

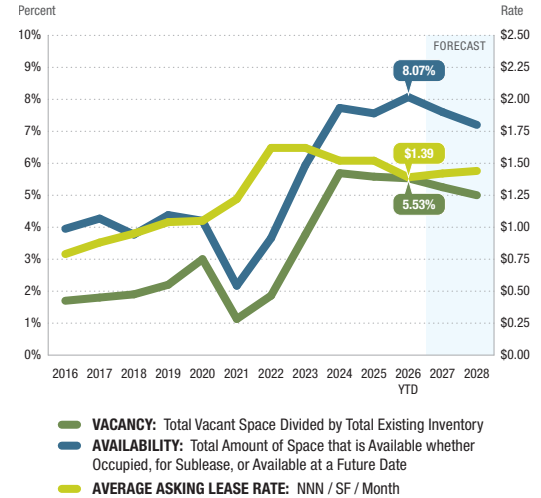
OVERVIEW. The Los Angeles industrial market opened 2026 by posting its second consecutive quarter of positive net absorption, a reassuring sign that the market has moved on from its big demand loss of 2024. Large-block logistics and freight-forwarding commitments anchored primarily in the South Bay drove occupancy gains, while elevated availability and sublease inventory kept tenants in a strong negotiating position. Asking rents continued their correction from the post-pandemic peak, narrowing the spread between asking and taking rents as landlords competed to fill vacant space. The active development pipeline contracted to its lowest level of the current cycle, reducing the risk of additional supply-driven vacancy pressure. Leasing activity improved meaningfully from Q4 2025, and increasing tenant engagement in early renewals and new requirements across multiple submarkets points to a gradual stabilization ahead.

VACANCY & AVAILABILITY. Vacancy in the Los Angeles industrial market declined to 5.53% in Q1 2026, down 5 basis points quarter over quarter from 5.58% in Q4 2025 and up modestly from 5.51% recorded in Q1 2025. While the quarter-over-quarter improvement is incremental, it marks the second consecutive quarter of compression after the market peaked at 5.69% in Q4 2024, the highest level since the correction cycle began. The cycle trough reached 1.13% in Q1 2022, compared with a pre-pandemic baseline of 2.20% in 2019. Total availability rose to 8.07% in Q1 2026, up from 7.56% in Q4 2025 and slightly above the 7.96% recorded a year ago. This widening gap between physical vacancy and total availability signals that sublease and shadow inventory continues to be marketed as tenants evaluate their footprints, leaving occupiers in a stronger negotiating position than at any point in the prior cycle.

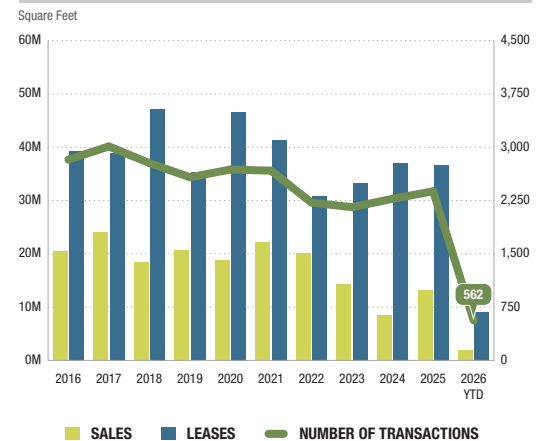
LEASE RATES. The average asking lease rate declined to \$1.39 PSF in Q1 2026, down from \$1.43 PSF in Q4 2025. Year over year, asking rents have decreased approximately 8.0% from \$1.51 PSF in Q1 2025, continuing a correction that has erased roughly 14.2% from the 2022 cycle peak of \$1.62 PSF. Excluding teaser-rate structures and non-market transactions, executed NNN deals averaged \$1.37 PSF in starting rent, within 2 cents of the market asking rate, with effective rents averaging \$1.40 PSF after accounting for annual step-up schedules. The data indicates landlords with stabilized assets are holding face rates with minimal concession pressure, while teaser structures and short-term deals remain isolated to specific lease-up situations rather than reflecting broad market discounting. Pricing varies significantly by submarket.

TRANSACTION ACTIVITY. Total transaction volume in Q1 2026 reached 11,067,329 SF of leased and sold space, up from 10,346,139 SF in Q4 2025 and down from 12,162,485 SF in Q1 2025. The market completed 562 transactions compared with 541 in Q4 2025 and 595 one year ago. Leasing activity accounted for 502 deals totaling 9,069,498 SF, a meaningful improvement from the 423 deals and 6,926,289 SF in Q4 2025, signaling that tenant decision-making accelerated entering the new year. On the sales side, 60 transactions closed at an average of \$317.74 PSF, up from \$274.83 PSF in Q4 2025. The largest sale was Golden Star Trading's acquisition of 588 Crenshaw Boulevard in Torrance, a 265,418-SF facility purchased from Link Logistics for \$123,000,000. The largest lease deal in Q1 was Amazon at 2401 E. Wardlow Road in Long Beach, a 504,810-SF facility.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

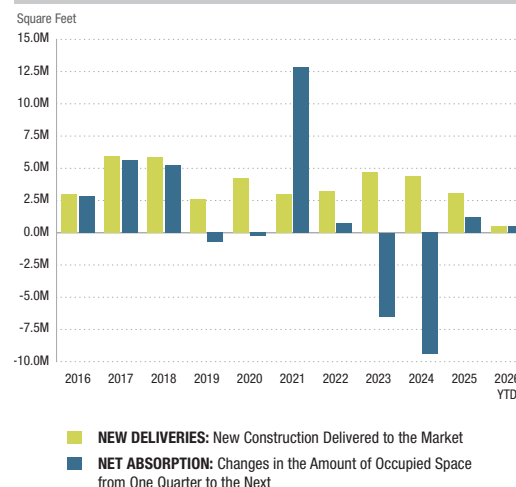
	Change Over Last Quarter	Q1 2026	Q4 2025	Q1 2025	% Change Over Last Year
Vacancy Rate	▼ DOWN	5.53%	5.58%	5.51%	0.26%
Availability Rate	▲ UP	8.07%	7.56%	7.96%	1.36%
Average Asking Lease Rate	▼ DOWN	\$1.39	\$1.43	\$1.51	(8.05%)
Sale & Lease Transactions	▲ UP	11,067,329	10,346,139	12,162,485	(9.00%)
Gross Absorption	▼ DOWN	9,857,635	11,143,736	11,460,172	(13.98%)
Net Absorption	▲ POSITIVE	540,615	204,595	664,113	N/A

ABSORPTION. The Los Angeles industrial market recorded positive occupancy growth of 540,615 SF in Q1 2026, up from 204,595 SF in Q4 2025 and below the 664,113 SF posted in Q1 2025. The result extends a recovery that produced 1,185,468 SF of positive net absorption for the full year 2025, following a net demand loss of 9,411,681 SF across 2024. Top move-ins included Amazon at 615,000 SF, Lincoln Transportation Services at 356,642 SF, and Speed Xpress Inc. at 326,517 SF. Significant move-outs across the market offset a portion of those gains, keeping absorption positive but concentrated rather than broad-based.

CONSTRUCTION. The development pipeline remains limited and continues to contract. At the close of Q1 2026, 1,571,849 SF were under construction, down from 1,762,587 SF in Q4 2025 and the lowest total of the current cycle. The quarter's sole delivery was Rexford Industrial's 219,690-SF Class A facility at 15010 Don Julian Road in the City of Industry, featuring a 36" clear height and 21 dock doors. The most significant project on the horizon is Anduril Industries' \$1 billion, 1.18-MSF campus at Douglas Park in Long Beach, announced in January 2026 with construction expected to commence later this year, combining 750,000 SF of office space with 435,000 SF of industrial R&D space. With annual deliveries declining from 4,685,548 SF in 2023 to 3,080,606 SF in 2025, supply-side pressure on vacancy is expected to ease as 2026 progresses.

EMPLOYMENT. Los Angeles County's unemployment rate declined to 5.5% in January 2026, down from 5.6% in December 2025 and below the 5.8% recorded in January 2025, according to the California Employment Development Department. Transportation and warehousing employment totaled 205,700 jobs in January 2026, down 0.2% year over year, with warehousing and storage contracting 1.0% and truck transportation declining 1.4% over the same period. The sector shed 5,600 jobs between December 2025 and January 2026, reflecting seasonal post-holiday pullback across the logistics corridor.

NEW DELIVERIES & NET ABSORPTION



Forecast

The Los Angeles industrial market enters the balance of 2026 with its most favorable supply-side conditions of the current correction cycle. The active construction pipeline has contracted to its lowest level since the downturn began, speculative development has effectively ceased, and major institutional owners have paused or exited planned projects rather than deliver into an elevated availability environment. These dynamics will gradually reduce the inventory overhang that has weighed on rents and occupancy since 2023. Demand recovery, however, is expected to be measured. Positive net absorption over the past two quarters reflects a concentration of large-block commitments rather than broad-based occupier expansion, and availability at 8.07% leaves tenants in a strong negotiating position across most size ranges. Port-adjacent submarkets are positioned to lead any demand improvement, as rising drayage costs are redirecting high-volume import tenants back toward core Los Angeles locations after years of migration inland. A meaningful market-wide recovery is more likely a 2027 story, with 2026 representing a period of gradual stabilization and selective submarket improvement.

Significant Transactions

Sales

Property Address	City	Square Feet	Sale Price	Buyer	Seller
588 Crenshaw Blvd.	Torrance	265,418	\$123,000,000	Golden Star Trading	Link Logistics
1855 W. 139th St.	Gardena	230,891	\$44,000,000	Palisade Group	Terreno Realty
16253-16293 Gale Ave.	City of Industry	124,282	\$59,425,500	Aypa Power	Abi Properties Inc.
4600 S. Santa Fe Ave.	Vernon	114,720	\$18,000,000	Paper Source Converting & Mfg	Michael Melideo Trust
14848 Northam St.	La Mirada	96,916	\$28,000,000	Otoki America Holdings, Inc.	E. Northam Partners LLC

Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
2401 E. Wardlow Rd.	Long Beach	504,810	Feb-2026	Amazon	Goodman
1452 W. Knox St.	Torrance	442,550	Feb-2026	Apex Logistics	Prologis Inc.
2301 E. Pacifica Pl.	Rancho Dominguez	389,097	Jan-2026	Vie Logistics	Rexford Industrial Realty, Inc.
2101 Flotilla St.	Montebello	326,517	Jan-2026	Speed Xpress Inc.	DWS
19681 Pacific Gateway Dr. - Sublease	Torrance	251,606	Feb-2026	Neros	Ares Management

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q1 2026	Square Feet Available	Availability Rate Q1 2026	Average Asking Lease Rate	Net Absorption Q1 2026	Net Absorption 2026	Gross Absorption Q1 2026	Gross Absorption 2026
Central													
Bell/Bell Gardens/Maywood	205	7,710,083	0	0	145,246	1.88%	216,642	2.81%	\$1.30	11,475	11,475	44,710	44,710
City of Commerce	733	45,631,562	283,621	124,140	2,883,917	6.32%	4,105,611	9.00%	\$1.25	796,549	796,549	998,423	998,423
Huntington Park/Cudahy	197	4,700,994	0	100,935	282,832	6.02%	477,517	10.16%	\$1.00	(35,075)	(35,075)	32,770	32,770
Downtown	5,079	126,758,205	135,970	189,000	7,480,025	5.90%	10,116,383	7.98%	\$1.60	(118,396)	(118,396)	1,355,183	1,355,183
Montebello	217	10,036,445	0	0	238,037	2.37%	309,640	3.09%	\$0.00	348,129	348,129	452,279	452,279
Pico Rivera	195	10,275,056	0	0	549,299	5.35%	949,888	9.24%	\$1.37	61,496	61,496	82,666	82,666
South Gate	238	10,148,360	0	550,000	190,623	1.88%	363,473	3.58%	\$1.08	(34,973)	(34,973)	9,228	9,228
Vernon	800	44,818,774	69,695	69,812	2,510,665	5.60%	3,928,887	8.77%	\$1.25	(75,006)	(75,006)	829,712	829,712
Total	7,664	260,079,479	489,286	1,033,887	14,280,644	5.49%	20,468,041	7.87%	\$1.42	954,199	954,199	3,804,971	3,804,971
Mid Counties													
Artesia/Cerritos	278	13,160,811	0	233,026	866,429	6.58%	1,508,797	11.46%	\$1.27	19,367	19,367	113,942	113,942
Bellflower/Downey	212	5,712,465	0	516,124	272,226	4.77%	322,036	5.64%	\$1.41	10,393	10,393	174,479	174,479
Buena Park/La Palma	233	14,972,124	0	0	1,168,730	7.81%	2,106,195	14.07%	\$1.29	(178,492)	(178,492)	128,728	128,728
La Mirada	182	13,287,350	0	0	1,069,776	8.05%	1,861,650	14.01%	\$1.31	(33,379)	(33,379)	365,238	365,238
Norwalk	91	2,925,358	0	5,000	78,647	2.69%	251,708	8.60%	\$1.49	(46,239)	(46,239)	11,180	11,180
Paramount	416	9,450,875	0	0	382,986	4.05%	790,210	8.36%	\$1.10	(60,044)	(60,044)	94,957	94,957
Santa Fe Springs	1,357	54,475,056	223,243	324,360	2,438,738	4.48%	3,669,137	6.74%	\$1.40	34,824	34,824	557,109	557,109
Whittier	159	4,040,913	0	0	698,427	17.28%	805,444	19.93%	\$1.19	274,843	274,843	281,393	281,393
Total	2,928	118,024,952	223,243	1,078,510	6,975,959	5.91%	11,315,177	9.59%	\$1.30	21,273	21,273	1,727,026	1,727,026
San Gabriel Valley													
Alhambra	116	2,294,362	0	0	50,213	2.19%	61,011	2.66%	\$1.40	(4,748)	(4,748)	20,696	20,696
Arcadia/Temple City	143	3,146,879	0	0	158,475	5.04%	165,104	5.25%	\$2.17	(69,981)	(69,981)	10,008	10,008
Azusa	256	6,911,626	0	0	587,752	8.50%	1,235,856	17.88%	\$1.30	190,389	190,389	114,070	114,070
Baldwin Park	251	5,306,282	0	0	148,126	2.79%	131,185	2.47%	\$0.00	(8,159)	(8,159)	61,469	61,469
City of Industry/DB/HH/RH	1,095	77,553,175	160,094	546,403	3,088,824	3.98%	4,499,486	5.80%	\$1.41	(200,276)	(200,276)	800,589	800,589
Covina/West Covina	185	3,483,523	0	89,987	142,815	4.10%	514,090	14.76%	\$0.68	(35,993)	(35,993)	26,114	26,114
Duarte	70	1,740,877	0	0	34,194	1.96%	122,628	7.04%	\$1.23	3,494	3,494	9,240	9,240
El Monte	311	8,852,278	0	80,000	791,532	8.94%	862,181	9.74%	\$1.29	(365,497)	(365,497)	126,487	126,487
Irwindale	257	13,463,778	0	1,689,310	708,949	5.27%	1,004,233	7.46%	\$1.29	119,609	119,609	90,622	90,622
La Puente	94	2,188,721	0	0	139,740	6.38%	145,740	6.66%	\$1.24	72,361	72,361	7,100	7,100
La Verne/San Dimas/Glendora	307	6,707,001	0	142,529	552,290	8.23%	566,108	8.44%	\$0.80	(18,021)	(18,021)	44,275	44,275
Monrovia	199	3,345,053	0	0	100,500	3.00%	138,697	4.15%	\$1.70	(21,844)	(21,844)	38,733	38,733
Pomona/Claremont	669	20,164,414	0	230,000	1,173,668	5.82%	1,487,221	7.38%	\$1.12	(91,619)	(91,619)	98,508	98,508
Monterey Park/Rosemead/San Gabriel	221	3,993,993	0	201,963	218,971	14.16%	248,227	15.60%	\$1.48	(30,726)	(30,726)	26,174	26,174
South El Monte	850	11,420,323	101,322	156,877	353,650	3.10%	340,235	2.98%	\$1.41	(102,218)	(102,218)	107,777	107,777
Walnut	206	7,164,845	0	0	146,651	2.05%	253,673	3.54%	\$1.75	(24,351)	(24,351)	20,793	20,793
Total	5,230	177,737,130	261,416	3,137,069	8,396,350	4.72%	11,775,675	6.63%	\$1.34	(587,580)	(587,580)	1,602,655	1,602,655
South Bay													
Carson	500	36,084,895	0	0	1,373,553	3.81%	2,946,251	8.16%	\$1.55	148,840	148,840	97,798	97,798
Compton	481	25,667,113	140,693	147,849	1,976,319	7.70%	2,708,584	10.55%	\$1.29	334,244	334,244	231,899	231,899
El Segundo	155	8,099,842	0	0	225,912	2.79%	251,993	3.11%	\$2.13	(19,903)	(19,903)	61,604	61,604
Gardena	1,168	29,548,815	143,688	742,143	1,807,447	6.12%	2,000,286	6.77%	\$1.30	(76,702)	(76,702)	350,986	350,986
Harbor City	98	1,832,901	0	0	113,305	6.18%	113,305	6.18%	\$0.00	(79,305)	(79,305)	10,500	10,500
Hawthorne	224	8,668,015	0	0	126,462	1.46%	164,292	1.90%	\$1.78	27,086	27,086	244,728	244,728
Inglewood	234	4,779,350	0	215,455	209,726	4.39%	219,958	4.60%	\$1.94	(18,235)	(18,235)	13,721	13,721
Lakewood/Hawaiian Gardens	24	539,173	0	0	0	0.00%	42,510	7.88%	\$0.75	5,199	5,199	5,199	5,199
Lawndale	32	279,665	0	0	13,800	4.93%	22,800	8.15%	\$0.00	(3,800)	(3,800)	0	0
Long Beach/San Pedro/Terminal Island	804	27,411,796	252,890	1,012,354	2,908,441	10.61%	3,840,326	14.01%	\$1.50	(207,321)	(207,321)	176,138	176,138
Lynwood	96	4,076,526	0	0	59,647	1.46%	102,061	2.50%	\$1.72	(1,167)	(1,167)	8,619	8,619
Rancho Dominguez	224	13,847,795	30,886	0	1,002,694	7.24%	1,454,437	10.50%	\$1.50	204,471	204,471	835,706	835,706
Redondo & Hermosa Beach	36	1,753,037	0	0	0	0.00%	54,429	3.10%	\$0.00	1,500	1,500	45,258	45,258
Signal Hill	213	3,104,110	0	24,400	121,447	3.91%	134,716	4.34%	\$0.75	(28,616)	(28,616)	8,352	8,352
Torrance	634	29,348,862	29,747	792,967	2,029,970	6.92%	3,100,265	10.56%	\$1.73	(122,083)	(122,083)	597,186	597,186
Wilmington	154	4,008,430	0	0	98,882	2.47%	173,644	4.33%	\$1.58	(11,485)	(11,485)	35,289	35,289
Total	5,077	199,050,325	597,904	2,935,168	12,067,605	6.06%	17,329,857	8.71%	\$1.56	152,723	152,723	2,722,983	2,722,983
Los Angeles Total	20,899	754,891,886	1,571,849	8,184,634	41,732,508	5.53%	60,888,750	8.07%	\$1.39	540,615	540,615	9,857,635	9,857,635
5,000-24,999	13,687	165,703,175	0	70,868	7,267,649	4.39%	9,322,541	5.63%	\$1.58	(504,985)	(504,985)	1,812,645	1,812,645
25,000-49,999	3,595	125,224,770	98,820	332,563	6,667,572	5.32%	9,238,681	7.38%	\$1.33	(733,716)	(733,716)	1,598,621	1,598,621
50,000-99,999	1,988	135,973,009	193,290	626,792	8,303,829	6.11%	12,539,282	9.22%	\$1.34	218,953	218,953	1,819,719	1,819,719
100,000-249,999	1,287	191,011,316	996,118	4,725,304	11,924,796	6.24%	18,934,830	9.91%	\$1.41	1,146,839	1,146,839	2,748,783	2,748,783
250,000-499,999	273	88,257,697	283,621	1,362,983	3,438,077	3.90%	6,461,131	7.32%	\$1.25	494,118	494,118	1,212,867	1,212,867
500,000 plus	69	48,721,919	0	1,066,124	4,130,585	8.48%	4,392,285	9.02%	\$1.67	(80,594)	(80,594)	665,000	665,000
Los Angeles Total	20,899	754,891,886	1,571,849	8,184,634	41,732,508	5.53%	60,888,750	8.07%	\$1.39	540,615	540,615	9,857,635	9,857,635

This survey consists of buildings greater than 5,000 square feet. Lease rates are on a triple-net basis.



Market Showing Signs of Stabilization, But Remains Very Much Price-Driven

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The LA County industrial real estate market continues to work through excess inventory and generally anemic tenant demand across most sizes ranges. However, there were some noteworthy transactions completed in Q1 2026, including a 500K-SF lease to Amazon in Long Beach, a 442K-SF lease to Apex Logistics in Torrance, a 326K-SF lease to Speed Xpress in Montebello, and a handful of other transactions larger than 100K SF. Landlords and tenants each have their own challenges in today's market. Landlords have the challenge of competing against multiple properties and, in some cases, figuring out where the market actually lies with respect to achievable deal terms. Tenants are faced, in some cases, with overwhelmingly long building surveys with an abundance of options. Additionally, if tenant improvements are needed, tenants are facing longer-than-desired construction schedules, largely due to prolonged permitting timelines with certain cities, which can delay occupancy. The reality is both sides face challenges, though the market remains much more favorable for tenants than landlords for now.

With regard to the leasing market, tenant concessions are still very abundant, especially for buildings larger than 50K SF. Tenant improvement allowances lately have been ranging from \$1 PSF to \$3 PSF. These allowances are most often in addition to make-ready work that a landlord has already completed. Free rent is also prevalent in most leases right now. Tenants who signed for terms of five years or more in Q1 2026 obtained from three to six months of free rent, with a few landlords granting free rent exceeded six months. Lastly, tenants in the market are primarily focused on price (rate). The landlords who have the ability to price buildings below (and sometimes substantially below) the competition are the ones who are attracting the limited number of tenants in the market.

On the sales side, owner-users are driving a majority of the sale transactions in most submarkets, especially for vacant buildings. The main catalyst for strong owner-user purchase activity is the more favorable financing environment that has developed over the past six to nine months. For example, a 25-year owner-user loan with the SBA under their commonly utilized 504 program was at 6.51% in January of 2025. That rate now sits at 5.72%. While 75 basis points may not seem like a lot, it's been enough to generate strong owner-user activity at the start of 2026.

The outlook for the remainder of the year is cautiously optimistic, though most industry veterans seem to think a notable recovery likely won't occur until 2027. For now, tenants control the leasing market while sellers will find they can generally generate strong activity if a building is not priced ambitiously.

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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 Voith Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voith Real Estate Services.

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Product Type

MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

Submarkets

CENTRAL

Bell/Bell Gardens/Maywood, City of Commerce, Huntington Park/Cudahy, Downtown, Montebello, Pico Rivera, South Gate, Vernon

MID COUNTIES

Artesia/Cerritos, Bellflower/Downey, Buena Park/La Palma, La Mirada, Norwalk, Paramount, Santa Fe Springs, Whittier

SAN GABRIEL VALLEY

Alhambra, Arcadia/Temple City, Azusa, Baldwin Park, City of Industry/DB/HH/RH, Covina/West Covina, Duarte, El Monte, Irwindale, La Puente, La Verne/San Dimas/Glendora, Monrovia, Pomona/Claremont, Monterey Park/Rosemead/San Gabriel, South El Monte, Walnut

SOUTH BAY

Carson, Compton, El Segundo, Gardena, Harbor City, Hawthorne, Inglewood, Lakewood/Hawaiian Gardens, Lawndale, Long Beach/San Pedro/Terminal Island, Lynwood, Rancho Dominguez, Redondo & Hermosa Beach, Signal Hill, Torrance, Wilmington