

Q2 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q2 2024 Market Insight Central Los Angeles

Central LA 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 40 bps quarter-over-quarter and 150 bps year-over-year to reach the current rate of 6.3%.
- Asking Rents:** At \$1.35 NNN per square foot, asking lease rents declined by \$0.20 or 12.9% from the Q1 2024 rate of \$1.55 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)
BELL/BELL GARDENS	157	6,757,409	2.2	2	86,895	97,048	\$1.52	\$270
COMMERCE	739	46,451,659	5.7	11.1	-85,103	438,439	\$1.18	\$253
CUDAHY	34	1,017,197	3	11.5	22,935	31,095	\$1.15	\$248
HUNTINGTON PARK	160	3,680,148	7.6	9.1	6,516	9,500	\$0.00	\$247
DTLA	4650	143,341,922	7	9.1	-836,429	1,490,639	\$1.20	\$309
MAYWOOD	46	820,688	4.9	6.6	8,759	9,759	\$1.42	\$326
MONTEBELLO	217	10,047,174	6.7	9.8	197,945	224,734	\$1.67	\$261
PICO RIVERA	197	10,299,615	5.3	7.7	-184,117	179,725	\$0.00	\$280
SOUTH GATE	229	9,856,614	3.1	7.8	-90,195	11,607	\$1.36	\$258
VERNON	797	44,503,451	7.2	7.3	-169,560	546,713	\$1.38	\$272

↑ 4.1%

US Unemployment Rate

↑ 2.8%

GDP - Quarter 2 % - Change YOY

↑ 4.19%

U.S. 10-Year Treasury Note

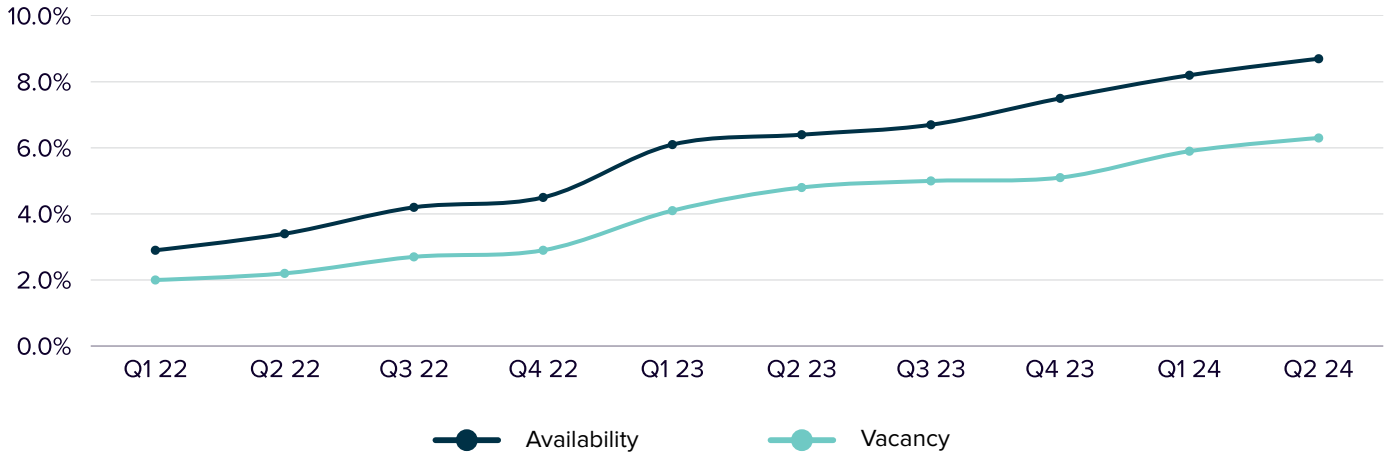
> Market Summary

	Q2 2023	Q1 2024	Q2 2024
Total Inventory (SF)	245,658,754	245,109,437	245,415,079
Overall Vacancy	4.8%	5.9%	6.3%
Overall Availability	6.3%	8.2%	8.7%
Under Construction (SF)	785,942	869,605	594,929
Net Absorption (SF)	-500,096	-2,019,582	-830,455
Overall Asking Lease Rates (NNN)	\$1.70	\$1.55	\$1.35

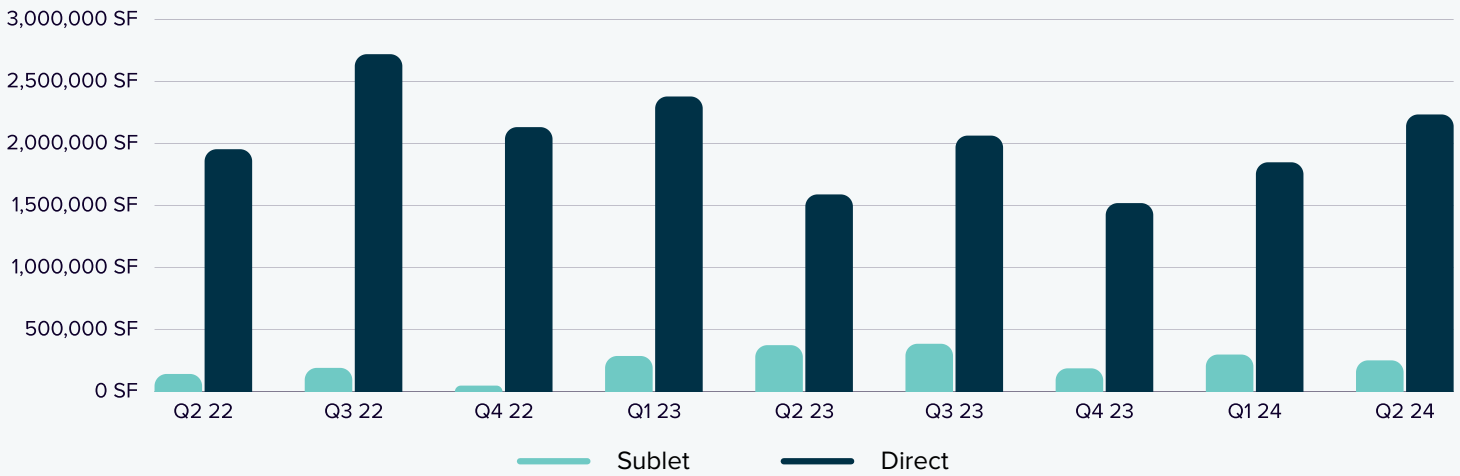
> Port Stats

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%	29.58%
	February	408,764	132,755	541,519	781,434	60.18%	
	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%	
	June	428,753	122,515	551,268	827,757	-0.63%	
LONG BEACH	January	325,339	86,525	411,864	674,015	17.47%	16.35%
	February	329,850	87,474	417,324	674,723	24.10%	
	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%	
	June	419,698	98,300	517,998	842,446	41.10%	

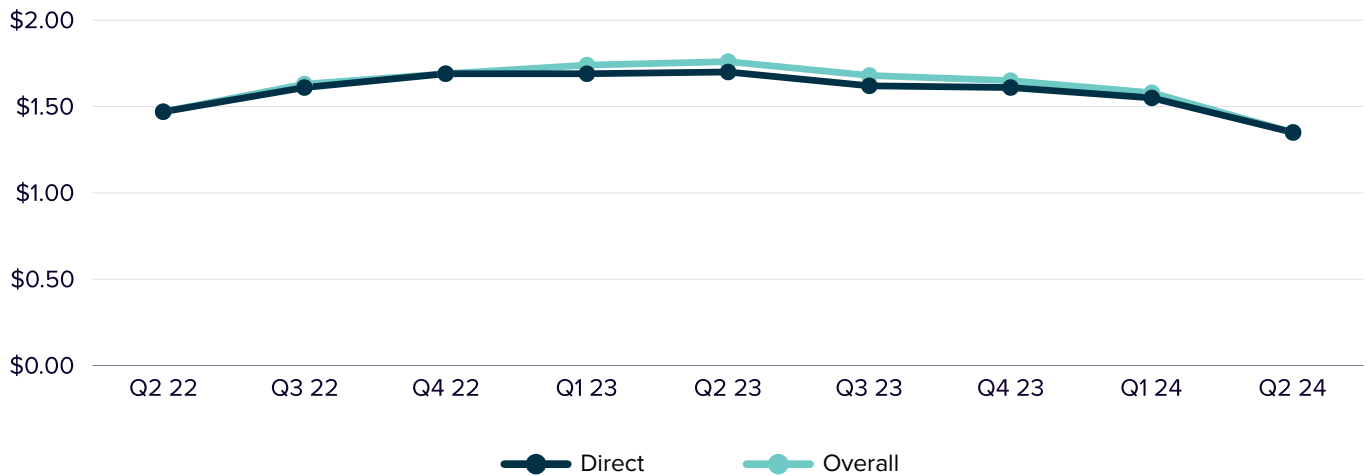
> Vacancy vs Availability



Leasing Activity



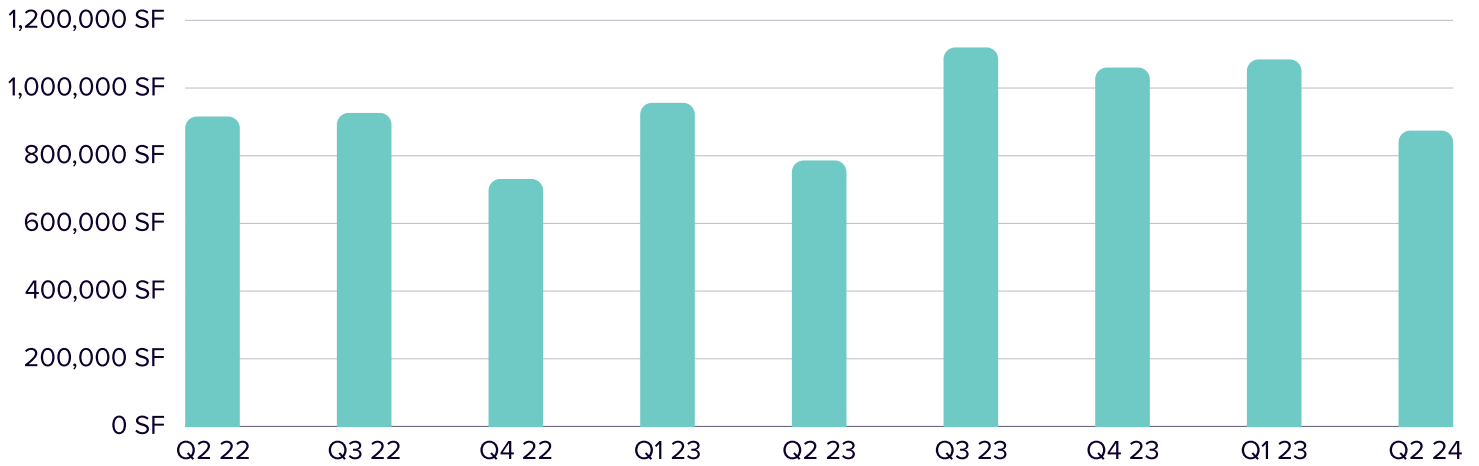
> Rental Rates



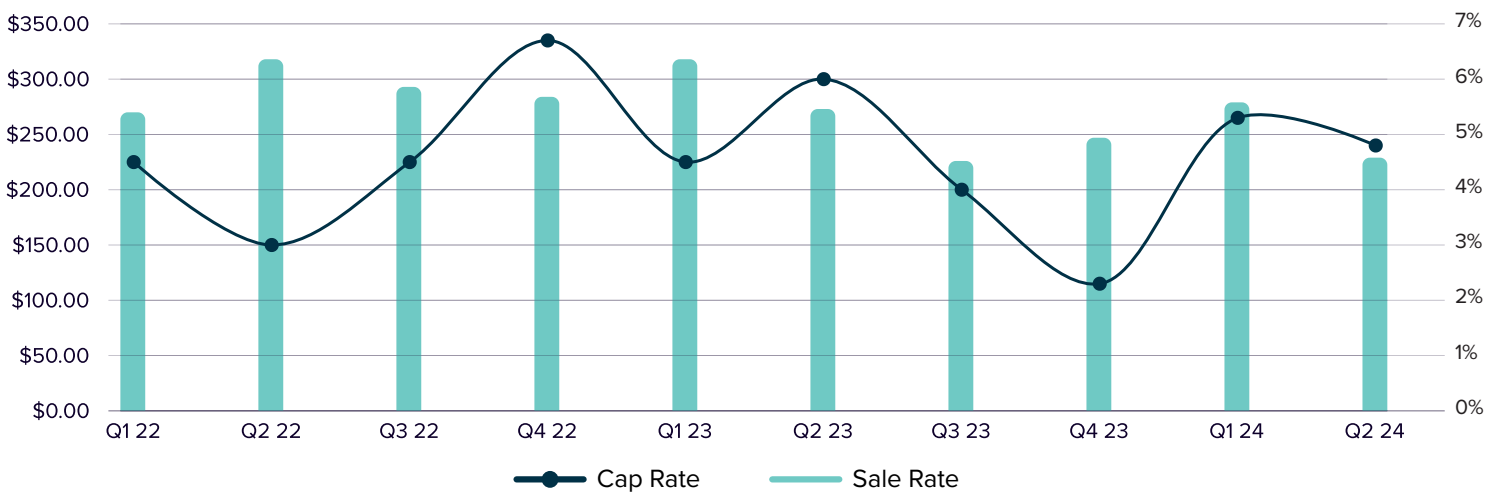


Q2 24 | Central Los Angeles

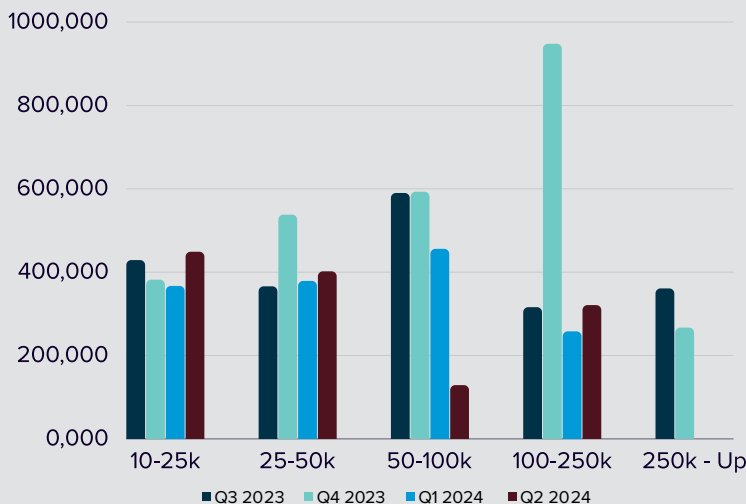
> Construction



> Sales Trends



> Lease Expiration



Central Los Angeles
Largest Lease Transaction
 By Square Foot
 Lessee: Reformation USA
 5801 S 2nd St, Vernon

185,089sf

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
4101 WHITESIDE ST	Los Angeles	43,681	Ofer Dardashti	Jomex LLC	\$9.6M
1454-1458 ESPERANZA ST	Los Angeles	37,595	Tom Kim	Innovative	\$9.1M
3510 GARFIELD AVE	Commerce	27,500	Sang Chung	Charles Woo	\$6.6M
1373 N BROADWAY	Los Angeles	24,633	Nexus Studio Group	Carol Gonser	\$4.45M
1518 PALOMA ST	Los Angeles	22,272	Orly La LLC	Samuel Kim	\$3.9M

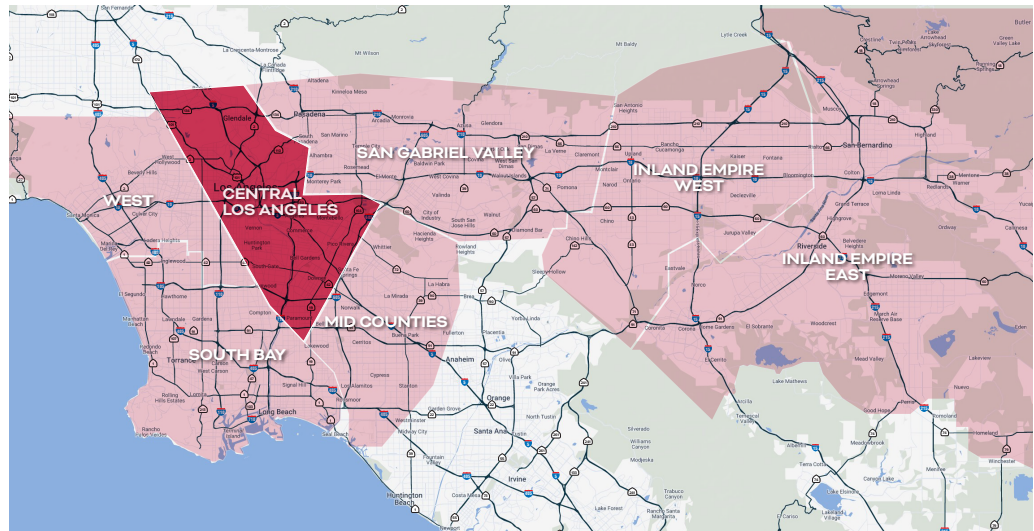
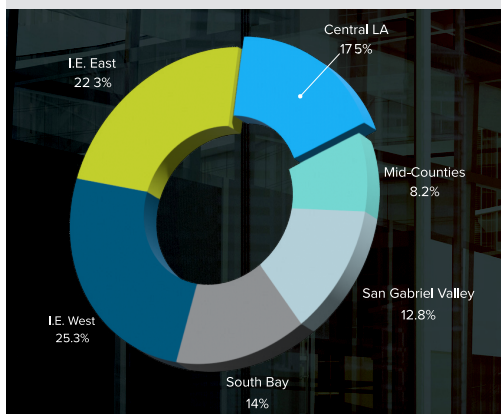
> Top 5 New Leases

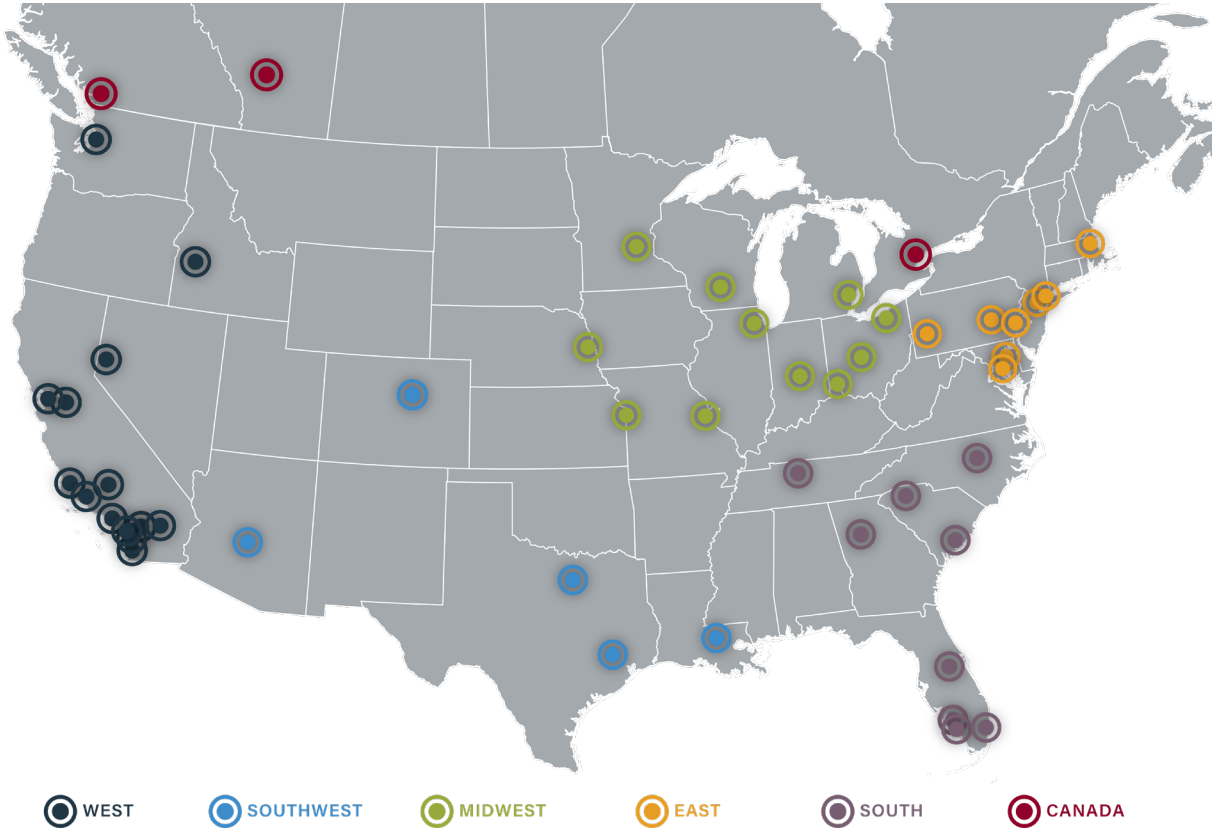
Address	City	Size (SF)	Lessor	Lessee(s)
5801 S 2ND ST	Vernon	185,089	Bridge Industrial	Reformation USA
4615 ALCOA AVE, A & C	Vernon	165,180	45th St LLC	Capital Logistics & Warehousing
5401-5411 S SOTO ST	Vernon	131,639	Damrak Investments	Swat Fame Inc.
6100 S MALT AVE	Commerce	115,581	Borstein Enterprises	Portos Bakery
5500 S BOYLE AVE	Vernon	102,400	Joseph & Jacob Khobian	Style Melody, Inc.

> Major Construction / Development Projects

Address	City	Developer	Size (SF)	Est. Completion
3690 UNION PACIFIC AVE	Los Angeles	Real Estate Development Associates	253,318	Oct-24
3270 E WASHINGTON BLVD	Vernon	Comstock	73,777	Aug-24
3165 E SLAUSON AVE	Los Angeles	-	69,522	Aug-24
7421 E SLAUSON AVE - BLDG II	Commerce	Bridge Industrial	57,411	Jul-24
5637 E 61ST ST	Vernon	Rexford	47,088	Sep-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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These reports are based on industrial single and multi-tenant buildings that are greater than 5,000.
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