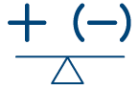




**868.5 MSF**

Inventory



**(22,985) SF**

Net Absorption



**5.1%**

Direct Vacant Available Rate



**8.5%**

Total Availability



**3.25 MSF**

Under Construction



**\$1.40 PSF**

NNN Direct Asking Rent

## Rates Dip As Vacancy Rates Grow

### Market Observations

- The direct vacancy rate climbed again in Q3, now at 5.1%, a 20-basis point increase from Q2. Vacancy rates have now increased in eleven of the past twelve quarters and are up nearly 4% from 2022. LA vacancy rates still outperform the national industrial average of 6.5%, it's highest direct vacancy rate in twelve years.
- Net absorption was minimal in Q3, ending down 23K square-feet. Sublease availability contributed to the direct vacant total as over 1 million square feet of previously advertised sublease space moved to vacant and available.
- Asking rents averaged \$1.40 per SF NNN in Q3, the lowest level since 2021. Free rent and other deal incentives, once rare, are now common, with effective rents down as much as 30% depending on building type and location.
- The 3.25 million square feet under construction represents the lowest quarterly total in over five years. Los Angeles has added less than 2% to its industrial inventory over the past decade, with new deliveries largely offset by demolitions. Only about a quarter of the space currently under construction has been released, adding upward pressure on vacancy rates.
- Industrial sales activity has slowed in recent quarters, with elevated financing costs, softer leasing fundamentals, and the ULA transfer tax pushing annual transaction volume down from about \$10B in 2022 to about \$4.5B since 2023. Pricing has followed suit, with logistics assets trading near \$316/SF in 2025—about 15% below 2022 levels.

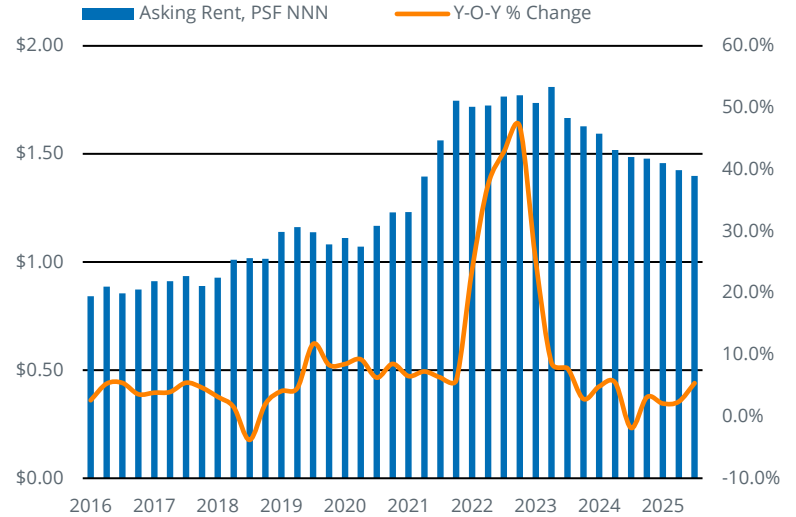




# LOS ANGELES INDUSTRIAL MARKET | Q3 2025

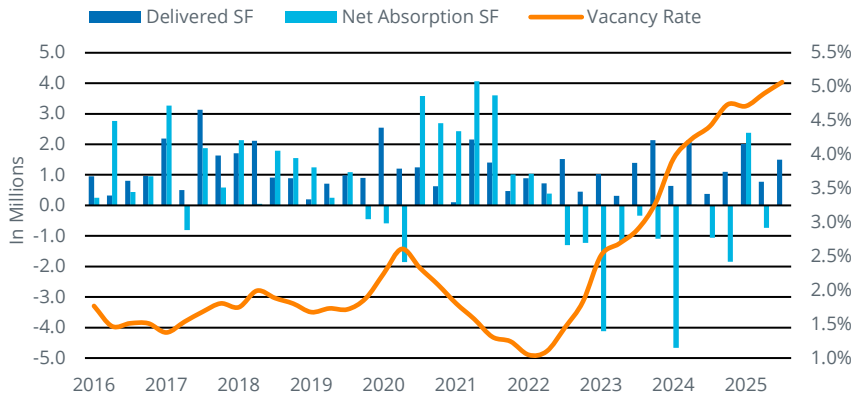
- Net absorption** totaled negative 22,985 SF during the third quarter as leasing on new supply remains low. Of the nearly 14 million square feet of new industrial space completed since 2023, roughly 30% is still vacant and available. Meanwhile, trailing-year net absorption of negative 1.3 million SF was weighed down by downsizing logistics tenants, bankrupt retailers closing warehouses, and some manufacturers relocating or reducing operations.
- The **direct vacancy** increased another 20 basis-points quarter-over-quarter and is up 70 basis-points compared to Q3 2024, continuing a multi-year upward trend amid changing tenant requirements. The Mid Counties submarket accounts for nearly 11% of the total market square footage and remains a desired location as vacancy rates improved by 80-basis-points in Q3.
- Asking rents** declined for the ninth straight quarter in Q3, ending at \$1.40 per SF NNN. Port-adjacent South Bay submarkets have seen the steepest rent drops while more peripheral markets and Class A buildings in the San Gabriel Valley have held up better. Despite the softening, market rents remain roughly 25% higher than five years ago.
- Quarterly **under construction volume** fell to 3.25M square feet in Q3 2025, the lowest level in five years and down from 5.99M square feet a year earlier. Key owners of delivered product in Q3 include Centris Industrial, Brookfield Property Group, Covington Group, Chalmers Equity Group, and Ares Management Corporation.

## ASKING RENT



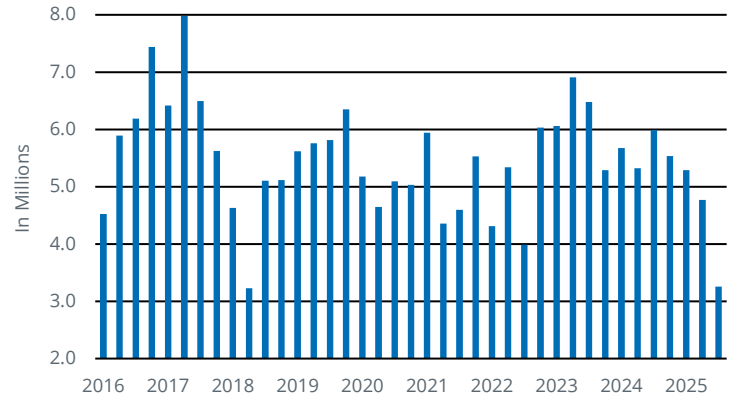
Source: CoStar, Transwestern

## DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

## UNDER CONSTRUCTION



Source: CoStar, Transwestern



# LOS ANGELES INDUSTRIAL MARKET | Q3 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	5,245,026	6.8%	9.7%	466,121	(16,203)	(739,491)	\$1.01
	Commerce Area	72,417,114	3,465,866	4.8%	7.5%	292,303	407,087	444,559	\$1.26
	Central LA	70,435,972	4,216,130	6.0%	8.3%		(670,540)	(620,113)	\$1.25
	<b>Total</b>	<b>220,116,292</b>	<b>12,927,022</b>	<b>5.9%</b>	<b>8.5%</b>	<b>758,424</b>	<b>(279,656)</b>	<b>(915,045)</b>	<b>\$1.17</b>
Mid-Counties	Mid-Counties	92,642,811	4,494,839	4.9%	8.4%	201,571	955,921	680,118	\$1.37
	Lynwood/Paramount	13,142,463	307,899	2.3%	6.6%		288,024	358,097	\$1.26
	<b>Total</b>	<b>105,785,274</b>	<b>4,802,738</b>	<b>4.5%</b>	<b>8.2%</b>	<b>201,571</b>	<b>1,243,945</b>	<b>1,038,215</b>	<b>\$1.35</b>
North Los Angeles	SFV East	69,673,526	2,550,521	3.7%	6.5%	440,000	81,574	(368,949)	\$1.61
	SFV West	40,149,844	1,463,597	3.6%	6.0%	91,950	7,797	(72,624)	\$1.46
	Santa Clarita Valley	26,554,347	1,685,974	6.3%	12.7%		(248,784)	(272,328)	\$1.43
	Antelope Valley	12,902,544	1,120,612	8.7%	15.1%	962,327	(822,154)	215,951	\$1.04
<b>Total</b>	<b>149,280,261</b>	<b>6,820,704</b>	<b>4.6%</b>	<b>6.2%</b>	<b>1,494,277</b>	<b>(981,567)</b>	<b>(497,950)</b>	<b>\$1.49</b>	
San Gabriel Valley	Upper SGV	32,309,742	1,460,221	4.5%	8.3%		8,249	158,462	\$1.35
	Lower SGV	86,134,356	2,969,641	3.4%	6.6%	407,361	(102,816)	1,748,956	\$1.45
	Eastern SGV	25,719,567	1,029,184	4.0%	6.4%		512,151	(308,897)	\$1.27
	Northwest SGV	18,834,024	664,502	3.5%	8.0%		95,850	256,609	\$1.24
	Southwest SGV	8,535,962	90,083	1.1%	2.1%		6,403	73,359	\$1.44
	<b>Total</b>	<b>171,533,651</b>	<b>6,213,631</b>	<b>3.6%</b>	<b>6.8%</b>	<b>407,361</b>	<b>519,837</b>	<b>1,928,489</b>	<b>\$1.38</b>
South Bay	Carson/Rancho Dominguez	75,721,352	4,650,353	6.1%	10.1%		(66,608)	(1,191,124)	\$1.39
	Torrance/Beach Cities	38,777,312	2,379,411	6.1%	12.1%	83,740	(527,386)	(411,057)	\$1.71
	Gardena/110 Corridor	34,505,202	1,890,597	5.5%	9.5%	60,558	366,098	(130,501)	\$1.35
	Long Beach Area	26,809,055	1,967,722	7.3%	11.0%	189,958	(119,379)	183,062	\$1.49
	Westside	24,227,163	1,756,387	7.2%	11.9%	58,975	(118,438)	(108,993)	\$2.24
	El Segundo/Hawthorne	21,723,186	601,247	2.8%	5.3%		(59,831)	(140,443)	\$2.32
<b>Total</b>	<b>221,763,270</b>	<b>13,245,717</b>	<b>6.0%</b>	<b>10.2%</b>	<b>393,231</b>	<b>(525,544)</b>	<b>(1,799,056)</b>	<b>\$1.64</b>	
<b>TOTAL</b>	<b>868,478,748</b>	<b>44,009,812</b>	<b>5.1%</b>	<b>8.5%</b>	<b>3,254,864</b>	<b>(22,985)</b>	<b>(245,347)</b>	<b>\$1.40</b>	

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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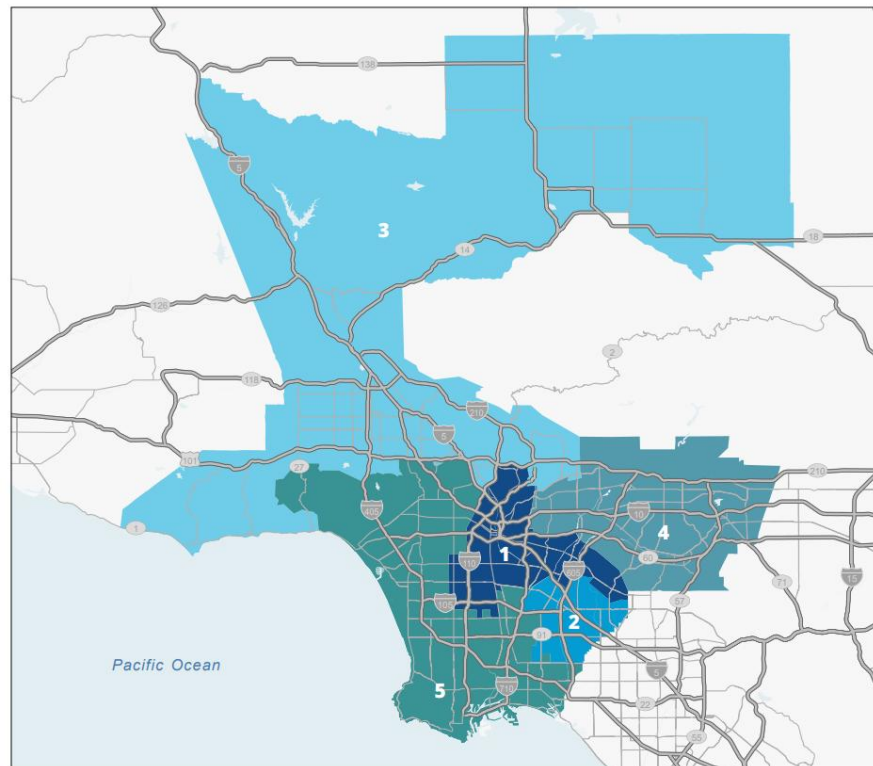
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## Los Angeles Industrial Submarkets

- 1 Central Los Angeles
- 2 Mid-Counties
- 3 North Los Angeles
- 4 San Gabriel Valley
- 5 South Bay