

# LOS ANGELES COLD STORAGE / FOOD PROCESSING REPORT

# 2022

The cold storage asset is not cooling off anytime soon. It has always been a vital part of different industries, from importers-exporters, restaurants, supermarkets, cosmetic companies, pharmaceutical and healthcare institutions. The Covid-19 pandemic has launched cold storage to the front of the line, as food delivery services and e-grocers provide convenience to remote workers, and pharmaceutical companies compete on vaccines market share.

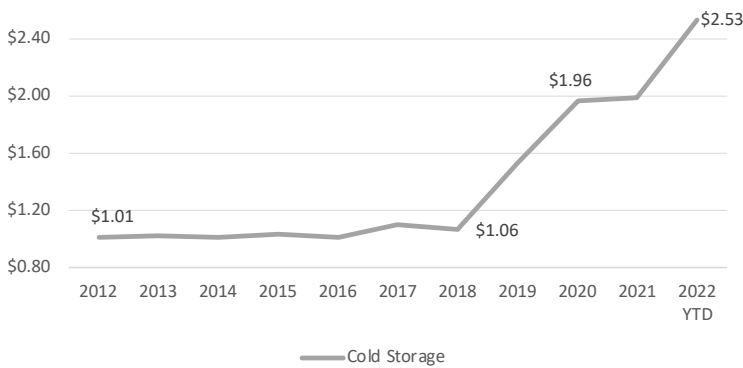
California is number one for US agriculture production, accounting for 13.5% total production. It's not a coincidence that California also ranks first for the highest cold storage volume, followed by Washington and Florida. Los Angeles County is the perfect home for cold storage facilities, due to its proximity to the Twin Ports of Los Angeles and Long Beach, the largest ports in the United States, and Los Angeles International Airport, ranked number 3 by trade value among US airports.

## PORT OF LOS ANGELES TOP FOOD EXPORTS

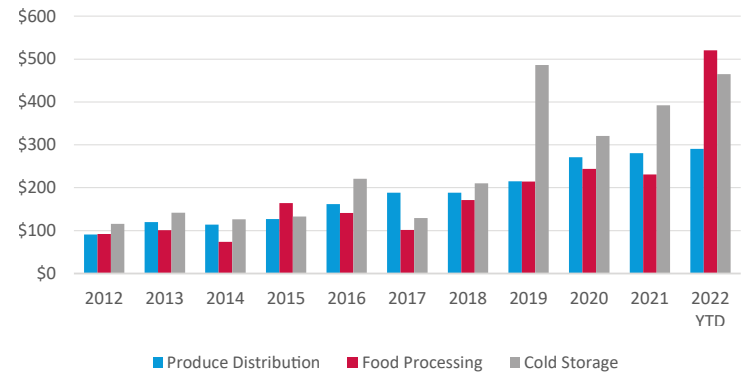
COMMODITY	% MARKET SHARE	VALUE
Frozen Beef	4.9%	\$1.06B
Soybeans	2.6%	\$567M
Almonds, Walnuts, Pistachios	2.4%	\$511M

COMMODITY	% MARKET SHARE	VALUE
Milk, Cream, Concentrated Sweetener	2.0%	\$439M
Prepared Foods, Beverages	2.0%	\$427M
Pork	1.2%	\$265M

## AVERAGE DIRECT ASKING RATE PSF (NNN)



## AVERAGE SOLD PRICE PSF



Average sold price for food processing/cold storage properties is \$494 PSF 2022 YTD, compared to \$231 last year and \$103 in 2012. Average direct asking NNN lease rate for 2022 YTD are \$2.00 for produce distribution, \$2.45 for food processing and \$2.53 for cold storage. Cold storage dramatically increased its rate 27% from last year and 150% from ten years ago.

**77.8% of almonds and 20.3% of meat, beef and veal world production are from the US.**

TYPE	2022 YTD
Produce Distribution	\$2.00 NNN
Food Processing	\$2.45 NNN
Cold Storage	\$2.53 NNN

## TOP 10 EGG PRODUCING STATE



## TOP 10 TURKEY PRODUCING STATE



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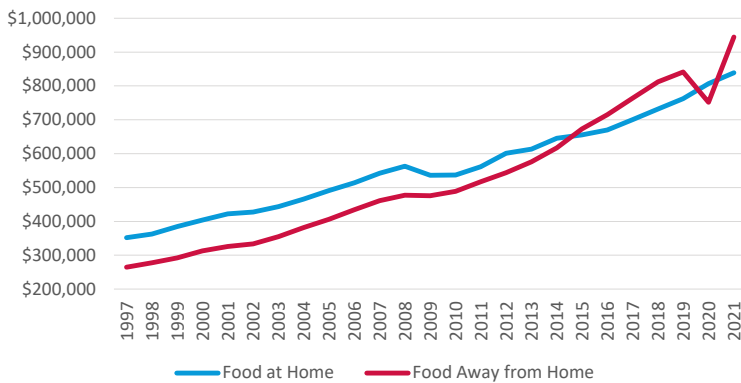
To maximize the efficiency of time and cost, the ideal location for a cold storage facility is a short distance to both its production site and distribution points, with easy access to sea ports, airports and railways.

Size is just a preference when it comes to cold storage, as micro-fulfillment centers, averaging 5-20K SF in size, have also attracted many demands. Some companies prefer micro centers because their lower total rent and proximity to the urban areas can minimize the final mile delivery cost.

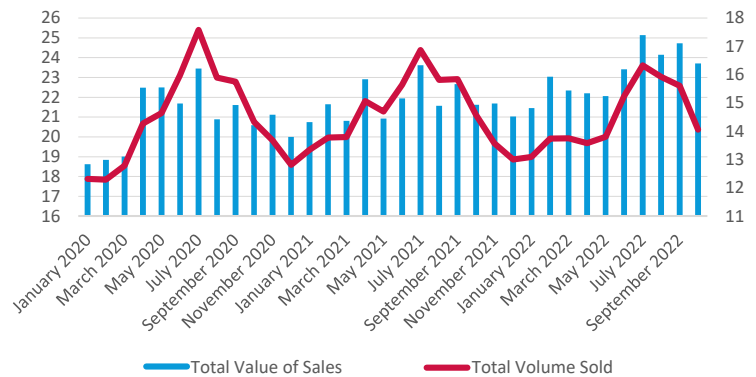
Due to limited inventory and high demands, many companies consider either building cold storage facilities from the ground up or converting dry storages. Building a cold storage facility can cost 3 times as much as transforming a dry warehouse. Insulation, flooring, power upgrades and structural steel racking can add up. Ordering refrigeration equipment can take 6-12 months to be delivered and installed, as it is not an off-the-shelf product. Renovating a dry storage can take 6-9 months, but it is still faster than building a brand new one for an average of 9-15 months.

**17 OF TOP 50 LARGEST PHARMACEUTICAL COMPANIES IN THE WORLD ARE IN UNITED STATES.**

## HOUSEHOLD FOOD EXPENDITURES (MILLION OF USD)



## RETAIL FOOD SALES-ALL FOODS (BILLION OF USD)



### PPI 12-MONTH % CHANGE INDUSTRY DATA, SEPTEMBER 2022, NOT SEASONALLY ADJUSTED

FROZEN FOOD MANUFACTURING	POULTRY PROCESSING	FRESH & FROZEN FOOD SEAFOOD PROCESSING	FROZEN FOOD & VEGETABLE MANUFACTURING	DAIRY PRODUCT MANUFACTURING	FLOUR MILLING
17.8%	9.7%	11.3%	18.1%	18.5%	15.7%

### CPI 12-MONTH % CHANGE FOOD AT HOME, SEPTEMBER 2022, NOT SEASONALLY ADJUSTED

CEREALS & BAKERY PRODUCTS	MEATS, POULTRY, FISH & EGGS	DAIRY PRODUCTS	FRUITS & VEGETABLES	NONALCOHOLIC BEVERAGES & BEVERAGE MATERIALS	OTHER FOOD AT HOME
16.2%	9.0%	15.9%	10.4%	12.9%	15.7%