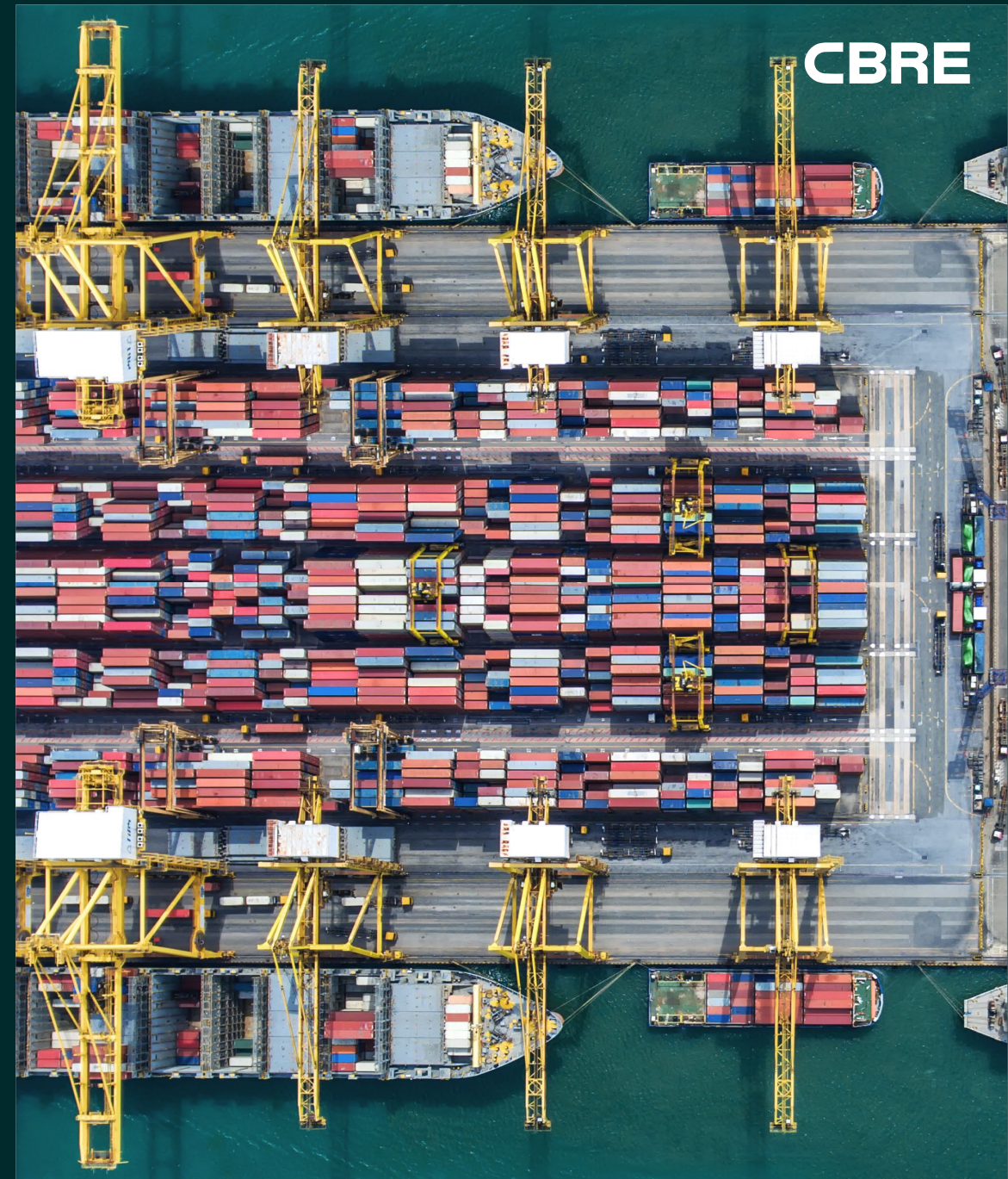


Q1 2024 Submarket Report

South Bay Industrial Submarket Report Q1 2024

SOUTH BAY

CBRE RESEARCH
APRIL 2024



FIGURES | SOUTH BAY INDUSTRIAL | Q1 2024

Increased supply and uncertain demand shifting the curve on first quarter rents

▲ 3.6%

Overall Vacancy Rate

▼ (1.45M)

SF Net Absorption

▲ 2.27M

SF Under Construction

▼ \$1.70

NNN / MO Lease Rate

▼ 553K

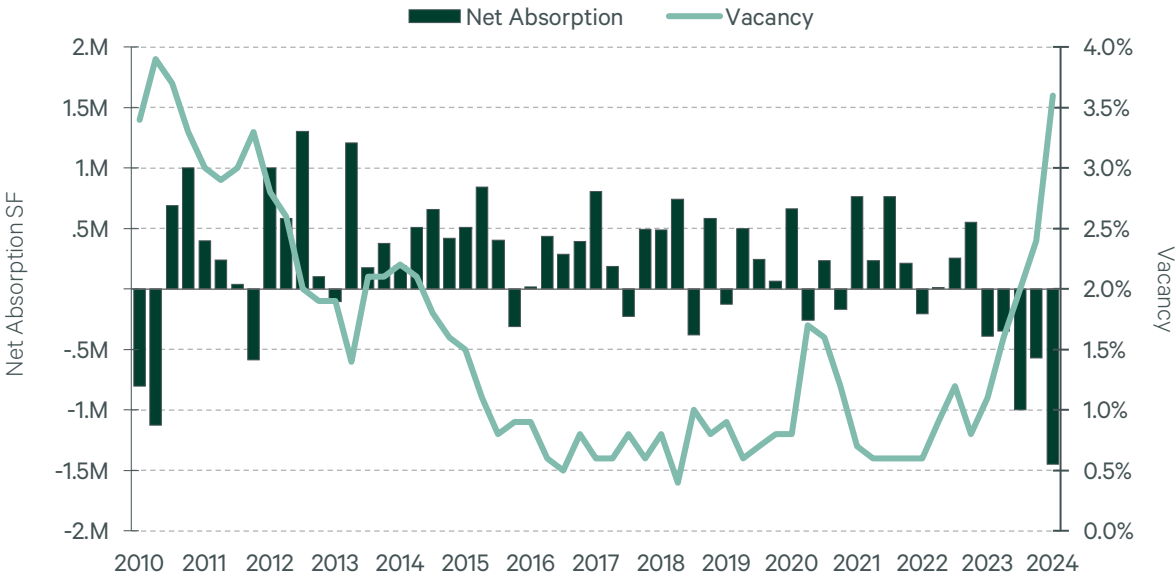
Industrial-Using Employment
Los Angeles

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- In Q1 2024 the vacancy rate ended at 3.6%, elevated by 1.45 million sq. ft. of negative net absorption.
- The South Bay's availability rate increased by 140 basis points quarter-over-quarter to 6.8% after an additional 2.9 million sq. ft. of inventory was listed on the market. The corresponding impact led to a decline in asking rents.
- The average direct asking lease rate decreased from \$1.76 NNN per sq. ft. in Q4 2023 to \$1.70 NNN per sq. ft. in Q1 2024; a 3.4% decrease quarter-over-quarter and an 11.9% decrease since its peak in Q3 2022.
- Gross absorption in Q1 2024 totaled 1.3 million sq. ft. while total gross activity was just under 2.2 million sq. ft. after renewals accounted for 42.5% of the total deal count but 73.2% of the total square footage leased.
- Q1 2024 continued to see considerable concessions packages offered to tenants given the 1.45 million sq. ft. of negative net absorption, declines in NNN asking rates, and the lack of new deals signed this quarter with only one transacting over 50,000 sq. ft.

FIGURE 1: Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2024

FIGURE 2: Submarket Statistics

Submarket	Bldg. Count	NRA	Overall Vacancy Rate	Overall Availability Rate	Net Absorption	Gross Activity	Gross Absorption	Asking Rate (Blended)	Asking Rate (NNN)	Under Const.	Deliveries
Carson	658	44,114,103	5.2%	12.4%	(138,247)	296,867	42,456	\$1.75	\$1.73	829,364	0
Compton	352	21,850,520	5.7%	7.9%	(508,231)	443,972	25,628	\$1.68	\$1.60	0	0
El Segundo	145	8,109,310	0.6%	0.6%	(8,350)	15,650	20,058	\$2.25	\$2.25	0	0
Gardena	489	14,955,650	1.8%	1.3%	(87,301)	138,275	138,275	\$1.46	\$1.27	0	0
Harbor City	110	3,564,408	9.2%	11.0%	(18,371)	0	0	\$1.99	\$1.68	0	0
Hawthorne	179	7,285,501	1.6%	2.2%	0	40,482	40,482	\$1.91	\$1.91	30,595	0
Inglewood	142	4,044,759	1.1%	0.4%	34,442	30,545	17,869	\$1.95	\$1.69	0	0
LA Unincorporated	388	15,142,850	2.8%	4.0%	7,998	89,334	0	\$1.30	\$1.09	0	0
Lawndale	11	167,202	6.0%	6.0%	0	0	0	\$1.95	\$1.69	0	0
Long Beach	471	18,906,768	3.5%	9.5%	(431,990)	248,194	90,086	\$1.71	\$1.74	0	0
Los Angeles	131	5,066,750	3.7%	4.2%	14,800	0		\$2.22	\$1.80	1,206,867	0
Rancho Dominguez	305	20,521,720	2.7%	5.8%	(133,529)	392,573	392,573	\$2.26	\$1.42	205,375	0
Redondo Beach	32	2,453,948	0.0%	0.0%	0	51,340	0	\$0.00	\$0.00	0	0
San Pedro	25	3,209,187	0.0%	14.1%	0	0	0	\$1.85	\$1.59	0	0
Signal Hill	113	2,421,325	0.9%	2.2%	31,515	0	0	\$1.55	\$1.31	0	0
Torrance	536	29,959,508	3.6%	5.7%	(240,250)	397,764	71,399	\$2.15	\$2.12	0	0
Wilmington	80	3,575,764	0.0%	0.8%	29,760	29,760	29,760	\$1.50	\$1.50	0	0
SOUTHBAY	4,167	205,349,273	3.6%	6.8%	(1,447,754)	2,174,756	1,309,031	\$1.83	\$1.70	2,272,201	0

Source: CBRE Research, Q1 2024.

FIGURE 3: Notable Lease Transactions Q1 2024

Tenant	Address	SF Leased	Type
St. George Distribution	1650 South Central Ave, Compton	418,344	Renewal
Confidential	4100-4180 W 190th St, Torrance	258,138	Renewal
Inland Star	2132 E Dominguez St, Long Beach	254,411	Renewal
SBS Transportation	2902 E Val Verde Ct, Compton	184,074	Renewal
Kair Harbor Express	2200-2250 Technology Pl, Long Beach	104,737	Renewal
Millennium Industrial Tire	137 E Alondra Blvd, Gardena	89,334	Renewal

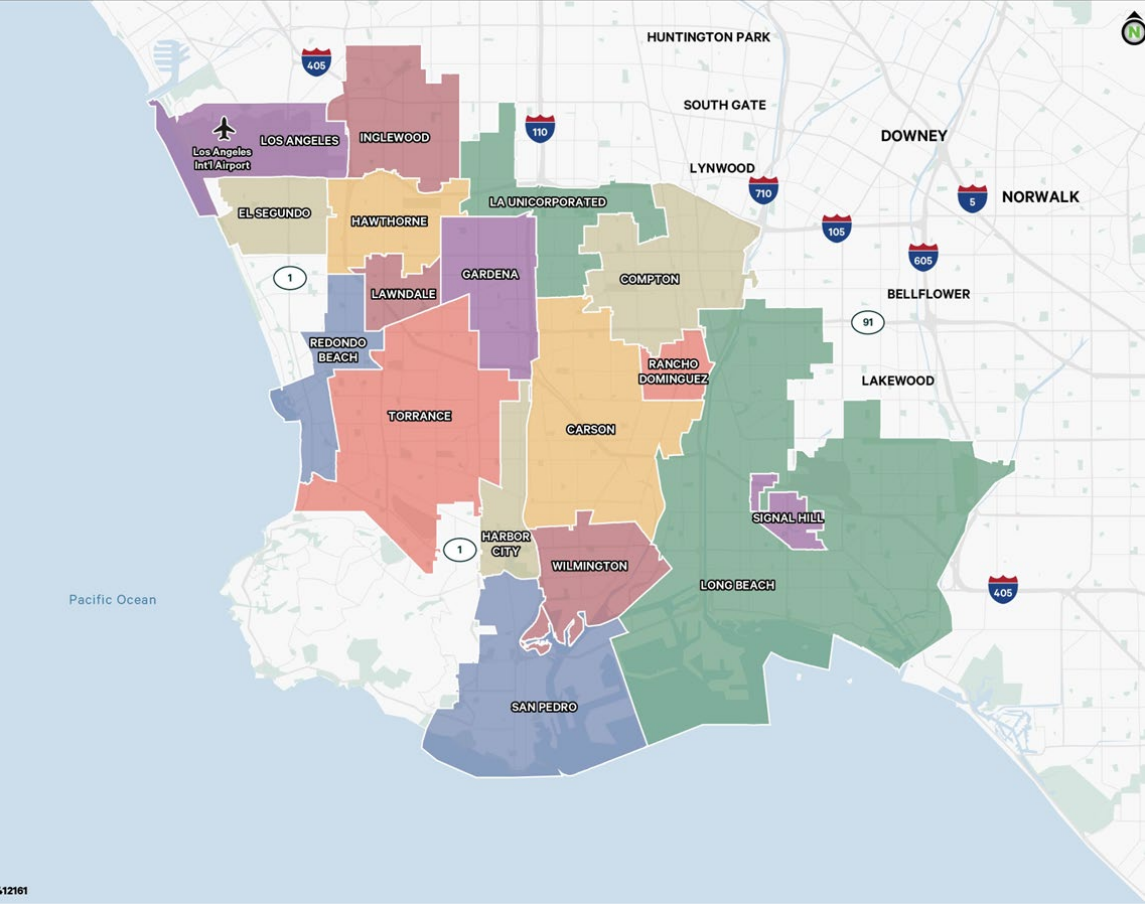
Source: CBRE Research, Q1 2024

FIGURE 4: Notable Sale Transactions Q1 2024

Buyer	Address	SF Sold	Sale Price
CenterPoint	JP Morgan Portfolio	546,866	\$196.5M
Rexford	Blackstone Portfolio (South Bay)	170,168	\$55.7M
Osang LLC	19060 S Dominguez Hills Dr, Compton	42,324	\$14.7M
Classic Components Corp.	14011-14083 S Normandie Ave, Hawthorne	37,072	\$10.7M

Source: CBRE Research, Q1 2024

Submarket Map



Source: CBRE Research, Q1 2024, Location Intelligence,

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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