

# Q2 Industrial Market Insight

Lee & Associates® Research  
Los Angeles Central  
City of Industry

2024

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# Q2 2024 Market Insight Inland Empire West

## IE West 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 30 bps quarter-over-quarter and 210 bps year-over-year to reach the current rate of 6.1%.
- **Asking Rents:** At \$1.39 NNN per square foot, asking lease rents declined by \$0.14 or 9.1% from the Q2 2023 rate of \$1.53 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)
CHINO	938	55,883,509	6.2	8.6	-91,045	790,147	\$1.32	\$299
EASTVALE	71	14,456,540	9.3	10.6	18,764	257,917	\$1.57	\$304
FONTANA	792	74,056,489	5.7	14.3	1,167,421	1,433,418	\$1.47	\$300
JURUPA VALLEY	322	37,794,738	7.7	11.5	1,841,590	2,591,581	\$1.25	\$275
MIRA LOMA	20	712,371	6.7	6.7	-9,392	0	\$1.36	\$359
MONTCLAIR	208	4,164,242	4.9	19.1	-62,656	45,942	\$0.60	\$353
ONTARIO	1527	125,863,299	5.8	12.1	3,109,738	5,072,949	\$1.24	\$288
RANCHO CUCAMONGA	746	43,388,782	5.5	9.6	-153,189	1,038,541	\$1.83	\$289
UPLAND	260	4,104,332	6.7	8.1	44,427	195,294	\$1.09	\$286

**↑ 4.1%**

US Unemployment Rate

**↑ 2.8%**

GDP - Quarter 2 % - Change YOY

**↑ 4.19%**

U.S. 10-Year Treasury Note

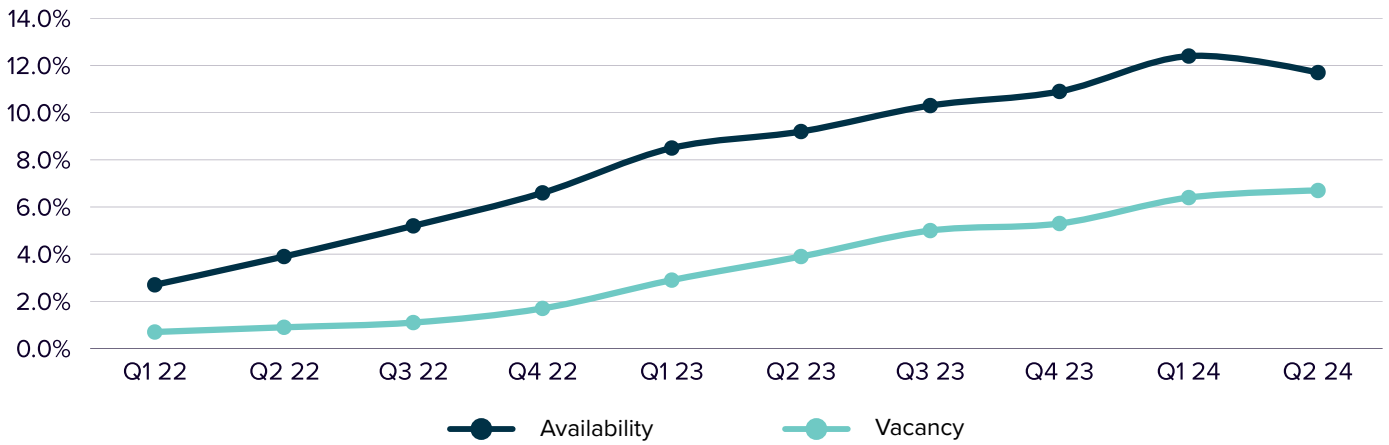
### > Market Summary

	Q2 2023	Q1 2024	Q2 2024
<b>Total Inventory (SF)</b>	342,273,630	356,225,514	355,896,866
<b>Overall Vacancy</b>	4.0%	6.4%	6.1%
<b>Overall Availability</b>	9.2%	12.4%	11.7%
<b>Under Construction (SF)</b>	26,478,345	16,929,388	12,294,111
<b>Net Absorption (SF)</b>	-2,955,544	808,011	4,462,435
<b>Overall Asking Lease Rates (NNN)</b>	\$1.53	\$1.40	\$1.39

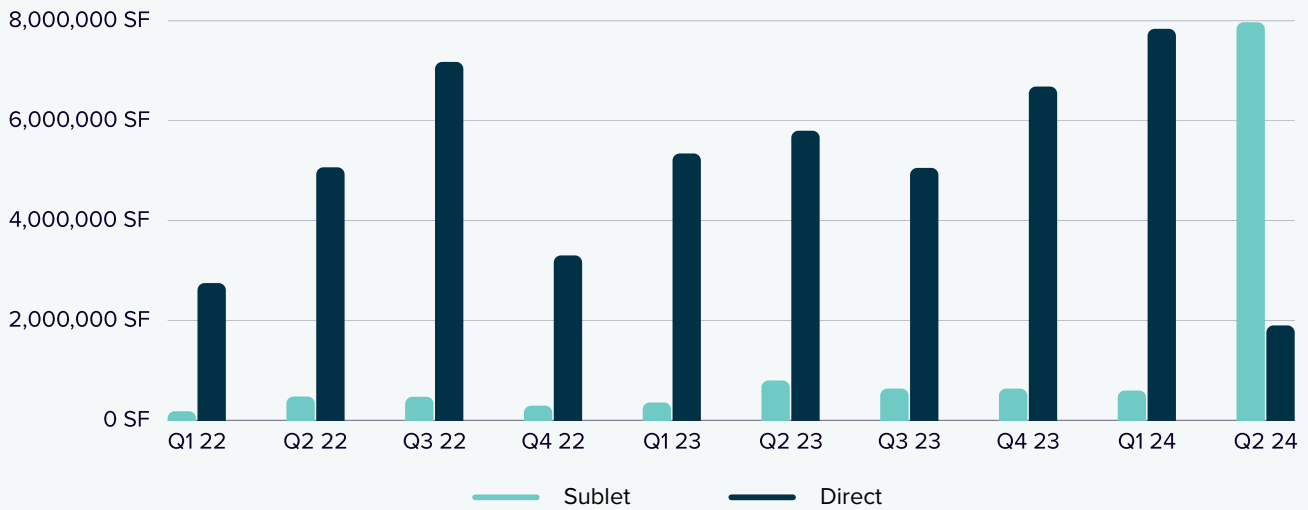
### > Port Stats

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%	

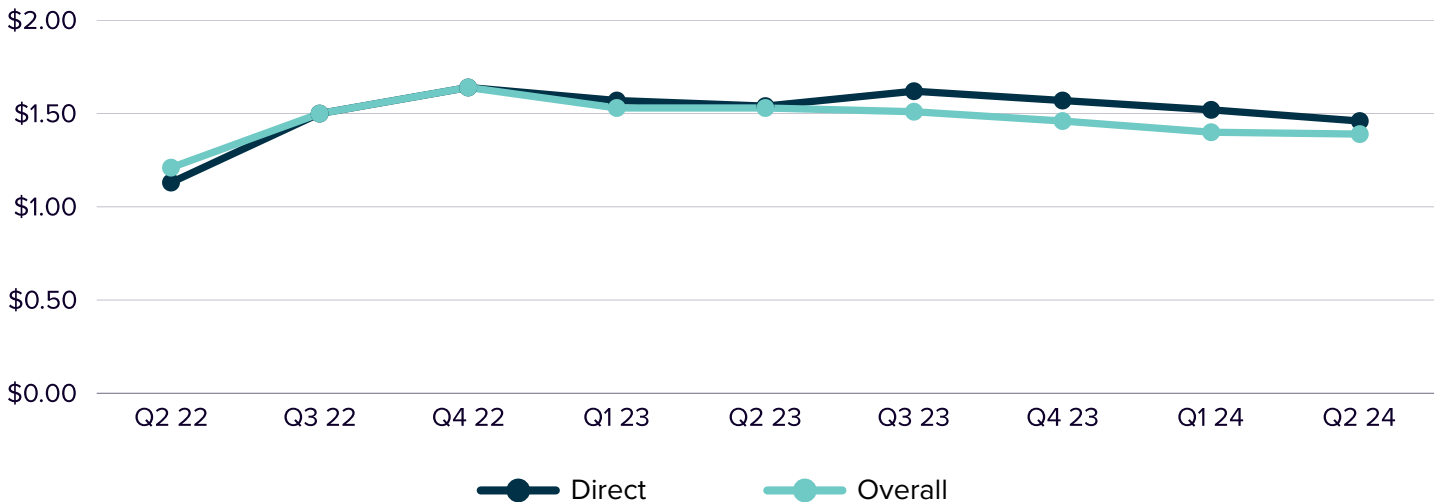
## > Vacancy vs Availability



## Leasing Activity



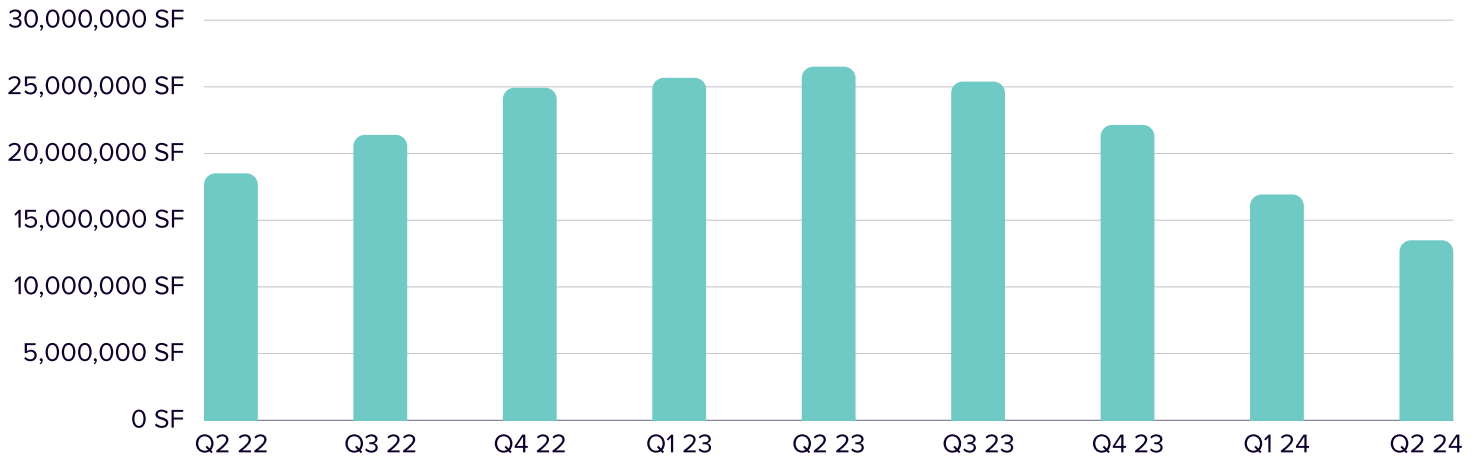
## > Rental Rates



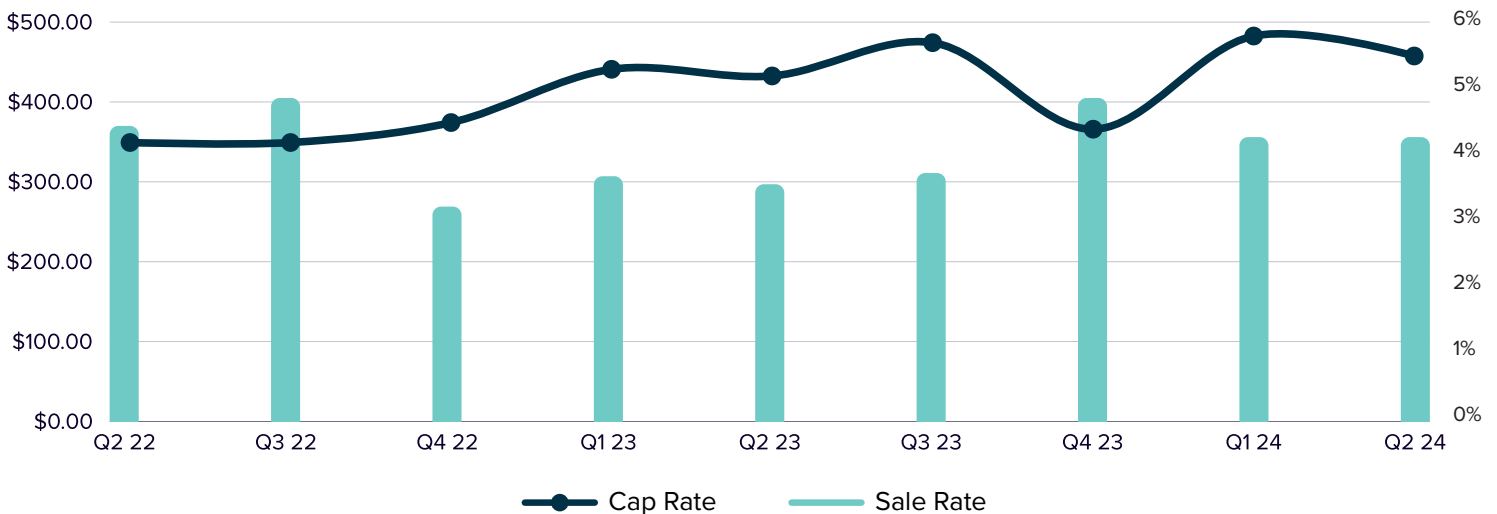


# Q2 24 | Inland Empire West

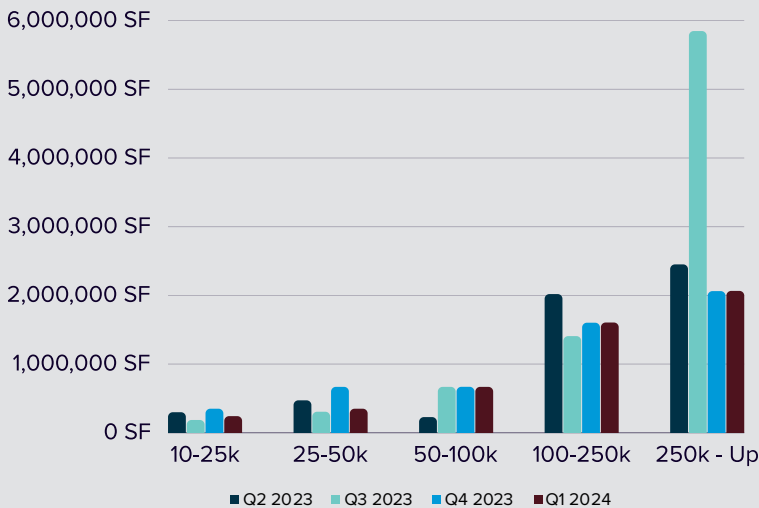
## > Construction



## > Sales Trends



## > Lease Expiration



**Inland Empire - West**  
**Largest Lease Transaction**  
 By Square Foot  
 Lessee: Amazon  
 4121 Coyote Canyon Rd, Fontana

1,171,788sf

## > Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
13423 SANTA ANA AVE	Fontana	819,004	EQT Exeter	John Hancock Real Estate	\$197M
4450 E. LOWELL ST /3351 E. PHILADELPHIA - 2 BLDGS	Ontario	519,116	Stockbridge Capital Group	Principal Real Estate Investors	\$142.25M
11145 INLAND AVE	Jurupa Valley	209,907	Goldman Sachs	Bixby Land Company	\$43.25M
16796 BOYLE AVE	Fontana	172,219	BentallGreenOak	Principal Real Estate Investors	\$58.25M
10655 E. 7TH ST	Rancho Cucamonga	103,216	Reyes Holdings	Khun Capital Management	\$25.8M

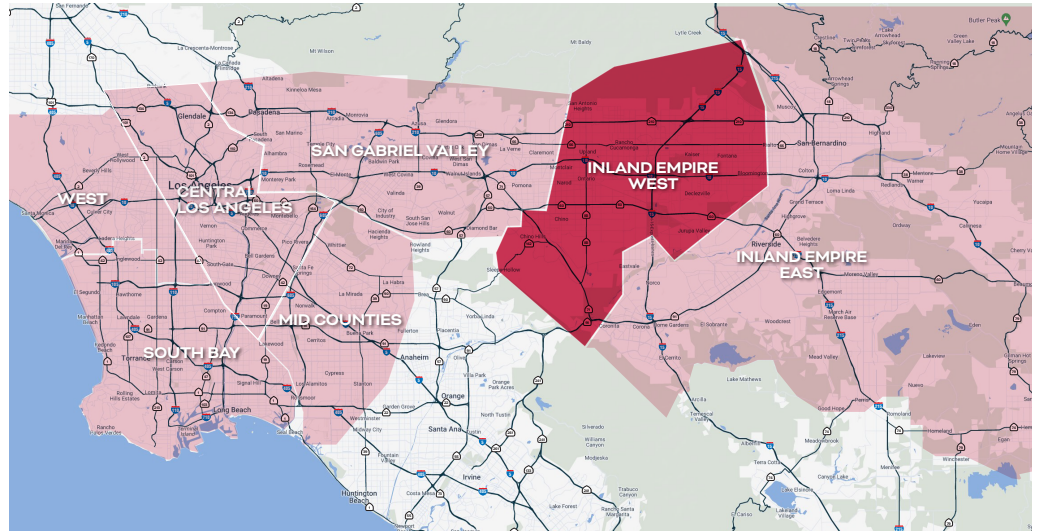
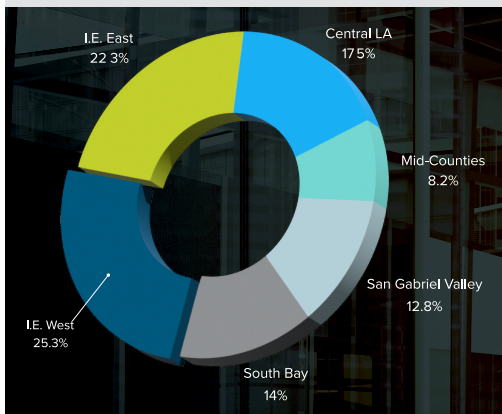
## > Top 5 New Leases

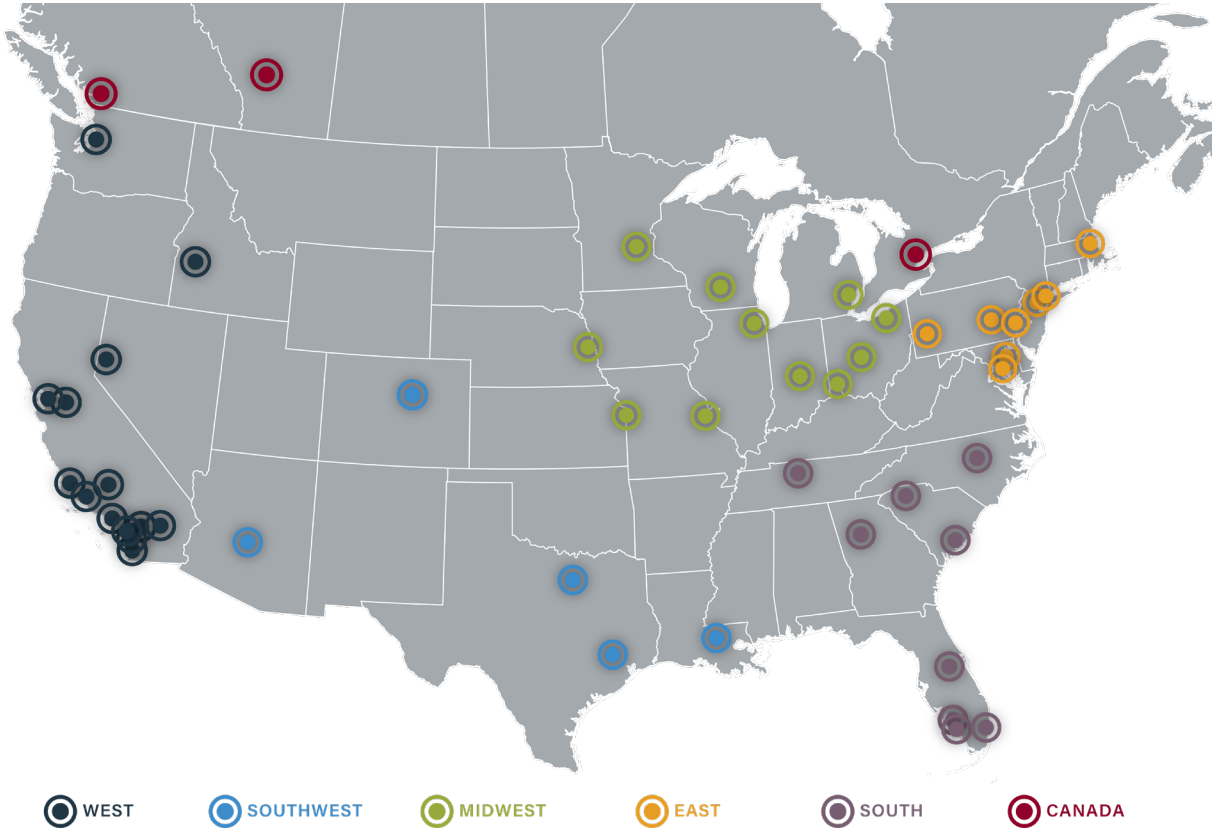
Address	City	Size (SF)	Lessor	Lessee(s)
4121 COYOTE CANYON RD	Fontana	1,171,788	Caprock Partners	Amazon
16604 SLOVER AVE	Fontana	690,967	Panattoni/MetLife	Campbell's Soup
12400 ARROW RT	Rancho Cucamonga	611,573	Ares Industrial	B. Braum
13277 SAN BERNARDINO AVE	Fontana	577,905	Pacab, LLC	Confidential
3510 E. FRANCIS ST	Ontario	562,089	Prologis	Gigacloud

## > Major Construction / Development Projects

Address	City	Developer	Size (SF)	Est. Completion
1363 MERRILL AVE	Ontario	Prologis	1,488,800	Jun-24
4704 WALKER AVE	Ontario	Prologis	1,411,000	Apr-24
3413 MANITOU AVE	Jurupa Valley	Blackstone	1,379,287	May-24
9253 DREAMLAND DR	Fontana	Hillwood	1,286,550	Jan-25
4121 COYOTE CANYON	Fontana	CapRock Partners	1,171,788	May-24

## Inventory Comparison





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

**\$32<sup>+</sup>** Billion Transaction Volume (2022)

**1.5K<sup>+</sup>** Professionals and Growing Internationally

**75<sup>+</sup>** 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.