

FIGURES | LOS ANGELES OFFICE | Q3 2026

User sales compress vacancy despite modest negative absorption

▼ 25.3%

Vacancy Rate

▼ (155K)

SF Net Absorption

▼ 33K

SF Construction Delivered

▼ 1.7M

SF Under Construction

▼ \$4.07

FSG/MTH Direct Lease Rate

Note: Arrows indicate change from previous quarter.

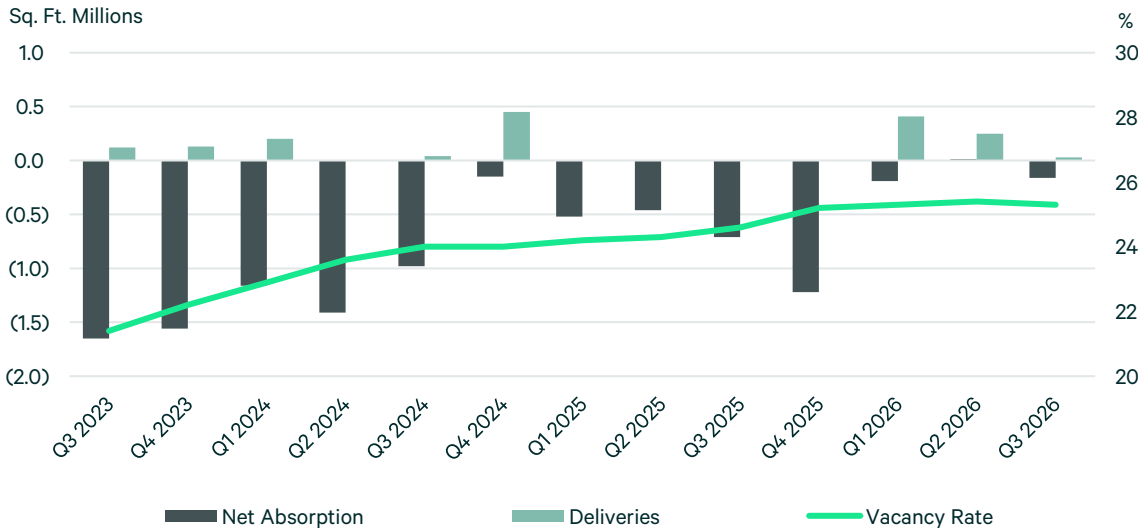
Note: Properties removed from the set include 865 S Figueroa St, Los Angeles; 350 S Figueroa St, Los Angeles; 2701 Ocean Park Blvd, Santa Monica; and 4 other properties for a grand total of 1.48M sq. ft.

Market Overview

Leasing activity totaled 4.5 million sq. ft. in Q3 2026, up 11.6% year-over-year (Y-o-Y) and bringing year-to-date leasing to 14.4 million sq. ft. Vacancy edged down 10 basis points (bps) quarter-over-quarter (Q-o-Q) to 25.3% as owner-user sales and office conversions removed space from inventory, and availability declined 20 bps year-over-year. Net absorption was negative 155,000 sq. ft., an improvement from negative 709,000 sq. ft. in Q3 2025. Five of nine submarkets recorded positive net absorption, led by San Fernando Valley with 110,000 sq. ft. and Downtown Los Angeles with 85,000 sq. ft.

In this quarter, vacancy edged down slightly and availability declined, hinting at firmer demand for space. Owner-user purchases of high-vacancy buildings led to inventory contraction. Those removals lowered overall vacancy 10 bps quarter-over-quarter, despite negative absorption for the quarter. The construction pipeline in this quarter measured 1.65 million sq. ft., marking a continued reduction from its earlier peak. New deliveries constituted just 33,000 sq. ft., easing incremental supply.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy

In Q3 2026, overall vacancy across the Los Angeles market settled at 25.3%, with direct vacancy at 23.2% and sublease vacancy contributing an additional 2.1%. East Downtown Los Angeles recorded the highest overall vacancy at 57.9%, followed by Downtown Los Angeles at 34.0% and Hollywood/Wilshire Corridor at 28.5%. San Gabriel Valley and Mid-Counties remained the tightest submarkets in the region, with an overall vacancy of 8.2% and 9.1%, respectively. Owner-user purchases of high-vacancy buildings led to inventory contraction. Those removals lowered overall vacancy 10 bps quarter-over-quarter, even as net absorption was negative 155,000 sq. ft.

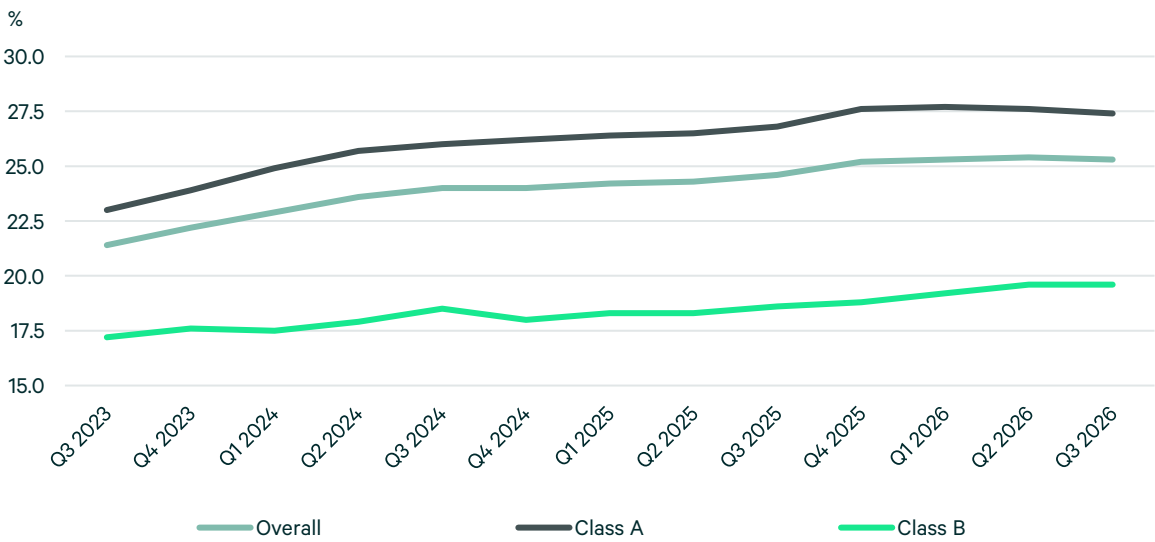
In Q3 2026, Class A sublease availability was 3.6%, while Class B sublease availability was 2.0%. Across the tracked Los Angeles office submarkets, sublease vacancy totaled 6.9 million sq. ft. in Q3 2026. West Los Angeles led all submarkets in sublease availability at 2.4 million sq. ft., followed by Downtown Los Angeles at 975,000 sq. ft., and together accounted for nearly half of the market's total sublease availability. At the other end of the spectrum, San Gabriel Valley and Mid-Counties carried minimal sublease exposure at just 0.4% and 1.3%, respectively.

Asking Rent

Average asking rents softened modestly in Q3 2026 to \$4.07 per sq. ft., extending a gradual decline of 1.0% quarter-over-quarter and 0.7% year-over-year. Class A asking rents followed a similar pattern, at \$4.32 per sq. ft. in Q3 2026 versus \$4.37 per sq. ft. quarter-over-quarter and \$4.33 per sq. ft. in Q3 2025 year-over-year.

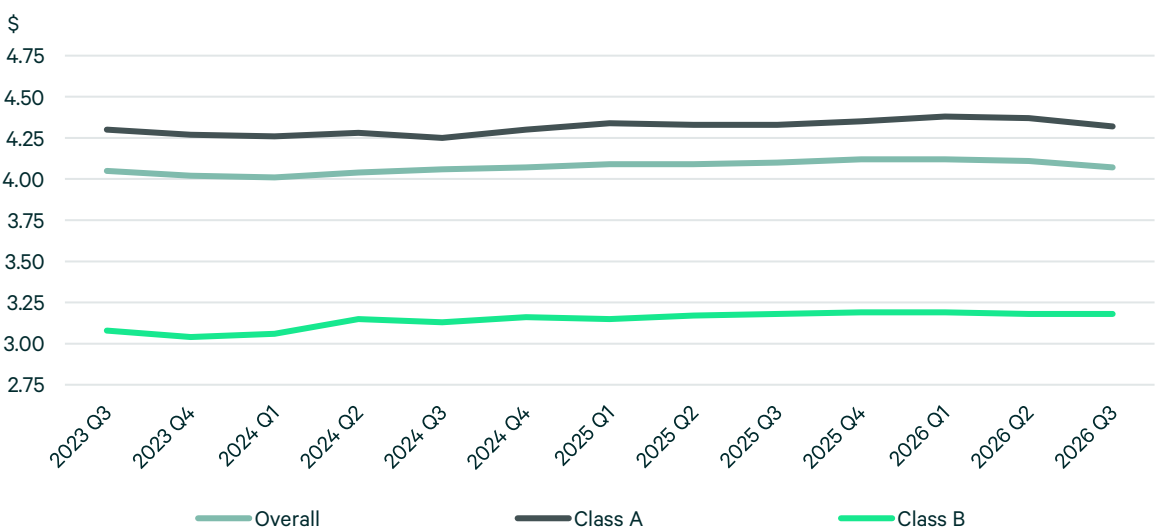
In Q3 2026, West Los Angeles commanded the highest asking rents, with Class A at \$5.76, followed by East Downtown where Class A asking rates reached \$4.93. Core submarkets such as Downtown Los Angeles, Tri-Cities, Hollywood/Wilshire Corridor, and South Bay formed a mid-priced tier, with Class A rents between \$3.49 and \$3.97. More cost-effective options were available in Mid-Counties, San Fernando Valley, and San Gabriel Valley, where Class A ranged from \$2.82 to \$3.04.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q3 2026

Net Absorption

In Q3 2026, the market posted negative net absorption, signaling another quarter of occupancy contraction. Total net absorption for the quarter was negative 155,000 sq. ft., as tenants collectively returned more space than they occupied. This level was below the 12,000 sq. ft. of positive net absorption recorded in Q2 2026 on a quarter-over-quarter basis, highlighting a swing back into net givebacks. On a year-over-year comparison, net absorption in the quarter exceeded the negative 709,000 sq. ft. recorded in Q3 2025, with Class A space accounting for negative 100,000 sq. ft. and Class B space negative 55,000 sq. ft. of the current-quarter total.

By submarket, San Fernando Valley and Downtown Los Angeles recorded the strongest gains in occupied space, posting positive net absorption of 110,000 sq. ft. and 85,000 sq. ft., respectively. Tri-Cities and Mid-Counties reported the most positive net absorption at 39,400 sq. ft. and 15,800 sq. ft. respectively. At the other end of the spectrum, West Los Angeles and Hollywood/Wilshire Corridor posted the most negative net absorption in the quarter, at negative 187,000 sq. ft. and negative 156,900 sq. ft., respectively. These patterns indicated that while several submarkets achieved modest occupancy gains, sharp givebacks in West Los Angeles and Hollywood/Wilshire Corridor continued to weigh on overall market absorption.

Construction Activity

In Q3 2026, the market had 1.7 million sq. ft. under construction and 33,000 sq. ft. of space delivered, with 692,000 sq. ft. completed year-to-date in 2026. Under construction volume declined 1.9% quarter-over-quarter from 1.8 million sq. ft. in Q2 2026 and was 27.4% lower year-over-year than the 2.3 million sq. ft. underway in Q3 2025.

West Los Angeles led all submarkets in Q3 2026 with 849,000 sq. ft. under construction, anchored by the newest tower in Century City, 1950 Avenue of the Stars. Hollywood/Wilshire Corridor followed closely at 737,300 sq. ft., driven by a cluster of office projects, while South Bay trailed at 63,900 sq. ft. No other Los Angeles submarket recorded new construction starts, keeping development activity concentrated in these three markets.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



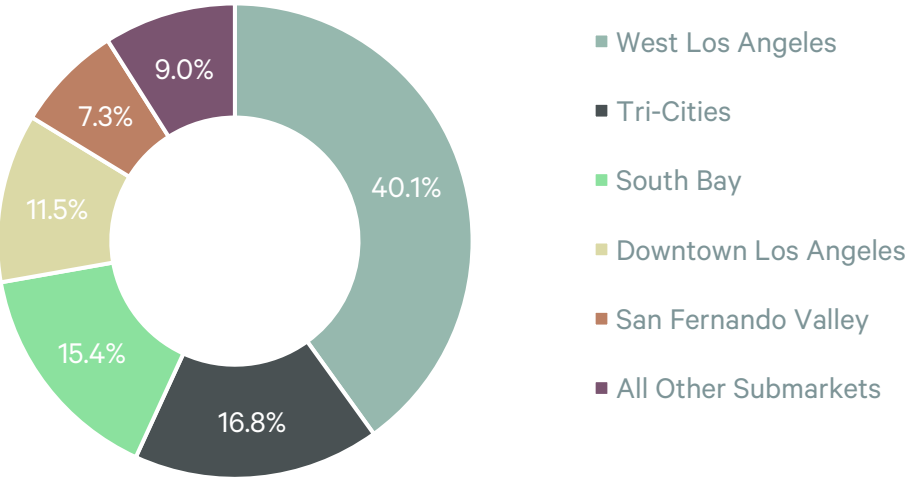
Source: CBRE Research, Q3 2026

Leasing Activity

In Q3 2026, tenants leased 4.5 million sq. ft. of office space, bringing 2026 year-to-date leasing activity to 14.4 million sq. ft. Leasing eased quarter-over-quarter, with total signed volume down 515,000 sq. ft., or 10.3%, from 5.0 million sq. ft. in Q2 2026, but remained above the Q3 2025 pace. Compared with Q3 2025, when tenants leased 4.0 million sq. ft., activity in the quarter increased by 467,000 sq. ft., or 11.6%, year-over-year.

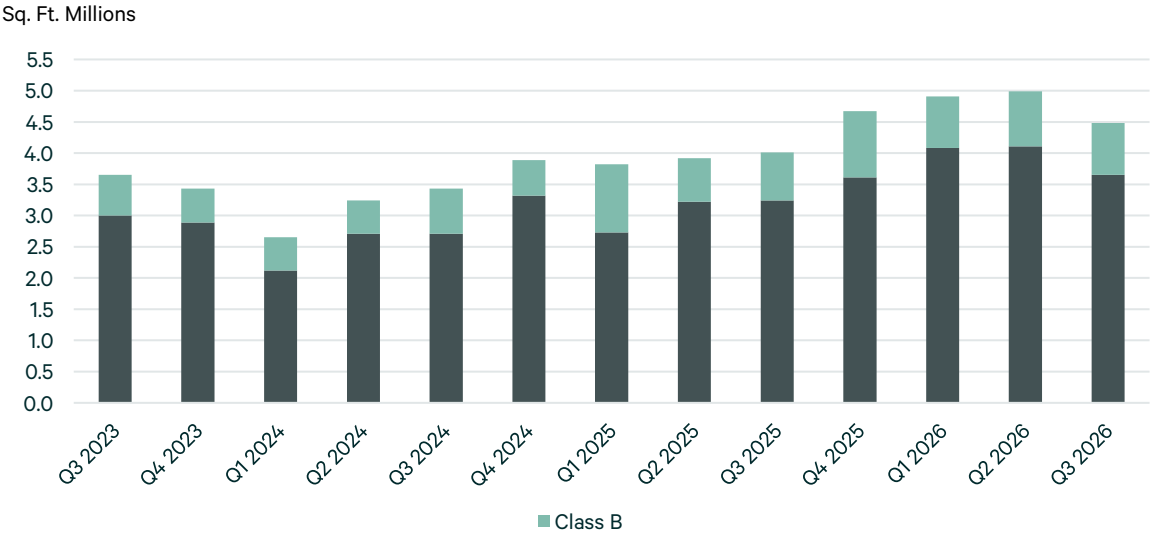
Within the market, West Los Angeles and Tri-Cities recorded the strongest leasing in Q3 2026, with West Los Angeles totaling 1.8 million sq. ft. and Tri-Cities reaching 751,000 sq. ft. All other submarkets also posted strong leasing activity, including South Bay at 688,000 sq. ft., Downtown Los Angeles at 515,000 sq. ft., San Fernando Valley at 326,000 sq. ft., Hollywood/Wilshire Corridor at 172,000 sq. ft., East Downtown at 143,000 sq. ft., San Gabriel Valley at 49,000 sq. ft. and Mid-Counties at 38,000 sq. ft.

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



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

Industry	Sq. Ft. Leased	Transaction Type	Address	Submarket
Talent Agency	291,000	Renewal	2000 Avenue of the Stars, Century City	West Los Angeles
Aerospace & Defence	144,000	Extension	2222 E Imperial Hwy, El Segundo	South Bay
Educational Services	117,000	Renewal	6100 Center Dr, Los Angeles	West Los Angeles
Specialty Retail	109,000	New Lease	767 Alameda Ave, Los Angeles	East Downtown
Marketing Agency	101,000	New Lease	888 N Douglas St, El Segundo	South Bay
Technology	81,000	New Lease	443 S Raymond Ave, Pasadena	Tri-Cities
Insurance Agency	69,000	New Lease	777 S Figueroa St, Los Angeles	Downtown Los Angeles

Source: CBRE Research, Q3 2026

Market Statistics by Class

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Total Asking Rate (\$/SF FSG/mth)	Q3 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	157.9M	27.4	32.3	28.7	3.6	4.32	(100,000)	89,000	33,000	1.6M
Class B	59.0M	19.6	23.7	21.6	2.0	3.18	(55,000)	(425,000)	-	69,000
Total	216.9M	25.3	30.0	26.8	3.2	4.07	(155,000)	(336,000)	33,000	1.7M

Source: CBRE Research, Q3 2026

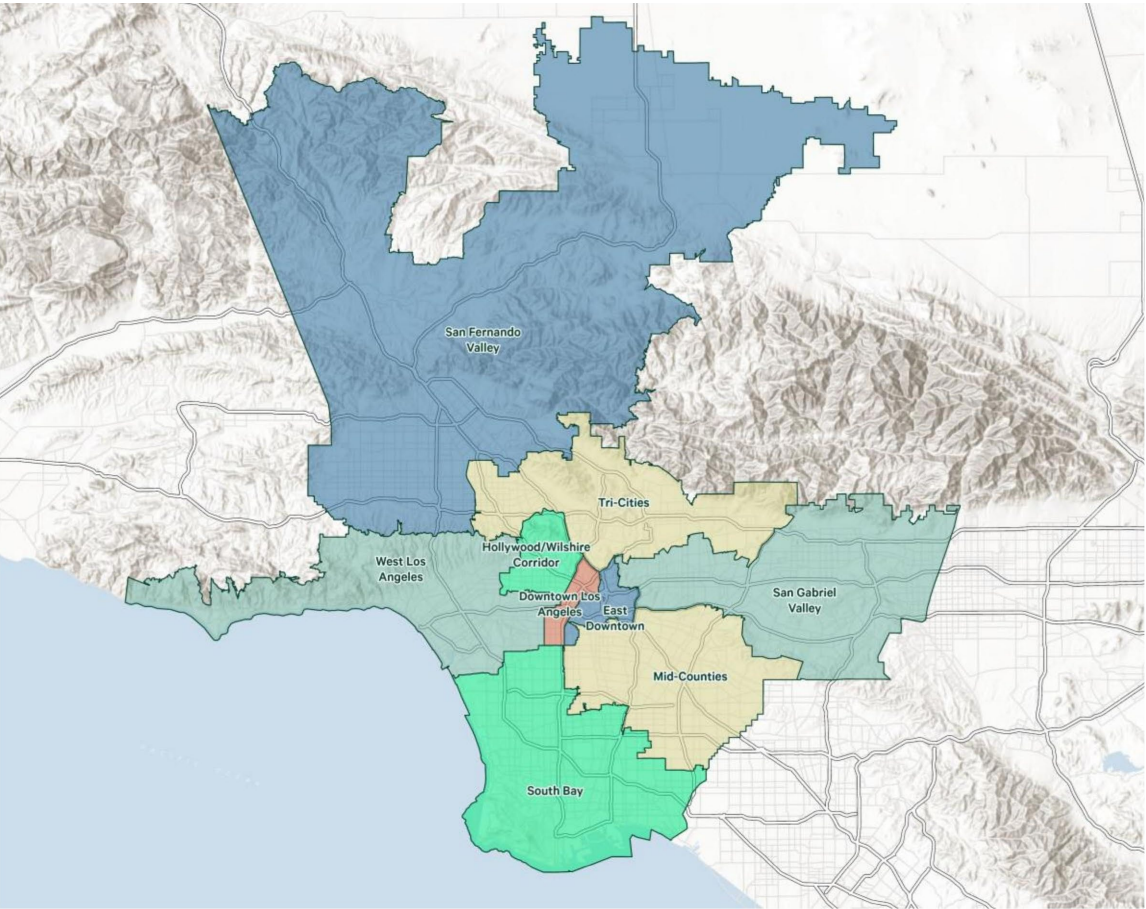
Market Statistics by Submarket

Figure 10

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Total Asking Rate (\$/SF FSG/mth)	Avg. Class A Asking Rent (\$/SF FSG/mth)	Q3 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Downtown Los Angeles	30.7M	34.0	38.9	35.7	3.2	3.72	3.88	85,000	37,000	-	-
East Downtown	7.1M	57.9	60.1	55.5	4.6	4.67	4.93	4,000	84,000	-	-
Hollywood/Wilshire Corridor	20.5M	28.5	32.8	30.6	2.2	3.51	3.49	(157,000)	(283,000)	-	737,000
Mid-Counties	4.9M	9.1	14.1	12.8	1.3	2.94	3.04	16,000	(13,000)	-	-
San Fernando Valley	22.1M	19.8	23.4	20.1	3.4	2.70	2.82	110,000	110,000	-	-
San Gabriel Valley	10.7M	8.2	10.6	10.1	0.4	2.55	2.88	(2,000)	(93,000)	-	-
South Bay	33.3M	23.8	28.0	24.8	3.2	3.37	3.60	(64,000)	(104,000)	-	64,000
Tri-Cities	28.8M	26.1	30.2	27.4	2.8	3.84	3.97	39,000	184,000	-	-
West Los Angeles	58.7M	22.6	28.9	24.8	4.2	5.57	5.76	(187,000)	(257,000)	33,000	849,000
Total	216.9M	25.3	30.0	26.8	3.2	4.07	4.32	(155,000)	(336,000)	33,000	1.7M

Source: CBRE Research, Q3 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.

Survey Criteria

Includes all Class A and B office buildings 30,000 sq. ft. and greater in size in Los Angeles. 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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