



Greater Los Angeles Multifamily & Office State of the Market

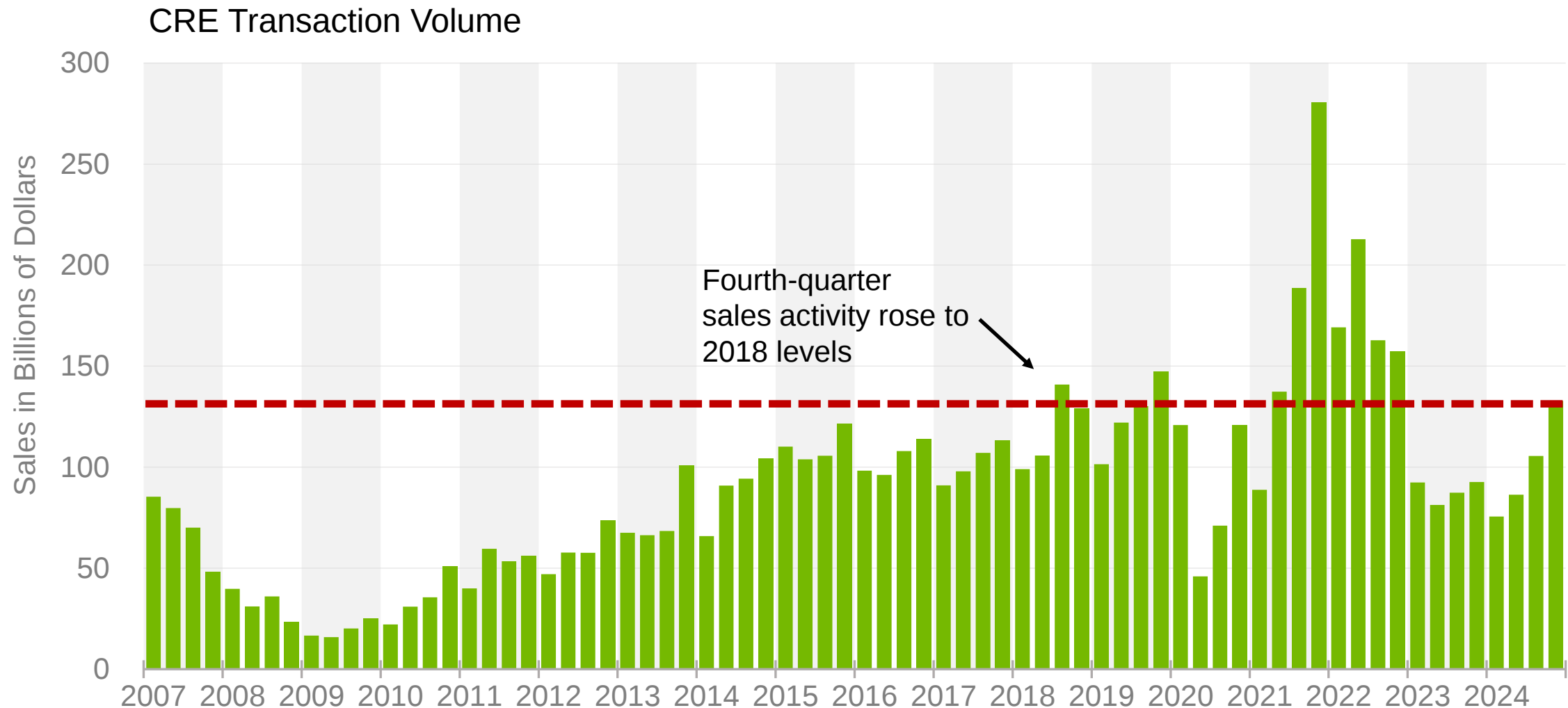
Ryan Patap
Senior Director, Market Analytics





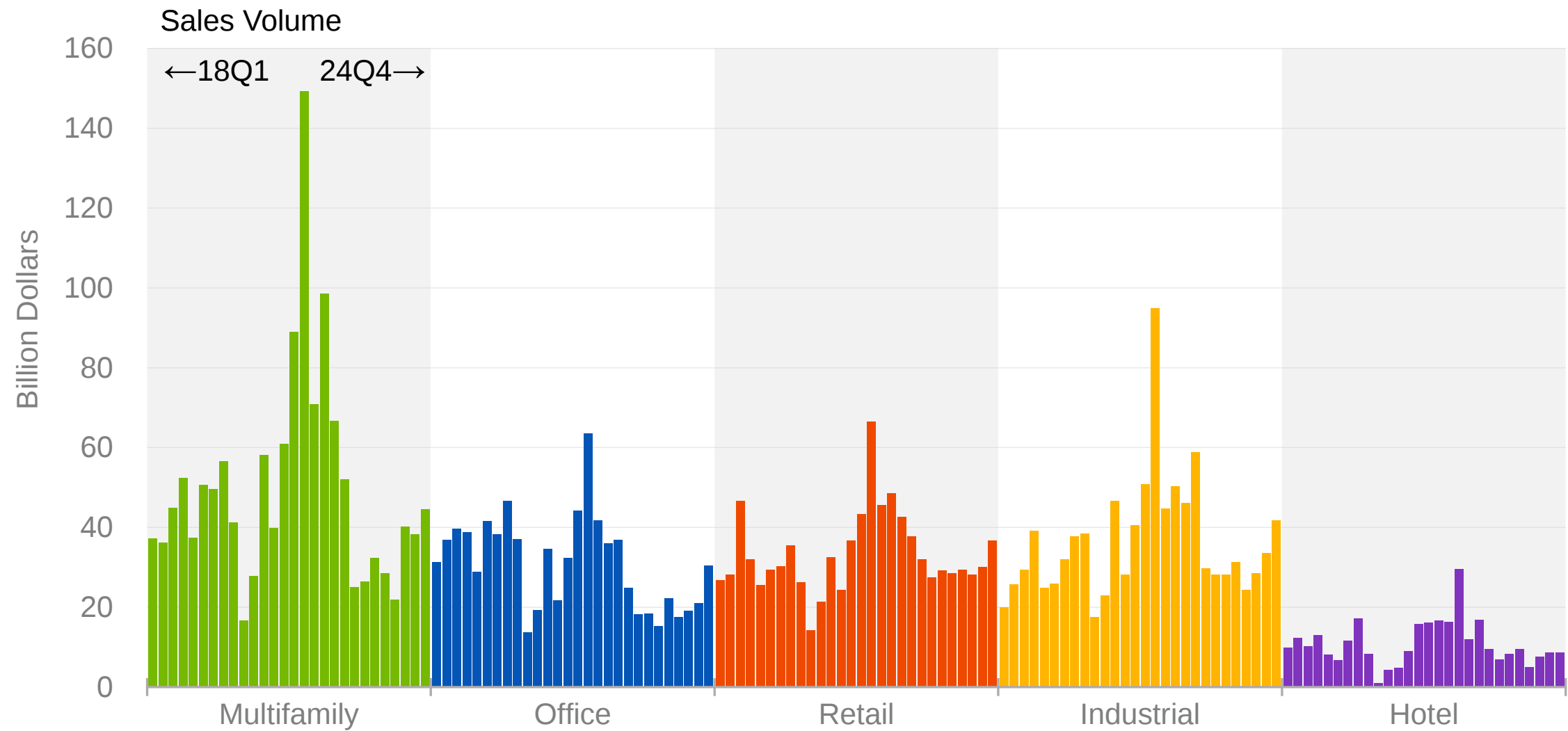
National Capital Markets

Year-over-year sales volume rose 43% in 2024Q4



Source: CoStar, January 2025; transaction volume data collected by quarter end; includes multifamily, office, retail, industrial and hotel

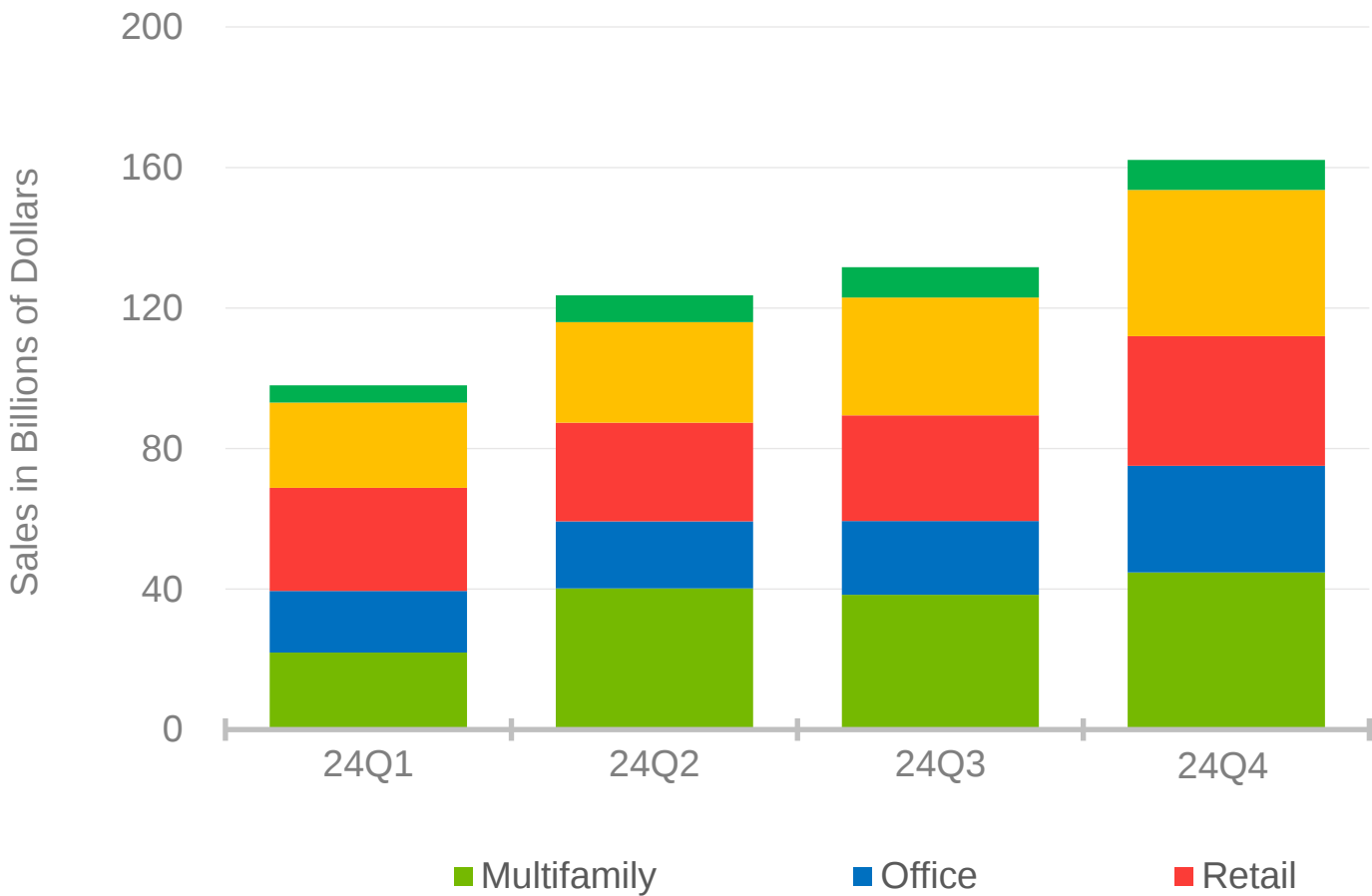
All property sectors see transaction volumes rise off the lows



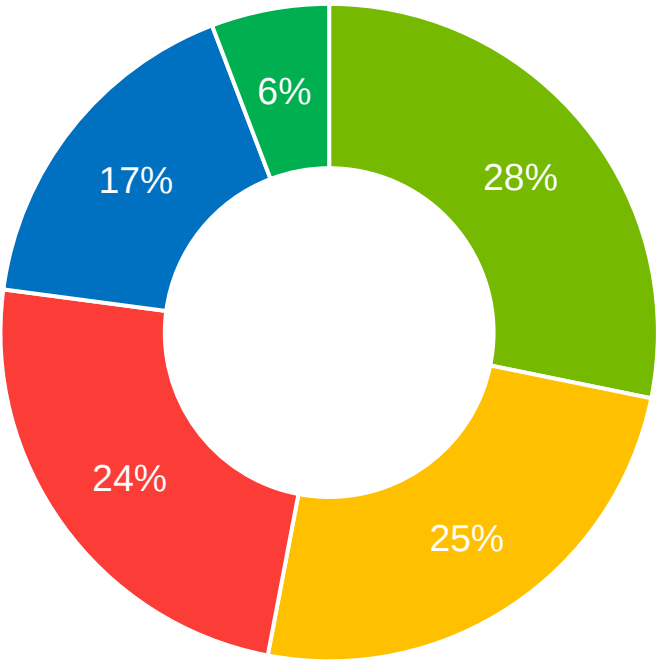
Source: CoStar, January 2025

Multifamily activity led all property types

Commercial Real Estate Transaction Volume



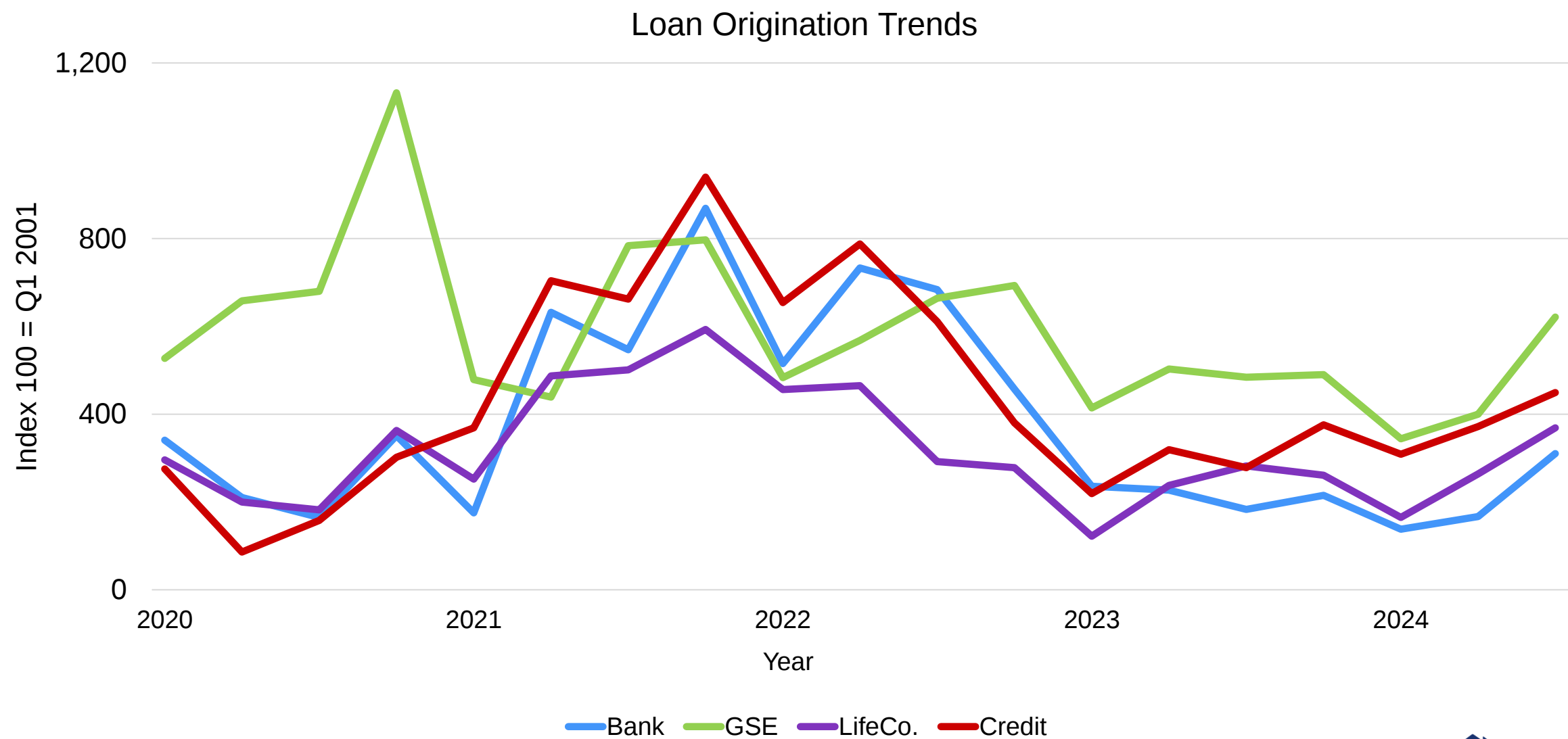
Share of 2024 Sales Volume



Source: CoStar

Note: Includes Multifamily, Office, Retail, Industrial, and Hotel

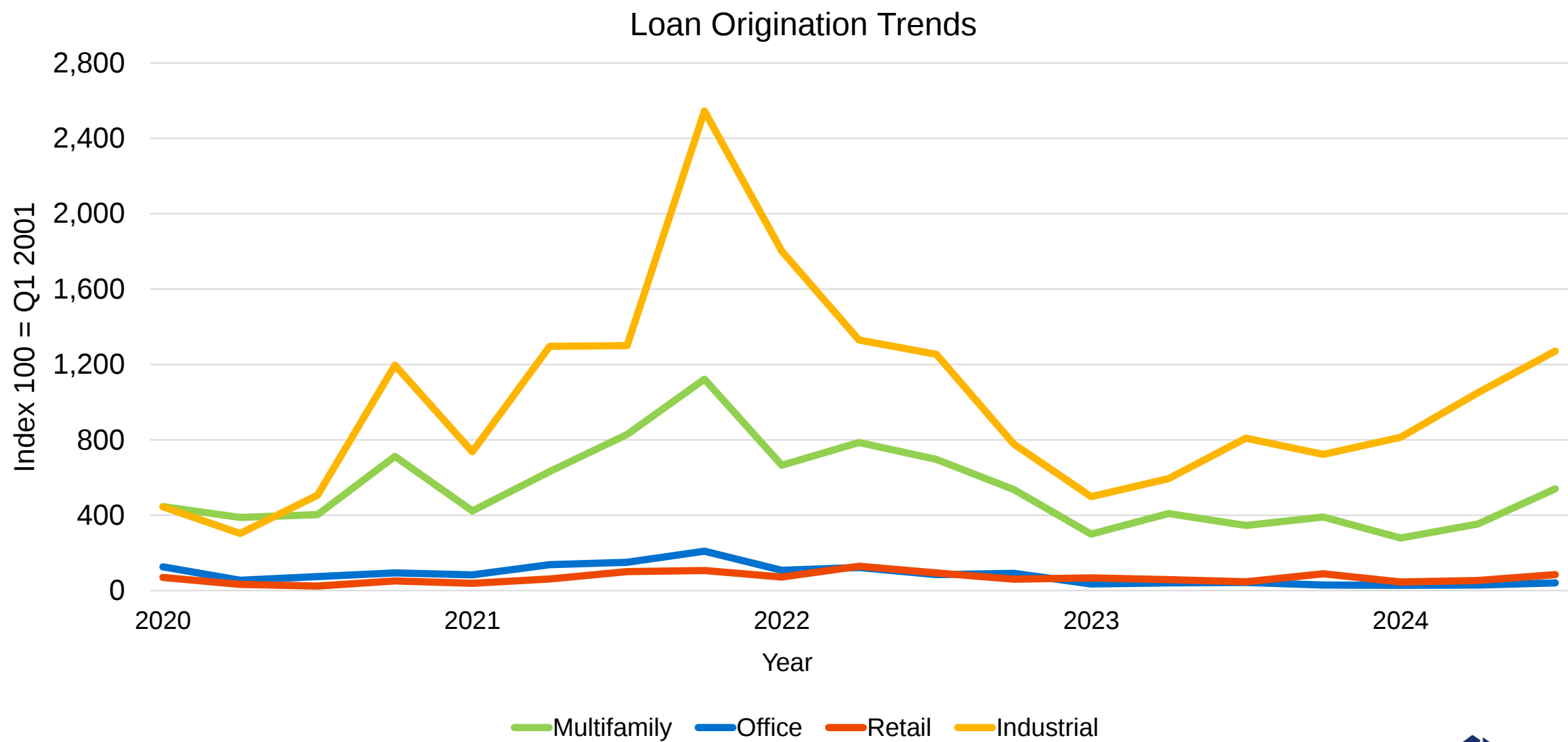
All lender types seeing increased activity



Source: CoStar, MBA, as of February 2025

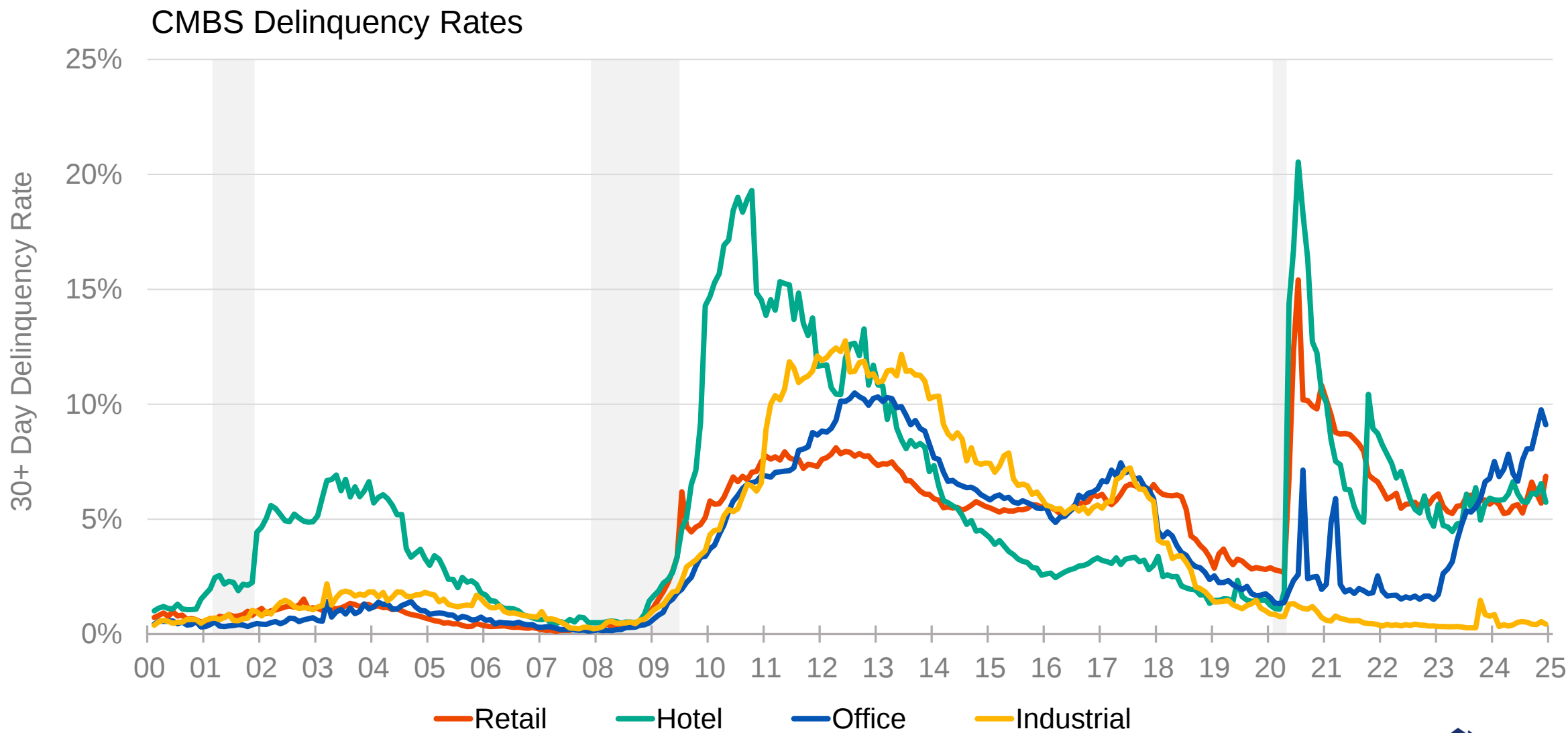


Industrial and multifamily are still the favored property types



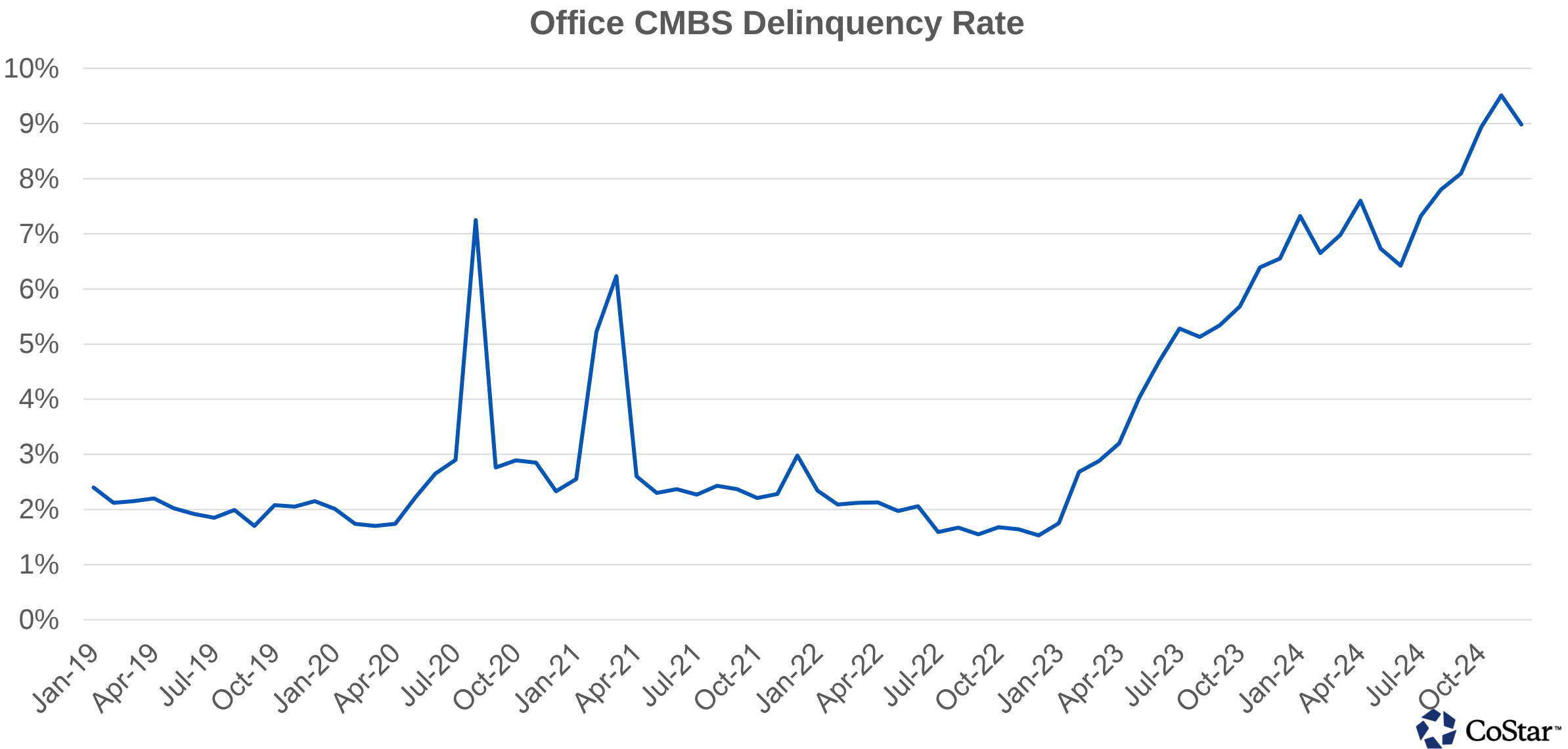
Source: CoStar, MBA, as of February 2025

Office delinquency rates are approaching Great Recession highs

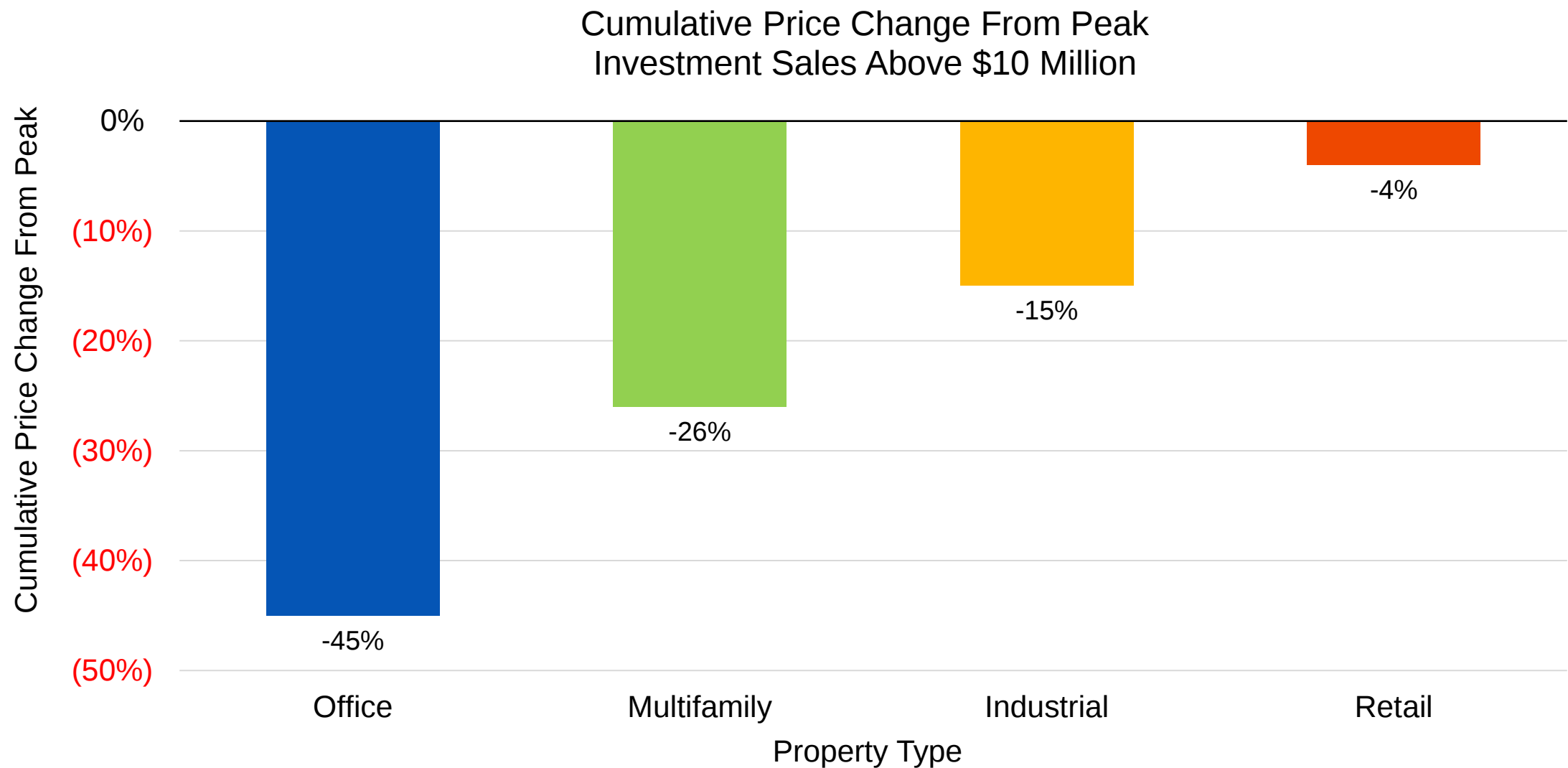


Source: CoStar Risk Analytics; NBER; 30-day delinquency rates, January 2025, with data through December 2024

Office CMBS delinquencies are still climbing



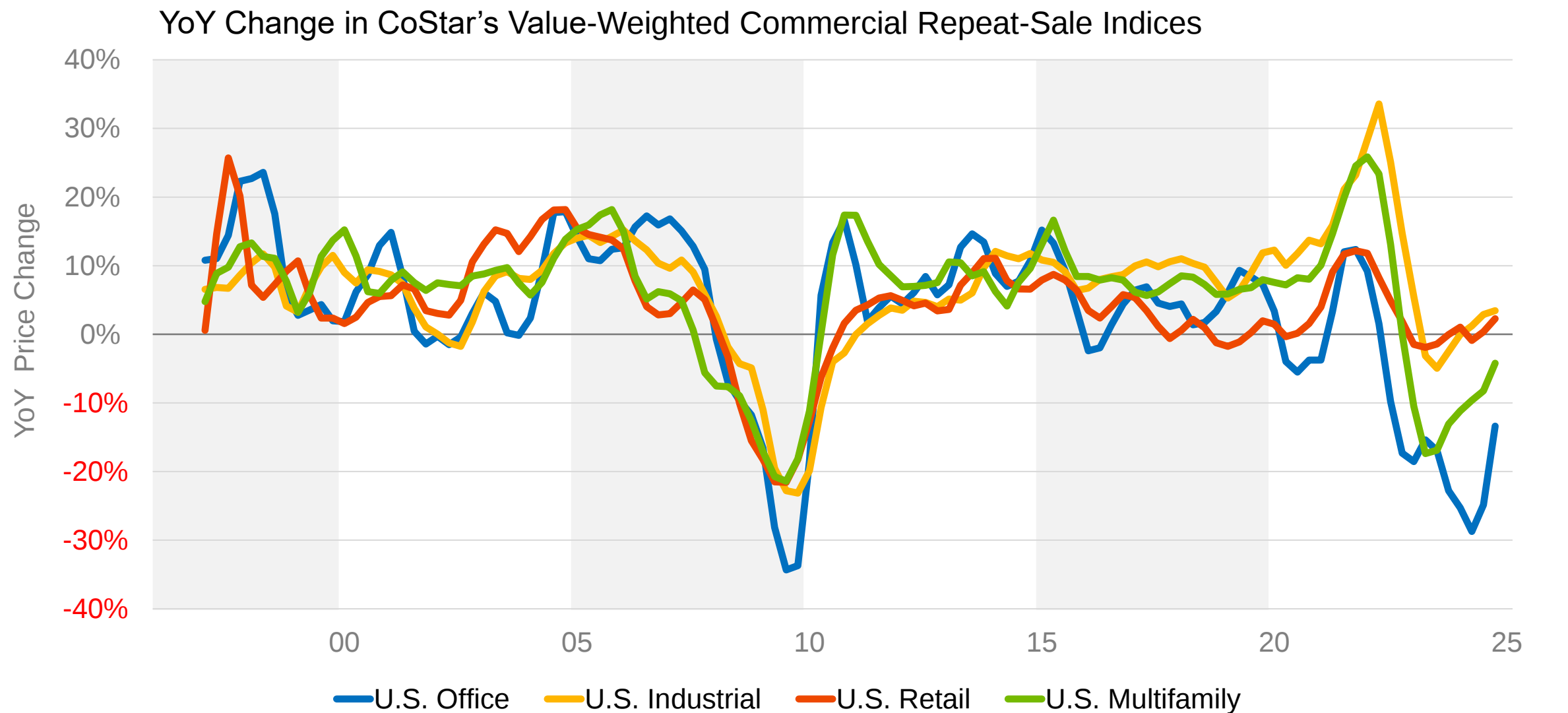
Uneven price declines across the CRE industry



Note: Two-quarter moving average of investment sales above \$10 million; excludes medical office and owner-user sales; multifamily price change calculated from CoStar's value-weighted repeat-sale index.

Source: CoStar, November 2024

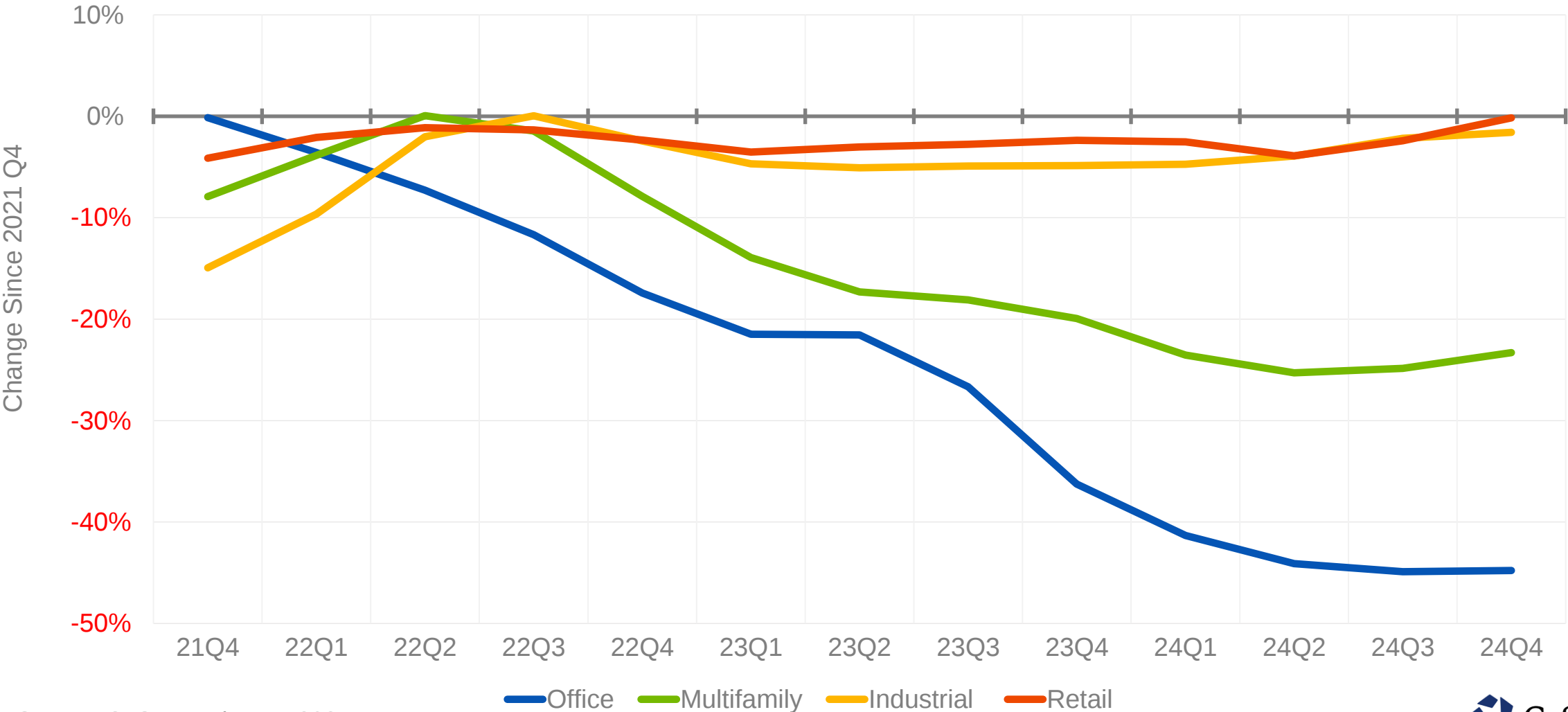
Value losses in office and multifamily are decelerating



Source: CoStar, January 2025 (with data through fourth quarter 2024)

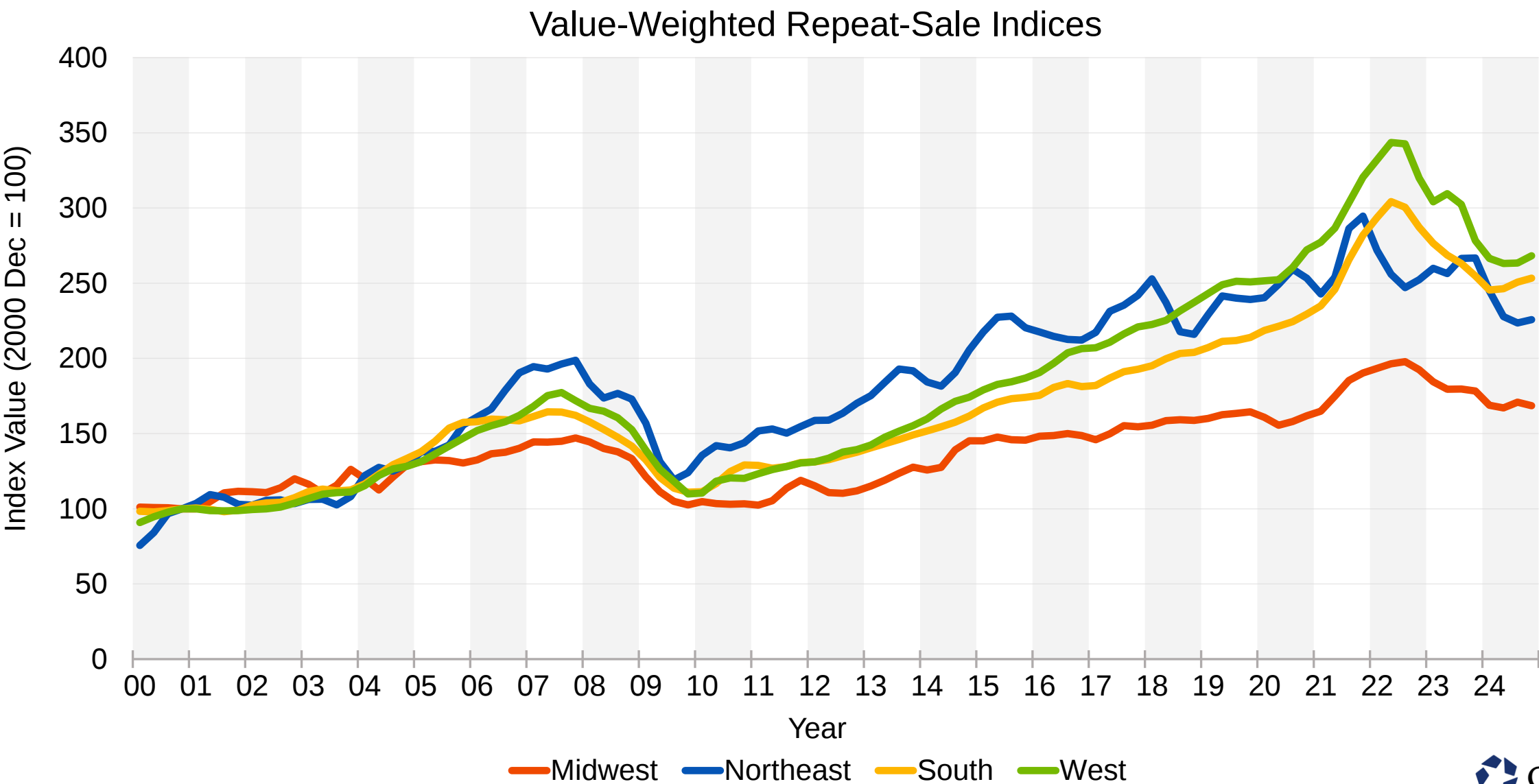
Value declines slowed in the second half of 2024

Change in Value-Weighted Repeat-Sale Indices



Source: CoStar, February 2025

Value-weighted prices are inflecting

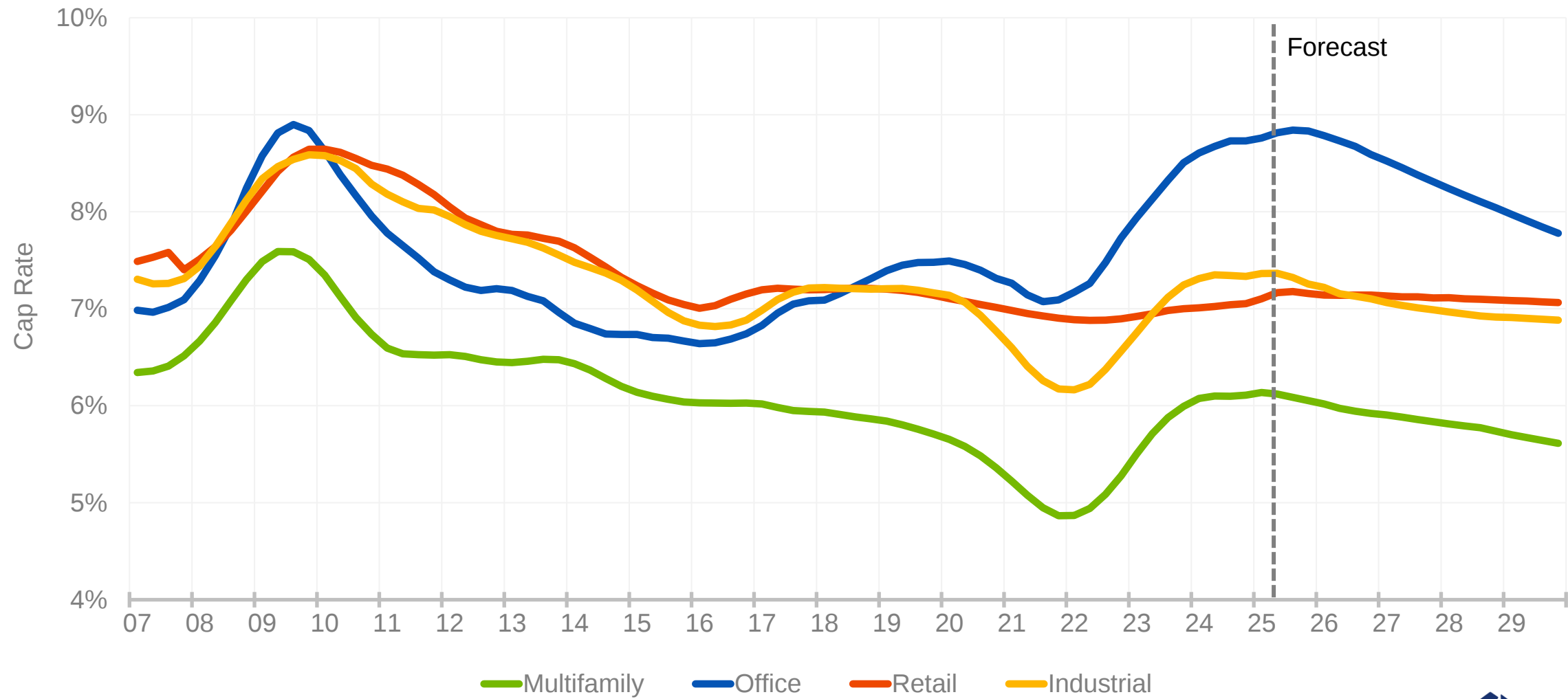


Source: CoStar, February 2025



Cap rates are in a topping process

Market Cap Rates



Source: CoStar, February 2025



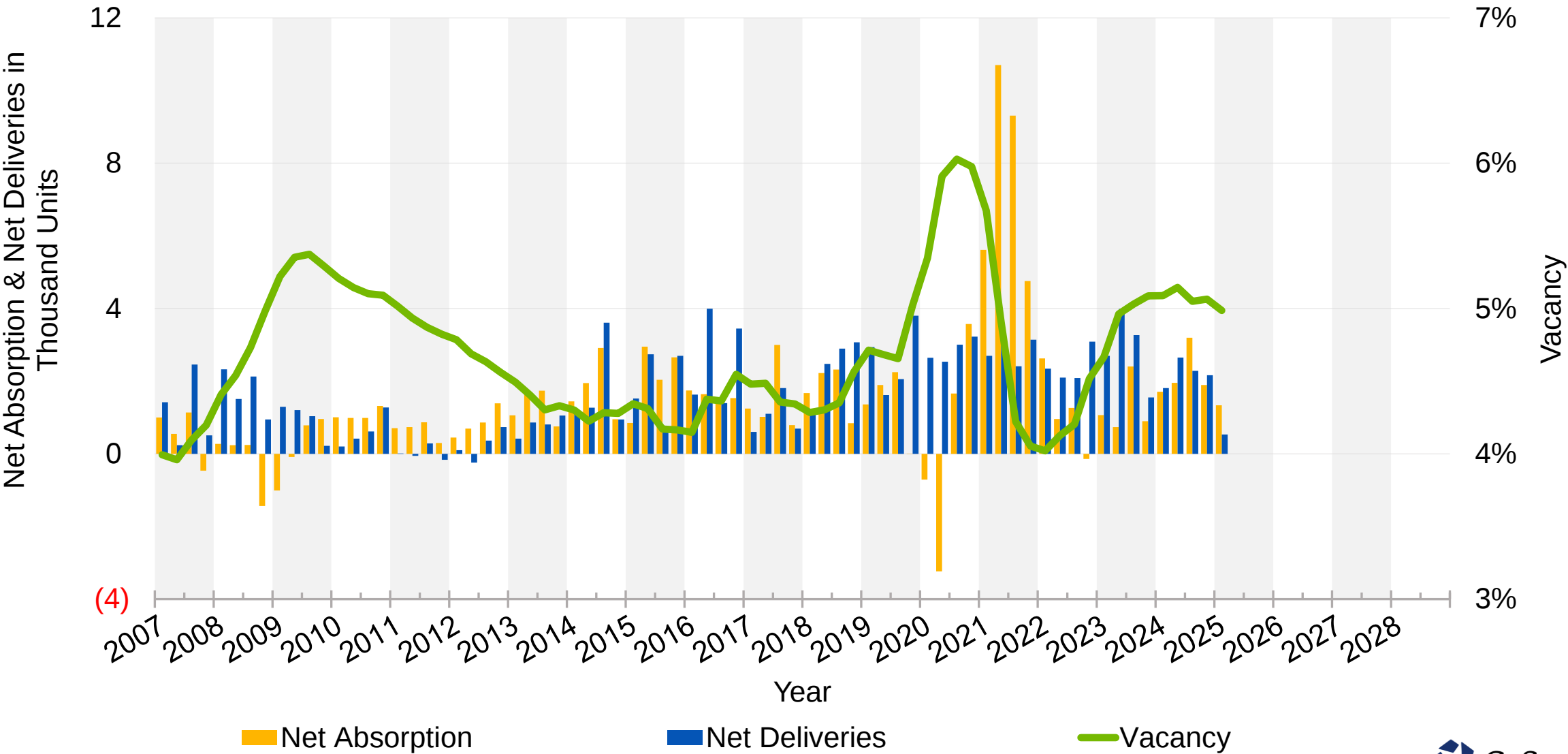


Los Angeles Multifamily

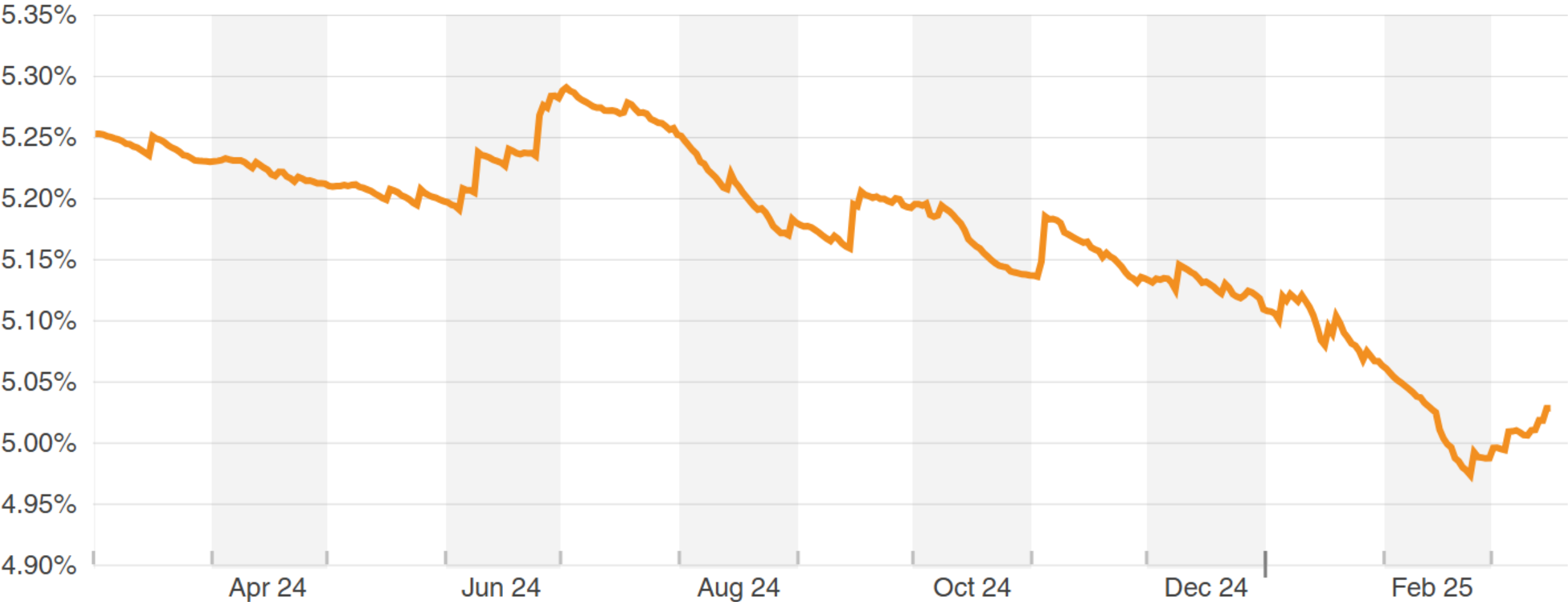
DEMAND PICTURE



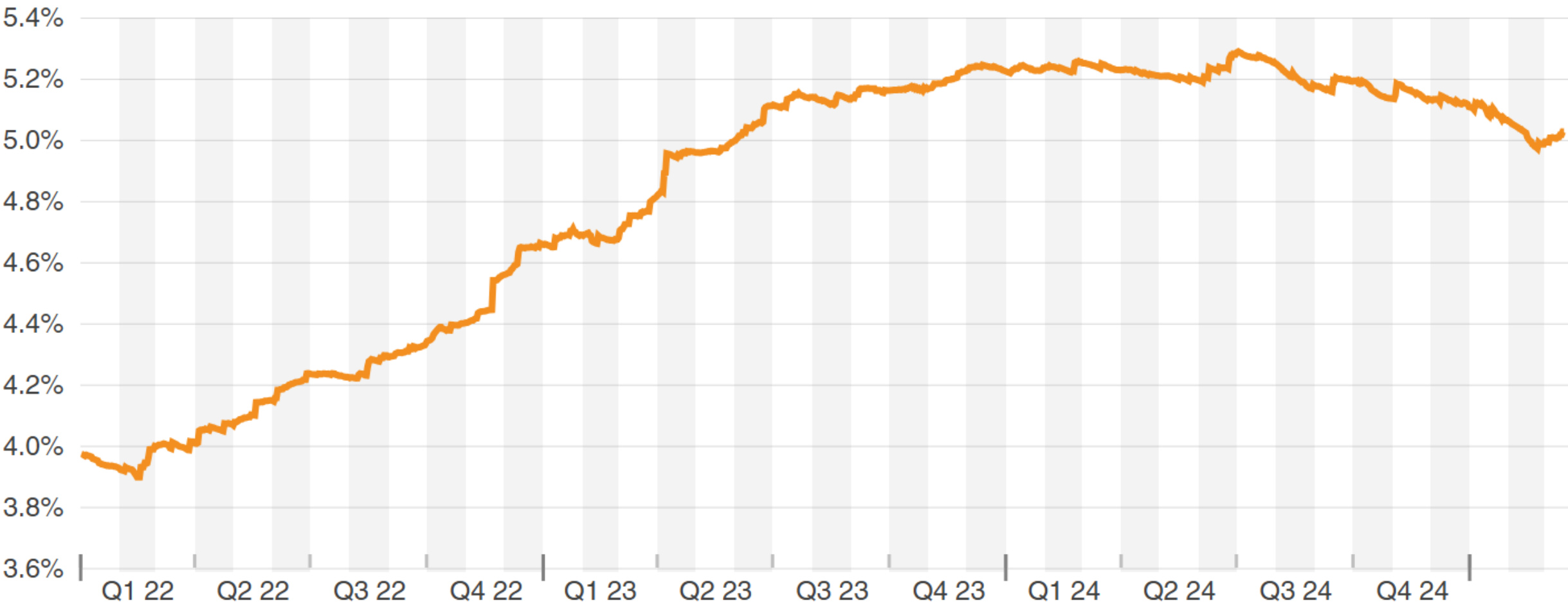
Los Angeles Multifamily Fundamentals



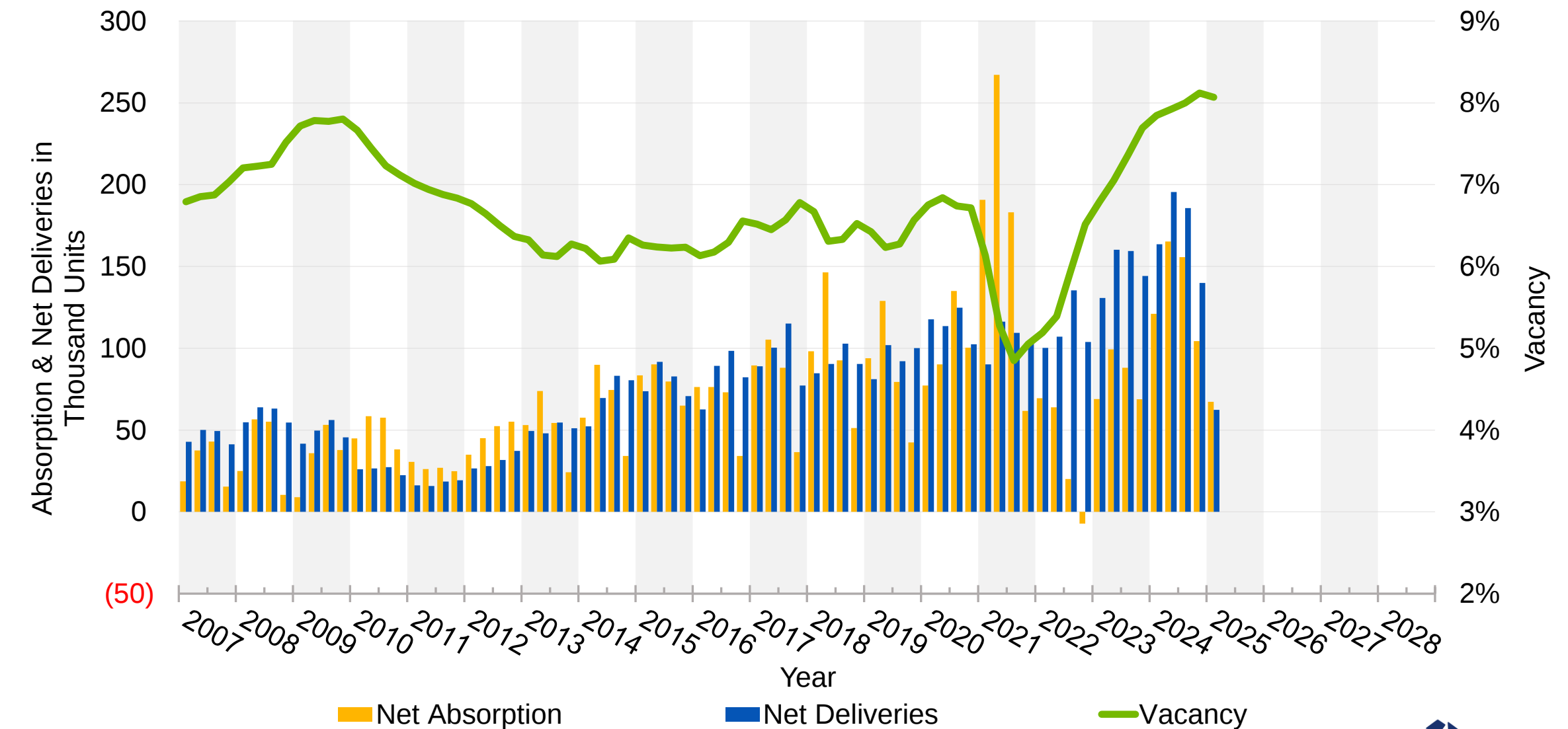
Los Angeles Multifamily Daily Vacancy (1 Year)



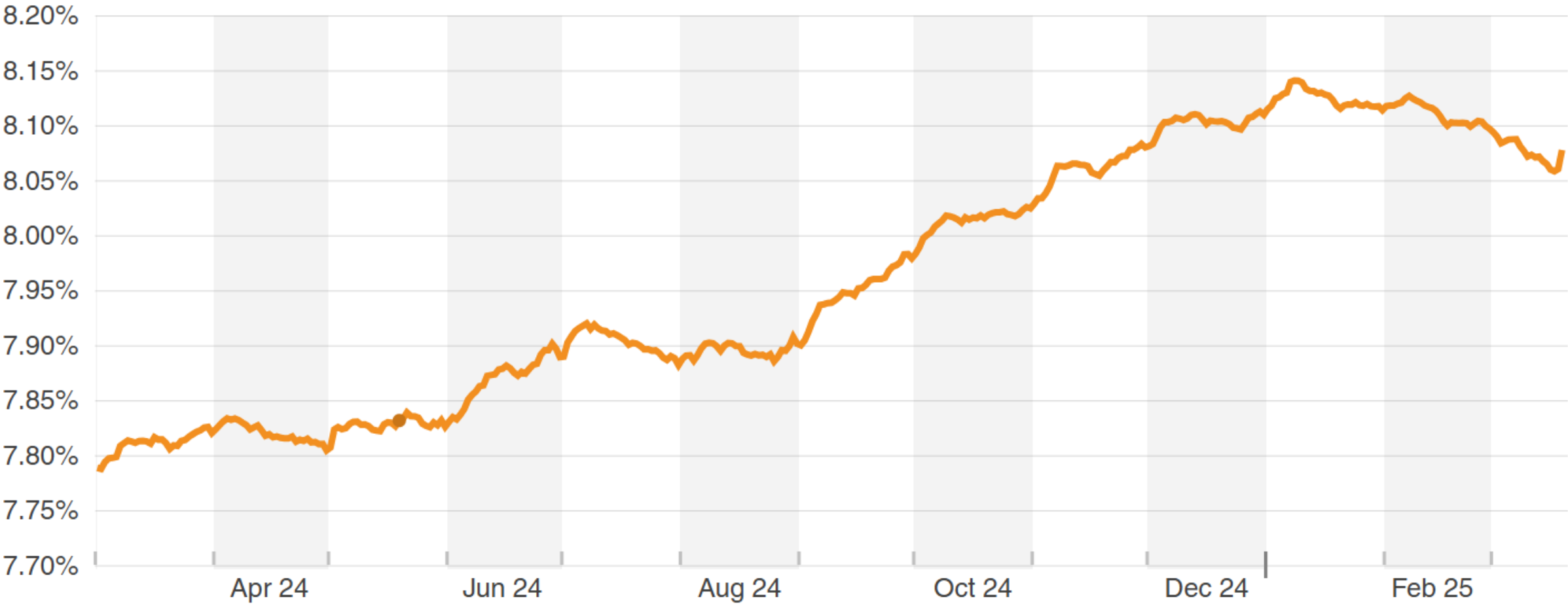
Los Angeles Multifamily Daily Vacancy (3 Years)



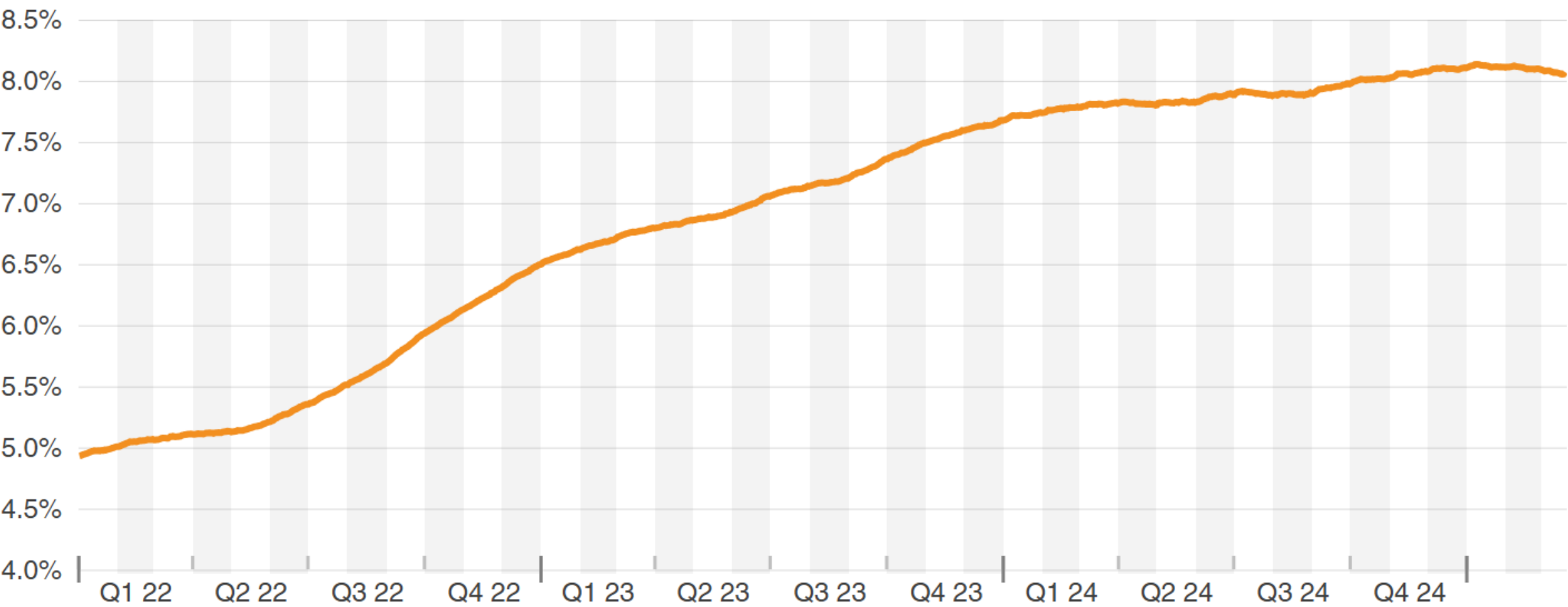
National Multifamily Fundamentals



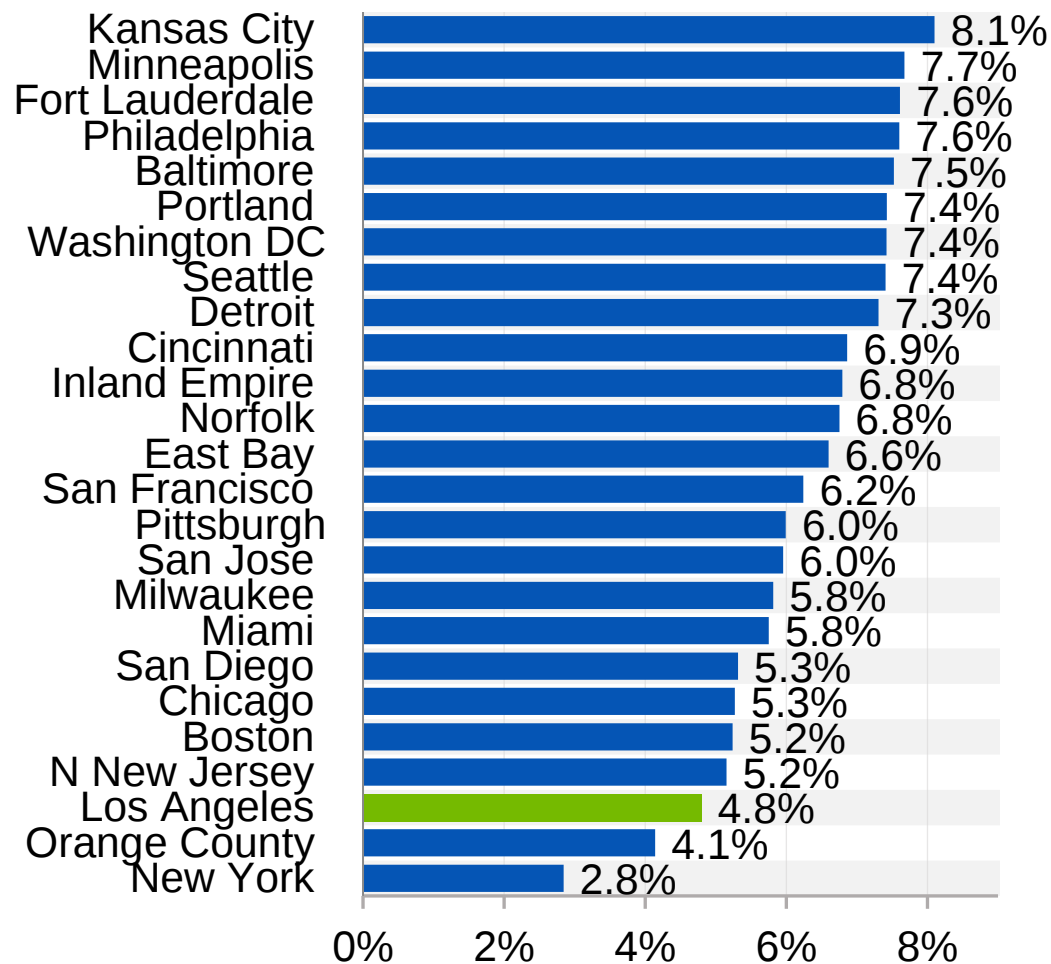
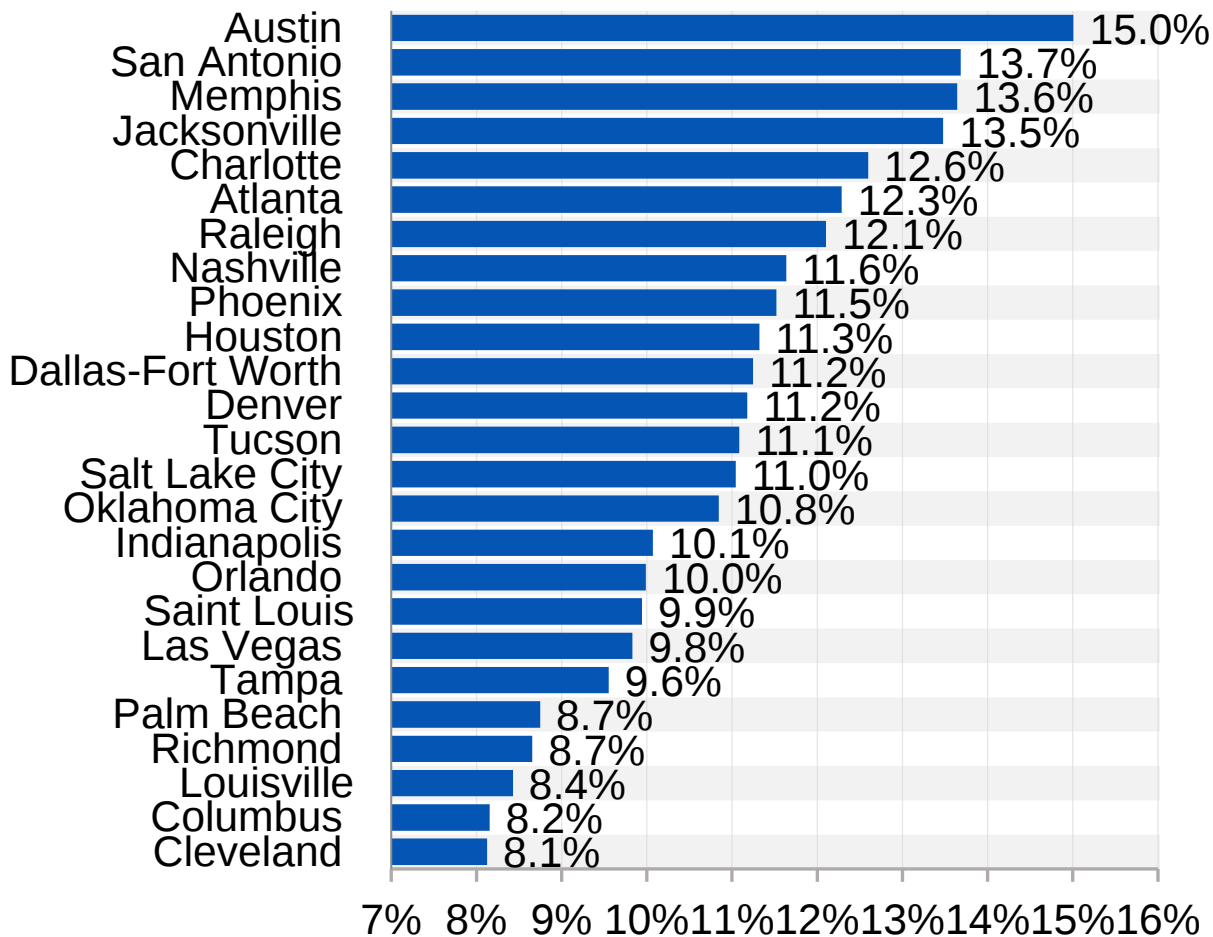
National Multifamily Daily Vacancy (1 Year)



National Multifamily Daily Vacancy (3 Years)

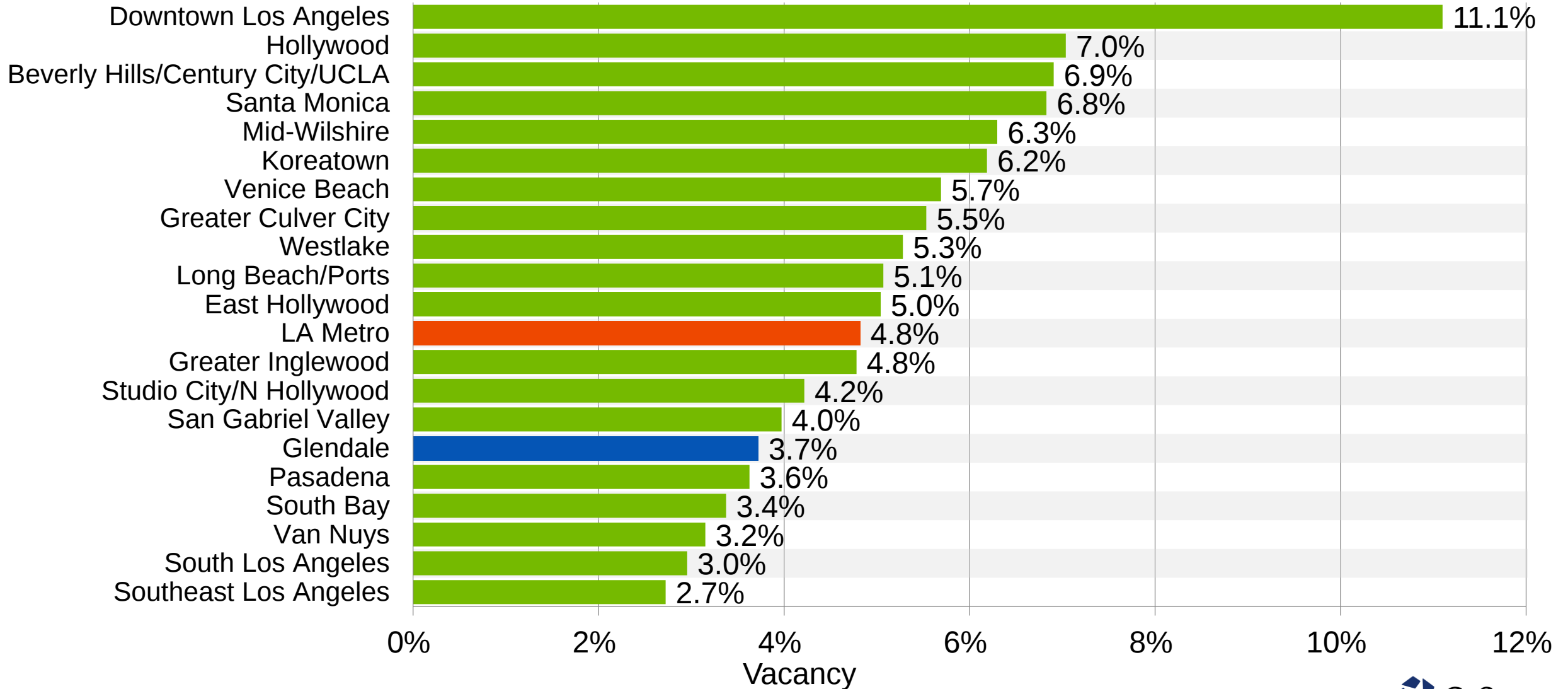


Vacancy Rates for Top 50 Markets

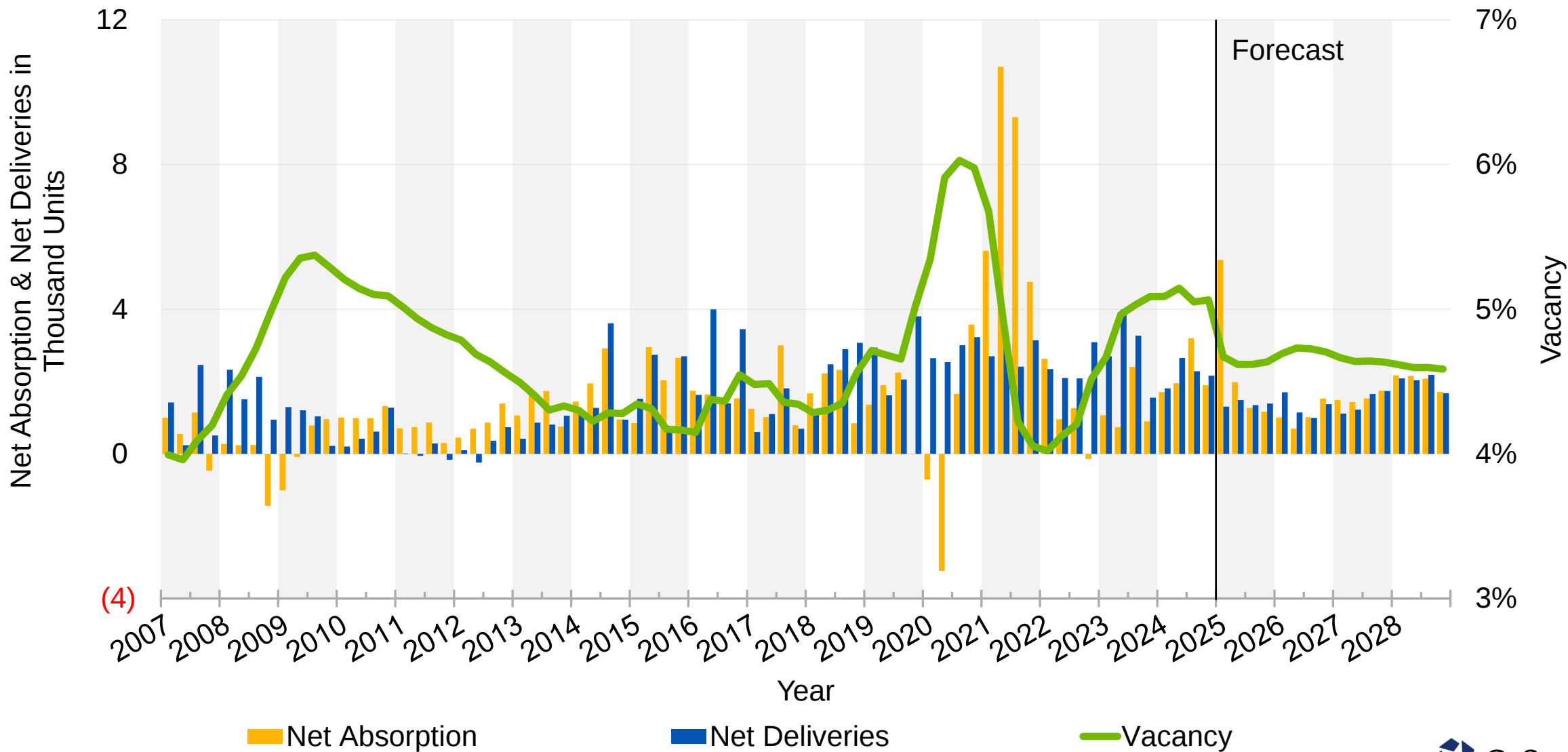


■ Vacancy Rate

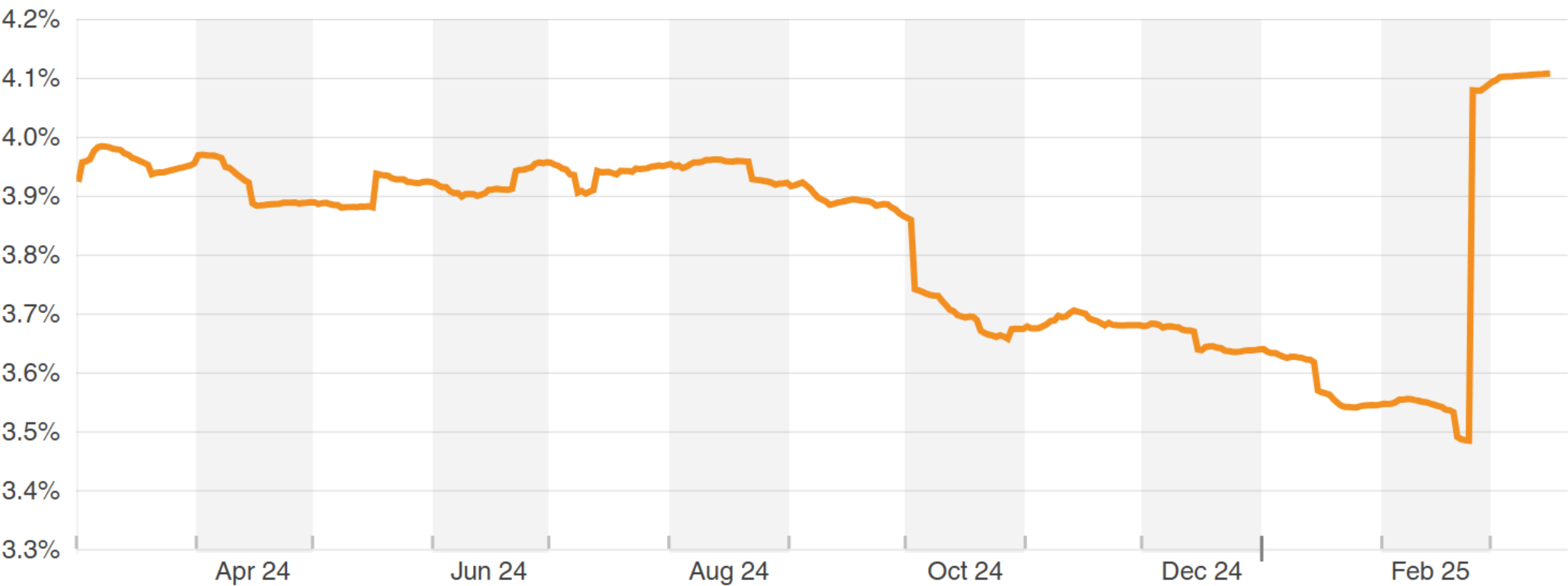
Los Angeles Multifamily Vacancy By Submarket (20 Largest)



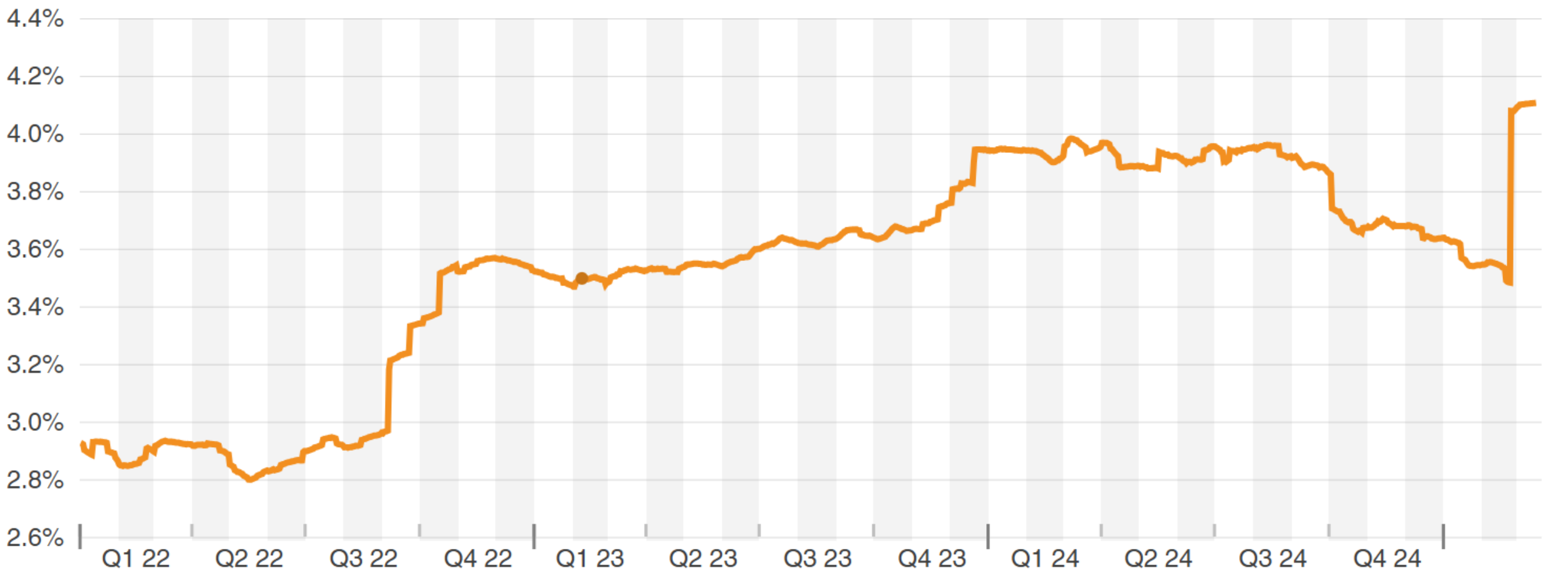
Los Angeles Multifamily Fundamentals: Base Case Forecast



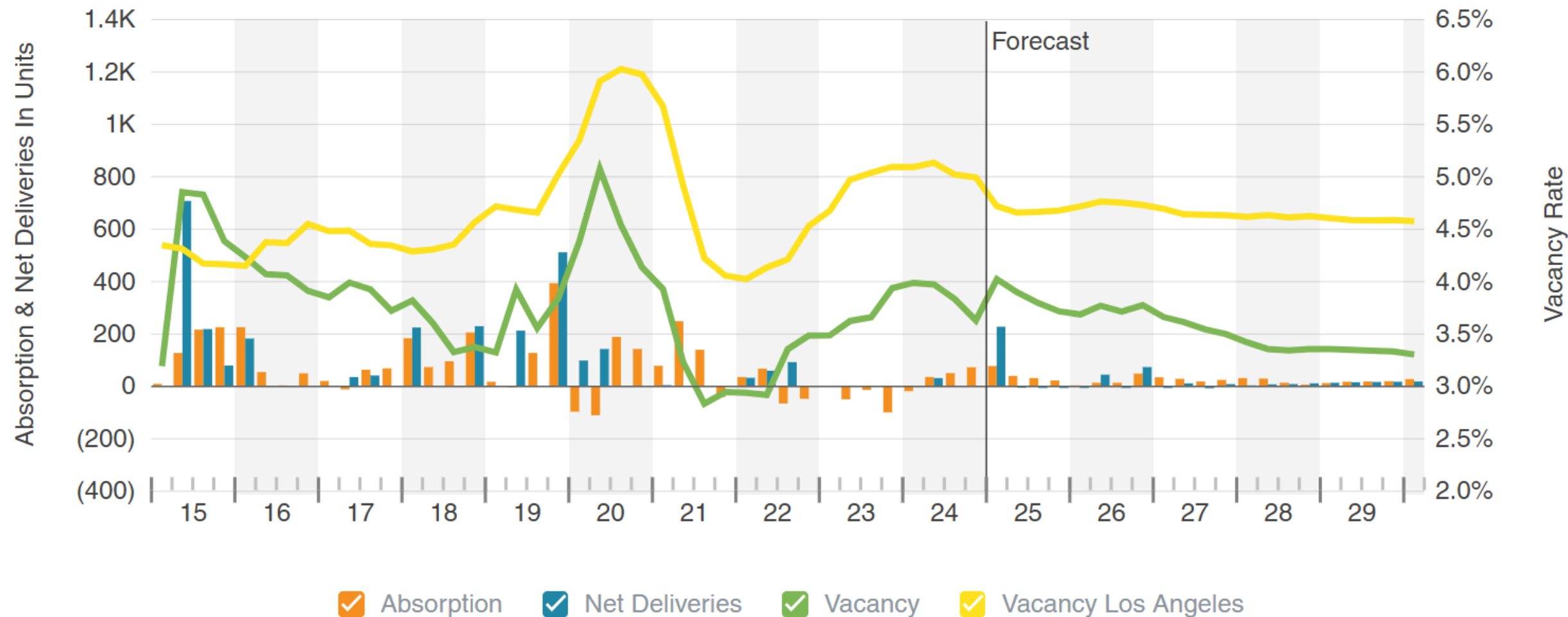
Glendale Multifamily Daily Vacancy (3 Years)



Glendale Multifamily Daily Vacancy (1 Year)



Glendale Vs. Los Angeles Multifamily Fundamentals

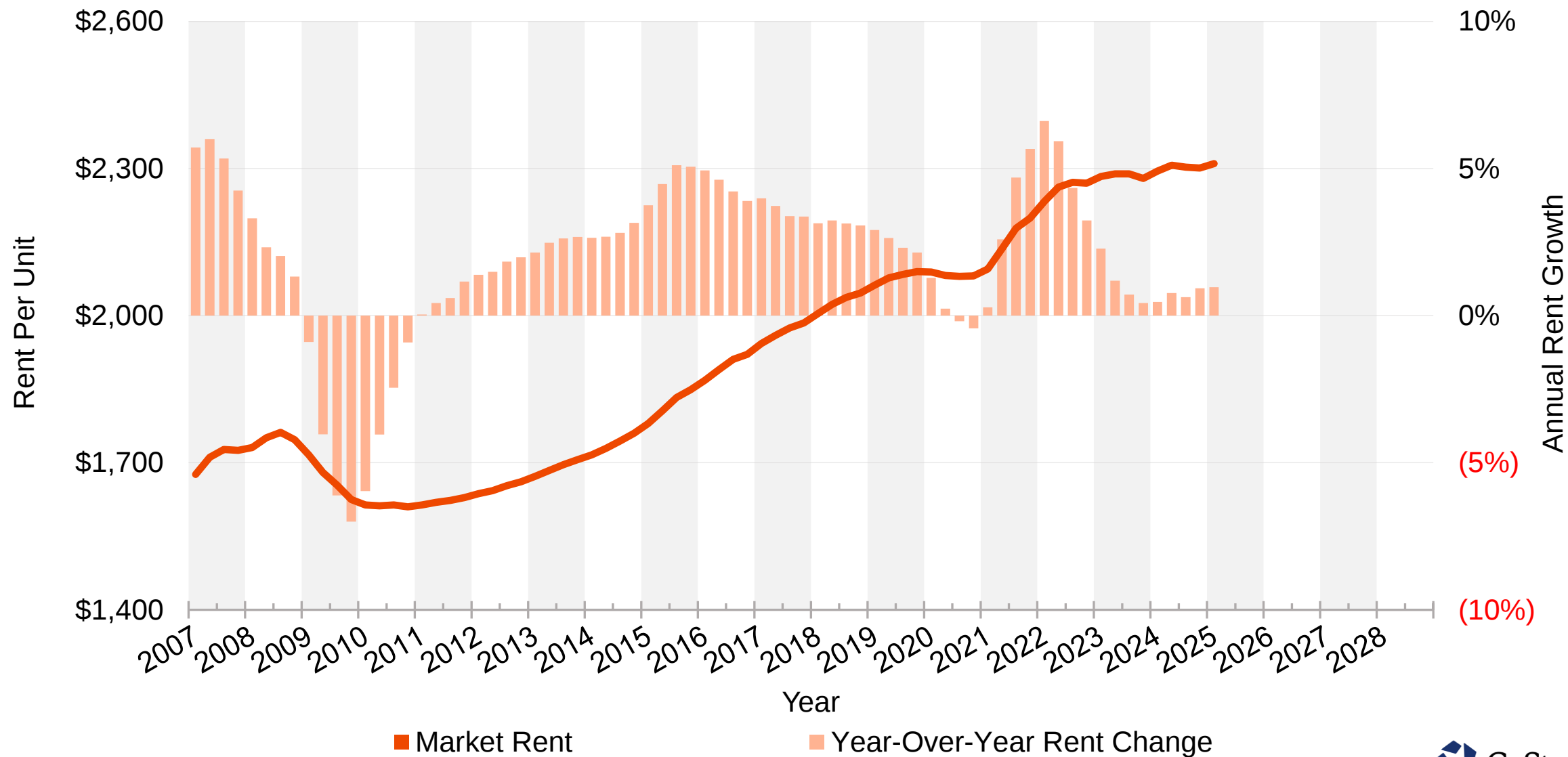


RENTS

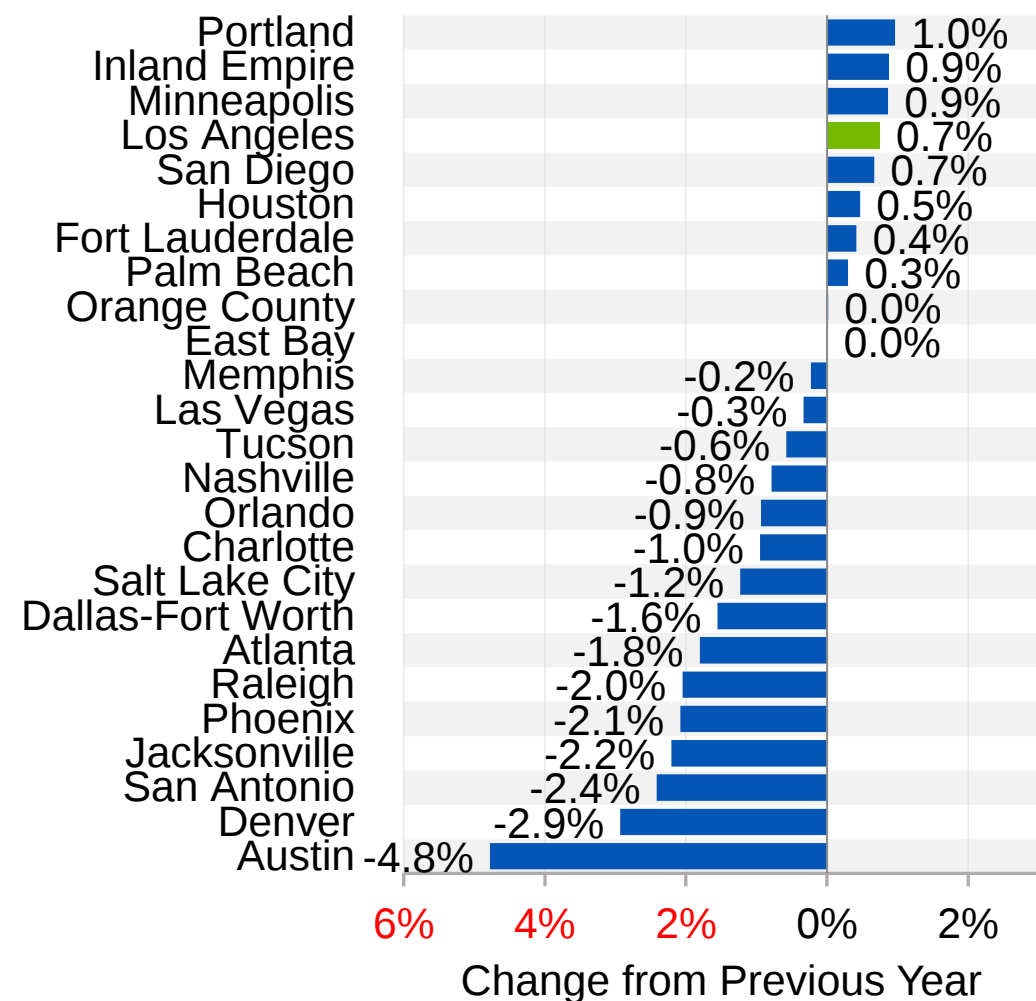
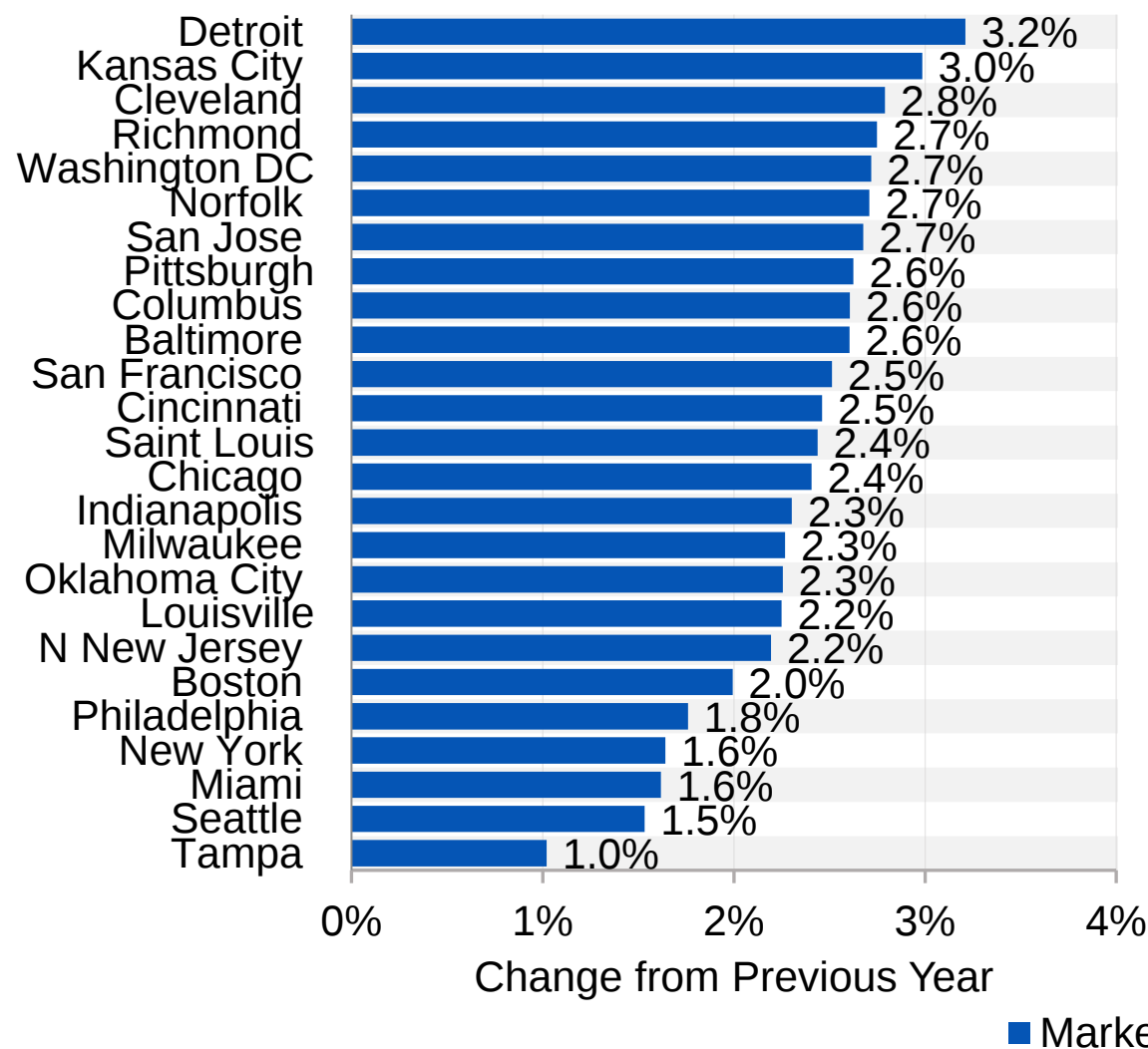


CoStar™

Los Angeles Multifamily Rent Growth



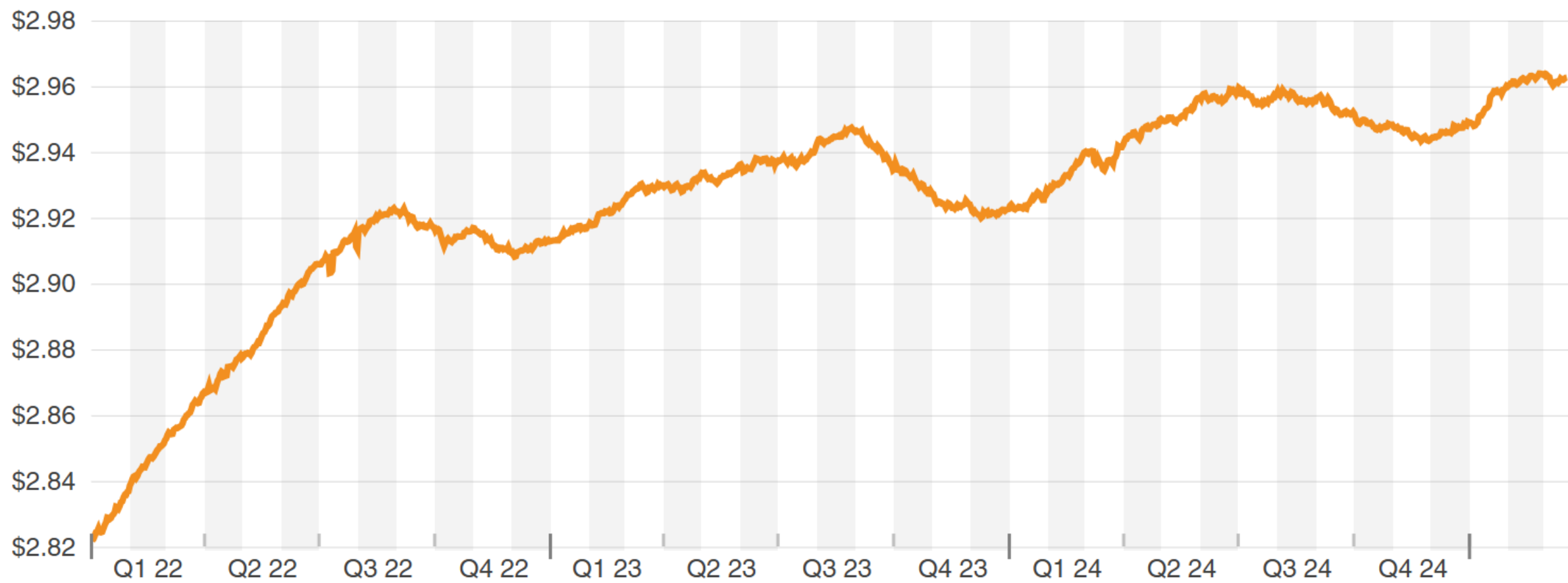
December 2024 Annual Apartment Rent Growth in Top 50 Markets



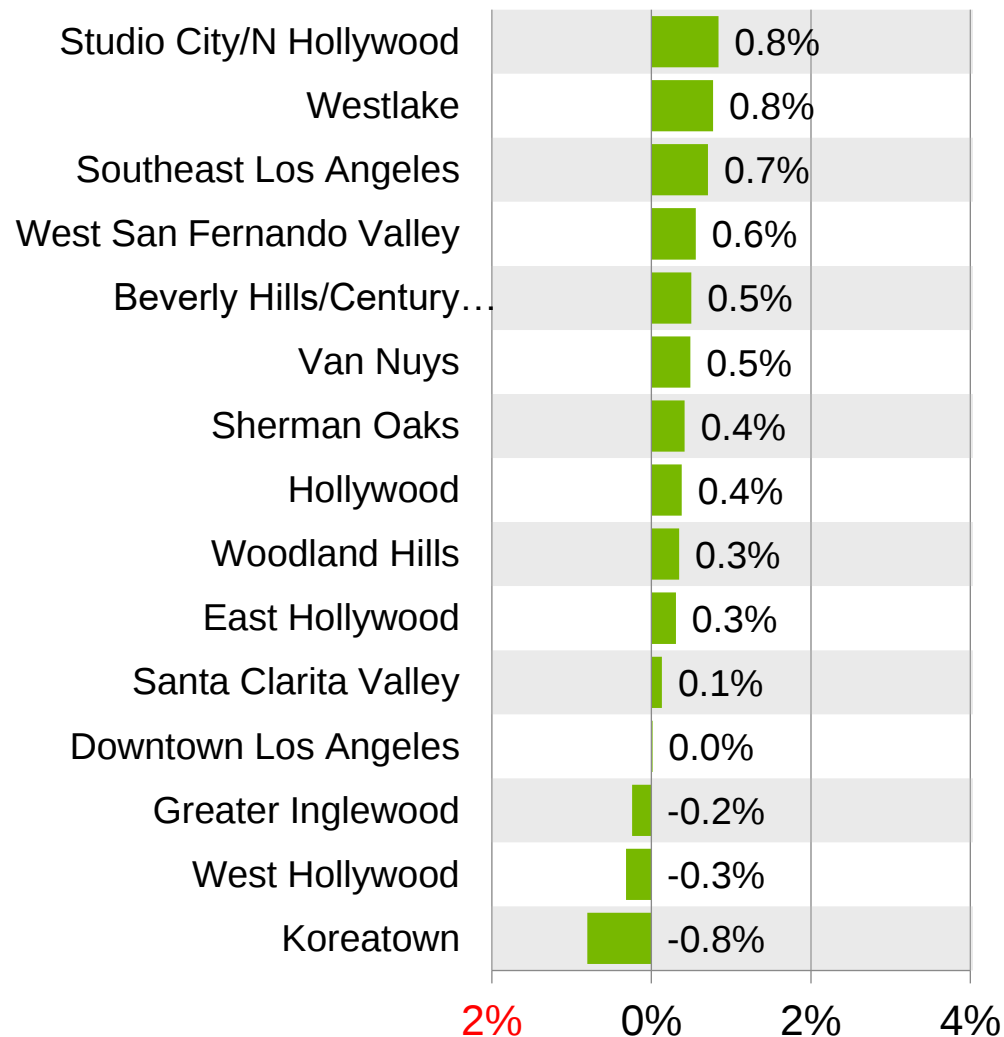
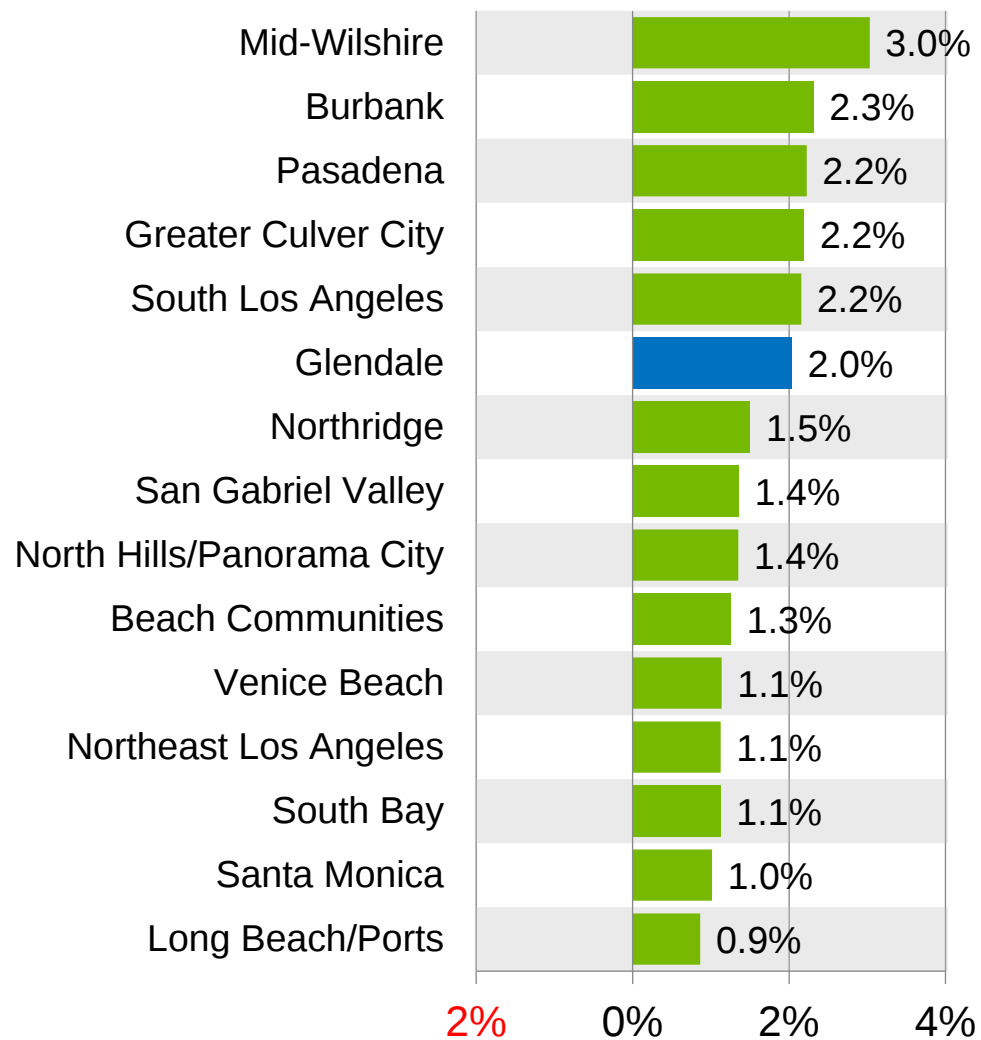
Los Angeles Average Daily Asking Rents per Square Foot (1 Year)



Los Angeles Average Daily Asking Rents per Square Foot (3 Years)



Los Angeles Year-Over-Year Rent Change by Submarket



Year-over-Year Change
in Asking Rent

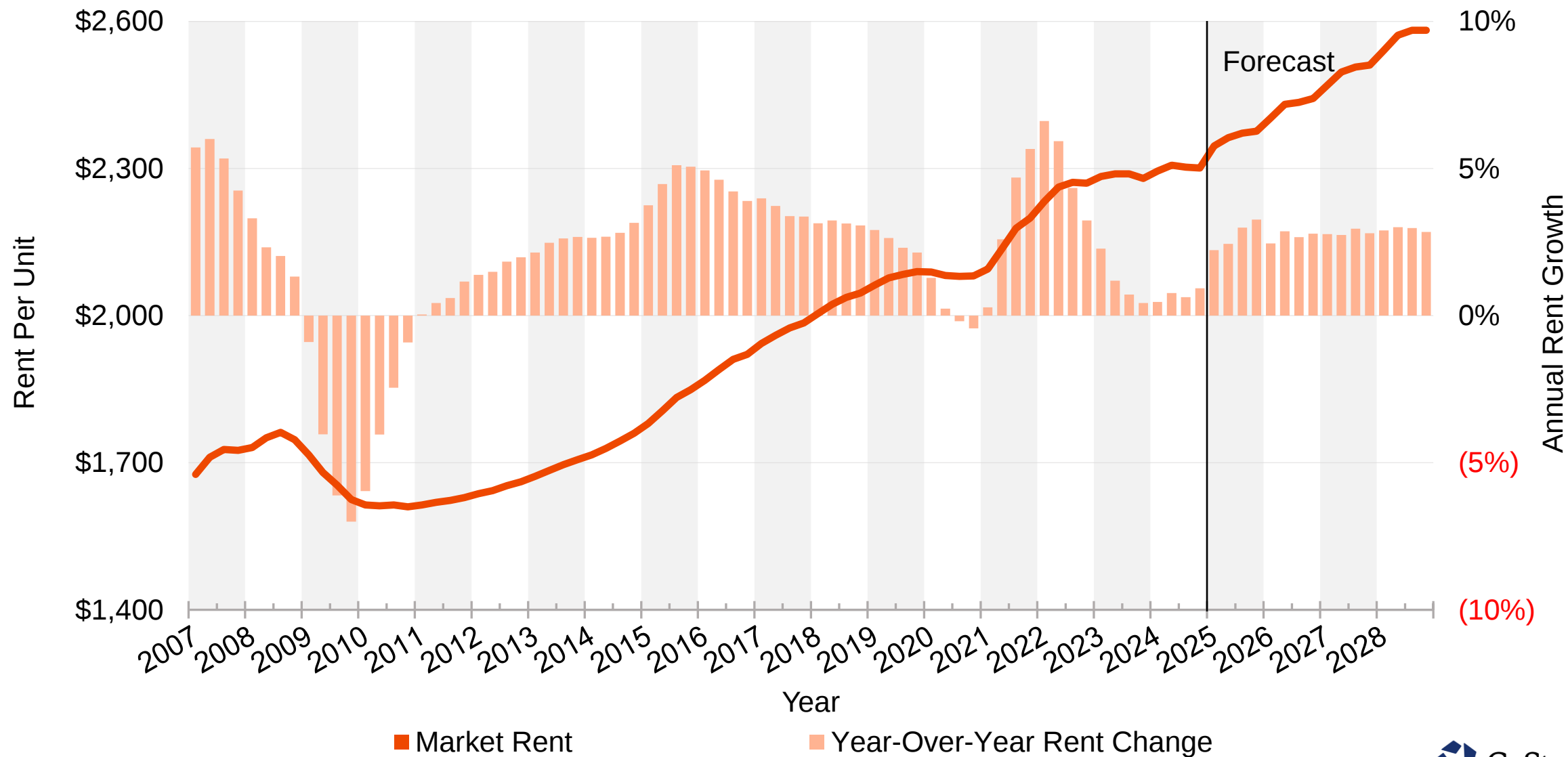
Glendale Average Daily Asking Rents per Square Foot (1 Year)



Glendale Average Daily Asking Rents per Square Foot (3 Years)



Los Angeles Multifamily Rent Growth: Base Case Forecast



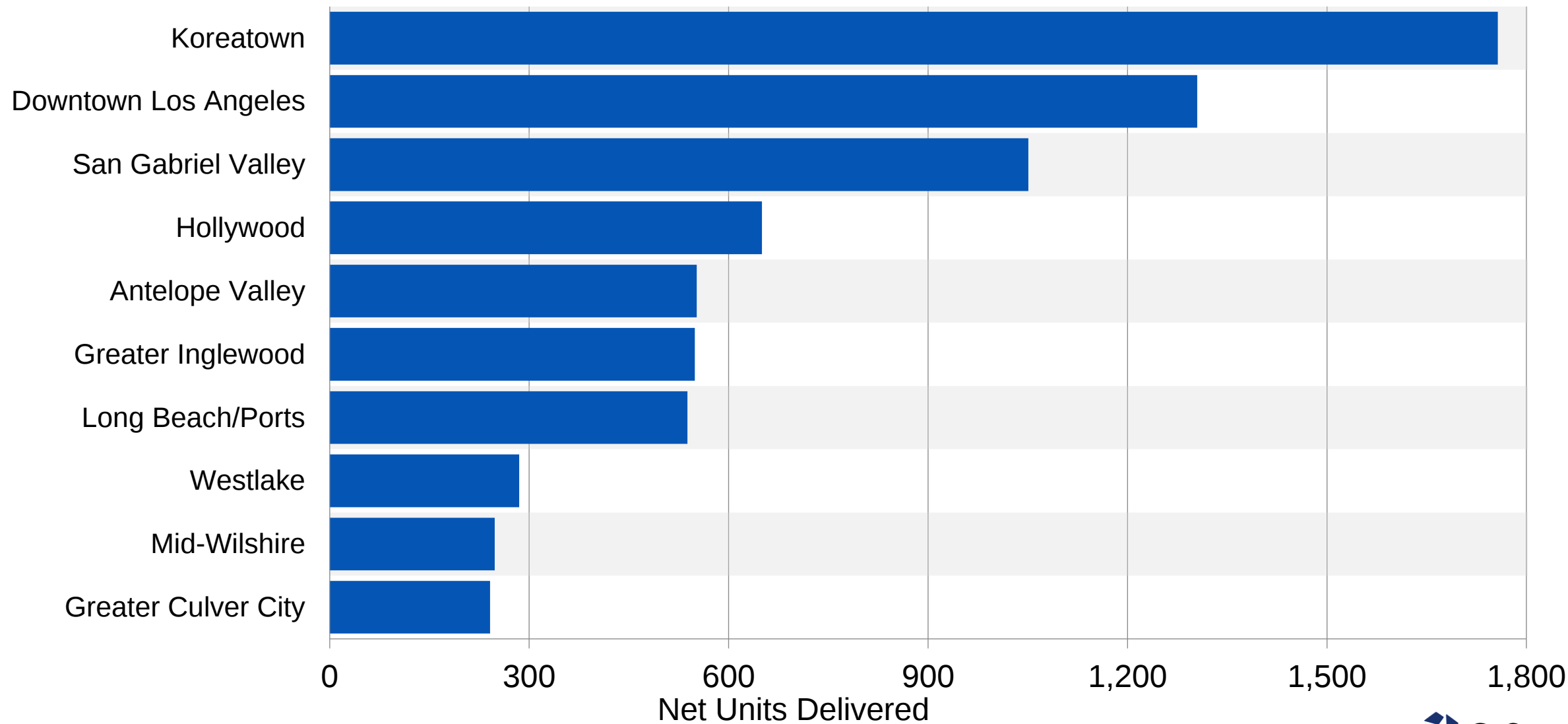
CONSTRUCTION



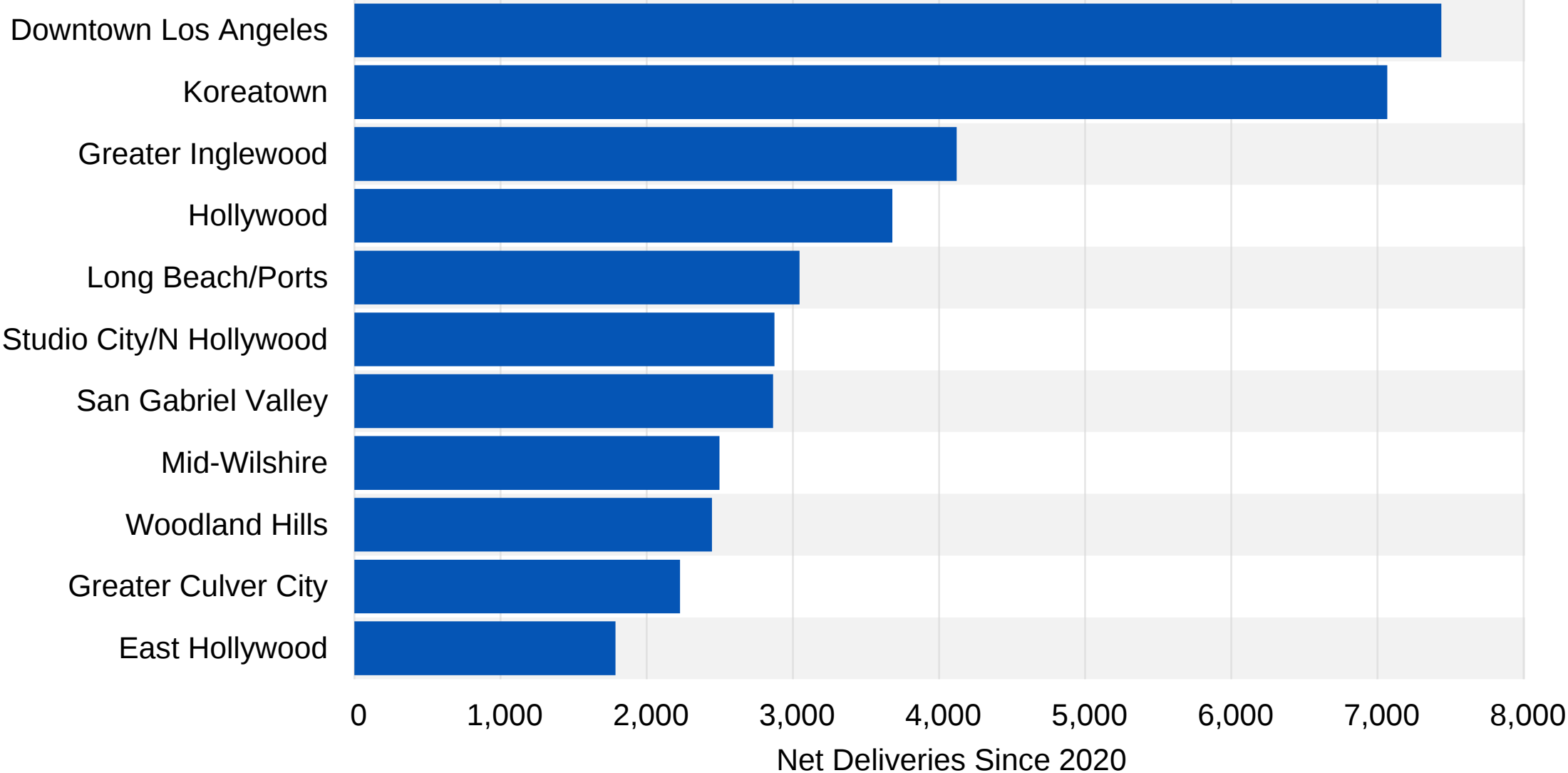
CoStar™



L.A. Multifamily 12-Month Net Deliveries by Submarket



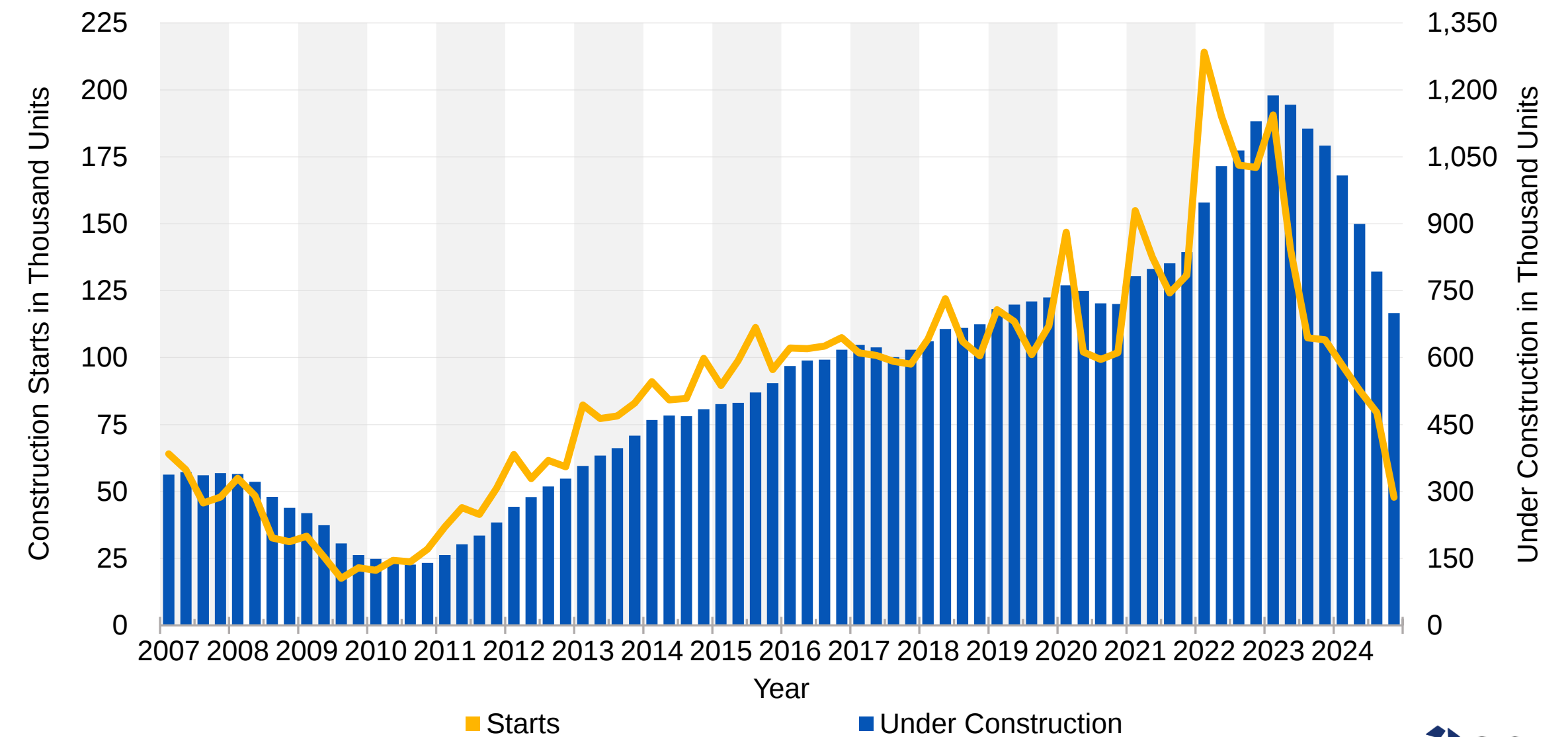
Five-Year Inventory Growth by Submarket



Recent Delivery
TENTEN Glendale
228 Units



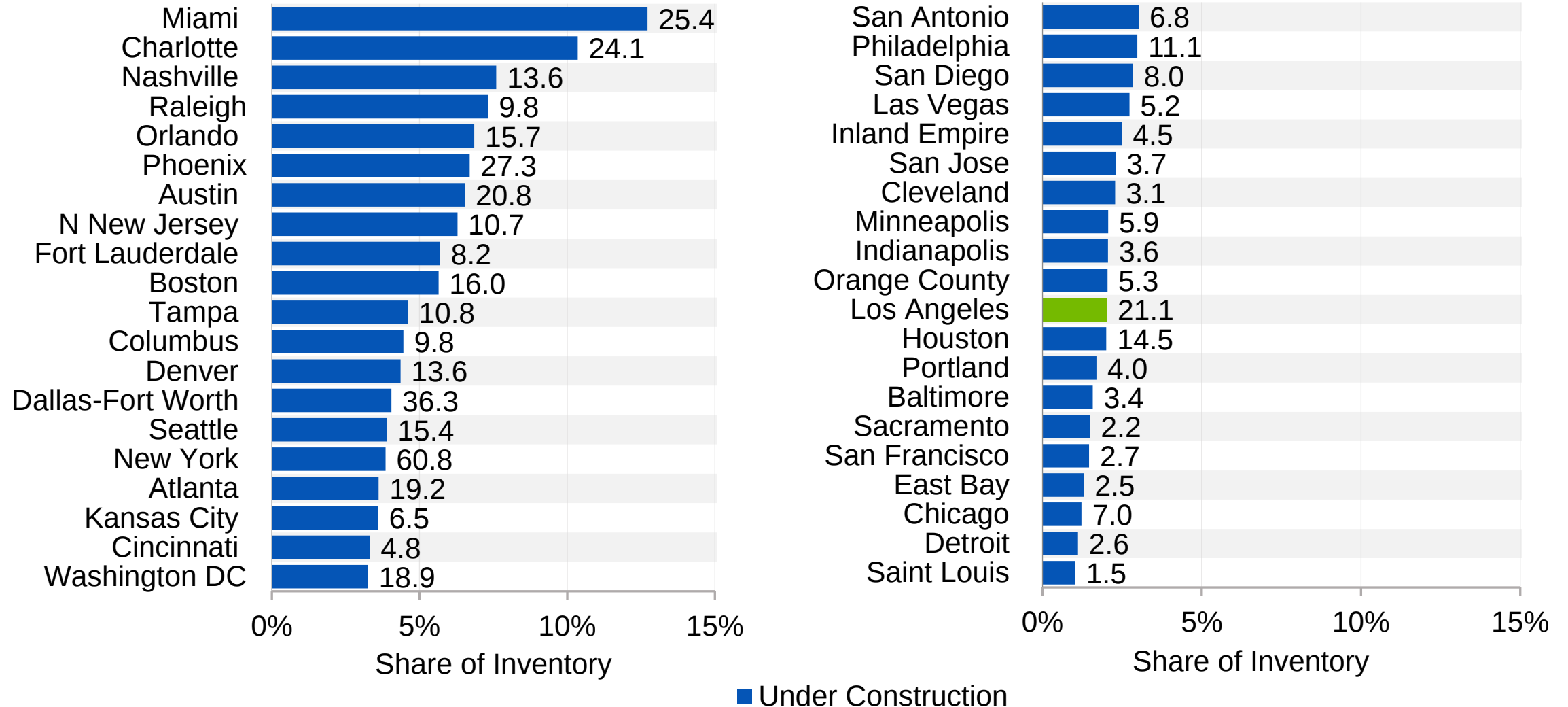
National Multifamily Starts and Under Construction Units



Source: CoStar

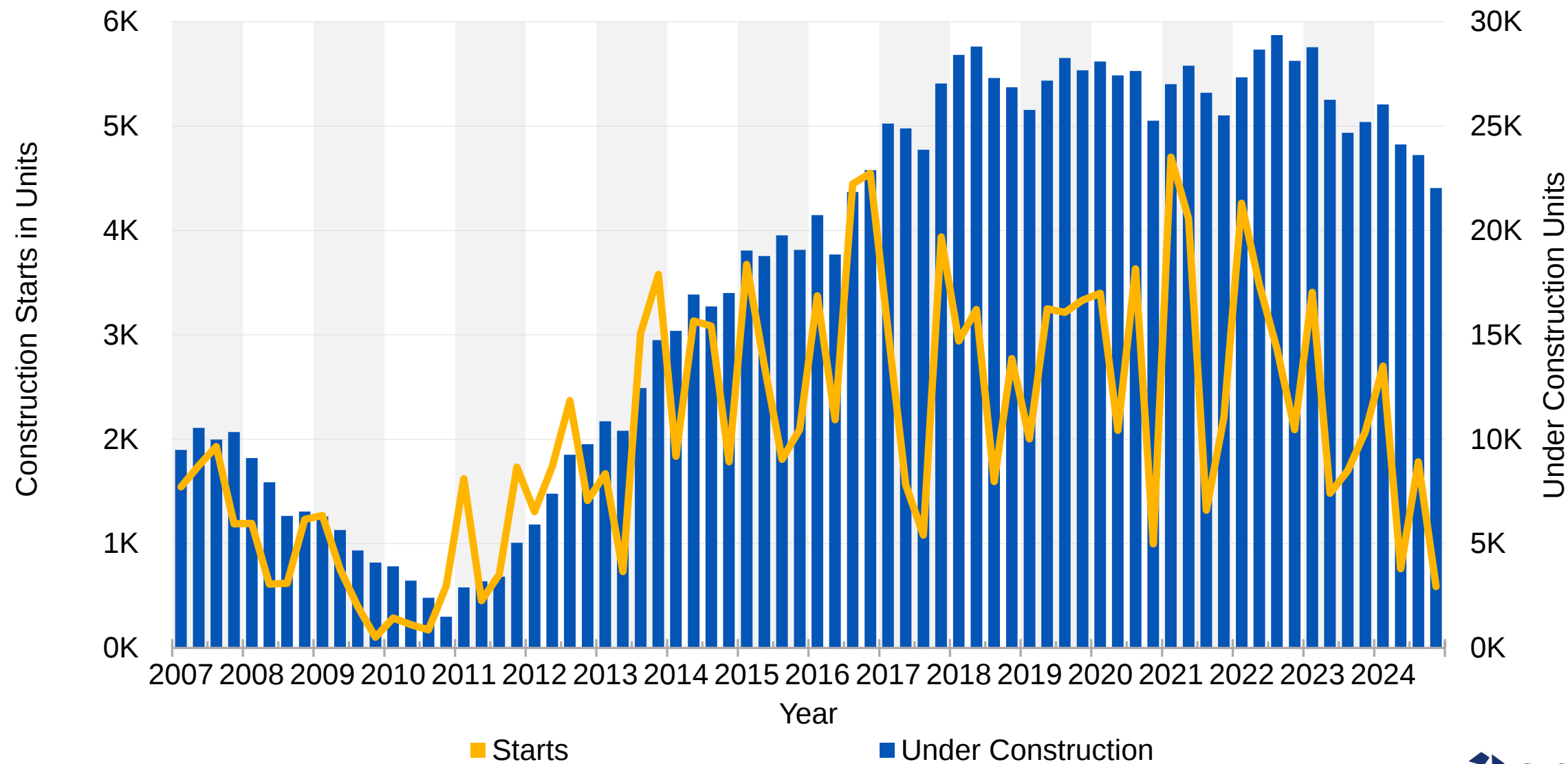


Units Under Construction As Share of Inventory

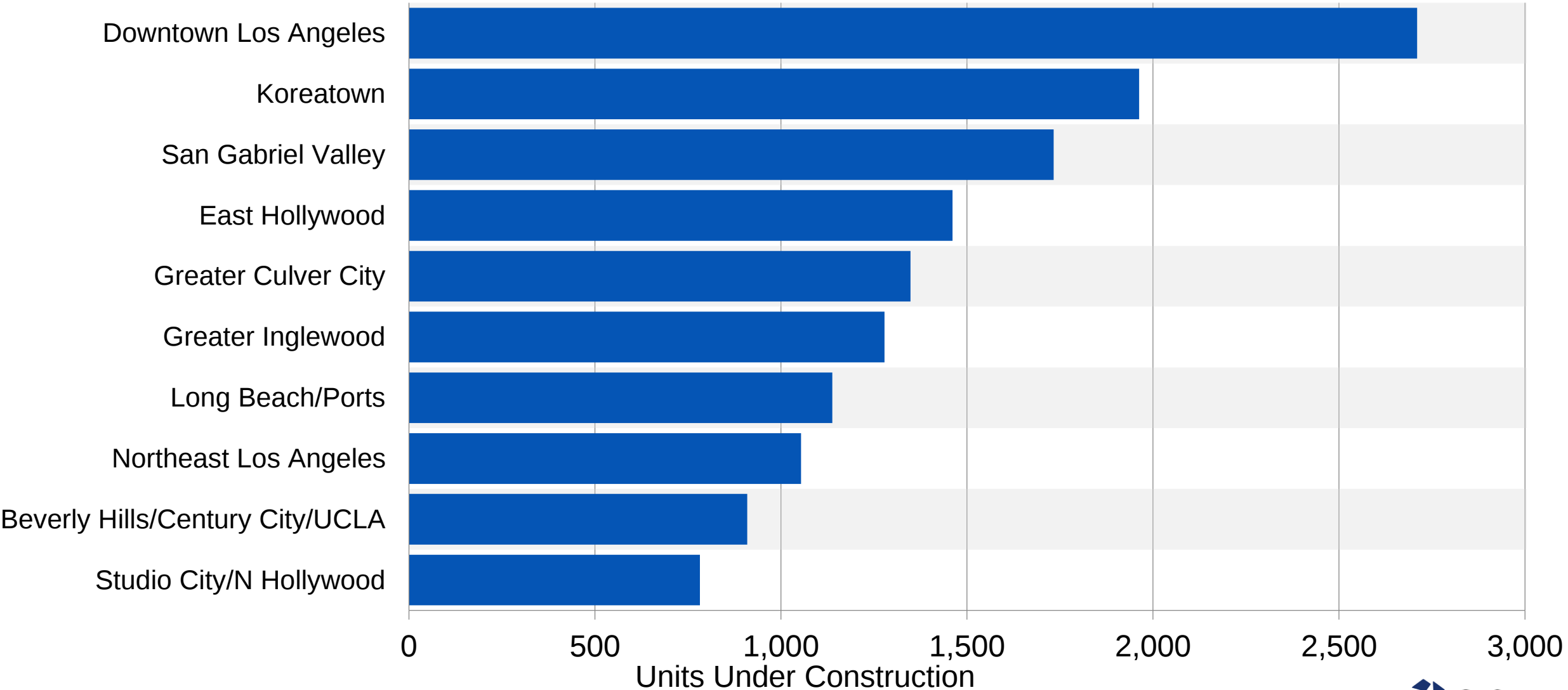


Note: Includes markets with 125,000+ units inventory. Labels show Under Construction in Thousand Units.

Los Angeles Multifamily Starts and Under Construction Units



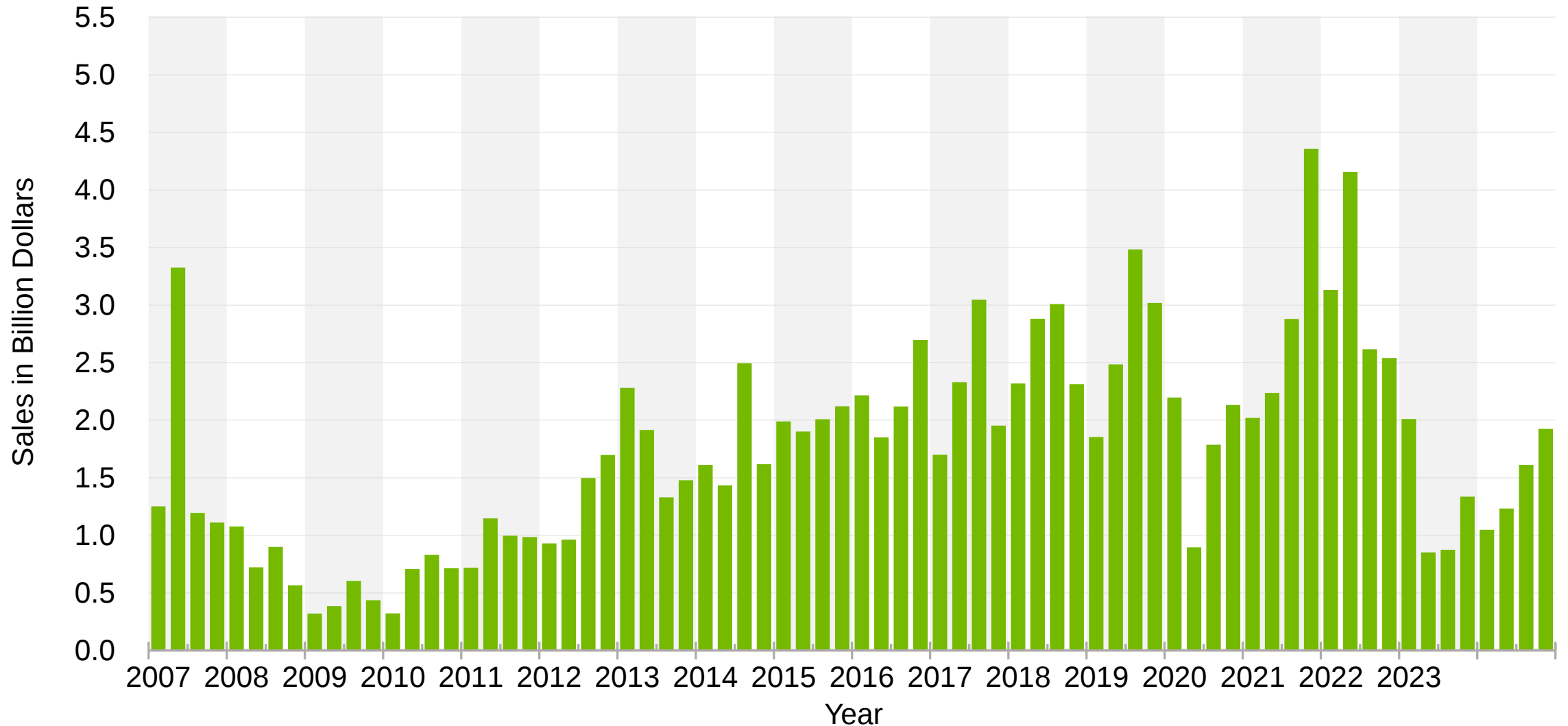
L.A. Multifamily Units Under Construction by Submarket



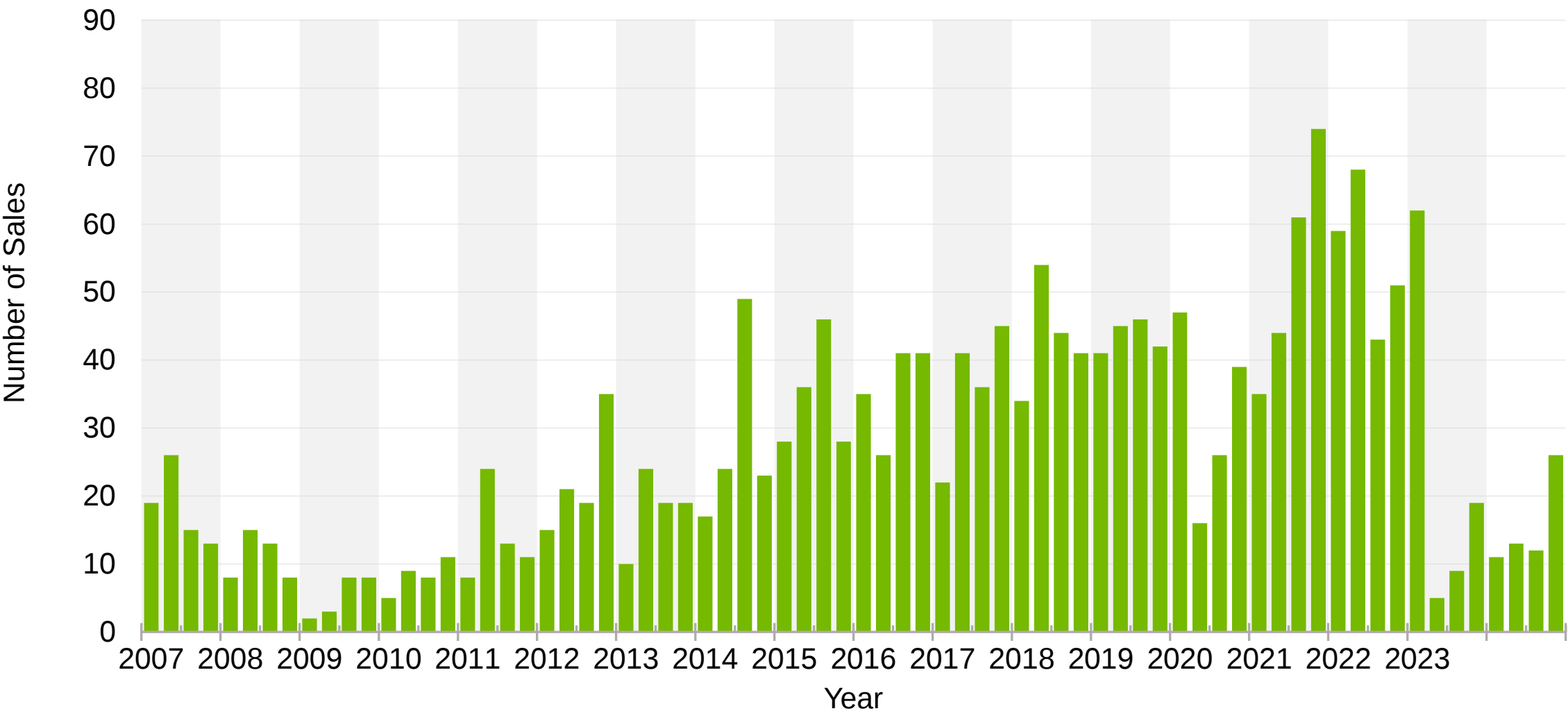
CAPITAL MARKETS



Los Angeles Quarterly Multifamily Sales Volume

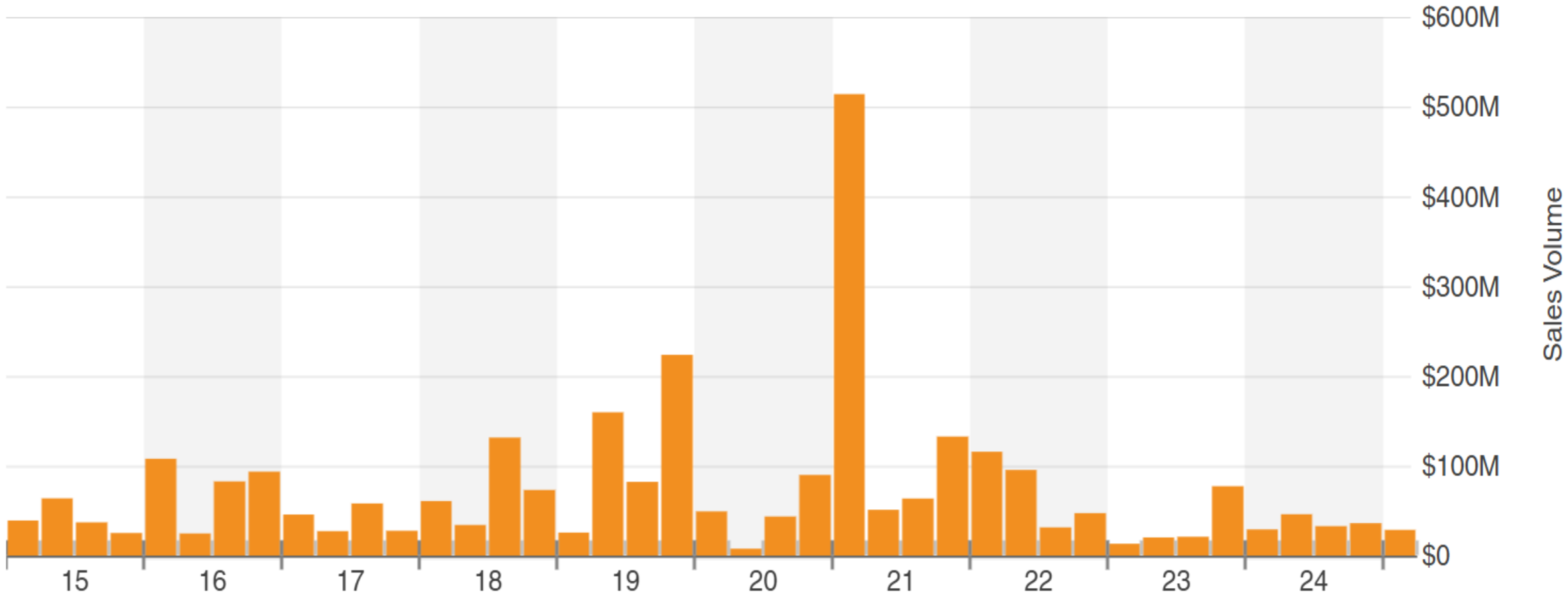


City of Los Angeles Multifamily Sales Above \$5.15 Million

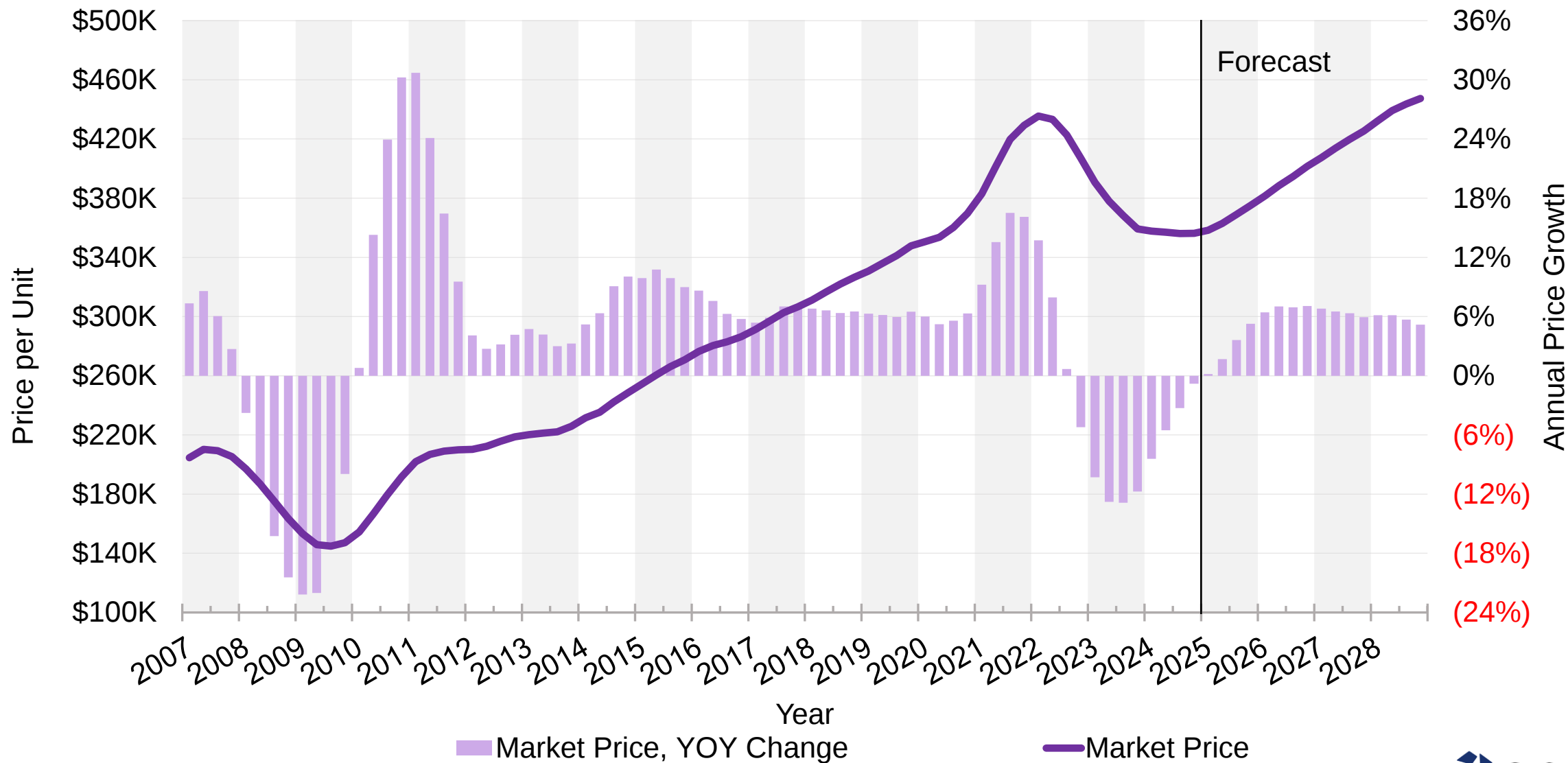


■ Number of Sales Above \$5 Million

Glendale Quarterly Multifamily Sales Volume



Los Angeles Multifamily Market Price: Base Case





Los Angeles Office

LEASING

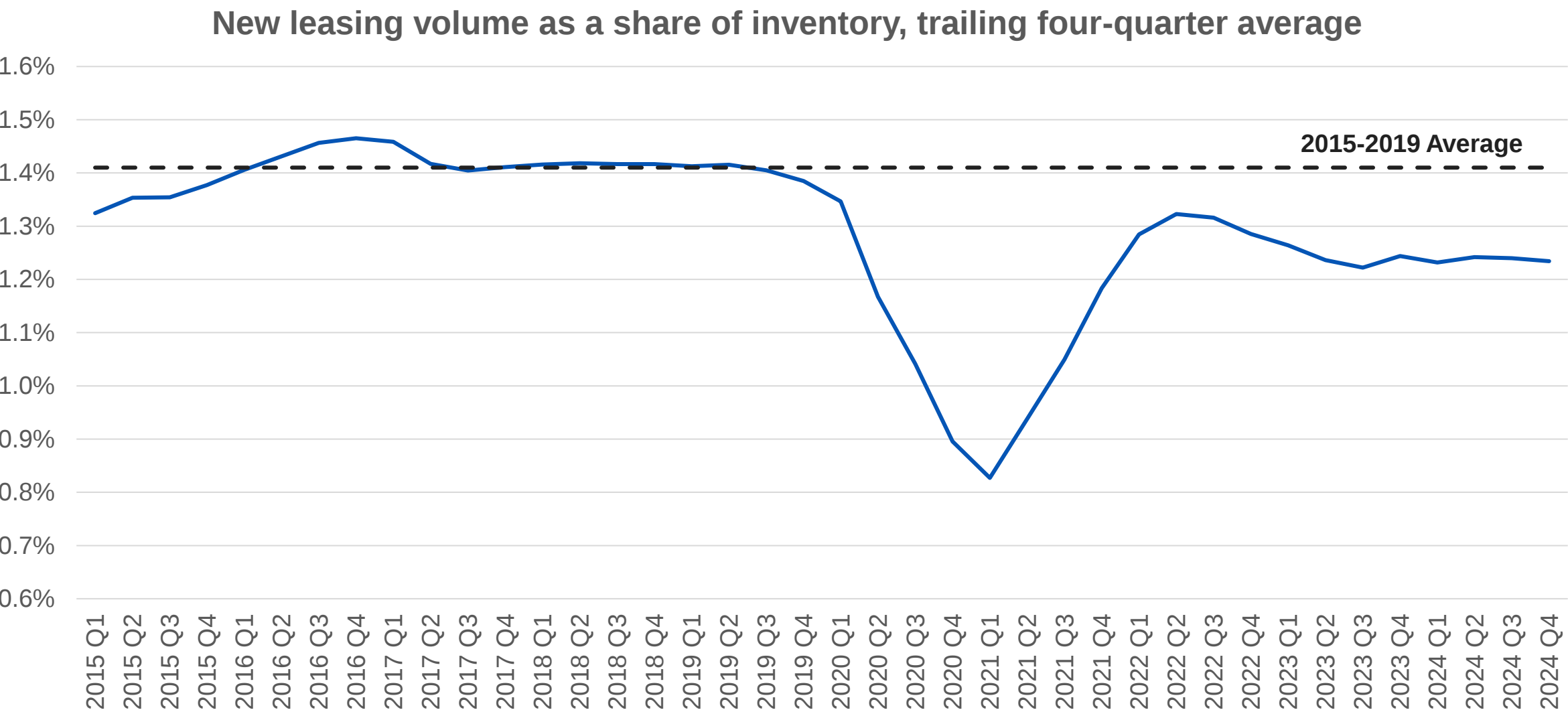


National Office Attendance Rose Meaningfully in 2024



Source: Placer.ai, index of approximately 700 office buildings in the United States

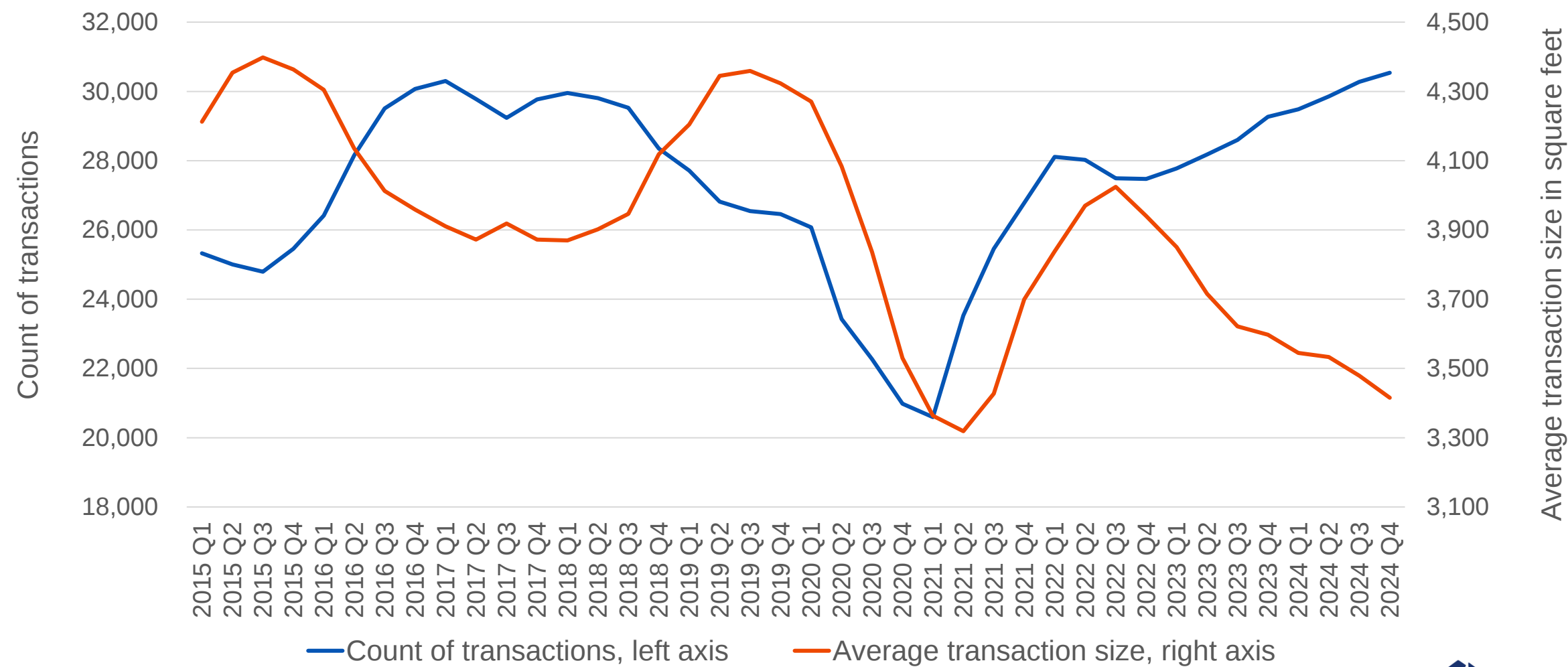
Leasing volume still lags its pre-pandemic norm



Source: CoStar, January 2025

The size of a typical lease keeps shrinking

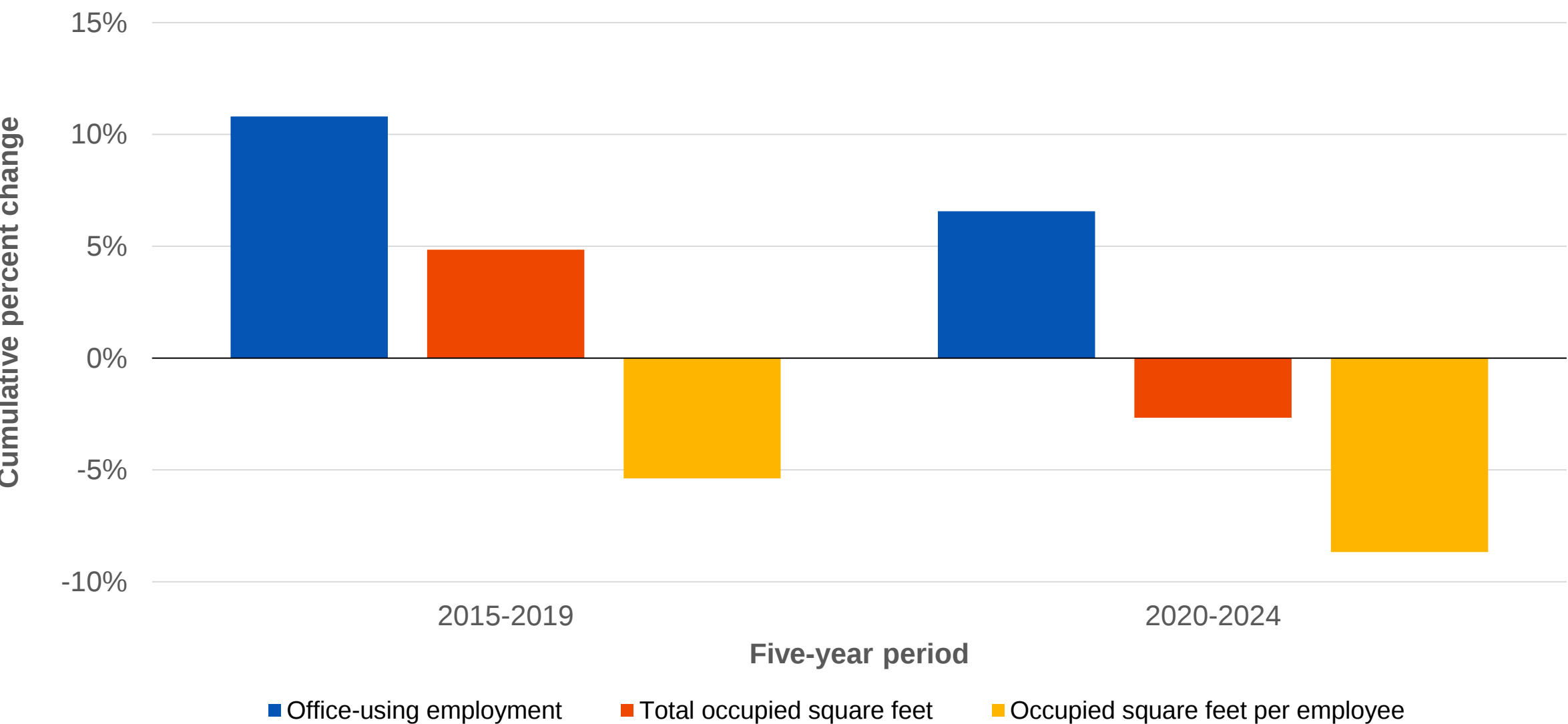
New office leasing trends, trailing four-quarter average



Source: CoStar, January 2025

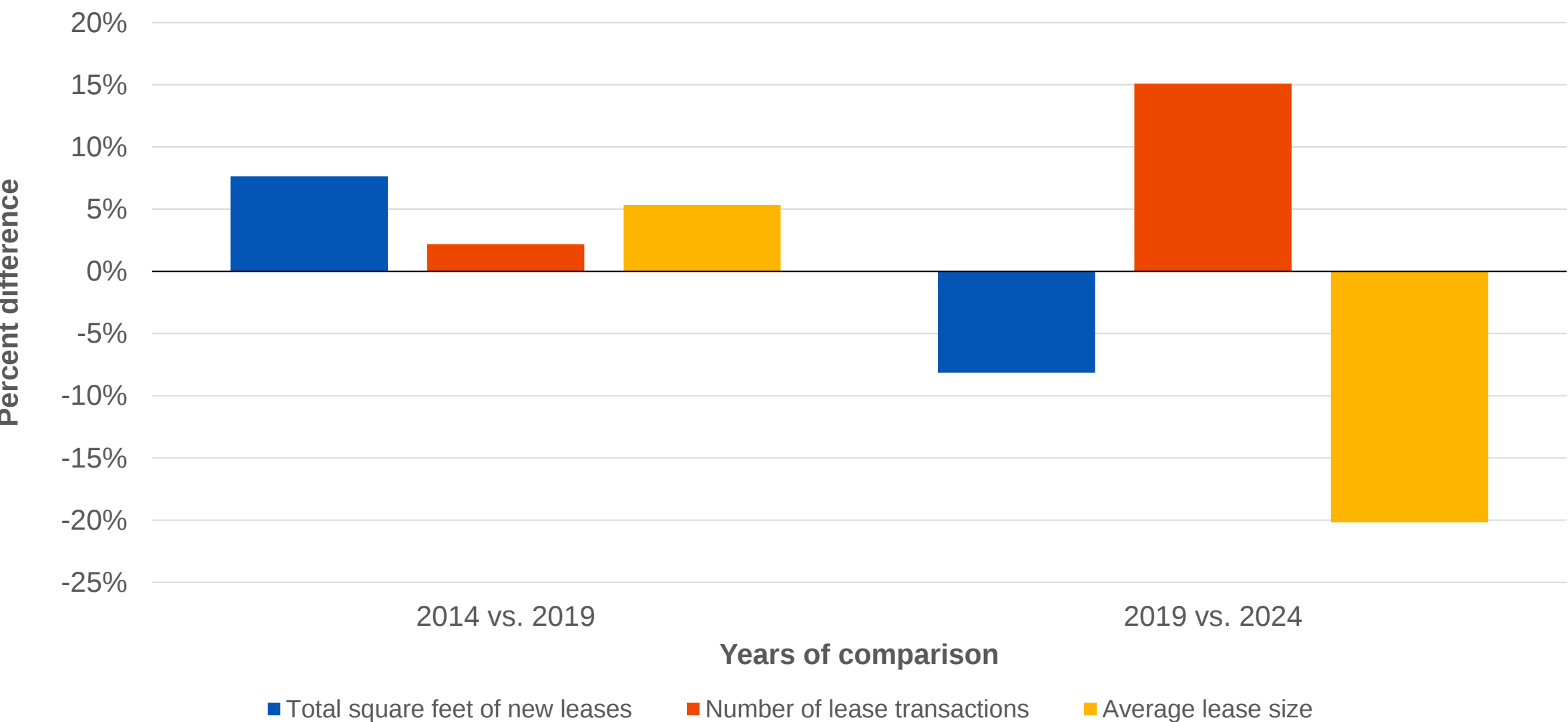


Decrease in per-worker space accelerates in 2020s



Sources: CoStar, Bureau of Labor Statistics, February 2025

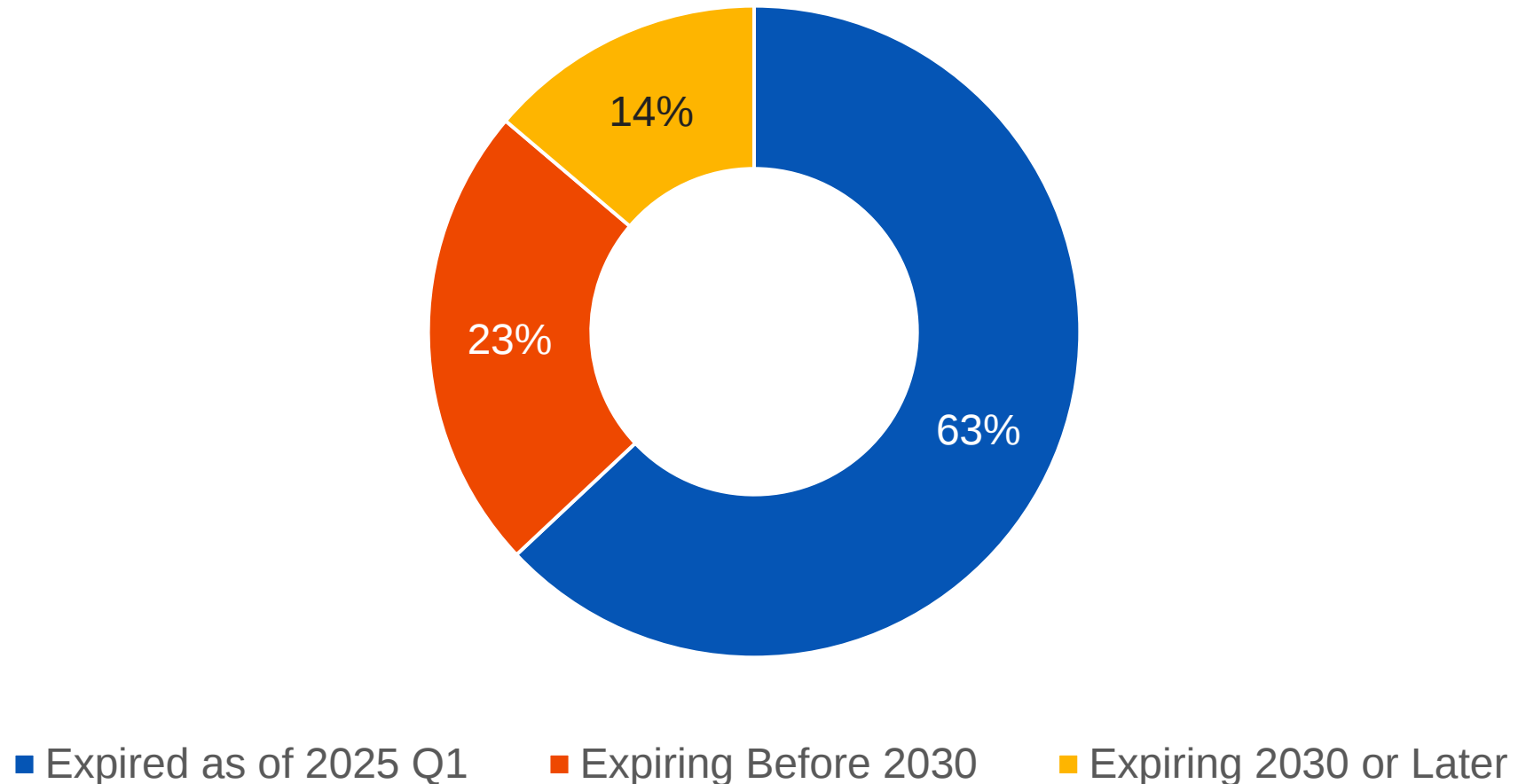
Driven by smaller deal sizes, leasing volume still trails 2019



Sources: CoStar, February 2025

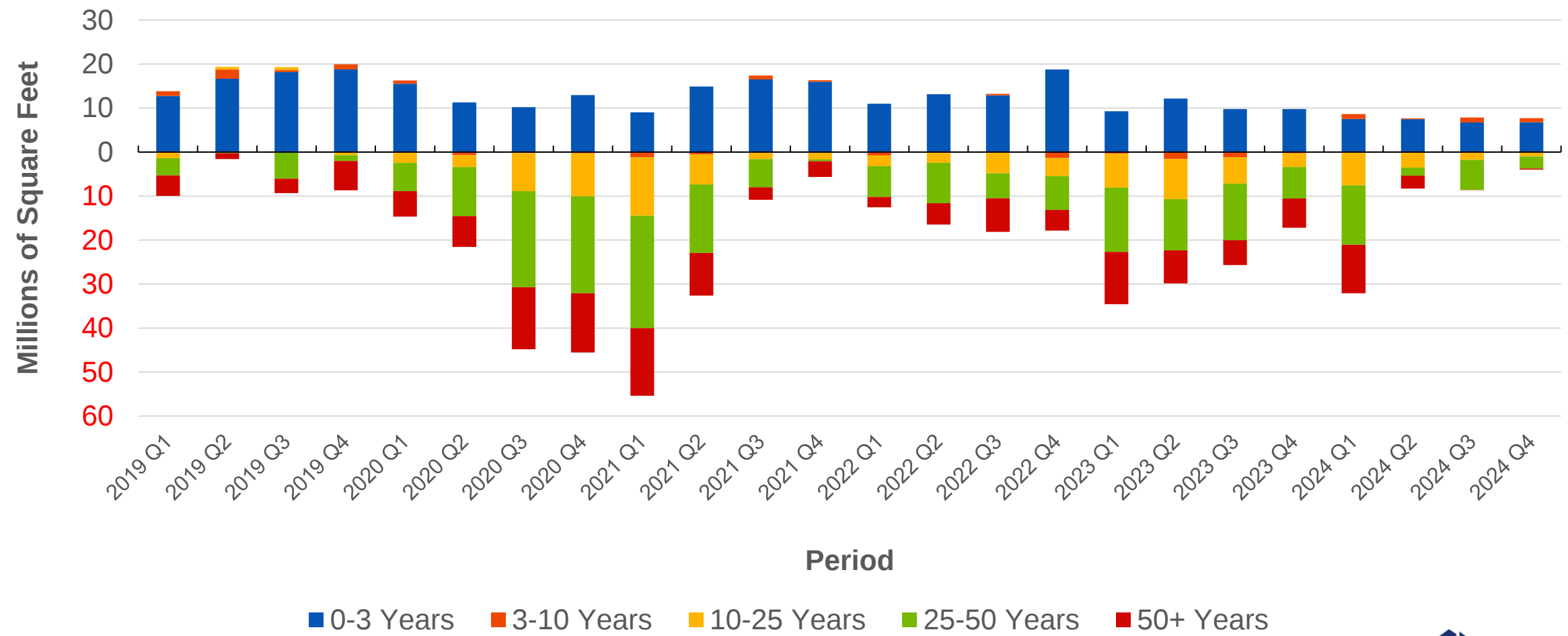
Pre-pandemic leases are still rolling over

Expiration Breakdown of Square Feet Leased as of April 2020



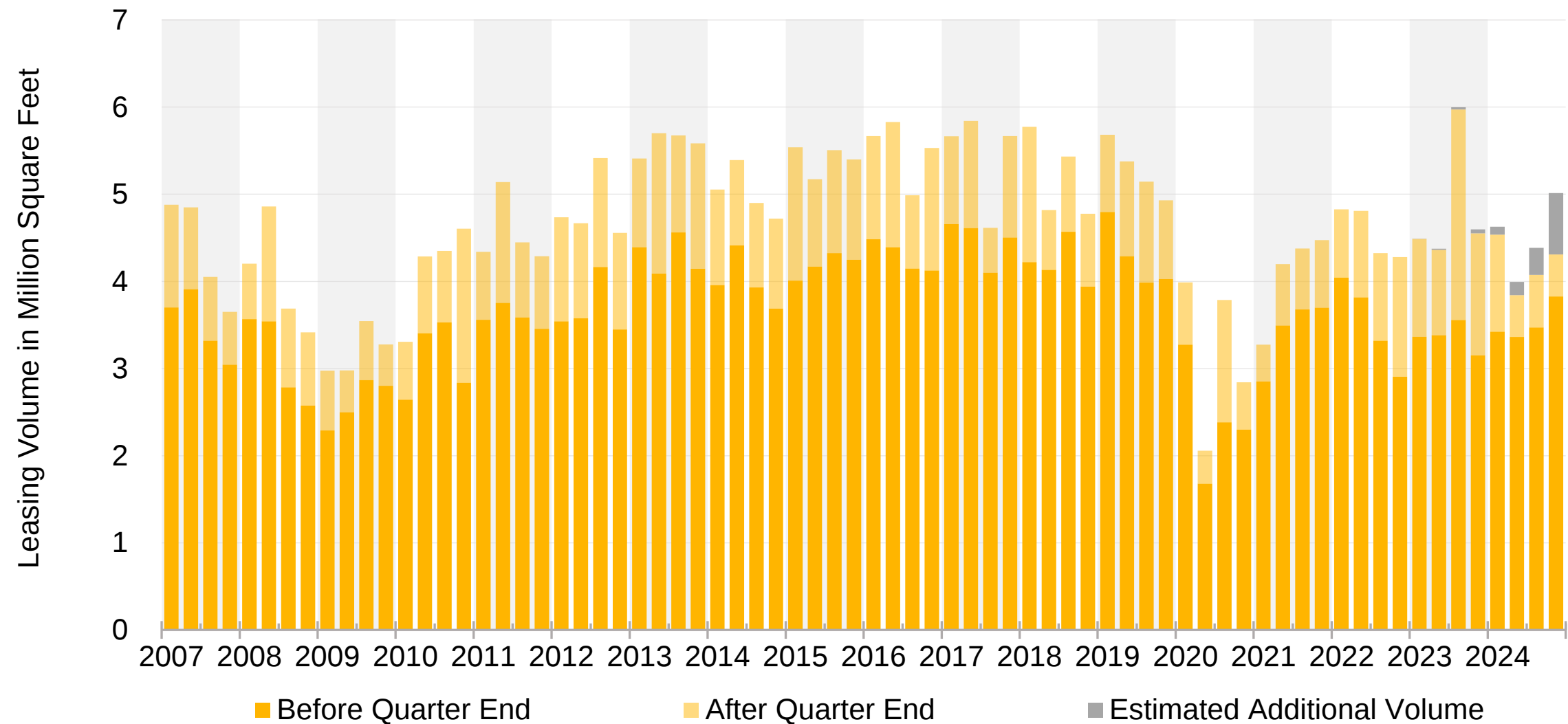
Buildings older than 10 years are still losing occupancy

Net Absorption by Building Age

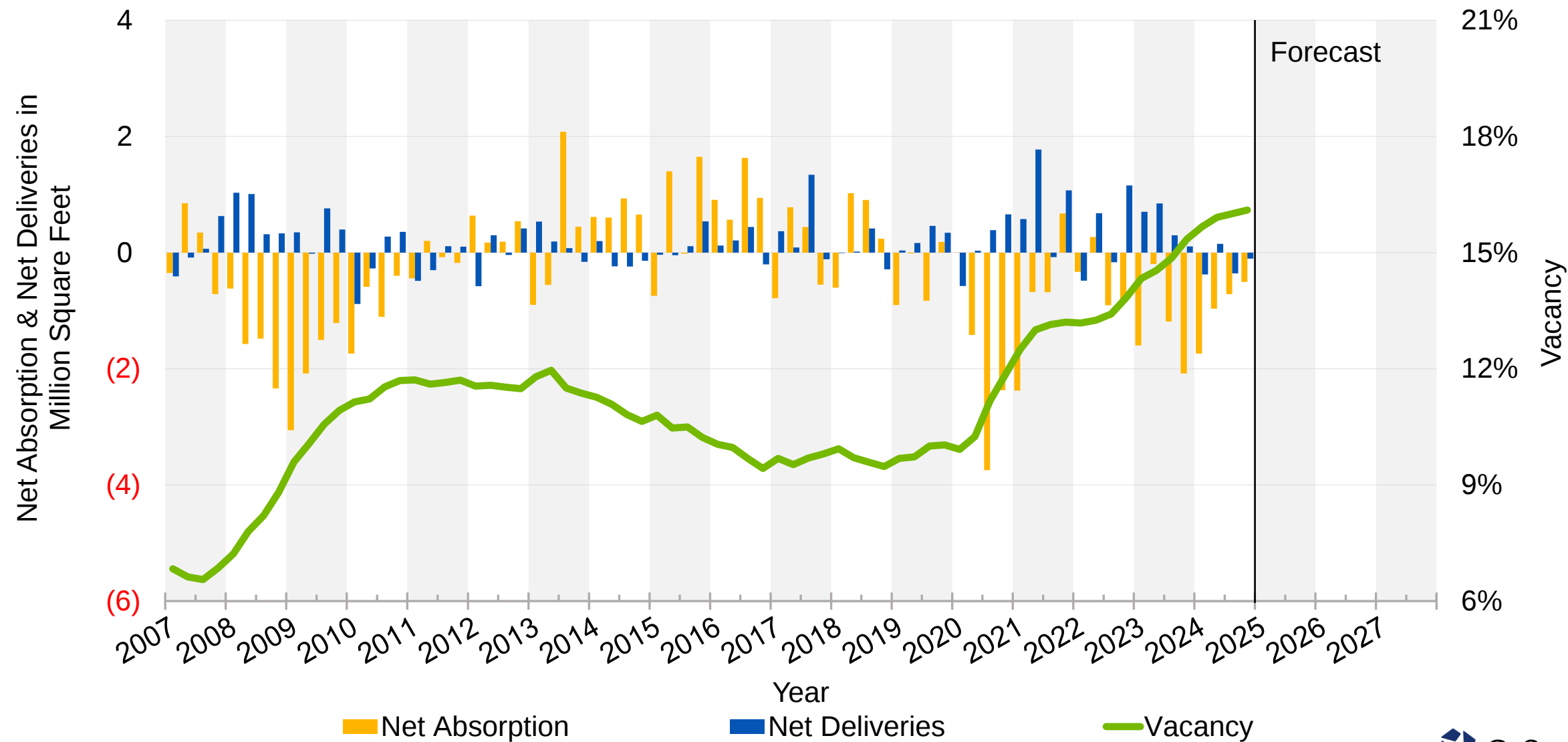


Source: CoStar, January 2025

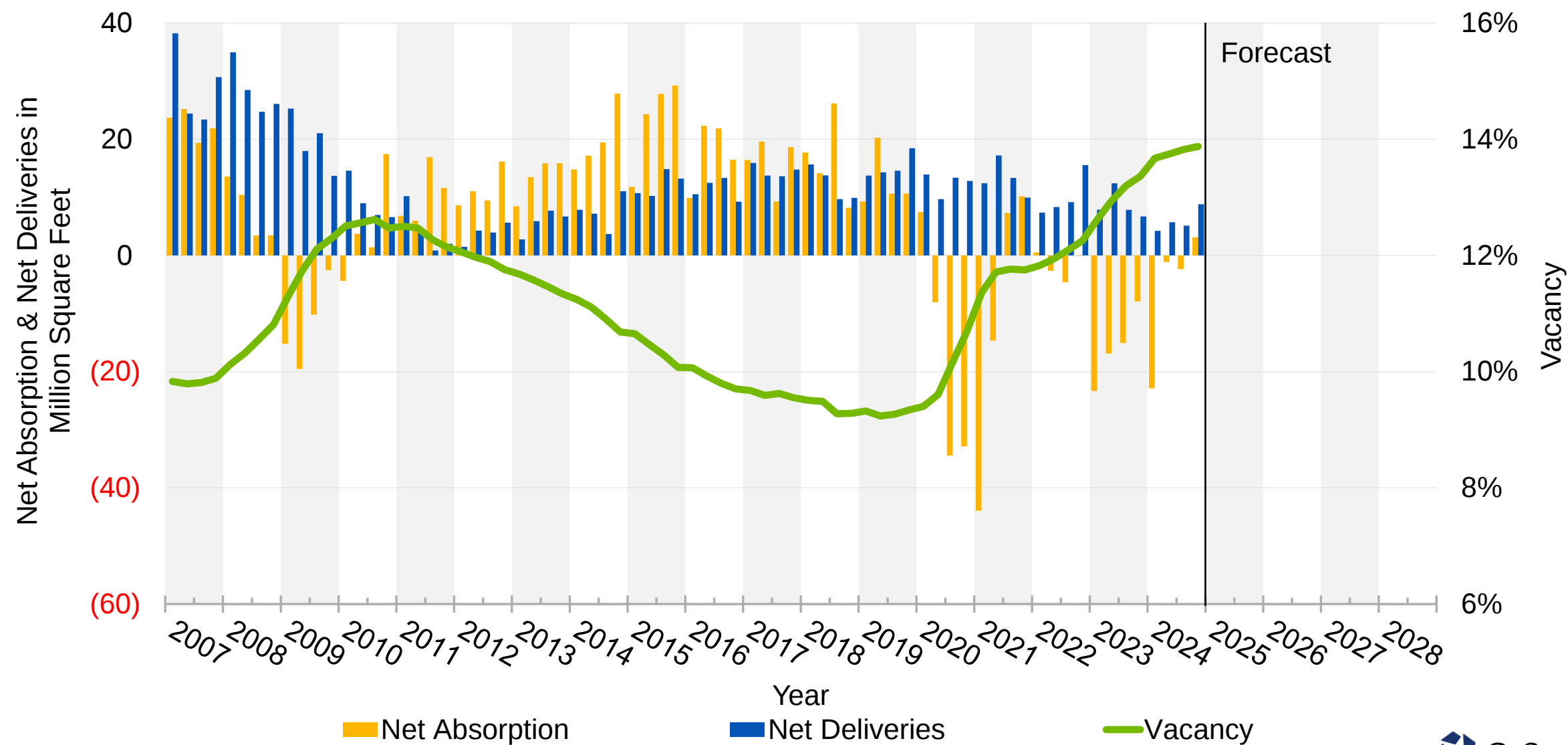
Los Angeles Quarterly Office Leasing Volume



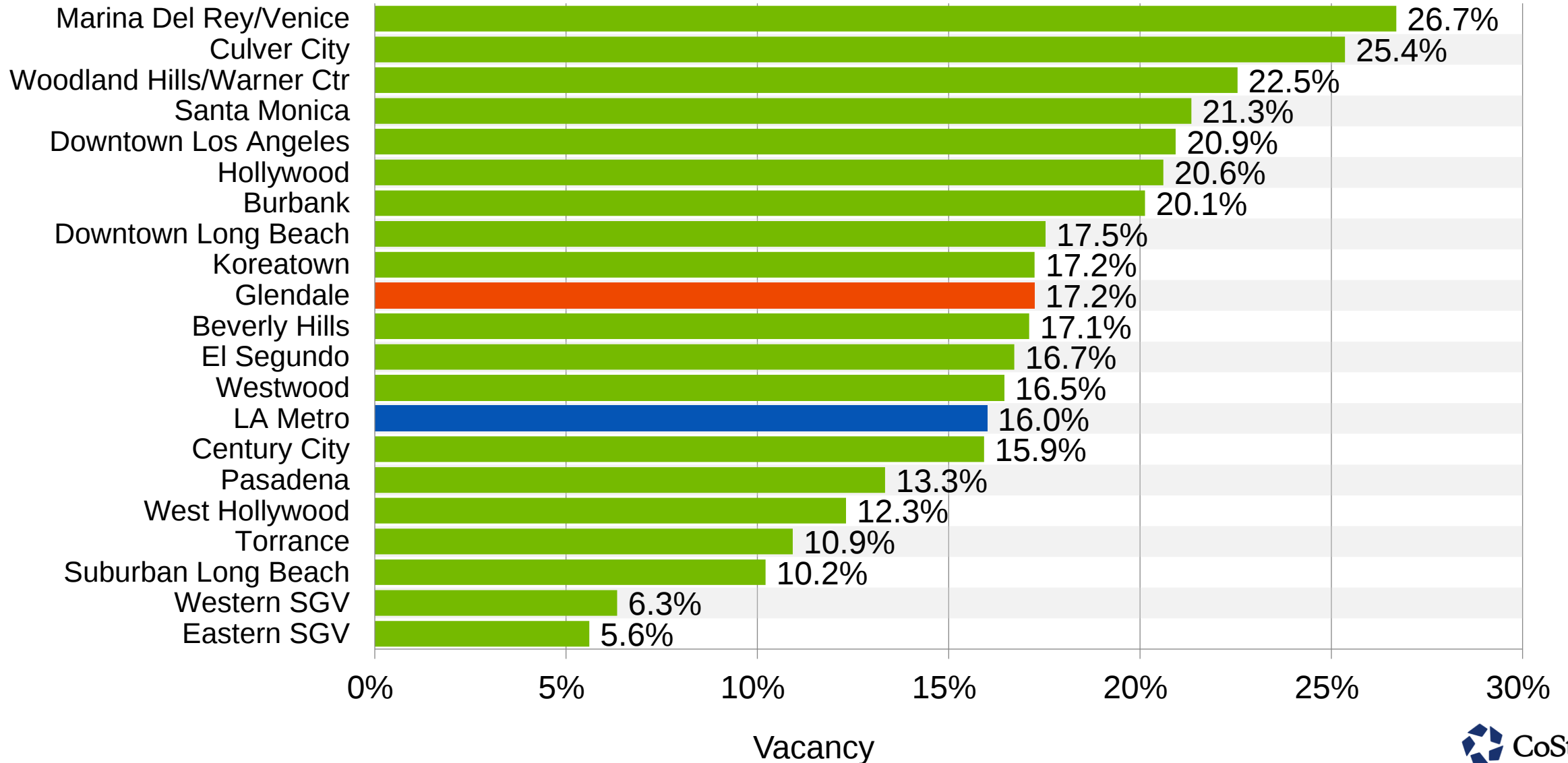
Los Angeles Office Fundamentals



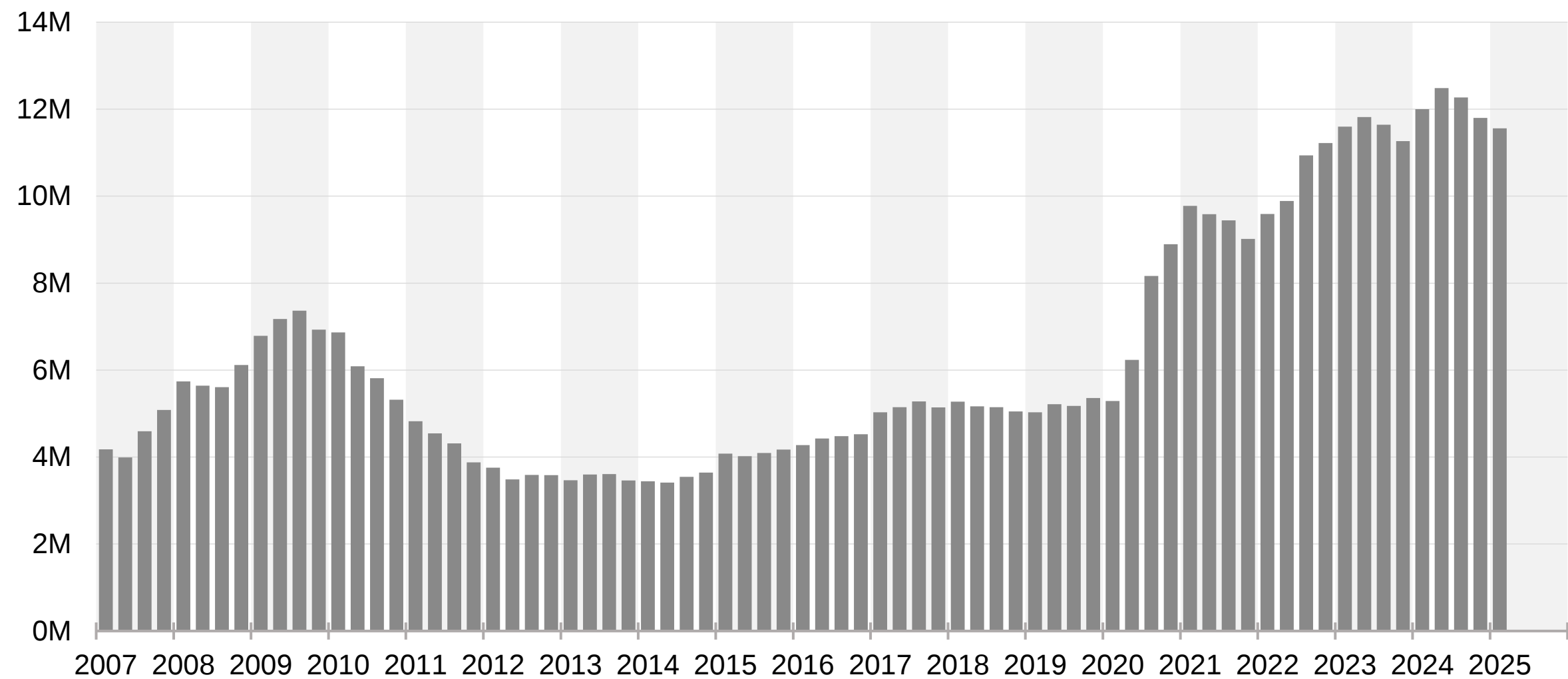
National Office Fundamentals



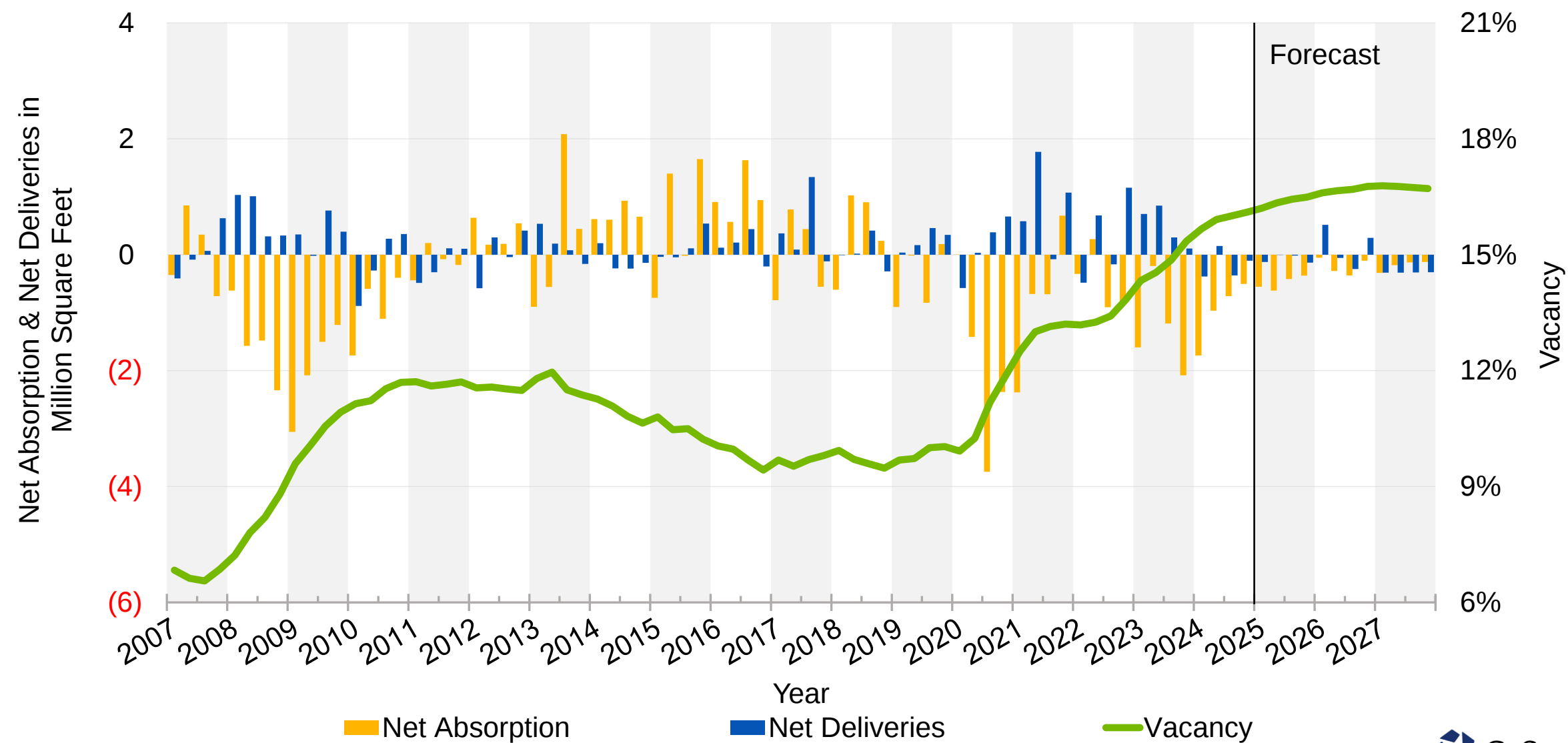
Los Angeles Office Vacancy by Submarket



Los Angeles Office Sublease Space



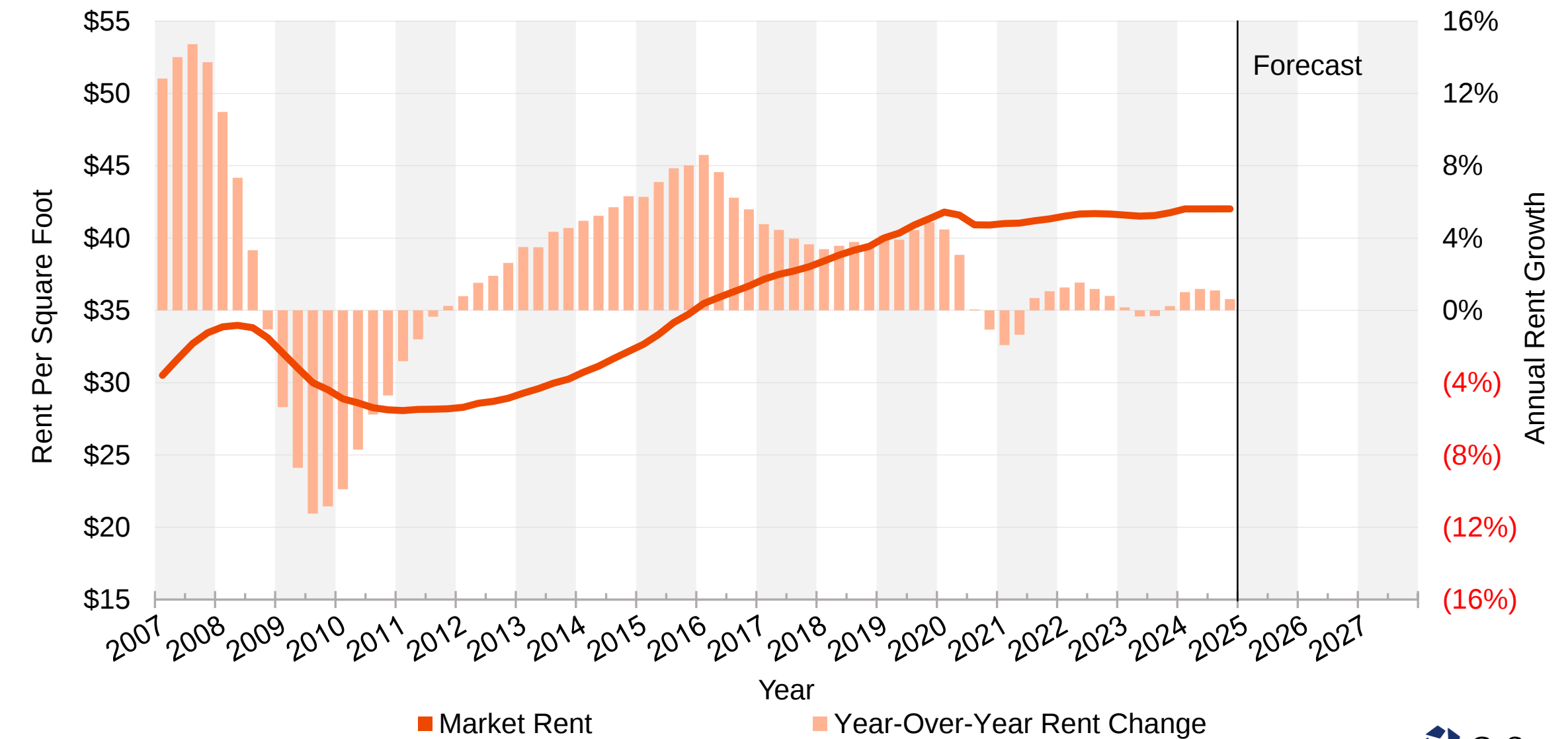
Los Angeles Office Fundamentals: Base Case Forecast



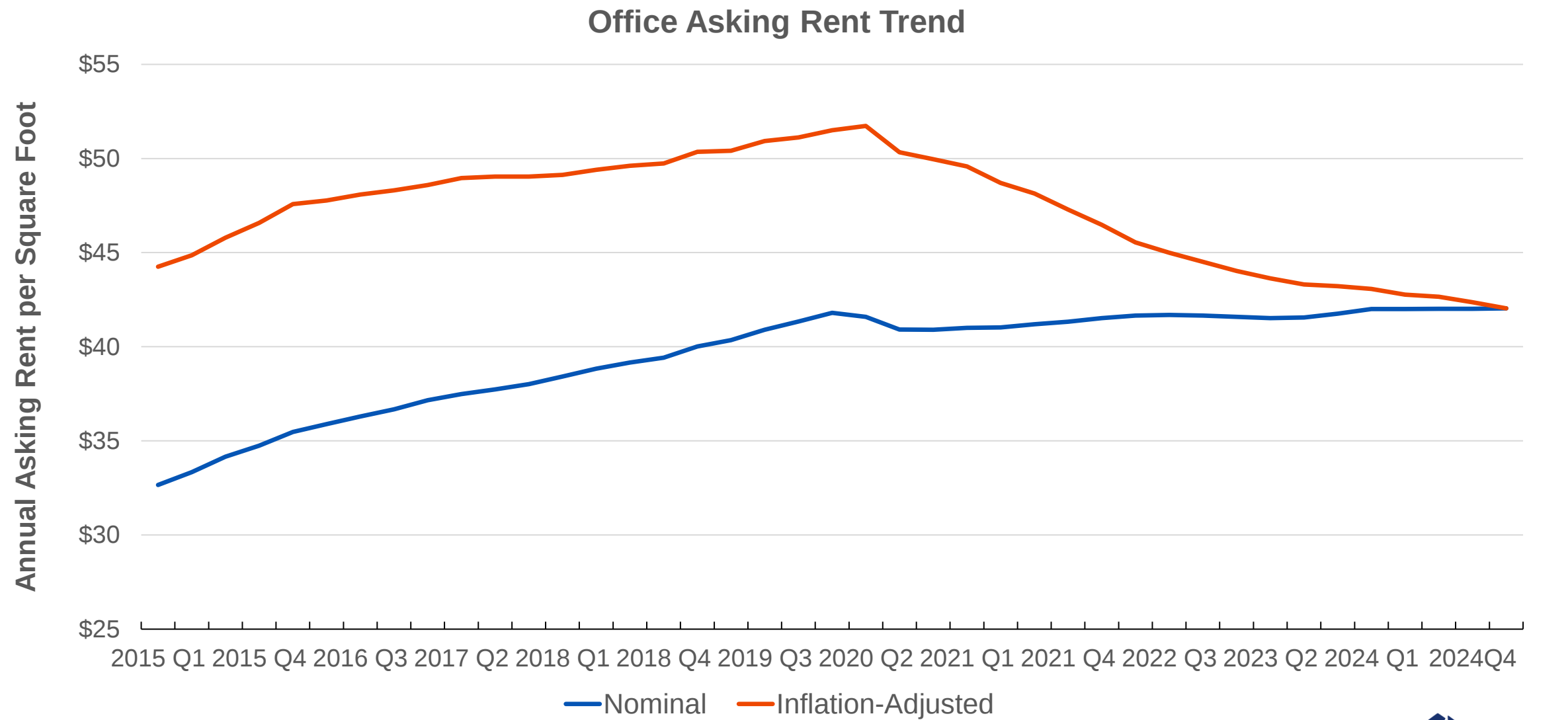
RENTS



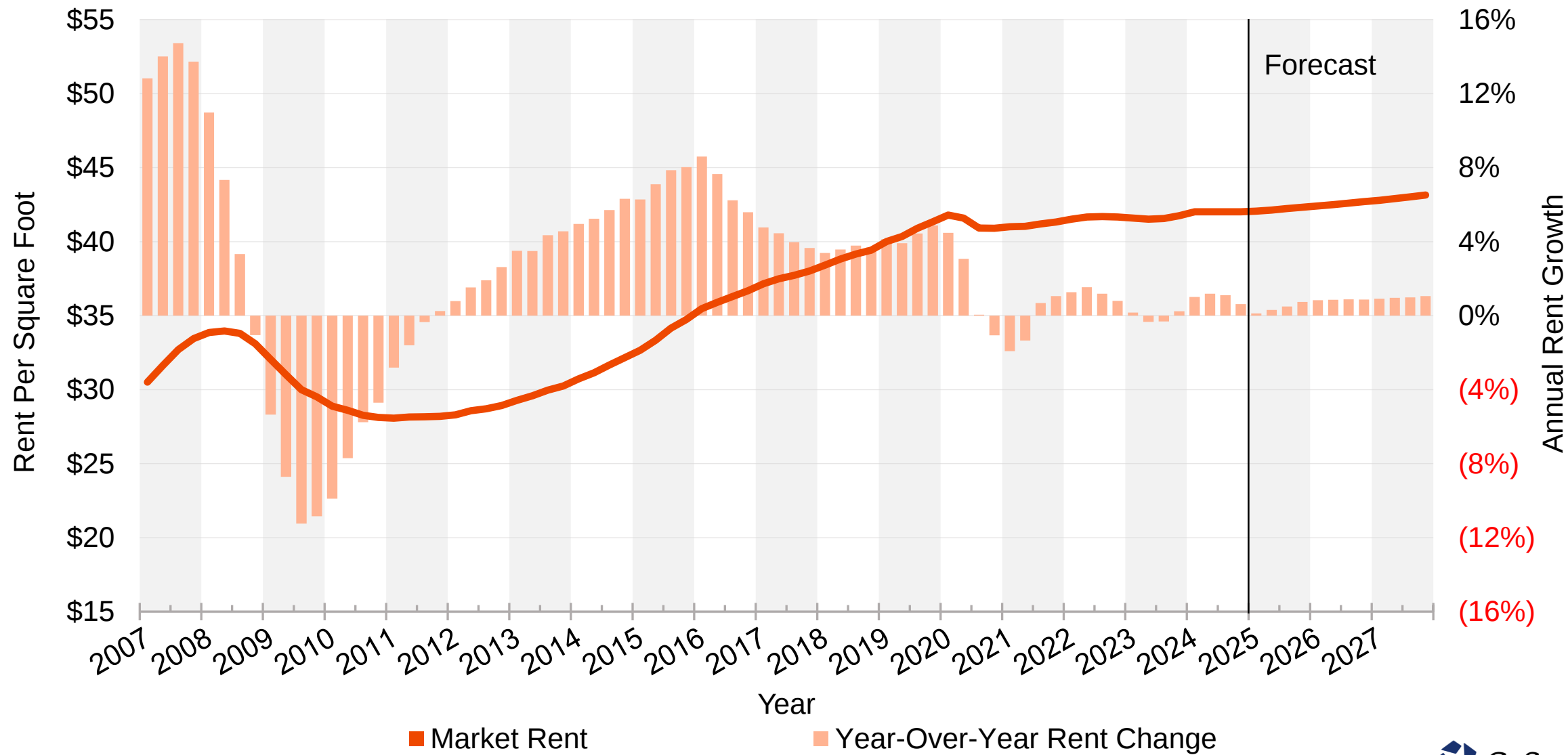
Los Angeles Office Rent Growth



Los Angeles Office Rent Growth Lags Far Behind Inflation



Los Angeles Office Rent Growth: Base Case Forecast



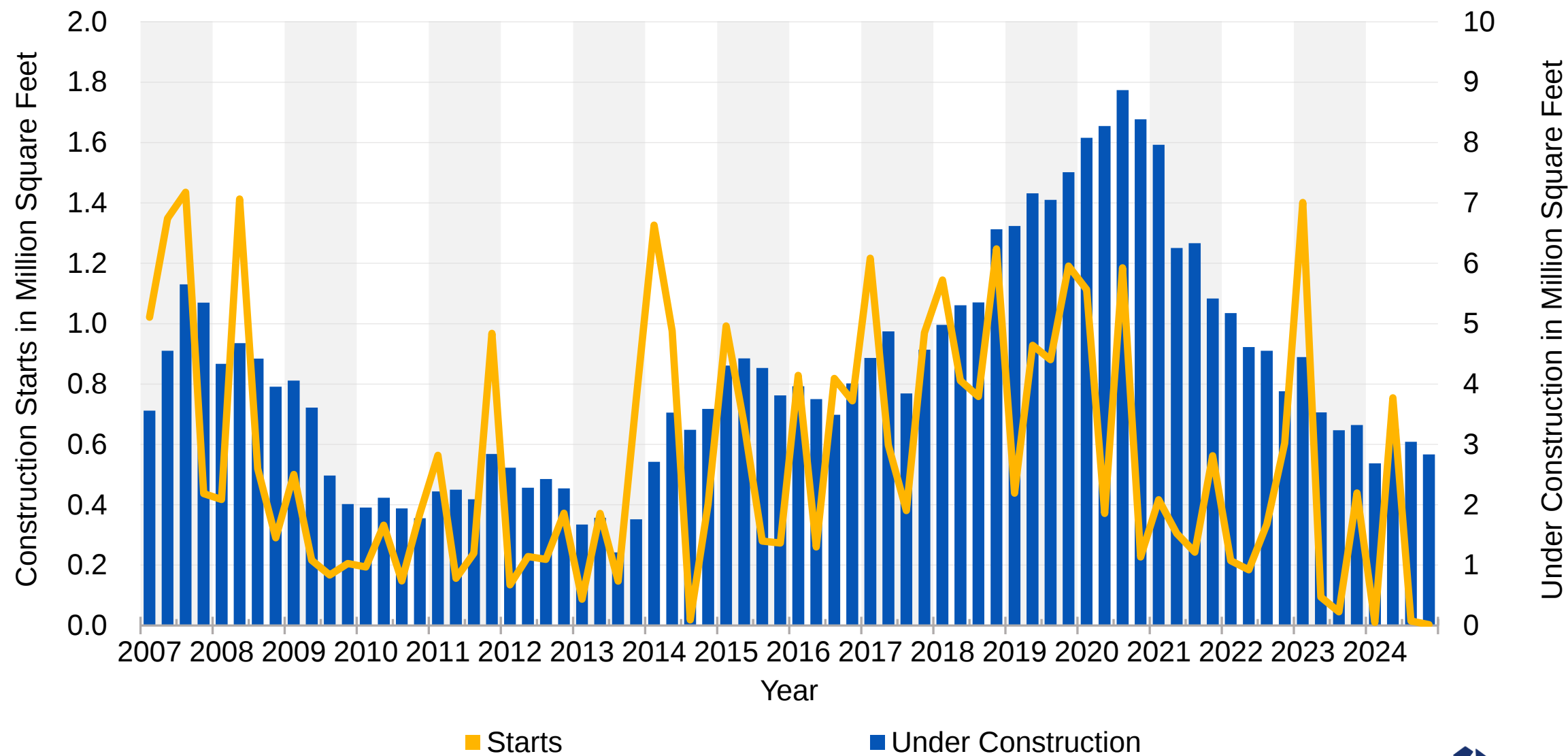
CONSTRUCTION



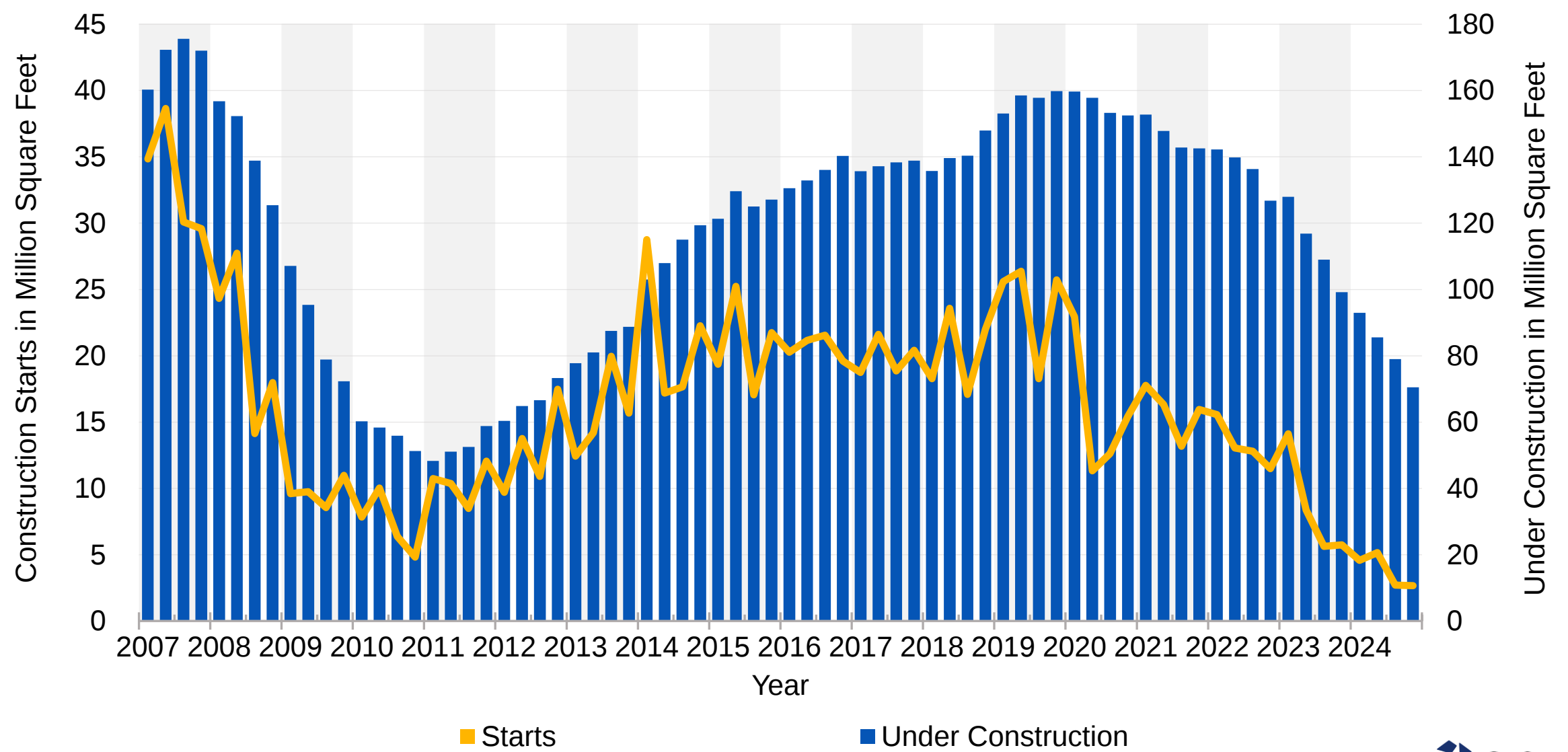
CoStar™



Los Angeles Office Starts and Under Construction



National Starts and Under Construction

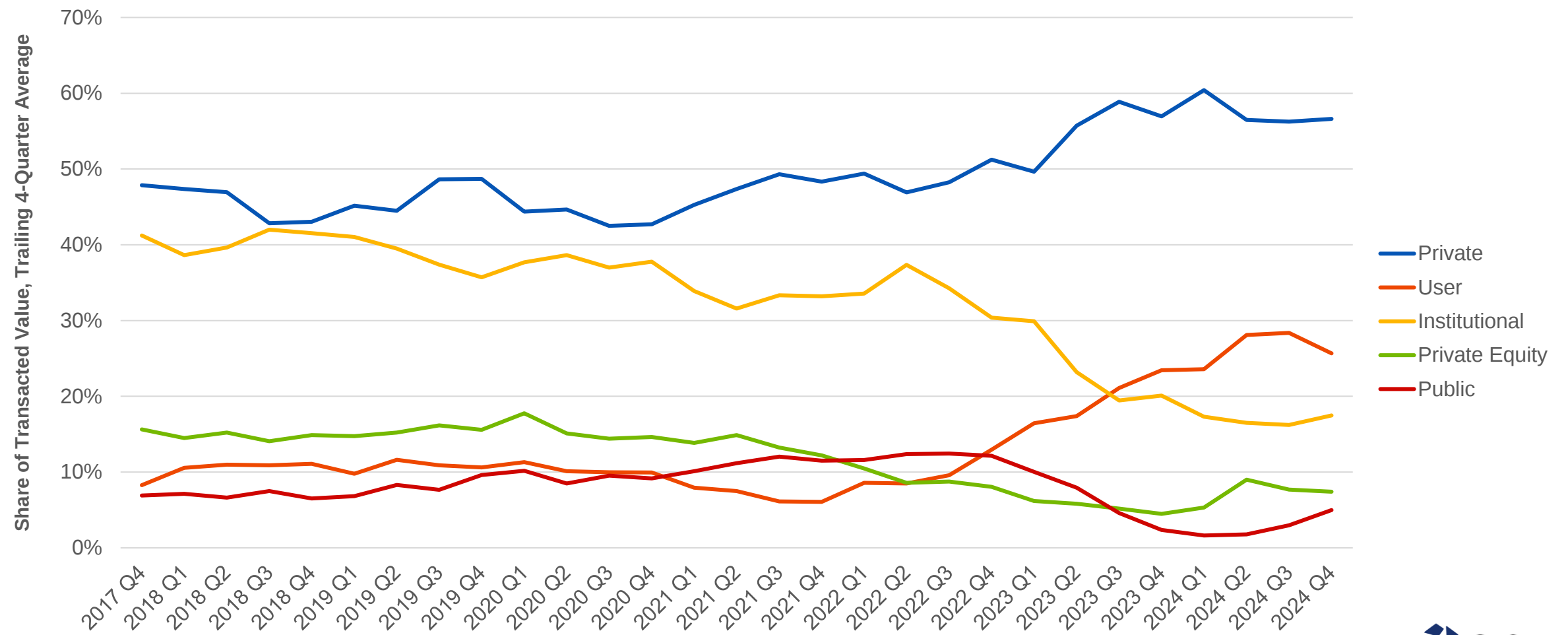


CAPITAL MARKETS



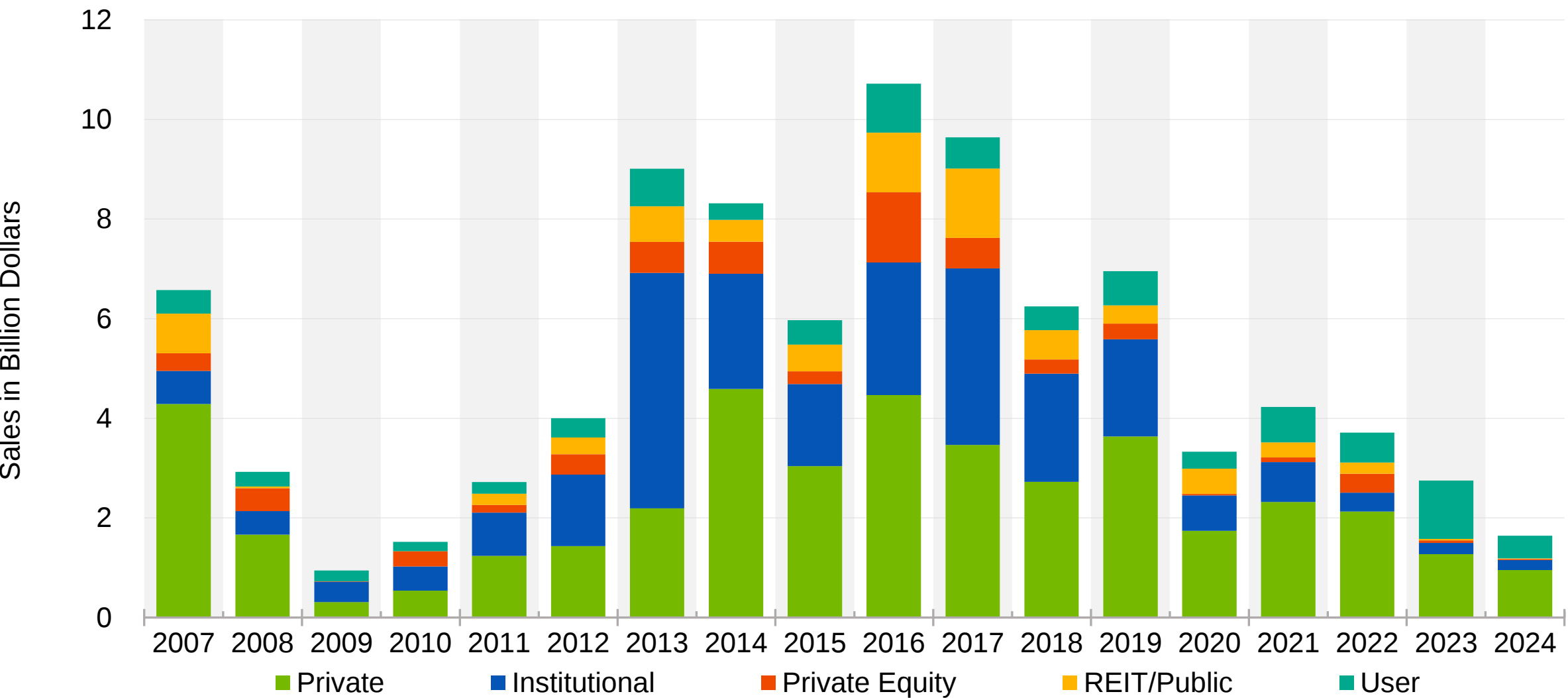
Occupiers are accounting for more office purchases nationally

Transaction Involvement by Buyer Type, Non-Medical Office Sales Over \$5 Million

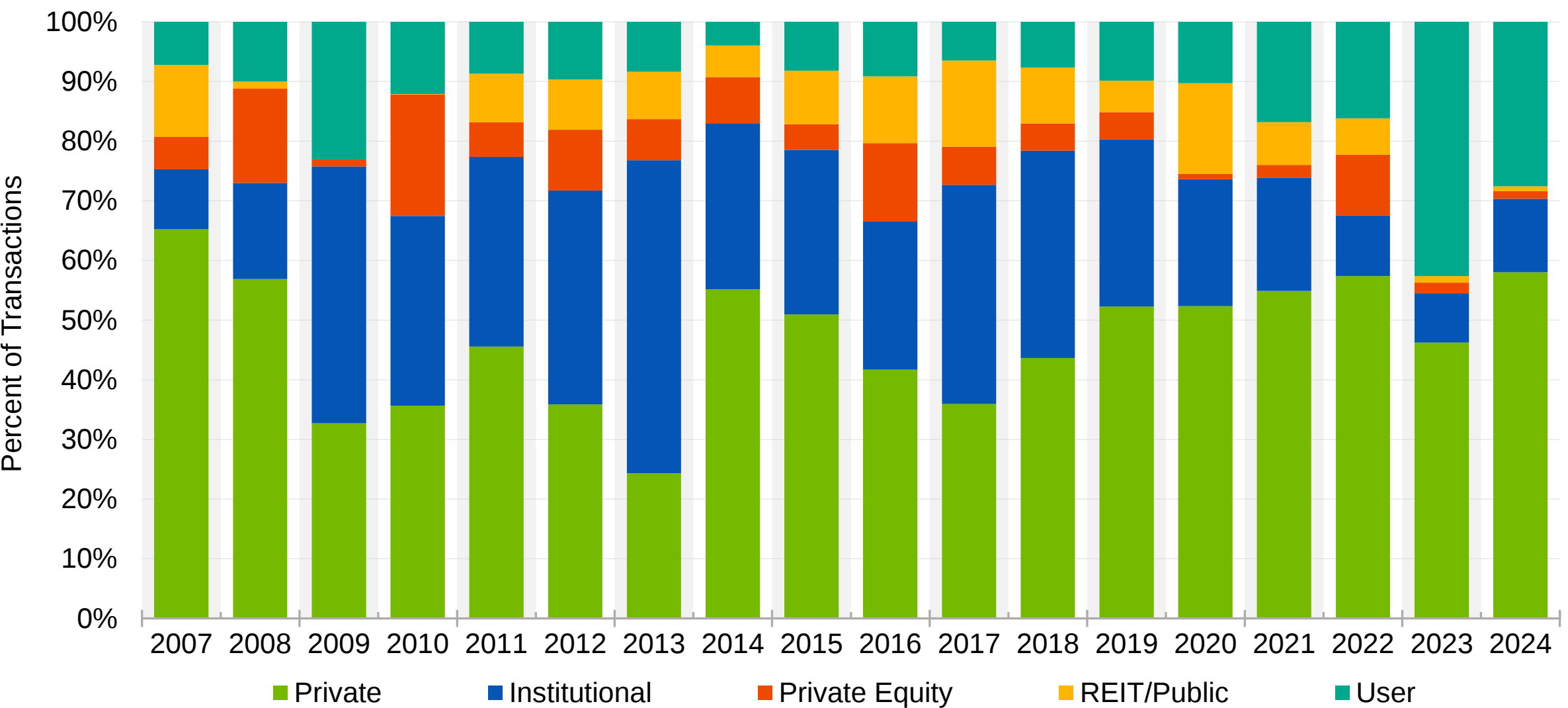


Source: CoStar, January 2025

Los Angeles Office Buyer Composition, Dollar Volumes



Los Angeles Office Buyer Composition, % of Sales





Recent Sales
101 N Brand
\$58.7 Million (\$145/SF)
55% Discount from 2016
Sale Price
50% Leased



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