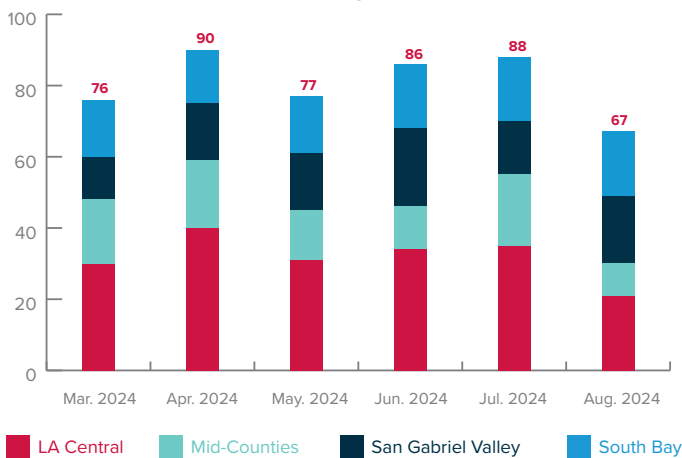


## INSIGHT

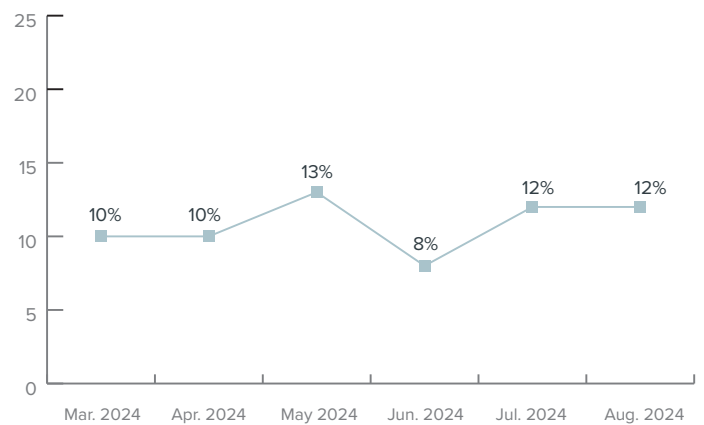
Rate reductions have remained relatively stable in both volume and percentage month over month, which may indicate cautious optimism from landlords aiming to support market activity without sacrificing long-term value. Concurrently, we've observed steady growth in lease and sales activities, suggesting that these minor rate reductions may be successfully encouraging tenant movement in the market. This trend reflects a possible early-stage market recovery as tenants are incentivized to act while rates are still relatively favorable.

## Lease Rate Reduction

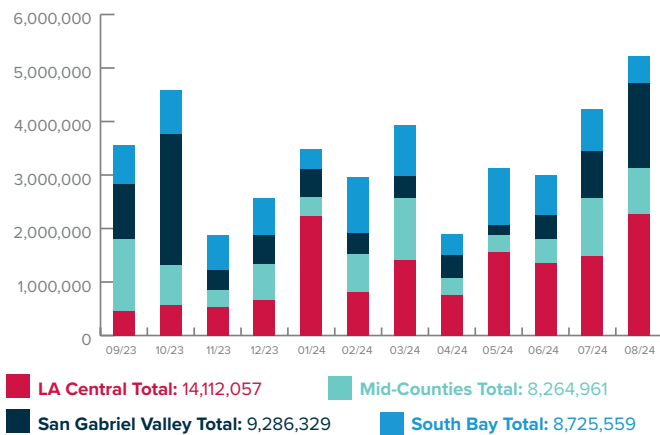
All Lease # of Listings Rate Reductions



All Lease Average Reduction From Previous Rate

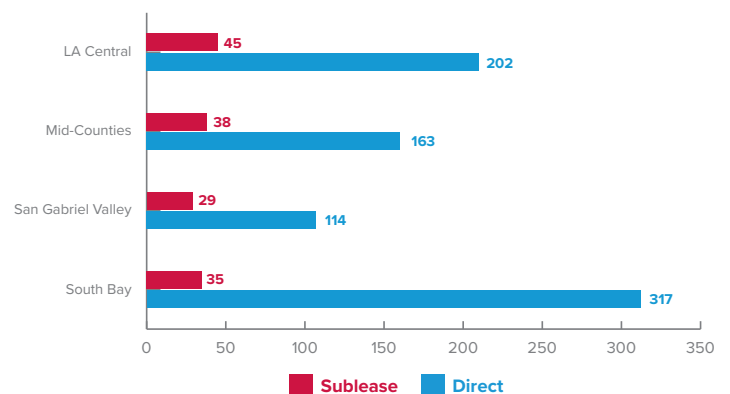


Total Leased And Sold (SF)



**LA Central Total: 14,112,057**    **Mid-Counties Total: 8,264,961**  
**San Gabriel Valley Total: 9,286,329**    **South Bay Total: 8,725,559**

Total # of Listings



**Grand Total: 40,388,906**

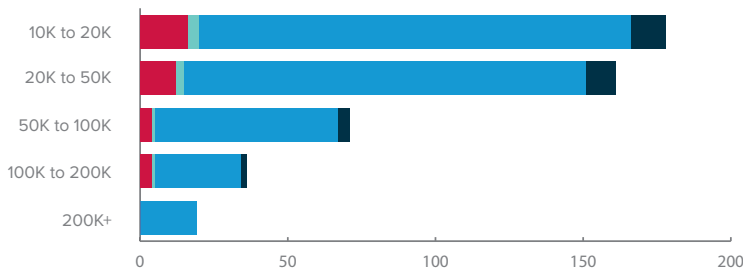
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## INSIGHT

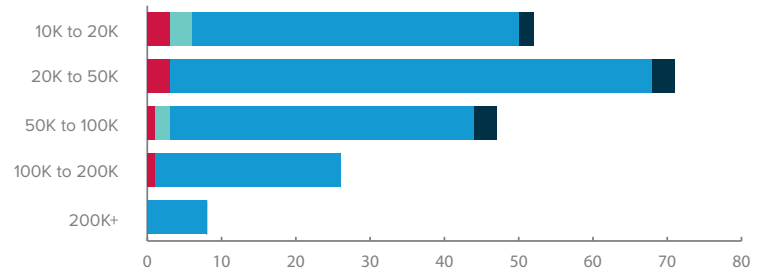
In August, 108 leases and subleases were introduced to the market, while total comparable transactions stood at 74. This growing disparity underscores continued pressure on the market as supply outpaces demand, potentially signaling a shift towards a tenant-favored market. The San Gabriel Valley, with 18 comparable transactions against 23 new listings, has shown the most balanced demand-to-supply ratio, potentially making it a more stable submarket. In contrast, heightened pressure is evident in LA Central and Midcounties, where only about 60% of new listings are matched with comparable transactions. This imbalance may force landlords in these areas to reassess pricing strategies to attract tenant interest and maintain occupancy levels.

## Lease Supply Demand Report

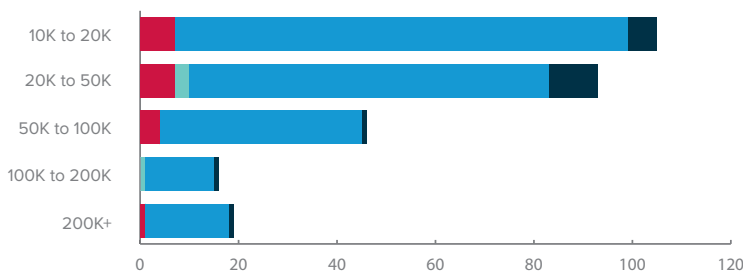
**LA Central Lease Supply Demand (August 2024)**



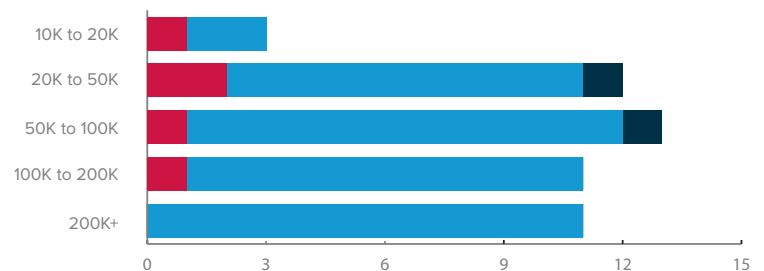
**Mid-Counties Lease Supply Demand (August 2024)**



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



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



SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	7	0	92	6
20K to 50K	7	3	73	10
50K to 100K	4	0	41	1
100K to 200K	0	1	14	1
200K+	1	0	17	1

SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	6	2	88	10
20K to 50K	10	0	95	4
50K to 100K	4	2	57	3
100K to 200K	0	1	40	0
200K+	0	1	17	2

Grand Total:	Total Availables Added	Total Available Added Sublease	Total Availables	Total Comps This Month
	83	25	1108	74

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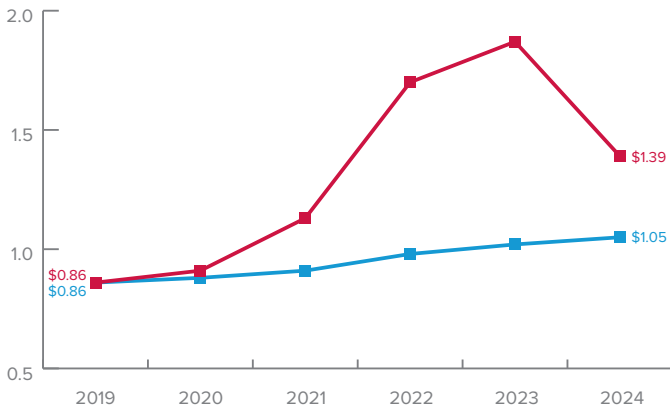
## INSIGHT

August's data suggest both NNN and Gross leases are aligning more closely with inflation-adjusted expectations, indicating the market's potential move toward stabilization. The NNN rate dropped significantly from \$1.87 to \$1.05 but would need a further 25% decline to reach true equilibrium, hinting at continued resistance from landlords in adjusting rates. Gross leases experienced a steeper 30% drop, a sign that this segment may already be approaching or achieving equilibrium. This disparity between lease types highlights a broader trend: Gross leases could see stabilization sooner, while NNN leases may require additional adjustments to meet market demand effectively.

## 2019-2024 (August) Potential Lease Equilibrium

### ALL MARKETS IN LOS ANGELES - NNN

Lease Comp Rate VS. Lease Comp Rate w/ Inflation

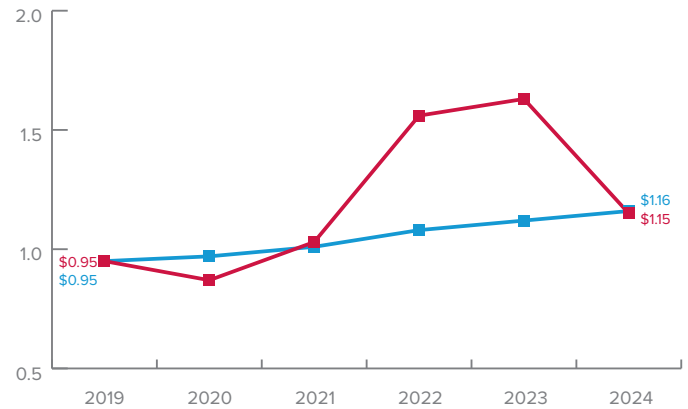


Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.86	\$0.86	
2020	\$0.91	\$0.88	2.0%
2021	\$1.13	\$0.91	4.0%
2022	\$1.70	\$0.98	7.6%
2023	\$1.87	\$1.02	3.3%
2024	\$1.39	\$1.05	3.2%

■ 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	\$0.95	\$0.95	
2020	\$0.87	\$0.97	2.0%
2021	\$1.03	\$1.01	4.0%
2022	\$1.56	\$1.08	7.6%
2023	\$1.63	\$1.12	3.3%
2024	\$1.15	\$1.16	3.2%

■ Lease Comp Rate ■ Lease Comp Rate w/ Inflation

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## INSIGHT

Vacancy rates have doubled over the past year, rising from 4.2% to 8%, while NNN asking rates remain narrowly constrained, fluctuating only between \$1.32 and \$1.36. This reluctance to adjust rates, despite rising vacancies and an expanding supply of subleases, suggests landlords may be holding out in anticipation of market recovery or to protect perceived property values. However, if vacancy rates continue to climb, landlords may soon be compelled to reconsider pricing strategies.

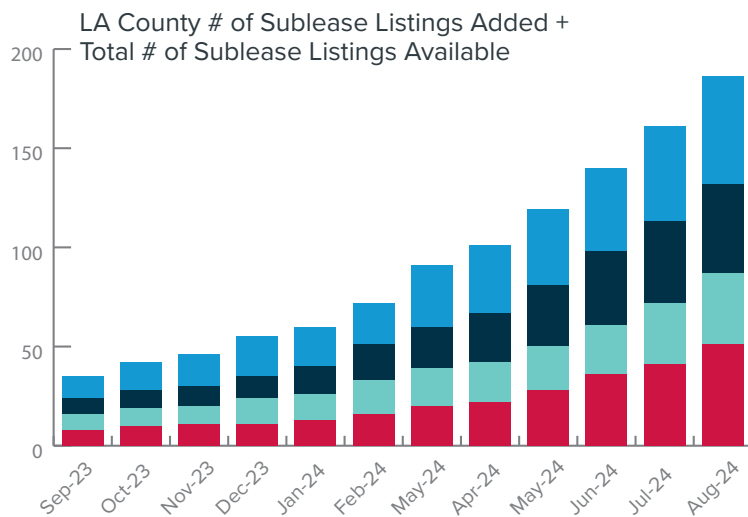
## Sublease Report

### Sublease Vacancy

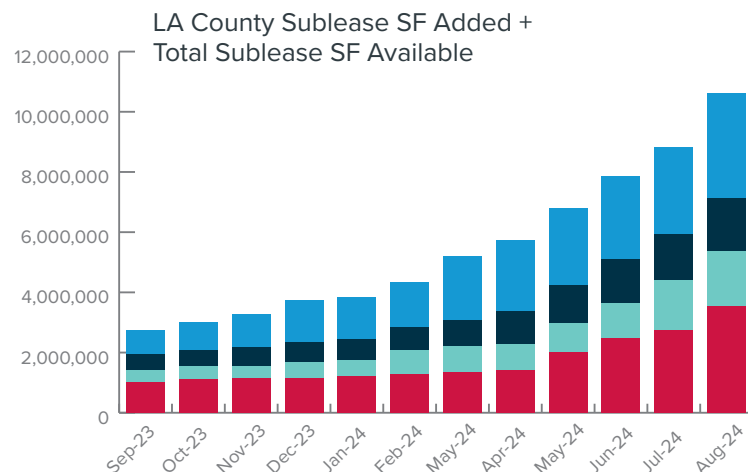
Q3 2024 (QTD)	8.0%
Q3 2023	4.2%

### Sublease Asking Rate (NNN)

Q3 2024 (QTD)	\$1.35
Q3 2023	\$1.32



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Sept-23	8	8	8	11	35
Oct-23	2	1	1	3	7
Nov-23	1		1	2	4
Dec-23		4	1	4	9
Jan-24	2		3		5
Feb-24	3	4	4	1	12
Mar-24	4	2	3	10	19
Apr-24	2	1	4	3	10
May-24	6	2	6	4	18
June-24	8	3	6	4	21
July-24	5	6	4	6	21
Aug-24	10	5	4	6	25
<b>Total</b>	<b>51</b>	<b>36</b>	<b>45</b>	<b>54</b>	<b>186</b>



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Sept-23	1,025,699	387,712	545,346	790,366	2,749,123
Oct-23	103,290	12,090	16,320	116,872	248,572
Nov-23	20,000		53,244	217,249	290,493
Dec-23		142,304	19,920	281,436	443,660
Jan-24	64,332		52,214		116,546
Feb-24	78,590	226,867	100,246	64,000	469,703
Mar-24	70,218	87,240	70,774	662,119	890,351
Apr-24	41,020	10,500	238,238	233,764	523,522
May-24	617,288	76,288	188,783	176,086	1,058,445
June-24	446,938	231,270	166,510	230,287	1,075,005
July-24	271,899	477,665	92,104	119,998	961,666
Aug-24	789,512	180,591	211,306	625,108	1,806,517
<b>Total</b>	<b>3,528,786</b>	<b>1,832,527</b>	<b>1,755,005</b>	<b>3,517,285</b>	<b>10,633,603</b>

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

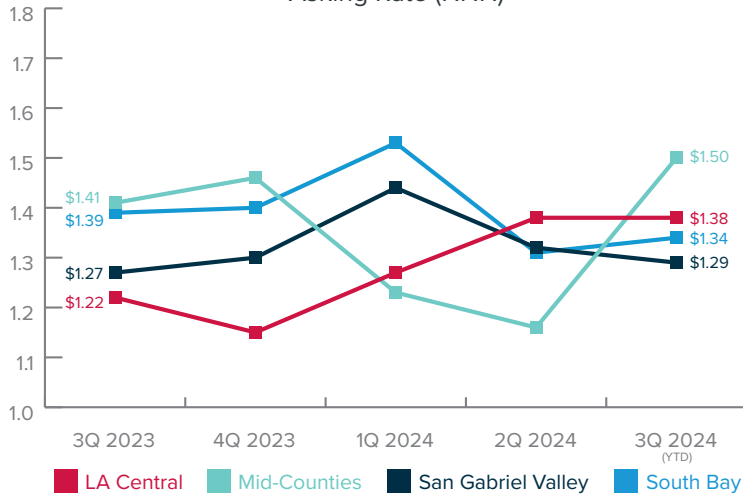
186

Total Comps

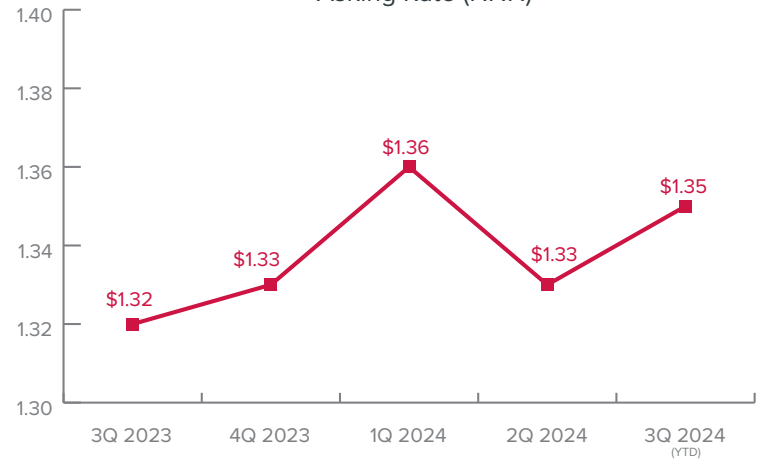
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## Sublease Report

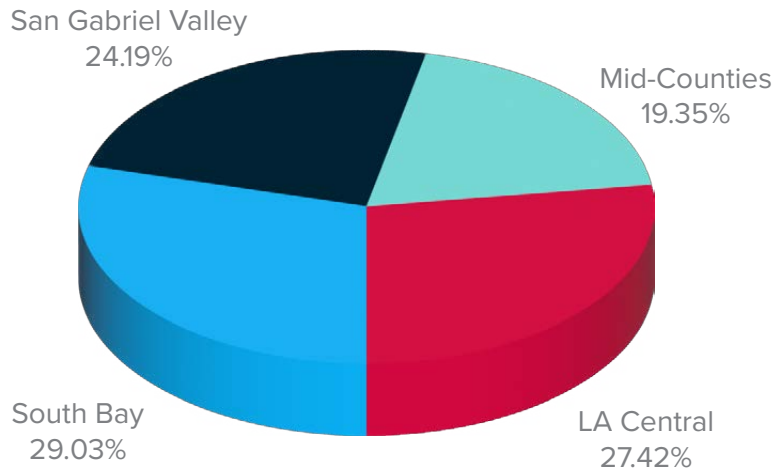
Submarket Sublease  
Asking Rate (NNN)



LA County Sublease  
Asking Rate (NNN)



## % Sublease Availability



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