

Q4 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q4 2024 Market Insight Central Los Angeles

Highlights

- Big Picture:** This quarter, all Los Angeles Basin submarkets experienced rising vacancy and availability rates, declining lease rates, negative net absorption, and fewer construction starts compared to last year. Leasing activity was subdued across the region, except in the Inland Empire, while cautious investors kept capital market activity minimal.
- Vacancy Rate:** Continues to rise, increasing 60 bps quarter-over-quarter and 220 bps year-over-year to reach the current rate of 7.2%.
- Asking Rents:** At \$1.27 NNN per square foot, asking lease rents declined by -2.3% quarter-over-quarter, and -21.12% from last year's rate of \$1.61.
- Inflation & Interest Rates:** The FOMC cut rates by 25 bps in both November and December, totaling 100 bps in 2024. For 2025, only two 25 bps cuts are expected. Despite these reductions, borrowing costs remain high, with 10-year Treasury yields exceeding 4.5%.
- Employment:** Nonfarm payrolls rose by 256,000 in December, surpassing November's 212,000 and the 155,000 forecast. The unemployment rate (U3) edged down to 4.1%, while the broader U6 rate hit a post-June 2024 low of 7.5%. Job growth was led by health care (+46,000), leisure and hospitality (+43,000), and government (+33,000). Retail rebounded with a 43,000 gain after a November loss of 29,000 but showed slower annual growth (2.2 million jobs) compared to 2023 (3 million). Average hourly earnings rose 0.3% in December, with a 3.9% year-over-year increase, reflecting a deceleration in wage growth.
- E-commerce Activity:** Q4 retail e-commerce sales estimates will be released in February 2025, but Q3 2024 data showcases strong sector growth. U.S. e-commerce sales reached \$300.1 billion, up 2.6% from Q2, with annual sales projected at \$1.22 trillion. Total Q3 retail sales hit \$1,849.9 billion, a 1.3% increase from Q2. E-commerce sales rose 7.4% year-over-year, outpacing the 2.1% growth in total retail sales, and accounted for 16.2% of all retail sales, highlighting its expanding influence.
- Port Activity:** The Los Angeles-Long Beach port complex, handling nearly half of U.S. imports from Asia, remains the nation's busiest. In November, the Port of Los Angeles processed 884,315 TEUs, up 16% year-over-year, and year-to-date volumes reached 9,375,735 TEUs, 19% ahead of 2023. Shippers frontloaded goods ahead of Lunar New Year, boosting trans-Pacific container rates. The Freightos Baltic Index showed Asia-U.S. West Coast prices rising 23% to \$5,929 per forty-foot unit as of January 3.

CITY	# of Bldgs	Inventory (SF)	Vacancy (%)	Availability (%)	Net Absorption (SF)	Gross Absorption (SF)	Direct Asking Rate (NNN)	Asking Sale Price (\$/SF)
BELL/BELL GARDENS	157	6,745,516	5.4	7.6	-12,987	10,111	\$1.46	\$260
COMMERCE	742	46,297,643	9.9	11.7	-1,108,619	1,164,877	\$1.16	\$246
CUDAHAY	37	1,155,597	2.8	11.1	-4,320	0	\$1.15	\$236
HUNTINGTON PARK	160	3,675,271	5.2	9.1	-38,217	0	\$0.81	\$238
DTLA	4661	144,717,091	7.8	9.2	-729,409	1,788,116	\$1.62	\$294
MAYWOOD	46	821,214	1.5	3.1	8,323	15,259	\$1.35	\$316
MONTEBELLO	216	10,054,771	5.7	8.4	144,804	171,804	\$1.67	\$250
PICO RIVERA	197	10,290,050	7.3	9.4	-171,934	20,767	\$1.66	\$271
SOUTH GATE	231	9,793,140	3.3	7.1	14,400	14,400	\$1.41	\$250
VERNON	795	45,070,484	7.4	8.4	31,789	705,607	\$1.17	\$261

4.1%

US Unemployment Rate

3.1%

GDP - Quarter 3* % - Change YOY

4.5%

U.S. 10-Year Treasury Note

Market Summary

	Q4 2023	Q3 2024	Q4 2024	QoQ Change	YoY Change
Total Inventory (SF)	246,481,844	246,950,680	247,324,863	0.15%	0.34%
Overall Vacancy	5.0%	6.6%	7.2%	+60bps	+220bps
Overall Availability	7.3%	8.9%	9.0%	+10bps	+170bps
Under Construction (SF)	1,043,583	648,147	273,964	-57.7%	-73.7%
Net Absorption (SF)	107,086	(757,124)	(1,866,170)	N/A	N/A
Overall Asking Lease Rate (NNN)	\$1.61	\$1.30	\$1.27	-2.31%	-21.12%

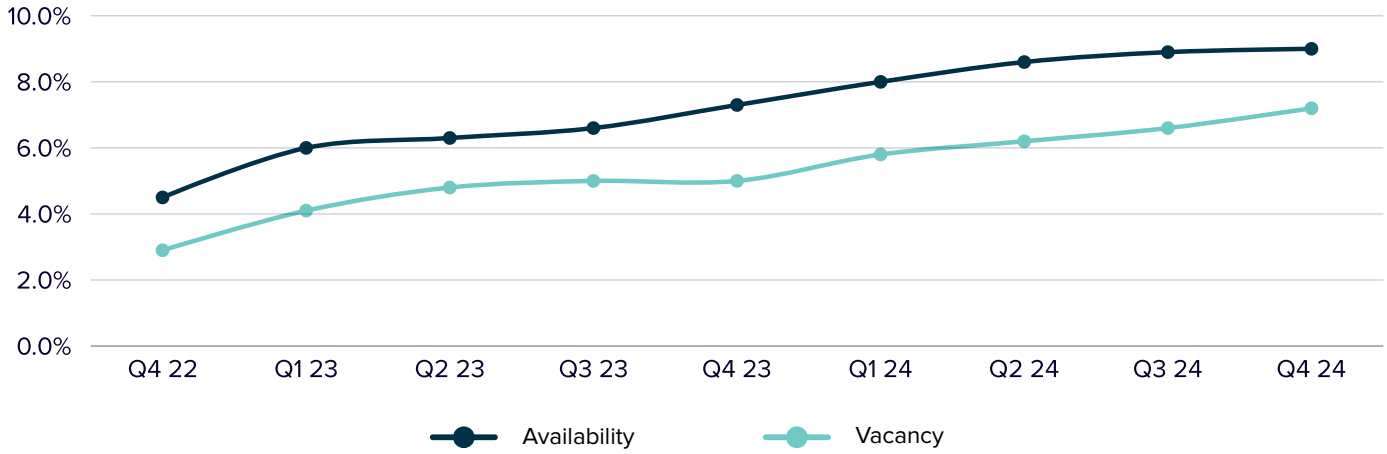
Port Stats

PORTS	Quarter	Month	Loaded Inbound	Loaded Outbound	Total Loaded	Total Empties	Total Containers	YoY Change
LOS ANGELES	Q4	October	462,740	122,716	585,456	319,570	905,026	24.70%
		November	458,165	124,117	582,282	302,033	884,315	15.86%
		December*	-	-	-	-	-	-
LONG BEACH	Q4	October	487,563	112,845	600,408	386,782	987,190	30.73%
		November	432,823	119,083	551,906	332,250	884,156	20.95%
		December	412,876	100,792	513,668	347,338	861,006	21.30%

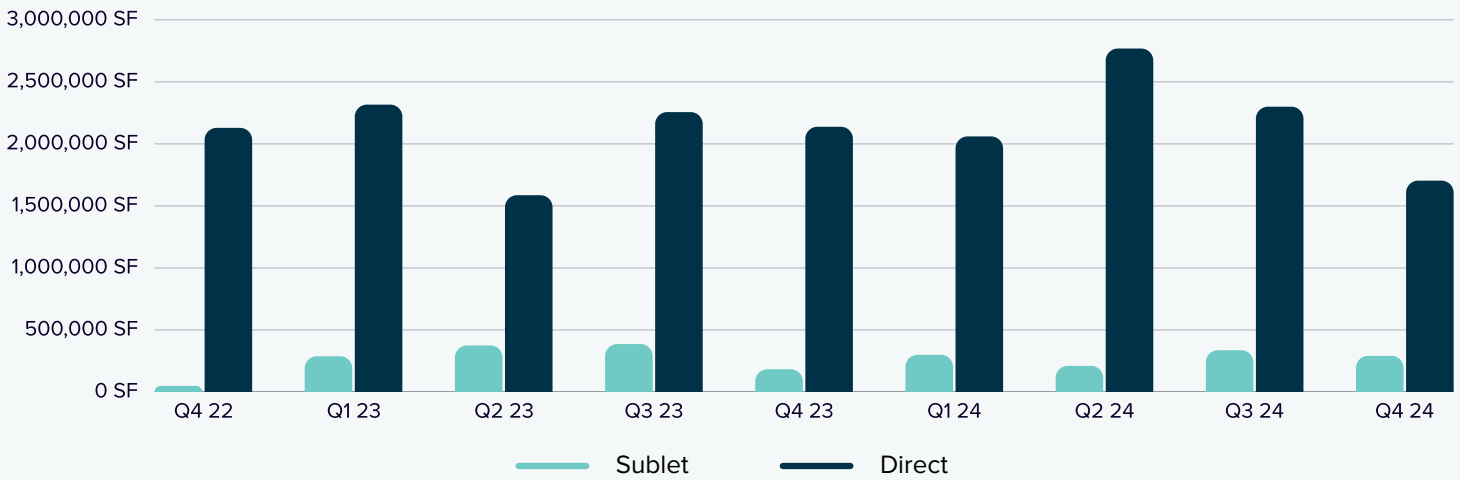
*Note: Port of LA has not published December TEU stats.

*Q4 GDP estimate will be published on January 30, 2025 by BEA.

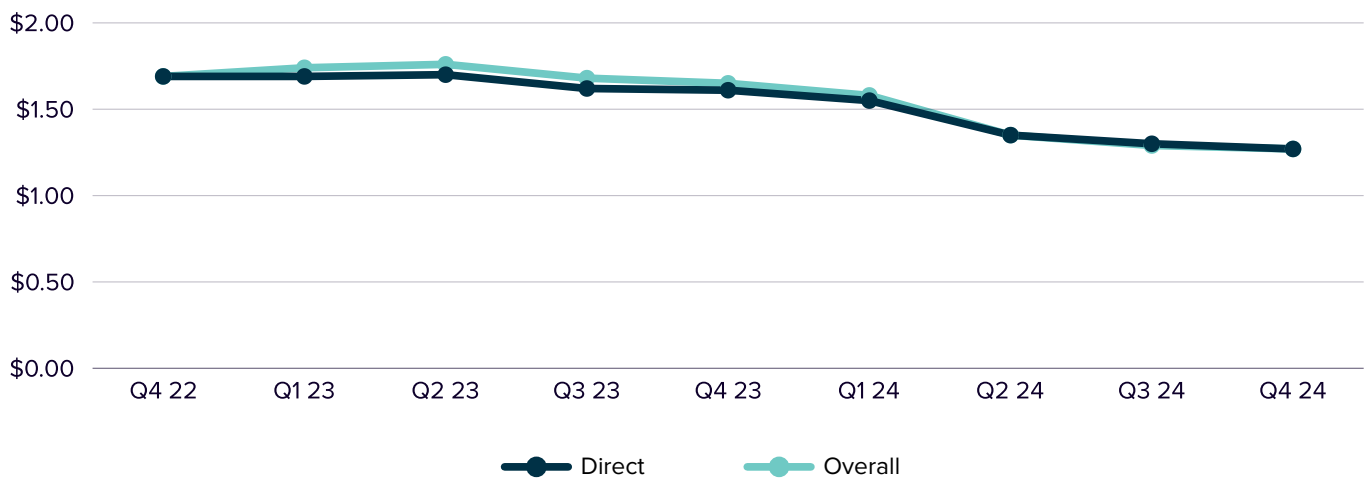
> Vacancy vs Availability



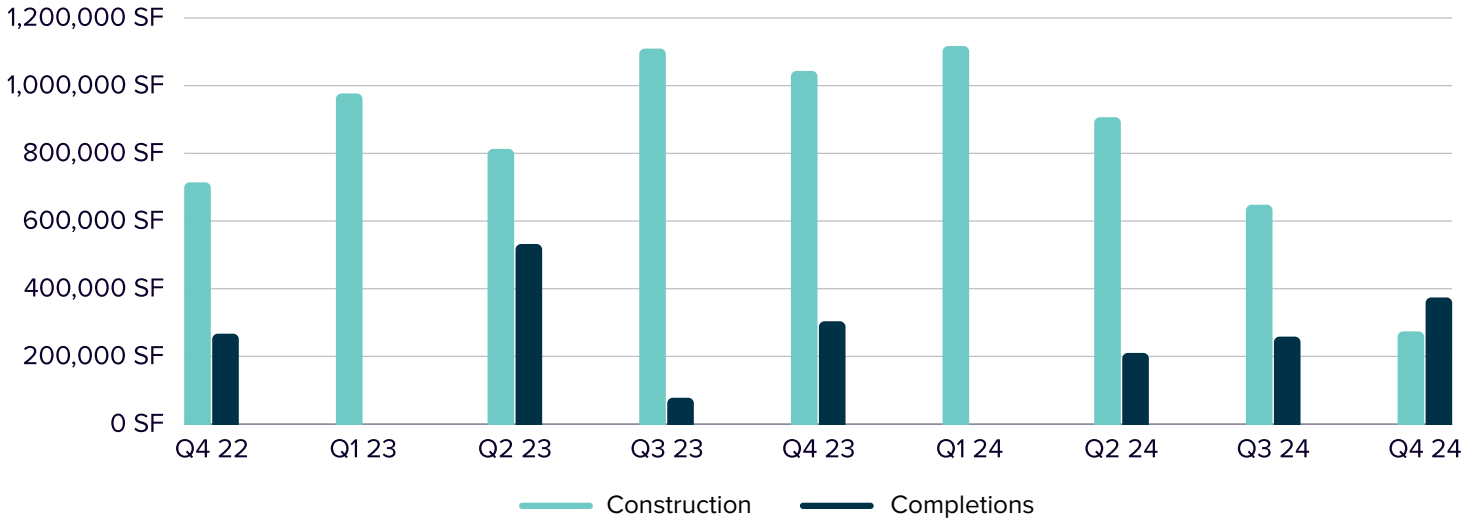
Leasing Activity



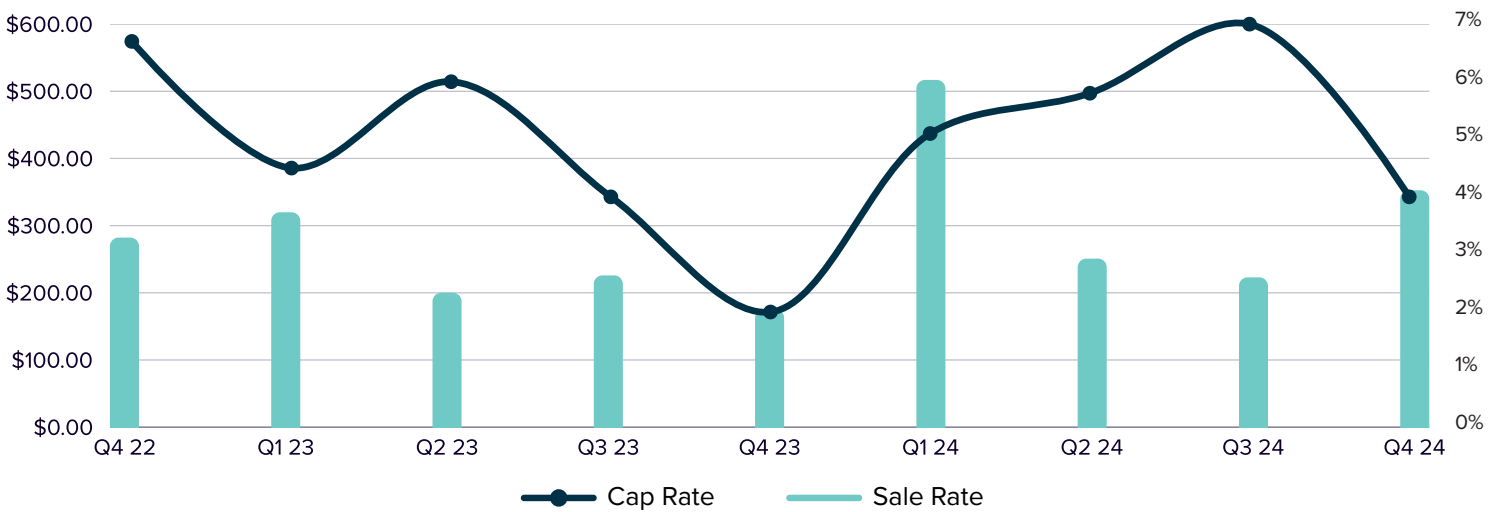
> Rental Rates



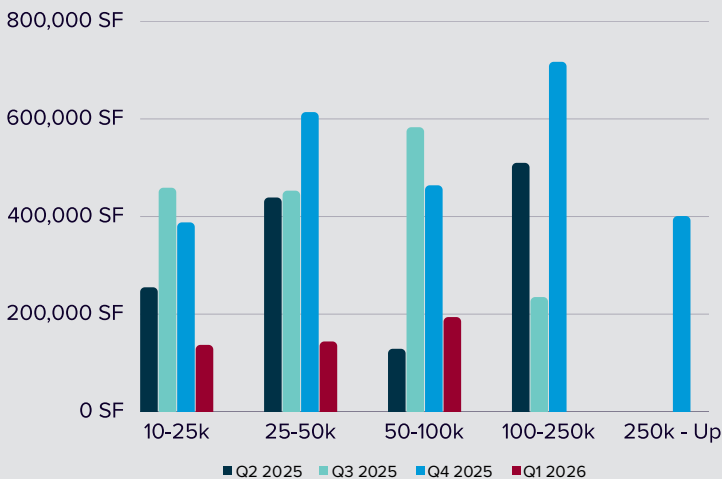
> Construction



> Sales Trends



> Lease Expiration



**Central Los Angeles
Largest Sale Transaction
By Square Foot**
Buyer: Rexford Industrial Realty, Inc.
2501 W Rosecrans Ave, Los Angeles

300,217sf

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
2501 W ROSECRANS AVE	Los Angeles	300,217	Rexford Industrial Realty, Inc.	JPMorgan Chase & Co	\$137,200,000
4542 DUNHAM ST	Commerce	147,875	Bridge Investment Group	Arsenal Capital Partners Rock Asset Management	\$21,000,000
4520 MAYWOOD AVE	Vernon	47,000	Terawatt Infrastructure	John Georgino	\$10,250,000
4906 ALCOA AVE	Vernon	33,402	Catherine Park	Jung A Lee	\$10,000,000
2445 E 26TH ST	Vernon	30,000	Richard Kim	Myung Kil Yang	\$9,700,000

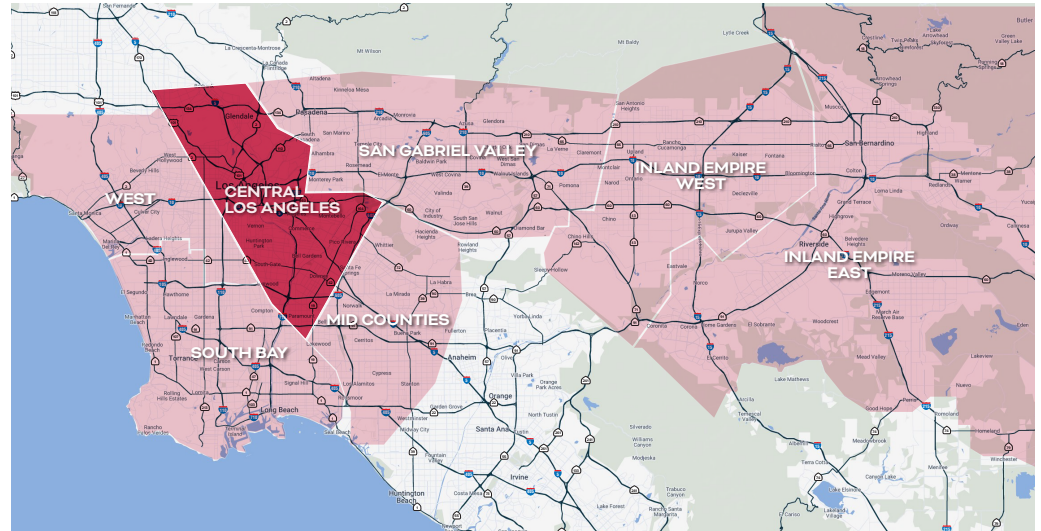
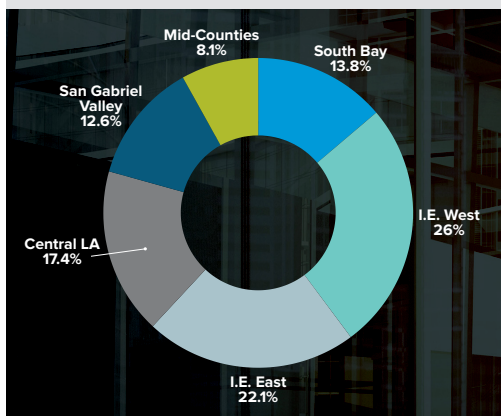
> Top 5 New Leases

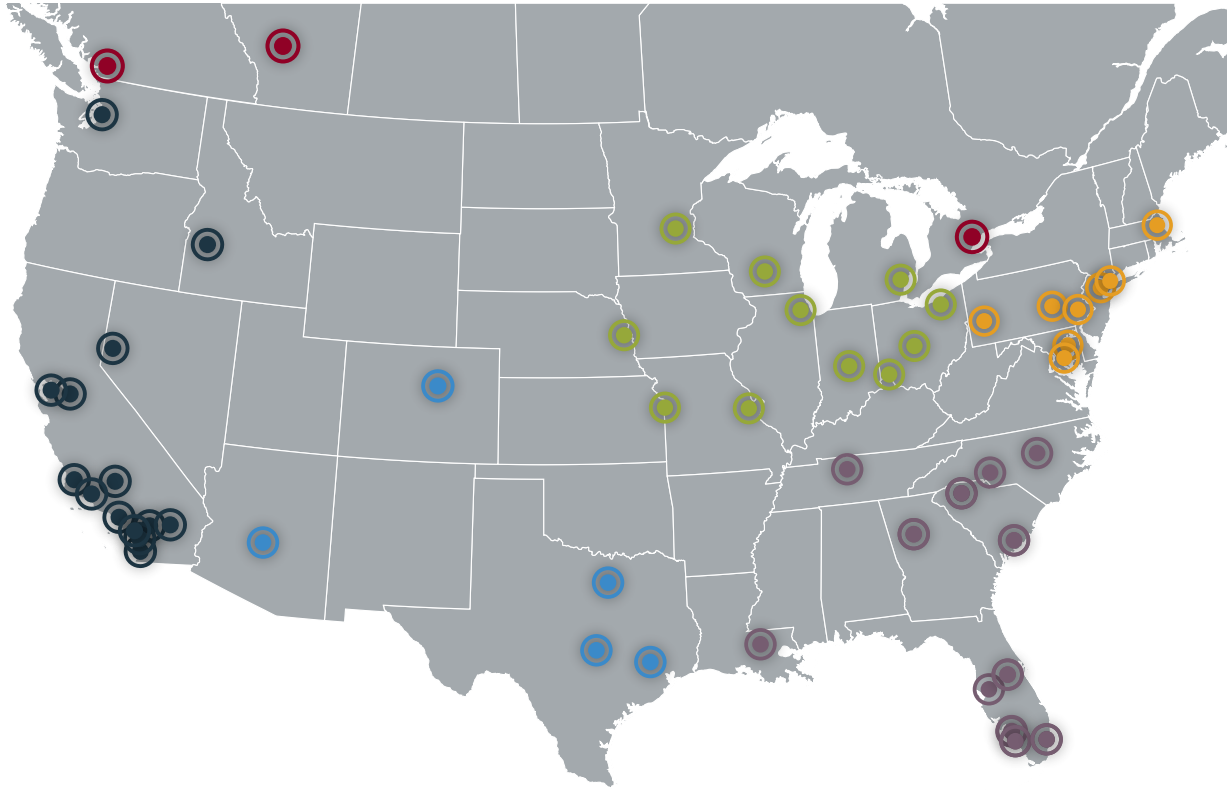
Address	City	Size (SF)	Lessor	Lessee
2100 YATES AVE	Montebello	374,370	PROLOGIS CALIFORNIA I LLC	Source Logistics
2420 YATES AVE	Commerce	129,371	PROLOGIS TARGETED US LOGISTICS	Axelavate
1700 E MARTIN LUTHER KING JR BLVD	Los Angeles	115,012	JRT 39TH LONG BEACH LLC	Shins
7261 E SLAUSON AVE	Commerce	107,894	7261 SLAUSON AVENUE LLC	Confidential
5636 E 61ST ST	Commerce	90,268	PROLOGIS USLV NEWCA 6 LLC	Ivy Enterprises Inc.

> Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
7400 BANDINI BLVD	Commerce	Bridge Industrial	94,154	2025
3165 E SLAUSON AVE	Los Angeles	City of Vernon	69,522	2025
7421 E SLAUSON AVE	Commerce	Bridge Industrial	57,411	2025
5635 E 61ST ST	Commerce	BK Eastern Avenue Property, LLC	47,052	2025
2623 N SAN FERNANDO RD	Los Angeles	Floorgate Inc	5,825	2025

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

INDUSTRY SPONSORSHIPS & ORGANIZATIONS



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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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