

**Q2 | 2019 INDUSTRIAL MARKET REPORT**

**Key Takeaways**

- LA's vacancy remained one of the tightest in the nation at 2.98%. For thirty-one consecutive quarters, vacancy has been below 3.0%
- At \$1.01 per square foot per month, the average asking rent reached to a new high and exceeded last cycle's peak (reached in early 2008) by 23.4%.
- Nearly 1.2 million square feet of net absorption gains in the first half of the year came from facilities built from 2017 onward.
- Total loaded TEU volume at LA's seaport increased nearly 1% (0.96%) with total loaded imports dominating the loaded exports by having a year over year increase of 3.48% whereas total loaded exports declined by 5.5% compared to this time last year.

**Los Angeles Central Industrial Market**

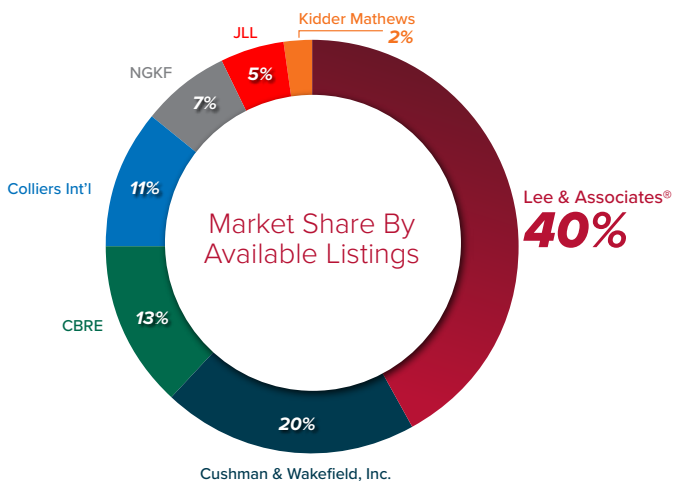
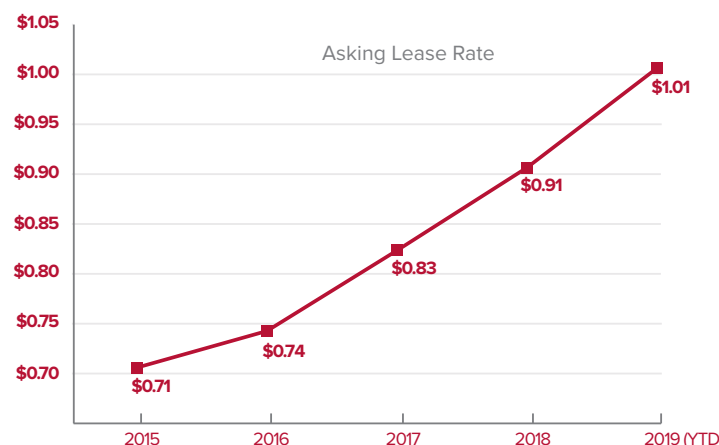
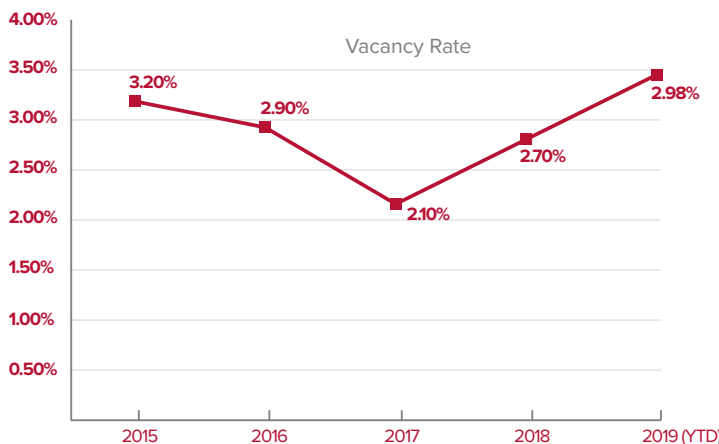
The enormous emphasis on improving efficiency in the last mile of distribution has been generating significant rent growth. Asking rents have reached new heights as a result. After a double-digit annual increase in 2018, the region's average rent climbed to \$1.01 per square foot per month (psf/mo) in Q2 and exceeded last cycle's peak by 23.4%. A significant portion of demand for industrial space is driven by consumer spending – in particular E-Commerce spending. Per the St. Louis Fed, E-Commerce retail sales as percentage of total sales equals 10.2% as of Q1 2019, and E-Commerce sales are expected to grow 15.1% to \$605.3 billion by the end of 2019. Furthermore, for every \$1 Billion in E-Commerce sales transacted, it is estimated that 1.0 million square feet of logistics space is required. The share of E-Commerce sales of total sales is only increasing and is NOT correlated with GDP. For these reasons, even though the inverted yield curve (i.e., the spread between the 10 year and 3 month treasury) signals a recession 12-18 months from now, the industrial market is well positioned to handle any change in the cycle since the sector's demand drivers are strong and upward sloping regardless of the fluctuations of GDP.

**Economic Indicators**

	Q1-19	Q2-19
Los Angeles Unemployment	4.2%	4.6%
U.S. Unemployment	4.0%	3.6%
Crude Oil Prices	\$70.35	\$62.40
Dow Jones Average	24,271	26,158
U.S. 10 year Treasury	1.97%	2.85%

**Key Industrial Stats**

	Q1-19	Q2-19
Inventory SF	216,577,524	218,509,725
Vacancy Rate	2.70%	2.98%
Availability Rate	2.89%	3.44%
YTD Lease Activity (SF)	5,878,875	6,222,936
Asking Rental Rate	\$0.97	\$1.01
YTD Sale Activity	2,457,785	2,624,283
Asking Sale Price	\$172	\$187



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City	Industrial Buildings	Inventory SF	Availability Rate	Vacancy Rate	Market Rental Rate	YTD Leasing Activity	YTD Sale Activity	YTD Net Absorption
Bell	36	4,714,119	1.45	1.45	0.87	94,829	0	-7,680
Bell Gardens	69	2,301,228	0	0	0.93	31,450	50,536	-1,055
Commerce	632	49,464,115	2.97	1.9	0.86	2,246,596	280,095	126,993
Cudahy	33	934,785	0	0	0.88	0	3,600	0
Huntington Park	87	3,238,025	5.77	3.5	0.86	41,505	214,473	34,180
Los Angeles-Central/DTLA	2262	78,105,691	3.74	3.5	1.18	2,212,680	1,886,284	575,977
Maywood	22	599,733	0	0	0.98	24,692	0	0
Montebello	164	9,898,677	2.39	2.21	0.89	376,805	163,493	278,948
Monterey Park	91	2,631,785	1.77	1.77	1	54,184	45,420	24,719
Pico Rivera	144	100,158,666	2.08	1.98	0.87	286,673	15,275	-27,791
South Gate	153	7,049,596	2.06	1.5	0.83	69,751	14,150	-55,684
Vernon	806	51,997,697	3.09	2.88	0.88	1,115,799	234,913	-151,918

► Criteria: Industrial, 10K+

Notable Transactions | Q2-2019

**2010 E. 15th St. Los Angeles, CA**

**Leased 87,243 SF**

Peter Bacci  
(Listing)



**2651 E. 45th St. Vernon, CA**

**Leased 82,559 SF**

Jack Cline, Doug Cline, Peter Bacci (Listing)



**4900 E. 50th St. Vernon, CA**

**Leased 70,000 SF**

Mollie Dietsch  
(Listing)



**2939 Vail Ave. Commerce, CA**

**Leased 60,267 SF**

Jack Cline, Jeff Bethel  
(Listing)



**5950 Avalon Blvd. Los Angeles, CA**

**Sold 56,338 SF**

Matthew Artukovich, Hovik Mirzoyan  
(Listing)



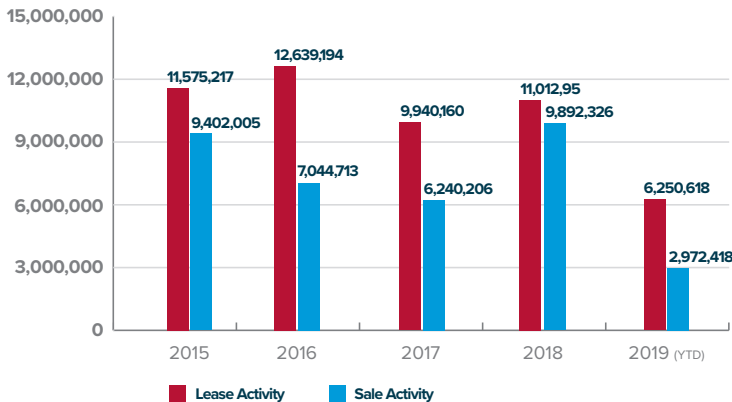
**3232 E. Washington Blvd. Vernon, CA**

**Leased 45,000 SF**

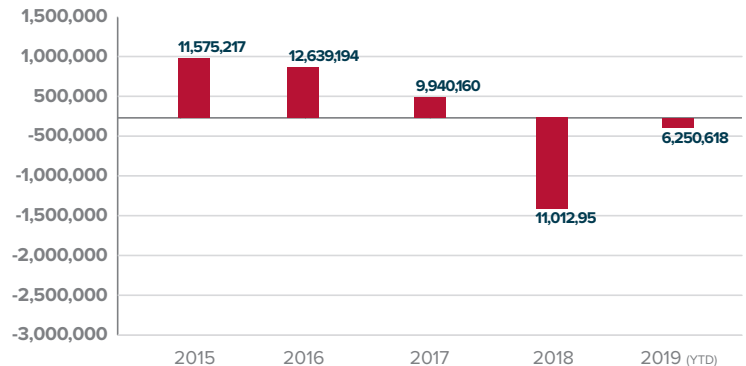
David Brandt, Jeff Rinkov, Jake Poxon,  
Loren Kaplan (Listing)



Gross Absorption (SF)



Net Absorption (SF)



Featured Available Properties

Image	Building	SF	Rent Price	Owner/Broker	Comments
	2707-2761 Fruitland Ave Vernon, CA 90058	268,049 SF	\$0.60 Monthly/SF	Peter Bacci Jack Cline	Former BCBG Headquarters Elegant Creative Industrial Office Complex Excellent Warehouse and Manufacturing Facility Heavy Power 3,000 Amps Arts District Close at 1/4 of the Cost
	4701 S Santa Fe Ave Vernon, CA 90058	224,640 SF	\$0.56 Monthly/SF	Peter Bacci Jack Cline	Central Vernon Location 6,000 LBS Freight Elevator Perfect For Garment/Sewing/Manufacturing Large Fenced Yard with Excellent Loading Visit: <a href="http://www.laindustrialgroup.com">www.laindustrialgroup.com</a> For More Information.
	1700 S Santa Fe Ave Los Angeles, CA 90021	165,325 SF	Negotiable	Mike Smith Ron Young	Color brochure @ <a href="http://www.teamlaccommercial.com">www.teamlaccommercial.com</a> . 1,920-165,325 SF Office. Located @ Olympic Blvd & Santa Fe. 8 blocks south of SOHO house. Most attractive price in the Arts District starting at \$1.90 PSF Gross!
	2250 Maple Ave Los Angeles, CA 90011	101,448 SF	\$1.60 Monthly/SF	Jim Halferty Mike Smith	High Quality Flex/Creative Industrial Building 3 Street Frontage; Maple Ave, 23rd St. & Wall St. 28,000 SF of Brand New High End Creative Open Office Near Metro Blue Line Stop 103 Car Fenced Parking Lot Up To
	7227 Telegraph Rd Montebello, CA 90640	100,000 SF	\$0.88 Monthly/SF	Peter D Bacci	Excellent Santa Ana (5) Freeway Frontage Great Corporate Headquarters Free Standing Building 10 Dock High Positions / 1 (18x18) GL Ramp ±8,357 SF Freezer / Cooler & Separate Food Packaging Room
	7344 Bandini Blvd Commerce, CA 90040	86,930 SF	\$0.79 Monthly/SF	Jack Cline Peter Bacci	Manufacturing / Distribution Facility Santa Ana Freeway Frontage Excellent Central Location Free-Standing, Fenced Yard, Heavy Power
	634 Crocker St Los Angeles, CA 90021	72,000 SF	\$1.35 Monthly/SF	Mike Smith Leo Vusich	Color Brochure @ <a href="http://www.teamlaccommercial.com">www.teamlaccommercial.com</a> State of the Art Pristine Food Service Building 12'-40' Clear / 28,494 SF Freezer 16,422 SF Processing Area/Stand By Generator Subterranean & Roof Top Parking / Total 45 Car Pkg / 2,000-3,000 Freezer Pallet Positions
	5445 Jillson St Commerce, CA 90040	67,376 SF	Negotiable	Armen Kazaryan Mike Smith	±14,119 SF of Modern/Creative Offices / 85 Car Fenced Parking Central Commerce Location - Eastern Ave At Washington Bl ±15,444 SF Racked Warehouse with 22' Clearance 9 DH Positions w/ 2 Levelers & 1 GL Ramp
	1234 Palmetto St Los Angeles, CA 90013	60,000 SF	Negotiable	Mike Smith Jim Halferty	Color Brochure @ <a href="http://www.teamlaccommercial.com">www.teamlaccommercial.com</a> One Of A Kind Creative Building In The Heart Of The Arts District Two Street Frontage (Palmetto St And Factory Pl)
	6901 S Alameda St Huntington Park, CA 90001	52,500 SF	\$0.99 Monthly/SF	Jeff Rinkov David Brandt	New Construction For Lease 30 Ft Clearance Minimum / Industrial Warehouse Distribution 5 Dock High Doors / 1 Ramp Excellent Alameda Frontage June 2019 Completion
	5801 S 2nd St Vernon, CA 90058	48,433 SF	\$0.55 Monthly/SF	David Brandt Jake Poxon	Great Natural Lighting 14,652 SF of Additional Covered Area / Parking Newer Offices 5 DH Positions (Common) Night Time Security - 24/7
	700 E Jefferson Blvd Los Angeles, CA 90011	42,014 SF	\$0.83 Monthly/SF	Tim Wetzel	Modern Warehouse Building, Executive Offices with Open Design Offices 8 Dock High Positions and G.L. Loading Large Secure Yard, Great Parking & Loading
	6480 Flotilla St Commerce, CA 90040	34,500 SF	List Price Negotiable	Tim Cronin	Cannabis Use May Be Acceptable 4 Dock High Positions & Ground Level Loading Great Freeway Access, Centrally Located Highly Appointed Office, Corner Location

► For a complete list of available properties please visit | [lee-associates.com](http://lee-associates.com)



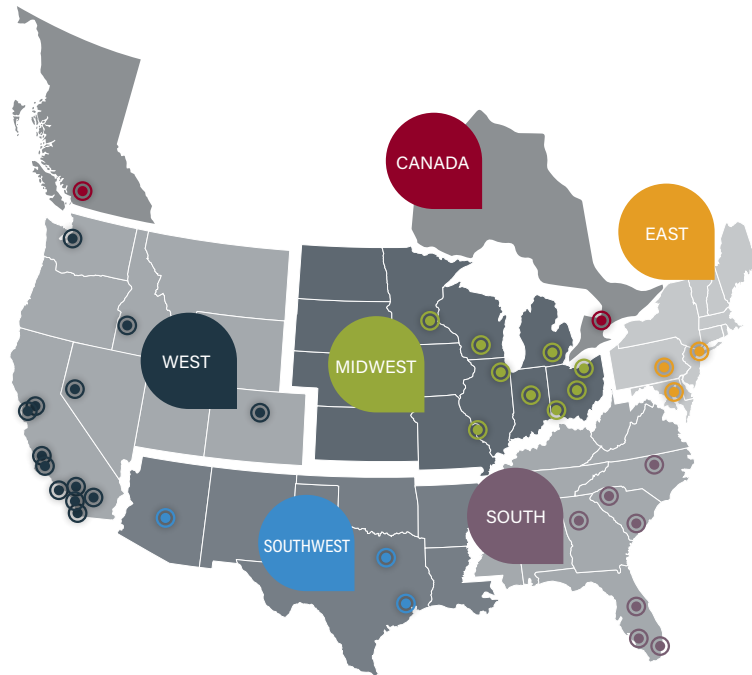
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