

Los Angeles

Industrial Market | Q1 2026

Industrial Market Shifts Toward Balance

Market Observations

- The Los Angeles industrial market continues to transition from the rapid growth seen in recent years toward a more balanced environment, recording modest negative absorption in Q1. Another 1.2M SF was delivered in Q1, almost entirely available which contributed to the 20-basis point increase to direct vacancy QoQ. The market has added 28M SF over the last five years, or 3% of total inventory, averaging a little over 1.5M sf per quarter.
- Net asking rents averaged \$1.46 PSF in Q1 2026, remaining in line with the previous quarter but down 5% YoY. Westside industrial rents increased 7% quarter-over-quarter to \$2.44 PSF, though rates remained slightly below year-ago levels. Despite broader market softening, the South Bay market has remained relatively resilient as tenant demand for infill logistics and last-mile distribution space continues to support pricing at well-located assets.
- Construction pipeline totals 988K SF in Q1 2026, down from 2.5M SF last quarter and 5.3M SF year-over-year. Antelope Valley delivered 647K SF and the Lower San Gabriel Valley submarket added another 349K SF. The largest project underway is a 440K sf warehouse in Sylmar, expected to deliver in Q2.



871 MSF
Inventory



(235K) SF
Net Absorption



5.2%
Direct Vacancy



8.4%
Total Availability



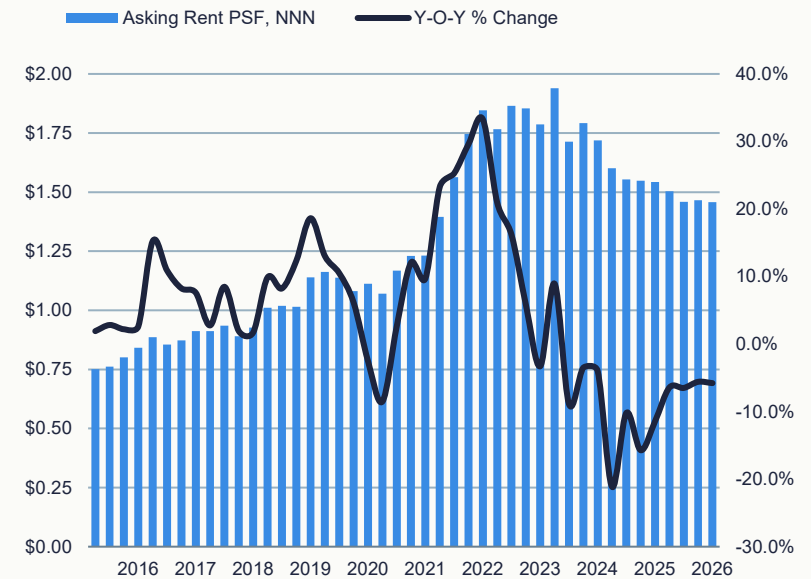
988K SF
Under Construction



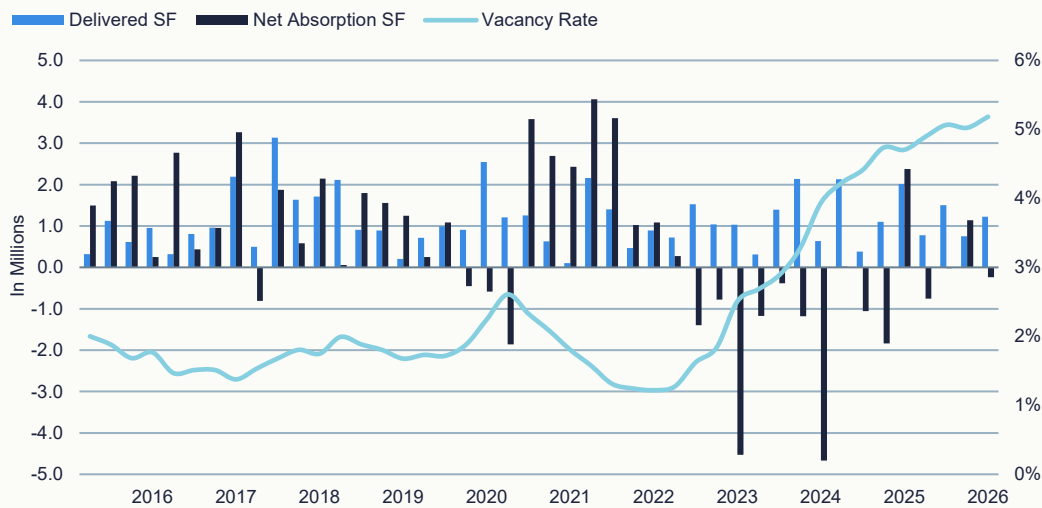
\$1.46 PSF
Asking Rent

- Metro direct vacancy increased to 5.2% in Q1 2026, up 20 basis points QoQ and 50 basis points YoY, while total availability edged up to 8.4%, reflecting continued softening primarily in direct space. West Covina/Walnut (16.8%) and La Mirada (16.6%) recorded the highest availability rates in the region, while Antelope Valley posted a notable quarterly decline in availability despite remaining elevated year-over-year.
- Industrial demand varied in Q1 2026: Commerce Area submarket led with 423K SF net absorption, extending a five-month positive streak; the Lower San Gabriel Valley fell -264K SF; and Central LA dropped to -40K SF after a 301K SF gain last quarter, showing some leasing pullbacks in core infill markets.
- Net absorption for the quarter held close to recent norms, with occupancy changes driven more by rollover of existing leases than by large new commitments or widespread move-outs. Class A and Class B product moved largely in tandem, with no pronounced divergence in demand between newer and more functional space and older, more commodity inventory.

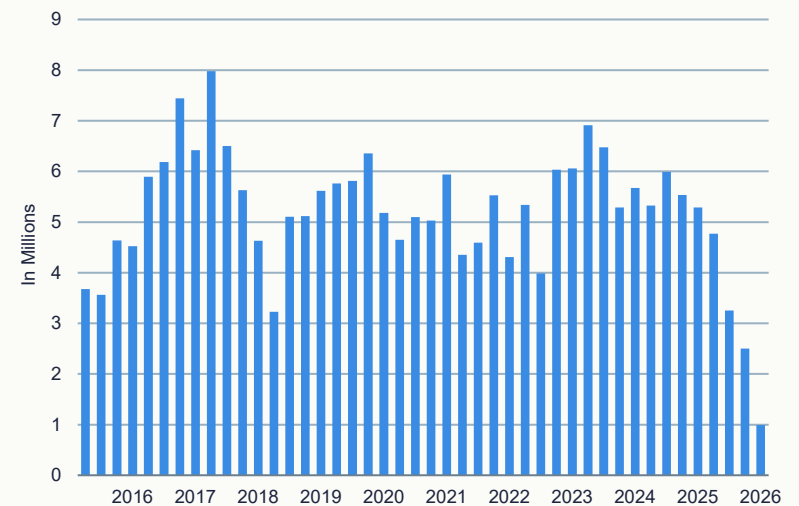
Asking Rent



Delivery Impact On Key Indicators



Under Construction



Market Indicators Table

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	Rolling 12-Mo Net Absorption SF	Asking Rent PSF, NNN
Central Los Angeles	220,846,196	11,948,776	5.4%	8.4%	333,104	11,435	870,344	\$1.34
Mid-Counties	105,991,693	4,717,518	4.5%	8.4%		96,810	1,698,901	\$1.28
North Los Angeles	150,234,572	8,519,364	5.7%	8.4%	465,000	(187,600)	(1,908,480)	\$1.47
San Gabriel Valley	171,941,659	7,240,159	4.2%	7.3%		(674,992)	(294,340)	\$1.43
South Bay	221,903,991	12,720,516	5.7%	9.1%	189,958	519,482	(240,958)	\$1.64
Total	870,918,111	45,146,333	5.2%	8.4%	988,062	(234,865)	125,467	\$1.46

Source: CoStar, Transwestern

Research Methodology

The information in this report is the result of a compilation of information on industrial properties located in the Los Angeles. This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding data centers and properties owned by a government agency.

About Transwestern

Transwestern is a vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate \$64 billion(1) in assets. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

(1) Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026

For More Information

Ian Wolfe

Senior Research Analyst
 Research & Investment Analytics
Ian.Wolfe@transwestern.com
 213.314.5056

© 2026 Transwestern. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by Transwestern from CoStar and other primary and secondary sources.
transwestern.com

