



Southern California retail market report

Q3 2023

AVISON
YOUNG

Southern California retail market trends

45.7 m

Direct Availabilities

Tenant demand has plateaued, with net absorption and vacancy returning to similar 2022 levels in the San Diego, Orange County, and Inland Empire markets while Los Angeles trails behind the rest of Southern California.

Direct availabilities in the region are slightly down to 45,766,269 million square feet at the end of Q3 2023, when compared to 45.9 million square feet at the end of Q2. The Southern California retail market in 2023 has had a large increase of direct available space compared to 2021, where there was only 40.6 million square feet available.

Q3 Net absorption for the Southern California region had its best performance so far in 2023, checking in at over 590,076 square feet of positive absorption for the quarter.

4.9%

Vacancy & Lease Rates

Direct vacancies for 2023 showed a slight increase across all Southern California markets, coming in at 4.9% for the region in Q3. The increase has been fueled by leasing activity slowing down in conjunction with an overall market slowdown, making leases too expensive for many smalltime retail owners.

The retail under-construction pipeline for Southern California totaled 2.7 msf across 60 properties.

Lease rates continue to increase across Southern California, posting an average asking triple net lease rate of \$30.39 psf on an annual basis in Q3 2023, this represents an increase since 2021.

18.3%

Investor confidence

Investor activity has been healthy throughout Southern California due to developers contributing to the market by focusing on acquiring vacant big-box sites with convenient freeway access or along the region's expanding light rail system to be redeveloped.

The average price per square foot for retail property across Southern California came in at \$276 psf. Retail investment sales volume totaled \$1.78 billion in Q3 2023, a \$100 million dollar increase in sales activity compared to last quarter.



Southern California retail under construction pipeline

60 properties

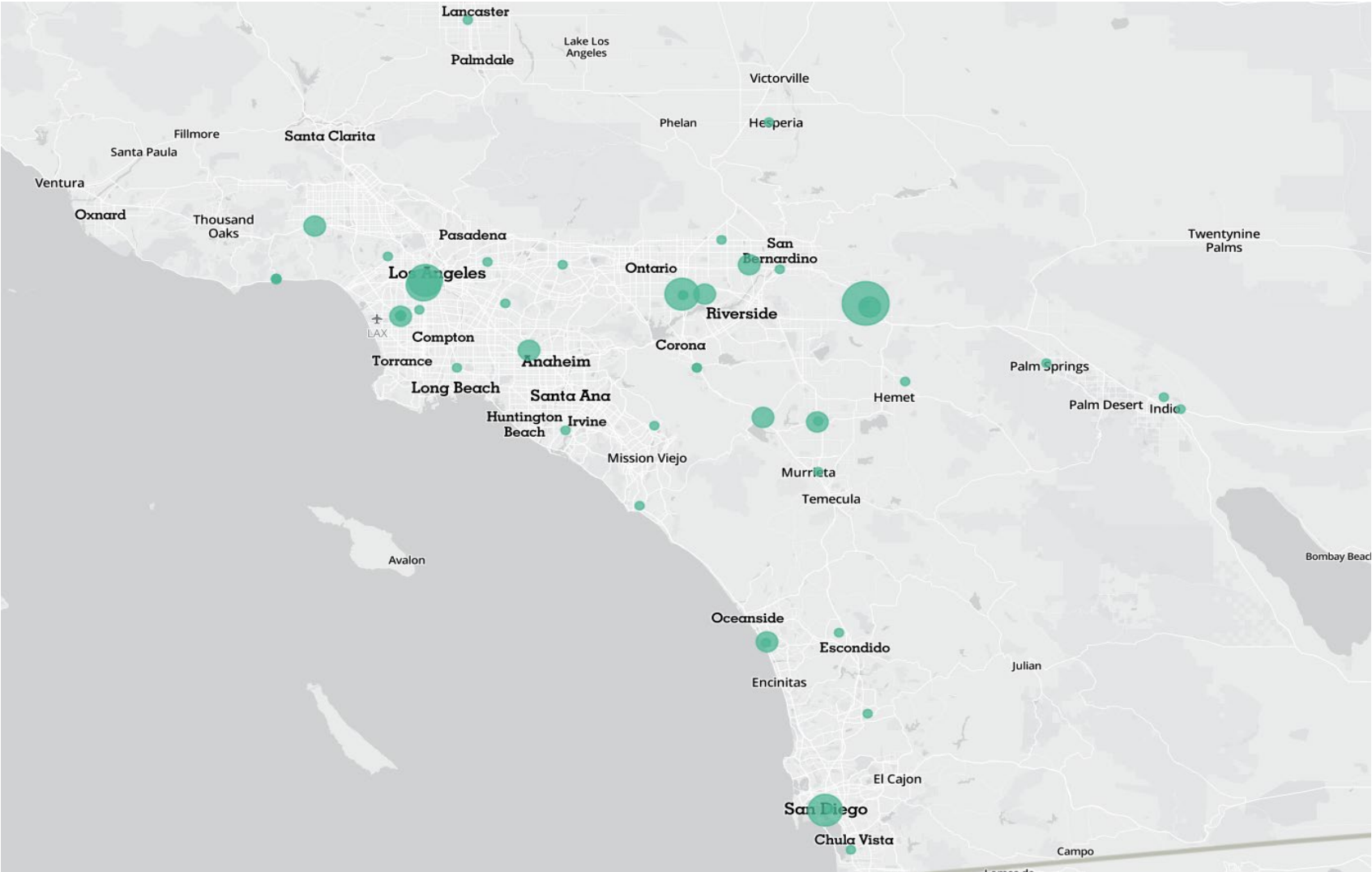
- 25 Los Angeles
- 3 Orange County
- 23 Inland Empire
- 9 San Diego

2,730,721 sf

- 1,279,121 sf Los Angeles
- 99,519 sf Orange County
- 882,716 sf Inland Empire
- 469,365 sf San Diego

Major developments

- 400,000 sf *Del Amo Blvd, Carson*
Los Angeles
- 40,000 sf *25865 Stonehill Dr, San Juan*
Capistrano
Orange County
- 150,000 sf *Clinton Keith Road, Murrieta*
Inland Empire
- 300,000 sf *324 Horton Plz, San Diego*
San Diego



*Survey consists of retail buildings greater than 10,000 sf.

Southern California retail proposed construction pipeline

379 properties

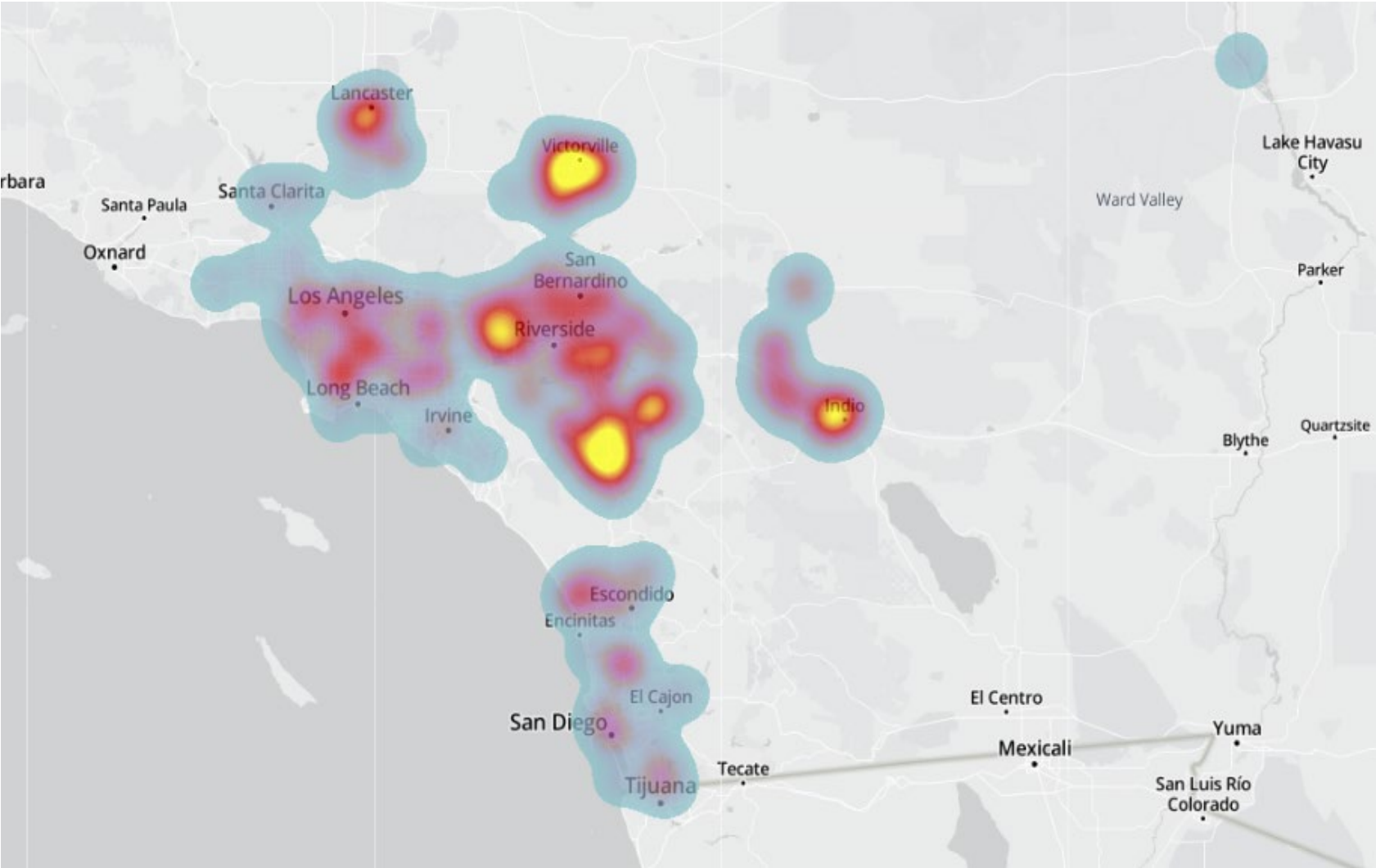
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|-----|---------------|
| 82 | Los Angeles |
| 13 | Orange County |
| 251 | Inland Empire |
| 33 | San Diego |

19,599,663 sf

| | |
|---------------|---------------|
| 4,392,462 sf | Los Angeles |
| 483,281 sf | Orange County |
| 12,416,565 sf | Inland Empire |
| 2,307,355 sf | San Diego |

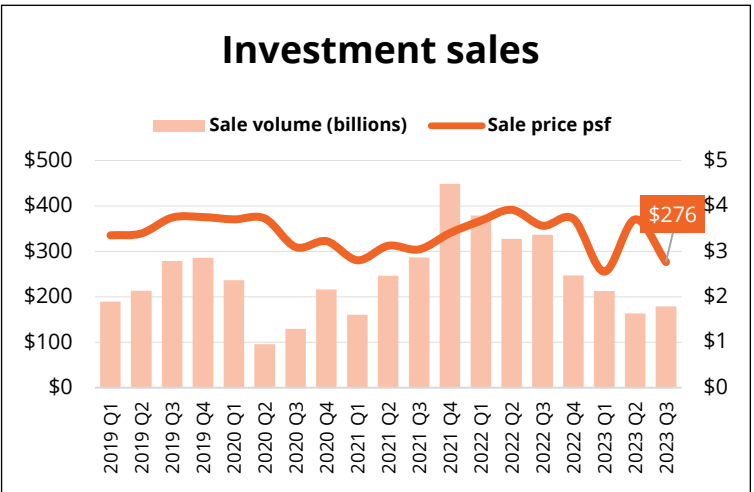
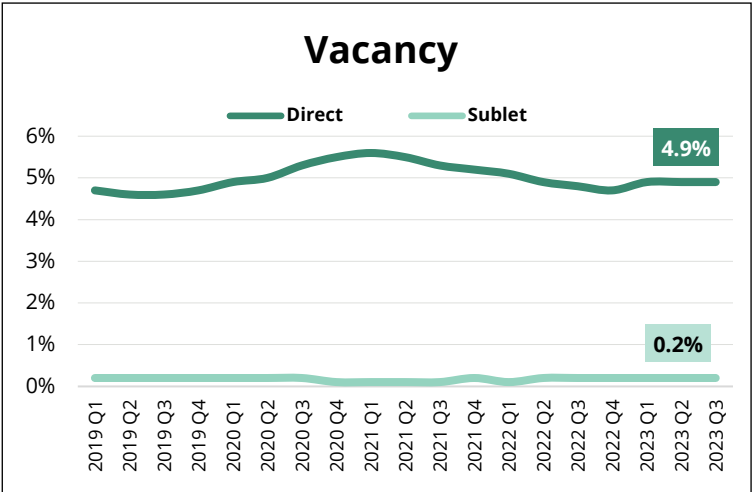
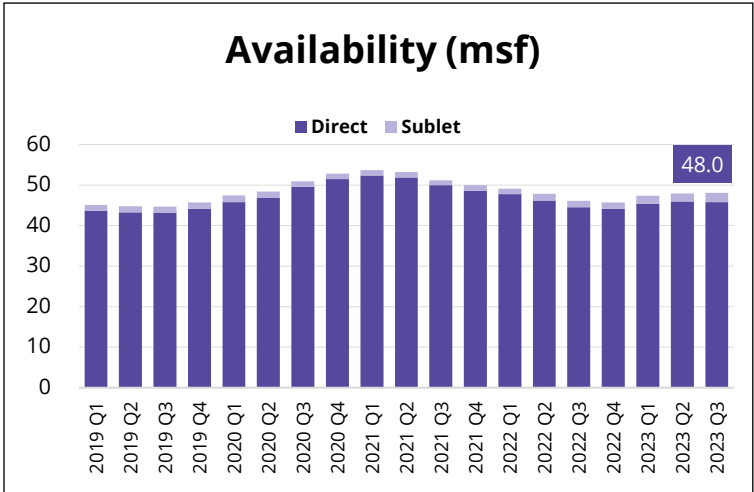
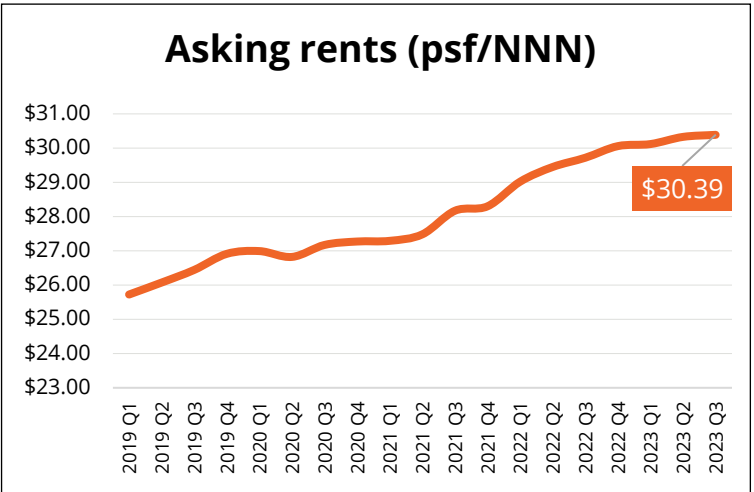
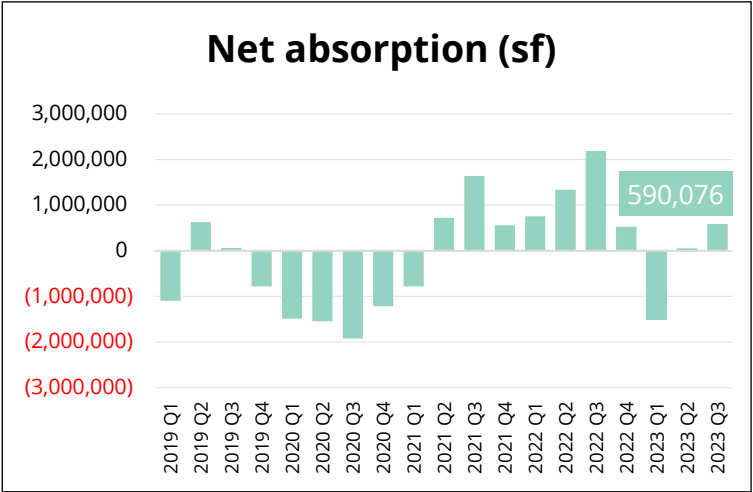
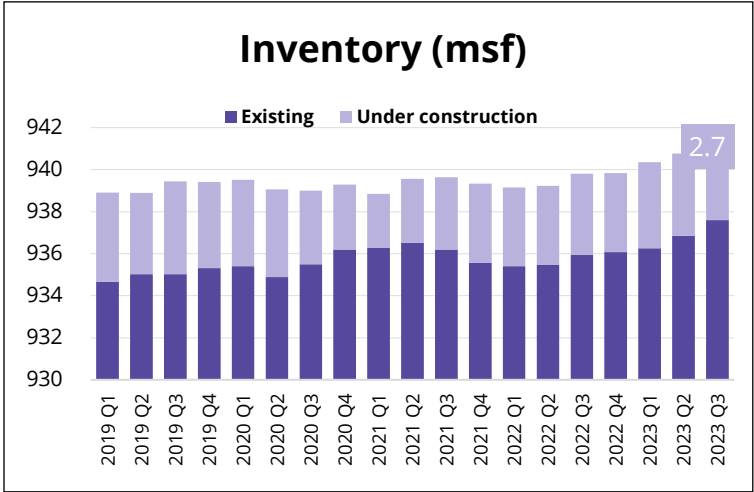
Major developments

| | |
|-------------|--|
| 543,400 sf | Palmdale Crossroads, Palmdale Los Angeles |
| 174,800 sf | Los Patrones Pkwy & Chiquita Canyon Dr, Rancho Mission Viejo Orange County |
| 581,,148 sf | Roberts Rd, Calimesa Inland Empire |
| 426,800 sf | 1521 National Ave, San Diego San Diego |



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Southern California retail market indicators



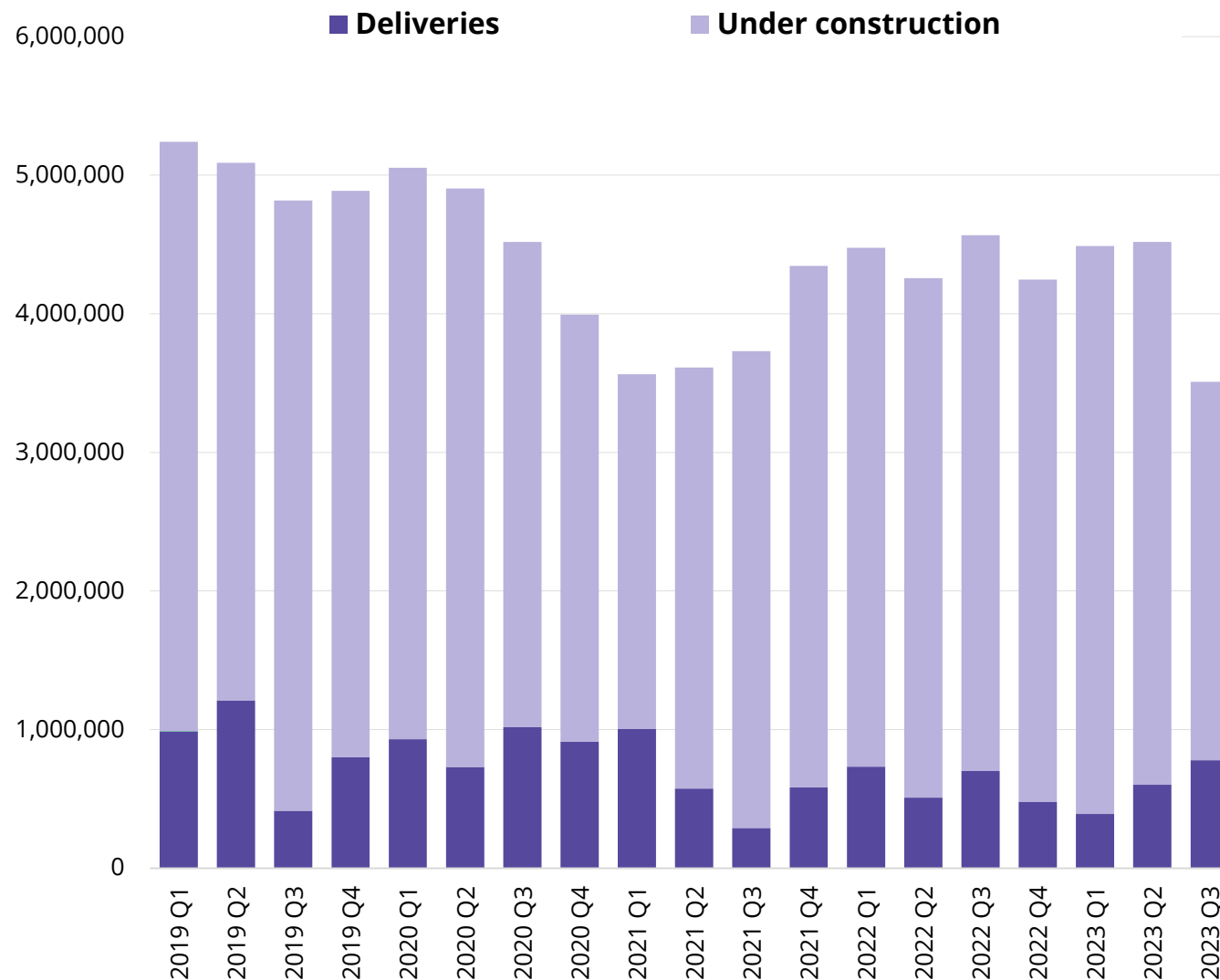
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Southern California development activity

2.7 msf

At the end of Q3 2023 there was 3,257,405 square feet under construction

- Southern California inventory totaled 18,924 buildings totaling 661,605,555 square feet at the end of Q3 2023.
- Deliveries checked in at 779,224 square feet for the third quarter of 2023, giving a total of 9.7 million square feet delivered to the market over the past five years.
- New development has begun to slowdown due to higher interest rates and higher construction costs



Source: AVANT by Avison Young, CoStar

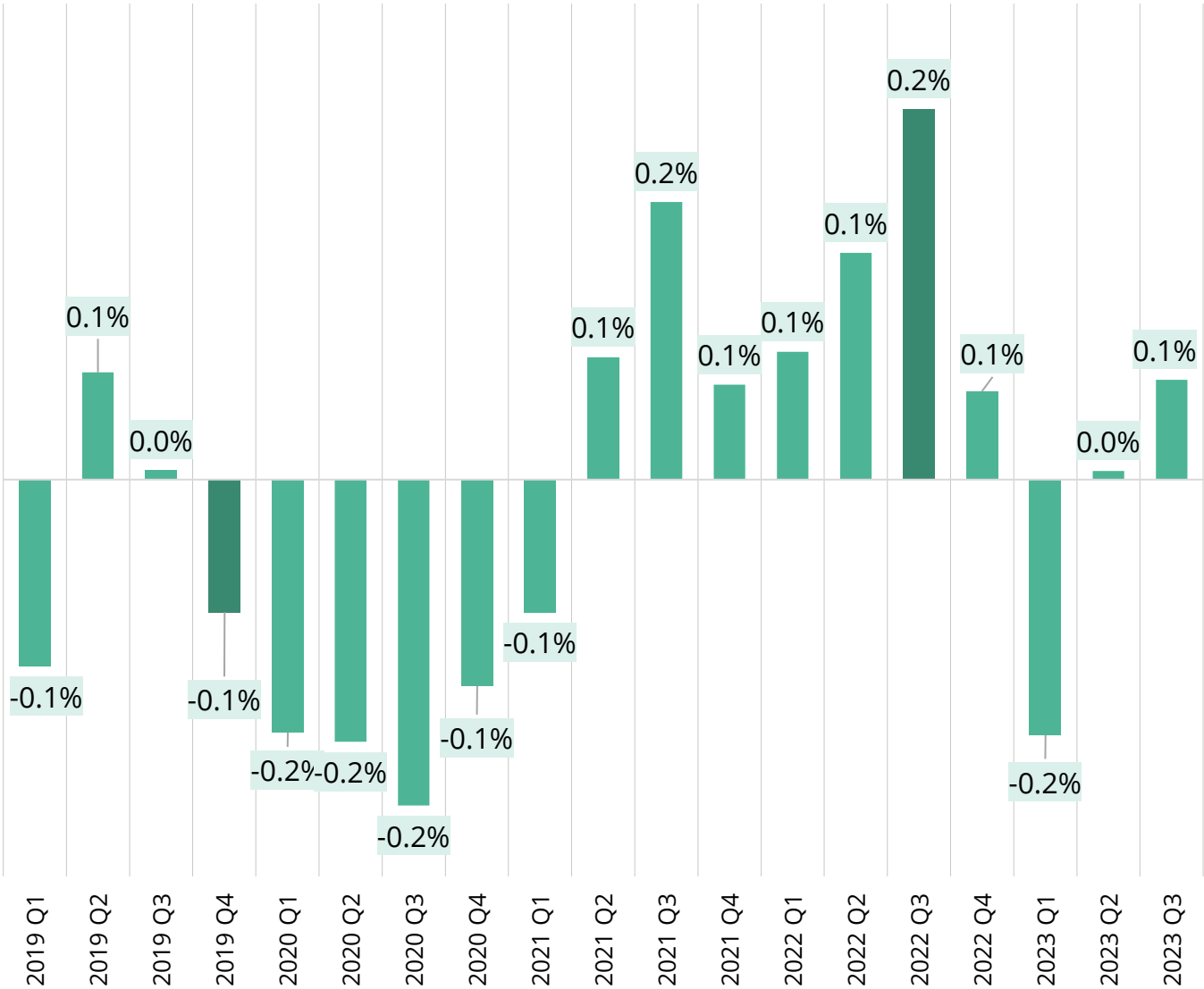
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Southern California net absorption as a share of inventory

0.1%

The Southern California retail market has had over 590,000 square feet of positive absorption in Q3 2023.

There was 590,076 square feet of positive absorption in Q3 2023, over double the positive absorption seen in Q2 2023 with a value of 226,061 square feet.



Source: AVANT by Avison Young, CoStar

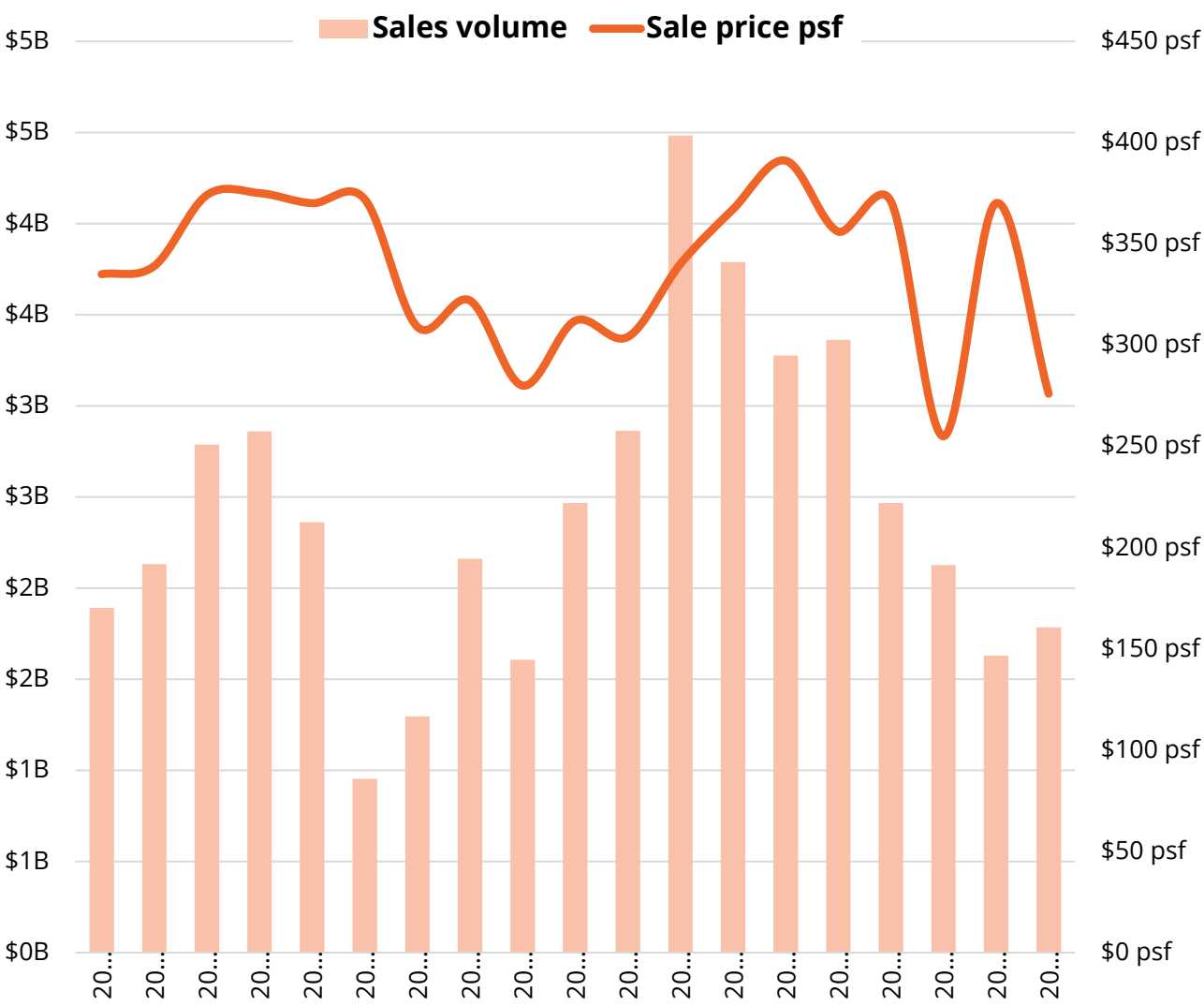
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Southern California investment sales activity and price

\$276 psf

The average price paid for retail buildings in Southern California came in at \$276 per square foot in Q3 2023

Investors and tenants saw a somewhat drastic decrease in investment opportunities in Q3 2023. Price per square foots decreased by almost 100 square feet when compared to the \$370 price per square foot in Q2 2023. Total sales volume in Q3 2023 was \$1.78 billion dollars, a \$100 million dollar increase in sales volume from Q2 2023.



Source: AVANT by Avison Young, CoStar

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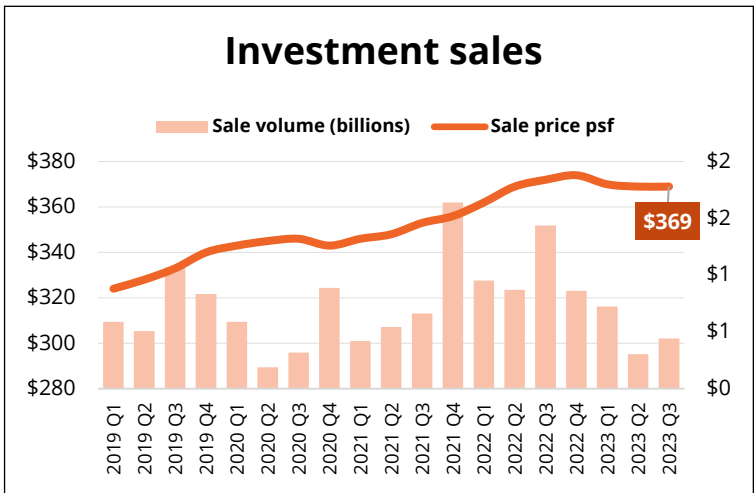
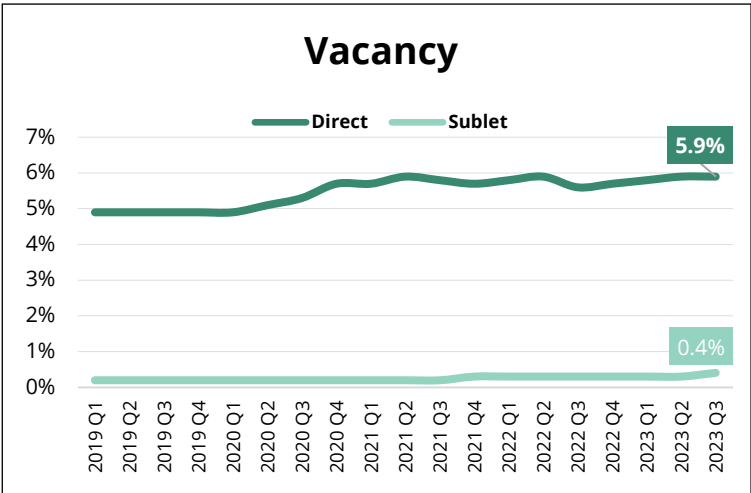
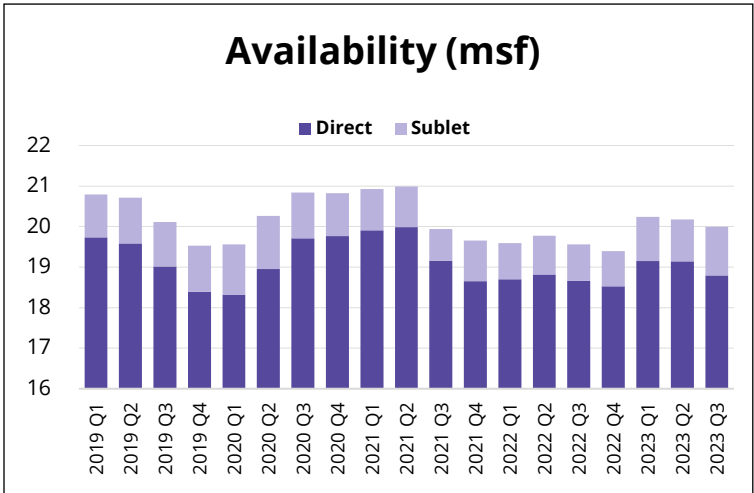
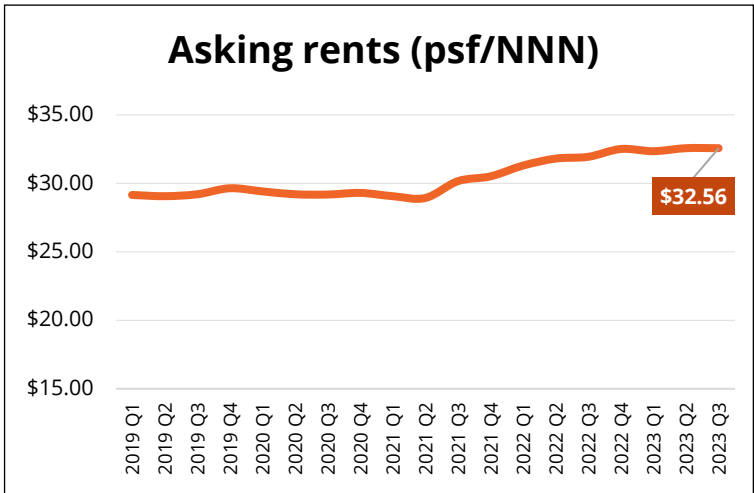
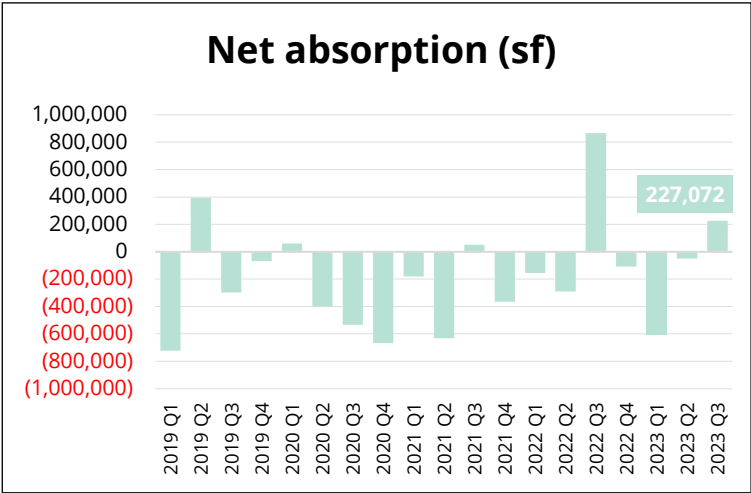
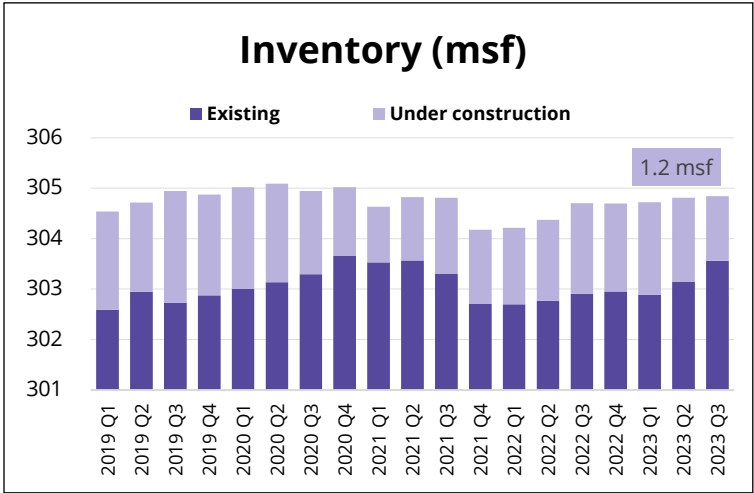
Southern California retail market activity

2023 Q3 Retail Sales Transactions

| Buyer | Address | Sale date | Size (sf) | Sale price | Sale price psf | Seller | Notes |
|--------------------------------|---|-----------|-----------|--------------|----------------|-------------------------------|---|
| Lowe's | Westfield Mission Valley 1640-1750 Camino Del Rio N., San Diego | Jul-23 | 474,324 | \$64,390,000 | \$135.76 | Unibail-Rodamco-Westfield | Unibail-Rodamco-Westfield sold this 474,324 square foot retail center to Lowe's for \$64.39 million, or \$135.76 a square foot. The buyers plan to upgrade and reposition the asset as a "walkable, transit oriented mixed-use village", adding multifamily and residential uses to the expansive property. |
| Centennial Real Estate Company | Westfield Valencia Town Center 24201 Valencia Blvd., Valencia | Sep-23 | 267,613 | \$46,660,000 | \$174.35 | Unibail-Rodamco-Westfield | On September 5th, 2023, Unibail-Rodamco-Westfield has sold the Westfield Valencia Town Center to Centennial Real Estate for \$46.66 Million. |
| Continuum Analytics | Kaleidoscope Center 27741 Crown Valley Pkwy., Mission Viejo | Sep-23 | 242,825 | \$33,500,000 | \$137.96 | Westport Capital Partners LLC | Westport Capital Partners, LLC sold this 247,888 square foot retail building to Continuum Analytics for \$33.5 million, or \$135.14 per square foot. |
| Safco Capital Corporation | Mission Market Centre 620 W Mission Ave., Escondido | Aug-23 | 169,112 | \$24,960,000 | \$147.60 | Mar and Associates | Mar & Associates sold this 169,112 square foot retail center to Safco Capital Corporation for \$24.96 million, or \$147.60 per square foot. |
| Merlone Geier Management Inc. | Melrose Village Plaza 1601-1649 S Melrose Dr., Vista | Sep-23 | 122,953 | \$28,530,000 | \$209.01 | Kimco Realty Corporation | Kimco Realty Corporation sold this building to Merlone Geier Management Incorporated for \$28.53 million on September 27, 2023. |
| Pulte Home Company LLC | Pickwick Gardens Bowling Alley 921 W Riverside Dr., Burbank | Sep-23 | 254,647 | \$20,510,000 | \$80.56 | MW Investment Group | This 5.85 acre site sold in an Investment sale for \$20.51MM. The land has 3 buildings on site and is located in Los Angeles County. Pulte Home Company acquired the property from MW Investment Group. |
| Hackman Capital Partners | Undisclosed 3846 Cardiff Ave., Culver City | Jul-23 | 89,932 | \$6,850,000 | \$76.17 | Bank of America | On July 17th, 2023 the sale of 3846 Cardiff Ave in Culver City, CA sold for \$6,850,000. The sellers were the Bank of America National Association and they were represented by Brendan McArthur from JLL. |
| Ghreiwati Auto Group | Nissan Puente Hills 17320 Gale Ave., City of Industry | Jul-23 | 76,109 | \$16,800,000 | \$220.74 | H Greg Auto Dealership | On July 7th, 2023, H Greg Auto Dealership sold the 76,109 SF auto dealership to Ghreiwati Auto Group for \$16.8 Million, approximately \$220.74 per SF. |
| Sam K Fong | La Palma Plaza 6931 La Palma Ave., La Palma | Jul-23 | 42,647 | \$6,840,000 | \$160.39 | Paul J Mathys | This is the sale of a NNN leased, corporate signed, Superior Grocers investment property located in Buena Park, California (Orange County). The tenant, Super Center Concepts, has approximately 7 years remaining in their initial term with 2 (5-year) and 1 (4.5-year) options to extend, demonstrating their commitment to the site |
| Donald Kushner | Theatre Box 701 5 th Ave., San Diego | Sep-23 | 54,600 | \$35,000,000 | \$641.03 | Oliver Buchanan Group | The Oliver Buchanan group sold this 54,600 square foot movie theater to Donald Kushner for \$35 million, or \$641.03 a square foot. |

*Survey consists of retail buildings greater than 10,000 sf.

Los Angeles retail market indicators



*Survey consists of retail buildings greater than 10,000 sf.

Los Angeles retail market activity

Recent leasing activity

| Tenant name | Address | Submarket | Sign date | Size (sf) | Transaction type | Lease type |
|-------------|---------------------------------------|-----------------|-----------|-----------|------------------|------------|
| Costco | 2207 W Commonwealth Ave., Alhambra | Western SGV | 9/22/2023 | 157,019 | Renewal | Direct |
| Undisclosed | 3300 Slauson Ave., Los Angeles | Culver City | 9/13/2023 | 46,333 | New Lease | Direct |
| Undisclosed | 402 S Long Beach Blvd., Compton | Mid-Cities | 9/11/2023 | 24,268 | New Lease | Direct |
| Undisclosed | 710-770 S Sepulveda Blvd., El Segundo | El Segundo | 7/25/2023 | 44,950 | New Lease | Direct |
| Big Lots | 1169 Commerce Center Dr., Lancaster | Antelope Valley | 9/1/2023 | 23,984 | Renewal | Direct |

Recent sales activity

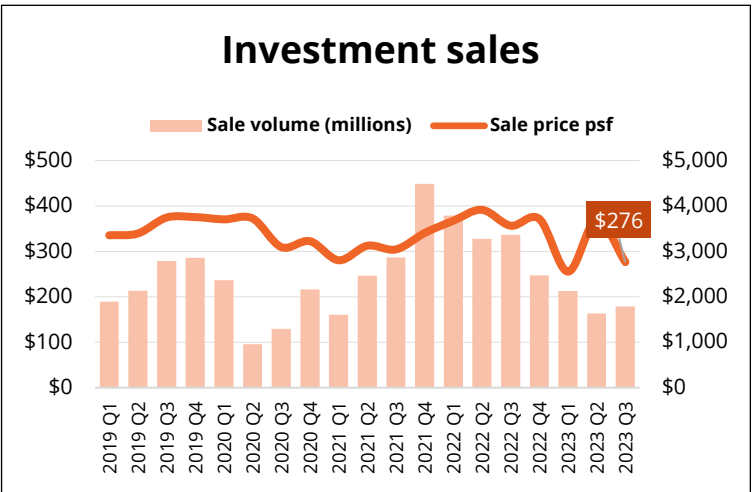
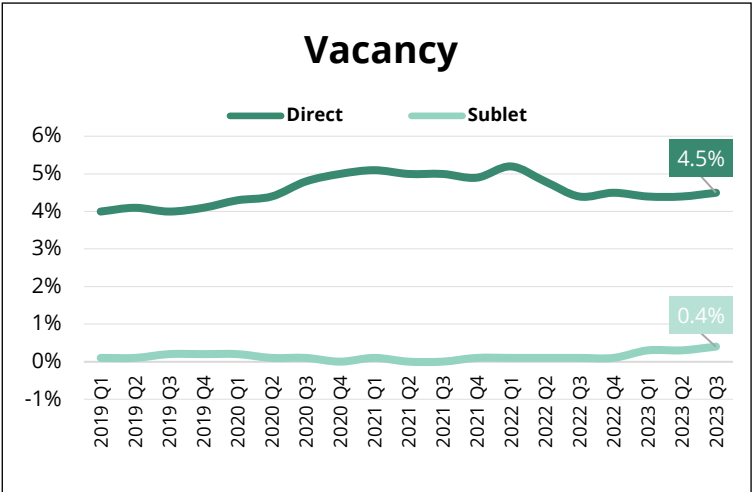
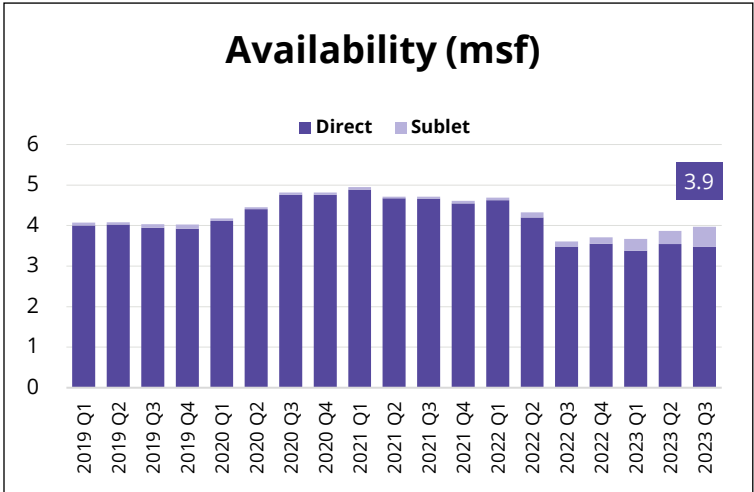
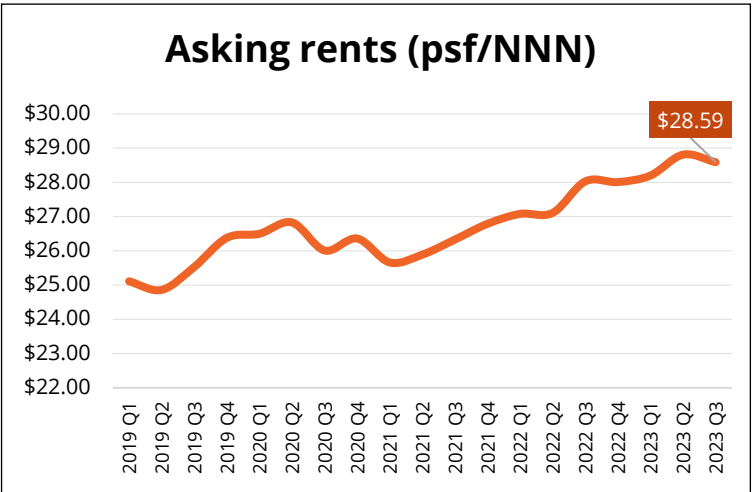
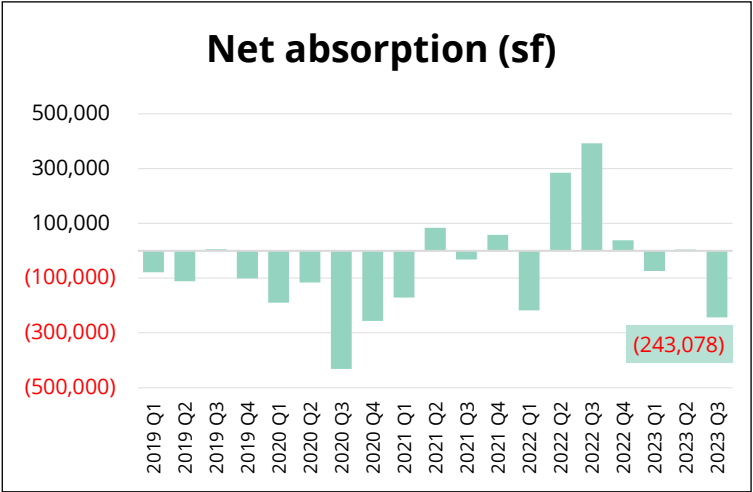
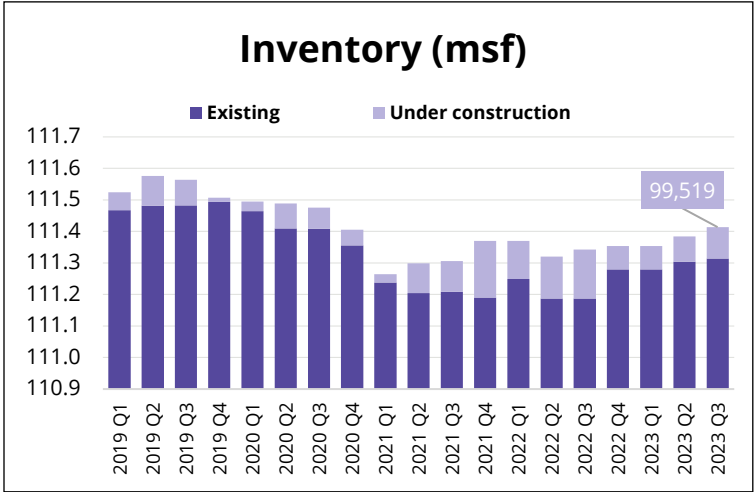
| Buyer | Address | Sale date | Size (sf) | Sale price | Sale price psf | Seller |
|--------------------------|--|-----------|-----------|--------------|----------------|--|
| Adam Carasso | 8950 W Olympic Blvd., Beverly Hills | 9/22/2023 | 29,000 | \$34,130,000 | \$1,176.72 | L&R Group of Companies |
| United El Segundo Inc. | 1231-1233 3 rd Street Promenade, Santa Monica | 8/30/2023 | 30,660 | \$14,630,000 | \$477.23 | GWP Real Estate Investment and Development |
| Javid Somekh | 5432 Crenshaw Blvd., Los Angeles | 8/4/2023 | 17,170 | \$1,800,000 | \$104.83 | Larry Isom |
| Ramin Farzam | 817-825 Wilshire, Santa Monica | 7/21/2023 | 10,000 | \$5,800,000 | \$580 | Thomas A Nitti Attorney |
| Hackman Capital Partners | 3846 Cardiff Ave., Culver City | 7/17/2023 | 89,932 | \$6,850,000 | \$76.17 | Bank of America |

Notable construction projects

| Owner | Address | Submarket | Size (sf) | Est. Delivery | Asking rent |
|------------------------------|--------------------------------------|----------------------|-----------|---------------|-----------------------|
| GE Property Development Inc. | 101-109 E Valley Blvd., San Gabriel | Western SGV | 20,000 | Jan 2024 | \$7 – 7.50/SF Est. |
| Undisclosed | 16411 Bellflower Blvd., Bellflower | Mid-Cities | 14,784 | Mar 2024 | \$2.08 – 2.50/SF Est. |
| Sterling Organization | 317-319 N Beverly Dr., Beverly Hills | Beverly Hills | 20,000 | Jan 2024 | \$7.33 – 8.91/SF Est. |
| Undisclosed | 520 Matejo St., Los Angeles | Downtown Los Angeles | 20,017 | Sep 2024 | \$2.75 – 3.42/SF Est. |

*Survey consists of retail buildings greater than 10,000 sf.

Orange County retail market indicators



*Survey consists of retail buildings greater than 10,000 sf.

Orange County retail market activity

Recent leasing activity

| Tenant name | Address | Submarket | Sign date | Size (sf) | Transaction type | Lease type |
|------------------|------------------------|------------------|-----------|-----------|------------------|------------|
| EOS Fitness | 35-140 Via Pico Plz | San Clemente | 08/2023 | 30,250 | New Lease | Direct |
| Savers | 23535-23701 Mouton Pky | Laguna Hills | 08/2023 | 26,270 | New Lease | Direct |
| Home Consignment | 4343 Macarthur Blvd | Newport Beach | 08/2023 | 19,094 | New Lease | Direct |
| Dollar Tree | 5961 La Palma Ave | La Palma | 07/2023 | 12,844 | Sublease | Direct |
| GoldFinch | 300 Pacific Coast Hwy | Huntington Beach | 08/2023 | 10,090 | New Lease | Direct |

Recent sales activity

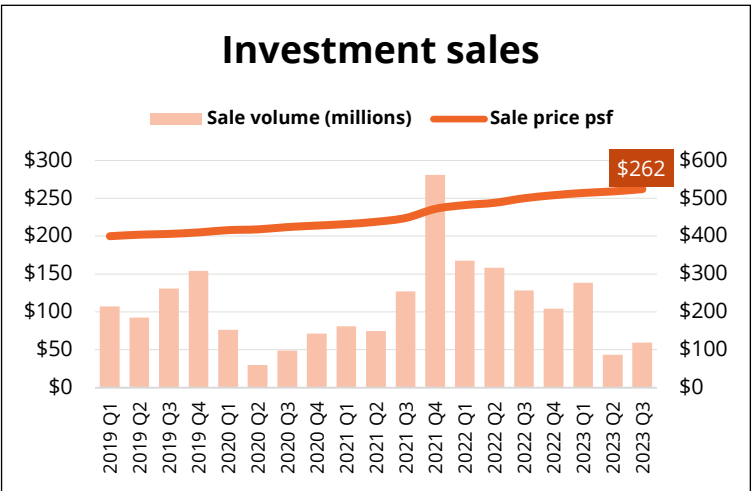
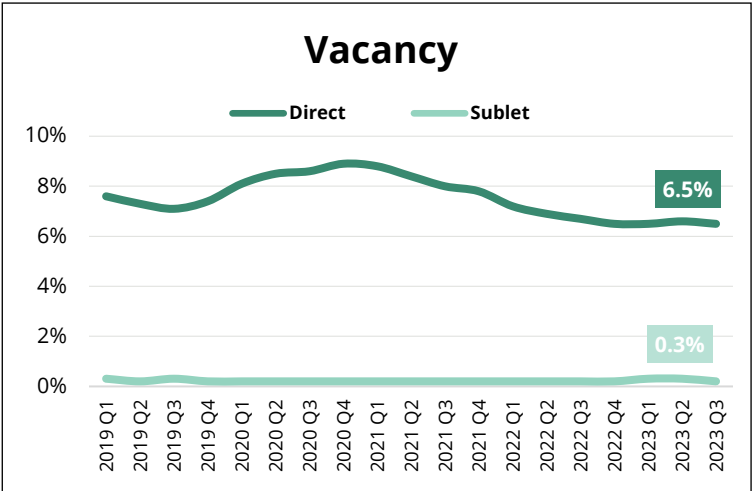
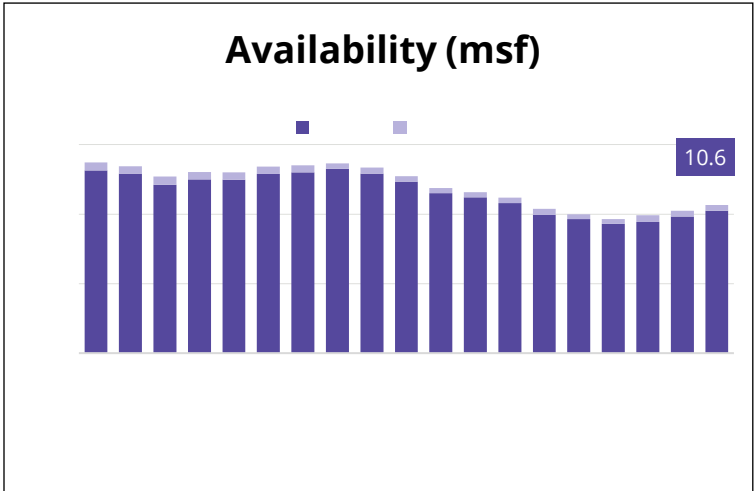
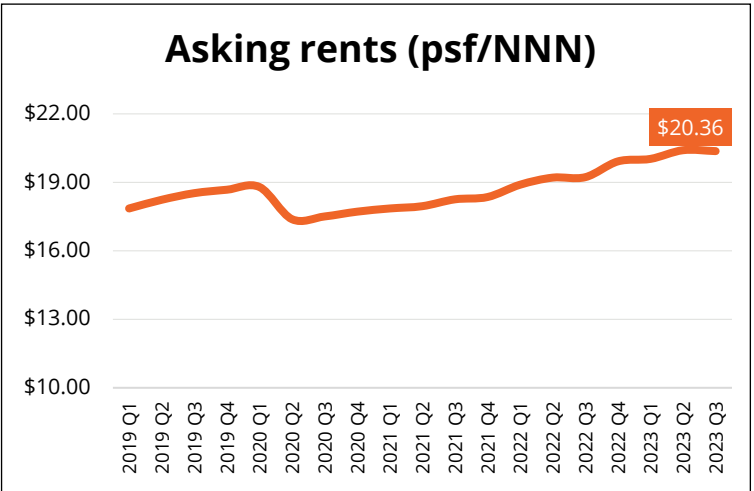
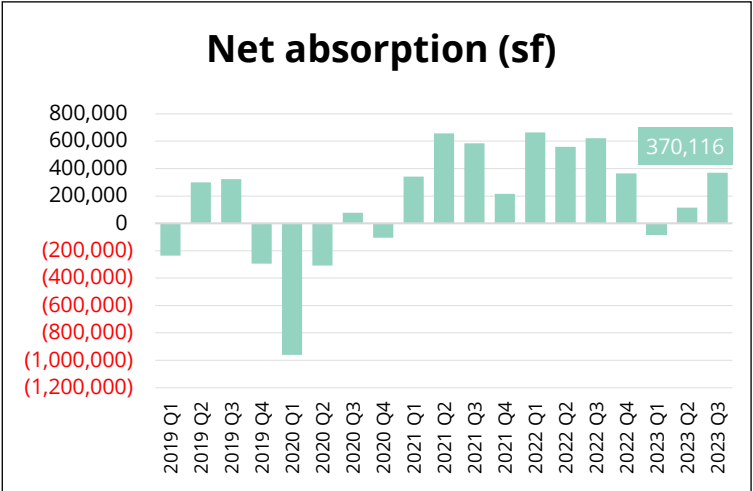
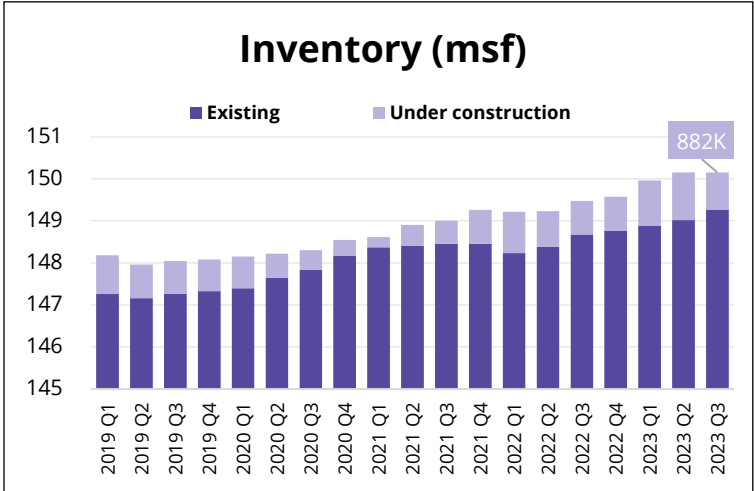
| Buyer | Address | Sale date | Size (sf) | Sale price | Sale price psf | Seller |
|----------------------------|------------------------|-----------|-----------|--------------|----------------|---------------------------|
| Continuum Analytics | 27741 Crown Valley Pky | 9/12/2023 | 242,825 | \$33,500,000 | \$137.96 | Westport Capital Partners |
| Robert Gordon | 200 N Via Cortez | 9/19/2023 | 31,990 | \$22,475,000 | \$702.56 | Ellas Properties |
| Andrew Su | 7821 Valley View St | 8/1/2023 | 19,898 | \$9,816,131 | \$493.32 | DMI Real Estate Group |
| Wood Investments Companies | 55 Via Pico Plz | 7/11/2023 | 25,500 | \$6,950,000 | \$272.55 | 99 Cents Stores |
| Sam K Fong | 6931 La Palma Ave | 7/27/2023 | 42,647 | \$6,840,000 | \$160.39 | Paul J Mathys |

Notable construction projects

| Owner | Address | Submarket | Size (sf) | Est. Delivery | Asking rent |
|-----------------------------|--|--------------------------------|-----------|---------------|-----------------------|
| House Of Imports | 6900 Auto Center Dr., Buena Park | Buena/Park/La Palma | 81,949 | Dec 2023 | \$2.27 – 2.77/SF Est. |
| Undisclosed – Ganahl Lumber | NEC Stonehill Dr., San Juan Capistrano | South County | 40,000 | May 2023 | \$3.73 – 4.56/SF Est. |
| Landsea Homes | 901 Portola Oaks Dr., Lake Forest | Lake Forest/Foothill Ranch/RSM | 10,000 | Sept 2023 | \$3.50 NNN |
| Hunt Ents Coastal LLC | 1662 Orchard Dr., Newport Beach | Newport Beach | 10,000 | June 2023 | \$3.59 -4.38/SF Est. |

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Inland Empire retail market indicators



*Survey consists of retail buildings greater than 10,000 sf.

Inland Empire retail market activity

Recent leasing activity

| Tenant name | Address | Submarket | Sign date | Size (sf) | Transaction type | Lease type |
|--------------|--|---------------------|-----------|-----------|------------------|------------|
| Big Lots | 12550 Central Ave., Chino | Chino/Chino Hills | 9/1/2023 | 22,752 | Renewal | Direct |
| Big Lots | 14790 La Paz Dr., Victorville | Mojave River Valley | 9/1/2023 | 25,000 | Renewal | Direct |
| Undisclosed | NWC Hook Blvd. and Amargosa Rd., Victorville | Mojave River Valley | 8/31/2023 | 20,000 | New Lease | Direct |
| Michaels | 17120-17136 Van Buren Blvd., Riverside | Riverside | 8/17/2023 | 17,640 | New Lease | Direct |
| CVS Pharmacy | 1670 E 4 th St., Ontario | Airport | 7/16/2023 | 11,000 | New Lease | Direct |

Recent sales activity

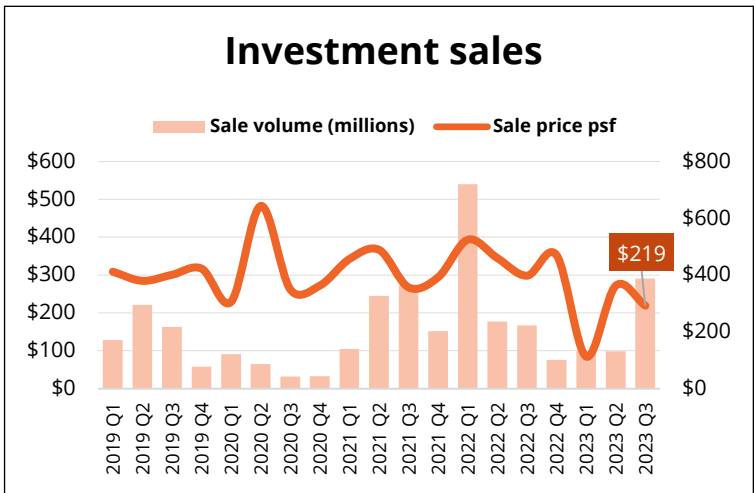
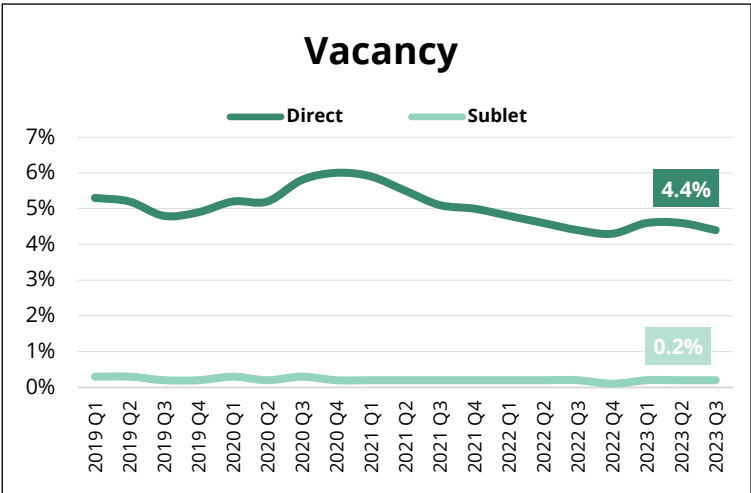
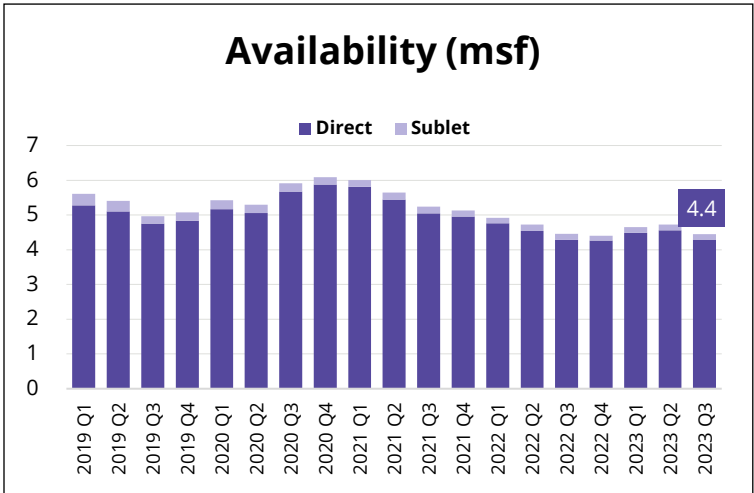
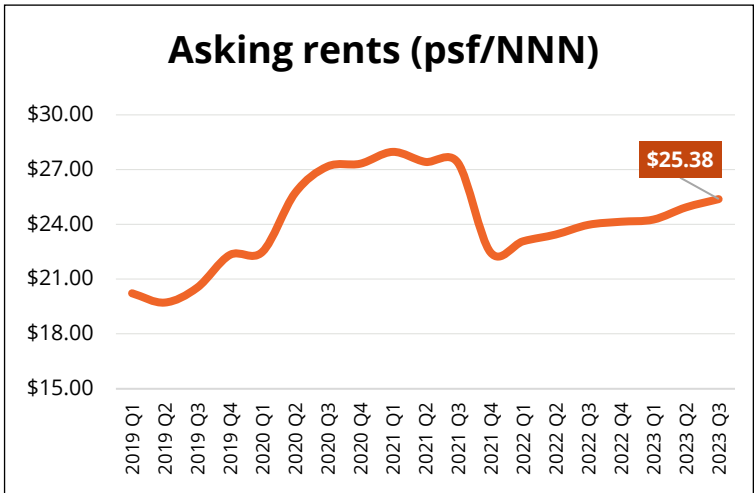
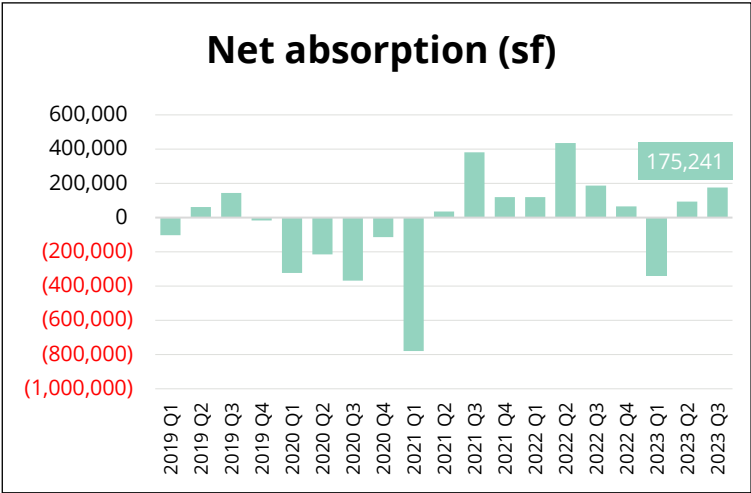
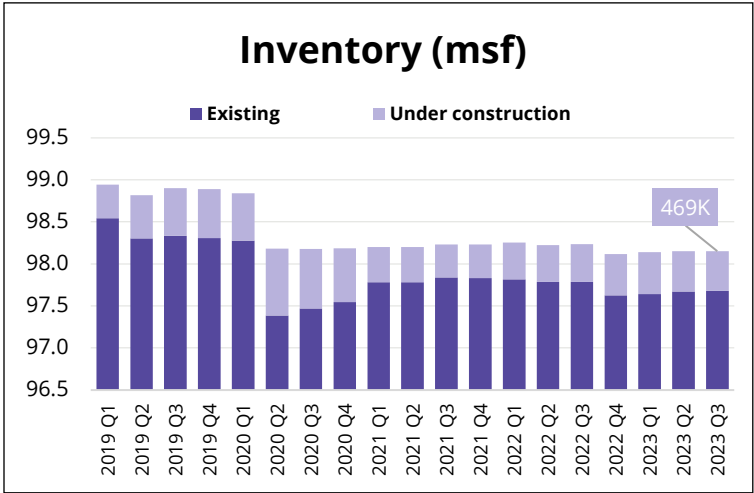
| Buyer | Address | Sale date | Size (sf) | Sale price | Sale price psf | Seller |
|------------------------------|---|-----------|-----------|-------------|----------------|---------------------------|
| Grody Land LLC | 1121 W Colton Ave., Redlands | 8/1/2023 | 39,473 | \$7,000,000 | \$177.34 | Redlands Ford Corporation |
| Ivan Atanassov | 17866 Valley Blvd., Bloomington | 9/8/2023 | 36,000 | \$6,000,280 | \$166.67 | Caliente Descansando LLC |
| Capital Insight | 1262-1284 Foothill Blvd., Upland | 7/11/2023 | 34,470 | \$6,565,566 | \$190.47 | DPI Retail |
| Costco Wholesale Corporation | 13017 Peyton Dr., Chino Hills | 9/5/2023 | 31,080 | \$4,073,949 | \$132.39 | LNR Partners |
| Blue Owl | 56865 Twentynine Palms Hwy., Yucca Valley | 8/28/2023 | 25,575 | \$2,587,763 | \$101.18 | Big Lots Inc. |

Notable construction projects

| Owner | Address | Submarket | Size (sf) | Est. Delivery | Asking rent |
|-------------------------------------|---|---------------------|-----------|---------------|-----------------------|
| Rael Development Corporation | 414-476 N Palm Canyon Dr., Palm Springs | Coachella Valley | 36,955 | Nov 2023 | \$4.75/SF Est. |
| Undisclosed | Domenigoni Pkwy., Winchester | Beaumont/Hemet | 100,000 | April 2024 | \$1.75 – 2.08/SF Est. |
| Bear Valley Development Company LLC | NWC Vear Valley Rd. and 2 nd Ave., Victorville | Mojave River Valley | 41,912 | Undisclosed | \$2.17 - 2.67/SF Est. |
| Arturo L. Flores Jr. | 0 Van Buren Blvd., Jurupa Valley | Riverside | 62,180 | Undisclosed | \$2.08 – 2.58/SF Est. |

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San Diego retail market indicators



*Survey consists of retail buildings greater than 10,000 sf.

San Diego retail market activity

Recent leasing activity

| Tenant name | Address | Submarket | Sign date | Size (sf) | Transaction type | Lease type |
|-------------|---------------------------------------|-----------------|-----------|-----------|------------------|------------|
| Big Lots | 1410 E Plaza Blvd., National City | National City | 9/1/2023 | 15,780 | Renewal | Direct |
| RH Outlets | 10511-10543 4S Commons Dr., San Diego | Rancho Bernardo | 7/21/2023 | 27,045 | New Lease | Direct |

Recent sales activity

| Buyer | Address | Sale date | Size (sf) | Sale price | Sale price psf | Seller |
|-------------------------------|--|-----------|-----------|--------------|----------------|---------------------------|
| Lowes | 1640-1750 Camino Del Rio N., San Diego | 7/21/2023 | 472,324 | \$64,390,000 | \$135.75 | Unibail-Rodamco-Westfield |
| Merlone Geier Management Inc. | 1601-1649 S Melrose Dr., Vista | 9/27/2023 | 122,953 | \$28,530,000 | \$209.01 | Kimco Realty Corporation |
| Safco Capital Corporatrion | 620 W Mission Ave., Escondido | 8/16/2023 | 169, 112 | \$24,960,000 | \$147.60 | Mar and Associates |
| Bipin Gala | 1340-1380 3rd Ave., Chula Vista | 8/1/2023 | 85,636 | \$11,840,000 | \$138.21 | Marie Williams Shipman |
| Donald Kushner | 701 5 th Ave., San Diego | 9/5/2023 | 54,600 | \$35,000,000 | \$641.03 | Oliver Buchanan Group |

Notable construction projects

| Owner | Address | Submarket | Size (sf) | Est. Delivery | Asking rent |
|---------------------|------------------------------------|-----------|-----------|---------------|-----------------------|
| Undisclosed | Vista Way and Monte Mar Rd., Vista | Vista | 22,280 | March 2024 | \$1.75 – 2.16/SF Est. |
| R&V Management | 1508 E St., San Diego | Downtown | 12,000 | Feb 2024 | \$3.16 – 3.92/SF Est. |
| Children's Paradise | 3335 marron Rd., Oceanside | Oceanside | 12,000 | Jan 2024 | \$3.08 – 3.83/SF Est. |

*Survey consists of retail buildings greater than 10,000 sf.

For more market insights
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