

Q2 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q2 2024 Market Insight Mid-Counties

Mid-Counties 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.
- Construction:** 706,4544 square feet of space is under construction in the submarket, more than double the amount under construction a year ago (Q2 2023 – 331,005 SF).
- Vacancy Rate:** Continues to rise, increasing 90 bps quarter-over-quarter and 200 bps year-over-year to reach the current rate of 6.3%.
- Asking Rents:** At \$1.56 NNN per square foot, asking lease rents declined by \$0.02 or 1.2% from the Q1 2024 rate of \$1.58 NNN.
- Inflation & Interest Rates:** CPI continues to be elevated above the Fed's 2% target, but is 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)
ARTESIA	27	310,416	4.9	11.8	-60,608	0	\$1.45	\$356
BELLFLOWER	66	1,003,395	0	0	0	9,700	\$1.51	\$343
BUENA PARK	219	13,271,832	5.8	11.8	-87,812	85,896	\$1.76	\$269
CERRITOS	249	12,774,149	5.8	9	-279,634	124,317	\$1.41	\$283
CYPRESS	85	4,263,400	6.2	10.7	52,545	56,503	\$1.77	\$317
LA MIRADA	178	13,186,648	7	10.5	270,397	427,311	\$1.57	\$279
LA PALMA	16	1,778,216	4.1	0	0	0	\$0.00	\$239
LOS ALAMITOS	92	2,192,082	3	4.8	-44,712	0	\$1.45	\$309
NORWALK	90	3,088,005	3	3	13,420	17,970	\$1.67	\$267
SANTA FE SPRINGS	1345	54,057,778	5.5	8	-855,793	429,840	\$1.71	\$302
WHITTIER	163	4,196,885	2.2	7.1	3,522	36,483	\$1.33	\$275
DOWNEY	143	4,665,238	5.3	3.9	-36,734	32,855	\$1.34	\$291

4.1%

US Unemployment Rate

2.8%

GDP - Quarter 2 % - Change YOY

4.19%

U.S. 10-Year Treasury Note

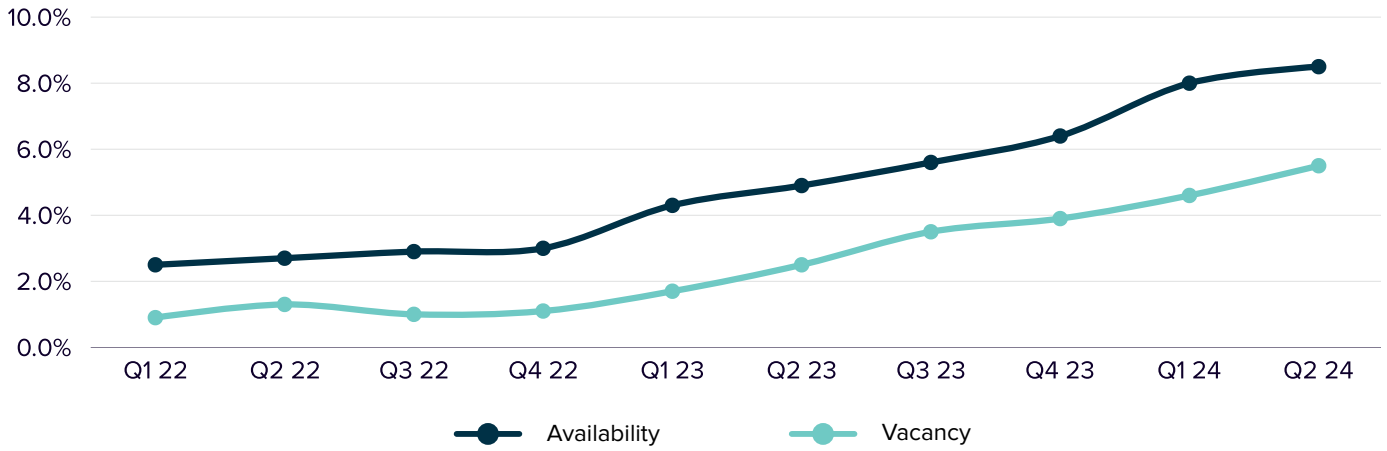
> Market Summary

	Q2 2023	Q1 2024	Q2 2024
Total Inventory (SF)	114,689,380	115,259,643	114,577,384
Overall Vacancy	3.5%	4.6%	5.5%
Overall Availability	5.6%	8.0%	8.5%
Under Construction (SF)	331,005	370,787	706,444
Net Absorption (SF)	-894,142	-727,429	-188,723
Overall Asking Lease Rates (NNN)	\$1.69	\$1.58	\$1.56

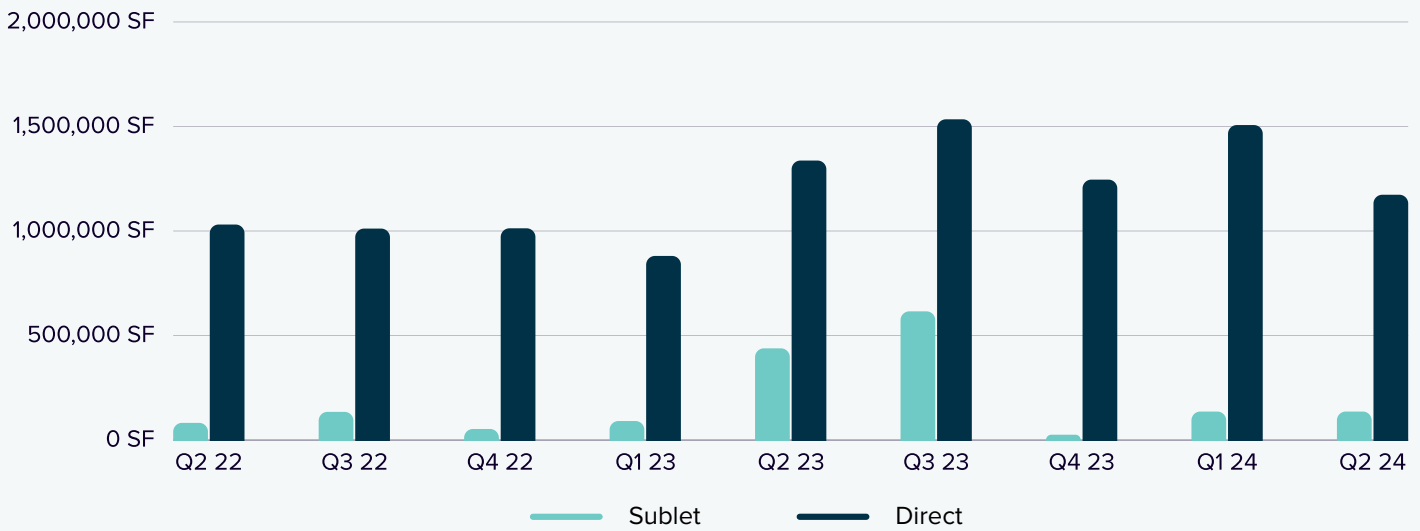
> Port Stats

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%	

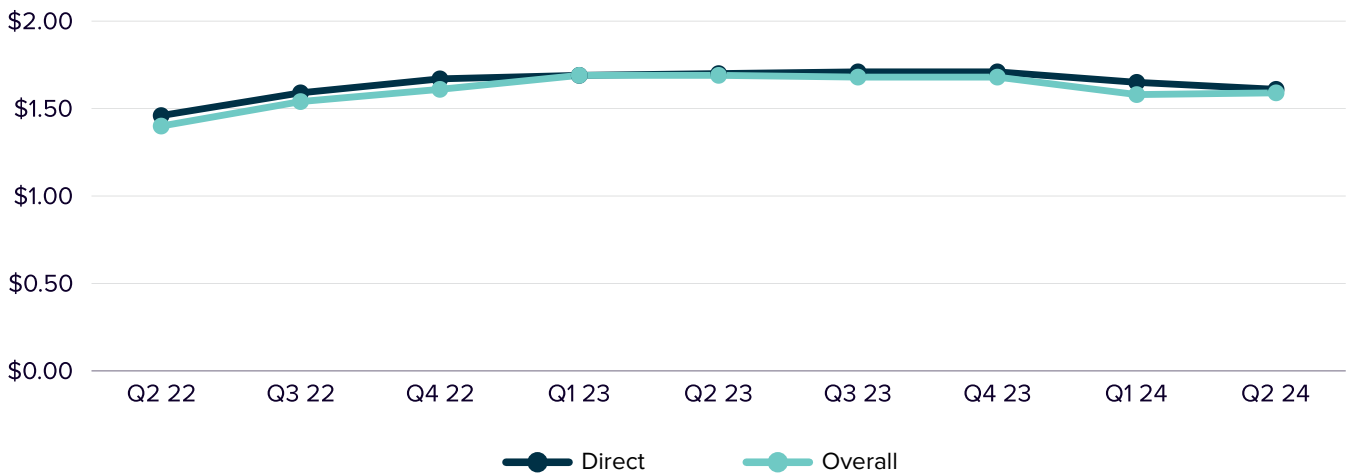
> Vacancy vs Availability



Leasing Activity



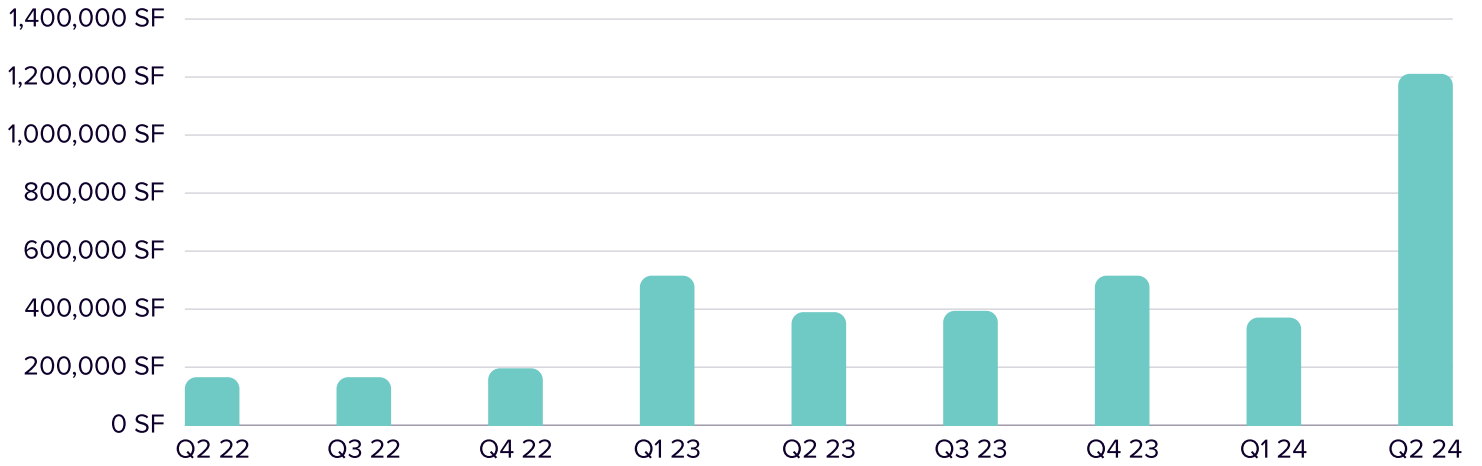
> Rental Rates



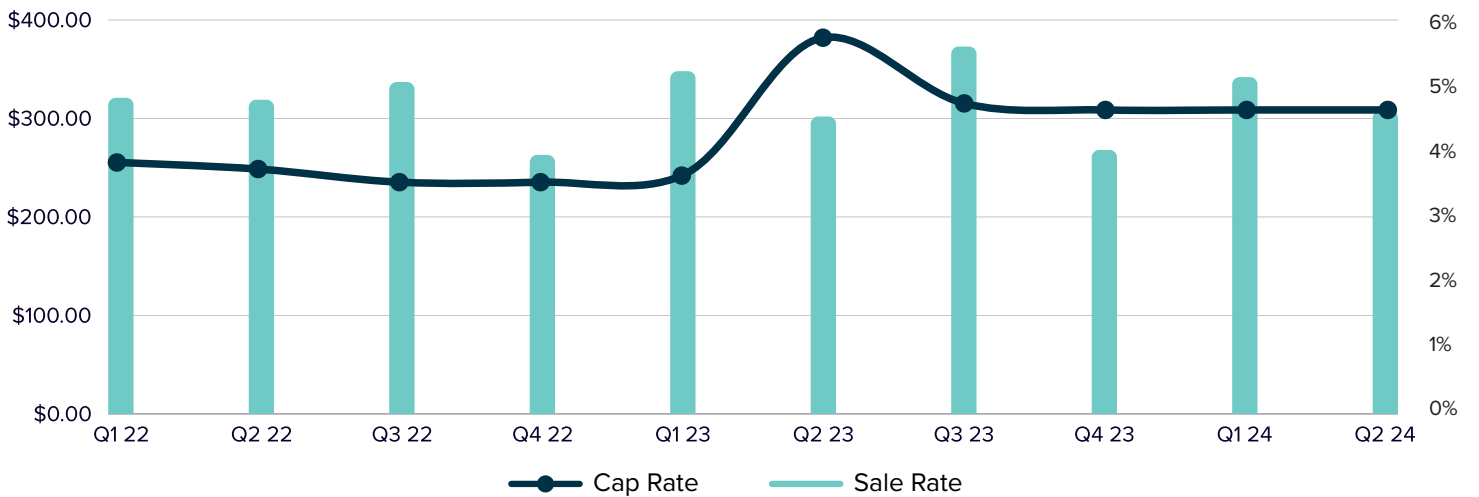


Q2 24 | Mid-Counties

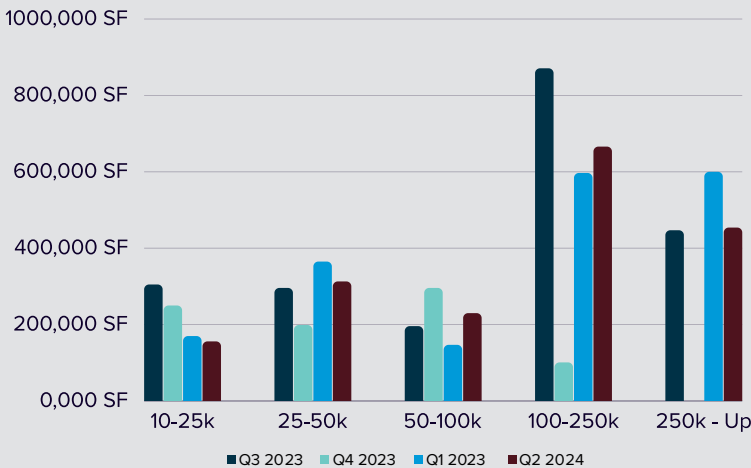
> Construction



> Sales Trends



> Lease Expiration



Mid-Counties
Largest Construction Project
By Square Foot
 Developer: Goodman Group
 5885 Plaza Dr-Bldg 1, Cypress

204,909 sf

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
12301 WOODRUFF AVE	Downey	30,800	SGV LLC	Lund Robertson	\$7.05M
14575 FIRESTONE BLVD	La Mirada	21,987	RDO Equipment	Firestone Blvd	\$9.25M
12848 IMPERIAL HWY	Santa Fe Springs	20,139	Xiongfai Liu	Elsi Sanchez	\$5M
10838 BLOOMFIELD AVE- BLDG 2	Santa Fe Springs	17,303	Salta Capital Partners	Antares Enterprises	\$6.92M
6305 E ALONDA BLVD- BLDG T	Paramount	16,608	Los Altos Beef Inc.	Ittella Food Inc.	\$6.85M

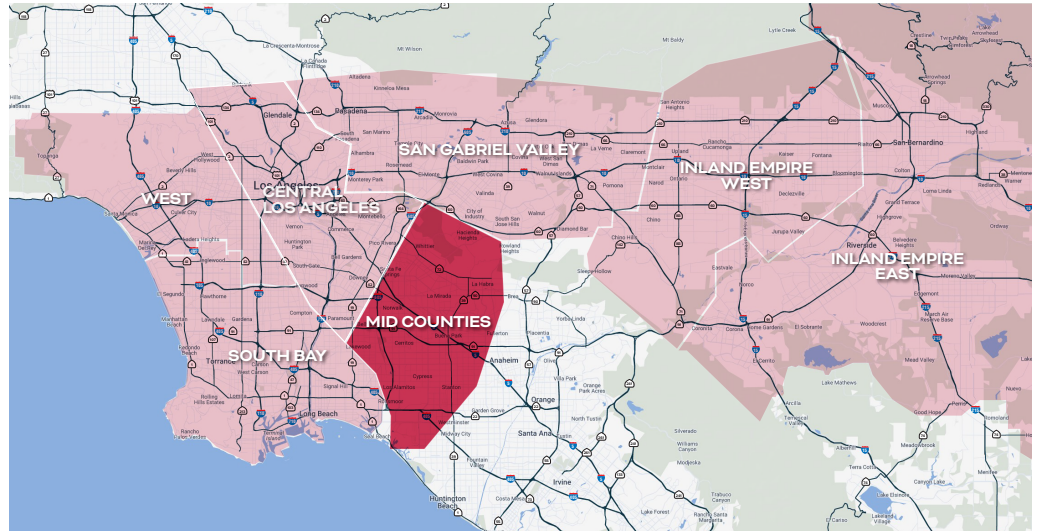
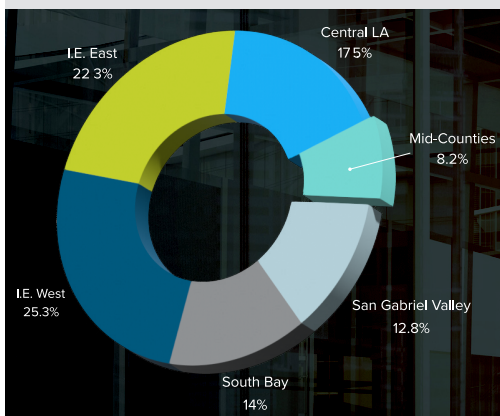
> Top 5 New Leases

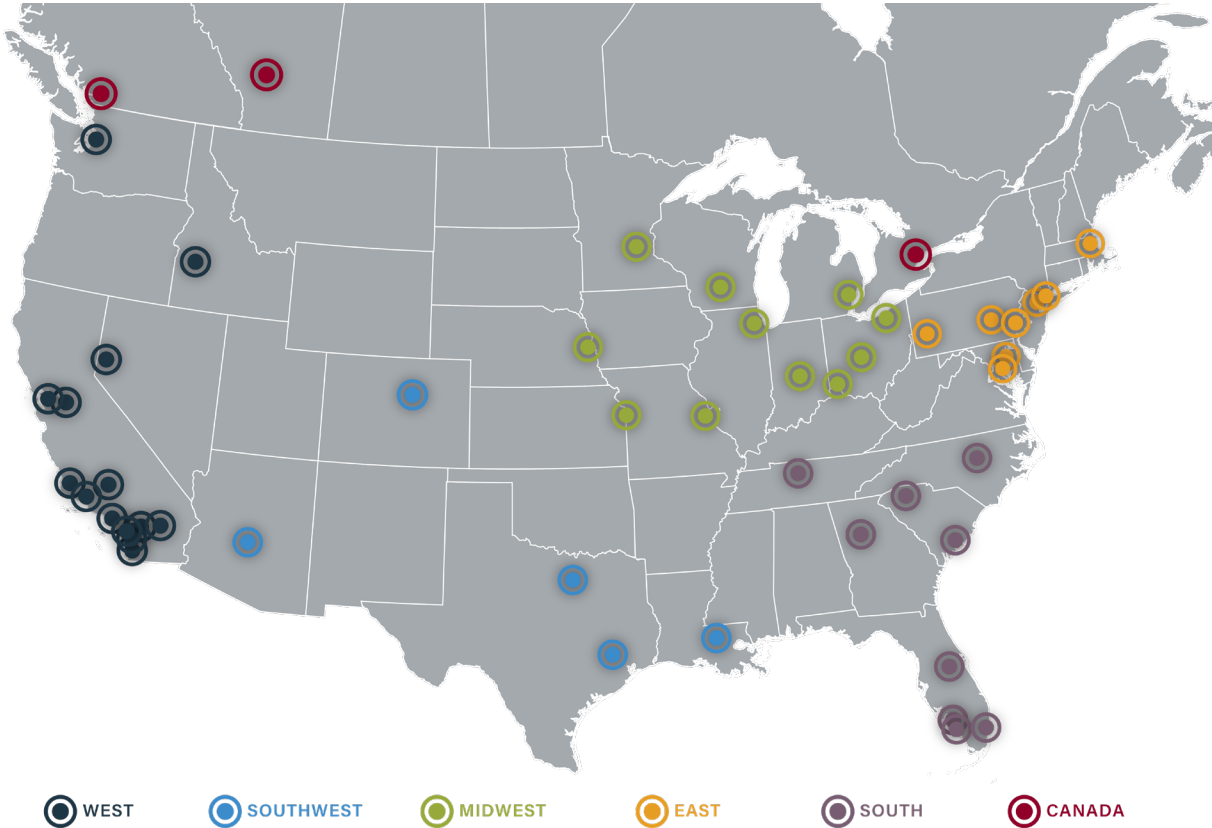
Address	City	Size (SF)	Lessor	Lessee(s)
6101-6131 KNOTT AVE	Buena Park	272,548	Com Ref So Cal Industrial	Wheel Pros, LLC
16509 TROJAN WAY	La Mirada	180,969	Cotton On USA	Americhine Apparel
16930 VALLEY VIEW AVE	La Mirada	125,000	Pacific Industrial	HK Trans
16220 CARMENITA RD	Cerritos	108,253	SCIND Carmenita Point	Confidential
14221 ARTESIA BLVD	La Mirada	106,118	Artesia Capital	Felix Lighting

> Major Construction / Development Projects

Address	City	Developer	Size (SF)	Est. Completion
5885 PLAZA DR - BLDG 1	Cypress	Goodman Group	204,909	Nov-25
9615 NORWALK BLVD	Santa Fe Springs	Rexford	201,571	Mar-25
5755 PLAZA DR - BLDG 2	Cypress	Goodman Group	185,359	Mar-25
10251 SANTA FE SPRINGS - BLDG 3	Santa Fe Springs	Centris Industrial	121,124	Dec-24
10000 PIONEER BLVD	Santa Fe Springs	Rexford	104,667	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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These reports are based on industrial single and multi-tenant buildings that are greater than 5,000.