

Q1 Industrial Market Insight

Lee & Associates® Research
Los Angeles Central
City of Industry

2024

Central Los Angeles

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Q1 2024 Market Insight Central Los Angeles

Central LA Highlights

- **Big Picture:** Across all submarkets in the Los Angeles Basin this quarter, vacancies and availability increased, lease rates decreased, sales and leasing activity were at historic lows, and construction starts diminished.
- **Vacancy Rate:** Continues to rise, increasing 80 bps from Q4 2023 to a rate of 5.9% in Q1. Year over year, the vacancy rate increased 180 bps or by 4.4 MSF.
- **Asking Rents:** Declined by \$0.14 or 8.2% year-over-year to a rate of \$1.55 NNN PSF in Q1.
- **Inflation:** Headline CPI continues to be elevated above the Fed's 2% target at 3.5%. Overall PCE inflation grew by 0.3% from February and 2.7% from the prior year, while core PCE inflation grew by 0.3 month-over-month and 2.8% year-over-year.
- **GDP & Employment:** In Q1, the U.S. economy grew by 1.6% year-over-year, below market growth-expectations of 2.5%. The unemployment rate fell by 10 basis points (bps) to 3.8% and the labor force participation rate ticked up to 62.7%. Average hourly earnings rose by 4.1% year-over-year, in line with market expectations and above inflation.
- **Port Activity:** Port of LA activity (measured by Total TEUs) is up 29.98% year to date as compared with the first three months of 2023.
- **Supply Chain:** The cost from China/East Asia to North America West Coast increased 33.5% over Q1, ending at \$3,623 per container per Freightos.

CITY	# of Bldgs	Inventory	Vacancy	Availability	Net Absorption	Gross Absorption	Direct Asking Rate (NNN)	Asking Sale Rate
BELL/BELL GARDENS	206	6,883,975	3.5	4.6	-21,132	5,950	\$1.67	\$259
COMMERCE	848	46,409,405	5.4	9.6	-823,253	322,464	\$1.58	\$246
CUDAHY	44	1,029,344	5.1	13.6	-17,500	11,905	\$1.15	\$232
HUNTINGTON PARK	214	3,984,363	7.3	8.4	-142,660	10,800	\$0.92	\$239
DTLA	4641	142,758,275	6.4	8.7	-706,045	1,584,876	\$1.49	\$295
MAYWOOD	64	869,543	6.3	8.2	16,978	55,087	\$1.11	\$325
MONTEBELLO	247	10,158,280	8.6	11.8	-71,115	112,840	\$1.71	\$254
PICO RIVERA	208	10,327,983	2.9	4.8	-132,049	8,247	\$1.43	\$266
SOUTH GATE	283	989,940	2.2	4.6	-56,154	405,718	\$1.59	\$247
VERNON	822	44,294,962	6.5	7.8	67,306	655,508	\$1.49	\$257

↑ 3.8%

US Unemployment Rate

↑ 1.6%

GDP - Quarter 1 % - Change YOY

↑ 4.6%

U.S. 10-Year Treasury Note

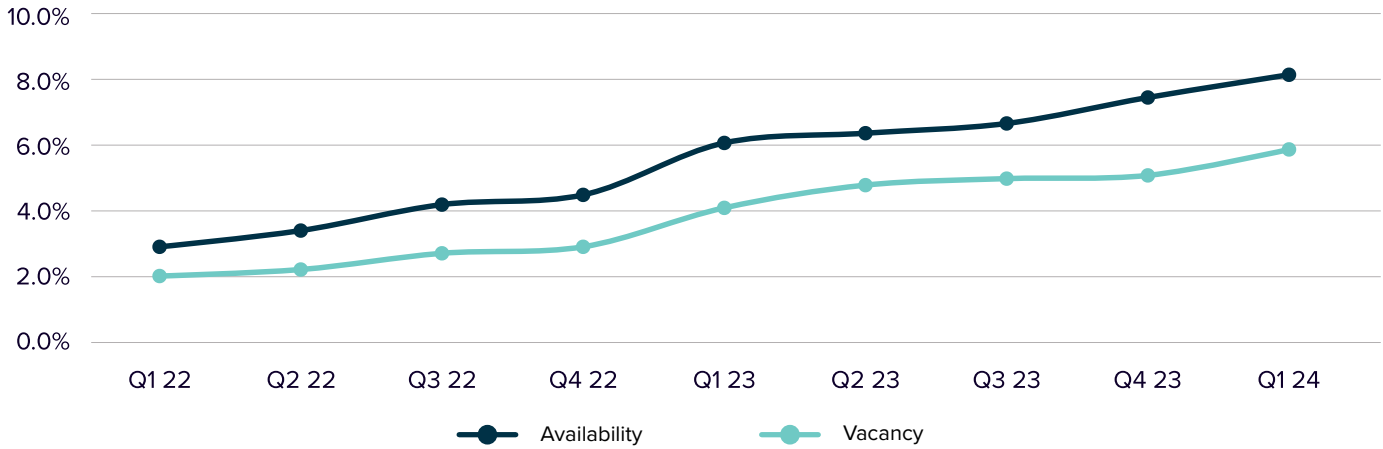
> Market Summary

	Q1 2023	Q4 2023	Q1 2024
Total Inventory (SF)	244,776,751	245,109,437	245,109,437
Overall Vacancy	4.1%	5.1%	5.9%
Overall Availability	6.1%	7.5%	8.2%
Under Construction (SF)	447,227	869,605	869,605
Net Absorption (SF)	2,894,707	-164,653	-2,019,582
Overall Asking Lease Rates (NNN)	\$1.69	\$1.61	\$1.55

> Labor Force

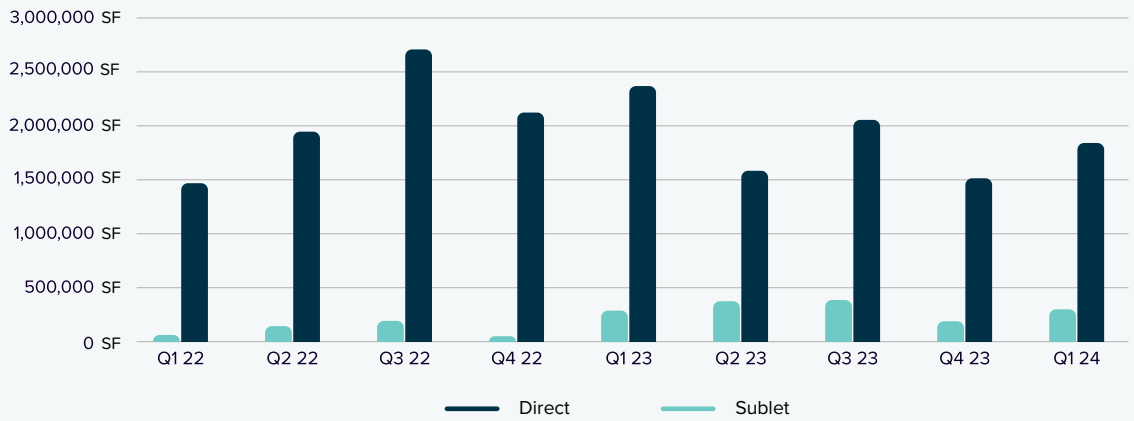
	Construction	Manufacturing	Transportation, Trade & Utilities
12-Mo Employment Growth (%)	0.5%	-1.5%	-0.1%
12-Mo Actual Employment Change	-700	-4,900	-1,200

> Vacancy vs Availability

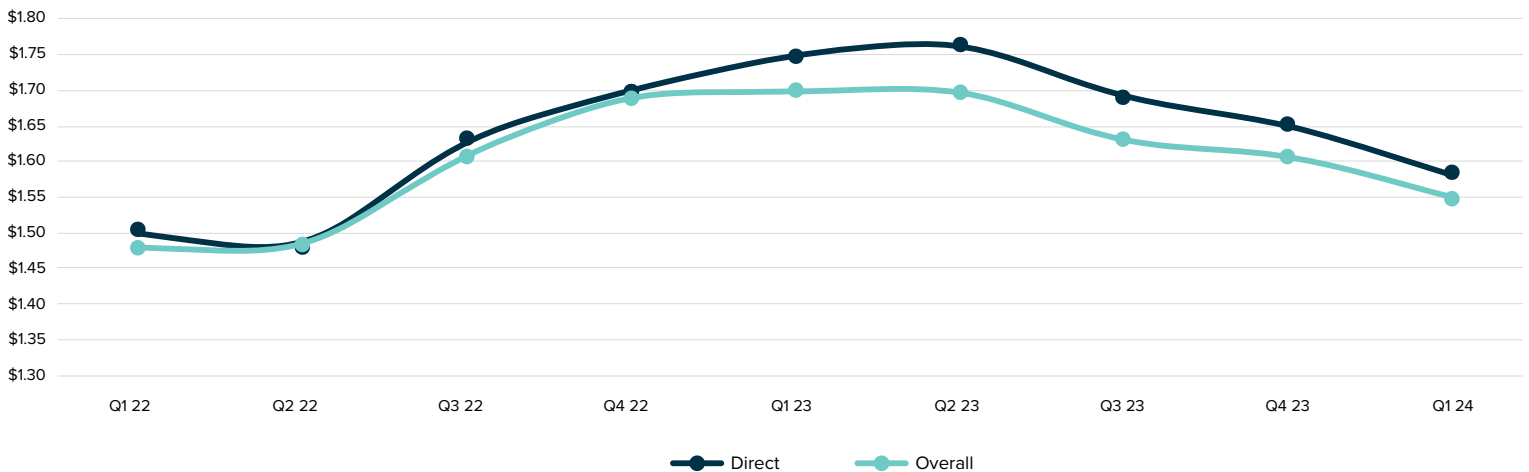


Leasing Activity & Absorption

Leasing activity totaled **2.14 million square feet (MSF)** in Q1, below the historical quarterly average of **2.29 MSF**. Net absorption in the first quarter was negative, posting **-2.01 MSF**, marking the eight consecutive quarter of diminishing demand.



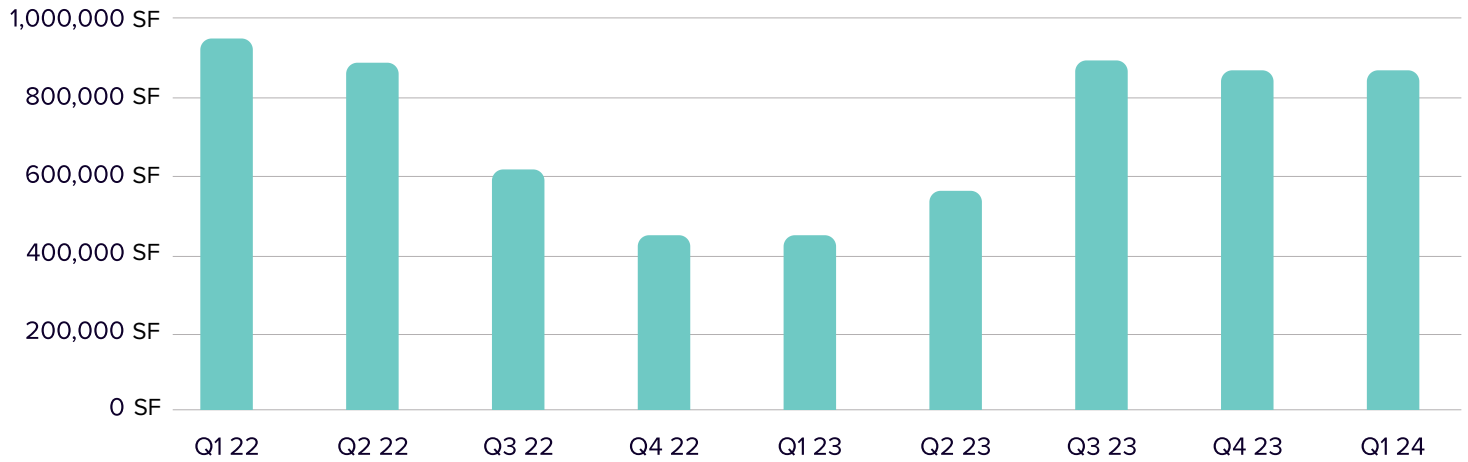
> Rental Rates





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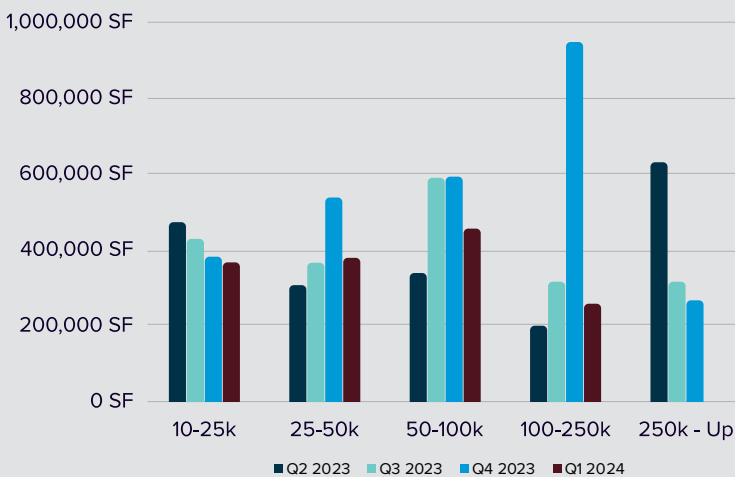
> Construction



> Sales Trends



> Lease Expiration



Central Los Angeles
Largest Lease Transaction
 By Square Foot
 Lessee: Four Seasons
 5804-5874 Slauson, Commerce

631,264^{sf}

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)
320-336 W 31ST ST	Los Angeles	73,622	Planned Parenthood	Cref Dita Owner LLC
3316-3326 S MAIN ST	Los Angeles	51,972	South Main St Properties	Mae M Durant Family Trust
2640 E 26TH ST, UNIT A/B	Vernon	40,129	L&L 2640 LLC	Vernon by the River LLC
1230 LONG BEACH AV	Los Angeles	24,806	Joo Hyun Lee	H & A Tobman Family LLC
2017 8TH ST	Los Angeles	23,486	Moira Cosmetics	Hankook Investments

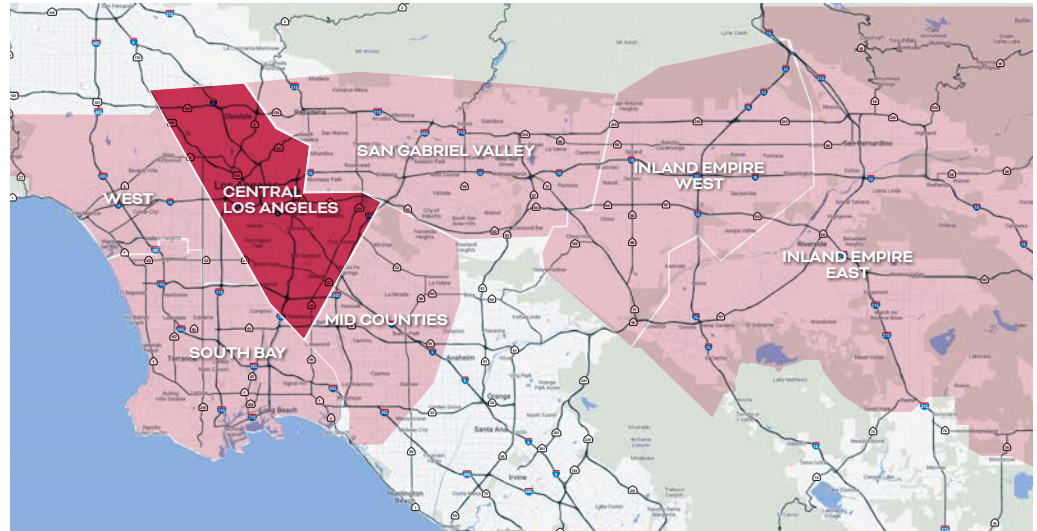
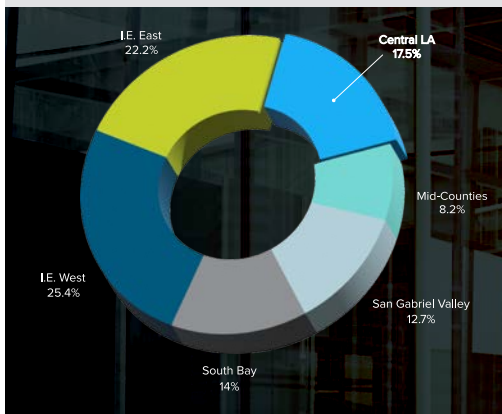
> Top 5 New Leases

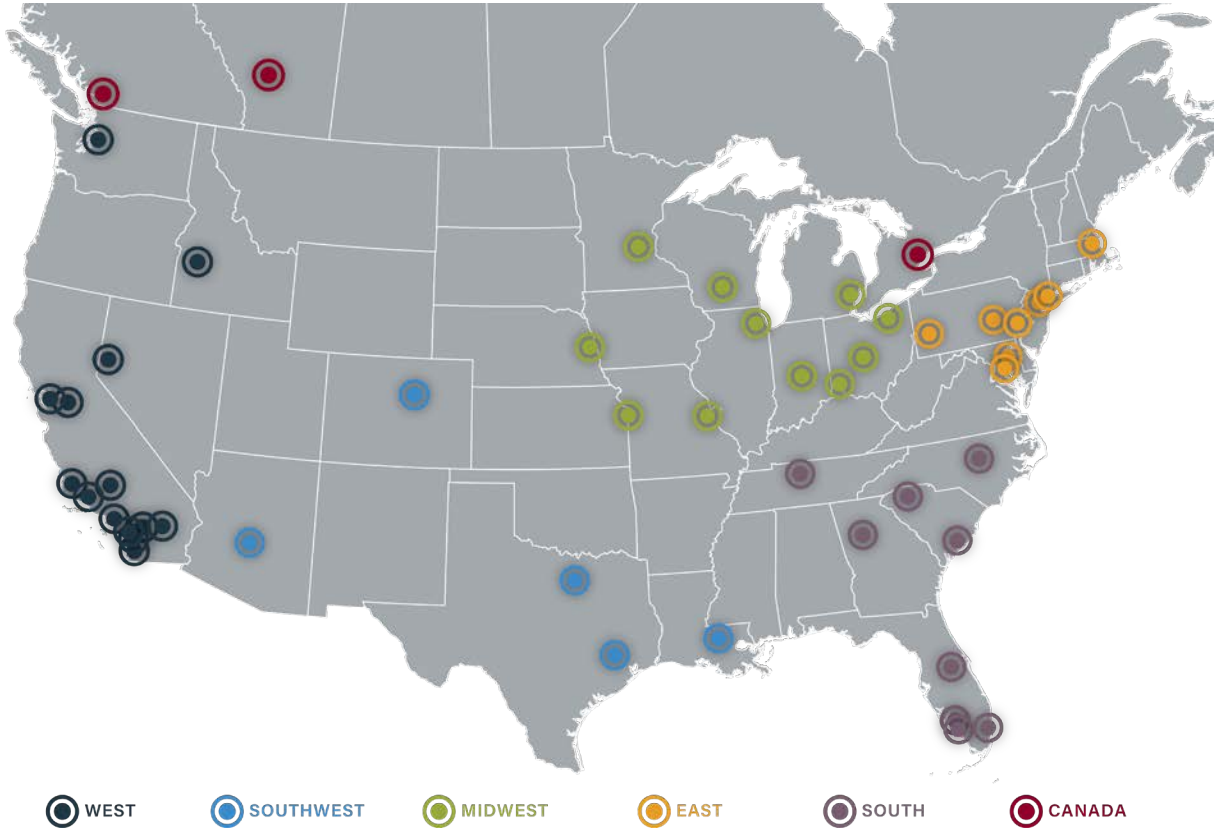
Address	City	Size (SF)	Lessor	Lessee(s)
5804-5874 SLAUSON	Commerce	631,264	LIT Commerce Dist	Four Seasons (Gen Merch)
5525 S SOTO	Vernon	138,100	Transformco	Popular 21
4231 LIBERTY BL	South Gate	87,038	South Gate Industrial	Elite Vinyl Windows
1520-1530 BEACH ST	Montebello	77,056	Alere Property Group	Blower-Demsay
5715 BICKET ST	Huntington Park	72,000	5715 Bickett LLC	Citizens of Humanity

> Major Construction / Development Projects

Address	City	Developer	Size (SF)	Est. Completion
3690 UNION PACIFIC	Los Angeles	Real Estate Development Associates	253,318	Oct-24
4885 E 52ND PL	Vernon	Bridge Industrial	210,347	May-24
7400 BANDINI BLVD	Commerce	Bridge Industrial	94,154	May-24
3270 E WASHINGTON BLVD	Los Angeles	Brenntag North America	73,777	Aug-24

Inventory Comparison





- 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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