

2019-2024 (March) | Potential Lease Equilibrium

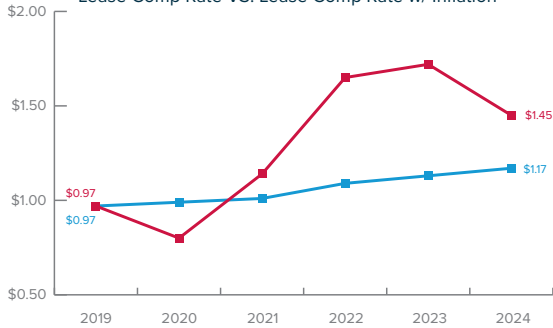
INSIGHT

The trend toward potential lease rate equilibrium continues as the market approaches the next step. Transactions are being completed, but availability is increasing and asking rents are decreasing. This reflects the market's correction toward lease rate equilibrium, albeit driven partly by Covid-related adjustments. We anticipate market rents to converge towards long-term equilibrium rates adjusted for inflation. It's worth noting limited transaction activity in the Southbay in March, resulting in only two transactions, both substantially below current market rates."

REFLECTION

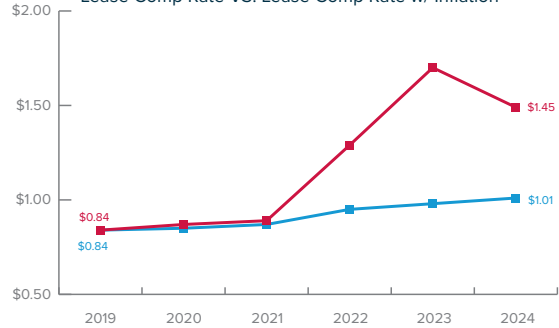
It's reasonable to anticipate that the April lease rate average for the South Bay market could increase if transactions occur and the bid-ask spread between landlord asking rates and tenants' willingness to pay narrows. Ideally, this narrowing would facilitate more completed transactions than in March, potentially exceeding the previous count of two.

LA Central
Lease Comp Rate VS. Lease Comp Rate w/ Inflation



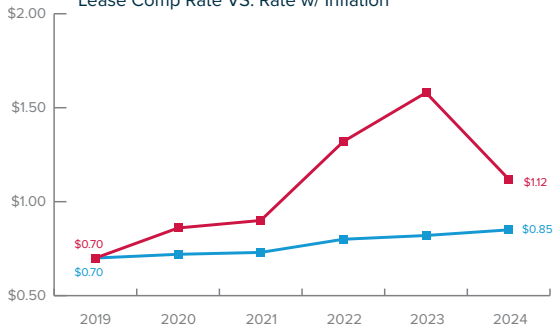
Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.97	\$0.97	
2020	\$0.80	\$0.99	1.9%
2021	\$1.14	\$1.01	2.2%
2022	\$1.65	\$1.09	8.5%
2023	\$1.72	\$1.13	3.7%
2024	\$1.45	\$1.17	3.4%

Mid-Counties
Lease Comp Rate VS. Lease Comp Rate w/ Inflation



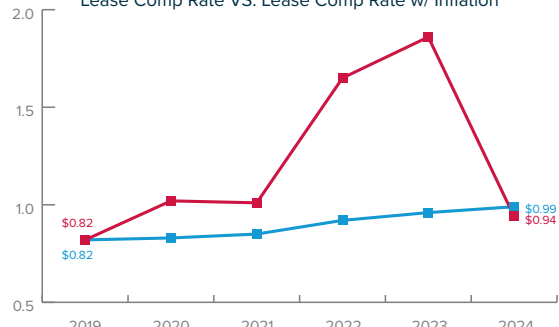
Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.84	\$0.84	
2020	\$0.87	\$0.85	1.9%
2021	\$0.89	\$0.87	2.2%
2022	\$1.29	\$0.95	8.5%
2023	\$1.70	\$0.98	3.7%
2024	\$1.49	\$1.01	3.4%

San Gabriel Valley
Lease Comp Rate VS. Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.70	\$0.70	
2020	\$0.86	\$0.72	1.9%
2021	\$0.90	\$0.73	2.2%
2022	\$1.32	\$0.80	8.5%
2023	\$1.58	\$0.82	3.7%
2024	\$1.12	\$0.85	3.4%

South Bay
Lease Comp Rate VS. Lease Comp Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.82	\$0.82	
2020	\$1.02	\$0.83	1.9%
2021	\$1.01	\$0.85	2.2%
2022	\$1.65	\$0.92	8.5%
2023	\$1.86	\$0.96	3.7%
2024	\$0.94	\$0.99	0.5%