THIRD QUARTER 2025 MARKET REPORT

GREATER LOS ANGELES INDUSTRIAL

Voit REAL ESTATE SERVICES

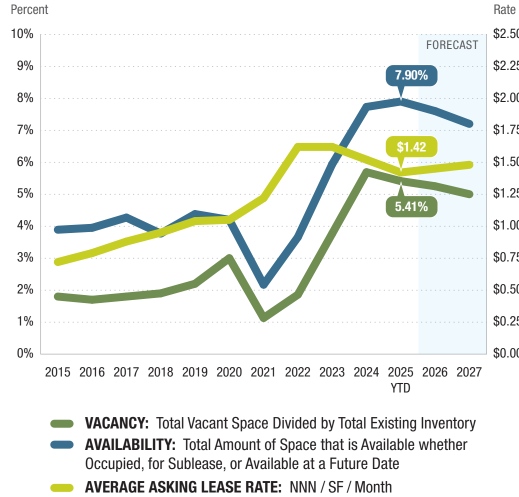
OVERVIEW. The Los Angeles industrial market showed signs of stability during the third quarter, marking a shift after several periods of gradual vacancy increases. Vacancy and availability both eased, and net absorption turned positive following two quarters of decline. Transaction volume remained consistent, supported by tenants focused on operational needs and by investors selectively pursuing well located properties. Lease rates declined again as elevated vacancy and tenant expectations continued to push deals below asking levels, with concessions becoming more common in negotiations. Competition for quality infill assets remains high, even as tenants gain more leverage across older or less-functional space. With construction activity restrained and demand steady for modern product, Los Angeles appears to be moving away from the pressures that defined earlier quarters and into a more balanced phase of market performance.

VACANCY & AVAILABILITY. Vacancy closed Q3 at 5.41%, down 16 basis points from the prior quarter and just above the 5.29% recorded a year ago. Availability also declined, finishing at 7.90%, a 24-basis-point decrease from Q2. This marks the first quarterly decline after several consecutive quarters of gradual increases, suggesting the market may level off. The improvement reflects the absence of significant new supply along with steady tenant demand for functional space. While vacancy and availability remain slightly higher than last year, the shift indicates that Los Angeles could be at or near its peak, with conditions expected to stabilize in the quarters ahead, though policy changes such as the suspension of the de minimis exemption may still create added pressure for some trade-dependent users.

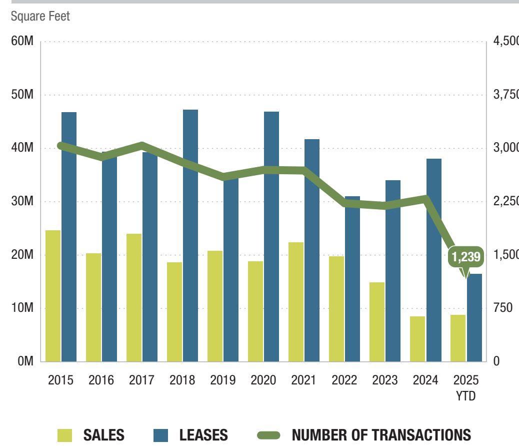
LEASE RATES. Average asking rents ended Q3 at $1.42, down $0.04, or 2.7%, from Q2, and down $0.09, or 6.0%, from one year earlier. During the quarter, completed transactions averaged $1.31 based on 40 direct lease transactions with rate data, about 8% below asking rents. These transactions covered 3.6 MSF, with rents ranging from $0.75 to $2.40 per square foot and averaging just over 90,000 SF per deal. Elevated vacancy continues to put downward pressure on pricing, and lease concessions, which were nearly nonexistent a few years ago, have become common across the market. Some landlords are offering several months of free rent on five-year leases to secure tenants. Rents varied based on location, building quality, and lease terms, with well located, functional assets achieving stronger pricing relative to secondary product. Asking rents remain a benchmark, but executed transactions provide a clearer picture of market levels in Q3.

TRANSACTION ACTIVITY. Leasing activity held relatively steady in Q3 2025, totaling 477 lease transactions for 9,572,869 SF, compared with 526 deals for 9,122,528 SF in Q2. The total number of transactions across lease and sale was 588 this quarter, down from 628 in Q2 2025 and below the 691 recorded in Q3 2024. Building sales activity included 111 completed transactions covering 2,824,060 SF, compared with 102 sales in Q2 and 94 in Q3 2024. While overall activity remains below historical peaks, leased square footage grew quarter-over-quarter, showing that tenants continue to engage. On the investment side, high borrowing costs remain a constraint, though the Federal Reserve's recent rate cut has begun to improve sentiment, and additional easing anticipated in 2026 may support more sales activity ahead.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

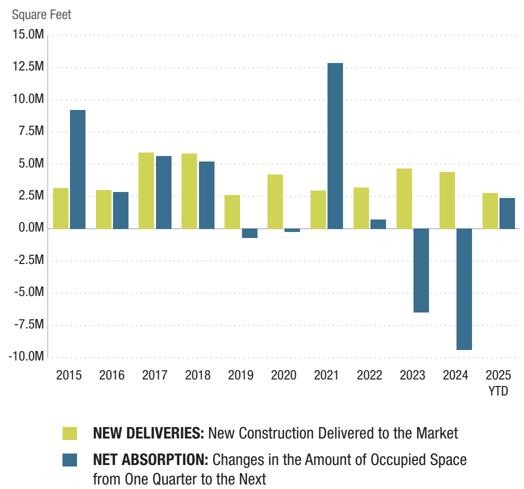
	Change Over Last Quarter		Q3 2025	Q2 2025	Q3 2024	% Change Over Last Year
Vacancy Rate	▼	DOWN	5.41%	5.57%	5.29%	2.35%
Availability Rate	▼	DOWN	7.90%	8.14%	7.63%	3.59%
Average Asking Lease Rate	▼	DOWN	$1.42	$1.46	$1.51	(5.96%)
Sale & Lease Transactions	▬	FLAT	12,396,929	12,390,206	12,284,868	0.91%
Gross Absorption	▲	UP	13,853,155	9,232,166	11,032,535	25.57%
Net Absorption	▲	POSITIVE	2,122,617	(766,211)	(778,339)	N/A

ABSORPTION. Net absorption returned to positive ground in Q3, totaling 2,122,617 SF, a significant turnaround from the negative 766,211 SF in Q2 and negative 778,339 SF one year earlier. Gross absorption also rose to 13,853,155 SF, compared with 9,232,166 SF in the prior quarter. The rebound was led by commitments in the San Gabriel Valley, while South Bay locations continued to show slower momentum. This swing back into positive territory underscores the stabilization theme of the quarter, contrasting sharply with the contractionary environment that defined the first half of 2025. Notable transactions included Breakthru Beverage Group with 521,091 SF in Santa Fe Springs, Sino Investments with 504,016 SF in Pomona, and Million Dollar Baby with 355,600 SF in Pico Rivera, all of which contributed significantly to Q3's positive absorption.

CONSTRUCTION. Total space under construction stood at 2,304,885 SF, with 8,505,335 SF planned. Deliveries this quarter added 586,827 SF to the inventory base, concentrated in the South Bay and Mid-Cities. Developers are advancing projects cautiously, with most new starts tied to pre-leased commitments or sites with clear tenant demand. Public REITs and institutional owners noted on recent calls that underwriting new developments remains challenging, as higher borrowing costs and leveling rents make speculative projects harder to justify. This disciplined approach has kept the pipeline active but controlled, ensuring modern industrial product enters the market while limiting the risk of oversupply heading into 2026.

EMPLOYMENT. The Los Angeles unemployment rate stood at 5.7% in August 2025, down from 6.1% a year earlier. Trade, transportation, and utilities employment slipped slightly, yet warehousing and trucking held near prior levels, reflecting steady industrial demand. Manufacturing jobs declined by about 11,000 year over year, with durable goods and apparel posting the steepest cuts. These shifts highlight a regional labor market where logistics remains resilient, but industrial production is under pressure from macroeconomic headwinds.

NEW DELIVERIES & NET ABSORPTION



Forecast

The Los Angeles industrial market is expected to hold steady into the first half of 2026. Vacancy and availability are likely to gradually come down as the constrained development pipeline and ongoing leasing absorb space. Asking rents may continue to soften, but concessions will remain the primary lever rather than sweeping rent cuts. Net absorption should stay positive, but moderate, as occupiers balance growth needs and economic uncertainty. Developers are being cautious with new projects, and that slowdown in construction should keep the market from getting oversupplied while helping newer buildings hold their value. At the same time, the Federal Reserve has already initiated rate cuts, and additional easing is broadly anticipated in 2026, which should support more sales and investment activity. Overall, the outlook points to stability and gradual improvement rather than large swings.

Significant Transactions

Sales

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
18505–185711 E. Gale Ave.	City of Industry	420,697	$112,200,000	TA Realty	MetLife
6250–6290 Caballero Blvd.	Buena Park	274,170	$60,900,000	Elion Partners	AEW Capital Management
4400–4458 Pacific Blvd.	Vernon	253,201	$48,000,001	Digital Realty Trust, Inc.	4D Development
3700–3730 Redondo Beach Blvd.	Redondo Beach	99,340	$35,500,000	Terreno Realty	MetLife
7400 Bandini Blvd.	Commerce	94,937	$38,500,000	Shins Trading	Bridge Industrial

Leases

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
15614–15700 Shoemaker Ave.	Santa Fe Springs	521,091	Jul-2025	Breakthru Beverage Group	PGIM Real Estate
1601 W. Mission Blvd.	Pomona	504,016	Sep-2025	Sino Warehouse	Rexford Industrial Realty, Inc.
300 Westmont Ave. – Renewal	San Pedro	420,952	Jul-2025	Nippon Express	CBRE Investment Management
8500 Rex Rd.	Pico Rivera	335,600	Sep-2025	Million Dollar Baby	Majestic Realty Co
19515–19605 E Walnut Dr.	City of Industry	260,000	Jul-2025	IDC Logistics	Principle Real Estate Investors

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q3 2025	Square Feet Available	Availability Rate Q3 2025	Average Asking Lease Rate	Net Absorption Q3 2025	Net Absorption 2025	Gross Absorption Q3 2025	Gross Absorption 2025
Central													
Bell/Bell Gardens/Maywood	203	7,626,605	0	0	191,492	2.51%	405,763	5.32%	$1.35	(30,382)	338,059	193,063	371,699
City of Commerce	740	45,719,372	0	251,140	3,430,404	7.50%	4,499,871	9.84%	$1.34	277,540	558,855	746,925	2,957,711
Huntington Park/Cudahy	195	4,620,482	0	100,935	231,365	5.01%	472,554	10.23%	$0.83	(51,750)	(100,334)	36,078	192,524
Downtown	5,065	125,007,254	133,017	238,014	7,197,255	5.76%	9,346,392	7.48%	$1.66	(239,080)	(703,997)	1,497,027	4,934,982
Montebello	216	10,034,207	0	0	593,072	5.91%	725,807	7.23%	$0.00	(95,490)	(17,460)	38,706	298,919
Pico Rivera	194	10,287,381	0	0	657,891	6.40%	738,527	7.18%	$1.35	171,921	72,362	624,874	750,979
South Gate	231	9,730,516	0	625,930	340,485	3.50%	574,872	5.91%	$1.38	(22,288)	14,036	150	54,738
Vernon	795	44,433,732	333,104	239,748	2,057,241	4.63%	3,435,077	7.73%	$1.29	79,817	487,274	752,311	1,759,761
Total	7,639	257,459,549	466,121	1,455,767	14,699,205	5.71%	20,198,863	7.85%	$1.44	90,288	648,795	3,889,134	11,321,313
Mid Counties													
Artesia/Cerritos	277	13,126,787	0	72,189	803,385	6.12%	1,108,402	8.44%	$1.27	(50,668)	68,953	245,913	753,423
Bellflower/Downey	212	5,724,006	0	516,124	274,291	4.79%	351,473	6.14%	$1.41	118,675	(160,905)	168,630	245,406
Buena Park/La Palma	233	14,951,352	0	0	1,148,952	7.68%	1,806,770	12.08%	$1.21	98,102	86,849	231,179	678,253
La Mirada	177	13,212,712	0	0	1,439,218	10.89%	1,781,755	13.49%	$1.58	(62,615)	(294,671)	247,641	479,208
Norwalk	91	2,925,308	0	5,000	13,600	0.46%	120,925	4.13%	$1.67	63,640	61,464	3,640	76,260
Paramount	416	9,295,783	0	0	204,006	2.19%	542,890	5.84%	$1.35	(33,494)	11,332	128,923	390,160
Santa Fe Springs	1,356	54,224,922	201,571	587,777	2,789,484	5.14%	4,216,173	7.78%	$1.74	1,158,149	905,114	2,124,111	3,769,914
Whittier	159	3,767,259	292,303	0	396,035	10.51%	401,334	10.65%	$1.50	1,829	(198,536)	3,700	44,581
Total	2,921	117,228,129	493,874	1,181,090	7,068,971	6.03%	10,329,722	8.81%	$1.40	1,293,618	479,600	3,153,737	6,437,205
San Gabriel Valley													
Alhambra	114	2,203,708	0	0	122,112	5.54%	104,612	4.75%	$1.40	11,267	(66,634)	33,524	49,995
Arcadia/Temple City	144	3,166,855	0	0	116,154	3.67%	99,627	3.15%	$2.17	(2,886)	82,687	12,834	81,318
Azusa	255	7,071,404	0	0	689,040	9.74%	1,230,723	17.40%	$1.33	(120,007)	(220,872)	64,524	343,214
Baldwin Park	250	5,301,877	0	0	178,259	3.36%	209,645	3.95%	$1.49	20,171	(25,141)	78,897	206,895
City of Industry/DB/HH/RH	1,104	77,477,212	437,836	546,403	2,372,007	3.06%	3,741,841	4.83%	$1.35	321,383	2,111,007	1,224,858	3,665,720
Covina/West Covina	183	3,370,031	0	0	104,811	3.11%	550,367	16.33%	$1.24	25,856	8,751	42,306	118,363
Duarte	70	1,799,956	0	0	53,592	2.98%	145,632	8.09%	$1.23	2,200	(17,317)	8,413	103,454
El Monte	310	8,863,966	0	160,000	345,454	3.90%	865,284	9.76%	$1.24	19,768	(65,301)	159,125	432,299
Irwindale	257	13,235,427	0	1,689,310	749,379	5.66%	866,477	6.55%	$1.33	(90,196)	(133,614)	41,637	394,056
La Puente	94	2,144,089	0	0	128,921	6.01%	184,501	8.61%	$1.50	(69,361)	(107,328)	6,080	29,643
La Verne/San Dimas/Glendora	306	6,695,825	0	142,529	237,327	3.54%	582,452	8.70%	$1.50	(27,909)	(58,891)	105,557	320,069
Monrovia	198	3,269,823	0	0	106,137	3.25%	162,262	4.96%	$1.70	(739)	10,573	12,621	79,502
Pomona/Claremont	671	20,152,595	0	230,000	681,228	3.38%	1,003,534	4.98%	$1.09	741,657	768,001	879,809	1,526,449
Monterey Park/Rosemead/San Gabriel	221	3,994,369	0	0	221,377	15.13%	307,359	19.93%	$1.29	80,239	(6,742)	142,053	180,383
South El Monte	849	11,365,497	0	156,877	186,342	1.64%	246,974	2.17%	$1.44	103,090	32,658	268,123	477,922
Walnut	206	7,154,747	0	0	154,502	2.16%	221,641	3.10%	$1.04	106,677	298,320	501,285	836,843
Total	5,232	177,267,381	437,836	2,925,119	6,446,642	3.64%	10,522,931	5.94%	$1.34	1,121,210	2,610,157	3,581,646	8,846,125
South Bay													
Carson	499	36,072,189	429,112	0	2,296,420	6.37%	2,757,077	7.64%	$1.48	(75,388)	(467,476)	687,941	1,469,308
Compton	478	25,212,955	50,000	192,849	1,692,749	6.71%	2,591,112	10.28%	$1.32	204,333	107,556	659,897	1,315,003
El Segundo	152	7,518,536	0	0	216,344	2.88%	337,187	4.48%	$2.32	(100,808)	(135,532)	3,750	20,457
Gardena	1,165	29,211,510	190,860	709,736	1,614,688	5.53%	2,471,206	8.46%	$1.33	110,528	122,433	424,676	1,121,096
Harbor City	97	1,811,655	0	0	33,090	1.83%	64,090	3.54%	$0.75	(30,510)	(27,910)	0	12,600
Hawthorne	222	8,221,194	0	48,080	192,326	2.34%	429,167	5.22%	$1.71	15,574	(127,524)	57,939	208,517
Inglewood	234	4,814,684	0	215,455	212,333	4.41%	219,172	4.55%	$1.91	(24,364)	46,235	35,170	136,651
Lakewood/Hawaiian Gardens	24	537,317	0	0	5,199	0.97%	52,509	9.77%	$0.00	2,450	2,450	1,500	9,149
Lawndale	30	263,626	0	0	5,634	2.14%	16,100	6.11%	$0.00	(5,634)	9,736	0	15,370
Long Beach/San Pedro/Terminal Island	802	27,295,768	123,595	1,027,606	2,716,437	9.95%	3,419,655	12.53%	$1.46	(83,051)	(416,655)	643,853	1,326,725
Lynwood	96	4,076,526	0	0	58,480	1.43%	109,480	2.69%	$1.56	(33,161)	214,947	0	279,427
Rancho Dominguez	229	14,099,924	0	0	1,167,279	8.28%	1,841,859	13.06%	$1.41	157,338	176,045	357,593	642,919
Redondo & Hermosa Beach	35	1,748,119	0	0	1,500	0.09%	1,500	0.09%	$0.00	(60)	(1,500)	0	0
Signal Hill	210	3,090,727	0	24,400	109,555	3.54%	185,420	6.00%	$0.93	30,929	12,390	64,382	165,520
Torrance	634	29,418,436	113,487	725,233	1,881,233	6.39%	3,464,678	11.78%	$1.74	(561,105)	(788,227)	253,678	1,143,879
Wilmington	151	3,972,881	0	0	113,055	2.85%	178,025	4.48%	$1.50	10,430	(89,433)	38,259	74,229
Total	5,058	197,366,047	907,054	2,943,359	12,316,322	6.24%	18,138,237	9.19%	$1.56	(382,499)	(1,362,465)	3,228,638	7,940,850
Los Angeles Total	**20,850**	**749,321,106**	**2,304,885**	**8,505,335**	**40,543,376**	**5.41%**	**59,189,753**	**7.90%**	**$1.42**	**2,122,617**	**2,376,087**	**13,853,155**	**34,545,493**
5,000-24,999	13,665	165,582,585	0	96,482	6,923,897	4.18%	9,299,379	5.62%	$1.63	(42,488)	(417,488)	2,575,042	7,059,865
25,000-49,999	3,588	124,961,574	62,334	357,909	5,876,487	4.70%	9,073,251	7.26%	$1.38	(64,136)	(964,095)	1,931,638	5,005,800
50,000-99,999	1,982	135,490,579	385,530	771,152	8,105,480	5.98%	12,435,101	9.18%	$1.36	88,763	348,392	2,346,974	6,408,639
100,000-249,999	1,279	189,343,354	872,197	4,850,685	11,318,300	5.98%	17,992,525	9.50%	$1.44	1,490,292	1,350,070	3,779,033	10,745,935
250,000-499,999	270	87,182,720	984,824	1,362,983	4,250,071	4.87%	6,034,138	6.92%	$1.41	864,726	1,608,522	2,193,283	3,832,813
500,000 plus	66	46,760,294	0	1,066,124	4,069,141	8.70%	4,355,359	9.31%	$0.00	(214,540)	450,686	1,027,185	1,492,441
Los Angeles Total	**20,850**	**749,321,106**	**2,304,885**	**8,505,335**	**40,543,376**	**5.41%**	**59,189,753**	**7.90%**	**$1.42**	**2,122,617**	**2,376,087**	**13,853,155**	**34,545,493**

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

LAQ3 25

THIRD QUARTER 2025 MARKET REPORT

GREATER LOS ANGELES INDUSTRIAL

Voit REAL ESTATE SERVICES

STABILITY IN THE INDUSTRIAL MARKET?

by David Fults
SENIOR VICE PRESIDENT / PARTNER, LOS ANGELES
323.791.0038 · dfults@voitco.com · Lic. #01242123

Stability in the industrial market appears to be taking hold. The numbers are moving in the right direction. Vacancy in the Los Angeles industrial market peaked at 5.69% in the fourth quarter of 2024. In the first quarter of 2025, it ticked down very slightly to 5.51%. That might fall within the margin of error, but it was something. The second quarter held about flat, and our new numbers for this quarter show vacancy falling again to 5.41%. Another small change, but it is a great sign.

For perspective, the 2008 crash took 13 quarters to go from lowest recorded vacancy to highest recorded vacancy before beginning recovery. It has been 11 quarters since we recorded the lowest vacancy during the 2022 Covid boom. Based on these numbers we can make a good guess that we are at peak vacancy right now and the recovery is about to begin.

Looking at the recovery timeline, it took four quarters following peak vacancy in 2008 before we saw rents bottom out and begin to rise. So we're looking at possibly another year of falling rents as we flush out some of the stickiest vacancy.

Investors are still extremely cautious and not willing to take on unjustifiable risk. Tenants are still being cautious, taking on smaller expansion plans or holding off altogether. Landlords with vacancy are still seeing extremely high competition to land new tenants. Lease rates are soft and concessions like free rent and tenant improvement allowances are very high.

Recent tariff policies are introducing operational challenges across the industrial sector. The elimination of de minimis exemptions in August 2025 now subjects previously duty-free packages under $800 to full customs processing and fees. Additionally, new furniture tariffs at 25% took effect in October 2025, affecting upholstered wooden furniture imports. These policies impact tenants across logistics, distribution, e-commerce, and manufacturing. However, the industrial market has historically demonstrated resilience during periods of trade uncertainty, and current fundamentals suggest the sector can weather these headwinds as vacancy trends continue to stabilize.

If stability in the market continues, we will see rental rates reverse their trend. With a peak market vacancy of only around 5%, we only need a few quarters of stability to get back to rent inflation. Tenants will continue to hunt for the best deals so there will be stubborn vacancy in pockets throughout the market. It will be an interesting time in the coming quarters as we track what hopes to be a comprehensive market recovery.

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

Please Contact Us for Further Information

Tony Tran
Regional Director of Research
ttran@voitco.com

Anaheim, CA	Encinitas, CA	Inland Empire, CA	Irvine, CA	Los Angeles, CA	San Diego, CA
714.978.7880	760.472.5620	909.545.8000	949.851.5100	424.329.7500	858.453.0505