

MARKET TRENDS

LOS ANGELES INDUSTRIAL

MARKET DRIVERS

The Los Angeles industrial market recorded notable leasing and sales activity in the first quarter of 2026, as lease rates and sale prices continued to stabilize. Recent global geopolitical developments have introduced volatility within the logistics sector, particularly across air and ocean freight, contributing to higher fuel costs, especially diesel, which are impacting user's decision-making. At the same time, demand continues to accelerate among defense, aerospace, satellite, and advanced manufacturing users, who are actively expanding across key South Bay submarkets, including Long Beach, Torrance, El Segundo, Hawthorne, reinforcing the region's role as a hub for innovation-driven industrial demand.

LEASING DEMAND

Advanced manufacturing users continue to lead leasing activity across the market. Notable transactions include Neros leasing 265K SF of sublease space in Torrance Pacific Gateway and Varda Space Industries leasing 200K SF of the former Mattel Design Center. On the logistics side, Amazon leased 500K SF in Long Beach, Apex Logistics consolidated into 440K SF in Torrance, and Prologis leased 200K SF to NX Lifestyle Logistics. Landlords continue to hold firm on rates while offering concession packages, including tenant improvement allowances and free rent, to attract tenants. Demand for space under 50K SF has been less prevalent.

SALE MARKET

Owner-user acquisitions have re-emerged, signaling improved occupier confidence. Recent deals include the sale of an 83K SF building in Compton to Yuejie Freight, a 265K SF acquisition by Crenshaw Star from Link Logistics in Torrance, and a 100K SF purchase by Otoki America. On the investment side, EQT acquired the Frito-Lay facility via a sale-leaseback transaction.

NEAR-TERM OUTLOOK

With deliveries of Class A buildings slowing significantly, vacancy rates are expected to gradually improve. Financing, both conventional and SBA, is available and attractive. Elevated fuel costs are expected to continue pressuring logistics users in the near term, particularly those reliant on transportation-intensive operations. Meanwhile, continued growth in aerospace, defense, and advanced manufacturing sectors is expected to support leasing demand moving forward. Broader capital markets activity, including potential public offerings within the space and technology sectors, may signal future investor appetite and expansion.

Market Summary

	1Q26	4Q25	1Q25	YOY Change
Direct Vacancy Rate	5.9%	5.6%	5.5%	7.50%
Total Availability Rate	8.6%	8.2%	8.3%	4.10%
Direct Asking Lease Rate/SF/Mo	\$1.39	\$1.42	\$1.52	-8.55%
Total Lease Transactions (SF)	5,858,521	6,949,561	9,486,681	-38.24%
Sale Transactions (SF)	1,048,188	3,241,596	2,294,369	-54.31%
Direct Net Absorption (SF)	-2,046,420	1,556,896	722,990	N/A

↓ **5.9M SF**
LEASING ACTIVITY

↓ **-2.0M SF**
NET ABSORPTION

↑ **5.9%**
VACANCY RATE

↓ **\$1.39**
ASKING RENT (AVG)

↓ **220K SF**
NEW DELIVERIES

Year-Over-Year Trend

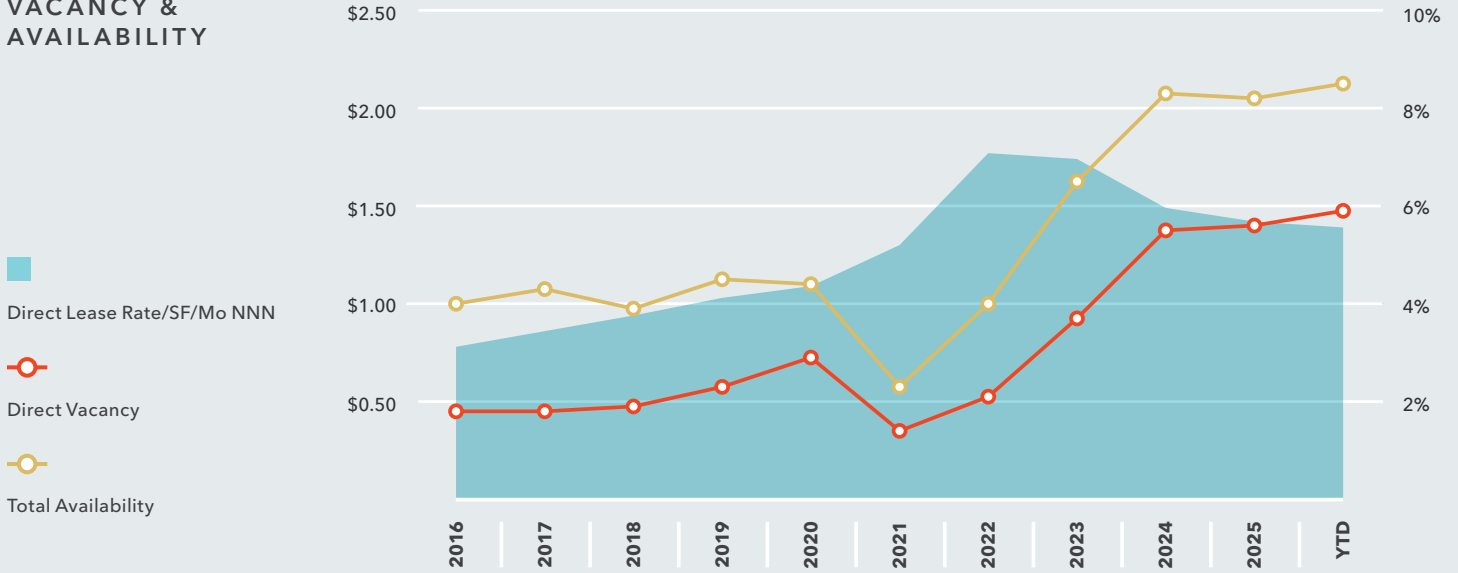
Market Highlights

DIRECT MARKET VACANCY in Los Angeles is currently ended at 5.9%

AVERAGE ASKING RATES ended the quarter at \$1.39 PSF on a triple net lease (NNN) basis

AVERAGE SALE PRICES were \$325.04 PSF with a cap rate of 3.6%

LEASE RATE, VACANCY & AVAILABILITY

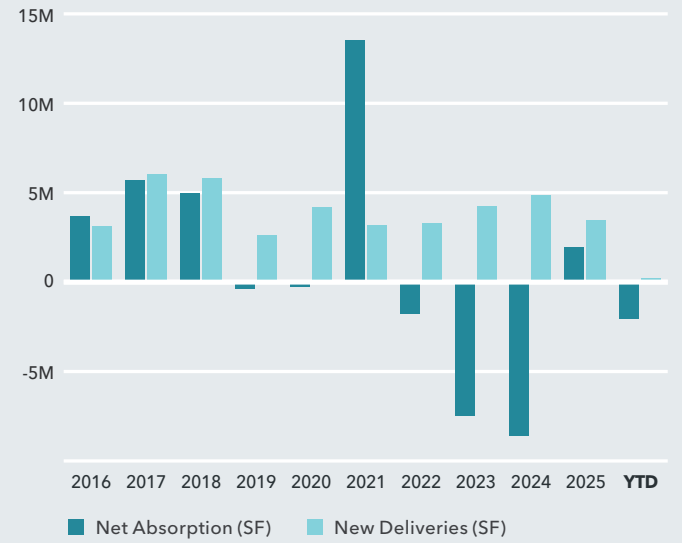


BIGGEST SALE OF THE QUARTER

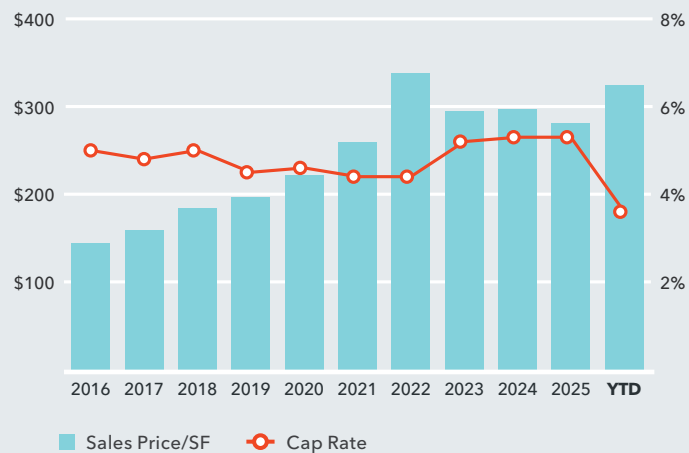
588 Crenshaw Blvd, Torrance CA



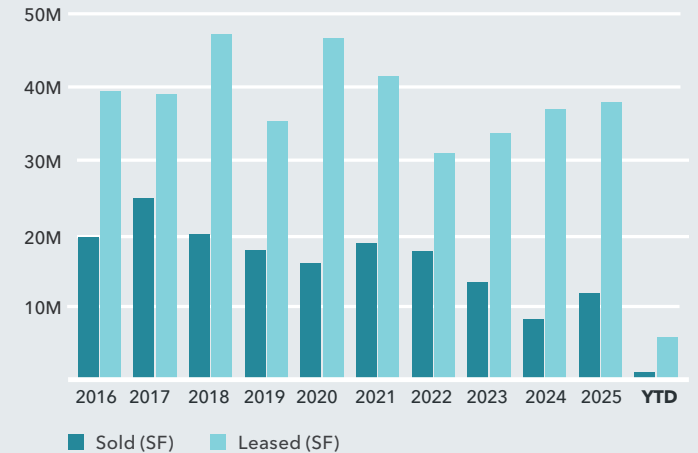
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Availability Rate	1Q26 Direct Net Absorption	YTD Net Direct Absorption	1Q26 Total Leasing Activity	YTD Total Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,710,083	2.0%	0.0%	2.0%	2.7%	18,125	18,125	9,163	9,163	\$1.30
Commerce	45,630,290	6.7%	0.5%	7.2%	9.6%	529,426	529,426	376,817	376,817	\$1.26
Huntington Park/Cudahy	4,700,994	6.3%	0.2%	6.6%	10.7%	-9,067	-9,067	16,350	16,350	\$1.00
Los Angeles	128,291,147	7.0%	0.4%	7.3%	9.2%	-545,782	-545,782	606,962	606,962	\$1.60
Montebello/Monterey Park	11,853,279	2.8%	0.7%	3.6%	4.7%	284,614	284,614	396,163	396,163	\$1.47
Pico Rivera	10,273,196	6.0%	1.7%	7.7%	9.3%	-18,129	-18,129	130,575	130,575	\$1.37
South Gate	10,052,168	1.5%	0.4%	1.9%	3.6%	6,663	6,663	0	0	\$1.08
Vernon	44,817,347	5.8%	0.6%	6.5%	8.8%	-353,004	-353,004	468,706	468,706	\$1.27
Central	263,328,504	6.1%	0.5%	6.6%	8.6%	-87,154	-87,154	2,004,736	2,004,736	\$1.37
Artesia/Cerritos	13,163,979	5.3%	1.1%	6.4%	11.5%	36,907	36,907	14,023	14,023	\$1.07
Bellflower/Downey	5,712,465	2.1%	0.6%	2.7%	5.6%	133,117	133,117	29,780	29,780	\$1.66
Buena Park/La Palma	14,977,124	11.0%	2.8%	13.8%	13.5%	-125,567	-125,567	127,439	127,439	\$1.22
La Mirada	13,287,350	6.7%	2.2%	8.9%	15.6%	82,364	82,364	195,236	195,236	\$1.31
Norwalk	2,925,358	2.3%	0.3%	2.7%	8.6%	-46,239	-46,239	8,300	8,300	\$1.49
Paramount	9,450,875	3.8%	0.2%	4.1%	8.5%	-60,044	-60,044	60,216	60,216	\$1.10
Santa Fe Springs	54,475,056	4.9%	0.3%	5.2%	6.9%	31,491	31,491	590,624	590,624	\$1.40
Whittier	4,040,913	15.0%	0.3%	15.3%	16.2%	199,081	199,081	144,698	144,698	\$1.19
Mid-Cities	118,033,120	6.0%	0.9%	6.9%	9.7%	251,110	251,110	1,170,316	1,170,316	\$1.28
Alhambra	2,270,848	0.3%	1.9%	2.2%	2.7%	13,161	13,161	2,180	2,180	\$1.40
Arcadia/Temple City	3,146,879	5.0%	0.0%	5.0%	5.2%	-83,991	-83,991	3,186	3,186	\$2.17
Azusa	6,911,626	14.3%	3.1%	17.4%	20.0%	-381,586	-381,586	63,264	63,264	\$1.30
Baldwin Park	5,300,143	2.8%	0.0%	2.8%	2.5%	-8,159	-8,159	17,959	17,959	-
City of Industry/DB/HH/RH	77,555,655	4.4%	1.4%	5.8%	7.4%	-472,919	-472,919	320,784	320,784	\$1.37
Covina/West Covina	3,497,190	3.9%	0.3%	4.1%	14.7%	-28,197	-28,197	44,466	44,466	\$1.83
Duarte	1,740,877	5.3%	0.0%	5.3%	7.0%	3,494	3,494	5,240	5,240	\$1.23
El Monte	8,849,161	6.9%	2.0%	8.9%	9.7%	-299,696	-299,696	19,582	19,582	\$1.29
Irwindale	13,463,778	6.3%	0.4%	6.7%	7.6%	23,890	23,890	183,668	183,668	\$1.30
La Puente	2,188,721	9.6%	0.0%	9.6%	6.7%	3,000	3,000	73,461	73,461	\$1.24
Glendora/La Verne/San Dimas	6,707,001	8.0%	0.2%	8.2%	8.5%	-15,261	-15,261	28,403	28,403	\$1.60
Monrovia	3,345,053	2.8%	0.0%	2.8%	3.9%	-14,404	-14,404	27,271	27,271	\$1.70
Pomona/Claremont	20,164,414	3.2%	2.7%	5.8%	7.4%	-76,481	-76,481	20,823	20,823	\$1.12
Rosemead/San Gabriel	2,177,159	2.5%	0.0%	2.5%	2.2%	884	884	14,106	14,106	\$1.25
South El Monte	11,420,323	4.0%	0.2%	4.1%	3.9%	-71,758	-71,758	78,162	78,162	\$1.41
Walnut	7,164,845	3.8%	0.5%	4.3%	3.5%	-8,020	-8,020	18,343	18,343	\$1.75
San Gabriel Valley	175,903,673	4.9%	1.2%	6.2%	7.4%	-1,416,043	-1,416,043	920,898	920,898	\$1.33
Carson	36,096,895	6.5%	0.4%	6.9%	8.1%	-666,018	-666,018	182,244	182,244	\$1.55
Compton	25,667,113	7.8%	1.1%	9.0%	12.0%	57,855	57,855	0	0	\$1.29
El Segundo	8,099,842	3.0%	0.2%	3.2%	3.5%	41,866	41,866	55,021	55,021	\$2.13
Gardena	29,548,815	6.3%	0.2%	6.6%	7.3%	-33,209	-33,209	205,192	205,192	\$1.30
Harbor City	1,832,901	6.2%	0.0%	6.2%	6.2%	-86,305	-86,305	0	0	-
Hawthorne	8,668,015	1.9%	0.1%	2.1%	1.9%	158,138	158,138	28,600	28,600	\$1.78
Inglewood	4,779,350	1.7%	2.6%	4.2%	4.4%	-10,235	-10,235	5,116	5,116	\$1.91
Lakewood/Hawaiian Gardens	539,173	0.0%	0.0%	0.0%	7.9%	5,199	5,199	5,199	5,199	\$0.75
Lawndale	279,665	4.3%	0.0%	4.3%	7.5%	-2,100	-2,100	0	0	-
Long Beach/Terminal Island	24,629,229	9.8%	0.5%	10.3%	14.6%	-202,961	-202,961	49,580	49,580	\$1.50
Lynwood	4,076,526	1.5%	0.0%	1.5%	2.5%	-1,167	-1,167	0	0	\$1.72
Rancho Dominguez/E Rancho Dominguez	13,847,795	9.1%	1.5%	10.6%	10.7%	-78,174	-78,174	215,560	215,560	\$1.50
Redondo/Hermosa Beach	1,753,037	0.0%	0.0%	0.0%	3.1%	0	0	45,258	45,258	-
San Pedro	2,782,567	13.2%	0.0%	13.2%	13.9%	0	0	0	0	\$1.95
Signal Hill	3,103,870	3.9%	0.0%	3.9%	5.7%	-28,376	-28,376	6,000	6,000	\$0.75
Torrance	29,348,862	5.8%	0.9%	6.7%	10.9%	60,110	60,110	964,801	964,801	\$1.73
Wilmington	4,008,430	1.6%	0.9%	2.4%	4.5%	-8,956	-8,956	0	0	\$1.58
South Bay	199,062,085	6.4%	0.6%	7.1%	9.1%	-794,333	-794,333	1,762,571	1,762,571	\$1.52
Los Angeles Total	756,327,382	5.9%	0.8%	6.7%	8.6%	-2,046,420	-2,046,420	5,858,521	5,858,521	\$1.39

SIGNIFICANT SALE TRANSACTIONS 1Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Link South Bay Distribuion Center	South Bay	265,418	\$123,000,000	\$463.42	Crenshaw Star, LLC	Link Logistics Real Estate
14380-14450 Industry Cir	Mid-Cities	303,754	\$55,000,500	\$181.07	Cypress Industry Circle, LLC	Blatt Realty, L.P.
Frito-Lay Distribution Center	South Bay	76,007	\$51,500,000	\$677.57	EQT Exeter RE Income Trust	Frito-Lay
1800 S Anderson Ave	South Bay	83,527	\$28,181,000	\$337.39	Yuejie	Aloha Freight Forwarders, Inc.
14848 Northam St	Mid-Cities	96,916	\$28,000,000	\$288.91	Otoki America	Tomarco Contractor Supply, Inc.
4600-4620 S Santa Fe Ave	Central Los Angeles	114,720	\$18,000,000	\$156.90	Paper Source Converting	Consolidated Fabricators Corp.

SIGNIFICANT LEASE TRANSACTIONS 1Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
L.B. Goodman Commerce Center	South Bay	504,810	February 2026	Goodman N.A. Management	Amazon
Harbor Gateway Center	South Bay	442,550	February 2026	Prologis, Inc.	Apex Logistics
2101 W Flotilla St	Central Los Angeles	326,517	January 2026	DWS Group	SpeedX
Gateway Logistics Center	South Bay	251,606	February 2026	Ares Management Capital Markets	Undisclosed (Sublease)
Mattel Design Facility	South Bay	205,433	February 2026	GPI Companies	Varda Space Industries
Harbor Gateway Center	South Bay	199,927	January 2026	Prologis, Inc.	NX Lifestyle Logistics

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
1600 W 135th St	1600 W 135th St	South Bay	190,860	Invesco Ltd.	April 2027
12300 Lakeland Rd	12300 Lakeland Rd	Mid-Cities	185,056	Duke Realty Corporation	October 2026
14940 Proctor Ave	14940 Proctor Ave	SGV	160,094	Rexford Industrial Realty, Inc.	May 2026
South Bay Logistics Center	1515 W 190th St	South Bay	143,688	The Ruth Group	September 2028

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	32.4M ANNUAL SALES SF	32.5M ANNUAL LEASING SF
ASSET SERVICES	55M SF MANAGEMENT PORTFOLIO SIZE	800+ ASSETS UNDER MANAGEMENT	250+ CLIENTS SERVED
VALUATION ADVISORY	2,700+ AVERAGE ANNUAL ASSIGNMENTS	42 TOTAL APPRAISERS	23 WITH MAI DESIGNATIONS