Highest recorded level of leasing activity experienced in fourteen quarters

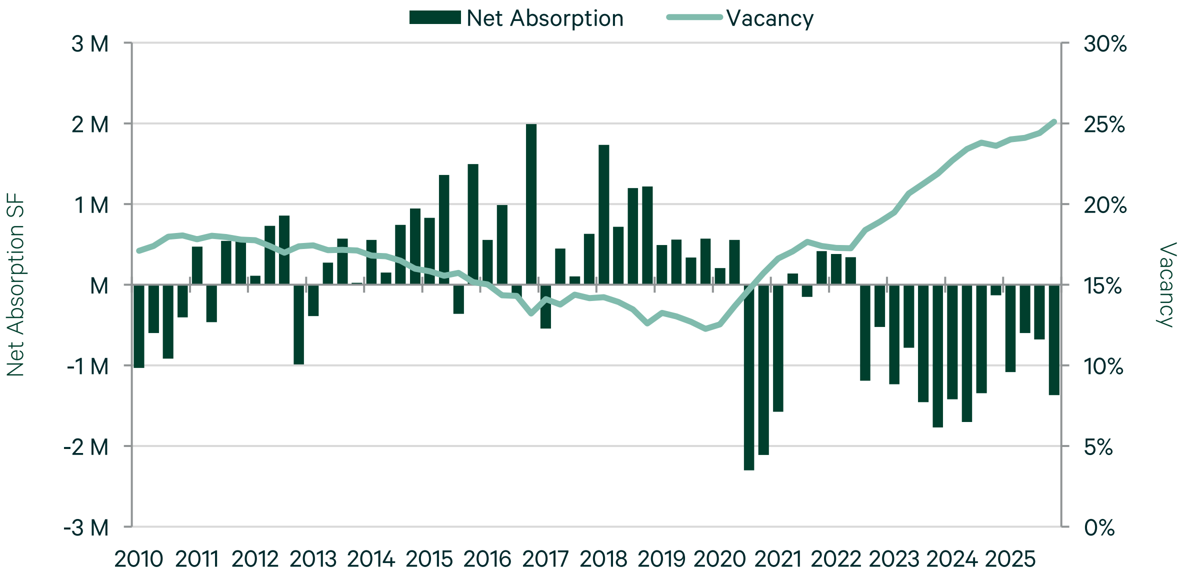
▲ 25.1%	▼ (1.4M)	▶ 2.3M	▲ $4.04	▲ $1.2B
Vacancy Rate	SF Net Absorption	SF Under Construction	Full-Service Gross / Lease Rate Existing Properties	Investment Sales Volume

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The Greater Los Angeles (GLA) vacancy rate continued to rise in Q4 2025, reaching 25.1%, driven by 1.4 million sq. ft. of negative net absorption while the availability rate contracted to 29.6%.
- Sublease availability decreased by 10.0% quarter-over-quarter and 20.1% year-over-year to 8.3 million sq. ft. in Q4 2025.
- The average direct asking rate rose to $4.04 FSG, increasing 1.0% or $0.04 quarter-over-quarter.
- Tenants in the market increased to 10.2 million sq. ft. in Q4 2025, with over 45 tenant requirements exceeding 50,000 sq. ft. There was 4.4 million sq. ft. of direct leasing activity in Q4 2025.
- Sales volume increased 36.6% quarter-over-quarter and totaled approximately $1.2 billion in Q4 2025 across 62 transactions.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q4 2025.

OFFICE MARKET OVERVIEW

Despite a positive quarter characterized by strong leasing activity, growing tenant demand, and reduced sublease availability, the Greater Los Angeles office market ended the year with an elevated vacancy rate of 25.1% and material negative net absorption.

Sales volume increased to approximately $1.2 billion in Q4 2025. This included 62 sales above 10,000 sq. ft., driving a 36.6% increase in sales volume and a 19.2% increase in deal count quarter-over-quarter. The most notable sale was 12333 W Olympic Blvd, which sold for $131.5 million or $841.71 per sq. ft. Another significant transaction occurred in El Segundo, where 777 S Aviation Blvd sold for $121.5 million or $382.08 per sq. ft.

Total leasing volume for the quarter reached 4.4 million sq. ft., marking the highest quarterly total since Q2 2022. Leasing activity rose by 9.6% from Q3 2025, underscoring a strong finish to the year. Activity was driven by new leases, making up 61.0% of deals, while renewals accounted for the remaining 39.0%. West Los Angeles led the GLA market with the most leasing activity, accounting for over 27.2% of deals in Q4 2025.

GLA recorded 1.4 million sq. ft. of negative net absorption in Q4 2025. The Downtown Los Angeles submarket accounted for the largest share with 377,000 sq. ft. of negative absorption, followed by the San Fernando Valley submarket at negative 291,000 sq. ft., and the East Downtown submarket at negative 289,000 sq. ft. In contrast, the Tri-Cities and San Gabriel Valley posted positive absorption at approximately 44,000 sq. ft. each.

The development pipeline remained unchanged in Q4 2025, with 2.3 million sq. ft. of office space under construction across the market. For the fifth consecutive quarter, no office projects were completed, and there were no new construction starts for the fourth consecutive quarter.

The Federal Reserve implemented two 25-basis-point rate cuts in Q4 2025, lowering the federal funds rate to 3.50%–3.75%. CBRE's house view suggests that the annual average GDP growth will be steady in 2026 at 2.0%.

FIGURE 2: Submarket Statistics

Submarkets	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
Tri-Cities	241	28,613,861	23.4%	26.2%	29.8%	44,258	31,100	$4.04	$3.90	326,000	0
Downtown Los Angeles	69	31,675,710	32.2%	34.4%	37.7%	(377,375)	(631,260)	$3.86	$3.73	0	0
East Downtown	48	7,197,270	55.1%	60.1%	61.1%	(289,292)	(453,705)	$4.95	$4.77	0	0
Hollywood/Wilshire Corridor	144	20,383,135	25.7%	27.2%	31.2%	(219,333)	(682,837)	$3.61	$3.62	772,300	0
San Fernando Valley	246	22,591,501	19.4%	21.6%	25.0%	(291,339)	(577,395)	$2.90	$2.76	0	0
San Gabriel Valley	168	11,035,480	8.4%	8.7%	11.3%	43,665	(97,444)	$2.86	$2.57	0	0
Mid-Counties	65	4,914,522	7.8%	8.3%	11.5%	(4,145)	26,585	$2.71	$2.46	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
West Los Angeles	473	58,729,063	19.5%	22.6%	30.1%	(75,147)	(489,992)	$5.88	$5.69	1,111,120	0
Total Class A	**827**	**158,947,641**	**24.8%**	**27.9%**	**32.8%**	**(1,206,727)**	**(2,842,551)**		**$4.37**	**2,285,420**	**0**
Total Class B	**939**	**59,584,423**	**18.1%**	**19.2%**	**23.1%**	**(90,551)**	**(560,098)**		**$3.19**	**0**	**0**
Total L.A. County	**1,766**	**218,532,064**	**22.9%**	**25.5%**	**30.2%**	**(1,297,278)**	**(3,402,649)**	**$4.37**	**$4.13**	**2,285,420**	**0**
Ventura	404	17,810,817	17.3%	19.8%	22.9%	(70,211)	(324,279)	$2.85	$2.60	0	0
Greater L.A.	**2,170**	**236,342,881**	**22.5%**	**25.1%**	**29.6%**	**(1,367,489)**	**(3,726,928)**	**$4.34**	**$4.04**	**2,285,420**	**0**

Source: CBRE Research, Q4 2025.

FIGURE 3: Notable Lease Transactions Q4 2025

Tenant	Address	SF Leased	Type
Farmers Insurance Group	6301 Owensmouth Ave, Woodland Hills	227,355	Renewal
Herbalife	990 W 190th St, 190th St Corridor	145,000	Extension
United Talent Agency	9336 Civic Center Dr, Beverly Hills	106,091	Renewal
In-N-Out Burger	924 Overland Ct, 210 Corridor	98,505	New Lease
Confidential Media Co.	10 Universal City Plz, Universal City	71,289	New Lease
Confidential Technology Co.	112 S Lakeview Canyon Rd, Westlake Village	66,519	Renewal

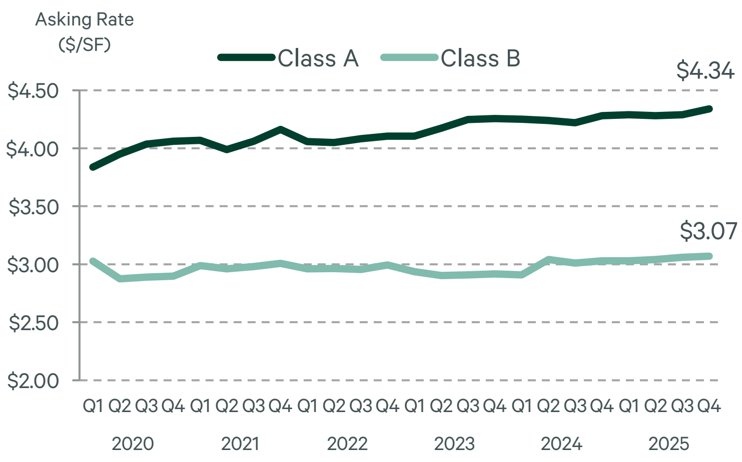
Source: CBRE Research, Q4 2025.

FIGURE 4: Notable Sale Transactions Q4 2025

Buyer	Address	SF Sold	Sale Price
Majestic Asset Management	777 S Aviation Blvd, El Segundo	318,000	$121.5M
Alo	9737-9777 Wilshire Blvd, Beverly Hills	131,009	$82.0M
Lincoln Property Co.	1500 Rosecrans, Manhattan Beach	123,325	$70.0M
Barker Pacific Group	6255 W Sunset Blvd, Los Angeles	323,922	$61.0M
Shomof Group	111 W Ocean Blvd, Long Beach	464,406	$50.0M
Wellpointe	6400 Canoga Ave, Woodland Hills	128,148	$25.5MM

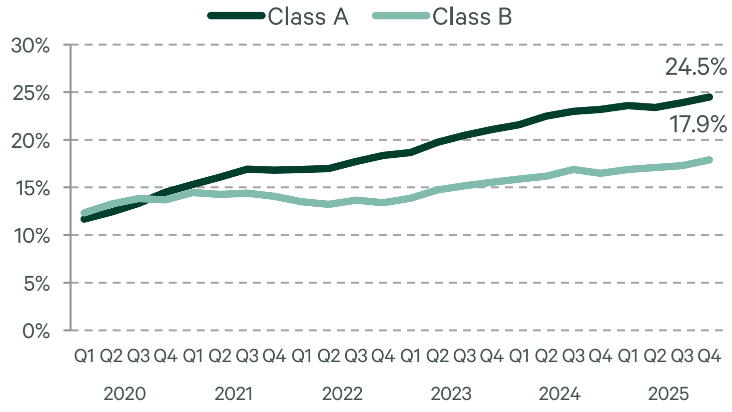
Source: CBRE Research, Q4 2025.

FIGURE 5: Direct Lease Rates by Class



Source: CBRE Research, Q4 2025.

FIGURE 6: Direct Vacancy by Class

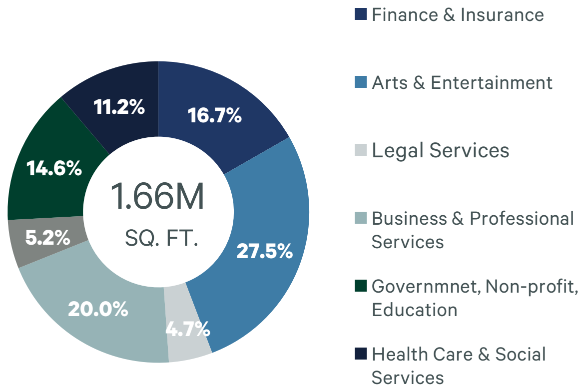


Source: CBRE Research, Q4 2025.

FIGURE 7: Development Pipeline

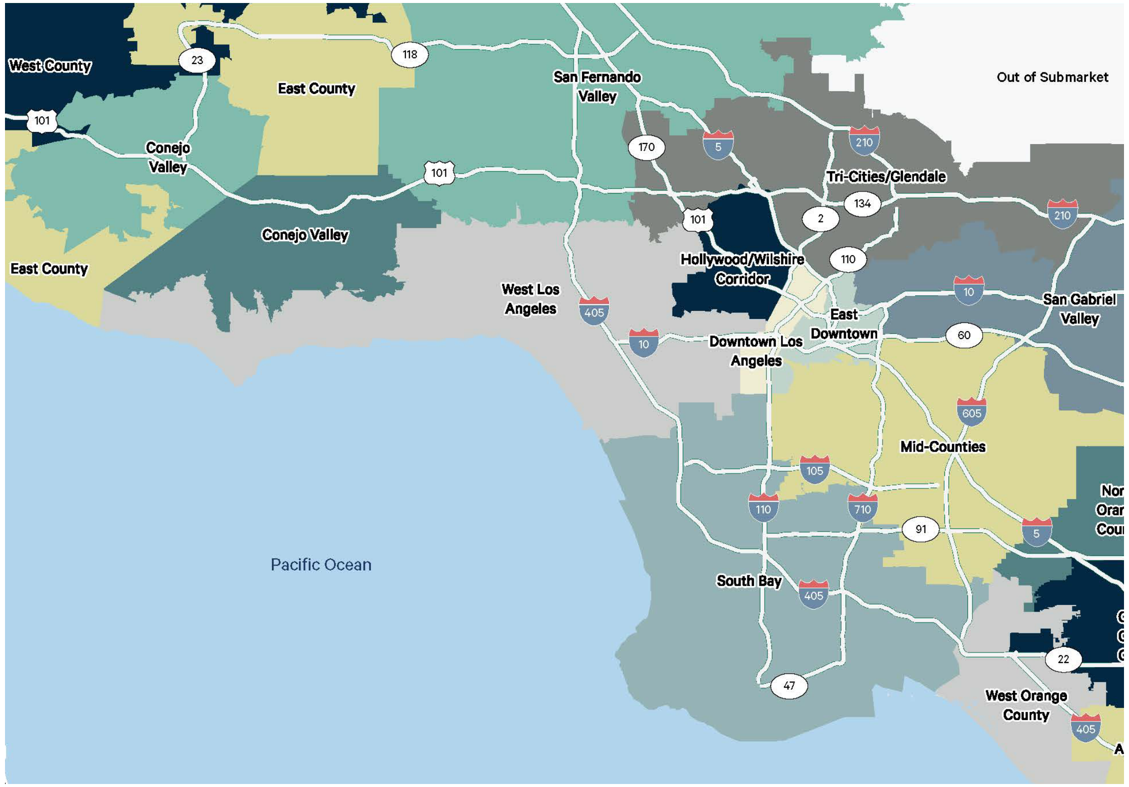
Source: CBRE Research, Q4 2025.

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q4 2025.

Submarket Map



Source: CBRE Research, Location Intelligence, Q4 2025.

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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