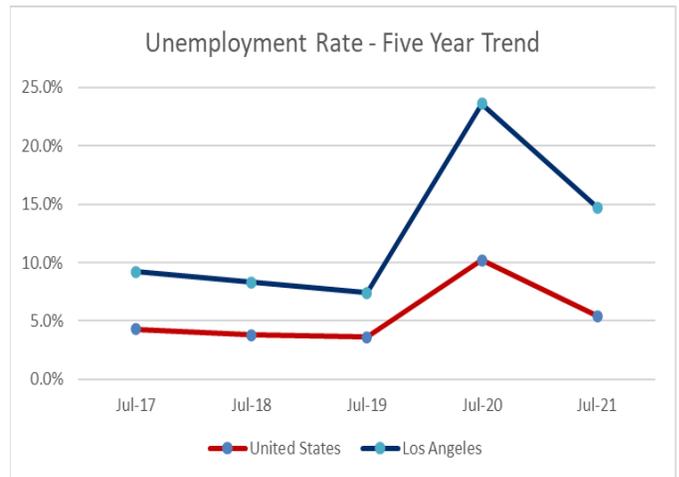


# Los Angeles Office Sales Volume & Buying Trends – August 2021

COVID-19 surfaced in the United States in Mid-March 2020. Federal, state, and local governments responded by issuing strict stay-at-home orders and closing nonessential business. Trends in investment sales, vacancy rates, rent collection rates, and unemployment underscore the crippling effects of COVID-19 on American consumers and businesses alike. The California Daily New Case table below highlights the progression of daily case counts. As of August 2021, societal conditions surrounding the COVID-19 Pandemic continue to fluctuate, with the Delta variant causing increases in case counts and hospitalizations. Although vaccines are now available to all individuals aged 12 or older in California, the swell in new cases and hospitalizations raises questions about lockdowns and mask mandates, which impact the market. It also raises questions for companies regarding the office environment. Many companies continue working under a hybrid model, where employees tend to work more from home than in the office.

With COVID on the forefront, fundamentals in many major markets have been greatly altered. This publication analyzes sales trends in terms of number of transactions and dollar volume for office properties in the Greater Los Angeles market, encompassing Ventura, Los Angeles, San Bernardino, Orange, and Riverside counties.



California

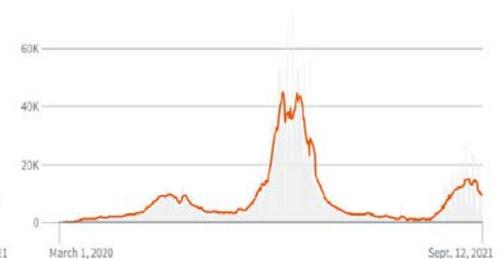
**Vaccine doses given**

7-day avg: 92,870  
70.1% at least one dose



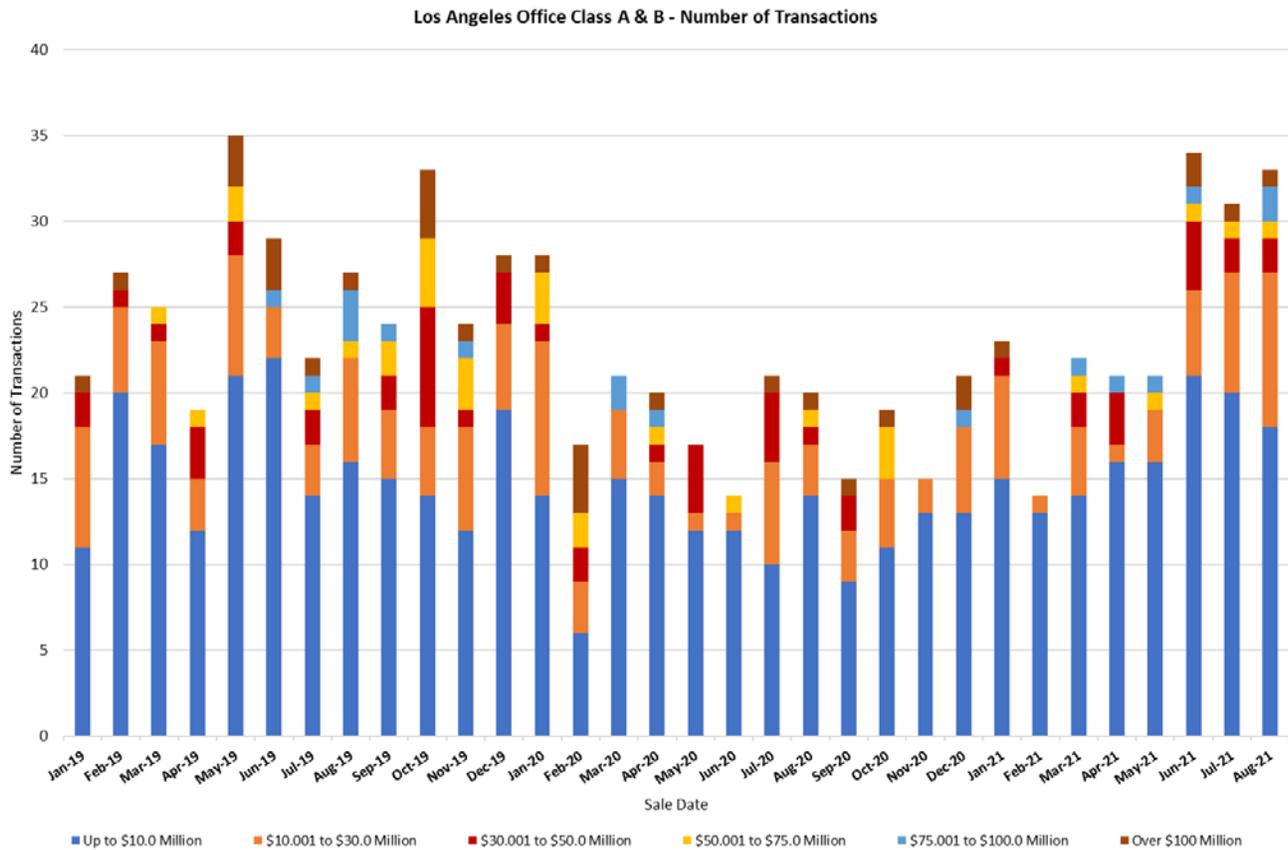
**New cases**

7-day avg: 9,057



Number of Sales Transactions

- Parameters: Class A & B office investment sales in Los Angeles, segmented by price tranche.
- January 2019 - March 2020- number of monthly transactions ranged from 17 to 35, averaging 25 per month.
- April 2020 – July 2021- number of monthly transactions ranged from 14 to 34, averaging 21 per month.
- August 2021- 33 total transactions, representing a 6.5% increase from July 2021 and tied for the 3rd highest in the analysis period
- Over analysis period – 63.3% of transactions in the Up to \$10 million tranche.
- Over analysis period – 18.6% of transactions in the \$10 to \$30 million tranche.
- Over the analysis period- 89.1% of total transactions in the three tranches under \$50 million.
- Over analysis period – 4.5% of transactions in the over \$100 million tranche.

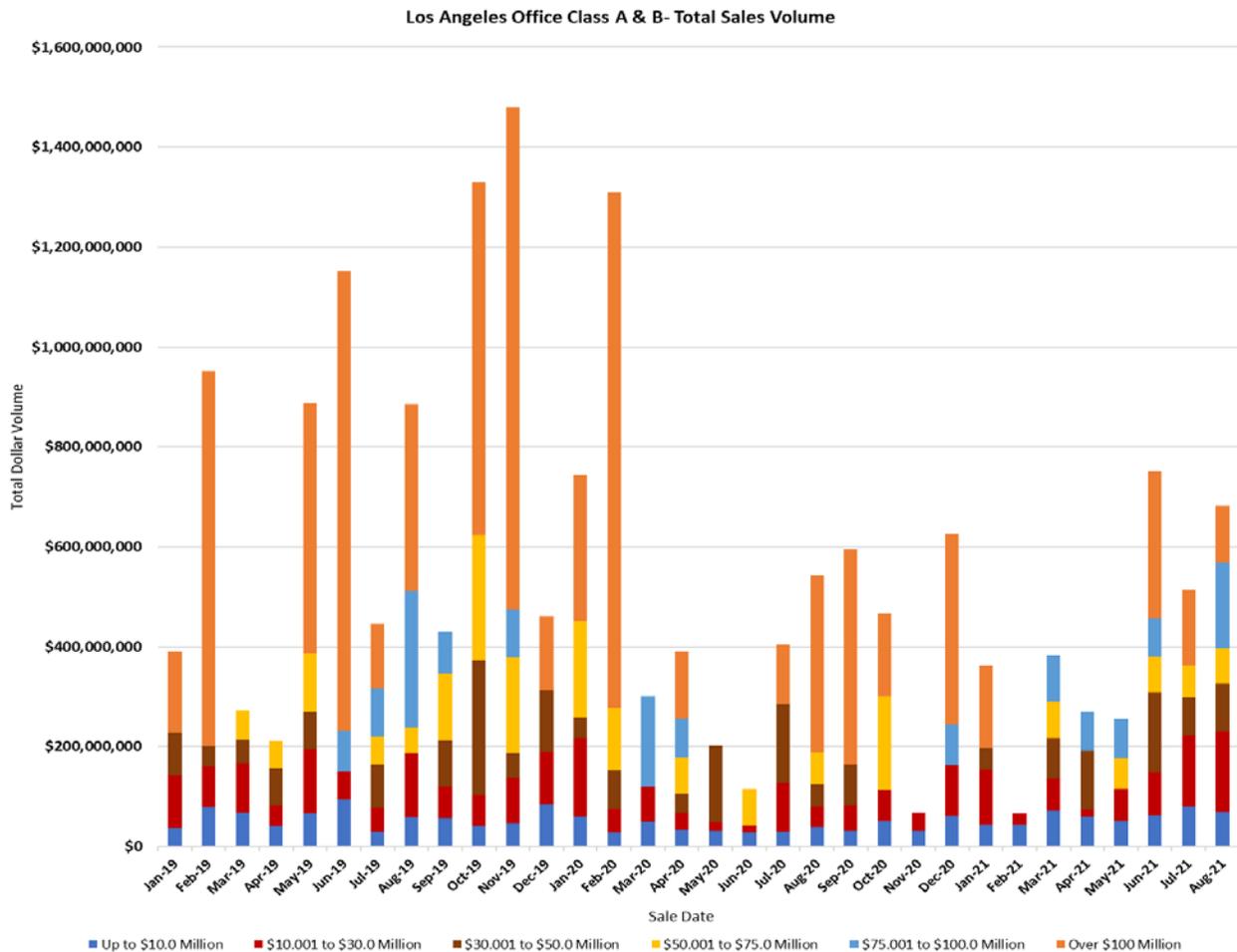


Dollar Volume of Sales Transactions

In 2019, the average monthly sales volume was approximately \$741 million. Comparatively, the average monthly sales volume in 2020 was roughly \$480 million, reflecting a decrease of approximately 35.2%. Thus far in 2021, average monthly sales volume is roughly \$410 million, which represents 14.6% year-over-year decrease. We tracked the dollar volume of monthly sales by tranche as seen below.

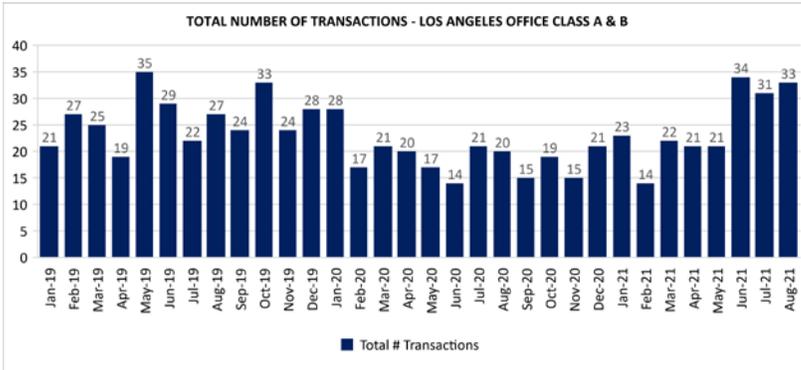
| Total Dollar Volume - Los Angeles Office Class A & B |                 |                 |                |
|--|-----------------|-----------------|----------------|
| YEAR   | 2019            | 2020            | 2021 (Jan-Aug) |
| Min  | \$210,574,428   | \$66,822,000    | \$65,010,000   |
| Max  | \$1,479,816,000 | \$1,309,144,000 | \$750,711,500  |
| Average  | \$741,172,442   | \$480,256,686   | \$410,064,975  |
| % Difference   | -               | -35.2%          | -14.6%         |

- Average sales volume from January 2019 to March 2020 was \$749,857,696.
- Average sales volume from April 2020 to August 2021 was \$410,064,975.
- August 2021 sales volume is the second highest level during the Covid-19 Pandemic
- After four months of no activity in the Over \$100 Million Tranche; June, July and August 2021 have all had at least 1 sale in this category.



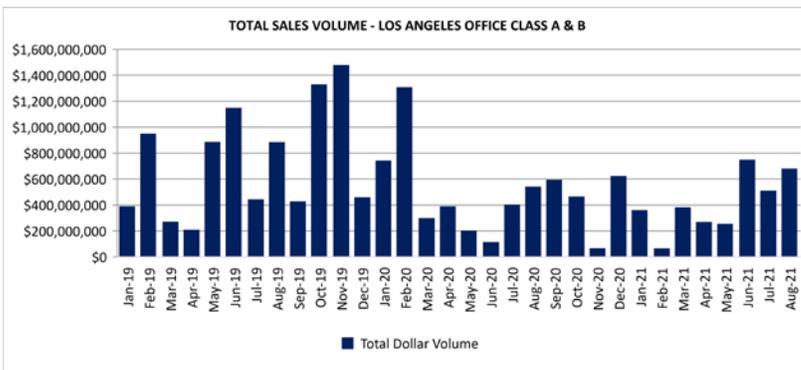
**SALES (2019-2021): Volume**

Until June 2021, the number of monthly, Class A & B Office transactions in the Los Angeles market has been uniformly below pre-pandemic levels since the start of the Covid-19 Pandemic. However, beginning in June 2021, the number of transactions improved, showing three months of sales activity deemed on par with pre-pandemic levels. This is a positive sign for the market, and an indicator that the market has become more stable. This is also a good indicator that investors are becoming more active.



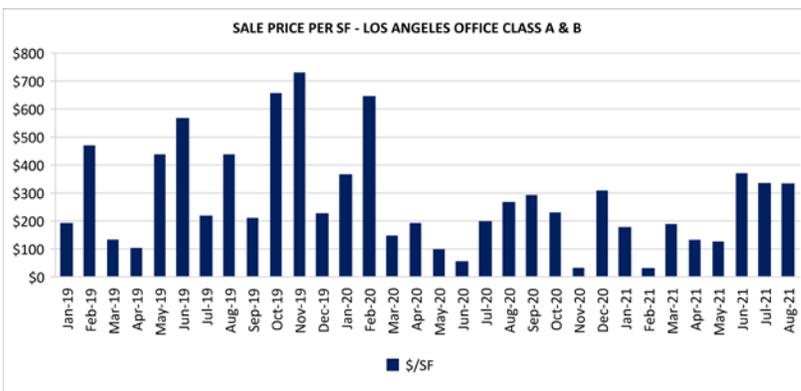
**Dollar Volume of Sales**

Dollar volume of sales has been noticeably lower after February 2020. However, starting in June 2021 we have seen some improvement. With three months of steady volume, it is possible that a positive trend is emerging. Over the 32 month study period, sales volume exceeded \$600 million only 14 times, inclusive of June and August 2021.



**Sale Price Per Square Foot**

Over the analysis period, sale price per square foot has ranged from \$32 per square foot to \$732 per square foot, averaging \$280 per square foot. From January 2019 to March 2020, Class A & B Office properties sold at an average price of \$371 per square foot. From April 2020 to August 2021, these properties sold at an average of \$199 per square foot. Since June 2021, there have been three consecutive months where pricing has been above \$300 per square foot. This is obviously not peak pricing, but it is consistent, which is a positive sign.



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SOURCE: eMarketer, CoStar, STDB, US Bureau of Labor Statistics, and Marshall & Stevens