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In LA, Office Space Is At A Premium. How Can Companies Find A Space To Meet Their Needs?

May 27, 2019 | Avison Young | Julia Troy, Custom Content Writer

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The demand for **office space** is on the rise across Los Angeles. In areas like Santa Monica and the Westside, rents have shot up as vacancy rates plummeted, making it harder for some LA companies to find quality space.

But according to Avison Young Principal and Managing Director Jonathan Larsen, companies can find exactly what they need if they take the right factors into consideration.

“All aspects of how a business runs, including its goals and employee needs, have to be understood and accounted for when searching for office space,” Larsen said.

Larsen is a member of Avison Young’s Global Leadership Team and is the leader of Avison Young’s West Los Angeles, San Fernando Valley, Tri-Cities and Ventura County operations and works out of the downtown LA and West LA offices. In his more than 30 years as a broker, he has completed over 500M SF of leasing and sales

transactions across the U.S. and is an expert in leasing, sale/leasebacks and investment sales.

He spoke with *Bisnow* about how companies in Los Angeles can get more for their money by re-examining their office needs and prioritizing quality over quantity.

Bisnow: What obstacles keep LA businesses from finding office space that meets their needs?

Larsen: While every business is unique, issues surrounding rent, **construction costs** and technology are universal.

Many companies in Los Angeles are in flux right now. Not only are rental rates high, but construction costs are up as well, so many landlords are either unwilling or unable to make the necessary improvements to keep up with tenants' technology and space needs.

Additionally, companies need to consider employee commuting times. If it's too difficult for employees to get into the office, they will either find a new job or work remotely, and the telecommuting model is not one that works for all businesses.

Bisnow: How do commute times impact how Los Angeles companies use office space?

Larsen: Three main factors are influencing LA commute times and, subsequently, how office space in the city is used: housing sprawl, traffic and labor markets spread across the city.

Employees are increasingly choosing to telecommute because they either live too far from the office, are trying to avoid heavy traffic or don't have access to public transportation. Not only does this waste money, it also robs companies of the brand elevation, collaboration and camaraderie that comes from having your team in one place. Without that collaboration, companies cannot maintain their culture.

Bisnow: How can companies avoid paying for more space than they need?

Larsen: By focusing on quality instead of quantity, companies save money and provide a better experience for their employees.

We recently advised a business to relocate from the Westside to downtown LA since the majority of their younger workforce lived there and they could save 30% on rent costs. Instead of focusing the lease negotiations on getting the most possible space for their budget, we concentrated on getting efficient space, **tenant improvements** and technology upgrades.

They ended up with the perfect amount of space and a host of added amenities for their employees.

Bisnow: How do you help advise clients on the ideal office location?

Larsen: I help clients determine how many employees are actually in their office regularly, where they are commuting from and whether their current office space is in the right area to accommodate them.

We recently completed a demographic study for a client in Santa Monica and found that most of the employees weren't living in the area because housing was too expensive. We plotted a map of where they lived, identified a few other submarkets that had less pricey office rents and determined that the Miracle Mile and Culver City submarkets would be better location options for everyone based on costs and demographics.

All aspects of how a business runs, including its goals and employee needs, have to be understood and accounted for when searching for office space. Tenants need to evaluate all the variables and develop a long-term strategy to choose a space that works for both where their company is today and where it will be in the future.

*This feature was produced in collaboration between Bisnow Branded Content and **Avison Young**. Bisnow news staff was not involved in the production of this content.*

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