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### ECONOMIC OVERVIEW

#### KEY INDICATORS

##### Total Nonfarm Employment



+230,700 jobs YOY



##### Office Employment



+57,100 jobs YOY



##### Los Angeles Unemployment



4.5%



##### California Unemployment



4.3%



##### Airline Passengers (LAX)



+87.5% YOY



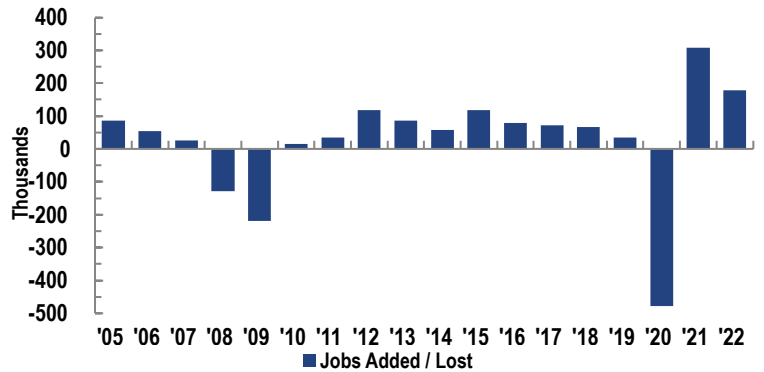
##### Office Real Estate Momentum Index



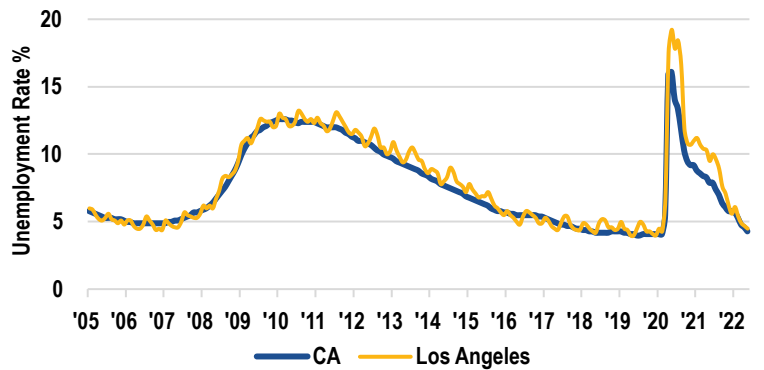
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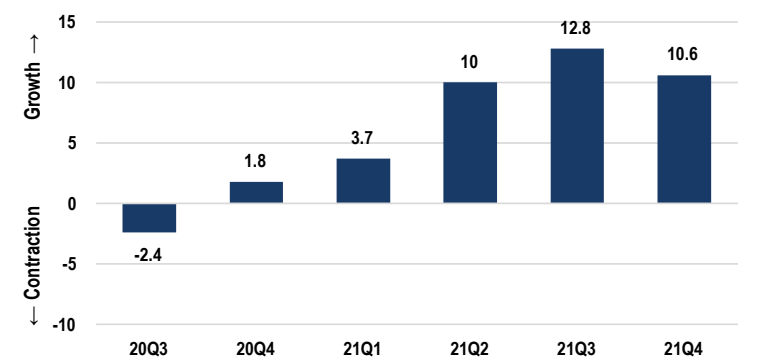
#### EMPLOYMENT TRENDS



#### UNEMPLOYMENT

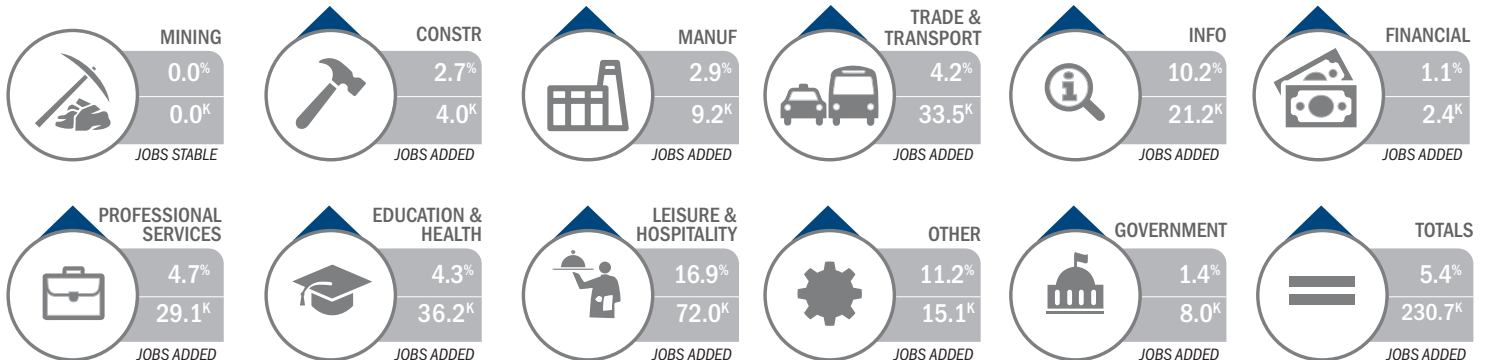


#### OFFICE REAL ESTATE MOMENTUM INDEX



Source: Commercial Real Estate Momentum Index, Los Angeles Office.

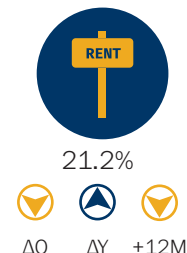
#### EMPLOYMENT GROWTH BY SECTOR



Direct Vacancy



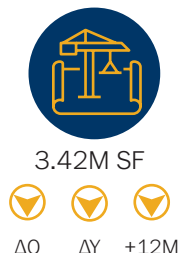
Direct Availability



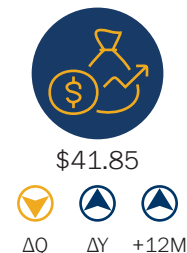
Direct Net Absorption (T-12 mos)



Under Construction



Direct Asking Rents



OFFICE MARKET ASSESSMENT

- The Los Angeles office market is experiencing a slow recovery with 429k SF of direct net absorption in Q2, offsetting the losses incurred early in 2022. The quarterly gain comes after showing early signs of a recovery late in 2021 with positive absorption recorded for the first time since the pandemic emerged two years ago.

- The office market has shown signs of stabilization as the rate of occupancy losses has significantly decelerated to only 109k SF of red ink over the prior 12-months. As a result of the quarterly leasing gains, the market-wide direct vacancy level remained unchanged in Q2 but has risen 70 bps Y-O-Y to a record high of 18.2%.

- The Class A sector recorded 219k SF of direct net absorption in Q2, improving the trailing 12-months total to 486k SF of red ink. Class B properties registered its third straight quarter of leasing gains with 210k SF of direct space absorbed in Q2, bringing the 12-month total to 377k SF of occupancy gains.

- Sublease availability rose by 91k SF to reach an all-time high of 9.4 MSF in Q2. The sublease space additions during the quarter included DirectTV (101k SF), Optum (81k SF) and Edgecast (79k SF).

- Leasing activity has accelerated to 13.7 MSF over the trailing 12 months, up 54.8% since hitting its pandemic low early in 2021 but remains 27.9% below the pre-pandemic average. Leasing volume totaled 3.2 MSF in Q2, which is only 14.9% below its five-year quarterly average.

- The largest lease signed in Q2 involved Amazon's 208k SF deal at the Water Garden in Santa Monica. The other top leases inked included Forever 21 taking 162k SF in Downtown, First Republic Bank's 156k SF renewal and expansion in Century City, and law firm Quinn Emanuel's 139k SF renewal in Downtown.

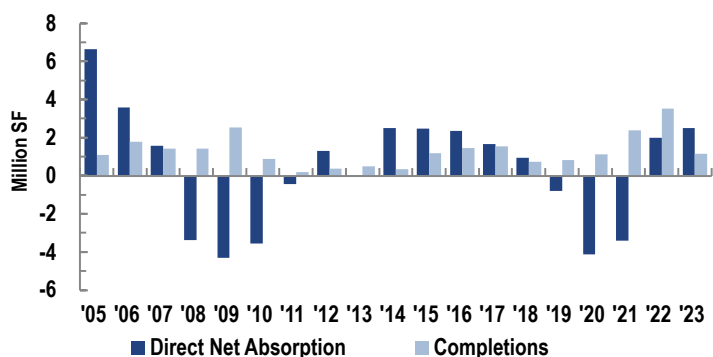
- Touring activity has picked up at a slow but steady pace as occupiers evaluate their future space needs and are more willing to execute on long-term leasing decisions. Technology and entertainment/media companies will continue to lead in the market's recovery, but economic headwinds have prompted some tech companies to place a temporary hold on expansion plans as they assess market conditions.

- Asking rents have risen by 1.4% year-over-year to surpass their prior peak. However, concessions such as rental abatement and tenant improvement allowances remain high as landlords have chosen to remain aggressive in chasing occupancy while keeping the face rates high.

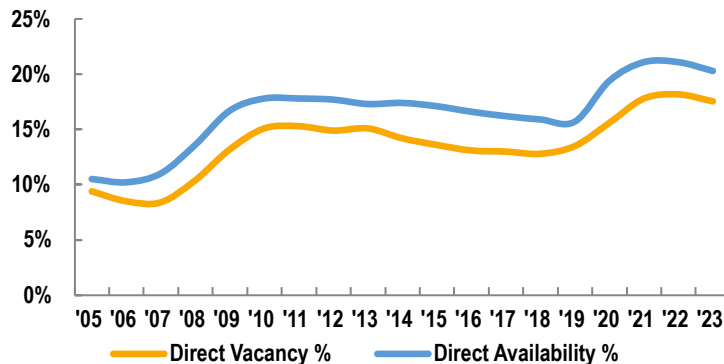
- The construction pipeline contains 3.4 MSF underway currently 47.3% pre-leased, which has fallen from its 6.6 MSF peak in Q3 2020. Developers delivered approximately 366k SF in Q2, with an additional 2.3 MSF of new product scheduled to deliver by year-end 2022.

- The office market is expected to remain tenant-favorable in the near term as space availability options are plentiful, but pent-up activity should help improve leasing fundamentals and generate more occupancy as employees return to the office and more companies make long-term real estate decisions.

SUPPLY AND DEMAND



VACANCY AND AVAILABILITY



### Net Absorption Trends

CLASS A



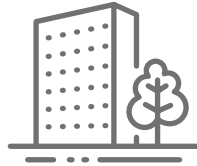
**-486K SF**  
T-12 MOS



CLASS B

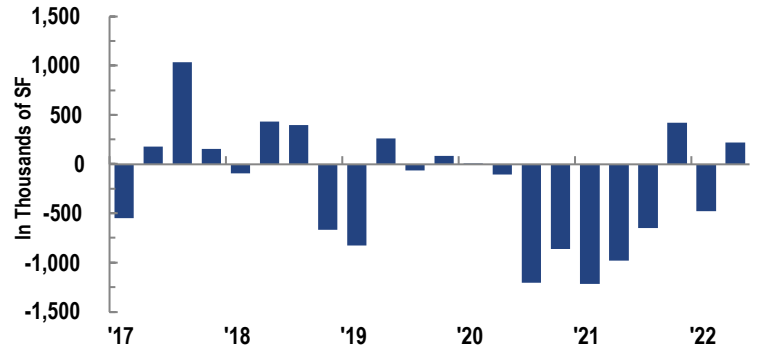


**+377K SF**  
T-12 MOS

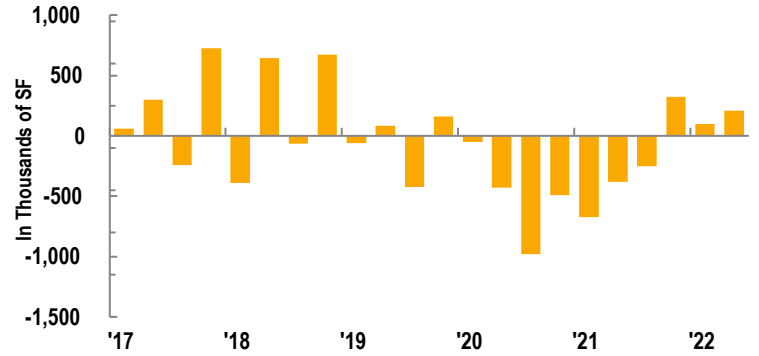


### DIRECT NET ABSORPTION

CLASS A



CLASS B



### Vacancy and Availability Trends

CLASS A



DIRECT VACANCY

**19.7%**  
**30.2M SF**

DIRECT AVAILABILITY

**22.8%**  
**35.7M SF**

CLASS B



DIRECT VACANCY

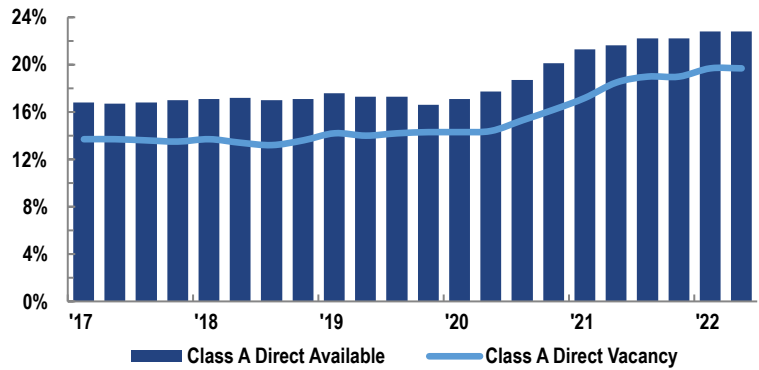
**15.7%**  
**14.5M SF**

DIRECT AVAILABILITY

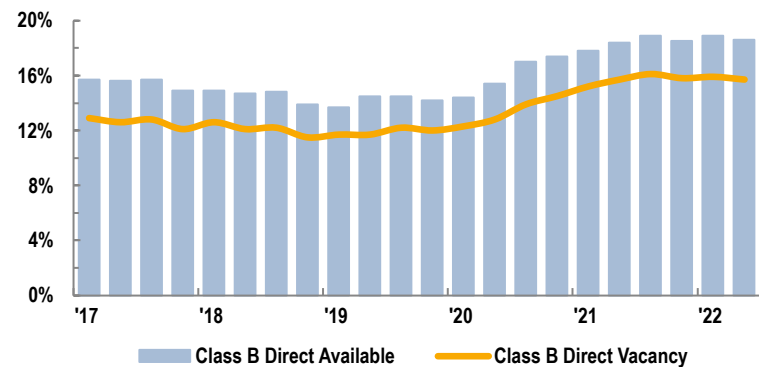
**18.9%**  
**17.2M SF**

### DIRECT VACANCY AND AVAILABILITY

CLASS A

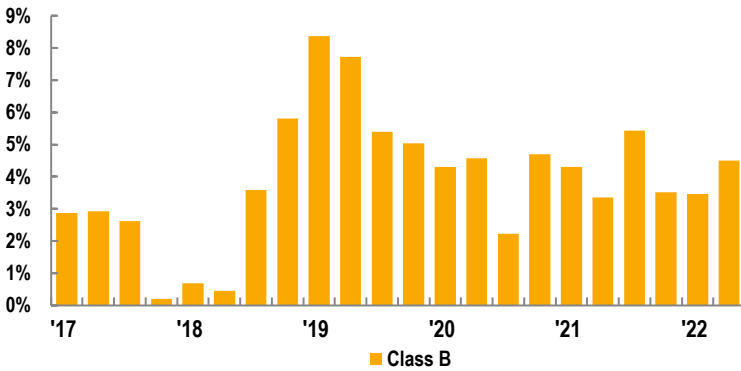
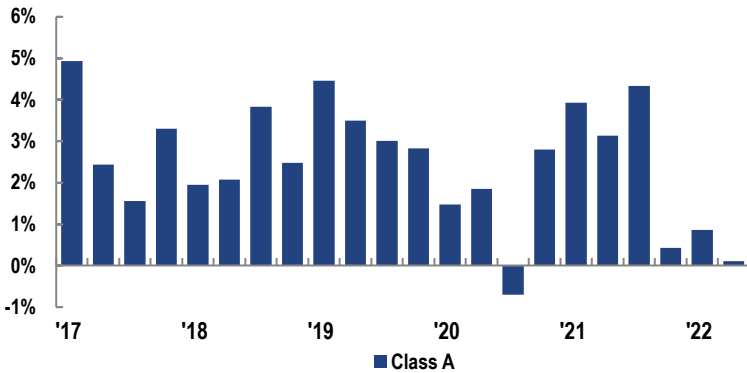


CLASS B



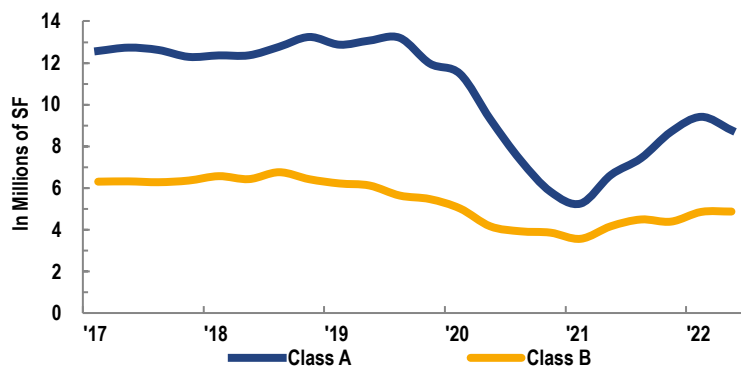
RENTAL RATES

Y-O-Y % Change, Full Service Gross

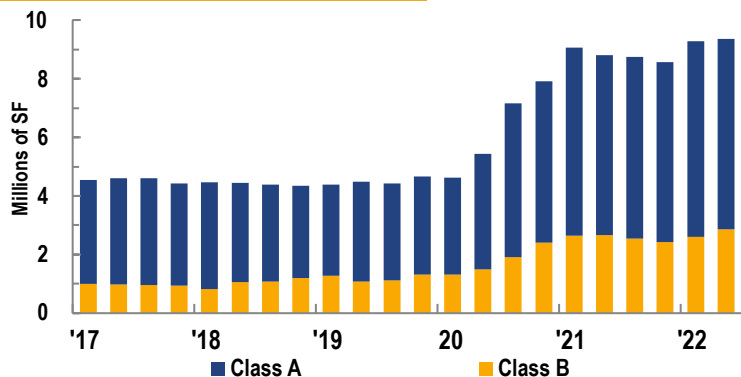


LEASING ACTIVITY

Direct Leasing Activity, Rolling 12 Months



SUBLEASE AVAILABILITY



Rent Growth (Y-O-Y)

+0.1%  
CLASS A



+4.5%  
CLASS B

Direct Net Leasing Activity

CLASS A

8.8M SF  
T-12 MOS

+32.5%  
Y-O-Y CHANGE



CLASS B

4.9M SF  
T-12 MOS

+17.0%  
Y-O-Y CHANGE

Sublease Availability

CLASS A

6.5M SF

+5.7%  
Y-O-Y CHANGE



CLASS B

2.9M SF

+8.0%  
Y-O-Y CHANGE

### OFFICE SPACE UNDER CONSTRUCTION



# 3.42M SF

47.3% PRE-LEASED

### NEW OFFICE BREAKING GROUND



# 438K SF

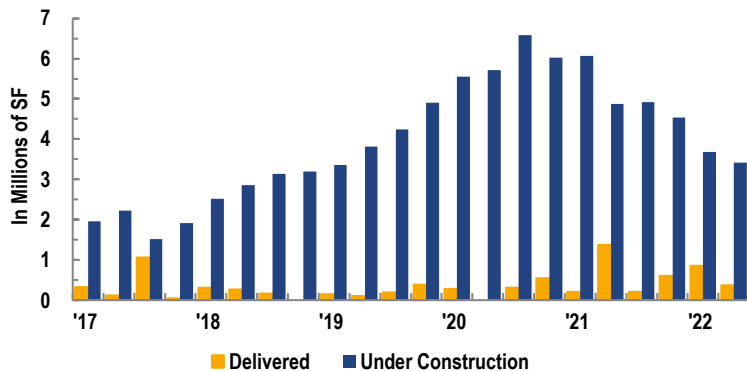
T-12 MOS

### FORECASTED SUPPLY IN 2022



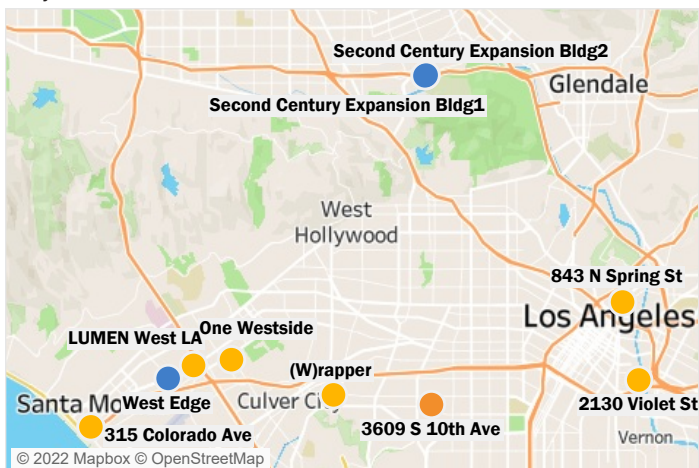
# 3.52M SF

### CONSTRUCTION PIPELINE



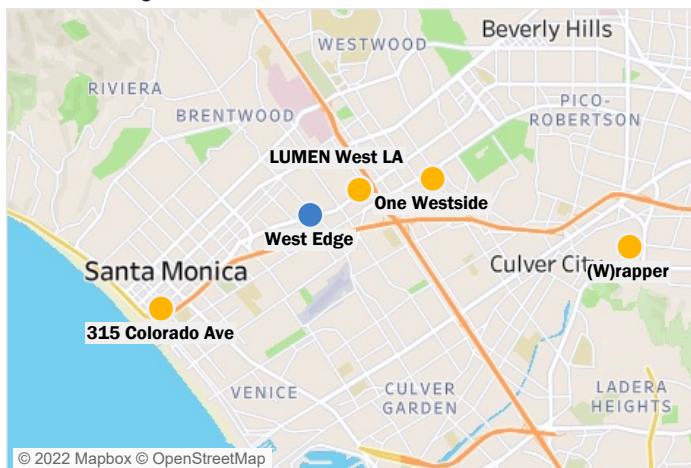
### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

#### Citywide



2022 3Q    2022 4Q    2023 1Q

#### West Los Angeles



PROJECT NAME	SIZE (SF)	SUBMARKET	MAJOR TENANT(S)	% PRE-LEASED	DEVELOPER	TARGET COMPLETION
One Westside	584,000	West Los Angeles	Google, Inc.	100%	Hudson Pacific Properties, Inc.	2022 3Q
LUMEN West LA	553,475	West Los Angeles	N/A	0%	McCarthy Cook & Co.	2022 3Q
Second Century Expansion Bldg1	445,000	Tri-Cities	Warner Brothers	100%	Worthe Real Estate Group	2023 1Q
Second Century Expansion Bldg2	355,000	Tri-Cities	Warner Brothers	100%	Worthe Real Estate Group	2023 1Q
West Edge	255,615	West Los Angeles	Riot Games, Inc.	78%	Hines	2023 1Q
(W)rappier	180,584	West Los Angeles	N/A	0%	Samitaur Constructs	2022 3Q
315 Colorado Ave	150,000	West Los Angeles	N/A	0%	The Macerich Company	2022 3Q
843 N Spring St	127,000	Downtown Los Angeles	N/A	0%	Redcar Properties LTD	2022 3Q
2130 Violet St	112,583	Downtown Los Angeles	N/A	0%	Lowe Enterprises, Inc.	2022 3Q
3609 S 10th Ave	107,199	West Los Angeles	N/A	12%	The Luzzatto Company	2022 4Q

Note: \* Build-to-suit; Corporate owned office buildings (excluded from competitive statistics & above table)

SUBMARKET STATISTICS

Submarket	Total Inventory SF	TOTAL SPACE AVAILABLE		DIRECT VACANCY RATES		DIRECT NET ABSORPTION		OVERALL RENTAL RATES		
		Direct Available	Sublease Available	Direct Vacancy	Y-O-Y Change	Current Qtr.	Trailing 12-Months	Avg Rents PSF/Yr	Avg Rents PSF/Mo.	Y-O-Y % Change
<b>West Los Angeles</b>	55,600,372	12,645,071	2,995,795	17.4%	1.0%	318,758	254,218	\$62.74	\$5.23	-1.58%
Class A	40,318,746	9,381,452	2,001,029	17.5%	1.6%	78,713	67,492	\$65.92	\$5.49	-1.01%
<b>Downtown Los Angeles</b>	49,429,882	12,338,717	1,290,154	21.1%	1.0%	132,678	(422,040)	\$39.00	\$3.25	-1.07%
Class A	36,592,657	9,079,254	981,259	20.5%	1.7%	163,753	(633,634)	\$40.70	\$3.39	-0.37%
<b>South Bay</b>	33,457,474	7,441,083	1,240,600	21.4%	0.4%	(24,569)	43,038	\$39.03	\$3.25	0.13%
Class A	18,261,401	4,484,772	884,638	24.3%	1.0%	7,748	(46,425)	\$40.99	\$3.42	-1.98%
<b>San Fernando Valley</b>	29,206,154	5,368,667	1,459,673	16.2%	1.2%	(11,452)	(339,436)	\$33.71	\$2.81	6.31%
Class A	15,308,930	3,092,543	1,043,123	19.0%	0.8%	(25,516)	(130,270)	\$37.03	\$3.09	7.83%
<b>Mid Wilshire Hollywood</b>	26,900,814	6,698,694	629,244	21.8%	0.1%	152,035	306,331	\$38.70	\$3.23	1.44%
Class A	18,432,080	5,012,648	483,235	24.0%	-0.8%	143,034	405,964	\$37.41	\$3.12	-0.53%
<b>Tri Cities</b>	25,083,677	5,026,227	974,927	16.0%	1.9%	(190,169)	(231,020)	\$42.73	\$3.56	4.81%
Class A	16,819,611	3,494,815	628,421	16.7%	1.6%	(126,965)	(94,390)	\$43.59	\$3.63	3.93%
<b>San Gabriel Valley</b>	12,385,081	1,622,022	141,181	10.3%	-1.3%	1,681	158,036	\$30.75	\$2.56	6.81%
Class A	2,350,699	273,526	30,646	13.7%	1.6%	(48,896)	(35,899)	\$30.39	\$2.53	-0.07%
<b>Simi Valley</b>	4,403,931	666,835	414,592	12.9%	-3.0%	17,553	134,299	\$31.57	\$2.63	4.02%
Class A	1,366,613	253,385	233,856	18.0%	-1.1%	4,777	15,722	\$34.69	\$2.89	3.92%
<b>Southeast Los Angeles</b>	2,904,168	258,427	0	6.4%	-0.4%	11,308	12,963	\$30.01	\$2.50	4.38%
Class A	1,094,237	132,903	0	10.6%	-1.5%	16,084	16,145	\$31.40	\$2.62	1.36%
<b>Mid Cities</b>	2,497,119	177,913	63,302	8.0%	-1.3%	19,893	31,053	\$31.06	\$2.59	5.25%
Class A	1,209,616	137,071	59,223	6.8%	-0.3%	8,919	4,422	\$34.84	\$2.90	4.22%
<b>Santa Clarita Valley</b>	2,457,128	395,048	161,244	13.4%	2.3%	854	(56,410)	\$32.43	\$2.70	2.34%
Class A	1,867,673	354,272	157,886	15.8%	2.9%	(3,137)	(55,534)	\$33.28	\$2.77	2.37%

OVERALL MARKET STATISTICS

Los Angeles Totals	Total Inventory SF	TOTAL SPACE AVAILABLE		DIRECT VACANCY RATES		DIRECT NET ABSORPTION		OVERALL RENTAL RATES		
		Direct Available	Sublease Available	Direct Vacancy	Y-O-Y Change	Current Qtr.	Trailing 12-Months	Avg Rents PSF/Yr	Avg Rents PSF/Mo.	Y-O-Y % Change
Class A	153,622,263	35,696,641	6,503,316	19.7%	1.2%	218,514	(486,407)	\$43.85	\$3.65	0.11%
Class B	90,703,537	16,942,063	2,867,396	15.7%	0.0%	210,056	377,439	\$38.28	\$3.19	4.50%
Overall	244,325,800	52,638,704	9,370,712	18.2%	0.7%	428,570	(108,968)	\$41.85	\$3.49	1.41%

SIGNIFICANT TRANSACTIONS

Tenant	SF	Type	Tenant Industry	Building	Class	Submarket
Amazon	207,821	New	Technology	2450 Colorado Avenue	A	West Los Angeles
Forever 21	162,275	New	Retailer	110 E 9th Street	A	Downtown Los Angeles
First Republic Bank	156,163	Ren/Exp.	Financial	1888 Century Park East	A	West Los Angeles
Quinn Emanuel Urquhart & Sullivan, LLP	139,499	Renewal	Law Firm	865 S Figueroa Street	A	Downtown Los Angeles
TCW Group, Inc.	129,317	New	Financial	515 S Flower Street	A	Downtown Los Angeles
Dine Global Brands	92,671	New	Retailer	10 W Walnut Street	A	Tri-Cities
Blue Shield of California	71,753	New	Insurance	3840 Kilroy Airport Way	A	South Bay
Ithaca Holdings	56,104	Ren/Exp.	Business Services	2110 Colorado Avenue	A	West Los Angeles
Mayer Brown LLP	54,018	New	Law Firm	333 S Grand Avenue	A	Downtown Los Angeles
Bain & Company	50,982	Ren/Exp.	Business Services	1999 Avenue of the Stars	A	West Los Angeles



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Madison Marquette is a national private fully-integrated real estate services provider, investment manager, developer and operator headquartered in Washington, D.C. The company delivers integrated investment, development, leasing and management services to a diverse portfolio of 330 assets in 20 states and manages an investment portfolio valued at over \$6.2 billion.

The company partners with global, institutional and private investors to provide industry-leading investment and advisory services across asset classes – including mixed-use, retail, office, medical, industrial, senior living and multifamily. Following its 2019 merger with the Boston-based Roseview Group, Madison Marquette added capital markets, investment banking and corporate advisory services to its integrated capabilities. Founded in 1992, the company built its reputation on the successful development, repositioning and redevelopment of landmark mixed-use assets, and now leverages that performance legacy to provide clients with exceptional asset services and investment advice.

Madison Marquette has a strategic bench of professionals providing nationwide service from 12 regional markets and is a member of the Capital Guidance group of companies. For additional information, visit [www.madisonmarquette.com](http://www.madisonmarquette.com).