

Industrial Sale Prices Up 9.6% Over Previous Quarter

The West remains the priciest region in the US.

By Richard Berger

Average sale prices for industrial assets saw a considerable increase — up by 9.6% from the previous quarter and by 2% year-over-year, which is notable, considering the challenges posed by rising interest rates, tighter capital markets, and normalizing demand.

Properties were trading at an average of \$132/SF, the latest U.S. industrial market report from CommercialEdge shows. Nationwide, industrial sales totaled \$5.7 billion in the first two months of 2024.

Investor interest in Los Angeles properties remains elevated as it led the nation in sales volume, with transactions here totaling \$435 million.

Price appreciation has leveled off following a period of rapid growth, CommercialEdge reported. Between 2019 and 2021, the average sale price in Los Angeles climbed 44.7% from \$190 to \$294 per foot. The average sale price rose only 8.9% in the years since, resting at \$320 per foot in 2024.

The West maintained its status as the priciest in the US. The national average is \$7.68/SF. Orange County (\$15.29/SF), Los Angeles (\$14.14), and Seattle (\$10.94) posted double-digit rental pricing. Only in the Central Valley, with \$6.15/SF, did a Western market show listing rates below the national average.

In-place rent growth increased by 12.7% year-over-year in the Inland Empire, the highest in the country.

“The market has been at the top of the rent growth metric since we began reporting rents at the start of 2021,” according to the report. “Notably, in-place rents in the Inland Empire swelled more than 60% during that time.”

Los Angeles and Orange County, both at 11.4% as of February, were the only other markets to post double-digit in-place rent growth, according to the report.

A rise in demand for data centers, particularly in the Washington DC market, “has witnessed a significant surge in growth during the past year,” CommercialEdge reported.

In the 120 markets covered by CommercialEdge, there are currently 27.4 million SF of data center space under construction, and an additional 33.5 million SF are in the planning stages.

“While recognized as a niche subset of the market, it is a notable opportunity in certain markets as general warehouse/distribution project starts continue to slow.” Peter Kolaczynski, Director, CommercialEdge, said in prepared remarks.