

**MARKET TRENDS | LOS ANGELES**

# INDUSTRIAL

**MARKET DRIVERS**

**DIRECT NET** absorption reported positive gains for the 4th consecutive quarter with 1,983,798 SF absorbed, further compressing direct vacancies to a record low 1.1% in 4Q 2021.

**COMPETITION** for industrial space has never been higher. Lack of available options, rapid growth of ecommerce, and tenants needing to expand their industrial footprint to fulfill their just-in-case approach have caused competition for available space to spike. Rental rates concluded the year at a new all-time high of \$1.30/SF on a triple net basis, a 15% increase YOY.

**CAPITALIZING ON DEMAND**, it has become normal for landlords to offer little to no concessions and annual increases between 4%-5%.

**OVER 2M SF WAS DELIVERED** in 2021 with 3.6M SF currently under construction. Due to the lack of developmental land, developers have remained aggressive for renovation and repositioning projects which have pushed land values over \$120/SF.

**ECONOMIC REVIEW**

**THE LOS ANGELES COUNTY** unemployment rate decreased 70 BPS from the month prior to 7.1% in November 2021. Job gains between October and November reported an increase of 42,500 jobs.

**THE PORT OF LOS ANGELES** 811,460 TEU's in the month of November and is set to break a new record with an expected volume of 10.7M TEU's by year end, 13% more than the previous record set in 2018.

**NEAR-TERM OUTLOOK**

**AS MORE OCCUPIERS** switch from just-in-time to a just-in-case model to store enough inventory for any future supply issues, demand for industrial space will remain extremely competitive. Tenants will need to act quickly as availabilities dwindle across the LA Basin, further propelling rental rates past unprecedented numbers with rent growth forecasted to be between 10%-15% in 2022. With limited options across the metro and space commonly leased a year in advance, we can expect the volume of renewals to increase in the following quarters.

SOURCE: EDD, COSTAR, PORT OF LOS ANGELES

## Market Summary

	2021	2020	2019	Annual % Change
Direct Vacancy Rate	1.1%	2.3%	2.1%	<b>-50.82%</b>
Total Availability Rate	2.4%	4.0%	3.8%	<b>-38.94%</b>
Direct Asking Lease Rate	\$1.30	\$1.13	\$1.05	<b>15.04%</b>
Total SF Leased	40,336,002	48,461,335	36,069,029	<b>-16.77%</b>
Total SF Sold	18,072,082	16,275,734	18,033,855	<b>11.04%</b>
Direct Net Absorption	13,737,904	(606,277)	(100,904)	<b>N/A</b>

▲ **13.7M**  
NET ABSORPTION (SF)

▼ **1.1%**  
VACANCY RATE

▲ **\$1.30**  
AVERAGE ASKING RATE

▼ **2.5M SF**  
CONSTRUCTION DELIVERIES

YEAR-OVER-TREND

## Market Highlights

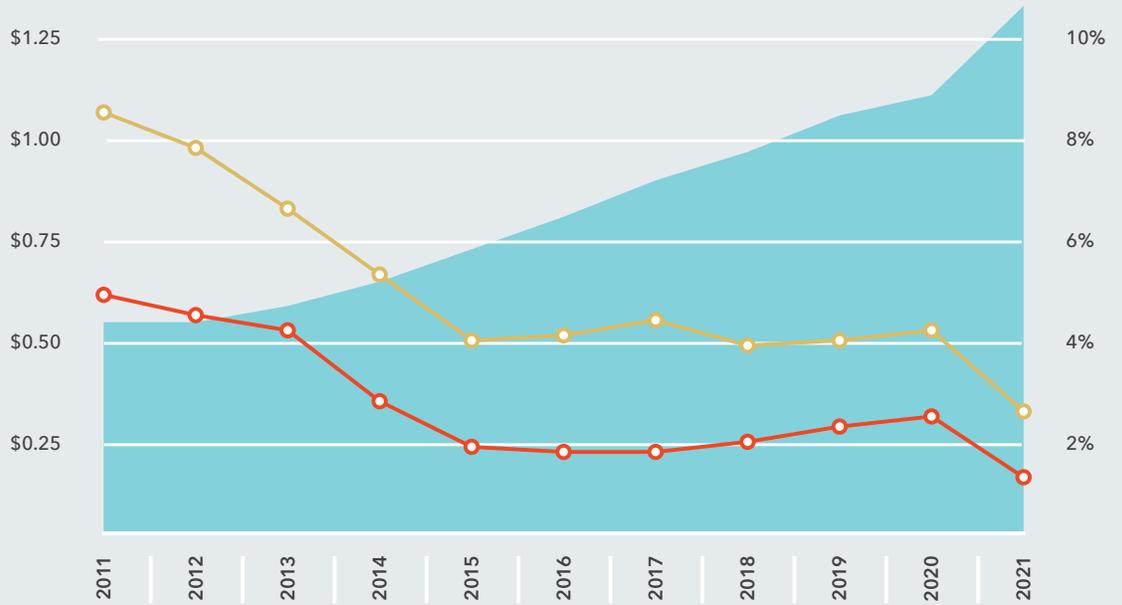
**DIRECT VACANCIES** decreased in the fourth quarter to conclude at 1.1%

**DIRECT ASKING LEASE RATES** grew by 15% YOY to \$1.30/SF on a triple net basis. The average sale price in 2021 was \$256.86/SF with cap rates settling at 4.5%.

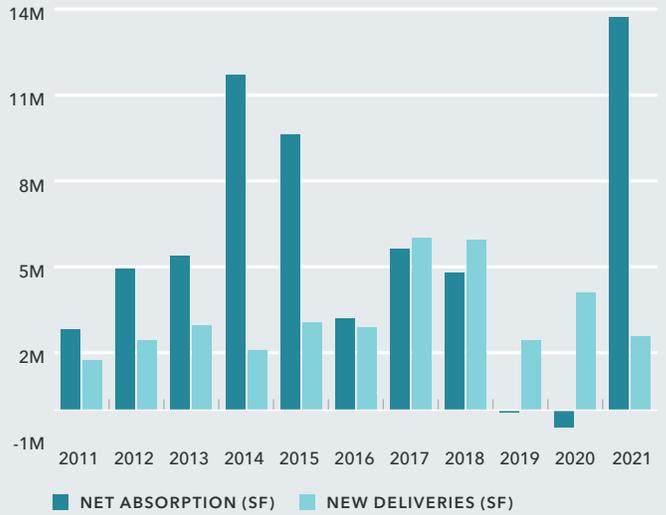
**AVERAGE SALE PRICE** in 2021 was \$256.86/SF with cap rates settling at 4.5%.

# Lease Rate, Vacancy & Availability

- DIRECT LEASE RATE (NNN)
- DIRECT VACANCY
- TOTAL 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 Availability Rate	4Q Direct Net Absorption	2021 Direct Net Absorption	4Q Total Leasing Activity	2021 Total Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,534,895	0.2%	0.0%	0.2%	0.7%	(8,000)	169,249	8,000	175,271	\$123
Commerce	45,430,639	0.9%	0.1%	1.0%	1.7%	150,283	970,295	335,167	2,550,934	\$1.20
Huntington Park/Cudahy	4,771,454	1.0%	0.0%	1.0%	1.5%	(8,419)	63,213	8,170	29,632	\$0.95
Downtown LA	126,749,955	2.2%	0.1%	2.3%	4.8%	233,759	2,172,662	773,935	4,525,341	\$1.65
Montebello/Monterey Park	11,727,704	0.2%	0.0%	0.2%	0.2%	5,250	205,596	13,600	390,691	\$0.99
Pico Rivera	10,266,405	1.1%	0.0%	1.1%	1.1%	(40,453)	222,111	174,844	906,108	\$1.24
South Gate	11,175,934	0.2%	0.0%	0.2%	0.4%	58,681	59,929	0	365,221	\$1.05
Vernon	42,685,016	1.0%	0.3%	1.3%	1.1%	375,851	818,047	152,920	2,888,107	\$1.25
<b>Central</b>	<b>260,342,002</b>	<b>1.0%</b>	<b>0.1%</b>	<b>1.1%</b>	<b>2.9%</b>	<b>766,952</b>	<b>4,681,102</b>	<b>1,466,636</b>	<b>11,831,305</b>	<b>\$1.41</b>
Artesia/Cerritos	13,007,088	1.1%	0.1%	1.2%	1.5%	11,256	229,030	229,493	1,212,895	\$1.22
Bellflower/Downey	5,652,552	0.3%	0.3%	0.6%	1.0%	(197)	94,389	17,857	139,712	\$1.12
Buena Park/La Palma	15,058,712	0.9%	0.0%	0.9%	2.5%	8,180	238,082	2,625	863,277	\$1.20
La Mirada	13,366,577	1.7%	0.5%	2.1%	3.1%	135,277	464,882	71,632	1,552,986	\$1.01
Norwalk	2,874,315	0.1%	0.0%	0.1%	0.1%	8,150	251,301	0	289,234	\$1.25
Paramount	8,998,868	0.1%	0.2%	0.3%	0.6%	146,251	291,004	23,807	253,780	\$1.15
Santa Fe Springs	53,628,794	0.7%	0.1%	0.8%	1.1%	120,846	1,475,197	357,151	2,117,071	\$1.31
Whittier	4,127,632	0.3%	0.0%	0.3%	1.6%	(2,166)	187,072	7,425	51,122	\$1.24
<b>Mid-Cities</b>	<b>116,714,538</b>	<b>0.8%</b>	<b>0.1%</b>	<b>0.9%</b>	<b>1.5%</b>	<b>427,597</b>	<b>3,230,957</b>	<b>709,990</b>	<b>6,480,077</b>	<b>\$1.28</b>
Alhambra	2,178,766	0.0%	0.6%	0.6%	1.2%	13,331	75,538	10,581	89,640	\$1.24
Arcadia/Temple City	3,113,701	0.8%	0.0%	0.8%	2.1%	1,252	32,560	27,043	123,482	\$1.44
Azusa	6,511,860	0.7%	0.0%	0.7%	2.4%	(16,500)	539,834	0	380,199	\$0.95
Baldwin Park	4,703,822	0.9%	0.4%	1.3%	1.2%	(33,107)	67,589	40,215	147,069	\$1.29
City of Industry/DB/HH/RH	73,477,593	0.9%	0.1%	1.0%	2.2%	673,564	1,447,851	253,067	4,565,659	\$1.00
Covina/West Covina	3,394,579	0.2%	0.0%	0.2%	2.6%	16,426	104,355	14,086	43,185	\$0.00
Duarte	1,800,654	3.4%	0.0%	3.4%	0.9%	(904)	(810)	3,244	119,346	\$0.99
El Monte	8,420,839	1.0%	0.0%	1.0%	1.0%	132,588	717,178	156,212	367,855	\$1.32
Irwindale	11,445,515	1.3%	0.1%	1.4%	7.0%	41,192	13,217	557,245	1,125,259	\$1.01
La Puente	1,986,773	0.6%	0.0%	0.6%	0.6%	18,359	(140)	11,046	18,196	\$1.21
Glendora/La Verne/ San Dimas	6,753,597	1.3%	0.0%	1.3%	1.8%	(30,917)	21,789	74,248	271,136	\$1.14
Monrovia	3,292,471	0.0%	0.0%	0.0%	1.2%	0	12,040	6,655	78,397	\$1.00
Pomona/Claremont	20,260,419	0.7%	0.0%	0.7%	1.3%	(29,224)	149,171	85,456	295,067	\$0.92
Rosemead/San Gabriel	2,365,258	1.0%	0.0%	1.0%	0.3%	0	(6,070)	17,403	30,382	\$1.05
South El Monte	11,111,575	1.9%	0.0%	1.9%	1.1%	25,994	77,624	56,261	336,677	\$1.11
Walnut	6,925,528	3.6%	0.0%	3.6%	2.2%	209,834	153,968	169,357	1,185,531	\$0.94
<b>San Gabriel Valley</b>	<b>167,742,950</b>	<b>1.3%</b>	<b>0.1%</b>	<b>1.4%</b>	<b>2.2%</b>	<b>1,021,888</b>	<b>3,405,694</b>	<b>1,482,119</b>	<b>9,177,080</b>	<b>\$1.12</b>
Carson	35,847,407	0.5%	0.0%	0.5%	1.3%	139,427	301,668	505,460	3,408,002	\$1.34
Compton	24,708,831	0.2%	0.5%	0.7%	1.8%	71,494	431,131	276,729	1,369,928	\$1.31
El Segundo	8,586,734	0.8%	0.1%	0.8%	1.0%	39,065	47,314	28,965	137,963	\$1.70
Gardena	29,071,002	1.0%	0.1%	1.1%	2.2%	41,405	346,900	169,188	1,341,018	\$1.33
Harbor City	1,756,313	0.0%	0.0%	0.0%	0.0%	18,046	31,600	19,126	78,912	\$1.03
Hawthorne	7,800,895	3.2%	0.0%	3.2%	1.4%	20,143	(100,931)	26,073	342,247	\$1.38
Inglewood	4,893,947	3.7%	0.0%	3.7%	7.9%	(29,679)	45,462	49,106	241,475	\$1.85
Lakewood/Hawaiian Gardens	563,155	7.6%	0.0%	7.6%	3.2%	(43,054)	(43,054)	0	25,262	\$1.20
Lawndale	253,076	3.5%	0.0%	3.5%	3.5%	0	(8,745)	0	0	\$1.27
Long Beach/Terminal Island	23,826,387	3.2%	0.0%	3.2%	4.2%	(385,870)	541,619	72,812	2,268,774	\$1.54
Lynwood	4,694,093	0.0%	0.0%	0.0%	0.1%	0	10,700	0	25,700	\$1.15
Rancho Dominguez/E Rancho Dominguez	14,611,552	0.5%	0.0%	0.5%	3.2%	16,335	333,630	269,496	1,022,250	\$1.29
Redondo/Hermosa Beach	1,811,206	0.0%	0.0%	0.0%	0.2%	5,300	5,600	2,800	238,934	\$1.52
San Pedro	2,820,192	1.4%	0.0%	1.4%	1.4%	(38,407)	(38,407)	0	0	\$1.73
Signal Hill	3,258,718	1.0%	0.3%	1.4%	2.1%	(366)	3,686	42,310	129,779	\$1.20
Torrance	26,748,551	1.5%	0.0%	1.5%	4.7%	(86,478)	481,478	94,790	2,052,401	\$1.41
Wilmington	3,812,246	0.0%	2.9%	2.9%	0.4%	0	30,500	111,500	164,895	\$1.18
<b>South Bay</b>	<b>195,064,305</b>	<b>1.1%</b>	<b>0.2%</b>	<b>1.3%</b>	<b>2.6%</b>	<b>(232,639)</b>	<b>2,420,151</b>	<b>1,668,355</b>	<b>12,847,540</b>	<b>\$1.35</b>
<b>Los Angeles Total</b>	<b>739,863,795</b>	<b>1.1%</b>	<b>0.1%</b>	<b>1.2%</b>	<b>2.4%</b>	<b>1,983,798</b>	<b>13,737,904</b>	<b>5,327,100</b>	<b>40,336,002</b>	<b>\$1.30</b>

## TOP SALE TRANSACTIONS FOR 2021

Property	Submarket	Square Feet	Sale Price	Sale Price / SF	Buyer	Seller
Harbor Gateway Industrial Center	Torrance	422,856	\$147,971,000	\$349.93	Prologis	Sunrider International
268 Gardena Blvd	West Rancho Dominguez	298,785	\$143,100,000	\$478.94	CenterPoint Properties	Ducommun Inc.
2850 E Del Amo Blvd	Carson	264,450	\$125,750,000	\$475.52	CenterPoint Properties	Century Distribution Systems, Inc.
17411 Valley Blvd	City of Industry	350,256	\$117,000,000	\$334.04	Scout Capital Partners	SWEDA Company LLC
15005 Northam St	Santa Fe Springs	236,069	\$95,500,000	\$404.54	LBA Logistics	International Paper
3815 Schaufele Ave	Long Beach	103,128	\$60,000,000	\$581.80	Cabot Properties	Kong Real Estate Holdings

## TOP LEASE TRANSACTIONS FOR 2021

Property	Submarket	Square Feet	Transaction Date	Landlord	Tenant
21971 Industry Way	City of Industry	627,480	November 2021	Majestic Realty	FedEx
13131 Los Angeles St	San Gabriel Valley	528,710	October 2021	Duke Realty	Undisclosed
20300 Business Pkwy	City of Industry	500,000	February 2021	Majestic Realty	Furniture of America
2400 E Artesia Blvd	Long Beach	415,320	August 2021	Bridge Industrial	Matheson Trucking

## TOP UNDER CONSTRUCTION

Property	Address	Submarket	Square Feet	Owner	Delivery Date
Torrance Industrial Exchange	19501 & 19201 Prairie Ave	Torrance	427,604	Kearny Real Estate	September 2022
Torrance Commerce Center	19901 Western Ave	Torrance	278,835	Sares Regis Group	March 2022
Gateway Logistics Center	19681 Pacific Gateway Dr	Torrance	251,606	Black Creek	February 2022
Bridge Point	13900 Carmenita Rd	Santa Fe Springs	150,548	Bridge Industrial	April 2022

DATA SOURCE: EDD, COSTAR, PORT OF LOS ANGELES



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, asset services, 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

**23M** ANNUAL SALES \$F **460+** NO. OF BROKERS

**\$8B** ANNUAL TRANSACTION VOLUME **42M** ANNUAL LEASING \$F

### VALUATION ADVISORY

**1,800+** APPRAISALS ANNUALLY **45/23** TOTAL NO. APPRAISERS/MAI'S

### ASSET SERVICES

**64M** MANAGEMENT PORTFOLIO \$F **\$11B** IN ASSETS UNDER MANAGEMENT