

**SPECIAL REPORT** REAL ESTATE QUARTERLY

# West Los Angeles, Culver City Turn Up Heat in Hot Submarket

**T**HE pull of the Westside remained strong in the second quarter as employers continued to surf the economic recovery, expanding space and increasing headcount. According to data from **Jones Lang LaSalle Inc.**, vacancy rates declined to 14.6 percent at the end of the second quarter from 15.1 percent in the first and 16.8 percent a year ago.

Landlords took advantage of demand and bumped average asking rates to \$4.02 a square foot, up from \$3.99 in the prior quarter and \$3.84 a year before.

"We continue to see a substantial rise in asking prices. The reason? A lot of tenant activity and not a lot of product or the right type of product to fill tenant need," said **Sean Westgate**, a senior vice president with **Cresa**.

Top buildings in Santa Monica and Beverly Hills command the highest prices, with landlords asking for and often getting \$5 a square foot. Beverly Hills' incredibly tight 8.8 percent vacancy pushed average asking rates to a whopping \$4.72 in the second, 10 cents higher than in the first quarter and up 57 cents from the prior year.

Asking rents in Santa Monica remained strong, thanks to 9.4 percent vacancy. Landlords requested \$4.45 per square foot, down slightly from \$4.48 in the first and still a far cry from the \$4.61 achieved by midyear 2013.

**Shorenstein Realty Services' Reserve**, at 13031 Jefferson Blvd. in Playa Vista, achieved 100 percent occupancy with a 70,000-square-foot **Verizon/Edgecast** lease.

Terms were not disclosed.

Despite the eye-popping rents and occupancy rates of their fancier counterparts, the real action was in West Los Angeles and Culver City.

West Los Angeles-Olympic Corridor is in such demand that a 24,759-square-foot deal recently closed with a one-day escrow. **Archway Holdings Corp.** jumped on 11801 Mississippi Ave., paying **AIG** an estimated \$11 million.

"They moved quickly in the acquisition to try and stem multiple offers," explained **Neil Resnick**, a principal with **Avison Young**. "Their rationale... was the belief that the area will continue to gain attention and be a drawing card as the Metro line continues its march to the sea."

Elsewhere along the corridor, **Riot Games** took 77,000 square feet at 12312 W. Olympic Blvd. in the Westside Media Center.

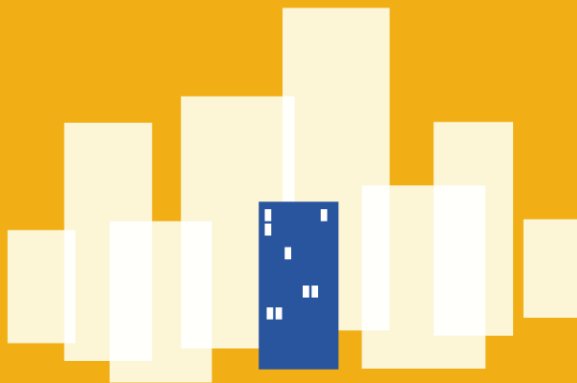
Vacancy in the Olympic Corridor at midyear was 11.7 percent, down from 12.3 percent in the first quarter and 12.9 percent a year prior. Asking rates held at \$3.59 a square foot for the second consecutive quarter, up 31 cents from the previous year.

Tenants seeking proximity to hotter markets are again looking at Culver City, pushing vacancy down to 24.3 percent in the second quarter from 25.7 percent in the prior period and 28.4 percent 12 months ago. That propelled average asking rates to \$3.01 a square foot in the second quarter, up from \$2.95 last quarter and \$2.86 last year.

Brokers expect increased deal velocity in Culver City and across the Westside as the year rolls on.

—Margot Carmichael Lester

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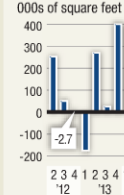


## WESTSIDE

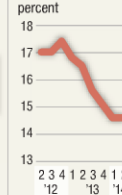
### OFFICE MARKET AT A GLANCE

INVENTORY	46.8 million square feet
UNDER CONSTRUCTION	350,000 square feet
CLASS A ASKING RENTS	\$4.02

#### Net Absorption



#### Vacancy Rate



## Main Events

- **Verizon/Edgecast** inked a 70,000-square-foot lease at Reserve, 13101 Jefferson Blvd., bringing the Playa Vista office park to 100 percent occupancy. Terms were not disclosed.
- **Archway Holdings Corp.** jumped on 11801 Mississippi Ave., in West Los Angeles, paying **AIG** an estimated \$11 million. The deal closed in July.
- **Riot Games** took 77,000 square feet at 12312 W. Olympic Blvd. in the Westside Media Center.
- Palo Alto-based **Kenson Ventures** sold the 10,455-square-foot retail-office property at 340 N. Camden Drive in Beverly Hills to **Sterling Capital** for \$11.5 million, or \$1,099.95 per square foot.
- Sacramento investor **James Accinelli** sold 1940 Century Park East, a Class B office building, in Century City to Santa Monica-based **Gillis Family Partnership** for \$23 million, or \$500 per square foot.

