

FIGURES | GREATER LOS ANGELES RETAIL SHOPPING CENTERS | Q1 2024

# Vacancy rose slightly as retailers eye recently vacated big box space

▲ 6.7%

Vacancy

▲ \$2.62

Average Direct Asking Rate  
PSF, NNN

▼ 1.0M

Square Feet  
Under Construction

▼ (399K)

Square Feet  
Net Absorption

▼ 450.0K

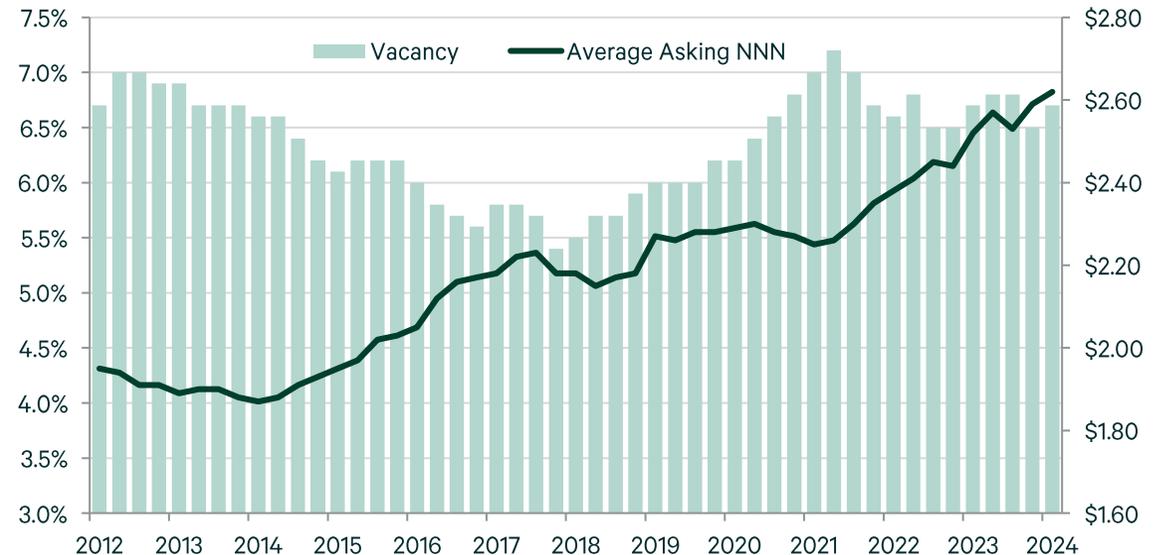
Retail Trade Employment  
Greater Los Angeles

Note: Arrows indicate change from previous quarter.

## MARKET HIGHLIGHTS

- The total labor force in Greater Los Angeles stood at 5.5 million at the close of Q1 2024. Retail Trade employment grew annually to over 450,00 people from almost 448,000 in Q1 2023.
- Retail trade accounted for 6% of the Greater Los Angeles region's Gross Domestic Product (GDP) in 2023, growing 2.1% year-over-year to \$49.1 billion.
- The asking rate for retail shopping centers in the Greater Los Angeles slightly increased to \$2.62 per sq. ft. NNN in Q1 2024 from \$2.59 in Q4 2023.
- Overall vacancy was 6.7% in Q1 2024, a slight increase from 6.5% in Q4 2023.
- Overall availability increased slightly to 7.2%, an increase of 0.02% quarter-over-quarter.
- Big box locations comprised the largest blocks of recently listed available space in Q1 2024.
- Greater Los Angeles reported 399,388 sq. ft. of negative net absorption in Q1 2024, following 532,705 sq. ft. of positive absorption in Q4 2023.

FIGURE 1: Greater Los Angeles Vacancy & Average Asking Rate Trend



Source: CBRE Research, Costar, Q1 2024.

### MARKET OVERVIEW

The largest market by Gross Leasable Area (GLA) in the Greater Los Angeles region, the South Bay, reported an average asking rate of \$2.79 per sq. ft. NNN and 7.4% vacancy in Q1 2024. The next largest submarket, the San Gabriel Valley, reported a vacancy rate of 5.4% with an average asking rate of \$2.12 per sq. ft. NNN. West Los Angeles ended the quarter with the highest vacancy in the region at 10.3% with the highest average asking rate at \$5.08 per sq. ft. NNN. The Tri-Cities submarket reported a total vacancy of 10.7% with an average asking rate of \$3.20 per sq. ft. NNN.

The San Gabriel Valley represented the largest share of leasing activity in Greater Los Angeles with over 200,000 sq. ft. taking place in Q1 2024. The next most active markets were Central Los Angeles and Santa Clarita/Antelope Valley with over 183,000 and 152,000 sq. ft. of leasing respectively.

Construction activity remained minimal in Q1 2024. Greater Los Angeles reported 1.0M square feet under construction. The South Bay submarket accounts for roughly 800,000 square feet with two large developments underway. To name one, West Harbor at the Port of Los Angeles in San Pedro, a 375,000 square foot Community Center, is expected to deliver in May 2025.

Total sales volume declined quarter-over-quarter by 16% to \$713 million, which reported 48% lower than Q1 2023. The average size and price of a retail property sold in Q1 2024 was 11,583 sq. ft. and \$3.8 million. Private investors accounted for 82% of acquisitions and 76% of all sold retail commercial properties by total sales volume. The largest sale of the quarter involved the Esplanade Shopping Center in Oxnard, CA, which was purchased by Primestor for \$90M from Investec Real Estate Companies. At the time of sale, the shopping center was 94% leased.

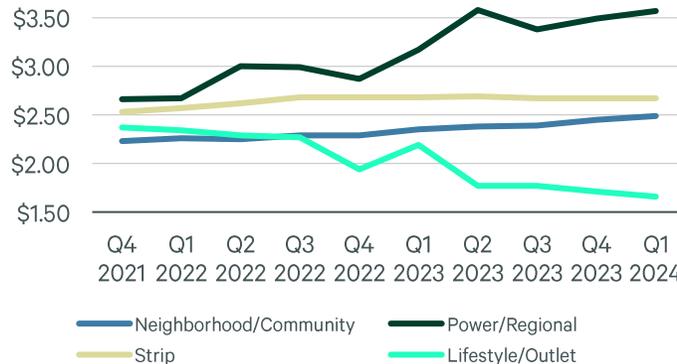
At a national and regional level, sustained higher interest rates have stalled capital markets activity, and sales volumes have reported below 2021 and 2022 levels for five consecutive quarters.

FIGURE 2: Greater Los Angeles Statistics Q1 2024

Submarket	Total GLA Sq. Ft.	Total Availability (%)	Total Vacancy (%)	Average Asking NNN	Net Absorption Quarterly	Net Absorption YTD	Gross Leasing	Under Construction
Central Los Angeles	32,239,870	5.6%	5.4%	\$2.27	60,806	60,806	183,204	14,489
Downtown Los Angeles	2,783,216	5.7%	7.3%	\$3.33	66,916	66,916	17,818	0
Hollywood/Wilshire	9,981,969	7.8%	9.3%	\$3.52	(3,403)	(3,403)	73,296	0
San Fernando Valley	27,822,023	6.4%	6.4%	\$2.79	(289,302)	(289,302)	100,284	0
San Gabriel Valley	33,272,149	6.0%	5.4%	\$2.12	(63,088)	(63,088)	200,648	122,002
Santa Clarita/Antelope Valley	17,636,678	8.0%	5.3%	\$1.79	32,737	32,737	152,628	8,000
South Bay	33,835,874	7.4%	7.4%	\$2.79	(39,737)	(39,737)	121,934	805,502
Tri-Cities	10,855,227	5.6%	7.4%	\$3.20	(139,137)	(139,137)	22,853	0
Ventura County	24,263,814	7.4%	7.9%	\$2.11	(82,601)	(82,601)	58,189	3,500
West Los Angeles	9,488,989	12.1%	10.3%	\$5.08	57,483	57,483	71,874	68,760
<b>Greater Los Angeles</b>	<b>202,179,809</b>	<b>7.2%</b>	<b>6.7%</b>	<b>\$2.62</b>	<b>(399,338)</b>	<b>(399,338)</b>	<b>1,002,728</b>	<b>1,022,253</b>

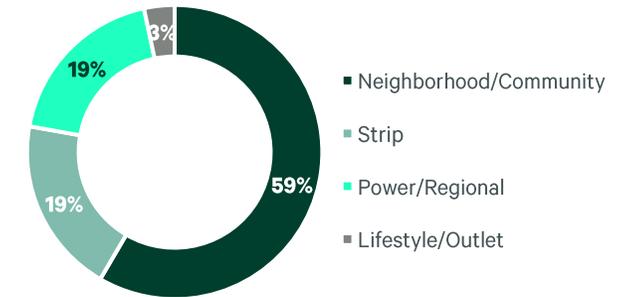
Source: CBRE Research, Costar, Q1 2024.

FIGURE 3: Greater Los Angeles Shopping Center Rents by Category Trend (NNN/SF)



Source: CBRE Research, Costar, Q1 2024.

FIGURE 4: Greater Los Angeles Shopping Center GLA by Category



Source: CBRE Research, Costar, Q1 2024.

FIGURE 3: Notable Lease Transactions Q1 2024

Tenant	City	Sq. Ft.	Type
COSM, 1101 Stadium Dr	Inglewood	65,000	New Lease
Vallarta Supermarket, 10400-10708 Rosecrans Ave	Bellflower	63,000	New Lease
LA Kings Valley Ice Center, 8750 Van Nuys Blvd	Panorama City	52,254	Renewal
Tesla Motors, 24000 Creekside Dr	Santa Clarita	39,195	New Lease
Sky Zone, 26573 Carl Boyer Dr	Santa Clarita	30,624	New Lease

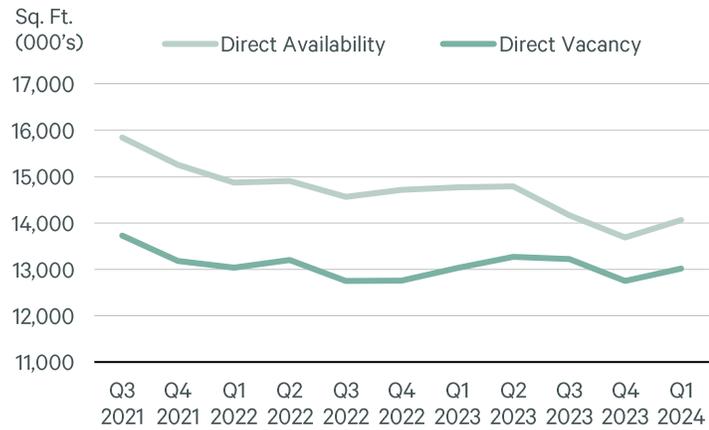
Source: CBRE Research, Q1 2024.

FIGURE 4: Notable Sale Transactions Q1 2024

Location	City	Sq. Ft.	Price
Esplanade Shopping Center, 151-271 W Esplanade Dr	Oxnard	351,514	\$90.0M
La Cañada Flintridge Town Center, 935 Foothill Blvd	La Cañada Flintridge	115,939	\$66.0M
Fox Hills Plaza, 6201-6299 Bristol Pky	Culver City	64,610	\$46.1M
South Bay Village, 19330 Hawthorne Blvd	Torrance	107,539	\$42.5M
8500 W Sunset Blvd	West Hollywood	37,900	\$29.6M

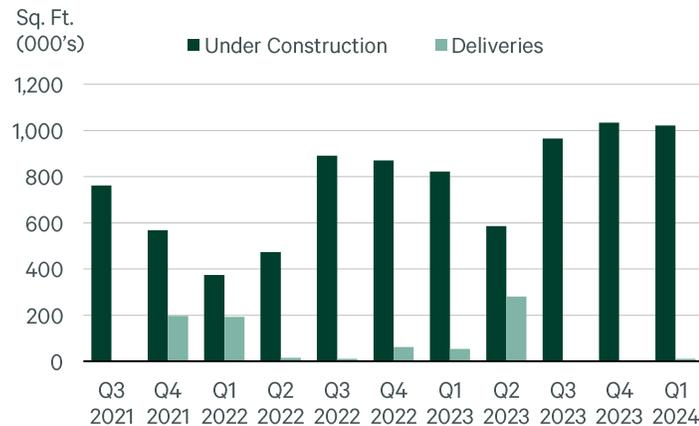
Source: CBRE Research, MSCI Real Capital Analytics, Q1 2024.

FIGURE 5: Direct Availability and Vacancy Matrix



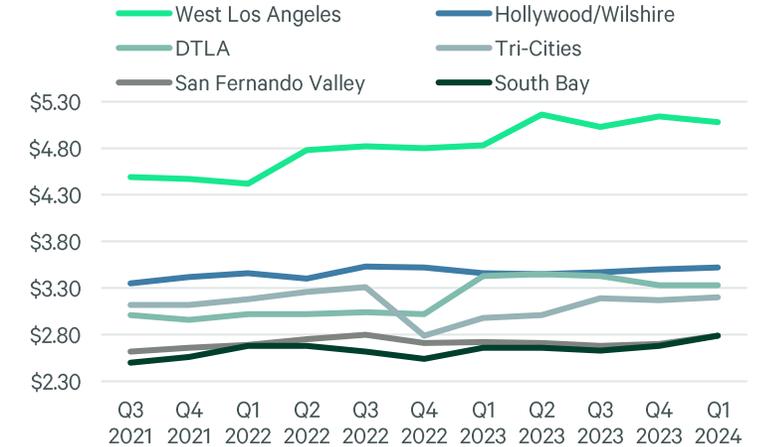
Source: CBRE Research, CoStar, Q1 2024.

FIGURE 6: Greater Los Angeles Construction Matrix



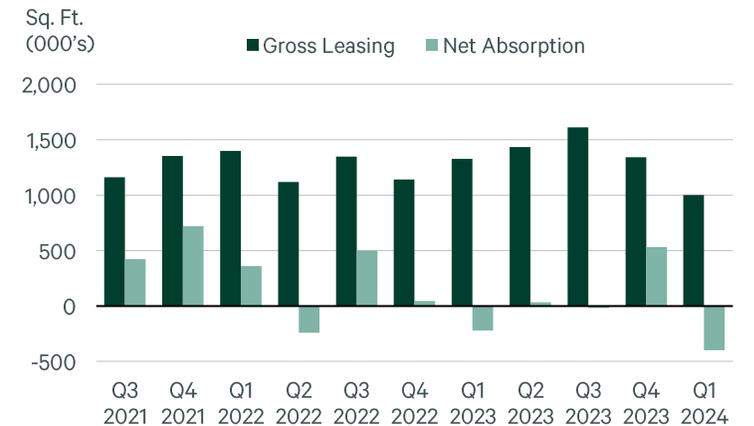
Source: CBRE Research, CoStar, Q1 2024.

FIGURE 7: Submarket Direct Asking Rate Matrix (NNN/SF)



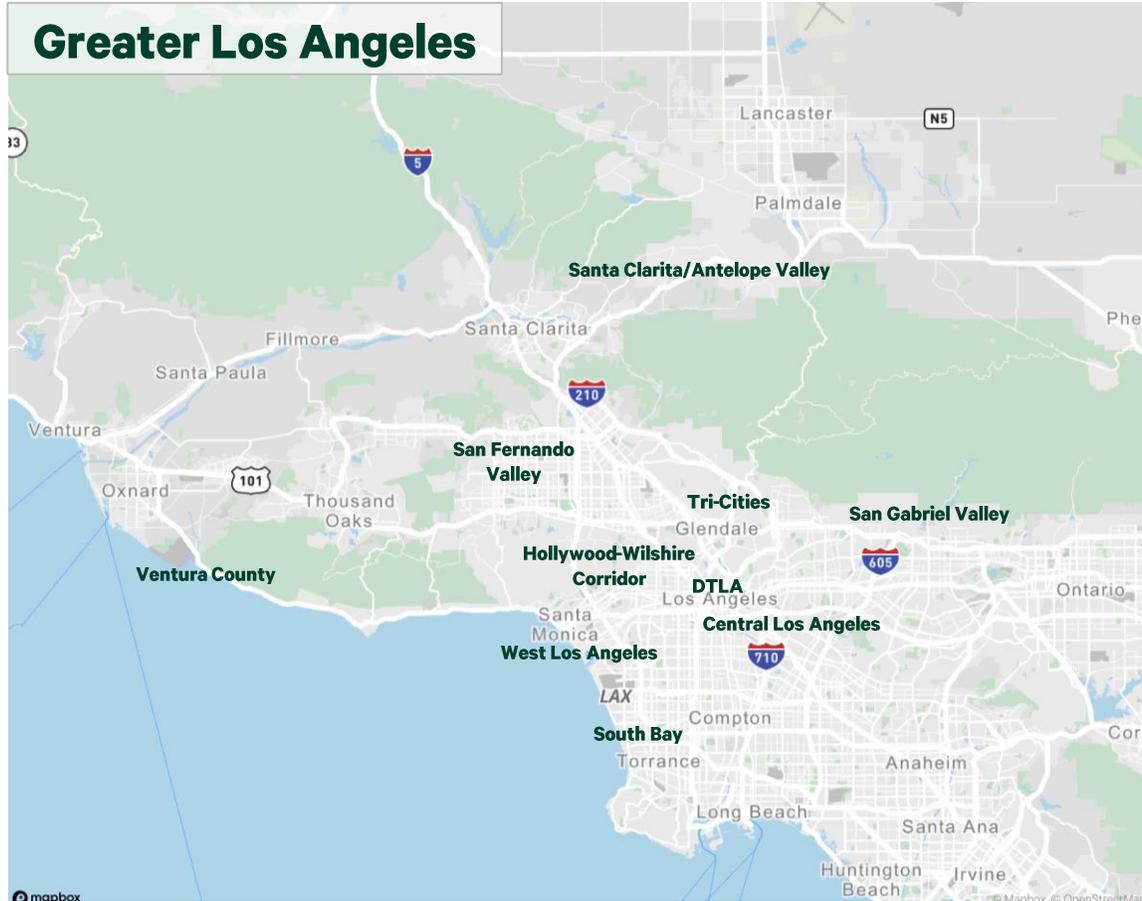
Source: CBRE Research, CoStar, Q1 2024.

FIGURE 8: Greater Los Angeles Activity Matrix



Source: CBRE Research, CoStar, Q1 2024.

Market Area Overview



Definitions

**Methodology:** Greater Los Angeles shopping centers include the nine-county region for retail shopping centers in community center, lifestyle center, neighborhood center, outlet center, power center, regional mall, strip categories. Reporting geographies are as follows: Tri-Cities, San Fernando Valley, Santa Clarita/Antelope Valley, Ventura County, South Bay, San Gabriel Valley, Greater Downtown Los Angeles, Central Los Angeles, West Los Angeles, and Hollywood-Wilshire.

**Definitions:** GLA is gross leasable area or total leasable size of a shopping center. Average vacancy is total vacant available for lease space and rate or percent of GLA. Average availability is average availability of space on the market for lease. Average asking rate is the average direct rent on an annual, per square foot, NNN basis. New construction and deliveries are square feet under construction or delivered for occupancy over a specified period. Net absorption is the change in occupied square feet over a specified period. Leasing activity is total square feet leased over a specified period.

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