SECOND QUARTER 2026 MARKET REPORT

MID COUNTIES INDUSTRIAL

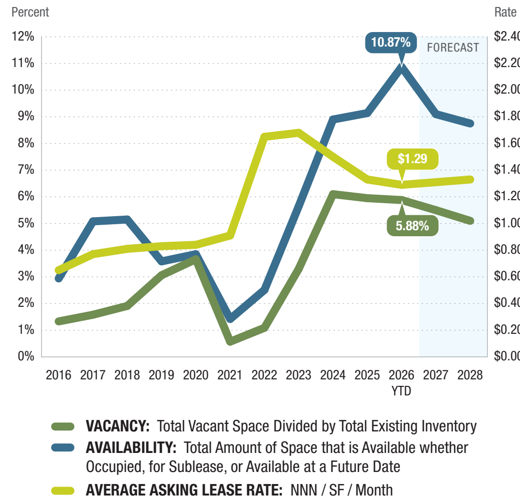
OVERVIEW. Positioned at the convergence of Los Angeles and Orange Counties with direct access to the 5, 605, and 91 freeways, Mid-Counties functions as a critical last-mile distribution corridor, and its infill character shaped this quarter's results. Net absorption remained positive for a second consecutive quarter as third-party logistics, food and beverage, and consumer products tenants stepped back into the market, with large-block requirements returning in meaningful numbers for the first time in several quarters. Owner-user buyers were also more active, aided by modestly lower interest rates, readily available SBA financing, and favorable tax incentives for capital investment. With minimal deliveries and speculative development mostly paused, supply remains constrained.

VACANCY & AVAILABILITY. Total vacancy declined 3 basis points (bps) quarter over quarter to 5.88% in Q2 2026, down from 5.91% in Q1 2026, and improved 74 bps year over year from the 6.62% cycle high in Q2 2025. Vacancy has now declined for four consecutive quarters since that peak and sits at its lowest level since Q3 2024, when the rate stood at 5.74%. Total availability moved in the other direction, rising to 10.87% from 9.59% in Q1 2026. Most of the increase reflects reclassification rather than new occupancy loss, as two former co-warehousing facilities, including a 1,034,026-square-foot building in Buena Park, returned to conventional leasing inventory during the quarter. Excluding that shift, availability was roughly flat, and the wide gap between availability and physical vacancy continues to signal meaningful sublease inventory.

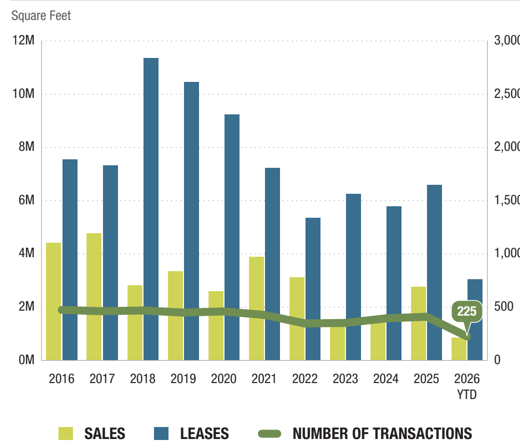
LEASE RATES. The average NNN asking rate for direct space declined to $1.29 PSF in Q2 2026, down from $1.30 PSF in Q1 2026. Year over year, the asking rate fell 7.9% from $1.40 PSF in Q2 2025, and rates are down roughly 20% from $1.62 PSF in Q2 2024. The pace of decline has moderated considerably from those steeper corrections, consistent with stabilizing lease rates in an infill market with minimal new supply. Executed NNN leases averaged approximately $1.22 PSF during the quarter against the $1.29 PSF asking rate, a spread of roughly 5%. Modern high-clearance buildings commanded $1.30 PSF to $1.70 PSF, led by new construction in Santa Fe Springs, while older, low-clearance product traded between $0.60 PSF and $1.15 PSF. Building vintage, clear height, and dock configuration remain the primary pricing differentiators, and corrected rents have made relocations into better-quality product economically viable for a wider set of tenants.

TRANSACTION ACTIVITY. Transaction volume reached 114 deals totaling 2,007,713 SF in Q2 2026, up approximately 18% from 105 transactions at 1,702,467 SF in Q1 2026. Leasing accounted for 100 transactions covering 1,336,134 SF, while sales reached 14 transactions at 671,579 SF of building area, up from 9 sales totaling 185,602 SF. The

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

	Change Over Last Quarter		Q2 2026	Q1 2026	Q2 2025	% Change Over Last Year
Vacancy Rate	▼	DOWN	5.88%	5.91%	6.62%	(11.12%)
Availability Rate	▲	UP	10.87%	9.59%	9.68%	12.26%
Average Asking Lease Rate	▼	DOWN	$1.29	$1.30	$1.40	(7.86%)
Sale & Lease Transactions	▲	UP	2,007,713	1,702,467	2,400,328	(16.36%)
Gross Absorption	▲	UP	1,573,891	1,302,171	1,676,374	(6.11%)
Net Absorption	▲	POSITIVE	124,458	21,273	(112,371)	N/A

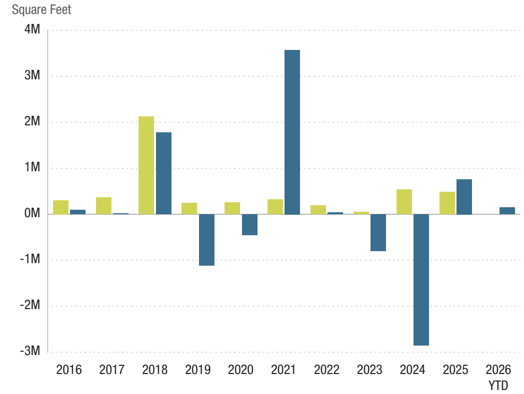
quarter's deal flow was defined by institutional owners trading assets to occupiers and specialized operators acquiring buildings for specific uses. Price negotiation remains ongoing: sales over the past year closed at an average of 8.1% below asking price, with an average 9.8 months to sale, and 56 listings totaling approximately 2.3M SF remain available.

ABSORPTION. Positive occupancy growth of 124,458 SF in Q2 2026 marked the second consecutive quarter of positive net absorption, building on a gain of 21,273 SF in Q1 2026 and reversing a net demand loss of 112,371 SF in Q2 2025. Gross absorption totaled 1,573,891 SF, up 20.9% from 1,302,171 SF in Q1 2026, though 6.1% below 1,676,374 SF in Q2 2025. The largest move-ins were CW Moving and Storage with 140,236 SF at 14647 Northam Street in La Mirada, Peak Logistics and Fulfillment with 117,774 SF at 12821 Carmenita Road in Santa Fe Springs, and Hmart with 116,327 SF at 8550 Chetle Avenue in Whittier. The positive net figure reflects a market gradually clearing excess inventory, with logistics and food-related tenants leading the return of demand.

CONSTRUCTION. No new buildings delivered in Mid-Counties during Q2 2026, and the construction pipeline stood at 384,080 SF across three buildings at quarter close, up from 223,243 SF in Q1 2026. The increase reflects the quarter's only new start, a 160,837-square-foot building at 16323 Shoemaker Avenue in Cerritos scheduled for 2028 delivery. Of the remaining pipeline, the 185,056-square-foot Prologis project at 12300 Lakeland Road in Santa Fe Springs is already pre-leased to McMaster-Carr Supply Company, removing it from competitive supply before delivery. New starts otherwise remain rare as developers weigh vacant inventory against financing costs and extended permitting timelines. With minimal unleased space in the pipeline, supply continues to support vacancy improvement as demand gradually broadens.

EMPLOYMENT. Los Angeles County's seasonally adjusted unemployment rate held at 5.5% in May 2026, unchanged from April 2026 and below the 5.7% rate recorded in May 2025. Total nonfarm employment increased by 9,000 jobs over the month but declined 3,900 year over year, reflecting ongoing softness across several sectors. Transportation and warehousing employment fell 2.0% year over year to 198,400 jobs in May 2026, with warehousing and storage down 3.5% and truck transportation down 2.5% from May 2025 levels. Aerospace product manufacturing added 300 jobs year over year to 52,200, consistent with the advanced manufacturing demand trend visible across the broader Los Angeles County industrial market.

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

Several tailwinds are converging the Mid-Counties market heading into the second half of 2026. Port cargo volumes rebounded sharply this quarter on inventory replenishment and early retail-season positioning, and Mid Counties properties benefit from the last-mile and regional distribution demand that port activity generates. Buyer interest in the corridor's infill character is growing as well, with occupiers and specialized operators acquiring well located buildings at corrected pricing. Advanced manufacturing and defense-adjacent tenants, which have already reshaped demand in the adjacent South Bay, are expected to begin exploring Mid-Counties alternatives as availability tightens. With the development pipeline near cycle lows, virtually no unleased space under construction, and new starts still rare, oversupply will not stand in the way of continued improvement. Vacancy should continue its gradual decline through the second half of 2026. A sustained, broad-based recovery remains a 2027 story; the corridor approaches that turn with a structural supply advantage few comparable infill markets can match.

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2026	Square Feet Available	Availability Rate Q2 2026	Average Asking Lease Rate	Net Absorption Q2 2026	Net Absorption 2026	Gross Absorption Q2 2026	Gross Absorption 2026
Mid Counties													
Artesia / Cerritos	278	13,160,811	160,837	72,189	769,468	5.85%	1,759,876	13.37%	$1.27	99,512	118,879	168,620	282,562
Bellflower / Downey	212	5,712,465	0	516,124	110,842	1.94%	170,322	2.98%	$1.41	161,585	171,978	171,945	346,424
Buena Park / La Palma	233	14,972,124	0	0	1,252,916	8.37%	3,388,710	22.63%	$1.29	(178,495)	(356,987)	92,620	221,348
La Mirada	182	13,287,350	0	0	1,507,733	11.35%	2,366,684	17.81%	$1.23	(193,950)	(227,329)	53,803	419,041
Norwalk	91	2,925,358	0	5,000	66,267	2.27%	240,682	8.23%	$0.00	14,463	(31,776)	21,179	32,359
Paramount	416	9,450,875	0	0	418,588	4.43%	665,382	7.04%	$1.08	(45,510)	(105,554)	140,751	235,708
Santa Fe Springs	1,357	54,475,056	223,243	324,360	2,320,314	4.26%	3,625,936	6.66%	$1.39	166,330	201,154	909,795	1,466,904
Whittier	159	4,040,913	0	0	498,713	12.34%	612,853	15.17%	$1.19	100,523	375,366	15,178	296,571
Mid Counties Total	**2,928**	**118,024,952**	**384,080**	**917,673**	**6,944,841**	**5.88%**	**12,830,445**	**10.87%**	**$1.29**	**124,458**	**145,731**	**1,573,891**	**3,300,917**
5,000-24,999	1,835	24,096,847	0	24,124	704,834	2.93%	1,024,946	4.25%	$1.21	147,321	40,562	301,972	529,213
25,000-49,999	516	18,325,680	38,187	59,568	876,982	4.79%	1,297,809	7.08%	$1.19	69,752	(77,240)	414,858	574,178
50,000-99,999	299	20,795,232	0	72,189	1,388,471	6.68%	1,875,339	9.02%	$1.23	(33,346)	28,442	416,045	724,539
100,000-249,999	216	31,849,970	345,893	245,668	2,590,999	8.14%	4,820,392	15.13%	$1.32	68,316	334,065	401,016	1,273,133
250,000-499,999	53	17,316,368	0	0	1,339,274	7.73%	2,733,652	15.79%	$1.36	(127,585)	(180,098)	40,000	199,854
500,000 plus	9	5,640,855	0	516,124	44,281	0.79%	1,078,307	19.12%	$0.00	0	0	0	0
Mid Counties Total	**2,928**	**118,024,952**	**384,080**	**917,673**	**6,944,841**	**5.88%**	**12,830,445**	**10.87%**	**$1.29**	**124,458**	**145,731**	**1,573,891**	**3,300,917**

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
12342–12449 Bell Ranch Dr.	Santa Fe Springs	275,093	$134,500,000	McMaster-Carr Supply Company	Prologis
13711 Freeway Dr.	Santa Fe Springs	82,092	$15,775,000	WareSpace	Rexford Industrial Realty
7150 Village Dr.	Buena Park	68,870	$22,554,925	JBP Property LLC	Buchanan Street Partners, LP
12805–12809 Busch Pl.	Santa Fe Springs	67,019	$26,808,000	Rockview Dairies, Inc.	LBA Realty
16404 Knott Ave.	La Mirada	55,336	$18,750,604	Maverick Aerospace, LLC	Brookfield Asset Management

Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
16400 Trojan Way	La Mirada	220,000	Jun-2026	Delivrae Inc.	Prologis
12300 Lakeland Rd.	Santa Fe Springs	185,056	Jun-2026	McMaster-Carr Supply Company	Prologis
13355 Cambridge St. - Renewal	Santa Fe Springs	184,475	Apr-2026	Kenko Frieght Systems	The Orden Company
12910 Mulberry Dr.	Whittier	153,080	Apr-2026	RE Logistics	Real Term
7475–7485 Flores St.	Downey	126,381	Apr-2026	Everflow Supplies	County of Los Angeles

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SECOND QUARTER 2026 MARKET REPORT

MID COUNTIES INDUSTRIAL

Voit REAL ESTATE SERVICES

Light at the End of the Tunnel

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The Mid-Counties Industrial market is strategically located at the merging of Los Angeles and Orange Counties, with immediate access to the 5, 605, and 91 Freeways. The market base is 118,024,952 SF, consisting of 2,928 industrial buildings, and is considered a true "infill market," with very limited vacant developable land. The current vacancy rate is 5.88% and the availability rate is 10.87%, with many sublease listings still on the market. New construction and planned buildings are very limited, with speculative development mostly paused due to a relatively large existing supply of vacant newly constructed buildings. Notably, 12300 Lakeland Road, 185,056 SF, which is currently under construction by Prologis, was recently leased to McMaster-Carr, who currently occupies several buildings nearby and one building adjacent to this site.

There were eleven lease transactions over 100,000 SF in the 2nd Quarter 2026 compared with four transactions in the 1st Quarter 2026 and eight transactions in 2nd Quarter 2025. These are promising statistics moving forward, as this larger-building segment contributes heavily to the metrics of vacancy and availability.

The most active tenants in the market are third party logistics, food and beverage, and consumer products companies. Advanced manufacturing tenants have not made an impact in the Mid-Counties market to date, but we are optimistic that this tenant segment will begin exploring the area soon.

Owner-user buyers have been more active than in previous years, as interest rates have declined slightly, SBA financing is readily available, and attractive One Big Beautiful Bill Act tax incentives abound.

Investor buyers have experienced challenges finding opportunities that meet their underwriting criteria, as there is still a large gap in bid-versus-ask pricing between investor buyers and potential sellers. Investor buyers must factor vacancy, time on the market for leasing, market lease rates and generous landlord concessions when factoring purchase pricing to meet their cap rate expectations. This has led to the aforementioned pricing discrepancies. As more lease transactions continue to be completed, leading to vacancy rate declines, these factors are likely to evolve into better investment purchase opportunities throughout 2026.

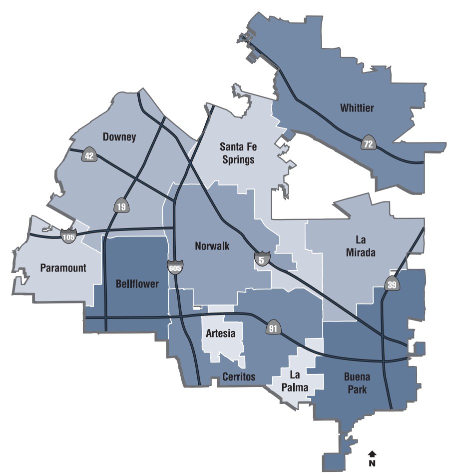
In summary, we forecast vacancy rates should continue to decline, lease rates are stabilizing, landlord concessions are declining, and there appears to be light at the end of the tunnel in the second half of 2026.

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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