

FIGURES | LOS ANGELES OFFICE | Q1 2026

Leasing activity rebounds despite challenged fundamentals

▲ 25.5%

Vacancy Rate

▲ (403,655)

SF Net Absorption

▲ 405,620

SF Construction Delivered

▼ 1.9M

SF Under Construction

▼ \$4.13

FSG/MTH Direct Lease Rate

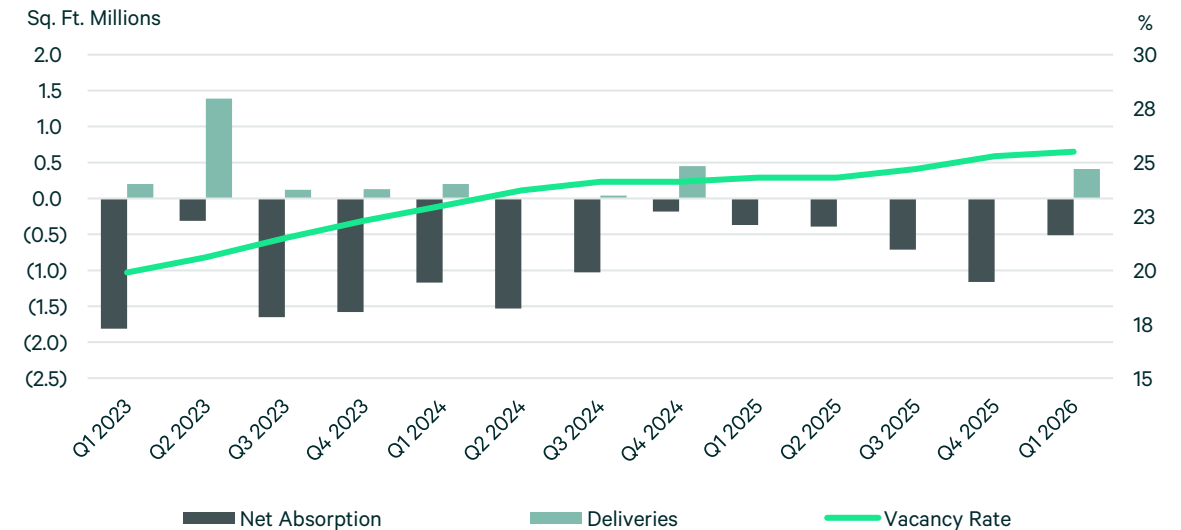
Note: Arrows indicate change from previous quarter.

Market Overview

The Los Angeles office market showed signs of stabilization in Q1 2026, with 404,000 sq. ft. of negative net absorption representing a meaningful improvement of over 800,000 sq. ft. from the 1.2 million sq. ft. of negative net absorption recorded in Q4 2025. While net absorption has remained negative for sixteen consecutive quarters since Q2 2022, the pace of occupancy loss moderated considerably from the steep declines of 2023 and early 2024. Overall vacancy rose 20 basis points (bps) quarter-over-quarter and 120 bps year-over-year to 25.5%, with availability reaching 30.5%, up 40 bps from Q4 2025 and 110 bps from a year prior.

Average direct asking rate edged down \$0.01 from Q4 2025 but remains \$0.04 above Q1 2025. On the supply side, the construction pipeline contracted 17.8% quarter-over-quarter to 1.9 million sq. ft. After a full calendar year with no completions, 406,000 sq. ft. of new Class A product delivered in Q1 2026.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy

Overall vacancy reached 25.5% in Q1 2026, up 20 basis points quarter-over-quarter and 120 basis points year-over-year. Conditions varied considerably across submarkets. Downtown Los Angeles (DTLA) and East Downtown carry some of the metro's highest overall vacancy rates, with DTLA at 34.6%, and East Downtown at 58.4%. In contrast, several submarkets remained notably tighter, San Gabriel Valley's overall vacancy rate was 9.2% and Mid-Counties stood at 8.6%, underscoring healthy demand in the metro's more affordable office locations. Sublease availability across tracked submarkets totals approximately 5.0 million sq. ft., with the largest concentrations in West Los Angeles, South Bay, and Downtown Los Angeles.

Asking Rent

The overall average direct asking lease rate in Q1 2026 was \$4.13 per sq. ft. monthly, down just \$0.01 from Q4 2025, yet increased by \$0.04 year-over-year. Class A asking rents ticked up to \$4.39 per sq. ft. from \$4.38 per sq. ft. quarter-over-quarter, a 0.2% increase and 1.4% higher year-over-year, modestly outpacing the broader market. Class B space is quoting at \$3.17 per sq. ft., down \$0.02 from the prior quarter but gained \$0.01 year-over-year, reflecting softer but still positive annual rent growth in lower-tier product.

The metro's pricing range remained wide. West Los Angeles commanded the highest average direct asking rate at \$5.68 per sq. ft., well above the metro average. At the value end, San Gabriel Valley averaged \$2.54 per sq. ft. and San Fernando Valley \$2.77 per sq. ft., highlighting a more than two-to-one pricing differential that continued to drive tenant interest in suburban alternatives.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption totaled negative 404,000 sq. ft. in Q1 2026, a substantial improvement from the negative 1.2 million sq. ft. recorded in Q4 2025 and modestly below the negative 375,000 sq. ft. posted in Q1 2025.

Multiple submarkets posted positive absorption during the quarter. East Downtown led the way with 80,000 sq. ft. of positive absorption, followed by South Bay at 35,000 sq. ft., Tri-Cities at 21,000 sq. ft., and San Fernando Valley at 5,000 sq. ft. The remaining submarkets recorded negative results, with the largest losses in West Los Angeles with 274,000 sq. ft. of negative net absorption, Downtown Los Angeles at 116,000 sq. ft., and Hollywood/Wilshire Corridor at 77,000 sq. ft.

Construction Activity

The construction pipeline contracted in Q1 2026, with 1.9 million sq. ft. under construction, down 17.8% quarter-over-quarter. The thinning supply pipeline should support market rebalancing over the next several quarters as fewer speculative deliveries compete for tenants. After a full calendar year with no completions, 406,000 sq. ft. of Class A product delivered during the quarter.

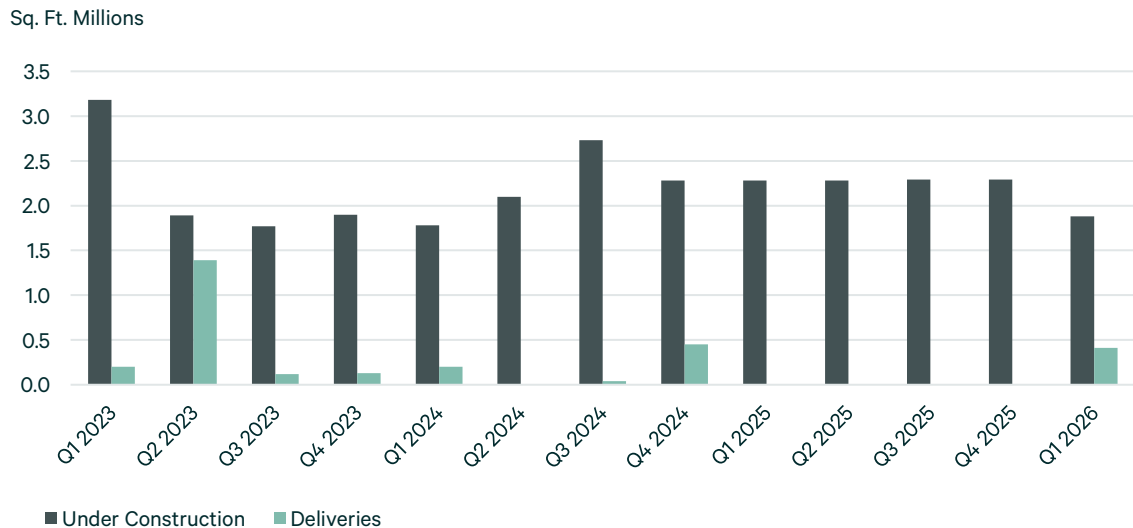
Active construction was concentrated in West Los Angeles, which accounted for 1.1 million sq. ft. anchored by the 825,000 sq. ft. Century City Center, while Hollywood/Wilshire Corridor carried 692,300 sq. ft. South Bay was the only other submarket with active construction at 76,000 sq. ft. Across all five office projects in the pipeline, pre-leasing stood at 48.5%, with West Los Angeles at 68.1% pre-committed, South Bay at 64.0%, and Hollywood/Wilshire Corridor trailed at 16.2% pre-leased.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



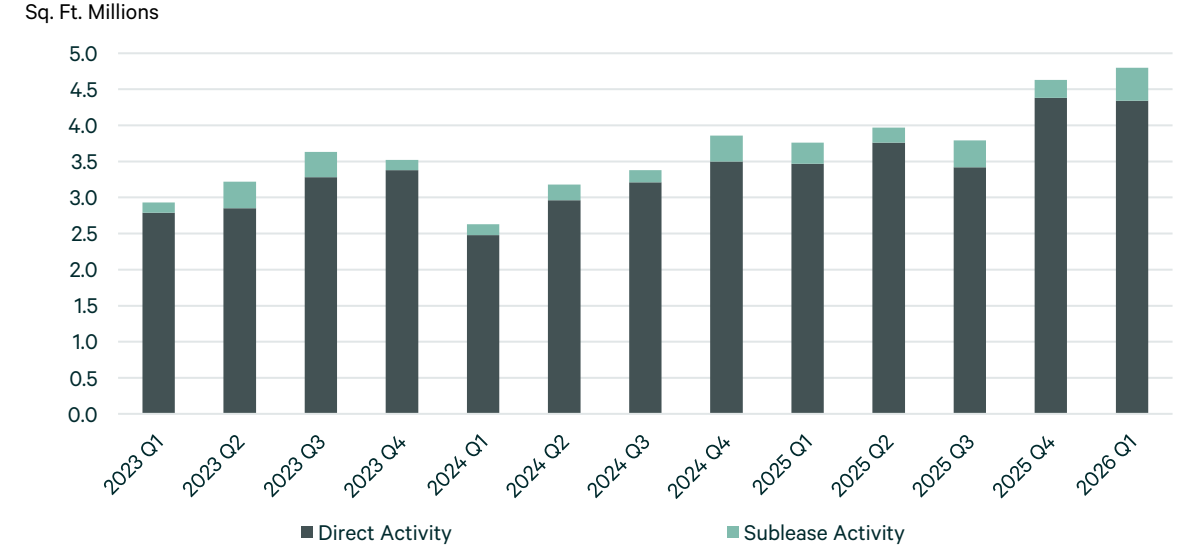
Source: CBRE Research, Q1 2026

Leasing Activity

Total leasing volume across Los Angeles County reached 4.8 million sq. ft. in Q1 2026, up 3.7% from Q4 2025 and up 27.7% year-over-year, which is the highest single-quarter total on record since the pandemic. Direct leasing comprised 90.3% of quarterly volume at 4.3 million sq. ft., while sublease activity surged 62.4% year-over-year to 464,000 sq. ft., increasing the share of sublease activity to 9.7% from 7.6% a year earlier.

West Los Angeles led all submarkets with 1.4 million sq. ft. of leasing activity, followed by South Bay at 799,300 sq. ft., Tri-Cities at 753,400 sq. ft., San Fernando Valley at 634,200 sq. ft. and Downtown Los Angeles contributed 487,000 sq. ft., with Hollywood Wilshire Corridor, San Gabriel Valley, East Downtown, and Mid-Counties accounting for the remaining 691,600 sq. ft. Notable transactions included a 168,000-sq.-ft. renewal at 12126 E Waterfront Drive in West Los Angeles, a 167,000-sq.-ft. renewal by the North Los Angeles County Regional Center in San Fernando Valley, and Northrop Grumman inked a 124,000-sq.-ft. new lease at 3701 Doolittle Dr. in South Bay.

Figure 6: Leasing Activity Trend



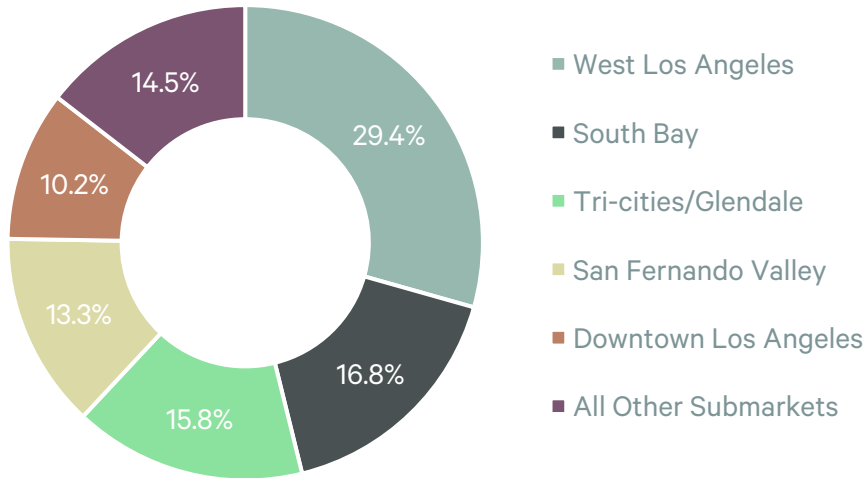
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	168,000	Renewal	12126 E Waterfront Dr, Playa Vista	West Los Angeles
North LA County Regional Center	167,000	Renewal	9200 Oakdale Ave, Chatsworth	San Fernando Valley
Northrop Grumman Systems	124,000	Renewal	3701 Doolittle Dr, Redondo Beach	South Bay
On Location	108,000	New Lease	445 S Figueroa St, Los Angeles	Downtown Los Angeles
Faraday Future Intelligent Electric	99,000	New Lease	1990 E Grand Ave, El Segundo	South Bay
The Field	93,000	New Lease	6121 W Sunset Blvd, Los Angeles	Hollywood/Wilshire Corridor
Endemol (Banijay)	84,000	Renewal	5161 Lankershim Blvd, North Hollywood	Tri-Cities/Glendale
Public Defenders Office	73,000	New Lease	145 S Spring St, Los Angeles	East Downtown

Source: CBRE Research, Q1 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Los Angeles Metro Market Statistics

Figure 11: Los Angeles Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacant Available (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)
Class A	158.24	27.8	33.0	29.1	3.9	4.39	(282,000)	(282,000)	406,000	1.88
Prime	23.59	19.3	28.9	25.1	3.8	5.58	(134,000)	(134,000)	-	-
Other Class A	134.65	29.3	33.7	29.9	3.9	4.20	(148,000)	(148,000)	406,000	1.88
Class B	60.01	19.6	23.9	21.9	2.0	3.17	(224,000)	(224,000)	-	-
Total	218.25	25.5	30.5	27.2	3.3	4.13	(506,000)	(506,000)	406,000	1.88

Source: CBRE Research, Q1 2026

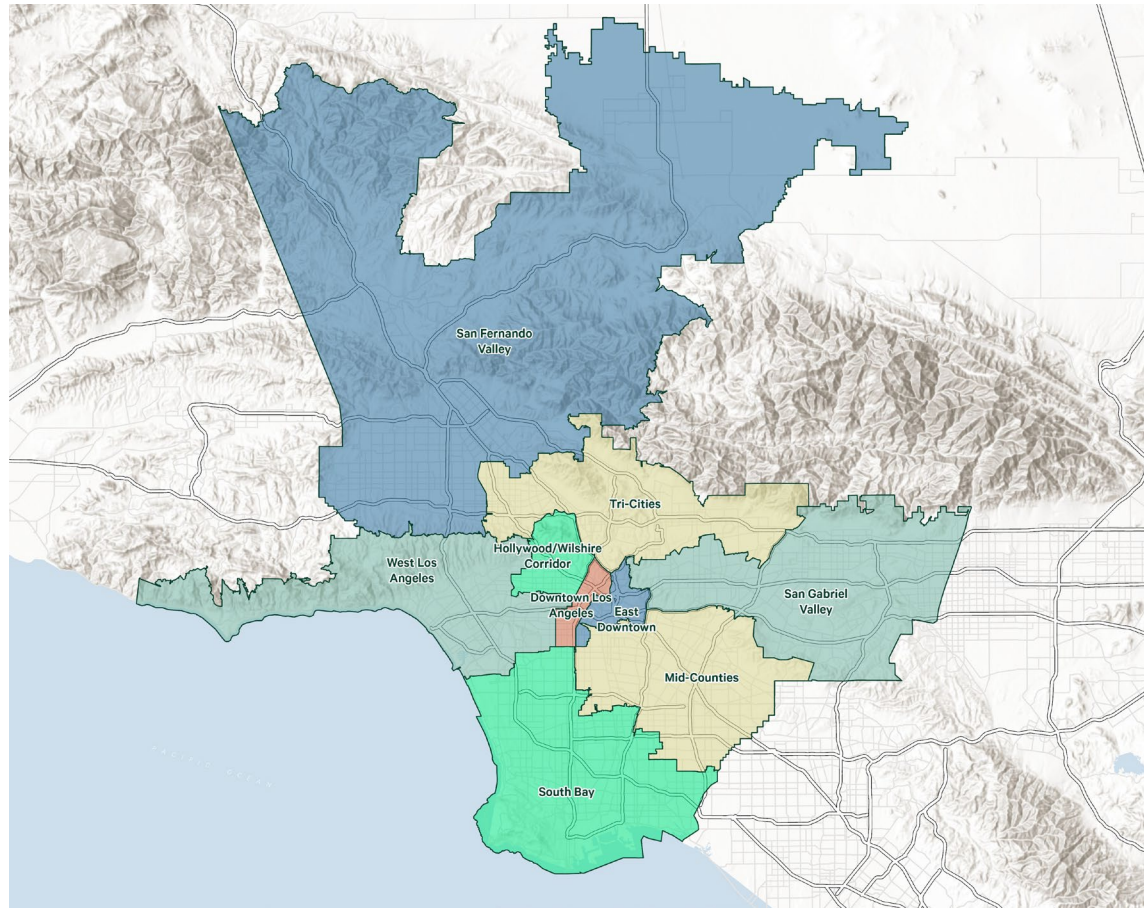
Market Statistics by Submarket

Figure 12: Submarket Statistics

Submarket	Net Rentable Area (MSF)	Total Vacant Available (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)
Downtown Los Angeles	31.68	34.6	38.5	35.3	3.1	3.73	(116,000)	(116,000)	-	-
East Downtown	7.10	58.4	59.2	53.7	5.5	4.76	80,000	80,000	-	-
Hollywood/Wilshire Corridor	20.46	27.6	31.2	28.9	2.3	3.63	(77,000)	(77,000)	80,000	0.69
Mid-Counties	4.91	8.6	14.6	13.4	1.2	2.79	(16,000)	(16,000)	-	-
San Fernando Valley	22.53	20.5	24.0	20.6	3.4	2.77	5,000	5,000	-	-
San Gabriel Valley	11.05	9.2	11.6	11.2	0.4	2.54	(61,000)	(61,000)	-	-
South Bay	33.20	23.7	29.3	25.7	3.7	3.32	35,000	35,000	-	0.08
Tri-Cities	28.95	26.9	31.1	28.1	2.9	3.83	21,000	21,000	326,000	-
West Los Angeles	58.38	22.7	30.3	26.0	4.3	5.68	(376,000)	(376,000)	-	1.11
Total	218.25	25.5	30.5	27.2	3.3	4.13	(506,000)	(506,000)	406,000	1.88

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. 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. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

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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