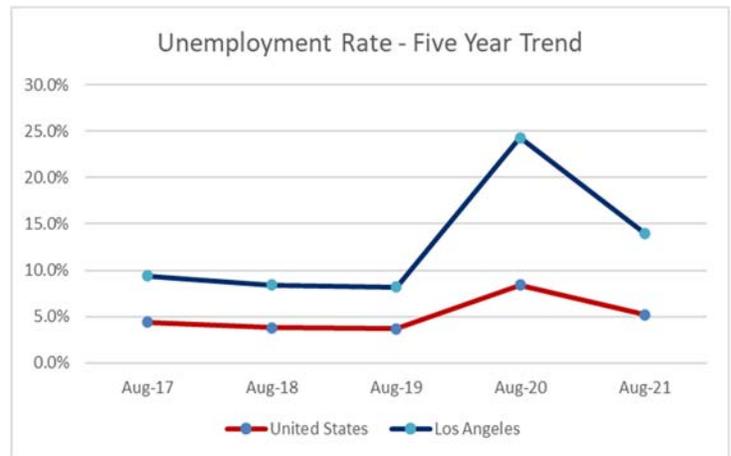


Los Angeles Office Sales Volume & Buying Trends – September 2021

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 retail sales, vacancy rates, rent collection rates, and unemployment underscore the crippling effects of COVID-19 on American consumers and businesses alike. Consumer sentiment undoubtedly improved during the first half of 2021 as vaccines were introduced. Hospitalizations and new case counts decreased, and occupancy restrictions were lifted. Some markets returned to and surpassed pre-COVID levels of productivity, while others struggled to bounce back. Whereas sentiment was generally positive in the first two quarters of 2021, the outlook for the remainder of the year remains hazy. Uncertainty around the delta variant and its effects on the performance of major markets loom large. Mask mandates have been re-introduced in some regions, which could be the start of a ripple effect. Meanwhile, investors will continue to look for sustainable trends in transaction volume and pricing, which has yet to occur in most markets.

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: 126,135
73.4% at least one dose



New cases

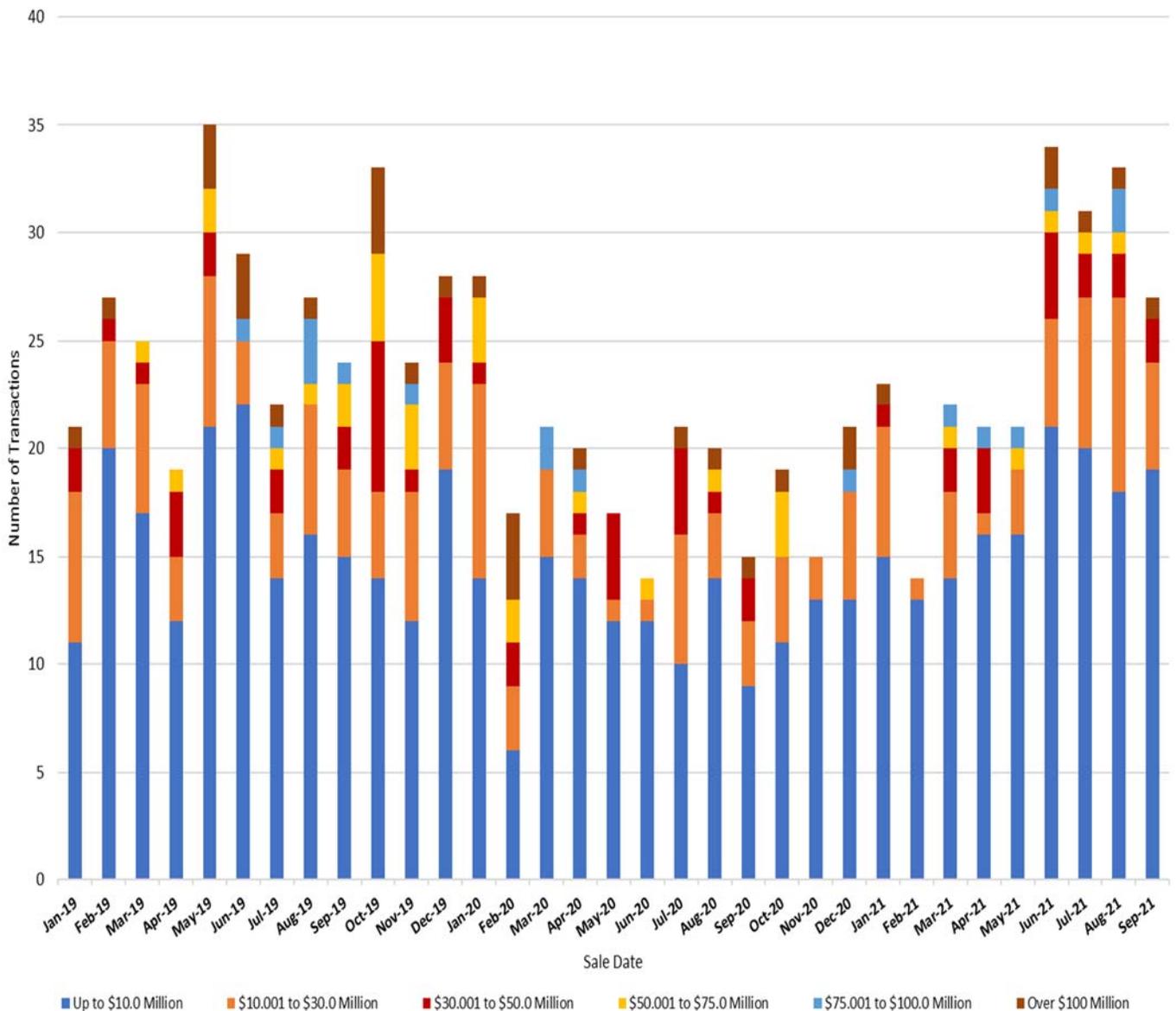
7-day avg: 5,376



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 – September 2021- number of monthly transactions ranged from 14 to 34, averaging 22 per month.
- September 2021- 27 total transactions, representing an 18.2% decrease from August 2021.
- Over analysis period – 63.5% 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- 89.3% 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

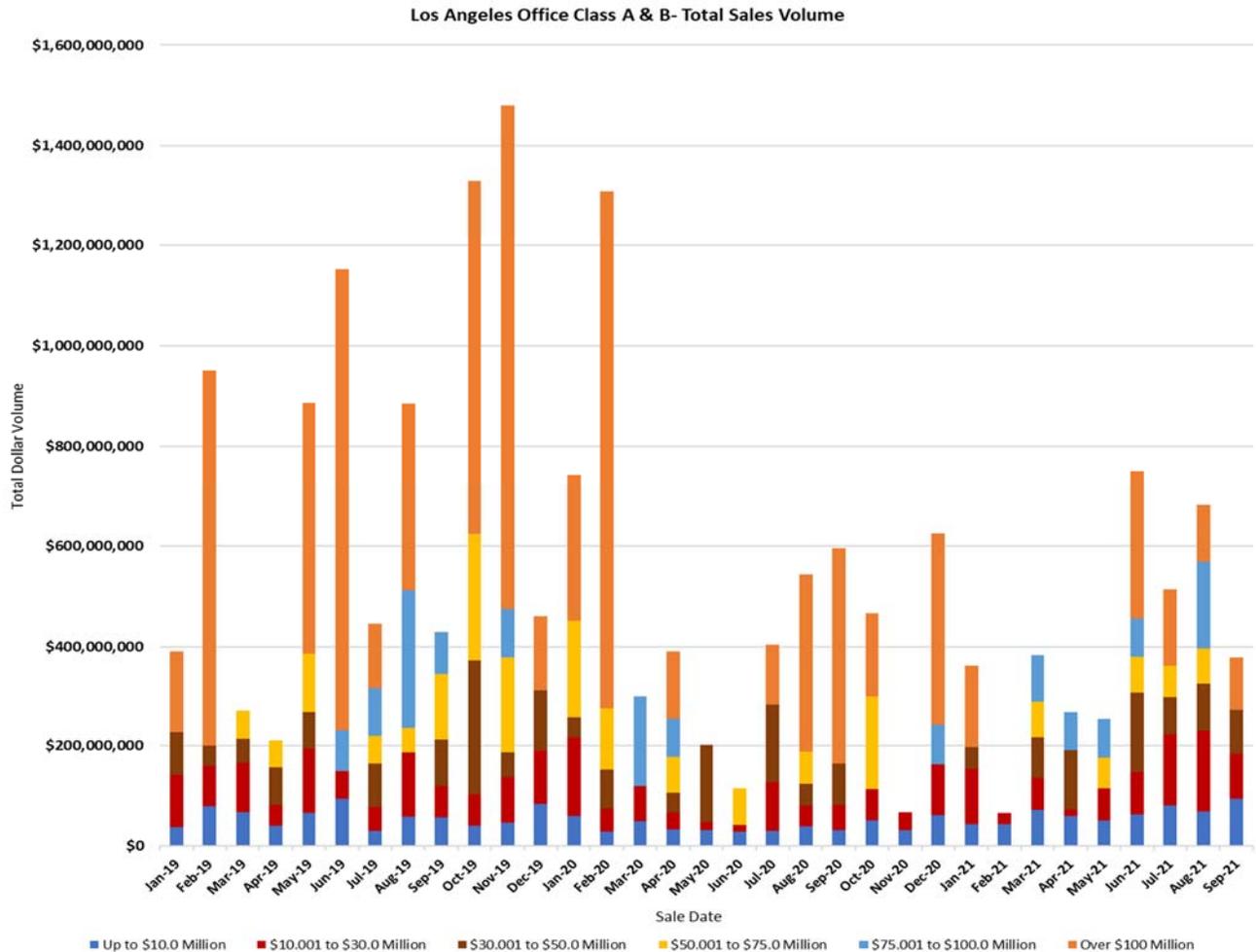


Dollar Volume of Sales Transactions

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 \$407 million, which represents 15.3% year-over-year decrease. We tracked the dollar volume of monthly sales by tranche as seen below.

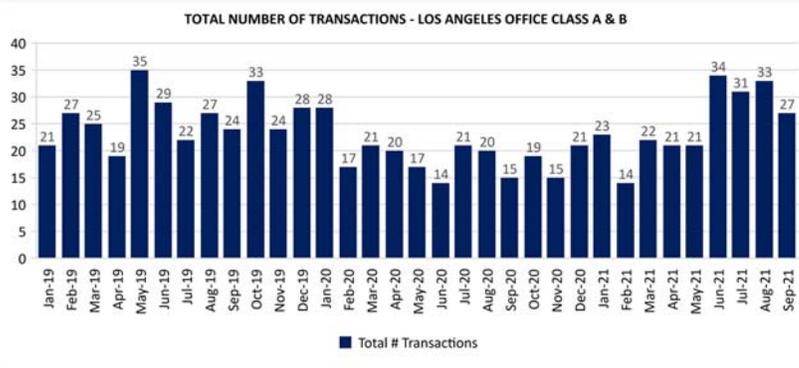
Total Dollar Volume - Los Angeles Office Class A & B			
YEAR	2019	2020	2021 (Jan-Sep)
Min	\$210,574,428	\$66,822,000	\$65,010,000
Max	\$1,479,816,000	\$1,309,144,000	\$750,711,500
Average	\$741,172,442	\$480,256,686	\$406,578,508
% Difference	-	-35.2%	-15.3%

- Average sales volume from January 2019 to March 2020 was \$749,857,696.
- Average sales volume from April 2020 to September 2021 was \$406,578,508.
- September 2021 sales volume is the lowest since May 2021.
- After four months of no activity in the Over \$100 Million Tranche; June, July, August, and September 2021 have all had at least 1 sale in this category.



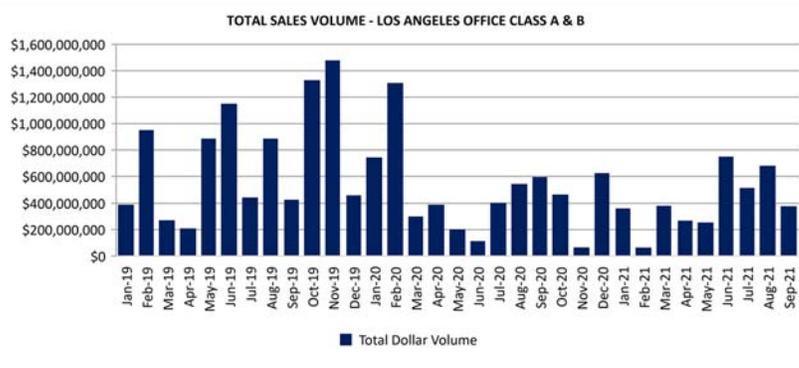
SALES (2019-2021): Volume

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. September 2021's relatively high transaction volume represents a neutral sign as the market is still in search of a steady growth trend after a strong June, July and August.



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. September 2021 showed a sharp decrease following a strong Summer of sales volume. We note that recent monthly sales volume remains well below the highs seen Pre-COVID.



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 September 2021, these properties sold at an average of \$207 per square foot. In this sales metric, September 2021 once again represents a strong sale price per square foot as market participants look to build momentum through the remainder of the year.



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