

Q4 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q4 2024 Market Insight

Mid-Counties

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 70 bps quarter-over-quarter and 300 bps year-over-year to reach the current rate of 6.8%.
- Asking Rents:** At \$1.51 NNN per square foot, asking lease rents declined by \$0.05 or -3.21% from the Q3 2024 rate of \$1.56 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)
ARTESIA	27	310,416	10.8	10.8	3,000	3,000	\$1.45	\$336
BELLFLOWER	67	1,008,595	0	0	0	0	\$1.41	\$327
BUENA PARK	217	13,124,905	13	14.6	-152,170	25,610	\$1.64	\$263
CERRITOS	250	12,817,504	6.5	10.1	-20,691	156,567	\$1.43	\$276
CYPRESS	85	4,263,376	1.8	17.7	31,221	32,581	\$1.66	\$308
LA MIRADA	178	13,218,906	9.5	11.4	-191,799	56,693	\$1.54	\$272
LA PALMA	16	1,778,216	4.1	0	0	0	\$1.64	\$234
LOS ALAMITOS	94	2,289,228	7.1	7.2	-4,658	20,893	\$1.59	\$311
NORWALK	91	2,924,525	2.5	4.9	18,460	31,560	\$1.49	\$263
SANTA FE SPRINGS	1353	54,245,914	5.8	9.7	-219,985	650,448	\$1.62	\$292
WHITTIER	162	4,170,426	6.1	8.2	-40,211	16,336	\$1.31	\$278
DOWNEY	144	4,735,196	3.9	5.9	19,693	27,017	\$1.41	\$282

↑ 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)	114,606,602	114,751,036	114,914,471	0.14%	0.27%
Overall Vacancy	3.8%	6.1%	6.8%	+70bps	+300bps
Overall Availability	6.2%	9.1%	10.2%	+110bps	+400bps
Under Construction (SF)	435,634	1,269,518	1,106,083	-12.9%	153.9%
Net Absorption (SF)	(491,685)	(909,320)	(557,140)	N/A	N/A
Overall Asking Lease Rates (NNN)	\$ 1.68	\$ 1.56	\$ 1.51	-3.21%	-10.12%

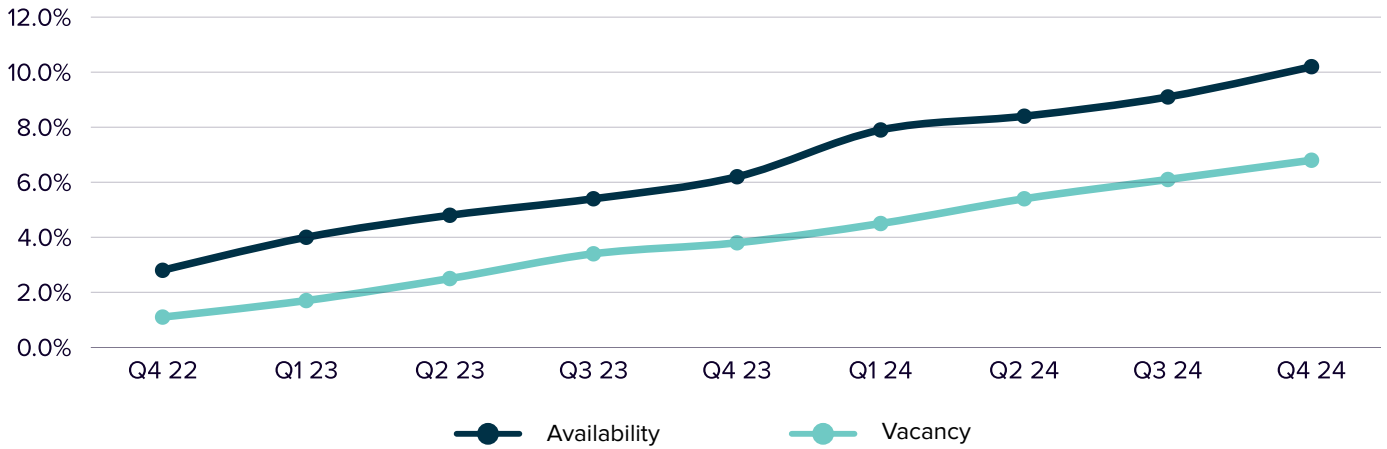
> Port Stats

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%

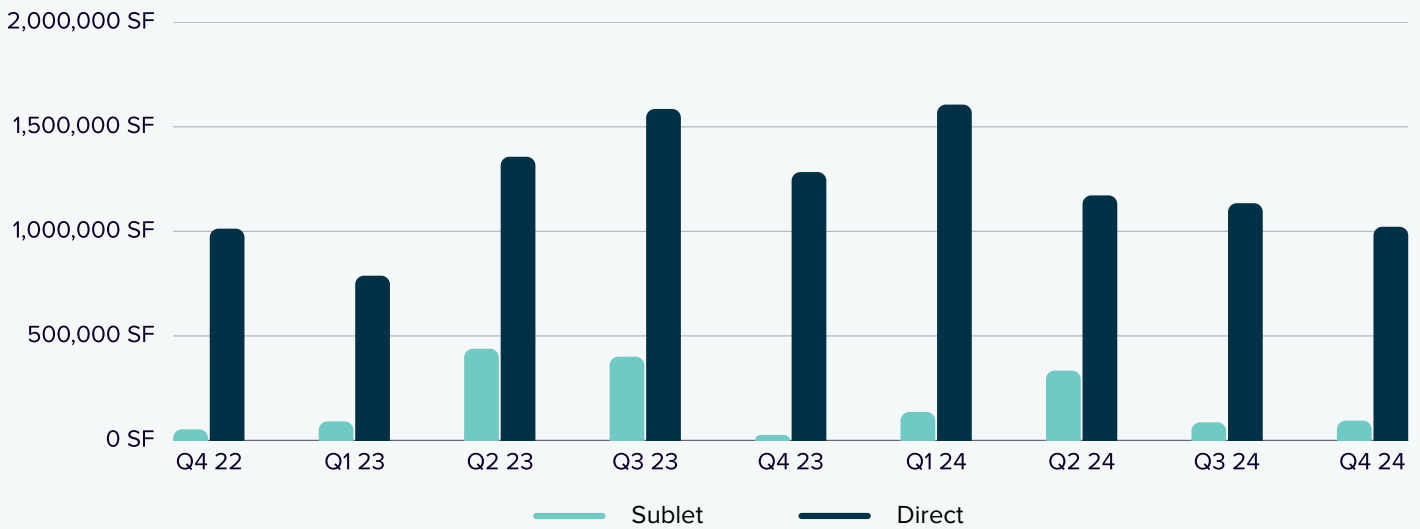
*Note: Port of LA has not published December TEU stats.

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

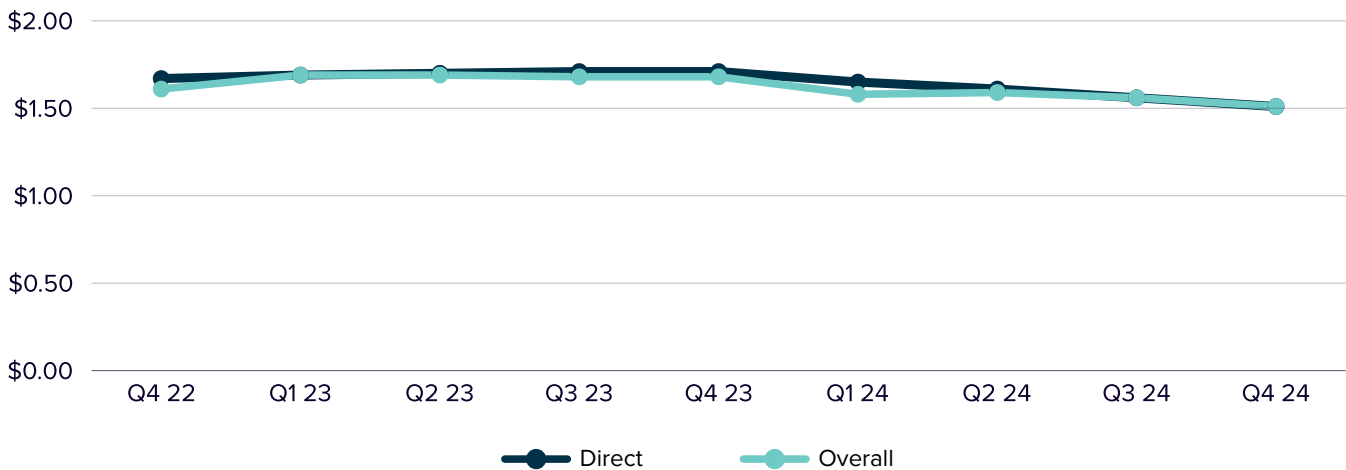
> Vacancy vs Availability



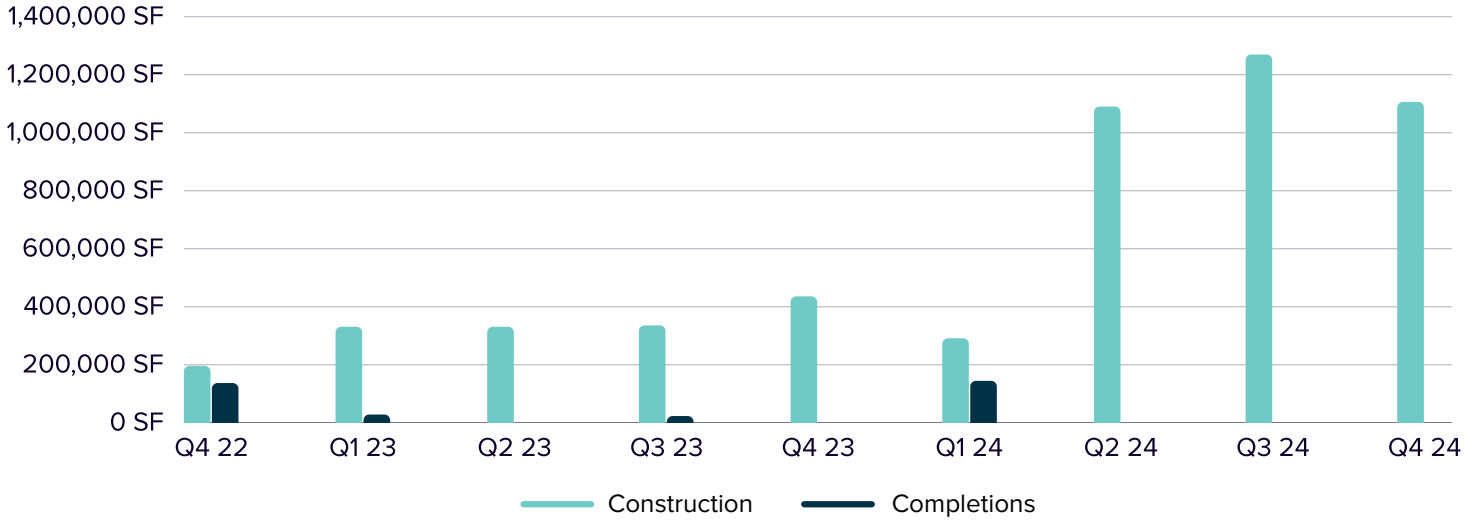
Leasing Activity



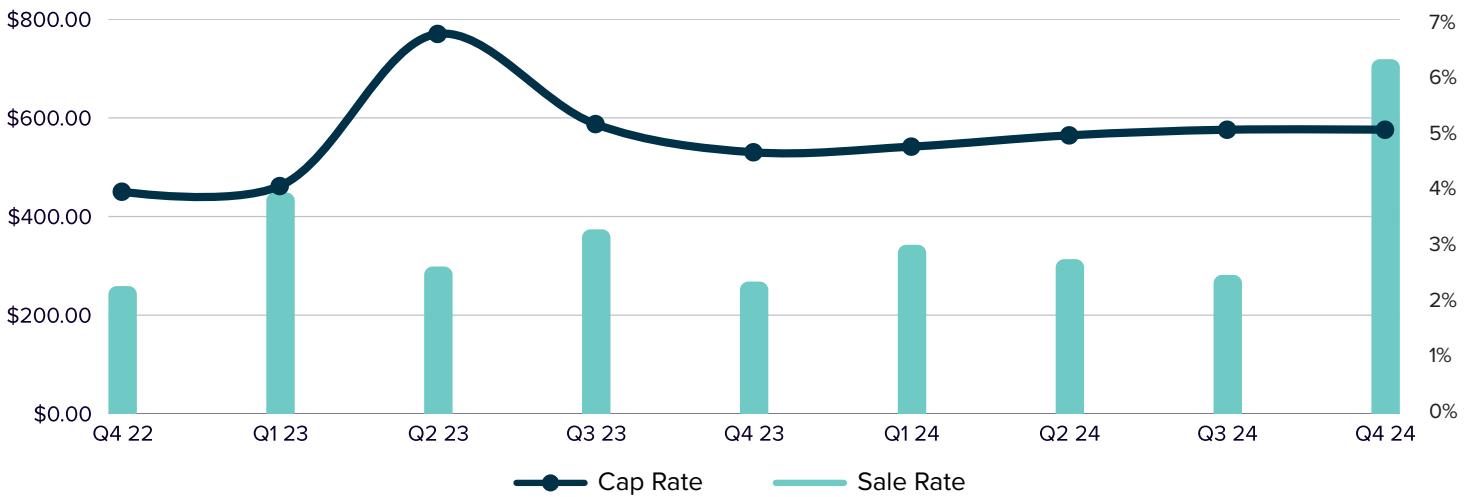
> Rental Rates



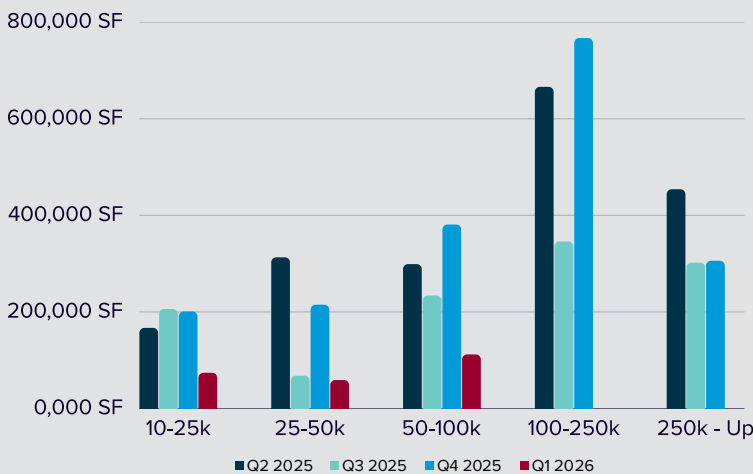
> Construction



> Sales Trends



> Lease Expiration



Mid-Counties
Largest Lease Transaction
 By Square Foot
 Lessee: US AutoForce
 13225 Marquardt, Santa Fe Springs

174,047sf

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
8032 ALLPORT AVE (2 PROPERTY PORTFOLIO)	Whittier	35,102	Eyal Cohen	Holmes Family Trust	\$5,380,000
9501 E WASHBURN RD	Downey	24,712	James Ha	Emilo Sosa	\$6,050,000
15421-15431 S BLACKBURN AVE	Norwalk	24,040	Hairobics	Principal Life Insurance Company	\$8,799,000
10928 BLOOMFIELD AVE	Santa Fe Springs	22,346	Wayland Industries	Robert Inho Son	\$9,385,000
16005 PHOEBE AVE (PART OF A 6 PROPERTY PORTFOLIO)	La Mirada	15,206	Pacific Avenue Capital Partners	H.B. Fuller Company	\$4,850,000

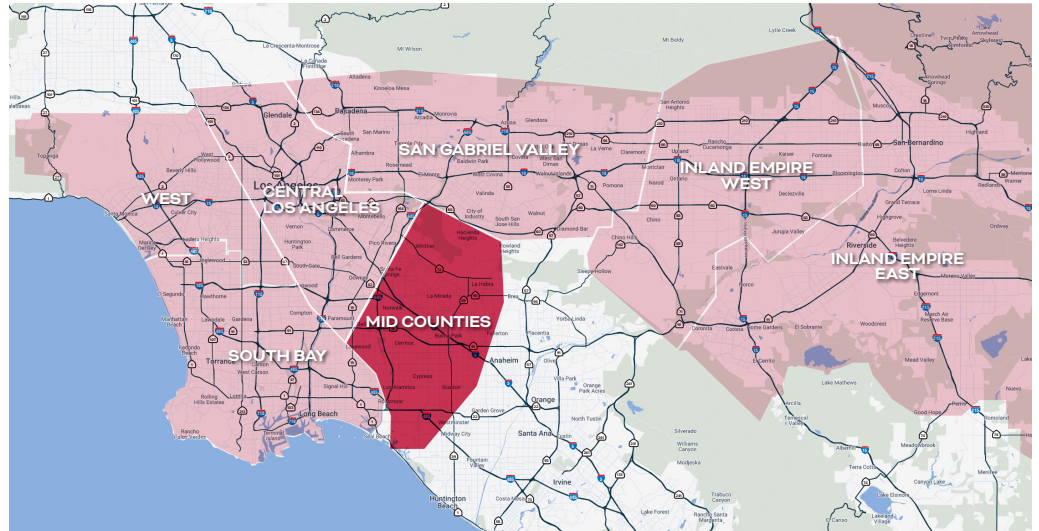
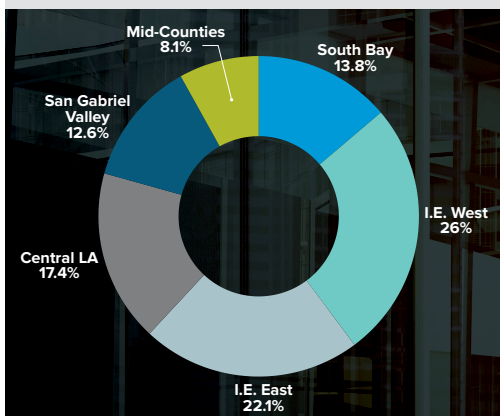
> Top 5 New Leases

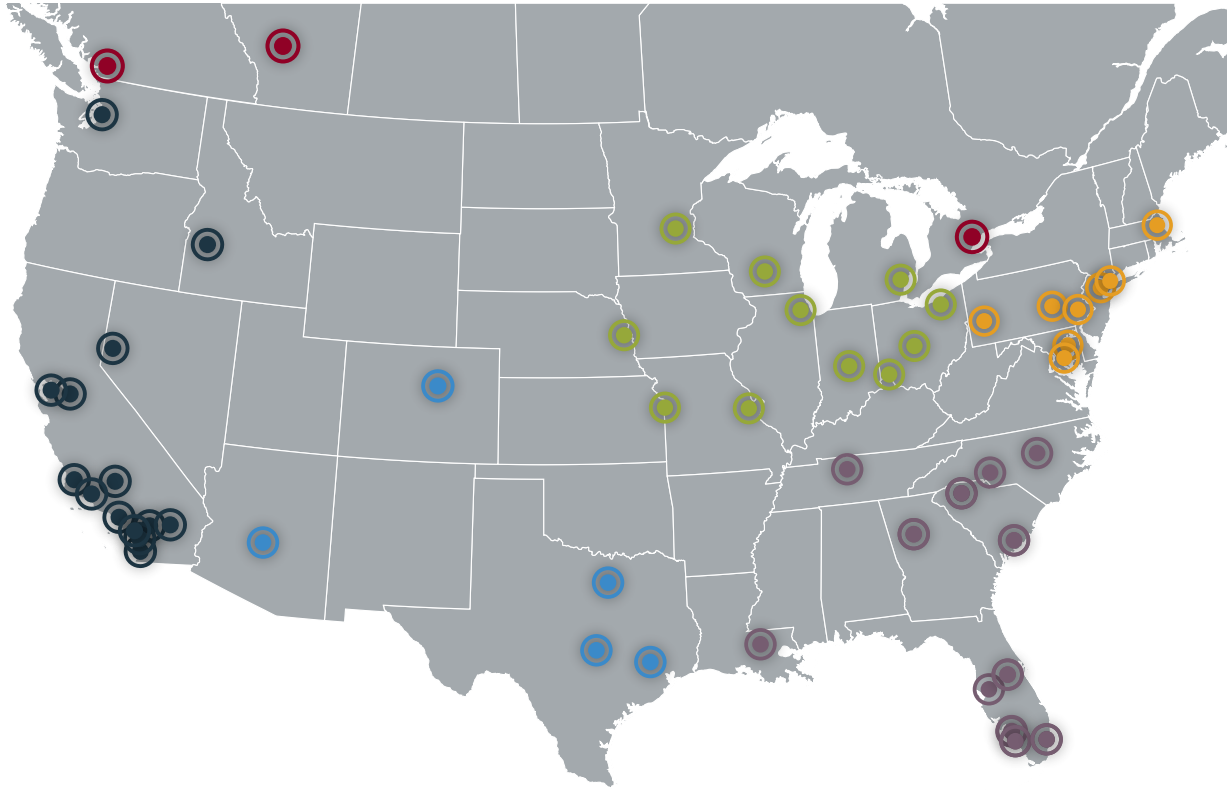
Address	City	Size (SF)	Lessor	Lessee(s)
13225 MARQUARDT AVE	Santa Fe Springs	174,047	GOLDEN SPRINGS DEVELOPMENT	US AutoForce / Santa Fe Springs
11130 BLOOMFIELD AVE, UNIT A	Santa Fe Springs	163,436	11130 BLOOMFIELD LLC	Jazwares
12995 MARQUARDT AVE	Santa Fe Springs	68,640	GOLDEN SPRINGS DEVELOPMENT	Richards Packaging
12642 SHOEMAKER AVE	Santa Fe Springs	56,816	GOLDEN SPRINGS DEV CO LLC	c2c
14422 BEST AVE	Santa Fe Springs	50,000	BEST AVE CENTRE LLC	DHX

> Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
12352 WHITTIER BLVD	Whittier	Western Realco	292,303	2025
5885 PLAZA DR	Cypress	Goodman Group	204,909	2025
9615 NORWALK BLVD	Santa Fe Springs	Rexford Industrial Realty, Inc.	201,571	2025
5755 PLAZA DR	Cypress	Goodman Group	185,359	2025
10251 SANTA FE SPRINGS RD	Santa Fe Springs	Centris Industrial	121,124	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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