

Q4 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q4 2024 Market Insight San Gabriel Valley

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:** Declined 10 bps quarter-over-quarter and increased 230 bps year-over-year to reach the current rate of 6.3%.
- Asking Rents:** At \$1.40 NNN per square foot, asking lease rents declined by \$0.09 or -6.04% from the Q3 2024 rate of \$1.49 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)
ALHAMBRA	112	2,154,610	2.3	3.5	36,527	50,305	\$1.49	\$323
ARCADIA	104	2,540,828	6.3	7.4	-43,035	1,500	\$1.52	\$355
AZUSA	253	6,956,271	9.9	11.2	-129,573	15,730	\$1.40	\$296
BALDWIN PARK	251	5,295,255	3.9	5.1	10,743	56,615	\$1.47	\$305
CLAREMONT	20	600,639	0.2	0.2	-1,211	0	\$1.05	\$248
COVINA	168	2,722,081	2.9	5	-9,728	15,000	\$1.45	\$279
DIAMOND BAR	20	453,896	0	0	0	0	\$1.62	\$284
DUARTE	70	1,798,317	8.1	4.2	-8,822	10,446	0	\$309
EL MONTE	318	9,046,904	3.8	3.9	-59,475	33,269	\$0.99	\$297
GLENDORA	45	657,583	6.2	10.3	2,400	2,400	\$1.38	\$309
INDUSTRY	1,047	76,514,759	7.2	7.6	1,199,530	2,755,414	\$1.48	\$268
IRWINDALE	263	13,262,231	5.7	7.3	106,608	206,583	\$1.51	\$273
LA PUENTE	93	1,762,159	1.5	1.6	-11,823	2,000	0	\$357
LA VERNE	136	2,934,151	5	3.8	-14,504	10,496	\$1.38	\$334
MONROVIA	207	3,401,898	3.4	6.1	-24,152	5,000	\$1.75	\$306
MONTEREY PARK	100	1,859,255	8.9	8.9	-47,300	0	\$1.19	\$333
PASADENA	97	1,467,295	6.1	14.3	-1,565	0	\$2.18	\$373
POMONA	654	20,029,462	7.2	8.3	-129,968	21,300	\$1.03	\$266
ROSEMEAD	53	1,197,733	4.1	4.1	-26,718	0	\$1.24	\$295
SAN DIMAS	126	3,151,589	2.3	8.9	59,135	90,142	\$1.38	\$274
SAN GABRIEL	68	1,028,296	1.5	1.5	19,432	19,432	\$1.24	\$279
SOUTH EL MONTE	840	11,183,101	3.4	2.7	38,007	124,768	\$1.61	\$315
TEMPLE CITY	39	633,311	5.3	5.1	-10,480	0	\$3.00	\$316
WALNUT	208	7,206,816	9.6	12.5	-4,026	56,439	\$1.25	\$277
WEST COVINA	18	845,359	2.7	22.7	-17,756	0	\$1.27	\$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)	176,289,880	178,838,959	179,108,739	0.15%	1.60%
Overall Vacancy	4.0%	6.4%	6.3%	-10bps	+230bps
Overall Availability	6.5%	7.5%	7.2%	-30bps	+70bps
Under Construction (SF)	2,948,478	495,085	225,305	-54.49%	-92.36%
Net Absorption (SF)	68,604	(975,256)	932,246	N/A	N/A
Overall Asking Lease Rates (NNN)	\$1.56	\$1.49	\$1.40	-6.04%	-10.26%

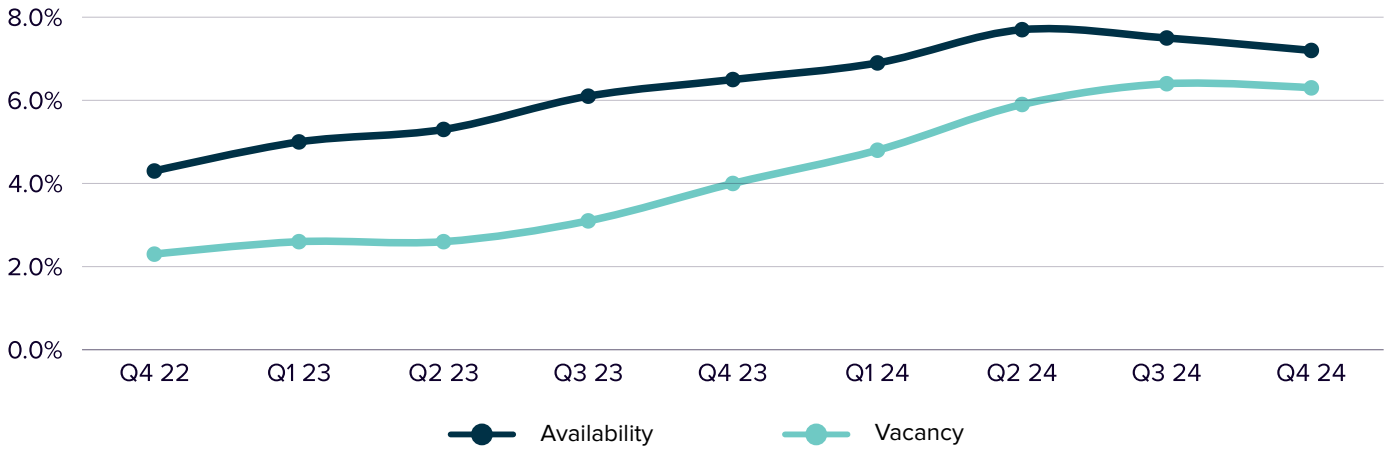
> Port Stats

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%

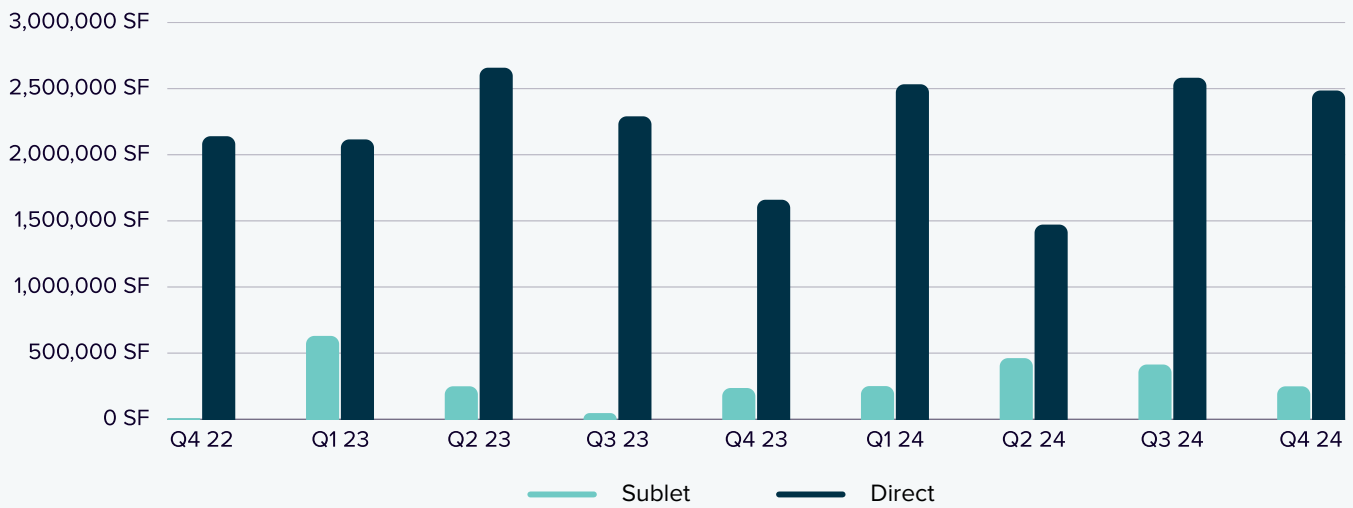
*Note: Port of LA has not published December TEU stats.

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

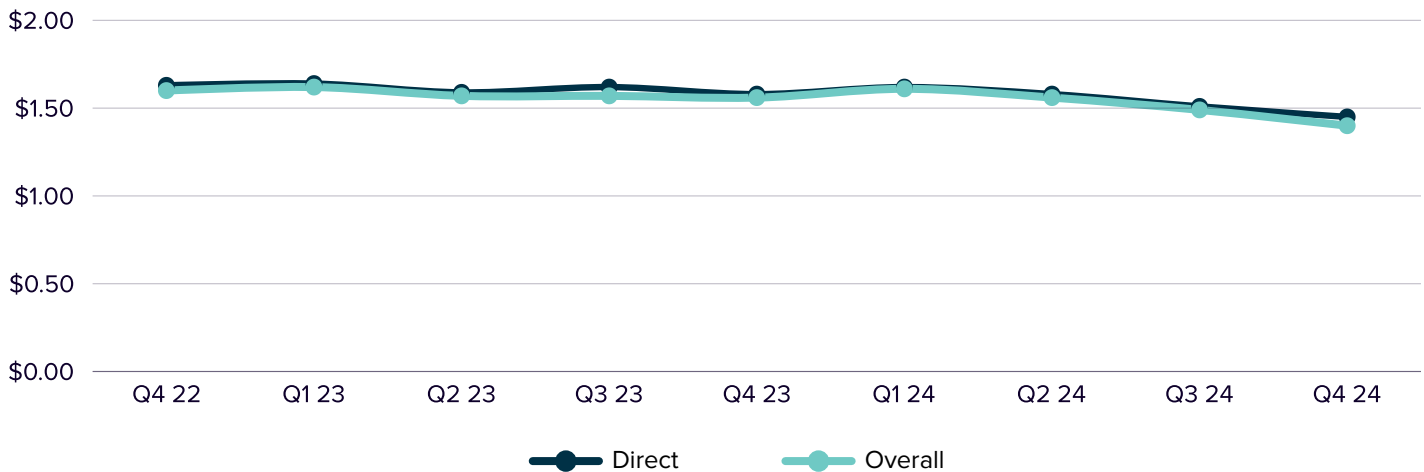
> Vacancy vs Availability



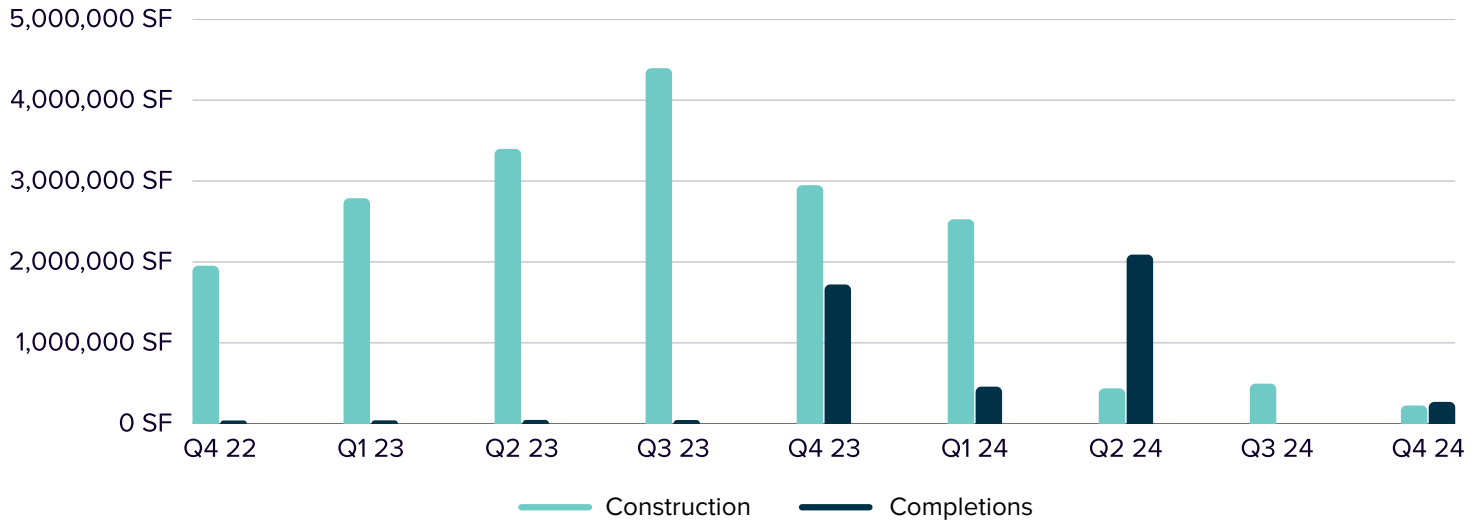
Leasing Activity



> Rental Rates



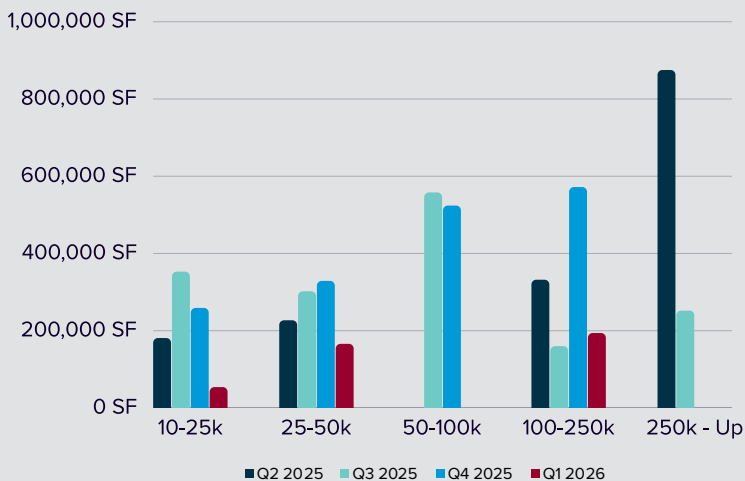
> Construction



> Sales Trends



> Lease Expiration



San Gabriel Valley
Largest Lease Transaction
By Square Foot
 Lessee: Win.IT America Inc.
 151 Marcellin Dr & 23070 Grand Crossing Pkwy, Industry

606,480^{sf}

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
918 S STIMSON AVE	City Of Industry	282,377	Ardmore Home Designs	LBA Logistics	\$59,900,000
5086 4TH ST (PART OF A 2 PROPERTY PORTFOLIO)	Irwindale	101,123	Center Capital Partners, LLC	Blackstone Real Estate Income Trust, Inc.	\$25,500,000
1081 FULLERTON RD	City Of Industry	69,777	Lift Partners	Nelson Lorraine A	\$14,000,000
200 E RAILROAD AVE	Monrovia	64,183	Elizabeth Dye	Vinyl Technology, Inc.	\$12,715,000
2300 S RESERVOIR ST (PART OF A 10 PROPERTY PORTFOLIO)	Pomona	37,800	Proficiency Capital LLC	"T" McGee Electric, Inc.	\$6,475,911

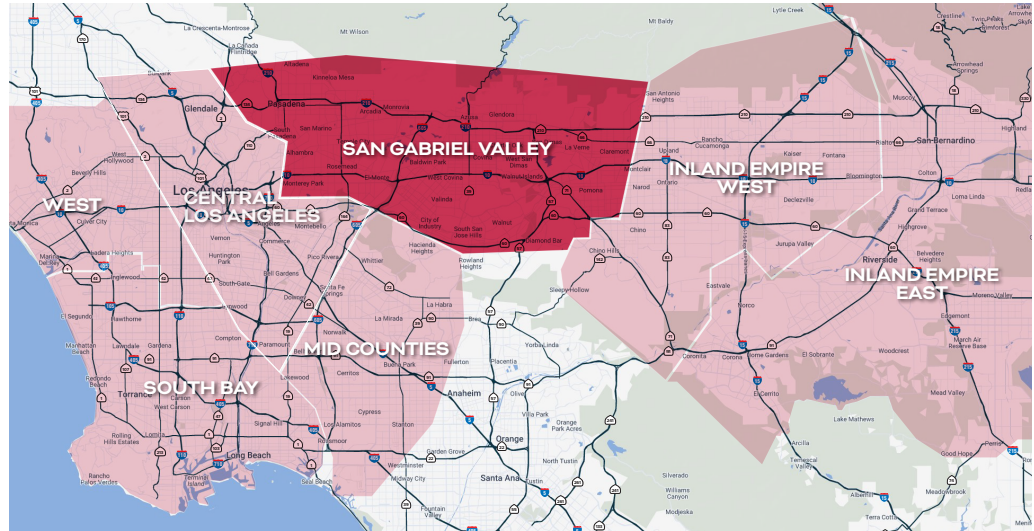
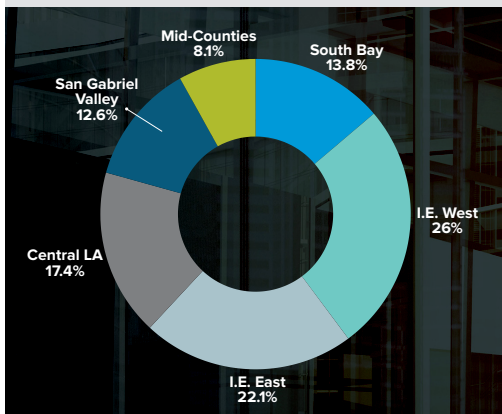
> Top 5 New Leases

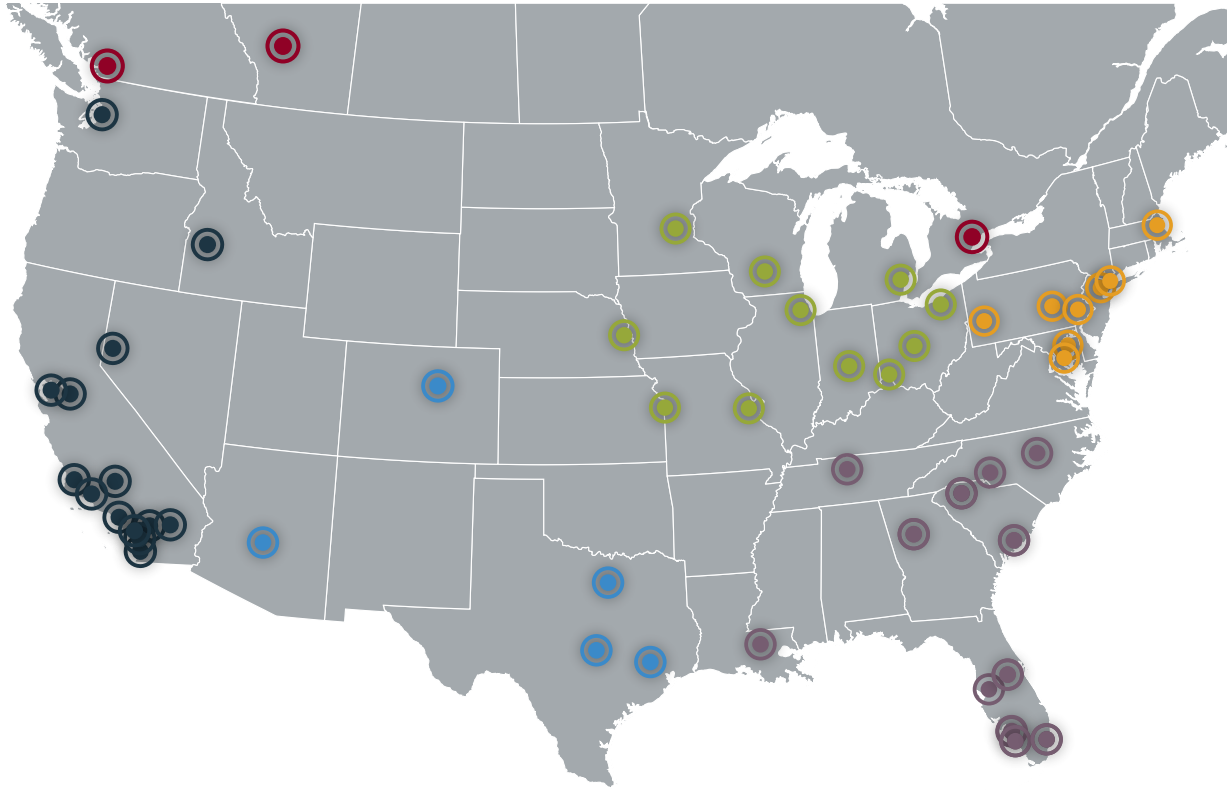
Address	City	Size (SF)	Lessor	Lessee(s)
151 MARCELLIN DR & 23070 GRAND CROSSING PKWY	Industry	606,480	SUCCESSOR AGENCY TO THE INDUST	Win.IT America Inc.
13000 E TEMPLE AVE	Industry	407,638	MABEK CO	Sunny Distributor
15761 TAPIA ST	Irwindale	206,584	CROW FAMILY HOLDINGS INDUSTRIAL	Blue Ridge Home Fashions
801-803 SENTOUS ST	Industry	109,055	SENTOUS STREET INC	Phi 2 Capital Corporation
750 S RESERVOIR ST	Pomona	93,296	SILVERS & HALL	Pacific Award Metals, Inc

> Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
15010 DON JULIAN RD	City of Industry	Rexford Industrial	219,242	2026
15010 NELSON AVE	City Of Industry	Trammell Crow	147,100	2026
4416 AZUSA CANYON RD	Irwindale	Rexford Industrial	129,619	2025
530 N BALDWIN PARK BLVD	City of Industry	Xebec	58,500	2025
926 DURFEE AVE	South El Monte	Ceg Construction	37,186	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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