

# Port negotiations conclude amidst GLA’s third quarter of negative net absorption

▲ 1.8%

Total Vacancy Rate

▼ -2.3M SF

Net Absorption

▲ 9.4M SF

Under Construction

\$1.52 NNN

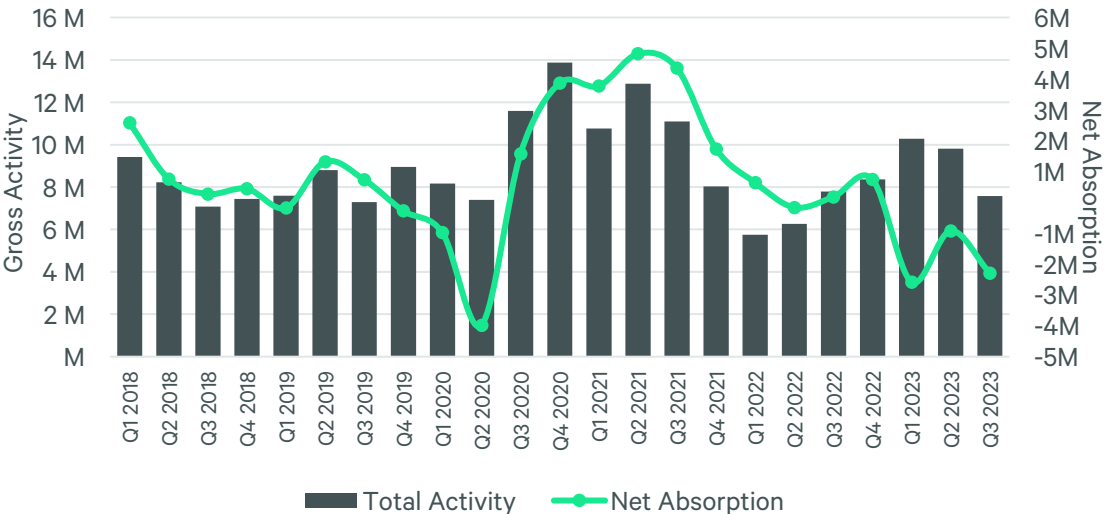
PSF / MO / Lease Rate

Note: Arrows indicate change from previous quarter.

## Overview

- Greater Los Angeles (GLA) posted -2.3M sq. ft. of net absorption as logistics processes are refined and excess space is shed to optimize performance.
- Port labor negotiations headed towards their end in a positive note for future market demand.
- GLA average asking lease rates decreased from \$1.53 NNN per sq. ft. in the second quarter to \$1.52 NNN per sq. ft. to close out the third quarter, marking one of the first asking rate decreases since Q2 of 2020.
- Vacant space and sublease availabilities continued to apply downward pressure on market pricing due to an increase of functional space at below market pricing.
- Sales volume increased to \$1.4B in the third quarter, though still below the historic quarterly average transaction volume by 50%, primarily driven by a tight lending market and markedly increased interest rates compared to past years.

FIGURE 1: Total Activity vs Net Absorption



Source: CBRE Research, Q3 2023.

Market Outlook

The U.S. economy has defied expectations for a slowdown and has even exhibited some signs of acceleration despite the sharp tightening of credit conditions and ongoing tightening of lending standards among lenders.

This resilience due to a number of factors: 1) the Chips and IRA Acts have stimulated the construction sector; 2) the Fed. and the FDIC have provided prompt and effective support for the banks, and: 3) consumers are in good shape from a balance sheet and income perspective.

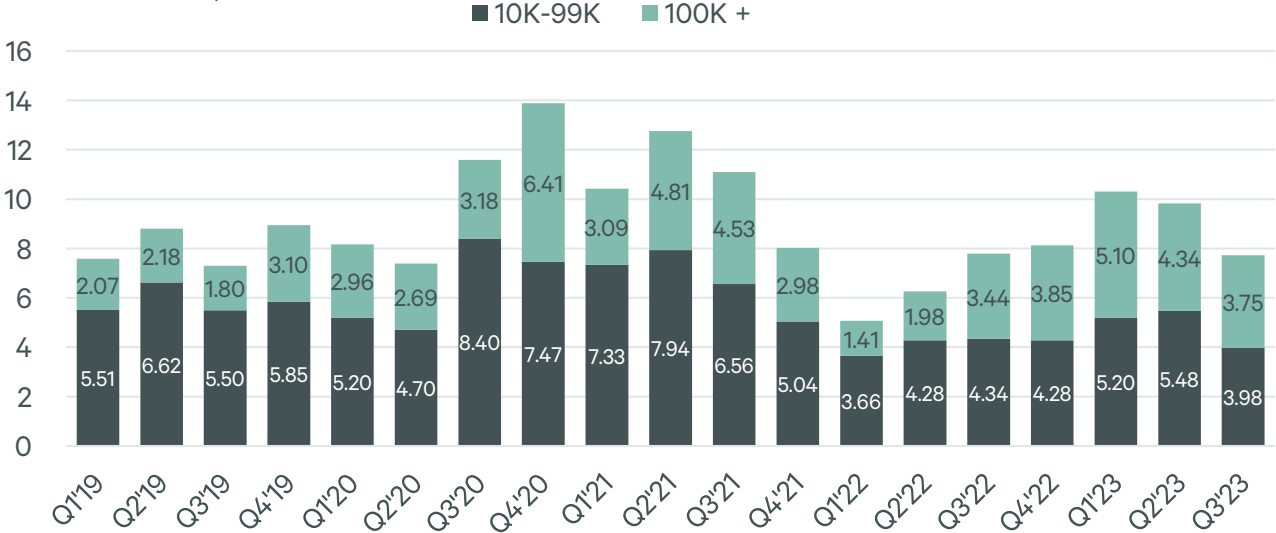
Nevertheless, headwinds are intensifying such as higher oil prices, resumption of student loan payments, and a weakening global economy. These headwinds will hit home at a time when the squeeze from elevated interest rates is at its maximum. The upshot for real estate is that the Fed appears to be finished with its tightening cycle, allowing a clearer path for real estate capital markets to unfold. Although we expect economic growth to deteriorate it is likely that valuations will stabilize during H1 2024.

Unemployment

Los Angeles County’s seasonally adjusted unemployment rate was 5.0% in August 2023—the same unemployment rate from Q2 yet 110 basis points (bps) higher than one year prior. LA County’s unemployment rate was 40 bps higher than the California state unemployment rate of 4.6%. The county’s labor force is 5,025,200, which is a 0.5% increase from Q2 and a 1.7% increase year-over-year.

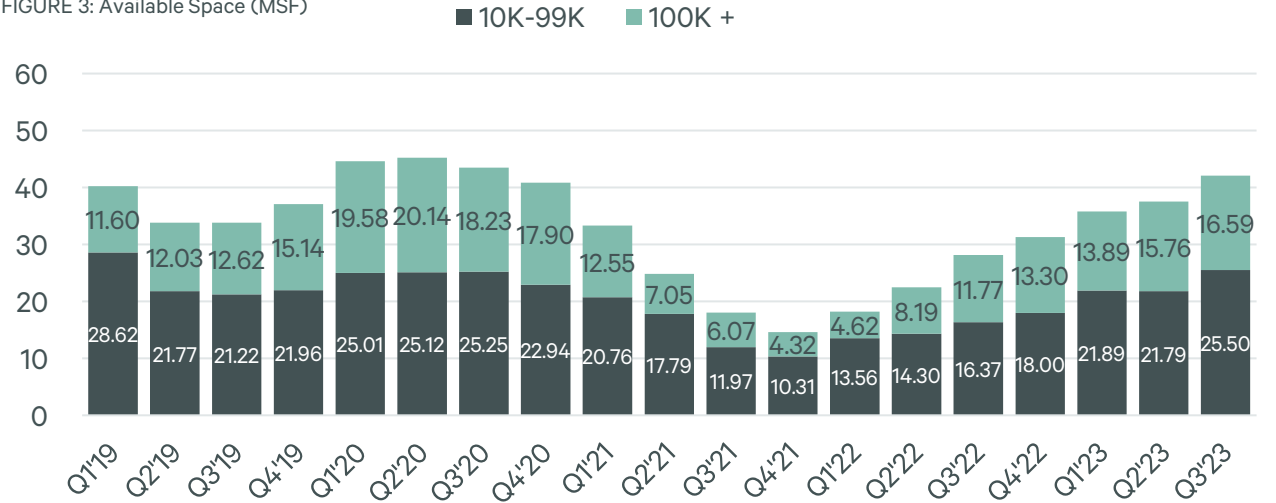
Transportation and Warehousing employment stood at 219,600 in Los Angeles, a 1.0% increase quarter-over-quarter and a 3.7% increase year-over-year. The Manufacturing sector’s headcount was 312,400, a -1.8% downturn from Q2, and a -3.3% downturn year-over-year. Motion Picture and Sound Recording employment took a noticeable hit as a result of the entertainment industry strikes; Q3’s 123,800 studio recording employees in LA County was a -8.8% decrease from Q2 and a -20.1% drop from Q3 2022.

FIGURE 2: Total Activity (MSF)



Source: CBRE Research, Q3 2023.

FIGURE 3: Available Space (MSF)



Source: CBRE Research, Q3 2023.

Vacancy & Availability

The Greater Los Angeles industrial market reported an increase in total vacancy quarter-over-quarter from 1.5% to 1.8%, representing an additional 3.1 M sq. ft. of vacant space, while the availability rate increased from 3.8% to 4.3% in the same period.

Vacancy increased across all Greater LA submarkets except for the San Gabriel Valley having reported no change in overall vacant space and remained at 1.5%. Central Los Angeles reported the highest vacancy rate with an increase of 50 basis points quarter-over-quarter to 2.4%. The Greater San Fernando Valley reported the lowest vacancy at 1.1%, followed by the San Gabriel Valley at 1.5%, and Ventura County reported 1.6%.

The GLA vacancy rate has tripled from Q1 2022's record low of 0.5%. Tenants who are able to incur moving costs are taking advantage by negotiating favorable terms, such as early occupancy, free rent, and below-asking lease rates.

The South Bay reported the highest availability rate at 5.6%, followed by Central LA at 4.9%, the San Gabriel Valley at 4.3%, and the Mid Counties at 3.7%. While availability has continued to increase across Greater LA, the second half of the third quarter contained a notable uptick in tour attendance and leasing activity led by 3PLs. Q4 should present strong leasing activity for the GLA industrial market.

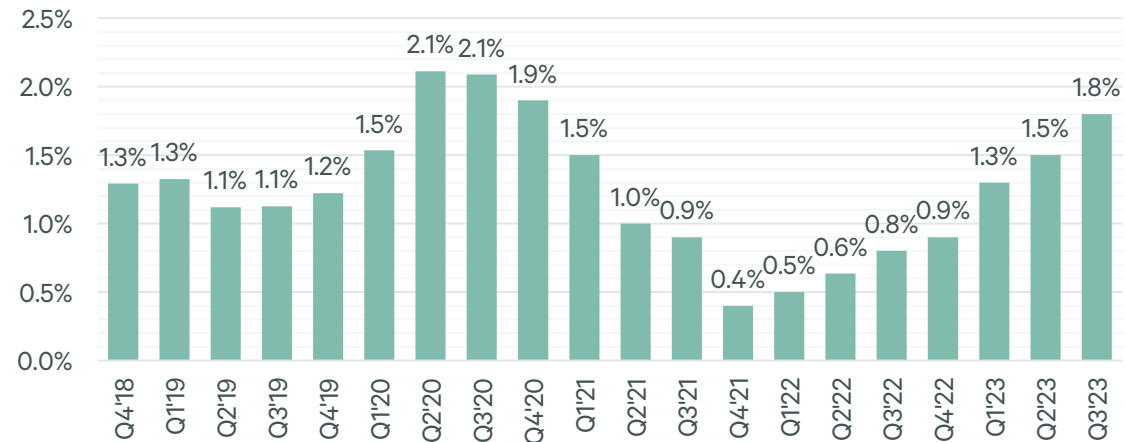
Asking Lease Rates

The monthly average net asking lease rate for GLA was \$1.52 per sq. ft. (PSF), only \$0.01 lower than the average asking lease rate in the second quarter of \$1.53 PSF NNN—this represented the first reported average asking rent decrease since Q2 2020.

The South Bay reported the highest average asking lease rate at \$1.74 PSF, although down 2.3% quarter-over-quarter from \$1.78 PSF. The Mid Counties reported the second-highest net asking rent and was one of two submarkets to report a higher average rent in the third quarter increasing from \$1.69 to \$1.70 NNN PSF—the other being the San Gabriel Valley whose average net asking lease rate rose moderately, from \$1.48 to \$1.55 PSF.

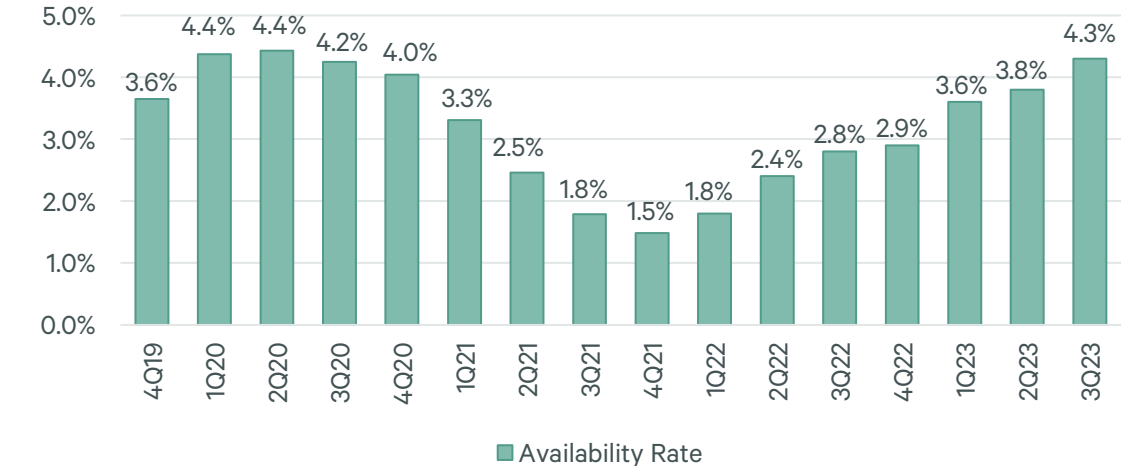
In the current leasing environment, a significant factor to consider is the Gross-Net rate differential. The number of listings with a gross rate type increased 37.7% quarter-over-quarter as some landlords opted to market their space with all-in gross rate to entice tenants who were able and willing to move operations, applying negative pressure on Class A, NNN product.

FIGURE 4: Total Vacancy Rate



Source: CBRE Research, Q3 2023.

FIGURE 5: Total Availability Rate



Source: CBRE Research, Q3 2023.

Sales Activity

The Greater Los Angeles sales volume increased from \$585M in the second quarter to \$ 1.4B in the third, representing quarter-over-quarter transaction growth of 166.7%; however, overall transaction volume remained 50% below the quarterly historical average of \$3B.

The largest transaction of the quarter was Rexford’s acquisition of 9400-9500 Santa Fe Springs Rd., Santa Fe Springs, for a total of \$210M from Deutsche Bank. Rexford continued to expand their portfolio in the Greater Los Angeles industrial market with a third-quarter transaction volume of \$268M. Deutsche Bank was the leading seller, liquidating the most industrial assets by selling off \$290M worth of properties.

Another notable transaction over \$100M includes the 80k sq. ft. distribution center sale at 4000 Union Pacific Ave., Commerce, for \$190M to Dart Warehouse Corporation. Renown trucking company, Yellow Freight, filed for bankruptcy this quarter leading to the auction of its US and Canadian terminal portfolio with the leading minimum bid offered by Estes at \$1.5B.

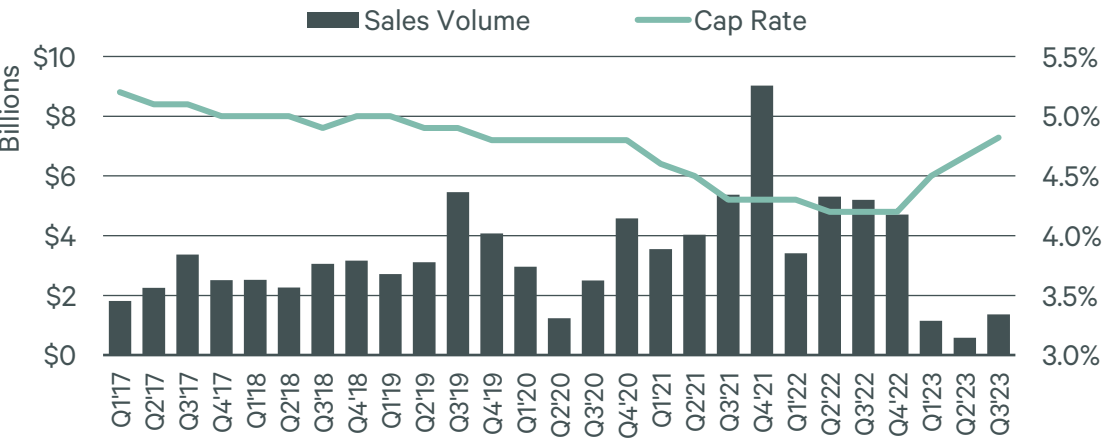
Construction & Development

The Greater Los Angeles’ Industrial under construction (UC) pipeline increased by 664k sq. ft. quarter-over-quarter, while delivering 263k sq. ft. of new industrial space. The new UC pipeline total represents over 9.4M sq. ft. of industrial developments underway. The bulk of delivered space came from the 203k sq. ft., Class A, Bridge Point South Bay II project in Torrance situated 10 miles from Los Angeles International Airport (LAX) and the Ports of Long Beach and Los Angeles. While pre-leasing has decelerated in Greater LA, the San Gabriel Valley boasted an impressive 361k sq. ft. pre-lease of the El Monte Logistics Center and is slated for H1 2024 completion.

The San Gabriel Valley has the most UC with 4.2M sq. ft., followed by South Bay with 2.2M sq. ft., and the Greater San Fernando Valley with 861K sq. ft. of projects. Construction woes in Los Angeles remained a challenge as developers and investors incurred additional inflationary costs, minimal development site options, and a disconnect between available construction workers and the number of additional workers required to meet current demand.

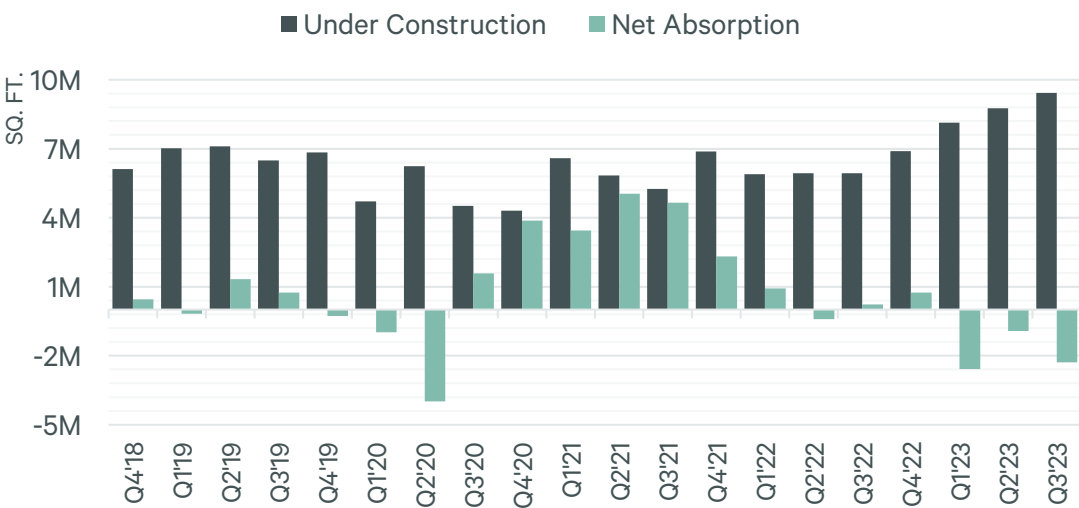
LAX Community Partners, in collaboration with equity partners Realterm and JLC Infrastructure, was chosen to spearhead the air cargo systems and warehouse modernization and redevelopment project at LAX. This multi-billion-dollar project is expected to significantly enhance the value of adjacent industrial properties and lands.

FIGURE 6: Sales Volume (M), Cap Rate



Source: CBRE Research, Real Capital Analytics, Q3 2023.

FIGURE 7: Construction & Net Absorption



Source: CBRE Research, Q3 2023.

Net Absorption & Leasing Activity

Greater LA saw a 22.8% decrease quarter-over-quarter, with over 7.7M sq. ft. of gross activity to close out the third quarter. The San Gabriel Valley reported the most gross activity of 1.8M sq. ft., followed by the Mid-Counties with 1.7M sq. ft., Southbay with 1.6M sq. ft., and finally Central Los Angeles with 1.4M sq. ft. of gross activity. The top leasing industries for the quarter were Footlocker, logistics, and Castle Metals.

Total net absorption for GLA was negative 2.3M sq. ft, marking the third consecutive negatively absorbed quarter in 2023, bringing year-to-date net absorption to negative 5.8M sq. ft. Sublease vacancies accounted for over 790K sq. ft. of negative net absorption with an average term of approximately three years remaining.

Central Los Angeles reported the most negative absorption with -1.1M sq. ft., followed by South Bay with negative 1.0M sq. ft. The San Gabriel Valley was the only submarket to report positive absorption of 109K sq. ft., and the Greater San Fernando Valley and Ventura County recorded the least negatively absorbed figures at -56K sq. ft. and -48K sq. ft., respectively.

Debt & Capital Markets

The Capital Markets sector has entered a phase that has not been seen in some time in Greater LA. After posting, and then beating, record high-value estimates, the sector now faces an unprecedented gap between capital markets, and supply & demand fundamentals. This disconnect is likely to continue while interest rates remain at present levels due to increased costs to borrow and develop.

After posting one more rate hike of 25 bps in July, the Federal Reserve kept interest rates at 5.50%, which indicates rates will remain relatively heightened compared to previous tightening cycles. Nevertheless, a more stable path for interest rates will provide clarity for industrial real estate capital markets. Furthermore, fundamentals within the industrial sector are relatively healthy and the sector is well-positioned to weather a slight downturn in early 2024.

FIGURE 8: Key Market Statistics

Submarket	Bldg. Sq. Ft.	Overall Vacancy	Availability Rate	Current Net Absorption Sq. Ft.	Gross Activity	Under Construction Sq. Ft.	Construction Deliveries Sq. Ft.	Avg. NNN Asking Lease Rate (\$PSF/Mo)
Commerce/Vernon	164,031,967	2.6%	5.7%	(854,541)	1,052,485	755,718	58,999	\$1.36
Downtown Los Angeles	106,782,352	1.8%	4.3%	79,858	379,006	253,318	0	\$1.23
Mid-Counties	104,829,114	1.8%	3.7%	(226,339)	1,658,181	369,378	0	\$1.70
Greater San Fernando Valley	177,429,201	1.1%	2.7%	(55,926)	992,237	860,619	0	\$1.57
San Gabriel Valley	160,934,956	1.5%	4.3%	109,110	1,819,872	4,246,031	0	\$1.55
South Bay	205,497,817	2.0%	5.6%	(996,722)	1,642,801	2,221,963	203,877	\$1.74
<b>Los Angeles County</b>	<b>919,505,407</b>	<b>1.8%</b>	<b>4.4%</b>	<b>(2,241,468)</b>	<b>7,438,456</b>	<b>8,683,891</b>	<b>262,876</b>	<b>\$1.55</b>
Ventura County	67,881,135	1.6%	3.0%	(48,819)	294,752	746,787	0	\$1.13
<b>Greater Los Angeles</b>	<b>987,386,542</b>	<b>1.8%</b>	<b>4.3%</b>	<b>(2,290,287)</b>	<b>7,733,208</b>	<b>9,430,678</b>	<b>262,876</b>	<b>\$1.52</b>

Source: CBRE Research, Q3 2023.

FIGURE 9: Key Transactions

Tenant	Transaction Type	Industry Type	Location	Total Sq. Ft.
National Road Logistics	New Lease	Logistics	Torrance	442,550
Foot Locker	New Lease	Merchandising	El Monte	360,992
Midas Express	New Lease	Logistics	Irwindale	312,000
Confidential	New Lease	Logistics	Compton	310,628
Castle Metals	Renewal	Manufactuing	Paramount	282,000

Source: CBRE Research, Q3 2023.

Appendix 1: Greater Los Angeles Industrial Figures

MARKET AREA	BLDG COUNT	BLDG AREA SF	SF AVAIL 10K-100K	SF AVAIL 100K +	TOTAL SF AVAIL	AVAIL RATE	GROSS ACTIVITY 10K-100K	GROSS ACTIVITY 100K +	TOTAL GROSS ACTIVITY	GROSS ABSORPTION	TOTAL VACANCY RATE	NNN LEASE RATE \$/SF/MO	NET ABSORPTION	U/C
Bell	79	5,349,440	162,165	0	162,165	3.0%	0	0	0	0	2.1%	\$1.75	(40,116)	0
Bell Gardens	77	2,691,527	101,259	0	101,259	3.8%	0	0	0	0	2.5%	\$1.85	0	0
City of Commerce	843	53,602,680	1,954,825	710,175	2,665,000	5.0%	232,563	123,138	355,701	364,098	2.3%	\$1.33	(180,990)	151,565
Montebello	202	11,754,177	327,385	320,245	647,630	5.5%	158,007	111,634	269,641	85,993	4.1%	\$1.55	30,834	0
Monterey Park	95	2,253,656	192,219	0	192,219	8.5%	10,800	0	10,800	10,800	3.7%	\$1.12	(17,998)	0
Pico Rivera	187	10,456,255	246,302	0	246,302	2.4%	30,000	0	30,000	30,000	1.1%	\$1.51	(71,474)	0
COMMERCE	1,483	86,107,735	2,984,155	1,030,420	4,014,575	4.7%	431,370	234,772	666,142	490,891	2.4%	\$1.50	(279,744)	151,565
Cudahy	39	1,445,689	32,760	0	32,760	2.3%	0	0	0	0	0.0%	\$0.00	0	0
City of Vernon	935	57,852,106	1,305,286	2,057,191	3,362,477	5.8%	267,255	0	267,255	267,255	2.8%	\$1.23	(341,694)	604,153
Maywood	28	850,381	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
South Gate	247	11,771,200	278,025	242,137	520,162	4.4%	0	0	0	29,153	2.2%	\$1.06	(74,154)	0
Huntington Park	162	6,004,856	415,643	100,576	516,219	8.6%	119,088	0	119,088	119,088	4.2%	\$1.18	(158,949)	0
VERNON	1,411	77,924,232	2,031,714	2,399,904	4,431,618	5.7%	386,343	0	386,343	415,496	2.7%	\$1.21	(574,797)	604,153
COMMERCE/VERNON	2,894	164,031,967	5,015,869	3,430,324	8,446,193	5.1%	817,713	234,772	1,052,485	906,387	2.6%	\$1.36	(854,541)	755,718
Los Angeles	2,674	106,782,352	4,063,093	763,236	4,826,329	4.5%	320,361	145,200	465,561	438,272	2.1%	\$1.23	(217,050)	253,318
DOWNTOWN LOS ANGELES	2,674	106,782,352	4,063,093	763,236	4,826,329	4.5%	320,361	145,200	465,561	438,272	2.1%	\$1.23	(217,050)	253,318
CENTRAL LOS ANGELES	5,568	270,814,319	9,078,962	4,193,560	13,272,522	4.9%	1,138,074	379,972	1,518,046	1,344,659	2.4%	\$1.29	(1,071,591)	1,009,036
Artesia	16	301,507	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
Bellflower	27	511,296	0	0	0	0.0%	16,629	0	16,629	16	0.0%	\$0.00	27,728	0
Cerritos	263	13,851,799	607,181	108,253	715,434	5.2%	121,860	0	121,860	121,860	3.9%	\$1.60	(111,968)	0
Downey	112	5,331,664	95,009	0	95,009	1.8%	0	0	0	17,280	1.5%	\$1.54	(23,040)	0
La Mirada	184	13,451,643	277,693	826,568	1,104,261	8.2%	197,364	0	197,364	145,364	2.6%	\$1.61	(179,926)	0
Lakewood	17	672,318	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	2,874	0
Norwalk	63	2,929,857	84,040	0	84,040	2.9%	0	110,000	110,000	110,000	3.7%	\$1.70	62,824	0
Paramount	260	8,538,889	148,848	0	148,848	1.7%	0	0	0	0	1.1%	\$1.34	(82,113)	0
Santa Fe Springs	1,136	54,464,248	1,122,268	615,680	1,737,948	3.2%	481,666	373,982	855,648	697,881	1.3%	\$1.78	52,282	346,242
Whittier	78	4,775,893	10,500	0	10,500	0.2%	10,000	0	10,000	10,000	0.0%	\$0.00	25,000	0
MID-COUNTIES	2,156	104,829,114	2,345,539	1,550,501	3,896,040	3.7%	827,519	483,982	1,311,501	1,102,401	1.8%	\$1.70	-226,339	346,242

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Arleta/Tujunga	391	12,191,111	553,678	0	553,678	4.5%	12,776	0	12,776	0	2.3%	\$1.51	(51,160)	0
Burbank	393	15,106,382	214,170	0	214,170	1.4%	83,229	0	83,229	56,098	1.1%	\$1.92	(48,276)	0
Glendale	585	19,566,927	417,508	116,158	533,666	2.7%	0	0	0	0	0.6%	\$1.61	(3,335)	0
North Hollywood	493	14,176,900	405,434	0	405,434	2.9%	73,826	127,764	201,590	127,764	0.9%	\$1.68	139,194	20,000
Pacoima	130	5,628,326	110,654	0	110,654	2.0%	53,388	0	53,388	53,388	1.1%	\$1.31	(14,852)	68,145
Pasadena	116	4,468,797	170,990	0	170,990	3.8%	0	0	0	0	1.9%	\$1.95	0	0
San Fernando	150	5,214,549	51,000	0	51,000	1.0%	73,371	0	73,371	0	0.2%	\$1.36	(11,000)	236,821
Sun Valley/Sunland	6	228,467	0	0	0	0.0%	0	0	0	0	0.0%	\$1.42	0	0
Sylmar	165	8,350,068	157,643	0	157,643	1.9%	59,827	0	59,827	59,827	0.1%	\$1.53	36,827	0
EAST SAN FERNANDO VALLEY	2,429	84,931,527	2,081,077	116,158	2,197,235	2.6%	356,417	127,764	484,181	297,077	1.0%	\$1.65	47,398	324,966
Agoura Hills	26	751,349	6,456	0	6,456	0.9%	0	0	0	0	0.3%	\$0.00	0	0
Calabasas	33	1,505,697	93,286	0	93,286	6.2%	0	0	0	0	6.2%	\$1.06	0	0
Canoga Park	216	5,753,871	230,133	0	230,133	4.0%	10,141	0	10,141	10,141	3.6%	\$1.43	(56,027)	0
Chatsworth	607	22,291,975	581,798	0	581,798	2.6%	114,755	0	114,755	114,755	1.6%	\$1.51	60,716	0
Granada Hills	2	43,598	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
Mission Hills	4	126,781	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
Northridge	139	4,123,486	53,660	0	53,660	1.3%	15,825	0	15,825	15,825	0.9%	\$1.19	5,769	0
Panorama City	73	2,642,118	84,304	0	84,304	3.2%	5,600	0	5,600	0	1.0%	\$1.09	0	0
Reseda	20	439,927	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
Sepulveda	26	1,127,032	98,000	0	98,000	8.7%	0	0	0	0	0.0%	\$0.00	0	0
Sherman Oaks	2	38,817	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
Tarzana	22	564,981	5,594	0	5,594	1.0%	0	0	0	0	1.0%	\$1.50	0	0
Van Nuys	542	19,617,297	315,075	0	315,075	1.6%	113,969	0	113,969	0	0.7%	\$1.64	(35,168)	20,049
Woodland Hills	66	3,283,795	47,314	0	47,314	1.4%	0	0	0	0	0.9%	\$1.85	0	0
WEST SAN FERNANDO VALLEY	1,778	62,310,724	1,515,620	0	1,515,620	2.4%	260,290	0	260,290	130,580	1.4%	\$1.51	(24,710)	20,049
Canyon Country	19	513,424	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
Castaic	2	96,253	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0



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Santa Clarita	49	3,692,647	0	0	0	0.0%	10,000	0	10,000	10,000	0.0%	0	0	395,751
Valencia	455	19,834,955	643,203	311,365	954,568	4.8%	116,577	111,139	227,716	214,249	0.7%	\$1.44	(81,941)	0
SANTA CLARITA VALLEY	525	24,137,279	643,203	311,365	954,568	4.0%	126,577	111,139	237,716	224,249	0.6%	\$1.44	(81,941)	395,751
Lancaster	80	3,317,994	66,260	0	66,260	2.0%	10,050	0	10,050	0	0.3%	\$0.79	3,327	0
Palmdale	52	2,731,677	55,387	0	55,387	2.0%	0	0	0	0	0.7%	\$1.00	0	119,853
ANTELOPE VALLEY	132	6,049,671	121,647	0	121,647	2.0%	10,050	0	10,050	0	0.5%	\$0.89	3,327	119,853
GREATER SAN FERNANDO VALLEY	4,864	177,429,201	4,361,547	427,523	4,789,070	2.7%	753,334	238,903	992,237	651,906	1.1%	\$1.57	(55,926)	860,619
Azusa	175	7,937,482	141,248	0	141,248	1.8%	0	0	0	0	1.8%	\$0.92	(20,000)	0
City of Industry	1,075	80,134,296	943,501	3,443,006	4,386,507	5.5%	338,719	501,730	840,449	840,449	1.7%	\$1.64	(113,955)	2,980,546
El Monte	227	12,868,479	203,285	19,670	222,955	1.7%	29,000	360,992	389,992	389,992	0.7%	\$1.40	9,330	360,992
Irwindale	227	14,198,775	355,906	556,030	911,936	6.4%	0	312,000	312,000	312,000	3.6%	\$1.54	270,657	130,063
Monrovia/Duarte	177	5,518,159	187,293	16,872	204,165	3.7%	13,975	0	13,975	13,975	1.6%	\$1.56	(35,687)	0
Pomona	393	19,219,869	391,619	108,680	500,299	2.6%	32,600	0	32,600	32,600	0.6%	\$1.40	0	0
South El Monte	328	7,125,454	70,206	18,591	88,797	1.2%	14,825	0	14,825	14,825	0.5%	\$1.23	(16,831)	0
Baldwin Park	153	4,135,302	92,683	0	92,683	2.2%	0	0	0	0	1.2%	\$1.12	0	552,562
Walnut	105	3,538,357	10,647	260,000	270,647	7.6%	0	200,435	200,435	0	0.0%	\$1.61	0	147,490
Glendora/San Dimas/La Verne	223	6,258,783	52,830	0	52,830	0.8%	15,596	0	15,596	15,596	0.5%	\$1.38	15,596	74,378
SAN GABRIEL VALLEY	3,083	160,934,956	2,449,218	4,422,849	6,872,067	4.3%	444,715	1,375,157	1,819,872	1,619,437	1.5%	\$1.55	109,110	4,246,031
Carson	658	44,286,268	1,367,051	1,248,763	2,615,814	5.9%	241,712		241,712	170,336	2.1%	\$1.69	(349,430)	663,924
Compton	352	21,821,309	889,948	1,217,262	2,107,210	9.7%	17,888	410,628	428,516	428,516	1.7%	\$1.51	(120,000)	0
El Segundo	145	8,109,310	40,940	0	40,940	0.5%	16,800	0	16,800	16,800	0.9%	\$1.75	(8,490)	0
Gardena	489	15,000,806	479,464	346,284	825,748	5.5%	11,148	0	11,148	0	2.6%	\$1.23	(313,858)	0
Harbor City	110	3,564,408	135,422	203,877	339,299	9.5%	0	0	0	0	8.7%	\$1.32	112,353	0
Hawthorne	180	7,310,801	146,849	0	146,849	2.0%	44,000	0	44,000	44,000	1.2%	\$1.70	(14,000)	0
Inglewood	140	3,992,448	114,633	0	114,633	2.9%	19,480	0	19,480	19,480	1.1%	\$1.71	(45,382)	0
LA Unincorporated	392	15,380,905	617,549	329,142	946,691	6.2%	142,768	0	142,768	95,188	2.5%	\$1.23	93,702	0
Lawndale	11	167,202	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
Long Beach	470	18,779,382	361,928	525,160	887,088	4.7%	0	0	0	0	0.8%	\$1.37	(128,165)	1,178,393



Appendix 4: Greater Los Angeles Industrial Figures

MARKET AREA	BLDG COUNT	BLDG AREA SF	SF AVAIL 10K-100K	SF AVAIL 100K +	TOTAL SF AVAIL	AVAIL RATE	GROSS ACTIVITY 10K-100K	GROSS ACTIVITY 100K +	TOTAL GROSS ACTIVITY	GROSS ABSORPTION	TOTAL VACANCY RATE	NNN LEASE RATE \$/SF/MO	NET ABSORPTION	U/C
Los Angeles	131	5,197,780	250,645	0	250,645	4.8%	80,728	0	80,728	80,278	2.4%	\$1.92	(63,502)	
Rancho Dominguez	308	20,531,252	613,278	343,134	956,412	4.7%	53,447	0	53,447	207,446	1.9%	\$1.74	(38,750)	205,435
Redondo Beach	32	2,453,948	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
San Pedro	24	3,199,091	0	451,399	451,399	14.1%	0	0	0	0	0.0%	\$0.00	0	0
Signal Hill	113	2,411,365	22,958	0	22,958	1.0%	0	0	0	0	1.5%	\$0.00	0	0
Torrance	536	29,717,538	520,979	1,082,408	1,603,387	5.4%	24,177	0	24,177	466,727	2.3%	\$1.80	(84,165)	174,211
Wilmington	80	3,574,004	150,579	0	150,579	4.2%	14,130	565,895	580,025	14,130	1.4%	\$1.53	(37,035)	0
SOUTH BAY	4,171	205,497,817	5,712,223	5,747,429	11,459,652	5.6%	666,278	976,523	1,642,801	1,542,901	2.0%	\$1.74	(996,722)	2,221,963
LOS ANGELES COUNTY TOTALS	19,842	919,505,407	23,947,489	16,341,862	40,289,351	4.4%	3,829,920	3,608,536	7,438,456	4,916,645	1.8%	\$1.55	(2,241,468)	8,683,891
Camarillo	285	10,899,974	250,810	0	268,795	2.5%	0	0	0	0	1.4%	\$1.01	(15,857)	120,500
Moorpark	92	4,134,368	53,756	250,538	309,858	7.5%	19,074	0	19,074	19,074	2.8%	\$1.17	23,187	0
Oxnard/Port Hueneme	493	21,700,582	379,885	0	446,765	2.1%	24,307	0	24,307	24,307	0.6%	\$0.82	(74,273)	74,551
Simi Valley	224	9,002,685	284,403	0	308,959	3.4%	41,596	136,065	177,661	41,596	2.5%	\$1.41	12,412	551,736
Thousand Oaks	214	8,597,974	428,948	0	461,652	5.4%	46,710	0	46,710	46,710	5.2%	\$1.40	(11,497)	0
Ventura	375	9,714,883	115,102	0	139,832	1.4%	27,000	0	27,000	27,000	0.4%	\$1.15	17,209	0
Westlake Village	118	3,830,669	50,096	0	70,742	1.8%	0	0	0	0	0.3%	\$1.44	0	0
VENTURA COUNTY	1,801	67,755,621	1,836,986	250,538	2,528,024	3.0%	158,687	136,065	294,752	158,607	1.6%	\$1.13	(48,819)	746,787
GREATER LOS ANGELES TOTALS	21,643	987,386,542	25,510,489	16,592,400	42,295,954	4.3%	3,988,607	3,744,601	7,733,208	5,07,332	1.8%	\$1.52	(2,290,287)	9,430,678
EAST VENTURA	648	25,565,696	817,203	250,538	1,151,211	4.5%	107,380	136,065	243,445	60,670	3.1%	\$1.29	24,102	551,736
WEST VENTURA	1,153	42,315,439	745,797	0	855,392	2.0%	51,307	0	51,307	51,307	0.8%	\$0.99	(72,921)	195,051

Source: CBRE Research, Q3 2023.

Market Area Overview



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 time 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 time 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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Notice

Asking Lease Rate Change

This quarter, CBRE Los Angeles shifted asking lease rates from the historic blended asking lease rate to a holistic triple net (NNN) asking lease rate. Leveraging a proprietary survey methodology, the market was reviewed, and a net down value was applied on a weighted basis to ensure accuracy and thoroughness.

