

Office and Retail Space Vacancies Soar - Los Angeles Building Owners Get Creative to Fill Spaces



The recession is now hitting the retail & office space rental market in Los Angeles. Vacancy signs are everywhere, and property managers are willing to deal. The most prestigious building in San Pedro, CA, maybe the entire Southbay, is an example.

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Office and retail space rental is a lagging economic indicator. Recessions eventually catch up to commercial real estate when small business owners give up and quit altogether or move into their homes to save precious cash. Possibly the most beautiful office and retail space in Los Angeles is right here in San Pedro, and the vacancy rate has manager Gary Larson staying up at night.

"We have just been shocked at the change in the market. There is almost no activity from new businesses looking for retail or office locations. We know we're not alone. We see all the signs up here in San Pedro and all over Los Angeles. But having a lot of company doesn't make us feel that much better."

To make matters worse for commercial property owners, "lagging indicator" also means they will be the last to get relief, with some pundits predicting it will be 2012 before vacancies really get filled to reasonable levels. "Los Angeles is way overbuilt," explains Larson, "and there is more space coming on all the time. Sure, no one is starting anything new, but folks looking to rent commercial space are going to be getting good deals for some time to come."

The issue may be that small business owners have little knowledge on what is happening with rental rates. Office, commercial buildings, and retail rates are not as well publicized as residential. "I think," says Larson, "there are a lot of home business operators who don't realize they can locate at the most prestigious address in San Pedro, maybe even the entire South Bay, for only \$295. That is less than some storage units! A beautiful suite goes for as low as \$995. And that is in a building that won the LA Conservancy award for Restorations."

Larson says he isn't going to wait around for the lagging indicators to kick in. "We are going to fill this building, and that means some tenants are going to get deals that are almost unheard of. For instance, we are ready to lock in current rental rates for up to three years. We've told our agent not to refuse any reasonable offer. We are even considering using a reverse auction, dropping the rent \$25 a week until a

unit is filled."

For more information about the Arcade Building, go to <http://www.rentsanpedro.com/arcade/index.html>

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The Historic Arcade Building in San Pedro offers retail space and office space to rent or lease, filming locations galore, and makes a great event venue for parties, weddings, and receptions. Freeway close to Long Beach, Torrance, Lomita, Gardena, Rolling Hills Estates, Rancho Palos Verdes, and Los Angeles

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