



QUICK STATS

Current Quarter

Direct Vacancy	12.7%
Overall Vacancy	13.7%
Lease Rate FSG	\$3.81
Gross Absorption	1,832,155 SF
Under Construction	606,481 SF

MARKET TRENDS

Change from Last	Quarter	Year
Overall Vacancy	↔ ↔	↓
Rental Rates	↑	↑
Gross Absorption	↓	↓
Under Construction	↑	↓

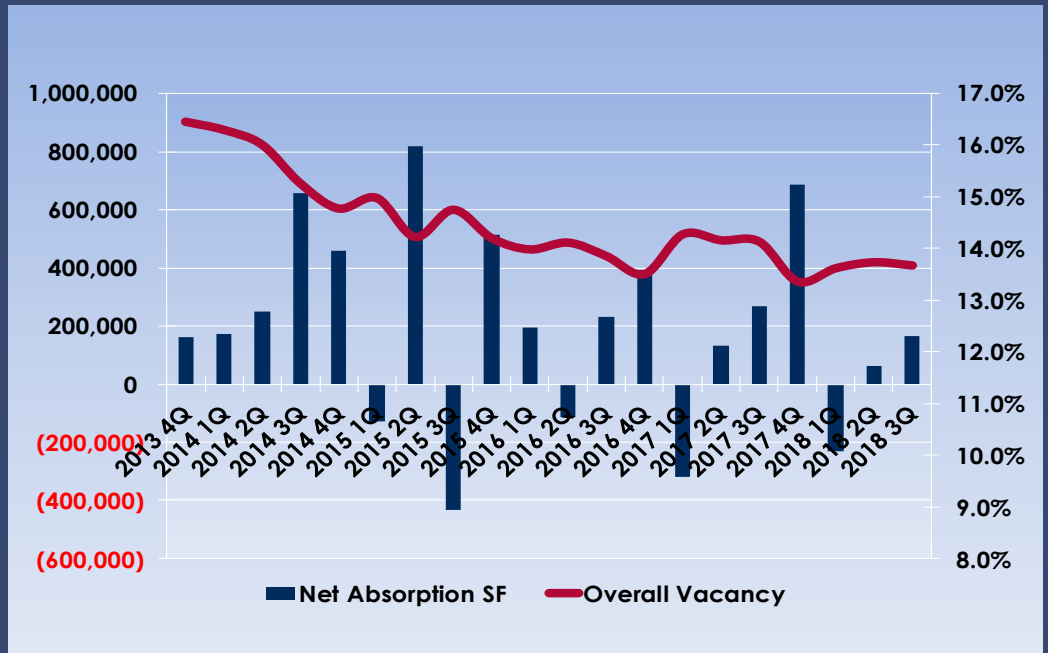
ECONOMIC STATS

	Current Month	Previous Year
	Sep. '18	Sep. '17
Unemployment Rate (MSA)	4.8%	4.6%
Change in # Of Jobs (MSA)	+21,600	+52,100
% Change for Jobs (MSA)	+0.5%	+1.2%

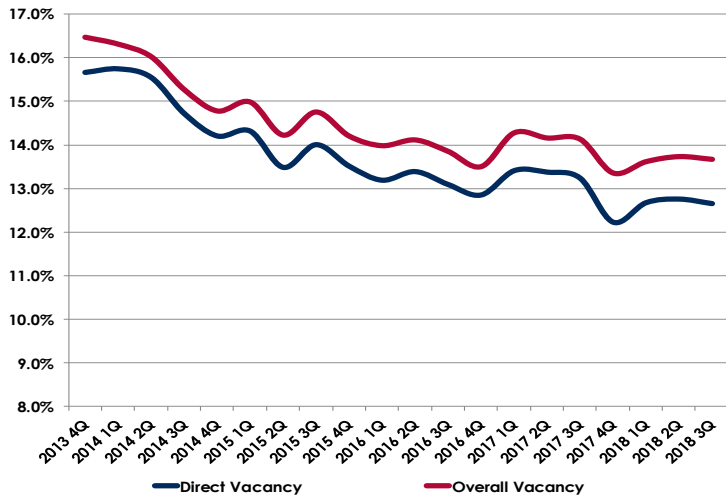
SUMMARY & OUTLOOK

The Los Angeles West/South office market witnessed vacancy rates remain unchanged at 13.7%, during the quarter. Average rents increased 4.1%, year over year, moving from \$3.66 FSG to \$3.81 FSG. Gross absorption finished the quarter with 1.8 million square feet of activity, while net absorption gained 167,000 square feet of occupied space. Under construction activity edged higher with just over 600,000 square feet currently underway, as the market has delivered 318,000 square feet of new space for the year. Unemployment rates in L.A. County edged higher from 4.6% to 4.8%, year over year, and are above California (3.9%) and above the U.S. average of 3.6%. The office market fundamentals remain solid, as the market has recorded positive net absorption in fifteen of the past twenty quarters, totaling 3.9 million square feet. Job creation remains the key to increased office demand. In September, non-farm employment grew by 1.2%, year over year, adding 52,100 new jobs, which should keep vacancy rates relatively flat with some new construction coming online. The investment and sale market for office buildings in Los Angeles County continues to see median prices rising through the third quarter of 2018, up 7.8% for the year. Overall transaction volume peaked in 2016 with a record \$9.6 billion and has declined with \$7.9 billion in 2017 and is expected to finish below that level in 2018. The capital markets remain solid, but with the Fed continuing to raise interest rates at a measured pace, we do expect overall price growth and demand to cool in the coming year. We expect vacancy rates to remain near current levels in the coming quarters, as the delivery of new construction should keep pace with absorption rates. We expect rents to increase 3% to 5% for most submarkets in the coming year.

VACANCY & NET ABSORPTION

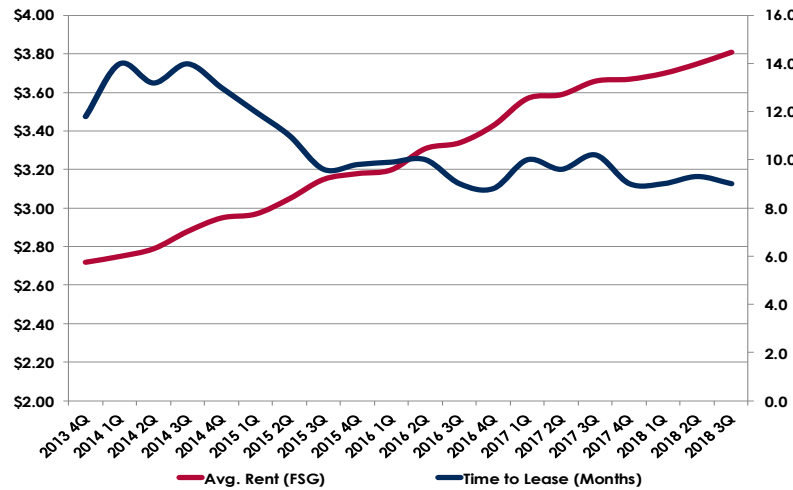


VACANCY



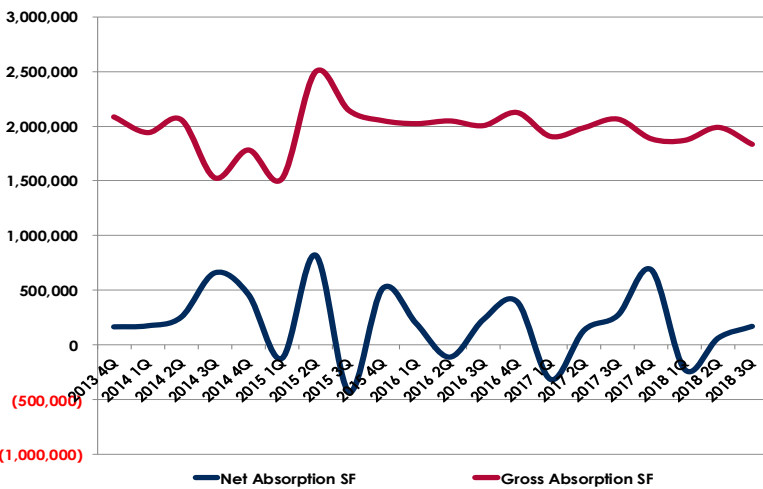
Overall vacancy rates for the Los Angeles West/South office market (including sublease space) were unchanged during the quarter at 13.7%. During the quarter, total vacancy in the Westside market increased from 12.4% to 12.6%, while overall vacancy in the South Bay market decreased from 15.7% to 15.4%. Since the third quarter of 2017, overall vacancy in the Los Angeles West/South market has decreased from 14.1% to 13.7%, and remains near its lowest level in more than a decade.

RENTAL RATES & TIME ON THE MARKET



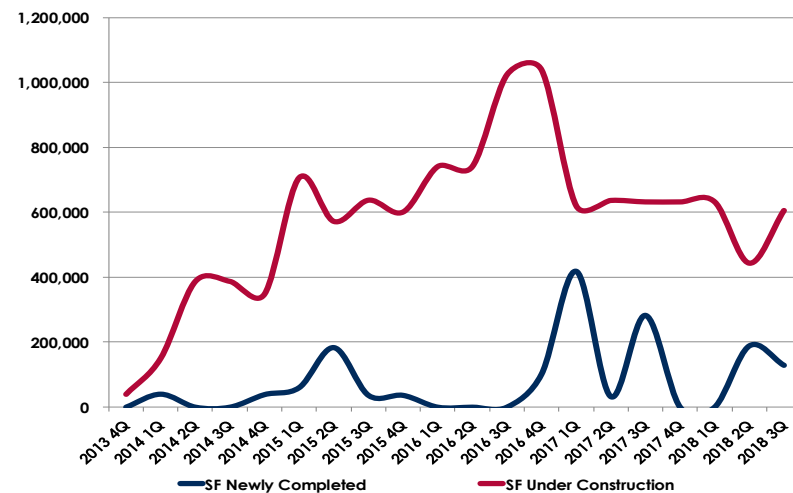
Average asking rates increased 4.1%, year over year, moving from a weighted average of \$3.66 FSG to \$3.81 FSG. During the same period, average asking rents in the Westside market have increased 2.5%, moving from \$4.88 FSG to \$5.00 FSG, while average asking rents in the South Bay market have increased 7.0%, moving from \$2.44 FSG to \$2.61 FSG. Average asking rents for the combined market increased 1.6% during the quarter, moving from \$3.75 FSG to \$3.81 FSG, while median time to lease edged lower to 9.0 months.

ABSORPTION



During the quarter, gross absorption totaled 1.8 million square feet of activity, down 8% compared to the previous quarter, and lower by 11% compared to a year ago. Net absorption finished the quarter with a gain of 167,000 square feet of occupied space, but has lost 3,000 square feet for the year. In 2017, the market gained 764,000 square feet, after gaining 701,000 square feet in 2016, +774,000 square feet during 2015 and +1.5 million square feet during 2014. Overall demand remains healthy despite the negative first quarter, and we expect activity and growth to continue as we close out the final quarter of 2018.

CONSTRUCTION ACTIVITY

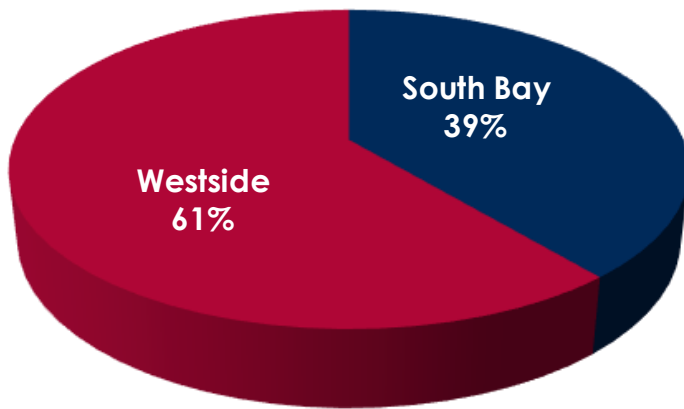


Under construction activity edged higher during the quarter, with 606,000 square feet currently underway, as the market has delivered 318,000 square feet of new space for the year. In 2017, the market added 734,000 square feet of new space, after delivering 102,000 square feet of new space in 2016. During 2015, the market added 317,000 square feet, after delivering 79,000 square feet in 2014. During the past five years, new construction deliveries have averaged 310,000 square feet of new space, annually. We expect new construction to remain near current levels in the coming quarter.

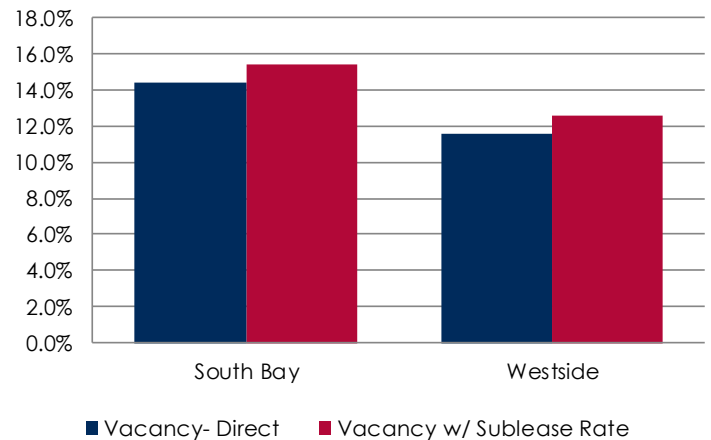
MARKET SNAPSHOT

SUBMARKETS	Total Inventory Square Footage	Direct Vacant Square Footage	Direct Vacancy Rate	Total Vacant w/ Sublet Square Footage	Total Vacant w/ Sublet Rate
South Bay	34,485,574	4,958,732	14.4%	5,308,549	15.4%
Westside	54,214,300	6,264,131	11.6%	6,811,663	12.6%
L.A.- West / South	88,699,874	11,222,863	12.7%	12,120,212	13.7%

Office Market Inventory

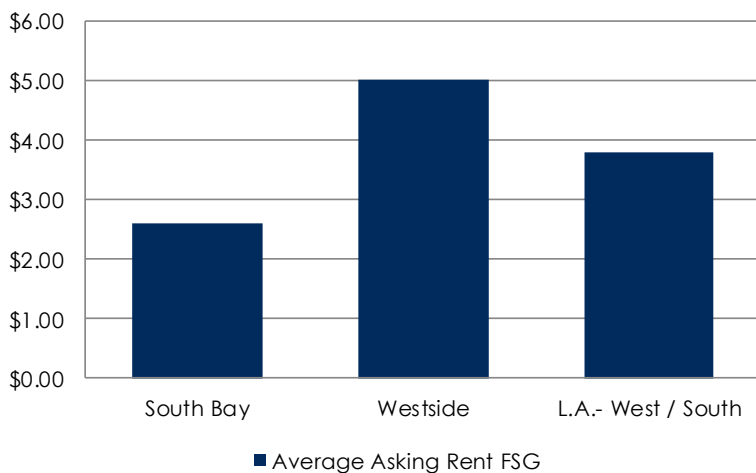


Office Vacancy Rates

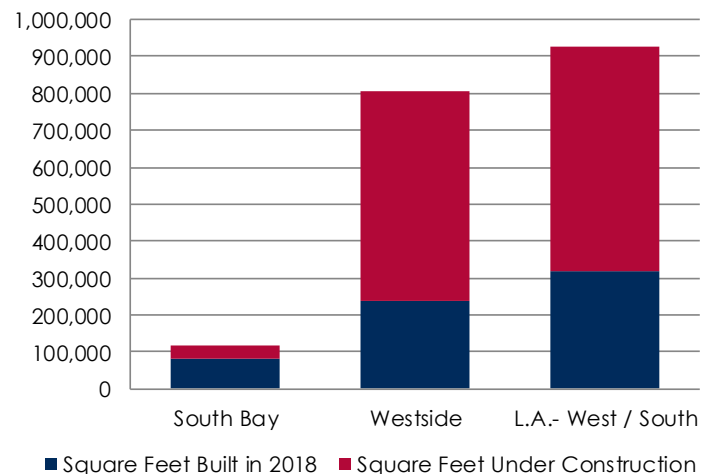


SUBMARKETS	Average Asking Rent FSG	Low-High Asking Rent Range FSG	Square Feet Built in 2018	Square Feet Under Construction	Gross Absorption Square Feet Current Quarter
South Bay	\$2.61	\$1.00-\$4.50	80,000	36,744	730,809
Westside	\$5.00	\$2.30-\$7.50	237,847	569,737	1,101,346
L.A.- West / South	\$3.81	\$1.00-\$7.50	317,847	606,481	1,832,155

Office Rental Rates



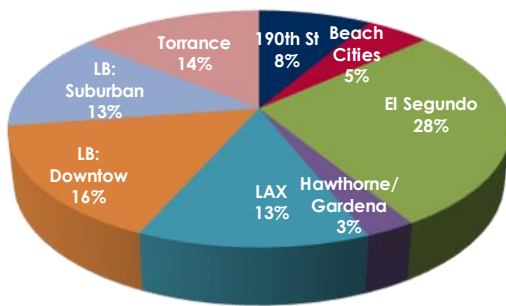
New Construction Activity



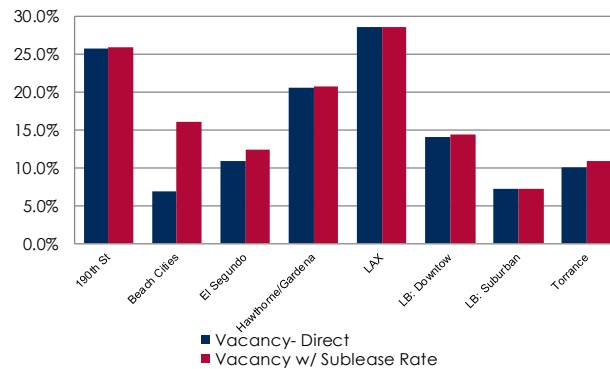
MARKET SNAPSHOT- SOUTH BAY

SUBMARKETS	Total Inventory Square Footage	Direct Vacant Square Footage	Direct Vacancy Rate	Total Vacant w/ Sublet Square Footage	Total Vacant w/ Sublet Rate
190th Street Corridor	2,952,484	757,206	25.6%	763,844	25.9%
Beach Cities	1,672,698	116,470	7.0%	268,230	16.0%
El Segundo	9,577,991	1,050,207	11.0%	1,179,889	12.3%
Hawthorne/Gardena	954,927	195,632	20.5%	198,451	20.8%
LAX	4,388,245	1,252,011	28.5%	1,252,011	28.5%
Long Beach: Downtown	5,509,796	773,722	14.0%	791,655	14.4%
Long Beach: Suburban	4,577,520	327,396	7.2%	328,535	7.2%
Torrance	4,851,913	486,088	10.0%	525,934	10.8%
L.A.- South Bay	34,485,574	4,958,732	14.4%	5,308,549	15.4%

Office Market Inventory

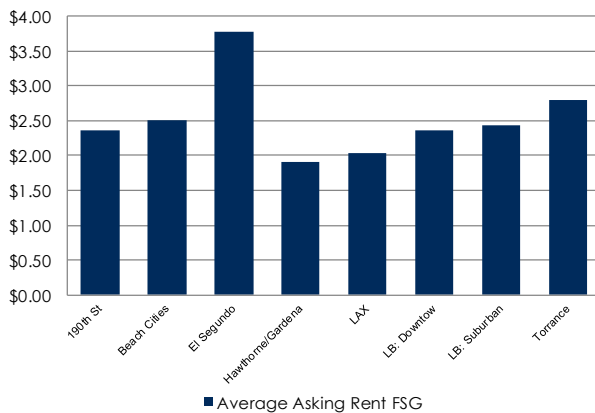


Office Vacancy Rates

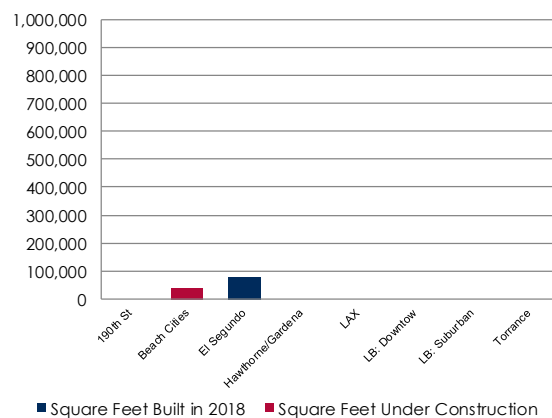


SUBMARKETS	Average Asking Rent FSG	Low-High Asking Rent Range FSG	Square Feet Built in 2018	Square Feet Under Construction	Gross Absorption Square Feet Current Quarter
190th Street Corridor	\$2.37	\$1.00-\$2.75	0	0	127,223
Beach Cities	\$2.50	\$1.75-\$4.50	0	36,744	32,737
El Segundo	\$3.78	\$2.70-\$4.25	80,000	0	231,181
Hawthorne/Gardena	\$1.90	\$1.20-\$2.25	0	0	14,833
LAX	\$2.03	\$1.25-\$4.25	0	0	67,294
Long Beach: Downtown	\$2.36	\$1.70-\$3.00	0	0	73,583
Long Beach: Suburban	\$2.44	\$1.30-\$3.25	0	0	117,774
Torrance	\$2.80	\$1.25-\$3.85	0	0	66,184
L.A.- South Bay	\$2.61	\$1.00-\$4.50	80,000	36,744	730,809

Office Rental Rates



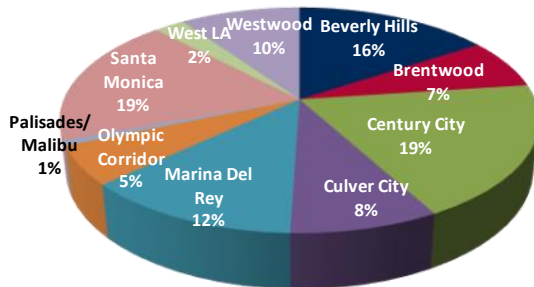
New Construction Activity



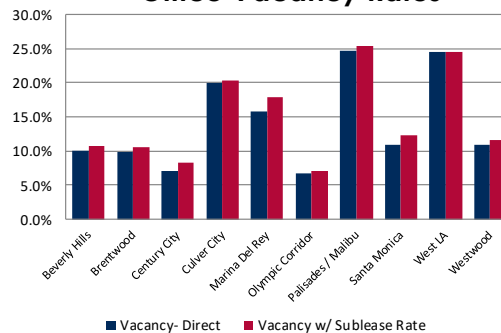
MARKET SNAPSHOT- WESTSIDE

SUBMARKETS	Total Inventory Square Footage	Direct Vacant Square Footage	Direct Vacancy Rate	Total Vacant w/ Sublet Square Footage	Total Vacant w/ Sublet Rate
Beverly Hills	8,506,848	861,316	10.1%	916,626	10.8%
Brentwood	3,894,389	383,798	9.9%	409,241	10.5%
Century City	10,390,944	738,177	7.1%	864,474	8.3%
Culver City	4,594,134	919,271	20.0%	930,872	20.3%
Marina Del Rey	6,772,067	1,067,531	15.8%	1,212,386	17.9%
Olympic Corridor	3,018,017	205,685	6.8%	212,480	7.0%
Palisades / Malibu	336,776	83,195	24.7%	85,696	25.4%
Santa Monica	10,123,685	1,109,442	11.0%	1,245,415	12.3%
West Los Angeles	1,334,232	326,161	24.4%	326,161	24.4%
Westwood	5,243,208	569,555	10.9%	608,312	11.6%
L.A.- Westside	54,214,300	6,264,131	11.6%	6,811,663	12.6%

Office Market Inventory

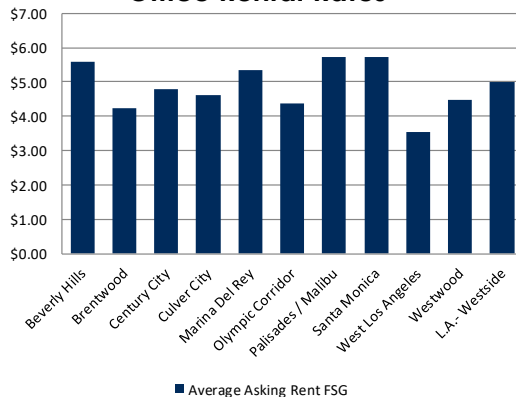


Office Vacancy Rates

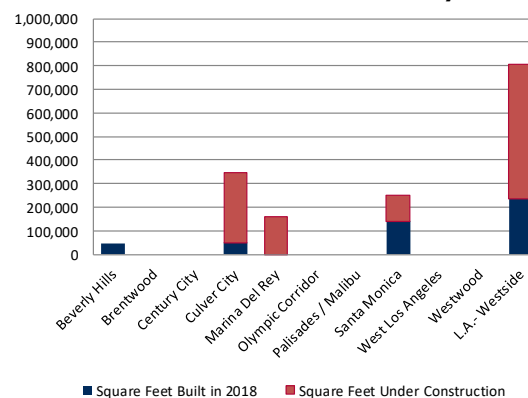


SUBMARKETS	Average Asking Rent FSG	Low-High Asking Rent Range FSG	Square Feet Built in 2018	Square Feet Under Construction	Gross Absorption Square Feet Current Quarter
Beverly Hills	\$5.57	\$2.55-\$7.50	48,800	0	182,604
Brentwood	\$4.22	\$3.65-\$4.90	0	0	54,366
Century City	\$4.78	\$3.65-\$6.75	0	0	107,954
Culver City	\$4.62	\$2.50-\$6.00	49,000	296,906	102,424
Marina Del Rey	\$5.35	\$2.30-\$5.95	0	162,031	186,185
Olympic Corridor	\$4.38	\$2.95-\$6.00	0	0	62,629
Palisades / Malibu	\$5.73	\$3.75-\$6.75	0	0	0
Santa Monica	\$5.74	\$3.65-\$6.50	140,047	110,800	197,878
West Los Angeles	\$3.54	\$2.50-\$4.00	0	0	13,754
Westwood	\$4.46	\$2.95-\$5.05	0	0	193,552
L.A.- Westside	\$5.00	\$2.30-\$7.50	237,847	569,737	1,101,346

Office Rental Rates



New Construction Activity



SOUTHERN CALIFORNIA OFFICE BUILDING SALE TREND ANALYSIS

TOTAL SALES TRANSACTIONS										
Market	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	351	357	550	752	779	895	1,059	987	1,158	734
Orange County	102	150	205	294	348	334	421	390	410	336
Inland Empire	168	156	249	266	328	370	430	401	507	332
Ventura County	24	29	54	59	58	107	86	110	109	99
Totals	645	692	1,058	1,371	1,513	1,706	1,996	1,888	2,184	1,501

TOTAL TRANSACTION DOLLAR VALUE (MILLIONS)										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	\$755.3	\$1,163.2	\$2,050.9	\$3,251.5	\$5,974.4	\$7,343.7	\$4,808.9	\$9,596.4	\$7,868.2	\$4,881.2
Orange County	\$362.4	\$501.6	\$629.2	\$783.3	\$1,386.4	\$1,596.8	\$2,762.5	\$2,503.9	\$2,291.3	\$1,697.3
Inland Empire	\$85.6	\$98.8	\$130.6	\$166.8	\$236.1	\$331.5	\$637.5	\$463.1	\$472.8	\$427.2
Ventura County	\$29.6	\$81.3	\$56.4	\$43.2	\$57.1	\$246.9	\$164.5	\$169.8	\$150.1	\$217.2
Totals	\$1,232.9	\$1,844.9	\$2,867.1	\$4,244.7	\$7,653.9	\$9,519.0	\$8,373.5	\$12,733.1	\$10,782.3	\$7,223.0

TOTAL SQUARE FEET SOLD										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	5,586,548	6,264,038	9,680,756	15,191,009	23,822,433	23,625,749	17,446,723	25,101,191	26,196,580	15,872,832
Orange County	2,006,822	3,404,048	3,896,963	6,081,582	7,190,681	8,132,668	12,114,535	11,818,719	9,101,010	7,488,049
Inland Empire	958,664	1,103,908	1,731,566	2,323,023	2,422,231	2,867,846	5,264,416	3,458,114	5,066,634	3,936,833
Ventura County	141,646	307,079	397,973	517,872	679,367	1,551,821	1,066,791	1,187,820	1,038,975	1,612,890
Totals	8,693,680	11,079,073	15,707,258	24,113,486	34,114,712	36,178,084	35,892,465	41,565,844	41,403,199	28,910,604

AVERAGE PRICE / SF										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	\$227.26	\$234.56	\$255.72	\$264.93	\$280.24	\$343.93	\$305.40	\$428.33	\$356.50	\$355.75
Orange County	\$195.73	\$181.97	\$191.81	\$211.44	\$212.11	\$208.88	\$259.38	\$263.93	\$273.67	\$258.79
Inland Empire	\$181.23	\$128.47	\$122.12	\$135.31	\$132.79	\$144.35	\$140.64	\$170.34	\$157.73	\$173.07
Ventura County	\$248.34	\$328.13	\$182.62	\$130.87	\$104.53	\$208.57	\$189.67	\$179.75	\$190.44	\$166.63
Averages	\$215.25	\$210.43	\$223.28	\$236.07	\$251.91	\$291.94	\$262.26	\$353.02	\$309.80	\$295.21

MEDIAN PRICE / SQUARE FOOT										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q
LA County	\$259.65	\$211.87	\$204.57	\$245.12	\$233.03	\$265.09	\$284.48	\$297.75	\$302.50	\$326.06
Orange County	\$226.25	\$195.05	\$216.15	\$190.00	\$204.61	\$224.24	\$246.57	\$279.36	\$289.58	\$312.40
Inland Empire	\$187.29	\$165.00	\$135.00	\$119.49	\$126.81	\$135.05	\$133.10	\$159.99	\$166.99	\$167.35
Ventura County	\$297.09	\$202.17	\$215.19	\$183.47	\$175.15	\$180.41	\$213.19	\$187.17	\$202.82	\$247.24
Median Average	\$244.57	\$201.76	\$200.04	\$217.79	\$218.35	\$241.97	\$247.36	\$277.90	\$280.58	\$296.51

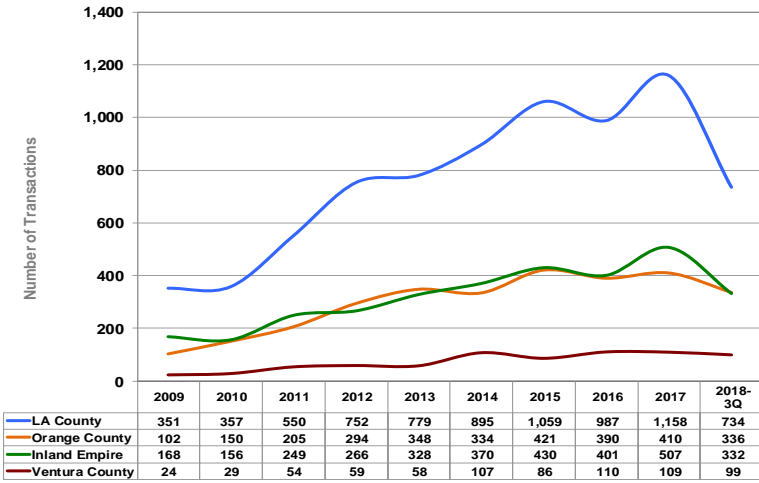
MEDIAN \$ PSF INCREASE										
Bldg. SF	2010	2011	2012	2013	2014	2015	2016	2017	2018-3Q	
LA County	-18.4%	-3.4%	19.8%	-4.9%	13.8%	7.3%	4.7%	1.6%	7.8%	
Orange County	-13.8%	10.8%	-12.1%	7.7%	9.6%	10.0%	13.3%	3.7%	7.9%	
Inland Empire	-11.9%	-18.2%	-11.5%	6.1%	6.5%	-1.4%	20.2%	4.4%	0.2%	
Ventura County	-31.9%	6.4%	-14.7%	-4.5%	3.0%	18.2%	-12.2%	8.4%	21.9%	
Totals	-17.5%	-0.9%	8.9%	0.3%	10.8%	2.2%	12.3%	1.0%	5.7%	

The following information has been obtained from sources deemed reliable. While we do not doubt its accuracy, we make no warranty or representation about it. This report contains verified arms-length transactions, but excludes all portfolio sales.

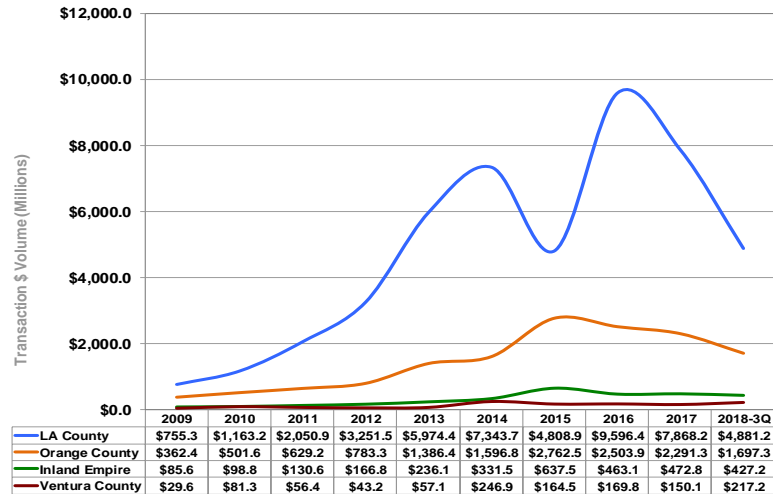


SOUTHERN CALIFORNIA OFFICE BUILDING SALE TREND ANALYSIS

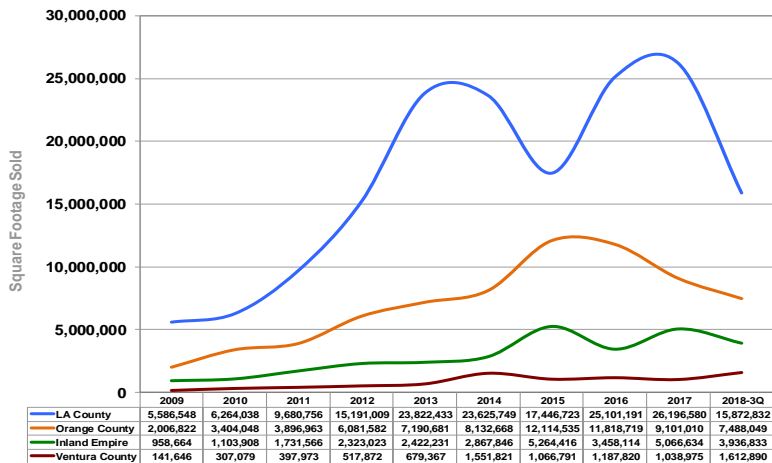
Number of Transactions



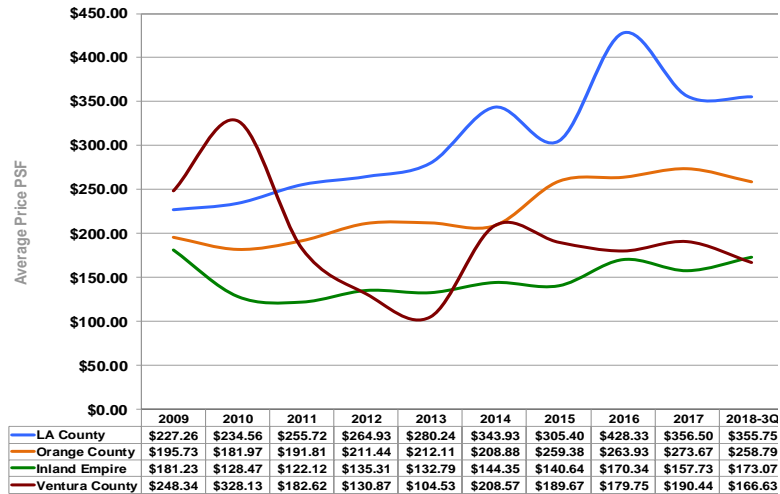
Transaction Volume \$



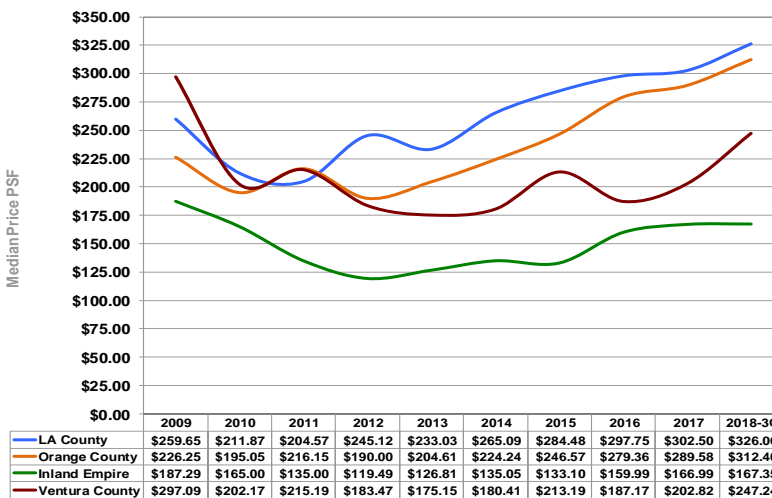
Square Footage Sold



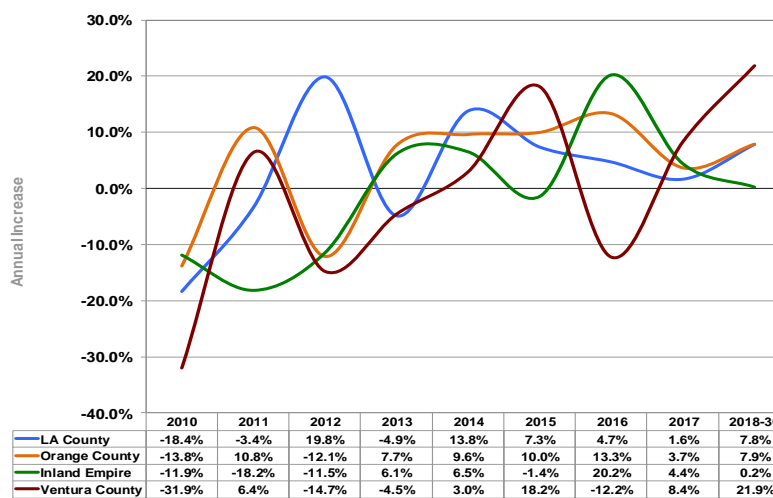
Average Price PSF



Median Price PSF

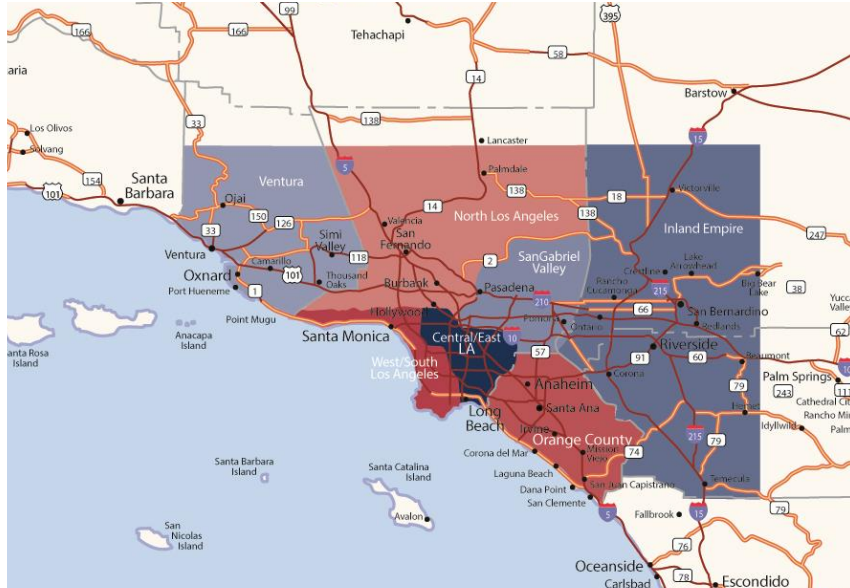


% Change Median Price PSF



MARKET REPORT OVERVIEW

SOUTHERN CALIFORNIA MARKET MAP



DAUM OFFICES

LOS ANGELES, CALIFORNIA

801 S. Figueroa Street, Suite 600
Los Angeles, CA 90017
213-626-9101

LOS ANGELES NORTH, CALIFORNIA

21820 Burbank Boulevard, Suite 201
Woodland Hills, CA 91367
818-887-3600

SANTA CLARITA VALLEY, CALIFORNIA

28494 Westinghouse Place, Suite 312
Valencia, CA 91355
661-705-2299

SAN GABRIEL VALLEY, CALIFORNIA

13181 Crossroads Pkwy. N, Suite 100
City of Industry, CA 91746
562-695-7244

SOUTH BAY, CALIFORNIA

1025 W. 190th Street, Suite 420
Gardena, CA 90248
310-538-6700

MID-COUNTIES, CALIFORNIA

13810 Cerritos Corporate Drive, Suite C
Cerritos, CA 90703
562-207-3300

ORANGE COUNTY, CALIFORNIA

4400 MacArthur Boulevard, Suite 950
Newport Beach, CA 92660
949-724-1900

VENTURA & SANTA BARBARA, CALIFORNIA

751 Daily Drive, Suite 105
Camarillo, CA 93010
805-987-8866

INLAND EMPIRE, CALIFORNIA

3595 E. Inland Empire Boulevard, Bldg. 5
Ontario, CA 91764
909-980-1234

PHOENIX ARIZONA

1702 E. Highland Avenue, Suite 120
Phoenix, AZ 85016
602-957-7300

The information contained in this report has been obtained from sources deemed reliable and has incorporated fourth-party data which has not been independently verified by DAUM. While we do not doubt its accuracy, DAUM makes no guarantee or warranty as to its completeness or accuracy. Due to the dynamic (constantly changing) database which DAUM uses to compile and analyze markets contained in this report, previously published statistics may vary from the data published in this report. Statistics and data have been revised to reflect changes in the following categories: existing buildings being verified and added to the database, new or revised occupancy information gathered, new construction being added to the inventory, building demolitions and renovations, as well as other factors that would necessitate revisions to the data and the properties surveyed. This methodology allows us to present the most current and up-to-date information, trend analysis and comparative statistics for this report.

METHODOLOGY & TERMINOLOGY

Methodology

Non-owner occupied, multi-tenant, office buildings that are 30,000 square feet and greater.

Direct Vacant SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

Total Vacant W/ Sublet SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

Direct Vacancy Rate

Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

Vacancy W/ Sublet Rate

Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

Gross Absorption

The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time.

Net Absorption

The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

Under Construction

Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

Completed in 2018

New buildings with original construction completed in the year 2018 and granted a Certificate of Occupancy. Renovated buildings are not included.