



Southern California retail market report

Q2 2024

**AVISON
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Southern California retail market trends

40.7msf

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, Orange County, and the Inland Empire.

This has allowed direct availabilities to increase in Q2 with 40 MSF square feet at the halfway mark of 2024, showing there is still plenty of space to be filled. Q2 2024 net absorption for the Southern California region witnessed its worst performance since Q1 2023, just under 1,500,000 square feet of negative absorption for the quarter.

5.6%

Direct Vacancy Rate

As more construction has been completed there is more direct vacant space across the market. Direct vacancies for Q2 2024 showed a slight increase across all Southern California markets, coming in at 5.6% for the region. The retail under-construction pipeline for Southern California totaled 2.56 msf across 45 properties.

Despite the additional inventory and availability, lease rates continue to increase across Southern California, posting an average asking triple net lease rate of \$28.78 psf on an annual basis in Q2 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 psf. Retail sales volume for Q2 2024 was \$717M, which is 4.1% higher than Q1 2024.



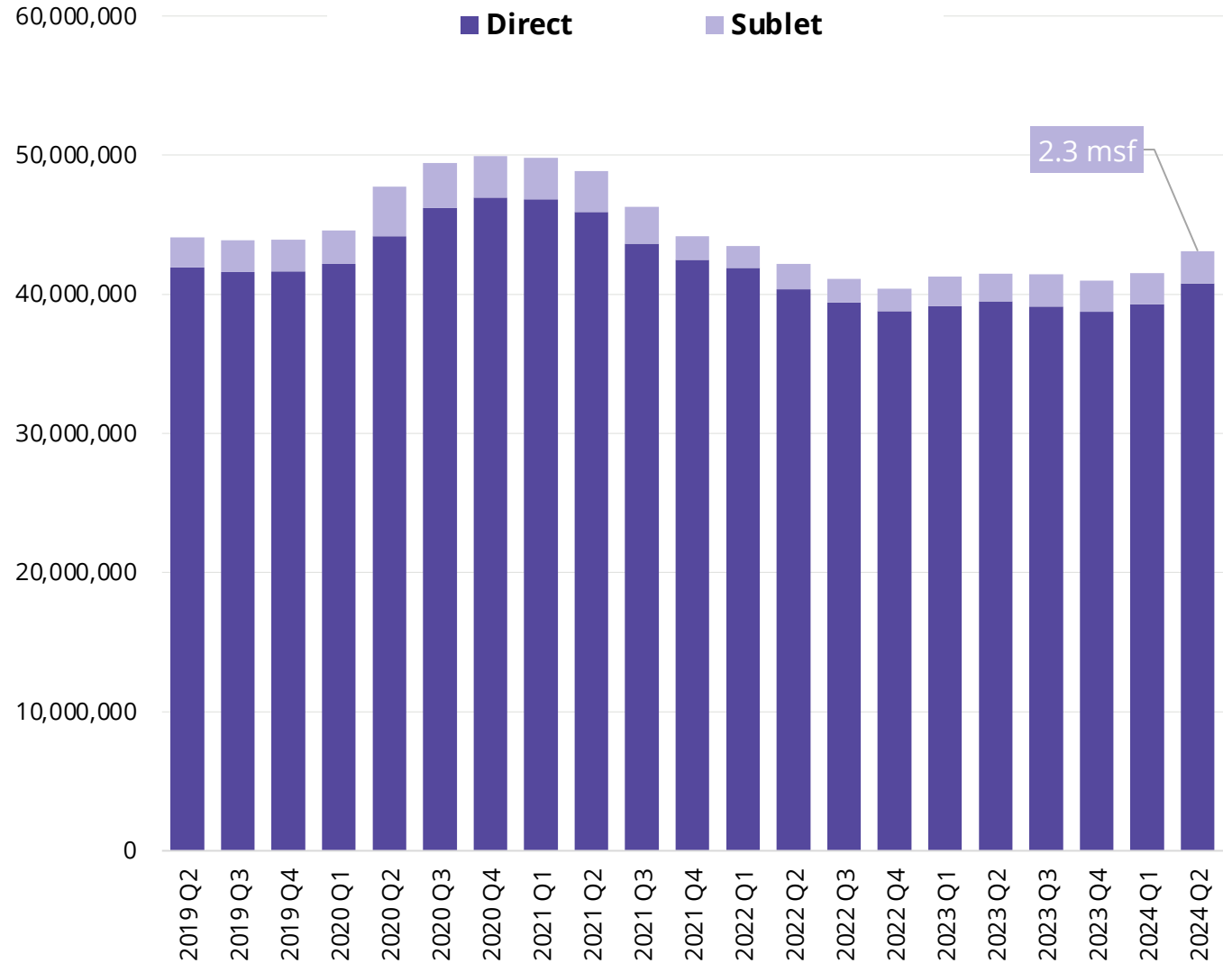
Southern California availabilities

40.7 msf direct

At the end of Q2 2024 there was 40.7 msf of direct available retail space and 2.3 msf of sublet space in Southern California.

Southern California inventory totaled 19,847 buildings totaling 695,775,507 square feet at the end of Q2 2024. Deliveries checked in at 142,453 square feet for the second quarter of 2024, giving a total of 10.3 million square feet delivered to the market over the past five years.

Direct availabilities have increased in Q2 with 40.7 msf square feet at the halfway mark of 2024, showing there is still plenty of space to be filled as construction projects continue to finish.



Source: AVANT by Avison Young, CoStar

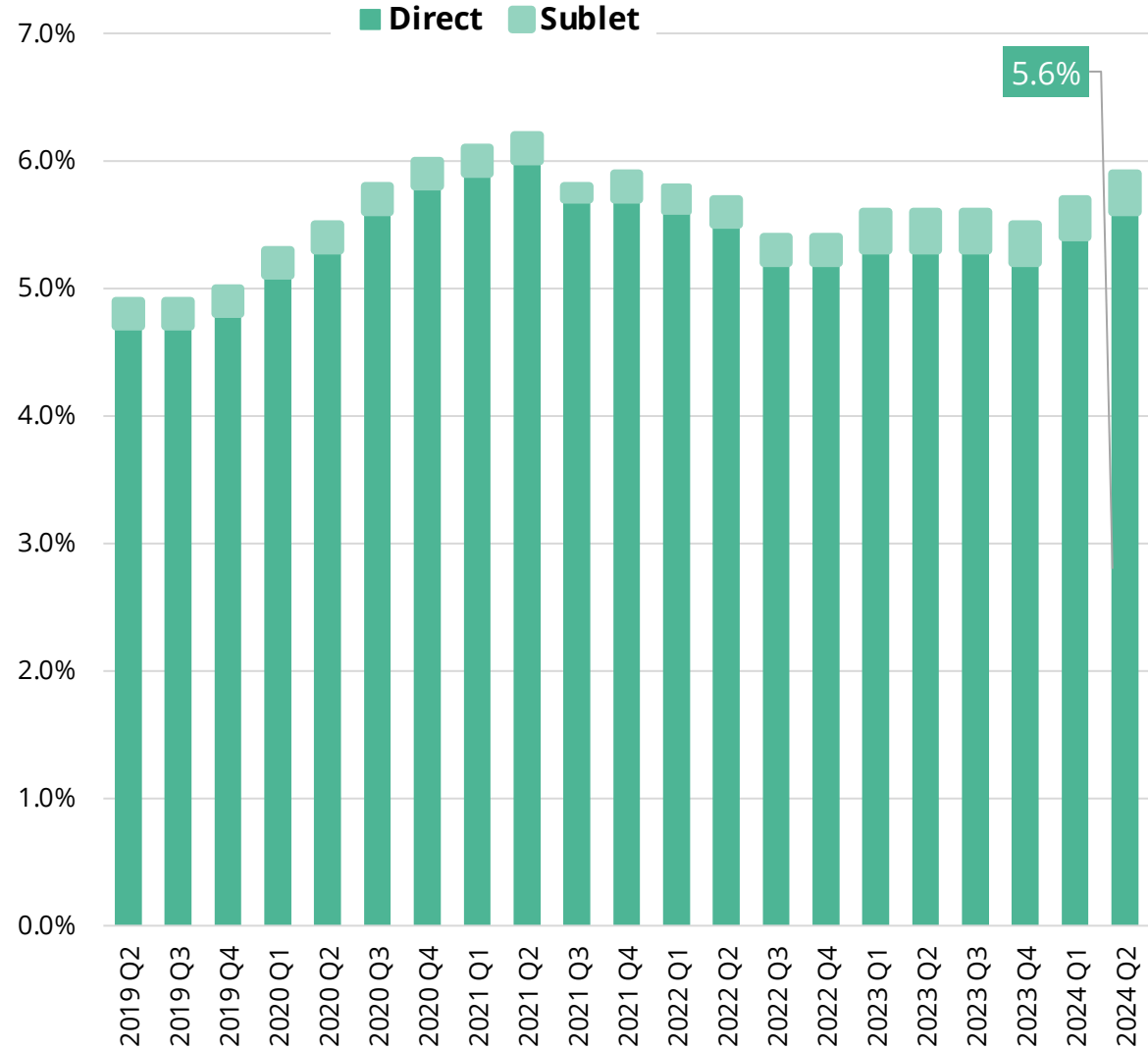
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Southern California vacancy

5.6%

The direct vacancy rate for Southern California sits at 5.6%.

As more construction has been completed there is more direct vacant space across the market. Direct vacancies for Q2 2024 showed a slight increase across all Southern California markets, coming in at 5.6% for the region. The retail under-construction pipeline for Southern California totaled 2.56 msf across 45 properties.



Source: AVANT by Avison Young, CoStar

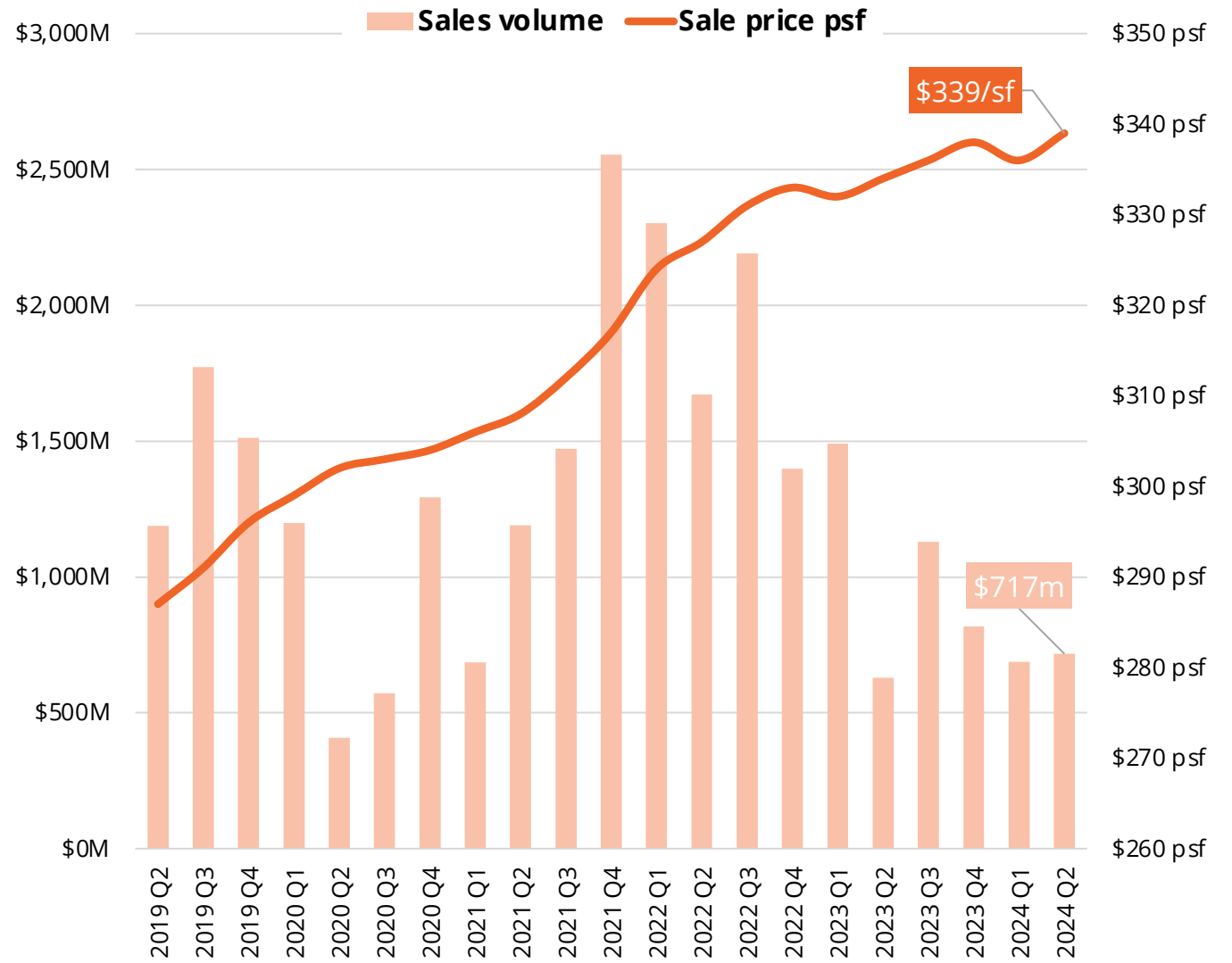
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Southern California investment sales activity and price

\$339 psf

The average price paid for retail buildings in Southern California came in at \$339 per square foot in Q2 2024.

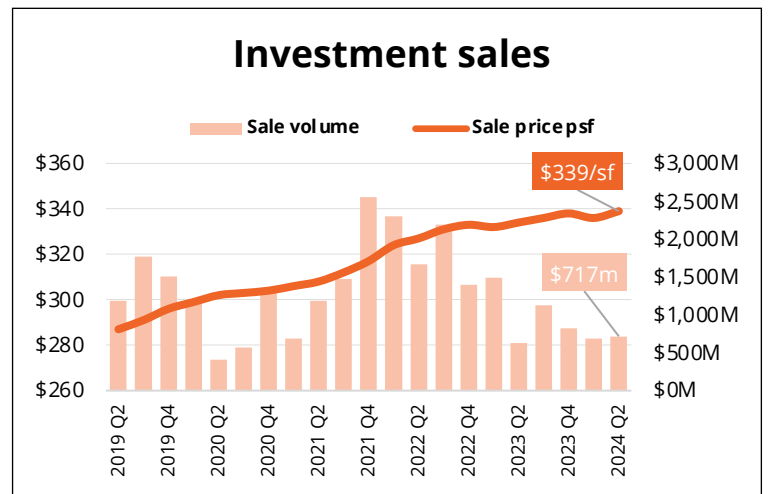
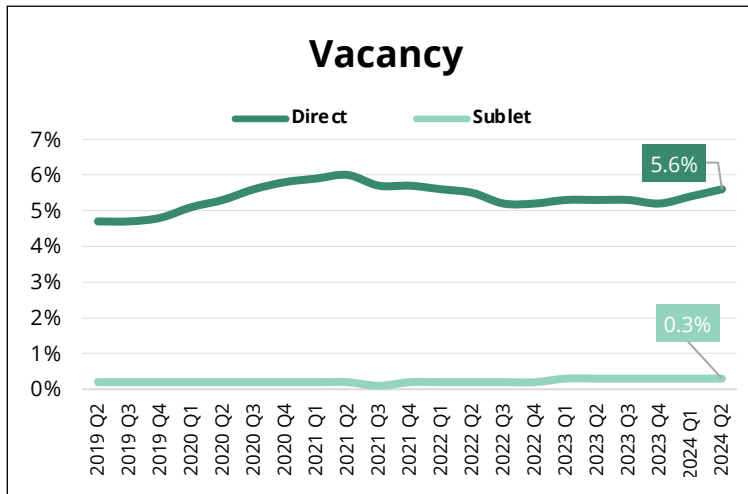
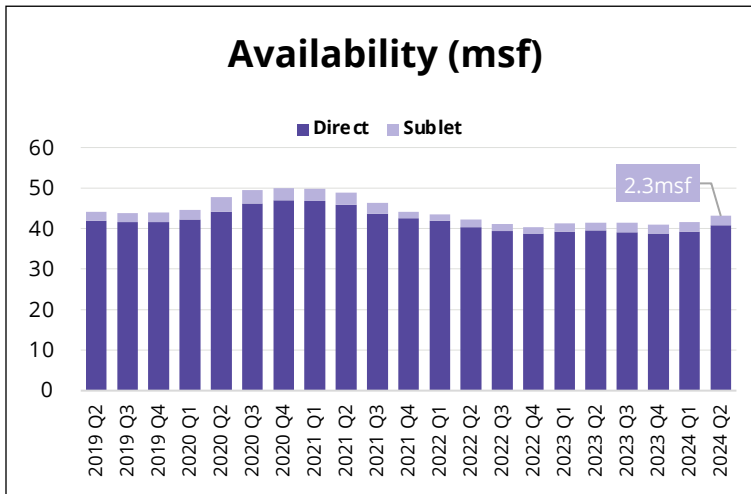
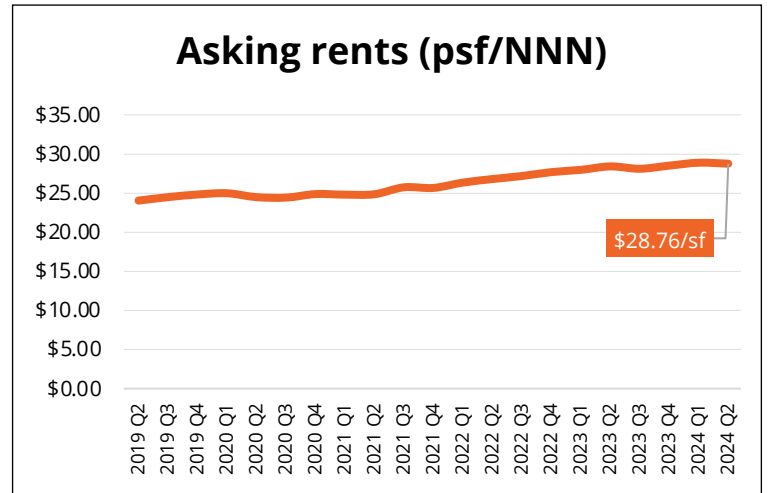
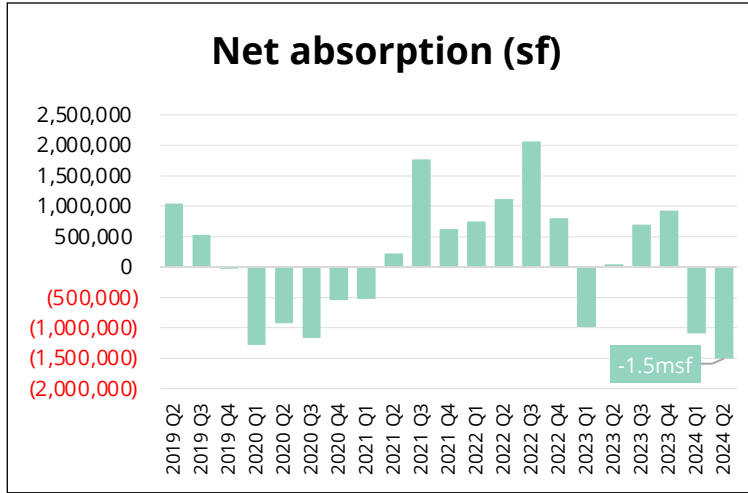
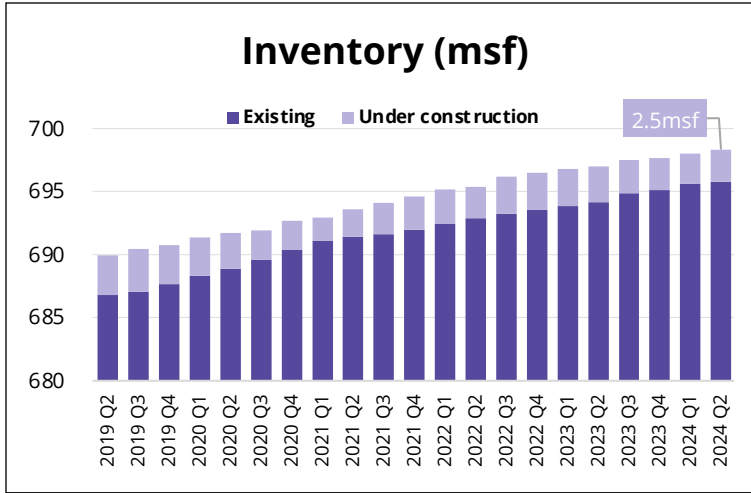
Total sales volume in Q2 2024 was \$717 million dollars, a slight increase from the Q1 2024 sales volume of \$687 million. Although sales volume remains historically low, sales price per square foot is at a record high, where an average of \$339 is the highest record value in Southern California retail market history.



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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

45 properties

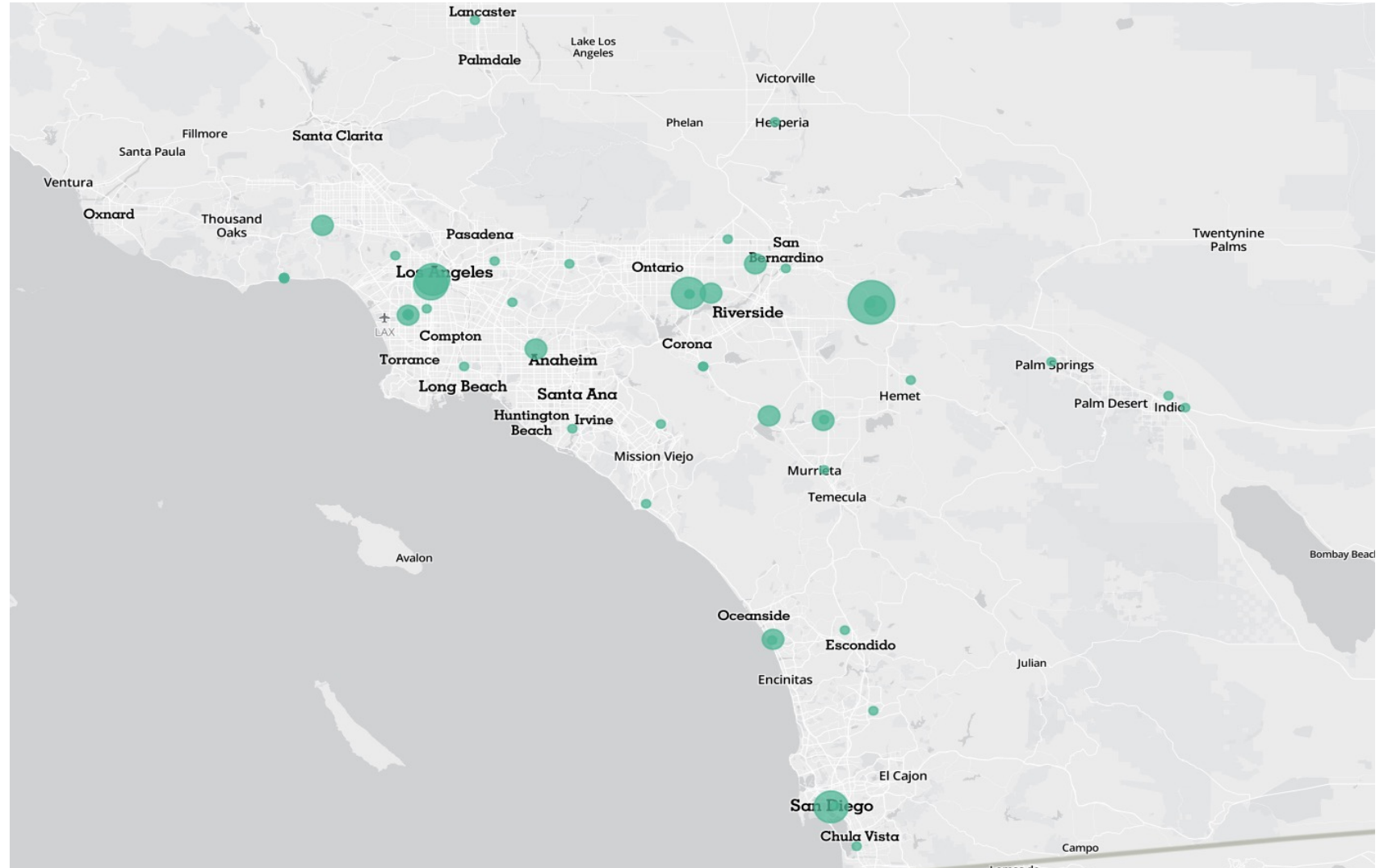
- 20 Los Angeles
- 6 Orange County
- 13 Inland Empire
- 6 San Diego

2,565,809 sf

- 1,300,780 sf Los Angeles
- 201,476 sf Orange County
- 566,654 sf Inland Empire
- 496,899 sf San Diego

Major developments

- 400,000 sf *Del Amo Blvd, Carson*
Los Angeles
- 150,000 sf *27822 Greenspot, Highland*
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

386 properties

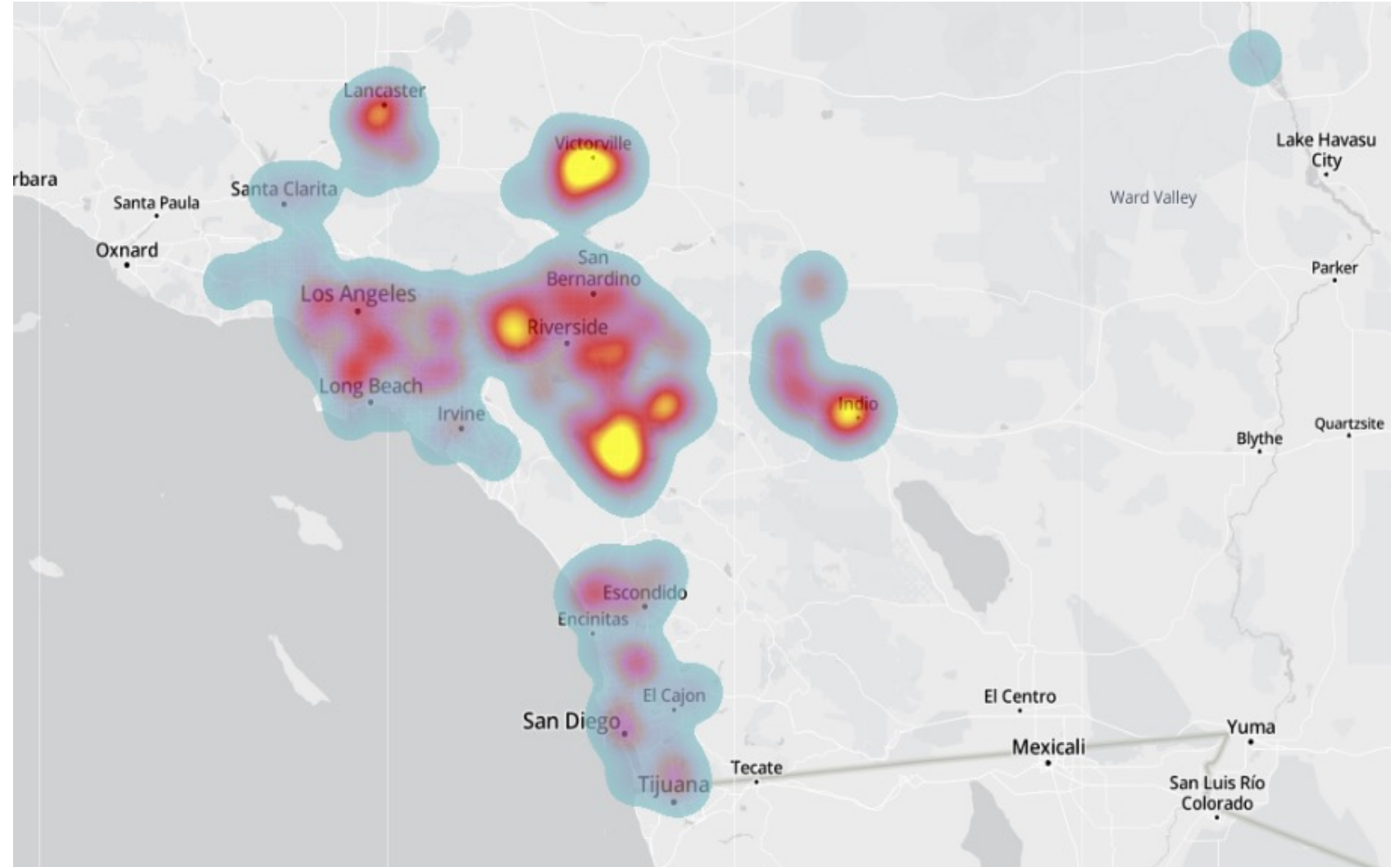
- 94 Los Angeles
- 11 Orange County
- 241 Inland Empire
- 40 San Diego

19,925,994 sf

- 4,624,717 sf Los Angeles
- 408,461 sf Orange County
- 12,383,692 sf Inland Empire
- 2,509,124 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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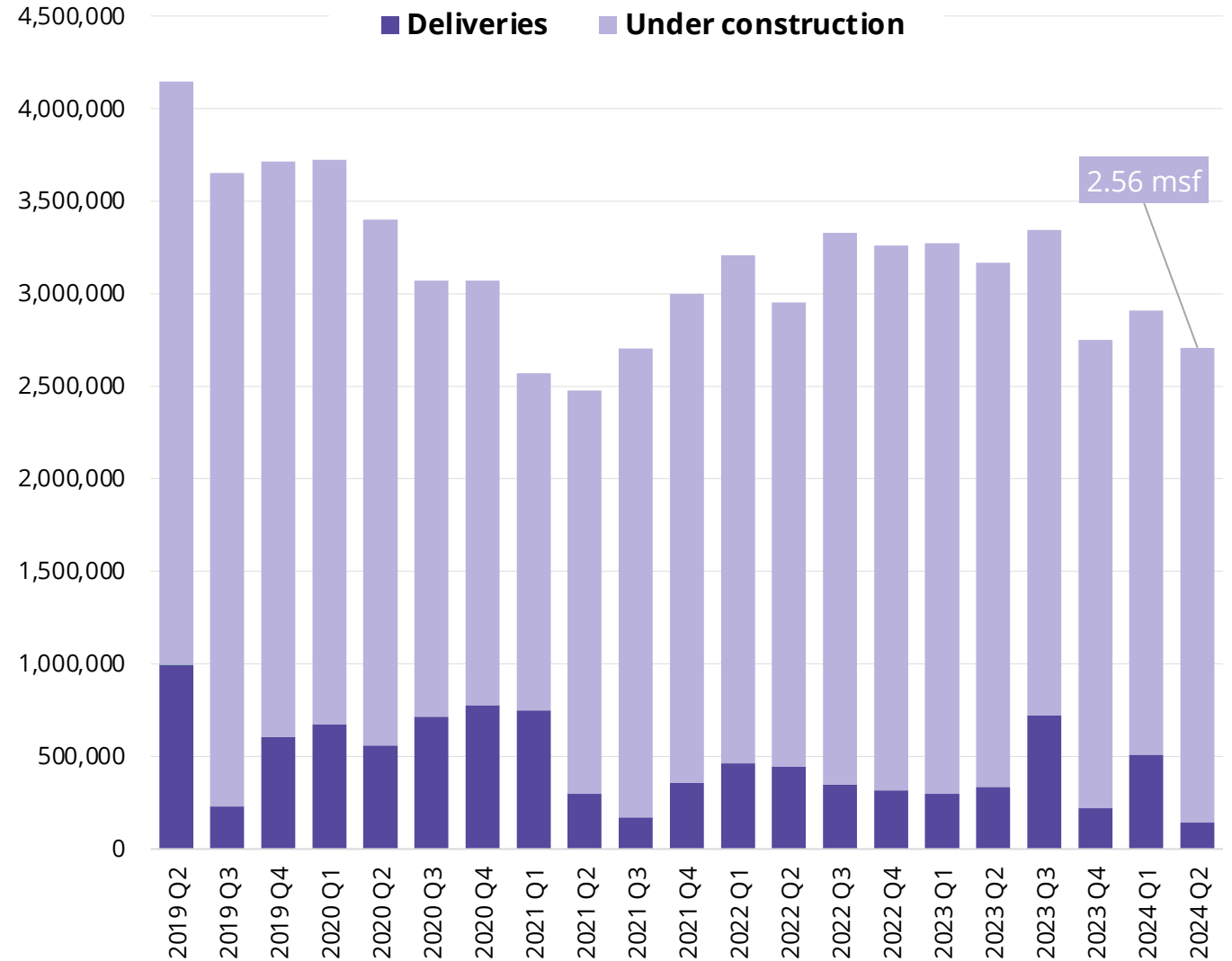
Southern California development activity

2.56 msf

At the end of Q2 2024 there was 2,565,809 square feet of retail space under construction.

Southern California inventory totaled 19,847 buildings totaling 695,775,507 square feet at the end of Q2 2024. Deliveries checked in at 142,453 square feet for the second quarter of 2024, giving a total of 10.3 million square feet delivered to the market over the past five years.

New developments have begun to slowdown due to higher interest rates and higher construction costs, but we still see projects being delivered.



Source: AVANT by Avison Young, CoStar

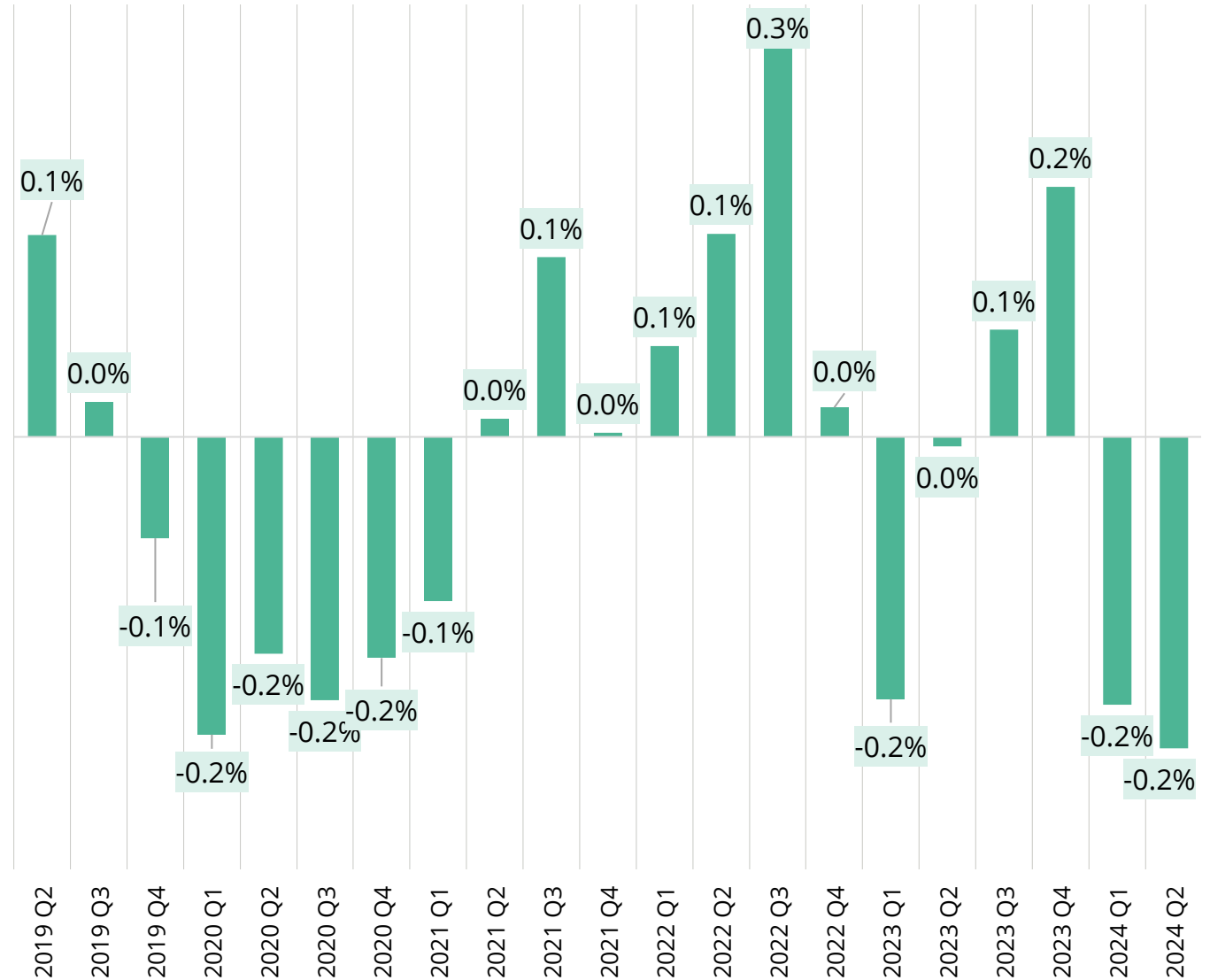
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Southern California net absorption as a share of inventory

-0.2%

The Southern California retail market has had 1,504,452 square feet of negative absorption in Q2 2024.

There was 1,504,452 square feet of negative absorption in Q2 2024, a major decrease from Q4 2023 with a positive value of 1,208,228 square feet. As more construction projects continue to finish and leasing remains stagnant, we see one of the lowest net absorptions for SoCal retail history.



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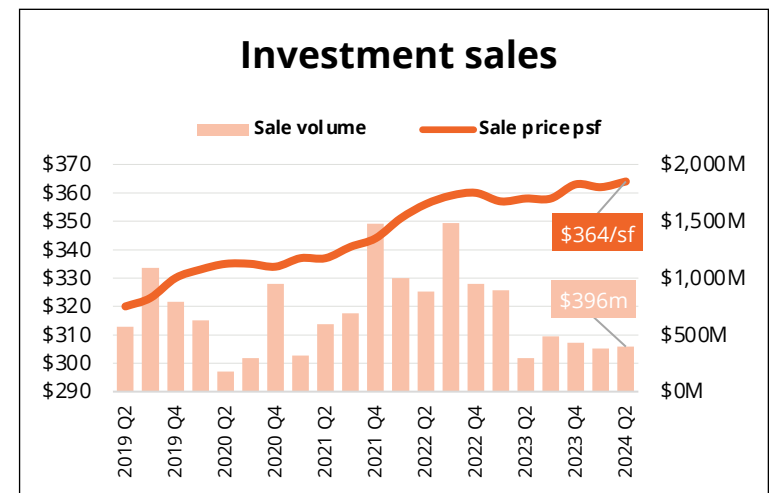
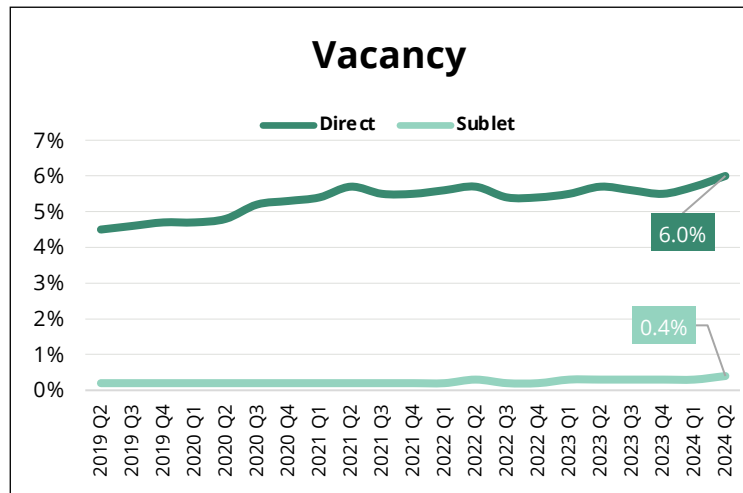
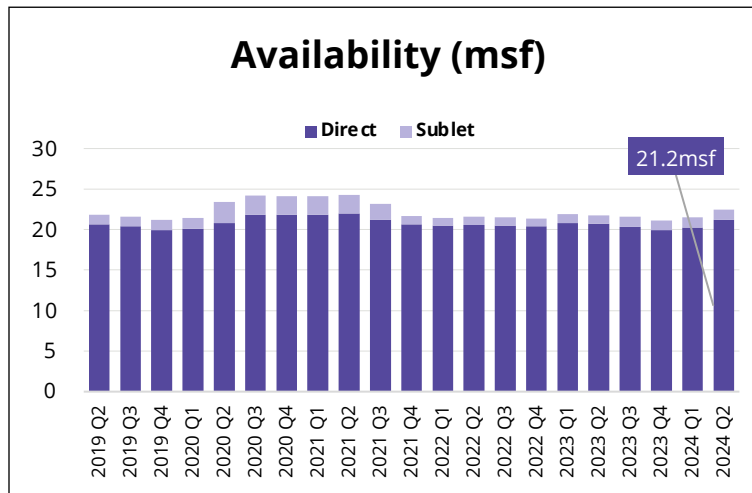
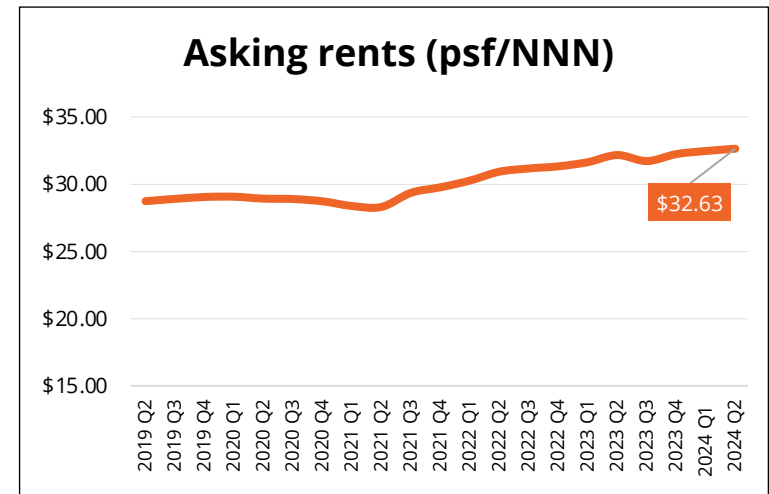
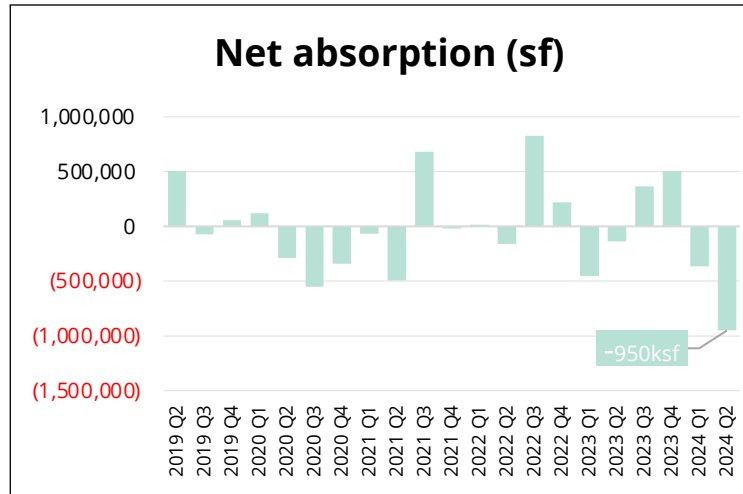
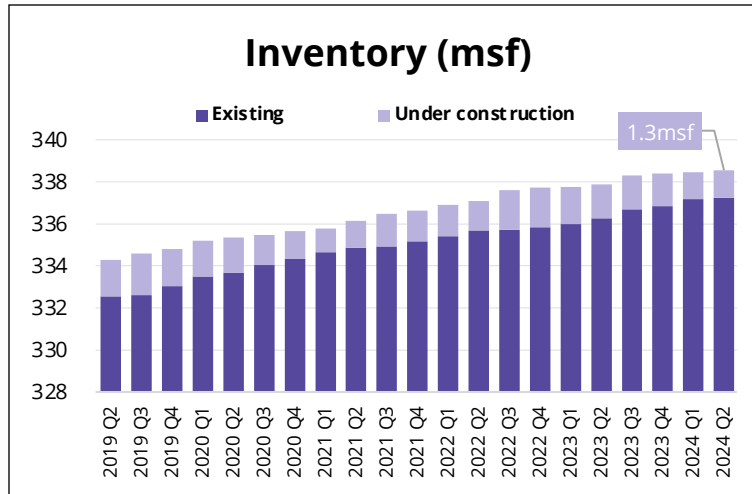
Southern California retail market activity

2024 Q1 Retail Single Sales Transactions

Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller	Notes
Ashley Furniture Inc.	19330-19350 Hawthorne Blvd, Torrance	4/1/24	104,906	\$42,500,000	\$405.12	Charing Cross Partners	Charing Cross Partners, LP sold this 104,906 square foot shopping center to Ashley Furniture Industries, Inc. for \$42,500,000 or \$405.12 per square foot.
Covina Valley USD	205 N Citrus Ave, West Covina	5/15/24	40,359	\$38,000,000	\$941.55	Sage Automotive Group	A Receivership managing Sage Automotive Group sold this 40,359 square foot auto dealership property to Covina valley Unified School District at auction for \$38,000,000 or \$941.55 per square foot. The property was on the market for about 9 months before being sold with a listing price of \$42,000,000. The auto dealership building sits on 5.68 acres of land and was 100% leased at sale.
L&R Group	1031-1047 S Los Angeles St, Los Angeles	6/3/24	18,180	\$22,000,000	\$1,210.12	Harkham Family Industries	The Harkham Family Trust sold the strip center at 1031-1047 S Los Angeles St to the L&R group on June 3 rd for \$22,000,000.
AltaMed	3820-3820 Martin Luther King Jr Blvd, Lynwood	5/1/24	31,346	\$19,290,000	\$613.63	Excel Property Management	On May 1st, 2024, Excel Property Management Service, Inc. sold the 31,436 Sf retail building to AltaMed Health Services Corporation for \$19,290,000, approximately \$613.63 per SF, as an owner-user transaction.
OC Freedomhouse	10912 Katella Ave, Anaheim	5/13/24	46,287	\$18,000,000	\$388.88	Euclid Katella Partners	Euclid Katella Partners sold this 46,287 square foot retail building to OC Freedomhouse Church for \$18 million, or \$391.30 per square foot. This is a redevelopment purchase as the buyer plans to operate a new religious facility, including church services, an accredited bible college, and a child day care.

*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
Dollar Tree	6820 De Soto Ave	Woodland Hills/Warner Center	04/04/2024	28,312	New Lease	Direct
Burlington Coat Factory	785 N Hacienda Blvd	La Puente	05/01/2024	21,200	New Lease	Direct
Erewhon	520 N Glendale Ave	Glendale	06/07/2024	18,000	New Lease	Direct
Ace Hardware	5907-5933 South St	Mid Cities	04/16/2024	15,764	New Lease	Direct
Trader Joe's	1129 Fair Oaks Ave	Pasadena	04/01/2024	15,000	New Lease	Direct

Recent sales activity

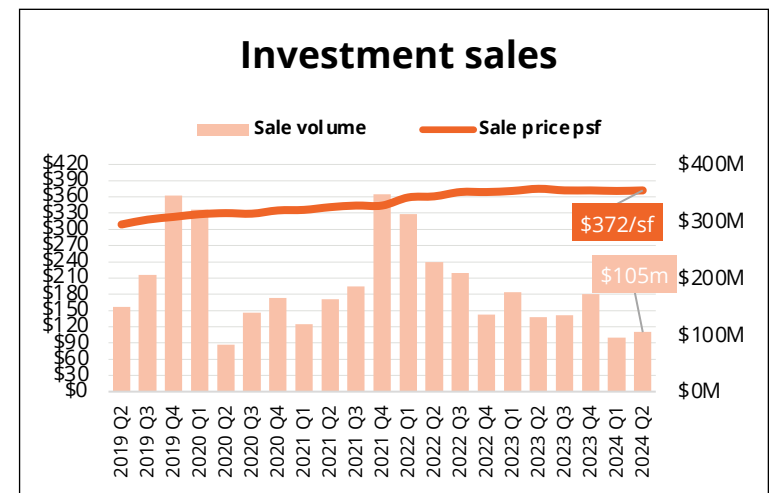
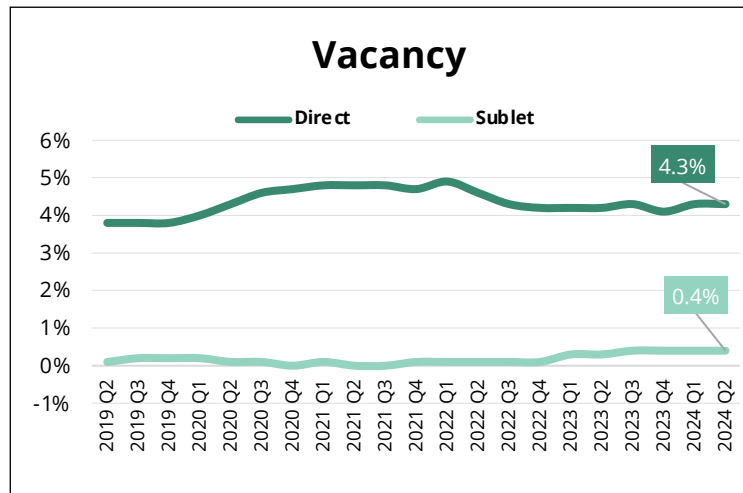
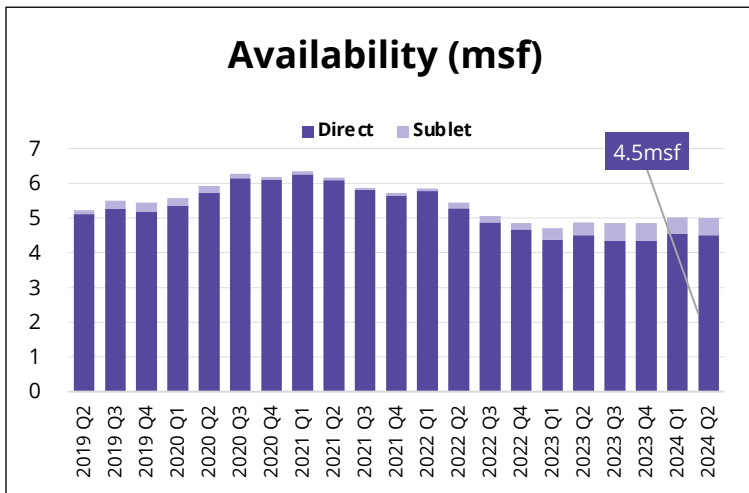
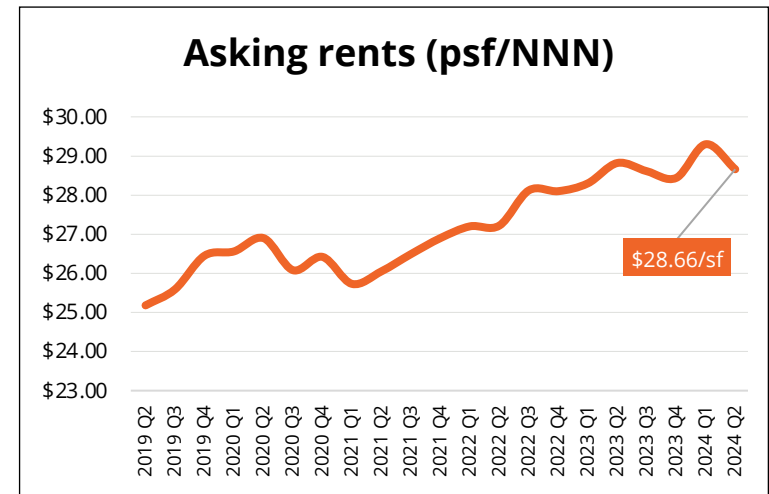
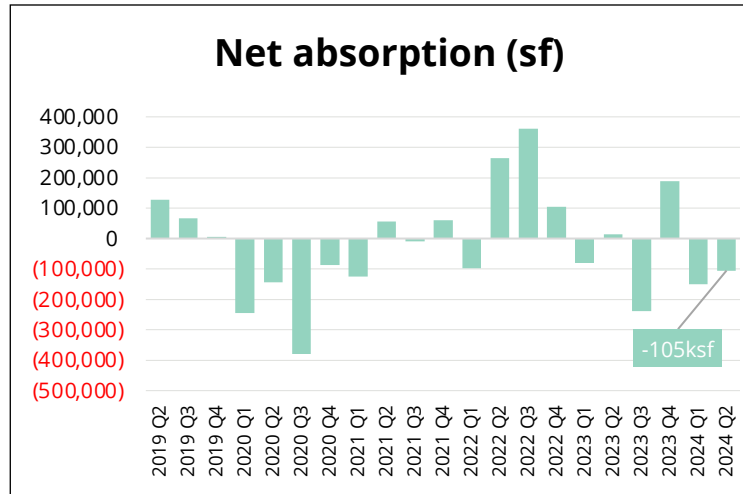
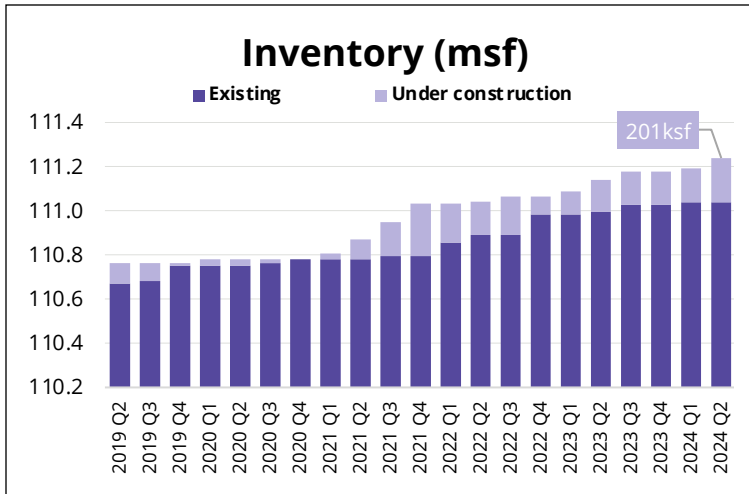
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Ashley Furniture Inc.	19330-19350 Hawthorne Blvd, Torrance	04/01/2024	104,906	\$42,500,000	\$405.12	Charing Cross Partners
Covina Valley USD	205 N Citrus Ave, West Covina	05/15/2024	40,359	\$38,000,000	\$941.55	Sage Automotive Group
L&R Group	1031-1047 S Los Angeles St, Los Angeles	06/03/2024	18,180	\$22,000,000	\$1,210.12	Harkham Family Industires
AltaMed	3820-3820 Martin Luther King Jr Blvd, Lynwood	05/01/2024	31,346	\$19,290,000	\$613.63	Excel Property Management
The Picerne Group	1610 W Artesia Blvd	05/30/2024	149,411	\$15,200,000	\$101.73	Stein Family Trust

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	Jul 2024	\$25.00/sf

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

Orange County retail market indicators



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Orange County retail market activity

Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Mor Furniture	2335 Imperial Hwy	Brea/La Habra	04/08/2024	43,110	New Lease	Direct
Defy Extreme Air Sports	7777 Edinger Ave	Huntington Beach	04/05/2024	40,555	New Lease	Direct
Dollar Tree	15672-15964 Springdale St	Huntington Beach	04/01/2024	24,564	New Lease	Direct
Chuck E Cheese	15023-15099 Goldenwest St	Huntington Beach	05/30/2024	18,000	New Lease	Direct

Recent sales activity

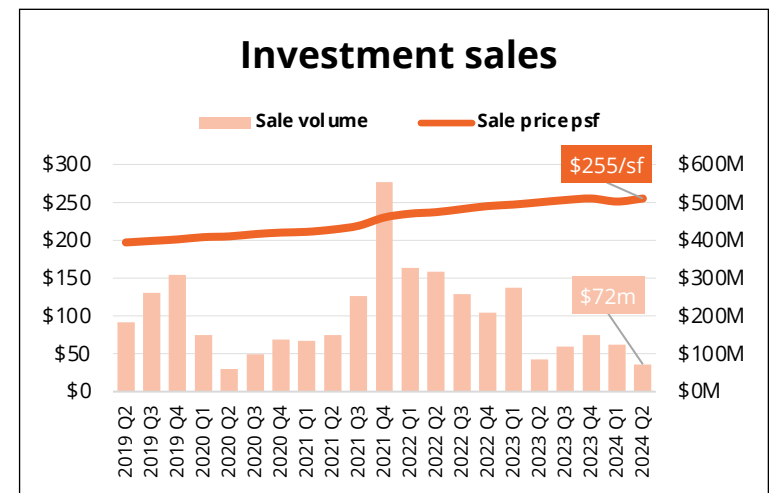
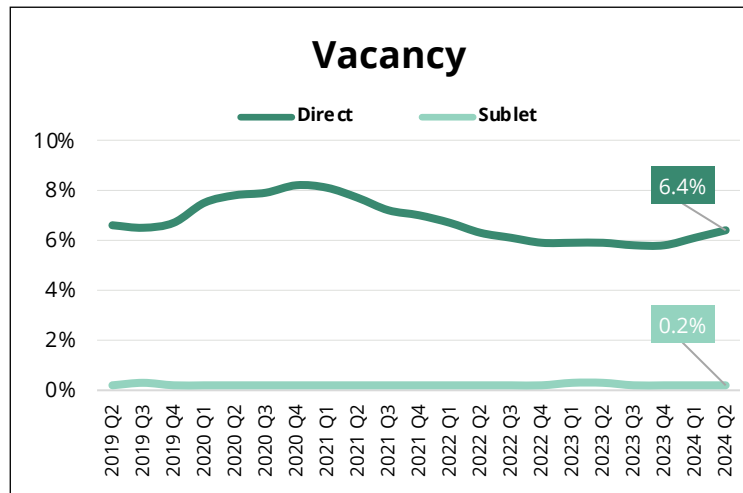
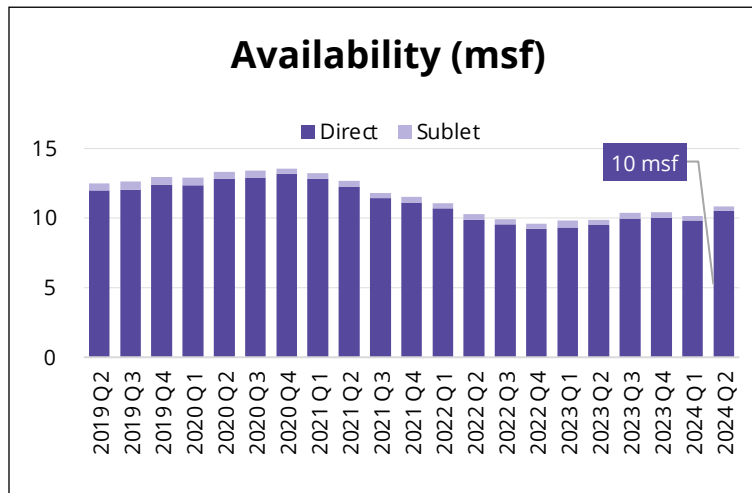
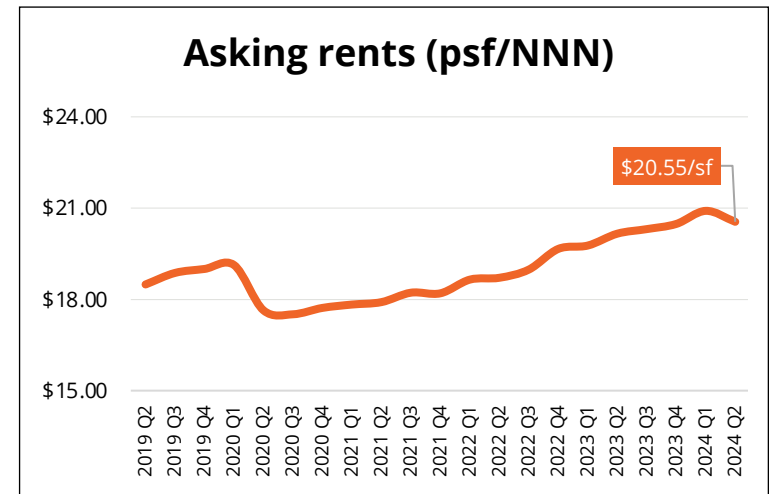
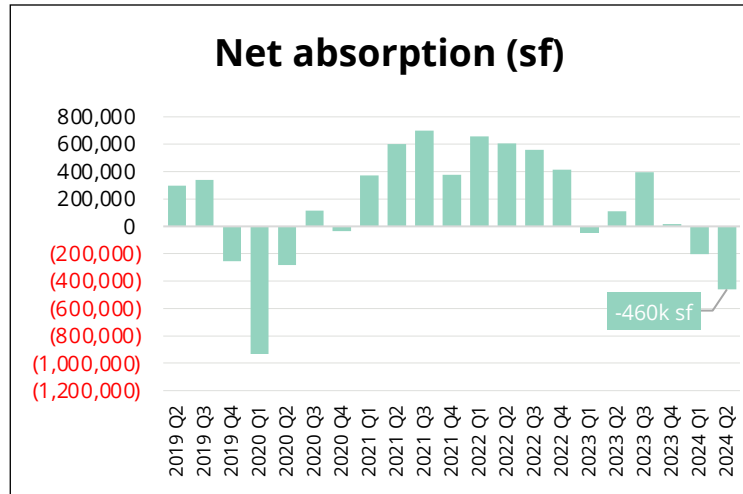
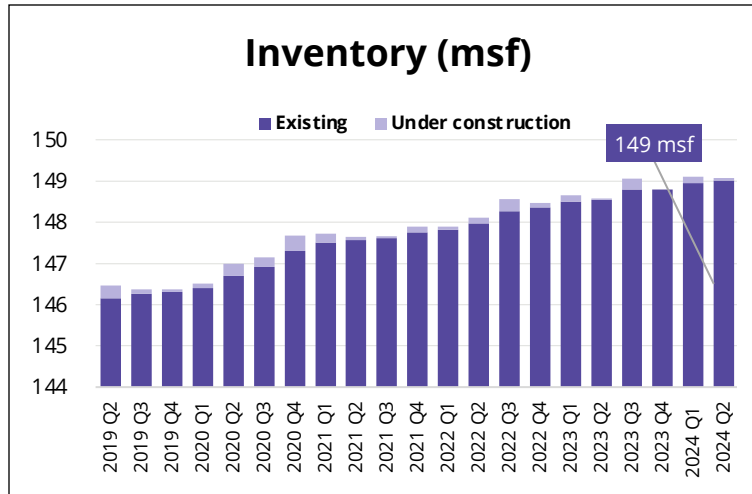
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
OC Freedomhouse	10912 Katella Ave, Anaheim	05/13/2024	46,287	\$18,000,000	\$388.88	Euclid Katella Partners
Lithia Real Estate	2925 Harbor Blvd, Costa Mesa	05/31/2024	32,334	\$15,410,000	\$476.59	Piazza Management Co.
Black Label Capital	2433-2451 E Orangethorpe Ave, Fullerton	06/13/2024	14,231	\$5,000,000	\$351.35	BOS Commercial

Notable construction projects

Owner	Address	Submarket	Size (sf)	Est. Delivery	Asking rent
ALMQUIST Development + Investment	31896 Paseo Adelanto	San Juan Capistrano	60,000	Jul 2024	\$42.00/sf
Undisclosed Owner	24821 Alicia Pkwy	Laguna Hills	53,365	Dec 2024	\$35.00/sf

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

Inland Empire retail market indicators



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

Inland Empire retail market activity

Recent leasing activity

Tenant name	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Party City	11530 4 th St	Rancho Cucamonga	05/15/2024	26,969	Direct	New Lease
Dollar Tree	430 N Mountain Rd	Ontario	04/01/2024	22,400	Direct	New Lease
Total Wine and More	27651 San Bernadino Ave	Redlands	04/03/2024	22,047	Direct	New Lease
PetSmart	27730 Clinton Keith Rd	Murrieta	05/14/2024	16,384	Direct	New Lease

Recent sales activity

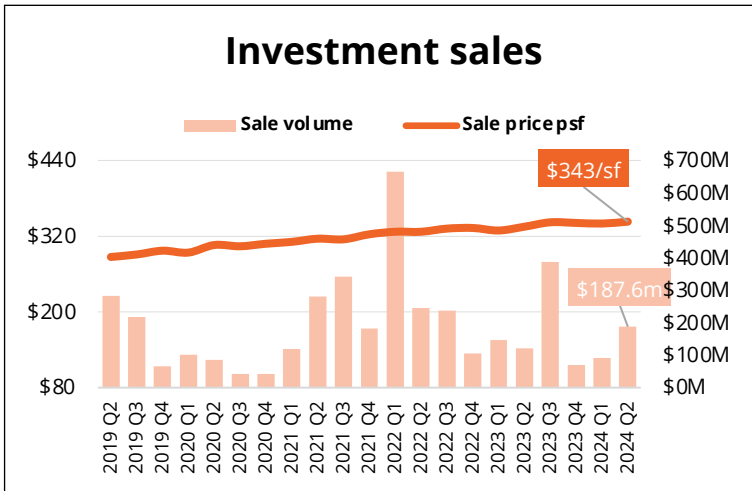
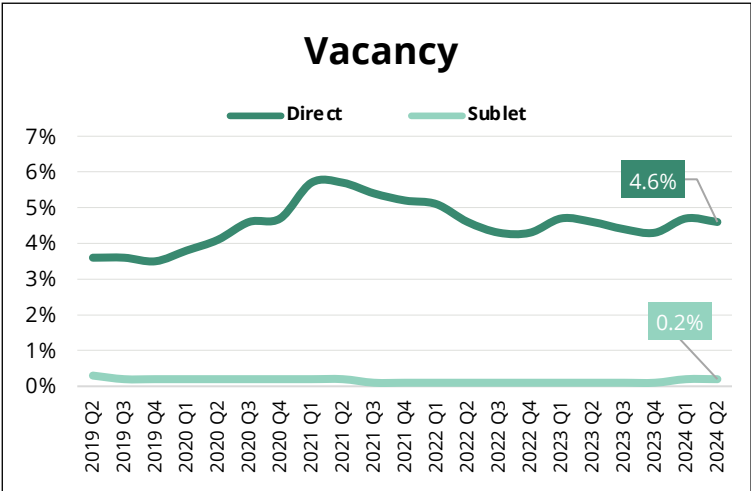
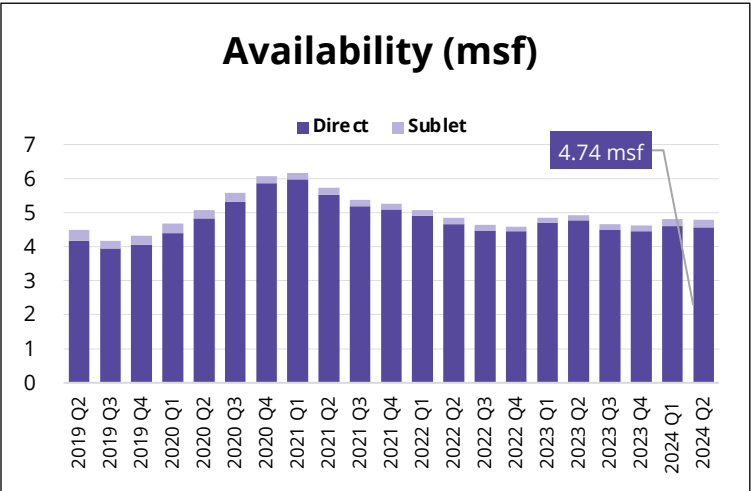
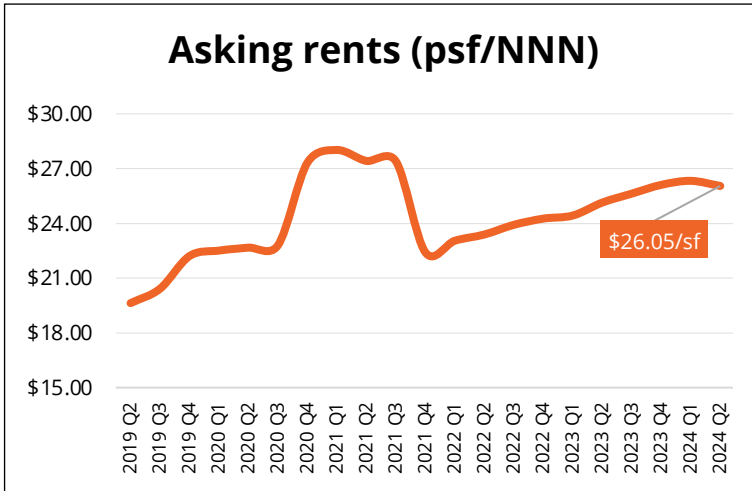
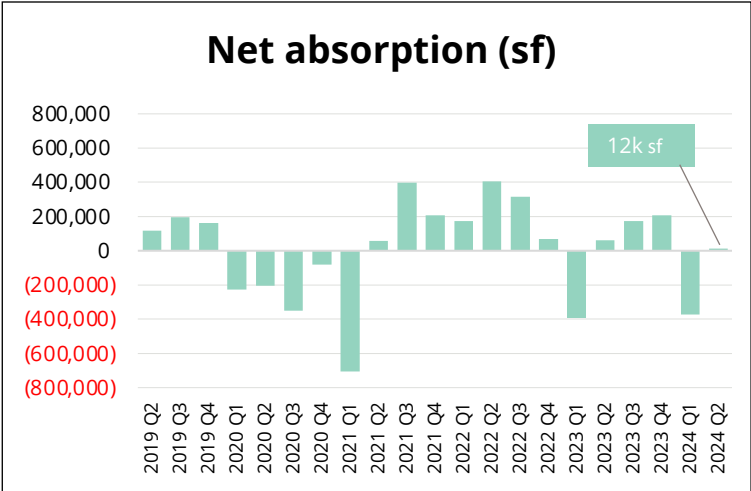
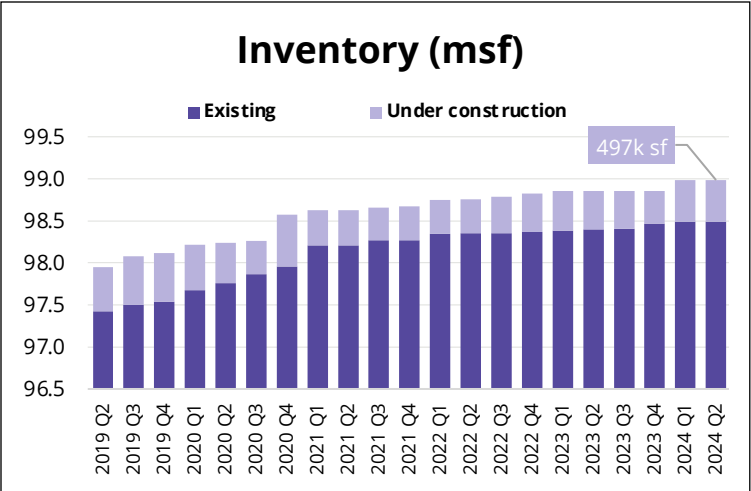
Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Kevin Naderi	350 Carriage Circle, Hemet	05/21/2024	44,600	\$14,500,000	\$325.11	Gosch Auto Group
Yaqi Li	4404 University Pkwy, San Bernadino	06/17/2024	32,757	\$9,350,000	\$285.37	Stafford LLC
Allen Chi	109 N McKinley St, Corona	06/17/2024	55,000	\$8,700,000	\$158.18	Henry Chung
Ali Youssef	14501-14529 Ramona Ave, Chino	04/30/2024	15,465	\$7,410,000	\$478.86	Jim Franchino

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
Dollar Tree	1766 E Main St	El Cajon	04/02/2024	32,800	Direct	New Lease
Consignment Classics	6501-6585 Mission Gorge Rd	Mission Gorge	06/10/2024	20,1000	Direct	New Lease
Grocery Outlet	1211-1219 Garnet Ave	Pacific Beach	06/11/2024	12,500	Direct	New Lease

Recent sales activity

Buyer	Address	Sale date	Size (sf)	Sale price	Sale price psf	Seller
Decron Properties	10604 Westview Pkwy, Mira Mesa	06/07/2024	129,759	\$60,890,000	\$469.29	Stockbridge Capital
Sai Investments	13390 Poway Rd, Poway	06/17/2024	13,412	\$7,080,000	\$527.51	Brandon Family Partnership
Wasem Saliman	8375 Hercules St, La Mesa	04/16/2024	14,000	\$6,300,000	\$450.00	Dennis Swanson
Eddie Haddad	2315-2341 E Valley Pkwy, Escondido	04/08/2024	27,075	\$6,200,000	\$228.99	Arileus Capital

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
CP VII Robinson	3715-3795 6 th Ave	Central SD	130,900	May 2025	Undisclosed
Undisclosed Owner	1103 W 9 th Ave	Escondido	26,455	Aug 2024	\$33.00 /sf

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

For more market insights
and information visit
avisonyoung.com

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