

# Asking rents held steady in Q4 while taking rents slightly declined.

▲ 2.1%

Total Vacancy Rate

▲ (659K)

SF Net Absorption

▼ 7.9M

SF Under Construction

▲ \$1.53 NNN

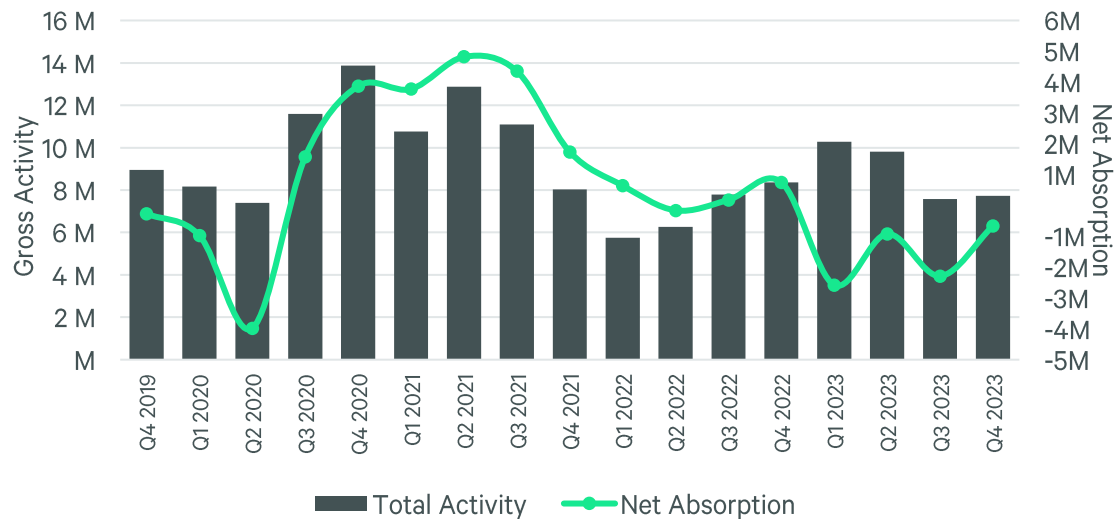
PSF / MO / Lease Rate

Note: Arrows indicate change from previous quarter.

Overview

- Greater Los Angeles (GLA) rates increased slightly to \$1.53 triple net (NNN) per sq. ft. (PSF) quarter-over-quarter, a \$0.01 increase from \$1.52 PSF in Q3 2023.
- GLA posted net absorption of negative 659,000 sq. ft., rebounding from Q3 2023's net absorption of negative 2.3M sq. ft. New sublease vacancies accounted for 460K sq. ft. of the total negative absorption in Q4 2023.
- Vacant sublease availabilities continued to apply downward pressure on the market.
- Investment sales were lower in Q4 2023, ending at \$822M, primarily driven by selective capital investments amidst increased interest rates and higher costs associated with debt financing.
- New leases constituted 66% of gross leasing activity in Q4 2023, while renewals accounted for 34%. This trend held par with 2023 totals, as new leases comprised 65% of gross leasing activity, while renewals ended the year at 35% of activity.

FIGURE 1: Total Activity vs Net Absorption



Source: CBRE Research, Q4 2023.

Market Outlook

The combination of continued economic momentum and the high likelihood that the Fed’s dramatic tightening cycle is now complete makes a ‘soft landing’ appear more feasible for early 2024, though the pace of growth will be more modest than in recent quarters.

Foremost, lower and middle-income households no longer have the luxury of excess savings, and the pace of wage growth, while elevated, is ultimately slowing. This nuance with wage growth is key as higher wages are helping to maintain higher, albeit decelerating, core inflation.

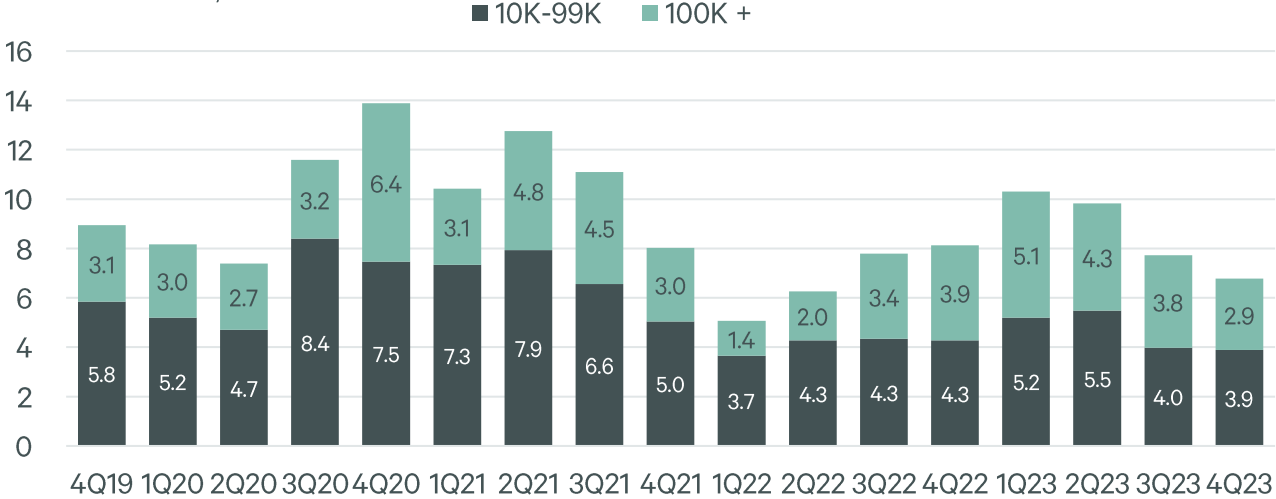
This backdrop will likely translate into the Federal Reserve slowly lowering its target interest rate in 2024. (CBRE expects 75 to 100 basis points worth of rate cuts in 2024.) This outlook may deter some spending, but it does help illuminate a pathway forward for industrial real estate capital markets. Indeed, the combination of healthy fundamentals and thawing credit markets could provide some welcome upside surprises for overall industrial performance in 2024.

Unemployment

Los Angeles County’s unemployment rate dropped to 5.0% in Q4 (seasonally unadjusted)—an 80 bps decrease from the previous quarter, but a 50 bps increase from the previous year. LA County’s 5.0% unemployment rate now almost mirrors the state’s 4.9% average rate. The total labor force of LA County has not shifted materially year-over-year and stands at 5 million.

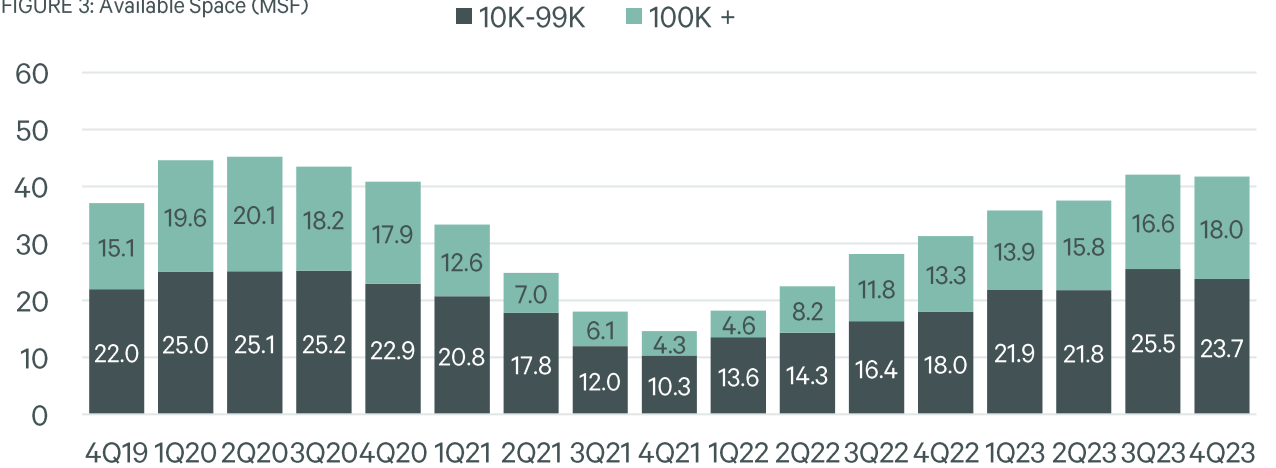
The Transportation sector workforce increased notably in LA County over the course of 2023. Truck transportation employment increased 7.0% from the previous year to 40K jobs in Q4 2023 and Air transportation is up 10% year-over-year in employee count. The Motion Picture and Sound Recording industries experienced a 17% decrease in employment down to a fourth-quarter headcount of 127K jobs due to the actor’s and writer’s strike. Warehousing and storage employment, at 23.6K, is up 5.8% quarter-over-quarter and 5.4% year-over-year. The overall manufacturing sector’s employment dipped by negative 1.7% year-over-year to 320K jobs, but aerospace manufacturing saw a 4.4% rise in employment over the previous year.

FIGURE 2: Total Activity (MSF)



Source: CBRE Research, Q4 2023.

FIGURE 3: Available Space (MSF)



Source: CBRE Research, Q4 2023.

Vacancy & Availability

The Greater Los Angeles (GLA) industrial market reported an overall vacancy increase quarter-over-quarter from 1.8% to 2.1% and was up 154% year-over-year. This represented 20.7 million sq. ft. (MSF) of vacant space despite the overall availability rate decreasing from 4.3% to 4.2% quarter-over-quarter.

GLA sublease vacancies amounted to 2.9 million sq. ft. In contrast, overall vacancy rate increases were reported by all GLA submarkets in the fourth quarter except the San Gabriel Valley having posted the largest quarter-over-quarter increase of 500 bps equating to a 2.0% vacancy rate. Vacancy in Central Los Angeles was the highest reported overall vacancy rate of 2.5%, the South Bay at 2.4%, the Mid Counties and Ventura at 2.0%, and the Greater San Fernando Valley at 1.2%—the lowest overall vacancy rate in GLA.

The overall availability rate in the Mid Counties increased quarter-over-quarter from 3.8% to 4.8% while the remaining submarkets reported decreases between 6 to 53 bps having ended Q4 2023 with the following availability rates: The South Bay at 5.4%, Central LA at 4.8%, San Gabriel Valley at 4.2%, Ventura County at 2.9%, and the Greater San Fernando Valley at 2.2%.

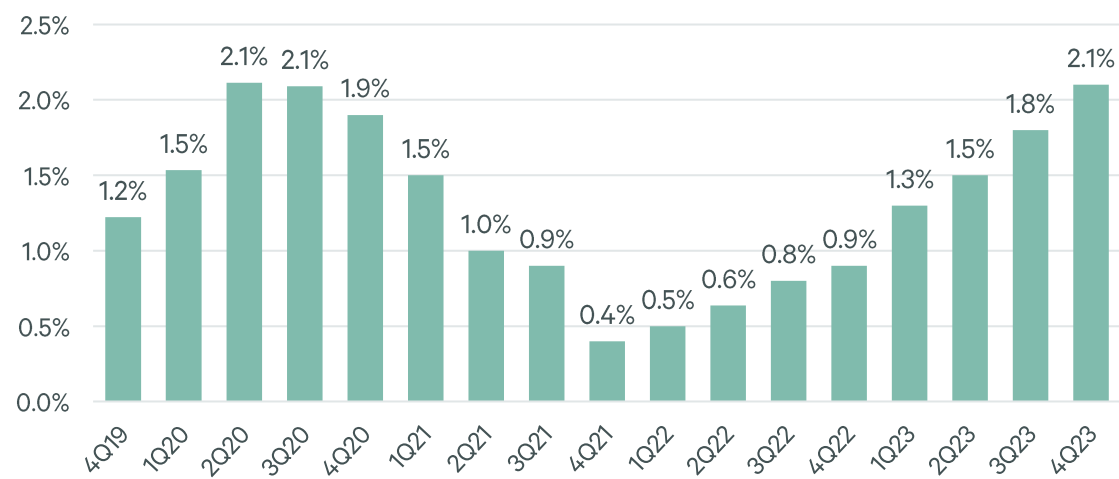
The freight downturn that began in the fall of 2022 remained prevalent in the fourth quarter due to the California Air Resources Board (CARB) regulations and California Assembly Bill 5 (AB5) paired with lower manufacturing output, overstocked inventories, and continued excess capacity. These factors along with macroeconomic factors like high interest rates and sustained inflation led to 1.4 MSF of additional listings over 100K sq. ft. while availabilities under 100K sq. ft. decreased by 1.8 MSF.

Asking Lease Rates

The monthly average asking lease rate for GLA was \$1.53 triple net per sq. ft. monthly (NNN), which was \$0.01 higher than the reported the Q3 2024 rate of \$1.52 PSF NNN. An increase, albeit minute, is a positive sign of market demand recovery since asking lease rates decreased in Q3 2023 and was flat from the first quarter to the second quarter of the same year.

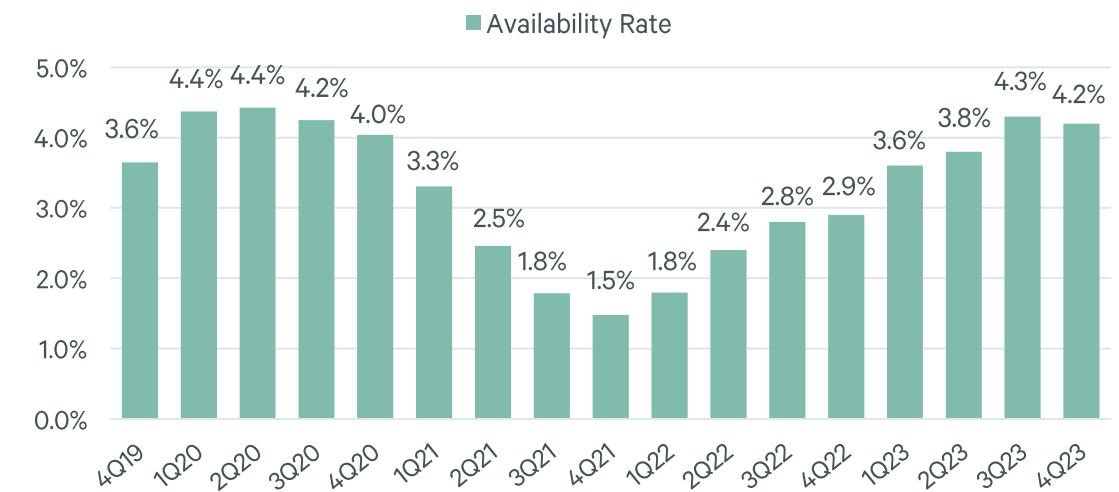
The South Bay reported the highest average asking lease rate in Greater LA for the fifth consecutive quarter, remaining flat quarter-over-quarter at \$1.74 NNN. The Mid Counties reported the second-highest asking lease rate at \$1.63 NNN, followed by the Greater San Fernando Valley with a quarter-over-quarter increase from \$1.57 to \$1.61 NNN.

FIGURE 4: Total Vacancy Rate



Source: CBRE Research, Q4 2023.

FIGURE 5: Total Availability Rate



Source: CBRE Research, Q4 2023.

Sales Activity

Year-over-year sales volume in Greater Los Angeles reported at a 3-year low, decreasing quarter-over-quarter by 48.2% from \$1.6B to \$822M.

The San Gabriel Valley reported the largest sale of the fourth quarter totaling 993,142-sq.-ft.. The building functioned as a food processing warehouse and was acquired by Rexford for \$120M and is located at 15801 E First St., Irwindale. At the time of sale, the seller Pabst Brewing Co. relinquished the property while fully occupied by City Brewing Co., bolstering the property’s value. The next largest transaction was The Gehr Group’s sale-leaseback of its industrial warehouse known as the GEHR building for \$50M, a 239,780 sq. ft., and is situated at 7400 E Slauson Ave, Commerce. The largest owner-user sale of the quarter took place in the City of Industry and was acquired by Freedom International Group Ltd. The 91,151 sq. ft. property sold for \$39.4M (\$412.28 PSF) from Staley Point Capital and totaled 91,151 sq. ft.

Rexford was the top buyer in Q4 2023. Behind them were Prologis, Terreno Realty, and Palatine Capital Partners. The largest sellers were Pabst Brewing Company, the Gehr Group, and Blackstone.

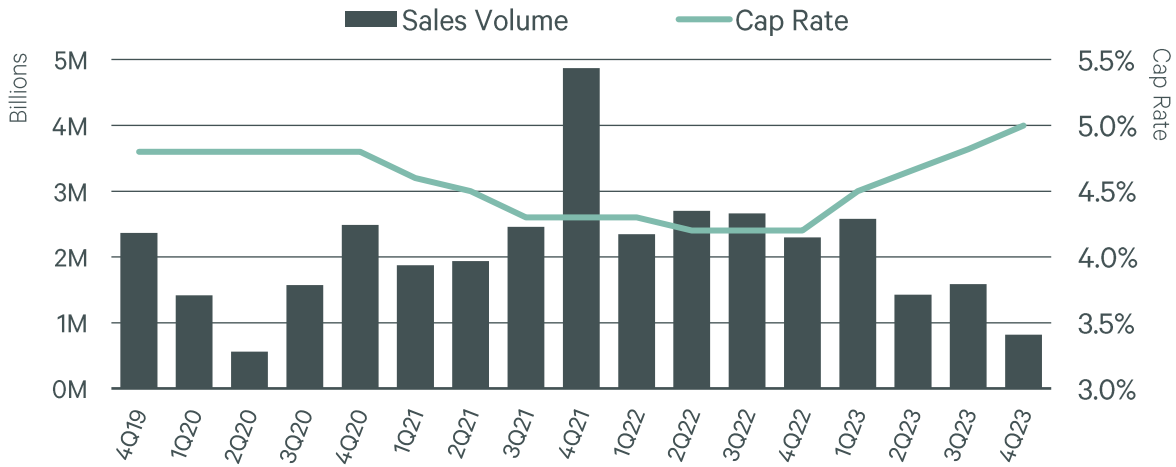
Construction & Development

There is currently 7.9 Million sq. ft. (MSF) of industrial development under construction in Greater Los Angeles. 1.9 MSF of new construction delivered in Q4 2023. The largest completion was the Grand Crossing South project in the City of Industry, accounting for 1.2 MSF fully-preleased. The Needham Ranch Project in Santa Clarita also delivered 395K sq. ft. fully pre-leased.

CapRock Partners commenced construction on their West Valley Logistics Project in Pomona with a 270K sq. ft. delivery scheduled in Q3 2024. Pacific Industrial commenced construction on a 174K sq. ft. warehouse project in Santa Clarita, which is expected to deliver in Q4 2024.

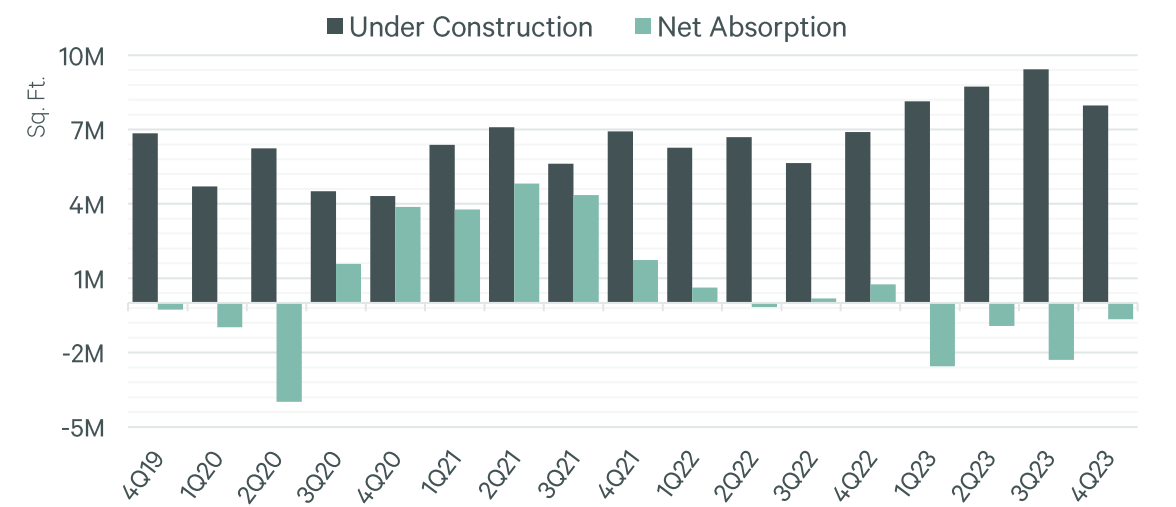
The San Gabriel Valley has the most under construction with 3.2 M sq. ft., followed by South Bay with 1.9 M sq. ft., Central Los Angeles with 1M sq. ft, GSFV with 536K sq. ft, and the Mid-Counties with 509K. Of the properties currently under construction, 18% was pre-leased by the close of Q4 2023. Construction starts have decelerated due to the higher cost of financing, paired with limited land available for development. Development costs remained elevated due to a variety of factors including construction labor shortages, though up 2.7% year-over-year, manufacturing backlogs, and increased inflation-caused operating expenses and materials pricing.

FIGURE 6: Sales Volume (M), Cap Rate



Source: CBRE Research, Real Capital Analytics, Q4 2023.

FIGURE 7: Construction & Net Absorption



Source: CBRE Research, Q4 2023.

Net Absorption & Leasing Activity

GLA reported 6.8M sq. ft of gross activity in Q4 2023, a 12.3% decrease quarter-over-quarter. Gross activity was championed by the South Bay, contributing 1.8M sq. ft. of deals signed, followed by the Greater San Fernando Valley with 1.4M sq. ft., San Gabriel Valley with 1.4M sq. ft., and San Gabriel Valley with 1.3M sq. ft.. Logistics companies signed the largest new leases of the quarter, while retailers and wholesalers renewed the largest spaces.

Total net absorption for GLA was moderately in the red at negative 659K sq. ft. All four quarters in 2023 reported negative net absorption, bringing the annual total to negative 6.4M sq. ft. A large contributor to negative net absorption, vacated subleases, accounted for over 460K sq. ft. of negative absorption. Subleases in GLA have an average remaining term of three years.

The San Gabriel Valley reported the most positive absorption with 536K sq. ft., largely due to Grand Crossing South Buildings 1 & 4 having delivered fully pre-leased in the City of Industry. The Greater San Fernando Valley followed with 384K sq. ft. of positive absorption, attributable to the fully pre-leased delivery of Needham Ranch in Santa Clarita.

The South Bay and Mid-Counties submarkets reported the most negative net absorption at negative 572K and negative 516K sq. ft., respectively. Central Los Angeles followed with negative 344K, and Ventura County reported negative 147K in Q4 2023.

Debt & Capital Markets

The Federal Reserve decided to hold the federal funds rate at 5.25-5.5% in December after the Consumer Price Index dropped to 3.1% amidst tolerable national unemployment rates.

As the national inflation rate inches closer to the 2.0% target rate, the Fed is expected to finally lower the federal funds rate by 75 bps by the end of 2024. The second half of 2024 should see alleviated lender reticence and accelerated capital markets as the elevated interest rates are set to gradually pare down through 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	164,111,085	2.8%	5.8%	(266,972)	620,030	689,031	0	\$1.36
Downtown Los Angeles	106,782,352	2.2%	3.3%	(77,676)	372,682	253,318	0	\$1.11
Mid-Counties	105,451,475	2.0%	4.8%	(516,596)	416,762	509,677	0	\$1.63
Greater San Fernando Valley	176,140,114	1.2%	2.2%	384,321	793,601	503,473	395,751	\$1.61
San Gabriel Valley	160,752,102	2.0%	4.2%	536,342	959,303	3,234,811	1,241,220	\$1.52
South Bay	205,422,224	2.4%	5.4%	(571,817)	1,494,474	1,915,702	299,773	\$1.76
Los Angeles County	918,659,352	2.1%	4.3%	(512,398)	4,656,852	7,106,012	1,936,744	\$1.55
Ventura County	68,174,813	2.0%	2.9%	(146,508)	184,957	867,077	0	\$1.09
Greater Los Angeles	986,834,165	2.1%	4.2%	(658,906)	4,841,809	7,973,089	1,936,744	\$1.53

Source: CBRE Research, Q4 2023.

FIGURE 9: Key Transactions

Tenant	Transaction Type	Industry Type	Location	Total Sq. Ft.
Confidential Client	New Lease	Logistics	Torrance	315,256
Lincoln Transportation Services	New Lease	Logistics	Compton	234,600
Classic Concepts	New Lease	Furniture Wholesale	Irwindale	233,342
Daiso	Renewal	Retail	La Mirada	220,000
New-Indy Tripaq	Renewal	Packaging	Cerritos	159,766

Source: CBRE Research, Q4 2023.

Appendix 1: Greater Los Angeles Industrial Figures

MARKET AREA	BLDG COUNT	BLDG AREA SF	TOTAL VACANCY RATE	SF AVAIL 10K-100K	SF AVAIL 100K +	TOTAL SF AVAIL	AVAIL RATE	NNN LEASE RATE \$/SF/MO	GROSS ACTIVITY 10K-100K	GROSS ACTIVITY 100K +	TOTAL GROSS ACTIVITY	GROSS ABSORPTION	NET ABSORPTION	U/C
Bell	79	5,349,440	2.1%	122,602	0	122,602	2.3%	\$1.84	0	0	0	0	0	0
Bell Gardens	77	2,691,527	2.5%	0	166,888	166,888	6.2%	\$1.60	47,541	0	47,541	16,465	0	0
City of Commerce	842	53,579,680	2.4%	1,407,575	1,938,510	3,346,085	6.2%	\$1.27	241,593	269,325	510,918	299,298	(84,603)	151,565
Montebello	202	11,754,177	4.1%	472,083	700,887	1,172,970	10.0%	\$1.80	37,335	0	37,335	37,335	3,391	0
Monterey Park	95	2,253,656	3.7%	195,277	0	195,277	8.7%	\$1.02	0	0	0	0	0	0
Pico Rivera	187	10,456,255	2.1%	407,011	0	407,011	3.9%	\$0.93	12,500	0	12,500	0	(53,371)	0
Commerce	1,482	86,084,735	2.6%	2,604,548	2,806,285	5,410,833	6.3%	\$1.42	338,969	269,325	608,294	353,098	(134,583)	151,565
Cudahy	38	1,418,300	0.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0
City of Vernon	936	57,928,950	3.1%	1,449,286	1,652,933	3,102,219	5.4%	\$1.30	181,846	116,766	298,612	266,932	(79,939)	537,466
Maywood	29	873,381	0.0%	15,259	0	15,259	1.7%	\$0.00	0	0	0	0	0	0
South Gate	247	11,773,474	2.2%	296,028	242,137	538,165	4.6%	\$1.19	0	0	0	0	0	0
Huntington Park	163	6,032,245	3.6%	385,285	0	385,285	6.4%	\$1.23	0	0	0	0	(52,450)	0
Vernon	1,413	78,026,350	2.9%	2,145,858	1,895,070	4,040,928	5.2%	\$1.28	181,846	116,766	298,612	266,932	(132,389)	537,466
Commerce/Vernon	2,895	164,111,085	2.8%	4,750,406	4,701,355	9,451,761	5.8%	\$1.36	520,815	386,091	906,906	620,030	(266,972)	689,031
Los Angeles	2,674	106,782,352	2.2%	3,146,249	417,495	3,563,744	3.3%	\$1.11	504,146	0	504,146	372,682	(77,676)	253,318
Downtown Los Angeles	2,674	106,782,352	2.2%	3,146,249	417,495	3,563,744	3.3%	\$1.11	504,146	0	504,146	372,682	(77,676)	253,318
Central Los Angeles	5,569	270,893,437	2.5%	7,896,655	5,118,850	13,015,505	4.8%	\$1.31	1,024,961	386,091	1,411,052	992,712	(344,648)	942,349
Artesia	16	301,507	0.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0
Bellflower	27	511,296	0.0%	0	0	0	0.0%	\$1.60	0	0	0	0	0	0
Cerritos	263	13,853,375	2.8%	623,294	108,253	731,547	5.3%	\$1.56	180,495	0	180,495	156,688	(42,177)	0
Downey	112	5,332,376	2.0%	135,289	-	135,289	2.5%	\$1.55	0	0	0	0	(24,712)	0
La Mirada	185	13,478,470	4.4%	342,982	826,568	1,169,550	8.7%	\$1.71	101,660	142,560	244,220	174,246	(220,375)	0
Lakewood	17	672,318	0.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0
Norwalk	63	2,929,857	2.9%	84,040	0	84,040	2.9%	\$1.74	0	0	0	0	23,136	0
Paramount	260	8,538,889	0.2%	200,209	0	200,209	2.3%	\$1.39	0	0	0	0	83,653	0
Santa Fe Springs	1,138	55,060,594	1.7%	1,254,943	1,415,702	2,670,645	4.9%	\$1.85	228,829	0	228,829	85,828	(326,121)	509,677
Whittier	78	4,772,793	0.2%	32,500	0	32,500	0.7%	\$0.00	0	0	0	0	(10,000)	0
Mid Counties	2,159	105,451,475	2.0%	2,673,257	2,350,523	5,023,780	4.8%	\$1.63	510,984	142,560	653,544	416,762	(516,596)	509,677



Appendix 2: Greater Los Angeles Industrial Figures

MARKET AREA	BLDG COUNT	BLDG AREA SF	TOTAL VACANCY RATE	SF AVAIL 10K-100K	SF AVAIL 100K +	TOTAL SF AVAIL	AVAIL RATE	NNN LEASE RATE \$/SF/MO	GROSS ACTIVITY 10K-100K	GROSS ACTIVITY 100K +	TOTAL GROSS ACTIVITY	GROSS ABSORPTION	NET ABSORPTION	U/C
Arleta/Tujunga	392	12,312,947	1.2%	289,492	0	289,492	2.4%	\$1.76	166,728	0	166,728	151,668	139,300	0
Burbank	393	15,106,382	1.4%	221,193	0	221,193	1.5%	\$1.94	21,818	0	21,818	11,718	(18,140)	0
Glendale	585	19,102,069	0.9%	192,982	0	192,982	1.0%	\$1.38	0	116,158	116,158	116,158	9,934	0
North Hollywood	494	14,211,186	1.3%	380,344	0	380,344	2.7%	\$1.68	42,421	0	42,421	42,421	(58,967)	126,750
Pacoima	130	5,628,326	1.3%	20,000	0	20,000	0.4%	\$1.69	40,841	0	40,841	40,841	38,063	68,145
Pasadena	115	4,234,484	2.0%	86,000	0	86,000	2.0%	\$1.52	0	0	0	0	0	0
San Fernando	150	5,214,549	0.4%	84,000	132,936	216,936	4.2%	\$1.87	0	0	0	0	(10,000)	168,676
Sun Valley/Sunland	6	228,467	0.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0
Sylmar	163	7,882,016	0.3%	113,863	0	113,863	1.4%	\$1.82	48,440	0	48,440	0	(15,946)	0
East San Fernando Valley	2,428	83,920,426	1.1%	1,387,874	132,936	1,520,810	1.8%	\$1.71	320,248	116,158	436,406	362,806	84,244	363,571
Agoura Hills	26	751,349	0.3%	0	0	0	0.0%	\$1.29	0	0	0	0	0	0
Calabasas	33	1,505,697	6.2%	177,124	0	177,124	11.8%	\$1.37	0	0	0	0	0	0
Canoga Park	216	5,769,778	2.6%	197,206	0	197,206	3.4%	\$1.35	10,912	153,763	164,675	10,912	47,941	0
Chatsworth	607	22,291,975	1.5%	398,105	0	398,105	1.8%	\$1.60	146,869	0	146,869	76,484	21,441	0
Granada Hills	2	43,598	0.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0
Mission Hills	4	126,781	0.0%	0	0	0	0.0%	\$0.00	20,000	0	20,000	20,000	0	0
Northridge	137	3,513,486	1.1%	69,300	0	69,300	2.0%	\$1.45	10,056	0	10,056	10,056	(3,384)	0
Panorama City	73	2,642,118	1.0%	84,304	0	84,304	3.2%	\$1.06	143,149	0	143,149	0	0	0
Reseda	20	439,927	0.0%	22,973	0	22,973	5.2%	\$0.00	0	0	0	0	0	0
Sepulveda	27	1,225,032	2.6%	130,356	0	130,356	10.6%	\$1.67	0	0	0	0	(32,356)	0
Sherman Oaks	2	38,817	0.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0
Tarzana	22	564,981	1.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0
Van Nuys	544	19,996,074	1.1%	371,140	175,660	546,800	2.7%	\$1.77	31,426	0	31,426	31,426	(90,964)	20,049
Woodland Hills	64	2,663,238	1.1%	47,314	0	47,314	1.8%	\$1.85	0	0	0	0	0	0
West San Fernando Valley	1,777	61,572,851	1.5%	1,497,822	175,660	1,673,482	2.7%	\$1.61	362,412	153,763	516,175	148,878	(57,322)	20,049
Canyon Country	19	513,424	0.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0
Castaic	2	96,253	0.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0

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Santa Clarita	52	4,095,398	1.3%	131,500	0	131,500	3.2%	\$0.92	142,142	275,033	417,175	281,917	344,251	0
Valencia	456	19,892,091	0.9%	367,642	0	367,642	1.8%	\$1.42			0	0	52,788	0
Santa Clarita Valley	529	24,597,166	0.9%	499,142	0	499,142	2.0%	\$1.28	142,142	275,033	417,175	281,917	397,039	0
Lancaster	80	3,317,994	0.8%	66,260	0	66,260	2.0%	\$1.02	0	0	0	0	(16,960)	0
Palmdale	52	2,731,677	1.5%	52,680	0	52,680	1.9%	\$1.11	0	0	0	0	(22,680)	119,853
Antelope Valley	132	6,049,671	1.1%	118,940	0	118,940	2.0%	\$1.09	0	0	0	0	(39,640)	119,853
Greater San Fernando Valley	4,866	176,140,114	1.2%	3,503,778	308,596	3,812,374	2.2%	\$1.61	824,802	544,954	1,369,756	793,601	384,321	503,473
Azusa	169	7,985,903	2.1%	168,912	0	168,912	2.1%	\$0.83	14,568	150,000	164,568	164,568	(47,664)	0
City of Industry	1,084	82,089,250	2.7%	1,553,248	3,270,145	4,823,393	5.9%	\$1.58	319,203	209,448	528,651	344,192	425,317	1,754,562
El Monte	206	11,177,200	0.7%	94,125	0	94,125	0.8%	\$1.30	112,543	0	112,543	112,543	13,200	360,992
Irwindale	248	14,836,459	1.2%	384,669	162,296	546,965	3.7%	\$1.55	47,180	233,342	280,522	280,522	355,465	682,625
Monrovia/Duarte	189	6,360,466	2.6%	250,646	0	250,646	3.9%	\$1.41	19,275	0	19,275	19,275	(79,325)	0
Pomona	431	20,026,377	0.7%	499,117	0	499,117	2.5%	\$1.29	17,526	0	17,526	17,526	(27,247)	230,000
South El Monte	320	6,950,997	0.8%	106,650	0	106,650	1.5%	\$1.28	0	0	0	0	(19,050)	0
Baldwin Park	142	4,328,591	3.8%	75,249	0	75,249	1.7%	\$1.12	20,677	0	20,677	20,677	0	132,254
Walnut	34	642,094	1.7%	10,647	0	10,647	1.7%	\$1.52	0	0	0	0	(10,647)	0
Glendora/San Dimas/La Verne	228	6,354,765	1.9%	163,689	0	163,689	2.6%	\$1.62	0	0	0	0	(73,707)	74,378
San Gabriel Valley	3,051	160,752,102	2.0%	3,306,952	3,432,441	6,739,393	4.2%	\$1.52	550,972	592,790	1,143,762	959,303	536,342	3,234,811
Carson	658	44,232,481	2.5%	1,304,188	2,189,236	3,493,424	7.9%	\$1.71	12,490	123,968	136,458	136,458	(16,608)	663,924
Compton	352	21,840,938	4.3%	559,659	1,055,145	1,614,804	7.4%	\$1.62	60,839	234,600	295,439	234,600	(506,700)	0
El Segundo	145	8,109,310	0.5%	40,940	0	40,940	0.5%	\$1.75	0	0	0	0	30,000	0
Gardena	489	14,964,243	1.2%	297,499	0	297,499	2.0%	\$1.26	77,592	0	77,592	51,672	(12,166)	0
Harbor City	110	3,564,408	8.7%	135,422	203,877	339,299	9.5%	\$1.61	0	0	0	0	0	0
Hawthorne	180	7,310,801	2.1%	191,524	0	191,524	2.6%	\$1.64	0	0	0	36,326	(66,675)	0
Inglewood	140	3,992,448	1.1%	44,125	0	44,125	1.1%	\$1.71	36,326	0	36,326	0	1,257	0
LA Unincorporated	391	15,366,818	2.8%	365,982	208,261	574,243	3.7%	\$1.32	23,872	0	23,872	23,872	(43,817)	0
Lawndale	11	167,202	6.0%	0	0	0	0.0%	\$0.00	0	0	0	0	(10,000)	0
Long Beach	472	18,917,034	1.1%	405,986	1,081,091	1,487,077	7.9%	\$1.68	78,208	106,476	184,684	184,684	27,496	1,077,567



Appendix 4: Greater Los Angeles Industrial Figures

MARKET AREA	BLDG COUNT	BLDG AREA SF	TOTAL VACANCY RATE	SF AVAIL 10K-100K	SF AVAIL 100K +	TOTAL SF AVAIL	AVAIL RATE	NNN LEASE RATE \$/SF/MO	GROSS ACTIVITY 10K-100K	GROSS ACTIVITY 100K +	TOTAL GROSS ACTIVITY	GROSS ABSORPTION	NET ABSORPTION	U/C
Los Angeles	131	5,066,750	4.0%	204,845	0	204,845	4.0%	\$2.00	0	0	0	0	21,033	0
Rancho Dominguez	308	20,698,253	2.8%	616,236	205,435	821,671	4.0%	\$1.59	229,349	343,134	572,483	460,346	46,764	0
Redondo Beach	32	2,453,948	0.0%	0	0	0	0.0%	\$0.00	0	0	0	0	0	0
San Pedro	25	3,209,187	0.0%	0	451,399	451,399	14.1%	\$1.39	0	0	0	0	0	0
Signal Hill	113	2,411,365	2.3%	0	0	0	0.0%	\$0.00	0	0	0	0	(18,288)	0
Torrance	534	29,543,034	2.1%	312,173	1,147,418	1,459,591	4.9%	\$1.67	138,081	315,256	453,337	350,506	5,647	174,211
Wilmington	80	3,574,004	2.3%	134,569	0	134,569	3.8%	\$1.45	16,010	0	16,010	16,010	(29,760)	0
South Bay	4,171	205,422,224	2.4%	4,613,148	6,541,862	11,155,010	5.4%	\$1.76	672,767	1,123,434	1,796,201	1,494,474	(571,817)	1,915,702
Los Angeles County Totals	19,816	918,659,352	2.1%	21,993,790	17,752,272	39,746,062	4.3%	\$1.55	3,584,486	2,789,829	6,374,315	4,656,852	(512,398)	7,106,012
Camarillo	286	10,979,113	1.2%	391,980	0	391,980	3.6%	\$1.04	39,568	0	39,568	27,968	24,015	120,500
Moorpark	92	4,134,368	6.2%	53,756	250,538	304,294	7.4%	\$0.94	0	0	0	0	(128,872)	0
Oxnard/Port Hueneme	495	21,915,121	0.4%	333,228	0	333,228	1.5%	\$0.73	144,048	0	144,048	125,366	61,568	74,551
Simi Valley	224	9,002,685	3.2%	366,920	0	366,920	4.1%	\$1.48	31,623	105,083	136,706	31,623	(41,874)	551,736
Thousand Oaks	214	8,597,974	5.1%	410,204	0	410,204	4.8%	\$1.12	55,748	0	55,748	0	9,298	120,290
Ventura	375	9,714,883	1.1%	141,501	0	141,501	1.5%	\$0.78	30,235	0	30,235	0	(67,643)	0
Westlake Village	118	3,830,669	0.5%	50,096	0	50,096	1.3%	\$1.61	0	0	0	0	(3,000)	0
Ventura County	1,804	68,174,813	2.0%	1,747,685	250,538	1,998,223	2.9%	\$1.09	301,222	105,083	406,305	184,957	(146,508)	867,077
Greater Los Angeles Totals	21,620	986,834,165	2.1%	23,741,475	18,002,810	41,744,285	4.2%	\$1.53	3,885,708	2,894,912	6,780,620	4,841,809	(658,906)	7,973,089

Source: CBRE Research, Q4 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 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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Notice

Asking Lease Rate Change

As of Q3 2023, CBRE has 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 at a granular level, and a net down value was applied on a weighted basis to ensure accuracy and thoroughness on a large scale.