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

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

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

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

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

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Q4 | 2024

# Market Report

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



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### MARKET ACTIVITY

### KEY TAKE AWAYS

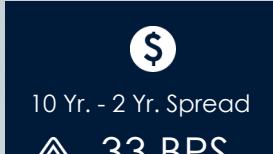
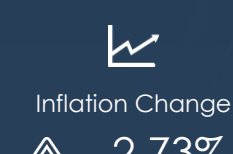
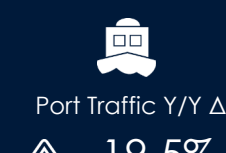
### ECONOMIC OUTLOOK

#### MARKET

- **Vacancy Rate:** Continues to increase. Up 43 bps from Q3 to 6.1% in Q4. Year over Year increase of 183 bps or 17.4M SF.
- **Net Absorption:** Direct improved, but overall fell in Q4 to -2.8M SF.
- **Asking Rates:** Declined by \$0.04 or 2.7% to a rate of \$1.44 PSF NNN in Q4.
- **Leasing Activity:** Fell by 18.6% to 9.2M SF in Q4.
- **Sale Activity:** Median price PSF in Q4 was \$291.59. Volume in Q4 totaled \$1.084B. An increase of 67.7% from Q3. In 2024, sales volume totaled \$3.9B. A decline of 22.0% 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..



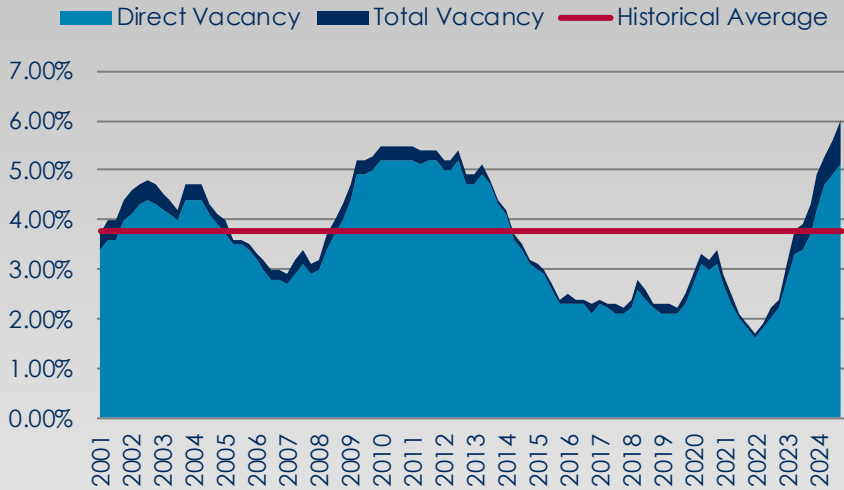
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

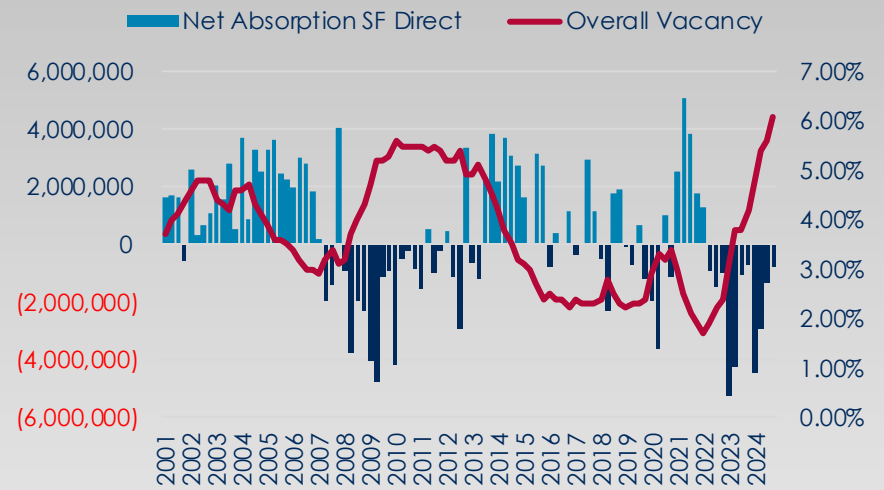


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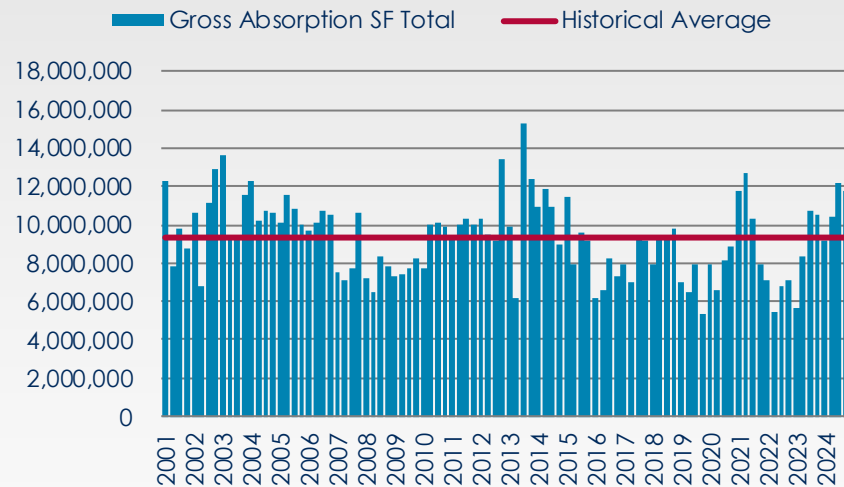
## OVERALL VACANCY INCREASED BY 43 BPS FROM Q3 TO 6.1% IN Q4



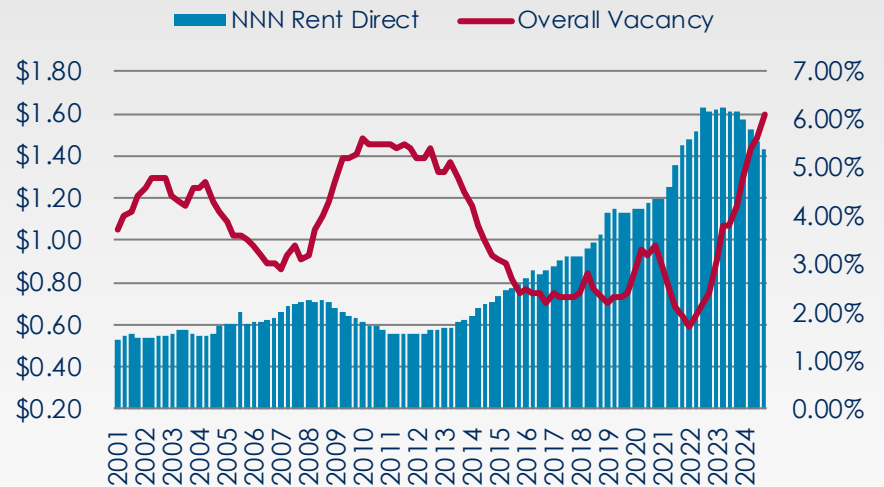
## NET ABSORPTION DIRECT IMPROVED BUT OVERALL FELL TOTALING -2.8M SF IN Q4



## GROSS ABSORPTION DECLINED BY 3.0% FROM Q3 TO 11.8M SF IN Q4

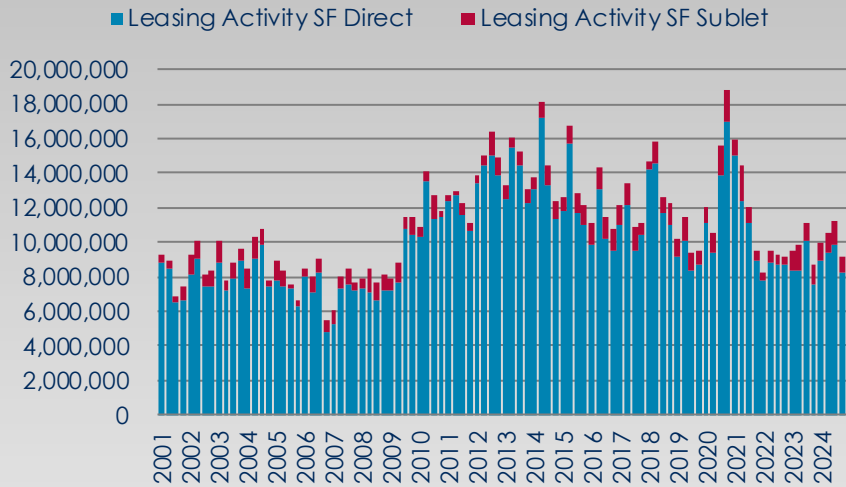


## ASKING RENTS DECLINED BY \$0.04 PSF OR 2.7% TO \$1.44 PSF NNN IN Q4

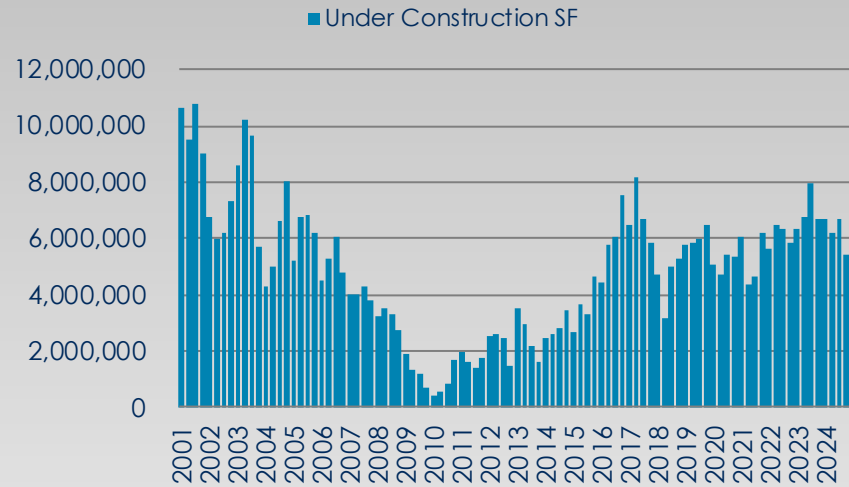




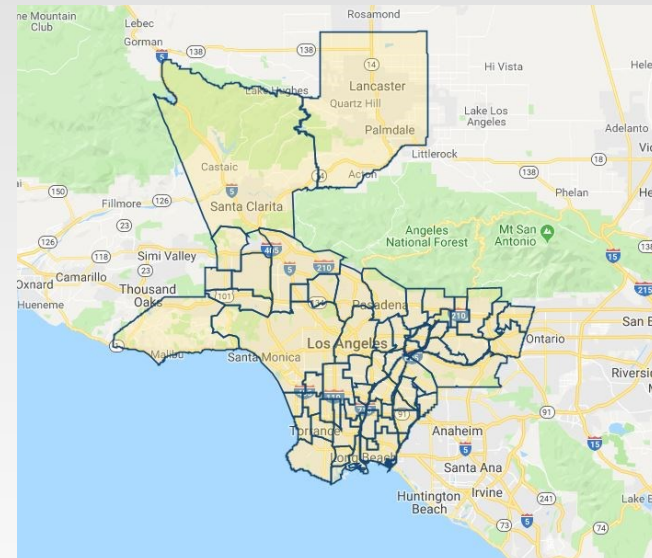
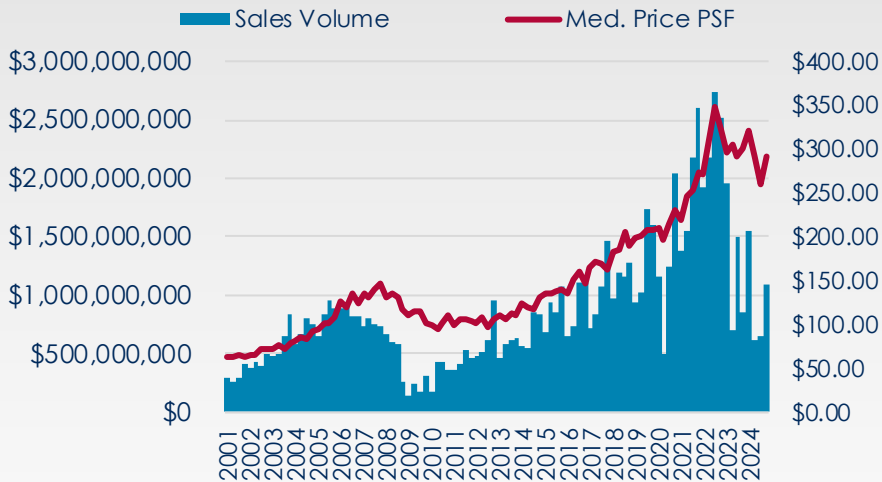
**LEASING ACTIVITY**  
DECLINED BY 18.6% FROM Q3 TO 9.2M SF IN Q4



**CONSTRUCTION ACTIVITY**  
1.3M SF WAS DELIVERED IN Q4. UC REVISED TO 5.4M SF

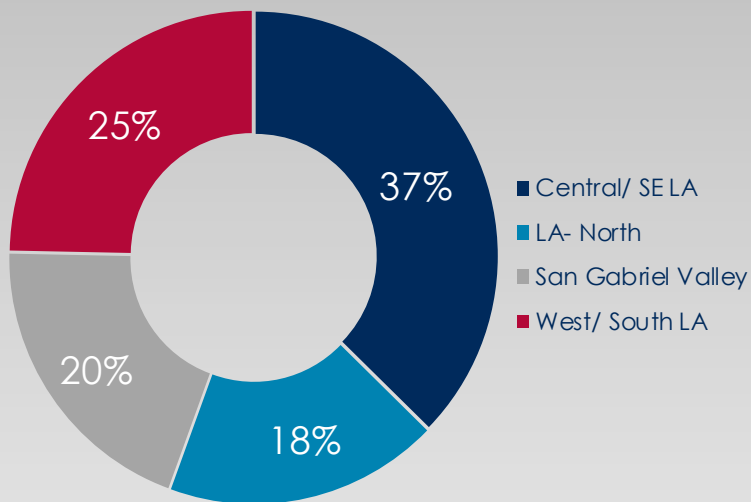


**SALES**  
THE MEDIAN PRICE PSF IN Q4 WAS \$291.59. VOLUME UP 67.7% TO \$1.084B

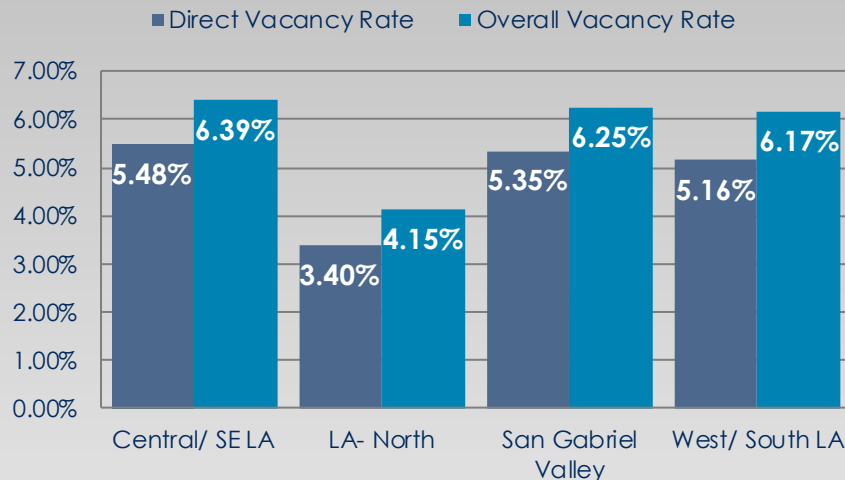


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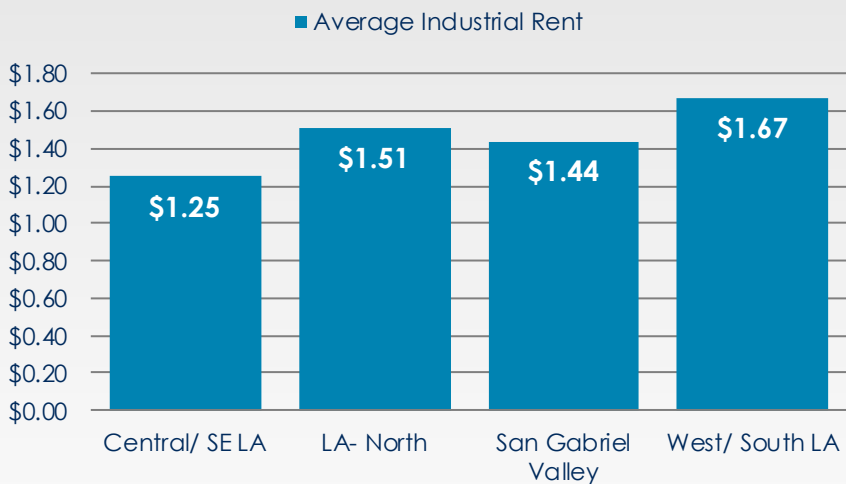
## SQUARE FOOT BREAKDOWN- 946,561,711 SF MARKET SIZE



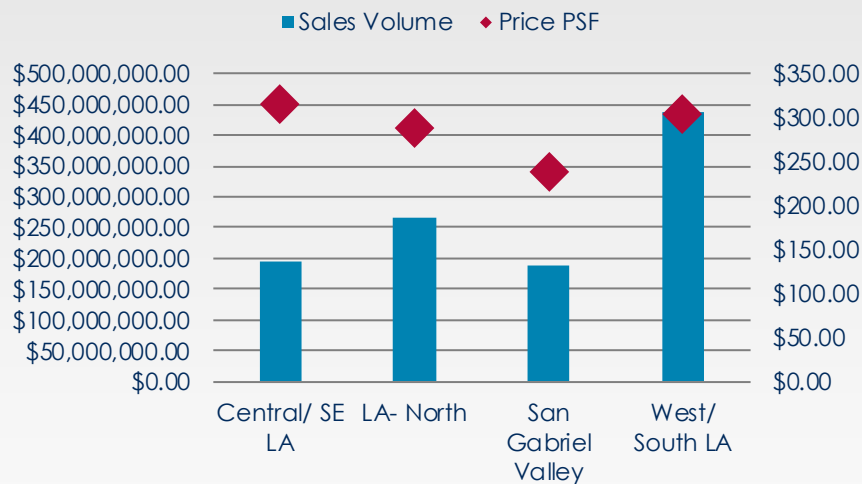
## VACANCY BREAKDOWN



## 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**

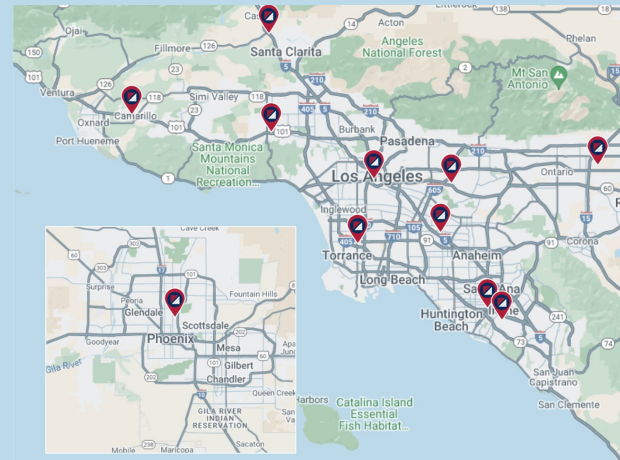
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

**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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Phoenix

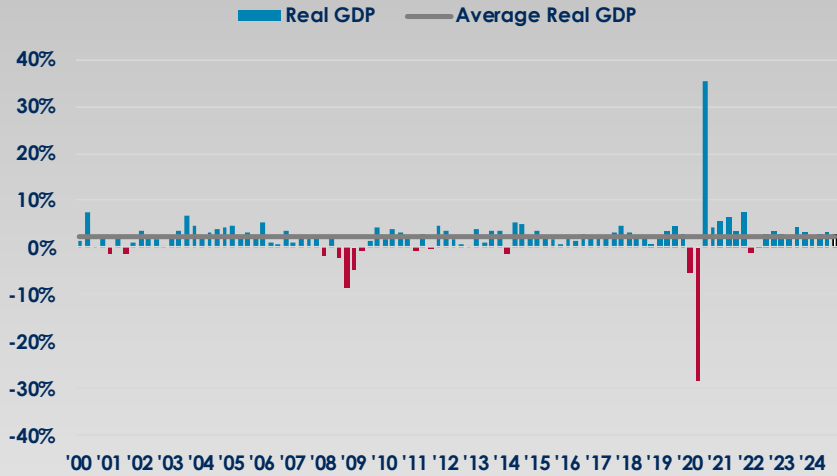
# Economic Overview



Q4 2024

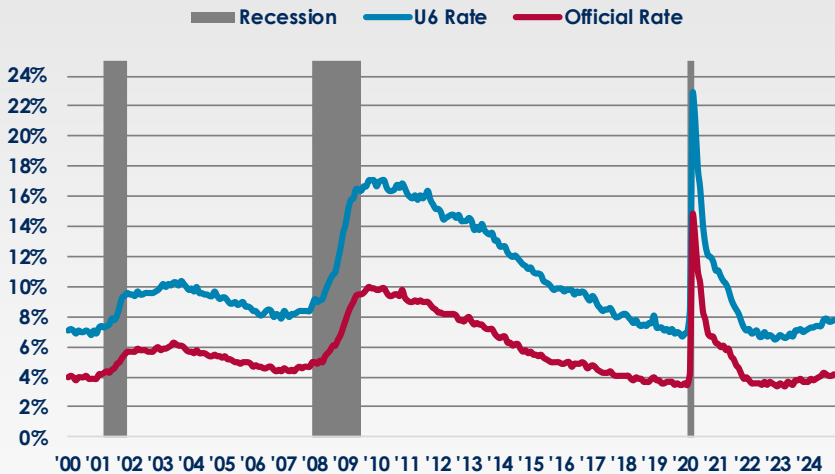
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GDP IN Q3 FINISHED AT 3.1%. Q4 ESTIMATE AT 2.6% PER GDPNOW

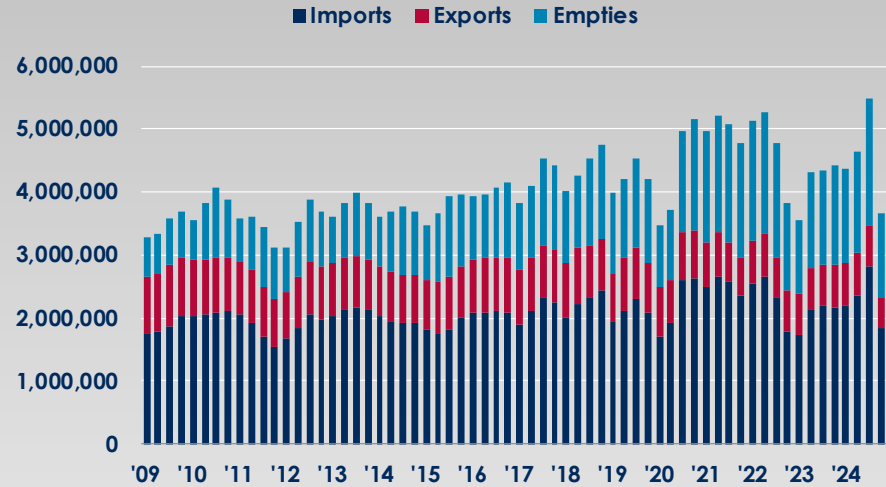


\*2.6% Estimate for Q4-24 from the Federal Reserve Bank of Atlanta GDPNow

LABOR MARKET SHOWING SIGNS OF SOFTENING

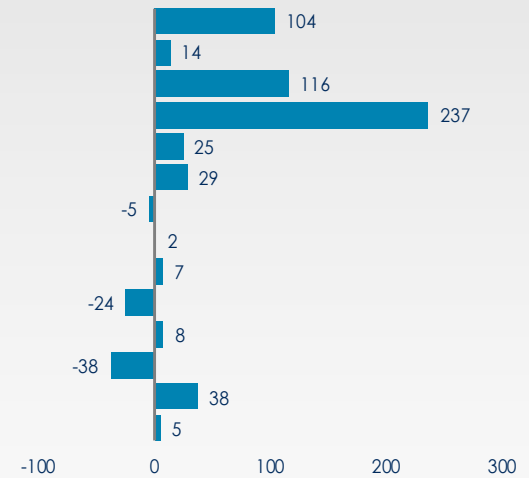


PORT ACTIVITY IN Q3 WAS UP 26% Y/Y. YTD UP 19.5% Y/Y



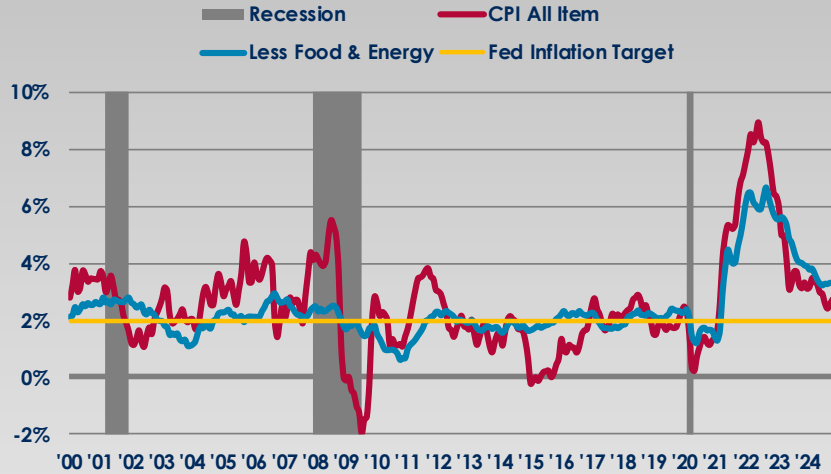
EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q4

- 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

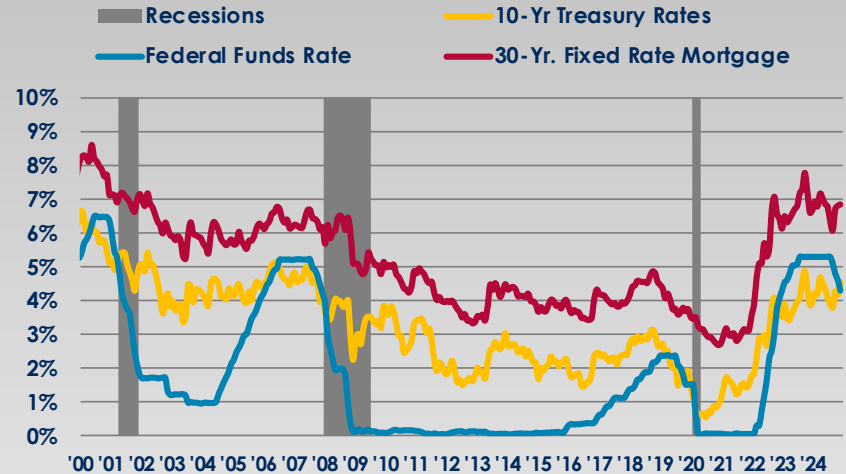




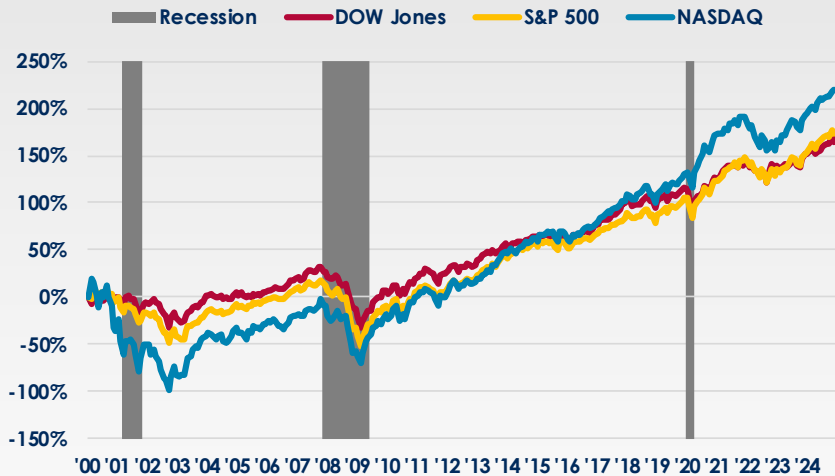
CONTINUES TO REMAIN ABOVE THE FED TARGET OF 2%



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

