

LOCAL EXPERTISE. INTERNATIONAL REACH. WORLD CLASS.

Q4 • 2021 INDUSTRIAL MARKET INSIGHT

LEE & ASSOCIATES® RESEARCH | COMMERCE | INDUSTRY

CENTRAL LOS ANGELES

SUBMARKET

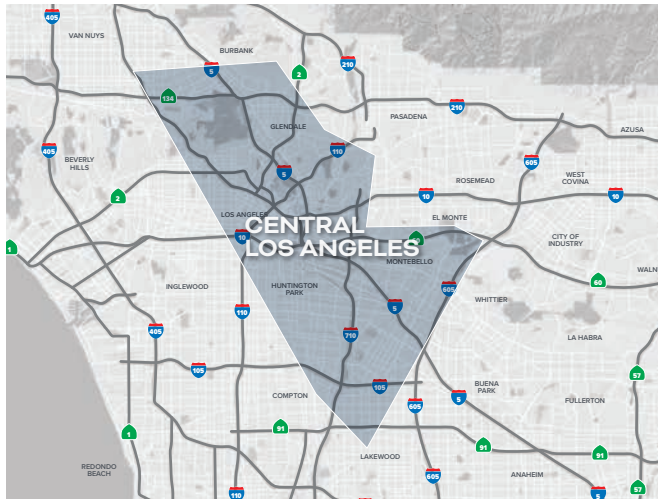
INVENTORY
245,647,403^{SF}

VACANCY
1.4%

AVAILABILITY
2.7%

UNDER CONSTRUCTION
506,122^{SF}

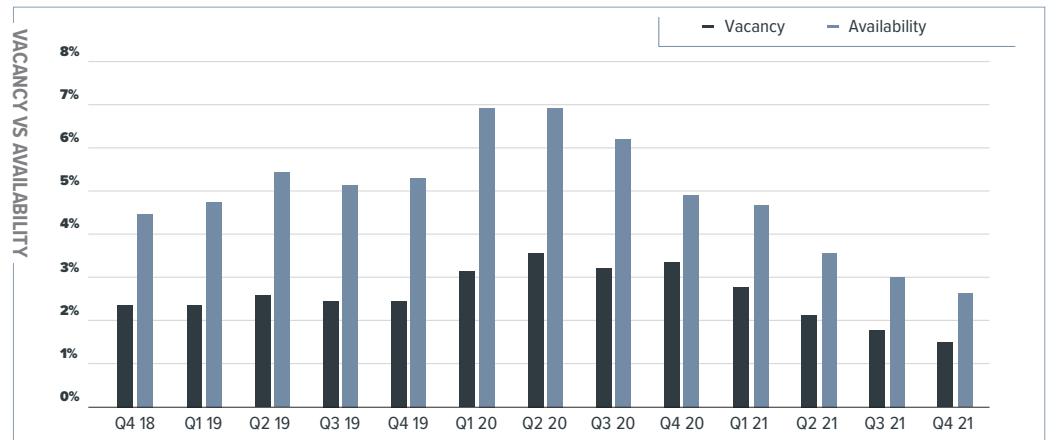
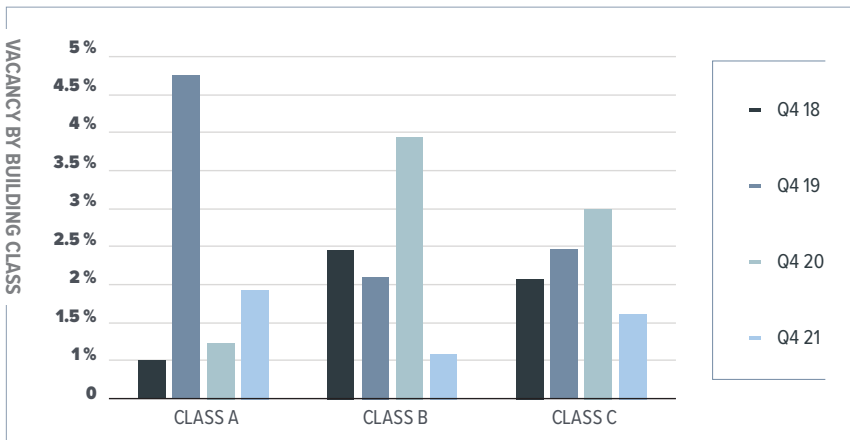
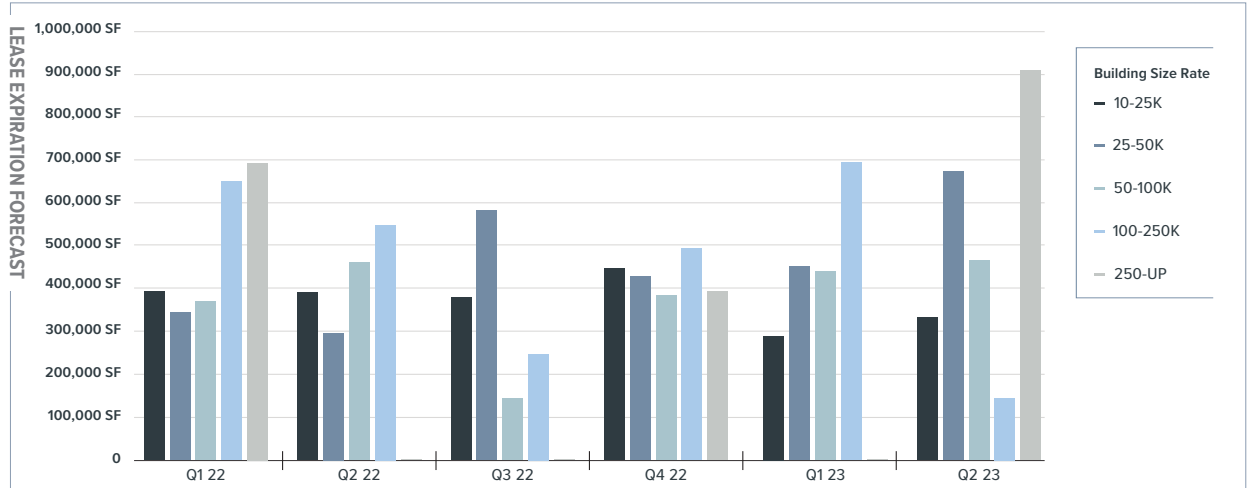
NET ABSORPTION
982,314^{SF}



At the end of 2021 vacancy in Central Los Angeles was at 1.4%. Astonishingly, compared to the other submarkets within LA's industrial base, Central LA had the highest vacancy rate! For perspective, keep in mind that Los Angeles has had a vacancy rate below 3% for 39 straight quarters now. Net absorption was a positive 982,000 for the quarter and for the year it totaled over 3.1 million square feet. Over 500,000 square feet of industrial space is under construction, and over 913,000 square feet is planned to be built. At this time last year, average asking lease rate was \$1.02. Now it is at \$1.24 on a gross basis. That is a year over year increase of 23.5%. Infill contract rents for direct leases over 50,000 square feet in warehouses with clearances of 30 feet or more are leasing at \$1.42 per square feet, up 37% from Q4 in 2020. Expect rents to only increase throughout 2022 as e-commerce propels industrial real estate from strength to strength.

DEMAND

12 MO NET ABSORPTION % OF INVENTORY	1.70%	▲
12 MO LEASED SF	10.9 M	▲
MONTHS ON MARKET	4.7	▼
MONTHS VACANT	3.7	▼



CENTRAL LOS ANGELES

SUBMARKET

TOTAL BUILDINGS

7,009

DELIVERIES (YTD)

6,925^{SF}

LEASE ACTIVITY

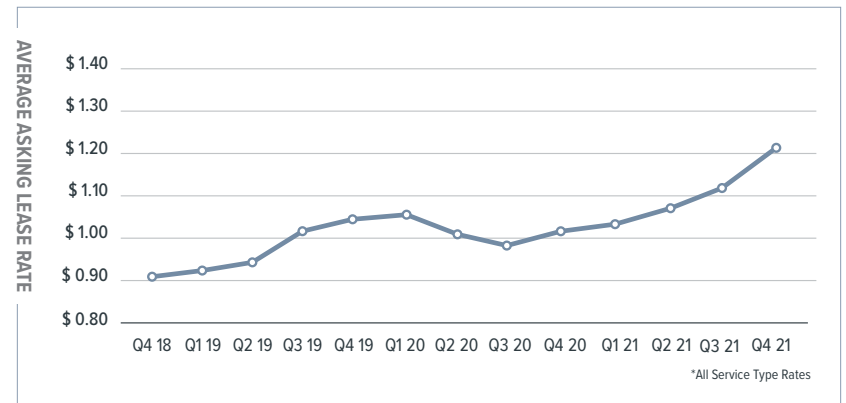
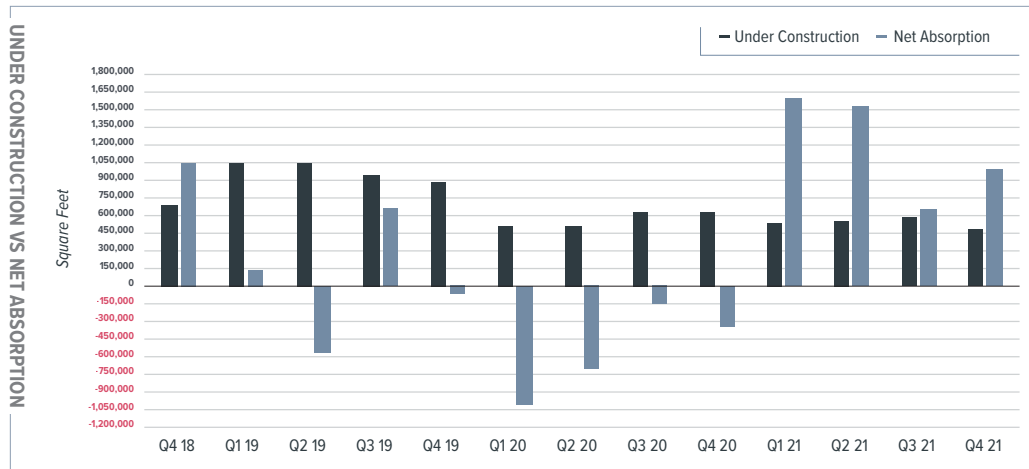
2,069,306^{SF}

SALE ACTIVITY

2,192,874^{SF}

CITY STATS

CITY	# OF BUILDING	INVENTORY (SF)	VACANCY (%)	AVAILABILITY (%)	LEASE RATE (PSF - NNN)	NET ABSORPTION (SF)	GROSS ABSORPTION (SF)	SALE RATE (PSF)
BELL	46	4,004,675	0.2	0.4	\$1.19	4,000	12,000	\$238
BELL GARDENS	102	2,027,470	0	0	\$1.15	0	0	\$246
COMMERCE	734	45,238,195	1	1.5	\$1.16	131,878	317,509	\$221
CUDAHY	35	989,804	3.4	5.2	\$2.25	-33,637	0	\$224
HUNTINGTON PARK	161	3,814,508	0.4	0.5	\$1.21	25,218	25,218	\$220
DTLA	4070	98,385,276	2.3	5.3	\$1.51	133,133	811,190	\$293
MAYWOOD	43	794,355	0.9	1.9	\$1.25	6,925	6,925	\$297
MONTEBELLO	216	10,000,003	0.1	0.1	\$1.44	5,250	5,250	\$228
PICO RIVERA	197	10,266,780	1.1	0.7	\$1.20	61,476	146,084	\$242
SOUTH GATE	215	11,175,934	0.2	0.4	\$0.81	58,681	58,681	\$215
VERNON	776	42,340,493	1.1	0.9	\$1.21	417,233	630,898	\$232



MID COUNTRIES

SUBMARKET

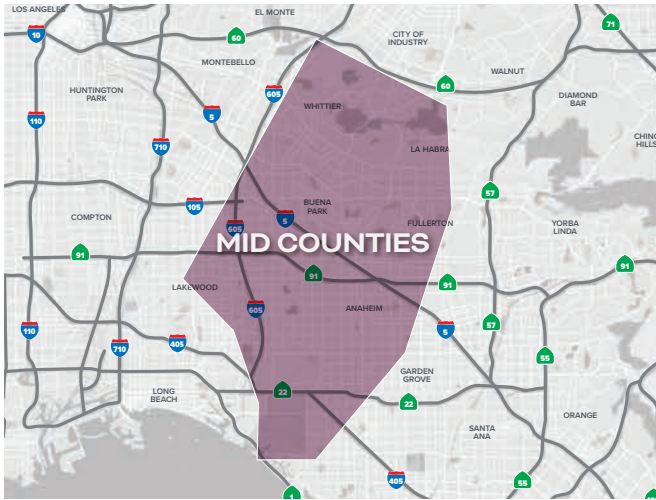
INVENTORY
114,436,309^{SF}

VACANCY
0.7% ▼

AVAILABILITY
1.5% ▼

UNDER CONSTRUCTION
178,880^{SF}

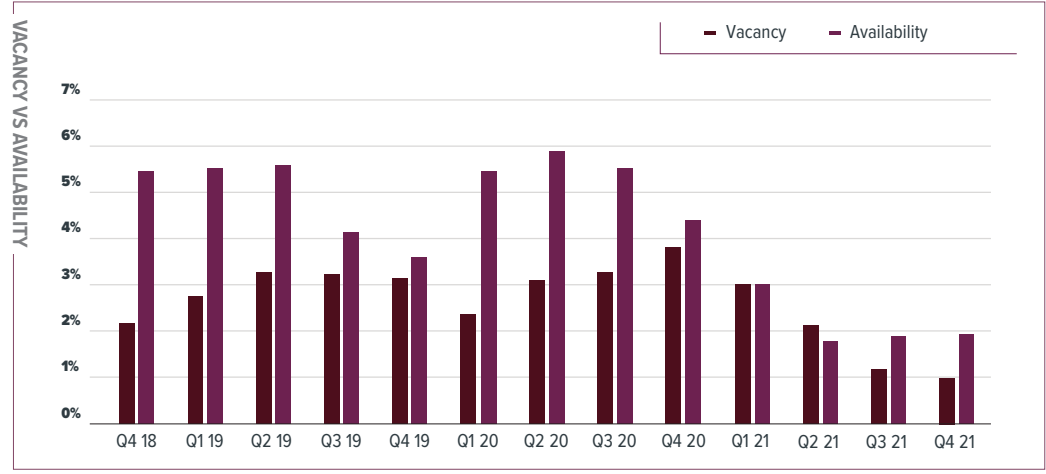
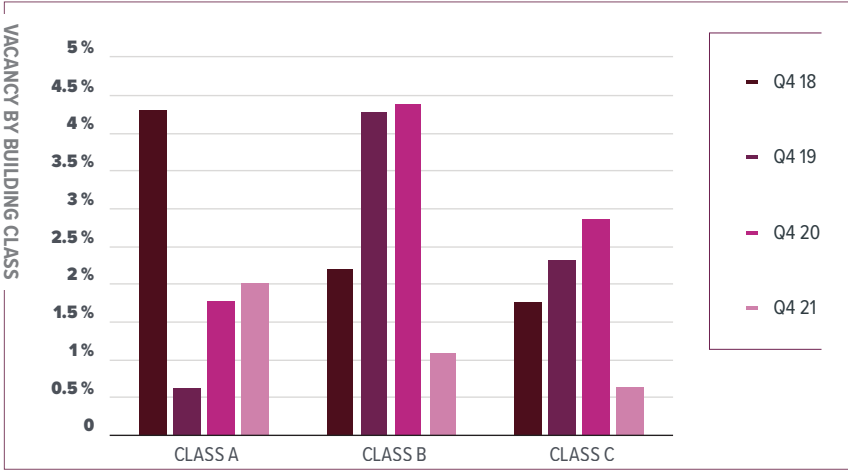
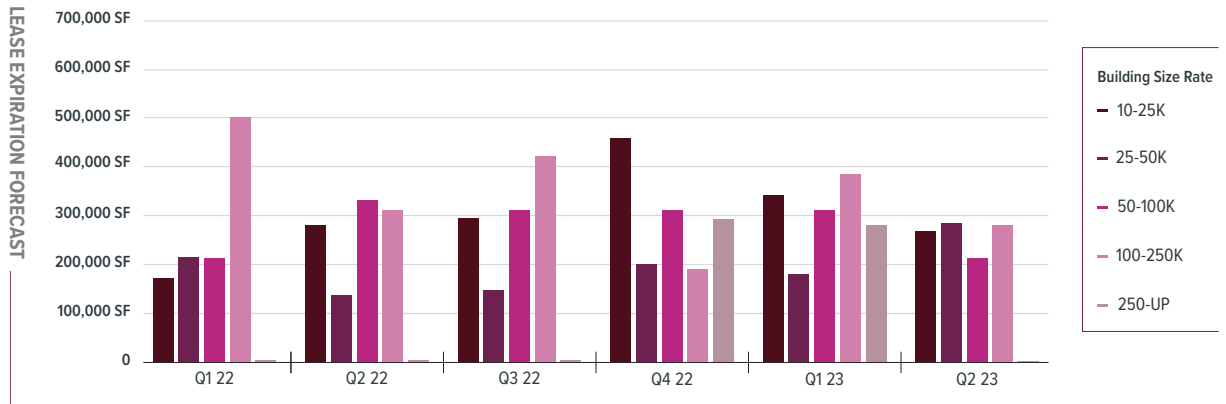
NET ABSORPTION
368,431^{SF}



In Q4, the Mid-Countries had the lowest vacancy rate of any major industrial submarket. Just under 179,000 SF was under construction as the year ended, including two buildings totaling 150,548 SF in Santa Fe Springs and a single 28,000 SF building in Whittier. Santa Fe Springs has approximately 256,000 SF in the planning stage, followed by Bellflower/ Downey with 44,000 SF, Buena Park / La Palms with 30,000 SF and Whittier with only 5,400 SF. These numbers are inadequate to alleviate the supply problem throughout the region. Net positive absorption fell to 368,000 SF in Q4 from 800,507 SF in Q3. Five of the eight cities in the Mid-Countries region posted a net gain in occupied space. With very little development activity in the pipeline, Mid-Countries will continue to see tight market conditions, as limited availability will put upward pressure on rental rates. Year over year, overall vacancy dropped 84% to .57%. Expect multiple competing offers for any building offering high clearance with dock high loading as vacancy is below 0.7% in all cities in the Mid-Countries. Average asking rents increased to \$1.23 on a gross basis, a year over year increase of 24%. Prepare renewing-tenants for sticker shock as rents have more than doubled over the past 10 years. For reference, in Q1 2011, rents were only \$0.41 NNN PSF.

DEMAND

12 MO NET ABSORPTION % OF INVENTORY	2.21%	▲
12 MO LEASED SF	8.7M	▲
MONTHS ON MARKET	1.6	▼
MONTHS VACANT	3.1	▼



MID COUNTIES

SUBMARKET

TOTAL BUILDINGS

2,471

DELIVERIES

251,668 ^{SF}

LEASE ACTIVITY

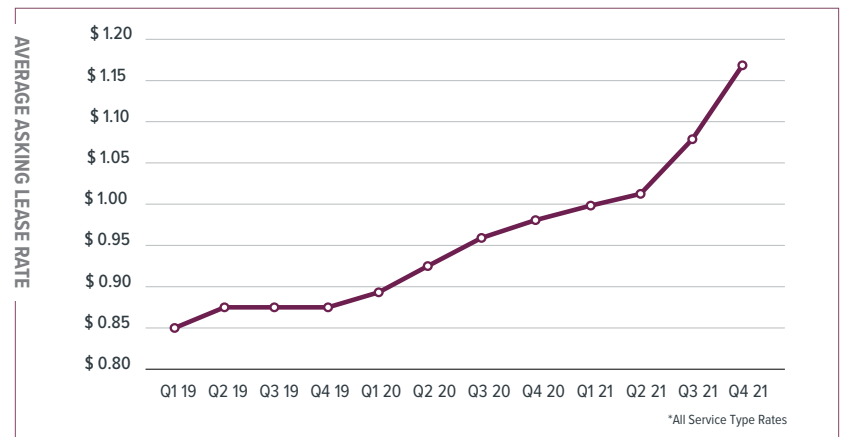
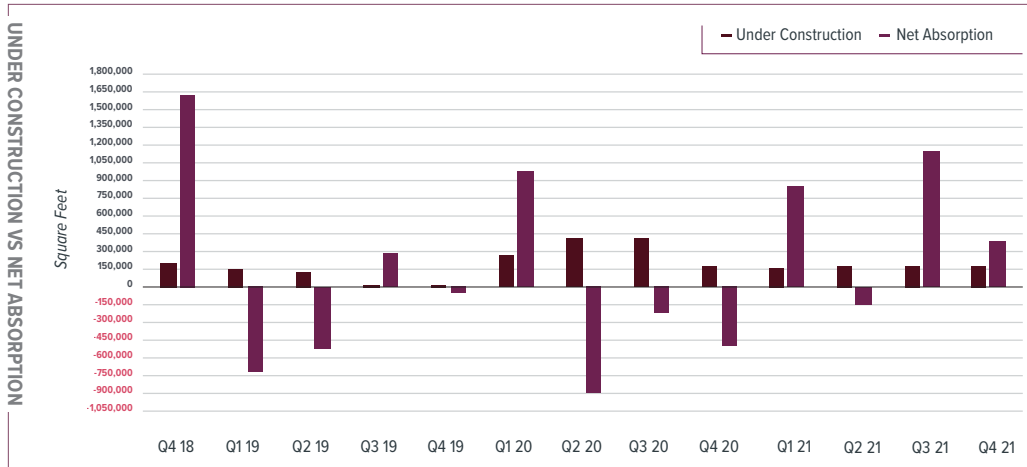
2,021,149 ^{SF}

SALE ACTIVITY

1,067,765 ^{SF}

CITY STATS

CITY	# OF BUILDING	INVENTORY (SF)	VACANCY (%)	AVAILABILITY (%)	LEASE RATE (PSF - NNN)	NET ABSORPTION (SF)	GROSS ABSORPTION (SF)	SALE RATE (PSF)
ARTESIA	23	231,773	3	12.2	\$0.98	0	0	\$319
BELLFLOWER	53	743,316	0.7	0.7	\$0.89	-5,495	0	\$298
BUENA PARK	150	6,500,261	0	0.1	\$0.72	-1,250	0	\$215
CERRITOS	143	5,404,574	1.2	1.3	\$1.06	31,988	57,959	\$260
CYPRESS	20	562,092	0	0	\$1.05	0	0	\$264
LA MIRADA	41	2,760,642	6.3	2	\$0.94	-116,877	24,347	\$224
LA PALMA	10	809,491	0	0	\$1.00	0	0	\$211
LOS ALAMITOS	43	1,142,711	0	0	\$1.19	0	0	\$268
NORWALK	64	1,864,459	0.2	0.5	\$0.88	0	0	\$247
SANTA FE SPRINGS	90	24,850,006	0	1	\$1.03	80,866	115,839	\$254
WHITTIER	146	3,060,894	0.4	1.2	\$0.93	2,166	9,978	\$247
DOWNEY	106	3,079,793	0.5	0.5	\$1.36	-11,742	4,386	\$259



SAN GABRIEL VALLEY

SUBMARKET

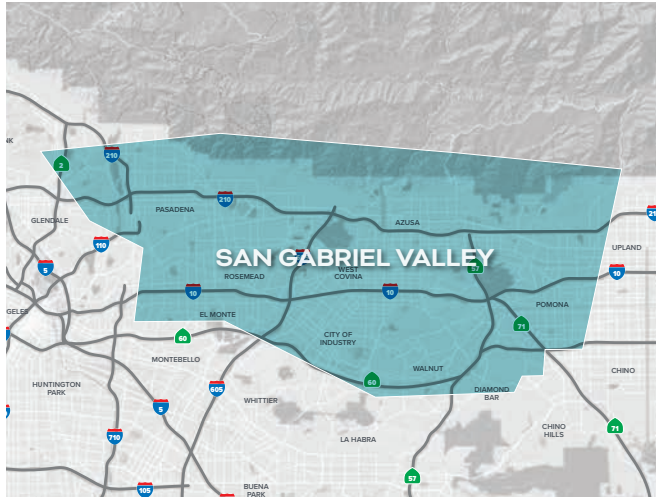
INVENTORY
170,088,590^{SF}

VACANCY
1.2%

AVAILABILITY
1.4%

UNDER CONSTRUCTION
1,467,398^{SF}

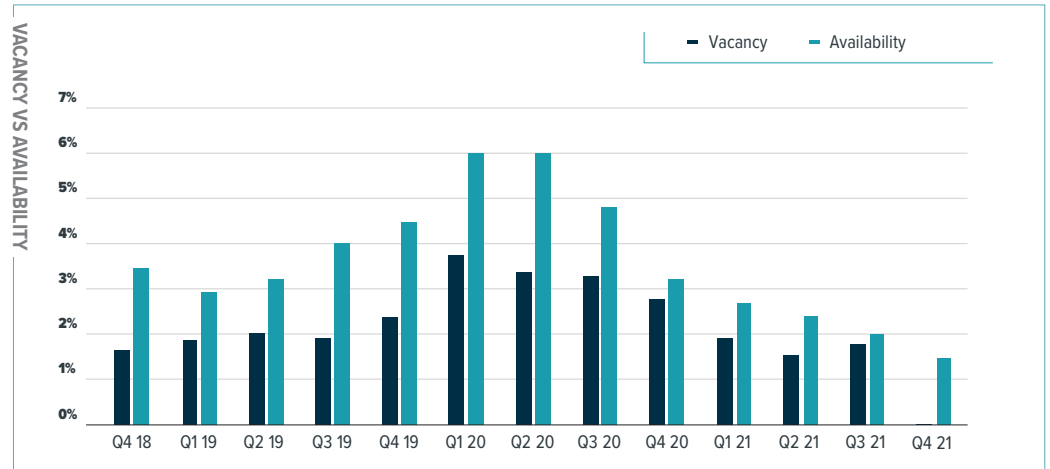
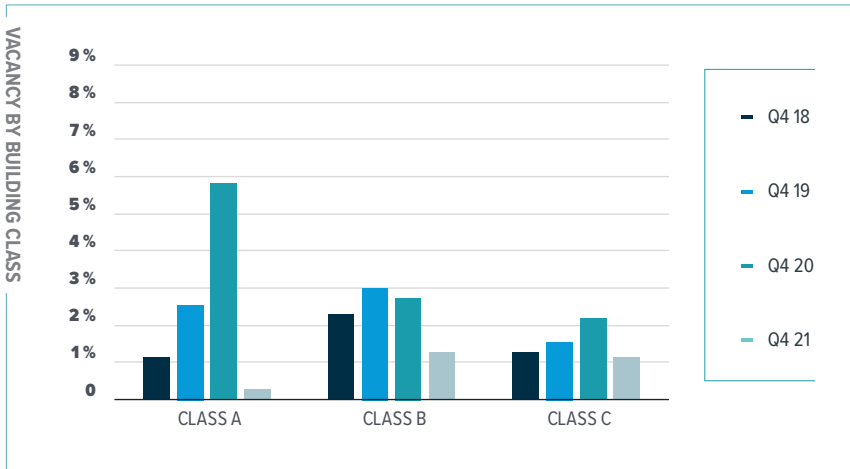
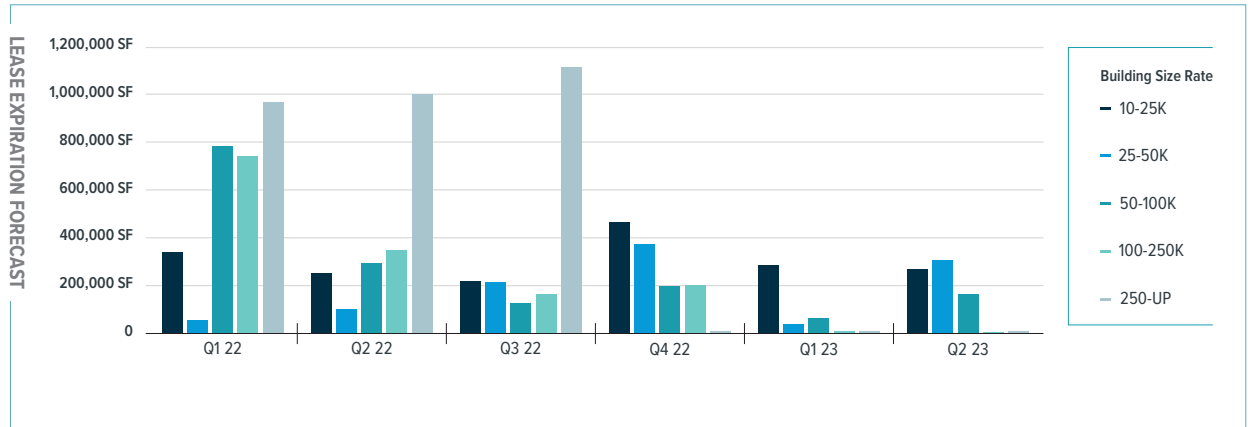
NET ABSORPTION
1,127,713^{SF}



Net absorption was a positive 333,000 square feet for the quarter, and 3.1 million for the year. With an overall market availability rate of 1.79% and a vacancy rate of 1.2%, the region will likely see an uptick in pre-leasing activity since compared to other markets within Southern California, San Gabriel Valley has a higher vacancy and availability rate. Well-located buildings with high clearance and dock high loading will attract expanding e-commerce tenants who are willing to pay top dollar for strategic locations. Average asking rents increased to \$1.34, the highest among all the major SoCal submarkets. Over 1.46 million square feet of industrial space is under construction and over 2.3 million square feet is expected to be built within the next 2-3 years. Only the markets within the South Bay has more square feet under construction at 1.48 million square feet. Expect rents to only increase and vacancy to dip throughout 2022.

DEMAND

12 MO NET ABSORPTION % OF INVENTORY	1.80%	▲
12 MO LEASED SF	7.7 M	▲
MONTHS ON MARKET	3.4	▼
MONTHS VACANT	5.1	▼



SAN GABRIEL VALLEY

SUBMARKET

TOTAL BUILDINGS

5,262

DELIVERIES

60,579^{SF}

LEASE ACTIVITY

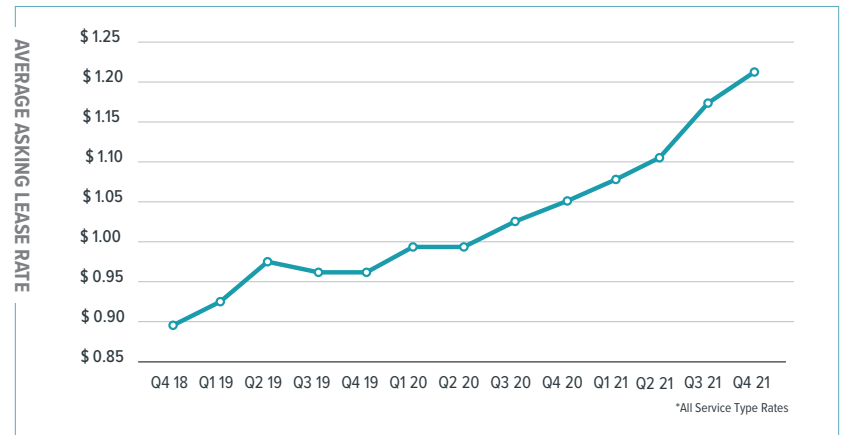
2,031,205^{SF}

SALE ACTIVITY

1,986,078^{SF}

CITY STATS

CITY	# OF BUILDING	INVENTORY (SF)	VACANCY (%)	AVAILABILITY (%)	LEASE RATE (PSF - NNN)	NET ABSORPTION (SF)	GROSS ABSORPTION (SF)	SALE RATE (PSF)
ALHAMBRA	115	2,178,766	0.6	1.2	\$1.08	-	13,331	\$298
ARCADIA	104	2,478,172	1	0.1	\$1.06	1,252	1,252	\$321
AZUSA	240	6,511,860	0.7	0.9	\$0.80	-16,500	62,208	\$267
BALDWIN PARK	246	4,702,074	0.6	1.4	\$0.83	-45,433	0	\$292
CLAREMONT	20	600,639	0.5	1.5	\$0.81	-	-	\$226
COVINA	168	2,826,326	0.3	3.1	\$0.96	10,739	13,646	\$242
DIAMOND BAR	20	470,374	0.2	0.2	\$1.25	1,038	1,038	\$269
DUARTE	69	1,773,754	3.5	0.9	\$0.87	-904	2,340	\$284
EL MONTE	312	8,343,310	1	0.7	\$1.31	-48,140	15,500	\$273
GLEN DORA	52	743,777	6.2	7	\$0.99	1,800	8,200	\$286
INDUSTRY	1,046	71,962,084	0.9	1.9	\$1.01	772,716	1,032,273	\$220
IRVINDALE	261	11,503,327	1.3	4.3	\$1.05	42,274	66,995	\$237
LA PUENTE	90	1,799,348	0.6	0.6	\$1.06	18,539	18,539	\$316
LA VERNE	136	2,850,657	0.4	0.8	\$1.00	-10,184	10,184	\$298
MONROVIA	204	3,310,428	0	1.4	\$1.10	-	-	\$291
MONTEREY PARK	97	1,709,451	0.7	0.7	\$0.98	-	-	\$314
PASADENA	99	1,484,919	1.8	6	\$1.15	-13,471	0	\$372
POMONA	643	19,659,780	0.6	1.3	\$1.30	-21,024	14,846	\$224
ROSEMEAD	51	1,225,439	0	0	\$1.25	-	-	\$264
SAN DIMAS	125	3,100,853	1.1	1.7	\$1.03	-18,933	3,551	\$247
SAN GABRIEL	69	1,140,289	2	0.6	\$1.10	-	-	\$253
SOUTH EL MONTE	832	11,098,181	1.9	1.2	\$1.24	25,994	67,256	\$293
TEMPLE CITY	36	635,529	0	0	\$1.00	-	-	\$281
WALNUT	198	6,925,528	3.5	2.1	\$1.25	233,248	246,867	\$235
WEST COVINA	14	568,253	1.5	1.9	\$1.08	8,272	8,272	\$229



INLAND EMPIRE WEST

SUBMARKET

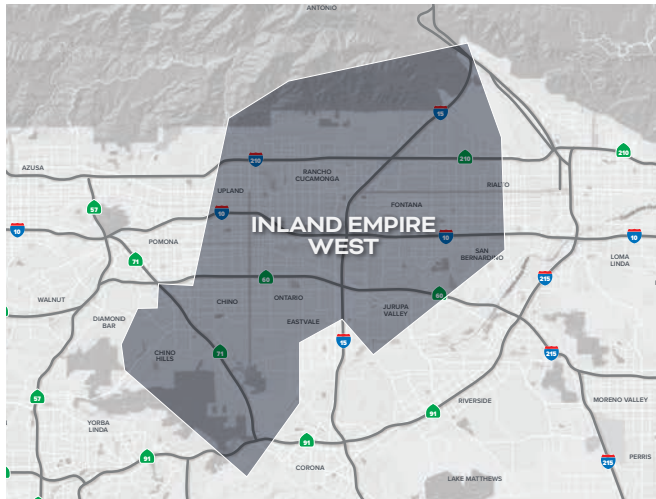
INVENTORY
332,119,511^{SF}

VACANCY
1.2% ▼

AVAILABILITY
0.9% ▼

UNDER CONSTRUCTION
11,037,010^{SF}

NET ABSORPTION
1,318,069^{SF}



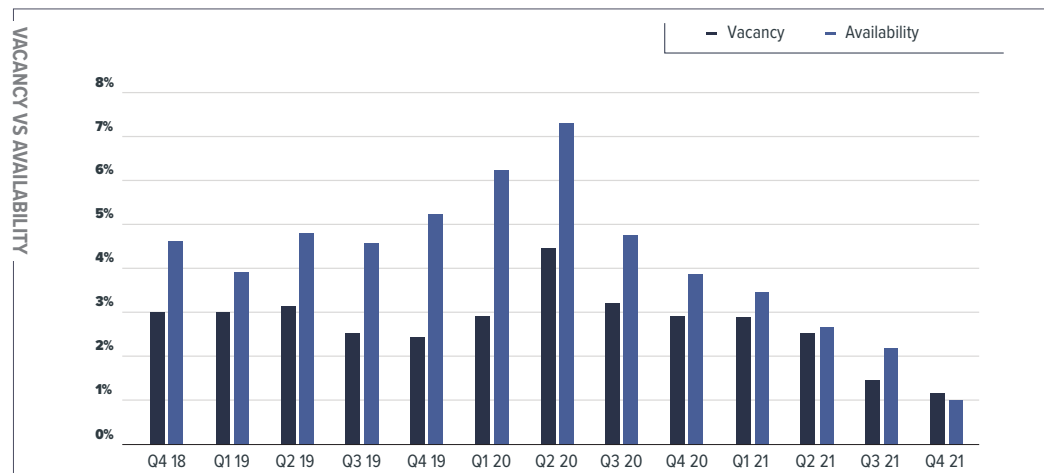
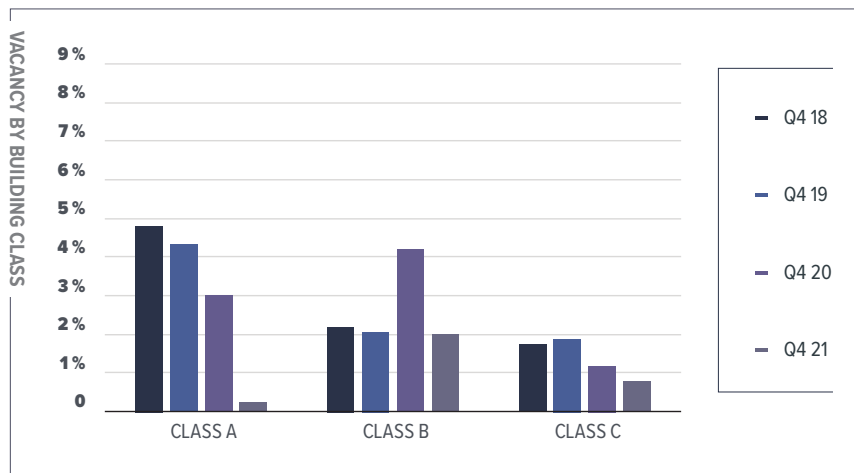
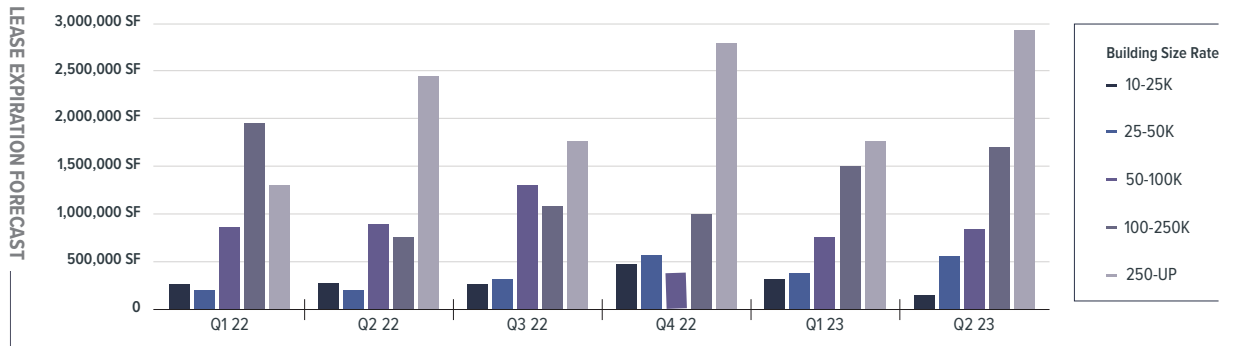
The Inland Empire market outperformed all major Southern California industrial markets in Q4. Even with an industrial base of more than 616.5 million square feet, the overall vacancy is at an astonishing 0.87%. Individually, IE West has a vacancy of 1.2% and IE East is at the unheard of rate of 0.62%! Rents have risen to \$1.00 NNN PSF and net absorption for the quarter totaled 5.58 million SF, bringing the year-to-date total to 26.5M SF. To place these statistics in perspective, during the past 12 months, asking rents have increased (amazingly) 28% and vacancy has dropped 76%. Prepare renewing-tenants for sticker shock. Asking rent in the region are now \$0.22 higher than a year ago.

With over 11 million SF currently under construction, construction activity in the IE West is strong. The IE is still the only major market in Southern California with significant construction activity. Another 72.4 MSF is in the planning stages with almost 88% of that total attributed to the IE East submarket where large land sites are still available. Of significant note is the fact that almost 85% of the space to be built will be in buildings over 500,000 SF, predominantly in the IE East.

Without question, the IE's industrial sector has benefited enormously from the boom in E-commerce. The sector has grown exponentially since the start of the pandemic and will continue to attract institutional investment. Expect cap rates to compress further, vacancy to remain low, and rental rates to only increase.

DEMAND

12 MO NET ABSORPTION % OF INVENTORY	4.00%	▲
12 MO LEASED SF	31.1 M	▼
MONTHS ON MARKET	1.3	▼
MONTHS VACANT	1.6	▼



INLAND EMPIRE WEST

SUBMARKET

TOTAL BUILDINGS

4,763

DELIVERIES

806,770^{SF}

LEASE ACTIVITY

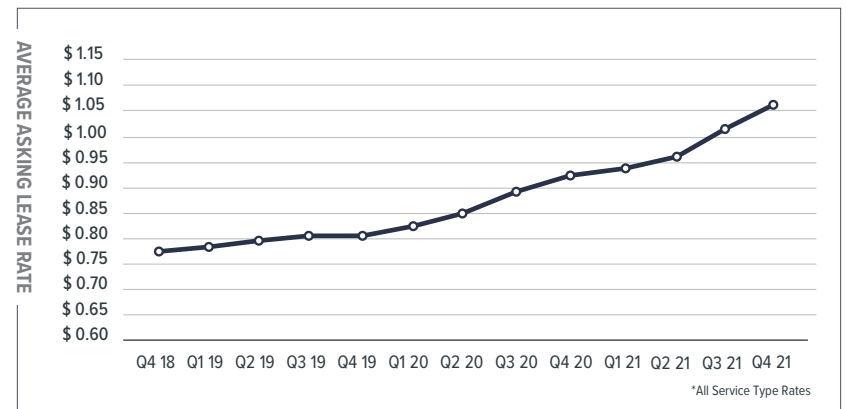
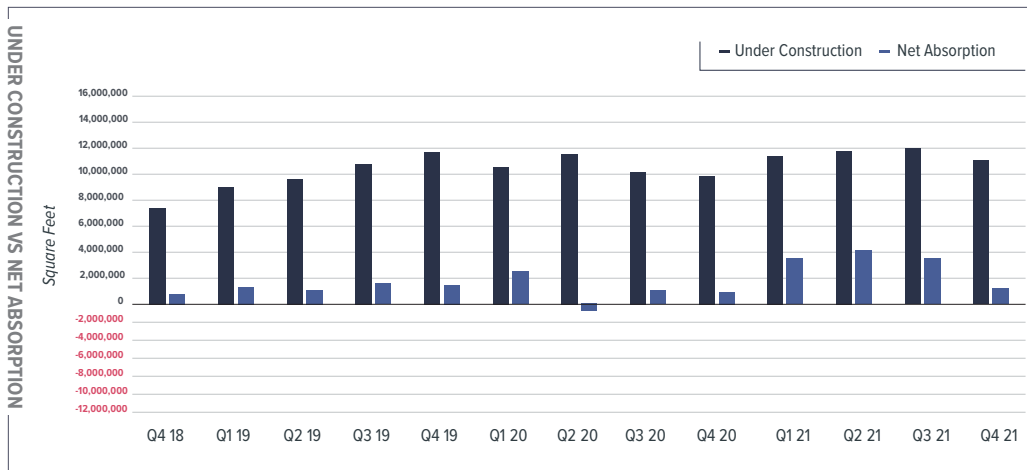
7,253,095^{SF}

SALE ACTIVITY

3,480,146^{SF}

CITY STATS

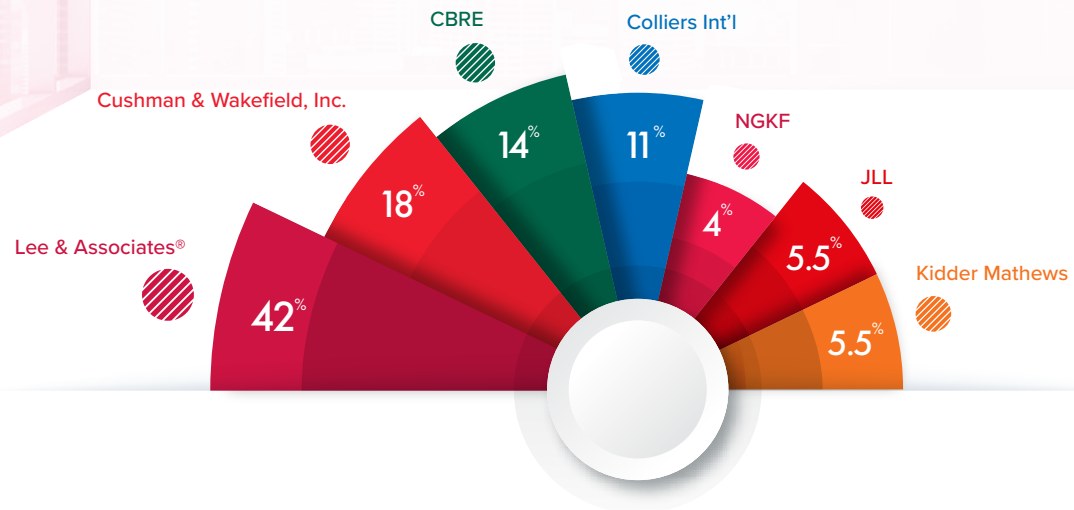
CITY	# OF BUILDING	INVENTORY (SF)	VACANCY (%)	AVAILABILITY (%)	LEASE RATE (PSF - NNN)	NET ABSORPTION (SF)	GROSS ABSORPTION (SF)	SALE RATE (PSF)
CHINO	906	53,637,606	1 ▼	1.2 ▼	1.12	550,173	949,751	\$221
CHINO HILLS	8	426,477	1.2 ▲	2.5 ▲	\$2.00	-4,930	0	\$288
EASTVALE	47	10,372,490	0 ▼	0.3 —	\$1.75	87,811	92,741	\$213
FONTANA	747	67,736,637	1.6 ▼	2.3 ▲	\$1.04	81,320	562,204	\$213
JURUPA VALLEY	308	31,599,411	0.5 ▼	0.5 ▼	\$1.09	28,035	28,035	\$191
MIRA LOMA	22	1,677,454	0.5 ▼	4.6 ▼	\$0.92	-30,684	0	\$210
MONTCLAIR	201	3,952,053	0.3 ▼	0.9 ▼	\$0.69	52,913	58,177	\$270
ONTARIO	1502	114,745,589	0.4 ▼	1.3 ▼	\$1.16	317,271	538,002	\$206
RANCHO CUCAMONGA	749	41,972,286	3.9 ▼	4.9 ▼	\$1.20	185,159	340,272	\$213
UPLAND	254	3,961,659	2 ▲	5.7 ▲	\$1.15	46,071	49,671	\$230



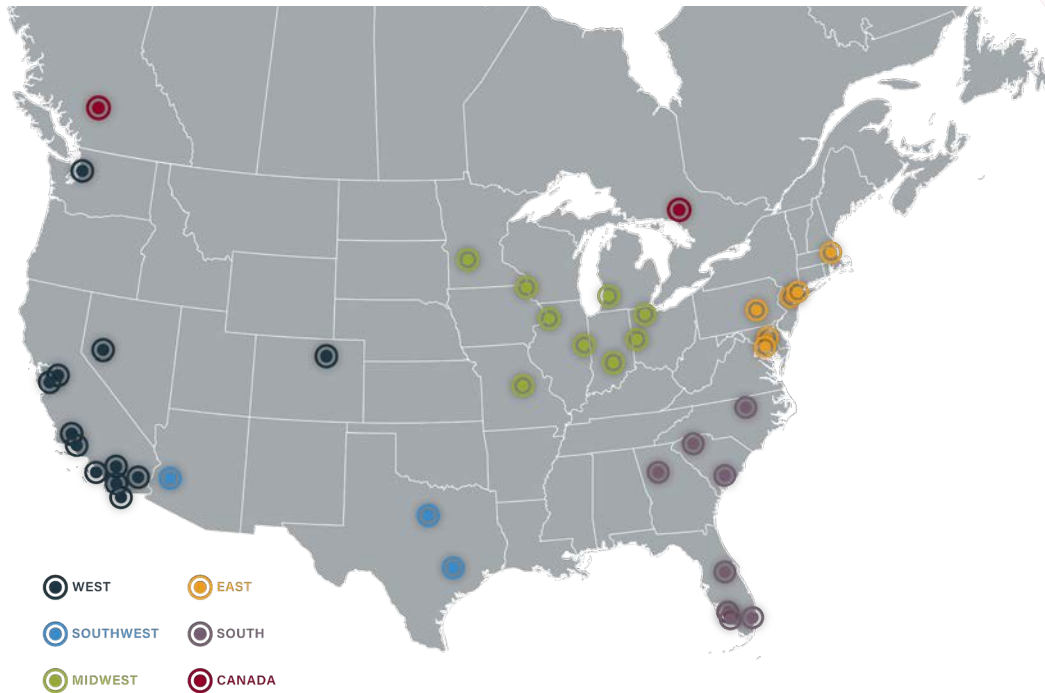
A LOOK AHEAD

Strong demand is expected to continue throughout the year and asking rents will continue to post double-digit gains through the end of 2022. Despite unprecedented gridlock and capacity-constraints to handle inventory, U.S. import volume is forecast to remain high throughout the rest of the year as the consumer-driven demand for merchandise from Asia continues to accelerate. Supply-chain issues will persist through out 2022 and 2023. The shift in consumers moving to online shopping has massively accelerated the growth of ecommerce and will continue to drive the historic demand for warehouse space, especially for new product in infill locations. There is no end in sight for the success of the industrial sector.

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.



- WEST
- SOUTHWEST
- MIDWEST
- EAST
- SOUTH
- CANADA

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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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