

MARKET TRENDS | LOS ANGELES

INDUSTRIAL

MARKET DRIVERS

INCREASES in user activity that started in the second half of 2020 has carried over into 2021 with logistic companies remaining the most active. Major tenants such as Starship Logistics, FNS, and JCR Logistics rounded some of the top leases.

DEMAND for spaces with truck yards and low coverage sites has become extremely competitive with a limited number of availabilities hitting the market each month. In fact, some rents for yard space have reached up to \$0.50/SF NNN.

AFTER REPORTING relatively flat rent growth in 2020, minimal vacancies and robust demand have pushed rental rates up by 3.88% from the year prior, concluding at \$1.07/SF NNN.

OVERALL sale prices remain at all-time highs as sellers remain unwilling to negotiate on pricing. Owner/users with certain size requirements such as 20,000 SF-50,000 SF have been left with little options as neighboring markets have been just as competitive. The first quarter reported an average sale price of \$215/SF with cap rates at 5%.

ECONOMIC OVERVIEW

THE LOS ANGELES COUNTY unemployment rate decreased to 11.5% in February, down from a revised 12.6% from the month prior. Job gains between January and February reported an increase of 47,900 jobs.

THE PORTS of Los Angeles reported the strongest February in the Port's 114-year history, processing 799,315 TEUs, an increase of 47% from the year prior. The surge of shipments through the port and fewer workers on the floor due to Covid have caused delays, pushing processing times from an average of two days to more than eight days.

NEAR-TERM OUTLOOK

THE LOS ANGELES industrial market has remained resilient post pandemic. Market demand continues to outpace supply and any new construction quickly becomes absorbed, keeping vacancies low. Furthermore, this highly competitive market will set rent growth on firm footing as it is expected to approach 5%-6% annually.

Market Summary

	1Q 2021	4Q 2020	1Q 2020	Annual Change
Direct Vacancy Rate	2.4%	2.7%	2.4%	0.00%
Total Availability Rate	4.1%	4.5%	5.4%	-23.95%
Direct Asking Lease Rate	\$1.07	\$1.04	\$1.03	3.88%
Total Lease Transactions	9,083,283	16,527,821	10,257,784	-11.45%
Sale Transactions	1,784,903	6,644,492	2,749,458	-35.08%
Direct Net Absorption	2,968,092	(134,958)	(13,688)	N/A

1Q 2021

▼ **9.08M**
LEASING ACTIVITY

▲ **2.97M**
NET ABSORPTION (SF)

◀▶ **2.4%**
VACANCY RATE

▲ **\$1.07**
AVERAGE ASKING RENT

▼ **310K**
NEW DELIVERIES (SF)

YEAR OVER YEAR TREND

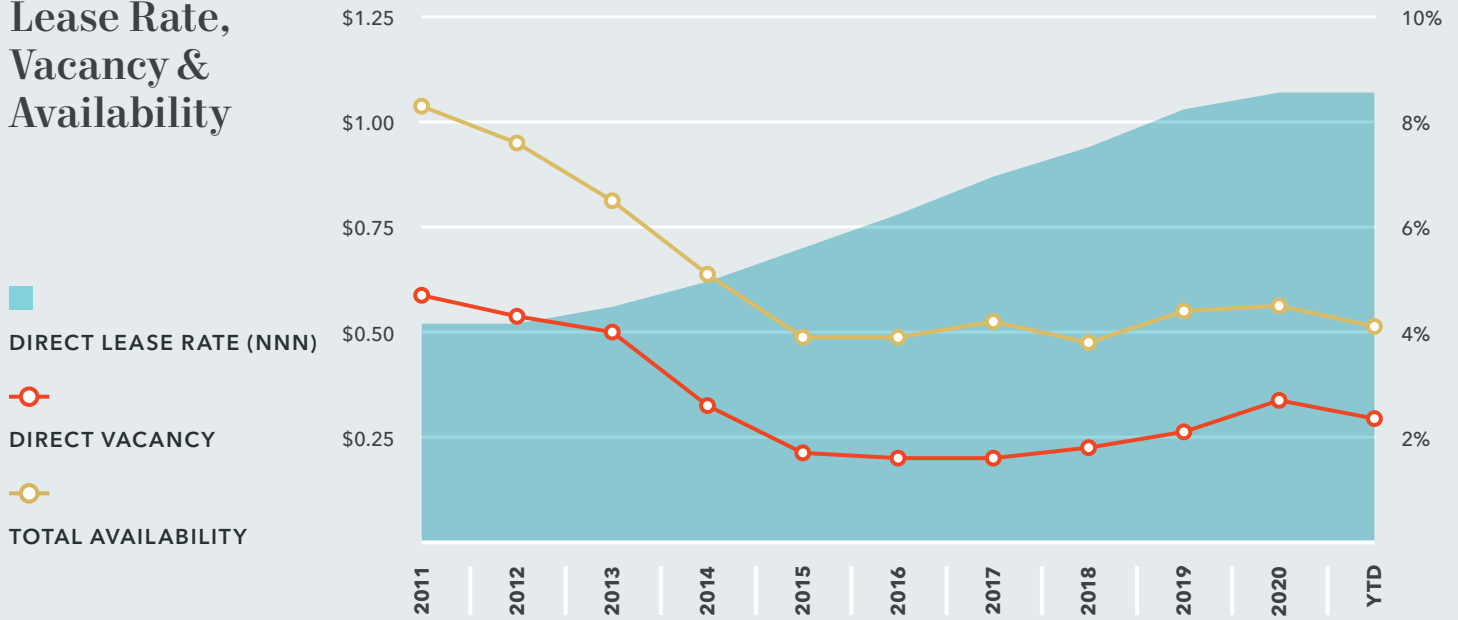
Market Highlights

DIRECT VACANCIES decreased in the first quarter to conclude at 2.4%.

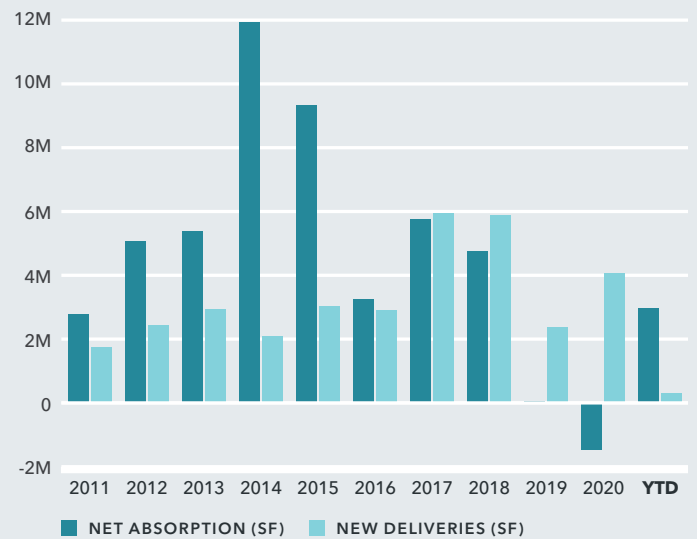
AVERAGE asking lease rates grew by 3.88% from the year prior to \$1.07/SF on a triple net basis.

THE AVERAGE sale price in 1Q21 was \$215/SF with cap rates settling at 5%.

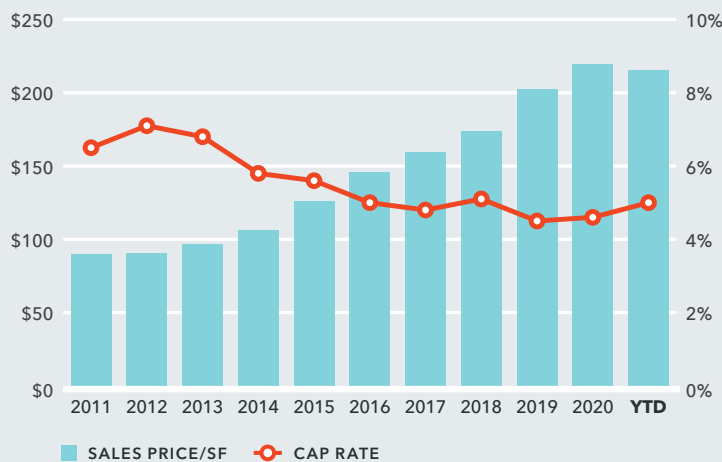
Lease Rate, Vacancy & Availability



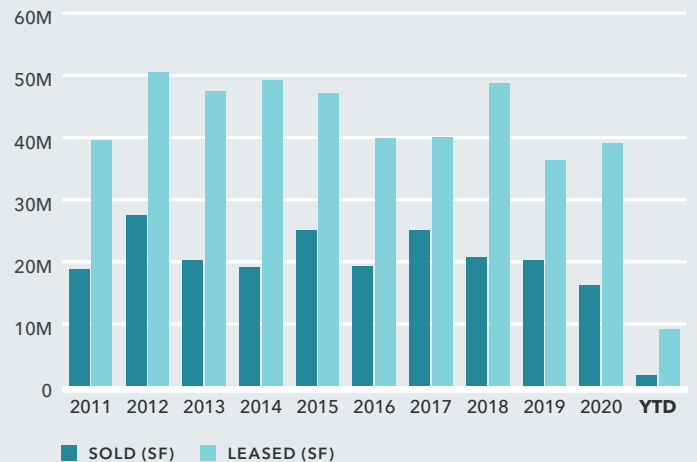
Net Absorption & New Deliveries



Average Sales Price/SF & Cap Rate



Sale Volume & Leasing Activity



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Available Rate	QTR Direct Net Absorption	2020 Direct Net Absorption	QTR Leasing Activity	2020 Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,618,310	2.1%	0.0%	2.1%	2.0%	22,340	(165,567)	58,296	288,579	\$0.98
Commerce	45,241,703	2.5%	0.1%	2.6%	3.1%	291,222	(421,426)	479,290	1,624,255	\$0.95
Huntington Park/Cudahy	4,769,947	1.6%	0.0%	1.6%	2.9%	35,780	(13,891)	3,250	97,513	\$0.73
Downtown LA	127,153,149	3.1%	0.2%	3.4%	6.2%	526,310	(1,107,725)	1,074,397	4,965,611	\$1.30
Montebello/Monterey Park	11,713,474	1.3%	0.0%	1.3%	0.6%	82,615	(66,634)	316,393	684,543	\$0.78
Pico Rivera	10,420,941	0.7%	0.0%	0.7%	2.9%	263,443	177,063	115,276	912,442	\$1.04
South Gate	10,877,971	1.1%	0.0%	1.1%	2.2%	(32,975)	(68,596)	16,800	247,121	\$0.80
Vernon	42,643,221	2.4%	0.5%	2.9%	5.1%	222,749	(288,988)	601,690	2,243,547	\$0.97
Central	260,438,716	2.6%	0.2%	2.8%	4.7%	1,411,484	(1,955,764)	2,665,392	11,063,611	\$1.15
Artesia/Cerritos	13,156,074	4.2%	0.5%	4.7%	3.4%	(188,584)	(219,085)	354,596	929,720	\$0.85
Bellflower/Downey	5,579,646	1.8%	0.0%	1.8%	1.7%	11,599	34,878	39,413	356,666	\$0.91
Buena Park/La Palma	15,053,500	2.4%	0.0%	2.4%	4.0%	14,081	981,829	256,507	1,141,608	\$0.80
La Mirada	12,870,766	3.6%	0.0%	3.6%	9.2%	221,931	(184,318)	495,150	1,326,992	\$0.81
Norwalk	2,886,812	2.1%	1.3%	3.5%	0.4%	193,206	(46,979)	230,037	148,202	\$0.95
Paramount	8,984,911	1.8%	0.1%	1.9%	3.2%	137,115	(141,290)	74,181	289,232	\$0.81
Santa Fe Springs	53,228,889	2.3%	0.1%	2.4%	1.8%	282,267	(727,852)	840,893	3,174,927	\$0.91
Whittier	4,109,620	4.6%	0.0%	4.6%	0.6%	9,960	56,680	20,967	427,804	\$0.75
Mid-Cities	115,870,218	2.7%	0.1%	2.8%	3.1%	681,575	(246,137)	2,311,744	7,795,151	\$0.86
Alhambra	2,216,751	4.3%	0.3%	4.6%	4.7%	(19,655)	31,825	7,657	113,067	\$1.13
Arcadia/Temple City	3,129,634	2.1%	0.0%	2.1%	3.4%	(3,749)	41,662	60,039	39,136	\$1.25
Azusa	6,539,737	6.3%	0.2%	6.5%	4.0%	174,639	21,127	183,767	505,708	\$0.80
Baldwin Park	4,676,305	1.4%	0.0%	1.4%	0.6%	43,294	(15,681)	52,697	192,254	\$1.11
City of Industry/DB/HH/RH	73,115,195	1.6%	0.1%	1.8%	4.1%	398,105	(343,748)	1,085,630	4,386,535	\$0.83
Covina/West Covina	3,391,642	3.4%	0.0%	3.4%	5.6%	(2,946)	74,840	1,200	40,623	\$0.00
Duarte	1,783,328	4.1%	0.4%	4.6%	4.0%	(12,891)	(47,232)	42,773	45,721	\$0.87
El Monte	8,418,071	2.0%	0.1%	2.0%	3.5%	575,470	851,099	82,704	1,347,887	\$1.09
Irwindale	11,208,846	1.6%	0.4%	2.0%	5.9%	(26,414)	266,525	26,120	538,590	\$0.85
La Puente	2,039,766	0.6%	0.1%	0.7%	0.7%	(140)	74,261	1,800	138,664	\$1.06
Glendora/La Verne/ San Dimas	6,756,112	1.4%	0.0%	1.4%	1.7%	16,970	(56,852)	89,577	461,665	\$0.95
Monrovia	3,252,913	0.5%	0.0%	0.5%	0.9%	(5,798)	30,627	41,520	161,797	\$0.87
Pomona/Claremont	20,096,553	1.0%	0.0%	1.1%	1.4%	67,999	147,897	96,292	899,851	\$0.77
Rosemead/San Gabriel	2,416,729	0.5%	0.0%	0.5%	1.7%	3,653	13,065	4,053	20,239	\$0.88
South El Monte	10,889,627	0.8%	0.0%	0.8%	1.4%	40,357	67,159	44,955	445,886	\$0.93
Walnut	6,786,994	4.4%	0.2%	4.6%	4.7%	(39,555)	(72,660)	24,557	695,795	\$0.73
San Gabriel Valley	166,718,203	1.9%	0.1%	2.0%	3.4%	1,209,339	1,083,914	1,845,341	10,033,418	\$0.83
Carson	35,454,693	2.1%	0.8%	2.9%	3.2%	(414,208)	453,440	539,185	1,824,642	\$1.05
Compton	24,866,818	1.5%	1.2%	2.7%	4.8%	102,532	(423,315)	226,792	2,045,431	\$0.93
El Segundo	8,616,686	1.3%	0.3%	1.6%	1.3%	3,959	(69,329)	40,375	58,124	\$1.50
Gardena	28,609,081	2.1%	0.4%	2.5%	4.5%	35,601	(94,614)	299,870	1,079,760	\$1.11
Harbor City	1,745,153	1.4%	0.0%	1.4%	4.4%	6,700	(17,200)	10,800	83,096	\$0.96
Hawthorne	7,789,559	2.1%	0.0%	2.1%	1.8%	(19,920)	(62,066)	83,349	98,329	\$1.17
Inglewood	4,945,634	4.3%	0.2%	4.5%	11.3%	14,852	(142,111)	34,381	104,068	\$1.63
Lakewood/Hawaiian Gardens	563,155	0.0%	0.0%	0.0%	0.0%	0	0	0	0	\$1.10
Lawndale	253,076	0.0%	0.0%	0.0%	3.5%	0	6,136	0	8,636	\$1.25
Long Beach/Terminal Island	23,718,745	3.1%	0.8%	3.9%	5.4%	166,395	310,653	334,980	1,432,716	\$1.35
Lynwood	4,746,799	0.1%	0.0%	0.1%	0.2%	5,000	11,757	25,700	11,883	\$0.99
Rancho Dominguez/East Rancho Dominguez	14,610,952	2.6%	0.0%	2.6%	6.8%	33,488	(155,724)	193,808	974,046	\$0.92
Redondo/Hermosa Beach	1,817,684	13.0%	0.0%	13.0%	13.0%	(230,534)	3,200	0	9,387	\$1.25
San Pedro	2,751,799	0.1%	0.0%	0.1%	0.1%	0	0	0	1,282	\$1.49
Signal Hill	3,372,898	1.6%	0.6%	2.2%	3.9%	(16,007)	(19,675)	26,421	60,650	\$1.10
Torrance	26,462,383	2.9%	0.2%	3.1%	5.6%	(36,436)	(187,582)	445,145	2,177,266	\$1.13
Wilmington	3,825,760	0.4%	0.0%	0.4%	1.9%	14,272	37,976	0	156,402	\$1.04
South Bay	194,150,875	2.3%	0.5%	2.8%	4.5%	(334,306)	(348,454)	2,260,806	10,125,718	\$1.12
Los Angeles Total	737,178,012	2.4%	0.3%	2.6%	4.1%	2,968,092	(1,466,441)	9,083,283	39,017,898	\$1.07

TOP SALE TRANSACTIONS FOR 1Q 2021

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
5037 Patata St.	Commerce	200,000	\$76,700,000	\$383.50	South Gate Owner LP	Armstrong Flooring Inc.
8821 Aviation Blvd.	Westside	9,380	\$16,800,000	\$1,791.04	Century Park Partners, LLC	Hackman Capital Partners
18001 S. Figueroa St.	West Rancho Dominguez	44,810	\$10,889,155	\$243.01	Rexford Industrial Realty, Inc.	Granger Company
2335 208th St.	Torrance	38,160	\$10,650,000	\$279.09	Frontline Holdings	Glenn Streeter
620-640 E. Slauson Ave.	South LA	71,121	\$9,503,000	\$133.62	Joseph Davidian	Lang Ye

TOP LEASE TRANSACTIONS FOR 1Q 2021

Property	Submarket	SF	Sign Date	Landlord	Tenant
13000 E. Temple Ave.	City of Industry	407,638	March 2021	Mabek Co.	Pilot Automotive
Dominguez Distribution Center	Carson	261,557	February 2021	EastGroup Properties, Inc.	Starship Logistics
18420-18620 Harmon Ave.	Carson	247,788	February 2021	Watson Land Company	FNS
1501-1537 Greenwood Ave.	Montebello	246,181	March 2021	Heitman	Zenana
15910-15912 Valley View Ave.	La Mirada	202,310	February 2021	Brookfield Asset Management, Inc.	Cubework

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery Date
Grand Crossing South	21971 Industry Way	City of Industry	627,480	Majestic Realty Co.	April 2021
Bridge Point Long Beach	2400 E. Artesia Blvd.	Long Beach	415,160	Bridge Development Partners	June 2021
13344 S. Main St.	13344 S. Main St.	West Rancho Dominguez	290,303	Duke Realty Corp.	April 2021
13400 Nelson Ave.	13400 Nelson Ave.	City of Industry	216,250	Orange County Container Group	August 2021
5010 Azusa Canyon Rd.	5010 Azusa Canyon Rd.	San Gabriel Valley	184,879	Overton Moore Properties	April 2021

DATA SOURCE: EDD, COSTAR, PORT OF LOS ANGELES, HDRINC.

Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 21 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, property management, consulting, project and construction management, and debt equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

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**Commercial
Brokerage**

\$8B
TRANSACTION
VOLUME (ANNUAL)

23M
SALES SF
(ANNUAL)

42M
LEASING SF
(ANNUAL)

**Valuation
Advisory**

1,800+
ASSIGNMENTS
ANNUALLY

40/19
TOTAL NO.
APPRAISERS/MAI'S

**Property
Management**

70M+
MANAGEMENT
PORTFOLIO SF

\$12B+
IN ASSETS UNDER
MANAGEMENT

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