Capital markets volume grows as vacancy remains steady despite negative net absorption

▲ 10.1%
Overall Vacancy Rate

▲ 11.6%
Overall Availability Rate

▼ (102K)
SF Net Absorption

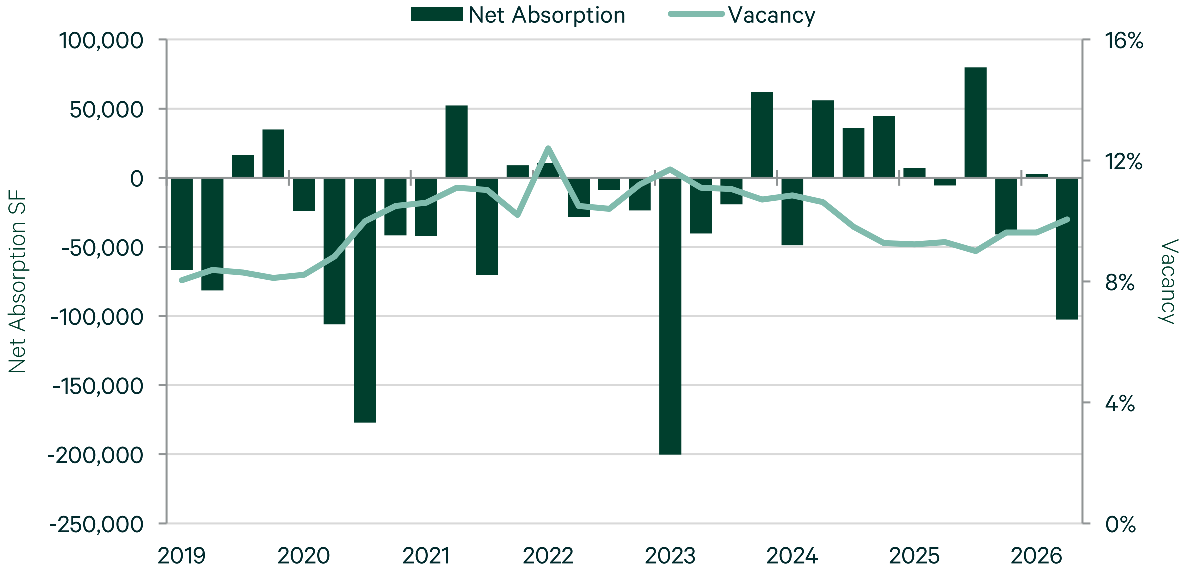
▲ $4.11
Average Full-Service Gross Asking Rate / Mo

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The overall vacancy rate increased to 10.1%, up 46 basis points (bps) from the previous quarter. Net absorption turned negative, totaling 102,000 sq. ft. of occupancy loss during the quarter.
- Average asking rents edged up to $4.11 per sq. ft. per month on a full-service gross (FSG) basis.
- Leasing activity reached nearly 147,000 sq. ft. in Q1 2026. However, volume remained approximately 25% below the prior quarter's level.
- Sales volume totaled nearly $404 million, representing a more than fourfold increase quarter-over-quarter. The largest transaction of the quarter was the portfolio sale of the 225,598-square-foot property at 405-444 N. Bedford Drive in Beverly Hills, which traded for approximately $404 million.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q2 2026.

MEDICAL OUTPATIENT BUILDING OVERVIEW

The average asking rate for medical outpatient buildings (MOBs) edged up quarter-over-quarter to $4.11 per sq. ft. on a full-service gross (FSG) basis. Rent levels across most submarkets remained largely stable. The Hollywood/Wilshire submarket posted a notable rebound from the prior quarter, recording the largest gain at $0.34 per sq. ft.

In Q2 2026, MOB asking rents trailed those of the general office market by $0.01 per sq. ft. General office asking rents averaged $4.12 per sq. ft. full-service gross (FSG), compared with $4.11 per sq. ft. FSG for MOB properties. This rent premium persisted across nearly all submarkets, apart from Ventura and West Los Angeles, where MOB rents trailed general office rents by $0.05 and $0.04 per sq. ft., respectively.

The overall MOB vacancy rate increased by 46 basis points quarter-over-quarter, reaching 10.1% in Q2 2026. The Hollywood/Wilshire Corridor experienced the sharpest rise, with vacancy climbing from 3.9% in Q1 to 15.1%. In contrast, West Los Angeles posted the largest decrease, with vacancy declining from 14.0% to 13.3%.

Leasing activity softened slightly in Q2 2026, totaling approximately 147,000 sq. ft., a 25% decline from the previous quarter. Most submarkets recorded reduced activity; however, West Los Angeles stood out with the largest quarter-over-quarter increase. Notable transactions were driven primarily by national tenant renewals and expansions. The largest lease of the quarter was a 54,800-square-foot renewal by a confidential tenant at 4676 Admiralty Way in Marina Del Rey.

Net absorption turned negative, totaling negative 102,500 sq. ft. for the quarter, driven largely by move-outs in the Hollywood/Wilshire Corridor and the San Fernando Valley. Conversely, West Los Angeles recorded the strongest positive absorption, posting approximately 37,000 sq. ft.

Sales activity surged, with total volume reaching $404 million in Q2 2026, four times the level recorded in the Q1. Douglas Emmett emerged as the most active buyer, acquiring four MOBs on Bedford Dr in Beverly Hills for a combined $225 million. In total, approximately 853,000 sq. ft. of MOB space traded hands, with the average building measuring 21,000 sq. ft. and achieving an average price of $486 per sq. ft.

FIGURE 2: Submarket Statistics

Submarkets	Bldg. Count	NRA	Direct Vacancy Rate	Overall Vacancy Rate	Overall Availability Rate	Net Absorption Q4	Net Absorption YTD	MOB Avg. Ask FSG	General Office Avg. Ask FSG
Conejo Valley	20	949,412	23.4%	23.49%	23.8%	(8,994)	(10,858)	$3.56	$2.73
Hollywood/Wilshire Corridor	11	703,537	15.0%	15.07%	26.8%	(78,513)	(78,577)	$3.87	$3.63
Downtown Los Angeles	19	2,586,589	2.9%	3.18%	4.1%	9,442	4,394	$4.13	$3.71
Mid-Counties	26	1,214,752	9.2%	9.18%	10.2%	(5,762)	(18,707)	$2.83	$2.82
San Fernando Valley	94	4,961,816	8.7%	9.61%	11.4%	(10,980)	18,248	$3.28	$2.77
San Gabriel Valley	32	1,464,798	7.4%	7.37%	8.1%	(11,256)	(12,296)	$3.44	$2.54
South Bay	55	2,654,651	8.7%	8.80%	9.8%	(6,691)	(15,640)	$3.51	$3.30
Tri-Cities	40	2,209,450	7.1%	7.19%	8.4%	(10,940)	(10,249)	$3.98	$3.83
Ventura	11	452,983	13.9%	13.90%	14.8%	(15,817)	(18,107)	$2.60	$2.65
West Los Angeles	69	5,092,901	12.1%	13.29%	14.8%	37,055	42,027	$5.63	$5.68
Greater L.A.	**377**	**22,290,889**	**9.5%**	**10.05%**	**11.6%**	**(102,456)**	**(99,765)**	**$4.11**	**$4.12**

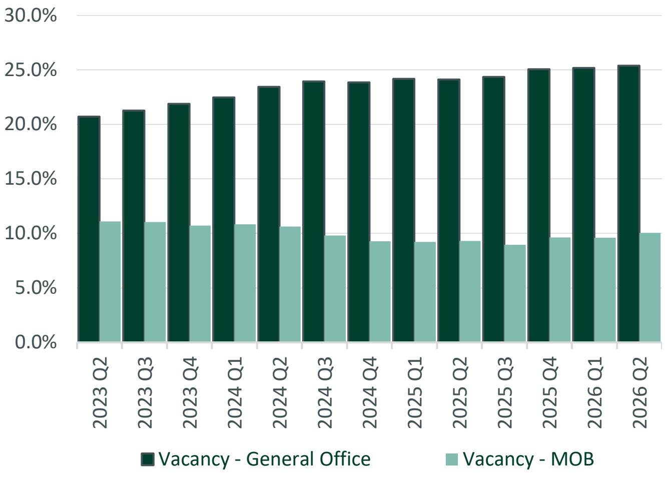
Source: CBRE Research, Q2 2026.

FIGURE 3: Notable Lease Transactions

Tenant	Address	SF Leased	Type
Confidential	4676 Admiralty Way, Marina Del Rey	59,844	Renewal
Confidential	4640 Admiralty Way, Marina Del Rey	51,563	Expansion
Confidential	12746 W Jefferson Blvd, Playa Vista	33,044	Renewal
HRC Fertility Management	55 S Lake Ave, Pasadena	26,506	Renewal
Altamed Health Services Corp.	1500 Hughes Way, Long Beach	25,580	Renewal
Confidential	1441 3rd Street Promenade, Santa Monica	21,944	New Lease

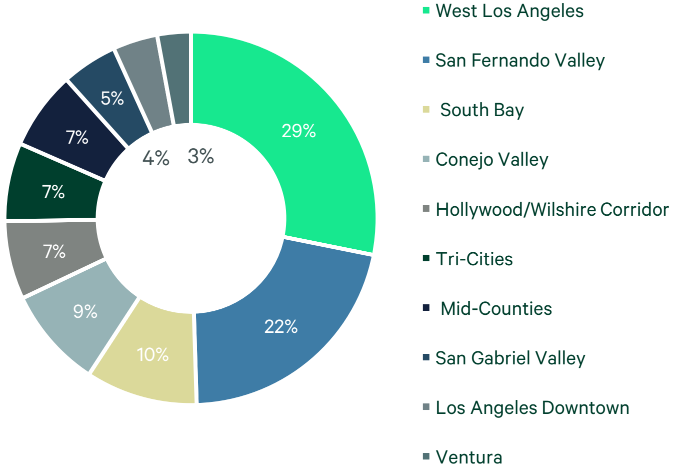
Source: CBRE Research, Q2 2026.

FIGURE 4: Vacancy Rate General Office vs. MOB



Source: CBRE Research, Q2 2026.

FIGURE 5: Overall Availability Distribution by Submarket



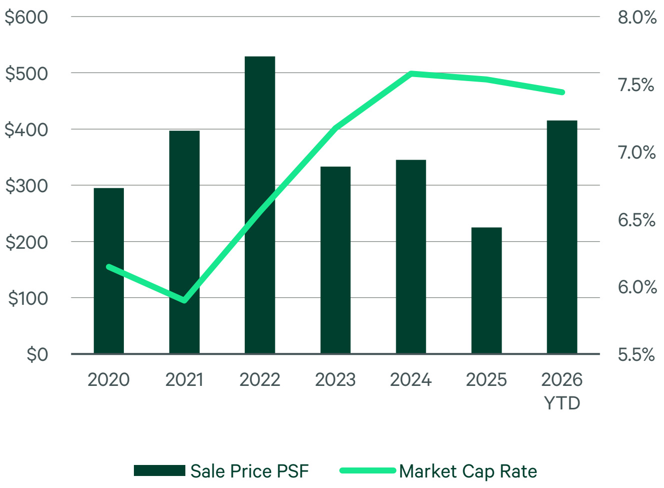
Source: CBRE Research, Q2 2026.

FIGURE 6: Notable Sale Transactions

Buyer	Address	SF Sold	Sale Price
Douglas Emmett	405-444 N Bedford Dr, Beverly Hills	225,598	$404.0MM
Adventist Health	1500 E Chevy Chase Dr, Glendale	76,197	$39.1MM
Pacific Media Properties	1901 N Rice Ave & 2401 E Gonzales Rd, Oxnard	103,706	$20.6MM
Miller Automotive Properties	20920 Chico St, Carson	18,064	$18.1MM
Warren L Owens	1701-1807 Solar Dr, Oxnard	95,221	$16.9MM
Agree Realty Corporation	1260 N Lake Ave, Pasadena	15,390	$11.2MM

Source: CBRE Research, CoStar, Q2 2026.

FIGURE 7: Sale Price (Per Sq. Ft.) vs Market Cap Rate



Source: CBRE Research, CoStar, Q2 2026.

FIGURE 8: Development Pipeline

Source: CBRE Research, CoStar, Q2 2026.

Appendix 1

Submarket - District	Bldg Count	Bldg NRA	Avg. Asking Lease Rate ($)	Direct Vacant Sq. Ft.	Sublease Vacant Sq. Ft.	Total Vacant Sq. Ft.	Overall Vacancy (%)	Total Available Sq. Ft.	Current Net Absorption	YTD Net Absorption
Agoura Hills	3	125,511	$3.20	22,743	0	22,743	18.1%	24,343	(932)	(932)
Thousand Oaks	16	794,707	$3.58	194,783	900	195,683	24.6%	197,060	(8,062)	(5,322)
Westlake Village	1	29,194	$4.35	4,604	0	4,604	15.8%	4,604	0	(4,604)
CONEJO VALLEY	20	949,412	$3.56	222,130	900	223,030	23.5%	226,007	(8,994)	(10,858)
Hollywood	2	104,712	$2.98	5,884	0	5,884	5.6%	7,204	0	1,684
Mid-Wilshire	5	221,468	$3.84	4,966	0	4,966	2.2%	4,966	388	(1,360)
Miracle Mile	3	345,570	$3.93	93,433	500	93,933	27.2%	172,834	(78,901)	(78,901)
Park Mile	1	31,787	$2.65	1,225	0	1,225	3.9%	3,325	0	0
HOLLYWOOD/WILSHIRE CORRIDOR	11	703,537	$3.87	105,508	500	106,008	15.1%	188,329	(78,513)	(78,577)
LOS ANGELES DOWNTOWN	19	2,586,589	$4.13	75,744	6,626	82,370	3.2%	107,157	9,442	4,394
Bellflower	2	63,787	N/A	0	0	0	0.0%	0	0	0
Downey	6	269,450	$3.25	10,326	0	10,326	3.8%	10,326	0	836
Huntington Park	1	29,029	$2.75	9,523	0	9,523	32.8%	9,523	(9,523)	(9,523)
La Mirada	1	26,596	N/A	0	0	0	0.0%	0	1,365	1,365
Lakewood	4	167,170	$2.52	7,312	0	7,312	4.4%	13,924	0	(3,085)
Lynwood	4	261,335	$2.67	30,903	0	30,903	11.8%	30,903	(38)	1,562
Montebello	2	75,791	$4.38	14,296	0	14,296	18.9%	14,296	1,466	(2,263)
Pico Rivera	1	70,982	$2.10	8,982	0	8,982	12.7%	8,982	0	(8,982)
Santa Fe Springs	1	40,040	$2.25	5,845	0	5,845	14.6%	5,845	0	2,519
Whittier	4	210,572	$2.62	24,333	0	24,333	11.6%	29,562	968	(1,136)
MID-COUNTIES	26	1,214,752	$2.83	111,520	0	111,520	9.2%	123,361	(5,762)	(18,707)

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Antelope Valley	6	292,986	$2.37	39,310	0	39,310	13.4%	44,484	0	(786)
Canoga Park	3	118,874	$2.70	38,349	0	38,349	32.3%	41,642	0	1,301
Encino	12	835,176	$3.24	61,926	2,341	64,267	7.7%	84,230	(2,663)	13,958
Granada Hills	3	141,776	$2.92	25,515	0	25,515	18.0%	25,515	(97)	6,950
Mission Hills	5	331,012	$4.55	7,685	1,200	8,885	2.7%	19,505	(1,200)	(1,200)
North Hollywood	4	187,379	$4.00	3,982	0	3,982	2.1%	3,982	1,579	1,579
Northridge	6	243,567	$3.14	14,828	2,640	17,468	7.2%	19,624	0	(1,466)
Pacoima	1	28,745	$5.00	0	0	0	0.0%	2,300	0	0
Panorama City	3	139,390	$1.95	1,663	0	1,663	1.2%	1,663	0	(1,089)
Reseda	4	237,588	$2.55	13,983	1,085	15,068	6.3%	16,868	(1,576)	(5,098)
San Fernando	1	29,634	$3.00	23,598	0	23,598	79.6%	23,598	0	0
Santa Clarita Valley	14	542,188	$3.53	45,349	0	45,349	8.4%	53,749	1,475	8,115
Sherman Oaks	7	294,523	$3.68	17,000	10,094	27,094	9.2%	38,734	(8,096)	(7,126)
Studio City	1	48,504	$3.75	849	0	849	1.8%	9,949	0	0
Tarzana	9	541,192	$5.02	63,760	0	63,760	11.8%	65,331	2,420	6,881
Van Nuys	7	394,833	$3.27	53,875	3,200	57,075	14.5%	70,498	0	(2,027)
West Hills	7	488,918	$1.53	17,160	26,229	43,389	8.9%	43,389	(1,457)	(379)
Woodland Hills	1	65,531	$3.30	1,365	0	1,365	2.1%	1,365	(1,365)	(1,365)
SAN FERNANDO VALLEY	94	4,961,816	$3.28	430,197	46,789	476,986	9.6%	566,426	(10,980)	18,248

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Alhambra	3	149,788	$4.75	17,647	0	17,647	11.8%	17,647	0	0
Arcadia	5	375,962	$3.45	12,140	0	12,140	3.2%	20,297	223	(42)
City of Industry	3	108,633	$2.12	7,194	0	7,194	6.6%	7,194	0	0
Claremont	1	50,274	$3.88	2,467	0	2,467	4.9%	2,467	0	(1,471)
Diamond Bar	2	61,410	$2.65	9,868	0	9,868	16.1%	9,868	(6,369)	(6,369)
Glendora	2	94,474	N/A	0	0	0	0.0%	0	0	0
Monterey Park	5	171,386	N/A	0	0	0	0.0%	0	0	0
Pomona	3	97,696	$3.45	23,433	0	23,433	24.0%	24,724	(1,701)	1,667
Rowland Heights	1	26,919	N/A	0	0	0	0.0%	0	0	0
San Gabriel	4	179,642	$3.24	35,216	0	35,216	19.6%	36,699	(3,409)	(6,081)
West Covina	3	148,614	N/A	0	0	0	0.0%	0	0	0
SAN GABRIEL VALLEY	32	1,464,798	$3.44	107,965	0	107,965	7.4%	118,896	(11,256)	(12,296)
Beach Cities	8	281,159	$3.30	22,773	0	22,773	8.1%	22,773	1,761	1,360
Downtown Long Beach	4	291,790	$2.91	39,099	0	39,099	13.4%	39,099	(1,809)	(1,809)
El Segundo	1	72,066	N/A	0	0	0	0.0%	0	0	0
Hawthorne/Gardena	5	217,561	$2.36	27,351	0	27,351	12.6%	27,351	0	(4,349)
Suburban Long Beach	16	761,775	$2.94	35,596	300	35,896	4.7%	46,191	(12,222)	(9,410)
Torrance	21	1,030,300	$4.20	106,625	1,971	108,596	10.5%	125,261	5,579	(1,432)
SOUTH BAY	55	2,654,651	$3.51	231,444	2,271	233,715	8.8%	260,675	(6,691)	(15,640)
Burbank	9	461,171	$4.19	29,303	0	29,303	6.4%	32,438	(2,500)	(2,103)
Glendale	18	968,644	$3.75	50,903	400	51,303	5.3%	71,517	3,847	1,331
Pasadena	13	779,635	$4.10	75,681	2,462	78,143	10.0%	81,695	(12,287)	(9,477)
TRI-CITIES	40	2,209,450	$3.98	155,887	2,862	158,749	7.2%	185,650	(10,940)	(10,249)

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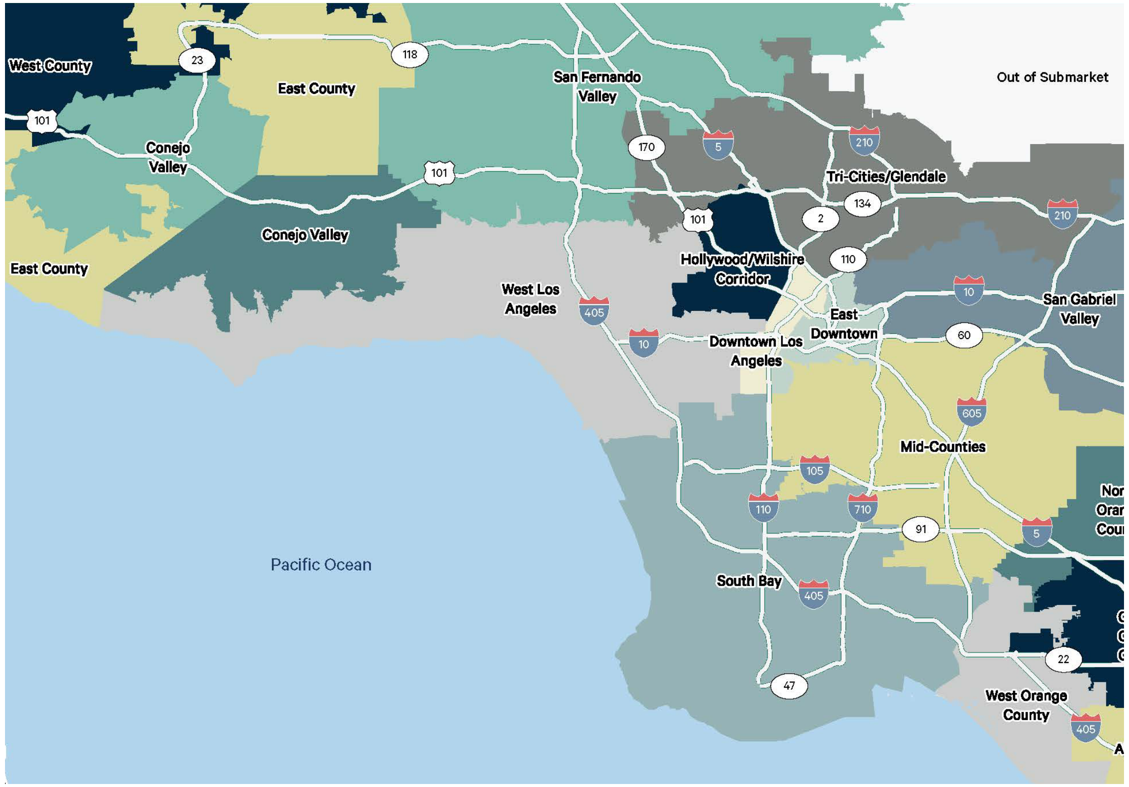
Camarillo	2	84,351	$2.74	18,187	0	18,187	21.6%	18,187	0	(2,290)
Moorpark/Simi Valley	4	134,354	$2.31	31,945	0	31,945	23.8%	36,056	(15,817)	(15,817)
Oxnard	3	158,778	$3.18	12,853	0	12,853	8.1%	12,853	0	0
Ventura	2	75,500	N/A	0	0	0	0.0%	0	0	0
WEST VENTURA COUNTY	11	452,983	$2.60	62,985	0	62,985	13.9%	67,096	(15,817)	(18,107)
Beverly Hills	30	2,126,565	$5.90	231,299	25,763	257,062	12.1%	284,440	(25,166)	18,242
Brentwood	5	461,679	$5.57	42,927	13,248	56,175	12.2%	68,070	12,101	6,030
Culver City	2	105,092	$5.39	4,892	0	4,892	4.7%	6,178	0	0
Inglewood	6	392,180	$2.76	64,888	0	64,888	16.5%	64,888	40,128	38,318
Marina Del Rey	3	226,269	$4.72	20,209	1,400	21,609	9.6%	21,609	10,471	7,626
Santa Monica	15	981,195	$6.02	58,661	6,692	65,353	6.7%	98,377	5,151	(10,623)
WeHo West	3	358,972	$6.51	31,317	0	31,317	8.7%	31,317	(7,634)	(7,634)
West Hollywood	2	206,720	$6.16	15,011	13,149	28,160	13.6%	29,010	(2,096)	(5,566)
Westwood	3	234,229	$5.97	147,215	0	147,215	62.9%	149,012	4,100	(4,366)
WEST LOS ANGELES	69	5,092,901	$5.63	616,419	60,252	676,671	13.3%	752,901	37,055	42,027
GREATER LOS ANGELES TOTALS	**377**	**22,290,889**	**$4.11**	**2,119,799**	**120,200**	**2,239,999**	**10.0%**	**2,596,498**	**(102,456)**	**(99,765)**

Source: CBRE Research, Q2 2026

Submarket Map



Source: CBRE Research, Q2 2026, 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 rates, weighted by their corresponding available sq. ft.age. 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 medical outpatient properties in Los Angeles and Ventura Counties over 25,000 sf within the same address. Excludes buildings under Construction or Planned. Under construction buildings that have begun construction as evidenced by site excavation or foundation work. Medical office properties are defined as purpose-built medical space as evidenced by site improvements and/or leasing activity by tenants who will use the space for healthcare uses as defined on the NAICS code family starting with '62'. Excludes owner-user properties.

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