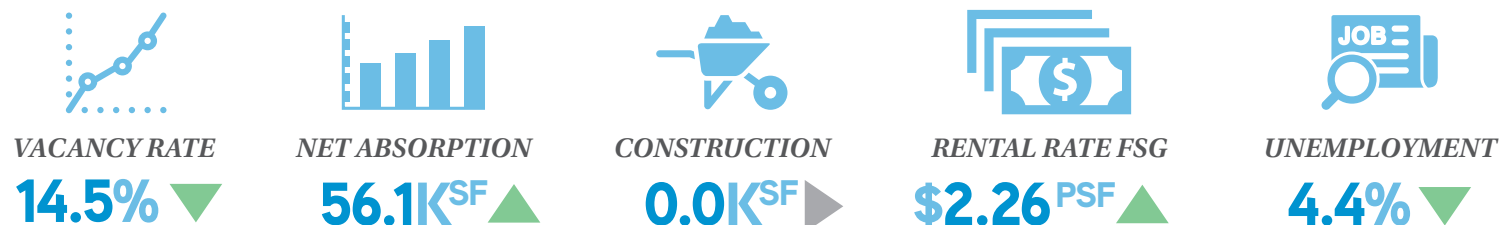


MARKET INDICATORS Q2 2018



MARKET OVERVIEW

The San Gabriel Valley office market recorded 231,500 square feet of leasing activity, marking at least 100,000 square feet of velocity for five out of the past six quarters. Vacancy dropped by 50 basis points to 14.5% due to positive demand of 56,100 square feet. The overall average asking rent rose by \$0.01 to \$2.26 per square foot (PSF) full service gross (FSG).

> In the most notable sale of the quarter, Camphor Partners sold 1440 Bridgegate Drive to Niagara Bottling. Less than a year after acquiring the property from Colony Northstar for \$27.3 million, Camphor Partners disposed of the property for \$30.9 million, or \$230 PSF. Niagara intends to occupy the building as its corporate headquarters when it moves in fourth quarter of this year.

> Demand climbed to 51,600 square feet after sliding to negative 27,900 square feet last quarter. Among the major move-ins was United Healthcare moving into 17,600 square feet at 4900 Rivergrade Drive in Irwindale. Positive demand should continue into the second half of 2018, with the likes of QTC Management, Inc. (98,500 square feet), UTC Aerospace Systems (79,000 square

feet) and L.A. County Department of Health Services (68,000 square feet) absorbing space by the end of the year.

UNEMPLOYMENT

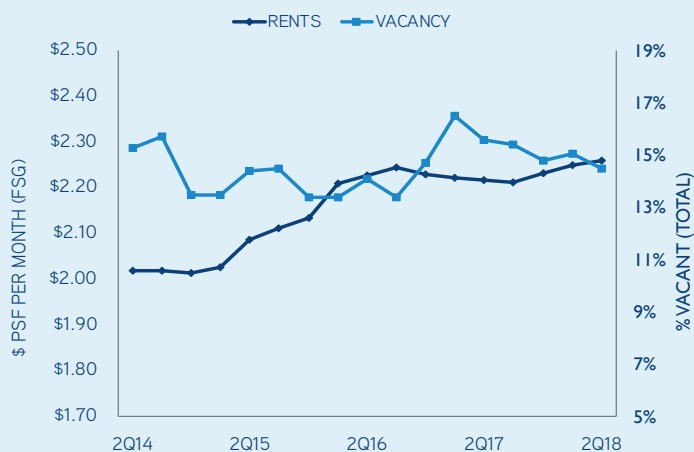
L.A. County non-farm unemployment in May 2018 fell to 4.4%, down 10 basis points from 4.5% last quarter. A historical perspective shows a decrease of 40 basis points year-over-year. Over the past 12 months, Los Angeles County gained 63,900 jobs for an increase of 1.4%. Leisure and hospitality (+24,600), professional and business services (+17,300) and educational and health services (+16,200) posted the highest gains.

MARKET DESCRIPTION

The San Gabriel Valley office market is comprised of 10.2 million square feet and represents 3% of the total office space in buildings 25,000 square feet and greater within the Los Angeles basin. Most office tenants located in the San Gabriel Valley are in the information, finance and professional services sectors. A large percentage of the space is in low-rise buildings (80%), with the remaining being in mid-rise buildings (20%).

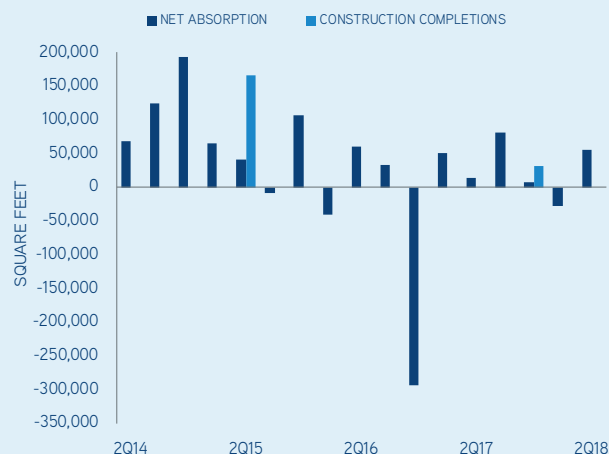
HISTORICAL VACANCY VS RENTS

SAN GABRIEL VALLEY OFFICE MARKET Q2 '14 - '18



HISTORICAL NET ABSORPTION & CONSTRUCTION COMPLETIONS

SAN GABRIEL VALLEY OFFICE MARKET • Q2 '14 - '18



OFFICE OVERVIEW

SAN GABRIEL VALLEY OFFICE MARKET • Q2 2018

EXISTING PROPERTIES			VACANCY			ACTIVITY			ABSORPTION		CONSTRUCTION		RENTS
Submarket/ Class	Bldgs	Total Inventory SF	Direct Vacancy	Sublease Vacancy	Total Vacancy	Total Vacancy Prior Qtr	Leasing Activity Current Qtr SF	Leasing Activity YTD SF	Net Absorption Current Qtr SF	Net Absorption YTD SF	Completions Current Qtr SF	Under Construction SF	Weighted Avg Asking Lease Rate
EAST SAN GABRIEL VALLEY													
A	39	3,038,700	14.7%	0.1%	14.9%	14.2%	56,700	103,700	(20,600)	(70,300)	0	0	\$2.42
B	53	3,193,100	24.0%	0.0%	24.0%	26.2%	47,100	247,500	69,800	81,400	0	0	\$2.17
C	9	340,900	2.5%	0.7%	3.2%	4.8%	1,300	1,300	5,400	6,400	0	0	\$1.71
SUBTOTAL	101	6,572,700	18.6%	0.1%	18.7%	19.5%	105,100	352,500	54,600	17,500	0	0	\$2.26
WEST SAN GABRIEL VALLEY													
A	14	1,670,100	5.7%	0.0%	5.7%	3.8%	6,600	6,600	(31,400)	(31,400)	0	0	\$2.57
B	38	1,797,800	7.7%	0.0%	7.7%	9.9%	119,800	154,000	40,800	55,100	0	0	\$2.11
C	6	207,800	10.6%	0.6%	11.2%	7.4%	0	1,100	(7,900)	(13,000)	0	0	\$2.00
SUBTOTAL	58	3,675,700	6.9%	0.0%	7.0%	7.0%	126,400	161,700	1,500	10,700	0	0	\$2.27
MARKET TOTAL													
A	53	4,708,800	11.5%	0.1%	11.6%	10.5%	63,300	110,300	(52,000)	(101,700)	0	0	\$2.45
B	91	4,990,900	18.1%	0.0%	18.1%	20.3%	166,900	401,500	110,600	136,500	0	0	\$2.16
C	15	548,700	5.6%	0.6%	6.2%	5.8%	1,300	2,400	(2,500)	(6,600)	0	0	\$1.92
TOTAL	159	10,248,400	14.4%	0.1%	14.5%	15.0%	231,500	514,200	56,100	28,200	0	0	\$2.26



RECENT TRANSACTIONS & MAJOR DEVELOPMENTS

SAN GABRIEL VALLEY OFFICE MARKET • Q2 2018

SALES ACTIVITY					
PROPERTY ADDRESS	SIZE SF	SALE PRICE	PRICE PSF	BUYER	SELLER
1440 Bridgegate Dr., Diamond Bar	134,900 SF	\$30,950,000	\$230 PSF	Niagara Bottling	Camphor Partners
LEASING ACTIVITY					
PROPERTY ADDRESS	LEASED SF	LEASE TYPE	BLDG CLASS	LESSEE	LESSOR
1000 S. Fremont Ave., Alhambra	68,000 SF	Direct	B	Los Angeles County	Ratkovich/ELITE International
21700 E. Copley Drive., Diamond Bar	19,700 SF	Direct	A	Undisclosed	Kennedy-Wilson Properties
MAJOR DEVELOPMENTS					
PROJECT	DEVELOPER	SIZE SF	SUBMARKET	STATUS	ESTIMATED COMPLETION
2120-2140 S. Azusa Ave., West Covina	Charles Company	390,900 SF	East SGV	Proposed	TBD
Innovation Village, Pomona (4 Bldgs.)	CalPoly Pomona Foundation	430,000 SF	East SGV	Proposed	TBD

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