July, 2025

LA vs SF: Divergent Office Recovery Paths

See the data on Los Angeles and San Francisco's divergent office recovery paths and understand why Century City is emerging as LA's standout submarket for CRE professionals.

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Key Takeaways:

1. **Market Divergence**: While San Francisco's return-to-office trends have stabilized, Los Angeles is increasingly lagging behind national averages with office visits down 46.6% compared to pre-pandemic levels as of June 2025.
2. **Commuter Pattern Shifts**: Los Angeles faces a persistent decline in out-of-market commuters while San Francisco's share of out-of-market commuters has recovered slightly, indicating deeper structural challenges in LA's office market recovery.
3. **Visit vs. Visitor Gap**: Unlike other markets where increased visits per worker offset declining visitor numbers, Los Angeles saw both metrics decline year-over-year, suggesting fundamental workforce retention issues.
4. **Century City Exception**: Century City emerges as LA's strongest office submarket with visits only 28.1% below pre-pandemic levels, driven by its premium amenities and strategic location adjacent to Westfield Century City shopping center.
5. **Demographic Advantage**: Century City's success may stem from its success in attracting affluent, educated young professionals who value lifestyle integration and are more likely to maintain consistent office attendance in hybrid work arrangements.

LA and SF Office Markets Post-Pandemic Divergeance

While return-to-office trends have stabilized in many markets nationwide, Los Angeles and San Francisco face unique challenges that set them apart from national patterns. This report examines the divergent trajectories of these two major West Coast markets, with particular focus on Los Angeles' ongoing struggles and the emergence of one specific submarket that bucks broader trends.

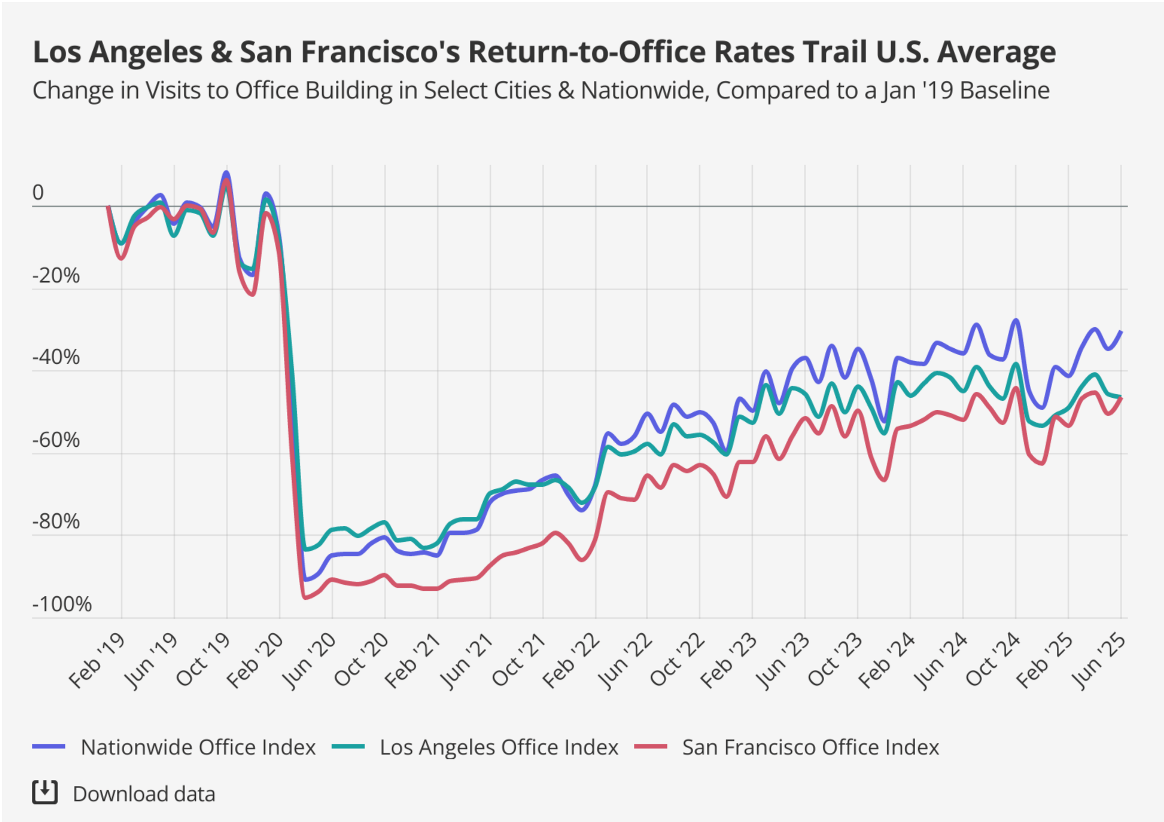
Through analysis of commuter patterns, demographic shifts, and localized performance data, we explore how factors ranging from out-of-market workforce changes to amenity-driven location advantages are reshaping the competitive landscape for office real estate in Southern California.

LA is Falling Behind on RTO

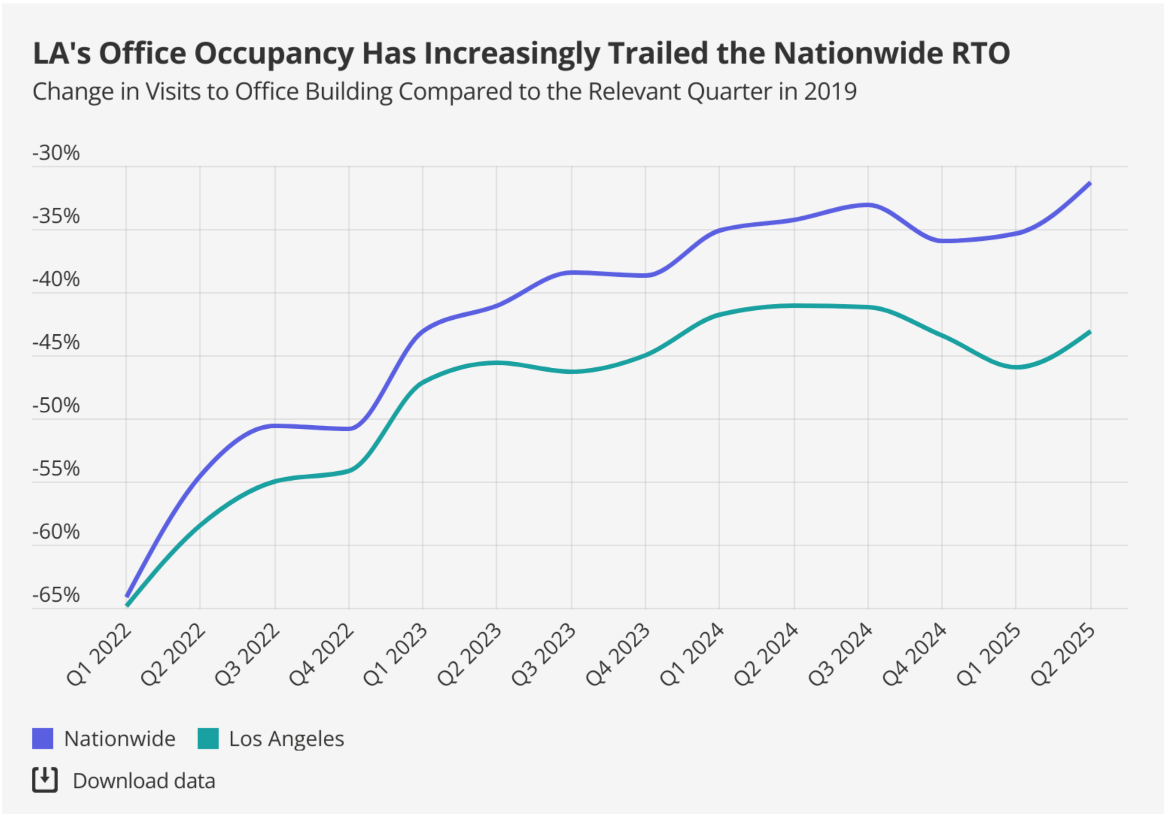
LA Recovery Lags as SF RTO Stabilizes

Both Los Angeles and San Francisco continue to significantly underperform the national office occupancy average. In June 2025, average nationwide visits to office buildings were 30.5% below January 2019 levels, compared to a 46.6% and 46.4% decline in visits to Los Angeles and San Francisco offices, respectively.

While both cities now show similar RTO rates, they arrived there through different trajectories. San Francisco has consistently lagged behind national return-to-office levels since pandemic restrictions first lifted.



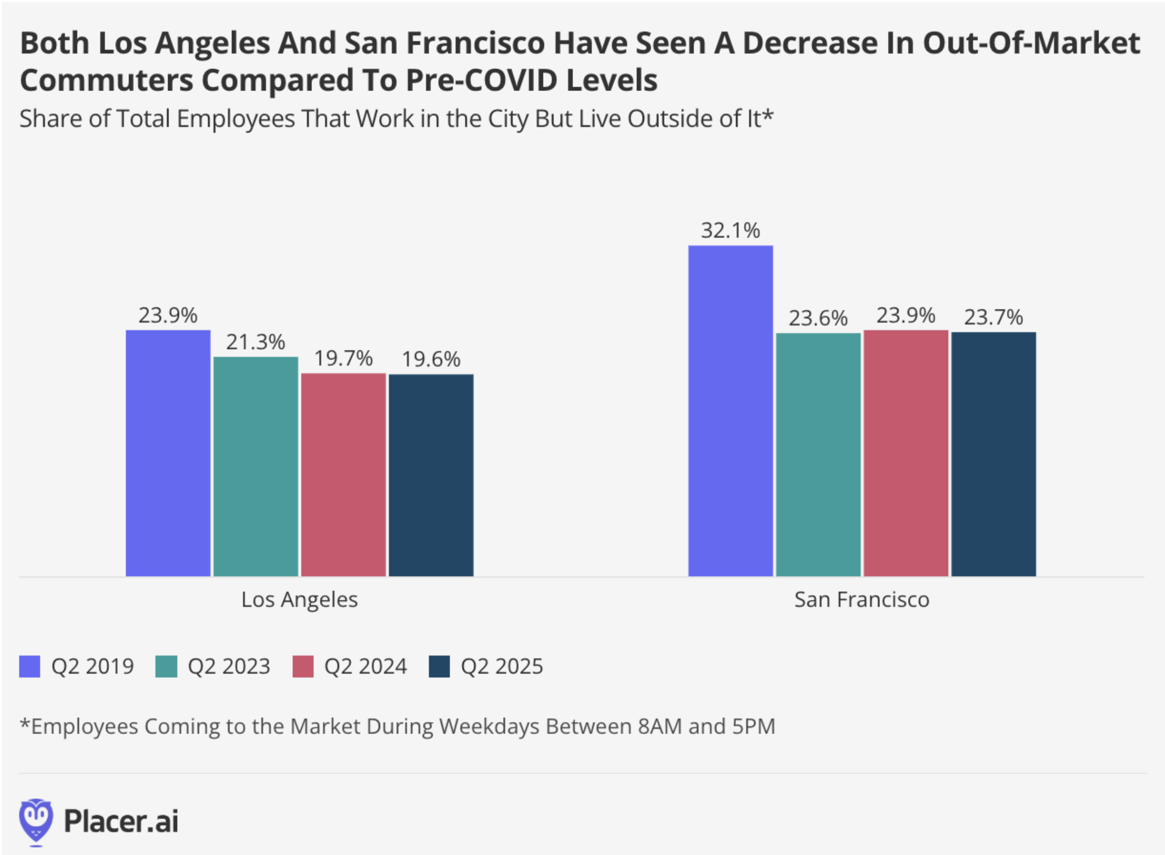
Los Angeles, however, initially mirrored nationwide trends before its office market began diverging and falling behind around mid-2022.



Decline in Out-of-Market Commuters

The decline in office visits in Los Angeles and San Francisco can be partly attributed to fewer out-of-market commuters. Both cities saw significant drops in the percentage of employees who live outside the city but commute to work between H1 2019 and H1 2023.

However, here too, the two cities diverged in recent years: San Francisco's share of out-of-market commuters relative to local employees rebounded between 2023 and 2024, while Los Angeles' continued to decline – another indication that LA's RTO is decelerating as San Francisco stabilizes.

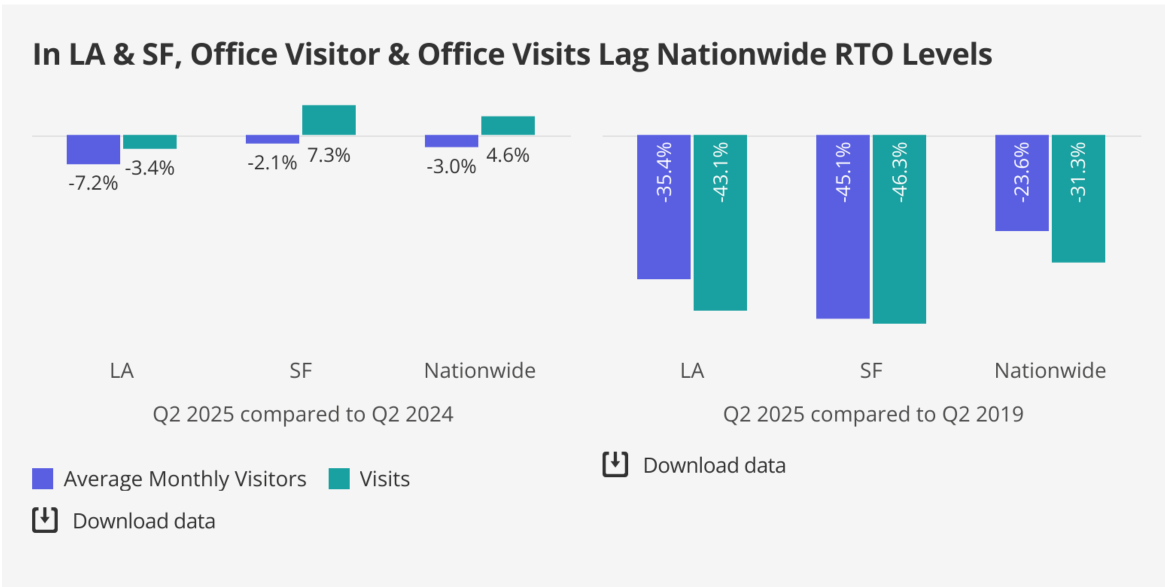


Unlike in SF, LA Office Visit Growth Doesn't Offset Visitor Decline

Like in other markets, Los Angeles saw a larger drop in office visits than in office visitors when comparing current trends to pre-pandemic levels. This is consistent with the shift to hybrid work arrangements, where many of the workers who returned to the office are coming in less frequently than before the pandemic, leading to a larger drop in visits compared to the drop in visitors.

But looking at the trajectory of RTO more recently shows that in most markets – including San Francisco – office visits are up year-over-year (YoY) while visitor numbers are down. This suggests that the workers slated to return to the office have already done so, and increasing the numbers of visits per visitor is now the path towards increased office occupancy.

In Los Angeles, visits also outperformed visitors – but both figures were down YoY (the gap in visits was smaller than the gap in visitors). So while the visitors who did head to the office in LA in Q2 2025 clocked in more visits per person compared to Q2 2024, the increase in visits per visitor was not enough to offset the decline in office visitors.



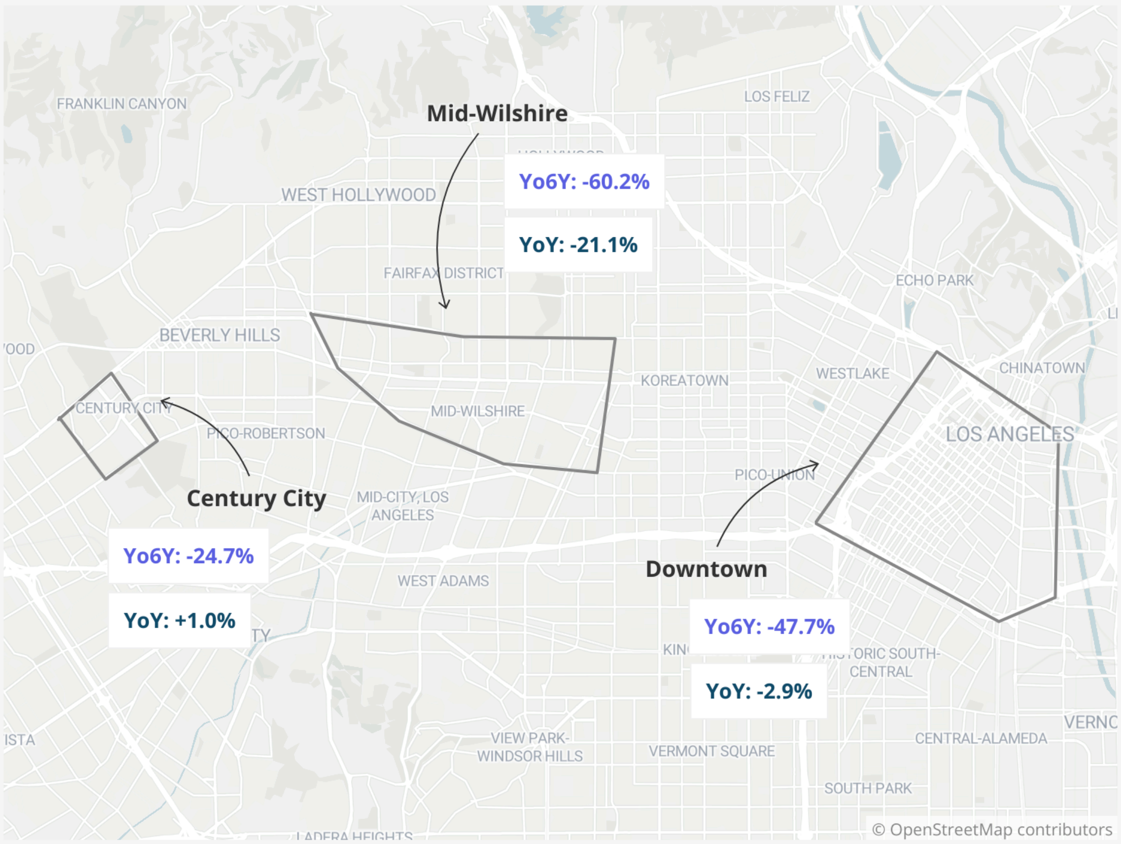
Century City is a Pocket of RTO Strength

While Los Angeles may be lagging in terms of its overall office recovery, the city does have pockets of strength – most notably Century City. In Q2 2025, the number of inbound commuters visiting the neighborhood was just 24.7% lower than it was in Q2 2019 and higher (+1.0%) than last year's levels.

According to Colliers' Q2 2025 report, Century City accounts for 27% of year-to-date leasing activity in West Los Angeles – more than double any other submarket – and commands the highest asking rental rates. The area benefits from Trophy and Class A office towers that may create a flight-to-quality dynamic where tenants migrate from urban core locations to this Westside submarket.

Century City Neighborhood Saw the Best Recovery and Performance for Office Buildings

Change in Visits to Office Buildings by Neighborhood | Q2 2025



The submarket's success is likely bolstered by its strategic location adjacent to Westfield Century City shopping center – visit data reveals that 45% of weekday commuters to Century City also visited Westfield Century City during Q2 2025. The convenience of accessing the mall's extensive retail, dining, and entertainment options during lunch breaks or after work may encourage employees to come into the office more frequently.

Century City Attracts Younger, More Affluent Employees

Perhaps thanks to its strategic locations and amenities-rich office buildings, Century City succeeds in attracting relatively affluent office workers.

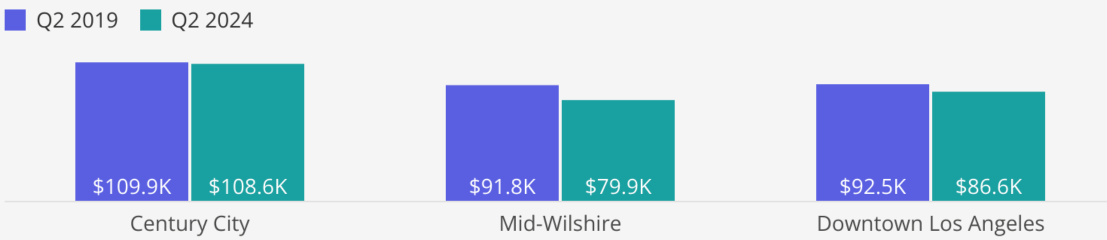
Century City's office submarket has a higher median trade area household income (HHI) than either mid-Wilshire or Downtown LA. The neighborhood also attracts significant shares of the "Educated Urbanite" Spatial.ai: PersonaLive segment – defined as "well educated young singles living in dense urban areas working relatively high paying jobs".

This demographic typically has fewer family obligations and greater flexibility in their work arrangements, making them more likely to embrace hybrid schedules that include regular office attendance. Affluent singles also tend to value the lifestyle amenities and networking opportunities that come with working in a premium office environment like Century City: This demographic is often in career-building phases where in-person collaboration and visibility matter more, driving consistent office utilization that helps sustain the submarket's performance even as other LA office areas struggle with lower occupancy rates.

The higher disposable income of this audience also aligns well with the submarket's upscale retail and dining options at nearby Westfield Century City, creating a mutually reinforcing ecosystem where the office environment and surrounding amenities cater to their preferences.

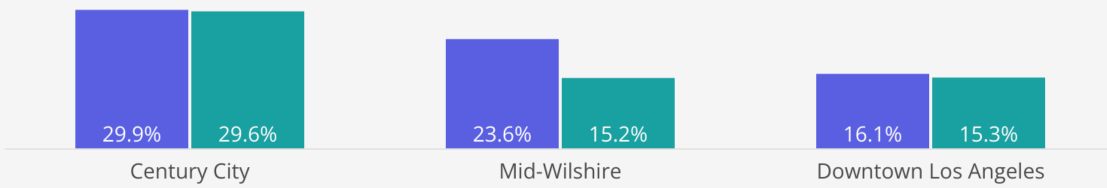
Century City Offices Attracts More Affluent Singles

Weighted Median HHI in Home CBG* of Out-of-Market Commuters to Los Angeles City & Submarkets



Download data

Share of Educated Urbanite** in Home CBG* of Out-of-Market Commuters to Los Angeles Submarkets



Download data

*Well educated young singles living in dense urban areas working relatively high paying jobs.
**CBG: Census Block Group

Based on STI: Popstats 2024 and Spatial.ai: PersonaLive combined with Placer.ai True Trade Area data

Premium Locations Pull Ahead as Office Market Polarizes

As the broader Los Angeles market grapples with a shrinking commuter base and declining office utilization, the performance gap between premium, amenity-rich locations and traditional office districts is likely to widen. For investors and tenants alike, these trends underscore the growing importance of location quality, demographic targeting, and lifestyle integration in determining long-term office market viability across Southern California.

Century City's success – anchored by its affluent, career-focused workforce and integrated lifestyle amenities – can offer a blueprint for office market resilience in the hybrid work era.