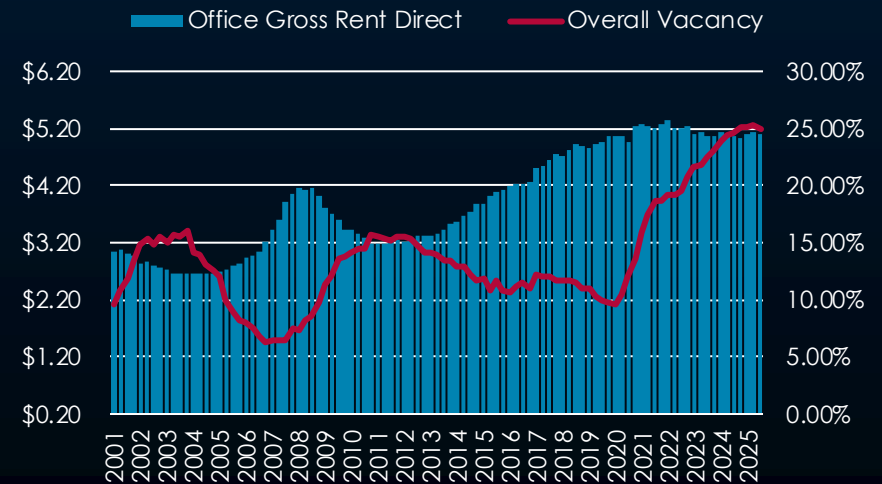
NET ABSORPTION DIRECT WAS NEGATIVE, BUT OVERALL POSITIVE TOTALING 212K SF



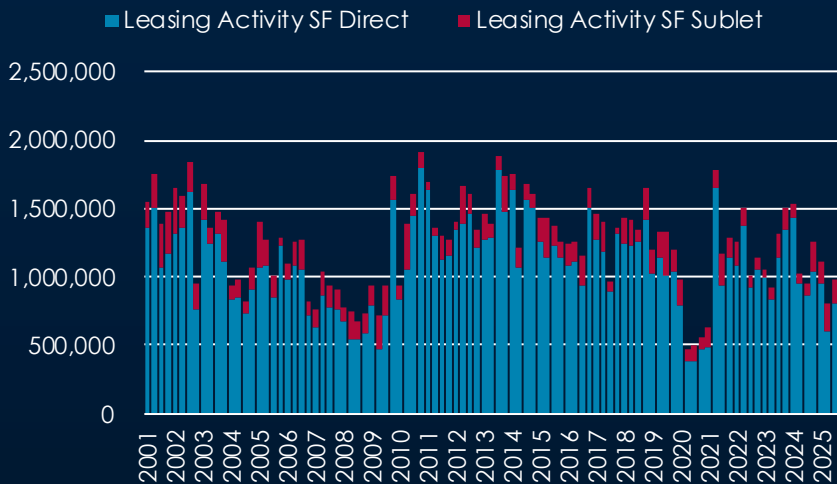
GROSS ABSORPTION INCREASED 27.8% FROM Q2 TOTALING 1.59M SF IN Q3



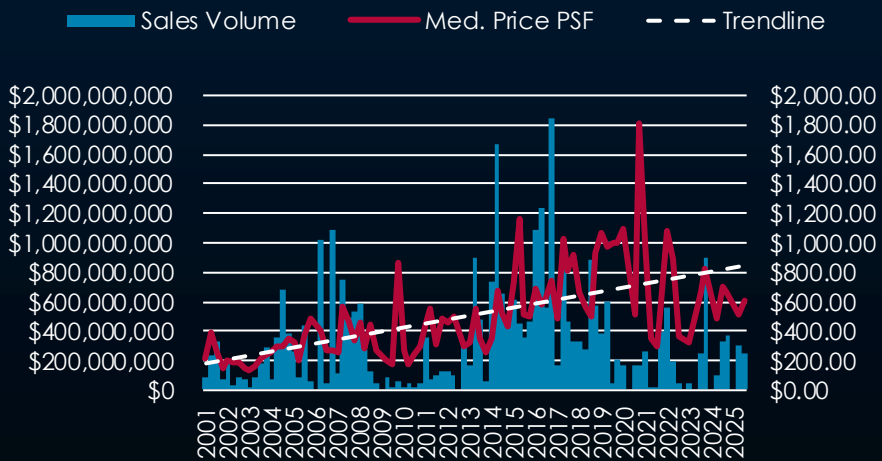
ASKING RENTS DECLINED BY \$0.05 PSF OR 1.0% TO \$5.11 PSF IN Q3



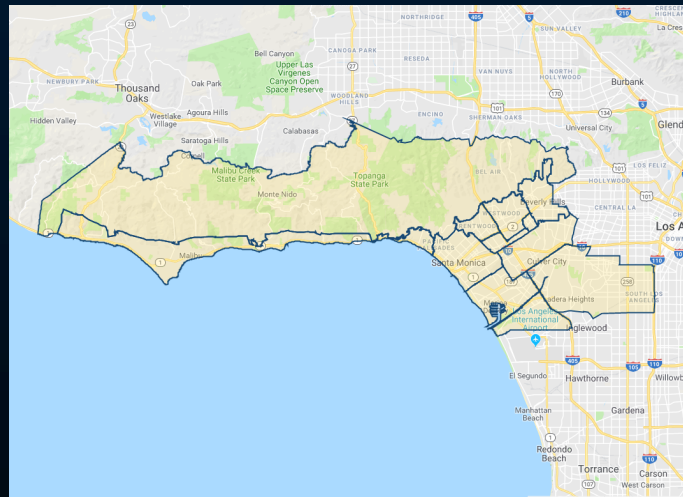
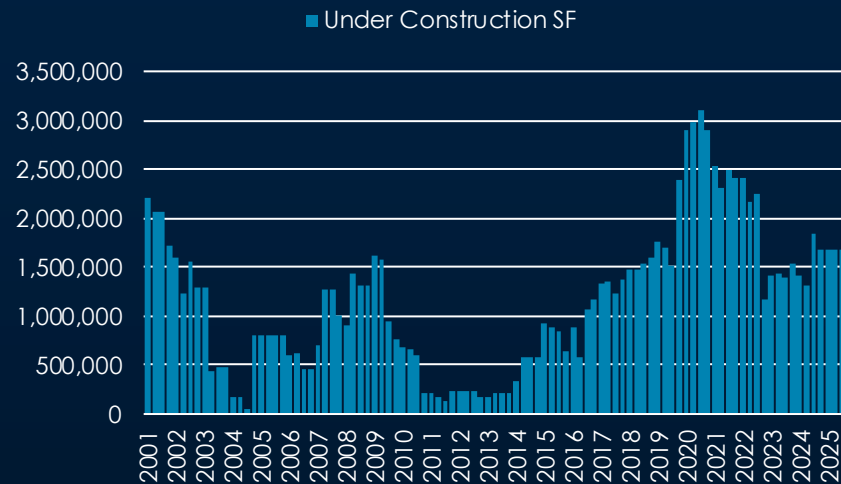
LEASING ACTIVITY
INCREASED BY 22.4% FROM Q2 TOTALING 985K SF IN Q3



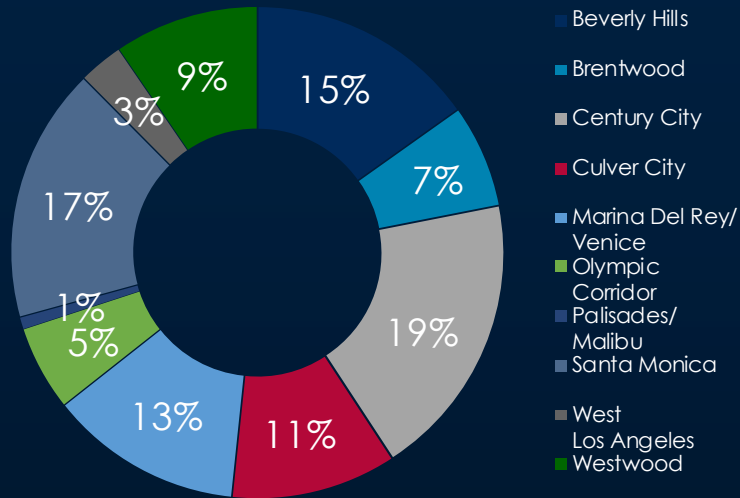
SALES
TWO RECORDED SALES IN Q3 TOTALING \$245.3M IN VOLUME



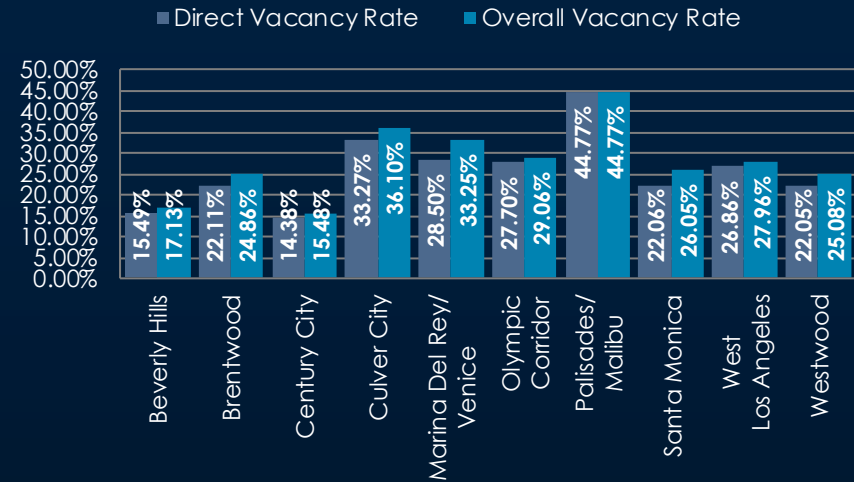
CONSTRUCTION ACTIVITY
NO DELIVERIES IN Q3. UC REMAINS AT 1.68M SF



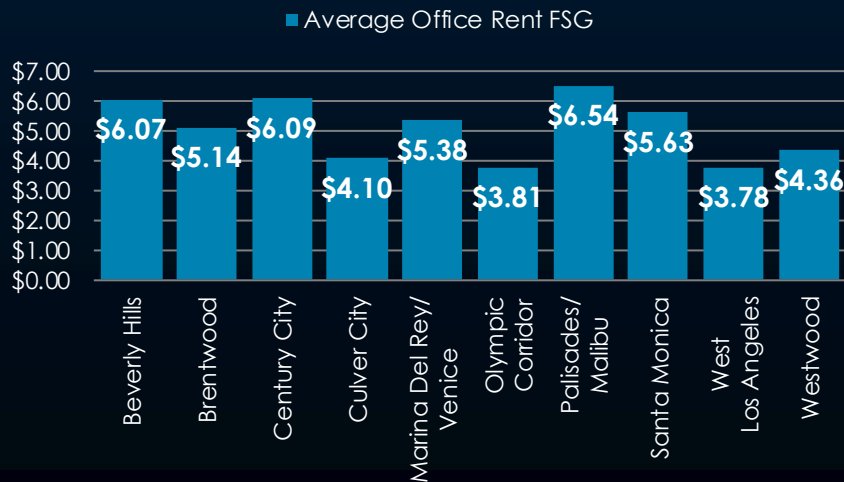
SQUARE FOOT BREAKDOWN- 58,220,371 SF MARKET SIZE



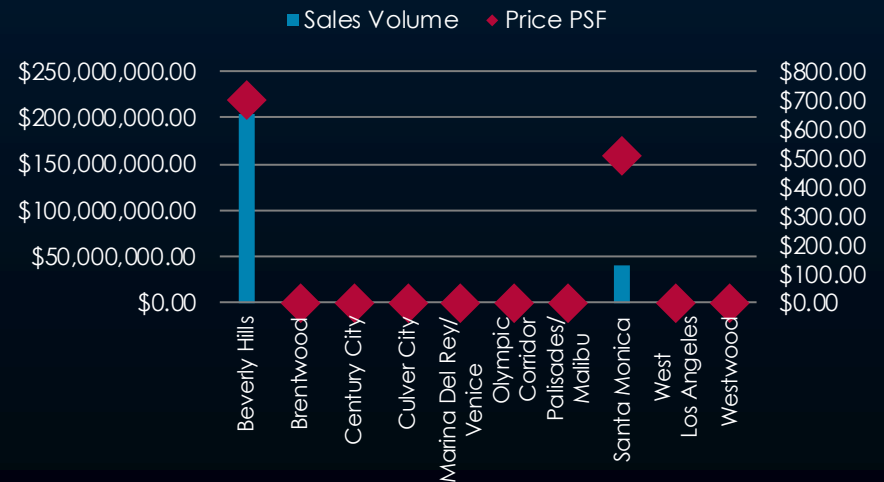
VACANCY BREAKDOWN



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

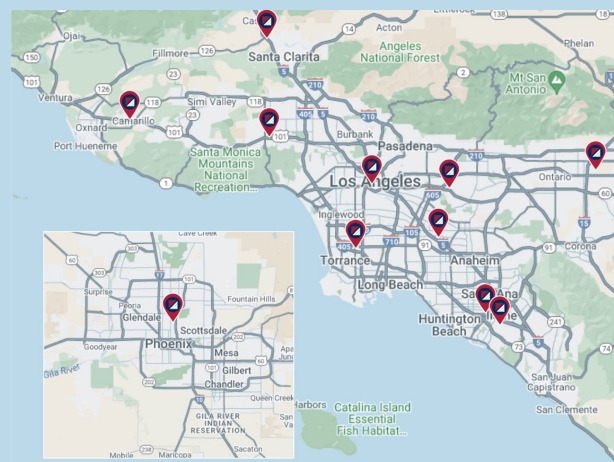
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Economic Overview

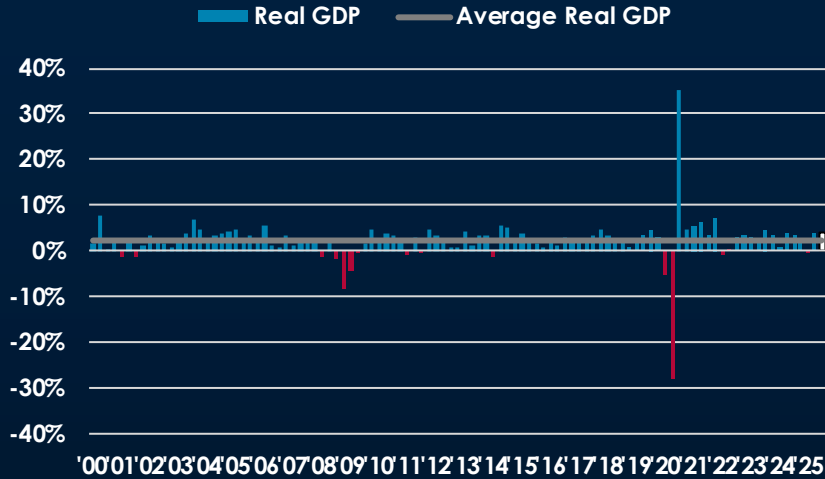


Q3 2025

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.

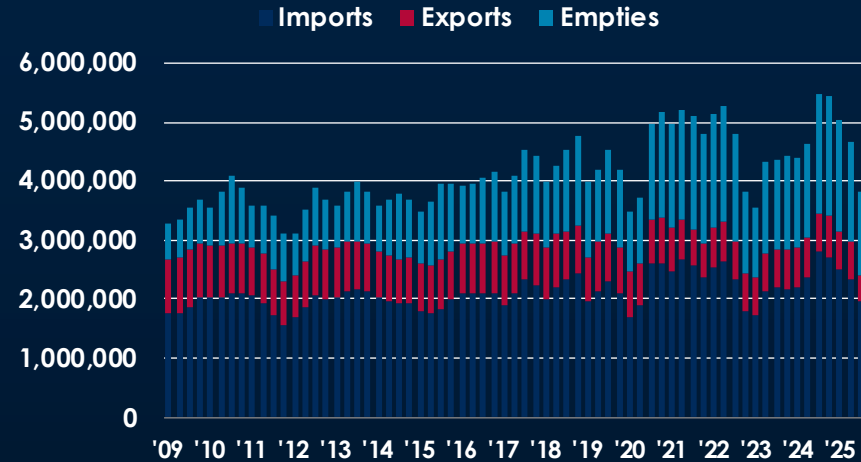
Q3 Market Report

GDP IN Q2 FINISHED AT 3.8%. Q3 ESTIMATE AT 3.8% PER GDPNOW

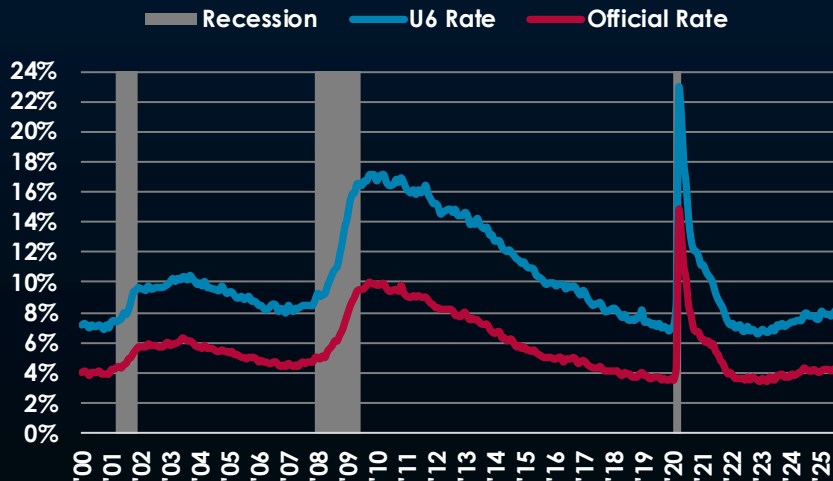


*3.8% Estimate for Q2-25 from the Federal Reserve Bank of Atlanta GDPNow

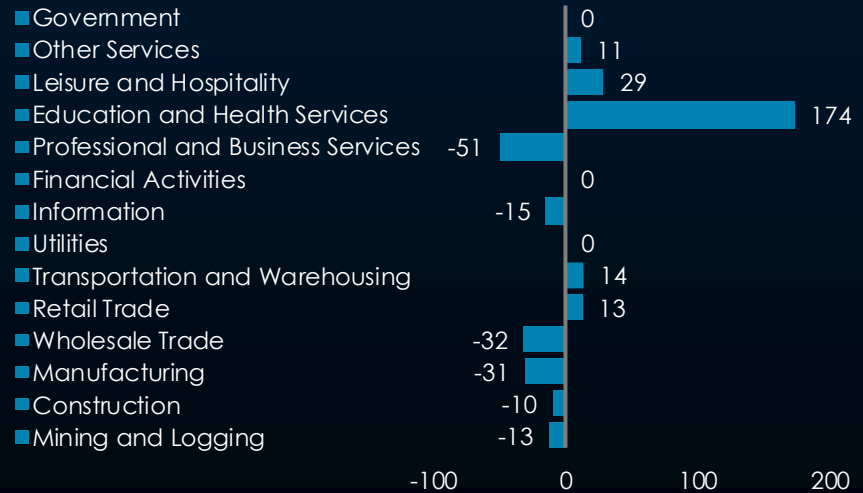
PORT ACTIVITY IN Q2 UP 0.5% Y/Y. YTD 2025 UP 6.4% Y/Y



LABOR MARKET SOFTENING AS THE FED BEGINS TO CUT RATES

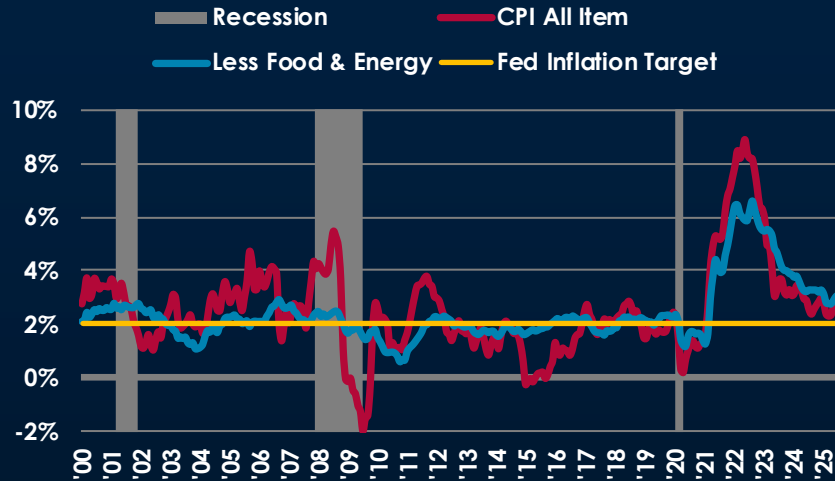


EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q3

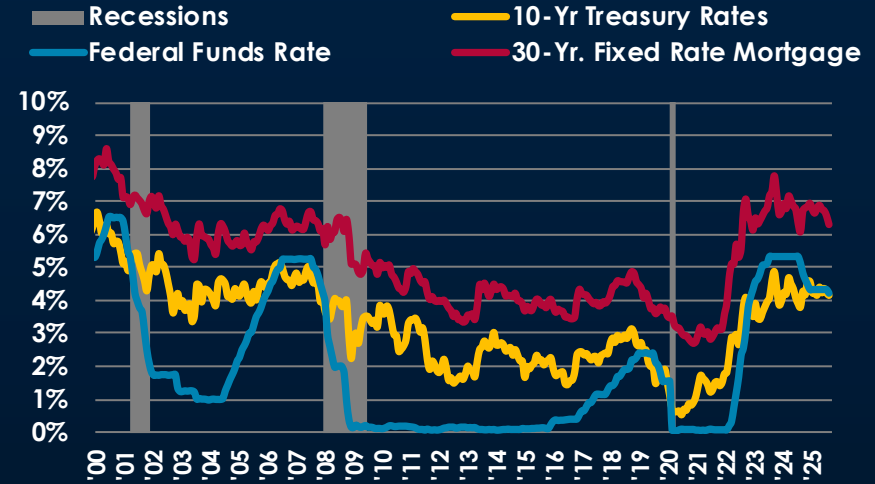


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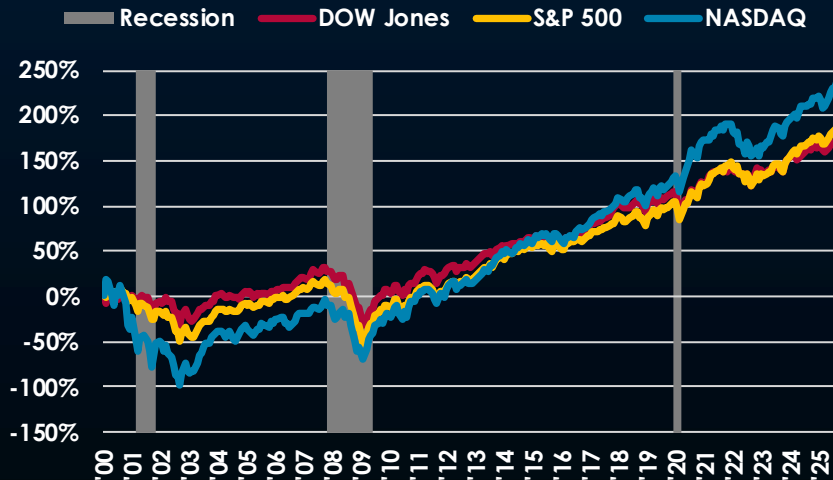
INFLATION TRENDING UPWARD ABOVE THE FED TARGET OF 2%



THE FED CUT RATES BY 25 BPS; EST. 50 BPS MORE OF CUTS BY EOY



MAJOR INDEXES REACHED ALL TIME HIGHS TO CLOSE Q3



10-2 YEAR YIELD CURVE STEEPENED IN Q3

