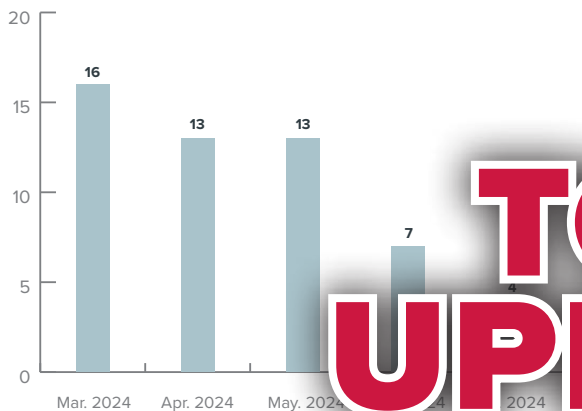


## INSIGHT

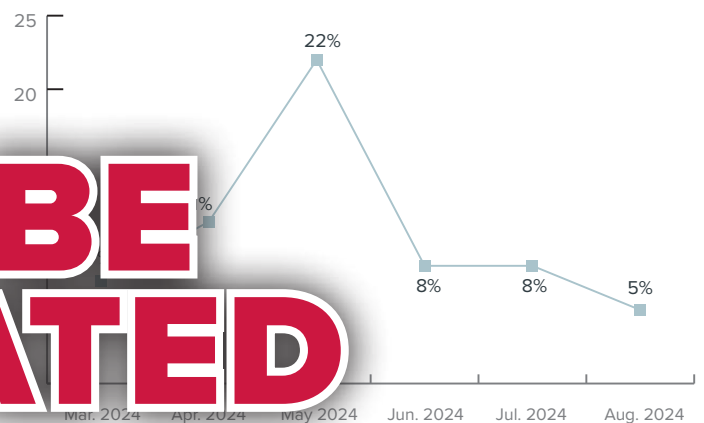
[PLACEHOLDER]

## Lease Rate Reduction

All Lease # of Listings Rate Reductions

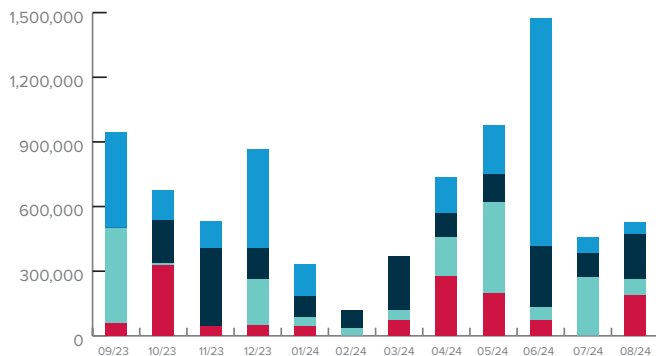


All Lease Average Reduction From Previous Rate



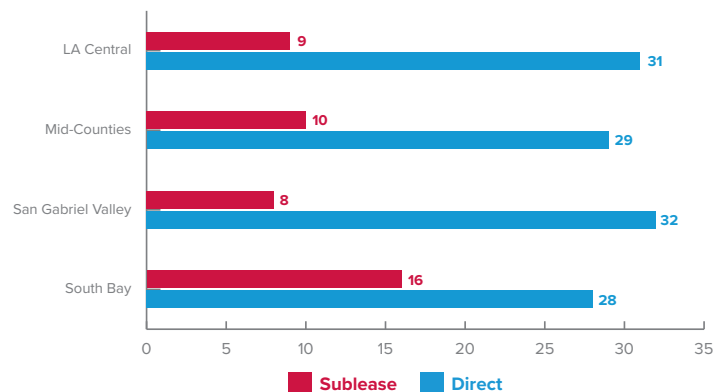
**TO BE  
UPDATED**

Total Leased And Sold (SF)



■ LA Central Total: 1,322,034
 ■ Mid-Countries Total: 1,809,631
 ■ San Gabriel Valley Total: 1,981,555
 ■ South Bay Total: 2,904,125

Total # of Listings



**Grand Total:** 8,017,345

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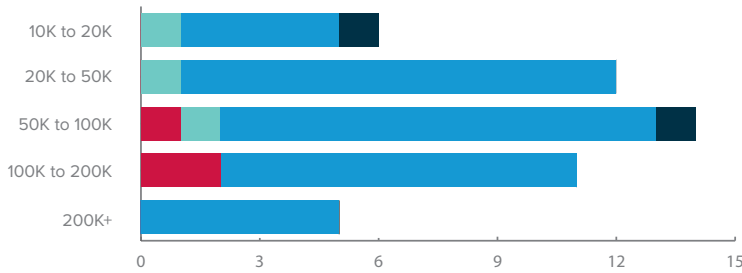
## INSIGHT

In October, **17 new leases** were added, bringing total availability to **166**, but only **9 transactions** occurred, highlighting an overabundance of supply relative to demand. The **San Gabriel Valley** and **Mid Counties** submarkets saw near balance between leases and comps, indicating less discrepancy between supply and demand compared to the **South Bay** and **LA Central**, where supply outpaced demand. This suggests that rate reductions may be needed in the more pressured areas.

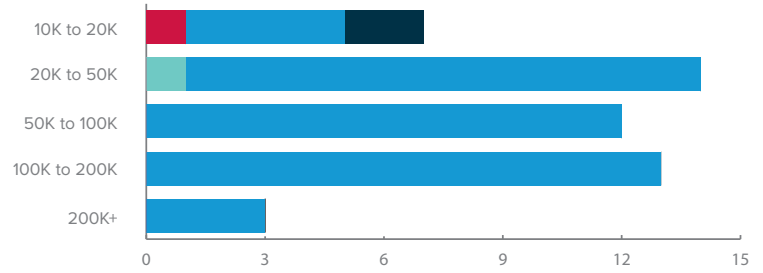
Larger spaces (50k+ sq ft) continue to experience a significant supply-demand mismatch, with **10 new leases** but only **2 comps** in October. The larger space market remains challenging, where landlords may need to lower rates to attract tenants.

## Lease Supply Demand Report

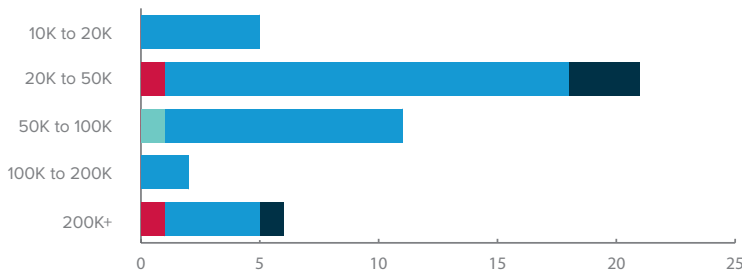
**LA Central Lease Supply Demand (October 2024)**



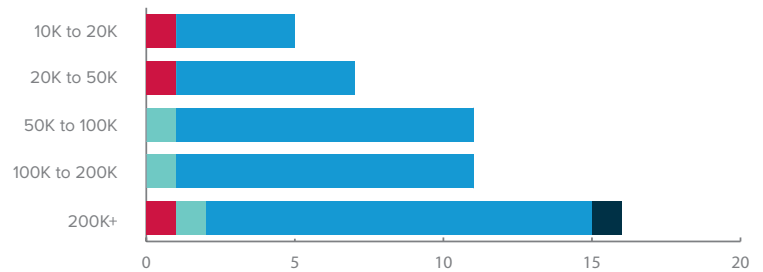
**Mid-Counties Lease Supply Demand (October 2024)**



**San Gabriel Valley Lease Supply Demand (October 2024)**



**South Bay Lease Supply Demand (October 2024)**



SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	0	0	5	0
20K to 50K	1	0	17	3
50K to 100K	0	1	10	0
100K to 200K	0	0	2	0
200K+	1	0	4	1

SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	1	0	4	0
20K to 50K	1	0	6	0
50K to 100K	0	1	10	0
100K to 200K	0	1	10	0
200K+	1	1	13	1

Grand Total:	Total Availables Added	Total Available Added Sublease	Total Availables	Total Comps This Month
	9	8	166	9

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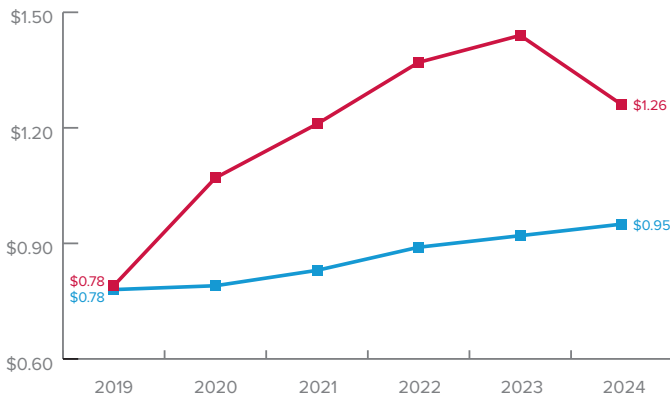
## INSIGHT

Both **NNN** and **GRS** leases are currently priced around **26%-33% higher** than the anticipated lease comp rates when adjusted for inflation. This suggests that the current lease rates are misaligned with broader economic conditions, as the rate increases in commercial leases has far exceeded inflation. If this misalignment continues, there may be a need for lease rate reductions to better match market realities, helping to bring supply and demand into a more balanced equilibrium. If rates remain too high, tenant demand may remain sluggish.

## 2019-2024 (October) Potential Lease Equilibrium

### ALL MARKETS IN LOS ANGELES - NNN

Lease Comp Rate VS. Lease Comp Rate w/ Inflation

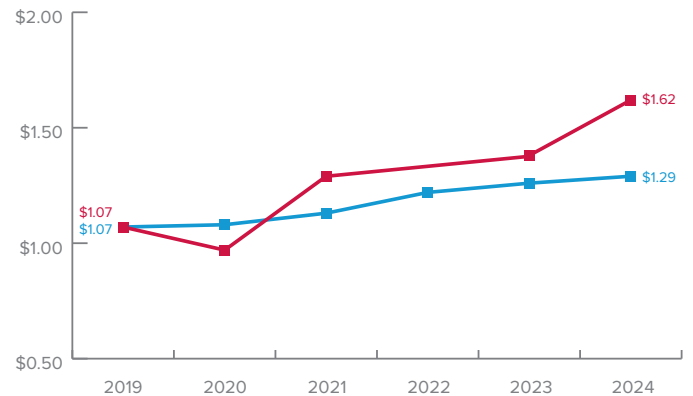


Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.78	\$0.78	
2020	\$1.07	\$0.79	1.2%
2021	\$1.21	\$0.83	4.6%
2022	\$1.37	\$0.89	7.8%
2023	\$1.44	\$0.92	3.2%
2024	\$1.26	\$0.95	2.8%

■ Lease Comp Rate ■ 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	\$1.07	\$1.07	
2020	\$0.97	\$1.08	1.2%
2021	\$1.29	\$1.13	4.6%
2022	\$1.38	\$1.22	7.8%
2023	\$1.38	\$1.26	3.2%
2024	\$1.62	\$1.29	2.8%

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

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## INSIGHT

The asking rate for subleases has continued to decline as vacancy rates rise, suggesting that the decrease in rates has not been sufficient to reduce the increasing vacancy. This trend may indicate the need for further rate reductions in order to address the ongoing vacancy issue.

Currently, there are 44 subleases available, with a total of 18 comparable transactions (comps) over the same period. Notably, the number of comps in the past 12 months is lower than the number of subleases that have been added in the past three months, implying that subleases are staying on the market for extended periods. Meanwhile, the average asking rate has decreased from \$1.87 to approximately \$1.40 starting in Q2 2024. To mitigate vacancy levels, additional adjustments to lease rates may be necessary.

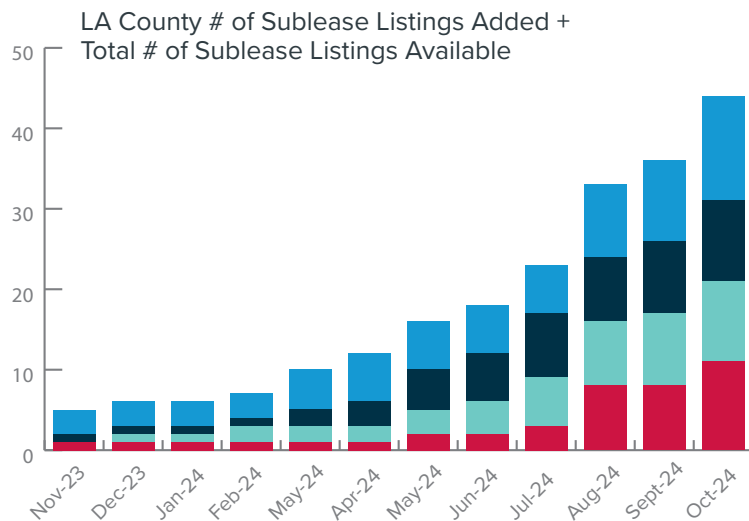
## Sublease Report

### Sublease Vacancy

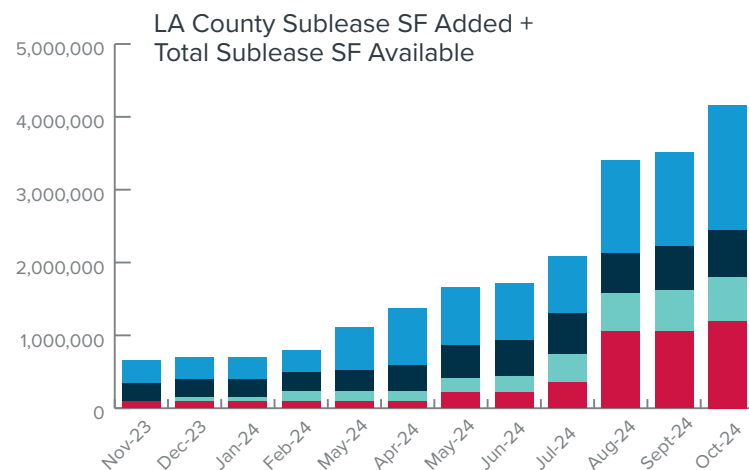
Q4 2024 (QTD)	10.3%
Q4 2023	3.0%

### Sublease Asking Rate (NNN)

Q4 2024 (QTD)	\$1.42
Q4 2023	\$1.87



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Nov-23	1	0	1	3	5
Dec-23	0	1	0	0	1
Jan-24	0	0	0	0	0
Feb-24	0	1	0	0	1
Mar-24	0	0	1	2	3
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	3	10
Sept-24	0	1	1	1	3
Oct-24	3	1	1	3	8
<b>Total</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>13</b>	<b>44</b>



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Nov-23	94,769	-	250,000	305,315	650,084
Dec-23	-	54,000	-	-	54,000
Jan-24	-	-	-	-	-
Feb-24	-	89,499	-	-	89,499
Mar-24	-	-	33,164	280,184	313,348
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	130,124	-	497,583	1,326,725
Sept-24	-	50,040	43,355	11,860	105,255
Oct-24	143,490	23,400	62,702	414,744	644,336
<b>Total:</b>	<b>1,197,590</b>	<b>595,339</b>	<b>656,573</b>	<b>1,710,713</b>	<b>4,160,215</b>

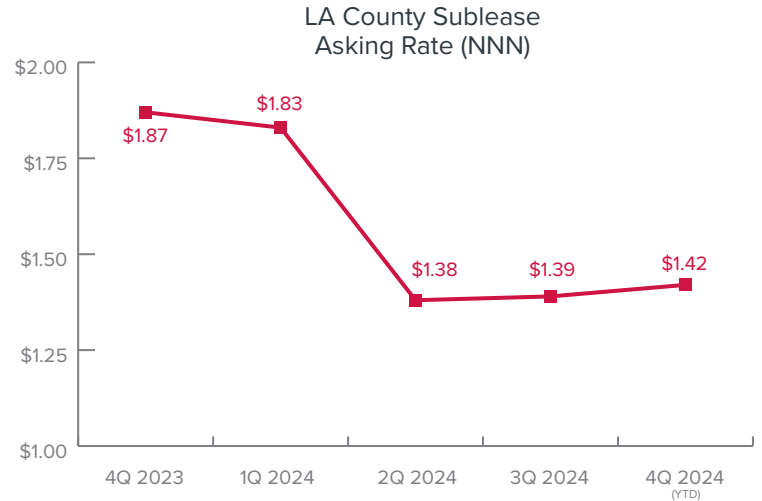
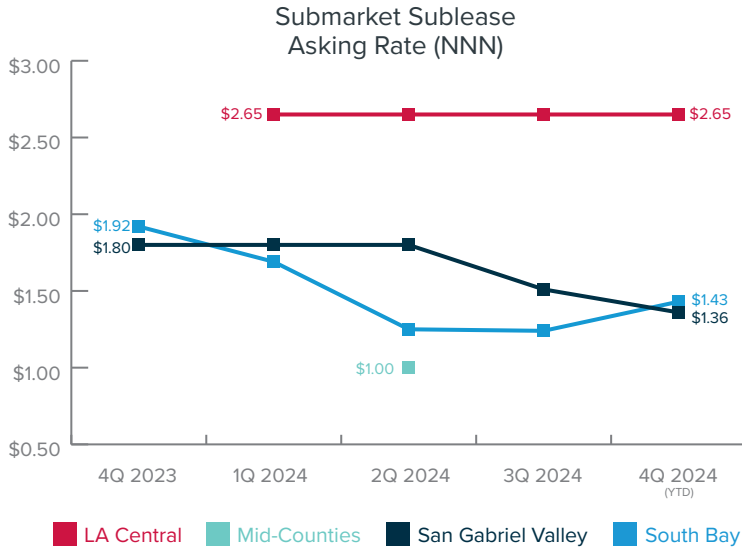
Total Number of Sublease Listings Added + Total Number of Sublease Listings Available:

**44**

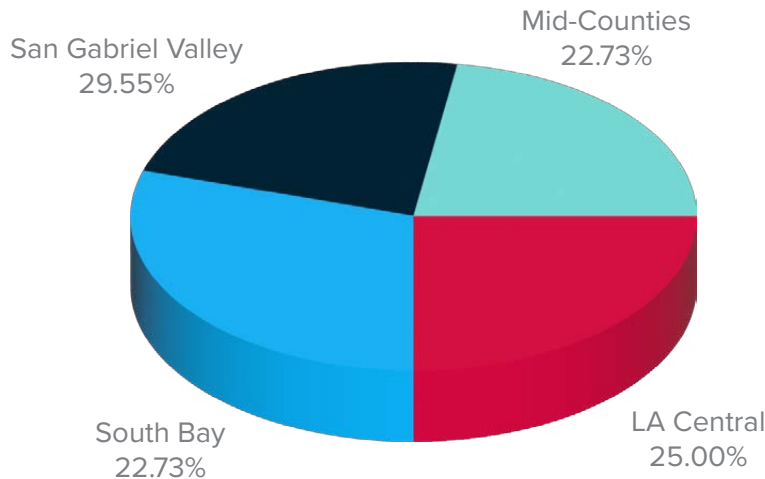
Total Comps

**18**

## Sublease Report



## % Sublease Availability



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