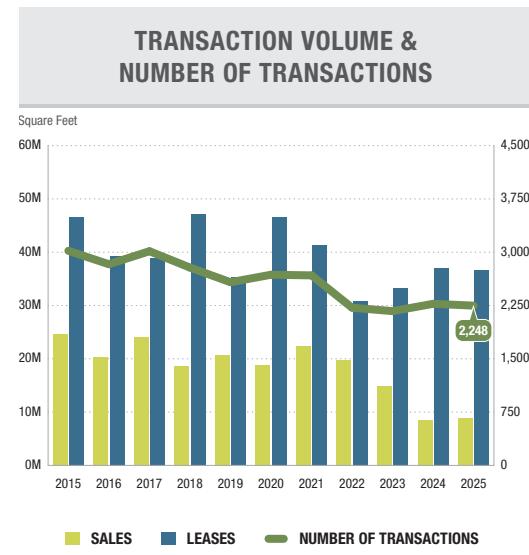


OVERVIEW. The Los Angeles industrial market finished 2025 facing competing forces. Although the national economy roared ahead with a robust 3.9% GDP growth estimate, the local labor market remained stuck in the doldrums, feeling the hangover of the October government shutdown. For years, Los Angeles was defined by insatiable demand and explosive growth, but the frenzy has waned. We are witnessing a distinct shift from the “growth at any cost” mindset to one of cautious behavior. Transaction velocity has hit the brakes and net absorption slipped back into the red, as users prioritize efficiency over the aggressive expansion of previous years, even as a subset of well capitalized buyers remains engaged.

VACANCY & AVAILABILITY. The total vacancy rate for Los Angeles County rose to 5.58% in Q4, representing a 17-basis-point increase over the prior quarter but remaining lower than the 5.69% recorded a year ago. While this is higher than the historic lows of the post-pandemic boom, it remains tight by historical standards. In a notable divergence, the total availability rate continued to compress, finishing the year at 7.56%, down from 7.90% in Q3. The uptick in vacancy is largely driven by tenant consolidations and the delivery of speculative projects that have yet to lease. Submarket performance varied significantly, with the South Bay posting a vacancy rate of 6.24% while the San Gabriel Valley remains low at 4.33%.

LEASE RATES. Average asking lease rates in Los Angeles saw a marginal uptick to \$1.43 PSF in Q4 2025, up from \$1.42 in Q3 2025. On a year-over-year basis, rates declined by 4.03% from the \$1.49 reported in Q4 2024. This trajectory reflects a significant correction from the market peak of \$1.88 PSF reached in Q2 2023, representing a total decrease of nearly 24%. Despite this recent softening, market rates remain more than 37% higher than they were five years ago when the average stood at \$1.04 PSF in Q4 2020. Many tenants still face significant rent increases as their leases expire, given the substantial long-term appreciation of the asset class. At the same time, the use of broker bonuses and first-year teaser rates has become more prevalent as landlords seek to jump-start leasing while protecting advertised asking rates.

TRANSACTION ACTIVITY. Transaction velocity decelerated significantly in Q4. Total square footage leased and sold reached 8,611,284 SF, a sharp 45.7% decline from the surge of activity seen in Q3. The total number of deals fell to 483, down from the 663 recorded in Q3. Despite the topline slowdown, the appetite for Class A space remains voracious among top-tier occupiers. In a major positive signal for the market, Amazon committed to 615,000 SF in the City of Commerce, successfully backfilling the vacancy left by 99 Cents Only. This deal, along with FedEx's 516,124 SF lease in Downey, proves that demand for high-quality logistics facilities remains resilient despite the loss of major regional retailers. On the capital markets side, however, investment volume continues to be stifled by high borrowing costs and the lingering impact of the Measure ULA transfer tax, which has forced many investors to the sidelines.



	Change Over Last Quarter	Q4 2025	Q3 2025	Q4 2024	% Change Over Last Year
Vacancy Rate	▲ UP	5.58%	5.41%	5.69%	(1.98%)
Availability Rate	▼ DOWN	7.56%	7.90%	7.73%	(2.17%)
Average Asking Lease Rate	▲ UP	\$1.43	\$1.42	\$1.49	(4.03%)
Sale & Lease Transactions	▼ DOWN	8,611,284	15,886,269	12,452,962	(30.85%)
Gross Absorption	▼ DOWN	11,143,736	13,853,155	9,722,698	14.62%
Net Absorption	▼ NEGATIVE	(1,148,609)	2,122,617	(1,671,492)	N/A

ABSORPTION. Net absorption slipped back into negative territory in Q4 2025, with a loss of 1.15 MSF, a sharp reversal from the 2.12 MSF gain recorded in the prior quarter. Despite this quarterly setback, the full year 2025 finished on a positive note, with Los Angeles posting a total net absorption of 1.18 MSF, a significant rebound from the heavy occupancy losses sustained throughout 2024. Gross absorption, which measures total move-ins, remained resilient at 11.14 MSF for the quarter. The negative momentum in Q4 was primarily driven by space givebacks in the 100,000 to 249,999 SF range, which saw a net loss of 1.18 MSF as companies prioritized operational efficiency over footprint size. Notable contractions included HD Supply vacating 247,512 SF in Pomona and Justman Packaging returning 159,394 SF in Commerce.

CONSTRUCTION. Total square footage under construction in Los Angeles County reached just 1,762,587 SF, a historically low volume for an industrial base of approximately 754 MSF. To put this in perspective, current construction activity has dropped sharply from a cyclical peak of over 7.1 MSF in mid-2023. This steep decline means new deliveries will do little to meet long-term demand, but the region is nearing full buildout and land suitable for ground-up development has become increasingly scarce. While this slowdown effectively eases future supply pressure, particularly for big-box warehouses, it also limits options for users as the market eventually tightens.

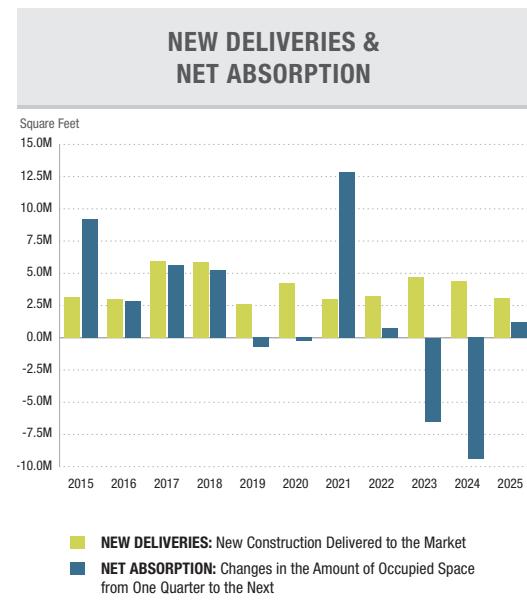
EMPLOYMENT. The Los Angeles County unemployment rate held steady at 5.7% in September 2025, down from 6.1% a year ago. Total nonfarm employment increased by 16,500 jobs year over year. The manufacturing sector posted the largest decline, shedding 12,200 jobs, while Transportation and Warehousing edged down 0.7%. Professional and Business Services also saw a slight decrease, driven by losses in employment services.

Forecast

The competing forces influencing 2025 are expected to soften in 2026, supporting a cautiously optimistic outlook for leasing and sales activity. With real GDP forecast to grow at a modest 2% and the Federal Reserve expected to cut rates to reignite the local labor market, the industrial sector is poised to retake the driver's seat. We anticipate vacancy will compress in Q1, a direct consequence of a development pipeline that has essentially evaporated. This complete lack of new supply creates a pressure cooker for tenants, leaving them with limited options just as demand will be increasing. Future growth will be powered by a wave of spending targeting aerospace, defense, and AI robotics. These dynamic industries, alongside entrenched logistics and consumer-goods users, are laser-focused on well positioned small- and mid-sized assets, cementing the status of facilities under 100,000 SF as the essential backbone of the Los Angeles market.

Significant Transactions

Sales						* Voit Real Estate Services Deal
Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller	
18305–18501 San Jose Ave.	City of Industry	250,080	\$60,000,000	Bridge Investment Group	Link Logistics Real Estate	
5102 Industry Ave.	Pico Rivera	173,100	\$63,767,500	Robertson Property Group	Ares Industrial Real Estate Income Trust Inc.	
1925 E. Dominguez St.	Carson	150,000	\$47,000,000	Fujitans USA Inc.	Brookfield Properties	
1800 E. Martin Luther King Jr. Blvd.	Los Angeles	110,789	\$51,000,000	Erewhen Natural Foods	Ritz Pocola LLC	
1439 S. Herbert Ave.	Commerce	99,967	\$17,000,000	Orbit Industries Inc.	Nam Ho & Sung Sil Park *	
Leases						
Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner	
6100 Garfield Ave.	City of Commerce	615,000	Dec-2025	Amazon	Prologis Inc.	
9399 Stewart & Gray Rd.	Downey	516,124	Nov-2025	FedEx	Prologis Inc.	
14407 Alondra Blvd. - Renewal	La Mirada	221,415	Oct-2025	Landmark Global Inc.	Rexford Industrial	
415–501 W. Walnut St.	Compton	219,575	Dec-2025	Morrison Express	Prologis Inc.	
21750 S. Arnold Center Dr.	Carson	194,898	Nov-2025	Aloha Freight Forwarders	Watson Land 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 Q4 2025	Square Feet Available	Availability Rate Q4 2025	Average Asking Lease Rate	Net Absorption Q4 2025	Net Absorption 2025	Gross Absorption Q4 2025	Gross Absorption 2025
Central													
Bell/Bell Gardens/Maywood	205	7,710,083	0	0	168,252	2.18%	295,650	3.83%	\$1.32	30,176	368,235	153,657	525,356
City of Commerce	732	45,921,423	283,621	124,140	3,360,643	7.32%	3,651,259	7.95%	\$1.30	70,770	629,625	1,381,710	4,339,421
Huntington Park/Cudahy	196	4,648,868	0	100,935	247,757	5.33%	452,326	9.73%	\$0.99	(16,394)	(116,728)	17,068	209,592
Downtown	5,077	126,740,286	133,017	39,000	7,421,468	5.86%	9,425,708	7.44%	\$1.67	(316,706)	(1,020,703)	1,519,319	6,454,301
Montebello	216	9,976,467	0	0	568,606	5.70%	725,684	7.27%	\$0.00	3,606	(13,854)	50,416	349,335
Pico Rivera	195	10,273,196	0	0	717,757	6.99%	858,907	8.36%	\$1.34	(51,314)	21,048	244,128	995,107
South Gate	237	10,031,655	0	550,000	163,650	1.63%	267,950	2.67%	\$1.07	135,024	149,060	329,055	383,793
Vernon	795	44,702,932	333,104	69,812	2,309,027	5.17%	3,223,145	7.21%	\$1.31	(207,942)	279,332	564,811	2,324,572
Total	7,653	260,004,910	749,742	883,887	14,957,160	5.75%	18,900,629	7.27%	\$1.45	(352,780)	296,015	4,260,164	15,581,477
Mid Counties													
Artesia/Cerritos	278	13,164,013	0	233,026	899,624	6.83%	1,199,647	9.11%	\$1.27	(63,469)	5,484	208,918	962,341
Bellflower/Downey	213	5,732,212	0	516,124	312,842	5.46%	337,007	5.88%	\$1.41	(12,251)	(173,156)	43,090	288,496
Buena Park/La Palma	232	14,931,780	0	0	1,011,851	6.78%	1,806,590	12.10%	\$1.29	148,971	235,820	310,620	988,873
La Mirada	178	13,228,892	0	0	1,041,019	7.87%	1,656,547	12.52%	\$1.39	182,687	(111,984)	164,023	643,231
Norwalk	91	2,925,288	0	5,000	26,828	0.92%	156,953	5.37%	\$1.21	(13,228)	48,236	61,440	137,700
Paramount	416	9,295,102	0	0	309,442	3.33%	695,523	7.48%	\$1.12	(77,378)	(108,056)	32,531	422,691
Santa Fe Springs	1,357	54,445,802	28,320	509,416	2,584,005	4.75%	3,962,632	7.28%	\$1.43	300,814	1,205,928	1,103,752	4,873,666
Whittier	160	4,046,350	0	0	821,798	20.31%	947,793	23.42%	\$1.26	(142,181)	(340,717)	10,152	54,733
Total	2,925	117,769,439	28,320	1,263,566	7,007,409	5.95%	10,762,692	9.14%	\$1.33	323,965	761,555	1,934,526	8,371,731
San Gabriel Valley													
Alhambra	115	2,265,978	0	0	45,465	2.01%	42,965	1.90%	\$1.40	53,306	(13,328)	66,076	116,071
Arcadia/Temple City	144	3,166,855	0	0	90,366	2.85%	95,562	3.02%	\$2.17	25,788	108,475	43,244	124,562
Azusa	255	6,905,918	0	0	780,673	11.30%	1,222,911	17.71%	\$1.27	(26,000)	(246,872)	6,468	349,682
Baldwin Park	250	5,300,143	0	0	158,557	2.99%	130,947	2.47%	\$1.55	11,382	(13,759)	70,792	277,687
City of Industry/DB/HH/RH	1,091	77,340,890	379,784	546,403	2,929,919	3.79%	3,229,449	4.18%	\$1.19	(173,333)	1,937,674	694,344	4,360,064
Covina/West Covina	186	3,494,604	0	0	106,822	3.06%	541,348	15.49%	\$1.24	(139)	8,612	37,886	156,249
Duarte	70	1,799,473	0	0	35,888	1.99%	128,058	7.12%	\$1.23	17,704	387	22,904	126,358
El Monte	311	8,882,631	0	80,000	400,167	4.51%	898,799	10.12%	\$1.30	(22,312)	(87,613)	116,177	548,476
Irwindale	257	13,347,850	129,619	1,689,310	729,865	5.47%	906,843	6.79%	\$1.32	19,910	(113,704)	66,309	460,365
La Puente	94	2,187,889	0	0	179,769	8.22%	230,201	10.52%	\$1.50	(50,848)	(158,176)	0	29,643
La Verne/San Dimas/Glendora	306	6,695,825	0	142,529	538,358	8.04%	558,918	8.35%	\$1.55	(304,190)	(363,081)	147,291	467,360
Monrovia	199	3,345,053	0	0	81,056	2.42%	128,011	3.83%	\$1.70	28,825	39,398	43,625	123,127
Pomona/Claremont	671	20,179,473	0	230,000	1,058,536	5.25%	1,397,546	6.93%	\$1.08	(439,706)	328,295	310,158	1,836,607
Monterey Park/Rosemead/San Gabriel	221	3,993,129	0	201,963	174,252	11.91%	235,971	15.56%	\$1.29	50,206	43,464	85,096	265,479
South El Monte	849	11,391,556	150,201	139,514	258,332	2.27%	345,276	3.03%	\$1.44	(65,677)	(33,019)	117,336	595,258
Walnut	206	7,163,806	0	0	124,281	1.73%	266,986	3.73%	\$1.02	30,221	328,541	103,426	940,269
Total	5,225	177,461,073	659,604	3,029,719	7,692,306	4.33%	10,359,791	5.84%	\$1.34	(844,863)	1,765,294	1,931,132	10,777,257
South Bay													
Carson	500	36,201,980	0	0	1,544,880	4.27%	2,645,905	7.31%	\$1.50	328,362	(139,114)	1,085,378	2,554,686
Compton	481	25,331,297	140,693	147,849	2,327,845	9.19%	2,486,468	9.82%	\$1.29	(554,879)	(447,323)	369,399	1,684,402
El Segundo	155	8,090,118	0	0	178,386	2.20%	340,449	4.21%	\$2.28	37,958	(97,574)	53,486	73,943
Gardena	1,165	29,535,946	0	885,831	1,794,462	6.08%	2,190,450	7.42%	\$1.30	(89,056)	33,377	464,718	1,585,814
Harbor City	97	1,811,505	0	0	27,000	1.49%	64,355	3.55%	-	3,510	(24,400)	11,510	24,110
Hawthorne	224	8,664,151	0	0	167,522	1.93%	193,647	2.24%	\$1.75	17,204	(110,320)	28,092	236,609
Inglewood	234	4,790,439	0	215,455	197,156	4.12%	204,058	4.26%	\$1.93	5,177	51,412	20,525	157,176
Lakewood/Hawaiian Gardens	24	539,173	0	0	5,199	0.96%	9,999	1.85%	-	0	2,450	0	9,149
Lawndale	31	269,665	0	0	10,000	3.71%	10,000	3.71%	-	(4,366)	5,370	5,634	21,004
Long Beach/San Pedro/Terminal Island	806	27,431,229	123,595	685,666	2,681,520	9.78%	3,550,189	12.94%	\$1.50	22,917	(393,738)	263,378	1,590,103
Lynwood	96	4,076,526	0	0	58,480	1.43%	100,861	2.47%	\$1.65	0	214,947	0	279,427
Rancho Dominguez	225	13,966,943	30,886	0	1,245,687	8.92%	1,785,726	12.79%	\$1.43	(61,933)	114,112	223,534	866,453
Redondo & Hermosa Beach	35	1,728,379	0	0	1,500	0.09%	52,729	3.05%	-	0	(1,500)	0	0
Signal Hill	211	3,101,705	0	24,400	98,587	3.18%	184,752	5.96%	\$0.92	15,208	27,598	37,260	202,780
Torrance	636	29,521,078	29,747	792,904	1,990,426	6.74%	3,078,299	10.43%	\$1.71	(8,710)	(796,937)	429,305	1,573,184
Wilmington	153	3,994,381	0	0	94,378	2.36%	139,669	3.50%	\$1.58	13,677	(75,756)	25,695	99,924
Total	5,073	199,054,515	324,921	2,752,105	12,423,028	6.24%	17,037,556	8.56%	\$1.56	(274,931)	(1,637,396)	3,017,914	10,958,764
Los Angeles Total	20,876	754,289,937	1,762,587	7,929,277	42,085,203	5.58%	57,060,668	7.56%	\$1.43	(1,148,609)	1,185,468	11,143,736	45,689,229
5,000-24,999	13,665	165,448,938	0	48,524	7,017,297	4.24%	8,803,490	5.32%	\$1.62	(141,229)	(558,717)	2,143,183	9,203,048
25,000-49,999	3,593	125,163,429	170,419	332,500	5,749,888	4.59%	8,700,878	6.95%	\$1.36	138,796	(867,309)	1,766,290	6,772,090
50,000-99,999	1,991	136,163,772	193,290	536,805	8,208,946	6.03%	12,276,880	9.02%	\$1.34	365,833	714,225	2,750,409	9,159,048
100,000-249,999	1,284	190,504,184	851,848	4,886,685	13,177,862	6.92%	16,711,774	8.77%	\$1.41	(1,187,325)	162,745	3,953,972	14,699,907
250,000-499,999	275	88,877,753	547,030	1,058,639	3,481,079	3.92%	6,107,398	6.87%	\$1.51	129,254	1,737,776	529,882	4,362,695
500,000 plus	68	48,131,861	0	1,066,124	4,450,131	9.25%	4,460,248	9.27%	-	(453,938)	(3,252)	0	1,492,441
Los Angeles Total	20,876	754,289,937	1,762,587	7,929,277	42,085,203	5.58%	57,060,668	7.56%	\$1.43	(1,148,609)	1,185,468	11,143,736	45,689,229

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



Cautiously Optimistic

by **Dan Berkenfield**

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The Fourth Quarter of 2025 finished with decreased leasing and sales activity compared with the previous quarter and the same quarter last year. Tenants continue to be cautious and reluctant to make long-term leasing decisions because of concerns with the implications of tariffs and global economic uncertainty. Fortunately, we have observed improved interest and activity from owner/user buyers taking advantage of lower and decreasing interest rates, as well as lower sale pricing offered by many sellers who are finally coming to terms with the current market conditions.

Investor buyer activity and planned development are suppressed now, based on minimal lease rate growth expectations and unremarkable leasing volume forecasts, leaving a large gap between investor offering prices and sellers' pricing expectations. Investor deals are happening when there are motivated sellers offering realistic market sale pricing and when the properties involved are stabilized Class A properties with long-term leases to tenants with strong credit.

The vacancy rate for the quarter ticked up slightly compared to the previous quarter but remained lower than the rate recorded at the end of 2024. There were several notable transactions in the fourth quarter, including Amazon, who leased 615,000 SF in Commerce, and FedEx, who leased 516,124 SF in Downey. There were many lease renewals completed by existing tenants, both short-term and long-term, with landlords being very willing to provide favorable renewal terms to keep existing tenants in place and avoid vacancy risks in this tepid leasing market.

The tenant industries where we see the most leasing activity are Third Party Logistics, Food/Beverage, and Household and Consumer Goods. Manufacturers continue to be scarce in Southern California due to the high costs of doing business and bureaucratic challenges.

Our outlook heading into 2026 is cautiously optimistic. The decreased leasing activity and short-term renewals that have taken place are creating pent-up demand from tenants that have growing businesses not impacted by tariff repercussions. Most landlords are keenly aware of the leasing market conditions and are offering lower lease rates and leasing concessions (free rent, tenant improvement allowances, etc.) to attract quality tenants to their vacant buildings. Investor activity and capital appear more eager to be deployed after a sluggish 2025, and some sellers will have to adjust pricing accordingly when there is a true need to sell, which will create the ability for deals to get done. Overall, we expect better leasing and sales activity, and a decreasing vacancy rate with less under-construction product scheduled to be delivered in 2026.

Please Contact Us for Further Information

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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.