2022 LOS ANGELES INDUSTRIAL CONSTRUCTION REPORT

Under construction projects in Los Angeles market totaled 3.6M SF, after 1.3M SF was delivered at the end of 3Q2022. Moreover, 6.3M SF of under construction/proposed industrial properties are estimated to be completed by the end of 2024; an addition of 8% to its current inventory. Construction has decreased almost 18% since last year, but on par with pre-pandemic 2019 figures.

The rising costs of building materials, diesel fuel, and wages are some of the main factors of increased construction cost. Lumber price has decreased since year end 2021, when it skyrocketed to its all-time high price, but it is still almost 60% more expensive than its price in 2020, and more than double its 2016 price.

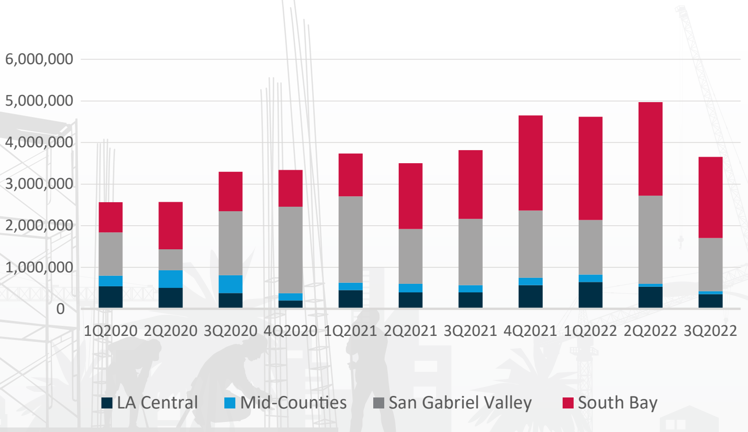
Labor and construction material shortages cause major delays in construction completion schedules. Supply chain disruption stalls the shipment of building materials. Obtaining entitlement, licenses, permits and inspections during pandemic, adds another setback to construction timeline. Despite increased construction costs and prolonged construction backlog, industrial properties are still being built and delivered in Los Angeles. There are still a decent amount of owner/user and quality industrial, warehouse/distribution and logistics demands in Los Angeles, due to the convenience of E-commerce and lack of inventory. Industrial and bio-sciences are still being pursued as their employees work in the facilities instead of working from home.

BUILDING MATERIALS COST

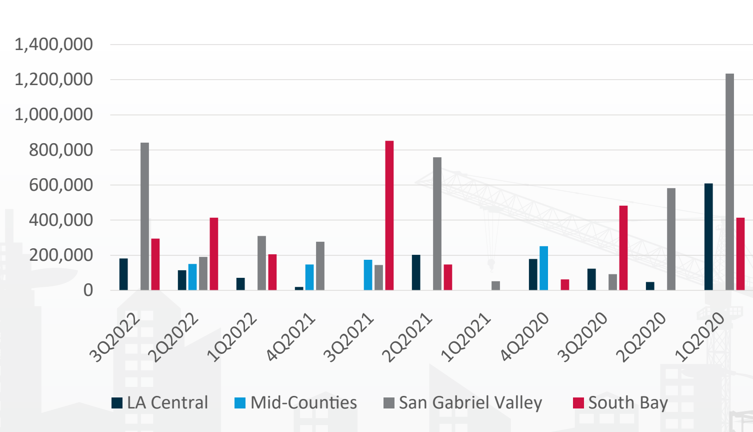
↑ **20.4%** Year over Year

↑ **33%** Since the Start of Pandemic

UNDER CONSTRUCTION (SF)



DELIVERIES (SF)



LA Central

Under Construction:
353,037 SF

YTD Deliveries:
367,037 SF

3Q 22 Total Vacancy:
2.6%

3Q 22 Avg Direct Asking Rent:
$1.60 NNN

Mid-Counties

Under Construction:
72,494 SF

YTD Deliveries:
150,548 SF

3Q 2022 Total Vacancy:
0.9%

3Q 22 Avg Direct Asking Rent:
$1.60 NNN

San Gabriel Valley

Under Construction:
1,277,735 SF

YTD Deliveries:
1,340,665 SF

3Q 2022 Total Vacancy:
2.1%

3Q 22 Avg Direct Asking Rent:
$1.54 NNN

South Bay

Under Construction:
1,953,755 SF

YTD Deliveries:
915,080 SF

3Q 2022 Total Vacancy:
1.5%

3Q 22 Avg Direct Asking Rent:
$1.76 NNN

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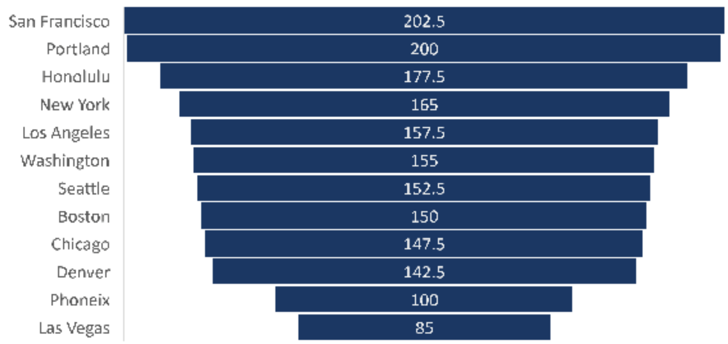
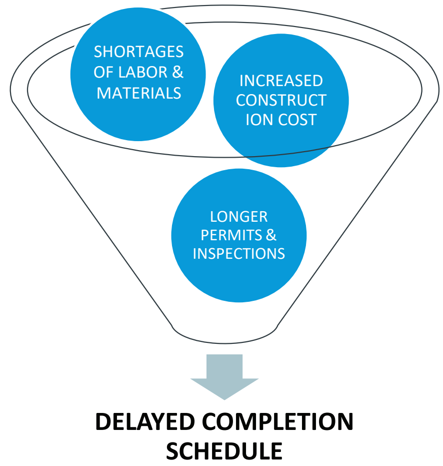
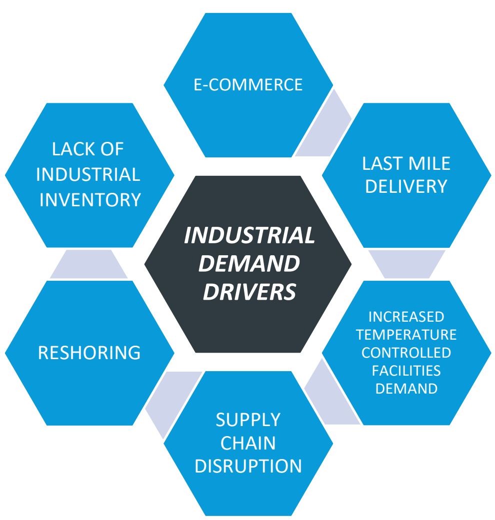
2022 AVERAGE CONSTRUCTION COST OF INDUSTRIAL WAREHOUSES IN USD PSF





US GDP BY INDUSTRY (BILLIONS OF $)

SEASONALLY ADJUSTED AT ANNUAL RATES



2020-2021 FISCAL YEAR VS 2021-2022 FISCAL YEAR

LADBS PLAN CHECK WORKLOAD & PERFORMANCE-FISCAL

Type	% Change
Building Plan Check Jobs Submitted	↑ 4.08%
Electrical Plan Check Jobs Submitted	↑ 17.21%
Mechanical Plan Check Jobs Submitted	↓ 4.26%
New Grading Reports Filed	↑ 4.38%
Zoning Subdivision Letters Processed	↑ 23.45%
Preliminary Plan Review Jobs Filed	↓ 23.59%
Total Solar ePermits Issued	↑ 4.17%

LADBS INSPECTION WORKLOAD & PERFORMANCE-FISCAL

Type	% Change
Commercial Building Inspections Performed	↓ 6.79%
Commercial Electrical Inspections Performed	↑ 25.10%
Commercial Plumbing Inspections Performed	↑ 8.69%
Commercial HVAC Inspection Performed	↑ 5.35%
Fire Sprinkler Inspections Performed	↓ 0.22%
Grading Inspections Performed	↑ 1.33%