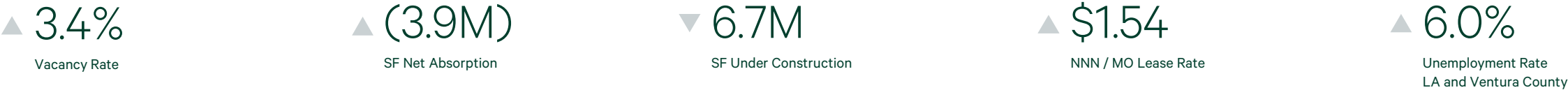


FIGURES | GREATER LOS ANGELES INDUSTRIAL | Q2 2024

Uptick in leasing activity outpaced by greater space give-backs

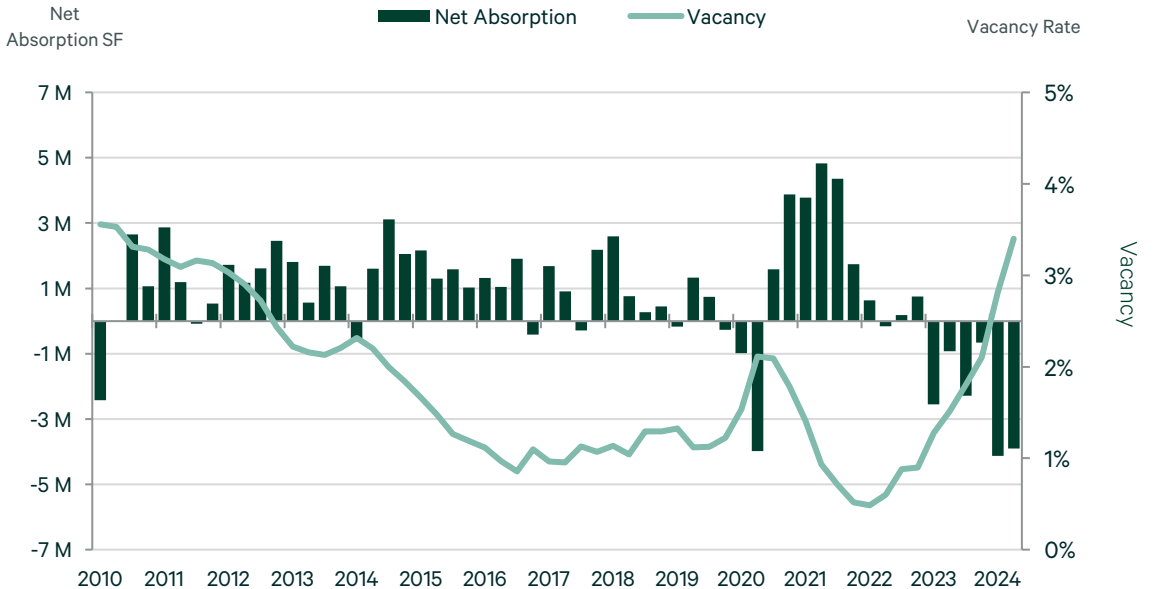


Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The vacancy rate increased to 3.4% in Q2 2024 driven by 3.9 million sq. ft. of negative net absorption.
- The availability rate increased by 170 basis points (bps) year-over-year to 5.6% from 4.9% in Q2 2023.
- Sublease space retreated, measuring just 0.3% of vacancy and 1.0% of availability in Q2 2024.
- The average direct asking rate increased by \$0.02 to \$1.54 NNN quarter-over-quarter. Since reaching its peak in Q3 2022, the average asking rate has declined by 7.8%.
- Third-party logistics and apparel firms together accounted for nearly one-half of the top 25 leases in Q2 2024.
- The top sale transaction of the quarter was Invesco’s acquisition of 8901-8945 Canoga Ave in Canoga Park from AEW Capital Management for \$57M or \$369 per sq. ft.

FIGURE 1: Vacancy & Net Absorption Trend



MARKET OVERVIEW

The Greater Los Angeles (GLA) closed Q2 2024 with mixed results. The market continued to see some large blocks of new vacant space come to market, but at a slower rate than the previous quarter. A notable give-back was driven by a recent discount chain closure, which brought a sizeable block of space to the market, while the balance of the market witnessed some slippage in terms of occupancy. Notably, the GLA region maintained one of the lowest vacancy rates along the West Coast given its stable fundamentals.

The average direct asking lease rate saw a slight increase of \$0.02 quarter-over-quarter, moving from \$1.52 NNN per square foot (PSF) to \$1.54 NNN PSF. The South Bay reported the highest average rates at \$1.66 NNN, followed by the Mid-Counties at \$1.65 NNN, and the Greater San Fernando Valley at \$1.60 NNN. In contrast, Downtown Los Angeles and Ventura recorded more economical average direct asking lease rates at \$1.27 NNN and \$1.14 NNN, respectively.

Net absorption in Greater LA was negative 3.9 million sq. ft. in Q2 2024. Despite the occupancy losses in Q2 2024, this was an improvement over Q1 2024. Both overall vacancies and availabilities increased quarter-over-quarter in GLA, with vacancy rising from 2.8% to 3.4%, and availability rising from 4.8% to 5.6%.

Total sales volume in Q2 2024 was \$425 million, with an average sale price of \$7.9 million. Despite the decelerated sales figures since the passing of measure ULA and interest rate hikes, owner-user acquisitions emerged as a bright spot accompanying some larger investment transactions.

New construction deliveries in the GLA amounted to 2.5 million sq. ft. The submarket with the most delivered space in Q2 2024 was the San Gabriel Valley with 1.67 million sq. ft. A remaining 6.7 million sq. ft. was under construction at the close of Q2 2024.

Looking ahead, the GLA industrial market will likely continue to face headwinds due to the current elevated interest rates impacting the entire industrial ecosystem. Still, the region benefits from unparalleled fundamentals including its prime location in the State of CA, fifth largest economy in the world, and its status as one of the largest metros in the U.S.

FIGURE 2: Submarket Statistics

Submarket	Bldg. Count	NRA	Direct Vacancy Rate	Overall Vacancy Rate	Overall Availability Rate	Net Absorption	Total Gross Activity	Gross Absorption	Avg. Direct Asking Rate NNN	Under Const.	Deliveries
Commerce/Vernon	2,901	164,799,007	3.6%	4.5%	7.4%	(1,635,575)	2,045,497	1,696,716	\$1.41	574,093	210,347
Downtown Los Angeles	2,670	107,018,641	2.8%	2.9%	4.2%	(567,397)	217,219	217,219	\$1.27	253,318	0
Mid-Counties	2,156	105,219,595	3.6%	3.9%	7.1%	(791,005)	1,358,155	1,253,105	\$1.65	572,135	0
Greater San Fernando Valley	4,885	177,814,463	1.4%	1.6%	3.0%	(227,985)	960,935	611,651	\$1.60	1,228,830	168,676
San Gabriel Valley	3,073	164,040,745	4.0%	4.2%	6.1%	(369,204)	1,128,618	1,071,731	\$1.51	706,035	1,661,872
South Bay	4,172	203,897,485	3.8%	3.9%	6.7%	(169,782)	3,195,413	2,720,893	\$1.66	2,483,808	408,210
Los Angeles County	19,857	922,789,936	3.2%	3.5%	5.8%	(3,760,948)	8,905,837	7,571,315	\$1.57	5,818,219	2,449,105
Ventura County	1,806	68,271,244	2.1%	2.4%	3.7%	(136,862)	602,757	427,509	\$1.14	902,012	51,234
Greater L.A.	21,663	991,061,180	3.1%	3.4%	5.6%	(3,897,810)	9,508,594	7,998,824	\$1.54	6,720,231	2,500,339

Source: CBRE Research, Q2 2024.

FIGURE 3: Notable Lease Transactions Q2 2024

Tenant	Address	SF Leased	Type
Confidential	1650 Glen Curtis St	338,932	New Lease
Confidential	2501 W Rosecrans	300,217	New Lease
Prime Freight Int.	18120 Bishop Ave	290,034	New Lease
Agron	18055 Harmon Ave	258,414	New Lease
Confidential	810 E 23 rd St	204,000	Renewal
Reformation	5801 S 2 nd St	185,089	New Lease

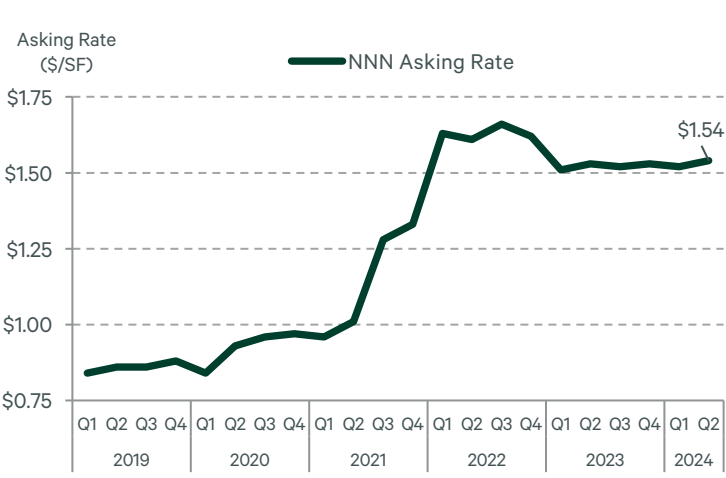
Source: CBRE Research, Q2 2024.

FIGURE 4: Notable Sale Transactions Q2 2024

Buyer	Address	SF Sold	Sale Price
Invesco Advisors	8901-8945 Canoga Ave	154,328	\$57.0MM
ElmTree Funds	2401 N Chain Dr	140,508	\$50.6MM
Rexford Industrial	Arrow Hwy Business Park (Portfolio)	134,542	\$48.5MM
Captiva Partners	Lankershim Blvd (Portfolio)	66,400	\$15.7MM
Mid Valley Prop.	Sturgis Rd (Portfolio)	49,641	\$10.0MM

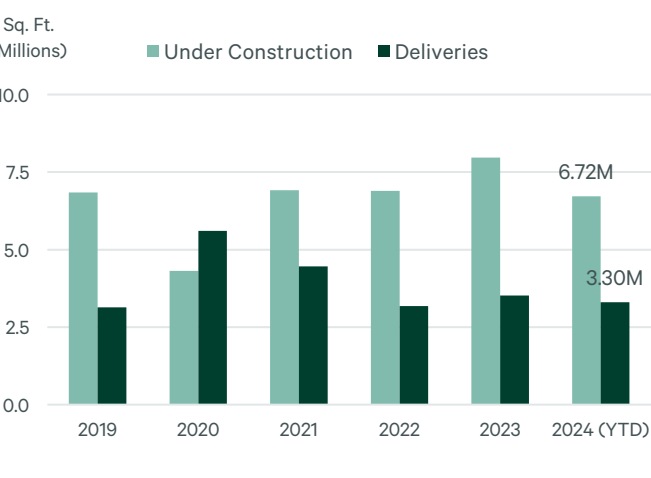
Source: CBRE Research, Q2 2024.

FIGURE 5: Direct Asking Lease Rates



Source: CBRE Research, Q2 2024.

FIGURE 7: Development Pipeline



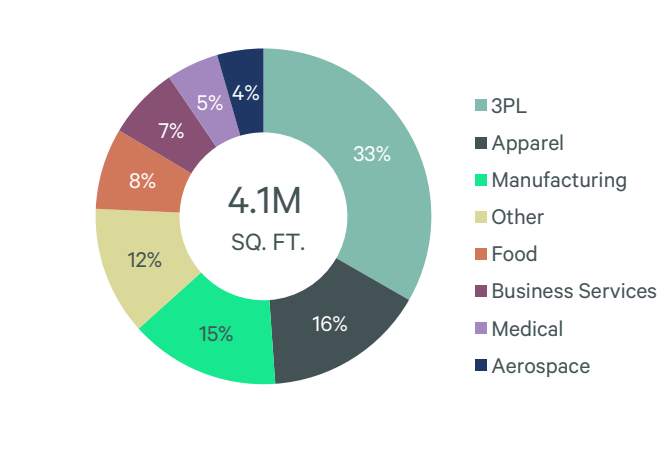
Source: CBRE Research, Q2 2024.

FIGURE 6: Direct Availability & Sublease Vacancy



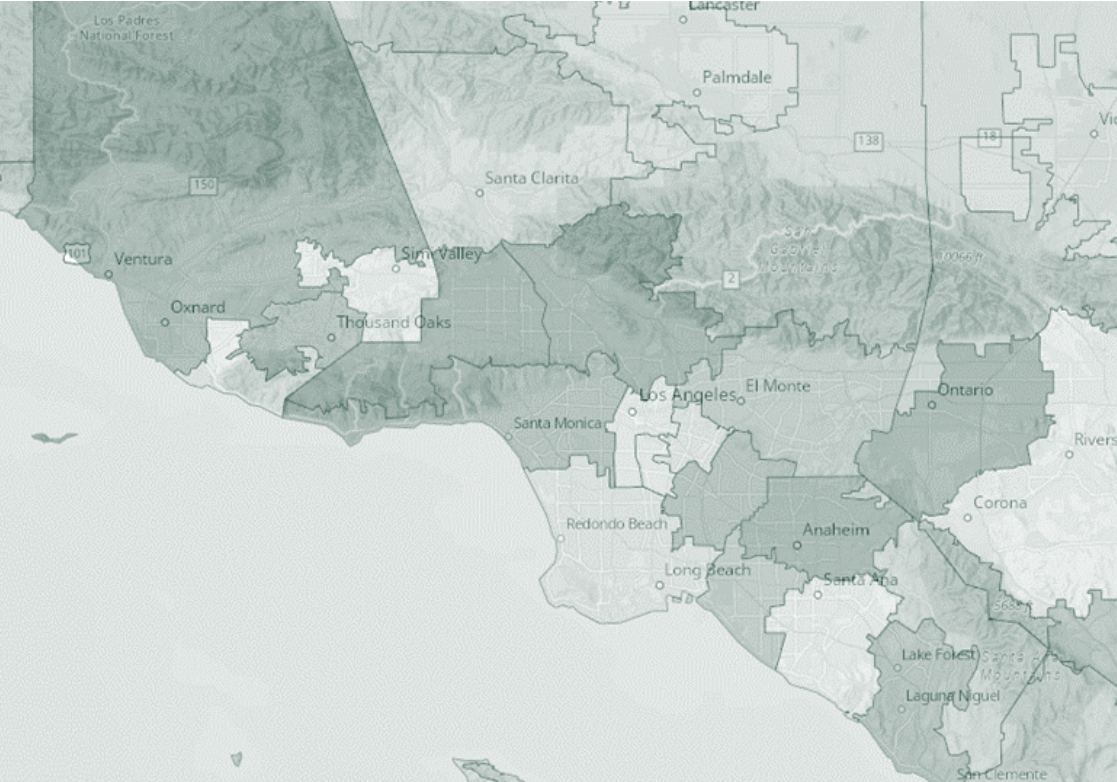
Source: CBRE Research, Q2 2024.

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q2 2024.

Submarket Map



Source: CBRE Research, Q2 2024, Location Intelligence,

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Definitions

Available Sq. Ft.: Space in a building, ready for occupancy; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total Building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rates, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Absorption: All user-sales and lease transactions completed within a specified period, lease activity defined as new leases and expansions, omitting renewals unless publicly marketed, and sale activity omitting only investment sales. Gross Activity: All user-sales and lease transactions completed within a specified period. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Positive absorption is reflected when a lease is signed, which may not coincide with the date of occupancy. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that is not occupied.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Los Angeles and Ventura counties. Buildings which have begun construction as evidenced by site excavation or foundation work.

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