

LOS ANGELES INDUSTRIAL MARKET

Q1 2024



ECONOMIC SNAPSHOT FOR LOS ANGELES

UNEMPLOYMENT RATE 5.3%
INFLATION RATE 4.0%

INDUSTRIAL SNAPSHOT

Q1 NET ABSORPTION SF (4,837,935)
VACANCY RATE 5.0%
UNDER CONSTRUCTION SF 6,652,945
SUBLEASE VACANT SF 6,674,916
DIRECT ASKING RATE \$1.71 NNN

Los Angeles Industrial Market

Historical Indicators Suggest Rebound Despite Recent Setbacks

While the Los Angeles industrial market has historically seen stronger rent growth and lower vacancy than any other market in the nation, inflation and slowed consumer spending has significantly altered demand over the past 24 months. Vacancy, at 5%, has increased 61.3% year-over-year and reached the 10-year high. Net absorption was negative 4.8 million SF in Q1 2024, the seventh consecutive quarter that absorption has been negative. Direct asking rents, at \$1.71, decreased 2.7% year-over-year but remain 60.7% greater than pre-pandemic levels. Lastly, manufacturing employment decreased 1.5% year-over-year.

However, there is plenty of optimism that Los Angeles industrial market fundamentals will rebound. Los Angeles' development pipeline, at 6.6 million SF, is scarce for a market of its size and ranks amongst the smallest of major markets nationwide, eliminating supply-side pressure. Port of L.A. and Long Beach, which handle 37% of all imports and 21.7% of all exports in the U.S., saw a 19.5% increase in cargo volume year-to-date. Lastly, Los Angeles' industrial market has historically been the tightest and most resilient market in the U.S. Expect vacancy to decrease and rents to accelerate in the coming quarters after several quarters of regression.

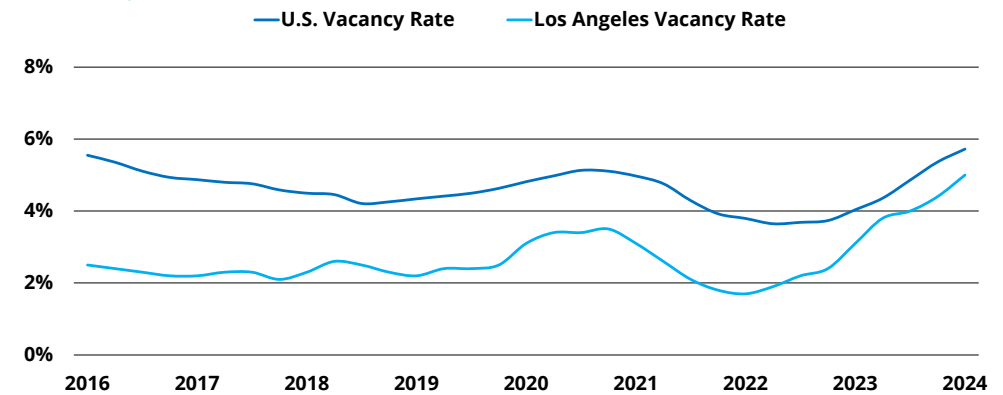
Trendlines

	Q1 2024	Q1 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
Unemployment Rate	5.3%	4.8%	↑	7.1	↓
Net Absorption (Thousands SF)	(4.8)	(5.1)	↓	0.0	↑
Overall Vacancy Rate	5.0%	3.1%	↑	2.9%	↓
Overall Vacant SF (MSF)	1683.9	1157.6	↑	1,259.2	↓
Under Construction (MSF)	6.7	6.8	↓	6.8	↑
Asking Rent, All Service (PSF)	\$1.71	\$1.76	↓	\$1.38	↑
Sales Volume (Millions)	\$1,460	\$1,935	↓	\$1,668.2	↑

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

Overall Vacancy Rate

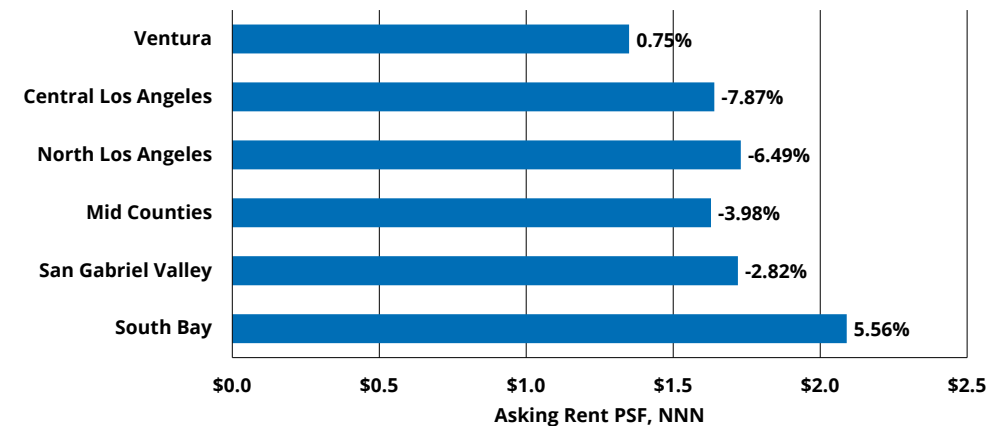
Los Angeles | Q1 2024



Source: Bureau of Labor Statistics, Transwestern

Asking Rents by Submarket and YoY Growth

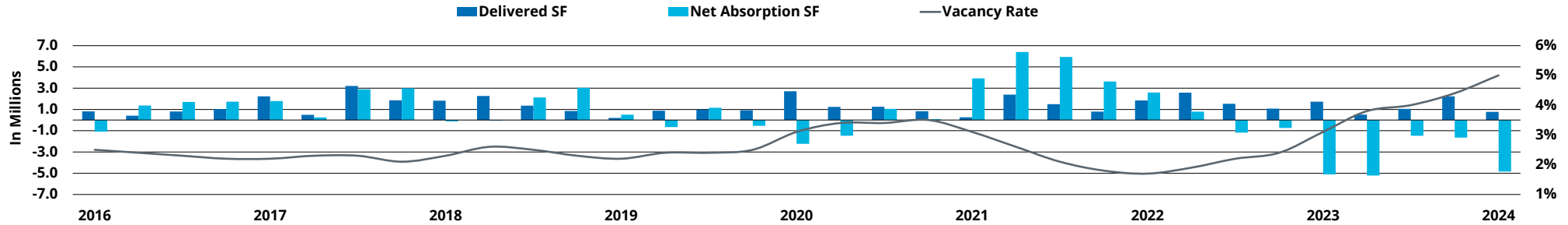
Los Angeles | Q1 2024



Source: Bureau of Labor Statistics, Transwestern



Delivery Impact on Key Indicators



Source: CoStar, Transwestern

Market Indicators Flex | Q1 2024

Submarket	INVENTORY SF	DIRECT VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, NNN
South Bay	17,371,489	1,124,492	6.8%	0	(88,951)	(137,233)	\$3.19
San Gabriel Valley	8,202,098	369,913	4.3%	0	(56,757)	(80,598)	\$1.91
Mid Counties	3,978,541	151,252	2.2%	0	(8,371)	(82,325)	\$1.56
North Los Angeles	16,573,434	905,981	4.2%	0	(52,965)	(106,110)	\$2.06
Central Los Angeles	4,729,252	401,252	6.1%	0	(36,261)	(54,864)	\$1.85
Ventura	5,531,688	492,136	9.3%	0	(56,651)	(119,375)	\$0.94
TOTAL	56,386,502	3,445,026	5.5%	0	(49,993)	(96,751)	\$1.92

Source: CoStar, Transwestern

Market Indicators Logistics | Q1 2024

Submarket	INVENTORY SF	DIRECT VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, NNN
South Bay	193,544,170	9,250,016	5.5%	1,401,824	(615,621)	(2,690,330)	\$1.90
San Gabriel Valley	161,908,530	7,012,623	5.1%	2,483,298	(999,520)	(1,898,014)	\$1.62
Mid Counties	123,103,395	4,843,295	4.6%	343,022	(716,441)	(2,975,968)	\$1.63
North Los Angeles	131,484,146	2,967,505	2.8%	861,990	(443,184)	(1,178,895)	\$1.61
Central Los Angeles	221,528,710	11,584,925	6.1%	869,605	(1,733,611)	(343,181)	\$1.58
Ventura	64,454,398	2,093,669	3.5%	693,206	28,062	(399,472)	\$1.26
TOTAL	896,023,349	37,752,033	4.6%	6,652,945	(746,719)	(1,580,977)	\$1.60

Source: CoStar, Transwestern

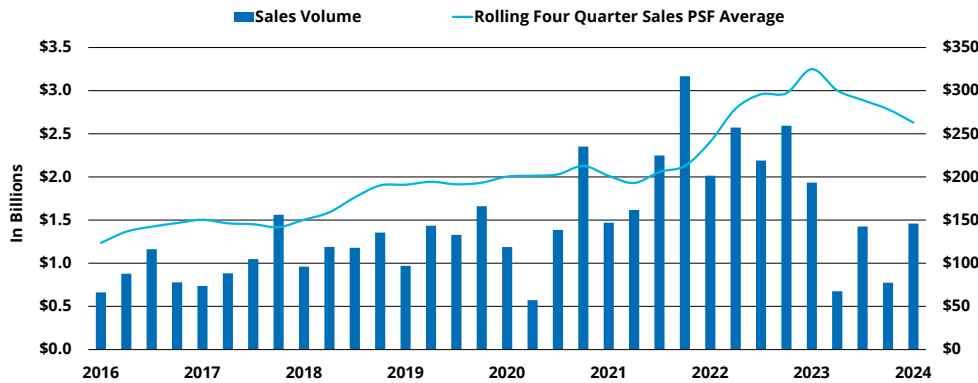


Notable Sales

Tenant	Submarket	Sales Price	Building SF	Price PSF	Buyer	Seller
1620 S Wilmington Ave	South Bay	\$86,051,500	169,400	\$508	CenterPoint Properties	JP Morgan Chase & Co
5010 Azusa Canyon Rd	San Gabriel Valley	\$84,000,000	184,879	\$454	Rexford Industrial Realty, Inc	AEW Capital Management
14407 Alondra Blvd	Mid County	\$72,500,000	221,415	\$327	Rexford Industrial Realty, Inc	Blackstone
421-427 Baldwin Park Blvd	San Gabriel Valley	\$64,000,000	215,657	\$297	Rexford Industrial Realty, Inc	Blackstone
17745-17749 E Valley Blvd	San Gabriel Valley	\$56,750,000	183,442	\$309	Rexford Industrial Realty, Inc	Blackstone
14647-14667 Northam St	Mid County	\$55,045,000	140,212	\$393	Rexford Industrial Realty, Inc	Blackstone

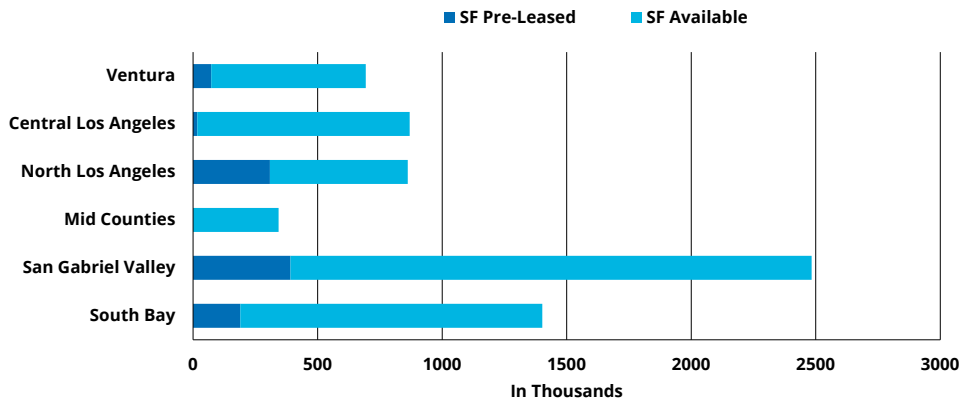
Source: CoStar, Transwestern

Sales Volume



Source: CoStar, Real Capital Analytics, Transwestern

Under Construction by Submarket



Source: CoStar, Transwestern

Notable Leases

Tenant	Address	Submarket	Type	SF Leased
STG Logistics	1650 S Central Ave	South Bay	Renewal	418,344
Key Container Company	4231 Liberty Blvd	Central LA	New	370,000
Inland Star Distribution Centers	2132 East Dominquez St	South Bay	Renewal	254,411
Estes Trucking	2902 East Val Verde Court	South Bay	New	184,074
Huck/Howmet	900 East Watson Center Rd	South Bay	New	152,800
Popular Basics Corporation	5525 S Soto St	Mid County	New	138,100

Source: CoStar, Transwestern

RESEARCH METHODOLOGY

This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding government-owned buildings in Los Angeles.



FOR MORE INFORMATION

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