

MARKET UPDATE

Q1 2022

SOUTHBAY / LOS ANGELES



KLABIN

A member of the CORFAC International network



Celebrating Six Decades of Success

The Klabin Company opened its doors in 1961, earning the reputation as one of the most respected commercial real estate firms in Southern California. The business landscape has evolved over time, but one thing has remained constant – our team commitment to delivering unique value to each client.

Contact us today to discuss how we can make a difference in your business. [KLABIN.COM](https://www.klabin.com)

WE BELIEVE CORE VALUES ARE THE KEY TO OUR LONGEVITY AND OUR FUTURE.

Commitment to Transparency and Collaboration between all team members so clients benefit from the knowledge and expertise of the entire organization.

Six Decades of Market Intelligence gathered from successfully closing over 7,000 transactions in Southern California since 1961.

A Team of Experienced Pros who have deep knowledge of the market and find motivation in our agile, customer-first culture.

Ethics Over Earnings is our mantra. We earn the trust of each client by performing at the highest ethical level in every transaction.

Business is Never Work because we have a genuine enthusiasm for the industry and creating solutions that help clients achieve their business objectives.

We Lean into the Unconventional by consistently seeking fresh, creative ideas that may buck traditional norms.



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HOT TOPICS

01

WAR

Within a matter of two months, the war in Ukraine has added an unexpected disruption and anxiety.

02

LAND VALUES

With virtually zero industrial land left, pricing for protected sites is now well over \$200 PSF, up over 100% year over year.

03

INFLATION & RATES

With inflation rising, will pricing for fixed assets continue to rise?

04

INTEREST RATES

Institutional buyers seem to be undeterred by rising borrowing costs, but will users respond?

05

END OF DELAYS?!?!

Transportation costs are stabilizing but will increased capacity reduce shipping delays?

ACTIVE INDUSTRIES

 **E-COMMERCE**

 **RETAIL GOODS**

 **FOOD & BEVERAGE**

 **CONSTRUCTION SERVICES**

 **THIRD PARTY LOGISTICS**

 **TECHNOLOGY**

 **MANUFACTURING**

 **TRUCKING**

 **PPE**

CAN ECOMMERCE SUSTAIN COVID MOMENTUM?



ZACH MIDDLETON

What habits have we built during the past two years...and which of those will have a lasting effect on how companies use real estate? Lockdowns, public distancing, supply chain logjams, and general uncertainty have been a major catalyst for the accelerated growth of e-commerce.

Due to COVID-19, we were cut off from in-person contact with much of the world, and as a result, our buying habits shifted from brick and mortar stores to online shopping. More people have adopted and have quickly grown accustomed to new ways to shop which are challenging longstanding practices such as purchasing a car from a dealership vs. buying or selling through companies like Carvana or Shift. Buying clothes in traditional brick and mortar or department stores is seeing a major shift to fully-online retail stores. We have also seen Instacart enhance the grocery buying experience for those who want to skip the line. For the examples listed above, the momentum of those services started well before 2020 but capitalized from an opportunity to support a steadied consumer economy that was forced to rethink the buying process. While many of these trends were created out of necessity, where do we go now that we are returning to a normal routine and are readapting to our “old ways”?

In 2020, the US saw a 31.8% year-over-year growth in online sales, more than double the average year-over-year growth during the previous eight years. In 2021, we saw a return to mean

and posted a 14.2% year-over-year growth in online sales which shows that online shopping maintained its substantial jump in 2020 and continued to add to the momentum in 2021.

Another metric we can evaluate is ecommerce sales as a total percentage of retail sales (excludes goods and services not typically bought online). In 2019 ecommerce sales accounted for 15.5% of total retail sales. Since 2012, no year had experienced more than a 2% year-over-year growth in online penetration, but 2020 saw a 3.6% jump in that measurement and accounted for 19.1% of the total retail spending. It is an interesting note that ,despite the double-digit growth in total sales in 2021, Ecommerce remained at 19.1% of the total retail spent.

It is evident that people are eager to get back into the world, but these past two years have rapidly accelerated the public’s online shopping behavior. As technology advances, we will see Ecommerce continue to grow and demonstrate its convenience factor to our society by challenging norms and providing a better consumer experience across all industries.

Ultimately, we have all gained a greater appreciation and value for how we spend our time.



LEASE INTELLIGENCE



2700 CALIFORNIA ST. TORRANCE, CA

Lease Comparable

TENANT	Rivian Automotive
LANDLORD	Staley Point Capital
SIZE	134,816 SF
TERM	84 Months
START RATE	\$1.50 NET
RENT ADJUSTMENT	3.25% Annual Increases



220 W VICTORIA ST. COMPTON, CA

Lease Comparable

TENANT	Pacific Expressway
LANDLORD	Prudential
SIZE	111,000 SF
TERM	84 Months
START RATE	\$1.75 NET
RENT ADJUSTMENT	4.5% Annual Increases



15650 AVALON BLVD. COMPTON, CA

Lease Comparable

TENANT	Xchange Logistics
LANDLORD	Rexford Industrial
SIZE	98,259 SF
TERM	61 Months
START RATE	\$2.41 NET
RENT ADJUSTMENT	4% Annual Increases



575 W MANVILLE ST. COMPTON, CA

Lease Comparable

TENANT	Eastray, Inc.
LANDLORD	Mariak Industries
SIZE	90,000 SF
TERM	60 Months
START RATE	\$1.65 NET
RENT ADJUSTMENT	4% Annual Increases



**2575 W 237TH ST.
TORRANCE, CA**

Lease Comparable

TENANT	Bixelon America, Inc.
LANDLORD	Private
SIZE	31,962 SF
TERM	61 Months
START RATE	\$1.60 NET
RENT ADJUSTMENT	4% Annual Increases



**19803 S SUSANA RD.
RANCHO DOMINGUEZ, CA**

Lease Comparable

TENANT	Q-Tran, Inc.
LANDLORD	Private
SIZE	24,382 SF
TERM	60 Months
START RATE	\$1.81 NET
RENT ADJUSTMENT	4% Annual Increases

RENTAL RATES

TRENDING UP

**10,000-50,000
SQUARE FEET**

Class A

\$1.75+ N PSF

Class B

\$1.60+ N PSF

Class C

\$1.50 N PSF



**50,000+
SQUARE FEET**

Class A

\$2.00+ N PSF

Class B

\$1.75+ N PSF

Class C

\$1.50+ N PSF

SALE INTELLIGENCE



301 ALONDRA BLVD. GARDENA, CA

Sale Comparable

BUYER	CenterPoint Properties
SELLER	Madeline Dickerson Trust
SIZE	91,343 SF
SALE PRICE	\$263.13 PSF

NOTES: 3.56% CAP.



3031-3033 GARDINEA AVE. LONG BEACH, CA

Sale Comparable

BUYER	LBA Logistics
SELLER	Private
SIZE	75,317 SF
SALE PRICE	\$677.14 PSF

NOTES: 1.65% in place CAP. Below market lease through 2023.

USER PRICING

Users are struggling to compete with institutional capital.

\$400+ PSF

INSTITUTIONAL PRICING

Class A

\$600+ N PSF

CAPITALIZATION RATES

Abundance of institutional capital driving pricing

Superior Credit & Quality:

SUB 3%

Good Credit & Quality:

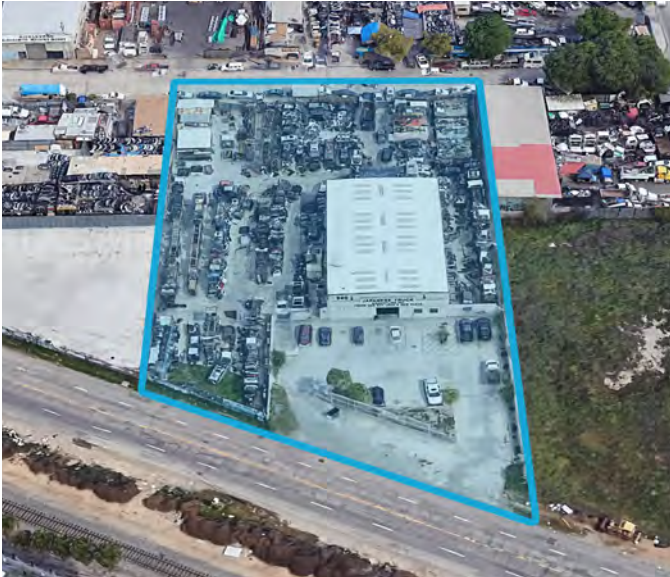
SUB 4%

Stabilized Development:

SUB 4%

SALE PRICING

LAND VALUES



930 ALAMEDA ST. WILMINGTON, CA

Lease Comparable

TENANT	Container Transfer Services & Brisk Logistics
LANDLORD	Mahram Family Trust
SIZE	1.22 Acres
START RATE	\$1.30 Gross

NOTES: Four (4) months security deposit.



2801 LYNWOOD ROAD LYNWOOD, CA

Lease Comparable

TENANT	Supra National Express
LANDLORD	Duke Realty
SIZE	4.66 Acres
START RATE	\$0.92 Net

NOTES: Duke purchased in January 2022 for \$56.00 PSF.

CURRENT LAND VALUES

Land Values
Above \$200 PSF

*Surface Use Lease
Rates Are Above*
\$1.00 PSF

HISTORIC LAND VALUES

2020 *Land Values: \$75 PSF*
Surface Lease Rates: 45¢ PSF

2015 *Land Values: \$35 PSF*
Surface Lease Rates: 25¢ PSF NET

2010 *Land Values: \$20 PSF*
Surface Lease Rates: 15¢ PSF NET



**18455 S FIGUEROA ST. & 501 W 190TH ST.
LOS ANGELES, CA**

Sale Comparable

BUYER Rexford Industrial
SELLER Atlas Capital Group
SIZE 8.94 Acres
SALE PRICE \$165.00 PLSF

NOTES: Tenant renewed for five (5) years, starting rate in May is \$1.50 NNN PSF.



**19701 HAMILTON AVE.
TORRANCE, CA**

Sale Comparable

BUYER Brookfield Properties
SELLER Montana Avenue Capital Partners, LLC
SIZE 5.22 Acres
SALE PRICE \$158.76 PLSF

NOTES: Buyer plans to redevelop into industrial building in seven (7) years.

**"INDUSTRIAL VALUES HAVE NOW
SURPASSED THOSE OF SECONDARY
OFFICE AND RETAIL SITES."**

-Frank J.H. Schulz, SIOR

SOUTH BAY 100

The South Bay 100 is updated monthly by personally verifying the availability, timing, and expenses for each property. It's our goal to provide real time information for marketed, off market, and future availabilities. We hope you find value in our detailed report.

SOUTH BAY 100 REPORT

APRIL 2022

Existing Buildings



	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
1	1860 Acacia Ave., Compton Juniper Management (11/21) Occupied	100,512	3,465	22'	.45/3000	110'	13	TBD	\$.15	New office. Available 6/1/22. Class B.
2	14220 S Main St., Los Angeles Bridge Development (6/20) Vacant	100,528	10,610	32'	ESFR	137'	12	\$2.00+ N	\$.31	New construction. Now available.
3	20212 Rancho Way, Rancho Dominguez Carson Companies (1/22) Occupied	103,262	3,994	27'		120'- 240'	22	\$2.00+ N	\$.18	Large yard. Available 11/1/22. Class B
4	20100 S Vermont Ave., Torrance JR286 (9/21) Occupied	110,457	20,000	30'	Yes	108'	17	\$1.45 N	\$.25	Warehouse available TBD. Office available 4/1/23. Racking in place. Class A.
5	2100 W 195th St., Bldg 3, Torrance Sares-Regis (10/21) Occupied	146,919	24,000	32'	ESFR	145'	18	\$2.00+ N	\$.28	High image office. Available 7/1/22. Class A.
6	1370 Victoria St., Carson Carson Companies (1/22) Occupied	180,549	15,287	32'	ESFR	182'	35	\$2.10 N	\$.19	Corporate HQ/Distribution building. Avail- able 11/1/22. Class A.
7	1580 Francisco St., Los Angeles Link (9/21) Occupied	199,927	31,818	30'	ESFR	145'	33	TBD	\$.25	High image office. Available 10/1/22. Class A.
8	909 E Colon St., Wilmington Morgan Stanley (10/21) Occupied	223,865	8,124	24'	.33/4000	110'	33	TBD	\$.14	Large side yard. Available 1/1/23. Class B.
9	2201 E Dominguez St., Carson Prologis (2/21) Occupied	272,910	40,000	24'	.45/3000	125'	24	\$1.45 N	\$.25	Distribution building. Available 6/1/22. Class B.
10	2301 W 120th St., Hawthorne Data Center-Sublessor (1/22) Occupied	288,000	10,000	15'	Yes	Varies	15	\$1.60 N	TBD	Sublease through 5/31/26. Available Q3 2022. Roof top parking. Class B.
11	1452 W Knox St., Torrance Prologis (11/21) Occupied	428,952	TBD	30'	ESFR	173'	62	TBD	\$.50	Available Q1 2023. Class A.
12	2400 E Wardlow Rd., Long Beach Goodman (1/22) Occupied	463,521	TBD	40'	ESFR	185'	28	TBD	TBD	Warehouse/manufacturing uses. Extra land. Available 6/1/22. Class A.

Under Construction & Planned

Under Construction

	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
1	2112 E 223rd St., Bldg B, Carson Panattoni (7/21)	97,000	7,000	32'	ESFR	120'	15	TBD	TBD	Estimated completion Q1 2023.
2	19301 Prairie Ave., Torrance Kearny (8/19)	106,833	15,000	32'	ESFR	140'	17	TBD	TBD	Estimated completion Q4 2022.
3	159 Rosecrans Ave., Los Angeles Bridge Development (6/20)	107,733	10,000	32'	ESFR	138'	14	\$2.00 N	\$.31	Estimated completion Q1 2023.
4	2112 E 223rd St., Bldg A, Carson Panattoni (7/21)	134,000	7,000	32'	ESFR	133'	23	TBD	TBD	Estimated completion Q1 2023.
5	1355 W Sepulveda Blvd., Torrance Bridge Development (9/21)	174,211	9,644	36'	ESFR	135'	21	TBD	TBD	Estimated completion Q1 2023.
6	20850 S Normandie Ave., Torrance Bridge Development (3/18)	203,877	10,000	36'	ESFR	178'	21	TBD	TBD	Estimated completion Q1 2023.
7	19501 Prairie Ave., Torrance Kearny (8/19)	320,771	30,000	36'	ESFR	165'	30	TBD	TBD	Estimated completion Q4 2022.

Planned

	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
1	2550 Orange Ave., Signal Hill CenterPoint (12/21)	100,147	BTS	36'	ESFR	TBD	17	TBD	TBD	Planned. Estimated completion Q1 2024.
2	Figueroa Street Business Park, Carson Xebec (3/22)	111,200	10,400	32'	ESFR	140'	11	TBD	TBD	Planned. Estimated completion Q4 2023. Subject to entitlements.
3	1055 Sandhill Ave., Carson Rexford Industrial (6/20)	126,013	6,512	32'	ESFR	135'	20	TBD	TBD	Planned. Estimated completion Q1 2023.
4	223rd St., Carson 9th Street Partners (7/21)	133,000	10,000	36'	ESFR	130'-240'	15	TBD	TBD	Planned. Estimated completion Q4 2022. Large yard.

2022 DRAYAGE MAP

2022 SOUTHERN CALIFORNIA DRAYAGE RATE (PER CONTAINER)

This map identifies the current market container drayage rates (including 31% fuel surcharge per container) for hauling marine containers from the Ports of Long Beach and Los Angeles to various warehouse clusters throughout Southern California. **Data provided by WCL Consulting.**



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XCHANGE LOGISTICS CORPORATION EXPANDS LOS ANGELES OPERATION WITH MULTI-YEAR LEASE OF PREMIER LAST-MILE WAREHOUSE DISTRIBUTION FACILITY IN UNINCORPORATED L.A. COUNTY/GARDENA

The Klabin Company represents building owner, Rexford, Inc. in 61-month lease transaction valued at more than \$15.4 million.

The Klabin Company announced it finalized a long-term lease at 15650 Avalon Blvd. in Compton, Calif., on behalf of Rexford Industrial Realty, Inc., owner of the premier last-mile warehouse distribution facility. The tenant is Xchange Logistics Corporation, a global freight forwarding company who will expand its Los Angeles operations to the 98,259-square-foot property.

The Klabin Company's Matt Stringfellow, SIOR, Tyler Rollema and Courtney Bell, in partnership with Mike Meraz of Magnum Properties, represented Rexford Industrial in the 61-month lease transaction valued at more than \$15.4 million. Xchange Logistics was represented by Andrew Lara of Daum Commercial.

The building at 15650 Avalon Blvd. will be fully refurbished and offers an excellent South Bay distribution location with immediate access to the 110, 405, 105 and 91 freeways. It features a large, fenced yard with 247' loading distance; excess trailer/container parking; 21 dock-high and four ground-level doors; 6,950 square feet of office space; and 27' minimum ceiling height.

"This project is nearing completion and amounts to a complete repositioning of a heavy manufacturing building into a Class A, low coverage warehouse distribution facility which perfectly meets what the market desires today," said Stringfellow. "Not surprisingly, there was tons of interest and activity, and Xchange aggressively pursued the site and preleased it months before completion."

** For more of the most recent news and press releases at The Klabin Company, visit www.klabin.com/news.*





STUART KLABIN, FOUNDER AND NAMESAKE OF THE KLABIN COMPANY, PASSES AWAY AT THE AGE OF 90

The pioneer in L.A. industrial real estate founded the firm bearing his name in 1961 and enjoyed decades of success as a broker and developer.

The Klabin Company/CORFAC International announced that Stuart Klabin, its founder and namesake, has passed away at the age of 90. Klabin, who founded the firm bearing his name in 1961, was a pioneer in Los Angeles industrial real estate and enjoyed decades of success both as a broker and a developer. He was also a founder of the American Industrial Real Estate Association (AIR).

In 1961, Klabin was a young professional, just starting out in the commercial real estate business. He began his career with Jonas and Goodglick, a firm focused on the sale and leasing of industrial buildings near LAX and in the South Bay. The industrial market was relatively small at the time, but Klabin knew one thing for sure: He wanted to work on his own. Although his real estate connections were few, he rented a small office on Centinela Avenue in Inglewood and The Klabin Company was born. Today, more than 60 years later, The Klabin Company is consistently rated among the top commercial real estate companies in Los Angeles. It now serves its clients around the world from state-of-the-art offices in Torrance.

Although he was not involved with the day-to-operations of The Klabin Company for the past 20+ years, Klabin served as Chairman Emeritus until his passing, blessing everything the team was doing to stay at the forefront of the industry. He took great pride in the fact that those leading the firm have been with the company for decades. He hired David Prior, Senior Managing Principal for The Klabin Company, more than 40 years ago.

“I knew early on that David was the ideal person to run the company,” Klabin was quoted as saying in 2020. “He has fulfilled every desire I could have had and has brought on some of the brightest minds in industrial real estate to help him run the business. I’m proud they have kept the name, but more importantly that they have maintained the highest standards of excellence and integrity. The Klabin Company does the ‘best of the best’ transactions and are stars of the industry.”

Over the past several years, Klabin maintained a connection to The Klabin Company through the real estate assets he developed and owned in the greater L.A. region. Current Klabin Company brokers have served as his partners and leasing agents on many of the properties.



THE KLABIN COMPANY BROKERS MORE THAN \$24 MILLION SALE OF INDUSTRIAL PROPERTY IN GARDENA



CenterPoint Properties acquires 91,342-square-foot warehouse in prime South Bay submarket.

The Klabin Company/CORFAC International announced it brokered the \$24.035 million sale of a 91,342-square-foot, fully leased industrial property at 301 E. Alondra Blvd. in Gardena, Calif.

The Klabin Company's Matt Stringfellow, SIOR, Courtney Bell and Tyler Rollema represented the private seller in the transaction.

The buyer was CenterPoint Properties, a leader in industrial development, acquisition and management. CenterPoint acquires, develops, redevelops, manages,

leases and sells state-of-the-art warehouse, distribution and manufacturing facilities near major transportation hubs. The building at 301 E. Alondra sits on close to four acres of land in a prime South Bay location, one of the leading industrial submarkets in the world. The property is near the two busiest container ports in North America, LAX and has convenient access to the 110, 405, 91, 710 and 105 freeways. The highly functional warehouse features significant dock-high and grade-level loading, a large private yard and is ideal for future redevelopment as a logistics/last mile facility.

"We're pleased to have completed this fully marketed investment sale that came with a great deal of interest," said Stringfellow. "CenterPoint, which has been very successful and aggressive in pursuing these types of properties, identified this as a good opportunity to reposition it as a low-coverage site once the current tenant vacates."



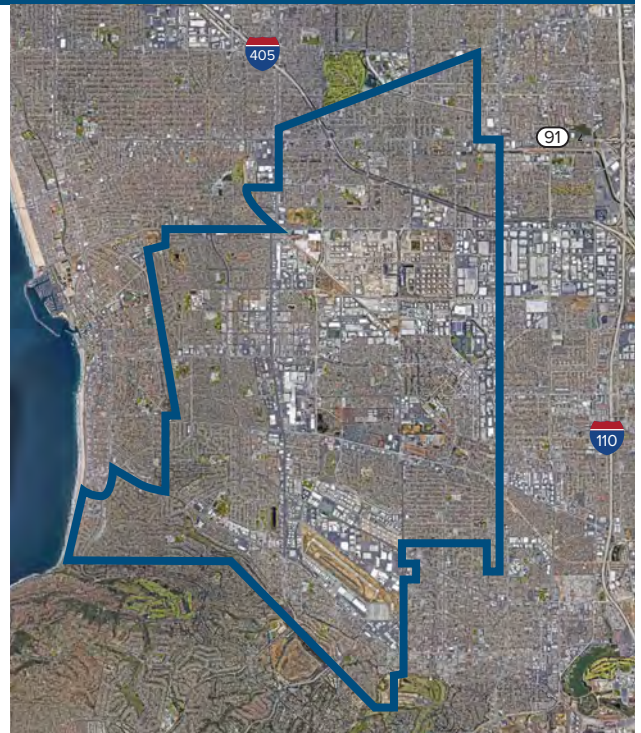
SUB-MARKET HIGHLIGHT TORRANCE



The City of Torrance was incorporated in 1921 as a Master Planned Community designed by famed landscape architect Frederick Law Olmsted Jr. with the intention of creating a mixed residential and industrial community. Today, Torrance has blossomed into a hub of high-tech industries with major employers such as American Honda Motor Co., Torrance Memorial Hospital, Honeywell Aerospace, and Robinson Helicopter to name a few.

With the recent relocation of Toyota's American headquarters from Torrance to Texas, Torrance is now the focus of the most exciting redevelopment project in the South Bay. Sares Regis and JP Morgan acquired the property in 2017, and is well on its way in repositioning the massive 110 acre site with new industrial product that will continue to attract top class companies to the area.

High image industrial users have been attracted to the city's proximity to West Los Angeles, The Beach Cities and Palos Verdes population centers. Torrance garners the highest rates per square foot of any South Bay city with an average rent of approx. \$1.75 PSF/Mo.

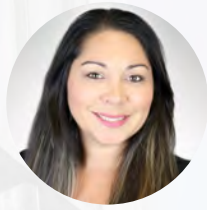


HOT TOPICS IN TORRANCE

- New large scale distribution facility



FIRST CLASS PEOPLE, FIRST CLASS PROPERTIES



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