

MARKET TRENDS

LOS ANGELES INDUSTRIAL

MARKET DRIVERS

The 2025 leasing and sales market showed steady improvement after a slow start, complicated by uncertainty around Liberation Day and tariffs. Expected supply chain disruptions never materialized. Tariffs were anticipated to trigger inventory challenges, but leasing demand strengthened and stayed resilient post-implementation. Likewise, the sales market gained momentum as sellers adjusted and buyers seized long-term opportunities in locations once priced at pandemic highs.

LEASING MARKET

By year-end, several notable transactions signaled a recovering market. FedEx's 500,000 SF build-to-suit in Downey and multiple Amazon leases show leading logistics users are committing to space. Companies in Space, Satellite, Advanced Manufacturing, and emerging Nuclear Energy sectors are also securing locations—and paying premium rates—in El Segundo, Hawthorne, Torrance, and Long Beach. This segment shows no signs of slowing and may even accelerate. Demand for smaller footprints, particularly 50,000 SF and under, remains strong. Landlords are responding with free rent and tenant improvement packages to creditworthy tenants to maintain rates and annual escalations.

SALE MARKET

The sales market continued to improve throughout the year. Morgan Stanley's acquisition of Amazon's 15-year leased investment near LAX highlights strong institutional appetite for quality assets, echoed by Fortress's purchase of the UPS site in Inglewood. Cap rates have stabilized in the 5.5%-6% range. Owner-occupiers are returning as well, evidenced by General Matter buying a 34,000 SF building in North Redondo for over \$400 PSF, following Terreno's acquisition of a 100,000 SF compound in the same submarket at \$355 PSF.

NEAR-TERM OUTLOOK

We expect improvement to continue into early 2026, driven by strong leasing and purchase demand. Institutional buyers should stay active with lower interest rates and ample capital. Logistics and Advanced Manufacturing will lead. While global tensions may pose headwinds, tailwinds should carry the market into 2026.

Market Summary

	4Q25	3Q25	4Q24	YOY Change
Direct Vacancy Rate	5.8%	5.8%	5.4%	8.33%
Total Availability Rate	8.4%	8.3%	8.3%	1.02%
Direct Asking Lease Rate/SF/Mo	\$1.43	\$1.41	\$1.49	-4.03%
	4Q25	3Q25	4Q24	YOY Change
Total Lease Transactions (SF)	3,887,072	12,210,070	9,820,617	-60.42%
Sale Transactions (SF)	2,102,839	3,595,313	2,372,062	-11.35%
Direct Net Absorption (SF)	171,386	-589,093	-1,329,334	N/A

↓ **3.9M SF**
LEASING ACTIVITY

↑ **171K SF**
NET ABSORPTION

↑ **5.8%**
VACANCY RATE

↓ **\$1.43**
ASKING RENT (AVG)

↓ **651K SF**
NEW DELIVERIES

Year-Over-Year Trend

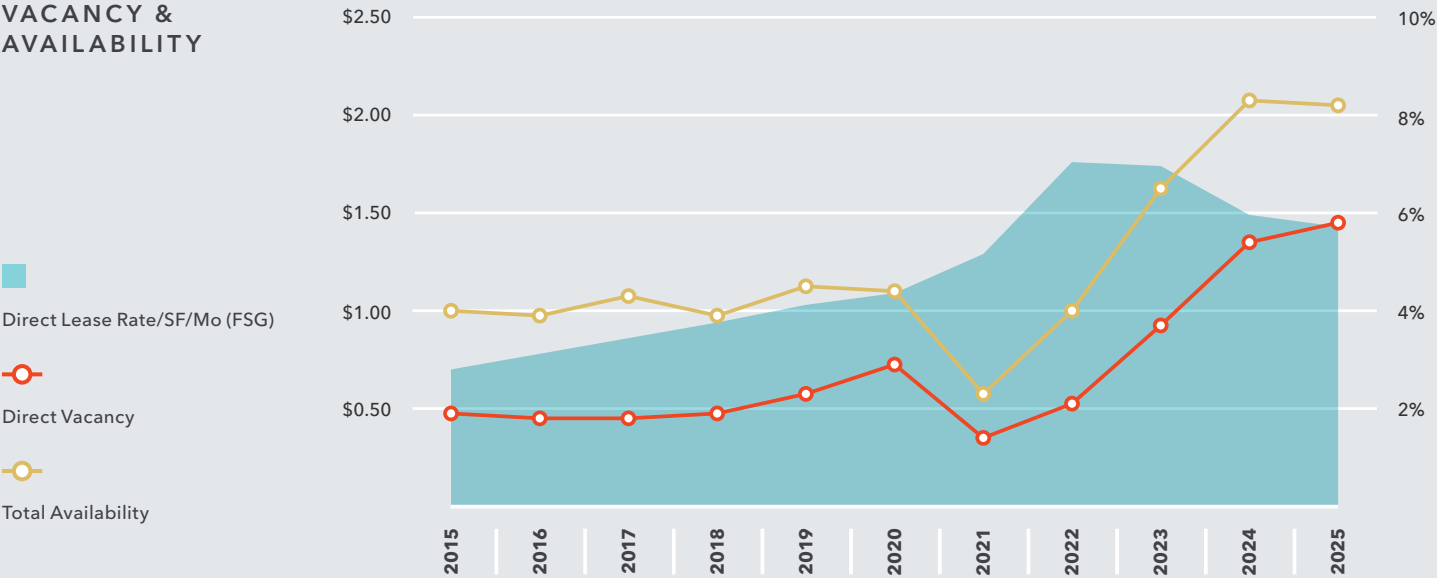
Market Highlights

DIRECT MARKET VACANCY in Los Angeles is currently ended at 5.8%

AVERAGE ASKING RATES ended the year at \$1.43 PSF on a triple net lease (NNN) basis

AVERAGE SALE PRICES were \$384.55 PSF with a cap rate of 5.3%

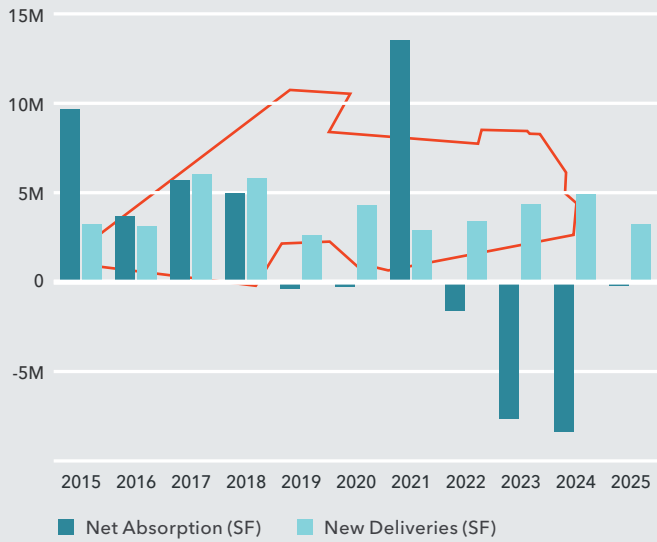
LEASE RATE, VACANCY & AVAILABILITY



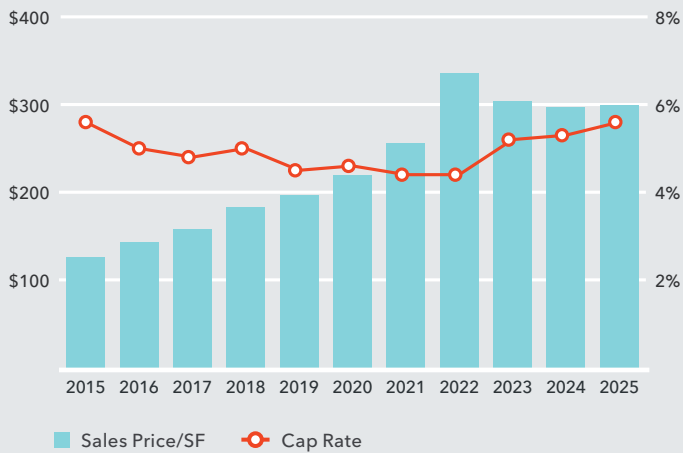
BIGGEST SALE OF THE QUARTER

Amazon DFX3, Los Angeles, CA

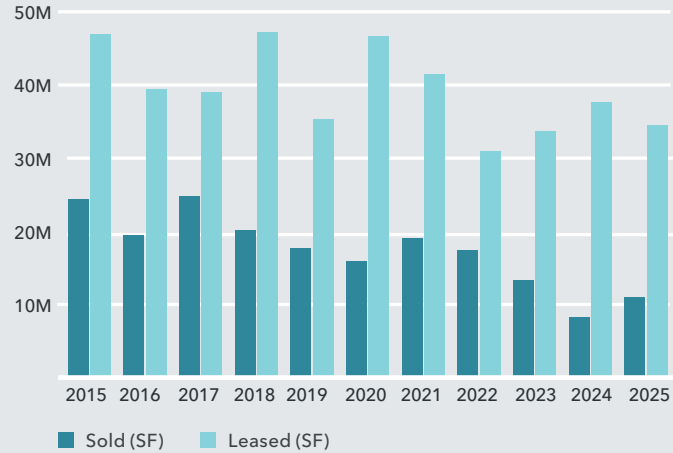
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



4Q 2025 | LOS ANGELES INDUSTRIAL

SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Availability Rate	4Q25 Direct Net Absorption	2025 Net Direct Absorption	4Q25 Total Leasing Activity	2025 Total Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,710,083	2.5%	0.0%	2.5%	4.3%	106,749	59,608	10,108	393,845	\$1.11
Commerce	45,626,884	8.0%	0.5%	8.6%	10.1%	240,877	312,697	393,287	3,064,701	\$1.30
Huntington Park/Cudahy	4,656,354	6.2%	0.2%	6.4%	9.5%	-67,889	-92,969	0	86,000	\$0.99
Los Angeles	126,894,510	6.5%	0.4%	6.9%	8.2%	55,740	-203,524	719,335	3,721,181	\$1.66
Montebello/Monterey Park	11,790,735	5.5%	0.6%	6.1%	7.5%	-5,394	96,264	55,243	311,812	\$1.22
Pico Rivera	10,258,934	5.6%	0.1%	5.7%	8.1%	117,262	109,766	20,810	572,121	\$1.34
South Gate	10,031,655	3.5%	0.0%	3.5%	3.1%	-14,693	-4,282	147,142	322,744	\$1.23
Vernon	44,430,219	5.3%	1.0%	6.3%	7.8%	-117,614	-406,691	280,595	2,351,964	\$1.33
Central	261,399,374	6.2%	0.5%	6.7%	8.2%	315,038	-129,131	1,626,520	10,824,368	\$1.45
Artesia/Cerritos	13,137,643	5.8%	1.1%	7.0%	9.2%	9,751	82,275	30,595	916,523	\$1.25
Bellflower/Downey	5,733,279	4.9%	0.8%	5.7%	5.9%	-30,391	-125,948	28,352	199,625	\$1.27
Buena Park/La Palma	14,936,780	10.3%	3.0%	13.3%	14.3%	-364,222	-180,155	280,808	660,113	\$1.33
La Mirada	13,228,892	8.0%	1.9%	9.8%	12.7%	73,113	-124,022	17,750	351,943	\$1.43
Norwalk	2,925,288	0.6%	0.3%	0.9%	5.4%	56,832	57,196	1,440	130,690	\$1.51
Paramount	9,295,102	3.1%	0.2%	3.3%	6.9%	-73,933	-74,134	14,679	297,676	\$1.12
Santa Fe Springs	54,411,731	4.9%	0.7%	5.7%	8.0%	331,375	731,660	136,500	3,672,845	\$1.44
Whittier	4,046,350	20.0%	0.3%	20.3%	22.1%	-142,181	-290,161	1,608	33,571	\$1.26
Mid-Cities	117,715,065	6.3%	1.1%	7.4%	9.7%	-139,656	76,711	511,732	6,262,986	\$1.34
Alhambra	2,265,978	2.3%	1.7%	4.0%	2.0%	35,332	1,151	49,452	120,158	\$1.40
Arcadia/Temple City	3,166,855	2.8%	0.0%	2.8%	2.9%	27,426	102,537	15,476	136,739	\$2.17
Azusa	6,905,918	8.8%	2.5%	11.3%	16.0%	-26,000	-64,958	0	208,853	\$1.30
Baldwin Park	5,301,877	2.8%	0.0%	2.8%	3.4%	13,532	29,366	1,120	138,515	\$1.50
City of Industry/DB/HH/RH	77,193,864	4.3%	1.4%	5.7%	6.0%	111,680	1,121,512	398,300	5,062,177	\$1.27
Covina/West Covina	3,495,556	3.4%	0.0%	3.4%	15.6%	-11,289	-19,830	16,308	62,818	\$1.24
Duarte	1,799,473	5.3%	0.0%	5.3%	7.0%	5,529	1,140	6,213	46,360	\$1.23
El Monte	8,882,631	3.6%	2.1%	5.7%	10.4%	-35,425	-41,220	29,725	359,598	\$1.30
Irwindale	13,347,850	5.7%	0.4%	6.1%	7.8%	12,758	-43,905	4,080	254,966	\$1.32
La Puente	2,187,889	8.6%	0.0%	8.6%	14.3%	-26,600	-164,130	0	21,773	\$1.50
Glendora/La Verne/San Dimas	6,695,825	5.2%	0.2%	5.4%	8.3%	56,120	-103,888	33,626	277,533	\$1.55
Monrovia	3,255,736	2.4%	0.0%	2.4%	4.7%	28,825	39,670	2,400	51,899	\$1.70
Pomona/Claremont	20,176,491	3.4%	2.2%	5.7%	7.2%	9,128	534,827	37,221	1,415,963	\$1.08
Rosemead/San Gabriel	2,178,069	2.8%	0.2%	3.0%	3.2%	-390	-659	3,972	72,785	\$1.59
South El Monte	11,358,556	3.3%	0.1%	3.5%	3.7%	-68,919	29,227	52,560	503,079	\$1.44
Walnut	7,165,799	3.4%	0.2%	3.6%	3.2%	85,664	349,027	2,602	558,349	\$1.02
San Gabriel Valley	175,378,367	4.3%	1.2%	5.4%	6.8%	217,371	1,769,867	653,055	9,291,565	\$1.26
Carson	36,181,851	5.5%	0.1%	5.6%	7.5%	225,345	72,582	333,990	1,917,307	\$1.55
Compton	25,264,681	8.4%	1.0%	9.4%	11.0%	-527,468	-518,722	223,799	1,313,487	\$1.31
El Segundo	8,056,136	4.0%	0.0%	4.0%	4.2%	1,852	-283,836	30,106	63,686	\$2.22
Gardena	29,332,862	6.5%	0.6%	7.0%	7.6%	-715	1,230	156,973	862,670	\$1.30
Harbor City	1,811,655	1.2%	0.0%	1.2%	2.9%	8,510	-19,400	0	109,196	0
Hawthorne	8,664,151	4.6%	0.2%	4.7%	2.6%	-5,423	-160,364	8,312	331,664	\$1.73
Inglewood	4,792,039	1.6%	2.6%	4.2%	4.5%	2,825	28,063	0	184,771	\$1.92
Lakewood/Hawaiian Gardens	539,173	1.0%	0.0%	1.0%	1.9%	0	2,450	0	4,950	0
Lawndale	269,665	3.7%	0.0%	3.7%	3.7%	-4,366	5,370	0	10,498	0
Long Beach/Terminal Island	24,626,826	9.8%	0.5%	10.3%	14.0%	-37,843	-667,538	201,248	811,542	\$1.50
Lynwood	4,076,526	1.4%	0.0%	1.4%	2.7%	0	13,920	0	225,527	\$1.65
Rancho Dominguez/E Rancho Dominguez	13,966,943	8.6%	1.6%	10.2%	14.6%	-63,203	-202,828	42,746	961,784	\$1.44
Redondo/Hermosa Beach	1,728,379	0.1%	0.0%	0.1%	3.1%	0	-1,500	0	103,000	0
San Pedro	2,782,567	13.2%	0.0%	13.2%	13.9%	-16,246	-28	1,840	425,375	\$2.50
Signal Hill	3,095,415	3.2%	0.0%	3.2%	5.8%	13,832	4,680	14,888	153,872	\$0.87
Torrance	29,516,435	5.9%	0.4%	6.3%	12.1%	174,806	-158,882	54,723	514,751	\$1.74
Wilmington	3,994,381	1.7%	0.9%	2.5%	3.5%	6,727	-7,026	27,140	101,275	\$1.58
South Bay	198,699,685	6.4%	0.6%	7.0%	9.3%	-221,367	-1,891,829	1,095,765	8,095,355	\$1.54
Los Angeles Total	753,192,491	5.8%	0.8%	6.6%	8.4%	171,386	-174,382	3,887,072	34,474,274	\$1.43

SIGNIFICANT SALE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Amazon DFX3	Westside	143,060	\$211,394,500	\$1,477.66	Morgan Stanley & Co.	Overton Moore Properties
Fullerton Rd Business Park	SGV	449,244	\$109,000,000	\$242.63	Bridge Investment Group	Link Logistics Real Estate
Pacific Gateway Business Park	Central L.A.	173,100	\$63,767,500	\$368.39	Robertson Properties Group	Ares Industrial Real Estate
1800 E MLK Jr Blv	Central L.A.	110,789	\$51,000,000	\$460.33	Erewhon Natural Foods	Ritz Pocola LLC
6211 Descanso Ave	Mid-Cities	75,992	\$31,250,000	\$411.23	International Paper Co/LAs Totally Awesome	Crockett Living Trust
14821 Artesia Blvd	Mid-Cities	89,873	\$23,366,980	\$260.00	World Trade Printing Company	TA Realty

SIGNIFICANT LEASE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Prologis South Bay Industrial Ctr	South Bay	219,575	November 2025	Prologis, Inc.	Undisclosed
Watson Industrial Center Bldg	South Bay	194,898	November 2025	Watson Land Company	Aloha Freight
11401 Greenstone Ave	Mid-Cities	144,434	November 2025	Greenstone SFS LLC	BrandSafway
1500 W Dominguez St	South Bay	132,884	December 2025	Lakeshore Equipment Company	Undisclosed
South Gate Industrial & Business Park	Mid-Cities	132,642	October 2025	Goldrich Kest	Undisclosed
15811 Valley Blvd	SGV	125,000	October 2025	Majestic Realty Co	EMEG

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Commerce Gateway	7400 E Slauson Ave	Central Los Angeles	283,621	Prologis, Inc.	September 2026
LAX01 Vernon	3094 E Vernon Ave	Central Los Angeles	263,409	Goodman Group	March 2026
15010 Don Julian Rd	15010 Don Julian Rd	SGV	219,242	Rexford Industrial Realty, Inc.	December 2025
1600 W 135th St	1600 W 135th St	South Bay	190,860	Invesco Ltd.	November 2027
14940 Proctor Ave	14940 Proctor Ave	SGV	160,094	Rexford Industrial Realty, Inc.	May 2026
17600 S Santa Fe Ave	17600 S Santa Fe Ave	South Bay	140,693	The Klabin Company	October 2026

Data Source: EDD, CoStar



Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

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**COMMERCIAL
BROKERAGE****\$9B**AVERAGE ANNUAL
TRANSACTION VOLUME**26.2M**ANNUAL
SALES SF**36.7M**ANNUAL
LEASING SF**ASSET
SERVICES****53M SF**MANAGEMENT
PORTFOLIO SIZE**800+**ASSETS UNDER
MANAGEMENT**250+**CLIENTS
SERVED**VALUATION
ADVISORY****2,400+**AVERAGE ANNUAL
ASSIGNMENTS**41**TOTAL
APPRAISERS**23**WITH MAI
DESIGNATIONS