

# MARKET REPORT

Retail  
Los Angeles Metro Area

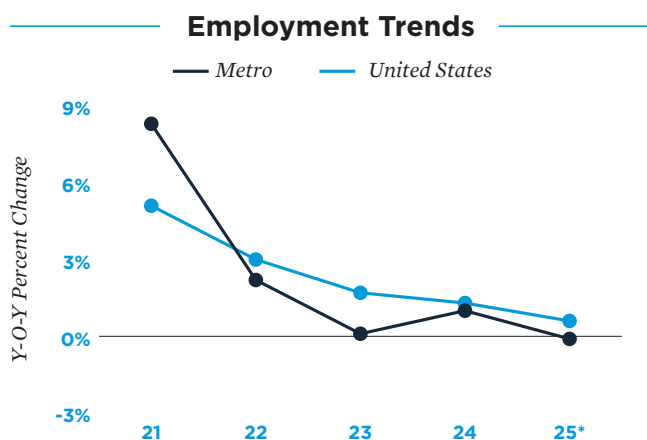
IPA  
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ADVISORS

3Q/25

## Pockets of Outperformance and Scant Pipeline Ease Some Concerns Around Los Angeles Retail

**Singular narrative does not apply to all submarkets.** Los Angeles County's retail sector entered the second half of 2025 with record-high vacancy of 6.6 percent. Historically elevated rates are evident across many submarkets, as a recent pullback in new lease commitments and a wave of store closures broadly impact local fundamentals. Still, demand is holding up in select reaches of the metro. Mid-Wilshire recorded a 20-basis-point drop in vacancy in the first half, with Santa Clarita Valley and Antelope Valley entering July with rates at or below their long-term averages. In contrast, vacancy in Downtown Los Angeles — 11.1 percent — is nearly 500 basis points above its prior 10-year average. Here, and in West Los Angeles, demand for retail space should continue to be challenged, as local office vacancy rates above 20 percent limit midweek foot traffic.

**Performance discrepancies exist on a property level.** The local single- and multi-tenant sectors each entered July with their highest vacancy since at least 2007, yet standout property performance remains evident. Auto repair and fast food-related vacancy is extremely limited at sub-2 percent. Meanwhile, just 3.6 percent of the metro's supermarket space is available, and strip centers and power centers are both exhibiting rates in the low-5 percent band. Across these property types, pressure in the form of upcoming supply additions will be minimal across retail segments. As a result, the active pipeline equates to less than 0.2 percent of existing inventory.



\* Forecast

Sources: BLS; CoStar Group, Inc.

## Retail 2025 Outlook



**5,000  
JOBS**  
*will be lost*

### EMPLOYMENT:

After losing 23,200 roles in the first quarter, the metro added nearly 13,000 positions in the subsequent four months. More jobs will be recouped by year-end, but the local job count will still shrink by 0.1 percent.



**625,000  
SQ. FT.**  
*will be completed*

### CONSTRUCTION:

The volume of square footage delivered across Los Angeles County during 2025 surpasses totals from each of the past three years. Local inventory growth, however, remains scant at just 0.2 percent.



**50  
BASIS POINT**  
*increase in vacancy*

### VACANCY:

The local retail sector registers a third straight year of moderate vacancy increase as store closures outpace demand for existing space. This dynamic lifts vacancy to 6.8 percent — the highest mark since at least 2007.

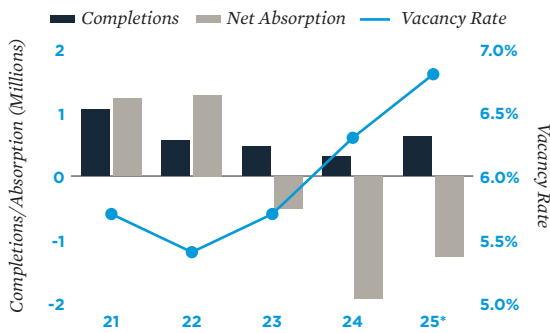


**1.6%  
DECREASE**  
*in asking rent*

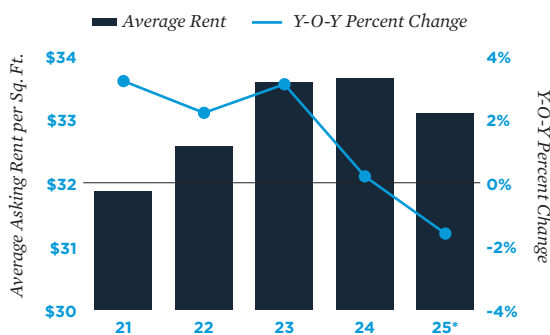
### RENT:

Record vacancy inhibits upward rent movement. Instead, the average marketed rate modestly declines to \$33.10 per square foot, which still ranks as the highest metric among major Southern California markets.

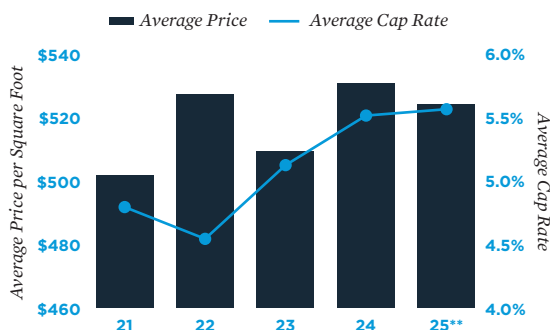
### Supply and Demand



### Rent Trends



### Sales Trends



\* Forecast \*\* Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

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Price: \$250

## 2Q 2025 – 12-Month Period



### CONSTRUCTION

**396,000 sq. ft. completed**

- Los Angeles' retail inventory grew by just 0.1 percent during the yearlong period ended in June, mirroring the prior 12-month interval. Single-tenant completions accounted for three-fourths of the space delivered.
- San Gabriel Valley, Mid-Wilshire and Southeast Los Angeles led submarkets in deliveries, with each adding roughly 60,000 square feet.



### VACANCY

**50 basis point increase in vacancy Y-O-Y**

- The county's vacant stock grew by nearly 2 million square feet during the recent 12-month window. At 6.6 percent in June, the metro's vacancy rate was 140 basis points above its prior 10-year average.
- All submarkets with at least 10 million square feet of stock recorded vacancy increases. San Gabriel Valley is home to the lowest rate: 5.5 percent.



### RENT

**1.2% decrease in the average asking rent Y-O-Y**

- Record-high vacancy negatively affected Los Angeles' average asking rent, which declined slightly over the past year to \$33.31 per square foot in June.
- Downward rent movement was apparent across both the single- and multi-tenant sectors; however, the latter property type registered the more pronounced decline in its marketed rate, falling by 2.8 percent.

## Investment Highlights

- Local deal flow improved by 14 percent year over year during the 12-month span ended in June. Sales activity in the first half of 2025 was largely to credit for this annual increase. The number of property trades surpassed the total from the same period in 2024 by 40 percent. Most of the assets that changed hands sold for less than \$5 million, with many acquired by private in-state buyers or the property's current tenant.
- Single-tenant closings accounted for the bulk of first-half trades. Sales were most frequent in South Bay, San Fernando Valley, San Gabriel Valley and cities south of Downtown Los Angeles, including South Gate and Bellflower. Trades involving assets net-leased to auto repair shops, restaurants and fast food chains were common. Many of these properties also traded above the metro's mean single-tenant price point of \$608 per square foot.
- Multi-tenant trading in the first half primarily involved pre-1990s-built properties, with community, neighborhood and strip centers selling for an average of \$280 per square foot. Areas south of downtown and the eastern reaches of San Gabriel Valley registered the most transactions, though investors were also active in outer suburbs, including Antelope Valley.

The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics

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