

MARKET TRENDS

LOS ANGELES INDUSTRIAL

MARKET DRIVERS

Following strong performance in Q2, South Bay continues to see solid demand for Class A buildings from defense technology, advanced manufacturing, space/satellite, and, to a lesser degree, logistics users. Limited availability of planned and under-construction buildings is contributing to increased competition for space. Castelson, a missile manufacturer, leased an existing Class A building in North Torrance for more than \$3.00 PSF NNN.

LEASING DEMAND

Class A buildings are now routinely leasing at NNN rents ranging from approximately \$2.40 to \$2.75 PSF. Many leases require enhanced security deposits, often in the form of a letter of credit equal to 9-12 months of gross rent. Rexford completed leases for two 30,000 SF buildings on Voyager in Torrance as construction was finishing. Sares Regis continues to see leasing activity at Phase III of the former Toyota campus. Quality Class B buildings with a minimum 24-foot clear height and dock-high loading for every 5,000 SF of warehouse are also seeing increased activity. Average Class B properties continue to face uneven leasing activity, sometimes resulting in extended periods of vacancy.

SALE MARKET

A notable pending sale is 18500 Crenshaw Blvd in Torrance. Lift Partners has this 180,269 SF concrete tile building, built in 1999, on the market for \$425 PSF. The property features nearly 50,000 SF of office space, a 30-foot clear height, and limited truck loading. The 100%-leased building is occupied by a recently established space and satellite company, with Hines reportedly under contract to acquire the property at approximately a 6% cap rate. Overall sale activity has increased, although financing conditions continue to factor into buyer underwriting and transaction activity.

NEAR-TERM OUTLOOK

As the supply of newly built Class A buildings is quickly absorbed, rents for high-quality Class B properties are expected to rise. Sale activity may remain measured as buyers factor short- and long-term debt options into their underwriting and exit cap rates. Leasing activity is expected to continue improving, supported by demand from advanced manufacturing, defense technology, space/satellite, and other industrial users seeking high-quality, well-located space.

Market Summary

	3Q26	2Q26	3Q25	YOY Change
Direct Vacancy Rate	6.0%	5.9%	5.7%	30 bps
Total Availability Rate	8.4%	8.0%	8.3%	10 bps
Direct Asking Lease Rate/SF/Mo	\$1.36	\$1.37	\$1.41	-3.55%
	3Q26	2026 YTD	2025 YTD	YOY Change
Total Lease Transactions (SF)	5,872,077	29,427,535	38,921,167	-24.39%
Sale Transactions (SF)	1,329,397	6,835,780	11,441,139	-40.25%
Direct Net Absorption (SF)	-686,385	-1,660,799	1,873,860	N/A

↓ **5.9M SF**
LEASING ACTIVITY

↓ **-686K SF**
NET ABSORPTION

↑ **6.0%**
DIRECT VACANCY RATE

↓ **\$1.36**
ASKING RENT (AVG)

↓ **674K SF**
NEW DELIVERIES

Year-Over-Year Trend

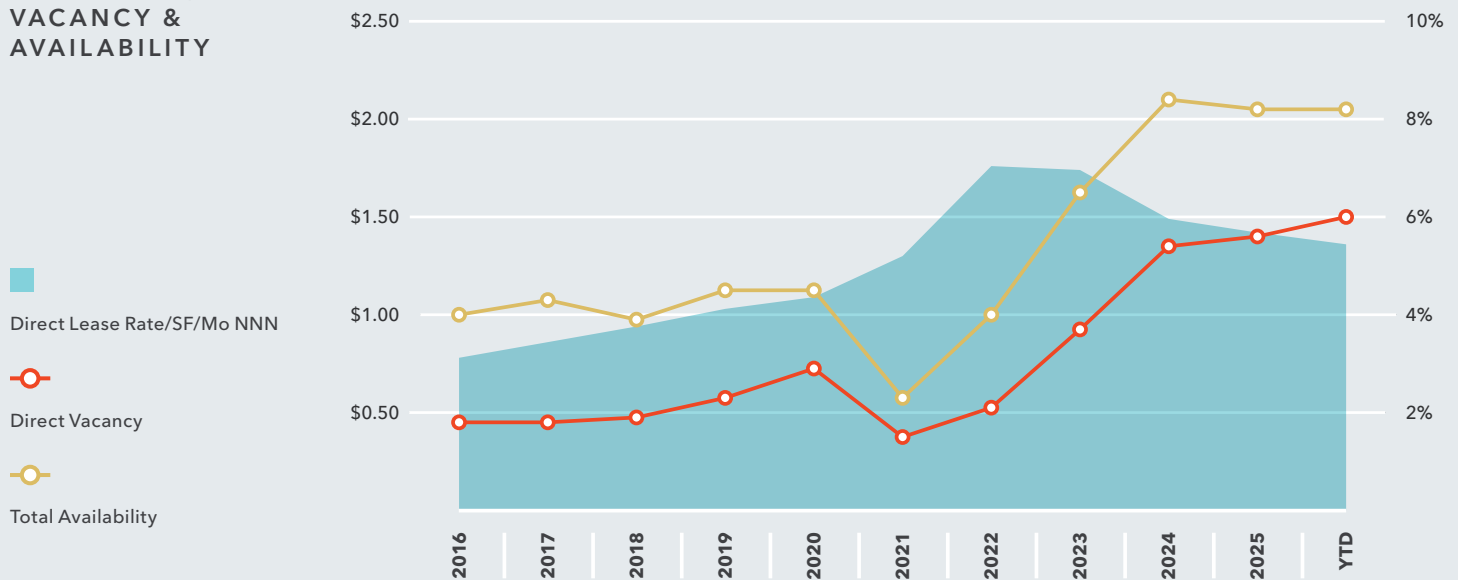
Market Highlights

DIRECT MARKET VACANCY
in Los Angeles ended the quarter at 6.0%

AVERAGE ASKING RATES
ended the quarter at \$1.36 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

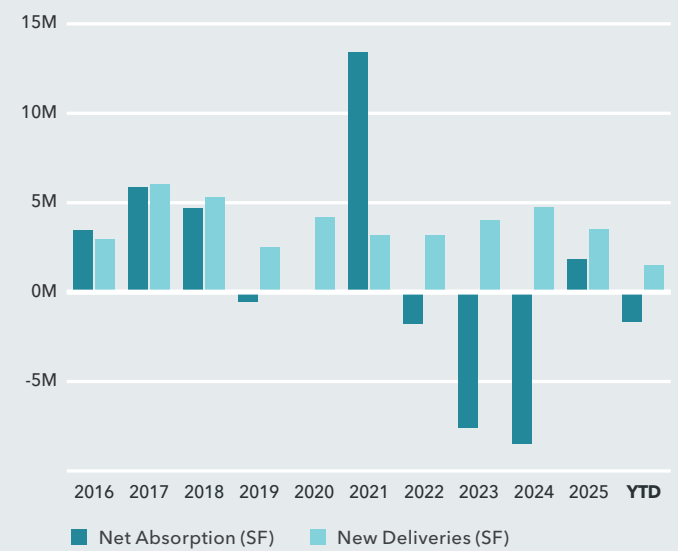


BIGGEST SALE OF THE QUARTER

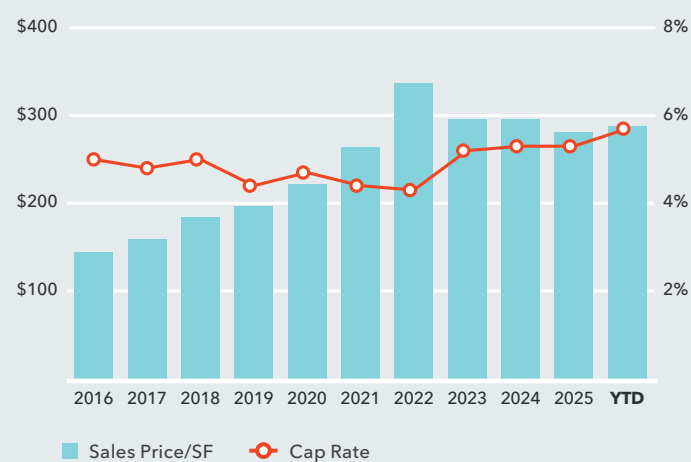
Marq Logistics, Santa Fe Springs



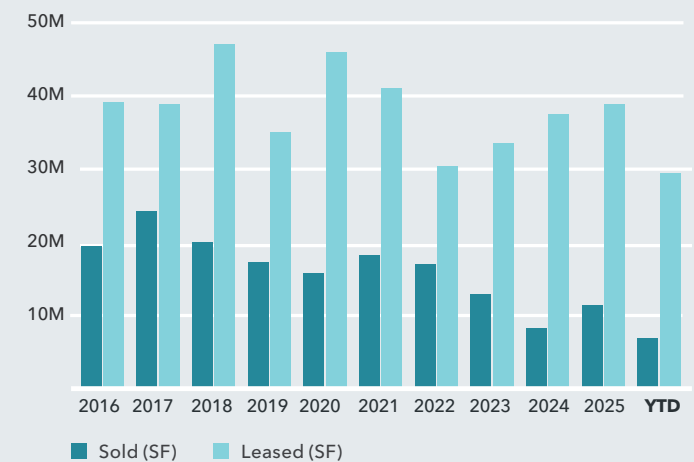
NET ABSORPTION & NEW DELIVERIES



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	3Q26 Direct Net Absorption	YTD Net Direct Absorption	3Q26 Total Leasing Activity	YTD Total Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,970,492	3.1%	0.0%	3.1%	4.6%	-18,444	-74,721	76,849	95,948	\$1.26
Commerce	45,137,319	6.3%	0.8%	7.1%	7.4%	292,856	1,030,579	460,053	2,500,474	\$1.27
Huntington Park/Cudahy	4,595,620	1.9%	0.2%	2.2%	4.1%	130,118	200,353	83,421	272,756	\$1.00
Los Angeles	125,066,422	7.0%	0.3%	7.3%	8.7%	-597,516	-586,885	655,244	3,036,113	\$1.54
Montebello/Monterey Park	11,886,884	5.1%	0.2%	5.3%	5.4%	-63,249	6,435	24,806	748,185	\$1.34
Pico Rivera	10,128,065	5.1%	0.0%	5.1%	4.8%	138,434	75,478	72,752	437,740	\$1.40
South Gate	9,982,039	2.6%	0.0%	2.6%	4.5%	-102,981	-101,459	72,000	119,356	\$0.90
Vernon	44,609,980	5.2%	0.7%	6.0%	7.4%	309,662	143	260,547	1,712,027	\$1.21
Central	259,376,821	6.0%	0.4%	6.4%	7.6%	88,880	549,923	1,705,672	8,922,599	\$1.33
Artesia/Cerritos	13,105,294	6.4%	1.0%	7.5%	15.2%	-131,135	-105,785	135,489	519,093	\$1.03
Bellflower/Downey	5,519,451	1.1%	0.7%	1.8%	2.8%	22,542	192,580	13,400	247,354	\$1.34
Buena Park/La Palma	14,932,691	11.9%	0.0%	11.9%	21.4%	-200,284	-262,225	73,731	402,145	\$1.26
La Mirada	13,184,221	15.0%	1.8%	16.8%	17.2%	-264,058	-1,006,774	247,003	1,114,121	\$1.20
Norwalk	2,933,130	7.6%	0.0%	7.6%	7.5%	-158,059	-199,962	2,900	32,343	-
Paramount	9,530,074	4.3%	0.0%	4.3%	5.5%	22,798	-107,242	150,275	532,099	\$1.08
Santa Fe Springs	54,517,192	4.4%	0.7%	5.1%	7.2%	-207,526	263,122	526,492	2,300,481	\$1.38
Whittier	4,035,885	14.4%	0.4%	14.8%	14.7%	20,724	226,250	6,027	94,862	\$1.19
Mid-Cities	117,757,938	7.0%	0.7%	7.7%	10.9%	-894,998	-1,000,036	1,155,317	5,242,498	\$1.27
Alhambra	2,285,125	2.4%	0.0%	2.4%	2.3%	1,200	-33,340	12,937	25,872	\$1.40
Arcadia/Temple City	3,145,553	5.6%	0.0%	5.6%	6.3%	16,172	-102,707	3,612	47,456	\$3.00
Azusa	6,856,577	6.9%	2.9%	9.8%	12.6%	129,508	133,475	170,260	655,124	\$1.11
Baldwin Park	5,277,648	2.8%	0.0%	2.8%	3.1%	-66,053	-9,215	18,013	80,774	\$1.37
City of Industry/DB/HH/RH	77,258,245	4.5%	1.4%	5.9%	7.4%	-277,029	-204,891	566,925	2,300,518	\$1.37
Covina/West Covina	3,554,889	7.9%	0.5%	8.4%	16.3%	-120,245	-175,465	24,148	144,550	\$1.89
Duarte	1,740,877	5.5%	0.3%	5.8%	2.5%	60,027	897	15,400	138,528	\$1.22
El Monte	8,876,738	5.9%	0.2%	6.1%	9.1%	654	-209,193	65,640	226,868	\$1.27
Irwindale	13,467,007	7.1%	0.1%	7.2%	5.6%	117,197	-82,456	62,132	445,102	\$1.17
La Puente	2,181,403	0.6%	0.0%	0.6%	2.4%	146,616	198,129	26,600	169,171	-
Glendora/La Verne/San Dimas	6,372,866	9.4%	0.0%	9.4%	9.7%	-60,455	-77,605	17,767	86,534	\$1.45
Monrovia	3,291,229	4.2%	0.0%	4.2%	6.1%	-14,318	-59,460	26,208	67,389	\$1.75
Pomona/Claremont	20,085,139	3.6%	0.2%	3.8%	4.2%	-81,961	-170,658	44,731	429,550	\$1.22
Rosemead/San Gabriel	2,207,774	2.8%	0.0%	2.8%	3.1%	-16,171	-7,185	18,421	53,040	-
South El Monte	11,453,062	4.8%	0.6%	5.4%	6.5%	-104,723	-67,731	55,564	286,631	\$1.48
Walnut	6,777,518	6.7%	2.0%	8.7%	8.7%	-148,844	-199,442	32,609	86,216	\$1.43
San Gabriel Valley	174,831,650	5.0%	0.9%	5.9%	7.1%	-418,425	-1,066,847	1,160,967	5,243,323	\$1.42
Carson	36,021,344	6.0%	0.2%	6.2%	10.4%	-72,498	-479,538	96,824	1,683,919	\$1.37
Compton	25,202,001	10.5%	1.4%	11.9%	13.4%	-387,397	-605,893	253,049	768,422	\$1.25
El Segundo	8,073,424	4.8%	0.2%	5.0%	5.7%	-4,055	-98,904	4,844	87,488	\$2.21
Gardena	28,551,662	6.7%	0.3%	7.0%	8.2%	37,660	-71,520	122,495	1,208,841	\$1.36
Harbor City	1,821,683	4.7%	0.0%	4.7%	4.7%	20,510	-58,455	3,000	27,600	-
Hawthorne	8,485,637	2.1%	1.1%	3.2%	3.5%	-18,529	150,835	104,122	141,960	\$1.74
Inglewood	4,780,527	2.0%	2.6%	4.6%	5.1%	-5,271	-27,188	14,264	49,365	\$1.83
Lakewood/Hawaiian Gardens	509,173	4.9%	0.0%	4.9%	13.3%	-25,162	-19,963	0	5,199	\$1.16
Lawndale	269,665	4.4%	0.0%	4.4%	6.7%	950	-1,800	0	3,800	-
Long Beach/Terminal Island	24,750,703	6.7%	0.8%	7.5%	9.6%	739,711	783,816	290,941	2,004,322	\$1.61
Lynwood	4,106,283	1.9%	0.0%	1.9%	3.7%	7,648	-25,880	0	22,556	\$1.13
Rancho Dominguez/E Rancho Dominguez	13,746,890	6.2%	0.7%	6.9%	9.4%	-40,277	380,698	284,244	919,331	\$1.24
Redondo/Hermosa Beach	1,615,937	3.4%	0.0%	3.4%	0.3%	-940	-55,369	0	147,786	-
San Pedro	2,782,567	1.2%	0.0%	1.2%	1.9%	335,434	333,979	340,354	340,354	\$1.97
Signal Hill	2,996,112	2.7%	0.0%	2.7%	3.8%	22,302	11,793	9,799	121,734	\$1.21
Torrance	29,824,795	6.8%	2.1%	8.9%	9.7%	-79,880	-182,290	313,011	2,443,623	\$1.64
Wilmington	4,079,855	5.7%	1.1%	6.7%	7.7%	7,952	-178,160	13,174	42,815	\$1.23
South Bay	197,618,258	6.3%	0.9%	7.2%	9.0%	538,158	-143,839	1,850,121	10,019,115	\$1.47
Los Angeles Total	749,584,667	6.0%	0.7%	6.7%	8.4%	-686,385	-1,660,799	5,872,077	29,427,535	\$1.36

SIGNIFICANT SALE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Marq Logistics Mid-Counties Dist. Cntr.	Mid-Cities	150,548	\$51,250,000	\$340.42	Travelers Club Luggage	Ares Management Corp.
8685 Bowers Ave	Central Los Angeles	203,336	\$35,774,500	\$175.94	8685 Bowers Avenue, LLC	Hines
Smoky Hollow Industrial/Flex Campus	South Bay	79,381	\$34,300,000	\$432.09	Smoky Hollow Industries	Satco, Inc.
CommerceCentre@BuenaPark	North County	92,395	\$28,100,000	\$304.13	Undisclosed	Rexford Industrial Realty, Inc.
13100 Arctic Cir	Mid-Cities	120,357	\$27,500,000	\$228.49	Undisclosed	LBA Logistics
401 Coral Cir (Investment NNN)	South Bay	56,815	\$27,250,000	\$479.63	Majestic Asset Mgmt., Inc.	Hackman Capital Partners

SIGNIFICANT LEASE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Port LA Distribution Center	South Bay	338,899	July 2026	BlackRock, Inc.	Undisclosed
19465-19485 E Walnut Dr	SGV	220,000	July 2026	Frank & Son Trucking	SLA Inc
Mid Counties Industrial Center	Mid-Cities	220,000	July 2026	Prologis, Inc.	Delivrae Inc
20974 S Santa Fe Ave	South Bay	211,446	August 2026	Michael Kaplan	Undisclosed
12300 Lakeland Rd	Mid-Cities	185,056	July 2026	Duke Realty Corporation	McMaster-Carr Supply Company
Torrance Industrial Exchange	South Bay	177,103	July 2026	Kearny Real Estate Partners	Undisclosed (Sublease)
415 S Motor Building	SGV	94,321	September 2026	Rexford Industrial Realty, Inc.	United Stores, Inc. (Expansion-Relocation)

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
LAX01 Vernon	3094 E Vernon Ave	Central Los Angeles	263,409	Goodman Group	December 2026
Mid Counties Distribution Center	12300 Lakeland Rd	Mid-Cities	185,056	Duke Realty Corporation	October 2026
1210 E 223rd St	1210 E 223rd St	South Bay	181,014	Overton Moore Properties	July 2027
LogistiCenter	18455 S Figueroa St	South Bay	180,705	Dermody	April 2027
Prologis Shoemaker Distribution Center	16323 Shoemaker Ave	Mid-Cities	160,837	Prologis, Inc.	November 2026
Rockland Business Park	2222 Rosemead Blvd	SGV	156,877	Waylee International, Inc.	July 2027

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 20 offices in Washington, Oregon, California, Nevada, Arizona, and Texas. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

32.4M

ANNUAL
SALES SF

32.5M

ANNUAL
LEASING SFASSET
SERVICES

55M+ SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,700+

AVERAGE ANNUAL
ASSIGNMENTS

42

TOTAL
APPRAISERS

23

WITH MAI
DESIGNATIONS