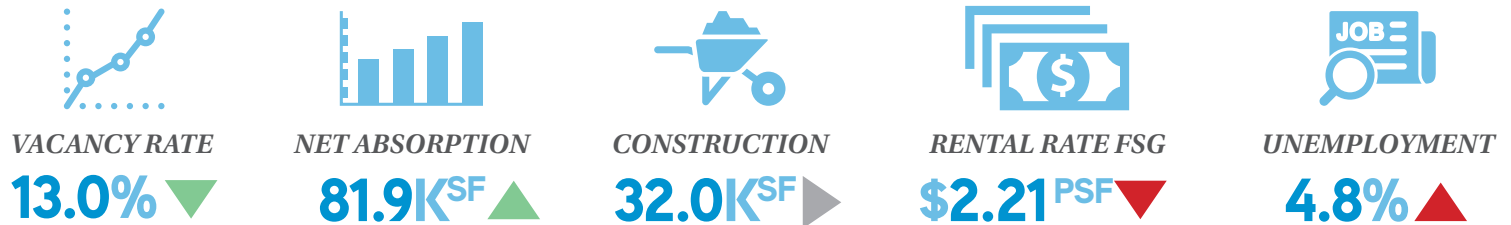


MARKET INDICATORS Q3 2017



MARKET OVERVIEW

The San Gabriel Valley office market compressed for the third straight quarter of 2017, with vacancy dropping to 13.0% from 13.8% the previous quarter. Upward pressure on rents did not materialize, however, as the overall average asking rent slid by \$0.01 to \$2.21 per square foot (PSF) full service gross (FSG). Rents stagnated for the first time since second quarter of 2013.

- In the most notable sale for the quarter, Bridge Gate Plaza in Diamond Bar traded to Great Far East for \$27.3M (\$202 PSF). Colony Northstar, which acquired the building in 2007, was the seller. The 134,900 square foot property was 78% occupied at time of sale.

- Leasing activity for the quarter recorded at 38,900 square feet, a 70.4% drop year over year. This is the first time leasing activity recorded below 50,000 square feet since the second quarter of 2012. One of the largest deals for the quarter was engineering firm Henkels & McCoy signing for 13,200 square feet at 3201 Temple Ave. in Pomona.

- The San Gabriel Valley pipeline remains relatively static, with only 32,000 square feet due to deliver by year-end.

UNEMPLOYMENT

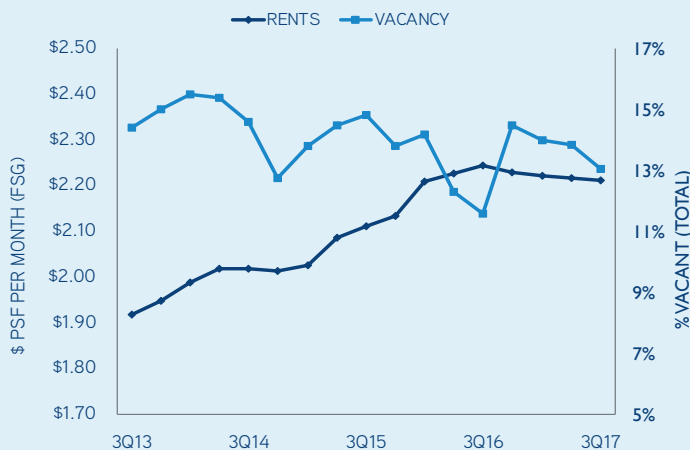
Los Angeles County non-farm unemployment in August 2017 increased to 4.8% from 4.4% last quarter. However, this was still a 7.7% decrease year-over-year. Over the past 12 months, Los Angeles County gained 37,200 jobs for an increase of 0.8%. Educational and health services (+22,000), construction (+11,000) and other services (+8,200) posted the highest gains.

MARKET DESCRIPTION

The San Gabriel Valley office market is comprised of 10.3 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. In contrast to other markets in Southern California, a large percentage of the space is in low-rise buildings (80%) with the remaining being mid-rise buildings (20%).

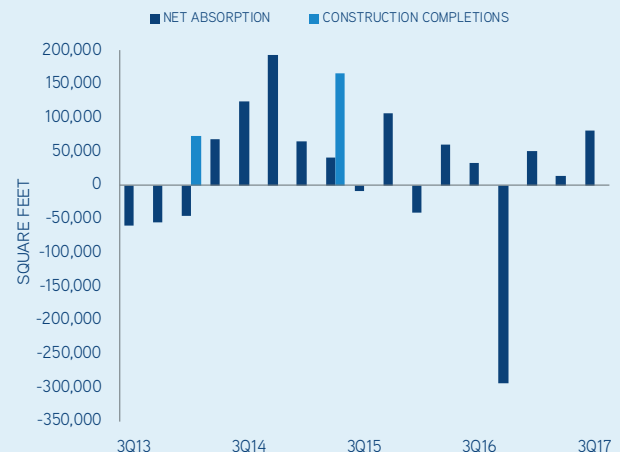
HISTORICAL VACANCY VS RENTS

SAN GABRIEL VALLEY OFFICE MARKET Q3 '13 - '17



HISTORICAL NET ABSORPTION & CONSTRUCTION COMPLETIONS

SAN GABRIEL VALLEY OFFICE MARKET • Q3 '13 - '17



OFFICE OVERVIEW

SAN GABRIEL VALLEY OFFICE MARKET • Q3 2017

| 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 | 40 | 3,175,600 | 11.9% | 0.1% | 12.0% | 12.7% | 21,700 | 127,900 | 20,300 | 38,600 | 0 | 0 | \$2.43 |
| B | 51 | 3,086,800 | 17.9% | 1.3% | 19.1% | 21.0% | 13,700 | 220,000 | 57,800 | 55,800 | 0 | 0 | \$2.14 |
| C | 9 | 340,900 | 1.9% | 0.0% | 1.9% | 2.2% | 900 | 900 | 900 | 900 | 0 | 0 | \$1.54 |
| SUBTOTAL | 100 | 6,603,300 | 14.2% | 0.6% | 14.8% | 16.0% | 36,300 | 348,800 | 79,000 | 95,300 | 0 | 0 | \$2.25 |
| WEST SAN GABRIEL VALLEY | | | | | | | | | | | | | |
| A | 14 | 1,670,100 | 3.8% | 0.0% | 3.8% | 6.8% | 0 | 104,800 | 50,300 | 79,700 | 0 | 0 | \$2.35 |
| B | 37 | 1,777,700 | 15.9% | 0.0% | 15.9% | 13.3% | 2,600 | 79,900 | (47,400) | (29,000) | 0 | 32,000 | \$2.04 |
| C | 6 | 207,800 | 5.6% | 0.5% | 6.1% | 6.1% | 0 | 4,400 | 0 | 1,700 | 0 | 0 | \$2.35 |
| SUBTOTAL | 57 | 3,655,600 | 9.8% | 0.0% | 9.8% | 9.9% | 2,600 | 189,100 | 2,900 | 52,400 | 0 | 32,000 | \$2.11 |
| MARKET TOTAL | | | | | | | | | | | | | |
| A | 54 | 4,845,700 | 9.1% | 0.1% | 9.2% | 10.7% | 21,700 | 232,700 | 70,600 | 118,300 | 0 | 0 | \$2.42 |
| B | 88 | 4,864,500 | 17.2% | 0.8% | 18.0% | 18.2% | 16,300 | 299,900 | 10,400 | 26,800 | 0 | 32,000 | \$2.11 |
| C | 15 | 548,700 | 3.3% | 0.2% | 3.5% | 3.7% | 900 | 5,300 | 900 | 2,600 | 0 | 0 | \$2.06 |
| TOTAL | 157 | 10,258,900 | 12.6% | 0.4% | 13.0% | 13.8% | 38,900 | 537,900 | 81,900 | 147,700 | 0 | 32,000 | \$2.21 |



RECENT TRANSACTIONS & MAJOR DEVELOPMENTS

SAN GABRIEL VALLEY OFFICE MARKET • Q3 2017

| SALES ACTIVITY | | | | | |
|--|---------------------------|--------------|------------|------------------------|------------------------|
| PROPERTY ADDRESS | SIZE SF | SALE PRICE | PRICE PSF | BUYER | SELLER |
| 1440 Bridgegate Dr., Diamond Bar | 134,900 SF | \$27,300,000 | \$202 PSF | Great Far East | Colony Northstar, Inc. |
| 1100 Corporate Center Dr., Monterey Park | 38,400 SF | \$7,000,000 | \$183 PSF | Seanda Properties, LLC | ADC Holdings LLC |
| LEASING ACTIVITY | | | | | |
| PROPERTY ADDRESS | LEASED SF | LEASE TYPE | BLDG CLASS | LESSEE | LESSOR |
| 3201 Temple Ave., Pomona | 13,200 SF | Direct | B | Henkels & McCoy, Inc. | Temple Pomona LLC |
| 13181-13191 Crossroads Pky. N., City of Industry | 4,500 SF | Direct | A | Undisclosed Tenant | Majestic Realty |
| MAJOR DEVELOPMENTS | | | | | |
| PROJECT | DEVELOPER | SIZE SF | SUBMARKET | STATUS | ESTIMATED COMPLETION |
| 3629 Santa Anita Ave, El Monte | Allwinners Investment Inc | 32,000 SF | West SGV | Under Renovation | Q3 2017 |
| 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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