

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q4 | 2025

Market Report

Los Angeles Office

West/ South



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MARKET REPORT

Q4

Office 2025 Los Angeles West/ South



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Declined 36 bps in Q4 to 24.00%.
- **Net Absorption:** Improved demand from revised lower Q3, totaling 346K SF in Q4. Net absorption finished positive in 2025.
- **Sales:** Volume in Q4 totaled \$535.5M. Bringing the 2025 total to \$1.13B. Up 24.5% compared to 2024.
- **Trends:** Institutional investors are beginning to allocate capital in this market. Signaling a potential rebound.

ECONOMIC OUTLOOK

- **Interest Rates:** FOMC decided cut rates twice over Q4. Ending the year at range of 3.50%-3.75%. Only one cut projected in 2026.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 1.8% through Nov. The cost from China/East Asia to the West Coast increased 41.2% over Q4, ending at \$2,617 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China). Revenue collection from tariffs far out exceeding expectations. With consumers not being burdened by them yet.
- **Geopolitics:** The removal of Venezuelan President Maduro may lead to lower energy prices in the future. Helping to fuel the AI boom.



Direct Vacancy
▽ 21.65%


Net Absorption
△ 345,683 SF


Overall Vacancy
▽ 24.00%


Gross Absorption
▽ 1,864,433 SF


Under Construction
◀ 1,860,686 SF


Rental Rates (FSG)
▽ \$3.80


Median Sale \$/SF
▽ \$531.17


Deal Volume
△ \$535.5M


U.S. Employment
△ 4.4%


U6 Rate
△ 8.4%



Interest Rate
▽ 6.15%
(30 year fixed)


Changing GDP
△ 5.4%


Port Traffic Y/Y Δ
△ 1.8%


NYSE Performance
△ 2.8%


Inflation Change
▽ 2.71%


10 Yr. - 2 Yr. Spread
△ 71 BPS

EXPERIENCE IN A CHANGING MARKET

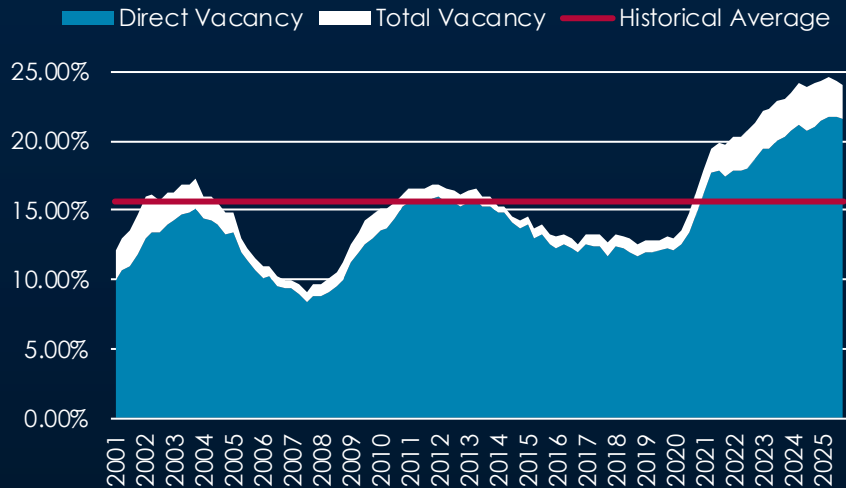
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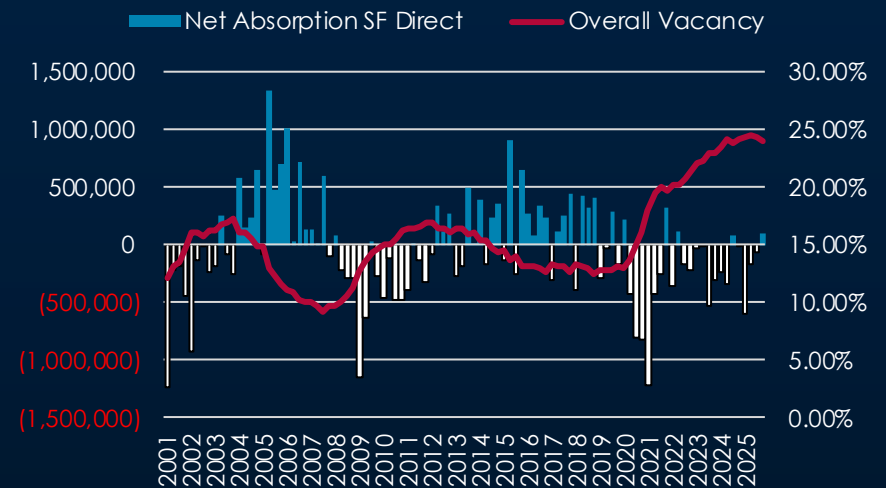
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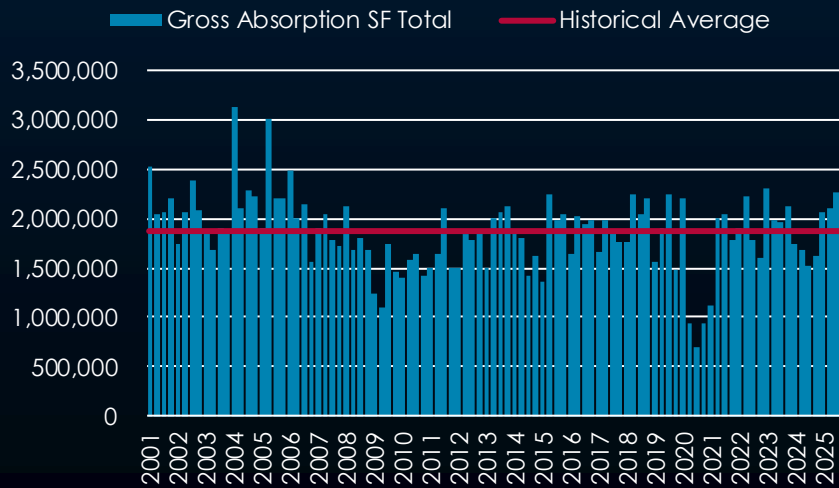
OVERALL VACANCY DECLINED BY 36 BPS FROM Q3 TO 24.00% IN Q4



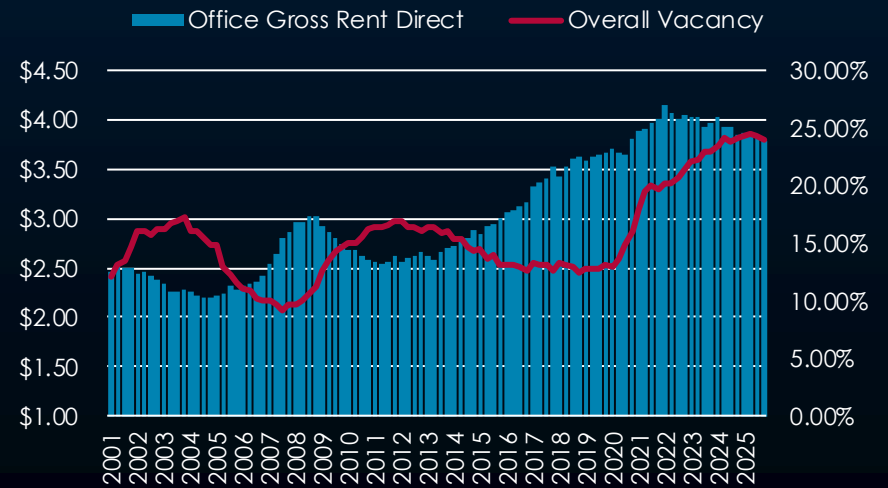
NET ABSORPTION STRONGER DEMAND IN Q4 TOTALING 346K SF



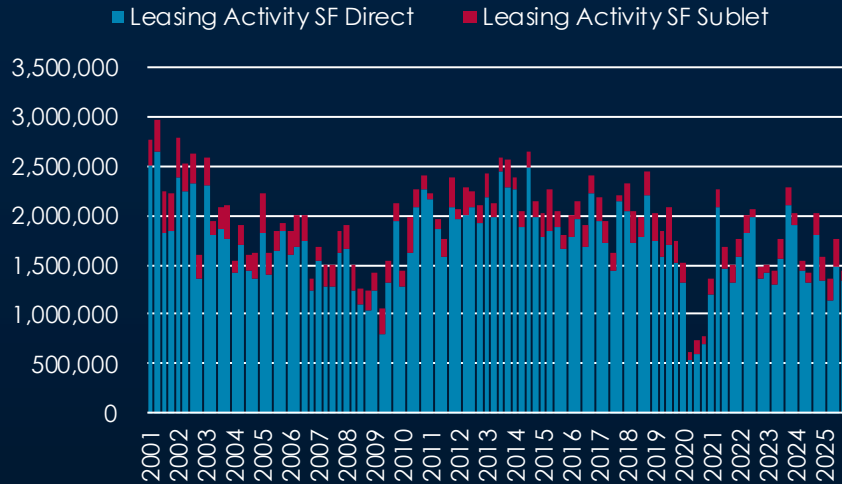
GROSS ABSORPTION DECLINED BY 17.6% FROM Q3 TO 1.86M SF IN Q4



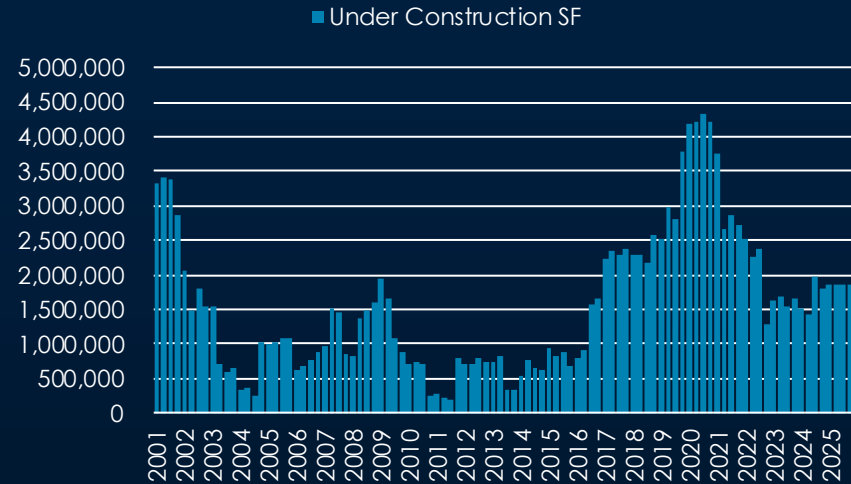
ASKING RENTS DECLINED 1.6% OR \$0.06 TO \$3.80 PSF IN Q4



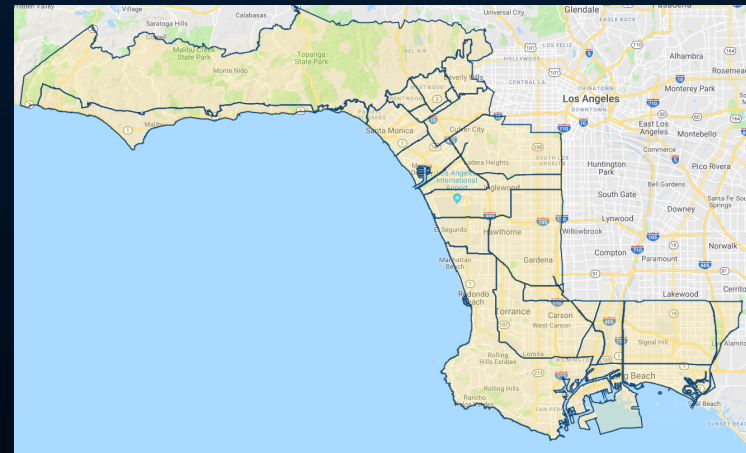
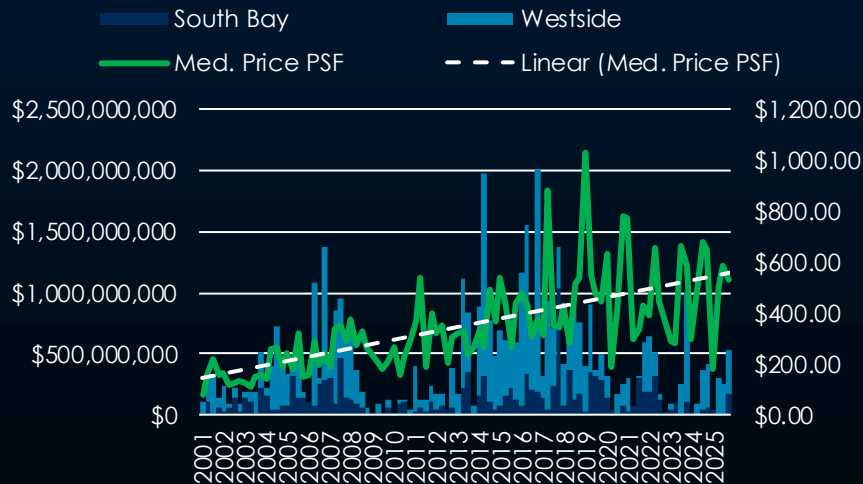
LEASING ACTIVITY TOTALLED 1.44M SF IN Q4. DOWN 18.5% FROM Q3



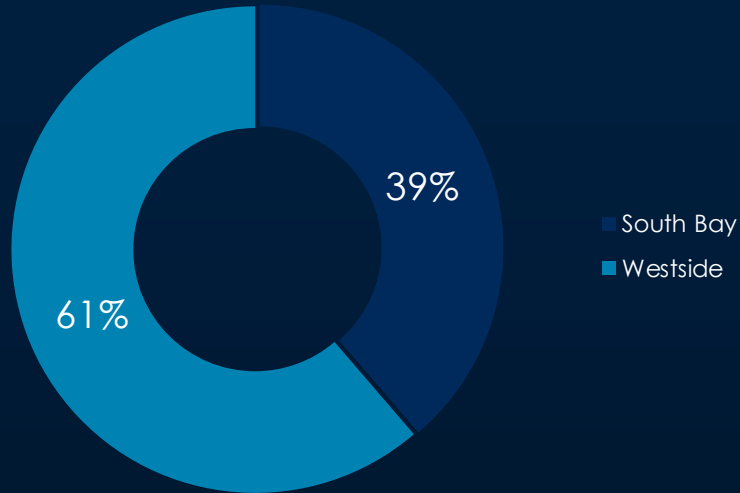
CONSTRUCTION ACTIVITY NO DELIVERIES IN Q4. UC REMAINS AT 1.86M SF



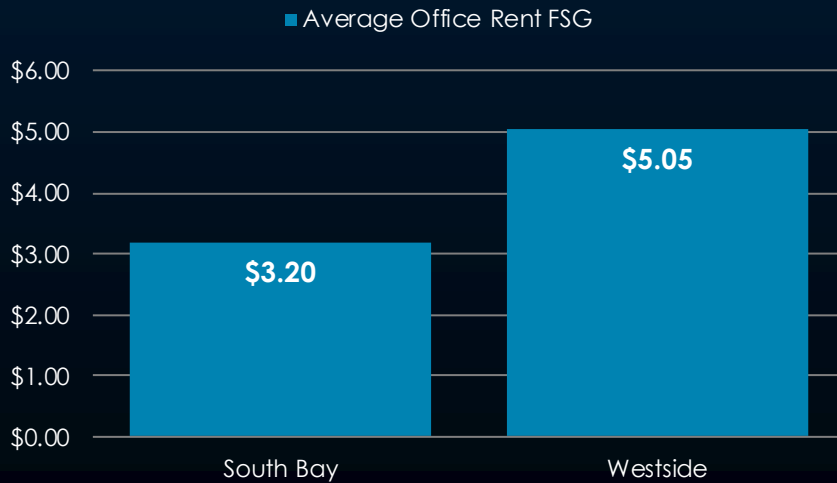
SALES VOLUME IN Q4 TOTALLED \$535.5M AT A MED. PSF OF \$531.17



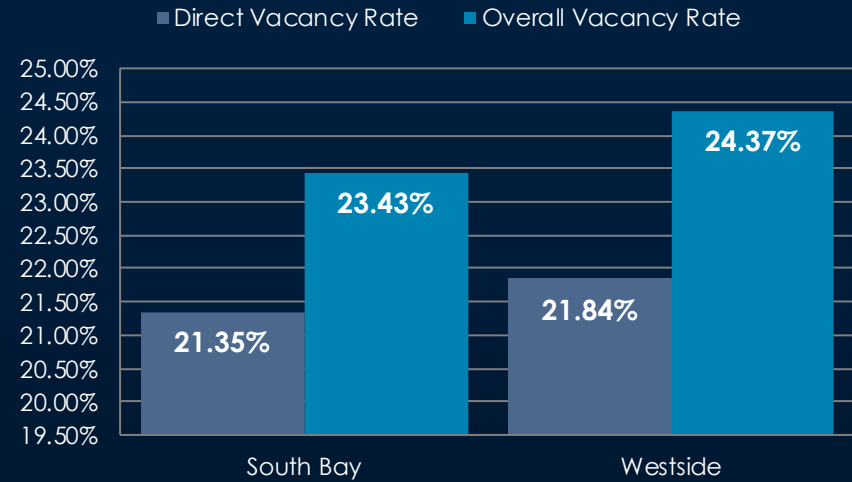
SQUARE FOOT BREAKDOWN- 95,245,279 SF MARKET SIZE



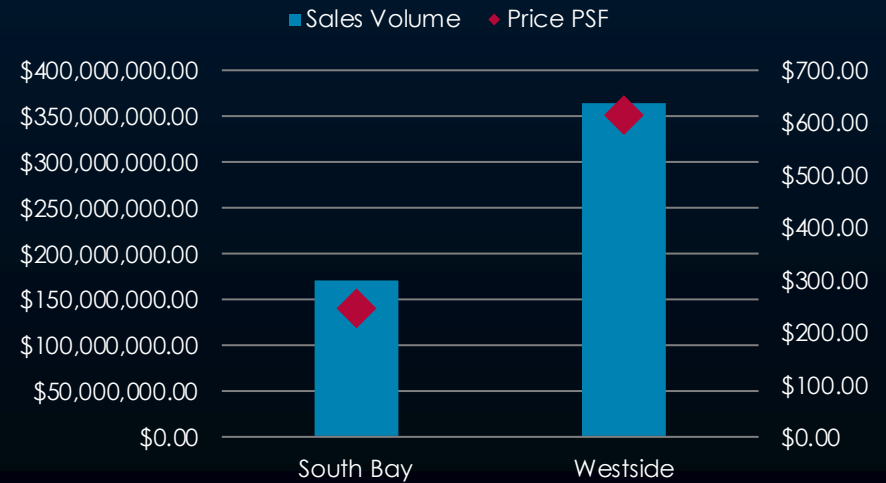
AVERAGE RENT PSF



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

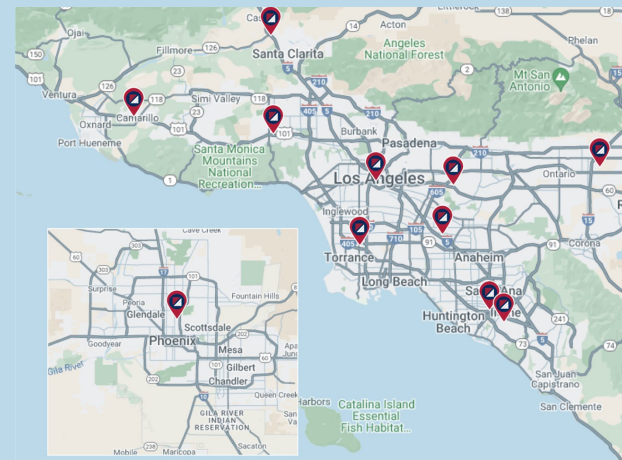
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

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 Q4

Office 2025 Los Angeles South Bay



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Declined by 7 bps from revised Q3 to 23.43% in Q4.
- **Net Absorption:** Direct was negative, but overall remained positive in Q4 totaling 27K SF.
- **Sales:** Two recorded sales in Q4 totaling \$171.5M. Bringing the total volume in 2025 to \$218.5M. A decline of 12.7% compared to 2024.
- **Asking Rents:** Increased by 0.9% or \$0.03 PSF to a rate of \$3.20 PSF in Q4.

ECONOMIC OUTLOOK

- **Interest Rates:** FOMC decided cut rates twice over Q4. Ending the year at range of 3.50%-3.75%. Only one cut projected in 2026.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 1.8% through Nov. The cost from China/East Asia to the West Coast increased 41.2% over Q4, ending at \$2,617 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China). Revenue collection from tariffs far out exceeding expectations. With consumers not being burdened by them yet.
- **Geopolitics:** The removal of Venezuelan President Maduro may lead to lower energy prices in the future. Helping to fuel the AI boom.


Direct Vacancy
⬆ 21.35%


Net Absorption
⬆ 27,110 SF


Overall Vacancy
⬆ 23.43%


Gross Absorption
⬆ 598,761 SF


Under Construction
⬅ 176,794 SF


Rental Rates (FSG)
⬆ \$3.20


Median Sale \$/SF
⬆ \$244.87



Deal Volume
⬆ \$171.5M


U.S. Employment
⬆ 4.4%


U6 Rate
⬆ 8.4%


Interest Rate
⬆ 6.15%
(30 year fixed)


Changing GDP
⬆ 5.4%


Port Traffic Y/Y Δ
⬆ 1.8%


NYSE Performance
⬆ 2.8%


Inflation Change
⬆ 2.71%


10 Yr. - 2 Yr. Spread
⬆ 71 BPS

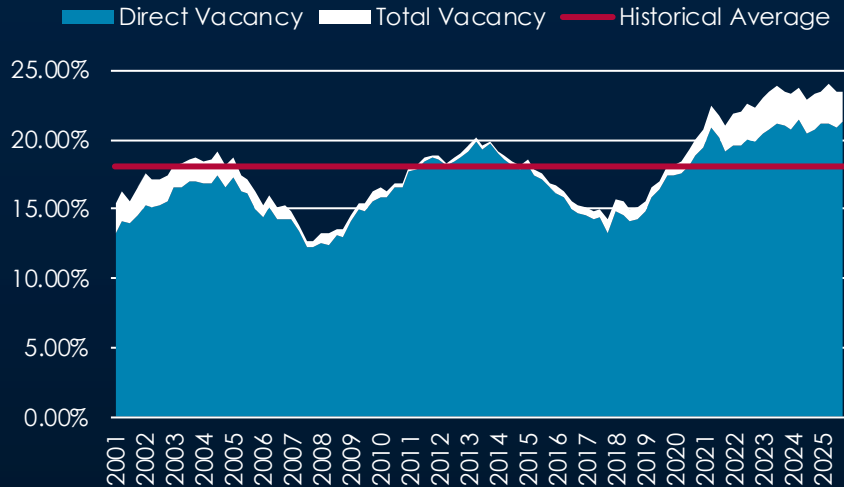
EXPERIENCE IN A CHANGING MARKET
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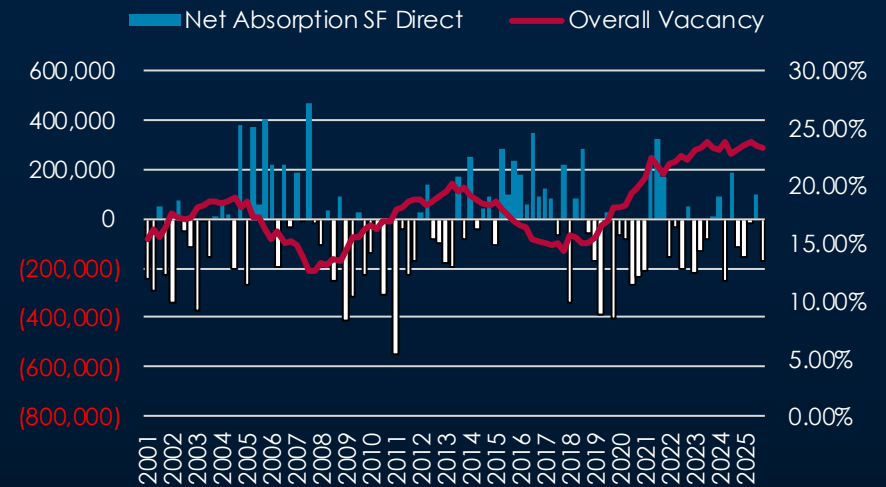
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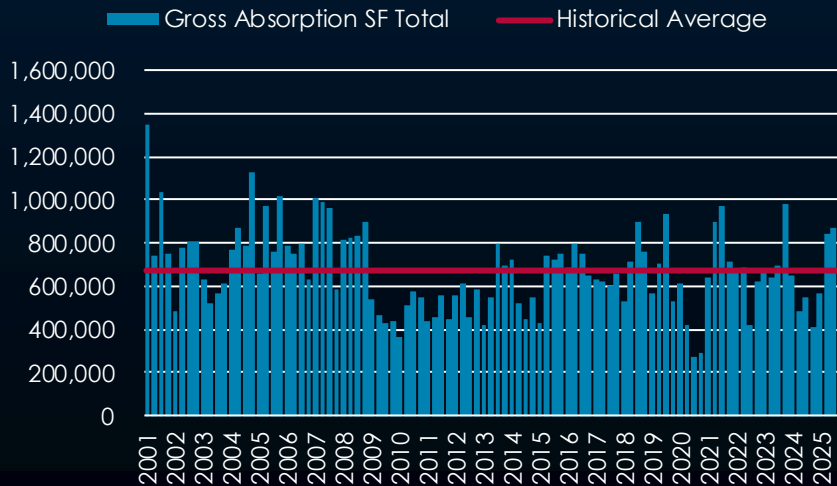
OVERALL VACANCY DECLINED BY 7 BPS FROM REVISED Q3 TO 23.43% IN Q4



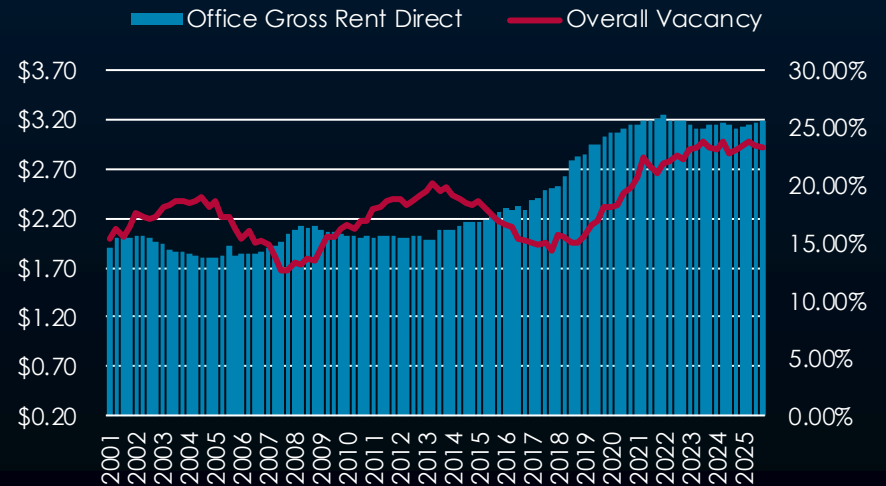
NET ABSORPTION DIRECT WAS NEGATIVE; OVERALL POSITIVE IN Q4 TOTALING 27K SF



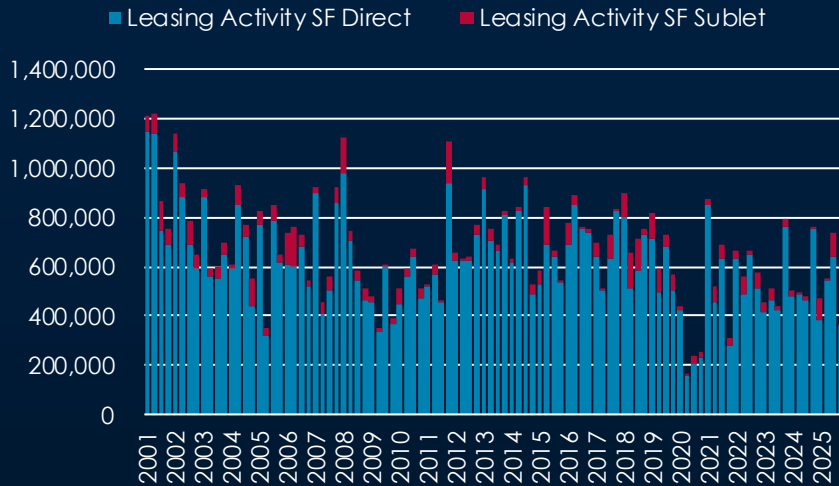
GROSS ABSORPTION DECLINED 31.2% FROM REVISED Q3 TO 599K SF IN Q4



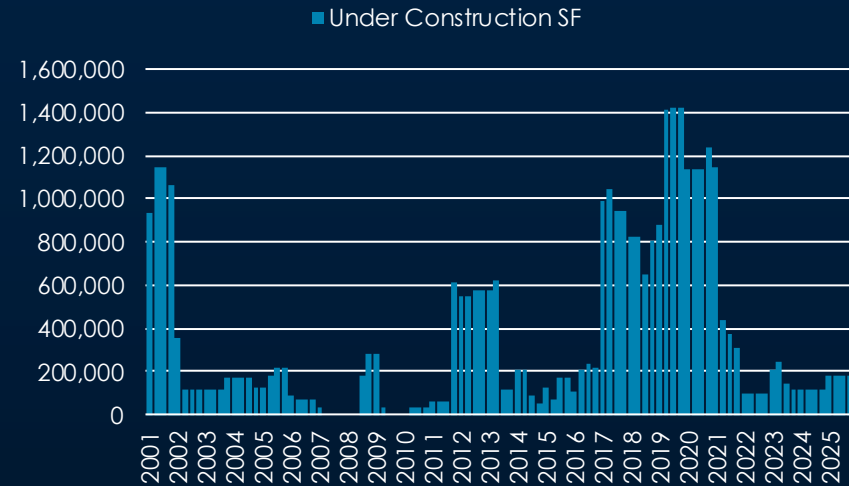
ASKING RENTS INCREASED BY 0.9% OR \$0.03 PSF TO A RATE OF \$3.20 PSF IN Q4



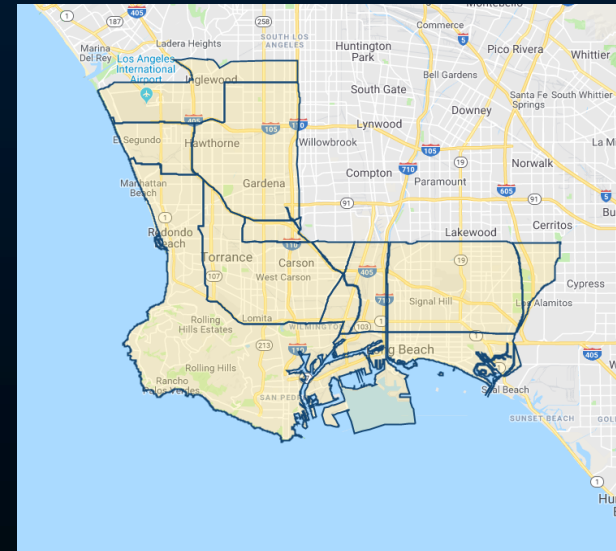
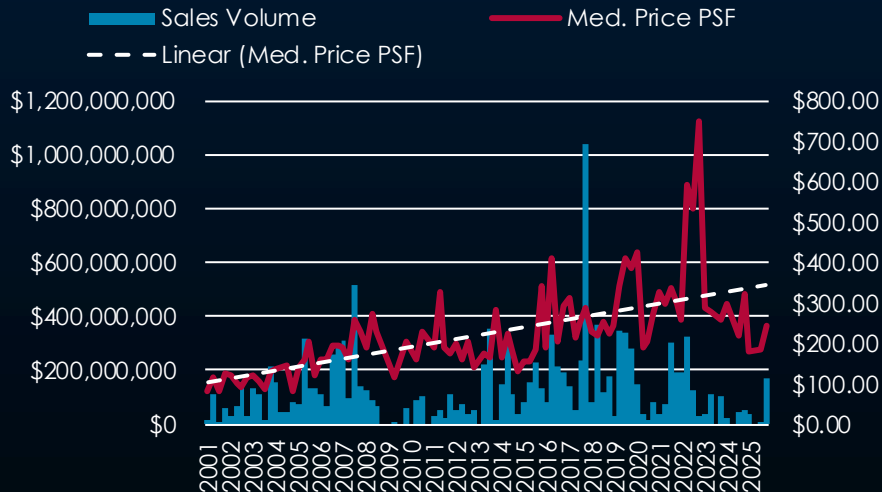
LEASING ACTIVITY DECLINED 50.1% FROM Q3 TO 362K SF IN Q4



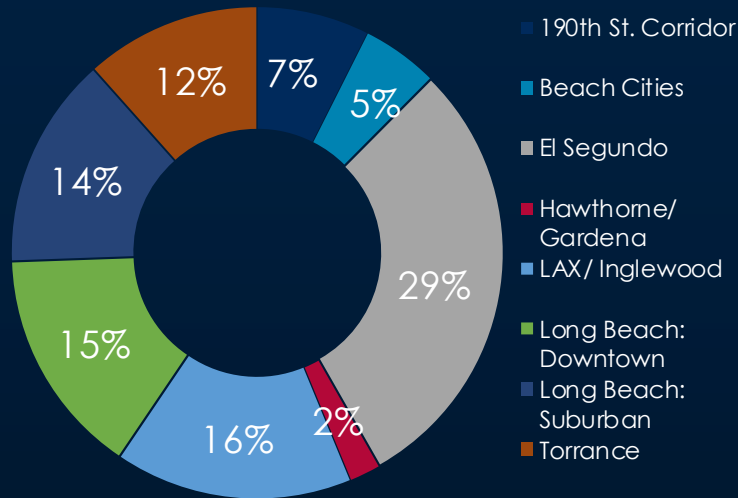
CONSTRUCTION ACTIVITY NO DELIVERIES IN Q4. UC REMAINS AT 177K SF



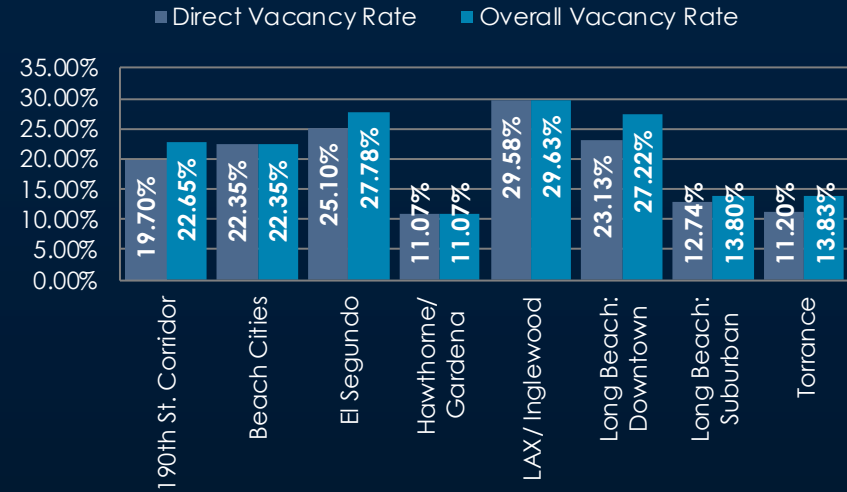
SALES TWO RECORDED SALES IN Q4 TOTALING \$171.5M



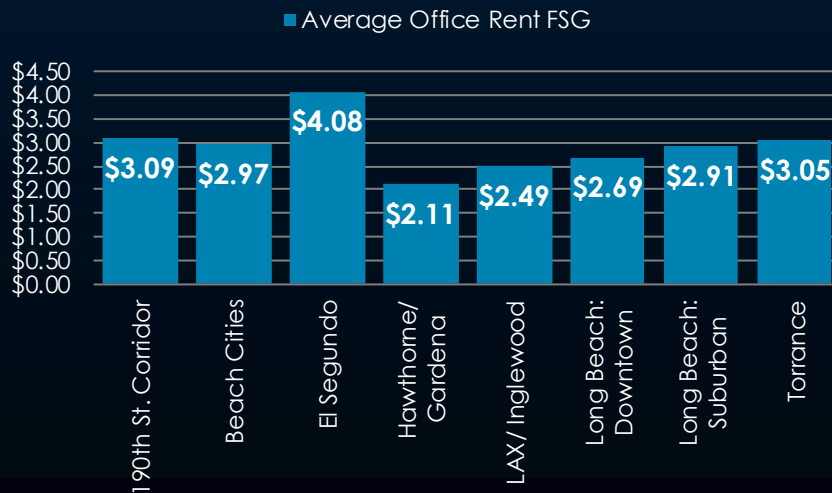
SQUARE FOOT BREAKDOWN- 36,867,036 SF MARKET SIZE



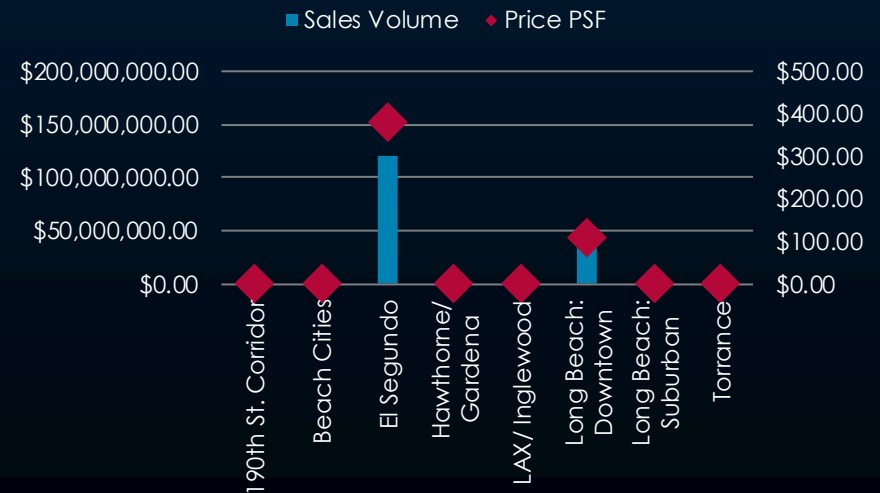
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

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Net Absorption

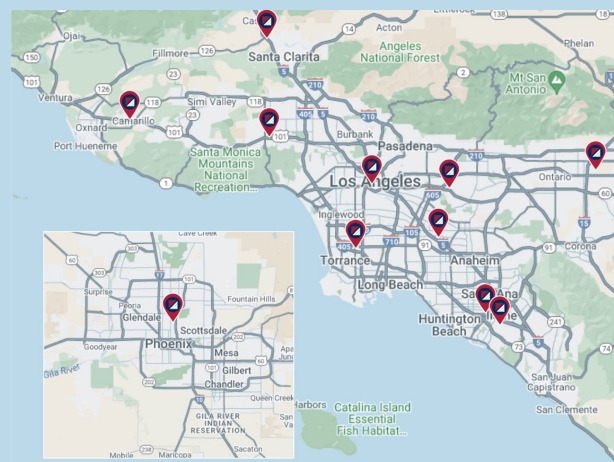
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Completed in 2025

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Market Report

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Westside



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MARKET REPORT Q4

Office 2025 Los Angeles Westside



MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Declined by 55 bps to 24.37% in Q4.
- **Net Absorption:** Improved demand in Q4 totaling 319K SF. Q3 was revised lower.
- **Asking Rents:** Declined by \$0.06 PSF or 1.2% from Q3 to a rate of \$5.05 PSF in Q4.
- **Sales:** Five recorded sales in Q4 totaling \$364M in volume. Bringing the total volume in 2025 to \$916.4M. A 15.9% increase compared to 2024. Institutional capital is beginning to flow back into the office sector.

ECONOMIC OUTLOOK

- **Interest Rates:** FOMC decided cut rates twice over Q4. Ending the year at range of 3.50%-3.75%. Only one cut projected in 2026.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 1.8% through Nov. The cost from China/East Asia to the West Coast increased 41.2% over Q4, ending at \$2,617 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China). Revenue collection from tariffs far out exceeding expectations. With consumers not being burdened by them yet.
- **Geopolitics:** The removal of Venezuelan President Maduro may lead to lower energy prices in the future. Helping to fuel the AI boom.


Direct Vacancy
▽ 21.84%


Net Absorption
△ 318,573 SF


Overall Vacancy
▽ 24.37%


Gross Absorption
▽ 1,265,672 SF



Under Construction
◀ 1,683,892 SF


Rental Rates (FSG)
▽ \$5.05


Median Sale \$/SF
△ \$615.34


Deal Volume
△ \$364.0M


U.S. Employment
△ 4.4%



U6 Rate
△ 8.4%



Interest Rate
▽ 6.15%
(30 year fixed)


Changing GDP
△ 5.4%


Port Traffic Y/Y Δ
△ 1.8%


NYSE Performance
△ 2.8%


Inflation Change
▽ 2.71%


10 Yr. - 2 Yr. Spread
△ 71 BPS

EXPERIENCE IN A CHANGING MARKET

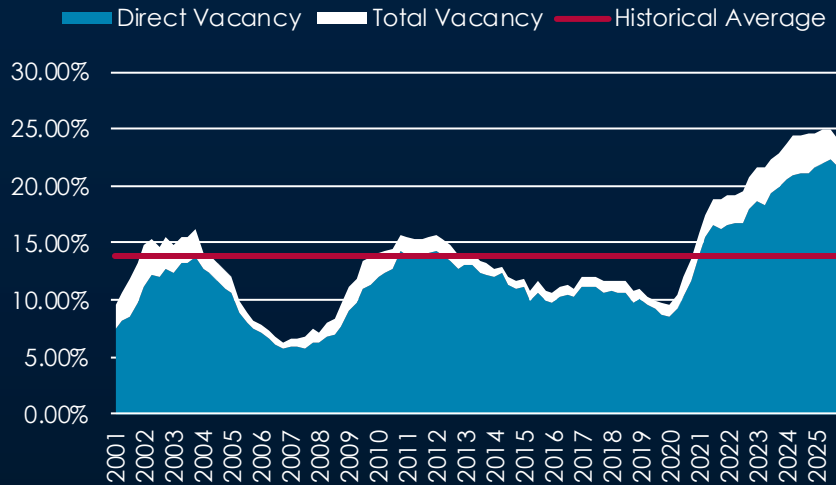
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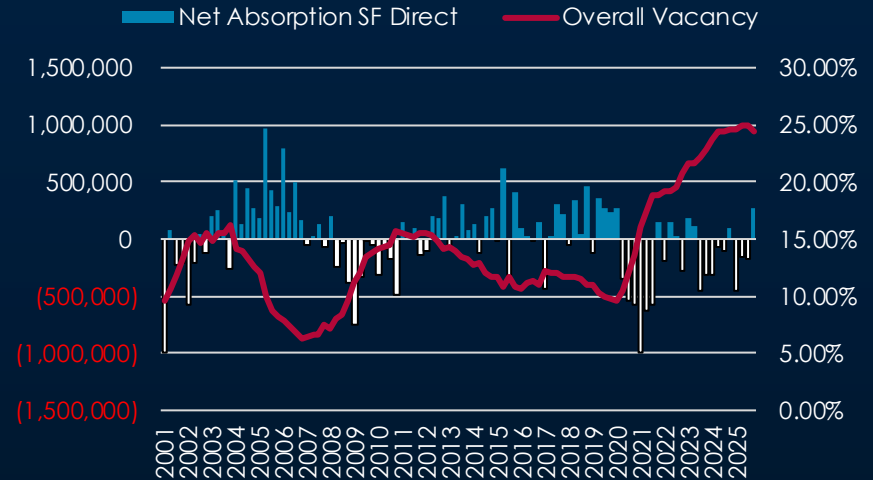
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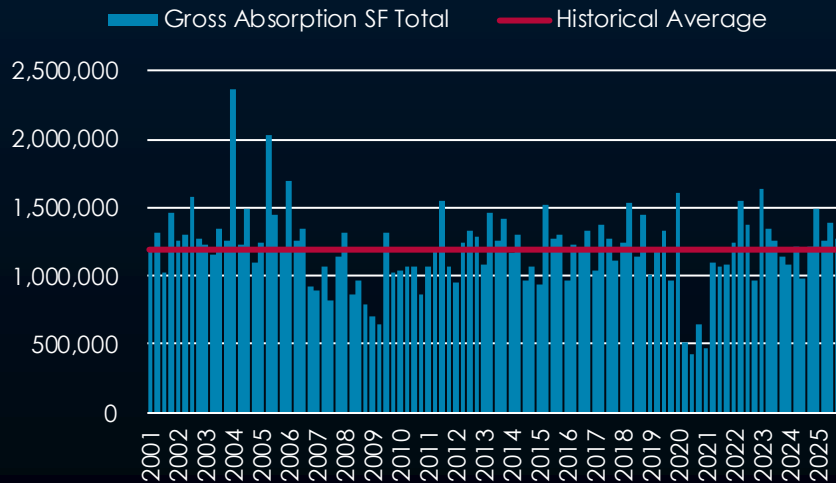
OVERALL VACANCY DECLINE OF 55 BPS FROM Q3 TO 24.37% IN Q4



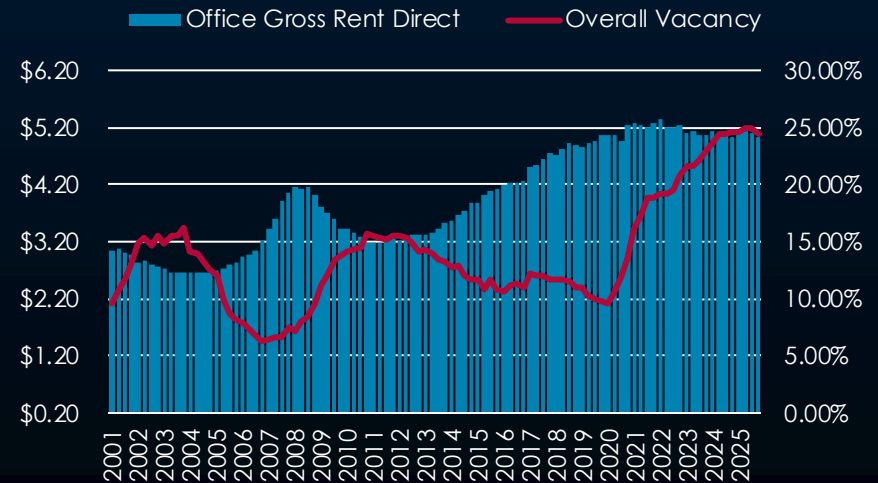
NET ABSORPTION STRONG DEMAND IN Q4 TOTALING 319K SF. Q3 REVISED DOWN



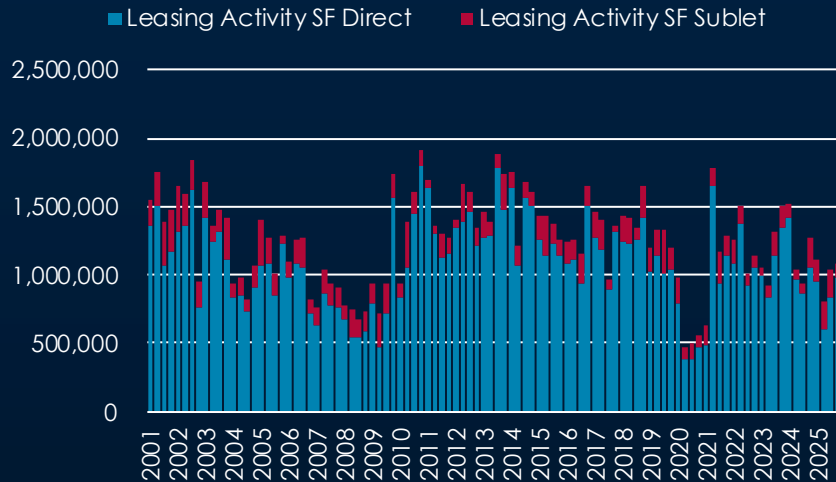
GROSS ABSORPTION DECLINED 9.0% FROM REVISED Q3 TOTALING 1.27M SF IN Q4



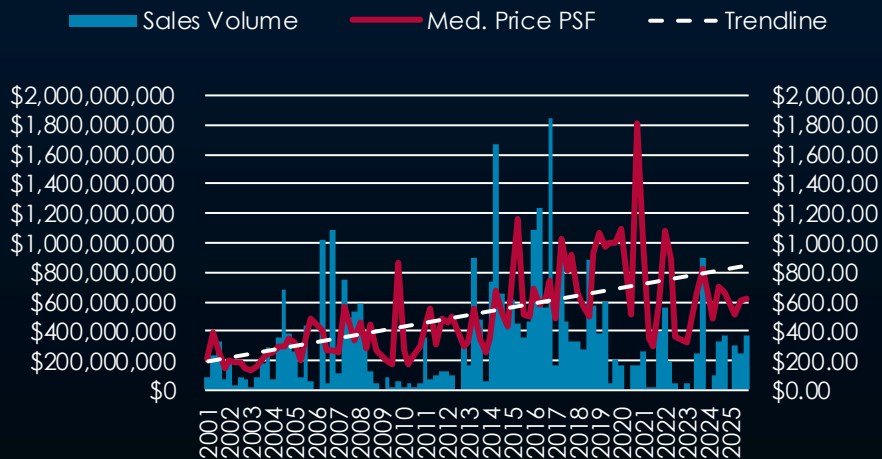
ASKING RENTS DECLINED BY \$0.06 PSF OR 1.2% TO \$5.05 PSF IN Q4



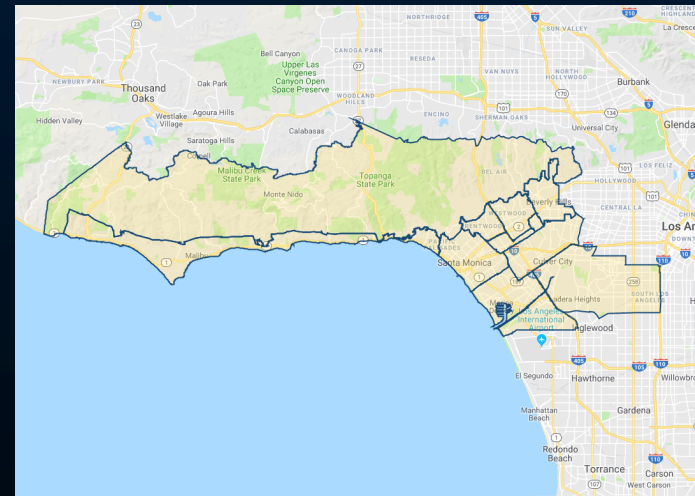
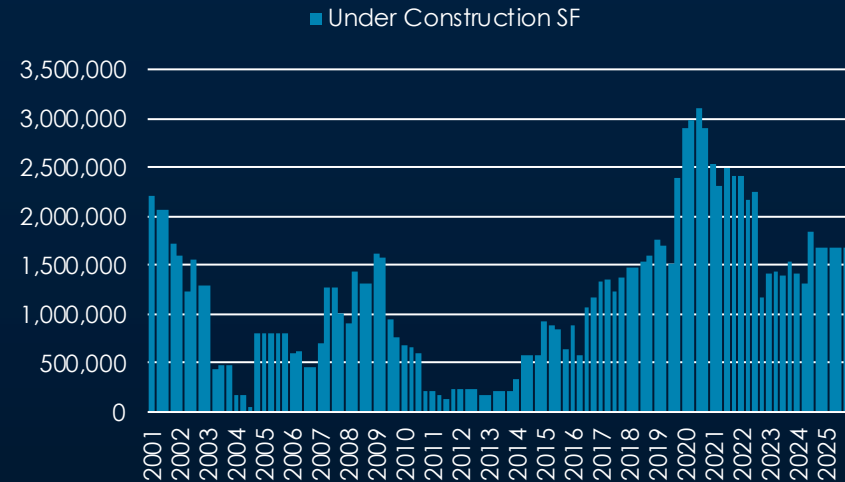
LEASING ACTIVITY INCREASED BY 4.4% FROM Q3 TOTALING 1.1M SF IN Q4



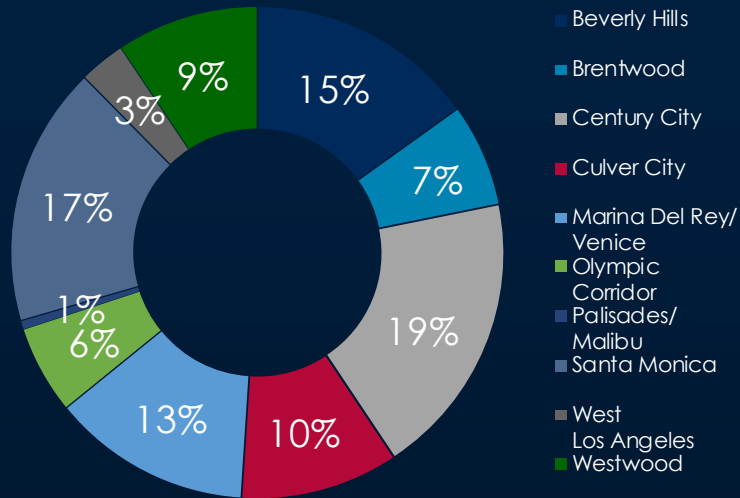
SALES FIVE RECORDED SALES IN Q4 TOTALING \$364M IN VOLUME



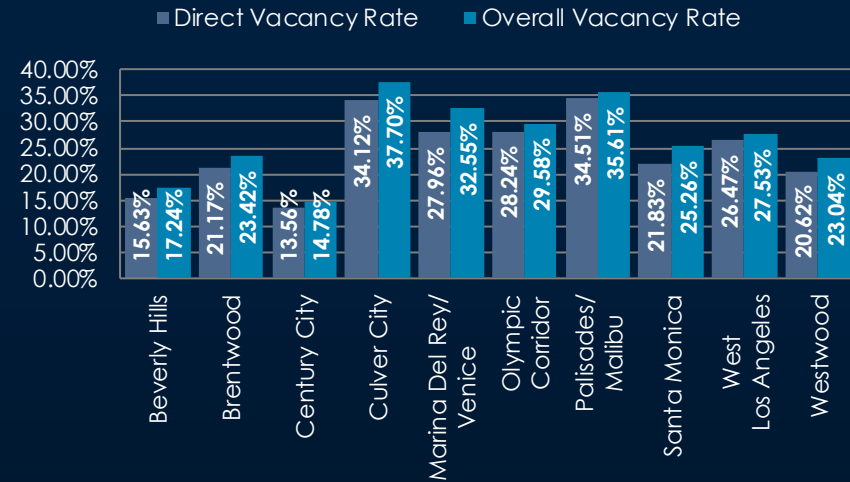
CONSTRUCTION ACTIVITY NO DELIVERIES IN Q4. UC REMAINS AT 1.68M SF



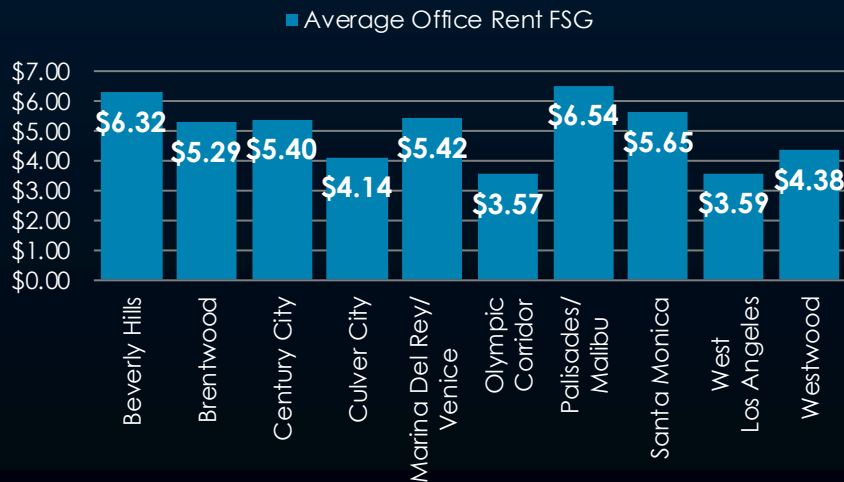
SQUARE FOOT BREAKDOWN- 58,378,243 SF MARKET SIZE



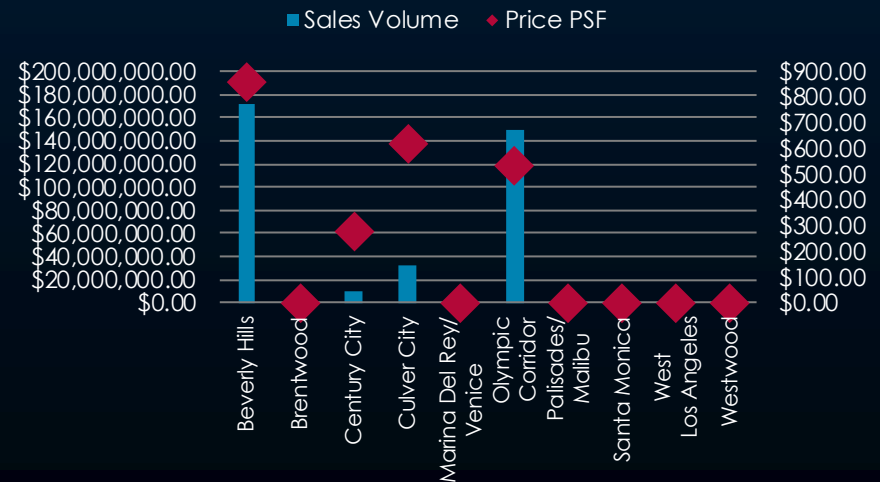
VACANCY BREAKDOWN



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

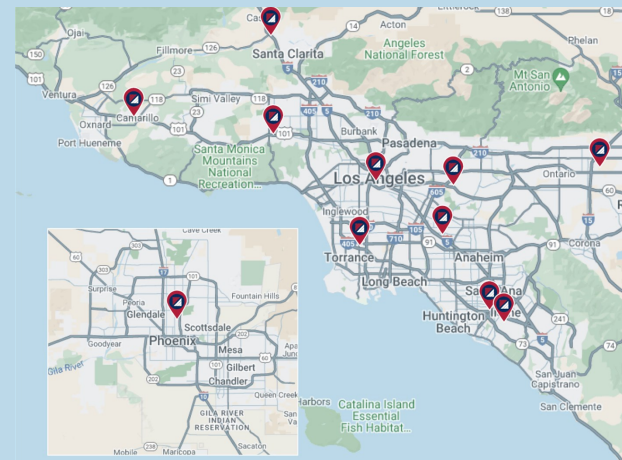
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

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

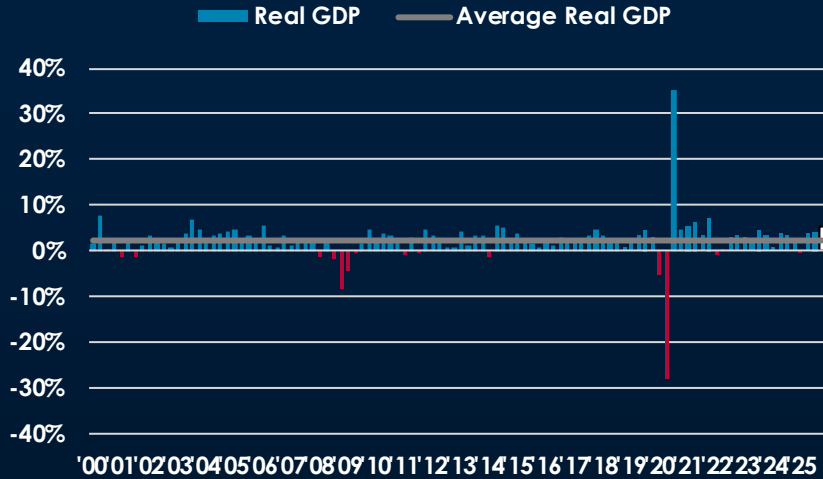


Q4 2025

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.

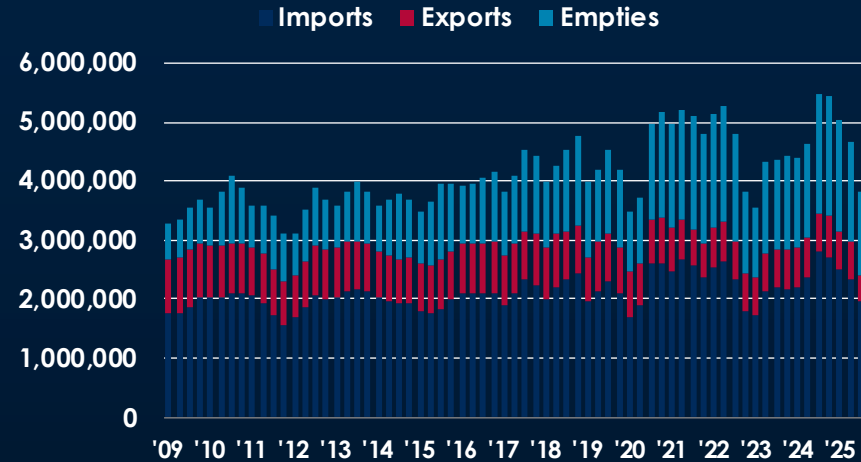
Q4 Market Report

GDP IN Q3 FINISHED AT 4.3%. Q4 ESTIMATE AT 5.4% PER GDPNOW

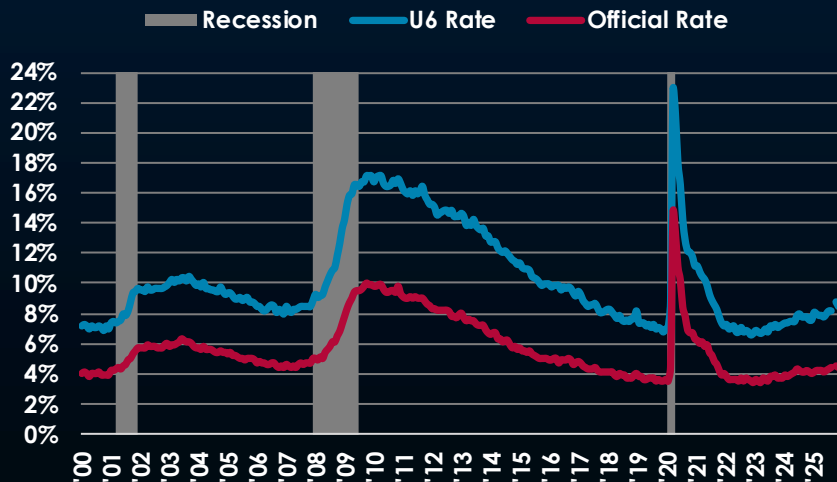


*5.4% Estimate for Q4-25 from the Federal Reserve Bank of Atlanta GDPNow

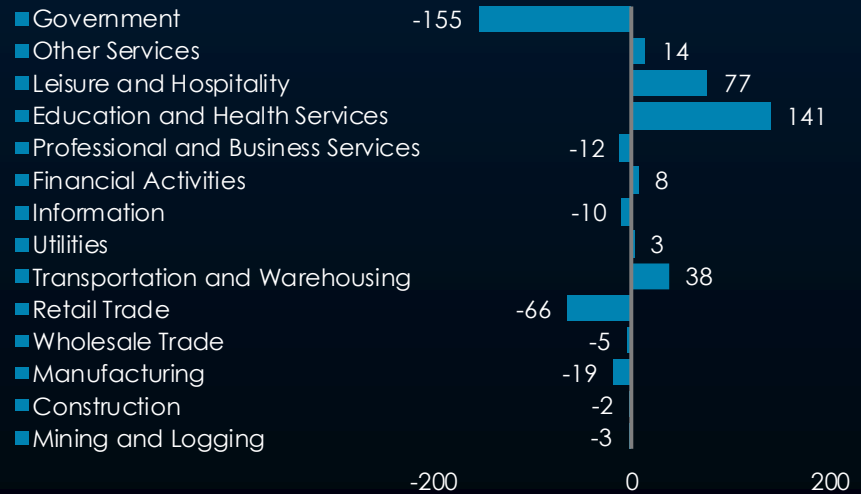
PORT ACTIVITY IN Q3 WAS UP 0.4% Y/Y. YTD 2025 UP 1.8% Y/Y



LABOR MARKET RESILIENCE LIKELY TO PAUSE RATE CUTS

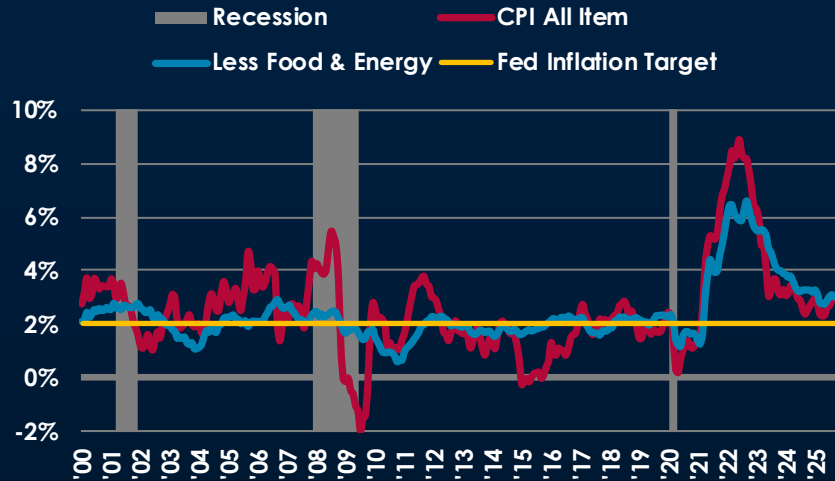


EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q4

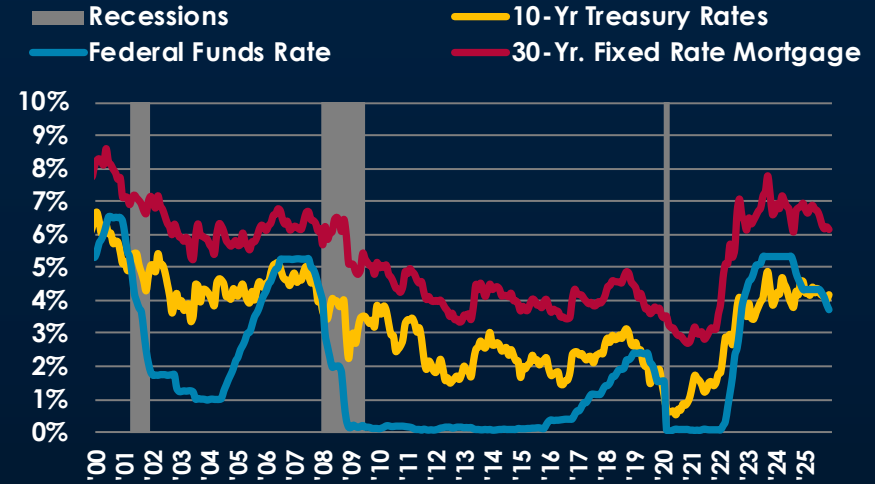


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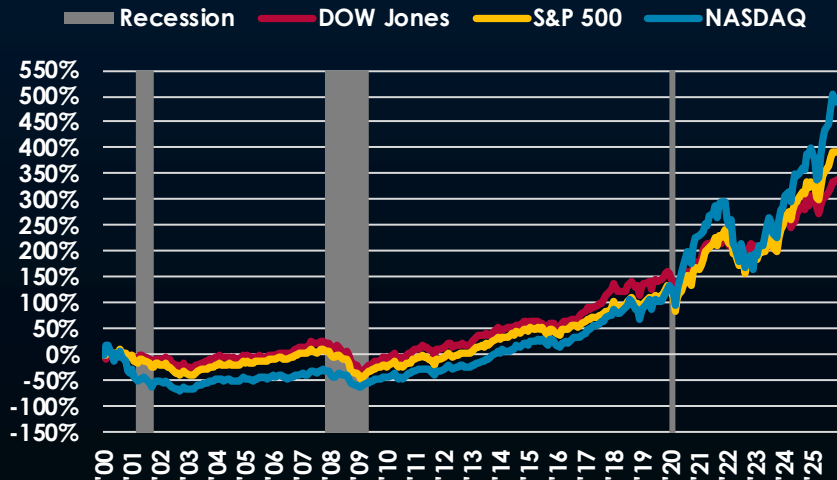
INFLATION TRENDING UPWARD ABOVE THE FED TARGET OF 2%



THE FED CUT RATES BY 50 BPS OVER Q4



MAJOR INDEXES REACHED ALL TIME HIGHS IN Q4



10-2 YEAR YIELD CURVE STEEPENED IN Q4

