MCQ4 25

FOURTH QUARTER 2025 MARKET REPORT

MID COUNTIES INDUSTRIAL

Voit
REAL ESTATE SERVICES

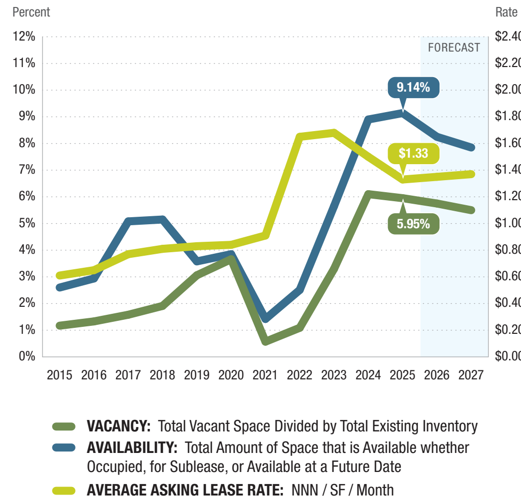
OVERVIEW. The Mid-Counties industrial market reached a period of market stabilization in Q4 2025, after a year defined by cautious realignment. Earlier 2025 forecasts anticipated rising vacancy and occupancy losses as high interest rates and tariff uncertainty sidelined owner-user buyers. However, the submarket entered a recovery phase mid-year as net absorption turned positive, driven by large distribution and logistics commitments. While the broader Los Angeles region continued to see negative net absorption, Mid-Counties showed notable resilience due to a limited development pipeline. Landlords are using concession packages to secure creditworthy tenants prioritizing operational efficiency. Shifting Federal Reserve policies and recent rate cuts are now improving investor sentiment, providing a more stable environment as the market reaches equilibrium.

VACANCY & AVAILABILITY. The vacancy rate in the Mid-Counties finished the fourth quarter of 2025 at 5.95%. While this represents a minor decrease from the 6.03% reported in Q3 and the 6.10% recorded a year ago, the change does not signal a tightening of the market. On the contrary, the availability rate rose to 9.14% during the same period, up from 8.81% last quarter and 8.90% in Q4 of 2024. This widening gap between physical vacancy and total availability shows that more occupied space, such as subleases, is being marketed for lease or sale. Consequently, tenants remain in a much stronger negotiating position than during the supply-constrained periods of previous years. With a limited development pipeline and a growing surplus of secondary options, the submarket is settling into a stabilized phase where leverage has shifted away from landlords.

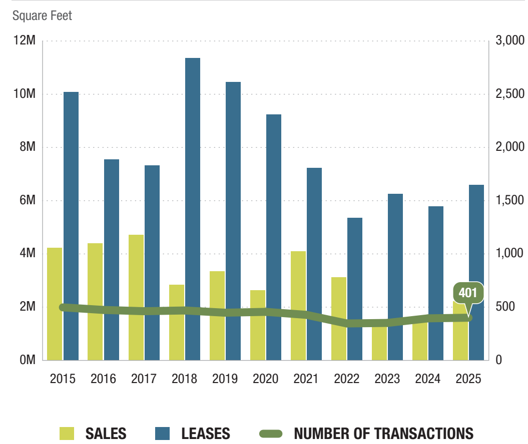
LEASE RATES. The average asking lease rate for the Mid-Counties dropped another $0.07 to $1.33 in Q4. Year over year, asking rents have decreased by 11.33%, but, as we have been reporting, the published asking rate does not accurately reflect the current market reality. While the average asking rate stands at $1.33, actual deals are currently being completed at closer to $1.23. This 7.5% spread between the asking and completed rate highlights the disconnect in the market, suggesting that effective rents are softening faster than headline pricing as landlords become increasingly aggressive to secure tenants in a competitive environment. Pricing varies significantly by submarket, as institutional hubs like Santa Fe Springs command $1.43 PSF while industrial pockets in Paramount offer more relief at $1.12, representing a substantial $0.31 spread in quoted values across the region.

TRANSACTION ACTIVITY. Transaction velocity dipped significantly to close out the year. Combined lease and sale activity totaled 1,154,332 SF. This was a steep drop from

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

	Change Over Last Quarter		Q4 2025	Q3 2025	Q4 2024	% Change Over Last Year
Vacancy Rate	▼	DOWN	5.95%	6.03%	6.10%	(2.40%)
Availability Rate	▲	UP	9.14%	8.81%	8.90%	2.72%
Average Asking Lease Rate	▼	DOWN	$1.33	$1.40	$1.50	(11.33%)
Sale & Lease Transactions	▼	DOWN	1,154,332	3,202,087	1,188,144	(2.85%)
Gross Absorption	▼	DOWN	1,934,526	2,604,533	890,288	117.29%
Net Absorption	▲	POSITIVE	323,965	1,293,618	(222,413)	N/A

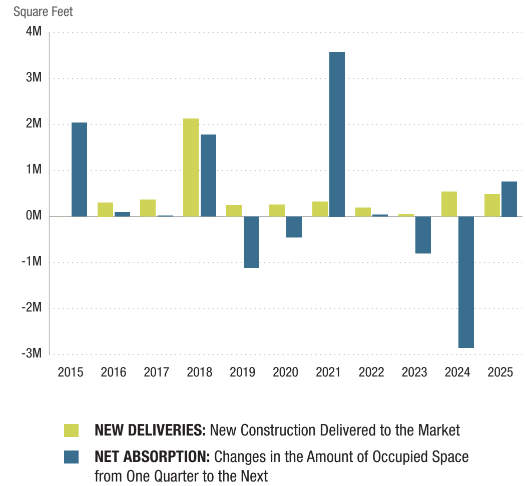
the 3,202,087 SF recorded in the third quarter. Sales activity also contracted. The market saw 246,072 SF change hands across just ten transactions in Q4 after 626,843 SF and 21 transactions in Q3. Despite the slowdown, major players remain active. FedEx executed the largest lease of the quarter with a 516,124 SF renewal in Downey. This reaffirmed the region's status as a logistics powerhouse. On the sales side, World Trade Printing Co acquired a 89,873 SF facility in La Mirada. This deal demonstrates that demand for prime owner-user assets remains resilient.

ABSORPTION. Net absorption in the Mid-Counties dropped 969,653 SF to 323,965 in Q4. Although the pace slowed, this marks the second consecutive quarter of positive occupancy growth. Year over year, the market improved from a 222,413 SF loss in Q4 2024 to a net gain. Gross absorption declined to 1,934,526 SF from 2,604,533 SF in Q3. Santa Fe Springs led the growth with 300,814 SF of positive net absorption, while La Mirada and Buena Park added a combined 331,658 SF. Occupancy declines in Whittier and Artesia/Cerritos tempered these gains, as they gave back 205,650 SF. The region is settling into a stabilized phase as demand for functional inventory persists.

CONSTRUCTION. The development pipeline remains thin, a hallmark of this land-constrained infill market. After delivering 206,892 SF in the first quarter and 386,479 SF in the second, the third quarter saw a pause in completions. The remaining pipeline of 493,874 SF was fully realized in the fourth quarter with the delivery of two major projects in Santa Fe Springs: a 201,571 SF facility at 9615 Norwalk Boulevard and a 292,303 SF building at 12352 Whittier Boulevard. These completions brought total annual deliveries for 2025 to 1,087,245 SF. With only 28,320 SF currently under construction, the scarcity of new supply continues to support market fundamentals.

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 decrease, driven by losses in employment services.

NEW DELIVERIES & NET ABSORPTION



Forecast

The Mid-Counties market finished 2025 on a positive note. Annual net absorption totaled 761,555 square feet, largely driven by a strong second half of the year. While the region added 1,087,245 square feet of new inventory during the year, vacancy still managed to drop to 5.95% by year's end. The big story for 2026 is the thin development pipeline. Only 28,320 square feet remains under construction. This lack of new supply will keep the market from becoming oversupplied and help newer buildings hold their value. Asking rents dropped to $1.33 in Q4, but as we have reported, actual deals are clearing at closer to $1.23. This 7.5% spread shows landlords are becoming more aggressive to fill space. With the Fed initiating rate cuts, financing costs should fall in 2026. This will support more investment activity and owner-user demand. The outlook for the first half of 2026 is stable with gradual improvement on the horizon.

	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
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
Mid Counties 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**
5,000-24,999	1,832	24,021,222	0	24,124	662,454	2.76%	990,304	4.12%	$1.20	16,472	147,721	230,378	1,151,210
25,000-49,999	516	18,309,854	28,320	59,568	853,842	4.66%	1,350,976	7.38%	$1.27	114,178	(12,654)	342,297	1,106,802
50,000-99,999	301	20,930,224	0	72,189	1,372,760	6.56%	2,358,627	11.27%	$1.28	184,093	294,536	718,995	2,150,068
100,000-249,999	214	31,550,916	0	591,561	3,017,767	9.56%	3,887,978	12.32%	$1.40	(123,717)	(46,807)	324,471	2,960,458
250,000-499,999	53	17,316,368	0	0	872,035	5.04%	1,946,256	11.24%	$1.32	317,209	603,029	318,385	718,923
500,000 plus	9	5,640,855	0	516,124	228,551	4.05%	228,551	4.05%	-	(184,270)	(224,270)	0	284,270
Mid Counties 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**

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

Significant Transactions

Sales

* Voit Real Estate Services Deal

Property Address	Submarket	Square Feet	Sale Price	Buyer	Seller
14821 Artesia Blvd.	La Mirada	89,873	$23,216,980	World Trade Printing Co*	TA Realty
6211 Descanso Ave.	Buena Park	133,128	$31,250,000	LA's Total Awesome	Crockett Living Trust*
8701-8828 Park St.	Bellflower	32,145	$950,000	Focus Real Estate Services, LLC	IPF Partners LLC
15345–15347 Garfield Ave.	Paramount	14,250	$3,325,000	N/A	The Davidson Group
14340 Iseli	Santa Fe Springs	13,123	$4,075,000	Iseli LLC	PENTA

Leases

* Voit Real Estate Services Deal

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
9399 Steward & 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
12821 Carmenita Rd.	Santa Fe Springs	117,774	Dec-2025	Peak Logistics & Fulfillment, LLC*	Golden Springs Building F LLC
12118 Bloomfield Ave.	Santa Fe Springs	107,045	Nov-2025	Gerber Plumbing Inc.	Rexford Industrial
6300 Valley View St. - Sublease	Buena Park	90,000	Oct-2025	Mohawk Carpet	Manhattan Beachwear, LLC

FOURTH QUARTER 2025 MARKET REPORT

MID COUNTIES INDUSTRIAL

Voit REAL ESTATE SERVICES

Cautiously Optimistic

by Dan Berkenfield
SENIOR VICE PRESIDENT/ PARTNER, IRVINE
949.263.5308 · dberkenfield@voitco.com · Lic. # 01706467

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.

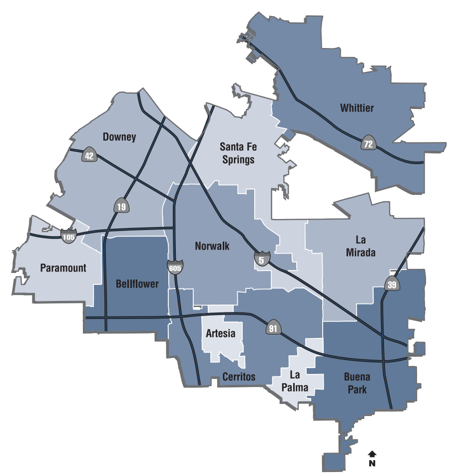
Our outlook heading into 2026 is cautiously optimistic. The decreased leasing activity and short-term renewals that have taken place are creating pent-up demand from tenants that have growing businesses not impacted by tariff repercussions. Most landlords are keenly aware of the leasing market conditions 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.

Product Type

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

Submarkets

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



Please Contact Us for Further Information

Tony Tran
Regional Director of Research
ttran@voitco.com

Anaheim, CA 714.978.7880
Encinitas, 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