

MARKET UPDATE

Q2 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 7150 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 months, the war in Ukraine has added unexpected disruption, uncertainty and volatility.

02

LAND VALUES

With virtually zero industrial land left, pricing for protected sites climbed over \$200 PSF in the Quarter.

03

SUPPLY/DEMAND

With the lack of supply and strong rise in demand, we have seen rates continue to climb.

04

CAPITAL MARKETS

Institutional buyers have pulled back as yield thresholds rose by nearly 25% in the quarter.

05

UNCERTAINTY

It sure seems like we can all agree on one thing, nothing seems to be certain!

ACTIVE INDUSTRIES

> E-COMMERCE

> RETAIL GOODS

^ FOOD & BEVERAGE

^ CONSTRUCTION SERVICES

^ THIRD PARTY LOGISTICS

^ TECHNOLOGY

^ MANUFACTURING

> TRUCKING

LEASING FAKE NEWS



NICK BUSS

Given the rapidly changing market dynamics...this was written on July 12, 2022. Lease rates for industrial buildings in Greater Los Angeles are higher than ever. Rates for just about any functional industrial facility have doubled since early 2020 and vacancy is below 1%. While some of the feverish demand has declined over the past six months, rates are still increasing due to the lack of supply.

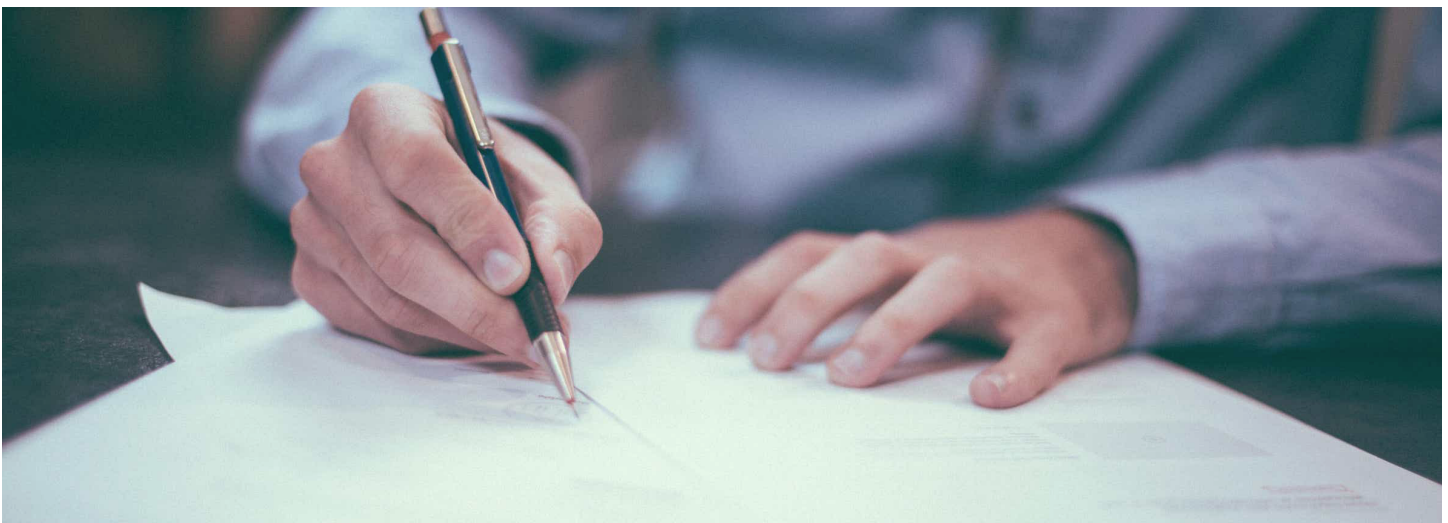
How do you provide meaningful advise to a client that needs to lease (relocate, renew, or expand) a facility in the next six months?

I always strive to help my clients get the best deal possible, regardless of market conditions. This current environment has left me questioning what market we are in. Headlines continue to flash signs of recession, demand slowdowns and interest rate increases, but on the streets, little has changed in the leasing of industrial buildings. We are in a market where over negotiating can quickly lead to losing a building and having to pivot to a less desirable, more expensive option. "Winning a deal", specifically for regional and local credit tenants, may mean nothing more than being given the opportunity to lease a building at the market rate with a reasonable

security deposit. "Winning" also carries a high price tag as many new lease terms (typically 5-yr) are double or even triple the current rent. Additionally, landlords have been unwilling to deal with tenants that move slowly or heavily negotiate the terms of the lease. Right now, more times than not, there is another tenant close behind that is willing to agree to the same terms with little to no changes to the lease document.

Will these landlord leaning dynamics change as retailer inventories normalize, transportation rates moderate and the economy adjusts to higher interest rates? Maybe, but as of today, the answer is no.

"Headlines continue to flash signs of recession, demand slowdowns and interest rate increases, but on the streets, little has changed in the leasing of industrial buildings."



LEASE INTELLIGENCE



1370 E VICTORIA ST. CARSON, CA

Lease Comparable

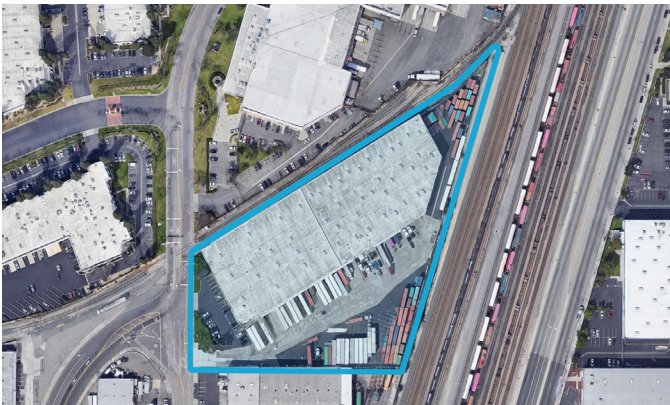
TENANT	The Home Depot
LANDLORD	The Carson Companies
SIZE	180,549 SF
TERM	120 Months
START RATE	\$2.05 NET
RENT ADJUSTMENT	4% Annual Increases



20455 S REEVES AVE. CARSON, CA

Lease Renewal

TENANT	WSI Supply Chain Solutions
LANDLORD	IDI Logistics
SIZE	109,768 SF
TERM	60 Months
START RATE	\$1.95 NET
RENT ADJUSTMENT	4% Annual Increases



20212 RANCHO WY. RANCHO DOMINGUEZ, CA

Lease Comparable

TENANT	Dongwon Loex
LANDLORD	The Carson Companies
SIZE	103,262 SF
TERM	61 Months
START RATE	\$1.90 NET
RENT ADJUSTMENT	4% Annual Increases



1111 W ARTESIA BLVD. COMPTON, CA

Lease Comparable

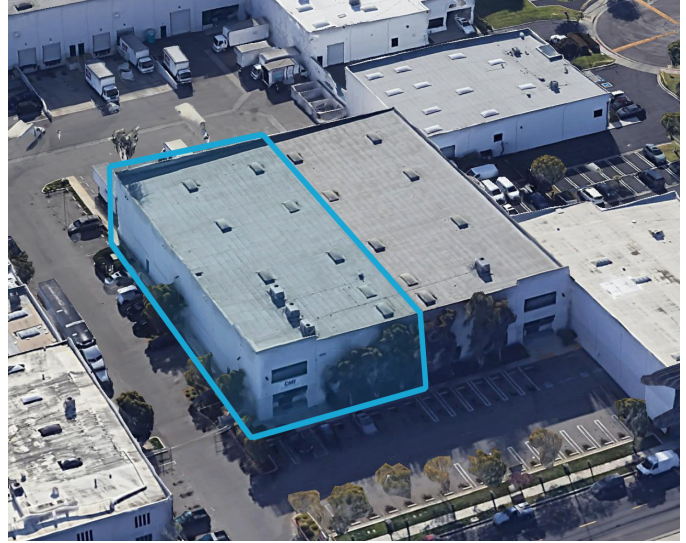
TENANT	Accelerated Global Solutions
LANDLORD	JP Morgan
SIZE	47,948 SF
TERM	60 Months
START RATE	\$1.75 NET
RENT ADJUSTMENT	4% Annual Increases



**1515 W WALNUT ST.
COMPTON, CA**

Lease Renewal

TENANT	Mygrant Glass
LANDLORD	IDI Logistics
SIZE	28,530 SF
TERM	60 Months
START RATE	\$1.70 NET
RENT ADJUSTMENT	4% Annual Increases



**1536 W 228TH ST., UNIT A
TORRANCE, CA**

Lease Comparable

TENANT	Aceking E-Business Solutions
LANDLORD	TKE Holdings
SIZE	13,884 SF
TERM	60 Months
START RATE	\$1.60 NET
RENT ADJUSTMENT	4% Annual Increases

RENTAL RATES

TRENDING UP

<p style="font-size: 1.5em; font-weight: bold; margin: 0;">10,000-50,000 SQUARE FEET</p> <p style="font-style: italic; font-weight: bold; margin: 5px 0;">Class A</p> <hr style="border: 2px solid #00a0e3; margin: 5px 0;"/> <p style="font-weight: bold; margin: 0;">\$2.10+ N PSF</p> <p style="font-style: italic; font-weight: bold; margin: 5px 0;">Class B</p> <hr style="border: 2px solid #ccc; margin: 5px 0;"/> <p style="font-weight: bold; margin: 0;">\$1.85+ N PSF</p> <p style="font-style: italic; font-weight: bold; margin: 5px 0;">Class C</p> <hr style="border: 2px solid #ccc; margin: 5px 0;"/> <p style="font-weight: bold; margin: 0;">\$1.55 N PSF</p>	<p style="font-size: 1.5em; font-weight: bold; margin: 0;">50,000+ SQUARE FEET</p> <p style="font-style: italic; font-weight: bold; margin: 5px 0;">Class A</p> <hr style="border: 2px solid #00a0e3; margin: 5px 0;"/> <p style="font-weight: bold; margin: 0;">\$2.05+ N PSF</p> <p style="font-style: italic; font-weight: bold; margin: 5px 0;">Class B</p> <hr style="border: 2px solid #ccc; margin: 5px 0;"/> <p style="font-weight: bold; margin: 0;">\$1.80+ N PSF</p> <p style="font-style: italic; font-weight: bold; margin: 5px 0;">Class C</p> <hr style="border: 2px solid #ccc; margin: 5px 0;"/> <p style="font-weight: bold; margin: 0;">\$1.50+ N PSF</p>
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SALE INTELLIGENCE



620 E ANAHEIM ST. WILMINGTON, CA

Sale Comparable

BUYER Rexford Industrial
SELLER Private Owner
SIZE 33,603 SF
SALE PRICE \$519.06 PSF

NOTES: Off-market sale. Delivered vacant.



1910 E DOMINGUEZ ST. CARSON, CA

Sale Comparable

BUYER Bridge Investment Group
SELLER Skeels Properties
SIZE 30,785 SF
SALE PRICE \$406.85 PSF

NOTES: Buyer will spend approx. \$20/SF in deferred maintenance.

USER PRICING

Users may be able to capitalize on rising CAP Rates.

\$400+ PSF

INSTITUTIONAL PRICING *Class A*

\$500+ PSF

CAPITALIZATION RATES

Increased borrowing rates have Institutional Capital players reevaluating CAP rates.

Superior Credit & Quality:

3.5%

Good Credit & Quality:

4.5%

Stabilized Development:

5%

SALE PRICING

LAND VALUES



19875-19899 PACIFIC GATEWAY DR. TORRANCE, CA

Lease Comparable

TENANT	Lotte Global Logistics
LANDLORD	CenterPoint Properties
SIZE	7.47 Acres
START RATE	\$1.15 Net

NOTES: 60,000 SF building on site.



19431 S SANTA FE AVE. COMPTON, CA

Lease Comparable

TENANT	FNS, Inc.
LANDLORD	Rexford Industrial
SIZE	2.95 Acres
START RATE	\$1.20 Net

NOTES: 1,855 SF office on site.

CURRENT LAND VALUES

Land Values
Above \$200 PSF

*Surface Use Lease
Rates 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

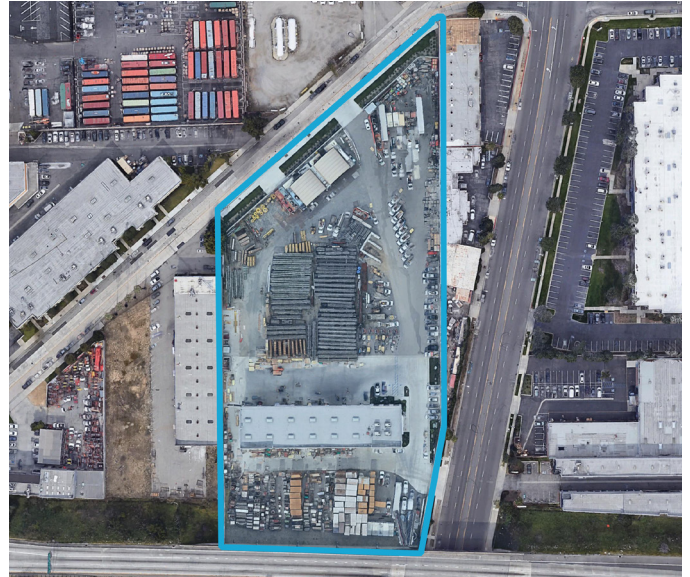


**19401 S VERMONT AVE.
LOS ANGELES, CA**

Sale Comparable

BUYER Atlas Capital Group
SELLER Harbor Gateway, LLC
SIZE 5.37 Acres
SALE PRICE \$170.16 PLSF

NOTES: Buyer plans to convert into industrial complex upon lease expiration.



**17331 S BROADWAY
GARDENA, CA**

Sale Comparable

BUYER CenterPoint Properties
SELLER ARB Underground
SIZE 4.75 Acres
SALE PRICE \$241.65 PLSF

NOTES: 3-year leaseback at sub 3% CAP.

“THE INHERENT LACK IN SUPPLY OF INDUSTRIAL LAND, COMBINED WITH AN EVER-GROWING DEMAND FOR FUNCTIONAL CONTAINER STORAGE YARDS, SUPPORTS LAND VALUES AND LEASE RATES FOR WELL-LOCATED AND PURPOSEFUL YARDS REMAINING STRONG FOR THE FORESEEABLE FUTURE”.

-Tyler Rollema, Principal

"From our vantage point, it certainly seems like the economy is slowing down. The depth and length of the downturn depends on the income bracket. If the supermarket and gas pump play a significant role in a personal budget, then the pullback in spending is likely more severe and it has been going on for some time. If the stock market or residential market plays a bigger role, the impact may not yet been fully realized. The combination of the current geopolitical climate, supply chain challenges, the varying directions of the labor, commercial real estate and residential market as well as the ongoing pandemic make this a challenging and unique period. CTE will be monitoring a couple internal sign posts over the next few months to see how that relates to the retail department stores it services."

- Philippe Shepnick, California Transport Enterprises

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

JULY 2022

Existing Buildings



	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
1	20100 S Vermont Ave., Los Angeles JR286 (6/22) Occupied	97,875	4,797	30'	Yes	109'	17	\$2.15 N	\$40	Overflow space. Available 9/1/22. Class A.
2	14220 S Main St., Los Angeles Bridge Development (6/20) Vacant	100,528	10,610	32'	ESFR	137'	12	\$2.25 N	\$31	New construction. Available now. Class A.
3	2141 E Paulhan St., Compton Marathon Distribution Services (4/22) Occupied	133,752	6,000	25'	Yes	Varies	25	\$1.95 N	\$20	Available 9/1/22. Racking in place. Class B.
4	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. Class A.
5	1580 Francisco St., Los Angeles Link (9/21) Occupied	199,927	31,818	30'	ESFR	145'	33	TBD	\$25	High image office. Available 3/1/23. Class A.
6	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.
7	2201 E Dominguez St., Carson Prologis (2/21) Occupied	272,910	40,000	24'	.45/3000	125'	24	\$1.45 N	\$27	Distribution building. Available 8/1/22. Class B.
8	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.
9	1650 Glenn Curtiss St., Carson Carson Companies (5/22) Occupied	338,274	40,000	30'	ESFR	130'- 180'	74	TBD	\$21	Crossdock. Available 5/1/23. Class A.
10	1452 W Knox St., Torrance Prologis (11/21) Occupied	428,952	TBD	30'	ESFR	173'	62	\$2.15 N	\$50	Available Q4 2022. Class A.
11	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 now. 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	2226 E 223rd St., Carson Panattoni (7/21)	97,121	6,981	32'	ESFR	134'	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	\$2.25 N	\$.31	Estimated completion Q1 2023.
4	2136 E 223rd St., Carson Panattoni (7/21)	133,897	6,981	32'	ESFR	134'	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 Centerpointe (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 Q2 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.
5	1600 W 135th St., Gardena OMP (6/22) Vacant	190,860	10,000	36'	ESFR	185'	22	TBD	TBD	Planned. Estimated completion Q2 2024. Subject to entitlements.



THE KLABIN COMPANY COMPLETES SALE OF INDUSTRIAL INVESTMENT PROPERTY IN CARSON

Bridge Investment Group acquires 30,785-square-foot freestanding building in prime South Bay submarket from Skeels Properties.

The Klabin Company/CORFAC International announced it completed a multi-million sale of a 30,785-square-foot, freestanding industrial investment property at 1910 E. Dominguez St. in Carson, Calif.

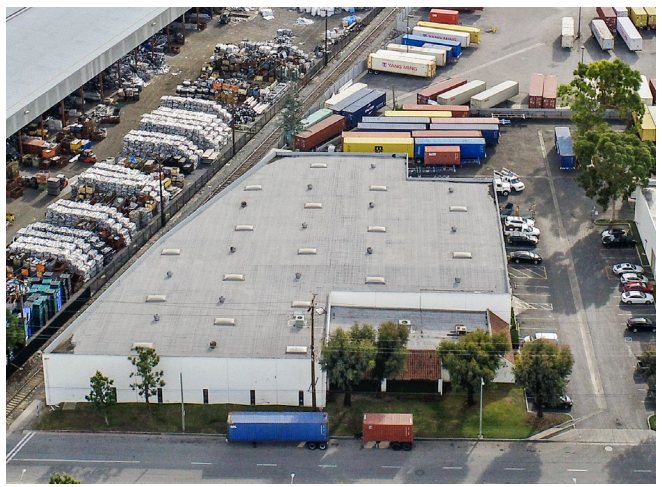
The Klabin Company's David Grote represented both the buyer, Bridge Investment Group Holdings Inc. (NYSE: BRDG) ("Bridge"), and the seller, Skeels Properties, in the transaction.

Bridge is a leading, vertically integrated real estate investment manager, diversified across specialized asset classes, with approximately \$38.8 billion of assets under management as of March 31, 2022. Bridge combines its nationwide operating platform with dedicated teams of investment professionals focused on select U.S. real estate verticals: residential rental, office, development, logistics properties, net lease and real estate-backed credit.

The building at 1910 E. Dominguez St. sits on 60,249 square

feet of land in a prime South Bay location, one of the leading industrial submarkets in the world. The property is in an excellent Carson location close to the 405 Freeway. The functional warehouse features significant dock-high and ground-level loading, 21' to 23' height and a private yard.

"We're pleased to have completed this fully marketed investment sale that represents a rare opportunity to purchase a freestanding industrial building in such a desirable market," said Grote. "Bridge, which has been very successful in pursuing these types of properties, will invest in substantial improvements, adding to the allure of the building for future tenants."



CRANE WORLDWIDE LOGISTICS EXPANDS LOS ANGELES OPERATIONS WITH LEASE OF SPACIOUS INDUSTRIAL FACILITY IN CITY OF COMMERCE



The Klabin Company represents the tenant in three-year lease transaction for almost 124,980 square feet.

The Klabin Company/CORFAC International announced it finalized a multi-year lease at 2650 Commerce Way in the City of Commerce, Calif., on behalf of Crane Worldwide Logistics, the new tenant of the spacious industrial facility. Crane Worldwide Logistics is a leader in supply chain solutions with more than 120 locations across 30 countries providing individual services to address the logistics needs of its clients. The company will expand its Los Angeles operations to the 124,980-square-foot property.

The Klabin Company's Nick Buss and Frank Schulz, SIOR, represented Crane Worldwide Logistics in the three-year lease transaction. The Landlord, G3 Realty Two, LLC, was represented by Jeff Stephens of CBRE.

The facility at 2650 Commerce Way offers an excellent distribution location in the heart of Commerce with a large, fenced yard, excess parking and 46 dock-high positions.

"Vacancy rates for industrial space in the L.A. region remain at historic lows," said Buss. "While buildings of this size are hard to come by, we were able to execute a lease agreement benefiting both the owner and Crane Worldwide Logistics which was looking to expand its operations without compromising service to its global customers."



THE KLABIN COMPANY AND DAVCO REALTY COLLABORATE ON LEASE TRANSACTION AT WATSON INDUSTRIAL CENTER IN CARSON

In highly competitive, multi-offer market, The Klabin Company represents building owner, Summa Properties LLC, in a 61-month lease transaction valued at almost \$7 million.

The Klabin Company/CORFAC International announced it finalized a long-term lease within the Watson Industrial Center on behalf of Summa Properties LLC, owner of the state-of-the-art campus set on 350 acres in Carson, Calif. The tenant is Pegasus Shipping, Inc., an international freight forwarding and logistics services company who will expand its Los Angeles operations to the 61,462-square-foot facility.

The Klabin Company's David Prior, SIOR, represented Summa Properties in the 61-month lease transaction valued at almost \$7 million. Pegasus Shipping was represented by Dave Coe of Davco Realty Advisors.

The building at 1111 Watson Center Road, Suite A, will be fully refurbished and offers an excellent South Bay shipping and warehouse location with access to the Los Angeles and Long Beach Ports and several interstate freeways. It features a large, concrete yard; 17 dock-high loading positions; 8,028 square feet of front-unit office space and 25'6" minimum ceiling height.

"In a world of multiple offers driven by the highly competitive industrial market, we were able to collaborate with Dave Coe in a really positive manner to finalize this transaction," said Prior. "The way that Dave advocated for his client made a huge difference in us selecting Pegasus Shipping for this highly sought-after property."



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 for light high-tech industries with major employers such as American Honda Motor Co., Torrance Memorial Hospital, Honeywell Aerospace, and Robinson Helicopter to name a few.

High image industrial users have been attracted to the city's proximity to West Los Angeles, 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 \$1.75 PSF/Mo. With over 26 million square feet of industrial base, Torrance is a corporate headquarters for companies such as Health-Ade, Virco Manufacturing, and Celestron.



HOT TOPICS IN TORRANCE

- Former Toyota Campus Demolition
- Kearny Development

STRONG LEADERSHIP IS CRUCIAL TO OUR SUCCESS, AND YOURS.

—
WE NEVER FORGET
THE HUMAN ELEMENT.

60
1961-2021
YEARS OF SUCCESS

- 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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