



Southern California retail market report

Q1 2024

**AVISON
YOUNG**

Southern California retail market trends

39.8msf

Direct Availabilities

Tenant demand has steadily risen, however net absorption dropped back into the negatives in the San Diego, Orange County, and Inland Empire markets while Los Angeles trails behind the rest of Southern California.

Direct availabilities have somewhat grown with 39,834,011 square feet at the end of Q1 2024, when compared to 38,113,675 square feet at the end of Q4 2023

Q1 2024 net absorption for the Southern California region had its worst performance since Q1 2023, checking in at right under 1,300,000 square feet of negative absorption for the quarter.

5.5%

Direct Vacancy Rate

Direct vacancies for Q1 2024 showed a slight increase across all Southern California markets, coming in at 5.5% for the region.

The retail under-construction pipeline for Southern California totaled 2.8 msf across 56 properties.

Lease rates continue to increase across Southern California, posting an average asking triple net lease rate of \$28.87 psf on an annual basis in Q1 2024, this represents over 15% increase since Q1 2021.

\$336

Sales Price Per Foot

The average price per square foot for retail properties across Southern California came in at \$336 psf. Retail sales volume for Q1 2024 was \$536M, which is about \$232M less than Q4 2023.

2022 was a pinnacle year with four straight quarters of sales volumes above \$2B, however rising interest rates and lending restrictions have influenced a slowdown on investment sales throughout 2023 to the start of 2024.



Southern California retail under construction pipeline

56 properties

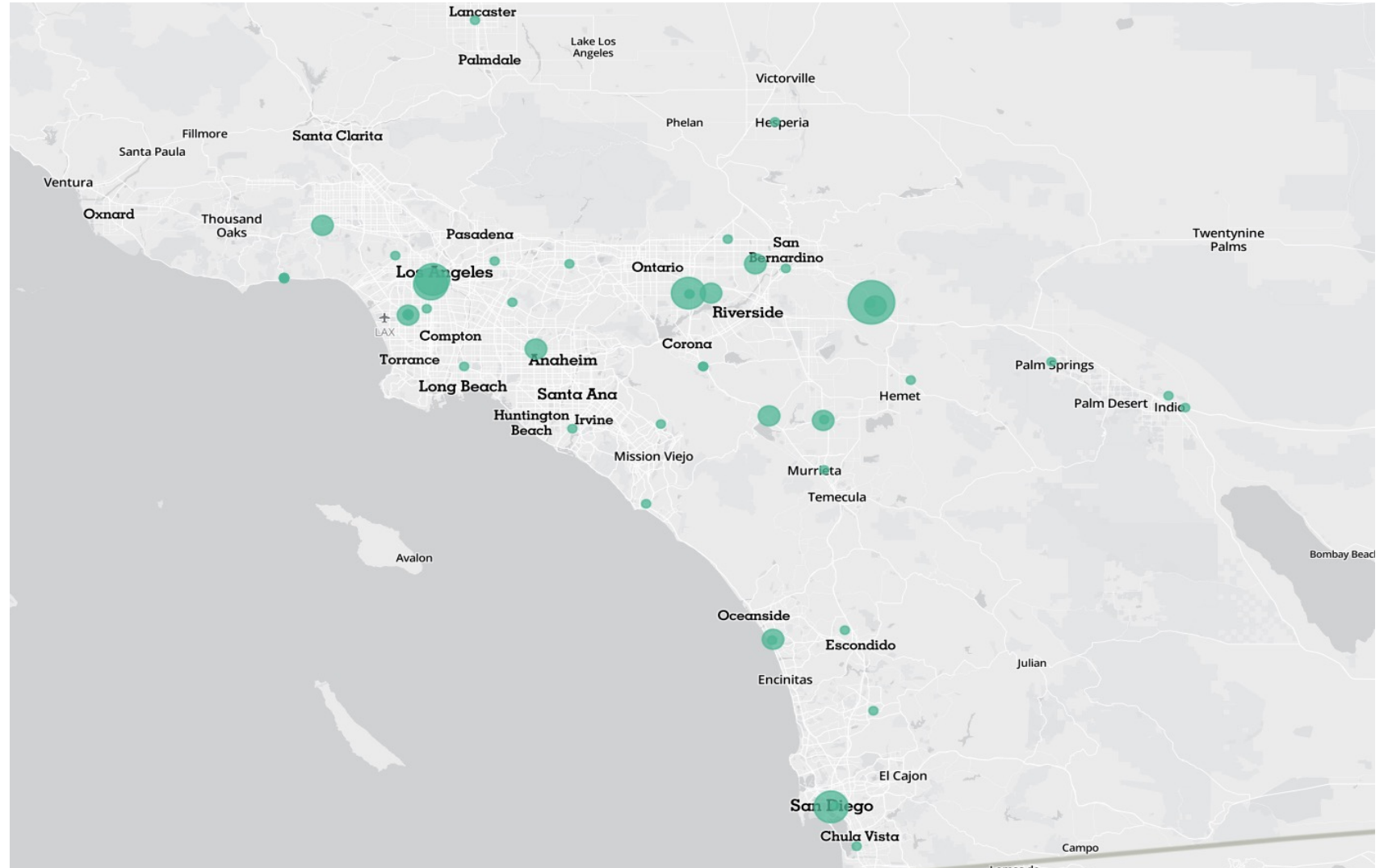
- 29 Los Angeles
- 2 Orange County
- 17 Inland Empire
- 8 San Diego

2,783,901 sf

- 1,661,314 sf Los Angeles
- 59,519 sf Orange County
- 669,037 sf Inland Empire
- 394,031 sf San Diego

Major developments

- 400,000 sf *Del Amo Blvd, Carson*
Los Angeles
- 138,478 sf *Mojave Dr, Adelanto*
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

377 properties

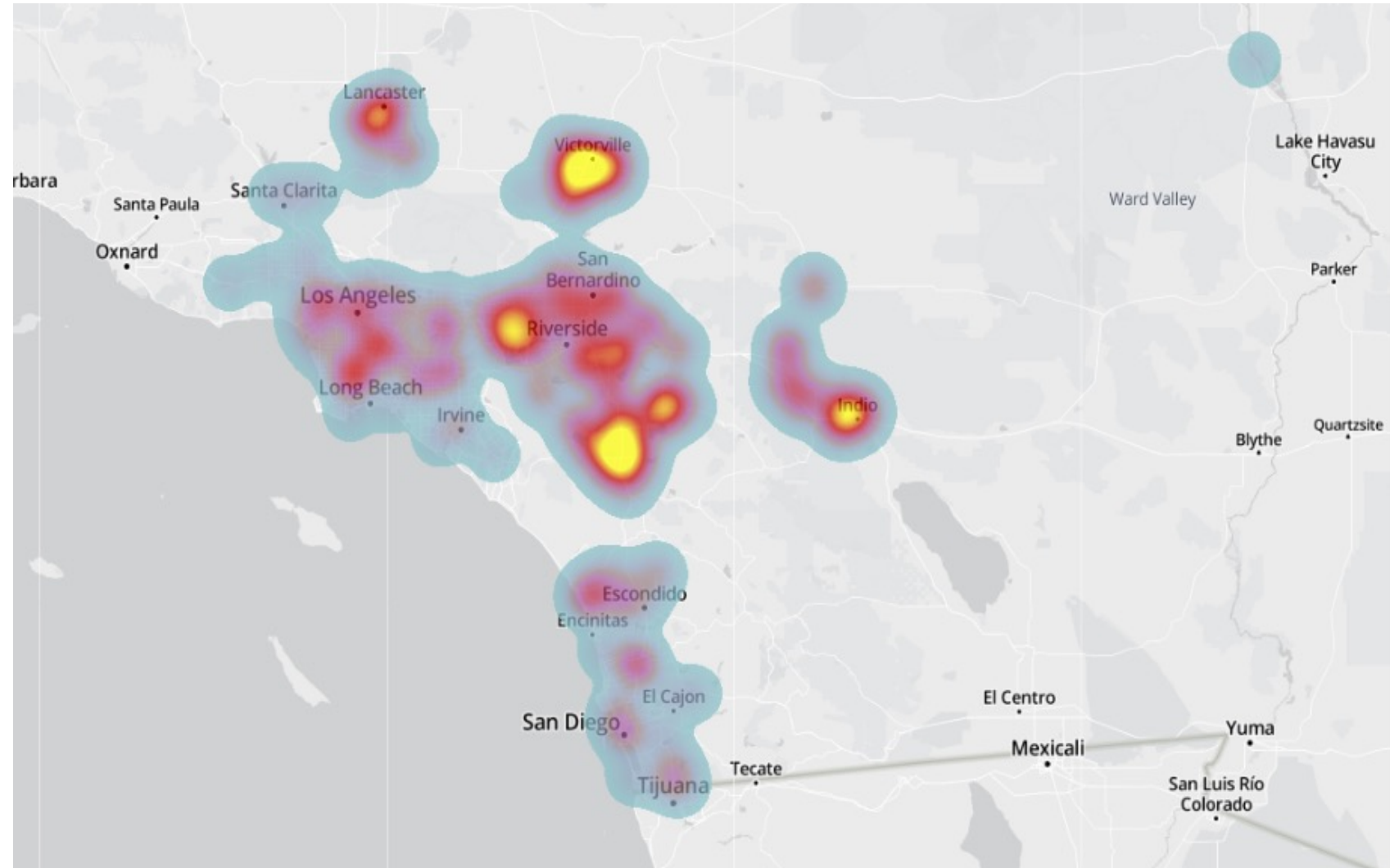
- 93 Los Angeles
- 11 Orange County
- 237 Inland Empire
- 36 San Diego

19,427,071 sf

- 4,511,558 sf Los Angeles
- 423,461 sf Orange County
- 12,186,534 sf Inland Empire
- 2,305,518 sf San Diego

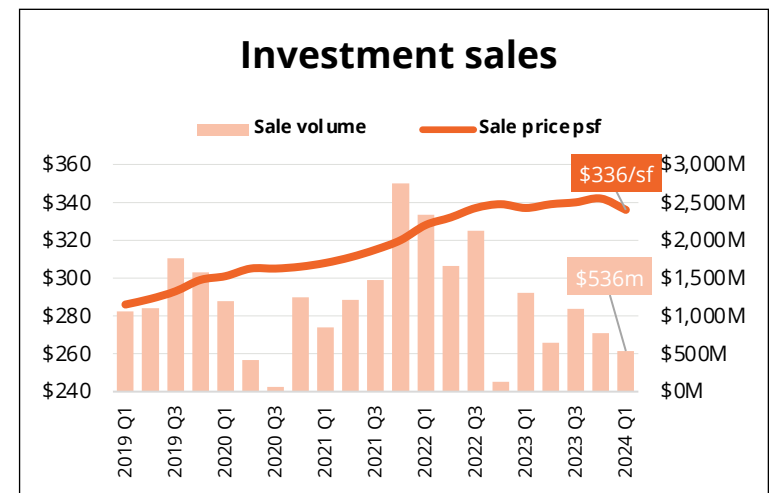
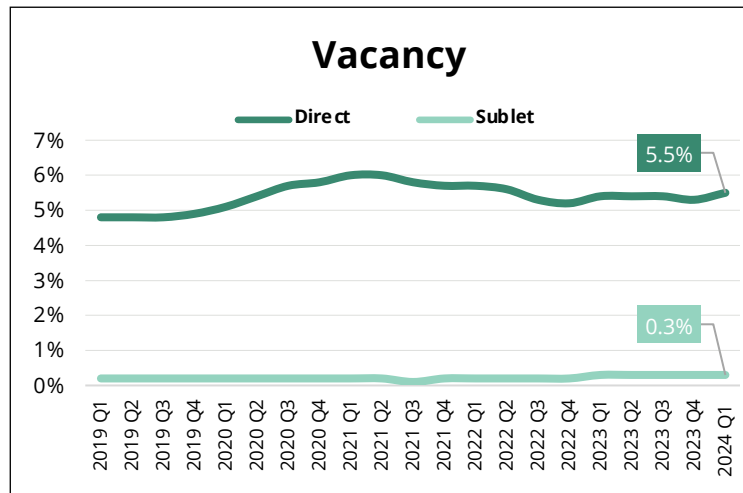
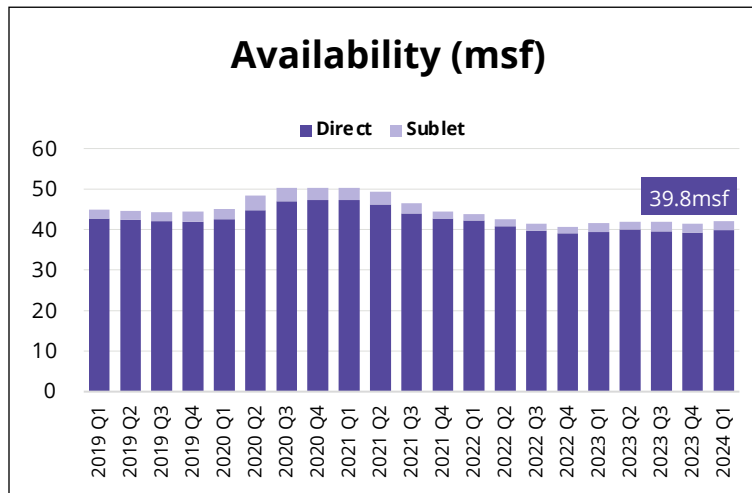
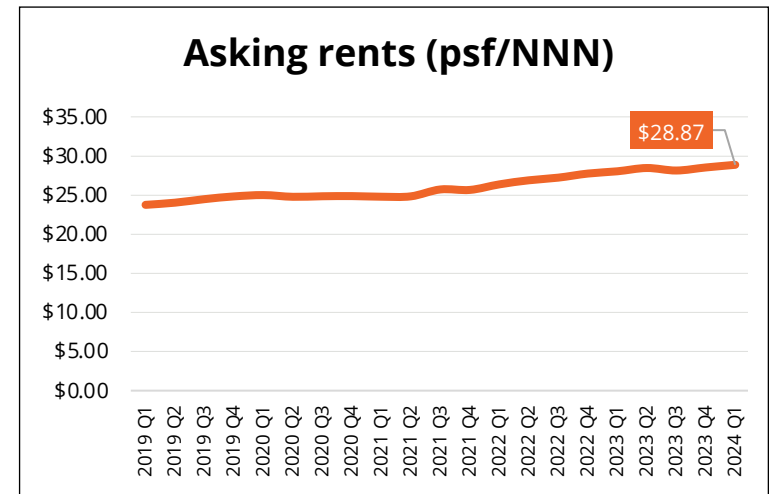
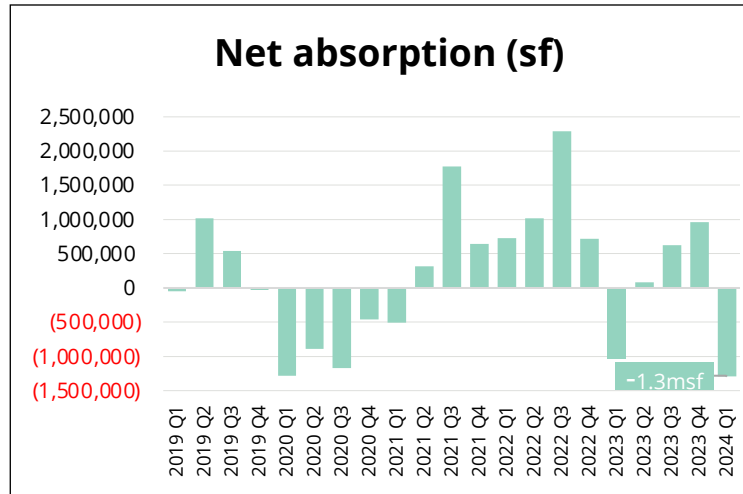
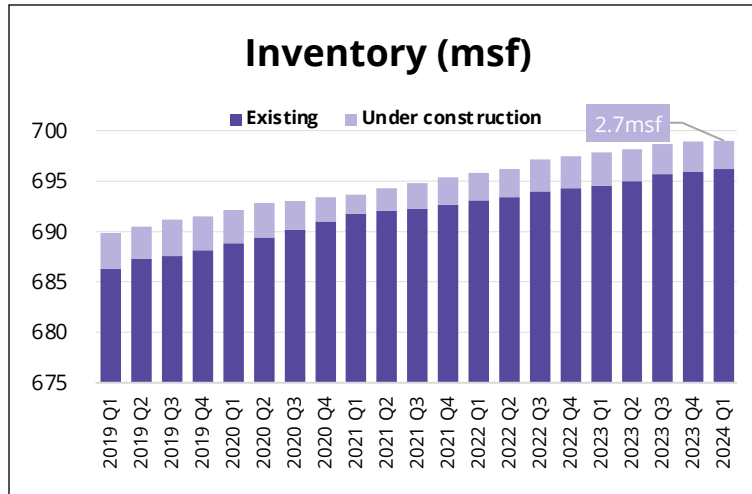
Major developments

- 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



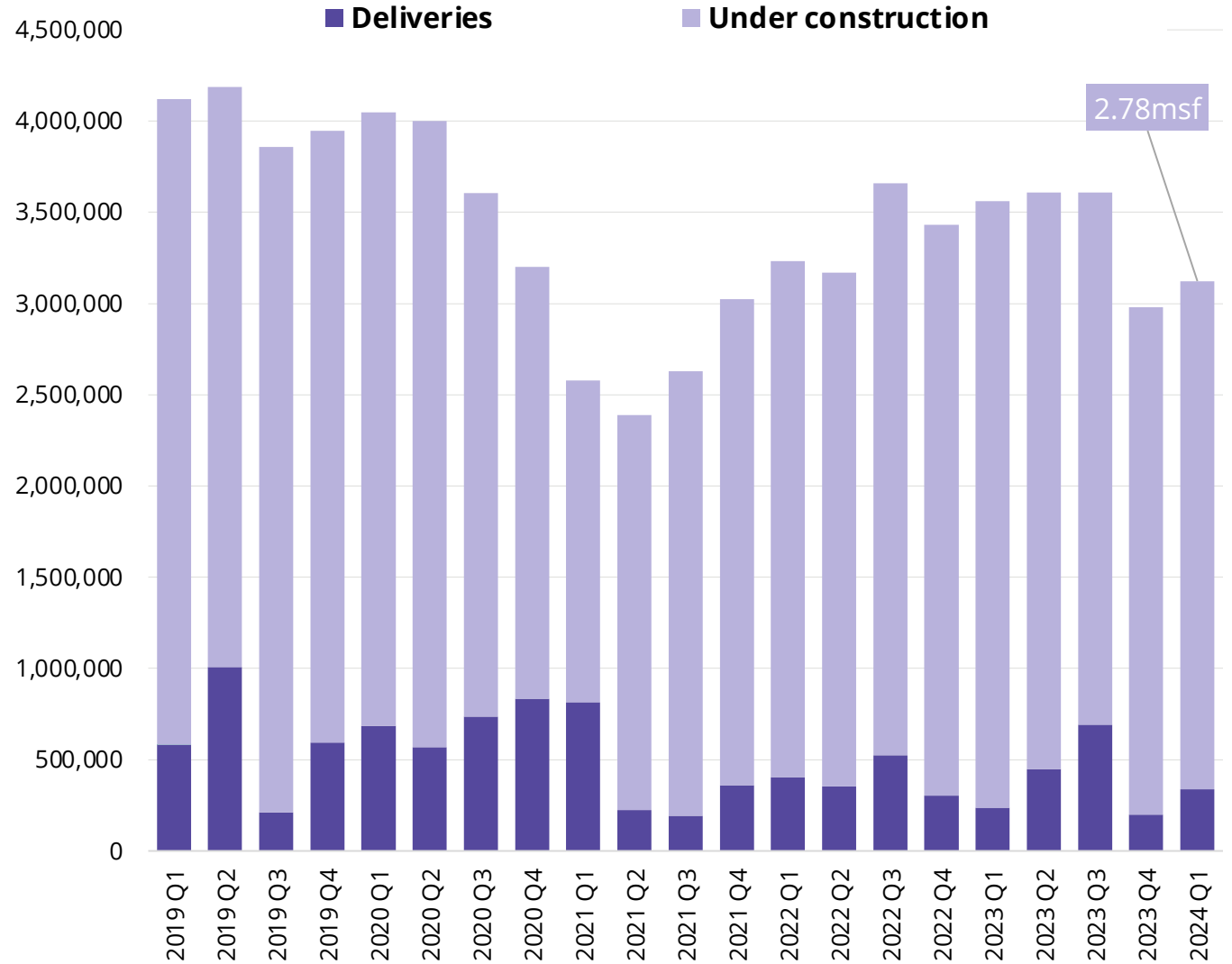
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Southern California development activity

2.78 msf

At the end of Q1 2024 there was 2,783,901 square feet under construction

- Southern California inventory totaled 19,834 buildings totaling 696,212,313 square feet at the end of Q1 2024.
- Deliveries checked in at 338,913 square feet for the first quarter of 2024, giving a total of 10.1 million square feet delivered to the market over the past five years.
- New developments have begun to slowdown due to higher interest rates and higher construction costs, but we still see projects being delivered.



Source: AVANT by Avison Young, CoStar

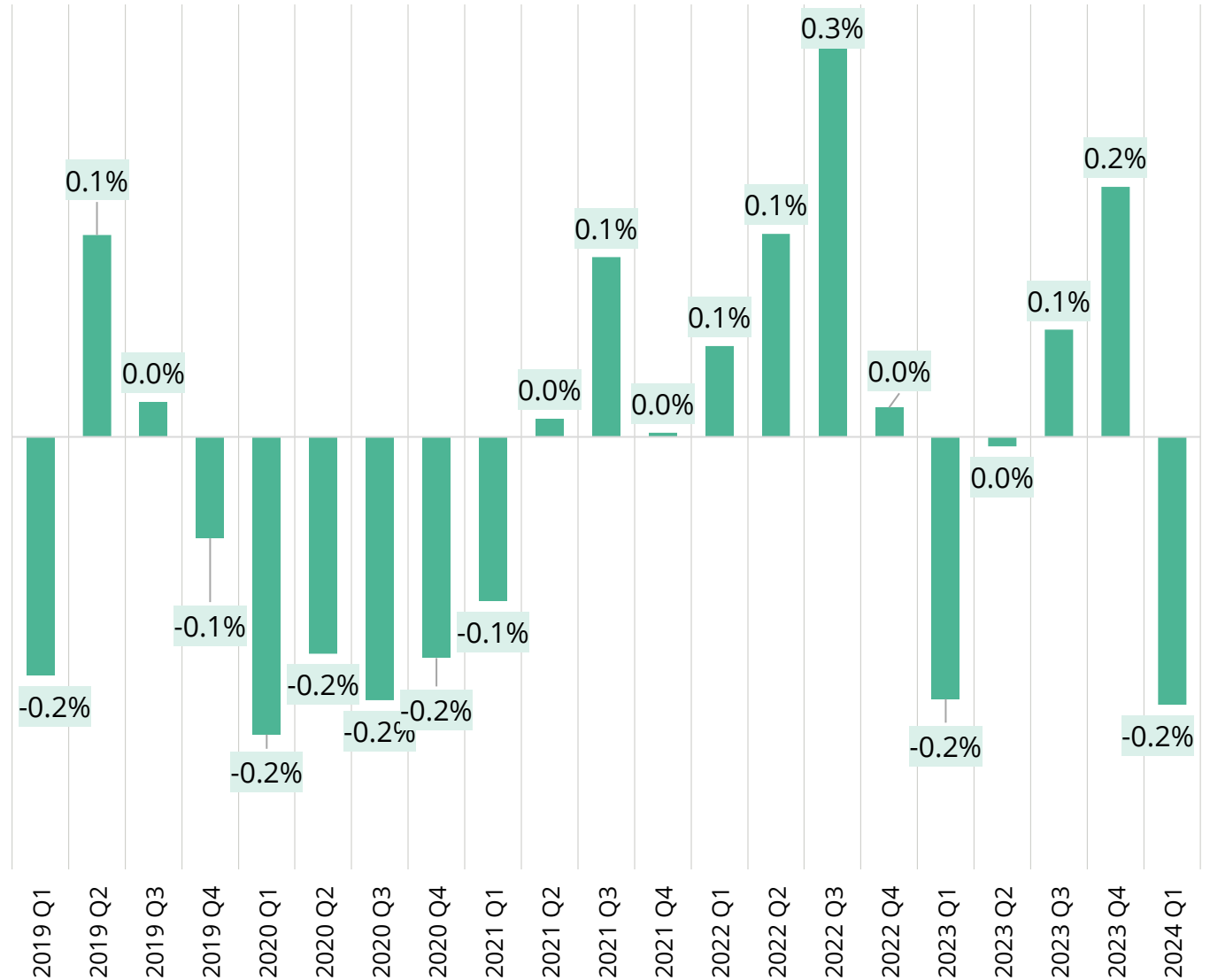
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Southern California net absorption as a share of inventory

-0.2%

The Southern California retail market has had 1,294,674 square feet of negative absorption in Q1 2024.

There was -1,294,674 square feet of negative absorption in Q1 2024, less than double the absorption seen in Q4 2023 with a value of 1,208,228 square feet.



Source: AVANT by Avison Young, CoStar

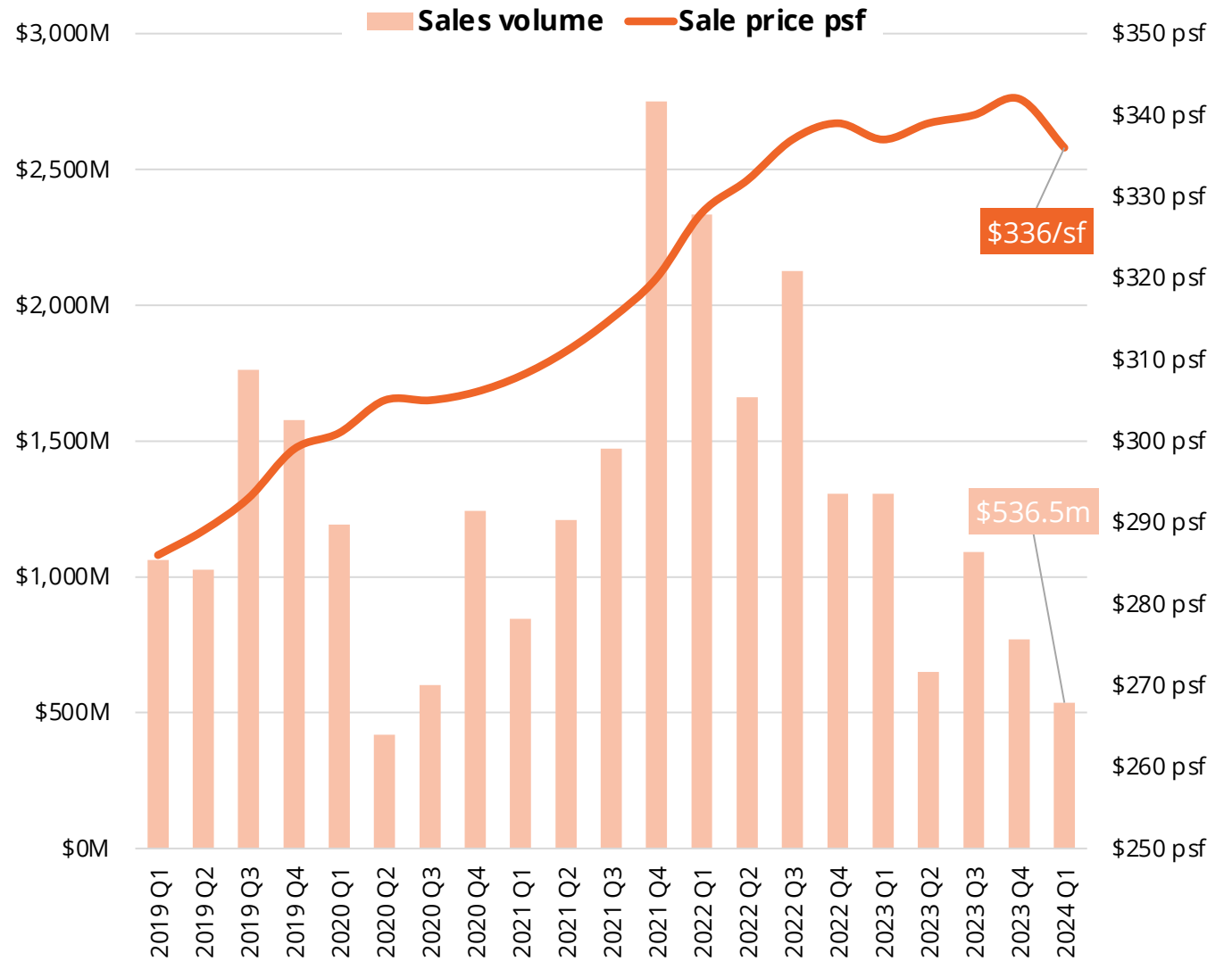
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Southern California investment sales activity and price

\$336 psf

The average price paid for retail buildings in Southern California came in at \$336 per square foot in Q1 2024

Investors and tenants saw more than a 30% decrease in investment sales opportunities in Q1 2024. Total sales volume in Q1 2024 was \$536.5 million dollars, a \$230 million dollar decrease in sales volume from Q4 2023.



Source: AVANT by Avison Young, CoStar

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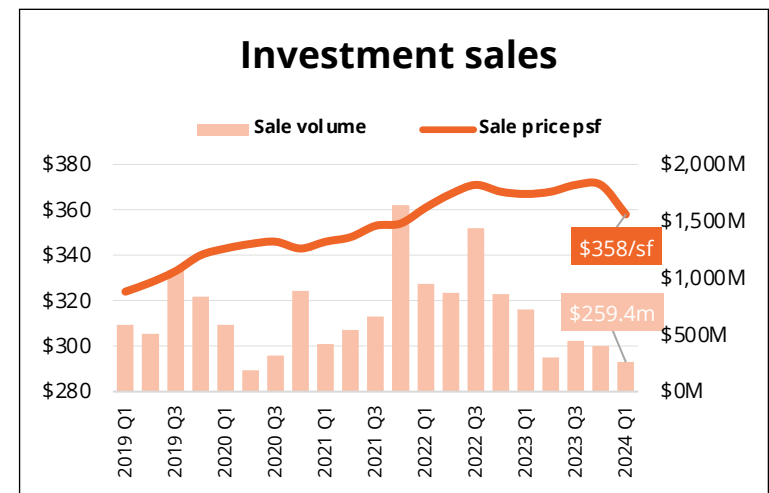
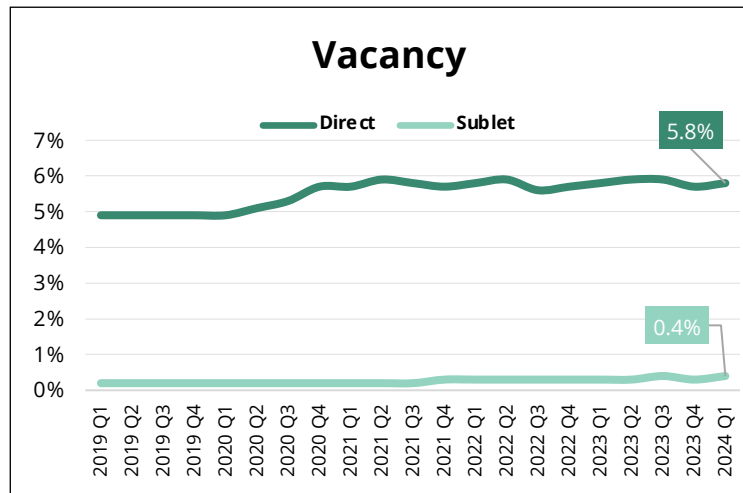
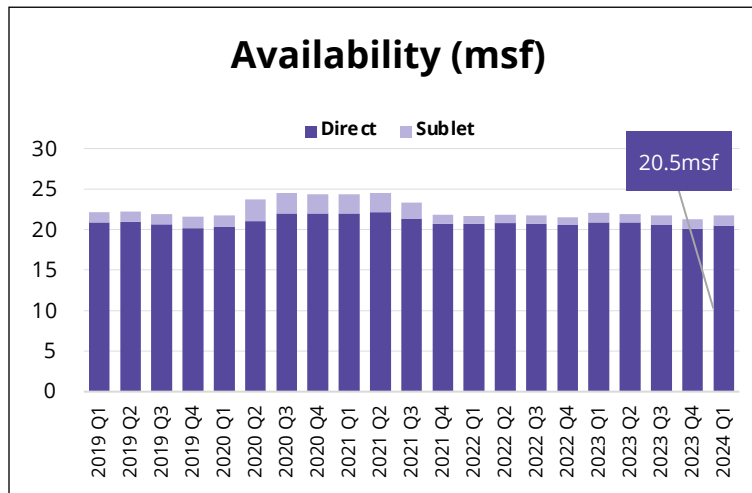
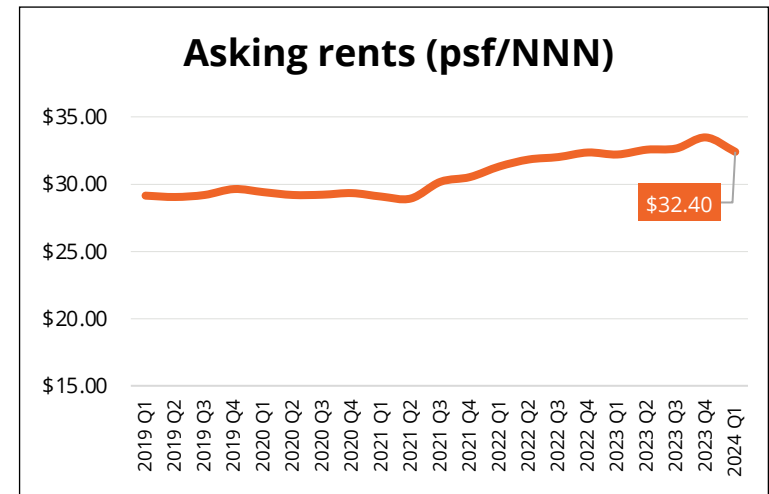
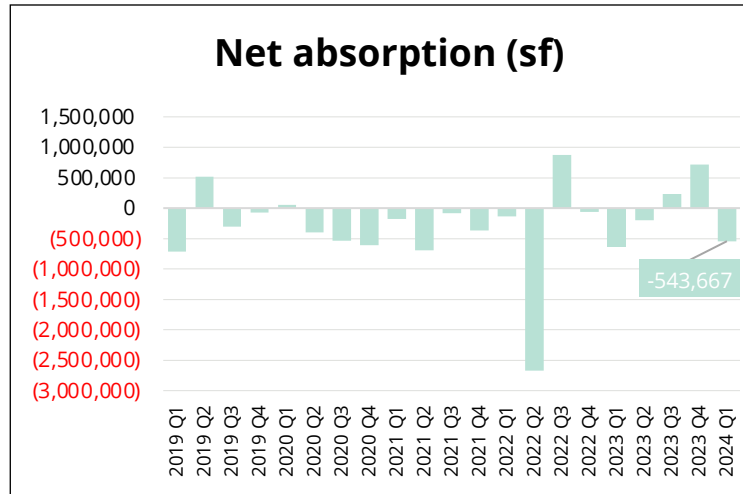
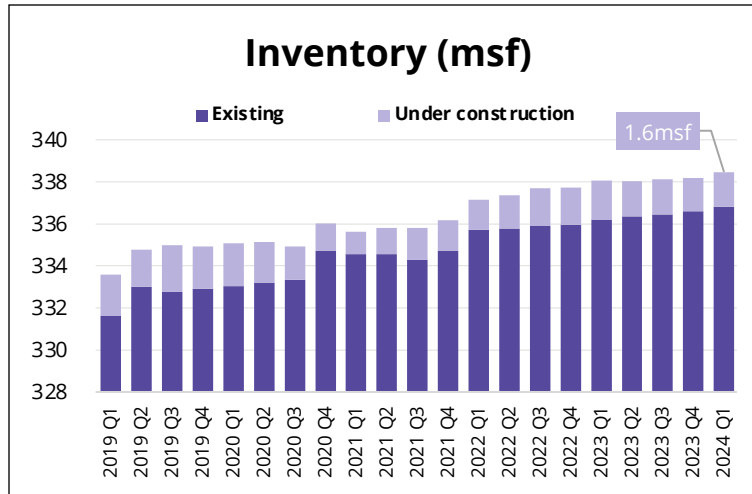
Southern California retail market activity

2024 Q1 Retail Single Sales Transactions

Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller	Notes
Site Specific	1327-1337 Abbot Kinney Blvd, Venice	2/24	11,908	\$29,300,000	\$2,460.53	Perloff-Webster	Perloff-Webster sold this 11,908 square foot retail property for \$29,300,000 or \$2,460.53 per square foot. The property was 100% leased at the time of sale. The in-place net operating income for 2023 was \$2,127,180 yielding a cap rate of 7.26%
Very J, Inc.	777 E 10 th St, Los Angeles	3/24	86,459	\$18,000,000	\$208.19	Wells Fargo	On March 14th, 2024, Wells Fargo & Company sold the 86,373 SF retail building to Very J, Inc. for \$18 Million, approximately \$208.40 per SF as an owner user. At the time of sale the property was 43% occupied. The buyer secured two loans from Poppy Bank totaling \$16,577,000 and will occupy about 51% of the property.
Family Health Centers of SD	850 E Main St, El Cajon	2/24	75,000	\$17,102,000	\$228.03	Carol Sipan	Carol Sipan sold this 75,000-square-foot retail building to Family Health Centers of San Diego for \$17,102,000, or \$228.03 per square foot. The former owner's family had been the sole ownership of the building for 100 years.
Tourmaline Capital	6300-6396 E Santa Ana Canyon Rd, Anaheim	3/24	67,528	\$16,700,000	\$247.30	Craig Langslet	Craig Langslet sold this 67,528 square foot retail building to Tourmaline capital for \$16,700,000, or \$247.30 a square foot.
Mark Lobb	295 E Caroline St, San Bernadino	2/24	87,123	\$16,000,000	\$183.65	Cadence Capital Investments	Cadence Capital Investments sold this 87,123-square-foot retail building to 295 Club Center LLC for \$16 million, or \$183.65 per square foot. The in-place net operating income for 2024 was reported to be \$1,280,000, yielding an actual cap rate of 8%.
Jason Reitman & J.J Abrams	945 Broxton Ave, Los Angeles	2/24	24,099	\$15,500,000	\$643.20	Jennifer Hertrich Trust	A partnership of private individual sold this 24,099 square foot theatre to a partnership of private individuals for \$15,500,000 or \$643.20 per square foot.

*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
Saks Fifth Avenue	9570 Wilshire Blvd	Beverly Hills	01/01/2024	108,120	New Lease	Direct
Vallarta Supermarkets	10400-10408 Rosecrans Ave	Bellflower	02/22/2024	63,000	New Lease	Direct
Dick's Sporting Goods	26573-26591 Carl Boyer Dr	Santa Clarita	03/01/2024	60,000	Renewal	Direct
Very J, Inc.	777 E 10 th St	Downtown LA	03/14/2024	44,094	New Lease	Direct
Altamed	2277 N Garey Ave	Pomona	03/25/2024	25,484	New Lease	Direct

Recent sales activity

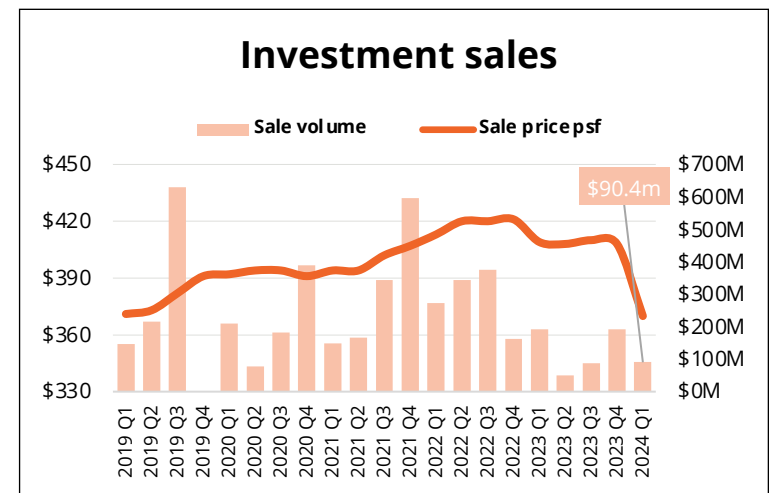
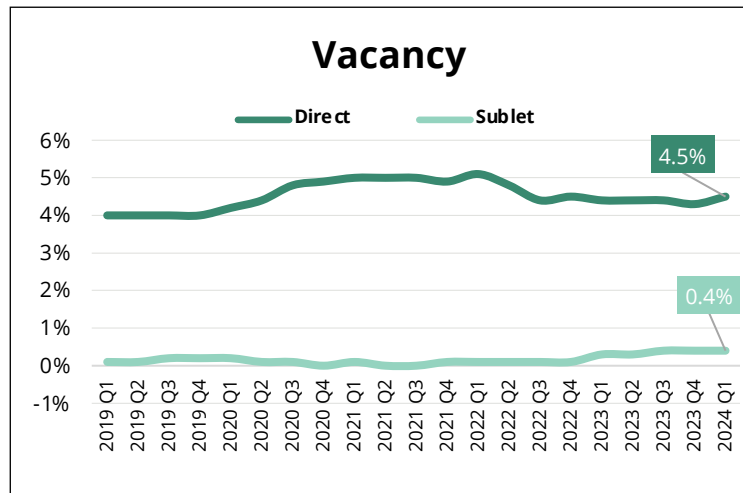
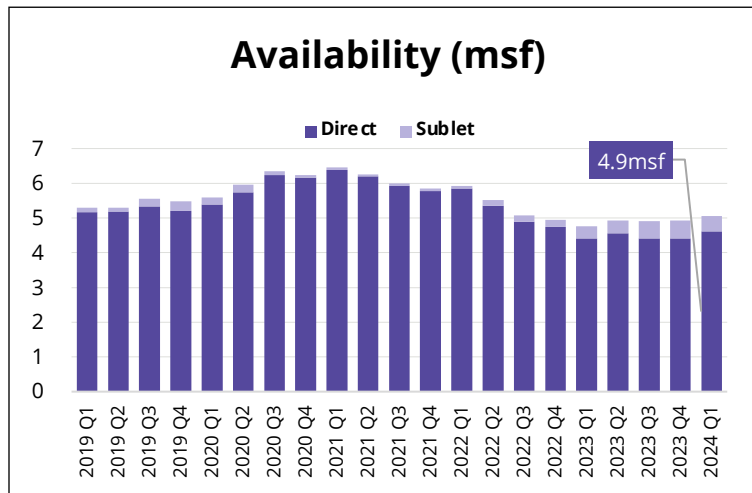
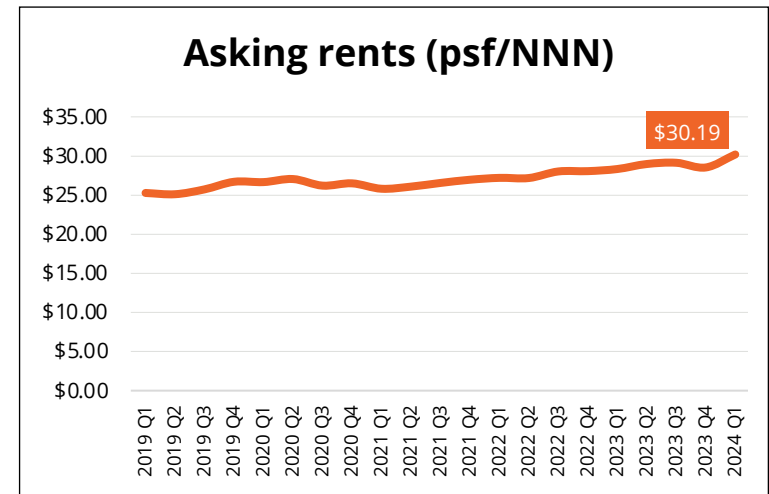
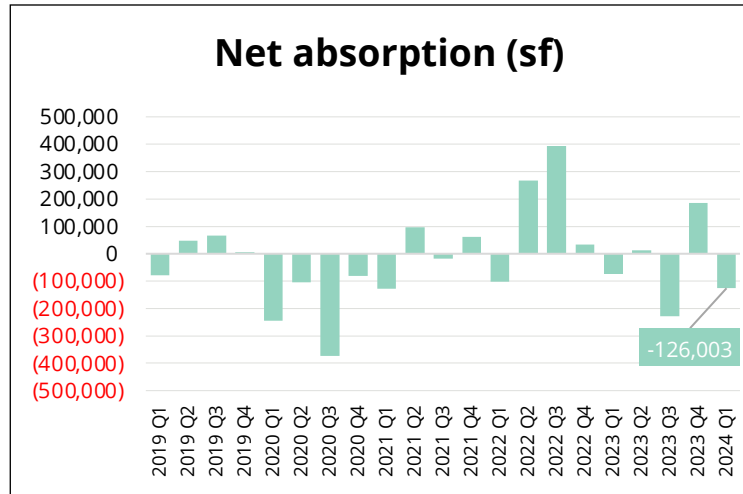
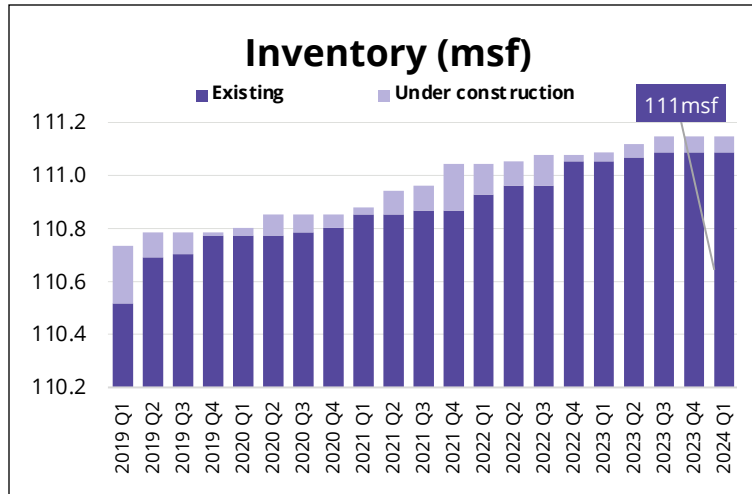
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Site Specific	1327-1337 Abbot Kinney Blvd	02/27/24	11,908	\$29,300,000	\$2,460.53	Perloff-Webster
Very J, Inc.	777 E 10 th St	3/14/24	86,459	\$18,000,000	\$208.19	Wells Fargo
Jason Reitman & JJ Abrams	945 Broxton Ave	02/08/24	24,099	\$15,500,000	\$643.20	Jennifer Hertrich Trust
INI Investment Corp.	1001 Towne Ave	02/13/24	43,700	\$13,719,000	\$313.94	Rialto Capital Management
Undisclosed	420-422 N Camden Dr	01/31/24	12,000	\$13,500,000	\$1,125.00	West World Productions

Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
City of Carson	Del Amo Blvd	Torrance	400,000	Dec 2024	Undisclosed
Ports O'call Village	Port of Los Angeles	Beach Cities	375,000	May 2025	Undisclosed
Undisclosed	9546 Reseda Blvd	West SFV	127,000	May 2024	\$48.00/sf
Undisclosed	700-800 S San Gabriel Blvd	West SGV	115,000	May 2024	\$36.00/sf

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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
Savers Value Village Inc.	8504-8540 E Chapman Ave	Orange	02/29/24	25,688	New Lease	Direct
Ross Dress for Less	18279-18449 Brookhurst St	Fountain Valley	02/16/24	23,714	New Lease	Direct
Hasco Outlet	7001 Westminster Blvd	Westminster	02/12/24	14,390	New Lease	Sublease
Party City	2200 Harbor Blvd	Costa Mesa	02/01/24	13,999	Renewal	Direct
Rise Pet Care	24721 Alicia Pky	Laguna Hills	01/08/24	7,320	New Lease	Direct

Recent sales activity

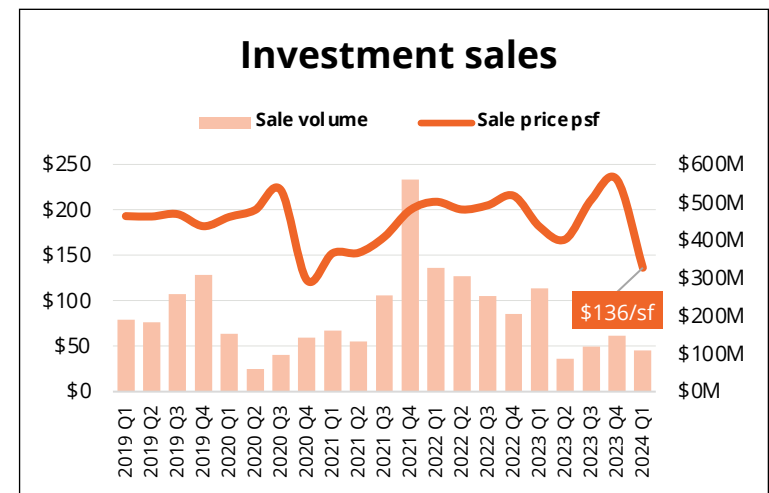
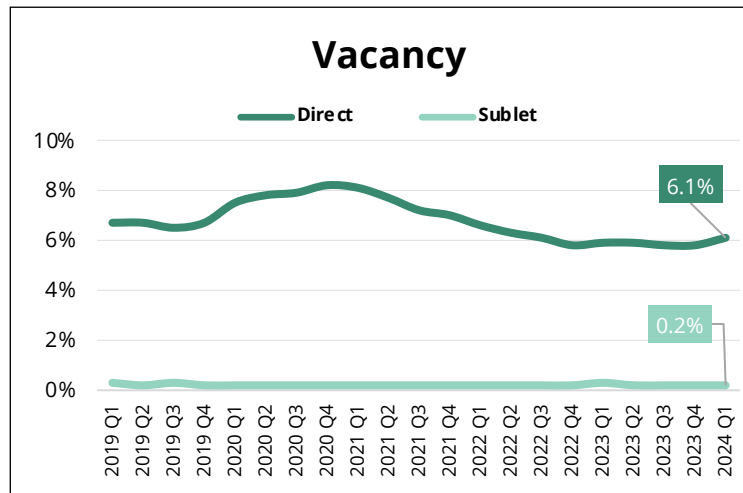
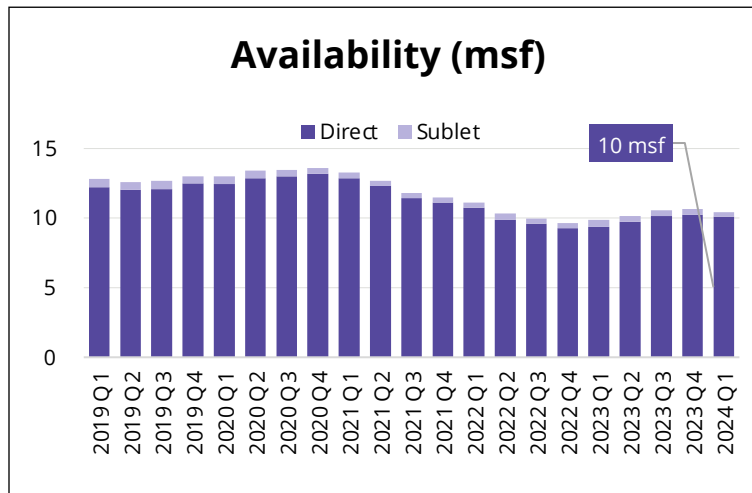
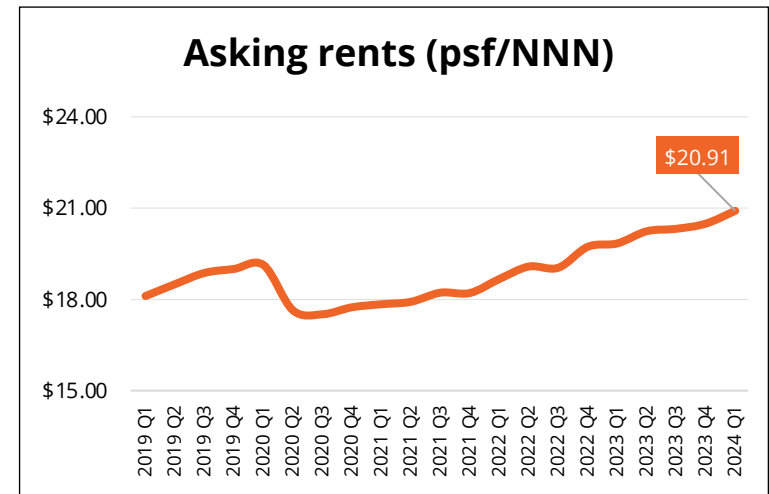
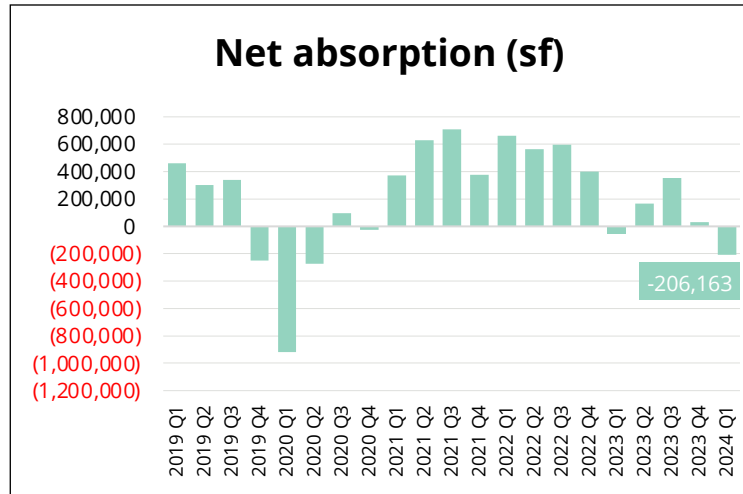
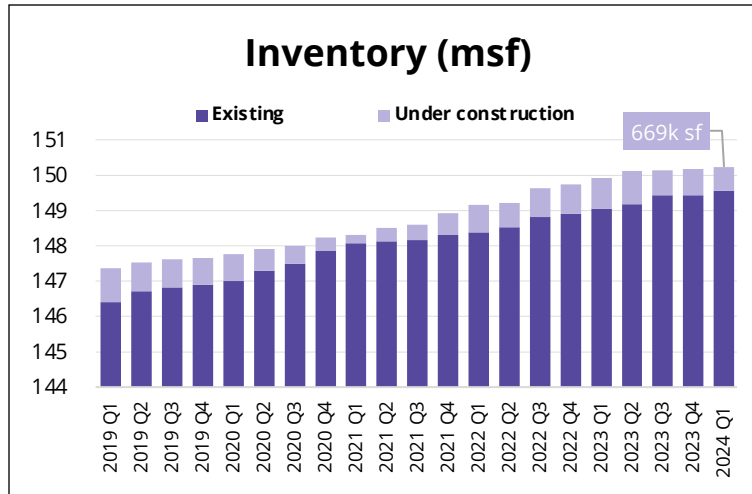
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Tourmaline Capital	6300-6396 E Santa Ana Canyon Rd	3/13/24	67,528	\$16,700,000	\$247.30	Craig Langslet
Sanford Sigal	150 E Yorba Linda Blvd	2/05/24	28,800	\$8,225,000	\$285.59	Bolger & Co.
Thahn Tran	11072-11076 Magnolia St	1/25/24	38,183	\$7,650,000	\$200.35	Tron Dinh Do
Candace Hardy	101 E Imperial Hwy	1/22/24	16,727	\$7,500,000	\$448.38	Manzella Properties LLC.

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
Smart and Final Extra!	32909-32937 Temecula Pky S	South Riverside	03/24/24	30,000	Direct	New Lease
Home Goods	1634-1650 Highland Springs Ave	Beaumont	03/25/24	25,000	Direct	New Lease
Sprouts Farmers Market	9710-9890 Central Ave	Upland/Montclair	03/28/24	20,389	Direct	New Lease
Portals Entertainment	26469 Ynex Rd	South Riverside	01/10/24	13,052	Direct	New Lease
American Medical Response	14850 7 th St	Mojave River Valley	01/21/24	10,900	Direct	Renewal

Recent sales activity

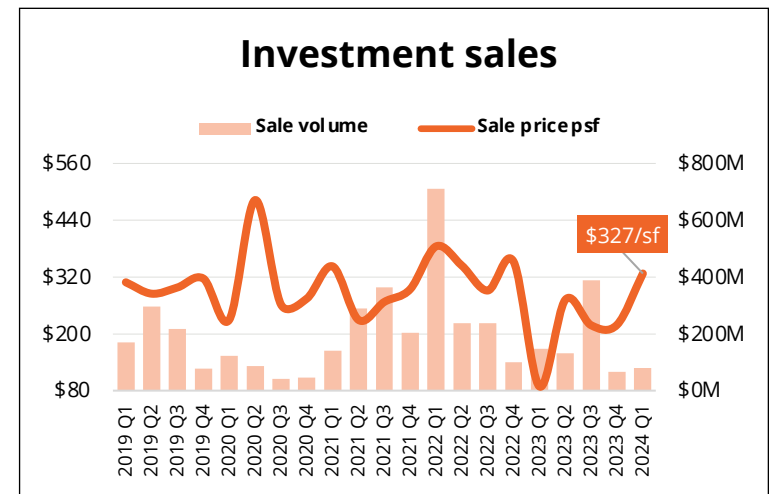
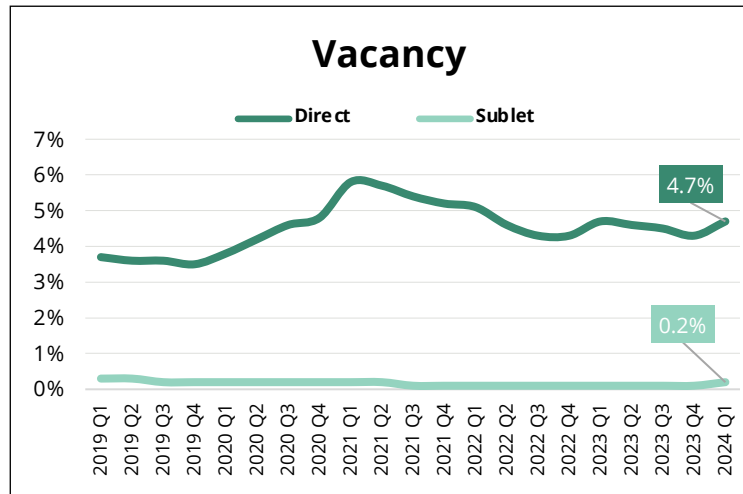
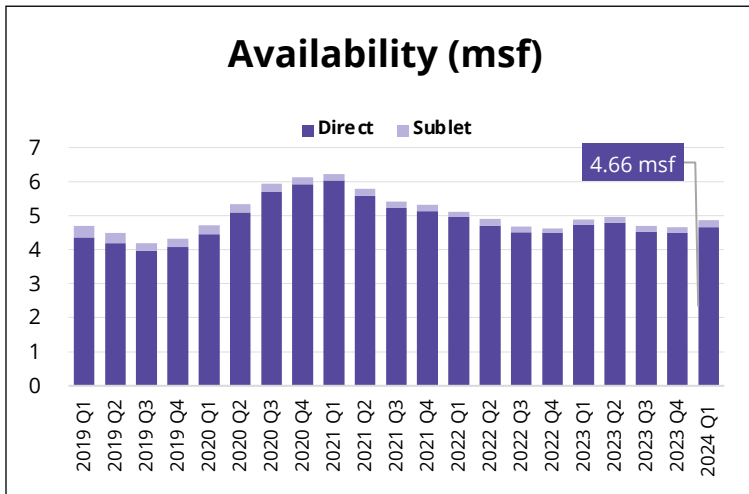
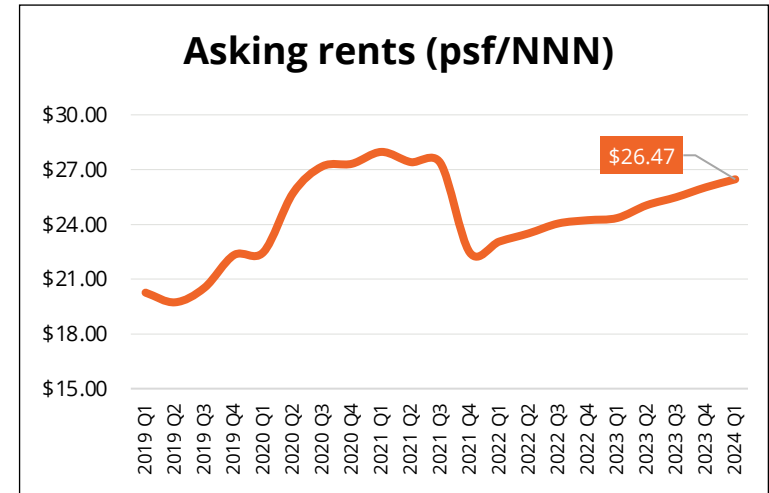
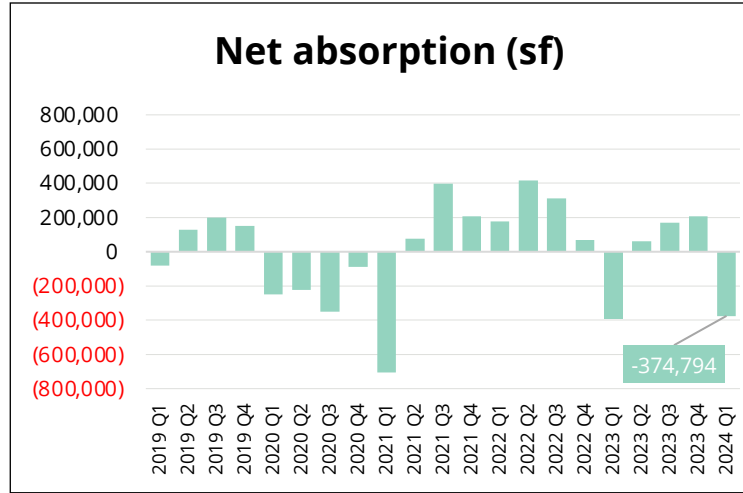
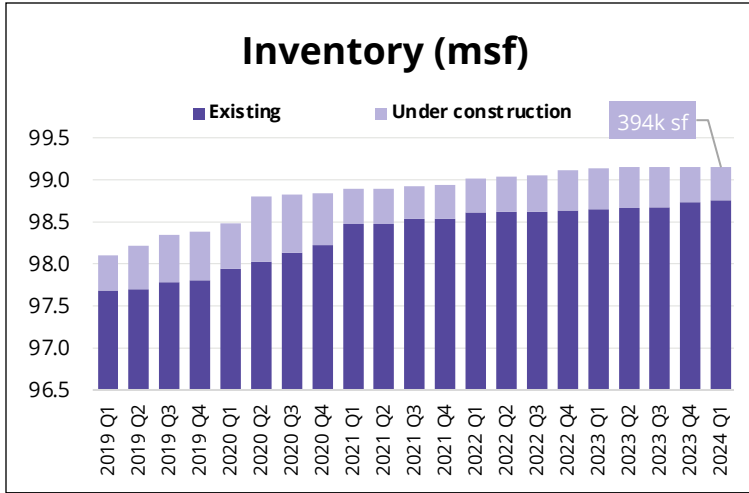
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Mark Lobb	295 E Caroline St	2/21/24	87,123	\$16,000,000	\$183.65	Cadence Capital Investments
Extra Quality Inc.	11053 Riverside Dr	3/21/24	15,500	\$14,000,000	\$903.32	Greens Development Inc.
Orion Real Estate Holdings	1655-1657 Industrial Park Ave	1/12/24	53,461	\$13,200,000	\$246.91	DTM Land Co.
Mahmoud Emadi	14659 Ramona Ave	3/11/24	103,525	\$10,700,000	\$103.36	Andy Kuen Shian Liu
Undisclosed	14220 Schleisman Rd	3/19/24	14,575	\$7,650,000	\$524.87	Undisclosed

Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
Lewis Commercial	Mojave Dr	Mojave River Valley	138,478	Feb 2025	\$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	June 2024	\$28.00 /sf
Lewis Commercial	940 N Haven Dr	Airport Area	61,384	May 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
O'Reilly Auto Parts	635 N Broadway	Escondido	1/22/24	44,047	Direct	New Lease
Trader Joe's	9680 Mission Gorge Rd	Santee	02/06/24	30,000	Direct	New Lease
Dalton Automotive	3150 National City Blvd	National City	02/01/24	26,398	Direct	New Lease

Recent sales activity

Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Family Health Care Centers of SD	850 E Main St	2/26/24	75,000	\$17,102,000	\$228.03	Carol Sipan
Aaron Automotive Group	12740 Poway Rd	3/21/24	22,924	\$14,000,000	\$610.71	Sherman Trust
Toyota of El Cajon	889 Arnele Ave	3/26/24	35,350	\$12,500,000	\$353.61	Tipton Trust
Shelly Garwick	665 Benet Rd	1/31/24	11,797	\$6,350,000	\$538.27	Mission Animal and Bird Hospital
Ali Rostami	1919 Mission Ave	1/18/24	10,978	\$4,400,000	\$400.80	Henman Living Trust

Notable construction projects

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

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For more market insights
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