



Retail Submarket Report

Beach Cities/Palos Verdes

Los Angeles - CA USA

PREPARED BY



Brian Campbell
Managing Partner/ CEO



12 Mo Deliveries in SF

0

12 Mo Net Absorption in SF

(66.8K)

Vacancy Rate

5.6%

Market Asking Rent Growth

-2.0%

The Beach Cities/Palos Verdes Submarket consists of Manhattan Beach, Redondo Beach, and the Palos Verdes Peninsula in the west and the San Pedro neighborhood in the east. Due to the presence of coastal communities and corporate offices, many high-income households live in the area, which supports stronger spending power potential.

There are several tourist destinations, including The Strand in Manhattan Beach; Palos Verdes Drive, which has many high-end resorts and golf courses; and Harbor Boulevard in San Pedro, which has maritime activities including museums, cruise terminals, the port of Los Angeles, and the San Pedro's Port O' Call Village, which is being redeveloped into the West Harbor Complex.

Retail vacancies have edged higher in recent quarters as local shops face mounting cost pressures—rising rents, wages, insurance, and goods—leading some to forgo lease renewals. Leasing activity is slowing, and in 2025 stood at almost half the 2015-2019 annual average. Looking ahead, the house view has the vacancy rate stable in the 5% range for the foreseeable future.

Average retail market rents are slightly higher than the metro average, averaging \$40.00/SF NNN, which is \$3/SF above the metro average. Inflation and rising rents have squeezed profitability for local restaurants and mom-and-pop retailers, which typically operate on thin margins. This is limiting tenants' ability to absorb additional increases. Annual rent growth today stands at -2.0%, the worst mark since 2011. Rents have adjusted by 20.0% over the past decade. Under the house view, rent growth is not anticipated to return to the long-term benchmark, 1.5%, until the end of 2028.

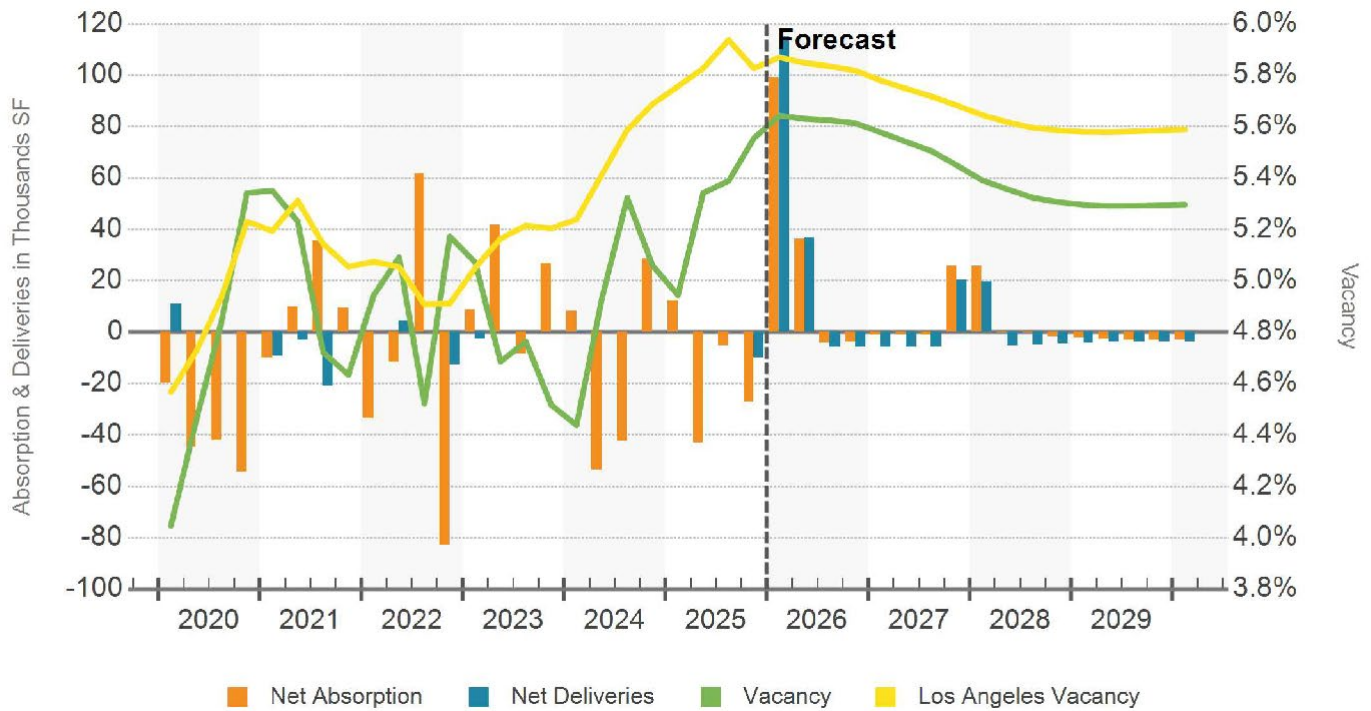
Among Greater L.A. submarkets, the Beach Cities/Palos Verdes Submarket has one of the highest levels of space underway. Almost all of it is The Ratkovich Company's redevelopment of West Harbor in San Pedro's Ports O' Call Village. As part of the Port of Los Angeles, West Harbor will be a dining and entertainment venue with one mile of direct waterfront access facing the shipping terminals. The project is scheduled to be completed in early 2026. Less than 20% of the 210,000 SF underway is available for lease, which means the vacancy rate is not anticipated to be meaningfully impacted once the project completes.

KEY INDICATORS

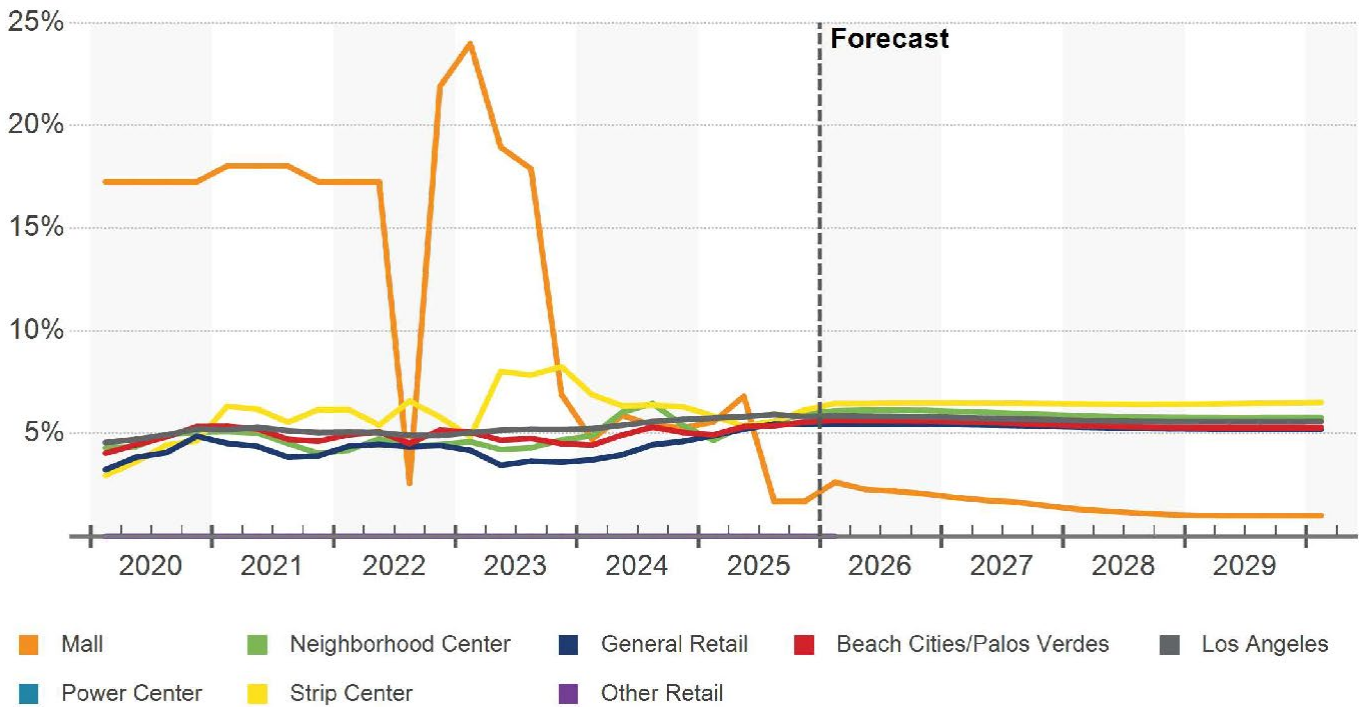
Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	375,168	1.7%	\$2.97	8.2%	0	0	208,020
Power Center	0	-	-	-	0	0	0
Neighborhood Center	3,479,350	6.0%	\$3.58	7.4%	(1,100)	0	0
Strip Center	1,042,033	6.4%	\$3.15	6.4%	(2,250)	0	0
General Retail	5,926,631	5.5%	\$3.24	6.3%	390	0	0
Other	0	-	-	-	0	0	0
Submarket	10,823,182	5.6%	\$3.33	6.8%	(2,960)	0	208,020

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0.5% (YOY)	4.4%	5.4%	6.1%	2010 Q4	2.6%	2006 Q1
Net Absorption SF	(66.8K)	(2,029)	24,733	160,511	2014 Q3	(160,591)	2020 Q4
Deliveries SF	0	26,866	44,932	236,170	2008 Q2	0	2025 Q4
Market Asking Rent Growth	-2.0%	1.5%	1.1%	4.6%	2007 Q2	-5.0%	2009 Q4
Sales Volume	\$138M	\$115M	N/A	\$271.4M	2022 Q4	\$14.2M	2009 Q4

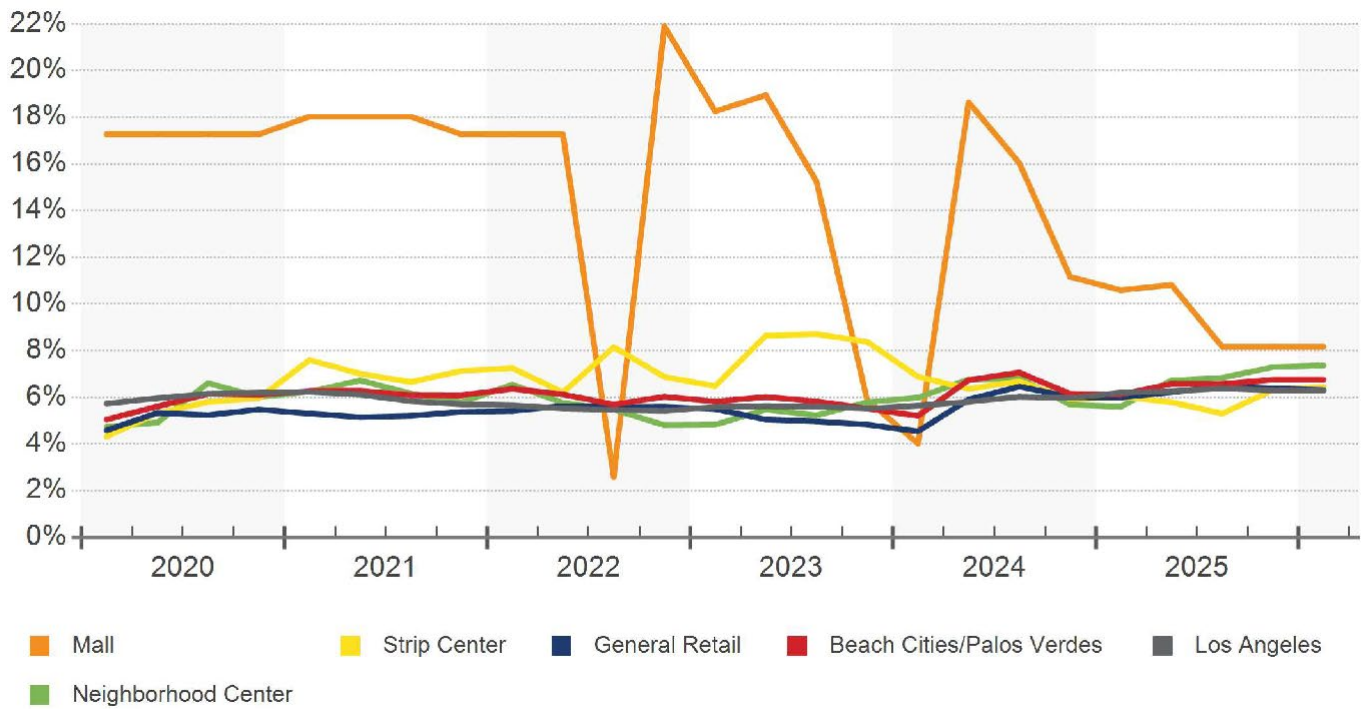
NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



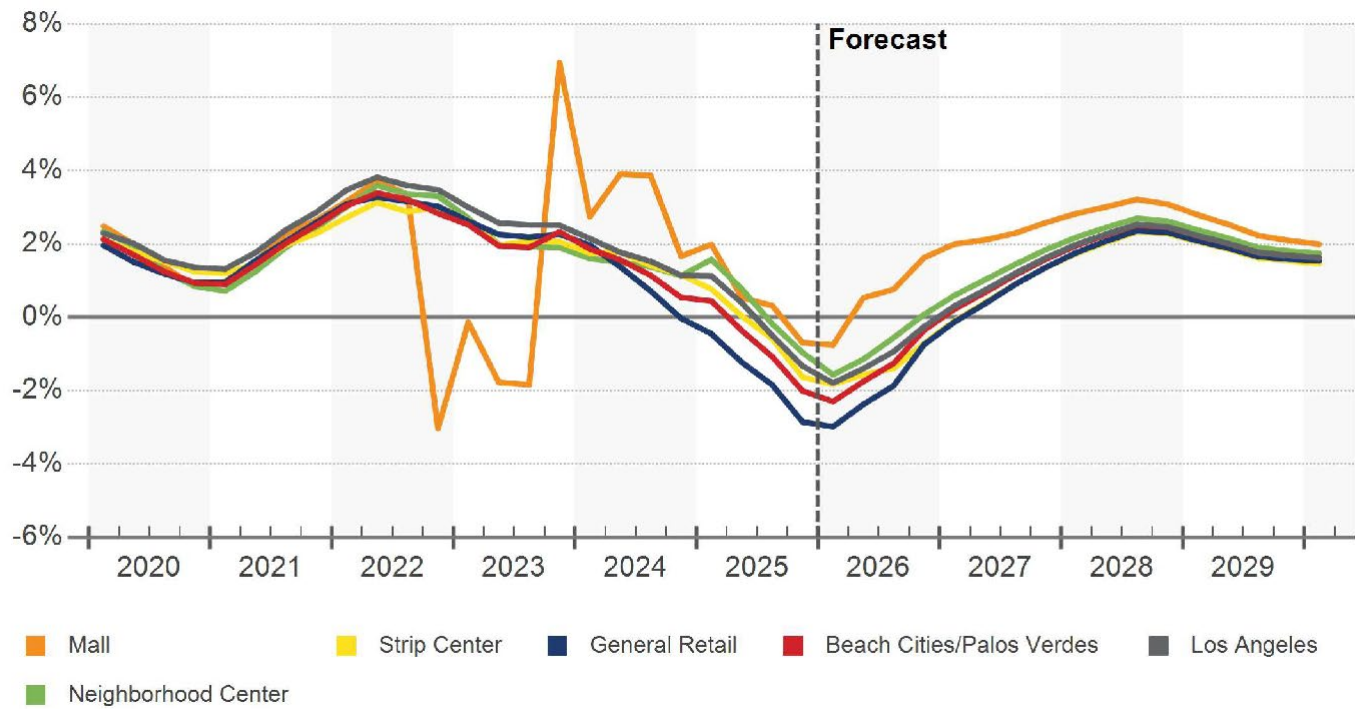
AVAILABILITY RATE



4 & 5 STAR MOST ACTIVE BUILDINGS IN SUBMARKET - PAST 12 MONTHS

Property Name/Address	Rating	GLA	Deals	Leased SF	12 Mo Vacancy	12 Mo Net Absorp SF
1802-1820 S Pacific Coast Hwy	★★★★★	22,291	2	6,956	16.2%	6,956
219 Ave I	★★★★★	9,000	1	675	12.3%	(1,850)
Metlox Center 451 Manhattan Beach Blvd	★★★★★	45,660	1	2,069	13.8%	(2,123)
403-419 N Pacific Coast	★★★★★	102,000	2	3,210	6.0%	(3,104)

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET

