

Q3 Industrial Market Insight

Central Los Angeles

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q3 2024 Market Insight Central Los Angeles

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 20 bps quarter-over-quarter and 150 bps year-over-year to reach the current rate of 6.5%.
- Asking Rents:** At \$1.30 NNN per square foot, asking lease rents declined by \$0.32 or -19.75% from the Q3 2023 rate of \$1.62 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)
BELL/BELL GARDENS	192	7,645,988	4.9	7.6	(198,947)	32,033	\$1.49	\$257
COMMERCE	739	46,258,913	6.4	11.5	(397,231)	489,505	\$1.14	\$244
CUDAHY	37	1,155,597	2.4	10.7	2,508	13,420	\$1.15	\$235
HUNTINGTON PARK	160	3,675,096	4.2	8.5	124,638	204,477	\$0.82	\$237
DTLA	4652	144,190,680	7.1	9.2	-104,462	2,154,417	\$1.13	\$295
MAYWOOD	46	821,214	2.5	4.2	19,350	19,350	\$1.42	\$317
MONTEBELLO	216	10,026,765	6.7	9.5	(55,877)	71,059	\$1.67	\$251
PICO RIVERA	197	10,291,216	5.7	8	3,801	463,715	\$1.38	\$269
SOUTH GATE	232	9,799,620	3.5	7.7	(31,137)	18,412	\$1.44	\$247
VERNON	794	44,987,519	7.4	7.3	54,759	1,163,703	\$1.29	\$261

4.1%

US Unemployment Rate

2.8%

GDP - Quarter 3 % - Change YOY

4.2%

U.S. 10-Year Treasury Note

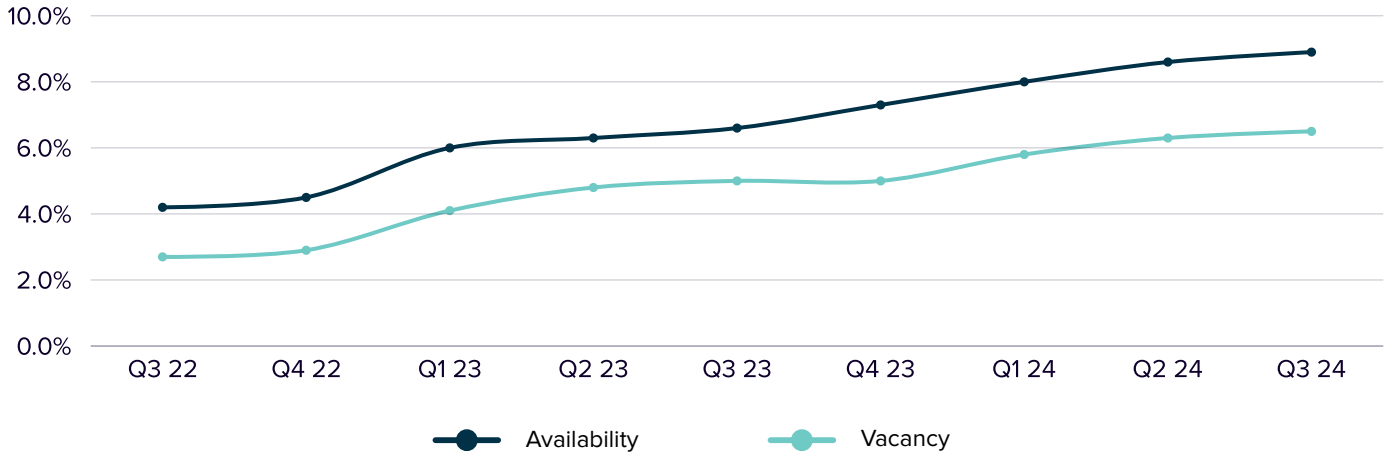
> Market Summary

	Q3 2023	Q2 2024	Q3 2024	QoQ Change	YoY Change
Total Inventory (SF)	245,988,232	246,495,941	246,495,941	0.00%	0.21%
Overall Vacancy	5.0%	6.3%	6.5%	20 bps	150 bps
Overall Availability	6.6%	8.6%	8.9%	30 bps	230 bps
Under Construction (SF)	1,102,979	906,636	648,147	-28.51%	-41.24%
Net Absorption (SF)	(469,015)	(835,145)	(278,736)	N/A	N/A
Overall Asking Lease Rates (NNN)	\$ 1.62	\$ 1.35	\$ 1.30	-3.70%	-19.75%

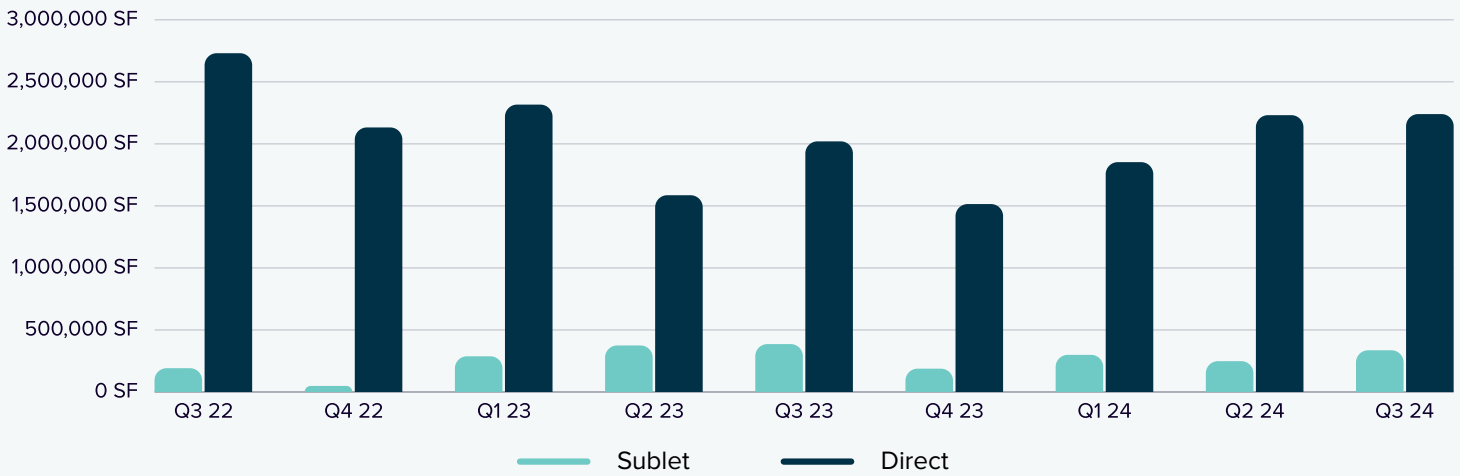
> Port Stats

PORTS	Quarter	Month	Loaded Inbound	Loaded Outbound	Total Loaded	Total Empties	Toal 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%

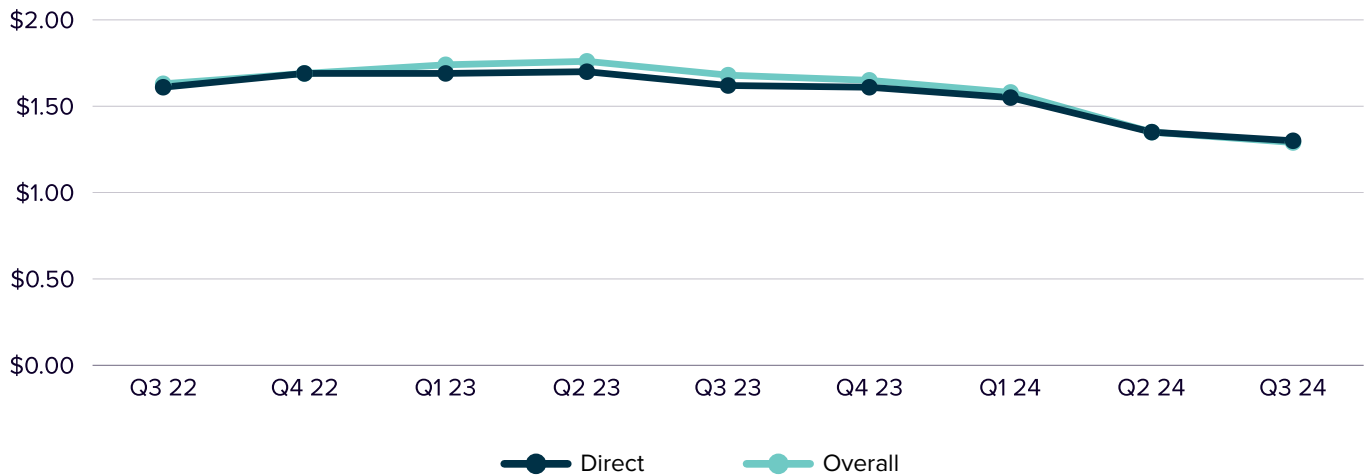
> Vacancy vs Availability



Leasing Activity



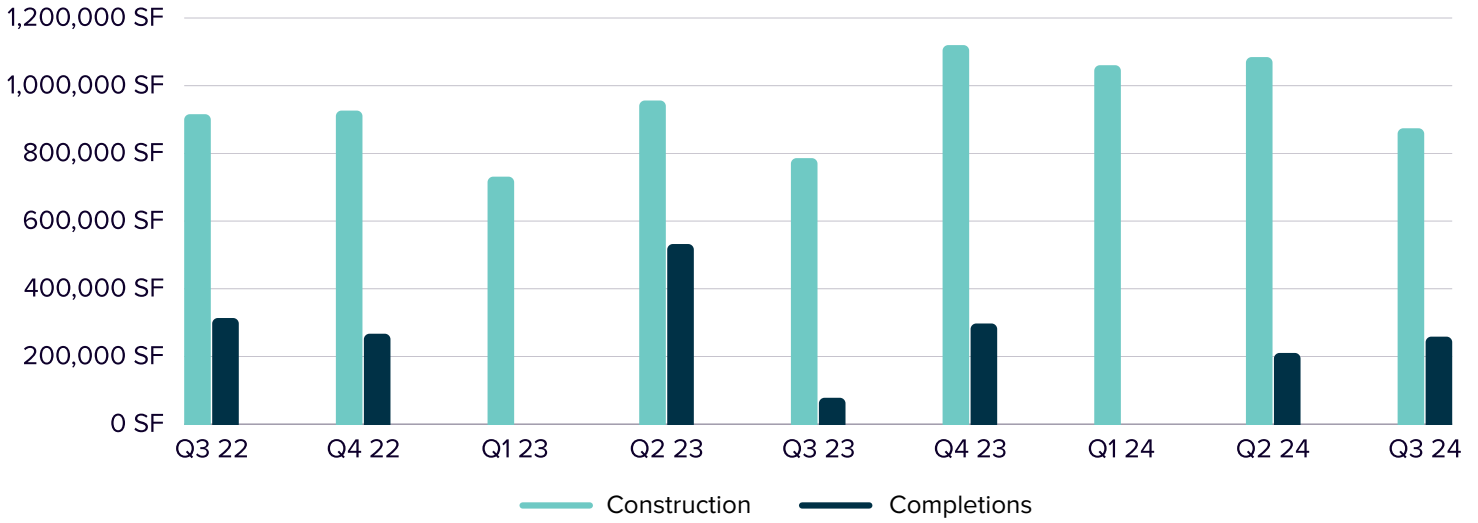
> Rental Rates



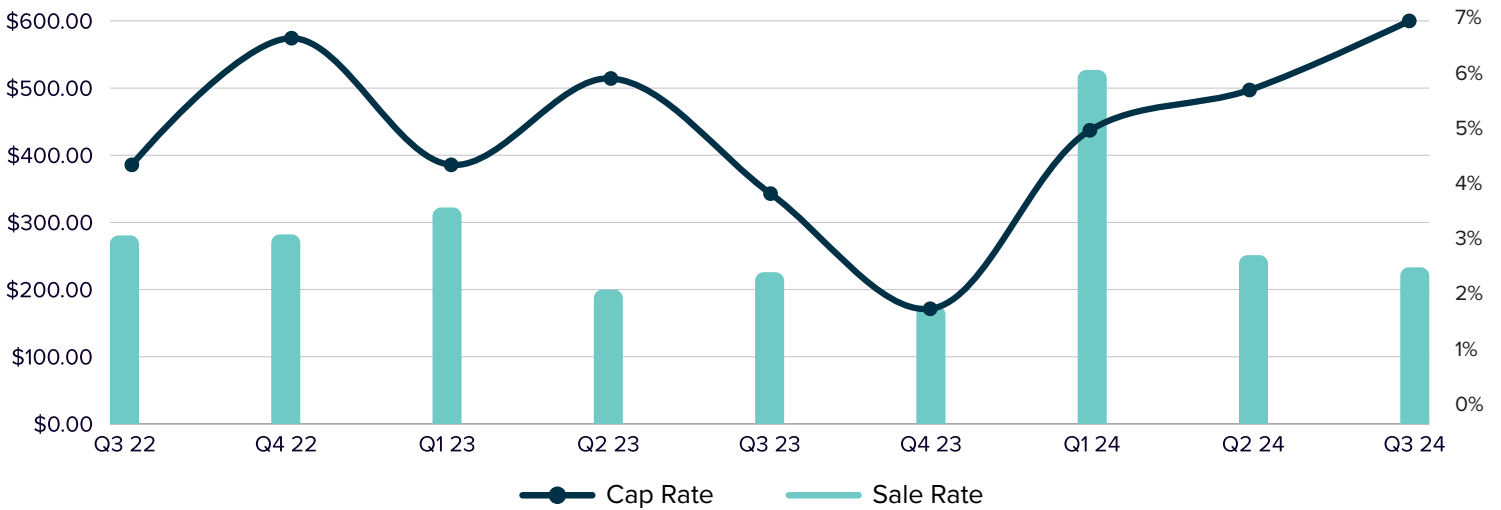


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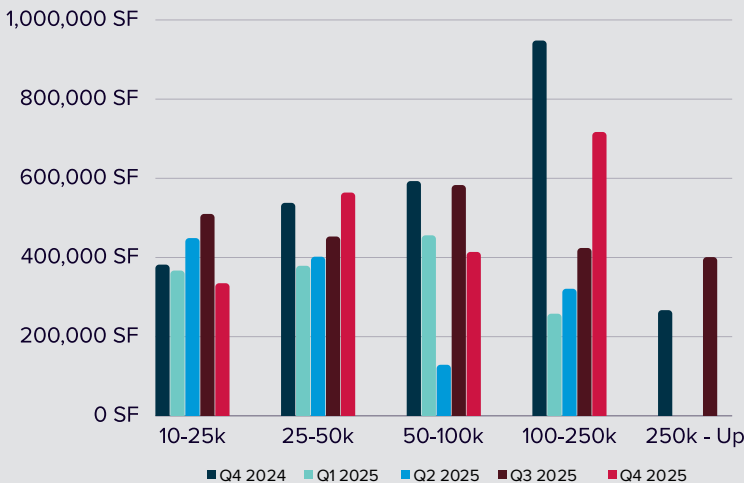
> Construction



> Sales Trends



> Lease Expiration



**Central Los Angeles
Largest Lease Transaction
By Square Foot**
Lessee: Lasan Liviability
450-500 S Central Ave, Los Angeles

202,107sf

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
200 W 140TH ST	Los Angeles	60,457	LRF2 LA W	Cisco Management	\$14.1M
10700 SESSLER ST	South Gate	38,392	C & H Trust Deed Service	Commercial Funding	\$1.6 M
2553 GARFIELD AVE	Commerce	25,615	DM Holdings Group LLC	Rexford	\$7.2 M
1243-1261 S BOYLE AVE	Los Angeles	21,904	Shahin Monafred	SNSN Capital Venture	\$4.9M
601-611 N ALVARADO ST	Los Angeles	21,020	ARC Bellevue	601 Alvarado LLC	\$4.9M

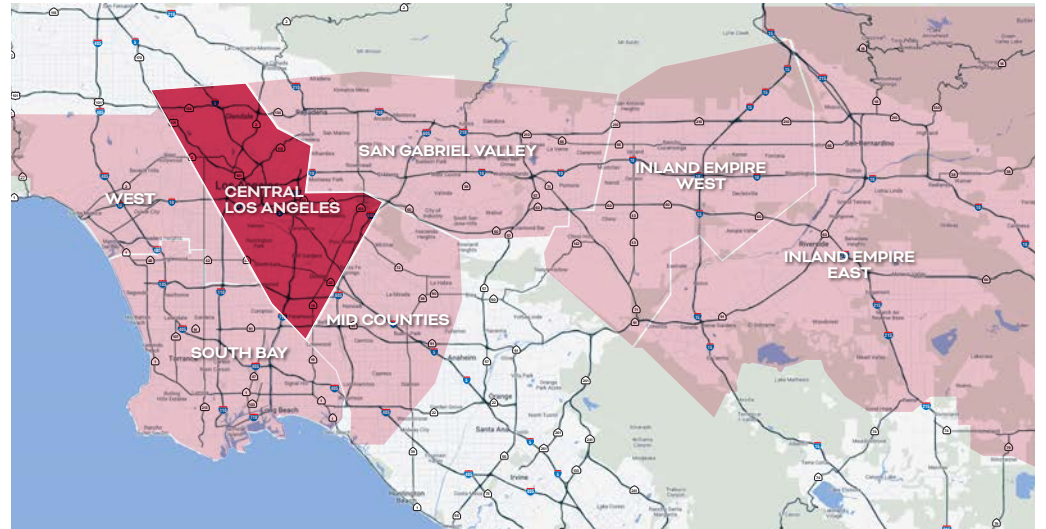
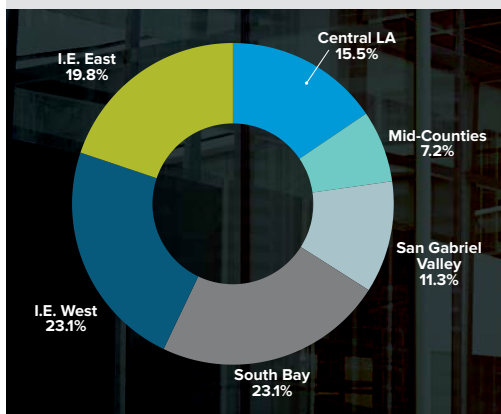
> Top 5 New Leases

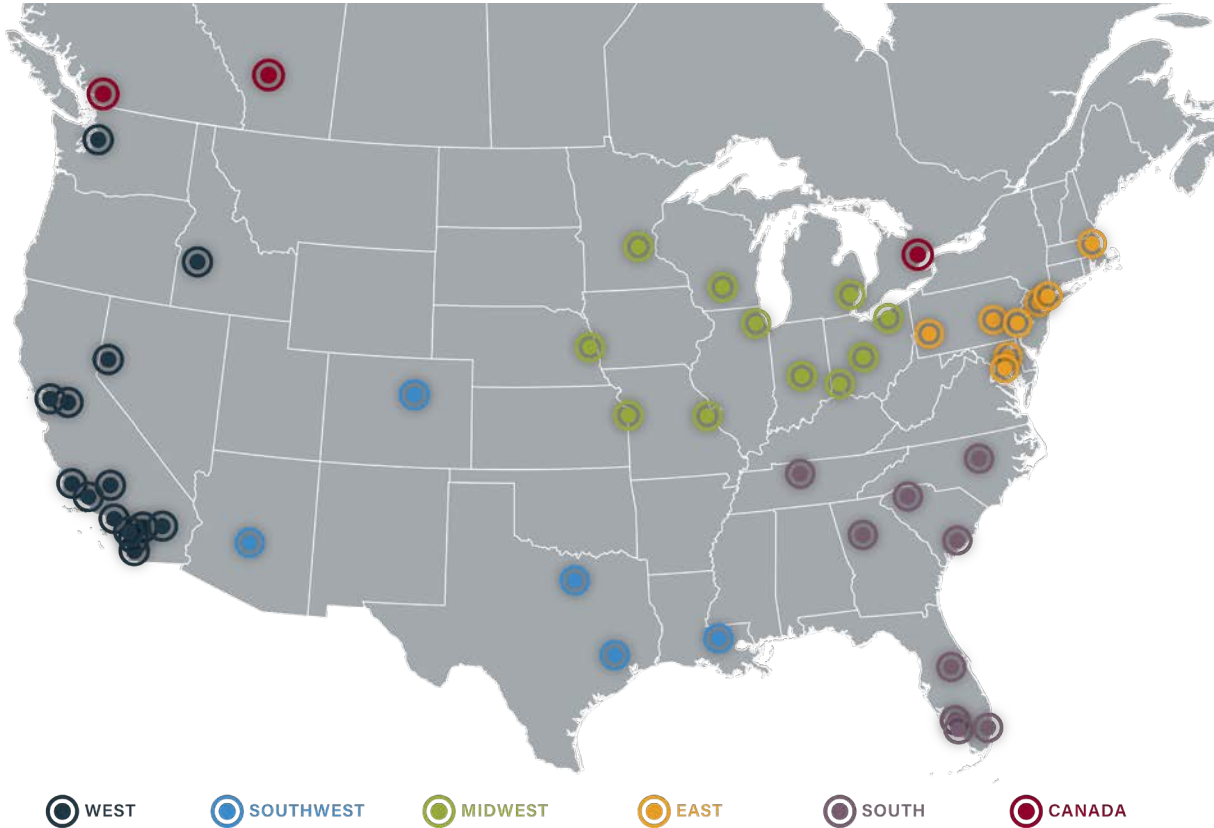
Address	City	Size (SF)	Lessor	Lessee
450-500 S CENTRAL AVE	Los Angeles	202,107	Young's Market	Lasan Livability
3430 E 26TH ST	Vernon	140,464	Pacific Industrial	MGM Transformer
3260-3278 E 26TH ST	Los Angeles	133,280	PR Vernon Distribution Center	Adart Company
4901 ALEXANDER ST	Commerce	126,502	Prologis	Plastic Express Inc
7222 E GAGE RD, A/B	Commerce	105,214	Hubert Yen	Super Secure Warehouse

> Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
7400 BANDINI BLVD	Commerce	Bridge Industrial	94,154	Q4 2024
3270 E WASHINGTON BLVD	Los Angeles	Brenntag North America	73,777	Q4 2024
3165 E SLAUSON AVE	Los Angeles	City of Vernon	69,522	Q4 2024
7421 E SLAUSON AVE	Commerce	Bridge Industrial	57,411	Q4 2024
5637 E 61ST ST	Commerce	Rexford Industrial Realty, Inc.	47,088	Q4 2024

Inventory Comparison





- 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.
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