Los Angeles

Office Market | Q2 2014



ANNUAL JOB GROWTH

Los Angeles created 89,300 jobs in the 12 months ending May 2014, resulting in a 2.2% expansion. The Educational & Health Services and Professional & Business Services sector accounted for the largest job gains with 36,400 and 23,500, respectively.



12-MO DIRECT NET ABSORPTION

The Westside continued to drive LA's office market recovery with 934k sf of the occupancy gains over the past 12 months, due to its ability to attract growing technology companies. Tri-Cities also contributed to the annual gains with 330k sf absorbed.



DIRECT VACANCY RATE

Office direct vacancy has declined 50 basis points to 15.4% over the year, but still remains 700 basis points higher than its cyclical low of 8.5% late in 2007.



OVERALL RENTS

Overall asking rents have stabilized and begun to climb in the most desired submarkets but there's a large deficit to overcome in order to restore rents to their pre-recessionary peak established in 2008.



UNDER CONSTRUCTION

Since 2010, the speculative construction pipeline has remained relatively dormant due to land constraints and elevated vacancy levels but may soon return as leasing activity improves.



*Arrows represent change from previous 12 months



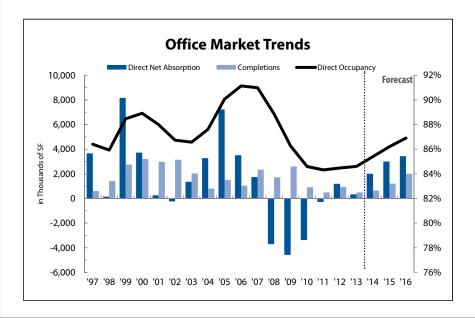
PMRG Marketar Glance

LA'S OFFICE MARKET RECOVERY SLOW BUT STEADY

The Los Angeles metropolitan area's economic recovery exhibited signs of accelerating after a slow start in 2014, with a reviving construction, entertainment and technology sector. Office-using employment growth continued to steadily improve and accounted for nearly 37% of the annual gains, which has translated into healthy occupancy growth in key submarkets. As a result of the steady job growth, the metro area's unemployment rate has dropped by 170 basis points to 8.0% within the past year to a six-year low. Los Angeles has created 350,900 jobs since its trough in 2010, but still remains approximately 94,200 jobs below its pre-recessionary peak recorded at year-end 2007. Based on the current pace of job growth, Los Angeles is expected to fully recover all jobs lost during the downturn by mid-year 2016.

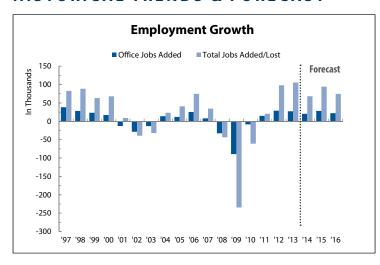
The Los Angeles office market continued on its gradual path to recovery with 55,290 sq. ft. of occupancy gains during the second quarter, bringing the trailing 12-month direct net absorption total to nearly 1.6 million sq. ft. The Class A property sector recorded modest occupancy losses totaling 8,074 sq. ft. during the second quarter, causing direct vacancy rates to remain unchanged at 16.2%. Meanwhile, Class B properties accounted for the majority of the quarterly gains with 63,864 sq. ft. of direct absorption, but vacancy rates remained flat at 14.0% during the quarter. With the economic recovery beginning to spur tenant demand, Class A full-service gross asking rents have increased by 3.9% to \$2.72 while Class B rents appreciated by 5.6% to \$2.18 per sq. ft. within the past 12 months.

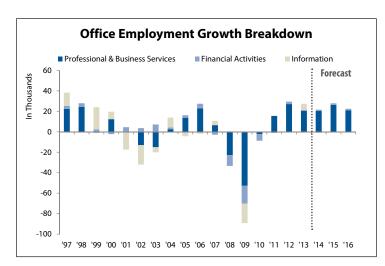
In the year ahead, the office market fundamentals will continue to see measured improvement with positive absorption outpacing limited construction deliveries but will still experience some headwinds with some office users shrinking their square foot per employee ratio. However, leasing velocity will continue to gradually improve as high-tech, entertainment, education, and alternative energy companies will account for the majority of the growth and help offset contraction still taking place within the financial services sector. While there are a few office development projects that could break ground in key submarkets in the coming quarters, land constraints and elevated vacancy rates in most submarkets will keep construction deliveries well below demand growth expected over the next few years.

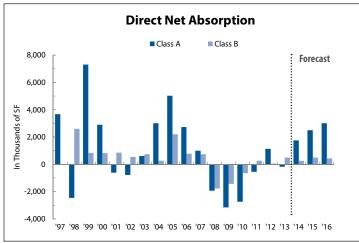


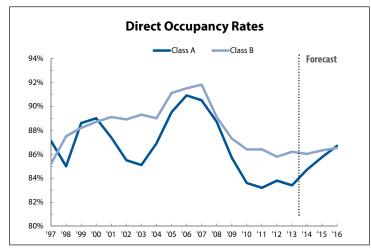
PMRG Market A Glance

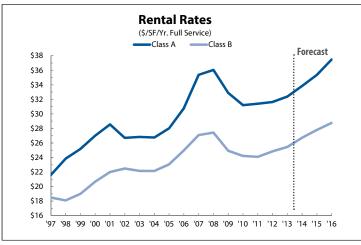
HISTORICAL TRENDS & FORECAST

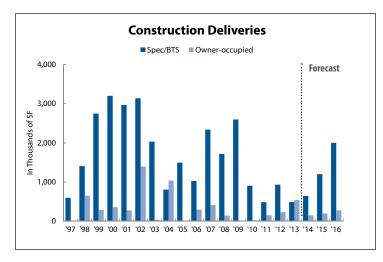
















SUBMARKET STATISTICS

Secretar Downtown 48,702,298 9,898,247 498,824 16.0% 0.3% 61,257 (135,913) \$33,78 \$2.81 \$5.3% Class A 33,445,648 6,911,107 417,817 17,2% 0.7% 54,172 (220,044) \$35,21 \$2.93 3.74% Class B 15,256,650 2,987,140 81,007 13,4% 0.0% 7,08% 84,131 525,28 \$2.11 9,93% Mid-Wilshire 24,126,658 4,634,250 71,400 17,2% 0.0% 39,819 77,714 \$29,22 \$2.43 12,30% Class A 17,183,327 3,662,575 120,527 18,7% 0.0% 0.6% (74,296) (38,430) \$26,45 \$2.20 13,33% Class B 6,945,331 971,675 50,873 13,6% 0.6% (74,296) (38,430) \$26,45 \$2.20 7.13% Mid-Cities 7,308,167 1,037,004 20,800 9,8% 0.7% 16,668 50,124 \$22,88 \$1,91 4.05% Class B 4,549,825 503,988 10,080 8.2% 0.4% 14,301 29,817 \$24,08 \$2.01 1.95% Class B 4,549,825 503,988 10,080 8.2% 0.4% 1,767 20,307 \$21,55 \$1,80 4.82% Class B 8,466,004 1,360,932 334,555 13,5% 0.08% (87,193) 211,131 \$26,25 \$2.19 5.51% Class B 8,466,004 1,360,932 23,150 11,9% 0.6% (50,448) 71,658 \$24,18 \$2.02 6.43% Class B 10,055,868 1,676,985 24,037 16,4% 0.08% 16,134 (103,957) \$24,33 \$2.03 6.43% Class B 10,055,868 1,676,985 24,037 16,4% 0.08% (19,456) 15,339 \$28,52 \$2.38 -1,01% Class B 14,695,906 31,26,51 11,085 12,2% 0.0% 10,466 14,7334 \$24,54 \$2.05 3.90% Class A 2,283,232 5,128,103 295,221 20,2% 0.1% (19,466) 14,7334 \$24,54 \$2.05 \$2.38 -1,01% Class B 14,695,906 3,126,61 11,085 11,09% 13,09% 11,09% 13,666 6,372 \$32,18 \$30,55 \$2.38 -1,01% Class B 14,695,906 3,122,651 111,085 19,69% 11,79% 13,666 6,372 \$32,31 \$31,94 6,00% Class A 2,86,699 538,833 17,857 18,2% -0.0% 10,00% 13,666 6,372 \$32,31 \$31,94 6,00% Class A 2,86,699 3,88,33 17,857 18,2% -0.0% 10,00% 13,755 58,081 \$32			TOTAL SPACE AVAILABLE		DIRECT VACANCY RATES		DIRECT NET ABSORPTION		OVERALL RENTAL RATES		
Class A 33,445,648 6,911,107 417,817 17.2% 0.7% 54,172 (220,044) \$35,21 \$2,93 3.74% Class B 15,256,650 2,987,140 81,007 13,4% -0.6% 7,085 84,131 \$25,28 \$2,11 9,63% Mid-Wilshire 24,128,658 4,634,250 171,400 17.2% 0.0% 39,819 77,714 \$29,22 \$2,43 12,30% Class B 0,945,331 971,675 50,873 13,6% 0.6% (74,296) (38,430) \$26.45 \$2,20 7,13% Mid-Cities 7,308,167 1,037,004 20,800 9,8% -0.7% 16,068 \$0,124 \$22,88 \$1,91 4,05% Class A 2,758,342 \$33,016 10,720 12,3% -1.1% 14,301 29,817 \$24,08 \$2,10 19,5% Class B 4,549,825 503,988 10,080 8.2% -0.4% 1,76 20,307 \$21,55 \$180 4,8% Class B	Submarket						Current Qtr.				
Class B	Greater Downtown	48,702,298	9,898,247	498,824	16.0%	0.3%	61,257	(135,913)	\$33.78	\$2.81	5.33%
Mid-Wilshire 24,128,658 4,634,250 171,400 17.2% 0.0% 39,819 77,714 \$29,22 \$2,43 12,30% Class A 17,183,327 3,662,575 120,527 18.7% -0.2% 114,115 116,144 \$29,93 \$2,49 13,33% Mid-Cities 7,308,167 1,037,004 20,800 9,8% -0.7% 16,068 50,124 \$22,88 \$1,91 4,05% Class B 4,549,825 503,98B 10,080 8.2% -0.7% 16,068 50,124 \$22,88 \$1,91 4,05% Class B 4,449,825 503,98B 10,080 8.2% -0.4% 1,767 20,307 \$21,155 \$1,80 4,82% Class A 15,935,924 2,419,627 322,405 14.4% -0.9% (36,745) 139,473 \$27,51 \$2.29 3,65% Class B 8,486,094 1,360,922 23,150 11,9% -0.6% (50,448) 71,658 524,18 \$2.02 6,43% Class B 8,486,094 1,360,922 23,150 11,9% -0.6% (50,448) 71,658 524,18 \$2.02 6,43% Class B 10,065,668 1,676,965 24,037 16,4% -0.8% (16,324 (40,417) 526,28 52.19 -1.09% Class B 10,065,668 1,676,965 24,037 16,4% -0.8% (17,086) 15,393 528,52 52.38 -1.01% Class B 930,763 160,268 2,186 12,2% -0.7% 13,666 6,372 332,18 \$2.63 82,4% Class A 23,825,23 5,128,103 29,521 20,2% -0.1% (17,086) 15,393 528,52 52.38 -1.01% Class B 930,763 160,268 2,186 12,2% -0.7% 13,666 6,372 332,18 \$2.68 82,4% Class B 930,763 160,268 2,186 12,2% -0.7% 13,666 6,372 \$32,18 \$2.68 82,4% Class B 930,763 160,268 2,186 12,2% -0.7% 13,666 6,372 \$32,18 \$2.62 \$2.38 -1.01% Class B 930,763 160,268 2,186 12,2% -0.7% 13,666 6,372 \$32,18 \$2.62 \$2.38 -1.01% Class B 10,665,669 3,722,651 11,108 19,6% -0.9% 11,798 135,748 \$23,31 51,94 6,05% Class B 10,665,609 3,122,651 11,108 19,6% -0.9% 11,798 135,748 \$23,31 51,94 6,05% Class B 10,665,609 3,122,651 11,108 19,6% -0.9% 11,104 13,666 6,372 332,18 51,94 6,05% Class B 10,677,17 1,549,741 99,2	Class A	33,445,648	6,911,107	417,817	17.2%	0.7%	54,172	(220,044)	\$35.21	\$2.93	3.74%
Class A 17,183,327 3,662,575 120,527 18,7% -0.2% 114,115 116,144 529,93 52.49 13.33% class B 6,945,331 971,675 50,873 13.6% 0.6% (74,296) (38,430) 526.45 52.20 7.13% (Mid-Citties 7,308,167 1,037,004 20,800 9.8% -0.7% 16,068 50,124 522.88 51.91 4.05% class A 2,758,342 533,016 10,720 12.3% -1.11% 14,301 29,817 524.08 52.01 1.95% class B 4,549,825 503,988 10,080 8.2% -0.4% 1,767 20,307 521.55 51.80 4.82% class B 4,549,825 503,988 10,800 8.2% -0.4% 1,767 20,307 521.55 51.80 4.82% class B 1,533,524 2,419,627 322,405 14.4% -0.9% (36,743) 211,131 526.25 52.19 5.51% class B 8,486,904 1,360,932 23,150 11.9% -0.6% (50,448) 71,688 524.18 52.02 6.43% class B 8,486,904 1,360,932 23,150 11.9% -0.6% (50,448) 71,658 524.18 52.02 6.43% class B 8,486,904 1,360,932 23,150 11.9% -0.8% 16,134 (103,957) 524.33 52.03 64.3% class B 10,065,868 1,676,985 24,037 16.4% -0.8% 18,228 (40,417) 526.28 52.19 -1.09% class B 10,065,868 1,676,985 24,037 16.4% -0.8% (50,790) 21,765 529,97 52.50 0.00% class B 930,763 160,268 2,186 13.2% -0.8% (19,456) 15,393 528.52 23.8 1.01% class B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 532.18 52.68 8.24% class B 930,763 160,268 2,186 12.2% -0.7% 13,666 137,334 524.54 52.05 39.0% class B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 532.18 52.68 8.24% class B 14,695,906 3,122,651 111,085 19,6% -0.9% 11,798 13,574 52.51 52.10 2.53% class B 14,695,906 3,322,651 111,085 19,6% -0.9% 11,798 13,574 52.51 52.51 52.0 0.00% class B 14,695,906 3,322,651 111,085 19,6% -0.9% 11,798 13,574 52.51 52.51 52.0 0.00% class B 10,617,717 1,549,741 99,266 11.7% -0.5% (4,959) (18,613) 526,79 52.23 0.90% class A 23,865,874 14,865 11,86	Class B	15,256,650	2,987,140	81,007	13.4%	-0.6%	7,085	84,131	\$25.28	\$2.11	9.63%
Class B	Mid-Wilshire	24,128,658	4,634,250	171,400	17.2%	0.0%	39,819	77,714	\$29.22	\$2.43	12.30%
Add Cities 7,308,167 1,037,004 20,800 9.8% -0.7% 16,068 50,124 522.88 \$1,91 4.05% 1285	Class A	17,183,327	3,662,575	120,527	18.7%	-0.2%	114,115	116,144	\$29.93	\$2.49	13.33%
Class A 2,758,342 533,016 10,720 12,3% -1,1% 14,301 29,817 \$24.08 \$2.01 1,95% Class B 4,549,825 503,988 10,080 8,2% -0.4% 1,767 20,307 \$21,55 \$1.80 4,82% Class A 15,935,924 2,419,627 322,405 14,4% -0.9% (36,745) 139,473 \$27,51 \$2.29 5.51% Class B 8,486,904 1,360,932 23,150 11,9% -0.6% (50,448) 71,658 \$24,18 \$2.02 6,43% Class A 2,983,562 366,126 13,117 12,4% -0.8% 16,134 (103,957) \$24,33 \$2.03 6,43% Class A 2,983,562 366,126 13,117 12,4% -0.8% 16,134 (10,947) \$26,28 \$2,19 -1.0% Class A 1,919,817 309,210 38,719 13,7% -0.8% (5,790) 21,765 \$29,97 \$2.50 0.0% Class B	Class B	6,945,331	971,675	50,873	13.6%	0.6%	(74,296)	(38,430)	\$26.45	\$2.20	7.13%
Class B	Mid-Cities	7,308,167	1,037,004	20,800	9.8%	-0.7%	16,068	50,124	\$22.88	\$1.91	4.05%
San Fernando Valley 24,422,828 3,780,559 345,555 13.5% -0.8% (87,193) 211,131 \$26,25 \$2.19 \$5.51% Class A 15,935,924 2,419,627 322,405 14.4% -0.9% (36,745) 139,473 \$27.51 \$2.29 3.65% Class B 8,486,904 1,360,932 23,150 11.9% -0.6% (50,448) 71,658 \$24,18 \$2.02 6.43% Class A 2,983,562 366,126 13,117 12.4% -0.8% 18,228 (40,417) \$26.28 \$2.19 -1.09% Class B 10,665,868 1,676,985 24,037 16.4% -0.8% 16,284 (40,417) \$26.28 \$2.99 \$2.50 0.00% Class A 1,919,817 309,210 38,719 13.7% -0.8% (19,456) 15,393 \$28.52 \$2.38 -1.01% Class B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 \$32.18 \$2.68 8.24% <	Class A	2,758,342	533,016	10,720	12.3%	-1.1%	14,301	29,817	\$24.08	\$2.01	1.95%
Class A 15,935,924 2,419,627 322,405 14.4% -0.9% (36,745) 139,473 \$27.51 \$2.29 3.65% Class B 8,486,904 1,360,932 23,150 11.9% -0.6% (50,448) 71,658 \$24.18 \$2.02 6.43% Class A 2,983,562 366,126 13,117 12.4% -0.8% 16,134 (103,957) \$24.33 \$2.03 6.43% Llass B 10,065,868 1,676,985 24,037 16.4% -0.7% (2,094) (63,540) \$23,380 \$1.98 8.13% Class A 1,919,817 309,210 38,719 13.2% -0.8% (19,456) 15,393 \$28,52 \$2.98 -1.01% Class B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 \$32.18 \$2.68 8.24% Class B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 \$32.18 \$2.58 \$2.23 \$2.51 \$2.08	Class B	4,549,825	503,988	10,080	8.2%	-0.4%	1,767	20,307	\$21.55	\$1.80	4.82%
Class B 8,486,904 1,360,932 23,150 11.9% -0.6% (50,448) 71,658 524.18 \$2.02 6.43% 534 534 13,049,430 2,043,111 37,154 15.5% -0.8% 16,134 (103,957) \$24.33 \$2.03 6.43% 12.85 A 2,983,562 366,126 13,117 12.4% -0.8% 18,228 (40,417) \$26.28 \$2.19 -1.09% 12.85 B 10,065,868 1,676,985 24.037 16.4% -0.7% (2,094) (63,540) \$23.80 \$1.98 8.13% 12.85 B 10,1065,868 1,676,985 24.037 16.4% -0.8% (5,790) 21,765 \$29.97 \$2.50 0.00% 12.85 B 19,9817 309,210 38,719 13.7% -0.8% (19,456) 15,393 \$28.52 \$2.38 -1.01% 12.85 B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 \$32.18 \$2.68 8.24% 12.85 B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 \$32.18 \$2.68 8.24% 12.85 B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% 12.85 B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% 12.85 B 19,616,717 1,549,741 99,266 11.7% -1.0% 105,188 329,918 \$30.55 \$2.55 -0.20% 12.85 B 10,617,717 1,549,741 99,266 11.7% -1.1% 11,508 106,169 \$25.07 \$2.09 3.34% 12.85 B 6,422,99 1,484,172 70,259 16.4% -0.7% 43,263 48,088 \$23.19 \$1.93 -1.11% 12.85 B 6,422,99 1,484,172 70,259 16.4% -0.7% 43,263 48,088 \$23.19 \$1.93 -1.11% 12.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$4.08% 12.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.2.85 B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$31.9 \$3.06 1.	San Fernando Valley	24,422,828	3,780,559	345,555	13.5%	-0.8%	(87,193)	211,131	\$26.25	\$2.19	5.51%
San Gabriel Valley 13,049,430 2,043,111 37,154 15,5% -0.8% 16,134 (103,957) \$24,33 \$2,03 6.43% Class A 2,983,562 366,126 13,117 12,4% -0.8% 18,228 (40,417) \$26,28 \$2.19 -1.09% Class B 10,065,868 1,676,985 24,037 16.4% -0.7% (2,094) (63,540) \$23.80 \$1,98 8,13% Santa Clarita Valley 2,850,580 469,478 40,905 13,2% -0.8% (5,790) 21,765 \$29.97 \$2,50 0,00% Class A 1,919,817 309,210 38,719 13,7% -0.8% (19,456) 15,393 \$28,52 \$2,38 -1,01% Class B 930,763 160,268 2,186 12,2% -0.7% 13,666 6,372 \$32,18 \$2,68 8,24% Class A 22,382,523 5,128,103 295,221 20,2% -0.1% (170,864) 11,586 \$25,17 \$2,18 52,68 8,24% <td>Class A</td> <td>15,935,924</td> <td>2,419,627</td> <td>322,405</td> <td>14.4%</td> <td>-0.9%</td> <td>(36,745)</td> <td>139,473</td> <td>\$27.51</td> <td>\$2.29</td> <td>3.65%</td>	Class A	15,935,924	2,419,627	322,405	14.4%	-0.9%	(36,745)	139,473	\$27.51	\$2.29	3.65%
Class A 2,983,562 366,126 13,117 12,4% -0.8% 18,228 (40,417) \$26,28 \$2.19 -1.09% class B 10,065,868 1,676,985 24,037 16,4% -0.7% (2,094) (63,540) \$23.80 \$1.98 8.13% 54	Class B	8,486,904	1,360,932	23,150	11.9%	-0.6%	(50,448)	71,658	\$24.18	\$2.02	6.43%
Class B 10,065,868 1,676,985 24,037 16.4% -0.7% (2,094) (63,540) \$23,80 \$1.98 8.13% Santa Clarita Valley 2,850,580 469,478 40,905 13.2% -0.8% (5,790) 21,765 \$29,97 \$2.50 0.00% Class A 1,919,817 309,210 38,719 13.7% -0.8% (19,456) 15,393 \$28.52 \$2.38 -1.01% Class B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 \$32.18 \$2.68 8.24% South Bay 37,078,429 8,250,754 406,306 20.0% -0.4% (159,066) 147,334 \$24.54 \$2.05 3.90% Class A 22,382,523 5,128,103 295,221 20.2% -0.1% (170,864) 11,586 \$25.17 \$2.10 2.53% Class B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05%	San Gabriel Valley	13,049,430	2,043,111	37,154	15.5%	-0.8%	16,134	(103,957)	\$24.33	\$2.03	6.43%
Santa Clarita Valley 2,850,580 469,478 40,905 13.2% -0.8% (5,790) 21,765 \$29,97 \$2.50 0.00% Class A 1,919,817 309,210 38,719 13.7% -0.8% (19,456) 15,393 \$28.52 \$2.38 -1.01% Class B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 \$32.18 \$2.68 8.24% South Bay 37,078,429 8,250,754 406,306 20.0% -0.4% (159,066) 147,334 \$24.54 \$2.05 3.90% Class A 22,382,523 5,128,103 295,221 20.2% -0.1% (170,864) 11,586 \$25.17 \$2.10 2.53% Class B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% Class A 19,460,363 3,521,864 360,515 17.5% -1.8% 110,147 348,531 \$32.62 \$2.72 0.37%	Class A	2,983,562	366,126	13,117	12.4%	-0.8%	18,228	(40,417)	\$26.28	\$2.19	-1.09%
Class A 1,919,817 309,210 38,719 13.7% -0.8% (19,456) 15,393 \$28.52 \$2.38 -1.01% Class B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 \$32.18 \$2.68 8.24% South Bay 37,078,429 8,250,754 406,306 20.0% -0.4% (159,066) 147,334 \$24.54 \$2.05 3.90% Class A 22,382,523 5,128,103 295,221 20.2% -0.1% (170,864) 11,586 \$25.17 \$2.10 2.53% Class B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% Class B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% Class B 19,460,363 3,521,864 360,515 17.5% -1.8% 110,147 348,531 \$32.62 \$2.72 0.37% Cla	Class B	10,065,868	1,676,985	24,037	16.4%	-0.7%	(2,094)	(63,540)	\$23.80	\$1.98	8.13%
Class B 930,763 160,268 2,186 12.2% -0.7% 13,666 6,372 532.18 \$2.68 8.24% South Bay 37,078,429 8,250,754 406,306 20.0% -0.4% (159,066) 147,334 \$24.54 \$2.05 3,90% Class A 22,382,523 5,128,103 295,221 20.2% -0.1% (170,864) 11,586 \$25.17 \$2.10 2.53% Class B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% Class B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% Class A 19,460,363 3,521,864 360,515 17.5% -1.8% 110,147 348,531 \$32.62 \$2.72 0.37% Class B 10,617,717 1,549,741 99,266 11.7% 0.5% (4,959) (18,613) \$26.79 \$2.23 0.90% C	Santa Clarita Valley	2,850,580	469,478	40,905	13.2%	-0.8%	(5,790)	21,765	\$29.97	\$2.50	0.00%
South Bay 37,078,429 8,250,754 406,306 20.0% -0.4% (159,066) 147,334 \$24,54 \$2.05 3,90% Class A 22,382,523 5,128,103 295,221 20.2% -0.1% (170,864) 11,586 \$25.17 \$2.10 2,53% Class B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% Fri-Cities 30,078,080 5,071,605 459,781 15.5% -1.0% 105,188 329,918 \$30.55 \$2.55 -0.20% Class A 19,460,363 3,521,864 360,515 17.5% -1.8% 110,147 348,531 \$32.62 \$2.72 0.37% Class B 10,617,717 1,549,741 99,266 11.7% 0.5% (4,959) (18,613) \$26.79 \$2.23 0.90% Class B 10,617,717 1,549,741 99,266 11.7% 0.5% (4,959) (18,613) \$26.79 \$2.23 0.90%	Class A	1,919,817	309,210	38,719	13.7%	-0.8%	(19,456)	15,393	\$28.52	\$2.38	-1.01%
Class A 22,382,523 5,128,103 295,221 20.2% -0.1% (170,864) 11,586 \$25.17 \$2.10 2.53% Class B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% Fri-Cities 30,078,080 5,071,605 459,781 15.5% -1.0% 105,188 329,918 \$30.55 \$2.55 -0.20% Class A 19,460,363 3,521,864 360,515 17.5% -1.8% 110,147 348,531 \$32.62 \$2.72 0.37% Class B 10,617,717 1,549,741 99,266 11.7% 0.5% (4,959) (18,613) \$26.79 \$2.23 0.90% Class B 10,617,717 1,549,741 99,266 11.7% 0.5% (4,959) (18,613) \$26.79 \$2.23 0.90% Class A 2,836,699 538,833 17,857 18.2% -2.0% (31,755) 58,081 \$28.59 \$2.38 10.64%	Class B	930,763	160,268	2,186	12.2%	-0.7%	13,666	6,372	\$32.18	\$2.68	8.24%
Class B 14,695,906 3,122,651 111,085 19.6% -0.9% 11,798 135,748 \$23.31 \$1.94 6.05% Cri-Cities 30,078,080 5,071,605 459,781 15.5% -1.0% 105,188 329,918 \$30.55 \$2.55 -0.20% Class A 19,460,363 3,521,864 360,515 17.5% -1.8% 110,147 348,531 \$32.62 \$2.72 0.37% Class B 10,617,717 1,549,741 99,266 11.7% 0.5% (4,959) (18,613) \$26.79 \$2.23 0.90% Conejo Valley 9,259,658 2,023,005 88,116 17.0% -1.1% 11,508 106,169 \$25.07 \$2.09 3.34% Class A 2,836,699 538,833 17,857 18.2% -2.0% (31,755) 58,081 \$28.59 \$2.38 10.64% Class B 6,422,959 1,484,172 70,259 16.4% -0.7% 43,263 48,088 \$23.19 \$1.93 -1.11%	South Bay	37,078,429	8,250,754	406,306	20.0%	-0.4%	(159,066)	147,334	\$24.54	\$2.05	3.90%
Tri-Cities 30,078,080 5,071,605 459,781 15.5% -1.0% 105,188 329,918 \$30.55 \$2.55 -0.20% Class A 19,460,363 3,521,864 360,515 17.5% -1.8% 110,147 348,531 \$32.62 \$2.72 0.37% Class B 10,617,717 1,549,741 99,266 11.7% 0.5% (4,959) (18,613) \$26.79 \$2.23 0.90% Class A 2,836,699 538,833 17,857 18.2% -2.0% (31,755) 58,081 \$28.59 \$2.38 10.64% Class B 6,422,959 1,484,172 70,259 16.4% -0.7% 43,263 48,088 \$23.19 \$1.93 -1.11% Simi Valley 1,676,314 502,372 240,000 10.9% 3.8% (5,525) (64,202) \$22.04 \$1.84 -0.85% Class A 435,458 17,228 240,000 4.3% -3.3% 1,485 14,233 \$27.59 \$2.30 -12.80% Class B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$1.79 4.98% Westside 53,508,280 8,062,728 1,061,305 12.4% -1.7% 62,890 934,339 \$43.69 \$3.64 8.74% Class A 42,466,383 6,803,399 986,035 13.0% -1.8% (61,702) 746,315 \$44.73 \$3.73 8.33%	Class A	22,382,523	5,128,103	295,221	20.2%	-0.1%	(170,864)	11,586	\$25.17	\$2.10	2.53%
Class A 19,460,363 3,521,864 360,515 17.5% -1.8% 110,147 348,531 \$32.62 \$2.72 0.37% Class B 10,617,717 1,549,741 99,266 11.7% 0.5% (4,959) (18,613) \$26.79 \$2.23 0.90% Conejo Valley 9,259,658 2,023,005 88,116 17.0% -1.1% 11,508 106,169 \$25.07 \$2.09 3.34% Class A 2,836,699 538,833 17,857 18.2% -2.0% (31,755) 58,081 \$28.59 \$2.38 10,64% Class B 6,422,959 1,484,172 70,259 16.4% -0.7% 43,263 48,088 \$23.19 \$1.93 -1.11% Simi Valley 1,676,314 502,372 240,000 10.9% 3.8% (5,525) (64,202) \$22.04 \$1.84 -0.85% Class A 435,458 17,228 240,000 4.3% -3.3% 1,485 14,233 \$27.59 \$2.30 -12.80% Cla	Class B	14,695,906	3,122,651	111,085	19.6%	-0.9%	11,798	135,748	\$23.31	\$1.94	6.05%
Class B 10,617,717 1,549,741 99,266 11.7% 0.5% (4,959) (18,613) \$26.79 \$2.23 0.90% Conejo Valley 9,259,658 2,023,005 88,116 17.0% -1.1% 11,508 106,169 \$25.07 \$2.09 3.34% Class A 2,836,699 538,833 17,857 18.2% -2.0% (31,755) 58,081 \$28.59 \$2.38 10.64% Class B 6,422,959 1,484,172 70,259 16.4% -0.7% 43,263 48,088 \$23.19 \$1.93 -1.11% Class A 1,676,314 502,372 240,000 10.9% 3.8% (5,525) (64,202) \$22.04 \$1.84 -0.85% Class A 435,458 17,228 240,000 4.3% -3.3% 1,485 14,233 \$27.59 \$2.30 -12.80% Class B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$1.79 4.98% Mestside 53,508,280 8,062,728 1,061,305 12.4% -1.7% 62,890 934,339 \$43.69 \$3.64 8.74% Class A 42,466,383 6,803,399 986,035 13.0% -1.8% (61,702) 746,315 \$44.73 \$3.73 8.33%	Tri-Cities	30,078,080	5,071,605	459,781	15.5%	-1.0%	105,188	329,918	\$30.55	\$2.55	-0.20%
Conejo Valley 9,259,658 2,023,005 88,116 17.0% -1.1% 11,508 106,169 \$25.07 \$2.09 3.34% Class A 2,836,699 538,833 17,857 18.2% -2.0% (31,755) 58,081 \$28.59 \$2.38 10.64% Class B 6,422,959 1,484,172 70,259 16.4% -0.7% 43,263 48,088 \$23.19 \$1.93 -1.11% Simi Valley 1,676,314 502,372 240,000 10.9% 3.8% (5,525) (64,202) \$22.04 \$1.84 -0.85% Class A 435,458 17,228 240,000 4.3% -3.3% 1,485 14,233 \$27.59 \$2.30 -12.80% Class B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$1.79 4.98% Westside 53,508,280 8,062,728 1,061,305 12.4% -1.7% 62,890 934,339 \$43.69 \$3.64 8.74% Class A </td <td>Class A</td> <td>19,460,363</td> <td>3,521,864</td> <td>360,515</td> <td>17.5%</td> <td>-1.8%</td> <td>110,147</td> <td>348,531</td> <td>\$32.62</td> <td>\$2.72</td> <td>0.37%</td>	Class A	19,460,363	3,521,864	360,515	17.5%	-1.8%	110,147	348,531	\$32.62	\$2.72	0.37%
Class A 2,836,699 538,833 17,857 18.2% -2.0% (31,755) 58,081 \$28.59 \$2.38 10.64% Class B 6,422,959 1,484,172 70,259 16.4% -0.7% 43,263 48,088 \$23.19 \$1.93 -1.11% Simi Valley 1,676,314 502,372 240,000 10.9% 3.8% (5,525) (64,202) \$22.04 \$1.84 -0.85% Class A 435,458 17,228 240,000 4.3% -3.3% 1,485 14,233 \$27.59 \$2.30 -12.80% Class B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$1.79 4.98% Vestside 53,508,280 8,062,728 1,061,305 12.4% -1.7% 62,890 934,339 \$43.69 \$3.64 8.74% Class A 42,466,383 6,803,399 986,035 13.0% -1.8% (61,702) 746,315 \$44.73 \$3.73 8.33%	Class B	10,617,717	1,549,741	99,266	11.7%	0.5%	(4,959)	(18,613)	\$26.79	\$2.23	0.90%
Class B 6,422,959 1,484,172 70,259 16.4% -0.7% 43,263 48,088 \$23.19 \$1.93 -1.11% Simi Valley 1,676,314 502,372 240,000 10.9% 3.8% (5,525) (64,202) \$22.04 \$1.84 -0.85% Class A 435,458 17,228 240,000 4.3% -3.3% 1,485 14,233 \$27.59 \$2.30 -12.80% Class B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$1.79 4.98% Westside 53,508,280 8,062,728 1,061,305 12.4% -1.7% 62,890 934,339 \$43.69 \$3.64 8.74% Class A 42,466,383 6,803,399 986,035 13.0% -1.8% (61,702) 746,315 \$44.73 \$3.73 8.33%	Conejo Valley	9,259,658	2,023,005	88,116	17.0%	-1.1%	11,508	106,169	\$25.07	\$2.09	3.34%
Simi Valley 1,676,314 502,372 240,000 10.9% 3.8% (5,525) (64,202) \$22.04 \$1.84 -0.85% Class A 435,458 17,228 240,000 4.3% -3.3% 1,485 14,233 \$27.59 \$2.30 -12.80% Class B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$1.79 4.98% Westside 53,508,280 8,062,728 1,061,305 12.4% -1.7% 62,890 934,339 \$43.69 \$3.64 8.74% Class A 42,466,383 6,803,399 986,035 13.0% -1.8% (61,702) 746,315 \$44.73 \$3.73 8.33%	Class A	2,836,699	538,833	17,857	18.2%	-2.0%	(31,755)	58,081	\$28.59	\$2.38	10.64%
Class A 435,458 17,228 240,000 4.3% -3.3% 1,485 14,233 \$27.59 \$2.30 -12.80% Class B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$1.79 4.98% Westside 53,508,280 8,062,728 1,061,305 12.4% -1.7% 62,890 934,339 \$43.69 \$3.64 8.74% Class A 42,466,383 6,803,399 986,035 13.0% -1.8% (61,702) 746,315 \$44.73 \$3.73 8.33%	Class B	6,422,959	1,484,172	70,259	16.4%	-0.7%	43,263	48,088	\$23.19	\$1.93	-1.11%
Class B 1,240,856 485,144 0 13.2% 6.3% (7,010) (78,435) \$21.50 \$1.79 4.98% Nestside 53,508,280 8,062,728 1,061,305 12.4% -1.7% 62,890 934,339 \$43.69 \$3.64 8.74% Class A 42,466,383 6,803,399 986,035 13.0% -1.8% (61,702) 746,315 \$44.73 \$3.73 8.33%	Simi Valley	1,676,314	502,372	240,000	10.9%	3.8%	(5,525)	(64,202)	\$22.04	\$1.84	-0.85%
Westside 53,508,280 8,062,728 1,061,305 12.4% -1.7% 62,890 934,339 \$43.69 \$3.64 8.74% Class A 42,466,383 6,803,399 986,035 13.0% -1.8% (61,702) 746,315 \$44.73 \$3.73 8.33%	Class A	435,458	17,228	240,000	4.3%	-3.3%	1,485	14,233	\$27.59	\$2.30	-12.80%
Class A 42,466,383 6,803,399 986,035 13.0% -1.8% (61,702) 746,315 \$44.73 \$3.73 8.33%	Class B	1,240,856	485,144	0	13.2%	6.3%	(7,010)	(78,435)	\$21.50	\$1.79	4.98%
	Westside	53,508,280	8,062,728	1,061,305	12.4%	-1.7%	62,890	934,339	\$43.69	\$3.64	8.74%
Class B 11,041,897 1,259,329 75,270 10.2% -1.7% 124,592 188,024 \$40.30 \$3.36 10.26%	Class A	42,466,383	6,803,399	986,035	13.0%	-1.8%	(61,702)	746,315	\$44.73	\$3.73	8.33%
	Class B	11,041,897	1,259,329	75,270	10.2%	-1.7%	124,592	188,024	\$40.30	\$3.36	10.26%

		TOTAL SPACE AVAILABLE		DIRECT VACANCY RATES		DIRECT NET ABSORPTION		OVERALL RENTAL RATES		
	Total	Direct	Sublease	Direct	Y-O-Y		Rolling 12-	Avg Rents	Avg Rents	Y-O-Y %
Los Angeles Totals	Inventory SF	Available	Available	Vacancy	Change	Current Qtr.	Month	PSF/Yr	PSF/Mo.	Change
Class A	161,808,046	30,211,088	2,822,933	16.2%	-0.7%	-8,074	1,219,112	\$32.67	\$2.72	3.95%
Class B	90,254,676	15,562,025	547,213	14.0%	-0.2%	63,364	355,310	\$26.14	\$2.18	5.62%
Overall	252,062,722	45,773,113	3,370,146	15.4%	-0.5%	55,290	1,574,422	\$30.59	\$2.55	4.76%

METHODOLOGY

Total Inventory: The total inventory includes all single and multi-tenant leased office buildings with at least 25,000 square feet of gross rentable square footage.

Total Space Available: Available space currently being marketed which is either physically vacant or occupied.

Direct Space Available: Space that is being offered for lease directly from the landlord or owner of a building. Under construction space is not included in space available figures.

Sublease Space Available: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation.

Direct Vacancy Rate: Direct space physically vacant divided by the total rentable inventory.

Direct Net Absorption: The net change in occupied direct space over a given period of time.

Under Construction: Office buildings which have commenced construction as evidenced by site excavation or foundation work.

Direct Asking Rents: The quoted full-service asking rent for available space expressed in dollars per sq. ft.



PMRG Marketar Glance

Los Angeles Office Market | Q2 2014



ABOUT PMRG

Headquartered in Houston, Texas, PM Realty Group (PMRG) is one of the nation's leading real estate companies focusing on comprehensive property services, development and acquisitions. With a strategic presence in 30 markets, PMRG provides the highest quality services to its clients and investors. PMRG's clients and investors include large financial institutions, advisors and high net worth individuals. By capitalizing on the team's experience and expertise, PMRG has the ability to undertake large and challenging management, leasing, development and acquisition projects.

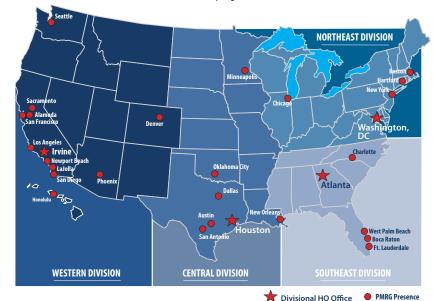
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- Golf Course and Land Sales
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- · Construction Management
- Development Services
- · National Market Research



CONTACTS

Jim Proehl

EVP, Managing Director — Western Division 949.390.5555 jproehl@pmrg.com CA Real Estate License #01835739

Mark Mattis

Senior Vice President 310.215.8500 mmattis@pmrg.com CA Real Estate License #009343378

Scott Kuklish

Senior Vice President 949.390.5519 skuklish@pmrg.com CA Real Estate License #00689233

Ken Arimitsu

VP, Brokerage Services 949.390.5512 karimistsu@pmrg.com CA Real Estate License #01162590

Oliver Fleener

SVP, Brokerage Services 949.390.5526 ofleener@pmrg.com CA Real Estate License #01245596

Eileen Doody

SVP, Brokerage Services 949.390.5506 edoody@pmrg.com CA Real Estate License #00965140

Tim Joyce

SVP, Director of Capital Markets 949.390.5525 tjoyce@pmrg.com CA Real Estate License #00830238

Kelly Gamble

Marketing Coordinator 949.390.5529 kgamble@pmrg.com CA Real Estate License #01950301

PM Realty Group | 18201 Von Karman Avenue, Suite 500 | Irvine, CA 92612 | CA Real Estate License #01522492