

January | 2025

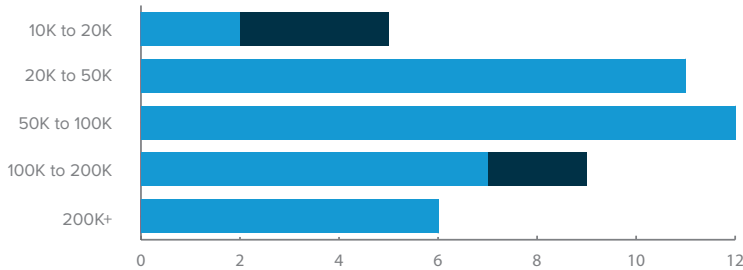
INSIGHT

In January, 15 new leases and subleases were added to the market, compared to only 11 completed transactions (comps), further exacerbating the oversupply issue, with 174 available spaces. This imbalance was most pronounced in South Bay, where six new availabilities were added, but only two comps were recorded during the same period.

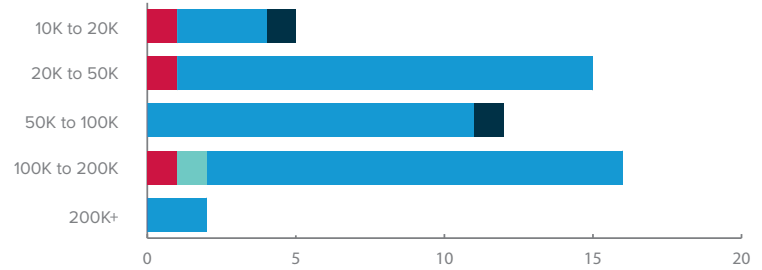
However, **LA Central experienced a notable shift**, with no additional leases or subleases added but five completed transactions. This submarket alone accounted for nearly half of all comps across the four submarkets this month. While LA Central still has substantial availability, this was a rare month where supply was reduced rather than expanded. Given the continued sluggish activity, landlords may need to adjust their rental expectations to reflect current market conditions.

Lease Supply Demand Report

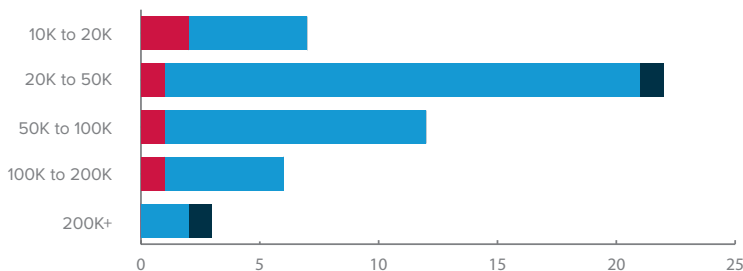
LA Central Lease Supply Demand (January 2025)



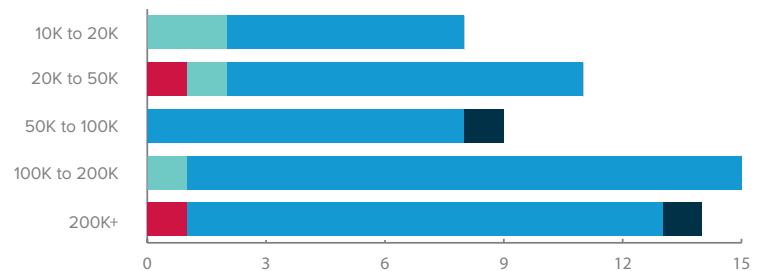
Mid-Counties Lease Supply Demand (January 2025)



San Gabriel Valley Lease Supply Demand (January 2025)



South Bay Lease Supply Demand (January 2025)



SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	2	0	5	0
20K to 50K	1	0	20	1
50K to 100K	1	0	11	0
100K to 200K	1	0	5	0
200K+	0	0	2	1

SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	0	2	6	0
20K to 50K	1	1	9	0
50K to 100K	0	0	8	1
100K to 200K	0	1	14	0
200K+	1	0	12	1

Grand Total:	Total Availables Added	Total Available Added Sublease	Total Availables	Total Comps This Month
	10	5	174	11

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.
© Copyright 2024 Lee & Associates all rights reserved.

INSIGHT

In January, both **NNN (Triple Net)** and **GRS (Gross)** lease rates **declined** compared to the prior year:

- **NNN lease rates** dropped by **7%** year-over-year.
- **GRS lease rates** saw a more significant **27%** decline.

However, **neither lease type has dropped enough to align with inflation-adjusted equilibrium levels:**

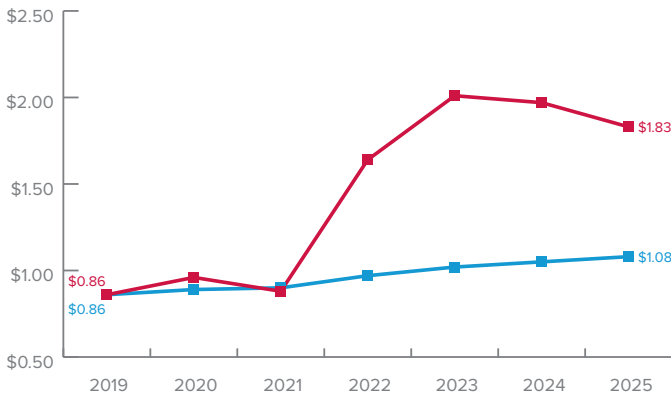
- **NNN leases** would still require an additional **41% reduction** to reach market equilibrium.
- **GRS leases** would need a further **14% decrease**.

This continues the trend seen in recent months—rates are softening but not yet at a level that fully restores supply-demand balance. Landlords may need to consider that high rental rates, relative to broader market conditions, could be contributing to ongoing stagnation.

2019-2025 (January) Potential Lease Equilibrium

ALL MARKETS IN LOS ANGELES - NNN

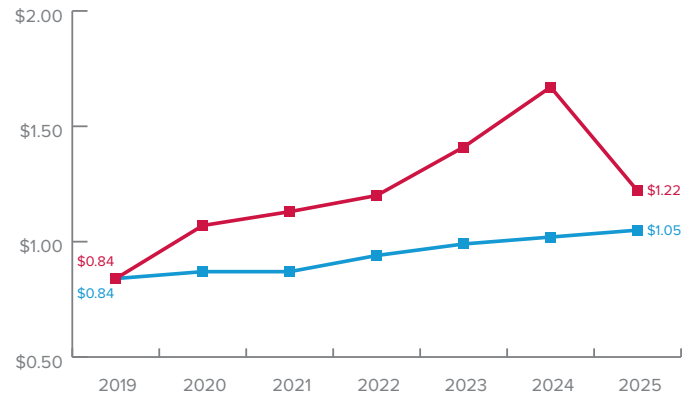
Lease Comp Rate VS. Lease Comp Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.86	\$0.86	
2020	\$0.96	\$0.89	3.1%
2021	\$0.88	\$0.90	0.9%
2022	\$1.64	\$0.97	7.5%
2023	\$2.01	\$1.02	5.8%
2024	\$1.97	\$1.05	2.5%
2025	\$1.83	\$1.08	3.4%

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	\$0.84	\$0.84	
2020	\$1.07	\$0.87	3.1%
2021	\$1.13	\$0.87	0.9%
2022	\$1.20	\$0.94	7.5%
2023	\$1.41	\$0.99	5.8%
2024	\$1.67	\$1.02	2.5%
2025	\$1.22	\$1.05	3.4%

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

JEFF RINKOV
CEO & Senior Vice President | LIC ID 0128887
213-400-7941
jrinkov@lee-associates.com

JACK R. CLINE, JR.
President | LIC ID 0085479
213-590-3512
jccline@lee-associates.com

DOUG CLINE
Senior Vice President | LIC ID 01942005
213-324-2957
dccline@lee-associates.com

EVAN JURGENSEN
Senior Vice President | LIC ID 01967347
323-922-3733
ejurgensen@lee-associates.com

MILES SOLOMON
Senior Vice President & Land Specialist | LIC ID 02099423
949-532-8609
msolomon@lee-associates.com

TONY NAPLES
Senior Vice President | LIC ID 0181344
818-395-4373
tnaples@lee-associates.com

JESSE D. ALLEN
Senior Vice President, Retail & Multi-Family Specialist | LIC ID 01047887
323-922-3756
jesse.allen@lee-associates.com

MATTHEW EDDY
Senior Vice President | LIC ID 01844956
213-268-8922
meddy@lee-associates.com

CONNOR F. ULF
Senior Vice President | LIC ID 01956845
818-468-1752
culf@lee-associates.com

SEHYUNG KIM
Senior Vice President | LIC ID 01527276
213-290-3599
skim@lee-associates.com

EUNICE KWON
Vice President | LIC ID 02024804
213-700-6266
ekwon@lee-associates.com

EVERETT PHILLIPS
Senior Vice President | LIC ID 01992837
626-755-4199
ephillips@lee-associates.com

KEVIN CHEN
Capital Markets | LIC ID 02130107
213-663-7999
kchen@lee-associates.com

DAVID COX
Associate | LIC ID 02130657
760-571-4827
dcox@lee-associates.com

MATTISON BEHR
Associate | LIC ID 02125252
818-434-9116
mbuhr@lee-associates.com

SAM RINKOV
Associate | LIC ID 02125252
323-922-5479
srinkov@lee-associates.com

MELANIE GUILLEN
LIC ID 01322895
323-922-3746
mgullen@lee-associates.com

AMANDA ULF
LIC ID 02135282
818-468-1762
aulf@lee-associates.com

MAX NUEVO
LIC ID 02152322
626-345-8634
mnuevo@lee-associates.com

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.
© Copyright 2024 Lee & Associates all rights reserved.

INSIGHT

Sublease vacancy has risen to **7.3%**, more than doubling from **3.2%** a year ago, even as asking rates have dropped significantly from **\$1.86 to \$1.21 per square foot**, with the biggest change during this quarter being in LA Central. Despite these price reductions, demand remains weak, with **only 15 completed transactions** in the past year across **47 available subleases** in LA County. These 15 comps are roughly equal to the number of new availabilities that have entered the market in just the past three months, highlighting the persistent supply-demand.

Despite aforementioned changes in asking rates, sublease vacancy remains elevated, and inventory continues to grow. If leasing activity does not pick up, further reductions in asking rates may be necessary to stimulate demand and bring more balance to the market.

Sublease Report

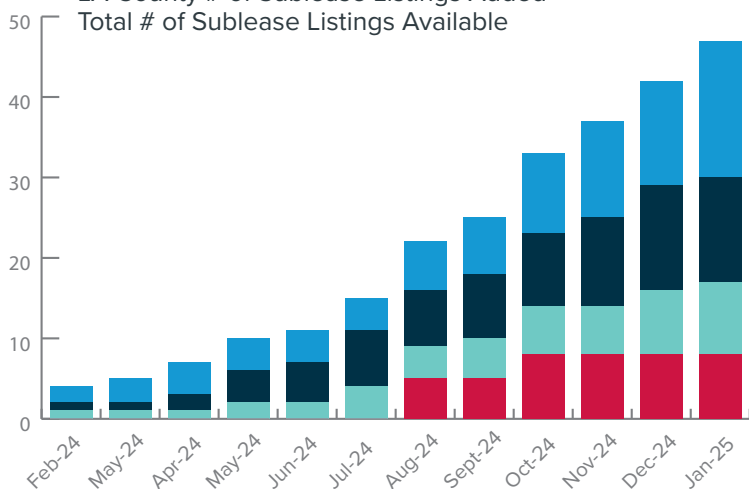
Sublease Vacancy

Q1 2025 (QTD)	7.3%
Q1 2024	3.2%

Sublease Asking Rate (NNN)

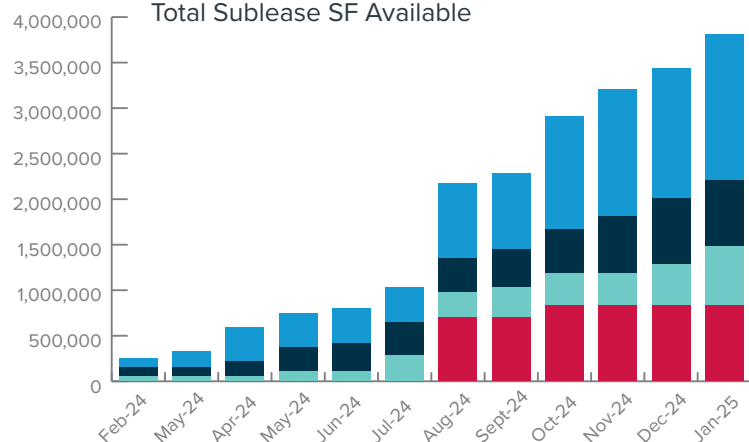
Q1 2025 (QTD)	\$1.21
Q1 2024	\$1.86

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



Period	LA Central	Mid-Countries	SGV	South Bay	LA County
Feb-24	0	1	1	2	4
Mar-24	0	0	0	1	1
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	2	7
Sept-24	0	1	1	1	3
Oct-24	3	1	1	3	8
Nov-24	0	0	2	2	4
Dec-24	0	2	2	1	5
Jan-25	0	1	0	4	5
Total	8	9	13	17	47

LA County Sublease SF Added +
Total Sublease SF Available



Period	LA Central	Mid-Countries	SGV	South Bay	LA County
Feb-24	-	54,000	100,000	99,260	253,260
Mar-24	-	-	-	75,248	75,248
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	-	-	447,583	1,146,601
Sept-24	-	50,040	43,355	11,860	105,255
Oct-24	134,390	23,400	62,702	414,744	635,236
Nov-24	-	-	150,078	137,772	287,850
Dec-24	-	99,913	91,121	43,774	234,808
Jan-25	-	194,016	-	176,096	370,112
Total:	833,408	652,645	714,608	1,607,364	3,808,025

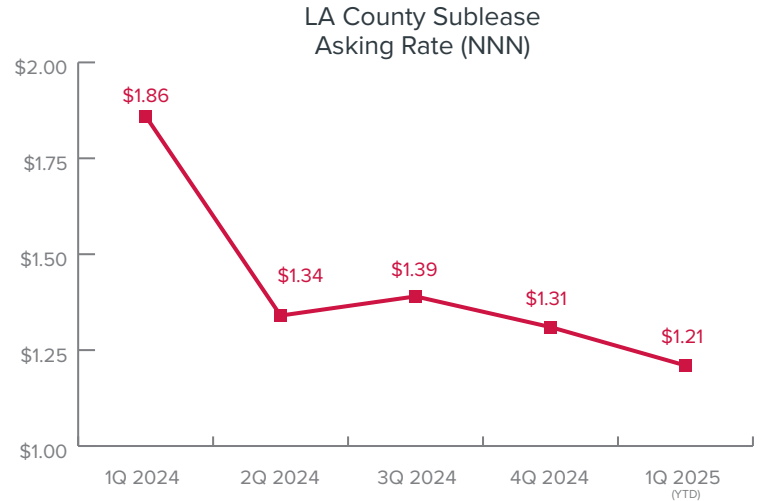
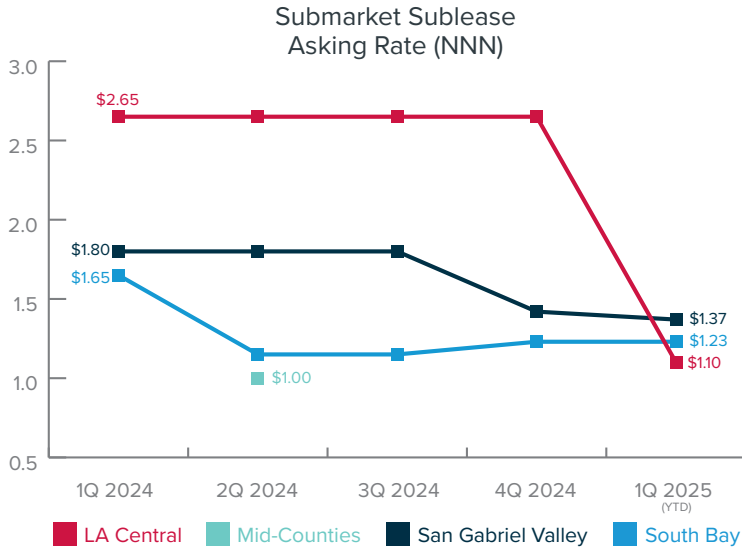
Total Number of Sublease Listings Added + Total Number of Sublease Listings Available:

47

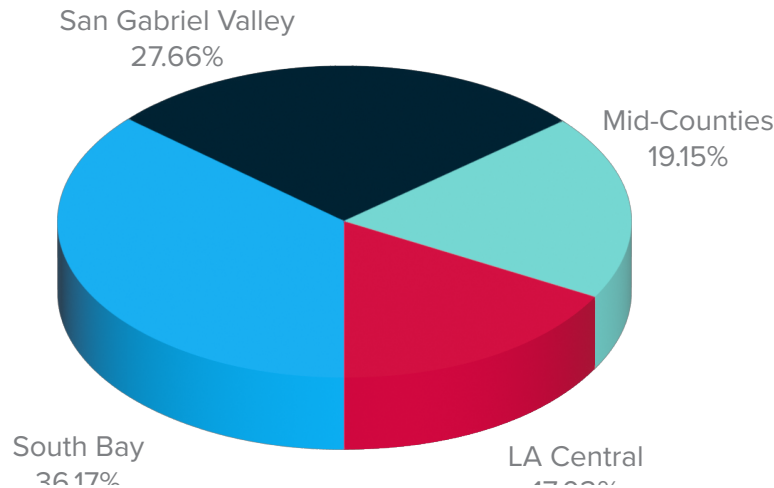
Total Comps

15

Sublease Report



% Sublease Availability



JEFF RINKOV
CEO & Senior Vice President | LIC ID 0128887
213-400-7941
jrinkov@lee-associates.com

JACK R. CLINE, JR.
President | LIC ID 00854279
213-590-3512
jcline@lee-associates.com

DOUG CLINE
Senior Vice President | LIC ID 01142005
213-324-2957
dcline@lee-associates.com

EVAN JURGENSEN
Senior Vice President | LIC ID 01967347
323-922-3733
ejurgensen@lee-associates.com

MILES SOLOMON
Senior Vice President & Land Specialist | LIC ID 02099423
949-532-8609
msolomon@lee-associates.com

TONY NAPLES
Senior Vice President | LIC ID 0181344
818-395-4373
tnaples@lee-associates.com

JESSE D. ALLEN
Senior Vice President, Retail & Multi-Family Specialist | LIC ID 01047487
323-922-3756
jesse.allen@lee-associates.com

MATTHEW EDDY
Senior Vice President | LIC ID 01848956
213-268-8922
meddy@lee-associates.com

CONNOR F. ULF
Senior Vice President | LIC ID 01956845
818-468-1752
culf@lee-associates.com

SEHYUNG KIM
Senior Vice President | LIC ID 01327276
213-290-3599
skim@lee-associates.com

EUNICE KWON
Vice President | LIC ID 02024804
213-700-6266
ekwon@lee-associates.com

EVERETT PHILLIPS
Senior Vice President | LIC ID 01992837
626-755-4199
ephillips@lee-associates.com

KEVIN CHEN
Capital Markets | LIC ID 0213037
213-663-7999
kchen@lee-associates.com

DAVID COX
Associate | LIC ID 02130657
760-571-4827
dc Cox@lee-associates.com

MATTISON BEHR
Associate | LIC ID 02091054
818-434-9116
mbehr@lee-associates.com

SAM RINKOV
Associate | LIC ID 02132512
323-922-5479
srinkov@lee-associates.com

MELANIE GUILLEN
LIC ID 01322895
323-922-3746
mgullen@lee-associates.com

AMANDA ULF
LIC ID 0135282
818-468-1762
aulf@lee-associates.com

MAX NUEVO
LIC ID 0215232
626-345-8634
mnuevo@lee-associates.com

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.
© Copyright 2024 Lee & Associates all rights reserved.