

LOS ANGELES INDUSTRIAL MARKET

Q2 2024



ECONOMIC SNAPSHOT FOR LOS ANGELES

UNEMPLOYMENT RATE 5.2%
INFLATION RATE 3.0%

INDUSTRIAL SNAPSHOT

Q2 2024 NET ABSORPTION (1,540,417)
VACANCY RATE 5.8%
SUBLEASE VACANT SF 5,880,166
DIRECT ASKING RATE \$1.72 NNN
UNDER CONSTRUCTION SF 4,450,796

Los Angeles Industrial Market

Despite Worsening Fundamentals in Q2 2024, History Says the Los Angeles Industrial Market Will Rebound

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. Los Angeles industrial vacancy has increased in line with the national average but unlike most markets that have had significant increases in supply, Los Angeles is suffering from occupancy loss.

In Q2 2024, vacancy increased 1.8% year-over-year to 5.8% and reached the 10-year high. Net absorption was negative 1.5 million SF, the eighth consecutive quarter that absorption has been negative. Direct asking rents, at \$1.72 per SF, decreased 1.03% year-over-year but remain 71% greater than pre-pandemic levels. Lastly, manufacturing employment decreased 1.3% year-over-year.

There is strong optimism that Los Angeles industrial market fundamentals will rebound in the coming quarters. Los Angeles' development pipeline, at 4.45 million SF, is scarce for a market of its size and ranks amongst the smallest of major markets nationwide, elimination 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., have seen a 10% increase in port 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 two years of regression.

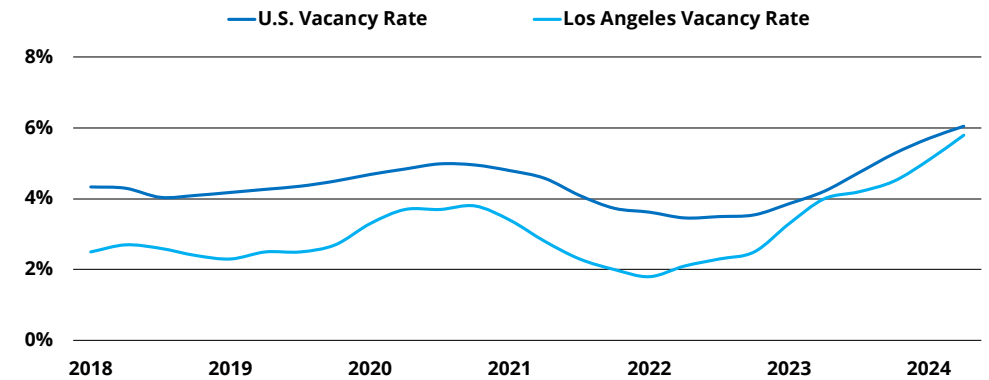
Trendlines

	Q2 2024	Q2 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
Unemployment Rate	5.0%	4.6%	↑	7.2%	↓
Net Absorption (Thousands SF)	(1.5)	(4.4)	↑	0.0	↑
Overall Vacancy Rate	5.8%	4.0%	↑	3.3%	↓
Overall Vacant SF (MSF)	40.5	28.6	↑	23.2	↓
Under Construction (MSF)	4.5	3.6	↑	5.0	↑
Asking Rent, All Service (PSF)	\$1.72	\$1.72	↓	\$1.40	↑
Sales Volume (Millions)	\$396	\$599	↓	\$1,585.1	↑

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

Overall Vacancy Rate

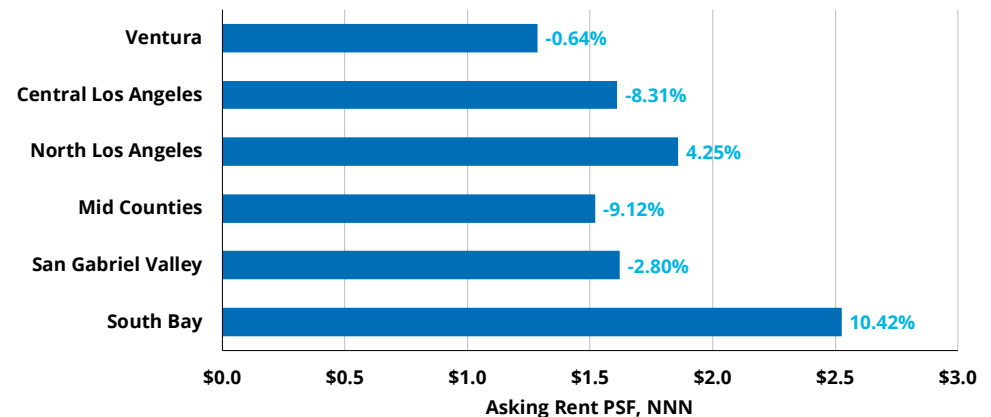
Los Angeles | Q2 2024



Source: Bureau of Labor Statistics, Transwestern

Asking Rents by Submarket and YoY Growth

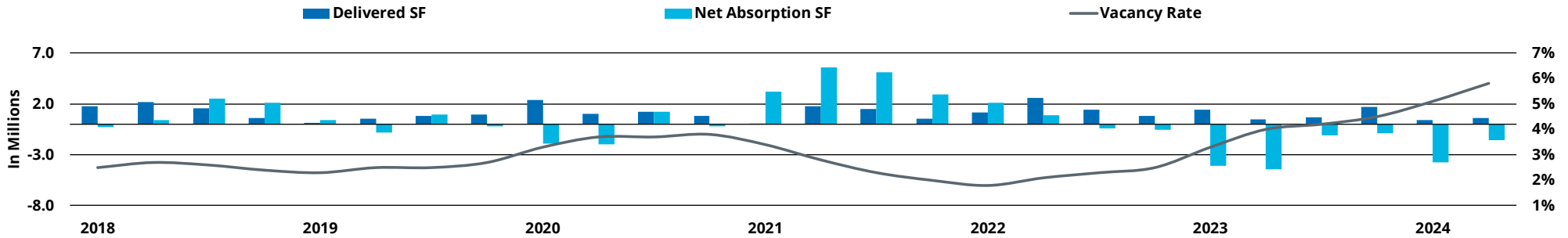
Los Angeles | Q2 2024



Source: Bureau of Labor Statistics, Transwestern



Delivery Impact on Key Indicators



Source: CoStar, Transwestern

Market Indicators Flex | Q2 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ASKING RENT PSF, NNN	ASKING RENT PSF, NNN
South Bay	13,316,066	734,971	7.0%	0	(233,071)	\$3.21	\$3.21
San Gabriel Valley	6,245,519	327,051	4.7%	0	(99,698)	\$1.68	\$1.68
Mid Counties	2,971,048	74,538	1.5%	0	(2,951)	\$1.34	\$1.34
North Los Angeles	12,001,669	998,635	7.7%	0	(343,128)	\$2.06	\$2.06
Central Los Angeles	3,175,560	230,715	6.5%	0	(2,342)	\$1.91	\$1.91
Ventura	4,331,820	407,909	12.9%	0	(181)	\$1.33	\$1.33
TOTAL	42,041,682	2,773,819	6.7%	0	(113,562)	\$1.92	\$1.92

Source: CoStar, Transwestern

Market Indicators Logistics | Q2 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ASKING RENT PSF, NNN	ASKING RENT PSF, NNN
South Bay	151,792,353	7,265,394	5.0%	1,440,680	(71,461)	\$1.84	\$1.84
San Gabriel Valley	129,139,117	6,190,255	5.7%	398,483	(2,648,389)	\$1.56	\$1.56
Mid Counties	96,973,666	4,601,248	4.9%	422,542	(2,510,740)	\$1.50	\$1.50
North Los Angeles	99,526,933	3,068,003	3.2%	1,438,285	(468,351)	\$1.66	\$1.66
Central Los Angeles	170,274,227	10,060,190	6.8%	327,095	(2,335,451)	\$1.31	\$1.31
Ventura	48,866,576	1,680,574	3.3%	423,711	(526,736)	\$1.24	\$1.24
TOTAL	696,572,872	32,865,664	4.8%	4,450,796	(1,426,855)	\$1.52	\$1.52

Source: CoStar, Transwestern

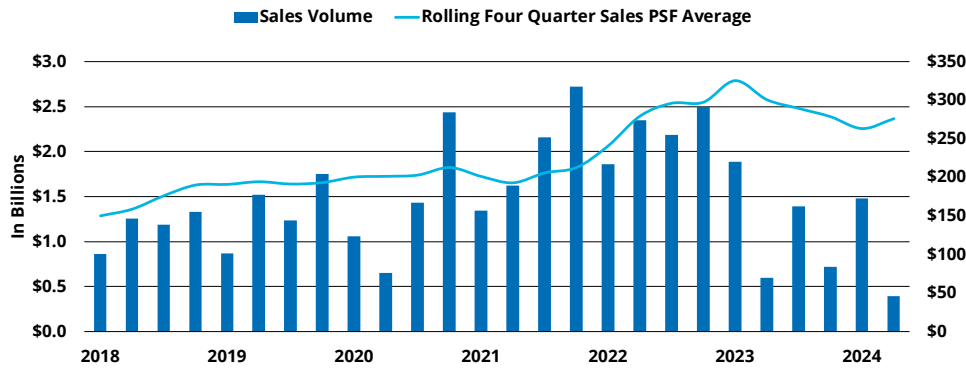


Notable Sales

Tenant	City	Sales Price	Building SF	Price PSF	Buyer	Seller
8901-8945 Canoga Ave	Canoga Park	\$57,000,000	154,328	\$369	Invesco Advisers	AEW Capital Management
16233 Arrow Hwy	Irwindale	\$20,510,000	27,839	\$737	Rexford Industrial Realty	Panattoni Development Company
16203 Arrow Hwy	Irwindale	\$15,110,000	41,121	\$367	Rexford Industrial Realty	Panattoni Development Company
2707-2711 Beverly Blvd	Los Angeles	\$13,000,000	29,024	\$448	Hospitality Industry Training and Education	Daniel Bohbot
28274-28288 Alta Vista Ave	Santa Clarita	\$11,380,000	44,139	\$258	Shahram Shoushani	Scott Douglas Marshall
2701 Signal Pky	Signal Hill	\$10,500,000	31,500	\$333	R.E. Michel Company	Jim & Marilyn Kirby

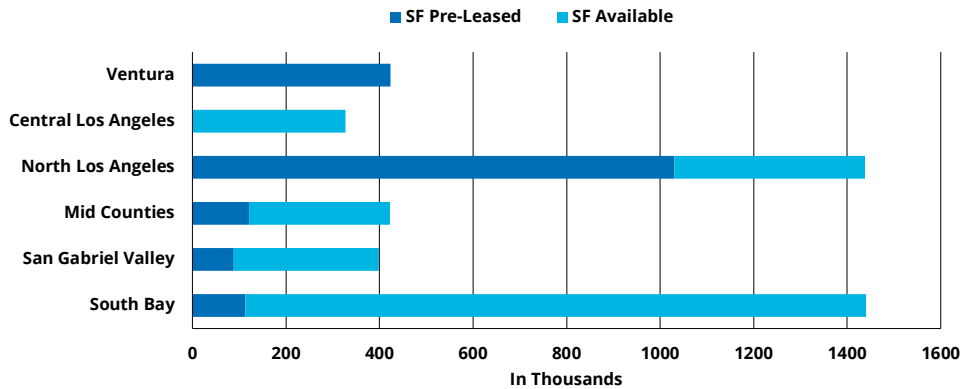
Source: CoStar, Transwestern = Transwestern Deal

Sales Volume



Source: CoStar, Real Capital Analytics, Transwestern

Under Construction by Submarket



Source: CoStar, Transwestern

Notable Leases

Tenant	Address	City	Type	SF Leased
KW International	1650 Glenn Curtiss St	Carson	New	338,932
Americhine	16501-16509 Trojan Way	La Mirada	New	180,969
K2 Aerospace	1355 Sepulveda Blvd	Torrance	New	174,211
The AdArt Company	3260-3278 E 26th St	Vernon	Renewal	133,280
Swat Frame	5401-5411 S Soto St	Vernon	New	131,639
Howard's Appliances	111 N Baldwin Park Ave	City of Industry	New	127,540

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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