

# WILSHIRE: Corridor Steers Clear of Trouble Plaguing Most Submarkets

With 92 percent of its available space occupied, the Wilshire Corridor is staying off the economic blues plaguing other submarkets across the county – for now, anyway.

Vacancies along the seven-mile stretch of Wilshire Boulevard are down slightly to 8.0 percent at midyear from 8.1 percent in the first quarter, according to Grubb & Ellis Co.

Average asking rates are up. Landlords requested \$2.84 per square foot for Class A space, 3 cents higher than the first quarter and a full 32 cents higher than a year ago. Class B space also increased in value, with owners asking \$1.92 per square foot, up a healthy 33 cents from a year ago.

### Office Market At a Glance

**Inventory:** 14.1 million square feet

**Under Construction:** 0

**Class A Asking Rents:** \$2.84

In Wilshire Center, the easternmost sector of the submarket, vacancies increased to 8.1 percent from 7.3 percent in the opening period and 5.3 percent in 2007. Year-to-date

net absorption was a negative 97,195 square feet, fueled by tenant exits at 3699, 3580 and 333 Wilshire Blvd. "That's 65,000 square feet right there," said Chris Runyen, senior managing director at GVA Charles Dunn Co. Runyen.

Average asking rates for Class A space remained unchanged at \$1.88 per square foot, up from \$1.71 at the same time last year. Owners of Class B space fared worse with asking rates dropping to \$1.67 in the second quarter from \$1.72 per square foot in the first.

In the Miracle Mile-Park Mile, where new residential units are opening, the market stayed stronger. "Owners of commercial buildings are benefiting from rental rates and occupancy levels that are long overdue," Runyen said.

Vacancies dipped to 7.9 percent at midyear from 9.4 percent in the first quarter.

—Margot Carmichael Lester



5900 Wilshire Blvd.: Developer Wayne Ratkovich at 5900 Wilshire Blvd.

### MAIN EVENTS

► KW Property Fund II and KW Property Fund III, sponsored funds of Beverly Hills-based Kennedy Wilson Inc., acquired the 213,961-square-foot, 16-story office tower at 6100 Wilshire Blvd. from Arden Realty. The building, built in 1986, was 85 percent occupied at time of sale. Terms were not disclosed, but the building sold two years ago for around \$46 million.

► The 170,000-square-foot building at 5055 Wilshire Blvd. (the former Carnation Building) is in escrow to Somerset LLC, for approximately \$300 per square foot. The seller, USAA Realty, completely renovated the property in the early 1990s and has owned it since. It was 100 percent occupied at time of sale. Current tenants include Commonwealth Business Bank, and Nielsen Business Media properties Adweek, Billboard, Back Stage West and Hollywood Reporter.

► Iconic trade paper Variety signed a 55,000-square-foot lease at 5900 Wilshire Blvd. The lease is for the top four floors of the building at approximately \$3 per square foot with annual increases. Variety gets naming rights to the building.

► The newly named Variety building had its \$34 million renovation completed late in the second quarter. The Ratkovich Co. invested \$34 million in upgrading the 500,000-square-foot, 30-story property, which it purchased with Prudential Real Estate Investors for about \$102 million in December 2005.



### Wilshire Corridor Office Market

