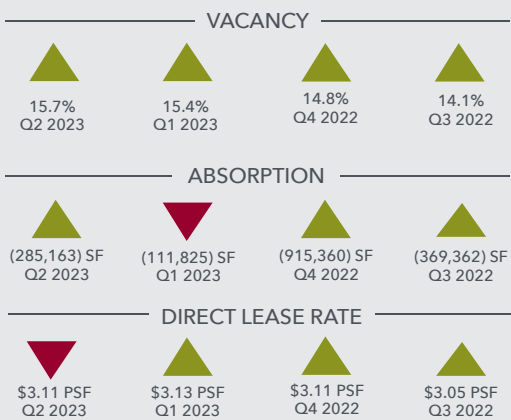




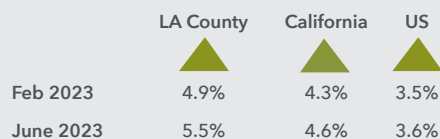
MARKET INDICATORS



Q2 TRENDS AT A GLANCE



UNEMPLOYMENT RATE



Increased Leasing Activity in LA North Office Market Shadowed by High Vacancy Levels

The Los Angeles North office market showcased mixed trends throughout the second quarter, with leasing activities reaching levels not seen in nearly two years. However, issues of prolonged negative net absorption and near-record breaking vacancy rates remain prevalent throughout the market heading into the second half of the year.

During the second quarter of 2023, the market experienced a surge in leasing activity with 975,741 square feet—equivalent to the size of approximately 14 football fields—of space leased. This represents the highest amount of square footage leased since the fourth quarter of 2021. Direct-ask lease rates remain high, averaging \$3.11 per square foot. Nearly all 1.23 million square feet of new construction planned for this year is comprised of major studio expansions for Warner Bros. and Universal Studios located in the Burbank Media Center and Universal/Studio City submarkets. In the latter, just over 21,000 square feet of construction was completed in Q1 of 2023, with an additional 331,000 square feet expected to be completed shortly after the start of the next quarter.

Despite the increase in leasing, vacancy rates continued to rise, reaching a record-high level of 15.7 percent. This signifies an increase of 30 basis points from the previous quarter, bringing vacancy levels to a point not seen since the 2009 economic crisis. Overall, the market saw a significant increase of 300,000 square feet in vacant space during this quarter.

Among the submarkets, the Burbank (Misc.) submarket accounted for the largest increase in vacant space, with an additional 143,326 square feet becoming unoccupied. Notably, the Universal/Studio City and West SF Valley submarkets also witnessed significant increases in vacant space during the quarter.

Negative net absorption more than doubled during the second quarter, totaling 285,163 square feet.

The sustained trends of negative net absorption and high vacancy rates become especially intriguing when juxtaposed with the concurrent increase in leasing activity. Hypotheses from industry experts suggest that such trends can be attributed to businesses continuing to re-evaluate their space and operational needs as they execute their return-to-office plans. On the development front, there have been no updates regarding the one million square feet of new construction planned throughout the Burbank Media Center and Universal/Studio City submarkets.

Office sales prices continued to decline in the second quarter, ending with four office sales for a median price of \$287 per square foot. Of these assets, one was distressed; and when calculated separately, the three non-distressed sales produced a median price of \$361.

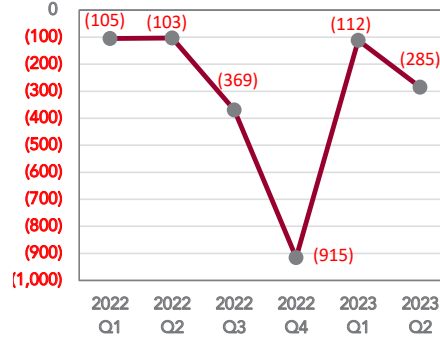
RENTAL RATES

average per SF, per month



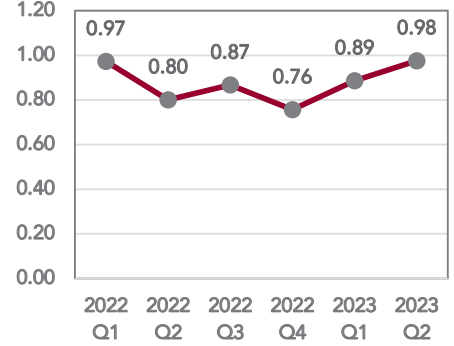
ABSORPTION

in thousands of SF

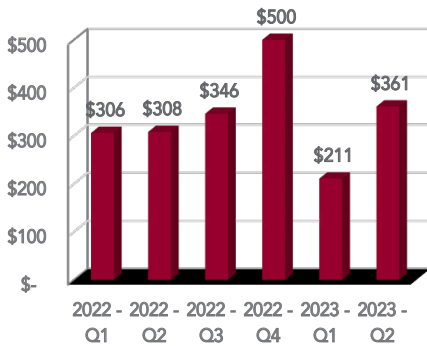


LEASING ACTIVITY

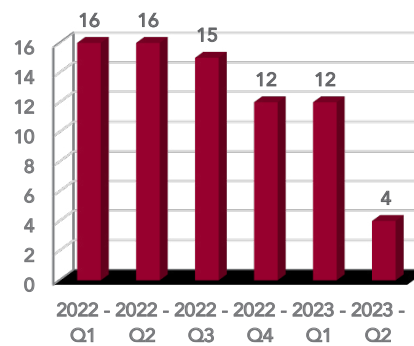
millions of SF leased



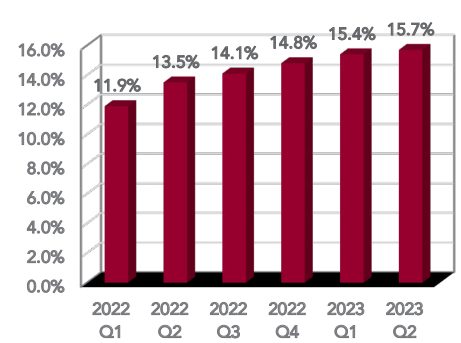
MEDIAN SALE PRICE



SALE TRANSACTIONS



VACANCY



Median sale price excludes distressed sales and those where no price information was recorded.

TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER/SELLER	BUILDING CLASS
30440 Agoura Rd Agoura Hills, CA	22,256 SF	\$9,750,000 \$438.00 PSF	Donald Henthorn Conrad Hilton Foundation	Class A

3450 Cahuenga Blvd, Ste 805 Studio City, CA	2,361 SF	\$1,085,000 \$459.55 PSF	Grid Financial Management LLC 848 Curson LLC	Class B
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TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5850 Canoga Ave, Ste 650 Woodland Hills, CA	9,864 SF	5850 Canoga LLC	Gorst & Compass	Insurance services
28632 Roadside Dr, Ste 255 & 260 Agoura Hills, CA	6,793 SF	ZDI Agoura I LLC	Grant & Weber	Collection services
15165 Ventura Blvd, Ste 140 & 150 Sherman Oaks, CA	5,513 SF	15165 Columbus Center LLC	Neptune Management Corp	Funeral, Memorial, Aftercare services

Source: CoStar and Lee & Associates

SUBMARKETS	TOTAL INVENTORY	TOTAL VACANCY		NET ABSORPTION		CONSTRUCTION			ASKING RATE
		Total SF	%	Q2 2023	YE 2023	Underway	COMPLETED		
							Q2 2023	YE 2023	
Agoura Hills	1,995,165	373,476	18.7%	(43,721)	(128,308)	0	0	0	\$2.20
Burbank (Misc.)	2,674,781	627,007	23.4%	(143,326)	(177,561)	0	0	0	\$4.15
Burbank City Center	1,847,349	208,972	11.3%	(12,428)	(1,629)	0	0	0	\$3.44
Burbank Media Center	6,488,941	620,948	9.6%	60,330	82,818	800,000	0	0	\$4.61
Calabasas	2,800,804	353,664	12.6%	(7,492)	37,073	0	0	0	\$2.80
Central Valley	6,016,183	593,357	9.9%	(18,227)	(45,683)	0	0	0	\$2.38
Chatsworth	2,362,725	254,971	10.8%	16,701	(82,708)	0	0	0	\$2.50
Conejo Valley	9,612,872	1,786,664	18.6%	92,318	36,378	0	0	0	\$2.52
East SF Valley	287,404	13,234	4.6%	(4,004)	2,611	0	0	0	\$3.08
Encino	4,925,562	818,219	16.6%	(52,289)	(105,051)	0	0	0	\$2.84
Glendale	11,415,362	2,053,223	18.0%	(123,416)	(111,677)	0	0	0	\$3.28
North Hollywood	2,960,883	446,116	15.1%	10,137	36,979	0	0	0	\$3.81
Northridge / Reseda	2,199,858	225,737	10.3%	(14,186)	(6,588)	0	0	0	\$2.88
Santa Clarita Valley	208,856	47,135	22.6%	(1,029)	4,125	0	0	0	\$2.18
Sherman Oaks	3,953,400	514,200	13.0%	33,649	35,649	0	0	0	\$2.95
Tarzana /Woodland Hills	3,639,486	781,925	21.5%	(20,493)	(32,067)	102,000	0	0	\$2.61
Universal / Studio City	2,324,517	120,758	5.2%	(14,730)	18,841	331,000	0	21,391	\$3.58
West SF Valley	2,258,343	456,265	20.2%	(57,556)	(53,905)	0	0	0	\$2.31
Warner Center	7,853,108	1,604,942	20.4%	14,599	(31,623)	0	0	0	\$2.70
Total	75,825,599	11,900,813	15.7%	(285,163)	(522,326)	1,233,000	0	21,391	\$3.11

Source: CoStar and Lee & Associates

MARKET DEFINITIONS

RENTABLE AREA

Includes all Class A, B and C multi-tenant and single-tenant office buildings of 10,000 square feet and greater. Excludes buildings under construction, planned or under renovation.

DIRECT VACANCY

Space in existing buildings that is not occupied and is available for direct lease.

TOTAL VACANCY

Space in existing buildings that is not occupied and is available for direct lease and/or sub-lease.

TOTAL NET ABSORPTION

The square feet leased after deducting space vacated.

DIRECT ASKING LEASE RATE

Calculated for direct available space using asking rents. Rents are weighted by total square feet available for direct lease.

UNDER CONSTRUCTION

Buildings in the process of construction. A building is considered complete when issued a certificate of occupancy.

MEDIAN SALE PRICE

Based on actual prices of sold buildings as reported in public records and by CoStar. Includes all office buildings 10,000 SF and more sold at \$500,000 or more.

ABOUT LEE & ASSOCIATES®

Lee & Associates offers an array of real estate services tailored to meet the needs of the company's clients, including commercial real estate brokerage, integrated services, and construction services. Established in 1979, Lee & Associates is now an international firm with 70+ offices throughout the United States and Canada. Our 1,300 professionals regularly collaborate to make sure they are providing their clients with the most advanced, up-to-date market technology and information. For the latest news from Lee & Associates, visit lee-associates.com or follow us on Facebook, LinkedIn, Twitter, and Link, our company blog.

Lee & Associates-LA North/Ventura, Inc. is a full service commercial brokerage company serving the San Fernando Valley, Conejo Valley, Simi Valley/Moorpark and Ventura County markets. Founded in 1994, Lee LA North/Ventura has grown to become one of the largest commercial brokerage companies in the Los Angeles North and Ventura regions with four offices and 48 agents.

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LA NORTH OFFICE SUBMARKETS

Agoura Hills

Agoura Hills, Oak Park

Burbank

Includes Burbank Airport submarket and the area East of Buena Vista and West of I-5; North to the city border and Vanowen on the South

City Center

Downtown Burbank

Media District

Burbank Media District

Central Valley

Arleta, Granada Hills, Mission Hills, Pacoima, Panorama City, San Fernando, Sun Valley, Sylmar, Van Nuys

Calabasas

Chatsworth

Conejo Valley

Newbury Park
Thousand Oaks
Westlake Village

East SFV

La Crescenta, Monroze, Sunland, Tujunga

Encino

Glendale

North Hollywood

Northridge/Reseda

Sherman Oaks

Tarzana/Woodland Hills

Santa Clarita Valley

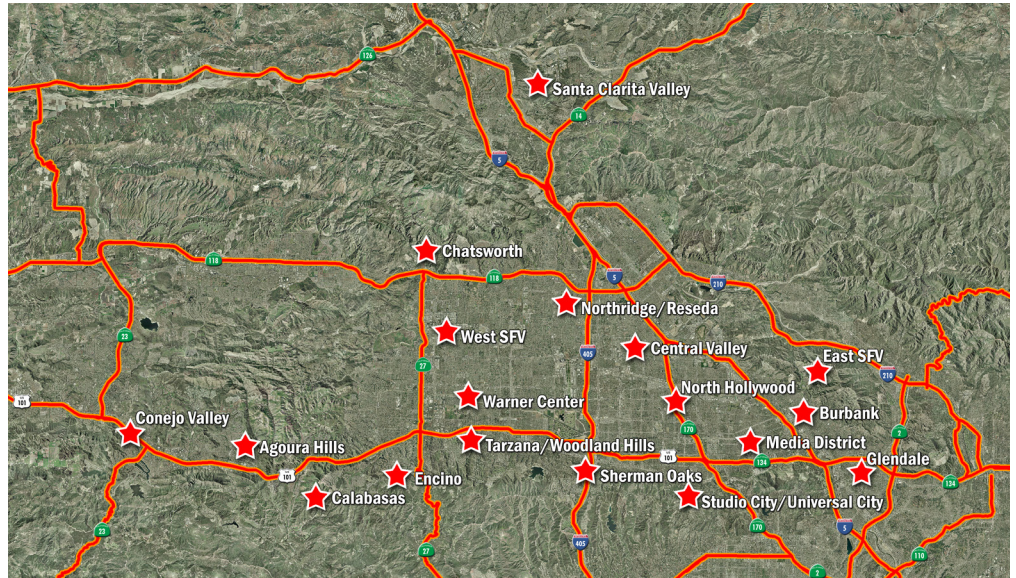
Canyon Country
Newhall

West SFV

Canoga Park
West Hills
Winnetka

Warner Center

Universal City/Studio City



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