REVIEW

LOS ANGELES OFFICE MARKET

USA H1 2026

TRANSWESTERN

AN ALLIANCE MEMBER OF BNP PARIBAS REAL ESTATE

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

H1 2026

OFFICE MARKET
LOS ANGELES

KEY FIGURES

371m sqft
INVENTORY

15.3%
VACANCY RATE

$45.0
PRIME AVERAGE ASKING RENT

$5.4bn
TOTAL INVESTMENT

$2.1bn
OFFICE INVESTMENT

6.80%
OFFICE PRIME CAP RATE

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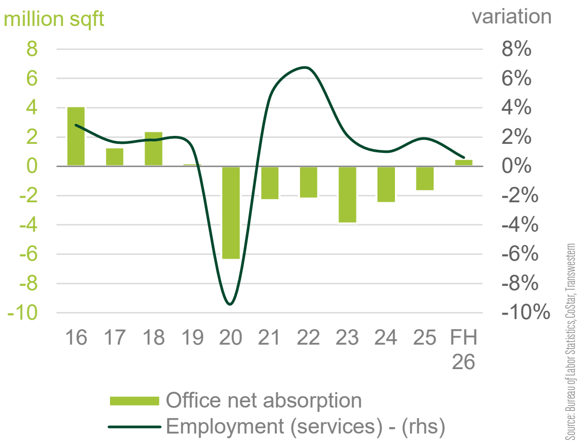
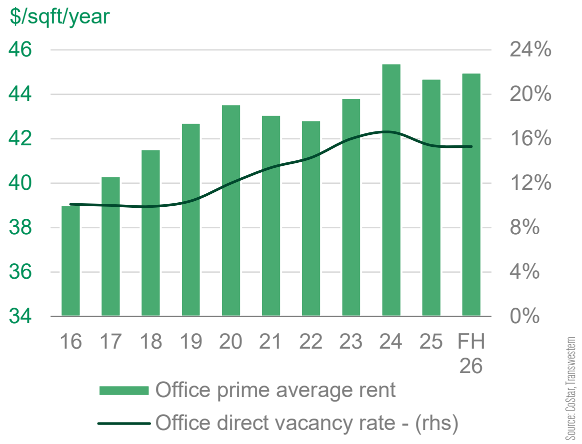
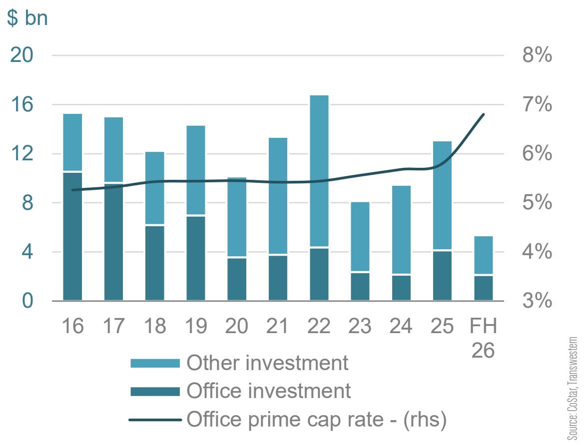
Net Absorption / Employment



Prime rent / Vacancy Rate



Investment / Capital Rate



Demand Remains Under Pressure

The Los Angeles office market continues to face headwinds as occupiers prioritize efficiency over expansion, resulting in ongoing space givebacks and muted demand. Hybrid work patterns and corporate footprint optimization remain key drivers of elevated vacancy and availability, keeping market conditions favorable for tenants. While asking rents have generally remained resilient, landlords continue to rely on concessions and flexible deal structures to compete for a limited pool of active tenants.

Limited New Supply Supports Long-Term Balance

Development activity remains restrained as higher construction costs, tighter financing conditions, and uncertain leasing fundamentals discourage new projects. With relatively few new buildings entering the market and the construction pipeline continuing to thin, future supply growth is expected to remain limited. Although demand has yet to fully recover, constrained development should gradually help the market move toward better balance as leasing activity improves over time.

Discounted sales driving activity

Investment activity in the Los Angeles office market remains subdued but continues to show gradual improvement. Transaction volumes have recovered since 2024, but 2026 is on track to match 2025 levels. Investor activity remains pressured by high vacancy, uncertain office demand, and tight lending. These conditions have shifted the buyer pool, with owner/users and private investors accounting for a growing share of acquisitions while institutional capital remains largely on the sidelines. Recent deals show a continued interest in well-located assets priced well below their pre-pandemic values. While improving capital markets should help transaction volumes recover, elevated vacancy and pressure on property fundamentals will likely limit price growth in the short term.

Occupier Market	Inventory (million sqft)	Net Absorption (000 sqft)	Vacancy Rate (%)		Office Prime Average Rent ($/sqft/year)		
	Q2 2026	H1 2026	2025	Q2 2026	2025	Q2 2026	Trend
Atlanta	176	800	22.4%	21.1%	33.9	33.4	-2%
Chicago	155	-100	22.6%	23.2%	77.4	72.8	-6%
Dallas/Fort Worth	306	1,800	18.4%	18.2%	74.3	75.3	1%
Denver	164	200	18.7%	21.2%	33.5	35.6	6%
Detroit	202	-129	10.4%	10.1%	21.3	21.6	2%
Houston	204	500	20.8%	21.4%	48.9	42.6	-13%
Los Angeles	371	500	15.4%	15.3%	44.7	45.0	1%
Miami	52	160	11.6%	11.4%	89.7	89.7	0%
Minneapolis	68	-600	21.0%	29.4%	30.5	31.1	2%
New York/Manhattan	452	3,900	13.5%	12.8%	77.4	78.1	1%
Phoenix	98	-200	17.0%	16.7%	32.1	31.8	-1%
San Diego	125	-100	12.7%	14.0%	38.3	41.2	8%
San Francisco	93	1,900	30.1%	26.7%	74.3	77.7	5%
Seattle	183	686	15.9%	15.5%	34.5	35.9	4%
Washington DC	143	-400	16.0%	16.7%	88.3	88.2	0%
Total 15 markets	**2,791**	**8,917**	**17.8%**	**18.2%**	**53.3**	**53.3**	**0.5%**

Investment Market	Total investment volume ($ million)		Office investment volume ($ million)		Cap rate (%)		
	2025	H1 2026	2025	H1 2026	2025	Q2 2026	bps
Atlanta	15,990	5,400	1,560	1,210	8.30%	8.82%	52
Chicago	920	920	550	720	NA	NA	NA
Dallas/Fort Worth	13,410	2,970	3,440	780	6.20%	6.30%	10
Denver	7,740	3,660	1,260	560	7.20%	8.40%	120
Detroit	1,550	880	300	290	8.60%	7.40%	-120
Houston	14,170	6,490	1,710	1,550	NA	11.25%	NA
Los Angeles	13,080	5,360	4,140	2,130	NA	6.80%	NA
Miami	4,830	5,670	1,290	1,300	6.90%	6.50%	-40
Minneapolis	5,470	2,150	670	210	7.70%	13.00%	530
New York/Manhattan	14,010	5,660	11,660	4,390	6.30%	6.10%	-20
Phoenix	9,870	8,220	1,170	970	7.20%	7.00%	-20
San Diego	4,970	3,440	1,600	650	6.20%	7.20%	100
San Francisco	2,700	1,760	1,790	1,120	4.40%	5.30%	90
Seattle	2,440	1,000	1,110	290	7.60%	8.80%	120
Washington DC	1,300	830	870	760	9.00%	9.00%	0
Total 15 markets	**112,450**	**54,410**	**33,120**	**16,930**	**7.13%**	**7.99%**	**69**

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