

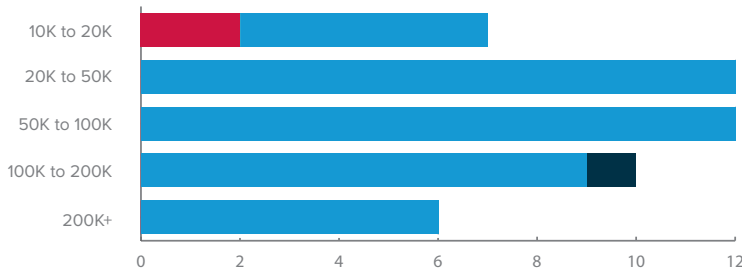
## INSIGHT

In December, 12 leases and subleases were added to the market, outpacing the 7 comparable transactions recorded. While overall activity remained slow for the month, the slight increase in new listings has contributed to an ongoing oversupply in the market.

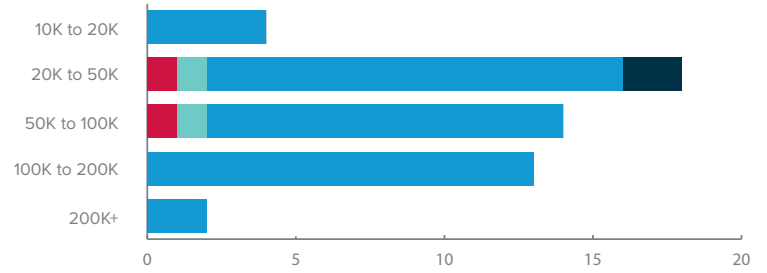
Unlike the previous month, both new comparables and available listings were distributed more evenly across all submarkets. However, market movement remains sluggish, which may suggest the need for price adjustments to address the excess inventory and stimulate demand.

## Lease Supply Demand Report

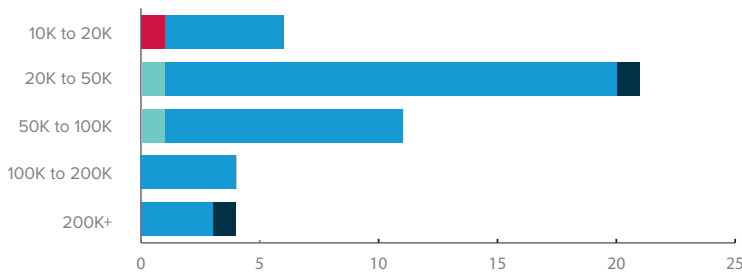
### LA Central Lease Supply Demand (December 2024)



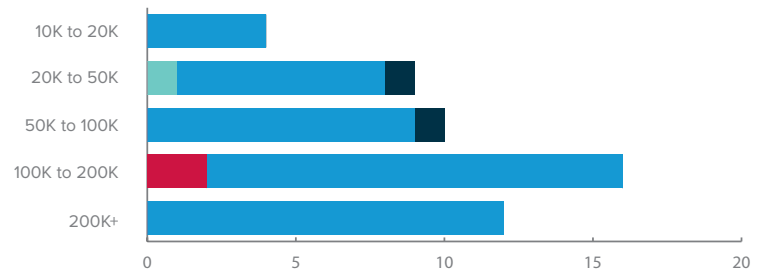
### Mid-Counties Lease Supply Demand (December 2024)



### San Gabriel Valley Lease Supply Demand (December 2024)



### South Bay Lease Supply Demand (December 2024)



Grand Total:	Total Availables Added	Total Available Added Sublease	Total Availables	Total Comps This Month
	7	5	176	7

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## INSIGHT

Both NNN and GRS lease rates are gradually approaching equilibrium but remain above the target level. NNN lease rates experienced a significant decline of **23.7%** year-over-year; however, an additional **16%** reduction would be required to reach equilibrium.

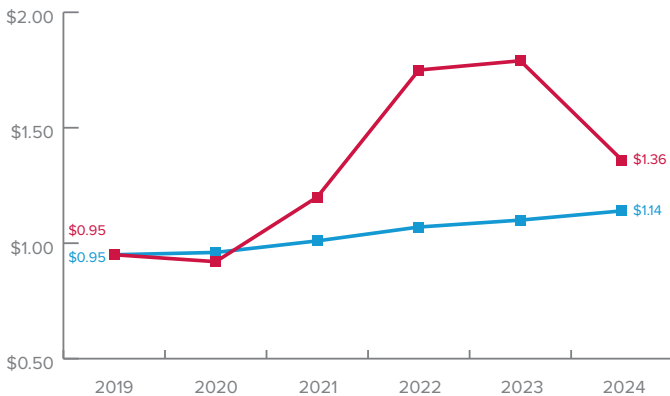
Similarly, GRS lease rates have fallen by **14.2%** over the past year, following a **5%** decline the previous year. Despite these adjustments, there remains a substantial **28.3%** gap between current rates and equilibrium.

Overall, the data suggests that lease rates are still considerably higher than market equilibrium, indicating that landlords may need to further adjust pricing expectations to facilitate leasing activity and reduce inventory.

## 2019-2024 (December) Potential Lease Equilibrium

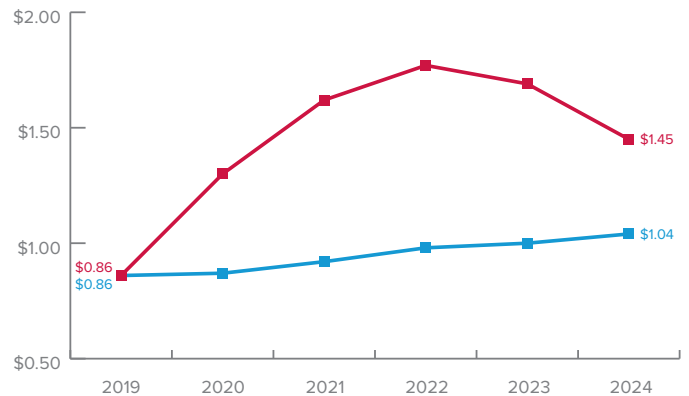
### ALL MARKETS IN LOS ANGELES - NNN

Lease Comp Rate VS. Lease Comp Rate w/ Inflation



### ALL MARKETS IN LOS ANGELES - GRS

Lease Comp Rate VS. Lease Comp Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.95	\$0.95	
2020	\$0.92	\$0.96	1.0%
2021	\$1.20	\$1.01	6.0%
2022	\$1.75	\$1.07	6.0%
2023	\$1.79	\$1.10	2.8%
2024	\$1.36	\$1.14	3.2%

Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.86	\$0.86	
2020	\$1.30	\$0.87	1.0%
2021	\$1.62	\$0.92	6.0%
2022	\$1.77	\$0.98	6.0%
2023	\$1.69	\$1.00	2.8%
2024	\$1.45	\$1.04	3.2%

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

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## INSIGHT

Despite a significant rate drop from **\$1.87 to \$1.32**, sublease vacancy has risen to **9.2%**. The most notable decline occurred between **Q1 and Q2 of 2024**, after which rates have remained relatively stable—despite persistently high vacancy levels.

To stimulate demand and increase occupancy, further rate reductions may be necessary. Currently, there are **49 active subleases** compared to only **13 comparable transactions** over the past year, equating to less than **three months of newly added inventory**. This imbalance suggests that excess supply continues to outpace demand, prolonging market stagnation.

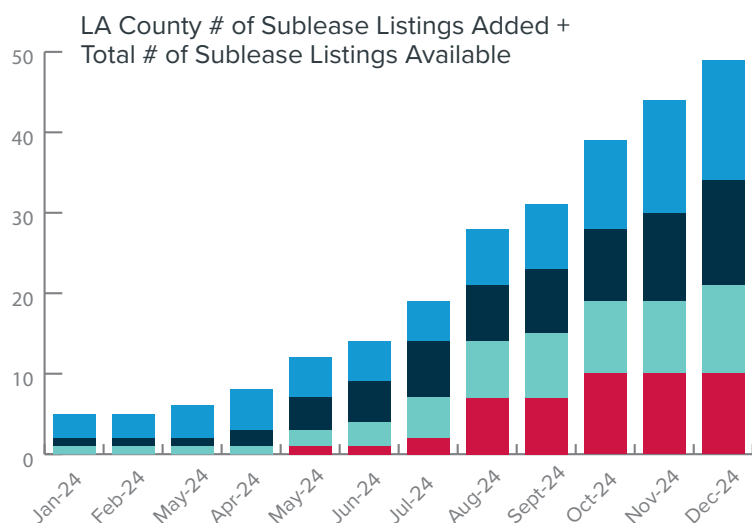
## Sublease Report

### Sublease Vacancy

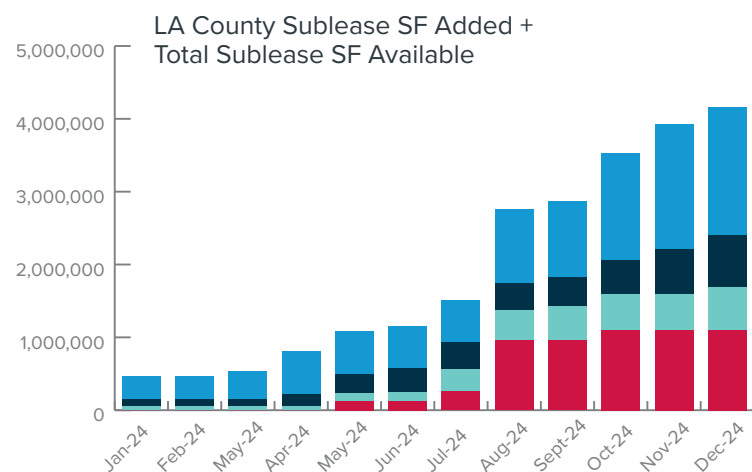
Q4 2024 (QTD)	9.2%
Q4 2023	2.8%

### Sublease Asking Rate (NNN)

Q4 2024 (QTD)	\$1.32
Q4 2023	\$1.87



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Jan-24	0	1	1	3	5
Feb-24	0	0	0	0	0
Mar-24	0	0	0	1	1
Apr-24	0	0	1	1	2
May-24	1	1	2	0	4
June-24	0	1	1	0	2
July-24	1	2	2	0	5
Aug-24	5	2	0	2	9
Sept-24	0	1	1	1	3
Oct-24	3	1	1	3	8
Nov-24	0	0	2	3	5
Dec-24	0	2	2	1	5
<b>Total</b>	<b>10</b>	<b>11</b>	<b>13</b>	<b>15</b>	<b>49</b>



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Jan-24	-	54,000	100,000	305,315	459,315
Feb-24	-	-	-	-	-
Mar-24	-	-	-	75,248	75,248
Apr-24	-	-	66,939	201,027	267,966
May-24	124,520	53,995	100,201	-	278,716
June-24	-	17,000	49,535	-	66,535
July-24	135,793	177,281	50,677	-	363,751
Aug-24	699,018	110,124	-	447,583	1,256,725
Sept-24	-	50,040	43,355	11,860	105,255
Oct-24	143,490	23,400	62,702	414,744	644,336
Nov-24	-	-	150,078	253,058	403,136
Dec-24	-	99,913	91,121	43,774	234,808
<b>Total</b>	<b>1,102,821</b>	<b>585,753</b>	<b>714,608</b>	<b>1,752,609</b>	<b>4,155,791</b>

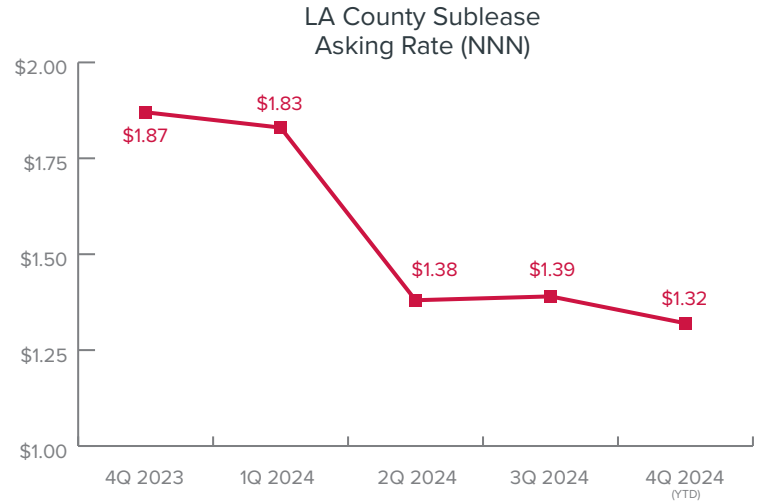
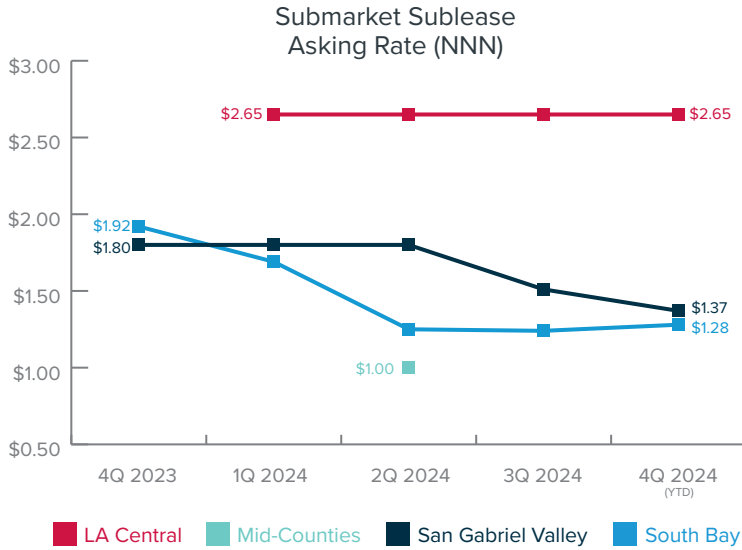
Total Number of Sublease Listings Added + Total Number of Sublease Listings Available:

49

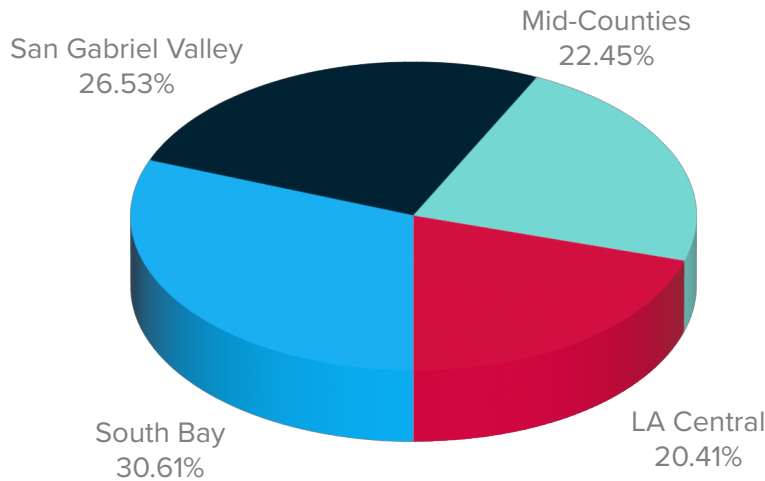
Total Comps

13

## Sublease Report



## % Sublease Availability



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