LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4 2023
LA NORTH INDUSTRIAL MARKET REPORT

MARKET INDICATORS

VACANCY

2.5% Q4 2023	2.5% Q3 2023	2.0% Q2 2023	1.8% Q1 2023

ABSORPTION

(98,802) SF Q4 2023	190,079 SF Q3 2023	(636,796) SF Q2 2023	(64,092) SF Q1 2023

DIRECT LEASE RATE

$1.67 PSF Q4 2023	$1.65 PSF Q3 2023	$1.70 PSF Q2 2023	$1.69 PSF Q1 2023

Q4 TRENDS AT A GLANCE

- **Leasing Activity** 770,073 SF
- **Under Construction** 342,347 SF
- **Completed Construction** 235,643 SF
- **Industrial Buildings Sold** 13
- **Median Sale Price** $306 PSF

UNEMPLOYMENT RATE

	LA County	California	US
Sept 2023	5.8%	4.7%	3.8%
Nov 2023	5.0%	4.9%	3.7%

Resilient Vacancy Rates and Modest Increase in Lease Rates Sustain in LA North Industrial Market in Q4 2023

The Los Angeles North Industrial Real Estate market faces challenges in the fourth quarter, marked by a 34 percent decline in leasing activity. This totaled 770,073 square feet–the lowest amount leased in the year and the second lowest since the onset of the pandemic. Despite this downturn, the market remains resilient, with vacancy rates holding steady at 2.5 percent and lease rates inching towards record highs, reaching $1.67 per square foot.

The fourth quarter saw the market bring 235,643 square feet of new inventory online, with Reseda/Tarzana contributing 128,121 square feet of construction, followed by the Santa Clarita Valley contributing 107,522 square feet of construction. Looking ahead, an additional 342,347 square feet is planned for introduction in the upcoming year across various submarkets, including Van Nuys, Santa Clarita Valley, North Hollywood/Universal City and Antelope Valley.

The market experienced a return to negative net absorption, concluding the year with 98,802 square feet of negative net absorption. Year-to-date totals reached 476,096 square feet of negative net absorption across all submarkets except Northridge, San Fernando, Antelope Valley, Woodland Hills, and Reseda/Tarzana. Notably, the entire market only reported positive net absorption in the third quarter.

The fourth quarter closed with 13 industrial sales, achieving a median price of $306 per square foot–the highest price recorded in the year. Of these assets, only one was distressed.

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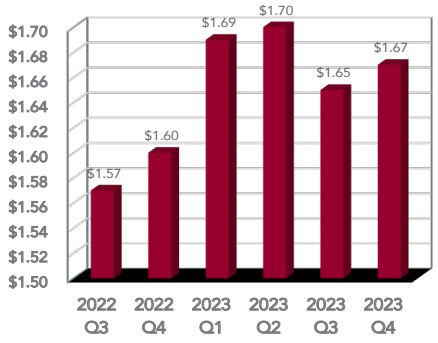
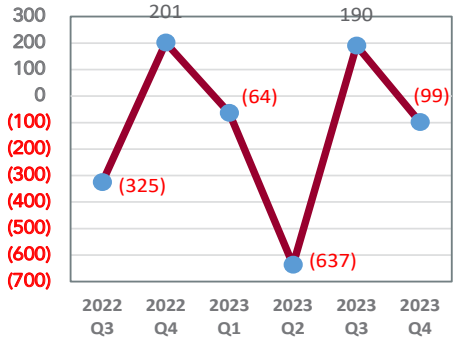
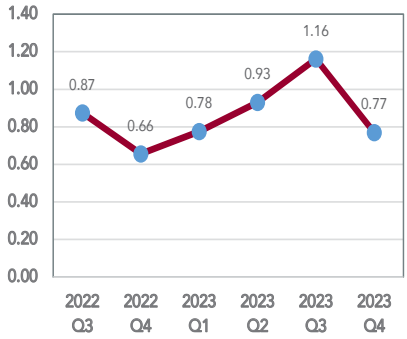
RENTAL RATES
average per SF, per month



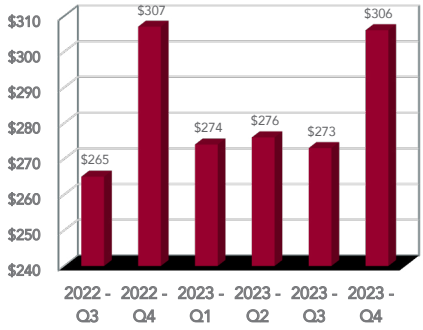
ABSORPTION
in thousands of SF



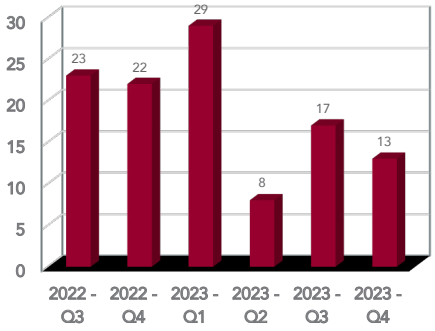
LEASING ACTIVITY
millions of SF leased



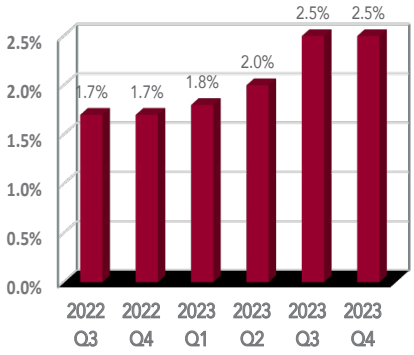
MEDIAN SALE PRICE



SALE TRANSACTIONS



VACANCY



Median sale price excludes distressed sales and those where no price information was recorded.

TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER/SELLER	BUILDING CLASS
10643 Glenoaks Blvd Pacoima, CA	38,063 SF	$13,091,145 $343.93 PSF	Greater LA Vector Control District Glenoaks Partners, LLC	Class B
904-906 N Lake St Burbank, CA	21,735 SF	$8,200,000 $377.27 PSF	City of Burbank Gento 2 LLC	Class C
9000 Lurline Ave Chatsworth, CA	19,773 SF	$5,880,765	Neutraderm, Inc. DeWitt Family Trust	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
20559 Prairie St Chatsworth, CA	60,300 SF	Lainar Investments	Machina Labs, Inc.	Manufacturing Co
10340 Glenoaks Blvd Pacoima, CA	16,644 SF	Isaac Ben-Yehuda and Dalia Ben-Yehuda	Universal Auto Collision, Inc.	Auto Collision Repair
19755 Nordhoff Pl Chatsworth, CA	14,950 SF	NBP Partners II LLC	Logicube, Inc.	Manufacturer - Hard Drive Duplication

Source: CoStar and Lee & Associates

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SUBMARKETS	TOTAL INVENTORY	TOTAL VACANCY		NET ABSORPTION		CONSTRUCTION			ASKING NNN RATE
		Total SF	%	Q4 2023	YTD 2023	Underway	COMPLETED Q4 2023	COMPLETED YTD 2023	
Antelope Valley	10,725,102	282,122	2.6%	(17,976)	21,835	139,853	0	52,144	$1.66
Burbank	8,737,158	259,160	3.0%	(13,984)	(14,490)	0	0	0	$2.25
Canoga Park	4,197,466	142,273	3.4%	(343)	(66,090)	0	0	0	$1.22
Chatsworth	19,324,034	545,335	2.8%	758	(274,999)	0	0	0	$1.52
Glendale	5,257,745	58,941	1.1%	(17,899)	(1,074)	0	0	0	$2.57
No. Hollywood / Universal City	12,361,839	304,182	2.5%	(93,379)	(48,385)	106,526	0	20,000	$1.91
Northridge	3,942,714	50,492	1.3%	11,769	77,759	0	0	0	$1.86
Reseda /Tarzana	837,366	154,251	18.4%	10,704	5,494	0	128,121	128,121	$0.97
San Fernando /Sylmar /Pacoima /Arleta	17,989,896	470,507	2.6%	18,721	75,910	0	0	185,262	$1.97
Santa Clarita Valley	25,390,680	613,240	2.4%	68,760	(49,736)	85,968	107,522	427,001	$1.28
Sun Valley	10,281,968	289,942	2.8%	25,046	(156,354)	0	0	0	$1.72
Van Nuys	18,122,850	318,689	1.8%	(81,075)	(51,748)	10,000	0	20,049	$1.78
Woodland Hills	1,552,110	11,704	0.8%	(9,904)	5,782	0	0	0	$1.85
Totals	138,720,928	3,500,838	2.5%	(98,802)	(476,096)	342,347	235,643	832,577	$1.67

Source: CoStar and Lee & Associates

MARKET DEFINITIONS

RENTABLE AREA

Includes all Class A, B and C multi-tenant and single-tenant industrial buildings of 10,000 square feet and greater. Excludes buildings under construction, planned or under renovation.

DIRECT VACANCY

Space in existing buildings that is not occupied and is available for direct lease.

TOTAL VACANCY

Space in existing buildings that is not occupied and is available for direct lease and/or sub-lease.

TOTAL NET ABSORPTION

The square feet leased after deducting space vacated.

DIRECT ASKING LEASE RATE

Calculated for direct available space using NNN rents. Rents are weighted by total square feet available for direct lease.

UNDER CONSTRUCTION

Buildings in the process of construction. A building is considered complete when issued a certificate of occupancy.

MEDIAN SALE PRICE

Based on actual prices of sold buildings as reported in public records and by CoStar. Includes all industrial buildings 10,000 SF and more sold at $500,000 or more.

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Lee & Associates-LA North/Ventura, Inc. *is a full service commercial brokerage company serving the San Fernando Valley, Conejo Valley, Simi Valley/Moorpark and Ventura County markets. Founded in 1994, Lee LA North/Ventura has grown to become one of the largest commercial brokerage companies in the Los Angeles North and Ventura regions with four offices and 48 agents.*

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LA NORTH INDUSTRIAL SUBMARKETS

Antelope Valley
Lancaster
Palmdale

Burbank

Canoga Park

Glendale

Chatsworth

North Hollywood/ Universal City
La Crescenta
Montrose
Studio City
Sunland
Tujunga

Northridge

Reseda/Tarzana

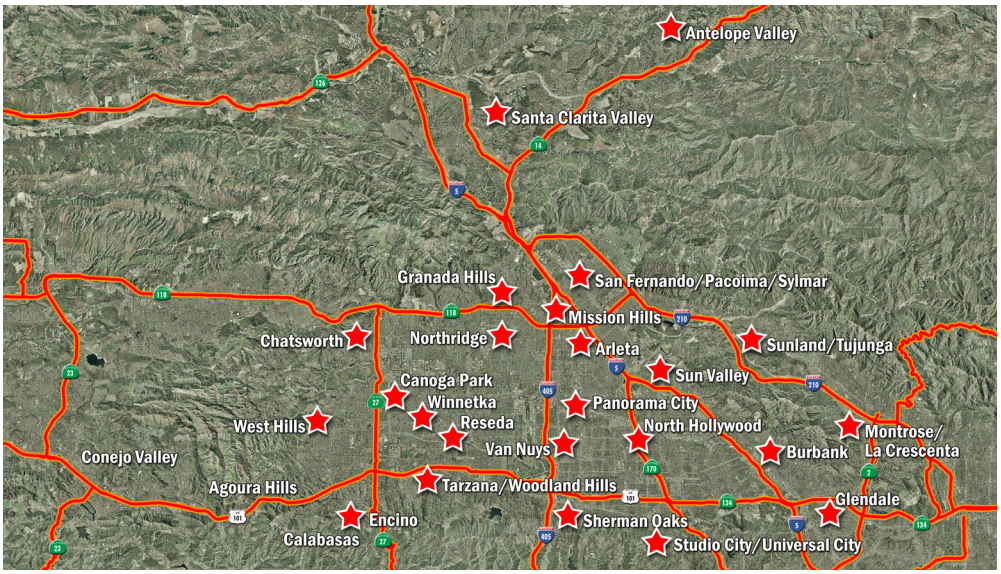
San Fernando/Sylmar/ Pacoima/Arleta

Santa Clarita Valley
Canyon Country
Newhall
Santa Clarita
Valencia

Sun Valley

Van Nuys
Mission Hills
Panorama City
Sherman Oaks

Woodland Hills
Encino
Granada Hills
West Hills
Winnetka



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