

THE MARKETS

THE LATEST SALES AND LEASING DATA FOR PROPERTY TYPES AND MARKETS ACROSS THE STATE

How's business?

"On the heels of a fast-paced market in which tenants and buyers of commercial real estate were being forced to 'take the deal' or risk losing it, today prudence, above all, is driving marketplace decisions. All parties — tenants, landlords, buyers or sellers — are approaching deals with deep thought, and for good reason.

"Although the market statistics in Los Angeles remain relatively unchanged, it feels as though we have a dark and ominous cloud overhead. Deals are taking longer, terms are being negotiated and re-traded, and financing — or the lack thereof — is killing sales."

— **Blake S. Mirkin**, senior vice president, CB Richard Ellis, Beverly Hills



"There is no question that leasing velocity has slowed considerably from the levels seen in 2007. However, the various submarkets that make up the Los Angeles office market have remained relatively healthy. Average vacancy in downtown Los Angeles at the end of the second quarter was about 12.5 percent, and the Westside average remains below 10 percent. Even though sublease vacancy has increased, the levels are nowhere near those that were seen in 2001 and 2002. Probably the biggest change I have seen in the last year is that transactions are taking a little longer to complete, now that tenants are not as worried that the rental rate might go up if a deal is signed by a specific date."



— **Dan Baumeister**, vice president, Jones Lang LaSalle, West Los Angeles

"The Los Angeles office market has slowed down over the past nine months, but that hasn't largely impacted owners' positions on asking rental rates. Class A rental rates have remained steadfast, although the demand for the same space has not been as apparent. Growing companies that would have simply increased their physical presence two years ago are now looking to value-engineer their current office space to create a more efficient operation."

— **Chris Cunningham**, associate, Charles Dunn Co., Los Angeles



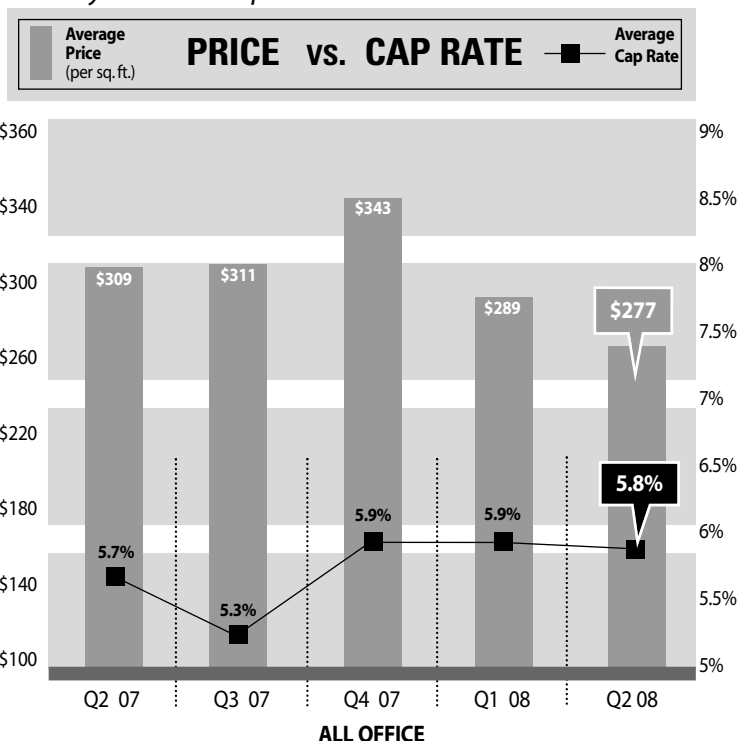
— Interviews by Keeley Webster.
— Charts by Maliha Jafri.

NEXT:
RETAIL / SOCAL

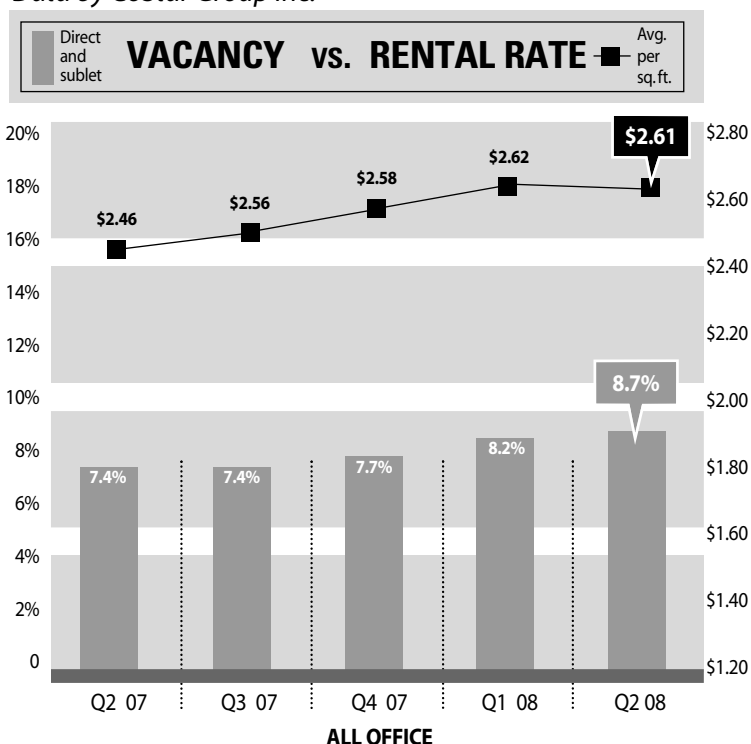
OFFICE PROPERTIES | LOS ANGELES COUNTY

Second Quarter 2008

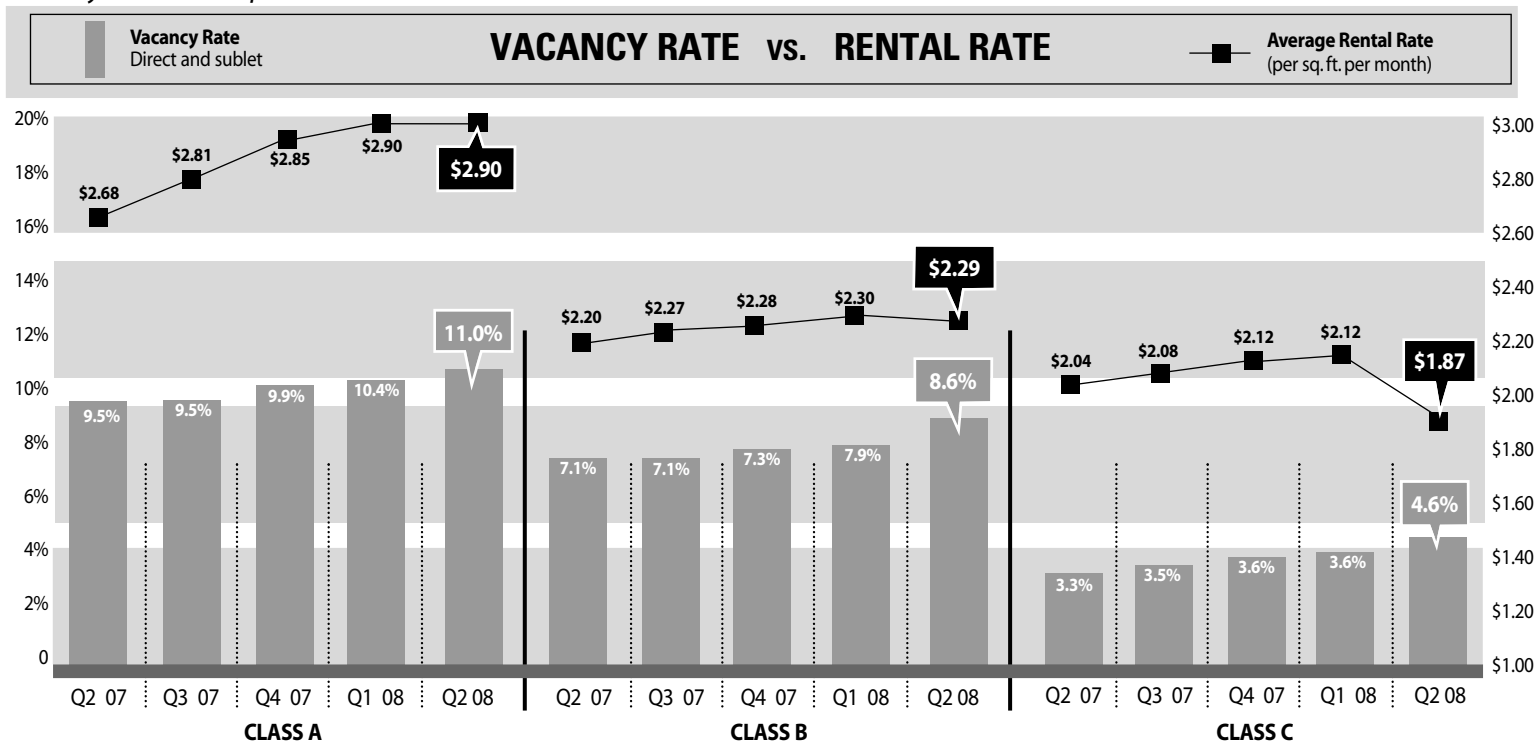
Data by CoStar Group Inc.



Data by CoStar Group Inc.



Data by CoStar Group Inc.



Data by CoStar Group Inc.

MARKET'S TOP SALE*

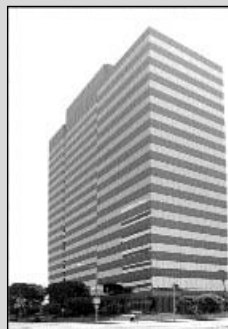
*The largest outright sale of the quarter in Los Angeles County. Other deals may have had larger buildings or higher sales prices, but they involved partial interest or other complications.



2600-2800 Colorado Ave., Santa Monica
310,798-sq.-ft. Class A building
Sold for **\$217 million** (\$698/sq. ft.)
Buyer: CREP 2700 Holdings LLC
[M. David Paul & Associates]



624 S. Grand Ave., Los Angeles
662,000-sq.-ft. Class A high-rise
Sold for **\$287 million** (\$433/sq. ft.)
Buyer: Hines REIT One Wilshire LP



12100 Wilshire Blvd., Los Angeles
350,000-sq.-ft. Class A office building
Sold for **\$225 million** (\$643/sq. ft.)
Buyer: Hines VAF II 12100 Wilshire LP



Raytheon and Direct TV Buildings
2200, 2230 and 2222 East Imperial Highway, El Segundo
550,579-sq.-ft. Class A and C offices
Sold for **\$120 million** (\$218/sq. ft.)
Buyer: Hines REIT El Segundo LP



600 Corporate Pointe, Culver City
273,339-sq.-ft. Class A office building
Sold for **\$121 million** (\$275.42/sq. ft.)
Buyer: Transwestern

PROPERTY PHOTOS COURTESY OF COSTAR GROUP INC.