LEE & ASSOCIATES
LOS ANGELES - DOWNTOWN

Los Angeles County Industrial

# CONSOLIDATED MARKET REPORT

▶ Class B and C Buildings

January | 2025

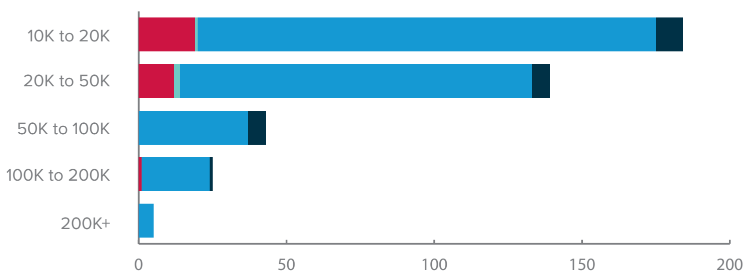
## INSIGHT

In January, 113 new availabilities were added—more than double the 50 lease comps recorded during the same period. This continues to exacerbate the oversupply issue. Most submarkets saw available listings added at **2.6 to 3 times** the number of comps, with Mid-Counties experiencing the most extreme imbalance. The **best-performing submarket** was LA Central, where new availabilities were only **1.6 times** the comps, making it the most aligned market.

While all submarkets experienced supply growth, **LA Central—accounting for nearly 35% of all availabilities—had the most stable supply-demand ratio.** Given the current imbalance, landlords may need to consider rate reductions to help move inventory.

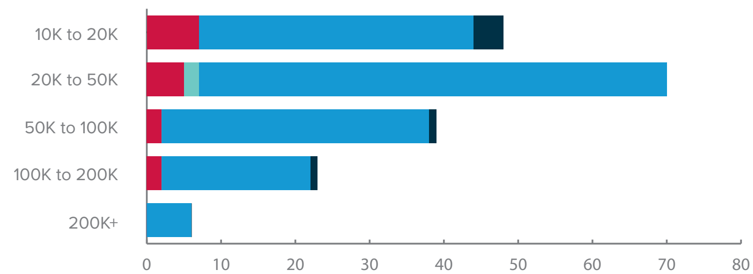
## Lease Supply Demand Report

### **LA Central** Lease Supply Demand (January 2025)



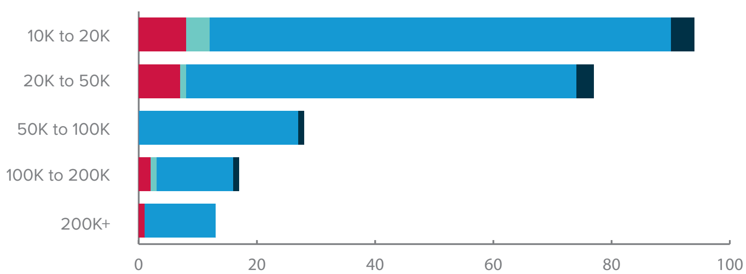

| SF | Availables Added Direct | Availables Added Sublease | Total Availables | Total Comps This Month |
|---|---|---|---|---|
| 10K to 20K | 19 | 1 | 155 | 9 |
| 20K to 50K | 12 | 2 | 119 | 6 |
| 50K to 100K | 0 | 0 | 37 | 6 |
| 100K to 200K | 1 | 0 | 23 | 1 |
| 200K+ | 0 | 0 | 5 | 0 |

### **Mid-Counties** Lease Supply Demand (January 2025)



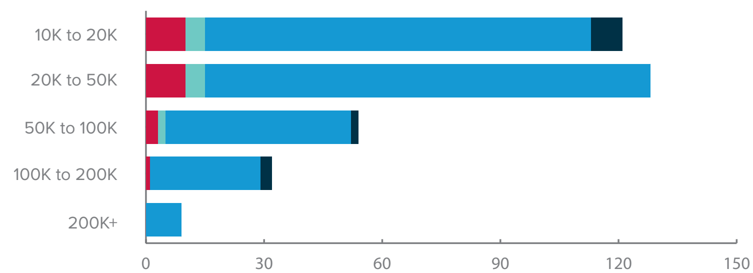

| SF | Availables Added Direct | Availables Added Sublease | Total Availables | Total Comps This Month |
|---|---|---|---|---|
| 10K to 20K | 7 | 0 | 37 | 4 |
| 20K to 50K | 5 | 2 | 63 | 0 |
| 50K to 100K | 2 | 0 | 36 | 1 |
| 100K to 200K | 2 | 0 | 20 | 1 |
| 200K+ | 0 | 0 | 6 | 0 |

### **San Gabriel Valley** Lease Supply Demand (January 2025)




| SF | Availables Added Direct | Availables Added Sublease | Total Availables | Total Comps This Month |
|---|---|---|---|---|
| 10K to 20K | 8 | 4 | 78 | 4 |
| 20K to 50K | 7 | 1 | 66 | 3 |
| 50K to 100K | 0 | 0 | 27 | 1 |
| 100K to 200K | 2 | 1 | 13 | 1 |
| 200K+ | 1 | 0 | 12 | 0 |

### **South Bay** Lease Supply Demand (January 2025)




| SF | Availables Added Direct | Availables Added Sublease | Total Availables | Total Comps This Month |
|---|---|---|---|---|
| 10K to 20K | 10 | 5 | 98 | 8 |
| 20K to 50K | 10 | 5 | 113 | 0 |
| 50K to 100K | 3 | 2 | 47 | 2 |
| 100K to 200K | 1 | 0 | 28 | 3 |
| 200K+ | 0 | 0 | 9 | 0 |

| Grand Total: | Total Availables Added | Total Available Added Sublease | Total Availables | Total Comps This Month |
|---|---|---|---|---|
| | 90 | 23 | 992 | 50 |



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## INSIGHT

January saw a sharp rebound in NNN lease comp rates. After dropping in January 2024 to 0.92, lease comp rates in 2025 surged back to 1.45, nearly matching 2023 levels. However, the 2024 dip was largely due to an outlier—a single lease accounting for 60% of square footage at an unusually low rate of 0.47. Without this anomaly, the adjusted 2024 rate would have been 1.59, following a more typical downward trend:

- **2023:** 1.75
- **2024 (adjusted):** 1.59
- **2025:** 1.45

This trajectory aligns more closely with trends in **GRS leases**, where rates have also dropped but remain above inflation-adjusted equilibrium. To reach balance:

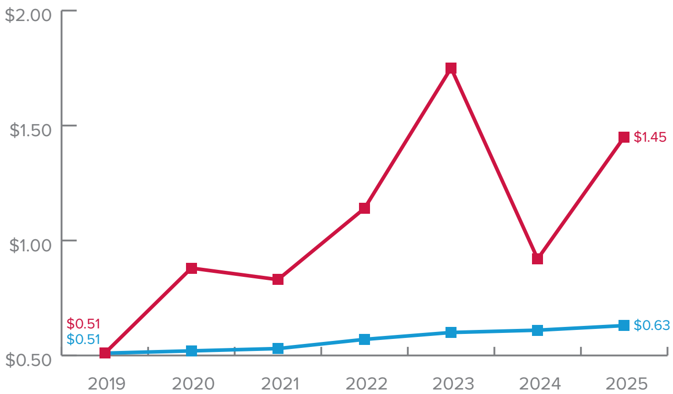
- **NNN rates would need to drop another 56%**
- **GRS rates would need to decrease by 22%**

Both lease types remain **significantly above estimated sustainable levels,** indicating further corrections may be needed.

## 2019-2025 (January) Potential Lease Equilibrium

### ALL MARKETS IN LOS ANGELES - NNN

Lease Comp Rate VS. Lease Comp Rate w/ Inflation

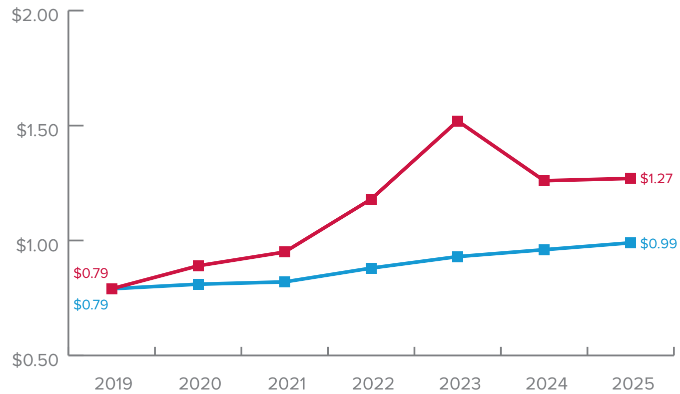



| Year | Lease Comp Rate | Lease Comp Rate With Inflation | % Inflation |
|---|---|---|---|
| 2019 | $0.51 | $0.51 | |
| 2020 | $0.88 | $0.52 | 3.1% |
| 2021 | $0.83 | $0.53 | 0.9% |
| 2022 | $1.14 | $0.57 | 7.5% |
| 2023 | $1.75 | $0.60 | 5.8% |
| 2024 | $0.92 | $0.61 | 2.5% |
| 2025 | $1.45 | $0.63 | 3.4% |

Lease Comp Rate | Lease Comp Rate w/ Inflation

### ALL MARKETS IN LOS ANGELES - GRS

Lease Comp Rate VS. Lease Comp Rate w/ Inflation




| Year | Lease Comp Rate | Lease Comp Rate With Inflation | % Inflation |
|---|---|---|---|
| 2019 | $0.79 | $0.79 | |
| 2020 | $0.89 | $0.81 | 3.1% |
| 2021 | $0.95 | $0.82 | 0.9% |
| 2022 | $1.18 | $0.88 | 7.5% |
| 2023 | $1.52 | $0.93 | 5.8% |
| 2024 | $1.26 | $0.96 | 2.5% |
| 2025 | $1.27 | $0.99 | 3.4% |

Lease Comp Rate | Lease Comp Rate w/ Inflation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## INSIGHT

Over the past year, **vacancy rates have surged from 4% to 9.3%**, while asking rents have only declined from **$1.33 to $1.11**—a reduction that has not been sufficient to drive occupancy gains.

There are currently **173 available subleases**, yet only **83 lease comps** have been recorded over the past year—equivalent to about **five months of additional supply**.

- **Overall, asking rents continue to decline,** with LA Central reporting the **lowest rates at $0.90.**
- **Mid-Counties is an outlier,** where asking rents have **increased** from **$1.21 to $1.41** over the past year.

Given the **rising vacancy and oversupply**, landlords may need to **further lower asking rates** to stimulate leasing activity.

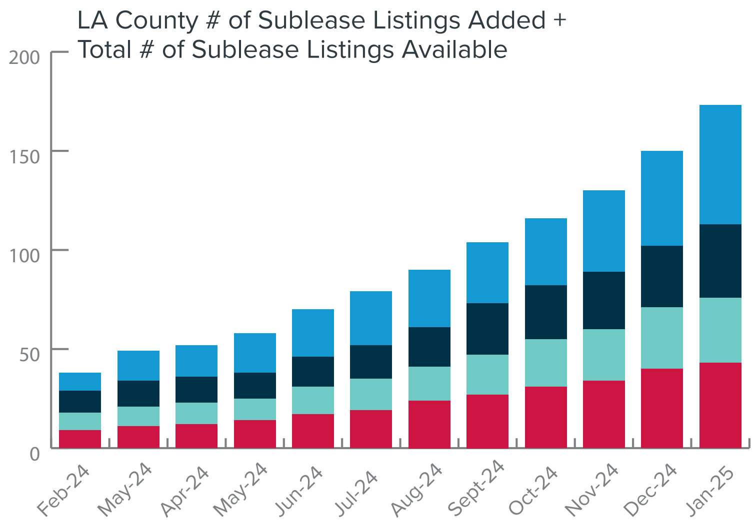
## Sublease Report

**Sublease Vacancy**

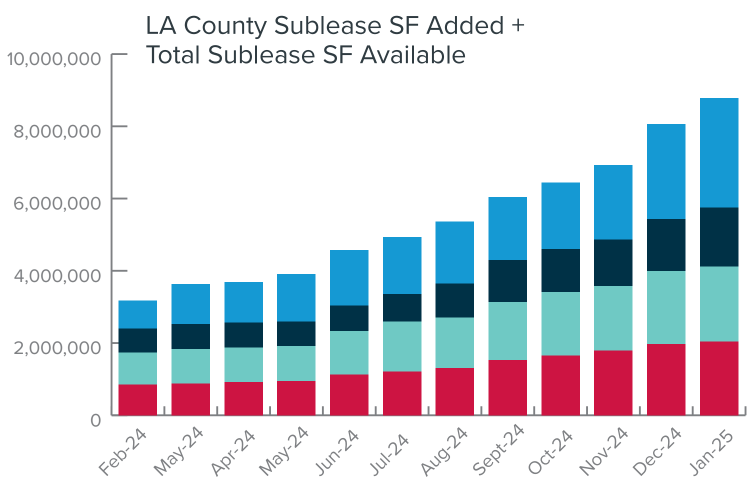
| Q1 2025 (QTD) | 9.3% |
|---|---|
| Q1 2024 | 4.0% |

**Sublease Asking Rate (NNN)**

| Q1 2025 (QTD) | $1.11 |
|---|---|
| Q1 2024 | $1.33 |




| Period | LA Central | Mid-Counties | SGV | South Bay | LA County |
|---|---|---|---|---|---|
| Feb-24 | 9 | 9 | 11 | 9 | 38 |
| Mar-24 | 2 | 1 | 2 | 6 | 11 |
| Apr-24 | 1 | 1 | 0 | 1 | 3 |
| May-24 | 2 | 0 | 0 | 4 | 6 |
| June-24 | 3 | 3 | 2 | 4 | 12 |
| July-24 | 2 | 2 | 2 | 3 | 9 |
| Aug-24 | 5 | 1 | 3 | 2 | 11 |
| Sept-24 | 3 | 3 | 6 | 2 | 14 |
| Oct-24 | 4 | 4 | 1 | 3 | 12 |
| Nov-24 | 3 | 2 | 2 | 7 | 14 |
| Dec-24 | 6 | 5 | 2 | 7 | 20 |
| Jan-25 | 3 | 2 | 6 | 12 | 23 |
| **Total** | **43** | **33** | **37** | **60** | **173** |

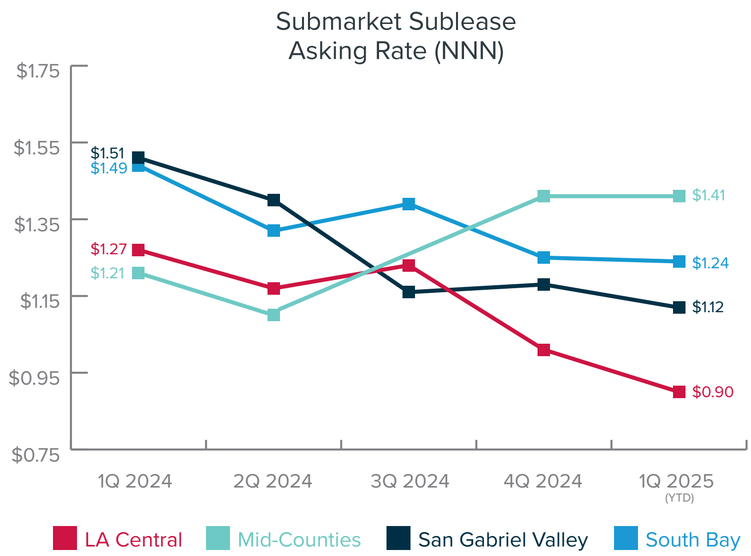


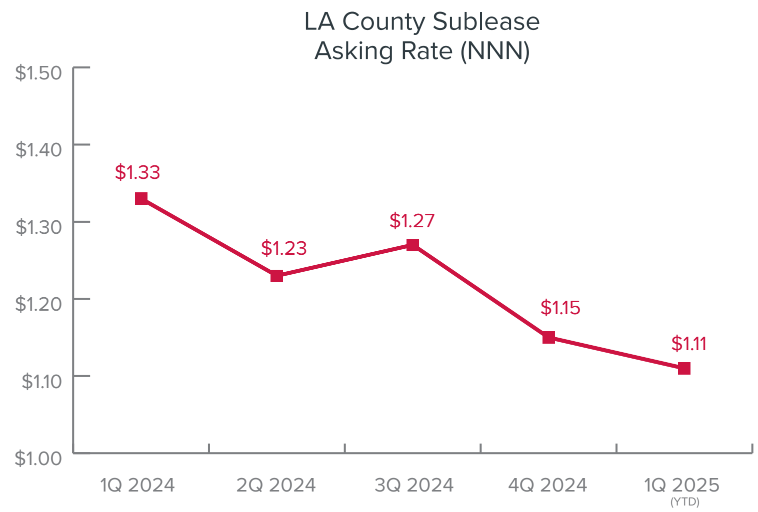

| Period | LA Central | Mid-Counties | SGV | South Bay | LA County |
|---|---|---|---|---|---|
| Feb-24 | 856,099 | 876,705 | 664,132 | 784,212 | 3,181,148 |
| Mar-24 | 28,912 | 72,079 | 24,710 | 326,693 | 452,394 |
| Apr-24 | 30,000 | 10,500 | - | 16,427 | 56,927 |
| May-24 | 32,230 | - | - | 176,086 | 208,316 |
| June-24 | 176,339 | 242,270 | 22,000 | 232,496 | 673,105 |
| July-24 | 89,050 | 181,384 | 41,427 | 55,212 | 367,073 |
| Aug-24 | 90,494 | 19,967 | 190,306 | 111,945 | 412,712 |
| Sept-24 | 219,743 | 211,582 | 215,617 | 34,699 | 681,641 |
| Oct-24 | 127,282 | 152,439 | 26,980 | 92,885 | 399,586 |
| Nov-24 | 136,049 | 30,560 | 92,000 | 236,005 | 494,614 |
| Dec-24 | 191,217 | 220,556 | 153,200 | 574,977 | 1,139,950 |
| Jan-25 | 68,873 | 56,680 | 195,393 | 388,675 | 709,621 |
| **Total:** | **2,046,288** | **2,074,722** | **1,625,765** | **3,030,312** | **8,777,087** |

| Total Number or Sublease Listings Added + Total Number of Sublease Listings Available | 173 |
|---|---|

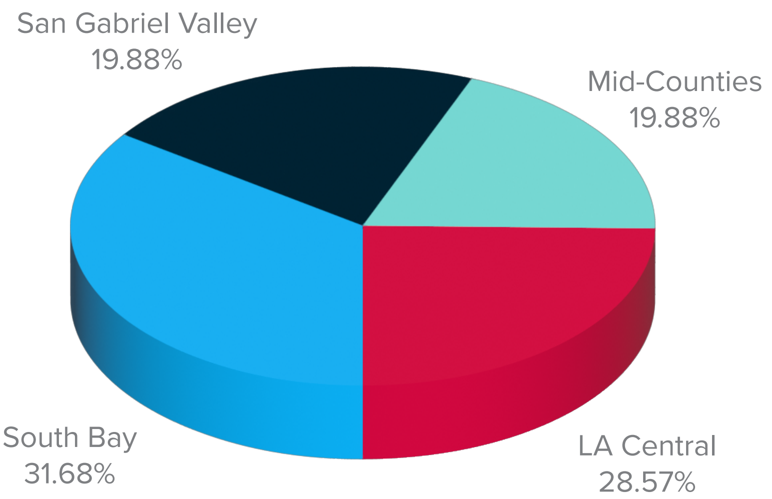
| Total Comps | 83 |
|---|---|

## Sublease Report




## % Sublease Availability

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