

# Q4 Industrial Market Insight

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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# Q4 2024 Market Insight South Bay

## 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 130 bps year-over-year to reach the current rate of 5.5%.
- Asking Rents:** At \$1.61 NNN per square foot, asking lease rents declined by \$0.16 or -9.04% from the Q4 2023 rate of \$1.77 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)
CARSON	496	35,957,115	4.5	7	148,092	219,823	\$1.64	\$306
COMPTON	475	24,806,977	7.3	11.1	-510,541	141,630	\$1.45	\$283
EL SEGUNDO	155	7,642,012	2	3.1	-95,820	2,042	\$2.47	\$350
GARDENA	1168	29,015,051	5.9	8.9	-159,587	354,010	\$1.64	\$292
HARBOR CITY	96	1,801,758	0.4	4.1	101,268	103,848	\$0.75	\$317
HAWTHORNE	224	8,234,603	3.1	4	17,791	96,836	\$1.77	\$296
INGLEWOOD	234	4,801,281	5.5	6	14,447	33,820	\$1.45	\$351
LAKEWOOD/HG	23	508,131	1.5	1.5	-7,649	0	0	\$349
LAWNDALE	31	273,626	7.8	7.8	0	0	0	\$337
LONG BEACH/TI	755	23,788,217	6	10.1	143,353	324,076	\$1.68	\$327
LYNWOOD	99	4,406,196	4.1	6	-110,031	-110,031	\$1.32	\$253
RANCHO DOMINGUEZ	124	8,334,307	8.2	9.4	-338,467	133,587	\$1.48	\$294
REDONDO/HERMOSA	34	1,741,633	0	0	0	0	0	\$397
SAN PEDRO	45	2,770,703	14.2	14.9	-17,500	0	0	\$318
SIGNAL HILL	209	3,060,879	3.6	5.8	-7,350	23,825	\$1.42	\$350
TORRANCE	635	29,412,120	7.2	9.4	-395,443	223,206	\$1.87	\$342
WILMINGTON	151	3,987,777	1.5	3.1	-30,620	9,570	\$1.50	\$294

↗ 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)	195,453,410	195,856,183	196,119,243	0.13%	0.34%
Overall Vacancy	4.2%	4.8%	5.5%	+70bps	+130bps
Overall Availability	5.8%	7.6%	7.6%	-bps	+180bps
Under Construction (SF)	1,350,009	1,731,166	1,468,106	-15.20%	8.75%
Net Absorption (SF)	(1,235,381)	250,740	(1,248,057)	N/A	N/A
Overall Asking Lease Rates (NNN)	\$1.77	\$1.61	\$1.61	0.00%	-9.04%

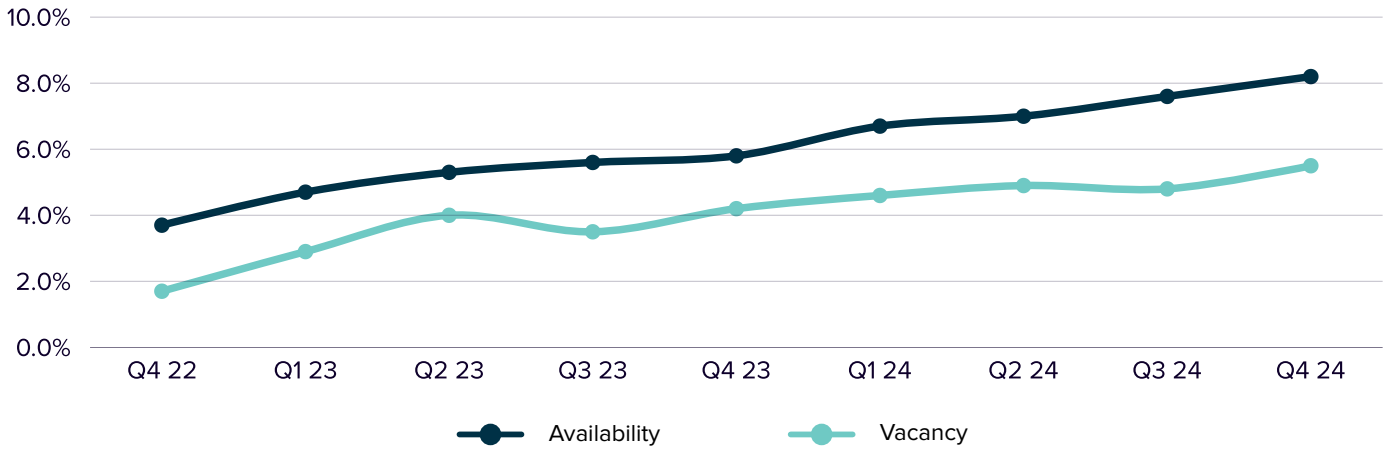
### > Port Stats

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%

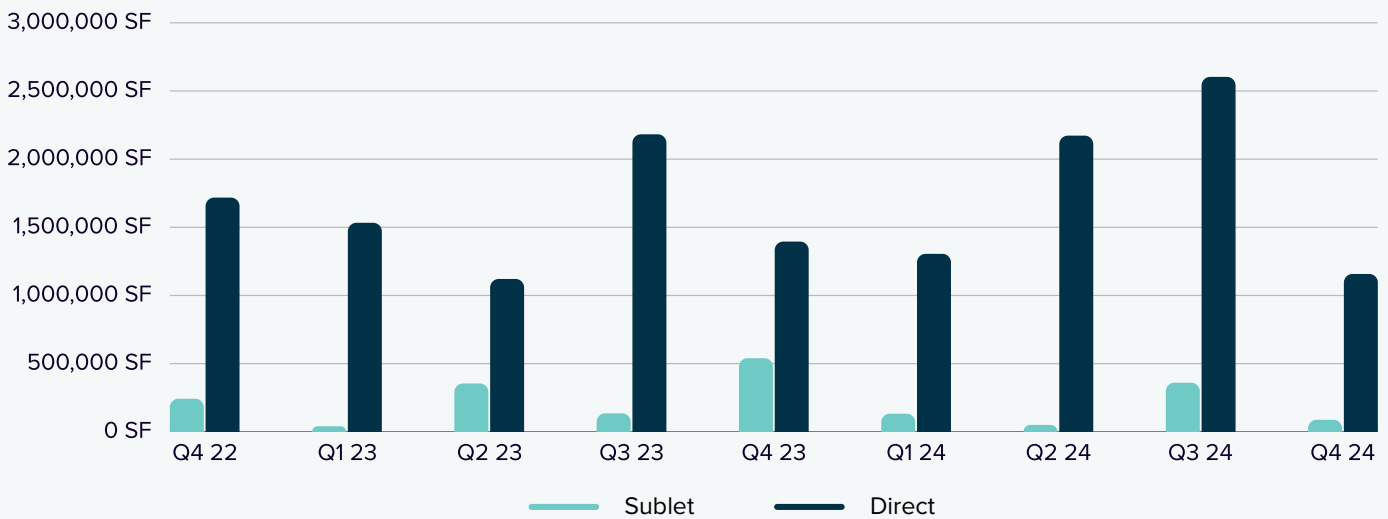
\*Note: Port of LA has not published December TEU stats.

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

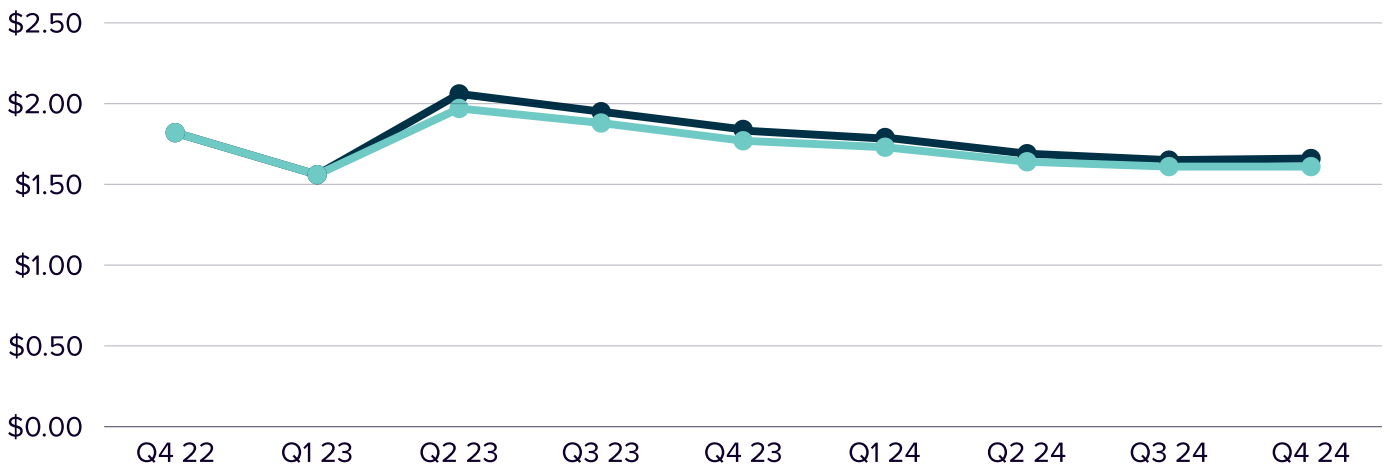
## > Vacancy vs Availability



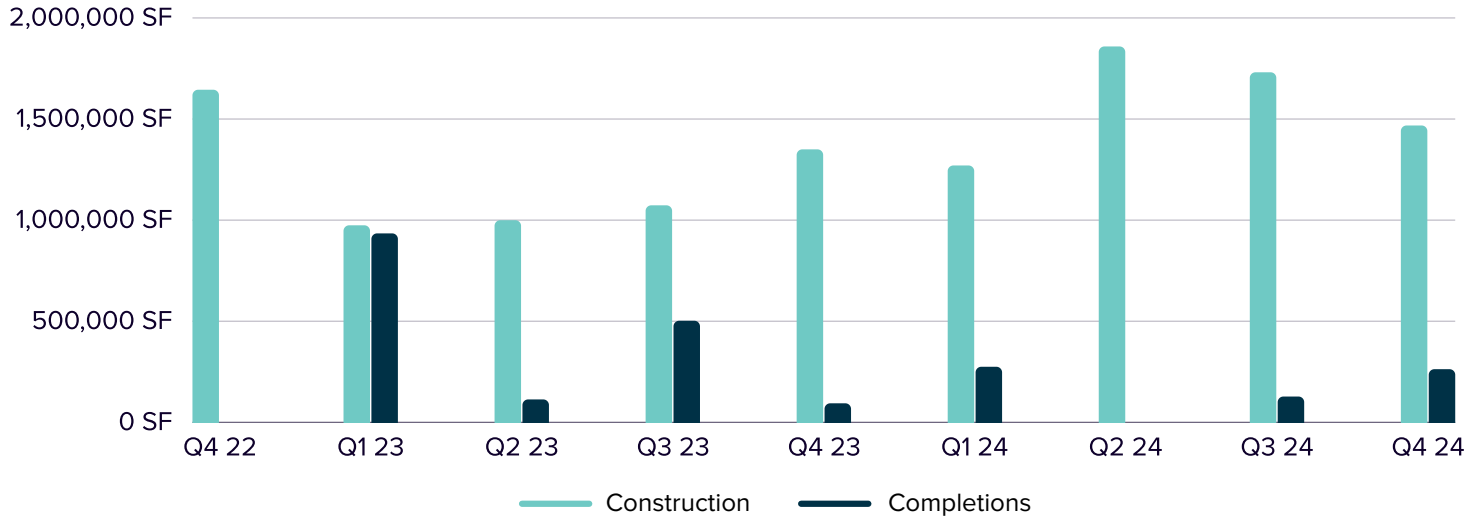
## Leasing Activity



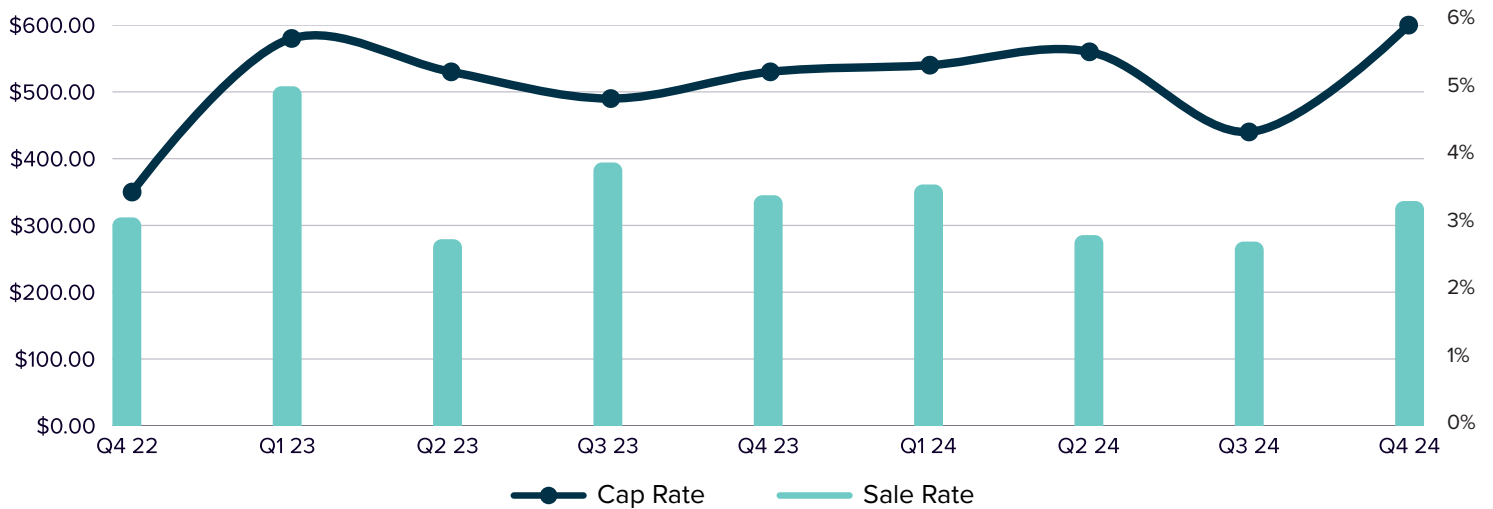
## > Rental Rates



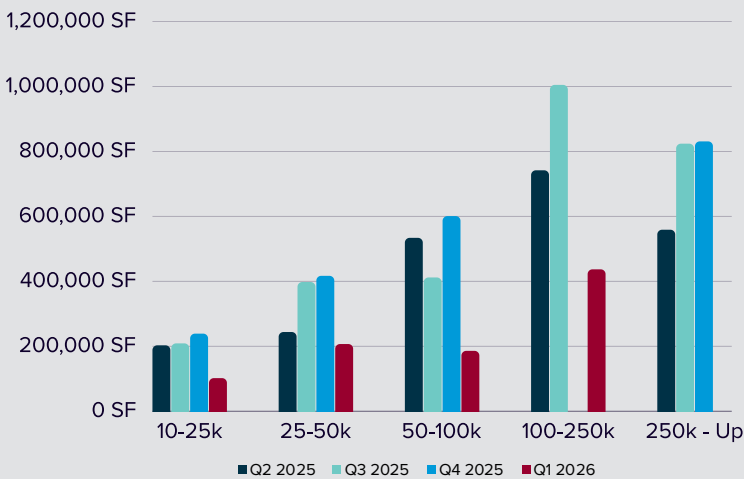
## > Construction



## > Sales Trends



## > Lease Expiration



**South Bay**  
**Largest Lease Transaction**  
 By Square Foot  
 Lessee: DCW Inc  
 24760 Main St, Carson

**231,008sf**

## > Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
18500 CRENSHAW BLVD	Torrance	180,269	Lift Partners	Mitzel Law Group PLC	\$55,000,000
2550 EL PRESIDIO ST	Carson	130,055	Caroline Tseng	Agron, Inc.	\$45,000,000
615 E ALONDRA BLVD	Compton	75,431	Access Services	Lawrence B Kaplan	\$35,000,000
15914 S AVALON BLVD	Compton	75,431	Access Services	Lawrence B Kaplan	\$35,000,000
14455 S BROADWAY	Gardena	58,723	Aleah Miller	Young S. Lee	\$14,432,000

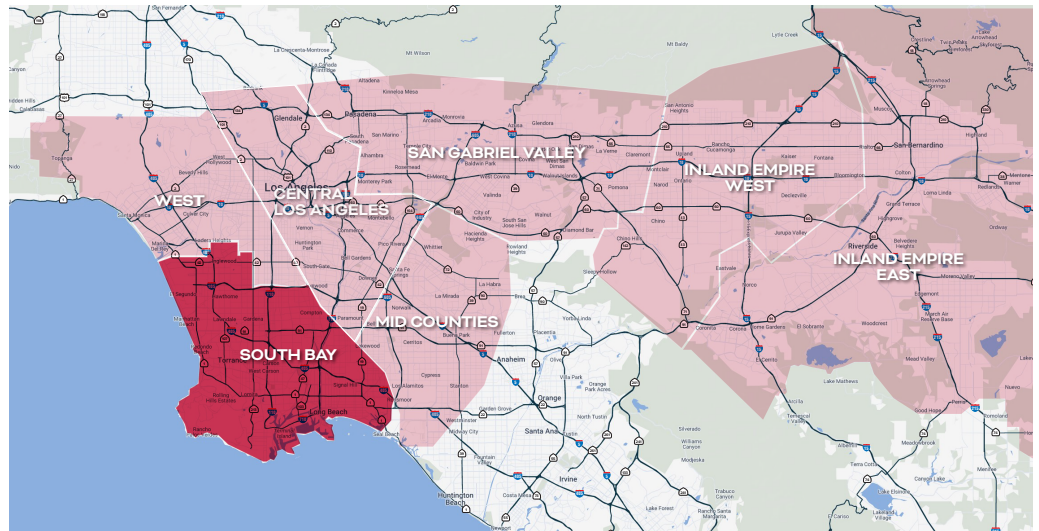
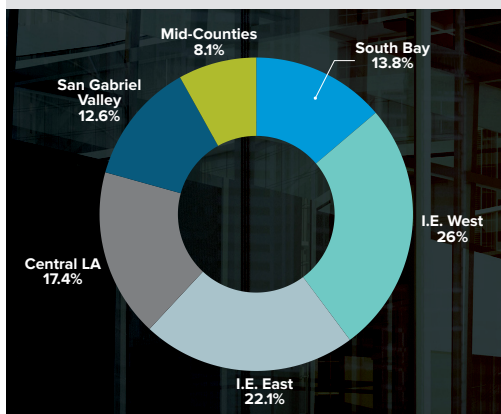
## > Top 5 New Leases

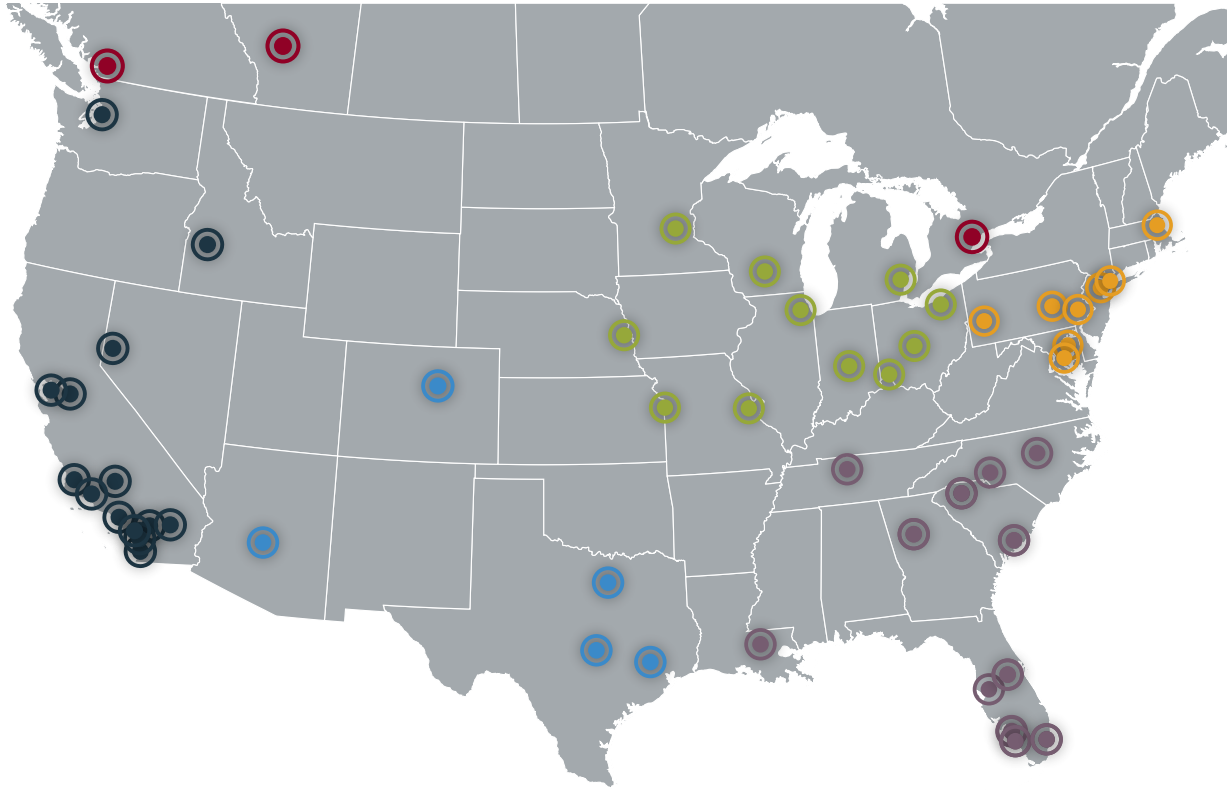
Address	City	Size (SF)	Lessor	Lessee(s)
24760 MAIN ST	Carson	231,008	Prologis USLV Newca 4 LLC	DCW Inc
20642 S FORDYCE AVE	Carson	150,359	Prologis Targeted US Logistics Fund LP	Capital Logistics & Warehouse Group Inc
851 W WATSON CENTER RD	Carson	114,296	Watson Land Company	KHE Trucking
930 E 233RD ST	Carson	82,471	Watson Land Company	AGS
18724 BROADWICK ST	Rancho Dominguez	72,075	Carson Dominguez Properties	Repligen Corporation

## > Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
2401 E WARDLOW RD	Long Beach	Goodman North America Management LLC	504,810	2025
1600 W 135TH ST	Gardena	OMP	190,860	2025
112 W ALONDRA BLVD	Gardena	Link Logistics Real Estate	181,830	2025
2001 E CASHDAN ST	Compton	Prudential Private Capital	128,822	2025
219 W GARDENA BLVD	Gardena	Link Logistics Real Estate	102,083	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

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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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