

MARKET UPDATE

Q4 2022

SOUTHBAY / LOS ANGELES



KLABIN

A member of the CORFAC International network



Celebrating Over 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 7250 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.

Q4
2022

**SOUTHBAY /
LOS ANGELES**



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HOT TOPICS

01 **DEVELOPMENT**

With over 1 million square feet of new developments being delivered in Q1, we will be closely monitoring activity.

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 continues to hover near 1%, but deliveries and pending lease expirations are threatening to minimally push this up.

04 **CAPITAL MARKETS**

Institutional buyers have pulled back as interest rates and yield thresholds continue to rise.

05 **FEAR**

We are caustiously optimistic, while acknowledging the market is no longer increasing at the rates of previous quarters. Will fear become reality? Current activity is still strong.

ACTIVE INDUSTRIES

➤ E-COMMERCE

➤ RETAIL GOODS

➤ FOOD & BEVERAGE

✓ CONSTRUCTION SERVICES

➤ THIRD PARTY LOGISTICS

➤ TECHNOLOGY

➤ MANUFACTURING

✓ TRUCKING

2022

Year End Review

\$545,892,037

IN TOTAL CONSIDERATION

4,964,220

TOTAL SF

126

TRANSACTIONS

1 KLABIN COMPANY



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LEASE INTELLIGENCE



2400 W 195TH ST., BLDG 3 TORRANCE, CA

Lease Comparable

TENANT	Arc Boats
LANDLORD	Sares-Regis Group
SIZE	154,790 SF
TERM	60 Months
START RATE	\$2.30 NET
RENT ADJUSTMENT	4.5% Annual Increases



2141 E PAULHAN ST. COMPTON, CA

Lease Comparable

TENANT	Damco USA
LANDLORD	South Bay Public Warehouse
SIZE	133,752 SF
TERM	61 Months
START RATE	\$1.90 NET
RENT ADJUSTMENT	4% Annual Increases



20731 FORDYCE AVE. CARSON, CA

Lease Comparable

TENANT	AccessPlus Warehouse & Logistics
LANDLORD	Hewson Properties
SIZE	79,240 SF
TERM	98 Months
START RATE	\$1.90 NET
RENT ADJUSTMENT	4% Annual Increases



2310 E GLADWICK ST. RANCHO DOMINGUEZ, CA

Lease Renewal

TENANT	Fastrucking
LANDLORD	Terreno Realty Corp.
SIZE	65,670 SF
TERM	37 Months
START RATE	\$2.14 NET
RENT ADJUSTMENT	3.5% Annual Increases



**1700 WALNUT PKWY.
COMPTON, CA**

Lease Comparable

TENANT	Pilot Air Freight
LANDLORD	IDI Logistics
SIZE	48,004 SF
TERM	62.5 Months
START RATE	\$2.15 NET
RENT ADJUSTMENT	4% Annual Increases



**1910 E DOMINGUEZ ST.
CARSON, CA**

Lease Comparable

TENANT	J&S Logistics
LANDLORD	Bridge Logistics Properties
SIZE	30,785 SF
TERM	61 Months
START RATE	\$2.05 NET
RENT ADJUSTMENT	4.25% Annual Increases

RENTAL RATES

STABLE



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

Class A

\$2.10+ N PSF

Class B

\$2.00+ N PSF

Class C

\$1.75 N PSF

**50,000+
SQUARE FEET**

Class A

\$2.25+ N PSF

Class B

\$1.95+ N PSF

Class C

\$1.75+ N PSF

SALE INTELLIGENCE



19145 GRAMERCY PL., TORRANCE, CA

Sale Comparable

BUYER	Rexford Industrial
SELLER	IDI Logistics
SIZE	102,279 SF
SALE PRICE	\$361.76 PSF

NOTES: Sub 5% CAP on in place rent.

USER PRICING

Users may be able to capitalize on rising CAP Rates.

\$400+ PSF

INSTITUTIONAL PRICING

Class A

\$450+ PSF

CAPITALIZATION RATES

Increased borrowing rates have Institutional Capital players reevaluating pricing.

Superior Credit & Quality:

5.25%

Good Credit & Quality:

5.75%

Stabilized Development:

6%

SALE PRICING

LAND VALUES



**3131 E HARCOURT ST. &
18031 S SUSANA RD., RANCHO DOMINGUEZ, CA**

Land Sale Comparable

BUYER Rexford Industrial
SELLER Ken & Tel Properites
SIZE 130,680 SF
SALE PRICE \$210.44 PSFL

NOTES: Sites will be redeveloped into low coverage site. Leased through 1/31/24.

CURRENT LAND VALUES

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

Land Values

\$130 PSF - \$150 PSF

Surface Use Lease Rates Above

\$0.90 PSF - \$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



2338 W GAYLORD ST., LONG BEACH, CA

Land Lease Comparable

TENANT	Port Properties
LANDLORD	Ecology Auto Parts
SIZE	129,808 SF
START RATE	\$1.28 NET(\$0.03 OpEx)

NOTES: Heavyweight corridor site with 3,013 SF office building on-site.

"PROPERTY VALUES FOR CONTAINER AND TRAILER STORAGE SITES WILL REMAIN STRONG DESPITE THE RECENT DECREASE OF CONTAINER SHIP VOLUMES AT THE PORTS OF LOS ANGELES AND LONG BEACH. GREATER LOS ANGELES CITIES CONTINUE TO ENACT MEASURES THAT RESTRICT TRAILER AND CONTAINER STORAGE ON LAND SITES. THE INCREASED RESTRICTIONS WILL LIKELY CONTINUE FOR THE FORESEEABLE FUTURE. WHILE AN ECONOMIC SLOWDOWN MAY THREATEN SHORT TERM DEMAND, IT WILL NORMALIZE AND LAND SITES WHICH ALLOW THIS USE BY RIGHT WILL ONLY INCREASE IN VALUE."

-Max Farkas

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

BY THE NUMBERS

JAN 2021

17 Existing Buildings

10 Under Construction

Average Asking Rate \$1.00 N

JAN 2022

12 Existing Buildings

7 Under Construction

Average Asking Rate \$1.70 N

JAN 2023

15 Existing Buildings

7 Under Construction

Average Asking Rate \$2.15 N

SOUTH BAY 100 REPORT

JANUARY 2023

Existing Buildings



	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
1	14220 S Main St., Los Angeles Bridge Development (6/20) Vacant	100,528	10,610	32'	ESFR	137'	12	\$2.25 N	\$31	Available now. New construction. Class A.
2	20639 S Fordyce Ave., Carson Brentwood Originals (11/22) Occupied	101,910	5,000	24'	.45/3000	Varies	8	\$1.95 N	\$20	Available 3/1/23. Class B.
3	18521-18601 S Santa Fe Ave., Compton Gregg Buchbinder (11/22) Occupied	102,262	TBD	12'-18'	Yes	Varies	4	TBD	N/A	Investment Sale. Low clear buildings. Class C.
4	2883 E Victoria St., Rancho Dominguez CenterPoint (12/22) Occupied	105,411	3,000	19'	Yes	Varies	22	\$1.80 N	\$21	Available 5/1/23. Class B.
5	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.
6	2511 S Edison Wy., Compton Prudential (9/22) Occupied	109,134	4,037	26'	Yes	91'-147'	21	+\$2.00 N	\$35	Available 2/1/23. Class B.
7	1431 W Via Plata St., Long Beach 1431 Via Plata, LLC (7/22) Occupied	112,121	20,063	32'	ESFR	125'	16	\$2.25 N	\$20	Available 2/1/23. Distribution space. Class A.
8	3040 E Ana St., Rancho Dominguez JCQ Properties (9/22) Occupied	115,814	21,354	20'	Yes	Varies	15	TBD	TBD	Available 6/1/23. Class B.
9	966 Sandhill Ave., Carson Sport Dimension (7/22) Occupied	129,247	16,945	22'-24'	.37/3000	Varies	7	\$1.95 N	\$25	Available 2/1/23. Class B.
10	19200 S Reyes Ave., Rancho Dominguez 19200 South Reyes, LLC (1/23) Vacant	143,035	15,000	16'	Yes	Varies	5	TBD	N/A	Available now. Low clear manufacturing building. Class C.

SOUTH BAY 100 REPORT

Existing Buildings Continued & Under Construction



	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
11	1580 Francisco St., Los Angeles Link (9/21) Occupied	199,927	31,818	30'	ESFR	145'	33	\$2.40 N	\$.26	Available 4/1/23. High image office. Class A.
12	2661-2665 E Del Amo Blvd., Rancho Dominguez Prologis (11/22) Occupied	201,450	10,000	17'-26'	Yes	130'+	50	\$2.10 N	\$.24	Available 3/1/23. Large yard. Class B.
13	909 E Colon St., Wilmington Morgan Stanley (9/22) Occupied	223,865	8,124	24'	.33/4000	110'	33	\$2.15 N	\$.21	Available 2/1/23. Large side yard. Class B.
14	1650 Glenn Curtiss St., Carson Carson Companies (5/22) Occupied	338,932	41,517	30'	ESFR	130'-180'	74	TBD	\$.21	Available 6/1/23. Crossdock. Class A.
15	1452 W Knox St., Torrance Prologis (11/21) Vacant	442,550	11,946	32'	ESFR	178'	63	\$2.35 N	\$.52	Available now. 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	2226 E 223rd St., Carson Panattoni (7/21)	97,121	6,981	32'	ESFR	185' Shared	15	\$2.30 N	\$.35	Estimated completion Q1 2023.
2	19301 Prairie Ave., Torrance Kearny (8/19)	106,833	15,000	32'	ESFR	140'	17	\$2.45 N	\$.49	Estimated completion Q1 2023.
3	2136 E 223rd St., Carson Panattoni (7/21)	133,897	6,981	32'	ESFR	134'	23	\$2.30 N	\$.35	Estimated completion Q1 2023.
4	1355 W Sepulveda Blvd., Torrance Bridge Development (9/21)	174,211	9,644	36'	ESFR	135'	21	\$2.40 N	\$.37	Estimated completion Q1 2023.
5	20846 S Normandie Ave., Torrance Bridge Development (3/18)	203,877	10,000	36'	ESFR	178'	21	\$2.30 N	\$.34	Estimated completion Q1 2023.
6	20100 Alameda St., Rancho Dominguez Crown Associates (11/22)	205,435	10,255	36'	ESFR	137'	30	TBD	TBD	Estimated completion Q4 2023. Extra land.
7	19501 Prairie Ave., Torrance Kearny (8/19)	320,771	30,000	36'	ESFR	165'	30	\$2.45 N	\$.49	Estimated completion Q1 2023.

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 Q1 2024.
2	Figuroa 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 Q3 2023.
4	1600 W 135th St., Gardena OMP (6/22)	190,860	10,000	36'	ESFR	185'	22	TBD	TBD	Planned. Estimated completion Q2 2024. Subject to entitlements.
5	2401 E Wardlow Rd., Long Beach Goodman (11/22)		BTS	36	ESFR	TBD	TBD	TBD	TBD	Planned. Estimated completion Q3 2024.



THE KLABIN COMPANY SECURES GLOBAL LEADER IN 3PL SECTOR AS NEW TENANT FOR IDI LOGISTICS-OWNED INDUSTRIAL FACILITY IN COMPTON

Klabin represents IDI Logistics in 62.5-month lease to Pilot Air Freight, LLC for well-located industrial warehouse with more than 48,000 square feet of space.

As demand continues to grow for well-located warehouse space in the competitive 3PL sector, The Klabin Company/CORFAC International today announced it finalized a long-term lease at 1700 Walnut Parkway in Compton, Calif., on behalf of IDI Logistics, owner of the industrial facility. The tenant is Pilot Air Freight, LLC—A Maersk Company—the full-service global transportation and logistics provider with operations around the world.

The Klabin Company's Frank J.H. Schulz III, SIOR, Nick Buss and Todd N. Taugner, SIOR, represented IDI Logistics in the 62.5-month lease transaction valued at almost \$7 million. Pilot was represented by John Gorczyca of JLL.

The concrete tilt-up building at 1700 Walnut Parkway is conveniently located close to major airports, the Ports of Los Angeles and rail service. The industrial facility features 14 dock-high positions, one

ground-level door, 23' warehouse clearance and almost 5,000 square feet of offices.

"This lease transaction reflects the continued growth of the 3PL sector," said Schulz. "As more companies look to outsource its distribution due to a variety of economic factors, best-in-class industrial owners such as IDI Logistics are well positioned to take advantage of rent growth while attracting top 3PL providers."

IDI Logistics is a leading investor and developer of logistics real estate with a 33-year track record of delivering more than 200 million square feet of innovative warehousing, distribution and manufacturing facilities.



SUB-MARKET HIGHLIGHT 91 CORRIDOR



Largely developed in the 1970's, this prime industrial area contains attractive concrete tilt-up buildings, the majority of which are functional, Class B facilities. Stretching over Carson and Compton, the properties are within master-planned industrial parks and reap the rewards from being in this homogeneous environment. Vacancy has hovered between 1% and 2% for the past three years, consistent with the entire South Bay market. There is no developable land in the area and, thus far, the existing building inventory has not warranted demolition to pave the way for Class A development. 45% of the square footage within the 91 Corridor is institutionally owned while 27% are owner-users.



HOT TOPICS IN 91 CORRIDOR

- Zero Vacancy
- Sandhill - Rexford Under Construction

STRONG LEADERSHIP IS CRUCIAL TO OUR SUCCESS, AND YOURS.

—
WE NEVER FORGET
THE HUMAN ELEMENT.



- WE BELIEVE THE FORMULA FOR A WINNING TEAM IS BALANCE.
- OVER SIX DECADES OF EXCELLENCE.
- WE'RE ON YOUR TEAM, FROM GRAND IDEA TO GRAND OPENING
- COMMITMENT TO TRANSPARENCY AND COLLABORATION.



FIRST CLASS PEOPLE, FIRST CLASS PROPERTIES



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