



Valbridge

PROPERTY ADVISORS



QUARTERLY MARKET UPDATE

LOS ANGELES - INLAND EMPIRE 3Q21

The third quarter of 2021 saw the economy in Southern California truly adapting to the effects of the pandemic. Multiple sectors and industries are beginning to make important structural changes to return to full functionality while others are pivoting to adapt to what appears to be a new normal.

Many sectors within the Los Angeles and Inland Empire areas are stabilizing for the first time since the beginning of 2020. Ecommerce, as destructive as it has been for traditional retail, continues to buoy industrial sectors in both the Los Angeles and Inland Empire areas as some of the world's largest retailers claim space next to some of the nation's most valuable distribution ports. Retail and office rates remain underwhelming, but investors are capitalizing on the decline by flipping obsolete spaces for alternative means. Meanwhile, multifamily spaces are returning to traditionally strong rates as the entertainment and tourism industries crank back up to pre-pandemic levels of operation.

In the following pages, we outline the major market trends in the Los Angeles and Inland Empire market sectors, along with key indicators. In today's quickly changing environment, we remain ready to assist you with your commercial real estate valuation needs at any time.

VALBRIDGE PROPERTY ADVISORS | LOS ANGELES-INLAND EMPIRE

Calvin Cummings, MAI, Senior Managing Director

825 Colorado Blvd., Suite 243, Los Angeles, CA 90041

LA@valbridge.com • (626) 486-9327

www.valbridge.com

INDUSTRIAL

LOS ANGELES

- The **Los Angeles industrial sector has remained a strong performer** throughout the pandemic as local ports handle 78% of West Coast container volume and nearly a third of all imports to the U.S.
- Recent transactions with aerospace and defense companies are keeping **industrial vacancies extremely low**, remaining favorable to landlords for the foreseeable future.
- Asking **rents are increasing well above the national rate** at 7.5% compared to last year's rate of 6.7%. This is a significant occurrence in submarkets where industrial users compete with other property types.
- Following last year's \$5.6 billion in volume, **this year saw the third highest dollar volume ever for industrial transactions**, at \$5.4 billion.

INLAND EMPIRE

- **Sales activity in the Inland Empire industrial sector has bounced back** after temporarily pausing during the pandemic.
- Throughout the past year, **net absorption has grown to 30.3 million SF**, while rent has increased 10.8%.
- **Demand for industrial space continues to rise** as logistics and e-commerce companies continue to see explosive growth.
- A large portion of the industrial growth within the Inland Empire comes from large retailers like Amazon **seeking larger spaces for new warehouses and distribution centers**.
- Rent on logistics buildings with at least 200,000 SF **are about 30% higher in the Inland Empire** than in the rest of the nation.

OFFICE

LOS ANGELES

- The **Los Angeles office space sector continues to see rising vacancies** as rental rates continue to fall from the peak in 1Q20.
- This is the steadiest decline experienced by the office sector in nearly a decade, **with a vacancy of nearly 9.3 million SF**.
- **Asking rates still remain above the national average** at \$41.00/SF, but landlords will find difficulty pushing rental rates higher for the upcoming terms.
- Recently, **investors have shown a willingness to keep their bets** in the industrial sector despite the current downturn, and distressed properties remain few.
- The upcoming terms will determine the future of office space in not only the Los Angeles area, but also the nation. **The rise in work-from-home culture has and will continue to change the nature and structure of office demand.**

INLAND EMPIRE

- The Inland Empire office vacancy rate has **remained steady throughout the year at 7.2%** by serving local firms and government establishments.
- **Overall rents have grown by 2.6% over the past year** with the majority of the gains in areas with freeway access or proximity to desirable neighboring areas like Los Angeles and Orange counties.
- **Market prices have grown 2.5% year-over-year** as medical buildings continue to account for some of the largest transactions.
- Vacancies could potentially **continue to rise as local companies continue to evaluate their office space needs** throughout the upcoming terms.

RETAIL

LOS ANGELES

- The **Los Angeles retail sector has had a strong quarter**, with net absorption positive for the first time in two years and a sustained increase in gross leasing activity.
- Asking rents have declined to \$33.00/SF since the pandemic, but **remain at a steady 50% above the national average** of \$22.00SF.
- Los Angeles retail property seems largely immune from the widespread retail downturn of the pandemic, experiencing the highest sales volume in the country over the past 12 months, with **sales volume totaling \$4.7 billion**.
- Average market cap rates for the retail sector, currently residing at 5.4%, are **far below the national average of 7.0%**.

INLAND EMPIRE

- The Inland Empire Retail sector is experiencing one of the **highest vacancy rates in the nation** as compared to other metro areas with populations over one million.
- **Roughly 40% of the Inland Empire's retail inventory is in neighborhood centers** to serve local demand and consumers outside of the modest number of leisure travelers, and is suffering.
- **Asking rents grew by 5% over the past 12 months**, and the pace of job growth is expected to also rise.
- As more retail spaces become obsolete, developers who repurpose these facilities into mixed-use projects are **continuing to show interest in the sector**.

MULTIFAMILY HOUSING

LOS ANGELES

- After experiencing the worst conditions in a decade for the Los Angeles multifamily sector, the **apartment market is seeing notable improvements**.
- **Vacancies have shown enormous improvement** by dropping from the peak of 6% in 2020 to 3.8%.
- **Asking rent rates have declined by 2.5%**, with rates averaging around \$2.46/SF at the end of 3Q21.
- **Average market cap rates and average market pricing are both outperforming the national rate**, with the market price holding at \$380,000/unit and the market cap rate falling to 4.2%.

INLAND EMPIRE

- **Sales volume for the Inland Empire multifamily sector has increased by \$400,000 over the last year**, yet remains underneath pre-pandemic margins.
- Vacancies have fallen to 2.0%, with every other submarket remaining at 3.0%. **Rent gains have increased by 14.8% over the past year**.
- **The market price for Inland Empire multifamily housing is growing faster than the national average** with an increase of nearly 12% year over year.
- **Market cap rates have been reported at 4.3%**.

LOS ANGELES INDUSTRIAL TRENDS

Overview

LOS ANGELES INDUSTRIAL

12 Mo Deliveries in SF **4.1M** 12 Mo Net Absorption in SF **10.6M** Vacancy Rate **2.3%** 12 Mo Rent Growth **5.7%**

KEY INDICATORS

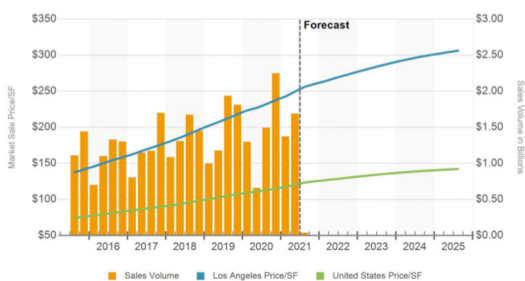
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	631,360,330	1.9%	\$14.43	2.8%	(610,352)	0	4,217,899
Specialized Industrial	254,865,644	1.3%	\$14.44	2.1%	16,920	0	31,541
Flex	57,007,880	5.5%	\$22.25	7.1%	13,558	0	85,500
Market	943,233,854	1.9%	\$14.90	2.9%	(579,874)	0	4,334,940

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-1.1%	3.8%	1.6%	5.7%	2010 Q1	1.9%	2021 Q3
Net Absorption SF	13.8M	2,624,653	4,215,328	14,313,976	2021 Q3	(13,605,402)	2009 Q2
Deliveries SF	3.8M	5,441,401	6,056,269	13,603,736	2002 Q1	685,815	2011 Q1
Rent Growth	7.5%	4.0%	5.3%	8.6%	2016 Q1	-4.7%	2009 Q4
Sales Volume	\$7.6B	\$3.4B	N/A	\$7.6B	2021 Q3	\$980.3M	2009 Q3

Sales

LOS ANGELES INDUSTRIAL

SALES VOLUME & MARKET SALE PRICE PER SF



INLAND EMPIRE INDUSTRIAL TRENDS

Overview

INLAND EMPIRE INDUSTRIAL

12 Mo Deliveries in SF **16.7M** 12 Mo Net Absorption in SF **30.3M** Vacancy Rate **1.7%** 12 Mo Rent Growth **10.8%**

KEY INDICATORS

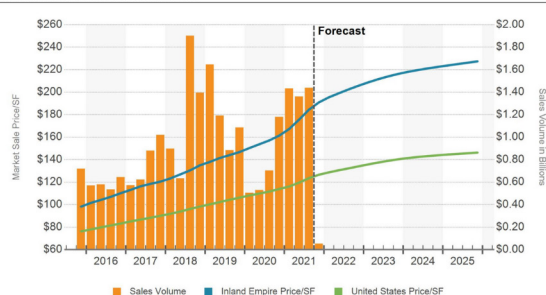
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	575,548,588	1.6%	\$9.99	5.2%	619,853	0	25,114,450
Specialized Industrial	101,541,133	2.0%	\$11.92	3.0%	(78,346)	0	1,031,110
Flex	15,196,732	4.0%	\$14.86	5.5%	10,575	0	0
Market	692,286,453	1.7%	\$10.37	4.9%	561,082	0	26,145,560

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-2.1%	6.4%	2.4%	12.4%	2009 Q3	1.7%	2021 Q4
Net Absorption SF	30.3M	18,029,962	22,740,444	30,293,509	2021 Q3	(495,047)	2009 Q1
Deliveries SF	16.7M	18,542,885	23,648,318	33,428,388	2006 Q4	1,345,120	2011 Q3
Rent Growth	10.8%	4.1%	5.6%	11.4%	2021 Q3	-8.8%	2009 Q4
Sales Volume	\$5.4B	\$2B	N/A	\$6.1B	2019 Q2	\$487.7M	2001 Q2

Sales

INLAND EMPIRE INDUSTRIAL

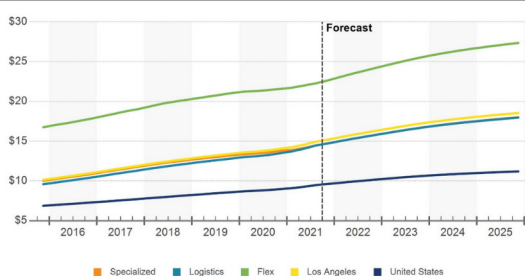
SALES VOLUME & MARKET SALE PRICE PER SF



Rent

LOS ANGELES INDUSTRIAL

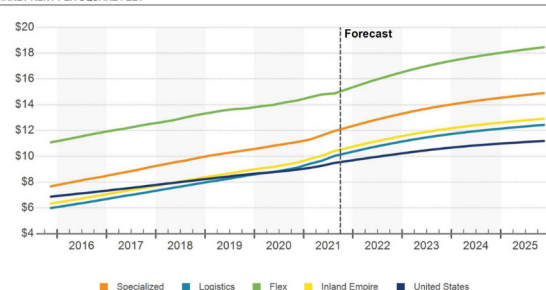
MARKET RENT PER SQUARE FEET



Rent

INLAND EMPIRE INDUSTRIAL

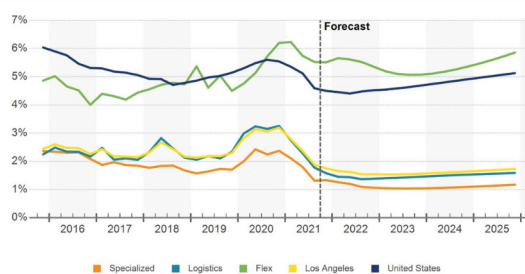
MARKET RENT PER SQUARE FEET



Vacancy

LOS ANGELES INDUSTRIAL

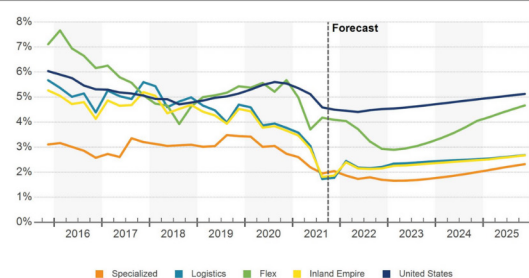
VACANCY RATE



Vacancy

INLAND EMPIRE INDUSTRIAL

VACANCY RATE



LOS ANGELES OFFICE TRENDS

Overview

LOS ANGELES OFFICE

12 Mo Deliveries in SF **19.9M** 12 Mo Net Absorption in SF **25M** Vacancy Rate **2.9%** 12 Mo Rent Growth **9.1%**

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	169,248,612	18.8%	\$47.57	23.7%	(6,942)	0	5,748,299
3 Star	155,705,558	12.2%	\$30.02	15.2%	(320,690)	0	432,665
1 & 2 Star	105,302,550	7.7%	\$33.92	9.6%	(150,698)	0	10,135
Market	430,256,720	13.7%	\$41.22	17.2%	(478,530)	0	6,191,099

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.1%	10.7%	14.2%	13.7%	2021 Q4	6.8%	2007 Q3
Net Absorption SF	(6.5M)	951,249	(2,079)	12,910,310	2000 Q1	(9,760,975)	2021 Q1
Deliveries SF	2.9M	2,367,099	1,806,619	4,462,310	2002 Q3	628,148	1997 Q1
Rent Growth	0.1%	3.3%	2.5%	14.9%	2007 Q3	-11.0%	2009 Q3
Sales Volume	\$4.3B	\$5.2B	N/A	\$11.5B	2017 Q3	\$762.6M	2009 Q4

INLAND EMPIRE OFFICE TRENDS

Overview

INLAND EMPIRE OFFICE

12 Mo Deliveries in SF **95.9K** 12 Mo Net Absorption in SF **337K** Vacancy Rate **6.8%** 12 Mo Rent Growth **2.6%**

KEY INDICATORS

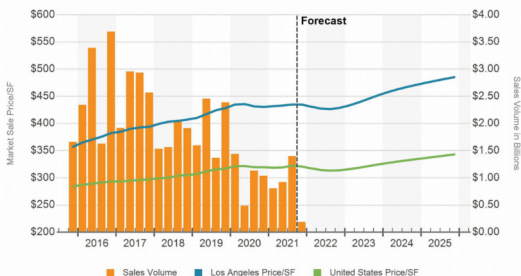
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	8,681,423	7.2%	\$31.72	11.2%	(25,842)	0	74,902
3 Star	36,425,787	7.5%	\$25.03	9.1%	17,006	0	119,699
1 & 2 Star	31,730,949	5.9%	\$19.05	7.2%	(19,334)	0	0
Market	76,838,159	6.8%	\$23.33	8.5%	(28,170)	0	194,601

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.3%	9.7%	6.5%	16.0%	2009 Q3	6.4%	2000 Q2
Net Absorption SF	337K	1,031,005	\$28.435	2,988,038	2005 Q4	78,508	2008 Q4
Deliveries SF	95.9K	1,161,205	\$29.010	4,558,516	2007 Q4	95,894	2021 Q3
Rent Growth	2.6%	2.3%	4.1%	10.6%	2001 Q2	-12.2%	2009 Q4
Sales Volume	\$551M	\$396.7M	N/A	\$717.8M	2015 Q4	\$105.8M	2009 Q4

Sales

LOS ANGELES OFFICE

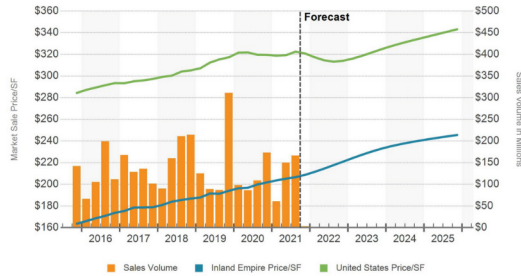
SALES VOLUME & MARKET SALE PRICE PER SF



Sales

INLAND EMPIRE OFFICE

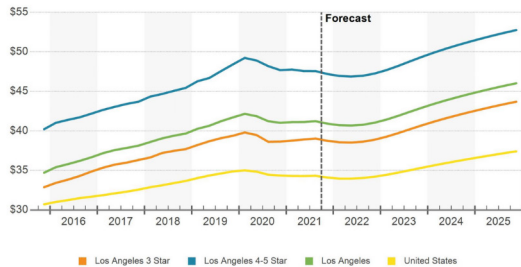
SALES VOLUME & MARKET SALE PRICE PER SF



Rent

LOS ANGELES OFFICE

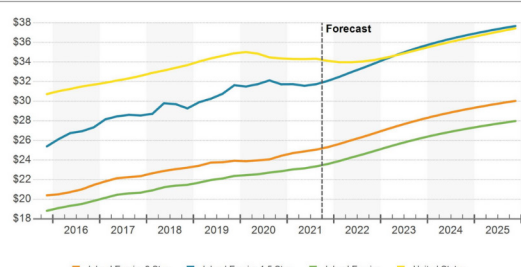
MARKET RENT PER SQUARE FEET



Rent

INLAND EMPIRE OFFICE

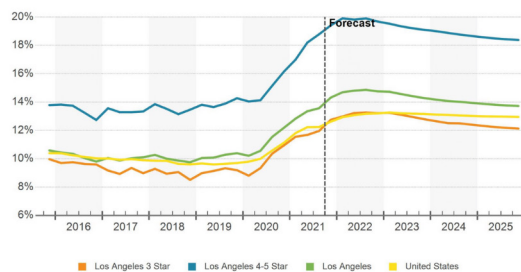
MARKET RENT PER SQUARE FEET



Vacancy

LOS ANGELES OFFICE

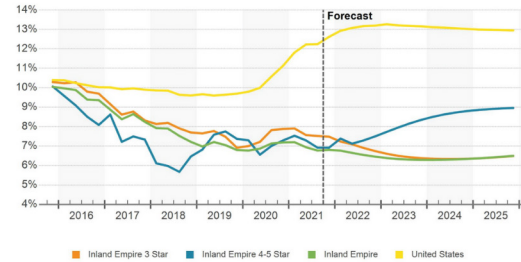
VACANCY RATE



Vacancy

INLAND EMPIRE OFFICE

VACANCY RATE



LOS ANGELES RETAIL TRENDS

Overview

LOS ANGELES RETAIL

12 Mo Deliveries in SF **788K** 12 Mo Net Absorption in SF **23.6K** Vacancy Rate **5.2%** 12 Mo Rent Growth **0%**

KEY INDICATORS

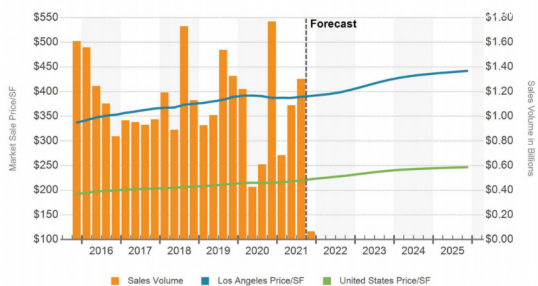
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	42,886,401	8.7%	\$43.51	6.8%	(212,560)	0	49,814
Power Center	23,871,759	3.8%	\$32.36	4.2%	19,200	0	4,200
Neighborhood Center	102,301,940	7.0%	\$31.10	8.5%	33,010	0	355,287
Strip Center	36,082,404	5.3%	\$29.14	6.0%	(15,253)	0	31,700
General Retail	239,189,203	3.9%	\$32.85	5.1%	(35,176)	0	1,184,996
Other	2,745,698	7.6%	\$38.88	9.2%	1,119	0	0
Market	447,077,405	5.2%	\$33.18	6.1%	(209,689)	0	1,625,997

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.1%	4.7%	4.7%	5.7%	2010 Q1	3.0%	2007 Q3
Net Absorption SF	23.6K	933,527	1,460,396	6,890,873	2007 Q3	(4,167,048)	2009 Q3
Deliveries SF	788K	2,307,796	1,645,539	6,518,801	2008 Q4	819,232	2021 Q3
Rent Growth	0%	1.2%	2.7%	5.4%	2007 Q2	-6.3%	2009 Q4
Sales Volume	\$4.8B	\$3.5B	N/A	\$5.7B	2015 Q2	\$979.6M	2009 Q4

Sales

LOS ANGELES RETAIL

SALES VOLUME & MARKET SALE PRICE PER SF



INLAND EMPIRE RETAIL TRENDS

Overview

INLAND EMPIRE RETAIL

12 Mo Deliveries in SF **779K** 12 Mo Net Absorption in SF **1.8M** Vacancy Rate **7.3%** 12 Mo Rent Growth **5.0%**

KEY INDICATORS

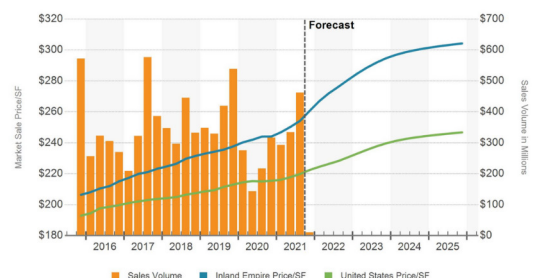
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	15,091,170	15.2%	\$29.22	9.4%	0	0	995,314
Power Center	20,143,805	6.6%	\$27.61	7.1%	0	0	17,000
Neighborhood Center	78,426,373	9.1%	\$23.69	10.2%	(2,980)	26,900	346,876
Strip Center	15,313,888	5.5%	\$20.54	7.2%	9,456	0	36,498
General Retail	66,510,691	3.6%	\$21.01	4.9%	(12,523)	5,660	688,732
Other	2,445,671	17.5%	\$24.08	17.4%	0	0	0
Market	197,931,404	7.3%	\$23.38	7.9%	(167,016)	32,560	1,684,420

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.6%	7.7%	6.9%	9.6%	2011 Q2	5.0%	2007 Q3
Net Absorption SF	1.8M	1,456,558	1,602,653	8,325,232	2007 Q1	(2,143,337)	2009 Q4
Deliveries SF	779K	2,126,180	1,770,853	7,281,119	2007 Q1	406,264	2011 Q1
Rent Growth	5.0%	0.1%	4.2%	6.3%	2007 Q1	-10.4%	2009 Q4
Sales Volume	\$1.4B	\$1.1B	N/A	\$1.6B	2015 Q4	\$397.2M	2010 Q1

Sales

INLAND EMPIRE RETAIL

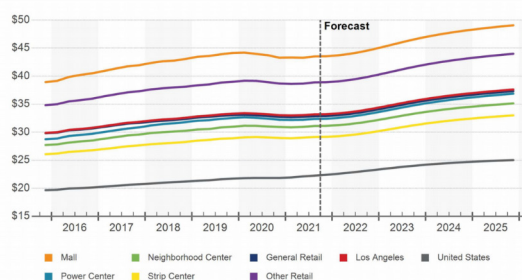
SALES VOLUME & MARKET SALE PRICE PER SF



Rent

LOS ANGELES RETAIL

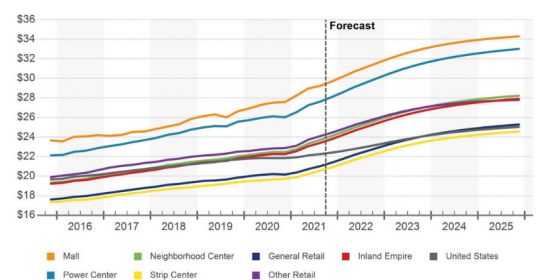
MARKET RENT PER SQUARE FEET



Rent

INLAND EMPIRE RETAIL

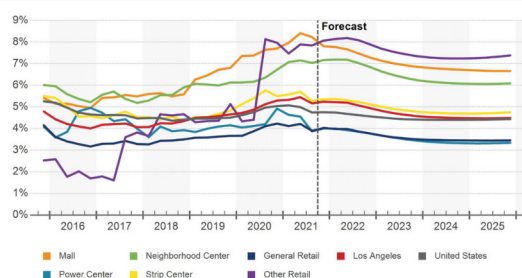
MARKET RENT PER SQUARE FEET



Vacancy

LOS ANGELES RETAIL

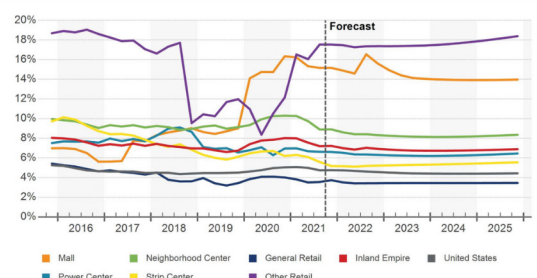
VACANCY RATE



Vacancy

INLAND EMPIRE RETAIL

VACANCY RATE



LOS ANGELES MULTIFAMILY TRENDS

Overview

LOS ANGELES MULTIFAMILY

12 Mo. Delivered Units **11,202** 12 Mo. Absorption Units **32,265** Vacancy Rate **3.8%** 12 Mo. Asking Rent Growth **5.6%**

KEY INDICATORS

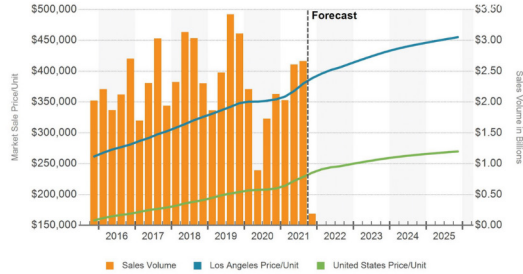
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	123,011	7.8%	\$3,186	\$3,145	640	393	23,005
3 Star	218,738	3.5%	\$2,219	\$2,208	170	0	2,759
1 & 2 Star	642,563	3.2%	\$1,581	\$1,574	243	0	12
Market	984,312	3.8%	\$2,671	\$2,656	1,053	393	25,776

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-2.2%	4.4%	3.4%	6.1%	2020 Q3	3.1%	2000 Q3
Absorption Units	32,265	4,411	13,223	31,638	2021 Q3	(5,705)	2002 Q1
Delivered Units	11,202	5,767	10,491	12,064	2021 Q1	888	2011 Q4
Demolished Units	111	578	562	1,554	2010 Q3	49	2002 Q2
Asking Rent Growth (YOY)	5.6%	2.5%	4.3%	8.1%	2001 Q1	-6.8%	2009 Q4
Effective Rent Growth (YOY)	6.3%	2.4%	4.4%	8.1%	2001 Q1	-6.8%	2009 Q4
Sales Volume	\$9.4B	\$6.2B	N/A	\$11.2B	2020 Q1	\$1.7B	2010 Q1

Sales

LOS ANGELES MULTIFAMILY

SALES VOLUME & MARKET SALE PRICE PER UNIT



INLAND EMPIRE MULTIFAMILY TRENDS

Overview

INLAND EMPIRE MULTIFAMILY

12 Mo. Delivered Units **789** 12 Mo. Absorption Units **2,719** Vacancy Rate **2.0%** 12 Mo. Asking Rent Growth **14.8%**

KEY INDICATORS

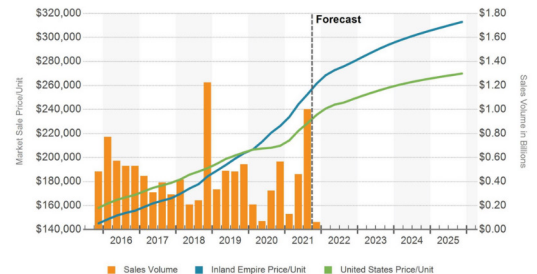
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	34,672	2.4%	\$2,416	\$2,407	72	125	3,229
3 Star	71,740	1.7%	\$1,871	\$1,866	(9)	0	93
1 & 2 Star	60,462	2.1%	\$1,231	\$1,227	2	0	0
Market	166,874	2.0%	\$1,826	\$1,820	65	125	3,322

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-1.2%	5.5%	2.8%	8.0%	2009 Q1	1.9%	2021 Q3
Absorption Units	2,719	1,805	1,154	6,221	2021 Q1	(146)	2011 Q4
Delivered Units	789	1,764	1,574	3,927	2005 Q3	16	2011 Q4
Demolished Units	0	69	71	296	2013 Q4	0	2021 Q3
Asking Rent Growth (YOY)	14.8%	3.9%	6.2%	15.0%	2021 Q3	-4.7%	2009 Q2
Effective Rent Growth (YOY)	15.1%	3.9%	6.2%	15.3%	2021 Q3	-4.7%	2009 Q2
Sales Volume	\$2.2B	\$1.1B	N/A	\$2.5B	2019 Q3	\$71.8M	2009 Q3

Sales

INLAND EMPIRE MULTIFAMILY

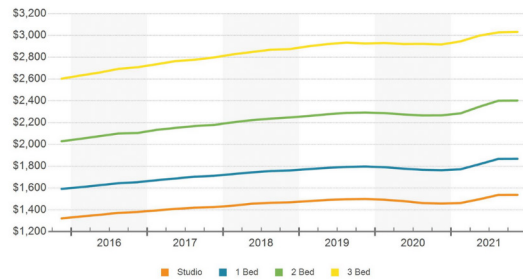
SALES VOLUME & MARKET SALE PRICE PER UNIT



Rent

LOS ANGELES MULTIFAMILY

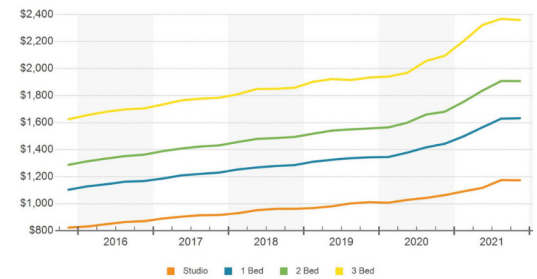
MARKET RENT PER UNIT BY BEDROOM



Rent

INLAND EMPIRE MULTIFAMILY

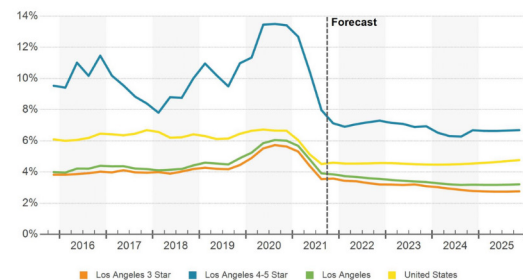
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Vacancy

LOS ANGELES MULTIFAMILY

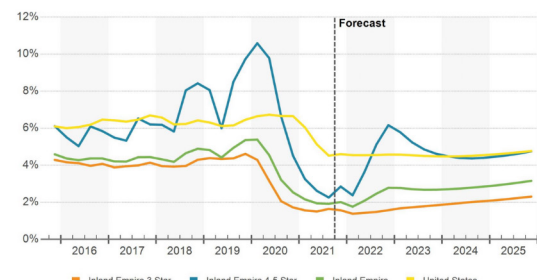
VACANCY RATE



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VACANCY RATE



DEEP DIVE | CHAINS OF SUPPLY

By Valbridge Property Advisors | Los Angeles-Inland Empire

These days, we hear a great deal about the supply chain - but what are the critical moving pieces from the commercial real estate perspective, and which sectors are being most impacted? In today's deep dive, we focus on how the stresses on the world's supply chain processes are affecting the industrial and retail sectors as we move into 4Q21.

SLOWING DOWN TO SPEED UP

Consumers have become accustomed to a model of supply and demand that moves quickly, whether delivering same-day shipping on household goods from Amazon or ensuring that lumber arrives to a construction site. Many of those industries rely on razor-thin margins of error in their timing and logistics, and a confluence of factors has led to bottlenecks, shortages, and delays. Prices for materials continue to rise, cargo containers are increasingly difficult to come by, factories in East Asia are understaffed as the pandemic continues to decimate the workforce, and competition for shipping and logistics access is becoming more brutal. The workers at the forefront of holding the supply chain together are struggling to keep up with the conditions of sky-high demand while also individually fighting a pandemic. Container ships wait at the ports of Los Angeles and Long Beach while workers are struggling to unload and distribute the materials faster and faster, moving to 24/7 operations to try and stem the tide.

The machine that is the supply chain is, of course, a process held together by hugely complex multinational processes. In late September, the International Chamber of Shipping (ICS) and other industry groups delivered an open letter to the heads of state attending the United Nations General Assembly and warned of a "global transport system collapse." All transport sectors are also seeing a shortage of workers and more are expected to leave as a result of the poor treatment millions have faced during the pandemic, putting the supply chain under greater threat.

Border regulations, variations in vaccination requirements, and long delays have shifted much of the burden to individuals, even as companies and consumers continue to add pressure. In one case, a chief officer of a shipping vessel and her crew had to do 10 Covid tests in seven days before they were allowed to enter the shipyard in Singapore for repairs last month. Maintenance was delayed by a week following a coronavirus outbreak at the port and the vessel is not expected to leave before mid October. In the meantime, the crew must remain on board the ship. Similarly, the world of long-haul trucking has seen a major impact from the pandemic, with many smaller operators pushed out of business.

Those who remain are struggling under the burden of a business model that pays by the mile, not by the hour - which means drivers are unpaid for lengthy port wait times, as well as for the time it takes to load and unload at backed-up logistics facilities.

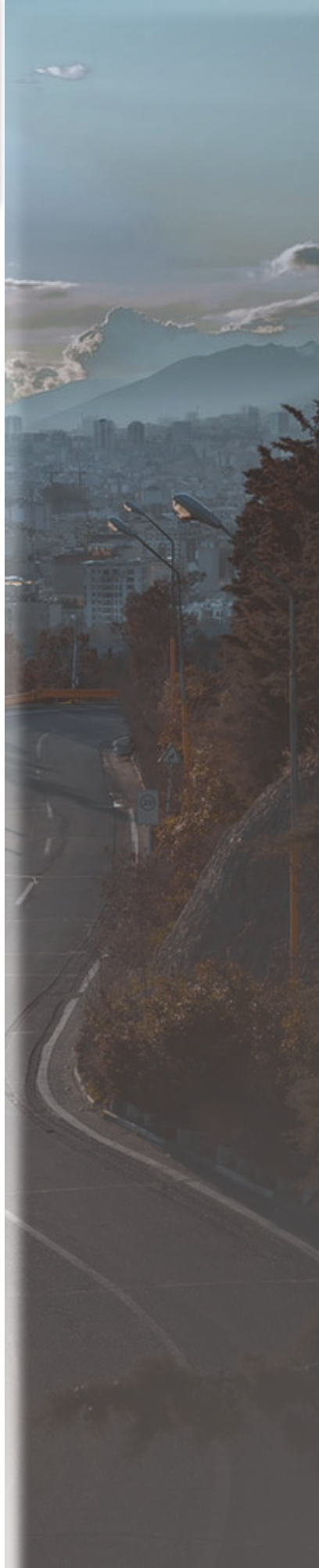
WHILE INDUSTRIAL ISSUES SNOWBALL, CHRISTMAS FACES RETAIL RISK

The U.S. first started to experience supply chain issues in early 2020, as Chinese factories began seeing the beginning effects of the coronavirus shutdowns. What began as a shortage of medical supplies for fending off COVID-19 in the U.S. quickly became its own chain linking shortages in every industry.

Ports continued to close and clog. Massive traffic jams slowed down truck drivers, and canal blockages like the Suez disaster slowed down shipping. VIP customers began requesting helicopter delivery as desperation spread throughout the nation, and many Los Angeles customers demanded quick priority service, adding more pressure.

These conditions are predicted to worsen as shoppers begin demanding even more materials for the upcoming Christmas season. Some retailers are encouraging early purchasing to account for the inevitable delays, while large firms with the financial wherewithal have been storing goods in their own warehouses, renting space for inventory, or even shifting to air freight or other pricier options. But these are options only available to large companies with deep pockets, which means smaller retailers are likely to suffer - said one analyst of this coming holiday season, "scale will be the pivotal differentiator" (via [Bloomberg](#)).

What does all this mean for the retail and industrial sectors in the Los Angeles and Inland Empire areas? With virtually no industrial space in the Long Beach area, demand for industrial space within the Los Angeles and Inland Empire continues to climb. As brick and mortar retailers struggle to fill shelves, online shopping is projected to reach an all time high, creating an extremely crucial time for the retail subsector. Consumer prices have grown almost 5 percent, with some types of goods showing much larger increases (via [The Atlantic](#)). Luxury and high-end retail is likely to hold steady, while smaller retail will feel the impacts most sharply. This will exacerbate declines in retail areas that cater to local, residential consumers, as those consumers either move online or turn elsewhere to find the goods they're seeking this holiday season. ■





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About Valbridge Women's Council

One of the many ways we seek to foster growth and inclusion at Valbridge is through our Valbridge Women's Council. The Valbridge Women's Council provides a platform for the growth and development of Valbridge Property Advisor's professional women through mentoring and education, national recognition, networking opportunities, and other resources that provide opportunities for advancement and self-improvement.

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