MCQ1 26

FIRST QUARTER 2026 MARKET REPORT
MID COUNTIES INDUSTRIAL

Voit
REAL ESTATE SERVICES

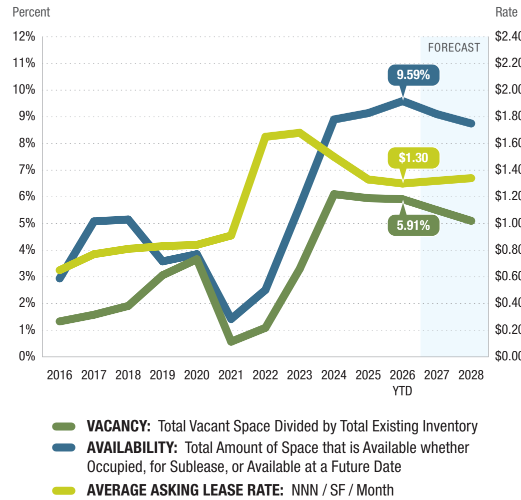
OVERVIEW. The Mid-Counties industrial market continued its gradual recovery in Q1 2026, building on the positive demand momentum that emerged in the latter half of 2025. Large-block commitments from food distribution, flooring, and third-party logistics tenants anchored leasing activity across the Santa Fe Springs and Whittier corridors, while elevated availability from sublease inventory kept tenants in a favorable negotiating position across most size ranges. Asking rents have stabilized after a meaningful correction from their post-pandemic peak, as landlords have found the market clearing rate and deal velocity has improved. The development pipeline remains at cycle lows with no new deliveries in the quarter and limited construction activity, reducing the risk of additional supply-driven pressure on vacancy. With constrained new supply, recovering tenant demand, and competitive rents relative to nearby South Bay markets, the Mid Counties market is positioned for continued gradual improvement heading into the balance of 2026.

VACANCY & AVAILABILITY. Vacancy in the Mid Counties industrial market declined to 5.91% in Q1 2026, down 4 basis points from 5.95% in Q4 2025 and 62 basis points below the 6.53% recorded in Q1 2025, the latter being the most meaningful annual improvement the market has posted since the correction cycle began. The current rate remains well above the cycle trough of 0.86% reached in Q2 2022 and the 2019 pre-pandemic baseline of 3.06%, indicating the market continues to work through excess inventory accumulated during the correction. Total availability rose to 9.59% in Q1 2026 from 9.14% in Q4 2025, though on a year-over-year basis availability has improved modestly from 9.68% in Q1 2025. The gradual narrowing of the gap between new sublease introductions and leasing activity suggests shadow inventory is beginning to clear, a constructive signal for vacancy compression heading into Q2 2026.

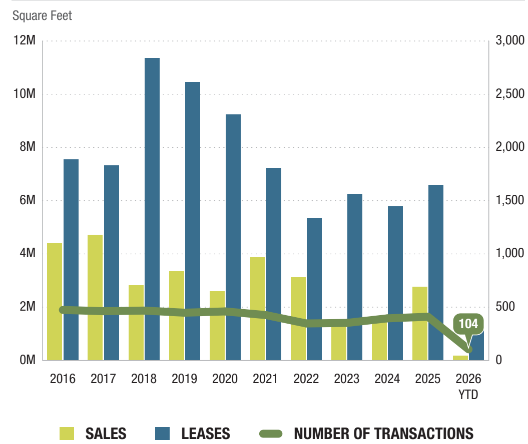
LEASE RATES. The average asking lease rate declined to $1.30 PSF in Q1 2026, down from $1.33 PSF in Q4 2025 and 10.9% below the $1.46 PSF recorded in Q1 2025, continuing a correction that has erased approximately $0.38 from the 2023 cycle peak of $1.68 PSF. Executed NNN transactions averaged $1.19 PSF in starting rent, roughly 8.5% below the market asking rate, with effective rents averaging the same, indicating landlords are absorbing the gap between asking and taking rates rather than relying on concession structures to bridge it. Pricing spans a wide range across the corridor, with newer Class A product in Santa Fe Springs commanding $1.45 PSF to $1.60 PSF while older less-functional buildings in Paramount and Downey are clearing in the $0.90 PSF to $1.05 PSF range.

TRANSACTION ACTIVITY. Total transaction volume in Q1 2026 reached 1,693,467 SF across 110 transactions, down from 1,885,429 SF in Q4 2025 and down from 2,093,205 SF

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

	Change Over Last Quarter	Q1 2026	Q4 2025	Q1 2025	% Change Over Last Year
Vacancy Rate	DOWN	5.91%	5.95%	6.53%	(9.55%)
Availability Rate	UP	9.59%	9.14%	9.68%	(0.93%)
Average Asking Lease Rate	DOWN	$1.30	$1.33	$1.46	(10.87%)
Sale & Lease Transactions	DOWN	1,693,467	1,885,429	2,093,205	(19.10%)
Gross Absorption	UP	1,727,026	1,509,671	1,023,491	68.74%
Net Absorption	POSITIVE	21,273	323,965	(743,657)	N/A

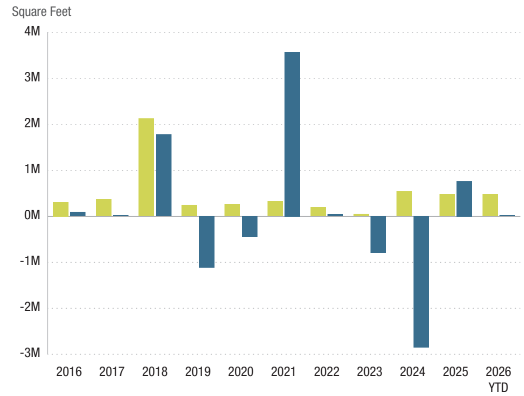
in 1Q 2025. Leasing activity accounted for 96 deals totaling 1,516,865 SF, up from 68 deals and 1,111,530 SF in Q4 2025. Sale transactions totaled 14 deals covering 176,602 SF, with the quarter's largest sale being Otoki America Holdings Inc.'s acquisition of 14848 Northam Street in La Mirada, a 96,916-SF facility purchased from E. Northam Partners LLC for $28,000,000.

ABSORPTION. Net absorption registered 21,273 SF of positive occupancy growth in Q1 2026, a deceleration from the 323,965 SF recorded in Q4 2025 but a meaningful improvement from the (743,657) SF posted in Q1 2025. The result extends a recovery that produced 761,555 SF of positive net absorption for the full year 2025 after the market shed (2,852,171) SF of occupied space in 2024. Occupancy gains were anchored by a concentrated set of move-ins including CW Moving & Storage occupying 140,236 SF in La Mirada, Peak Logistics & Fulfillment taking 117,774 SF in Santa Fe Springs, and H Mart occupying 116,327 SF in Whittier. Several large move-outs across the corridor offset a portion of those gains, keeping net absorption positive but modest for the quarter. The positive trend over the past two quarters reflects improving demand fundamentals, though absorption remains sensitive to individual large-tenant decisions given the mid-size nature of most buildings in the corridor.

CONSTRUCTION. The Mid-Counties development pipeline remains constrained by a fundamental lack of available land, limiting new supply to levels well below some comparable Southern California industrial corridors. At the close of Q1 2026, 223,243 SF were under construction, with no deliveries recorded during the quarter. Little industrial supply has been developed in the corridor since 2018, and several buildings completed in 2025 remain available, representing the primary source of new competition for existing landlords. With annual deliveries historically constrained and no meaningful pipeline of planned speculative development, supply-side pressure on vacancy is expected to remain limited.

EMPLOYMENT. Los Angeles County's unemployment rate declined to 5.5% in January 2026, down from 5.6% in December 2025 and below the 5.8% recorded in January 2025, according to the California Employment Development Department. Transportation and warehousing employment totaled 205,700 jobs in January 2026, down 0.2% year over year, with warehousing and storage contracting 1.0% and truck transportation declining 1.4% over the same period. The sector shed 5,600 jobs between December 2025 and January 2026, reflecting seasonal post-holiday pullback across the logistics corridor.

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

Heading into Q2, the Mid-Counties industrial market carries its most favorable supply-side conditions in more than a decade. The development pipeline is constrained by a structural absence of developable land, providing a durable ceiling on new vacancy introductions that most Southern California industrial corridors cannot claim. Demand recovery has been measured but consistent, with two consecutive quarters of positive net absorption and improving leasing velocity pointing to a gradual tightening of available inventory. Asking rents seem to have stabilized after a meaningful correction from the post-pandemic peak, and the corridor's competitive pricing relative to South Bay alternatives continues to attract cost-conscious occupiers across a range of industries. A meaningful recovery in vacancy and rental rates is more likely a few quarters down the road, as we work through a period of stabilization and momentum-building across the corridor.

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	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2026	Square Feet Available	Availability Rate Q1 2026	Average Asking Lease Rate	Net Absorption Q1 2026	Net Absorption 2026	Gross Absorption Q1 2026	Gross Absorption 2026
Mid Counties													
Artesia / Cerritos	278	13,160,811	0	233,026	866,429	6.58%	1,508,797	11.46%	$1.27	19,367	19,367	113,942	113,942
Bellflower / Downey	212	5,712,465	0	516,124	272,226	4.77%	322,036	5.64%	$1.41	10,393	10,393	174,479	174,479
Buena Park / La Palma	233	14,972,124	0	0	1,168,730	7.81%	2,106,195	14.07%	$1.29	(178,492)	(178,492)	128,728	128,728
La Mirada	182	13,287,350	0	0	1,069,776	8.05%	1,861,650	14.01%	$1.31	(33,379)	(33,379)	365,238	365,238
Norwalk	91	2,925,358	0	5,000	78,647	2.69%	251,708	8.60%	$1.49	(46,239)	(46,239)	11,180	11,180
Paramount	416	9,450,875	0	0	382,986	4.05%	790,210	8.36%	$1.10	(60,044)	(60,044)	94,957	94,957
Santa Fe Springs	1,357	54,475,056	223,243	324,360	2,438,738	4.48%	3,669,137	6.74%	$1.40	34,824	34,824	557,109	557,109
Whittier	159	4,040,913	0	0	698,427	17.28%	805,444	19.93%	$1.19	274,843	274,843	281,393	281,393
Mid Counties Total	**2,928**	**118,024,952**	**223,243**	**1,078,510**	**6,975,959**	**5.91%**	**11,315,177**	**9.59%**	**$1.30**	**21,273**	**21,273**	**1,727,026**	**1,727,026**
5,000-24,999	1,835	24,096,847	0	24,124	821,799	3.41%	1,208,362	5.01%	$1.14	(106,759)	(106,759)	227,241	227,241
25,000-49,999	516	18,325,680	38,187	59,568	879,133	4.80%	1,417,130	7.73%	$1.19	(146,992)	(146,992)	159,320	159,320
50,000-99,999	299	20,795,232	0	72,189	1,412,153	6.79%	2,369,027	11.39%	$1.26	61,788	61,788	308,494	308,494
100,000-249,999	216	31,849,970	185,056	406,505	2,906,622	9.13%	3,870,576	12.15%	$1.35	265,749	265,749	872,117	872,117
250,000-499,999	53	17,316,368	0	0	911,971	5.27%	2,405,801	13.89%	$1.30	(52,513)	(52,513)	159,854	159,854
500,000 plus	9	5,640,855	0	516,124	44,281	0.79%	44,281	0.79%	$0.00	0	0	0	0
Mid Counties Total	**2,928**	**118,024,952**	**223,243**	**1,078,510**	**6,975,959**	**5.91%**	**11,315,177**	**9.59%**	**$1.30**	**21,273**	**21,273**	**1,727,026**	**1,727,026**

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

Significant Transactions

Sales

Property Address	City	Square Feet	Sale Price	Buyer	Seller
14848 Northam St.	La Mirada	96,916	$28,000,000	Otoki America Holdings, Inc.	E. Northam Partners LLC
17122 Marquardt Ave.	Cerritos	21,735	$6,500,000	A2C3, LLC	TA Realty
12020 Bloomfield Ave.	Santa Fe Springs	17,423	$6,098,050	Zoju Venture LLC	Longpoint*
7333 Adam St.	Paramount	15,040	$4,600,000	Big Tiger LLC	Adams Street Investment Holdings
13820–13824 Shoemaker Ave.	Norwalk	7,781	$2,326,500	Rosecrans Associates LP	Bruce W Parsons

Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
14647 Northam St.	La Mirada	140,236	Jan-2026	CW Moving & Storage	Rexford Industrial
8550 Chetle Ave.	Whittier	116,327	Jan-2026	H Mart	Clarion Partners
12642 Shoemaker Ave.	Santa Fe Srpings	83,843	Feb-2026	La Fiesta Foods	Golden Springs Development Co., LLC
11641 Pike St.	Santa Fe Srpings	75,000	Feb-2026	Lux Flooring Inc.	K + C Ventures LP
15310 Springs Ave.	Santa Fe Srpings	64,9600	Jan-2026	S&S Transport	WWM Spring LLC

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REAL ESTATE SERVICES

Market Showing Signs of Stabilization, But Remains Very Much Price-Driven

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The LA County industrial real estate market continues to work through excess inventory and generally anemic tenant demand across most sizes ranges. However, there were some noteworthy transactions completed in Q1 2026, including a 500K-SF lease to Amazon in Long Beach, a 442K-SF lease to Apex Logistics in Torrance, a 326K-SF lease to Speed Xpress in Montebello, and a handful of other transactions larger than 100K SF. Landlords and tenants each have their own challenges in today's market. Landlords have the challenge of competing against multiple properties and, in some cases, figuring out where the market actually lies with respect to achievable deal terms. Tenants are faced, in some cases, with overwhelmingly long building surveys with an abundance of options. Additionally, if tenant improvements are needed, tenants are facing longer-than-desired construction schedules, largely due to prolonged permitting timelines with certain cities, which can delay occupancy. The reality is both sides face challenges, though the market remains much more favorable for tenants than landlords for now.

With regard to the leasing market, tenant concessions are still very abundant, especially for buildings larger than 50K SF. Tenant improvement allowances lately have been ranging from $1 PSF to $3 PSF. These allowances are most often in addition to make-ready work that a landlord has already completed. Free rent is also prevalent in most leases right now. Tenants who signed for terms of five years or more in Q1 2026 obtained from three to six months of free rent, with a few landlords granting free rent exceeded six months. Lastly, tenants in the market are primarily focused on price (rate). The landlords who have the ability to price buildings below (and sometimes substantially below) the competition are the ones who are attracting the limited number of tenants in the market.

On the sales side, owner-users are driving a majority of the sale transactions in most submarkets, especially for vacant buildings. The main catalyst for strong owner-user purchase activity is the more favorable financing environment that has developed over the past six to nine months. For example, a 25-year owner-user loan with the SBA under their commonly utilized 504 program was at 6.51% in January of 2025. That rate now sits at 5.72%. While 75 basis points may not seem like a lot, it's been enough to generate strong owner-user activity at the start of 2026.

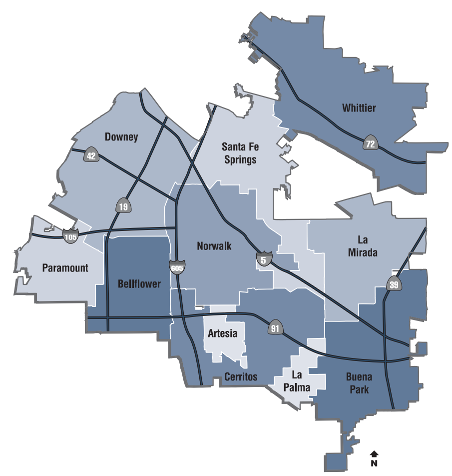
The outlook for the remainder of the year is cautiously optimistic, though most industry veterans seem to think a notable recovery likely won't occur until 2027. For now, tenants control the leasing market while sellers will find they can generally generate strong activity if a building is not priced ambitiously.

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



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