

LOS ANGELES - LONG BEACH INDUSTRIAL MARKET REPORT

1Q 2022

SOUTHBAY SUBMARKET



1Q Trends At A Glance



Absorption
293,889 SF



Average Rent
\$1.35 / SF



Sales Transactions
\$229.2 Million



Vacancy
0.9%



Under Construction
1,694,899 AF



Average Sales Price
\$322.37 / SF

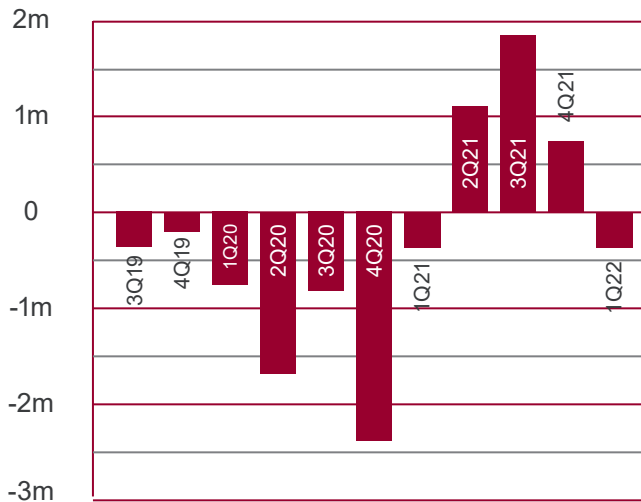
Source: Costar Realty Information Inc.



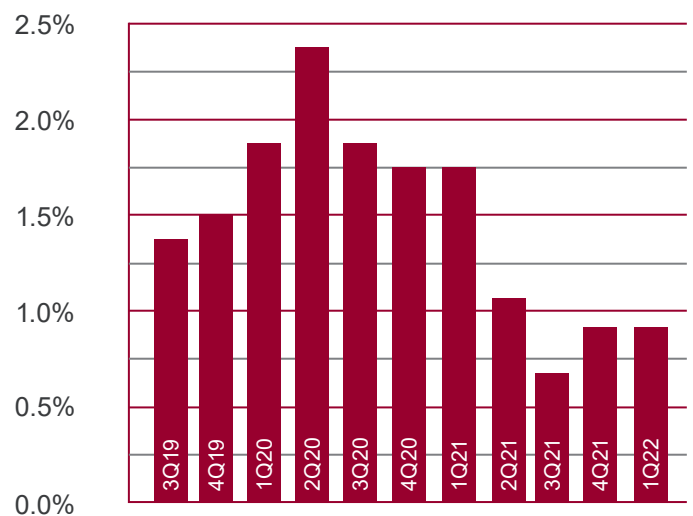
The South Bay industrial market closed out the first quarter with over 293,889 SF of positive net absorption. The overall available vacancy rate increased slightly to 0.9% from last quarter's 0.8%. Average asking rents increased nearly 12% quarter over quarter, bringing the weighted average to a historic high of \$1.35 PSF per month. Average asking rents have increased \$0.28 over the last 12 months and doubled from \$0.58 over the last five years. Proximity to the ports is crucial for logistics and e-commerce tenants and are the ones most aggressively seeking out Class A buildings in the South Bay. As newer buildings are brought

to market and availability diminishes, asking rates will continue to increase. Construction activity remains strong with 1.69M SF currently underway, and several projects are set to deliver in the next six months, which will bring much needed supply for tenants seeking the South Bay's prime proximity to the ports. In terms of investment activity, the South Bay has benefited enormously from the boom in e-commerce propelled by the pandemic. With an all-time low vacancy and record-high rent growth, sales prices are forecast to increase and cap rates to compress as demand for buildings will remain hyper competitive.

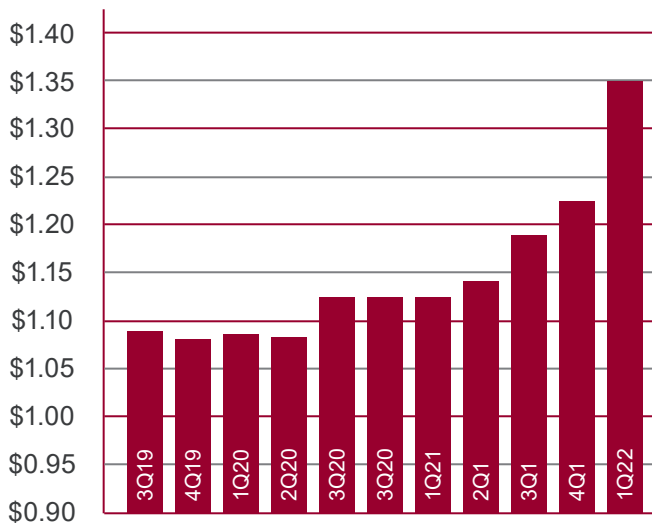
NET ABSORPTION



VACANCY



AVERAGE ASKING RENT BY QUARTER



ASKING PRICE PER SQ FT





Source: CoStar Realty Information Inc & AIR

TOP LEASES FOR 1Q22

ADDRESS	CITY	TYPE	TENANT	SQUARE FEET
20943 S. MACIEL AVE.	CARSON	WAREHOUSE	CAPITAL LOGISTICS & WAREHOUSING GROUP INC.	176,031 SF
220 W. VICTORIA ST.	COMPTON	WAREHOUSE	PACIFIC EXPRESSWAY	111,000 SF
575 W. MANVILLE ST.	COMPTON	WAREHOUSE	EASTRAY, INC.	90,000 SF
399 W. ARTESIA BLVD.	COMPTON	WAREHOUSE	INTERNATIONAL AUTO LOGISTICS, LLC	87,202 SF

TOP SALES FOR 1Q22

ADDRESS	CITY	TYPE	SALES PRICE	SQUARE FEET
18455 S. FIGUEROA ST., STE 1	LOS ANGELES	R & D	\$444 / SF	124,028 SF
3701 INGLEWOOD AVE	REDONDO BEACH	SPECIALTY	\$738 / SF	106,057 SF
301 E. ALONDRA BL	GARDENA	WAREHOUSE	\$263 / SF	91,343 SF
8911 AVIATION BLVD.	INGLEWOOD	LAND	\$184 / SF	174,013 SF

MID COUNTIES SUBMARKET



1Q Trends At A Glance



Absorption
91,120 SF



Average Rent
\$1.21 / SF



Sales Transactions
\$152.5 Million



Vacancy
0.4%



Under Construction
243,319 SF



Average Sales Price
\$308.94 / SF

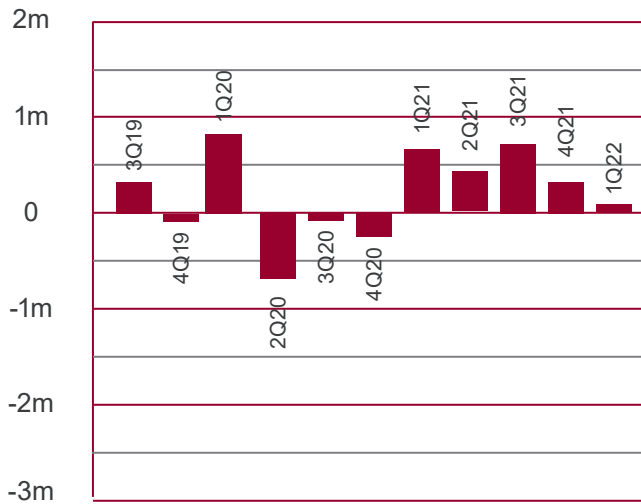
Source: Costar Realty Information Inc.



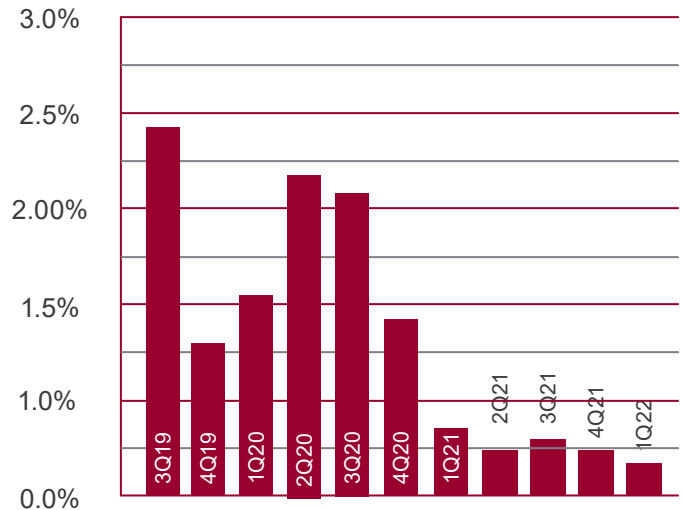
At the end of Q1'22, the Mid-Countries continued to have the lowest vacancy rate of any major industrial submarket at 0.4%. Just over 243,000 SF was under construction at quarter's end. These numbers are inadequate to alleviate the supply problem throughout the region. Nonetheless, of the submarkets within Los Angeles, the Mid Counties ended the quarter with the net absorption at 91,120 SF. With very little development activity in the pipeline, Mid-Countries will continue to see tight market conditions, as limited availability will put upward pressure on rental rates. Average asking

rents increased to \$1.21 PSF. Prepare renewing-tenants for sticker shock as rents have more than doubled over the past 10 years. For reference, in Q1 2011, rents were only \$0.47 PSF.

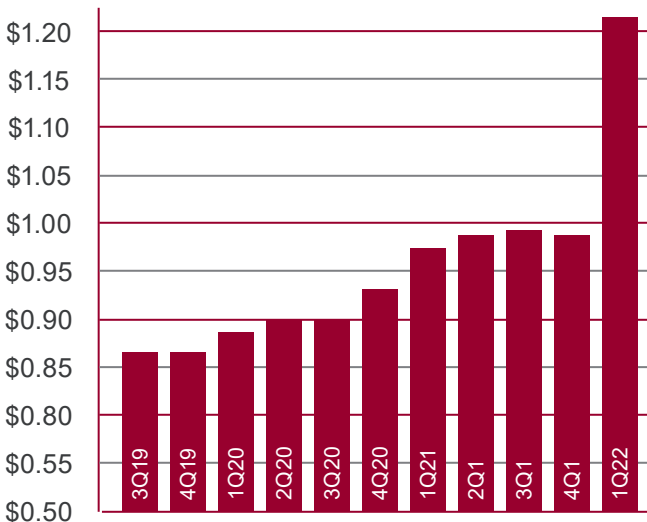
NET ABSORPTION



VACANCY



AVERAGE ASKING RENT BY QUARTER



ASKING PRICE PER SQ FT





Source: CoStar Realty Information Inc & AIR

TOP LEASES FOR 1Q22

ADDRESS	CITY	TYPE	TENANT	SQUARE FEET
12801 CARMENITA RD.	SANTA FE SPRINGS	MANUFACTURING	PIXIOR LLC	153,724 SF
13545-13565 LARWIN CIR.	SANTA FE SPRINGS	WAREHOUSE	SILVER HAWK FREIGHT, INC.	120,862 SF
8708 DICE RD.	SANTA FE SPRINGS	DISTRIBUTION	UNIQUE FORMULATION RESEARCH	20,957 SF

TOP SALES FOR 1Q22

ADDRESS	CITY	TYPE	SALES PRICE	SQUARE FEET
12065 PIKE ST.	SANTA FE SPRINGS	DISTRIBUTION	\$219 / SF	159,964 SF
16290 - 16310 SHOEMAKER AVE.	CERRITOS	WAREHOUSE	\$311 / SF	150,379 SF
16930 VALLEY VIEW AVE.	LA MIRADA	MANUFACTURING	\$414 / SF	125,000 SF
13711 FREEWAY DR.	SANTA FE SPRINGS	MANUFACTURING	\$414 / SF	82,092 SF

INLAND EMPIRE SUBMARKET



1Q Trends At A Glance



Absorption
(123,503)SF



Average Rent
\$0.76 / SF



Sales Transactions
\$1.015 Billion



Vacancy
16.5%



Under Construction
21,238,671 SF



Average Sales Price
\$238.78 / SF

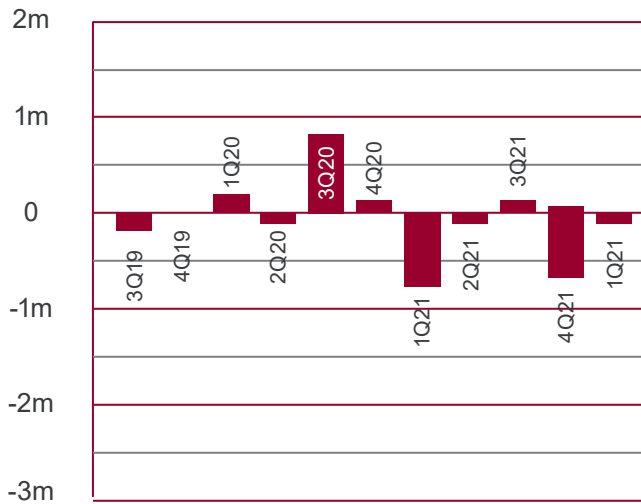
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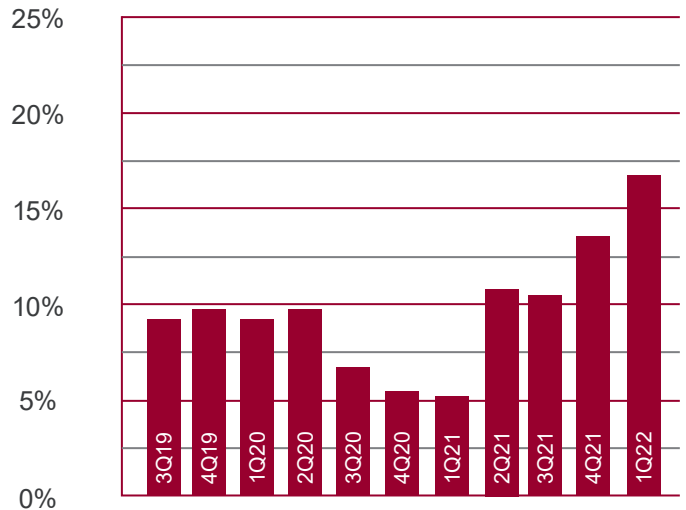
Using any metric -- vacancy, average asking rents, net absorption, square feet leased, and square feet under development – 2021 was simply a stellar year for the Inland Empire. Those trends continued in Q1 of 2022. Average asking rents continue their meteoric rise, jumping \$0.13 PSF quarter over quarter. They are now \$0.76 PSF. Vacancy in the region increased, closing out the quarter at 16.5%. Furthermore, net absorption for the quarter totaled a negative 123,503 square feet. Without question, the IE's industrial sector has benefited enormously from the boom in

E-commerce. The sector has grown exponentially since the start of the pandemic and will continue to attract institutional investment. Expect cap rates to compress further, vacancy to remain low, and rental rates to only increase. In the past, the Inland Empire was a discount-option for those priced of LA's more expensive submarkets. That is no longer true. Prepare your client for sticker shock as rents have been growing during the past 3 months.

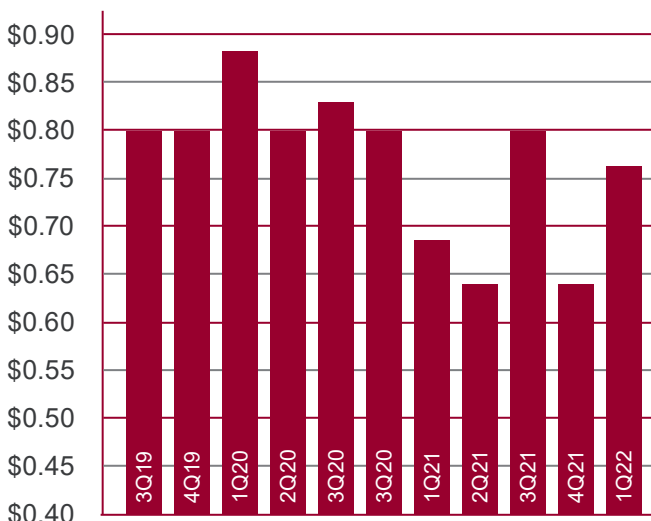
NET ABSORPTION



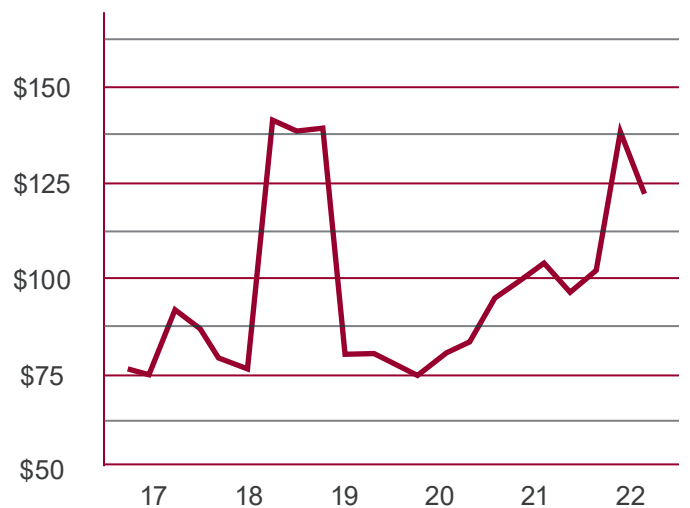
VACANCY



AVERAGE ASKING RENT BY QUARTER



ASKING PRICE PER SQ FT





Source: CoStar Realty Information Inc & AIR

TOP LEASES FOR 1Q22

ADDRESS	CITY	TYPE	TENANT	SQUARE FEET
20201 CAROLINE WY.	RIVERSIDE	DISTRIBUTION	REPUBLIC NATIONAL DIST.CO.	782,209 SF
23550 PLACENTIA AVE.	PERRIS	DISTRIBUTION	RFI	682,700 SF
2325 COTTONWOOD AVE.	RIVERSIDE	WAREHOUSE	INSTANT BRAND	633,500 SF
6251 ARCHIBALD AVE.	EASTVALE	DISTRIBUTION	BEST BUY	501,649 SF

TOP SALES FOR 1Q22

ADDRESS	CITY	TYPE	SALES PRICE	SQUARE FEET
14800 MERIDIAN PKY.	MARCH AIR RESERVE BASE	DISTRIBUTION	\$192 / SF	1,174,800 SF
21362 HARVILL AVE.	PERRIS	WAREHOUSE	\$209 / SF	197,865 SF
5401 E JURUPA ST	ONTARIO	WAREHOUSE	\$302 / SF	142,404 SF
20820 KRAMERIA AVE	RIVERSIDE	WAREHOUSE	\$348 / SF	123,500 SF

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LOS ANGELES & LONG BEACH INDUSTRIAL MARKET MAP



LOOK TO LEE & ASSOCIATES FOR SOLUTIONS

Contact a Lee & Associates Broker who can provide you with the most comprehensive market knowledge and expertise in the business. We specialize in:

Build-to-Suite

- For Lease
- For Sale
- Facility Specification
- Bidding & Design Build Construction
- Expansion Planning

Fair Market Value Analysis

- Valuation of Land
- Valuation of Buildings and Other Improvements

Financial Analysis of Alternatives

- Comparing Alternative Proposals
- Purchase vs. Lease Analysis
- Existing Building Search

Site Search

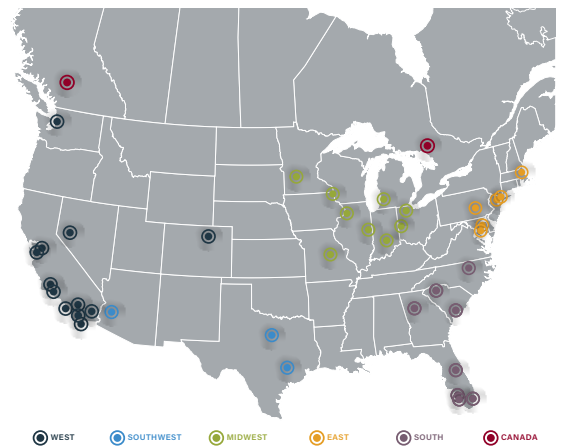
- Site Selection Criteria
- Development & Analysis

Sale-Leaseback

- Institutional Investors
- Private Investors

Disposition of Existing Buildings

- Locally & Nationally
- REO & Distressed-Asset Valuation & Sales



*Third-Party Data Sources: CoStar Group, Inc., AIR CRE, Port of Long Beach, Port of Los Angeles, Lee & Associates National Market Report, GlobeSt.com, NAIOP.Org, The Wall Street Journal, PIERS, a JOC.com sister company within IHS Market