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////////////////////Los Angeles////////////////////

////////////////////

////////////////////Orange County////////////////////

////////////////////

////////////////////Ventura////////////////////

////////////////////

////////////////////Inland Empire////////////////////

////////////////////

////////////////////Phoenix////////////////////

////////////////////

Q4 | 2024

# Market Report

//////////////////// Los Angeles Industrial

Central / Southeast



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## MARKET ACTIVITY

## KEY TAKE AWAYS

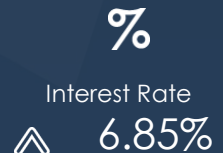
## ECONOMIC OUTLOOK

### MARKET

- **Vacancy Rate:** Increased 58 bps from Q3 to a rate of 6.4% in Q4. Year over Year the vacancy rate has increased 215 bps or by 7.6M SF.
- **Net Absorption:** Demand weakened in Q4, totaling -1.5M SF.
- **Asking Rents:** Declined by \$0.02 or 1.6% from Q3 to a rate of \$1.25 PSF in Q4. Year over Year drop of 14.9%.
- **Sale Prices:** The median price PSF in Q4 was \$315.56. Volume down 41.9% from Q3 to \$193.2M in Q4. In 2024, sales volume totaled \$1.3B. A decline of 10.9% compared to 2023.

### ECONOMIC OUTLOOK

- **Interest Rates:** At both the November & December meetings, the FOMC decided to cut rates by 25 bps. Bringing the 2024 total to 100 bps of cuts in their recalibration. FOMC members are only projecting two 25 bps cuts to occur in 2025. The average 30-Yr. mortgage rate increased by 77 bps over Q4.
- **Inflation:** CPI continues to be elevated above the Fed's 2% target, but gradually improving.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 19.5%. The cost from China/East Asia to North America West Coast declined 13% over Q4, ending at \$5,929 per container. (Freightos). Potential tariffs and labor strikes could impact future pricing of goods coming into the U.S..



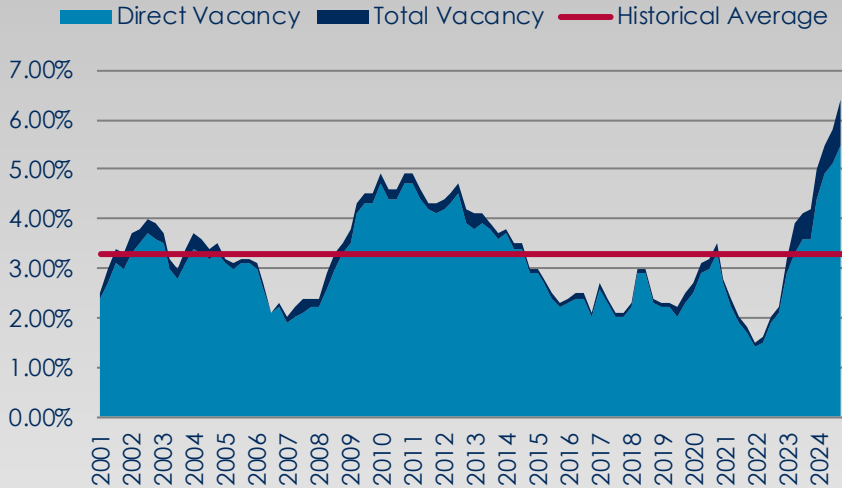
EXPERIENCE IN A CHANGING MARKET

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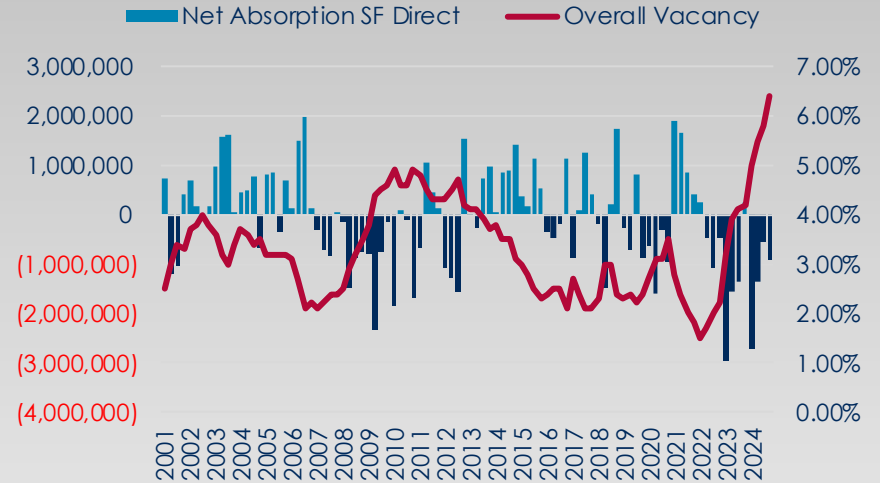


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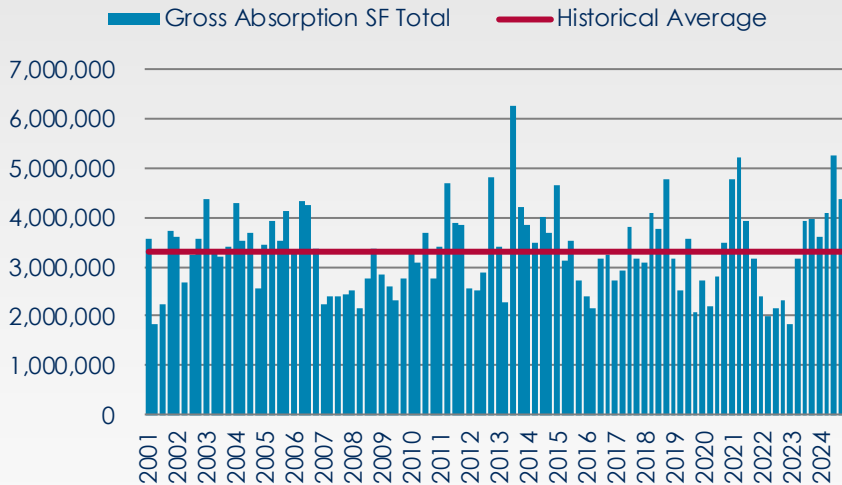
## OVERALL VACANCY INCREASED 58 BPS FROM Q3 TO 6.4% IN Q4



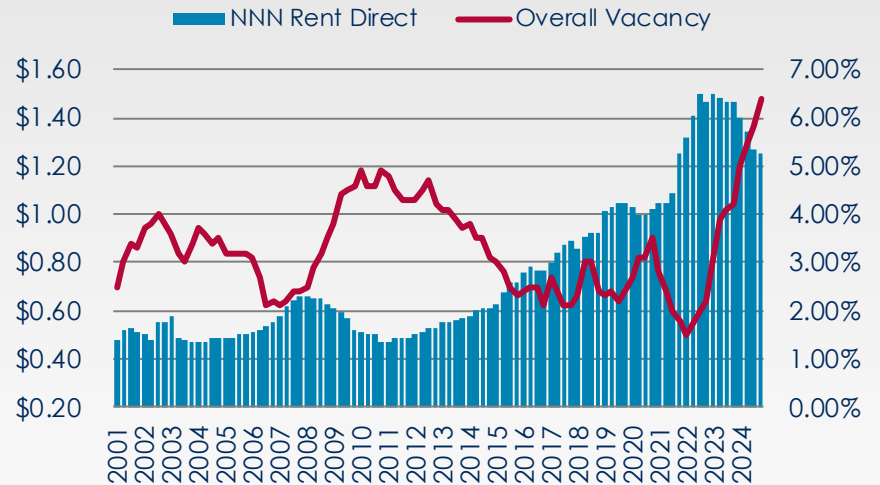
## NET ABSORPTION WEAKER DEMAND IN Q4 TOTALING -1.54M SF



## GROSS ABSORPTION DECLINED 17.2% FROM Q3 TOTALING 4.4M SF IN Q4

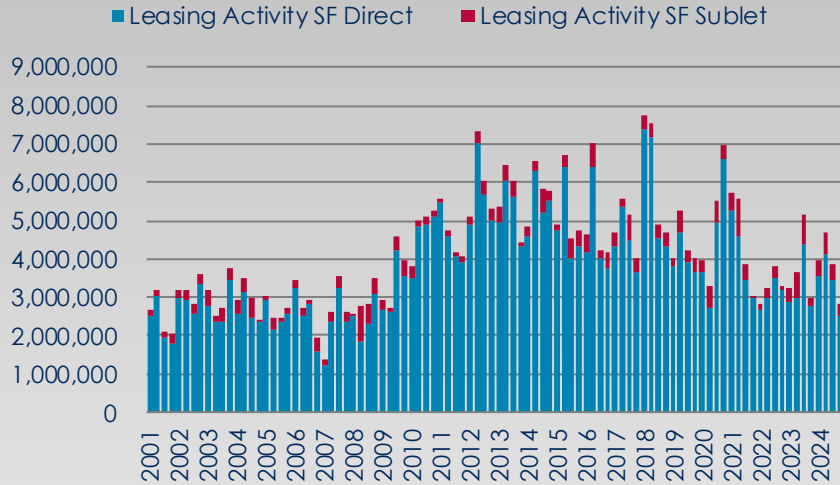


## ASKING RENTS DECLINED BY \$0.02 PSF OR 1.6% IN Q4 TO \$1.25 PSF NNN

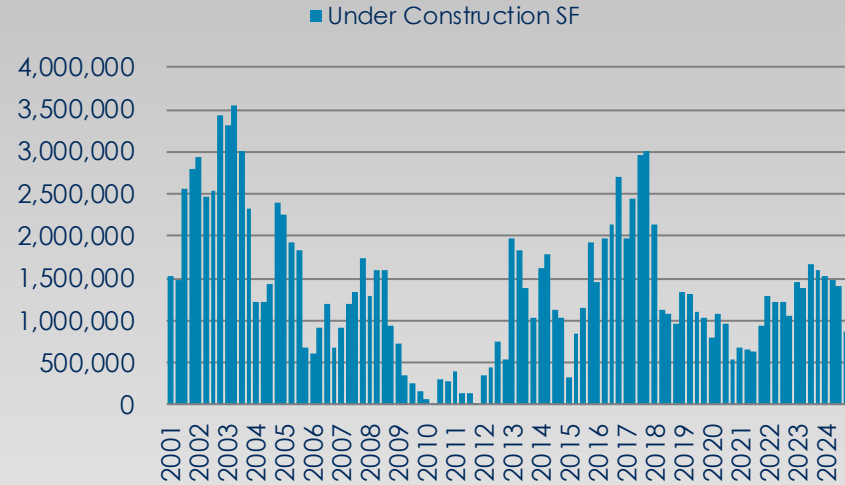




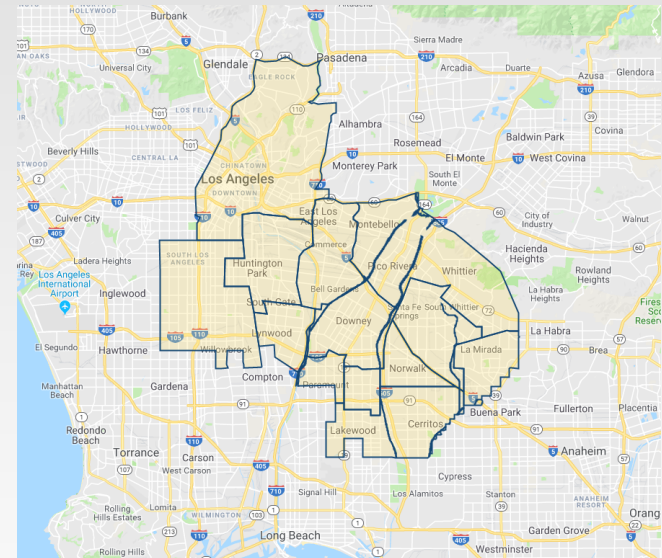
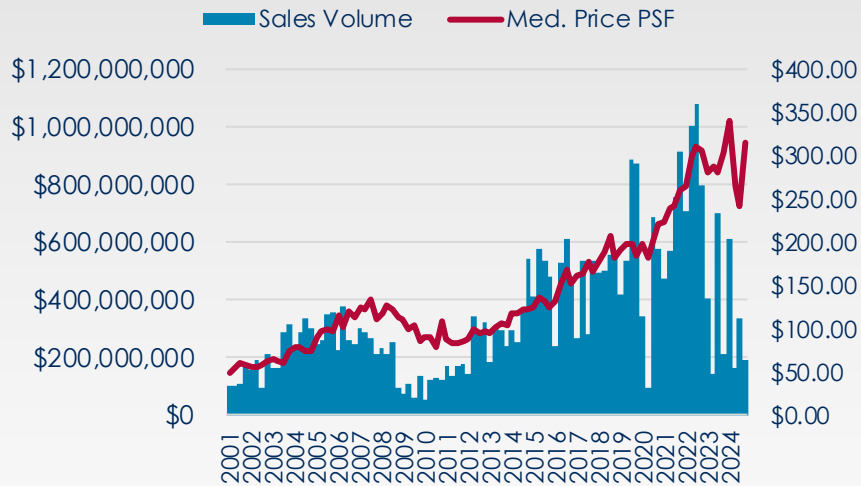
## LEASING ACTIVITY DECLINED BY 26.6% FROM Q3 TO 2.8M SF IN Q4



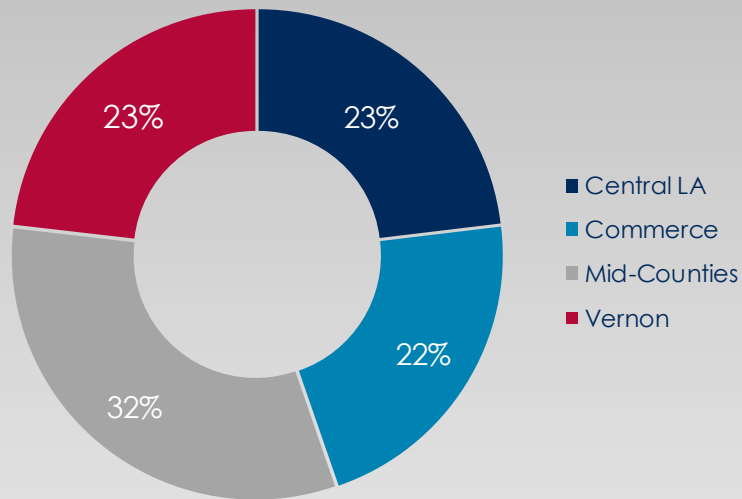
## CONSTRUCTION ACTIVITY 538K SF WAS DELIVERED IN Q4. UC REVISED TO 862K SF



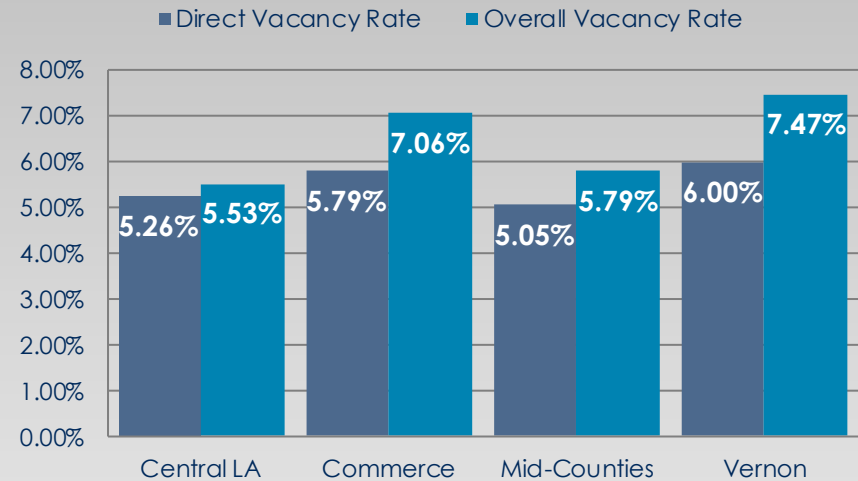
## SALES Q4 HAD MEDIAN PRICE OF \$315.56 PSF. VOLUME DOWN 41.9% IN Q4



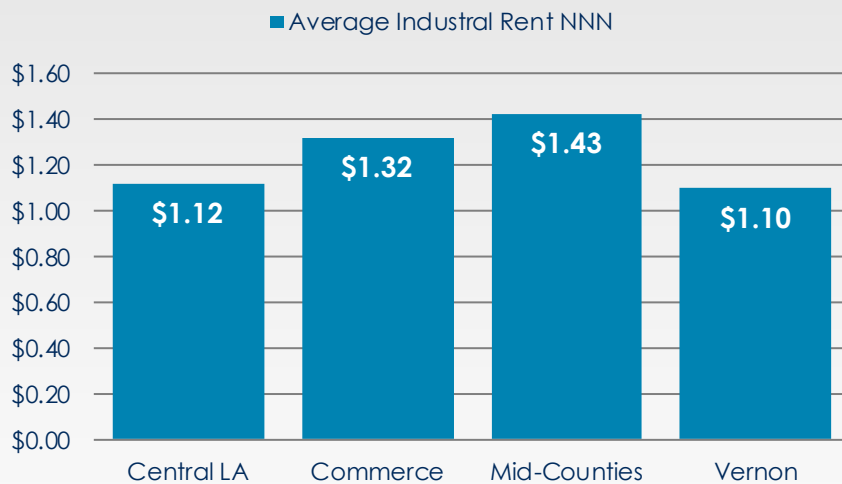
## SQUARE FOOT BREAKDOWN- 353,192,853 SF MARKET SIZE



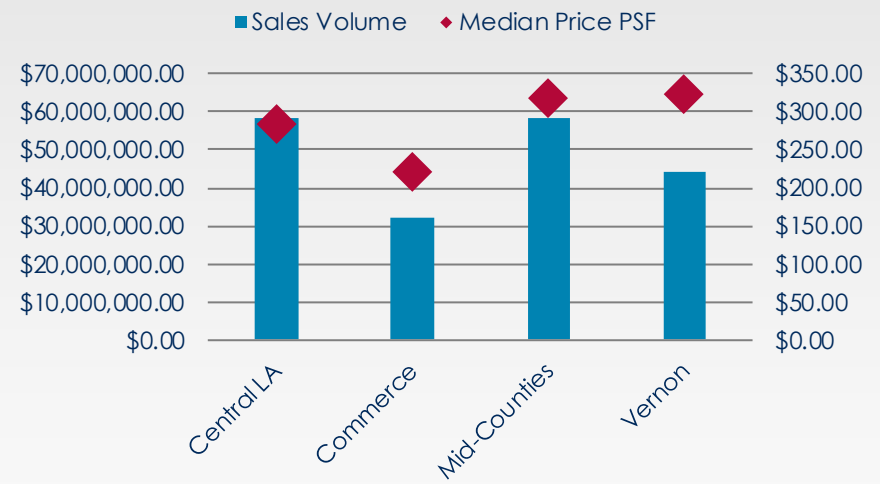
## VACANCY BREAKDOWN



## AVERAGE ASKING RENT PSF NNN AT CLOSE OF QUARTER



## VOLUME BREAKDOWN



**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**

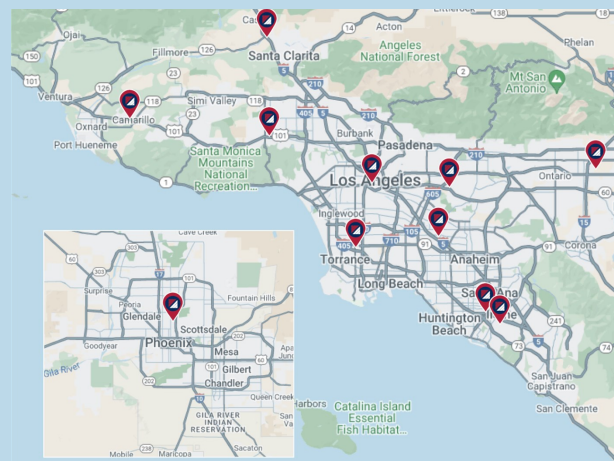
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

**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
INDIAN WELLS	74900 HIGHWAY 111, SUITE 221 INDIAN WELLS, CA 92210	760-253-8539



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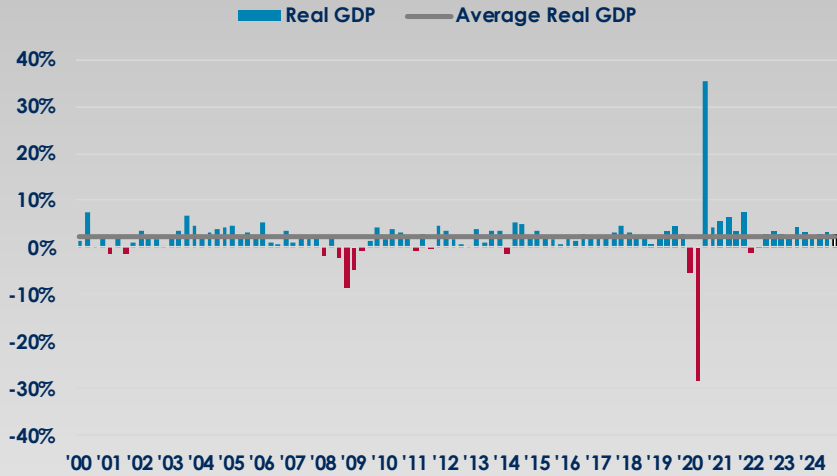
# Economic Overview



Q4 2024

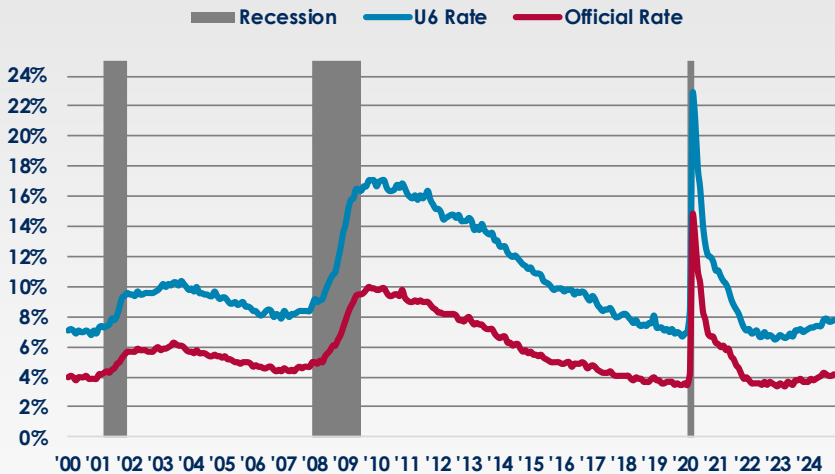
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GDP IN Q3 FINISHED AT 3.1%. Q4 ESTIMATE AT 2.6% PER GDPNOW

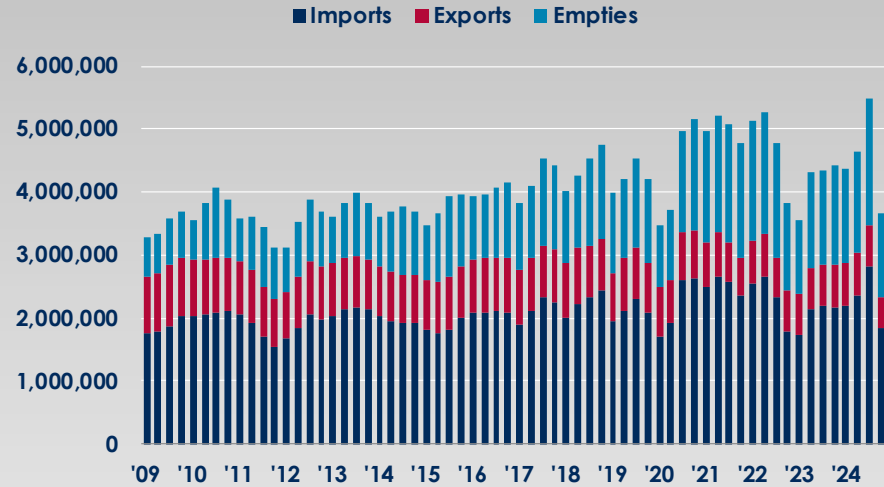


\*2.6% Estimate for Q4-24 from the Federal Reserve Bank of Atlanta GDPNow

LABOR MARKET SHOWING SIGNS OF SOFTENING

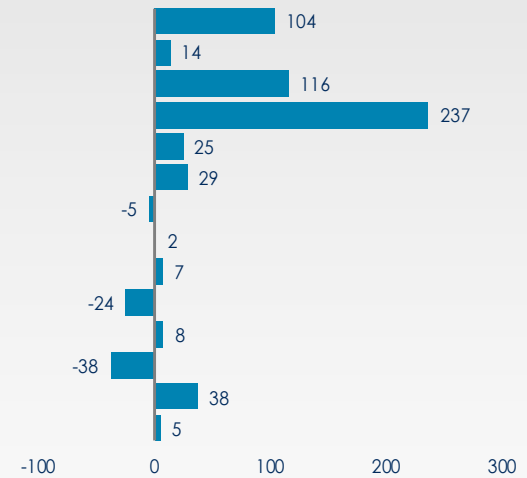


PORT ACTIVITY IN Q3 WAS UP 26% Y/Y. YTD UP 19.5% Y/Y



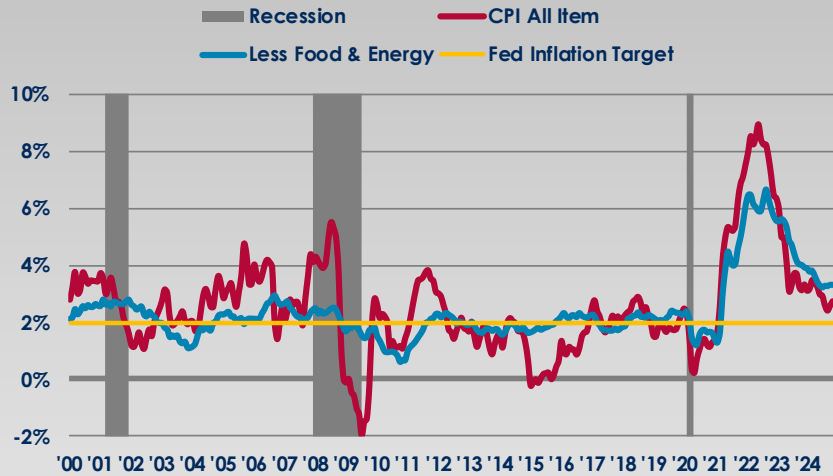
EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q4

- Government
- Other Services
- Leisure and Hospitality
- Education and Health Services
- Professional and Business Services
- Financial Activities
- Information
- Utilities
- Transportation and Warehousing
- Retail Trade
- Wholesale Trade
- Manufacturing
- Construction
- Mining and Logging

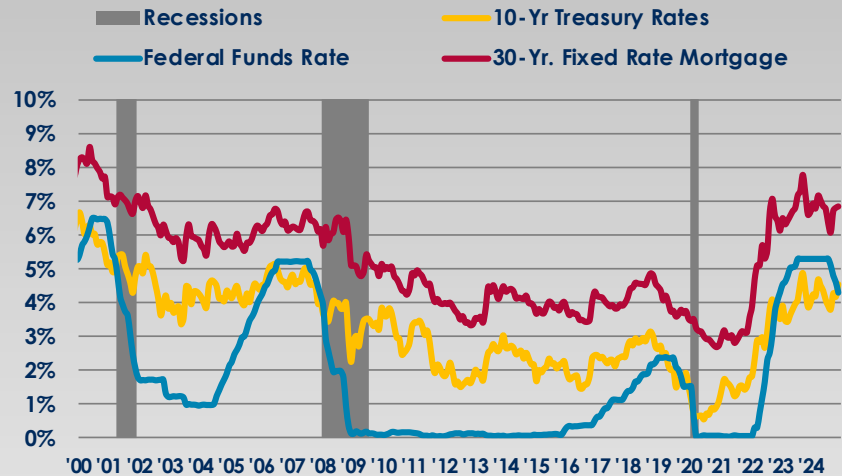




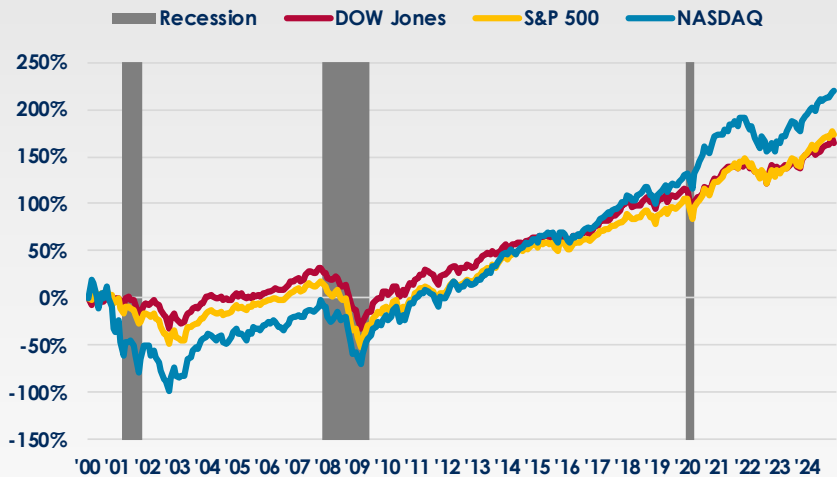
## CONTINUES TO REMAIN ABOVE THE FED TARGET OF 2%



## THE FED CUT RATES BY 25 BPS IN NOV & DEC. 10 YR UP 74 BPS IN Q4



## THE MAJOR INDEXES WERE UP AN AVG. 2.9% IN Q4 & 21.6% IN 2024



## 10-2 YEAR YIELD CURVE STEEPENED IN Q4

