

2019-2024 (April) | Potential Lease Equilibrium

INSIGHT

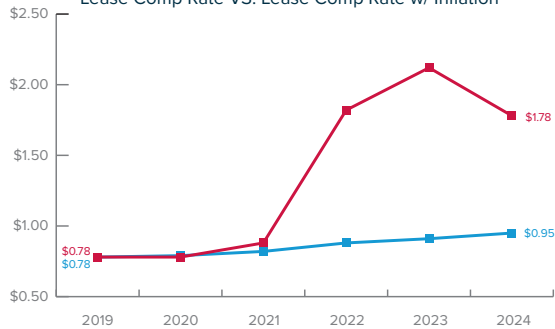
Our theory is that the post-COVID reality is continuing to drive lease rates down to a long-term sustainable, inflation-adjusted level. All four markets in LA County appear to be trending towards a potential lease rate equilibrium of 2019 rates plus inflation. This indicates the importance for landlords to lease their buildings as soon as possible, as there is a greater than 50% chance we will see continued lease rate declines, with reduced rents expected three months from now.

REFLECTION

The good news is that there is a market for industrial space, and lease activity is increasing as tenants enter the market and absorb space at lower lease rates compared to the recent past.

LA Central

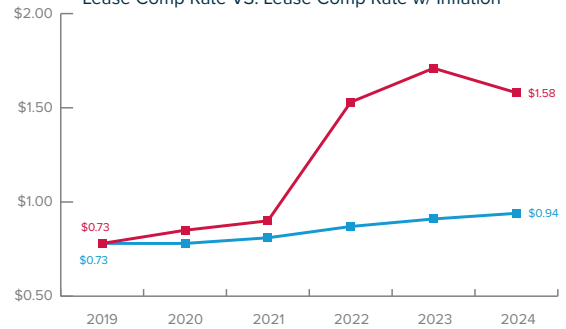
Lease Comp Rate VS. Lease Comp Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.78	\$0.78	
2020	\$0.78	\$0.79	0.7%
2021	\$0.88	\$0.82	3.6%
2022	\$1.82	\$0.88	7.9%
2023	\$2.12	\$0.91	3.8%
2024	\$1.78	\$0.95	4.0%

Mid-Counties

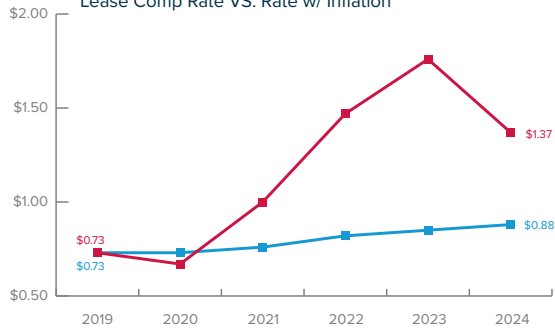
Lease Comp Rate VS. Lease Comp Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.78	\$0.78	
2020	\$0.85	\$0.78	0.7%
2021	\$0.90	\$0.81	3.6%
2022	\$1.53	\$0.87	7.9%
2023	\$1.71	\$0.91	3.8%
2024	\$1.58	\$0.94	4.0%

San Gabriel Valley

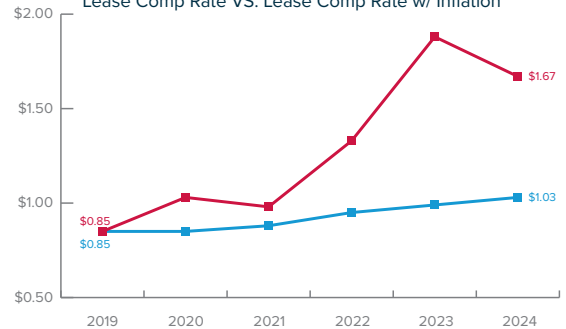
Lease Comp Rate VS. Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.73	\$0.73	
2020	\$0.67	\$0.73	0.7%
2021	\$1.00	\$0.76	3.6%
2022	\$1.47	\$0.82	7.9%
2023	\$1.76	\$0.85	3.8%
2024	\$1.37	\$0.88	4.0%

South Bay

Lease Comp Rate VS. Lease Comp Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	\$0.73	\$0.73	
2020	\$0.73	\$0.73	0.7%
2021	\$0.76	\$0.76	3.6%
2022	\$0.82	\$0.82	7.9%
2023	\$0.85	\$0.85	3.8%
2024	\$0.88	\$0.88	4.0%