

MARKET TRENDS

LOS ANGELES INDUSTRIAL

MARKET DRIVERS

TEU and airfreight numbers continue to improve, but excess capacity has muted any genuine change to the state of the leasing market. Vacancy clicked up slightly and effective rental rates continue to drift downward. As is typical, requirements in the market, tours, and even inquiries tapered off in the middle of November, so now there is a waiting game to see what the middle of January brings.

LEASING MARKET

The numbers are very clear. Direct vacancy and total availability rates increased from Q3 and year over year, we are seeing a 40% increase in direct vacancy and a 30% increase in Total availability. Watson Land Company signed a 100,000 SF plus lease with KHE Trucking, Majestic Realty signed a significant lease with Sunny Distribution for 400,000 SF. Two Hawthorne leases of note – Alere signed a lease with Skechers and Terreno signed a lease for a newly constructed building with Valar Atomic. Overall activity remains spotty.

SALE MARKET

As noted in our third quarter report, we alluded to an uptick in sales activities that were ongoing and that proved true. Rexford bought a 300,000 SF building in Compton from JP Morgan that is fully leased to Forward Air. Alere bought a 40,000 SF off-market from a Family Office seller. And West Harbor Capital closed on a 35,000 SF building in North Redondo Beach. Buyers are sensing opportunity and picking their entry spots. Sellers seem to finally be letting go of “pandemic pricing.” Buyers are exhibiting the belief that the leasing market will improve in 2025.

NEAR-TERM OUTLOOK

At this time of the year, it is especially challenging to gauge where leasing demand is at from a volume standpoint. We will just have to be patient and see how things start to look in the first 30 days of 2025. With the election behind us, and interest rates coming down, there is a renewed sense of optimism that we will see a meaningful uptick in leasing demand. If the initial signs of the sales market normalizing start to gain momentum, we expect 2025 to see increased sales volumes from 2024.

Market Summary

	4Q24	3Q24	4Q23	YOY Change
Direct Vacancy Rate	5.6%	5.2%	3.8%	46.74%
Availability Rate	8.6%	8.2%	6.5%	31.90%
Direct Asking Lease Rate	\$1.49	\$1.50	\$1.74	-14.37%
	4Q24	3Q24	4Q23	YOY Change
Total Lease Transactions (SF)	4,623,613	9,959,628	7,294,421	-36.61%
Sale Transactions (SF)	1,350,384	2,198,432	3,521,027	-61.65%
Direct Net Absorption	(2,156,179)	(1,337,682)	(1,024,381)	N/A

↓ **4.6M SF**
LEASING ACTIVITY

↓ **-2.2M SF**
NET ABSORPTION

↑ **5.6%**
VACANCY RATE

↓ **\$1.49**
ASKING RENT (AVG)

↓ **807K SF**
NEW DELIVERIES

Year-Over-Year Trend

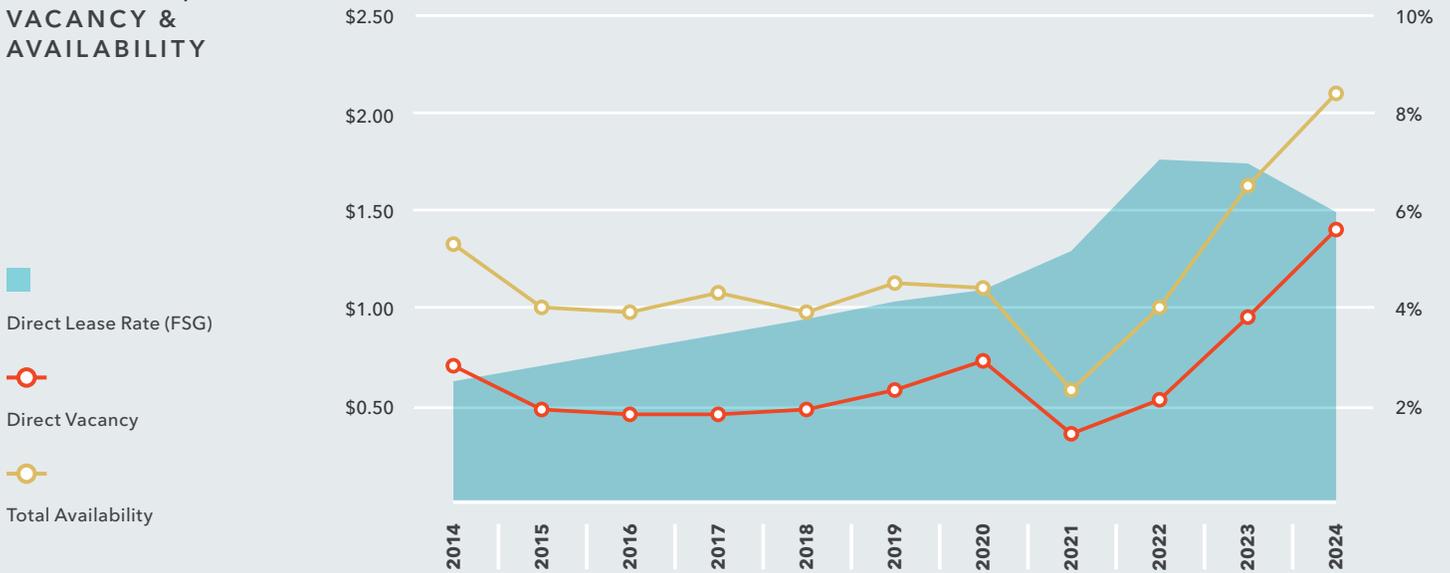
Market Highlights

DIRECT MARKET VACANCY is currently 5.6%

AVERAGE ASKING RENT reduced to \$1.49/SF for triple-net lease (NNN)

AVERAGE SALE PRICE is \$238.41 PSF and a cap rate of 5.6%

LEASE RATE, VACANCY & AVAILABILITY

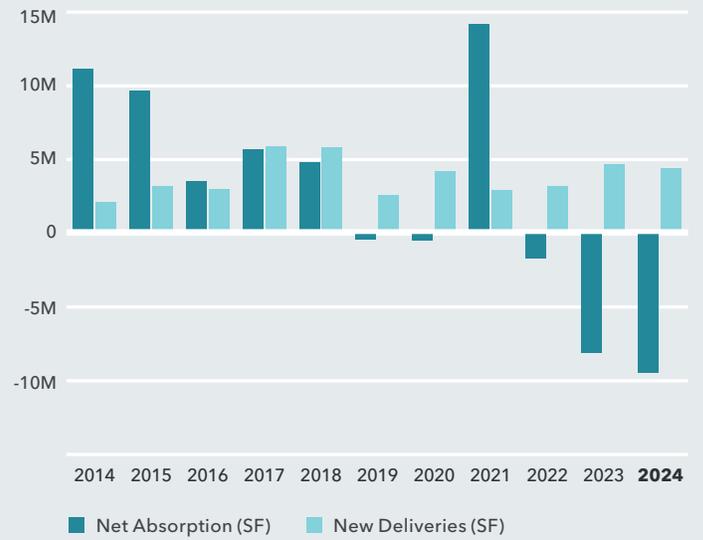


BIGGEST SALE OF THE QUARTER

918 S Stimson Ave, City of Industry



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	7,566,730	3.3%	1.6%	5.0%	6.9%	(4,664)	32,115	15,259	191,311	\$1.44
Commerce	46,332,370	8.5%	1.8%	10.3%	12.1%	(1,425,384)	(2,366,775)	309,338	1,830,368	\$1.12
Huntington Park/Cudahy	4,830,868	4.3%	0.2%	4.6%	9.3%	(38,217)	(41,762)	14,256	247,647	\$1.15
Los Angeles	126,257,375	6.3%	0.5%	6.8%	8.6%	(33,861)	(916,831)	648,556	3,431,057	\$1.69
Montebello/Monterey Park	11,952,316	6.7%	0.0%	6.7%	8.6%	46,259	(832)	133,504	577,817	\$1.48
Pico Rivera	10,291,216	6.7%	0.7%	7.3%	8.7%	(171,934)	(529,616)	0	558,970	\$1.31
South Gate	9,793,140	3.3%	0.0%	3.3%	7.3%	14,400	(167,560)	32,538	559,674	\$1.41
Vernon	45,249,326	5.1%	2.2%	7.3%	8.4%	25,788	(164,032)	101,040	2,204,176	\$1.28
Central	262,273,341	6.3%	1.0%	7.3%	9.1%	(1,587,613)	(4,155,293)	1,254,491	9,601,020	\$1.38
Artesia/Cerritos	13,127,920	6.9%	0.2%	7.1%	10.2%	(98,814)	(346,860)	100,414	800,262	\$1.32
Bellflower/Downey	5,743,791	2.6%	0.5%	3.2%	3.9%	23,751	44,199	13,505	220,213	\$1.08
Buena Park/La Palma	14,932,019	8.1%	3.5%	11.6%	12.6%	(16,514)	(976,427)	15,479	621,283	\$1.64
La Mirada	13,218,178	6.9%	2.4%	9.3%	11.4%	(74,705)	(551,234)	0	909,277	\$1.54
Norwalk	2,924,525	2.6%	0.0%	2.6%	4.9%	16,660	21,190	2,280	34,121	\$1.49
Paramount	9,311,394	2.5%	0.4%	2.9%	4.8%	(72,931)	(157,530)	47,189	216,212	\$1.21
Santa Fe Springs	54,204,888	4.9%	0.6%	5.6%	10.0%	34,812	(819,203)	572,064	2,362,947	\$1.64
Whittier	4,205,451	6.0%	0.2%	6.2%	7.8%	(45,811)	(182,104)	10,520	133,158	\$1.30
Mid-Cities	117,668,166	5.5%	1.1%	6.5%	9.6%	(233,552)	(2,967,969)	761,451	5,297,473	\$1.50
Alhambra	2,154,610	2.9%	0.0%	2.9%	3.5%	6,026	3,707	12,952	98,067	\$1.49
Arcadia/Temple City	3,174,139	6.1%	0.0%	6.1%	8.3%	(53,335)	(147,117)	5,470	69,386	\$2.26
Azusa	6,942,647	7.8%	2.1%	9.9%	12.2%	(58,538)	(403,641)	93,450	390,789	\$1.41
Baldwin Park	5,295,235	3.5%	0.5%	4.1%	5.1%	4,892	8,761	41,512	213,009	\$1.49
City of Industry/DB/HH/RH	78,147,338	6.1%	1.3%	7.5%	7.7%	1,159,984	114,685	955,096	5,384,638	\$1.57
Covina/West Covina	3,566,227	2.9%	0.0%	2.9%	9.1%	(27,484)	15,083	8,250	89,197	\$1.27
Duarte	1,798,317	5.3%	2.8%	8.1%	4.8%	(8,822)	(37,628)	5,200	66,241	-
El Monte	9,058,394	3.5%	0.4%	3.9%	3.6%	(75,041)	190,222	105,847	233,583	\$0.99
Irwindale	13,261,939	6.2%	0.8%	7.0%	7.8%	33,439	450,222	42,969	305,810	\$1.58
La Puente	1,951,505	0.8%	0.1%	0.9%	2.7%	(4,500)	(1,431)	0	29,677	-
Glendora/La Verne/San Dimas	6,743,383	4.0%	0.0%	4.0%	7.2%	23,851	(28,049)	67,151	409,539	\$1.38
Monrovia	3,412,484	3.6%	0.0%	3.6%	6.5%	(29,152)	(43,458)	10,300	81,178	\$1.75
Pomona/Claremont	20,627,907	6.4%	0.4%	6.7%	7.3%	(624,392)	(1,023,280)	160,331	679,406	\$1.05
Rosemead/San Gabriel	2,226,029	1.5%	0.2%	1.7%	2.9%	19,432	48,199	5,000	47,564	\$1.24
South El Monte	11,198,075	3.7%	0.2%	3.9%	2.4%	(2,508)	(70,059)	73,167	406,817	\$1.48
Walnut	7,203,096	8.3%	1.3%	9.6%	12.7%	(8,548)	(5,063)	90,955	703,345	\$1.30
San Gabriel Valley	176,761,325	5.6%	0.9%	6.5%	7.2%	355,304	(928,847)	1,677,650	9,208,246	\$1.48
Carson	36,019,757	4.9%	0.2%	5.1%	6.6%	(82,916)	277,183	293,748	2,128,801	\$1.68
Compton	25,160,289	6.0%	1.3%	7.3%	10.9%	(363,412)	(851,867)	141,888	1,257,003	\$1.46
El Segundo	7,642,343	0.5%	1.5%	2.0%	3.1%	0	34,474	2,042	90,790	\$2.47
Gardena	29,068,975	4.9%	0.5%	5.5%	9.2%	32,385	(392,561)	126,126	613,162	\$1.61
Harbor City	1,801,758	0.2%	0.1%	0.4%	4.1%	103,848	62,924	6,800	35,076	\$0.75
Hawthorne	8,198,813	2.7%	0.5%	3.1%	3.9%	15,283	(100,009)	58,228	275,495	\$1.77
Inglewood	4,798,468	2.9%	3.2%	6.1%	5.7%	(9,151)	(53,691)	36,688	165,126	\$1.46
Lakewood/Hawaiian Gardens	538,131	1.4%	0.0%	1.4%	1.4%	(7,649)	(7,649)	0	0	-
Lawndale	268,126	8.0%	0.0%	8.0%	8.0%	0	(10,370)	0	9,000	-
Long Beach/Terminal Island	23,521,872	4.7%	0.8%	5.6%	11.1%	85,432	(45,406)	42,225	611,977	\$1.73
Lynwood	4,372,764	1.7%	0.0%	1.7%	11.1%	54,895	20,174	0	364,385	\$1.46
Rancho Dominguez/E Rancho Dominguez	14,264,474	6.2%	1.9%	8.1%	9.5%	(271,472)	(314,900)	147,176	460,571	\$1.51
Redondo/Hermosa Beach	1,741,633	0.0%	0.0%	0.0%	0.0%	0	0	0	51,340	-
San Pedro	2,770,703	13.2%	1.0%	14.2%	15.1%	(17,500)	(350,928)	0	5,471	-
Signal Hill	3,061,038	3.4%	0.4%	3.9%	4.8%	(1,050)	(51,781)	9,360	97,341	\$1.40
Torrance	29,399,578	5.1%	2.1%	7.2%	9.6%	(210,862)	385,516	65,740	1,280,967	\$1.97
Wilmington	4,109,311	1.1%	0.0%	1.1%	1.8%	(18,149)	(18,774)	0	95,004	\$1.49
South Bay	196,738,033	4.7%	1.0%	5.7%	8.5%	(690,318)	(1,417,665)	930,021	7,541,509	\$1.66
Los Angeles Total	753,440,865	5.6%	1.0%	6.6%	8.6%	(2,156,179)	(9,469,774)	4,623,613	31,648,248	\$1.49

SIGNIFICANT SALE TRANSACTIONS 4Q 2024

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
918 S Stimson Ave (Purchase By Tenant)	SGV	282,377	\$59,900,000	\$212.13	Ardmore Home Design (AHD)	LBA Logistics
2550 El Presidio St	South Bay	140,424	\$45,000,000	\$320.46	Vista Bella, LP	Agron, Inc.
12900 Alondra Blvd	Mid-Cities	82,660	\$19,600,000	\$237.12	Rexford Industrial Realty, Inc.	SASCO Data Systems
12411-12425 Florence Ave	Mid-Cities	40,858	\$13,050,000	\$319.40	Aroma International, Inc.	Philip A Homme Company, Inc.
200 E Railroad Ave	SGV	64,183	\$12,715,000	\$198.11	Avoian Property Group, LP	Vinyl Technology, Inc.

SIGNIFICANT LEASE TRANSACTIONS 4Q 2024

Property	Submarket	SF	Transaction Date	Landlord	Tenant
13000 Temple Ave	SGV	407,638	October 2024	Majestic Realty Co.	Sunny Distribution
Bloomfield Business Center	Mid-Cities	240,395	November 2024	Alere Property Group, LLC	Undisclosed
24760 S Main St	South Bay	231,008	October 2024	Prologis, Inc.	DCW, Inc.
2420 Yates Ave	Central Los Angeles	129,371	December 2024	Prologis, Inc.	Undisclosed (Sublease)
851 E Watson Center Rd	South Bay	114,296	October 2024	Watson Land Company	KHE Trucking

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Goodman Commerce Center	2401 E Wardlow Rd	South Bay	504,644	Goodman North America	December 2024
Pacific Pointe West @ Douglas Park	Conant St Cover St Stineman	South Bay	364,532	Sares-Regis Group	December 2024 - March 2025
Pinyon Pointe	112 W Alondra Blvd 219 W Gardena Blvd	South Bay	283,913	Link Logistics Real Estate	December 2024
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.

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COMMERCIAL BROKERAGE	<i>\$10B</i> 3-YEAR AVERAGE TRANSACTION VOLUME	<i>31.7M</i> ANNUAL SALES SF	<i>42.4M</i> ANNUAL LEASING SF
ASSET SERVICES	<i>57M SF</i> MANAGEMENT PORTFOLIO SIZE	<i>850+</i> ASSETS UNDER MANAGEMENT	<i>260+</i> CLIENTS SERVED
VALUATION ADVISORY	<i>2,600+</i> 3-YEAR AVERAGE ASSIGNMENTS	<i>43</i> TOTAL APPRAISERS	<i>27</i> WITH MAI DESIGNATIONS

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