

Q2 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

Lee & Associates - Los Angeles Central
5675 Telegraph Rd Suite 300
Commerce, CA 90040
(323) 720-8484

Lee & Associates - City of Industry
13181 Crossroads Pkwy N Suite 300
City of Industry, CA 91746
(562) 699.7500



Q2 2024 Market Insight San Gabriel Valley

SGV 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 110 bps quarter-over-quarter and 340 bps year-over-year to reach the current rate of 5.9%.
- Asking Rents:** At \$1.56 NNN per square foot, asking lease rents declined by \$0.05 or 3.1% from the Q1 2024 rate of \$1.61 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)
ALHAMBRA	112	2,153,914	3.2	4.9	17,805	23,465	\$1.26	\$340
ARCADIA	104	2,536,463	2.4	5	-4,383	19,180	\$1.52	\$368
AZUSA	252	6,943,366	3.7	6.9	-74,343	29,982	\$1.41	\$316
BALDWIN PARK	250	5,260,471	4.9	4.6	-53,993	74,425	\$1.48	\$320
CLAREMONT	20	600,639	0	0	0	0	\$0.00	\$252
COVINA	168	2,722,845	2.8	5.1	-1,130	10,747	\$1.87	\$301
DIAMOND BAR	20	453,896	0.4	0.4	-1,599	0	\$1.65	\$298
DUARTE	70	1,798,317	7.4	4.2	-68,394	4,555	\$0.00	\$327
EL MONTE	316	9,009,617	1.7	1.9	122,403	161,252	\$1.60	\$313
GLENDORA	45	658,849	6.6	9.9	-1,400	3,000	\$1.65	\$324
INDUSTRY	1,054	7,753,988	8.3	10.5	197,805	1,184,380	\$1.65	\$277
IRVINDALE	262	13,099,184	6.1	8.8	65,236	604,026	\$1.60	\$281
LA PUENTE	95	1,952,113	1.4	1.6	-16,708	0	\$0.00	\$370
LA VERNE	136	2,934,151	3.1	2.1	51,893	80,189	\$1.38	\$351
MONROVIA	208	3,423,845	2.7	8.7	14,689	33,810	\$1.85	\$325
MONTEREY PARK	99	1,798,755	10.4	12.4	50	27,720	\$1.19	\$362
PASADENA	96	1,445,299	4.6	7.9	-21,058	12,250	\$2.13	\$403
POMONA	654	20,047,035	3.8	4.7	-257,328	28,254	\$1.23	\$274
ROSEMEAD	53	1,205,383	3.1	3.1	-20,670	16,650	\$1.24	\$306
SAN DIMAS	127	3,178,727	3.1	4.3	-22,093	21,978	\$1.85	\$284
SAN GABRIEL	68	1,028,296	2.5	3	31,190	41,364	\$1.24	\$297
SOUTH EL MONTE	840	11,209,372	3.5	2.5	-82,328	66,255	\$1.48	\$334
TEMPLE CITY	38	626,035	3.4	4.8	3,375	13,459	\$3.00	\$323
WALNUT	206	6,909,134	5.4	11.2	-54,939	64,282	\$1.51	\$288
WEST COVINA	18	791,560	1.3	22.2	-4,038	0	\$1.87	\$263

↑ 4.1%

US Unemployment Rate

↑ 2.8%

GDP - Quarter 2 % - Change YOY

↑ 4.19%

U.S. 10-Year Treasury Note

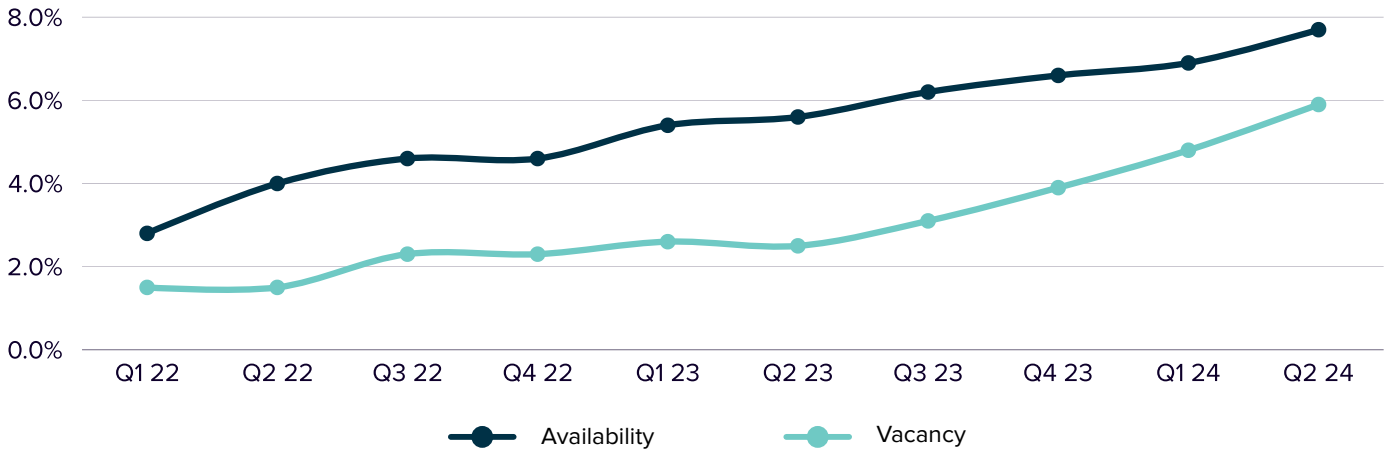
> Market Summary

	Q2 2023	Q1 2024	Q2 2024
Total Inventory (SF)	175,359,292	177,249,878	179,266,354
Overall Vacancy	2.5%	4.8%	5.9%
Overall Availability	5.3%	6.9%	7.7%
Under Construction (SF)	3,653,191	2,443,251	706,444
Net Absorption (SF)	-163,480	-304,247	-188,723
Overall Asking Lease Rates (NNN)	\$1.57	\$1.61	\$1.56

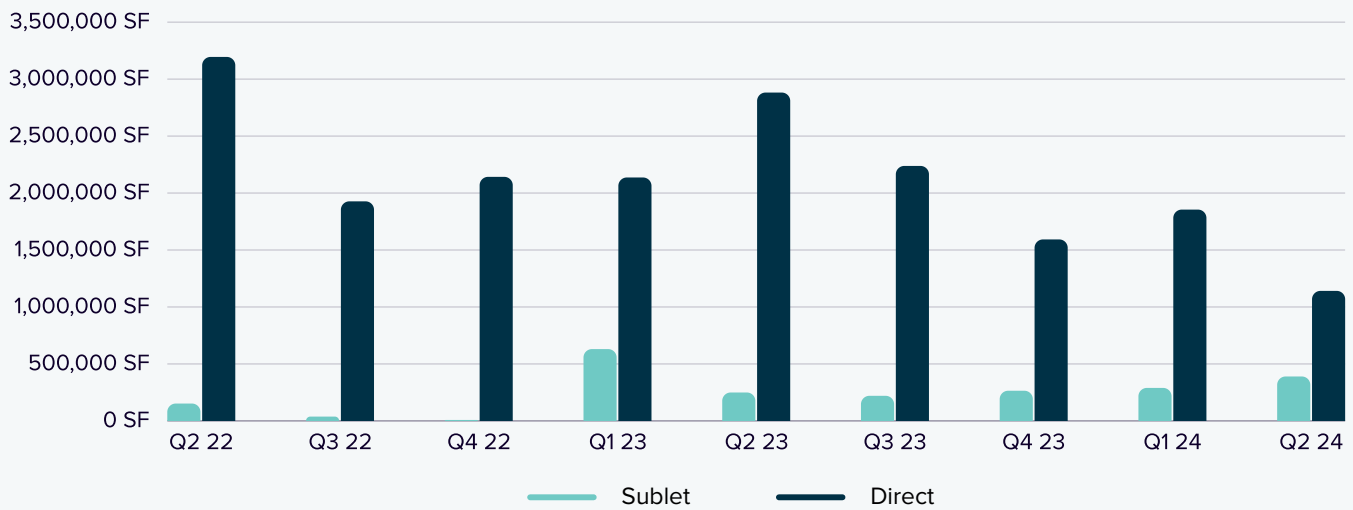
> Port Stats

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%	

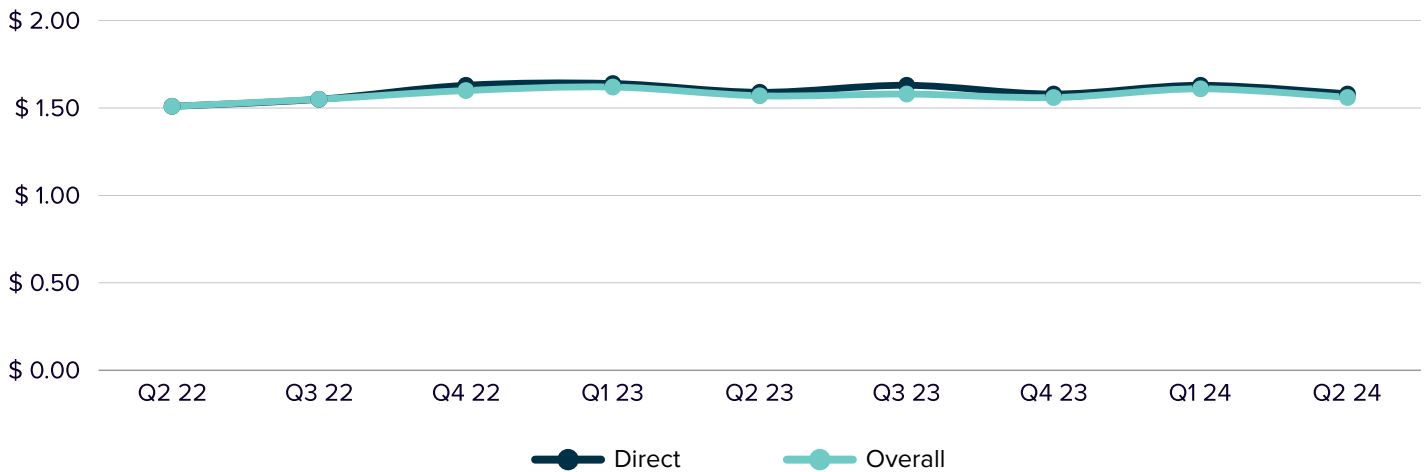
> Vacancy vs Availability



Leasing Activity



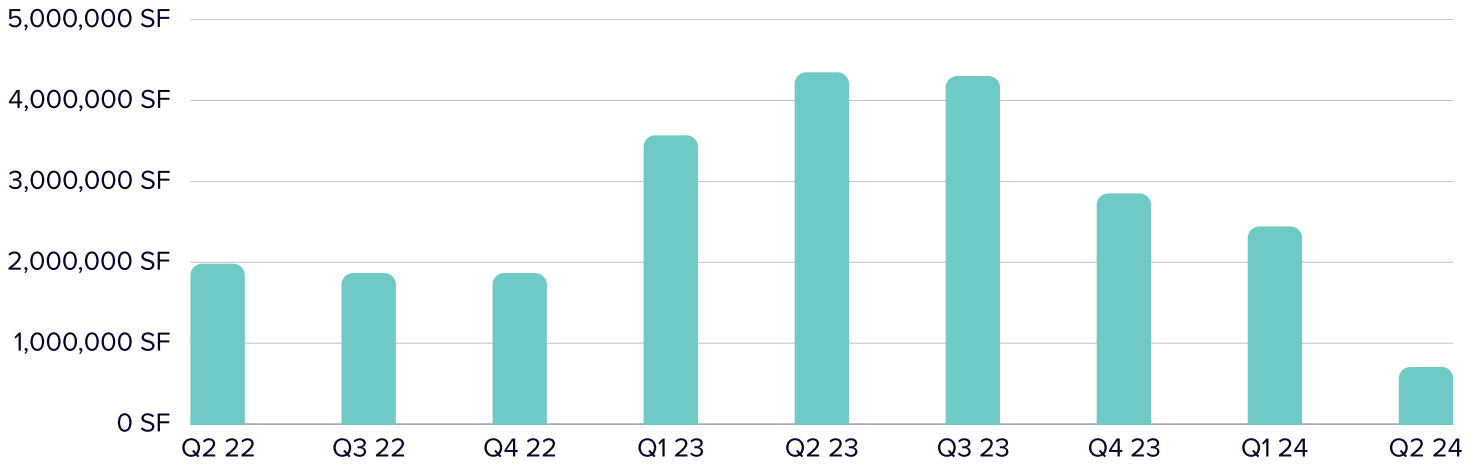
> Rental Rates



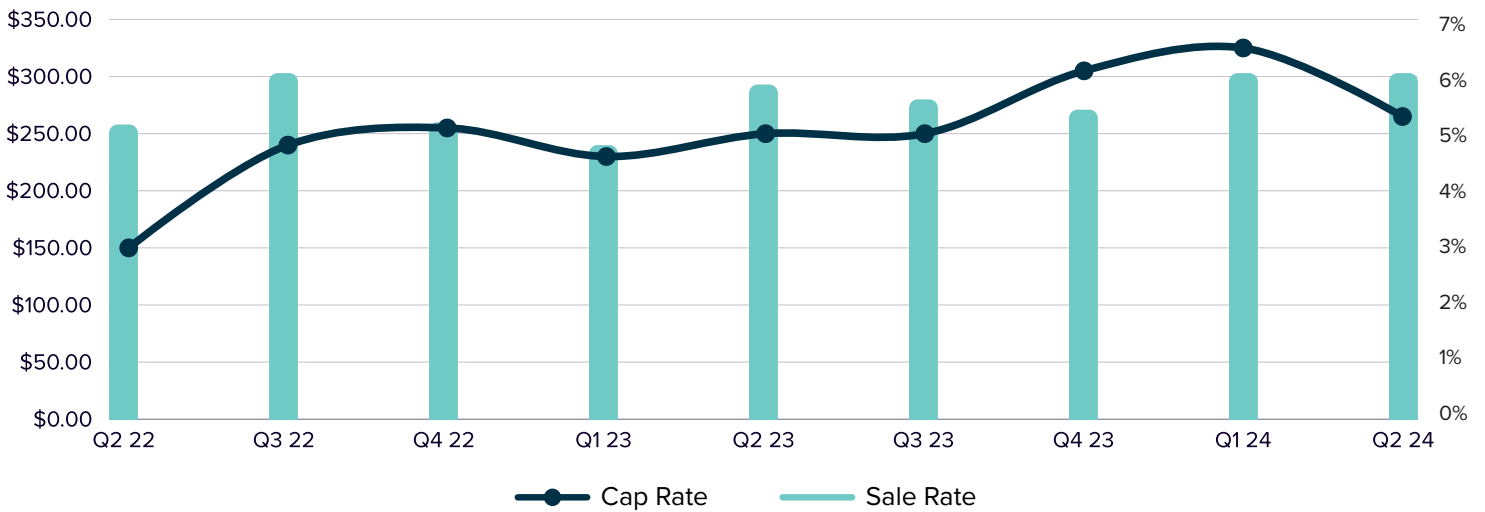


Q2 24 | San Gabriel Valley

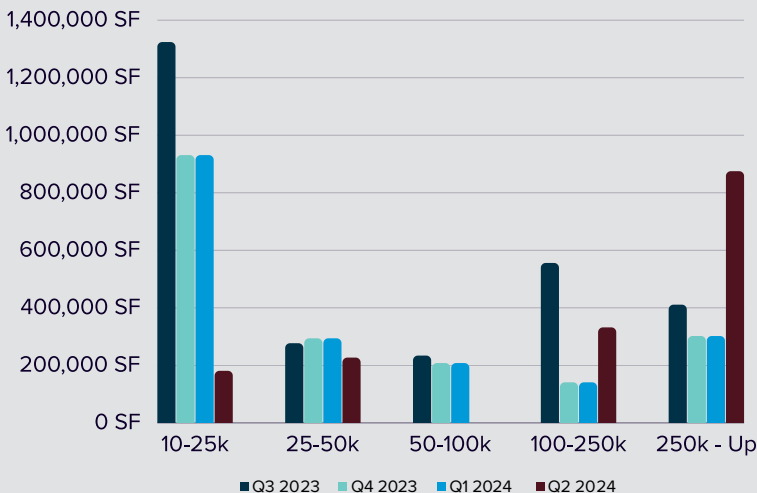
> Construction



> Sales Trends



> Lease Expiration



San Gabriel Valley
Largest Sale Transaction
 By Square Foot
 Buyer: Rexford
 16203 Arrow Hwy- Bldg D, Irwindale

41,121sf

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
16203 ARROW HWY - BLDG D (PART OF A PORTFOLIO)	Irwindale	41,121	Rexford	Panattoni	\$15.11M
1355-1365 W FOOTHILL BLVD (PART OF A PORTFOLIO)	Azusa	28,880	Terrano Realty	Blackstone	\$7.84M
16223 ARROW HWY - BLDG A	Irwindale	28,135	Rexford	Panattoni	\$10.34M
1871 WRIGHT ST	La Verne	24,681	A Good Gift LLC	Arthur Liu	\$7.4M
16057-16059 FOOTHILL BLVD (PART OF A PORTFOLIO)	Irwindale	24,500	Terrano Realty	Blackstone	\$6.65M

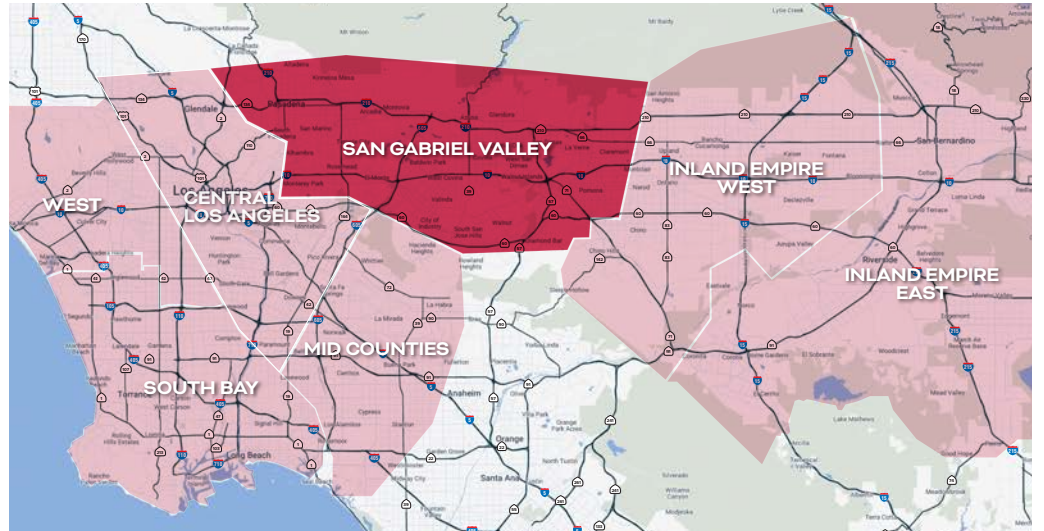
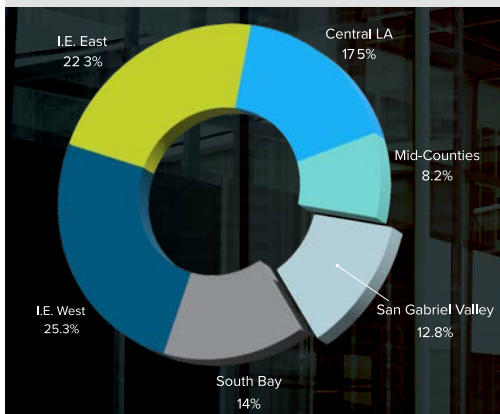
> Top 5 New Leases

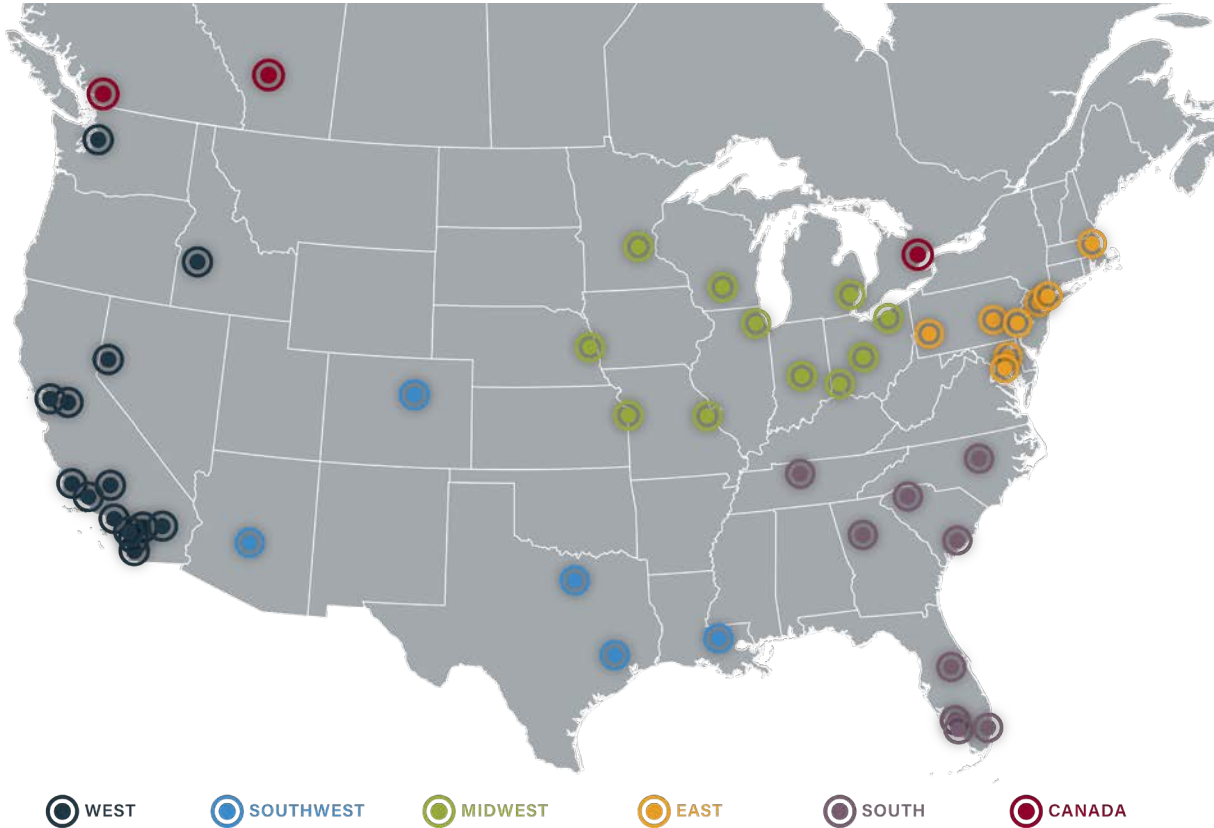
Address	City	Size (SF)	Lessor	Lessee(s)
111 N BALDWIN PARK BLVD	Industry	127,540	Harvard Label	Howard Appliances
431 BALDWIN PARK BLVD	Industry	102,654	Impex Fitness	ASPIC, Inc.
18895 ARENTH AVE	Industry	100,000	George C & Tomy Chen	Confidential
15245-15325 E STAFFORD ST	Industry	76,500	EV Stafford LLC	Maintex Inc.
1335 PHILADELPHIA ST, A	Pomona	67,202	Alere Property Group	Ne Miracle Inc.

> Major Construction / Development Projects

Address	City	Developer	Size (SF)	Est. Completion
4200 W VALLEY BLVD	Walnut	CapRock Partners	269,780	Oct-24
15010 DON JULIAN RD	City Of Industry	Rexford	219,242	Sep-24
4416 AZUSA CANYON RD	Irwindale	Rexford	129,619	Nov-24
886 AZUSA AVE	City Of Industry	-	87803	Oct-24

Inventory Comparison





- WEST
- SOUTHWEST
- MIDWEST
- EAST
- SOUTH
- CANADA

INDUSTRY SPONSORSHIPS & ORGANIZATIONS



THE LEE ADVANTAGE

LEE & ASSOCIATES IS THE LARGEST BROKER-OWNED COMMERCIAL REAL ESTATE FIRM IN NORTH AMERICA, AND ONE OF THE FASTEST GROWING!

Every Lee & Associates office delivers world-class service to an array of regional, national, and international clients from small businesses and local investors to major corporate users and institutional investors.

Our professionals combine the latest technology, resources, and market intelligence with their experience, expertise, and commitment to superior service to optimize client results.

For more information on Lee & Associates®, or to locate a commercial real estate expert to work for you, visit:

LEE-ASSOCIATES.COM



<p>LEE & ASSOCIATES® - LOS ANGELES CENTRAL</p> <p>5675 E Telegraph Rd, Suite 300 City of Commerce, CA 90040</p> <p>P: 323.720.8484 F: 323.720.8474</p>	<p>LEE & ASSOCIATES® - CITY OF INDUSTRY</p> <p>13181 Crossroads Pkwy North, Suite 300 City of Industry, CA 91746</p> <p>P: 562.699.7500 F: 562.695.3133</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

CORPORATE ID# 01125429

The information and details contained herein have been obtained from third-party sources believed to be reliable; however, lee & associates has not independently verified its accuracy. Lee & associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to the implied warranty of suitability and fitness for a particular purpose.

Interested parties should perform their own due diligence regarding the accuracy of the information. Third-party data sources: Costar group, inc., S&P Dow Jones, Globest.Com, WSJ Real Estate, Bankrate.Com, Loopnet, Los Angeles Port Authority, Georgia Port Authority, American Associate of Port Authorities, Mihaylo Land Use Institute, Cal State Fullerton.

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