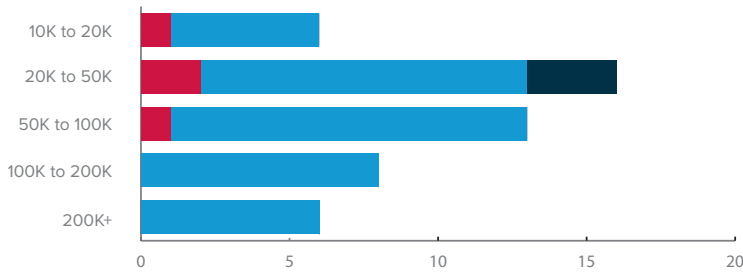


INSIGHT

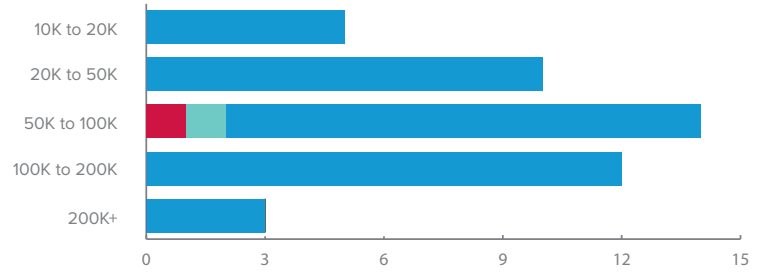
This month saw 14 new lease availabilities versus 13 finalized leases, bringing the market close to balance for September. Most activity occurred in LA Central, San Gabriel Valley, and South Bay, with South Bay showing a positive trend as finalized leases outpaced new listings, signaling healthy demand in that area.

Lease Supply Demand Report

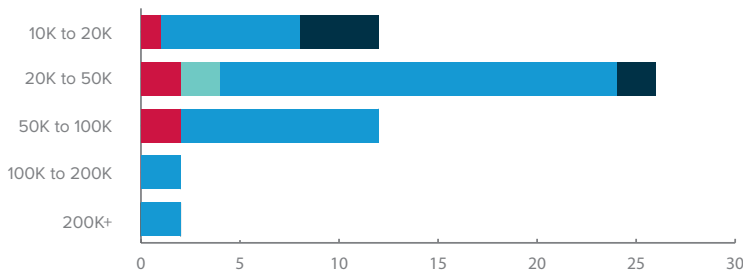
LA Central Lease Supply Demand (September 2024)



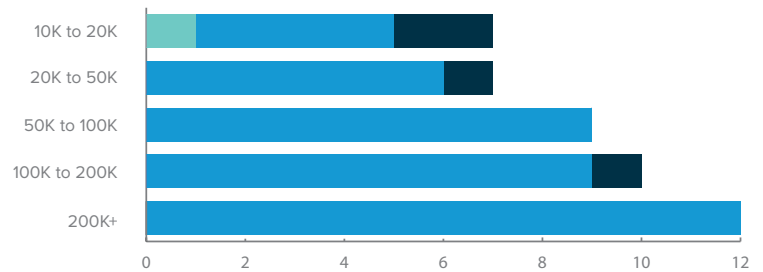
Mid-Counties Lease Supply Demand (September 2024)



San Gabriel Valley Lease Supply Demand (September 2024)



South Bay Lease Supply Demand (September 2024)



Grand Total:	Total Availables Added	Total Available Added Sublease	Total Availables	Total Comps This Month
	10	4	165	13

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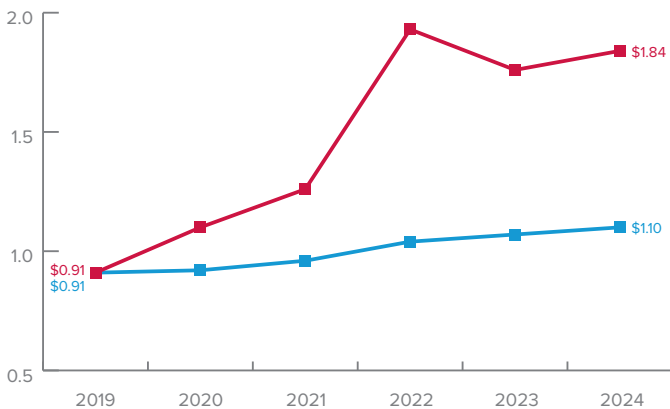
INSIGHT

Both NNN and Gross lease rates remain well above equilibrium. Gross leases experienced a notable decline from last year, but further reductions of similar magnitude would be necessary to reach an equilibrium level. NNN leases saw a slight increase from \$1.76 to \$1.84 over the past year, and while these rates have remained elevated since 2020, a significant drop would be required to bring them to inflation-adjusted expectations. Despite high availability, sustained market movement suggests that current rates may persist for a while longer, though sustained demand will be key to justifying these higher rates.

2019-2024 (September) 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	\$0.91	\$0.91	
2020	\$1.10	\$0.92	1.2%
2021	\$1.26	\$0.96	4.6%
2022	\$1.93	\$1.04	7.8%
2023	\$1.76	\$1.07	3.2%
2024	\$1.84	\$1.10	3.2%

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

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INSIGHT

Sublease vacancy surged dramatically over the past year, climbing from 1.9% to 7.7%, even as sublease rates fell from \$1.81 to \$1.39. This high vacancy, paired with ongoing sublease supply pressure, has kept NNN sublease rates low at around \$1.39 for consecutive quarters. Despite rate reductions, vacancy remains high, indicating that demand has not yet caught up with the abundant supply. Further rate adjustments or tenant incentives may be necessary to improve absorption in a market grappling with excess inventory. In direct leases, vacancies exert less immediate pressure on pricing because landlords often have greater financial resilience and are incentivized to

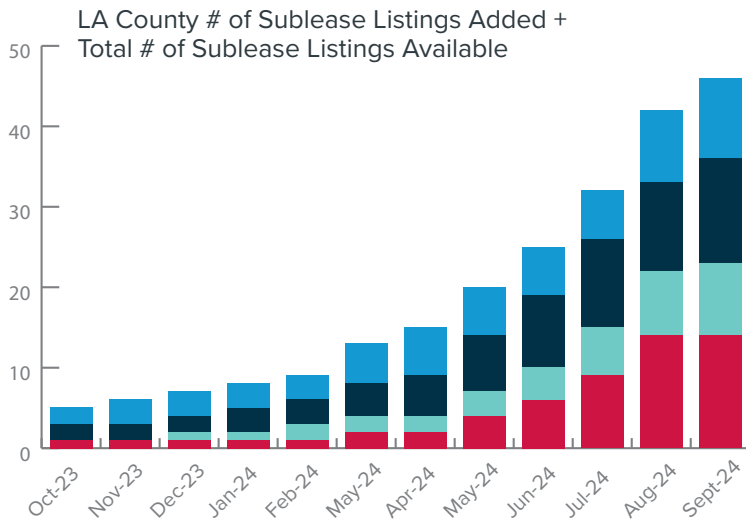
Sublease Report

Sublease Vacancy

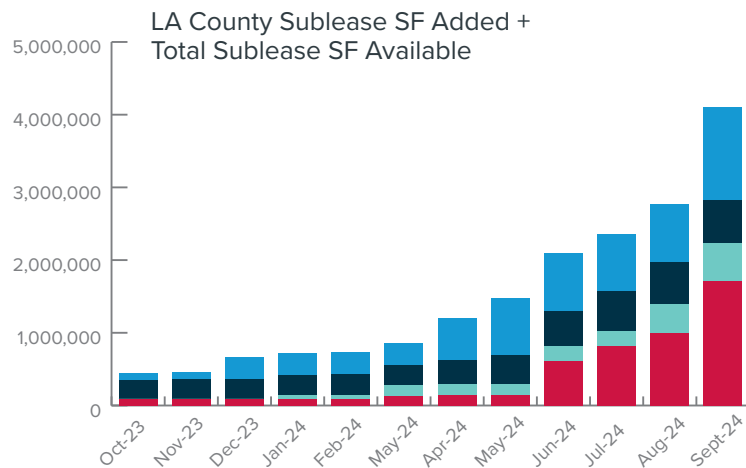
Q3 2024 (QTD)	7.7%
Q3 2023	1.9%

Sublease Asking Rate (NNN)

Q3 2024 (QTD)	\$1.39
Q3 2023	\$1.81



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Oct-23	1		2	2	5
Nov-23				1	1
Dec-23		1			1
Jan-24			1		1
Feb-24		1			1
Mar-24	1		1	2	4
Apr-24			1	1	2
May-24	2	1	2		5
June-24	2	1	2		5
July-24	3	2	2		7
Aug-24	5	2		3	10
Sept-24		1	2	1	4
Total	14	9	13	10	46



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Oct-23	94,769		266,320	99,260	460,349
Nov-23				206,055	206,055
Dec-23		54,000			54,000
Jan-24			11,400		11,400
Feb-24		89,499			89,499
Mar-24	19,989		46,064	280,184	346,237
Apr-24			66,939	201,027	267,966
May-24	460,120	53,995	100,201		614,316
June-24	201,528	17,000	82,699		301,227
July-24	182,849	177,281	50,677		410,807
Aug-24	699,018	130,124		497,583	1,326,725
Sept-24		50,040	78,003	11,860	139,903
Total	1,658,273	571,939	702,303	1,295,969	4,228,484

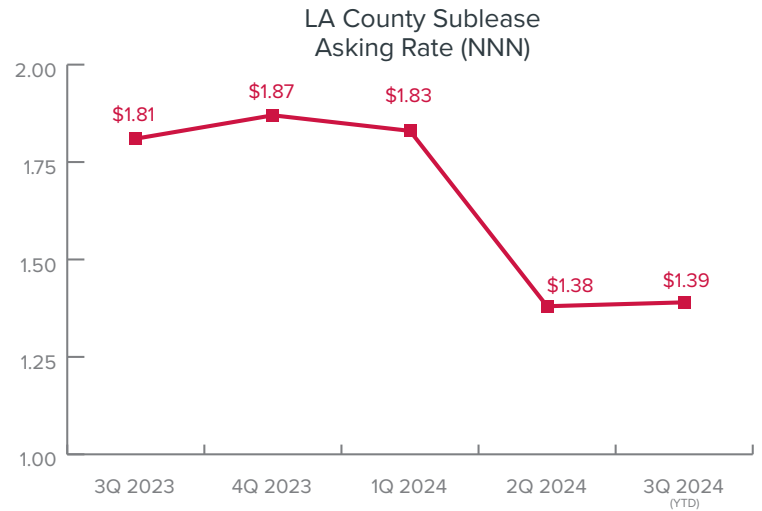
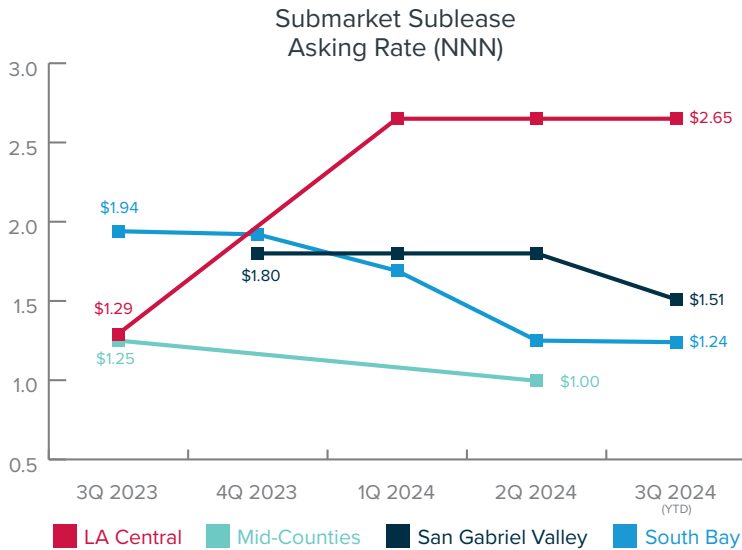
Total Number of Sublease Listings Added + Total Number of Sublease Listings Available:

33

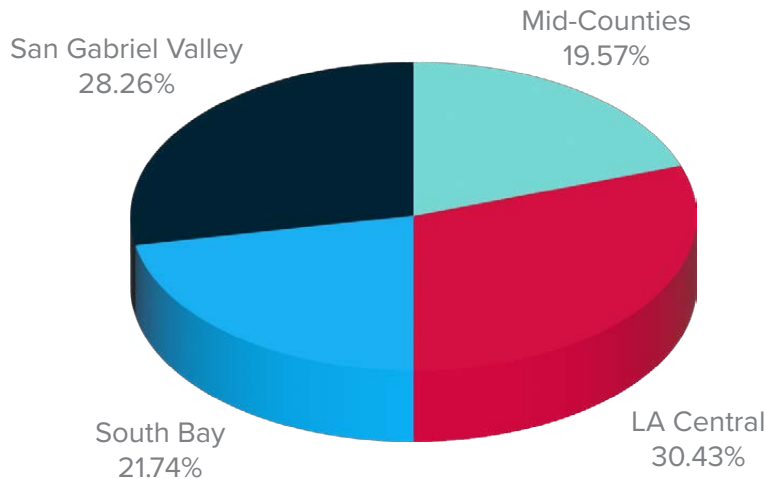
Total Comps

17

Sublease Report



% Sublease Availability



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