

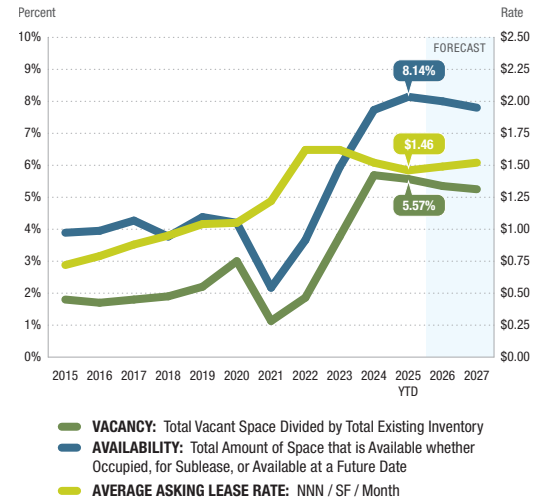
OVERVIEW. The Los Angeles industrial market continued to rebalance in Q2 2025. Vacancy edged higher as new speculative projects and some older spaces came back online, but overall demand remained steady. Many tenants are still adjusting footprints, prioritizing operational efficiency over pure expansion. The ports of Los Angeles and Long Beach saw throughput slip in May and June, the first decline in over a year, prompting caution among import-heavy users. Recent tariff changes have also added new layers of uncertainty for manufacturers and logistics operators, affecting planning cycles and inventory strategies. Leasing activity held firm but leaned toward smaller, more flexible deals as tenants pushed for concessions and avoided long-term commitments. Developers have pulled back speculative construction to help keep fundamentals stable. Overall, the market is moving away from a hyper-growth mindset and settling into a more deliberate, long-term approach focused on adaptability and strategic positioning rather than aggressive expansion.

VACANCY & AVAILABILITY. Los Angeles vacancy rose to 5.57% in Q2 2025, up from 5.51% in Q1 and 5.26% a year ago, marking a 5.90% year-over-year increase. Availability followed, climbing to 8.14% this quarter from 7.96% last quarter and 7.50% a year ago, an 8.54% annual rise. These gradual increases reflect new speculative deliveries and more second-generation space coming back as tenants consolidate or adjust their footprints. On average, space now spends 5.4 months on the market, takes 4.1 months to lease once active, and remains vacant for around 4.7 months. Tariff uncertainty and recent port slowdowns in Los Angeles and Long Beach have made companies more cautious, leading many to pause expansion or delay new commitments as they face softer import volumes and shifting trade policies. This hesitation has pushed vacancy higher and is creating a more tenant-favorable market overall.

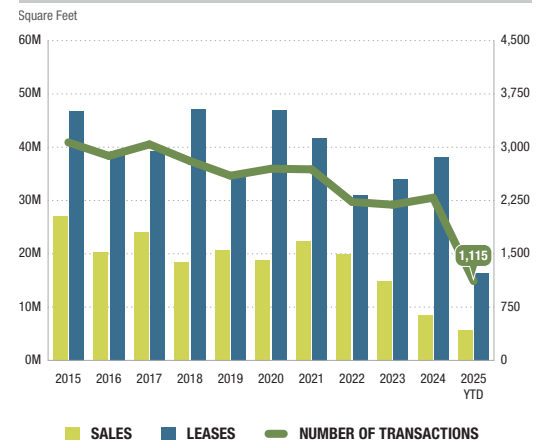
LEASE RATES. The Los Angeles industrial market softened further in Q2, with average asking lease rates dropping to \$1.46 per square foot, down from \$1.51 in Q1 and \$1.57 a year ago, a 7.01% annual decrease. This decline stems primarily from rising inventory levels, providing tenants with more leverage in lease negotiations. Demand for strategically located last-mile and logistics spaces remains solid, though tenants now hold greater negotiating power amid economic uncertainties. South Bay leads at \$1.56, followed by Central LA at \$1.48, with Mid Counties at \$1.40 and San Gabriel Valley trailing at \$1.34, illustrating varied regional market conditions.

TRANSACTION ACTIVITY. Transaction activity slowed further in Q2 2025, recording a total of 537 combined lease and sale transactions, down from 578 in Q1. Total square footage transacted decreased notably to 10,225,437 SF from 11,833,861 SF in the previous quarter. Leasing activity accounted for most transactions, totaling 7,214,013 SF across 447 deals, compared with 9,213,257 SF in Q1. Sublease space saw increased activity, with sublet deals totaling 1,402,585 SF, a significant rise from 795,272 SF in Q1. Sales volume also increased, with 90 transactions covering 3,011,424 SF, up from 74 transactions and 2,620,604 SF in Q1. High interest rates and trade-policy uncertainty continue to influence tenant decisions, though core leasing demand remains strong for well located, functional properties.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



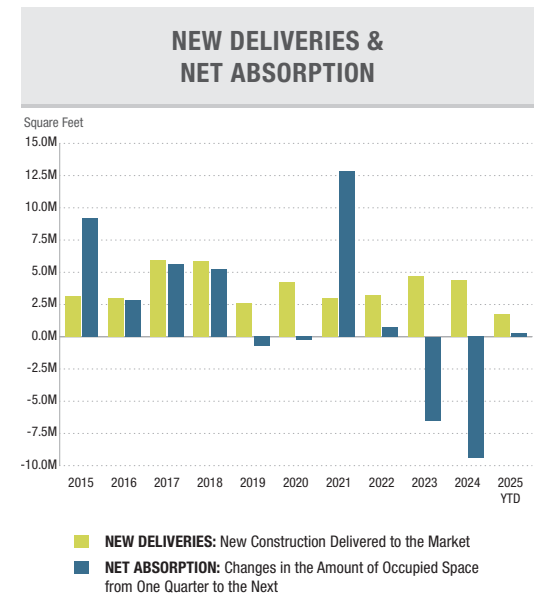
Market Statistics

	Change Over Last Quarter	Q2 2025	Q1 2025	Q2 2024	% Change Over Last Year
Vacancy Rate	▲ UP	5.57%	5.51%	5.26%	5.90%
Availability Rate	▲ UP	8.14%	7.96%	7.50%	8.54%
Average Asking Lease Rate	▼ DOWN	\$1.46	\$1.51	\$1.57	(7.01%)
Sale & Lease Transactions	▼ DOWN	10,225,437	11,833,861	10,557,023	(3.14%)
Gross Absorption	▼ DOWN	9,232,166	11,460,172	9,318,928	(0.93%)
Net Absorption	▼ NEGATIVE	(644,869)	856,329	(3,091,322)	N/A

ABSORPTION. Los Angeles posted negative net absorption of 644,869 SF in Q2 2025, a reversal from positive activity in Q1. While gross absorption remained steady at just over 9,232,166 SF, new supply and consolidations outweighed move-ins. This negative net absorption underscores a shift in tenant behavior. Many companies are focused on operational efficiency rather than rapid expansion, choosing to renew, downsize, or delay larger commitments. Even tenants that remain active in the market are often targeting smaller, more flexible footprints rather than large-scale bulk space. Additionally, softer import volumes at the ports and tariff-related uncertainty are influencing inventory strategies, leading some occupiers to hold off on new space until trade flows stabilize.

CONSTRUCTION. Los Angeles County has 2,045,349 SF of space under construction and 7,832,710 MSF in planning. New construction deliveries totaled 1,027,670 SF this quarter, though many of these new buildings are experiencing slower lease-up as tenant demand softens and vacancy rises. Only about 25% of space underway is preleased, highlighting ongoing tenant caution. Recent completions include a mix of mid-sized and larger facilities, with some remaining vacant for multiple quarters. Overall, the market has shifted away from aggressive speculative building toward more selective, targeted projects focused on modern operational needs and prime logistics locations.

EMPLOYMENT. Los Angeles County's unemployment rate held at 5.8% in May as the labor force and employment both edged higher. Nonfarm jobs grew by 13,800 over the month, led by leisure, hospitality, and government hiring. Manufacturing lost 14,600 jobs year over year, reflecting ongoing structural shifts. For industrial users, this signals a stable but cautious labor market with fewer skilled trade workers entering the pool, reinforcing challenges around labor availability and rising operational costs.



Forecast

The Los Angeles industrial market is expected to gradually tighten through the rest of 2025 and into 2026. Vacancy and availability are projected to decline as tenant activity picks up and new space gets absorbed. As more companies move to secure modern, well located facilities, we could see a slow rebound in asking rates by late 2025, especially for newer Class A buildings with strong truck access and advanced operational features. Landlords may still offer targeted concessions, but overall leverage is expected to shift gradually back in their favor. For tenants, this is a chance to lock in quality space before competition heats up and rents start rising again. Overall, the market is moving toward a more active, confident cycle centered on strategic growth and positioning.

Significant Transactions

Sales

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
15015 Valley View Ave.	Santa Fe Springs	302,850	\$140,250,000	Cold As Ice Ca LLC	Brookfield Property Group
18045 Rowland St.	City of Industry	200,000	\$65,204,000	Msi Computer Corp	Bpp Shiraz Fullerton 1 LP
4095 Firestone Blvd.	South Gate	97,854	\$11,402,809	EMHI, LLC	Leggett & Platt
505 E. Gardena Blvd	Carson	94,801	\$12,100,000	VNSM, Inc.	505 East Gardena Boulevard LP
18903 Anelo Ave.	Carson	66,104	\$14,000,000	Orbit Industries, Inc.	C&K Walker LLC

Leases

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
5500 Shelia St. - Sublease	Commerce	445,767	May-2025	YS Express	Smart & Final Distribution Ctr
20100 S. Alameda St.	Rancho Dominguez	205,435	Jun-2025	Hyperdyne	20100 Alameda Property Co
11600 Alameda St.	Lynwood	201,027	Apr-2025	Paramount Logistics	Prologis, Inc.
218 S. Turnbull Canyon Rd.	City of Industry	191,153	Jun-2025	Equator Global Logistics	Rexford Industrial Realty, Inc.
2100 E. 38th St. - Sublesae	Vernon	177,261	May-2025	Justman Packaging & Display	C.R. Laurence 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 Q2 2025	Square Feet Available	Availability Rate Q2 2025	Average Asking Lease Rate	Net Absorption Q2 2025	Net Absorption 2025	Gross Absorption Q2 2025	Gross Absorption 2025
Central													
Bell/Bell Gardens/Maywood	203	7,593,726	0	0	85,066	1.12%	204,442	2.69%	\$1.68	129,105	368,441	35,198	178,636
City of Commerce	743	46,108,925	0	284,715	3,689,877	8.00%	4,910,616	10.65%	\$1.37	570,002	281,315	1,140,531	2,210,786
Huntington Park/Cudahy	198	4,846,038	0	0	209,617	4.33%	361,896	7.47%	\$0.83	(78,944)	(48,584)	41,318	156,446
Downtown	5,090	125,275,440	133,017	199,014	7,295,468	5.82%	8,971,183	7.16%	\$1.64	(519,234)	(464,917)	1,549,365	3,437,955
Montebello	215	10,034,221	0	0	471,296	4.70%	577,482	5.76%	\$0.00	14,576	78,030	147,389	260,213
Pico Rivera	196	10,304,649	0	0	901,509	8.75%	1,179,398	11.45%	\$1.32	(53,064)	(99,559)	86,355	126,105
South Gate	230	9,703,315	0	625,930	286,772	2.96%	689,724	7.11%	\$1.27	47,250	36,324	47,250	54,588
Vernon	798	44,878,563	263,409	239,748	2,239,091	4.99%	3,703,182	8.25%	\$1.29	229,782	407,457	258,314	1,007,450
Total	7,673	258,744,877	396,426	1,349,407	15,178,696	5.87%	20,597,923	7.96%	\$1.48	339,473	558,507	3,305,720	7,432,179
Mid Counties													
Artesia/Cerritos	278	13,134,009	0	72,189	734,479	5.59%	1,312,231	9.99%	\$1.43	96,505	119,621	373,423	507,510
Bellflower/Downey	211	5,732,747	0	516,124	434,817	7.58%	453,364	7.91%	\$1.41	(259,381)	(279,580)	9,259	76,776
Buena Park/La Palma	235	14,971,771	0	0	1,366,088	9.12%	1,965,097	13.13%	\$1.21	74,679	(11,253)	280,748	447,074
La Mirada	178	13,212,907	0	0	1,223,386	9.26%	1,549,294	11.73%	\$1.58	(165,737)	(232,056)	50,825	231,567
Norwalk	91	2,924,525	0	5,000	76,140	2.60%	86,200	2.95%	\$1.67	66,134	(2,176)	68,150	72,620
Paramount	417	9,269,926	0	0	155,536	1.68%	439,767	4.74%	\$1.35	16,407	44,826	136,756	261,237
Santa Fe Springs	1,354	54,227,444	201,571	587,777	3,363,188	6.20%	5,075,874	9.36%	\$1.74	54,518	(253,035)	868,239	1,645,803
Whittier	160	3,754,894	292,303	0	407,127	10.84%	470,645	12.53%	\$1.50	4,504	(200,365)	34,429	40,881
Total	2,924	117,228,223	493,874	1,181,090	7,760,761	6.62%	11,352,472	9.68%	\$1.40	(112,371)	(814,018)	1,821,829	3,283,468
San Gabriel Valley													
Alhambra	114	2,203,708	0	0	133,379	6.05%	119,965	5.44%	\$1.38	(37,551)	(77,901)	13,796	16,471
Arcadia/Temple City	144	3,190,081	0	0	105,692	3.31%	111,432	3.49%	\$1.34	73,344	85,573	42,995	68,484
Azusa	254	7,056,628	0	0	556,093	7.88%	1,034,682	14.66%	\$1.33	(110,674)	(100,865)	31,300	278,690
Baldwin Park	251	5,323,537	0	0	216,614	4.07%	262,284	4.93%	\$1.49	14,993	(45,312)	70,531	127,998
City of Industry/DB/HH/RH	1,108	77,717,620	277,742	360,703	2,773,190	3.57%	4,525,132	5.82%	\$1.44	384,264	1,789,624	1,167,825	2,440,862
Covina/West Covina	185	3,397,957	0	0	141,767	4.17%	463,373	13.64%	\$1.13	(20,400)	(17,105)	51,062	76,057
Duarte	70	1,799,956	0	0	57,145	3.17%	153,315	8.52%	\$1.22	(10,116)	(19,517)	17,250	95,041
El Monte	314	8,920,234	0	80,000	392,921	4.40%	564,369	6.33%	\$1.59	(64,800)	(85,069)	204,820	273,174
Irwindale	263	13,301,297	0	1,689,310	659,042	4.95%	924,579	6.95%	\$1.37	115,886	(43,418)	97,888	352,419
La Puente	95	2,160,599	0	0	59,560	2.76%	107,000	4.95%	\$1.50	(38,569)	(37,967)	11,693	23,563
La Verne/San Dimas/Glendora	309	6,785,339	0	142,529	207,484	3.06%	758,917	11.18%	\$1.50	(9,456)	(30,982)	83,293	214,512
Monrovia	201	3,320,564	0	0	105,537	3.18%	170,662	5.14%	\$1.75	(31,791)	11,312	17,418	66,881
Pomona/Claremont	675	20,641,860	0	230,000	1,134,137	5.49%	1,537,733	7.45%	\$1.09	(42,391)	26,344	263,062	646,640
Monterey Park/Rosemead/San Gabriel	221	4,066,858	0	0	316,724	20.65%	291,567	18.50%	\$0.99	(105,651)	(86,981)	7,680	38,330
South El Monte	844	11,237,413	0	0	349,387	3.11%	318,327	2.83%	\$1.45	(35,040)	(70,432)	131,712	209,799
Walnut	206	7,145,164	0	0	317,419	4.44%	681,353	9.54%	\$1.24	60,638	191,643	259,374	335,558
Total	5,254	178,268,815	277,742	2,502,542	7,526,091	4.22%	12,024,690	6.75%	\$1.34	142,686	1,488,947	2,471,699	5,264,479
South Bay													
Carson	498	35,829,187	429,112	0	1,923,848	5.37%	2,614,438	7.30%	\$1.57	(321,567)	(392,088)	222,597	781,367
Compton	477	25,099,916	50,000	192,849	1,796,924	7.16%	2,743,811	10.93%	\$1.34	(331,249)	(96,777)	23,050	655,106
El Segundo	153	7,481,192	0	0	61,269	0.82%	229,658	3.07%	\$2.62	(32,166)	(34,724)	10,210	16,707
Gardena	1,170	29,247,010	190,860	566,048	1,702,382	5.82%	2,375,014	8.12%	\$1.59	77,009	11,905	377,905	696,420
Harbor City	96	1,804,795	0	0	2,580	0.14%	33,580	1.86%	\$0.75	12,600	2,600	12,600	12,600
Hawthorne	222	8,217,244	0	48,080	424,485	5.17%	270,029	3.29%	\$1.75	(145,803)	(143,098)	68,598	150,578
Inglewood	234	4,860,173	0	215,455	190,484	3.92%	216,445	4.45%	\$1.55	24,702	70,599	42,832	101,481
Lakewood/Hawaiian Gardens	24	538,131	0	0	7,649	1.42%	9,099	1.69%	\$0.00	(5,199)	0	2,450	7,649
Lawndale	31	268,126	0	0	0	0.00%	0	0.00%	\$0.00	9,098	15,370	9,098	15,370
Long Beach/San Pedro/Terminal Island	801	26,809,723	123,595	1,027,606	2,169,254	8.09%	2,916,891	10.88%	\$1.47	(441,793)	(333,604)	142,183	682,872
Lynwood	98	4,394,493	0	0	25,319	0.58%	76,319	1.74%	\$1.32	192,408	248,108	201,027	279,427
Rancho Dominguez	229	14,180,547	0	0	1,309,752	9.24%	1,954,165	13.78%	\$1.50	(34,007)	18,707	155,089	285,326
Redondo & Hermosa Beach	35	1,748,119	0	0	1,440	0.08%	1,440	0.08%	\$0.00	(1,440)	(1,440)	0	0
Signal Hill	209	3,066,167	0	24,400	122,786	4.00%	209,021	6.82%	\$1.00	(13,772)	(18,539)	53,296	101,138
Torrance	638	29,469,445	83,740	725,233	1,529,027	5.19%	3,356,101	11.39%	\$1.82	42,106	(227,122)	300,983	890,201
Wilmington	151	3,985,718	0	0	118,485	2.97%	152,413	3.82%	\$1.50	(45,584)	(99,863)	11,000	35,970
Total	5,066	196,999,986	877,307	2,799,671	11,385,684	5.78%	17,158,424	8.71%	\$1.56	(1,014,657)	(979,966)	1,632,918	4,712,212
Los Angeles Total	20,917	751,241,901	2,045,349	7,832,710	41,863,468	5.57%	61,133,509	8.14%	\$1.46	(644,869)	253,470	9,232,166	20,692,338
5,000-24,999	13,687	165,914,422	0	96,482	6,827,269	4.11%	9,603,390	5.79%	\$1.62	(118,941)	(375,000)	2,291,199	4,484,823
25,000-49,999	3,614	125,837,697	32,587	318,909	5,810,312	4.62%	9,105,795	7.24%	\$1.44	(432,233)	(899,959)	1,434,163	3,074,162
50,000-99,999	1,992	135,943,932	315,835	691,152	7,664,445	5.64%	12,234,708	9.00%	\$1.36	(369,338)	259,629	1,451,241	4,061,665
100,000-249,999	1,292	191,623,915	712,103	4,297,060	13,364,885	6.97%	19,782,965	10.32%	\$1.44	(527,299)	(140,222)	3,157,494	6,966,902
250,000-499,999	267	86,233,733	984,824	1,362,983	4,990,053	5.79%	6,080,489	7.05%	\$0.00	832,116	743,796	748,069	1,639,530
500,000 plus	65	45,688,202	0	1,066,124	3,206,504	7.02%	4,326,162	9.47%	\$0.00	(29,174)	665,226	150,000	465,256
Los Angeles Total	20,917	751,241,901	2,045,349	7,832,710	41,863,468	5.57%	61,133,509	8.14%	\$1.46	(644,869)	253,470	9,232,166	20,692,338

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



Wait and See

by **Matt Peters**

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The Southern California industrial market isn't crashing, but it's clearly adjusting. For eight straight quarters, activity has slowed, shaped first by inflation and now complicated further by tariffs. What began as a response to broader economic pressure is turning into a more fundamental shift in how tenants approach space and how landlords recalibrate expectations.

Tariffs have introduced an added layer of unpredictability for business owners, making long-term planning increasingly difficult. Unlike the stock market, which has shown signs of recovery, industrial tenants are not experiencing a comparable rebound. Many business operators have expressed a preference for clarity, even if tariffs remain in place, so they can plan accordingly. In the absence of such clarity, many have adopted a cautious "wait and see" approach.

This hesitancy is having a direct impact on the industrial leasing market, which is currently experiencing the highest vacancy levels since 2018. With a surplus of available inventory, landlords have been compelled to reduce asking rents and offer creative incentives to attract tenants. However, this environment also presents opportunities: businesses unaffected by tariffs are well positioned to take advantage of favorable lease terms.

Conversely, companies that are directly impacted by tariff uncertainty have largely refrained from committing to new leases. Instead, tenants approaching lease expirations are increasingly requesting short-term renewals. While this may seem like a temporary setback for landlords, it can actually be advantageous. Industry analysts project that lease rates will begin to recover and trend upward in the coming year. As such, short-term renewals allow landlords the flexibility to either re-sign existing tenants at higher rates in the near future or market the space at improved pricing.

Despite the current challenges, there remains a strong sense of optimism among business owners. As the economic landscape stabilizes, many anticipate a return to more predictable conditions, and with it, renewed momentum in the industrial market.

Our team has a strong command of the industrial market. We track activity daily, monitor every deal, and adjust forecasts as new policy shifts emanate from the current administration. That level of visibility gives our clients a real edge. It helps them stay ahead, act decisively, and consistently drives better outcomes.

If you have any questions or would like to discuss your specific needs, please don't hesitate to reach out. We're here to help in any way we can.

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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.

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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/C 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