

REVIEW

LOS ANGELES OFFICE MARKET

USA 2025

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2025

OFFICE MARKET
LOS ANGELES

KEY FIGURES

396m sqft

INVENTORY

15.4%

VACANCY RATE

\$44.7

PRIME AVERAGE ASKING RENT

\$13.1bn

TOTAL INVESTMENT

\$4.1bn

OFFICE INVESTMENT

5.80%

OFFICE PRIME CAP RATE

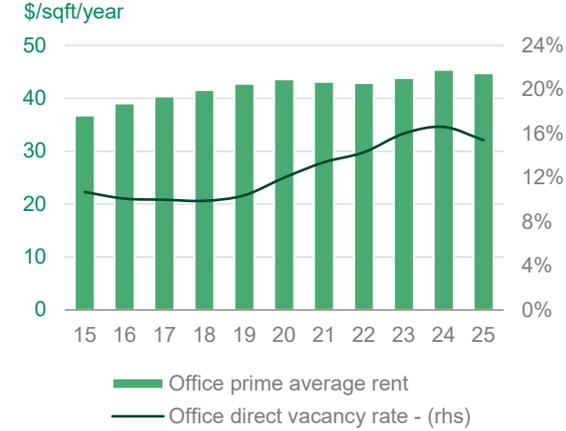
Net Absorption / Employment



Employment Stabilizing

Los Angeles labor market is navigating a period of stabilization, with the seasonally adjusted unemployment rate falling to 5.6% even as total nonfarm payrolls experienced a slight annual decline of 6,700 jobs. Gains in health care and social assistance, which added 45K positions over the year, were largely offset by steep contractions in professional and business services and manufacturing. While traditional knowledge sector and creative industries have faced headwinds from high interest rates and trade policy uncertainty, local officials anticipate a multi-year labor surge in the construction sector as rebuilding efforts from the January 2025 wildfires are projected to generate up to 200K jobs in the coming years.

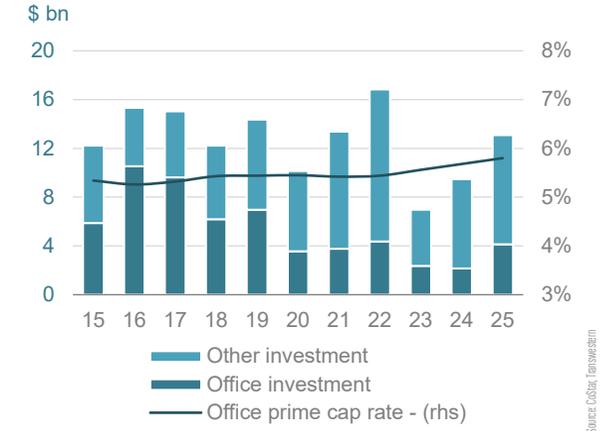
Prime rent / Vacancy Rate



Vacancy remains at record highs

Vacancy remains at record highs - although a significant divide in performance remains between the West side and the rest of the market. Downtown continues to struggle with vacancy rates exceeding 20% while the desirable Century City submarket sits at 12.3% direct vacancy.

Investment / Capital Rate



Slight Pricing Recovery in Capital Markets

While broader transaction totals remain suppressed, the LA office market has seen a slight pricing recovery to \$330 per square foot, up from the 2024 trough of \$325 per square foot. This modest upward trend is increasingly supported by owner-occupiers, who have boosted their market share in 2025. Conversely, multi-tenant properties continue to face a steep "pricing reset," with private buyers frequently securing assets at 35% to 70% discounts relative to pre-2020 values to offset the risks of record-high CMBS delinquencies and persistent vacancy. Moving forward, the market is expected to remain price-sensitive as lenders maintain strict financing requirements, forcing a continued reliance on well-capitalized private equity and users rather than institutional REITs.

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2025

OFFICE MARKET
USA

Occupier Market	Inventory (million sqft)	Net Absorption (000 sqft)	Vacancy Rate (%)		Office Prime Average Rent (\$/sqft/year)		
	2025	2025	2024	2025	2024	2025	Trend
Atlanta	177	20	22.3%	22.4%	33.0	33.9	3%
Chicago	156	-1,400	21.7%	22.6%	73.1	77.4	6%
Dallas/Fort Worth	308	2,200	19.5%	18.4%	72.1	74.3	3%
Denver	164	-1,880	16.5%	18.7%	32.1	33.5	4%
Detroit	202	1,174	10.9%	11.0%	21.3	21.3	0%
Houston	206	-1,300	20.8%	21.5%	46.1	48.9	6%
Los Angeles	396	-1,700	16.6%	15.4%	45.4	44.7	-2%
Miami	52	200	11.5%	11.6%	86.7	89.7	3%
Minneapolis	83	-1,200	19.8%	21.0%	29.5	30.5	3%
New York/Manhattan	458	15,700	14.4%	13.5%	79.9	77.4	-3%
Phoenix	198	360	20.8%	17.0%	30.1	32.1	7%
San Diego	120	-400	12.5%	12.7%	36.5	38.3	5%
San Francisco	93	1,200	30.4%	30.1%	70.0	74.3	6%
Seattle	181	-1,613	16.5%	18.2%	36.5	34.5	-5%
Washington DC	145	-800	14.9%	16.0%	83.3	88.3	6%
Total 15 markets	2,939	10,561	17.9%	18.0%	51.7	53.3	2.8%

Investment Market	Total investment volume (\$ million)		Office investment volume (\$ million)		Cap rate (%)		
	2024	2025	2024	2025	2024	2025	bps
Atlanta	15,090	15,990	1,170	1,560	8.20%	8.30%	10
Chicago	770	920	590	550	NA	NA	NA
Dallas/Fort Worth	2,510	13,410	410	3,440	6.40%	6.20%	-20
Denver	3,070	7,740	730	1,260	6.00%	7.20%	120
Detroit	1,700	1,550	260	300	8.90%	8.60%	-30
Houston	9,840	14,170	1,220	1,710	11.50%	NA	NA
Los Angeles	9,460	13,080	2,150	4,140	NA	5.80%	NA
Miami	5,120	4,830	1,760	1,290	6.80%	6.90%	10
Minneapolis	5,380	5,470	860	670	7.30%	7.70%	40
New York/Manhattan	10,240	14,010	7,620	11,180	5.70%	6.50%	80
Phoenix	7,110	9,870	1,140	1,170	7.50%	7.20%	-30
San Diego	4,380	4,970	930	1,600	7.50%	6.20%	-130
San Francisco	1,850	2,700	630	1,790	6.60%	4.40%	-220
Seattle	3,000	2,440	1,210	1,110	6.40%	7.60%	120
Washington DC	1,090	1,300	790	870	8.60%	9.00%	40
Total 15 markets	80,610	112,450	21,470	32,640	7.49%	7.05%	-1

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