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# Q1 2022 INDUSTRIAL MARKET INSIGHT

LEE & ASSOCIATES® RESEARCH

COMMERCE | INDUSTRY

**LEE & ASSOCIATES® - COMMERCE, INC.**

500 Citadel Dr, Ste 140, Commerce, CA 90040

**P:** 323.720.8484 | **F:** 323.720.8474

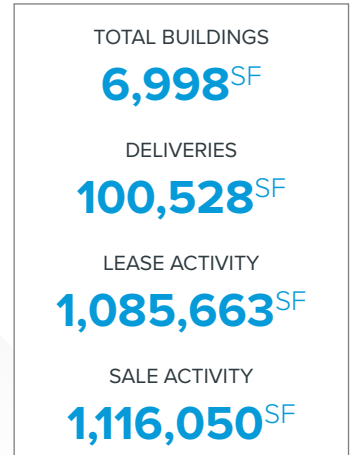
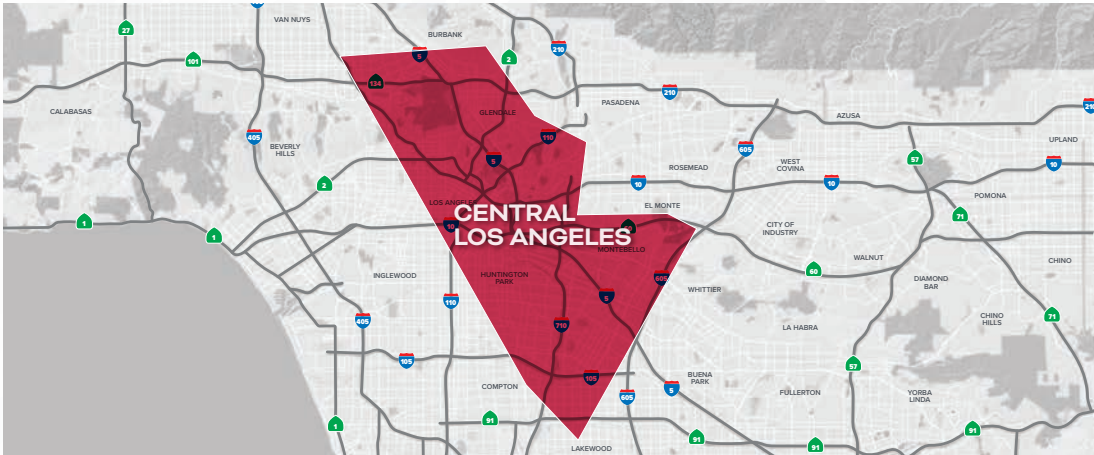
**LEE & ASSOCIATES® - CITY OF INDUSTRY, INC.**

13181 Crossroads Pkwy N, Ste 300, Industry, CA 91746

**P:** 562.699.7500 | **F:** 562.695.3133

## Q1 2022 INDUSTRIAL MARKET INSIGHT

# CENTRAL LOS ANGELES



INVENTORY  
**245,167,570<sup>SF</sup>**

VACANCY  
— **1.4%**

AVAILABILITY  
— **2.7%**

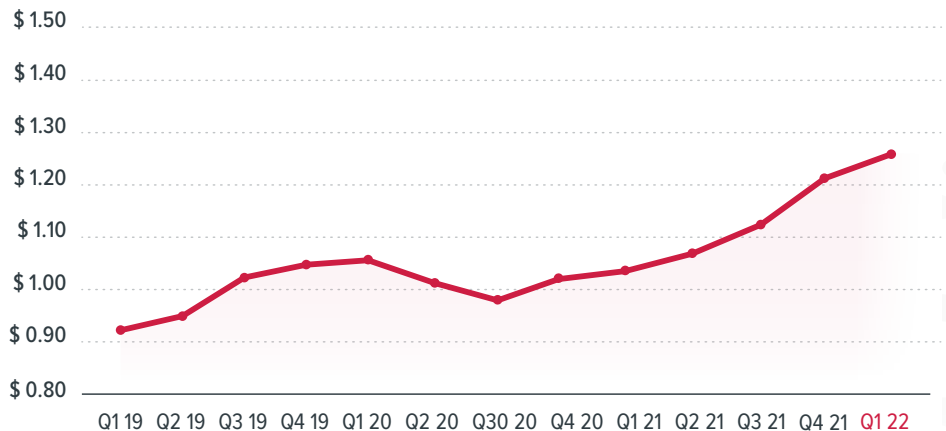
UNDER CONSTRUCTION  
**490,204<sup>SF</sup>**

NET ABSORPTION  
**179,372<sup>SF</sup>**

Central Los Angeles ended the 1st quarter of 2022 with a vacancy rate at 1.40%. Even with that extremely low rate, 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 40 straight quarters now. Net absorption was a 179,000 square feet for the quarter. Over 450,000 square feet of industrial space is under construction, and over 846,000 square feet is planned to be built. Last quarter, the average asking rate was \$1.21 NNN PSF; now it stands at \$1.26 NNN PSF. In one quarter, rates have risen over 4%. Studio space is in high demand throughout the region as companies like Showtime Networks have targeted industrial space for conversion. Expect rents to only increase through 2022 as e-commerce propels industrial real estate from strength to strength.



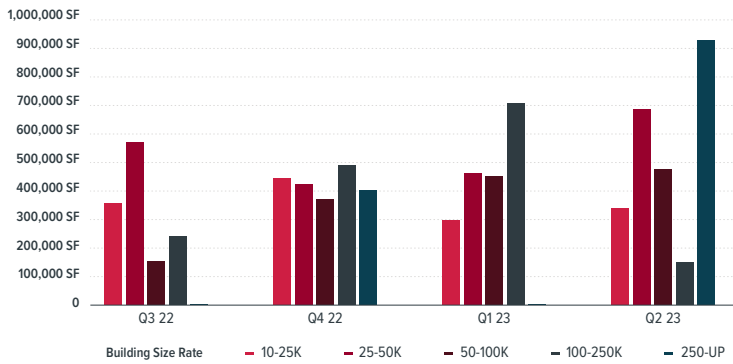
**LEASE RATE TRENDS (NNN)**



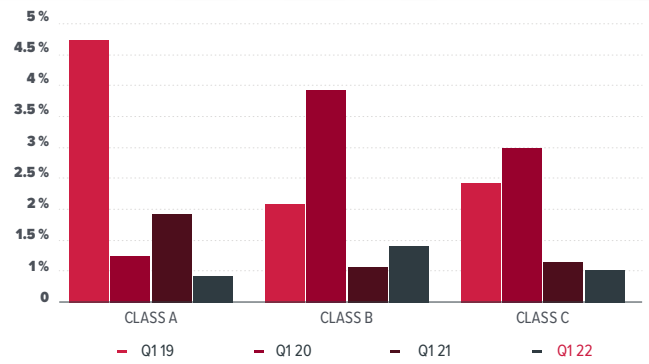
# CENTRAL LOS ANGELES CITY STATS

| CITY            | # OF BUILDING | INVENTORY (SF) | VACANCY (%) | AVAILABILITY (%) | LEASE RATE (PSF - NNN) | NET ABSORPTION (SF) | GROSS ABSORPTION (SF) | SALE RATE (PSF) |         |       |
|-----------------|---------------|----------------|-------------|------------------|------------------------|---------------------|-----------------------|-----------------|---------|-------|
| BELL            | 45            | 3,934,527      | 0.2         | —                | 0.2                    | ▼                   | \$1.19                | 4,000           | 1,189   | \$252 |
| BELL GARDENS    | 102           | 2,027,470      | 0           | —                | 0                      | —                   | \$1.15                | 0               | 0       | \$261 |
| COMMERCE        | 732           | 45,034,025     | 0.6         | ▼                | 0.3                    | ▼                   | \$1.13                | 172,963         | 283,520 | \$237 |
| CUDAHY          | 35            | 996,750        | 3.3         | ▼                | 8.5                    | ▲                   | \$2.25                | 246             | 7,192   | \$237 |
| HUNTINGTON PARK | 158           | 3,736,955      | 0.4         | —                | 0.9                    | ▲                   | \$1.21                | 15,818          | 15,818  | \$233 |
| DTLA            | 4070          | 98,385,276     | 2.3         | ▼                | 5.3                    | ▼                   | \$1.51                | 133,133         | 811,190 | \$293 |
| MAYWOOD         | 43            | 794,355        | 0           | ▼                | 1                      | ▼                   | \$1.25                | 6,925           | 6,925   | \$318 |
| MONTEBELLO      | 216           | 10,000,003     | 0.5         | ▲                | 1.3                    | ▲                   | \$1.32                | -33,773         | 13,600  | \$243 |
| PICO RIVERA     | 197           | 10,277,150     | 0.4         | ▼                | 0.4                    | ▼                   | \$1.13                | 65,208          | 67,983  | \$257 |
| SOUTH GATE      | 230           | 11,165,599     | 0.2         | —                | 0.5                    | ▲                   | \$0.81                | 0               | 0       | \$229 |
| VERNON          | 779           | 42,462,026     | 0.8         | ▼                | 1.1                    | ▼                   | \$1.25                | 94,201          | 293,578 | \$249 |

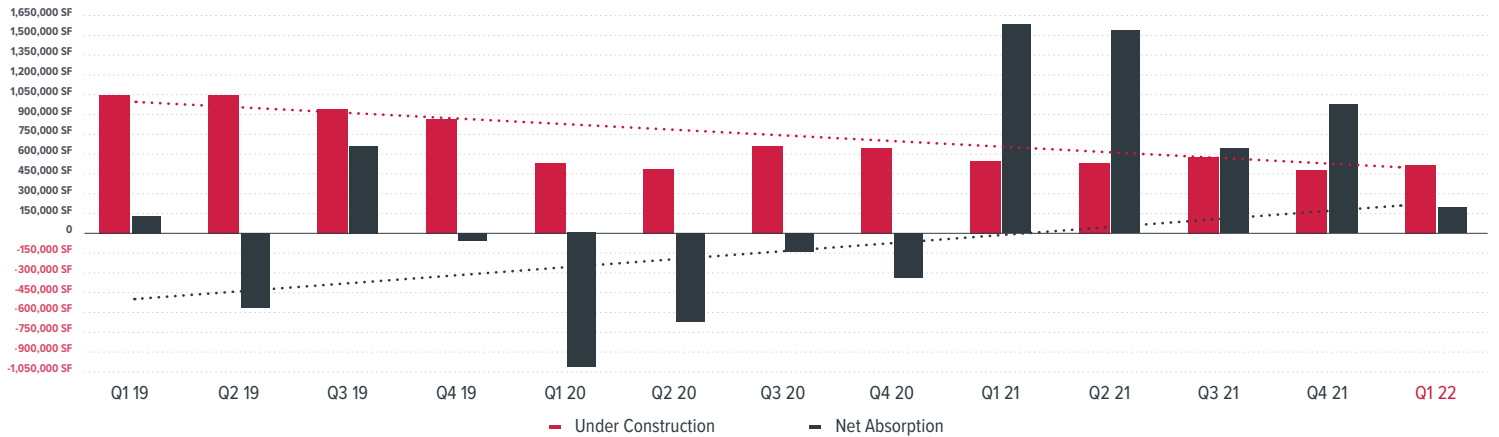
## LEASE EXPIRATION FORECAST



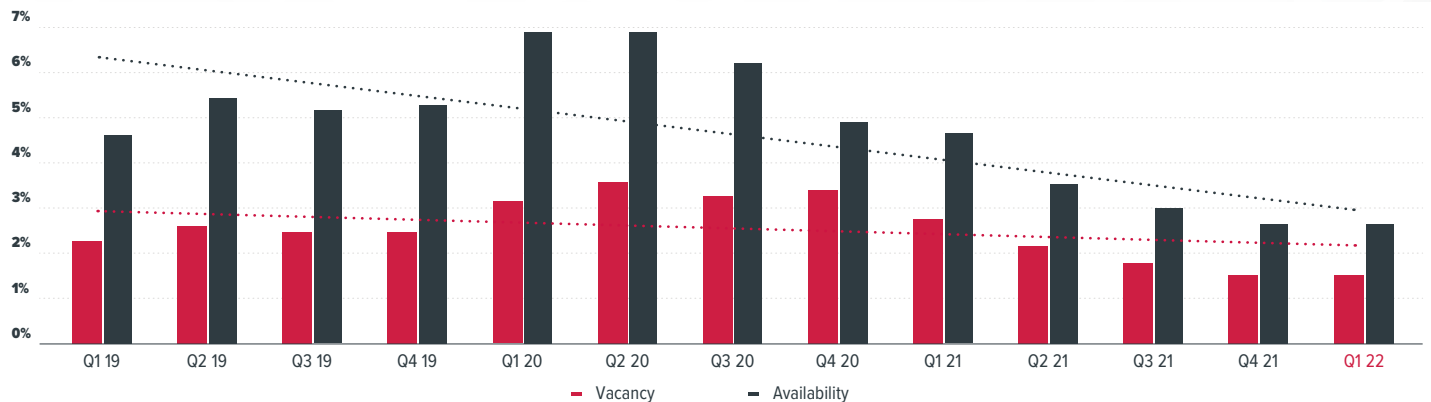
## VACANCY BY BUILDING CLASS



## UNDER CONSTRUCTION VS. NET ABSORPTION

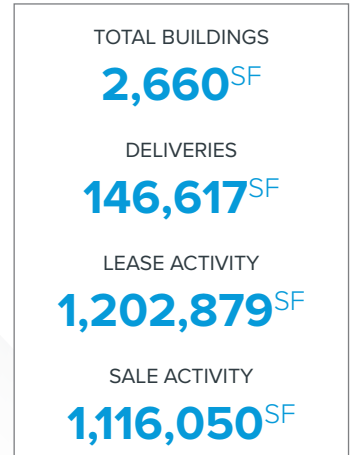
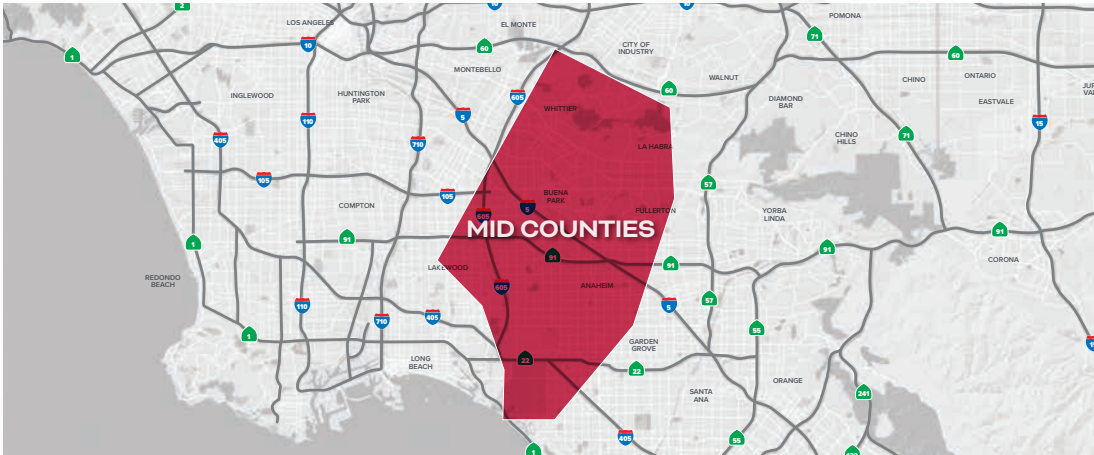


## VACANCY VS. AVAILABILITY



## Q1 2022 INDUSTRIAL MARKET INSIGHT

# MID COUNTIES



INVENTORY  
**114,207,902<sup>SF</sup>**

VACANCY  
▼ **0.4%**

AVAILABILITY  
▲ **2.1%**

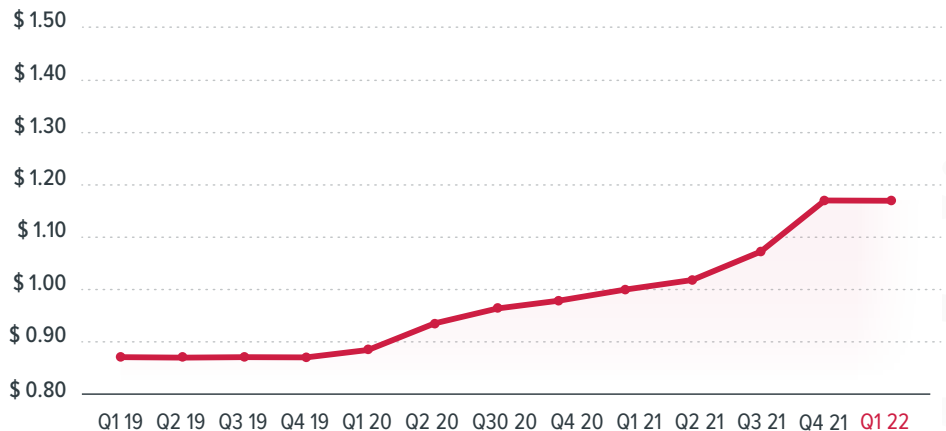
UNDER CONSTRUCTION  
**271,651<sup>SF</sup>**

NET ABSORPTION  
**19,943<sup>SF</sup>**

At the end of Q1'22, the Mid-Countries continued to have the lowest vacancy rate of any major industrial submarket at 0.40%. Just over 180,000 SF was under construction at quarter's end. Santa Fe Springs has approximately 243,000 SF under construction, followed by Whittier with 28,000 SF. These numbers are inadequate to alleviate the supply problem throughout the region. Nonetheless, of the submarkets within Los Angeles, the Mid-Countries ended the quarter with the highest net absorption at 382,000 SF. 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. Average asking rents increased to \$1.17 NNN PSF. 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.



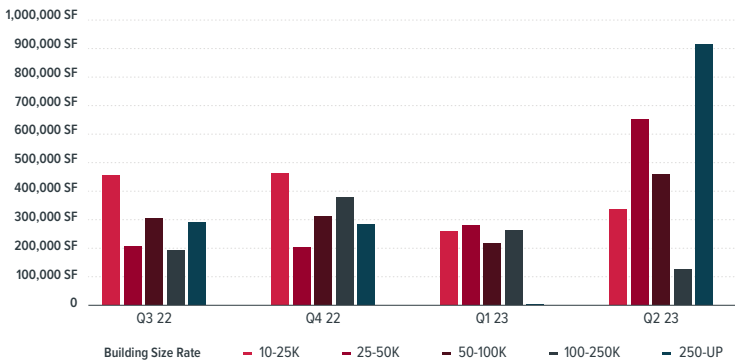
LEASE RATE TRENDS (NNN)



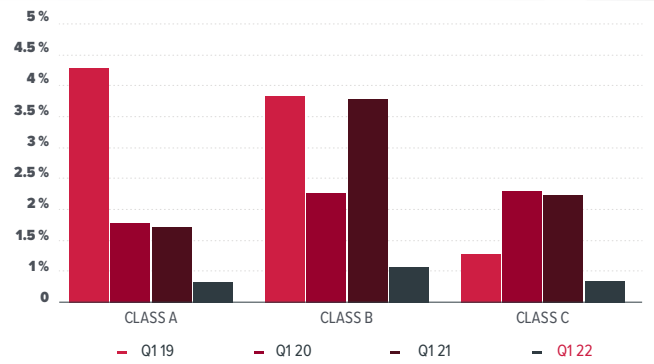
# MID COUNTIES CITY STATS

| CITY             | # OF BUILDING | INVENTORY (SF) | VACANCY (%)                              | AVAILABILITY (%)                         | LEASE RATE (PSF - NNN) | NET ABSORPTION (SF) | GROSS ABSORPTION (SF) | SALE RATE (PSF) |
|------------------|---------------|----------------|--|--|------------------------|---------------------|-----------------------|-----------------|
| ARTESIA          | 28            | 328,595        | 15 <span style="color: green;">▲</span>  | 7 <span style="color: green;">▲</span>   | \$1.32                 | 2,646               | 23,298                | \$324           |
| BELLFLOWER       | 65            | 921,289        | 1.4 <span style="color: green;">▲</span> | 2 <span style="color: green;">▲</span>   | \$0.89                 | -7,095              | 0                     | \$318           |
| BUENA PARK       | 217           | 13,263,349     | 0.5 <span style="color: green;">▲</span> | 3 <span style="color: green;">▲</span>   | \$1.05                 | -27,404             | 0                     | \$238           |
| CERRITOS         | 249           | 12,696,780     | 0.7 <span style="color: red;">▼</span>   | 2.6 <span style="color: green;">▲</span> | \$1.00                 | -15,731             | 25,739                | \$267           |
| CYPRESS          | 86            | 4,401,727      | 2.3 <span style="color: green;">▲</span> | 4.5 <span style="color: green;">▲</span> | \$1.16                 | -33,248             | 39,313                | \$274           |
| LA MIRADA        | 176           | 13,363,739     | 1.6 <span style="color: green;">▲</span> | 2.6 <span style="color: green;">▲</span> | \$1.40                 | 68,680              | 85,099                | \$266           |
| LA PALMA         | 16            | 1,778,216      | 4.7 <span style="color: green;">▲</span> | 0 <span style="color: gray;">—</span>    | \$0.99                 | 0                   | 0                     | \$210           |
| LOS ALAMITOS     | 90            | 2,206,291      | 0.8 <span style="color: green;">▲</span> | 1.8 <span style="color: green;">▲</span> | \$1.17                 | -17,736             | 0                     | \$294           |
| NORWALK          | 88            | 2,874,315      | 0.2 <span style="color: gray;">—</span>  | 0.5 <span style="color: gray;">—</span>  | \$1.50                 | -1,344              | 0                     | \$253           |
| SANTA FE SPRINGS | 1346          | 53,637,208     | 0.7 <span style="color: red;">▼</span>   | 2 <span style="color: green;">▲</span>   | \$1.21                 | 70,589              | 194,245               | \$277           |
| WHITTIER         | 146           | 4,134,093      | 0.5 <span style="color: green;">▲</span> | 1.8 <span style="color: green;">▲</span> | \$1.25                 | 8,454               | 4,280                 | \$262           |
| DOWNEY           | 134           | 4,570,998      | 0.7 <span style="color: green;">▲</span> | 1.5 <span style="color: red;">▼</span>   | \$1.59                 | -10,960             | 16,128                | \$269           |

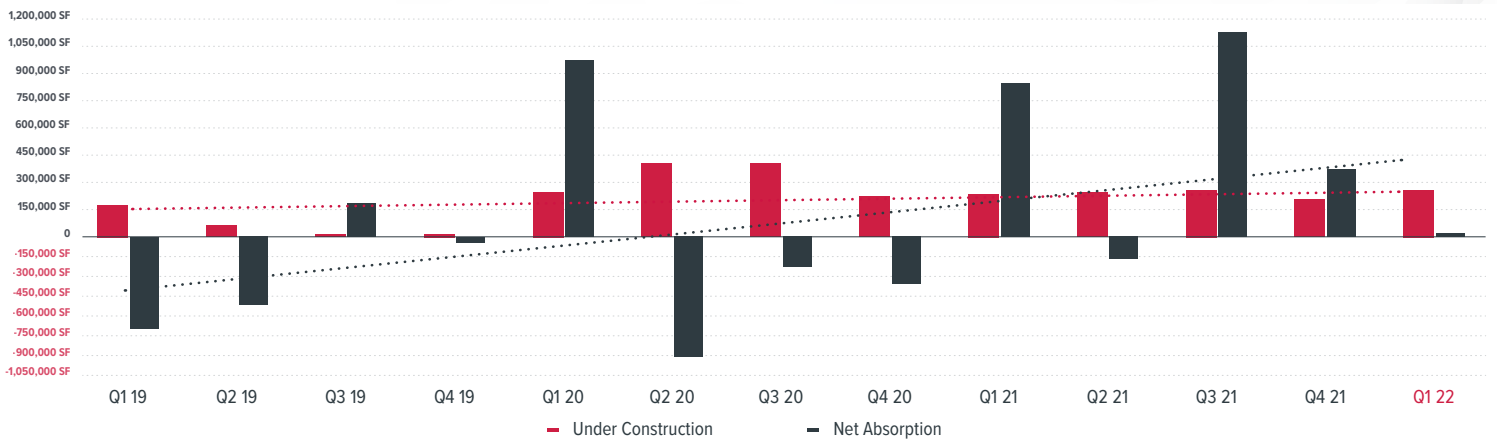
## LEASE EXPIRATION FORECAST



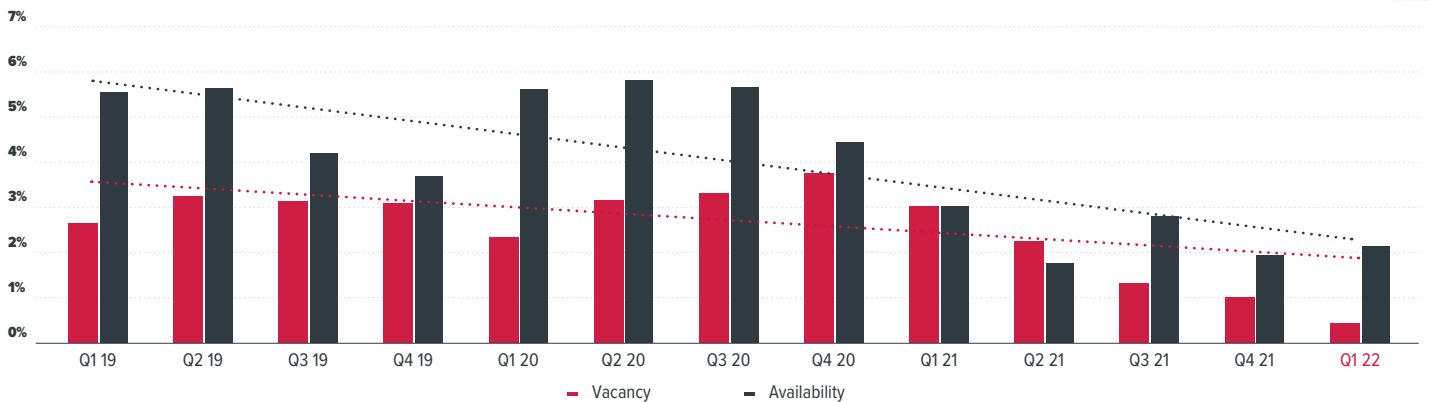
## VACANCY BY BUILDING CLASS



## UNDER CONSTRUCTION VS. NET ABSORPTION

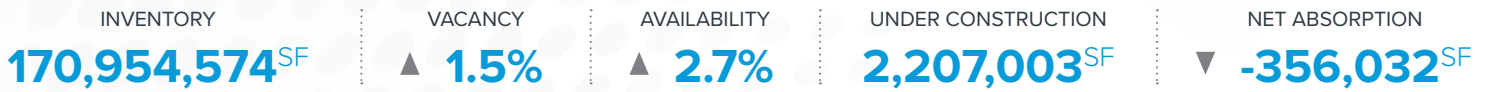
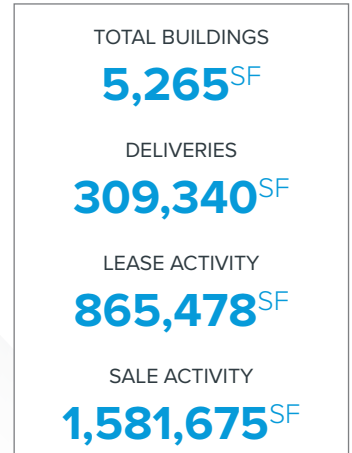
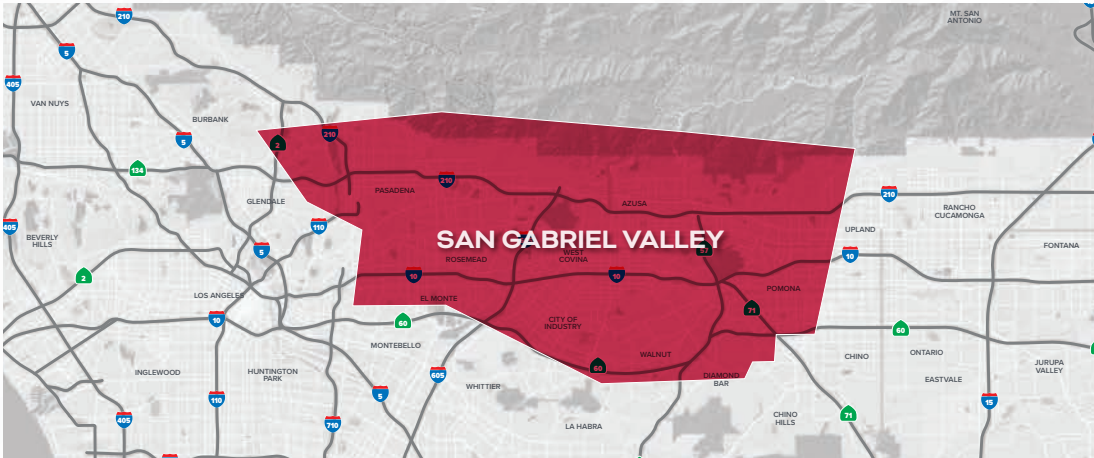


## VACANCY VS. AVAILABILITY



## Q1 2022 INDUSTRIAL MARKET INSIGHT

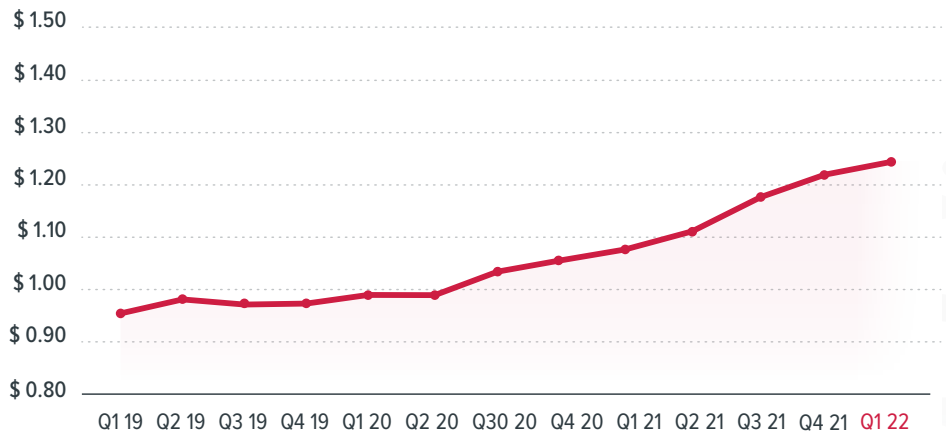
# SAN GABRIEL VALLEY



The San Gabriel Valley industrial market closed out the first quarter with 356,000 SF of negative net absorption. The overall vacancy rate increased to 1.50% from last quarter's 0.50%. Average asking rents increased nearly 16% quarter over quarter, bringing the average to \$1.24 NNN PSF per month. Construction activity remains strong with 1.2M SF currently underway. The SGV submarket will likely see an uptick in pre-leasing activity since compared to other markets within Southern California there is more available space. 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.



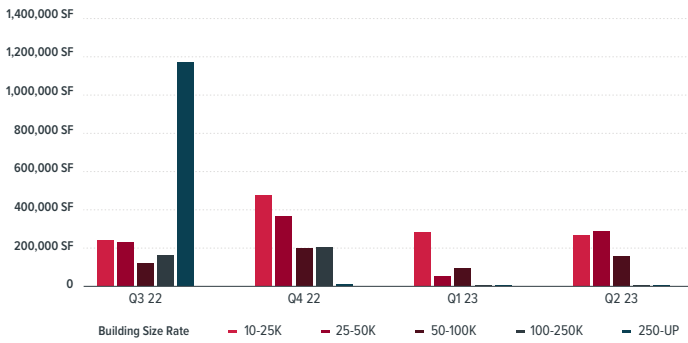
LEASE RATE TRENDS (NNN)



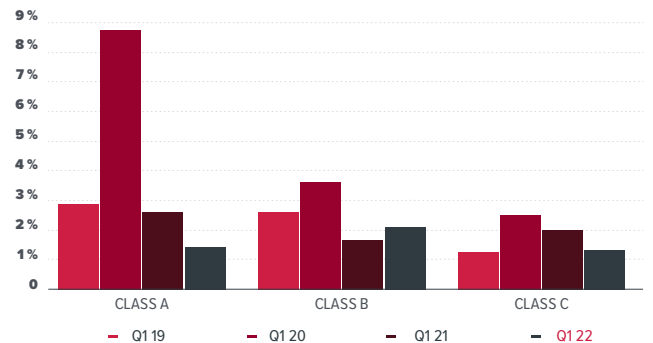
# SAN GABRIEL VALLEY CITY STATS

| CITY           | # OF BUILDING | INVENTORY (SF) | VACANCY (%) | AVAILABILITY (%) | LEASE RATE (PSF - NNN) | NET ABSORPTION (SF) | GROSS ABSORPTION (SF) | SALE RATE (PSF) |         |       |
|----------------|---------------|----------------|-------------|------------------|------------------------|---------------------|-----------------------|-----------------|---------|-------|
| ALHAMBRA       | 112           | 2,148,286      | 3.2         | ▲                | 3.8                    | ▲                   | \$1.30                | -55,390         | 0       | \$323 |
| ARCADIA        | 104           | 2,478,172      | 1.1         | ▲                | 0.3                    | ▲                   | \$1.11                | -3,120          | 0       | \$347 |
| AZUSA          | 241           | 6,681,087      | 0.5         | ▲                | 5.9                    | ▲                   | \$0.98                | 12,840          | 16,500  | \$287 |
| BALDWIN PARK   | 246           | 4,702,074      | 0.6         | —                | 1.4                    | ▼                   | \$0.83                | -45,433         | 0       | \$315 |
| CLAREMONT      | 20            | 600,639        | 0.5         | —                | 1.5                    | ▼                   | \$0.86                | 0               | 0       | \$239 |
| COVINA         | 168           | 2,826,326      | 0.3         | ▼                | 1.3                    | ▼                   | \$1.25                | 0               | 0       | \$277 |
| DIAMOND BAR    | 20            | 470,374        | 0           | ▼                | 0                      | ▼                   | \$1.25                | 0               | 0       | \$289 |
| DUARTE         | 70            | 1,779,754      | 4.2         | ▲                | 2.4                    | ▲                   | \$0.87                | -13,191         | 3,244   | \$305 |
| EL MONTE       | 311           | 8,386,919      | 0.8         | ▼                | 0.7                    | ▼                   | \$1.20                | 17,294          | 15,500  | \$291 |
| GLENDORA       | 52            | 749,458        | 5.5         | ▼                | 6.3                    | ▼                   | \$0.99                | 4,800           | 4,800   | \$282 |
| INDUSTRY       | 1,040         | 72,529,705     | 1           | ▲                | 3.6                    | ▲                   | \$1.39                | -6,008          | 247,091 | \$237 |
| IRWINDALE      | 261           | 11,665,523     | 5.7         | ▲                | 5.8                    | ▲                   | \$1.05                | -272,782        | 105,963 | \$255 |
| LA PUENTE      | 90            | 1,799,348      | 0.4         | ▼                | 0.4                    | ▼                   | \$1.06                | 5,136           | 5,136   | \$345 |
| LA VERNE       | 136           | 2,850,657      | 0.5         | ▲                | 0.7                    | ▼                   | \$1.00                | -23,683         | 10,184  | \$298 |
| MONROVIA       | 204           | 3,295,684      | 0           | —                | 0                      | —                   | \$1.26                | -7,258          | 0       | \$315 |
| MONTEREY PARK  | 204           | 3,295,684      | 0.2         | ▼                | 1.8                    | ▲                   | \$1.26                | -7,258          | 0       | \$315 |
| PASADENA       | 99            | 1,485,242      | 1.8         | ▲                | 5.80%                  | ▼                   | \$1.45                | 208             | 9,094   | \$401 |
| POMONA         | 645           | 19,723,538     | 0.6         | ▲                | 1.6                    | ▲                   | \$1.30                | 6,020           | 63,036  | \$244 |
| ROSEMEAD       | 52            | 1,231,319      | 0.9         | —                | 0.9                    | —                   | \$1.25                | 0               | 0       | \$264 |
| SAN DIMAS      | 125           | 3,100,853      | 1.1         | ▼                | 0.8                    | ▲                   | \$0.98                | 1,326           | 18,853  | \$266 |
| SAN GABRIEL    | 69            | 1,140,289      | 1           | ▼                | 0.6                    | ▼                   | \$1.10                | 11,260          | 17,403  | \$273 |
| SOUTH EL MONTE | 832           | 11,110,587     | 1.9         | —                | 1.5                    | ▲                   | \$1.14                | 9,129           | 52,051  | \$318 |
| TEMPLE CITY    | 36            | 635,529        | 0           | ▼                | 0                      | ▼                   | \$1.00                | 0               | 0       | \$281 |
| WALNUT         | 198           | 6,925,528      | 3.9         | ▼                | 2.1                    | ▼                   | \$1.42                | -26,285         | 26,476  | \$253 |
| WEST COVINA    | 14            | 568,253        | 1.5         | —                | 1.9                    | ▼                   | \$1.08                | 8272            | 8,272   | \$229 |

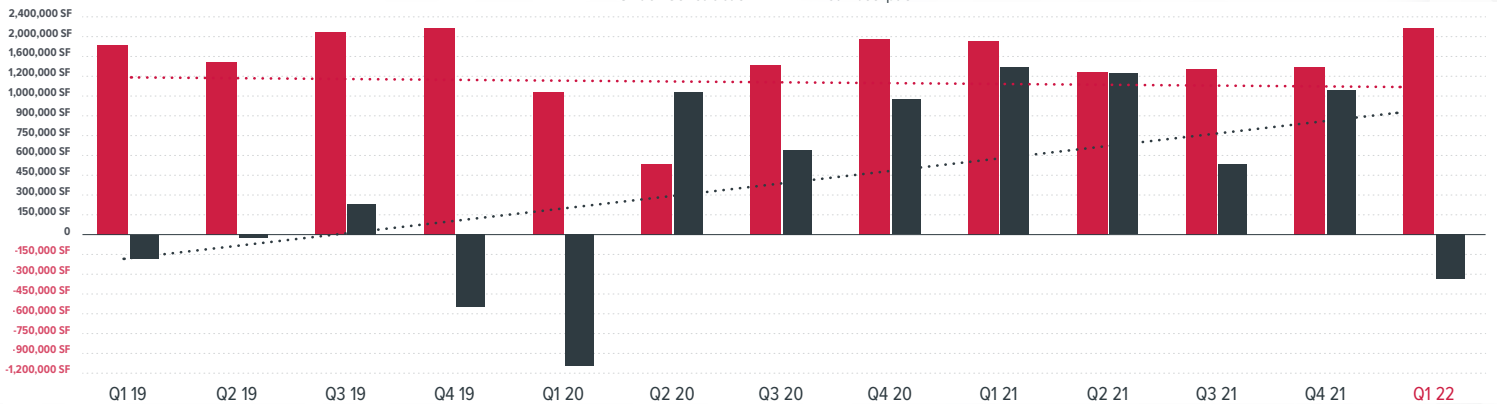
## LEASE EXPIRATION FORECAST



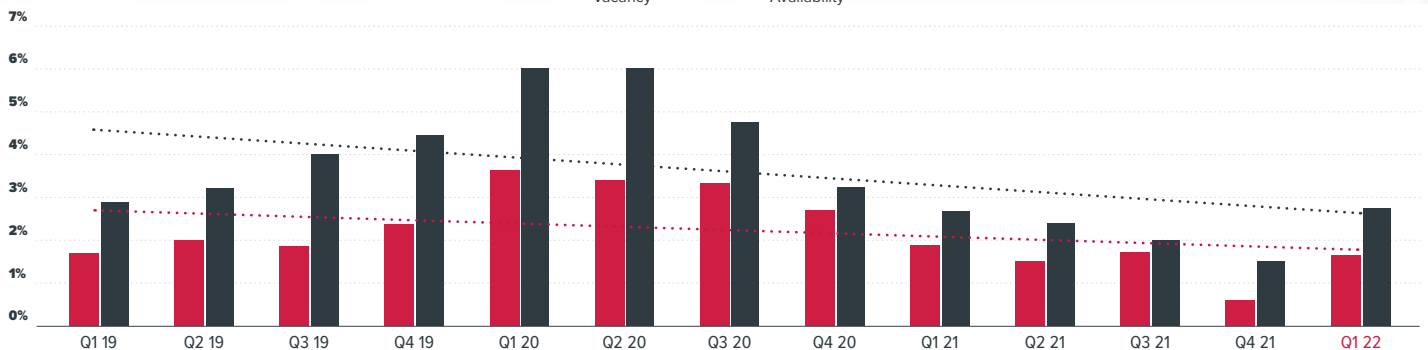
## VACANCY BY BUILDING CLASS



## UNDER CONSTRUCTION VS. NET ABSORPTION

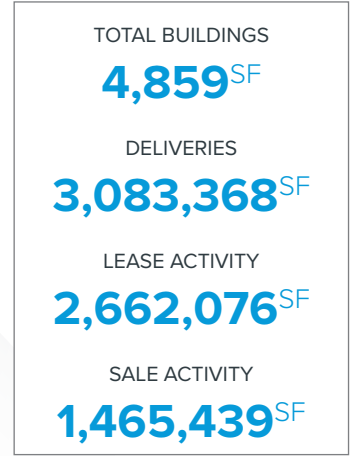
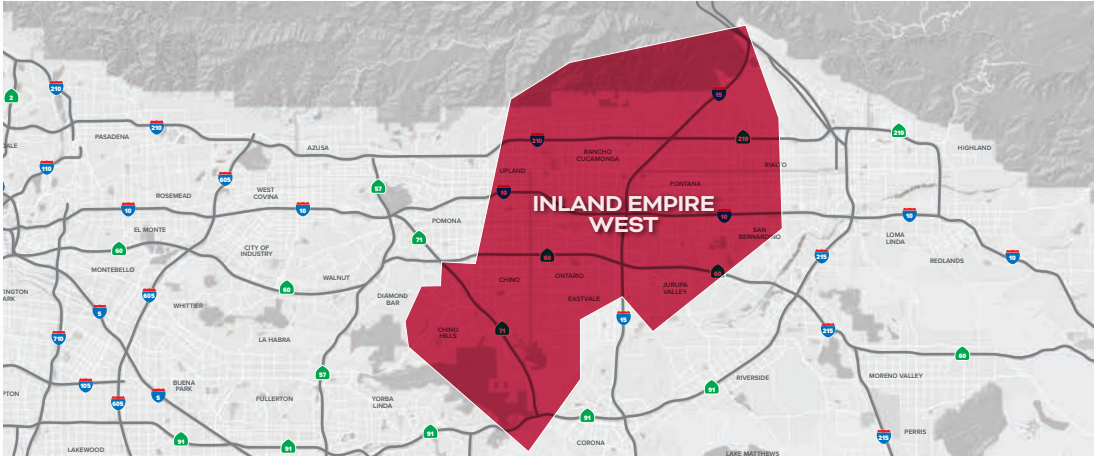


## VACANCY VS. AVAILABILITY

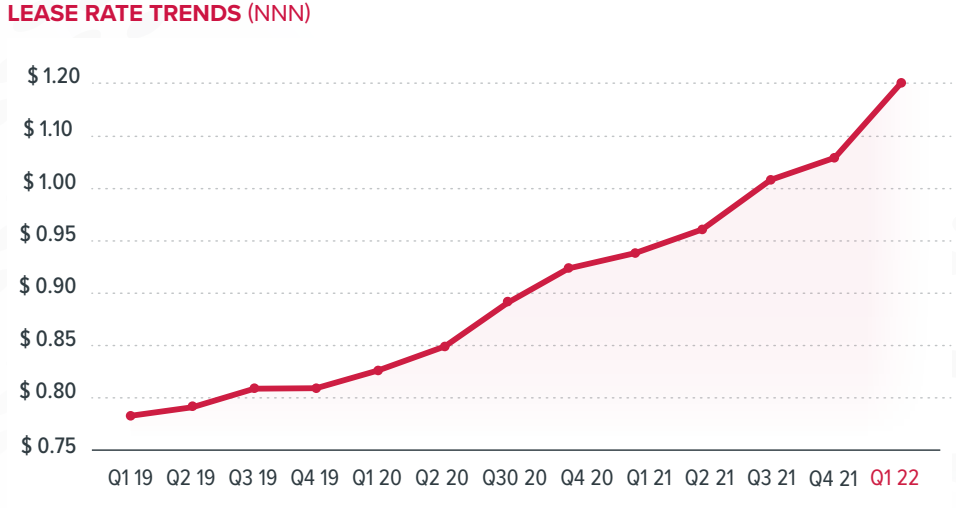
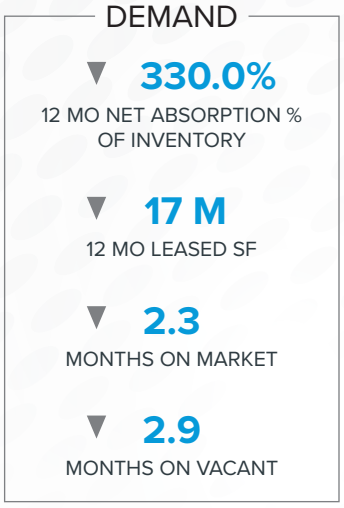


## Q1 2022 INDUSTRIAL MARKET INSIGHT

# INLAND EMPIRE WEST



Using any metric -- vacancy, average asking rents, net absorption, square feet leased, and square feet under development – 2021 was simply a stellar year for the Inland Empire. Those trends continued in Q1 of 2022. Average asking rents continue their meteoric rise, jumping 18.7% or \$0.20 PSF quarter over quarter. They are now \$1.27 NNN PSF. Vacancy in the region dipped another 20 basis points, closing out the quarter at 0.58%. Furthermore, net absorption for the quarter totaled over 3.1 million square feet. 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. In the past, the Inland Empire was a discount-option for those priced of LA’s more expensive submarkets. That is no longer true.

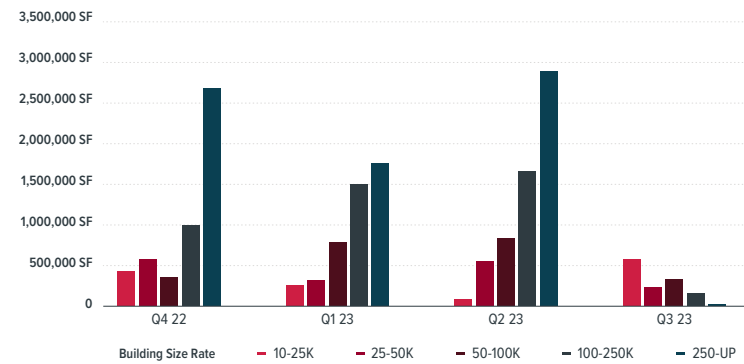




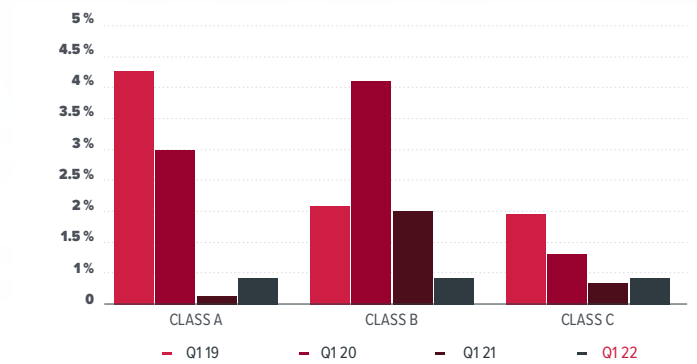
# INLAND EMPIRE WEST CITY STATS

| 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     | 0.4         | 2.5              | 1.2                    | 383,916             | 418,773               | \$249           |
| CHINO HILLS      | 50            | 10,911,435     | 3.1         | 2.3              | \$1.75                 | 195,392             | 197,892               | \$235           |
| EASTVALE         | 753           | 68,769,668     | 2           | 5.3              | \$1.25                 | 713,292             | 822,002               | \$238           |
| FONTANA          | 306           | 31,585,496     | 0           | 8.4              | \$1.09                 | 142,673             | 142,673               | \$205           |
| JURUPA VALLEY    | 22            | 1,677,454      | 1           | 1.8              | \$0.92                 | 30,684              | 30,684                | \$229           |
| MIRA LOMA        | 201           | 3,952,053      | 0.3         | 0.9              | \$0.69                 | 52,913              | 58,177                | \$270           |
| MONTCLAIR        | 1506          | 116,304,005    | 0.4         | 2.6              | \$1.12                 | 317,271             | 538,002               | \$206           |
| ONTARIO          | 747           | 40,604,291     | 0.7         | 6.8              | \$1.11                 | 1,587,452           | 1,797,122             | \$250           |
| RANCHO CUCAMONGA | 258           | 3,961,659      | 1.1         | 4.8              | \$1.15                 | -1,557              | 250,203               | \$344           |

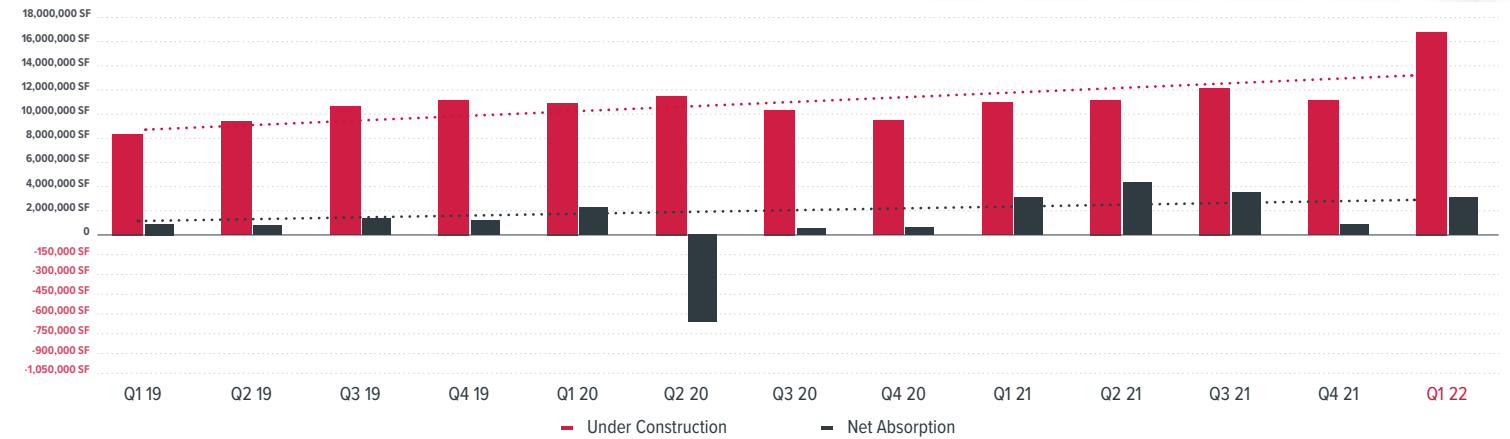
## LEASE EXPIRATION FORECAST



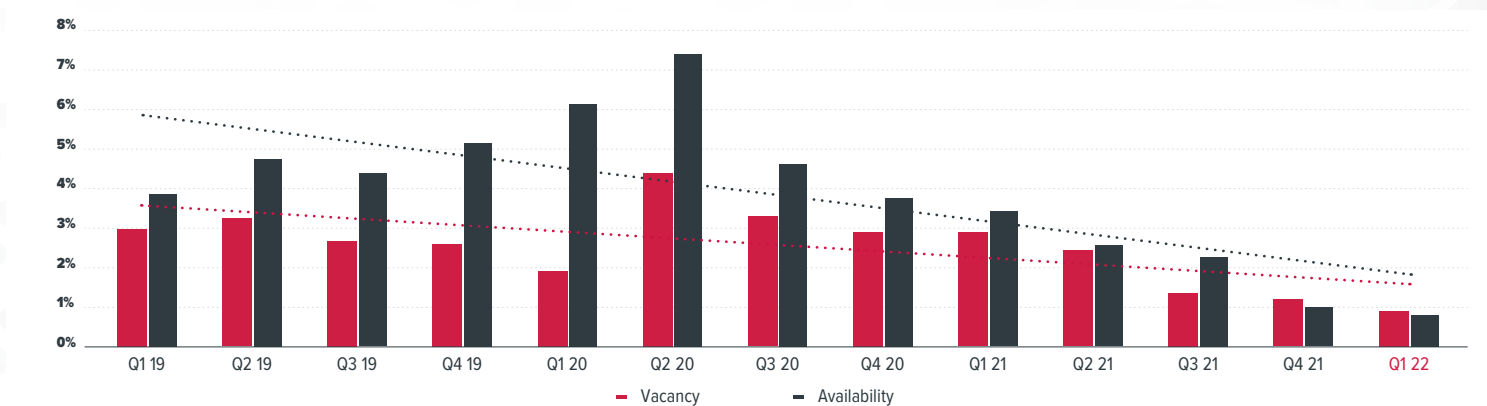
## VACANCY BY BUILDING CLASS



## UNDER CONSTRUCTION VS. NET ABSORPTION



## VACANCY VS. AVAILABILITY



## Q1 2022 INDUSTRIAL MARKET INSIGHT

# A LOOK AHEAD

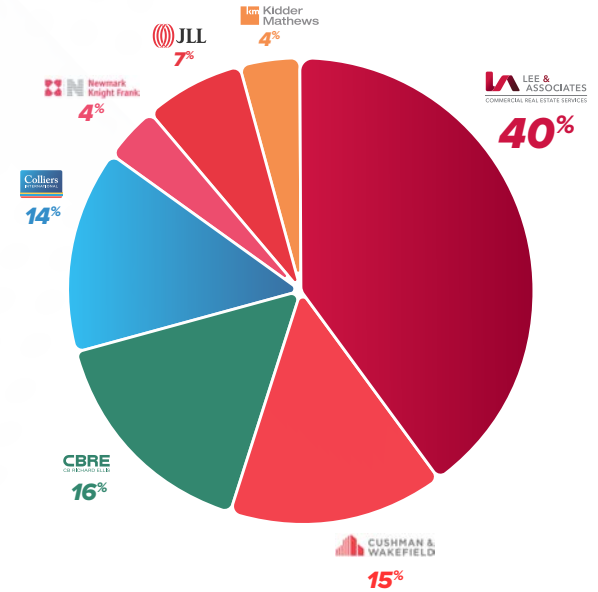
Looking forward, we expect to see similar market condition over the short to mid-term. Occupiers will continue to struggle to find available space, and should plan to engage in discussions well ahead of any lease expirations or net new requirements. On the other side of the table, landlords will likely be able to continue push rents as availability dwindles in LA and in the neighboring markets of the Inland Empire and Orange County.

Strong demand is expected to continue throughout the year and asking rents will continue to post double-digit gains throughout 2022.

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. As yet, there is no end in sight for the success of the industrial sector.

### LEE & ASSOCIATES MARKET SHARE

Available Listings - Central / Mid-Counties / SGV / IE West



### TOP 5 TRANSACTIONS BY SF (Q1 2022)



**LEASED**

1600 Heron Avenue  
La Mirada, CA 90636

119,336 SF

Lessee: Service Air Cargo & So Ca WHS  
Agents: Peter Bacci & Mike Tsaparian



**LEASED**

5600 Knott Avenue  
Buena Park, CA 90621

110,696 SF

Lessee: RCUSA Holdings  
Agents: Tim Cronin



**LEASED**

13851-13855 Ramona Avenue  
Chino, CA 90710

100,320 SF

Lessee: EFORYOU  
Agents: Steve Coulter & Pat Bogan



**SOLD**

3151-3161 E. Washington Boulevard  
Los Angeles, CA 90023

98,441 SF

Lessee: NBA Washington  
Agents: Jim Halferty & Mike Smith



**LEASED**

1551 Miller Ave. & 4005 Whiteside St.  
Los Angeles, CA 90063

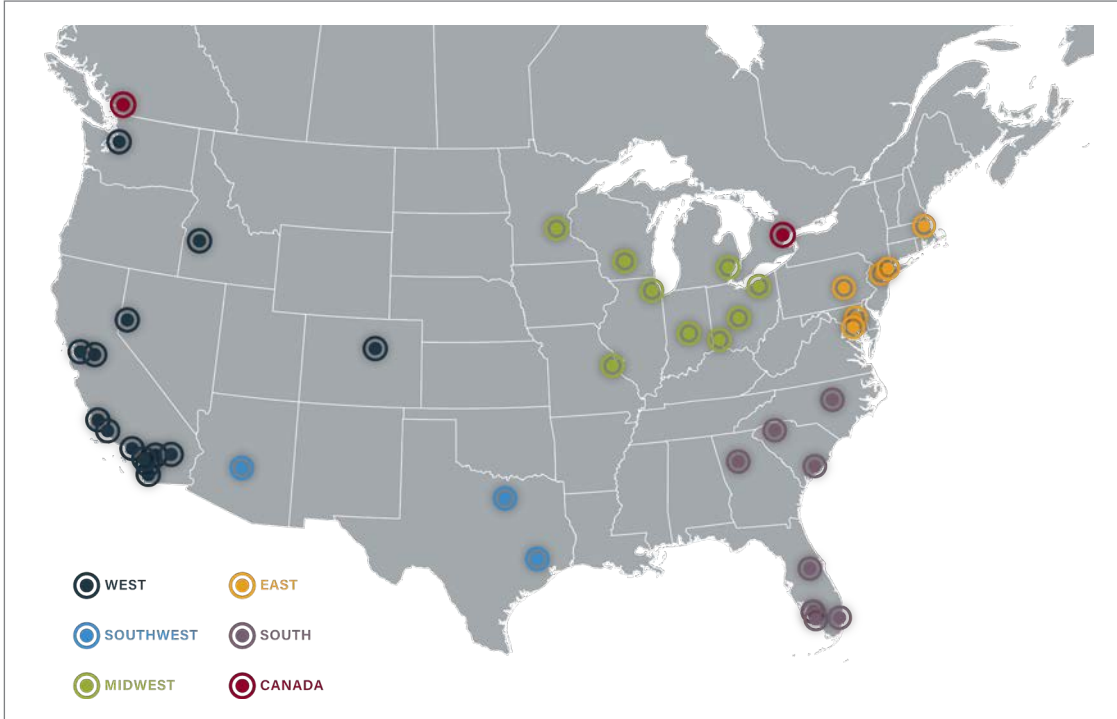
94,138 SF

Lessee: RCB Equites  
Agents: Jack Cline

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