



AVISON
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Southern California industrial insight report

Q2 2021

AVANT
by AVISON YOUNG



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U.S. industrial drivers

SOUTHERN CALIFORNIA INDUSTRIAL
INSIGHT REPORT

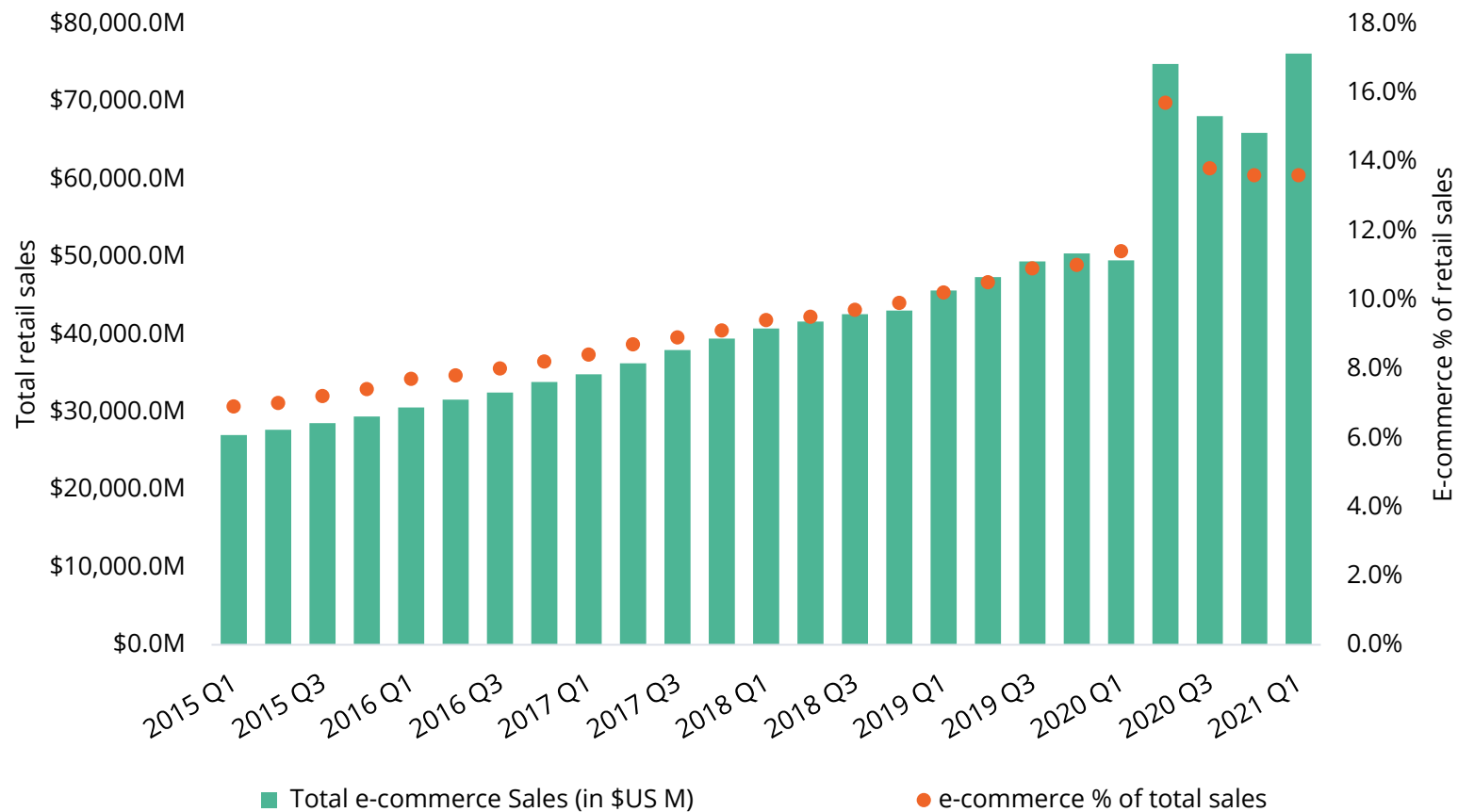
Q2 2021

U.S. total retail and e-commerce sales

15.7%

E-commerce share of overall retail sales in Q1 2021

Demand for e-commerce surged during the initial shock of lockdowns, driving industrial demand to record levels. As the economy begins to reopen, the rate of e-commerce growth is nearly double pre-COVID levels, suggesting accelerated e-commerce demand is sustainable.



Source: Federal Reserve Bank of St. Louis

Property type job gains and losses

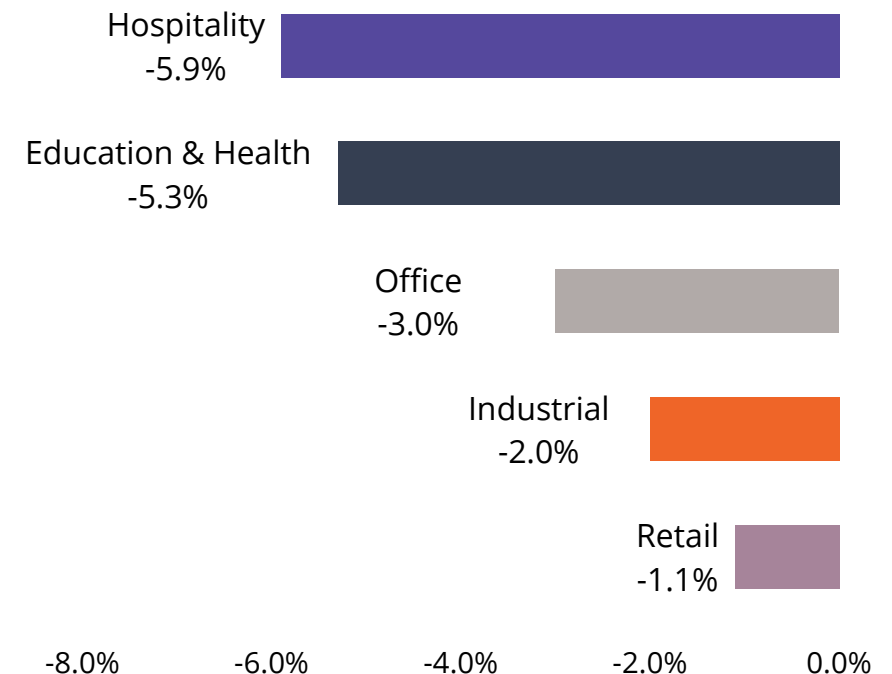
-2.9%

Change in total industrial employment during the pandemic

Post-COVID industrial job losses have been mild compared with other segments of the labor market, underscoring the industry's comparative strength as cities and economies reopen.

[VIEW DASHBOARD](#)

Total change in U.S. job gains/(losses)
February 2020 to May 2021



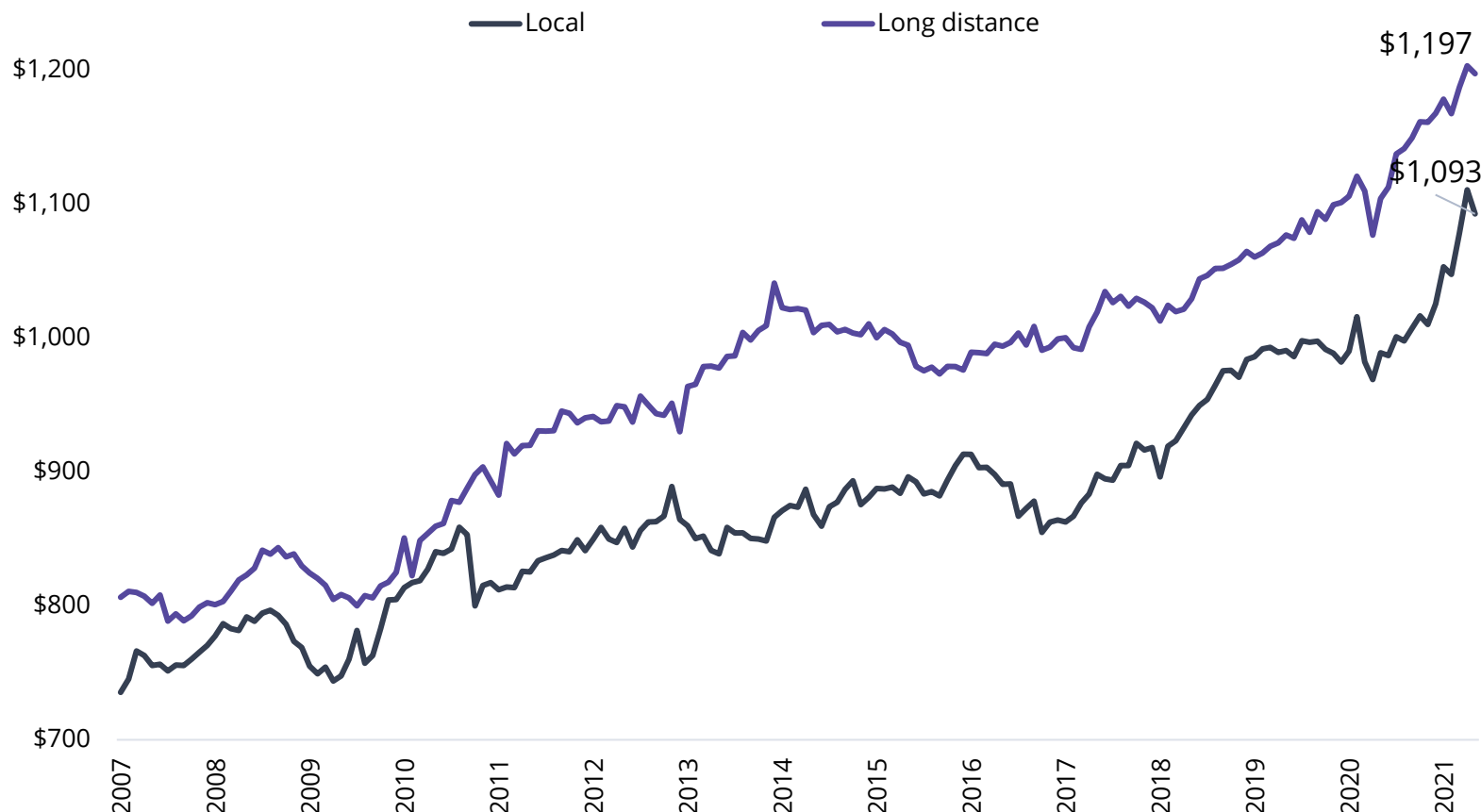
Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Weekly earnings for U.S. trucking employees

+10.5%

Annual change in local trucking weekly earnings, 2007 to 2021

As employers compete to fill vacant positions, wage pressure for trucking has accelerated sharply over the past 15 months. Initially focused on long-distance truckers in the early stages of the pandemic, the trend has increasingly spread to local trucking.



Source: Bureau of Labor Statistics

Inland Empire market fundamentals

INLAND EMPIRE INDUSTRIAL
INSIGHT REPORT Q2 2021

Key industrial takeaways



Economic conditions

- Essential workers, a logistics hub and a sharp but entrenched rise in e-commerce spending have helped bring Inland Empire unemployment figures down to **7.2 percent**. Other supply chain shocks throughout 2021 have done little to impede growth in leasing fundamentals, especially for Class A space.
- Local employment in Transportation, Warehousing & Utilities rose by **17.8 percent** since February 2020, one of only three industry sectors, Construction and Federal Government were the other two, that grew during the pandemic.



Recovery rate

- The Inland Empire area began to reopen in the second quarter, as vaccination rates slightly trail the national average to **36.9 percent**.
- As office workers across the region begin to return to the office, the industrial workforce has grown by **4.7 percent** since the beginning of the pandemic in February 2020.



Industrial demand

- Port volume traffic has increased **44.0 percent** compared to the same period last year.
- Overall leasing activity has been sustained throughout the pandemic, currently sitting at **42.0 percent** of the long-term annual average of the last 20 years of historical data.
- Net absorption is healthy and on pace to set an historic high. At **15.3 million** square feet through the first half of the year, aggregate 2021 net absorption could outpace annual totals for the past decade.

Key industrial takeaways



Industrial supply

- As national, regional and local logistics and e-commerce businesses continue to expand throughout the market, developers are working to meet demand. During the second quarter, there were **17 properties** 100,000 to 250,000 sf totaling **3.3 msf** under construction, the most active size range by number of projects.
- 20.0 percent of all available large blocks of space are in the over 1 msf size range, totaling **32.1 msf**.
- The overall vacancy rate for the Inland Empire industrial market is at a record twenty-year low at **3.0 percent**, a decrease from 3.9 percent reported last year.



Pricing trends

- Average asking rents for Inland Empire have increased by **4.3 percent** since the start of the pandemic and have continued a steady upward trajectory since 2015.
- Rental rates in some areas never pulled back especially Inland Empire's West. The Perris/Moreno Valley submarkets rents are up double digits since the pandemic.
- Healthy demand and tightening leasing fundamentals have driven asking rents **50 percent** over the last six years.



Capital markets

- Inland Empire Industrial investment activity surged to **\$5.9B since 2020** as investors are attracted to the sector fundamentals largely benefited from the COVID environment.
- Investors continue capital deployment on industrial assets at a rate that is **37.7 percent** higher than the prior five-year average.
- It also translated into higher valuations for Inland Empire industrial assets, with a **9.1 percent** higher per-square-foot rate than the trailing five-year average, to \$157 psf in the first half of 2021.

01.

Economic and demographic trends

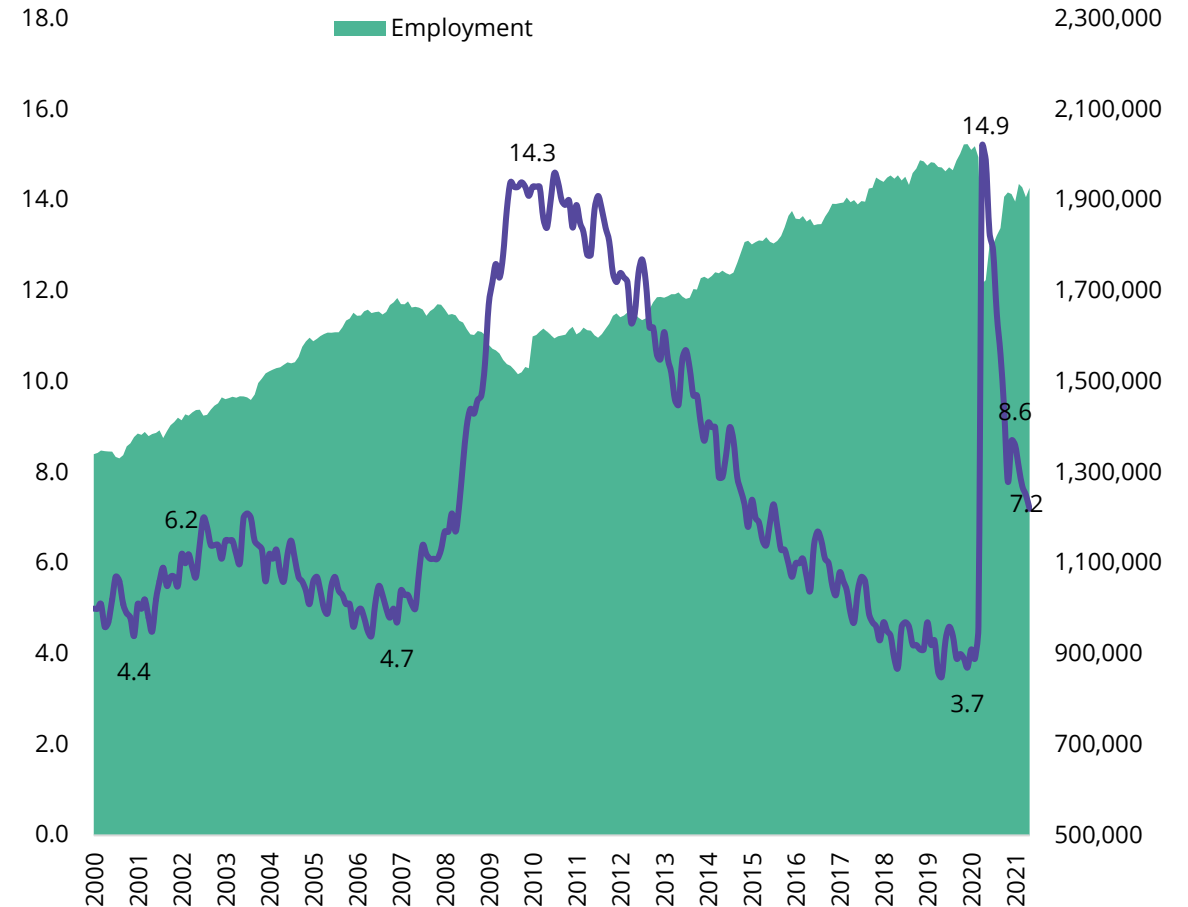
INLAND EMPIRE INDUSTRIAL
INSIGHT REPORT Q2 2021

Unemployment rate is falling

7.2%

Inland Empire unemployment rate as of May 2021, dipping below the height of the pandemic and financial crisis

Historically tightened labor market conditions were halted by the pandemic with nearly 300,000 job losses between February and May 2020. However, reopening efforts enabled the economy to add 10.6% of jobs since May 2020.



Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Property type job gains and losses

-4.0%

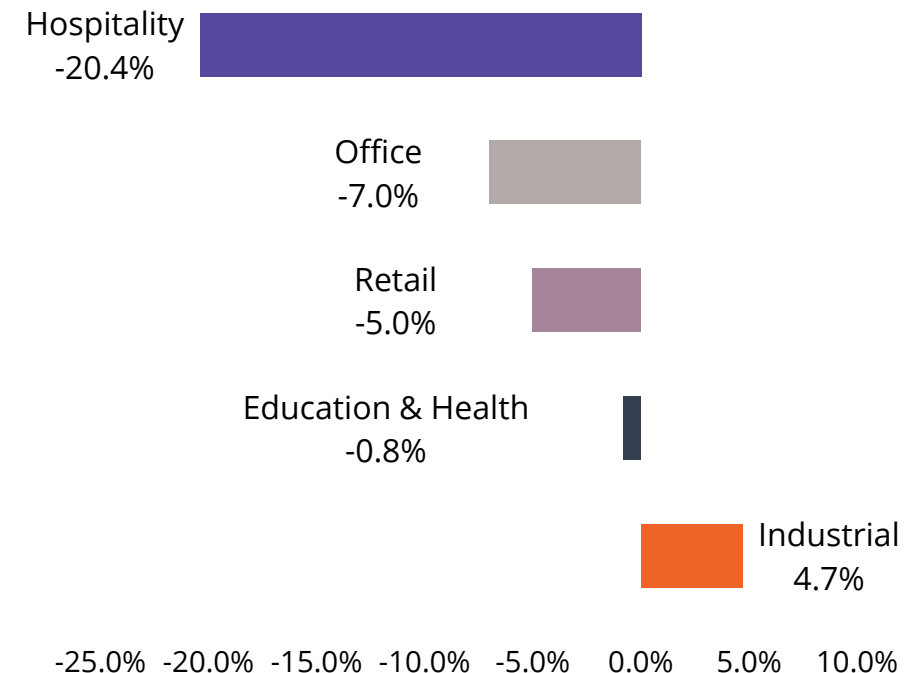
Change in total employment during the pandemic

The Inland Empire lost 4.0% of its total labor force since the pandemic began, though industrial losses were completely a different story and a testament to the strength of the Transportation and Warehousing economy. Industrial jobs were added throughout the pandemic and in recent months.

[VIEW DASHBOARD](#)

Total change in Inland Empire MSA* job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

4.7%

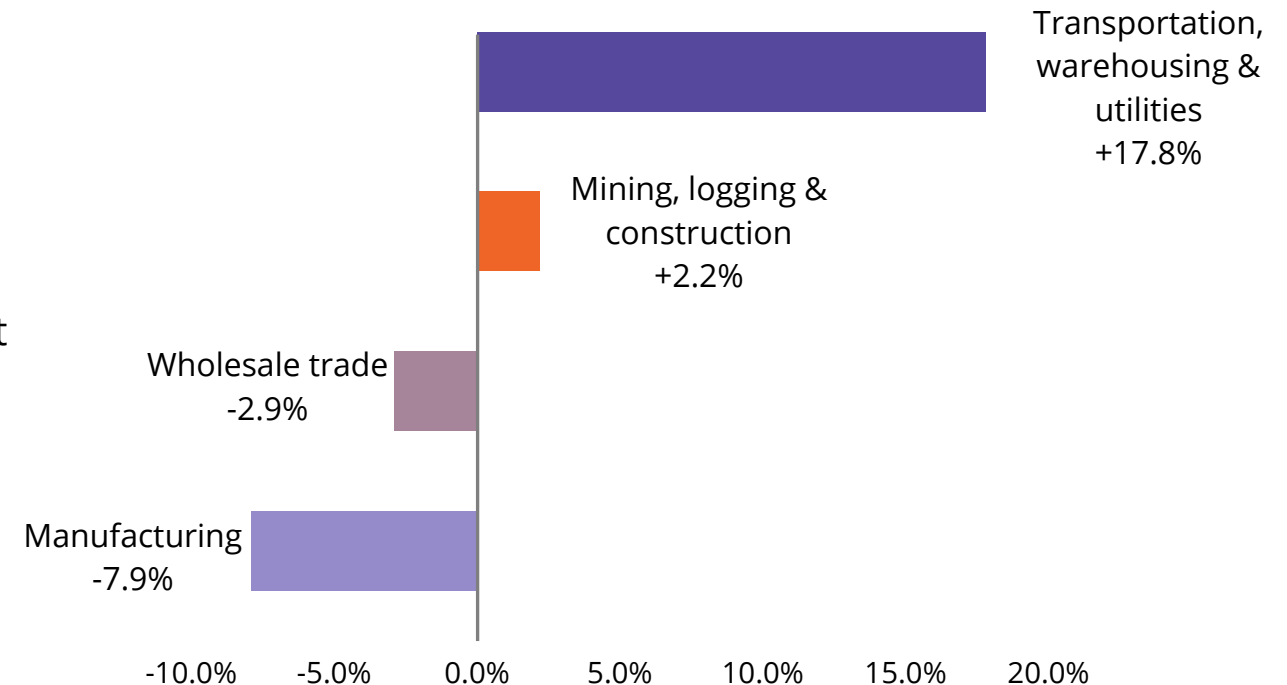
Increase in logistics-centric employment during the pandemic

The Inland Empire area added 4.7% of industrial employment since the pandemic began with the greatest gains being specifically in the Transportation, warehousing & utilities sector.

[VIEW DASHBOARD](#)

Total change in Inland Empire MSA* job gains/(losses)

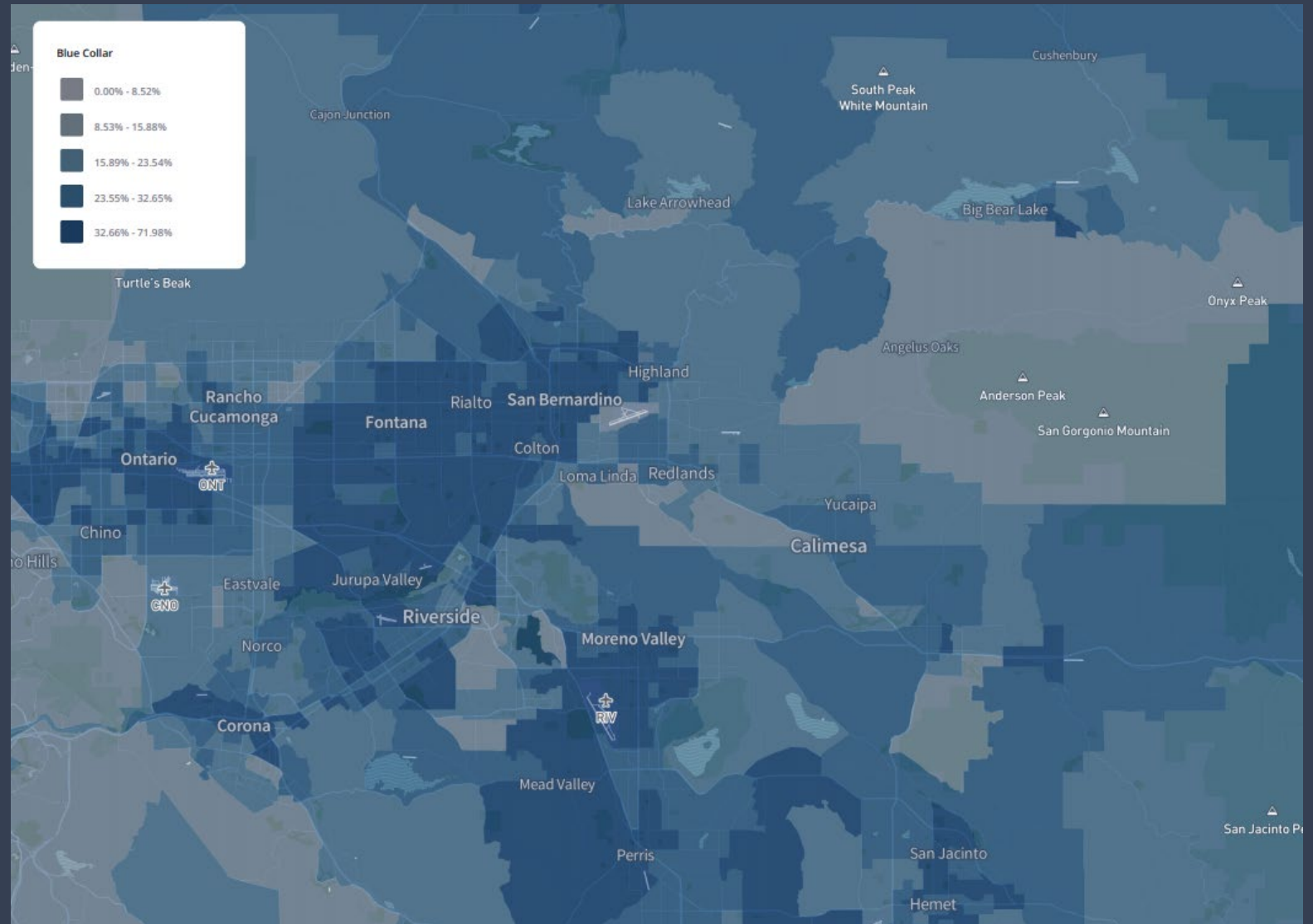
February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI
Large pockets of blue-collar workforce are found
throughout Inland Empire largest Industrial submarkets

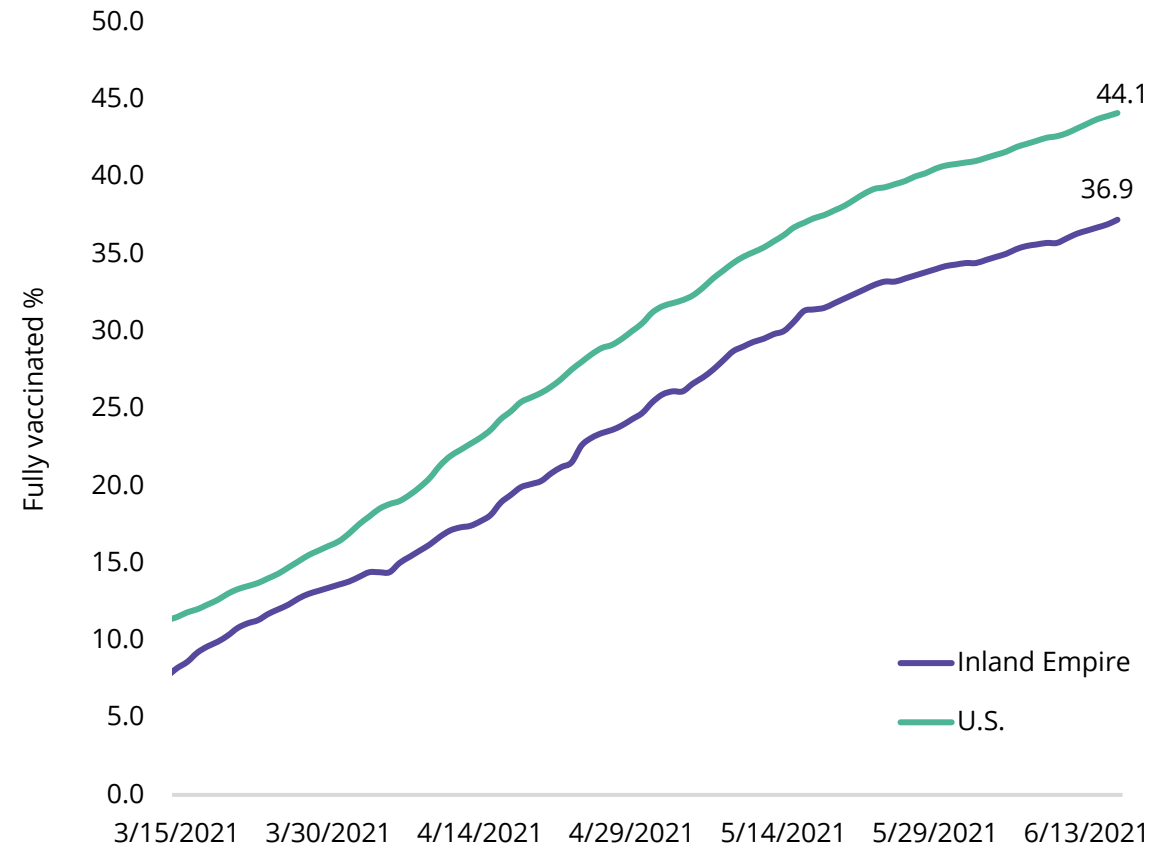


Vaccination rates are increasing but slowing

36.9%

Share of total Inland Empire population that is fully vaccinated

Inland Empire proportionate vaccination rates trails the U.S. averages; however, the June 15 reopening of the state has been an important move that has allowed the city to loosen restrictions.



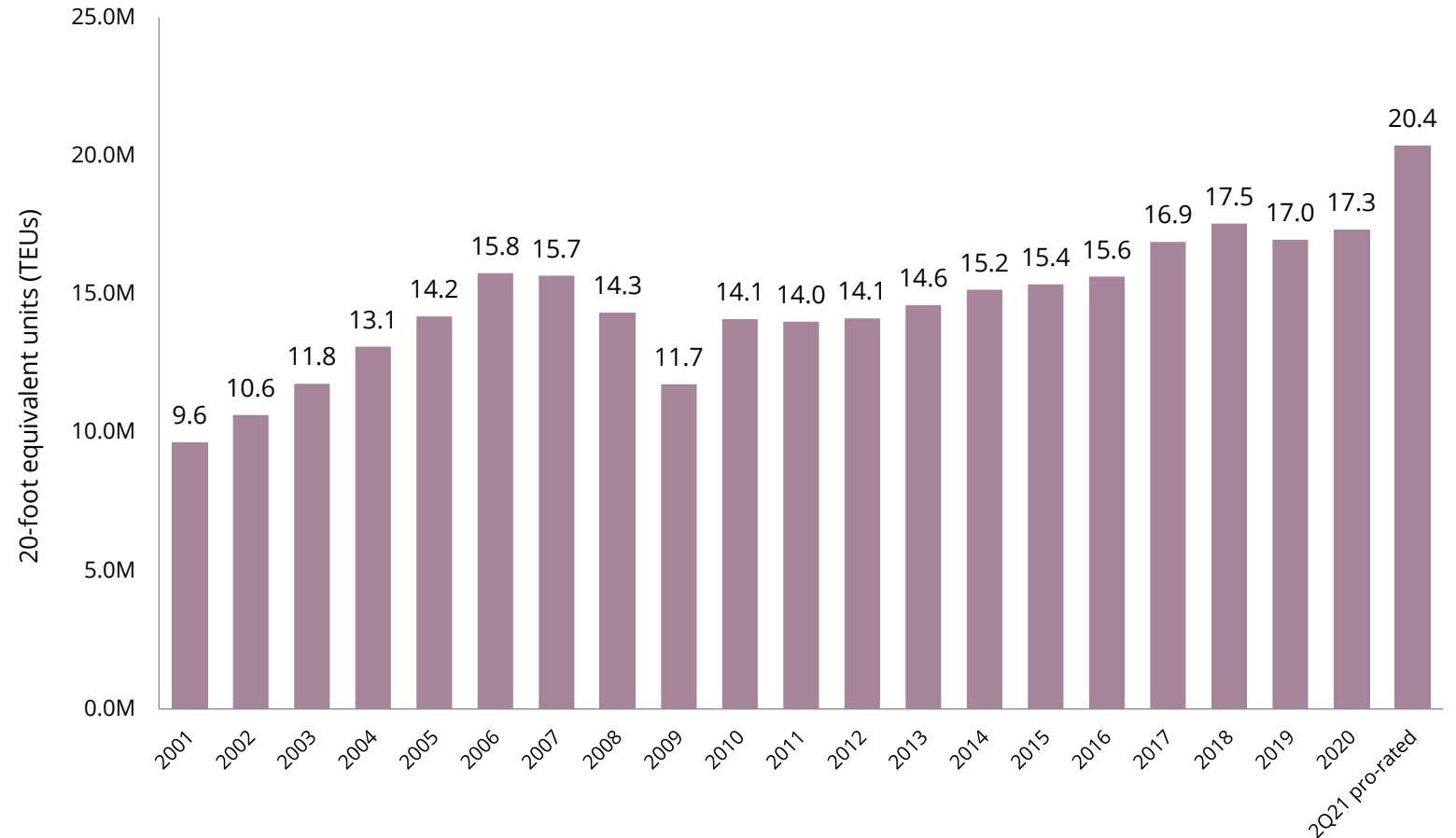
Source: CDC

Ports of Los Angeles & Long Beach cargo volume

44%

Increase from same period a year ago, historic cargo volume

Six months into 2021, cargo volume increased 44% compared to the same period last year. Over the past 12 months, the ports had its two highest-performing quarters and top four individual months in the Port's 114-year history.



Source: Port of LA and Port of Long Beach

02.

Industrial occupier conditions

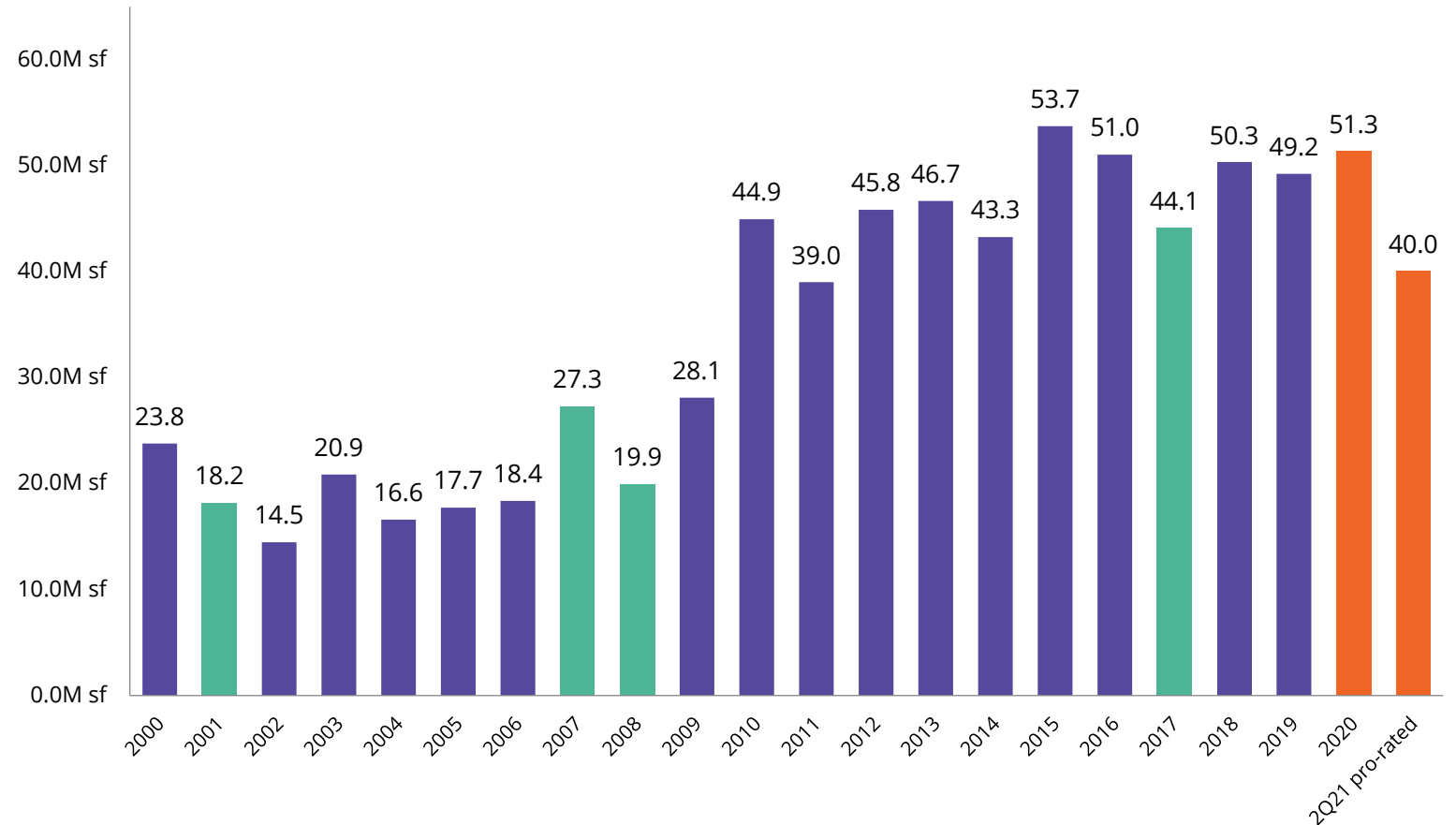
INLAND EMPIRE INDUSTRIAL
INSIGHT REPORT Q2 2021

Industrial leasing activity

+35.7%

**2020-pro-rated 2021 vs.
prior 20-year annual
average leasing activity**

Leasing has not let up during the pandemic, sitting just under the highs of 2015 but above the past recessions.



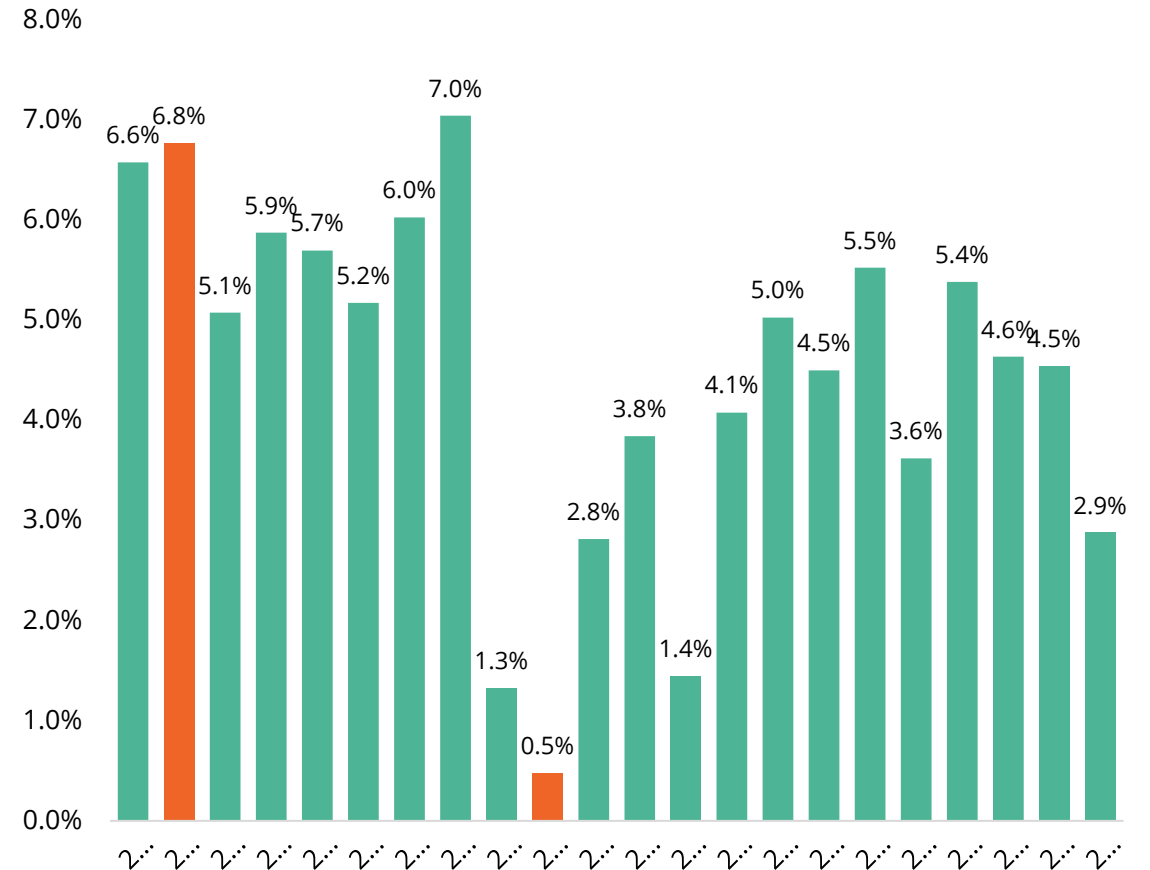
Source: CoStar

Industrial net absorption

7.4%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains healthy and on pace to be a historic high. At 15.3 million sf through the first half of the year, aggregate 2021 net absorption could outpace totals for the past decade.



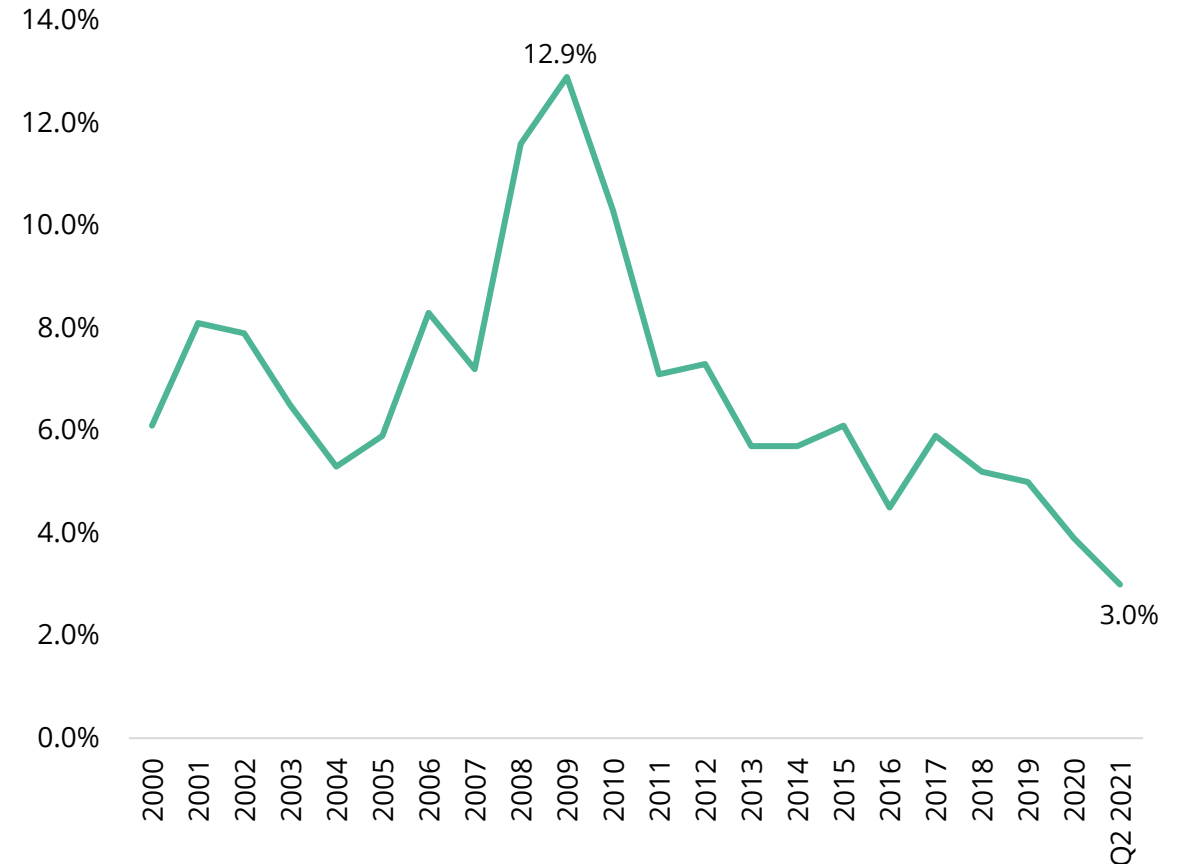
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

3.0%

**20-year record low
vacancy as of Q2 2021**

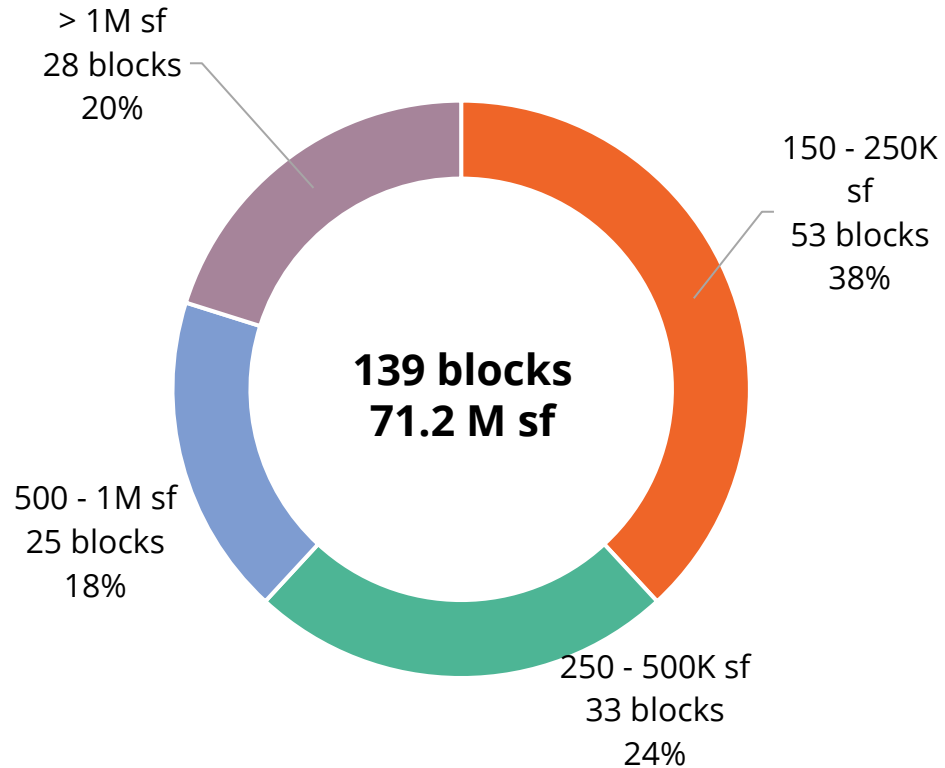
The Q2 2021 total vacancy rate reached a post-2000 low, falling to a fraction of its high back in 2009. Average asking rents have increased 51.4% over that same time period, underscoring how industrial demand has outstripped supply in Inland Empire.



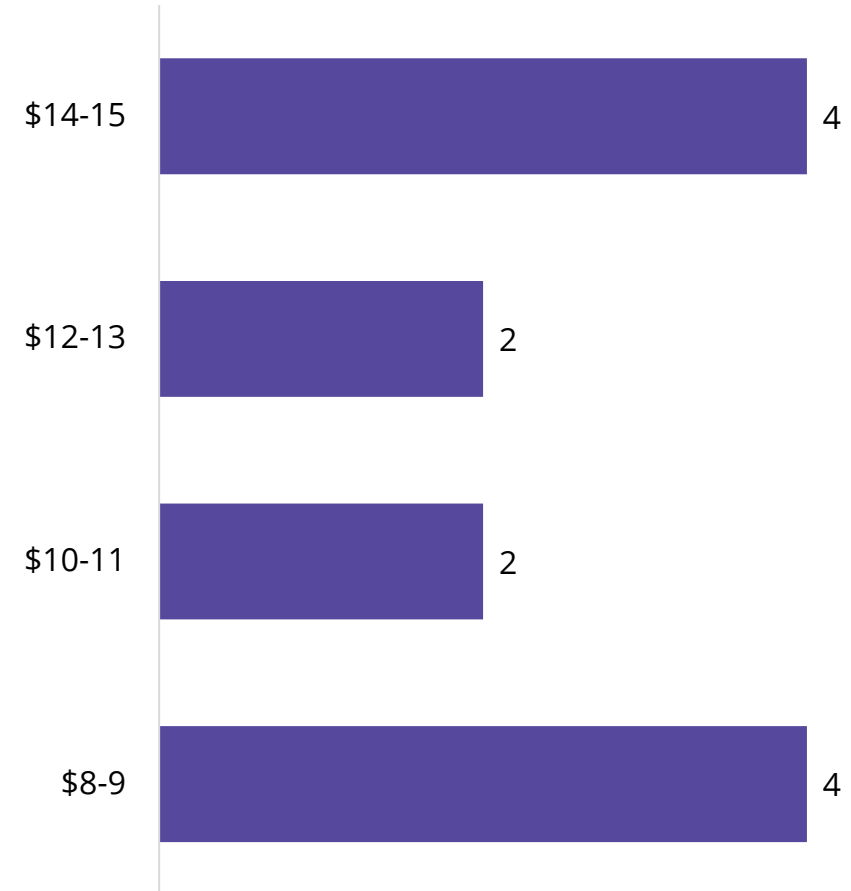
Source: CoStar

Industrial large-block availabilities

Space size ranges



Asking rent per square foot



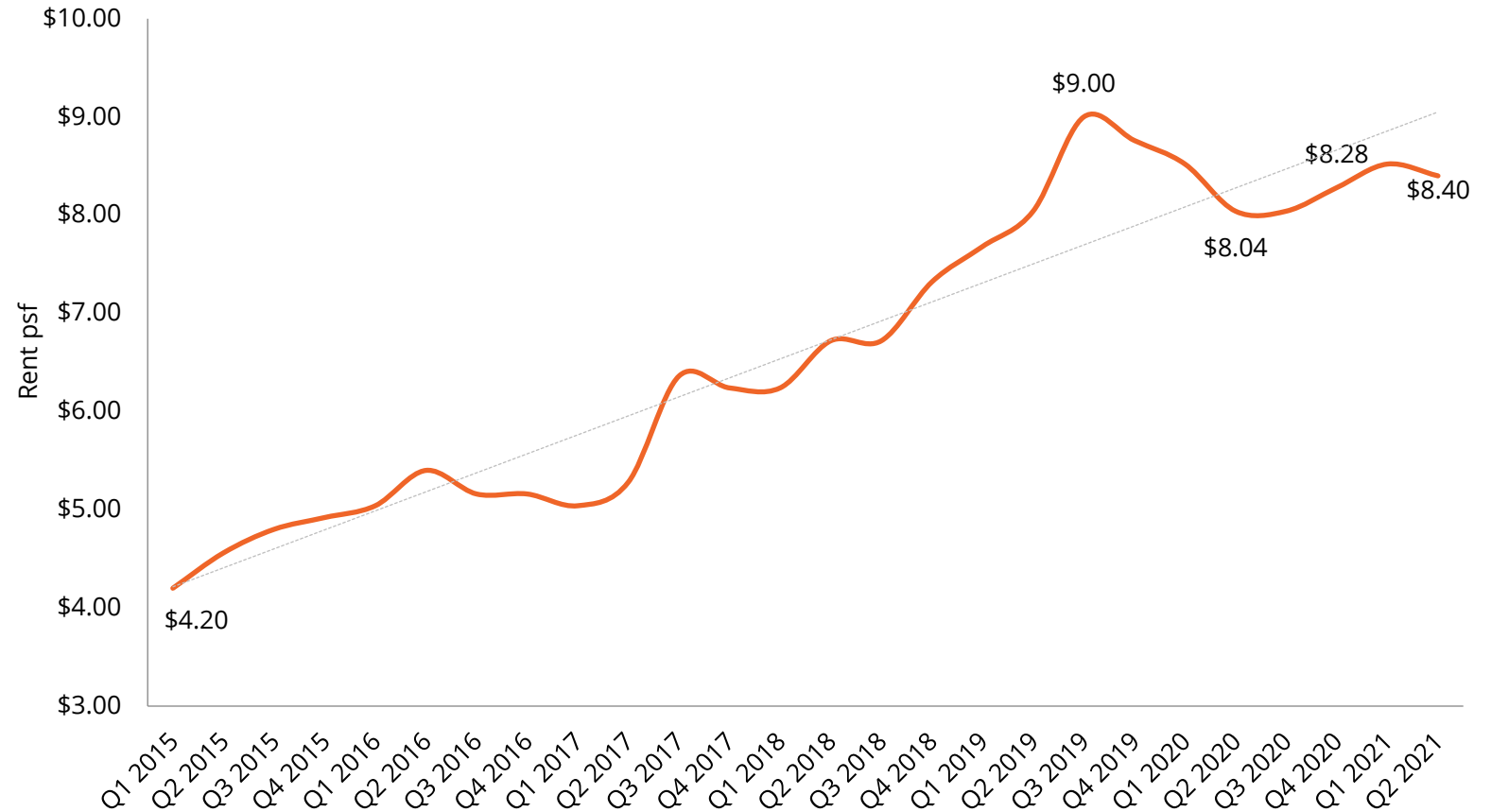
Source: Costar

Asking rents

+4.3%

Asking rents since the onset of the pandemic

Asking rents have trended upward since 2015, increasing by 50% over the last six years.



Source: AVANT by Avison Young

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Big-box demand drives construction

88 properties

Proposed, under construction
or under renovation

85.3 msf

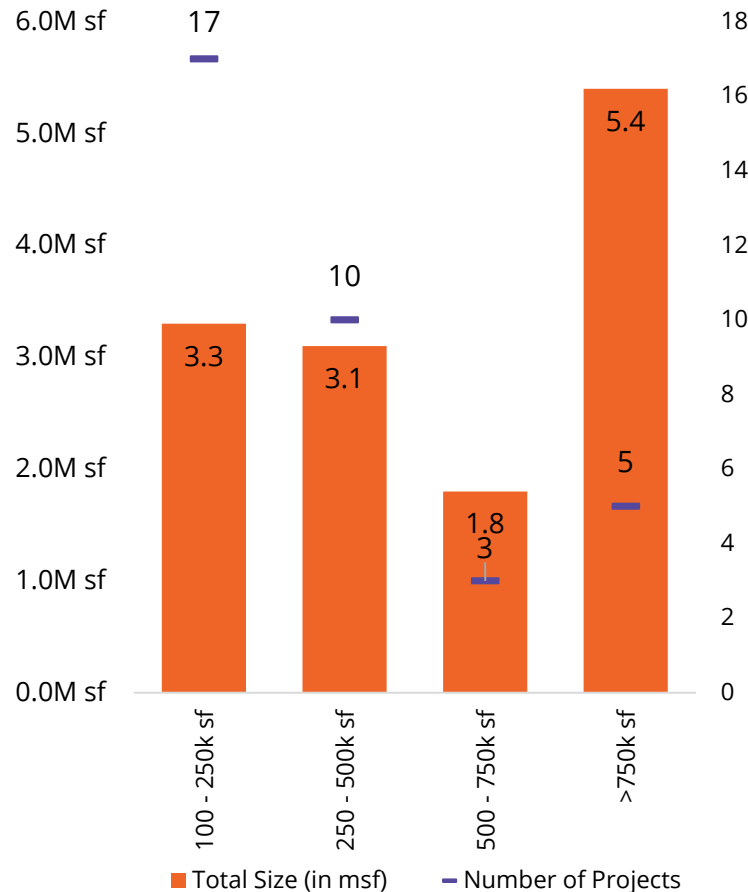
proposed or under
construction

21.0%

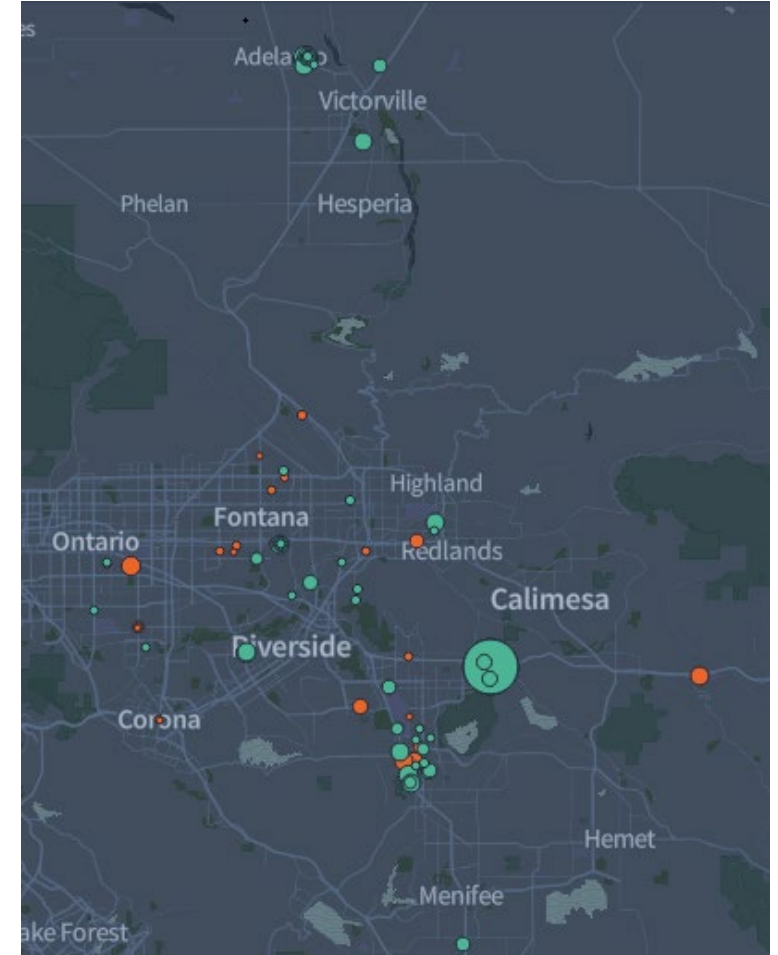
share of industrial
inventory

East San Bernardino

Submarket with most ground-
broken projects at 14



Source: AVANT by Avison Young



03.

Capital market conditions

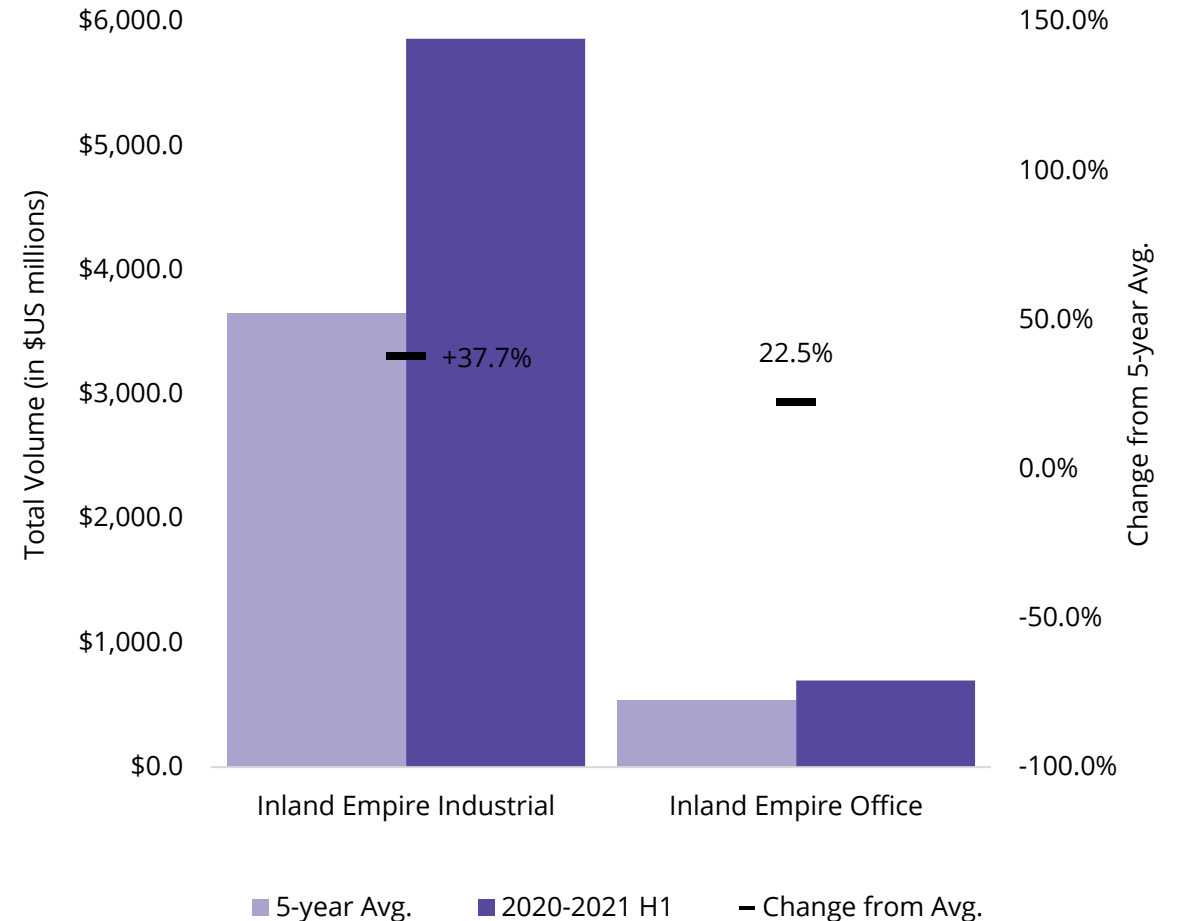
INLAND EMPIRE INDUSTRIAL INSIGHT
REPORT
Q2 2021

Investment dollar volume

\$5.9B

Industrial dollar volume, 2020 to Q2 2021

Investor's predominantly target the Inland Empire for industrial. Industrial volumes surged +37.7% against the prior five-year average due to stronger fundamentals.



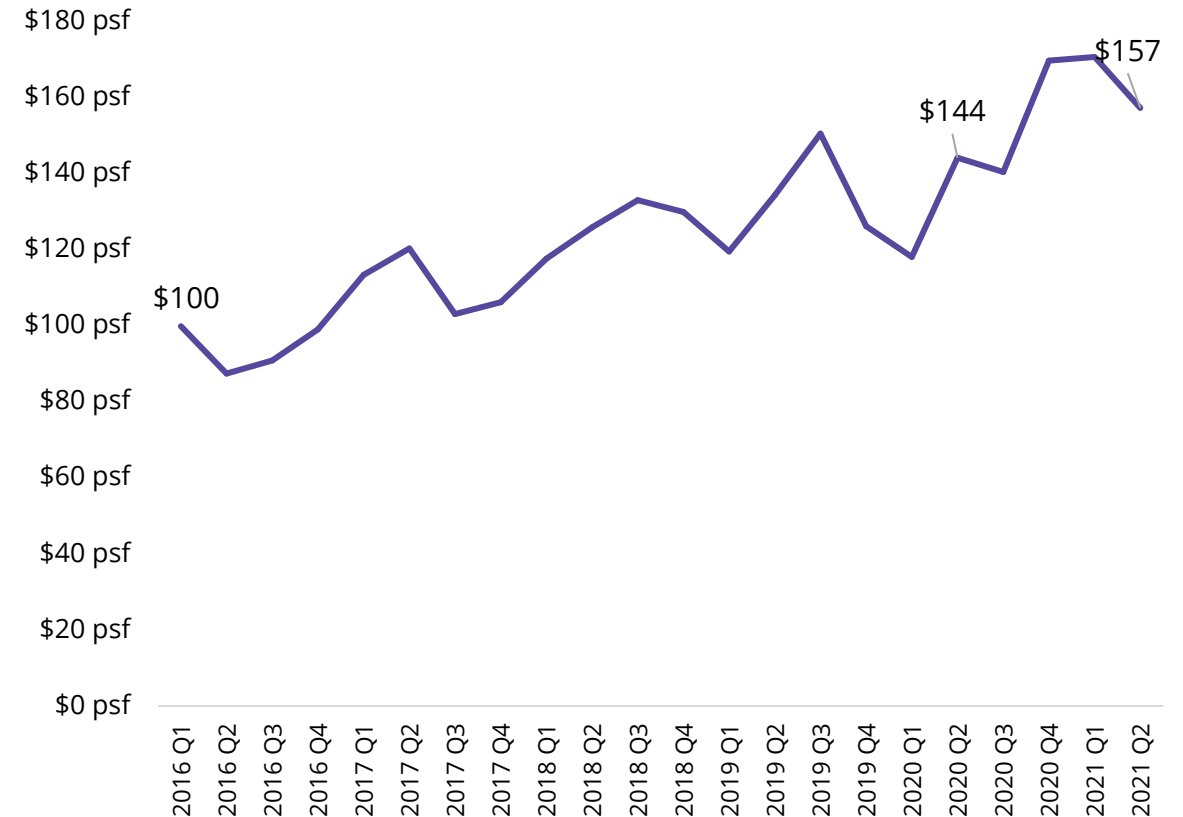
Source: AVANT by Avison Young
RCA, Costar

Industrial asset pricing

+9.1%

Inland Empire industrial pricing, April 2020 to June 2021

Pricing for Inland Empire industrial assets has continued to elevate since 2016, particularly during the pandemic, as an influx of investors seek exposure to properties that can accommodate the rise of e-commerce distribution.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- **New supply chain startups** continue to cement the reputation for a new generation of industrial operators in Inland Empire. The increase in ecommerce has seen newer logistics tenants grow here including Bloomsung and Elogisitc which took close to 1 msf combined second quarter. We see this as a continuing trend.
- The most significant employment gains for 2021 will be driven by **growth in logistics and construction**.
- **Industrial leasing demand has been consistent** as pre- and post-COVID transaction volumes are nearly identical. Tenants looking to the Inland Empire for more modern facilities and relatively cheaper rent from Los Angeles and Orange County will continue to deteriorate the leverage towards tenants at an even faster pace.
- This ability to underwrite increasing proformas through solid leasing fundamentals have driven investment interest to industrial. **Ecommerce penetration** has only reinforced the need for new facilities near Southern California consumers.



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Los Angeles market fundamentals

SOUTHERN CALIFORNIA INDUSTRIAL
INSIGHT REPORT

Q2 2021

Key industrial takeaways



Economic conditions

- Reopening efforts and higher vaccination rates have allowed the Los Angeles Metropolitan Area (MSA) unemployment rate to rebound from a high of 17.9 percent to **9.9 percent**.
- The Los Angeles metro area lost **5.1 percent** of industrial employment since the pandemic began, as evidenced by a sharp decline in jobs early in 2020.



Recovery rate

- The Los Angeles metropolitan area began to reopen in the second quarter, as vaccination rates surpassed the national average to **47.2 percent**.
- As office workers across the metropolitan area just now begin to return to the office, the Transportation, warehousing & utilities sector has grown by **2.0 percent** since the beginning of the pandemic in February 2020.



Industrial demand

- Port volume traffic has increased **44.0 percent** compared to the same period last year.
- Overall leasing activity has been very robust throughout the pandemic, currently sitting at **+45.4 percent** of the long-term annual average of the last 20 years of historical data.
- Net absorption is healthy and on pace to set an historic high. At **7.0 million** square feet through the first half of the year, aggregate 2021 net absorption could outpace annual totals for the past two decade.

Key industrial takeaways



Industrial supply

- As national, regional and local logistics and e-commerce businesses continue to expand throughout the market, developers are working to meet demand. During the second quarter, there were **13 properties** 100,000 to 250,000 sf totaling **1.6 msf** under construction, the most active size range by number of projects.
- 24.0 percent of all available large blocks of space are in the 250,000 – 500,000 sf size range, totaling **3.2 msf**.
- The overall vacancy rate of **3.0 percent** for the Los Angeles industrial market is approaching pre-Covid lows.



Pricing trends

- Asking rents have increased by **8.6 percent** since the start of the pandemic and have continued a steady upward trajectory since 2015.
- Healthy demand and tightening leasing fundamentals have driven asking rents **68.3 percent** over the last six years.



Capital markets

- Los Angeles Industrial investment activity surged to **\$9.8B since 2020** as investors are attracted to the sector fundamentals largely benefited from the COVID environment.
- Investors continue capital deployment on industrial assets at a rate that is **50.3 percent** higher than the prior five-year average.
- It also translated into higher valuations for Los Angeles industrial assets, with a **5.2 percent** higher per-square-foot rate than a year ago when the pandemic started, to \$213 psf in the first half of 2021.

01.

Economic and demographic trends

LOS ANGELES INDUSTRIAL INSIGHT REPORT
Q2 2021

Unemployment rate is falling

9.9%

Los Angeles unemployment rate as of May 2021, dipping below the height of the financial crisis

Historically tightened labor market conditions were halted by the pandemic with nearly 1.5 million job losses between February and May 2020. However, reopening efforts enabled the economy to add 8.0% of jobs since May 2020.



Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Property type job gains and losses

-8.7%

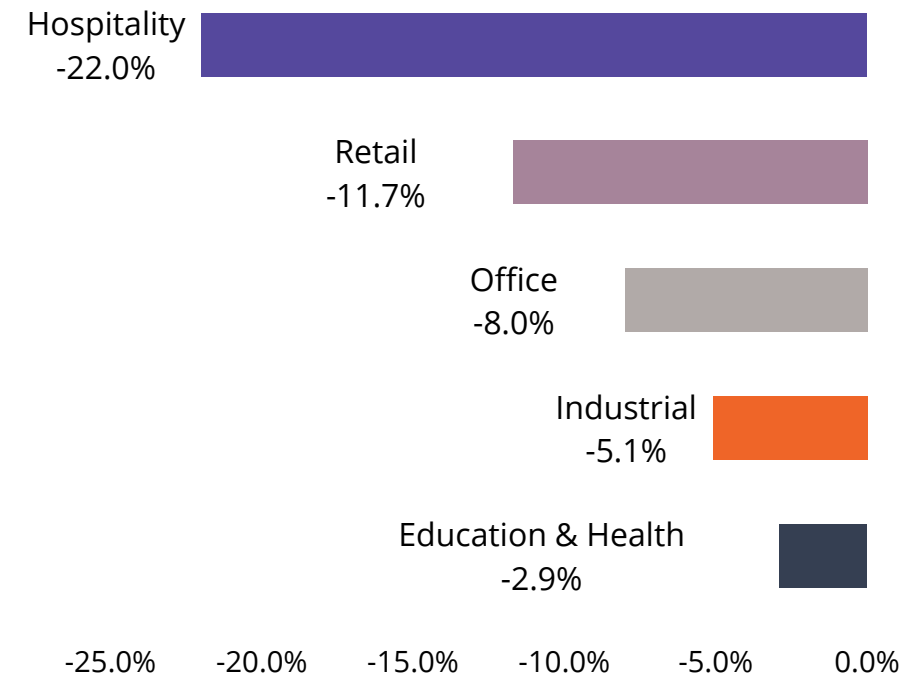
Change in total employment during the pandemic

The Los Angeles metro area lost 8.7% of its total labor force since the pandemic began, though industrial losses were comparatively subdued. Industrial job gains in recent months demonstrates that a significant recovery is likely in that sector in the near-term.

[VIEW DASHBOARD](#)

Total change in Los Angeles MSA* job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

-5.1%

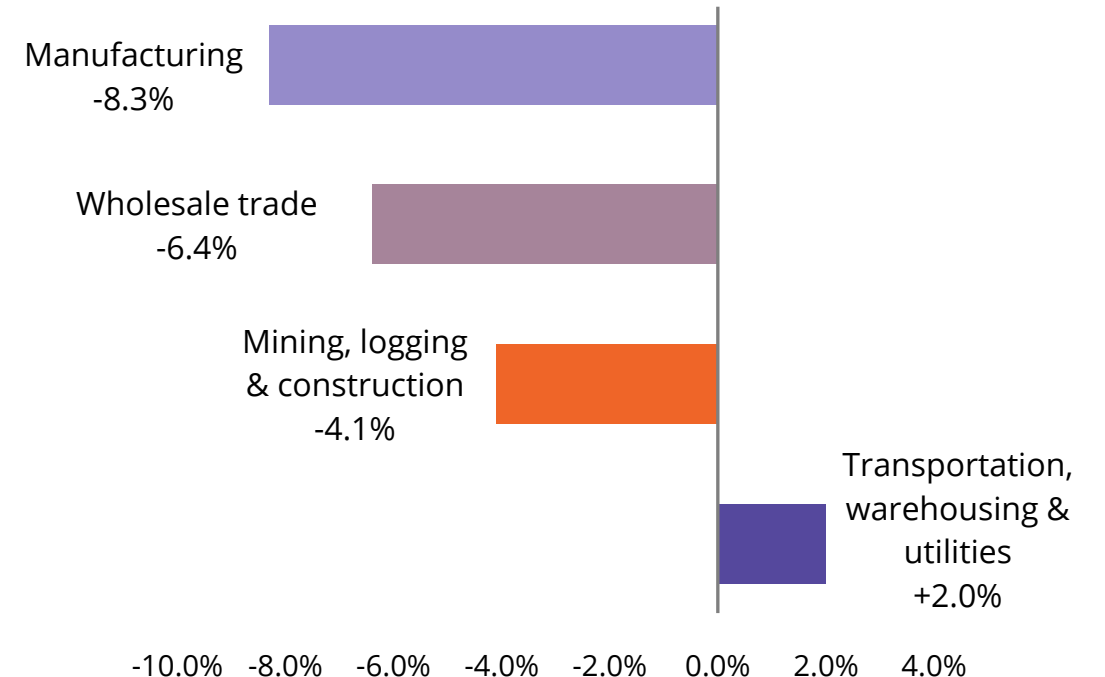
Change in industrial-centric employment during the pandemic

The Los Angeles metro area lost 5.1% of industrial employment since the pandemic began, as evidenced by a sharp decline in jobs early in 2020. However, in the past 12 months, the market has recovered 2.0% of those losses, specifically in the Transportation, warehousing & utilities sector.

[VIEW DASHBOARD](#)

Total change in Los Angeles MSA* job gains/(losses)

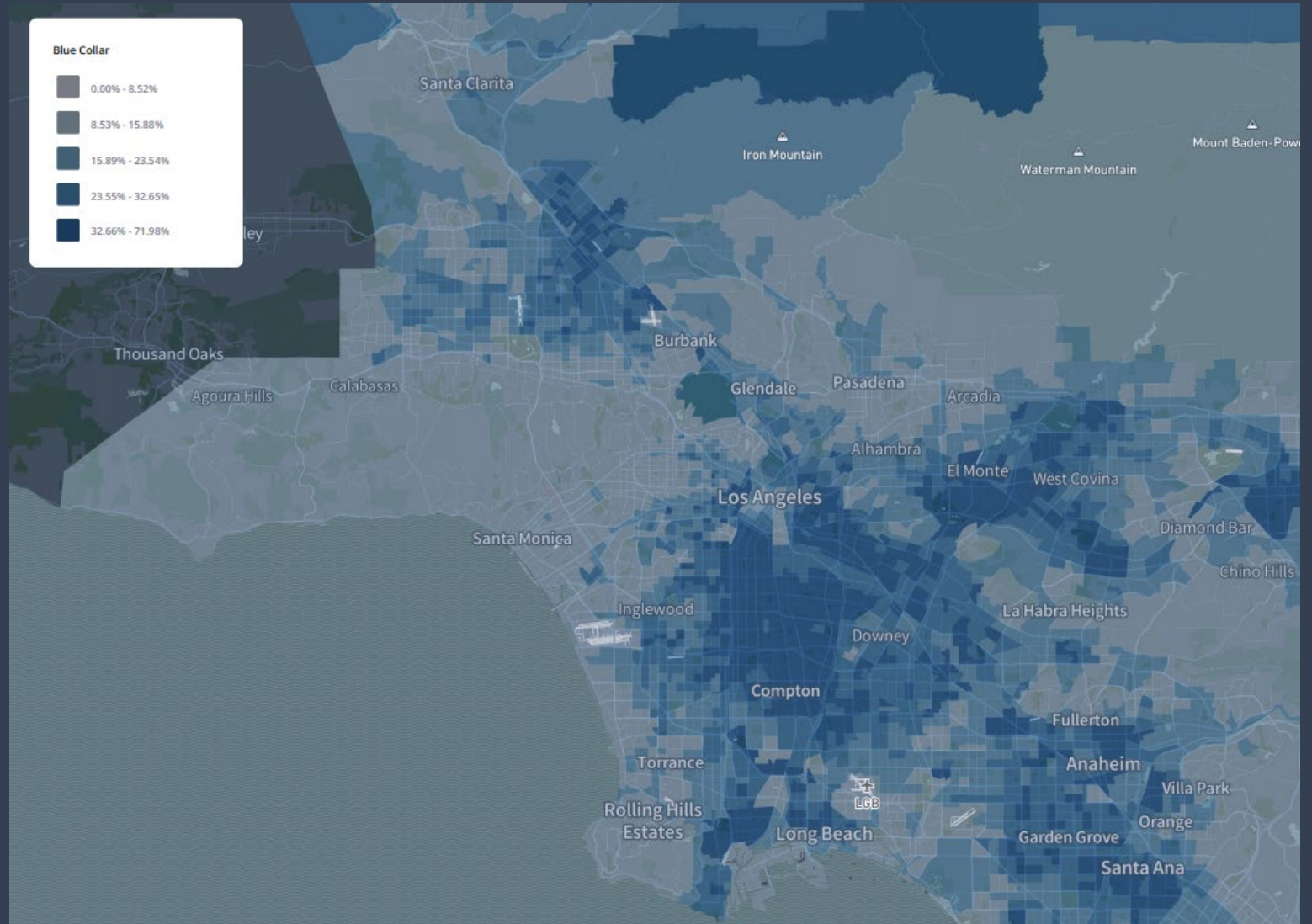
February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI
Large pockets of blue-collar workforce are found
throughout Inland Empire largest Industrial submarkets

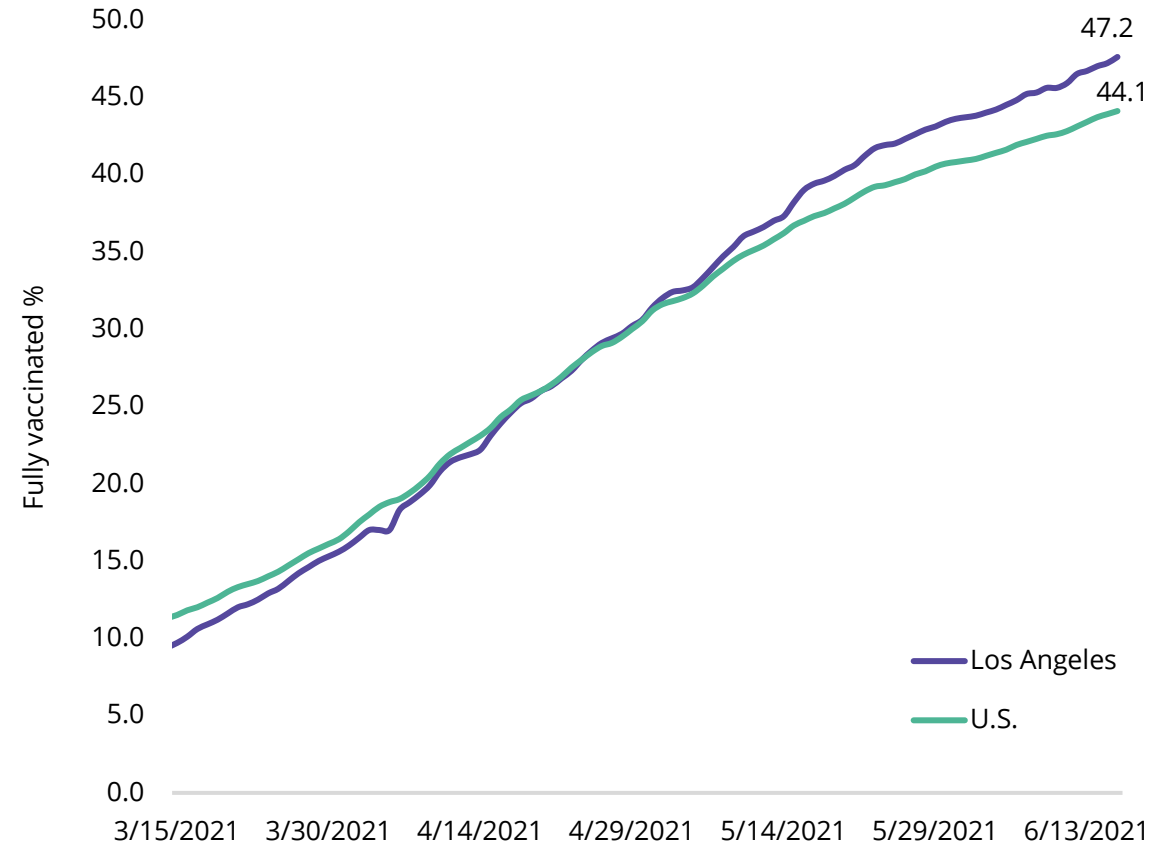


Vaccination rates are increasing but slowing

47.2%

Share of total Los Angeles County population that is fully vaccinated

Los Angeles proportionate vaccination rates have surpassed U.S. averages, an important metric that has allowed the city to loosen restrictions.



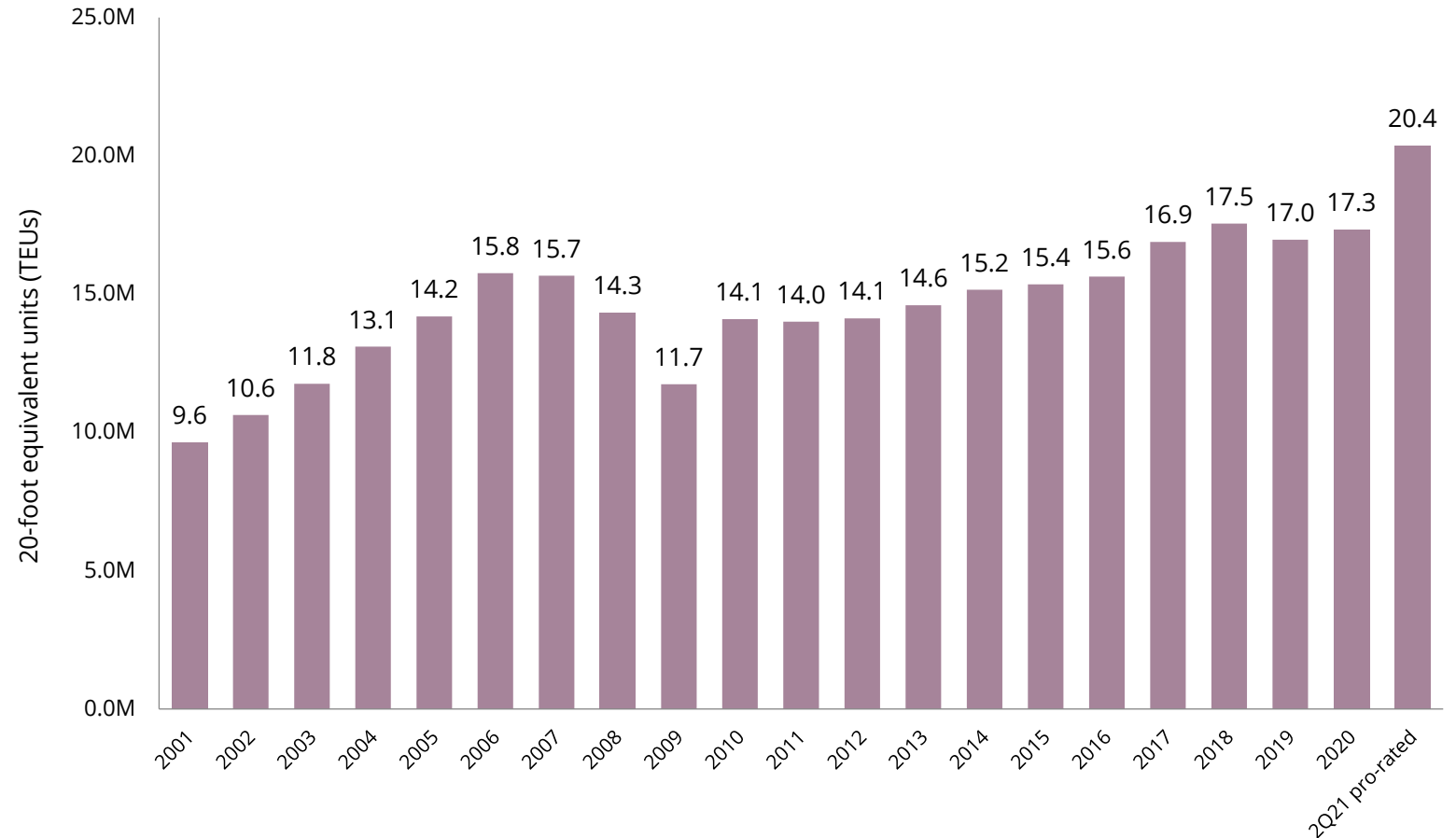
Source: CDC

Ports of Los Angeles & Long Beach cargo volume

44%

Increase from same period a year ago, historic cargo volume

Six months into 2021, cargo volume increased 44% compared to the same period last year. Over the past 12 months, the ports had its two highest-performing quarters and top four individual months in the Port's 114-year history.



Source: Port of LA and Port of Long Beach

02.

Industrial occupier conditions

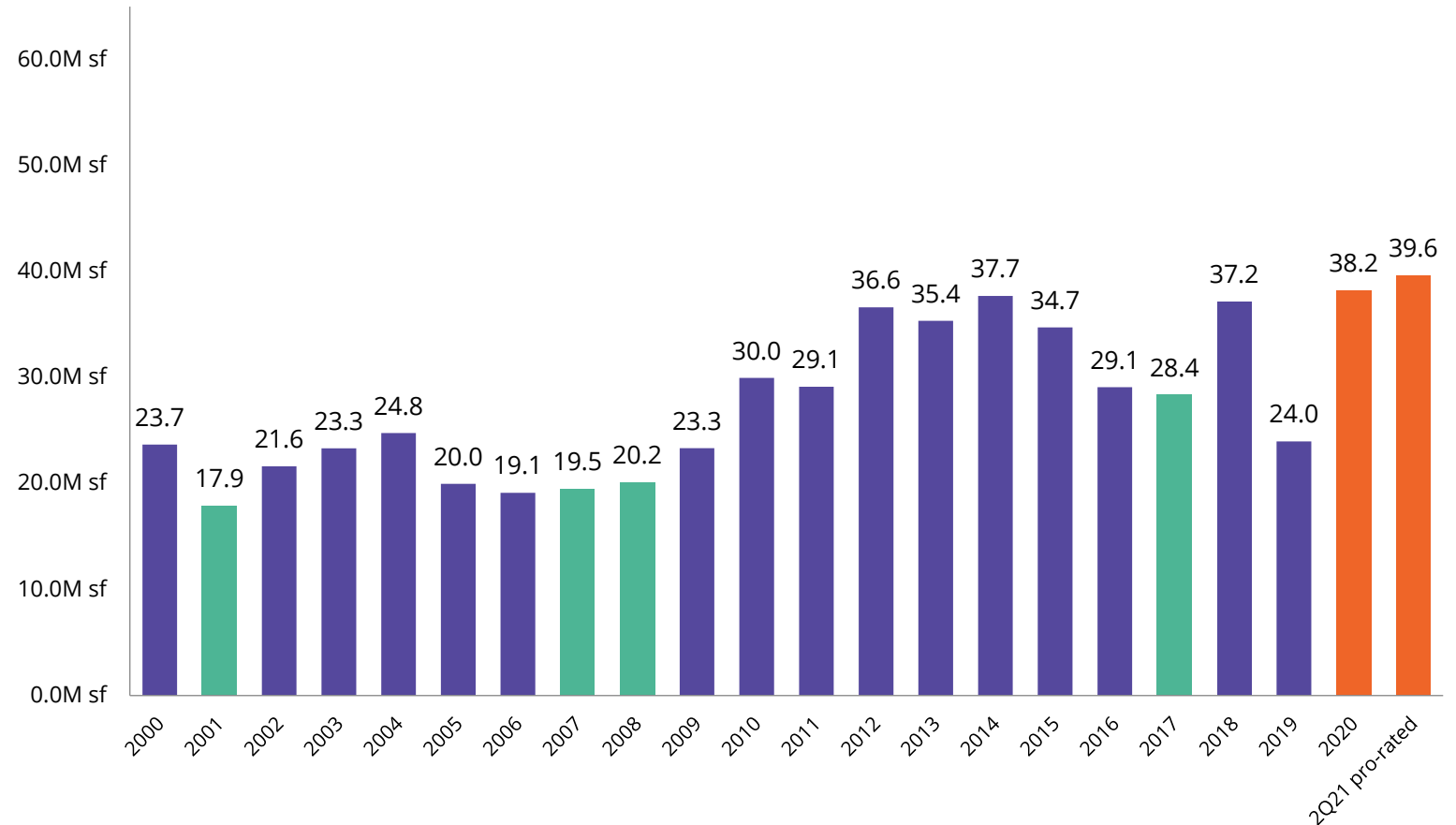
LOS ANGELES INDUSTRIAL INSIGHT REPORT
Q2 2021

Industrial leasing activity

+45.4%

**2020-pro-rated 2021 vs.
prior 20-year annual
average leasing activity**

Leasing has not let up during the pandemic, witness even more demand than the previous highs of 2014 and 2018.



Source: CoStar

Industrial net absorption

1.0%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year is moving at a healthy clip and on pace to hit a record level. At 7 million sf through the first half of the year, aggregate 2021 net absorption could outpace totals for the past two decades.



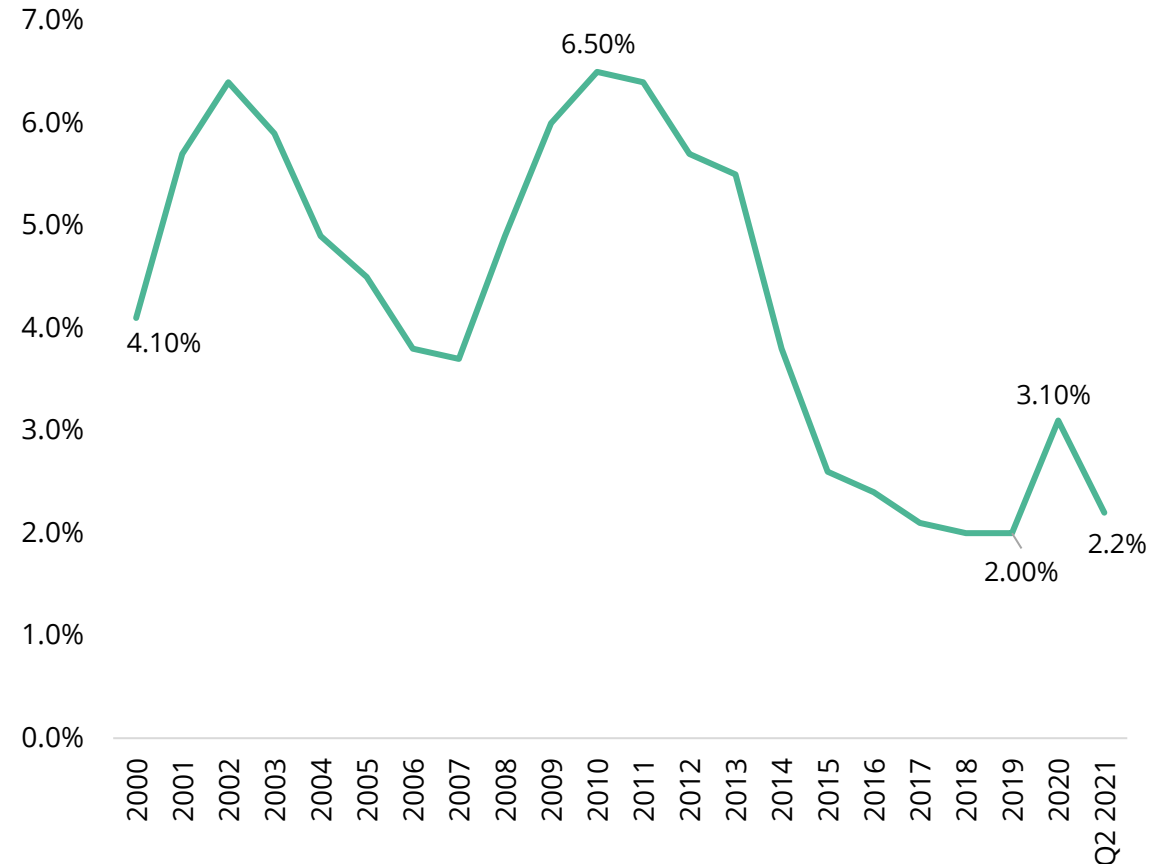
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

2.2%

vacancy as of Q2 2021

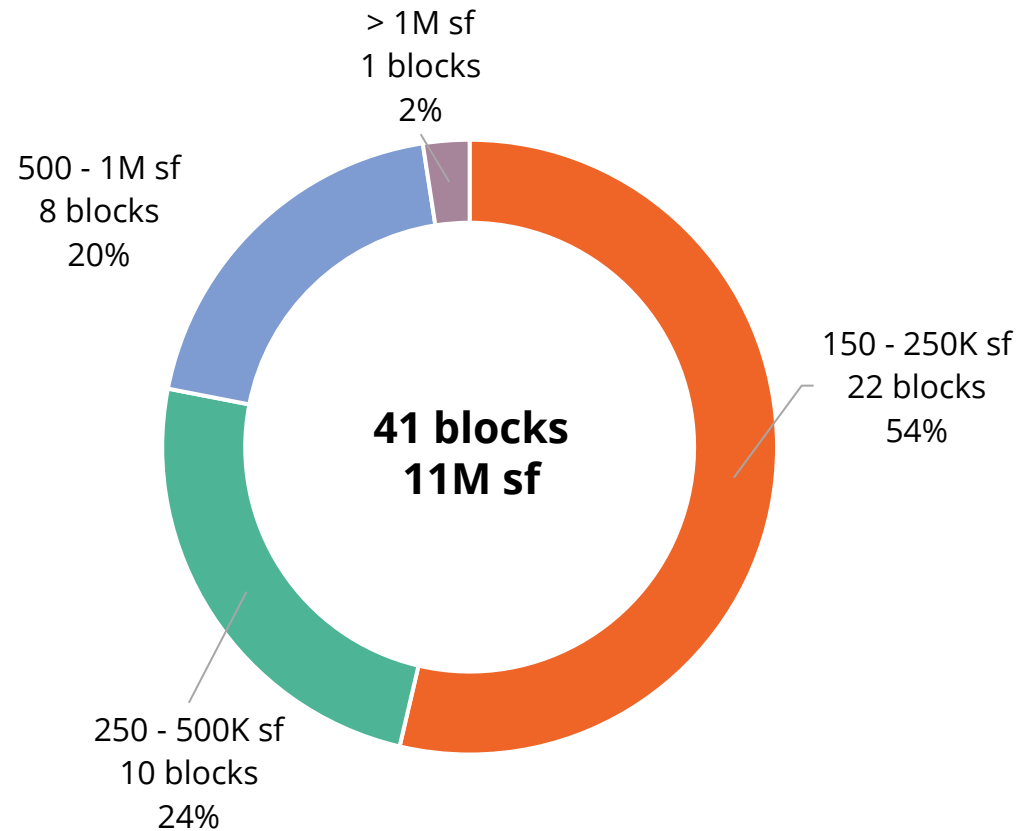
The Q2 2021 total vacancy rate is approaching pre-Covid lows, falling sharply from last year. Average asking rents have increased 6.9% over that same time period, underscoring how industrial demand has outstripped supply in Los Angeles.



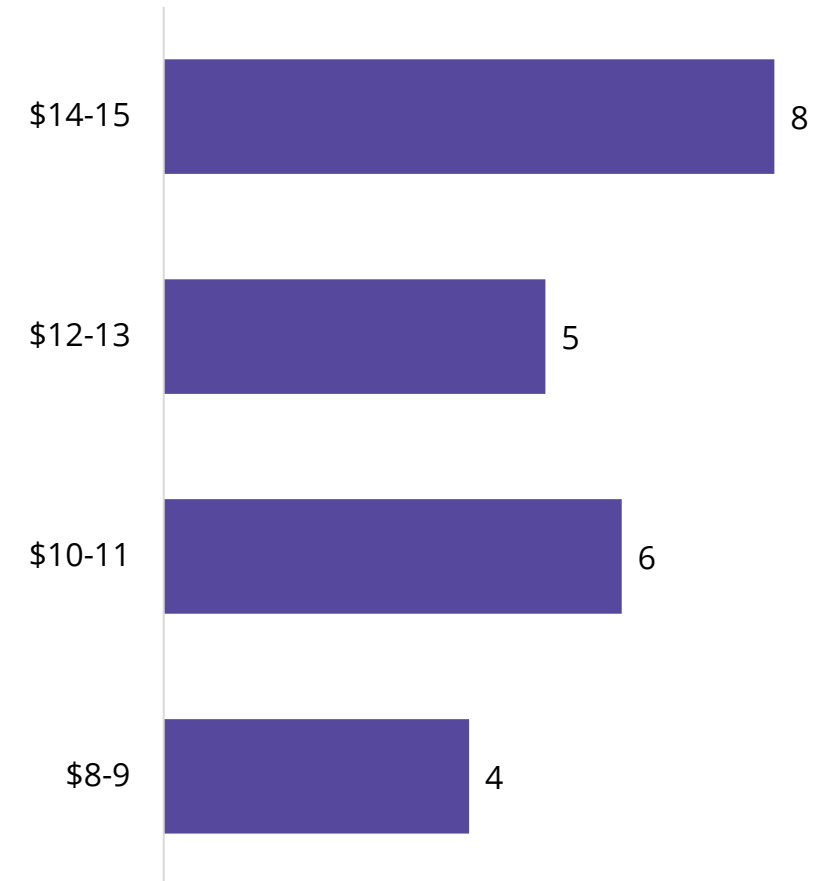
Source: CoStar

Industrial large-block availabilities

Space size ranges



Asking rent per square foot



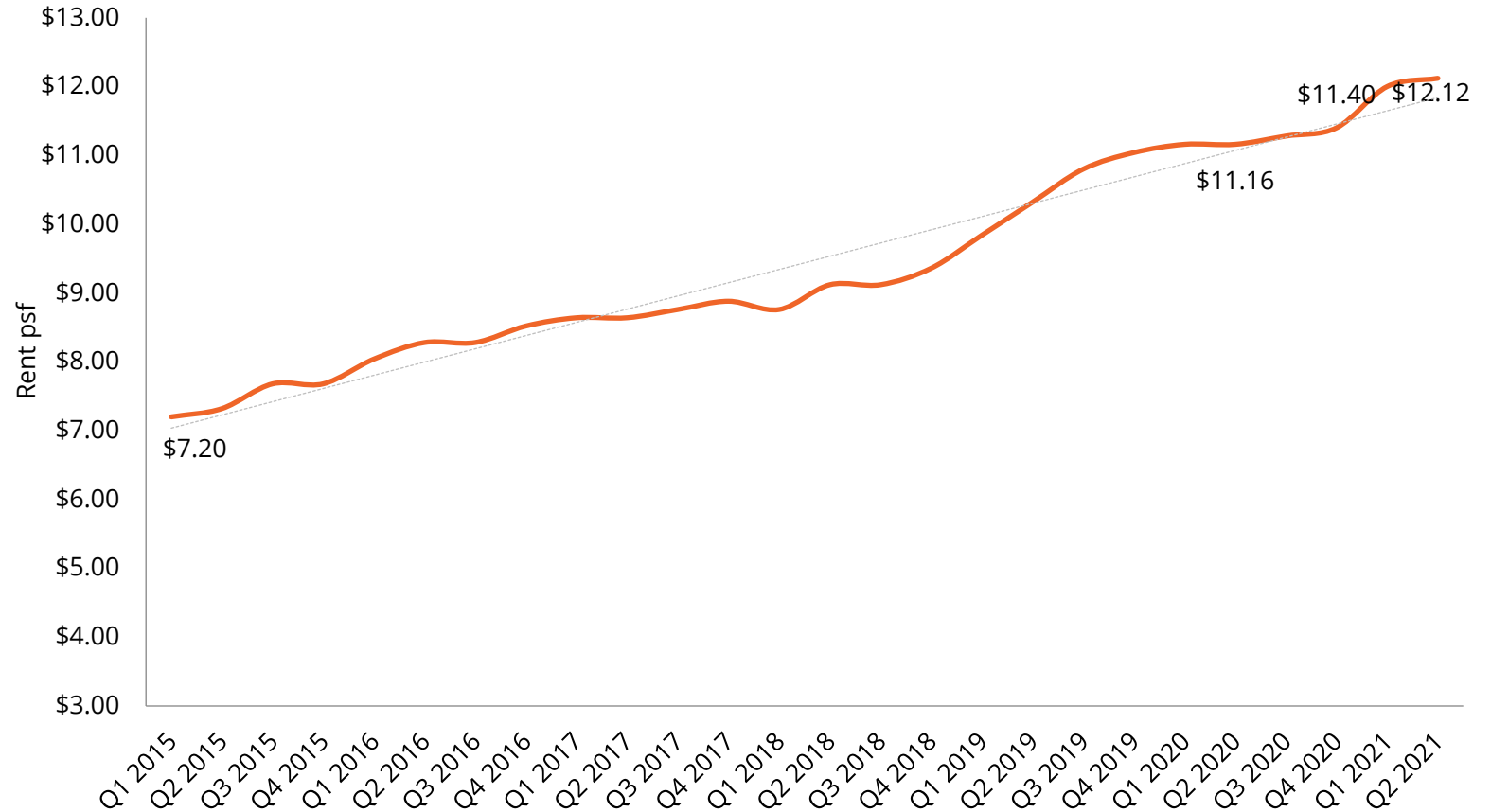
Source: AVANT by Avison Young, Costar

Asking rents

+8.6%

Asking rents since the onset of the pandemic

Asking rents continued to rise in the second quarter, and overall have been trending upward since 2015, increasing by 68.3% over the last six years.



Source: AVANT by Avison Young, Costar

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Big-box demand drives construction

64 properties

Proposed, under construction
or under renovation

11.8 msf

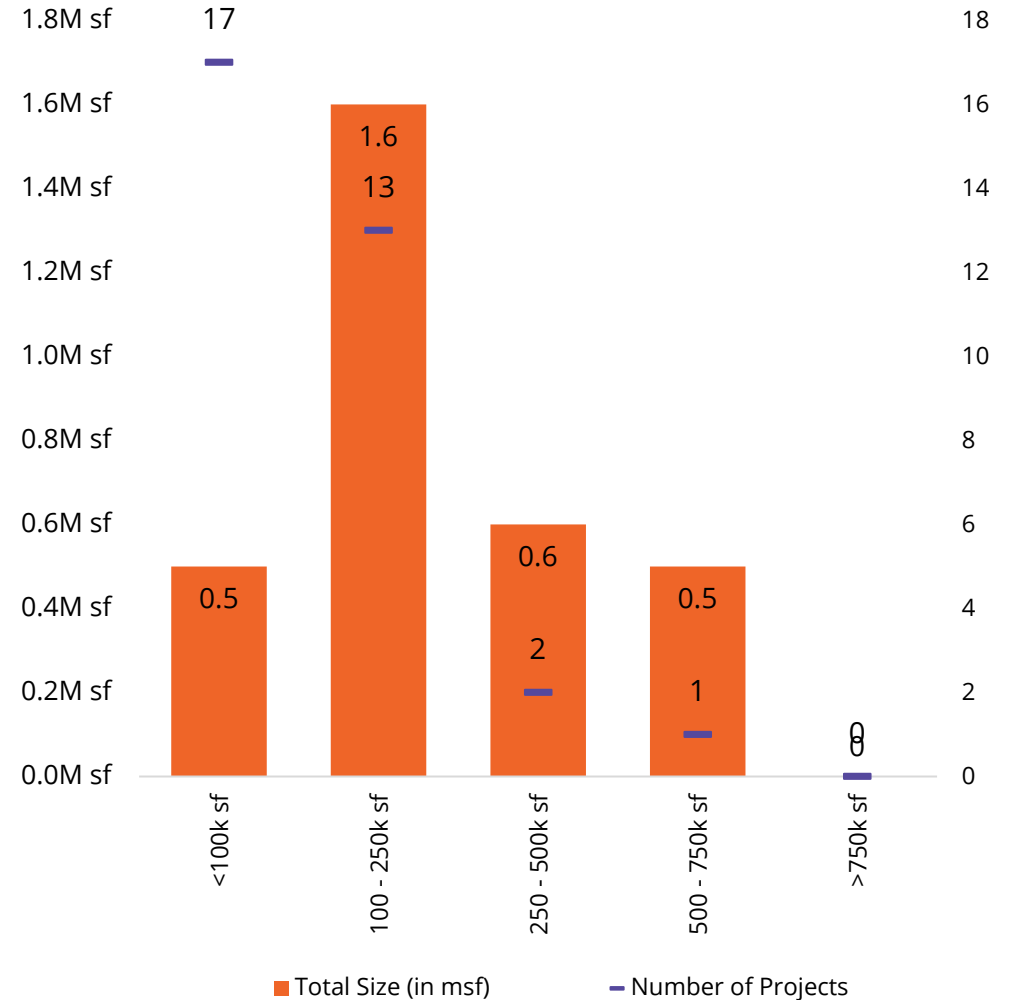
proposed or under
construction

2.4%

share of industrial
inventory

Santa Clarita Valley

Submarket with most
ground-broken projects at 3



Source: AVANT by Avison Young, Costar

03.

Capital market conditions

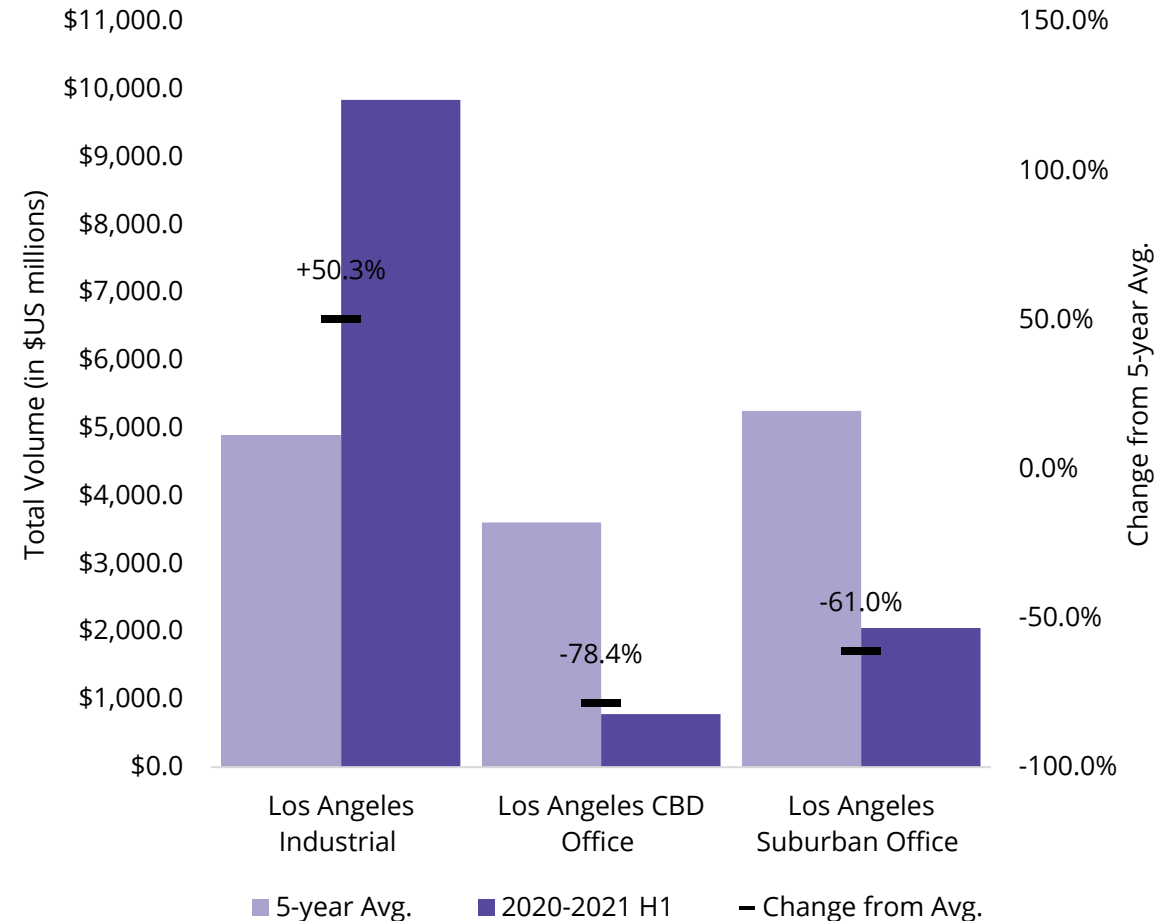
LOS ANGELES INDUSTRIAL INSIGHT REPORT
Q2 2021

Investment dollar volume

\$9.8B

Industrial dollar volume, 2020 to Q2 2021

Office sales activity has temporarily paused during the risk-pricing crisis, decreasing by an annualized rate of 78.4% and 61.0% in CBD and Suburban markets, respectively, compared with the prior five-year average dollar volume. Industrial volumes surged +50.3% against the prior five-year average due to stronger fundamentals.



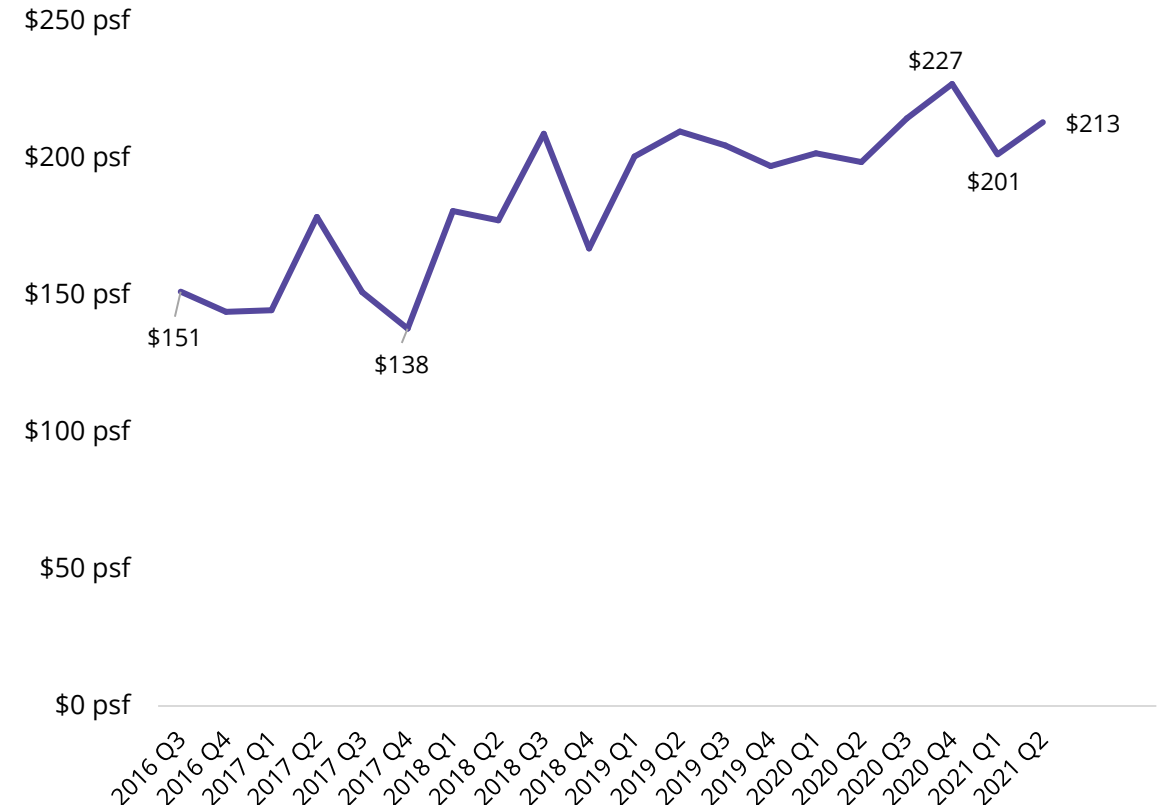
Source: AVANT by Avison Young, Costar
RCA

Industrial asset pricing

+7.3%

**Los Angeles industrial pricing,
April 2020 to June 2021**

Pricing for Los Angeles industrial assets has continued to elevate since 2016, particularly since the pandemic, as an influx of investors seek exposure to properties that can accommodate the rise of e-commerce distribution.



Source: AVANT by Avison Young, Costar
RCA

Looking forward



Here's what we can expect

- **Continued interest by high-tech industrial demand.** Los Angeles is not only a last mile ecommerce target it is also the destination of high-tech aerospace, biotech, and engineering companies. One of the largest recent industrial leases was Relativity Space a Los Angeles headquartered aerospace company that leased close to 900,000 sf in Long Beach second quarter joining the likes of its competitor SpaceX in South Bay. We expect to see this pattern continue as companies look for highly qualified talent.
- **Rents will continue to rise** as more of the local economy reopens. Asking rents increased 6.9 percent from a year ago, underscoring how industrial demand has outstripped supply in Los Angeles.
- **Industrial leasing demand is exceeding** pre-COVID transaction volumes. A lack of construction and growing diverse demand from ecommerce to aerospace offer no relief for tenants which is unlikely to shift leverage towards tenants for the foreseeable future.
- Solid leasing fundamentals have driven investment interest to industrial. **Ecommerce penetration** has only reinforced the need for new and different types of last-mile facilities near Los Angeles and Southern California consumers.



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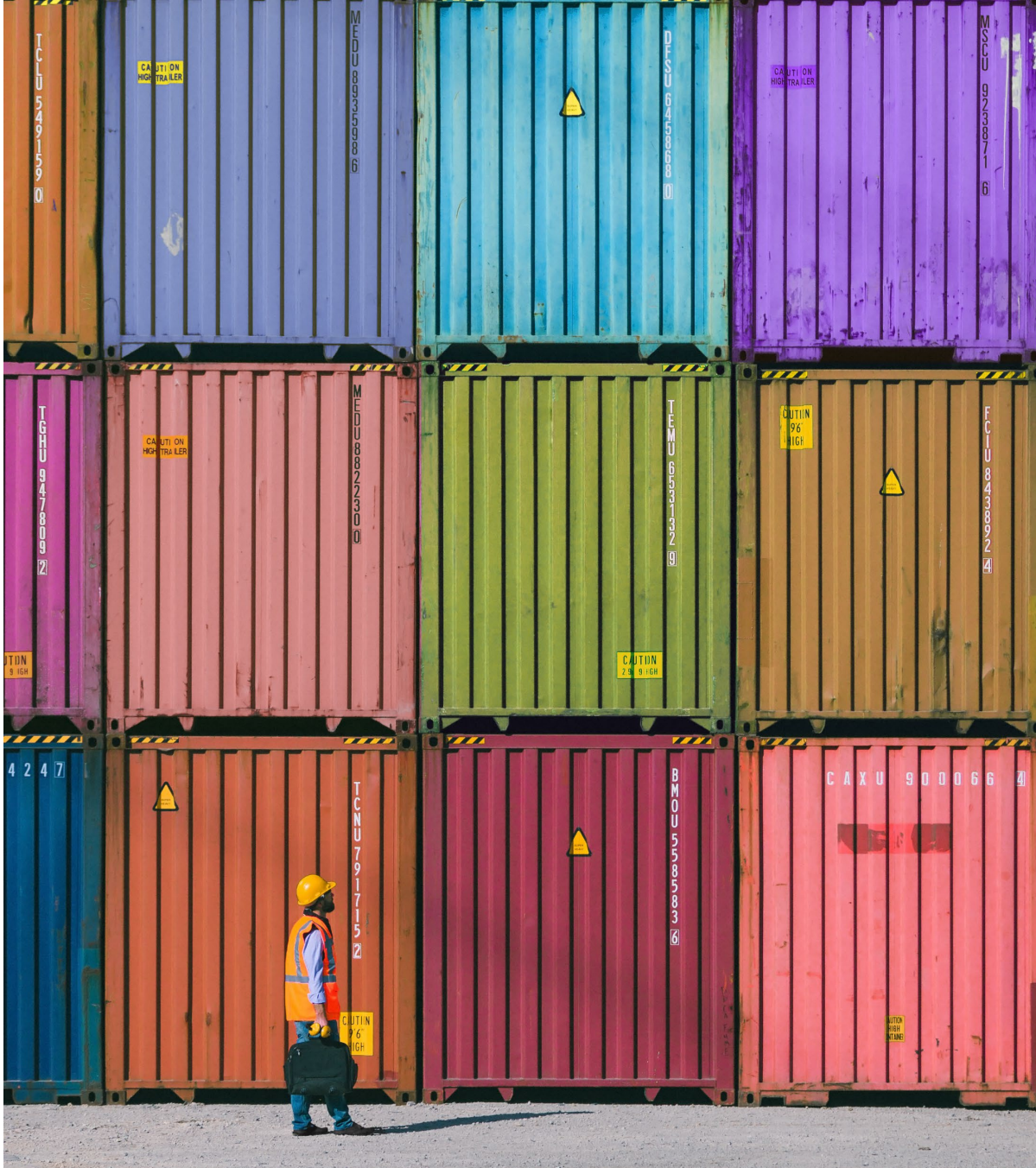
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Orange County market fundamentals

ORANGE COUNTY INDUSTRIAL
INSIGHT REPORT

Q2 2021

Key industrial takeaways



Economic conditions

- A push for increased vaccination rates have allowed for greater reopening efforts, enabling the Orange County unemployment rate to rebound from a high of 14.9 percent in May 2020 to **5.9 percent** in May 2021.
- The Orange County metro area lost **4.5 percent** of industrial employment since the pandemic began, as evidenced by a sharp decline in jobs early in 2020. All areas of the industrial sector saw losses since the pandemic but recent preliminary data hint at a recovery beginning coinciding with increased vaccinations and looser restrictions and reopening of the state.



Recovery rate

- The Orange County metropolitan area began to reopen in the second quarter, as vaccination rates surpassed the national average to **50.4 percent**.
- As office workers across the metropolitan area just now begin to return to the office, the trade transportation and utilities sector has grown by **6.8 percent** from the same period a year ago.



Industrial demand

- Port volume traffic has increased **44.0 percent** compared to the same period last year.
- Overall leasing activity has been sustained throughout the pandemic, currently sitting at **21.2 percent** of the long-term annual average of the last 20 years of historical data.
- Net absorption through mid-year is recovering post Covid. At over **500,000 sf** through the first half of the year, aggregate 2021 net absorption could equal or exceed the total net absorption of last year.

Key industrial takeaways



Industrial supply

- The overall vacancy rate for the Orange County industrial market continues to decrease with vacancy at **3.1%**, down from 3.7% in 2020.
- 60.0 percent of available large blocks of space in the 150,000 – 250,000 sf size range, total **2.8 msf**.



Pricing trends

- Asking rents have increased by **8.9 percent** since the start of the pandemic and have continued a steady upward trajectory since 2015.
- Asking rents continued to rise in the second quarter, and overall have been trending upward since 2015, increasing by **55.6 percent** over the last six years.



Capital markets

- Orange County industrial investment activity surged to **\$2.6B since 2020** as investors are attracted to the sector fundamentals largely benefited from the COVID environment.
- Investors continue capital deployment on industrial assets at a rate that is **37.0 percent** higher than the prior five-year average.
- It also translated into higher valuations for Orange County industrial assets, with a **9.1 percent** higher per-square-foot rate than the trailing five-year average.

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Economic and demographic trends

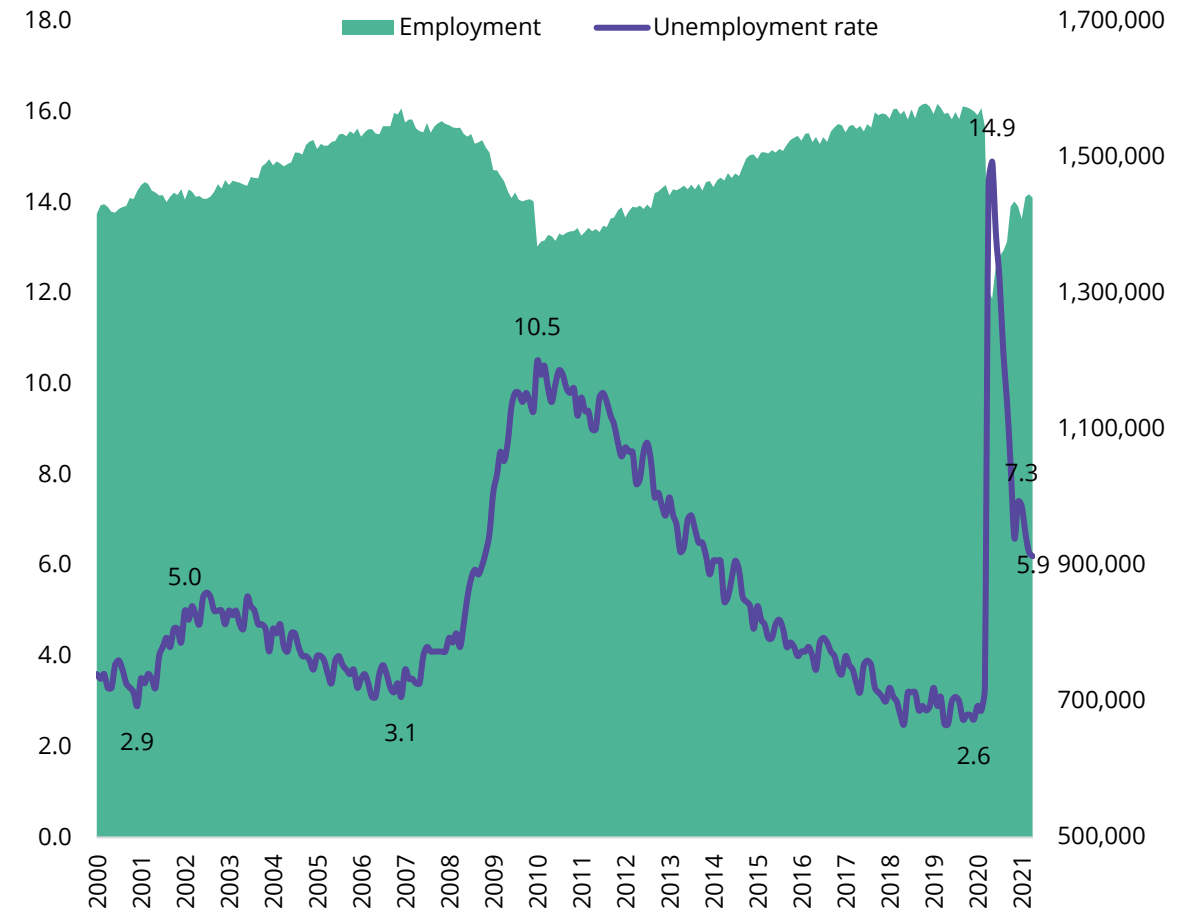
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Q2 2021

Employment and unemployment rate

5.9%

Orange County unemployment rate as of May 2021, below the height of the financial crisis

Historically tightened labor market conditions were halted by the pandemic with 280,000 job losses between February 2020 and May 2020. However, reopening efforts enabled the economy to add 10.3% jobs since May 2020.



Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Property type job gains and losses

-11.6%

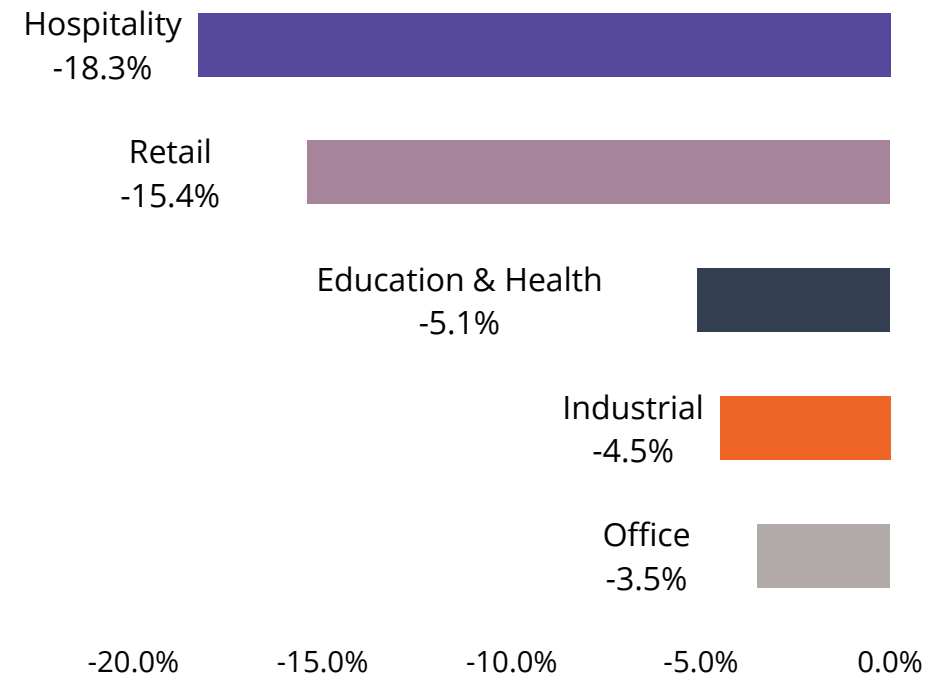
Change in total employment during the pandemic

The Orange County metro area lost 11.6% of its total labor force since the pandemic began, though industrial losses were comparatively subdued. Industrial job gains in recent months demonstrates that a recovery is likely in that sector in the near-term.

[VIEW DASHBOARD](#)

Total change in Orange County MSA* job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

-4.5%

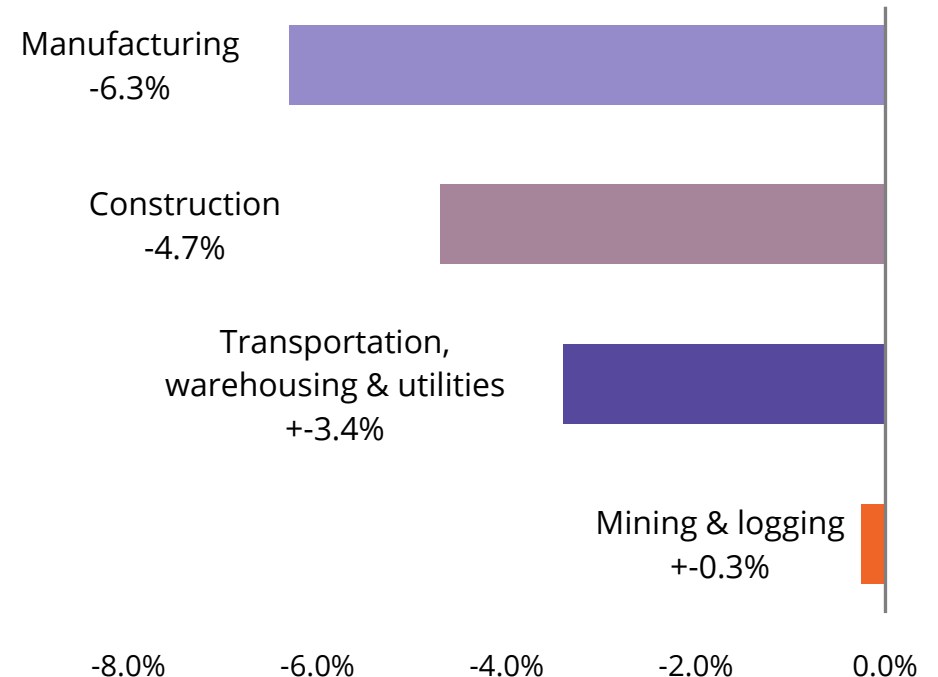
Change in industrial-centric employment during the pandemic

The Orange County metro area lost 4.5% of industrial employment since the pandemic began, as evidenced by a sharp decline in jobs early in 2020. All areas of the industrial sector saw losses since the pandemic but recent preliminary data hint at a recovery beginning coinciding with increased vaccinations and looser restrictions and reopening of the state.

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Total change in Orange County MSA* job gains/(losses)

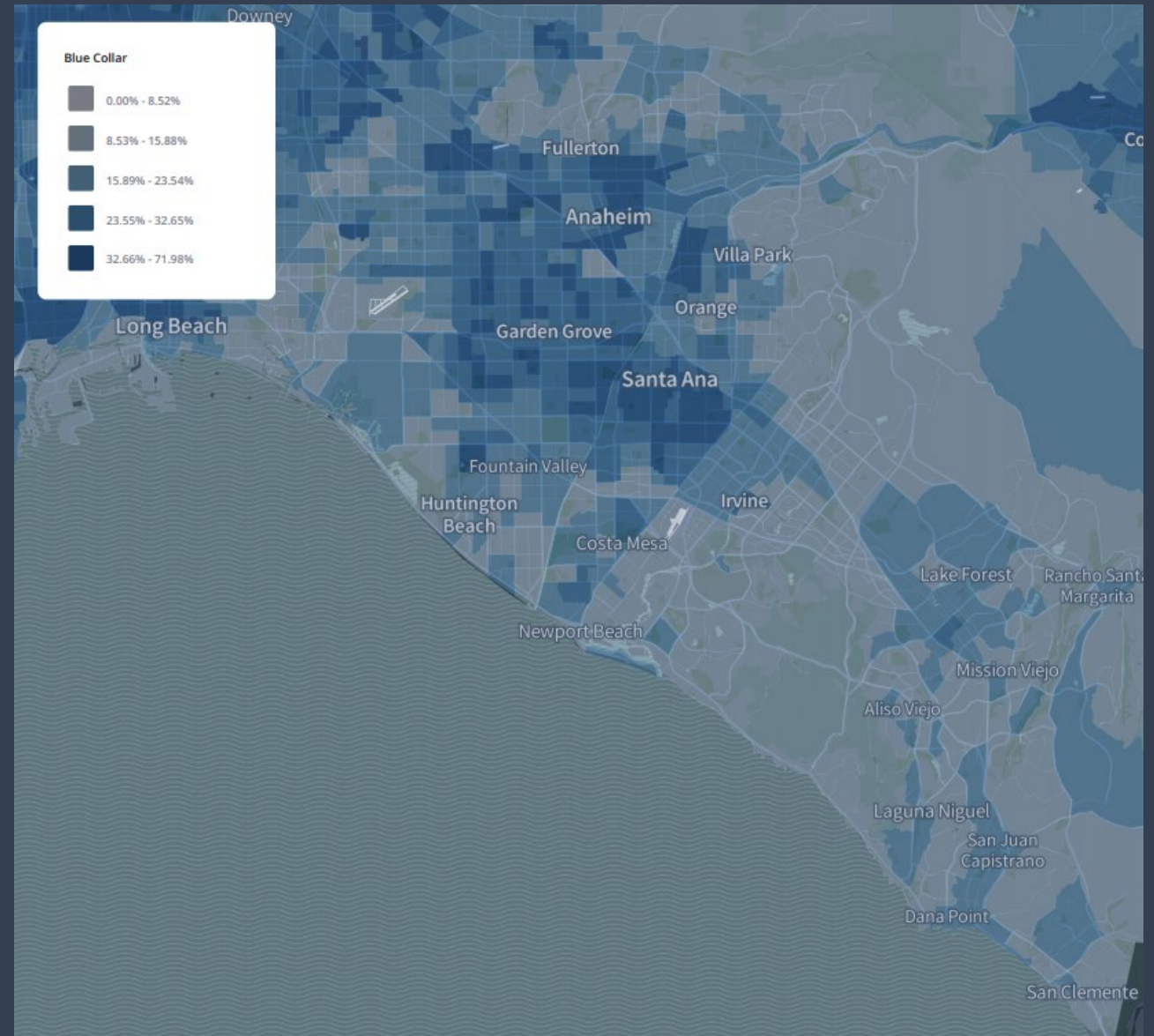
February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI
Large pockets of blue-collar workforce are found
throughout Inland Empire largest Industrial submarkets

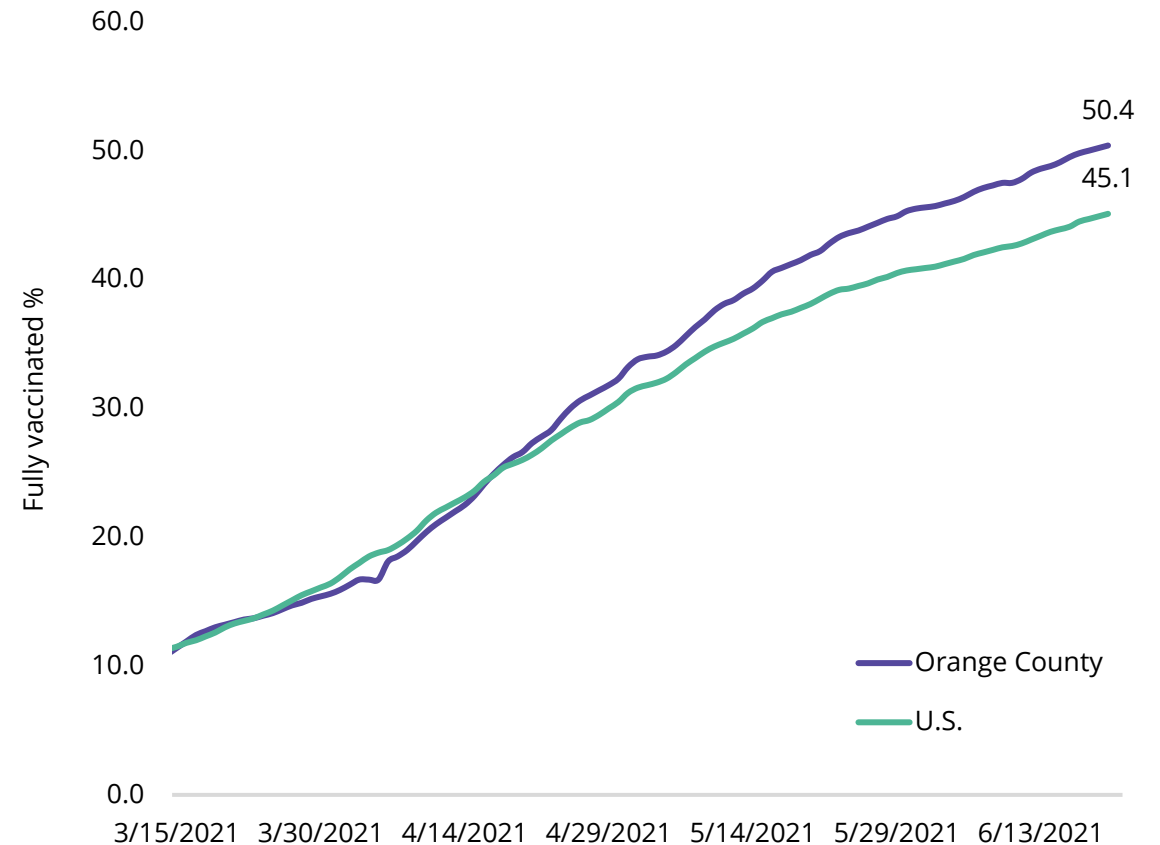


Vaccination rates

50.4%

Share of total Orange County population that is fully vaccinated

Orange County proportionate vaccination rates have surpassed U.S. averages, an important metric that has allowed the market to loosen restrictions.



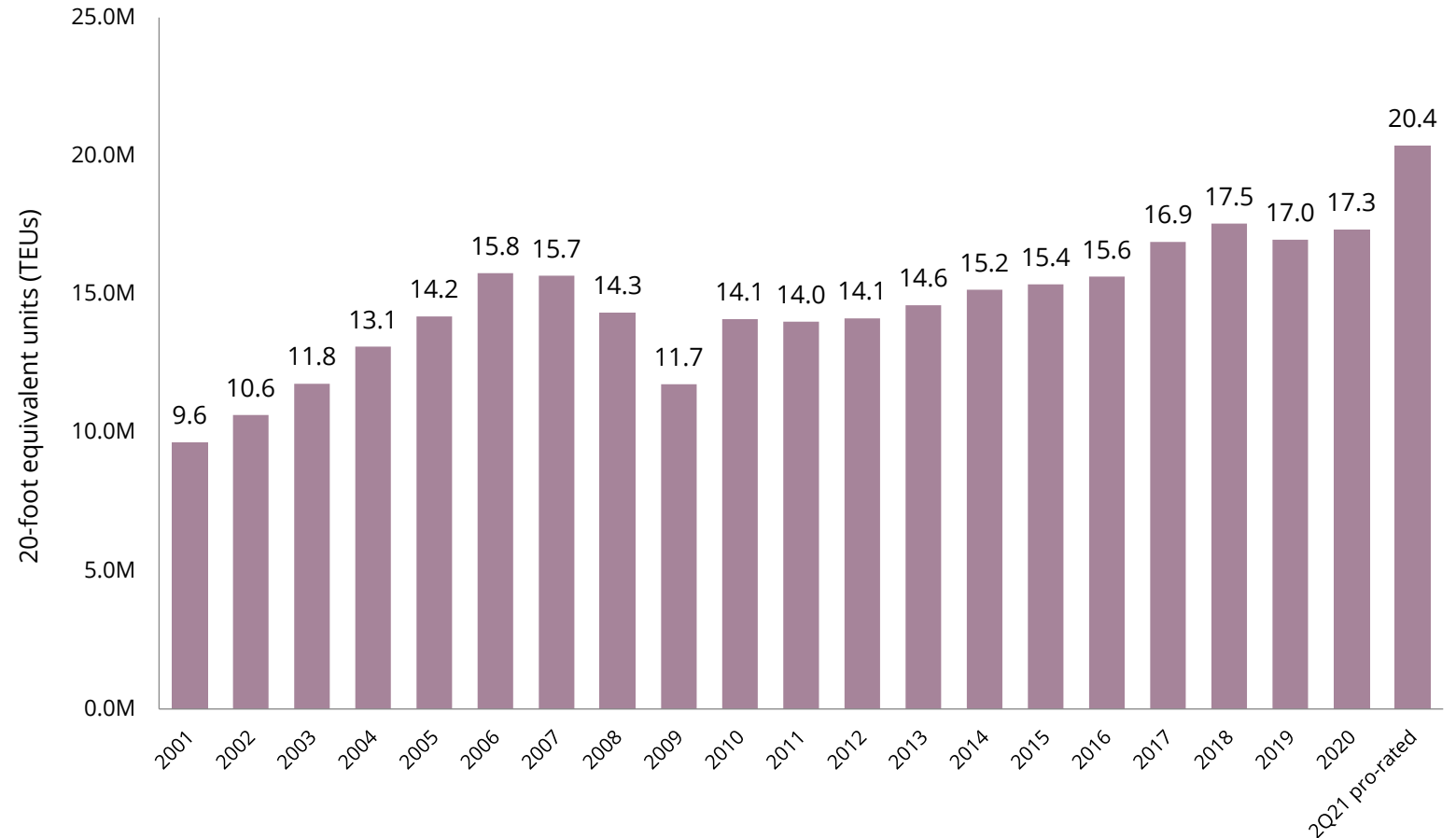
Source: CDC

Ports of Los Angeles & Long Beach cargo volume

44%

Increase from same period a year ago, historic cargo volume

Six months into 2021, cargo volume increased 44% compared to the same period last year. Over the past 12 months, the ports had its two highest-performing quarters and top four individual months in the Port's 114-year history.



Source: Port of LA and Port of Long Beach

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Industrial occupier conditions

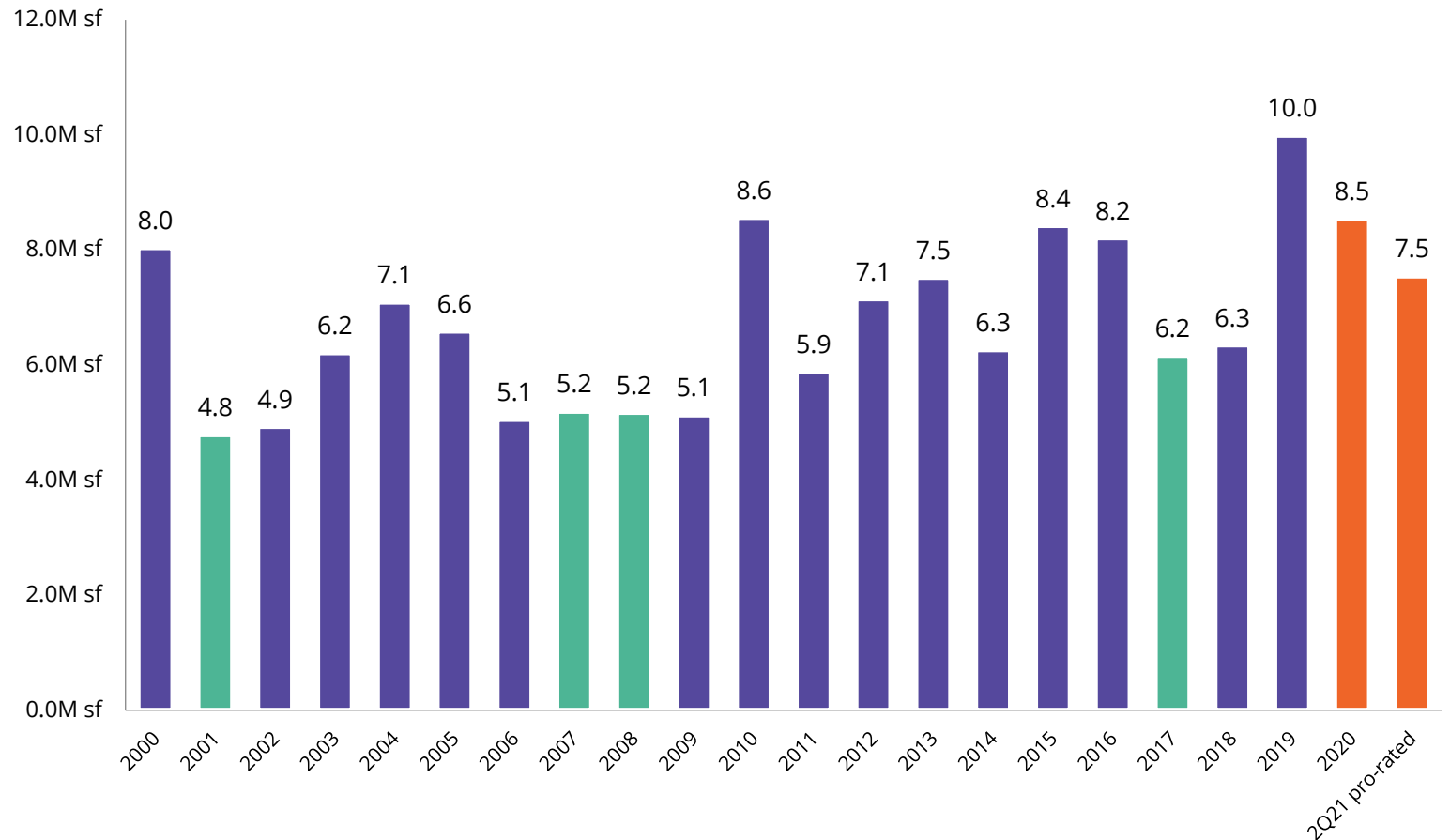
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Industrial leasing activity

+21.2%

**2020-pro-rated 2021 vs.
prior 20-year annual
average leasing activity**

Leasing has not let up during the pandemic, sitting just under the highs of 2010 and 2019.



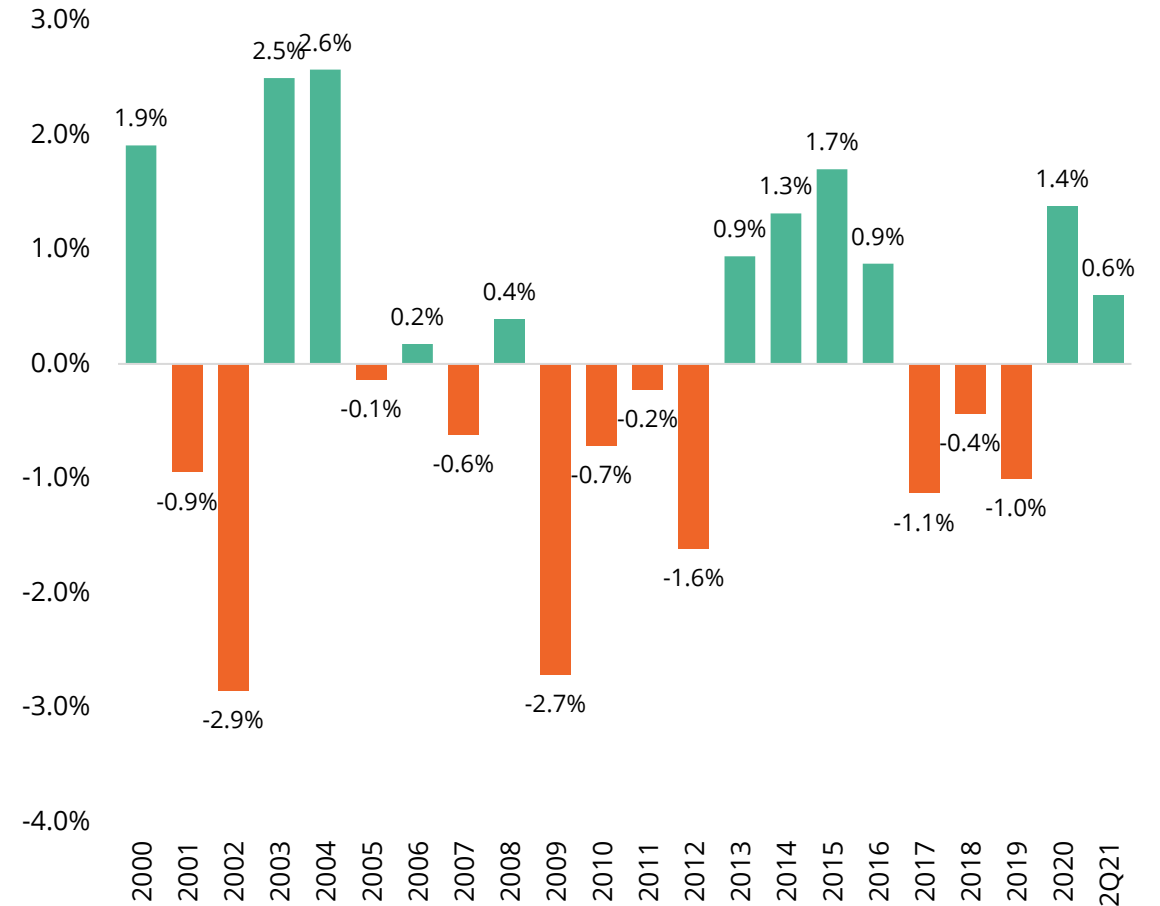
Source: CoStar

Industrial net absorption

2.0%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains positive and recovering post Covid. At over half-a-million sf through the first half of the year, aggregate 2021 net absorption could equal or exceed the total net absorption of last year.



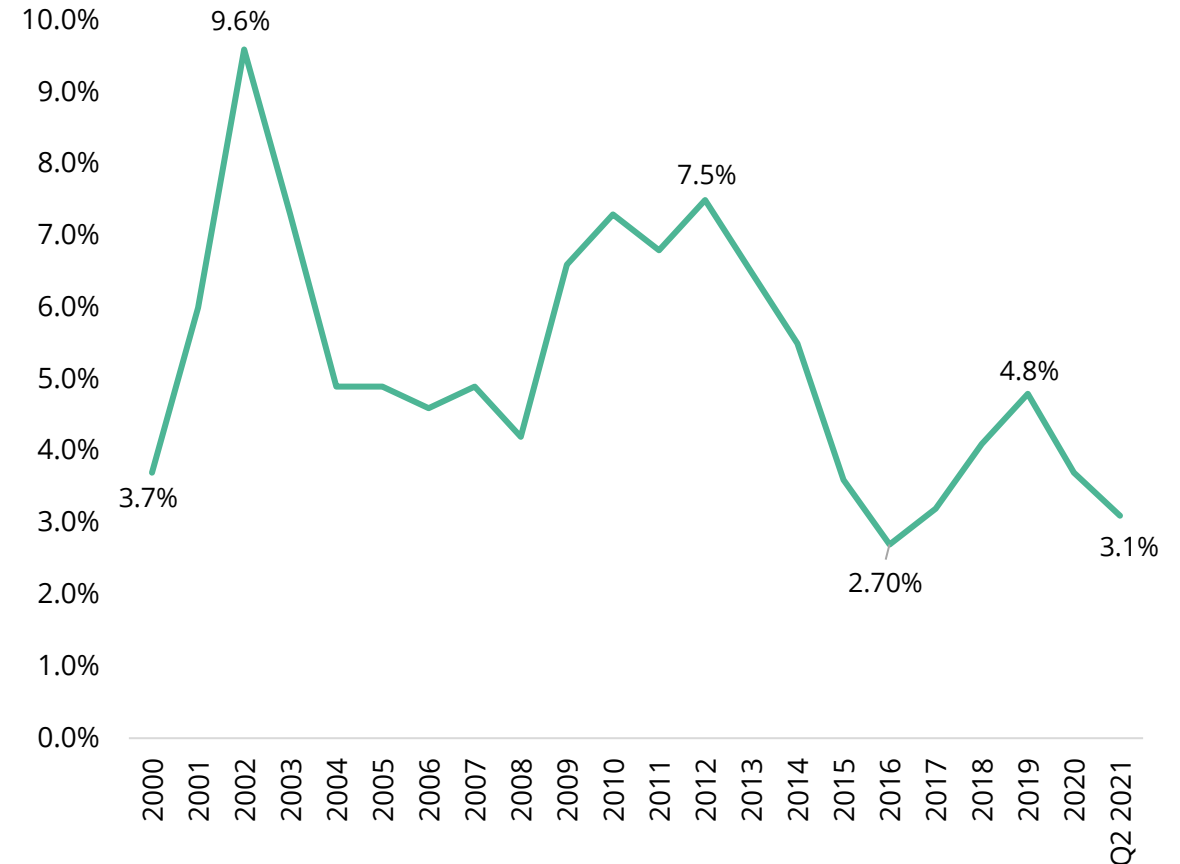
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

3.1%

vacancy as of Q2 2021

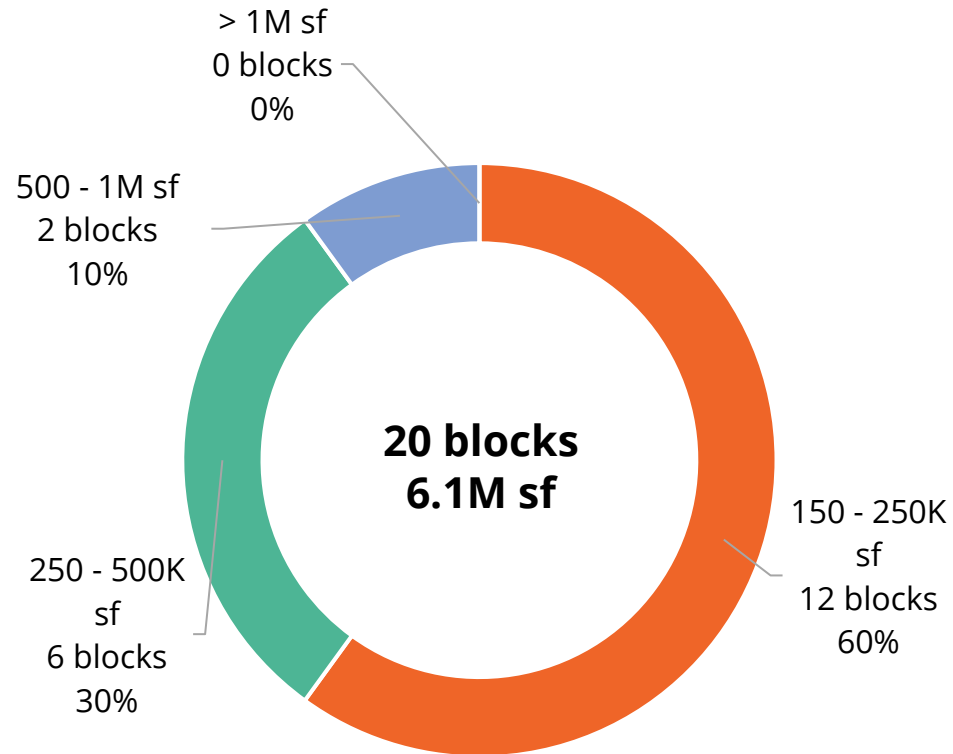
The Q2 2021 total vacancy rate reached a five-year low. Asking rents have increased 23% over that same time period, underscoring how industrial demand has outstripped supply in Orange County.



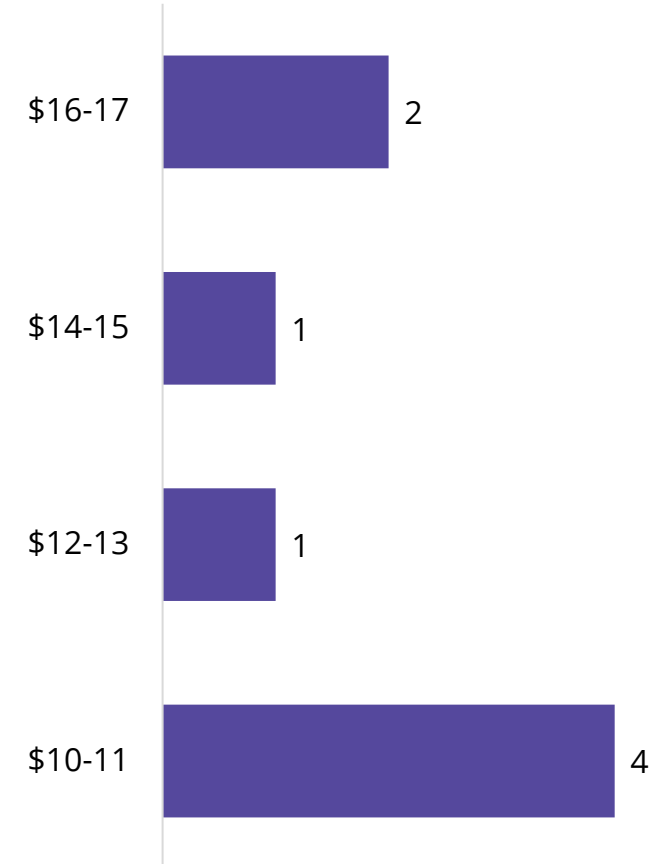
Source: CoStar

Industrial large-block availabilities

Space size ranges



Asking rent per square foot



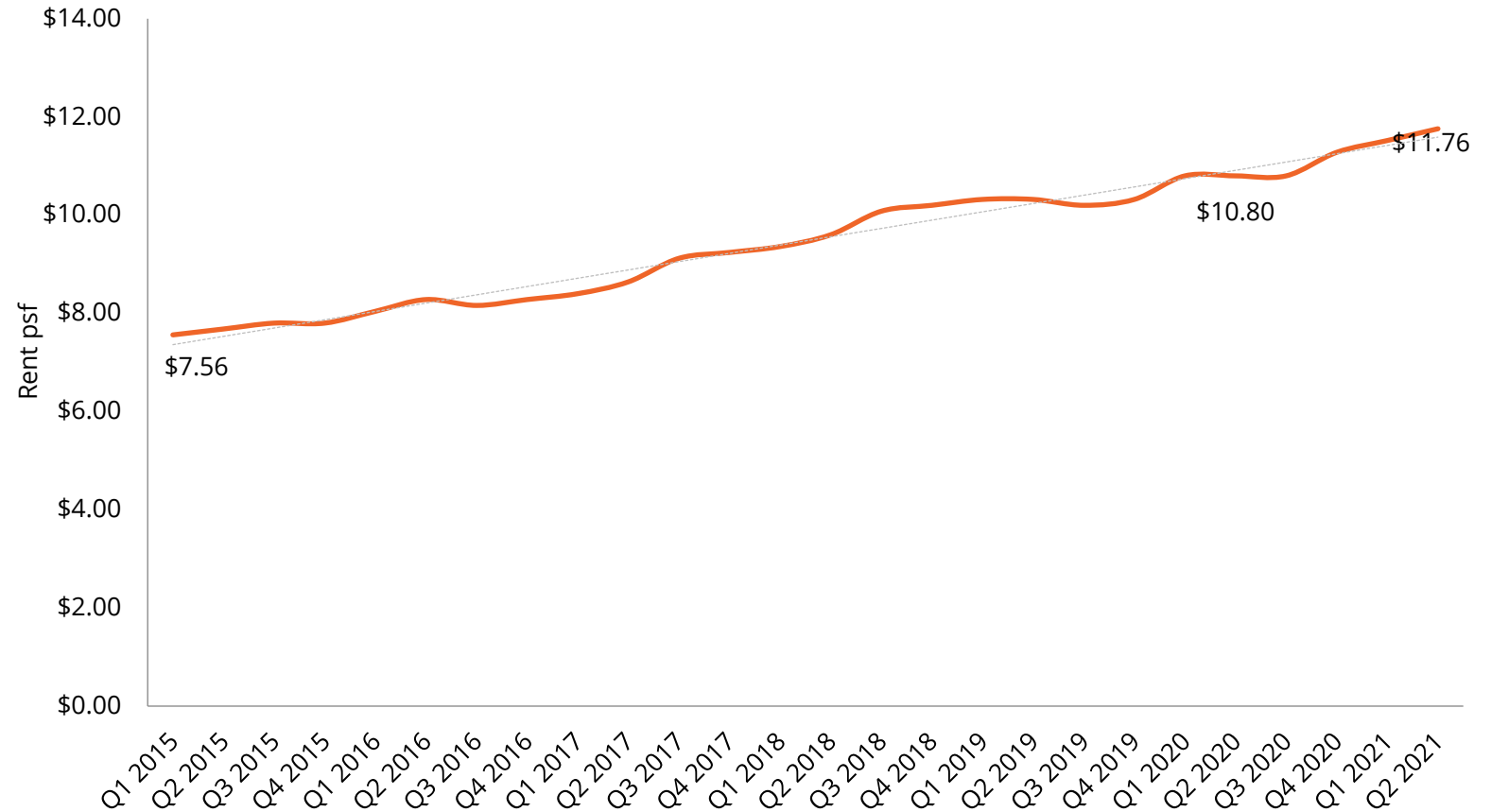
Source: AVANT by Avison Young, Costar

Asking rents

+8.9%

Asking rents since the onset of the pandemic

Asking rents continued to rise in the second quarter, and overall have been trending upward since 2015, increasing by 55.6% over the last six years.



Source: AVANT by Avison Young

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Capital market conditions

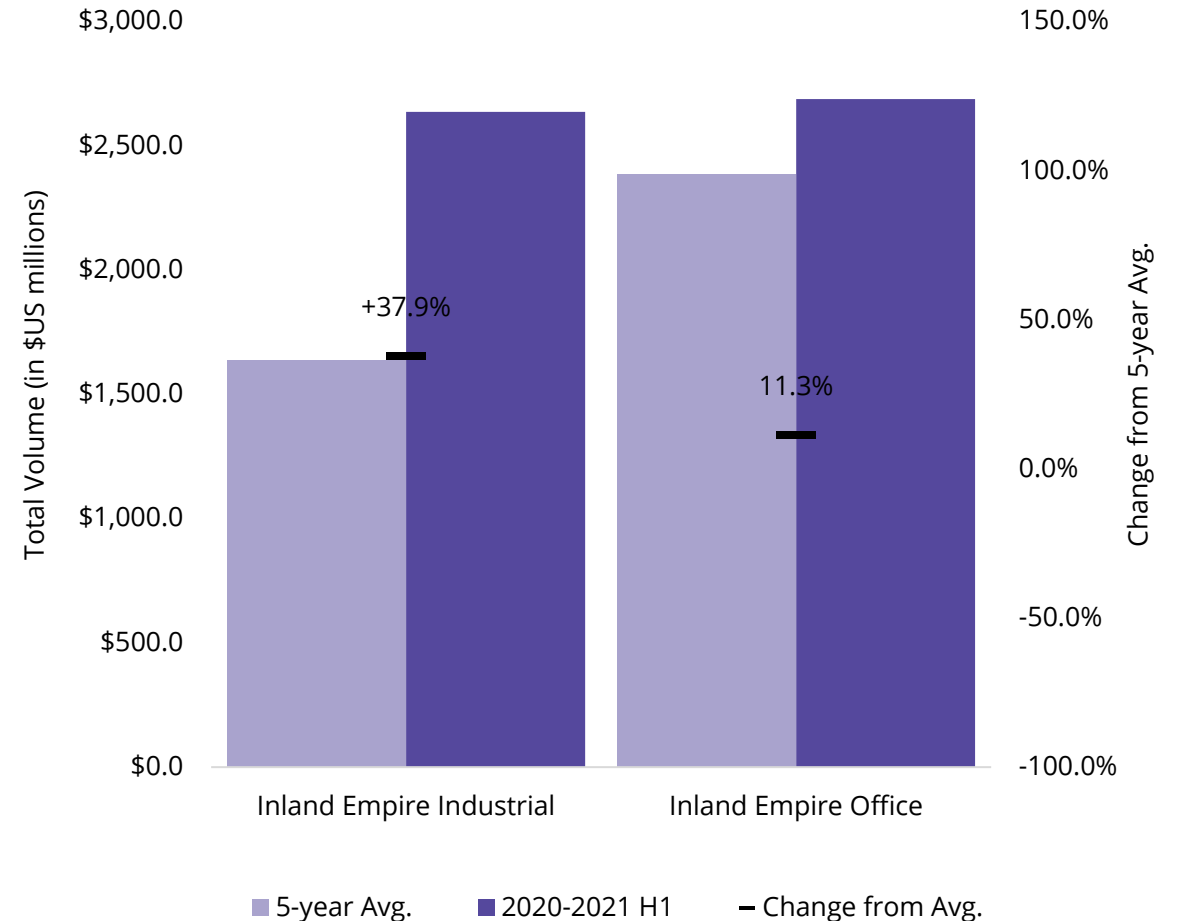
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Investment dollar volume

\$2.6B

**Industrial dollar volume,
2020 to Q2 2021**

Investors targeted Orange County in 2021 as industrial volumes surged +37.9% against the prior five-year average due to strengthening fundamentals.



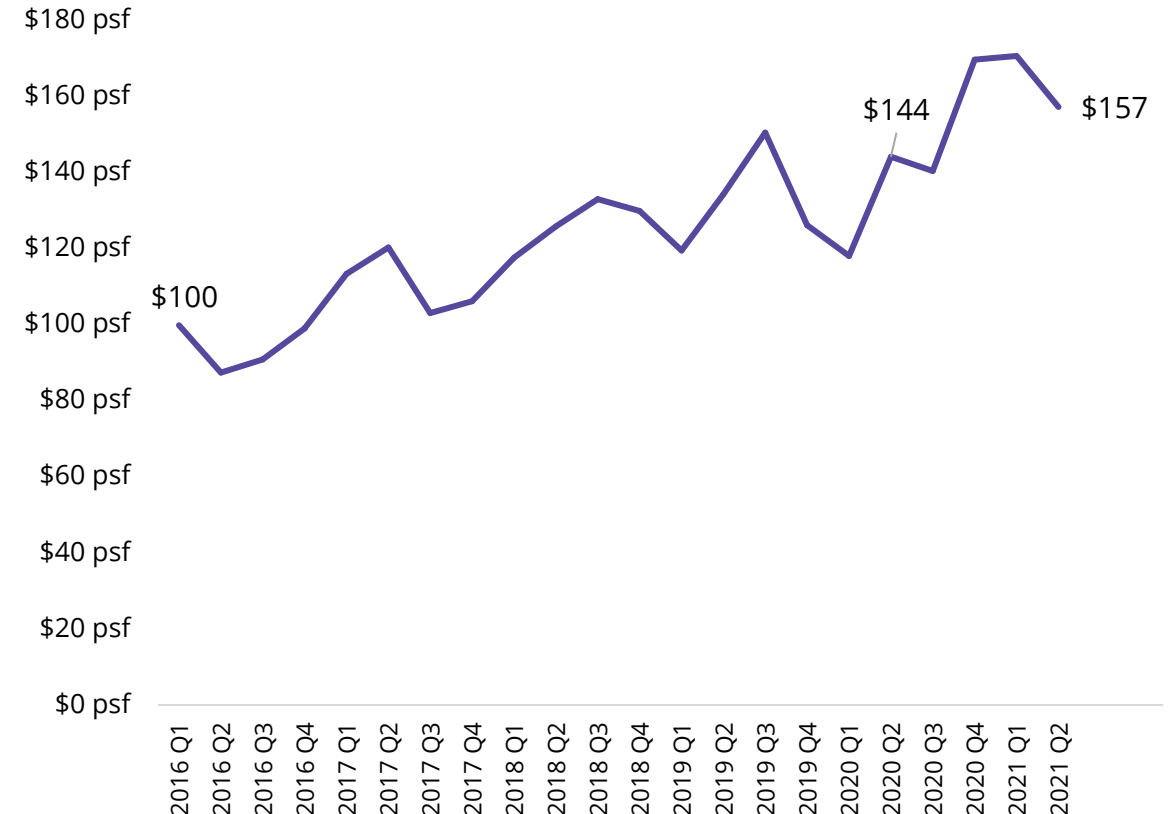
Source: AVANT by Avison Young
RCA, Costar

Industrial asset pricing

+9.1%

Orange County industrial pricing, April 2020 to June 2021

Pricing for Orange County industrial assets has continued to increase since 2016, particularly since the pandemic, as an influx of investors seek properties.



Source: AVANT by Avison Young, Costar
RCA

Looking forward



Here's what we can expect

- The vaccination rate in Orange County will be a significant driver in the recovery of its economy. **Over 50% of its populace, which is above the national average, have been fully vaccinated.** This is positively impacting the commercial economy. Confidence in this high vaccination rate will positively impact employment trends and the countywide business climate.
- **Logistics continue to drive leasing activity** as more of the local economy reopens. We will continue to see more leasing from 3rd party logistics services companies. The second largest lease of the quarter, Syco Enterprises, a 3PL in Orange County signed a lease in Santa Ana for over 100,000 sf.
- **Industrial coworking will grow.** One of the top leases for the year was ReadySpaces a coworking industrial space company growing its footprint in Orange County.
- Solid leasing fundamentals have driven investment interest to industrial. **Ecommerce penetration** has only reinforced the need for new and different types of last-mile facilities near Orange County consumers.



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Let's talk

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