TRANSWESTERN

LOS ANGELES

INDUSTRIAL MARKET | Q2 2025

867.1 MSF
Inventory

(734,463) SF
Net Absorption

4.9%
Direct Vacant Available Rate

8.8%
Total Availability

4.7 MSF
Under Construction

$1.43 PSF
NNN Direct Asking Rent

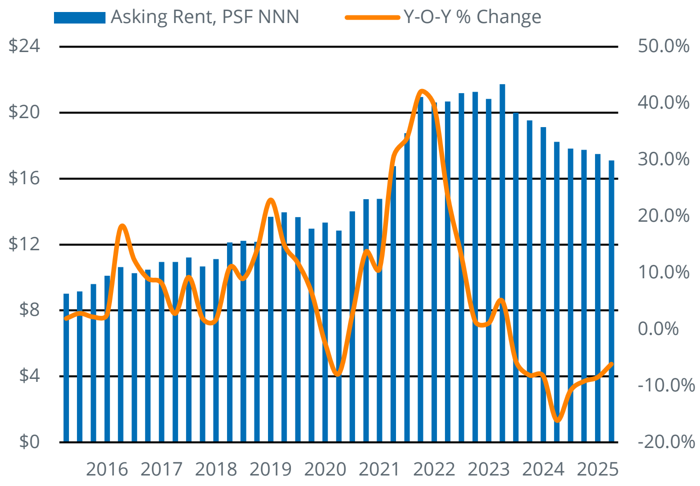
Vacancy Continues Steady Climb

Market Observations

- Direct vacancy climbed to 4.9% in Q2 2025, a 70-basis point increase year-over-year but still well below the national average vacancy rate of 6.7%. The increase stems more from move-outs than new supply, particularly in port-adjacent submarkets where logistics tenants are consolidating operations.
- Occupier demand remains inconsistent, with Q1 2025 marking the only quarter of positive net absorption in the past year. A trailing 12-month net loss of over 1 million SF underscores continued downsizing among logistics firms, bankruptcies, and manufacturing closures.
- Asking rents have declined nearly 20% from their 2023 peak, settling at $17.10 PSF in Q2 2025. Concessions are widespread, with months of free rent common in large deals.
- Los Angeles' development pipeline remains active with 4.7 million SF under construction. With roughly 75% of projects being speculative, developers are signaling strong confidence in the market's long-term fundamentals. Demolition of obsolete assets and constrained land supply are helping prevent oversupply relative to national trends.
- Even amid trade uncertainty, Los Angeles continues to benefit from one of the largest and most resilient industrial bases in the country, supported by its proximity to the ports, robust demand from logistics and e-commerce users, and historically low vacancy rates.

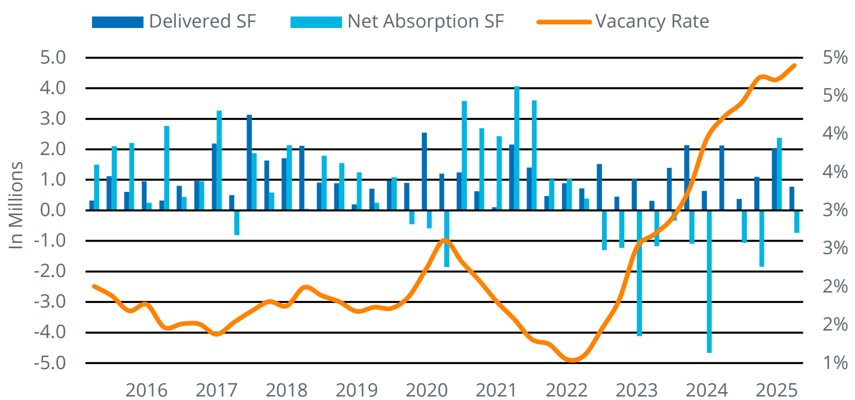
- **Net absorption** totaled negative 734,463 SF during the second quarter, a reversal after seeing positive absorption in Q1 for the first period in a year. Port related submarkets saw the largest impact in Q2, including Carson (-790K SF), Vernon (-434K SF), and Gardena (-243K SF).
- The **direct vacancy** increased 20 basis-points quarter-over-quarter and is up 70 basis-points compared to Q2 2024. North Los Angeles remains the tightest submarket with only 3.5% direct vacancy and Central Los Angeles had the highest direct vacancy at 5.7%. Total availability was highest in the South Bay Market at 10.4%, indicating some new sublease space on the market.
- **Asking rents** declined for the eighth straight quarter, ending at $17.10 per SF NNN, however they are still 20% above pre-covid asking rates. While down quarter-over-quarter, the Westside, including El Segundo/Hawthorne, still command the highest asking rates given their close proximity to the ports and LAX.
- There is 4.7M SF **under construction** at approximately 22% pre-leased. A bulk of the activity is found in the Northern Los Angeles submarket where nearly 1M SF is being developed in Antelope Valley and another 737K SF in the Santa Clarita Valley.

ASKING RENT



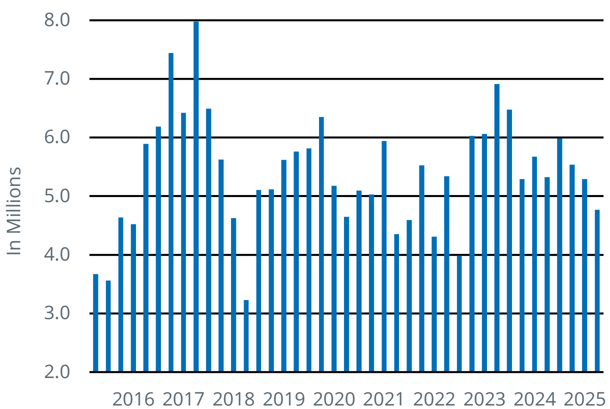
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

LOS ANGELES INDUSTRIAL MARKET | Q2 2025

MARKET INDICATORS TABLE

SUBMARKET		INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	12-MONTH NET ABSORPTION SF	ASKING RENT PSF, NNN
Central Los Angeles	Vernon Area	77,263,206	5,228,823	6.8%	10.5%	466,121	(433,842)	(641,533)	$1.01
	Commerce Area	72,417,114	3,872,953	5.3%	8.5%	292,303	243,024	(456,960)	$1.38
	Central LA	70,448,754	3,545,590	5.0%	7.2%		(62,748)	82,874	$1.27
	Total	**220,129,074**	**12,647,366**	**5.7%**	**8.8%**	**758,424**	**(253,566)**	**(1,015,619)**	**$1.21**
Mid-Counties	Mid-Counties	92,463,224	5,271,173	5.7%	9.7%	381,158	141,096	(815,211)	$1.39
	Lynwood/Paramount	13,142,463	595,923	4.5%	7.9%		27,069	118,186	$1.46
	Total	**105,605,687**	**5,867,096**	**5.6%**	**9.5%**	**381,158**	**168,165**	**(697,025)**	**$1.40**
North Los Angeles	SFV East	69,782,712	2,671,281	3.8%	6.6%	440,000	(168,360)	(708,413)	$1.63
	SFV West	40,149,844	1,471,394	3.7%	5.3%	91,950	47,282	245,306	$1.50
	Santa Clarita Valley	25,853,325	710,066	2.7%	11.7%	737,324	189,465	(281,628)	$1.43
	Antelope Valley	12,902,544	298,458	2.3%	9.7%	962,327	(20,703)	1,008,570	$1.08
	Total	**148,688,425**	**5,151,199**	**3.5%**	**5.9%**	**2,231,601**	**47,684**	**263,835**	**$1.51**
San Gabriel Valley	Upper SGV	32,379,240	1,468,470	4.5%	8.6%		184,527	149,020	$1.36
	Lower SGV	86,427,291	2,829,639	3.3%	7.1%	444,547	(258,001)	2,406,798	$1.47
	Eastern SGV	25,745,715	1,541,335	6.0%	9.5%		(247,798)	(836,275)	$1.28
	Northwest SGV	18,834,024	760,352	4.1%	6.3%		20,358	(40,810)	$1.31
	Southwest SGV	8,136,343	96,486	1.2%	2.6%		48,056	34,062	$1.48
	Total	**171,522,613**	**6,696,282**	**3.9%**	**7.4%**	**444,547**	**(252,858)**	**1,712,795**	**$1.41**
South Bay	Carson/Rancho Dominguez	75,163,418	4,025,811	5.4%	10.2%	557,934	(790,250)	(867,545)	$1.43
	Torrance/Beach Cities	38,777,312	1,852,025	4.8%	12.0%	83,740	597,218	33,008	$1.76
	Gardena/110 Corridor	34,460,392	2,211,885	6.4%	10.2%	60,558	(243,226)	(556,599)	$1.42
	Long Beach Area	26,828,532	1,848,343	6.9%	10.6%	189,958	6,616	102,776	$1.50
	Westside	24,227,163	1,637,949	6.8%	11.5%	58,975	32,867	(60,884)	$2.39
	El Segundo/Hawthorne Ind	21,723,186	541,416	2.5%	6.8%		(47,113)	(173,605)	$1.95
	Total	**221,180,003**	**12,117,429**	**5.5%**	**10.4%**	**951,165**	**(443,888)**	**(1,522,849)**	**$1.65**
TOTAL		**867,125,802**	**42,479,372**	**4.9%**	**8.8%**	**4,766,895**	**(734,463)**	**(1,258,863)**	**$1.43**

Source: CoStar, Transwestern

Research Methodology

The information in this report is the result of a compilation of information on flex and industrial properties located in the Los Angeles metro area. This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding data centers, biotech, and properties owned by a government agency. To continually improve the content provided to our clients, starting at Q1 2025, Transwestern Research has revised its methodology which may shift current and historical data in our market reporting. Please reach out to the research contact(s) noted in this report with any questions

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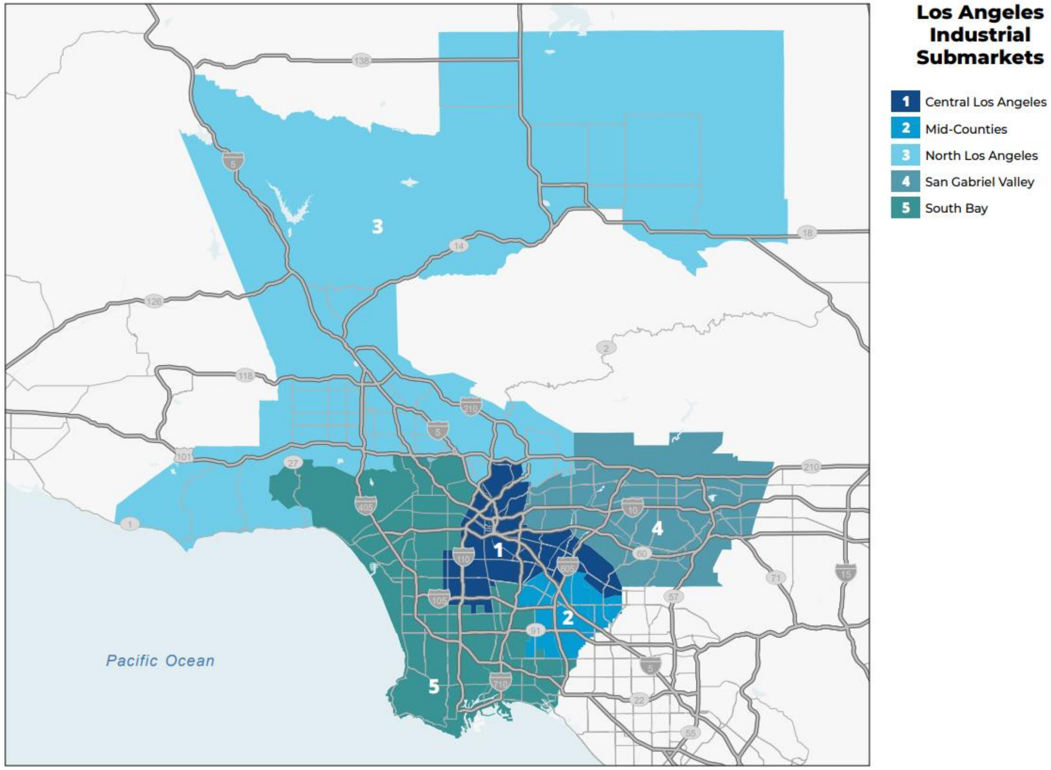
For more information

Ian Wolfe
Senior Research Analyst
Ian.Wolfe@transwestern.com
213.314.5056



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