

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.3% Vacancy Rate	▼	▼
1.8M YTD Net Absorption, SF	▼	▲
\$1.33 Asking Rent, PSF (Overall, Net Asking Rent)	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.6M Los Angeles County Employment	▲	—
5.2% Los Angeles County Unemployment Rate	▼	▲
4.2% United States Unemployment Rate	▼	▲

Source: BLS

ECONOMIC OVERVIEW

Los Angeles (LA) County employment increased by 33,900 nonfarm jobs, or 0.7% year over year (YOY), between August 2025 and August 2026, reflecting modest employment gains amid a moderating economic environment. Job gains remained concentrated in healthcare and education (+32,600 jobs, +3.3% YOY), sectors that provide limited direct support for warehouse and distribution (W/D) demand. In contrast, trade, transportation and utilities - core industrial demand drivers - declined by 2,600 jobs, or 0.3% YOY, while manufacturing fell by 3,800 jobs, or 1.3% YOY, indicating continued weakness in industrial-related employment. Construction employment also declined by 200 jobs, or 0.1% YOY,¹ reinforcing a cautious outlook for near-term industrial expansion.

The unemployment rate improved modestly to 5.2%, down from 5.6% a year earlier,² suggesting gradual labor market stabilization. However, mixed employment trends, combined with ongoing economic and trade-policy uncertainty, continue to weigh on industrial occupier sentiment and expansion decisions.

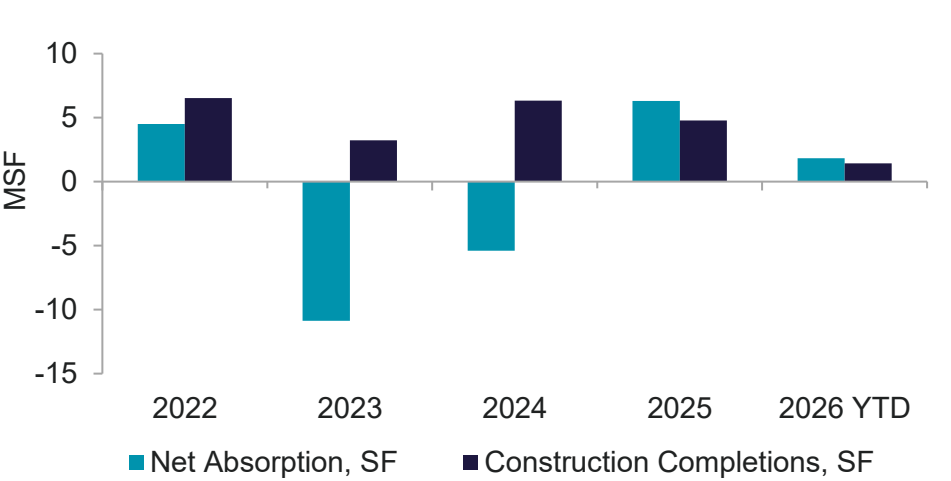
Port activity across the Ports of LA and Long Beach - a key indicator of industrial demand - remained resilient through the first eight months of 2026. In August, the Port of LA processed 955,907 twenty-foot equivalent units (TEUs), down 0.3% YOY, while the Port of Long Beach handled 919,992 TEUs, up 2.0% YOY, reflecting continued cargo movement amid trade-policy uncertainty. Year-to-date (YTD) throughput also remained positive, with LA up 1.5% YOY to 7.0 million TEUs and Long Beach up 1.3% YOY to 6.7 million TEUs,³ providing a stable foundation for regional W/D activity.

While cargo flows remain stable, uncertainty surrounding tariffs and global trade dynamics continues to constrain visibility into future shipping volumes and occupier requirements. Overall, resilient port activity should continue to support regional industrial demand. However, economic uncertainty and shifting trade policies may slow expansion among importers, logistics providers and other port-dependent occupiers.

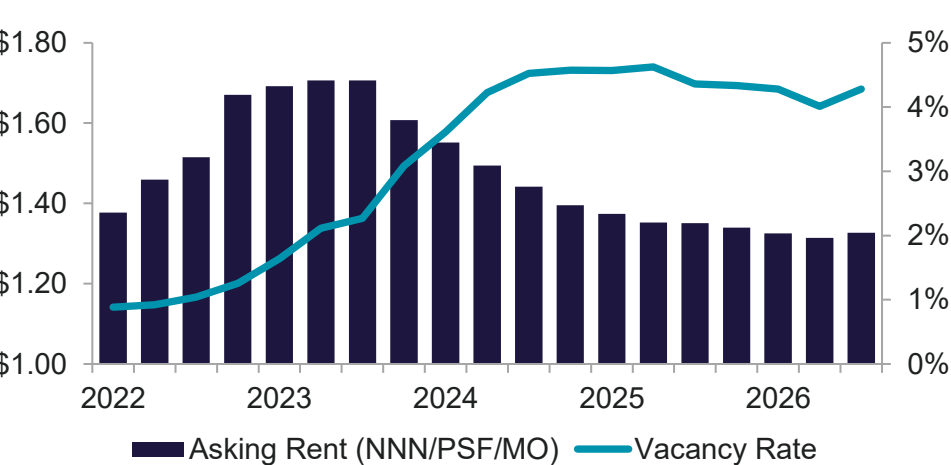
SUPPLY AND DEMAND

Vacancy across LA's industrial market increased for the first time since Q4 2024. In Q3 2026, the overall vacancy rate rose 30 basis points (bps) quarter over quarter

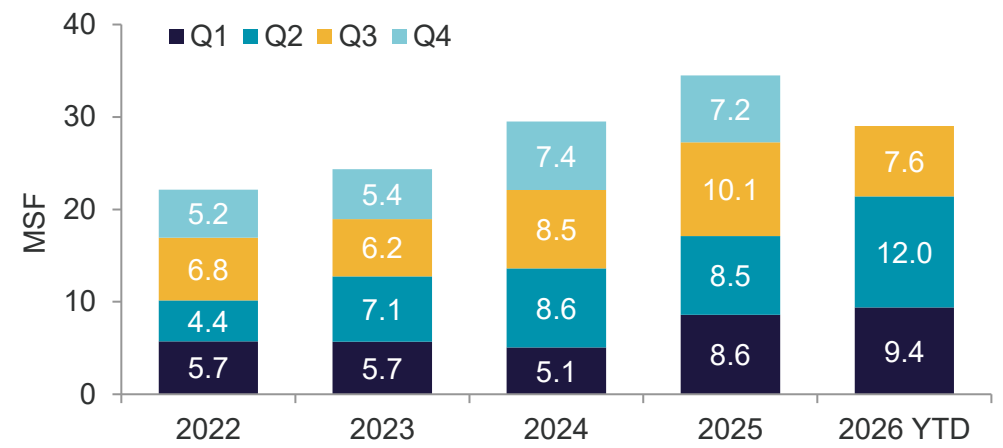
SPACE DEMAND / DELIVERIES



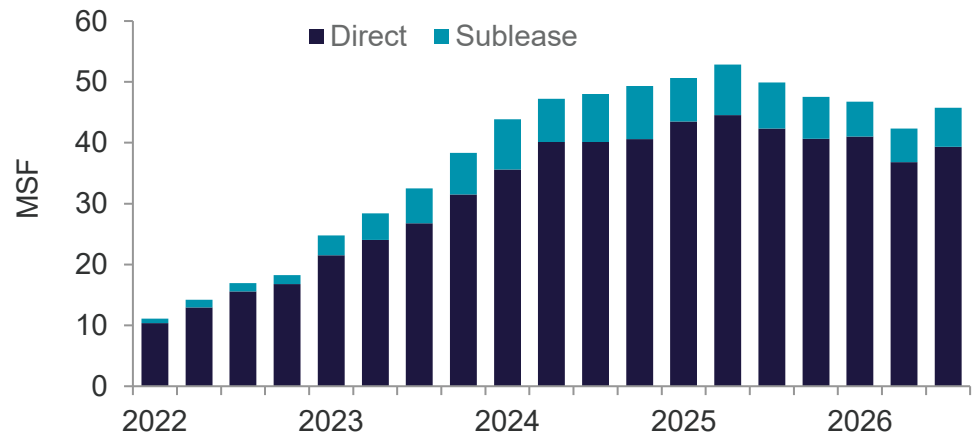
OVERALL VACANCY / ASKING RENT



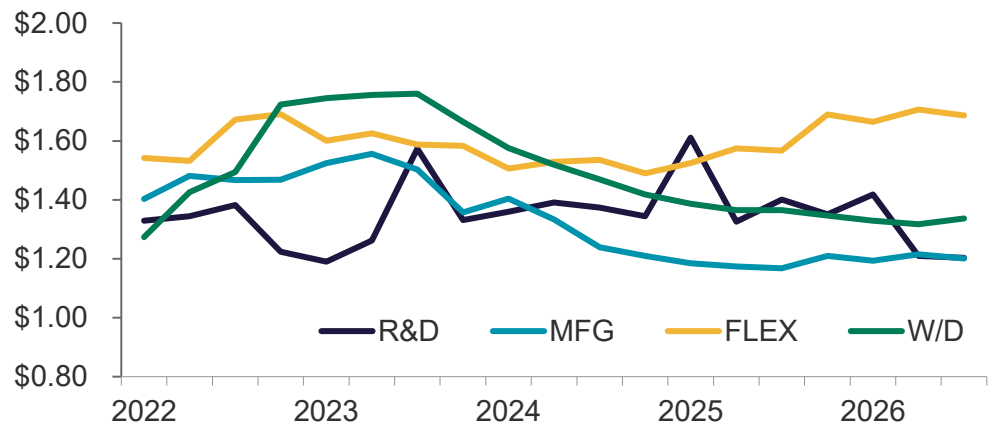
NEW LEASING ACTIVITY



DIRECT VS. SUBLEASE AVAILABLE SPACE



AVERAGE ASKING RENT \$PSF MONTHLY NNN



(QOQ) to 4.3% but remained 10 bps below the year-ago level. Despite the quarterly increase, vacancy remains below its recent peak, reflecting a market that continues to rebalance gradually. Net absorption turned negative for the first time since Q3 2024, totaling negative 1.5 million square feet (msf) in Q3. However, YTD net absorption remained positive at 1.8 msf, indicating that earlier occupancy gains continue to outweigh the latest quarterly losses. The availability rate increased for the first time since Q2 2025, reaching 5.8% in Q3 2026. Total available space rose to 45.8 msf, driven primarily by a 6.9% QOQ increase in direct available space. Sublease availability also expanded to 14.0% of total availability, giving occupiers more options. Leasing activity moderated to 7.6 msf in Q3 2026, down 36.7% QOQ and 24.9% YOY, although cumulative activity through the first three quarters remained the strongest since 2021. The YTD total of 29.0 msf was 6.5% ahead of the pace set in 2025, reflecting sustained leasing momentum despite a slower third quarter. LA South accounted for 37.2% of Q3 2026 leasing volume, followed by LA Central at 23.2%, highlighting continued demand in the region’s major industrial corridors.

PRICING

Average asking rent increased for the first time since Q2 2023, rising \$0.02 QOQ to \$1.33 per square foot (psf) per month on a triple net basis. After rapid growth during the pandemic era, asking rents entered a prolonged decline before stabilizing in Q2 2026 and posting a modest increase in Q3. Despite this recent improvement, asking rent remains \$0.02 psf below year-ago levels and \$0.38 psf below its 2023 peak. The quarterly increase suggests that pricing may be approaching a floor following an extended period of rent adjustments. However, current asking rents remain elevated relative to many existing lease rates, creating substantial rent increases for tenants renewing or relocating from older, lower-cost space. As a result, occupiers remain highly price-sensitive, prolonging lease negotiations and increasing reliance on concessions as landlords compete to secure tenants.

FUTURE INVENTORY

While many U.S. markets face elevated supply pressure, LA’s industrial construction pipeline remains relatively modest. At the end of Q3 2026, 39 buildings totaling 6.5 msf were under construction. Developers delivered four buildings totaling 674,332 square feet (sf) in Q3 2026, bringing the YTD total to 1.4 msf across 11 buildings. Construction remains concentrated in LA North and LA South, which collectively account for 79.0% of LA’s total square footage under construction. Meanwhile, the San Gabriel Valley and LA Central submarkets accounted for a combined 80.3% of YTD deliveries. Limited future deliveries should help mitigate additional supply pressure, support occupancy and reinforce rent stabilization as the market absorbs existing available space.

OUTLOOK

- Port activity remained resilient through August 2026, with modest cargo growth providing continued support for regional warehouse and distribution demand, despite ongoing trade-policy and global economic uncertainty.
- Economic conditions remain mixed, as modest employment growth, weakness in industrial-related sectors, and elevated operating costs continue to weigh on occupier decision-making, reinforcing a cautious approach to leasing and expansion.
- Despite a modest increase in vacancy during Q3 2026, market fundamentals remain stronger than at their recent weakest point. At the same time, positive YTD absorption indicates that occupancy gains earlier in the year have partially offset recent softening.
- Leasing activity remains strong relative to recent years, while average asking rent posted its first quarterly increase since Q2 2023, suggesting that pricing may be approaching a floor following an extended correction.
- Limited construction activity and a relatively modest development pipeline should help contain future supply pressure, support occupancy, and reinforce rent stabilization as the market continues to absorb available space.

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	149,616,971	6,931,388	4.6%	-391,372	-1,477,252	3,408,201	2,629,783	0	\$1.28	\$1.40	\$1.39
San Gabriel Valley	156,465,374	5,129,474	3.3%	-661,123	-32,689	4,823,889	366,305	666,806	\$1.20	\$1.45	\$1.42
Mid-Counties	89,413,335	3,810,193	4.3%	178,459	395,971	3,986,921	862,017	0	\$1.08	\$1.34	\$1.31
LA Central	198,592,099	8,214,155	4.1%	169,068	822,987	5,744,677	135,970	486,333	\$0.99	\$1.14	\$1.14
LA West	8,164,259	174,830	2.1%	-23,660	49,496	28,340	0	0	\$2.33	\$2.51	\$2.47
LA South	185,618,556	9,446,905	5.1%	-744,614	2,069,541	11,039,087	2,489,973	282,637	\$1.31	\$1.33	\$1.33
LOS ANGELES TOTALS	787,870,594	33,706,945	4.3%	-1,473,242	1,828,054	29,031,115	6,484,048	1,435,776	\$1.20	\$1.34	\$1.33

*Rental rates reflect weighted triple net (NNN) asking \$psf/month. **Renewals not included in leasing statistics. MFG = Manufacturing. W/D = Warehouse/Distribution.

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
300-350 Westmont Dr., San Pedro	LA South	ICT/Shipco	338,936	Direct
19465-19485 E. Walnut Dr., Industry	San Gabriel Valley	SLA, Inc.	220,000	Direct
20974 S. Santa Fe Ave., Carson	LA South	Coda Logistics	211,446	Direct
112 W. Alondra Blvd., Gardena	LA South	EnduroSat	181,831	Direct
3030 S. Atlantic Blvd., Vernon	LA Central	AMP Logis	180,601	Direct

KEY SALE TRANSACTIONS Q3 2026

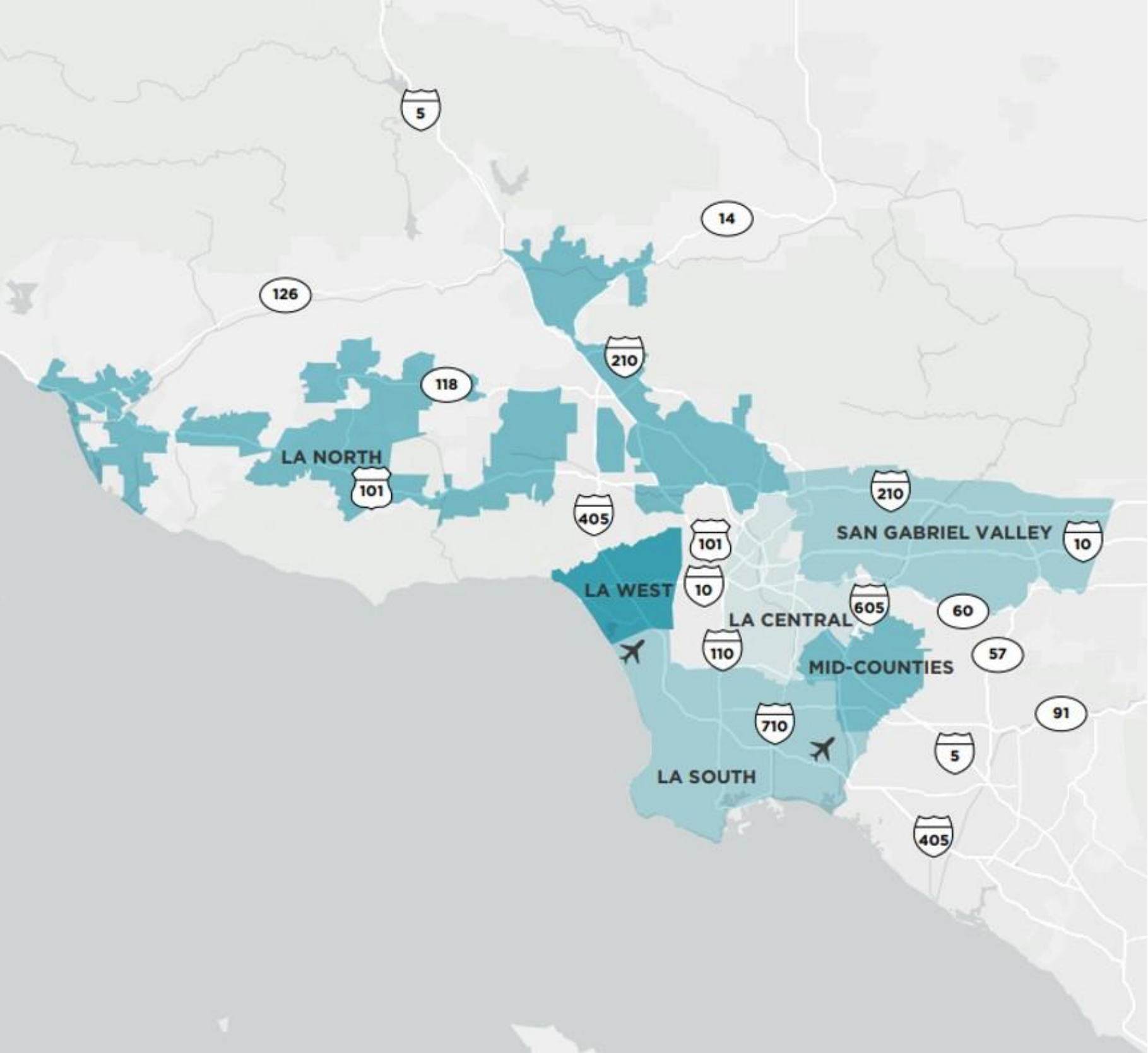
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
15614-15700 Shoemaker Ave., Santa Fe Springs	Mid-Counties	PGIM Real Estate / JP Morgan Chase	521,091	\$177.0M / \$340
14555 Alondra Blvd., La Mirada	Mid-Counties	Brookfield Properties / Overton Moore Properties	248,105	\$58.5M / \$236
8685-8689 Bowers Ave., South Gate	LA Central	Hines / Glasswerks LA	203,336	\$35.8M / \$176
18500 Crenshaw Blvd., Torrance	LA South	Lift Partners / Hines	180,269	\$76.4M / \$424
12910 Mulberry Dr., Whittier	Mid-Counties	Realterm Logistics / Mulberry Properties LLC	153,080	\$22.3M / \$146

KEY CONSTRUCTION COMPLETIONS 2026 YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
7400 E. Slauson Ave., Commerce	LA Central	Pixior	283,621	Prologis, Inc.
15010 Don Julian Rd., Industry	San Gabriel Valley	N/A	219,690	Rexford Industrial
110 Marcellin Dr., Industry	San Gabriel Valley	KDT Logistics	185,700	Majestic Realty
14940 Proctor Ave., Industry	San Gabriel Valley	N/A	160,094	Rexford Industrial
Wilmington Commerce Center – Bldgs. 1&2, Los Angeles	LA Central	N/A	133,017	Panattoni Development

Sources: ¹ www.EDD.gov Los Angeles-Long Beach-Glendale, CA. ²Lightcast forecast for Los Angeles County, CA as of 10/2026. ³The 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

CHRISTIAN THOMAS
Research Analyst
Tel: +1 213 629 7393
christian.thomas1@cushwake.com

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

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