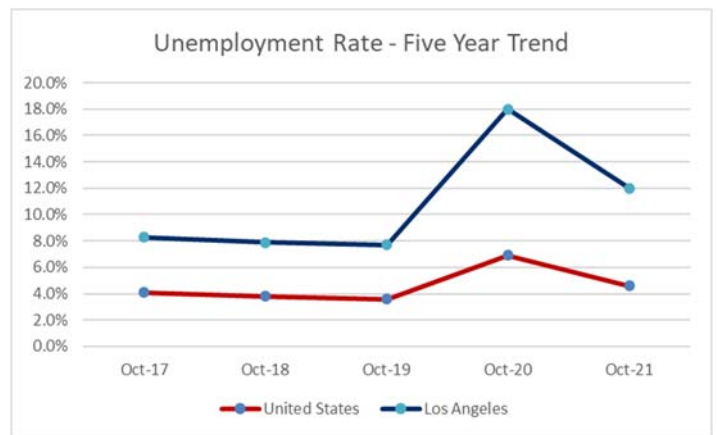


Los Angeles Office Sales Volume & Buying Trends – November 2021

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. As of Q4 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 5 or older in California, the swell in new cases and hospitalizations raises questions about lockdowns and mask mandates, which impact the market. With the Omicron variant, and potential future variants, investors remain very cautious, particularly in big cities like Los Angeles. As the calendar continues into winter, investors will be looking for sustainable trends in transaction volume and pricing that have yet to occur.

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

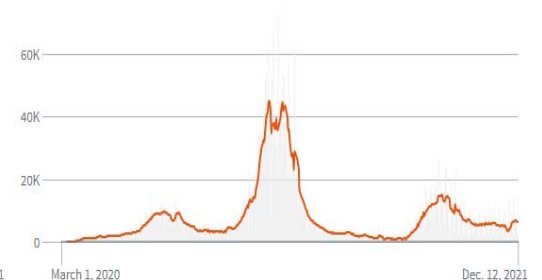
Vaccine doses given

7-day avg: **230,225**
80.6% at least one dose



New cases

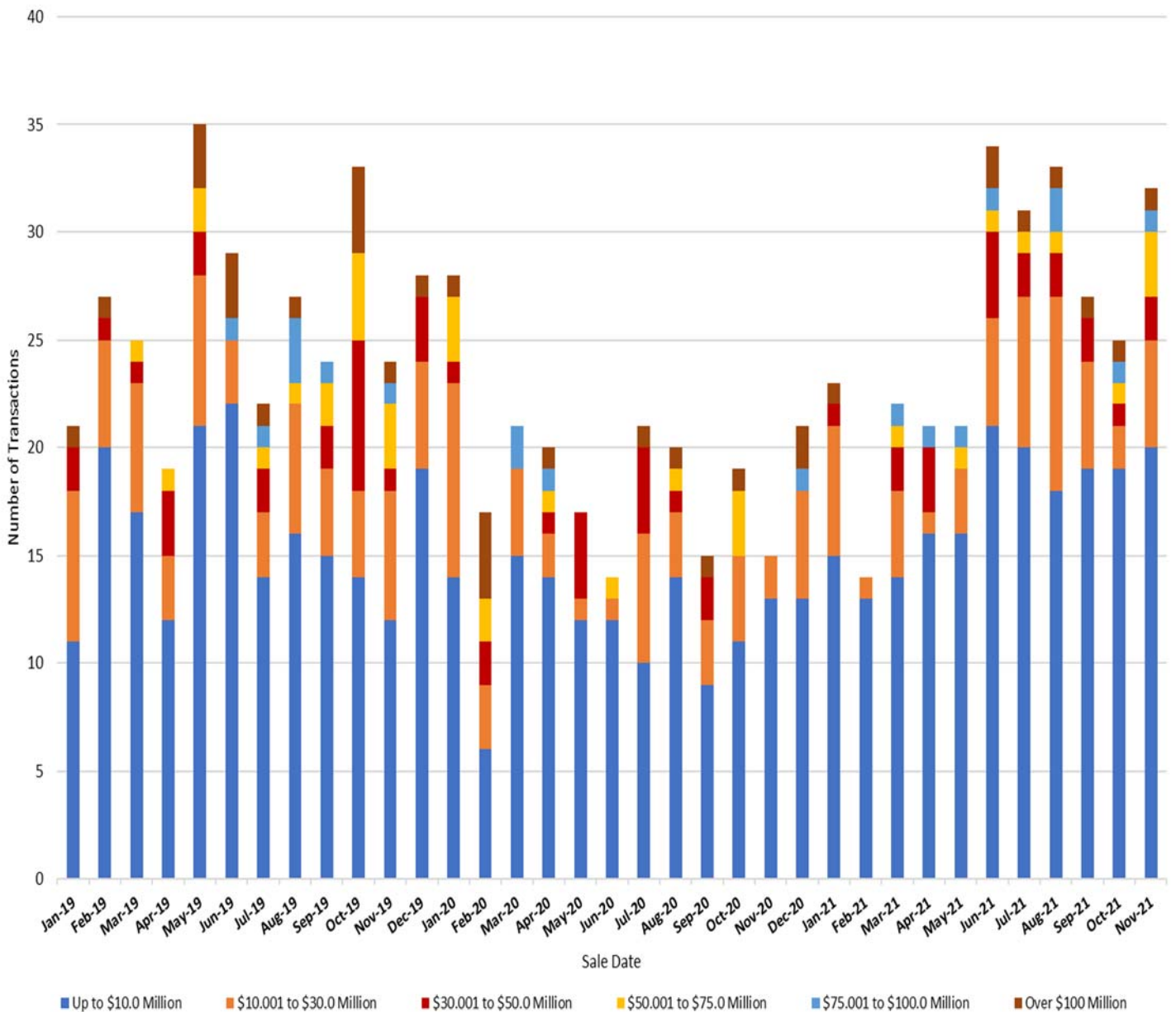
7-day avg: **6,428**



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 – November 2021- number of monthly transactions ranged from 14 to 34, averaging 22 per month.
- November 2021- 32 total transactions, representing a 28% increase from October 2021.
- Over analysis period – 63.9% of transactions in the Up to \$10 million tranche.
- Over analysis period – 18.2% 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 – 4.4% of transactions in the over \$100 million tranche.

Los Angeles Office Class A & B - Number of Transactions

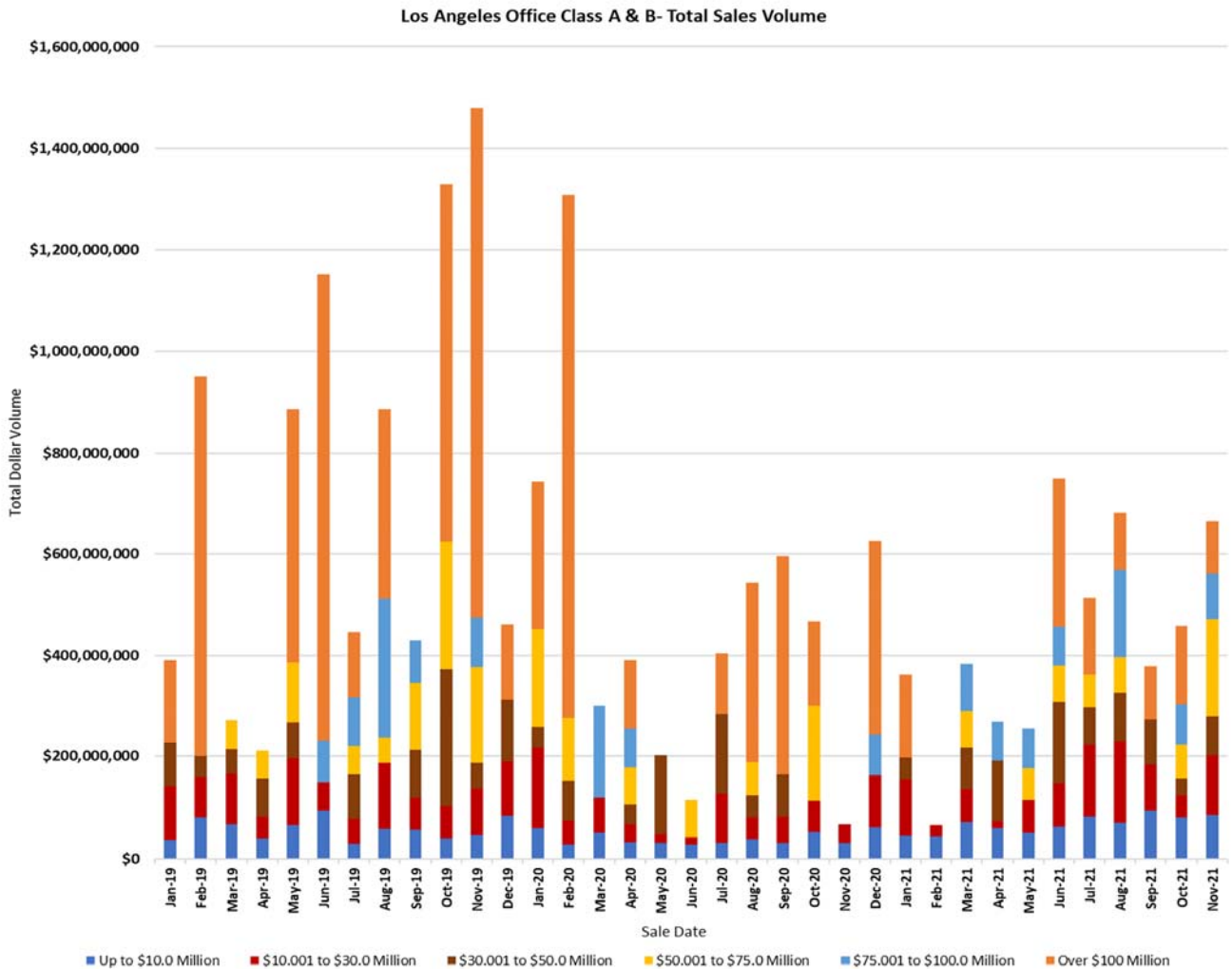


Dollar Volume of Sales Transactions

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 \$435 million, which represents 9.5% year-over-year decrease. We tracked the dollar volume of monthly sales by tranche as seen below.

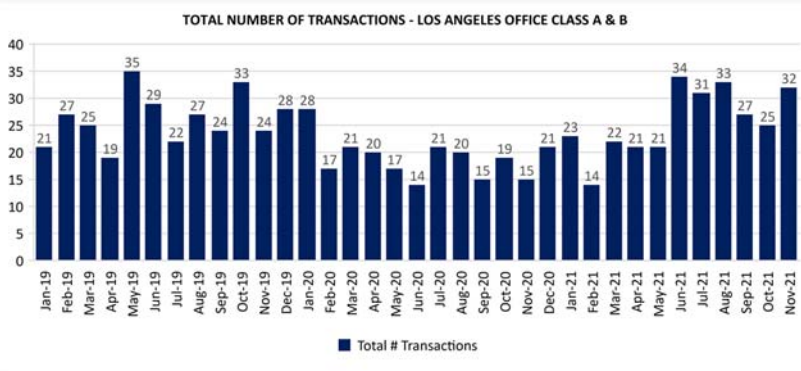
Total Dollar Volume - Los Angeles Office Class A & B			
YEAR	2019	2020	2021 (Jan-Nov)
Min	\$210,574,428	\$66,822,000	\$65,010,000
Max	\$1,479,816,000	\$1,309,144,000	\$750,711,500
Average	\$741,172,442	\$480,256,686	\$434,682,016
% Difference	-	-35.2%	-9.5%

- Average sales volume from January 2019 to March 2020 was \$749,857,696.
- Average sales volume from April 2020 to October 2021 was \$409,539,314.
- November 2021 sales volume saw a 45% increase from October 2021.
- After four months of no activity in the Over \$100 Million Tranche; June, July, August, September, October and now November 2021 have all had at least 1 sale in this category.



SALES (2019-2021): Volume

The number of monthly, Class A & B Office transactions in the Los Angeles market has been uniform since the start of the Covid-19 Pandemic, with no month registering more than 23 transactions until June 2021, which saw 34 transactions. From January 2019 to March 2020, the market saw 8 months with over 25 transactions. Since then, the market has softened with no clear growth trend. November 2021's relatively high transaction volume represents a positive sign as the market is still in search of a steady growth trend following a strong summer.



Dollar Volume of Sales

Dollar volume of sales has been noticeably lower after February 2020. Dollar volume is highly skewed by the sale of trophy assets in the office market. November 2021 showed a significant increase following a strong Summer of sales volume and a sharp falloff in September and October 2021. We note that recent monthly sales volume remains well below the highs seen in the Pre-COVID period.

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 \$290 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 November 2021, these properties sold at an average of \$229 per square foot. In this sales metric, November 2021 once again represents a strong sale price per square foot as market participants look to build momentum through the remainder of the year.

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



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