

Q3 Industrial Market Insight

South Bay

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q3 2024 Market Insight

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Highlights

- Big Picture:** 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 declined. Leasing remains muted across all submarkets save the Inland Empire. Capital market activity was subdued as most investors remained cautious and on the sidelines.
- Vacancy Rate:** Continues to rise, increasing 130 bps year-over-year to reach the current rate of 4.8%, although it dipped 10 basis points quarter-over-quarter.
- Asking Rents:** At \$1.61 NNN per square foot, asking lease rents declined by \$0.27 or -14.36% from the Q3 2023 rate of \$1.88 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 2.4%, year-over-year, while PCE and Core PCE inflation checked in at 2.1% and 2.7%, respectively. At the September meeting, the FOMC decided to cut interest rates by 50 basis points. Another quarter-point rate cut is expected at the next FOMC meeting in November
- GDP:** In the third quarter of 2024, real gross domestic product (GDP) grew at an annualized rate of 2.8%, following an upward revision for Q2, which now stands at 3.0%. This growth is largely driven by robust consumer spending, which has exceeded even the most optimistic expectations. Despite inflationary pressures, Americans continue to spend across various sectors, including automotive, dining, and travel. Additionally, increases in exports and federal government spending fueled third-quarter GDP growth. Imports, which are a subtraction in the calculation of GDP, increased.
- E-commerce activity:** E-commerce sales reached \$291.6 billion, marking a 1.3% increase from the previous quarter and a 6.7% rise year-over-year. Despite this growth, e-commerce's share of total retail sales dipped slightly, from its high of 16.4% in Q3 2020 to 16.0% in Q2 2024. Overall, consumer spending remains robust, continuing to support both regional and national economic growth.
- Supply Chain:** Transpacific spot prices to the West Coast are 35% lower than their July peak and 38% lower to the East Coast. Week-over-week, the cost from China/East Asia to North America's West Coast fell to \$5,294/FEU, while China to US East Coast prices fell to \$5,935/FEU, according to Freightos.

CITY	# of Bldgs	Inventory (SF)	Vacancy (%)	Availability (%)	Net Absorption (SF)	Gross Absorption (SF)	Direct Asking Rate (NNN)	Asking Sale Price (\$/SF)
CARSON	495	35,951,921	4.9	7.2	588,236	772,048	\$1.68	\$290
COMPTON	474	24,710,706	5.2	9.8	133,458	319,793	\$1.53	\$272
EL SEGUNDO	154	7,545,771	0.8	1.8	30,960	49,430	\$2.40	\$343
GARDENA	1174	29,037,661	5.4	8.3	(495,268)	214,803	\$1.57	\$287
HARBOR CITY	96	1,801,758	4.8	4.8	(21,390)	0	\$0.75	\$318
HAWTHORNE	222	8,198,868	3.3	4.4	(158,137)	29,808	\$1.77	\$290
INGLEWOOD	234	4,794,218	5.8	6	8,232	76,288	\$1.40	\$352
LAKEWOOD/HG	24	508,131	0	1	0	0	\$1.49	\$339
LAWNDALE	30	268,126	8	8	-98	9,000	0	\$338
LONG BEACH/TI	753	23,535,388	5.5	10.2	(158,629)	274,480	\$1.74	\$321
LYNWOOD	98	4,372,764	2.9	12.5	8,079	17,883	\$1.41	\$247
RANCHO DOMINGUEZ	227	13,815,219	3	7.3	(115,584)	94,260	\$1.48	\$282
REDONDO/HERMOSA	34	1,741,633	0	0	0	0	0	\$368
SAN PEDRO	45	2,770,703	13.6	14.3	5,471	5,471	0	\$283
SIGNAL HILL	207	3,039,622	3.3	3.5	2,487	32,885	\$1.38	\$349
TORRANCE	635	29,404,902	5.9	7.2	(106,090)	319,647	\$1.96	\$330
WILMINGTON	151	4,109,311	0.7	1.2	7,447	21,736	\$1.49	\$288

4.1%

US Unemployment Rate

2.8%

GDP - Quarter 3 % - Change YOY

4.2%

U.S. 10-Year Treasury Note

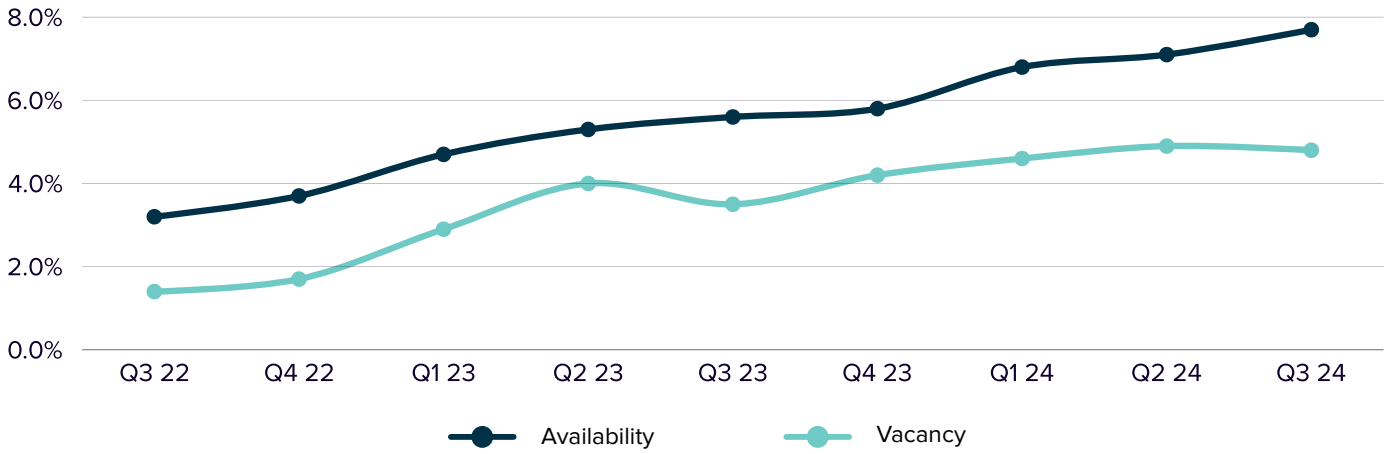
> Market Summary

	Q3 2023	Q2 2024	Q3 2024	QoQ Change	YoY Change
Total Inventory (SF)	343,949,799	362,778,009	366,473,980	1.02%	6.55%
Overall Vacancy	3.5%	4.9%	4.8%	-10 bps	130 bps
Overall Availability	5.6%	7.1%	7.7%	60 bps	210 bps
Under Construction (SF)	1,073,346	1,858,941	1,731,166	-6.87%	61.29%
Net Absorption (SF)	1,418,422	(498,738)	250,740	N/A	N/A
Overall Asking Lease Rates (NNN)	\$1.88	\$1.64	\$1.61	-1.83%	-14.36%

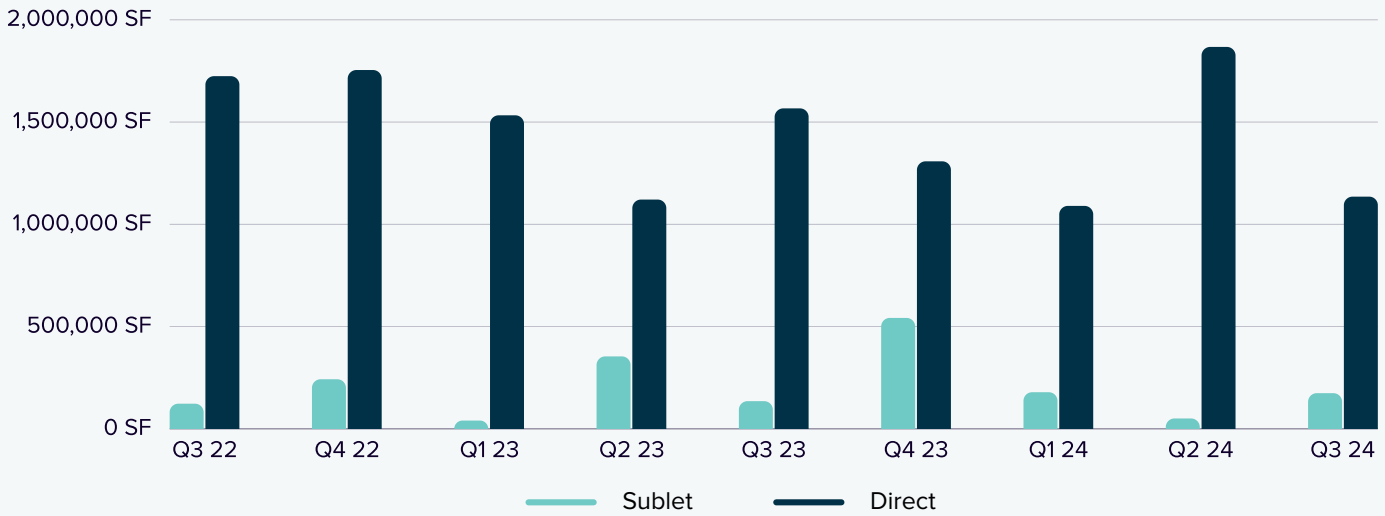
> Port Stats

PORTS	Quarter	Month	Loaded Inbound	Loaded Outbound	Total Loaded	Total Empties	Total Containers	YOY Change
LOS ANGELES	Q3	July	501,281	114,889	616,170	323,431	939,600	37.31%
		August	509,363	121,744	631,106	329,491	960,597	16.01%
		September	497,803	114,702	612,505	342,201	954,706	27.56%
LONG BEACH	Q3	July	435,081	104,834	539,915	342,462	882,377	52.59%
		August	456,868	104,646	561,513	352,360	913,873	33.94%
		September	416,999	88,289	505,288	324,211	829,499	0.01%

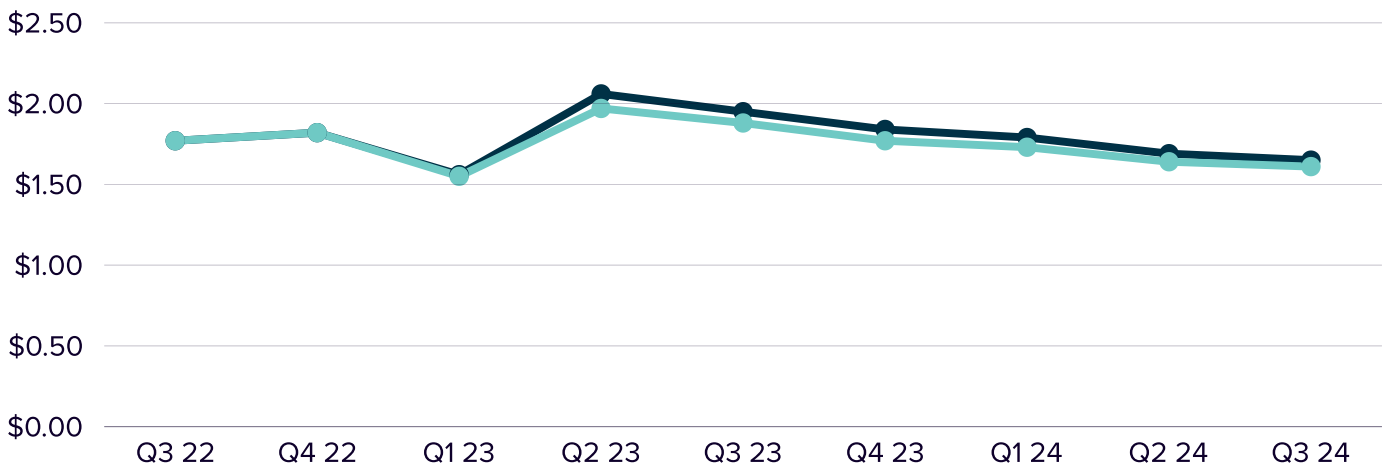
> Vacancy vs Availability



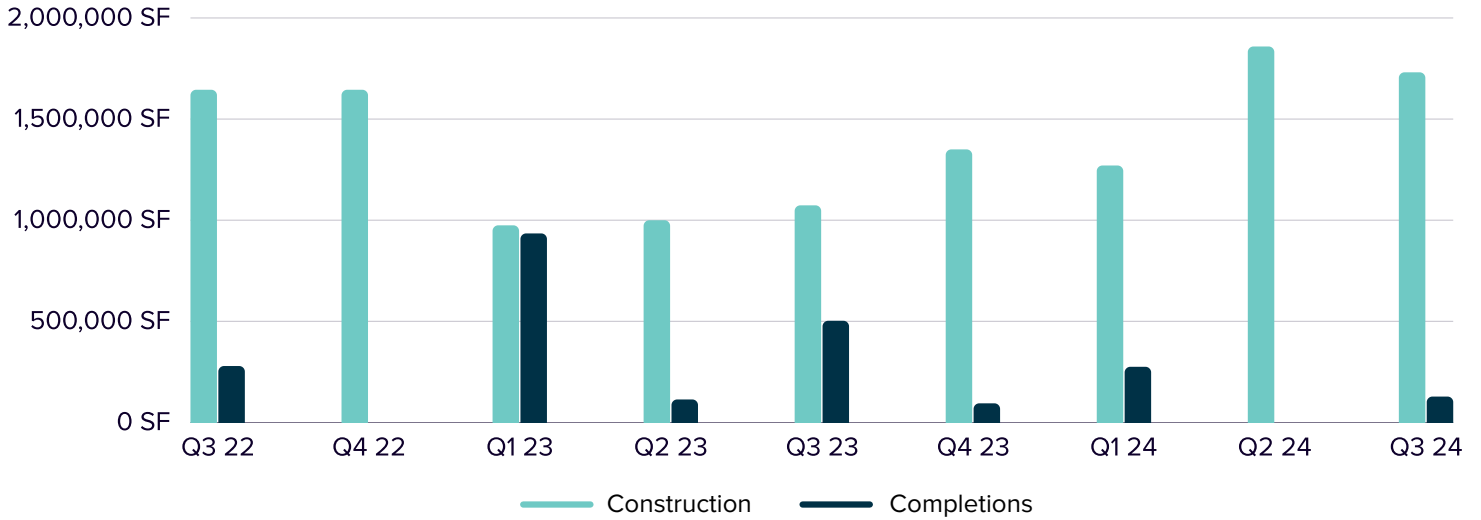
Leasing Activity



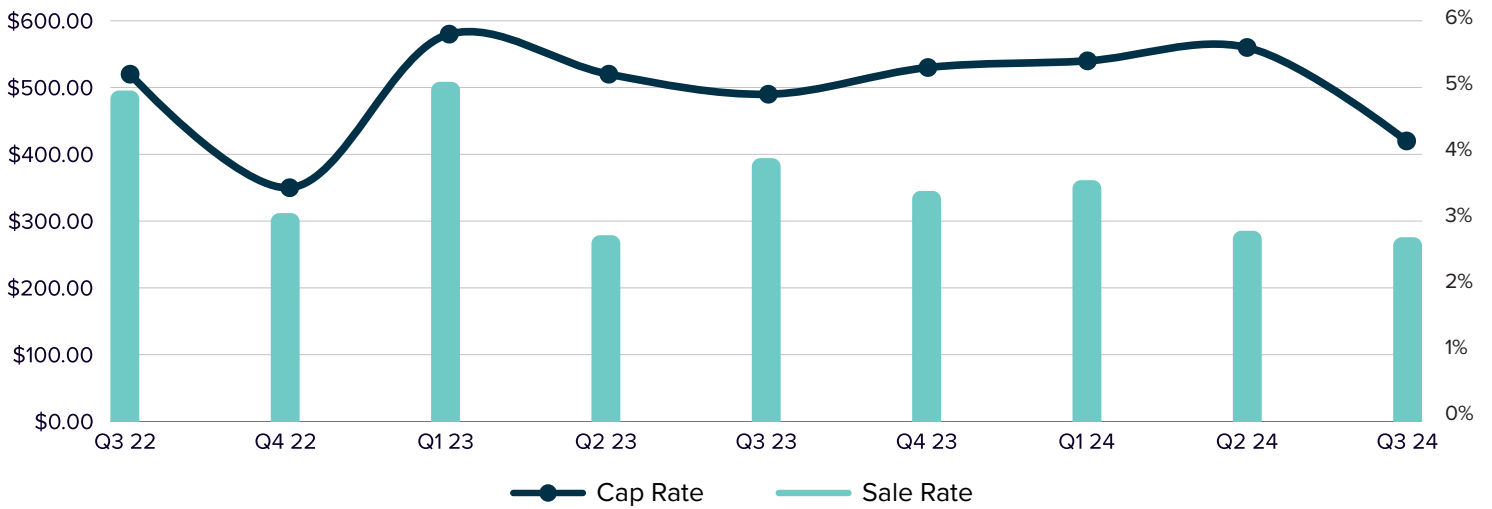
> Rental Rates



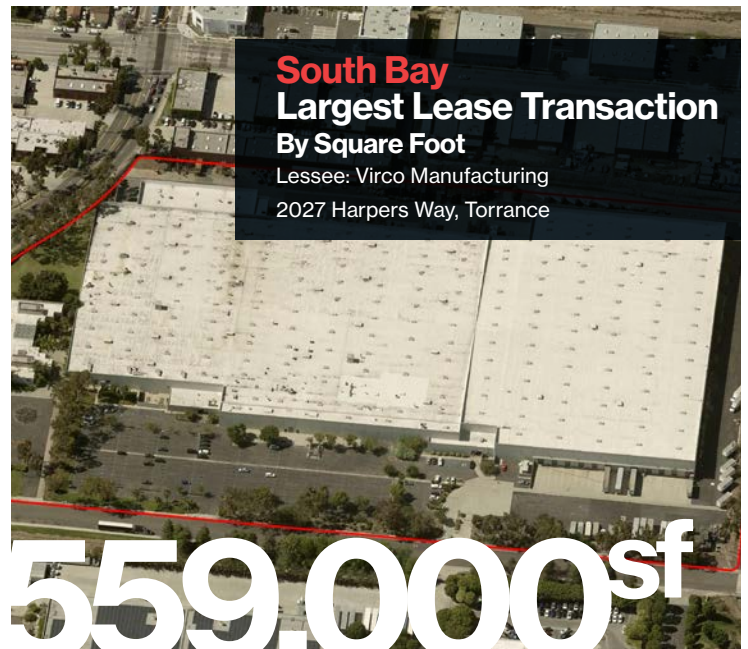
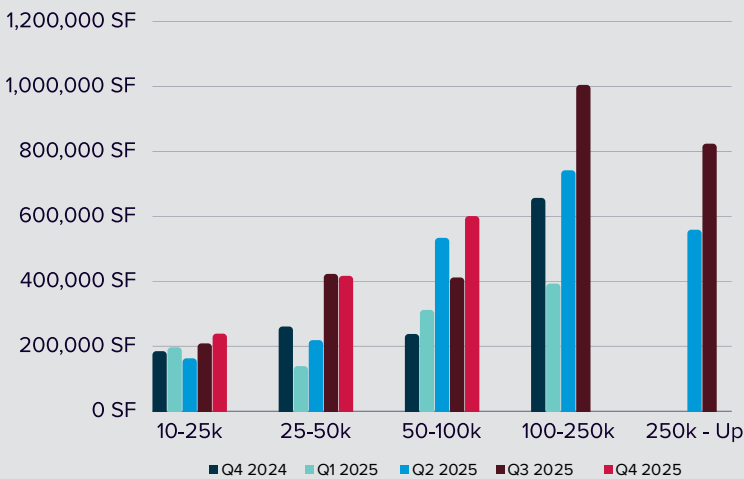
> Construction



> Sales Trends



> Lease Expiration



> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
19020 ANELO AVE	Carson	23,730	19021 South Figueroa	Carroll Hall Shelby	\$19.7M
23760 HAWTHORNE BLVD	Torrance	39,222	Crosby Abulafia	LCG Atrium	\$18.5M
1830 W 205TH ST	Torrance	31,505	1830 W 205th St LLC	Del Rey Estates	\$12.85M
17010-17014 S VERMONT BLVD	Gardena	27,707	Shimon Ben Shushan	17010-17014 Vermont Ave	\$7.5M
2601 E DEL AMO	Compton	25,768	201 E Del Amo Blvd	Blue Nola LLC	\$6.4M

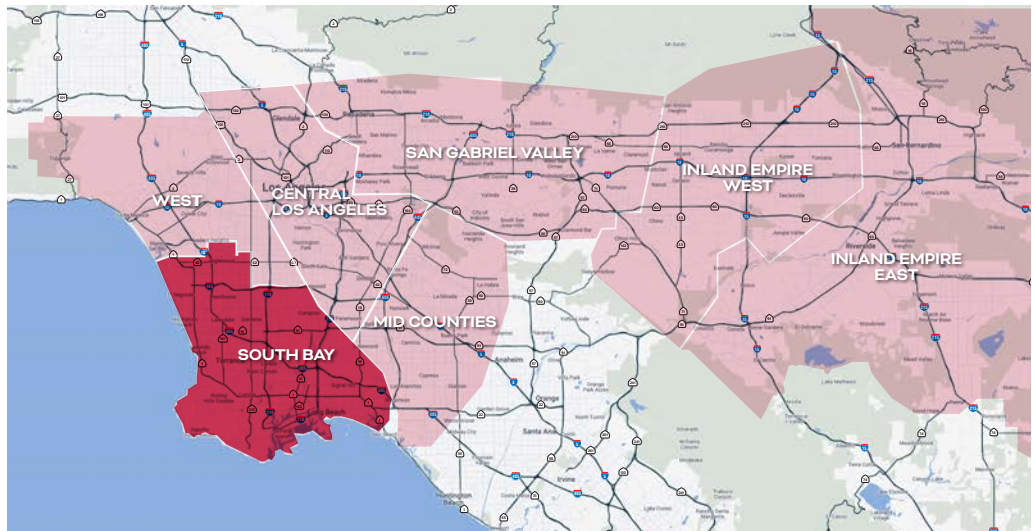
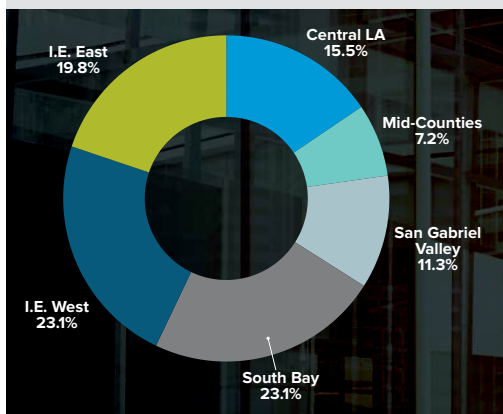
> Top 5 New Leases

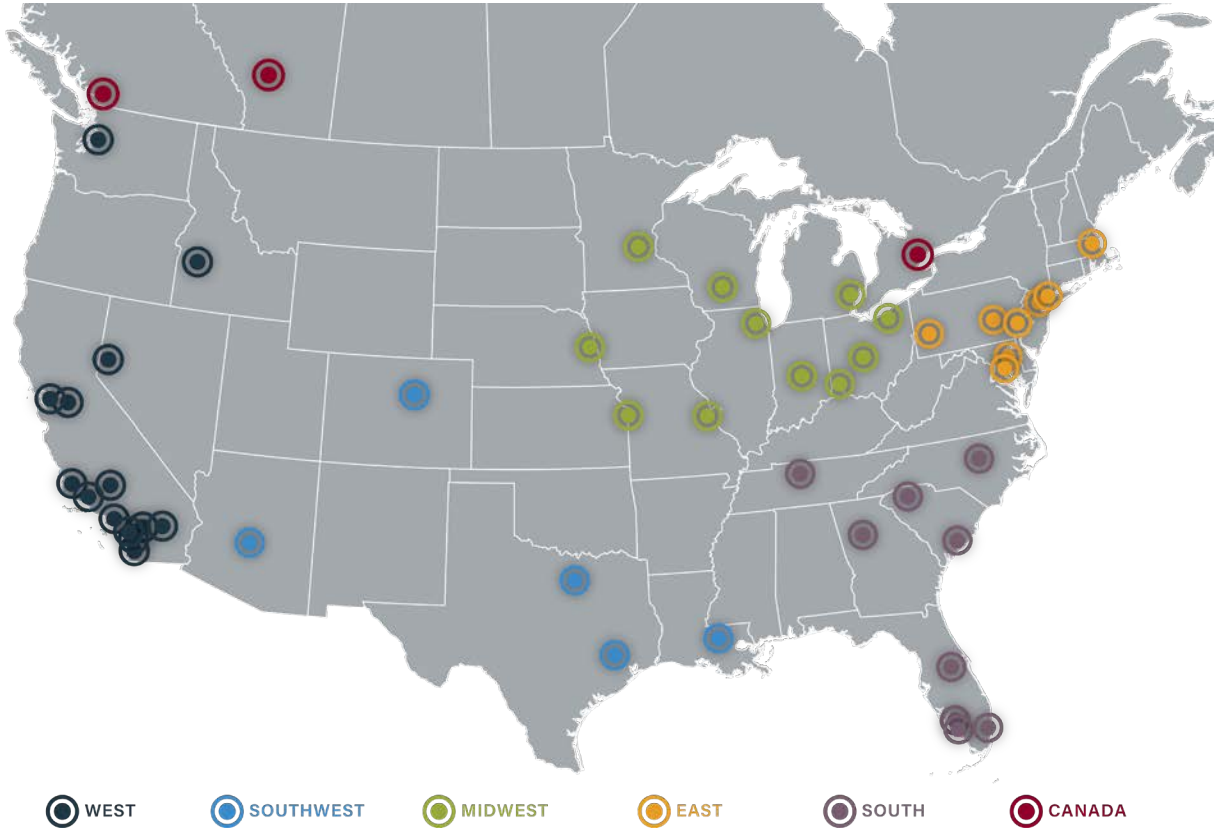
Address	City	Size (SF)	Lessor	Lessee(s)
2027 HARPERS WY	Torrance	559,000	Prologis	Virco Manufacturing
2700 E IMPERIAL HWY	Lynwood	323,374	Prologis	IDC Logistics
2000 E CARSON ST	Carson	293,800	Watson Land Company	RI Concept
18120 BISHOP AVE	Carson	290,034	Watson Partners	Prime Freight
301 W WALNUT ST	Compton	215,316	Invesco	Geodis

> Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
2401 E WARDLOW RD	Long Beach	Goodman North America Management LLC	504,810	Q4 2024
1600 W 135TH ST	Gardena	Invesco	190,860	Q1 2025
112 W ALONDRA BLVD	Gardena	Link Logistics Real Estate	181,830	Q4 2024
3590 COVER ST	Long Beach	Sares-Regis Group	150,096	Q4 2024
2001 E CASHDAN ST	Compton	Prudential Private Capital	128,822	Q4 2024

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.