New vacancies challenge market fundamentals with negative net absorption

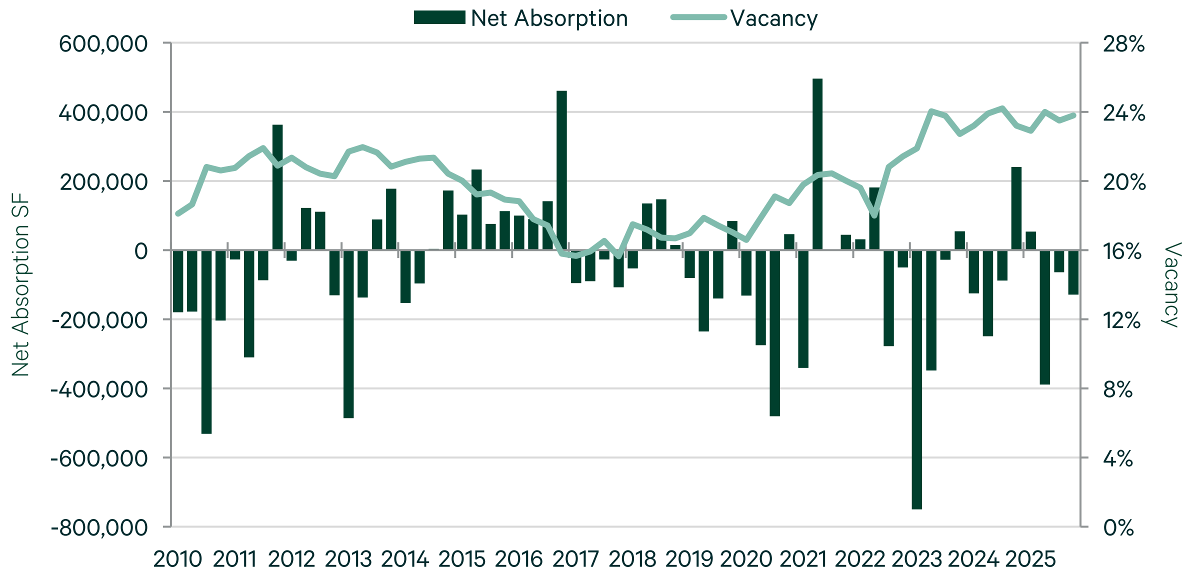
▲ 23.8%	▼ (129K)	▶ 76K	▲ $3.32	▶ 1.13M
Vacancy Rate	SF Net Absorption	SF Under Construction	Full-Service Gross / Lease Rate Existing Properties	Office-Using Employment LA and Ventura County

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The overall vacancy rate ended Q4 2025 at 23.8%, with 129,000 sq. ft. of negative net absorption. The overall availability rate ended the quarter at 28.8%.
- Total leasing activity exceeded 900,000 sq. ft in Q4 2025, a decrease of 1.2% quarter-over-quarter. The top five deals in the South Bay totaled over 368,000 sq. ft.
- Total tenants in the market stood at 835,000 sq. ft. at the end of Q4 2025. The top seven tenant requirements were at least 50,000 sq. ft. in size with a total exceeding 680,000 sq. ft.
- The South Bay office development pipeline has remained minimal as there was only a single development under construction, a 76,000-square-foot office at 1320 E. Franklin Ave in El Segundo.
- Herbalife International of America signed the largest lease in Q4 2025 at 990 W. 190th St in Torrance for 145,000 sq. ft.
- Majestic Asset Management purchased a 318,000-sq.-ft. office from Ocean West Capital Partners for $121.5 million at 777 S. Aviation Blvd in El Segundo.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q4 2025

FIGURE 2: Submarket Statistics

Submarket	Bldg. Count	NRA	Direct Vacancy Rate	Overall Vacancy Rate	Overall Availability Rate	Net Absorption Q4	Net Absorption YTD	Class A Avg. Ask FSG	All Types Avg. Ask FSG	Under Const.	Deliveries
190th Corridor	36	3,163,408	12.2%	15.0%	16.8%	(25,587)	(6,996)	$3.22	$2.99	0	0
Beach Cities	14	1,147,854	15.9%	15.9%	17.1%	(9,714)	(5,890)	$3.96	$3.81	0	0
Downtown Long Beach	24	4,157,302	24.2%	28.8%	31.9%	(13,157)	(118,712)	$2.97	$2.72	0	0
El Segundo	83	11,507,747	22.6%	26.8%	32.1%	(53,330)	(322,162)	$4.09	$4.08	76,000	0
Inglewood	5	754,125	21.5%	21.5%	32.5%	0	28,318	$5.50	$4.97	0	0
Joint Geographic Location	13	1,058,582	7.1%	7.1%	7.5%	(2,121)	(47,234)	$2.48	$2.34	0	0
LAX	12	2,997,314	42.6%	43.1%	46.2%	(24,306)	(110,123)	$2.59	$2.37	0	0
Suburban Long Beach	51	4,346,158	16.4%	20.0%	26.8%	21,074	68,648	$3.03	$2.85	0	0
Palos Verdes	7	261,148	5.0%	5.0%	7.2%	(69)	2,592	$0.00	$2.56	0	0
Torrance	67	3,997,884	11.6%	14.7%	24.0%	(21,360)	(16,142)	$3.46	$2.86	0	0
Total Class A	**80**	**15,637,953**	**24.3%**	**28.6%**	**34.4%**	**(125,635)**	**(462,066)**	**N/A**	**$3.61**	**76,000**	**0**
Total Class B	**232**	**17,753,569**	**17.4%**	**19.5%**	**23.8%**	**(2,935)**	**(65,635)**	**N/A**	**$2.85**	**0**	**0**
South Bay	**312**	**33,391,522**	**20.6%**	**23.8%**	**28.8%**	**(128,570)**	**(527,701)**	**$3.61**	**$3.32**	**76,000**	**0**

Source: CBRE Research, Q4 2025.

FIGURE 3: Notable Lease Transactions Q4 2025

Tenant	Address/ Submarket	SF Leased	Type
Herbalife	990 W. 190th St, Torrance	144,850	Extension
Canvas Worldwide	2330 Utah Ave, El Segundo	66,301	New Lease
Confidential Tenant	100 N. Pacific Coast Highway, El Segundo	52,492	New Lease
Confidential Tenant	550 Continental Blvd, El Segundo	34,366	Renewal
Rock-it Cargo USA	2121 Park Pl, El Segundo	29,314	New Lease

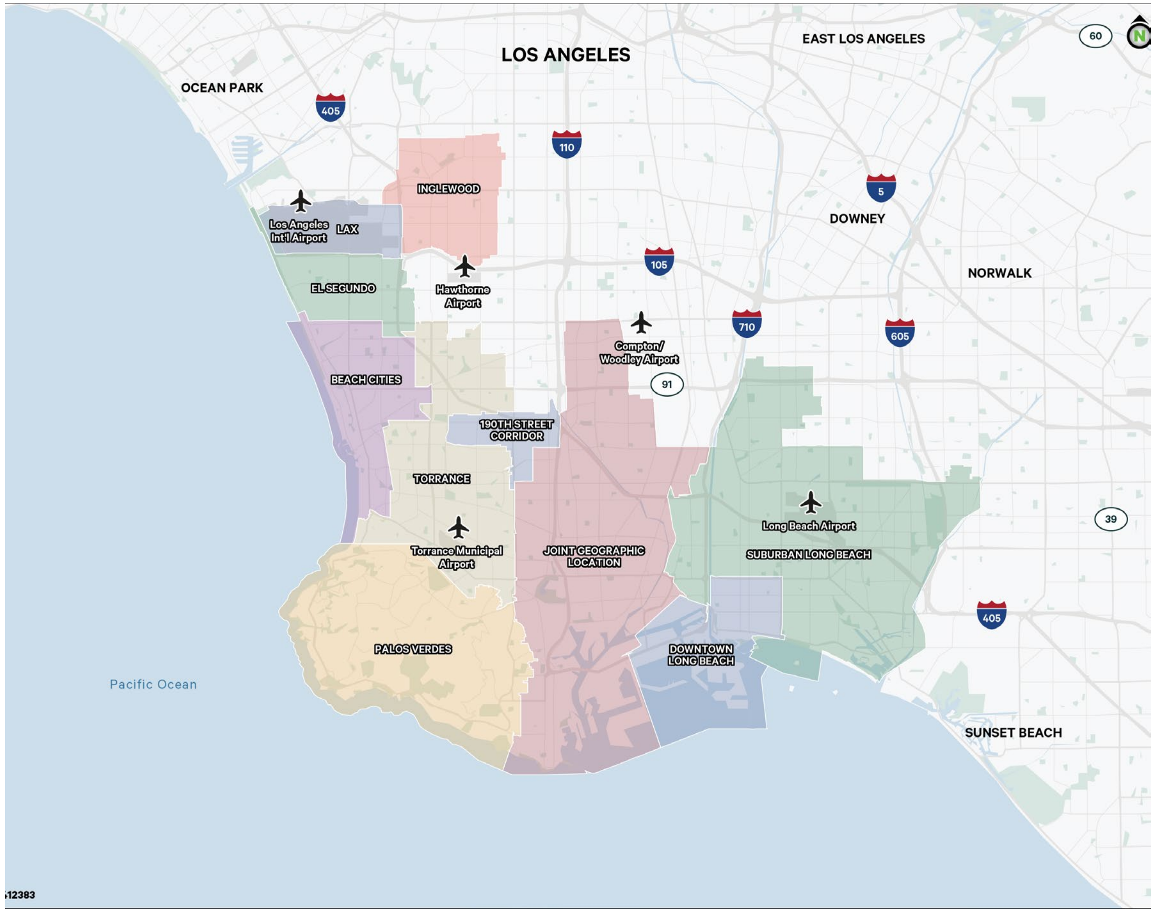
Source: CBRE Research, Q4 2025.

FIGURE 4: Notable Sale Transactions Q4 2025

Buyer	Address/ Submarket	SF Sold	Sale Price
Majestic Asset Management	777 Aviation Blvd, El Segundo	318,000	$121.5MM
Lincoln Property Company	1500 Rosecrans Ave, Manhattan Beach	209,088	$70.0MM
Shomof Group	111 W. Ocean Ave, Long Beach	464,406	$50.0MM

Source: CBRE Research, Q4 2025.

Submarket Map



Source: CBRE Research, Q4 2025, Location Intelligence,

Definitions

Available Sq. Ft.: Space in a building, ready for occupancy; can be occupied or vacant. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Full-Service Gross (FSG) Rate: The landlord assumes responsibility for all the operating expenses and taxes for the property. Gross Activity: All lease transactions completed within a specified time period. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Positive absorption is reflected when a lease is signed, which may not coincide with the date of occupancy. Rentable Area: The Building Area minus the elevator core, flues, pipe shafts, vertical ducts, balconies and stairwell areas. Vacant Sq. Ft.: Space that is not occupied.

Survey Criteria

Includes all Class A and B office buildings 30,000 sq. ft. and greater in size in Los Angeles and Ventura counties. Owner-user buildings are not included in the survey. This survey excludes medical office buildings. Buildings which have begun construction as evidenced by site excavation or foundation work.

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