

Availability tightens further, large-block availabilities are limited

Overall availability in greater Los Angeles declined for the fourth consecutive quarter, ending 2019 at 18.1%, a 90-basis-point decline over the year. Class A availability held flat quarter over quarter at 17.2%, but is down 100 basis points year over year. With availability tightening across the market, options remain limited for tenants looking for large blocks of contiguous space – particularly in prime locations. Class A asking rents increased 3.7% year over year to \$3.69 per square foot (psf) per month, while overall asking rents ticked up 6.2% over the same period to end the year at \$3.50 psf per month.

Leasing activity slows with a pullback from both TAMI sector tenants and flexible office providers

Quarterly leasing activity totaled 3.8 million square feet (msf), marking the slowest quarter of the year. A pullback in leasing from both technology, advertising, media and information (TAMI) sector tenants and flexible office providers contributed heavily to the lull. Netflix was the only one of the TAMI giants to post growth this quarter, as it leased an additional 85,000 square feet (sf) in Burbank. The Westside and Burbank remain favored submarkets, with any available large blocks taken off market quickly. Unlike recent quarters, there wasn't any significant leasing activity from flexible office providers – a fallout from WeWork's stalled growth and perhaps a sign of landlord hesitance to continue to lease space to the sector.

Availability, and options, vary by submarket; large blocks of space limited in West L.A.

Availability in Downtown L.A. remains high while Westside submarkets are continuing to tighten. Overall availability currently stands at 23.3% in Downtown L.A., 14.1% on the Westside, and 16.7% in the Tri-Cities submarket (compared to an overall market average of 18.1%). Beverly Hills, Burbank and Westwood / West L.A. continue to see declining Class A availability, now at 13.8%, 10.7% and 14.1%, respectively. Culver City, Century City, Santa Monica and Beverly Hills remain the premier submarkets in Greater Los Angeles, with heavy competition for large blocks as Class A asking rates continue to rise. Downtown L.A.'s office towers continue to struggle to attract tech and media tenants, while the Art District is leasing new product quickly, even as asking rents continue to climb, with tenants attracted to its creative options and amenities.

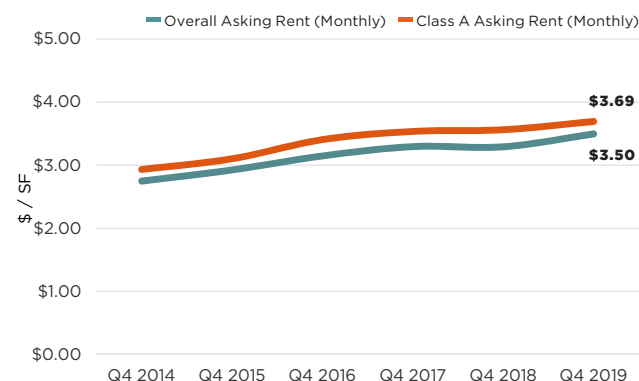
Outlook

- Larger tenants are faced with fewer options, particularly in new product, as top-quality and abundant amenities are in high demand
- With tightening in the Westside and in Burbank, the South Bay, Airport and Downtown L.A. submarkets offer more opportunities with many full-floor options
- The Downtown/Arts District submarket will continue to attract tenants with its newer developments, creative options and generous concession offerings

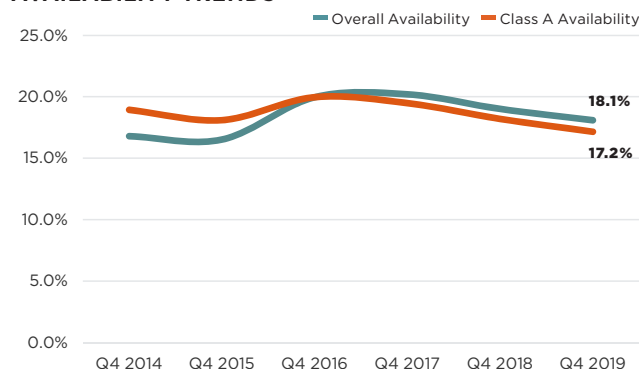
KEY STATISTICS

	Q4 2018	Q4 2019	y-o-y Change
Inventory	211.3 MSF	212.5 MSF	▲
Availability Rate	19.0%	18.1%	▼
Asking Rental Rate (Monthly)	\$3.29	\$3.50	▲
Class A Asking Rental Rate (Monthly)	\$3.56	\$3.69	▲
Quarterly Leasing Activity	4.5 MSF	3.8 MSF	▼

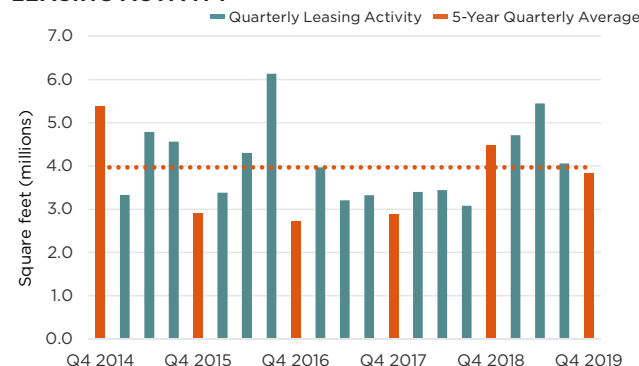
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

9 of 10

top transactions were **new locations or expansions**

24.6%

of major transactions occurred in **South Bay Area** submarkets

28.2%

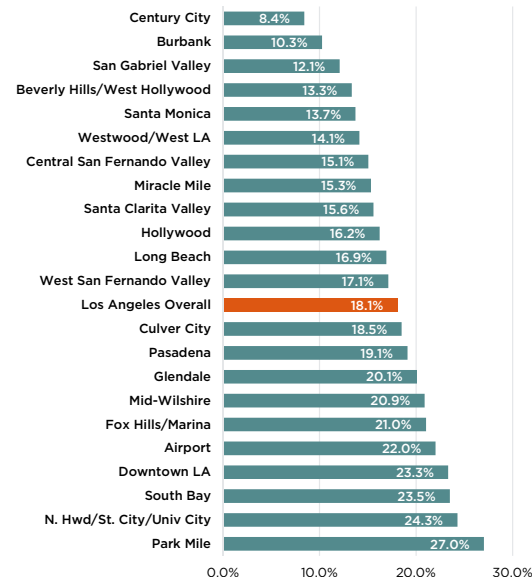
TAMI represented 28.2% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
City of Hope	159,678	4910 Rivergrade Road	Expansion	San Gabriel Valley	Healthcare
GoodRX	73,869	2701 Olympic Boulevard	New Location	Santa Monica	TAMI
LinQuest Corporation	65,298	300 N Pacific Coast Highway	New Location	Airport	Professional Services
Tencent	56,296	12777 W Jefferson Boulevard	New Location	Fox Hills/Marina	TAMI
LAHSA	55,355	707 Wilshire Boulevard	New Location	Downtown LA	Associations and Nonprofits
Netflix	55,000	2400 Empire Avenue	New Location	Burbank	TAMI
Intellisense Systems	49,008	21041 S Western Avenue	New Location	South Bay	Manufacturing
AmaWaterways	48,750	4500 Park Granada	New Location	West San Fernando Valley	Personal Services
Worley Canada Services	46,915	1500 Hughes Way	Renewal	Long Beach	Energy and Utilities
Andersen Tax	46,000	350 S Grand Avenue	New Location	Downtown LA	Financial Services

Source Savills Research

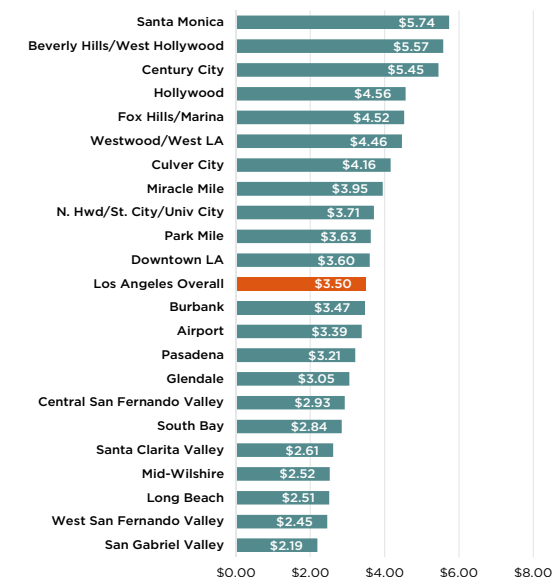
AVAILABILITY RATE COMPARISON

Los Angeles Submarkets



RENTAL RATE COMPARISON (\$/SF)

Los Angeles Submarkets



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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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