MARKET REPORT · Q3 2026

Office

Los Angeles County

Los Angeles | Orange County | Ventura | Inland Empire | Phoenix

24.05%
OVERALL VACANCY

0.93M SF
NET ABSORPTION

$516.4M
SALE VOLUME

A quarterly read on office leasing, absorption, and investment activity across Los Angeles County.

DAUM
COMMERCIAL REAL ESTATE SERVICES

Experience in a Changing Market

IN THIS REPORT

02 Executive Summary

03 Market Trends

04 Leasing & Sales Activity

05 Submarket Detail

07 Map & Methodology

QUARTER IN MOTION

Direct Vacancy	**22.25%**	▼ 24 bps
Leasing Activity	**3.15 MSF**	▼ 16.1%
Asking Rent FSG	**$3.50**	▲ $0.02
Under Construction	**2.29 MSF**	– 0.0%

Office Market Report

DAUM
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24.05%

OVERALL VACANCY RATE

▼ 38 bps QoQ ▲ 21 bps YoY

Q3 AT A GLANCE

Vacancy declined 38 bps from revised Q2 to 24.05% as net absorption turned positive at 0.93 MSF, the highest since Q4 2015. Leasing activity slowed 16.1% to 3.15 MSF, while sale volume totaled $516.4M at a median of $162.79 PSF, bringing YTD 2026 volume to $1.36B.

22.25%	0.93M SF	3.2M SF	$3.50	2.29M SF	$516.4M
DIRECT VACANCY	NET ABSORPTION	LEASING ACTIVITY	ASKING RENT FSG	UNDER CONSTRUCTION	SALE VOLUME
▼ 24 bps QoQ	▲ 1.79M QoQ	▼ 16.1% QoQ	▲ $0.02 QoQ	– 0.0% QoQ	▼ YTD down 22.0% Y/Y

MARKET

- **Vacancy Rate:** Declined by 38 bps from revised Q2 to 24.05% in Q3. Year over Year increase of 21 bps or 0.51 MSF.
- **Net Absorption:** Turned positive in Q3 totaling 0.93 MSF, the highest since Q4 2015. YTD 2026 totaled -0.33 MSF.
- **Asking Rates:** Increased by $0.02 or 0.6% to $3.50 PSF FSG in Q3.
- **Leasing Activity:** Down 16.1% from revised Q2 to 3.15 MSF in Q3.
- **Sale Activity:** Median price PSF in Q3 was $162.79. Volume down 20.2% to $516.4M. YTD 2026 volume of $1.36B is down 22.0% from 2025.

ECONOMIC OUTLOOK

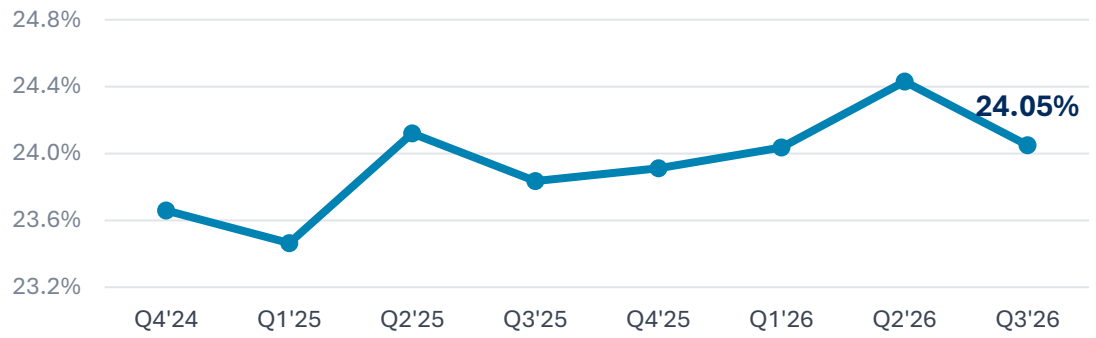
- **Interest Rates:** FOMC held rates in July, then raised by 25 bps in September to a range of 3.75%-4.00%.
- **Supply Chain:** Record volume at San Pedro Bay Port Complex totaling 5.80M TEUs in Q3. YTD Y/Y volume at the San Pedro Port Complex is up 3.6% through Sept. The cost from China/East Asia to the West Coast increased 36.2% over Q3, ending at $8,411 per container. (Freightos).
- **Geopolitics:** The conflict in Iran resumed in July after a June agreement briefly reopened the Strait of Hormuz, keeping shipping costs elevated.

Covers non-owner-occupied, multi-tenant office buildings 30,000 SF and greater across Los Angeles County. · Source: DAUM Research, Q3 2026. · Full methodology on page 7.

Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.

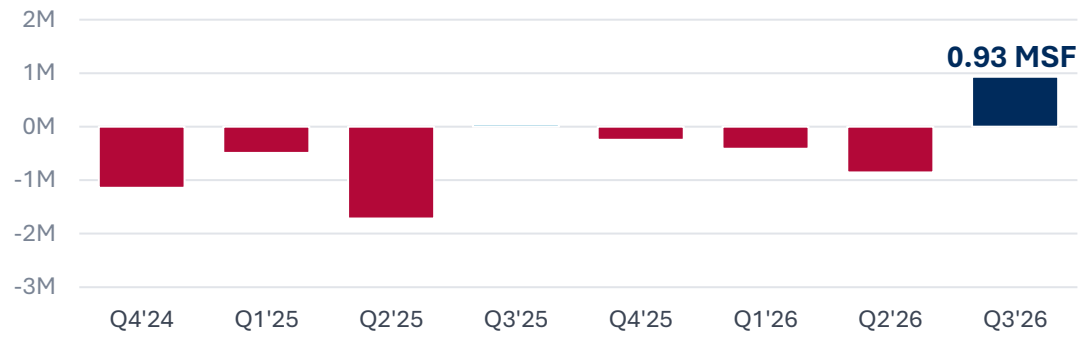
Leasing Fundamentals

Overall Vacancy



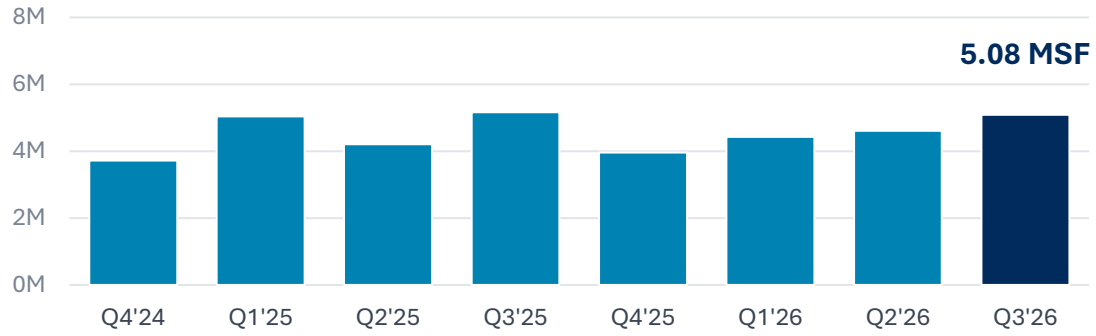
Declined by 38 bps from revised Q2 to 24.05% in Q3.

Net Absorption



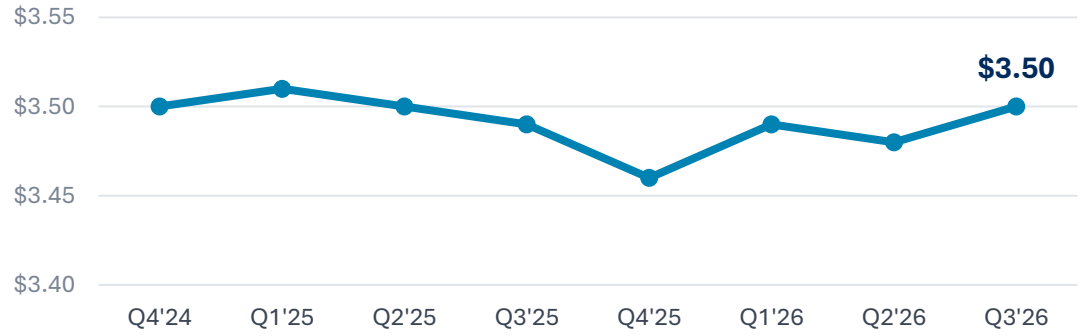
Stronger demand in Q3 totaling 0.93 MSF, the highest since Q4 2015.

Gross Absorption



Increased by 10.3% from revised Q2 to 5.08 MSF in Q3.

Asking Rents (FSG)

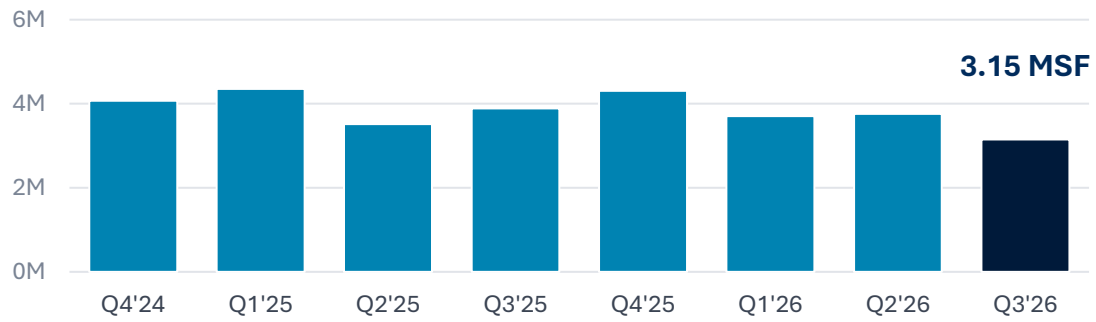


Increased by $0.02 or 0.6% to $3.50 PSF FSG in Q3.

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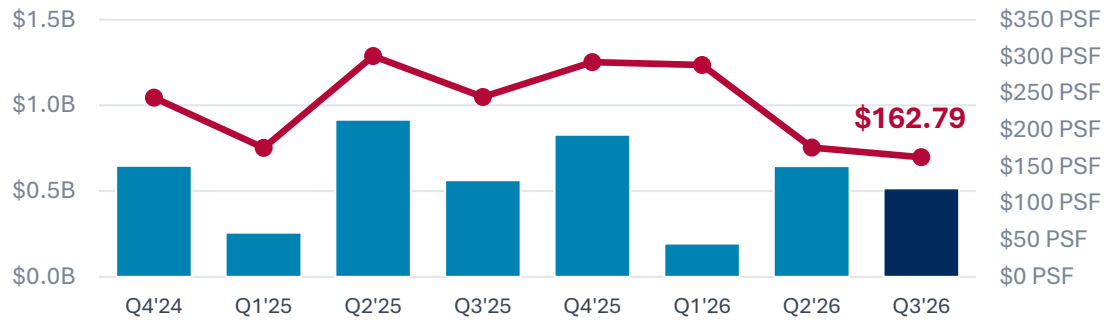
Leasing & Sales Activity

Leasing Activity



Declined by 16.1% from revised Q2 to 3.15 MSF in Q3, the lowest since Q4 2022.

Sales Volume & Median Price PSF



The median price PSF in Q3 was $162.79, the lowest since Q1 2010. Volume down 20.2% to $516.4M.

NOTABLE LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT	SF	Type
6100 Center Dr	Westside	Pepperdine University	117,495	Direct
888 N Douglas St	South Bay	Innocean	101,000	Direct
443 S Raymond Ave	Burbank/Glendale/Pasadena	Oratomic	81,273	Direct
2121 Avenue of the Stars	Westside	PwC	67,860	Direct
3401 Exposition Blvd	Westside	Company 3	63,376	Direct

NOTABLE SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / PSF
1200 W 7th St	Downtown Los Angeles	HRRP Garland/ L.A. Care Health Plan	730,000	$125.00M/ $171.23 PSF
655 N Central Ave	Burbank/Glendale/Pasadena	Divco West/ Sunny Hills Mgmt.	538,992	$70.00M/ $129.87 PSF
222 W 6th St	South Bay	Forbix Financial/ 222 PV Harbor View	309,732	$26.10M/ $84.27 PSF
100 Oceangate	South Bay	100 Oceangate/ Port of Long Beach	226,748	$35.00M/ $154.36 PSF
25124-25152 Springfield Ct	Santa Clarita Valley	Commons at Valencia/ SI Commons	159,899	$32.00M/ $200.13 PSF

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By Submarket

SUBMARKET STATISTICS

SUBMARKET	INVENTORY (SF)	% OF TOTAL	DIRECT VACANT (SF)	DIRECT VACANCY	OVERALL VACANT (SF)	OVERALL VACANCY	QTR NET ABSORPTION	YTD NET ABSORPTION	YTD LEASING ACTIVITY	UNDER CONSTR. (SF)	YTD COMPL. (SF)	AVG. RENT FSG	SALES VOLUME	PRICE PSF
Downtown Los Angeles	53,539,435	22%	15,232,029	28.45%	16,003,225	29.89%	451,106	–276,830	1,621,482	0	0	$2.80	$130.0M	$157.98
Mid-Cities	2,957,059	1%	299,919	10.14%	304,487	10.30%	–23,082	–32,524	76,556	0	0	$2.54	–	–
Mid-Wilshire	27,883,903	11%	7,100,238	25.46%	7,425,706	26.63%	–232,276	–526,757	851,132	753,040	72,792	$3.48	$12.5M	$111.74
Southeast Los Angeles	3,636,160	1%	367,074	10.10%	376,673	10.36%	–27,871	–71,067	72,846	0	0	$2.46	–	–
Central / SE LA	**88,016,557**	**36%**	**22,999,260**	**26.13%**	**24,110,091**	**27.39%**	**167,877**	**–907,178**	**2,622,016**	**753,040**	**72,792**	**$3.00**	**$142.5M**	**$144.72**
Antelope Valley	867,488	0%	69,022	7.96%	69,022	7.96%	–5,997	–15,431	20,193	0	0	$1.88	–	–
Burbank/Glendale/Pasadena	25,822,641	11%	6,180,724	23.94%	6,798,330	26.33%	153,448	15,294	1,350,077	0	0	$3.71	$124.7M	$315.01
San Fernando Valley	25,428,815	10%	3,750,508	14.75%	4,491,208	17.66%	207,125	277,506	1,060,771	0	0	$2.63	$19.6M	$196.66
Santa Clarita Valley	3,150,413	1%	554,375	17.60%	554,905	17.61%	52,300	–91,509	268,697	0	0	$2.88	$42.8M	$191.33
LA – North	**55,269,357**	**23%**	**10,554,629**	**19.10%**	**11,913,465**	**21.56%**	**406,876**	**185,860**	**2,699,738**	**0**	**0**	**$3.27**	**$187.1M**	**$250.83**
Eastern SGV	5,560,325	2%	587,166	10.56%	620,380	11.16%	6,431	–4,352	235,713	0	0	$2.56	$29.4M	$224.87
Western SGV	5,298,251	2%	741,793	14.00%	754,762	14.25%	–74,688	–92,454	130,338	0	0	$2.89	–	–
San Gabriel Valley	**10,858,576**	**4%**	**1,328,959**	**12.24%**	**1,375,142**	**12.66%**	**–68,257**	**–96,806**	**366,051**	**0**	**0**	**$2.74**	**$29.4M**	**$224.87**
South Bay	36,000,077	15%	8,018,201	22.27%	8,520,276	23.67%	343,405	306,660	1,338,183	171,666	256,391	$3.33	$97.6M	$115.32
Westside	54,928,019	22%	11,624,687	21.16%	13,019,154	23.70%	83,024	177,920	3,589,723	1,361,000	0	$4.91	$59.8M	$313.68
West / South LA	**90,928,096**	**37%**	**19,642,888**	**21.60%**	**21,539,430**	**23.69%**	**426,429**	**484,580**	**4,927,906**	**1,532,666**	**256,391**	**$4.27**	**$157.4M**	**$123.45**
Los Angeles Totals	**245,072,586**	**100%**	**54,525,736**	**22.25%**	**58,938,128**	**24.05%**	**932,925**	**–333,544**	**10,615,711**	**2,285,706**	**329,183**	**$3.50**	**$516.4M**	**$162.79**

245,072,586 SF total market size · Source: DAUM Research, Q3 2026

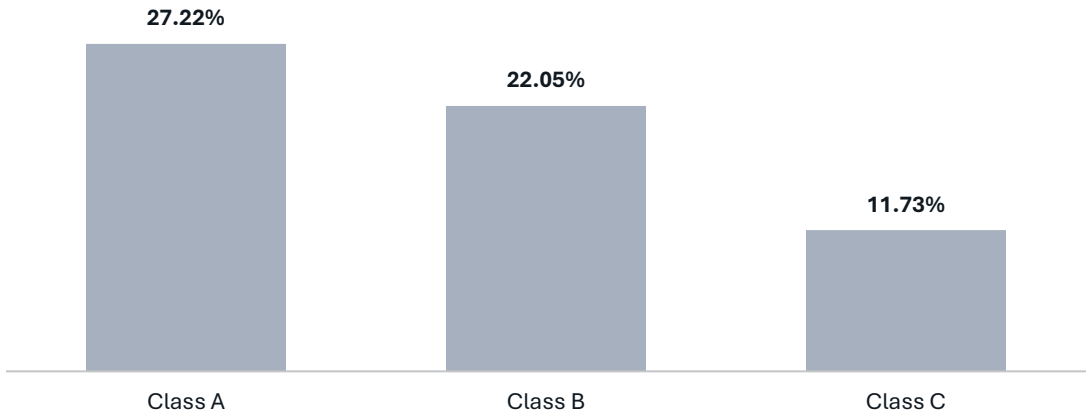
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By Building Class

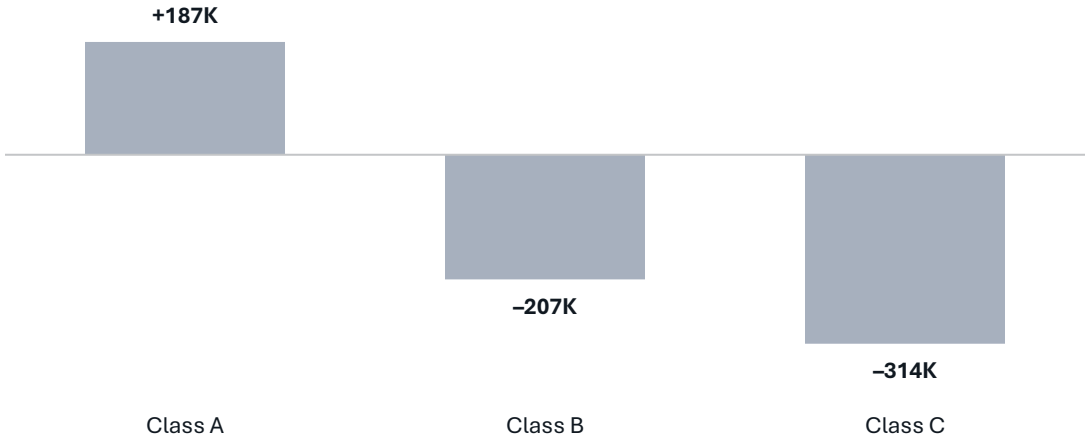
STATISTICS BY BUILDING CLASS

BUILDING CLASS	INVENTORY (SF)	% OF TOTAL	VACANCY RATE	AVG. ASKING RENT FSG	YTD NET ABSORPTION	UNDER CONSTR. (SF)
Class A	125,840,303	51%	27.22%	$3.77	187,393	2,140,791
Class B	103,635,722	42%	22.05%	$3.24	–207,045	144,915
Class C	15,541,184	6%	11.73%	$2.88	–313,892	0
Los Angeles Totals	**245,072,586**	**100%**	**24.05%**	**$3.50**	**–333,544**	**2,285,706**

VACANCY RATE BY BUILDING CLASS



YTD NET ABSORPTION BY BUILDING CLASS (THOUSANDS SF)



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Map & Methodology

SUBMARKET MAP



METHODOLOGY & TERMINOLOGY

Methodology

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

Direct Vacancy Rate

Total vacant direct space divided by total rentable square footage.

Net Absorption

Net change in occupied space: positive changes (move-ins) less negative changes (move-outs).

Direct Vacant SF

Vacant space ready for occupancy, offered for lease or sale directly by the landlord.

Vacancy W/ Sublet Rate

Total vacant direct and sublease space divided by total rentable square footage.

Under Construction

Planned buildings where construction has started but no Certificate of Occupancy yet.

Total Vacant W/ Sublet SF

Vacant space offered by the landlord or for sublease by the current tenant.

Gross Absorption

Total change in occupied space, counting occupied space but not space vacated.

Completed in 2026

New buildings with original construction completed in 2026 and granted a C of O.

DAUM OFFICES

MARKET	ADDRESS	PHONE
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

MARKET	ADDRESS	PHONE
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
Indian Wells	74900 Highway 111, Suite 221 Indian Wells, CA 92210	760-253-8539

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ECONOMIC OVERVIEW · Q3 2026

Economic Overview

National Indicators

BOTTOM LINE FOR CRE

Record Q3 port volume and a 3.6% GDP nowcast show firm goods demand, but the Fed's September hike and a 10-Year near 5% raise financing costs, while 11.2% input inflation keeps new supply constrained, favoring well-located existing buildings.

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Experience in a Changing Market

IN THIS SECTION

02 Trade & Growth

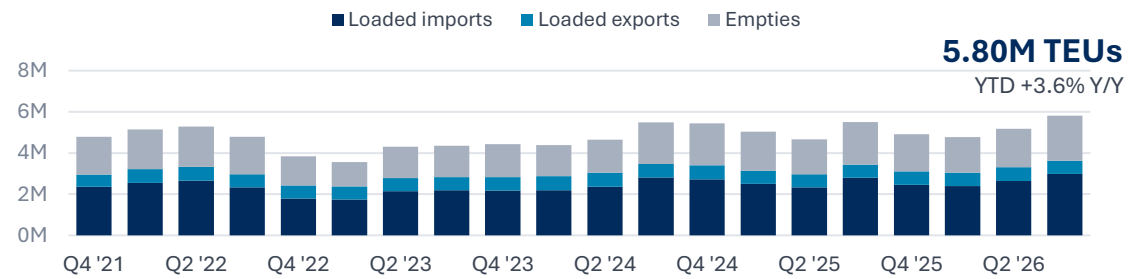
03 Prices, Labor & Capital

QUARTER IN MOTION

Port Volume, San Pedro Bay	**5.80M TEUs**	▲ 5.4% Y/Y
Trans-Pacific Freight	**$8,411**	▲ 36.2% Q/Q
Retail Inventory-to-Sales	**1.36**	2019 avg 1.46
Real GDP, Q3 GDPNow	**3.6%**	Q2 BEA 2.2%
CPI, September Y/Y	**3.7%**	▲ 0.2 pt Q/Q
Unemployment Rate	**4.2%**	Unch. Q/Q
Fed Funds Target	**3.75–4.00%**	▲ 25 bps Q/Q
10-Year Treasury, 9/30	**5.29%**	Sep avg 4.99%
Construction Input Costs	**159.1**	▲ 59.1% vs 1/20

Trade & Growth

Port Volume



Q3 port volume rose 5.4% Y/Y to a record 5.80M TEUs; loaded imports up 6.2% support distribution space demand.

Source: Ports of Los Angeles and Long Beach. Quarterly totals of monthly TEUs; Q3 2026 is a record since 1995.

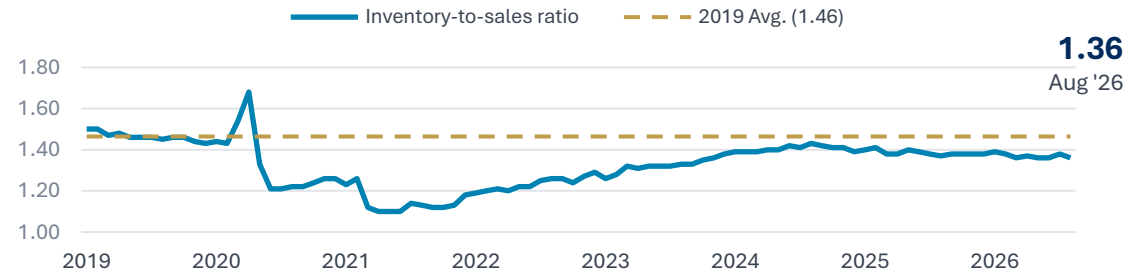
Freight Rates



Trans-Pacific spot rates rose 36.2% in Q3 to $8,411, the highest since June 2022; landed costs keep rising for importers.

Source: Freightos Baltic Index (FBX01), Asia to N. America West Coast, weekly to 9/25/2026. Events: CRS; UN News.

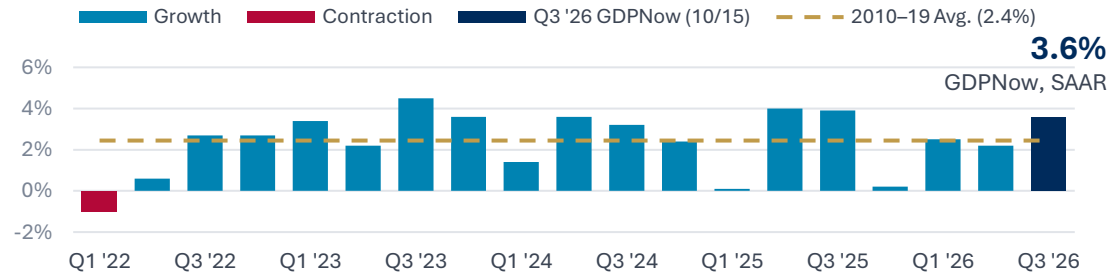
Retail Inventory to Sales



Retail inventory-to-sales was 1.36 in August after Census revisions, still below the 1.46 2019 norm; lean stocks temper storage demand.

Source: U.S. Census Bureau via FRED (RETAILIRSA), seasonally adjusted, 2026 annual revision. Latest: August 2026.

GDP



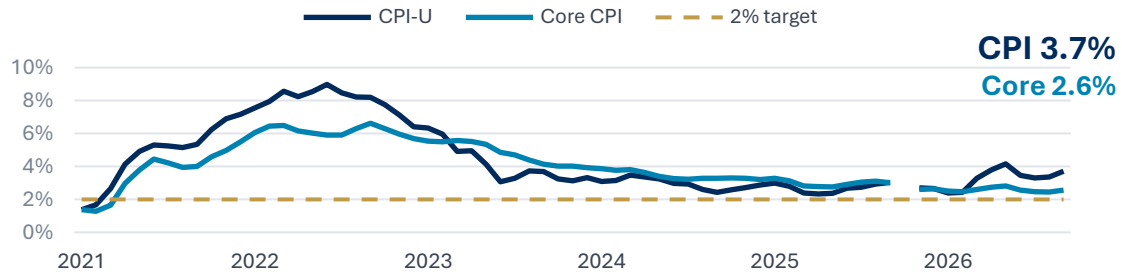
GDP: Q2 revised to 2.2%; GDPNow puts Q3 at 3.6%, with inventory building adding 1.9 points, a warehouse tailwind.

Source: BEA via FRED (A191RL1Q225SBEA), Q2 third est. 9/30/26. Q3: Atlanta Fed GDPNow model nowcast, 10/15/26.

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Prices, Labor & Capital

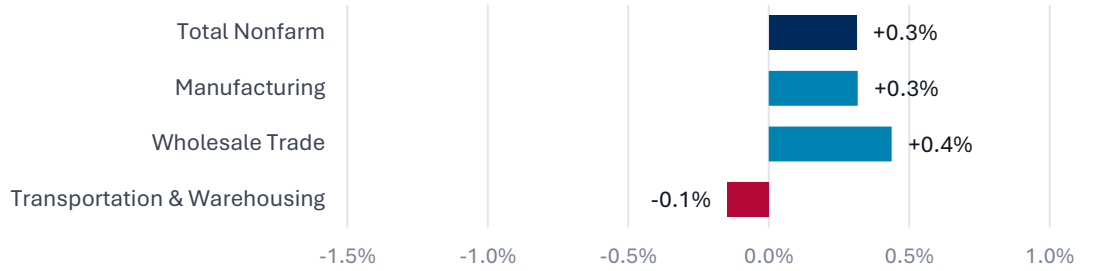
Inflation



CPI rose to 3.7% in September as gasoline jumped 9.1% m/m; core was 2.6%, keeping rate relief off the table.

Source: BLS via FRED (CPIAUCSL, CPILFESL), Y/Y from SA indexes. Through September 2026; Oct 2025 not published.

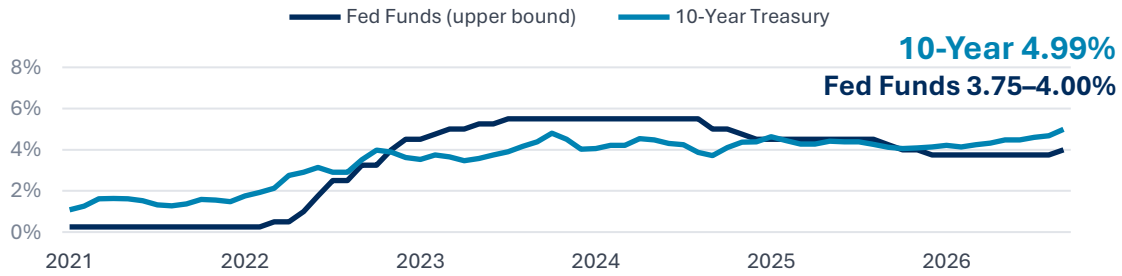
Employment



Industrial-using payrolls were mixed Y/Y in September and total hiring slowed to 29,000; occupier expansion stays cautious.

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, SA. Sept. 2026 (preliminary) vs. Sept. 2025.

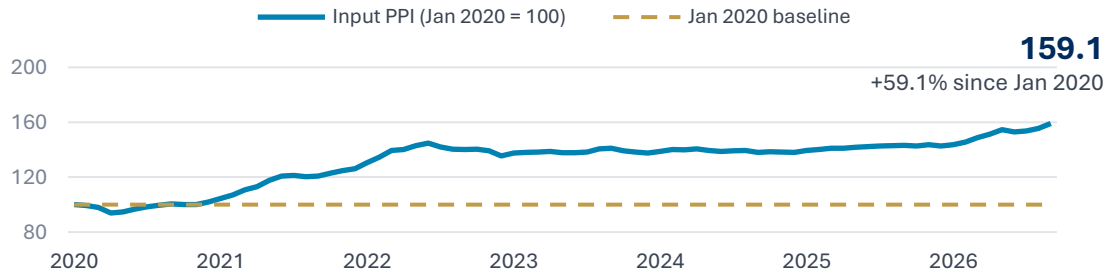
Interest Rates



The Fed raised rates to 3.75–4.00% on Sept. 16; the 10-Year averaged 4.99% in September, lifting debt costs for owners.

Source: Federal Reserve; Federal Reserve H.15 via FRED (GS10, monthly average). Through September 2026.

Construction Input Costs



Nonresidential construction input prices rose 11.2% Y/Y to 59.1% above January 2020, raising replacement costs and limiting new supply.

Source: U.S. Bureau of Labor Statistics via FRED (WPUIP2312001), not seasonally adjusted. Through September 2026.

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