

FIGURES | CENTRAL LOS ANGELES INDUSTRIAL | Q1 2024

# Economic headwinds continues to slow demand and thwart market growth

▲ 2.8%  
Vacancy Rate

▲ (691.6K)  
SF Net Absorption

► 943.6K  
SF Under Construction

▲ \$1.32  
NNN / MO Lease Rate

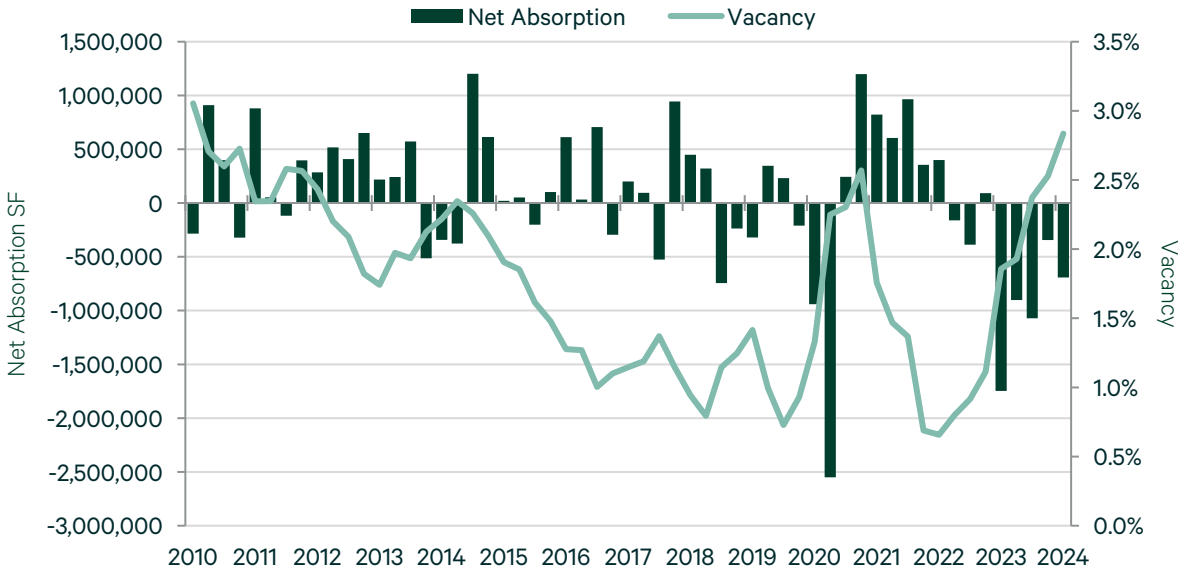
▼ 519,930  
Industrial-Using Employment  
LA & Ventura County

Note: Arrows indicate change from previous quarter.

## MARKET HIGHLIGHTS

- The vacancy rate ended Q1 2024 at 2.8%, driven by negative 691,600 sq. ft. of net absorption. The availability rate ended grew to 5.1% in Q1.
- The average direct leasing rate marginally increased to \$1.32 per sq. ft. on a monthly, NNN basis. This was up slightly from the previous quarter driven by newer product coming available during Q1 2024.
- Total leasing activity was 1.8 million sq. ft.. This was roughly 30% higher than the previous quarter. leasing activity was led by the apparel & textile, warehousing, manufacturing, and cold storage.
- Industrial-using employment in combined Los Angeles and Ventura Counties totaled 519,930 sf in Q1 2024, a slight decline from the total in Q4 2023.
- During the quarter, 26 transactions occurred in Q1 2024, totaling 306,000 sq. ft. Sales were highlighted by the Hobson/Lucas Family Foundation acquisition of a 88,415-sq.-ft. portfolio.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2024

FIGURE 2: Submarket Statistics

Submarket	Bldg. Count	NRA	Direct Vacancy Rate	Overall Vacancy Rate	Overall Availability Rate	Gross Absorption Q1	Net Absorption Q1	Net Absorption YTD	Avg. Ask NNN	Under Const.	Deliveries
Bell	79	5,349,440	1.3%	1.3%	1.5%	40,116	40,116	40,116	1.98	0	0
Bell Gardens	77	2,691,527	6.2%	6.2%	6.2%	0	-98,878	-98,878	1.60	0	0
City of Commerce	842	53,687,737	3.0%	3.0%	7.2%	217,197	-272,164	-272,164	1.25	151,565	0
Montebello	202	11,769,873	4.1%	4.1%	10.0%	203,212	3,391	3,391	1.87	0	0
Monterey Park	95	2,253,656	5.1%	5.1%	7.0%	15,750	-31,200	-31,200	0.99	0	0
Pico Rivera	187	10,459,199	1.6%	2.1%	5.1%	40,000	-53,371	-53,371	1.52	0	0
COMMERCE	1,482	86,211,432	3.0%	3.1%	7.0%	516,275	-412,106	-412,106	1.48	151,565	0
Cudahy	38	1,418,300	2.2%	2.2%	2.2%	11,135	-19,960	-19,960	0	0	0
Huntington Park	936	57,936,368	1.7%	3.2%	5.6%	389,201	4,255	4,255	1.39	538,735	0
Maywood	29	873,420	0.0%	0.0%	1.7%	0	0	0	0	0	0
South Gate	247	11,773,474	3.1%	3.1%	4.6%	87,038	-105,327	-105,327	1.15	0	0
City of Vernon	163	6,032,245	2.1%	3.0%	4.1%	137,541	33,026	33,026	1.08	0	0
VERNON	1,413	78,033,807	2.0%	3.1%	5.2%	624,915	-88,006	-88,006	1.32	538,735	0
DOWNTOWN LOS ANGELES	2,670	106,774,916	2.4%	2.4%	3.6%	432,445	-191,488	-191,488	1.09	253,318	0
CENTRAL LOS ANGELES	5,565	271,020,155	2.4%	2.8%	5.1%	1,573,635	-691,600	-691,600	1.32	943,618	0

Source: CBRE Research, Q1 2023.

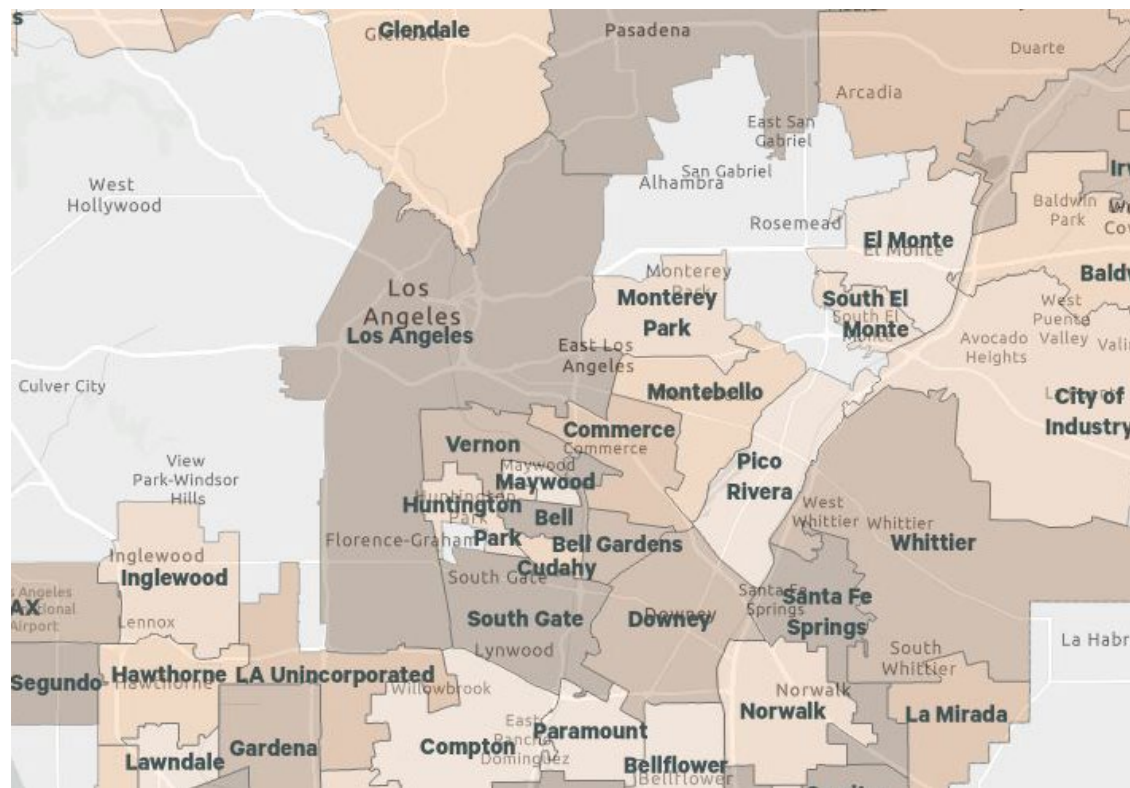
FIGURE 3: Notable Lease Transactions Q1 2024

Tenant	Address	SF Leased	Type
Popular Basics Corp.	5525 S Soto St	138,100	New Lease
Confidential	2650 Commerce Way	124,980	Renewal
Elite Vinyl Windows	4231 Liberty Blvd	87,038	New Lease
Blower Dempsay Corp.	1520-1540 Beach St	77,056	New Lease
Citizens of Humanity	5715 Bickett St	72,000	Renewal
SKS Industries	750 S Alameda St	63,318	Renewal

FIGURE 4: Notable Sale Transactions Q1 2024

Buyer	Address	SF Sold	Sale Price
Redcar Properties   Lucas Family Foundation	1639 N Main St (Portfolio)	88,415	\$45.8MM
Privy Inc.	2640 E 26 <sup>th</sup> St	40,129	\$13.8MM
Joo Hyun Lee	1230 Long Beach Ave	24,802	\$9.0MM
2017 8th St, LLC	2017 E 8 <sup>th</sup> St	23,486	\$12.4MM
HSKE, LLC	123 E 32nd St	13,555	5.0MM

## Submarket Map



## 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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Source: CBRE Research, Q1 2023, Location Intelligence,