



**THE SAYWITZ COMPANY**

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**Commentary on Los Angeles Industrial Market  
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The Los Angeles industrial market continues to lead the country with the lowest vacancy of any industrial market. The combination of size of the overall market and lack of inventory continues to put pressure upward on rents. Not only is there limited inventory but lack of quality product puts good economical facilities in high demand. Additionally, the lack of ability to build new product readily combined with increasing demand changes the focus of the marketplace going forward. As rents for good quality properties continue to rise developers and land owners look for ways to redevelop existing product to take advantage of this need. A number of redevelopment projects have begun and many of those properties are pre-leased prior to completion of construction.

This increased demand also gives owners of older, less functional, properties to ability to spend the necessary funds to upgrade their facilities with the anticipation of receiving higher rents and a return on their investment. The increase in demand from international commerce through the port of Los Angeles combined with growth in the manufacturing, aerospace and healthcare sectors have all assisted in this overall increase in demand. Additionally, the need for third party logistics companies to acquire large chunks of space to accommodate their client's requirements also makes the availability of larger warehouses with higher ceilings a limited commodity. Those third party logistics carriers have the ability to pass along increased rental rates to their clients as a cost of doing business and the rental rate itself becomes less important as having a quality facility with a good location that is strategically located.

As we move forward in closing out 2014 and looking ahead to 2015 we expect more of the same. Increased demand in the Los Angeles market will undoubtedly result in overflow demand in the Inland Empire and outerlying submarkets. We have already seen decreased vacancies in those markets and rents will continue to move upward there as well.

If you are a property owner or landlord with good quality industrial space your asset will continue to appreciate and concerns over vacancy and downtime should dwindle. If you are a user of industrial space in the Los Angeles market and plan to be looking to be looking for new or alternative space in the near future the advise would be to start early and be prepared to move forward quickly if you find a building that fits your needs as there will undoubtedly be others that will be interested in it as well.

Barry Saywitz is President of The Saywitz Company, a national commercial real estate brokerage, investment and consulting firm, headquartered in Newport Beach, California and is active in brokerage transactions throughout Southern California. For additional information on the The Saywitz Company please go to [www.saywitz.com](http://www.saywitz.com).