

LOCAL EXPERTISE. INTERNATIONAL REACH. WORLD CLASS.

Q1 · 2021 INDUSTRIAL MARKET INSIGHT

LEE & ASSOCIATES® RESEARCH | COMMERCE | INDUSTRY

CENTRAL LOS ANGELES

SUBMARKET

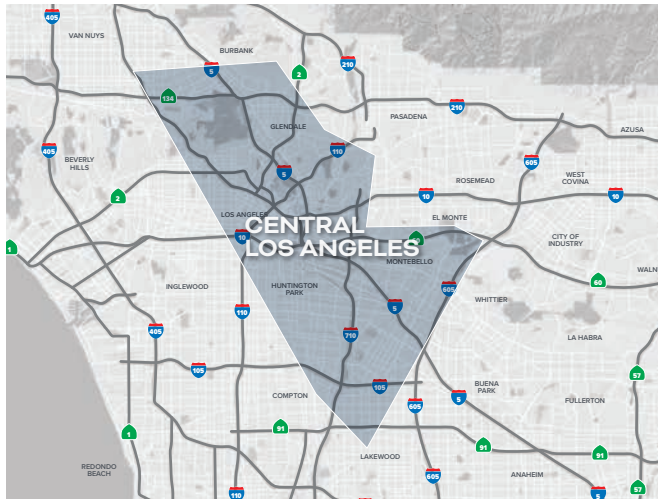
INVENTORY
245,645,816^{SF}

VACANCY
2.60%

AVAILABILITY
4.7%

UNDER CONSTRUCTION (Q1)
523,587^{SF}

NET ABSORPTION (YTD)
1,595,404^{SF}

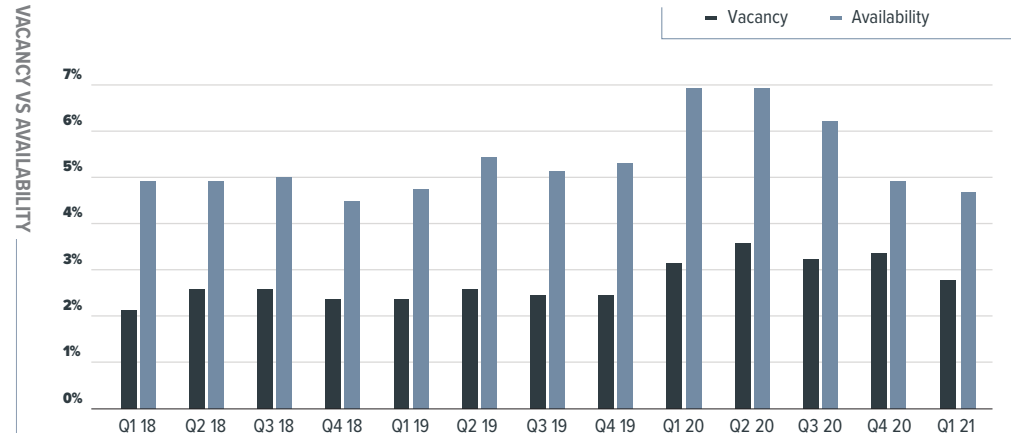
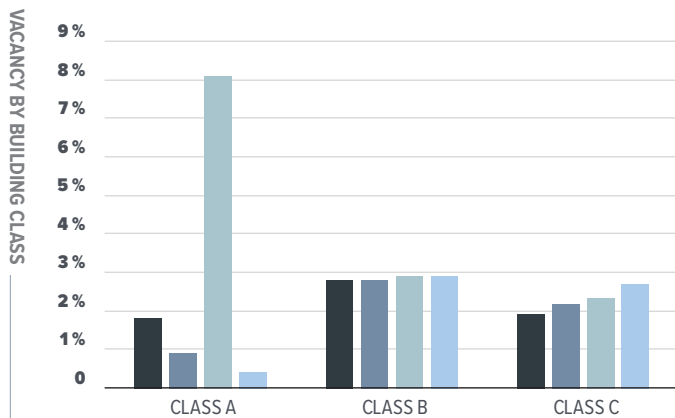
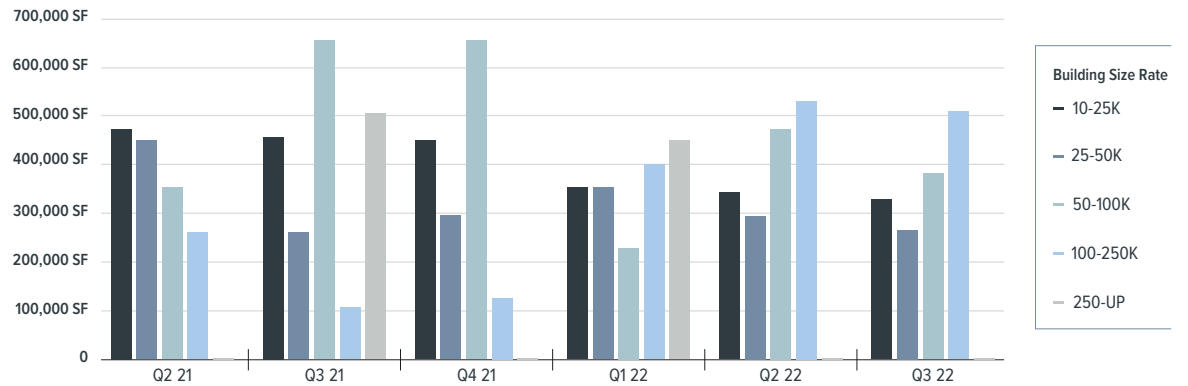


Central Los Angeles posted a 27% year-over-year increase in leasing. Strong net occupancy gains drove its overall vacancy rate down to 2.6%, 40 bps lower than Q4 2020's rate. Further evidence of the strength of the market, the amount of available sublease space has decreased by nearly 18% from a year ago, accounting for just 12.9% of the total available space on the market. In addition, due to high occupancy gains this quarter, the market is on track to record positive gains for the first time since 2017. The Commerce/ Vernon submarket rebounded from a dismal showing in 2020 when the market suffered occupancy losses of 730,000 sf. The year started strong with gains of 1.0 msf resulting in a 70-bp quarter-over-quarter drop in overall vacancy to end the quarter at 1.7%. Vacancy, the lowest in the nation, has remained below 3% for 36 consecutive quarters. Even as developers continue to scour the market for infill sites and older facilities, for renovation and repositioning, leasing activity remained strong with 46.7% higher than the same period a year ago.

DEMAND

12 MO NET ABSORPTION % OF INVENTORY	0.40%	▲
12 MO LEASED SF	13.6 M	▲
MONTHS ON MARKET	7	▲
MONTHS VACANT	6.1	▲

LEASE EXPIRATION FORECAST



CENTRAL LOS ANGELES

SUBMARKET

TOTAL BUILDINGS

7,034

DELIVERIES (12 MO)

296,000^{SF}

LEASE ACTIVITY (Q1)

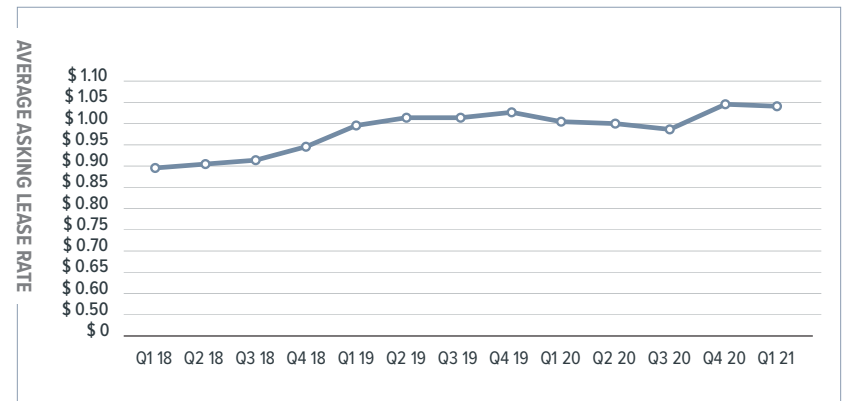
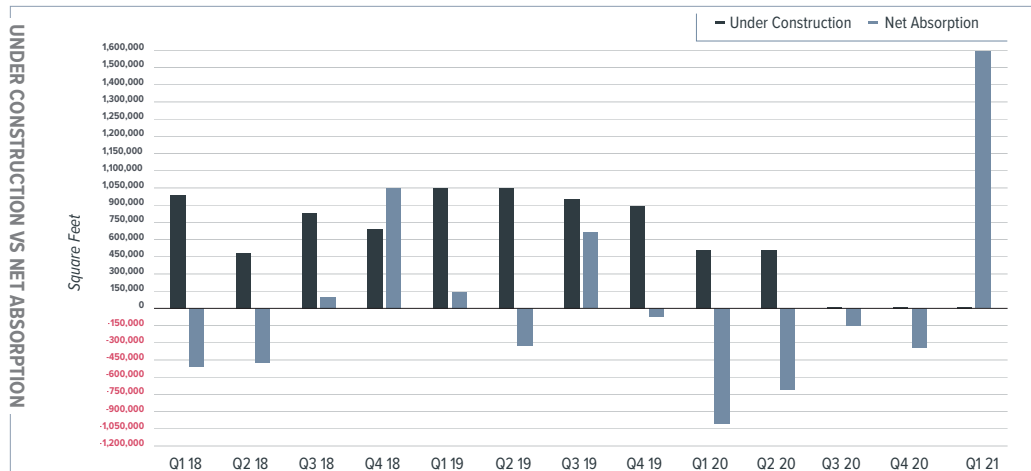
3,462,522^{SF}

SALE ACTIVITY (Q1)

1,145,265^{SF}

CITY STATS

CITY	# OF BUILDING	INVENTORY (SF)	VACANCY (%)	AVAILABILITY (%)	LEASE RATE (PSF - NNN)	NET ABSORPTION (SF)	GROSS ABSORPTION (SF)	SALE RATE (PSF)
BELL	47	4,088,070	1.3	2.4	\$0.88	-	-	\$192
BELL GARDENS	102	2,028,451	2.6	2	\$0.70	34,840	51,540	\$194
COMMERCE	735	45,241,751	2.6	3.1	\$0.89	307,780	598,754	\$179
CUDAHY	34	961,804	1.9	3.8	\$0.85	16,450	18,600	\$181
HUNTINGTON PARK	160	3,800,706	1.5	2.5	\$0.75	19,330	19,300	\$183
DTLA	4088	98,329,544	3.6	6.9	\$1.25	371,227	1,187,065	\$237
MAYWOOD	43	794,355	1.6	1.6	\$0.89	-12,500	0	\$237
MONTEBELLO	215	9,991,158	0.3	0.3	\$1.01	176,006	176,006	\$184
PICO RIVERA	197	10,420,941	0.7	2.1	\$2.20	263,443	288,013	\$192
SOUTH GATE	228	10,927,971	1.1	2.2	\$0.80	115,542	148,517	\$178
VERNON	774	42,329,698	2.4	5.1	\$1.04	162,025	555,990	\$188



MID COUNTIES

SUBMARKET

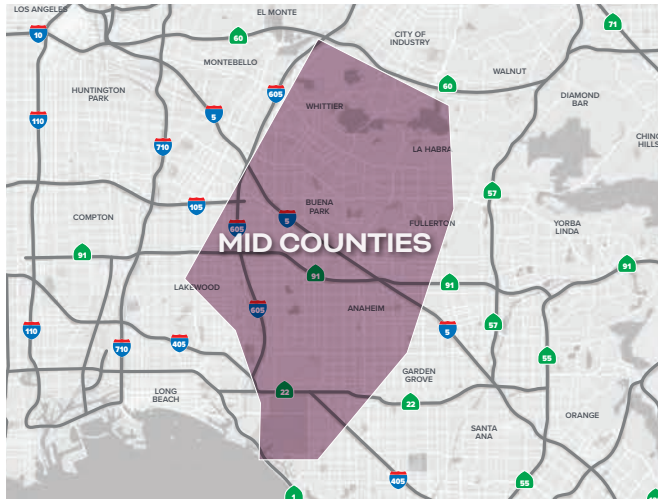
INVENTORY
113,872,528^{SF}

VACANCY
3.0%

AVAILABILITY
3.3%

UNDER CONSTRUCTION
179,528^{SF}

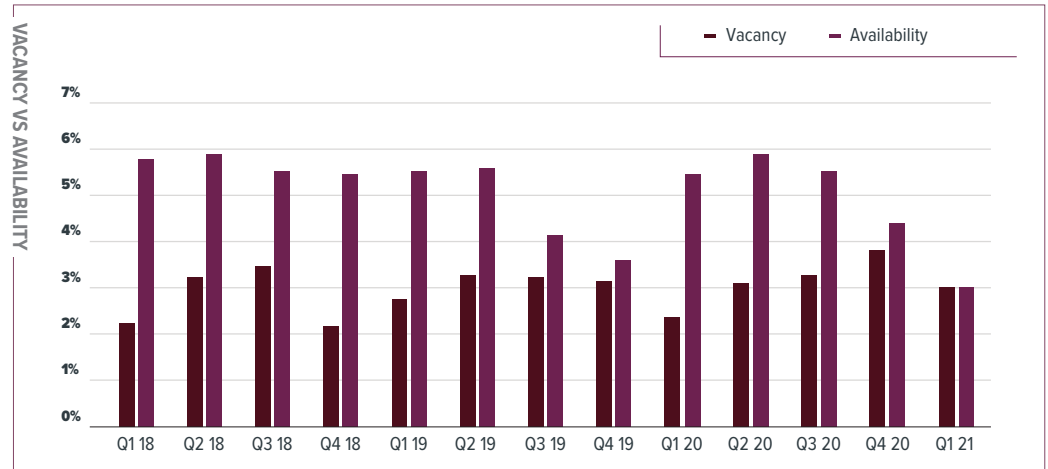
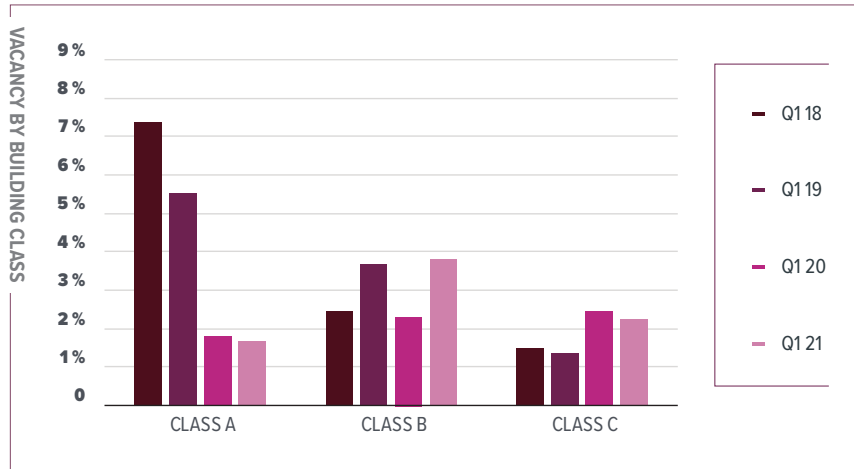
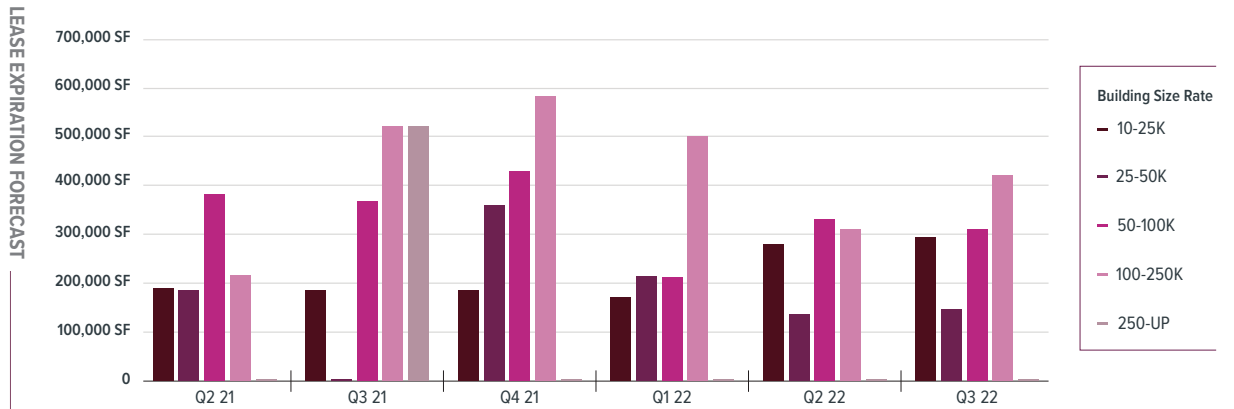
NET ABSORPTION (Q1)
839,772^{SF}



The Mid-Counties market started 2021 on a high note with 799,152 sf of positive absorption. The overall vacancy rate dropped to 3%, 80 bps lower than Q4 2020 and down 50 bps from a year ago. First quarter's leasing total of 2.5 msf was more than double the amount leased during Q1 2020 of 1.1 msf. Santa Fe Springs accounted for the bulk of the leasing activity with 1.1 msf. This submarket was also responsible for 62% of the market's occupancy gains for Q1 with 496,147 sf of net demand. Decreasing by nearly 50% from Q4 2020, the amount of sublease space available on the market has declined. With strong demand, rent growth accelerated in Q1, increasing by 5.7% Q/Q and 16.5% year-over-year. This compares to a 4.8% and 5.1% annual rent growth in 2020 and 2019, respectively. Since year-end 2016, rents have grown by nearly 40%.

DEMAND

12 MO NET ABSORPTION % OF INVENTORY	-0.50%	▲
12 MO LEASED SF	10.2 M	▲
MONTHS ON MARKET	3.1	▼
MONTHS VACANT	4.1	▲



MID COUNTIES

SUBMARKET

TOTAL BUILDINGS

2,667

DELIVERIES (2020)

251,668 SF

LEASE ACTIVITY (Q1)

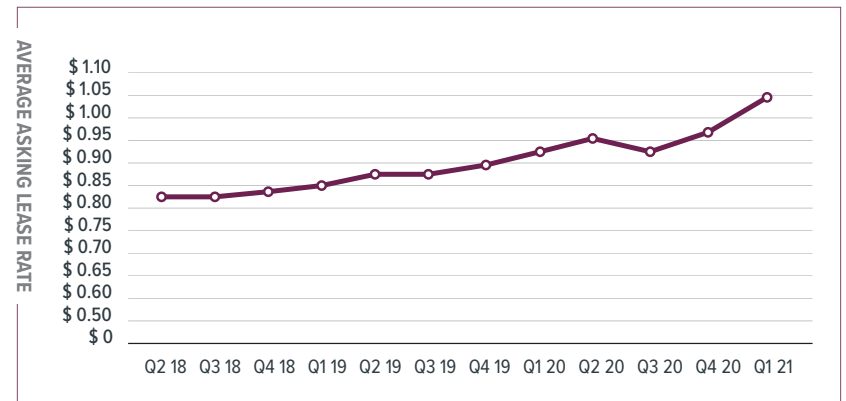
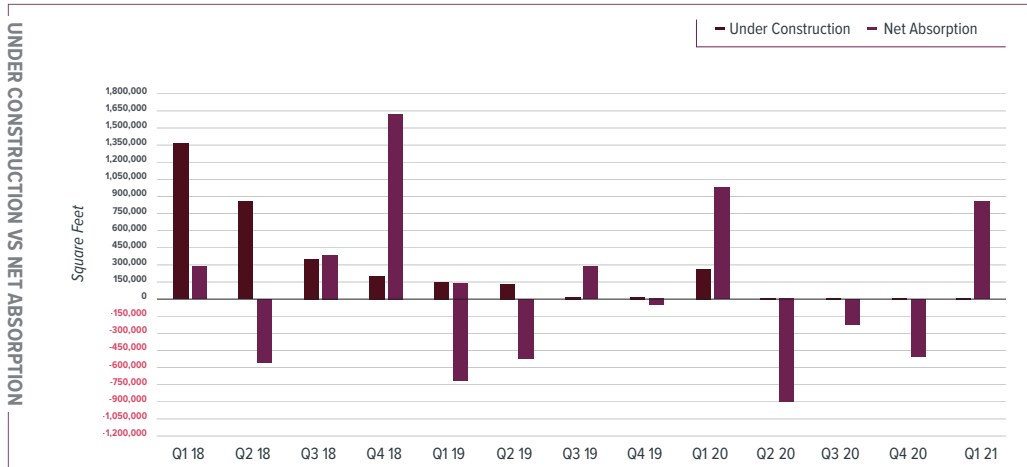
2,696,216 SF

SALE ACTIVITY (Q1)

499,186 SF

CITY STATS

CITY	# OF BUILDING	INVENTORY (SF)	VACANCY (%)	AVAILABILITY (%)	LEASE RATE (PSF - NNN)	NET ABSORPTION (SF)	GROSS ABSORPTION (SF)	SALE RATE (PSF)
ARTESIA	26	323,131	0.5 ▼	0.5 ▼	\$0.80	-15,208	0	\$234
BELLFLOWER	63	911,493	1.7 -	1.7 -	\$0.85	-	-	\$249
BUENA PARK	216	13,243,283	2.1 ▲	3.3 ▲	\$0.65	49,904	202,004	\$186
CERRITOS	254	12,832,943	4.7 ▼	3.3 ▼	\$0.90	107,419	351,130	\$194
CYPRESS	88	4,774,242	5.9 ▲	12 ▲	\$0.94	-66,476	118,562	\$214
LA MIRADA	178	12,873,076	3.6 ▼	8.8 ▼	\$0.87	221,931	399,051	\$197
LA PALMA	16	1,778,258	4.7 -	8.7 ▲	\$0.97	159,271	170,692	\$163
LOS ALAMITOS	90	2,204,183	1 ▼	5 ▼	\$1.22	42,729	50,000	\$233
NORWALK	88	2,886,800	3.5 ▼	1.3 ▼	\$0.97	190,231	193,206	\$187
SANTA FE SPRINGS	1351	53,243,853	2.4 ▼	1.5 ▼	\$0.93	279,683	635,347	\$207
WHITTIER	163	4,109,620	4.6 ▼	0.6 -	\$0.90	17,960	38,238	\$202
DOWNEY	133	4,668,153	1.8 ▼	2 ▲	\$0.91	11,599	17,832	\$199



SAN GABRIEL VALLEY

SUBMARKET

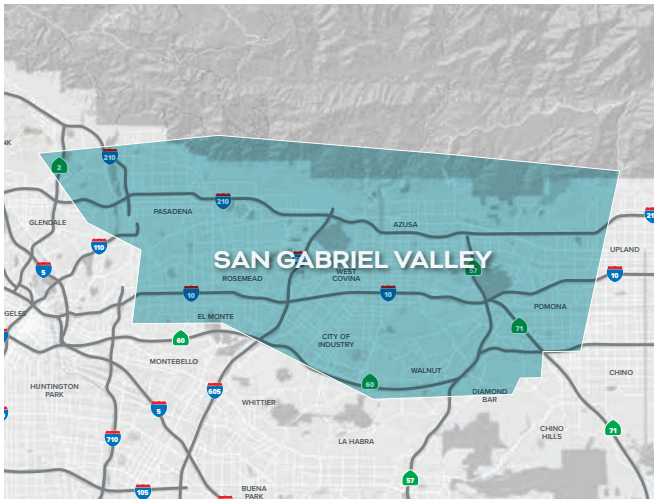
INVENTORY
168,480,718^{SF}

VACANCY
1.90% ▼

AVAILABILITY
2.6% ▼

UNDER CONSTRUCTION (Q1)
1,431,785^{SF}

NET ABSORPTION
1,433,951^{SF} ▲

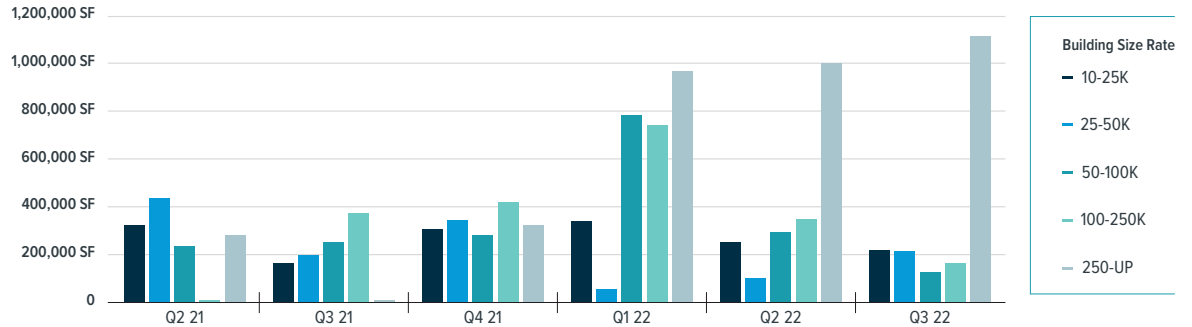


San Gabriel Valley once again dominated the Los Angeles region in net demand with 1.5 msf of occupancy gains just in the first quarter. This compares with 1.46 msf of positive net absorption for the full year of 2020. If this trend continues, San Gabriel Valley could see record high net absorption numbers in 2021. The Industry submarket accounted for more than half of the net gains with 800,000 sf. Strong net occupancy gains drove the overall vacancy rate down to 1.0%, 80 bps lower than Q4 2020 and 100 bps below the rate a year ago. In the first quarter, leasing activity totaled 2.7 msf, up a 61% from the same period a year ago. With strong demand, rent growth continues to accelerate. After a 9.5% annual rent growth in 2020, the market posted a 13.3% year-over-year rent growth in Q1 2021. Rising land and construction costs and strong demand will continue to fuel strong rent growth.

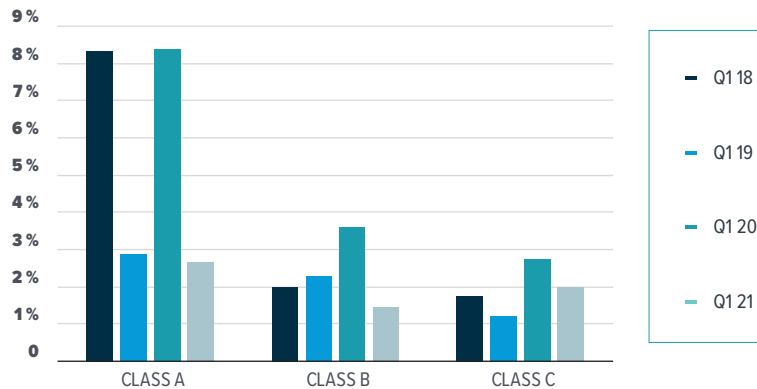
DEMAND

12 MO NET ABSORPTION % OF INVENTORY	2.10%	▲
12 MO LEASED SF	13.6 M	▲
MONTHS ON MARKET	3.8	▲
MONTHS VACANT	2.3	▼

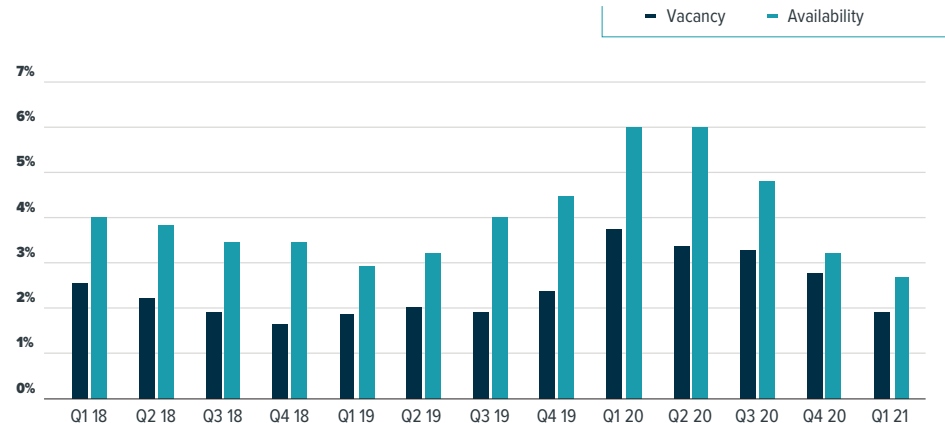
LEASE EXPIRATION FORECAST



VACANCY BY BUILDING CLASS



VACANCY VS AVAILABILITY



SAN GABRIEL VALLEY

SUBMARKET

TOTAL BUILDINGS

5,249

DELIVERIES (2020)

94,120^{SF}

LEASE ACTIVITY (Q1)

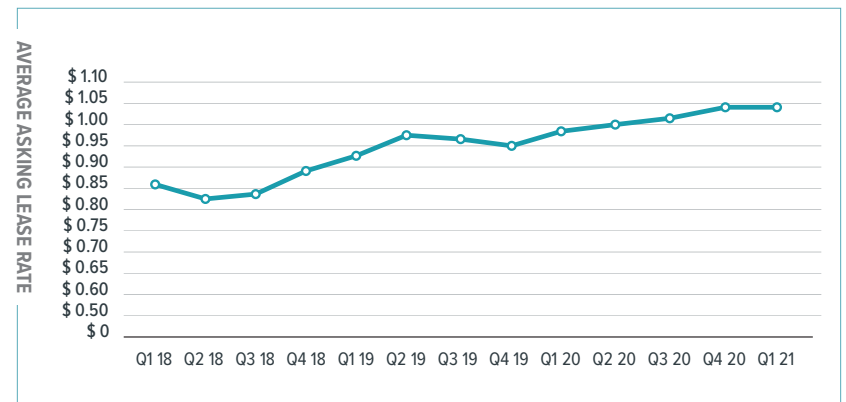
2,652,022^{SF}

SALE ACTIVITY (Q1)

1,414,805^{SF}

CITY STATS

CITY	# OF BUILDING	INVENTORY (SF)	VACANCY (%)	AVAILABILITY (%)	LEASE RATE (PSF - NNN)	NET ABSORPTION (SF)	GROSS ABSORPTION (SF)	SALE RATE (PSF)		
ALHAMBRA	116	2,216,751	4.6	▲	5	▲	\$1.15	-19,655	33,266	\$241
ARCADIA	106	2,496,172	2.2	▼	1.3	▼	\$1.18	2,960	2,960	\$3
AZUSA	240	6,539,737	6.5	▼	4	▼	\$0.80	188,119	58,276	\$216
BALDWIN PARK	244	4,668,357	1.4	▼	0.06	▼	\$2.55	51,694	65,450	\$234
CLAREMONT	20	600,639	0.5	▼	1.5	▼	\$0.81	18,517	18,517	\$192
COVINA	167	2,812,404	0.5	—	1.7	—	\$1.00	-864	0	\$211
DIAMOND BAR	19	455,288	0.03	—	0.03	—	\$1.28	-	-	\$218
DUARTE	69	1,756,428	4.6	▲	4	▲	\$0.90	-20,432	11,935	\$228
EL MONTE	312	8,399,129	1.9	▲	1.9	▲	\$1.05	585,394	566,027	\$226
GLENORA	52	745,777	5.5	▼	5.5	▼	\$0.99	11,678	12,928	\$234
INDUSTRY	1,050	71,233,488	2.2	▲	3.3	—	\$0.90	485,415	696,650	\$180
IRVINDALE	263	11,166,181	2	▲	3.9	▲	\$1.03	-15,099	107,444	\$194
LA PUENTE	89	1,788,302	0.8	—	0.8	—	\$1.06	-140	1,800	\$253
LA VERNE	138	2,909,483	0.9	—	1.4	▼	\$1.00	2,428	11,787	\$248
MONROVIA	203	3,252,913	0.5	▲	0.9	▲	\$1.15	-5,798	12,040	\$239
MONTEREY PARK	98	1,715,177	4.4	▲	2	▼	\$1.00	50,425	50,425	\$252
PASADENA	97	1,501,982	2.2	▼	10.9	▲	\$1.51	39,500	39,500	\$351
POMONA	642	19,494,733	1	▼	1.4	▼	\$0.70	67,956	131,360	\$183
ROSEMEAD	52	1,274,131	0.4	—	0.7	—	\$1.25	-	-	\$222
SAN DIMAS	125	3,100,853	0.9	▼	2.6	▲	\$0.98	4,254	19,123	\$205
SAN GABRIEL	68	1,142,598	1.2	▼	2.8	▼	\$0.99	6,234	19,343	\$212
SOUTH EL MONTE	826	10,889,052	0.8	▼	1.3	▼	\$1.01	39,207	56,557	\$241
TEMPLE CITY	36	633,386	0.3	▲	0.3	▲	\$1.00	-2,500	0	\$234
WALNUT	194	6,786,994	4.6	▲	2.5	▼	\$0.73	-40,755	46,932	\$196
WEST COVINA	14	579,238	17.1	▲	18	▲	\$1.24	-2082	0	\$181



INLAND EMPIRE WEST

SUBMARKET

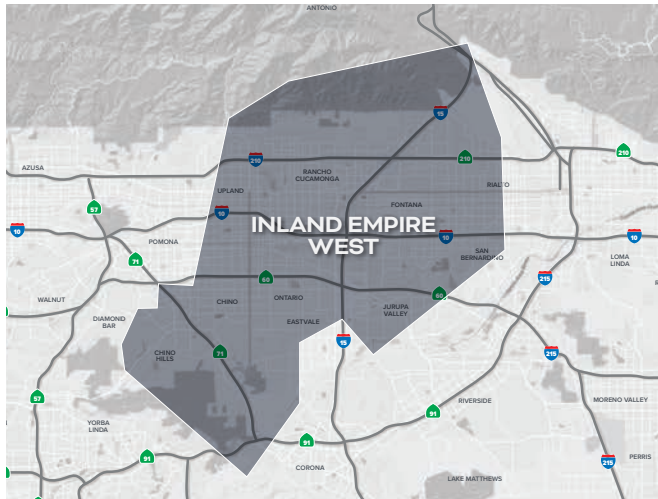
INVENTORY
329,283,396^{SF}

VACANCY
2.90%

AVAILABILITY
3.4%

UNDER CONSTRUCTION (Q1)
11,840,159^{SF}

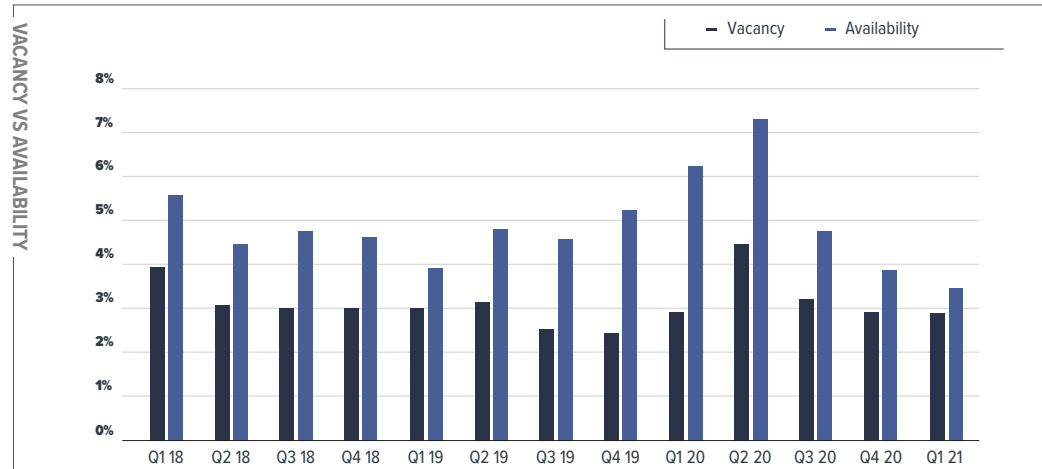
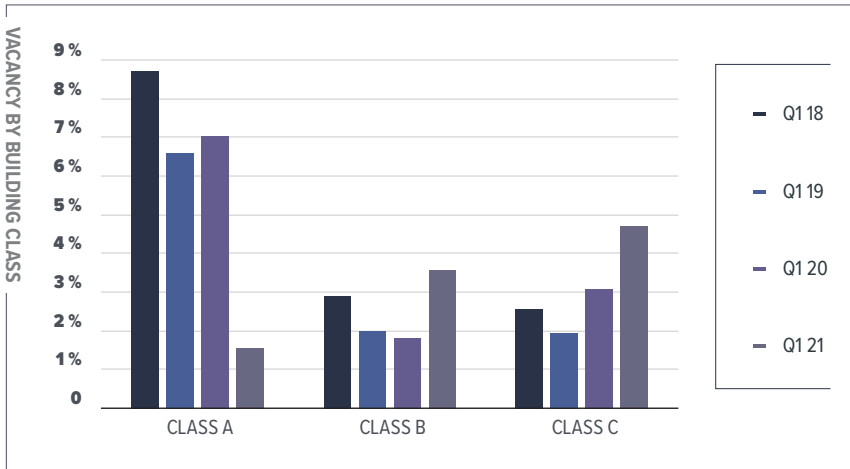
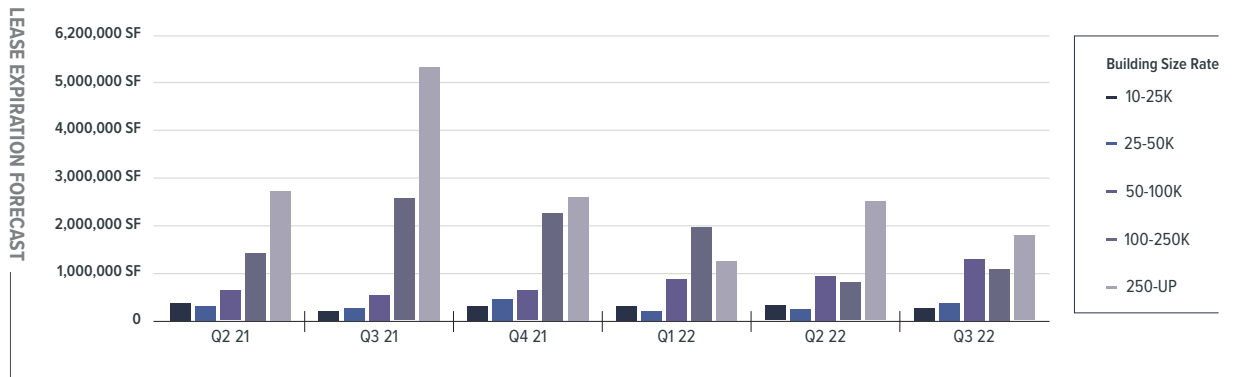
NET ABSORPTION (Q1)
3,487,560^{SF}



The Inland Empire market outperformed all major Southern California industrial markets in Q1. The region is a major hub for e-commerce retailers, 3PL operators and almost everything associated with the logistics sector. In many ways the IE has been the beneficiary of the change in how consumers acquire products. Online retailing is booming and institutional investors and developers continue to lead the way with massive acquisitions of both finished projects and land for ground-up development of state-of-the-art distribution facilities. The Inland Empire is still the only major market in Southern California with significant construction activity. Orange, Los Angeles and San Diego Counties are now infill markets with few opportunities for ground-up development. The IE currently has more than 20 MSF of industrial space in the construction queue, the vast majority of which is state-of-the-art distribution space designed to meet the needs of the logistics sector. The IE has another 71 MSF in the planning stages, over 80% of which is in buildings larger than 500,000 SF. Net absorption was firmly in positive territory thanks to a strong showing from the IE-East submarket.

DEMAND

12 MO NET ABSORPTION % OF INVENTORY	2.90%
12 MO LEASED SF	30.1 M
MONTHS ON MARKET	2.5
MONTHS VACANT	3.6



INLAND EMPIRE WEST

SUBMARKET

TOTAL BUILDINGS

4,718

DELIVERIES (Q1)

1,837,366^{SF}

LEASE ACTIVITY

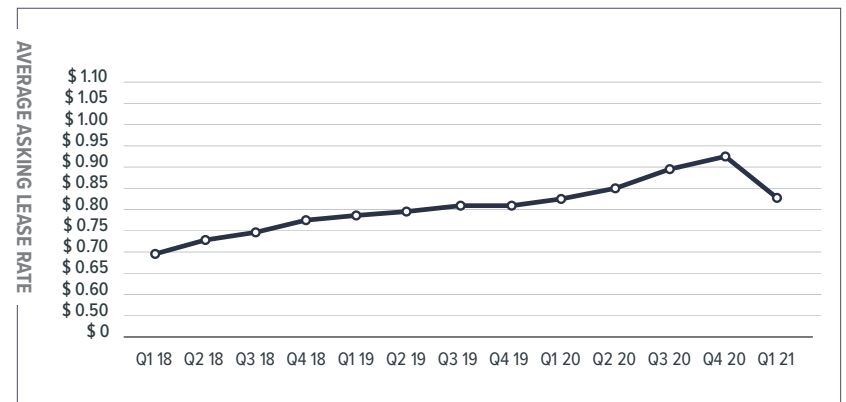
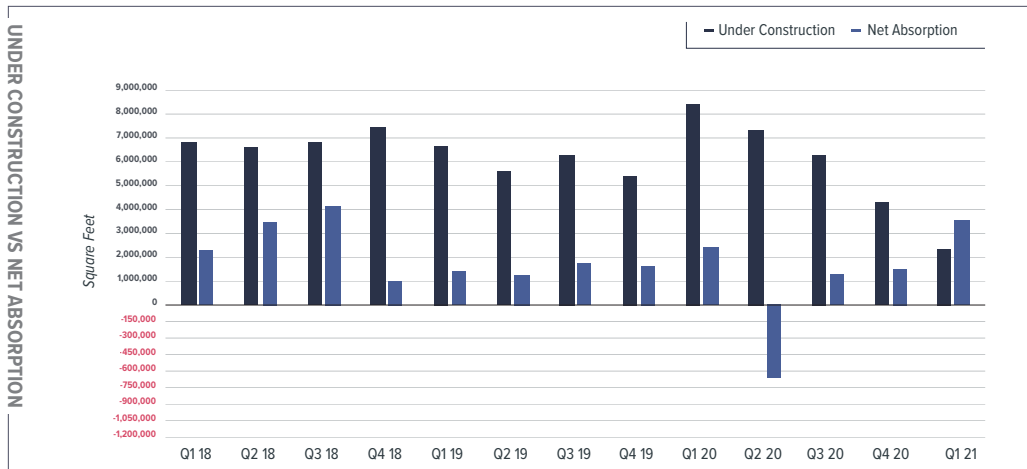
10,382,502^{SF}

SALE ACTIVITY

2,446,143^{SF}

CITY STATS

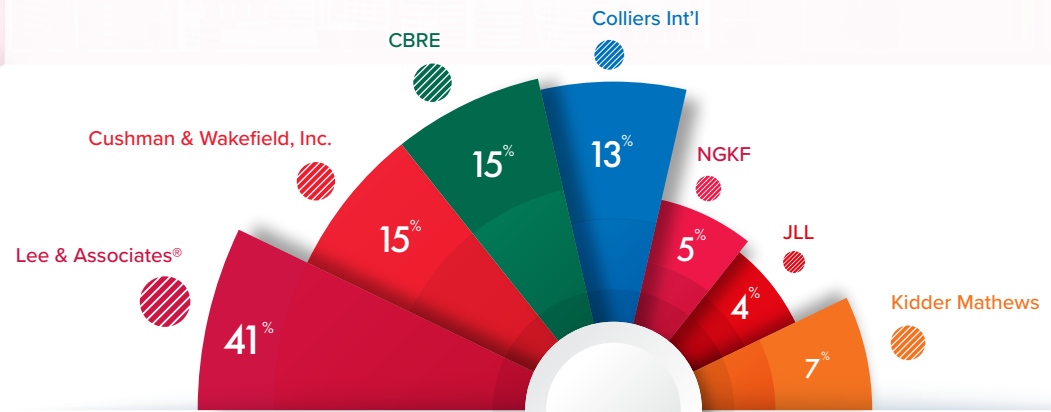
CITY	# OF BUILDING	INVENTORY (SF)	VACANCY (%)	AVAILABILITY (%)	LEASE RATE (PSF - NNN)	NET ABSORPTION (SF)	GROSS ABSORPTION (SF)	SALE RATE (PSF)
CHINO	896	52,887,889	1	2.2	0.7	624,882	801,271	\$166
CHINO HILLS	8	426,477	-	-	\$1.06	-	-	\$223
EASTVALE	47	10,390,597	3.2	3.7	\$0.83	-	-	\$159
FONTANA	743	66,346,286	2.6	2.5	\$1.60	1,139,432	1,073,020	\$162
JURUPA VALLEY	308	31,266,507	0.6	1.3	\$1.03	1,300,021	1,336,321	\$145
MIRA LOMA	22	1,677,454	2.4	2.3	\$0.90	4,179	28,179	\$164
MONTCLAIR	201	39,054,404	5.3	3.7	\$0.69	50,588	107,113	\$216
ONTARIO	1495	113,129,358	3.5	3.4	\$0.81	250,718	2,520,996	\$155
RANCHO CUCAMONGA	737	41,264,656	5.7	5.9	\$0.89	212,890	559,834	\$161
UPLAND	254	3,923,203	2.1	4.5	\$1.09	-24,080	31,733	\$202



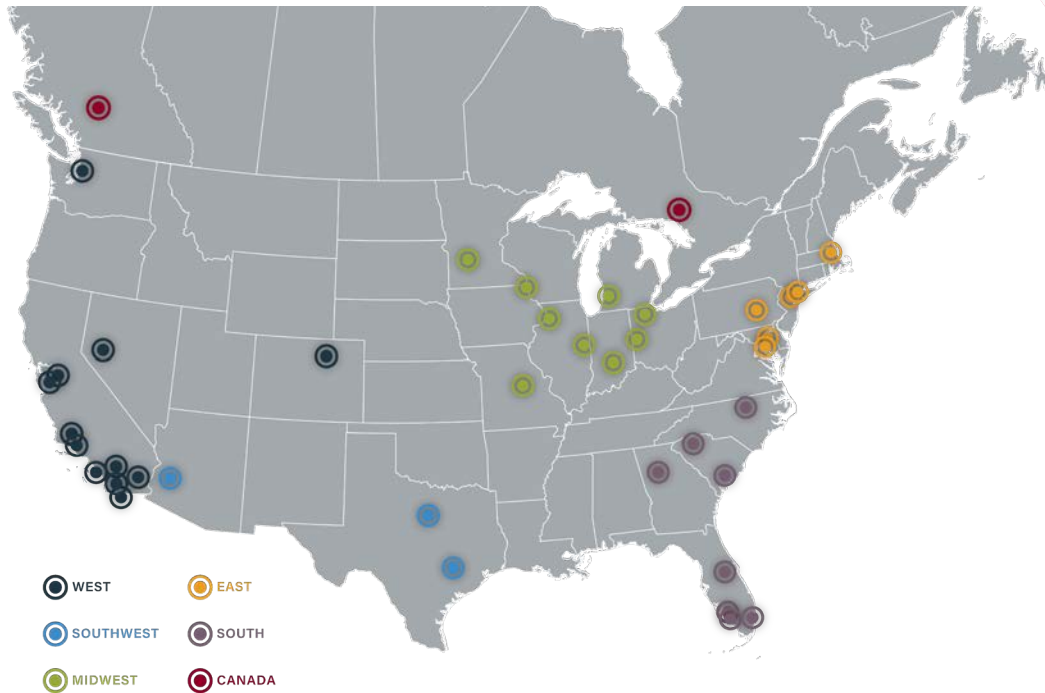
A LOOK AHEAD

Real estate fundamentals will remain strong throughout the year. Rent increases and tight vacancy rates are expected despite increased industrial construction. With strong consumer spending, import volumes at the Ports of LA and Long Beach are expected to remain at record or near-record levels through August. The acceleration in the COVID-19 vaccine rollout, strong data on consumer spending and the relaxation of COVID-19 containment measures led to an upward revision of U.S. GDP growth for 2021 from 5.7% to 6.2%, and for 2022 from 4.1% to 4.3%.

Lee & Associates Market Share (Available Listings) - Central / SGV



This reports is based on industrial single and multi-tenant buildings that are greater than 5,000.



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2020 - Washington, DC
 2020 - Naples, FL
 2020 - Boston, MA
 2019 - Toronto, ON Canada
 2018 - Cincinnati, OH
 2018 - Raleigh, NC
 2018 - Miami, FL
 2016 - Seattle, WA
 2016 - Walnut Creek, CA
 2016 - Vancouver, BC Canada
 2016 - Twin Cities, MN
 2016 - Pasadena, CA
 2015 - Eastern Pennsylvania

2015 - Columbus, OH
 2015 - Houston, TX
 2014 - Denver, CO
 2014 - Cleveland, OH
 2013 - Long Island-Queens, NY
 2013 - Chesapeake Region, MD
 2012 - Edison, NJ
 2012 - Orlando, FL
 2012 - Charleston, SC
 2011 - Fort Myers, FL
 2011 - Manhattan, NY
 2011 - Greenville, SC
 2010 - Atlanta, GA

2010 - Greenwood, IN
 2010 - Indianapolis, IN
 2009 - Long Beach, CA
 2009 - Elmwood Park, NJ
 2008 - Boise, ID
 2008 - ISG, LA, CA
 2008 - Palm Desert, CA
 2008 - Santa Barbara, CA
 2006 - Antelope Valley, CA
 2006 - Dallas, TX
 2006 - Madison, WI
 2006 - Oakland, CA
 2006 - Reno, NV

2006 - San Diego - UTC, CA
 2006 - Ventura, CA
 2006 - San Luis Obispo, CA
 2005 - Southfield, MI
 2005 - Los Olivos, CA
 2004 - Calabasas, CA
 2004 - St. Louis, MO
 2002 - Chicago, IL
 2001 - Victorville, CA
 1999 - Temecula Valley, CA
 1996 - Central LA, CA
 1994 - Sherman Oaks, CA
 1994 - West LA, CA

1993 - Pleasanton, CA
 1993 - Stockton, CA
 1991 - Phoenix, AZ
 1990 - Carlsbad, CA
 1990 - Industry, CA
 1989 - LA - Long Beach, CA
 1989 - Riverside, CA
 1987 - Ontario, CA
 1984 - Newport Beach, CA
 1983 - Orange, CA
 1979 - Irvine, CA

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