

MARKET TRENDS

LOS ANGELES INDUSTRIAL

MARKET DRIVERS

THE LOS ANGELES COUNTY Industrial market remains relatively healthy from an occupancy/vacancy perspective. That being said, leasing demand in both Class A and Class B is softening, as is demand for Industrial surface lots. This is being driven by a number of factors, including decreased TEU volumes coming through the ports, potential for recession in the United States and Globally and inflation reducing consumer spending on services rather than goods.

THE SALE MARKET is in a state of pause as Sellers hold onto 2022 pricing and Buyers want lowered prices due to the above softening of demand, as well as rising interest rates/cap rates. Occupier Buyers are hindered by tightening credit markets and REIT and Private Family office investors are now seeking cap rates between 5.5 and 6.25%. It will take several quarters of new market data points in the form of closed sales to determine just how much prices have fallen from peak. Buyers are no longer in a position to factor in above average rent increases in the near term which also is dampening activity.

ECONOMIC REVIEW

LOS ANGELES COUNTY is expected to grow in coming quarters, although nowhere near the pace of 2021 or 2022. The above mentioned Labor Contract at the Ports is mission critical to the Region. If there is no Contract, or negotiations are protracted, cargo will continue to divert to the East Coast. The City of Los Angeles and multiple municipalities within the County of Los Angeles have enacted legislation meant to restrict hours of operation and uses within certain distances of residential. The SVB collapse and general Bank tightening is going to restrict newer Satellite and EV car companies from growing and expanding, which has been a key driver over the last 2 years.

NEAR-TERM OUTLOOK

BASED ON THE ABOVE-MENTIONED CONDITIONS it appears the Los Angeles County Industrial market is in for a period of pricing discovery on lease rates, sale prices and capitalization rates. The current low vacancy is buoying the market, but if leasing demand remains spotty, availability is bound to rise as multiple new construction projects are delivered.

Market Summary

	1Q23	4Q22	1Q22	Annual Change
Direct Vacancy Rate	3.1%	2.2%	1.6%	95.91%
Availability Rate	5.5%	4.3%	2.8%	97.09%
Asking Lease Rate	\$1.85	\$1.77	\$1.49	24.16%
Leasing Activity (SF)	5,198,638	7,422,592	6,766,920	-23.18%
Sale Volume (SF)	3,671,656	3,141,881	4,460,409	-17.68%
Net Absorption (SF)	(1,157,817)	(981,019)	333,302	N/A

↓ **5.1M SF**
LEASING ACTIVITY

↓ **-1.2M SF**
NET ABSORPTION

↑ **3.1%**
VACANCY RATE

↑ **\$1.85**
ASKING RENT (AVG)

↑ **996K SF**
NEW DELIVERIES

Year-Over-Year Trend

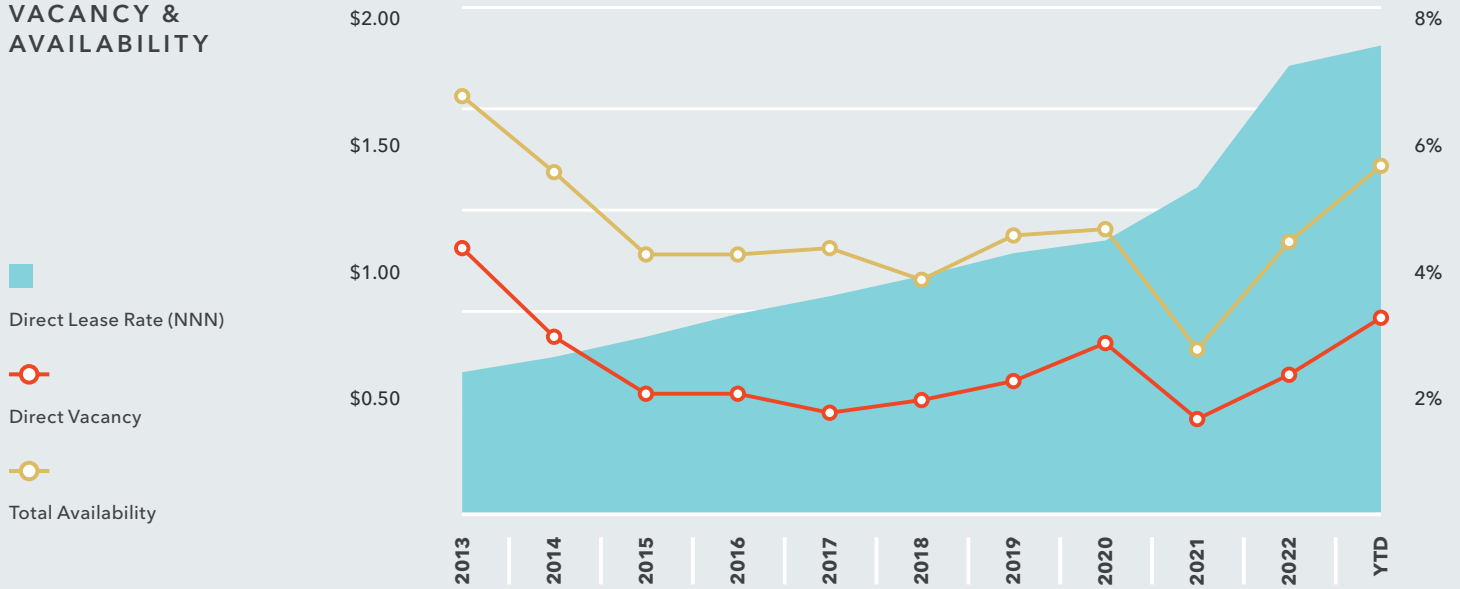
Market Highlights

AVAILABLE VACANCY is hovering around 3%, as Direct Vacancy immediately is 1%

AVERAGE ASKING RENTAL rates are \$1.85 NNN

SALE PRICES are now in the mid-300s on a per foot basis, based Cap Rates the 5.5 to 6.25 level

LEASE RATE, VACANCY & AVAILABILITY

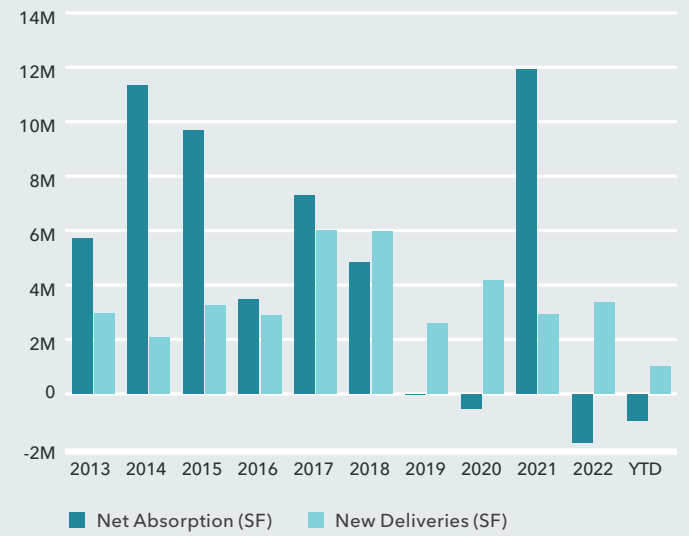


BIGGEST SALE OF THE QUARTER

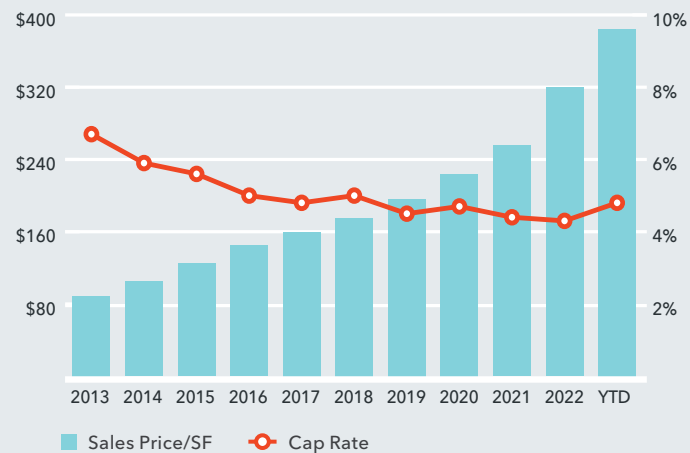
Port LA Distribution Center Portfolio



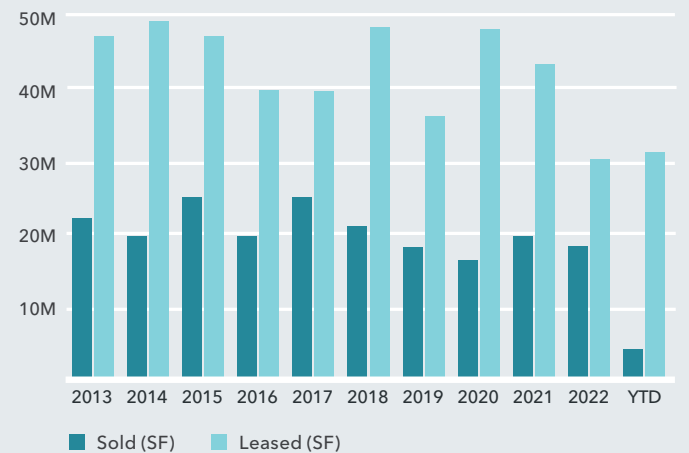
NET ABSORPTION & NEW DELIVERIES



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	1Q Direct Net Absorption	YTD Direct Net Absorption	1Q Total Leasing Activity	YTD Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,517,963	1.6%	0.0%	1.6%	3.8%	(5,228)	(17,691)	0	140,092	\$1.87
Commerce	45,683,319	3.5%	0.2%	3.7%	4.5%	(8,928)	64,891	458,727	1,162,696	\$1.74
Huntington Park/Cudahy	4,764,272	1.5%	0.0%	1.5%	5.1%	(9,400)	(14,593)	0	160,059	\$1.57
Downtown LA	127,442,869	5.8%	0.5%	6.4%	8.4%	20,674	(167,524)	1,368,921	3,635,842	\$1.93
Montebello/Monterey Park	11,852,571	5.1%	0.2%	5.4%	6.2%	(317,078)	(222,276)	0	437,188	\$1.58
Pico Rivera	10,306,021	1.3%	0.0%	1.3%	3.4%	(55,816)	(9,600)	40,604	0	\$1.88
South Gate	9,645,952	0.7%	0.0%	0.7%	3.7%	0	0	26,300	26,300	\$1.25
Vernon	44,443,220	1.9%	1.2%	3.1%	6.5%	(41,057)	(211,408)	657,082	1,824,842	\$1.62
Central	261,656,187	4.1%	0.5%	4.7%	6.7%	(416,833)	(578,201)	2,551,634	7,387,019	\$1.83
Artesia/Cerritos	13,029,517	2.8%	0.5%	3.3%	4.7%	(91,594)	(110,966)	23,149	910,484	\$1.65
Bellflower/Downey	5,525,178	3.7%	0.2%	3.9%	3.6%	(10,055)	(69,393)	21,117	151,987	\$1.80
Buena Park/La Palma	15,031,467	1.3%	1.2%	2.5%	4.2%	(2,615)	(22,567)	22,824	496,166	\$1.95
La Mirada	13,411,456	1.1%	0.1%	1.2%	4.5%	0	142,844	28,921	300,059	\$1.67
Norwalk	2,889,795	0.3%	0.0%	0.3%	0.3%	0	(2,200)	2,592	68,733	\$1.85
Paramount	9,036,896	1.8%	1.0%	2.8%	3.5%	(7,575)	(69,347)	47,640	212,094	\$1.45
Santa Fe Springs	53,653,946	1.5%	0.2%	1.7%	3.3%	16,710	23,960	558,881	2,201,625	\$1.72
Whittier	4,142,988	1.2%	0.0%	1.2%	6.5%	(3,700)	(19,449)	81,747	124,605	\$1.25
Mid-Cities	116,721,243	1.7%	0.4%	2.0%	3.8%	(98,829)	(127,118)	786,871	4,465,753	\$1.73
Alhambra	2,149,145	0.4%	0.0%	0.4%	2.2%	0	(34,990)	14,480	91,704	\$2.00
Arcadia/Temple City	3,076,487	1.0%	0.8%	1.8%	3.0%	(1,615)	(11,950)	0	78,452	\$2.40
Azusa	6,813,891	1.9%	0.0%	1.9%	2.7%	1,500	27,413	3,150	118,114	\$1.95
Baldwin Park	5,114,490	2.6%	0.0%	2.6%	3.1%	(11,223)	(64,416)	76,781	253,779	\$1.85
City of Industry/DB/HH/RH	74,672,946	2.7%	1.3%	4.0%	6.9%	(159,817)	(270,921)	414,575	10,953,482	\$1.80
Covina/West Covina	3,616,492	2.8%	0.0%	2.8%	10.7%	(10,986)	(47,634)	3,600	74,937	\$1.38
Duarte	1,799,384	5.4%	0.0%	5.4%	3.0%	0	(7,700)	0	56,134	\$1.05
El Monte	8,621,622	1.5%	0.2%	1.7%	7.9%	(44,703)	19,000	36,930	253,873	\$2.74
Irwindale	12,035,195	5.7%	0.0%	5.7%	7.8%	39,115	210,875	374,791	518,772	\$1.50
La Puente	1,918,050	1.8%	0.0%	1.8%	1.9%	0	(22,364)	24,840	30,052	\$1.28
Glendora/La Verne/ San Dimas	6,746,786	2.9%	0.0%	2.9%	4.3%	9,747	(20,302)	26,928	249,512	\$1.20
Monrovia	3,315,124	1.5%	0.0%	1.5%	3.7%	3,090	(11,242)	2,340	24,027	\$1.90
Pomona/Claremont	20,508,067	1.2%	0.1%	1.3%	2.1%	7,589	(18,498)	0	378,226	\$1.20
Rosemead/San Gabriel	2,287,009	2.7%	0.0%	2.7%	2.9%	(16,366)	(16,882)	0	25,777	\$1.25
South El Monte	11,123,508	2.6%	0.0%	2.6%	0.9%	9,728	(21,113)	81,035	(21,113)	\$1.55
Walnut	6,978,837	4.2%	0.0%	4.2%	2.1%	481	5,177	45,773	136,964	\$1.62
San Gabriel Valley	170,777,033	2.6%	0.6%	3.3%	5.2%	(173,460)	(285,547)	1,105,223	13,222,692	\$1.67
Carson	35,595,216	1.9%	0.0%	1.9%	4.1%	82,426	(205,034)	324,250	805,605	\$1.93
Compton	25,089,136	3.7%	0.4%	4.1%	6.7%	(418,771)	(119,186)	118,978	1,326,120	\$1.62
El Segundo	8,656,653	1.6%	0.3%	1.9%	2.1%	0	(38,689)	0	9,000	\$2.20
Gardena	29,397,853	3.1%	0.5%	3.6%	5.6%	(133,971)	(73,305)	114,299	705,437	\$1.70
Harbor City	1,760,255	12.1%	0.0%	12.1%	12.1%	(14,400)	(7,200)	0	14,470	\$1.65
Hawthorne	7,957,931	1.4%	0.0%	1.4%	1.2%	0	115,936	10,278	321,020	\$1.68
Inglewood	4,882,094	0.7%	0.0%	0.7%	5.0%	1,150	128,030	46,081	214,477	\$1.85
Lakewood/Hawaiian Gardens	545,940	0.4%	0.0%	0.4%	0.4%	0	43,054	0	18,144	\$1.27
Lawndale	255,756	1.0%	0.0%	1.0%	0.0%	0	3,745	0	2,500	-
Long Beach/Terminal Island	24,134,389	4.1%	0.1%	4.2%	4.7%	(6,862)	39,820	5,200	679,637	\$1.92
Lynwood	4,641,650	0.0%	0.0%	0.0%	2.7%	0	0	0	89,619	-
Rancho Dominguez	14,012,664	0.7%	0.0%	0.7%	4.5%	201,425	65,088	0	588,432	\$1.93
Redondo/Hermosa Beach	1,768,070	0.3%	0.0%	0.3%	0.3%	0	(5,390)	0	65,249	\$2.11
San Pedro	2,752,495	0.4%	0.0%	0.4%	1.6%	0	12,627	0	1,282	\$2.00
Signal Hill	3,268,257	2.8%	0.1%	2.8%	5.4%	28,600	(80,387)	25,062	80,046	\$2.37
Torrance	28,246,817	5.7%	0.5%	6.1%	8.2%	(198,722)	163,331	103,032	893,006	\$2.22
Wilmington	4,057,997	6.8%	0.3%	7.1%	8.8%	(9,570)	(11,044)	7,730	82,186	\$2.16
South Bay	197,023,173	3.1%	0.2%	3.3%	5.2%	(468,695)	31,396	754,910	5,896,230	\$2.00
Los Angeles Total	746,177,636	3.1%	0.4%	3.6%	5.5%	(1,157,817)	(959,470)	5,198,638	30,971,694	\$1.85

TOP SALE TRANSACTIONS 1Q 2023

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Port LA Distribution Center Portfolio	South Bay	759,851	\$213,386,643	\$573.12	GPIF	BlackRock, Inc.
12800-12870 Culver Blvd Portfolio	Westside	199,800	\$189,721,875	\$949.56	GI Partners	DirectTV
350-400 Westmont Dr - Phase II	South Bay	512,700	\$152,034,669	\$605.18	GPIF	BlackRock, Inc.
Hertz	Westside	778,920	\$143,000,000	\$183.59	Rexford Industrial Realty, Inc.	Hertz Corporation
401 Westmont Ave - Phase I	South Bay	340,659	\$107,011,577	\$641.08	GPIF	BlackRock, Inc.
2160 E 7th St	Central Los Angeles	75,163	\$85,000,000	\$1,130.88	Nuveen	The Related Companies

TOP LEASE TRANSACTIONS 1Q 2023

Property	Submarket	SF	Transaction Date	Landlord	Tenant
680 S Lemon Ave	SGV	472,876	March 2023	Unical Aviation, Inc.	Furniture of America (Sublease)
Grand Avenue Distribution II	SGV	318,497	April 2023	PGIM Real Estate	Undisclosed
Bridge Point South Bay	South Bay	312,212	March 2023	Morgan Stanley & Co. LLC	NRL/Platinum (Sublease)
The Park @ Live Oak I	SGV	291,673	March 2023	JH Properties, Inc.	Undisclosed (Sublease)
Grand Avenue Distribution I	SGV	274,474	January 2023	PGIM Real Estate	Weida Freight System, Inc.
The Park @ Live Oak II	SGV	260,889	March 2023	JH Properties, Inc.	Undisclosed (Sublease)

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
The Park @ Live Oak	1270 Arrow Hwy	SGV	1,023,000	JH Properties, Inc.	May 2024
Grand Crossing South I	21921-2193 Industry Way	SGV	1,000,720	City of Industrial Dev. Authority (IDA)	July 2023
Grand Crossing South II	131-151 Marcellin Dr & 23070 Grand Crossing	SGV	846,980	City of Industrial Dev. Authority (IDA)	December 2023
Grand Crossing South III	171 Marcellin Dr & 23060 Grand Crossing	SGV	694,400	City of Industrial Dev. Authority (IDA)	December 2023
The Park @ Live Oak II	901-905 Live Oak	SGV	552,562	JH Properties, Inc.	May 2024
3900 Arden Dr	3900 Arden Dr	SGV	360,992	El Monte Logistics Center LP	December 2023

Data Source: EDD, CoStar



Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 20 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.

GARY BARAGONA
 Director of Research
 415.229.8925
 gary.baragona@kidder.com

JIM KRUSE
 Regional President, Brokerage
 Greater Los Angeles
 213.225.7249
 jim.kruse@kidder.com
 LIC N° 00678735

COMMERCIAL BROKERAGE	\$12B TRANSACTION VOLUME ANNUALLY	32.1M ANNUAL SALES SF	41.2M ANNUAL LEASING SF
ASSET SERVICES	53M MANAGEMENT PORTFOLIO SF	771+ ASSETS UNDER MANAGEMENT	250+ ASSET SERVICES CLIENTS
VALUATION ADVISORY	2,600+ ASSIGNMENTS ANNUALLY	46 TOTAL APPRAISERS	23 WITH MAI DESIGNATIONS

This information supplied herein is from sources we deem reliable. It is provided without any representation, warranty or guarantee, expressed or implied as to its accuracy. Prospective Buyer or Tenant should conduct an independent investigation and verification of all matters deemed to be material, including, but not limited to, statements of income and expenses. Consult your attorney, accountant, or other professional advisor.

KIDDER.COM