



# Southern California retail market report

Q4 2023

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# Southern California retail market trends

662m

## Direct Availabilities

Tenant demand has steadily risen, 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 remain somewhat unchanged with 27,172,000 million square feet at the end of Q4 2023, when compared to 27,684,000 million square feet at the end of Q3. The Southern California retail market in 2023 has experienced a 15% decline in direct available space since 2021.

Q4 Net absorption for the Southern California region had its best performance in 2023, checking in at over 1,200,000+ square feet of positive absorption for the quarter.

5.9%

## Vacancy & Lease Rates

Direct vacancies for 2023 showed a slight decrease across all Southern California markets, coming in at 5.3% for the region in Q4.

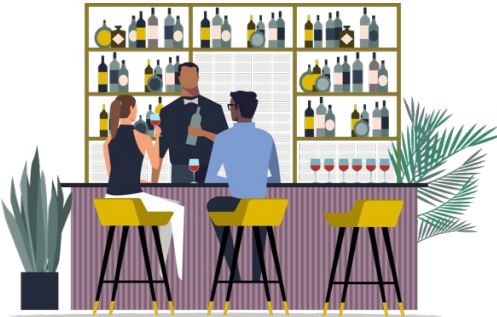
The retail under-construction pipeline for Southern California totaled 2.7 msf across 58 properties.

Lease rates continue to increase across Southern California, posting an average asking triple net lease rate of \$28.29 psf on an annual basis in Q4 2023, this represents over 7% increase since 2021.

\$342

## Sales Price Per Foot

The average price per square foot for retail property across Southern California came in at \$342 psf. Retail acquisitions volume dipped 30% relative to last quarter with over \$750m in sales compared to \$1B+ in Q3.





# Southern California retail under construction pipeline

## 58 properties

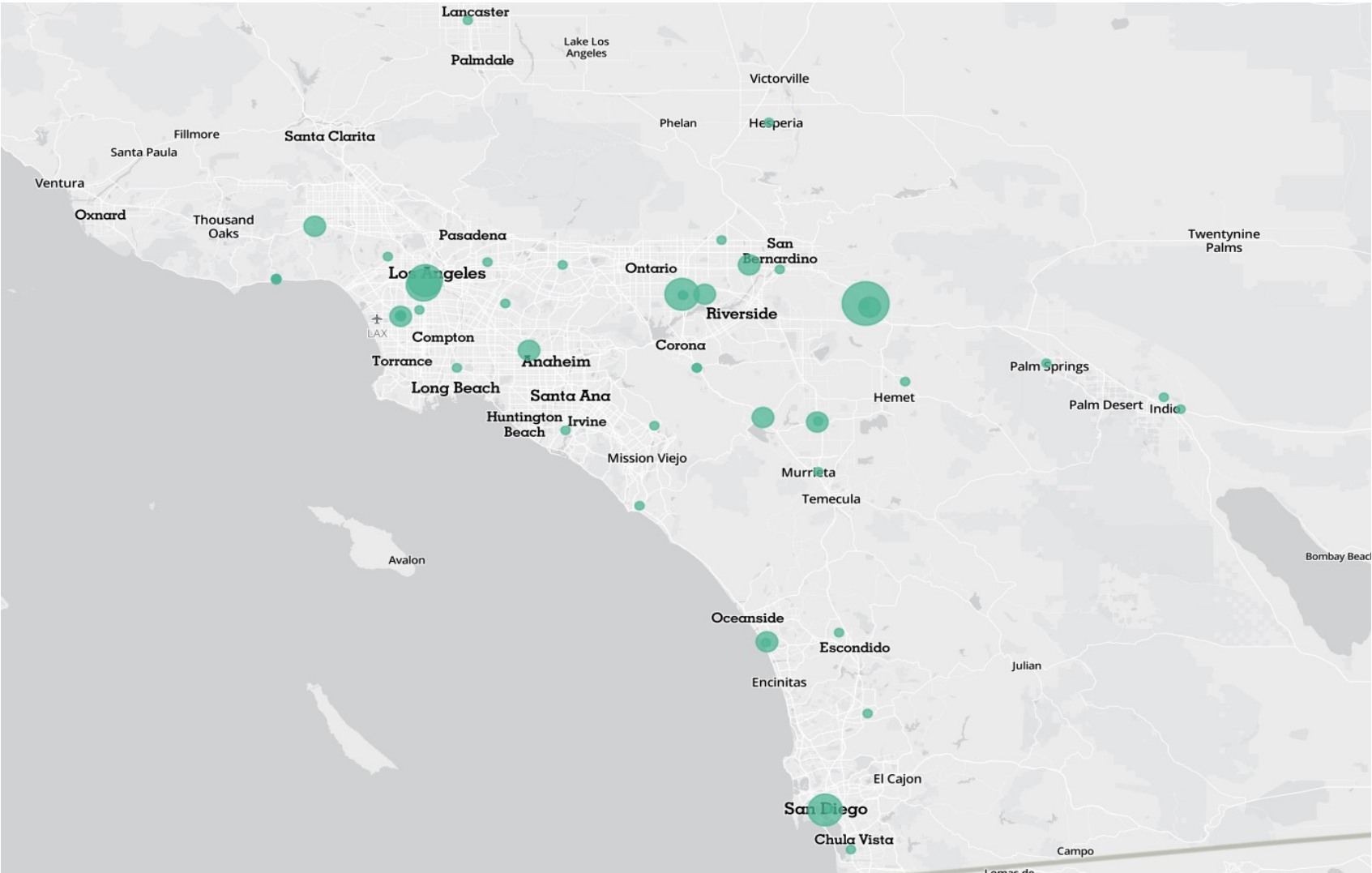
28	Los Angeles
11	Orange County
11	Inland Empire
8	San Diego

## 2,730,721 sf

1,593,394 sf	Los Angeles
59,519 sf	Orange County
723,123 sf	Inland Empire
403,965 sf	San Diego

## Major developments

400,000 sf	<i>Del Amo Blvd, Carson</i> Los Angeles
150,000 sf	<i>Clinton Keith Road, Murrieta</i> Inland Empire
300,000 sf	<i>324 Horton Plz, San Diego</i> San Diego



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

# Southern California retail proposed construction pipeline

## 379 properties

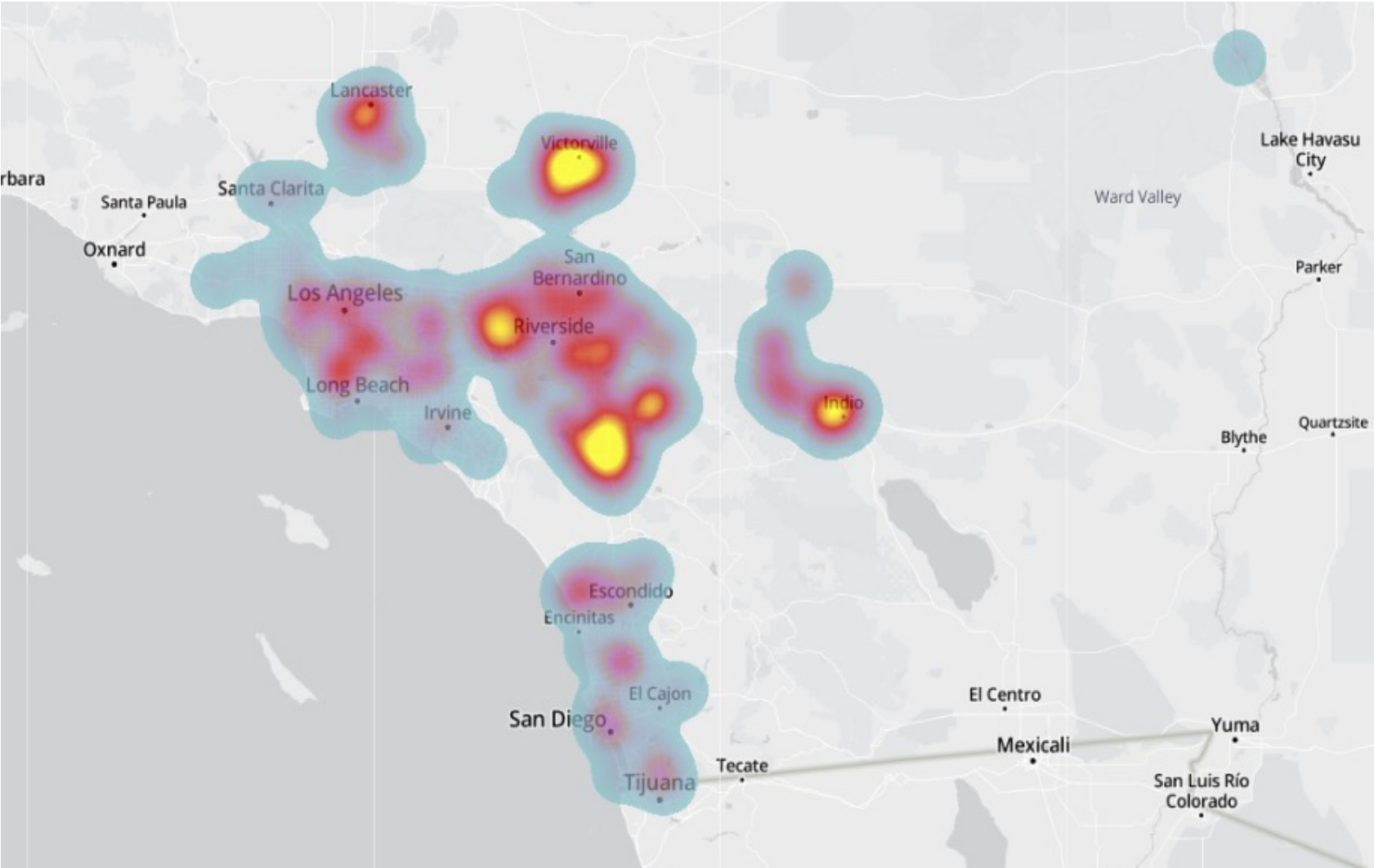
82	Los Angeles
13	Orange County
251	Inland Empire
33	San Diego

## 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

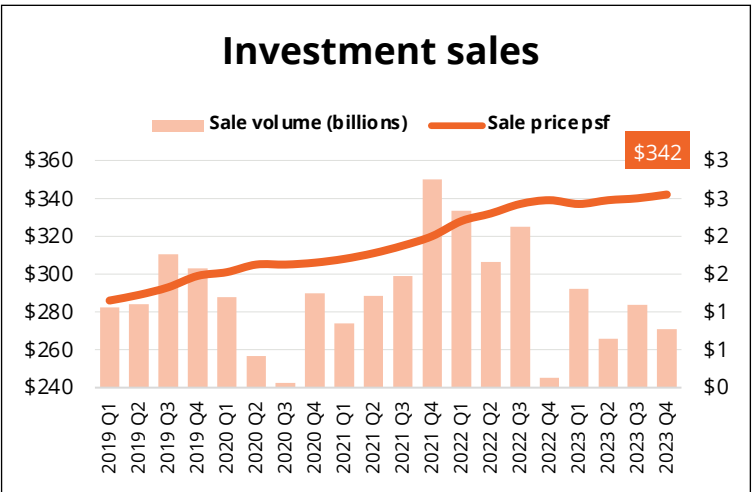
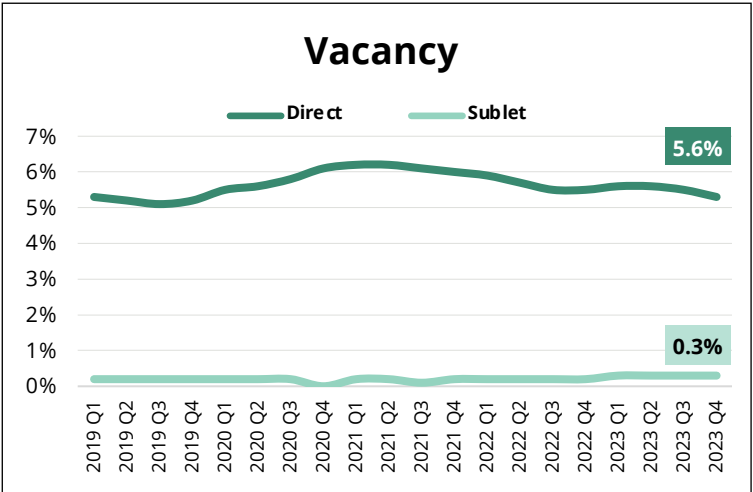
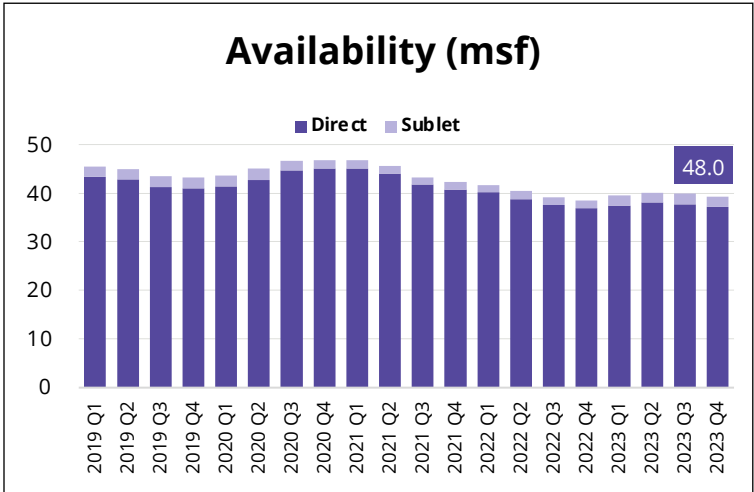
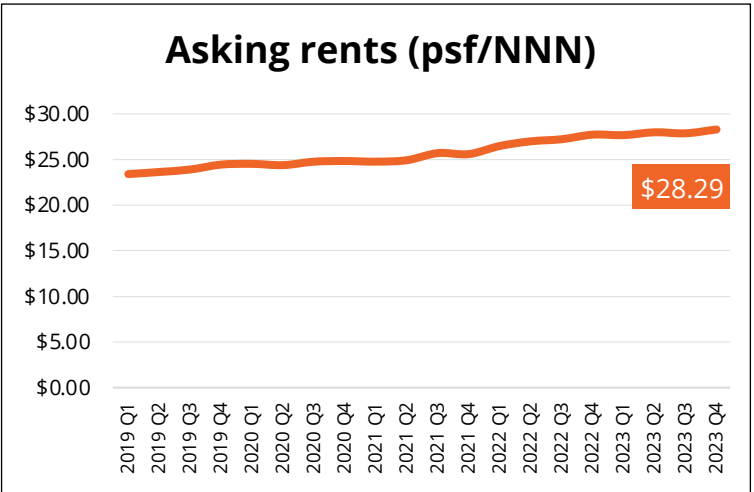
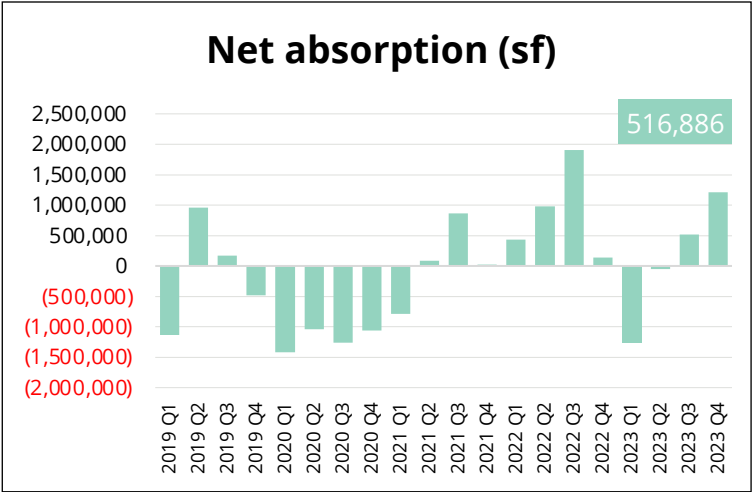
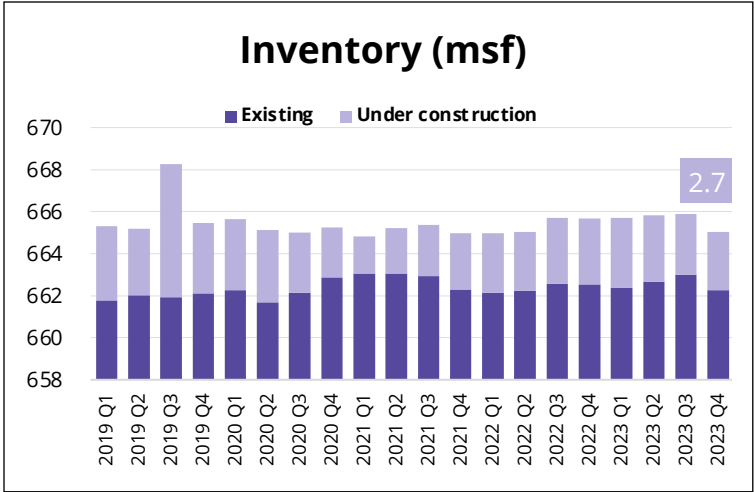
## Major developments

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



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

# Southern California retail market indicators



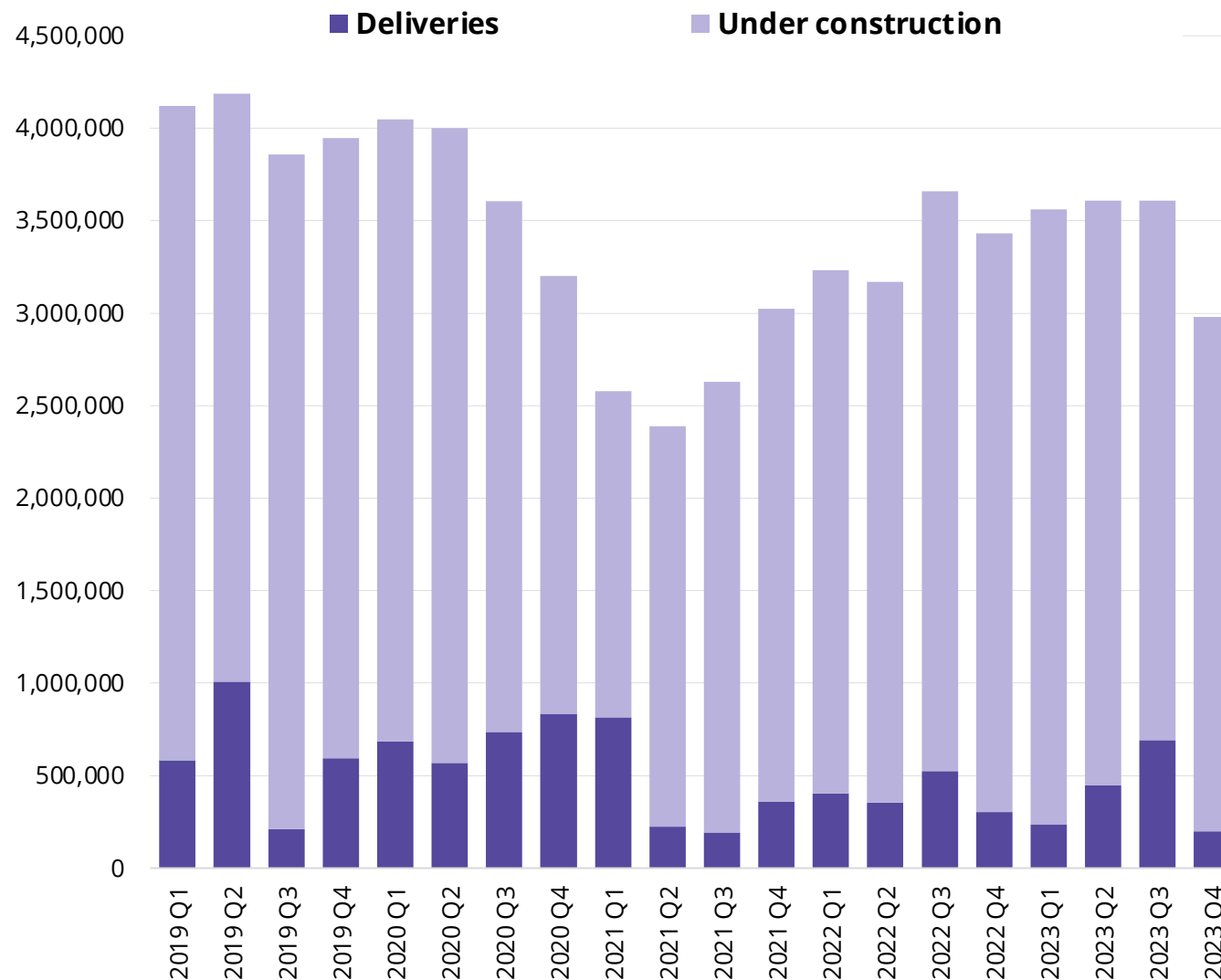
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# Southern California development activity

# 2.78 msf

At the end of Q4 2023 there was 2,780,000 square feet under construction

- Southern California inventory totaled 18,961 buildings totaling 662,264,127 square feet at the end of Q4 2023.
- Deliveries checked in at 198,517 square feet for the fourth quarter of 2023, giving a total of 9.9 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

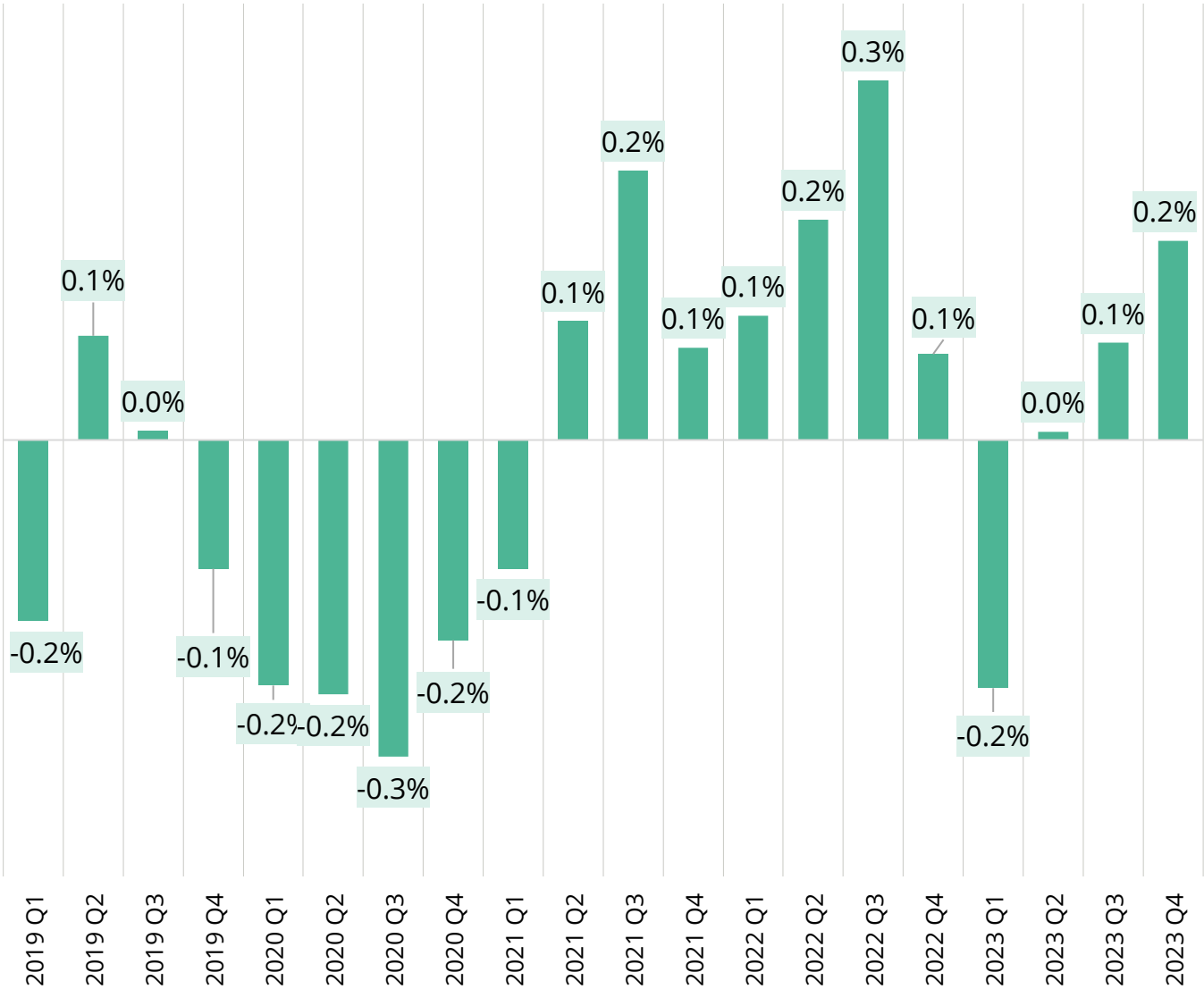
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# Southern California net absorption as a share of inventory

0.2%

The Southern California retail market has had over 1,208,000 square feet of positive absorption in Q4 2023.

There was 1,208,228 square feet of positive absorption in Q4 2023, over double the positive absorption seen in Q3 2023 with a value of 516,886 square feet.



Source: AVANT by Avison Young, CoStar

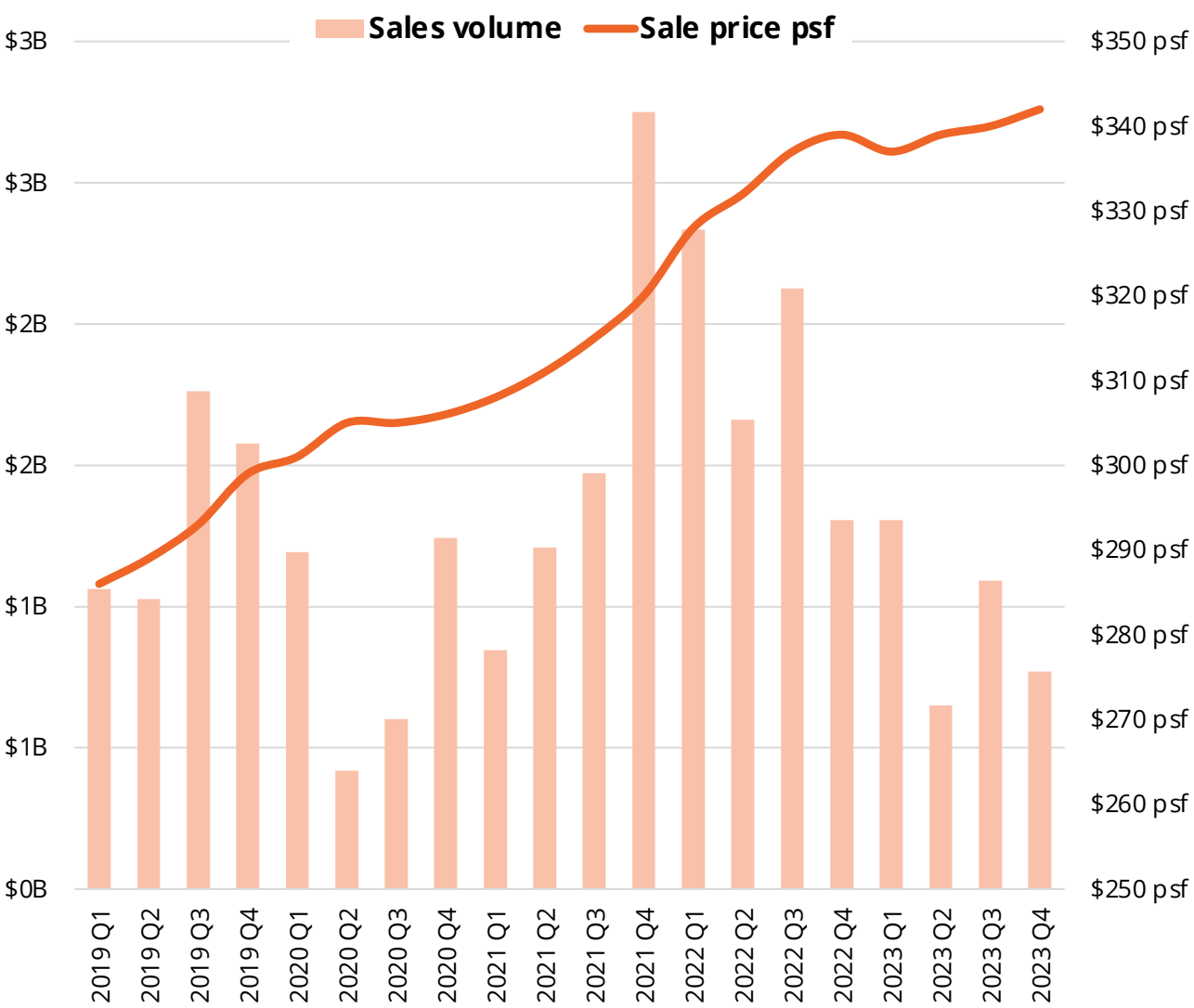
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# Southern California investment sales activity and price

\$342 psf

The average price paid for retail buildings in Southern California came in at \$342 per square foot in Q4 2023

Investors and tenants saw more than a 25% decrease in investment opportunities in Q4 2023. Total sales volume in Q4 2023 was \$769 million dollars, a \$330 million dollar decrease in sales volume from Q3 2023.



Source: AVANT by Avison Young, CoStar

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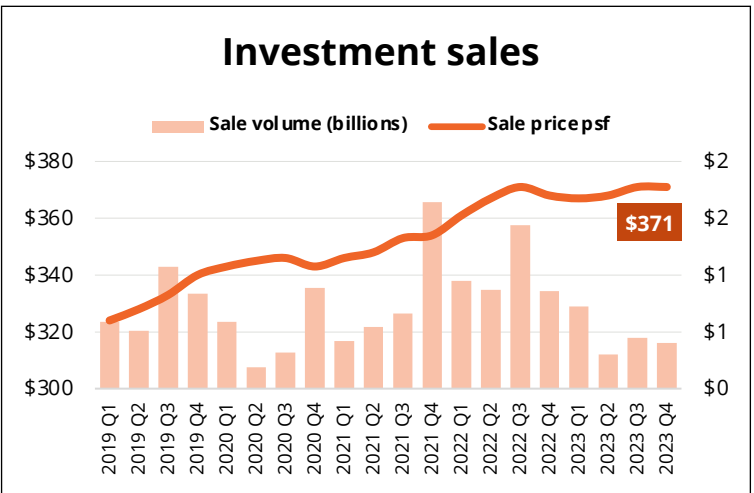
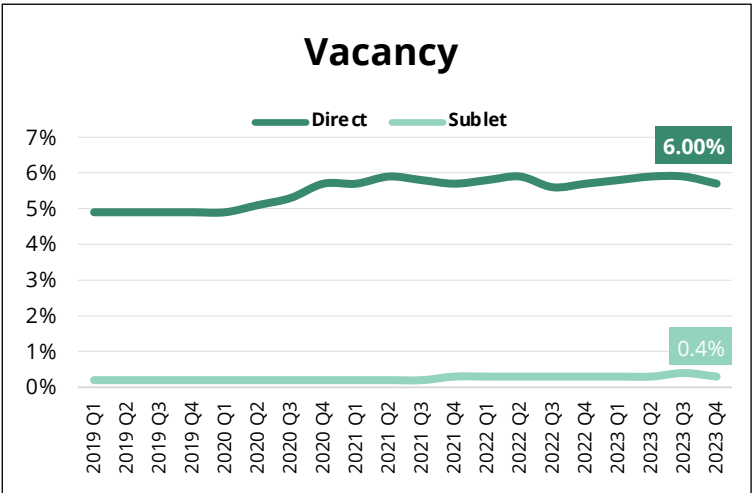
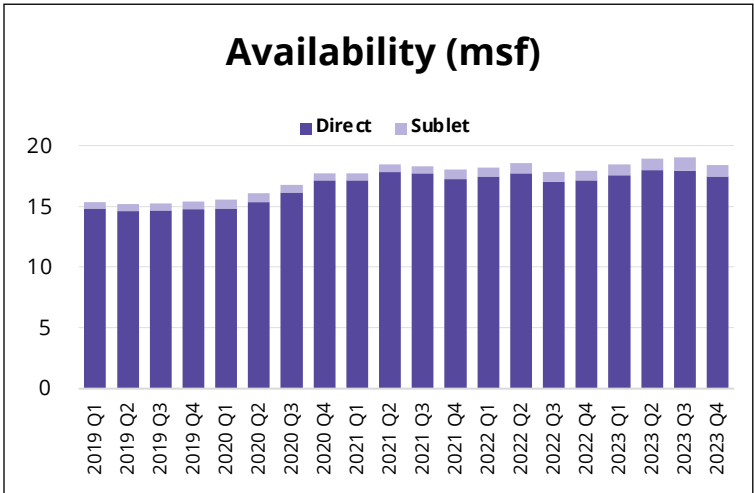
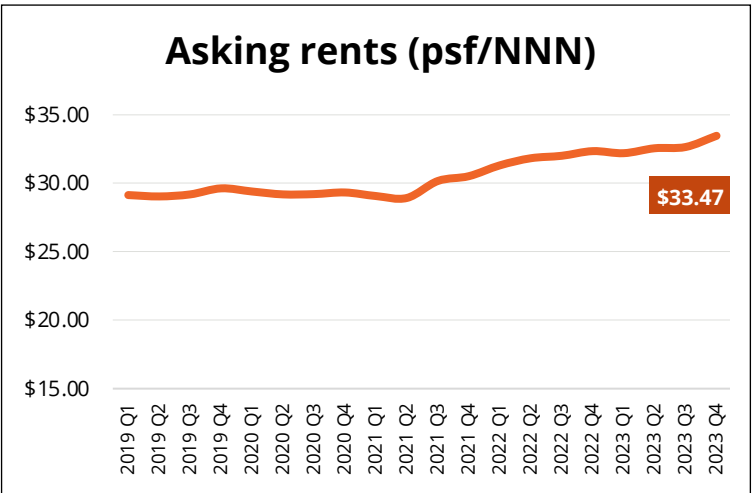
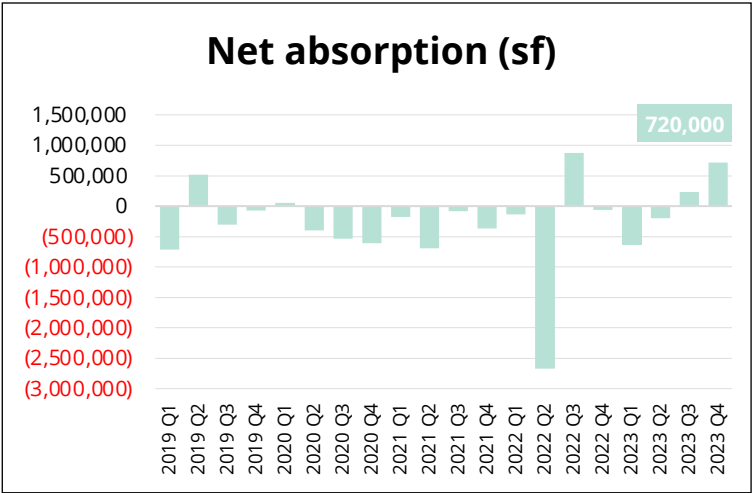
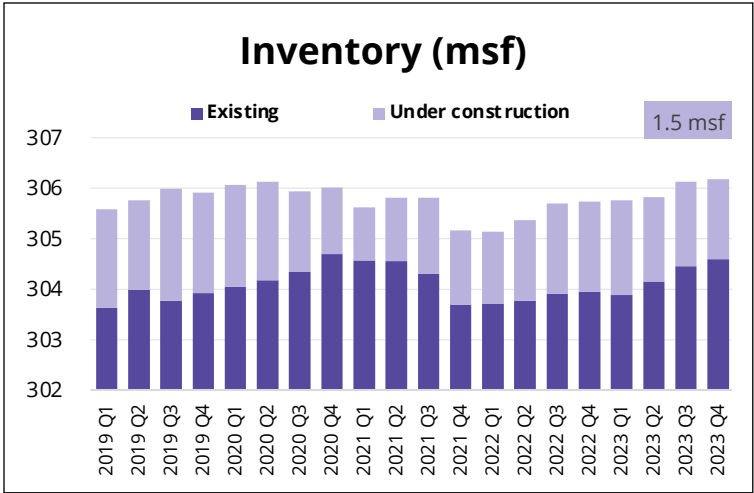
# Southern California retail market activity

## 2023 Q4 Retail Single Sales Transactions

Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller	Notes
James Demircift	11211-11239 Ventura Blvd	10/23	168,700	\$42,000,000	\$248.96	BlackRock, Inc.	The buyer, James Demircift, is the founder of "Puzzle Zoo" toy stores.
Tabani Group, Inc.	1351 W 17 <sup>th</sup> St	12/23	107,687	\$16,700,000	\$155.08	Edgewood Center For Children and Families	The buyer, Tabani Group, has over \$1B in commercial real estate across the United States. This is their only current asset located in California.
Win Chevrolet	2205 E 223 <sup>rd</sup> St	10/23	105,853	\$47,000,000	\$444.01	Jerry Heuer	Auto Dealership on 9.98 Acres of land
Anderson Auto Group	31201 Auto Center Dr	11/23	66,166	\$13,500,000	\$204.03	Nancy & Robert C Gregory	Auto Dealership on 9.2 Acres of land
Mohammed S. Elhomsy	100 N Santa Fe Rd	11/23	49,177	\$6,300,000	\$128.11	Paul Douglas King	This Freestanding property, constructed in 1985, was 20% occupied at the time of sale. The previous owner held the property for 63 months
Mehryar Taban	2058 W Avenue J	12/23	32,200	\$8,640,500	\$268.34	PacWest Management Group	This property transacted at a 6.25% Cap rate and was originally listed for \$9.4mm

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

# Los Angeles retail market indicators



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# Los Angeles retail market activity

## Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Undisclosed	3443 S Sepulveda Blvd	Los Angeles	11/01/2023	38,198	New Lease	Direct
Bristol Farms	1546 N Argyle Ave	Hollywood	12/01/2023	37,000	New Lease	Direct
Big Lots	1815 W Slauson Ave	South LA	10/01/2023	25,200	Renewal	Direct
Undisclosed	9527 W Pico Blvd	Beverly Hills	10/01/2023	18,271	New Lease	Direct
Grocery Outlet	6100 W Sunset Blvd	Hollywood	12/01/2023	16,520	New Lease	Direct

## Recent sales activity

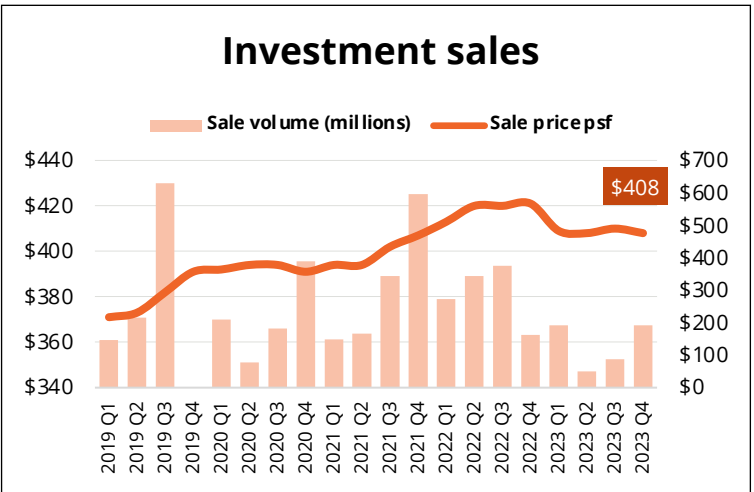
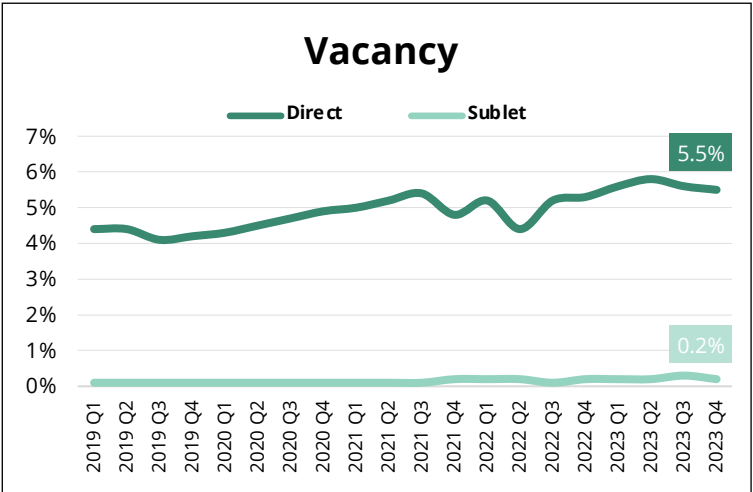
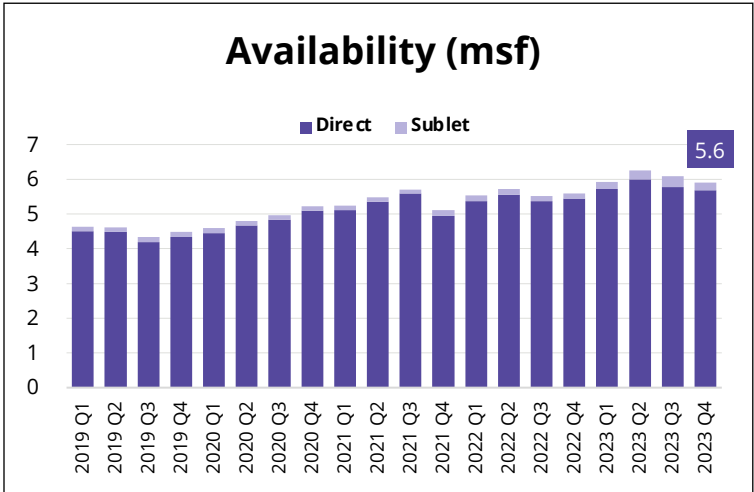
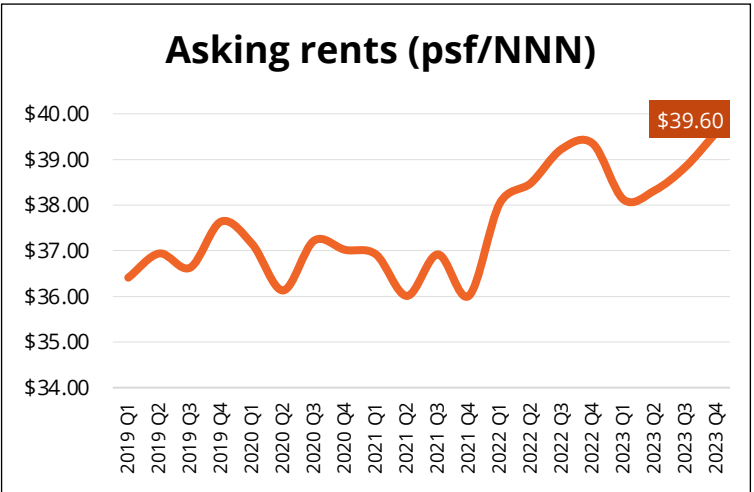
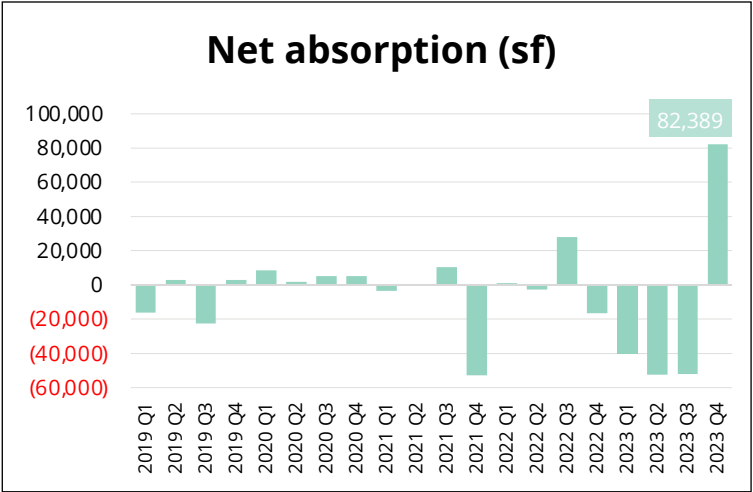
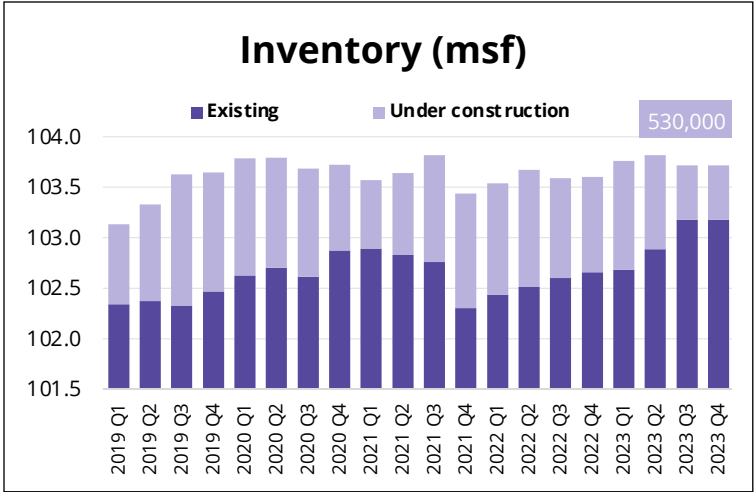
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
James Demircift	11211-11239 Ventura Blvd	10/6/23	168,700	\$42,000,000	\$148	BlackRock, Inc.
Win Chevrolet	2205 E 223 <sup>rd</sup> St	10/3/23	105,853	\$47,000,000	\$444.01	Jerry Heuer
Jamere J Jackson	1661 N Hacienda Blvd	10/31/2023	52,295	\$5,000,000	\$95.61	Fallas Borrower IV LLC
Mehryar Taban	2058 W Avenue J	12/15/2023	32,200	\$8,640,500	\$268	PacWest Management, Inc.
Zarik Megerdichian	24200 Lyons Ave	10/18/2023	30,310	\$6,760,000	\$223	Alma Delia Barnes

## Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
Ratkovich Company	Port of Los Angeles- West Harbor	Beach Cities/ Palos Verdes	375,000	May 2025	\$40.00 /sf
Undisclosed Owner	700-800 S San Gabriel Blvd	Western SGV	115,000	May 2024	\$33.00 /sf
Greystar Real Estate	7566 W Sunset Blvd	West Hollywood	100,000	Feb 2024	\$75.00 /sf
Undisclosed	8500 S Vermont Ave	Inglewood/ South LA	65,868	July 2024	\$26.00 /sf

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# Orange County retail market indicators



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# Orange County retail market activity

## Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Unknown	Las Patrones Parkway & Chiquita Esencia Commons	Mission Viejo	12/01/23	45,800	New Lease	Direct
Crunch Fitness	460-530 N Euclid	Anaheim	11/01/23	42,250	New Lease	Direct
Bowlero	36501-26505 Aliso Creek Rd	Aliso Viejo	11/01/23	38,535	New Lease	Direct
ConsumerDirect	2983 Michelson Dr	Irvine	11/01/23	35,459	New Lease	Direct
Crate & Barrel Outlet	12300-12470 Seal Beach Blvd	Seal Beach	10/01/23	27,060	New Lease	Direct

## Recent sales activity

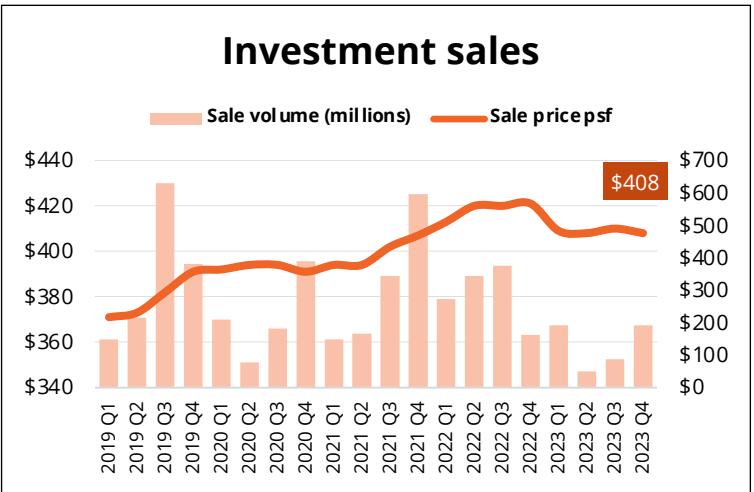
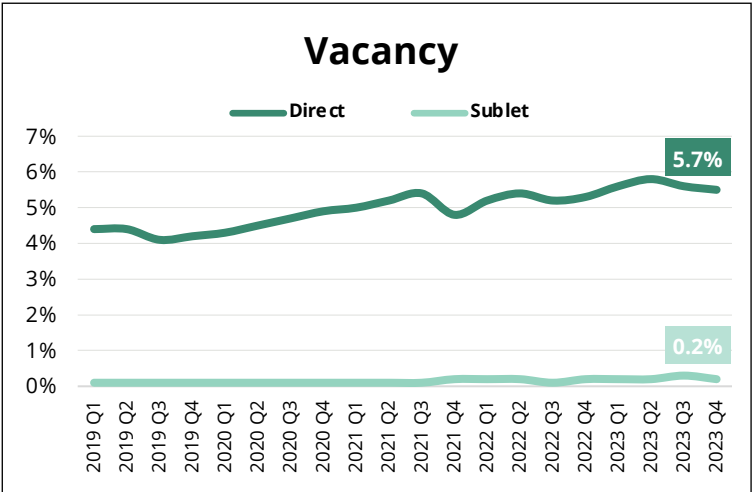
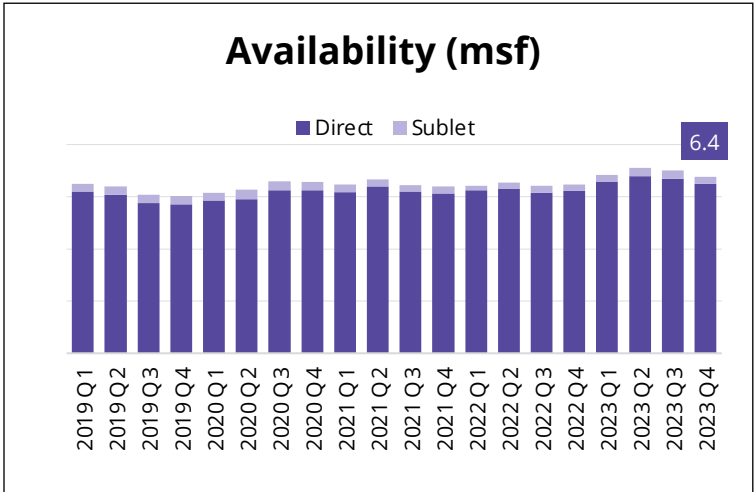
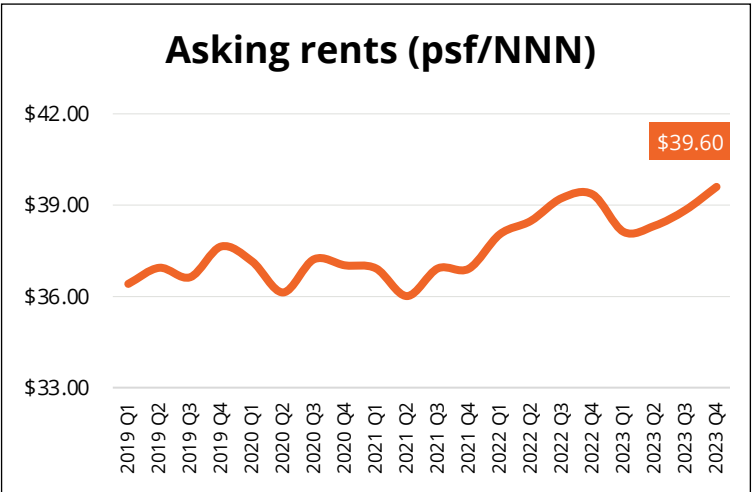
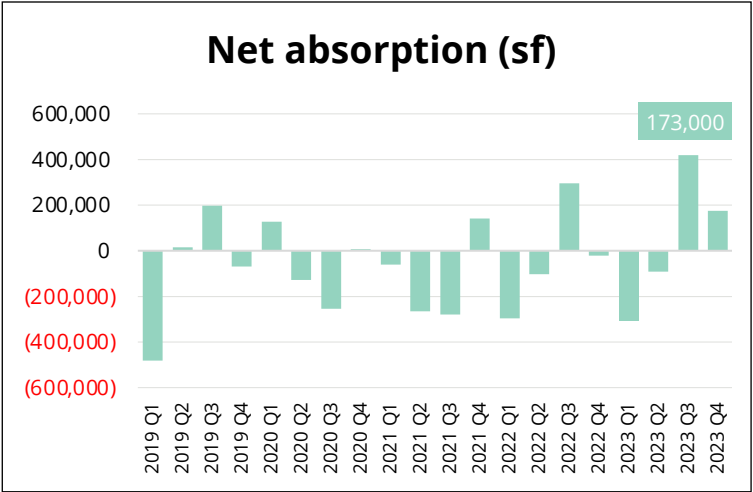
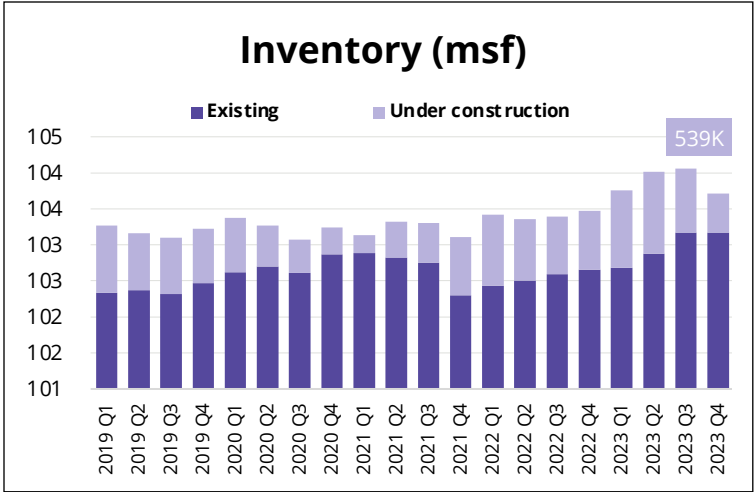
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Tabani Group, Inc.	1351 W 17 <sup>th</sup> St	12/4/2023	107,687	\$16,700,000	\$155.08	Edgewood Center For Children and Families
Curacao	16111 Harbor Blvd	Under Contract	103,000	\$26,488,500	\$257.17	Unknown
Geoffrey C. Given	29851 Aventura	10/25/2023	31,990	\$5,207,272	\$205.23	David Runberg
Sam Lim	28142 Camino Capistrano	10/6/2023	24,600	\$10,000,000	\$406.5	Sigrid Schmidt

## Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
Undisclosed Owner	8112-8116 Orangethorpe Ave	Buena Park/La Palma	30,000	June 2024	\$32.00 /sf
Undisclosed Owner	10000 Bolsa Ave	Westminster	29,519	June 2024	\$60.00 /sf

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

# 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
LA Fitness	18550 Dexter Ave	Lake Elsinore	12/1/23	45,460	Direct	New Lease
Unknown	23575 Sunnymead Ranch Pky	Moreno Valley	12/1/23	33,750	Direct	New Lease
Tractor Supply Company	42126 Big Bear Blvd	Big Bear Lake	10/15/23	28,786	Direct	New Lease
Aldi	9954 Sierra Ave	Fontana	11/15/23	26,407	Direct	New Lease
Unknown	17600 Collier Ave	Lake Elsinore	12/15/23	25,589	Direct	New Lease

## Recent sales activity

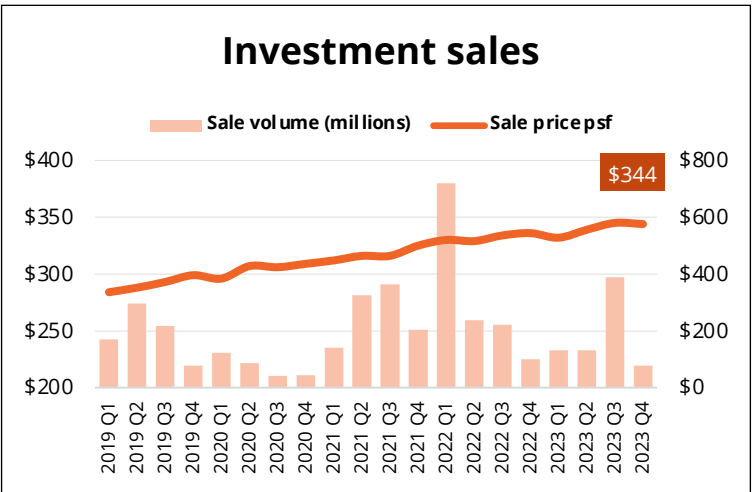
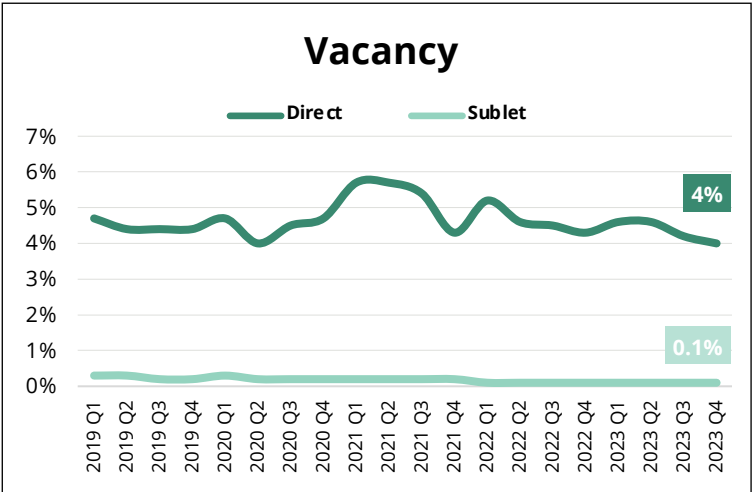
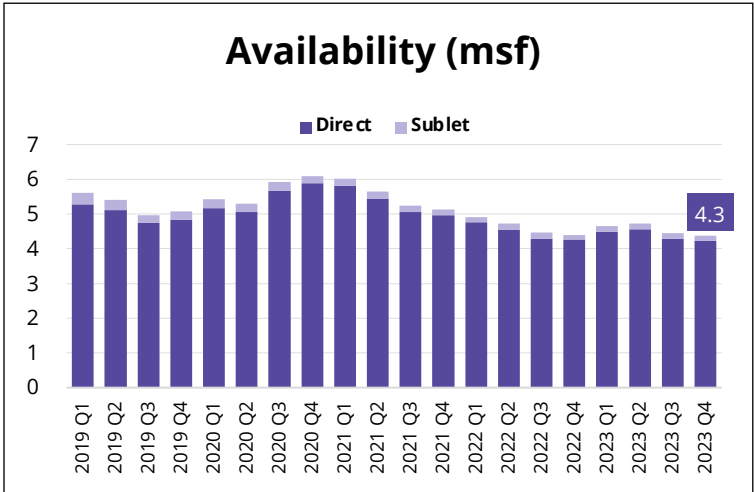
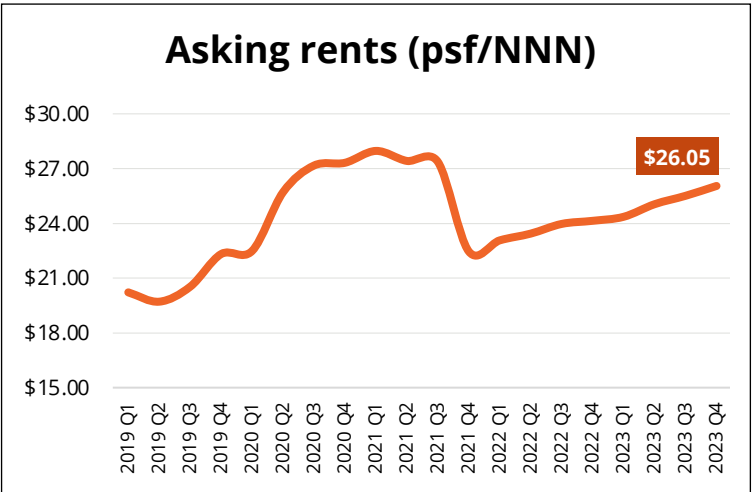
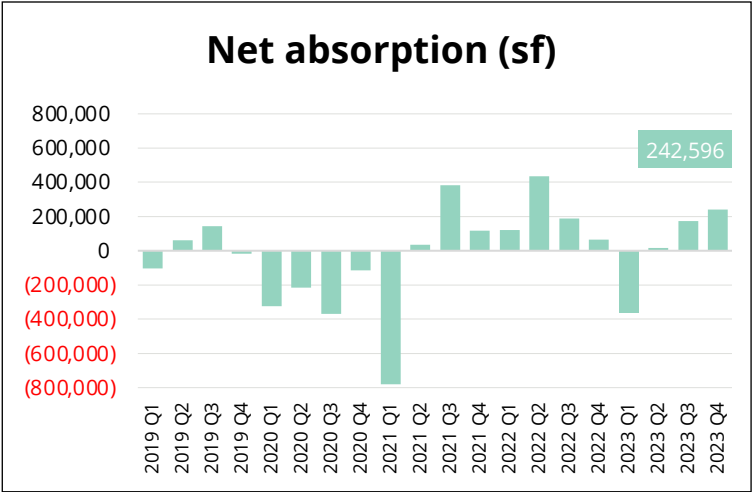
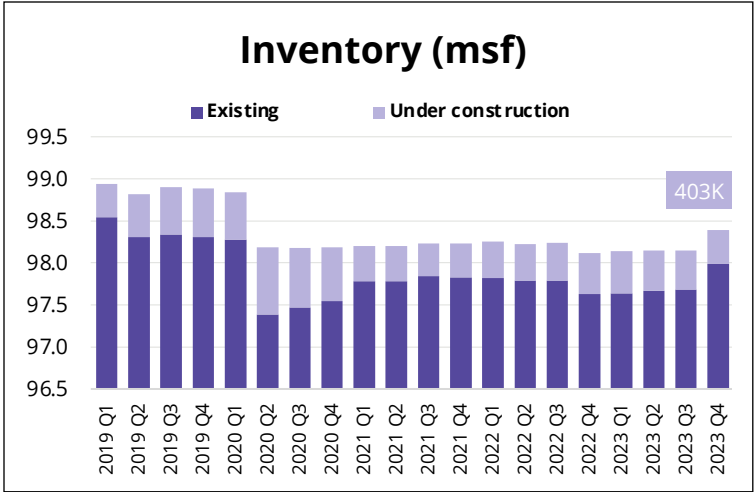
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Anderson Auto Group	31201 Auto Center Dr	11/28/23	66,166	\$13,500,000	\$204	Robert C & Nancy C Gregory
Mirbod & Associates	14670 7 <sup>th</sup> St	10/4/2023	27,717	\$5,300,000	\$191	The Niki Group
Wood Investments Companies	9251-9255 Sierra Ave	12/5/2023	26,536	\$5,750,000	\$216	Michael Geibelson
Haagen Company	79840 Highway 111	11/7/2023	23,008	\$6,900,000	\$299	Alexander Keith
Chang Shu	9008 Foothill Blvd	11/20/2023	17,790	\$4,880,000	\$274	Red Mountain Retail Group

## Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
Lewis Commercial	Mojave Dr	Mojave River Valley	138,478	Feb 2024	\$17.00 /sf
Undisclosed Owner	Domenigoni Pky	Beaumont/Hemet	100,000	April 2024	\$20.00 /sf
Arturo L Flores Jr.	0 Van Buren Blvd	Riverside	62,180	Jan 2024	\$28.00 /sf
Lewis Commercial	940 N Haven Dr	Airport Area	61,384	Jan 2024	\$25.00 /sf

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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
Malibu Farms	805 W Harbor Dr	San Diego	12/15/23	14,000	Direct	New Lease
Century Auto Group	3701 El Cajon Blvd	San Diego	12/15/23	12,000	Direct	New Lease

## Recent sales activity

Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Mohammad S. Elhomsy	100 N Rancho Santa Fe Rd	11/22/23	49,177	\$6,300,000	\$128	Paul Douglas King
TownCentre Capital	540-598 Broadway	10/25/23	31,575	\$4,875,000	\$154	Jerry Reeves
Miramar Cash & Carry	940 S Santa Fe Ave	10/30/23	27,300	\$4,275,000	\$156	Vons
Family Health Centers of San Diego	4650 Mission Bay Dr	12/12/23	20,987	\$11,025,000	\$525	J.P. Morgan Chase
Hassan Shirvanian	1031 S Santa Fe Ave	11/9/23	18,886	\$4,387,500	\$232	David Malachi Scott

## Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
Stockdale Capital Partners	324 Horton Plz	Downtown	300,000	March 2024	\$53.00 /sf
Undisclosed Owner	1103 W 9 <sup>th</sup> Ave	Escondido	26,455	March 2024	\$33.00 /sf
Hagop Kofdarali	Vista Way & Monte Mar Rd	Vista	22,290	March 2024	\$24.00 /sf

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For more market insights  
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