

Yardi® Matrix

OFFICE MARKET REPORT

Los Angeles Holding Strong

Winter 2020

**Inventory Expansion
Continues Rapidly**

**Deliveries to Hit
Cycle Peak**

**Office-Using Jobs
Take a Blow**

LOS ANGELES OFFICE MARKET

Yardi® Matrix

Office Market in Major Expansion Mode

Los Angeles' office fundamentals remained strong, boosted by the resurgence of the metro's entertainment sector and its large talent pool. The coworking industry's expansion continued in 2019, with more than 1 million square feet leased throughout the metro, but over the next year the trend will likely be heavily impacted by the sector's transformation. While tech giants continue to anchor the metro, the entertainment industry is growing rapidly due to an increased focus on original content from Netflix, Amazon, Disney and Apple.

The metro gained 61,700 jobs in the 12 months ending in October, reaching a total employment pool of 4.6 million. The education and health services sector led growth with the addition of 34,600 positions, followed by the leisure and hospitality sector with 12,100 jobs. For the first time since 2009, Los Angeles' office-using employment faced headwinds, with the information sector losing 11,500 positions, down 5.1% year-over-year.

In contrast to the national trends, investors focused less on value-add opportunities in Los Angeles. This translated into a 6.1% increase in the metro's total transaction volume year-to-date through November compared to the same period in 2018. Following a sluggish 2018 when 1.2 million square feet came online, developers were expected to complete more than 3.5 million square feet by the end of 2019. Los Angeles' office vacancy rate stood at 12.6% as of November, contracting by 200 basis points on a year-over-year basis.

Market Analysis

Winter 2020

Contacts

Jeff Adler

*Vice President & General
Manager of Yardi Matrix*
Jeff.Adler@Yardi.com
(800) 866-1124 x2403

Jack Kern

*Director of Research and
Publications*
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Author

Razvan Cimpean

Senior Associate Editor