

MARKET UPDATE

Q2 2021

South Bay / Los Angeles



THE KLABIN COMPANY

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** **RAPID RATE INCREASES**
Historic demand and limited supply has driven rate increases of almost 20% in the quarter.
- 02** **SHIPPING COSTS**
Spot Rates have exceeded \$20,000 per 40 ft. container from China to Los Angeles, up from \$4,000 twelve months ago.
- 03** **NO SUPPLY**
Pent up demand and increasing inventories have driven occupancy levels to nearly 100%.
- 04** **INVENTORY**
Fear of shipping delays and cost increases have driven suppliers to increase inventories, further driving demand.

ACTIVE INDUSTRIES

 E-COMMERCE

 RETAIL GOODS

 FOOD & BEVERAGE

 CONSTRUCTION SERVICES

 THIRD PARTY LOGISTICS

 TECHNOLOGY

 MANUFACTURING

 TRUCKING

 PPE

"A RETURN TO THE NEW NORMAL"



DAVID A. PRIOR, SIOR
SENIOR MANAGING PRINCIPAL

My windshield cracked on April 16th. Probably a golf ball, but who knows for sure. I finally got it replaced on June 21st, the first day of summer. My UGG slippers were worn out from staying home more than usual during the start of COVID lockdown. It took 7 months, but I finally found a new pair. A few of the guys from the office went out to lunch last week to Buffalo Wild Wings to watch a big golf tournament and eat some wings. I decided to go along. The place was packed, with one waitress, and a bartender, so we had to wait for service longer than I wanted. My wife and I went out to dinner the other night. It was like a new experience, as I had forgotten how much I love dining out (I do not have to clean the kitchen in the morning). I'm tired of TV and streaming shows. Not to mention, I just cancelled a dream vacation for this October due to uncertainty and more than anything, wanting normalcy.

None of these things were earthshattering or dangerous, but they do make you realize that we have all learned many things in the last 18 months of which we may not have been aware. Lowered expectations for "I need it now." Patience with people that are trying to help me with limited resources, parts, information, time, in places such as restaurants where employees are working harder than usual, because they need more staff. Generosity seems easier when you know the waitress has not worked in a long time, smiles at you, tries to give good service, and probably has far worse problems than me. I actually long to see people smile at each other, what a wonderful thing to do—more than ever.

Schools are back for the most part. I have deep respect for the children and parents that demonstrated tremendous resolve to learn, figure out new parenting skills, not kill

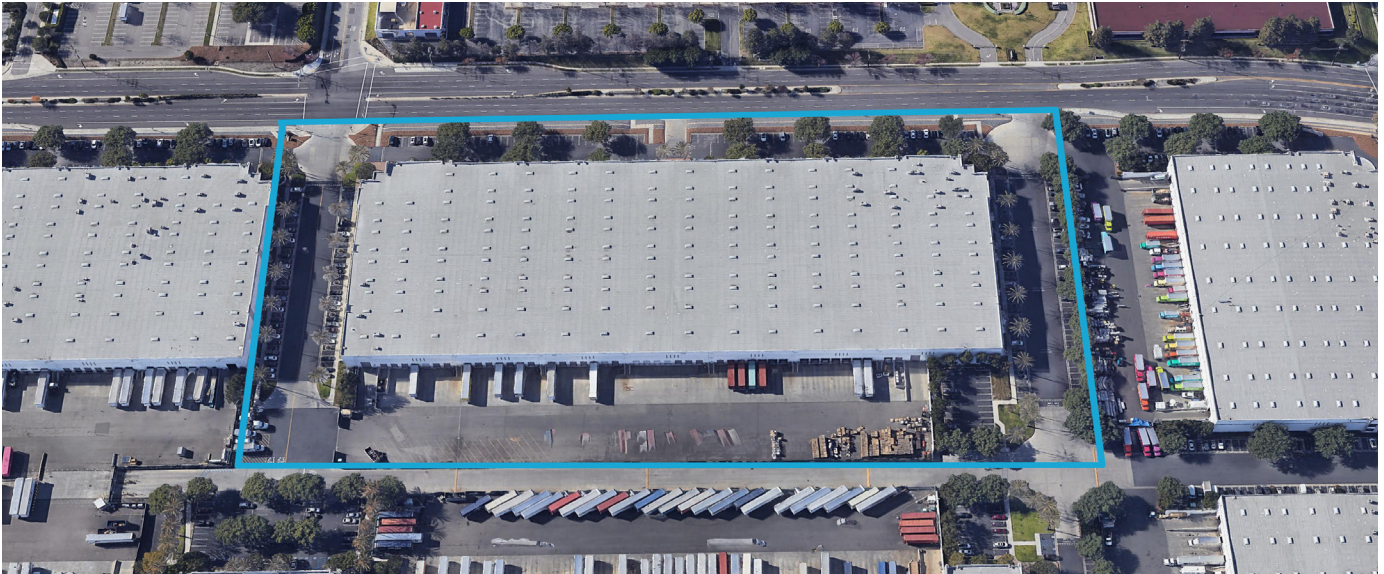
each other, and eat dinner together at the end of each "remote school day."

I am sad that the new normal has left parts of me in the dust. Favorite restaurants closing, people relocating to new states, long standing clients and friends retiring early, overbooked golf courses. Golf was a secret before COVID. Normal brings back traffic. I forgot how to drive under 70 MPH on the freeway until recently. Now traffic makes me go slow.

Business has also brought significant changes, some here to stay, some transitory. In my more than 42 years in the Industrial real estate business, I have never, ever seen demand so far beyond the supply of buildings to balance the market. I have never seen rents increase so quickly. Ever. I have never seen material and construction costs increase so quickly. Ever. And I have never seen such aggressive capital investment. We used to actually sell people on the particular value of an investment. Not now. I wonder when the ports will return to normal, when there will be enough TEU's in the world, or when there will be enough semiconductors.

I have complete faith in "The Marketplace" when government allows it to work. I worry about "too much government help" getting in the way. Either way, we are still in for Fits and Starts, shortages here and there, the need for patience, generosity and a smile.

LEASE INTELLIGENCE



19400 S WESTERN AVE., TORRANCE, CA

Lease Comparable

TENANT	Breville USA
LANDLORD	Deutsche Asset & Wealth
SIZE	259,327 SF
TERM	62 Months
START RATE	\$1.15 NET
RENT ADJUSTMENT	3% Annual Increases



4000 REDONDO BEACH AVE. REDONDO BEACH, CA

Lease Comparable

TENANT	Polar Air Cargo Worldwide
LANDLORD	AEW
SIZE	236,134 SF
TERM	87 Months
START RATE	\$1.40 NET
RENT ADJUSTMENT	3% Annual Increases



2366 E PACIFICA PL. RANCHO DOMINGUEZ, CA

Lease Comparable

TENANT	Fleet Yards
LANDLORD	Rexford Industrial
SIZE	99,017 SF
TERM	120 Months
START RATE	\$1.33 NET
RENT ADJUSTMENT	3.25% Annual Increases



**15000 S FIGUEROA ST.
GARDENA, CA**

Lease Comparable

TENANT	Columbia Container Lines LAX
LANDLORD	Brown Saltman Furniture Co.
SIZE	79,635 SF
TERM	61 Months
START RATE	\$0.88 NET
RENT ADJUSTMENT	3% Annual Increases



**1700 WALNUT PKWY.
COMPTON, CA**

Lease Comparable

TENANT	Redwood Wellness
LANDLORD	IDI Logistics
SIZE	48,004 SF
TERM	61 Months
START RATE	\$1.25 NET
RENT ADJUSTMENT	3% Annual Increases

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

Class A

\$1.15 - \$1.40 N PSF

Class B

\$1.00 - \$1.25 N PSF

Class C

85¢ - \$1.00 N PSF

**50,000+
SQUARE FEET**

Class A

\$1.15 - \$1.40 N PSF

Class B

\$1.00 - \$1.15 N PSF

Class C

85¢ + N PSF

SALE INTELLIGENCE



2850 E DEL AMO BLVD., CARSON, CA

Sale Comparable

BUYER	CenterPoint Properties
SELLER	Universal Logistics System
SIZE	264,450 SF
SALE PRICE	\$475.52 PSF

NOTES: Short term sale-leaseback. Low coverage.



19951 MARINER AVE., TORRANCE, CA

Sale Comparable

BUYER	Rexford Industrial
SELLER	Canoo
SIZE	89,272 SF
SALE PRICE	\$306.93 PSF

NOTES: Sale-leaseback Investment. 5.3% CAP.



**2319-2321 E GLADWICK ST.
RANCHO DOMINGUEZ, CA**

Sale Comparable

BUYER LBA Logistics
SELLER BioQuip Products
SIZE 72,000 SF
SALE PRICE \$262.50 PSF

NOTES: Short-term sale-leaseback.



**3300 FUJITA ST.
TORRANCE, CA 90505**

Sale Comparable

BUYER Michael Monsalve
SELLER R&O Investments
SIZE 10,414 SF
SALE PRICE \$369.69 PSF

NOTES: Automotive storage, Buyer owns adjacent building.

**USER
RATES**

User sale prices are turbulent

Torrance
\$300+ PSF

*Rancho Dominguez/Carson/
Compton/Long Beach:*
\$250+ PSF

**CAPITALIZATION
RATES**

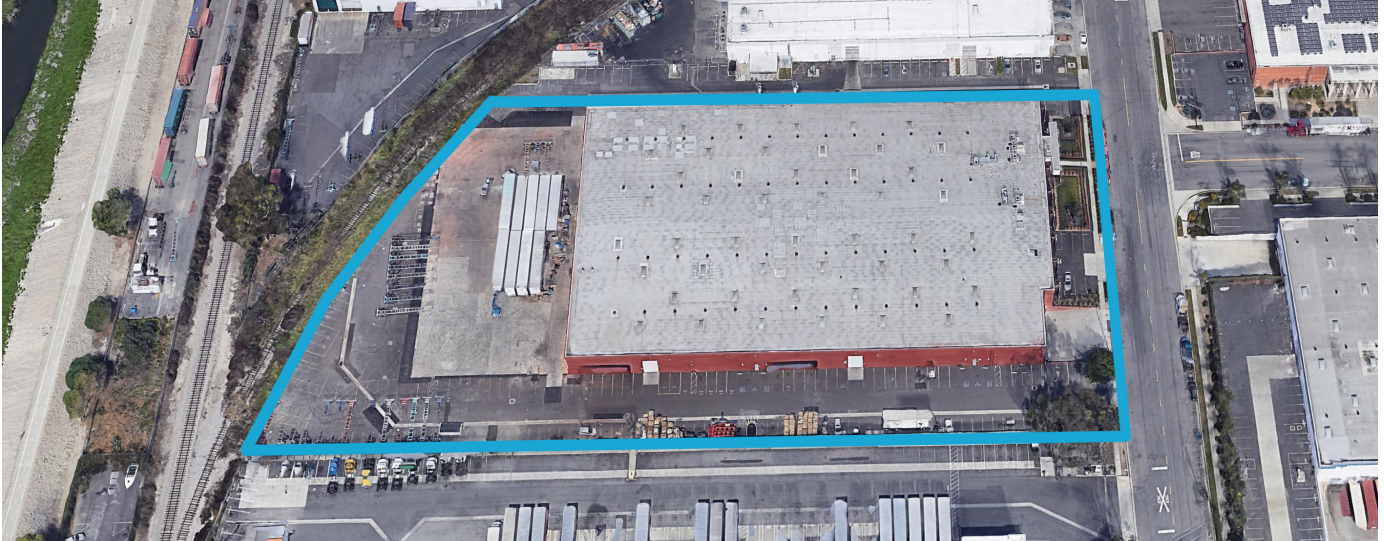
Abundance of institutional capital driving pricing

Superior Credit & Quality:
SUB 4%

Good Credit & Quality:
4.25% - 4.75%

Stabilized Development:
SUB 5%

LAND VALUES



19007 S REYES AVE., RANCHO DOMINGUEZ, CA

Land Sale Comparable

BUYER	Rexford Industrial
SELLER	Crager Properties, LLC
SIZE	4.54 Acres
SALE PRICE	\$82.76 PSF

NOTES: Buyer to demolish existing building and repurpose a truck/container yard.

Land Lease Comparable

TENANT	JCT Logistics
LANDLORD	Rexford Industrial
SIZE	4.54 Acres
START RATE	\$.53 NET

NOTES: Leased prior to completion of improvements.

CURRENT LAND VALUES

Land Values

Above \$100 PSF

Surface Use Lease Rates Are Above

50¢ 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

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

0 Buildings deliverable before December 31, 2021

BY THE NUMBERS

JAN 2021

17 Existing Bldgs

10 Under Construction

Average Asking Rate \$1.00 N

JULY 2021

9 Existing Bldgs

8 Under Construction

Average Asking Rate \$1.20 N

23

LEASE
TRANSACTIONS SINCE
JANUARY 2021

*Buildings larger than 100,000 SF

SOUTH BAY 100 REPORT

JULY 2021

Existing Buildings



	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
1	15650 Avalon Blvd., Unincorp. LA Rexford Industrial (10/20) Occupied	98,259	7,317	27'	ESFR	247'+	21	TBD	\$382	Available 2/1/22. Large yard. Class B.
2	344 W 157th St., Unincorp. LA Sam Longo (6/21) Occupied	99,189	8,000	22'	Yes	Varies	6	\$110 G	N/A	Available 1/1/22. Class B.
3	15913 Main St., Gardena Terreno Realty (2/21) Occupied	114,061	7,713	32'	ESFR	130'	21	TBD	\$25	High image distribution building. Available 1/1/22. Class A.
4	14702 S Maple Ave., Gardena CenterPoint (6/21) Occupied	132,327	TBD	35'	Yes	Varies	21	TBD	TBD	Available 6/1/22. Class A.
5	2910 Pacific Commerce Dr., Rancho Dominguez WPT (2/21) Occupied	150,000	9,648	24'	.60/3000	Varies	23	\$1.05 N	\$29	Loading on three sides. Available 1/1/22. Class B.
6	16325 S Avalon Blvd., Gardena Prologis (7/21) Occupied	210,710	4,650	32'	ESFR	135'-243'	26	TBD	\$30	Large yard. Available 4/1/22. Class A.
7	601 W Carob St., Compton Prologis (1/21) Occupied	234,600	TBD	22'	Yes	100'-120'	41	\$1.05 N	\$19	Distribution building. Available 9/1/21. Class B.
8	2201 E Dominguez St., Carson Prologis (2/21) Occupied	272,910	40,110	24'	.45/3000	125'	24	\$110 N	\$24	Distribution building. Available 12/1/21. Class B.
9	2400 E Artesia Boulevard Bridge Development (5/20) Vacant	415,160	BTS	36'	ESFR	185'	53	\$1.35 N	TBD	New construction. 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	14220 S Main St., Los Angeles Bridge Development (6/20)	100,528	10,610	32'	ESFR	137'	12	TBD	TBD	Estimated completion Q2 2022.
2	SW of Prairie Ave. and 190th St., Torrance Kearny (8/19)	107,110	15,000	32'	ESFR	140'	13	TBD	TBD	Estimated completion Q3 2022.
3	SW of Western Ave. and 195th St. Torrance, CA 90501 Sares-Regis (12/20)	107,140	13,000	32'	ESFR	145'	18	\$1.35 N	\$.28	Estimated completion Q1 2022.
4	159 Rosecrans Ave., Los Angeles Bridge Development (6/20)	107,733	10,000	32'	ESFR	138'	14	TBD	TBD	Estimated completion Q2 2022.
5	333 W Gardena Blvd., Gardena Clarion (9/20)	145,840	5,500	36'	ESFR	144'	25	\$1.25 N	\$.29	Estimated completion Q4 2021.
6	19681 Pacific Gateway Dr., Los Angeles Black Creek (1/20)	251,606	12,566	36'	ESFR	180'	42	\$1.30 N	\$.33	Estimated completion Q4 2021.
7	SW of Western Ave. and 195th St. Torrance, CA 90501 Sares-Regis (12/20)	278,835	20,447	36'	ESFR	145'	49	\$1.35 N	\$.28	Estimated completion Q2 2022.
8	SW of Prairie Ave. and 190th St., Torrance Kearny (8/19)	320,910	30,000	36'	ESFR	165'	30	TBD	TBD	Estimated completion Q3 2022.

Planned

	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	Varies	15	TBD	TBD	Planned. Estimated completion Q4 2022.
2	1055 Sandhill Ave., Carson Rexford Industrial (6/20)	126,013	6,512	32'	ESFR	135'	20	TBD	TBD	Planned. Estimated completion Q1 2023.
3	2112 E 223rd St., Bldg A, Carson Panattoni (7/21)	134,000	7,000	32'	ESFR	Varies	23	TBD	TBD	Planned. Estimated completion Q4 2022.
4	20850 S Normandie Ave., Torrance Bridge Development (3/18)	203,877	TBD	36'	ESFR	178'	21	TBD	TBD	Planned. Estimated completion Q3 2022.

BRIGHTEN FREIGHT, INC. EXPANDS AND RELOCATES LOS ANGELES OPERATIONS WITH LEASE OF DISTRIBUTION FACILITY IN GARDENA

The Klabin Company Represents Global Freight Forwarding Leader in \$3.2 Million Transaction for 51,000 Square Feet in Prime South Bay Industrial

The Klabin Company/CORFAC International announced it represented Brighten Freight, Inc., a global leader in freight forwarding and supply chain solutions, in the lease of a 51,000-square-foot industrial building at 13635 Cimarron Avenue in Gardena, Calif.

The Klabin Company's Michael Ouellette negotiated the 61-month lease, valued at almost \$3.2 million, on behalf of Brighten Freight who is expanding and relocating its Los Angeles operations from the LAX area. The property was leased from Nissenson Properties who was represented by Brad Levin of Daum Commercial.

The high image warehouse and distribution facility at 13635 Cimarron Avenue is the centerpiece of the Gardena Business Park, in the red-hot South Bay industrial market. It features eight

dock-high positions, 24' high clearance and 3,500 square feet of office space.

"Brighten Freight had outgrown its facility near LAX and was looking for an industrial space in the South Bay submarket to accommodate its explosive growth," said Ouellette. "With vacancy rates at all-time lows in the region, quality buildings are hard to come by. Fortunately, we were able to use our relationships to secure a lease and execute a timeline that served the needs of Brighten Freight and the Landlord."

From its new location in Gardena, which has emerged as a highly sought-after destination for transportation-related users, Brighten Freight will continue its core offerings of air freight, ocean freight, customs clearance and logistics to deliver globally integrated end-to-end solutions. The company operates a world-wide network with offices and partners at all major exporting ports in the Americas, Asia and Europe.

Mike Ouellette and Todd N. Taugner, SIOR also held the listing to Brighten Freight's prior location at 8933 S. La Cienega Boulevard in Inglewood, a freestanding bonded warehouse with 21,187 square feet, and seven dock-high doors in a prime LAX location with visibility from the 405 Freeway.

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



THE KLABIN COMPANY COMPLETES INDUSTRIAL DOUBLE PLAY WITH SALE OF TWO SOUTH BAY BUILDINGS



The separate transactions, with a combined value of more than \$13 million, are executed for buildings set back-to-back on Vermont Avenue in red-hot South Bay industrial market.

With the excitement of a new baseball season in the air, The Klabin Company/CORFAC International has completed a double play in the South Bay. The firm announced today, it negotiated the sale of two industrial buildings, with a combined value of more than \$13 million, in the red-hot South Bay Market.

In the first transaction, The Klabin Company's David A. Prior, SIOR, and Todd N. Taugner, SIOR, represented Shubin Nadal Realty Investors in the \$7.285 million sale of its 30,100-square-foot industrial building at 19120 Vermont Avenue in the Gardena area of unincorporated L.A. The fully refurbished classic brick building, situated on more than 1.5 acres, features more than 2,000 square feet of new offices. It was sold to Olivia Care, Inc., a manufacturer of

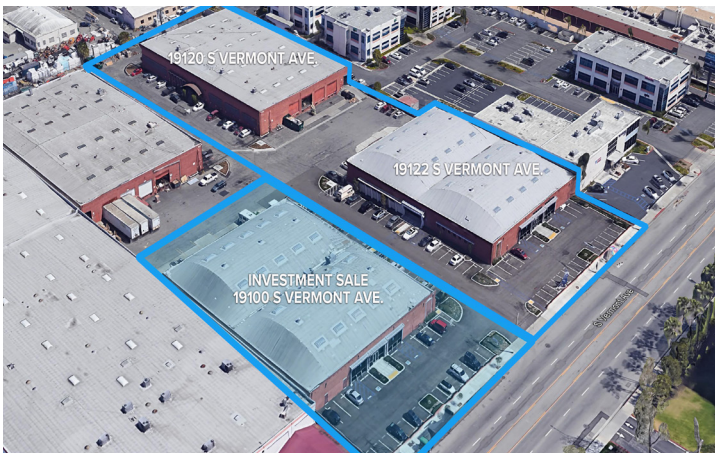
high-quality soaps and body products distributed around the world. Olivia Care was represented by Matt Stringfellow, SIOR, and Tyler Rollema of The Klabin Company.

Prior and Taugner also represented Shubin Nadal Realty Investors in the \$6 million sale of 19122 Vermont Avenue, a 24,080-square-foot industrial building located adjacent to the Olivia Care facility. The buyer is Praxis Musical Instruments, Inc., a company that designs, manufactures and distributes guitars and basses to global customers. Praxis has been a tenant in the building for approximately two years and exercised its option to purchase. Praxis was represented by Jae Yoo of Cushman & Wakefield.

"These two sales were unique purchase opportunities for Olivia Care and Praxis as they allow both companies to own and operate in their respective buildings," said Prior. "The demand and level of interest in these buildings was extremely high and the pricing reflected the strength of the market and availability of attractive financing."

NEW - Gardena Leased Investment Sale

The Klabin Company's David A. Prior, SIOR, and Todd N. Taugner, SIOR, recently represented Shubin Nadal Realty Investors in the \$6.105 million sale of its 24,080-square-foot industrial building at 19100 S. Vermont Avenue in the Gardena area of unincorporated L.A. This was the third of four buildings in this project sold this year, with the latest selling as a leased investment to Kirshner/Slauson, LLC. The brick building, situated on more than one acre, features 4,000 square feet of creative office, a bow truss roof and completed improvements. Kirshner/Slauson was represented by Matt Stringfellow, SIOR, and Tyler Rollema of The Klabin Company.

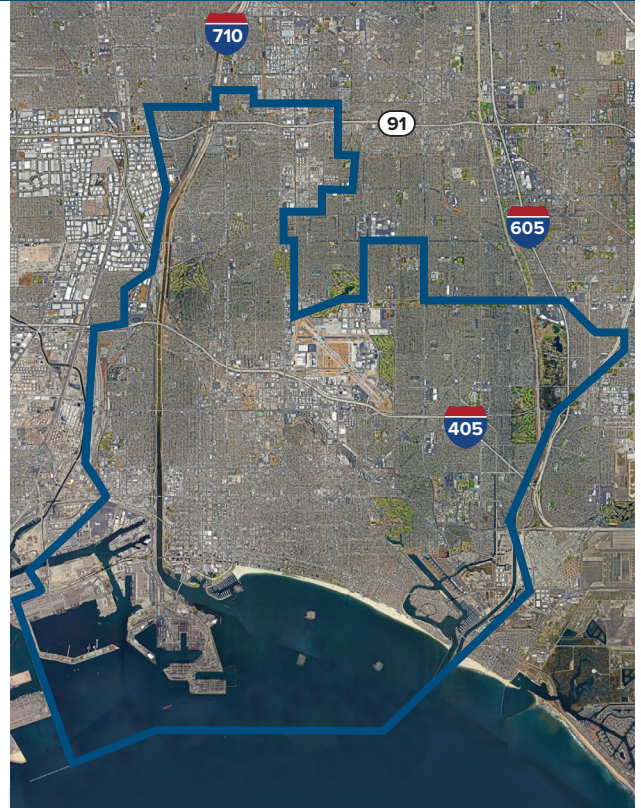


SUB-MARKET HIGHLIGHT

LONG BEACH



The City of Long Beach, perhaps best known for its waterfront downtown and suburban neighborhoods, can also be described as having one of the more diverse industrial submarkets in Southern California. At the forefront of its industrial real estate landscape is the Port of Long Beach, the second busiest container port in the nation, second only to the neighboring Port of Los Angeles. The city's remaining industrial real estate ranges from small, WWII-era manufacturing buildings and truck yards on the outskirts of the port, to many newly constructed corporate headquarters facilities surrounding the Long Beach Airport. With vacancy rates around 1%, speculative development has increased in the last 5 years and continues to keep pace with demand from both local and international users that have found Long Beach to be an attractive alternative to other submarkets in greater LA and Orange County.



HOT TOPICS IN LONG BEACH

- Relativity Space
- Globemaster Corridor Plan

TKC TEAM



We believe the formula for a winning team is balance.

The Klabin Company is a blend of the most seasoned pros in Southern California and individuals whose outstanding performance will continue to drive the organization forward for years to come.



To learn more about our exceptional professionals visit [Klabin.com/our-team-1](https://klabin.com/our-team-1)



FROM GRAND IDEAS TO GRAND OPENING
THE KLABIN TEAM PROVIDES

Property Representation
Tenant / Buyer Representation
Multi-Market Services

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