

Q4 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q4 2024 Market Insight Inland Empire East

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 250 bps year-over-year to reach the current rate of 8.5%.
- Asking Rents:** At \$1.05 NNN per square foot, asking lease rents declined by \$0.12 or -10.26% from the Q4 2023 rate of \$1.17 NNN.
- 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)
BANNING	48	1,933,563	6.2	60.1	-62,172	0	\$0.79	\$224
BEUMONT	48	6,550,430	7	7.1	0	0	\$0.59	\$237
BLOOMINGTON	124	11,081,935	8.6	13.6	-52,328	651,815	\$0.55	\$281
CORONA/NORCO	1013	35,903,590	5.8	8	49,134	81,394	\$1.21	\$293
COLTON/GRAND TERRACE	193	11,426,494	7.9	14.5	144,985	209,915	\$1.20	\$233
MORENO VALLEY	120	33,297,507	5.9	9.7	45,782	388,786	\$1.20	\$209
PERRIS	266	45,424,158	14.8	17.7	60,330	98,792	\$1.06	\$228
REDLANDS/LOMA LINDA	248	31,359,771	8.3	13.4	849,495	1,062,165	\$0.92	\$231
RIALTO	211	31,450,720	6.1	9.9	205,338	299,785	\$1.29	\$254
RIVERSIDE	1,139	57,172,898	9.9	13.4	-1,171,947	468,932	\$1.16	\$231
SAN BERNARDINO/HIGHLAND	619	47,395,568	7.4	14.6	637,194	821,713	\$0.89	\$242

↑ 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)	307,167,001	313,955,422	314,516,261	0.18%	2.39%
Overall Vacancy	6.0%	8.6%	8.5%	-10bps	+250bps
Overall Availability	10.0%	12.6%	13.0%	+40bps	+300bps
Under Construction (SF)	8,463,185	5,860,810	5,482,094	-6.46%	-35%
Net Absorption (SF)	(263,238)	1,349,298	705,811	N/A	N/A
Overall Asking Lease Rates (NNN)	\$1.17	\$1.08	\$1.05	-2.78%	-10.26%

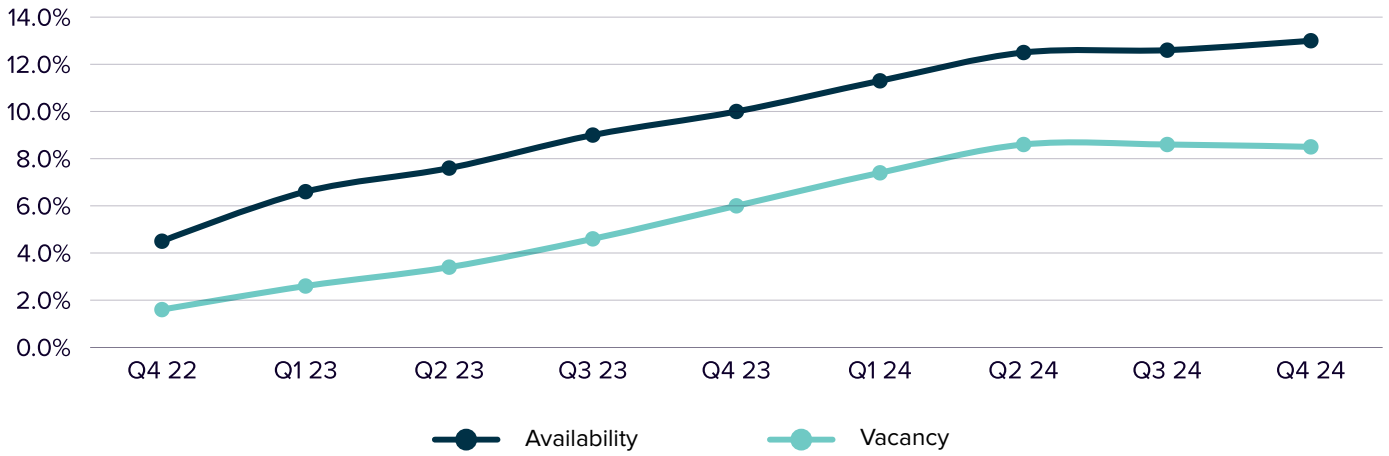
> Port Stats

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%

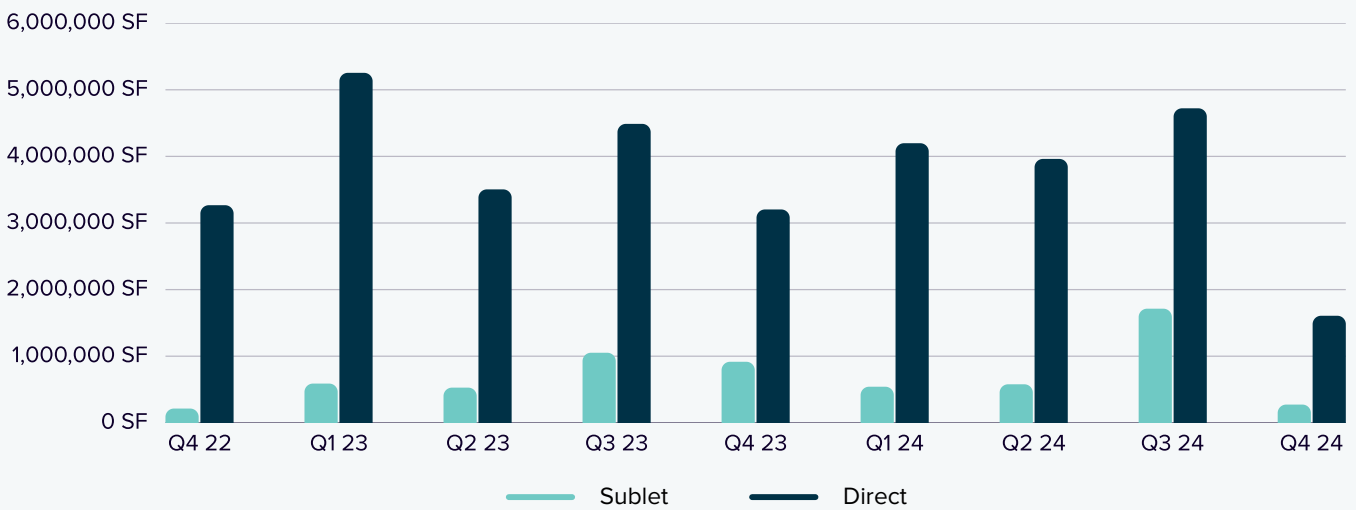
*Note: Port of LA has not published December TEU stats.

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

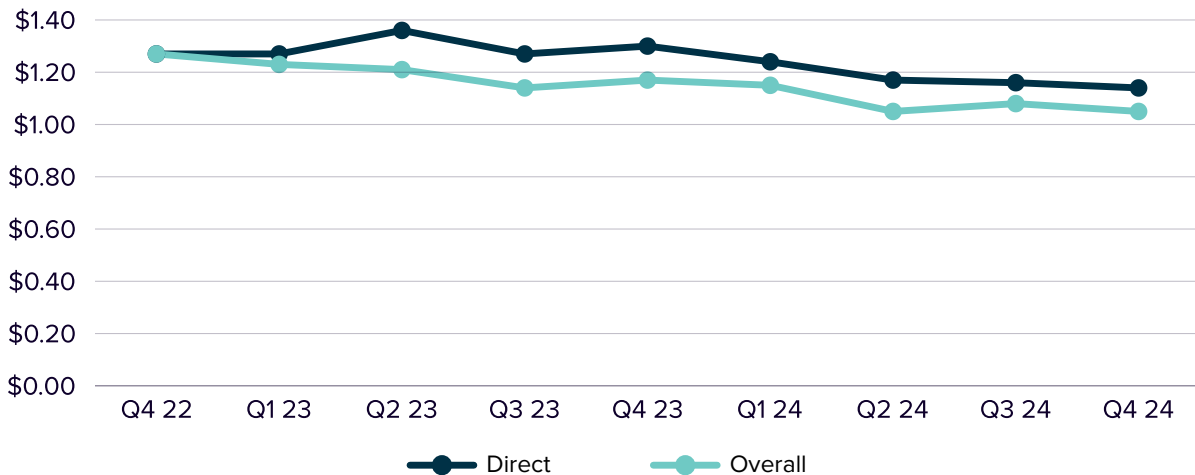
> Vacancy vs Availability



Leasing Activity



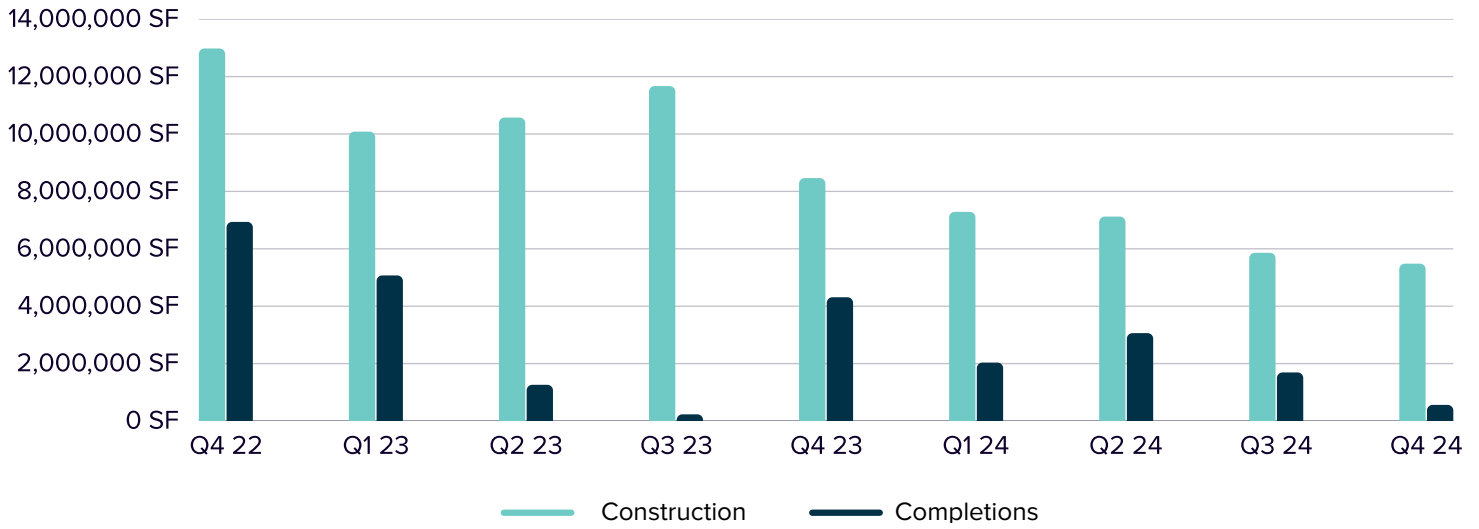
> Rental Rates



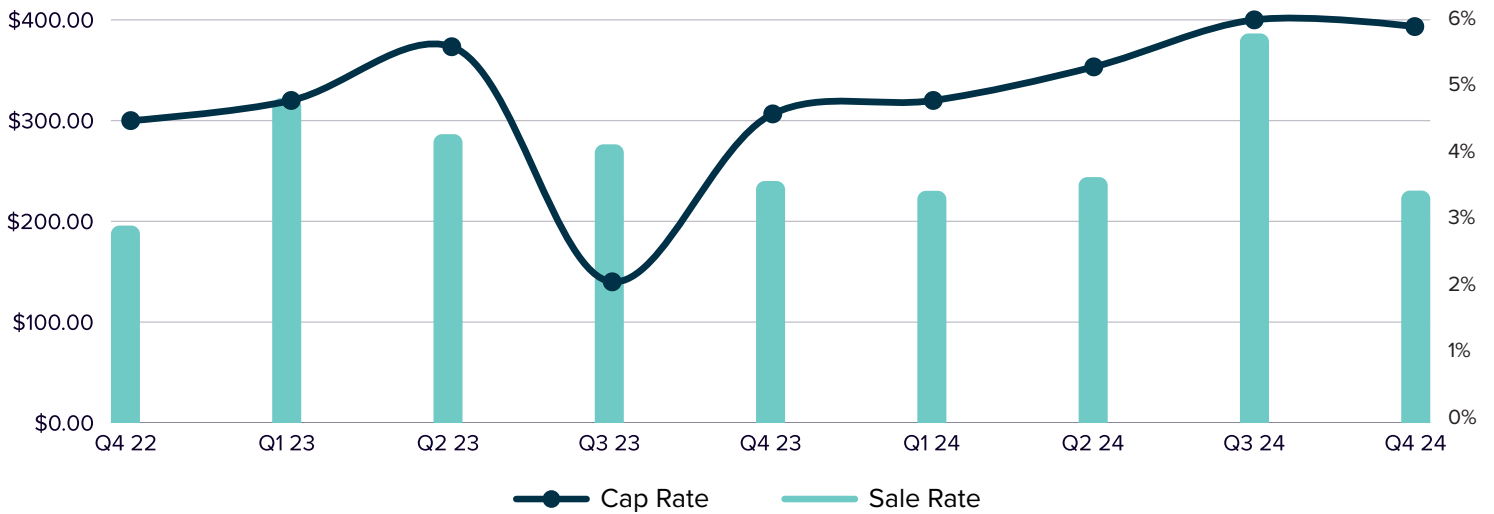


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> Construction



> Sales Trends



> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
1680 EASTRIDGE AVE	Riverside	449,040	Ares Management Corp	Ross Stores	\$83,400,000
750 S VALLEY VIEW AVE (PART OF A 4 PROPERTY PORTFOLIO)	San Bernardino	154,560	Cabot Properties Inc	Blackstone Inc.	\$49,961,333
704 S ALLEN ST	San Bernardino	79,341	Cohen Asset Management Inc	LBA Logistics	\$17,620,000
6510 BOX SPRINGS BLVD	Riverside	50,000	Murray Racing	Araujo LLC	\$8,750,000
2078 RUSTIN AVE	Riverside	44,608	Hyundai Motor Group	Acacia Real Estate Group Inc I 3315 N Locust Ave Llc	\$15,500,000

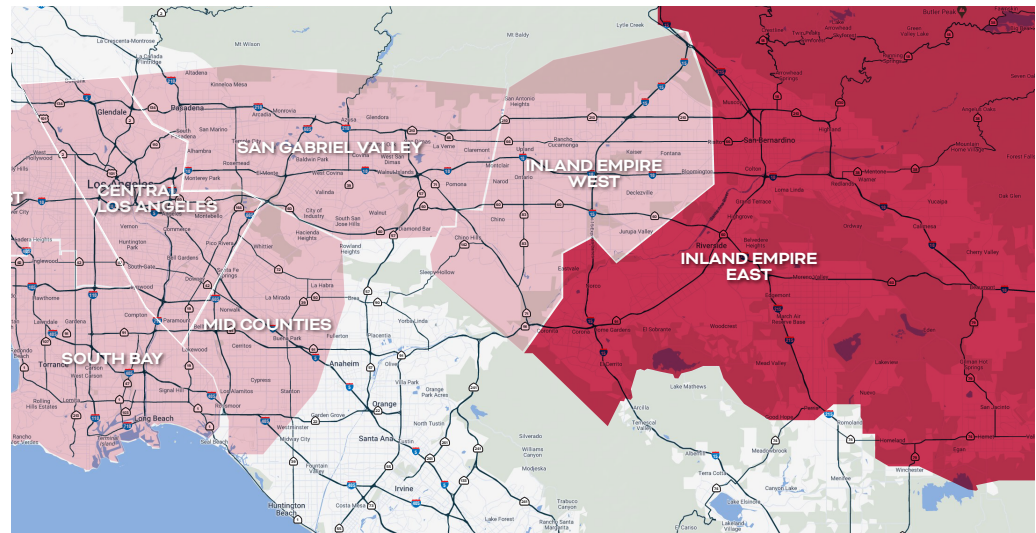
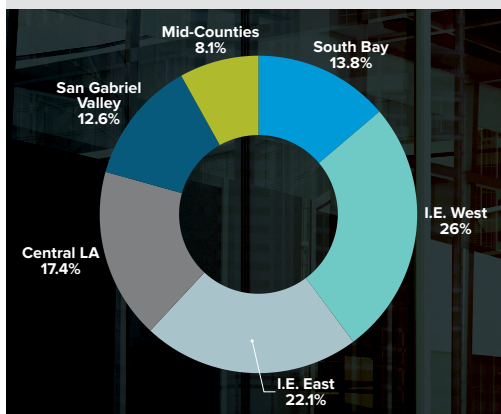
> Top 5 New Leases

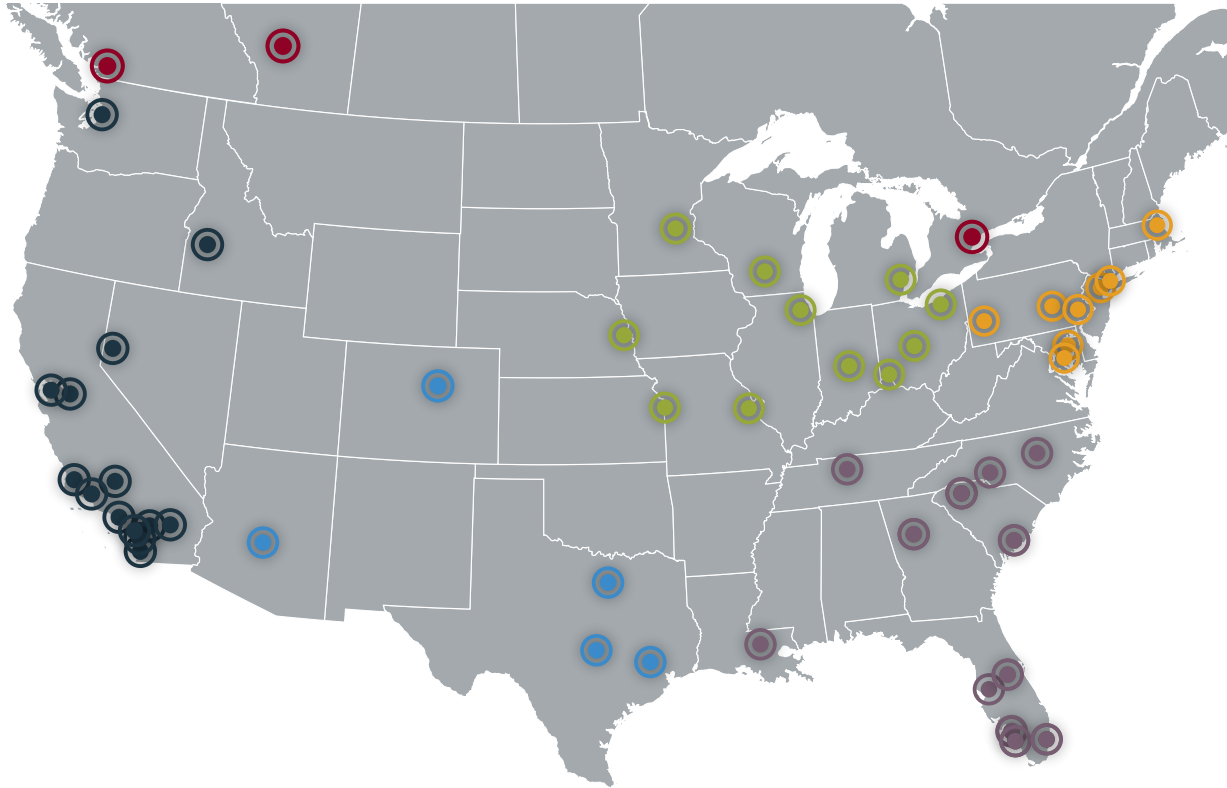
Address	City	Size (SF)	Lessor	Lessee(s)
11119 JUNIPER AV, BLDG 1	Fontana	436,424	Clarion Partners/REDA	AmerisourceBergen Drug Corp. (Cencora)
27334 SAN BERNARDINO AVE	Redlands	252,283	Prologis	Munchkin, Inc
562 W SANTA ANA AVE	Rialto	191,809	Alere Inc.	Sang LLC
1601 FAIRWAY DR	Colton	179,233	Bixby SPE Finance 6 LLC	The Carlstar Group, LLC
3660 BRENNAN AVE	Perris	138,510	Timcook Partners	-

> Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
801 S REDLANDS AVE	Perris	IDI Logistics	1,020,657	2025
350 W VALLEY BLVD	Rialto	Birtcher	492,410	2025
23784 ORANGE AVE	Perris	The Dc Building	429,823	2025
21661 BARTON RD	Colton	Robert J. & Bernarda Neal	417,809	2025
1304 E ALESSANDRO BLVD	Riverside	Rockefeller Group	400,000	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

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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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