

Lease rates remain constant and capital markets pause amidst economic shift

▲ 1.5%

Total Vacancy Rate

▲ -922k SF

Net Absorption

▲ 8.9MSF

Under Construction

► \$1.69

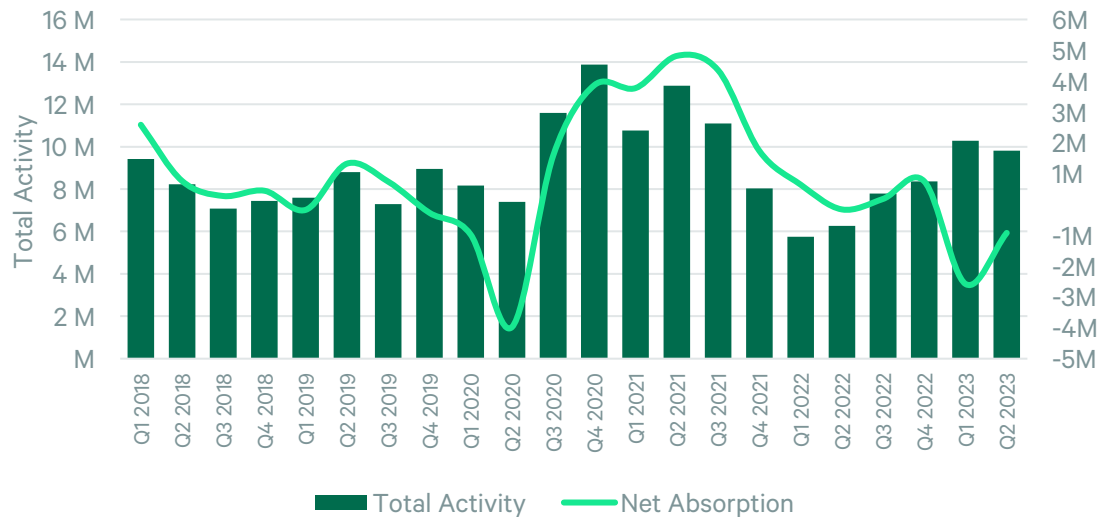
PSF / MO / Lease Rate

Note: Arrows indicate change from previous quarter.

Overview

- Greater Los Angeles (GLA) posted -922k sq. ft. of net absorption in Q2'23, which is a 63.8% increase from the prior quarter's negative absorption of 2.6M sq. ft.
- The Greater Los Angeles average asking lease rate held at \$1.69 per sq. ft. from Q1 to Q2'23 after eleven consecutive quarters of lease rate appreciation.
- Newly listed vacant space and sublease availabilities tapered rent growth in the second quarter as a variety of macro and micro economic factors played out, increasing overall supply.
- Sales volume decreased in the second quarter following the Federal Reserve's interest rate increase to 5.25% in May in order to combat the strong labor market and inflation.
- With imports from China down 20.8% YoY and shipping costs on the rise, speculative demand for import-related warehousing decreased when paired with concern surrounding a looming recession.

FIGURE 1: Total Activity vs Net Absorption



Source: CBRE Research, Q2 2023.

Market Outlook

For the last six months, the consensus amongst economists has been that H2 would bring the United States to the brink of recession and possibly push it over the edge. Recently, this narrative has been challenged by a surprisingly resilient consumer and labor market. Indeed, GDP growth in Q2 2023 is poised to hit the mid-2% range (p.a.). Beneath this veneer of health lies a fragile economy, which will most likely lapse into a mild recession, albeit a little later than previously expected.

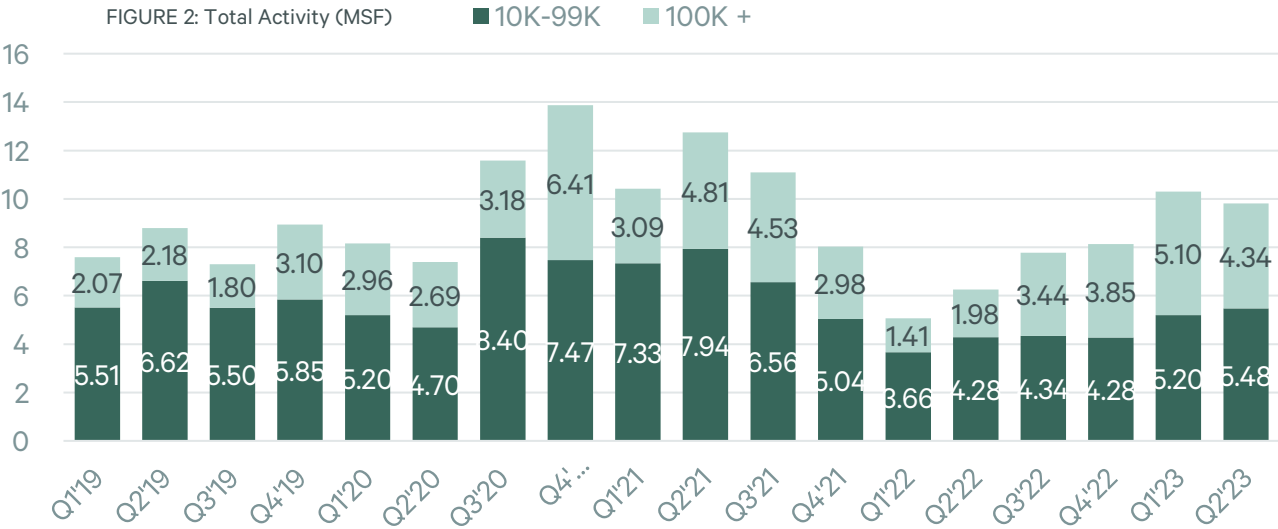
The chief concern is credit conditions tightening at a magnitude that typically precedes a recession. The consequences are already manifest in the housing market, and other rate-sensitive sectors, such as manufacturing, are also under pressure—both domestic and abroad—exemplified by cooling capital goods orders and PMI data. And while the labor market is objectively tight, it is softer than one year ago when we saw higher quit rates and stronger wage growth.

Strong recent data indicates the Fed will make one more rate hike, just to make sure the job is done. This will slightly exacerbate the coming slowdown and lead the Fed to begin cutting rates at the end of the year. The long-expected slowdown in the U.S. economy is still on track but will start in earnest at the end of Q3 and last through to the end of Q1 2024 by which time, inflation will have slowed up, and rates will be falling.

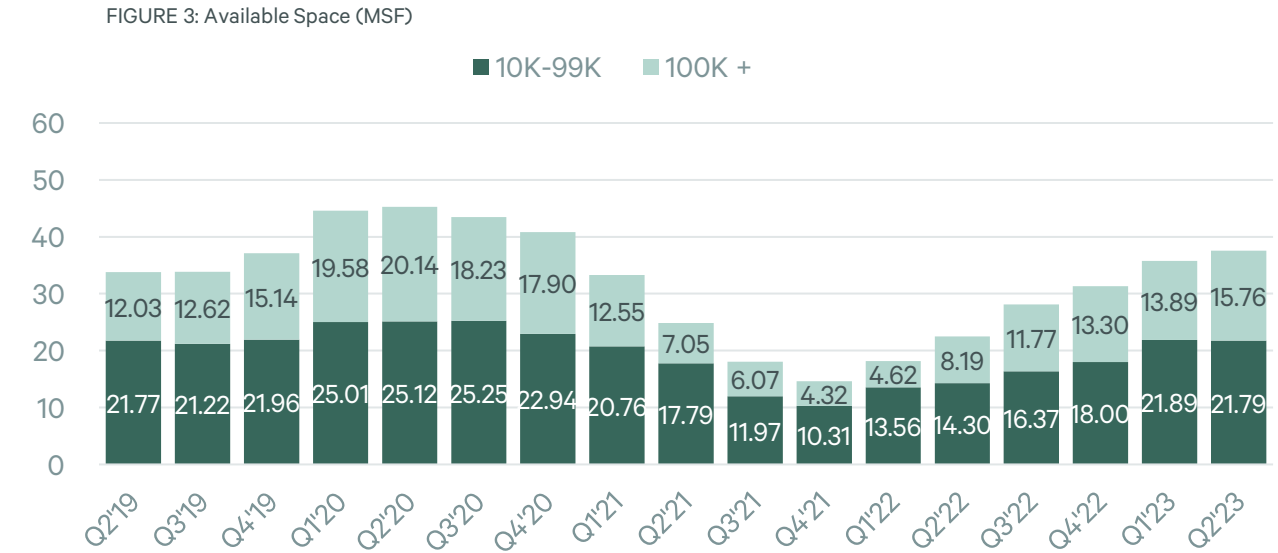
Unemployment

Los Angeles County’s seasonally adjusted unemployment rate was 5.3% in June 2023—60 basis points (bps) higher than one year prior. Between May 2022 to May 2023, nonfarm employment increased by 2.2%, and the total civilian labor force was relatively unchanged YoY at 5,002,000 (people). LA County’s unemployment rate was 50 bps higher than California’s overall seasonally adjusted rate of 4.5%.

Transportation, Warehousing, and Utility employees in LA County increased their job count by 7,200 (320 bps) YoY to 229,600, although still below 1,500 (60 bps) YoY from the month prior. Motion Picture and Sound Recording jobs decreased YoY from 151,200 to 136,500 positions (970 bps). Truck Transportation employment increased by 3.4% QoQ to 38,800, representing 7.8% growth YoY.



Source: CBRE Research, Q2 2023.



Source: CBRE Research, Q2 2023.

Vacancy & Availability

The GLA industrial market reported increased total vacancy QoQ from 1.3% to 1.5%, representing an additional 2.4M sq. ft. of vacancies and increasing availability QoQ from 3.6% to 3.8%.

Vacancy increased across all GLA submarkets in Q2, but Central LA reported the highest vacancy rate of 1.9%. The Greater San Fernando Valley and Mid Counties both reported the lowest vacancy at 1.0%, followed by the San Gabriel Valley and Ventura County both reporting 1.5%. High asking rents and increased operating expenses are pricing out smaller, and some mid-sized, firms as current leases expire, and the market enters a period of price uncertainty and rediscovery. Although vacancies are up, occupancy in GLA remains relatively full at 98.5%.

The South Bay reported the highest availability rate at 5.2%, increasing 120 bps QoQ, followed by Central LA at 4.3%, the San Gabriel Valley at 3.7%, and the Mid Counties at 3.4%. The rapid increase in interest rates, aimed at curbing inflation, resulted in tighter corporate lending practices, and fewer sale opportunities, drawing capital allocations away from potential rent budgets. We can observe the impact of fluctuating interest rates through tenants' actions such as subleasing surplus space, consolidating their physical presence, or relocating their operations from primary markets such as GLA.

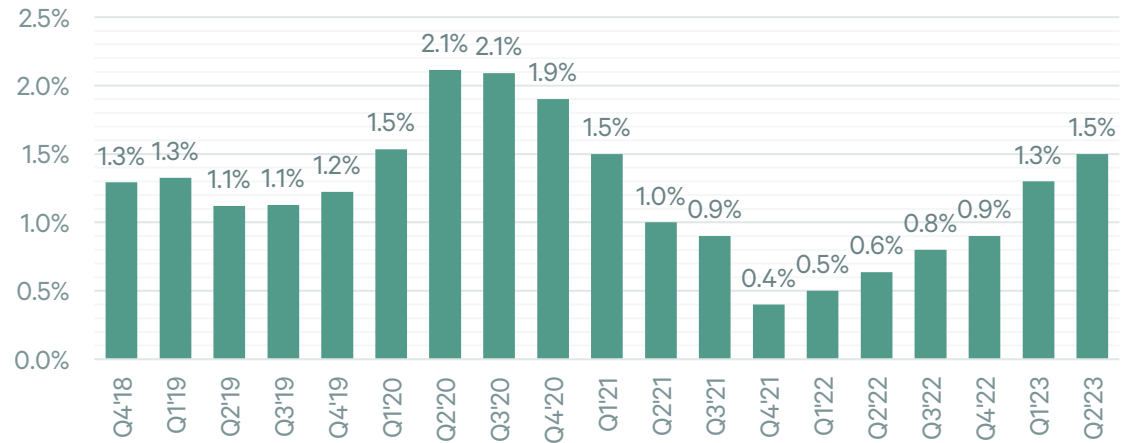
Asking Lease Rates

The average asking lease rate for Greater Los Angeles was flat at \$1.69 per sq. ft. QoQ after eleven straight increases that set new records in base rent pricing.

The South Bay reported the highest average asking rate at \$1.91 per sq. ft.—down 3.5% from the Q1'23 high of \$1.98 per sq. ft. The Mid Counties reported the second highest asking rate at \$1.77 per sq. ft., followed by the San Gabriel Valley at \$1.66 per sq. ft. The Greater San Fernando Valley's asking rate was unchanged at \$1.61 per sq. ft., and Ventura County experienced a \$0.01 decrease QoQ reporting \$1.29 per sq. ft.

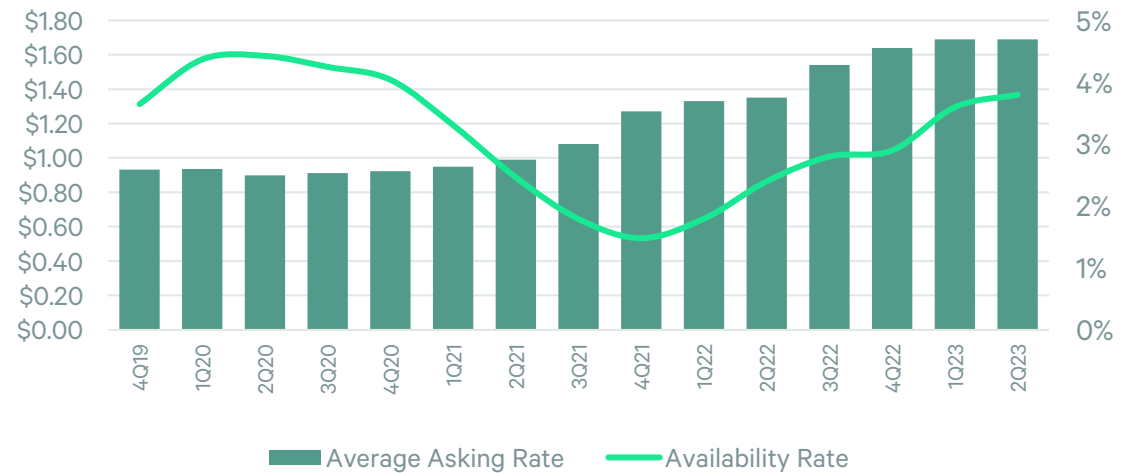
Rising marketed sublease space and increased vacancies support downward pressure on asking lease rates and look to restore market balance moving forward, allowing tenants a wider array of space options.

FIGURE 4: Total Vacancy Rate



Source: CBRE Research, Q2 2023.

FIGURE 5: Average Asking Rate vs. Availability Rate



Source: CBRE Research, Q2 2023.

Sales Activity

Greater Los Angeles sales volume dropped from \$1.15B in Q1'23 to \$585M in Q2'23 representing a 49% decrease in sales activity QoQ, down over 85% since Q4 of 2022. Of the \$585M, over half of the transactions were owner-user sales. The largest transaction of the quarter was Rexford Industrial's acquisition of 2395, 2397, and 2399 Bateman Ave in Duarte for a total of \$41.2M. Other notable transactions included EverWest RE Investor's purchase of a 90k sq. ft. distribution center located at 2824 E 208th St, Carson, for \$32M, and GID's acquisition of a 100k sq. ft. warehouse at 2675 Pomona Blvd, Pomona, for \$30.2M. Despite rising interest rates and Measure ULA impacting gross sales volume, resources were selectively invested in Q2 with over 20 sales taking place below \$5M—conveniently avoiding tax from Measure ULA .

Opportunities arise in stressed markets for those willing and able to spend capital, and Prologis proved able with a strategic acquisition of 14M sq. ft. of Blackstone North America industrial portfolio for \$3.1B—cash funded. Private investor buyers and sellers alike are working to factor in additional costs at the point of sale, which has had a material effect on the number of deals occurring in the market, particularly when in the face of economic uncertainty and higher cost of debt capital.

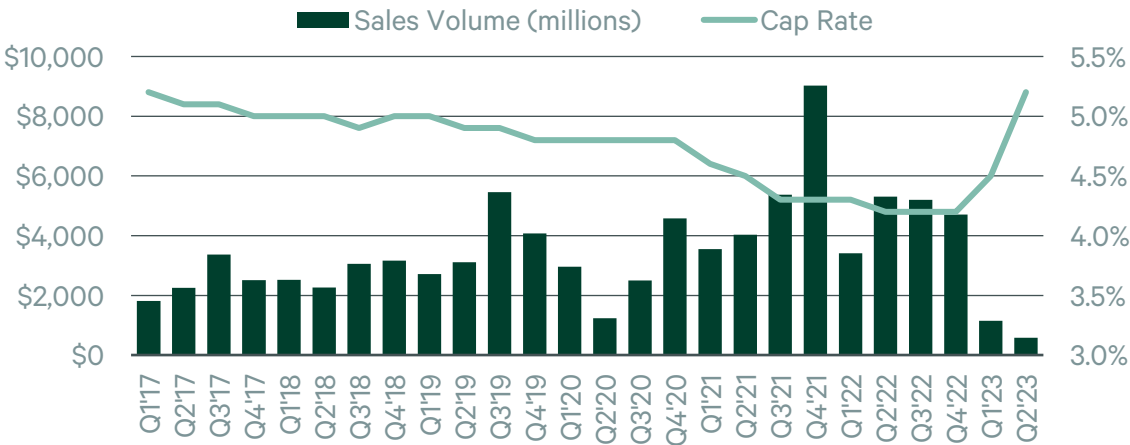
Construction & Development

The Greater Los Angeles industrial under construction (UC) pipeline increased by 900k sq. ft. in Q2'23 while delivering over 840k sq. ft. of space. The new UC pipeline totals over 8.74M sq. ft. One notable new project includes the 209k sq. ft. Bridge Point Vernon II development, Vernon, with estimated delivery in Q1 of 2024.

The San Gabriel Valley has the most UC with 3.9M sq. ft., followed by South Bay with 1.54M sq. ft., and the San Fernando Valley with 1.34M sq. ft. of projects. Developers continue to face barriers to building in Los Angeles County with mounting costs related to financing, speculative land values, challenging zoning requirements, and general increases in material costs, labor, and operating expenses (OpEx).

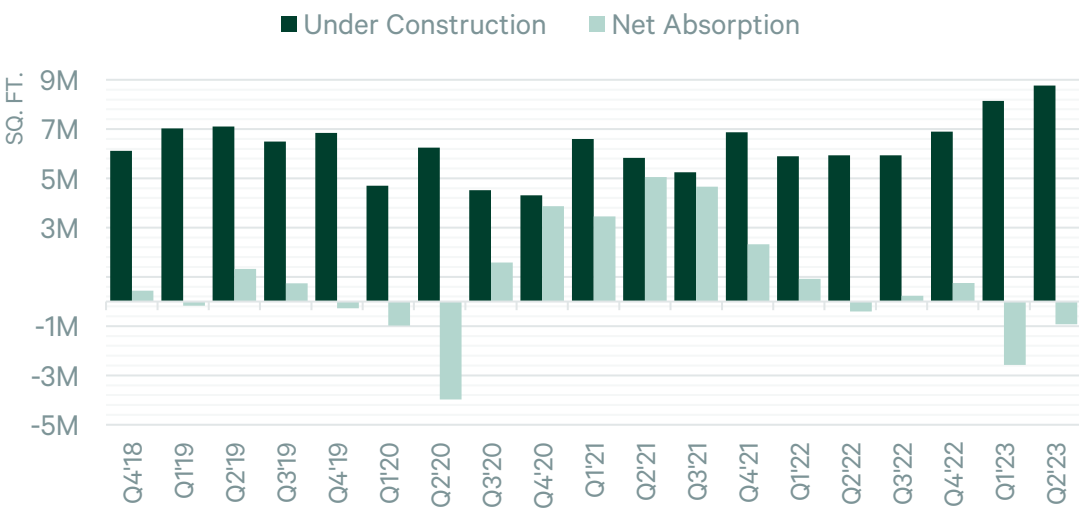
While pre-leasing has slowed in parts of GLA, like the South Bay, it remains strong at Needham Ranch in Santa Clarita Valley, where all 1.7M sq. ft. of space was pre-leased within the last 18 to 24 months and is estimated to deliver in Q4 of 2023.

FIGURE 6: Sales Volume (M), Cap Rate



Source: CBRE Research, Real Capital Analytics, Q2 2023.

FIGURE 7: Construction & Net Absorption



Source: CBRE Research, Q2 2023.

Net Absorption & Leasing Activity

Gross activity in Q2’23 totaled over 9.8M sq. ft. in Greater Los Angeles (GLA), a 7.5% decrease QoQ. The South Bay reported the most gross activity 2.3M sq. ft, followed by the San Gabriel Valley with 1.95M sq. ft., the Mid Counties with 1.66M sq. ft., and then the Greater San Fernando Valley with 1.45M sq. ft. of gross activity. The top leasing industries for the quarter were 3PL, wholesale merchandising, food & beverage, and distribution.

Total net absorption for GLA was -922k sq. ft., an improvement from the -2.55M sq. ft. in Q1 of this year. Vernon incurred the most negative absorption with -901k sq. ft., followed by South Bay with -346k sq. ft., and Ventura with -202k sq. ft. of absorption. San Gabriel Valley and Mid-Counties were the only GLA submarket to report positive absorption with 522k sq. ft and 104k sq. ft., respectively.

Inflation, increased interest rates, a tight credit market, and decreased TEU volumes at the ports are all factors impacting demand for the region. As in-place leases expired some small to mid-sized tenants were priced out and sought lower land values and operating expenses inland. Most of the quarter's activity took place in smaller blocks of space rather than larger block segments.

Debt & Capital Markets

Across commercial asset sectors, industrial properties demonstrate resilience, with delinquencies remaining below 0.5%. A falling deposit base amid concerns about future economic growth is forcing many banks to reduce risk and increase their liquidity. New debt issuance has slowed dramatically with only 1 confirmed industrial property in GLA being allocated to CMBS loan origination in 2023 (YTD). Historically, periods of tightening standards have been associated with reduced transaction volume.

Due to heightened interest rates and general costs of capital, lenders are offering lower-than-average LTVs and originating fewer loans as macroeconomic factors apply downward pressure on the topline value of properties.

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. Asking Lease Rate (\$PSF/Mo)
Commerce/Vernon	163,978,956	2.0%	4.3%	(981,296)	1,011,719	605,639	0	\$1.66
Downtown Los Angeles	106,781,594	1.8%	4.3%	79,858	379,006	253,318	0	\$1.40
Mid-Counties	105,297,191	1.0%	3.4%	104,084	1,658,181	369,378	23,136	\$1.77
Greater San Fernando Valley	179,037,799	1.0%	2.2%	(99,492)	1,630,904	1,344,476	278,670	\$1.61
San Gabriel Valley	161,089,536	1.5%	3.7%	522,419	1,946,319	3,896,726	0	\$1.66
South Bay	206,393,699	1.6%	5.2%	(345,571)	2,309,470	1,540,766	538,570	\$1.91
Los Angeles County	922,578,775	1.5%	3.9%	(719,998)	8,945,599	7,987,167	840,376	\$1.71
Ventura County	67,951,279	1.5%	2.7%	(202,932)	869,583	756,787	0	\$1.29
Greater Los Angeles	990,530,054	1.5%	3.8%	(922,930)	9,815,182	8,743,954	840,376	\$1.69

Source: CBRE Research, Q2 2023.

FIGURE 9: Key Transactions

Tenant	Transaction Type	Industry Type	Location	Total Sq. Ft.
Veritiv Corporation	Renewal	Logistics	Downey	335,704
D Element	New Lease	Merchandising	City of Industry	318,497
Chiquita Fresh North America	Renewal	Produce	Oxnard	250,979
Win-IT	New Lease	Technology	City of Industry	240,500
Brown West Logistics	New Lease	Logistics	Wilmington	223,865

Source: CBRE Research, Q2 2023.

San Pedro Bay Complex Ports & Global Supply Chain Update

Prolonged West Coast labor negotiations and a cooling global economy have contributed to a slowdown in trade, with the Ports of Los Angeles and Long Beach (the San Pedro Bay ports) seeing -18.2% loaded imports compared to last May, but +6.5% from April's YoY figure of -24.7%. Despite this, combined loaded import activity increased for the past three consecutive months. Port activity could increase more due to the lack of rainfall at the Panama Canal. The canal recently imposed multiple shipping container restrictions, forcing vessels to transport fewer goods and pay higher fees. These drought conditions could likely reroute ships to the West Coast ports for more efficiency.

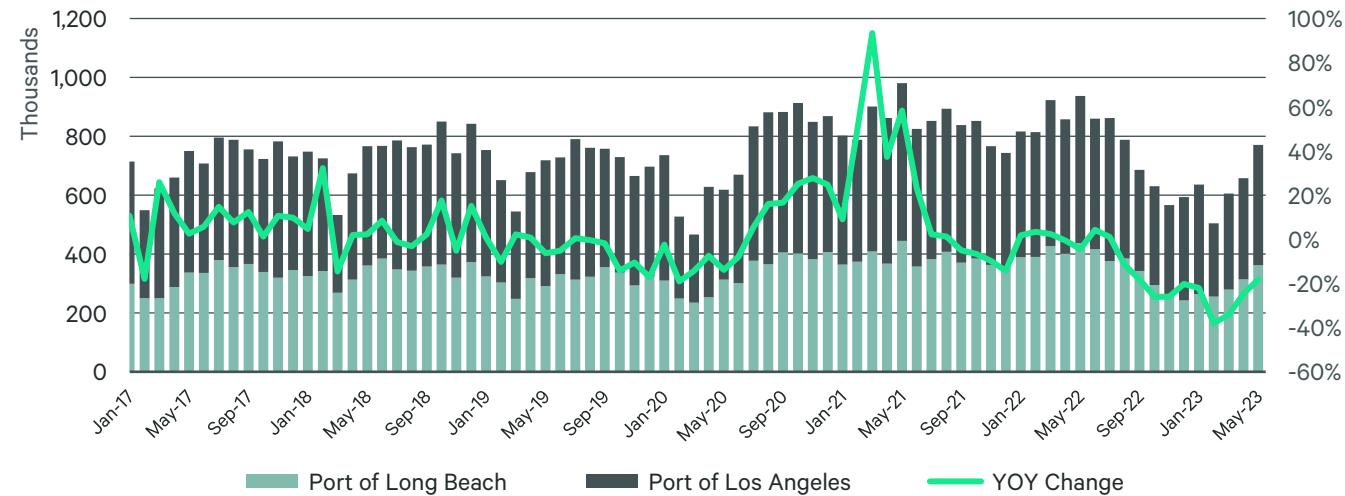
The Port of Long Beach's terminal operators and dockworkers moved 758,225 TEUs (twenty-foot equivalent units) in May 2023. Cargo container traffic declined due to shifting trade routes and less consumer demand, with total TEUs moved -14.1% from May 2022. Consumer demand peaked during COVID-19, and cargo volumes are closer to pre-pandemic levels.

Port activity also declined at the Port of Los Angeles, with total TEUs -19.5% compared to May 2022. Loaded exports decreased by 19.0% while loaded imports decreased by 16.2% compared to last May. Container movement has increased for the past three consecutive months, though -loaded imports increased 7.4% from March to April of 2023 and increased 19.1% from April to May of 2023.

Industrial vacancy rates rose across all three port types, with the inland ports recording the biggest increase b 60 bps to 4.2%. The overall vacancy rate for seaport markets rose by 30 bps to 3.0%, while the rate for non-port markets increased by 40 bps to 3.3%.

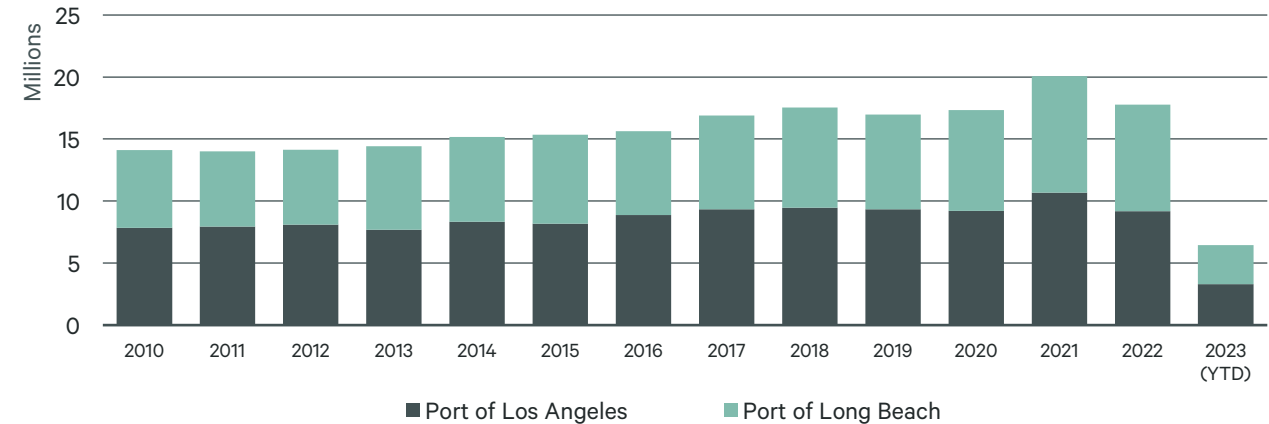
U.S. Port Watch: [Top North American Ports Volume Drops by 20% | CBRE](#)

FIGURE 10: San Pedro Bay Complex Monthly TEU Count (Loaded Inbound)



Source: Port Authorities, CBRE Research, Q2 2023.

FIGURE 11: Annual TEU Volume



Source: Various Port Authorities, CBRE Research, Q2 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	LEASE RATE \$/SF/MO	NET ABSORPTION	U/C
Bell	79	5,349,440	162,165	0	162,165	3.0%	0	0	0	0	1.3%	\$1.84	(70,121)	0
Bell Gardens	77	2,691,527	101,259	0	101,259	3.8%	0	0	0	0	2.5%	\$1.85	(68,010)	0
City of Commerce	843	53,608,668	1,628,087	536,442	2,164,529	4.0%	605,024	0	605,024	564,074	1.9%	\$1.67	(214,671)	151,565
Montebello	202	11,754,177	396,983	320,245	717,228	6.1%	48,942	0	48,942	48,942	3.8%	\$1.98	(406,044)	0
Monterey Park	95	2,253,656	133,819	0	133,819	5.9%	0	0	0	0	2.9%	\$1.44	(18,052)	0
Pico Rivera	187	10,456,255	215,066	0	215,066	2.1%	0	0	0	0	0.4%	\$1.25	25,358	0
COMMERCE	1,483	86,113,723	2,637,379	856,687	3,494,066	4.1%	653,966	0	653,966	613,016	2.0%	\$1.71	(751,540)	151,565
Cudahy	39	1,445,689	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
City of Vernon	934	57,793,107	955,404	1,810,832	2,766,236	4.8%	357,753	0	357,753	223,773	2.2%	\$1.68	(152,501)	454,074
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	203,871	242,137	446,008	3.8%	0	0	0	0	1.6%	\$1.34	(21,755)	0
Huntington Park	162	6,004,856	154,544	205,576	360,120	6.0%	0	0	0	0	1.5%	\$1.43	(55,500)	0
VERNON	1,410	77,865,233	1,313,819	2,258,545	3,572,364	4.6%	357,753	0	357,753	223,773	2.0%	\$1.61	(229,756)	454,074
COMMERCE/VERNON	2,893	163,978,956	3,951,198	3,115,232	7,066,430	4.3%	1,011,719	0	1,011,719	836,789	2.0%	\$1.66	(981,296)	605,639
Los Angeles	2,674	106,781,594	3,480,938	1,110,543	4,591,481	4.3%	133,994	245,012	379,006	379,006	1.8%	\$1.40	79,858	253,318
DOWNTOWN LOS ANGELES	2,674	106,781,594	3,480,938	1,110,543	4,591,481	4.3%	133,994	245,012	379,006	379,006	1.8%	\$1.40	79,858	253,318
CENTRAL LOS ANGELES	5,567	270,760,550	7,432,136	4,225,775	11,657,911	4.3%	1,145,713	245,012	1,390,725	1,215,795	1.9%	\$1.56	(901,438)	858,957
Artesia	16	301,507	0	0	0	0.0%	0	0	0	0	0.0%	\$0.00	0	0
Bellflower	27	511,296	27,728	0	27,728	5.4%	17,504	0	17,504	17,504	5.4%	\$1.66	6,439	0
Cerritos	267	14,136,522	527,919		527,919	3.7%	146,332	122,514	268,846	214,854	1.1%	\$1.65	27,252	0
Downey	112	5,331,664	83,489	0	83,489	1.6%	56,765	335,704	392,469	17,280	0.8%	\$1.76	17,280	0
La Mirada	185	13,573,357	416,022	414,481	830,503	6.1%	109,423	142,560	251,983	109,423	1.2%	\$1.64	(53,566)	0
Lakewood	17	672,318	0	0	0	0.0%	0	0	0	0	0.0%	\$1.50	0	0
Norwalk	64	2,929,817	60,000	110,000	170,000	5.8%	0	0	0	0	5.8%	\$1.90	(146,864)	0
Paramount	261	8,538,952	117,800	0	117,800	1.4%	96,935	0	96,935	3,8240	0.4%	\$1.70	(19,300)	0
Santa Fe Springs	1,138	54,437,286	1,064,097	615,680	1,679,777	3.1%	295,213	146,617	441,830	438,915	0.8%	\$1.87	286,009	346,242
Whittier	81	4,864,472	95,661	0	95,661	2.0%	35,534	153,080	188,614	164,914	0.5%	\$0.00	(13,166)	0
MID-COUNTIES	2,168	105,297,191	2,392,716	1,140,161	3,532,877	3.4%	757,706	900,475	1,658,181	1,001,130	1.0%	\$1.77	104,084	346,242

Appendix 2: 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	LEASE RATE \$/SF/MO	NET ABSORPTION	U/C
Arleta/Tujunga	392	12,271,111	444,729	0	444,729	3.6%	22,730	181,635	204,365	33,592	1.4%	\$1.70	(92,270)	0
Burbank	395	15,306,902	168,695	0	168,695	1.1%	8,481	0	8,481	0	0.9%	\$2.19	(52,361)	0
Glendale	586	19,496,111	196,386	0	196,386	1.0%	117,820	0	117,820	84,500	0.6%	\$1.97	(11,522)	0
North Hollywood	493	14,083,512	262,233	0	262,233	1.9%	36,116	0	36,116	36,116	1.1%	\$1.40	(35,381)	20,000
Pacoima	131	5,669,326	56,759	0	56,759	1.0%	56,028	0	56,028	56,028	2.1%	\$1.74	(50,720)	0
Pasadena	116	4,466,201	99,846	0	99,846	2.2%	0	0	0	0	1.9%	\$1.68	(32,404)	0
San Fernando	150	5,214,549	79,820	0	79,820	1.5%	0	132,936	132,936	0	0.0%	\$1.71	0	168,676
Sun Valley/Sunland	6	228,467	0	0	0	0.0%	0	184,335	184,335	184,335	0.0%	\$0.00	0	0
Sylmar	165	8,350,068	133,894	0	133,894	1.6%	15,000	0	15,000	15,000	0.6%	\$1.38	0	0
EAST SAN FERNANDO VALLEY	2,434	85,086,247	1,442,362	0	1,442,362	1.7%	256,175	498,906	755,081	409,571	1.0%	\$1.71	(274,658)	188,676
Agoura Hills	26	751,349	2,500	0	2,500	0.3%	0	0	0	0	0.3%	\$2.05	0	0
Calabasas	33	1,505,697	93,286	0	93,286	6.2%	0	128,700	128,700	128,700	6.2%	\$0.00	128,700	0
Canoga Park	217	7,252,871	192,254	0	192,254	2.7%	10,141	0	10,141	10,141	2.1%	\$1.67	(87,061)	0
Chatsworth	607	22,239,165	763,365	0	763,365	3.4%	146,574	0	146,574	146,574	2.1%	\$1.65	(163,688)	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	62,395	0	62,395	1.5%	47,584	0	47,584	47,584	1.1%	\$1.31	14,903	0
Panorama City	73	2,642,118	84,304	0	84,304	3.2%	5,600	0	5,600	0	1.0%	\$1.45	5,600	0
Reseda	20	439,927	22,973	0	22,973	5.2%	0	0	0	0	0.0%	\$0.00	0	0
Sepulveda	26	1,127,032	0	0	0	0.0%	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%	\$1.58	(5,594)	0
Van Nuys	542	19,617,297	368,039	0	368,039	1.9%	113,969	0	113,969	82,615	0.6%	\$1.75	(1,026)	20,049
Woodland Hills	67	3,308,795	34,935	0	34,935	1.1%	0	0	0	0	1.0%	\$1.78	(29,868)	0
WEST SAN FERNANDO VALLEY	1,780	63,781,914	1,629,645	0	1,629,645	2.6%	323,868	128,700	452,568	429,953	1.5%	\$1.66	(138,034)	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

Appendix 3: 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	LEASE RATE \$/SF/MO	NET ABSORPTION	U/C
Santa Clarita	49	3,692,647	0	0	0	0.0%	85,802	107,522	193,324	193,324	0.0%	\$0.00	278,670	395,751
Valencia	455	19,817,643	287,833	436,385	724,218	3.7%	239,931	0	239,931	111,825	0.2%	\$1.45	34,530	0
SANTA CLARITA VALLEY	525	24,119,967	287,833	436,385	724,218	3.0%	325,733	107,522	433,255	305,149	0.2%	\$1.45	313,200	395,751
Lancaster	80	3,317,994	65,089	0	65,089	2.0%	0	0	0	0	0.4%	\$0.79	0	720,000
Palmdale	52	2,731,677	88,612	0	88,612	3.2%	0	0	0	0	0.7%	\$1.05	0	20,000
ANTELOPE VALLEY	132	6,049,671	153,701	0	153,701	2.5%	0	0	0	0	0.5%	\$0.94	0	740,000
GREATER SAN FERNANDO VALLEY	4,871	179,037,799	3,513,541	436,385	3,949,926	2.2%	905,776	735,128	1,640,904	1,144,673	1.0%	\$1.61	(99,492)	1,344,476
Azusa	175	7,937,482	121,248	0	121,248	1.5%	28,650	0	28,650	28,650	1.5%	\$1.10	(14,568)	0
City of Industry	1,075	80,074,338	810,872	2,656,814	3,467,686	4.3%	475,776	901,207	1,376,983	1,311,628	1.4%	\$1.73	282,992	2,761,304
El Monte	226	12,837,195	135,872	0	135,872	1.1%	0	0	0	0	0.8%	\$1.63	(13,200)	360,992
Irwindale	226	14,194,663	287,376	636,520	923,896	6.5%	60,273	184,879	245,152	245,152	5.6%	\$1.50	159,985	0
Monrovia/Duarte	177	5,515,836	163,793	16,872	180,665	3.3%	10,268	0	10,268	10,268	1.1%	\$1.40	(17,700)	0
Pomona	394	19,430,774	356,293	0	356,293	1.8%	96,502	0	96,502	96,502	0.5%	\$1.55	36,497	0
South El Monte	328	7,125,629	107,137	18,591	125,728	1.8%	46,594	0	46,594	0	0.6%	\$1.55	29,144	0
Baldwin Park	154	4,172,711	106,274	0	106,274	2.5%	42,650	0	42,650	14,811	1.7%	\$1.26	11,985	552,562
Walnut	104	3,510,509	13,459	460,435	473,894	13.5%	0	0	0	0	0.4%	\$1.95	0	147,490
Glendora/San Dimas/La Verne	224	6,290,399	45,106	0	45,106	0.7%	99,520	0	99,520	99,520	0.7%	\$1.57	47,284	74,378
SAN GABRIEL VALLEY	3,083	161,089,536	2,147,430	3,789,232	5,936,662	3.7%	860,233	1,086,086	1,946,319	1,806,531	1.5%	\$1.66	522,419	3,896,726
Carson	663	44,583,027	1,104,213	1,422,862	2,527,075	5.7%	133,983	420,052	554,035	65,226	1.6%	\$2.06	(74,950)	283,893
Compton	353	21,917,325	743,804	1,524,842	2,268,646	10.4%	40,866	334,150	375,016	10,618	1.2%	\$1.82	(153,781)	0
El Segundo	146	8,132,937	57,750	0	57,750	0.7%	38,192	0	38,192	38,192	0.8%	\$2.03	24,623	0
Gardena	489	15,000,806	302,496	457,550	760,046	5.1%	55,905	0	55,905	43,905	0.5%	\$1.61	(25,100)	0
Harbor City	109	3,547,092	217,775	0	217,775	6.1%	90,272	0	90,272	90,272	6.1%	\$1.65	0	203,877
Hawthorne	180	7,310,801	114,317	0	114,317	1.6%	71,954	0	71,954	49,201	1.0%	\$1.90	(26,367)	0
Inglewood	140	3,992,448	73,982	0	73,982	1.9%	12,140	0	12,140	0	0.0%	\$2.00	0	0
LA Unincorporated	392	15,381,655	615,837	208,261	824,098	5.4%	143,013	0	143,013	143,013	2.8%	\$1.55	35,155	0
Lawndale	11	167,202	0	0	0	0.0%	72,346	0	72,346	72,346	0.0%	\$0.00	0	0
Long Beach	470	19,105,898	255,021	463,521	718,542	3.8%	0	0	0	0	2.6%	\$1.19	15,233	673,350

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	LEASE RATE \$/SF/MO	NET ABSORPTION	U/C
Los Angeles	132	5,270,461	217,445	0	217,445	4.1%	0	0	0	0	0.8%	\$2.33	0	0
Rancho Dominguez	309	20,598,101	476,912	343,134	820,046	4.0%	247,559	141,149	388,708	388,708	1.7%	\$2.11	(109,943)	205,435
Redondo Beach	32	2,453,948	0	0	0	0.0%	54,212	0	54,212	0	0.0%	\$0.00	0	0
San Pedro	24	3,199,091	0	112,500	112,500	3.5%	0	0	0	0	0.0%	\$2.00	0	0
Signal Hill	113	2,411,365	22,958	0	22,958	1.0%	43,744	0	43,744	43,744	1.5%	\$0.00	0	0
Torrance	537	29,747,538	417,447	1,388,570	1,806,017	6.1%	186,068	0	186,068	173,565	2.0%	\$2.28	(30,441)	174,211
Wilmington	80	3,574,004	129,036	0	129,036	3.6%	0	223,865	223,865	223,865	0.4%	\$1.68	0	0
SOUTH BAY	4,180	206,393,699	4,748,993	5,921,240	10,670,233	5.2%	1,190,254	1,119,216	2,309,470	1,342,655	1.6%	\$1.91	(345,571)	1,540,766
LOS ANGELES COUNTY TOTALS	19,869	922,578,775	20,234,816	15,512,793	35,747,609	3.9%	4,859,682	4,085,917	8,945,599	7,433,356	1.5%	\$1.71	(719,998)	8,010,303
Camarillo	287	11,043,632	211,007	0	211,007	1.9%	193,670	0	193,670	13,373	1.3%	\$1.08	(111,116)	120,500
Moorpark	92	4,134,368	93,286	250,538	343,824	8.3%	3,606	0	3,606	0	2.9%	\$1.27	(111,932)	0
Oxnard/Port Hueneme	492	21,575,068	308,324	0	308,324	1.4%	169,174	250,979	420,153	69,198	0.2%	\$0.91	(18,693)	74,551
Simi Valley	224	9,002,685	315,023	0	315,023	3.5%	56,952	0	56,952	43,000	2.7%	\$1.48	2,214	551,736
Thousand Oaks	214	8,597,974	466,415	0	466,415	5.4%	157,923	0	157,923	38,004	5.0%	\$1.47	30,338	0
Ventura	376	9,766,883	109,292	0	109,292	1.1%	25,873	0	25,873	16,542	0.5%	\$1.16	(1,127)	0
Westlake Village	118	3,830,669	52,240	0	52,240	1.4%	11,406	0	11,406	11,406	0.3%	\$1.96	7,384	0
VENTURA COUNTY	1,803	67,951,279	1,555,587	250,538	1,806,125	2.7%	618,604	250,979	869,583	191,523	1.5%	\$1.29	(202,932)	746,787
GREATER LOS ANGELES TOTALS	21,672	990,530,054	21,790,403	15,763,331	37,553,734	3.8%	5,478,286	4,336,896	9,815,182	7,624,879	1.5%	\$1.69	(922,930)	8,757,090
EAST VENTURA	648	25,565,696	926,964	250,538	1,177,502	4.6%	229,887	0	229,887	43,000	3.1%	\$1.55	(71,996)	551,736
WEST VENTURA	1,155	42,385,583	628,623	0	628,623	1.5%	388,717	250,979	639,696	99,113	0.6%	\$1.05	(130,936)	195,051

Source: CBRE Research, Q2 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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