



# OFFICE MARKET UPDATE LOS ANGELES NORTH

SECOND QUARTER 2013

## Overview

The Los Angeles North office market slowed in the second quarter of 2013 as both the Central and East San Fernando Valley areas gave back space, offsetting gains made in the West San Fernando Valley. Tenants continued to downsize, and most submarkets again posted negative net absorption. A big reason buildings have been slow to fill is that some companies are still giving up office space they agreed to lease before the economic downturn. Other employers who are hiring are packing more workers into smaller spaces.

## Absorption

Net absorption for the Los Angeles North office market was a negative (263,824) square feet in the second quarter 2013, compared to a negative (106,743) square feet in the first quarter of 2013. Year to date the Woodland Hills/Warner Center submarket had the highest positive absorption with 150,263 square feet followed by the Calabasas/Westlake Village Center submarket with 118,542 square feet and the Thousand Oaks/SE County submarket with 88,661 square feet. Burbank was the worst performing submarket with negative (432,695) square feet, followed by the North Hollywood submarket with negative (148,217) square feet and the Glendale submarket with negative (98,536) square feet.

## Los Angeles North Office Market Snapshot

Submarket	# Buildings	Total RBA SF	Total Vacancy SF	Vacancy Rate	YTD Net Absorption	Under Construction	Quoted Rates
Burbank	599	14,139,239	1,847,823	13.1%	-432,695	0	\$2.63
Calabasas/Westlake Village	210	7,477,675	1,033,547	13.8%	118,542	0	\$1.98
Eastern SFV	594	8,409,657	897,277	10.7%	-86,502	0	\$1.75
Encino	86	4,854,881	548,011	11.3%	52,186	0	\$2.30
Glendale	708	12,035,631	1,600,509	13.3%	-98,536	0	\$2.36
North Hollywood	328	3,516,733	381,016	10.8%	-148,217	0	\$2.30
Santa Clarita Valley	208	4,716,764	620,754	13.2%	6,211	102,113	\$2.35
Sherman Oaks	126	3,721,851	461,862	12.4%	-39,940	0	\$2.25
Studio/Universal Cities	291	4,230,496	460,043	10.9%	34,511	0	\$2.90
Tarzana	76	1,659,082	175,253	10.6%	-9,620	0	\$2.02
Thousand Oaks/SE County	314	7,469,526	1,197,590	16.0%	88,661	0	\$2.05
Western SFV	381	6,790,794	1,067,909	15.7%	-5,431	0	\$1.91
Woodland Hills/Warner Center	214	10,344,610	1,432,544	13.8%	150,263	0	\$1.97
<b>Totals</b>	<b>4,135</b>	<b>89,366,939</b>	<b>11,724,138</b>	<b>13.1%</b>	<b>-370,567</b>	<b>102,113</b>	<b>\$2.21</b>

## Vacancy

The overall office vacancy rate in the Los Angeles North market area rose to 13.1% at the end of the second quarter 2013, compared to 12.8% in the first quarter 2013. The Thousand Oaks/SE County submarket had the region's highest vacancy rate of 16.0%, followed by the Western SFV submarket with 15.7%, and the Woodland Hills/Warner Center submarket and the Calabasas/Westlake Village submarket tied at 13.8%. The Tarzana submarket had the region's lowest vacancy rate of 10.6%, followed by the Eastern SFV submarket at 10.7% and the North Hollywood submarket at 10.8%.

## Rental Rates

The average quoted asking rental rate for available office space, all classes, remained at \$2.21 per square foot at the end of the second quarter 2013 in the Los Angeles North market. The average quoted rate within the Class A sector was \$2.41 per square foot, with Class B rates at \$2.03 per square foot, and Class C rates at \$1.86 per square foot. The Studio/Universal Cities submarket had the highest average asking rate of \$2.90 per square foot, while the Eastern San Fernando Valley market had the lowest rate at \$1.75 per square foot.

## Construction

There was one building totaling 102,113 square feet of office space under construction in the Los Angeles North office market at the end of the second quarter 2013. This building is the Santa Clarita Professional Center and is located at 17901 Soledad Canyon Road. The building is 0% pre-leased.

## Los Angeles North Top Office Leases

Address	Tenant	SF
5161 Lankershim Blvd., North Hollywood	Bento Box Entertainment, Inc.	25,535
2727 West Alameda Ave., Burbank	Foto-Kem Industries	20,600
26010 Mureau Road, Calabasas	Ama Waterways	18,345
550 N. Brand Blvd., Glendale	Hutchinson & Bloodgood LLP	18,000
2901 W. Alameda Ave., Burbank	Pivotal Post	17,125
4146 Lankershim Blvd., North Hollywood	Blueprint Post Production	15,373

## Sales Activity

Total office building sales activity in the first quarter 2013 fell compared to the fourth quarter 2012 in terms of dollar volume, and cap rates have been lower in 2013, averaging 6.16% compared to the same period in 2012 when they averaged 7.54%. The largest transaction that occurred within the first quarter 2013 was the sale of Corporate Pointe at West Hills by Multi-Employer Property Trust to Brookfield Office Properties. The sale of this 10 building portfolio on Fallbrook Ave. in West Hills, containing 988,688 square feet, took place on 1/17/2013 at a price of \$91,300,000 or approximately \$92.34 per square foot.



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