

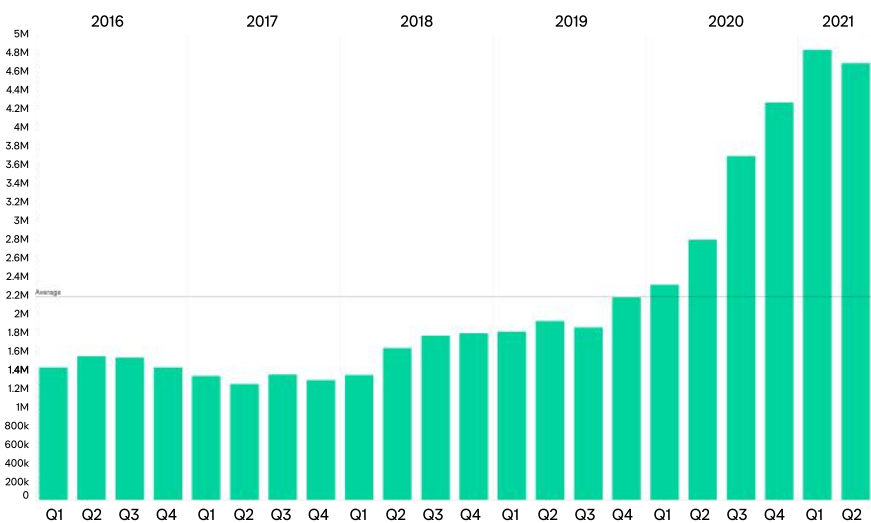


H1 Market Report Los Angeles West

Subleasing

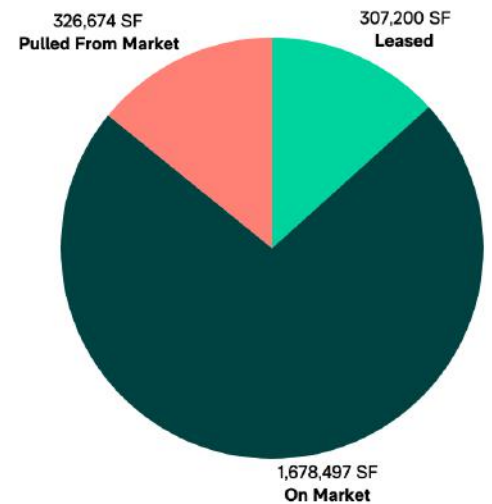
LA West's 4.5 million square feet (msf) of current sublease availability represents 7.7% of the total office inventory, more than double the historical average of 2.8% dating back to 2005. This massive increase of available sublease space is primarily attributable to companies testing the sublease market waters while their offices sat unoccupied during lockdown, which led to an influx of supply, with little to no demand. With the widespread rollouts in vaccinations and overall economic recovery, however, the demand for office space is slowly returning. Major corporations have announced reentry plans and some companies have removed their space from the market with the intention of reoccupying, accounting for 326,000 square feet. This trend will be a common theme through the end of the year, which could mean that the current sublease availability is at its peak and will likely start descending. Companies are well-positioned to take advantage of the high availability rate, find quality sublease space, and negotiate tenant-favorable terms.

HISTORICAL AVAILABLE SUBLEASE SPACE



10-year average 1.7 msf

YEAR-TO-DATE SUBLEASE ACTIVITY

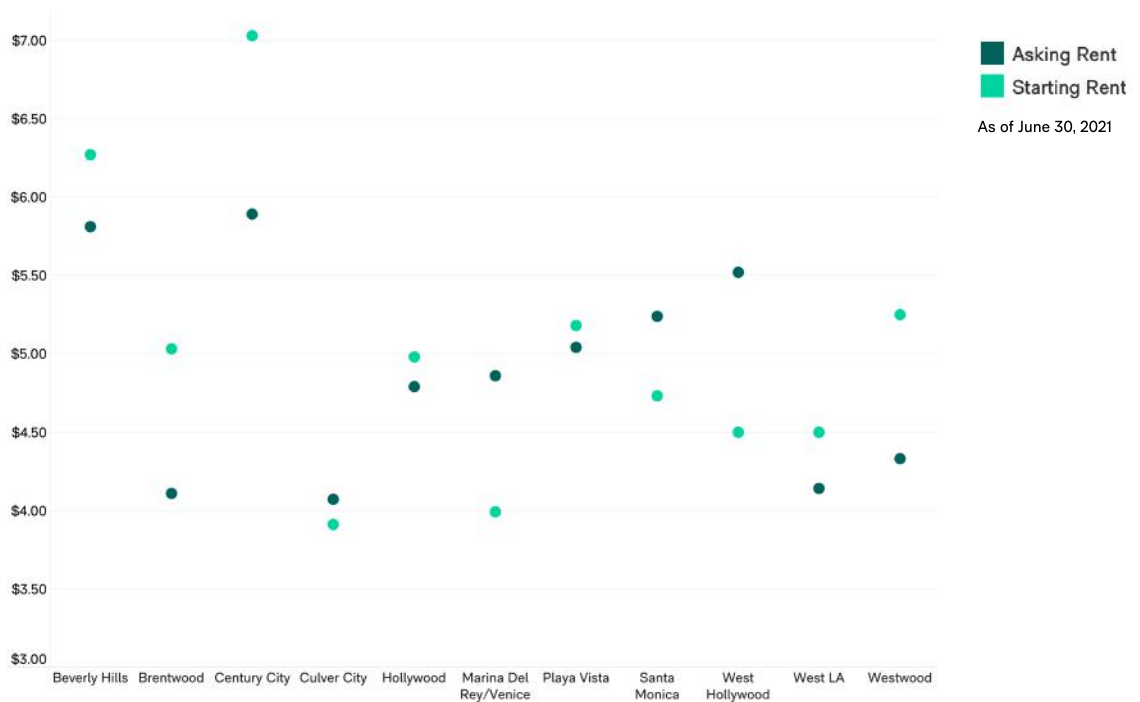


On Market sublease space added as of Jan. 1, 2021

Asking Rents

Unlike comparable core markets such as San Francisco and Manhattan, asking rents remained flat compared with 2019 in LA West. Many landlords did not discount marketed asking rents for several reasons. Though pricey compared with some markets, LA asking rents were still a bargain relative to other major tech markets, which were at the very top. Demand was simply nonexistent, so even with discounted asking rents, it was unlikely that tenants were willing to sign a lease during most of 2020. The smallest delta between asking and lease starting rents in 2021 occurred in Playa Vista. Historically, when landlords did significantly drop asking rents, the time it took for rents to recover and then grow was twice as long as when they remained flat for the length of the downturn and then increased.

ASKING VS. STARTING RENTS (2021)



Lease starting rents did not decline as much as anticipated through 2020 and in some cases exceeded 2019 starting rents due to activity in higher quality product. Hollywood's lease starting rents increased the most by 30% while Marina Del Rey's lease starting rents declined by 24% year over year.

STARTING RENTS (2019 vs 2020)



As of June 30, 2021 direct and sublease, new and renewal

Leasing Activity

In 2021, leasing activity totals 2.8 msf so far this year. In comparison, approximately 3.0 msf leased in all of 2020 and over 6.0 msf leased in all of 2019. Increased touring activity indicates that leasing activity should further improve for the back half of the year.

LARGEST DIRECT TRANSACTIONS FIRST HALF 2021

| SUBMARKET | TENANT | ADDRESS | LEASED SF | DEAL TYPE | SPACE TYPE |
|-----------------------|---------------------------------------|------------------------------|-----------|-------------------|------------|
| Century City | Creative Artists Agency | 2000 Avenue of the Stars | 290,000 | Renewal | Direct |
| Santa Monica | Hulu | 2450 Broadway | 390,000 | Renewal/Expansion | Direct |
| Santa Monica | Snap Inc. | 3100 Ocean Park Blvd | 148,000 | Expansion | Direct |
| Playa Vista | Sony Interactive Entertainment | 13031 W Jefferson Blvd | 107,750 | Renewal/Expansion | Direct |
| Century City | Kayne Anderson Capital Advisors, L.P. | 1800 Avenue of the Stars | 74,985 | Expansion | Direct |
| Santa Monica | Roku | 2425-2501 Colorado Ave | 72,019 | New | Direct |
| Santa Monica | GoodRx | 2701 Olympic Blvd | 57,000 | Expansion | Direct |
| Century City | Seyfarth Shaw | 2029 Century Park E | 47,000 | Renewal | Direct |
| Playa Vista | Core Digital Media | 12181 Bluff Creek Dr | 40,121 | New | Direct |
| West Hollywood | AV Squad | 101 South La Brea Avenue | 30,400 | New | Direct |
| Marina del Rey/Venice | Survios | 4501 Glencoe Avenue | 26,650 | New | Direct |
| Marina del Rey/Venice | Genies | 4121 Redwood Avenue | 20,265 | New | Direct |
| Santa Monica | PlayQ | 2834 Colorado Ave | 15,622 | New | Direct |
| Playa Vista | VinFast | 12777-12779 W Jefferson Blvd | 15,229 | New | Direct |
| Culver City | Science37 | 600 Corporate Pointe | 11,873 | New | Direct |
| West Hollywood | Picture Start | 8330 W 3rd St | 10,000 | New | Direct |

LARGEST SUBLEASE TRANSACTIONS FIRST HALF 2021

| SUBMARKET | TENANT | ADDRESS | LEASED SF | SPACE TYPE |
|-----------------------|----------------------|--------------------------------|-----------|------------|
| Marina del Rey/Venice | System1 | 13335 Maxella Ave | 28,688 | Sublease |
| Santa Monica | Neogene Therapeutics | 2225 Colorado Avenue | 20,000 | Sublease |
| Santa Monica | Motional | 1453-1457 3rd Street Promenade | 14,500 | Sublease |
| Santa Monica | CIT Bank | 1333 2nd St | 14,364 | Sublease |
| Santa Monica | Proactiv | 120 Broadway | 13,423 | Sublease |
| Culver City | Whistle | 5120 Goldleaf Circle | 9,723 | Sublease |

The Evolving Workplace

Much the way retail evolved to be experiential in order to attract consumers, so has the new workplace. The office must be a destination for collaboration, culture, mentorship, and inclusivity. Whether employers choose an office-centric, hybrid, or remote model, they must be intentional about the purpose of the office and how teams use space. Creating an experience for employees will boost engagement, wellness, and productivity.