

MARKET TRENDS

LOS ANGELES INDUSTRIAL

MARKET DRIVERS

As Port numbers continue to trend upward, the million dollar question is, when will we start to see leasing demand increase as a result. To date, the correlation between TEU increases and leasing demand has not materialized as a measurable metric. But overall activity does appear to be improving, based on the number of property tours and letters of intent.

LEASING MARKET

Negative Net Absorption, rising vacancy, lowering rental rates and increased concession packages summarize the market year to date. TBD asking rental rate marketing is falling by the way side as most institutional owners will now quote a rate, some of whom had not done so in many years. And the asking rental rates being published are now 10% below where they were being verbally quoted at the beginning of the year. 4-5 months of free rent is now market for any new lease and free rent is now part of most active renewals, although more like 2-3 months.

SALE MARKET

Not a lot happening of note. We sold a 30,000 foot ground level class B building on La Cienega adjacent to LAX for \$288 a foot on the building or equivalent to \$108 per foot on the land. And the Herbalife 9 acre site at 190th and Vermont is rumored to be on the verge of going under contract somewhere between \$110 to \$120 per foot on the land. Once that site closes, it will serve as benchmark for where Class A industrial land is pricing.

NEAR-TERM OUTLOOK

We are at the point where Landlords are willing to meet the market and opportunistic tenants who have the business will start to transact so we should see improved numbers in the next 90-180 days on the leasing side. There should be improvement in the velocity of the sale market as Sellers let go of peak pricing, in favor of what represents very good pricing from a historical perspective.

Market Summary

	1Q24	4Q23	1Q23	YOY Change
Direct Vacancy Rate	4.4%	3.8%	2.7%	62.93%
Availability Rate	7.5%	6.7%	5.2%	43.99%
Asking Lease Rate	\$1.72	\$1.73	\$1.70	1.18%
	1Q24	4Q23	1Q23	YOY Change
Leasing Activity (SF)	2,522,126	6,469,225	8,453,921	-70.17%
Sales Volume (SF)	966,563	3,248,418	4,716,232	-79.51%
Net Absorption (SF)	(4,318,841)	(1,456,793)	(4,160,624)	N/A

↓ **2.5M SF**
LEASING ACTIVITY

↑ **-4.3M SF**
NET ABSORPTION

↑ **4.4%**
VACANCY RATE

↑ **\$1.72**
ASKING RENT (AVG)

↓ **292K SF**
NEW DELIVERIES

Year-Over-Year Trend

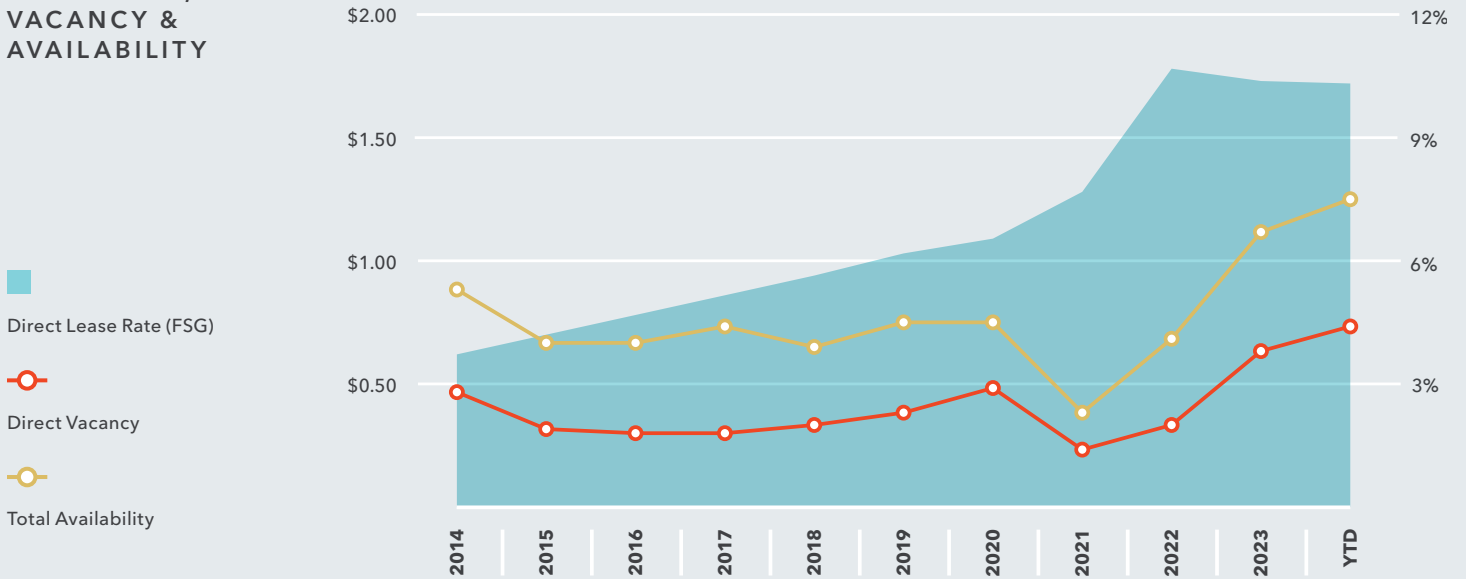
Market Highlights

DIRECT VACANCIES in Los Angeles currently at 4.4%

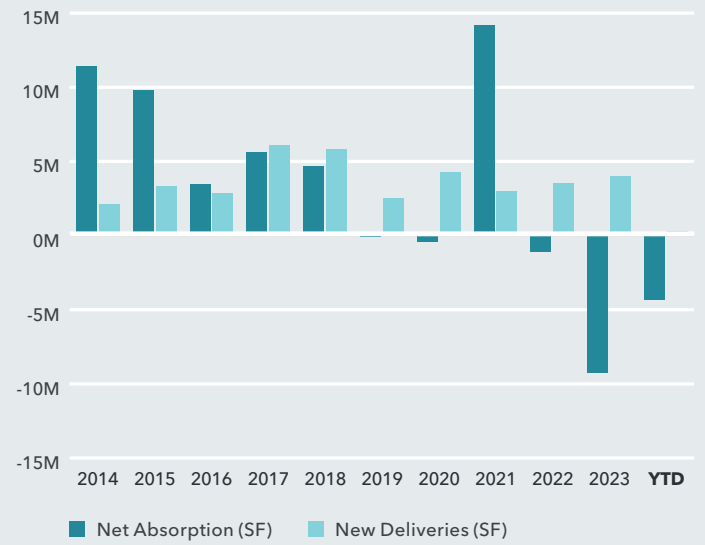
AVERAGE ASKING RATE at year-end was lowered to \$1.72/ SF on a triple net lease (NNN) basis

REAL TIME CAP RATES are minimum mid 5s

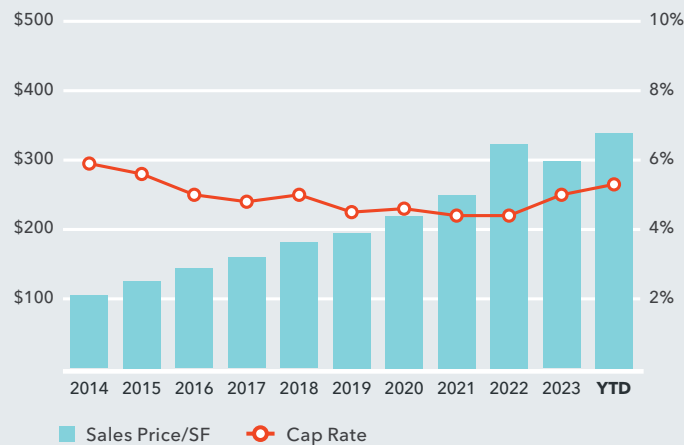
LEASE RATE, VACANCY & AVAILABILITY



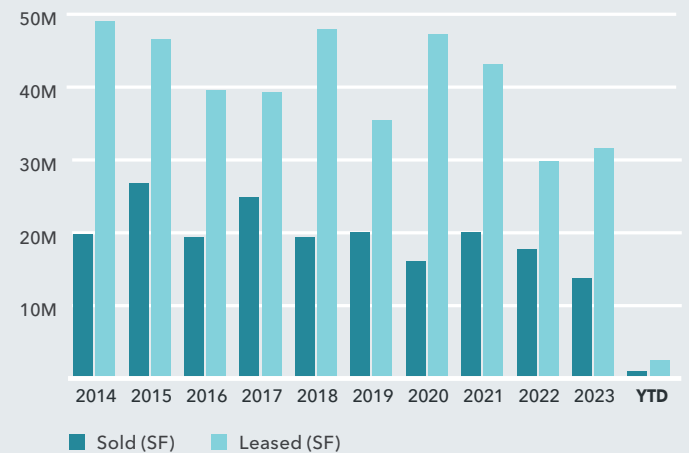
NET ABSORPTION & NEW DELIVERIES



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 Availability Rate	QTR Net Direct Absorption	YTD Net Direct Absorption	QTR Total Leasing Activity	YTD Total Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,553,667	3.9%	0.0%	3.9%	4.8%	(9,309)	(9,309)	56,401	56,401	\$1.58
Commerce	46,256,844	4.7%	0.2%	4.9%	9.0%	(637,501)	(637,501)	188,307	188,307	\$1.58
Huntington Park/Cudahy	4,792,747	4.0%	0.5%	4.4%	12.0%	(23,678)	(23,678)	72,000	72,000	\$1.15
Downtown LA	125,574,074	5.8%	0.5%	6.3%	8.4%	(699,933)	(699,933)	432,911	432,911	\$1.81
Montebello/Monterey Park	11,845,842	7.0%	0.8%	7.8%	11.5%	(37,629)	(37,629)	79,648	79,648	\$2.07
Pico Rivera	10,307,162	1.9%	0.5%	2.4%	4.4%	(80,526)	(80,526)	2,480	2,480	\$1.43
South Gate	9,811,953	2.6%	0.0%	2.6%	4.2%	(95,012)	(95,012)	87,038	87,038	\$1.59
Vernon	44,193,964	4.4%	2.7%	7.1%	7.9%	(148,761)	(148,761)	289,224	289,224	\$1.66
Central	260,336,253	5.0%	0.8%	5.8%	8.2%	(1,732,349)	(1,732,349)	1,208,009	1,208,009	\$1.70
Artesia/Cerritos	13,051,670	4.5%	0.9%	5.3%	10.0%	(26,735)	(26,735)	136,090	136,090	\$1.54
Bellflower/Downey	5,765,252	3.6%	0.0%	3.6%	4.0%	97,146	97,146	0	0	\$1.56
Buena Park/La Palma	15,345,859	2.4%	2.5%	5.0%	5.2%	(140,245)	(140,245)	8,400	8,400	\$1.74
La Mirada	13,444,578	3.0%	3.6%	6.6%	11.5%	(75,152)	(75,152)	175,764	175,764	\$1.57
Norwalk	2,919,603	3.7%	0.0%	3.7%	3.6%	(12,498)	(12,498)	7,048	7,048	\$1.85
Paramount	9,231,813	1.4%	0.2%	1.6%	3.5%	(48,870)	(48,870)	4,800	4,800	\$1.49
Santa Fe Springs	53,965,592	3.9%	0.3%	4.2%	7.6%	(385,992)	(385,992)	107,932	107,932	\$1.75
Whittier	4,220,465	2.4%	0.0%	2.4%	3.0%	(31,305)	(31,305)	9,587	9,587	\$1.38
Mid-Cities	117,944,832	3.4%	1.0%	4.4%	7.2%	(623,651)	(623,651)	449,621	449,621	\$1.62
Alhambra	2,155,611	3.9%	0.8%	4.7%	4.7%	(17,472)	(17,472)	8,990	8,990	\$2.00
Arcadia/Temple City	3,147,408	1.7%	1.1%	2.8%	2.6%	(7,777)	(7,777)	11,727	11,727	\$1.85
Azusa	6,906,663	2.5%	0.0%	2.5%	4.5%	(33,968)	(33,968)	8,350	8,350	\$1.40
Baldwin Park	5,164,064	4.2%	0.2%	4.4%	4.8%	(20,090)	(20,090)	7,044	7,044	\$1.43
City of Industry/DB/HH/RH	77,324,444	5.3%	1.3%	6.6%	10.2%	(731,735)	(731,735)	350,287	350,287	\$1.71
Covina/West Covina	3,557,045	2.5%	0.0%	2.5%	10.1%	(7,495)	(7,495)	28,029	28,029	\$1.75
Duarte	1,798,317	6.4%	0.0%	6.4%	3.7%	(55,961)	(55,961)	1,606	1,606	-
El Monte	9,078,804	5.4%	1.1%	6.5%	2.9%	5,600	5,600	9,680	9,680	\$1.62
Irwindale	12,271,667	3.9%	0.8%	4.6%	7.5%	(18,218)	(18,218)	2,498	2,498	\$1.51
La Puente	1,947,208	0.4%	0.0%	0.4%	0.5%	2,937	2,937	935	935	-
Glendora/La Verne/San Dimas	6,732,511	3.6%	0.0%	3.6%	5.1%	185	185	9,042	9,042	\$1.69
Monrovia	3,404,894	3.1%	0.0%	3.1%	5.1%	(30,162)	(30,162)	38,597	38,597	\$1.85
Pomona/Claremont	20,605,504	2.0%	0.5%	2.5%	3.4%	(117,705)	(117,705)	34,748	34,748	\$1.29
Rosemead/San Gabriel	2,264,964	2.9%	0.0%	2.9%	3.5%	62,276	62,276	4,200	4,200	\$1.31
South El Monte	11,218,443	2.8%	0.0%	2.8%	1.4%	30,457	30,457	51,573	51,573	\$1.55
Walnut	6,743,131	4.6%	0.3%	4.9%	9.2%	10,770	10,770	25,977	25,977	\$1.61
San Gabriel Valley	174,320,678	4.1%	0.8%	4.9%	7.1%	(928,358)	(928,358)	593,283	593,283	\$1.61
Carson	35,558,230	4.7%	0.8%	5.5%	9.3%	(141,712)	(141,712)	18,490	18,490	\$1.86
Compton	25,243,497	4.7%	0.7%	5.4%	8.0%	(541,279)	(541,279)	29,628	29,628	\$1.78
El Segundo	7,510,001	1.2%	0.4%	1.6%	1.8%	(16,050)	(16,050)	0	0	\$2.11
Gardena	29,120,448	4.7%	0.6%	5.3%	7.3%	(244,999)	(244,999)	66,401	66,401	\$1.53
Harbor City	1,765,758	3.0%	1.7%	4.7%	5.0%	14,400	14,400	0	0	-
Hawthorne	8,190,278	1.4%	0.5%	2.0%	2.7%	4,160	4,160	33,772	33,772	\$1.58
Inglewood	4,959,646	1.9%	0.5%	2.4%	2.7%	(11,763)	(11,763)	17,586	17,586	\$1.72
Lakewood/Hawaiian Gardens	538,131	0.0%	0.0%	0.0%	0.3%	0	0	0	0	-
Lawndale	268,028	9.1%	0.0%	9.1%	9.1%	(12,272)	(12,272)	0	0	-
Long Beach/Terminal Island	24,246,348	4.7%	0.5%	5.2%	7.1%	(140,883)	(140,883)	200	200	\$1.58
Lynwood	4,363,391	3.7%	0.0%	3.7%	3.9%	(66,400)	(66,400)	0	0	\$1.21
Rancho Dominguez/E Rancho Dominguez	14,305,666	6.8%	0.8%	7.6%	9.9%	(54,958)	(54,958)	17,513	17,513	\$1.62
Redondo/Hermosa Beach	1,744,149	0.0%	0.0%	0.0%	0.0%	0	0	0	0	-
San Pedro	2,768,203	0.6%	1.8%	2.3%	14.7%	0	0	0	0	-
Signal Hill	3,040,985	2.3%	0.2%	2.5%	3.4%	(17,796)	(17,796)	14,330	14,330	\$1.91
Torrance	29,006,848	5.4%	1.0%	6.4%	6.5%	222,221	222,221	53,103	53,103	\$2.19
Wilmington	4,086,109	1.3%	0.7%	2.0%	2.1%	(27,152)	(27,152)	20,190	20,190	\$1.79
South Bay	196,715,716	4.4%	0.7%	5.1%	7.0%	(1,034,483)	(1,034,483)	271,213	271,213	\$1.83
Los Angeles Total	749,317,479	4.4%	0.8%	5.2%	7.5%	(4,318,841)	(4,318,841)	2,522,126	2,522,126	\$1.72

TOP SALE TRANSACTIONS FOR 1Q24

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
CenterPoint Compton Portfolio (4)	South Bay	546,866	\$196,500,500	\$359.32	CenterPoint Properties	JPMorgan Chase & Co
Irwindale Industrial Center Portfolio (4)	SGV	234,179	\$84,000,000	\$358.70	Rexford Industrial Realty, Inc.	AEW Capital Management
Main & Naud St Portfolio (3)	Central Los Angeles	98,784	\$45,750,000	\$463.13	Hobson/Lucas Family Fdn.	Industry Partners
18689-18701 Arenth Ave	SGV	91,151	\$38,400,000	\$421.28	Gigabyte Technology	Staley Point Capital
14313-14351 Bonelli St	SGV	69,498	\$16,500,000	\$237.42	West Harbor Capital	Earl M Hill Family Ltd

TOP LEASE TRANSACTIONS FOR 1Q24

Property	Submarket	SF	Transaction Date	Landlord	Tenant
South Bay Distribution Center	South Bay	254,411	February 2024	Prologis, Inc.	Inland Star Distribution Centers
18305 San Jose Ave - Hot Topic	SGV	160,000	February 2024	Blackstone Inc.	Undisclosed (Sublease)
Mid-Counties Industrial Center	Mid-Cities	142,560	January 2024	Heitman	MEI Rigging & Crating
5525 S Soto St	Central Los Angeles	138,100	January 2024	Transformco	Popular Basics Corp (Sublease)
Logistics Park	SGV	112,000	January 2024	Majestic Realty Co.	Cubework

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Grand Crossing South II	151-171 Marcellin Dr	SGV	1,300,880	City of Industrial Dev. Authority (IDA)	March 2024
The Park @ Live Oak	901-905 Live Oak	SGV	552,562	JH Properties, Inc.	May / March 2024
Dominguez Commerce Center	2001 E Dominguez St	South Bay	429,112	Brookfield Properties	October 2024
West Valley Logistics	4200 W Valley Blvd	SGV	269,780	CapRock Partners	October 2024
Pinyon Pointe	112 W Alondra Blvd 219 W Gardena Blvd	South Bay	283,914	Link Logistics Real Estate	October 2024

Data Source: EDD, CoStar



Kidder Mathews is the largest independent commercial real estate firm on the West Coast, with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, 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	\$10B 3-YEAR AVERAGE TRANSACTION VOLUME	31.7M ANNUAL SALES SF	42.4M ANNUAL LEASING SF
ASSET SERVICES	51M SF MANAGEMENT PORTFOLIO SIZE	750+ ASSETS UNDER MANAGEMENT	250+ CLIENTS SERVED
VALUATION ADVISORY	2,600+ 3-YEAR AVERAGE ASSIGNMENTS	43 TOTAL APPRAISERS	25 WITH MAI DESIGNATIONS

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