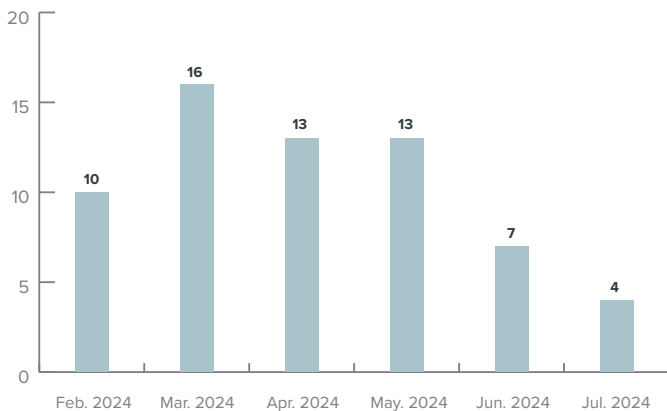


INSIGHT

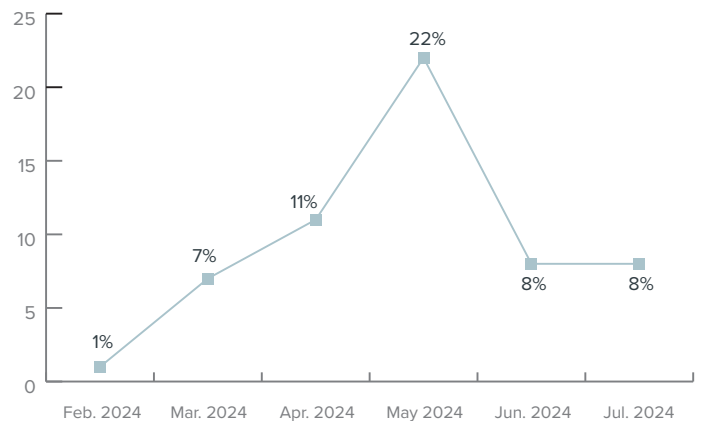
July saw another month of reduced listings with rate reductions holding steady at around 8%, suggesting a softening market. Following a peak in total leased and sold properties in June, July experienced a significant decline, despite a high number of available listings. This imbalance of high supply and reduced leasing activity indicates that further rate reductions may be necessary to stimulate demand. The June peak, which followed a major lease rate reduction of 22% in May, suggests that continued sluggish activity in July signals the need for additional adjustments to attract tenants and stabilize the market.

Lease Rate Reduction

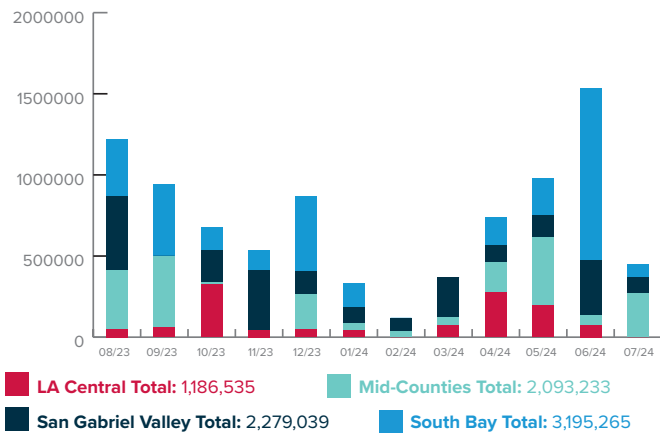
All Lease # of Listings Rate Reductions



All Lease Average Reduction From Previous Rate

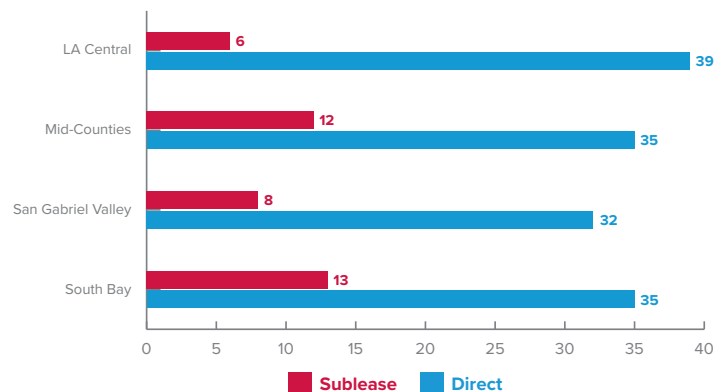


Total Leased And Sold (SF)



■ LA Central Total: 1,186,535
 ■ Mid-Counties Total: 2,093,233
■ San Gabriel Valley Total: 2,279,039
 ■ South Bay Total: 3,195,265

Total # of Listings



■ Sublease
 ■ Direct

Grand Total: 8,754,072

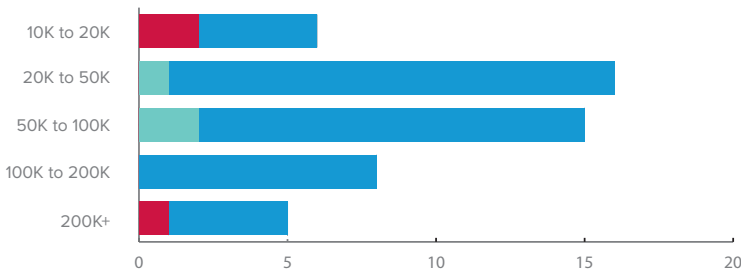
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INSIGHT

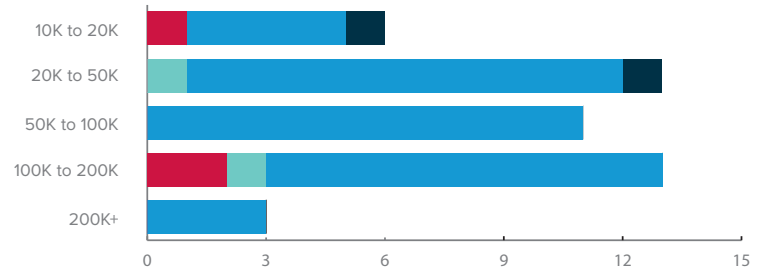
In July, there were minimal property movements: no properties moved in La Central, only two in mid-County, three in the San Gabriel Valley, and two in South Bay, with none exceeding 100,000 sq. ft. The addition of 20 new direct and sublease properties to the market reflects a clear surplus of supply over demand, highlighting the need for competitive pricing or incentives to drive tenant interest. If demand remains low, more aggressive rate adjustments or leasing incentives may be warranted, especially to address the oversupply of large spaces.

Lease Supply Demand Report

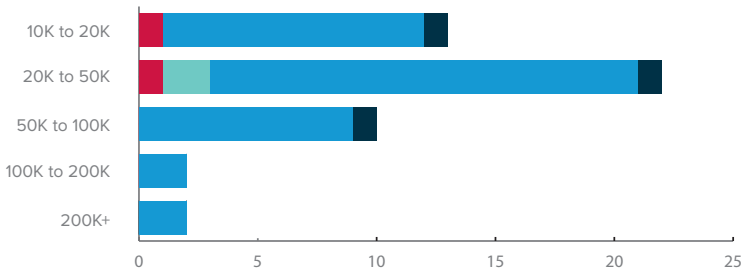
LA Central Lease Supply Demand (July 2024)



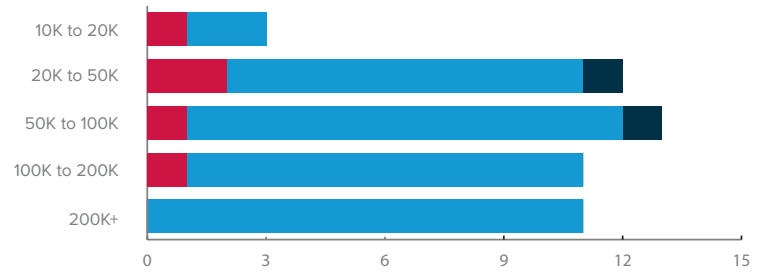
Mid-Counties Lease Supply Demand (July 2024)



San Gabriel Valley Lease Supply Demand (July 2024)



South Bay Lease Supply Demand (July 2024)



Grand Total:	Total Availables Added	Total Available Added Sublease	Total Availables	Total Comps This Month
	13	7	168	7

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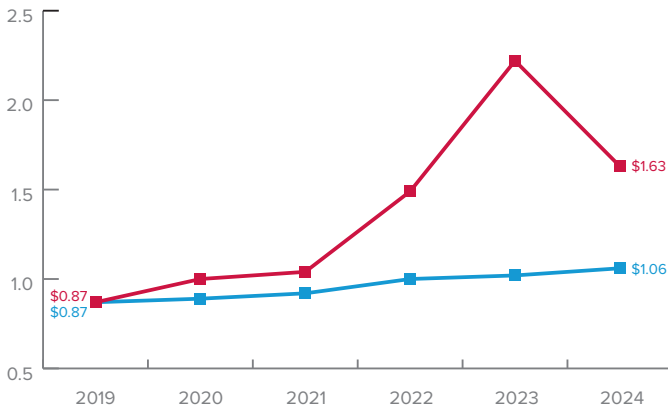
INSIGHT

Lease rates currently remain above the predicted lease comp rate when accounting for inflation, despite a recent dip in triple net lease comps. While this suggests we are moving toward equilibrium, rates still sit above typical inflation levels, with GRS rates particularly showing resistance to decline. This premium above inflation-adjusted rates could create a demand gap as tenants may perceive rates as high. A downward adjustment in rates would help bring them closer to an ideal balance, especially if the goal is to match tenant expectations more closely with market conditions.

2019-2024 (July) 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	\$0.87	\$0.87	
2020	\$1.00	\$0.89	1.9%
2021	\$1.04	\$0.92	3.9%
2022	\$1.49	\$1.00	7.7%
2023	\$2.22	\$1.02	2.7%
2024	\$1.63	\$1.06	3.2%

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

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INSIGHT

The sublease market in Los Angeles County has seen a general decline in asking rates, falling from \$1.87 in Q4 2023 to \$1.38 in Q2 2024, which suggests that tenants may be opting for lower rates to encourage sublease uptake.

OVERALL RECOMMENDATION

To balance the market, consider further rate reductions in areas experiencing low demand, paired with incentives for tenants, especially in oversupplied segments. A strategic, market-aligned rate adjustment could help attract new leases, particularly in submarkets struggling with high vacancy rates. Regularly evaluating supply and demand metrics will be key to achieving stabilization and encouraging consistent leasing activity as rates align more closely with tenant expectations and market realities.

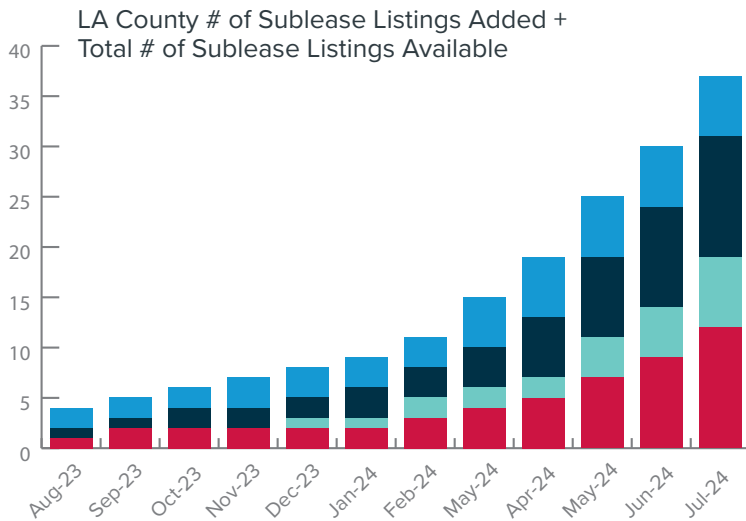
Sublease Report

Sublease Vacancy

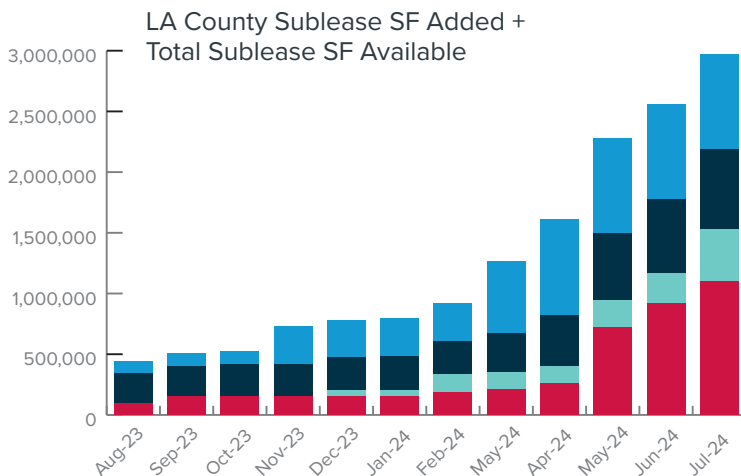
Q2 2024 (QTD)	6.3%
Q2 2023	0.5%

Sublease Asking Rate (NNN)

Q2 2024 (QTD)	\$1.38
Q2 2023	\$1.62

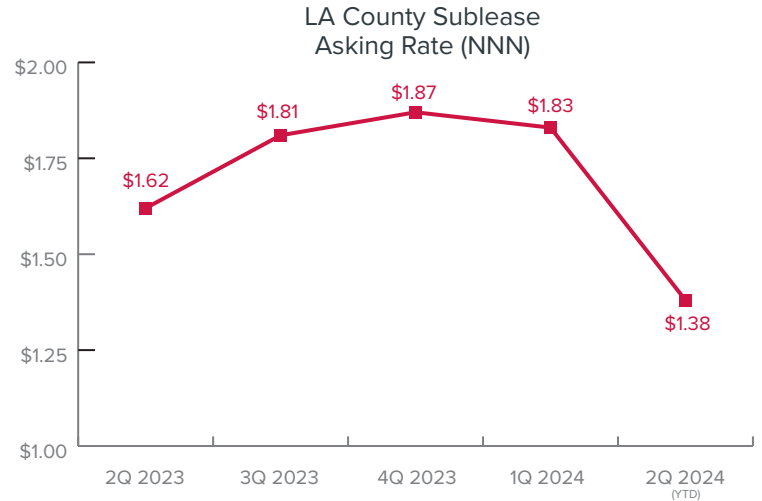
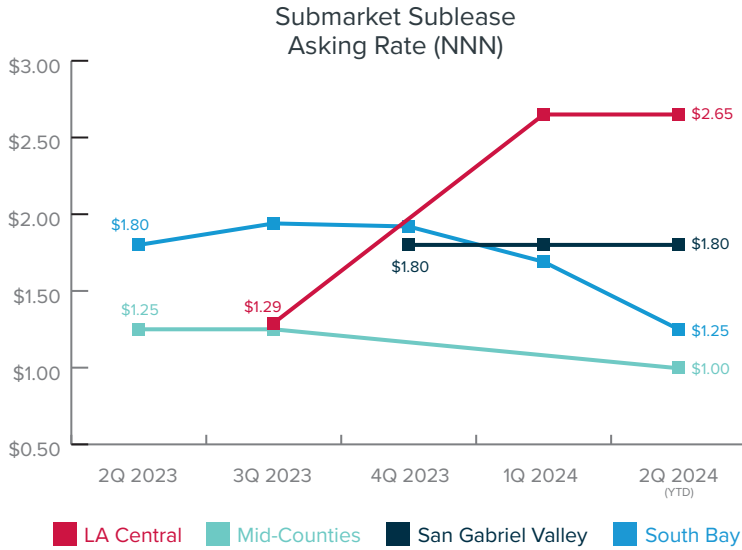


Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Aug-23	1		1	2	4
Sept-23	1				1
Oct-23			1		1
Nov-23				1	1
Dec-23		1			1
Jan-24			1		1
Feb-24	1	1			2
Mar-24	1		1	2	4
Apr-24	1		2	1	4
May-24	2	2	2		6
June-24	2	1	2		5
July-24	3	2	2		7
Total	12	7	12	6	37

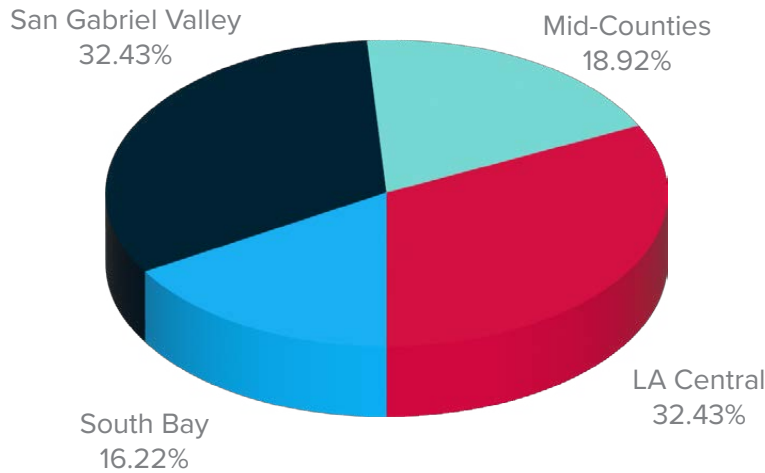


Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Aug-23	94,769		250,000	99,260	444,029
Sept-23	58,664				58,664
Oct-23			16,320		16,320
Nov-23				206,055	206,055
Dec-23		54,000			54,000
Jan-24			11,400		11,400
Feb-24	35,300	89,499			124,799
Mar-24	19,989		46,064	280,184	346,237
Apr-24	50,000		95,132	201,027	346,159
May-24	460,120	82,430	131,767		674,317
June-24	201,528	17,000	61,711		280,239
July-24	182,849	177,281	50,677		410,807
Total	1,103,219	420,210	663,071	786,526	2,973,026

Sublease Report



% Sublease Availability



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