

## MARKET TRENDS

# LOS ANGELES INDUSTRIAL

### MARKET DRIVERS

Based on TEU counts coming out of the Ports of Los Angeles and Long Beach, import numbers are showing signs of improvement. Without much of a Peak Season, we now wait and see how the Chinese New Year shapes up as the next key milestone.

### LEASING MARKET

Negative net absorption continues to rule the market. The renewal market remains relatively strong as Companies elect to stay put and avoid the disruption and costs of moving. We are seeing a decrease in asking rental rates for direct availabilities and an increase in concessions, particularly in free rent for any new transaction. Most of the activity in new transactions is in smaller, 50,000 and under offerings. Activity in the 75,000 and up size range is few and far between.

### SALE MARKET

Sale activity in 2023 was off dramatically due to interest rate increases, cap rate increases and the challenge of determining where lease rates are now and where they are headed in the near term. Buyers cannot impute rental increases in the current environment which is impairing underwriting. With few exceptions, occupier buyers remain largely on the sidelines as do institutional investors.

### NEAR-TERM OUTLOOK

The Fed's pause in raising rates, and perhaps even the specter of rates being lowered in the middle of next year should provide the stability necessary for sale velocity to pick back up. Continued improvement of TEU counts flowing through the ports should provide the much needed boost to increase leasing, but it is not going to happen overnight. Tenants are going to need time and improved visibility of their needs before C Suites have the confidence to expand and relocate. General sentiment is expecting 2024 to be a second half year and that the first few quarters of the New Year will continue to be challenging.

## Market Summary

	4Q23	3Q23	4Q22	Annual Change
Direct Vacancy Rate	3.7%	3.4%	2.0%	<b>86.46%</b>
Availability Rate	6.8%	6.3%	4.1%	<b>64.86%</b>
Asking Lease Rate	\$1.75	\$1.82	\$1.78	<b>-1.69%</b>
Leasing Activity (SF)	3,961,354	8,171,355	7,519,215	<b>-47.32%</b>
Sale Volume (SF)	2,325,516	3,771,598	3,215,175	<b>-27.67%</b>
Net Absorption (SF)	(1,245,967)	(1,024,666)	(601,046)	<b>N/A</b>

↓ **4.0M SF**  
LEASING ACTIVITY

↓ **-1.2M SF**  
NET ABSORPTION

↑ **3.7%**  
VACANCY RATE

↓ **\$1.75**  
ASKING RENT (AVG)

↑ **1.2M SF**  
NEW DELIVERIES

Year-Over-Year Trend

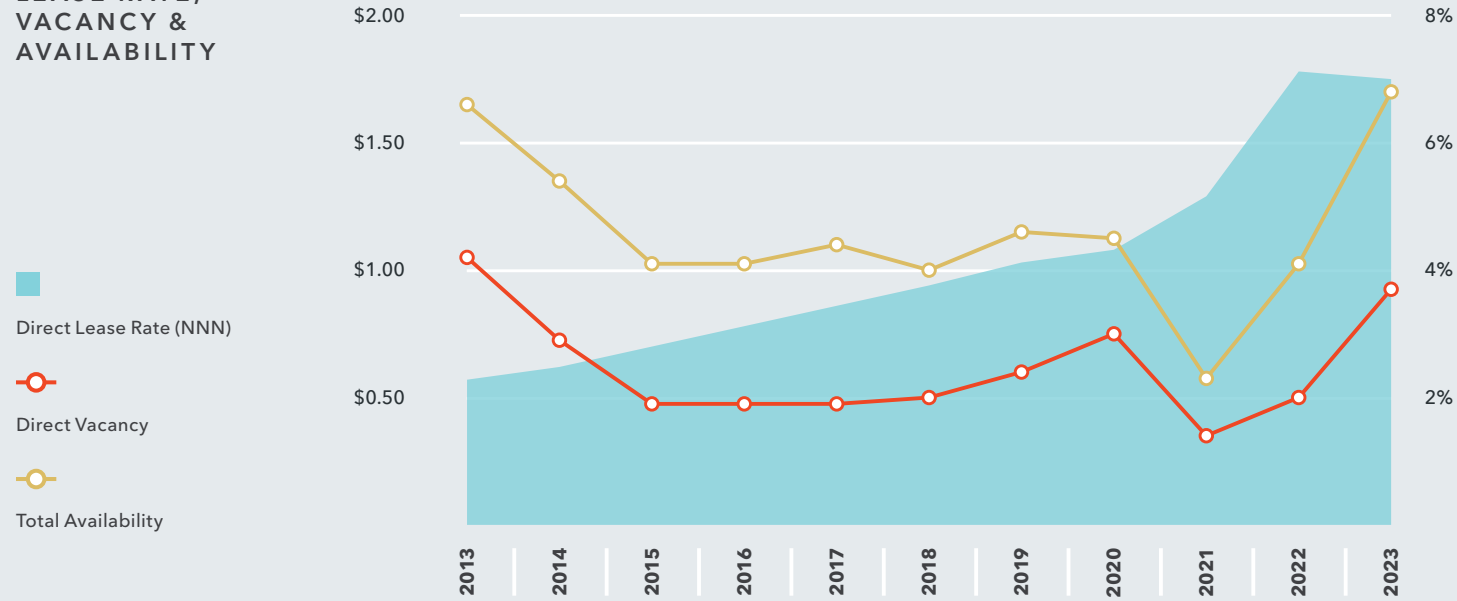
## Market Highlights

**DIRECT MARKET VACANCY** in Los Angeles currently at 3.7%.

**AT YEAR END**, the average asking rate was lowered to \$1.75/SF on a triple net lease (NNN) basis.

**REAL TIME CAP RATES** are minimum mid 6s.

### LEASE RATE, VACANCY & AVAILABILITY

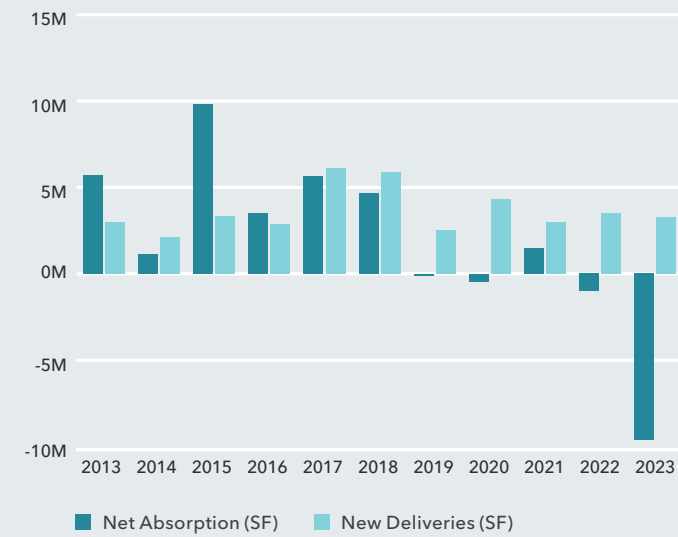


### BIGGEST SALE OF THE QUARTER

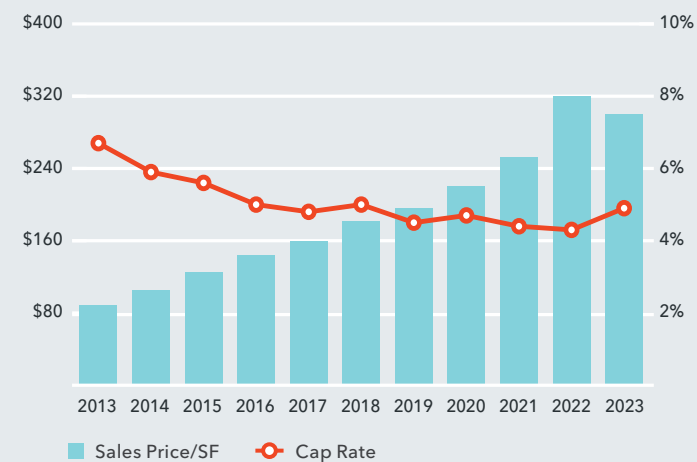
*City Brewing Center  
San Gabriel Valley*



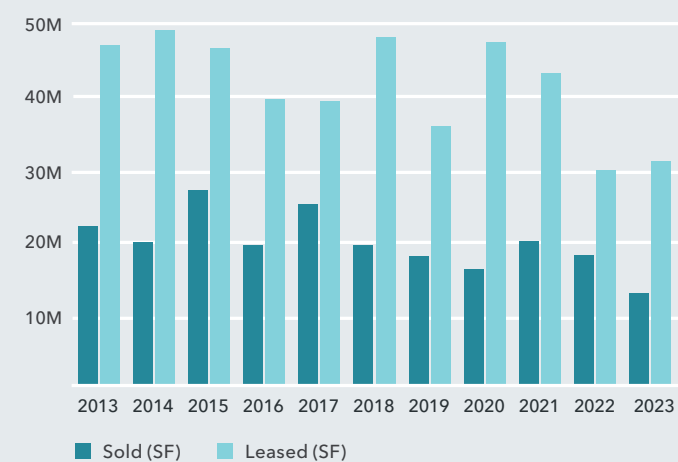
### NET ABSORPTION & NEW DELIVERIES



### 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	4Q Direct Net Absorption	YTD Direct Net Absorption	4Q Total Leasing Activity	YTD Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,546,033	3.1%	0.0%	3.1%	3.9%	(218)	(198,002)	0	66,749	\$1.53
Commerce	46,221,158	3.2%	0.2%	3.4%	6.4%	(174,184)	(923,633)	296,891	1,884,436	\$1.71
Huntington Park/Cudahy	4,774,995	3.5%	0.2%	3.7%	11.0%	(83,210)	(95,094)	9,835	91,935	\$1.57
Downtown LA	126,601,788	5.5%	0.3%	5.8%	7.7%	309,207	(1,177,626)	792,969	3,617,223	\$1.88
Montebello/Monterey Park	11,855,996	6.8%	0.6%	7.5%	10.1%	(109,532)	(571,051)	40,970	513,635	\$2.00
Pico Rivera	10,307,162	1.1%	0.5%	1.6%	4.0%	(5,997)	(46,288)	500	85,332	\$1.50
South Gate	9,808,893	0.7%	0.0%	0.7%	3.2%	(20,686)	(4,477)	10,800	26,645	\$0.95
Vernon	44,529,163	3.9%	2.9%	6.8%	8.0%	221,664	(940,941)	140,296	1,758,031	\$1.66
<b>Central</b>	<b>261,645,188</b>	<b>4.4%</b>	<b>0.7%</b>	<b>5.1%</b>	<b>7.3%</b>	<b>137,044</b>	<b>(3,957,112)</b>	<b>1,292,261</b>	<b>8,043,986</b>	<b>\$1.66</b>
Artesia/Cerritos	13,055,746	4.2%	0.2%	4.4%	7.2%	51,108	(304,278)	83,299	580,507	\$1.63
Bellflower/Downey	5,547,944	3.6%	0.0%	3.6%	4.3%	(65,312)	(67,400)	6,879	124,710	\$1.56
Buena Park/La Palma	15,304,937	2.2%	2.2%	4.4%	4.7%	(154,823)	(183,404)	5,323	351,930	\$1.74
La Mirada	13,415,184	4.1%	3.7%	7.7%	11.6%	(193,273)	(464,137)	101,660	546,221	\$1.59
Norwalk	2,919,603	3.2%	0.0%	3.2%	3.5%	(687)	(88,271)	1,100	121,053	\$1.85
Paramount	9,228,217	1.1%	0.2%	1.2%	3.0%	31,417	(20,530)	16,313	526,786	\$1.45
Santa Fe Springs	53,800,422	2.9%	0.3%	3.2%	5.9%	(364,443)	(992,433)	178,116	2,466,362	\$1.80
Whittier	4,339,467	1.7%	0.0%	1.7%	2.2%	140,856	(20,249)	3,511	268,276	\$1.38
<b>Mid-Cities</b>	<b>117,611,520</b>	<b>2.9%</b>	<b>0.9%</b>	<b>3.8%</b>	<b>6.0%</b>	<b>(555,157)</b>	<b>(2,140,702)</b>	<b>396,201</b>	<b>4,985,845</b>	<b>\$1.70</b>
Alhambra	2,154,439	2.7%	0.8%	3.5%	3.9%	(45,029)	(22,190)	14,480	91,704	\$2.00
Arcadia/Temple City	3,146,409	1.7%	1.1%	2.7%	2.8%	4,677	(7,509)	6,425	78,452	\$2.43
Azusa	6,839,284	2.7%	0.0%	2.7%	2.9%	82,368	(72,431)	3,150	118,114	\$1.95
Baldwin Park	5,166,839	3.8%	0.1%	3.9%	4.6%	(34,750)	(52,460)	76,781	253,779	\$1.85
City of Industry/DB/HH/RH	76,708,807	4.1%	1.0%	5.2%	9.9%	(156,956)	(459,028)	508,265	10,953,482	\$1.66
Covina/West Covina	3,515,933	2.3%	0.1%	2.5%	10.7%	(17,352)	(25,197)	6,264	74,937	\$1.82
Duarte	1,798,317	5.3%	0.0%	5.3%	2.8%	27,258	(32,158)	0	56,134	-
El Monte	8,717,256	1.9%	0.0%	1.9%	1.9%	(20,909)	(99,544)	36,930	253,873	\$1.75
Irwindale	12,270,405	2.7%	0.0%	2.7%	5.7%	73,480	501,710	374,791	518,772	\$1.38
La Puente	1,947,208	0.5%	0.0%	0.5%	1.4%	32,374	24,134	24,840	30,052	-
Glendora/La Verne/San Dimas	6,662,010	2.6%	0.0%	2.6%	3.9%	(28,306)	(67,727)	39,622	249,512	\$1.15
Monrovia	3,368,133	3.1%	0.0%	3.1%	4.7%	(18,354)	(48,782)	2,340	24,027	\$1.85
Pomona/Claremont	20,553,890	1.3%	0.4%	1.7%	2.8%	(64,600)	(122,563)	27,551	378,226	\$1.52
Rosemead/San Gabriel	2,264,964	5.3%	0.0%	5.3%	3.4%	(54,693)	(80,947)	0	25,777	\$1.22
South El Monte	11,220,850	2.8%	0.3%	3.0%	2.3%	20,813	(34,408)	81,035	(21,113)	\$1.56
Walnut	6,739,726	4.7%	1.3%	6.0%	5.9%	(12,927)	(82,891)	45,773	136,964	\$1.59
<b>San Gabriel Valley</b>	<b>173,074,470</b>	<b>3.3%</b>	<b>0.6%</b>	<b>3.9%</b>	<b>6.5%</b>	<b>(212,906)</b>	<b>(681,991)</b>	<b>1,248,247</b>	<b>13,222,692</b>	<b>\$1.57</b>
Carson	35,560,064	5.4%	0.7%	6.1%	8.4%	(267,018)	(1,430,879)	324,250	805,605	\$1.86
Compton	25,135,580	3.1%	0.7%	3.8%	7.2%	84,598	(495,414)	118,978	1,326,120	\$1.81
El Segundo	7,526,459	2.1%	0.4%	2.5%	2.1%	16,800	(62,858)	0	9,000	\$2.17
Gardena	29,288,589	2.7%	0.7%	3.4%	6.0%	(109,309)	(491,774)	114,299	705,437	\$1.63
Harbor City	1,765,758	4.6%	1.7%	6.3%	5.0%	(7,703)	(74,172)	0	14,470	-
Hawthorne	8,249,208	1.6%	0.6%	2.1%	2.8%	(10,210)	(476)	10,278	321,020	\$1.58
Inglewood	4,968,473	2.1%	0.8%	3.0%	3.4%	(3,727)	(52,257)	46,081	214,477	\$1.72
Lakewood/Hawaiian Gardens	545,940	0.0%	0.3%	0.3%	0.3%	0	0	0	18,144	-
Lawndale	255,756	4.7%	0.0%	4.7%	4.7%	(10,000)	(7,000)	0	2,500	-
Long Beach/Terminal Island	24,267,399	2.5%	0.4%	2.9%	4.3%	(69,068)	276,735	135,999	679,637	\$1.53
Lynwood	4,665,228	2.0%	0.0%	2.0%	2.9%	(43,983)	(94,948)	0	89,619	\$1.21
Rancho Dominguez/E Rancho Dominguez	14,280,896	5.5%	0.5%	6.0%	7.8%	(45,476)	(572,142)	136,836	588,432	\$1.50
Redondo/Hermosa Beach	1,766,997	0.1%	0.0%	0.1%	0.1%	(1,330)	3,260	2,100	65,249	-
San Pedro	2,768,203	0.6%	1.8%	2.3%	15.3%	0	(9,628)	0	1,282	\$2.00
Signal Hill	3,000,137	1.9%	0.0%	1.9%	2.8%	14,123	58,043	25,062	80,046	\$1.86
Torrance	28,975,645	6.2%	0.4%	6.6%	7.7%	(142,202)	132,052	103,032	893,006	\$2.21
Wilmington	4,069,153	0.8%	0.7%	1.5%	2.4%	(20,443)	(17,599)	7,730	82,186	\$1.82
<b>South Bay</b>	<b>197,089,485</b>	<b>3.7%</b>	<b>0.6%</b>	<b>4.3%</b>	<b>6.3%</b>	<b>(614,948)</b>	<b>(2,839,057)</b>	<b>1,024,645</b>	<b>5,896,230</b>	<b>\$1.87</b>
<b>Los Angeles Total</b>	<b>749,442,538</b>	<b>3.7%</b>	<b>0.7%</b>	<b>4.4%</b>	<b>6.8%</b>	<b>(1,245,967)</b>	<b>(9,618,862)</b>	<b>3,961,354</b>	<b>30,971,694</b>	<b>\$1.75</b>

TOP SALE TRANSACTIONS 4Q 2023

Property	Submarket	SF	Sale Price	PPSF	Buyer	Seller
City Brewing Center	SGV	993,142	\$120,000,000	\$120.83	Rexford Industrial Realty, Inc	The Pabst Brewing Company
John Reed Commerce Center (14)	SGV	272,103	\$80,000,000	\$294.01	Longpoint Realty Partners	DWS Group
Village Business Park I	Mid-Cities	295,860	\$71,000,000	\$239.98	Buchanan Street Partners	TA Realty
DSD Warehouse	South Bay	112,363	\$45,700,000	\$406.72	Terreno Realty	Link Logistics Real Estate
Pera Tile Manufacture Center	South Bay	71,771	\$21,000,000	\$292.60	Walton Street	NSA Realty Estate Investment
AIDS Healthcare Foundation	South Bay	53,978	\$20,000,000	\$370.52	AIDS Healthcare Foundation	Shultz Properties Inc

TOP LEASE TRANSACTIONS 4Q 2023

Property	Submarket	SF	Transaction Date	Landlord	Tenant
General Mills Distribution Center	South Bay	250,272	November 2023	Carson Companies	General Mills, Inc
LA Industrial Center	South Bay	234,600	October 2023	PUMA North America (Sublease)	Lincoln Transportation Services, Inc
Irwindale Business Center	SGV	233,342	November 2023	Clarion Partners	Classic Concepts
18669 San Jose Ave	SGV	160,000	November 2023	Blackstone Inc	Cool Pai Inc
AB One Distribution Center	Mid-Cities	158,831	September 2023	Thor Equities	Anheuser-Busch (Renewal)
Dominguez Technology Center	South Bay	145,472	November 2023	Watson Land Company	Dermalogica, Inc (Renewal)

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery Date
Grand Crossing South II	131-151-171 Marcellin Dr	SGV	1,541,380	City of Industrial Dev. Authority (IDA)	December 2023
The Park @ Live Oak	901-905 Live Oak	SGV	552,562	JH Properties, Inc	Feb / March 2024
El Monte Logistics Center   Foot Locker	3900 Arden Dr	SGV	360,992	El Monte Logistics Center LP	December 2023
4200 W Valley Blvd	4200 W Valley Blvd	SGV	269,780	CapRock Partners	September 2024
Pinyon Pointe	112 W Alondra Blvd   219 W Gardena Blvd	South Bay	283,914	Link Logistics Real Estate	October 2024
Union Commerce Center	3690 Union Pacific Ave	Central LA	253,318	Real Estate Development Associates	October 2024

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.

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<b>COMMERCIAL BROKERAGE</b>	<i>\$12B</i> TRANSACTION VOLUME ANNUALLY	<i>32.1M</i> ANNUAL SALES SF	<i>41.2M</i> ANNUAL LEASING SF
<b>ASSET SERVICES</b>	<i>53M</i> MANAGEMENT PORTFOLIO SF	<i>771+</i> ASSETS UNDER MANAGEMENT	<i>250+</i> ASSET SERVICES CLIENTS
<b>VALUATION ADVISORY</b>	<i>2,800+</i> ASSIGNMENTS ANNUALLY	<i>41</i> TOTAL APPRAISERS	<i>23</i> WITH MAI DESIGNATIONS

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