

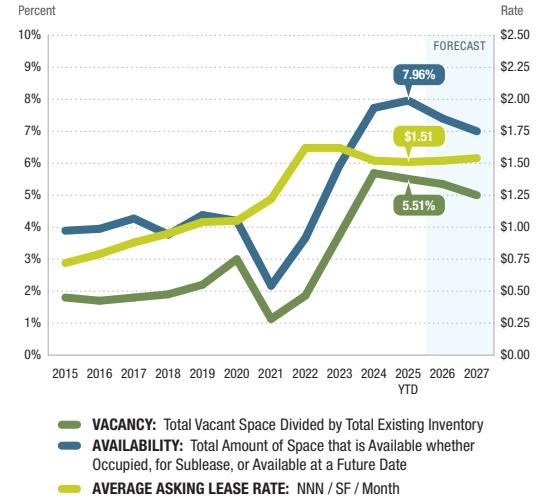
OVERVIEW. The Los Angeles industrial market entered 2025 on firmer ground after a choppy 2024. Net absorption turned positive for the first time in over a year, driven by a handful of large occupancies. Gross absorption climbed, leasing held steady, and developers continued to pull back thereby preventing the kind of supply flood that could have pushed vacancies higher. Still, the market is far from balanced. Vacancy remains elevated, effective rents are slipping, and concessions are no longer the exception. Functional space—modern clear height, good power, right location—is holding interest, but anything dated or overpriced is sitting. Transaction volume was lighter this quarter despite a small bump in deal count. Owner / user sales continue to stall under the weight of high borrowing costs, and uncertainty around tariffs is starting to creep into the conversation, delaying some decisions—especially from users with exposure to global supply chains.

VACANCY & AVAILABILITY. Los Angeles County’s industrial vacancy rate declined slightly in Q1 to 5.51%, down from 5.69% in the prior quarter. However, this still reflects a 17.18% increase year-over-year from 4.71% in Q1 2024. Availability rose to 7.96%, a 13.02% annual increase, indicating that while some spaces are being leased, a significant portion remains on the market particularly in older buildings or those with less-functional layouts. Landlords are becoming increasingly aggressive with concessions and tenant improvement packages to compete for active requirements, especially for mid-size and large-block spaces.

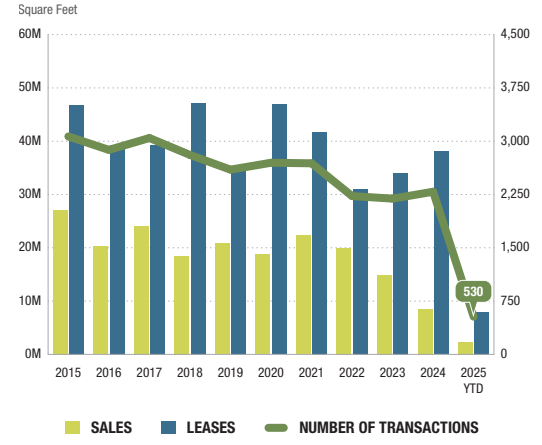
LEASE RATES. The average asking lease rate rose slightly in Q1, ending the period at \$1.51 per square foot, up from \$1.49 in Q4. This is still well below the \$1.70 posted in Q1 of last year. The small bump this quarter isn’t a sign of renewed pricing power. It is more a reflection of landlords holding firm on face rates while offering deeper concessions behind the scenes. South Bay remained the highest at \$1.61, supported by modern inventory and proximity to the ports. Central LA followed at \$1.49, with Mid Counties at \$1.46 and San Gabriel Valley at \$1.43. The overall trend is clear—tenants are gaining leverage, especially in older buildings or functionally limited spaces, where landlords have less leverage to get deals done.

TRANSACTION ACTIVITY. Transaction activity slowed in Q1 2025 compared with the prior quarter, recording a total of 530 combined lease and sale transactions, down from 520 in Q4 2024. Despite the slight uptick in deal count, total square footage transacted declined to 10,202,843 SF, a notable drop from 12,621,262 SF in the previous quarter. Leasing made up most activity, with 7,911,897 SF across 462 deals, down from 9,989,579 SF in Q4. On the sales side, 68 properties changed hands, totaling 2,290,946 SF, compared with 80 sales totaling 2,631,689 SF last quarter. The average building size in sale transactions remained stable at just under 33,600 SF. High interest rates and continued uncertainty surrounding trade policy remain key factors slowing momentum, particularly for owner / users. However, core leasing demand is holding firm, especially for modern, functional space in infill locations.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



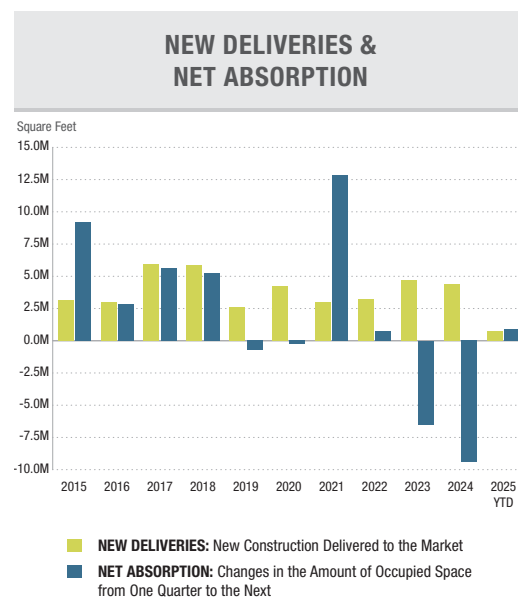
Market Statistics

	Change Over Last Quarter	Q1 2025	Q4 2024	Q1 2024	% Change Over Last Year
Vacancy Rate	▼ DOWN	5.51%	5.69%	4.71%	17.18%
Availability Rate	▲ UP	7.96%	7.73%	7.04%	13.02%
Average Asking Lease Rate	▲ UP	\$1.51	\$1.49	\$1.70	(11.18%)
Sale & Lease Transactions	▼ DOWN	10,202,843	12,621,262	10,841,497	(5.89%)
Gross Absorption	▲ UP	11,460,172	9,722,698	8,274,461	38.50%
Net Absorption	▲ POSITIVE	856,329	(1,671,492)	(3,870,528)	N/A

ABSORPTION. Net absorption in Los Angeles County returned to positive territory in Q1 2025, totaling 856,329 SF. This marks a significant turnaround from the prior three quarters of negative absorption, reflecting a more stable demand environment. Much of the quarter's positive momentum was driven by large occupancies in key submarkets. In the San Gabriel Valley, US Elogistics occupied 694,400 SF at 171 Marcellin Drive in the City of Industry, while Pleaser USA took 269,780 SF at 4200 W. Valley Boulevard in Walnut. In LA Central, Source Logistics contributed further absorption with its 374,370 SF lease at 2100 Yates Avenue in Commerce. That said, many of these moves represent consolidations or relocations within the county, rather than major net business expansions.

CONSTRUCTION. As of Q1 2025, approximately 1,837,980 SF of industrial space was under construction in Los Angeles County—down significantly from the recent peak of more than 7,167,111 SF in mid-2023. Over the past four quarters, about 4,303,839 SF of new space has been delivered. While overall development activity has slowed, the construction pipeline remains active, with a focus on mid-sized facilities. Vacancy is elevated among recently completed properties, particularly in the 100,000 to 500,000 SF range. Submarkets such as Mid-Counties, San Gabriel Valley, and South Bay continue to see targeted development aimed at meeting demand for modern, high-clearance logistics space.

EMPLOYMENT. Los Angeles County's seasonally adjusted unemployment rate remained unchanged at 6.0% from January to February 2025, but this was significantly higher than the 5.4% recorded in February 2024. While overall employment decreased slightly, sector performance diverged: Education/Health Services and Information Technology added jobs, though IT was still 26% below pre-pandemic levels. In contrast, the Trade, Transportation, and Utilities sectors shed jobs, showing weakness compared to the growth sectors within the county's economy.



Forecast

The Los Angeles industrial market remains in flux. Vacancy is expected to edge higher as existing availabilities take longer to clear and new development remains limited. Leasing demand is still present but more-focused tenants are prioritizing functionality, location, and adaptability. On the ownership side, elevated interest rates continue to slow sales activity, with owner/users and institutional buyers alike taking a cautious stance. Landlords are holding firm on asking rates in many cases, but incentives are becoming a more common tool to secure commitments. Uncertain trade policy is also affecting the equation, creating hesitation for some occupiers with global exposure. Still, LA's fundamentals remain intact. Its dense population, major infrastructure, and last-mile access continue to position it as one of the country's most vital industrial hubs.

Significant Transactions

Sales

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
4200 W. Valley Blvd.	Walnut	269,780	\$99,920,000	Pleaser USA, Inc.	CapRock Partners
2861–2867 Surveyor St.	Pomona	190,464	\$52,650,000	Future Foam	Alto Systems, Inc.
4224 District Blvd.	Vernon	117,360	\$57,000,000	Lucky Taro, Inc.	Winix Inc.
705 N. Baldwin Park Blvd.	City of Industry	86,213	\$25,900,000	Safco Capital Corporation	West Harbor Capital
2435 E. 37th St.	Vernon	86,032	\$17,500,000	Konoike Transport & Engineering	Triple S Steel Holdings Inc.

Leases

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
21733–21749 Baker Pkwy. - Renewal	City of Industry	799,910	Jan 2025	Jakks Pacific Inc.	Majestic Realty
171 Marcellin Dr.	City of Industry	694,400	Jan 2025	US Elogistics	Majestic Realty
17560 Rowland St.	City of Industry	232,000	Feb 2025	YiTong Investments	An Najarian Property LLC
14505 E. Proctor Ave.	City of Industry	217,464	Feb 2025	HYTX Logistics	GLP
13820 Mica Dr - renewal	Santa Fe Springs	214,756	Mar 2025	McKinley Packaging	The Orden Company

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2025	Square Feet Available	Availability Rate Q1 2025	Average Asking Lease Rate	Net Absorption Q1 2025	Net Absorption 2025	Gross Absorption Q1 2025	Gross Absorption 2025
Central													
Bell/Bell Gardens/Maywood	203	7,512,358	0	0	123,177	1.64%	228,476	3.04%	\$1.68	239,336	239,336	143,438	143,438
City of Commerce	744	46,120,335	0	284,715	4,224,790	9.16%	5,174,801	11.22%	\$1.33	(288,687)	(288,687)	1,070,255	1,070,255
Huntington Park/Cudahy	197	4,697,888	0	0	120,923	2.57%	349,538	7.44%	\$0.83	30,360	30,360	115,128	115,128
Downtown	5,086	125,030,755	0	199,014	6,783,027	5.43%	8,779,760	7.02%	\$1.67	54,317	54,317	1,888,590	1,888,590
Montebello	217	10,073,961	0	0	488,837	4.85%	761,767	7.56%	\$1.94	63,454	63,454	112,824	112,824
Pico Rivera	198	10,295,050	0	0	780,964	7.59%	1,089,245	10.58%	\$1.32	(46,495)	(46,495)	39,750	39,750
South Gate	231	9,793,140	0	625,930	335,122	3.42%	711,095	7.26%	\$1.41	(10,926)	(10,926)	7,338	7,338
Vernon	801	44,904,081	0	239,748	2,421,009	5.39%	3,690,548	8.22%	\$1.21	177,675	177,675	749,136	749,136
Total	7,677	258,427,568	0	1,349,407	15,277,849	5.91%	20,785,230	8.04%	\$1.49	219,034	219,034	4,126,459	4,126,459
Mid Counties													
Artesia/Cerritos	278	13,137,433	0	72,189	830,984	6.33%	1,375,465	10.47%	\$1.43	23,116	23,116	134,087	134,087
Bellflower/Downey	211	5,745,830	0	516,124	163,916	2.85%	371,362	6.46%	\$1.41	(20,199)	(20,199)	67,517	67,517
Buena Park/La Palma	234	14,873,913	100,000	0	1,451,546	9.76%	2,065,022	13.88%	\$0.00	(85,932)	(85,932)	166,326	166,326
La Mirada	178	13,216,409	0	0	1,036,534	7.84%	1,519,658	11.50%	\$1.58	(66,319)	(66,319)	180,742	180,742
Norwalk	91	2,924,525	0	5,000	142,274	4.86%	144,184	4.93%	\$1.67	(68,310)	(68,310)	4,470	4,470
Paramount	417	9,312,494	0	0	221,556	2.38%	475,626	5.11%	\$1.35	(13,591)	(13,591)	124,481	124,481
Santa Fe Springs	1,352	54,387,974	381,158	383,653	3,419,880	6.29%	5,007,611	9.21%	\$1.74	(307,553)	(307,553)	777,564	777,564
Whittier	161	4,149,541	292,303	0	428,131	10.32%	435,350	10.49%	\$1.50	(204,869)	(204,869)	6,452	6,452
Total	2,922	117,748,119	773,461	976,966	7,694,821	6.53%	11,394,278	9.68%	\$1.46	(743,657)	(743,657)	1,461,639	1,461,639
San Gabriel Valley													
Alhambra	114	2,203,234	0	0	93,328	4.24%	122,670	5.57%	\$1.43	(40,350)	(40,350)	2,675	2,675
Arcadia/Temple City	143	3,175,024	0	0	181,105	5.70%	215,940	6.80%	\$1.34	12,229	12,229	25,489	25,489
Azusa	254	6,962,692	0	0	445,419	6.40%	699,725	10.05%	\$1.41	9,809	9,809	247,390	247,390
Baldwin Park	251	5,320,157	0	0	236,384	4.44%	253,979	4.77%	\$1.49	(60,305)	(60,305)	57,467	57,467
City of Industry/DB/HH/RH	1,111	78,170,548	277,742	360,703	3,061,768	3.92%	4,429,438	5.67%	\$1.58	1,405,360	1,405,360	1,273,037	1,273,037
Covina/West Covina	189	3,607,420	0	0	98,899	2.74%	482,067	13.36%	\$1.27	3,295	3,295	24,995	24,995
Duarte	70	1,799,768	0	0	47,029	2.61%	100,319	5.57%	\$1.20	(9,401)	(9,401)	77,791	77,791
El Monte	315	8,948,269	0	80,000	362,650	4.05%	458,472	5.12%	\$1.66	(20,269)	(20,269)	68,354	68,354
Irwindale	263	13,262,239	129,619	1,689,310	780,959	5.89%	928,680	7.00%	\$1.43	(159,304)	(159,304)	254,531	254,531
La Puente	94	1,940,605	0	0	24,991	1.29%	56,738	2.92%	\$1.50	602	602	11,870	11,870
La Verne/San Dimas/Glendora	309	6,753,792	0	78,780	265,431	3.93%	512,431	7.59%	\$1.38	(21,526)	(21,526)	131,219	131,219
Monrovia	203	3,347,197	0	0	73,746	2.20%	211,971	6.33%	\$1.75	43,103	43,103	49,463	49,463
Pomona/Claremont	675	20,634,296	0	230,000	1,095,046	5.31%	1,610,027	7.80%	\$1.02	68,735	68,735	383,578	383,578
Monterey Park/Rosemead/San Gabriel	221	4,085,284	0	0	211,073	12.99%	247,712	15.29%	\$0.99	18,670	18,670	30,650	30,650
South El Monte	841	11,200,606	37,186	0	264,462	2.36%	310,311	2.77%	\$1.45	(35,392)	(35,392)	78,087	78,087
Walnut	206	7,150,723	0	0	349,064	4.88%	503,287	7.04%	\$1.24	131,005	131,005	76,184	76,184
Total	5,259	178,561,854	444,547	2,438,793	7,591,354	4.25%	11,143,767	6.24%	\$1.43	1,346,261	1,346,261	2,792,780	2,792,780
South Bay													
Carson	499	36,108,168	429,112	0	1,751,830	4.85%	2,818,732	7.81%	\$1.62	(70,521)	(70,521)	558,770	558,770
Compton	480	25,157,460	0	192,849	1,378,504	5.48%	2,452,951	9.75%	\$1.40	234,472	234,472	632,056	632,056
El Segundo	153	7,497,139	0	0	29,103	0.39%	200,082	2.67%	\$2.62	(2,558)	(2,558)	6,497	6,497
Gardena	1,174	29,242,798	190,860	566,048	1,912,804	6.54%	2,139,381	7.32%	\$1.78	(65,104)	(65,104)	318,515	318,515
Harbor City	96	1,801,758	0	0	16,628	0.92%	47,628	2.64%	\$0.75	(10,000)	(10,000)	0	0
Hawthorne	223	8,236,767	0	48,080	280,782	3.41%	374,913	4.55%	\$1.74	2,705	2,705	81,980	81,980
Inglewood	232	4,758,131	0	215,455	201,698	4.24%	219,855	4.62%	\$1.43	45,897	45,897	58,649	58,649
Lakewood/Hawaiian Gardens	24	538,131	0	0	2,450	0.46%	5,150	0.96%	\$0.00	5,199	5,199	5,199	5,199
Lawndale	31	268,126	0	0	9,098	3.39%	9,098	3.39%	\$0.00	6,272	6,272	6,272	6,272
Long Beach/San Pedro/Terminal Island	802	26,821,121	0	1,027,606	1,640,582	6.12%	2,707,878	10.10%	\$1.53	108,189	108,189	540,689	540,689
Lynwood	99	4,438,564	0	0	217,727	4.91%	277,346	6.25%	\$1.16	55,700	55,700	78,400	78,400
Rancho Dominguez	230	14,218,165	0	0	1,261,268	8.87%	1,581,803	11.13%	\$1.58	52,714	52,714	130,237	130,237
Redondo & Hermosa Beach	34	1,741,633	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Signal Hill	209	3,052,233	0	24,400	110,410	3.62%	221,556	7.26%	\$1.00	(4,767)	(4,767)	47,842	47,842
Torrance	636	29,412,765	0	465,158	1,961,841	6.67%	3,356,183	11.41%	\$1.90	(269,228)	(269,228)	589,218	589,218
Wilmington	151	3,981,290	0	0	113,083	2.84%	109,067	2.74%	\$1.50	(54,279)	(54,279)	24,970	24,970
Total	5,073	197,274,249	619,972	2,539,596	10,887,808	5.52%	16,521,623	8.37%	\$1.61	34,691	34,691	3,079,294	3,079,294
Los Angeles Total	20,931	752,011,790	1,837,980	7,304,762	41,464,068	5.51%	59,844,898	7.96%	\$1.51	856,329	856,329	11,460,172	11,460,172
5,000-24,999	13,698	166,062,216	0	77,358	6,755,045	4.07%	9,285,024	5.59%	\$1.69	(256,059)	(256,059)	2,193,624	2,193,624
25,000-49,999	3,615	125,947,045	37,186	318,909	5,447,970	4.33%	8,742,912	6.94%	\$1.45	(509,736)	(509,736)	1,639,999	1,639,999
50,000-99,999	1,992	135,920,149	116,963	627,403	7,349,535	5.41%	11,955,211	8.80%	\$1.49	628,967	628,967	2,610,424	2,610,424
100,000-249,999	1,293	191,780,641	962,416	3,851,985	13,035,815	6.80%	18,300,586	9.54%	\$1.44	387,077	387,077	3,809,408	3,809,408
250,000-499,999	269	86,849,659	721,415	1,362,983	5,798,373	6.68%	7,213,501	8.31%	\$1.68	(88,320)	(88,320)	891,461	891,461
500,000 plus	64	45,452,080	0	1,066,124	3,077,330	6.77%	4,347,664	9.57%	\$1.75	694,400	694,400	315,256	315,256
Los Angeles Total	20,931	752,011,790	1,837,980	7,304,762	41,464,068	5.51%	59,844,898	7.96%	\$1.51	856,329	856,329	11,460,172	11,460,172

This survey consists of buildings greater than 5,000 square feet. Lease rates are on a triple-net basis.



Riding the Economic Rollercoaster

Jordan Haynes

ASSOCIATE, ANAHEIM

714.935.2329 · jhaynes@voitco.com · Lic. #02083655

As we conclude the first quarter of 2025, the Los Angeles industrial market shows a mix of growth and caution, reflecting broader economic trends and shifting policies. While Southern California's industrial landscape continues to face challenges, key market indicators highlight a period of change as businesses adjust to evolving economic conditions.

The Port of Los Angeles continues to show resilience. The cargo statistics show robust year-over-year growth in Twenty-Foot Equivalent Units (TEUs) processed at the port, with 17 of the last 19 months experiencing an increase in cargo volume. In February, the Port of Los Angeles handled 801,398 TEUs, marking the second-busiest February on record. Meanwhile, the Port of Long Beach handled 765,385 TEUs in February, a 13.4% increase from the previous year. If this volume continues throughout 2025, the San Pedro Port Complex will be on track to break its all-time record for TEUs processed.

Tariffs are likely one of the main drivers in this surge in port activity as businesses accelerated imports to stockpile goods ahead of expected policy changes. The introduction of the Liberation Day tariffs has prompted countries worldwide to adjust to the evolving trade landscape. Before the implementation of these tariffs, inflationary pressures from February's tariff measures had influenced the Federal Open Market Committee (FOMC) to maintain current interest rates. The Fed's cautious stance reflected uncertainty over whether tariff-driven inflation will prove transitory, with Chair Powell emphasizing data dependency ahead of the next FOMC meeting in early May. However, heightened market volatility led to a closed-door Fed meeting on April 7 to discuss potential monetary policy adjustments amid evolving economic risks.

The vacancy rate in Greater Los Angeles is now 5.51%. It was 4.71% a year ago. Net absorption had been negative for eleven quarters. It turned positive in the first quarter, while average asking lease rates of \$1.51 per square foot remained stable. Although attractive opportunities to purchase and lease exist in the market, many decision-makers are adopting a more cautious approach due to shifting policies and economic uncertainty.

While the local industrial market faces unpredictability, port activity offers a bright spot. However, the market is still in flux, with businesses and decision-makers closely watching economic and policy changes. For now, Los Angeles remains a vital hub for global trade, and the industrial market's adaptation in the coming months will be crucial in determining its path forward in 2025.

Please Contact Us for Further Information

Tony Tran
Regional Director of Research
ttran@voitco.com

Anaheim, CA
714.978.7880

Carlsbad, CA
760.472.5620

Inland Empire, CA
909.545.8000

Irvine, CA
949.851.5100

Los Angeles, CA
424.329.7500

San Diego, CA
858.453.0505

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

Product Type

MFG./DIST.

Manufacturing / Distribution / Warehouse facilities with up to 29.9% office space.

Submarkets

CENTRAL

Bell / Bell Gardens / Maywood, City of Commerce, Huntington Park / Cudahy, Downtown, Montebello, Pico Rivera, South Gate, Vernon

MID COUNTIES

Artesia / Cerritos, Bellflower / Downey, Buena Park / La Palma, La Mirada, Norwalk, Paramount, Santa Fe Springs, Whittier

SAN GABRIEL VALLEY

Alhambra, Arcadia / Temple City, Azusa, Baldwin Park, City of Industry / DB / HH / RH, Covina / West Covina, Duarte, El Monte, Irwindale, La Puente, La Verne / San Dimas / Glendora, Monrovia, Pomona / Claremont, Monterey Park / Rosemead / San Gabriel, South El Monte, Walnut

SOUTH BAY

Carson, Compton, El Segundo, Gardena, Harbor City, Hawthorne, Inglewood, Lakewood / Hawaiian Gardens, Lawndale, Long Beach / San Pedro / Terminal Island, Lynwood, Rancho Dominguez, Redondo & Hermosa Beach, Signal Hill, Torrance, Wilmington