

Q4 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q4 2024 Market Insight Inland Empire West

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 170 bps year-over-year to reach the current rate of 6.9%.
- Asking Rents:** At \$1.10 NNN per square foot, asking lease rents declined by \$0.19 or -14.73% from the Q3 2024 rate of \$1.29 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)
CHINO	946	56,536,382	5.3	8.2	1,145,776	2,284,958	\$1.35	\$295
EASTVALE	71	14,455,377	9.9	11.1	559,202	559,202	\$1.19	\$300
FONTANA	807	77,212,612	6.6	10.8	-557,994	38,710	\$1.21	\$292
JURUPA VALLEY	323	37,767,097	5.4	7.3	744,902	756,854	\$1.17	\$273
MIRA LOMA	20	711,296	6.8	6.8	0	0	\$1.16	\$351
MONTCLAIR	208	4,150,740	11.8	23.9	-167,215	18,298	\$0.88	\$346
ONTARIO	1540	130,321,104	7.5	11.4	131,861	2,956,568	\$1.22	\$283
RANCHO CUCAMONGA	751	43,701,140	8.4	10.1	-536,148	581,635	\$1.26	\$283
UPLAND	261	4,084,505	4.8	6.1	42,921	117,327	\$1.26	\$283

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)	351,272,243	368,362,458	369,864,649	0.41%	5.29%
Overall Vacancy	5.2%	7.4%	6.9%	-50bps	+170bps
Overall Availability	10.5%	11.1%	10.3%	-80bps	-20bps
Under Construction (SF)	21,443,326	6,867,571	5,532,554	-19.44%	-74.20%
Net Absorption (SF)	6,647,712	(1,437,847)	1,363,305	N/A	N/A
Overall Asking Lease Rates (NNN)	\$1.46	\$1.29	\$1.10	-14.73%	-24.66%

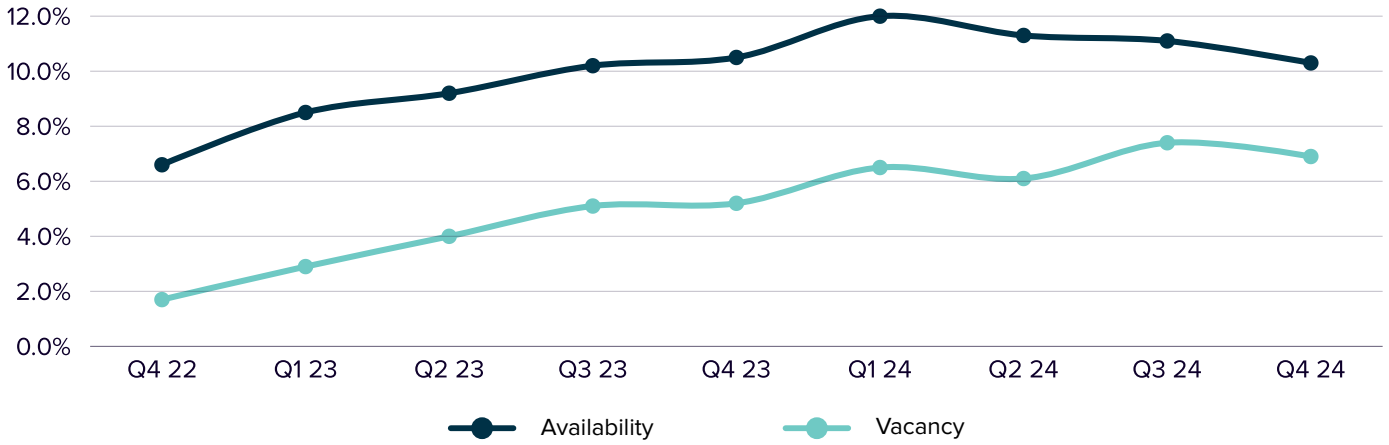
> Port Stats

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%

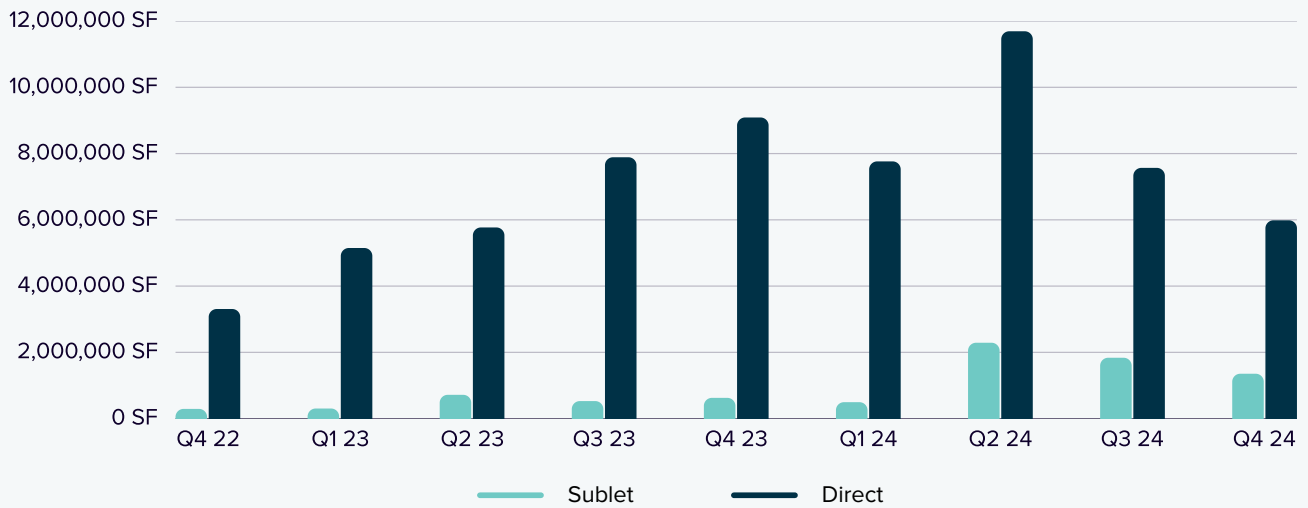
*Note: Port of LA has not published December TEU stats.

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

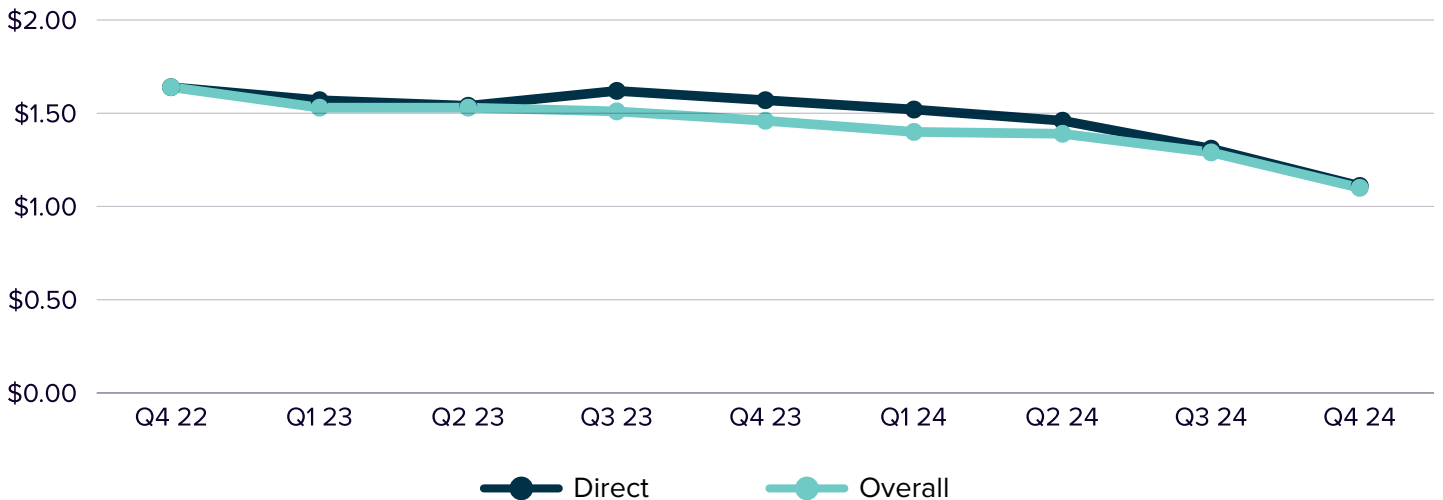
> Vacancy vs Availability



Leasing Activity



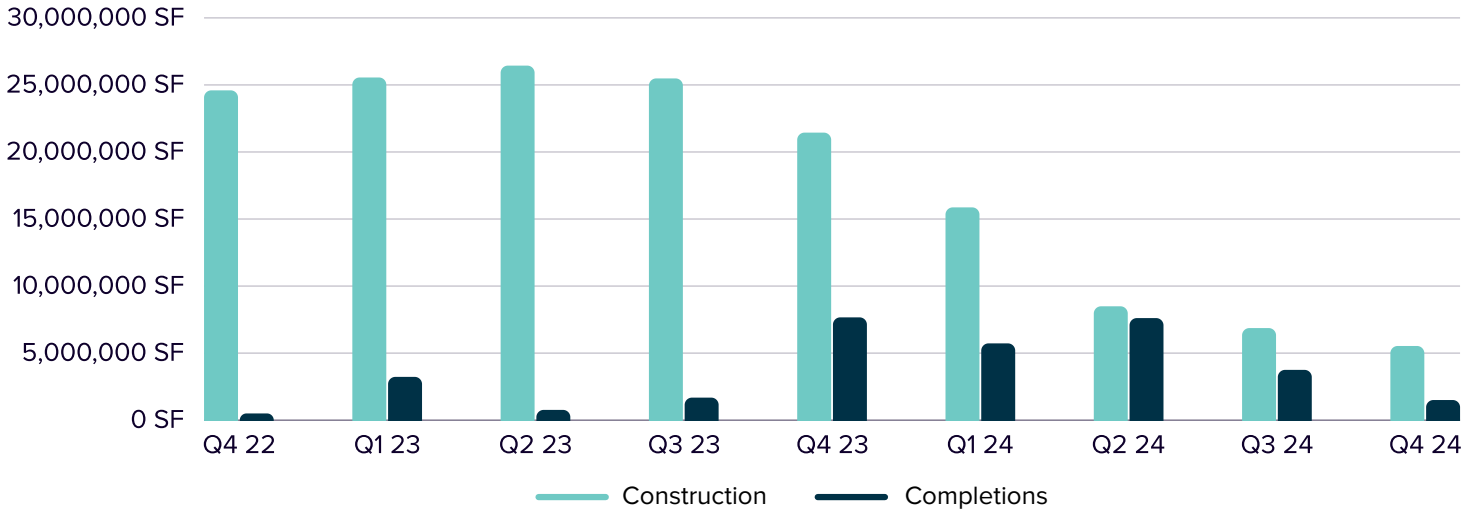
> Rental Rates



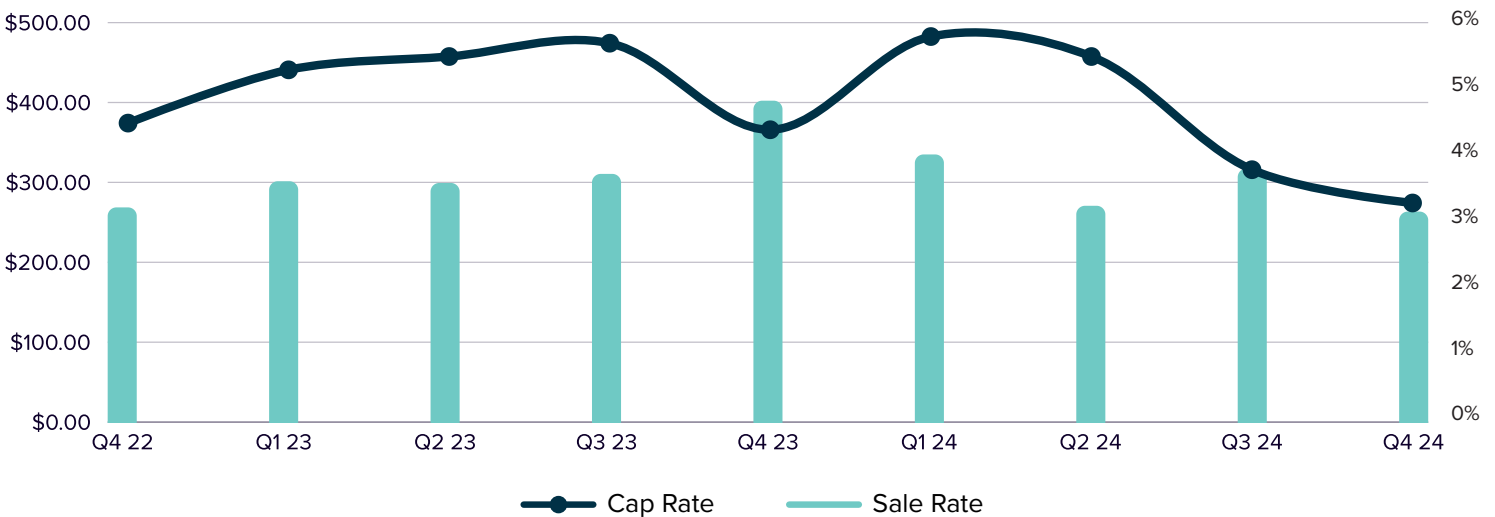


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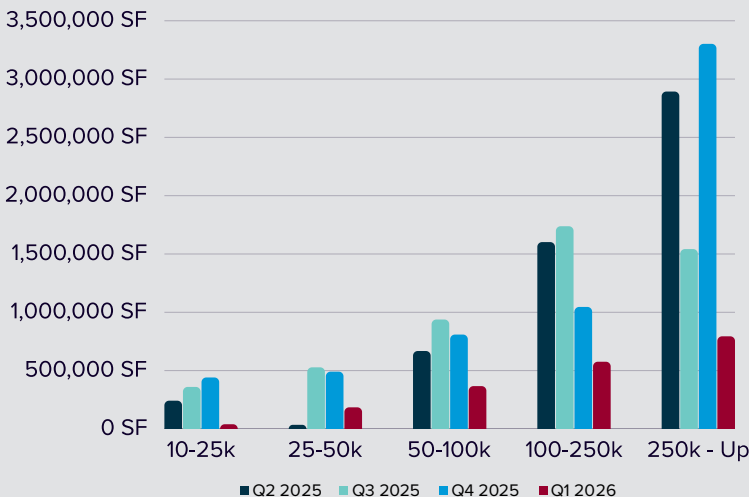
> Construction



> Sales Trends



> Lease Expiration



Inland Empire - West
Largest Sale Transaction
 By Square Foot
 Buyer: Rexford Industrial Realty, Inc.
 13201 Dahlia St, Fontana

278,650^{sf}

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
13201 DAHLIA ST	Fontana	278,650	Rexford Industrial Realty, Inc.	Cabot Properties Inc	\$70,100,000
1670 CHAMPAGNE AVE (PART OF A 4 PROPERTY PORTFOLIO)	Ontario	263,670	Cabot Properties Inc	Blackstone Inc.	\$73,750,732
5005 E PHILADELPHIA ST	Ontario	253,469	EQT Exeter	LBA Logistics	\$49,300,000
15521 SLOVER AVE	Fontana	192,794	TA Realty	Brookfield Properties	\$49,100,000
4420 SERRANO DR (PART OF A 3 PROPERTY SALE)	Jurupa Valley	180,840	Miramar Capital	Pre Zero	\$28,000,000

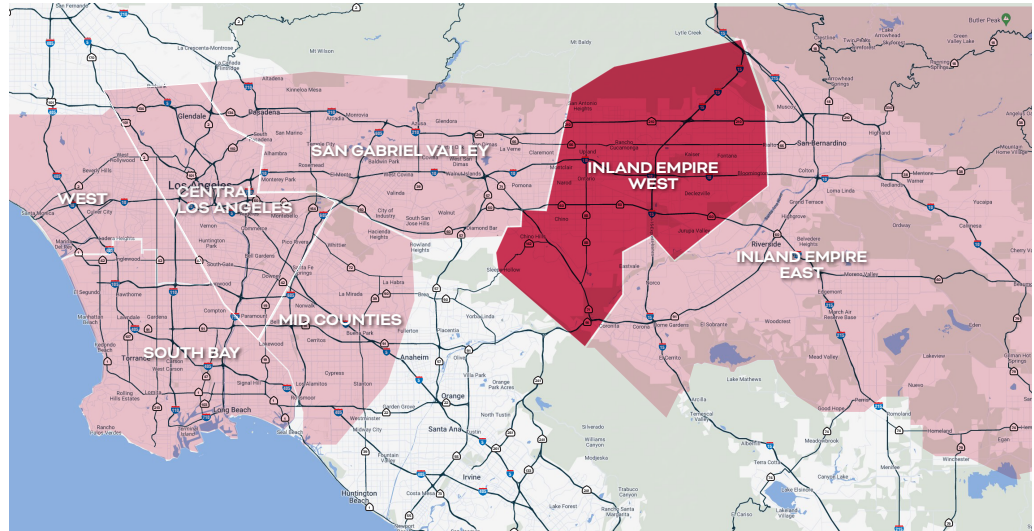
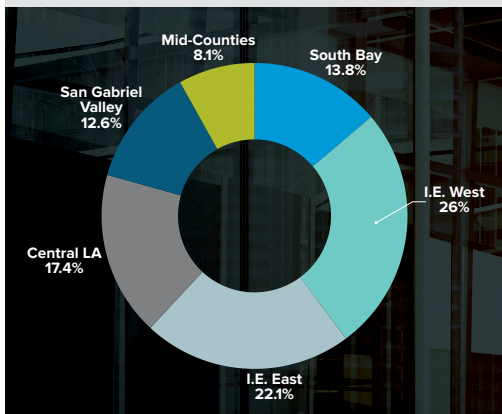
> Top 5 New Leases

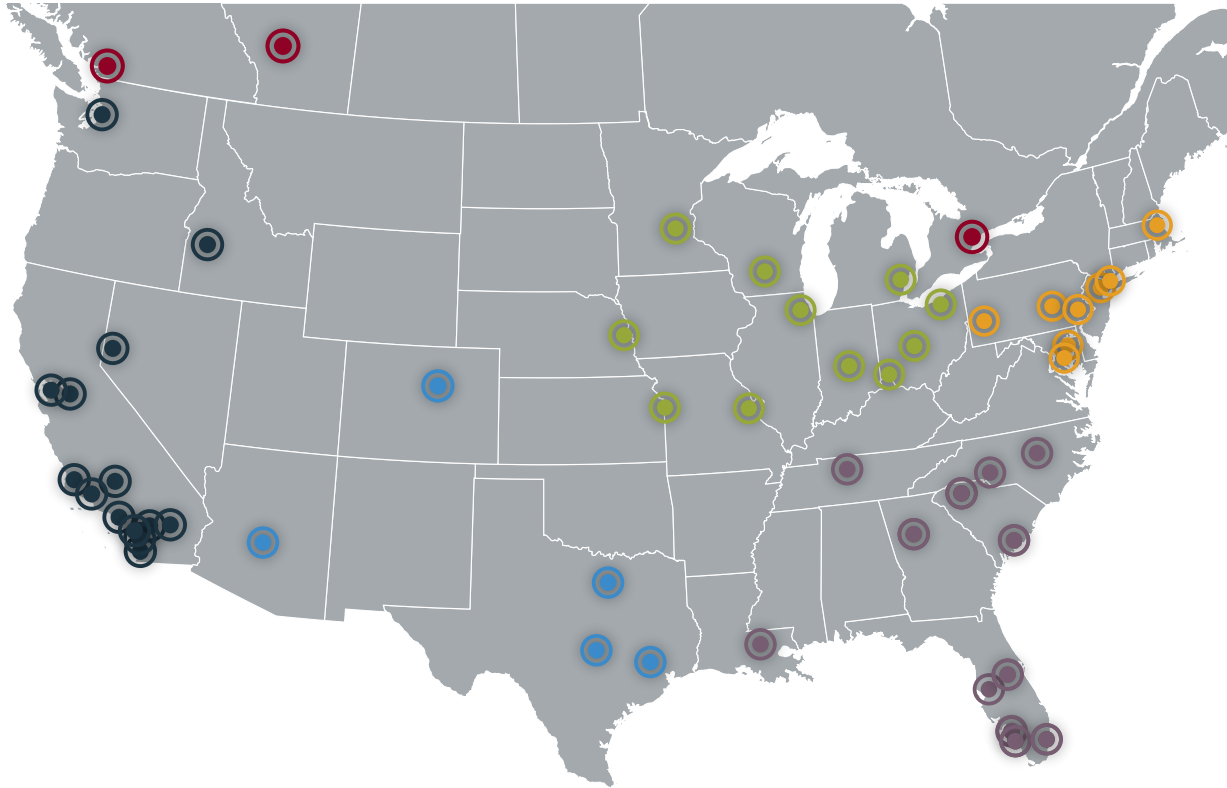
Address	City	Size (SF)	Lessor	Lessee(s)
8900 MERILL AVE, 8643 EUCALYPTUS AVE	Ontario	600,000	Lululemon USA, Inc	US Elogistics Service Corp
3412 MANITOU CT, BLDG 2	Jurupa Valley	560,025	Link Logistics	White Horse Logistics Inc
12300 RIVERSIDE DR	Eastvale	557,500	Nuveen	LC Logistics Services, Inc
5450 FRANCIS ST	Ontario	480,000	James Campbell Company, LLC	Armstrong Logistics
10886 CITRUS AVE	Fontana	424,427	Clarion	Cainiao Supply Chain

> Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
9253 DREAMLAND DR	Fontana	CBRE Investment Management	1,286,569	2025
610 S CARNEGIE AVE	Ontario	Ontario International Airport Authority	926,100	2025
1002 S CARNEGIE AVE	Ontario	Ontario International Airport Authority	547,395	2025
9151 DREAMLAND DR	Fontana	CBRE Investment Management	528,253	2025
3560 E AIRPORT DR	Ontario	Ontario International Airport Authority	359,960	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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