



Office

Tri-Cities

21Q2

Vacancy Rate
14.9%
YOY ↑
FORECAST ↑

Net Absorption
-90K_{SF}
YOY ↓
FORECAST ↑

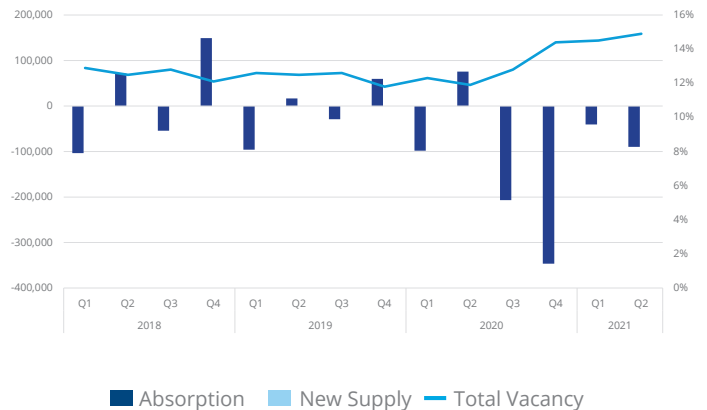
Under Construction
860K_{SF}
YOY —
FORECAST ↓

Overall Class A Asking Lease Rates (FSG)
\$3.49/_{SF}
YOY ↑
FORECAST —

Tri-Cities

- Tri-Cities overall vacancy increased by 40 basis points over the quarter, reaching 14.9%.
- Burbank is one of the few submarkets in Los Angeles with single-digit vacancy.
- Overall rent growth was flat over the quarter but has been on the rise in Burbank over the past few quarters.
- Lincoln Property purchased a 238,837-SF office campus at 465 N. Halstead Street where Xencor has leased 148,000 SF.
- Leasing activity was more than double the amount of the previous quarter as well as Q2 2020 when the pandemic started.
- Content-producing tenants attracted to the studio spaces are keeping office demand healthy in Tri-Cities.

Market Graph



Net absorption was negative for four consecutive quarters, with occupancy losses totaling 683,694 SF.

Market Indicators



Historical Comparison

	Q2 2020	Q1 2021	Q2 2021
Total Inventory (SF)	22,909,597	22,909,597	22,909,597
New Supply (SF)	0	0	0
Net Absorption (SF)	75,819	(40,401)	(89,992)
Overall Vacancy	11.9%	14.5%	14.9%
Under Construction (SF)	0	860,000	860,000
Overall Asking Lease Rates (FSG)	\$3.39	\$3.37	\$3.37

Average Asking Rate



Market	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)
Burbank	7,040,686	6.6%	1.7%	8.3%	8.7%	8.1%	114,281	125,270	(38,623)	(79,369)	860,000	\$3.84	\$3.90
Glendale	6,086,769	20.6%	5.4%	26.0%	20.3%	20.1%	60,559	93,057	(13,488)	(74,006)	0	\$3.24	\$3.26
Pasadena	8,464,402	21.6%	5.6%	27.2%	16.0%	15.5%	104,556	194,874	(40,296)	19,827	0	\$3.35	\$3.59
Arcadia	340,241	22.6%	5.7%	28.2%	28.0%	25.2%	6,853	20,523	(9,674)	(14,903)	0	\$2.51	\$2.85
Monrovia	977,499	12.6%	5.2%	17.8%	12.0%	13.3%	31,774	36,047	12,089	18,058	0	\$2.55	\$2.75
Total	22,909,597	16.0%	4.2%	20.2%	14.9%	14.5%	318,023	469,771	(89,992)	(130,393)	860,000	\$3.37	\$3.49

Leasing Activity

Address	Submarket	Tenant	Size (SF)	Type
465 N. Halstead Street	Burbank	Xencor	148,000	New

Sales Activity

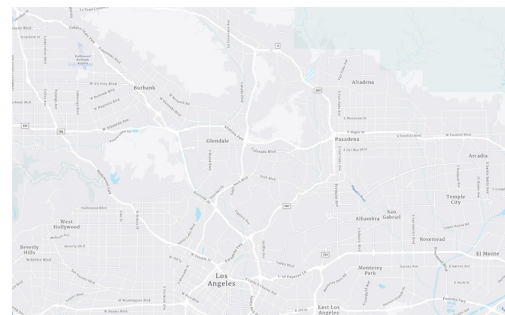
Project	Submarket	Developer	Size (SF)	Sales Price
465 N. Halstead Street	Burbank	Lincoln Property	238,837	\$72,500,000 / \$303
1840 Victory Boulevard / Victory Media Campus	Glendale	Nuveen Real Estate	67,712	\$45,111,000 / \$666

Development Activity

Project	Submarket	Developer	Size (SF)	Completion Year
3000 W. Alameda Avenue / Second Century	Burbank	Worthe Real Estate Group	800,000	2023
6265 San Fernando Road / Sawtooth Building	Glendale	Westbrook Partners	60,000	2021

Market Description

The Tri-Cities office market is a relatively small market, comprising 22.9 MSF and representing 10.9% of office space in buildings over 25,000 SF in Greater Los Angeles. It is one of the premier locations for firms in entertainment (primarily in Burbank), insurance (primarily in Glendale), high tech/ engineering (primarily in Pasadena, stretching through Arcadia and into Monrovia), finance and professional services sectors. Much of the space is relatively new with 46% built in 1985 or later. In contrast to most office markets in the region, a large percentage of the space is in mid-rise (50%) and high-rise (20%) buildings.



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