Los Angeles industrial market report

Q2 2022

AVISON YOUNG

Los Angeles industrial market trends

01

Employment

- The Los Angeles Metro area's seasonally adjusted **unemployment rate registered 5.2%** as of May 2022, which is below the rate of 9.7% a year ago and down from the pandemic's peak of 19.2% in May 2020.
- **Job gains between April and May increased by 9,700 jobs.** Construction and manufacturing were up 5,000 jobs and real estate and rental/leasing were up 2,900 jobs.

02

Vacancy & Activity

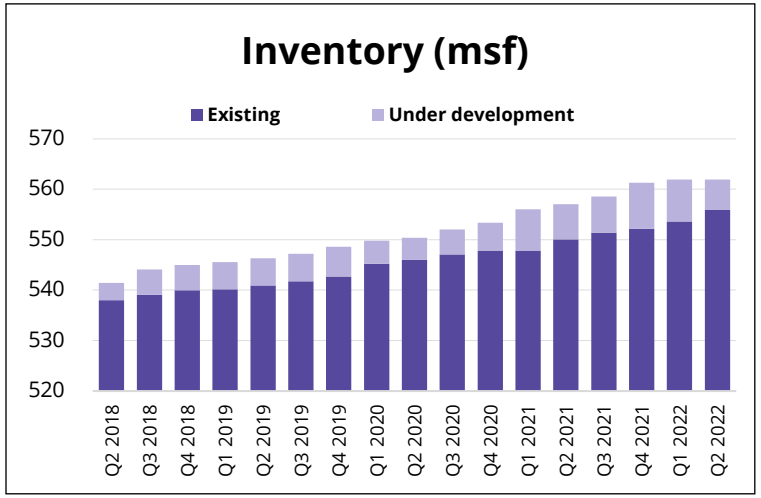
- **Market-wide vacancies concluded the quarter at 1.7%,** up 30 basis points (bps) from the prior quarter.
- **Leasing activity slowed down for the third consecutive quarter 2,565,097 sf** 4 out of the 5 top deals in the second quarter came from renewals.
- **Over 2.2 msf of industrial space was delivered** in 2Q 2022 with 6.0 msf currently under construction.

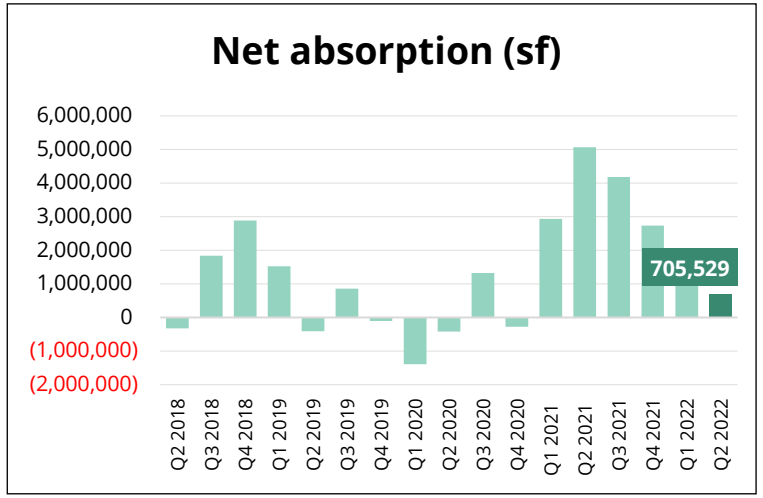
03

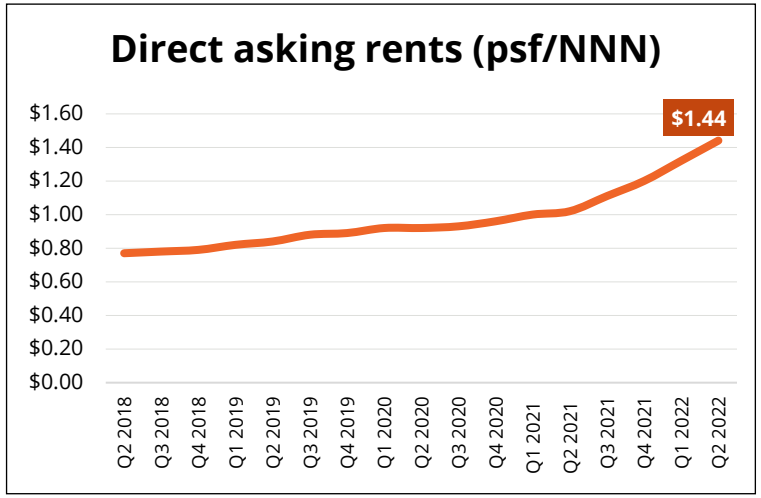
Pricing

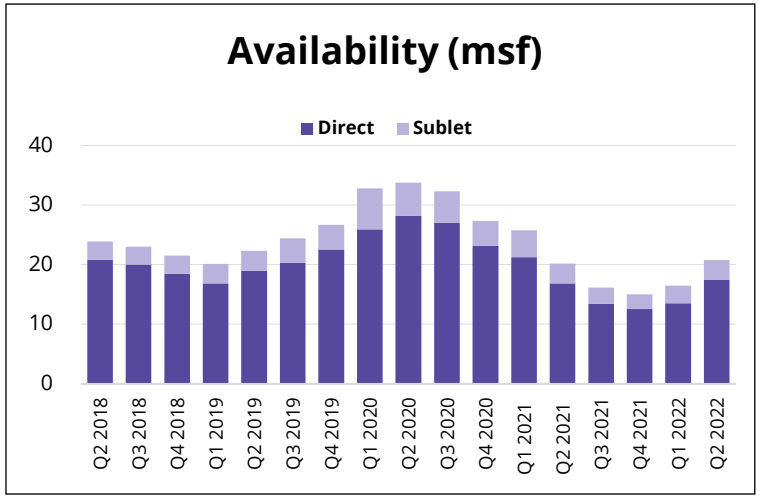
- Industrial rents continue to break record highs, **up nearly 60% since the start of the pandemic** to conclude the quarter at $1.44 psf triple-net.
- **Average sale price for industrial space in 2Q 2022 was $335.08 psf**, a new all-time high.
- **Rental growth** is expected to be between 10%-15% in 2022.

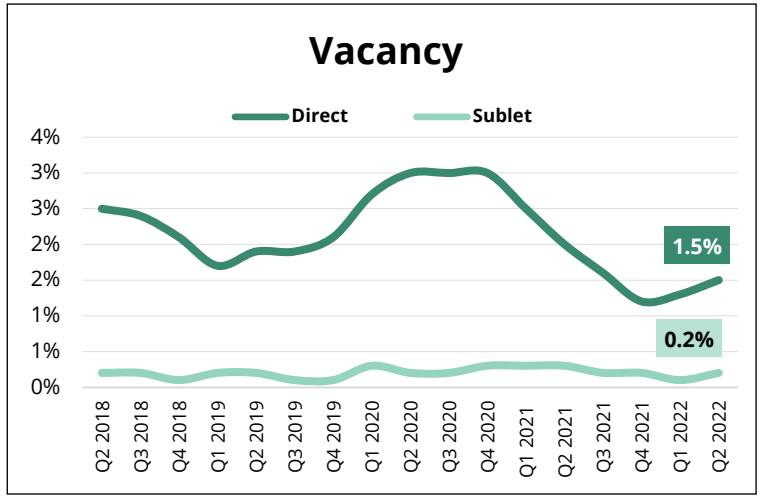
Los Angeles industrial market indicators

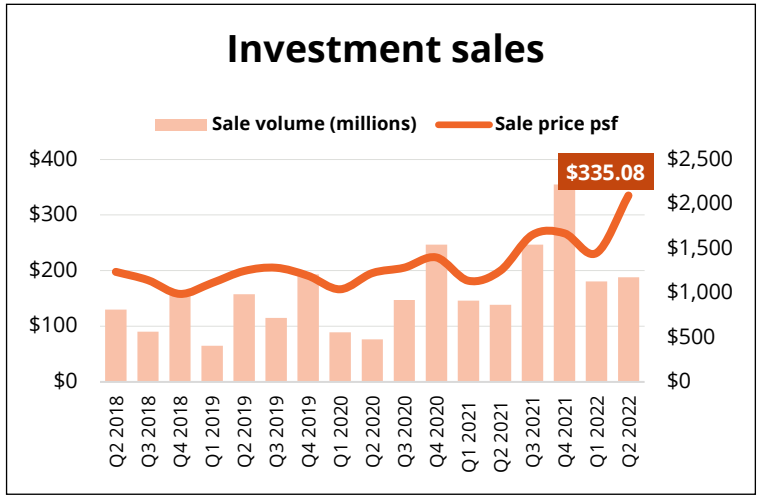












*Survey consists of office buildings greater than 50,000 sf.

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Los Angeles industrial market activity

Recent leasing activity

Tenant name	Address	Sign date	Size (sf)	Transaction type	Lease type
APL Logistics	408 Brea Canyon Rd., Industry	Apr 2022	400,322	Direct	Renewal
Westrock CP, LLC	18021 Valley View Ave., Cerritos	Apr 2022	309,934	Direct	Renewal
UNFI	15015 Valley View Ave., Santa Fe Springs	Apr 2022	302,850	Direct	Renewal
TricorBraun	13950 Cerritos Corporate Dr., Cerritos	Apr 2022	234,132	Direct	New
Curacao	4444-4446 Ayers Ave., Vernon	Apr 2022	219,620	Direct	Renewal

Recent sales activity

Buyer	Address	Sale date	Square feet	Sale price	Sale price psf	Seller
East End Capital	1205-1321 Wholesale St., Los Angeles (2 building portfolio)	May 2022	316,632	$240,000,000	$757.98	MSD Capital LP
Rexford Industrial	14200-14220 Arminta St., Panorama City	May 2022	200,004	$90,160,000	$450.79	Zodax
Magellan group	16200 Carmenita Rd., Cerritos	Jun 2022	199,937	$88,000,000	$440.13	Shen-Fu Lin
Longpoint Realty Partners	Van Nuys Industrial Park, Van Nuys (5 building portfolio)	Apr 2022	111,815	$85,000,000	$760.18	Richard Daily
Monster Energy	12844 Excelsior Dr., Norwalk	May 2022	72,380	$62,500,000	$863.50	Albertsons

Large contiguous space availabilities

Owner	Address	Date available	Block size (sf)	Floors	Asking rent	Landlord Broker
Blackstone Inc.	3880 N Mission Rd., Los Angeles	Sept 2022	1,015,000	1 & 2	TBD	CBRE
Majestic Realty Co.	21921-21931 Industry Way, Industry	Jul 2023	1,000,720	1	TBD	Majestic Realty Co.
Overton Moore Properties	5037 Patata St., South Gate	TBD	550,000	1	TBD	CBRE
Goodman North America	2400 E Wardlow Rd., Long Beach	Vacant	463,521	1	TBD	Newmark

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Los Angeles industrial market stats by submarket

By Submarket	Inventory (sf)	Vacancy Total %	Vacancy W / D	Vacancy Flex	Net Absorption 2Q22	Net Absorption YTD	SF Under Construction	Average Asking Rent Total	Average Asking Rent W / D	Average Asking Rent Flex
Antelope Valley	6,433,701	1.70%	1.50%	8.10%	64,000	64,000	0	$1.25	$1.25	$0.00
Central	142,304,982	1.50%	1.50%	5.50%	(290,076)	(96,591)	505,686	$1.31	$1.29	$2.25
Conejo Valley	10,994,675	3.40%	3.90%	1.30%	(79,366)	171,240	363,362	$1.02	$0.81	$1.30
Mid Cities	68,110,161	1.10%	1.10%	0.00%	(178,228)	49,872	92,771	$1.60	$1.60	$0.00
San Fernando Valley	47,923,844	1.80%	1.40%	4.20%	(144,611)	4,413	168,676	$1.49	$1.50	$1.45
San Gabriel Valley	87,342,862	1.40%	1.30%	5.80%	(20,259)	(85,597)	1,364,926	$1.25	$1.25	$0.00
Santa Clarita Valley	15,366,795	1.90%	2.10%	0.40%	(26,323)	396,497	432,879	$1.11	$1.11	$0.00
South Bay	127,510,389	1.70%	1.70%	3.00%	(291,654)	(353,925)	2,418,341	$1.59	$1.59	$1.83
Upper San Gabriel Valley	17,184,563	2.20%	2.20%	2.50%	328,059	8,223	623,031	$0.00	$0.00	$0.00
Ventura	25,451,566	1.80%	1.10%	15.20%	1,376,830	1,944,128	68,650	$1.03	$1.03	$0.00
Westside	7,270,939	6.80%	0.60%	18.00%	(32,843)	44,491	0	$3.48	$2.40	$3.73
Market Total	**555,894,477**	**1.70%**	**1.50%**	**5.50%**	**705,529**	**2,146,751**	**6,038,322**	**$1.44**	**$1.38**	**$1.92**

By Product Type	Inventory (sf)	Vacancy	2Q Absorption	YTD Absorption	SF Under Construction	Available Sublease
Warehouse / Distribution	531,513,554	1.50%	874,692	2,097,402	5,948,322	2,691,718
Flex	24,380,923	5.50%	-169,163	49,349	90,000	604,304
Market Total	**555,894,477**	**1.70%**	**705,529**	**2,146,751**	**6,038,322**	**3,296,022**

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