

4Q23

Orange County Industrial Market Overview



NEWMARK

Market Observations

Economy

- U.S. retail sales continue to decelerate as industrial leasing activity slowly moderates.
- Loaded import volume at Southern California’s ports totaled 7.6 million containers in the first 11 months of 2023, slightly higher than the same period in 2016.
- A probable strike by Gulf and East Coast dockworkers, drought-induced restrictions at the Panama Canal and continued ship attacks on the Red Sea suggest significant import traffic gains at Southern California’s ports in 2024.
- A rise in imports does not necessarily portend more demand for local warehouse space. Goods that are “just passing through” to other U.S. markets have a negligible effect on local market dynamics. Severe congestion at the ports (if it happens) will drive up ocean container spot and drayage rates, though.

Major Transactions

- 11 leases over 100,000 SF were signed this quarter compared to six that were signed in the fourth quarter of 2022.
- Garden Communities acquired a 345,000-SF manufacturing center at 1683 Sunflower Ave in Costa Mesa from Formosa, LTD for \$72.0M, in what was the largest industrial sale in Orange County in 2023. Costa Mesa’s city council recently approved the site for redevelopment as a mixed-use project. The facility, constructed in 1975, is located in a mostly residential area.
- Office-to-industrial conversions are still being pursued: Greenlaw and Walton Street announced plans to redevelop a 436,000-SF business park in Santa Ana for industrial use upon sale.

Leasing Market Fundamentals

- A steady trickle of tenant departures and downsizes boosted vacancy to a three-year high of 3.0% and inflicted 2.2 MSF in net absorption losses in 2023.
- Move-outs by Hampton Products (308,000 SF) and Romeo Power (215,000 SF) contributed to net absorption losses in the fourth quarter.
- Available sublease space totaled 2.4 MSF in the fourth quarter, up 13.8% from three months ago. Future sublet availability will likely fluctuate as tenants continue to reassess space needs.
- Lease term lengths are trending down as tenants adopt a more cautionary stance. Some may be biding their time as they wait for rents to further decrease.
- Under-construction activity totals 1.8 MSF; 21.3% has pre-leased to date.

Outlook

- Tenant space reductions will likely continue amid high rents and capital costs.
- Vacancy in the Inland Empire is at an 11-year high, sublet availability has reached 14.0 MSF and rents are steadily falling. A few Orange County tenants may consider relocation-consolidation moves to the market.
- Developers will continue to pursue opportunities to convert infill sites for industrial use in a market where the industrial vacancy rate remains below the historical average.
- A major pullback in U.S. retail sales would further slow industrial leasing activity.
- The SCAQMD has begun to levy fines on industrial occupiers for non-compliance with the [WAIRE Program](#). The program, which will apply to additional property size segments in 2024, is expected to be recognized as federally enforceable.

-
1. Economy
 2. Leasing Market Fundamentals
 3. Sales Activity
 4. Appendix

4Q23

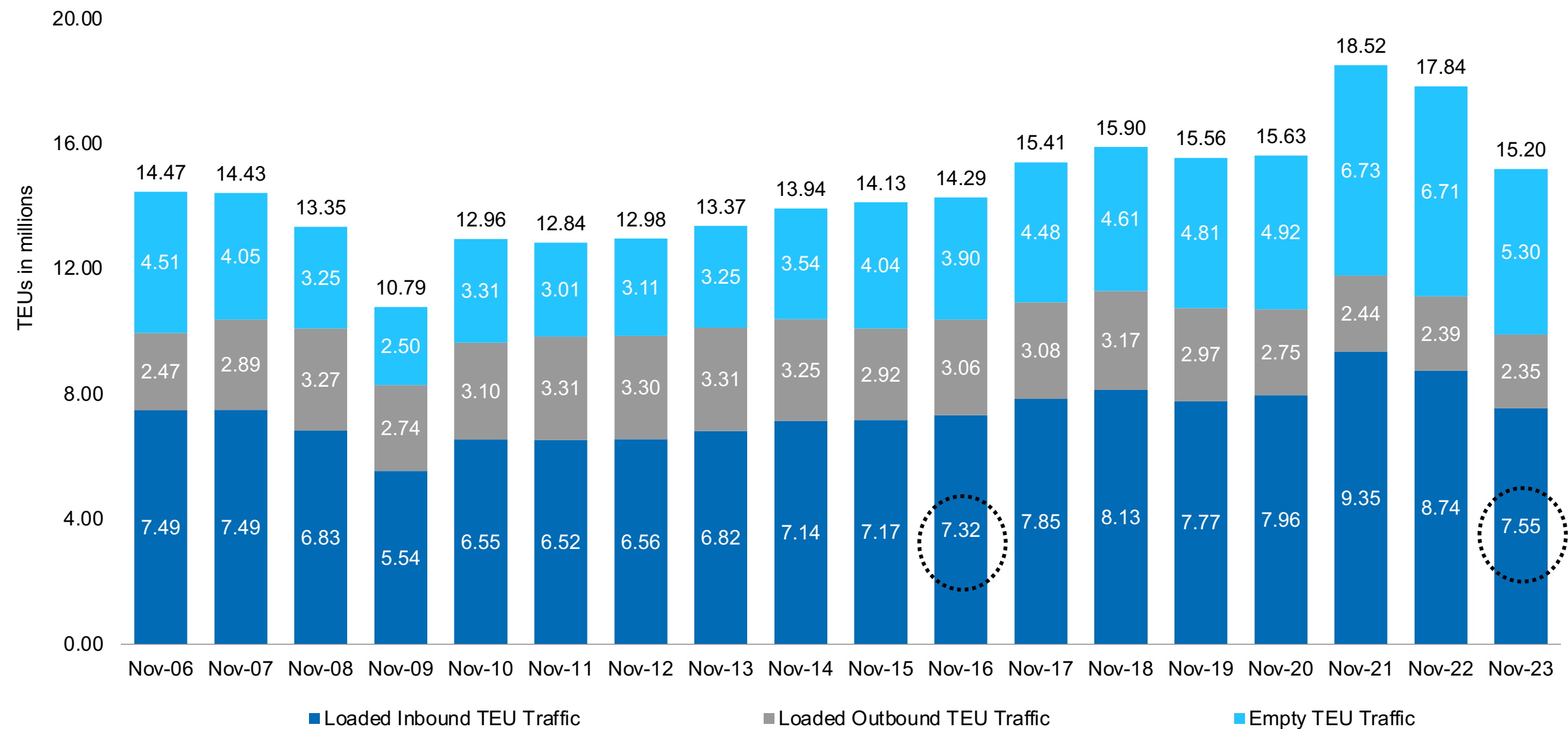
Economy



Loaded Imports in the First 11 Months of 2023 Were Slightly Higher than the Same Period in 2016

This is still healthy from a historical perspective. A return to normal for import traffic is, in turn, moderating demand for warehouse space across Southwest markets.

The Ports of Los Angeles and Long Beach: Combined TEU Volume | Loaded Imports, Loaded Exports and Empty Containers | First 11 Months of a Given Year



Source: Newmark Research, The Port of Long Beach and Los Angeles

Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

West Coast Dockworkers Signed a New Contract in 2023; Their Eastern Counterparts are Next Up...

The ILWU and PMA signed a new labor contract in September, restoring a sense of much-needed stability at U.S. West Coast seaports for the next six years. Longshoremen at East and Gulf Coast ports will soon negotiate their contract, which will expire in late 2024. Import volume will likely shift to West Coast ports until an agreement is reached.

West Coast Ports Agreement Reached...Finally!

- The International Longshore Warehouse Union (ILWU) represents dockworkers at 29 ports from Washington State to California. The Pacific Maritime Association (PMA) represents ocean carriers and terminal operators.
- The prior contract expired on July 1, 2022.
- The ILWU has a history of work disruptions in prior negotiation periods, ranging from strikes, to deliberate work slowdowns to under-staffing shifts.
- These disruptions have cost major retailers billions of dollars in the past.
- In March, for instance, the ILWU did not stagger shifts during meal periods.
- A tentative agreement was reached on June 15, 2023 for what became a new six-year contract. Longshore workers secured a 32% salary increase.
- Many Asian importers pushed inbound goods to East and Gulf Coast ports as talks dragged on. Some of this traffic is returning since stability is now less of a concern.



East and Gulf Coast Ports Are Up Next

- The International Longshoremen (ILA) represents dockworkers at 36 ports from Maine to Texas. The United States Maritime Alliance (USMA) represents ocean carriers and terminal operators.
- Their contract will expire on September 30, 2024.
- Harold Daggett, International President of the ILA, has warned that a strike is likely in 2024.
- Higher pay and job security as it pertains to automating port operations were primary issues for the ILA in 2018/the last negotiation period.



1.6%
Vs. February 2020

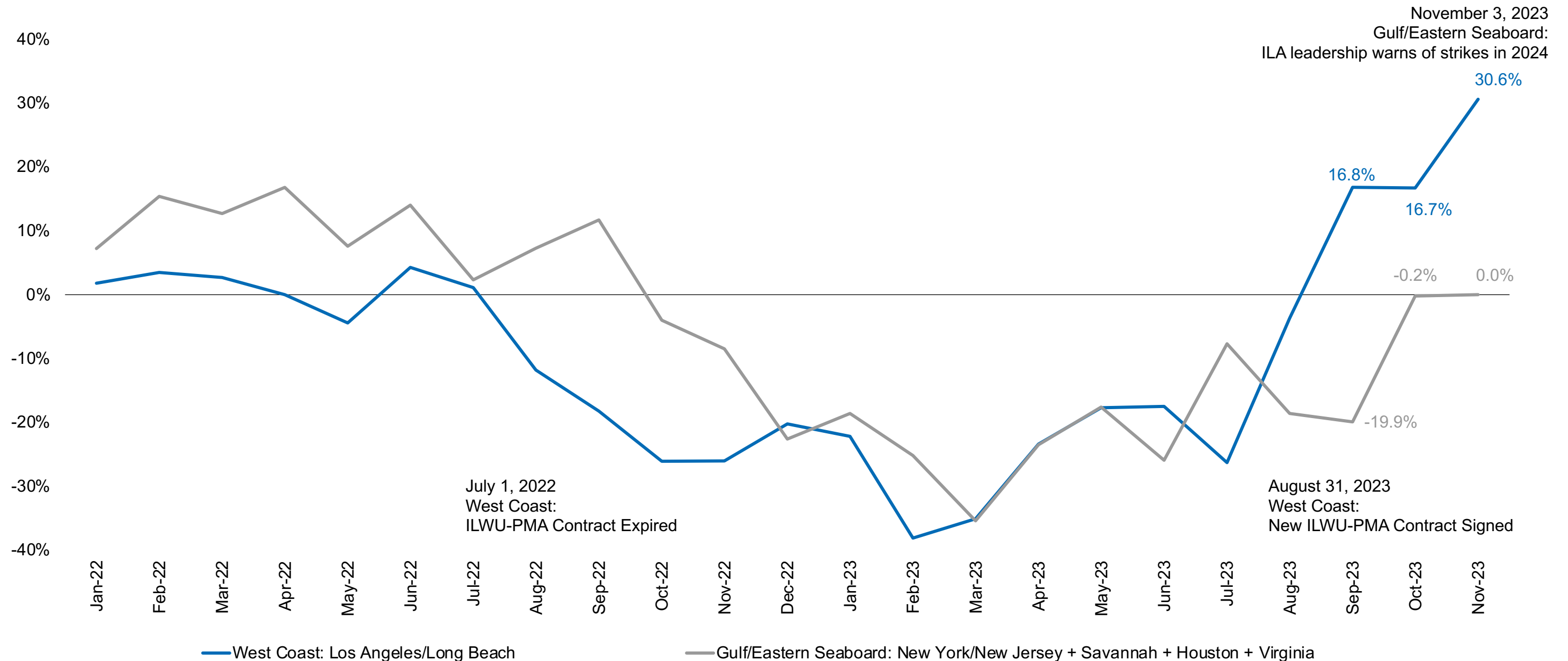
+2.2%
+1.6%
+4.0%
-2.5%

Source: Newmark Research, City of Los Angeles, The Real Deal

Import Traffic Recently Jumped at Los Angeles/Long Beach

Major Gulf and Eastern Seaboard ports are lagging by comparison as some importers re-route cargo to western points of entry due to labor concerns. The opposite happened throughout 2022 into mid-2023; a period when West Coast dockworkers contract negotiation were often contentious. A rise in import activity at Los Angeles/Long Beach does not necessarily portend more demand for local warehouse space however, especially if goods are “just passing through” to other U.S. markets.

Major U.S. Seaports: Annual Change in Loaded Imported TEUs | By Month

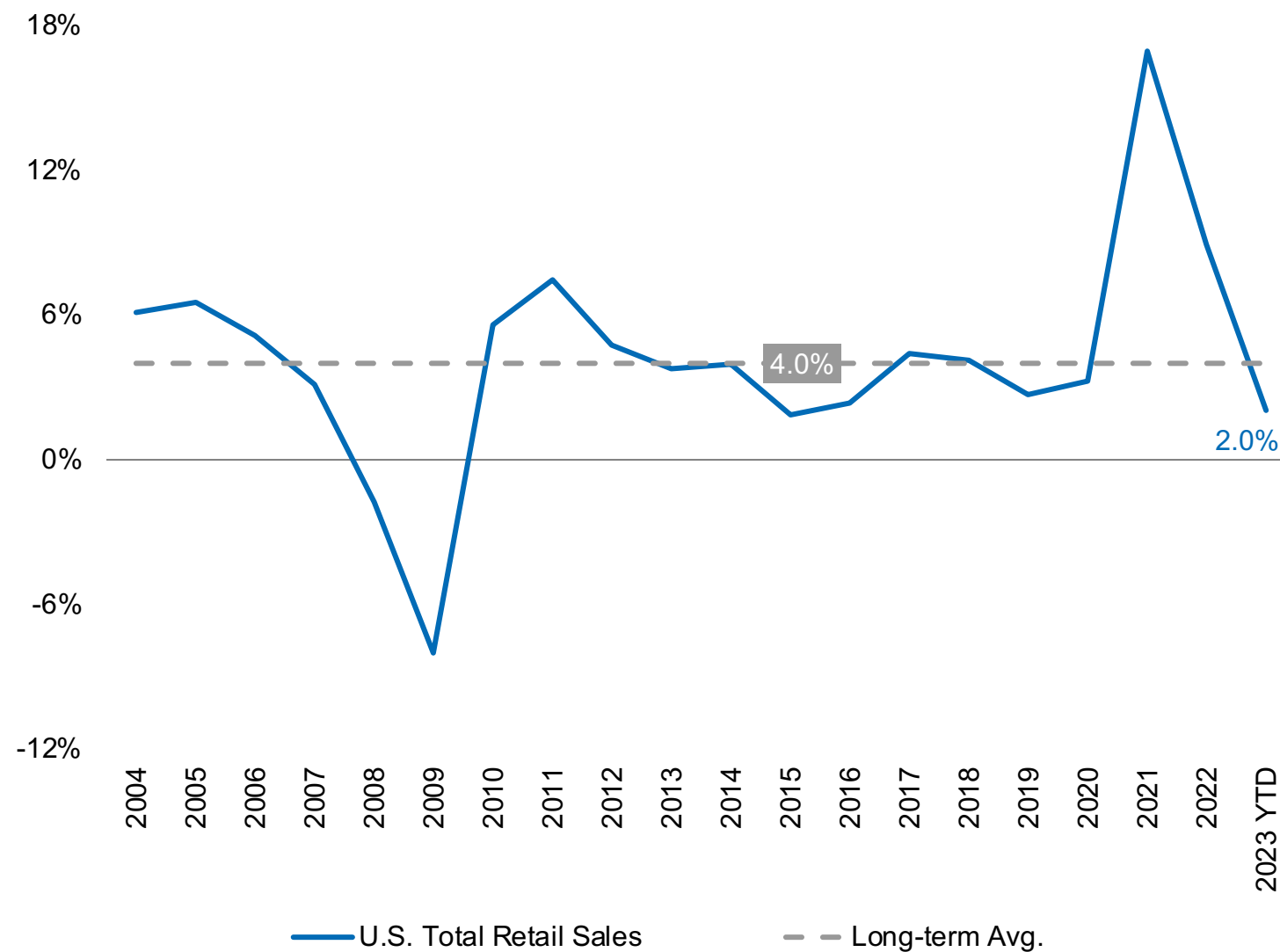


Source: Newmark Research, Individual Seaport

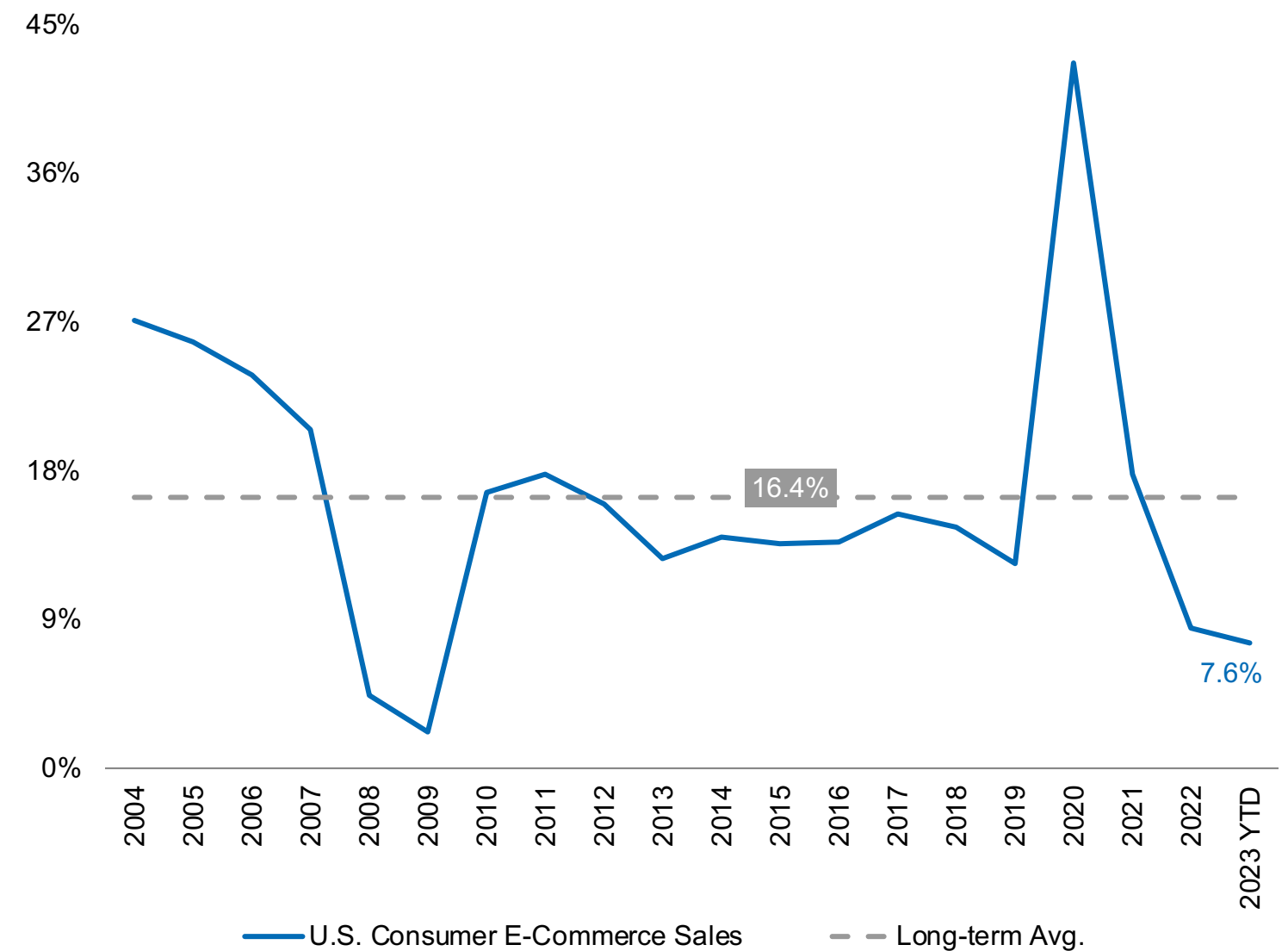
Retail Sales (an Indicator of Warehouse Demand) Continue to Moderate

Consumer e-commerce sales were up 7.6% in the first nine months of 2023 compared with the same period in 2022. Although e-commerce sales growth exceeded total retail sales (+2.0% over the same period), the decline from 2021 onward is noticeable as the macro economy slows.

U.S. Retail Sales Annual Growth



U.S. Consumer E-Commerce Sales Annual Growth

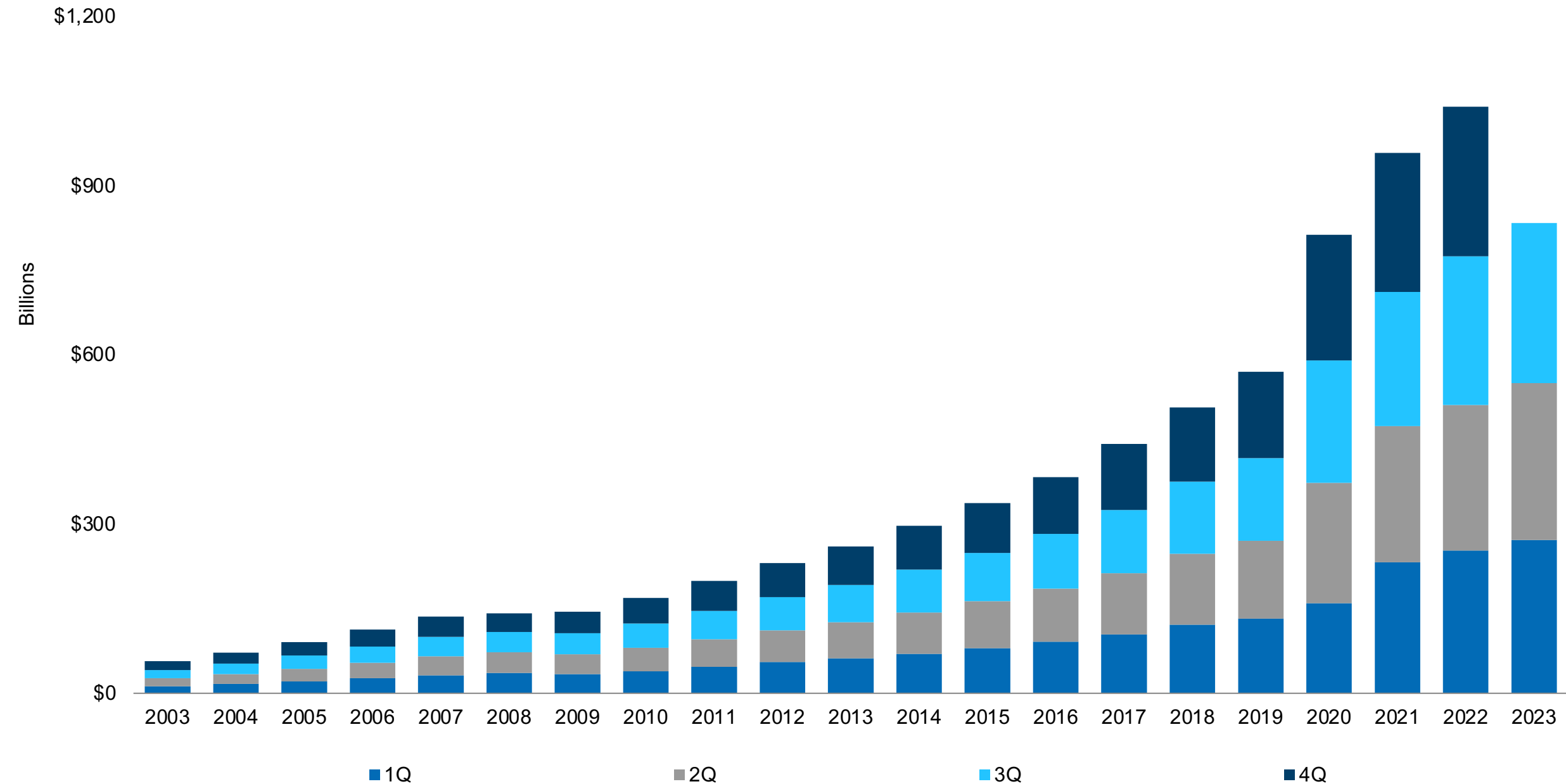


Source: US Census Bureau (consumer adjusted retail sales); most current data available
 Note: 2023 YTD encompasses the first nine months of 2023

The Pandemic Accelerated E-Commerce Sales Growth

It is estimated that every \$1.0 billion in e-commerce sales is supported by 1.2 MSF of logistics space.

U.S. Consumer E-Commerce Sales Volume | By Quarter

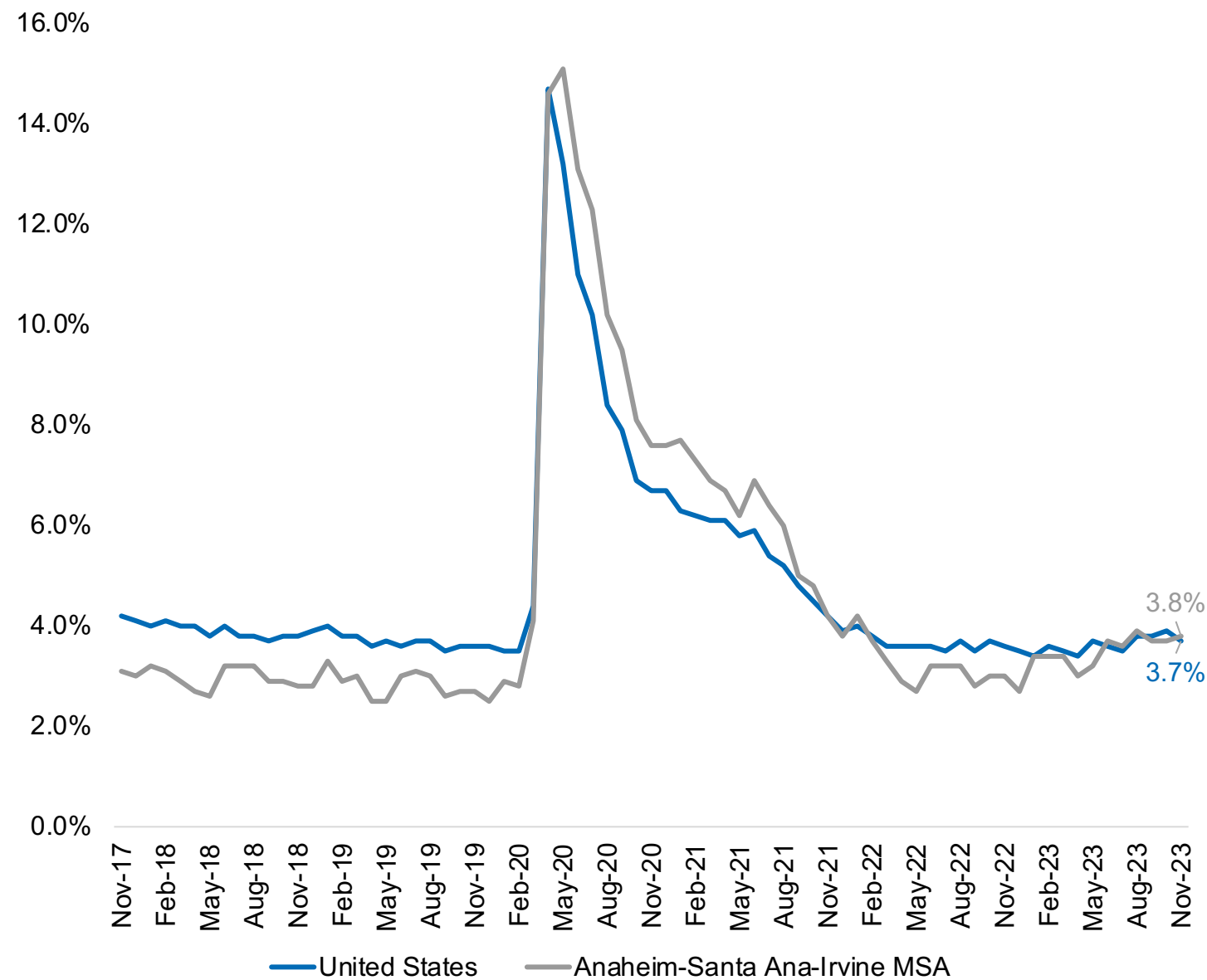


Source: US Census Bureau (consumer adjusted retail sales); most current data available.

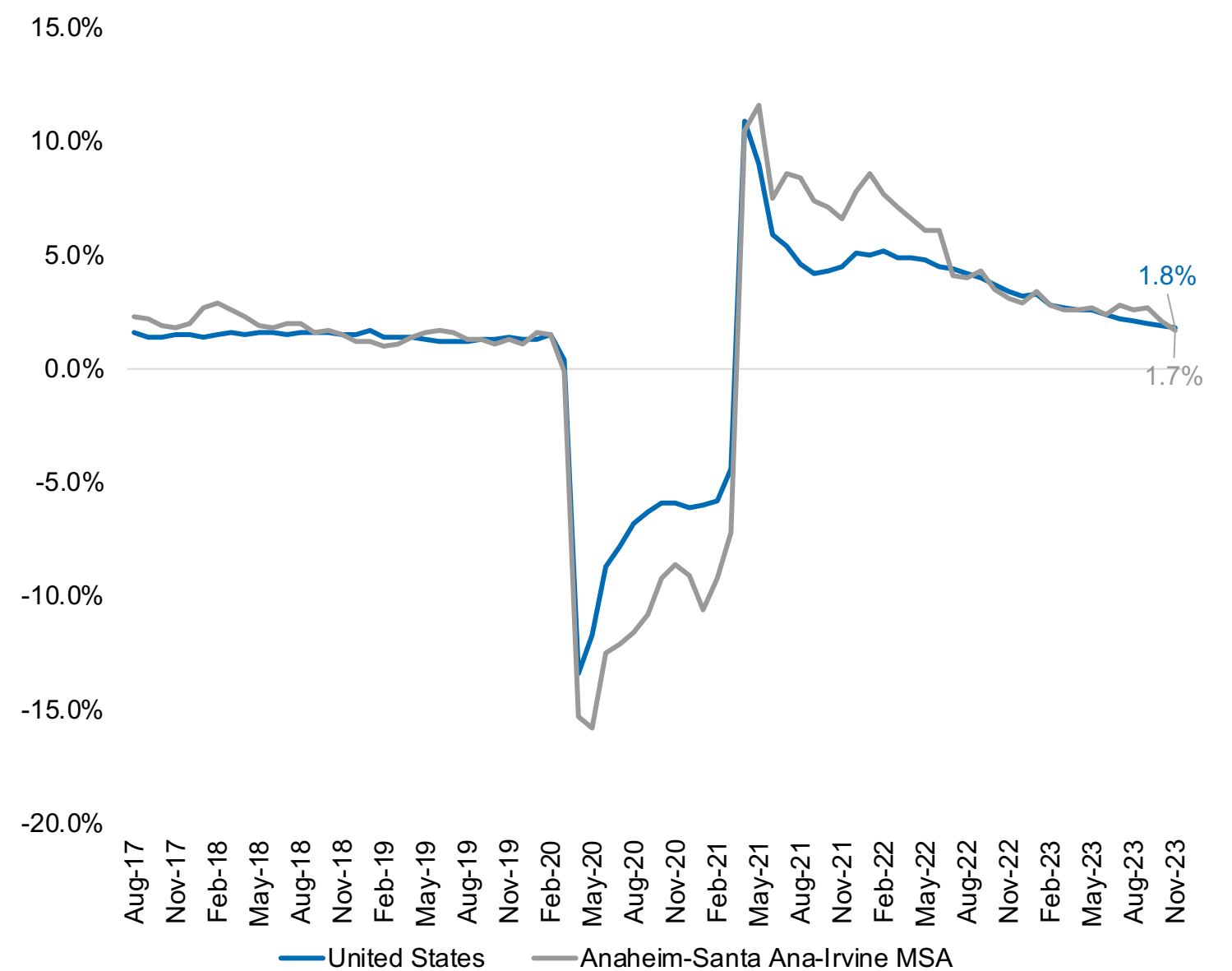
Local Unemployment Stabilizes Amid Declining Job Growth

Orange County unemployment has remained elevated – albeit stable – in recent months. The trajectory of the local unemployment rate, which has roughly fallen in line with the national average over the past half year, depends on both the continued strength of the economy and the Fed’s level of commitment to interest rate cuts over the next year.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

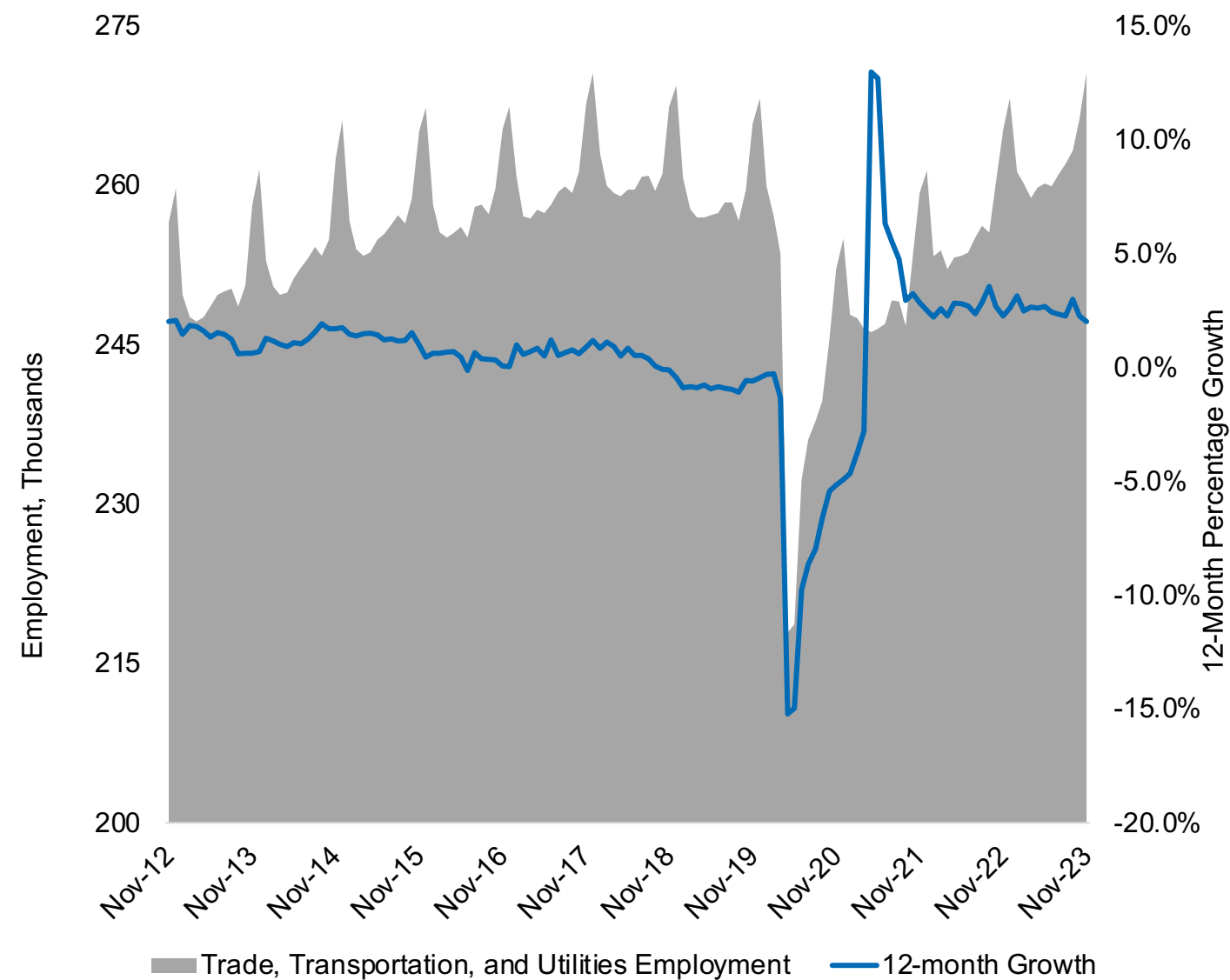


Source: U.S. Bureau of Labor Statistics, Anaheim-Santa Ana-Irvine, CA

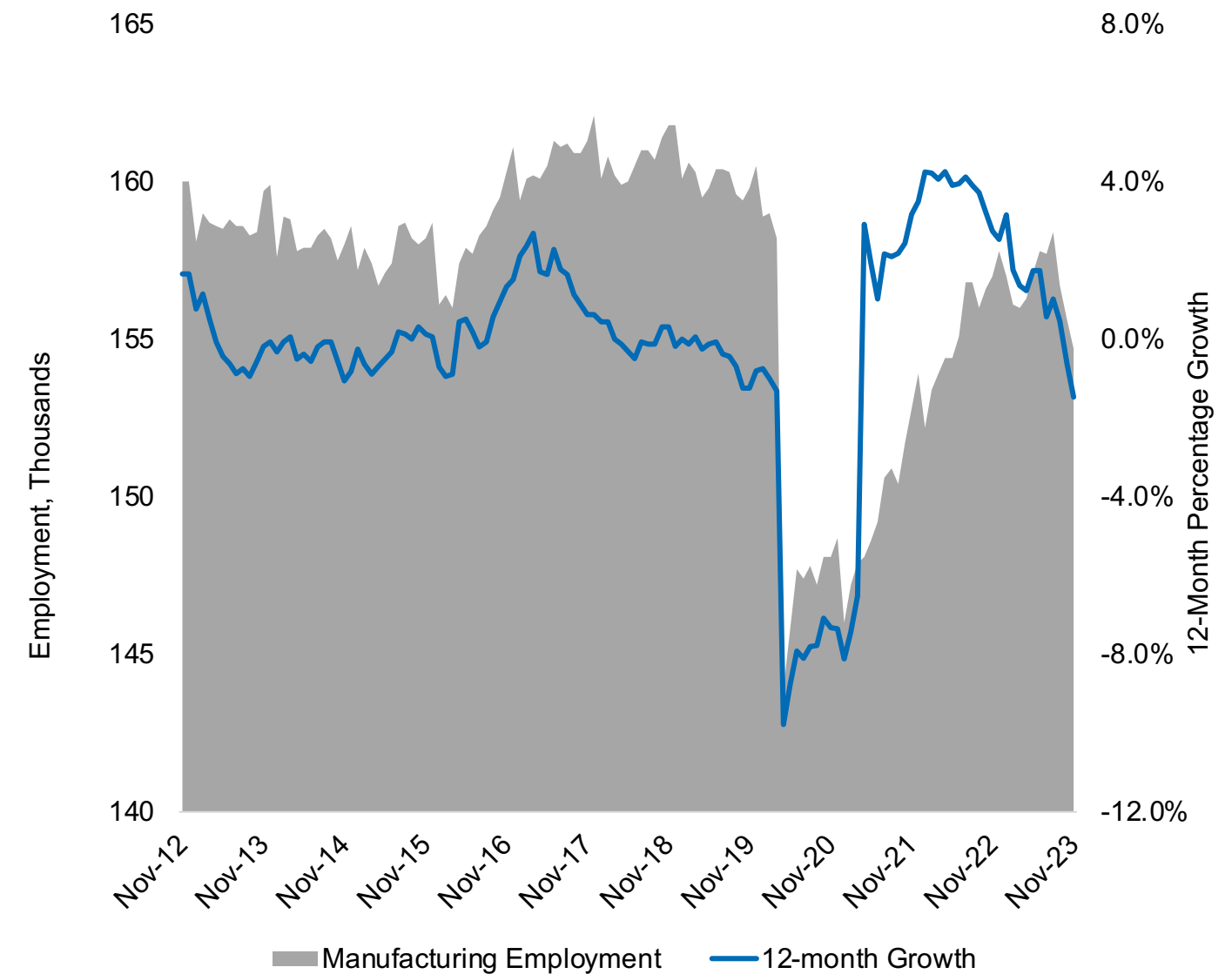
Mixed Signals for Industrial Employment Growth

Local employment in the trade/transportation/utilities sector reached an all-time high in November as the holidays fueled seasonal job gains. A spate of plant closures in the past quarter has contributed to a marked decline in countywide manufacturing employment. Given the regionally disadvantageous costs of doing business in California, it is unlikely that the county will recoup these job losses anytime soon. With that said, EV-related production in the southern reaches of the market remains a bright spot.

Trade/Transportation/Utilities Employment and 12-Month Growth Rate



Manufacturing Employment and 12-Month Growth Rate



Source: U.S. Bureau of Labor Statistics, Anaheim-Santa Ana-Irvine MSA
 Note: November 2023 data is preliminary

4Q23

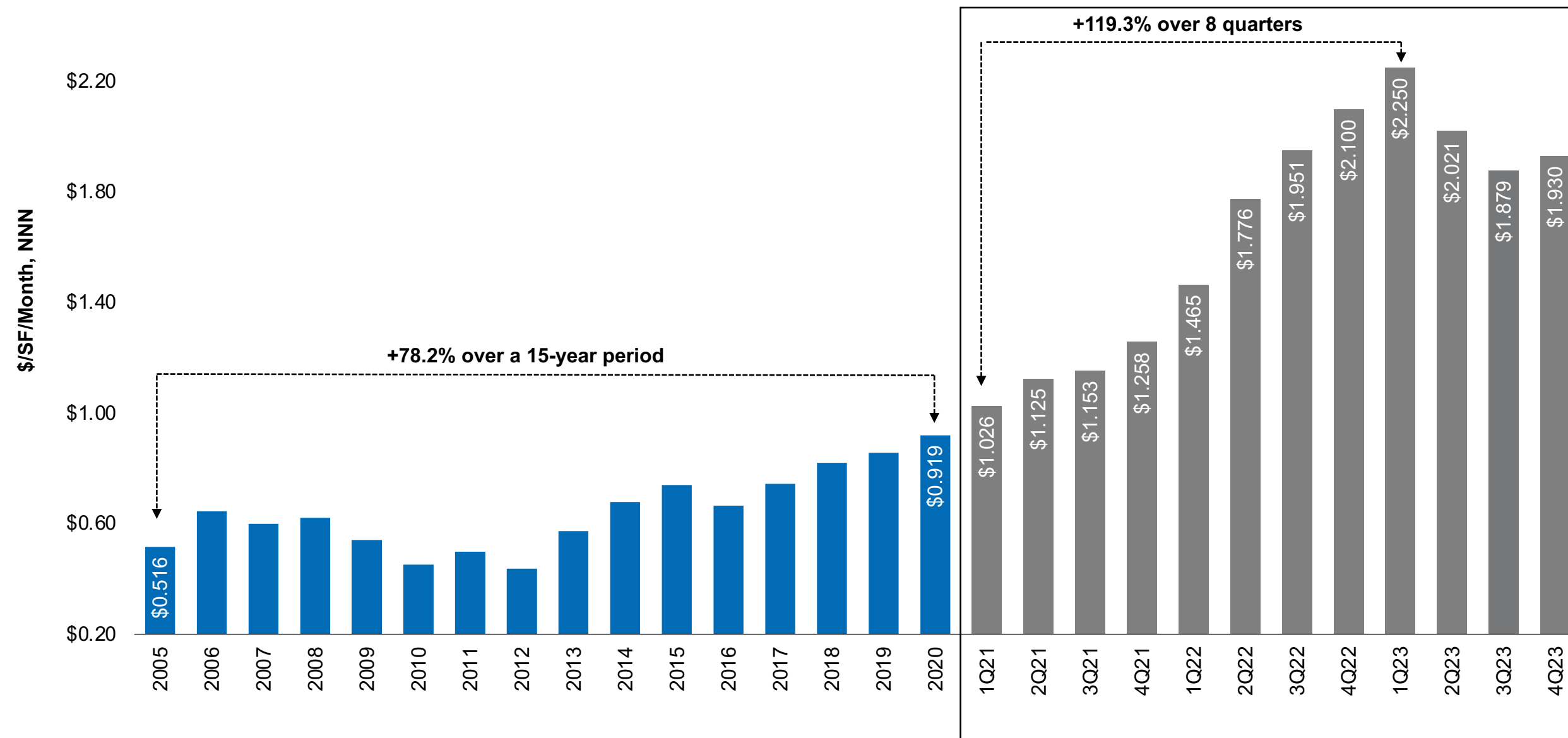
Leasing Market Fundamentals



Unprecedented Rent Growth Decelerating After Two Years

Start rents have softened/have been flat over the last two quarters. With demand cooling, landlords are becoming more competitive to secure tenants through increased concessions and/or lower rents. Rising sublet availability and future speculative construction deliveries will also shift leverage away from landlords.

Orange County: Average Weighted Start Rent for Warehouse Leases: 20,000+ SF SF | 30'+ Clear Facilities

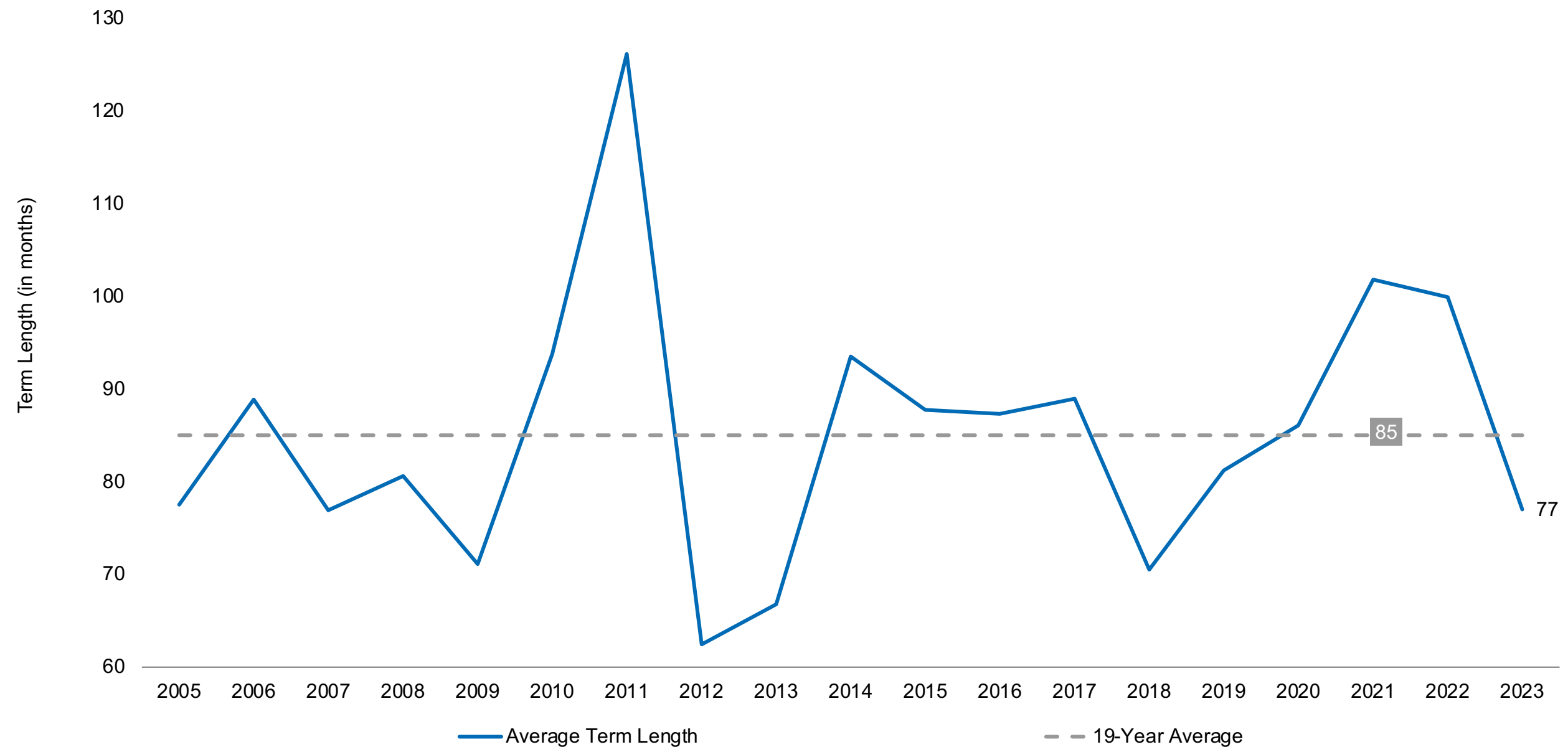


Source: Newmark Research
 Note: Data drawn from 177 transactions and excludes subleases. Developed on December 26, 2023.

Tenants Opting for Short-Term Leases as They Wait for Rents to Moderate

Tenants are growing apprehensive towards committing to long-term leases with the expectation that rents will ultimately soften. With negotiating leverage shifting to tenants, landlords are offering more in concessions than they were one year ago, a time when rents were on the upswing.

Orange County: Average Weighted Term Length for Warehouse Leases: 20,000+ SF SF | 30'+ Clear Facilities



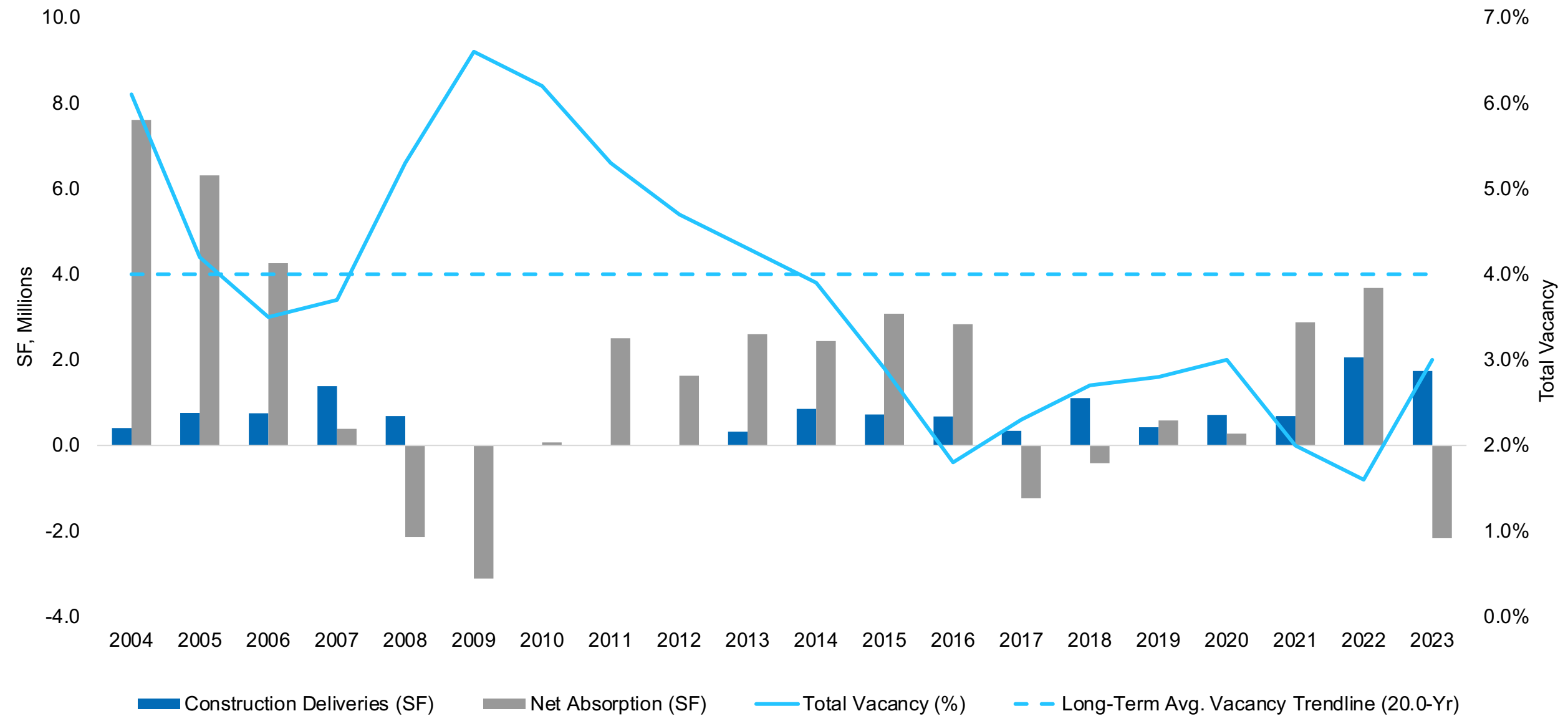
Source: Newmark Research

Note: Includes leases with 36-month+ term lengths. Excludes subleases and extensions. Developed on September 20, 2023.

Vacancy Remains Below Historical Average Amid Sustained Absorption Losses

Net absorption was negative for the fourth-straight quarter, yielding 2.2 MSF in net absorption losses in 2023, a 14-year low. Total vacancy increased but remains a full percentage point lower than the 20-year average.

Historical Construction Deliveries, Net Absorption, and Vacancy

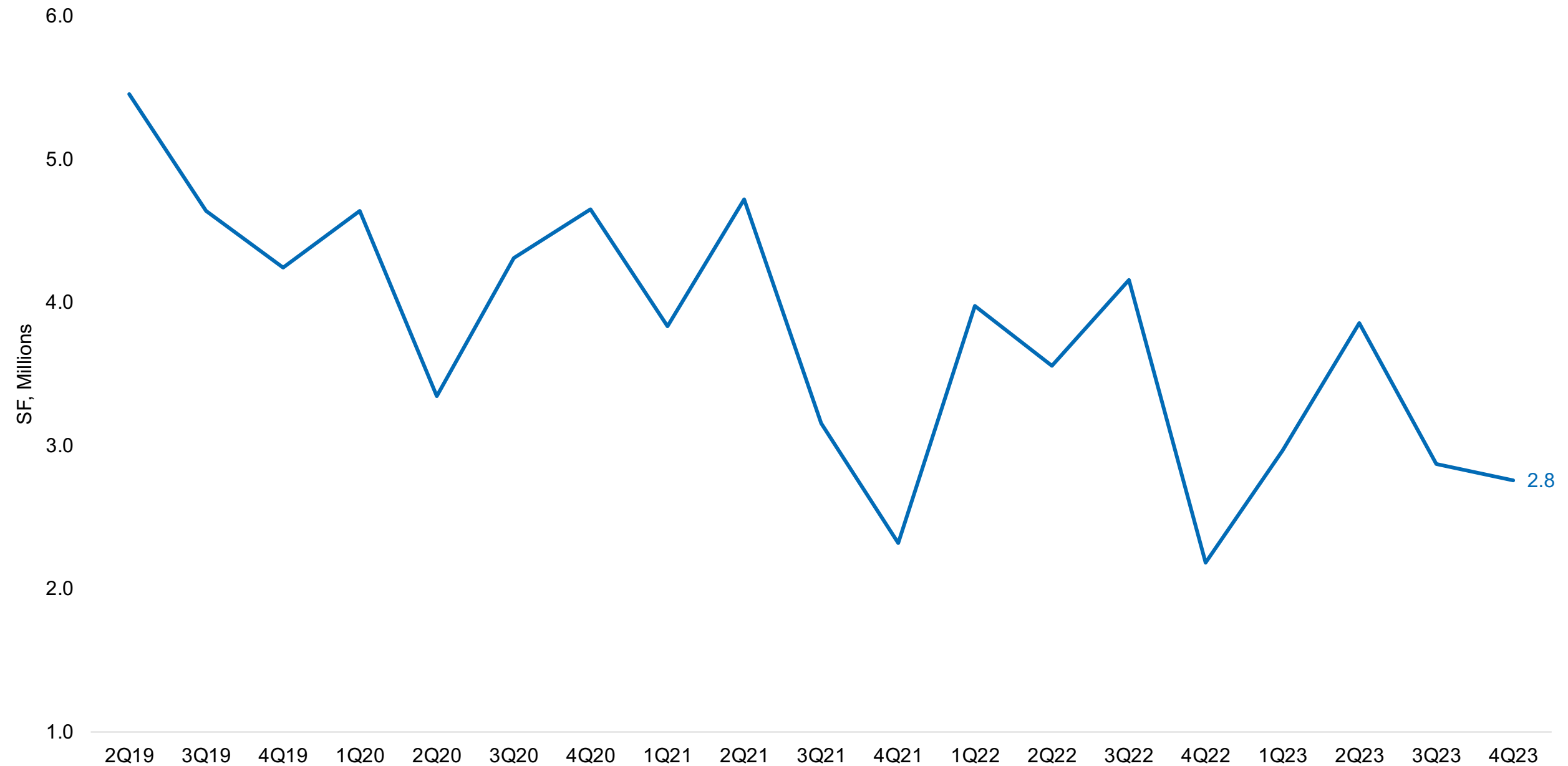


Source: Newmark Research

Overall Leasing Activity Healthy Despite Downturn, on Par with 4Q21 and 4Q22

Landlords are beginning to lose the upper-hand in leasing negotiations amid cooling demand, which will lead to lower leasing figures in the quarters ahead. A slowing economy is keeping retail sales in check, while most occupiers are trying to shed overcapacity in their networks to reduce costs. Both have implications for future leasing activity.

Total Leasing Activity (SF)

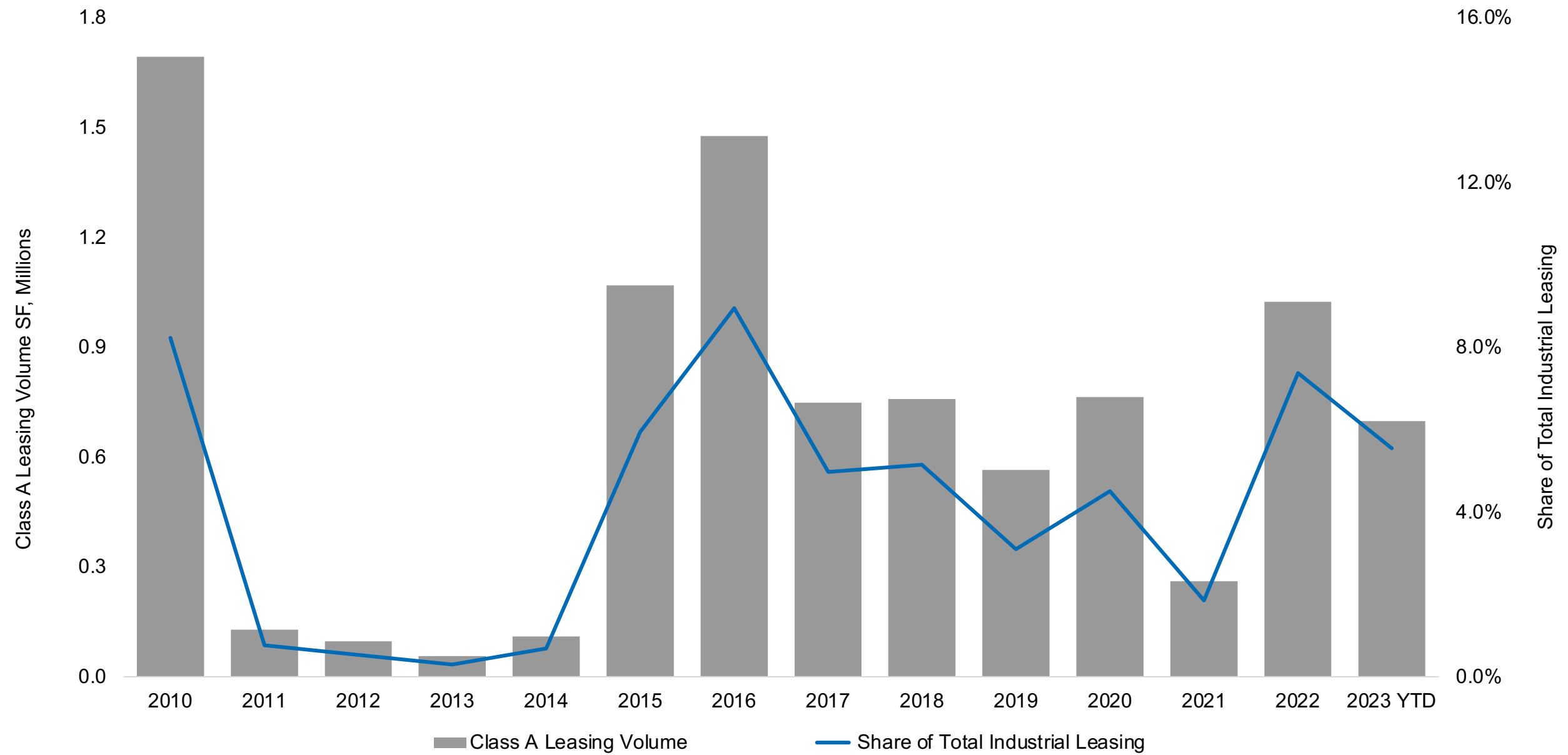


Source: Newmark Research, CoStar

Class A Warehouse Leasing Activity Trends Down

High rents and a cost-cutting focus among most occupiers explain the decrease.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

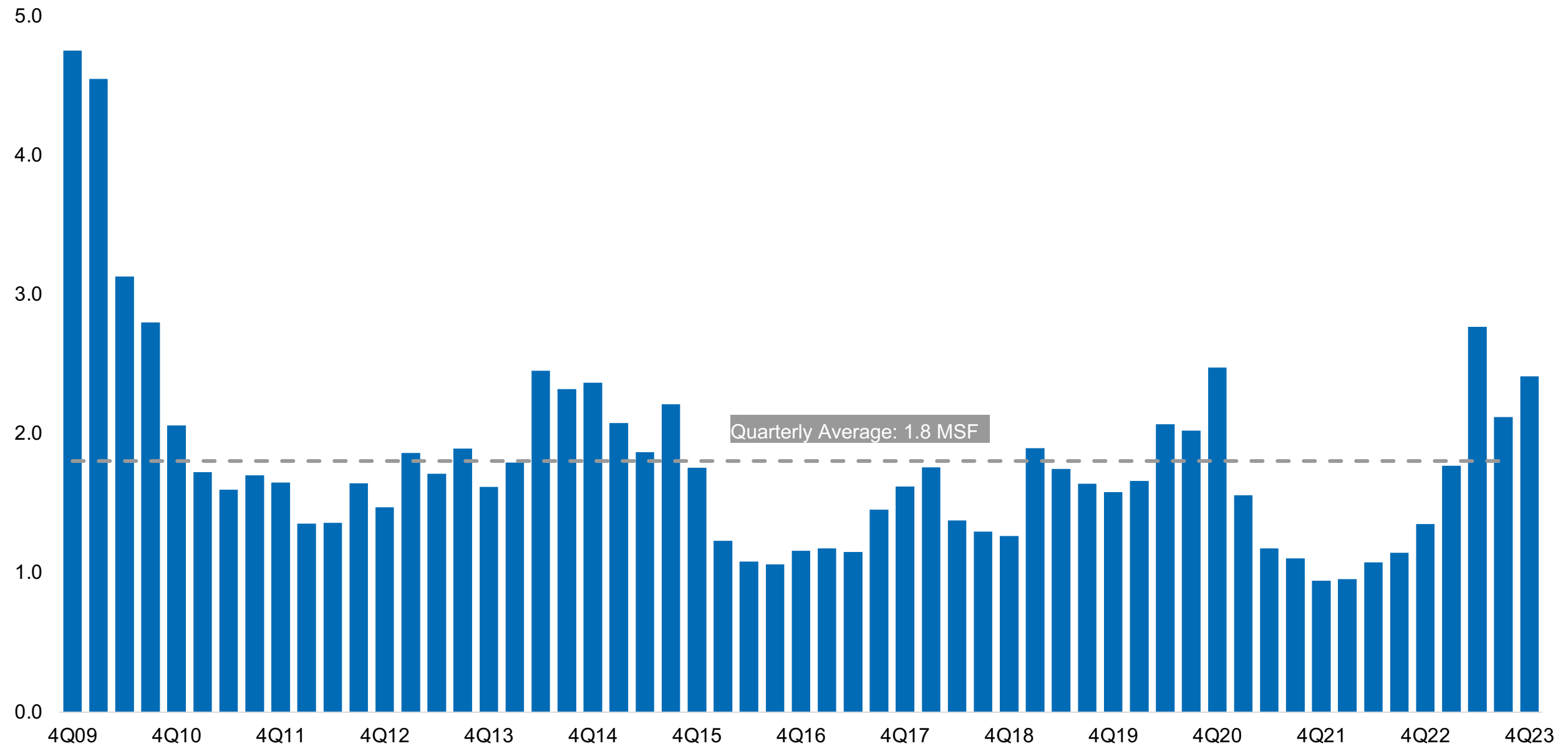


Source: Newmark Research, CoStar

Sublease Availability Edges Upward

New sublease offerings from Crane Worldwide Logistics (375,000 SF at 1515-1517 E Winston Rd in Anaheim), Allen Packaging (87,000 SF at 1150 Valencia Ave in Tustin) and 3PL Fulfillment (75,507 SF at 19531 Pauling in Foothill Ranch) increased the overall sublease pool. This increase was tempered by de-listings from Hayes Company (126,681 SF at 1225 W Imperial Hwy in Brea) and Brentwood Home LLC (123,972 SF 2009 Raymer Ave in Fullerton)—spaces that found sublessees.

Available Industrial Sublease Volume (MSF)

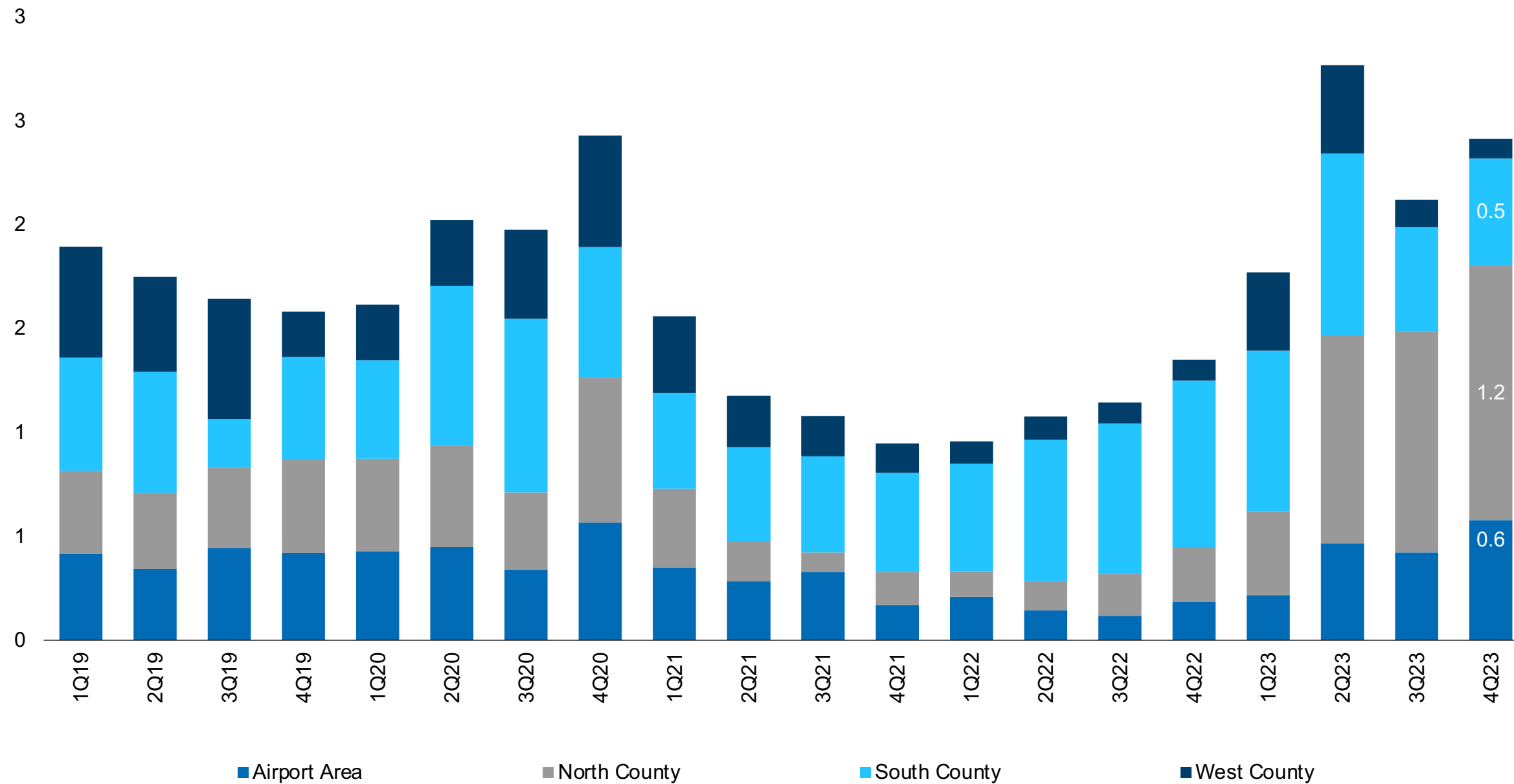


Source: Newmark Research

North County Comprises the Bulk of Today's Sublease Availability

This is not surprising since the submarket contains most of Orange County's large-box inventory.

Available Sublease Space (MSF), By Submarket

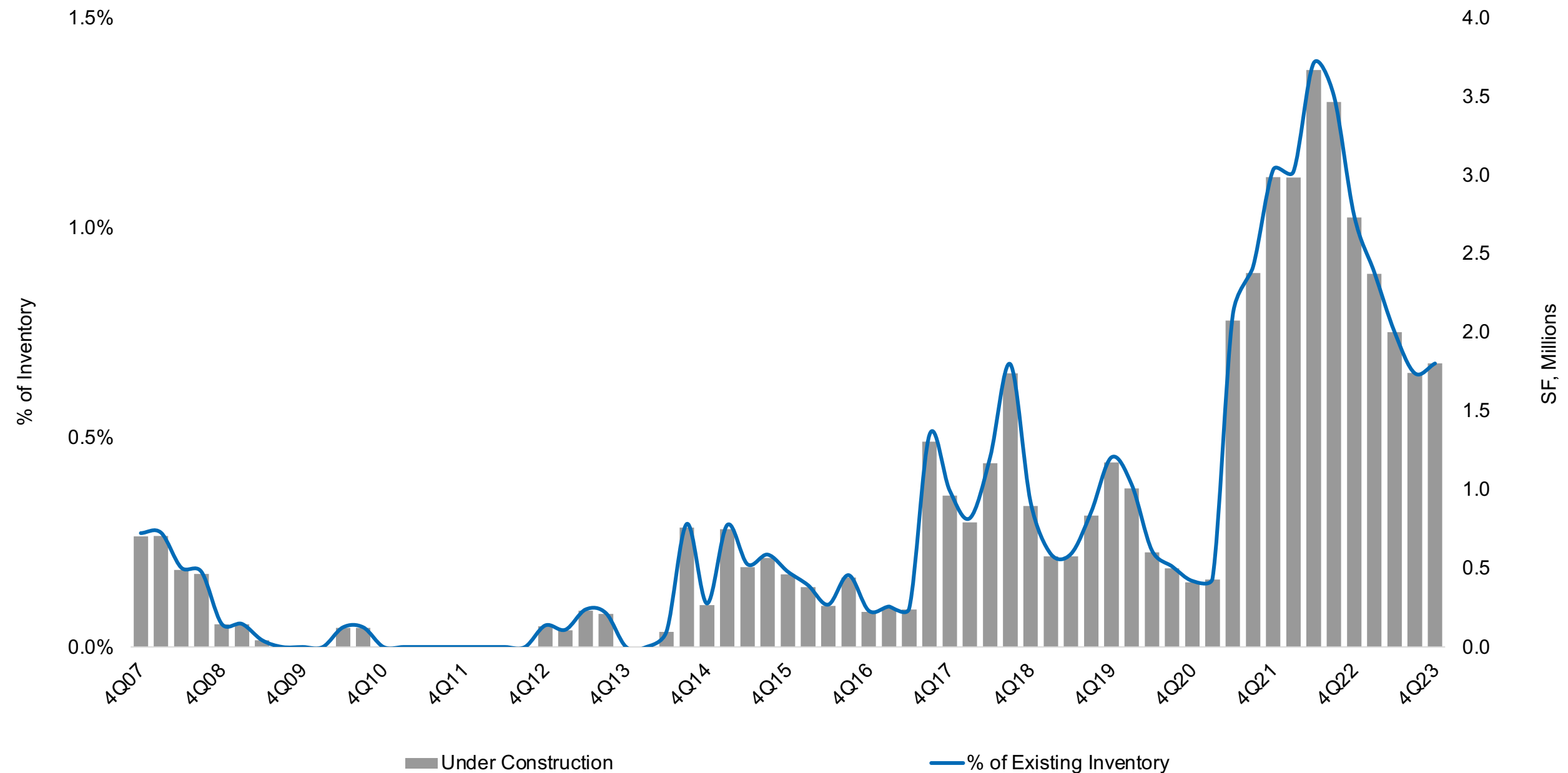


Source: Newmark Research

Under-Construction Space Declines Amid Low Pre-leasing Activity

Just under 1.0 MSF of under-construction industrial product is scheduled to deliver in the first quarter of 2024. 28.6% of this space has been pre-leased; market vacancy will increase if this figure does not improve.

Industrial Under Construction and % of Existing Inventory

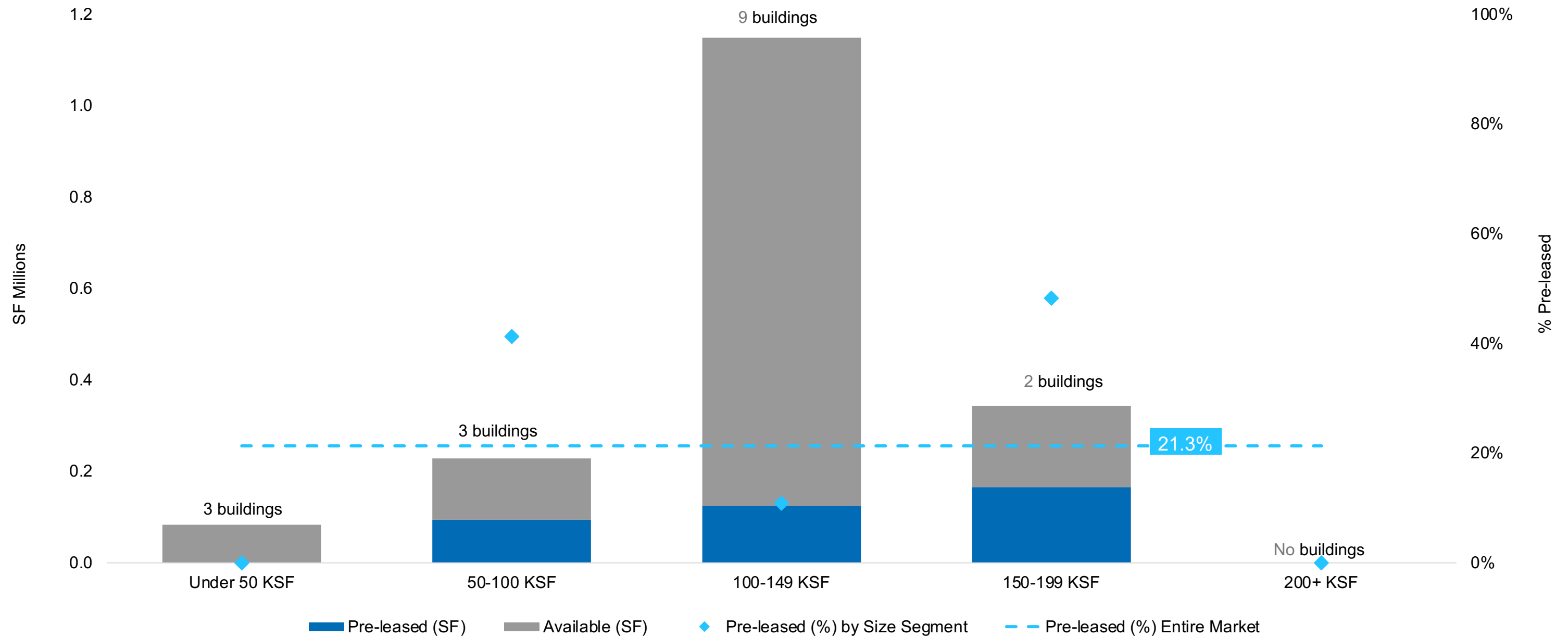


Source: Newmark Research

Pre-leasing Activity Limited as Tenants Seek to Avoid High Rents

Of the 17 buildings currently under construction, three have been pre-leased. The bulk of under-construction activity is based in the 100,000 to 149,999-SF size segment where a mere 10.9% of product has leased to date. Low pre-leasing levels are not a reflection of market demand, but rather a result of price-conscious tenants waiting for the high rents of new construction to moderate.

Total Construction by Size Segment: Pre-leased vs. Available Space



Source: Newmark Research

Healthy Leasing Activity Still Ongoing

A healthy mix of direct leases and renewals were signed during the fourth quarter of the year. A single pre-lease was signed, suggesting a declining tenant interest in brand-new construction.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
3PL Global	2501 E Orangethorpe Ave	North County	Lease Renewal	229,422
<i>Tenant has leased property since 2013. Lease term expires in 4Q33.</i>				
Raymond West Intralogistics	5560 Katella Ave	West County	Direct Lease	215,000
<i>The Santa Fe Springs-based logistics company will expand operations into Orange County when it takes occupancy of the entire building in June 2024. Lease term expires in 3Q34.</i>				
Home & Body Company	5800 Skylab Road	West County	Direct Lease	167,788
<i>Company will expand footprint within McDonnell Centre Business Park in Huntington Beach when it take occupancy in early-2024. Lease term expires 1Q29.</i>				
Sunrise Produce	1215 Van Buren St	North County	Pre-lease	165,850
<i>Produce wholesaler will expand operations into Orange County when it takes occupancy of the entire building when it delivers in early-2024.</i>				
P&P Imports	17352 Derian Ave	Airport	Lease Renewal	132,545
<i>Tenant has leased property since 2019.</i>				

4Q23

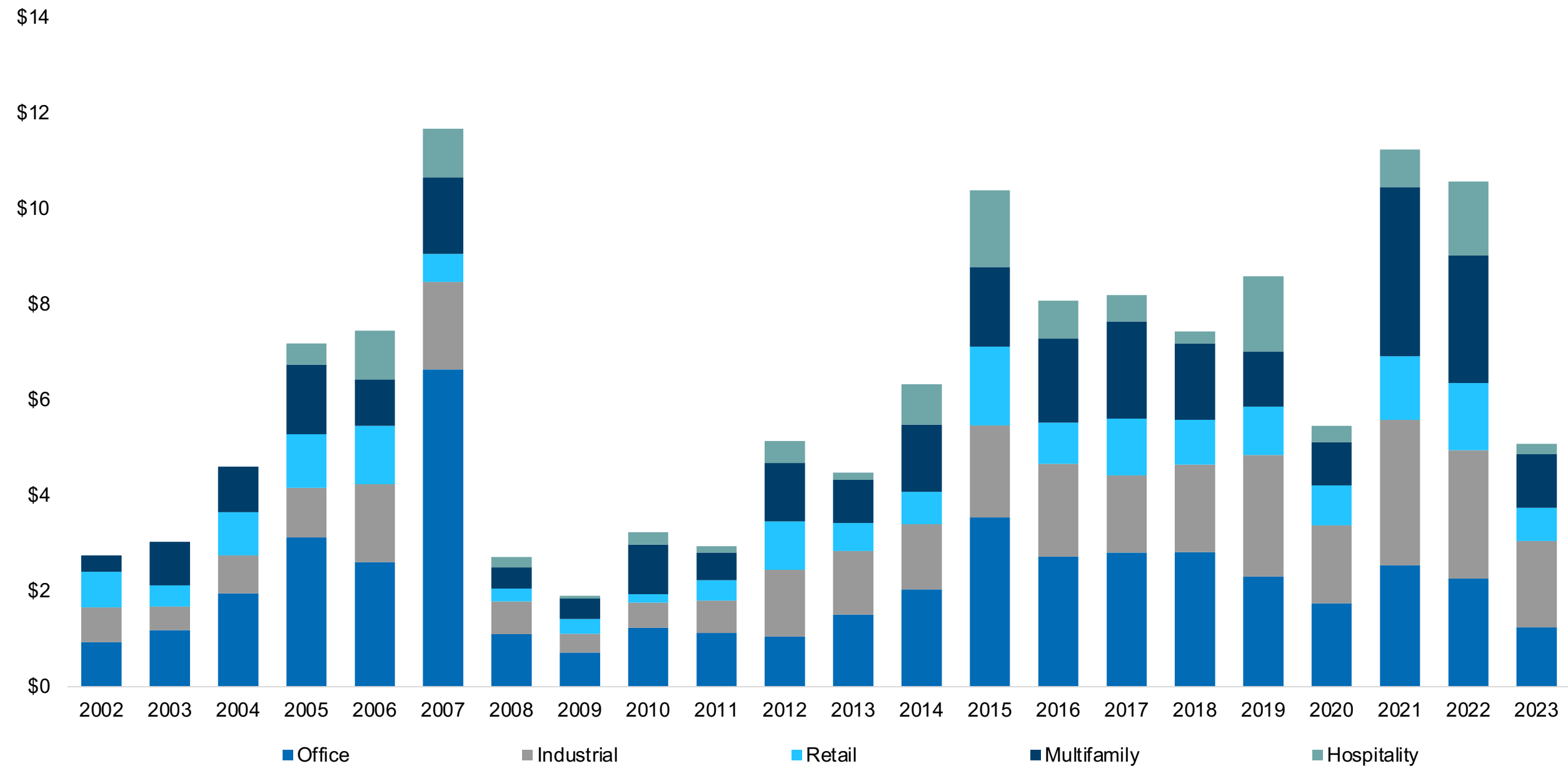
Sales Activity



Industrial Comprised 35.4% of Total Sales Volume in 2023

This figure is significantly higher than the 22-year average (2002 to 2023) of 23.2%. Low vacancy and heated rent growth in recent years favor the segment, with many investors targeting desirable buildings with credit tenants whose leases are up for renewal. What the tenant was paying (\$\$) is different than today's rent averages (\$\$\$\$).

Orange County: Sales Volume Across Commercial Property Segments (\$ in Billions)

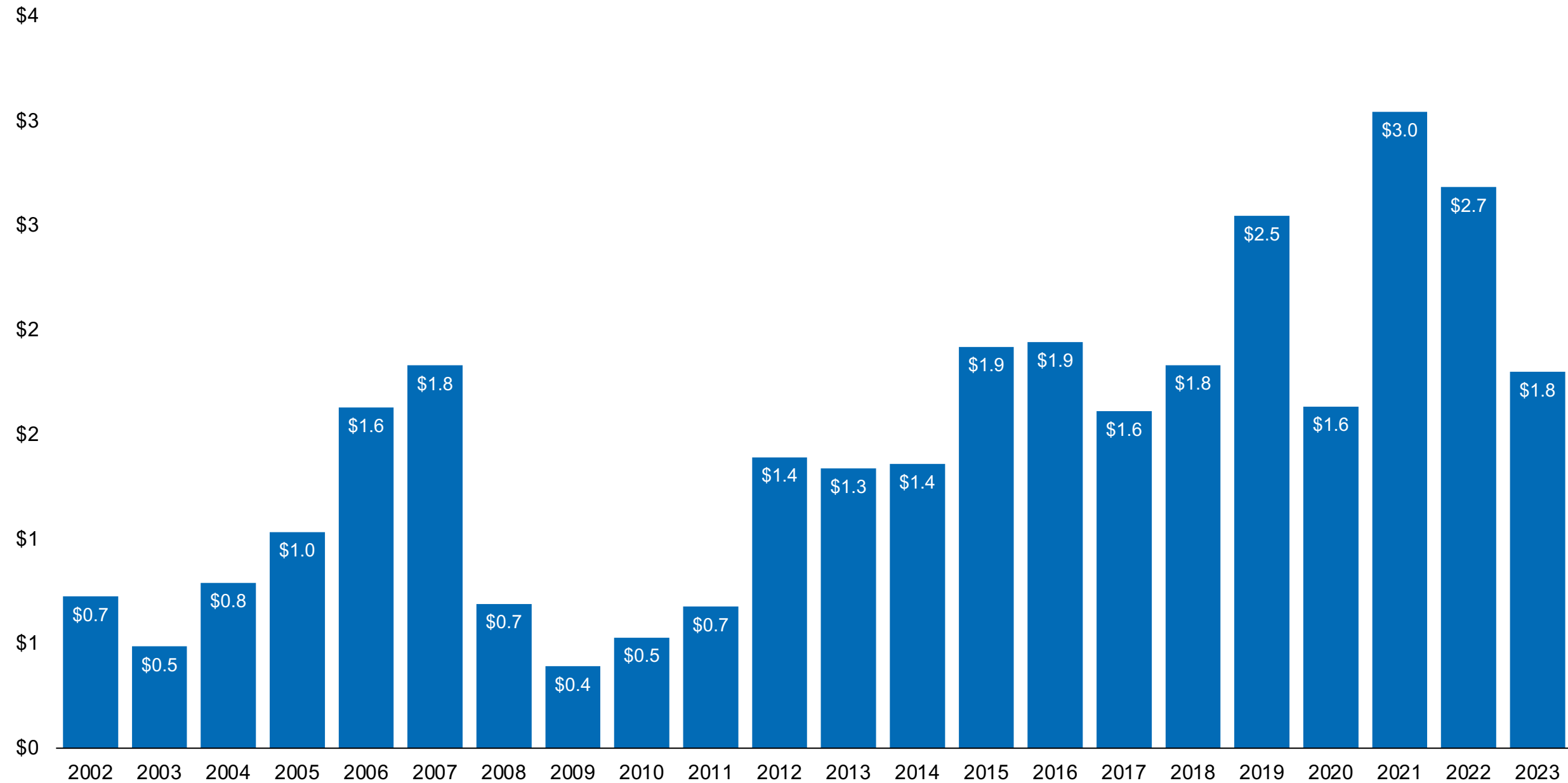


Source: MSCI Real Capital Analytics, Newmark Research
 Note: Preliminary data is cited for the fourth quarter of 2023

Industrial Sales Volume: Up Close

Industrial sales volume totaled \$1.8 billion in 2023, adding up to 67.1% of 2022's total. The higher cost of capital following multiple interest rate hikes is crimping momentum in addition to cooling but still healthy leasing fundamentals. Both will add downward pressure to pricing.

Orange County: Industrial Sales Volume (\$ in Billions)

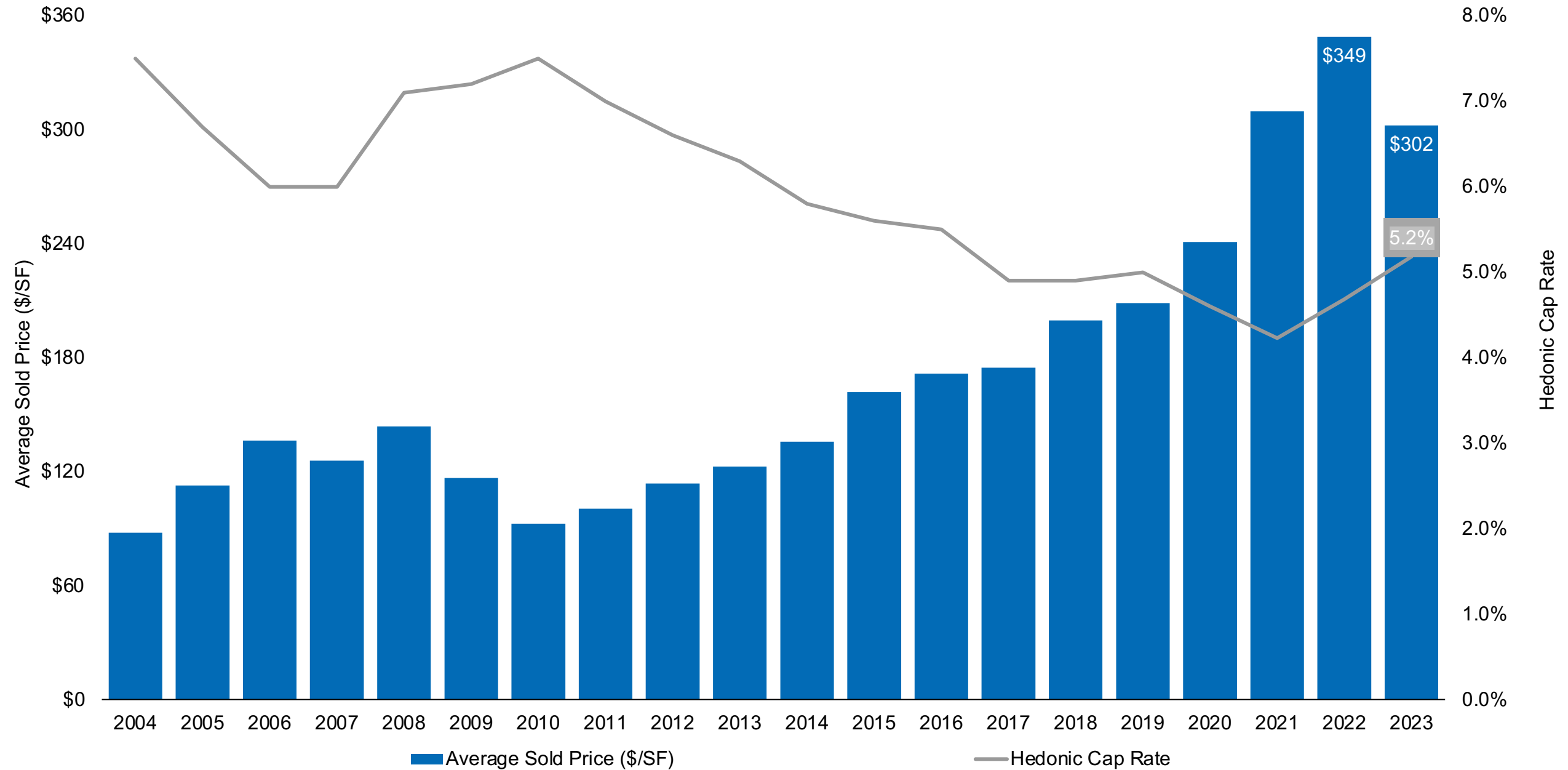


Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the fourth quarter of 2023

Pricing has Started to Fall, While Cap Rates Are Rising

Current pricing (\$302/SF) is down 13.4% from year-end 2022's average, while cap rates are increasing.

Orange County: Industrial Price Per Square Foot and Hedonic Cap Rate Averages

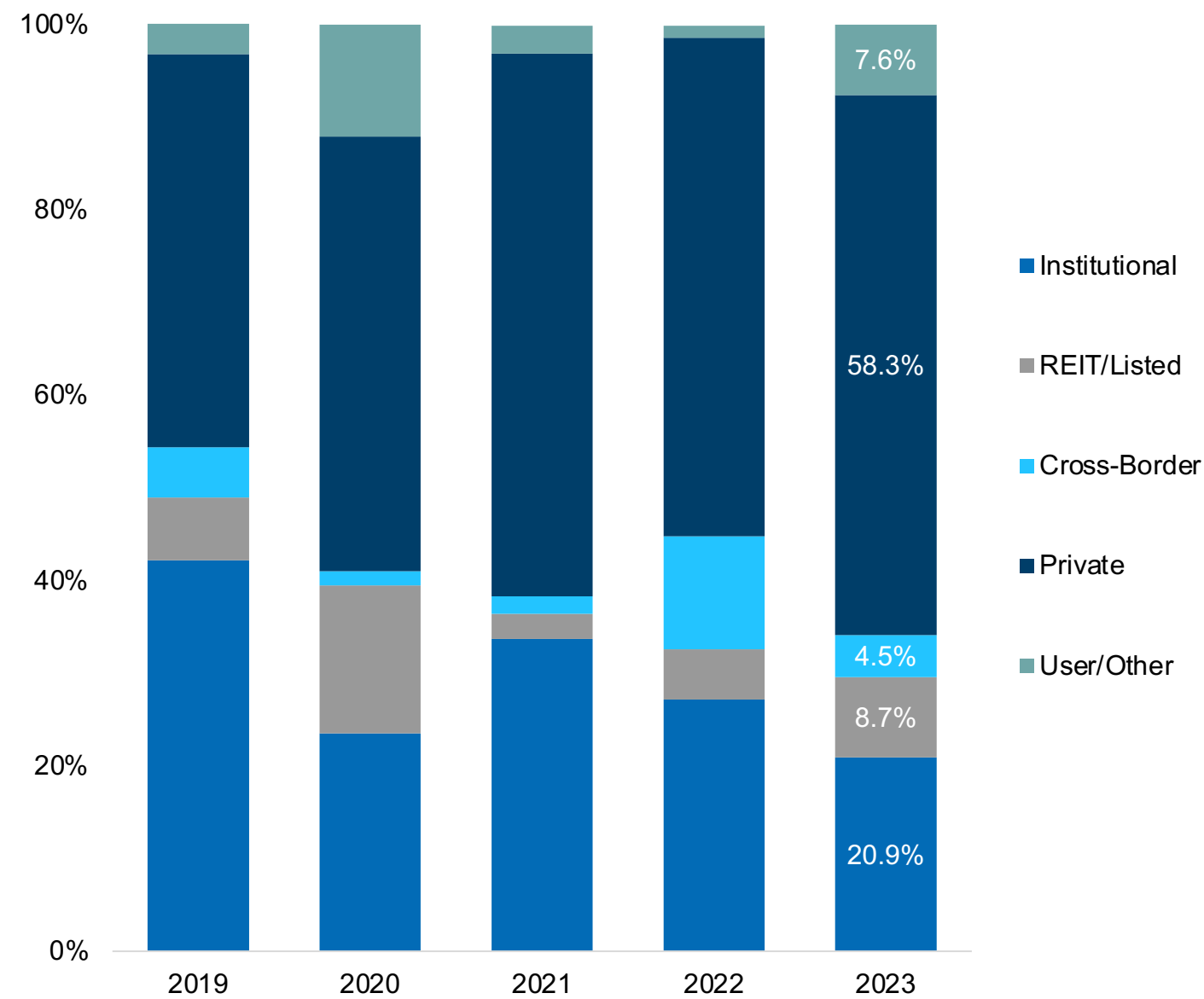


Source: Newmark Research, MSCI Real Capital Analytics
Note: 12-month trailing averages are cited.

Private Buyers Are Active

Cash is king in higher-cost debt environments, and high-net worth individuals and local developers/owners are generally active in such periods.

Orange County: Industrial Buyer Composition, by Year | Based on Sales Volume



Orange County: Most Active Industrial Buyers | Last 12 Months

Company	Investor Type	Volume	# of Properties	Size (SF)
DRA Advisors	Institutional	200,000,000	2	620,307
Rexford Industrial REIT	REIT/Listed	100,675,000	3	267,888
Prime Enterprises LLC	Private	76,500,000	1	405,130
Garden Homes	Private	72,000,000	1	345,000
Buchanan Street Prtnrs	Institutional	71,000,000	1	300,896
Dalfen Industrial	Cross-Border	65,000,000	1	182,800
Greenlaw Partners LLC	Private	58,000,000	1	198,807
Prologis	REIT/Listed	54,300,000	1	160,000
Principal Financial	Institutional	52,560,000	1	210,400
MIG Real Estate	Institutional	33,300,000	1	103,114
Walton Street Capital	Institutional	31,700,000	1	99,552
Bisco Industries Inc	User/Other	31,000,000	1	81,836

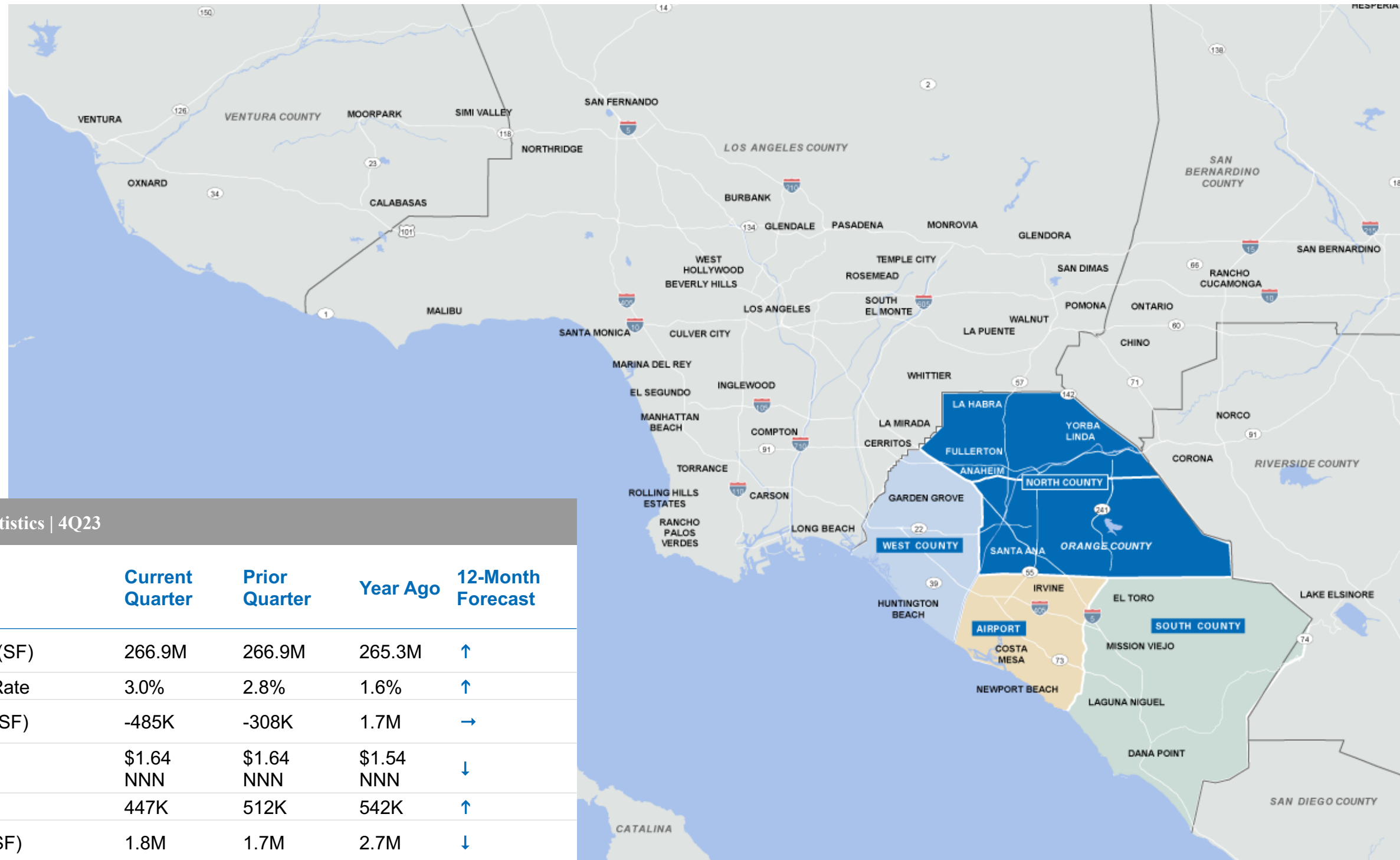
Source: Newmark Research
 Note: Preliminary data is cited for the fourth quarter of 2023.

4Q23

Appendix



Orange County Submarket Map and High-Level Statistics | 4Q23



Source: Newmark Research

Orange County Submarket Statistics | 4Q23 (page 1 of 3)

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Wh/Dist Asking Rent (Price/SF)	General Ind Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Airport	84,405,814	788,977	2.3%	-76,778	-587,739	\$1.86	\$1.65	\$1.60
Costa Mesa	11,056,285	0	2.6%	-46,504	-84,496	-	\$1.70	\$1.42
Fountain Valley	4,698,015	0	1.8%	-26,203	-5,019	-	\$1.73	\$1.73
Irvine	25,973,181	394,966	2.9%	-71,155	-228,490	\$1.90	\$1.55	\$1.66
Newport Beach	892,953	0	1.9%	2,500	15,254	-	-	\$1.43
Santa Ana	31,780,859	82,241	2.1%	48,361	-248,627	\$1.75	\$1.85	\$1.67
Tustin	10,004,521	311,770	1.4%	16,223	-36,361	\$1.94	\$1.80	\$1.69
North County	106,494,346	635,184	2.6 %	198,235	-587,278	\$1.67	\$1.61	\$1.64
Anaheim	50,539,374	271,023	2.8%	-115,575	-620,518	\$1.67	\$1.37	\$1.61
Brea	11,709,304	124,678	2.0%	143,170	-20,711	\$1.74	\$1.74	\$1.74
Fullerton	21,816,942	139,000	3.3%	221,393	13,668	\$1.69	-	\$1.69
La Habra	3,472,738	0	1.2%	-18,691	-12,288	-	\$1.50	\$1.54
Orange	12,937,857	100,483	1.6%	-38,099	20,255	\$1.25	\$1.75	\$1.66
Placentia	3,831,036	0	0.7%	-4,375	5,687	-	\$1.70	\$1.70
Yorba Linda	2,187,095	0	7.2%	10,412	26,629	\$1.50	-	\$1.50

Source: Newmark Research

Orange County Submarket Statistics | 4Q23 (page 2 of 3)

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Wh/Dist Asking Rent (Price/SF)	General Ind Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
South County	35,152,806	230,503	4.5 %	-372,194	-734,759	\$1.50	\$1.72	\$1.65
Aliso Viejo	1,812,542	0	5.5%	-5,054	14,193	-	-	\$1.71
Foothill Ranch	2,843,505	0	10.8%	-307,781	-307,781	-	-	-
Irvine Spectrum	17,444,796	94,195	3.7 %	46,842	-68,010	\$1.73	\$1.61	\$1.62
Laguna Beach	76,268	0	4.7%	0	0	-	-	\$2.52
Laguna Hills	1,227,951	0	3.1%	-3,408	-19,651	-	\$1.85	\$1.52
Laguna Niguel	498,492	0	4.7%	-1,144	1,278	-	-	-
Lake Forest	4,809,530	0	6.0%	-101,956	-268,817	\$1.40	\$1.73	\$1.69
Mission Viejo	1,054,227	0	2.9%	20,812	-11,482	-	\$1.66	\$1.68
Rancho Santa Margarita	2,352,189	0	2.2%	-3,295	-38,674	-	-	\$1.69
San Clemente	2,079,518	0	2.8%	-10,426	-7,068	-	\$1.67	\$1.64
San Juan Capistrano	953,788	136,308	3.0%	-6,784	-28,747	-	\$1.60	\$1.60
West County	40,883,104	149,335	3.9%	-234,282	-261,486	\$1.76	\$1.70	\$1.68
Cypress	6,469,393	0	7.4%	-220,551	-376,066	-	-	\$1.50
Garden Grove	12,992,732	149,335	4.3%	24,761	-135,577	\$1.81	\$1.73	\$1.75

Source: Newmark Research

Orange County Submarket Statistics | 4Q23 (page 3 of 3)

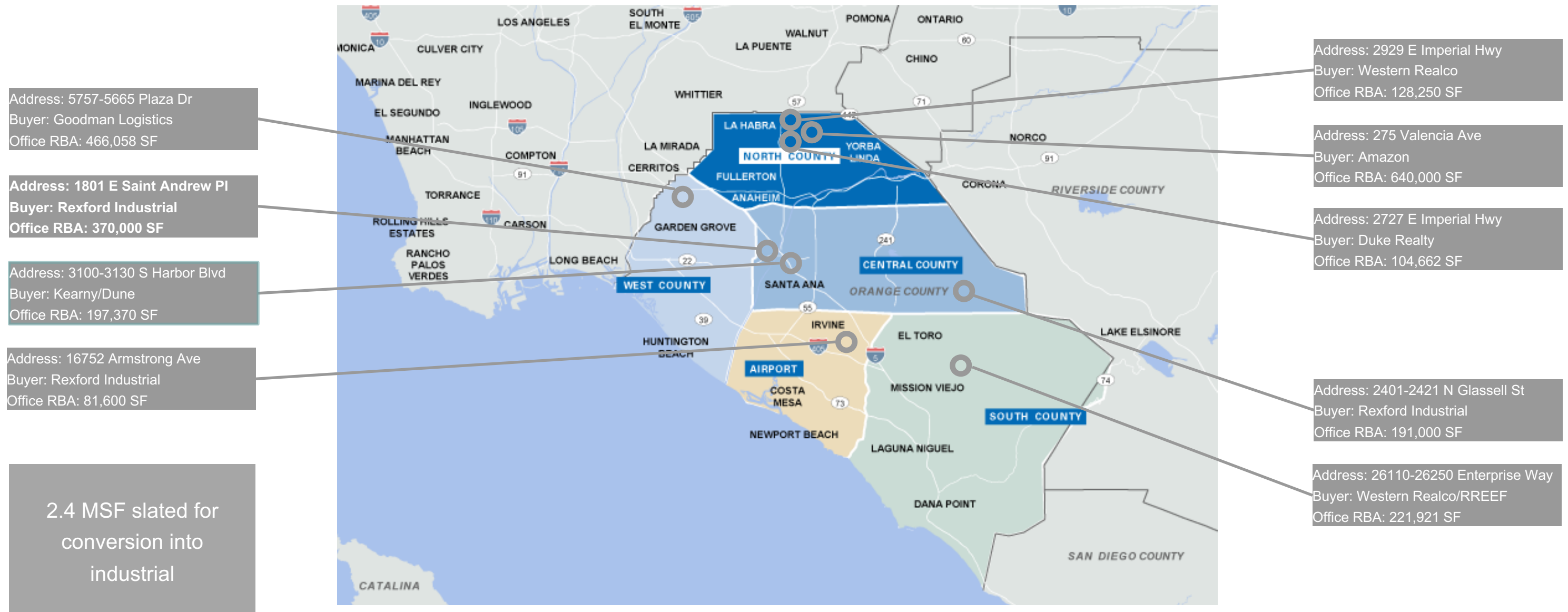
Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Wh/Dist Asking Rent (Price/SF)	General Ind Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Huntington Beach	15,997,947	0	3.2%	-39,528	214,837	\$1.52	\$1.21	\$1.29
Los Alamitos	2,039,241	0	0.6%	-10,912	-550	-	-	-
Seal Beach	841,203	0	0.0%	0	0	-	-	-
Stanton	811,246	0	1.3%	9,948	883	-	\$1.55	\$1.55
Westminster	1,731,342	0	1.2%	2,000	34,987	-	-	-
Orange County	266,936,070	1,803,999	3.0%	-485,019	-2,171,262	\$1.72	\$1.66	\$1.64

Some Underperforming Office Properties Will Find New Life

Finding the highest and best use for a commercial asset is the principal goal of any developer. A handful of underperforming office properties will eventually vanish to make way for new industrial product, a list that will continue to grow.

Office-to-Industrial Redevelopment Project Announcements



Source: Newmark Research

WAIRE: Program Summary and Implications for Industrial

The Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program imposes additional costs for warehouse occupiers and encourages new construction outside of South Coast Air Quality Management District's (SCAQMD's) jurisdiction.

Program Summary

- In 2021, SCAQMD implemented the WAIRE program to “reduce local and regional emissions of nitrogen oxides and particulate matter...[derived from] warehouses and the mobile sources attracted to warehouses.”
- The program essentially imposes an emissions-based tariff on warehouse occupiers whose footprints are above 100,000 SF in much of LA, Orange, Riverside and San Bernardino Counties.
- The first report submission year is 2023, and average collections are estimated to be between \$670 million and \$1.0 billion per year.
- For more information, please read [Newmark's report on the subject](#).



Implications for Industrial Real Estate

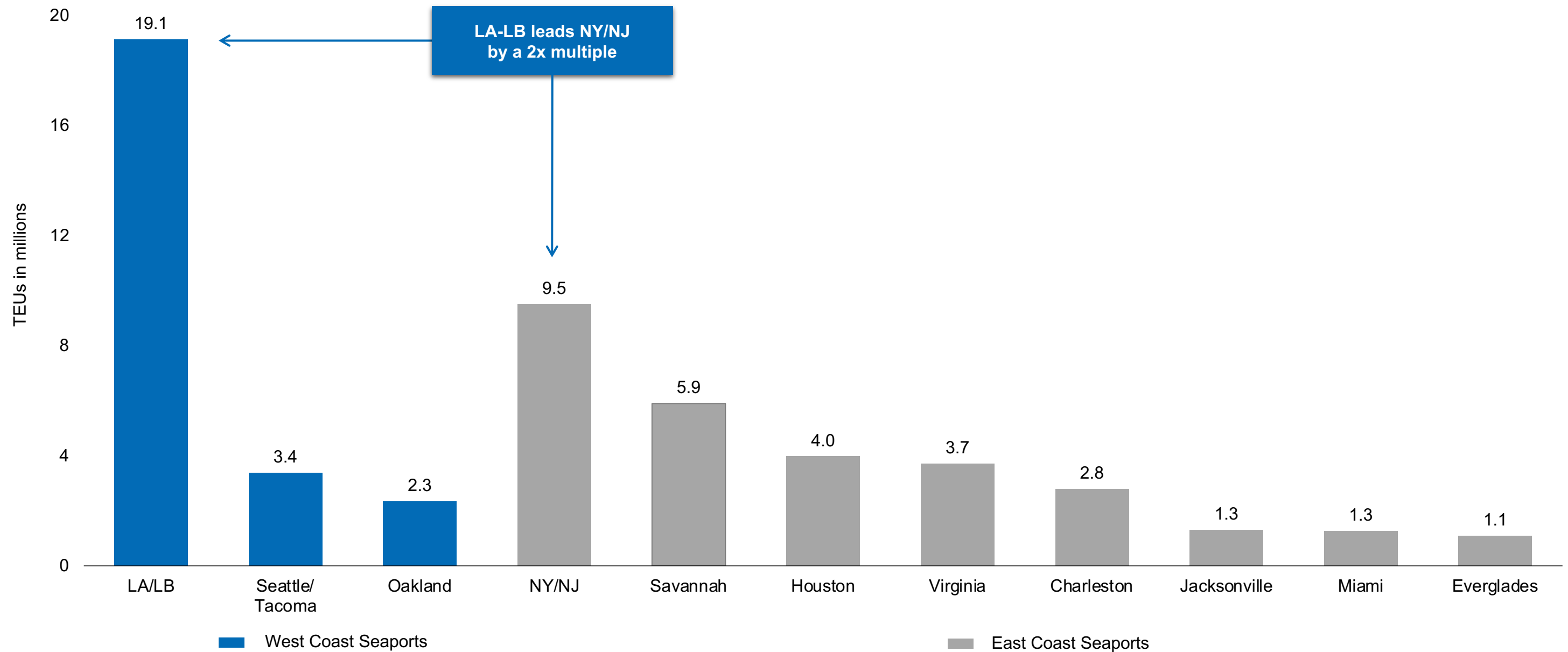
- Retrofitted buildings within SCAQMD's jurisdiction that have solar roof panels, EV stations, etc. help to lower a tenant's annual WAIRE costs. These buildings will command a rent premium.
- Building owners can participate in the WAIRE Program and can give preferential treatment to top-credit tenants.



Los Angeles-Long Beach Is the Nation's Dominant Port System

Los Angeles-Long Beach can accommodate 18,000 TEU vessels, which are too wide to traverse the new Panama Canal. Additionally, both ports have Class 1 freight rail connectivity to the nation's major population centers.

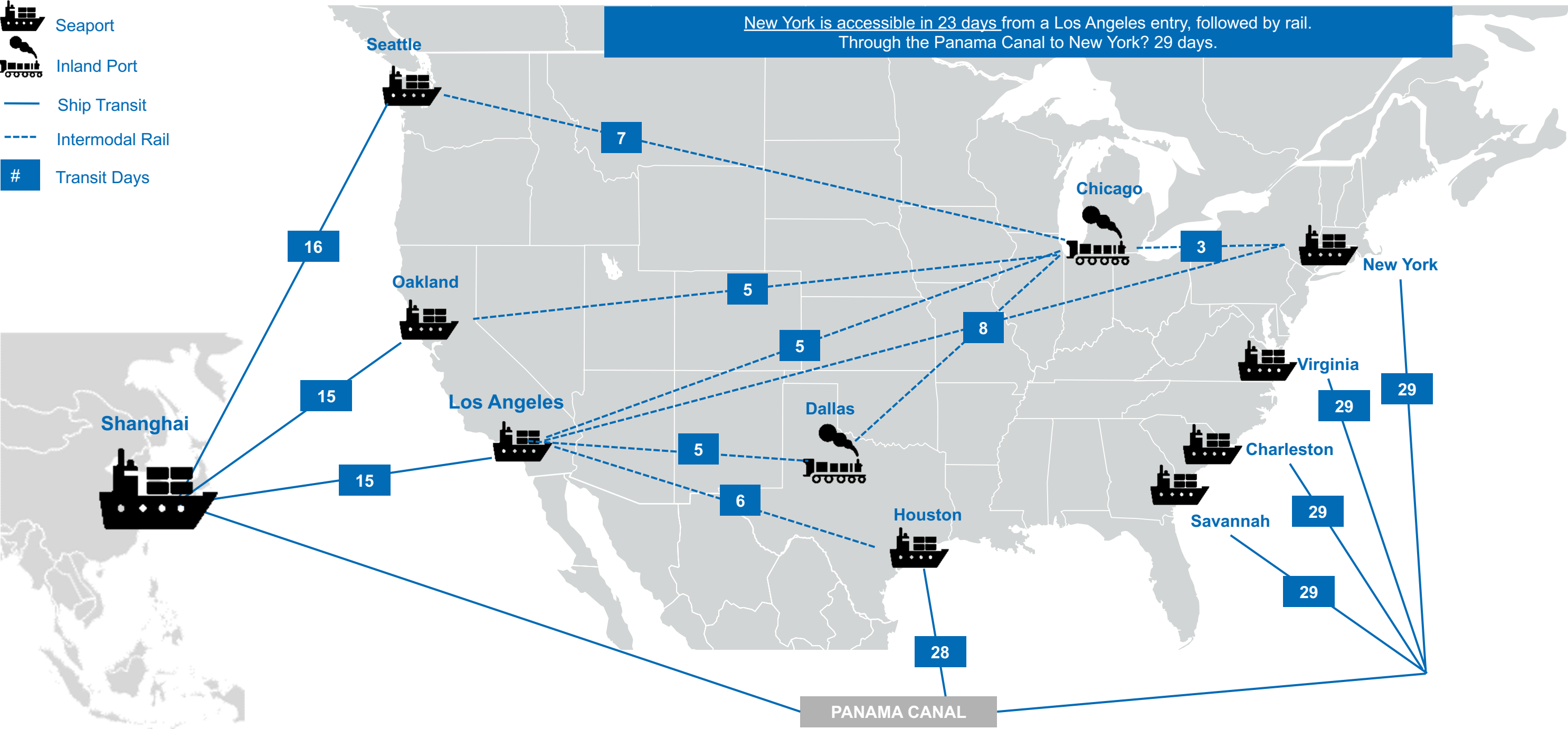
Major U.S. Seaports: 2022 TEU Volume (All Containers: Loaded and Empty)



Source: Newmark Research, Individual Seaports
Note: Data is through February 2023 and is not adjusted for seasonality. Shaded areas indicate U.S. recessions

Why Los Angeles-Long Beach?

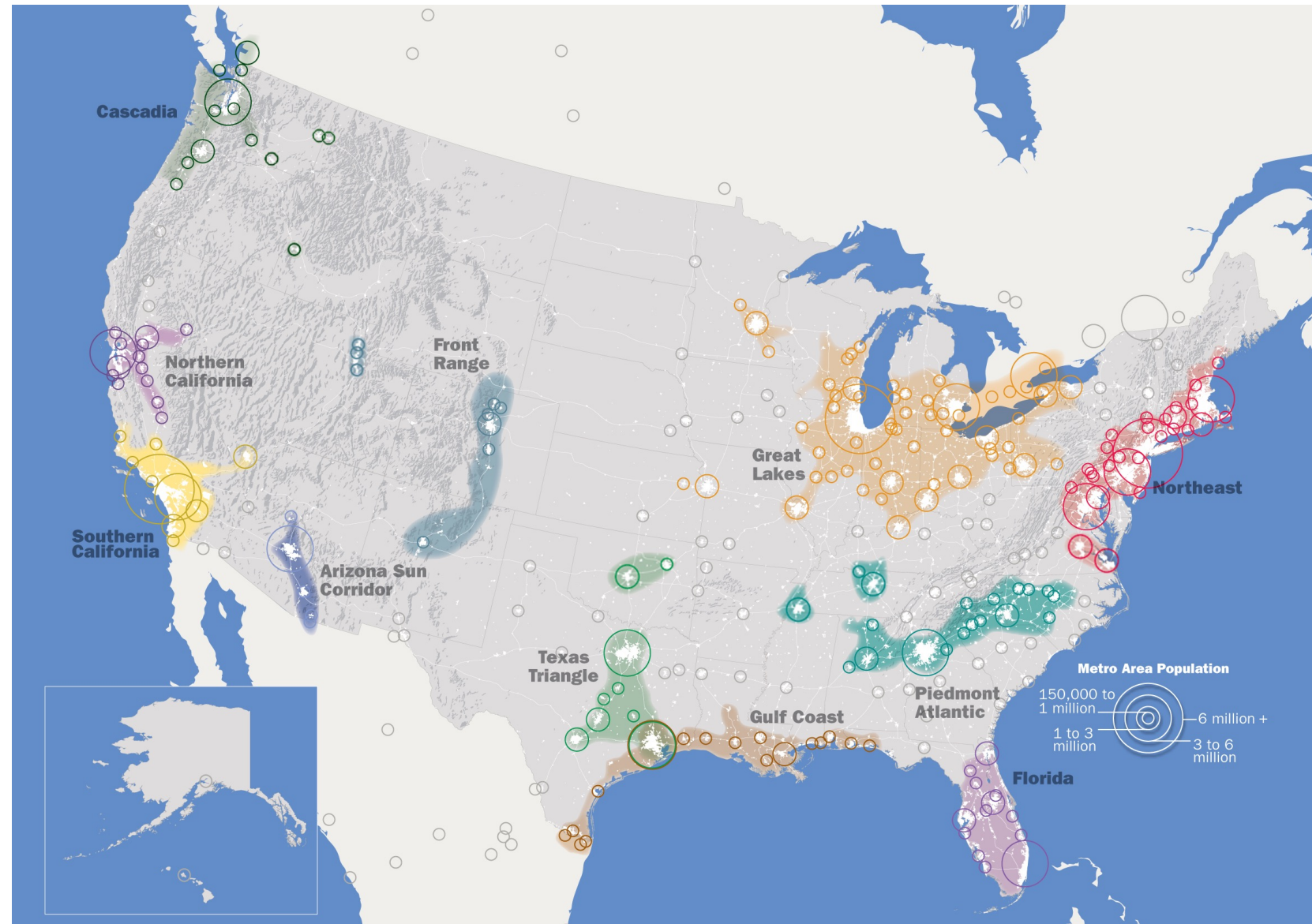
In a normal environment, shorter transit time from Shanghai. Double-stack rail connectivity allows distributors to touch multiple U.S. markets, which is more cost-effective.



Source: Newmark Research, IMS Worldwide

Population of Megaregions: Past and Projected

Southern California benefits from its consumer base, ports and rail connectivity.



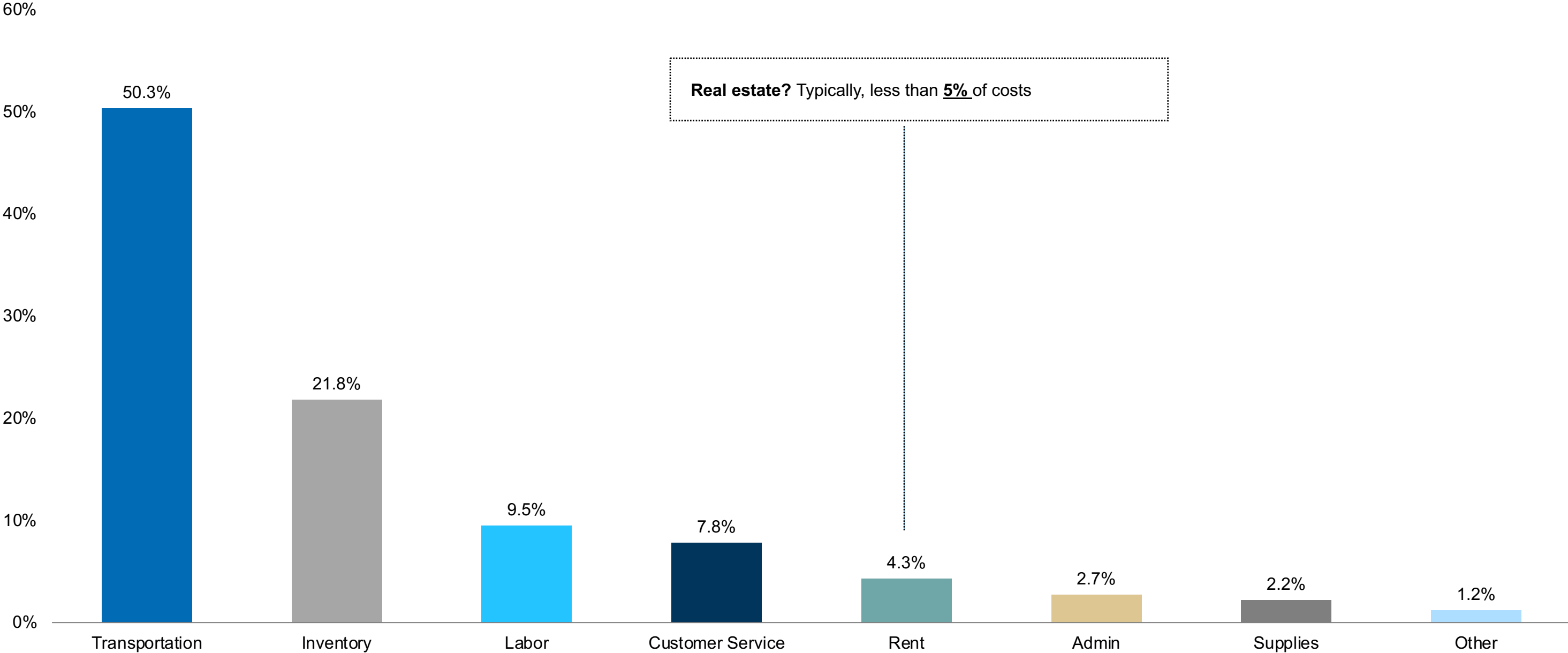
Megaregion	2010 Population	2025 Pop. Est.
Arizona Sun Corridor	5.7M	7.8M
Cascadia	8.4M	8.8M
Florida	17.3M	21.5M
Front Range	5.5M	7.0M
Great Lakes	55.6M	60.7M
Gulf Coast	13.4M	16.3M
Northeast	52.3M	58.4M
Northern California	14.0M	16.4M
Piedmont Atlantic	17.6M	21.7M
Greater Southern California	24.4M	29.0M
Texas Triangle	19.8M	24.8M

Source: U.S. Census Bureau

Transport Costs Are the Biggest Expenditure for Most Warehouse Occupiers

Before the pandemic, the average was just over 50%.

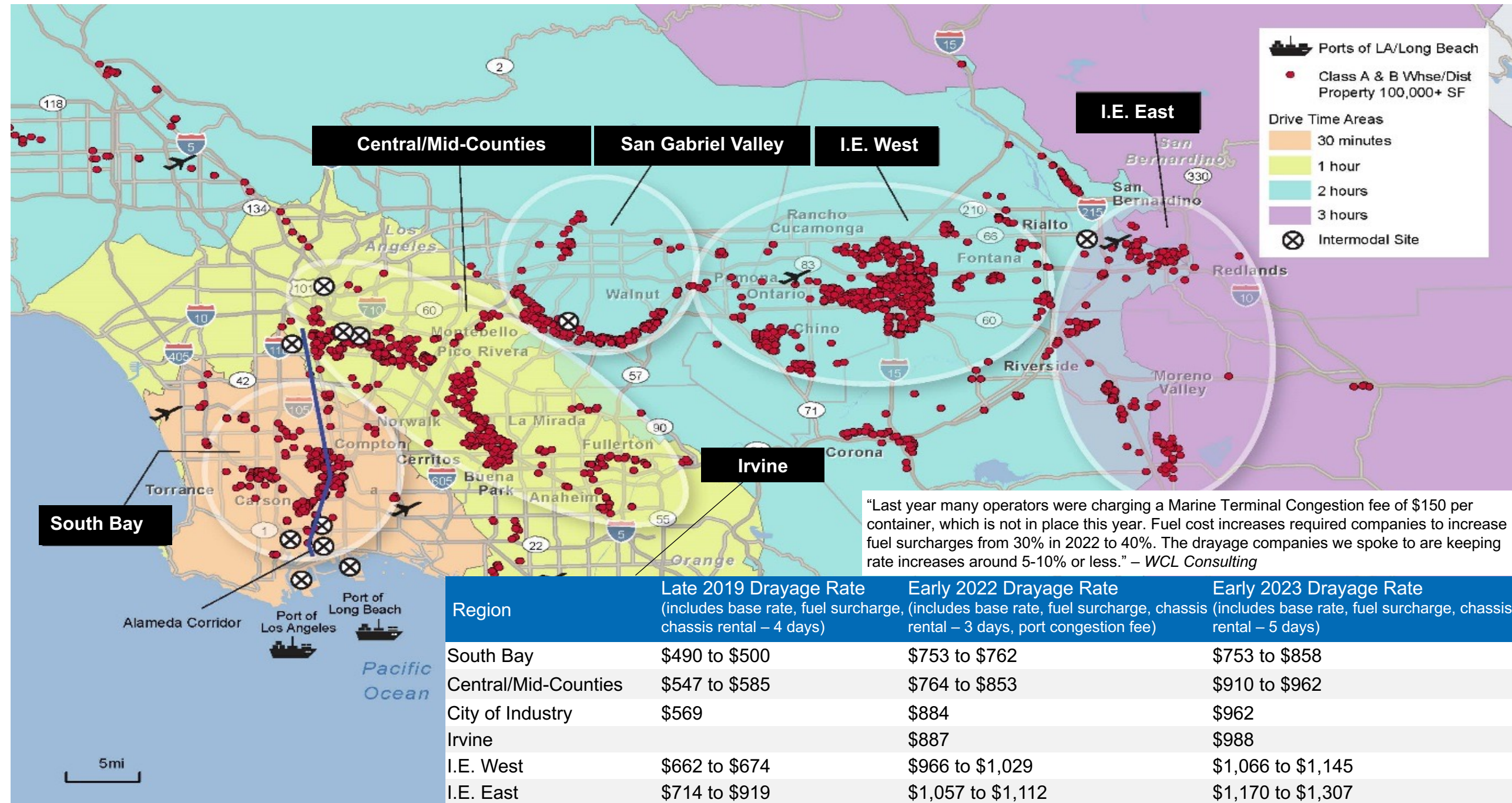
Cost Splits for the Average Warehouse Occupier



Source: Newmark Research, Exchange Inc. Logistics Cost & Service Report
Note: These ratios do not apply to all industries. 3PLs, for instance, are highly rent-sensitive.

Transport Costs Per TEU Container

Drayage costs increase the further an occupier is from the ports.



Source: Newmark Research, WCL Consulting, Inc.

Note: The drayage rates are roundtrip base rates to haul a container from the Ports of Long Beach or Los Angeles and return it after unloading. Assumptions: 1) Annual volume: 5,000 x 40' containers per year; 2) Commodity: Consumer Goods/Non-Hazardous; 3) Origins: Ports of Los Angeles and Long Beach Marine Terminals.

For more information:

Colin Harmony

*Senior Research Analyst
Los Angeles*

colin.harmony@nmrk.com

Fahima Dawd

*Research Analyst
Orange County*

fahima.dawd@nmrk.com

Dain Fedora

*Head of Research
Southwest*

dain.fedora@nmrk.com

Orange County

18401 Von Karman Ave., Suite 150
Irvine, CA 92612
t 949-608-2000

New York Headquarters

125 Park Ave.
New York, NY 10017
t 212-372-2000

nmrk.com

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.

NEWMARK