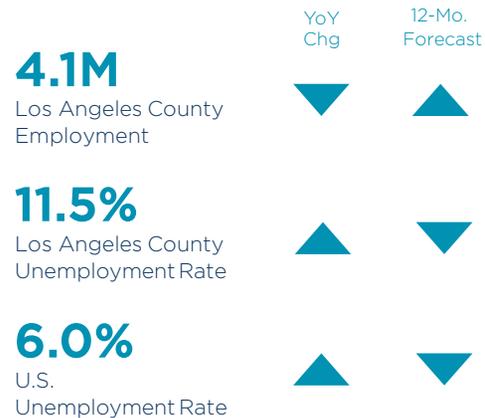




Overall, Net Asking Rent per Month

### ECONOMIC INDICATORS Q1 2021



Source: BLS/EDD. LA February data.

### What a Difference a Year Makes - Positive Economic Outlook:

At the end of first quarter 2021, the economic recovery is gaining steam and recent economic data paints a rosier view after a year of pandemic-induced crisis. U.S. retail sales are near record highs and employment is on the rise. The Consumer Confidence Index surged in March to its highest reading in a year. According to the National Retail Federation's (NRF) recent annual forecast, retail sales are expected to grow between 6.5% and 8.2% in 2021, amounting to more than \$4.33 trillion in sales. NRF is forecasting e-commerce sales will grow between 18% and 23%, to between \$1.14 trillion and \$1.19 trillion in sales in 2021. U.S. job growth boomed in March at the fastest pace since last summer, as stronger economic growth and an aggressive vaccination effort contributed to a surge in hospitality and construction jobs. Total nonfarm employment in Los Angeles County increased by 47,900 in February, and the unemployment rate decreased from 12.6% in January 2021 to 11.5%. Meanwhile, the surge in import volume at the Ports of LA & Long Beach continued in the month of February with container volume at both ports surpassing historical highs for the month. Combined import volume was up 27.8% for the first two months of the year.

### Strong Import Volume and E-Commerce Continue to Power Demand:

On the heels of two consecutive quarters of positive gains, Greater Los Angeles posted net absorption of 4.8 million square feet (msf) in Q1 2021 driving its overall vacancy rate down to 2.0%, 40 basis points (bps) lower than Q4 2020's rate. Increased demand for last-mile facilities to accommodate e-commerce demand continues to fuel strong leasing velocity. Totalling 11.5 msf for the quarter, leasing was 29.9% higher than the same period a year ago. The South Bay took the top spot in leasing with 2.8 msf - up 28.2% from a year ago, followed by San Gabriel Valley with 2.7 msf which is up a whopping 60.8% from Q1 2020's total. Big-box deals are on the rise with 20 new deals of 100,000+ square feet (sf) transacted in Los Angeles which totaled 4.1 msf. This compares to only 11 deals totaling 2.3 msf in Q1 2020. With strong demand for space, the amount of available sublease space on the market has also decreased. Total sublease space has declined by 25.0% from Q4 2020 and down 49% from a year ago. Sublease availability now accounts for only 11.8% of the total available space on the market, compared to 14.2% at Q4 2020. Rents continue to trend up, increasing by 9.9% year-over-year and averaged \$1.00 per square foot per month (psf/mo). Although there was a slight increase in development activity, construction underway in Los Angeles of 6.7 msf is less than 1.0% of the inventory and will have minimal impact on market fundamentals given the massive size of the market. U.S. import volume into the ports has one of the highest correlations to demand for industrial space and with double-digit gains projected in 2021, e-commerce will continue to be a significant generator of demand. Consequently, leasing momentum is expected to continue throughout the year and will continue to fuel strong rent growth.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



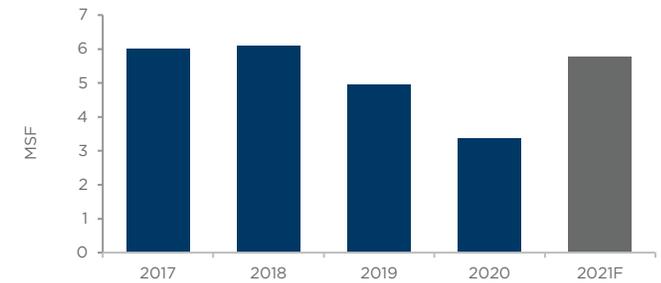
**Central Los Angeles:** After ending 2020 with double-digit gains in leasing activity, Central Los Angeles posted a 27.4% year-over-year increase in leasing with 2.1 msf of leased space. The market also posted its second quarter of positive gains with 989,796 sf of net absorption in Q1. Strong net occupancy gains drove its overall vacancy rate down to 2.5%, 40 bps lower than Q4 2020's rate. However, high levels of sublease availabilities continue to impact vacancy and rents. Overall vacancy rate is the same level as Q1 2020 and rents are 2.2% lower than a year ago. On a positive note, the amount of available sublease space has decreased by 17.8% from a year ago, accounting for just 12.9% of the total available space on the market. In addition, due to high occupancy gains this quarter, the market is on track to record positive gains for the first time since 2017. The Commerce/ Vernon submarket rebounded from a dismal showing in 2020 when the market suffered occupancy losses of 730,506 sf. The year started strong with gains of 1.0 msf resulting in a 70-bp quarter-over-quarter (Q/Q) drop in overall vacancy to end the quarter at 1.7%. Leasing activity remained strong with 1.7 msf leased in Q1, 46.7% higher than the same period a year ago.

**South Bay:** The South Bay market started the year strong with a 28.2% year-over-year gain in leasing activity on the heels of a 14.1% annual increase in 2020. The South Bay ended Q1 with 2.8 msf of leased space and net absorption of 570,943 sf which drove the overall vacancy rate down to 2.5%, a 30-bp decrease from Q4. Even though the market has now recorded three consecutive quarters of occupancy gains, Q1 2021's vacancy rate is still 60 bps higher than a year ago. On a positive note, increased vacancy appears to have no impact on rents and rent growth has accelerated. Averaging \$1.07 psf/mo, rents are 10.3% higher than a year ago after a 7.2% annual growth in 2020. South Bay's rents have increased significantly, growing by 55.1% since year-end 2015. With the continued explosion of e-commerce, infill market locations are mission critical for businesses. With limited land for development, developers and investors are acquiring properties for redevelopment to meet market demand for high-quality last-mile facilities. Rexford Industrial paid \$20.2 million for a 74,800-sf property on 5.1 acres in Gardena which has upside potential via value-add repositioning or ground-up redevelopment. Strong port volume, a huge consumer base and the continued growth of e-commerce all require vast amounts of industrial space and strong leasing momentum is expected to continue throughout the year.

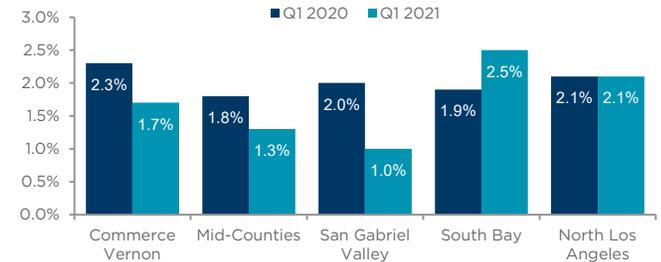
### Outlook

- Real estate fundamentals will remain strong throughout the year. Rent increases and tight vacancy rates are expected despite increased industrial construction.
- With strong consumer spending, import volumes at the Ports of LA and Long Beach are expected to remain at record or near-record levels through August.
- The acceleration in the COVID-19 vaccine rollout, strong data on consumer spending and the relaxation of COVID-19 containment measures led to an upward revision of U.S. GDP growth for 2021 from 5.7% to 6.2%, and for 2022 from 4.1% to 4.3%. (Source: IHS Markit)

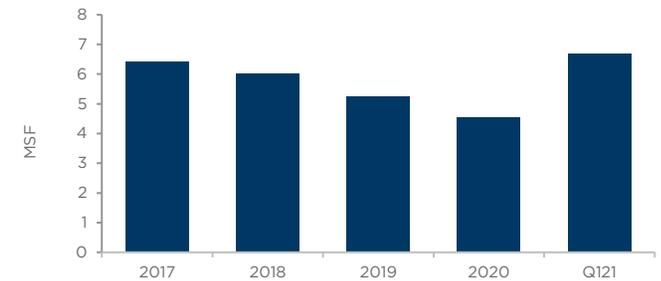
### NEW SUPPLY



### OVERALL VACANCY BY MARKET



### UNDER CONSTRUCTION



# GREATER LOS ANGELES

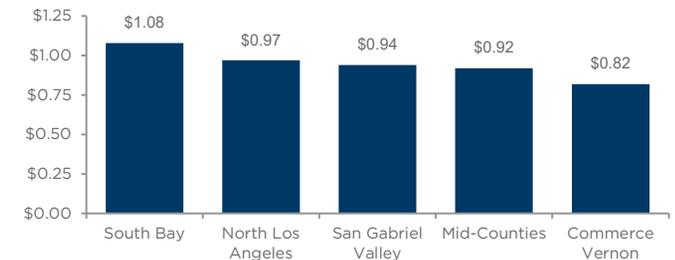
Industrial Q1 2021

**Mid-Counties:** After posting occupancy gains of 730,994 sf in Q4, the Mid-Counties market started 2021 on a high note with 799,152 sf of positive absorption. The overall vacancy rate dropped to 1.3% at the end of Q1, 70 bps lower than Q4 2020 and down 50 bps from a year ago. First quarter's leasing total of 2.5 msf was more than double the amount leased during Q1 2020 of 1.1 msf. Santa Fe Springs accounted for the bulk of the leasing activity with 1.1 msf. This submarket was also responsible for 62.1% of the market's occupancy gains for Q1 with 496,147 sf of net demand. Large deals remain prevalent with seven new transactions of over 100,000 sf in Q1, the same number of deals transacted in Q4. During Q1 2020, there were no deals signed in this size range. The amount of sublease space on the market has been on the decline. Decreasing by 49.9% from Q4 2020, sublease availability of just 220,233 sf at Q1 2021 is a remarkable turn-around from Q1 2020's total of 1.3 msf. Sublease availability now accounts for less than 10% of the market's total. With strong demand, rent growth accelerated in Q1, increasing by 5.7% Q/Q and 16.5% year-over-year. This compares to a 4.8% and 5.1% annual rent growth in 2020 and 2019, respectively. Since year-end 2016, rents have grown by 39.4% even though vacancy has increased by 20 bps during the same time period due to the occupancy losses suffered in 2019 and 2020.

**San Gabriel Valley:** Continuing the positive momentum in 2020, San Gabriel Valley once again dominated the Los Angeles region in net demand with 1.5 msf of occupancy gains just in the first quarter. This compares with 1.46 msf of positive net absorption for the full year of 2020. If this trend continues, San Gabriel Valley could see record high net absorption numbers in 2021. The Industry submarket accounted for more than half of the net gains with 835,784 sf. Strong net occupancy gains drove the overall vacancy rate down to 1.0%, 80 bps lower than Q4 2020 and 100 bps below the rate a year ago. In the first quarter, leasing activity totaled 2.7 msf, up a whopping 60.8% from the same period a year ago. With strong demand, rent growth continues to accelerate. After a 9.5% annual rent growth in 2020, the market posted a 13.3% year-over-year rent growth in Q1 2021 with an average overall rent of \$0.94 psf/mo. Rising land and construction costs and strong demand will continue to fuel strong rent growth. Another data point that showed considerable improvement is the amount of sublease space on the market. After peaking at 1.0 msf back in April 2020, the total available sublease space was down to 232,215 sf at the end of Q1 2021 and accounts for only 9.4% of the total available space on the market.

**North Los Angeles:** North Los Angeles ended 2020 with occupancy gains of 685,840 sf. At the start of the year, the market has already surpassed that with 1.0 msf of positive net gains. East SFV accounted for the bulk of the gains with 764,702 sf with Ventura County taking second place with 247,583 sf. After ending 2020 with a 66.8% annual increase in leasing activity, there was a slight slowdown in leasing velocity and Q1 ended with 1.3 msf of leased space, down 7.9% Q/Q and 39.5% lower than the 2.1 msf recorded during Q1 2020 when fulfillment facilities experienced a surge in demand. East SFV also took the top spot in leasing with 559,336 sf of leased space. After an 11.5% annual rent growth in 2020, there was a slight downtick in rents; however, Q1 2021's average rent of \$0.96 psf/mo was still 4.3% higher than a year ago. North Los Angeles leads the Greater LA region in development activity with 2.5 msf under development. Seefried Industrial Properties broke ground on a 1.5-msf build-to-suit in Oxnard for an e-commerce giant. With net absorption of 781,183 sf in Q1, San Fernando Valley's vacancy rate decreased 10 bps Q/Q to 1.3%. The quarter ended with its average rent increasing to \$1.14 psf/mo for a 12.9% year-over-year increase.

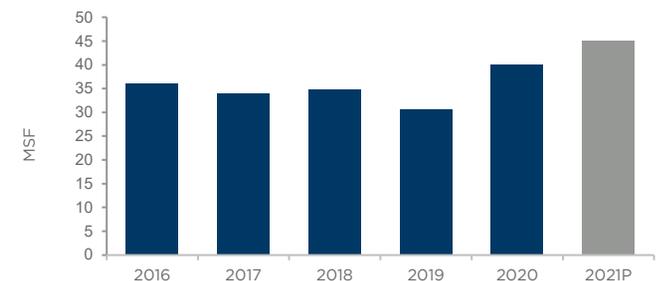
## AVERAGE DIRECT RENT BY MARKET (\$PSF/MO, NNN)



## WAREHOUSE vs OVERALL MARKET RENT



## ANNUAL LEASING ACTIVITY



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Downtown Los Angeles	92,125,644	3.9%	-41,793	451,459	157,109	0	0	\$1.08	\$0.92	\$1.06
Commerce/Vernon	165,207,083	1.7%	1,031,589	1,657,259	160,218	40,900	0	\$0.76	\$1.48	\$0.79
Mid-Counties	119,214,843	1.3%	799,152	2,483,757	141,312	472,028	0	\$0.89	\$1.18	\$0.92
San Gabriel Valley	185,900,644	1.0%	1,513,883	2,740,054	117,096	1,991,450	0	\$0.78	\$0.96	\$0.97
South Bay	219,733,534	2.5%	570,943	2,823,459	557,871	1,712,107	0	\$0.88	\$1.83	\$1.04
Westside	13,995,131	2.5%	-121,876	91,372	0	0	0	\$2.05	\$3.05	\$2.75
North Los Angeles	208,840,638	2.1%	1,025,981	1,253,441	197,012	2,460,610	751,313	\$1.01	\$1.23	\$0.90
<b>GREATER LOS ANGELES TOTAL</b>	<b>1,005,017,517</b>	<b>2.0%</b>	<b>4,777,879</b>	<b>11,500,801</b>	<b>1,330,618</b>	<b>6,677,095</b>	<b>751,313</b>	<b>\$0.93</b>	<b>\$1.37</b>	<b>\$0.95</b>

\*Rental rates reflect weighted net asking \$psf/month

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

## KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
21535-21651 West Baker Parkway, Industry	San Gabriel Valley	HD Supply	650,000	Renewal*
20300-20450 E Business Pkwy., Bldg. 10, Industry	San Gabriel Valley	Furniture of America (FOA)	500,000	Direct
2711 East Dominguez Street, Carson	South Bay	Starship Logistics	261,577	Direct
18420-18620 Harmon Avenue, Carson	South Bay	FNS	247,788	Direct
1501-1519 Greenwood Avenue, Bldg. 1, Montebello	Commerce/Vernon	KC Exclusive dba Zenana	246,181	Renewal*
4240-4320 West 190th Street, Torrance	South Bay	Vie Logistics	208,674	Renewal*

\*Renewals not included in leasing statistics

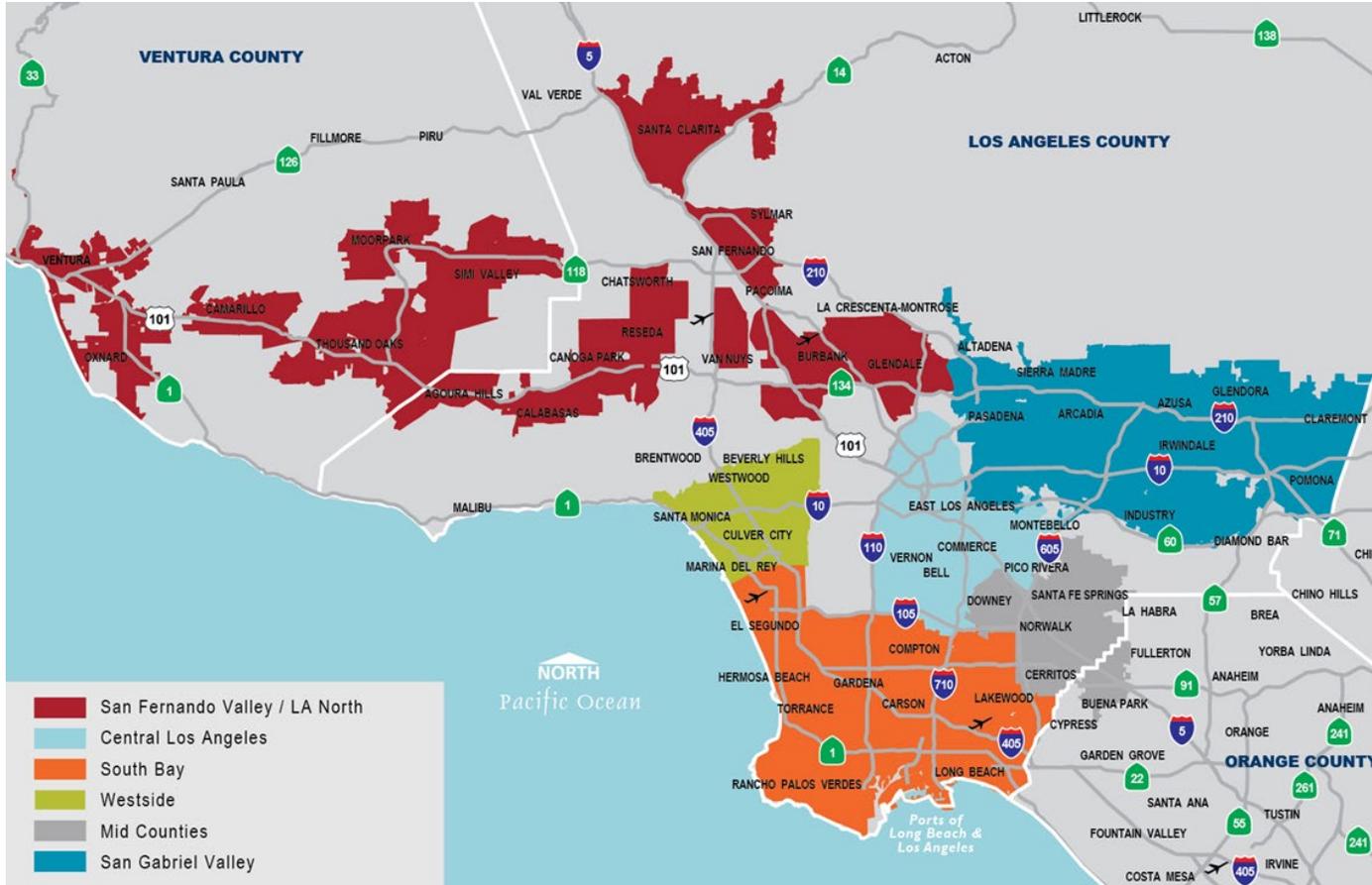
## KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3001 & 3175 Mission Oaks Boulevard, Camarillo	North Los Angeles	Greenlaw Partners / Oaktree Capital Management	749,725	\$154.0M / \$205
19400 Harborgate Way, Torrance	South Bay	Sunrider International / ENI-JR286, Inc.	419,695	\$110.0M / \$262
20730 Prairie Street, Chatsworth	North Los Angeles	PGIM/Xebec Realty / Intercontinental Real Estate Corp.	221,842	\$74.0M / \$334
14500 Nelson Avenue, Industry	San Gabriel Valley	Troy CSL Lighting, Inc. / Duke Realty Corporation	202,541	\$51.3M / \$253

## KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
3081 - 3770 Tulare Avenue, Burbank	North Los Angeles	Amazon	751,313	OMP

## GREATER LOS ANGELES INDUSTRIAL SUBMARKETS



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