

# MARKET UPDATE

Q2 2023

SOUTH BAY / LOS ANGELES



**KLABIN**

*A member of the CORFAC International network*



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## Celebrating Over Six Decades of Success

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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 7275 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 **PORT LABOR AGREEMENT**

With an agreement in place, focus now shifts to the return of cargo. Will some cargo ever return? How will East Coast labor negotiations affect ports of entry?

## 02 **OPERATING EXPENSES**

The recent rise in values, coupled with growing institutional ownership, has operating expenses regularly exceeding \$0.40 PSF/Mo.

## 03 **VACANCY**

Vacancy has risen above 1% for the first time in over 3-years, bringing balance to an otherwise hot market. Tenants have options.

## 04 **SUBLEASE SPACE**

Sublease availability has begun to trickle onto the market, undercutting pricing for long term deals.

## 05 **PANAMA CANAL**

Drought conditions in Panama have forced authorities to limit canal traffic. Will this benefit West Coast ports?

## 06 **VALUES**

Declining asset and land values have not yet been realized.

## 07 **FEAR & OUTLOOK**

While acknowledging that lease rates are still near all time highs, current activity is slow and we believe it will not improve until economic stability returns.

## ACTIVE INDUSTRIES

➤ E-COMMERCE

▼ RETAIL GOODS

⬆️ FOOD & BEVERAGE

➤ CONSTRUCTION SERVICES

▼ THIRD PARTY LOGISTICS

➤ TECHNOLOGY

➤ MANUFACTURING

▼ TRUCKING

# 2023 DRAYAGE MAP

## 2023 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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# LEASE INTELLIGENCE



## 909 E COLON ST WILMINGTON, CA

### *Lease Comparable*

<b>TENANT</b>	West Logistics
<b>LANDLORD</b>	Morgan Stanley
<b>SIZE</b>	223,865 SF
<b>TERM</b>	60 Months
<b>START RATE</b>	\$2.17 NET
<b>RENT ADJUSTMENT</b>	4% Annual Increases



## 2661-2665 E DEL AMO BLVD RANCHO DOMINGUEZ, CA

### *Lease Renewal*

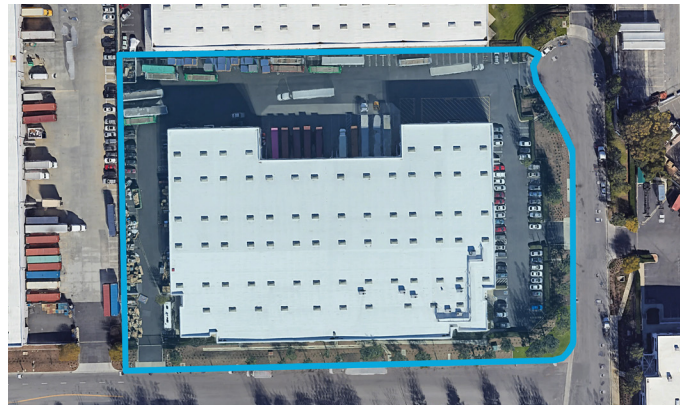
<b>TENANT</b>	Vanguard Logistics
<b>LANDLORD</b>	Prologis
<b>SIZE</b>	201,450 SF
<b>TERM</b>	62 Months
<b>START RATE</b>	\$1.95 NET
<b>RENT ADJUSTMENT</b>	3.5% Annual Increases



## 19200 S REYES AVE RANCHO DOMINGUEZ, CA

### *Lease Comparable*

<b>TENANT</b>	ASAP Freight
<b>LANDLORD</b>	Private
<b>SIZE</b>	99,001 SF
<b>TERM</b>	36 Months
<b>START RATE</b>	\$1.60 GROSS
<b>RENT ADJUSTMENT</b>	4% Annual Increases



## 1975 CHARLES WILLARD ST RANCHO DOMINGUEZ, CA

### *Lease Renewal*

<b>TENANT</b>	JAS Forwarding
<b>LANDLORD</b>	The Carson Companies
<b>SIZE</b>	93,850 SF
<b>TERM</b>	36 Months
<b>START RATE</b>	\$2.13 NET
<b>RENT ADJUSTMENT</b>	4% Annual Increases



**15601 AVALON BLVD  
GARDENA, CA**

*Lease Comparable*

<b>TENANT</b>	Puratos
<b>LANDLORD</b>	Rexford Industrial
<b>SIZE</b>	86,879 SF
<b>TERM</b>	180 Months
<b>START RATE</b>	\$1.87 NET
<b>RENT ADJUSTMENT</b>	4% Annual Increases




**20051 S VERMONT AVE  
TORRANCE, CA**

*Lease Comparable*

<b>TENANT</b>	Y. Hata & Co.
<b>LANDLORD</b>	Prudential
<b>SIZE</b>	51,623 SF
<b>TERM</b>	123 Months
<b>START RATE</b>	\$2.20 NET
<b>RENT ADJUSTMENT</b>	3.5% Annual Increases

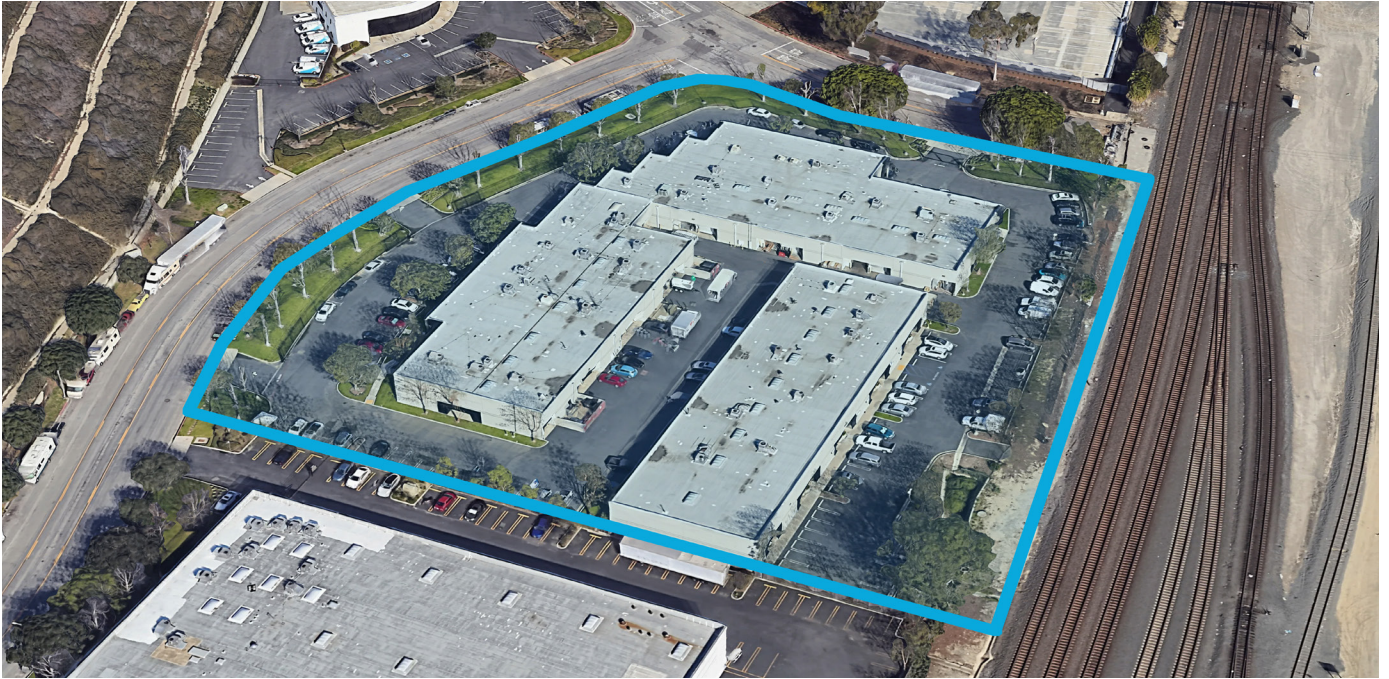
RENTAL RATES

**STABLE**



<p><b>10,000-50,000 SQUARE FEET</b></p> <p><i>Class A</i></p> <hr style="width: 80%; margin: 5px auto;"/> <p><b>\$2.05+ N PSF</b></p> <p><i>Class B</i></p> <hr style="width: 80%; margin: 5px auto;"/> <p><b>\$1.95+ N PSF</b></p> <p><i>Class C</i></p> <hr style="width: 80%; margin: 5px auto;"/> <p><b>\$1.70 N PSF</b></p>	<p><b>50,000+ SQUARE FEET</b></p> <p><i>Class A</i></p> <hr style="width: 80%; margin: 5px auto;"/> <p><b>\$2.00+ N PSF</b></p> <p><i>Class B</i></p> <hr style="width: 80%; margin: 5px auto;"/> <p><b>\$1.90+ N PSF</b></p> <p><i>Class C</i></p> <hr style="width: 80%; margin: 5px auto;"/> <p><b>\$1.65+ N PSF</b></p>
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# SALE INTELLIGENCE



**19500 S RANCHO WAY  
RANCHO DOMINGUEZ, CA**

*Sale Comparable*

<b>BUYER</b>	Turnbridge Equities
<b>SELLER</b>	T & S Laurel, LLC
<b>SIZE</b>	53,000 SF
<b>SALE PRICE</b>	\$471.70 PSF

**NOTES:** \$159.73 PLSF based on 3.59 acres. Buyer plans to reposition for outdoor storages uses

## USER PRICING

Users may be able to capitalize on rising CAP Rates.

**\$400+ PSF**

## INSTITUTIONAL PRICING

*Class A*

**\$375+ PSF**

## CAPITALIZATION RATES

Increased borrowing rates have Institutional Capital players reevaluating pricing.

*Superior Credit & Quality:*

**5.5%**

*Good Credit & Quality:*

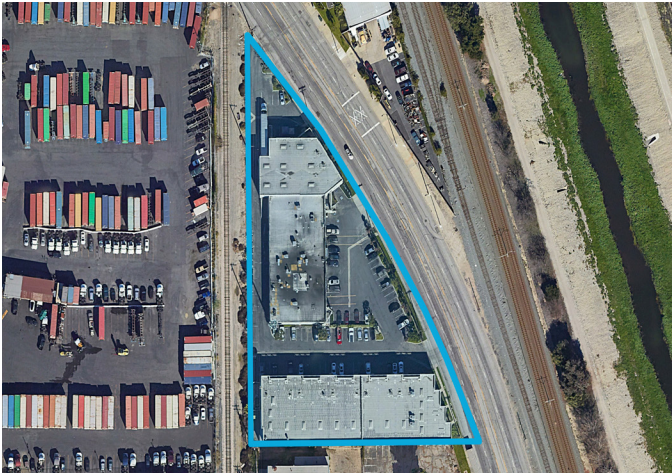
**6%**

*Stabilized Development:*

**6.5%**



# LAND VALUES

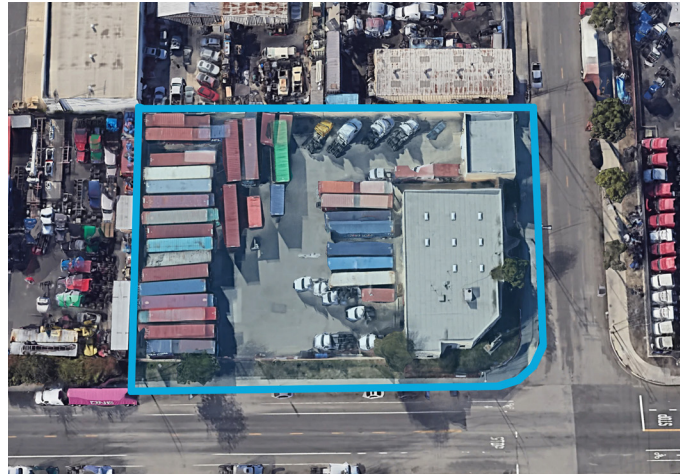


## 19301 S SANTA FE AVE RANCHO DOMINGUEZ, CA

*Land Sale Comparable*

**BUYER** Rexford Industrial  
**SELLER** Private Seller  
**SIZE** 2.01 Acres  
**SALE PRICE** \$166.77 PLSF

**NOTES:** Site will be repositioned as a low coverage site. Long term play is to combine this site with the adjacent land site with the potential to develop.



## 336 EAST D ST WILMINGTON, CA

*Land Sale Comparable*

**BUYER** Bridge Logistics Properties  
**SELLER** Private Seller  
**SIZE** 0.87 Acres  
**SALE PRICE** \$172.33 PLSF

**NOTES:** Truck yard with 5,500 SF building on-site. Overweight corridor. Leased through November 2023.

## CURRENT LAND VALUES

Land values are undergoing a repricing due to interest rates and risk profiles.

### *Land Values*

**\$125 PSF - \$150 PSF**

### *Surface Use Lease Rates Above*

**75¢ PSF - 95¢ 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*



**24700 S MAIN ST  
CARSON, CA**

*Lease Renewal Comparable*

<b>TENANT</b>	W8 Shipping
<b>LANDLORD</b>	Bridge Industrial
<b>SIZE</b>	455,000 SF (10.45 Acres)
<b>START RATE</b>	\$0.75 NET

**NOTES:** Low coverage site. Leased on land basis.

"WHILE DEMAND FOR LAND HAS CERTAINLY SLOWED, IT'S VALUE HAS BECOME DIFFICULT TO TRULY DETERMINE AS WE'VE SEEN BOTH BELOW-MARKET, AND ALL TIME HIGH RATES BEING ACHIEVED IN Q2. ONCE THE DUST SETTLES, IT MAY PROVIDE A CLEARER PICTURE OF THE NEW NORMAL FOR LAND IN THE SOUTH BAY."

*-Tyler Rollema, SIOR*

# SOUTH BAY 100 REPORT

## JULY 2023

### Existing Buildings



### Existing Buildings

	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
1	2226 E 223rd St., Carson Panattoni (7/21) Vacant	97,121	6,981	32'	ESFR	185' Shared	15	\$2.20 N	\$33	New construction. Class A.
2	475 W Manville St., Compton Global Trade-Sublessor (6/23) Occupied	98,013	2,000	24'	.45/3000	Varies	14	\$1.50 N	\$20	Sublease through 2/28/27. Class B.
3	255 W Carob St., Compton Prologis (2/23) Vacant	100,000	5,580	22'	.33/3000	125'	10	\$1.95 N	\$26	Distribution warehouse. Class B.
4	1001 W Walnut St., Compton Prologis (6/23) Vacant	100,000	6,220	22'	Yes	Varies	16	\$1.95 N	\$27	Distribution warehouse. Class B.
5	14220 S Main St., Los Angeles Bridge Development (6/20) Vacant	100,528	10,610	32'	ESFR	137'	12	\$2.25 N	\$33	New construction. Class A.
6	2883 E Victoria St., Rancho Dominguez CenterPoint (12/22) Vacant	105,411	3,000	19'	Yes	125'	22	\$1.80 N	\$21	Good yard. Class B.
7	19301 Prairie Ave., Torrance Kearny (7/22) Vacant	106,833	7,500	32'	ESFR	140'	17	\$2.30 N	\$49	New construction. Class A.
8	159 E Rosecrans Ave., Los Angeles Bridge Development (6/20) Vacant	107,733	10,000	32'	ESFR	138'	14	\$2.25 N	\$31	New construction. Class A.
9	2511 S Edison Wy., Compton Prudential (9/22) Vacant	109,134	4,037	21'-26'	.45/3000	91'-147'	21	\$1.95 N	\$35	Loading on 2 sides. Class B.
10	15001 S Figueroa St., Gardena Fallas Stores (2/23) Occupied	111,266	15,000	18'-30'	ESFR	Varies	9	\$1.59 N	\$17	Available 8/1/23. Class C.
11	18301 Broadwick St., Compton GlobeCon-Sublessor (6/23) Occupied	115,286	13,757	30'	Yes	135'	19	TBD	TBD	Sublease through 7/31/25. Class A.
12	3040 E Ana St., Rancho Dominguez JCQ Properties (9/22) Vacant	115,814	21,354	19'-21'	Yes	110'	8	\$1.40 G	N/A	Loading off of street. Class B.

# SOUTH BAY 100 REPORT

Existing Buildings Continued...

## Existing Buildings

	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
13	775 W Manville St., Compton Prologis (2/23) Vacant	116,263	6,870	22'	Yes	Varies	20	\$2.00 N	\$36	Distribution facility. Class B.
14	1041 E 230th St., Carson Watson Land Company (3/23) Vacant	119,668	4,375	32'	ESFR	147'	28	TBD	\$19	Available now. Overweight corridor. Class A.
15	801 W Artesia Blvd., Compton Prologis (2/23) Occupied	120,000	10,000	22'	Yes	129'	6	\$2.00 N	\$29	Available 8/1/23. Class B.
16	14400 S Figueroa St., Bldg 1, Gardena Rexford (1/23) Occupied	120,700	TBD	22'	Yes	Varies	0	TBD	TBD	Two ground level buildings. Site may be redeveloped. Class C.
17	2960 E Victoria St., Compton Knight Transportation-Sublessor (5/23) Occupied	121,989	TBD	TBD	Yes	Varies	78	TBD	TBD	Deliverability in question. Sublease term TBD. Class B.
18	20444 S Reeves Ave., Carson IDI Logistics (6/23) Occupied	131,289	2,774	24'	.45/3000	Varies	14	\$1.95 N	\$24	Available 1/1/24. Active rail. Class B.
19	601 W Carob St., Compton Puma-Sublessor (5/23) Occupied	134,000	300	22'	Yes	Varies	21	\$1.96 G	N/A	Available in 30 days. Sublease through 6/30/26. Class B.
20	2136 E 223rd St., Carson Panattoni (7/21) Vacant	134,114	7,468	32'	ESFR	134'	23	\$2.20 N	\$33	New construction. Class A.
21	16325 S Main St., Gardena Link (3/23) Vacant	138,610	4,816	20'-26'	ESFR	190' Shared	23	\$2.15 N	\$36	Available 11/1/23. Under refurbishment. Class B.
22	1925 Dominguez St., Carson Brookfield Properties (6/23) Occupied	150,000	12,000	24'	Yes	Varies	17	TBD	\$40	Available 12/1/23. Class B.
23	1580 Francisco St., Los Angeles Link (9/21) Vacant	199,927	31,818	30'	ESFR	145'	33	\$2.39 N	\$35	High image office. Class A.
24	1855 W 139th St., Gardena Z Gallerie-Sublessor (5/23) Occupied	230,891	24,000	22'-28'	Yes	157'	24	\$1.50 N	\$28	Available in 30 days. Sublease through 8/31/25. Class B.
25	771 Watson Center Rd., Carson Watson Land Company (3/23) Occupied	258,678	5,500	25'	Yes	Varies	56	TBD	\$26	8 acres extra land. Class B.
26	2201 E Dominguez St., Carson Prologis (4/23) Vacant	271,239	40,389	24'	Yes	Varies	24	\$1.80 N	\$31	High image office. Class B.
27	18120 Bishop Ave., Carson Watson Land Company (6/23) Occupied	290,034	5,694	32'	ESFR	185'	65	TBD	\$25	Available 1/1/24. Class A.
28	2000 E Carson St., Carson Watson Land Company (6/23) Occupied	293,800	6,265	25'-28'	ESFR	162'	54	TBD	\$16	Available 12/1/23. Class B.
29	2501 Rosecrans Ave., Compton JP Morgan (1/23) Occupied	298,474	TBD	26'-29'	TBD	200'+	48	\$2.20 N	\$30	Available 12/1/23. Extra yard. Class B.
30	11852-11854 Alameda St., Lynwood Goldrich & Kest (4/23) Occupied	310,628	TBD	30'	Yes	120'	48	\$1.75 N	\$30	Available 11/1/23. Class A.

# SOUTH BAY 100 REPORT

## Existing Buildings Continued & Under Construction

### Existing Buildings

	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
31	19200 S Western Ave., Los Angeles DWS (1/23) Vacant	315,256	9,485	30'	ESFR	150'	38	\$2.35 N	\$15	High image distribution warehouse. Class A.
32	19501 Prairie Ave., Torrance Kearny (7/22) Vacant	320,771	10,000	36'	ESFR	343'	30	\$2.30 N	\$49	New construction. Class A.
33	1650 Glenn Curtiss St., Carson Carson Companies (5/22) Occupied	338,932	41,517	30'	ESFR	130'-180'	74	\$2.30 N	\$24	Available 9/1/23. Crossdock. Class A.
34	1452 W Knox St., Torrance Prologis (11/21) Vacant	442,550	11,946	32'	ESFR	178'	63	\$2.35 N	\$52	High image distribution warehouse. Class A.

### Under Construction

	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
1	219 W Gardena Blvd., Carson Link (3/23)	102,083	4,975	36'	ESFR	Varies	25	TBD	TBD	Estimated completion Q2 2024.
2	3555 Conant St., Bldg 23, Long Beach Sares Regis (3/23)	112,964	13,363	32'	ESFR	135'	18	TBD	TBD	Estimated completion Q2 2024.
3	16627 S Avalon Blvd., Carson CenterPoint (3/23)	113,470	TBD	32'	Yes	143'	23	TBD	TBD	Estimated completion of Q2 2024.
4	1055 Sandhill Ave., Carson Rexford Industrial (6/20)	127,930	7,296	32'	ESFR	130'	20	TBD	TBD	Estimated completion Q2 2024.
5	3590 Conant St., Bldg 22, Long Beach Sares Regis (3/23)	150,051	13,157	32'	ESFR	135'	18	TBD	TBD	Estimated completion Q1 2024.
6	3550 Conant St., Bldg 25, Long Beach Sares Regis (3/23)	152,444	12,948	32'	ESFR	135'	23	TBD	TBD	Estimated completion Q1 2024.
7	3470 Conant St., Bldg 24, Long Beach Sares Regis (3/23)	163,553	12,973	32'	ESFR	135'	25	TBD	TBD	Estimated completion Q1 2024.
8	22600 E Watson Center Rd., Carson Watson Land Company (7/23)	165,440	9,962	36'	ESFR	185'	47	TBD	TBD	Estimated completion Q2 2024.
9	1355 W Sepulveda Blvd., Torrance Bridge Development (9/21)	174,211	9,644	36'	ESFR	135'	21	\$2.40 N	\$37	Estimated completion Q3 2023.
10	112 W Alondra Blvd., Bldg 1, Carson Link (3/23)	181,810	6,270	36'	ESFR	185'	27	TBD	TBD	Estimated completion Q2 2024.
11	20846 S Normandie Ave., Torrance Bridge Development (3/18)	203,877	10,000	36'	ESFR	178'	21	\$2.30 N	\$34	Estimated completion Q3 2023.
12	20100 Alameda St., Rancho Dominguez Crown Associates (11/22)	205,435	10,255	36'	ESFR	137'	30	\$2.40 G	N/A	Estimated completion Q3 2023. Extra land.

# SOUTH BAY 100 REPORT

*Planned*



## *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 Centerpointe (12/21)	100,147	BTS	36'	ESFR	TBD	17	TBD	TBD	Planned. Estimated completion Q3 2024.
2	Figueroa Street Business Park, Carson Xebec (3/22)	111,200	10,400	32'	ESFR	140'	11	TBD	TBD	Planned. Estimated completion Q3 2024. Subject to entitlements.
3	1600 W 135th St., Gardena OMP (6/22)	190,860	10,000	36'	ESFR	185'	22	TBD	TBD	Planned. Estimated completion Q3 2024.
4	2401 E Wardlow Rd., Long Beach Goodman (11/22)	500,000	BTS	36	ESFR	TBD	TBD	TBD	TBD	Planned. Estimated completion Q3 2024.



**FIRST CLASS PEOPLE, FIRST CLASS PROPERTIES**



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