

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Los Angeles Office



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET REPORT Q3

Office 2019 Los Angeles County



MARKET ACTIVITY

<p>Direct Vacancy ∨ 12.6%</p>	<p>Net Absorption ∨ 206,206 SF</p>
<p>Overall Vacancy ∨ 13.3%</p>	<p>Gross Absorption ∨ 4,428,566 SF</p>
<p>Under Construction ∨ 6,551,689 SF</p>	<p>Rental Rates (FSG) ∧ \$3.29</p>
<p>Sale Price Y/Y Δ ∨ 18.3%</p>	<p>Deal Volume Y/Y Δ ∨ 12.3%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Decreased by 10 BPS in Q3 from Q2.
- **Net Absorption:** Down 50% from Q2. Net Absorption as percentage of inventory was 0.09% in Q3.
- **Office Supply:** LA County added over 1M SF of office space delivered in Q3.
- **Sales:** Volume in Q3 was 70% less than Q2. YTD 2019 volume is 12.3% lower than the same period in 2018.
- **Trends:** Technology companies leasing large amounts or space outside "Silicon Beach". Co-working establishments continue to expand.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ∧ 3.7%</p>	<p>U6 Rate ∧ 7.2%</p>
<p>Interest Rate ∨ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ∧ 2.1%</p>
<p>Port Traffic Y/Y Δ ∨ 1.1%</p>	<p>NYSE Performance ∧ 0.9%</p>
<p>Inflation Change ∨ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ∨ 6 BPS</p>

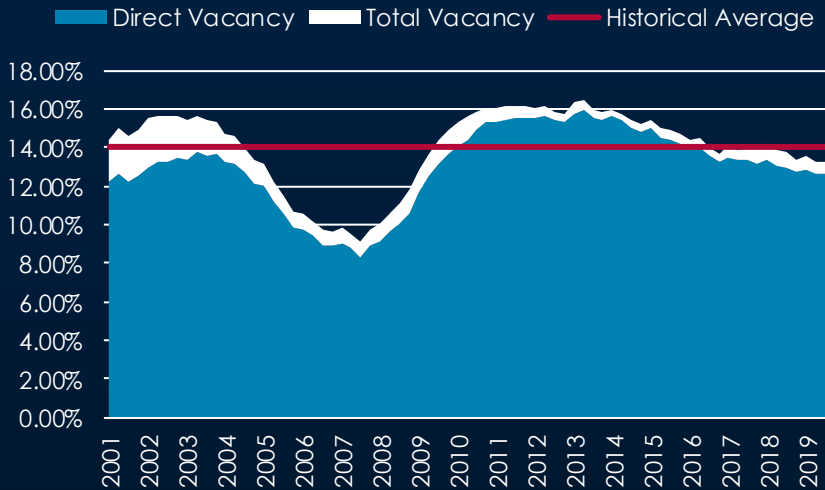
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

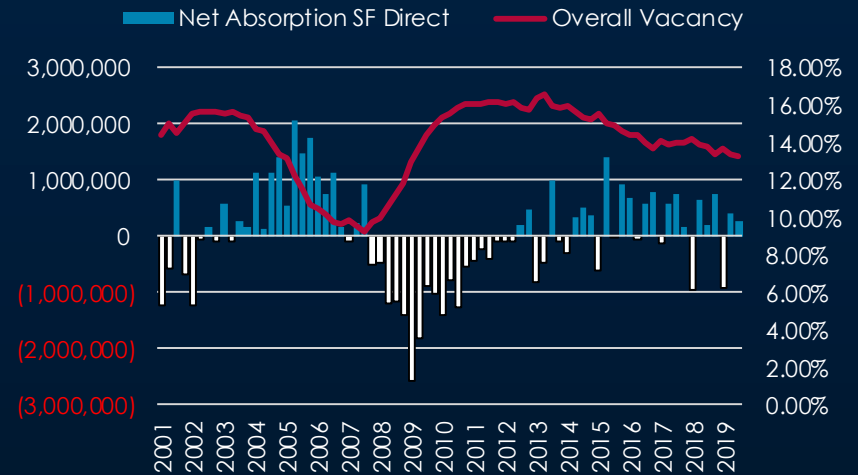


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

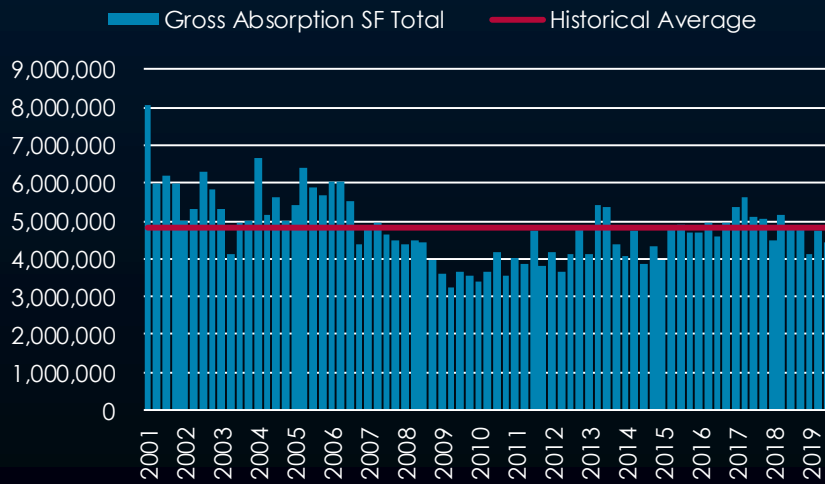
OVERALL VACANCY DOWN ONLY 10 BPS FROM Q2



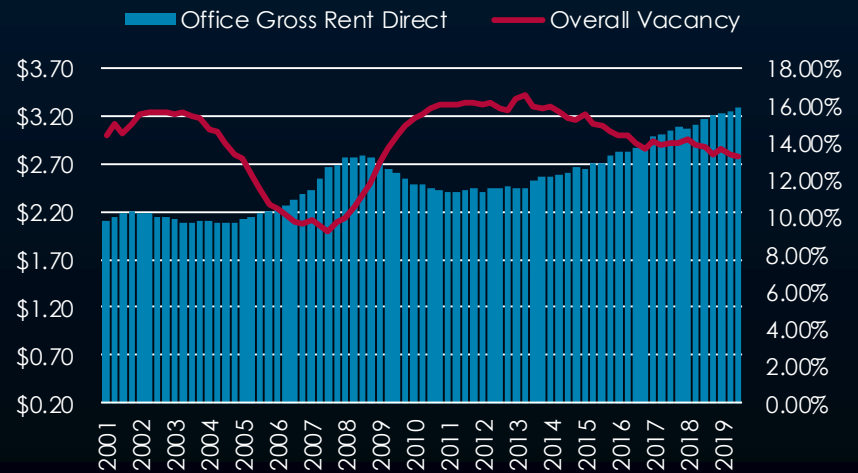
NET ABSORPTION REMAINED POSITIVE, BUT 50% LOWER THAN Q2



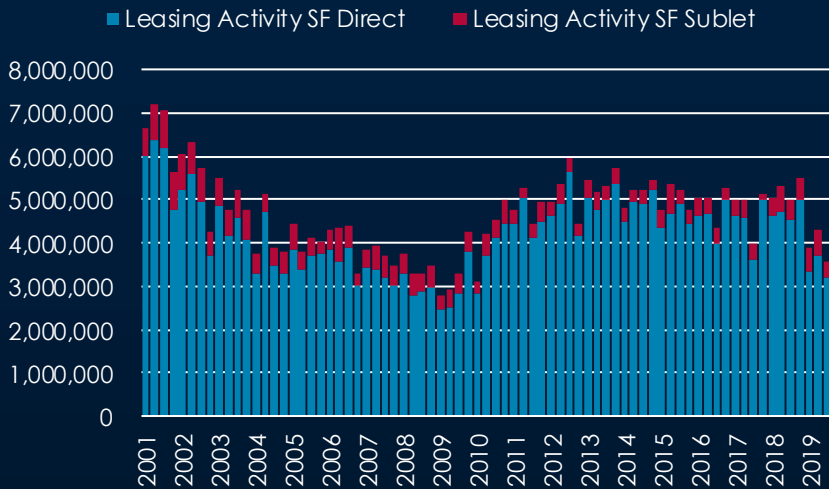
GROSS ABSORPTION FELL IN Q3 TO BELOW 4.5M SF



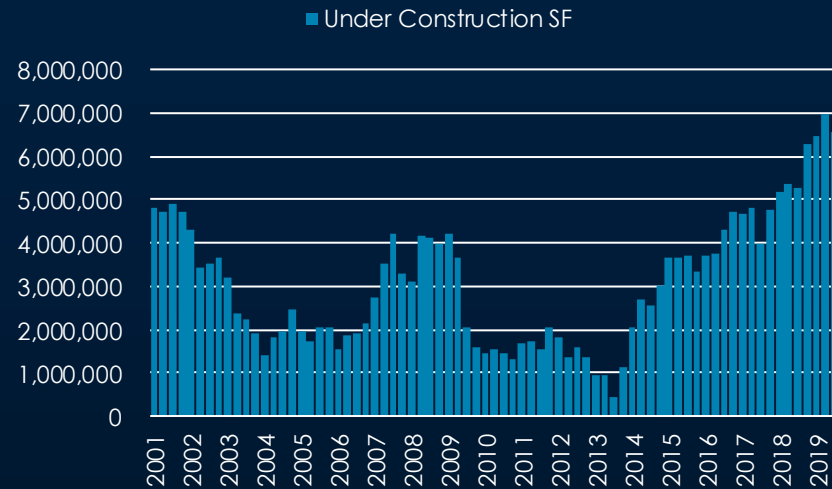
ASKING RENTS PLATEAUING BUT SLIGHT INCREASE IN Q3



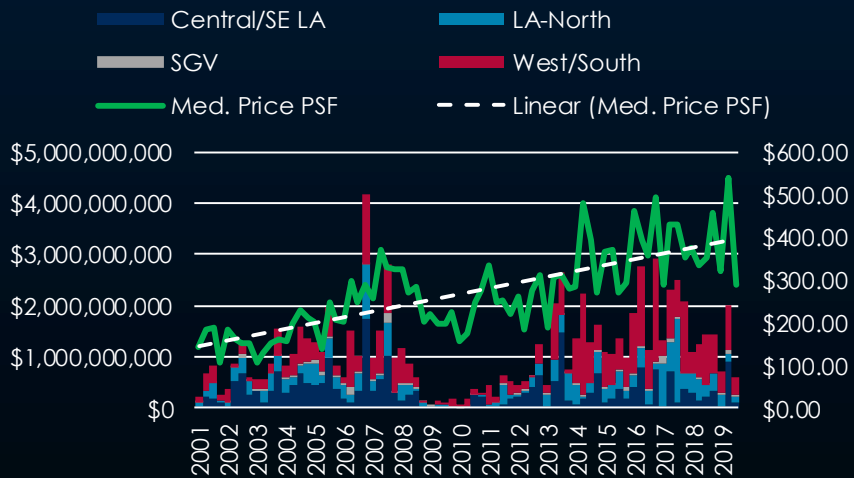
LEASING ACTIVITY DOWN FROM Q2 TO SLIGHTLY ABOVE 3.5M SF



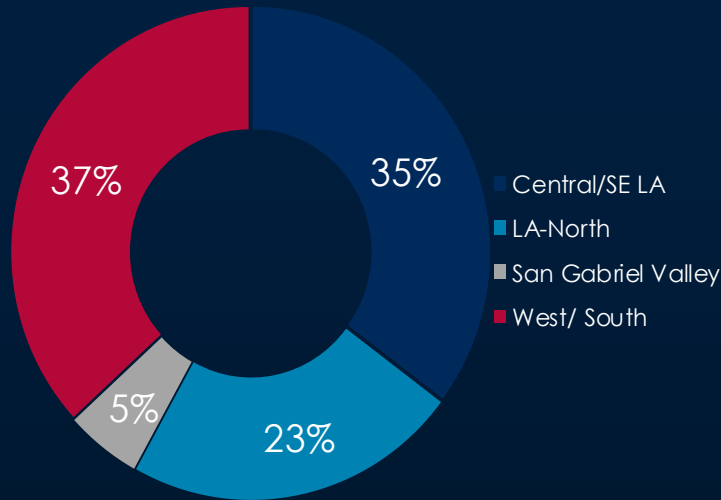
CONSTRUCTION ACTIVITY OVER 1M SF DELIVERED IN Q3



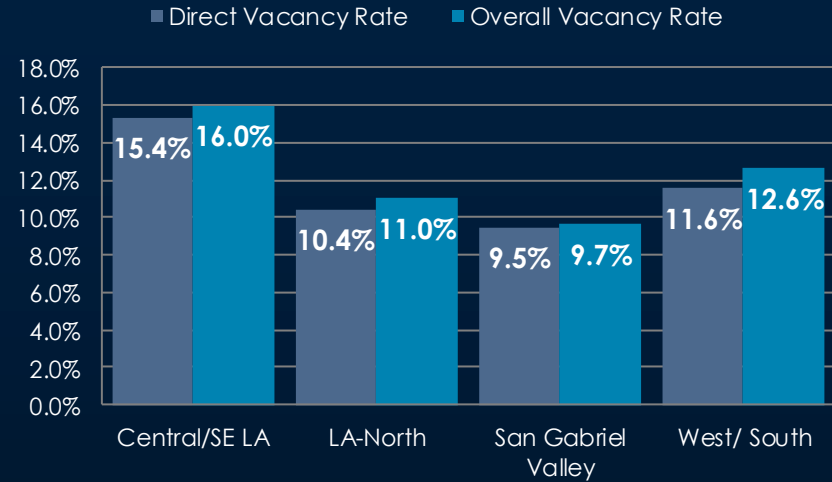
SALES MEDIAN PRICE PSF WAS \$285.76 IN Q3



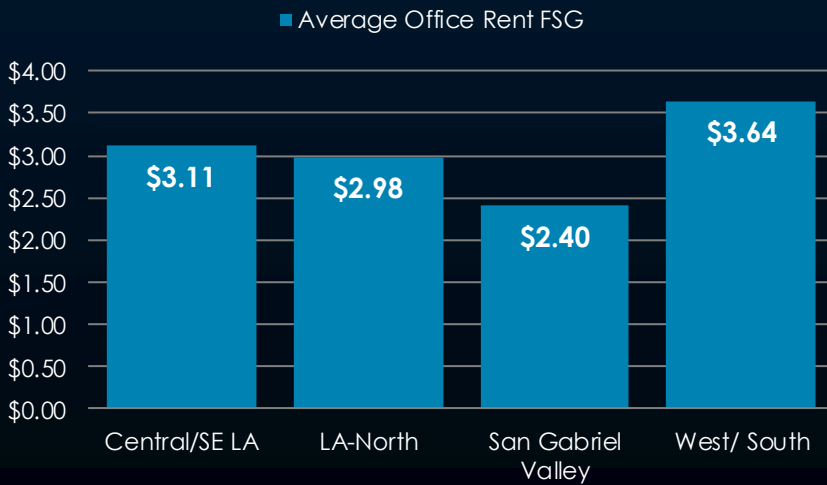
SQUARE FOOT BREAKDOWN- 242,560,302 SF MARKET SIZE



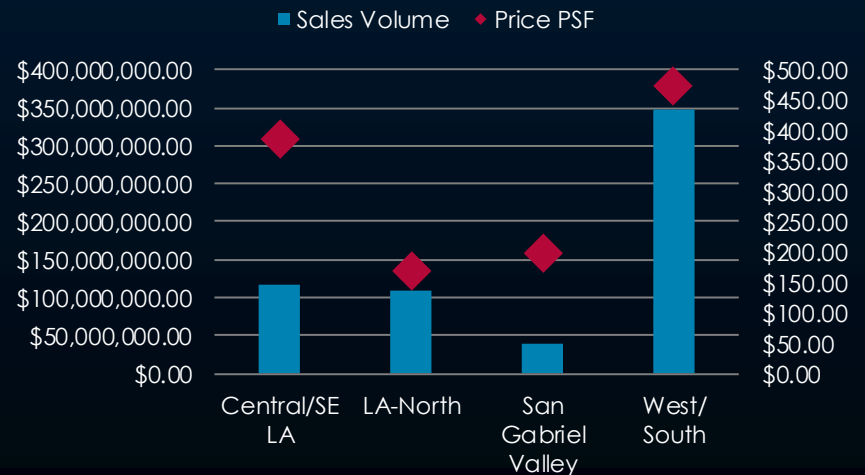
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Los Angeles Office

Central / Southeast



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET REPORT Q3

Office 2019 Los Angeles Central/ Southeast



MARKET ACTIVITY

<p>Direct Vacancy ▲ 15.4%</p>	<p>Net Absorption ▼ -334,657 SF</p>
<p>Overall Vacancy ▲ 16.0%</p>	<p>Gross Absorption ▼ 1,002,815 SF</p>
<p>Under Construction ▼ 2,412,040 SF</p>	<p>Rental Rates (FSG) ▼ \$3.11</p>
<p>Sale Price Q/Q Δ ▼ 36.5%</p>	<p>Deal Volume Q/Q Δ ▼ 87.0%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Up by 40 BPS to a rate of 16.0%
- **Net Absorption:** Reverted back to negative levels after positive Q2.
- **Office Supply:** Nearly 200K SF was delivered in Q3. Over 2.4M SF remains under construction.
- **Sales:** Volume plummeted in Q3 from the six year high recorded in Q2.
- **Asking Rents:** Increased slightly by only \$0.04 PSF. The rapid expansion of coworking & flexible office plans represent a downward pressure for the typical office space.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ▲ 3.7%</p>	<p>U6 Rate ▲ 7.2%</p>
<p>Interest Rate ▼ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ▲ 2.1%</p>
<p>Port Traffic Y/Y Δ ▼ 1.1%</p>	<p>NYSE Performance ▲ 0.9%</p>
<p>Inflation Change ▼ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ▼ 6 BPS</p>

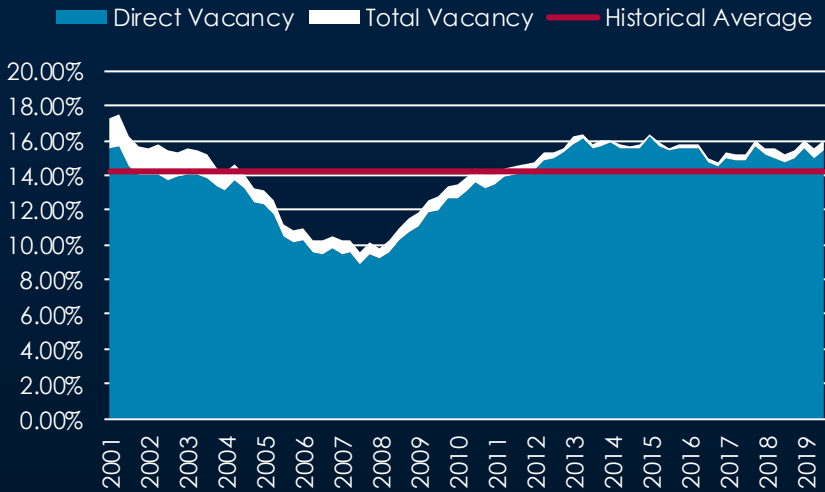
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

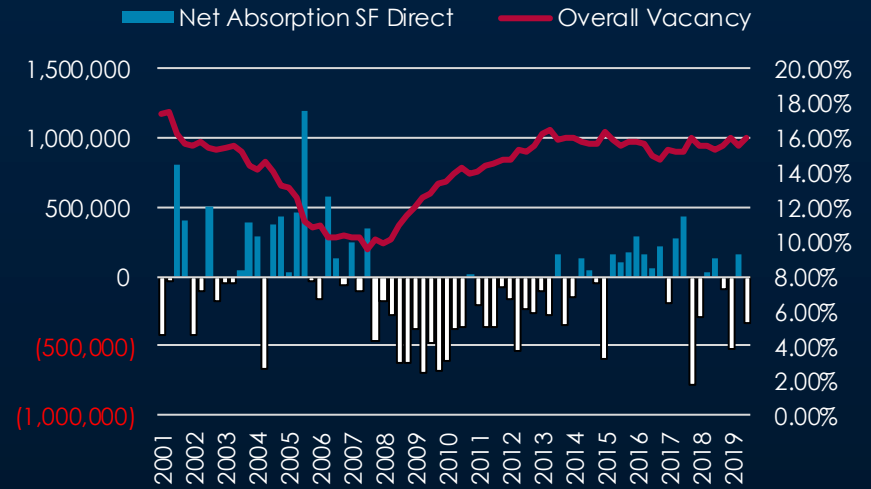


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

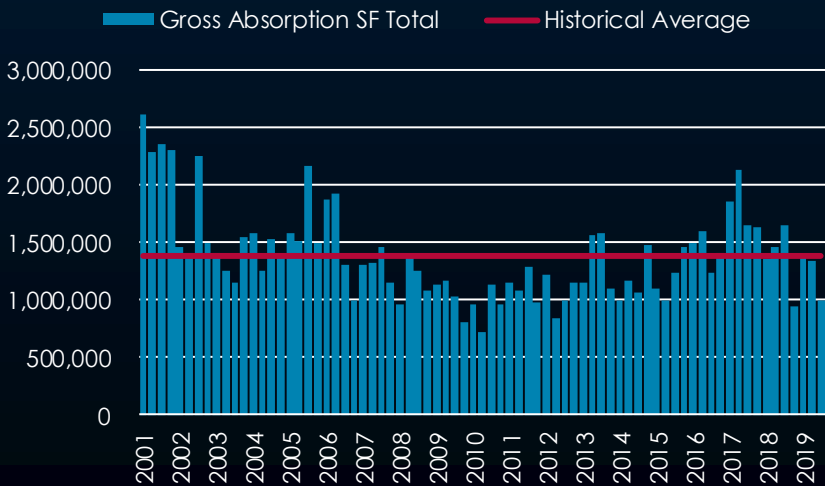
OVERALL VACANCY INCREASED BY 40 BPS FROM Q2 TO 16.0%



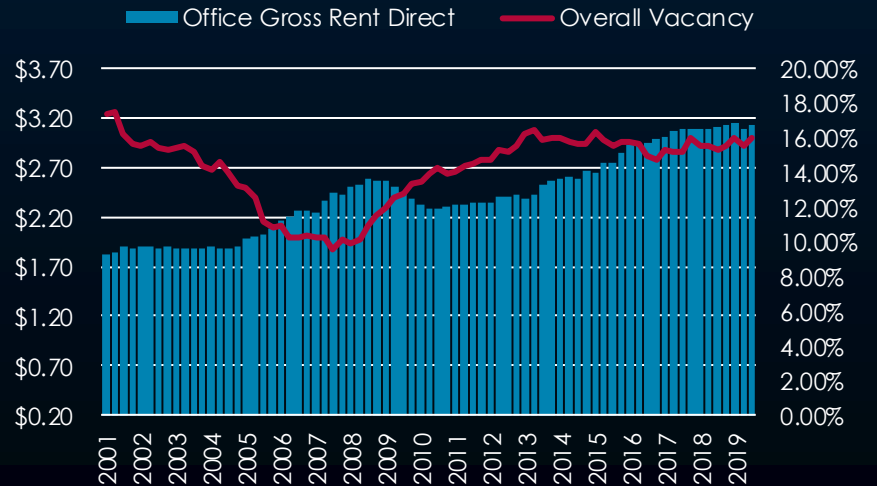
NET ABSORPTION NEGATIVE IN Q3 AFTER POSITIVE Q2. REPRESENTS 0.4% OF INVENTORY



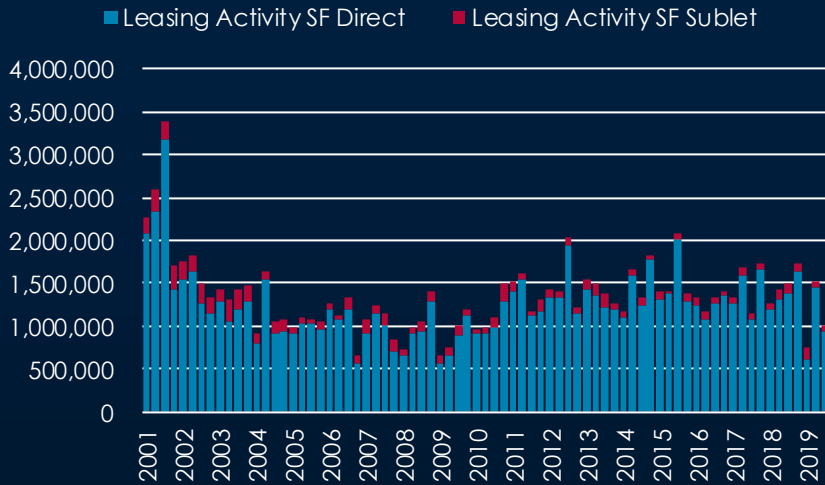
GROSS ABSORPTION ONLY 1M SF OF GROSS ABSORPTION IN Q3



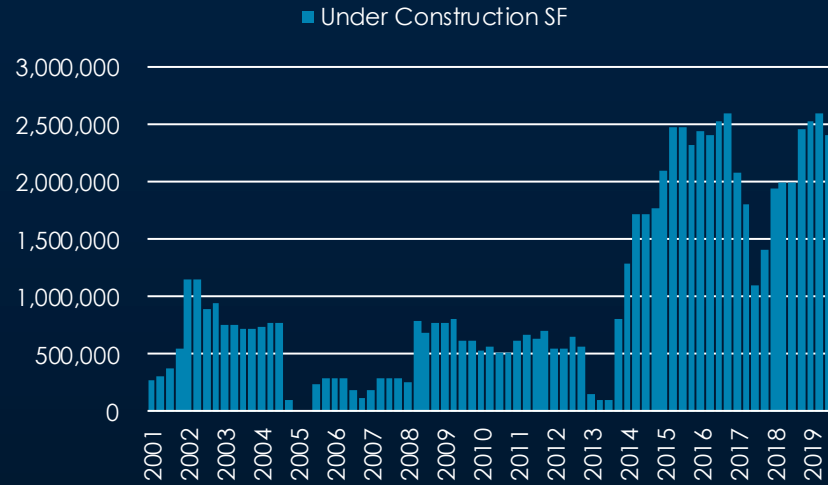
ASKING RENTS INCREASED BY \$0.04 TO \$3.11 PSF



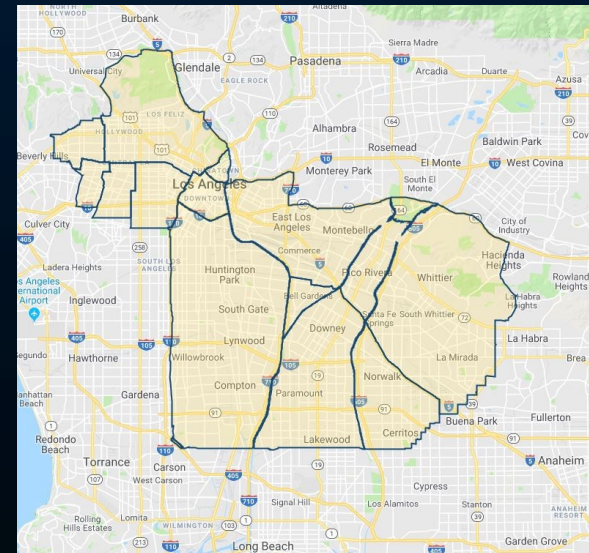
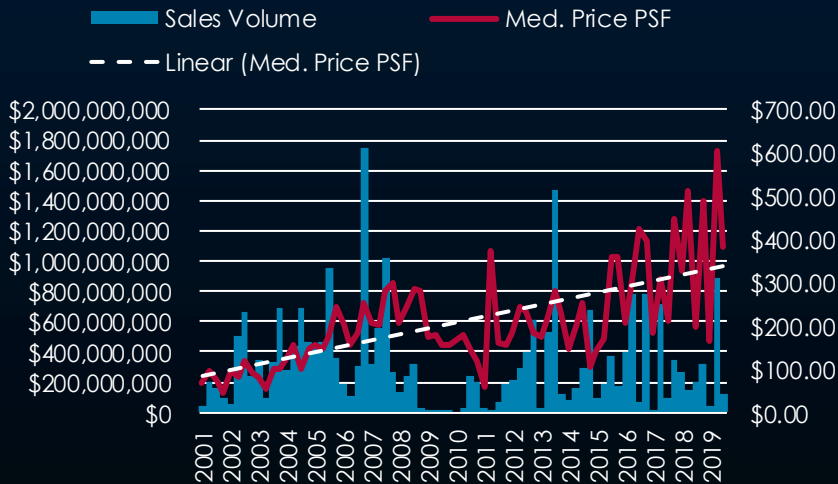
LEASING ACTIVITY DROPPED BY OVER 500K SF FROM Q3 TO 1M SF



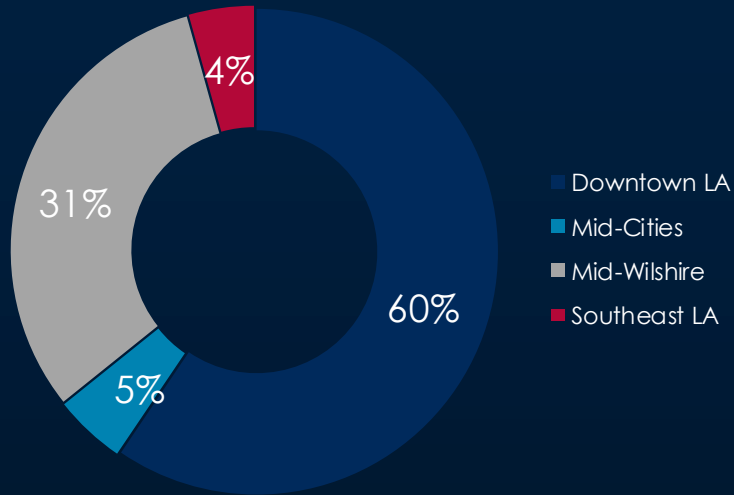
CONSTRUCTION ACTIVITY JUST ABOVE 2.4M SF UC. LED BY PROJECTS IN DOWNTOWN & MID-WILSHIRE



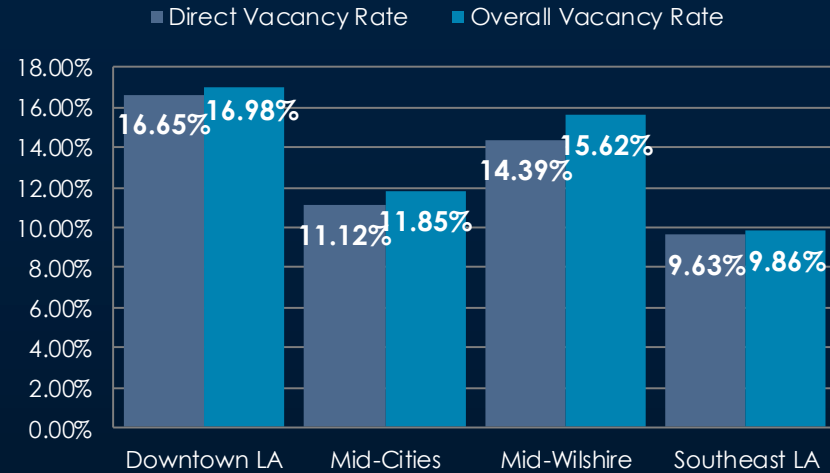
SALES THE LACK OF HIGHLY DESIRABLE SALES IN Q3 LED TO LOWER VOLUME AND PRICES



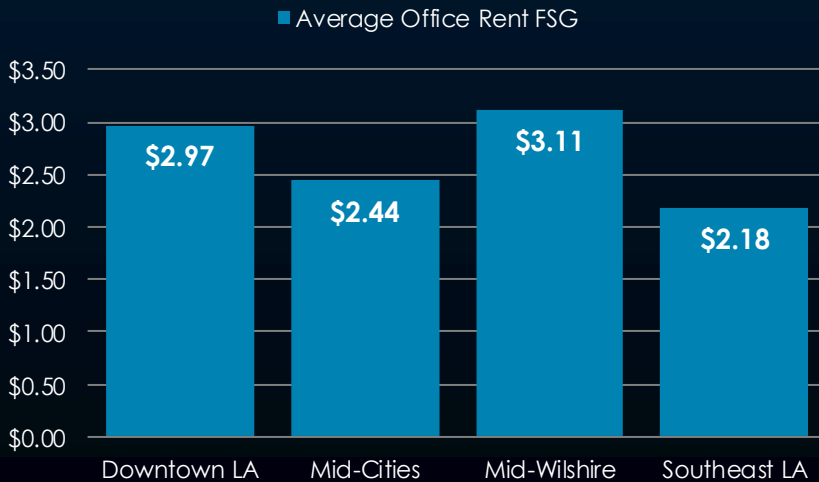
SQUARE FOOT BREAKDOWN- 85,487,936 SF MARKET SIZE



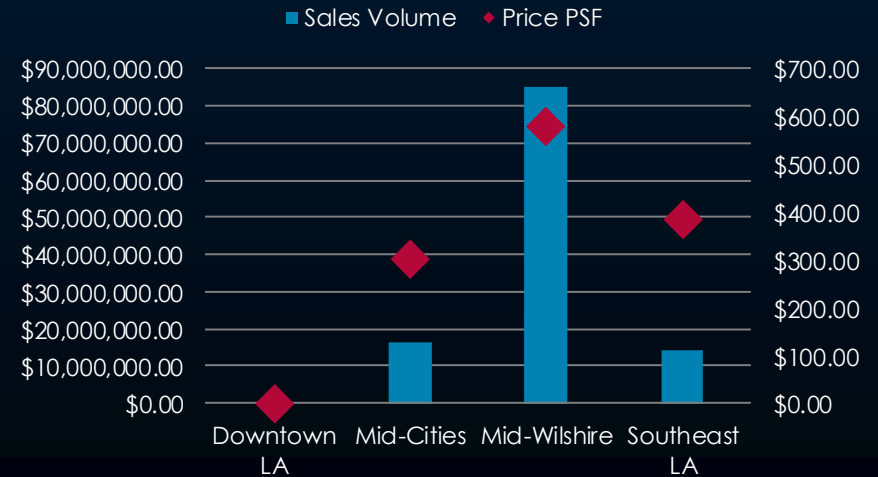
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Los Angeles Office

LA North



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET ACTIVITY

<p>Direct Vacancy ↓ 10.4%</p>	<p>Net Absorption ↑ 165,532 SF</p>
<p>Overall Vacancy ↓ 11.0%</p>	<p>Gross Absorption ↑ 1,267,762 SF</p>
<p>Under Construction ↑ 1,366,789 SF</p>	<p>Rental Rates (FSG) ↑ \$2.98</p>
<p>Sale Price Change ↓ 71.7%</p>	<p>Deal Volume ↓ 30.5%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Direct vacancy was down by 40 BPS. Overall down by 30 BPS to 11.0%.
- **Net Absorption:** Q3 marked the 1st positive quarter of Net Absorption in 2019.
- **Office Supply:** Construction activity above 1.3M SF.
- **Sales:** Only 5 sales occurred in Q3 led by the sale of 5200 Lankershim in North Hollywood.
- **Asking Rents:** Increased slightly in Q3 to \$2.98 PSF

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ↑ 3.7%</p>	<p>U6 Rate ↑ 7.2%</p>
<p>Interest Rate ↓ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ↑ 2.1%</p>
<p>Port Traffic Y/Y Δ ↓ 1.1%</p>	<p>NYSE Performance ↑ 0.9%</p>
<p>Inflation Change ↓ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ↓ 6 BPS</p>

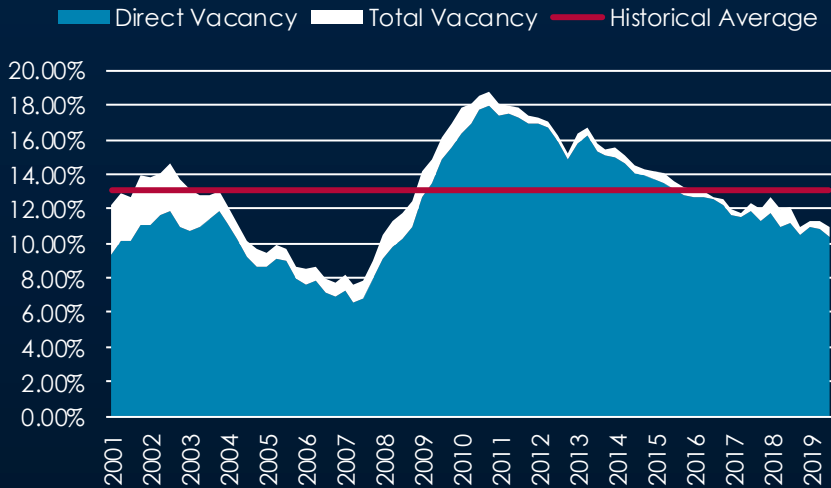
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

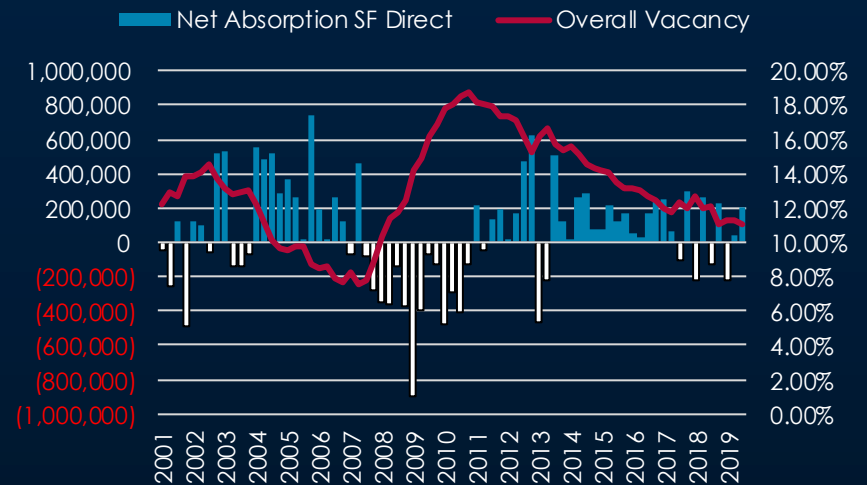


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

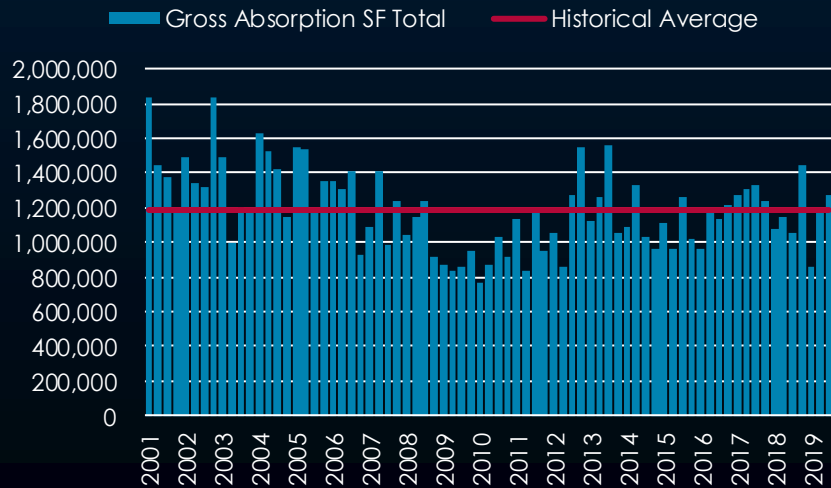
OVERALL VACANCY IMPROVED BY 30 BPS TO 11.0%



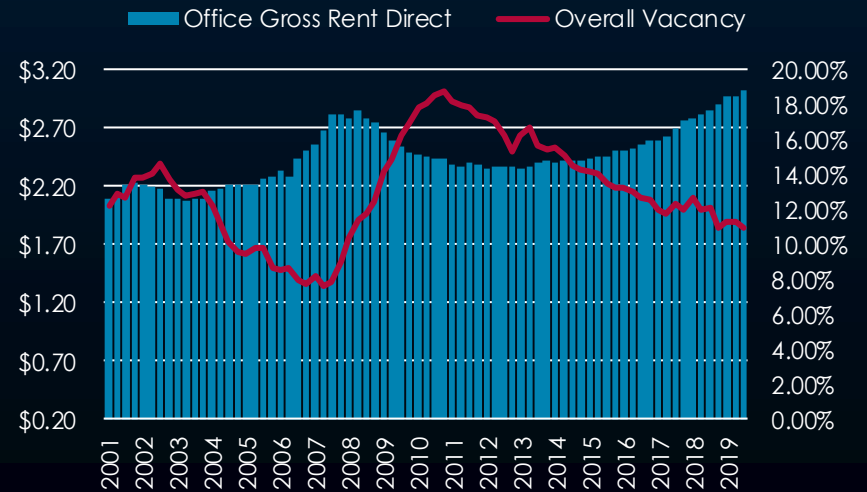
NET ABSORPTION INCREASED SIGNIFICANTLY FROM Q2. REPRESENTING 0.3% OF INVENTORY



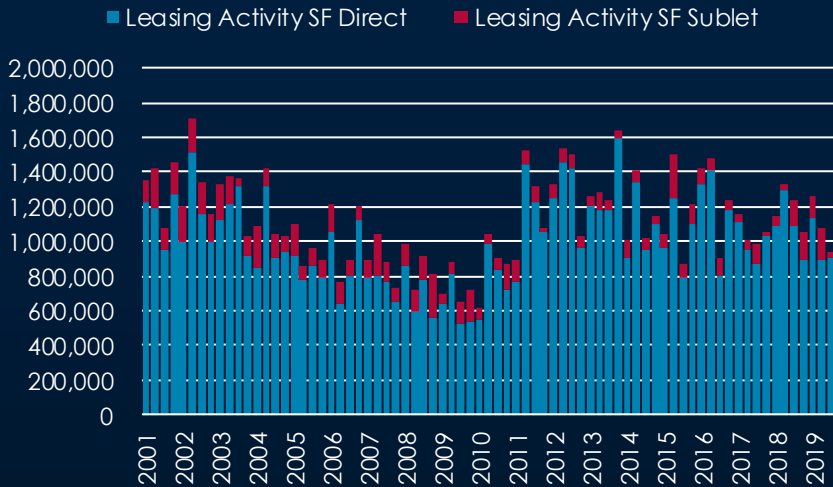
GROSS ABSORPTION CLIMBED ABOVE HISTORIC AVERAGE IN Q3



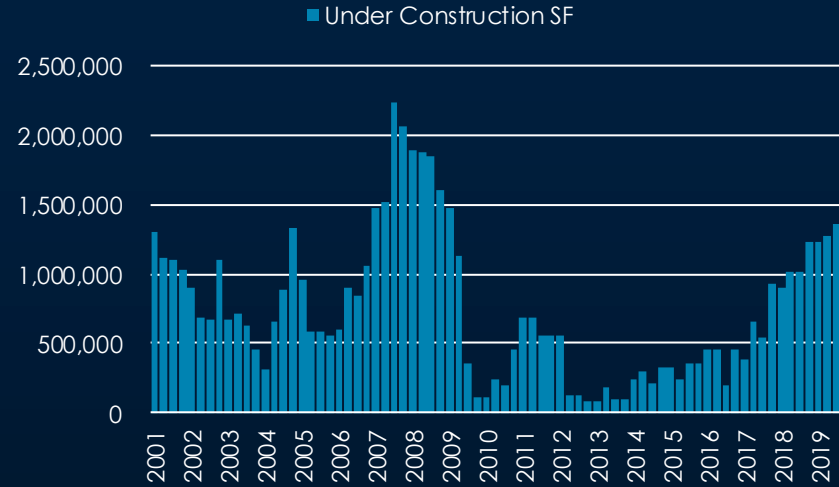
ASKING RENTS INCREASED MINIMALLY TO \$2.98 PSF



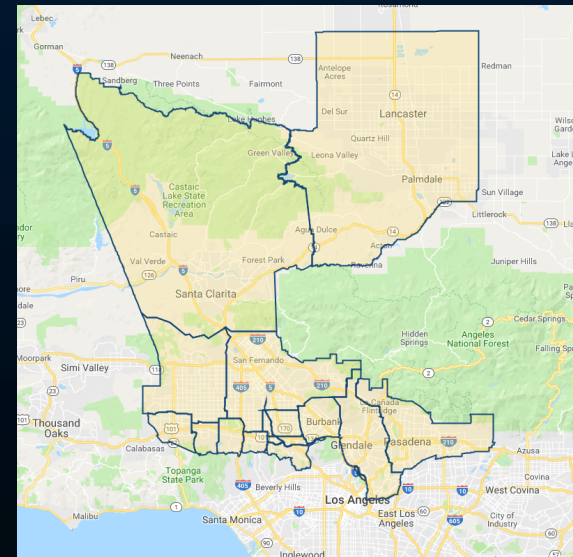
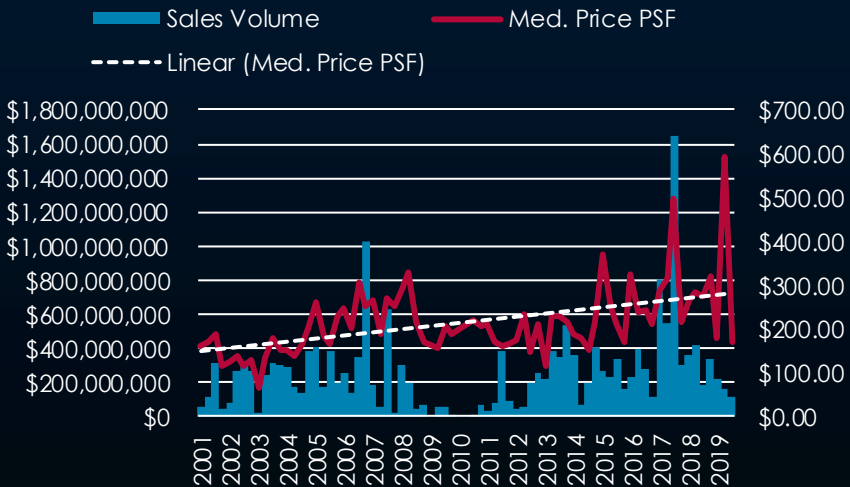
LEASING ACTIVITY FELL BELOW 1M SF FOR 1ST TIME IN 8 QUARTERS



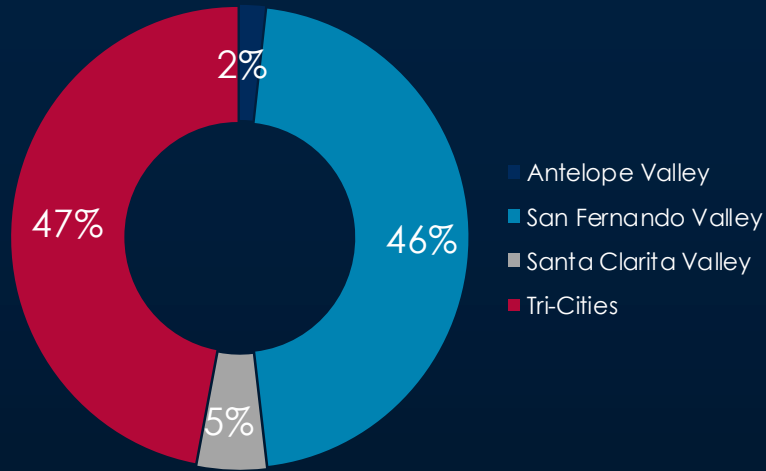
CONSTRUCTION ACTIVITY CONTINUES TO INCREASE. NOW ABOVE 1.3M SF



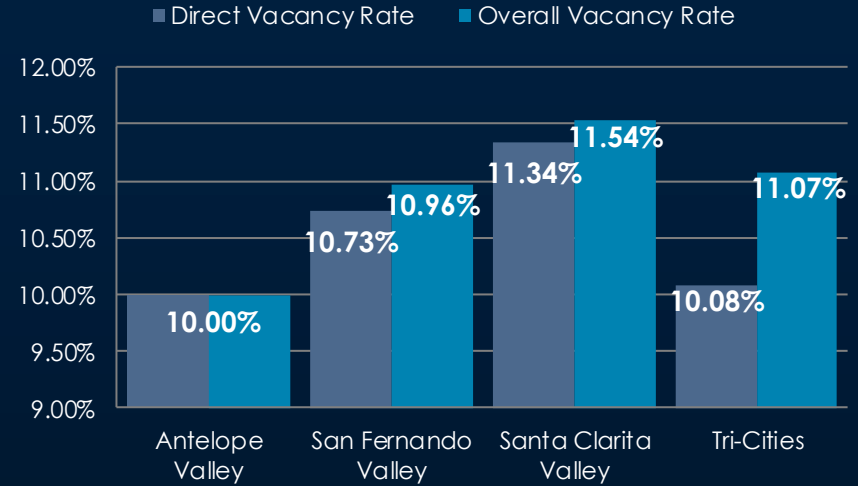
SALES ONLY 5 SALES WERE RECORDED IN Q3



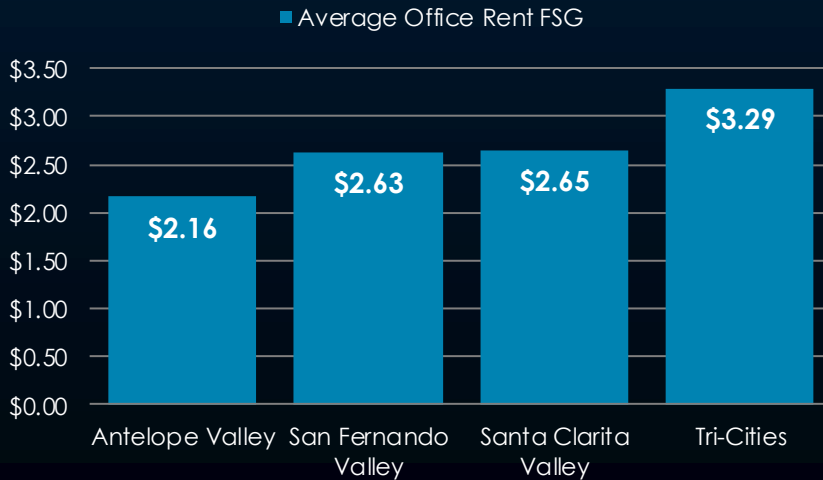
SQUARE FOOT BREAKDOWN- 55,345,686 SF MARKET SIZE



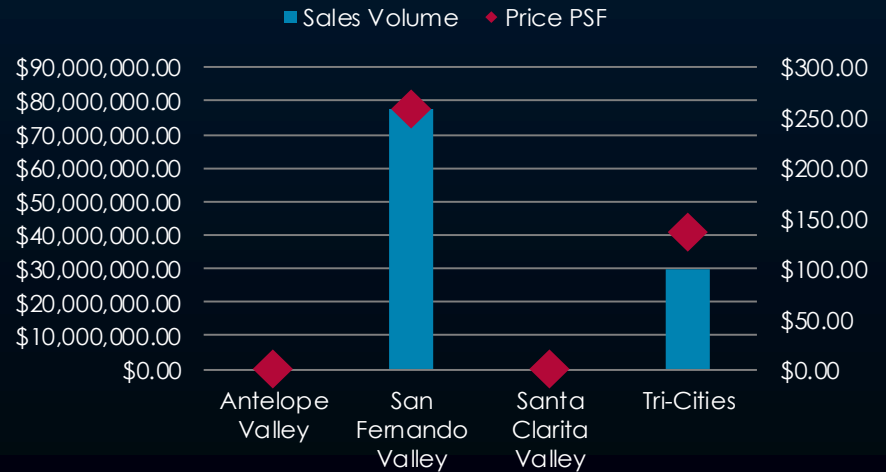
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Los Angeles Office

San Gabriel Valley



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET REPORT Q3

Office 2019 San Gabriel Valley



MARKET ACTIVITY

<p>Direct Vacancy ▲ 9.5%</p>	<p>Net Absorption ▼ -4,050 SF</p>
<p>Overall Vacancy ▲ 9.7%</p>	<p>Gross Absorption ▼ 153,881 SF</p>
<p>Under Construction ◀ 0 SF</p>	<p>Rental Rates (FSG) ▲ \$2.37</p>
<p>Sale Price Change ▼ 45.3%</p>	<p>Deal Volume ▼ 47.4%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Increased by 30 BPS in Q3 to 9.7%.
- **Net Absorption:** Minimal amount of Net Absorption in Q3.
- **Gross Absorption:** Fell to slightly above 150K SF.
- **Sales:** Only three (3) sales were recorded in Q3. Volume down by over 47% from Q2.
- **Asking Rents:** The average asking rent PSF increased by \$0.04 in Q3.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ▲ 3.7%</p>	<p>U6 Rate ▲ 7.2%</p>
<p>Interest Rate ▼ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ▲ 2.1%</p>
<p>Port Traffic Y/Y Δ ▼ 1.1%</p>	<p>NYSE Performance ▲ 0.9%</p>
<p>Inflation Change ▼ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ▼ 6 BPS</p>

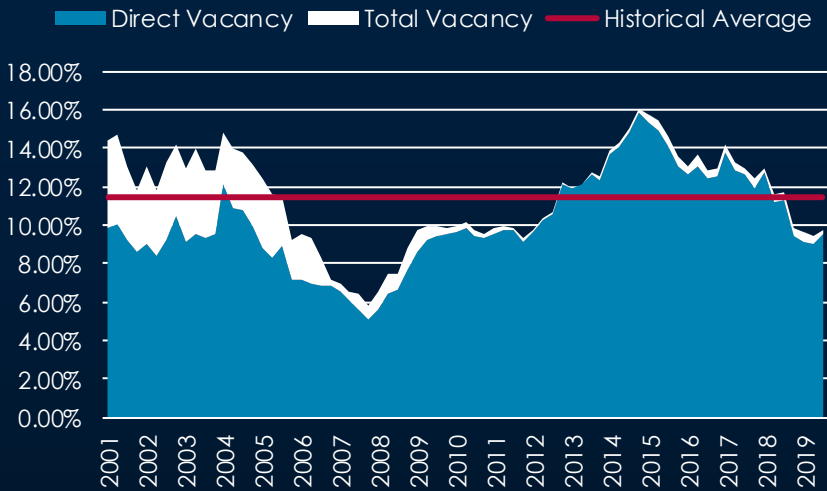
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

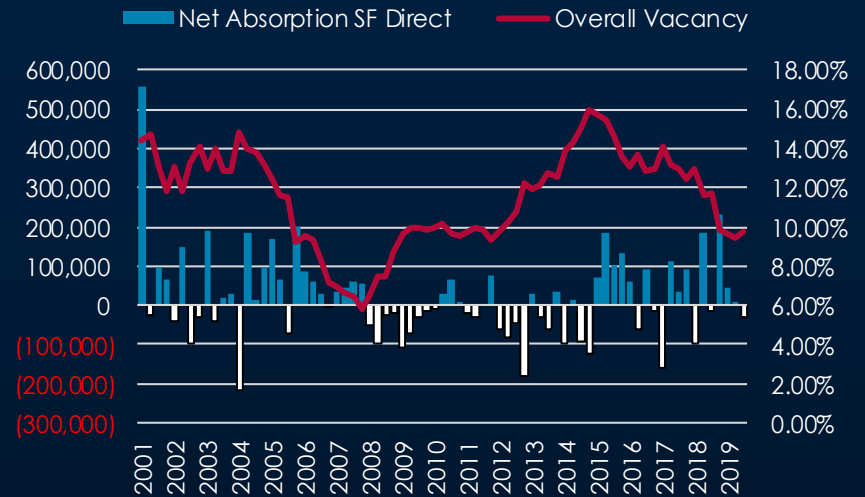


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

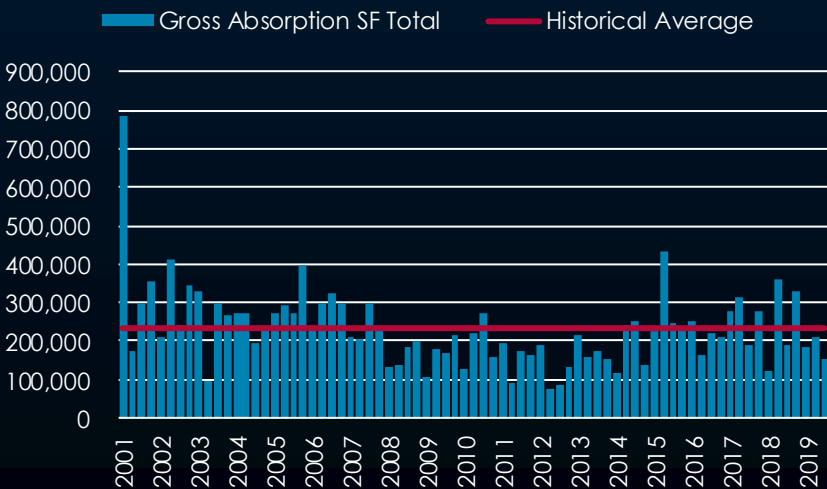
OVERALL VACANCY FELL BELOW 10% FOR 1ST TIME SINCE RECESSION



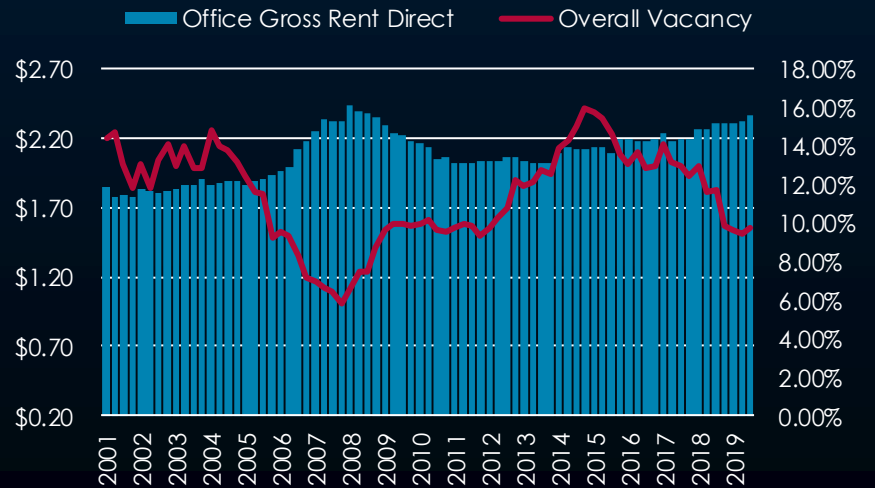
NET ABSORPTION INCREASED FROM Q1



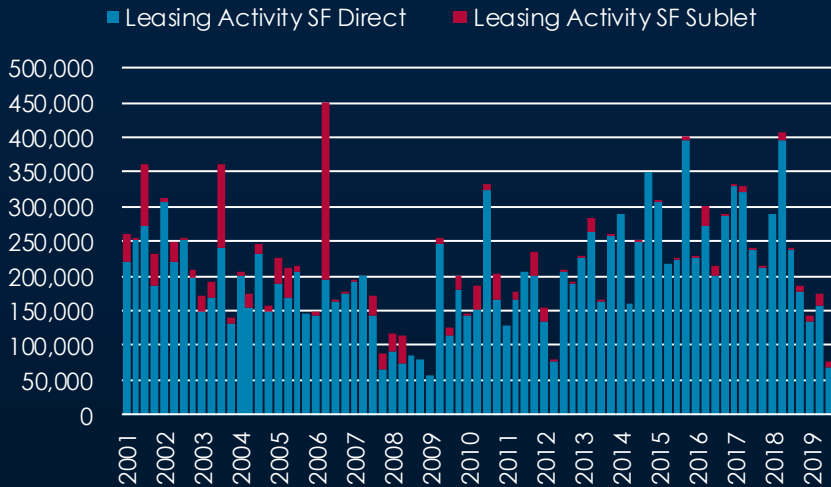
GROSS ABSORPTION INCREASED TO ABOVE HISTORIC AVERAGE



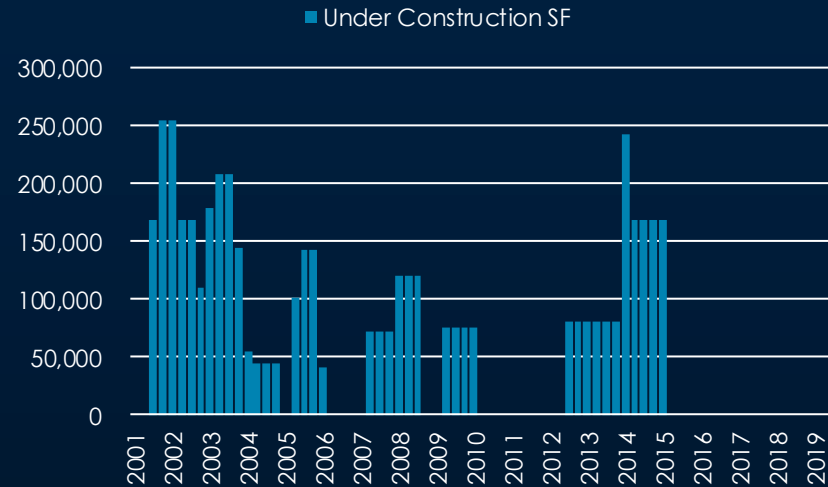
ASKING RENTS DOWN BY \$0.02 PSF FROM Q1



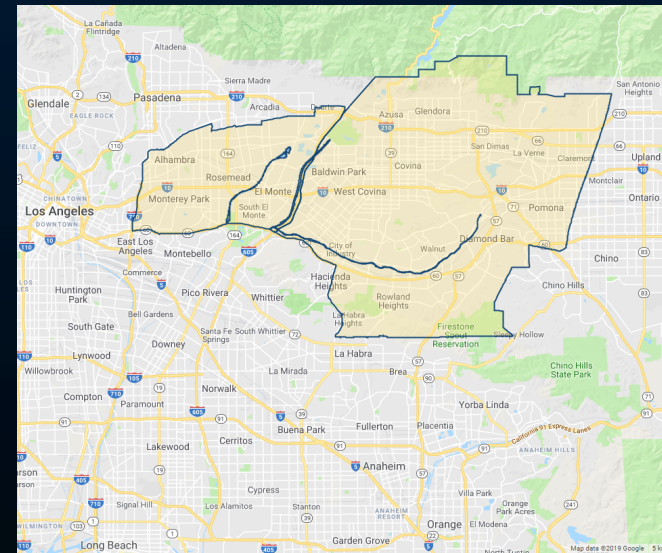
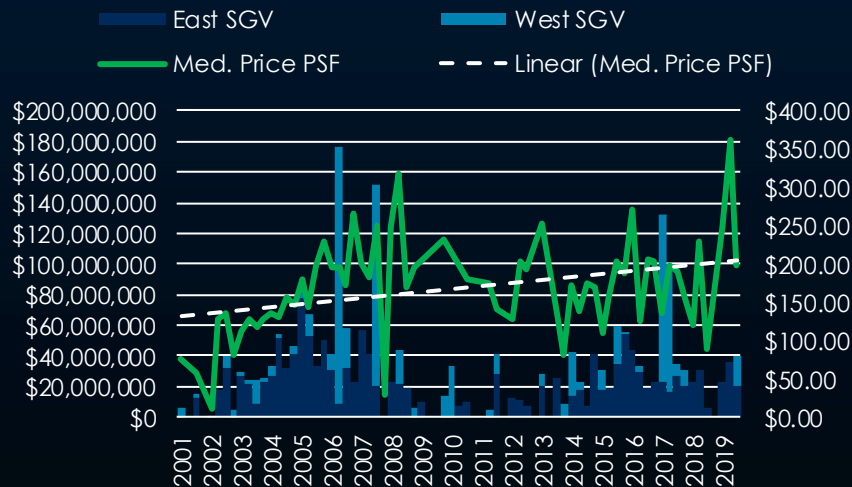
LEASING ACTIVITY DECLINES FOR 4TH STRAIGHT QUARTER



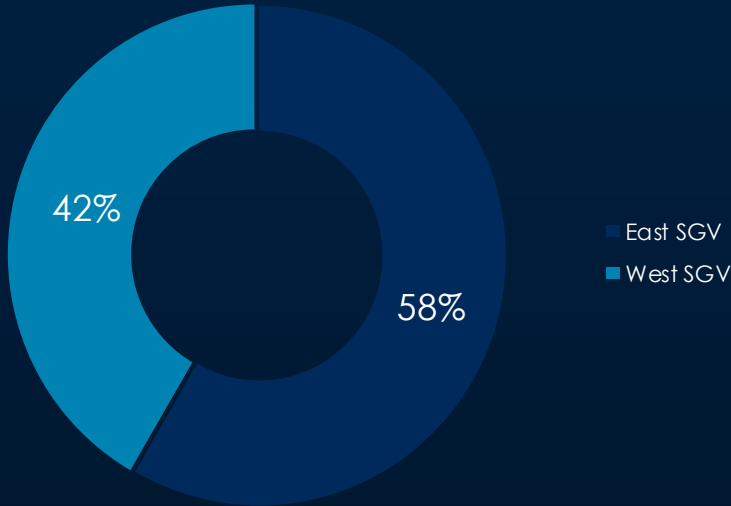
CONSTRUCTION ACTIVITY NO NEW ACTIVITY



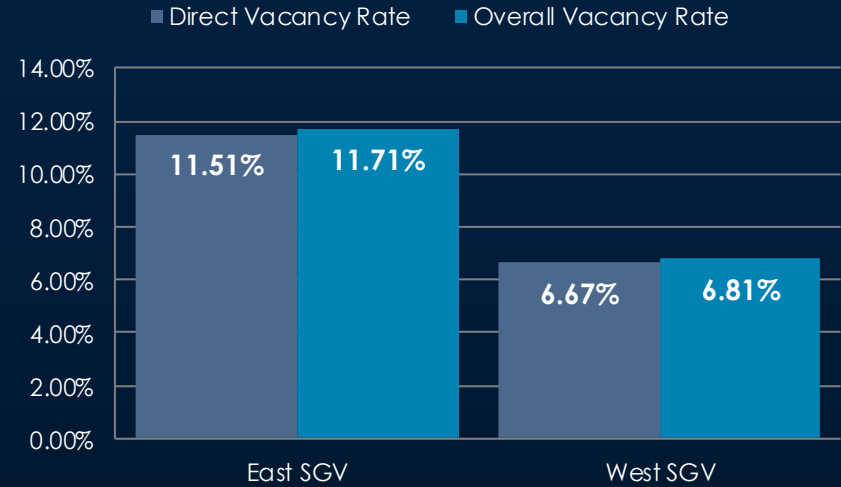
SALES ONLY 3 SALES TOOK PLACE IN Q2. ONE WAS PART OF A \$1.25B PORTFOLIO



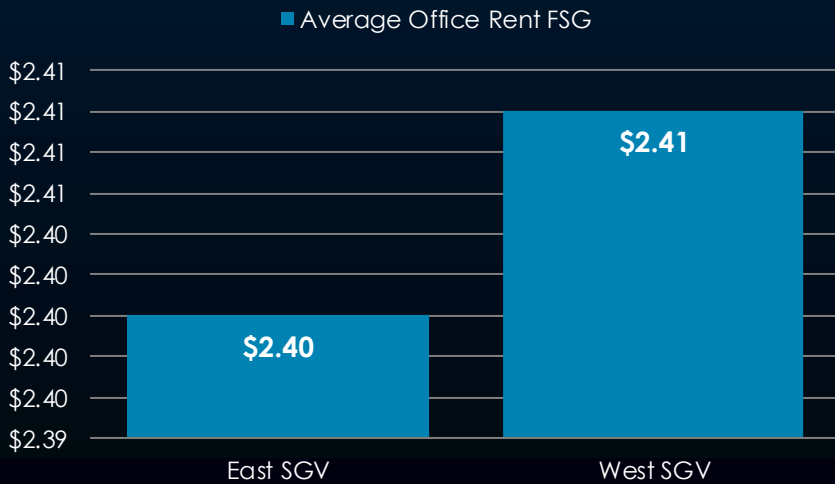
SQUARE FOOT BREAKDOWN- 12,461,732 SF MARKET SIZE



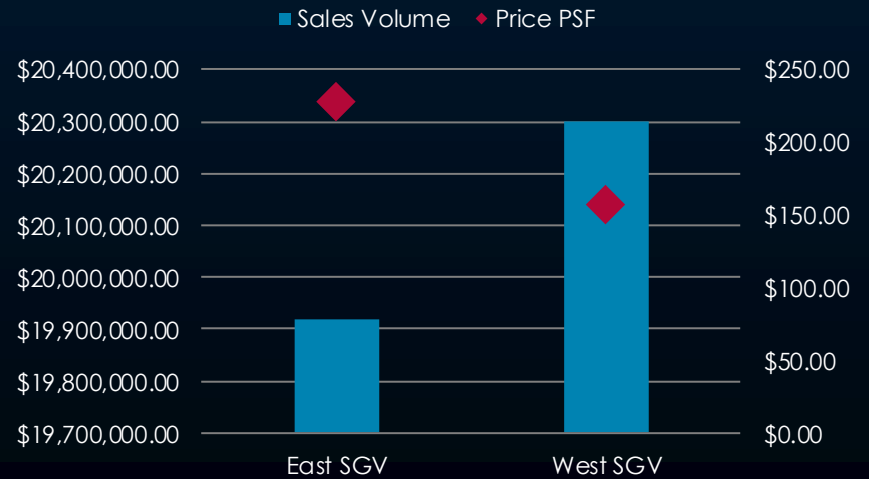
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Los Angeles Office

West/ South



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET ACTIVITY

<p>Direct Vacancy ∨ 11.6%</p>	<p>Net Absorption ∨ 260,268 SF</p>
<p>Overall Vacancy ∨ 12.6%</p>	<p>Gross Absorption ∨ 1,960,321 SF</p>
<p>Under Construction ∨ 2,378,988 SF</p>	<p>Rental Rates (FSG) ∧ \$3.64</p>
<p>Sale Price Q/Q Δ ∨ 12.9%</p>	<p>Deal Volume Q/Q Δ ∨ 63.6%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Continues to improve, falling 20 BPS to 12.6% overall.
- **Net Absorption:** Direct Net Absorption in Q3 outperformed Q2. A significant amount of sublet was not absorbed causing the overall number to dip slightly from Q2. Net Absorption in Q3 represented 0.29% of inventory.
- **Office Supply:** The West/South market remains a hotbed for new construction.
- **Trends:** Technology companies leasing large amounts of space. Co-working & creative office continue to increase footprint.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ∧ 3.7%</p>	<p>U6 Rate ∧ 7.2%</p>
<p>Interest Rate ∨ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ∧ 2.1%</p>
<p>Port Traffic Y/Y Δ ∨ 1.1%</p>	<p>NYSE Performance ∧ 0.9%</p>
<p>Inflation Change ∨ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ∨ 6 BPS</p>

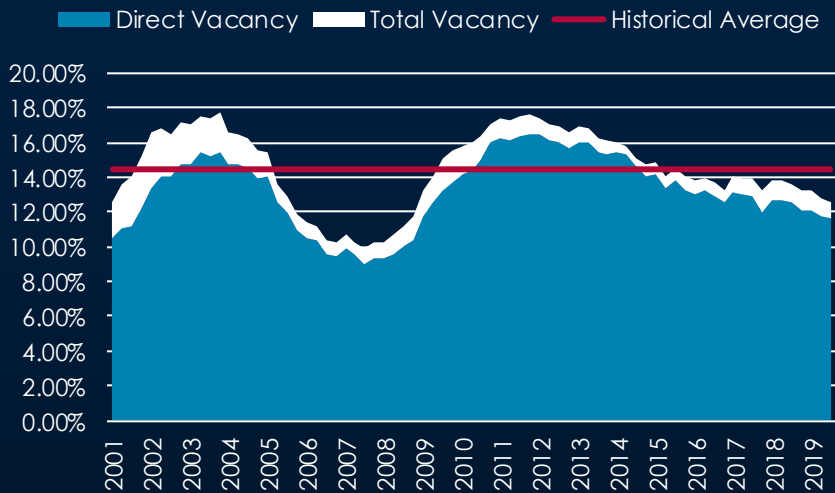
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

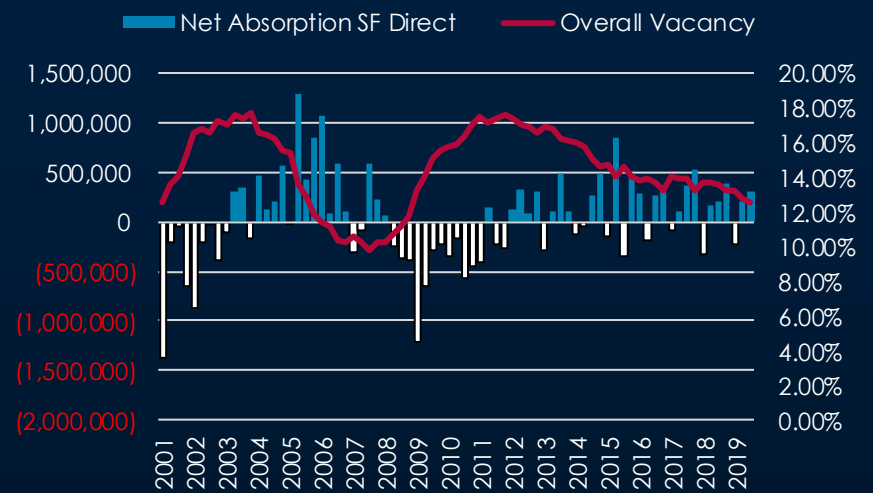


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

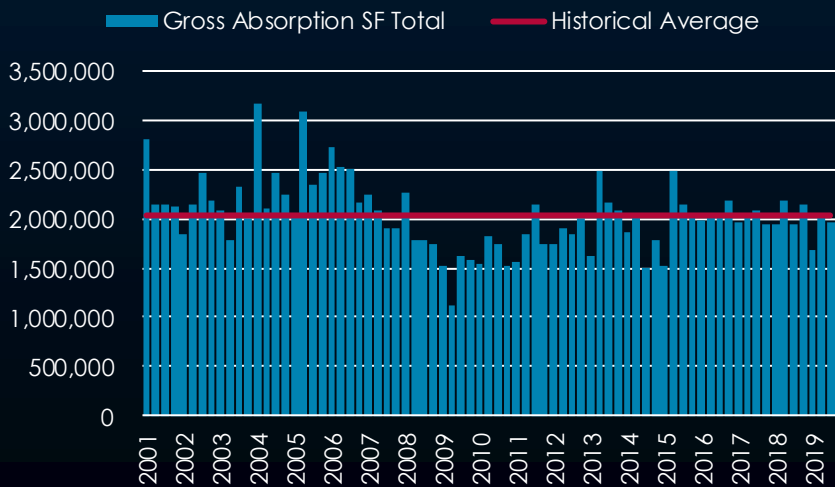
OVERALL VACANCY DECLINED BY 20 BPS FROM Q2



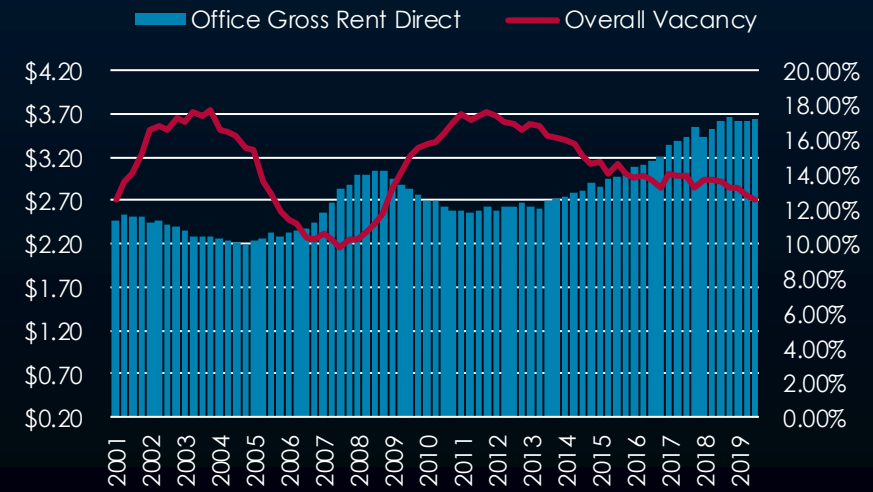
NET ABSORPTION DIRECT OUTPERFORMED Q2, OVERALL DOWN SLIGHTLY



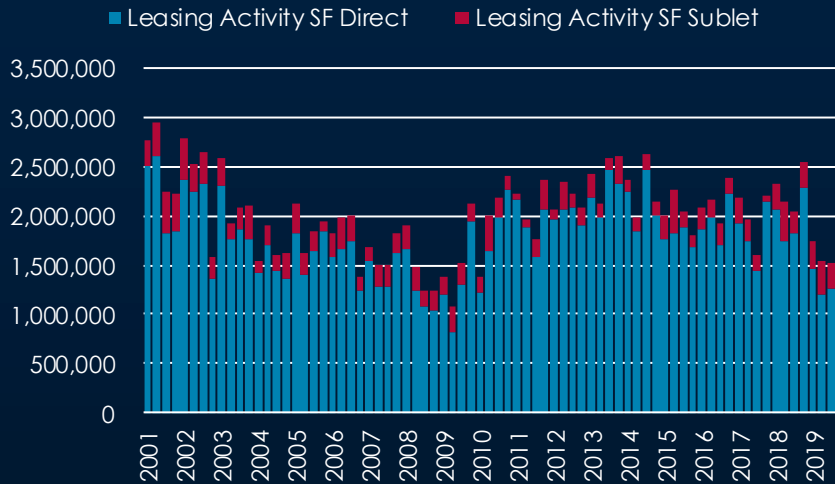
GROSS ABSORPTION DOWN MARGINALLY TO JUST UNDER 2M SF



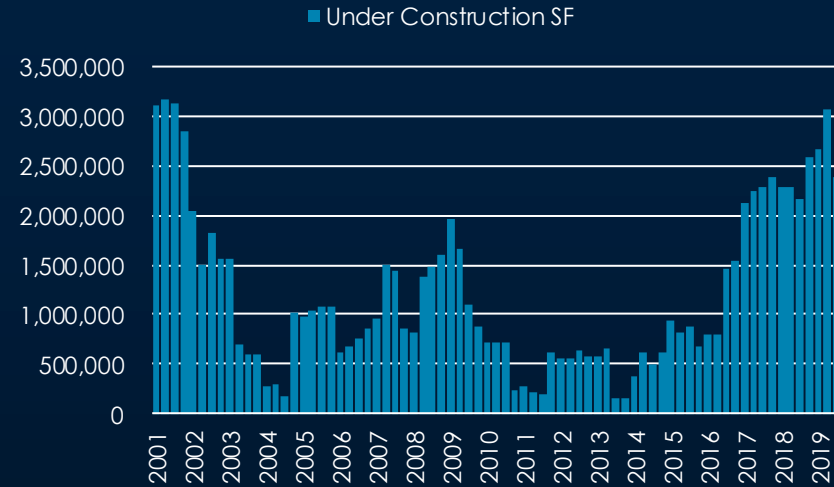
ASKING RENTS ARE BEGINNING TO FLATTEN



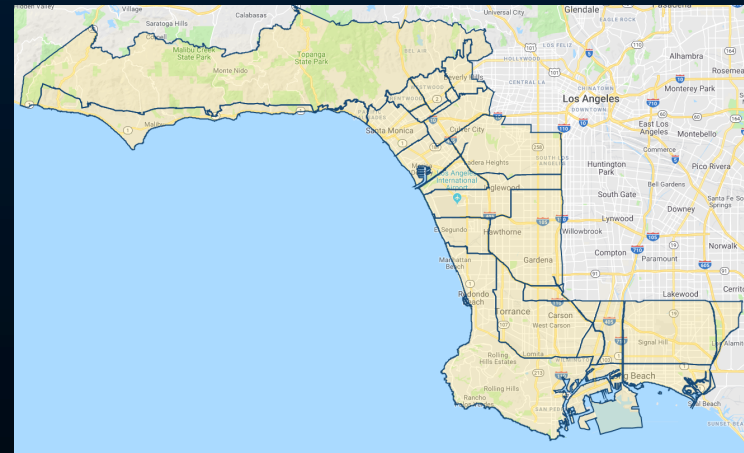
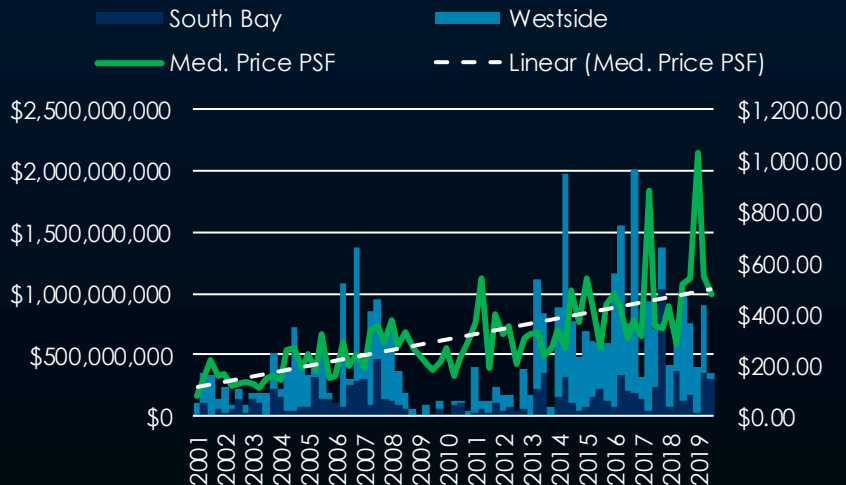
LEASING ACTIVITY CONSISTENT WITH THE PERFORMANCE OF Q2



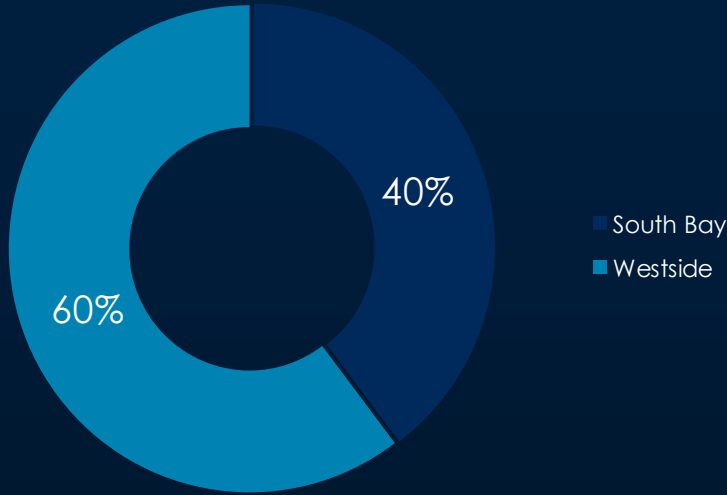
CONSTRUCTION ACTIVITY YTD DELIVERIES SURPASSED 1M SF. OVER 2.3M REMAINS UC



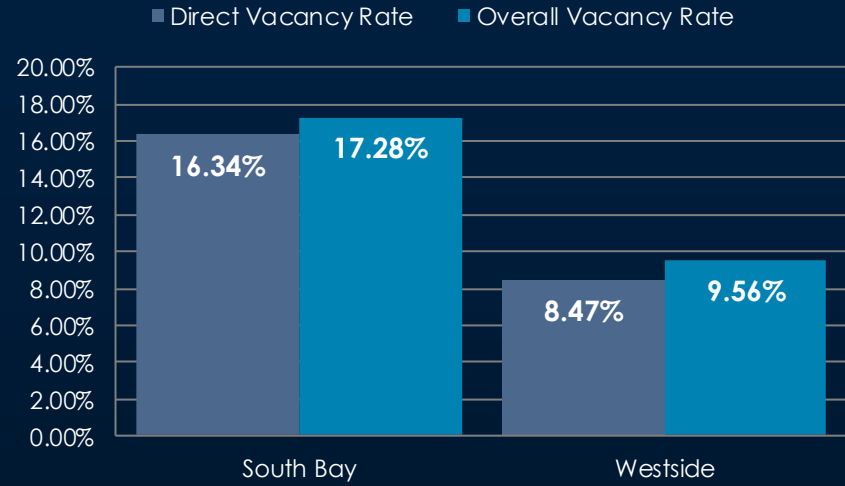
SALES MEDIAN PRICE PSF IN Q3 WAS \$473.65. BACK ON TREND, VOLUME DOWN



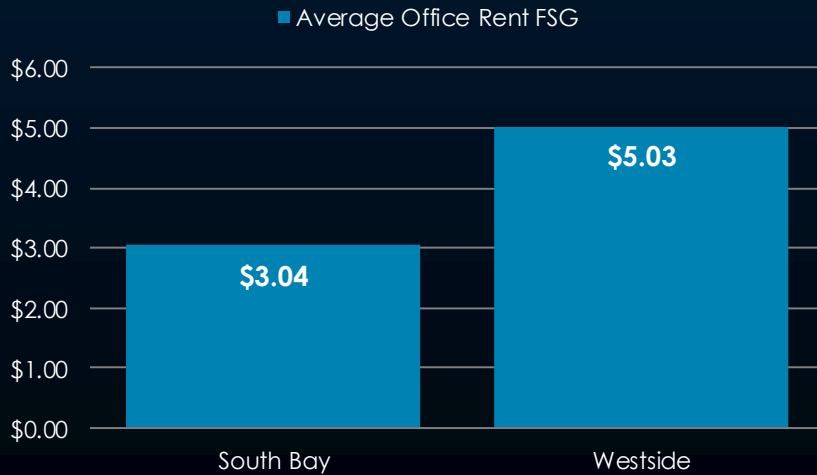
SQUARE FOOT BREAKDOWN- 89,264,948 SF MARKET SIZE



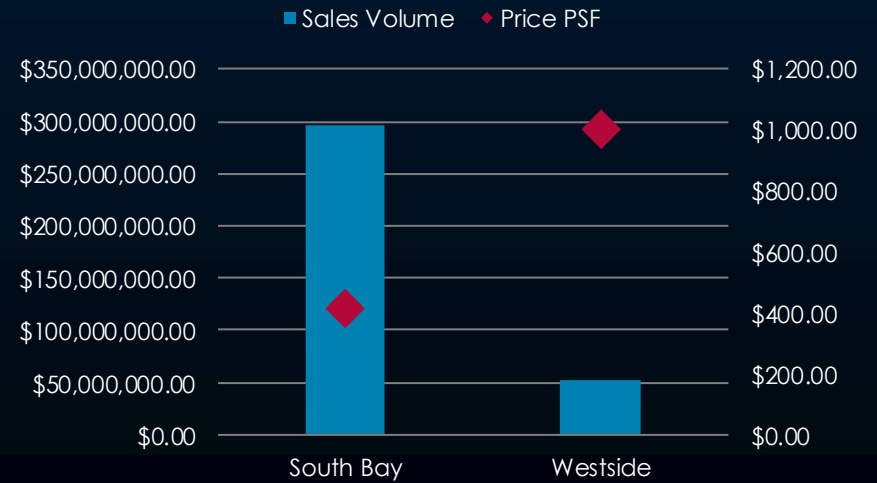
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Los Angeles Office

South Bay



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET REPORT Q3

Office 2019 Los Angeles South Bay



MARKET ACTIVITY

<p>Direct Vacancy ∨ 16.3%</p>	<p>Net Absorption ∧ 17,278 SF</p>
<p>Overall Vacancy ∨ 17.2%</p>	<p>Gross Absorption ∧ 677,453 SF</p>
<p>Under Construction ∨ 1,191,771 SF</p>	<p>Rental Rates (FSG) ∧ \$2.96</p>
<p>Sale Price Change ∧ 19.9%</p>	<p>Deal Volume ∨ 15.6%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Decreased by 10 BPS from Q2.
- **Net Absorption:** Direct Net Absorption continued to be negative in Q3. Over 60K SF of sublet space pushed the overall Net Absorption positive.
- **Office Supply:** The South Bay market is experiencing a boom with a few major developments beginning construction.
- **Sales:** In Q3, only six (6) sales were recorded. Four of those were part of a portfolio in Long Beach.
- **Asking Rents:** Climb to new record highs, but rate of increase slowing.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ∧ 3.7%</p>	<p>U6 Rate ∧ 7.2%</p>
<p>Interest Rate ∨ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ∧ 2.1%</p>
<p>Port Traffic Y/Y Δ ∨ 1.1%</p>	<p>NYSE Performance ∧ 0.9%</p>
<p>Inflation Change ∨ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ∨ 6 BPS</p>

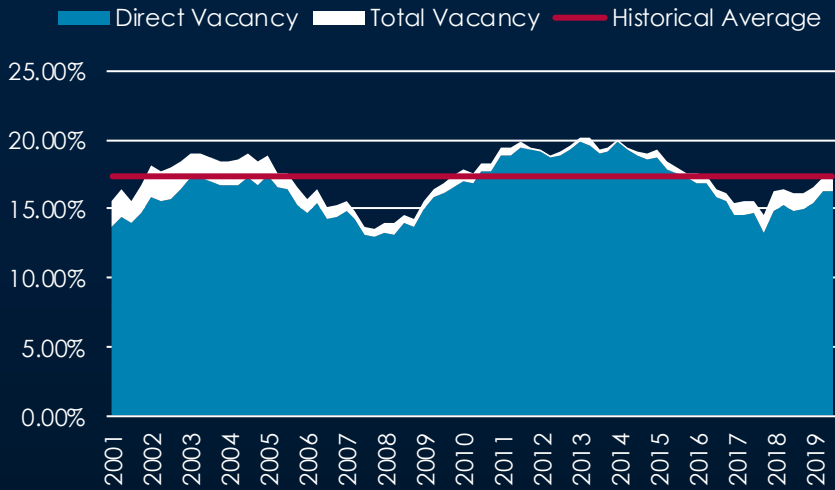
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

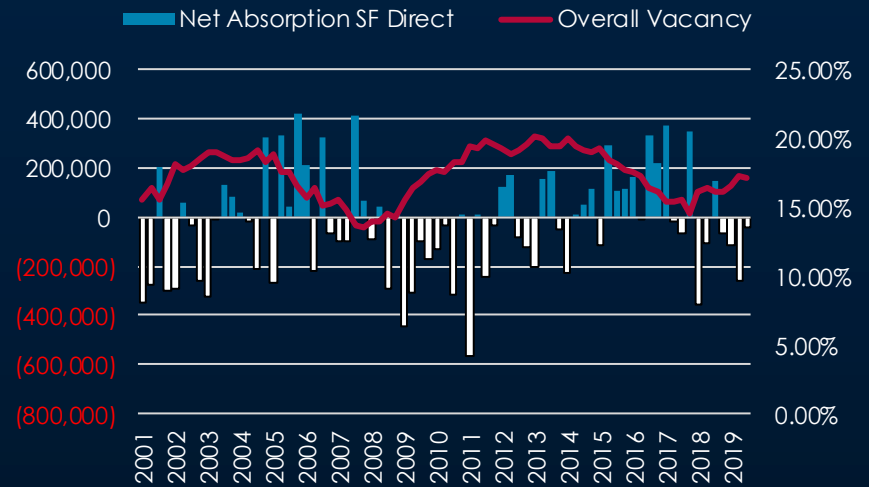


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

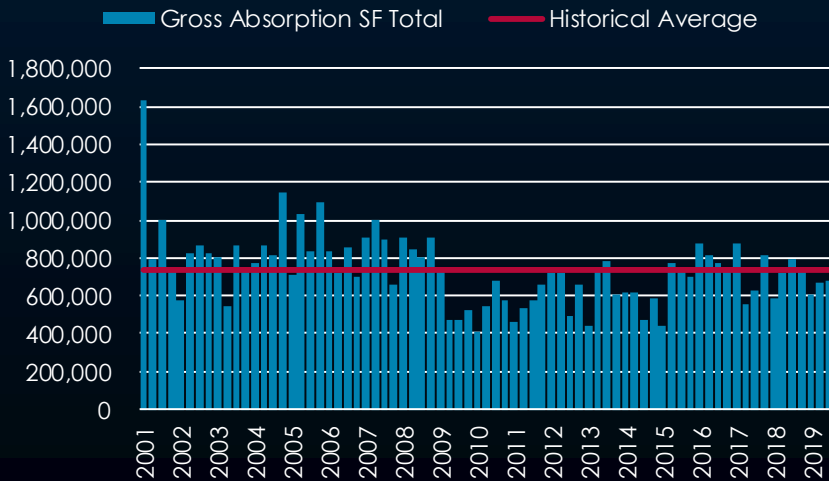
OVERALL VACANCY FELL BY 10 BPS FROM Q2 TO 17.2%



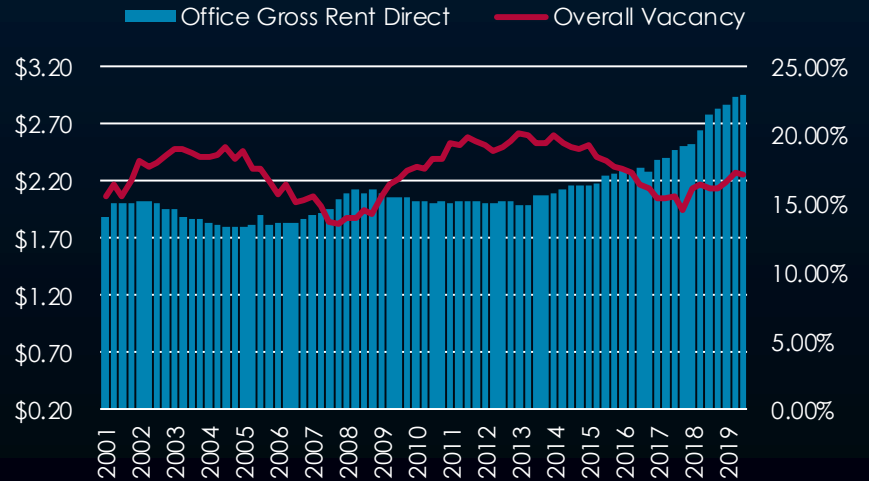
NET ABSORPTION DIRECT IMPROVED FROM Q2, BUT STILL NEGATIVE. OVERALL TURNS POSITIVE



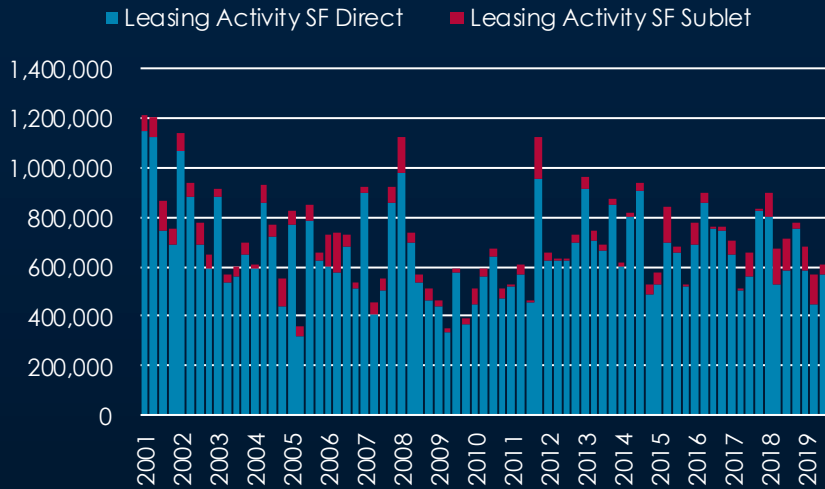
GROSS ABSORPTION MINIMAL GAINS FROM Q2. REMAINS BELOW HISTORIC AVG.



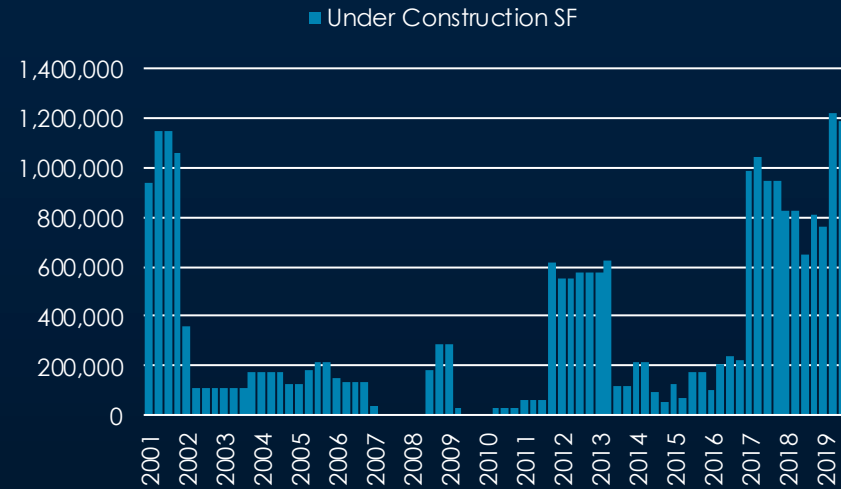
ASKING RENTS CONTINUE RISE OF HISTORIC HIGHS



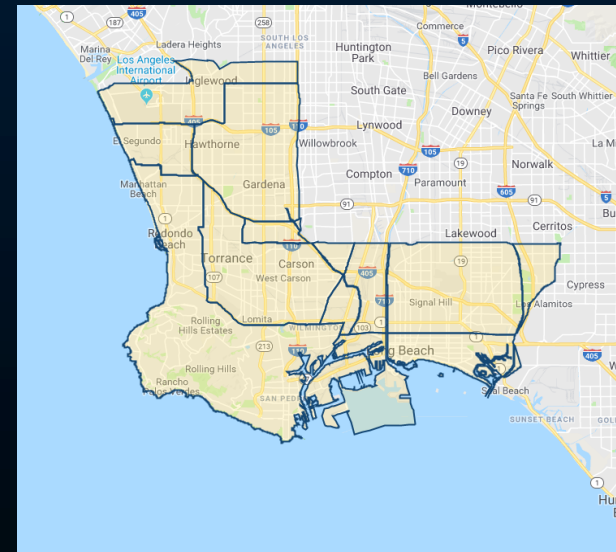
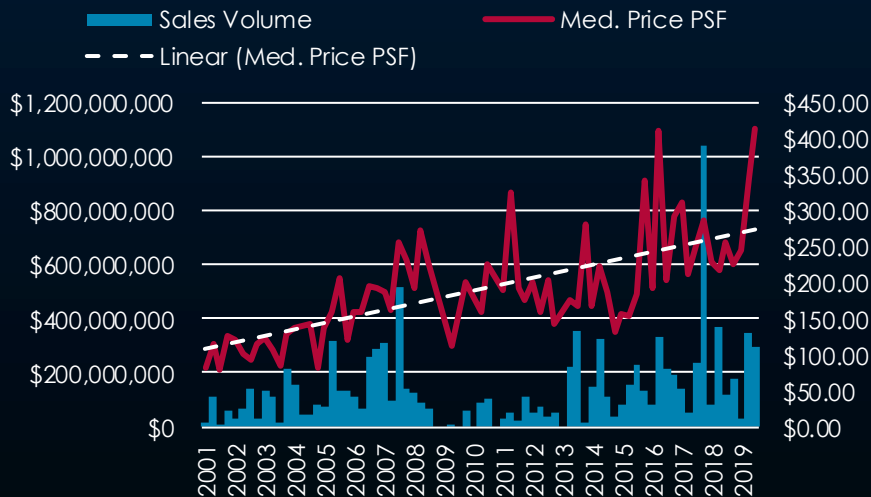
LEASING ACTIVITY TICKED UP TO ABOVE 600K SF IN Q3



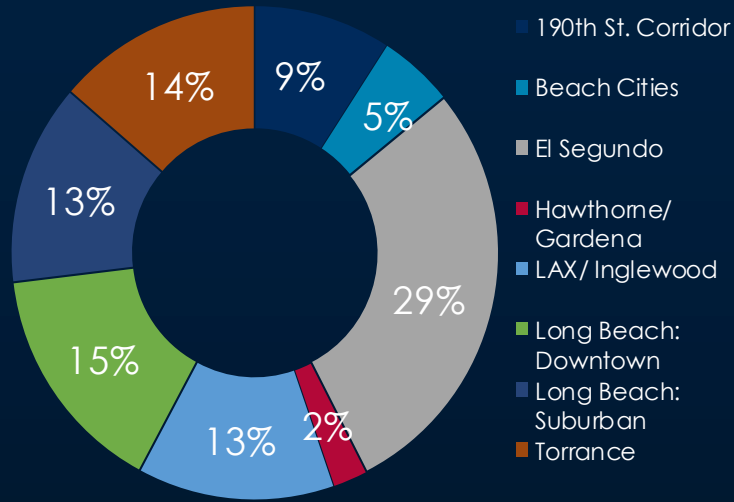
CONSTRUCTION ACTIVITY REMAINS ABOVE 1M SF



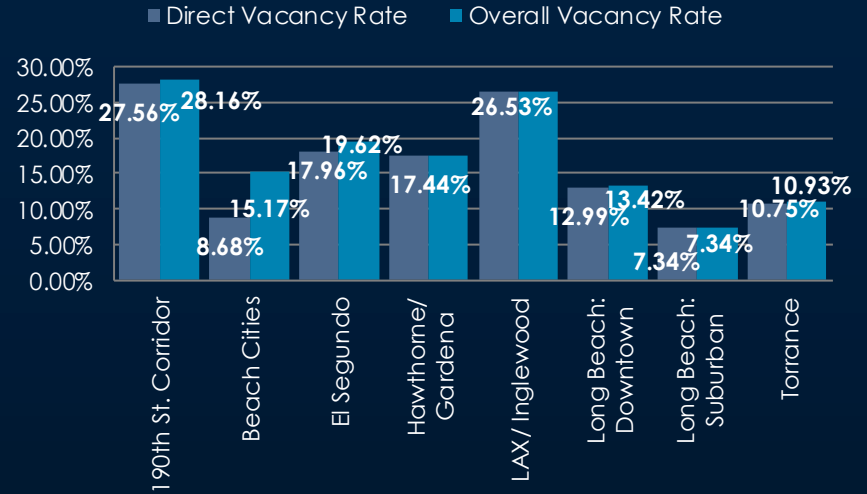
SALES THE MEDIAN PRICE PSF IN Q3 WAS \$412.87



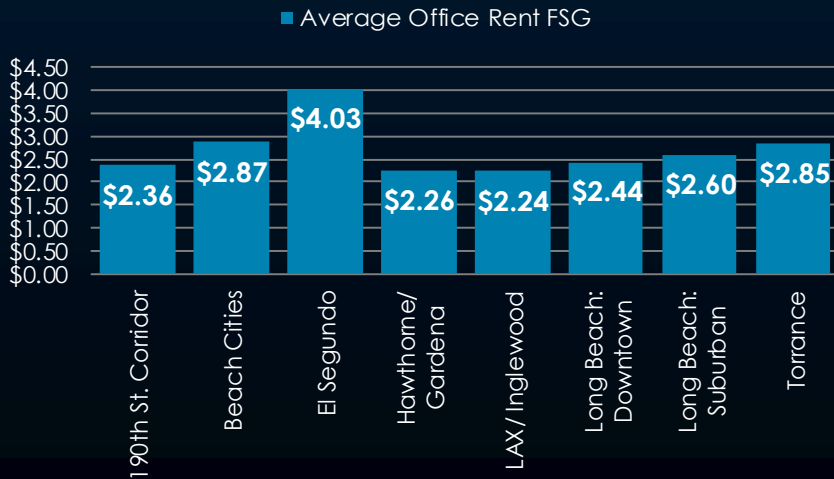
SQUARE FOOT BREAKDOWN- 35,435,053 SF MARKET SIZE



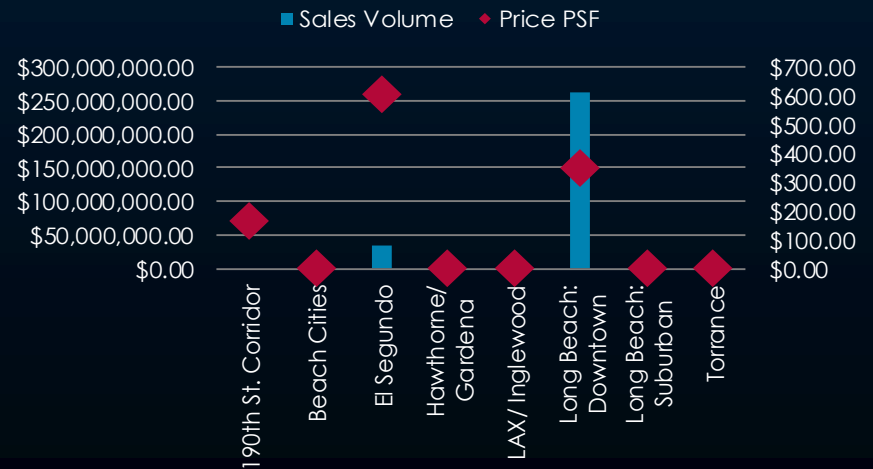
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Los Angeles Office

Westside



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET ACTIVITY

<p>Direct Vacancy ∨ 8.5%</p>	<p>Net Absorption ∨ 242,990 SF</p>
<p>Overall Vacancy ∨ 9.6%</p>	<p>Gross Absorption ∨ 1,282,868 SF</p>
<p>Under Construction ∨ 1,638,089 SF</p>	<p>Rental Rates (FSG) ∧ \$4.99</p>
<p>Sale Price Change ∧ 3.8%</p>	<p>Deal Volume ∨ 91.4%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Continue downward trend. Overall vacancy fell by 20 BPS to 9.6%.
- **Net Absorption:** Down from strong Q2. Represents 0.45% of inventory.
- **Office Supply:** Construction activity remains above 1.6 million square feet.
- **Sales:** Only one (1) sale was recorded in Q3.
- **Trends:** Technology companies leasing large amounts of space & repurposing of buildings to creative office atmospheres.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ∧ 3.7%</p>	<p>U6 Rate ∧ 7.2%</p>
<p>Interest Rate ∨ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ∧ 2.1%</p>
<p>Port Traffic Y/Y Δ ∨ 1.1%</p>	<p>NYSE Performance ∧ 0.9%</p>
<p>Inflation Change ∨ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ∨ 6 BPS</p>

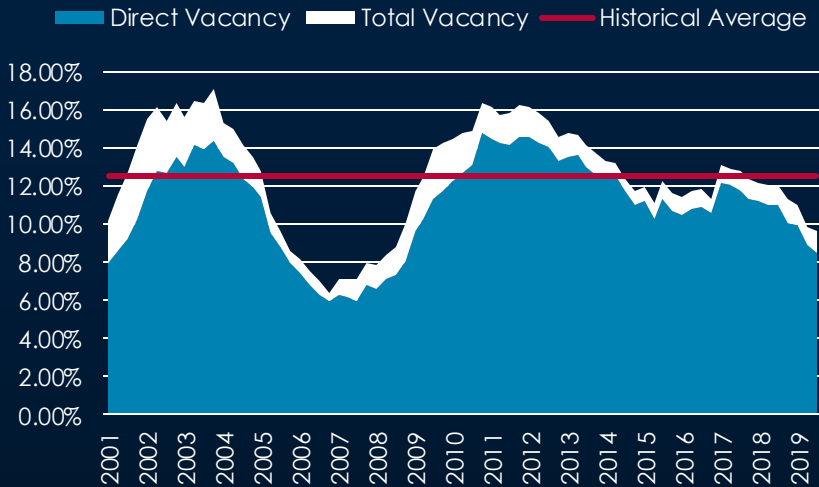
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

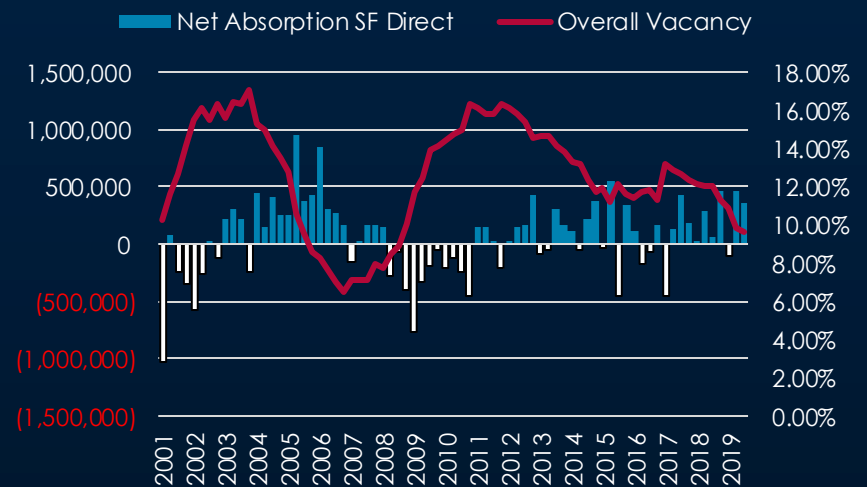


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

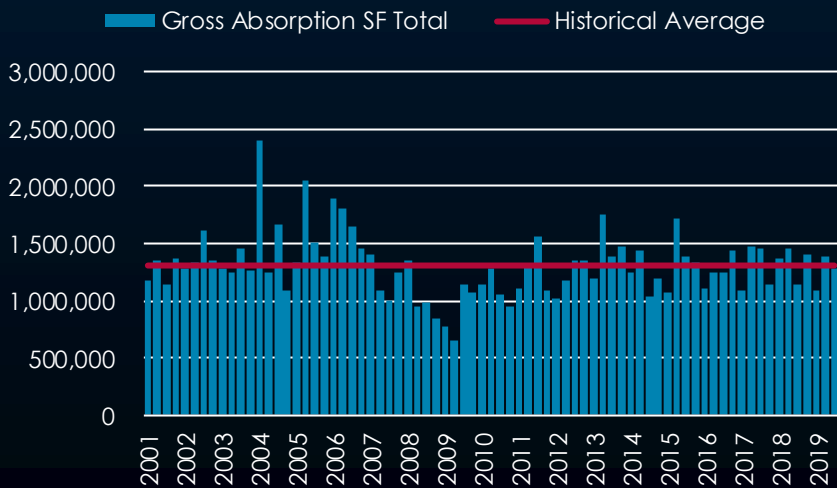
OVERALL VACANCY DOWN BY 20 BPS FROM Q2 TO 9.6%



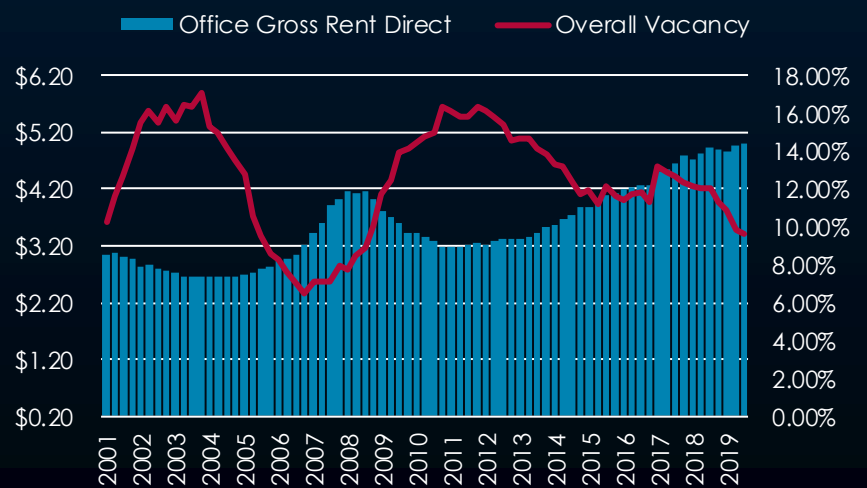
NET ABSORPTION DOWN FROM STRONG Q2



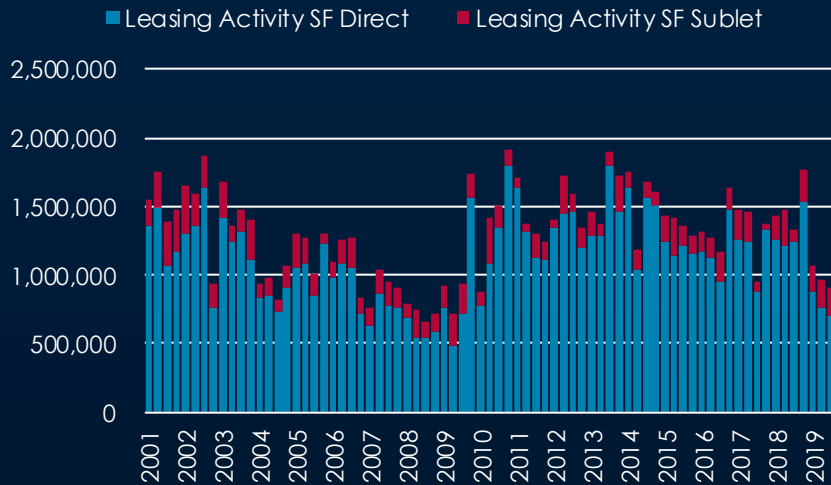
GROSS ABSORPTION DIPPED SLIGHTLY IN Q3 TO JUST UNDER 1.3M SF



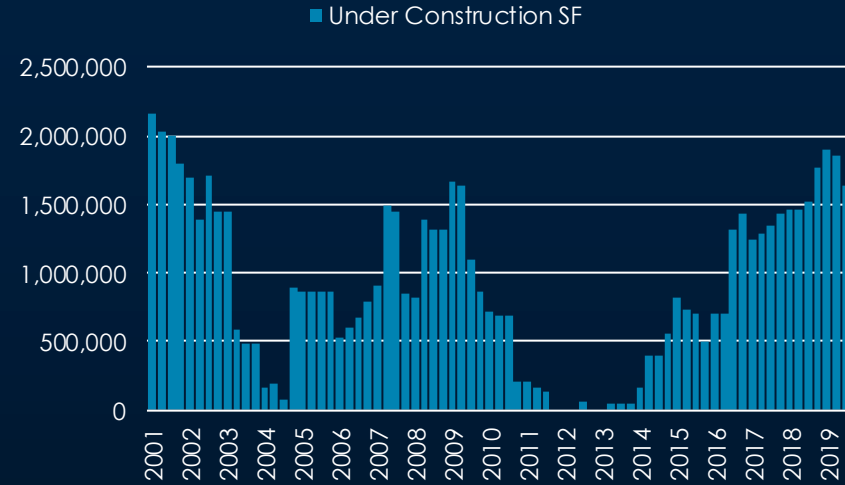
ASKING RENTS INCREASED BY \$0.03 PSF. TREND SHOWS SIGNS OF FLATTENING



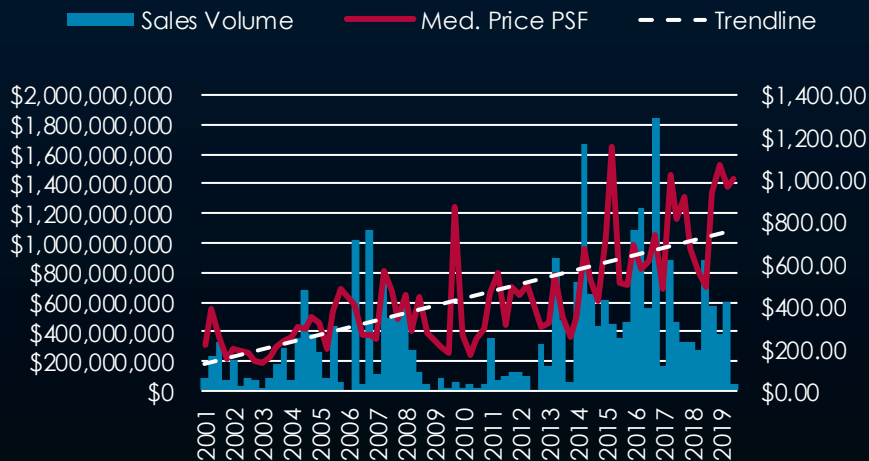
LEASING ACTIVITY FALLS AGAIN IN Q3



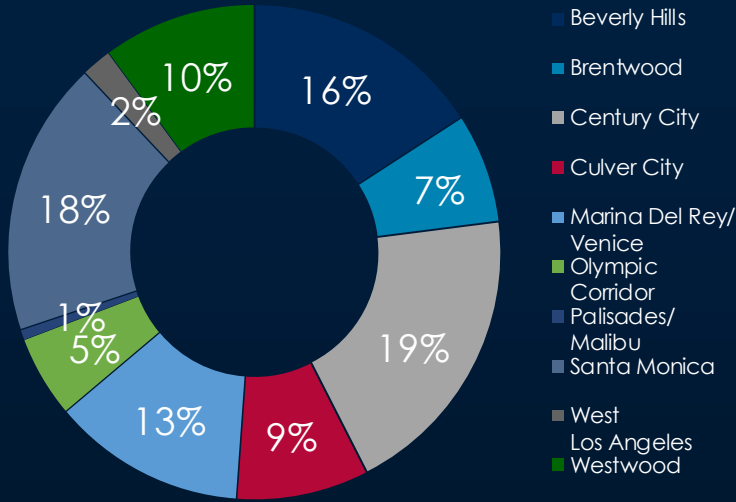
CONSTRUCTION ACTIVITY REMAINS STRONG



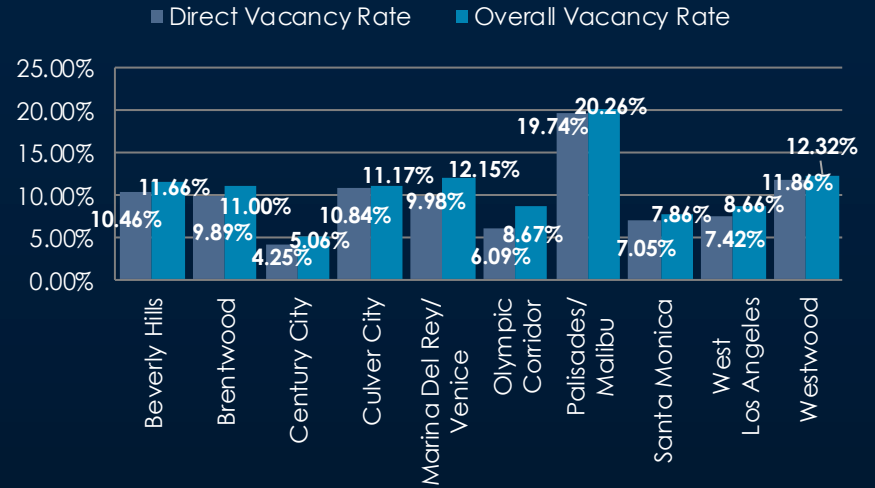
SALES ONLY ONE RECORDED SALE IN Q3



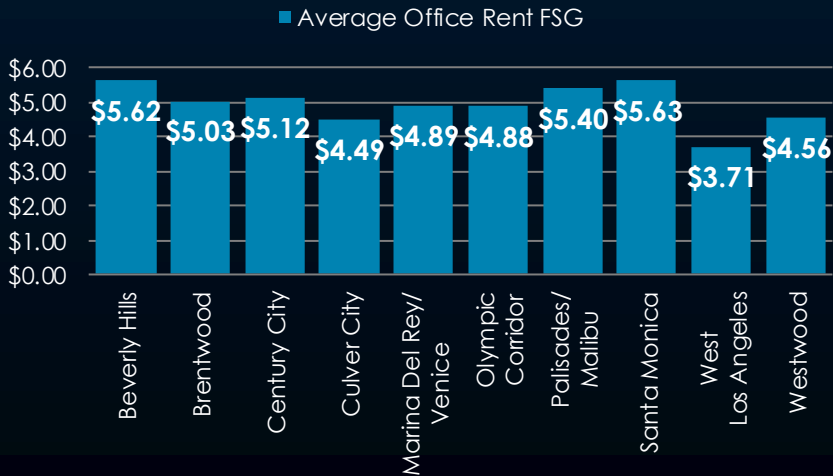
SQUARE FOOT BREAKDOWN- 53,829,895 SF MARKET SIZE



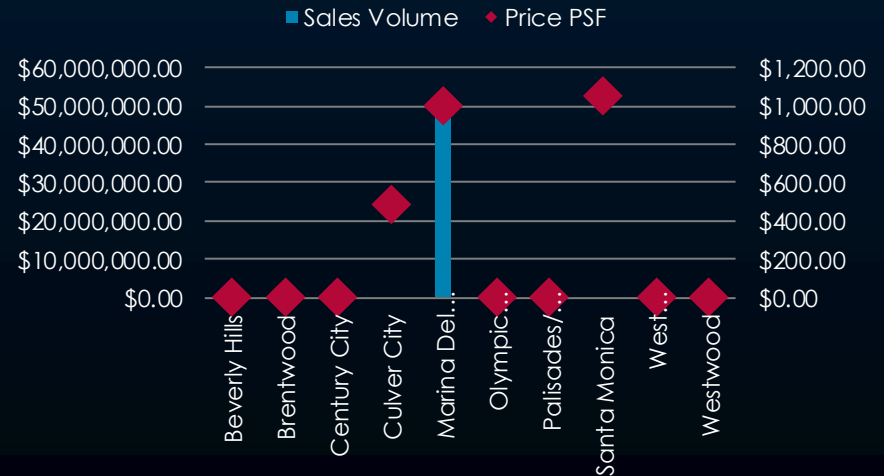
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Orange County Office



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET ACTIVITY

<p>Direct Vacancy ▲ 12.2%</p>	<p>Net Absorption ▼ -36,292 SF</p>
<p>Overall Vacancy ▲ 13.2%</p>	<p>Gross Absorption ▼ 2,055,697 SF</p>
<p>Under Construction ▼ 560,824 SF</p>	<p>Rental Rates (FSG) ▼ \$2.70</p>
<p>Sale Price Change ▼ 3.6%</p>	<p>Deal Volume ▲ 19.3%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Experienced minimal increase of 10 BPS in Q3 to a rate of 13.2%.
- **Net Absorption:** Slipped back into negative territory.
- **Office Supply:** YTD 2019 over 1.2M SF has been delivered. Over 560K SF remains under construction.
- **Sales:** Pricing down slightly with the median price PSF of \$236.20 in Q3. Volume up over 19%.
- **Asking Rents:** Down from Q2.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ▲ 3.7%</p>	<p>U6 Rate ▲ 7.2%</p>
<p>Interest Rate ▼ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ▲ 2.1%</p>
<p>Port Traffic Y/Y Δ ▼ 1.1%</p>	<p>NYSE Performance ▲ 0.9%</p>
<p>Inflation Change ▼ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ▼ 6 BPS</p>

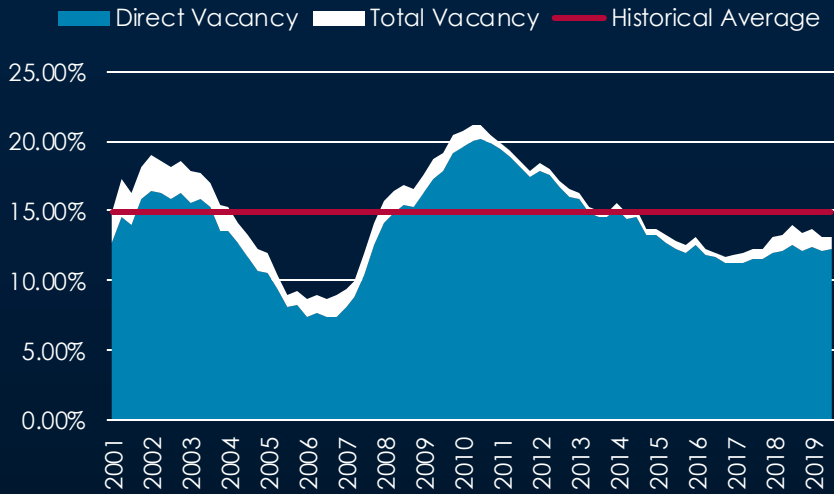
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

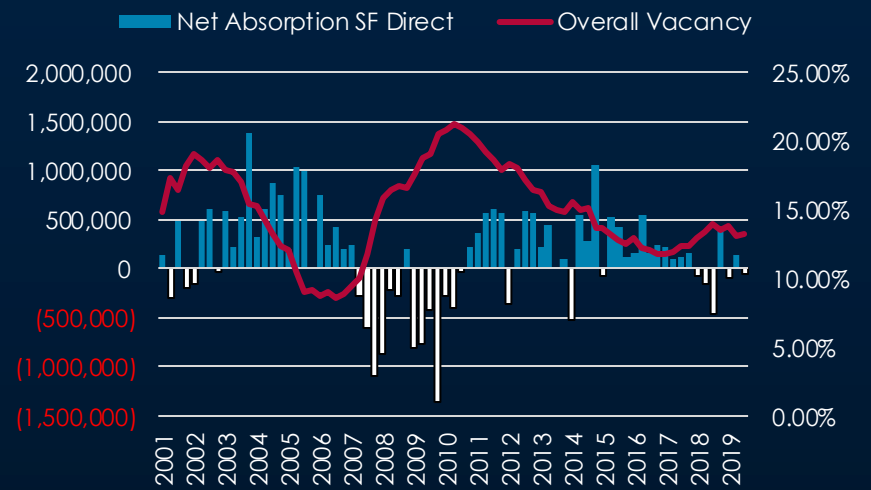


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

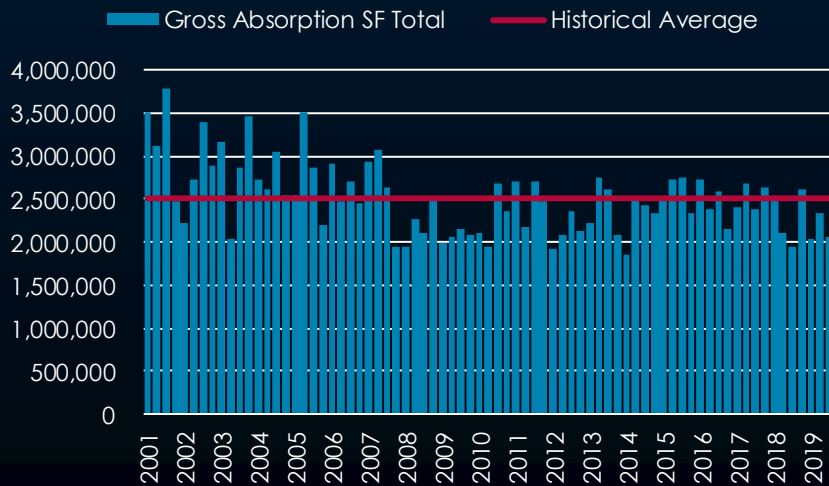
OVERALL VACANCY INCREASED, BUT ONLY BY 10 BPS



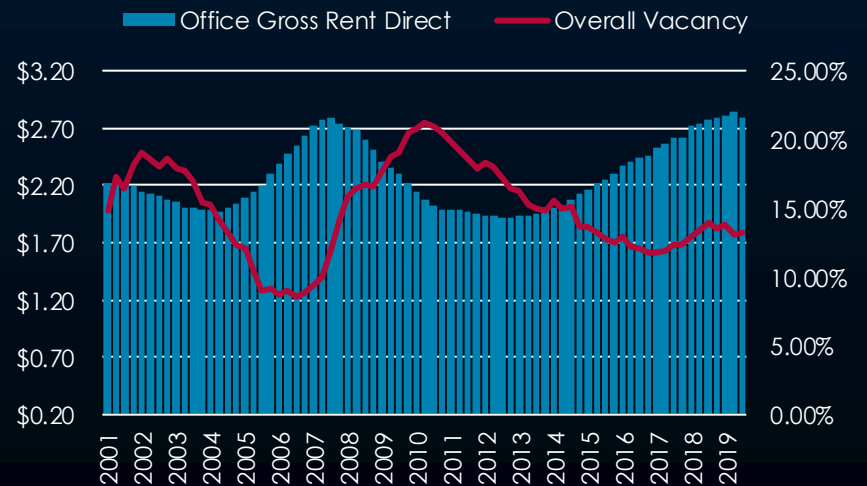
NET ABSORPTION TURNED NEGATIVE IN Q3



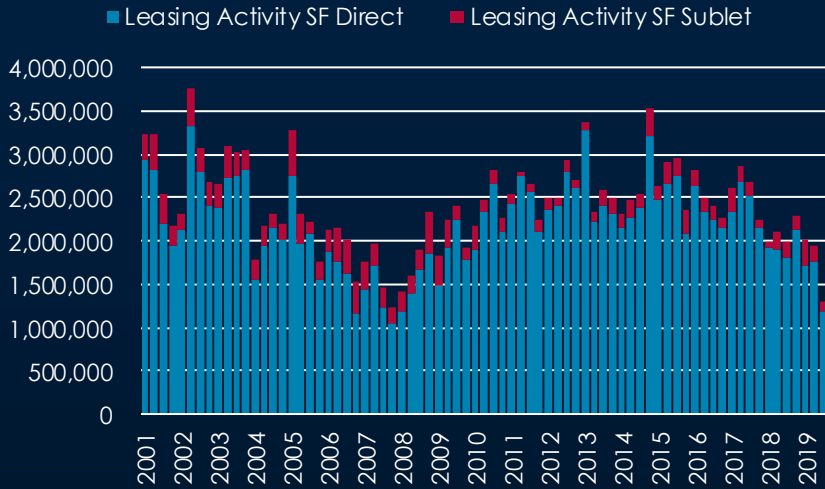
GROSS ABSORPTION DOWN FROM Q2 TO SLIGHTLY ABOVE 2M SF



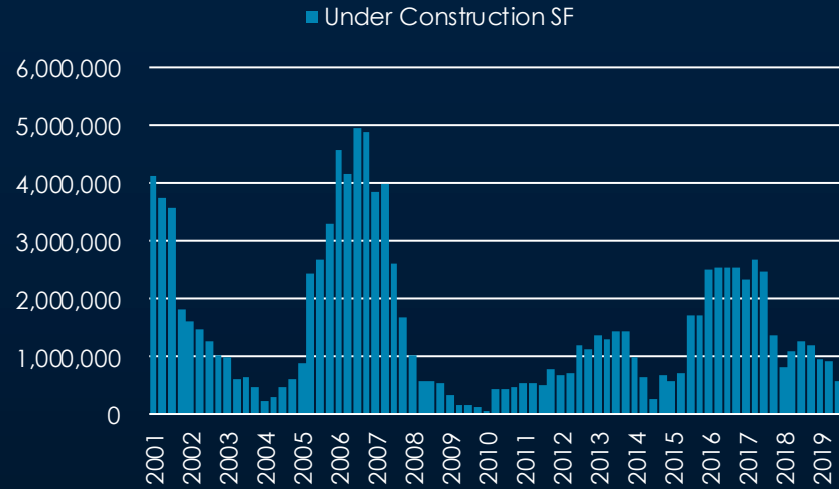
ASKING RENTS FELL IN Q3. A TREND TO WATCH



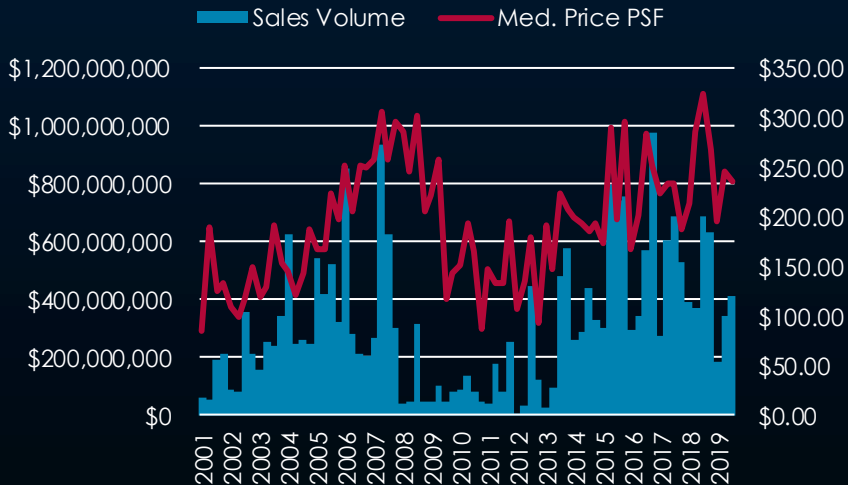
LEASING ACTIVITY DOWN OVER 30% FROM Q2 TO BELOW 1.5M SF



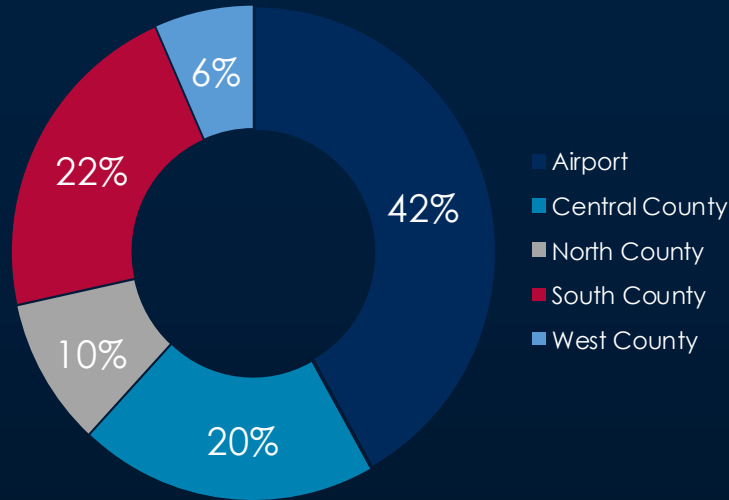
CONSTRUCTION ACTIVITY YTD 2019 OVER 1.2M SF DELIVERED. OVER 550K SF REMAINS UC



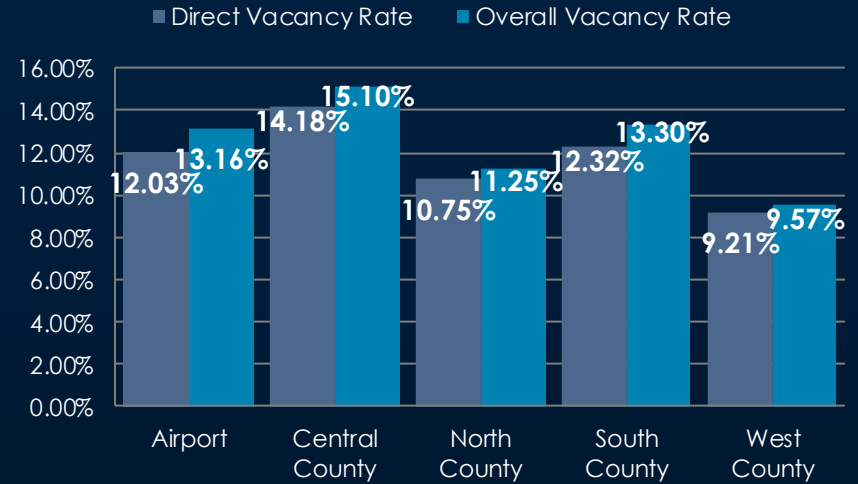
SALES MEDIAN PRICE PSF FOR Q3 WAS \$236.20. VOLUME UP OVER 19%



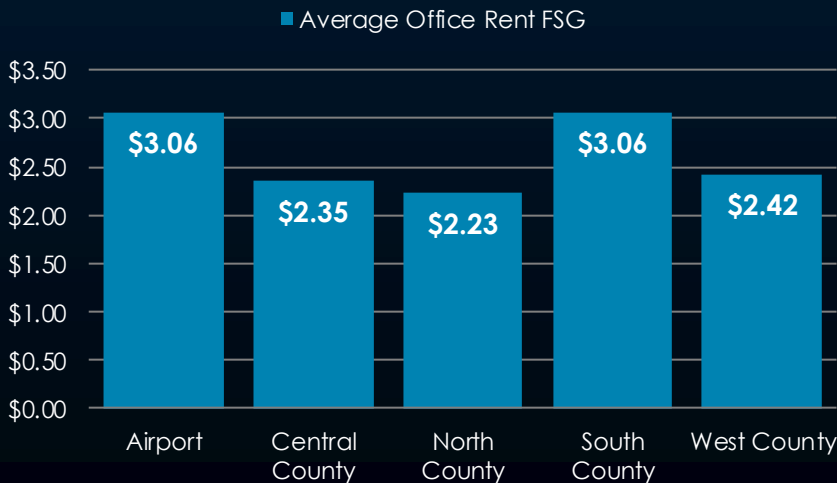
SQUARE FOOT BREAKDOWN- 87,329,496 SF MARKET SIZE



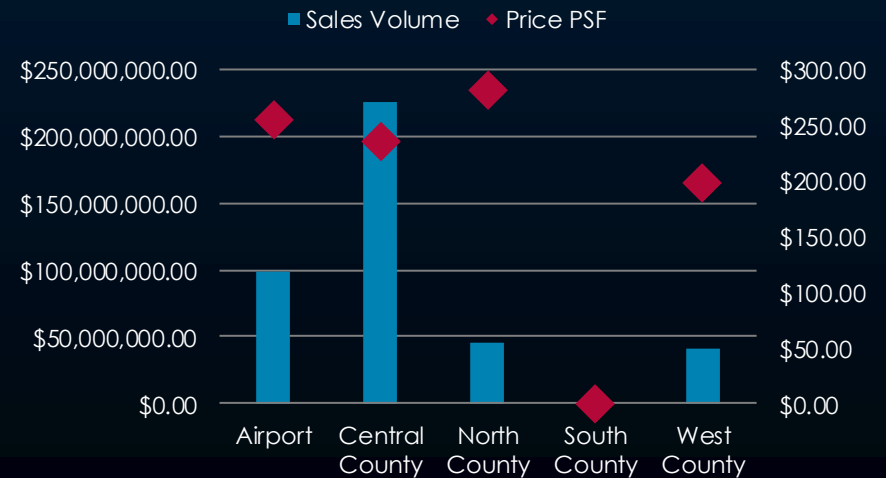
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Ventura County Office



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET REPORT Q3

Office 2019 Ventura County



MARKET ACTIVITY

<p>Direct Vacancy ▲ 13.3%</p>	<p>Net Absorption ▼ -80,830 SF</p>
<p>Overall Vacancy ▲ 13.8%</p>	<p>Gross Absorption ▼ 288,413 SF</p>
<p>Under Construction ↔ 27,046 SF</p>	<p>Rental Rates (FSG) ▲ \$2.32</p>
<p>Sale Price Change ▼ 2.1%</p>	<p>Deal Volume ▼ 42.1%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Increased by 40 BPS from Q2.
- **Net Absorption:** Dropped substantially, back to negative levels.
- **Office Supply:** Minimal new supply in market.
- **Sales:** The median price PSF was \$206.57. The largest sale of the quarter was 24151 Ventura Blvd. in Calabasas.
- **Asking Rents:** Up slightly from Q2.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ▲ 3.7%</p>	<p>U6 Rate ▲ 7.2%</p>
<p>Interest Rate ▼ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ▲ 2.1%</p>
<p>Port Traffic Y/Y Δ ▼ 1.1%</p>	<p>NYSE Performance ▲ 0.9%</p>
<p>Inflation Change ▼ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ▼ 6 BPS</p>

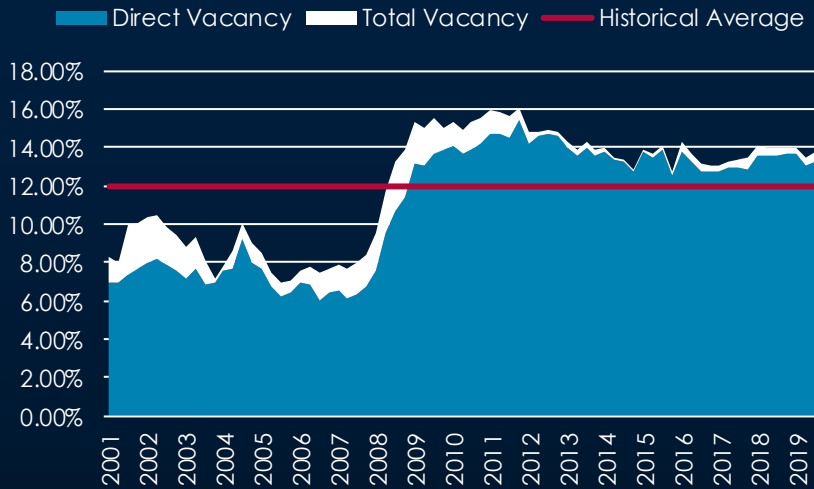
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

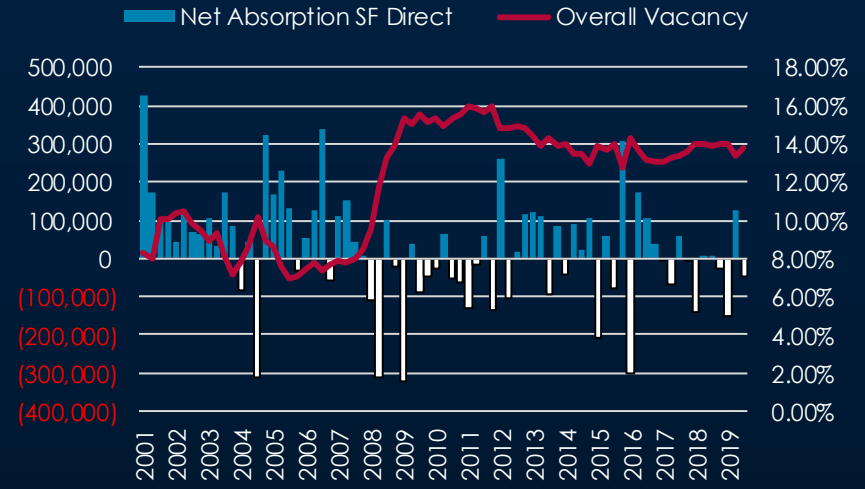


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

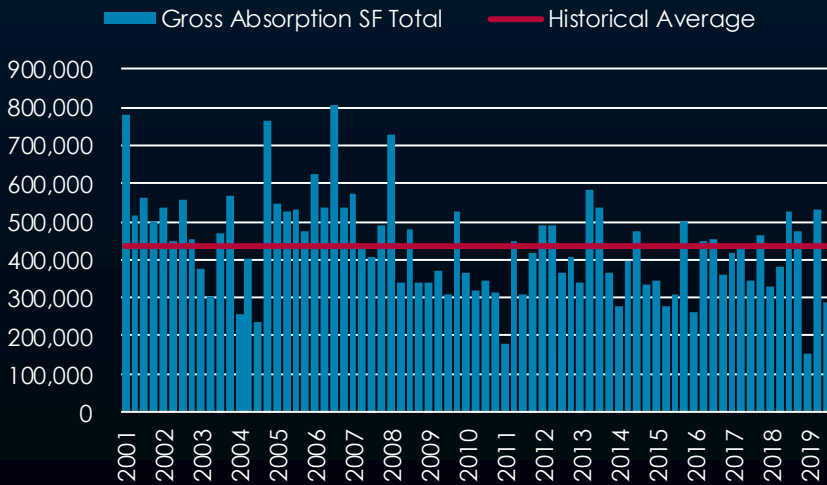
OVERALL VACANCY INCREASED BY 40 BPS FROM Q2



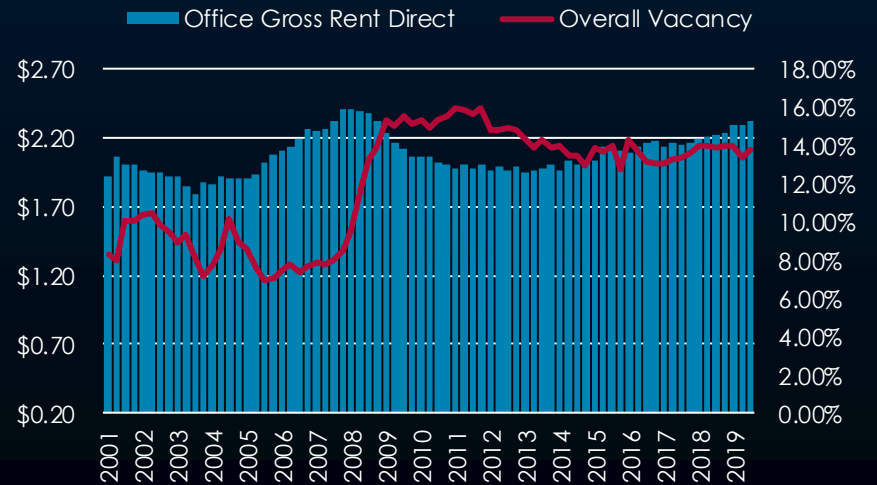
NET ABSORPTION TURNED NEGATIVE AFTER STRONG Q2



GROSS ABSORPTION FELL BELOW 300K SF IN Q3

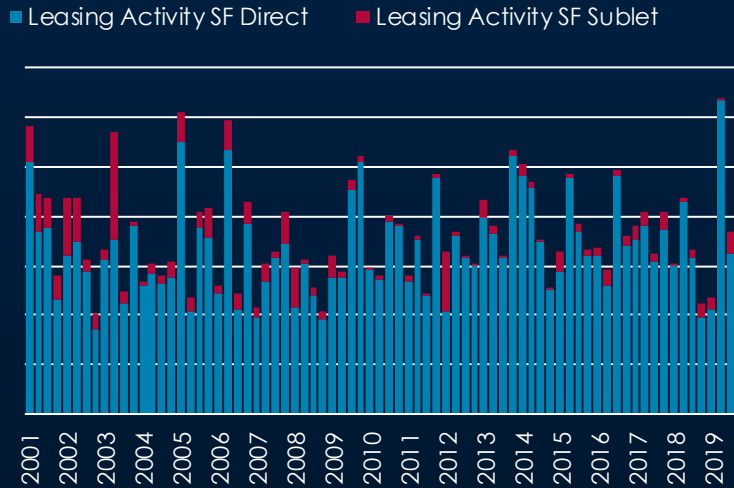


ASKING RENTS UP SLIGHTLY FROM Q2 TO \$2.32 PSF

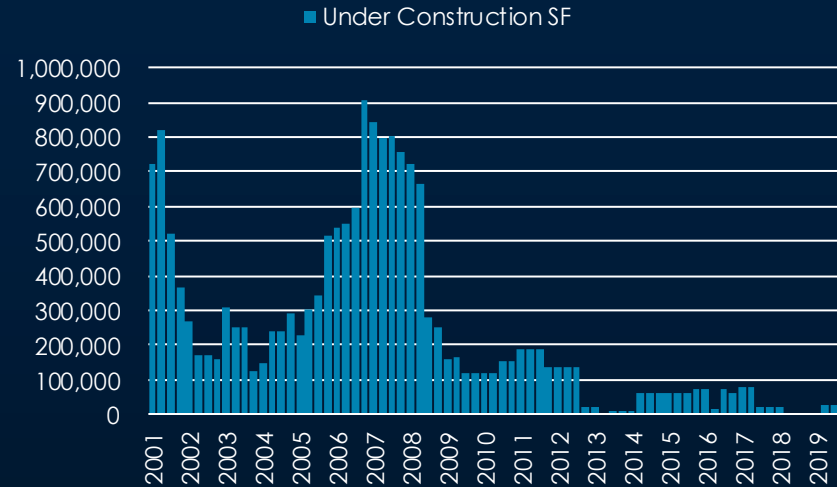


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

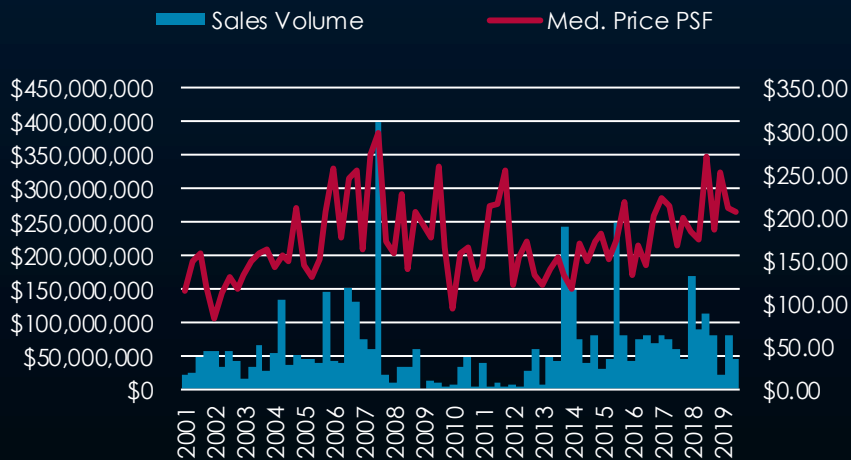
LEASING ACTIVITY BACK TO NORMAL LEVELS AFTER SURGE IN Q2



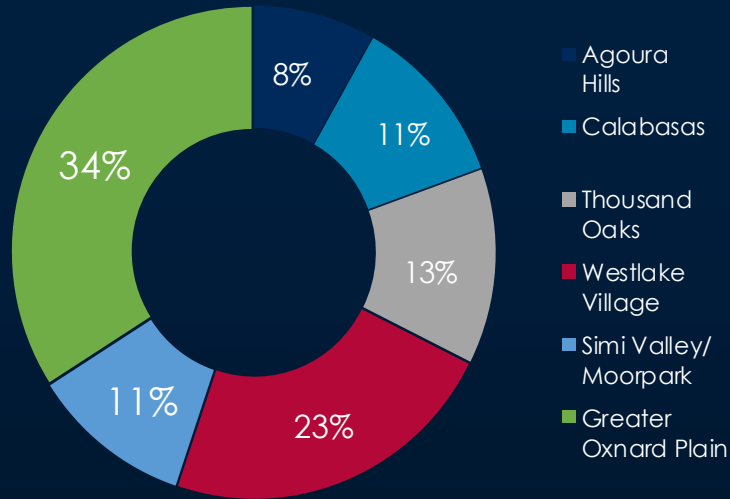
CONSTRUCTION ACTIVITY LACK OF NEW SUPPLY HINDERING MARKET GROWTH



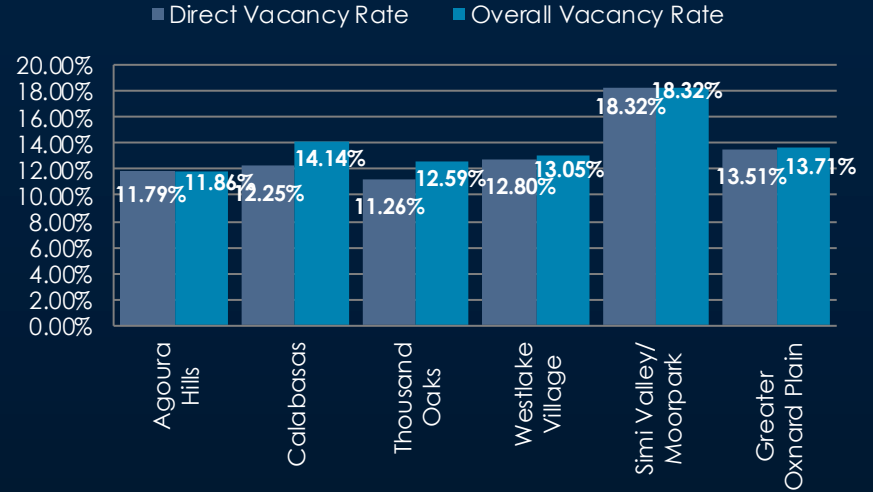
SALES THE MEDIAN PRICE PSF IN Q3 WAS \$206.57



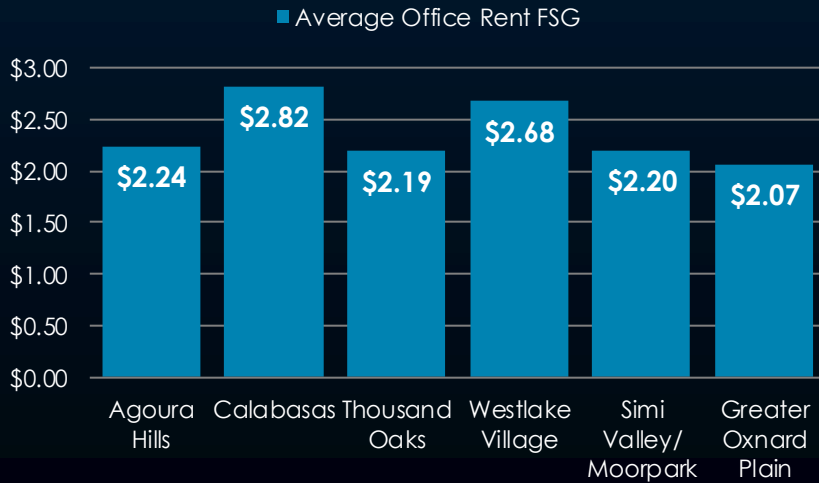
SQUARE FOOT BREAKDOWN- 21,951,985 SF MARKET SIZE



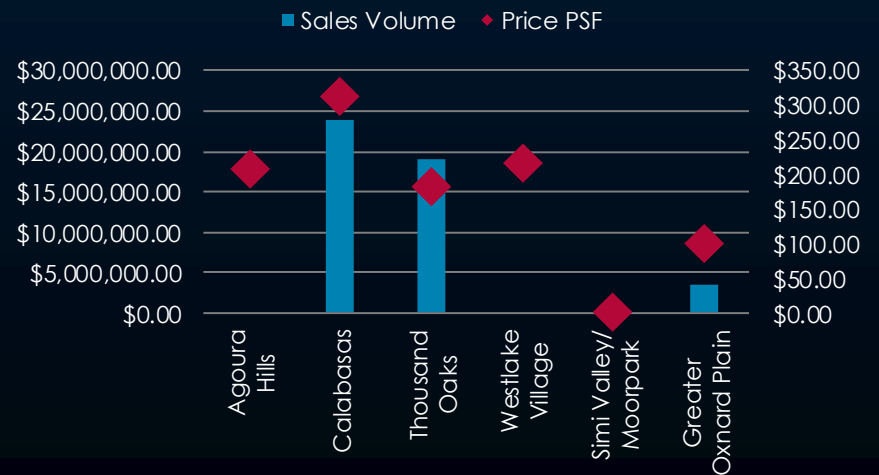
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Inland Empire Office



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET REPORT Q3

Office 2019 Inland Empire



MARKET ACTIVITY

<p>Direct Vacancy ∨ 9.3%</p>	<p>Net Absorption ∧ 6,239 SF</p>
<p>Overall Vacancy ↔ 9.7%</p>	<p>Gross Absorption ∧ 667,884 SF</p>
<p>Under Construction ∧ 353,004 SF</p>	<p>Rental Rates (FSG) ∧ \$1.86</p>
<p>Sale Price Change ∨ 7.6%</p>	<p>Deal Volume ∨ 31.1%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Direct vacancy saw a reduction of 20 BPS in Q3. A substantial amount of vacated sublet space pushed the overall vacancy rate to the same level as Q2 at 9.7%.
- **Net Absorption:** Rebounded after poor Q2. Over 70K SF of un-absorbed sublet space brought the overall net absorption figure to just over 6K SF.
- **Leasing Activity:** Down slightly from Q2 to below 400K SF.
- **Asking Rents:** Plateauing. Minimal increase of \$0.01 PSF in Q3.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ∧ 3.7%</p>	<p>U6 Rate ∧ 7.2%</p>
<p>Interest Rate ∨ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ∧ 2.1%</p>
<p>Port Traffic Y/Y Δ ∨ 1.1%</p>	<p>NYSE Performance ∧ 0.9%</p>
<p>Inflation Change ∨ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ∨ 6 BPS</p>

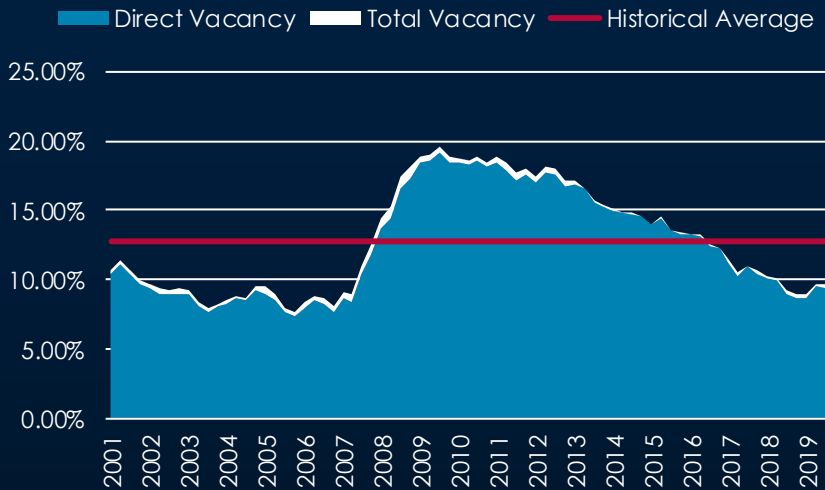
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

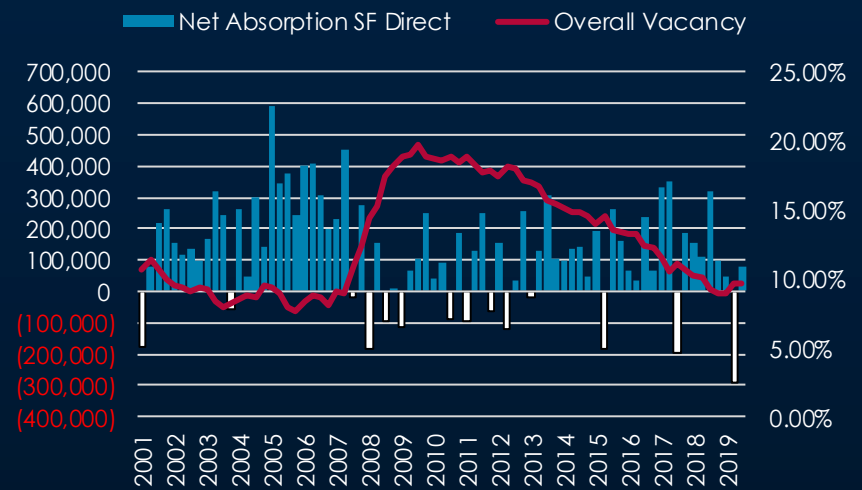


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

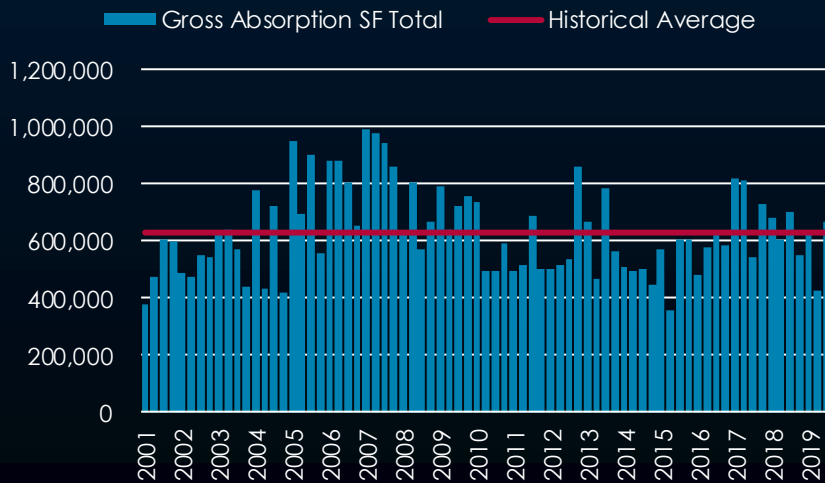
OVERALL VACANCY REMAINED THE SAME AS Q2



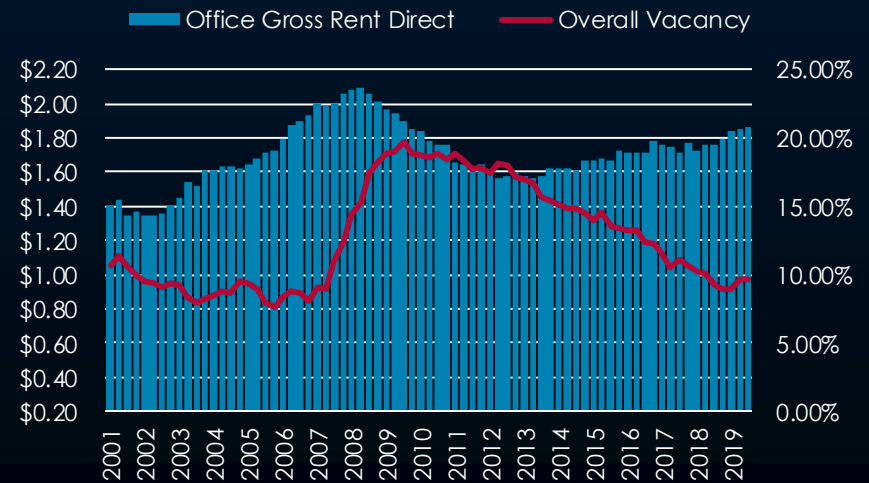
NET ABSORPTION BOUNCED BACK TO POSITIVE LEVELS



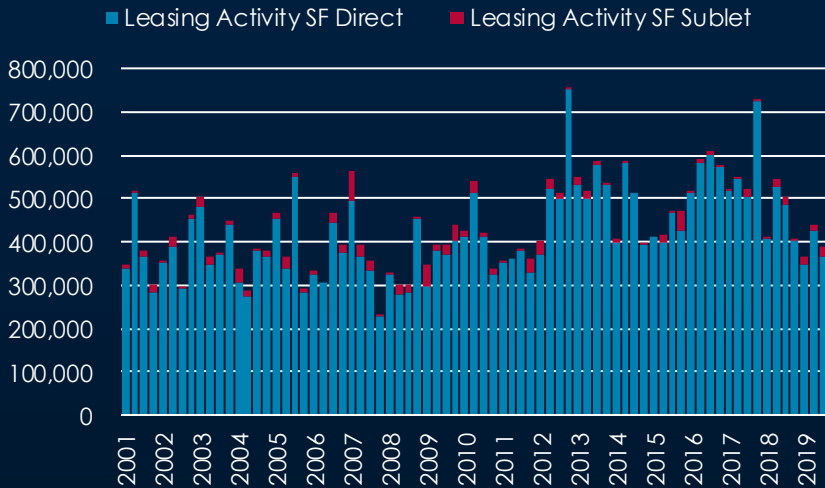
GROSS ABSORPTION JUMPED ABOVE HISTORIC AVERAGE



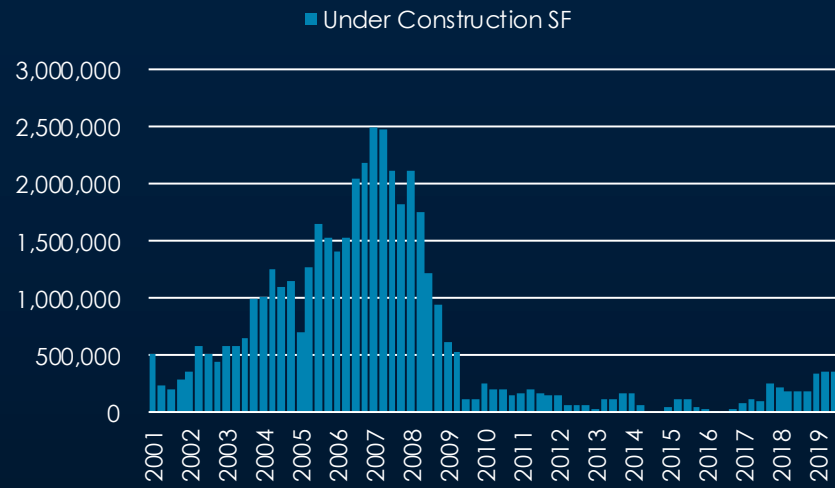
ASKING RENTS PLATEAUING. ONLY \$0.01 PSF INCREASE IN Q3



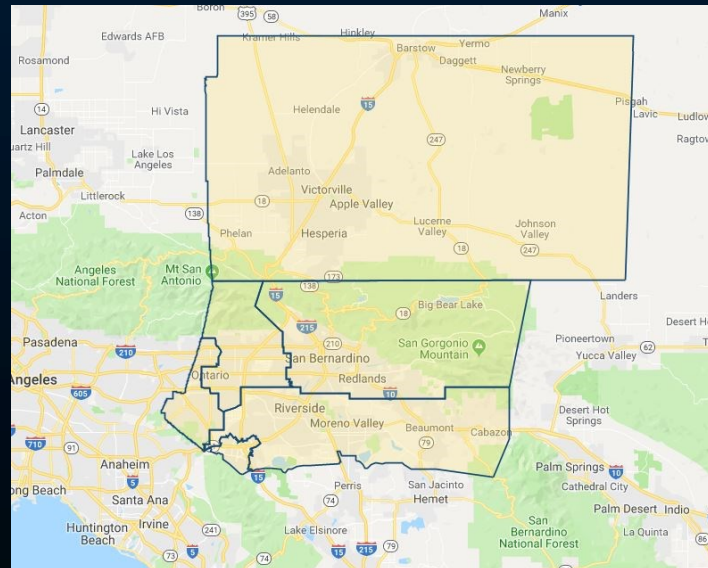
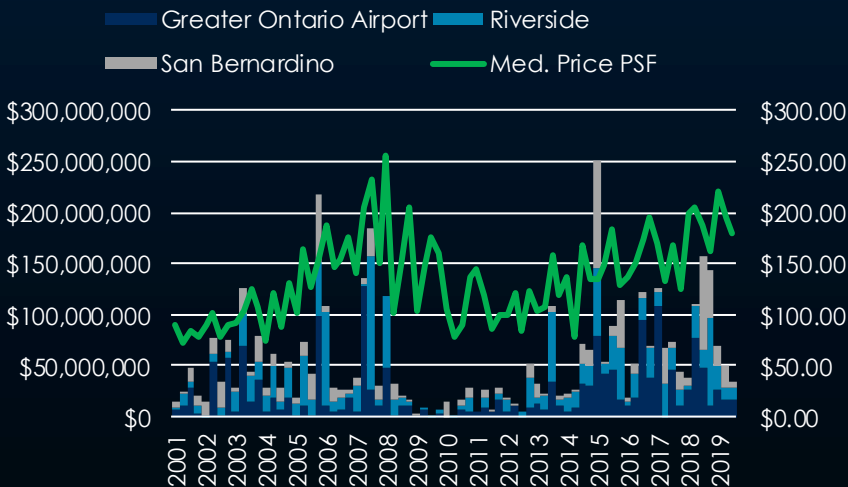
LEASING ACTIVITY FELL FROM Q2 TO UNDER 400K SF



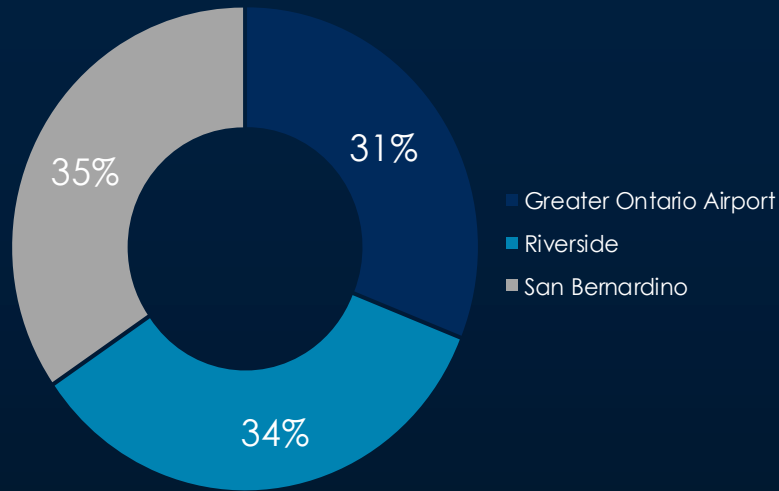
CONSTRUCTION ACTIVITY MINIMAL WITH JUST OVER 350K SF UNDER CONSTRUCTION



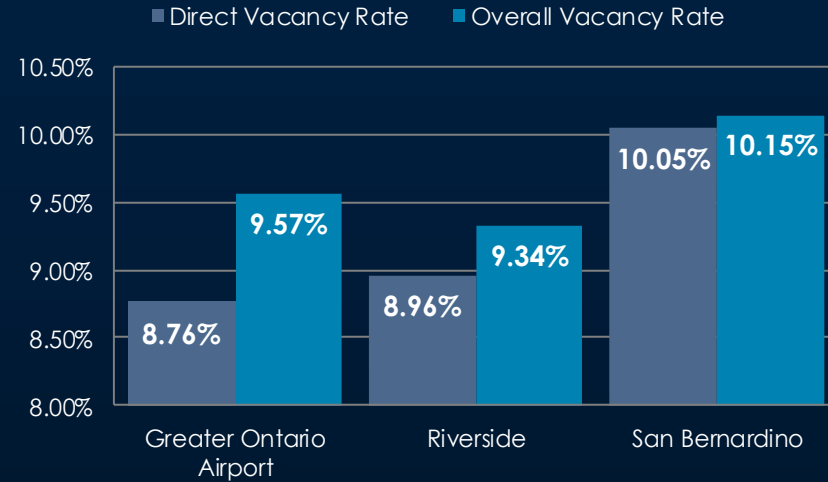
SALES THE MEDIAN PRICE PSF IN Q3 WAS \$180.05. VOLUME DOWN OVER 31%



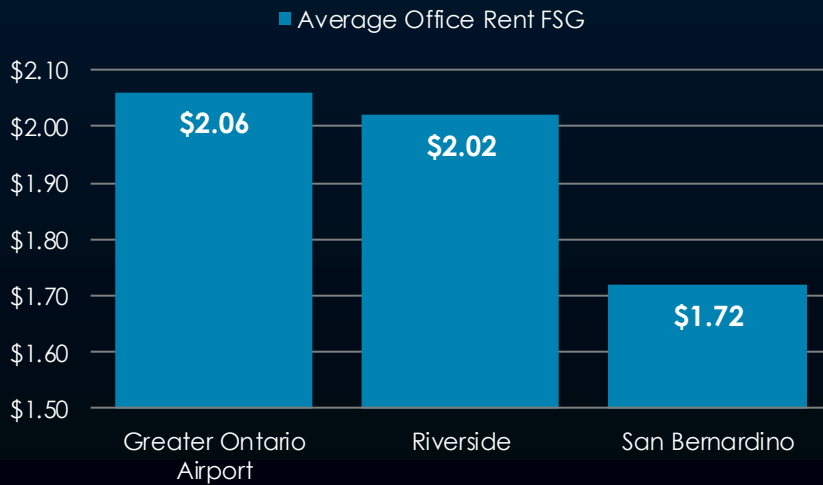
SQUARE FOOT BREAKDOWN- 35,086,969 SF MARKET SIZE



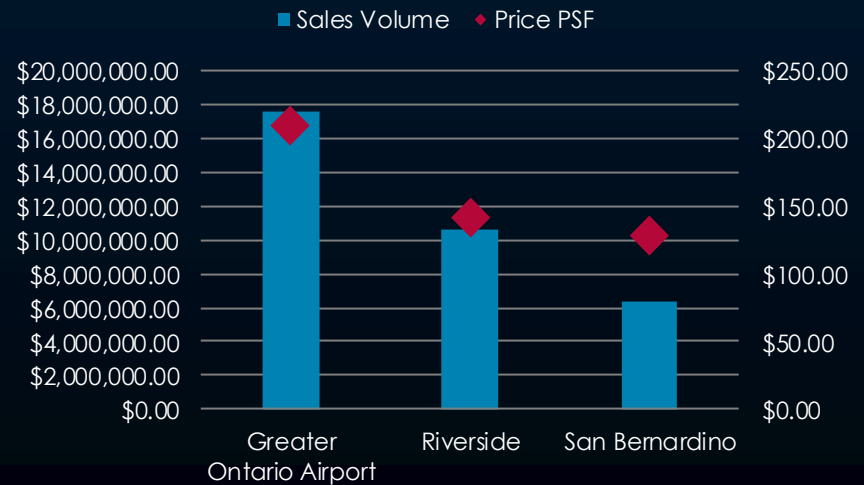
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q3 | 2019

Market Report

Phoenix Office



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET REPORT Q3

Office 2019 Phoenix



MARKET ACTIVITY

<p>Direct Vacancy ✓ 14.5%</p>	<p>Net Absorption ▲ 746,994 SF</p>
<p>Overall Vacancy ✓ 15.1%</p>	<p>Gross Absorption ▲ 2,726,958 SF</p>
<p>Under Construction ✓ 1,303,300 SF</p>	<p>Rental Rates (FSG) ▲ \$2.20</p>
<p>Sale Price Change ▲ 20.6%</p>	<p>Deal Volume ▲ 53.8%</p>

KEY TAKE AWAYS

MARKET

- **Vacancy Rate:** Overall vacancy fell 30 BPS to 15.1%.
- **Net Absorption:** Outperformed Q2 by a significant margin. Total Net Absorption was nearly 750K SF. Representing 0.57% of inventory.
- **Office Supply:** Construction activity slightly above 1.3 Million SF.
- **Leasing Activity:** Dropped by over 900K SF from Q2 to just above 1.5M SF.
- **Sales:** Q3 had the highest sales volume YTD in 2019 with over \$600M. Three (3) sales were over \$50M.

ECONOMIC OUTLOOK

- **Interest Rates:** The yield curve remained inverted in Q3. In Q3, the 10-2 Spread inverted as well for the 1st time since 2007. The Fed cut rates twice in Q3, both by 25 BPS. An additional rate cut could transpire in Q4, if economy weakens.
- **Trade:** The trade dispute with China continues with no end in sight. Talks between the two most powerful economies are set to resume in Oct.
- **Stock Market:** The Dow and S&P posted minimal gains of 1.2% in Q3. NASDAQ finished negative.
- **Oil:** Crude Oil was down 6.7% in Q3.

ECONOMIC OUTLOOK

<p>U.S. Employment ▲ 3.7%</p>	<p>U6 Rate ▲ 7.2%</p>
<p>Interest Rate ✓ 3.6% <small>(30 year fixed)</small></p>	<p>Changing GDP ▲ 2.1%</p>
<p>Port Traffic Y/Y Δ ✓ 1.1%</p>	<p>NYSE Performance ▲ 0.9%</p>
<p>Inflation Change ✓ 1.7%</p>	<p>10 Yr. - 2 Yr. Spread ✓ 6 BPS</p>

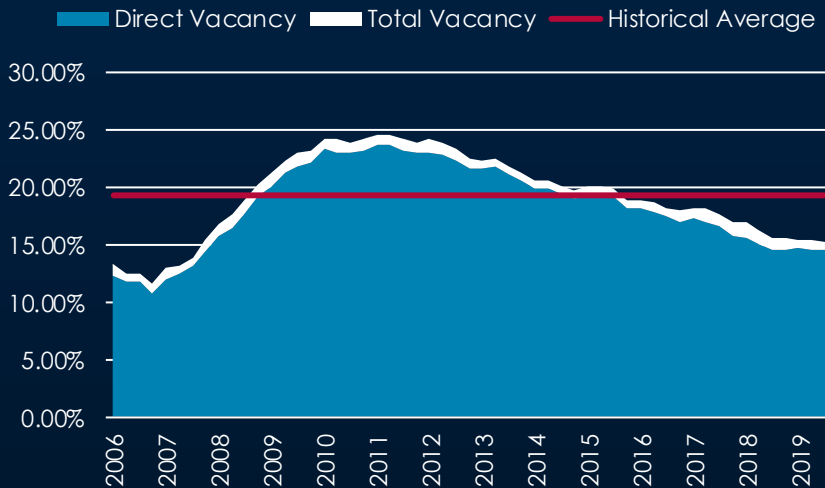
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

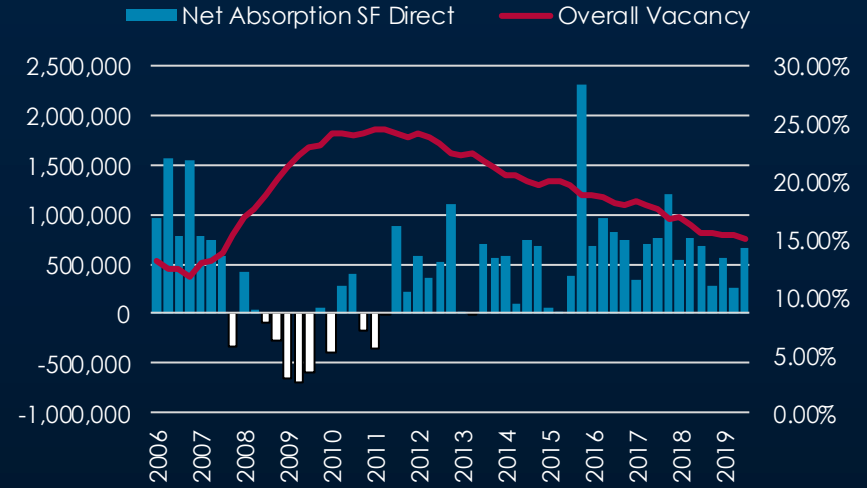


Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

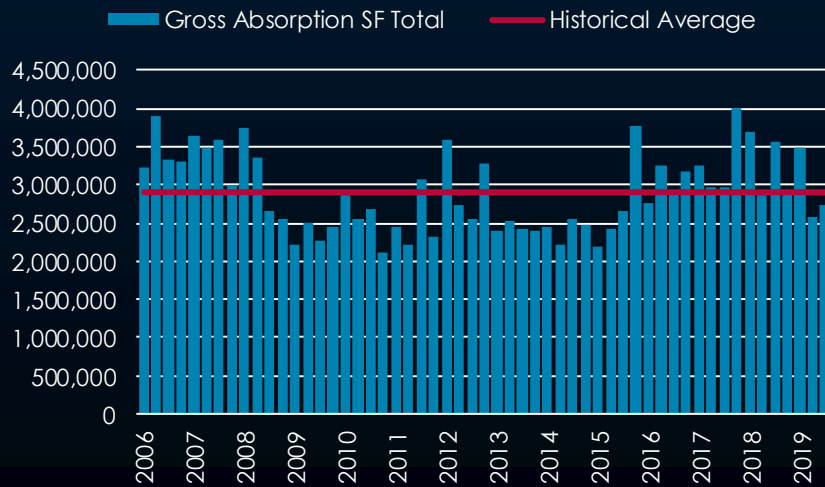
OVERALL VACANCY FLAT FROM PREVIOUS QUARTER



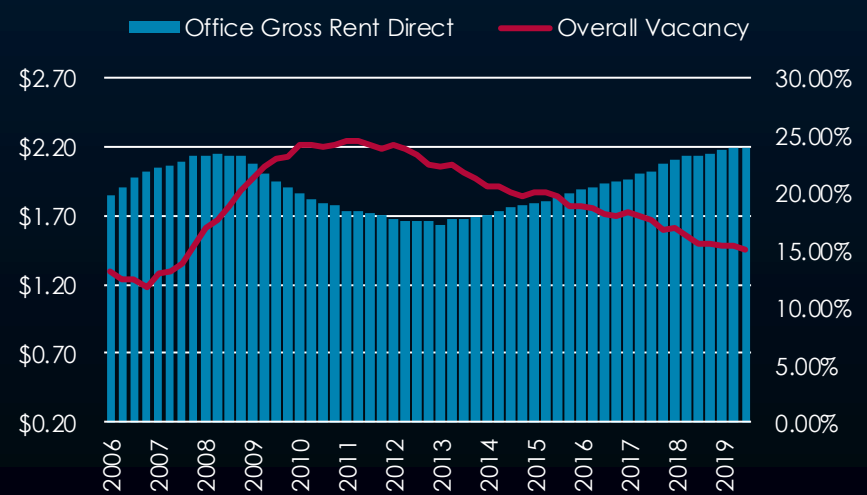
NET ABSORPTION SIGNIFICANTLY HIGHER IN Q3 TO JUST BELOW 750K SF



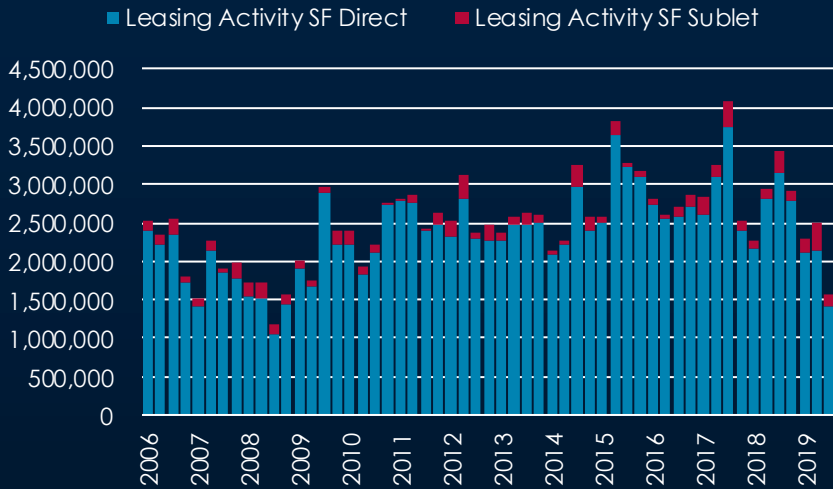
GROSS ABSORPTION UP FROM Q2, BUT REMAINS BELOW HISTORIC AVERAGE



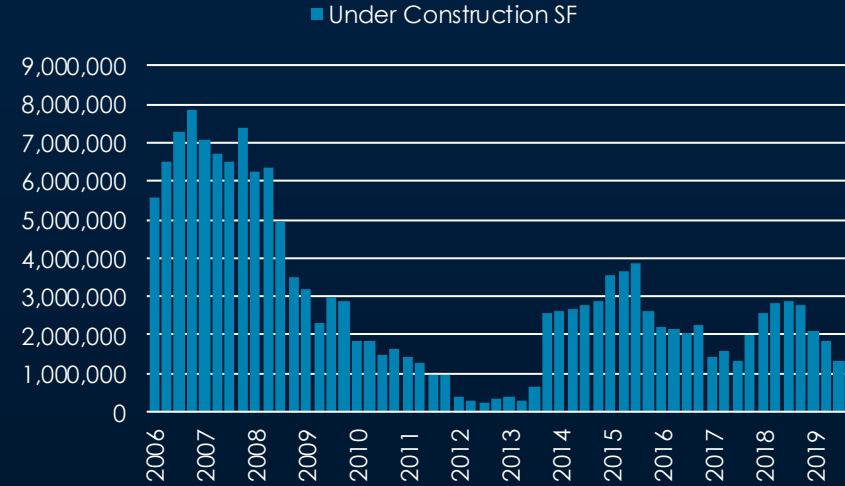
ASKING RENTS CONTINUE TO INCREASE BUT MINIMAL GAIN



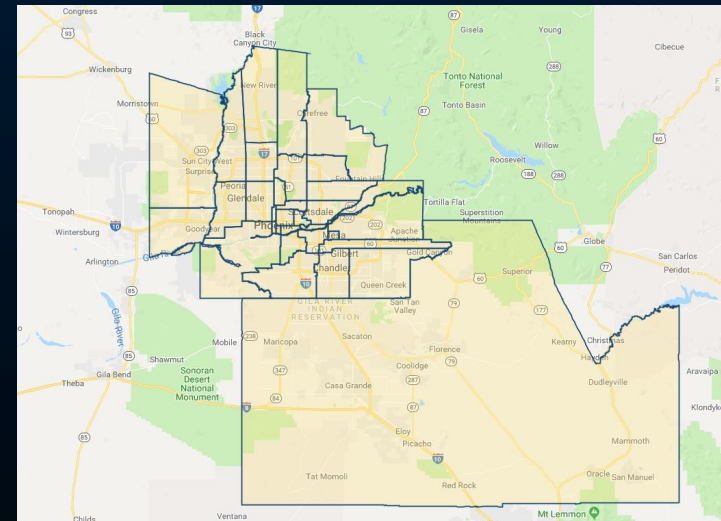
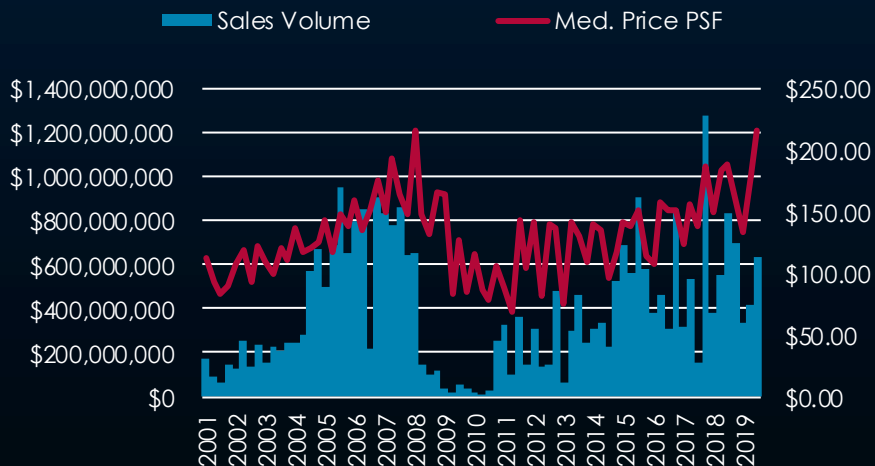
LEASING ACTIVITY PLUMMETED FROM Q2 TO JUST OVER 1.5M SF IN Q3



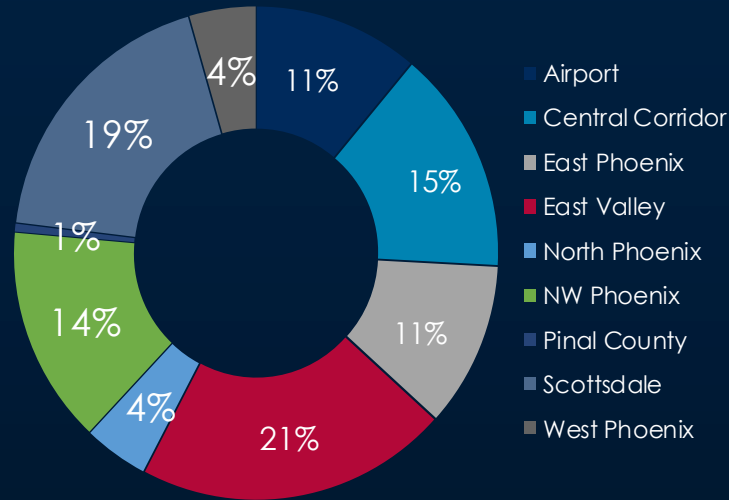
CONSTRUCTION ACTIVITY UNDER CONSTRUCTION CURRENTLY ABOVE 1.3M SF



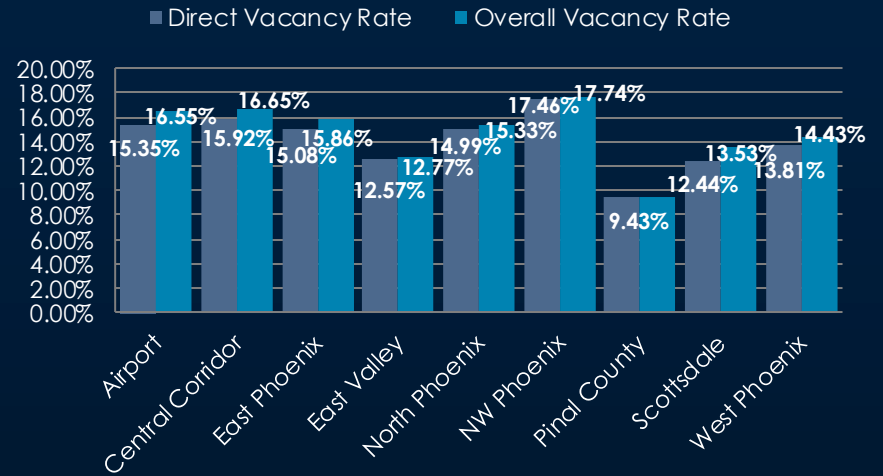
SALES PRICES INCREASE TO A MEDIAN OF \$215.62 PSF. VOLUME UP



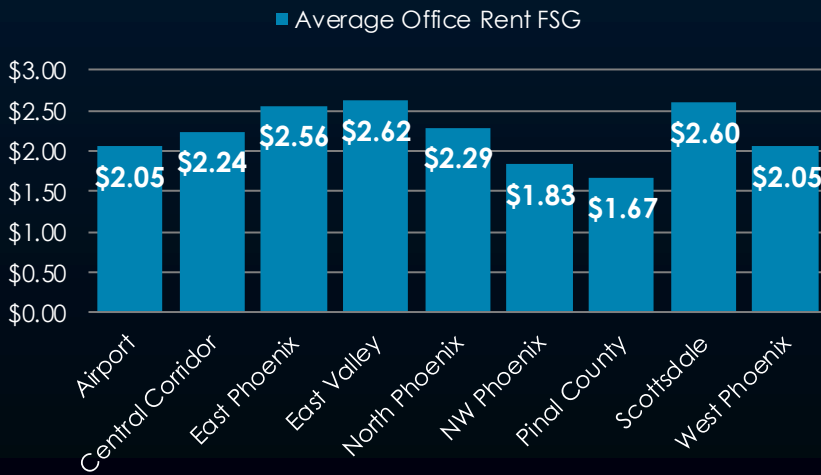
SQUARE FOOT BREAKDOWN- 129,961,232 SF MARKET SIZE



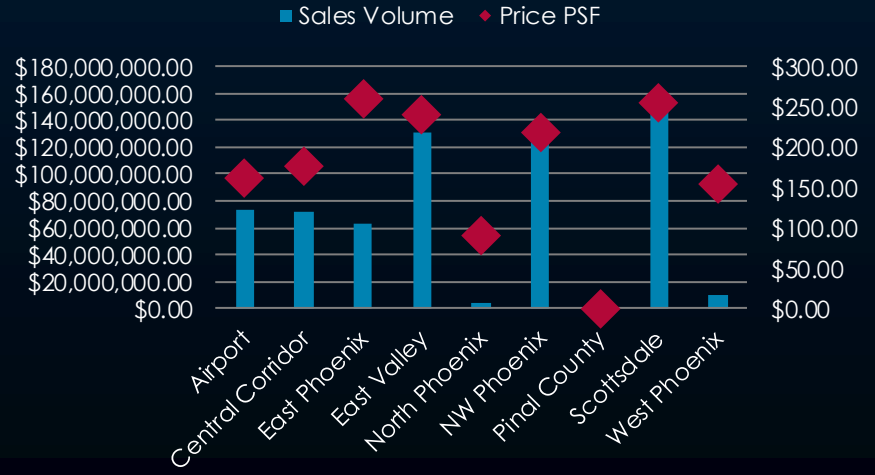
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Non-Owner occupied, multi-tenant office buildings that are 30,000 square feet & 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 2019

New buildings with original construction completed in the year 2019 and granted a Certificate of Occupancy. Renovated buildings are not included.



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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

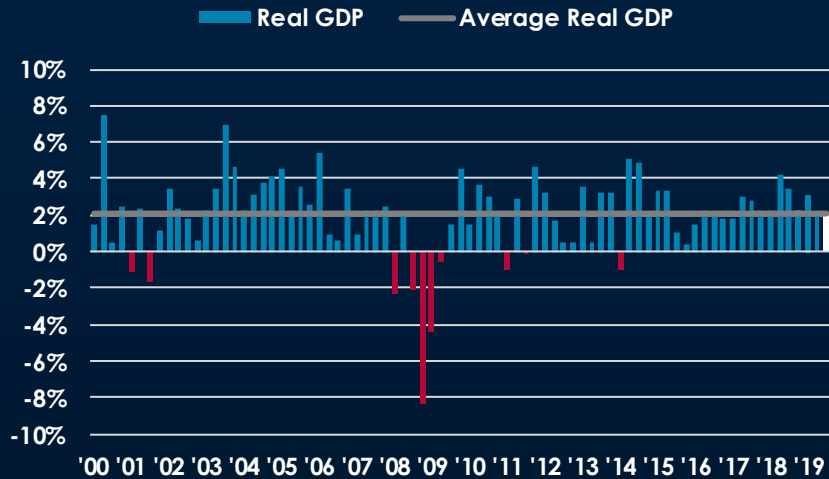
Economic Overview



Q3 2019

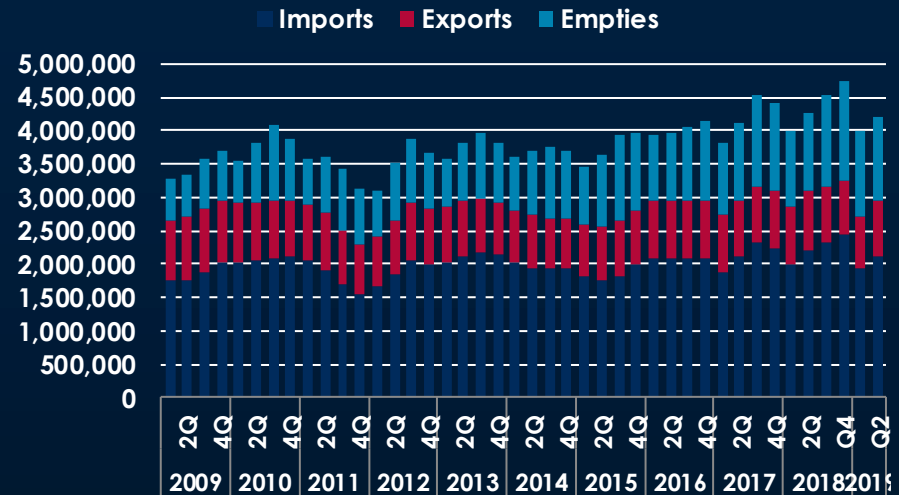
Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

GDP IN Q2 FINISHED AT 2.0%. Q3 ESTIMATE IS 2.1%

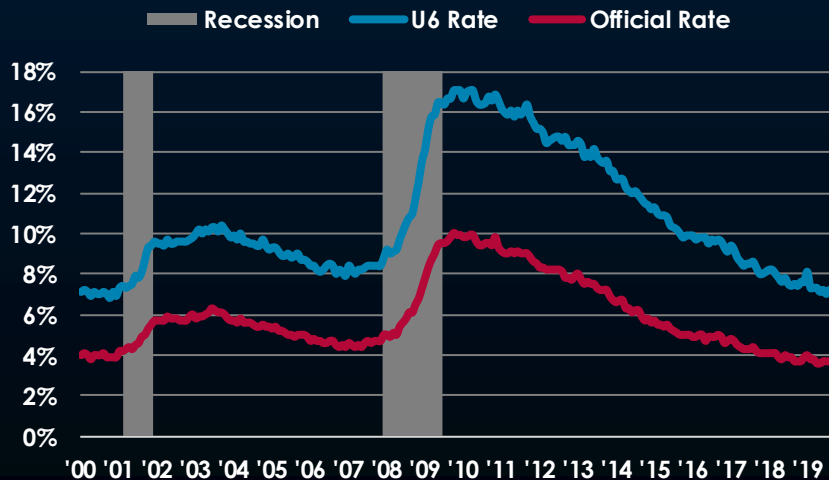


*2.1% for 3Q19 based on Fed Reserve Bank of Atlanta "GDP Now" Forecast

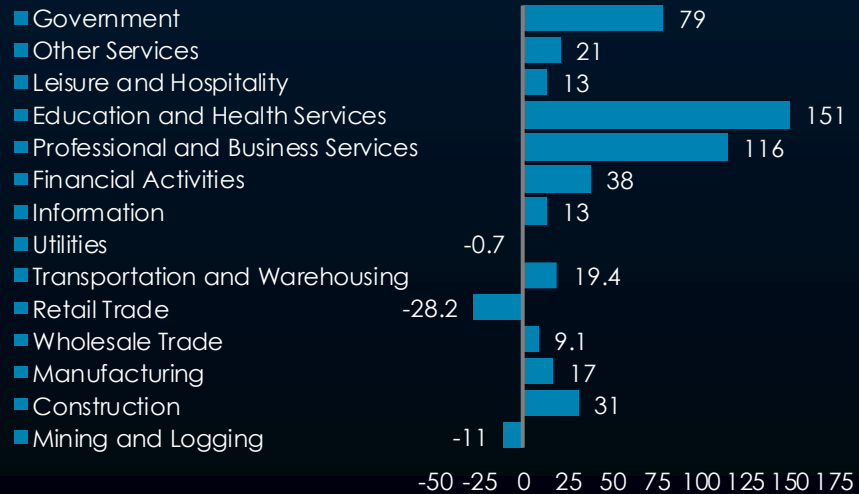
PORT ACTIVITY INCREASED IN Q2 BY 5.6% FROM Q1



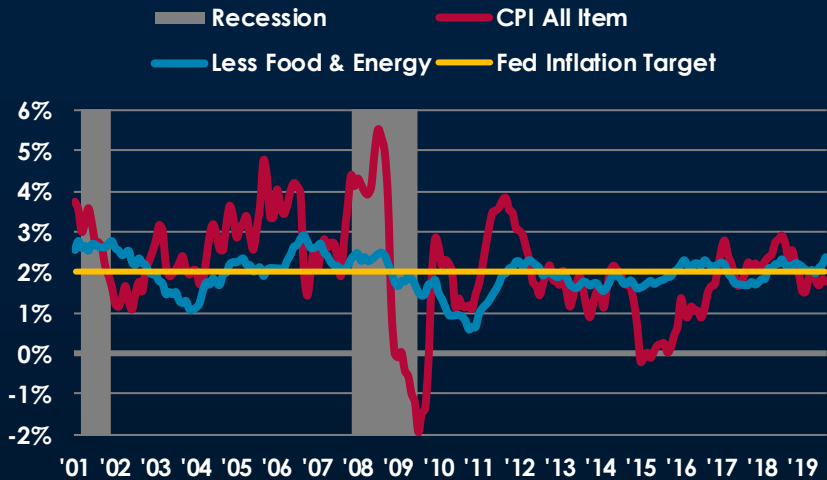
UNEMPLOYMENT CONTINUES DOWNWARD TREND



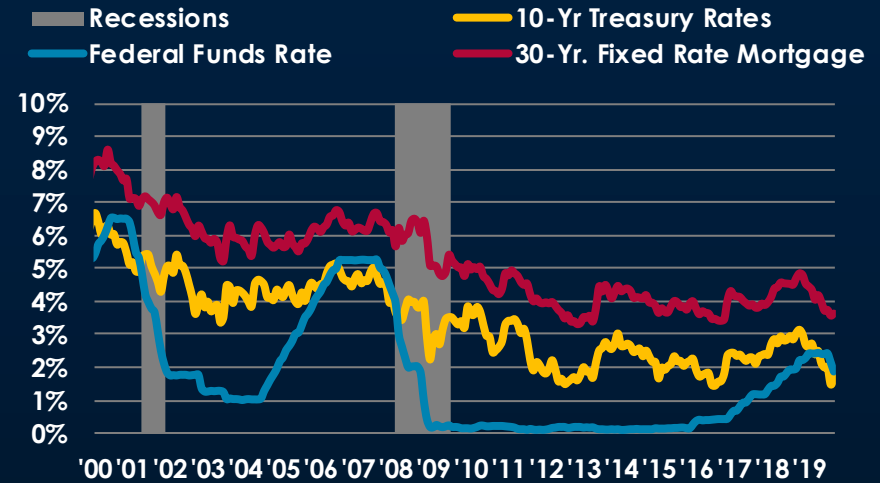
MOST INDUSTRY SECTORS CONTINUE TO SEE GROWTH



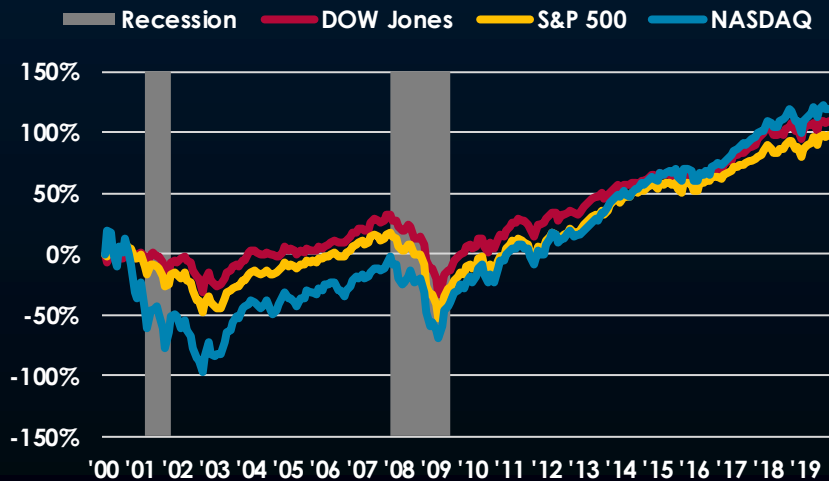
CPI JUST BELOW 2% TARGET



THE YIELD CURVE REMAINS INVERTED



VOLATILE Q3 FOR INDEXES. DOW & S&P UP 1.2%. NASDAQ DOWN



10-2 YEAR BOND SPREAD INVERTED IN Q3

