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4Q 2024

INDUSTRIAL MARKET REPORT



LEE &
ASSOCIATES

COMMERCIAL REAL ESTATE SERVICES

LOS ANGELES - LONG BEACH

AT A GLANCE



Employment Nonfarm payrolls increased by 256,000 in December, up from November's 212,000 and exceeding the Dow Jones forecast of 155,000. The topline unemployment rate (U3) fell to 4.1%, slightly better than expected while U6, a broader measure of joblessness that includes discouraged and underemployed workers, dropped to 7.5%, its lowest since June 2024. Job growth was driven by health care (up 46,000), leisure and hospitality (43,000), and government (33,000). Retail rebounded with a gain of 43,000 after losing 29,000 in November, though its annual growth of 2.2 million jobs lagged behind the 3 million added in 2023. Average hourly earnings rose 0.3% for the month, in line with forecasts, but the 12-month increase of 3.9% signaled a continued slowing of wage growth.

California's latest jobs report shows unemployment rising to 5.4%, a 0.1% increase from the previous month. In 2024, nonfarm jobs grew consistently, with a year-to-date gain of 167,000, despite small losses in February and August. Year-over-year, California's job growth (+1.2%) trailed the national rate (+1.4%) by 0.2%. In November, five of California's 11 industry sectors added jobs, led by Private Education & Health Services (+13,100). Trade, Transportation, & Utilities (+5,700) posted its ninth consecutive monthly gain, driven by retail hiring, couriers, and increased port activity during the holiday season. Financial Activities (-4,400) saw the largest decline, attributed to weakness in Real Estate, Rental and Leasing, and financial investment roles. Unemployment rates in Southern California counties stood at 5.8% in Los Angeles, 4.0% in Orange, 5.4% in Riverside, and 5.1% in San Bernardino.

GDP The U.S. gross domestic product (GDP) grew by 3.1%

in Q3 2024, according to the Commerce Department. The acceleration from Q2 was driven by increases in exports, consumer spending, and federal government spending, partially offset by declines in private inventory investment and residential fixed investment. Imports also rose. GDP figures for Q4 are set to be released on January 30, 2025. Current projections from Wells Fargo and the Atlanta Fed estimate Q4 growth to range between 2.1% and 2.7%.

E-Commerce Sales The Q4 estimate of retail e-commerce sales will be published in February 2025; however, according to the latest data, US e-commerce sales in Q3 2024 reached \$300.1 billion, a 2.6% increase from the previous quarter, with total e-commerce sales for the year projected at \$1.22 trillion, reflecting a steady growth trend in online shopping. Total retail sales for Q3 2024 were estimated at \$1,849.9 billion, up 1.3% from Q2 2024. Q3 e-commerce sales increased 7.4% year-over-year, while total retail sales rose 2.1%. E-commerce accounted for 16.2% of total retail sales in Q3 2024.

Port Activity The Los Angeles-Long Beach port complex manages nearly 50% of U.S. imports from Asia and remains the nation's busiest port complex by container volume. In November, the Port of Los Angeles alone processed 884,315 Twenty-Foot Equivalent Units (TEUs), a 16% increase year-over-year. Year-to-date, the Port of L.A. has handled 9,375,735 TEUs, 19% ahead of its 2023 pace. Shippers frontloading goods ahead of the Lunar New Year further boosted container rates on trans-Pacific routes to the U.S. as 2025 began. According to the Freightos Baltic Index, Asia-U.S. West Coast prices rose 23% to \$5,929 per forty-foot equivalent unit for the week ending January 3.

Q4 SUBMARKETS AT A GLANCE

	ABSORPTION	VACANCY	NNN RENT OVERALL	UNDER CONSTRUCTION	SALES TRANSACTIONS	AVERAGE SALES PRICE
SOUTHBAY	↑ (1,473,746) SF	↑ 5.2%	↓ \$1.63 / SF	↓ 1,378,366 SF	↑ \$375,359,000	↑ \$386.48 / SF
MIDCOUNTRIES	↓ (675,763) SF	↑ 6.4%	↓ \$1.49 / SF	↓ 715,815 SF	↓ \$30,034,000	↑ \$358.44 / SF
CENTRAL	↑ (1,155,375) SF	↑ 6.5%	↓ \$1.37 / SF	↓ 268,139 SF	↑ \$208,022,500	↑ \$376.78 / SF
INLAND EMPIRE	↑ (4,328,233) SF	↓ 7.1%	↓ \$1.07 / SF	↓ 11,038,188 SF	↑ \$634,275,254	↓ \$249.02 / SF

Source: CoStar Realty Information Inc.

SOUTHBAY SUBMARKET



SOUTHBAY SUBMARKET Q4 TRENDS AT A GLANCE

<div style="font-size: 2em; color: #800000; margin-bottom: 10px;">↑</div> <p>Absorption 1,473,746 SF</p>	<div style="font-size: 2em; color: #800000; margin-bottom: 10px;">↓</div> <p>NNN Rent Overall \$1.63 / SF</p>	<div style="font-size: 2em; color: #800000; margin-bottom: 10px;">↑</div> <p>Sales Transactions \$375,359,000</p>
<div style="font-size: 2em; color: #800000; margin-bottom: 10px;">↑</div> <p>Vacancy 5.2%</p>	<div style="font-size: 2em; color: #800000; margin-bottom: 10px;">↓</div> <p>Under Construction 1,378,366 SF</p>	<div style="font-size: 2em; color: #800000; margin-bottom: 10px;">↑</div> <p>Average Sales Price 386.48 / SF</p>

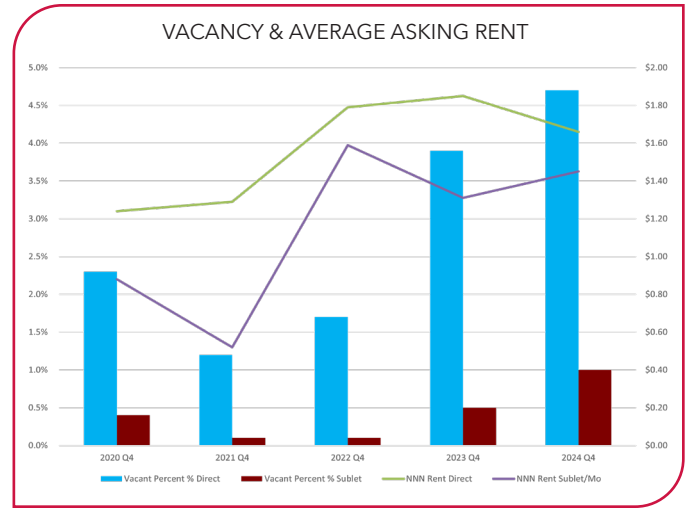
Source: CoStar Realty Information Inc.

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SOUTHBAY SUBMARKET Q4 OVERVIEW

VACANCY / AVAILABILITY

Available vacant space increased notably in Q4, reaching 5.2%, up 80 basis points from the previous quarter and 130 basis points year-over-year. Even high-end properties, which previously leased quickly before mid-2022, are now lingering on the market for extended periods, with spaces remaining vacant for an average of 7.2 months. This shift has given tenants more leverage, allowing them to be increasingly selective and assertive during lease negotiations. By the close of Q4, the total vacant available space had expanded to 10.4 million square feet.



RENTAL RATES

Average asking rents declined further in Q4, dropping 1.2% (\$0.02) quarter-over-quarter and 8.9% (\$0.16) year-over-year. Between Q4 2020 and Q4 2024, South Bay asking rents rose significantly by 34.1%, increasing from \$1.23 NNN per square foot to \$1.63 NNN per square foot. Despite rising vacancies and availability, rents have held relatively steady as landlords relied on concessions to sustain high base rates. However, rents are expected to decline gradually until supply contracts and leasing activity returns to historical norms. Notably, the average number of lease transactions per quarter is typically around 105, but only 76 deals were completed in Q4.

CONSTRUCTION

Construction activity in the South Bay currently encompasses 1.37 million square feet across 10 buildings. In Q4 2024, two new buildings, totaling 263,060 square feet, were added to the market. Of the 10 projects underway, six exceed 100,000 square feet, but none have been pre-leased. If leasing activity does not pick up, these developments could further increase vacancy rates upon completion.

SOUTHBAY SUBMARKET TOP LEASES FOR 4Q24

ADDRESS	CITY	TENANT	DATE	SIZE
2027 Harpers Way	Torrance	Virco Manufacturing	10/01/24	559,000 SF
24760 S. Main St.	Carson	DCW, Inc.	10/22/24	231,008 SF
250 W. Manville St.	Compton	Kair Harbor Express	10/01/24	206,483 SF
2230 E. Carson St.	Carson	JAM-N Logistics	10/01/24	198,292 SF
18111 S. Santa Fe Ave.	Rancho Dominguez	Air Products Manufacturing LLC	10/01/24	136,980 SF

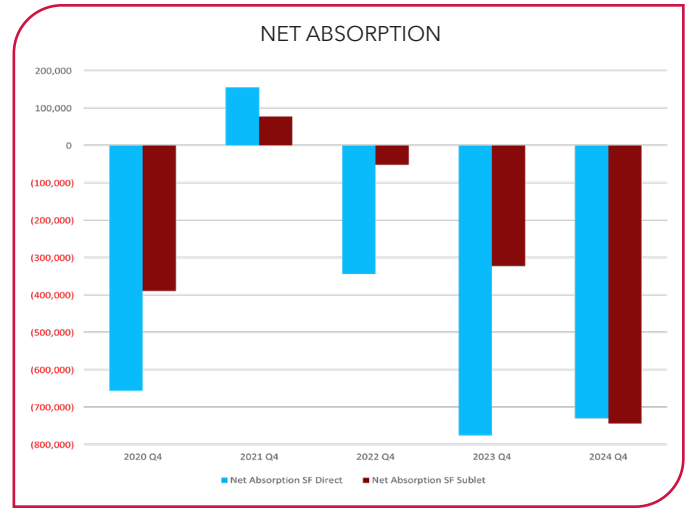
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SOUTHBAY SUBMARKET Q4 OVERVIEW (CONTINUED)

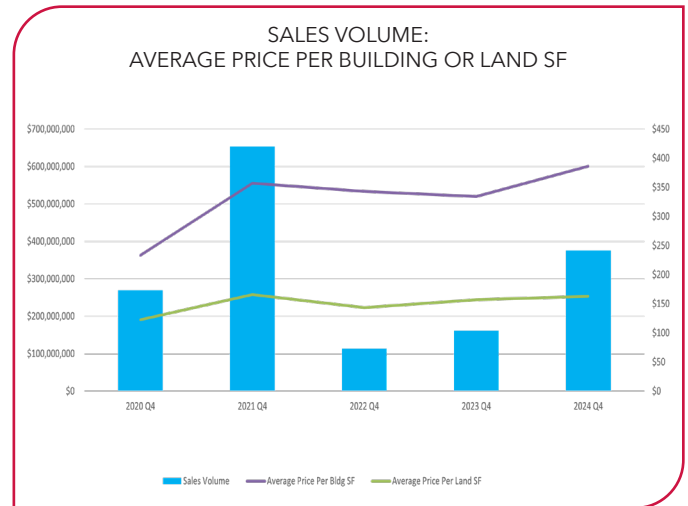
LEASING ACTIVITY / ABSORPTION

Net absorption in Q4 2024 followed recent patterns, totaling -1.47 million square feet. With the exception of Q3 2024 and Q3 2023, net absorption has been negative since Q4 2022. New leasing activity reached 1.19 million square feet, well below the historical quarterly average of 2.59 million square feet since Q1 2015. Similarly, the number of deals fell short of the average, with just 76 transactions (including direct and sublease deals) in Q4 2024, compared to the long-term average of 105 per quarter. On average, it now takes approximately 6.4 months to lease a typical building in the South Bay.



SALES ACTIVITY / INVESTMENT TRENDS

Sales activity improved significantly this quarter, with 14 transactions generating over \$375 million in sales volume, a sharp increase from the \$163 million in Q4 2023. The average price per square foot rose 36% quarter-over-quarter and 15.6% year-over-year, reaching \$386.48 per square foot. Capitalization rates climbed 160 basis points from the previous quarter to 6.0%. Although inflation remains above the Federal Reserve’s 2.0% target, interest rate hikes are no longer on the table. Instead, the Fed cut rates by 100 basis points by the end of 2024. Most institutional investors (e.g., Goldman Sachs and JP Morgan) anticipate two more rate cuts in 2025. Despite these shifts, investor activity remains muted, with many adopting a cautious stance amid uncertainty about the new administration’s policies and overall market direction.



SOUTHBAY SUBMARKET TOP SALES FOR 4Q24

ADDRESS	CITY	BUYER	DATE	SIZE
2501 Rosecrans Ave.	Los Angeles	Rexford Industrial Realty, Inc.	12/06/24	300,2017 SF
18500 Crenshaw Blvd.	Torrance	Gpjco Properties Llc	12/05/24	180,269 SF
2550 El Presidio St.	Carson	Caroline Tseng	10/31/24	130,055 SF
15914 S. Avalon Blvd.	Compton	Access Services	12/02/24	75,431 SF
14455 S. Broadway	Gardena	Aleah Miller	11/27/24	58,723 SF

Source: CoStar Realty Information Inc. and AIR CRE

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MIDCOUNTIES SUBMARKET



MIDCOUNTIES SUBMARKET Q4 TRENDS AT A GLANCE

<p>↓</p> <p>Absorption (675,763) SF</p>	<p>↓</p> <p>NNN Rent Overall \$1.49 / SF</p>	<p>↓</p> <p>Sales Transactions 30,034,000</p>
<p>↑</p> <p>Vacancy 6.4%</p>	<p>↓</p> <p>Under Construction 715,815 SF</p>	<p>↑</p> <p>Average Sales Price \$358.44 / SF</p>

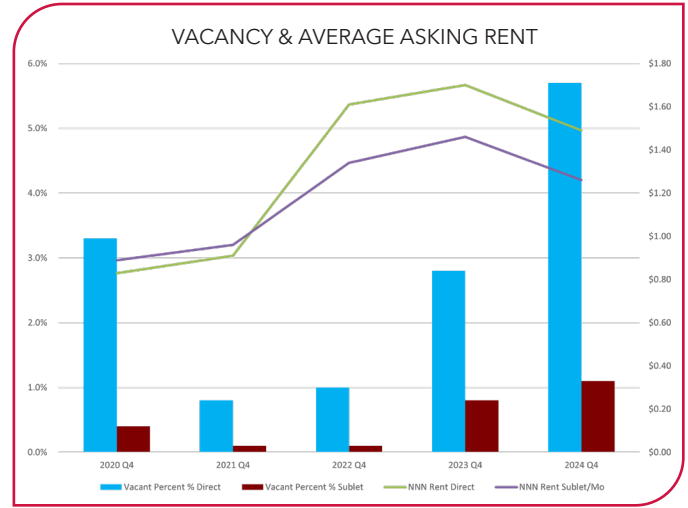
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MIDCOUNTIES SUBMARKET Q4 OVERVIEW

VACANCY / AVAILABILITY

Similar to other submarkets, available vacant space rose significantly this quarter, with the overall vacancy rate climbing by 60 basis points to 6.4%, following a 110-basis-point increase in Q3. Year-over-year, the vacancy rate surged by 320 basis points, doubling from 3.2% a year ago. Although this rate remains low by historical standards and varies depending on building size, the rapid rise is a growing concern for landlords and potential owner-user sellers. The typical industrial building in the Mid-Counties remains vacant for more than 7 months.



RENTAL RATES

The average asking lease rate in the Mid-Counties has fallen to \$1.49 NNN per square foot, a decline of \$0.06 quarter-over-quarter and \$0.18 year-over-year. Effective rates, which consider concessions like free rent, tenant improvements, signing bonuses, and moving allowances, have dropped significantly as well. With reduced demand and longer lease-up times, landlords are increasingly offering these incentives to attract tenants. Until late 2022 properties often leased within days as intense competition among tenants led to multiple offers almost immediately. Today buildings remain on the market for an average of over 6.3 months.

CONSTRUCTION

The submarket currently has 715,815 square feet of construction underway across seven buildings, with three new buildings totaling 163,435 square feet added this quarter. Over the course of the year, four new buildings totaling 307,869 square feet have been added to the inventory. Limited land availability poses challenges for tenants in the Mid-Counties seeking new Class A facilities for expansion. However, the submarket’s prime location near major freeways and the Ports of Los Angeles and Long Beach ensures its continued appeal for last-mile e-commerce operations and redevelopment opportunities.

MIDCOUNTIES SUBMARKET TOP LEASES FOR 4Q24

ADDRESS	CITY	TENANT	DATE	SIZE
13225 Marquardt Ave.	Santa Fe Springs	US AutoForce	12/11/24	174,047 SF
12995 Marquardt Ave.	Santa Fe Springs	Richards Packaging	11/04/24	68,640 SF
12642 Shoemaker Ave.	Santa Fe Springs	C2C Logistics	11/06/24	56,816 SF
13758 - 13760 Midway St.	Cerritos	Vast Import Inc.	11/05/24	42,800 SF
14021 Bolsa Ave.	Cerritos	Equipnet	11/25/24	24,587 SF

Source: CoStar Realty Information Inc.

MIDCOUNTRIES SUBMARKET Q4 OVERVIEW (CONTINUED)

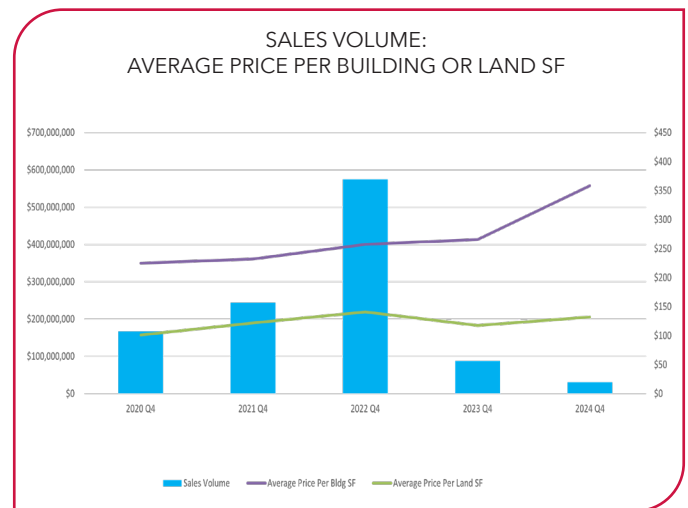
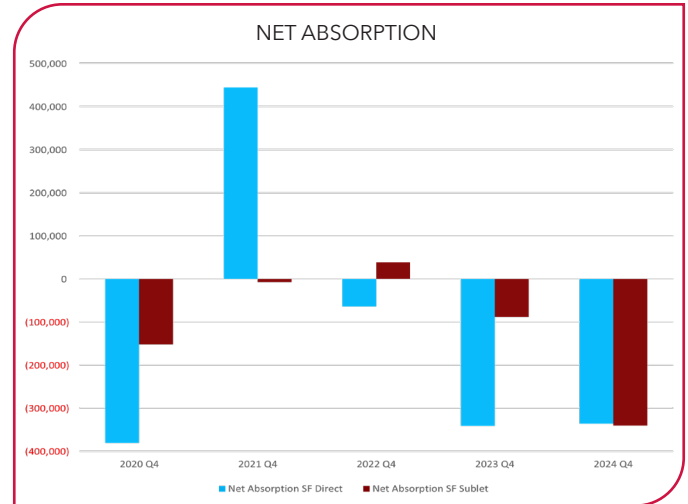
LEASING ACTIVITY / ABSORPTION

For the ninth consecutive quarter, net absorption was negative, totaling -946,279 square feet, contributing to the rapid rise in vacancy rates. Leasing activity in Q4 2024 reached 1.039 million square feet across 68 deals, falling short of historical averages. Not infrequently, tenants are relocating to the Inland Empire, drawn by newer, more affordable warehouse spaces. The Mid-Countries region faces ongoing challenges due to its aging and less functional building inventory, often lacking modern features such as adequate clear heights, updated fire sprinkler systems, and efficient loading facilities. Without significant new construction or modernization, these issues are expected to persist, driving further tenant departures and continued downward pressure on net absorption. The disparity between the Inland Empire’s modern developments and the Mid-Countries’ outdated facilities underscores the pressing need for upgrades to retain tenants and stay competitive in the market.

administration's policies and market direction. As a result, many are holding off on transactions, keeping capital reserves ready until clearer signals emerge.

SALES ACTIVITY / INVESTMENT TRENDS

Sales activity plummeted this quarter, with only 7 deals generating over \$30.0 million in sales volume, compared to \$269.3 million last quarter. Despite the low number of transactions and reduced sales volume, the average price per square foot rose sharply to \$358.44, up from \$282.09 in the previous quarter. Capitalization rates have declined by 70 basis points year-over-year, now standing at 4.3%. Although the Fed cut interest rates by 100 basis points this year, it has not spurred capital market activity. Investors remain cautious due to the high cost of borrowing and uncertainty surrounding the new



MIDCOUNTRIES SUBMARKET TOP SALES FOR 4Q24

ADDRESS	CITY	BUYER	DATE	SIZE
15421-15431 S Blackburn Ave.	Norwalk	Hairobics	11/06/24	24,040 SF
10928 Bloomfield Ave.	Santa Fe Springs	Rennie Street Holdings LLC	12/18//24	22,346 SF
13659 Pumice St.	Santa Fe Springs	Hambartzum Israelian	12/19/24	12,000 SF
12201 Slauson Ave.	Santa Fe Springs	Guillermo Castellanos	10/11/24	10,200 SF
11435 Downey Ave.	Downey	Reynaga Transportation Inc.	10/03/24	9,949 SF

Source: CoStar Realty Information Inc. and AIR CRE

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CENTRAL SUBMARKET



CENTRAL SUBMARKET Q4 TRENDS AT A GLANCE

<p>↑</p> <p>Absorption (1,155,375) SF</p>	<p>↓</p> <p>NNN Rent Overall \$1.37 / SF</p>	<p>↑</p> <p>Sales Transactions \$208,022,500</p>
<p>↑</p> <p>Vacancy 6.5%</p>	<p>↓</p> <p>Under Construction 268,139 SF</p>	<p>↑</p> <p>Average Sales Price \$376.78 / SF</p>

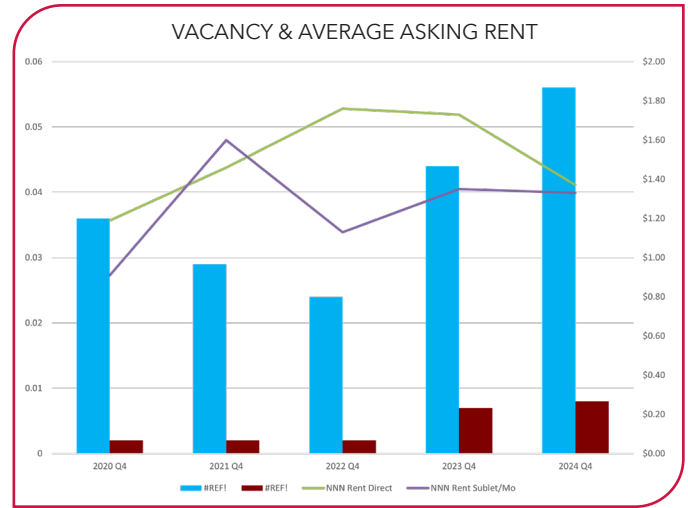
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CENTRAL SUBMARKET Q4 OVERVIEW

VACANCY / AVAILABILITY

Available vacant space rose significantly in Q4, reaching 6.5%, an increase of 80 basis points from the previous quarter and 200 basis points year-over-year. On average, buildings now take over 7.4 months to lease. Tenants are taking advantage of reduced urgency in the market, becoming more selective in choosing spaces and more assertive during negotiations. By the end of Q4, total vacant space expanded to 16.1 million square feet, up from 11.0 million square feet a year earlier—a 45.8% increase, or 5.075 million square feet, in just four quarters.



RENTAL RATES

In the most recent quarter, average asking rents fell by \$0.02, bringing them to \$1.37 NNN per square foot per month. This represents an 18.9% year-over-year decline, or \$0.32, from Q4 2023's \$1.69. The Vernon and Commerce submarkets experienced the sharpest drops, with rents falling \$0.04 quarter-over-quarter and \$0.47 year-over-year. Despite these declines, these submarkets remain attractive to tenants due to their significant concentration of food manufacturing operations. While rents have seen a notable decrease over the past two years, the pace of decline is expected to slow moving forward. Landlords have been using concessions to keep base rates as high as possible.

CONSTRUCTION

This quarter, three buildings totaling 374,183 square feet were completed, while four additional buildings, totaling 268,139 square feet, are under construction in the submarket. As the region's oldest industrial market, Central Los Angeles faces significant challenges, including limited land availability for new developments. Much of the existing industrial inventory in the downtown area consists of outdated facilities with low clearances and limited functionality, making them unsuitable for modern industrial users. However, demand from e-commerce tenants seeking last-mile infill sites has spurred renewed interest in these properties. Additionally, Vernon's independent power supply has attracted attention from data center operators considering the area for future developments.

CENTRAL SUBMARKET TOP LEASES FOR 4Q24

ADDRESS	CITY	TENANT	DATE	SIZE
2100-2110 Yates Ave.	Montebello	Source Logistics	12/31/24	374,370 SF
2420 Yates Ave.	Commerce	Axelavate	12/02/24	129,371 SF
1700 E Martin Luther King Jr Blvd.	Los Angeles	Shins	12/16/24	115,012 SF
7261-7271 E Slauson Ave.	Commerce	Confidential Tenant	11/01/24	107,894 SF
5636 E 61st St.	Commerce	Ivy Enterprises Inc.	10/01/24	90,268 SF

Source: CoStar Realty Information Inc.

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CENTRAL SUBMARKET Q4 OVERVIEW (CONTINUED)

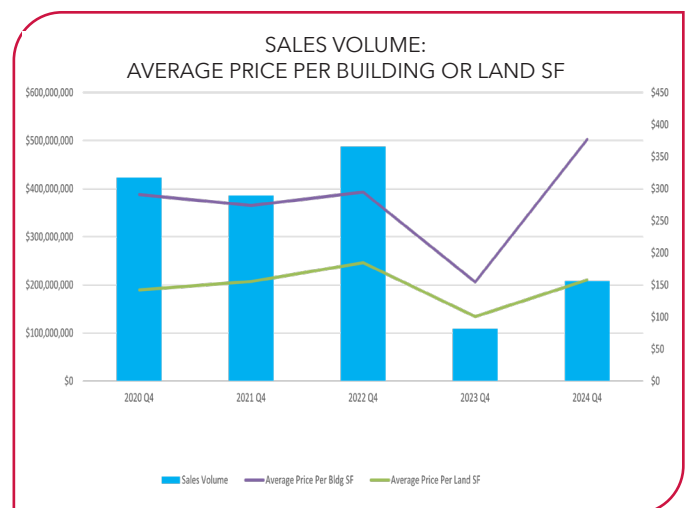
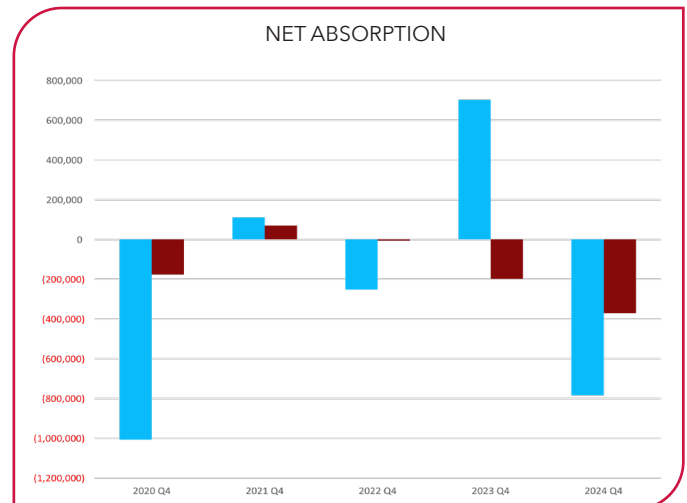
LEASING ACTIVITY / ABSORPTION

Since Q3 2022, the Central market has experienced negative net absorption in 8 of the past 9 quarters, with this quarter seeing a decline of -1,155,375 square feet. This downturn reflects below-average leasing activity, which totaled only 1.9 million square feet across 90 deals, well below the historical quarterly average of 2.78 million square feet and 135 deals. Adding to concerns, the submarket’s 24-month lease renewal rate stands at 53.3%, even lower than the Mid-Counties' rate of 54.5%. On average, buildings in the Central market remain vacant for 7 months, highlighting ongoing challenges in attracting tenants.

SALES ACTIVITY / INVESTMENT TRENDS

Sales activity surged in Q4, with sales volume climbing to \$208 million—a dramatic increase from the \$67.5 million recorded in the previous quarter. This represents a gain of \$140.4 million, or 207.74%. However, despite this significant growth, the total remains \$102.8 million below the \$310.8 million seen in Q4 2023. On a price-per-square-foot basis, however, industrial properties are achieving near-record highs, averaging \$376.78—the fourth-highest level on record. Capitalization rates have risen by 180 basis points year-over-year, now standing at 5.8%. Interestingly, even though the Federal Reserve cut interest rates by 100 basis points this year, the move has not reignited capital market activity. Investors remain cautious, grappling with elevated borrowing costs and uncertainty about the new administration's policies and

the market's direction. Consequently, many are opting to hold their capital reserves, waiting for clearer signals before committing to new transactions.



CENTRAL SUBMARKET TOP SALES FOR 4Q24

ADDRESS	CITY	BUYER	DATE	SIZE
2501 W Rosecrans Ave.	Los Angeles	Rexford Industrial Realty, Inc.	12/6/2024	300,217 SF
1700 Martin Luther King Jr.	Los Angeles	N/A	12/13/2024	123,728 SF
4542 Dunham St.	Commerce	Bridge Investment Group	12/5/2024	116,388 SF
4520 Maywood Ave.	Vernon	Terawatt Infrastructure	10/29/2024	47,000 SF
4906 Alcoa Ave.	Vernon	Catherine Park	10/24/2024	33,402 SF







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INLAND EMPIRE SUBMARKET



INLAND EMPIRE SUBMARKET Q4 TRENDS AT A GLANCE

 <p>Absorption (4,328,233) SF</p>	 <p>NNN Rent Overall \$1.07 / SF</p>	 <p>Sales Transactions \$634,275,254</p>
 <p>Vacancy 7.1%</p>	 <p>Under Construction 11,038,188 SF</p>	 <p>Average Sales Price \$249.02 / SF</p>

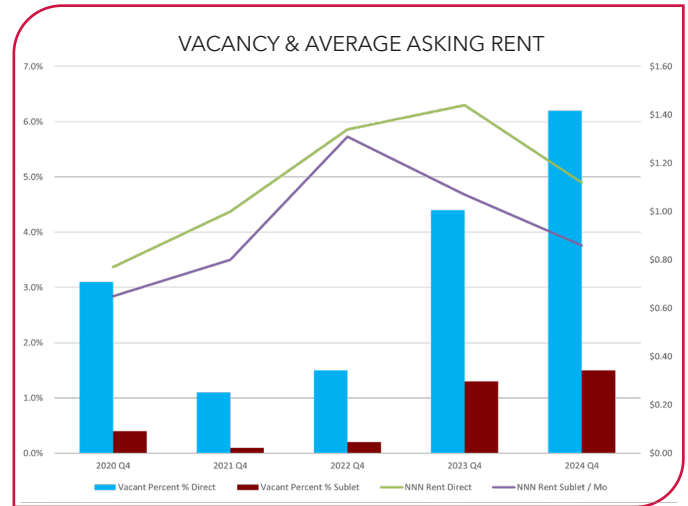
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INLAND EMPIRE SUBMARKET Q4 OVERVIEW

VACANCY / AVAILABILITY

Vacancy in the IE Core rose slightly in Q4 2024 to 7.1%, with the IE East increasing 130 basis points to 8.2% year-over-year (YoY) and the IE West declining 50 basis points quarter-over-quarter (QoQ) to 5.9%. While vacant construction deliveries drove the rise in vacancy from 2022 to Q3 2024, the Q4 increase was primarily due to existing buildings over 500,000 sq. ft., which saw an additional 1.7 million sq. ft. become vacant compared to Q3. Sublease availability grew by 790,000 sq. ft. in Q4, reaching 16.6 million sq. ft., with the IE East accounting for 11.2 million sq. ft. The IE North saw a significant increase in vacancy, jumping 500 basis points quarter-over-quarter to 14.3%, driven by the addition of a single large space exceeding 1 million sq. ft.



RENTAL RATES

Asking rates in Q4 2024 continued to decline, falling \$0.07 quarter-over-quarter to \$1.07 NNN per square foot per month. Rates in the IE West saw a sharper drop of \$0.19 to \$1.10 NNN, while the IE East experienced a smaller decline of \$0.03 to \$1.05 NNN. On a year-over-year basis, asking rents decreased by 18.3%, marking a continued correction from the rapid increases recorded between 2020 and 2022 over the past six quarters. Rising vacancies and an increase in sublease availability intensified competition among landlords, exerting further downward pressure on rates. While rents showed early signs of stabilization in the IE West, additional declines remain possible in the IE East before rates bottom out. Landlords also increased concessions in Q4 2024, including free rent and reduced annual escalations, further softening effective rents across the Inland Empire.

CONSTRUCTION

Construction activity in the IE Core (encompassing IE West and IE East) slightly declined in Q4 2024, with total activity amounting to 11.03 million square feet. During the quarter, 580,000 square feet of new projects broke ground, while 2.06 million square feet were completed in the IE East and West. The pre-lease rate climbed to 8.8% in the IE Core and reached 18% across the broader Inland Empire, including IE North, indicating a steady improvement in demand. Development activity temporarily slowed due to declining rates and oversupply, though market stabilization is expected to spur new projects in 2025. The average project size grew to 292,000 square feet in Q4, up from 280,000 square feet in Q3, reflecting a continued focus on larger-scale developments.

INLAND EMPIRE SUBMARKET TOP LEASES FOR 4Q24

ADDRESS	CITY	TENANT	DATE	SIZE
27582 E Pioneer Ave.	Redlands	Burlington Coat Factory	11/06/24	800,444 SF
8900 Meriill Ave, 8643 Eucalyptus Av & 4902 Baker Av.	Ontario	US Elogistics Service Corp	10/08/24	600,000 SF
3412 Manitou Ct, Bldg 2	Jurupa Valley,	White Horse Logistics Inc.	12/09/24	560,025 SF
12300 Riverside Dr.	Eastvale	LC Logistics Services, Inc.	11/07/2024	557,500 SF
27573 River Bluff Av, Bldg 8	Redlands,	Burlington Coat Factory	11/05/2024	542,977 SF

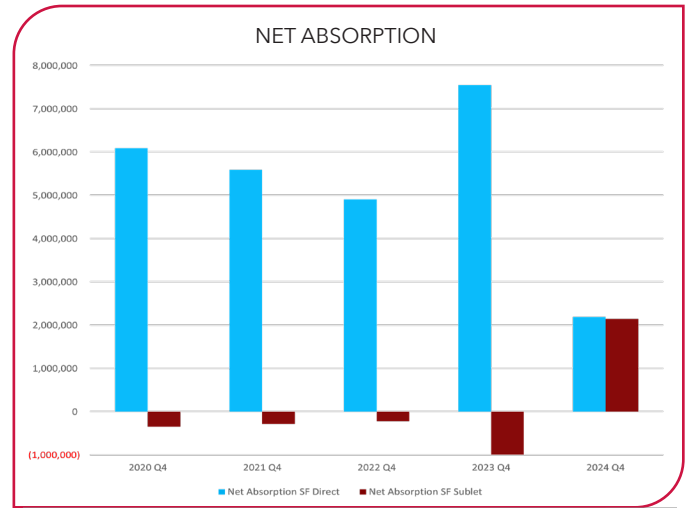
Source: CoStar Realty Information Inc.

The information and details contained herein have been obtained from third-party sources believed to be reliable; however, Lee & Associates Los Angeles - Long Beach, Inc. has not independently verified its accuracy. Lee & Associates Los Angeles - Long Beach, Inc. makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to the implied warranty of suitability and fitness for a particular purpose.* © Copyright 2024 Lee & Associates Los Angeles - Long Beach, Inc. All rights reserved.

INLAND EMPIRE SUBMARKET Q4 OVERVIEW (CONTINUED)

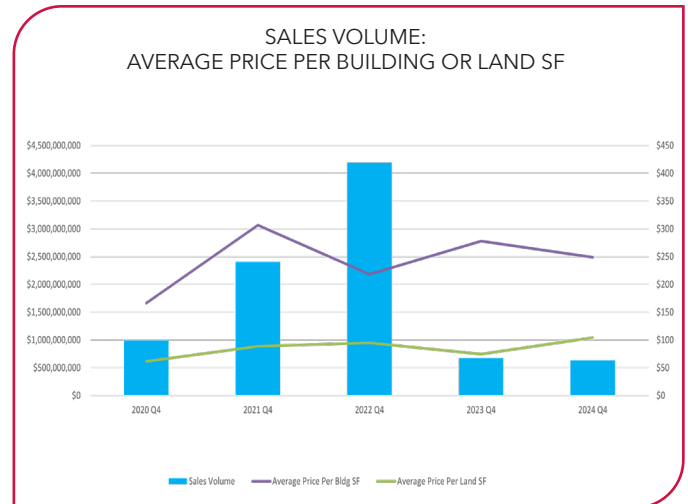
LEASING ACTIVITY / ABSORPTION

Leasing activity in Q4 2024 experienced a sharp decline, with just 8.6 million square feet leased—1.3 million square feet in the IE East and 7.3 million in the IE West. The logistics and retail sectors dominated leasing, driven by foreign third-party logistics companies rushing to secure space in anticipation of potential tariffs that could disrupt goods entering the U.S. User sales fell 58% compared to the previous quarter but showed a 10.1% year-over-year increase from 2023. Net absorption remained positive in the IE Core for the second consecutive quarter, with the IE East recording 792,174 square feet and the IE West achieving 3.49 million square feet of positive absorption. Over the course of 2024, the IE Core reported more than 10.8 million square feet of positive absorption.



SALES ACTIVITY / INVESTMENT TRENDS

Since Q1 2024, sales volume in the IE Core increased significantly, rising by 102% from \$313.9 million in Q1 to \$634.2 million in Q4. However, the year was marked by extreme fluctuations: \$313.9 million in Q1, \$961.6 million in Q2, \$823.4 million in Q3, and \$634.2 million in Q4. These swings underscore market instability and the challenges of deal underwriting amid declining lease rates. Despite these shifts, cap rates held steady at 5.7%, while the average price per square foot fell sharply in Q4 2024 to \$249.02, down from \$335.15 in Q3.



INLAND EMPIRE SUBMARKET TOP SALES FOR 4Q24

ADDRESS	CITY	BUYER	DATE	SIZE
1680 Eastridge Ave.	Riverside	Ares Management Corp	12/17/2024	449,040 SF
13201 Dahlia St.	Fontana	Rexford Industrial Realty, Inc.	10/14/2024	278,650 SF
1670 Champagne Ave.	Ontario	Cabot Properties Inc.	11/6/2024	263,670 SF
5005 E Philadelphia St.	Ontario	EQT Exeter	12/19/2024	253,469 SF
15521 Slover Ave.	Fontana	TA Realty	12/5/2024	192,794 SF

Source: CoStar Realty Information Inc. and AIR CRE

¹ BLS: <https://www.bls.gov/news.release/empsit.nr0.htm>

² EDD: https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-november-2024/

³ Commerce department report: <https://www.bea.gov/data/gdp/gross-domestic-product>

⁴ https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

⁵ Stat from Costar. South Bay KPI demand stats.

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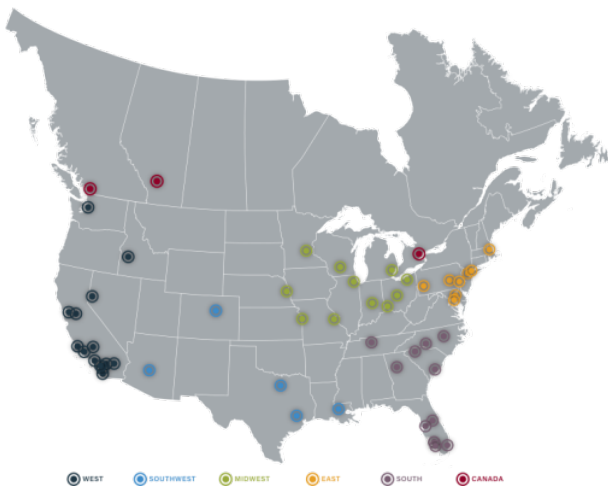
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2+
Billion

IN BROKERED SALE & LEASE SF OVER 5 YEARS

\$115+
Billion

IN TRANSACTION VOLUME OVER 5 YEARS

1,600
Professionals

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