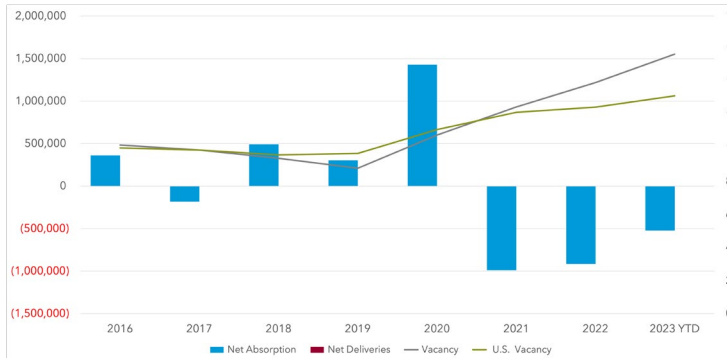**LEE & ASSOCIATES**
COMMERCIAL REAL ESTATE SERVICES

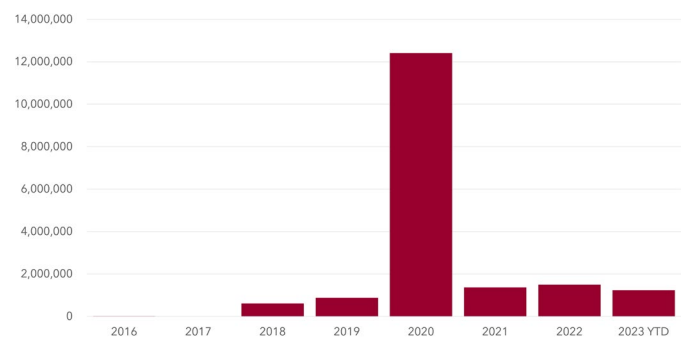## OFFICE MARKET OVERVIEW

MIKE TINGUS, *President*

The office market showcased mixed trends throughout Q2, with leasing activities reaching levels not seen in nearly two years. However, issues of prolonged negative net absorption and near-record breaking vacancy rates remain prevalent. Leasing activity experienced a surge with 975,741 SF leased. Direct-ask lease rates remain high, averaging $3.11 PSF. The sustained trends of negative net absorption and high vacancy rates become especially intriguing when juxtaposed with the concurrent increase in leasing activity. Hypotheses from industry experts suggest that such trends can be attributed to businesses continuing to re-evaluate their space and operational needs as they execute their return-to-office plans.

MARKET INDICATORS		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▲	12 Mo. Net Absorption SF	(38,150)	(161,189)	(916,235)	(633,740)	(292,732)
▲	Vacancy Rate	13.55%	13.35%	13.98%	12.49%	12.08%
▼	Avg NNN Asking Rate PSF	$2.89	$2.90	$2.99	$3.03	$6.58
▲	SF Under Construction	1,462,295	1,431,661	1,495,971	1,322,921	1,446,794
▲	Inventory SF	97,981,069	97,436,608	104,774,621	99,925,965	94,062,704

NET ABSORPTION, NET DELIVERIES, & VACANCY

UNDER CONSTRUCTION

TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
30440 Agoura Road Agoura Hills, CA	22,256 SF	$9,750,000 $438.00 PSF	Donald Henthorn Conrad Hilton Foundation	Class A
3450 Cahuenga Boulevard, Ste 805 Studio City, CA	2,361 SF	$1,085,000 $459.55 PSF	Grid Financial Management LLC 848 Curson LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5850 Canoga Avenue,, Ste 650 Woodland Hiills, CA	9,864 SF	5850 Canoga LLC	Gorst & Compass	Insurance Services
28632 Roadside Dr, Stes 255 & 260 Agoura Hills, CA	6,793 SF	ZDI Agoura I LLC	Grant & Weber	Collection Services
15165 Ventura Blvd, Stes 140 & 150 Sherman Oaks, CA	5,513 SF	15165 Columbus Center LLC	Neptune Management Corp	Funeral, Memorial, Aftercare Services