



Office

South Bay

22Q1

Vacancy Rate
23.5%

YOY
▲
FORECAST
—

Net Absorption
-122K SF

YOY
▲
FORECAST
—

Under Construction
451K SF

YOY
▼
FORECAST
—

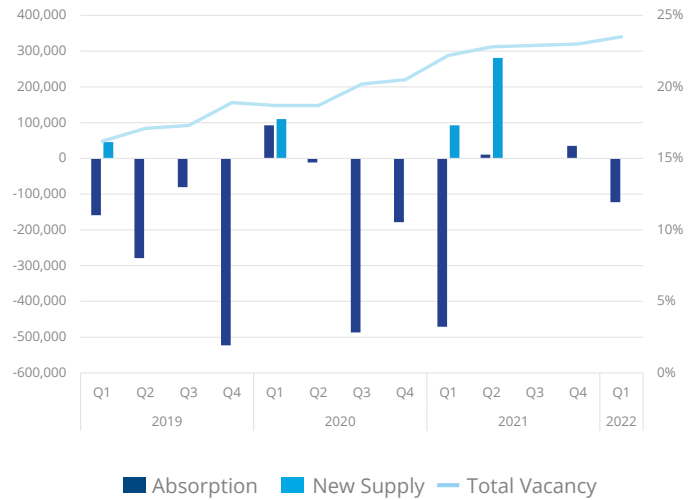
Overall Class A Asking Lease Rates (FSG)
\$3.63/SF

YOY
▲
FORECAST
—

South Bay

- South Bay finished with over 500,000 SF of leasing activity in Q1, accounting for 14.7% of the Los Angeles total.
- The average asking rent continued to rise in South Bay, increasing by another 1.2% over the quarter, reaching \$3.31 PSF per month.
- Rent growth was strong in South Bay submarkets beyond El Segundo & Beach Cities, such as 190th Street Corridor and LAX areas.
- Sublease availability reached a record high of 4% after DirecTV put nearly 300,000 SF on the market, downsizing its presence in El Segundo.
- While sublease availability remains elevated, the direct vacancy rate was relatively flat over the quarter at 20.9%.
- South Bay remains the only Los Angeles office market with leasing volume nearly back to pre-pandemic levels.

Market Graph



More sublease opportunities increased the overall vacancy rate in South Bay to 23.5%

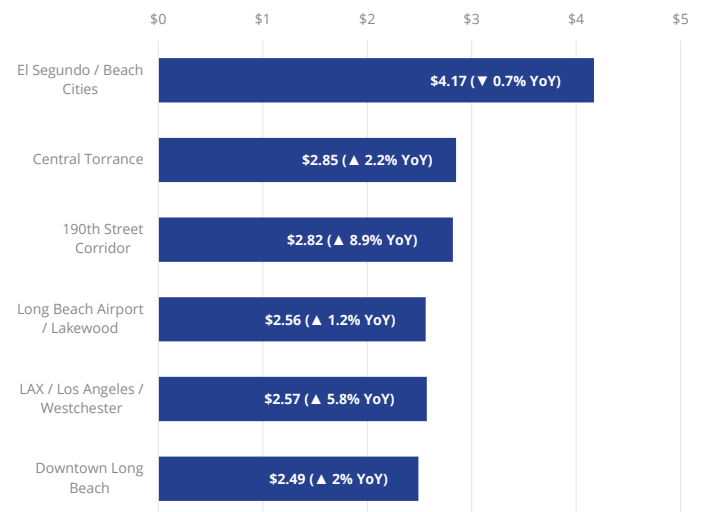
Market Indicators

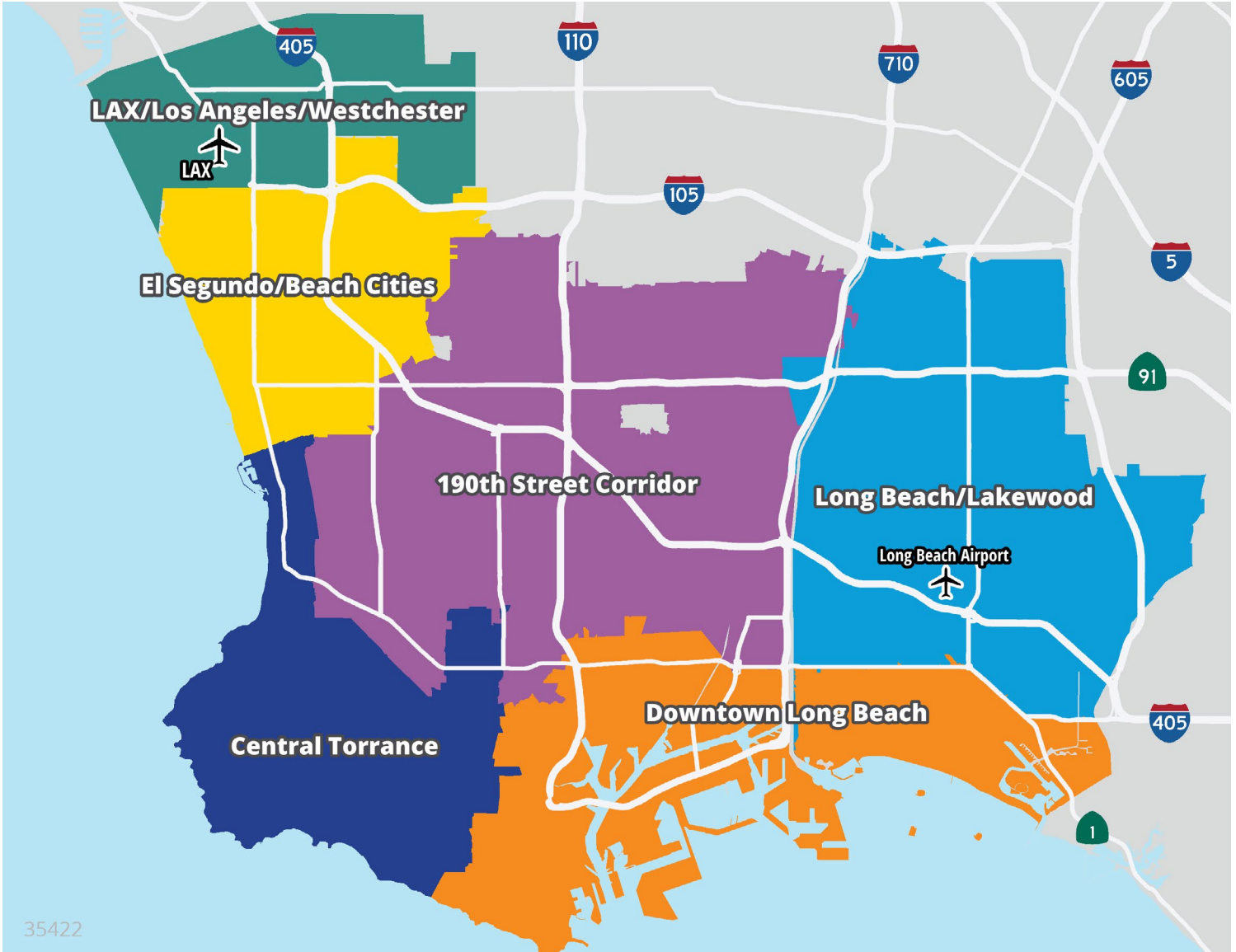
▼ 5.89% Unemployment Rate
▼ 5.21% GDP - Quarterly % Change YOY
▲ 2.40% U.S. 10-Year Treasury Note

Historical Comparison

	Q1 2021	Q4 2021	Q1 2022
Total Inventory (SF)	32,854,441	33,262,931	33,370,809
New Supply (SF)	92,373	0	0
Net Absorption (SF)	(470,553)	35,129	(122,212)
Overall Vacancy	22.2%	23.0%	23.5%
Under Construction (SF)	516,368	451,305	451,305
Overall Asking Lease Rates (FSG)	\$3.21	\$3.27	\$3.31

Average Asking Rate

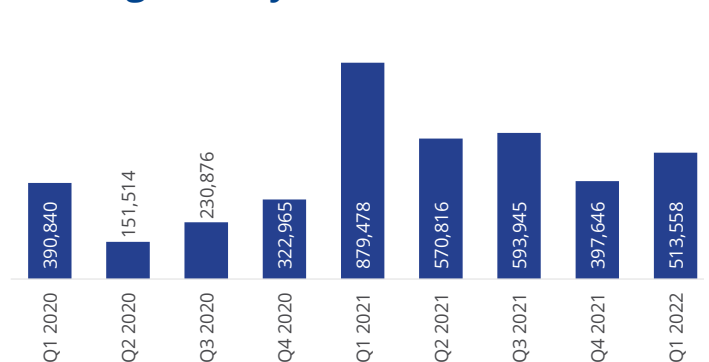




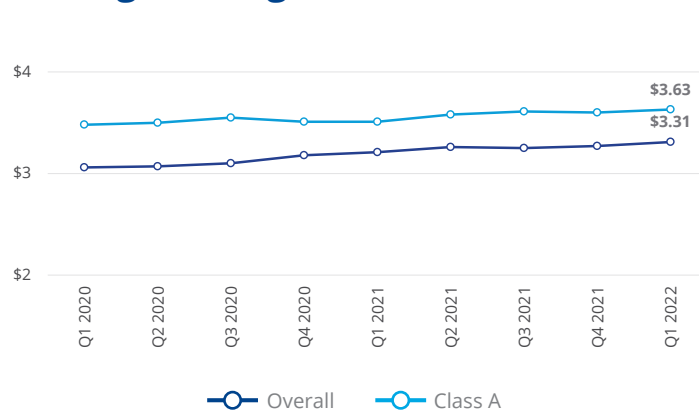
South Bay | Q1 2022 | Office | Market Statistics

Submarket	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Prior Qtr	Lease Activity Current	Lease Activity YTD	Net Absorption Current	Net Absorption YTD	Under Construction	Avg Asking Rate (All Classes)	Avg Asking Rate (Class A)
LAX/Westchester	3,782,564	28.8%	1.0%	29.8%	35.0%	35.1%	8,947	8,947	4,336	4,336	0	\$2.57	\$2.88
El Segundo/Beach Cities	12,857,102	23.9%	6.3%	30.2%	23.4%	22.2%	283,527	283,527	(65,068)	(65,068)	451,305	\$4.17	\$4.27
Central Torrance	3,823,296	15.4%	3.9%	19.3%	14.6%	13.2%	40,616	40,616	(54,644)	(54,644)	0	\$2.85	\$3.19
190th Street Corridor	3,604,792	14.6%	0.8%	15.4%	17.8%	18.1%	32,863	32,863	10,366	10,366	0	\$2.82	\$3.06
Long Beach/Lakewood	4,772,652	22.5%	2.4%	24.9%	21.7%	22.3%	108,049	108,049	29,728	29,728	0	\$2.56	\$2.78
Downtown Long Beach	4,530,403	30.4%	4.0%	33.3%	28.4%	27.3%	39,556	39,556	(46,930)	(46,930)	0	\$2.49	\$2.95
Total	33,370,809	23.1%	4.0%	27.0%	23.5%	22.9%	513,558	513,558	(122,212)	(122,212)	451,305	\$3.31	\$3.63

Leasing Activity



Average Asking Rent



Leasing Activity

Address	Submarket	Tenant	Size (SF)	Type
2201 Rosecrans Avenue	El Segundo	National Veterinary Association	80,000	New
200 N. Pacific Coast Highway	El Segundo	SAIC	43,109	Renewal
2200 E. Imperial Highway	El Segundo	ManTech	19,163	New

Sales Activity

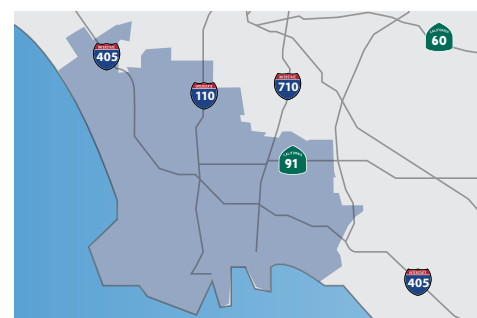
Address	Submarket	Developer	Size (SF)	Sales Price / PSF
19701 Hamilton Avenue / The H	190th Street Corridor	Brookfield Properties	122,277	\$36,100,000 / \$295
3545 Long Beach Boulevard	Long Beach	Childnet Youth & Family Services	63,280	\$11,000,000 / \$174
615 N. Nash Street / El Segundo Corporate	El Segundo	Nanthealth	52,583	\$20,500,000 / \$390

Development Activity

Project	Submarket	Developer	Size (SF)	Completion Year
15000 Aviation Boulevard (Renovation)	El Segundo	Worth Real Estate Group	206,946	2022
2201 Rosecrans Avenue (Renovation)	El Segundo	Continental Development	80,000	2022

Market Description

The South Bay office market is comprised of 33.3M SF, representing 15.5% of office space in buildings over 25,000 SF in greater Los Angeles. Most of the space (64%) was built in the 1980s, and only 8% was built after 1989. Nearly half (49%) of its space is contained within mid-rise buildings (5–13 stories), followed by 32% in low-rise buildings and 19% in high-rise. It has a large concentration of firms in aerospace (although many fewer than in the 1980s), automotive, telecommunications, information technology, healthcare and business services and is served by a highly educated labor force.



FOR MORE INFORMATION

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