MCQ326

THIRD QUARTER 2026 MARKET REPORT
MID COUNTIES INDUSTRIAL

Voit REAL ESTATE SERVICES

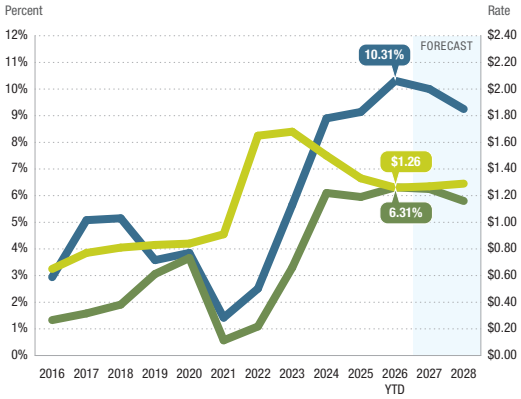
OVERVIEW. The Mid-Counties industrial vacancy rose in Q3 2026, as a handful of large logistics move-outs outpaced move-ins. Logistics, apparel, and consumer products users led move-ins in La Mirada, Santa Fe Springs, and Buena Park, though demand was concentrated in a few large tenants. In one of the quarter's largest sales, an owner-user bought a 150,548-square-foot building in Santa Fe Springs for $340/SF. Availability declined as sublease space came off the market, leaving tenants with fewer competing options. Asking rents continued to adjust, and free rent concessions remained common in signed deals as tenants retained negotiating power. New supply was limited to a single delivery, and Santa Fe Springs now allows interim truck and container storage on entitled but undeveloped sites. The market is positioned for gradual stabilization into 2027.

VACANCY & AVAILABILITY. The industrial vacancy rate rose to 6.31% in Q3 2026, an increase of 43 basis points quarter over quarter from 5.88% in Q2 2026 and 28 basis points year over year from 6.03% in Q3 2025. Vacancy climbed as large logistics move-outs and a 185,000-square-foot building that delivered unoccupied outpaced move-ins. Total availability declined to 10.31% from 10.87% in Q2 2026 but remained above the 8.81% in Q3 2025. The 400-basis-point gap between the 6.31% vacancy rate and the 10.31% availability rate represents 4,725,584 square feet of occupied space marketed for lease or sale. Space offered for sublease declined to 1,878,574 square feet from 2,935,107 square feet in Q2 2026. The decline in total availability therefore does not establish an equivalent gain in occupied space, particularly when vacant listings can also be withdrawn from the market.

LEASE RATES. The average asking lease rate declined to $1.26/SF NNN in Q3 2026, a decrease of 2.5% quarter over quarter from $1.29/SF in Q2 2026 and 10.20% year over year from $1.40/SF in Q3 2025, and now stands 25% below the peak of $1.68/SF in Q4 2023. Santa Fe Springs commanded the highest asking rate at $1.38/SF, supported by 3.94% vacancy, while Artesia/Cerritos posted the lowest at $1.03/SF NNN with 7.62% vacancy. A sample of 14 NNN lease comps from the quarter, excluding teaser, short-term, and sublease structures, averaged $1.15/SF NNN, 8.24% below asking. Within that sample, buildings with 24- to 29-foot clear heights averaged $1.21/SF, versus $1.11/SF below 24 feet, and the two leases of 100,000 square feet or more averaged $0.98/SF. Free rent appeared in 71% of the sample, and free rent periods and tenant improvement allowances remain standard deal components, particularly on larger vacant buildings.

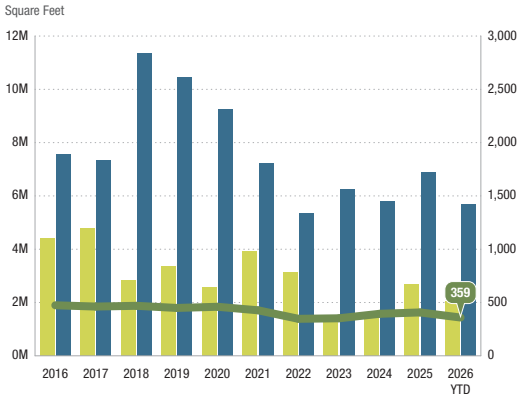
TRANSACTION ACTIVITY. Leasing activity totaled 1,518,144 square feet across 98 leases in Q3 2026, a decrease of 29.5% quarter over quarter from 2,154,748 square feet

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



VACANCY: Total Vacant Space Divided by Total Existing Inventory
AVAILABILITY: Total Amount of Space that is Available whether Occupied, for Sublease, or Available at a Future Date
AVERAGE ASKING LEASE RATE: NNN / SF / Month

TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

	Change Over Last Quarter	Q3 2026	Q2 2026	Q3 2025	% Change Over Last Year
Vacancy Rate	▲ UP	6.31%	5.88%	6.03%	4.66%
Availability Rate	▼ DOWN	10.31%	10.87%	8.81%	16.99%
Average Asking Lease Rate	▼ DOWN	$1.26	$1.29	$1.40	(10.20%)
Sale & Lease Transactions	▼ DOWN	2,636,215	2,912,403	3,171,965	(16.89%)
Gross Absorption	▲ UP	2,584,496	1,573,891	3,153,737	(18.05%)
Net Absorption	▼ NEGATIVE	(392,801)	124,458	1,293,618	N/A

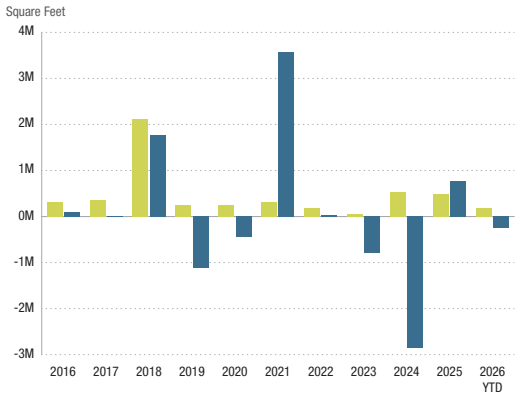
in Q2 2026 and 40.5% year over year from 2,551,231 square feet in Q3 2025. Logistics operators signed three of the five largest leases, and a new 121,124-square-foot building in Santa Fe Springs was leased for a USA Volleyball-affiliated training and events center opening in December this year. Twenty sales covered 1,118,071 square feet, compared with 19 sales for 757,655 square feet in Q2 2026 and 20 for 620,734 square feet in Q3 2025, averaging $284.63/SF, down from $363.11/SF in Q2 2026.

ABSORPTION. Mid-Counties recorded a negative net absorption of 392,801 square feet in Q3 2026, countering positive net absorption of 124,458 square feet in Q2 2026 and 1,293,618 square feet in Q3 2025. Year-to-date net absorption totals a negative 247,070 square feet, compared with a positive 437,590 square feet through Q3 2025. Top move-ins were Travelers Club Luggage at 13900 Carmenita Road in Santa Fe Springs (150,548 square feet), Capital Logistics at 16222 Phoebe Avenue in La Mirada (137,000 square feet), and Fashion Nova at 12301 Hawkins Street in Santa Fe Springs (132,888 square feet). Logistics move-outs in La Mirada, Buena Park, and Norwalk offset the gains.

CONSTRUCTION. Space under construction rose to 770,844 square feet in Q3 2026, up from 384,080 square feet in Q2 2026 and 493,874 square feet in Q3 2025, with Bellflower/Downey accounting for 516,124 square feet. Deliveries totaled 185,000 square feet at 12300 Lakeland Avenue, which delivered unoccupied. Planned projects total 401,549 square feet. In Santa Fe Springs, Ziebeck Realty received approval in January for an 85,950-square-foot speculative warehouse at 9005 Sorensen Avenue, while the city now permits interim truck storage on entitled but undeveloped sites, a sign some approved projects are stalling.

EMPLOYMENT. Los Angeles County's unemployment rate fell to 5.0% in August 2026, down 30 basis points month over month from a revised 5.3% in July and 60 basis points year over year from 5.6% in August 2025, per the California EDD. Transportation, warehousing, and utilities lost 4,900 jobs year over year, and manufacturing 3,800, though aerospace added 600.

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

Limited land will keep new supply in Mid-Counties minimal over the next 12 to 18 months. With entitled sites in Santa Fe Springs being put to interim storage use rather than construction, new buildings are unlikely to add meaningful competition before 2027. The near-term risk is on the demand side. Several large logistics operators have consolidated or exited the market, and vacancy will stay elevated until those blocks are backfilled. The indicator to watch is whether the large vacancies in La Mirada and Buena Park lease over the next two quarters; if they do, net absorption should return to positive territory in the first half of 2027. Smaller buildings should continue to outperform, supported by owner-users seeking to control their occupancy costs, though higher borrowing costs will limit how many can buy. Asking rents are likely to soften further before they stabilize, while free rent and tenant improvement allowances will remain part of most deals. We expect 2026 to close as a year of stabilization for Mid-Counties, with occupancy recovering first in 2027 and rents following in 2028.

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q3 2026	Square Feet Available	Availability Rate Q3 2026	Average Asking Lease Rate	Net Absorption Q3 2026	Net Absorption 2026	Gross Absorption Q3 2026	Gross Absorption 2026
Mid Counties													
Artesia / Cerritos	279	13,345,867	216,533	72,189	1,016,388	7.62%	1,868,026	14.00%	$1.03	(75,001)	43,878	266,668	549,230
Bellflower / Downey	212	5,712,465	516,124	0	99,261	1.74%	149,202	2.61%	$1.23	(15,508)	156,470	78,860	425,284
Buena Park / La Palma	233	14,972,124	0	0	1,750,858	11.69%	3,210,876	21.45%	$1.32	(499,442)	(856,429)	381,610	602,958
La Mirada	182	13,287,350	0	0	1,234,791	9.29%	1,916,264	14.42%	$1.20	297,942	70,613	671,620	1,090,661
Norwalk	91	2,925,358	0	5,000	219,410	7.50%	219,410	7.50%	$0.00	(155,159)	(186,935)	55,239	87,598
Paramount	416	9,450,875	0	0	396,755	4.20%	538,667	5.70%	$1.08	6,467	(99,087)	208,526	444,234
Santa Fe Springs	1,357	54,475,056	38,187	324,360	2,144,753	3.94%	3,690,106	6.77%	$1.38	163,093	364,247	847,989	2,314,893
Whittier	159	4,040,913	0	0	598,359	14.81%	593,608	14.69%	$1.19	(115,193)	260,173	73,984	370,555
Mid Counties Total	**2,929**	**118,210,008**	**770,844**	**401,549**	**7,460,575**	**6.31%**	**12,186,159**	**10.31%**	**$1.26**	**(392,801)**	**(247,070)**	**2,584,496**	**5,885,413**
5,000-24,999	1,835	24,096,847	0	24,124	623,448	2.59%	979,910	4.07%	$1.25	100,095	140,657	429,740	958,953
25,000-49,999	516	18,325,680	38,187	59,568	992,946	5.42%	1,488,015	8.12%	$1.18	(136,274)	(213,514)	257,786	831,964
50,000-99,999	299	20,795,232	55,696	72,189	1,098,520	5.28%	1,740,441	8.37%	$1.16	86,248	114,690	488,093	1,212,632
100,000-249,999	217	32,035,026	160,837	245,668	2,587,722	8.08%	3,708,409	11.58%	$1.35	147,244	481,309	1,044,712	2,317,845
250,000-499,999	53	17,316,368	0	0	1,929,388	11.14%	2,965,486	17.13%	$1.34	(590,114)	(770,212)	364,165	564,019
500,000 plus	9	5,640,855	516,124	0	228,551	4.05%	1,303,898	23.12%	$0.00	0	0	0	0
Mid Counties Total	**2,929**	**118,210,008**	**770,844**	**401,549**	**7,460,575**	**6.31%**	**12,186,159**	**10.31%**	**$1.26**	**(392,801)**	**(247,070)**	**2,584,496**	**5,885,413**

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
15614–15700 Shoemaker Ave.	Santa Fe Springs	536,754	$176,500,000	Shoemaker Industrial LP	PGIM, Inc.
13900 Carmenita Rd.	Santa Fe Springs	150,548	$51,250,000	Travelers Club Luggage	Ares Management Corporation
13100 Arctic Cir.	Santa Fe Springs	112,096	$27,250,000	Juanita's Food	LBA Realty
6635 Caballero Blvd.	Buena Park	92,395	$28,181,000	GuruNanda	Rexford Industrial Realty, Inc.
10400 Pioneer Blvd.	Santa Fe Springs	48,481	$8,750,000	S5 Industrial Realty, Inc.	10400 Pioneer Blvd LLC

Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
16222 Phoebe Ave.	La Mirada	137,700	Aug-2026	Capital Logistics	Phoebe Investment, LLC
6270–6290 Caballero Blvd.	Buena Park	130,200	Jul-2026	JAF Logistics	Elion Partners
12500 E. Slauson Ave.	Santa Fe Springs	127,585	Aug-2026	SwiftX, Inc.	Prologis
10251 Santa Fe Springs Rd.	Santa Fe Springs	121,124	Aug-2026	Legacy Sports Complex	Outrigger Industrial
12851 Midway Pl.	Cerritos	102,160	Aug-2026	Polycell Packaging Corporation	Marq Logistics

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Los Angeles Industrial Shows Resilience Amid Stabilizing Fundamentals

by Kevin Fults
VICE PRESDIENT, IRVINE
424.329.7508 · kfults@voitco.com · Lic. #02111820

The Los Angeles industrial real estate market continues to exhibit resilience and enduring strength, even as operating conditions have returned to a more balanced environment compared to the unprecedented market performance seen in recent years. Throughout 2026, fundamentals have stabilized as leasing activity has increased, tenant demand has strengthened, and industrial users have remained focused on securing strategic locations predominantly near the Ports of Los Angeles and Long Beach. Although vacancy rates remain above historic lows and rental growth has leveled off from peak pricing, Los Angeles continues to rank among the nation's most sought-after industrial investment markets due to its irreplaceable infrastructure, robust transportation network, and access to one of the world's largest consumer populations.

Across the region, demand is increasingly being fueled by aerospace, defense, advanced manufacturing, logistics, and technology-related companies seeking efficient and highly functional industrial space. The South Bay, Central, Mid-Counties, and San Gabriel Valley submarkets continue to draw strong tenant interest, particularly for properties featuring modern building specifications, enhanced power capacity, secure yard space, and optimized loading capabilities. Leasing momentum improved during the first half of the year, generating positive absorption and renewed activity across numerous submarkets. Consequently, landlords are experiencing greater tour volume and transaction activity, while tenants remain focused on securing strategically positioned facilities that can accommodate long-term business expansion.

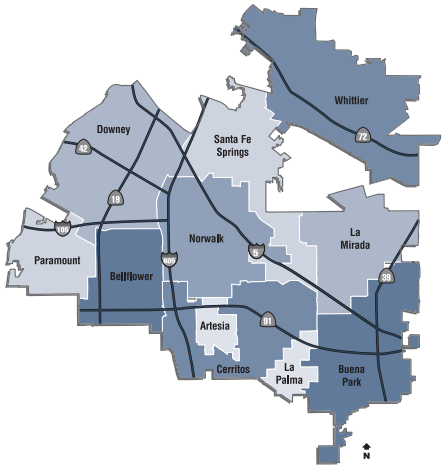
Looking forward, the outlook for the Los Angeles industrial market remains favorable. Limited land supply, restricted development opportunities, and the region's vital role within global supply chains continue to underpin long-term occupancy levels and asset values. While tenants now possess greater negotiating flexibility than in previous years, strengthening leasing fundamentals, increased investment sales activity, and growing demand from industrial occupiers are creating compelling opportunities for owners and investors alike. As market conditions continue to improve, well-located industrial properties are expected to remain in high demand, further solidifying Los Angeles' reputation as one of the country's premier industrial real estate markets.

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



Please Contact Us for Further Information

Tony Tran
Regional Director of Research
ttran@voitco.com

Anaheim, CA	Encinitas, CA	Inland Empire, CA	Irvine, CA	Los Angeles, CA	San Diego, CA
714.978.7880	760.472.5620	909.545.8000	949.851.5100	424.329.7500	858.453.0505

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

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