MARKETBEAT

LOS ANGELES

INDUSTRIAL Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.8% Vacancy Rate	▲	▼
1.6M YTD Net Absorption, SF	▲	▲
$1.34 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.6M Los Angeles County Employment	▲	▼
5.8% Los Angeles County Unemployment Rate	▼	▲
4.3% United States Unemployment Rate	▲	▲

Source: BLS

ECONOMY

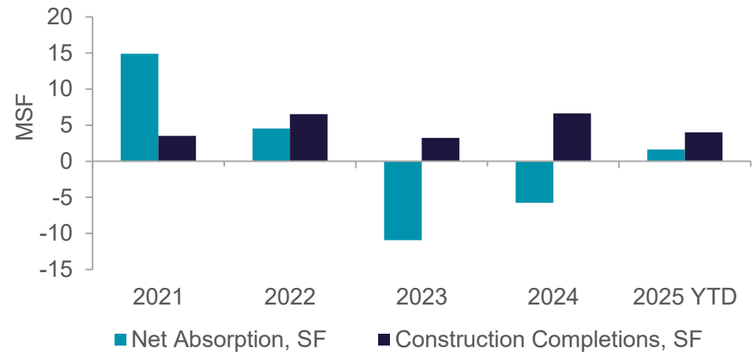
Between August 2024 and August 2025, Los Angeles (LA) County's job market added 31,600 nonfarm jobs, a 0.7% year-over-year (YOY) increase, marking continued though modest growth in the regional labor market. Private education and health services drove overall gains with 54,800 new jobs, followed by government (+17,500; +3.1% YOY) and leisure and hospitality (+1,100). In contrast, several industrial-related sectors contracted. Manufacturing (-11,000) posted the largest decline, led by durable goods and transportation equipment, while construction (-6,000) and trade, transportation and utilities (-5,400) also softened, signaling a pullback in production and logistics activity tied to higher costs and slower goods movement. Additional losses occurred in professional and business services (-9,800) and financial activities (-4,900). The unemployment rate improved to 6.3%, down from 6.7% a year earlier but still above the quarterly average of 5.8%[1]. Total employment is forecast to expand by 0.9% in 2025 and 0.7% in 2026, outpacing the five-year historical average of 0.0%[2], signaling modest but sustained growth led by the healthcare and public sectors.

The Ports of Los Angeles (6.9 million) and Long Beach (6.6 million) handled a combined 13.5 million Twenty-Foot Equivalent Units (TEUs) through August 2025, up 6.3% YOY and 19.9% above 2019 levels[3]. Strong activity in the first half of the year drove the surge as importers accelerated shipments ahead of potential U.S. tariffs. July set a record for the Port of Los Angeles with over 1.0 million TEUs, the busiest month in its 117-year history. Momentum slowed in August, with volumes dipping 5.3% month-over-month and 0.8% YOY as tariffs and early inventory stocking weighed on activity. Officials expect further moderation through the end of the year, amid cautious consumer sentiment and shifting trade flows.

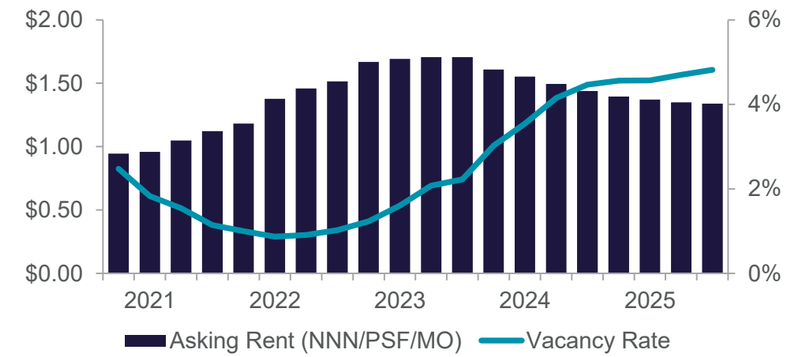
SUPPLY AND DEMAND

Vacancy rates are still on the rise in the LA industrial market but have been slowing over the past year. In Q3 2025, the overall vacancy rate climbed to 4.8%, up 10 basis points (bps) quarter-over-quarter (QOQ) and 40 bps YOY, the highest level seen in the past decade. The LA North submarket registered the largest quarterly increase in vacancy, at 1.1%, while Mid-Counties registered the largest decrease at 1.0%. Year-to-date (YTD) net absorption is positive through three quarters for the first time since 2022, as occupancy gains have been recorded in three of the past four quarters.

SPACE DEMAND / DELIVERIES

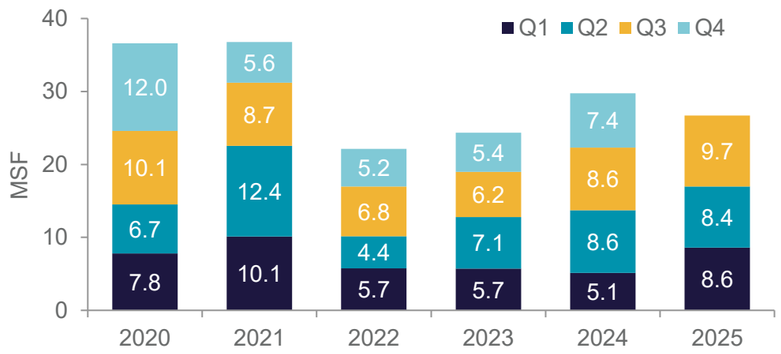


OVERALL VACANCY / ASKING RENT

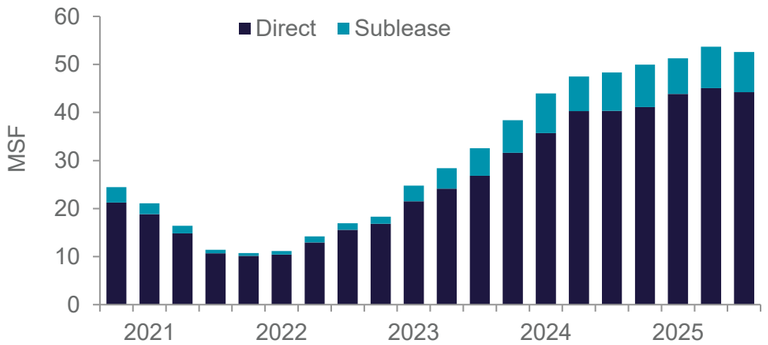


LOS ANGELES
INDUSTRIAL Q3 2025

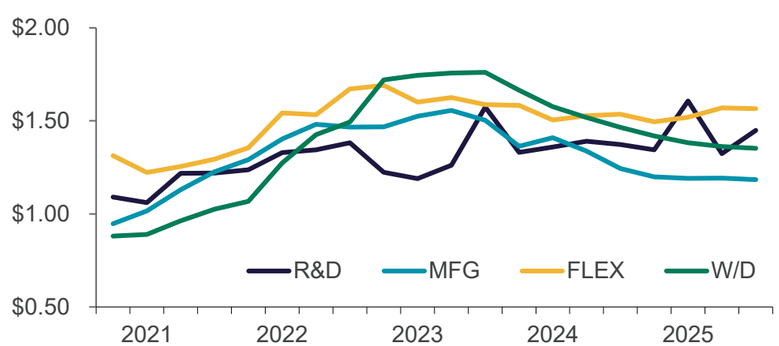
NEW LEASING ACTIVITY



DIRECT VS. SUBLEASE AVAILABLE SPACE



AVERAGE ASKING RENT $PSF MONTHLY NNN



The availability rate, which includes space being marketed for lease even if not yet vacated, fell for the first time since Q4 2021 to 6.5%. This drop suggests a shift in the vacancy momentum may be on the horizon. At the end of the third quarter, nearly 52.6 million square feet (msf) of space was available across LA, a decrease of nearly 1.1 msf QOQ. Sublease space accounted for 15.9% of the total available space.

Leasing activity could be the brightest spot in the LA industrial market as over 9.7 msf of new leasing activity was recorded in Q3 2025 (+16.3% QOQ and +13.2% YOY), marking the highest quarterly velocity since Q2 2021. YTD leasing in 2025 is over 26.7 msf, which is also the strongest through three quarters since 2021. LA South led the way in Q3 2025 leasing followed by LA Central, which together accounted for 58.4% of total quarterly leasing. Those two submarkets, along with the San Gabriel Valley, represent 74.1% of total YTD leasing.

FUTURE INVENTORY

While many U.S. markets grapple with excess supply, LA's industrial construction pipeline has remained modest and tapered over the last year. At the close of Q3 2025, 23 properties, totaling over 4.0 msf, were under construction. Notably, all are being developed on a speculative basis, and only one has been pre-leased, leaving 98.7% of the space without tenant commitments thus far. Twelve buildings, totaling over 1.5 msf, were completed this quarter, bringing the 2025 YTD deliveries to over 4.0 msf across 35 buildings. The bulk of LA's development is concentrated in LA North and LA South as those two submarkets are first and second, respectively, in both under construction and YTD completions.

PRICING

Despite the more vigorous leasing activity, the continued rise in the vacancy rate cooled asking rents in LA. After the rapid increase during the COVID-19 pandemic and stagnation in 2023, the average asking rent has been falling over the past eight quarters. However, like the slowing of the vacancy rate growth, the downward momentum of asking rates has begun to flatten out as well. The overall asking rate dropped by $0.01 per square foot (psf) (-0.7%) QOQ and $0.10 psf (-6.9%) YOY to $1.34 psf per month on a triple net basis.

Still, long-term growth tells a different story despite the recent softening of asking rents. Compared to pre-COVID levels in Q4 2019, average rents have swelled by 48.5%. Tenants exiting leases signed five or more years ago are encountering significant rent spikes, leading to sticker shock and complex lease negotiations.

OUTLOOK

- Port activity at the Los Angeles and Long Beach ports surged in the first half of 2025 to beat anticipated tariff deadlines. However, economic uncertainty persists due to tariff volatility, resulting in fluctuations in shipping traffic. With China being the top trade partner of LA's ports, the implementation of tariffs will likely continue causing cargo volumes to dissipate markedly.
- While vacancy is still on the rise, growth has slowed with rebounding demand showing signs of stabilization in the future.
- LA's industrial market has seen stable construction activity, even as market conditions cooled. Unlike other markets facing oversupply, LA has limited new construction due to its land constrained and infill nature, with no more than 1.2% of its inventory under construction at any time.
- As available space remains ample and pricing continues to recalibrate, rents are still on the decline. However, like vacancy, momentum has slowed, showing signs of stabilization. Expect rates to bottom out soon before improving in the future.

LOS ANGELES
INDUSTRIAL Q3 2025

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MFG)*	OVERALL WEIGHTED AVG NET RENT (W/D)*	OVERALL WEIGHTED AVG NET RENT (ALL)*
LA North	149,670,834	6,645,910	4.4%	-1,072,630	-959,690	2,792,528	1,755,247	1,710,645	$1.39	$1.42	$1.42
San Gabriel Valley	159,606,295	4,859,051	3.0%	778,875	2,197,197	6,598,556	623,536	320,805	$1.10	$1.31	$1.30
Mid-Counties	89,478,609	4,453,276	5.0%	1,053,460	756,187	3,997,405	493,874	386,479	$1.09	$1.32	$1.31
LA Central	202,564,576	10,259,069	5.1%	501,542	1,376,140	6,852,830	202,712	204,767	$0.97	$1.19	$1.15
LA West	8,466,166	230,379	2.7%	-27,915	56,568	140,356	0	0	$2.15	$2.36	$2.38
LA South	194,071,161	12,282,545	6.3%	-758,590	-1,809,785	6,325,873	932,927	1,387,195	$1.34	$1.46	$1.46
LOS ANGELES TOTALS	**803,857,641**	**38,730,230**	**4.8%**	**474,742**	**1,616,617**	**26,707,548**	**4,008,296**	**4,009,891**	**$1.19**	**$1.35**	**$1.34**

**Rental rates reflect weighted triple net (NNN) asking $psf/month. **Renewals not included in leasing statistics.*

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
15614-15700 Shoemaker Ave., Santa Fe Springs	Mid-Counties	Breakthru Beverage Group	521,091	Direct
1601 W. Mission Blvd., Pomona	San Gabriel Valley	Confidential	504,016	Direct
300 Westmont Dr., San Pedro	LA South	Nippon Express	421,187	Renewal**
19801 S. Santa Fe Ave., Compton	LA South	Undisclosed	356,642	Direct
8500 Rex Rd., Pico Rivera	LA Central	Million Dollar Baby	335,600	Direct

KEY SALE TRANSACTIONS Q3 2025

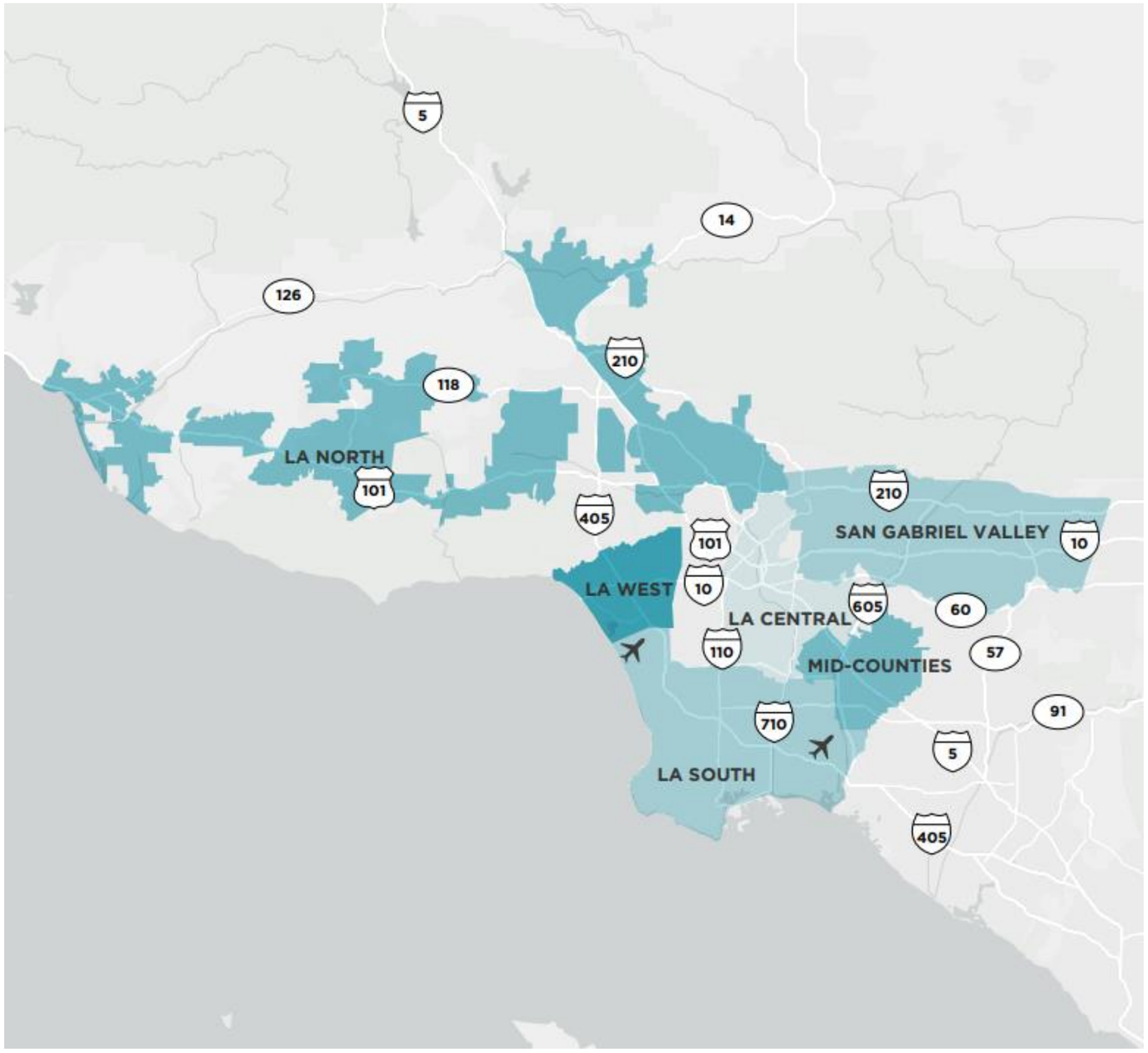
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
The Concourse, Industry	San Gabriel Valley	MetLife / TA Realty	420,697	$112.2M / $267
4400-4454 Pacific Blvd., Vernon	LA Central	4D Development / Digital Realty Trust	253,200	$48.8M / $193
101-104 E. Graham Pl., Burbank	LA North	The Luzzatto Company / Alta West Partners & Olive Point Capital	105,000	$29.0M / $276
3700-3730 Redondo Beach Ave., Redondo Beach	LA South	MetLife / Terreno Realty	99,000	$35.5M / $359
7400 Bandini Blvd., Commerce	LA Central	Bridge Industrial / Shin's Trading Company	94,937	$38.5M / $406

KEY CONSTRUCTION COMPLETIONS 2025 YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
2401 E. Wardlow Rd., Long Beach	LA South	N/A	504,810	Goodman Group
Easy St. Industrial Center – Bldgs. 1-6, Simi Valley	LA North	Amazon	496,045	BentallGreenOak / ElmTree Funds / Xebec
2001 E. Dominguez St., Carson	LA South	N/A	429,112	Brookfield
Santa Clarita Commerce Center – Bldgs. 1-4, Santa Clarita	LA North	N/A	427,387	Covington Group
Telegraph Pointe – Bldgs. 2-3, Santa Fe Springs	Mid-Counties	N/A	179,587	Centris / CA Ventures

Sources: [1]www.bls.gov Los Angeles-Long Beach-Glendale, CA [2]Lightcast Forecast for Los Angeles County, CA as of 9/2025 [3]The Port of Long Beach and Los Angeles, San Pedro Ports.

INDUSTRIAL SUBMARKETS



ZACH PYSER
Senior Research Analyst
Tel: +1 212 307 8175
zachary.pyser@cushwake.com

JOLANTA CAMPION
Senior Research Director, Southern California
Tel: +1 858 625 5235
jolanta.campion@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of $9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.