

# Q2 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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# Q2 2024 Market Insight

## South Bay

### South Bay 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 190 bps year-over-year to reach the current rate of 5.9%.
- Asking Rents:** At \$1.64 NNN per square foot, asking lease rents declined by \$0.09 or 5.2% from the Q1 2024 rate of \$1.73 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)
CARSON	496	35,944,133	6.2	7.3	-34,123	274,752	\$1.71	\$300
COMPTON	479	25,221,969	5.9	10.6	8,835	212,700	\$1.55	\$284
EL SEGUNDO	154	7,543,644	1.2	1.8	24,538	37,818	\$2.28	\$357
GARDENA	1178	29,183,321	5.3	6.8	-490,268	219,803	\$1.41	\$299
HARBOR CITY	95	1,765,758	4.9	4.9	27,066	30,000	\$0.00	\$330
HAWTHORNE	221	81,999,858	1.4	2.3	76,500	78,100	\$1.59	\$301
INGLEWOOD	236	4,967,658	5.8	6.2	-125,356	42,305	\$1.48	\$370
LAKEWOOD/HG	24	538,131	0	0.3	1,850	1,850	\$0.00	\$349
LAWDALE	30	268,126	7.9	11.3	0	0	\$0.00	\$335
LONG BEACH/TI	749	23,505,057	5.1	9.4	-47,597	204,069	\$1.54	\$333
LYNWOOD	99	4,385,200	3.1	12.5	-24,400	8,483	\$1.30	\$255
RANCHO DOMINGUEZ	227	13,827,828	2.2	6.1	454,702	490,529	\$1.48	\$295
REDONDO/HERMOSA	34	1,750,535	0	0	0	0	\$0.00	\$384
SAN PEDRO	45	2,768,203	13.8	14.3	-332,399	6,500	\$0.00	\$294
SIGNAL HILL	207	3,041,140	3.4	3.3	-41,652	14,910	\$1.88	\$368
TORRANCE	634	29,315,488	5.5	6.5	-108,890	81,896	\$2.02	\$343
WILMINGTON	150	4,104,246	0.8	1.4	56,671	73,601	\$1.71	\$300

**4.1%**

US Unemployment Rate

**2.8%**

GDP - Quarter 2 % - Change YOY

**4.19%**

U.S. 10-Year Treasury Note

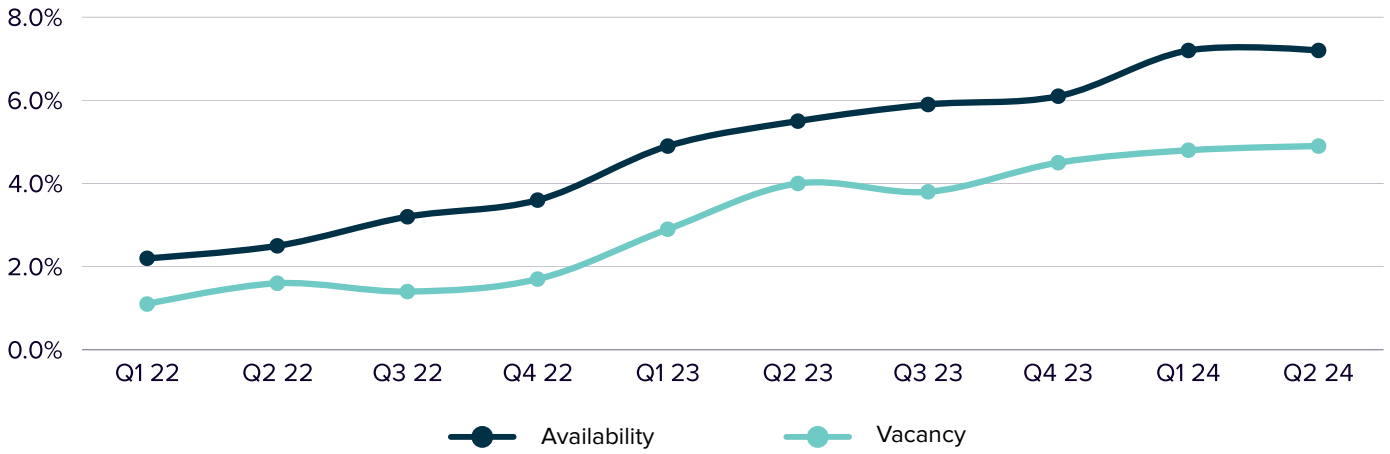
### Market Summary

	Q2 2023	Q1 2024	Q2 2024
Total Inventory (SF)	195,247,667	196,594,470	196,082,585
Overall Vacancy	4.0%	4.8%	5.9%
Overall Availability	5.4%	7.2%	7.7%
Under Construction (SF)	999,676	1,408,081	1,720,350
Net Absorption (SF)	-2,104,809	-453,542	-554,023
Overall Asking Lease Rates (NNN)	\$1.77	\$1.73	\$1.97

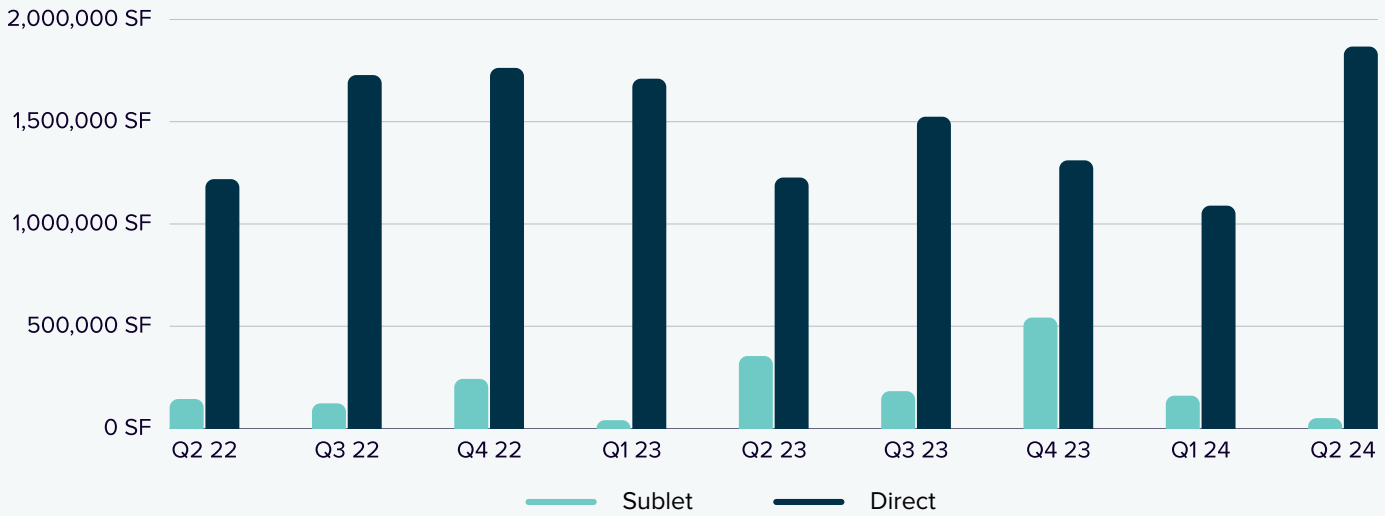
### Port Stats

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%	

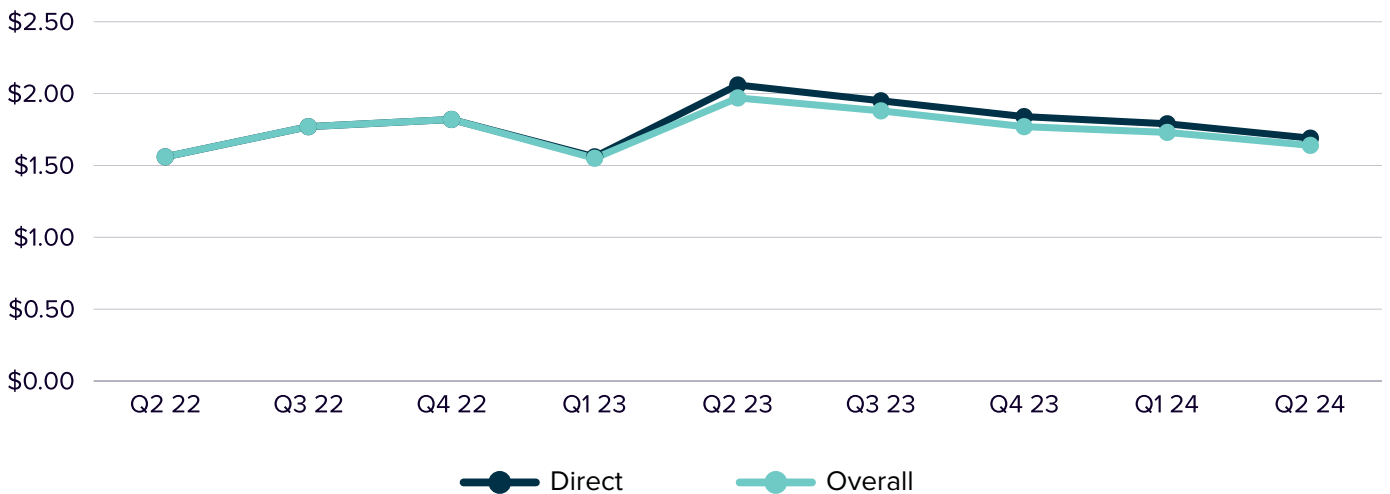
## > Vacancy vs Availability



## Leasing Activity



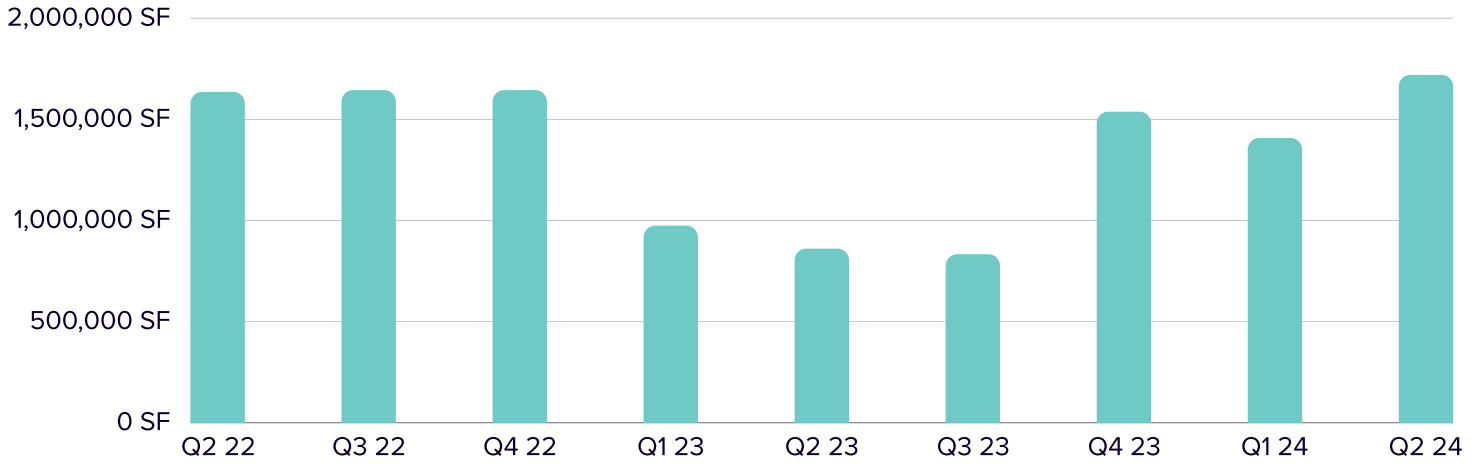
## > Rental Rates



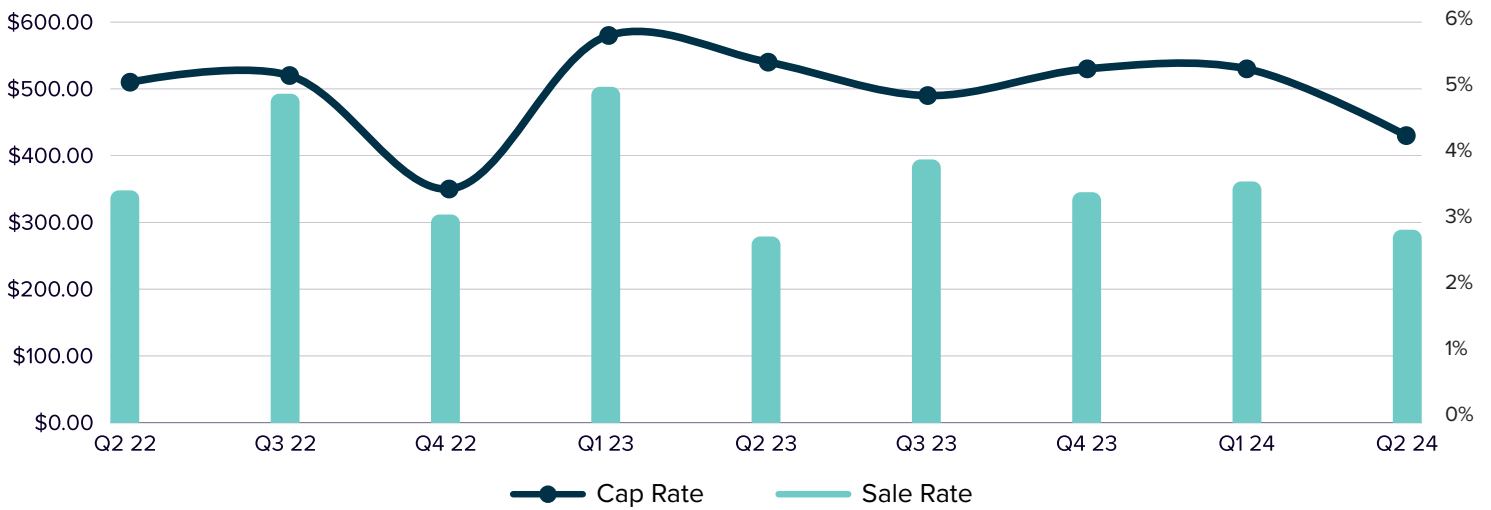


# Q2 24 | South Bay

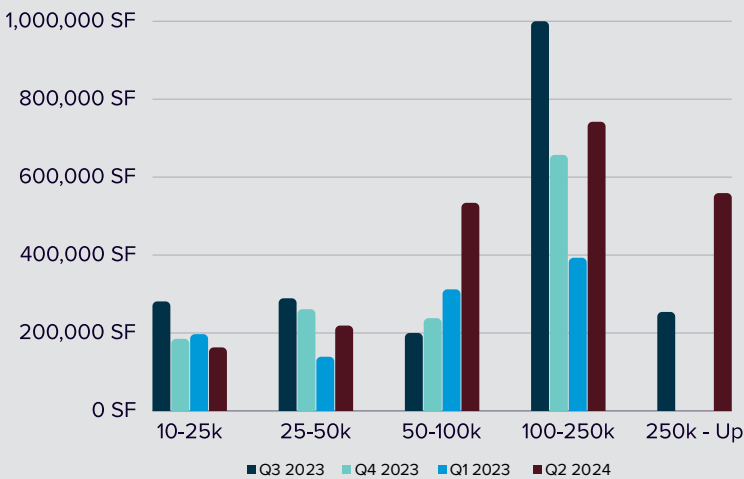
## > Construction



## > Sales Trends



## > Lease Expiration



**South Bay**  
**Largest Lease Transaction**  
 By Square Foot  
 Lessee: KW Logistics  
 1650 Glenn Curtiss St., Carson

**338,932 sf**



## > Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
200-290 E. 4TH ST	Long Beach	45,572	JPI	Turnbridge Equities	\$14.7M
1610 W. ARTESIA BLVD	Gardena	39,900	The Picerne Group	Robert A. Stein Living Trust	\$15.2M
15401 S. FIGUEROA ST	Gardena	38,584	Ichi Trading	Rexford Industrial Realty	\$10.2M
2701 SIGNAL PKWY	Signal Hill	31,500	R.E. Michel Company	Jim & Marilyn Kirby	\$10.5M
620 W. 135TH ST	Gardena	28,707	Nicole Hoffer	Danile L. Terheggen	\$8.40M

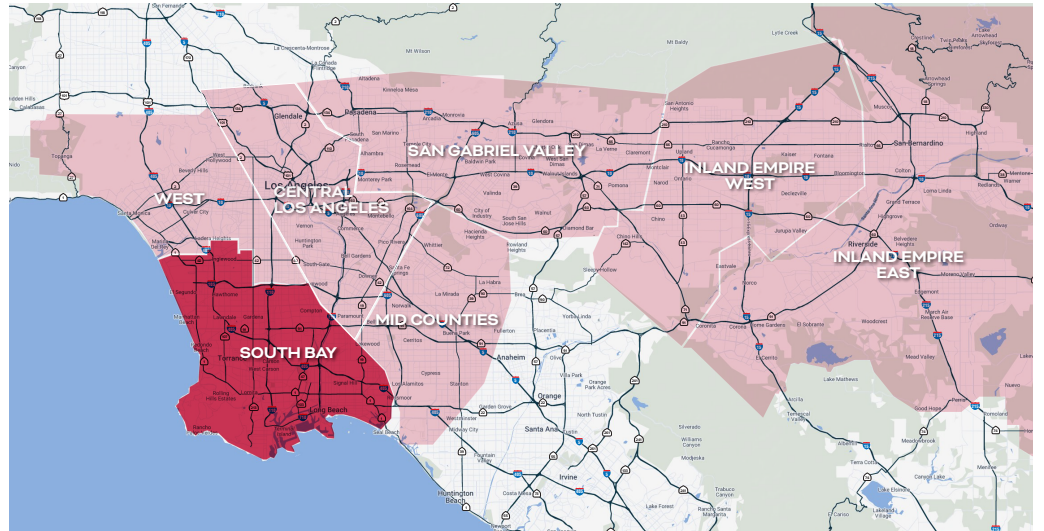
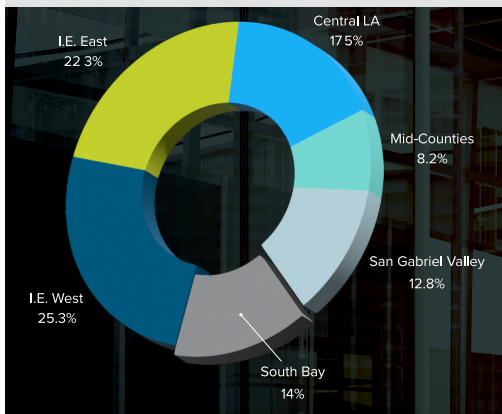
## > Top 5 New Leases

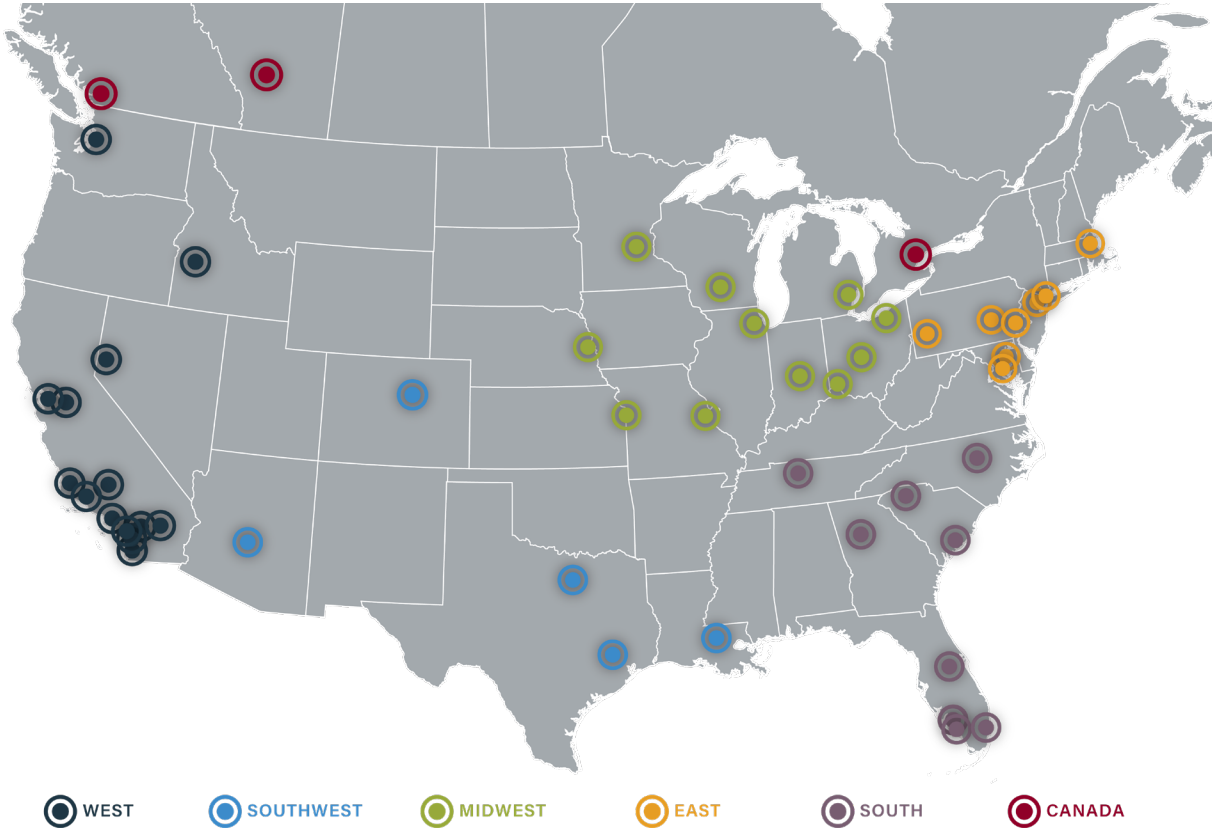
Address	City	Size (SF)	Lessor	Lessee(s)
1650 GLENN CURTISS ST	Carson	338,932	Carson Dominguez Properties	KW Logistics
2501 ROSECRANS AVE	Compton	300,217	JP Morgan	Forward AIR
18055 HARMON AVE	Carson	258,414	Watson Partners	Agron Inc
18500 CRENSHAW BLVD	Torrance	180,269	GPJCO Properties	George P. Johnson
1355 SEPULVEDA BLVD	Torrance	174,211	Bridge Industrial	K2 Space Corporations

## > Major Construction / Development Projects

Address	City	Developer	Size (SF)	Est. Completion
2001 E DOMINGUEZ ST	Carson	Brookfield Properties	429,112	Oct-24
1600 W 135TH ST	Gardena	OMP	190,860	Sep-24
1124 W ALONDRA BLVD	Gardena	Link Logistics	181,831	Oct-24
3590 COVER ST	Long Beach	RGNL	150,000	Dec-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.