



LOS ANGELES BUSINESS JOURNAL
MARKET OUTLOOK
+TRENDS 2026

**A Look Into What
to Expect for the
Year Ahead**

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Los Angeles Business Journal Presents Market Outlook + Trends 2026

As we look toward 2026, the Los Angeles County market stands at a pivotal juncture—shaped by evolving demographic trends, shifting economic conditions, and transformative developments across key sectors.

From residential and commercial real estate to labor markets, supply chains, and consumer demand, the forces at play are both complex and dynamic.

On January 29th, the *Los Angeles Business Journal* was excited to dig into these topics as host of the **Market Outlook & Trends** live webinar, which featured expert insights into the year ahead in business, economics, and industry evolution across Los Angeles.

Hand-selected panelists helped kick off the year with clarity, strategy, and expert insights. From shifting market conditions to new regulations, emerging technology, and sector growth, this program gave leaders the foresight needed to plan, forecast, and move confidently into 2026.

Whether audience members are scaling, stabilizing, or preparing for what's next, this event delivered the intelligence needed to make informed decisions in the year ahead.

FEATURED TOPICS INCLUDED: 2026 ECONOMIC OUTLOOK

- Labor and regulatory shifts that impact employers
- Capital market expectations and taxation considerations
- Technology adoption, AI acceleration and economic risk indicators

STATE OF COMMERCIAL REAL ESTATE

- Office, industrial & multifamily performance trends
- Interest rates, lending environment and valuation pressures
- Redevelopment, adaptive reuse and zoning movement shaping LA

THE BUSINESS OF SPORTS IN 2026

- Economic influence of World Cup, Olympics and mega-events
- Media, sponsorship, investment and sports business evolution
- Venue development, tourism growth and regional impact

Our outstanding group of panelists and moderators examined the issues as they shared

The event featured two lively virtual panel discussions and a fireside chat featuring leading experts on the hottest topics on the minds of LA area business leaders at the start of this year.

their experiences and predictions for the year to come. They focused on an overall outlook for 2026 and the latest perspectives on the direction the real estate market is going, with expert insights and analysis about the impact current trends are likely to have on the overall economic climate.

This panel of industry experts (short bios included on the following page) convened to provide a comprehensive, forward-looking analysis of the market outlook for the year ahead, grounded in the latest data, strategic insights, and real-world experience.

Los Angeles County, with its unparalleled diversity and economic scale, serves as a bellwether for broader regional and national trends. As we navigate uncertainty and oppor-

tunity in equal measure, this expert overview aimed to illuminate the strategic pathways that will shape Los Angeles County's economic trajectory in 2026 and beyond.

Sponsors who made the event possible included Allen Matkins; Big Brothers Big Sisters of Greater Los Angeles; The City of Inglewood; Kidder Mathews; Objective Investment Banking & Valuation; Polsinelli; and The Port of Los Angeles.

Many thanks to our excellent panelists, who took the time to share their insights on the biggest headlines and where the market is going in 2026.

A recap video of the discussion is available at labusinessjournal.com/events/econtrends26.



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¹ The Long-Term Impacts of Mentors: Evidence from Experimental & Administrative Data, Alex Bell and Neviana Petkova (2024)



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Meet Our Panelists



FRED AFRAMIAN

Senior Vice President, Managing Director, Sherman Oaks
Kidder Mathews

Fred Aframian is a senior vice president in the Sherman Oaks office of Kidder Mathews, with over 20 years of real estate investment sales experience. Having completed over \$500 million in transactions over his career, primarily in the “middle-market” price range of \$5-\$20 million, Aframian has a strong understanding of market conditions and can provide great value in making real estate decisions. His background in property management, leasing, and sales brings a strategic approach to property-owners and buyers.



JAMES T. BUTTS, JR.

Mayor
City of Inglewood

For 10 consecutive years (2016-2025), Mayor Butts was named one of the 500 most influential leaders in LA County by the Los Angeles Business Journal. His business expertise prevented bankruptcy in a city that Bond Rating agencies had ceased to rate for bond worthiness as late as 2010. Inglewood’s bond rating is AA+ at present. The City’s reserve fund total is over 100% of its annual operating fund. The City has more liquidity in reserves than Los Angeles, Santa Monica, Beverley Hills, or Torrance.



CHANNING HAMLET

Managing Director
Objective, Investment Banking & Valuation

Channing Hamlet is a managing director of the Investment Banking Group at Objective. Hamlet has more than 30 years of experience advising business owners through sale processes, exit preparation, and business valuation, and currently focuses on transaction execution for sell-side advisory. His background includes investment banking, private equity, and strategy consulting.



BROCK MOSELEY

Partner; Senior Wealth Advisor,
Composition Wealth;
Chairman Emeritus; Member, Board of Directors, Big Brothers Big Sisters of Greater Los Angeles

Brock Moseley is the founder and managing partner of Miracle Mile Advisors (now Composition Wealth). Over the last two decades, he has served in several capacities within the organization, including as the head of the Investment Committee and the Risk Management Committee. His life passion is working with entrepreneurs and high-net-worth families to develop customized life plans that incorporate wealth management as well as tax and estate considerations.



ANANT PATEL

GHJ Advisory Services
Practice Leader; Partner
GHJ

Anant Patel, CPA, CM&AA, is the Advisory Services Practice leader at GHJ. He has over 30 years of accounting and advisory services experience, with much of his career spent in a leadership capacity. In his client-facing role, Patel delivers financial due diligence services and advises on exit planning, preparedness and execution.



LINDSAY RYAN

Shareholder; Employment Advice & Investigations Vice Chair
Polsinelli

Lindsay Ryan is committed to providing reliable counsel to strategically solve client matters and address their litigation needs. Clients rely on Ryan to develop solutions and effective arguments with respect to their complex legal challenges. Her practice focuses on advising employers on compliance with both state and federal requirements for disability accommodation, leaves of absence, wage and hour, harassment and discrimination complaints, workplace investigations, reductions in force, disciplinary actions and terminations.



ARIEL C. SHAEPS

Partner
Allen Matkins

Ari Shaeps is a real estate and construction partner with decades of experience advising institutional developers, publicly traded REITs, landlords, sponsors, limited partners, financial institutions, and other parties in construction and real estate transactional matters. He is also the co-chair of the firm’s Construction Group. His practice spans every step of the development process, from site acquisition and due diligence to design, construction, asset management, and disposition. Shaeps provides clients with practical legal and business advice, as well as valuable insights on market trends.



KATHRYN SCHLOESSMAN

President & CEO
Los Angeles Sports & Entertainment Commission

Kathryn Schloessman is president & CEO of the Los Angeles Sports & Entertainment Commission (LASEC), the non-profit organization officially designated to attract, secure, and support high-profile sports and entertainment events in Los Angeles. LASEC serves as the lead for the FIFA World Cup 26 Los Angeles and Super Bowl LXI Host Committees. Schloessman leads LASEC’s strategic efforts to attract the most sought-after major events in the world.



EUGENE D. SEROKA

Executive Director
The Port of Los Angeles

As The Port’s executive director, Gene Seroka interacts with a wide range of stakeholders, including customers around the globe, industry partners, elected and appointed officials at all levels, business leaders, community organizations and local residents. A respected global trade expert, Seroka has advocated for rules-based trade agreements that benefit American exporters and manufacturers. Seroka has distinguished himself as a leader throughout his illustrious career in shipping, global logistics and executive management.



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Inside Today's Private Equity Market After a Multi-Year Reset

By CHANNING HAMLET

The private equity market enters 2026 from a position of recalibration. The past five years have reshaped how capital is deployed, how risk is priced, and how value is created. For business owners and advisors, the key signal today is not whether the market will return to prior highs, but how decisively it has adjusted and what that adjustment means.

From 2020 through 2021, private equity benefited from historically low interest rates, abundant liquidity, strong public markets, and perceptions around changing tax policy. Deal volume and valuations surged, culminating in a record year in 2021 when capital was deployed aggressively.

That environment shifted materially beginning in 2022. Rising interest rates, inflationary pressure, broader macro uncertainty, and global turmoil slowed deal activity and forced a reset in expectations.

From 2023 through 2025, the private equity market showed clear signs of stabilization. U.S. private equity dry powder largely plateaued, holding in a narrow range of roughly \$1.1 trillion signaling a shift from accumulation to deployment.

At the same time, total U.S. private equity deal value increased substantially, rising from

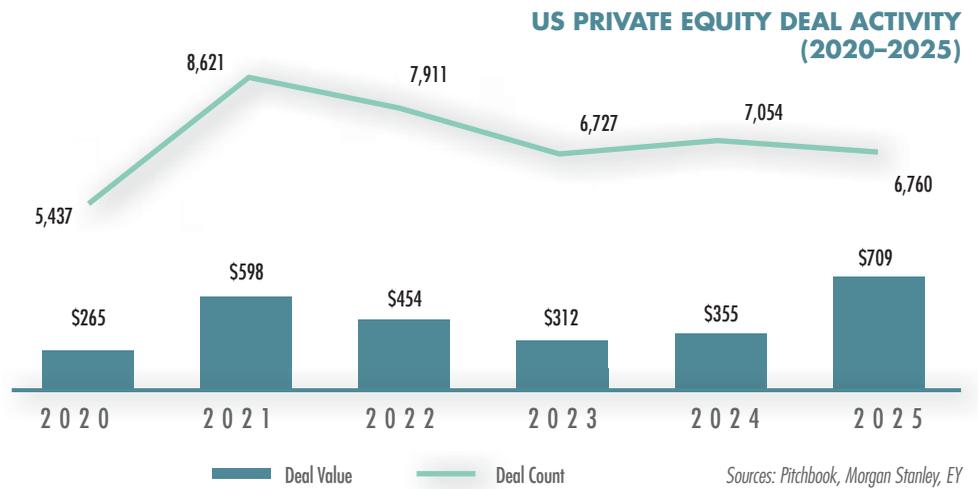
approximately \$312 billion in 2023 to more than \$700 billion in 2025. Notably, this increase in capital deployed occurred without a return to peak transaction volume. Capital was deployed more selectively, with sponsors committing larger amounts of capital to fewer transactions.

Private equity firms enter the year with significant capital still to deploy and increasing pressure tied to fund life dynamics. Many sponsors raised capital during the 2020 to 2022 period and are now operating under timelines that require action.

Sentiment across the private equity and advisory community reflects this shift. Financing markets have stabilized and a backlog of deferred exits is beginning to move back into the market. Business owners who paused sale processes over the past two years are reengaging, encouraged by improved visibility and renewed buyer interest.

Private equity strategies continue to evolve as well. Sponsors are placing greater emphasis on operational value creation, platform expansion, and add on acquisitions. Structured transactions, minority investments, and flexible liquidity solutions are becoming more common as firms seek to deploy capital while managing risk.

Looking ahead, 2026 is shaping up to be a constructive year for private equity driven M&A.



Capital is available, buyers are motivated, and the market has absorbed the realities of a higher cost of capital environment. The foundation is in place for sustained, high-quality activity.

For business owners and advisors who understand these dynamics, the opportunity in 2026 lies not in timing the market, but in being prepared for it. In a disciplined and competitive private equity landscape, execution, positioning, and readiness will continue to separate strong

outcomes from average ones.

Channing Hamlet is the managing director of Objective, Investment Banking & Valuation.

The Investment Banking Group provides sell-side advisory to owners of closely held businesses, and the Valuation Group provides a full-suite of valuation services. Learn more at objectiveiv.com.



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California's Two-Speed Recovery in 2026

AI-driven investment continues to propel national and state growth

The December 2025 UCLA Anderson Forecast for the United States and California described a situation with two economic trends currently working in opposition. In some sectors of the economy, ongoing and optimistic investment in artificial intelligence infrastructure and rising income among high-wealth households drive the economy, while tariff-induced inflation, policy-driven uncertainty and a gradually weakening labor market indicate signs of sectoral weakness. The result is an economy expected to soften through the first quarter of 2026 before regaining strength later in the year.

In California, the outlook is further complicated by a bifurcated economy: AI, aerospace and other high-productivity sectors continue to expand, while construction, non-durable goods, leisure and hospitality, and government-funded services face significant headwinds. Deportations, elevated input costs, and weak job growth prolong an employment recession expected to last into early 2026, even as the state continues to outpace the nation in overall productivity.

On balance, the Forecast does not expect an immediate downturn or an immediate resurgence. Instead, both the nation and the state are poised to muddle through early 2026 before experiencing stronger growth in 2026 and 2027.

At present, California's economy continues to outpace the nation's in high-productivity sectors such as AI, aerospace and advanced manufacturing, buoyed by the state's disproportionate share of venture capital investment. Nearly 70% of all US venture funding in early 2025 went to California, and seven of the 10 largest investment deals in the Americas this year occurred in-state.

But this strength masks a growing divide. Construction, nondurable goods manufacturing, retail, and leisure and hospitality remain under pressure from federal spending reductions, tariffs, elevated costs and the early effects of deportation policies. Payroll job losses through the first eight months of 2025 marked the first sustained decline since the pandemic, and California's unemployment rate has remained above 5.0% for more than 19 consecutive months.

The Forecast's analysis of historical immigration restrictions suggests that deportations tend to raise unemployment among US-born and documented workers through reduced consumption and disruptions in complementary occupations. Early county-level data in California show this pattern beginning to emerge, especially in counties with higher shares of foreign-born workers employed in construction, agriculture and hospitality.

Housing remains a significant constraint. Building permits have stayed subdued despite elevated home prices and the urgent need for new construction following the December 2024 and January 2025 wildfires. Workforce shortages tied to deportations, tariff-driven input costs and persistently high financing costs all contribute to slow progress in residential building.

Goods movement offers a bright spot: Air cargo volume has begun to recover to pre-pandemic levels in both Northern and Southern California, reflecting steady demand in higher-income households and businesses linked to the state's technology sector.

CALIFORNIA FORECAST NUMBERS

The December Forecast calls for a gradual improvement beginning in late 2026:

UNEMPLOYMENT RATES (ANNUAL AVERAGES)

2025: 5.5%
2026: 5.5%
2027: 4.6%

TOTAL EMPLOYMENT GROWTH

2025: 0.6%
2026: 0.7%
2027: 2.0%

NON-FARM PAYROLL JOBS

2025: 0.0%
2026: -0.1%
2027: 1.9%

REAL PERSONAL INCOME GROWTH

2025: 1.8%
2026: 1.1%
2027: 2.6%

RESIDENTIAL PERMITS

2025: 101,000
2027: 121,000

Information for this article was sourced from the UCLA Anderson School of Management. Learn more about the forecast here: uclaforecast.com. Learn more about the institution here: anderson.ucla.edu.

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CEOs Start 2026 on Edge, Citing Uncertainty as Top Threat

At the start of 2026, what has been keeping CEOs up at night? All signs point to a cloud of uncertainty.

According to a new survey from the Conference Board, CEOs throughout the United States say uncertainty is their biggest economic worry for 2026. Their concern exceeds that of CEOs worldwide: 43% of US CEOs rank uncertainty as a top threat versus 29% of CEOs globally.

The survey also found CEOs worldwide are struggling to pin down AI's business value: 33% of CEOs globally say their top AI priority is measuring the ROI. The share of US CEOs who say the same is even higher, at 46%.

As AI transforms how work gets done, CEOs are prioritizing skill and leadership development, ranking them among their top three workforce priorities for 2026. Amid this seismic change, they are also placing greater emphasis on employee mental health, elevating it above traditional workplace priorities like working conditions and gender equality.

"Heading into 2026, CEOs are navigating converging pressures that are weighing on profits and growth. At the same time, these forces are spurring innovation, with most CEOs worldwide focused on revamping their business mod-

els," said Dana M. Peterson, chief economist with The Conference Board.

Additional highlights of the survey include:

ECONOMY

Among CEOs worldwide, the biggest economic worry is a recession.

- The leading concern: Among CEOs globally, 36% say a downturn/recession is the top economic threat for 2026.

But in the United States, CEOs have a bigger headache: their top worry is uncertainty

- Uncertainty is US CEOs' top economic concern for 2026: Among CEOs in the US, 43% rank uncertainty as a top threat, followed by 35% citing the risk of a downturn/recession.

- Worldwide, uncertainty is a lesser concern but still top of mind: Among CEOs globally, 29% rank uncertainty as a top economic threat—the second biggest concern behind recession.

ARTIFICIAL INTELLIGENCE

Show me the money: CEOs say their top AI priority is trying to measure ROI.

- US CEOs are most adamant: 46% of US CEOs—the highest share globally—say their top AI priority for 2026 is improving data quality and quantity to measure the ROI.

- A priority worldwide: The ROI issue ranks #1 among CEOs globally, but the share is lower, at 33%.

Trouble ahead? Compared to global peers, US CEOs most pessimistic about AI's business disruption.

- US CEOs are most concerned: 38% of US CEOs—the highest share worldwide—say that AI will have a negative impact on their companies in 2026; this is regarding societal, demographic, and technological shifts.

- The pessimism is worldwide: 30% of CEOs globally harbor doubts. They ranked AI's impact in 2026 as more damaging to their firms than other issues, including climate events (17%) and political polarization (26%).

SUSTAINABILITY

ESG loses luster in the US: Among CEOs globally, US CEOs twice as likely to de-prioritize sustainability.

- US CEOs dial back: 38% of US CEOs—the highest share across regions—say sustainability investments in 2026 are not a priority. In contrast, just 20% of CEOs globally say the same.

- Circular economy initiatives are the top priority for US CEOs: Their top sustainability

According to a new survey from the Conference Board, CEOs throughout the United States say uncertainty is their biggest economic worry for 2026. Their concern exceeds that of CEOs worldwide: 43% of US CEOs rank uncertainty as a top threat versus 29% of CEOs globally.

focus is circular economy initiatives (17%), followed by sustainable use of key inputs and transitioning to renewable energy sources.

WORKFORCE

Mental health takes center stage: CEOs

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elevate it above gender equality and work conditions.

- A worldwide priority: CEOs across the US, Europe, and Japan rank mental health as one of the top three social issues they'll prioritize in 2026.

- Mental health outranks longstanding workplace issues, globally: Mental health (24%) outweighs long-standing issues including working conditions (19%) and gender equality (17%).

Rising pay expectations and the AI race accelerate the talent war

- High cost of US talent: Even as the labor market slows, US workers retain bargaining power: 27% of US CEOs name "expectations of higher compensation" as a key hiring challenge, vs. 19% in Asia and 15% in Europe.

- CEOs around the world are scrambling to find AI expertise: 31% of CEOs globally say their top AI focus is enhancing AI expertise. The highest share worldwide is seen among US CEOs, at 37%.

GEOPOLITICS

Cyberattacks leads the list of geopolitical threats, with war and uncertainty also top of mind.

- Top concern among CEOs globally and in the US: 47% of CEOs globally rank cyberattacks as the #1 geopolitical threat for 2026. For US CEOs, the share is even higher, at 54%.

- Uncertainty and War follow closely: CEOs globally are also concerned about uncertainty and armed conflicts. While the US did not emphasize armed conflicts as a top concern,

CEOs in Europe ranked war in Europe third, Japan ranked war in Asia-Pacific first, and Other Asia ranked war in the Middle East third.

CEO PLANS FOR 2026: PRIORITIES

Existential and internal challenges notwithstanding, CEOs globally and in the US still aim to expand and increase profitability, through augmenting business models, investments in AI, and further expansion in the US. Plans include:

- Prioritize new business models: CEOs globally rank business model changes as the #1 priority for boosting business profitability in 2026. 60% of US CEOs cited business model changes, compared to 52% globally.

- Invest in AI: The top investment priority is AI/technology, which ranks #1 for CEOs globally at 42%. European CEOs are most adamant, at 49%. It's also an important priority for US CEOs, at 39%.

- Embed AI into supply chains: AI/technology use remains the top supply chain priority for both CEOs globally (34%) and CEOs in the US (29%).

- Bet on the US and Canada: CEOs across geographies name their home region as the #1 expansion priority, but the most-cited region overall is the US and Canada, at 53%.

- Amid the uncertainty, strengthen financial planning: Improving financial planning is the top financial priority for CEOs globally at 48%. CEOs in Japan were most adamant at 53%. It's also front and center for US CEOs, at 47%.

Information for this article was provided by The Conference Board. To learn more, visit TCB.org.



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A Look at Today's Commercial Real Estate Market

Los Angeles commercial real estate is heading into 2026 at a moment of real recalibration — not collapse, not boom, but something more complex and arguably more interesting. After several years defined by interest rate whiplash, shifting workplace norms, and uneven recovery across asset classes, the market is settling into a new reality. Office is being reinvented rather than abandoned. Industrial remains a backbone of the regional economy but is facing normalization after an unprecedented run. Retail has quietly found its footing, while multifamily sits at the center of policy debates, capital flows, and long-term housing demand.

For owners, investors, developers, and tenants alike, the big question isn't whether Los Angeles will remain a vital commercial market—it's how value will be created, protected, and repositioned in 2026 and beyond. Capital is more selective, underwriting assumptions are tougher, and local factors such as zoning reform, transportation investment, and evolving tenant expectations matter more than ever.

In this Q&A, we sit down with Fred Aframian, a seasoned commercial real estate expert and SVP/managing director at Kidder Mathews to unpack what's really happening across Los Angeles County. From pricing and deal flow to asset classes showing early signs of momentum, the conversation cuts through the noise to offer practical insights on where the CRE market is

headed—and what smart players should be paying attention to this year.

How would you characterize the current state of commercial real estate in Los Angeles — stabilizing, resetting, or still in transition?

AFRAMIAN: I'd characterize Los Angeles commercial real estate as still in transition, but with pockets of stabilization emerging.

We've largely moved past the shock phase of higher interest rates and pricing, but we haven't reached a new equilibrium yet. Capital is available, but it's selective. Buyers are underwriting conservatively, lenders are cautious, and sellers are still adjusting expectations formed during the low-rate era. That said, in asset classes with durable demand—like well-located retail, industrial, and select multifamily—we're starting to see pricing clarity and transactions that actually make sense again.

From a valuation standpoint, where are buyers and sellers still far apart, and what's closing that gap?

AFRAMIAN: The biggest valuation gap remains in office, older multifamily, and value-add assets that require significant capital.

Sellers are often anchored to pre-2022 values, while buyers are underwriting today's realities: higher debt costs, slower rent growth, and increased operating expenses. What's closing the gap isn't optimism—it's time, maturity

of distress, and data. Loan maturity, partnership fatigue, and real transaction comps are forcing price discovery. As more deals close at adjusted pricing, it's giving both sides a clearer benchmark and accelerating alignment.

What challenges — financial, regulatory, or community-driven — are most likely to derail redevelopment projects?

AFRAMIAN: Regulatory and community-driven challenges are currently the most unpredictable and often the most impactful risks to redevelopment projects in Los Angeles.

Entitlement timelines remain long and uncertain, construction costs are still elevated, and financing assumptions can quickly break down if projects are delayed. Layered on top of that is the ULA transfer tax, which has materially altered redevelopment math for many projects. The tax increases transaction costs at both acquisition and disposition, compresses returns, and in some cases discourages capital from even entering the deal in the first place. For value-add and redevelopment projects that already rely on tight margins and precise timing, ULA can be the difference between a viable project and one that simply doesn't pencil.

Community opposition and shifting political priorities further compound this risk. While financial challenges can usually be modeled and managed, regulatory and policy uncertainty,

particularly around taxes and approvals, is much harder to underwrite, and it's become a primary reason some capital is sitting on the sidelines or looking just outside the City of Los Angeles.

Where are you seeing the most compelling opportunities today that weren't obvious two years ago?

AFRAMIAN: Some of the most compelling opportunities today are in mispriced retail, industrial-adjacent land, and suburban infill assets that benefit from long-term demographic and supply constraints.

Two years ago, retail was still widely viewed as a challenged asset class. Today, necessity-based, service-oriented retail with strong tenancy and limited new supply is proving remarkably resilient. We're also seeing renewed interest in industrial-adjacent sites—particularly properties that offer flexibility for logistics, light manufacturing, or outdoor storage—where demand remains strong and zoning barriers create scarcity. Additionally, select suburban infill submarkets within greater Los Angeles, where pricing has corrected more aggressively, are attracting capital seeking yield, functionality, and lower regulatory friction compared to the urban core.



Fred Aframian is SVP & managing director at Kidder Mathews. Learn more at kidder.com.

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