LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4

# LA NORTH OFFICE MARKET REPORT

## Market Indicators

### VACANCY

| 17.9% | 17.6% | 17.5% | 17.2% |
|---|---|---|---|
| Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 |

### ABSORPTION

| (171,775) SF | (47,507) SF | (282,710) SF | (67,005) SF |
|---|---|---|---|
| Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 |

### DIRECT LEASE RATE

| $2.94 PSF | $2.87 PSF | $3.29 PSF | $3.17 PSF |
|---|---|---|---|
| Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 |

## Q4 Trends at a Glance

- Leasing Activity **594,403 SF**
- Under Construction **331,000 SF**
- Completed Construction **331,000 SF**
- Buildings Sold **8**
- Median Sale Price **$229**

## Unemployment Rate

| | LA County | California | US |
|---|---|---|---|
| Nov 2024 | 6.0% | 5.4% | 4.2% |
| Oct 2024 | 6.7% | 5.3% | 4.1% |

## LA North Office Q4 2024

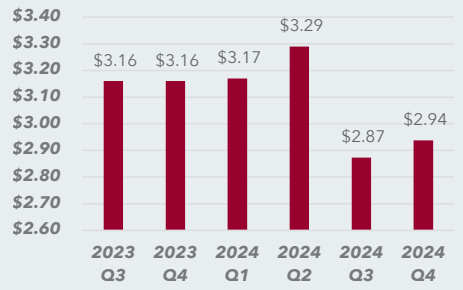
The LA North office market continues to face challenges, with overall vacancy increasing to 17.9% in Q4 2024, up from 16.0% in the same period last year. Total net absorption for the quarter was negative at -171,775 square feet, pushing year-to-date net absorption to -798,097 square feet. Despite these trends, a few submarkets, such as Warner Center (+96,262 SF) and Glendale (+196,425 SF), saw positive absorption during the quarter, signaling pockets of tenant demand.

Leasing activity, however, remains subdued, totaling just 594,403 square feet in Q4, marking a continued decline from earlier quarters. Direct asking rental rates averaged $2.94 per square foot, a slight year-over-year increase from $2.87 in Q4 2023. Premium submarkets like Burbank Media Center ($4.51) and Glendale ($3.13) continue to command higher rates, driven by demand for quality spaces.

Construction activity is muted, with just 102,000 square feet currently underway and 331,000 square feet completed year-to-date. Elevated vacancy levels, particularly in Burbank (32.7%) and Warner Center (24.2%), coupled with soft leasing momentum, indicate that market recovery may be protracted.

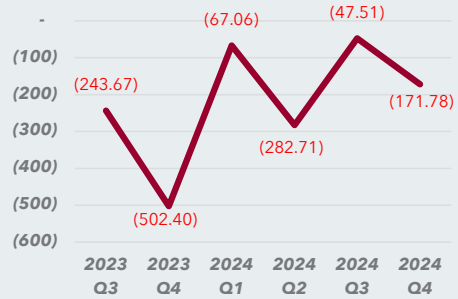
While the LA North office market faces headwinds, steady demand in select submarkets and competitive rental rates provide opportunities for occupiers seeking value.

## RENTAL RATES



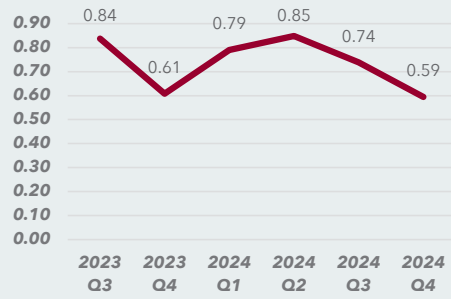

AVERAGE PER SF, PER MONTH

## ABSORPTION




IN THOUSANDS OF SF

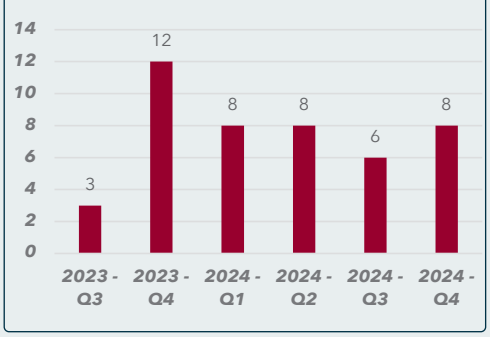
## LEASING ACTIVITY



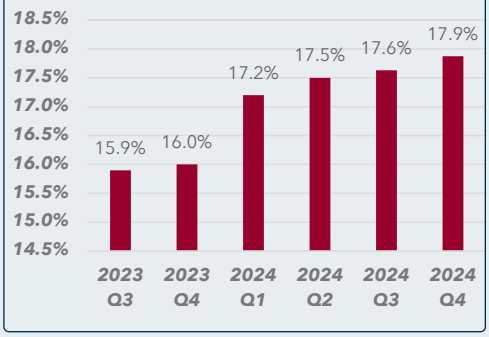

MILLIONS OF SF LEASED

## MEDIAN SALE PRICE

## SALE TRANSACTIONS




## VACANCY




*Median sale price excludes distressed sales and those where no price information was recorded.*

| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER/SELLER | BUILDING CLASS |
|---|---|---|---|---|
| 5200 Lankershim Blvd*<br>North Hollywood, CA | 179,989 SF | $35,000,000<br>$194.46 PSF | Uncommon Developers LLC<br>Rockwood Capital | Class A |
| 16200 Ventura Blvd<br>Encino, CA | 55,000 SF | $12,600,000<br>$229.09 PSF | Tiferet LLC<br>Soma Capital Partners | Class B |
| 220 N. Glendale Ave*<br>Glendale, CA | 22,161 SF | $10,508,515<br>$474.19 PSF | Gateways Hospital & Mental Health<br>Kimberly Greitzer | Class B |

**Part of a Portfolio Sale*

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|---|---|---|---|---|
| 450 N. Brand Blvd<br>Glendale, CA | 23,680 SF | Central Brand LLC | Undisclosed | Law Firm |
| 3900 W. Alameda Ave*<br>Burbank, CA | 22,700 SF | Worthe Real Estate Group | Miller Kaplan | Accounting |
| 5990 Sepulveda Blvd<br>Sherman Oaks, CA | 21,111 SF | Ascentris, LLC | LA Metro | Construction |

*Source: CoStar and Lee & Associates*
**Lee & Associates Deal*

| SUBMARKETS | TOTAL INVENTORY | TOTAL VACANCY | | NET ABSORPTION | | CONSTRUCTION | | | ASKING RATE |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | COMPLETED | | |
| | | Total SF | % | Q4 2024 | YTD 2024 | Underway | Q4 2024 | YTD 2024 | |
| Agoura Hills | 1,983,858 | 372,031 | 18.8% | 1,292 | 5,683 | 0 | 0 | 0 | $2.20 |
| Burbank (Misc.) | 2,491,755 | 815,874 | 32.7% | (6,214) | (270,745) | 0 | 0 | 0 | $3.82 |
| Burbank City Center | 1,843,826 | 444,978 | 24.1% | (13,359) | (175,114) | 0 | 0 | 0 | $3.04 |
| Burbank Media Center | 7,348,395 | 1,648,702 | 22.4% | (467,544) | (149,879) | 0 | 0 | 355,000 | $4.51 |
| Calabasas | 3,303,883 | 306,032 | 9.3% | 2,889 | (11,018) | 0 | 0 | 0 | $2.62 |
| Central Valley | 6,179,939 | 508,560 | 8.2% | 22,635 | 31,800 | 0 | 0 | 0 | $2.32 |
| Chatsworth | 2,407,388 | 255,264 | 10.6% | 5,570 | 14,172 | 0 | 0 | 0 | $2.21 |
| Conejo Valley | 9,444,202 | 1,724,821 | 18.3% | 25,951 | (64,755) | 0 | 0 | 0 | $2.39 |
| East SF Valley | 338,014 | 23,206 | 6.9% | 914 | (9,905) | 0 | 0 | 0 | $2.58 |
| Encino | 4,955,086 | 810,228 | 16.4% | 19,462 | 15,480 | 0 | 0 | 0 | $2.71 |
| Glendale | 10,933,691 | 2,185,959 | 20.0% | 196,425 | (78,799) | 0 | 0 | 0 | $3.13 |
| North Hollywood | 3,008,177 | 540,797 | 18.0% | (7,613) | (45,795) | 0 | 0 | 0 | $3.50 |
| Northridge / Reseda | 2,193,727 | 230,019 | 10.5% | 42 | (14,437) | 0 | 0 | 0 | $2.60 |
| Santa Clarita Valley | 236,755 | 38,365 | 16.2% | 3,637 | 5,095 | 0 | 0 | 0 | $2.10 |
| Sherman Oaks | 3,980,486 | 627,010 | 15.8% | (54,185) | (73,606) | 0 | 0 | 0 | $2.77 |
| Tarzana /Woodland Hills | 3,612,466 | 812,190 | 22.5% | (14,469) | (88,025) | 102,000 | 0 | 0 | $2.40 |
| Universal / Studio City | 2,133,790 | 112,778 | 5.3% | (4,222) | 14,429 | - | 331,000 | 331,000 | $3.32 |
| West SF Valley | 7,796,865 | 1,890,387 | 24.2% | 96,262 | 34,186 | 0 | 0 | 0 | $2.30 |
| Warner Center | 2,239,235 | 314,567 | 14.0% | 20,752 | 63,136 | 0 | 0 | 0 | $2.11 |
| Total | 76,431,538 | 13,661,768 | 17.9% | (171,775) | (798,097) | 102,000 | 331,000 | 686,000 | $2.94 |

*Source: CoStar and Lee & Associates*

## MARKET DEFINITIONS

### RENTABLE AREA

Includes all Class A, B and C multi-tenant and single-tenant office buildings of 10,000 square feet and greater. Excludes buildings under construction, planned or under renovation.

### DIRECT VACANCY

Space in existing buildings that is not occupied and is available for direct lease.

### TOTAL VACANCY

Space in existing buildings that is not occupied and is available for direct lease and/or sub-lease.

### TOTAL NET ABSORPTION

The square feet leased after deducting space vacated.

### DIRECT ASKING LEASE RATE

Calculated for direct available space using asking rents. Rents are weighted by total square feet available for direct lease.

### UNDER CONSTRUCTION

Buildings in the process of construction. A building is considered complete when issued a certificate of occupancy.

### MEDIAN SALE PRICE

Based on actual prices of sold buildings as reported in public records and by CoStar. Includes all office buildings 10,000 SF and more sold at $500,000 or more.

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***Lee & Associates-LA North/Ventura, Inc.*** *is a full service commercial brokerage company serving the San Fernando Valley, Conejo Valley, Simi Valley/Moorpark and Ventura County markets. Founded in 1994, Lee LA North/Ventura has grown to become one of the largest commercial brokerage companies in the Los Angeles North and Ventura regions with four offices and 48 agents.*

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## LA NORTH OFFICE SUBMARKETS

**Agoura Hills**
Agoura Hills, Oak Park

**Burbank**
Includes Burbank Airport submarket and the area East of Buena Vista and West of I-5; North to the city border and Vanowen on the South

**City Center**
Downtown Burbank

**Media District**
Burbank Media District

**Central Valley**
Arleta, Granada Hills, Mission Hills, Pacoima, Panorama City, San Fernando, Sun Valley, Sylmar, Van Nuys

**Calabasas**

**Chatsworth**

**Conejo Valley**
Newbury Park
Thousand Oaks
Westlake Village

**East SFV**
La Crescenta, Montrose, Sunland, Tujunga

**Encino**

**Glendale**

**North Hollywood**

**Northridge/Reseda**

**Sherman Oaks**

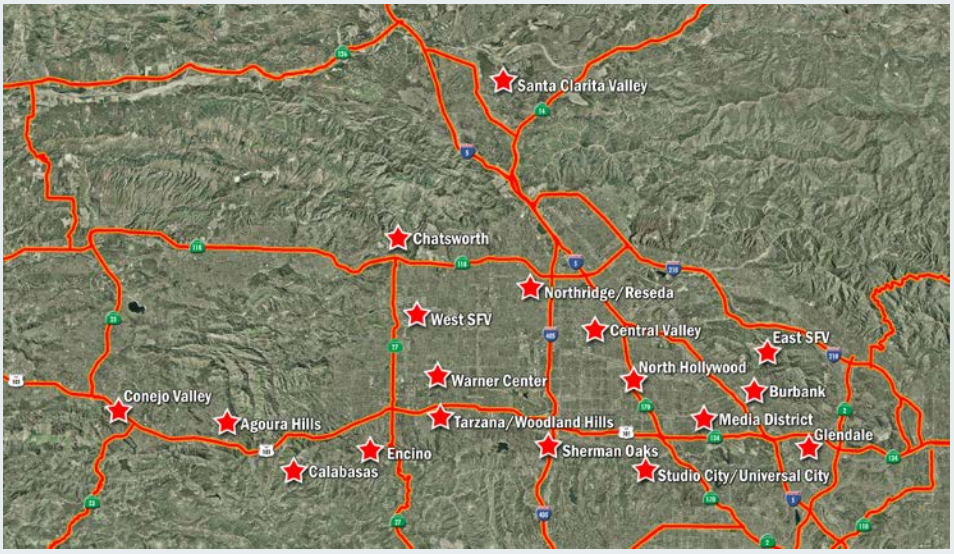
**Tarzana/Woodland Hills**

**Santa Clarita Valley**
Canyon Country
Newhall

West SFV
Canoga Park
West Hills
Winnetka

Warner Center

Universal City/Studio City

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