

MARKET UPDATE

Q4 2021

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 **RAPID RATE INCREASES**
Historic demand and limited supply has driven rate increases of almost 20% in the quarter. Rates are up over 50% YTD.

02 **PORT CONGESTION**
With 50+ ships at anchor awaiting a berth...where will the goods go when they are unloaded?

03 **INFLATION & RATES**
With interest rates and inflation rising, demand for assets continues to drive prices.

04 **MONEY SUPPLY**
How will the Fed's policies affect CAP rates and consumer demand?

05 **DELAYS**
Everything seems to be delayed. Construction delays and labor shortages are adding stress to an already limited supply of industrial assets.

ACTIVE INDUSTRIES

 E-COMMERCE

 RETAIL GOODS

 FOOD & BEVERAGE

 CONSTRUCTION SERVICES

 THIRD PARTY LOGISTICS

 TECHNOLOGY

 MANUFACTURING

 TRUCKING

 PPE

THE KLABIN COMPANY

RESET BUTTON? NOT SO FAST



MATT STRINGFELLOW, SIOR
PRINCIPAL

While it feels appropriate to hit the reset button to start the new year, I think it's safe to say that everything we learned over the last year will ring true in 2022. We've safely made it through the holidays, and it seems that for the most part, Santa made all his stops and delivered the goods. There was enough concern and attention given to supply chain issues that everyone ordered early and often, and suppliers, manufacturers and retailers kept up for the most part. Naturally, there's more freight headed this way which will keep volumes and congestion at the port consistent with the trailing six months. Add in Return Logistics and it's safe to say that we'll all be busy through the summer.

With some institutional investors underwriting as much as 20% rent growth, we will see new pricing records set across the board with land values in the South Bay soon to reach \$200.00 PSF. If you aren't already on the Kool-Aid bus, now's the time. Hop on the rocket and ride it to the moon (or Mars) where there's endless kegs of Kool-Aid, rainbows, unicorns, and space robots now being designed and built in Torrance.

Of course, it's not so rosy for tenants who these days

are faced with frightening rent increases. That being said, they are somehow stomaching these new rates and marching onward. Hail to the consumer!

After weathering the COVID-19 pandemic, the question is, what's to slow us or stop us. There's always the threat of conflict and political strife abroad which would disrupt the supply chain but also lead to further onshoring and nearshoring and an increase in demand and values in the US. Perhaps more concerning, as we learned in 2021, weather events can paralyze markets by disabling utilities and disrupting trucking and railway lines throughout a region (e.g., Texas). An already stressed supply chain was compounded by a severe weather event. We can't predict risk, but we'll have to plan for it as it's safe to say that greater frequency and severity of climate events and hazards will create more disruptions in the global supply chains, thus interrupting production, raising costs and prices, and hurting corporate revenues. With that, let's plug in 20% rent growth for the next five years!



LEASE INTELLIGENCE



19901 WESTERN AVE. TORRANCE, CA

Lease Comparable

TENANT	DSV-Panalpina
LANDLORD	Sares-Regis Group
SIZE	295,000 SF
TERM	120 Months
START RATE	\$1.40 NET
RENT ADJUSTMENT	4% Annual Increases



2910 PACIFIC COMMERCE DR. RANCHO DOMINGUEZ, CA

Lease Comparable

TENANT	KCC Transport Systems
LANDLORD	Blackstone
SIZE	150,000 SF
TERM	61.5 Months
START RATE	\$1.35 NET
RENT ADJUSTMENT	4% Annual Increases



18291 S SANTA FE AVE. RANCHO DOMINGUEZ, CA

Lease Renewal

TENANT	CH Robinson
LANDLORD	First Industrial Realty Trust
SIZE	141,000 SF
TERM	36 Months
START RATE	\$1.69 NET
RENT ADJUSTMENT	4% Annual Increases



225 S AVIATION BLVD. EL SEGUNDO, CA 90245

Lease Comparable

TENANT	Varda Space Industries
LANDLORD	Apollo Associates
SIZE	61,104 SF
TERM	120 Months
START RATE	\$1.85 NET
RENT ADJUSTMENT	3.25% Annual Increases



**1180 SPRING ST.
LONG BEACH, CA**

Lease Comparable

TENANT	Fabric
LANDLORD	Duke Realty
SIZE	40,850 SF
TERM	85 Months
START RATE	\$1.60 NET
RENT ADJUSTMENT	4% Annual Increases



**2555 DOMINGUEZ HILLS DR.
COMPTON, CA**

Lease Comparable

TENANT	Skinn Cosmetics
LANDLORD	Alere Property Group
SIZE	25,854 SF
TERM	61 Months
START RATE	\$1.55 NET
RENT ADJUSTMENT	Leased immediately at \$.90 PSF Net.

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

Class A

\$1.75+ N PSF

Class B

\$1.60+ N PSF

Class C

\$1.20 N PSF

**50,000+
SQUARE FEET**

Class A

\$1.75+ N PSF

Class B

\$1.50+ N PSF

Class C

\$1.00+ N PSF

SALE INTELLIGENCE



3815 SCHAUFELE AVE. LONG BEACH, CA

Sale Comparable

BUYER	Cabot Properties
SELLER	The Kong Company
SIZE	97,250 SF
SALE PRICE	\$616.97 PSF

NOTES: 5-year sale leaseback. 2.7% CAP.



4240 190TH ST. TORRANCE, CA

Sale Comparable

BUYER	Rexford Industrial
SELLER	ZKS Real Estate Partners
SIZE	307,487 SF
SALE PRICE	\$244.89 PSF

NOTES: Leased at below market rates. 2.9% CAP.

USER PRICING

User sale prices are turbulent

\$400+ 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



**19302 LAUREL PARK RD.
RANCHO DOMINGUEZ, CA**

Lease Comparable

TENANT Pacific Coast Container
LANDLORD First Industrial Realty Trust
SIZE 3.98 Acres
START RATE \$.75 NET

NOTES: Over 10 offers received.



**14725 S MAPLE AVE.
GARDENA, CA**

Sale Comparable

BUYER Terreno Realty Corp.
SELLER Dominique Claessens
SIZE 2.3 Acres
SALE PRICE \$137.74 PSF

NOTES: Guidance on asking rate \$.90 PSF Net.

CURRENT LAND VALUES

Land Values
Above \$150 PSF

*Surface Use Lease
Rates Are Above*
75¢ 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*



KLABIN



**SPACE DEMANDS
SHOULDN'T
THREATEN
YOUR BUSINESS
OBJECTIVES**

FORTUNATELY, WE HAVE THE EXPERTISE YOU NEED.

KLABIN.COM | 310.329.9000

19700 S. Vermont Avenue, Ste. 100, Torrance CA, 90502 | CORPORATE DRE 00824993

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

FEBRUARY 2022

Existing Buildings



	ADDRESS OWNER	SIZE	OFFICE	CEILING HEIGHT	SPKLR	YARD DEPTH	TH POS	RENT/ PRICE	N TO G (EST.)	COMMENTS
1	350-390 Manville St., Compton Prologis (12/21) Occupied	100,016	5,100	24'	Yes	125'	14	\$1.50 N	\$.32	Available 4/1/22. Class B.
2	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.
3	20212 Rancho Way, Rancho Dominguez Carson Companies (1/22) Occupied	103,262	3,994	27'	.60/2000	120'- 240'	22	TBD	\$.18	Larged 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 4/1/22. Office available 4/1/23. Racking in place. Class A.
5	220 W Victoria St., Compton Prudential Financial (11/21) Occupied	111,000	14,652	21'	.45/3000	Varies	16	\$1.75N	\$.29	Loading on two sides. Available 4/1/22. Class B.
6	18111 S Santa Fe Ave., Rancho Dominguez William Harmsen (9/21) Occupied	136,980	6,135	22'-28'	.33/4000	123'-133'	5	\$1.50 G	N/A	Owner to add 12 DH via well. Available 3/1/22 Class B.
7	2100 W 195th St., Bldg 3, Torrance Sares-Regis (10/21) Occupied	146,919	24,000	32'	ESFR	145'	18	TBD	\$.28	High image office. Available 7/1/22. Class A.
8	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.
9	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.
10	2201 E Dominguez St., Carson Prologis (2/21) Occupied	272,910	40,110	24'	.45/3000	125'	24	\$1.45 N	\$.25	Distribution building. Available 6/1/22. Class B.
11	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.
12	1452 W Knox St., Torrance Prologis (11/21) Occupied	428,952	TBD	30'	ESFR	173'	62	TBD	TBD	Available Q1 2023. Class A.
13	2400 E Wardlow Rd., Long Beach Goodman (1/22) Vacant	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	14220 S Main St., Los Angeles Bridge Development (6/20)	100,528	10,610	32'	ESFR	137'	12	\$2.00 N	\$.31	Estimated completion Q1 2022.
2	19301 Prarie Ave., Torrance Kearny (8/19)	106,833	15,000	32'	ESFR	140'	17	TBD	TBD	Estimated completion Q4 2022.
3	1810 195th St., Torrance Sares-Regis (12/20)	107,140	13,000	32'	ESFR	145'	18	TBD	\$.28	Estimated completion Q1 2022.
4	159 Rosecrans Ave., Los Angeles Bridge Development (6/20)	107,733	10,000	32'	ESFR	138'	14	\$2.00 N	\$.31	Estimated completion Q4 2022.
5	1355 W Sepulveda Blvd., Torrance Bridge Development (9/21)	174,211	9,644	36'	ESFR	135'	21	TBD	TBD	Estimated completion Q4 2022.
6	20850 S Normandie Ave., Torrance Bridge Development (3/18)	203,877	TBD	36'	ESFR	178'	21	TBD	TBD	Estimated completion Q3 2022.
7	19501 Prarie 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	2112 E 223rd St., Bldg B, Carson Panattoni (7/21)	97,000	7,000	32'	ESFR	120'	15	TBD	TBD	Planned. Estimated completion Q4 2022. Shared yard.
2	2550 Orange Ave., Signal Hill Centerpointe (12/21)	100,147	BTS	36'	ESFR	TBD	17	TBD	TBD	Planned. Estimated completion Q1 2024.
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.
5	2112 E 223rd St., Bldg A, Carson Panattoni (7/21)	134,000	7,000	32'	ESFR	133'	23	TBD	TBD	Planned. Estimated completion Q4 2022.

STRONG RELATIONSHIPS LEAD TO COMPLETION OF \$75.3 MILLION SALE OF FULLY LEASED, MULTI-TENANT INDUSTRIAL PROPERTY IN TORRANCE

The Klabin Company and Newmark work closely on finalizing the transaction for ZKS Real Estate Partners, LLC, sellers of the 307,787 square-foot building in the heart of the South Bay.

The Klabin Company/CORFAC International today announced it negotiated the \$75.3 million sale of a 307,487 square-foot fully leased, multi-tenant industrial property at 4240 W.190th Street in Torrance.

The Klabin Company's David Prior, SIOR, Todd Taugner, SIOR, and Frank Schulz, SIOR, served as the local market experts and were an integral part of the brokerage team that represented the seller, ZKS Real Estate Partners, LLC. The team also included a group of capital markets experts from Newmark: Bret Hardy, Andrew Briner, Kevin Shannon, Jim Linn and Scott Schumacher served as the institutional investment contacts.

The buyer was Rexford Industrial Realty, Inc. (NYSE), a real estate investment trust focused on creating value by investing in and operating industrial properties throughout Southern California infill markets.

The building at 4240 W. 190th sits on 11.4 acres of land in the heart of the South Bay, one of the leading industrial submarkets in the world. The region holds a remarkable vacancy rate of less than one percent with access to six million residents within in a 20-mile radius and extremely limited land available for new industrial development.

The property is near the two busiest seaports in North America, LAX, the fourth ranked airport in the U.S. for cargo volume and has immediate access to Interstates 405 and 110. The facility features significant dock-high and grade-level loading, a large yard area and future rail-service potential.

"We were involved with this sale because of our history with the property," said Prior. "We sold the building to ZKS in 1995 and have marketed it for them ever since. Just last year we finalized a lease extension with the primary tenant in the building, so we are extremely familiar with the property and its history, which was very helpful to the buyer, Rexford Industrial. Working with Newmark made for a smooth transaction, as we respect and get along with them very well. The Rexford team was exceptionally professional in a very competitive market and our client, ZKS, worked hard to ensure the transaction was completed in a timely manner. It could not have gone any better."

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





JH LOGISTICS SECURES MULTI-YEAR LEASE OF FREESTANDING BUILDING AT DUKE INDUSTRIAL CENTER IN RANCHO DOMINGUEZ

The Klabin Company represents the Landlord, Duke Realty Corporation, in the 62-month lease for 70,640 square feet valued at more than \$5.7 million.

The Klabin Company/CORFAC International today announced it negotiated a lease on behalf of Duke Realty for its industrial building at 18700 S. Laurel Park Road in Rancho Dominguez, Calif.

The Klabin Company's Frank J.H. Schulz III, SIOR, David Prior, SIOR, Todd Taugner, SIOR, and Nick Buss represented Duke Realty Corporation (NYSE: DRE) in the 62-month lease transaction for 70,640 square feet of space valued at more than \$5.7 million. The tenant, JH Logistics, a global cargo agent and logistics provider, was represented by Priming Capital Realty.

Duke Realty, the largest pure-play, domestic only, logistics REIT in the United States, specializes in the ownership, management and development of high quality, modern logistics real estate.

The Company is publicly traded on the NYSE under the symbol DRE and is listed on the S&P 500 Index. Duke Realty owns interests in 543 logistics properties encompassing 163.2 million square feet in 19 major logistics markets.

JH Logistics, which is expanding operations from a nearby location in Compton, will use the free-standing building, part of the Duke Industrial Center, to manage its customer's supply chain management needs around the globe. Founded in 1999, JH Logistics' air and ocean businesses include diverse transportation services such as international freight forwarding, supply chain management, special product services and warehousing.

"We are proud to represent Duke Realty, a best-in-class owner of industrial real estate," said Schulz. "The entire Duke team has a strong commitment to providing the very best customer service and a fully maintained building, so it's no surprise that there were several lessors seeking this property. With a prime industrial location close to two major freeways, expansive yard, eight dock-high positions and many more attractive amenities, the building is exactly that JH Logistics was looking for as it expands its operations."

A NEW ERA FOR KLABIN

fierce

[firs]

- *having or displaying an intense or ferocious aggressiveness*

Last year marked a major milestone for The Klabin Company. It was our 60th anniversary and a proud moment for all of us. However, rather than throw a party or make a big splash, we chose to look inward; to reflect on where the company has been and where we are headed. After 60 years of success, we concluded it's time to take a fierce step forward; fierce in a way that honors our legacy while moving ahead with a powerful and aggressive intensity that allows us to grow our leadership position in the industry

We've spent the last several months looking at our brand identity, analyzing how it reflects our core values, strengths and ethos as a company. Today, we are pleased to introduce our new look. We've made updates to our company mark to be bolder and more modern. You'll see that we've retained the tiger logo and our recognizable blue color but have strengthened how we display our name, honing-in on our core identity and brand positioning. This is a mature and natural evolution of the Klabin brand identity to match our current culture and strategy, while not losing touch with our historic roots.

The new branding has immense versatility in its ability to stand out in both digital and print mediums, setting us up for success in the evolving landscape of commercial real estate. It signifies our ability to leverage technology, hard work and market expertise to get the job done, even in the most competitive market conditions.

Built on the principles of an open and enduring culture, we've maintained our independence as a privately-owned business since 1961. Unlike most commercial real estate brokerages, we emphasize how the sharing of information, experience and relationships among all our colleagues works to everyone's advantage. We are dedicated to the needs of our clients, and through this commitment, have remained successful for decades.

We're entering the next 60 years with a fresh look and the same unwavering dedication to our core principles that continue to position us as a respected leader in the industrial market.

Here's to the next chapter.



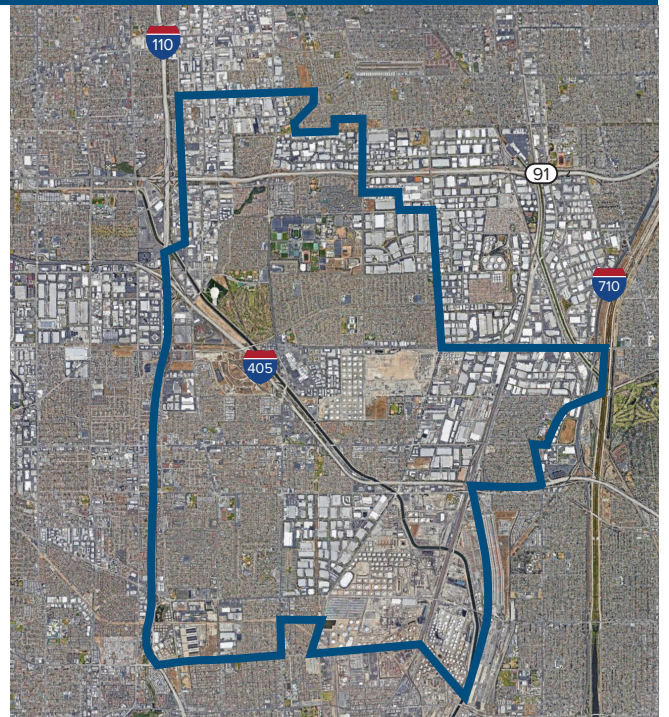
WITH A FIERCE
STEP FORWARD

SUB-MARKET HIGHLIGHT CARSON



The City of Carson was incorporated in 1968 and is home to one of the largest and most diverse industrial real estate markets in California. In Carson, businesses can find everything from small, functional incubator units for their machine shop or on-line fulfillment business, to new port related distribution centers.

Carson's proximity to three major freeways and the Los Angeles/Long Beach Port Complex has long fueled strong demand across all size ranges, driving vacancy rates to historic lows, and industrial property values to historic highs. Carson boasts the largest industrial footprint of any city in the South Bay, with over 35 million square feet of industrial. The city is currently reviewing entitlements for several development projects that will deliver over 750,000 square feet in the next two years.



HOT TOPICS IN CARSON

- The future of the former landfill adjacent 405 Freeway
- Entitlement delays

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.



KLABIN



FIRST CLASS PEOPLE, FIRST CLASS PROPERTIES



KLABIN.COM

MAX. GROSS

32 500 KG

71 650 LBS

TARE

2 850 KG

6 280 LBS

500 KG
650 LBS

500 KG
650 LBS



KLABIN

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19700 S. Vermont Avenue, Suite 100, Torrance, CA 90502

P 310.329.9000 **F** 310.329.9088

Corporate DRE 00824993