

## MARKET TRENDS

# LOS ANGELES INDUSTRIAL

### MARKET DRIVERS

Tariffs, Stock Market gyrations and ongoing conflict in Ukraine and Gaza are creating further uncertainty in the minds of decision makers who are largely and understandably taking a wait and see approach. As sale prices start to come in at under \$300 a foot and lease rates continue to drift downward, the market is searching for stability. What seemed to be an uptick in tours and inquiries early in the New Year turned out to be a head fake as the quarter wore on.

### LEASING MARKET

Demand in the leasing market is stagnant. Tenants in the market can expect lease concessions not seen since before the early months of the pandemic in the form of free rent or beneficial occupancy. Base rates in Class A offerings can be had for \$1.75 Net and Class B is \$1.50 Net for the better buildings. With total availability in the South Bay of 8%, Tenants have lots to choose from and leverage is in their corner.

### SALE MARKET

Overall, Sale activity saw a bump in Q4 of last year but has again quieted down. The main culprit is not lack of deployable capital. The million-dollar question is "Where is the leasing market and lease rates really at?". There are no clear-cut answers with the lack of viable tenants in the market. We need leasing activity to gather some momentum to give investors' confidence that rates will not further erode, and concessions will stop rising.

### NEAR-TERM OUTLOOK

We are hopeful that the actual tariffs will be less impactful and more certain than the daily whipsaw we have been experiencing. The sense of optimism with the installation of the new administration has receded and consumer confidence is weakening, particularly as inflation remains high. Rental rates and Sale pricing has been coming down and there will be a pivot but as to how soon, the guess here is that it's not happening in the next couple of quarters. Without a shoring up of where the rental market is at, the sale market will continue to be restricted.

## Market Summary

	1Q25	4Q24	1Q24	YOY Change
Direct Vacancy Rate	5.4%	5.5%	4.3%	<b>25.20%</b>
Availability Rate	8.2%	8.4%	7.3%	<b>12.63%</b>
Direct Asking Lease Rate	\$1.52	\$1.49	\$1.69	<b>-10.06%</b>
	1Q25	4Q24	1Q24	YOY Change
Total Lease Transactions (SF)	5,889,097	9,790,910	8,671,598	<b>-32.09%</b>
Sale Transactions (SF)	1,129,043	2,378,235	2,115,437	<b>-46.63%</b>
Direct Net Absorption	981,191	-808,211	-3,626,544	<b>N/A</b>

↓ **5.9M SF**  
LEASING ACTIVITY

↑ **981K SF**  
NET ABSORPTION

↑ **5.4%**  
VACANCY RATE

↓ **\$1.52**  
ASKING RENT (AVG)

↓ **374K SF**  
NEW DELIVERIES

Year-Over-Year Trend

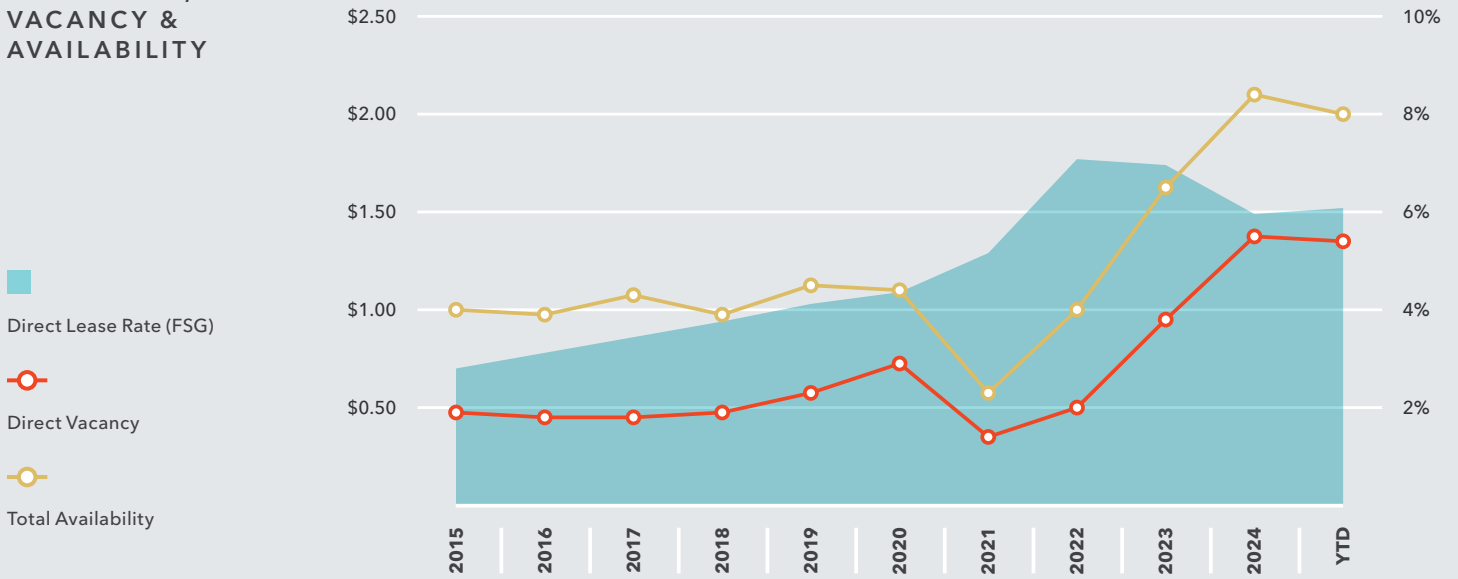
## Market Highlights

**DIRECT MARKET VACANCY** in Los Angeles is stated at 5.4%.

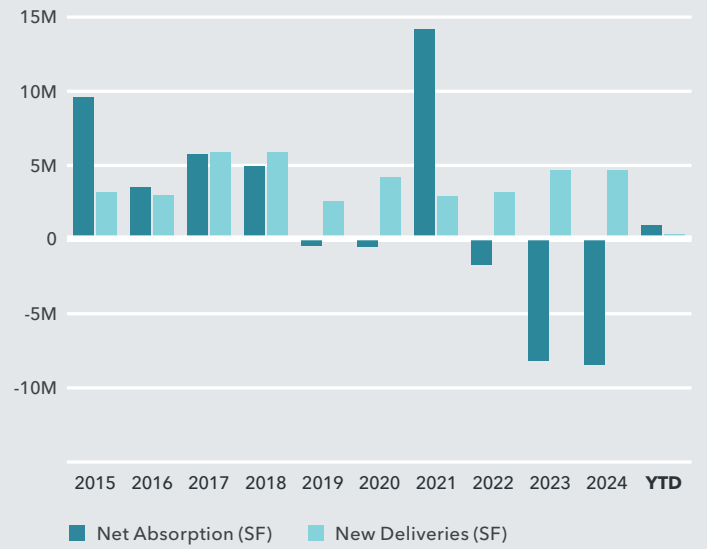
**IN THE FIRST QUARTER OF THE YEAR**, the average asking rate is \$1.52/SF on a triple net lease (NNN) basis.

**AN AVERAGE SALE PRICE** of \$298.97 per square foot and a cap rate of 6.1%.

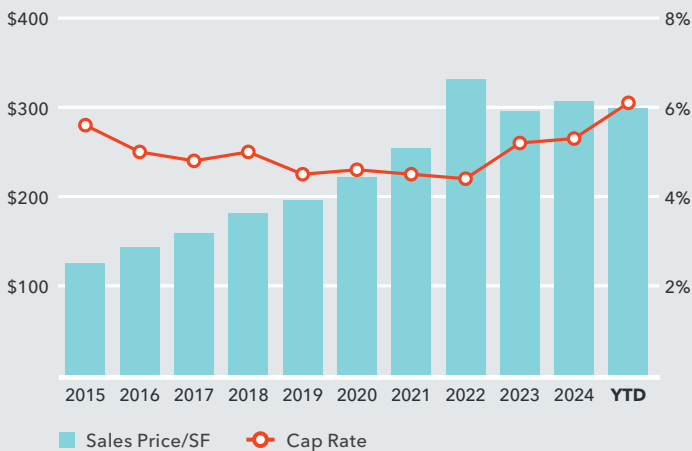
## LEASE RATE, VACANCY & AVAILABILITY



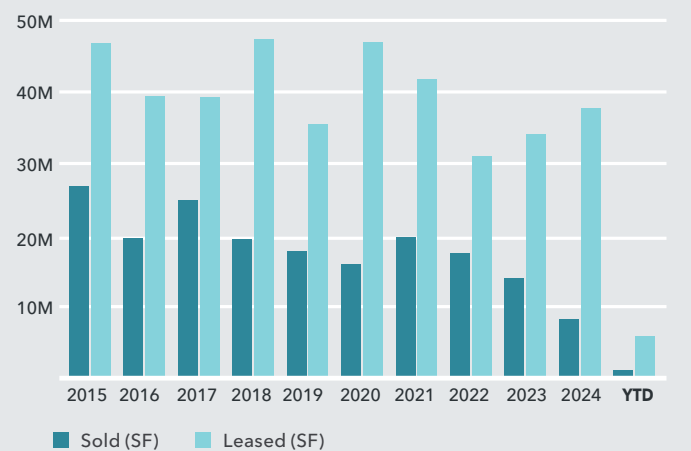
## NET ABSORPTION & NEW DELIVERIES



## 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	4Q24 Net Direct Absorption	YTD Net Direct Absorption	4Q24 Total Leasing Activity	YTD Total Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,567,916	3.0%	1.6%	4.7%	5.1%	20,191	20,191	124,520	124,520	\$1.43
Commerce	46,482,080	7.7%	1.9%	9.6%	10.7%	262,229	262,229	361,467	361,467	\$1.35
Huntington Park/Cudahy	4,697,888	3.2%	0.2%	3.4%	6.6%	68,788	68,788	22,860	22,860	\$1.10
Los Angeles	126,426,552	5.9%	0.6%	6.6%	8.0%	399,165	399,165	584,970	584,970	\$1.66
Montebello/Monterey Park	11,933,088	5.4%	1.1%	6.5%	8.0%	90,586	90,586	94,776	94,776	\$1.46
Pico Rivera	10,295,050	6.9%	0.8%	7.8%	10.8%	-30,285	-30,285	13,371	13,371	\$1.32
South Gate	9,793,140	3.4%	0.0%	3.4%	7.3%	-10,926	-10,926	1,100	1,100	\$1.41
Vernon	45,526,647	5.2%	1.8%	7.0%	8.1%	-1,062	-1,062	351,795	351,795	\$1.20
<b>Central</b>	<b>262,722,361</b>	<b>5.9%</b>	<b>1.1%</b>	<b>7.0%</b>	<b>8.5%</b>	<b>798,686</b>	<b>798,686</b>	<b>1,554,859</b>	<b>1,554,859</b>	<b>\$1.48</b>
Artesia/Cerritos	13,137,433	7.1%	0.0%	7.1%	11.1%	-78,331	-78,331	90,728	90,728	\$1.31
Bellflower/Downey	5,743,791	3.0%	0.5%	3.5%	6.7%	-18,129	-18,129	0	0	-\$1.08
Buena Park/La Palma	14,917,968	9.5%	3.3%	12.8%	14.5%	-116,437	-116,437	58,362	58,362	\$1.54
La Mirada	13,212,066	7.9%	2.4%	10.3%	12.6%	-133,690	-133,690	15,360	15,360	\$1.56
Norwalk	2,924,525	2.5%	0.0%	2.5%	5.2%	1,590	1,590	0	0	\$1.49
Paramount	9,312,494	2.6%	0.4%	3.0%	5.4%	-30,212	-30,212	29,728	29,728	\$1.23
Santa Fe Springs	54,364,799	5.9%	0.6%	6.5%	9.8%	-273,611	-273,611	774,980	774,980	\$1.59
Whittier	4,169,491	6.1%	0.7%	6.8%	13.9%	-9,611	-9,611	2,800	2,800	\$0.96
<b>Mid-Cities</b>	<b>117,782,567</b>	<b>6.2%</b>	<b>1.0%</b>	<b>7.3%</b>	<b>10.4%</b>	<b>-658,431</b>	<b>-658,431</b>	<b>971,958</b>	<b>971,958</b>	<b>\$1.48</b>
Alhambra	2,166,368	2.9%	0.7%	3.6%	4.9%	-13,414	-13,414	13,696	13,696	\$1.43
Arcadia/Temple City	3,174,139	5.9%	0.0%	5.9%	8.3%	5,239	5,239	11,810	11,810	\$2.17
Azusa	6,962,692	7.6%	0.0%	7.6%	11.3%	14,604	14,604	9,400	9,400	\$1.41
Baldwin Park	5,320,157	4.0%	0.5%	4.6%	4.8%	-36,662	-36,662	21,788	21,788	\$1.49
City of Industry/DB/HH/RH	78,168,443	4.7%	1.4%	6.1%	5.9%	809,600	809,600	1,592,808	1,592,808	\$1.56
Covina/West Covina	3,573,832	3.0%	0.0%	3.0%	11.7%	-4,114	-4,114	11,720	11,720	\$1.61
Duarte	1,799,768	5.8%	3.6%	9.4%	8.6%	-8,218	-8,218	13,781	13,781	\$1.20
El Monte	9,066,096	3.7%	0.1%	3.9%	5.3%	-34,714	-34,714	13,107	13,107	\$1.66
Irwindale	13,262,239	5.4%	0.4%	5.8%	8.2%	-3,358	-3,358	10,911	10,911	\$1.43
La Puente	1,951,505	1.1%	0.0%	1.1%	1.3%	2,000	2,000	4,000	4,000	-
Glendora/La Verne/San Dimas	6,767,059	3.4%	0.0%	3.5%	6.4%	9,934	9,934	17,144	17,144	\$1.44
Monrovia	3,400,797	2.5%	0.0%	2.5%	6.2%	32,390	32,390	11,560	11,560	\$1.75
Pomona/Claremont	20,628,500	5.9%	0.3%	6.2%	7.7%	14,617	14,617	250,562	250,562	\$1.02
Rosemead/San Gabriel	2,226,029	2.1%	0.2%	2.2%	2.6%	14,670	14,670	4,300	4,300	-\$1.22
South El Monte	11,192,346	3.4%	0.2%	3.5%	2.6%	-13,233	-13,233	48,673	48,673	\$1.61
Walnut	7,206,816	8.9%	1.1%	9.9%	10.0%	-38,670	-38,670	295,825	295,825	\$1.24
<b>San Gabriel Valley</b>	<b>176,866,786</b>	<b>4.8%</b>	<b>0.8%</b>	<b>5.6%</b>	<b>6.5%</b>	<b>750,671</b>	<b>750,671</b>	<b>2,331,085</b>	<b>2,331,085</b>	<b>\$1.45</b>
Carson	36,091,419	3.8%	0.7%	4.5%	6.3%	191,093	191,093	294,638	294,638	\$1.69
Compton	25,306,800	5.8%	1.2%	7.0%	10.6%	57,931	57,931	25,075	25,075	\$1.40
El Segundo	7,497,275	1.4%	0.2%	1.6%	2.7%	-70,615	-70,615	0	0	\$2.62
Gardena	28,989,401	5.4%	0.5%	5.9%	8.2%	-4,126	-4,126	206,096	206,096	\$1.78
Harbor City	1,801,758	0.2%	0.7%	0.9%	2.6%	0	0	0	0	\$0.75
Hawthorne	8,205,389	2.8%	0.4%	3.2%	4.2%	-9,753	-9,753	18,465	18,465	\$1.74
Inglewood	4,758,131	1.6%	2.9%	4.6%	5.2%	16,430	16,430	17,190	17,190	\$1.46
Lakewood/Hawaiian Gardens	538,131	1.4%	0.0%	1.4%	1.9%	0	0	0	0	-
Lawndale	273,626	9.8%	0.0%	9.8%	9.8%	-5,500	-5,500	0	0	\$1.19
Long Beach/Terminal Island	23,780,804	5.2%	0.5%	5.7%	10.3%	-738	-738	169,450	169,450	\$1.62
Lynwood	4,438,564	1.0%	0.0%	1.0%	11.2%	28,049	28,049	163,931	163,931	\$1.15
Rancho Dominguez/E Rancho Dominguez	14,211,354	7.4%	0.9%	8.3%	11.5%	-100,228	-100,228	0	0	\$1.60
Redondo/Hermosa Beach	1,741,633	0.0%	0.0%	0.0%	0.0%	0	0	0	0	-
San Pedro	2,782,567	13.3%	1.0%	14.2%	15.2%	-1,348	-1,348	0	0	-
Signal Hill	3,049,767	3.6%	0.0%	3.6%	7.3%	-5,519	-5,519	22,913	22,913	\$1.00
Torrance	29,414,315	4.9%	1.0%	6.0%	8.4%	49,378	49,378	78,467	78,467	\$1.98
Wilmington	3,981,290	2.9%	0.0%	2.9%	2.6%	-54,789	-54,789	34,970	34,970	\$1.50
<b>South Bay</b>	<b>196,862,224</b>	<b>4.7%</b>	<b>0.8%</b>	<b>5.4%</b>	<b>8.1%</b>	<b>90,265</b>	<b>90,265</b>	<b>1,031,195</b>	<b>1,031,195</b>	<b>\$1.63</b>
<b>Los Angeles Total</b>	<b>754,233,938</b>	<b>5.4%</b>	<b>0.9%</b>	<b>6.3%</b>	<b>8.2%</b>	<b>981,191</b>	<b>981,191</b>	<b>5,889,097</b>	<b>5,889,097</b>	<b>\$1.52</b>

## SIGNIFICANT SALE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
West Valley Logistics	SGV	269,780	\$99,920,000	\$370.38	Pleaser USA, Inc.	CapRock Partners
Surveyor Distribution Center	SGV	190,464	\$52,650,000	\$276.43	Future Foam Inc	Alto Systems, Inc.
3385 Leonis Blvd	Central Los Angeles	55,136	\$22,000,000	\$399.01	Oceans Fresh Food Market	RDAa Warehouse LLC
8401 Page St	Mid-Cities	55,362	\$18,136,500	\$327.60	Ki-ayla LLC	ConvergeOne
2435 E 37th St	Central Los Angeles	86,032	\$17,500,000	\$203.41	Konoike-Pacific California Inc	Almeria Holdings LLC

## SIGNIFICANT LEASE TRANSACTIONS 1Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Grand Crossing South	SGV	694,400	January 2025	Majestic Realty Co.	US Elogistics Service Corp.
Prologis Montebello Industrial Ctr.	Central Los Angeles	374,370	February 2025	Prologis	Source Logistics
9306 Sorensen Ave	Mid-Cities	305,422	January 2025	Blackstone Real Estate	WESCO Int'l, Inc (Renewal)
West Valley Logistics	SGV	269,780	January 2025	CapRock Partners	Pleaser USA, Inc
17560 Rowland St	SGV	232,000	February 2025	An Najarian Property, LLC	Undisclosed

## SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Goodman Commerce Center	2401 E Wardlow Rd	South Bay	504,810	Goodman North America	March 2025
Whittier Boulevard Business Center	12352 Whittier Blvd	Mid-Cities	292,303	Western RealCo	October 2025
Pinyon Pointe	112 W Alondra Blvd   219 W Gardena Blvd	South Bay	283,913	Link Logistics Real Estate	March 2025
15010 Don Julian Rd	15010 Don Julian Rd	SGV	219,242	Rexford Industrial Realty, Inc.	October 2025
9615 Norwalk Blvd	9615 Norwalk Blvd	Mid-Cities	201,571	Rexford Industrial Realty, Inc.	March 2025
1600 W 135th St	1600 W 135th St	South Bay	190,860	SGL Carbon Inc.	October 2025

Data Source: EDD, CoStar



Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Idaho, 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

**ERIC PAULSEN**  
 Chief Operating Officer  
 949.557.5079  
 eric.paulsen@kidder.com  
 LIC N° 01001040

<b>COMMERCIAL BROKERAGE</b>	<b>\$9B</b> AVERAGE ANNUAL TRANSACTION VOLUME	<b>26.2M</b> ANNUAL SALES SF	<b>36.7M</b> ANNUAL LEASING SF
<b>ASSET SERVICES</b>	<b>58M SF</b> MANAGEMENT PORTFOLIO SIZE	<b>850+</b> ASSETS UNDER MANAGEMENT	<b>250+</b> CLIENTS SERVED
<b>VALUATION ADVISORY</b>	<b>2,400+</b> AVERAGE ANNUAL ASSIGNMENTS	<b>39</b> TOTAL APPRAISERS	<b>24</b> 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