COMMERCIAL REAL ESTATE UPDATE

Week of July 6, 2020

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- **News**
- **Analytics**
- **Trends/What’s Next?**
- **New Normal Business Strategies**
- **Q & A**

Commercial Real Estate Sales

	NOV 19	DEC 19	JAN 20	FEB 20	MAR 20	APR 20	MAY 20	JUN 20
Glendale	21	33	15	12	15	10	9	12
Burbank	12	20	8	14	9	9	10	12
Pasadena	23	22	23	22	19	29	12	17
LA Metro	991	1,177	972	970	966	737 (-26%)	707 (-29%)	690 (-30%)
LA Metro Asset Type breakdown	OFF: 98 IND: 179 RTL: 198 MF: 321 LND: 193	OFF: 110 IND: 168 RTL: 275 MF: 402 LND: 194	OFF: 98 IND: 140 RTL: 211 MF: 329 LND: 158	OFF: 92 IND: 151 RTL: 226 MF: 291 LND: 174	OFF: 98 IND: 140 RTL: 221 MF: 324 LND: 152	OFF: 72 IND: 109 RTL: 164 MF: 245 LND: 134	OFF: 65 IND: 114 RTL: 151 MF: 231 LND: 123	OFF: 61 (-38%) IND: 98 (-45%) RTL: 139 (-30%) MF: 242 (-25%) LND: 135 (-30%)

- **The commercial real estate market hasn't stopped since stay-at-home orders were enacted in Los Angeles and the rest of California in mid-March. But it has slowed dramatically**

- **While there have still been some sizable sales during this period, most of those were in the works prior to the pandemic**

- **"May and June are the true post-Covid deals. Everything else started pre-Covid," "May and June — it's not pretty."**

- **In May $332 million of retail, office, industrial and apartment products sold in Los Angeles County, according to NKF data. That's far below the $1.66 billion in sales last May**

- **Many of the deals that were completed post-Covid, were exchange buyer deals where sellers "have tax reasons to buy."**

- **Industrial remains the most in-demand product type in the market.**

- **"Industrial is going to lead us out of it" "You will see a lot of industrial trade."**

- **Many companies are looking at keeping larger amounts of inventory on hand and that some businesses will likely bring some manufacturing back to the United States, all benefiting industrial real estate**

- **Roughly 18 million square feet of industrial real estate sold in L.A. County. That's up from about 15 million square feet during the same period in 2019**

- **The other product type doing well now is medical office buildings. Quite a few medical buildings have sold since Covid-19 arrived.**

Notable Transactions

Dairy Portfolio

Two industrial properties with ties to the dairy industry in the City of Industry sold as part of a larger $433 million portfolio sale.

Address: 17851 Railroad St. and 17637 E. Valley Blvd.,
City of Industry
Buyer: Dairy Farmers of America

Seller: Dean Foods Co

Price: $433 million

The Forum

Los Angeles Clippers owner Steve Ballmer purchased The Forum in Inglewood.

Address: 3900 W. Manchester Blvd., Inglewood

Buyer: Steve Ballmer

Seller: Madison Square Garden Inc.

Price: **$400 million**

St. Vincent Medical Center

St. Vincent Medical Center and adjacent buildings

Address: 2131 W. 3rd St., 201 S. Alvarado St.,
2200 W. 3rd St., 262 S. Lake St.,
143 S. Alvarado St., Westlake District, Downtown Los Angeles
Buyer: Patrick Soon-Shiong

Seller: Verity Health System

Price: **$135 million**

Patrick Soon-Shiong is a South African-American transplant surgeon, billionaire businessman, bioscientist, and media proprietor. He is the inventor of the drug **Abraxane**, which became known for its efficacy against lung, breast, and pancreatic cancer.

101 S. Marengo Ave., Pasadena

A vacant 315,000-square-foot office building sold in Pasadena.

Address: 101 S. Marengo Ave., Pasadena

Buyer: Atlas Capital Group

SellerS: Woodridge Capital Partners and RBZ

Price: **$72 million**

Carson Industrial Portfolio

Two industrial buildings in Carson sold in a sale-leaseback transaction.

Address: 2001 E. Dominguez St.
20740-20750 S. Wilmington Ave., Carson

Buyer: Brookfield Asset Management Inc.

Seller: Western Tube & Conduit Corp.

Price: **$63.6 million**