



Southern California retail market report

Q3 2024

**AVISON
YOUNG**

Southern California retail market trends

42.3msf

Direct Availabilities

Tenants in the market for brick-and-mortar retail space has steadily risen over the past five consecutive quarters, however that has yet to translate into leasing activity as net absorption remains in the negative for Los Angeles and the Inland Empire. On the bright side, both San Diego and Orange County showed positive absorption for Q3 2024.

Direct availabilities has increased in Q3 with 42.3 msf, showing there is still plenty of space to be filled. As more construction projects continue to be completed, we see an additional 2.0 msf of available space that was added from Q2 2024.

5.8%

Direct Vacancy Rate

As more construction has been completed, there is more direct vacant space across the market. Direct vacancies for Q3 2024 showed a slight increase across all Southern California markets, coming in at 5.8% for the region. The retail under-construction pipeline for Southern California totaled 2.6 msf across 50 properties.

Despite the additional inventory and availability, lease rates continue to increase across Southern California, posting an average asking triple net lease rate of \$28.24/SF on an annual basis in Q3 2024. This represents over a 15% increase since Q1 2021.

\$339

Sales Price Per Foot

Even though 2022 was a pinnacle year with four straight quarters of sales volumes above \$2B, rising interest rates and lending restrictions have created a slowdown in investment sales throughout 2023 and 2024.

The average sales price per square foot for retail properties across Southern California came in at \$339/SF. Retail sales volume for Q3 2024 was \$689M, which was about \$30M less than the prior quarter.



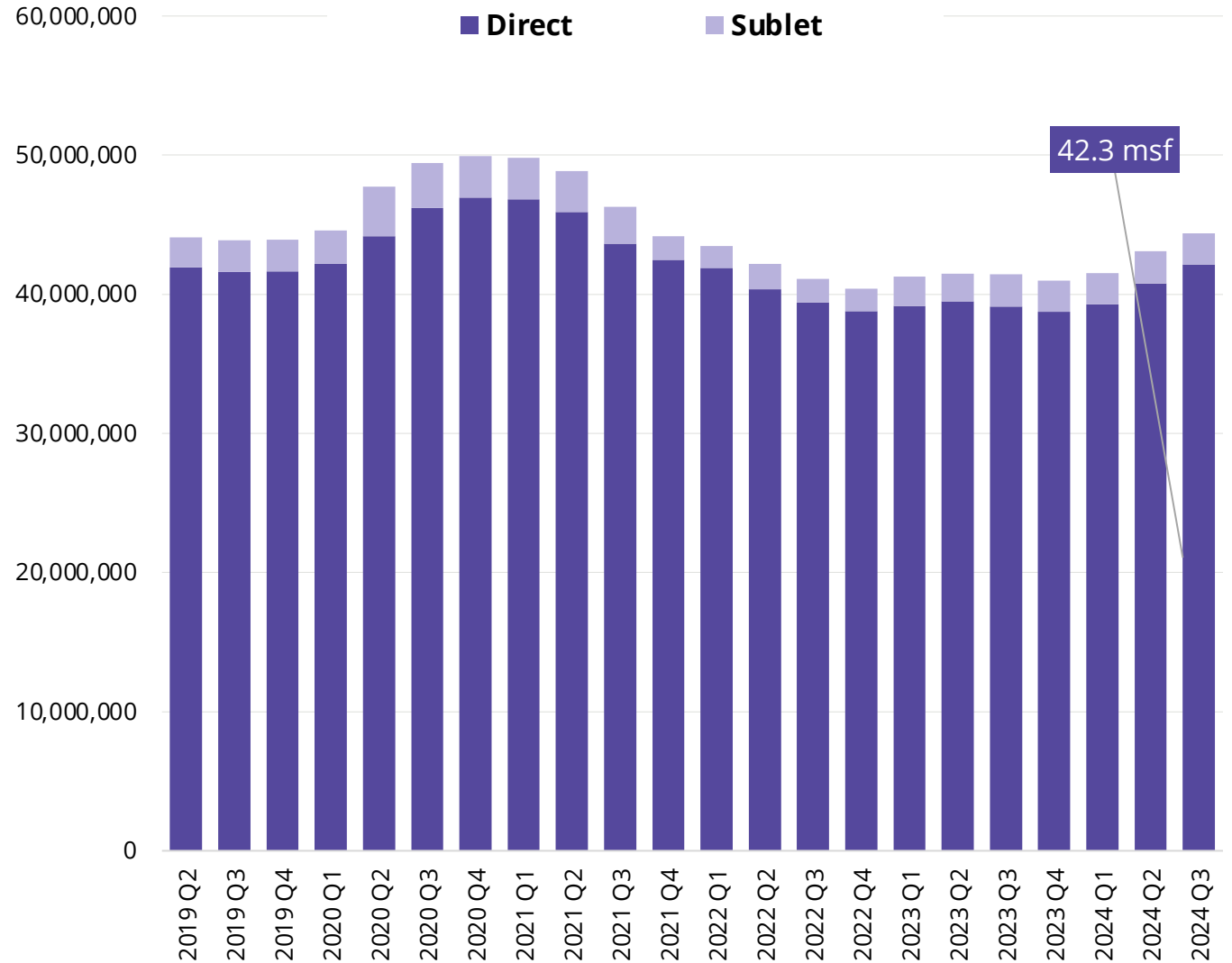
Southern California availabilities

42.3 msf

At the end of Q3 2024 there was 42.3 msf of direct available retail space and 2.24 msf of sublet space in Southern California.

Southern California inventory totaled 19,854 buildings totaling 696.0 msf at the end of Q3 2024. Deliveries checked in at 109,251 square feet for the third quarter of 2024, giving a total of 10.5 msf delivered to the market over the past five years.

Direct availabilities have increased in Q3 with 42.3 msf square feet, marking the third straight quarter of availabilities increasing throughout the Southern California retail market.



Source: AVANT by Avison Young, CoStar

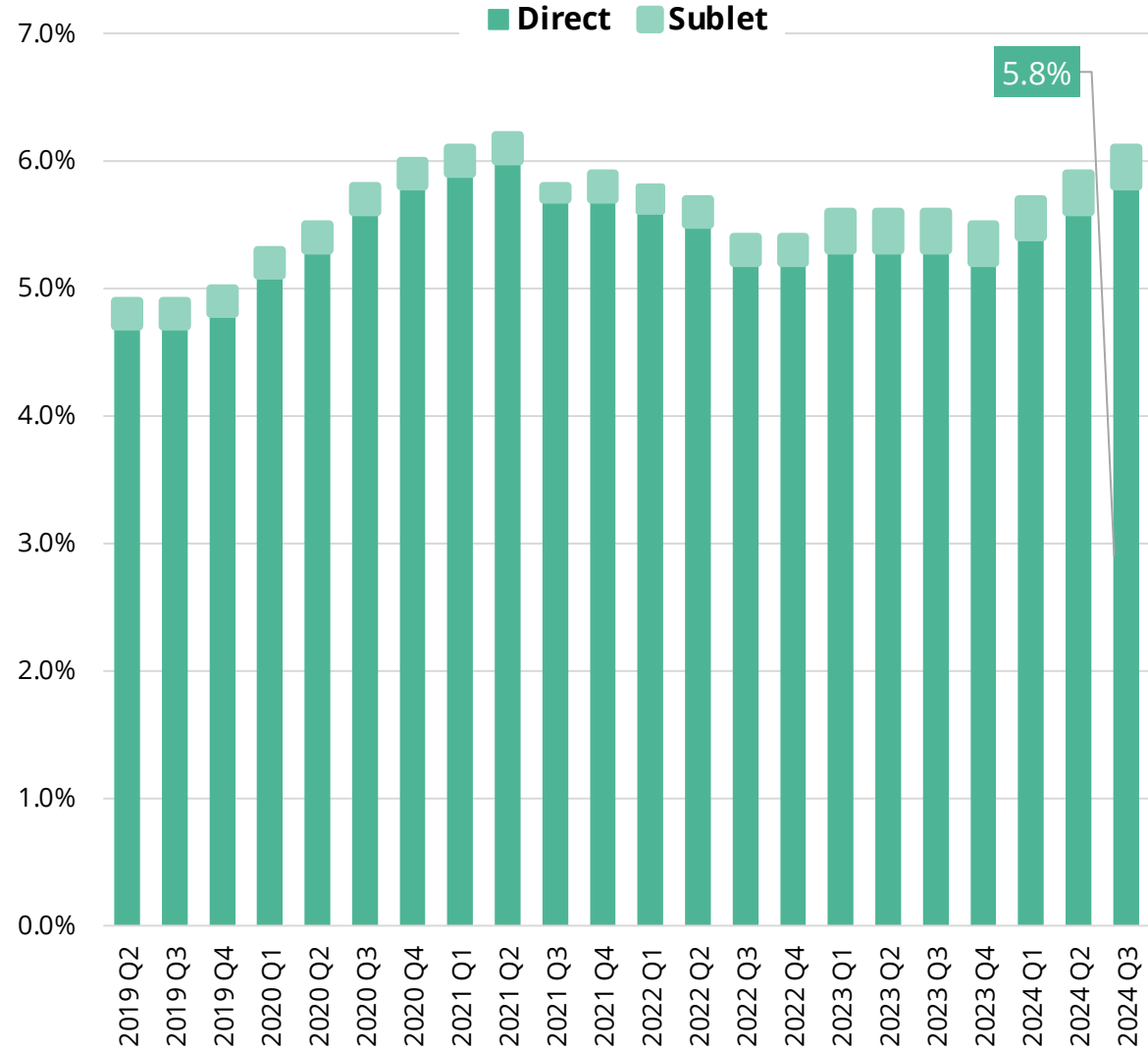
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Southern California vacancy

5.8%

The direct vacancy rate for Southern California sits at 5.8%.

As more construction has been completed there is more direct vacant space across the market. Direct vacancies for Q3 2024 showed a slight increase across all Southern California markets, coming in at 5.8% for the region. The retail under-construction pipeline for Southern California totaled 2.6 msf across 50 properties.



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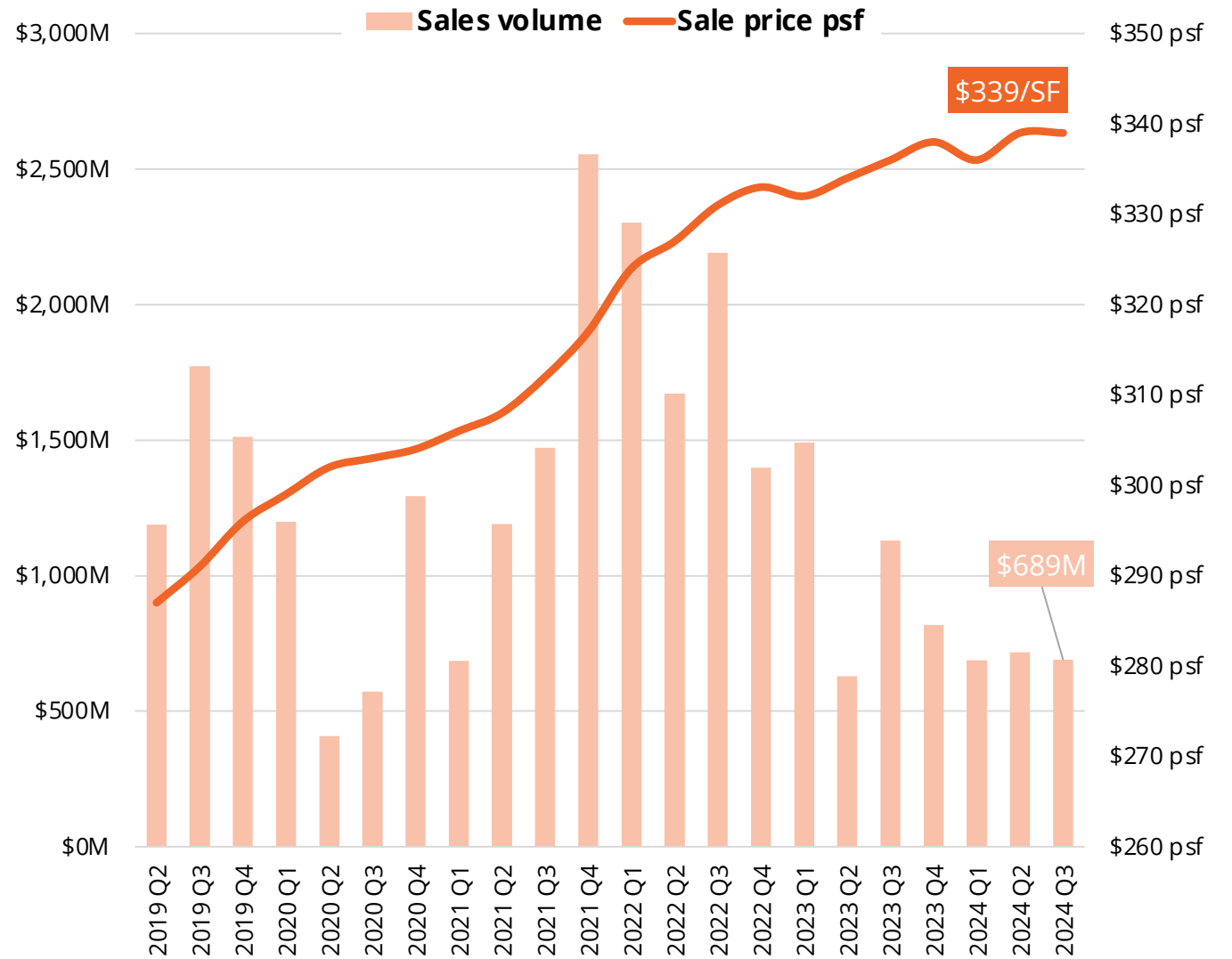
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Southern California investment sales activity and price

\$339/SF

The average price paid for retail buildings in Southern California came in at \$339/SF in Q3 2024.

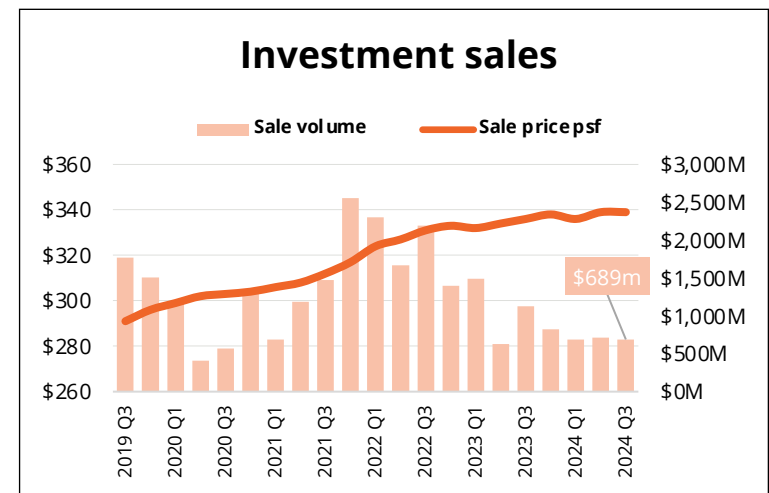
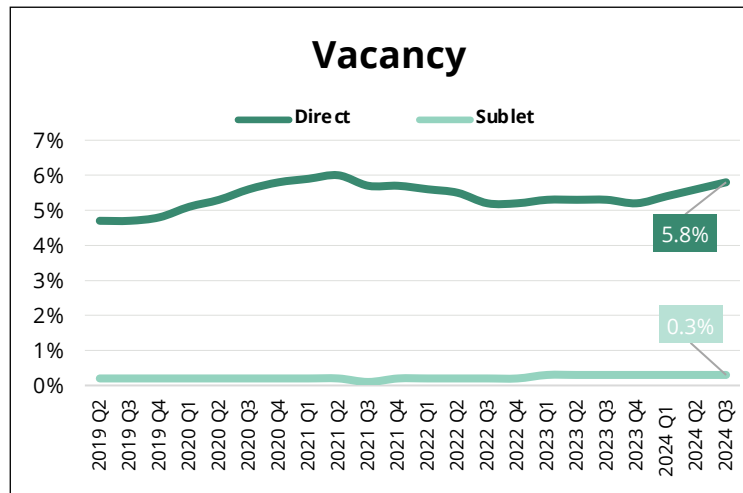
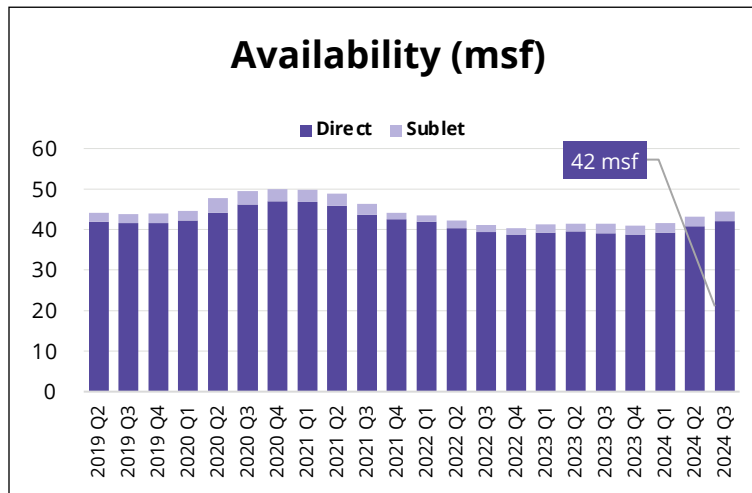
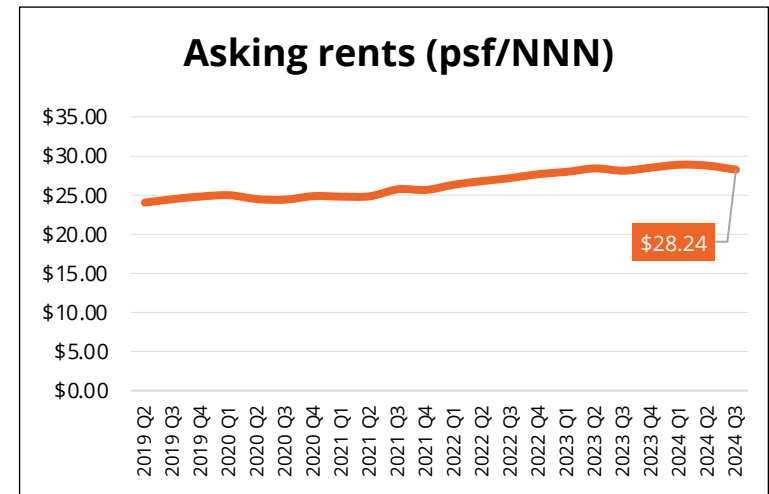
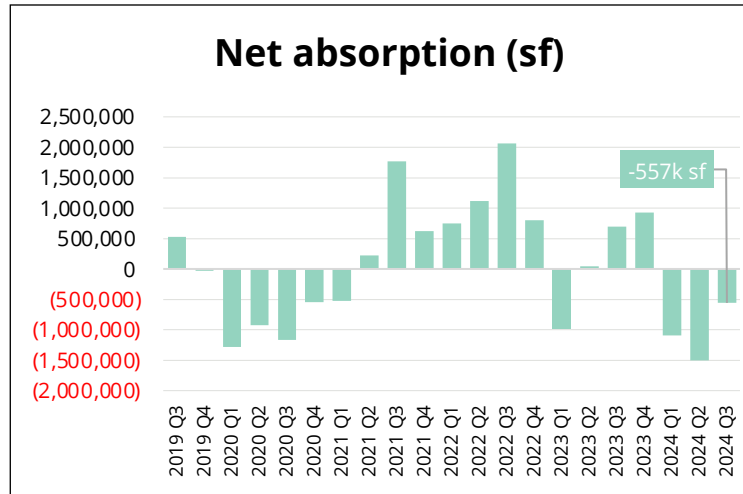
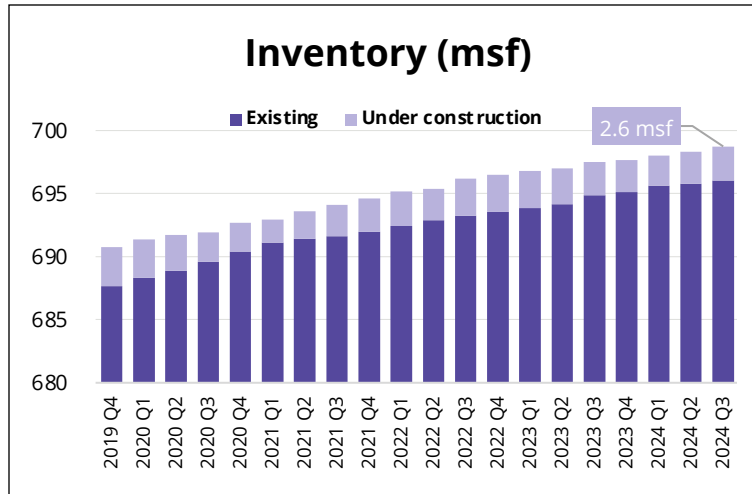
Total sales volume in Q3 2024 was \$689M, a slight decrease from the Q2 2024 sales volume of \$717M. Although sales volume remains historically low, sales price per square foot continues to sit at a record high, where an average of \$339 is the highest record value in Southern California retail market history for the second straight quarter.



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Southern California retail market indicators



*Survey consists of retail buildings greater than 10,000 sf.

Southern California retail under construction pipeline

50 properties

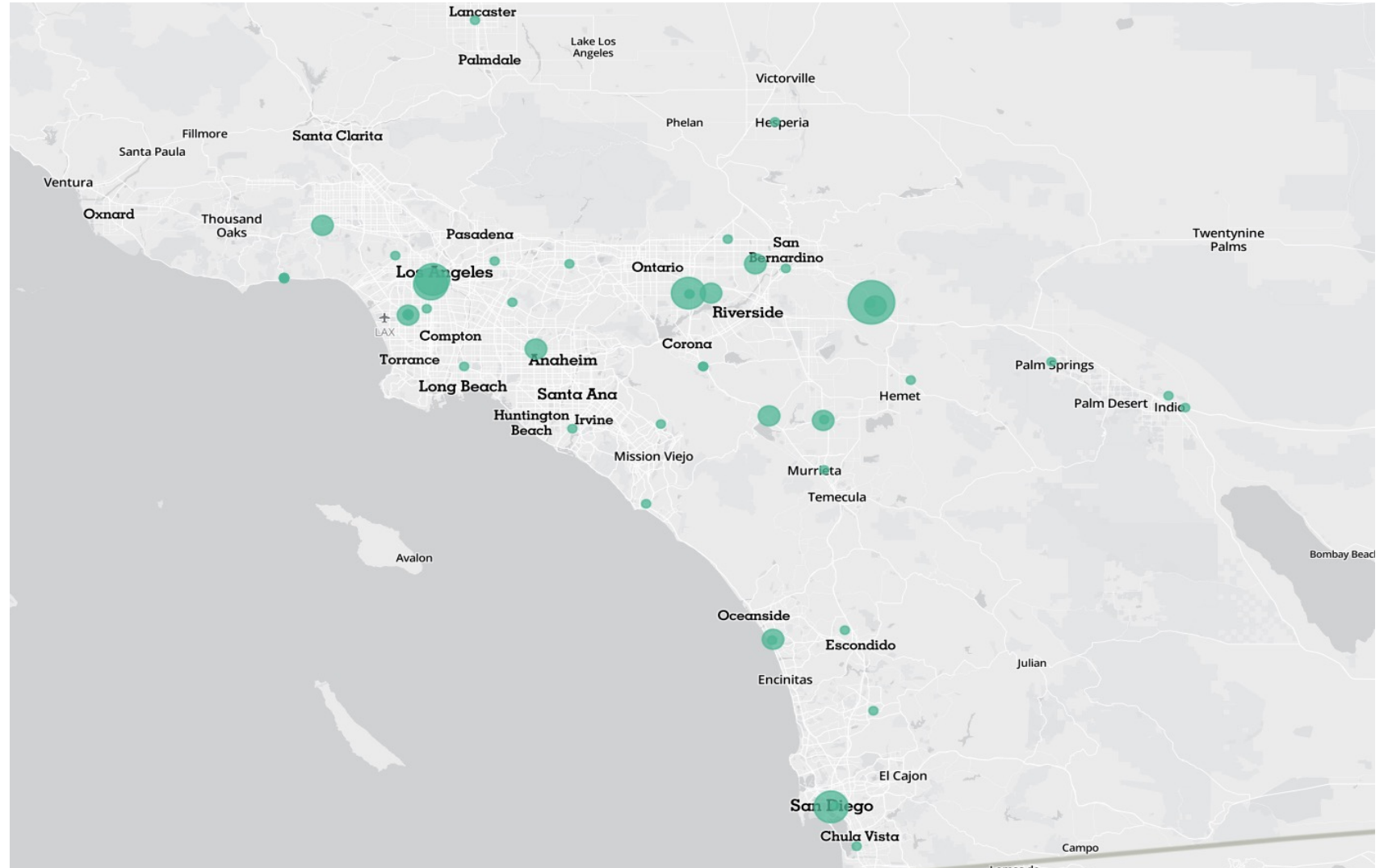
- 22 Los Angeles
- 6 Orange County
- 15 Inland Empire
- 7 San Diego

2,684,250 sf

- 1,390,404sf Los Angeles
- 151,669 sf Orange County
- 742,582 sf Inland Empire
- 399,595 sf San Diego

Major developments

- 400,000 sf *Del Amo Blvd, Carson*
Los Angeles
- 258,950 sf *1156 Roberts Rd, Calimesa*
Inland Empire
- 300,000 sf *324 Horton Plz, San Diego*
San Diego



*Survey consists of retail buildings greater than 10,000 sf.

Southern California retail proposed construction pipeline

381 properties

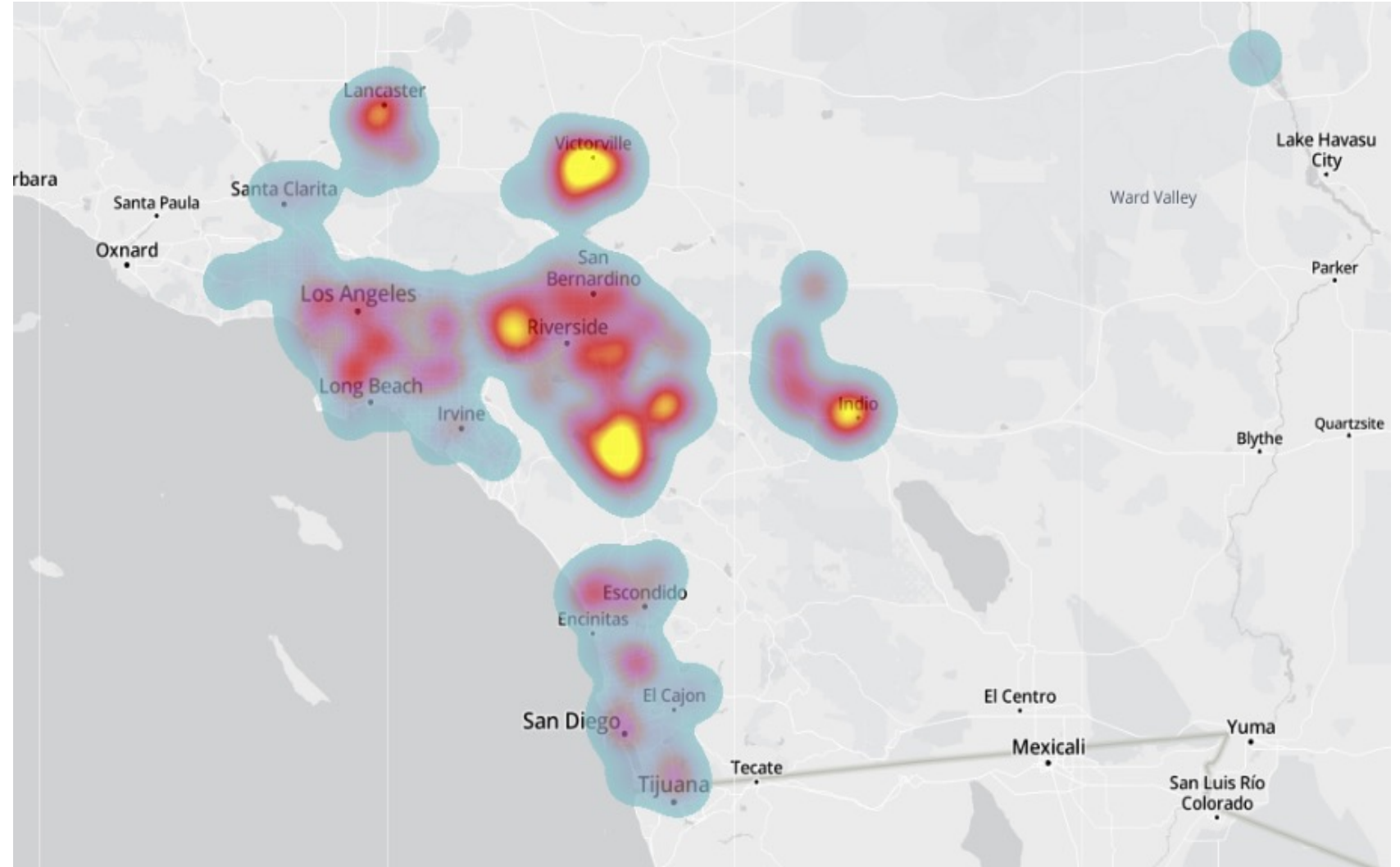
- 88 Los Angeles
- 10 Orange County
- 244 Inland Empire
- 39 San Diego

19,485,596 sf

- 4,509,042 sf Los Angeles
- 403,658 sf Orange County
- 12,073,193 sf Inland Empire
- 2,499,703 sf San Diego

Major developments

- 543,400 sf *Palmdale Crossroads, Palmdale*
Los Angeles
- 174,800 sf *Los Patrones Pkwy & Chiquita Canyon Dr, Rancho Mission Viejo*
Orange County
- 581,148 sf *Roberts Rd, Calimesa*
Inland Empire
- 426,800 sf *1521 National Ave, San Diego*
San Diego



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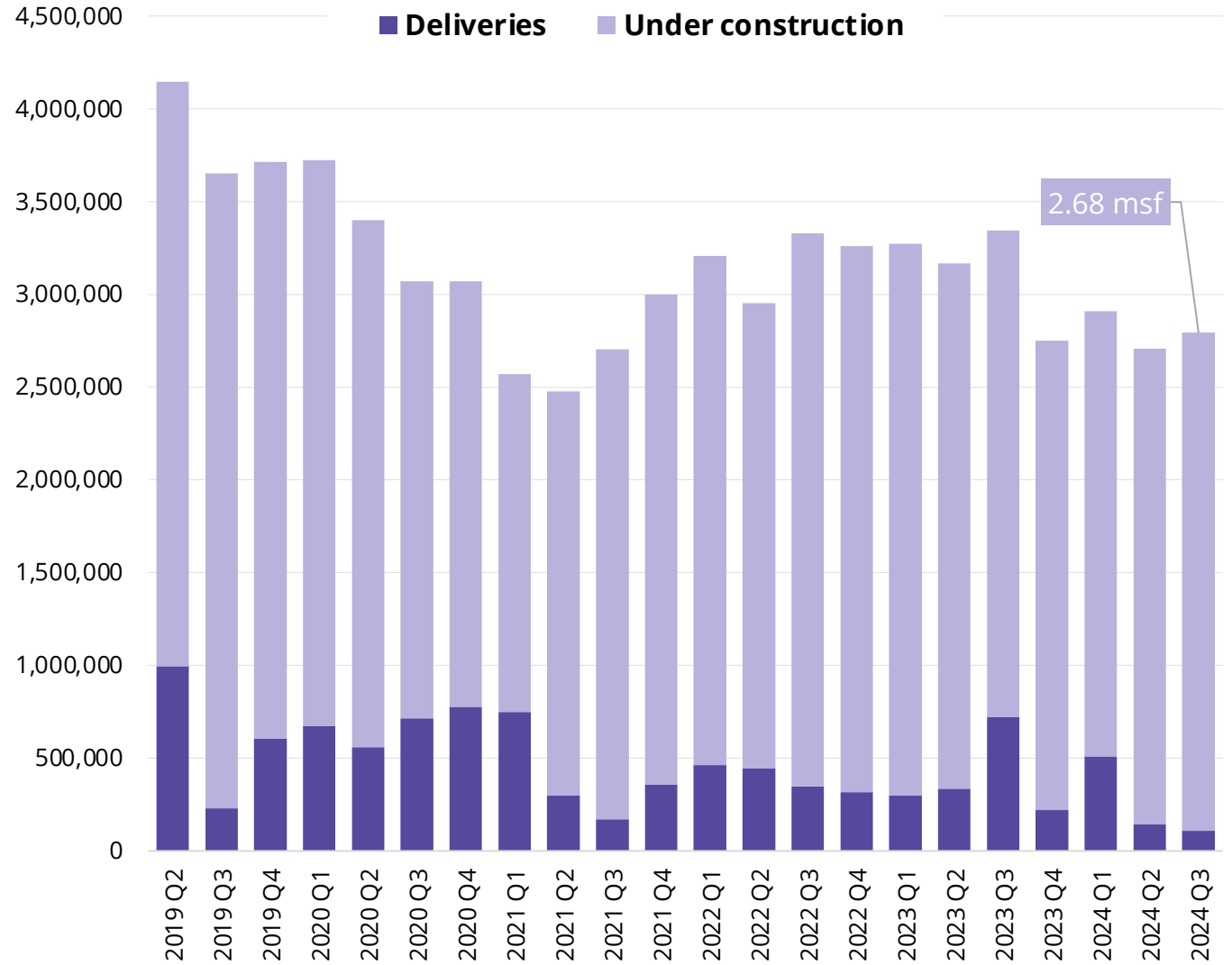
Southern California development activity

2.68 msf

At the end of Q3 2024 there was 2.6 msf of retail space under construction.

Southern California has seen a slight increase in retail buildings under construction, with 100,000 square feet added from the previous quarter. Additionally, there were 4 new deliveries, totaling 109,251 square feet.

New developments have begun to slowdown due to higher interest rates and higher construction costs, but we still see projects being delivered as more owners are looking to utilize retail product types over office and industrial.



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Southern California net absorption as a share of inventory

-0.1%

The Southern California retail market has had 557,850 square feet of negative absorption in Q3 2024.

There was 557,850 square feet of negative absorption in Q3 2024, a major increase from Q2 2024 with a negative value of 1,576,486 square feet.



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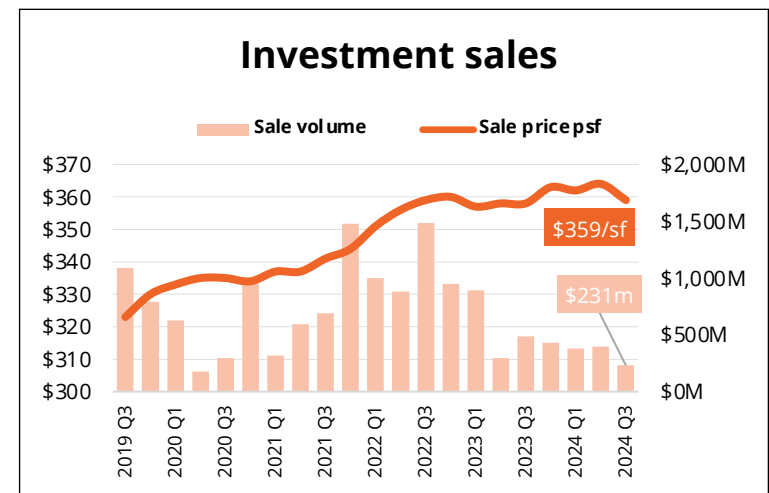
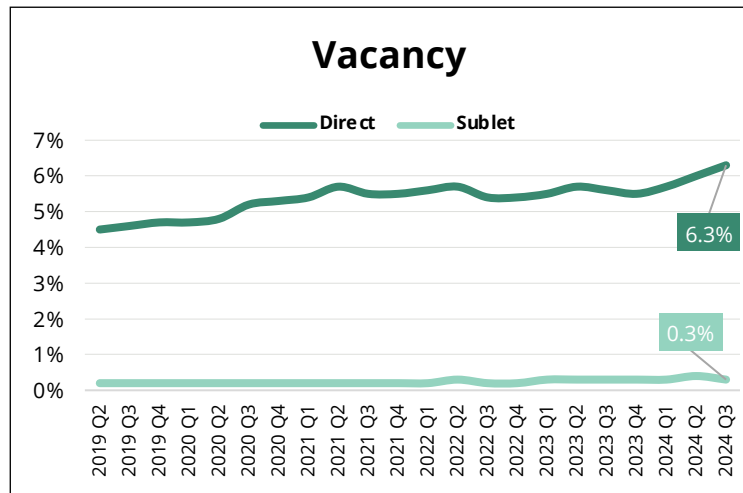
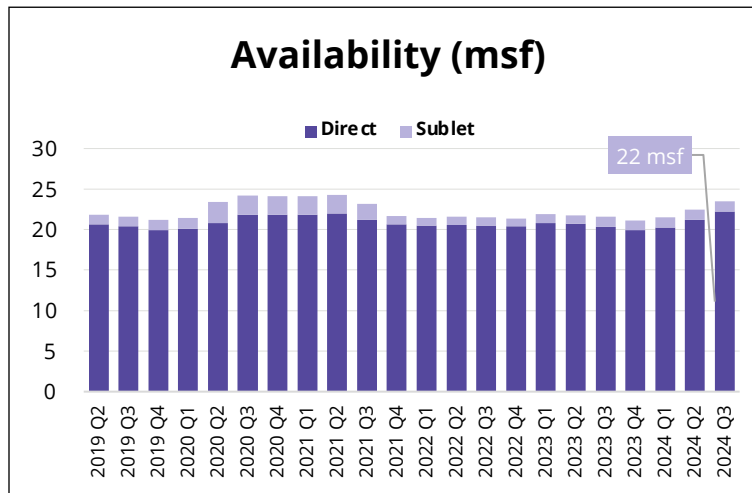
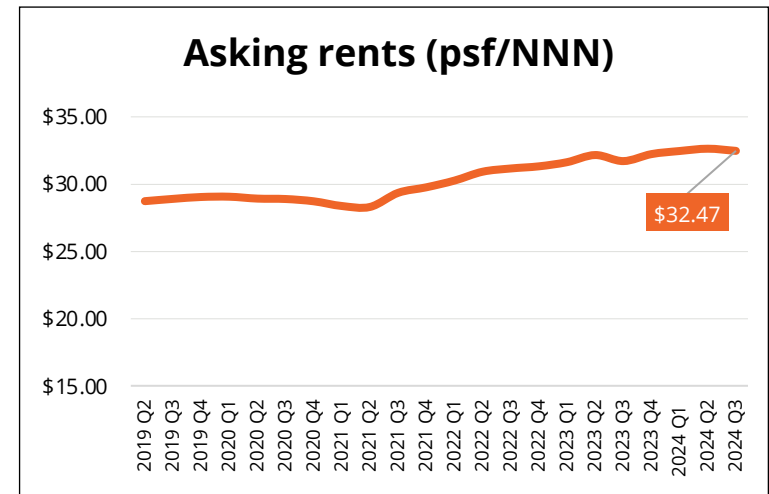
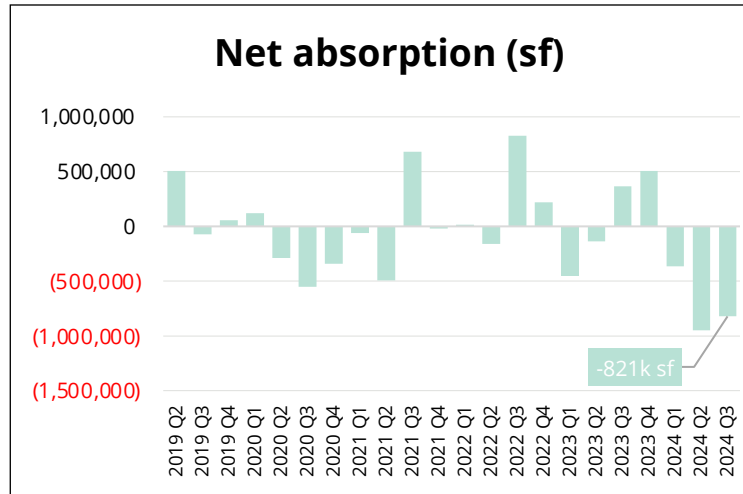
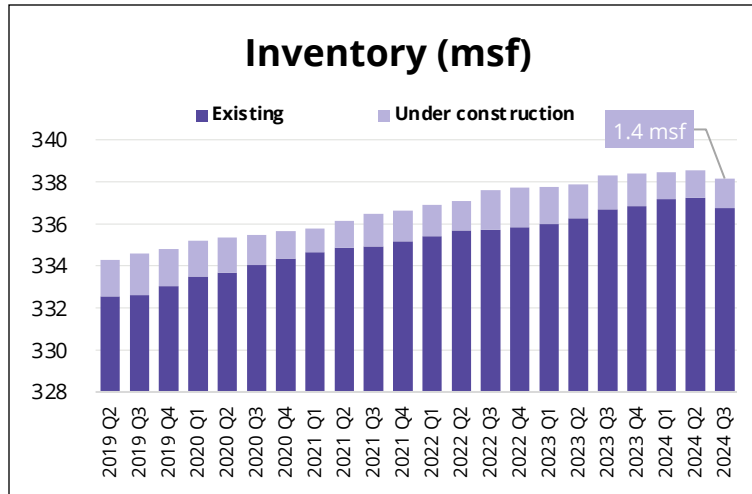
Southern California retail market activity

2024 Q3 Retail Single Sales Transactions

Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Murgado Automotive Group	81 Auto Center Dr, Foothill Ranch	Jul 2024	28,211	\$32,000,000	\$1,134.31	Mercedes-Benz of Laguna Niguel
Shaver Auto Center Inc.	16701 Beach Blvd, Huntington Beach	Jul 2024	22,468	\$22,000,000	\$979.17	Richard Evans
Sabri & Mary Salim	1392-1394 E Palomar St, Chula Vista	Aug 2024	36,161	\$14,700,000	\$406.52	Paragon Real Estate Investment
Steven Koo	35914 Winchester Rd, Winchester	Jul 2024	38,800	\$13,300,000	\$342.78	William W McGuire
Impact Housing	6171 Mission Gorge Rd, San Diego	Jul 2024	23,760	\$13,100,000	\$551.35	SPI California Management LLC

*Survey consists of retail buildings greater than 10,000 sf.

Los Angeles retail market indicators



*Survey consists of retail buildings greater than 10,000 sf.

Los Angeles retail market activity

Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Vallarta Supermarkets	3443 Saviers Rd	Oxnard	07/12/24	44,931	New Lease	Direct
Bob's Discount Furniture	390409-39523 10 th St W	Palmdale	07/10/24	27,00	New Lease	Direct
Carro USA Inc.	1025-1071 N Grand Ave	Covina	08/30/24	23,600	New Lease	Sublease
Planet Fitness	5820 Crenshaw Blvd	Inglewood	08/27/24	20,160	New Lease	Direct
O'Gara Coach	9460-9470 Wilshire Blvd	Beverly Hills	09/09/24	18,339	Renewal	Direct

Recent sales activity

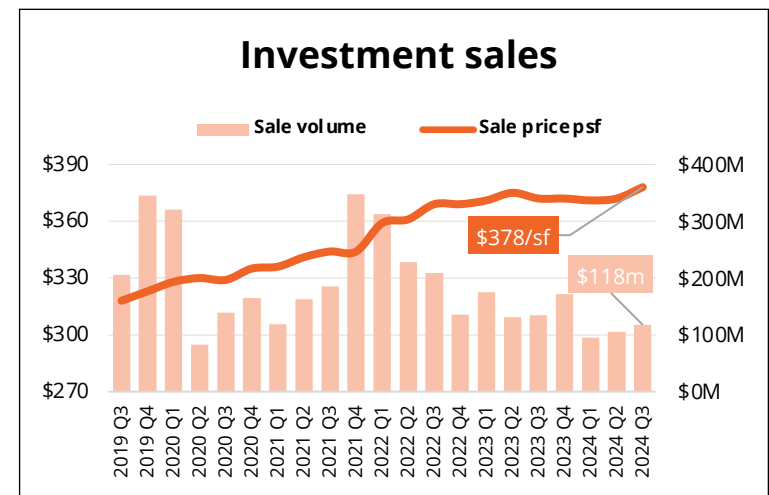
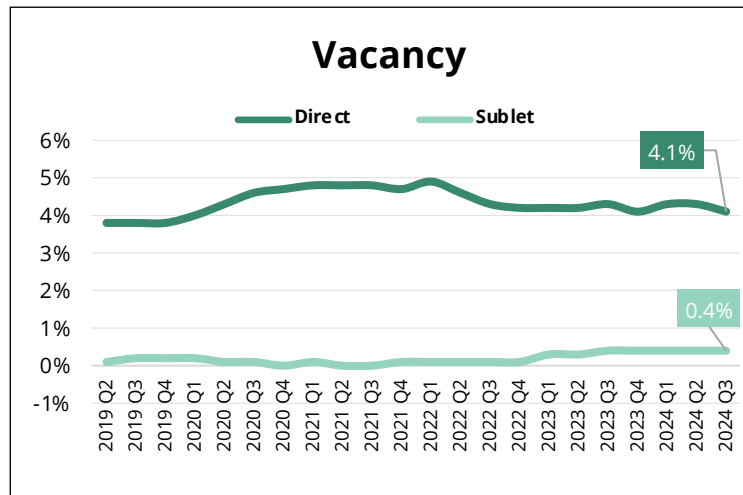
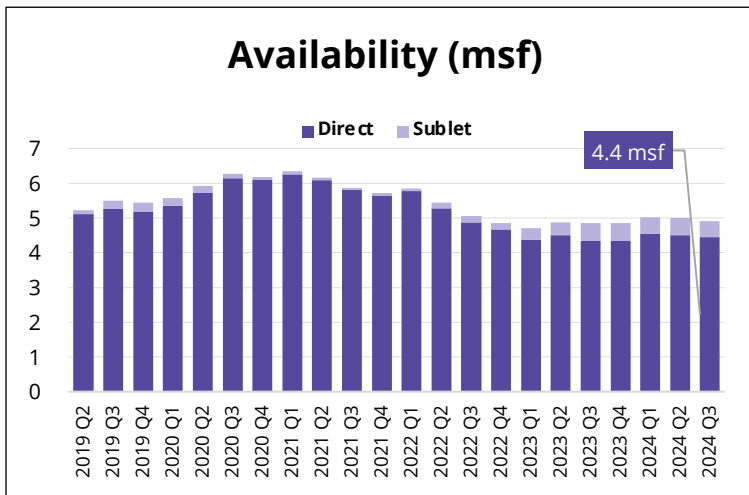
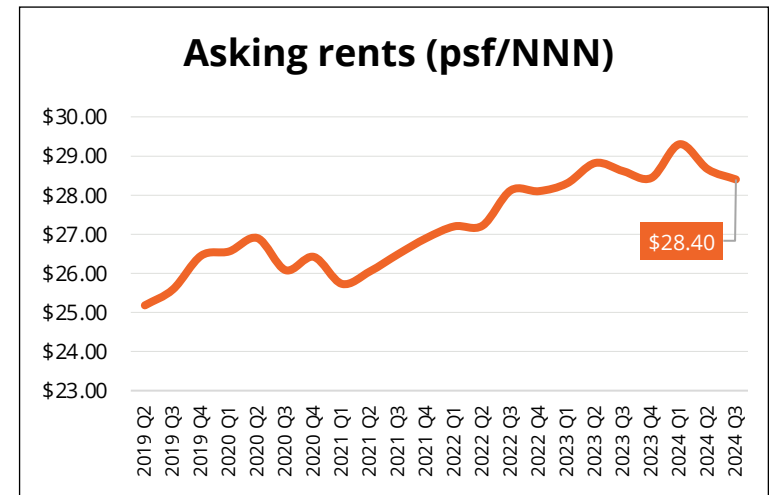
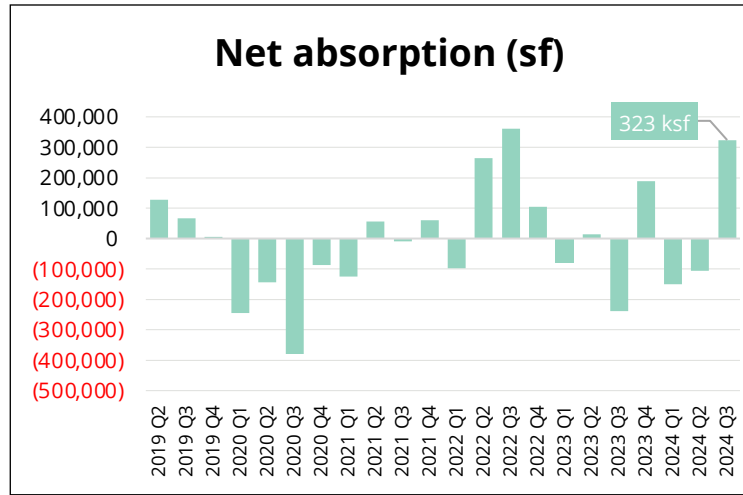
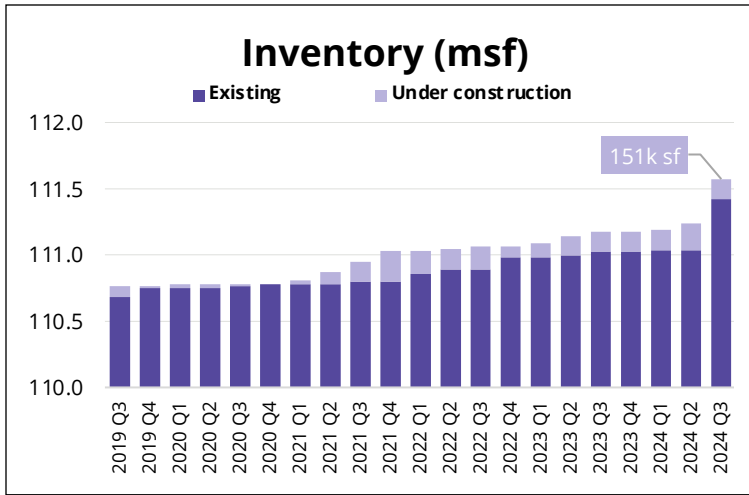
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Chartwell Real Estate Development	1100 Pacific Coast Hwy, Hermosa Beach	9/26/24	49,853	\$27,800,000	\$557.64	Stephen Bacon
Emmanuel David	600 E Colorado Blvd, Pasadena	08/08/24	14,831	\$11,500,000	\$775.40	Continental Development Group
Xiaolong Li	26 E Colorado Blvd, Pasadena	08/27/24	12,630	\$10,600,000	\$839.27	Huimin Ren
MB Investments	2800 N Hollywood Way, Burbank	07/22/24	16,867	\$9,900,000	\$586.94	CVB Financial Corp
Valley Street Properties	41 Valley St, Pasadena	07/25/24	13,932	\$9,650,000	\$692.65	Edward Caiazza

Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
City of Carson	Del Amo Blvd	Torrance	400,000	Dec 2024	Undisclosed
Ports O'call Village	Port of Los Angeles	Beach Cities	375,000	May 2025	Undisclosed
Regency Centers Corp.	6324 W 3 rd St	Miracle Mile	80,966	Jun 2026	\$33.00/sf
Primestor	8500 S Vermont Ave	Inglewood/South LA	65,868	Oct 2024	\$25.00/sf

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Orange County retail market indicators



*Survey consists of retail buildings greater than 10,000 sf.

Orange County retail market activity

Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Spirit Halloween	22999 Savi Ranch Pkwy	Yorba Linda	Jul 2024	25,074	New Lease	Direct
Spirit Halloween	31541 Santa Margarita Pkwy	Rancho Santa Margarita	Sept 2024	23,714	New Lease	Direct
Dollar Tree	14511-14591 Red Hill Ave	Tustin	Aug 2024	23,200	New Lease	Direct
Dollar Tree	1211-1289 W Central Ave	Brea	Sept 2024	21,000	New Lease	Direct

Recent sales activity

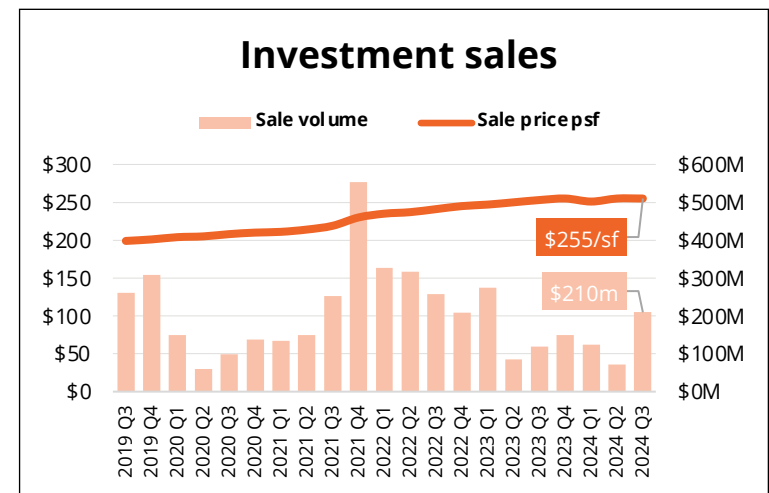
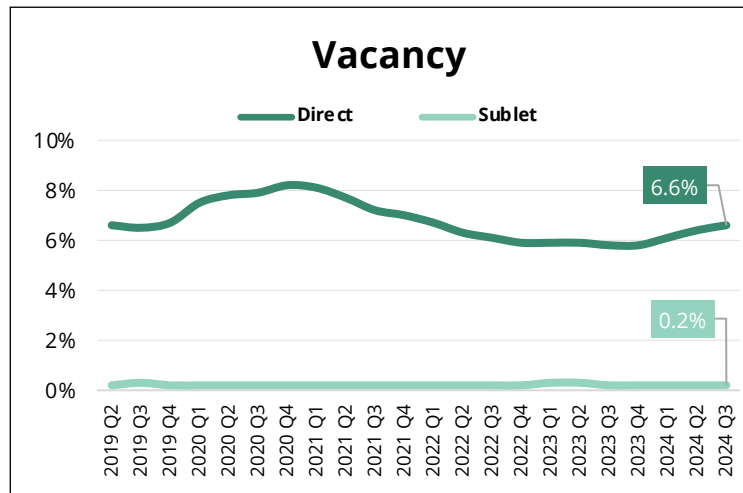
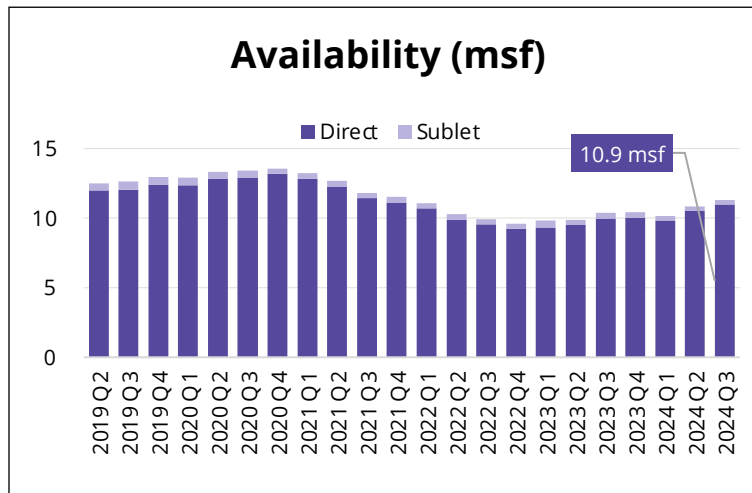
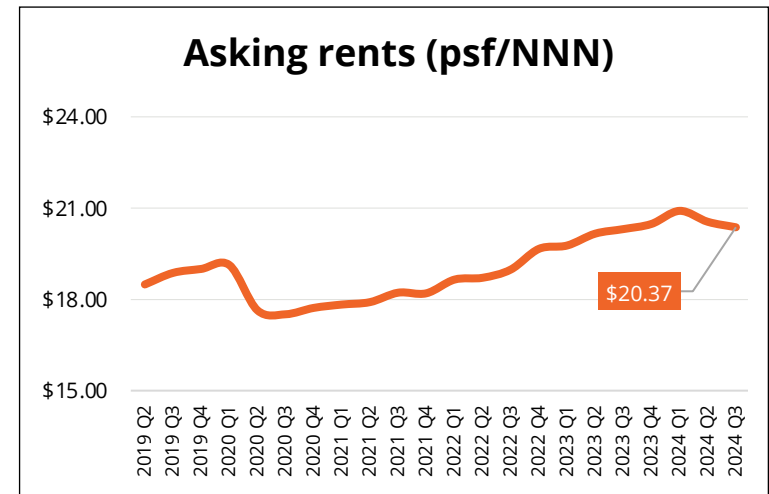
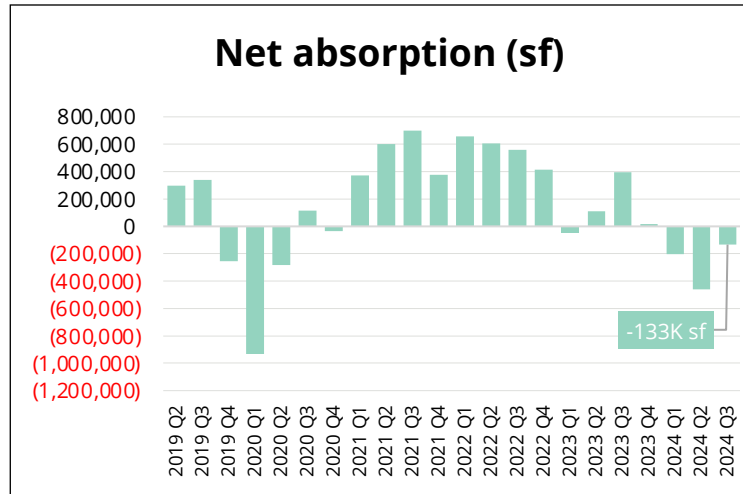
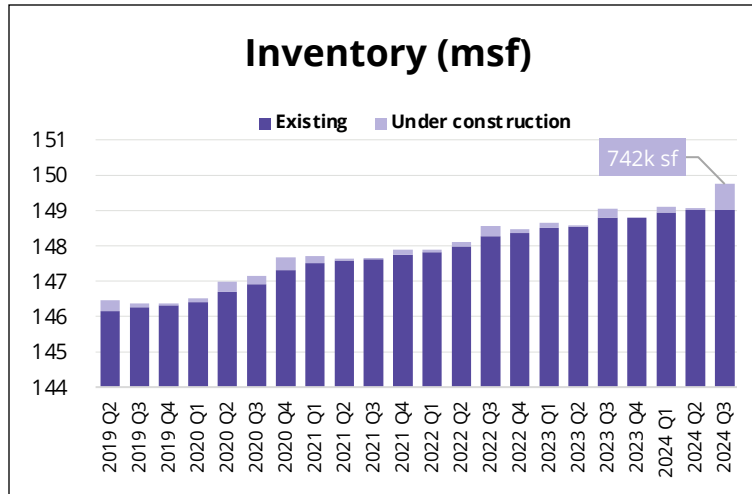
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Murgado Auto Group	81 Auto Center Dr, Foothill Ranch	Jul 2024	28,211	\$32,000,000	\$1,134.31	Mercedes Benz of Laguna Nigel
Shaver Auto Center	16701 Beach Blvd, Huntington Beach	Jul 2024	22,468	\$22,000,000	\$979.17	Richard Evans
Costco Wholesale	11100 Garden Grove Blvd, Garden Grove	Aug 2024	29,935	\$12,000,000	\$400.87	Harvest Capital

Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
Undisclosed Owner	24821 Alicia Pkwy	Laguna Hills	53,365	Dec 2024	\$35.00/sf
Undisclosed Owner	14120 Culver Dr	Irvine	28,000	March 2025	\$50.00/sf

*Survey consists of retail buildings greater than 10,000 sf.

Inland Empire retail market indicators



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Inland Empire retail market activity

Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
EOS Fitness	35914 Winchester Rd	Winchester	7/1/24	38,800	Direct	New Lease
Urban Air Adventure Park	24420-24490 Village Walk Pl	Murrieta	8/27/24	33,356	Direct	New Lease
Macy's	1257-1301 E 19 th St	Upland	7/29/24	31,125	Direct	New Lease
Burlington Coat Factory	27530-27536 W Lugonia Ave	Redlands	9/1/24	28,445	Direct	New Lease

Recent sales activity

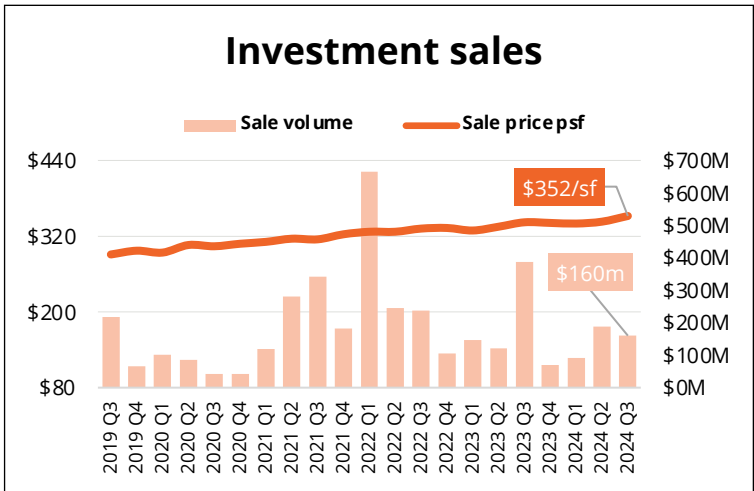
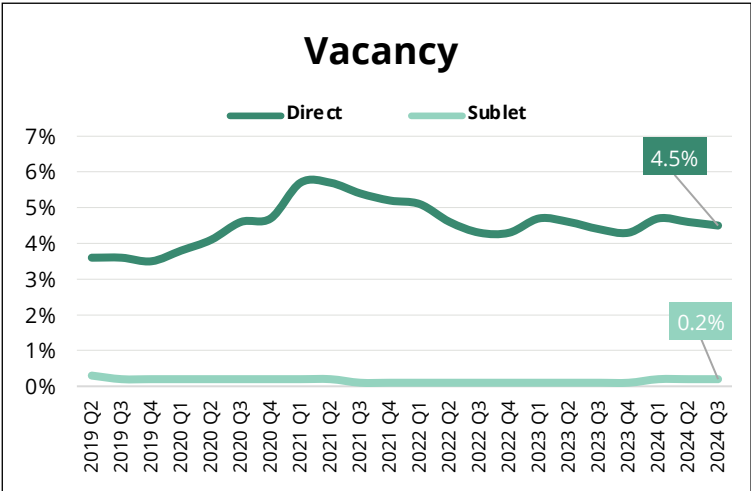
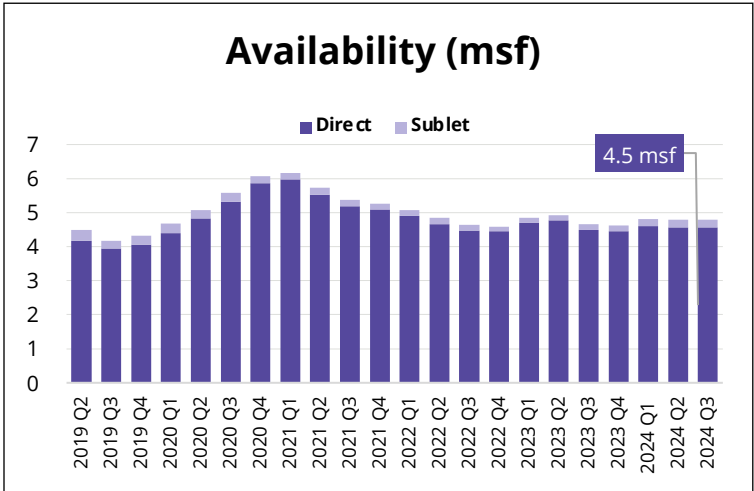
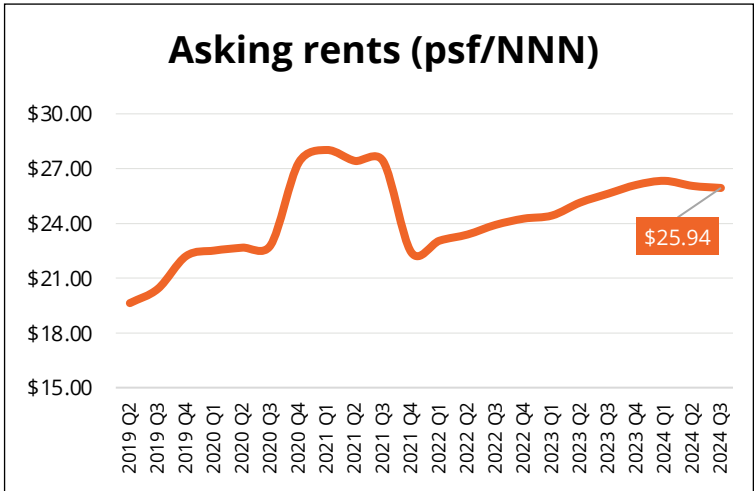
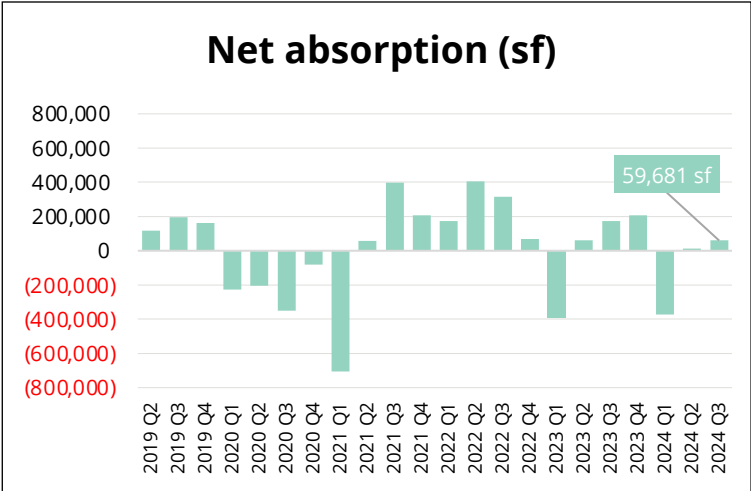
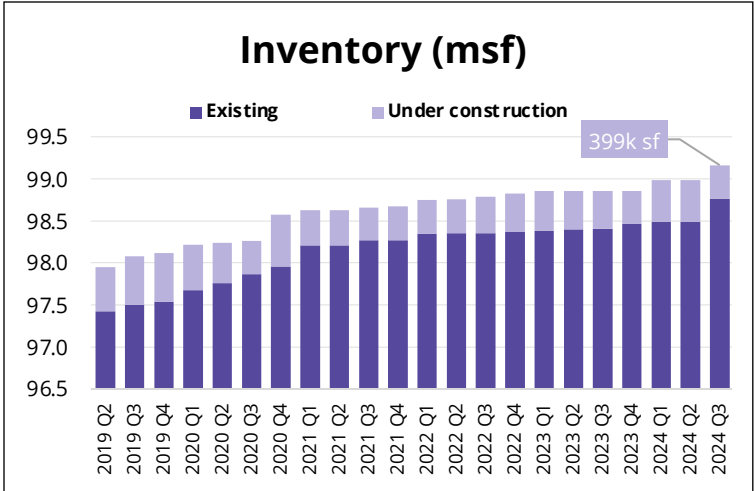
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Steven Koo	35914 Winchester Rd, Winchester	7/25/24	38,800	\$13,300,000	\$342.78	William McGuire
Holand Auto Group	71441 Highway 111, Rancho Mirage	9/6/24	15,000	\$10,000,000	\$666.67	The Yucaipa Companies
Rupinder Kaur	333 S Waterman Ave, San Bernadino	8/27/24	22,400	\$7,500,000	\$334.82	Tullius Law Group

Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
Undisclosed	27822 Greenspot	Highland	150,000	March 2025	\$22.00/sf
Carlta Development	27724 Clinton Keith Rd	Murrieta	107,891	Feb 2025	\$30.00/sf
Arturo Flores	O Van Buren Blvd	Riverside	62,180	Oct 2024	\$28.00 /sf

*Survey consists of retail buildings greater than 10,000 sf.

San Diego retail market indicators



*Survey consists of retail buildings greater than 10,000 sf.

San Diego retail market activity

Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Home Goods	153-197 Las Posas Rd	San Marcos	Aug 2024	23,000	Direct	New Lease
Barons Market	2800-2820 Roosevelt St	Carlsbad	Jul 2024	15,083	Direct	New Lease
San Diego Board Shop	1640-1666 Garnet Ave	Pacific Beach	Sept 2024	14,945	Direct	New Lease

Recent sales activity

Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Sabri Salim	1392-1394 E Palomar St, Chula Vista	8/16/24	36,161	\$14,700,000	\$406.52	Paragon RE Investment
Impact Housing	6171 Mission Gorge Rd, San Diego	7/30/24	23,760	\$13,100,000	\$551.35	SPI California
Jun Yeo	4637 Convoy St, San Diego	8/28/24	10,200	\$9,200,000	\$901.96	Seoul Plaza Corp
Undisclosed	310 Sycamore Ave, Vista	9/27/24	14,820	\$6,000,000	\$404.86	Mark Klammer

Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
Stockdale Capital Partners	324 Horton Plz	Downtown	300,000	Oct 2024	\$53.00 /sf

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For more market insights
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