Lee & Associates
LOS ANGELES - DOWNTOWN

Los Angeles County Industrial
CONSOLIDATED MARKET REPORT
Class B and C Buildings

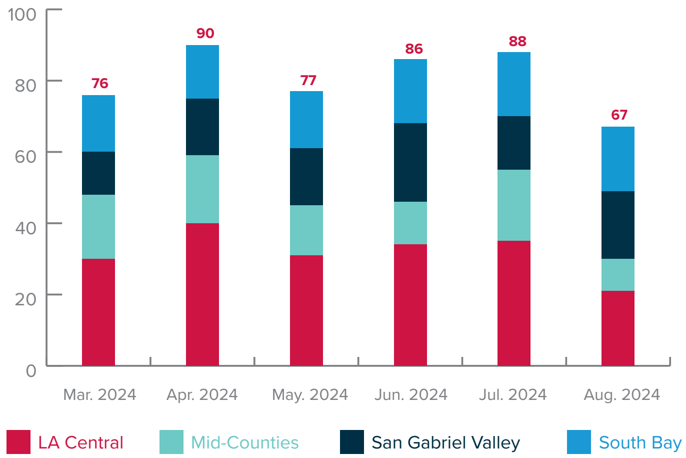
July | 2024

INSIGHT

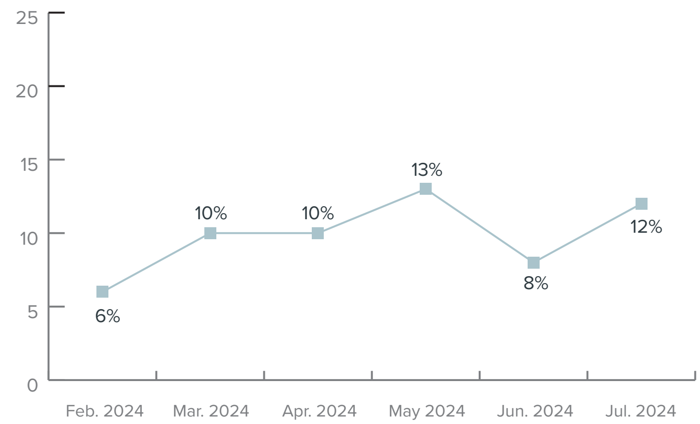
Lease rate reductions have remained steady at around 12% in July. Leasing and sales activity was more robust prior to February 2024, but movement has slowed significantly since then. Although leasing activity has seen a slight uptick with recent rate drops, it remains sluggish overall. These ongoing reductions may be moving the market closer to equilibrium, potentially encouraging more leasing and sales as rates become increasingly competitive.

Lease Rate Reduction

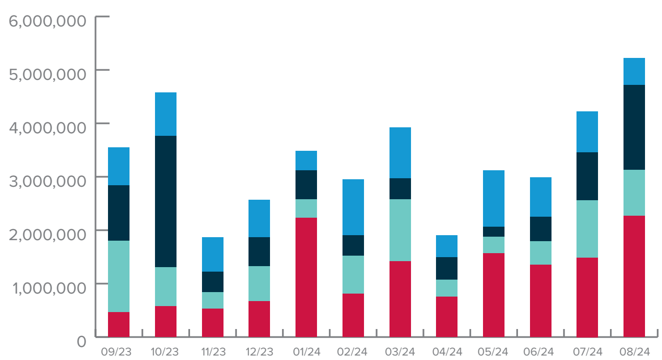
All Lease # of Listings Rate Reductions



All Lease Average Reduction From Previous Rate



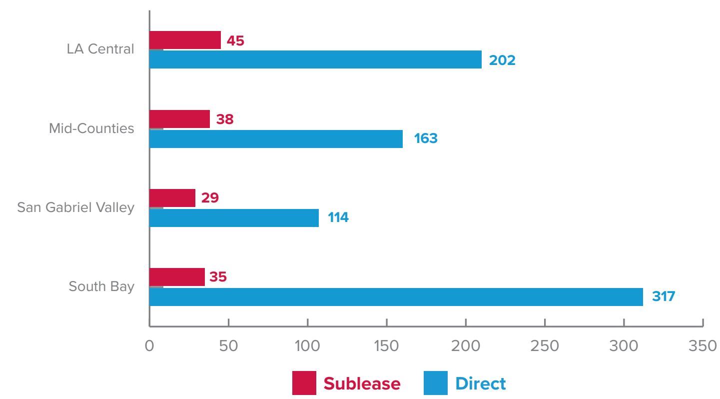
Total Leased And Sold (SF)



LA Central Total: 7,141,203
Mid-Counties Total: 3,701,564
San Gabriel Valley Total: 3,570,413
South Bay Total: 5,709,513

Grand Total:	20,122,693

Total # of Listings



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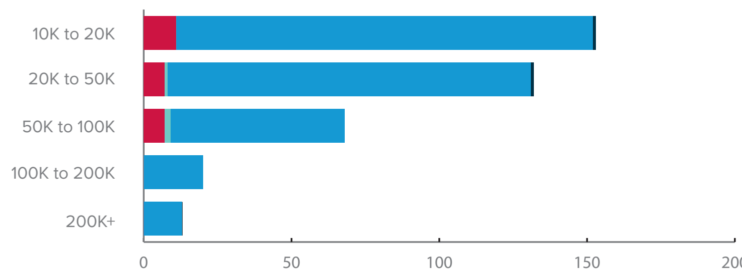
INSIGHT

The market continues to experience a monthly increase in lease and sublease availabilities, with the volume of properties leased or sold not keeping pace. This imbalance points to a surplus in supply, underscoring the need for more aggressive demand stimulation.

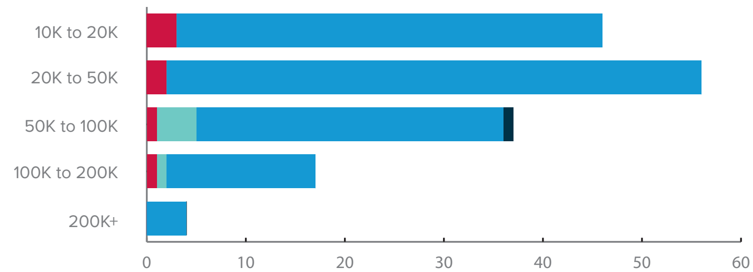
Lease Supply Demand Report

LA Central Lease Supply Demand (July 2024)



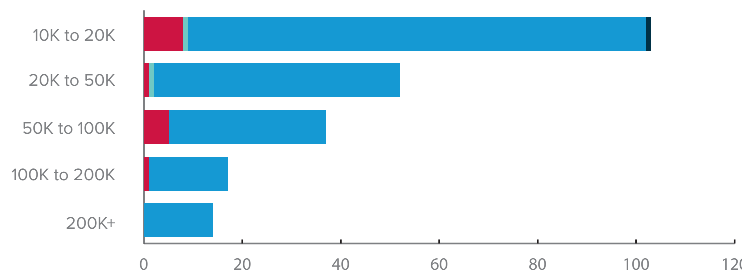
SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	11	0	141	1
20K to 50K	7	1	123	1
50K to 100K	7	2	59	0
100K to 200K	0	0	20	0
200K+	0	0	13	0

Mid-Counties Lease Supply Demand (July 2024)



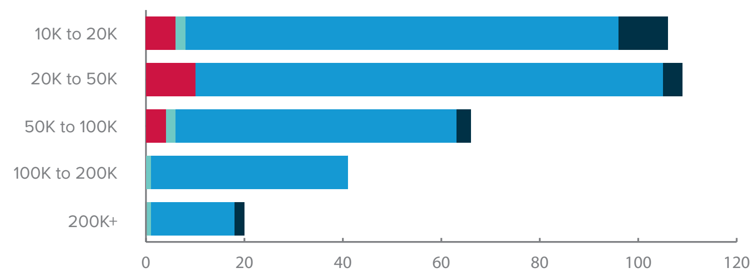
SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	3	0	43	0
20K to 50K	2	0	54	0
50K to 100K	1	4	31	1
100K to 200K	1	1	15	0
200K+	0	0	4	0

San Gabriel Valley Lease Supply Demand (July 2024)



SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	8	1	93	1
20K to 50K	1	1	50	0
50K to 100K	5	0	32	0
100K to 200K	1	0	16	0
200K+	0	1	13	0

South Bay Lease Supply Demand (July 2024)



SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	6	2	82	1
20K to 50K	6	5	86	0
50K to 100K	5	0	47	0
100K to 200K	2	0	27	0
200K+	0	0	8	0

Grand Total:	Total Availables Added	Total Available Added Sublease	Total Availables	Total Comps This Month
	66	18	957	5

Lee & Associates Los Angeles, Inc. | Corp. ID #02174865
1201 N. Main St. Los Angeles, CA 90012 | 323-922-3705

Los Angeles County Industrial

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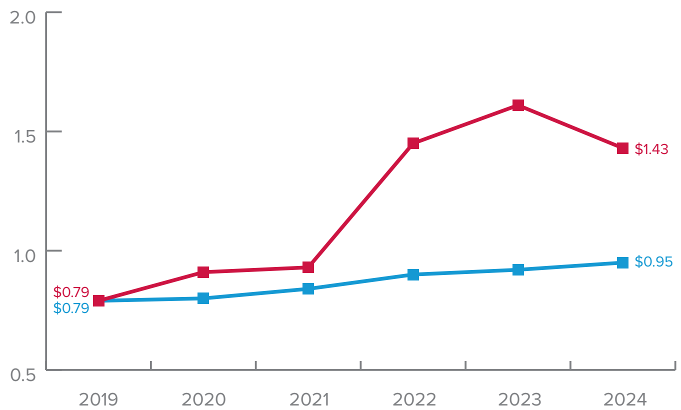
INSIGHT

For both triple net and GRS leases, lease rates are gradually declining, approaching inflation-adjusted lease comp rates. While rates haven't yet fully aligned with comp levels, the downward trend suggests further rate adjustments may still be necessary to achieve a balance between supply and demand.

2019-2024 (July) Potential Lease Equilibrium

ALL MARKETS IN LOS ANGELES - NNN

Lease Comp Rate VS. Lease Comp Rate w/ Inflation

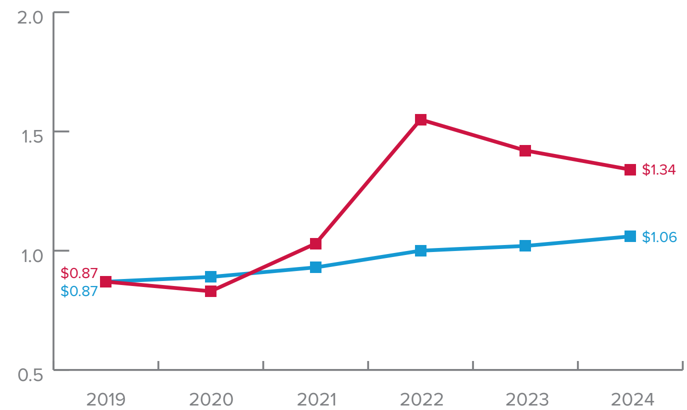


Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	$0.79	$0.79	
2020	$0.91	$0.80	1.9%
2021	$0.93	$0.84	3.9%
2022	$1.45	$0.90	7.7%
2023	$1.61	$0.92	2.7%
2024	$1.43	$0.95	3.2%

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	$0.87	$0.87	
2020	$0.83	$0.89	1.9%
2021	$1.03	$0.93	3.9%
2022	$1.55	$1.00	7.7%
2023	$1.42	$1.02	2.7%
2024	$1.34	$1.06	3.2%

Lease Comp Rate   Lease Comp Rate w/ Inflation

JEFF RINKOV
CEO & Senior Vice President | LIC ID 0128887
213-400-7941
jrinkov@lee-associates.com

JACK R. CLINE, JR.
President | LIC ID 00854279
213-590-3512
jcline@lee-associates.com

DOUG CLINE
Senior Vice President | LIC ID 01142005
213-324-2957
dcline@lee-associates.com

EVAN JURGENSEN
Senior Vice President | LIC ID 01967347
323-922-3733
ejurgensen@lee-associates.com

MILES SOLOMON
Senior Vice President & Land Specialist | LIC ID 02099423
949-532-8609
msolomon@lee-associates.com

TONY NAPLES
Senior Vice President | LIC ID 01811344
818-395-4373
tnaples@lee-associates.com

LOREN KAPLAN
Senior Vice President | LIC ID 01968119
323-922-5784
lkaplan@lee-associates.com

MATTHEW EDDY
Senior Vice President | LIC ID 01844956
213-268-8922
meddy@lee-associates.com

CONNOR F. ULF
Senior Vice President | LIC ID 01956845
818-468-1752
culf@lee-associates.com

SEHYUNG KIM
Senior Vice President | LIC ID 01327276
213-290-3599
skim@lee-associates.com

EUNICE KWON
Vice President | LIC ID 02024804
213-700-6266
ekwon@lee-associates.com

EVERETT PHILLIPS
Associate | LIC ID 01992837
626-755-4199
ephillips@lee-associates.com

KEVIN CHEN
Capital Markets | LIC ID 02130137
213-663-7999
kchen@lee-associates.com

DAVID COX
Associate | LIC ID 02130657
760-571-4827
dcox@lee-associates.com

MATTISON BEHR
LIC ID 02091054
818-434-9116
mbehr@lee-associates.com

SAM RINKOV
Associate | LIC ID 02132512
323-922-5479
srinkov@lee-associates.com

MELANIE GUILLEN
LIC 01322895
323-922-3746
mguillen@lee-associates.com

AMANDA ULF
LIC ID 02135282
818-468-1762
aulf@lee-associates.com

MAX NUEVO
LIC ID 02215232
626-345-8634
mnuevo@lee-associates.com

MASON LAWRENCE
LIC ID 02213856
949-338-9567
mlawrence@lee-associates.com

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INSIGHT

Over the past year, 157 new lease listings have come onto the market compared to only 62 lease comps. While there are some fluctuations at the submarket level, the overall asking rate for subleases continues to decline, indicating landlords are adjusting to high supply pressures. Further rate reductions could help address the gap between available listings and leasing demand.

Sublease Report

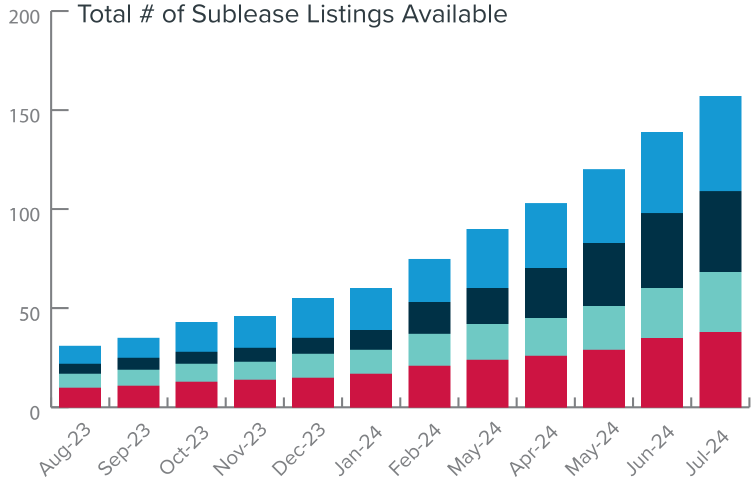
Sublease Vacancy

Q2 2024 (QTD)	6.9%
Q2 2023	2.4%

Sublease Asking Rate (NNN)

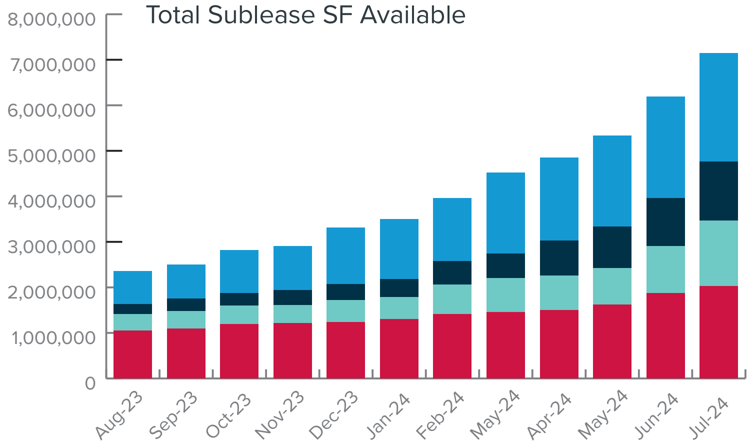
Q2 2024 (QTD)	$1.31
Q2 2023	$1.39

LA County # of Sublease Listings Added + Total # of Sublease Listings Available



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Aug-23	10	7	5	9	31
Sept-23	1	1	1	1	4
Oct-23	2	1		5	8
Nov-23	1		1	1	3
Dec-23	1	3	1	4	9
Jan-24	2		2	1	5
Feb-24	4	4	6	1	15
Mar-24	3	2	2	8	15
Apr-24	2	1	7	3	13
May-24	3	3	7	4	17
June-24	6	3	6	4	19
July-24	3	5	3	7	18
Total	**38**	**30**	**41**	**48**	**157**

LA County Sublease SF Added + Total Sublease SF Available

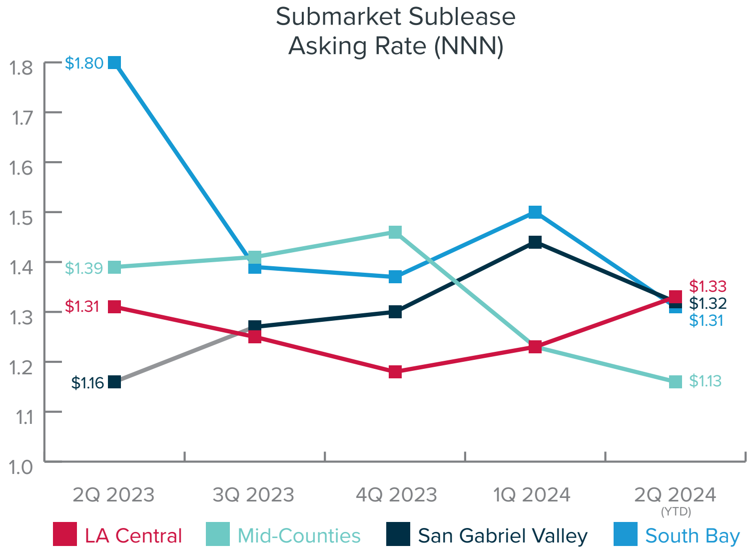


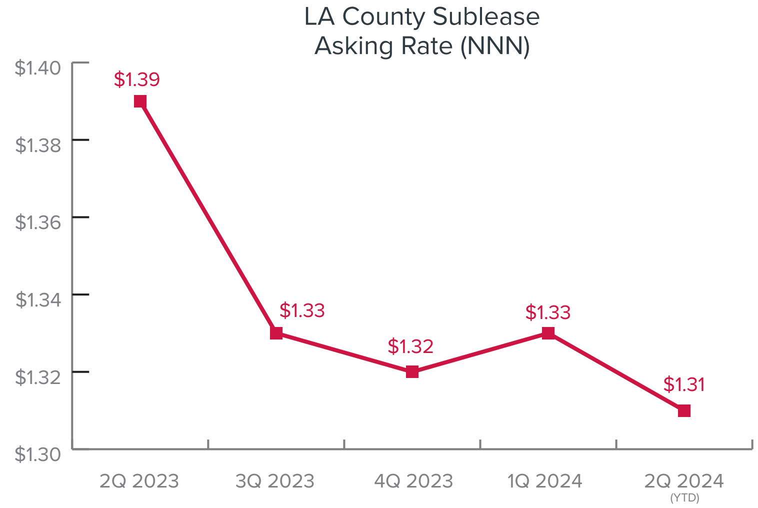
Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Aug-23	1,051,058	360,892	222,346	721,550	2,355,846
Sept-23	39,873	26,820	53,000	260,00	145,693
Oct-23	103,290	12,090		203,719	319,099
Nov-23	20,000		53,244	11,194	84,438
Dec-23	19,980	88,304	19,920	281,436	409,640
Jan-24	64,332		40,814	76,000	181,146
Feb-24	110,555	170,663	120,656	64,000	465,874
Mar-24	50,229	87,240	24,710	401,075	563,254
Apr-24	41,020	10,500	234,391	44,225	330,136
May-24	122,168	43,069	139,582	176,086	480,905
June-24	245,410	242,270	136,975	230,287	854,942
July-24	159,167	401,476	241,427	158,014	960,084
Total:	**2,027,082**	**1,443,324**	**1,287,065**	**2,393,586**	**7,151,057**

Total Number or Sublease Listings Added + Total Number of Sublease Listings Available	157

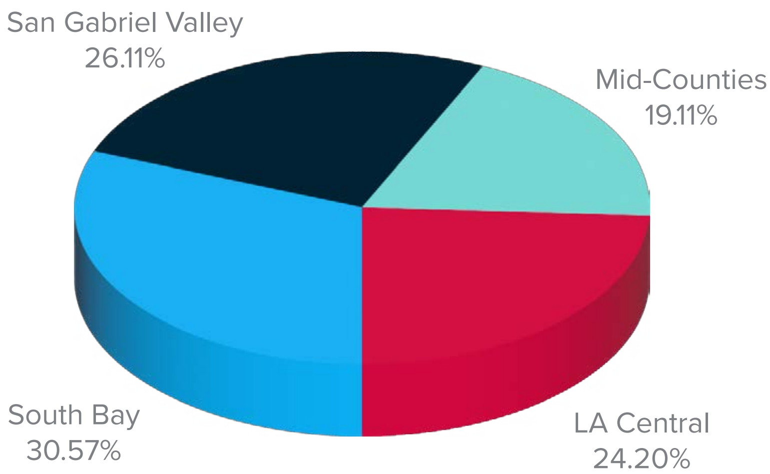
Total Comps	62

Sublease Report





% Sublease Availability



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MILES SOLOMON
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213-290-3599
skim@lee-associates.com

EUNICE KWON
Vice President | LIC ID 02024804
213-700-6266
ekwon@lee-associates.com

EVERETT PHILLIPS
Associate | LIC ID 01992837
626-755-4199
ephillips@lee-associates.com

KEVIN CHEN
Capital Markets | LIC ID 02130137
213-663-7999
kchen@lee-associates.com

DAVID COX
Associate | LIC ID 02130657
760-571-4827
dcox@lee-associates.com

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LIC ID 02091054
818-434-9116
mbehr@lee-associates.com

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Associate | LIC ID 02132512
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srinkov@lee-associates.com

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MAX NUEVO
LIC ID 02215232
626-345-8634
mnuevo@lee-associates.com

MASON LAWRENCE
LIC ID 02213856
949-338-9567
mlawrence@lee-associates.com