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DLBA 2Q 2022 Snapshot Reveals Latest Data on Commercial Office Market in Downtown

(LONG BEACH, CA – August 1, 2022) The latest economic report from the Downtown Long Beach Alliance (DLBA) on the commercial office market reflects impacts of the changing nature of office work due to the pandemic and how companies and commercial property owners are adapting to remote workers.

“Even with the shift to working remotely versus in the office or a hybrid approach, DTLB today is a competitive market for companies,” said Morris Mills, DLBA's Research and Public Policy Analyst. “Downtown is well positioned to accommodate these commercial office evolutions though our community needs to continue working together to respond to and address challenges.”

Some of the key findings from the [DLBA Q2 2022 Snapshot](#) report included total commercial office vacancy in Downtown rising to 22.4 percent, a 20-year high, continuing a trend that began in Q1 2020. The main driver stems from lower occupancy at three Class A office properties (Landmark Square, One World Trade Center and Shoreline Square Tower). The properties combined represent nearly a third of total Downtown office space. Occupancy at Class B properties remained static while Class C increased 6 percent to 89 percent in 2022.

Other data points from the report include the following:

- Despite rising vacancies, Downtown office rents grew by 3.6 percent in the past 12 months, driven mostly by Class B office spaces, while remaining one of the most competitively priced office markets in Southern California. In addition, current large scale office building renovations (180 East Ocean Blvd), and newly opened community workspaces, such as the BLANKSPACES Shaun Lumachi Innovation Center, point to market adaptations to changing office work behavior.
- The recent opening and renovations of new restaurants like Solita Tacos & Margaritas at Landmark Square, Ruth's Chris Steak House at 180 East Ocean, and Kraft & Kulture at 200 Pine, underscores commercial property owners' commitment that providing opportunities for company dining experiences will still be a desired amenity for existing and potential tenants.
- The commercial office market experienced negative quarterly and year-to-date net absorption.
- Visitor activity in Downtown Long Beach has consistently increased towards pre-pandemic levels, with May 2022 visits topping just over two million. This was only 12 percent lower than May 2019 visits, and nearly triple May 2020 visits.

“The office market is still the last sector in the commercial real estate industry that has yet to start its recovery processes post-pandemic,” said Sheva Hosseinzadeh, Vice President with Coldwell Banker Commercial Blair, a Downtown-based commercial real estate brokerage firm.

“We anticipate that as the interest rate continues to rise, leasing of office spaces will also continue to increase. Business owners that were previously interested in purchasing properties for their office needs and were able to take advantage of the low interest rate and readily available SBA financing are now going to start focusing on leasing since it is no longer advantageous to purchase.”

DLBA's quarterly Snapshot series culls data to provide statistical information on key segments of the Downtown Long Beach economy for investors, businesses, and developers. This includes the commercial office, retail and residential markets.

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About DLBA: DLBA is a non-profit, community-based organization whose mission is to cultivate, preserve and promote a healthy, safe, and prosperous Downtown for all. By balancing the interests of residents, as well as businesses, the DLBA creates tangible progress by way of vested interest and solidified partnerships across local, municipal, and commercial lines. For additional information, visit www.downtownlongbeach.org, or follow on Facebook [@downtownlongbeach](https://www.facebook.com/downtownlongbeach), and on Twitter and Instagram [@DLBA](https://www.instagram.com/dlba).