

LOS ANGELES INDUSTRIAL MARKET

Q3 2024



ECONOMIC SNAPSHOT FOR LOS ANGELES

UNEMPLOYMENT RATE 6.7%
INFLATION RATE 2.8%

INDUSTRIAL SNAPSHOT

Q3 2024 NET ABSORPTION (1,168,187)
VACANCY RATE 5.7%
UNDER CONSTRUCTION SF 7,385,646
SUBLEASE VACANT SF 7,007,566
DIRECT ASKING RATE \$1.64 NNN

Los Angeles Industrial Market

Los Angeles Industrial Vacancy Reaches Decade-High Amid Decreased Demand

- Net absorption declined for the ninth straight quarter, at negative 1.2 million SF in Q3 2024, which pushed the vacancy rate up to 5.7%—the highest level in the past decade. The drop in imports to Southern California, coupled with inflation and reduced consumer spending, has significantly impacted demand.
- Los Angeles industrial asking rents have fallen 9% year-over-year, though they are still 54% higher than pre-pandemic levels. This decline over the past three quarters represents the first downturn in more than a decade. Rents are expected to increase again in 2025, driven by limited new development and an anticipated rise in overall demand as interest rates decrease.
- There is currently 7.3 million SF under construction, representing just 1% of total inventory. Infill industrial land with high land values and restrictive development policies make it challenging to bring new product to the market.
- Sales volume totaled \$566 million in Q3 2024, down 60% year-over-year and 58% below the 10-year quarterly average. Transactions have slowed due to elevated capital costs, softer market fundamentals, and the ULA transfer tax. Investors are drawn to Los Angeles industrial product for historically strong rent growth, appreciation, and high barriers to entry.
- With inflation cooling and interest rates set for another cut, demand is expected to increase in the coming quarters. Limited construction activity will also support rent growth and stabilize vacancy rates in 2025 as tenant activity picks up. Los Angeles' industrial market has historically been the strongest and most resilient in the U.S. due to its proximity to major ports, constrained inventory, and consistently strong demand for logistics and distribution space.

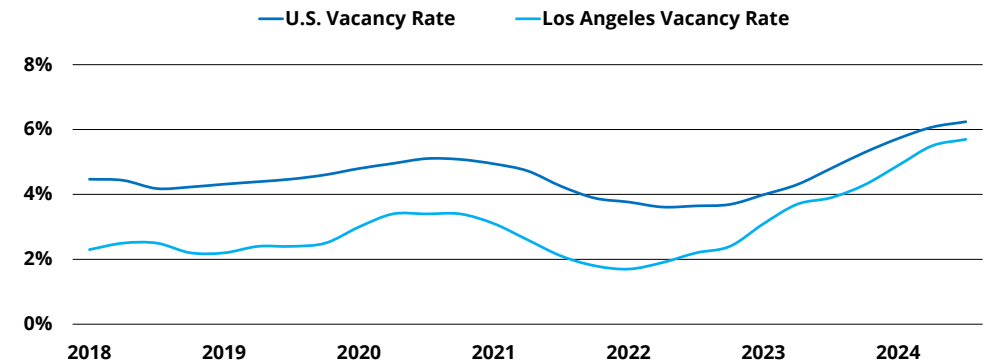
Trendlines

	Q3 2024	Q3 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
Unemployment Rate	6.7%	5.6%	↑	7.3%	↓
Net Absorption (Thousands SF)	(1.2)	(0.9)	↓	(0.1)	↑
Overall Vacancy Rate	5.7%	3.9%	↑	3.2%	↓
Overall Vacant SF (MSF)	53.2	36.5	↑	29.5	↓
Under Construction (MSF)	7.4	8.5	↓	7.0	↑
Asking Rent, All Service (PSF)	\$1.64	\$1.80	↓	\$1.43	↑
Sales Volume (Millions)	\$566	\$1,427	↓	\$1,649.3	↑

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

Overall Vacancy Rate

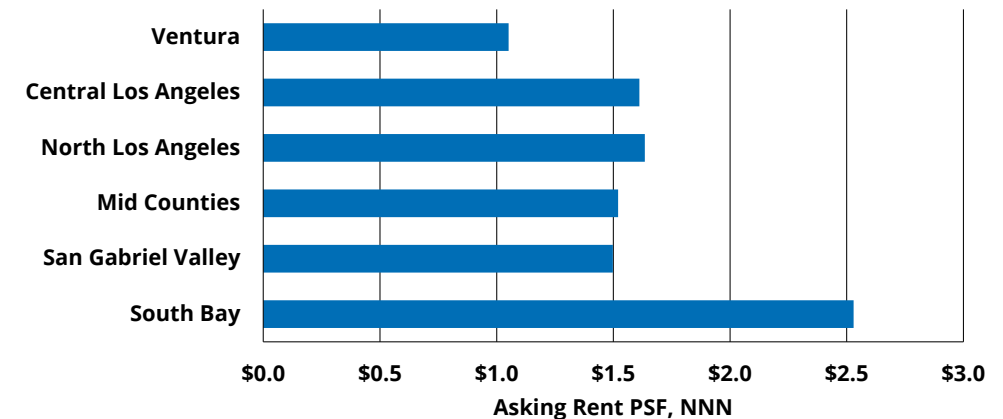
Los Angeles | Q3 2024



Source: Bureau of Labor Statistics, Transwestern

Asking Rents by Submarket

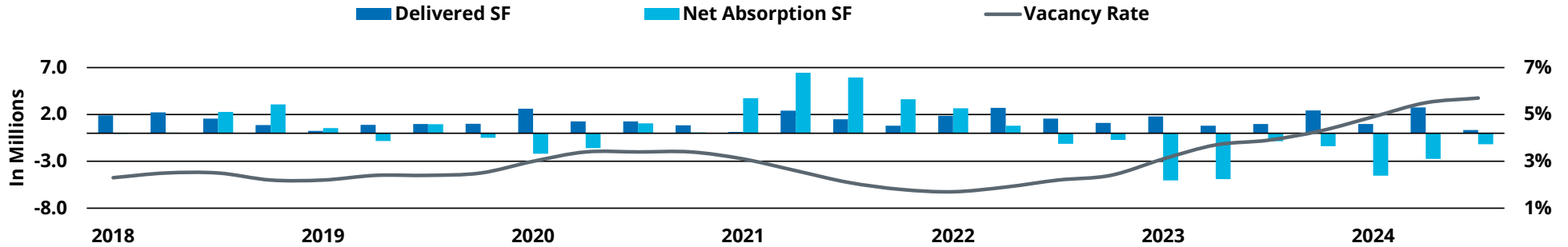
Los Angeles | Q3 2024



Source: Bureau of Labor Statistics, Transwestern



Delivery Impact on Key Indicators



Source: CoStar, Transwestern

Market Indicators Flex | Q3 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ASKING RENT PSF, NNN
South Bay	17,500,914	1,040,408	8.3%	0	53,619	\$3.25
San Gabriel Valley	8,158,416	441,629	5.9%	0	(49,045)	\$1.49
Mid Counties	3,964,752	144,299	3.3%	0	(23,919)	\$1.54
North Los Angeles	16,417,997	889,748	4.9%	0	96,287	\$1.76
Central Los Angeles	4,760,844	437,297	8.2%	0	(54,884)	\$1.96
Ventura	5,459,878	499,596	11.8%	0	(1,974)	\$0.95
TOTAL	56,262,801	3,452,977	7.1%	0	20,084	\$1.83

Source: CoStar, Transwestern

Market Indicators Logistics | Q3 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ASKING RENT PSF, NNN
South Bay	193,336,709	9,551,894	4.5%	1,825,166	169,858	\$1.81
San Gabriel Valley	163,370,683	9,514,767	5.7%	545,702	(709,500)	\$1.51
Mid Counties	123,153,989	5,644,440	4.2%	693,022	175,506	\$1.50
North Los Angeles	131,693,704	3	2.7%	2,943,355	(432,161)	\$1.51
Central Los Angeles	222,653,625	12,277,384	5.6%	572,800	(227,345)	\$1.26
Ventura	64,471,199	2,197,176	3.2%	805,601	(164,629)	\$1.15
TOTAL	898,679,909	39,185,664	4.3%	7,385,646	(1,188,271)	\$1.46

Source: CoStar, Transwestern

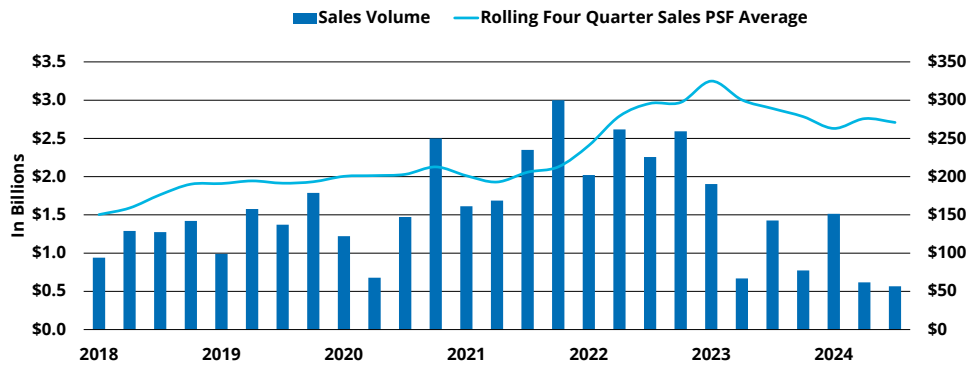


Notable Sales

Tenant	City	Sales Price	Building SF	Price PSF	Buyer	Seller
16000-16032 Carmenita Rd	Cerritos	\$52,600,000	171,310	\$307	Greenlaw Partners	Link Logistics
9401 De Soto Ave	Chatsworth	\$41,500,000	150,830	\$275	Center Capital Partners	NBP Capital
9830 Norwalk Blvd	Santa Fe Springs	\$35,760,000	134,370	\$266	McMaster-Carr Supply Company	Brookfield Asset Management
16930 Valley View Ave	La Mirada	\$32,430,000	125,000	\$259	LD Valley View Holdings	Pacific Industrial
12900 Alondra Blvd	Cerritos	\$19,600,000	68,560	\$286	Rexford Industrial Realty	SASCO Data Systems
1000 W Foothill Blvd	Azusa	\$17,050,000	61,360	\$278	MRC Creations	Xebec

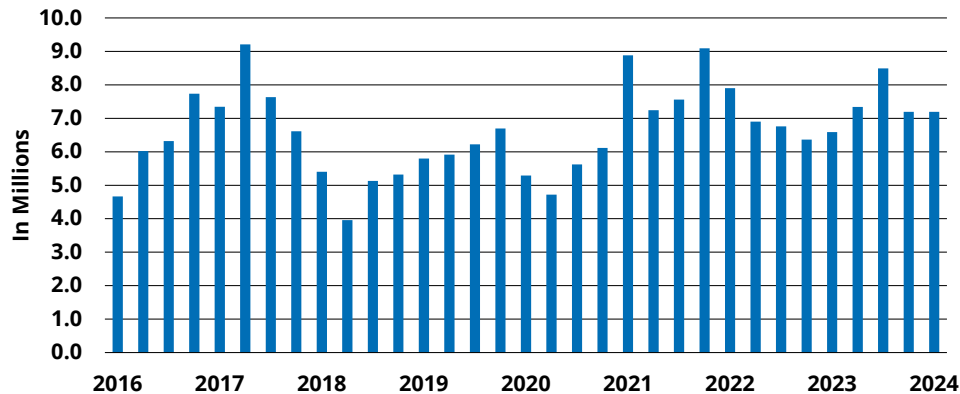
Source: CoStar, Transwestern = Transwestern Deal

Sales Volume



Source: CoStar, Real Capital Analytics, Transwestern

Under Construction



Source: CoStar, Transwestern

Notable Leases

Tenant	Address	City	Type	SF Leased
American Starlink Logistics	18175-18215 E Rowland St	Covina	Direct	700,000
R1 Concepts	2000 E Carson St	Long Beach	Direct	294,000
Reliable Grass	20435 E Business Pky	City of Industry	Sublease	200,000
Grimco	15905-16107 Commerce Way	Cerritos	Direct	104,556
AstraZeneca	18408-18412 W Oxnard St	Tarzana	Direct	97,116
Giant Union Co	3217 S Garfield Ave	Commerce	Direct	97,000

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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