

## MARKET TRENDS

# LOS ANGELES

## INDUSTRIAL

### MARKET DRIVERS

The Los Angeles industrial market saw increased leasing activity in Q2 2026 as user demand and market optimism continued to improve. While recent geopolitical developments have created volatility in air and ocean freight, driving higher transportation and fuel costs that continue to impact occupier decisions, demand remains strong among advanced manufacturing, aerospace/defense, satellite, warehouse, 3PL, and traditional manufacturing users. Activity has been particularly robust in key South Bay submarkets, where new construction in Torrance is achieving some of the highest rental rates in the region. Demand remains strongest for Class A product, with Class B space also gaining momentum.

### LEASING DEMAND & SALE MARKET

Key leasing activity included Valar Atomics' 500,000 SF lease in a Morgan Stanley-owned Class A building in Torrance, Divergent Technologies' 400,000 SF lease in Long Beach, Karman Space & Defense's 150,000 SF lease in Torrance at a base rate of \$2.50 NNN, and Hadrian's pre-lease of two buildings in Sares Regis' Phase III development at the former Toyota campus. Additional logistics activity included two new leases with Watson Land Company totaling 150,000 SF: a 50,000 SF lease for Stevens Global and a 100,000 SF lease for H2O Logistics. Rexford's two new buildings on Voyager in Torrance have also attracted strong interest and are expected to be fully leased before their September completion.

While not as robust as the increase in leasing activity, pricing appears to be stabilizing, even with the shift in Fed position pivoting from future rate decreases with the now more probable rate hikes. Notable sale transactions include Negresco Property Group's off-market acquisition of a three-acre site north of LAX for \$135 per land foot, as well as Lift Partners' purchase of a Terreno-owned Class B building in Torrance.

### NEAR-TERM OUTLOOK

Advanced manufacturing, aerospace/defense, satellite, and space-related companies are expected to remain active in Los Angeles, particularly the South Bay. Traditional warehouse and 3PL users are expected to continue pursuing functional space as availability tightens. Demand should remain strongest for well-located buildings, while less functional Class B properties may continue to face leasing challenges. Sale activity is expected to improve modestly as pricing stabilizes and financing remains available for qualified owner-users.

### Market Summary

|                                | 2Q26      | 1Q26       | 2Q25       | YOY Change |
|--------------------------------|-----------|------------|------------|------------|
| Direct Vacancy Rate            | 6.0%      | 5.9%       | 5.6%       | 7.65%      |
| Total Availability Rate        | 8.2%      | 8.4%       | 8.5%       | -3.24%     |
| Direct Asking Lease Rate/SF/Mo | \$1.37    | \$1.38     | \$1.46     | -6.16%     |
|                                | 2Q26      | 2026 YTD   | 2025 YTD   | YOY Change |
| Total Lease Transactions (SF)  | 6,210,673 | 16,672,362 | 38,495,313 | -56.69%    |
| Sale Transactions (SF)         | 1,539,519 | 3,466,011  | 11,905,235 | -70.89%    |
| Direct Net Absorption (SF)     | -863,475  | -2,599,239 | -2,599,239 | N/A        |

↓ 6.2M SF  
LEASING ACTIVITY

↓ -863K SF  
NET ABSORPTION

↑ 6.0%  
VACANCY RATE

↓ \$1.37  
ASKING RENT (AVG)

↓ 184K SF  
NEW DELIVERIES

Year-Over-Year Trend

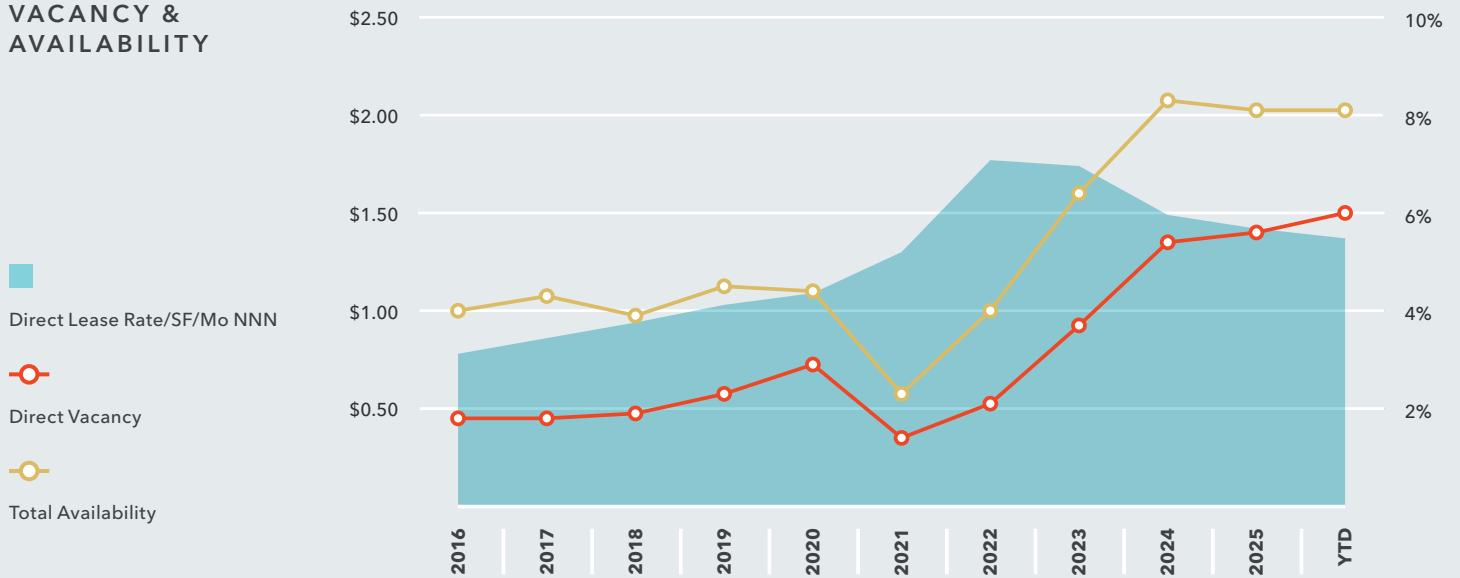
### Market Highlights

**DIRECT MARKET VACANCY**  
in Los Angeles is currently ended at 6.0%

**AVERAGE ASKING RATES**  
ended the quarter at \$1.37 PSF on a triple net lease (NNN) basis

**AVERAGE SALE PRICES**  
were \$283.59 PSF with a cap rate of 5.7%

## LEASE RATE, VACANCY & AVAILABILITY

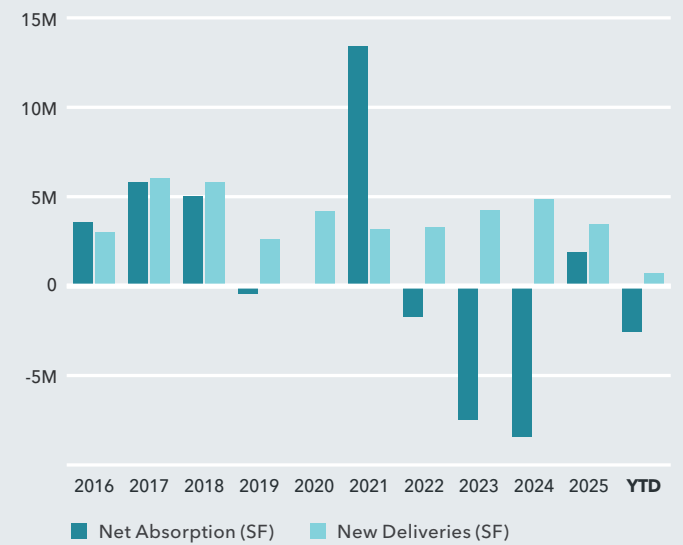


## BIGGEST SALE OF THE QUARTER

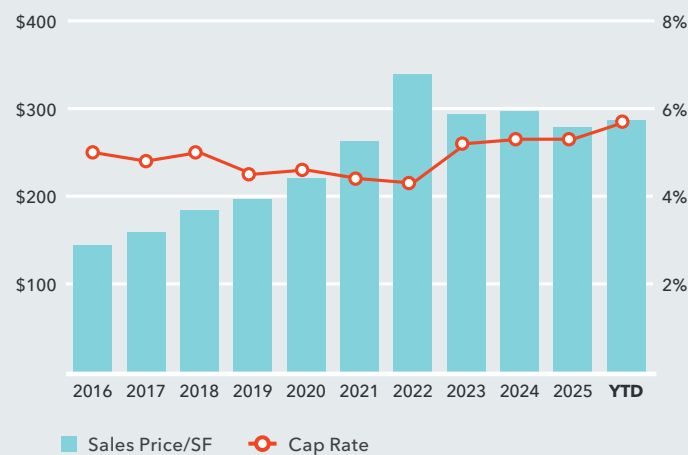
*Golden West Food, Vernon*



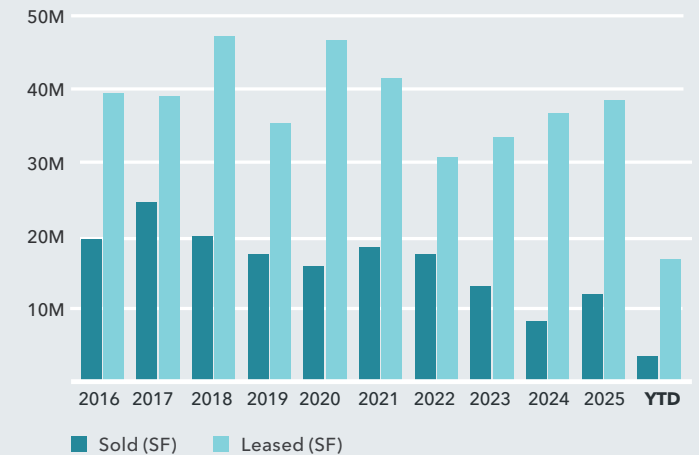
## NET ABSORPTION & NEW DELIVERIES



## 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 | 2Q26 Direct Net Absorption | YTD Net Direct Absorption | 2Q26 Total Leasing Activity | YTD Total Leasing Activity | Average Rental Rate (NNN) |
|-------------------------------------|--------------------|---------------------|---------------------|--------------------|-------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|---------------------------|
| Bell/Bell Gardens/Maywood           | 7,710,083          | 2.9%                | 0.0%                | 2.9%               | 3.8%                    | 9,936                      | -56,277                   | 0                           | 19,099                     | \$1.24                    |
| Commerce                            | 45,524,656         | 6.6%                | 0.9%                | 7.5%               | 7.1%                    | 108,759                    | 590,255                   | 617,749                     | 1,403,191                  | \$1.29                    |
| Huntington Park/Cudahy              | 4,711,836          | 5.6%                | 0.2%                | 5.8%               | 6.8%                    | -46,910                    | 25,940                    | 52,450                      | 131,840                    | \$1.00                    |
| Los Angeles                         | 127,847,454        | 6.7%                | 0.3%                | 7.0%               | 8.5%                    | -45,419                    | -240,610                  | 655,658                     | 1,647,901                  | \$1.52                    |
| Montebello/Monterey Park            | 11,901,674         | 4.9%                | 0.5%                | 5.4%               | 5.7%                    | -223,732                   | 35,755                    | 85,815                      | 555,876                    | \$1.35                    |
| Pico Rivera                         | 10,277,489         | 7.0%                | 0.3%                | 7.4%               | 7.0%                    | -102,682                   | -124,770                  | 80,738                      | 293,671                    | \$1.37                    |
| South Gate                          | 10,114,939         | 1.5%                | 0.0%                | 1.5%               | 3.6%                    | 5,594                      | 6,537                     | 0                           | 1,675                      | \$1.08                    |
| Vernon                              | 44,973,090         | 6.3%                | 0.7%                | 7.0%               | 9.1%                    | -260,651                   | -572,616                  | 133,454                     | 866,977                    | \$1.23                    |
| <b>Central</b>                      | <b>263,061,221</b> | <b>6.2%</b>         | <b>0.5%</b>         | <b>6.7%</b>        | <b>7.8%</b>             | <b>-555,105</b>            | <b>-335,786</b>           | <b>1,625,864</b>            | <b>4,920,230</b>           | <b>\$1.34</b>             |
| Artesia/Cerritos                    | 13,115,014         | 5.7%                | 1.0%                | 6.7%               | 12.3%                   | -22,734                    | -11,418                   | 124,879                     | 197,444                    | \$1.08                    |
| Bellflower/Downey                   | 5,711,853          | 1.9%                | 1.0%                | 2.8%               | 3.0%                    | 9,049                      | 143,966                   | 60,233                      | 232,214                    | \$1.78                    |
| Buena Park/La Palma                 | 14,907,046         | 10.9%               | 7.6%                | 18.5%              | 21.5%                   | 26,520                     | -110,856                  | 3,968                       | 61,447                     | \$1.27                    |
| La Mirada                           | 13,245,301         | 12.3%               | 1.8%                | 14.1%              | 20.1%                   | -478,538                   | -660,181                  | 173,709                     | 370,545                    | \$1.23                    |
| Norwalk                             | 2,925,358          | 2.1%                | 0.3%                | 2.5%               | 1.9%                    | 8,003                      | -40,319                   | 23,159                      | 31,459                     | -                         |
| Paramount                           | 9,498,371          | 4.1%                | 0.0%                | 4.1%               | 7.0%                    | -3,919                     | -82,139                   | 79,156                      | 168,029                    | \$1.10                    |
| Santa Fe Springs                    | 54,524,799         | 4.5%                | 0.5%                | 5.0%               | 7.3%                    | 68,139                     | 254,317                   | 343,258                     | 1,243,252                  | \$1.40                    |
| Whittier                            | 4,042,410          | 14.7%               | 0.3%                | 14.9%              | 15.4%                   | -4,747                     | 212,726                   | 28,778                      | 175,996                    | \$1.19                    |
| <b>Mid-Cities</b>                   | <b>117,970,152</b> | <b>6.4%</b>         | <b>1.6%</b>         | <b>8.0%</b>        | <b>11.0%</b>            | <b>-398,227</b>            | <b>-293,904</b>           | <b>837,140</b>              | <b>2,480,386</b>           | <b>\$1.29</b>             |
| Alhambra                            | 2,306,602          | 1.4%                | 0.9%                | 2.3%               | 2.4%                    | 3,243                      | -10,509                   | 2,610                       | 9,635                      | \$1.40                    |
| Arcadia/Temple City                 | 3,146,879          | 5.8%                | 0.0%                | 5.8%               | 6.1%                    | -7,233                     | -108,121                  | 28,158                      | 38,355                     | \$3.00                    |
| Azusa                               | 6,829,979          | 8.7%                | 3.2%                | 11.8%              | 15.8%                   | 183,918                    | 13,268                    | 86,886                      | 372,374                    | \$1.12                    |
| Baldwin Park                        | 5,306,455          | 1.7%                | 0.0%                | 1.7%               | 2.6%                    | 22,310                     | 47,914                    | 28,903                      | 48,987                     | \$1.25                    |
| City of Industry/DB/HH/RH           | 77,739,403         | 3.9%                | 1.1%                | 5.1%               | 6.0%                    | 570,110                    | 85,582                    | 822,239                     | 1,316,131                  | \$1.37                    |
| Covina/West Covina                  | 3,581,823          | 3.8%                | 0.5%                | 4.2%               | 15.2%                   | -6,234                     | -27,913                   | 47,412                      | 94,582                     | \$2.02                    |
| Duarte                              | 1,740,877          | 9.6%                | 0.0%                | 9.6%               | 3.1%                    | -50,286                    | -70,578                   | 91,840                      | 108,528                    | \$1.22                    |
| El Monte                            | 8,869,988          | 5.8%                | 0.1%                | 5.9%               | 8.8%                    | 22,703                     | -199,121                  | 43,675                      | 143,992                    | \$0.98                    |
| Irwindale                           | 13,453,830         | 6.9%                | 0.1%                | 7.0%               | 5.8%                    | -55,346                    | -53,737                   | 7,825                       | 222,769                    | \$1.21                    |
| La Puente                           | 2,188,721          | 7.3%                | 0.0%                | 7.3%               | 3.6%                    | 46,113                     | 51,513                    | 69,110                      | 142,571                    | \$1.24                    |
| Glendora/La Verne/San Dimas         | 6,705,288          | 8.9%                | 0.0%                | 8.9%               | 9.7%                    | -47,644                    | -77,792                   | 15,449                      | 57,278                     | \$1.45                    |
| Monrovia                            | 3,317,446          | 3.3%                | 0.0%                | 3.3%               | 5.8%                    | 258                        | -32,030                   | 3,410                       | 33,581                     | \$1.70                    |
| Pomona/Claremont                    | 20,178,819         | 3.2%                | 1.3%                | 4.5%               | 6.9%                    | -26,251                    | -90,852                   | 137,891                     | 175,689                    | \$1.12                    |
| Rosemead/San Gabriel                | 2,196,052          | 2.3%                | 0.0%                | 2.3%               | 2.8%                    | 4,780                      | 3,715                     | 15,543                      | 33,849                     | \$1.21                    |
| South El Monte                      | 11,360,522         | 2.8%                | 0.4%                | 3.3%               | 3.5%                    | 98,178                     | 58,332                    | 71,543                      | 197,291                    | \$1.50                    |
| Walnut                              | 7,166,275          | 4.3%                | 0.1%                | 4.4%               | 6.3%                    | -36,661                    | -45,716                   | 13,305                      | 46,712                     | \$1.27                    |
| <b>San Gabriel Valley</b>           | <b>176,088,959</b> | <b>4.5%</b>         | <b>0.8%</b>         | <b>5.3%</b>        | <b>6.5%</b>             | <b>721,958</b>             | <b>-456,045</b>           | <b>1,485,799</b>            | <b>3,042,324</b>           | <b>\$1.41</b>             |
| Carson                              | 35,950,155         | 6.4%                | 0.2%                | 6.6%               | 6.4%                    | -8,713                     | -629,686                  | 489,277                     | 1,236,407                  | \$1.50                    |
| Compton                             | 25,370,483         | 10.0%               | 1.5%                | 11.5%              | 14.0%                   | -537,350                   | -479,374                  | 306,754                     | 380,443                    | \$1.28                    |
| El Segundo                          | 8,080,792          | 3.9%                | 0.2%                | 4.1%               | 4.5%                    | -14,741                    | -27,557                   | 27,623                      | 82,644                     | \$2.18                    |
| Gardena                             | 29,029,197         | 7.3%                | 0.1%                | 7.3%               | 9.4%                    | -187,612                   | -265,597                  | 155,583                     | 389,995                    | \$1.35                    |
| Harbor City                         | 1,832,901          | 6.2%                | 0.0%                | 6.2%               | 5.0%                    | 90                         | -85,965                   | 22,100                      | 24,600                     | -                         |
| Hawthorne                           | 8,715,654          | 1.9%                | 0.3%                | 2.2%               | 3.4%                    | 12,785                     | 162,957                   | 6,732                       | 36,932                     | \$1.76                    |
| Inglewood                           | 4,780,385          | 1.9%                | 2.6%                | 4.5%               | 5.3%                    | -4,819                     | -22,054                   | 1,145                       | 16,788                     | \$1.86                    |
| Lakewood/Hawaiian Gardens           | 509,173            | 0.0%                | 0.0%                | 0.0%               | 8.3%                    | 0                          | 5,199                     | 0                           | 5,199                      | \$0.75                    |
| Lawndale                            | 279,665            | 4.6%                | 0.0%                | 4.6%               | 7.8%                    | 1,050                      | -2,750                    | 3,800                       | 3,800                      | -                         |
| Long Beach/Terminal Island          | 25,031,518         | 9.8%                | 1.4%                | 11.2%              | 10.4%                   | -50,488                    | -126,212                  | 445,085                     | 1,171,263                  | \$1.47                    |
| Lynwood                             | 4,071,971          | 2.1%                | 0.0%                | 2.1%               | 3.2%                    | -27,804                    | -33,528                   | 1,200                       | 1,200                      | \$1.15                    |
| Rancho Dominguez/E Rancho Dominguez | 13,684,187         | 6.4%                | 1.7%                | 8.1%               | 10.2%                   | 19,385                     | 338,700                   | 39,089                      | 580,413                    | \$1.26                    |
| Redondo/Hermosa Beach               | 1,753,037          | 3.1%                | 0.0%                | 3.1%               | 0.2%                    | -51,229                    | -54,429                   | 51,229                      | 96,487                     | -                         |
| San Pedro                           | 2,782,567          | 13.2%               | 0.0%                | 13.2%              | 13.9%                   | -1,455                     | -1,455                    | 0                           | 0                          | \$1.97                    |
| Signal Hill                         | 3,031,805          | 3.6%                | 1.4%                | 5.1%               | 3.9%                    | 18,828                     | -16,876                   | 36,586                      | 89,995                     | \$1.37                    |
| Torrance                            | 29,429,983         | 6.4%                | 1.3%                | 7.8%               | 8.5%                    | 357,261                    | -88,768                   | 647,608                     | 2,083,615                  | \$1.69                    |
| Wilmington                          | 4,092,970          | 5.8%                | 1.1%                | 6.9%               | 8.0%                    | -157,289                   | -186,109                  | 28,059                      | 29,641                     | \$1.27                    |
| <b>South Bay</b>                    | <b>198,426,443</b> | <b>6.9%</b>         | <b>0.8%</b>         | <b>7.8%</b>        | <b>8.6%</b>             | <b>-632,101</b>            | <b>-1,513,504</b>         | <b>2,261,870</b>            | <b>6,229,422</b>           | <b>\$1.47</b>             |
| <b>Los Angeles Total</b>            | <b>755,546,775</b> | <b>6.0%</b>         | <b>0.8%</b>         | <b>6.9%</b>        | <b>8.2%</b>             | <b>-863,475</b>            | <b>-2,559,239</b>         | <b>6,210,673</b>            | <b>16,672,362</b>          | <b>\$1.37</b>             |

## SIGNIFICANT SALE TRANSACTIONS 2Q 2026

| Property                           | Submarket           | SF      | Sale Price   | \$/SF    | Buyer                 | Seller                          |
|------------------------------------|---------------------|---------|--------------|----------|-----------------------|---------------------------------|
| Golden West Food                   | Central Los Angeles | 238,457 | \$87,142,000 | \$365.44 | New Mountain Capital  | Golden West Food Group          |
| The Danfoss Manufacturing Building | SGV                 | 96,948  | \$43,333,500 | \$446.98 | Blue Owl Capital      | Eaton Corporation               |
| Centron Industries Building        | South Bay           | 146,765 | \$34,900,000 | \$237.80 | Dermody               | Rexford Industrial Realty, Inc. |
| 5555 E Slauson Ave                 | Central Los Angeles | 91,010  | \$34,129,000 | \$375.00 | Holland Flower Market | BCI                             |
| 3507 Jack Northrop Ave             | South Bay           | 40,553  | \$32,500,000 | \$801.42 | Olive Point Capital   | Jofa Capital, LLC               |
| Pacific Gateway Industrial Park    | South Bay           | 98,659  | \$31,100,000 | \$315.23 | Lift Partners         | Terreno Realty                  |

## SIGNIFICANT LEASE TRANSACTIONS 2Q 2026

| Property                | Submarket           | SF      | Transaction Date | Landlord               | Tenant                       |
|-------------------------|---------------------|---------|------------------|------------------------|------------------------------|
| Bridge Point South Bay  | South Bay           | 512,490 | May 2026         | Morgan Stanley & Co.   | Valar Atomics                |
| Bridge Point Long Beach | South Bay           | 415,312 | June 2026        | Kurv Industrial        | Divergent Technologies, Inc. |
| 7400 E Slauson Ave      | Central Los Angeles | 283,621 | April 2026       | Prologis               | Pixior LLC                   |
| Bldg 140                | South Bay           | 200,892 | April 2026       | Watson Land Company    | Undisclosed                  |
| Airgas                  | SGV                 | 197,775 | May 2026         | Prudential             | Undisclosed (Sublease)       |
| 20500 S Alameda St      | South Bay           | 147,390 | June 2026        | CenterPoint Properties | Custom Goods                 |

## 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                   | June 2026      |
| Mid Counties Distribution Ctr       | 12300 Lakeland Rd   | Mid-Cities          | 185,056 | Duke Realty Corporation         | October 2026   |
| Prologis Shoemaker Distribution Ctr | 16323 Shoemaker Ave | Mid-Cities          | 160,837 | Prologis, Inc.                  | February 2028  |
| 14940 Proctor Ave                   | 14940 Proctor Ave   | SGV                 | 160,094 | Rexford Industrial Realty, Inc. | July 2026      |
| South Bay Logistics Center          | 1515 W 190th St     | South Bay           | 143,688 | The Ruth Group                  | December 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**32.4M**ANNUAL  
SALES SF**32.5M**ANNUAL  
LEASING SF**ASSET  
SERVICES****54M 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