LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

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Q1 Industrial Market Insight

Lee & Associates® Research
Los Angeles Central
City of Industry

2024
Mid-Counties

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COMMERCIAL REAL ESTATE SERVICES

Q1 2024 Market Insight
Mid-Counties

CITY	# of Bldgs	Inventory	Vacancy	Availability	Net Absorption	Gross Absorption	Direct Asking Rate (NNN)	Asking Sale Rate
ARTESIA	27	313,400	5.4	7.5	-16,903	0	0	$339
BELLFLOWER	66	1,003,395	0	0	9,700	9,700	$1.59	$328
BUENA PARK	221	13,580,292	5	9.8	-174,118	19,257	$1.39	$240
CERRITOS	250	12,819,667	3.6	9	117,697	321,236	$1.45	$271
CYPRESS	87	4,749,670	6.6	2.2	49,336	105,846	$1.84	$271
LA MIRADA	177	13,144,946	9.1	11.2	-322,839	102,583	$1.49	$269
LA PALMA	16	1,778,216	4.1	4.7	0	0	0	$215
LOS ALAMITOS	92	2,191,101	1	3.9	-13,203	6,728	$1.45	$294
NORWALK	90	2,919,603	3.6	3.6	-9,456	5,058	$1.67	$259
SANTA FE SPRINGS	1346	53,889,465	4	8	-314,328	389,830	$1.69	$288
WHITTIER	163	4,200,258	2.3	7.5	-28,909	26,331	$1.50	$265
DOWNEY	139	4,664,653	4.5	5.3	-2,406	40,000	$1.32	$276

Mid-Counties 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 70 bps quarter-over-quarter and 290 bps year-over-year to reach the current rate of 4.6%.
- **Asking Rents**: At a $1.58, asking lease rents declined by $0.11 or 6.5% from the Q1 2023 rate of $1.69.
- **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.

3.8% US Unemployment Rate

1.6% GDP - Quarter 1 % - Change YOY

4.6% U.S. 10-Year Treasury Note

Market Summary

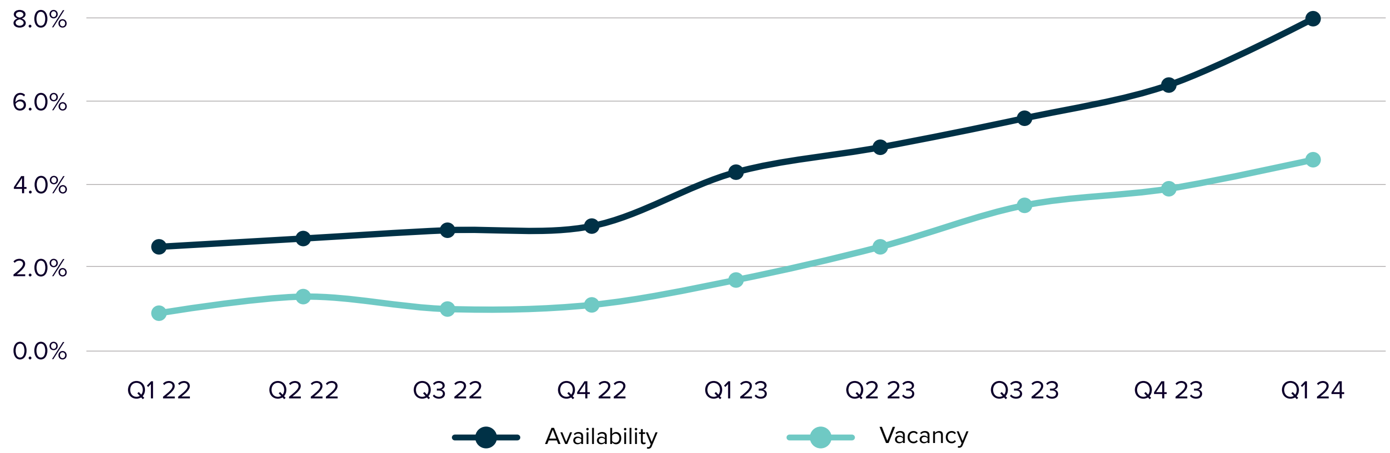
	Q1 2023	Q4 2023	Q1 2024
Total Inventory (SF)	115,092,073	115,115,209	115,259,643
Overall Vacancy	1.7%	3.9%	4.6%
Overall Availability	4.3%	6.4%	8.0%
Under Construction (SF)	515,221	515,221	370,787
Net Absorption (SF)	-637,466	-410,634	-727,429
Overall Asking Lease Rates (NNN)	$1.69	$1.68	$1.58

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

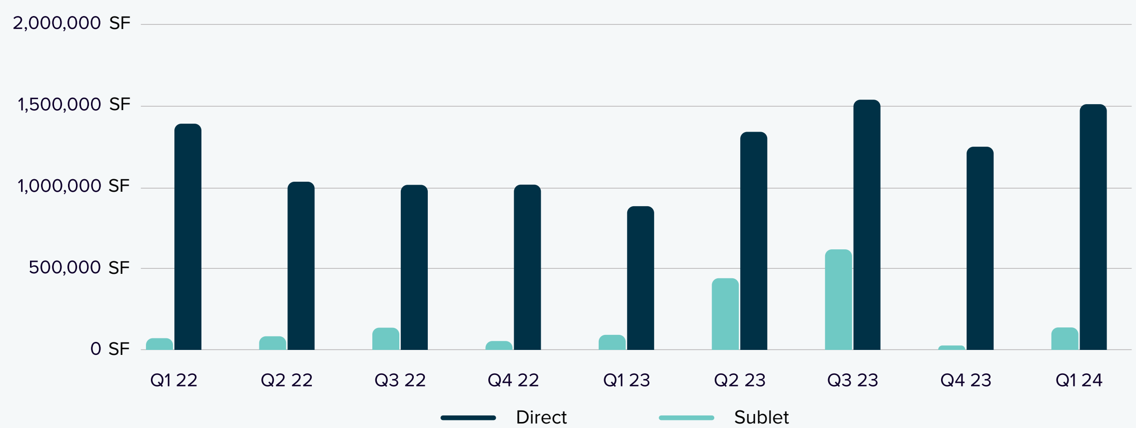
Source: U.S. BLS Stats by Industry

Vacancy vs Availability

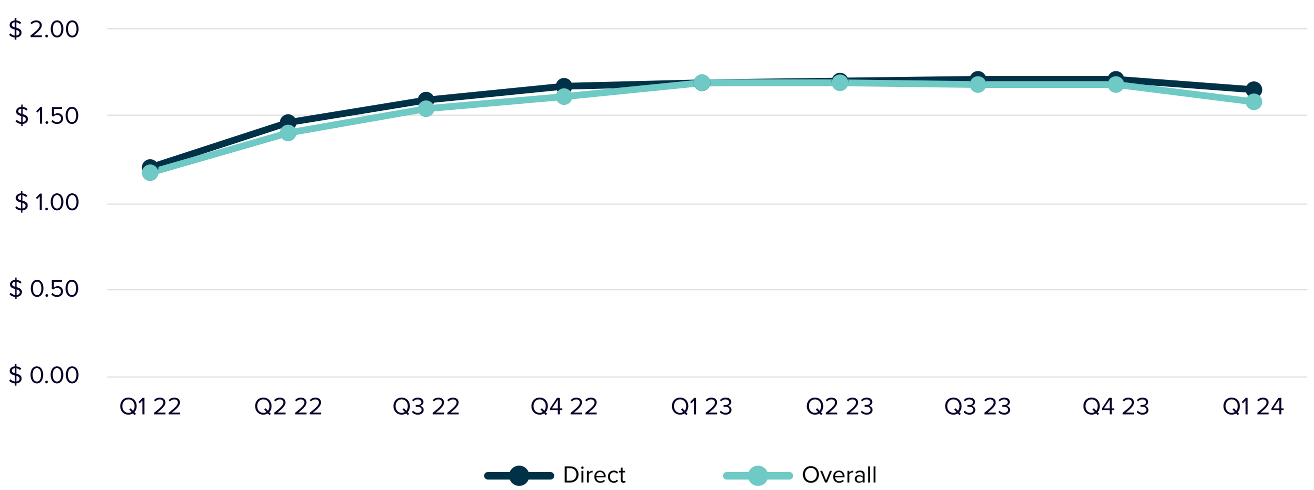


Leasing Activity & Absorption

Leasing activity totaled **1.64 million square feet (MSF)** in Q1, below the historical quarterly average of **1.83 MSF**. Net absorption in the first quarter was negative, posting **-727,429 MSF**, marking six consecutive quarters of diminishing demand in the past eighteen months.



Rental Rates



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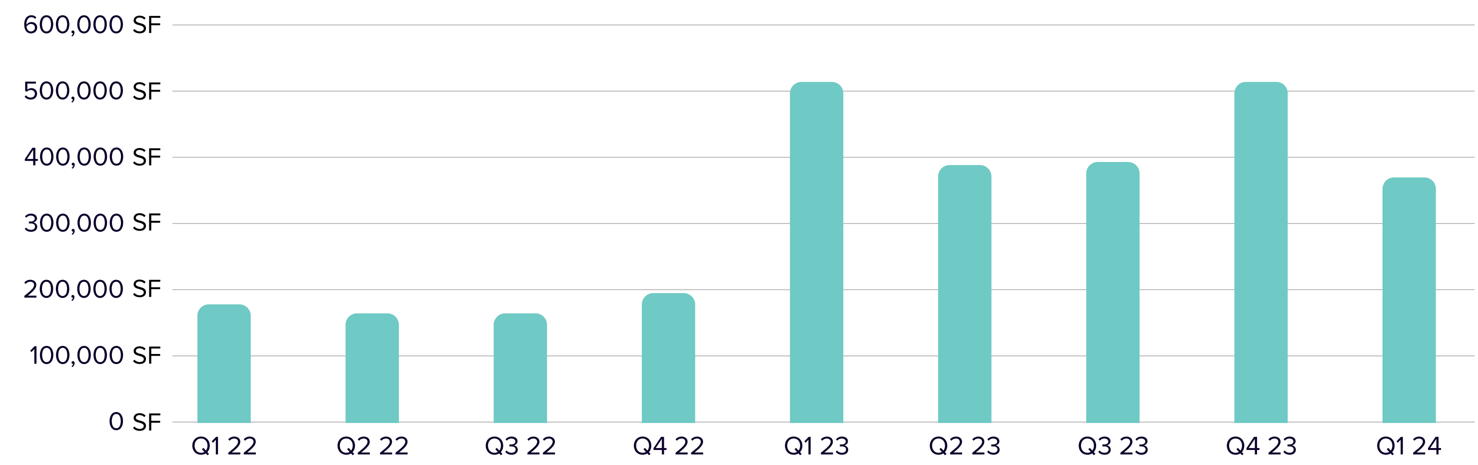
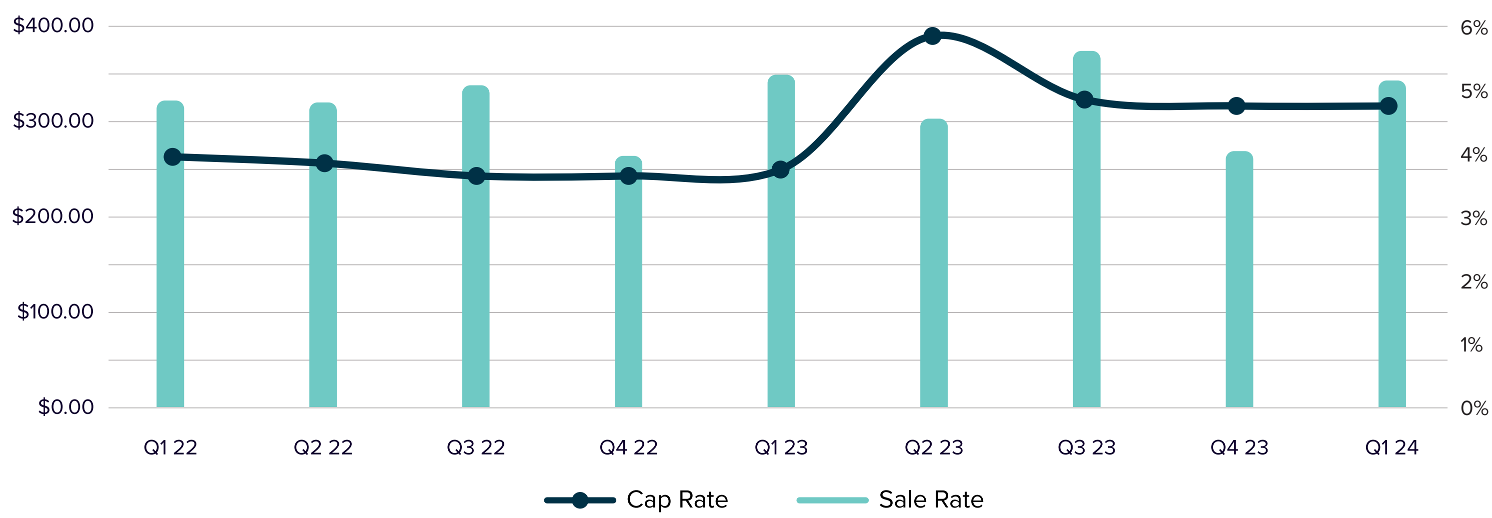
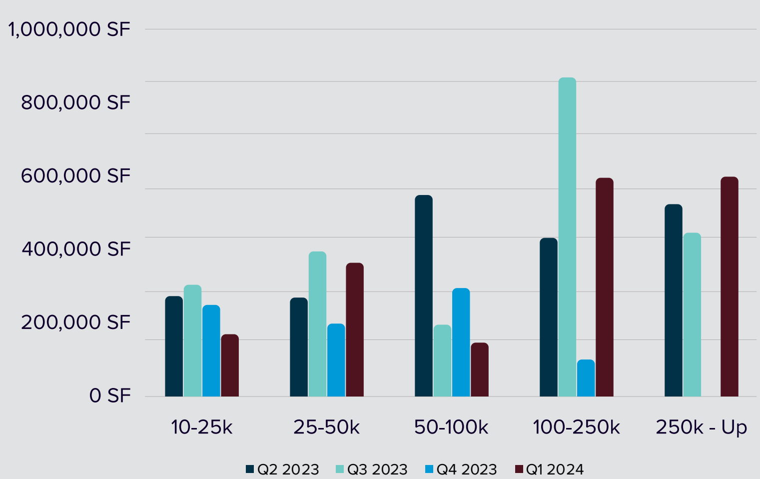
Construction

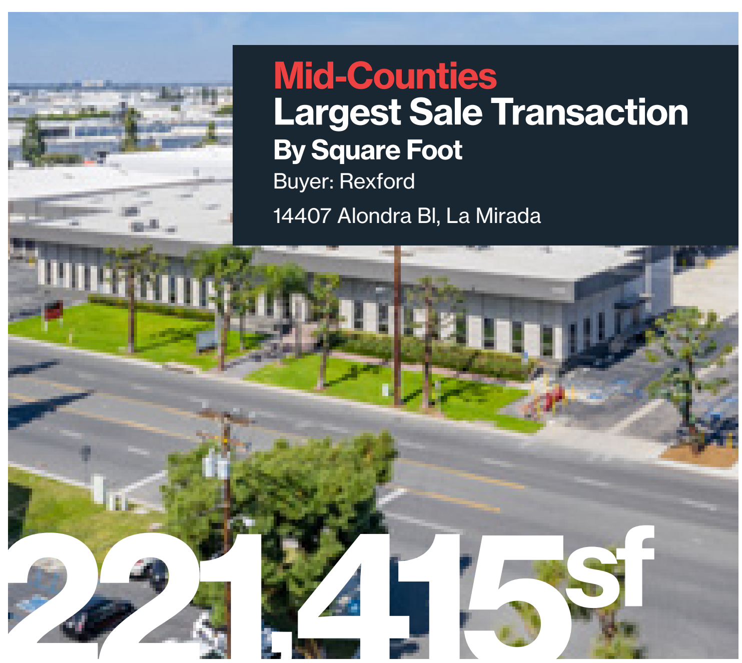


Sales Trends



Lease Expiration





Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)
14407 ALONDRA BL	La Mirada	221,415	Rexford	Icon Owner Pool
12930-12958 MIDWAY PL	Cerritos	161,650	Rexford	WPT Midway
14647-14725 NORTHAM ST	La Mirada	220,212	Rexford	BPP Shiraz La Mirada
14680-14700 ALONDRA BL	La Mirada	196,000	Rexford	BPP Shiraz La Mirada
9028 DICE RD	Santa Fe Springs	96,000	Rexford	GPT KIK USA

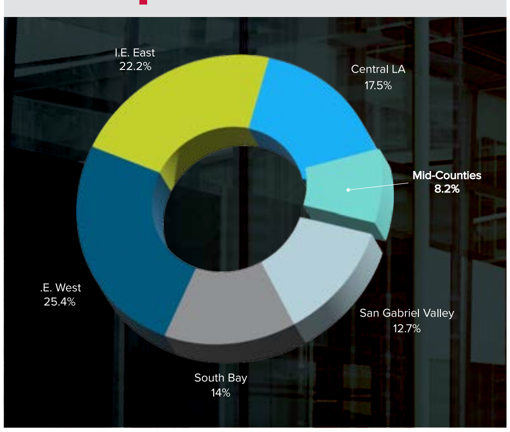
Top 5 New Leases

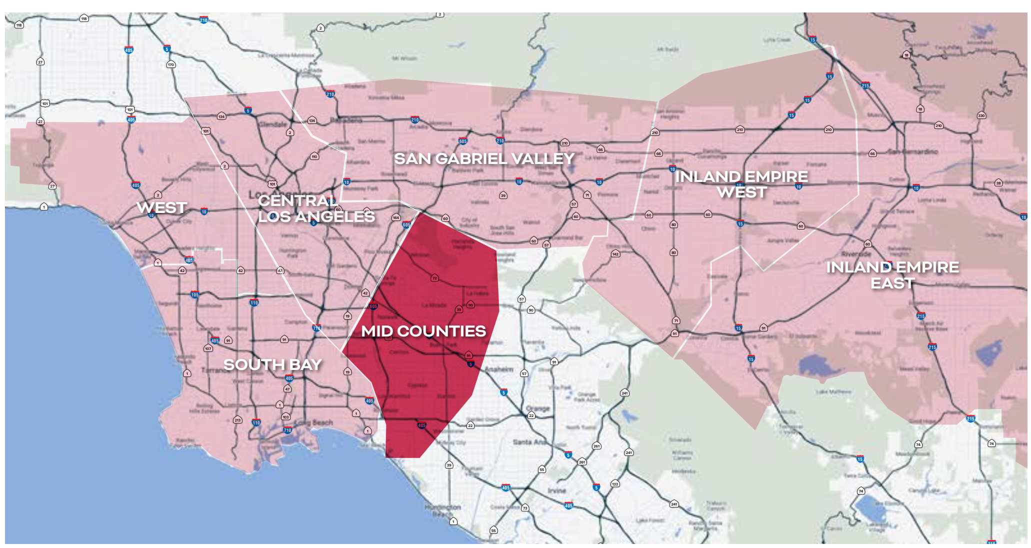
Address	City	Size (SF)	Lessor	Lessee(s)
12821 CARMENITA RD	Santa Fe Springs	117,774	Golden Springs Building	Montage Fulfillment
14455-14489 INDUSTRY CR	La Mirada	112946	Heitman	National Sign
14221 ARTESIA BL	La Mirada	106,118	Artesia Capital	Felix Lighting Corp
11333 GREENSTONE AV	Santa Fe Springs	105,270	AEW	Twin Meds
17707-17719 VALLEY VIEW AV	Cerritos	71,786	17719 D&D Mgmt	CMA Dishmachines

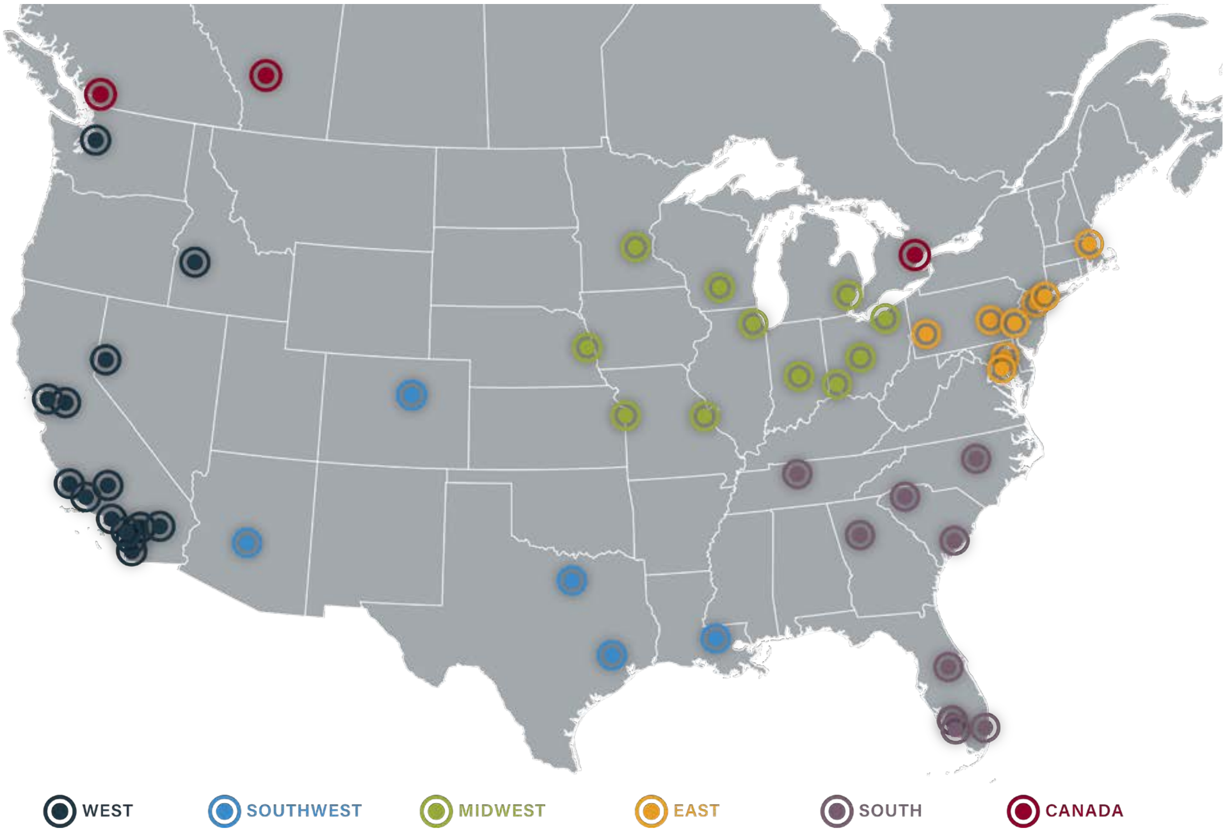
Major Construction / Development Projects

Address	City	Developer	Size (SF)	Est. Completion
10251 SANTA FE SPRINGS-BLDG 3	Santa Fe Springs	Centris Industrial	121,124	Dec-24
10000 PIONEER BLVD	Santa Fe Springs	Rexford	104,667	Jul-24
12551 TELEGRAPH RD-BLDG 2	Santa Fe Springs	Centris Industrial	58,463	May-24
9920 PIONEER BLVD	Santa Fe Springs	Rexford	35,918	Jul-24

Inventory Comparison







108% Increase in Brokered Sale & Lease SF Over 5 Years

$32+ Billion Transaction Volume (2022)

15K+ Professionals and Growing Internationally

75+ Offices Nationwide

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