

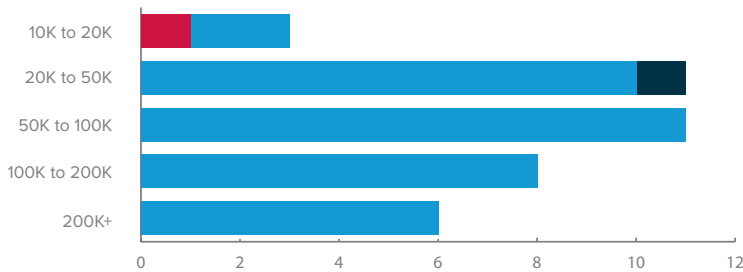
February | 2025

INSIGHT

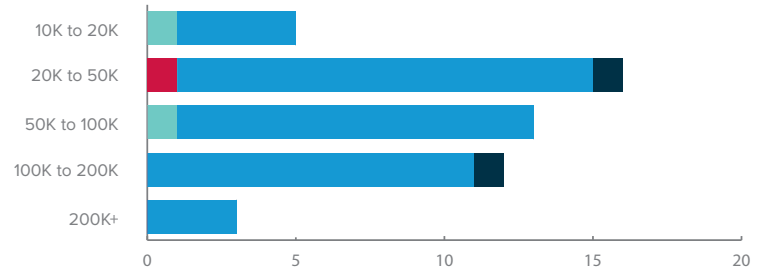
The market remains **tenant-favored overall** with **1.4x supply to demand**, though **South Bay** and **LA Central** show the strongest **balance**, with a 1:1 ratio of new availabilities to comps. **San Gabriel Valley** faces the highest supply imbalance (**2:1**), indicating slower lease-up times. **Direct leasing** sees a **1.9x supply-to-demand ratio**, with **South Bay** experiencing the most oversupply, while the **sublease market is tighter (0.5x ratio)**, especially in **South Bay**, where demand outpaces supply. **Mid-Counties** struggles with **sublease oversupply**, signaling potential pricing pressure. **Landlords in demand-heavy areas can push stronger lease terms**, while those in high-supply markets may need to **adjust pricing or offer incentives**.

Lease Supply Demand Report

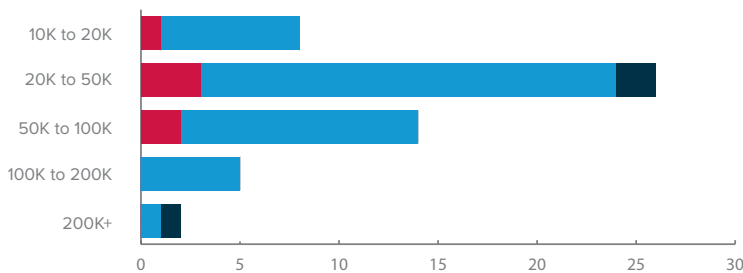
LA Central Lease Supply Demand (February 2025)



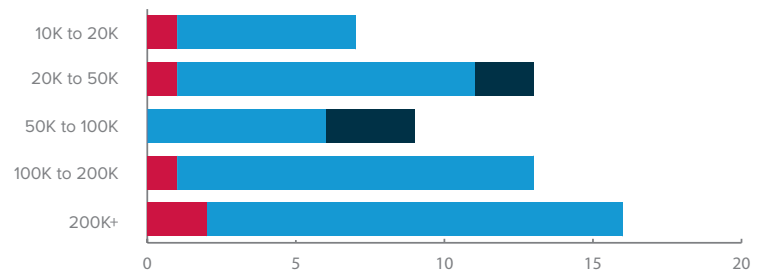
Mid-Counties Lease Supply Demand (February 2025)



San Gabriel Valley Lease Supply Demand (February 2025)



South Bay Lease Supply Demand (February 2025)



SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	1	0	7	0
20K to 50K	3	0	21	2
50K to 100K	2	0	12	0
100K to 200K	0	0	5	0
200K+	0	0	1	1

SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	1	0	6	0
20K to 50K	1	0	10	2
50K to 100K	0	0	6	3
100K to 200K	1	0	12	0
200K+	2	0	14	0

Grand Total:	Direct Availables Added	Total Available Added Sublease	Total Availables	Total Comps This Month
	13	2	175	11

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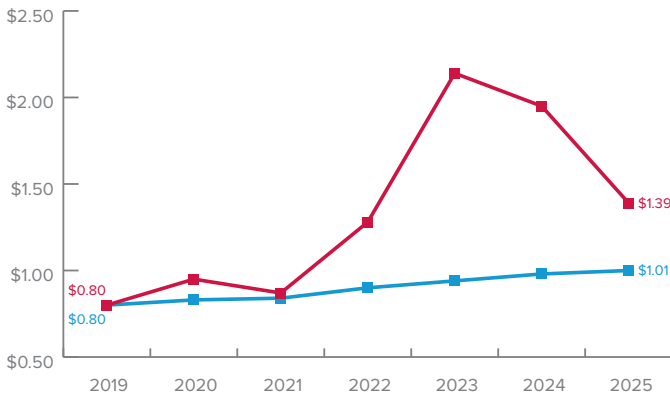
INSIGHT

NNN lease rates have seen a **steep decline of 28.6%**, dropping from **\$1.95** in February 2024 to **\$1.39** in February 2025, marking a sharp correction after the peak of **\$2.14** in 2023. While still above the **inflation-predicted rate of \$1.01**, it would need to decrease **another 27.6%** to align with inflation-based expectations. **GRS lease rates have also fallen, down 20.5% to \$1.43** in 2025, though they remain closer to the **inflation-adjusted projection of \$1.27**. These declines suggest a **market correction after rapid rent growth in 2022-2023**, with **NNN leases experiencing a sharper drop than GRS leases**. Landlords may need to **adjust pricing strategies or offer concessions** as the market stabilizes and tenants regain negotiating power.

2019-2025 (February) Potential Lease Equilibrium

ALL MARKETS IN LOS ANGELES - NNN

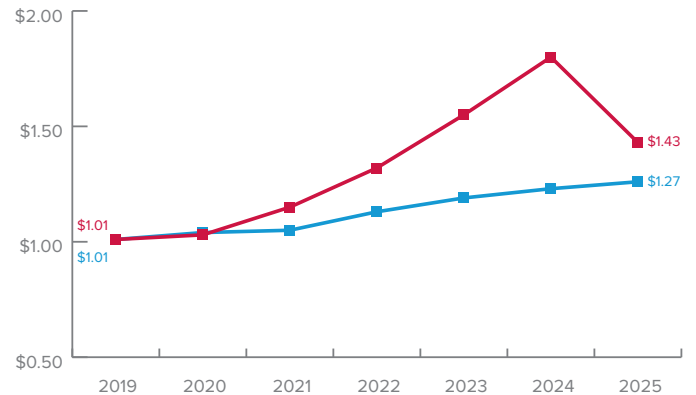
Lease Comp Rate VS. Lease Comp Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.80	\$0.80	
2020	\$0.95	\$0.83	3.4%
2021	\$0.87	\$0.84	1.0%
2022	\$1.28	\$0.90	7.4%
2023	\$2.14	\$0.94	5.1%
2024	\$1.95	\$0.98	3.4%
2025	\$1.39	\$1.01	3.3%

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	\$1.01	\$1.01	
2020	\$1.03	\$1.04	3.4%
2021	\$1.15	\$1.05	1.0%
2022	\$1.32	\$1.13	7.4%
2023	\$1.55	\$1.19	5.1%
2024	\$1.80	\$1.23	3.4%
2025	\$1.43	\$1.27	3.3%

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

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INSIGHT

Sublease vacancy rates for **NNN leases** have more than doubled, rising from **3.1% in Q1 2024** to **6.7% in Q1 2025**, signaling a growing supply of sublease space. This increase has coincided with a **sharp drop in asking rates**, which fell from **\$1.86 in Q1 2024** to **\$1.23 in Q1 2025**, reflecting weakening tenant demand. **LA County** sublease rates have steadily declined over the past year, with Q1 2025 marking the lowest point at **\$1.23**. **LA Central** saw the most dramatic drop, from **\$2.65 in late 2024** to **\$1.14 in Q1 2025**, while **Mid-Countries** and **San Gabriel Valley** experienced modest increases. With **43 total subleases** but only **17 comps** in the past 12 months, absorption remains sluggish, suggesting landlords may need to **adjust pricing or offer incentives to compete in a sublease-heavy market**.

Sublease Report

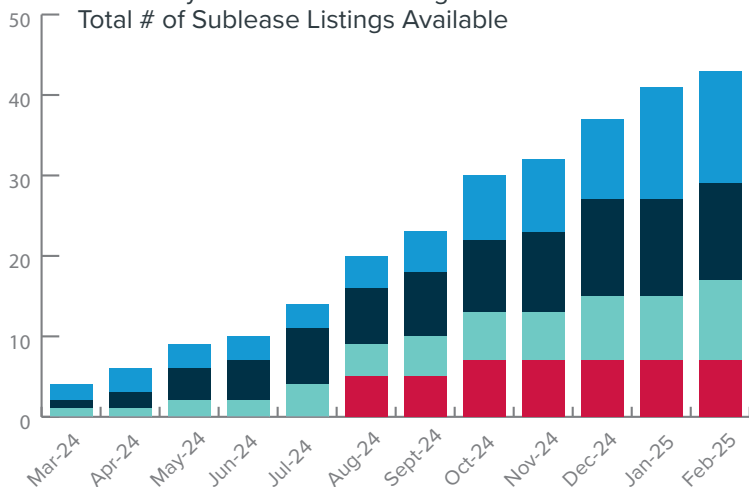
Sublease Vacancy

Q1 2025 (QTD)	6.7%
Q1 2024	3.1%

Sublease Asking Rate (NNN)

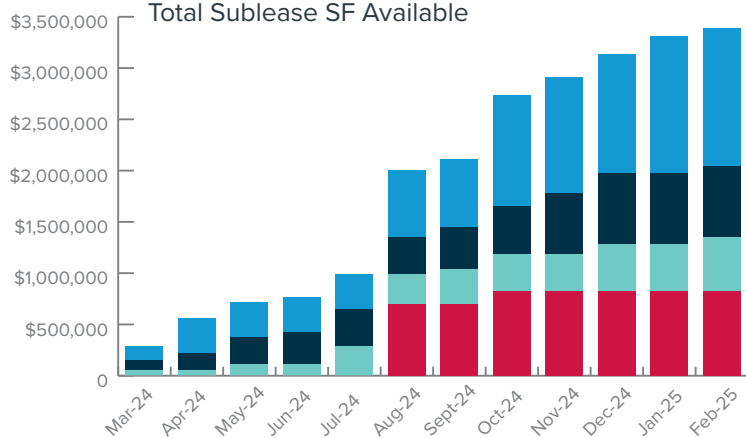
Q1 2025 (QTD)	\$1.23
Q1 2024	\$1.86

LA County # of Sublease Listings Added +
Total # of Sublease Listings Available



Period	LA Central	Mid-Countries	SGV	South Bay	LA County
Mar-24	0	1	1	2	4
Apr-24	0	0	1	1	2
May-24	0	1	2	0	3
June-24	0	0	1	0	1
July-24	0	2	2	0	4
Aug-24	5	0	0	1	6
Sept-24	0	1	1	1	3
Oct-24	2	1	1	3	7
Nov-24	0	0	1	1	2
Dec-24	0	2	2	1	5
Jan-25	0	0	0	4	4
Feb-25	0	2	0	0	2
Total	7	10	12	14	43

LA County Sublease SF Added +
Total Sublease SF Available



Period	LA Central	Mid-Countries	SGV	South Bay	LA County
Mar-24	-	54,000	100,000	135,504	289,504
Apr-24	-	-	66,939	201,027	267,966
May-24	-	53,995	100,201	-	154,196
June-24	-	-	49,535	-	49,535
July-24	-	177,281	50,677	-	227,958
Aug-24	699,018	-	-	315,256	1,014,274
Sept-24	-	50,040	43,355	11,860	105,255
Oct-24	124,180	23,400	62,702	414,744	625,026
Nov-24	-	-	125,500	47,140	172,640
Dec-24	-	99,913	91,121	43,774	234,808
Jan-25	-	-	-	176,096	176,096
Feb-25	-	69,750	-	-	69,750
Total:	823,198	528,379	690,030	1,345,401	3,387,008

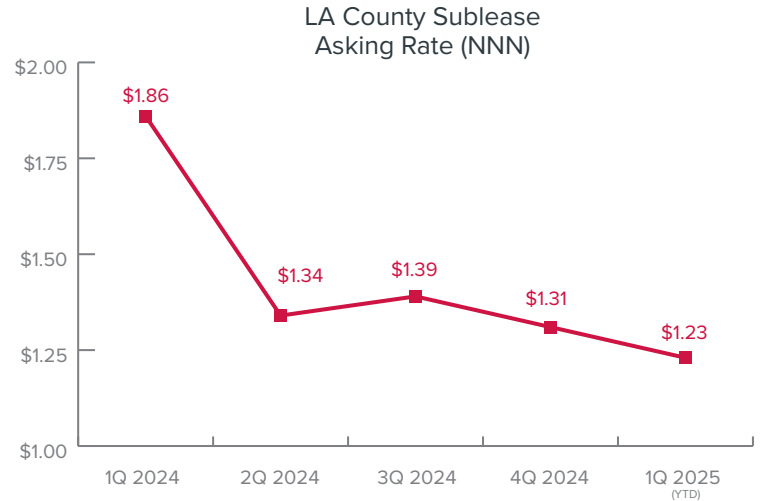
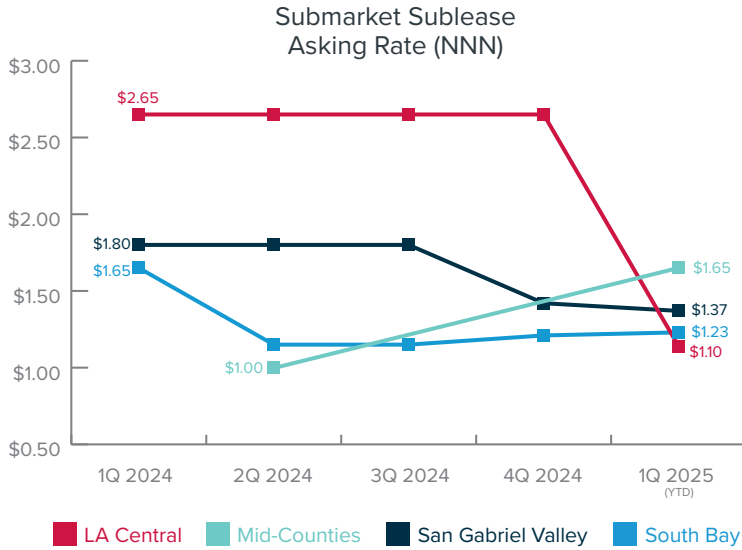
Total Number of Sublease Listings Added + Total Number of Sublease Listings Available:

43

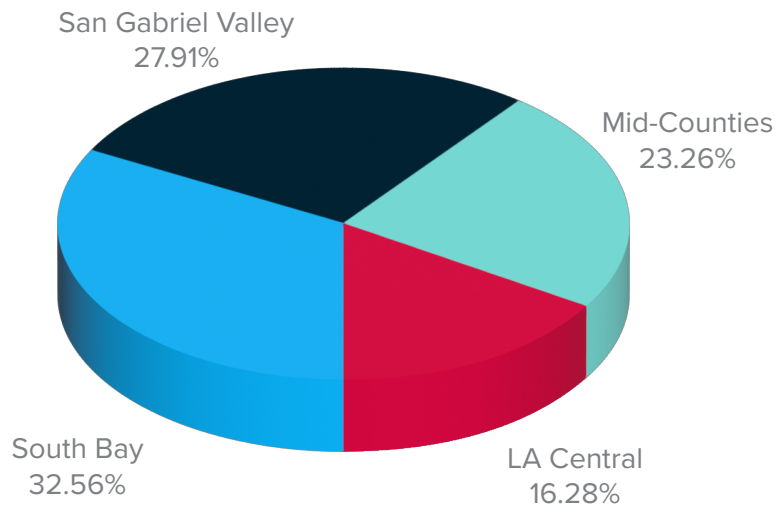
Total Comps

17

Sublease Report



% Sublease Availability



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