

Los Angeles

Impact

The entertainment industry has increasingly become more intertwined with high-tech, resulting in significant growth among high-tech companies within the market. Santa Monica, a key location for high-tech firms serving the entertainment and media business, has experienced the sharpest year-over-year vacancy decline in Los Angeles as a result of recent leasing activity by these firms.

Overview

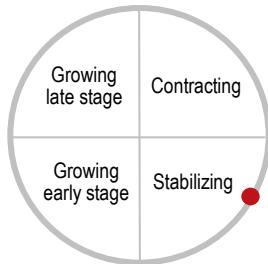
Although the overall office market continues to stabilize in the eye of a recovering economy, glimmers of optimism have emerged in small areas as high-tech start-ups generate demand. Additionally, Silicon Valley giants looking to capitalize on the synergy between media, entertainment, and high-tech are expanding their presence in Southern California. As a result, many large blocks of space have been rapidly absorbed in recent months. With the majority of "creative" office space located in Santa Monica, landlords are experiencing an increase in competition among tenants and have responded by raising rental rates.

Outlook

The interplay between entertainment and high-tech will likely form new niche markets in Los Angeles and sustain overall market health. Submarkets with high-tech clusters are expected to outperform over the next 12 months.

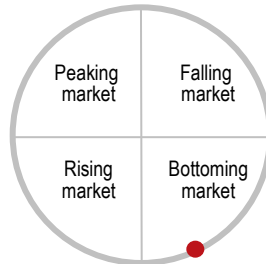
High-tech industry

Economic cycle clock



Office property

Market cycle clock



Players: top high-tech firms
By real estate footprint



Electronic Arts
Activision
Google

Scorecard



Economic		rank
High-tech jobs / annual growth	100,510 / -1.9%	3/17
Percent of total jobs	3.0%	15
Number of firms	5,433	3
Venture capital funding (past 4 quarters)	\$953.1 M	6
Share of U.S. total	3.8%	
College education	28.4%	16
Diversity (non-white / foreign born)	46.8% / 34.5%	2/3
Office		
Cost (average asking rent)	\$31.40	6
Annual growth	-1.4%	15
Supply (vacancy rate)	18.4%	12
Demand (net absorption sf / %)	-862,590 sf / -0.5%	18
High-tech concentration (high-tech services vs. office jobs)	5.2%	18

Recent lease activity



Google
340 Main Street
68,000 sf



Riot Games
2450 Broadway Street
47,000 sf



OTX Corporation
10567 Jefferson Boulevard
33,000 sf



Sony
4499 Glencoe Avenue
22,000 sf