

Los Angeles  
Orange County  
Ventura  
Inland Empire  
Phoenix

Q1 | 2024  
**Market Report**



Los Angeles Industrial

LA West/ South

Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

### MARKET ACTIVITY

### KEY TAKE AWAYS

### ECONOMIC OUTLOOK

<p>Direct Vacancy ▲ 4.7%</p>	<p>Net Absorption ▲ -725,040 SF</p>
<p>Overall Vacancy ▲ 5.5%</p>	<p>Gross Absorption ▲ 2,295,645 SF</p>
<p>Under Construction ▼ 1,439,622 SF</p>	<p>Rental Rates (NNN) ▼ \$1.80</p>
<p>Median Sale \$/SF ▲ \$308.67</p>	<p>Deal Volume ▲ \$289.8M</p>

#### MARKET

- **Vacancy Rate:** Increase of 36 bps to 5.5% in Q1.
- **Net Absorption:** Improved from Q4, but remains negative. Totaling -725K SF in Q1.
- **Asking Rents:** Declined by \$0.02 or 1.1% to a rate of \$1.80 PSF NNN.
- **Sales:** The median price PSF in Q1 was \$308.67. Volume in Q1 totaled \$289.8M. Up 16.9% from Q4. In the largest sale of Q1, CenterPoint Properties acquired a four property portfolio for \$196.5M at \$359.32 PSF. This transaction accounted for 68% of the total volume in Q1.

#### ECONOMIC OUTLOOK

- **Interest Rates:** At the March meeting, the FOMC decided once again to maintain rates at the current range of 5.25-5.50%. The median forecast of FOMC members currently projects three rate cuts to occur in 2024.
- **Inflation:** CPI continues to be elevated above the Fed's 2% target.
- **Supply Chain:** The cost from China/East Asia to North America West Coast increased 33.5% over Q1, ending at \$3,623 per container. (Freightos). Middle East tensions, drought in the Panama Canal, the collapse of major bridge in Baltimore are some contributing factors to monitor.

<p>U.S. Employment ▲ 3.9%</p>	<p>U6 Rate ▲ 7.3%</p>
<p>Interest Rate ▲ 6.8% <small>(30 year fixed)</small></p>	<p>Changing GDP ▼ 2.8%</p>
<p>Port Traffic Y/Y Δ ▲ 28.1%</p>	<p>NYSE Performance ▲ 8.3%</p>
<p>Inflation Change ▲ 3.2%</p>	<p>10 Yr. - 2 Yr. Spread ▼ -39 BPS</p>

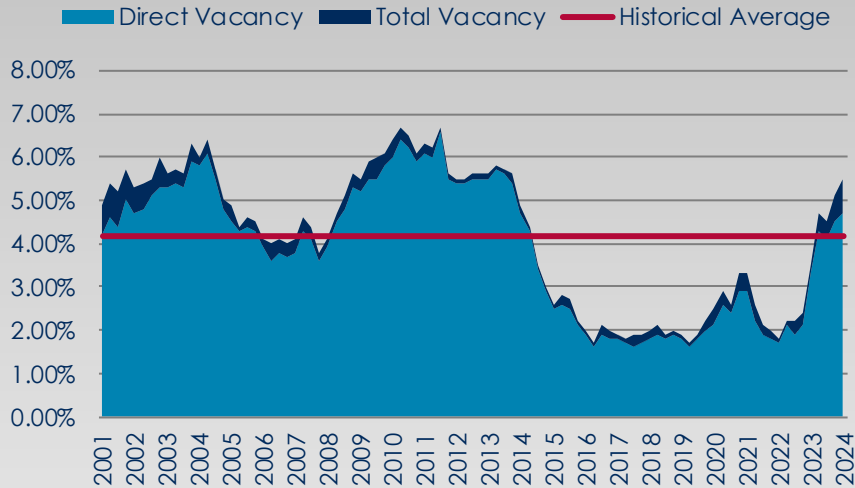
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

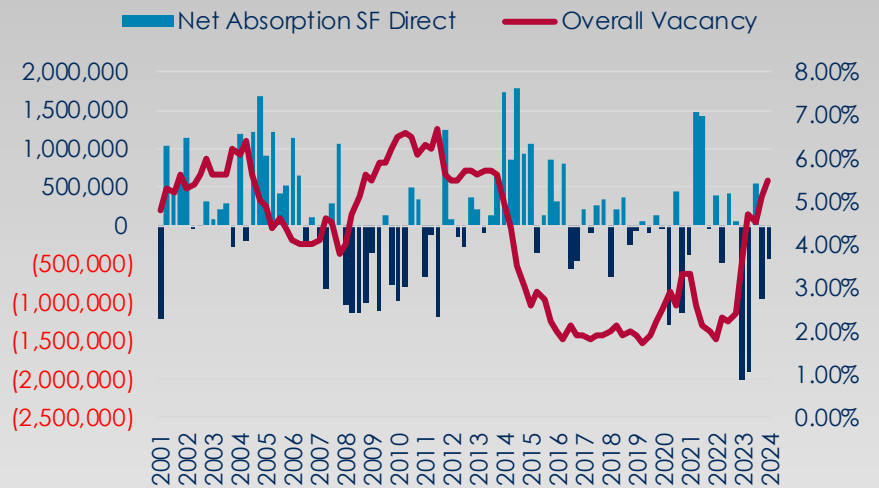


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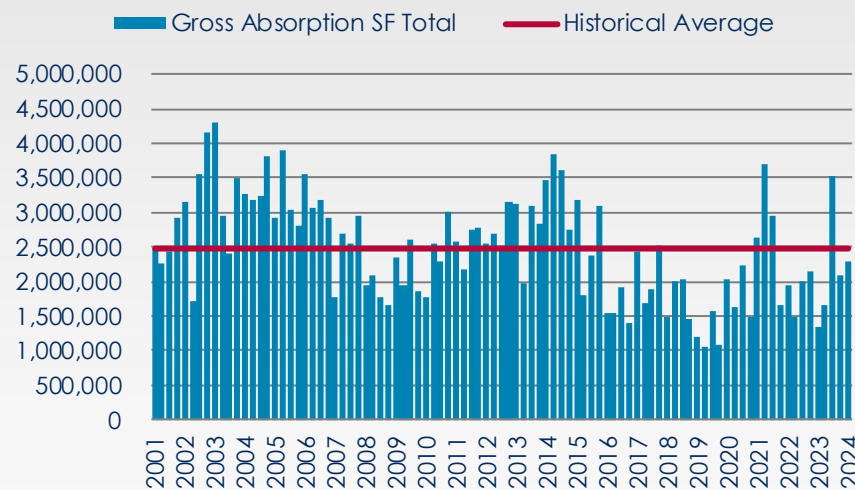
## OVERALL VACANCY INCREASED BY 36 BPS IN Q1 TO 5.5%



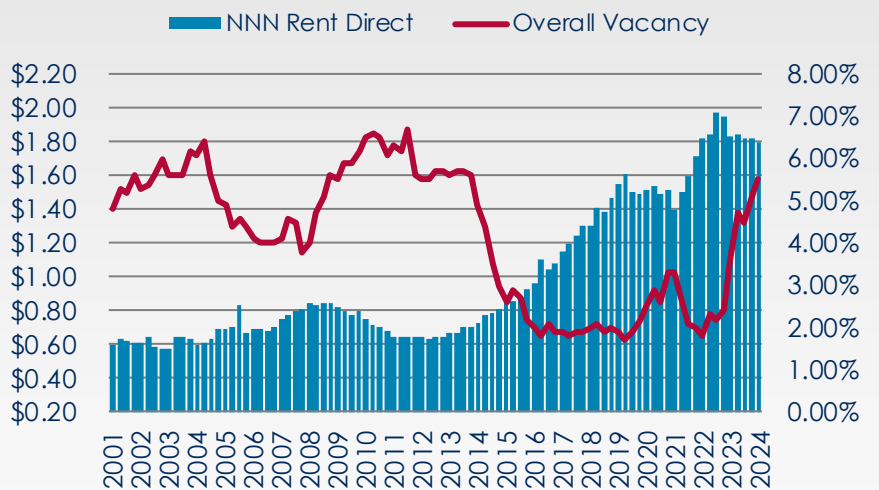
## NET ABSORPTION REMAINED NEGATIVE IN Q1 TOTALING -725K SF



## GROSS ABSORPTION INCREASED BY 9.8% IN Q1 TO 2.3M SF

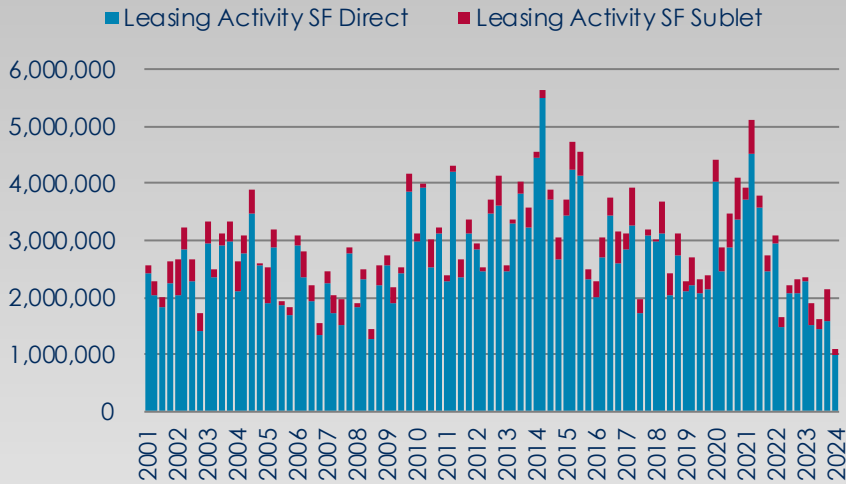


## ASKING RENTS DECLINED BY \$0.02 PSF OR 1.1% IN Q1 TO \$1.80 PSF

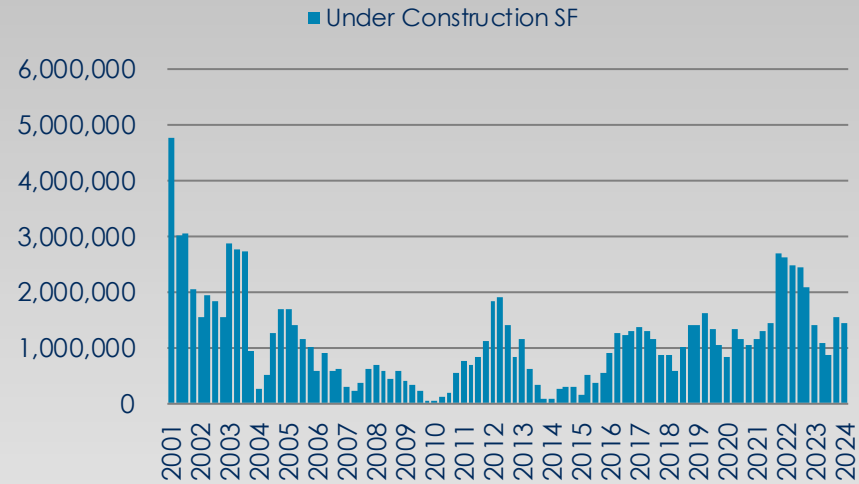


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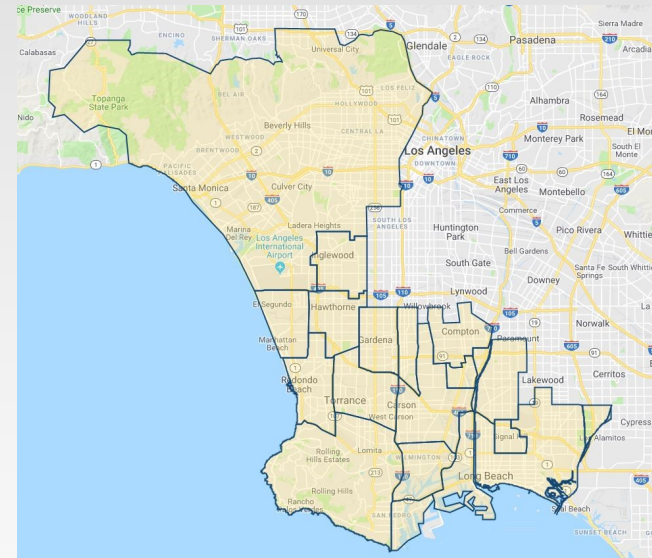
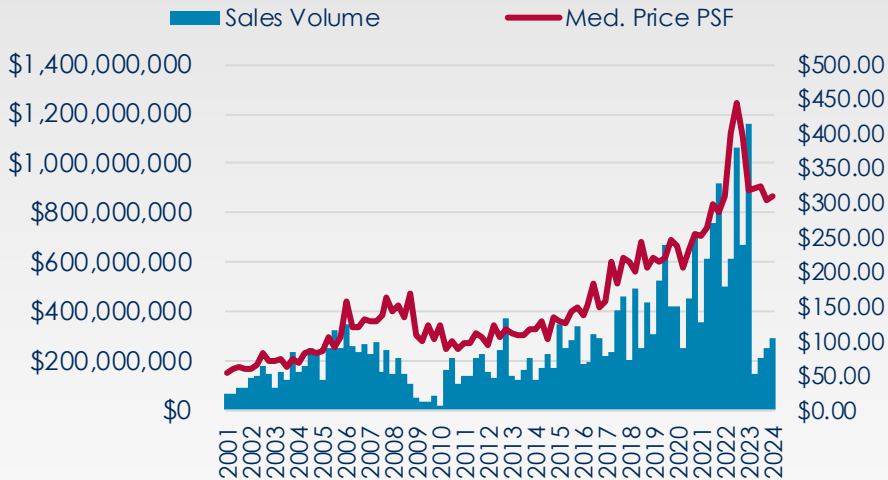
## LEASING ACTIVITY DECLINED 49.2% FROM Q4 TO 1.08M SF IN Q1



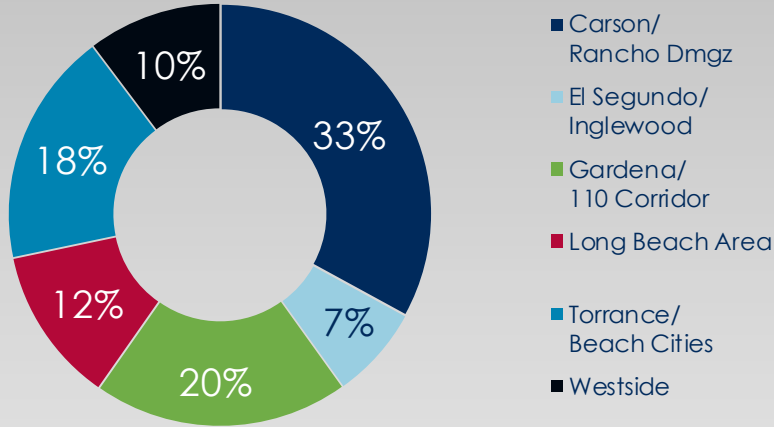
## CONSTRUCTION ACTIVITY 136K SF WAS DELIVERED IN Q1. UC REVISED TO 1.4M SF



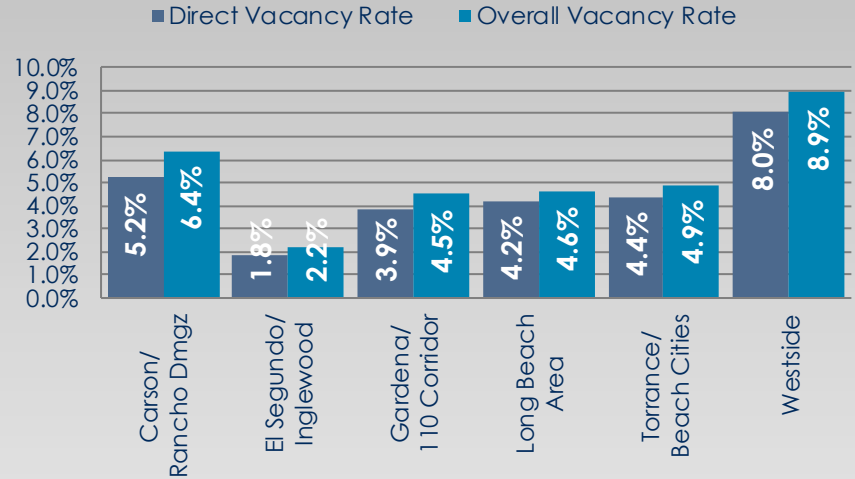
## SALES THE MEDIAN PRICE PSF IN Q1 WAS \$308.67 PSF. VOLUME UP 16.9%



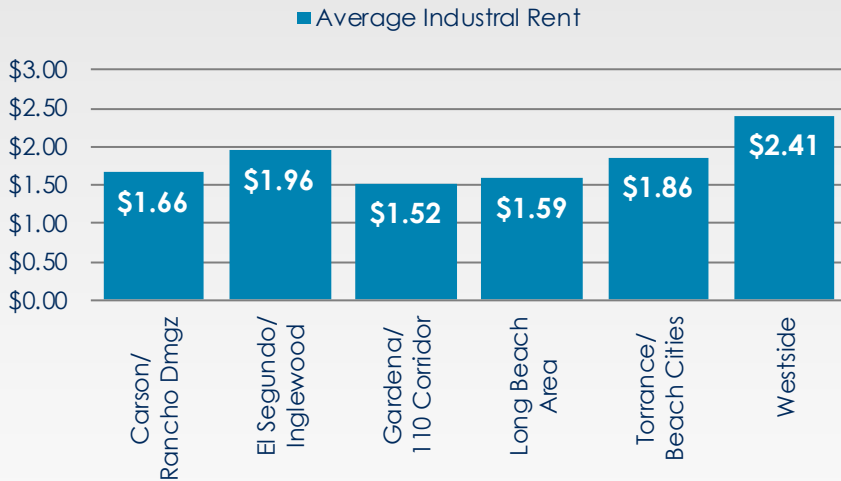
## SQUARE FOOT BREAKDOWN- 233,368,541 SF MARKET SIZE



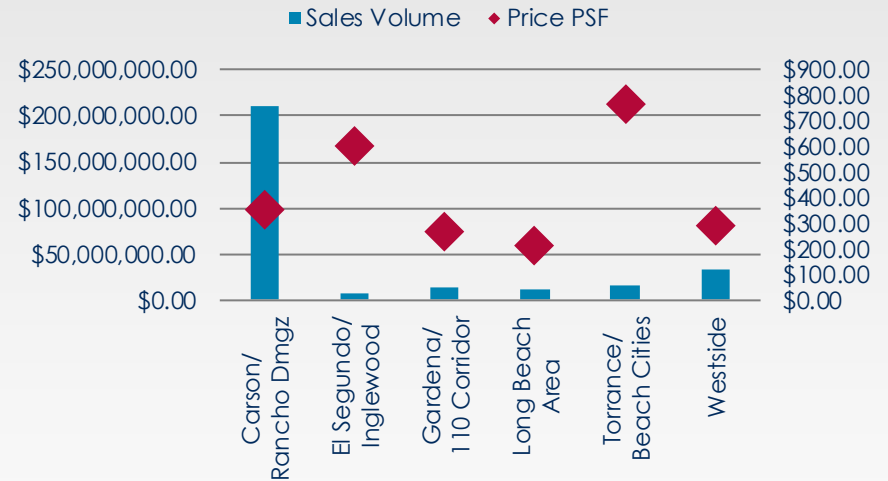
## VACANCY BREAKDOWN



## AVERAGE ASKING RENT PSF NNN AT CLOSE OF QUARTER



## VOLUME BREAKDOWN



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## METHODOLOGY & TERMINOLOGY

### Methodology

Industrial and flex (R & D) buildings that are 5,000 square feet and greater.

### Direct Vacant SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

### Total Vacant W/ Sublet SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

### Direct Vacancy Rate

Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

### Vacancy W/ Sublet Rate

Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

### Gross Absorption

The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time.

### Net Absorption

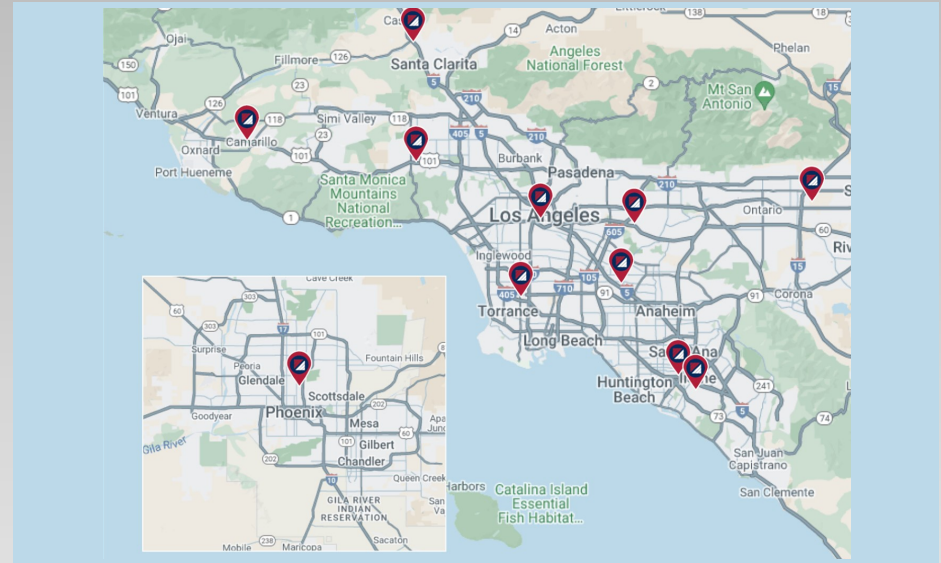
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

### Under Construction

Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

### Completed in 2024

New buildings with original construction completed in the year 2024 and granted a Certificate of Occupancy. Renovated buildings are not included.



MARKET	OFFICE ADDRESS	PHONE NUMBER
LOS ANGELES	801 S FIGUEROA ST. SUITE 600 LOS ANGELES, CA 90017	213-626-9101
LOS ANGELES NORTH	21820 BURBANK BLVD. SUITE 130 WOODLAND HILLS, CA 91367	818-887-3600
SANTA CLARITA VALLEY	27200 TOURNEY RD. SUITE 425 VALENCIA, CA 91355	661-705-2299
SAN GABRIEL VALLEY	13181 CROSSROADS PKWY N. SUITE 100 CITY OF INDUSTRY, CA 91746	562-695-7244
SOUTH BAY	19191 S VERMONT AVE. SUITE 850 TORRANCE, CA 90502	310-538-6700
MID-COUNTIES	13810 CERRITOS CORPORATE DR. SUITE C CERRITOS, CA 90703	562-207-3300
ORANGE COUNTY	4400 MACARTHUR BLVD. SUITE 950 NEWPORT BEACH, CA 92660	949-724-1900
VENTURA COUNTY	751 DAILY DR. SUITE 105 CAMARILLO, CA 93010	805-987-8866
INLAND EMPIRE	3595 E INLAND EMPIRE BLVD. BLDG 5 ONTARIO, CA 91764	909-980-1234
PHOENIX	1702 E HIGHLAND AVE. SUITE 120 PHOENIX, AZ 85016	602-957-7300
INVESTMENT DIVISION	650 TOWN CENTER DR. SUITE 120 COSTA MESA, CA 92626	949-341-4500

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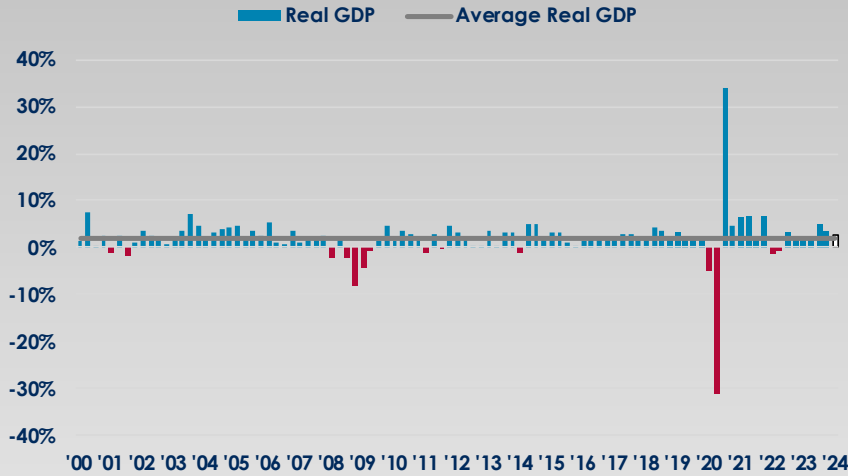
# Economic Overview



Q1 2024

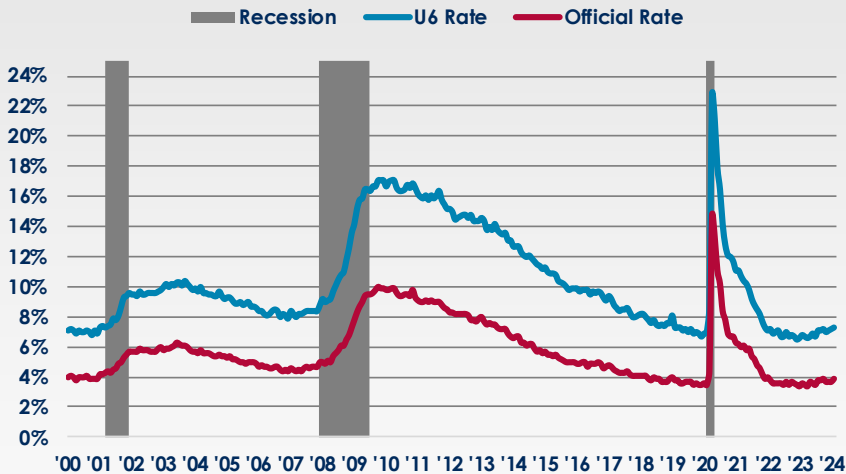
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GDP IN Q4 FINISHED AT 3.4%. Q1 ESTIMATE AT 2.8% PER GDPNOW

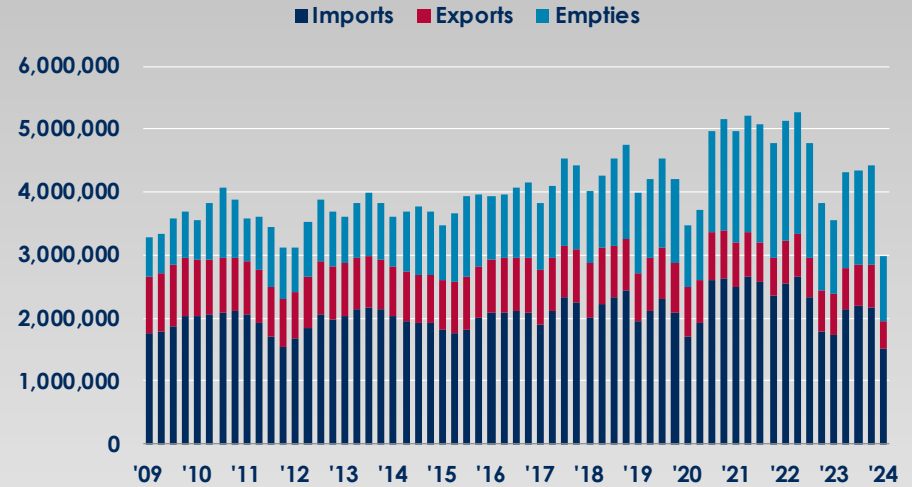


\*2.8% Estimate for Q1-24 from the Federal Reserve Bank of Atlanta GDPNow

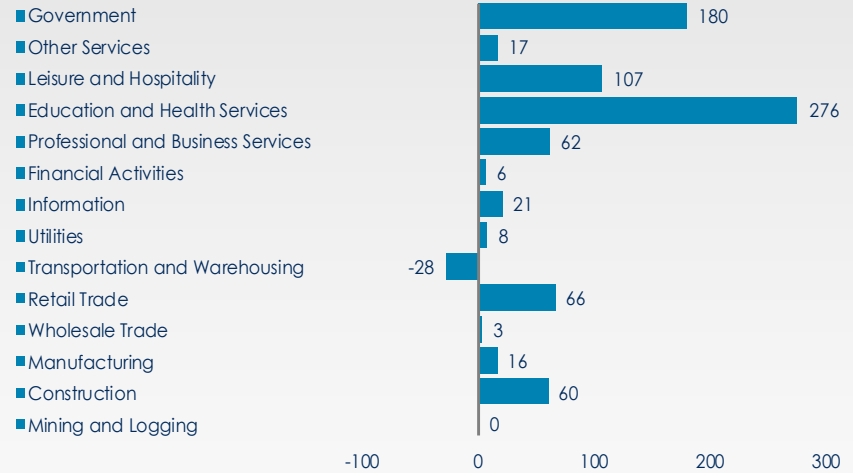
LABOR MARKET SHOWING SIGNS OF SOFTENING IN Q1



PORT ACTIVITY IN Q4 WAS UP 15.5% Y/Y. QTD Q1 UP 28.1% Y/Y

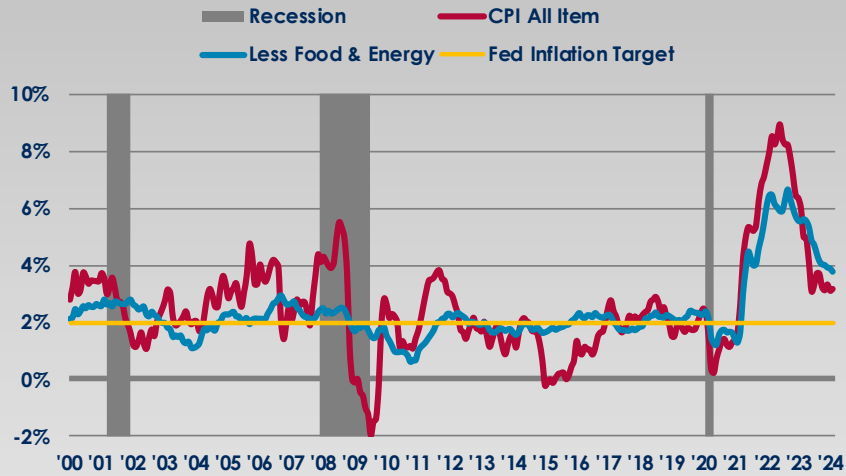


EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q1

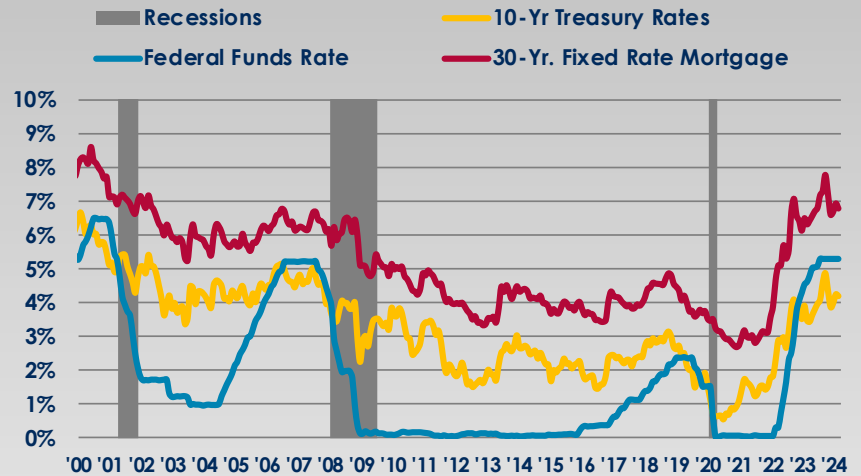




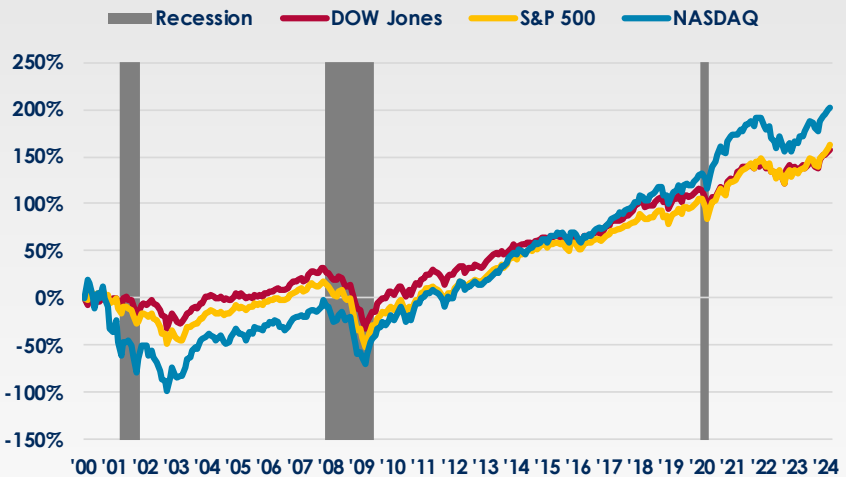
## CONTINUES TO REMAIN ABOVE THE FED TARGET OF 2%



## THE FED HELD RATES AGAIN IN MARCH. 3 PROJECTED CUTS IN 2024



## THE MAJOR INDEXES WERE UP AN AVERAGE 8.3% IN Q1



## 10-2 YEAR SPREAD EXPANDED IN Q1 ENDING AT -39 BPS

