LA Q2 26

SECOND QUARTER 2026 MARKET REPORT

GREATER LOS ANGELES INDUSTRIAL

Voit REAL ESTATE SERVICES

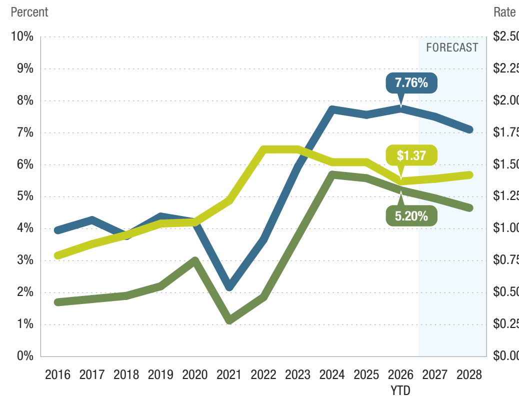
OVERVIEW. Demand returned to the leasing market in Q2 2026, producing a second consecutive quarter of positive net absorption and the clearest evidence yet that the forces behind the downturn are beginning to dissipate. Inventory replenishment tied to strengthening cargo volumes through the ports brought third-party logistics providers, food and beverage distributors, and consumer products companies back into the market, while aerospace and defense expansion generated large-block commitments in space that had been vacant for several quarters. Owner-user acquisitions also gained traction, supported by SBA financing availability and improved tax incentives for capital investment. With the development pipeline at its lowest level since 2024 and speculative starts largely paused, the supply side is no longer adding pressure. Rents have yet to follow; stabilization, not recovery, defines the market.

VACANCY & AVAILABILITY. The total vacancy rate for the Los Angeles industrial market declined 33 basis points quarter over quarter to 5.20% in Q2 2026, down from 5.53% in Q1 2026, and improved 37 basis points year over year from 5.57% recorded in Q2 2025. The current cycle high reached 5.69% in Q4 2024, making Q2 2026 the second consecutive quarter of measurable improvement from that peak. For context, vacancy stood at approximately 2.0% in Q2 2019, prior to the demand cycle that reshaped the market, placing the current rate more than 320 basis points above that pre-pandemic metric. Total availability registered 7.76%, down from 8.07% quarter over quarter and down from 8.14% one year ago. The 256-basis-point gap between availability and physical vacancy reflects the volume of sublet space and marketed but occupied inventory still competing for tenants in the market. Both metrics are moving in the right direction, though neither yet signals a broad correction in market conditions.

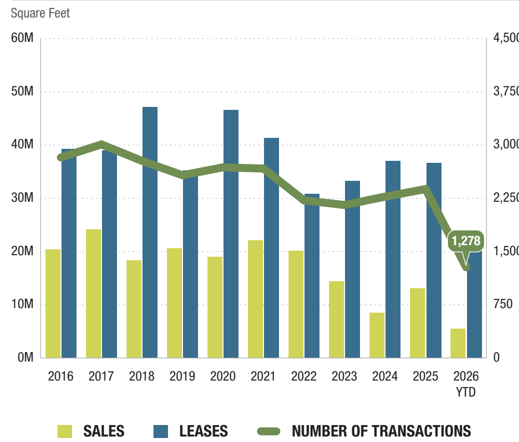
LEASE RATES. The average NNN asking rate for direct space declined to $1.37 PSF in Q2 2026, down from $1.39 PSF in Q1 2026, a decrease of approximately 1.4% quarter over quarter. Year over year, the asking rate fell 6.46% from $1.46 PSF in Q2 2025. From the mid-2023 peak of approximately $1.88 PSF, the market has corrected roughly 27% on an asking basis, though asking rates have held in a narrow range of $1.37 PSF to $1.39 PSF for two consecutive quarters, suggesting the correction may be approaching a floor. Executed NNN lease comps show taking rates ranging from below $1.00 PSF for older, low-clearance product in secondary Mid Cities locations to $1.60 PSF and above for modern, high-clearance buildings, led by new construction in Santa Fe Springs and port-adjacent South Bay product. Submarket location, building vintage, and clear height remain the primary pricing differentiators, with the spread between tier one and secondary product widening as tenants exercise greater selectivity.

TRANSACTION ACTIVITY. The market recorded 647 total transactions totaling 13,057,784 SF in Q2 2026, compared with 573 transactions at 11,159,422 SF in Q1 2026, an increase of approximately 17% in total volume quarter over quarter. Leasing activity accounted for 546 transactions covering 9,683,945 SF, with 38 deals exceeding 100,000 SF, while investment sales reached 101 transactions at 3,373,839 SF of building area. Sales activity reflected capital reallocation and strategic repositioning, with sellers shedding noncore, vacant, or lower-return assets and buyers targeting properties suited to specific uses, including owner-occupancy, alternative industrial formats, and income-generating leasebacks.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

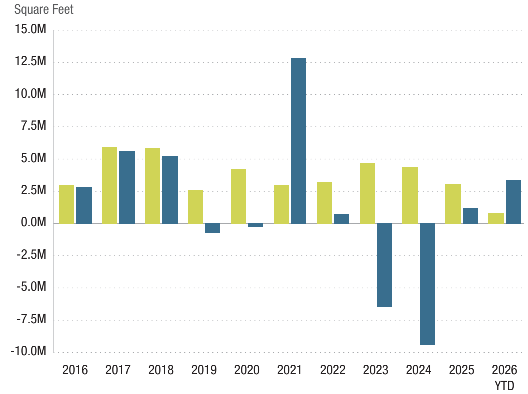
	Change Over Last Quarter	Q2 2026	Q1 2026	Q2 2025	% Change Over Last Year
Vacancy Rate	DOWN	5.20%	5.53%	5.57%	(6.69%)
Availability Rate	DOWN	7.76%	8.07%	8.14%	(4.63%)
Average Asking Lease Rate	DOWN	$1.37	$1.39	$1.46	(6.46%)
Sale & Lease Transactions	UP	13,057,784	11,159,422	12,447,120	4.91%
Gross Absorption	UP	11,808,559	9,857,635	9,232,166	27.91%
Net Absorption	POSITIVE	2,798,764	540,615	(766,211)	N/A

ABSORPTION. Positive occupancy growth of 2,798,764 SF in Q2 2026 marked the second consecutive quarter of positive net absorption and the first back-to-back quarterly gains in more than two years, a decisive acceleration from growth of 540,615 SF in Q1 2026 and a reversal of the 766,211 SF net demand loss recorded in Q2 2025. Gross absorption reached 11,808,559 SF, up 19.8% from 9,857,635 SF in Q1 2026 and 27.9% above 9,232,166 SF in Q2 2025. The largest move-ins were Velar Atomics with 512,490 SF at 20333 Normandie Avenue in Torrance, an undisclosed tenant with 504,810 SF at 2401 East Wardlow Road in Long Beach, and Divergent Technologies with 415,160 SF at 2400 East Artesia Boulevard in Long Beach. Large-block commitments led the gain, with the three largest move-ins accounting for roughly half of the net figure.

CONSTRUCTION. The construction pipeline stood at 1,719,092 SF at Q2 2026 close, up modestly from 1,571,949 SF in Q1 2026 but still well below the Q3 2023 peak of approximately 7.2M SF. Eight buildings totaling 590,633 SF delivered, led by 110 Marcellin Drive in City of Industry at 185,700 SF, three Central Los Angeles projects totaling 202,712 SF, and two Long Beach buildings totaling 123,595 SF. New starts remain sparse as developers weigh vacant inventory against extended permitting timelines. With the pipeline holding near cycle lows, new supply is not a meaningful source of additional vacancy pressure heading into 2026's second half.

EMPLOYMENT. Los Angeles County's seasonally adjusted unemployment rate held at 5.5% in May 2026, unchanged from April 2026 and below the 5.7% rate recorded in May 2025. Total nonfarm employment increased by 9,000 jobs over the month but declined 3,900 year over year, reflecting ongoing softness across several sectors. Transportation and warehousing employment fell 2.0% year over year to 198,400 jobs in May 2026, with warehousing and storage down 3.5% and truck transportation down 2.5% from May 2025 levels. Aerospace product manufacturing added 300 jobs year over year to 52,200, consistent with the South Bay leasing activity visible in the occupancy data this quarter.

NEW DELIVERIES & NET ABSORPTION



NEW DELIVERIES: New Construction Delivered to the Market
NET ABSORPTION: Changes in the Amount of Occupied Space from One Quarter to the Next

Forecast

Two demand forces are converging heading into the second half of 2026, and both point the same direction. Port cargo volumes rebounded sharply this quarter on inventory replenishment and early retail-season positioning, with the San Pedro Bay complex handling more than 8.1 million TEUs through May, roughly on pace with the prior year. Aerospace and defense expansion has become a structural demand driver, with large-block commitments near Long Beach Airport and continued growth in Torrance, El Segundo, and Long Beach absorbing inventory in established corridors and pushing requirements into adjacent markets. With the development pipeline below 1.8M SF and large-block leasing at its strongest quarterly pace in more than a year, the market is finding its footing. A sustained, broad-based recovery is a 2027 story; the work of 2026 is stabilization, and that work is progressing.

Significant Transactions

Sales

Property Address	City	Square Feet	Sale Price	Buyer	Seller
12342–12449 Bell Ranch Dr.	Santa Fe Springs	275,093	$134,500,000	McMaster-Carr Supply Company	Prologis
14425–14525 E. Clark Ave.	City of Industry	229,944	$65,475,000	ACL America	Link Logistics Real Estate
1301–1345 E. Lexington Ave.	Pomona	183,690	$23,250,000	Phenix Truck Bodies & Equipment	Marmon/Keystone Corporation
1920 E. Maple Ave.	El Segundo	106,885	$79,050,000	Landmark Dividend	Link Logistics Real Estate
19801 S. Vermont Ave.	Torrance	98,659	$31,100,000	Lift Partners	Terreno Realty

Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
2400 E. Artesia Blvd.	Long Beach	415,160	Apr-2026	Divergent Technologies, Inc.	Bridge Industrial
4000 Union Pacific Ave.	Commerce	374,000	Apr-2026	Line Apparel	Dedeaux Properties
7400 E. Slauson Ave.	Commerce	283,621	Apr-2026	Pixior	Prologis
400 W. Artesia Blvd.	Compton	253,584	May-2026	Speedup Logistics Inc.	Prologis
2161 E. Dominguez St.	Long Beach	245,720	Jun-2026	Simplehuman, LLC	Lakeshore Learning Materials

	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 2026	Square Feet Available	Availability Rate Q2 2026	Average Asking Lease Rate	Net Absorption Q2 2026	Net Absorption 2026	Gross Absorption Q2 2026	Gross Absorption 2026
Central													
Bell/Bell Gardens/Maywood	205	7,710,083	0	0	103,158	1.34%	7,710,083	100.00%	$1.23	34,736	46,211	9,936	54,646
City of Commerce	733	45,631,562	283,621	124,140	1,844,138	4.04%	45,631,562	100.00%	$1.27	917,582	1,714,131	711,348	1,709,771
Huntington Park/Cudahy	197	4,700,994	0	100,935	229,017	4.87%	4,700,994	100.00%	$1.00	(26,049)	(61,124)	132,735	165,505
Downtown	5,081	126,891,222	135,970	189,000	7,306,767	5.76%	126,891,222	100.00%	$1.53	287,980	169,584	1,662,162	3,017,345
Montebello	217	10,036,445	0	0	458,045	4.56%	10,036,445	5.23%	$0.00	(226,599)	121,530	93,329	545,608
Pico Rivera	195	10,275,056	0	0	620,212	6.04%	10,275,056	100.00%	$1.37	(38,368)	23,128	229,751	312,417
South Gate	238	10,148,360	0	550,000	154,678	1.52%	10,148,360	100.00%	$1.08	42,555	7,582	61,365	70,593
Vernon	801	44,888,469	0	69,812	2,760,559	6.15%	44,888,469	100.00%	$1.24	(78,026)	(153,032)	568,484	1,398,196
Total	7,667	260,282,191	419,591	1,033,887	13,476,574	5.18%	260,282,191	100.00%	$1.38	913,811	1,868,010	3,469,110	7,274,081
Mid Counties													
Artesia/Cerritos	278	13,160,811	160,837	72,189	769,468	5.85%	1,759,876	13.37%	$1.27	99,512	118,879	168,620	282,562
Bellflower/Downey	212	5,712,465	0	516,124	110,842	1.94%	170,322	2.98%	$1.41	161,585	171,978	171,945	346,424
Buena Park/La Palma	233	14,972,124	0	0	1,252,916	8.37%	3,388,710	22.63%	$1.29	(178,495)	(356,987)	92,620	221,348
La Mirada	182	13,287,350	0	0	1,507,733	11.35%	2,366,684	17.81%	$1.23	(193,950)	(227,329)	53,803	419,041
Norwalk	91	2,925,358	0	5,000	66,267	2.27%	240,682	8.23%	$0.00	14,463	(31,776)	21,179	32,359
Paramount	416	9,450,875	0	0	418,588	4.43%	665,382	7.04%	$1.08	(45,510)	(91,020)	140,751	235,708
Santa Fe Springs	1,357	54,475,056	223,243	324,360	2,320,314	4.26%	3,625,936	6.66%	$1.39	166,330	201,154	909,795	1,466,904
Whittier	159	4,040,913	0	0	498,713	12.34%	612,853	15.17%	$1.19	100,523	375,366	15,178	296,571
Total	2,928	118,024,952	384,080	917,673	6,944,841	5.88%	12,830,445	10.87%	$1.29	124,458	160,265	1,573,891	3,300,917
San Gabriel Valley													
Alhambra	116	2,294,362	0	0	75,405	3.29%	76,841	3.35%	$1.40	(19,408)	(24,156)	9,958	30,654
Arcadia/Temple City	143	3,146,879	0	0	200,390	6.37%	211,269	6.71%	$1.50	(25,018)	(94,999)	46,154	56,162
Azusa	256	6,911,626	0	0	543,145	7.86%	973,476	14.08%	$1.12	146,095	336,484	213,218	327,288
Baldwin Park	251	5,306,282	0	0	91,129	1.72%	127,393	2.40%	$1.25	23,234	15,075	39,028	100,497
City of Industry/DB/HH/RH	1,096	77,738,875	160,094	796,403	2,700,277	3.47%	3,698,924	4.76%	$1.36	597,793	397,517	1,452,480	2,253,069
Covina/West Covina	185	3,483,523	0	89,987	99,735	2.86%	532,251	15.28%	$1.89	37,792	1,799	29,726	55,840
Duarte	70	1,740,877	0	0	43,318	2.49%	54,766	3.15%	$1.22	(16,132)	(12,638)	13,248	22,488
El Monte	311	8,852,278	0	80,000	677,033	7.65%	775,015	8.75%	$1.20	36,627	(328,870)	281,900	408,387
Irwindale	257	13,463,778	0	2,365,880	621,974	4.62%	774,662	5.75%	$1.17	73,681	193,290	103,144	193,766
La Puente	94	2,188,721	0	0	40,965	1.87%	79,297	3.62%	$0.00	64,043	136,404	51,180	58,280
La Verne/San Dimas/Glendora	307	6,707,001	0	142,529	557,618	8.31%	629,681	9.39%	$1.45	6,799	(11,222)	60,643	104,918
Monrovia	199	3,345,053	0	0	131,776	3.94%	207,981	6.22%	$1.70	(20,832)	(42,676)	28,468	67,201
Pomona/Claremont	669	20,164,414	0	230,000	829,774	4.12%	1,324,540	6.57%	$1.11	187,357	95,738	483,595	582,103
Monterey Park/Rosemead/San Gabriel	221	3,993,993	0	201,963	128,561	8.49%	174,828	12.67%	$1.44	92,359	61,633	106,596	132,770
South El Monte	851	11,469,202	101,322	156,877	321,492	2.80%	375,888	3.28%	$1.50	49,175	(53,043)	194,614	302,391
Walnut	206	7,164,845	0	0	151,144	2.11%	456,984	6.38%	$1.17	(3,386)	(27,737)	60,374	81,167
Total	5,232	177,971,709	261,416	4,063,639	7,213,736	4.05%	10,473,796	5.89%	$1.34	1,230,179	642,599	3,174,326	4,776,981
South Bay													
Carson	500	36,084,895	0	181,014	1,799,219	4.99%	2,529,897	7.01%	$1.42	(141,817)	7,023	884,893	982,691
Compton	481	25,667,113	140,693	147,849	2,455,173	9.57%	3,384,733	13.19%	$1.27	(542,589)	(208,345)	512,645	744,544
El Segundo	155	8,099,842	0	0	410,388	5.07%	446,155	5.51%	$2.18	(169,950)	(189,853)	20,733	82,337
Gardena	1,168	29,548,815	143,688	742,143	1,898,086	6.42%	2,585,242	8.75%	$1.37	(152,857)	(229,559)	541,289	892,275
Harbor City	98	1,832,901	0	0	105,965	5.78%	91,965	5.02%	$0.00	7,090	(72,215)	10,600	21,100
Hawthorne	224	8,668,015	0	0	186,859	2.16%	361,550	4.17%	$1.79	(23,047)	4,039	85,010	329,738
Inglewood	234	4,779,350	0	215,455	223,761	4.68%	239,908	5.02%	$1.71	(15,035)	(33,270)	9,645	23,366
Lakewood/Hawaiian Gardens	24	539,173	0	0	0	0.00%	42,510	7.88%	$0.75	0	5,199	0	5,199
Lawndale	32	279,665	0	0	12,750	4.56%	21,750	7.78%	$0.00	1,050	(2,750)	3,800	3,800
Long Beach/San Pedro/Terminal Island	806	27,535,391	252,890	1,012,354	1,601,206	5.82%	2,797,294	10.16%	$1.55	1,082,901	875,580	279,852	455,990
Lynwood	96	4,076,526	0	0	85,881	2.11%	106,939	2.62%	$1.15	(27,804)	(28,971)	1,200	9,819
Rancho Dominguez	224	13,847,795	0	0	789,354	5.70%	1,341,958	9.69%	$1.50	236,263	440,734	311,295	1,147,001
Redondo & Hermosa Beach	36	1,753,037	0	0	3,200	0.18%	3,200	0.18%	$0.00	(3,200)	(1,700)	0	45,258
Signal Hill	213	3,104,110	0	24,400	103,307	3.33%	157,865	5.09%	$1.32	25,228	(3,388)	36,456	44,808
Torrance	635	29,378,609	116,734	820,166	1,691,862	5.76%	2,243,617	7.64%	$1.68	420,425	298,342	858,346	1,455,532
Wilmington	154	4,008,430	0	0	282,559	7.05%	326,117	8.14%	$1.25	(166,342)	(177,827)	35,468	70,757
Total	5,080	199,203,667	654,005	3,143,381	11,649,570	5.85%	16,680,700	8.37%	$1.56	530,316	683,039	3,591,232	6,314,215
Los Angeles Total	**20,907**	**755,482,519**	**1,719,092**	**9,158,580**	**39,284,721**	**5.20%**	**58,630,038**	**7.76%**	**$1.37**	**2,798,764**	**3,339,379**	**11,808,559**	**21,666,194**
5,000-24,999	13,687	165,703,175	0	70,868	6,780,736	4.09%	8,936,853	5.39%	$1.50	195,439	(309,546)	2,514,465	4,327,110
25,000-49,999	3,598	125,335,983	154,921	215,829	6,695,384	5.34%	9,235,754	7.37%	$1.34	242,630	(491,086)	2,342,207	3,940,828
50,000-99,999	1,991	136,166,299	123,595	770,725	8,331,293	6.12%	12,018,068	8.83%	$1.30	120,680	339,633	2,672,866	4,492,585
100,000-249,999	1,289	191,297,446	1,156,955	4,745,481	12,243,228	6.40%	19,372,938	10.13%	$1.38	487,079	1,633,918	2,729,176	5,477,959
250,000-499,999	273	88,257,697	283,621	1,612,983	3,427,409	3.88%	5,964,028	6.76%	$1.30	(146,134)	347,984	909,536	2,122,403
500,000 plus	69	48,721,919	0	1,742,694	1,806,671	3.71%	3,102,397	6.37%	$1.60	1,899,070	1,818,476	640,309	1,305,309
Los Angeles Total	**20,907**	**755,482,519**	**1,719,092**	**9,158,580**	**39,284,721**	**5.20%**	**58,630,038**	**7.76%**	**$1.37**	**2,798,764**	**3,339,379**	**11,808,559**	**21,666,194**

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

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SECOND QUARTER 2026 MARKET REPORT

GREATER LOS ANGELES INDUSTRIAL

Voit REAL ESTATE SERVICES

Light at the End of the Tunnel

by Dan Berkenfield
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The Mid-Counties Industrial market is strategically located at the merging of Los Angeles and Orange Counties, with immediate access to the 5, 605, and 91 Freeways. The market base is 118,024,952 SF, consisting of 2,928 industrial buildings, and is considered a true “infill market,” with very limited vacant developable land. The current vacancy rate is 5.88% and the availability rate is 10.87%, with many sublease listings still on the market. New construction and planned buildings are very limited, with speculative development mostly paused due to a relatively large existing supply of vacant newly constructed buildings. Notably, 12300 Lakeland Road, 185,056 SF, which is currently under construction by Prologis, was recently leased to McMaster-Carr, who currently occupies several buildings nearby and one building adjacent to this site.

There were eleven lease transactions over 100,000 SF in the 2nd Quarter 2026 compared with four transactions in the 1st Quarter 2026 and eight transactions in 2nd Quarter 2025. These are promising statistics moving forward, as this larger-building segment contributes heavily to the metrics of vacancy and availability.

The most active tenants in the market are third party logistics, food and beverage, and consumer products companies. Advanced manufacturing tenants have not made an impact in the Mid-Counties market to date, but we are optimistic that this tenant segment will begin exploring the area soon.

Owner-user buyers have been more active than in previous years, as interest rates have declined slightly, SBA financing is readily available, and attractive One Big Beautiful Bill Act tax incentives abound.

Investor buyers have experienced challenges finding opportunities that meet their underwriting criteria, as there is still a large gap in bid-versus-ask pricing between investor buyers and potential sellers. Investor buyers must factor vacancy, time on the market for leasing, market lease rates and generous landlord concessions when factoring purchase pricing to meet their cap rate expectations. This has led to the aforementioned pricing discrepancies. As more lease transactions continue to be completed, leading to vacancy rate declines, these factors are likely to evolve into better investment purchase opportunities throughout 2026.

In summary, we forecast vacancy rates should continue to decline, lease rates are stabilizing, landlord concessions are declining, and there appears to be light at the end of the tunnel in the second half of 2026.

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

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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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