

Q2 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q2 2024 Market Insight Inland Empire East

IE East Highlights

- **Big Picture:** With few notable exceptions, across all submarkets in the Los Angeles Basin this quarter, vacancy and availability rates increased, lease rates decreased, net absorption was negative, and construction starts diminished. The exceptions include the Mid-Counties and the I.E. West. New construction increased in the former submarket, while net absorption was positive in the latter.
- **Vacancy Rate:** Continues to rise, increasing 120 bps quarter-over-quarter and 530 bps year-over-year to reach the current rate of 8.7%.
- **Asking Rents:** At \$1.05 NNN per square foot, asking lease rents declined by \$0.10 or 8.6% from the Q1 2024 rate of \$1.15 NNN.
- **Inflation & Interest Rates:** CPI continues to be elevated above the Fed's 2% target, but gradually improving. Currently, headline CPI inflation has grown by 2.9%, year-over-year. At the June meeting, the FOMC decided once again to maintain rates at the current range of 5.25-5.50%. The median forecast of FOMC members currently projects at least one rate cut to occur in 2024, most likely in September.
- **GDP:** Real gross domestic product (GDP) increased at an annual rate of 2.8 % in the second quarter of 2024, according to the "advance" estimate by the BLS. In the first quarter, real GDP increased 1.4%. The increase in the second quarter primarily reflected increases in consumer spending, inventory investment, and business investment. Imports, which are a subtraction in the calculation of GDP, increased.
- **Port Activity:** Activity at both the Port of LA and Long Beach was stable on a quarter-over-quarter basis. Respectively, activity (measured by the change in Total TEUs) is up 2.20% and 1.26%. Monthly, however, Long Beach port activity in June spiked by 41% compared to the same period last year.
- **Supply Chain:** The cost from China/East Asia to North America West Coast increased 94.4% over Q2, ending at \$8,101/FEU as of July 12, 2024, per container via Freightos.

CITY	# of Bldgs	Inventory (SF)	Vacancy (%)	Availability (%)	Net Absorption (SF)	Gross Absorption (SF)	Direct Asking Rate (NNN)	Sale Price (\$/SF)
BANNING	48	1,944,130	0.8	54.3	0	0	\$0.79	\$229
BEUMONT	48	8,410,430	5.5	5.5	5,000	5,000	\$0.69	\$240
BLOOMINGTON	126	10,679,362	11.1	14.4	-653,115	0	\$0.99	\$290
CORONA/NORCO	1012	35,700,377	7.7	11.1	246,548	729,177	\$1.27	\$297
COLTON/GRAND TERRACE	190	11,381,570	8.8	9.2	334,665	547,010	\$0.65	\$234
MORENO VALLEY	113	33,076,273	4.4	8.1	-726,514	225,001	\$1.20	\$214
PERRIS	261	44,328,650	10.6	14.3	947,288	1,420,253	\$1.12	\$234
REDLANDS/LOMA LINDA	248	31,374,132	12.3	14.6	-176,332	427,002	\$0.81	\$234
RIALTO	210	31,385,645	11	14.3	-599,828	484,090	\$1.34	\$255
RIVERSIDE	1,136	58,668,774	8.1	11.3	-612,460	193,639	\$1.14	\$233
SAN BERNARDINO/HIGHLAND	616	46,795,140	8.1	14.5	78,322	705,613	\$0.92	\$239

4.1%

US Unemployment Rate

2.8%

GDP - Quarter 2 % - Change YOY

4.19%

U.S. 10-Year Treasury Note

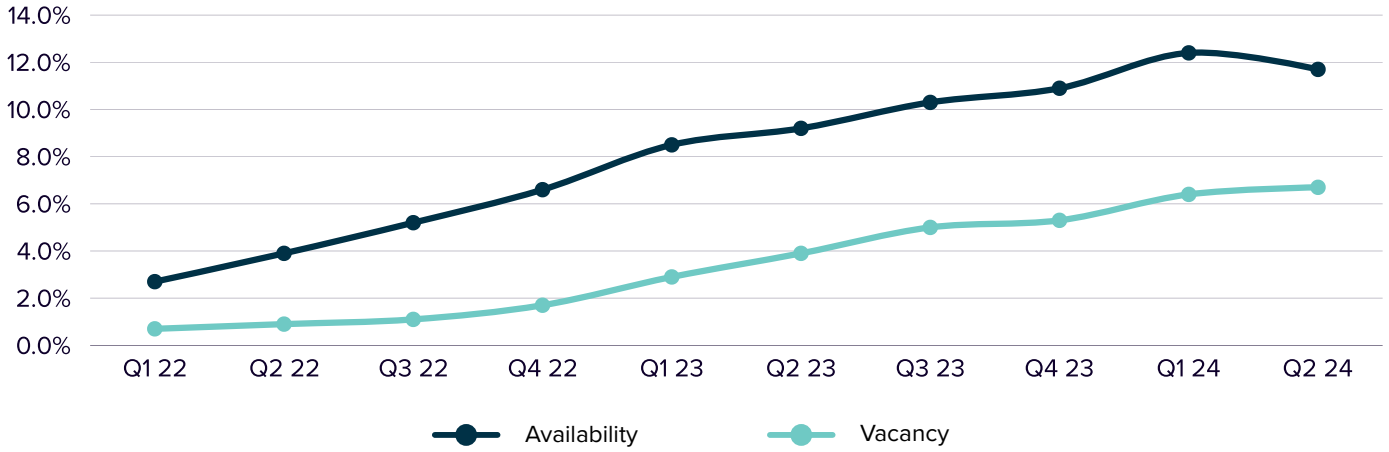
> Market Summary

	Q2 2023	Q1 2024	Q2 2024
Total Inventory (SF)	304,843,918	310,705,272	313,317,611
Overall Vacancy	3.4%	7.5%	8.7%
Overall Availability	7.6%	11.8%	12.6%
Under Construction (SF)	10,635,769	7,223,224	6,877,978
Net Absorption (SF)	-1,199,750	-2,471,367	-885,182
Overall Asking Lease Rates (NNN)	\$1.21	\$1.15	\$1.05

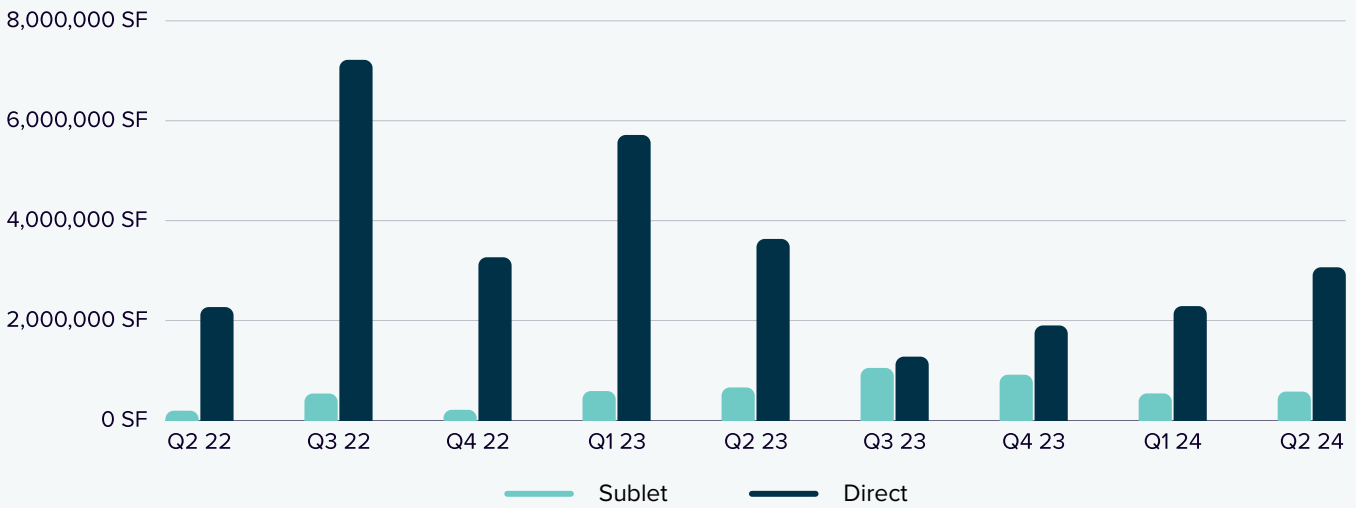
> Port Stats

PORTS	Month	Loaded Inbound	Loaded Outbound	Total Loaded	Total TEUs	YOY-TEU Change - Month	YOY-TEU Change - Quarter
LOS ANGELES	January	441,763	126,554	568,317	855,652	17.86%	
	February	408,764	132,755	541,519	781,434	60.18%	29.58%
	March	379,542	144,718	524,259	743,417	19.28%	
	April	416,929	133,046	549,975	770,337	11.95%	
	May	390,663	125,963	516,625	752,893	-3.37%	2.20%
	June	428,753	122,515	551,268	827,757	-0.63%	
LONG BEACH	January	325,339	86,525	411,864	674,015	17.47%	
	February	329,850	87,474	417,324	674,723	24.10%	16.35%
	March	302,521	105,099	407,620	654,082	8.31%	
	April	364,665	98,266	462,931	750,424	14.39%	
	May	345,271	100,885	446,156	695,937	-8.21%	1.26%
	June	419,698	98,300	517,998	842,446	41.10%	

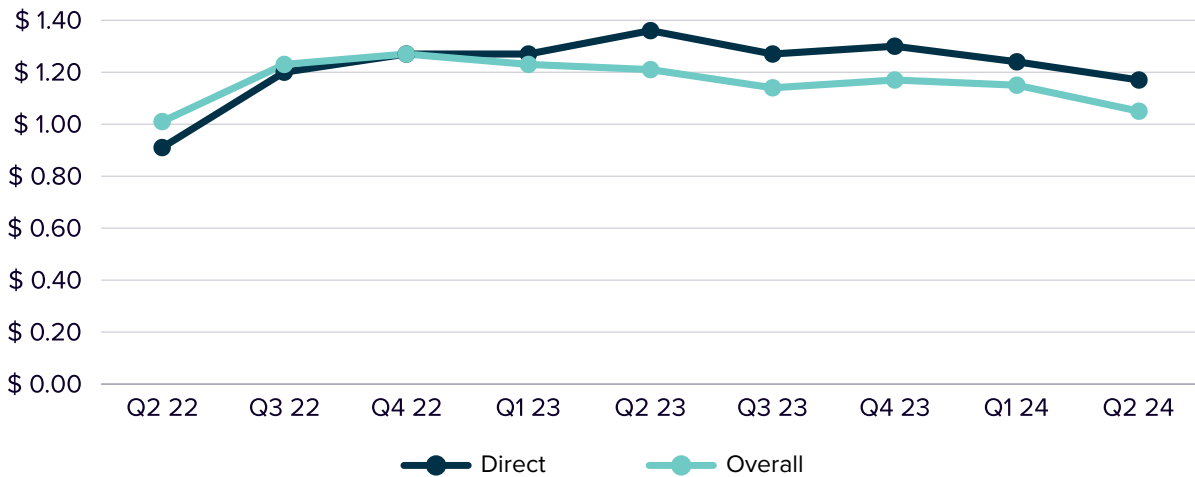
> Vacancy vs Availability



Leasing Activity



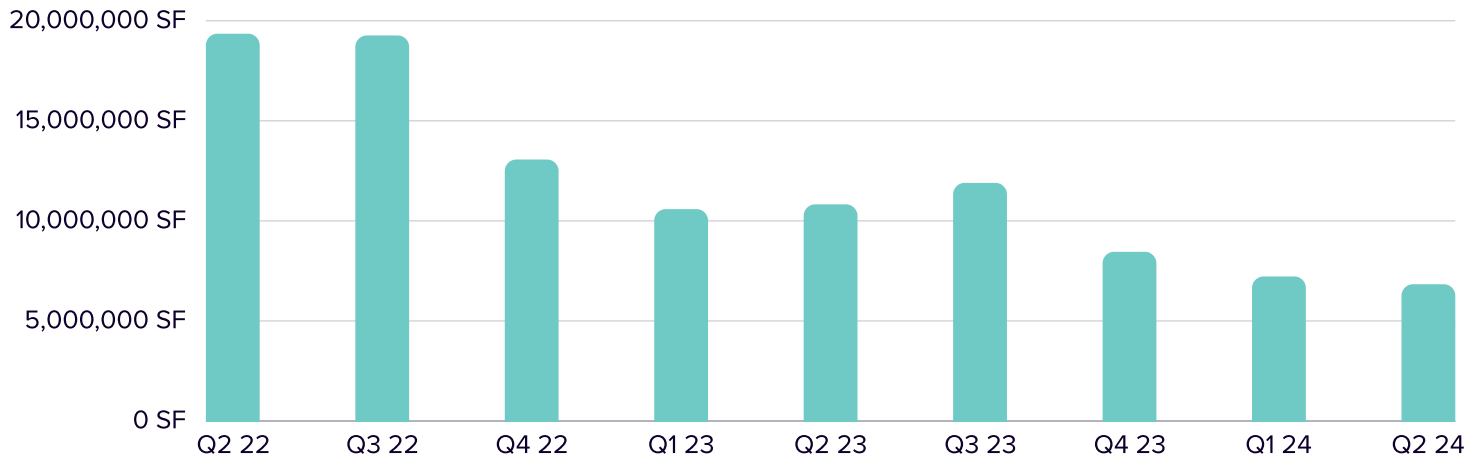
> Rental Rates



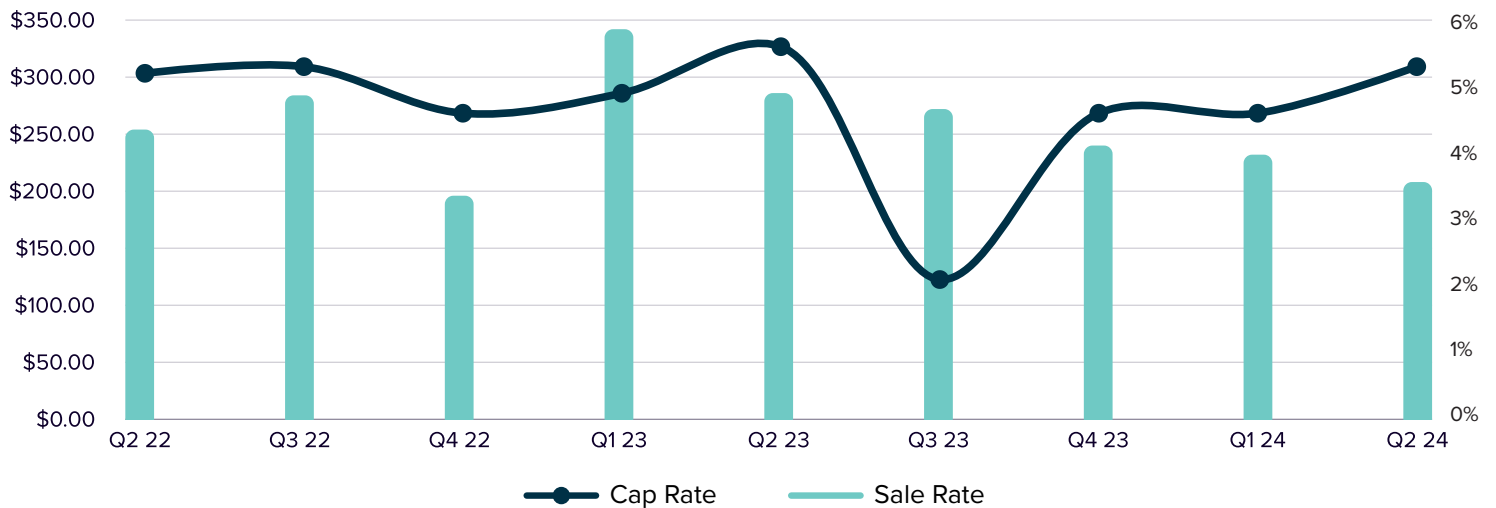


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> Construction



> Sales Trends



> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
4982 HALLMARK PKWY	San Bernardino	340,080	Dalfen Industrial	Bixby Land Company	\$74.05M
3120 WILSON AVE	Perris	248,483	TA Realty	Core5 Industrial Properties	\$53.42M
210 RADIO RD	Corona	143,785	Thoro Packing	The Carlyle Group	\$46.97M
1765 WATSON RD	Perris	35,756	Grove Lumber & Building Supplies	Soil Retention Products	\$10.25M
149 VIA TREVIZIO	Corona	23,964	Empire Imports, LLC	Greg Roembke	\$7.96M

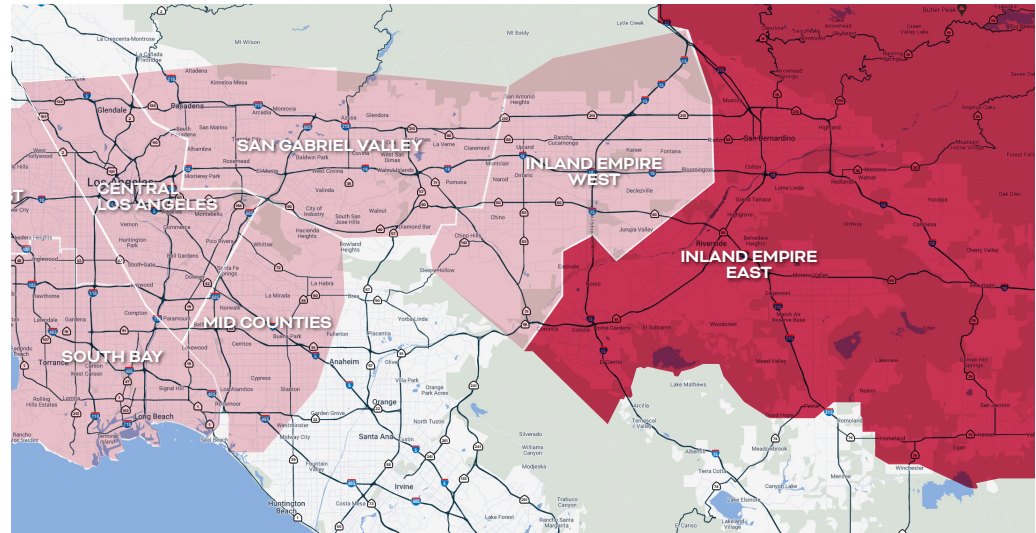
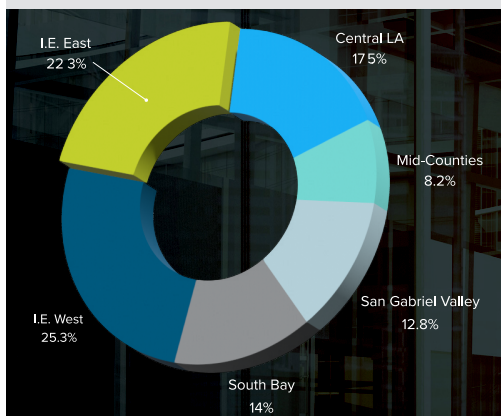
> Top 5 New Leases

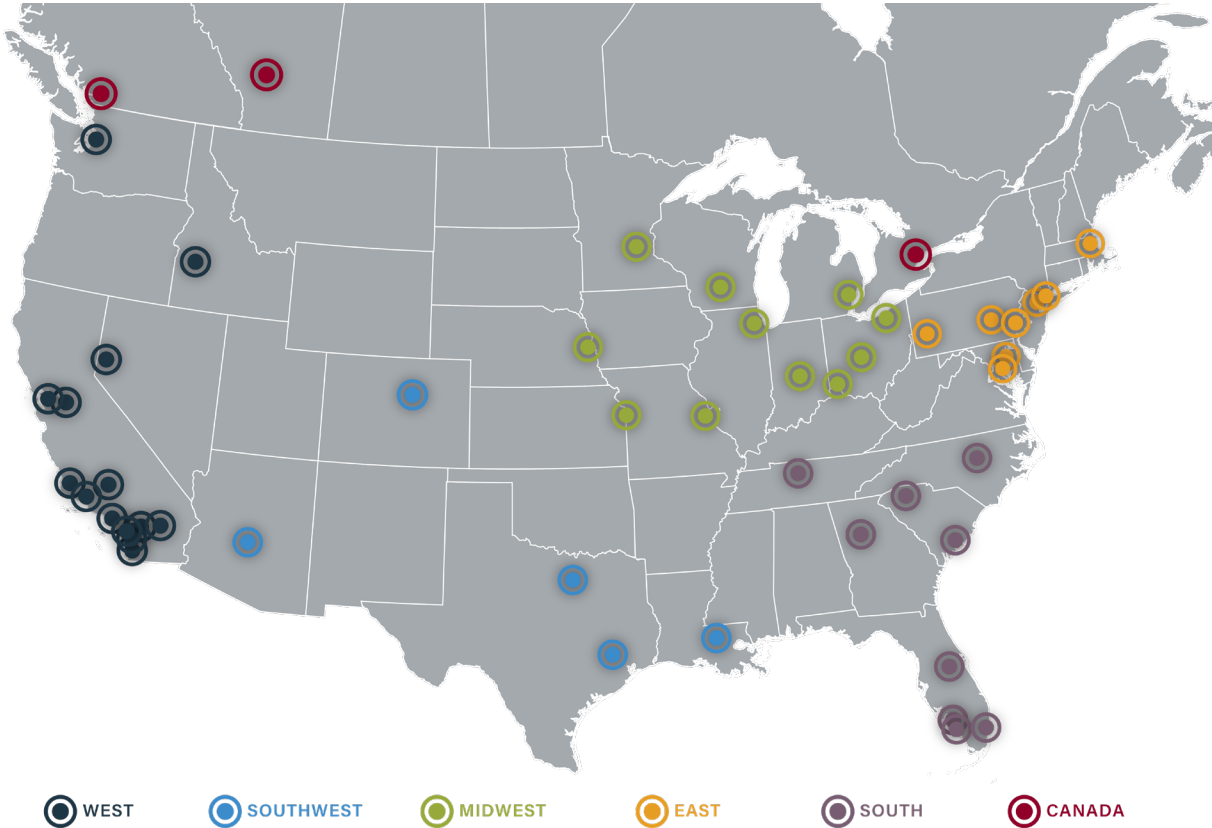
Address	City	Size (SF)	Lessor	Lessee(s)
1710 BASELINE RD	Rialto	718,025	Nuveen	Geodis Logistics
230 W. SAN BERNARDINO AVE	Redlands	575,457	Prologis	Clorox Co.
1495 N. TAMARIND AVE	Rialto	390,521	United Legwear	Stg Logistics, Inc.
22490 HARLEY KNOX BLDG B	Perris	332,377	Mead Valley Industrial	Whitcap
568 W. SANTA ANA AVE	Rialto	211,115	Alere Inc.	Carrier Corporation

> Major Construction / Development Projects

Address	City	Developer	Size (SF)	Est. Completion
3600 REDLANDS AVE	Perris	IDI Logistics	548,019	May-24
350 W VALLEY BLVD	Rialto	Birtcher Development	490,410	Oct-24
22773 OLEANDER AVE	Perris	Majestic Realty	406,496	Jun-24
18369 HARVILL AVE	Perris	Majestic Realty	347,672	Feb-25
9TH ST & TIPPERCANOE ST	San Bernardino	Oakmont Industrial	337,385	Jul-24

Inventory Comparison





108% Increase in Brokered Sale & Lease SF Over 5 Years

\$32⁺ Billion Transaction Volume (2022)

1.5K⁺ Professionals and Growing Internationally

75⁺ Offices Nationwide

● WEST
● SOUTHWEST
● MIDWEST
● EAST
● SOUTH
● CANADA

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CORPORATE ID# 01125429

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These reports are based on industrial single and multi-tenant buildings that are greater than 5,000.