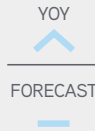




Office Downtown Los Angeles
23Q1

Vacancy Rate
26.2%



Under Construction
230K SF



Net Absorption
-403.5K SF



Overall Class A Asking Lease Rates (FSG)
\$4.37/SF



Downtown Los Angeles

The total availability rate in Downtown is the highest of any major office market in Los Angeles. The vacancy rate continued to increase, up 110 basis points over the quarter to 26.2%. High vacancies caused a few prominent Class A towers to be distressed and face foreclosure. Leasing activity in Q1 2023 was down by 14.5% from the previous quarter and was half the amount recorded in Q1 2022. Office-users in the CBD continue to re-evaluate space needs, opting to keep only a fraction of their footprint after the leases expire. While there was positive absorption in the Greater Downtown areas, tenants in the Financial District and Bunker Hill gave back 491,238 SF of space. The average asking rental rate for Class A space in this office market fell by 3.4% year over year. Weakened demand has caused Downtown to struggle more than others in Los Angeles as vacancies were already relatively high prior to the pandemic.

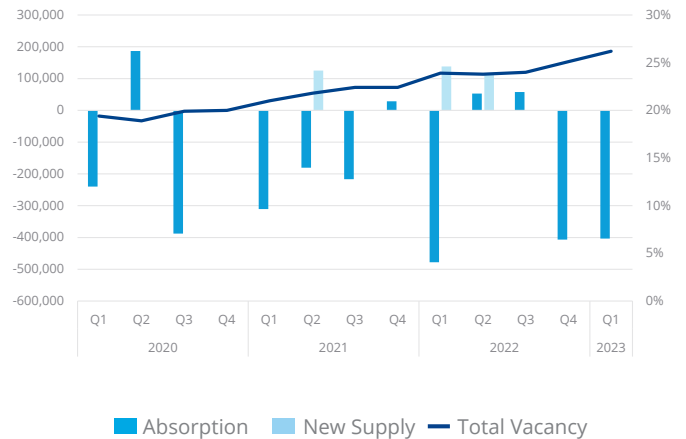
Economic Indicators



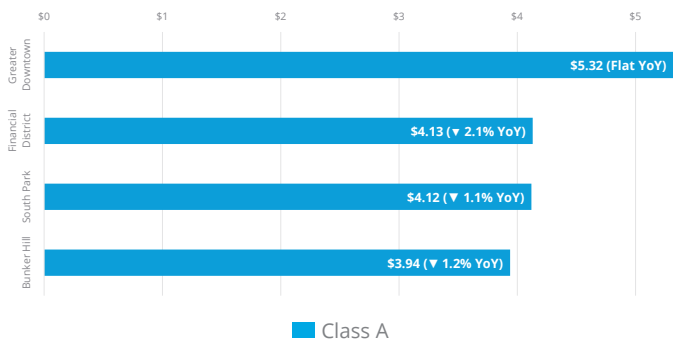
Historical Statistics

	Q1 2022	Q4 2022	Q1 2023
Total Inventory (SF)	37,742,698	37,855,281	37,855,281
New Supply (SF)	138,000	0	0
Leasing Activity (SF)	471,694	263,705	225,858
Net Absorption (SF)	(477,973)	(406,899)	(403,495)
Overall Vacancy	23.9%	25.1%	26.2%
Under Construction (SF)	480,583	230,000	230,000
Overall Asking Lease Rates (FSG)	\$3.82	\$3.80	\$3.76

Market Graph



Average Asking Rate



Downtown Los Angeles | Q1 2023 | Office | Market Statistics

Submarket	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Prior Qtr	Lease Activity Current	Lease Activity YTD	Net Absorption Current	Net Absorption YTD	Under Construction	Avg Asking Rate (All Classes)	Avg Asking Rate (Class A)
Financial District	19,688,916	26.2%	3.0%	29.2%	26.3%	24.9%	111,763	111,763	(281,031)	(281,031)	0	\$3.65	\$4.13
Bunker Hill	8,019,239	22.6%	2.3%	24.9%	20.8%	18.2%	4,550	4,550	(210,207)	(210,207)	0	\$3.73	\$3.94
South Park	3,417,857	27.4%	5.4%	32.8%	23.4%	23.5%	47,414	47,414	6,081	6,081	0	\$3.62	\$4.12
Greater Downtown	6,729,269	35.0%	6.3%	41.3%	33.8%	35.0%	62,131	62,131	81,662	81,662	230,000	\$4.07	\$5.32
Total	37,855,281	27.1%	3.7%	30.8%	26.2%	25.1%	225,858	225,858	(403,495)	(403,495)	230,000	\$3.76	\$4.37

Significant Lease Activity

Address	Submarket	Tenant	Size (SF)	Type
633 W. 5th Street / US Bank Tower	Financial District	Lincoln International	27,117	New
707 Wilshire Boulevard / Aon Center	Financial District	Meyers Nave	14,500	Renewal
888 S. Figueroa Street / 888 Figueroa	South Park	UrgentMED	11,457	Sublease

Significant Sales Activity

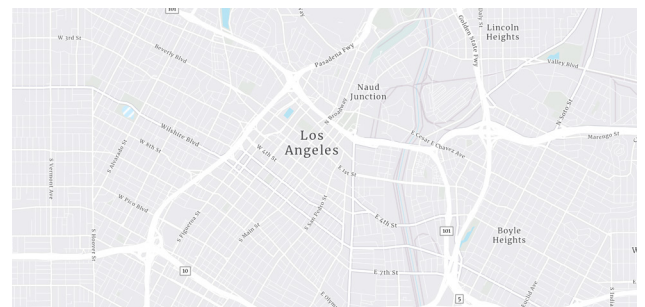
Address	Submarket	Buyer	Size (SF)	Sales Price / PSF
445 S. Figueroa Street / Union Bank Plaza	Financial District	Waterbridge Capital	701,888	\$110,000,000 / \$157
801 S. Grand Avenue	South Park	Elat Properties	215,097	\$46,000,000 / \$214

Major Office Developments

Project	Submarket	Developer	Size (SF)	Completion Year
843 N. Spring Street	Greater Downtown	Redcar	125,000	2023
520 Mateo Street	Greater Downtown	Carmel Partners	105,000	2023

Market Description

Downtown Los Angeles is a moderately large office market comprised of 38M SF, representing 16.8% of office space in buildings over 25,000 SF in greater Los Angeles. Approximately 52% of the space in this market was built prior to 1980 and is considered relatively old by Southern California standards. Downtown Los Angeles is the densest market in the region, with only 1% of the space contained within low-rise buildings, while 24% and 75% of the space is in mid-rise and high-rise structures, respectively. Downtown includes a large concentration of firms from the legal, utilities, accounting, and financial services sectors and is home to many federal, state, and local government agencies.



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