1Q25

Los Angeles Industrial Market Overview

NEWMARK

Market Observations

Economy

– Consumer confidence is trending down, and U.S. retail sales will follow if consumer prices rise. The sales drop will be precipitous if domestic unemployment increases.

– Widespread tariffs on foreign goods from the Trump Administration sent shockwaves across global financial markets in early-April.

– Uncertainty reigns: how long the new tariffs remain in effect, the degrees to which other countries retaliate, and Trump's willingness (or lack thereof) to negotiate were pending questions at the time of writing.

– Loaded imports at Southern California's ports totaled a record-breaking 1.7 million containers in the first two months of 2025. The outlook for 2025 is muted at best.

Major Transactions

– Twenty-six leases over 100,000 SF were signed this quarter, up from 17 signed during the same period in 2024. Direct leases predominated.

– The top three largest leases of the quarter were signed by Chinese 3PLs: US Elogistics Service Corp (a 694,400 SF direct lease); YiTong Investments (a 232,000 SF direct lease); and HYTX Logistics (a 217,464 SF direct lease). All three leased space in the City of Industry.

– Pleaser USA acquired a 269,780-SF warehouse at 4200 W Valley Blvd in Walnut from CapRock Partners in an owner-user sale. The $99.9 million sale, completed in January, was the largest single-property trade of the quarter.

– Sudden volatility in the 10-year Treasury will give property buyers and sellers pause. There will be a readjustment period during which sales volume will slow.

Leasing Market Fundamentals

– Leasing activity and the average weighted lease term have slowly increased since the start of 2024 after reaching cyclical lows by year-end 2023. Steep rents, tepid retail sales and geopolitically-induced economic uncertainty hinder a full market recovery.

– The market recorded 1.4 MSF in net absorption gains in the first quarter following 10 consecutive quarters of net occupancy losses. A slowdown in large tenant departures coincided with a wave of big-box move-ins. Vacancy remained flat at 4.1%.

– Sublet availability declined 7.1% over the last three months to reach 8.9 MSF.

– Infill start rents for 24'+ clear facilities were down 27.2% from eight quarters ago; not a severe drop when considering rents grew by 103.0% from early 2021 to late 2022.

– The construction pipeline shrank by 13.4% from the fourth quarter to total 4.2 MSF. None of the 33 buildings currently under construction have been pre-leased.

Outlook

– The market, which is sustained in large part through imports from East Asia, is particularly vulnerable to a trade war. Occupiers often adopt a wait-and-see approach during periods of volatility, which can dampen near-term leasing activity.

– 2.4 MSF in unleased new construction is set to deliver next quarter.

– Prolonged tariffs will increase raw material prices and ultimately overall replacement costs. Construction activity will decrease.

– Implementation of California Assembly Bill 98 will favor landlords in the long-term, as regulatory hurdles to the construction of new industrial product will curb inventory growth and ultimately insulate market rents.

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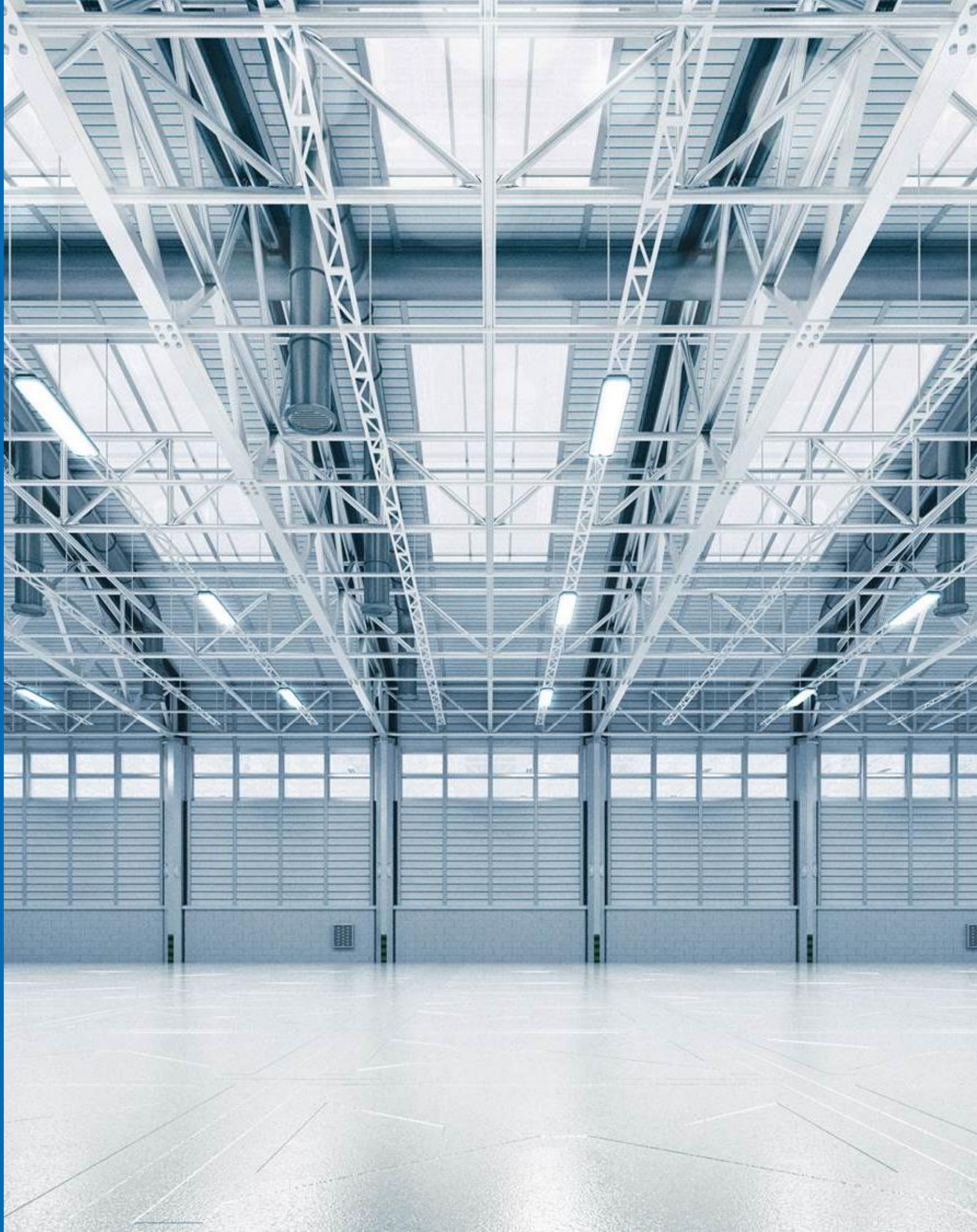
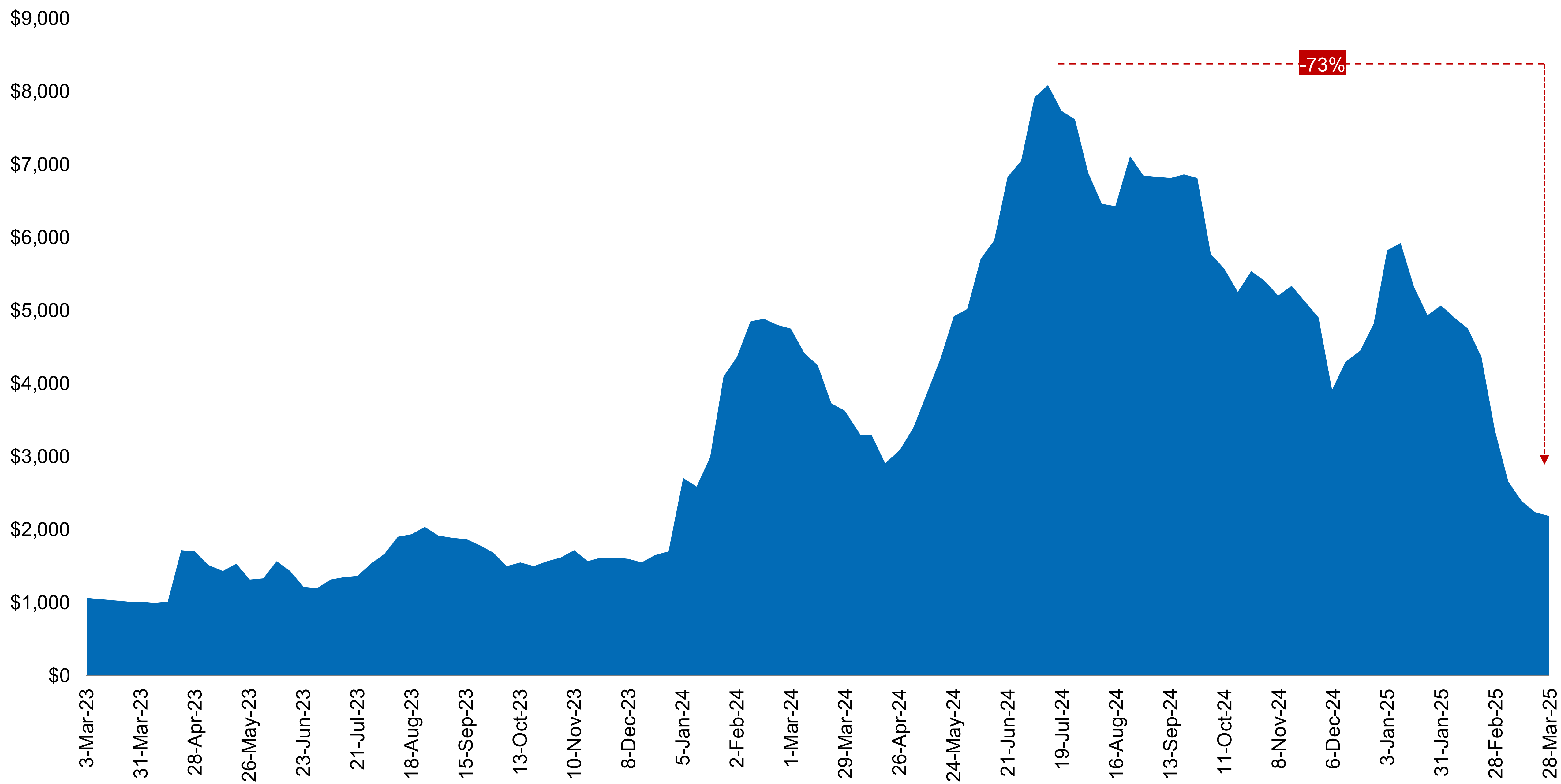
Local Ports, U.S. Retail Sales, and New Regulation



Ocean Container Spot Rates Are Coming Down

Spot rates are cooling after 1) U.S. Gulf and Eastern Seaboard dockworkers signed a new six-year contract and 2) The Trump Administration introduced additional tariffs on Chinese goods. Rates will slide further if U.S. consumer spending decelerates.

Ocean Container Spot Rates from China/East Asia to North America's West Coast

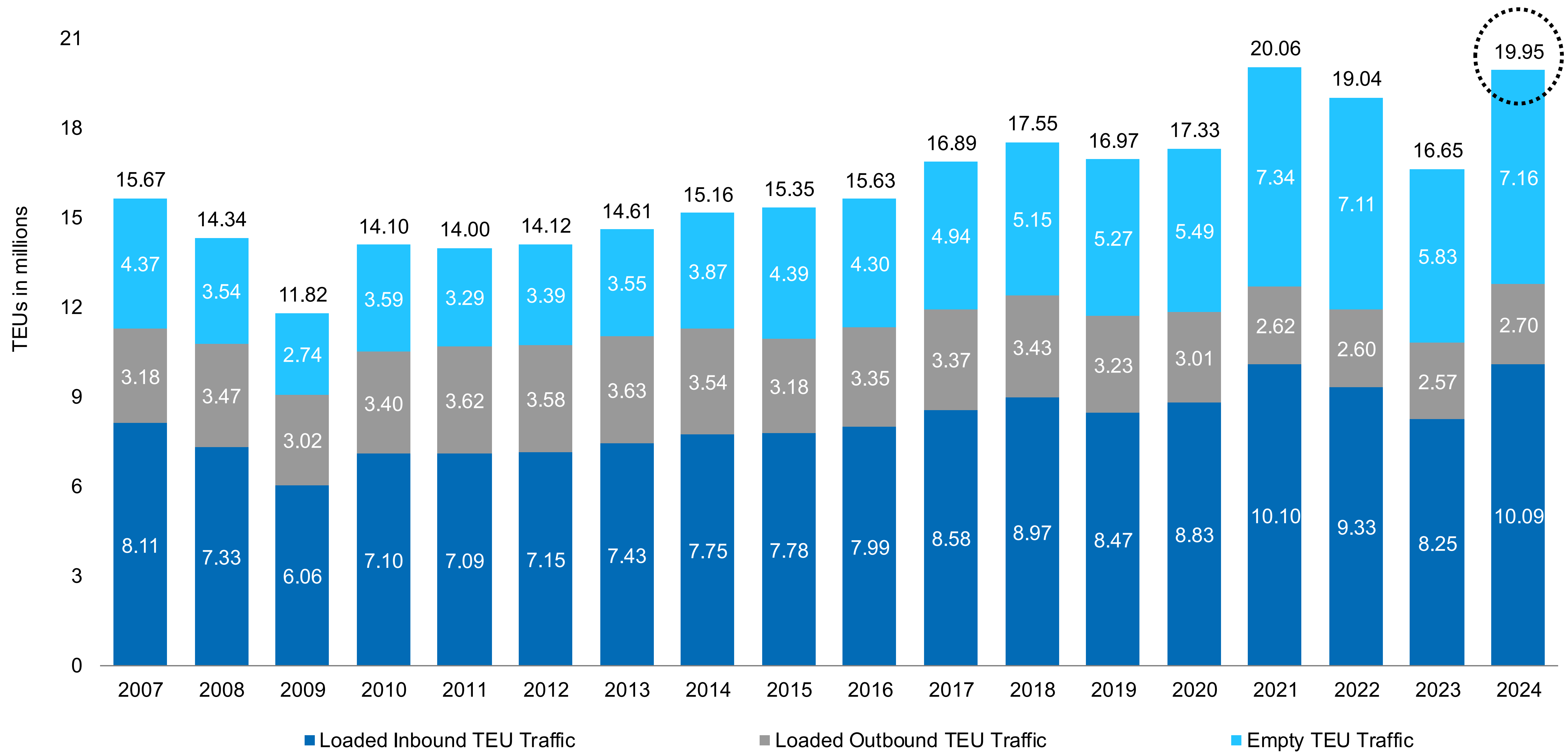


Source: Freightos, Newmark Research
Note: A spot rate is a one-time rate based on supply and demand, or shipment volume compared to available equipment. Because spot rates reflect current market conditions, they fluctuate continually. So, when load volumes are high and capacity is limited, pricing tends to increase.

Southern California's Ports: 2024 Was the Second Busiest Year on Record

The inflated growth of 2021-2022 (due to strong retail sales from stay-at-home measures, government stimulus and distributors stockpiling goods) has passed. Southern California's ports then contended with an influx of imports in 2024 due to labor contract negotiations with Gulf and East Coast dockworkers and the frontloading of cargo as a hedge against potential tariffs.

The Ports of Los Angeles and Long Beach: Combined TEU Volume | Loaded Imports, Loaded Exports and Empty Containers | By Year

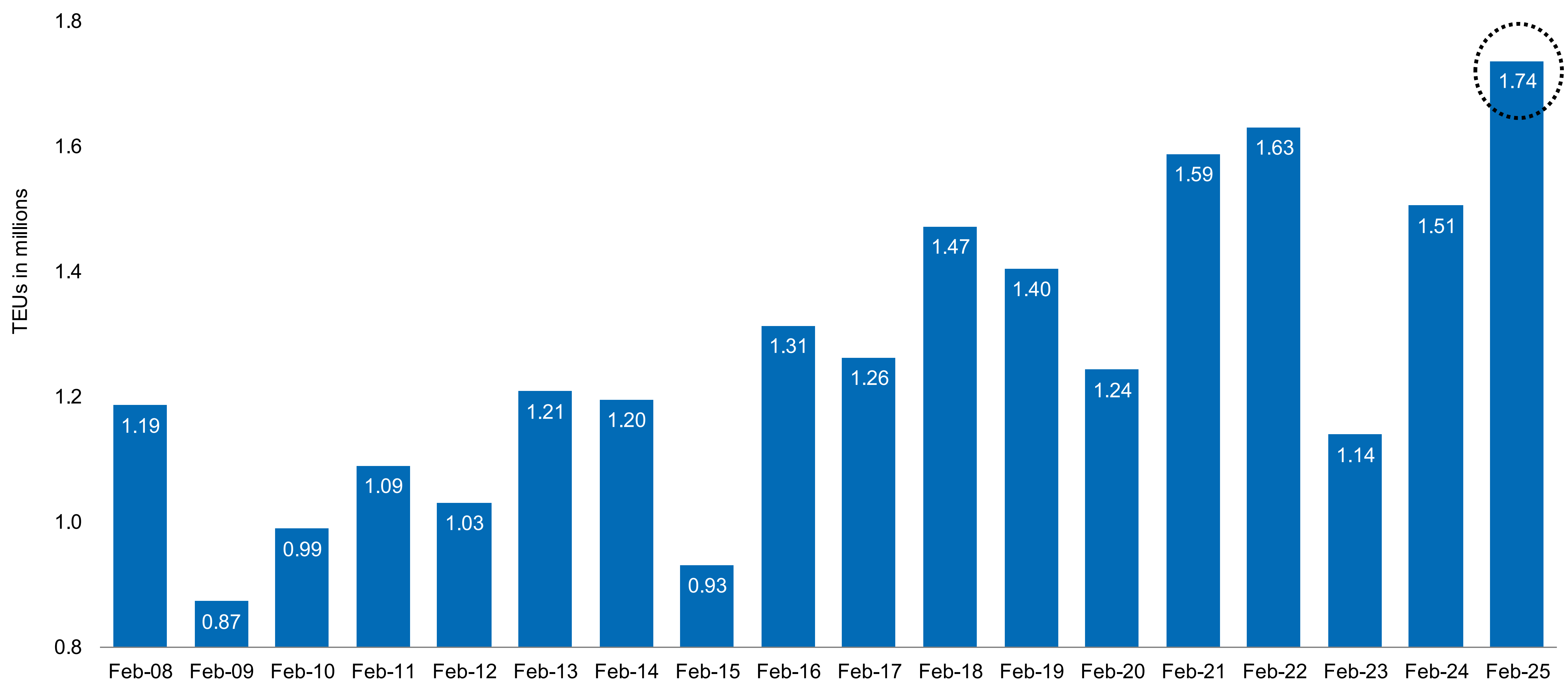


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

Loaded Import Volume in the First Two Months of 2025 Was Highest on Record

Import activity is expected to decelerate amid President Trump's new (and potentially escalating) tariffs. Resolved labor issues at U.S. Gulf and East Coast ports is another factor.

The Ports of Los Angeles and Long Beach: Loaded Imports | First Two Months of a Given Year



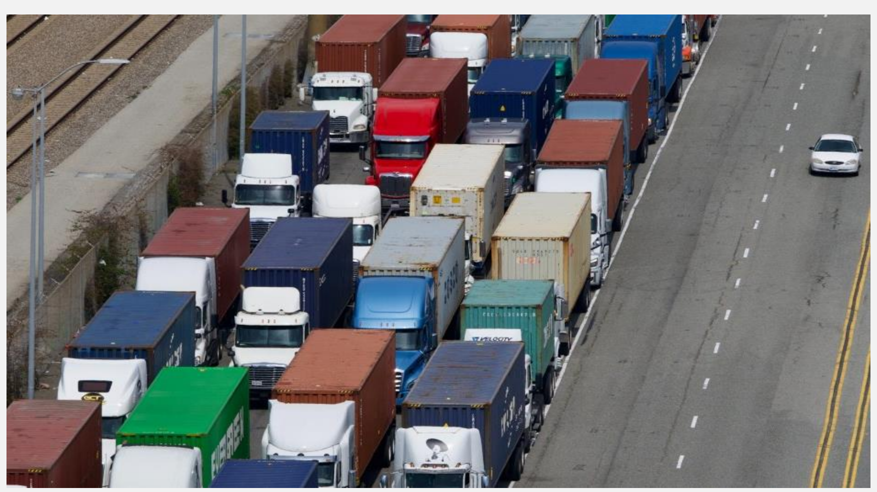
Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

West Coast Dockworkers Signed a New Contract in 2023; Their Eastern Counterparts Just Settled

The ILWU and PMA signed a new labor contract in September 2023, restoring a sense of much-needed stability at U.S. West Coast seaports through late 2029. For Gulf and East Coast Ports: After a contentious negotiation period since late 2023 (that gave shippers the jitters—causing some imports to be rerouted to western ports of entry), a Master Contract between the ILA and USMX was finally signed, restoring stability.

West Coast Ports Agreement Reached; New Contract Good Through Mid-2028

- The International Longshore Warehouse Union (ILWU) represents dockworkers at 29 ports from Washington State to California. The Pacific Maritime Association (PMA) represents ocean carriers and terminal operators.
- The prior contract expired on July 1, 2022.
- The ILWU has a history of work disruptions in prior negotiation periods, ranging from strikes, to deliberate work slowdowns to under-staffing shifts.
- These disruptions have cost major retailers billions of dollars in the past.
- A tentative agreement was reached on June 15, 2023 for what became a new six-year contract. Longshore workers secured a 32% salary increase.
- Many Asian importers temporarily pushed inbound goods to East and Gulf Coast ports before an agreement was reached.



Gulf and East Coast Ports Strike a Deal in March 2025

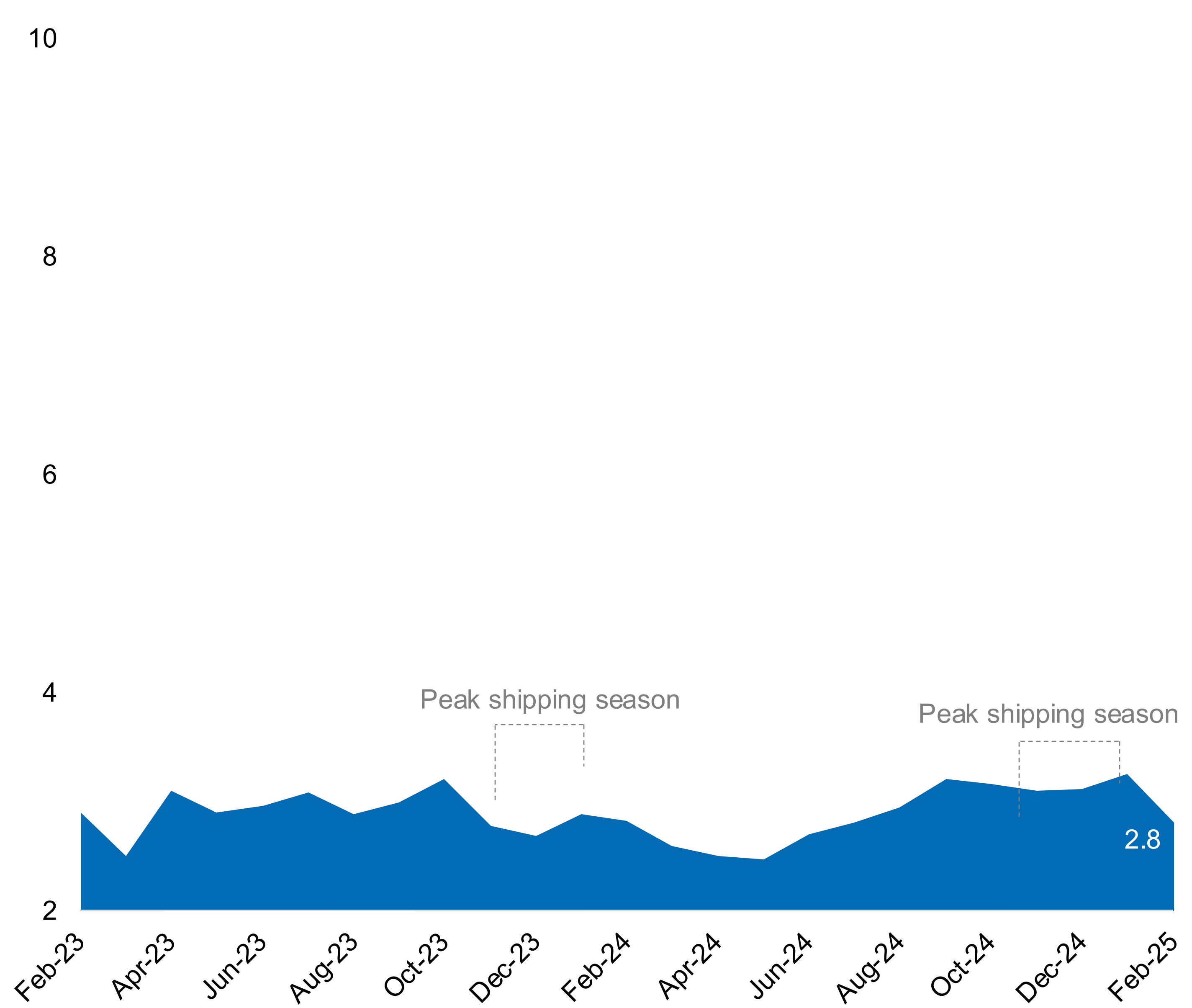
- The International Longshoremen's Association (ILA) represents dockworkers at 36 ports from Maine to Texas. The United States Maritime Alliance (USMX) represents ocean carriers and terminal operators.
- Their last contract expired on September 30, 2024.
- Harold Daggett, International President of the ILA, initiated a strike on October 1, 2024 that ended two days later.
- A new six-year Master Contract was signed on March 11, 2025. It is effective from October 1, 2024 through September 30, 2030.
- Job protection from automation and higher pay (a 62% wage increase over six years) for longshore workers are highlights from the new contract.
- Imports that were temporarily diverted to western ports of entry will return.

Source: Newmark Research, CNBC, Journal of Commerce, Reuters

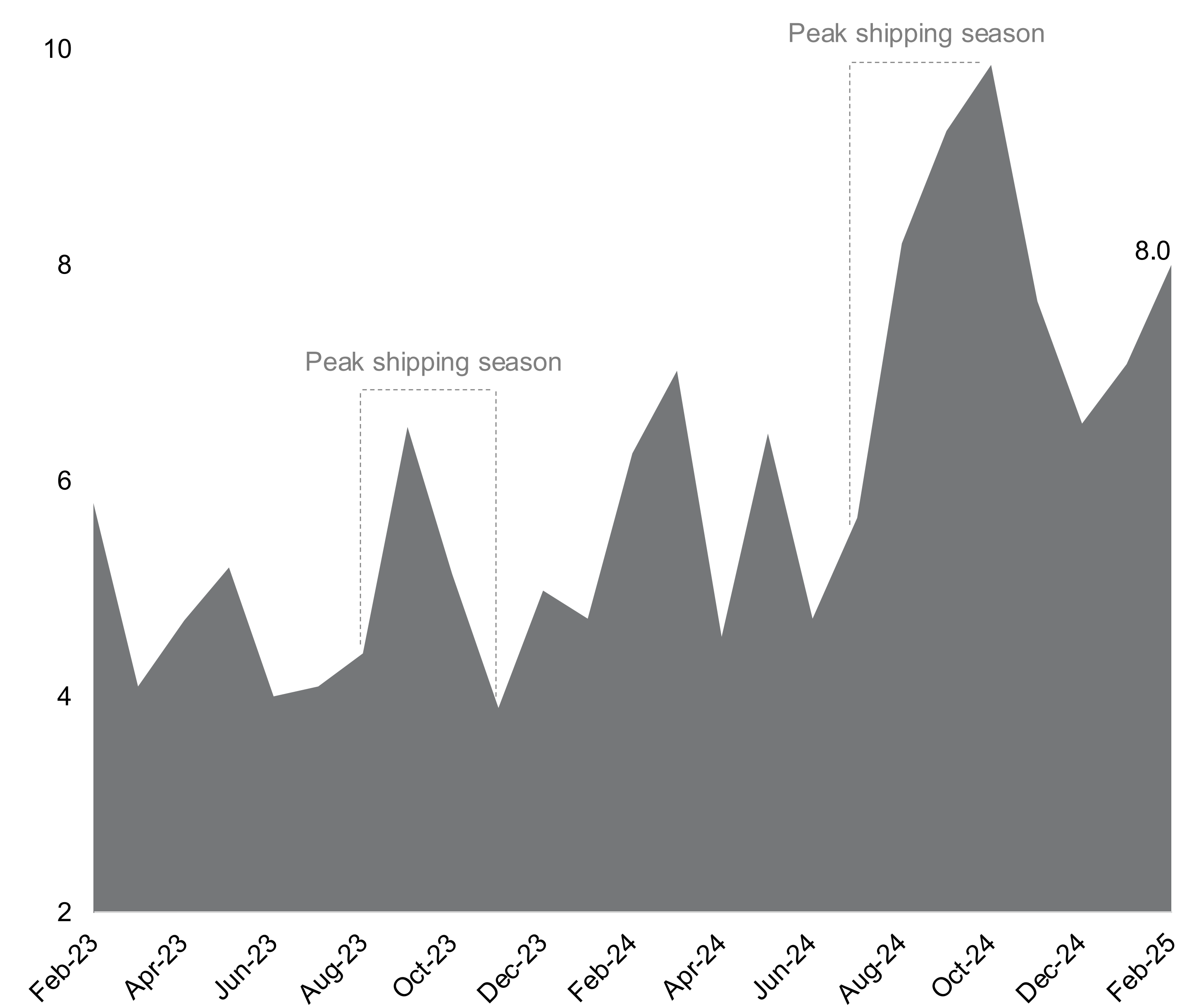
Southern California's Ports: Rail Dwell Times Remain Elevated—For Now

A boost in imports to Los Angeles-Long Beach (due to ILA labor concerns) drove an increase in eastbound intermodal train movement and, at times, strained network capacity. In other words, a fair share of the import traffic at The Ports of Los Angeles and Long Beach consisted of goods that were just passing through to other U.S. markets. Truck dwell times would be much higher if all imports were destined for Southern California's warehouses. Rail dwell times will normalize, following the new ILA-USMX Master Contract.

Truck-Bound Cargo Dwell Time (in Days) | Ports of Los Angles and Long Beach



Rail-Bound Cargo Dwell Time (in Days) | Ports of Los Angles and Long Beach

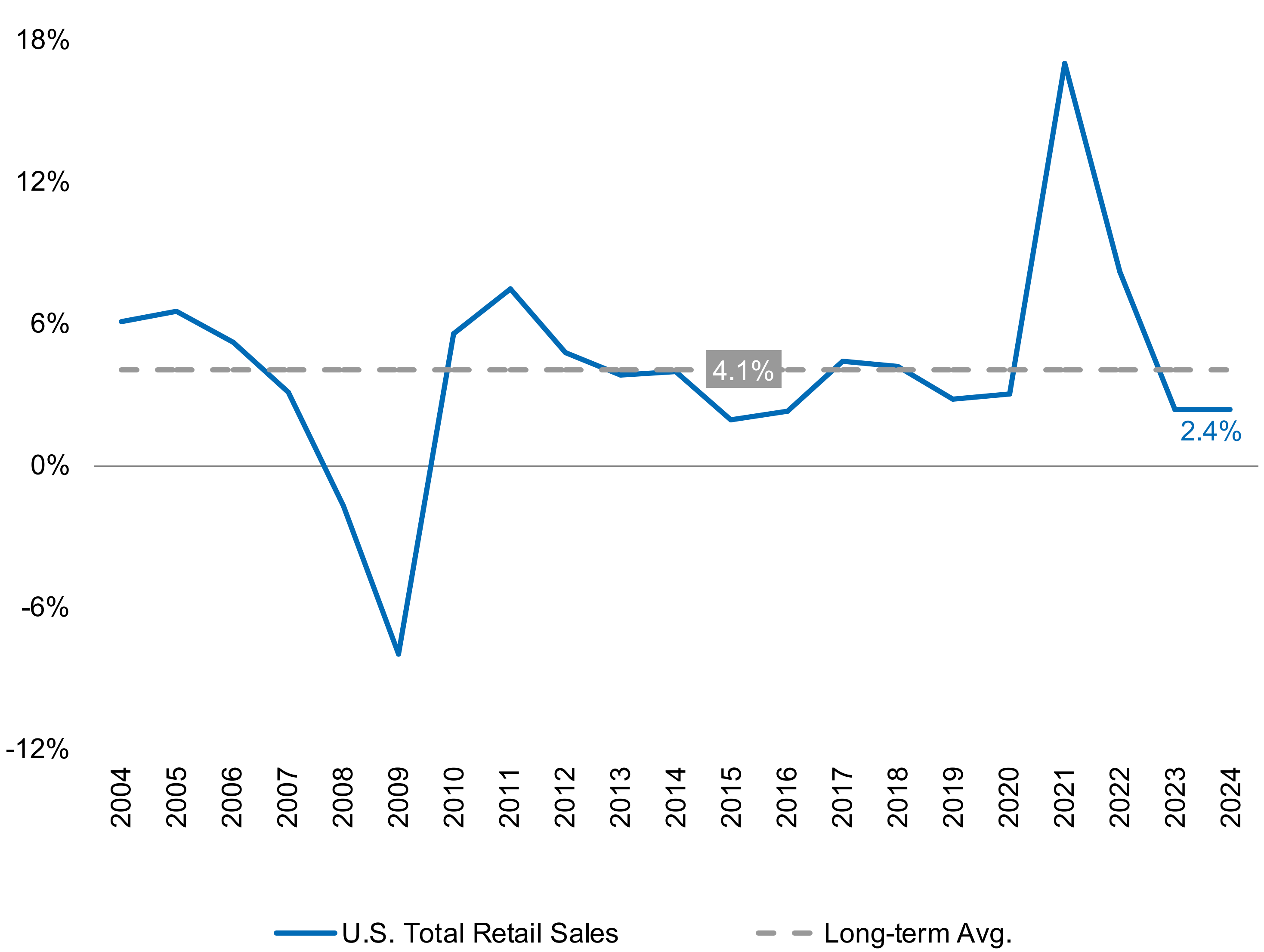


Source: Newmark Research, The Pacific Merchant Shipping Association (PMSA)
Note: Truck-bound cargo dwell time measures how long cargo waits after being unloaded from ships to being placed on an outbound vehicle.

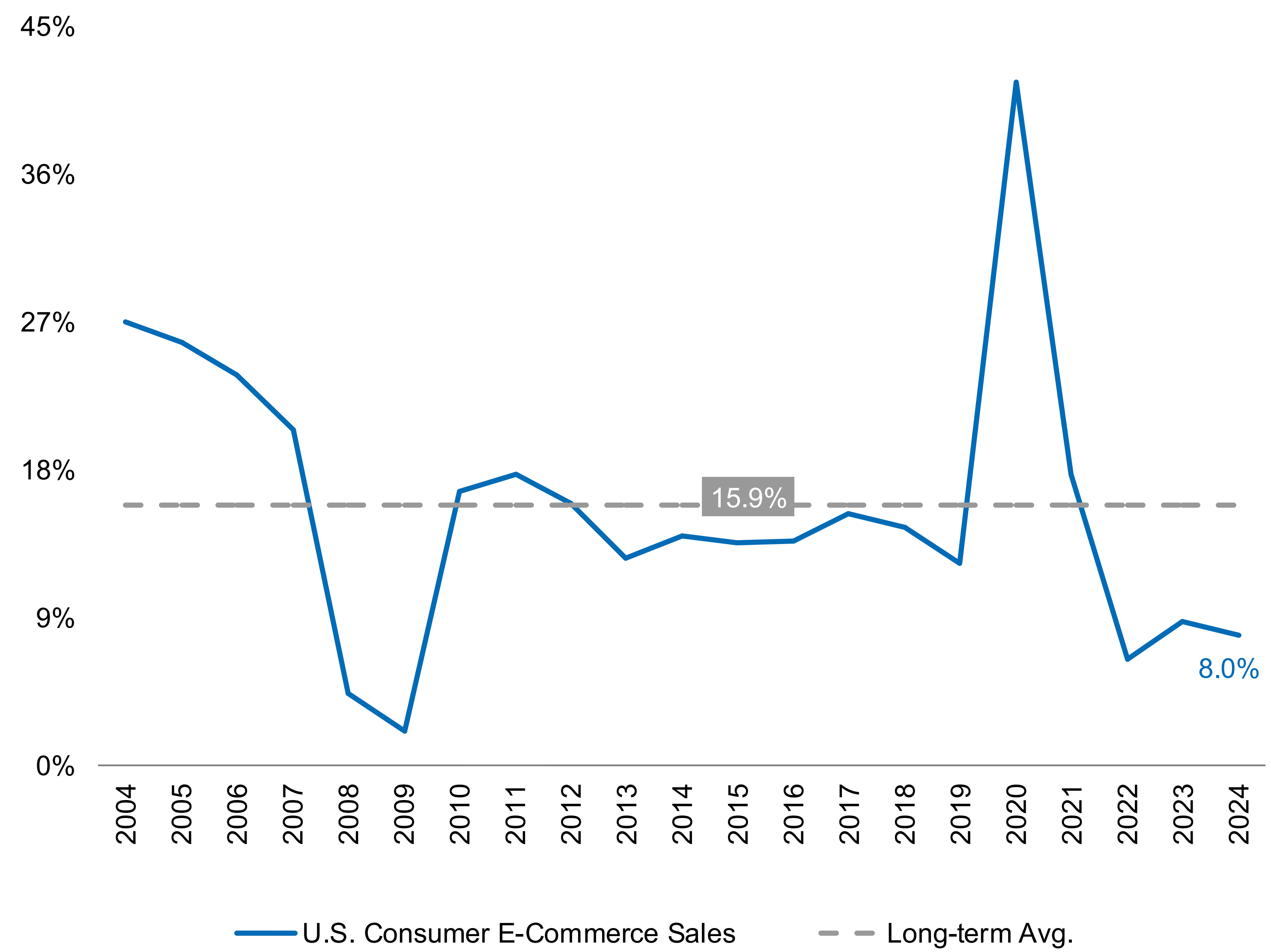
Retail Sales (an Indicator of Warehouse Demand) Continue to Moderate

Consumer e-commerce sales were up 2.4% in 2024 relative to 2023. Although e-commerce sales growth exceeded total retail sales (+8.0% over the same period), the decline from 2021 onward is noticeable as consumer spending registers slower gains. Economists are lowering their retail growth projections due to economic uncertainty from tariffs.

U.S. Overall Retail Sales Annual Growth



U.S. Consumer E-Commerce Sales Annual Growth

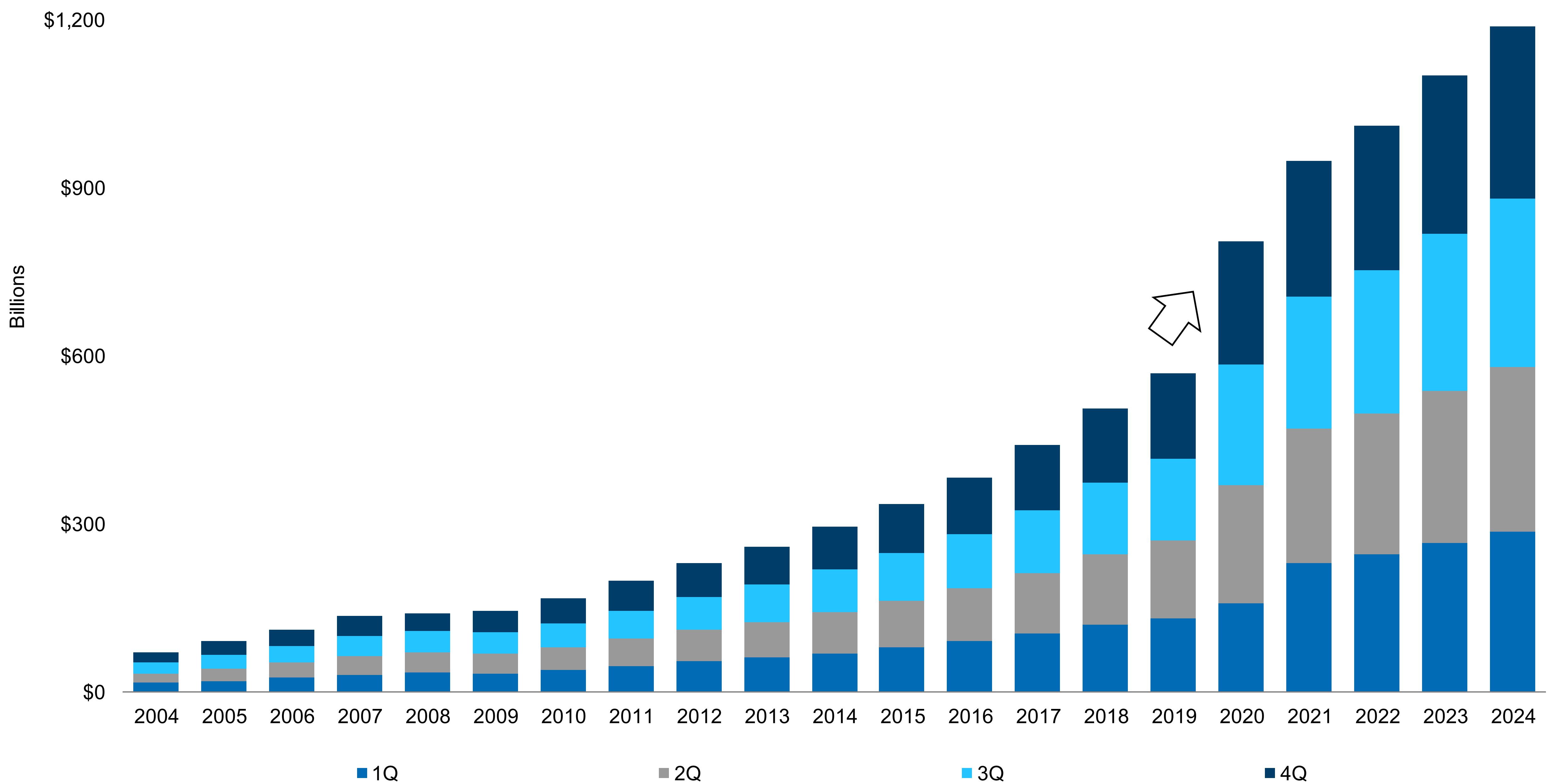


Source: US Census Bureau (consumer adjusted retail sales); most current data available

The Pandemic Accelerated E-Commerce Sales Growth and Adoption Rates

Every $1.0 billion in e-commerce sales is supported by roughly 1.2 MSF of logistics space. More e-commerce facilities are to be expected, especially in markets with large populations.

U.S. Consumer E-Commerce Sales Volume | By Quarter

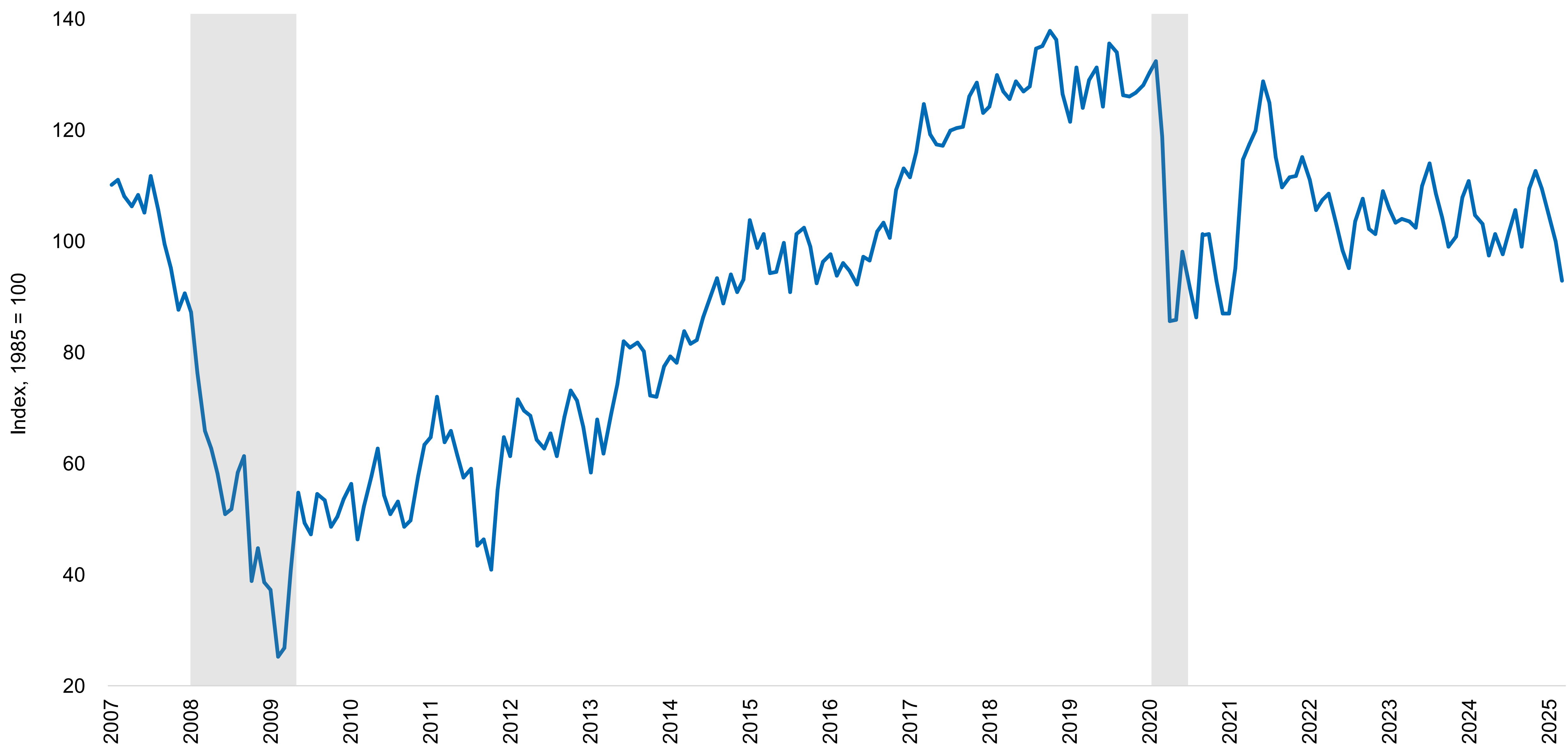


Source: US Census Bureau (consumer adjusted retail sales); most current data available.

U.S. Consumer Confidence Dropped for Fourth-Straight Month

March 2025's reading (92.9) is the lowest level in four years, with households fearing a recession in the future and higher inflation due to tariffs. Several big-box retailers have warned of higher prices and are bearish on their near-term earnings outlooks. Consumer Confidence will nosedive if the U.S. enters a recession.

U.S. Consumer Confidence Index



Source: U.S. Bureau of Labor Statistics, The Conference Board
Note: Shaded areas indicate U.S. recessions

New California Bill Adds Regulations on Warehouse Development in the State

Building setbacks, facility design features and truck routes are among the bill's focus---regulations that will ultimately increase warehouse occupancy costs. It is also worth noting that the state will have more control over matters that have historically fallen under the jurisdiction of counties and cities.

California Assembly Bill 98 (also known as "The Planning Logistics and Neighborhood Standards Act")

Macro

- Signed into law on September 29, 2024.
- Prohibits California cities and counties from approving all new development or expansions (20%+) of logistics centers unless they meet specified standards.
- Commences on January 1, 2026.

Standards

- Establishes setback requirements for new 250,000+ SF warehouse developments that are within 900 feet of homes, schools, daycares, parks or healthcare facilities.
    - Truck loading bays must be at least 300 feet from the property line in areas zoned for industrial use and 500 feet from the property line in areas not zoned for industrial use.
- Guidelines for sub-250,000 SF warehouse developments are here; see Section 65098.1. (d)
- For all new/expanded logistics facilities: Imposes other standards relating to warehouse design, including landscaping buffers, entry gates, signage and the infrastructure to accommodate future truck and car charging stations.
- Facility operators must prepare and submit a truck routing plan to and from the state highway system based on the jurisdiction's latest truck map before receiving a certificate of occupancy.
- A logistics developer must replace demolished housing at a 2-to-1 ratio. The developer will also be required to pay any evicted tenant's rent for 12 months.

Agency Requirements

- Requires cities and counties to establish designated truck routes that avoid residential areas and sensitive receptors.
- SCAQMD will deploy mobile air monitoring systems in Riverside and San Bernardino Counties to study air pollution in communities. It will report its findings to the California State Legislature.

Impacts on Industrial Market Across California

- Cities and counties will need to update their general plans. Critics of the bill point to unclear provisions that will likely cause confusion for municipalities and delay the entitlement of proposed projects.
- Most jurisdictions in the state have until 2028 to enforce the changes; the Inland Empire has until 2026.
- Will limit new industrial construction in established areas of a given market; pre-existing facilities near residential populations will command rent premiums.
- Building plans for many unentitled sites will be revised.
- Development costs will rise.
- The Inland Empire, with the largest concentration of warehouse development in the state, will be most affected. Construction will grow in tertiary areas, such as the High Desert.

Source: Newmark Research; Rutan & Tucker, LLP; California Legislative Information.

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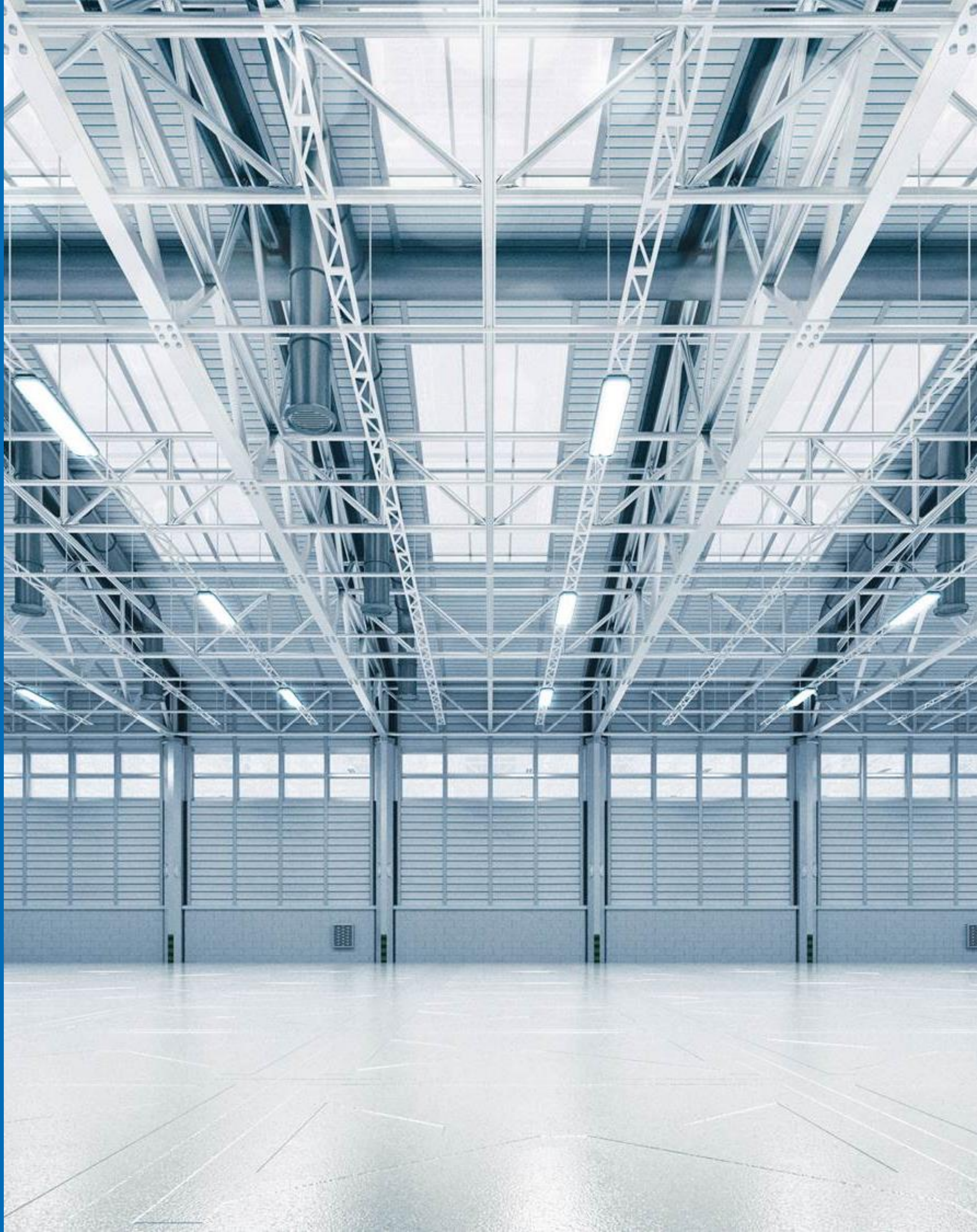
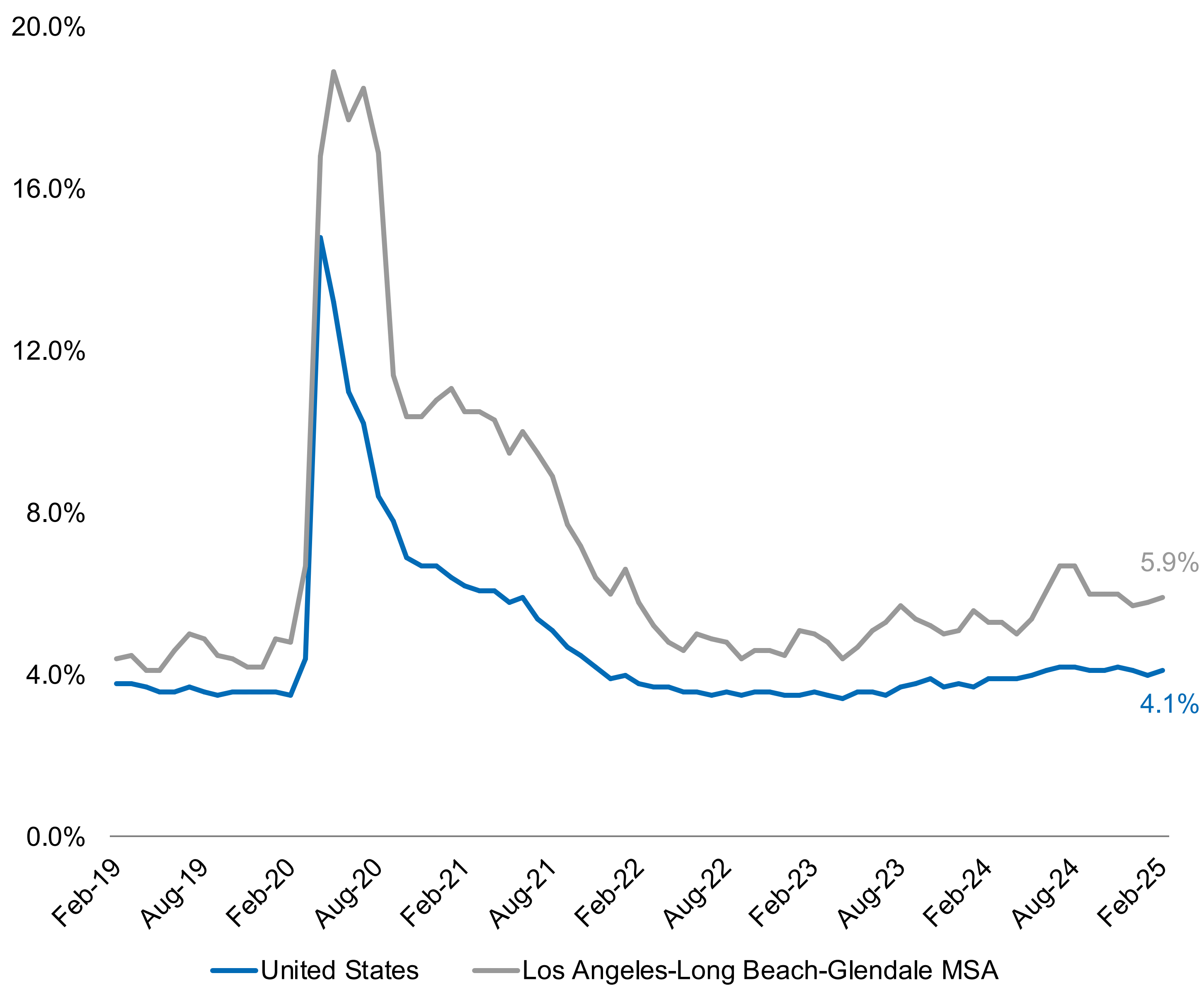
Local Employment



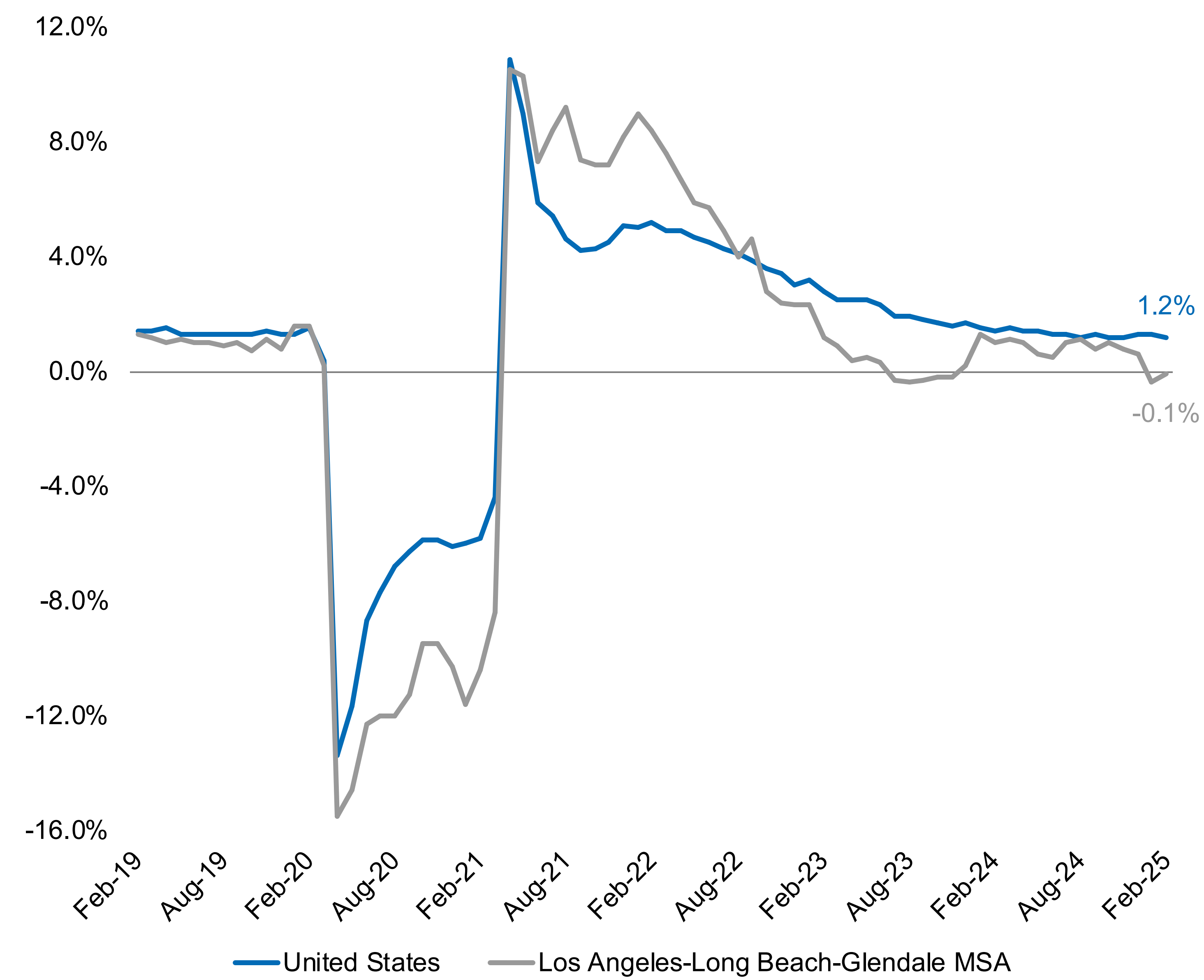
Local Unemployment Continues to Surpass U.S. Average; Metro Labor Force Shrinks

Local unemployment increased 60 basis points year-over-year to reach 5.9% in February. The local rate has risen more steeply over the past 12 months than the national average. Significant declines in construction and manufacturing employment within the past year led to a net decline in nonfarm payroll employment.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

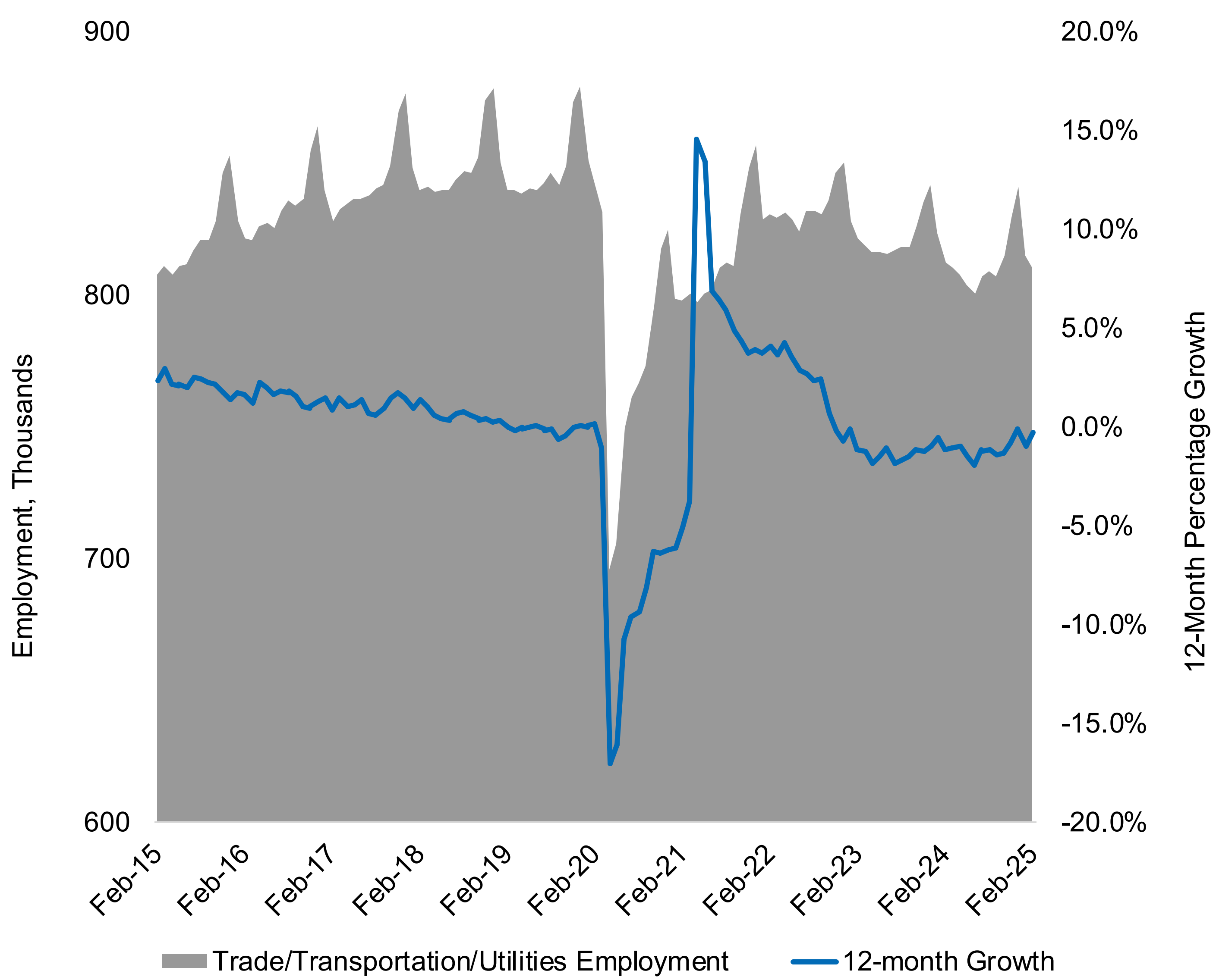


Source: U.S. Bureau of Labor Statistics, Los Angeles-Long Beach-Glendale MSA

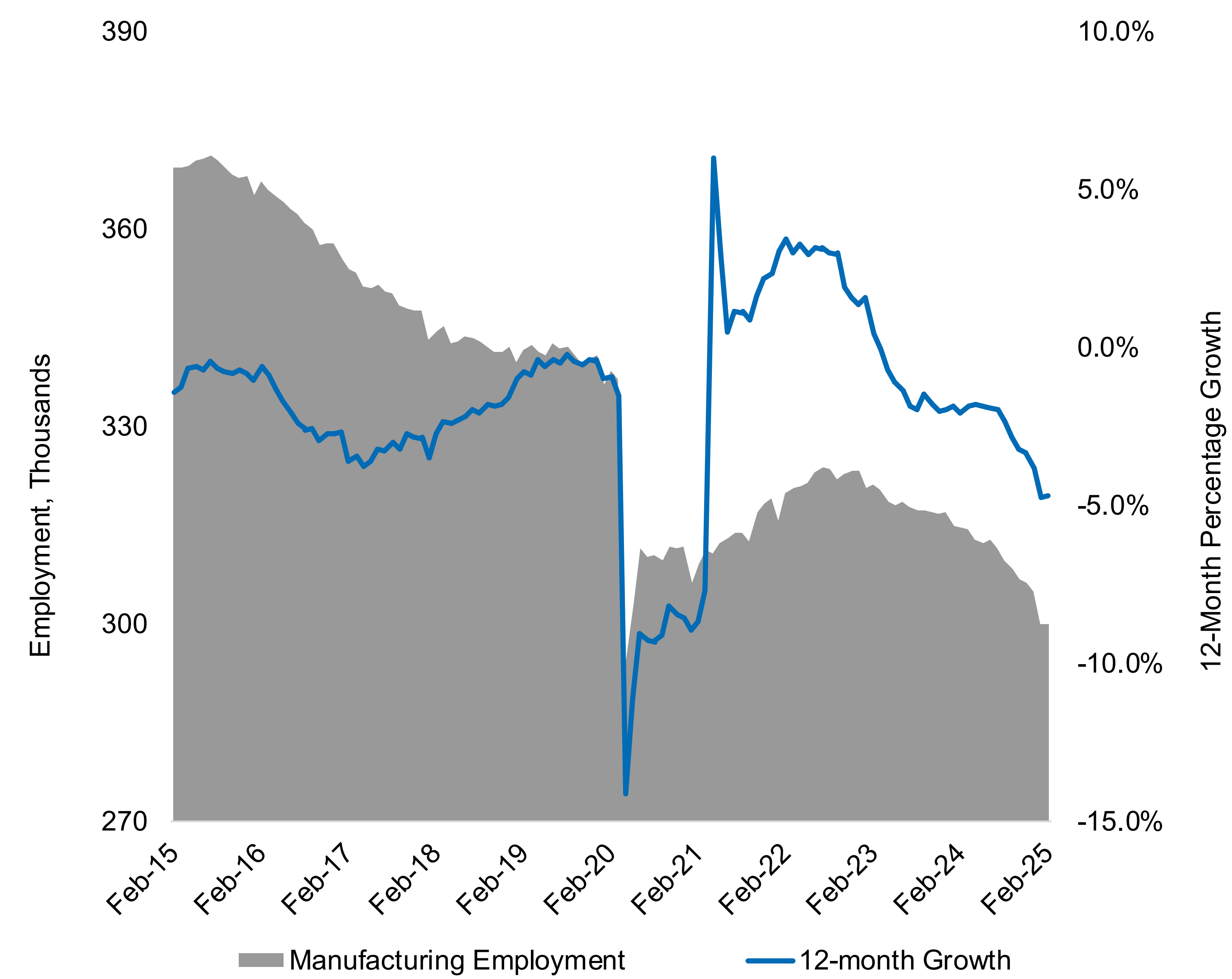
Industrial Employment Ebbs Amid Continued Freefall in Manufacturing Employment

Sustained employment growth within the trade/transportation/utilities sector will remain unrealized until tenant demand strengthens. Increased automation and elevated costs of doing business in California continue to adversely affect manufacturing jobs in the region.

Trade/Transportation/Utilities Employment and 12-Month Growth Rate



Manufacturing Employment and 12-Month Growth Rate



Source: U.S. Bureau of Labor Statistics, Los Angeles-Long Beach-Glendale

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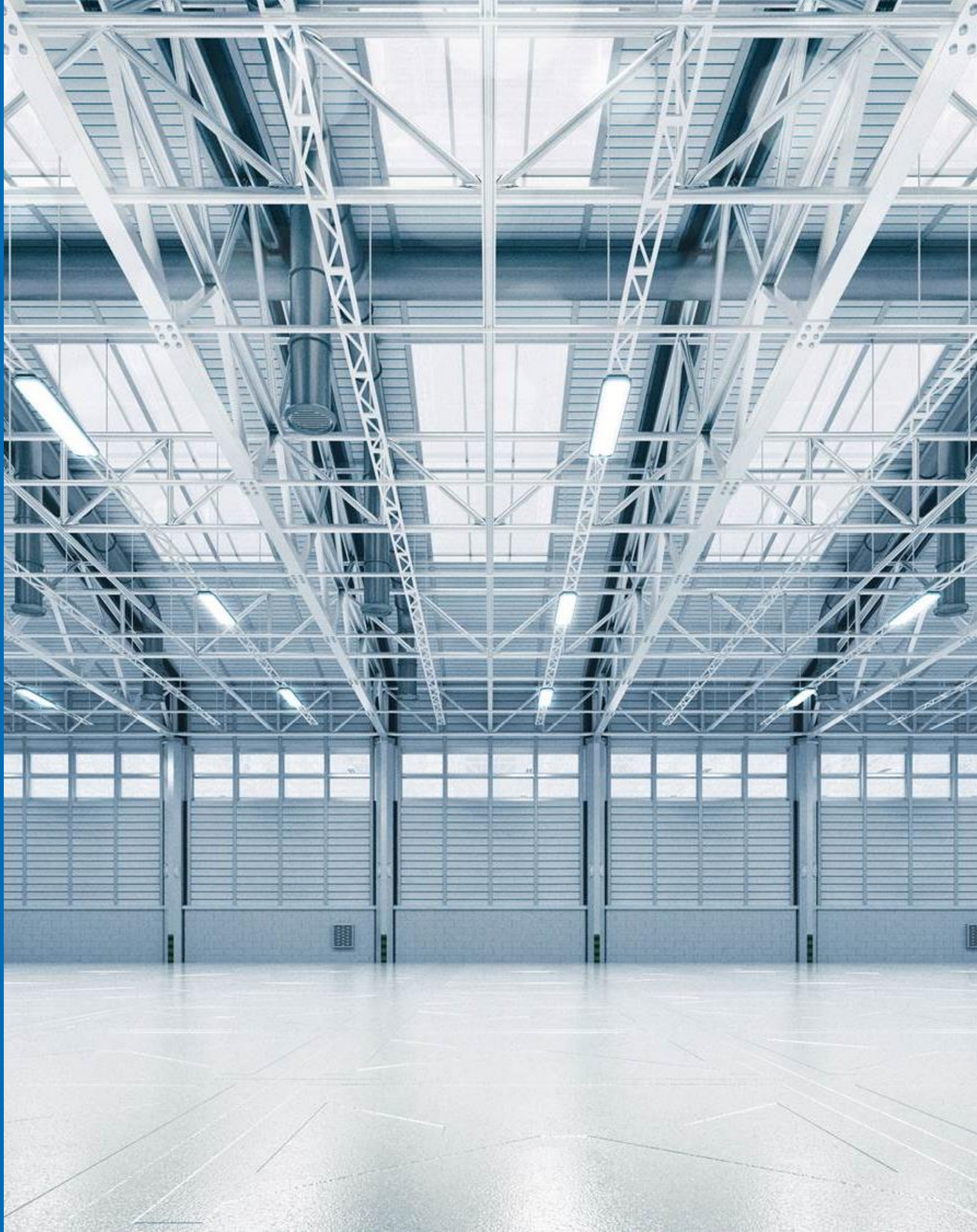
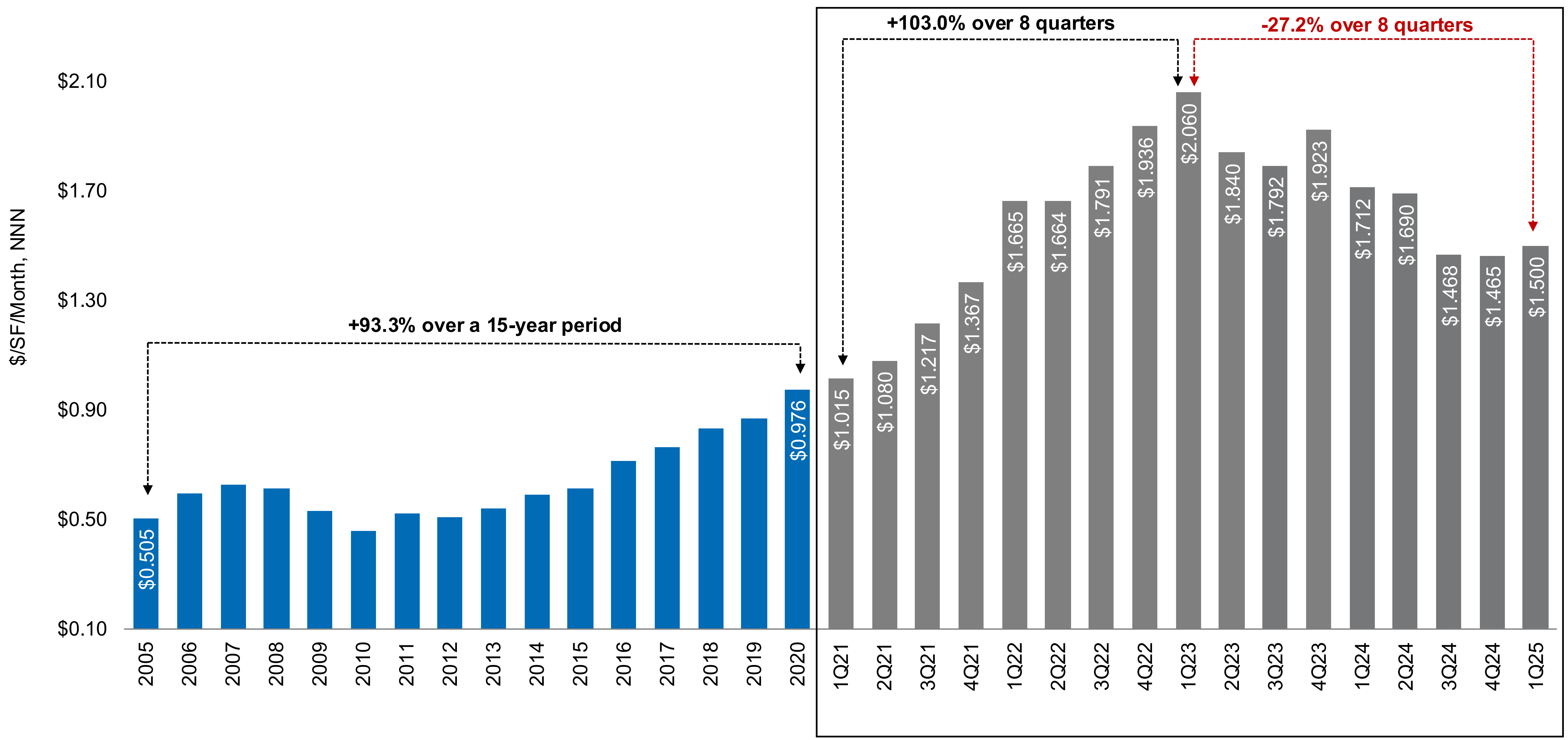
Leasing Market Fundamentals



Contract Rents Continue to Adjust

Direct rents are generally trending down as landlords compete for tenants amid a slower leasing environment, sublease space, and new speculative construction deliveries. Some landlords have offered a few months of early occupancy in addition to free rent throughout the course of the lease term to better maintain face rents. It's also worth noting that rent averages can be volatile based on what is leased (e.g., two of the 10 transactions that shaped the first quarter of 2025's average were in newer facilities).

Infill Los Angeles Markets: Average Weighted Contract Rent for General Industrial and Warehouse Leases: 20,000+ SF | 24'+ Clear Facilities

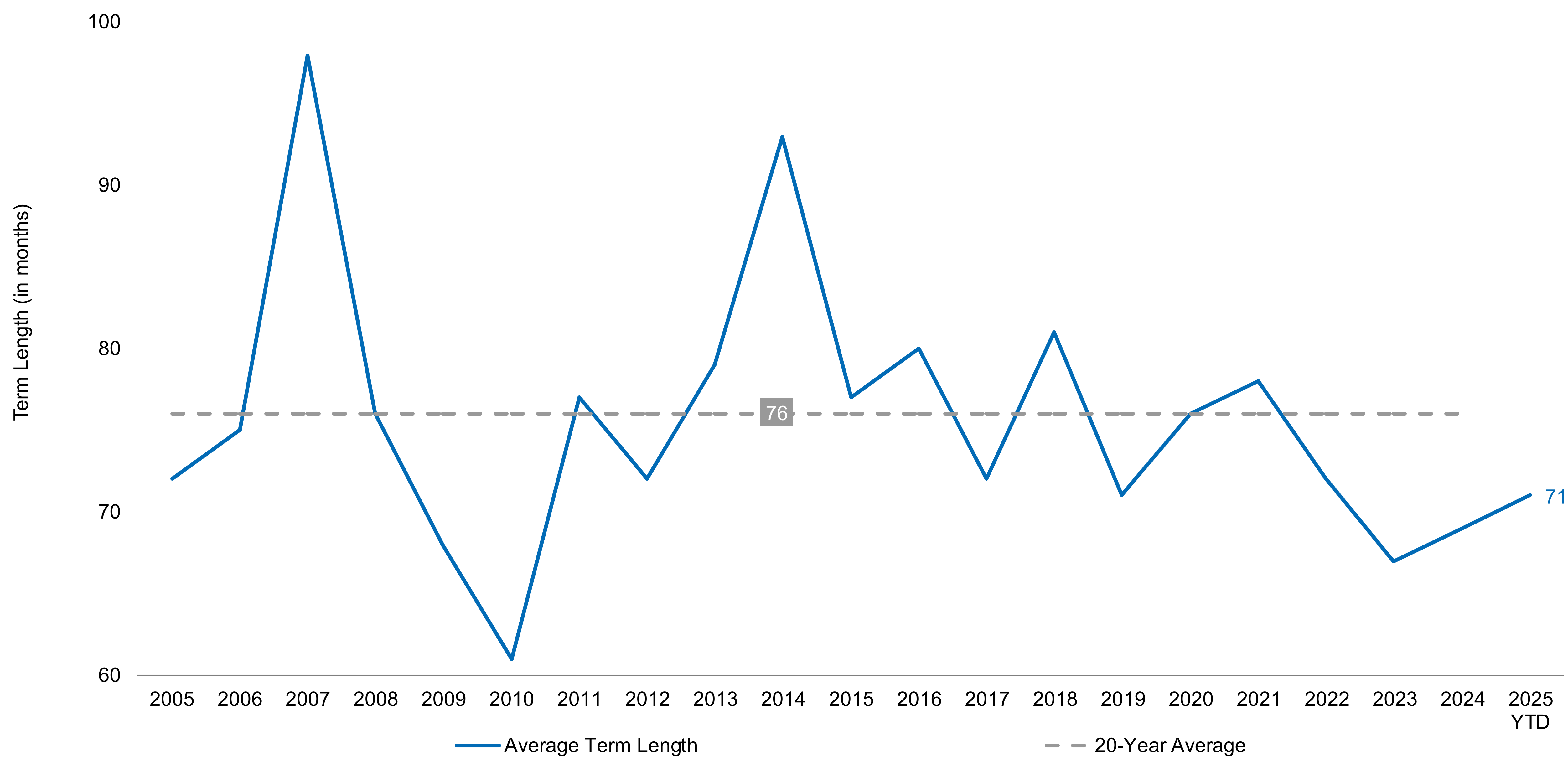


Source: Newmark Research
Note: Data drawn from 1,269 transactions and excludes subleases. The infill markets include South Bay, Central and Mid-Counties. Developed on March 24, 2025.

Average Weighted Lease Terms Remain Below Long-Term Average

Some tenants are committing to longer leases to lock in today's more-occupier-favorable conditions. Others are biding their time, with the expectation that rents will continue to soften.

Infill Los Angeles Markets: Average Weighted Lease Term for General Industrial and Warehouse Leases: 20,000+ SF | 24'+ Clear Facilities

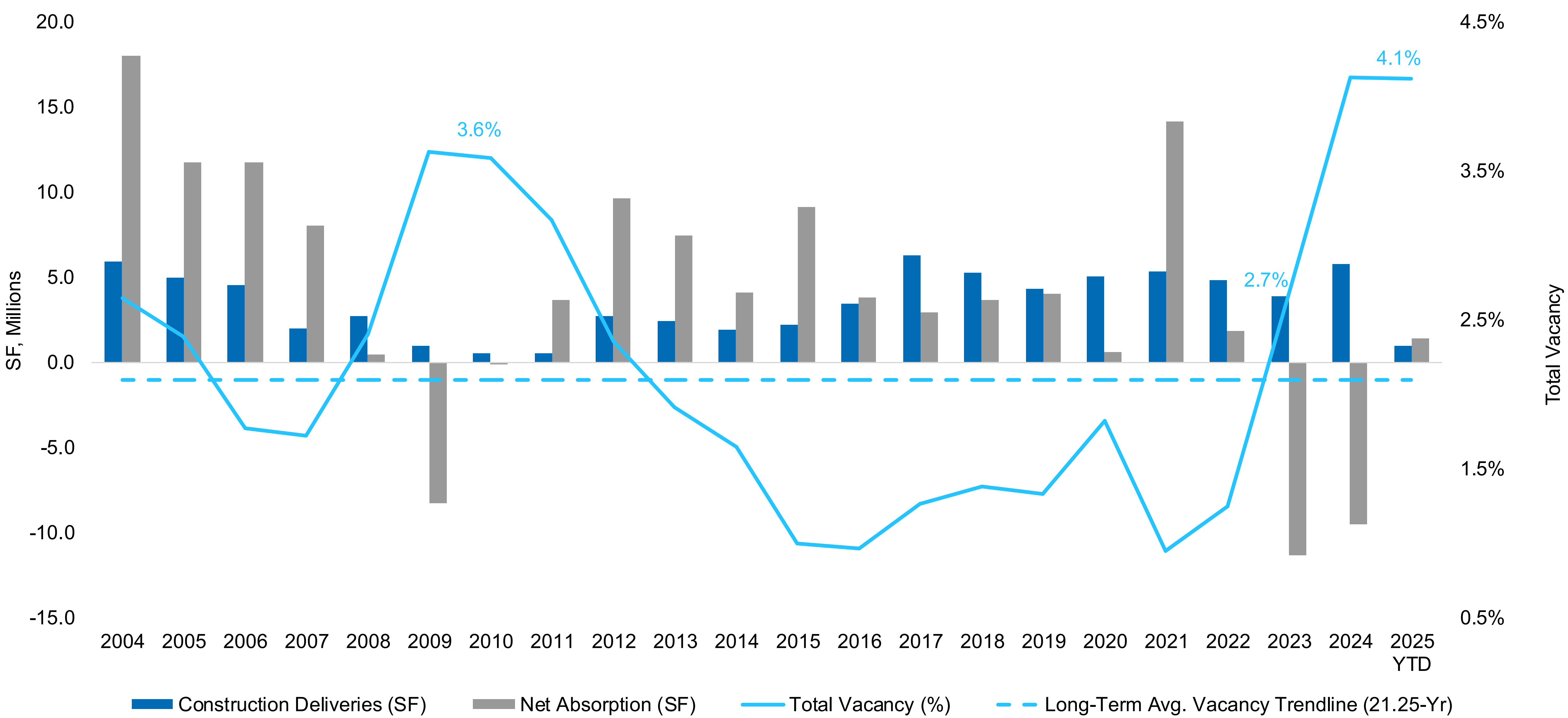


Source: Newmark Research
Note: Includes leases with 36-month+ term lengths. Excludes subleases and extensions. The infill markets include South Bay, Central and Mid-Counties. Developed on March 24, 2025.

Market Observes First Quarter of Positive Net Absorption Since 2022; Vacancy Flattens

Los Angeles recorded 1.4 MSF in net absorption gains in the first quarter of 2025 amid a wave of 100,000+ SF move-ins, including US Elogistics (694,400 SF in Industry), Source Logistics (374,370 SF in Commerce), YiTong Investments (232,000 SF in Industry) and HYTX Logistics (217,464 SF in Industry). A slowdown in big-box move-outs and the delivery of new, unleased construction also helped to keep vacancy (4.1%) steady. This was a nice change of pace after 10 quarters of consecutive vacancy increases.

Historical Construction Deliveries, Net Absorption, and Vacancy

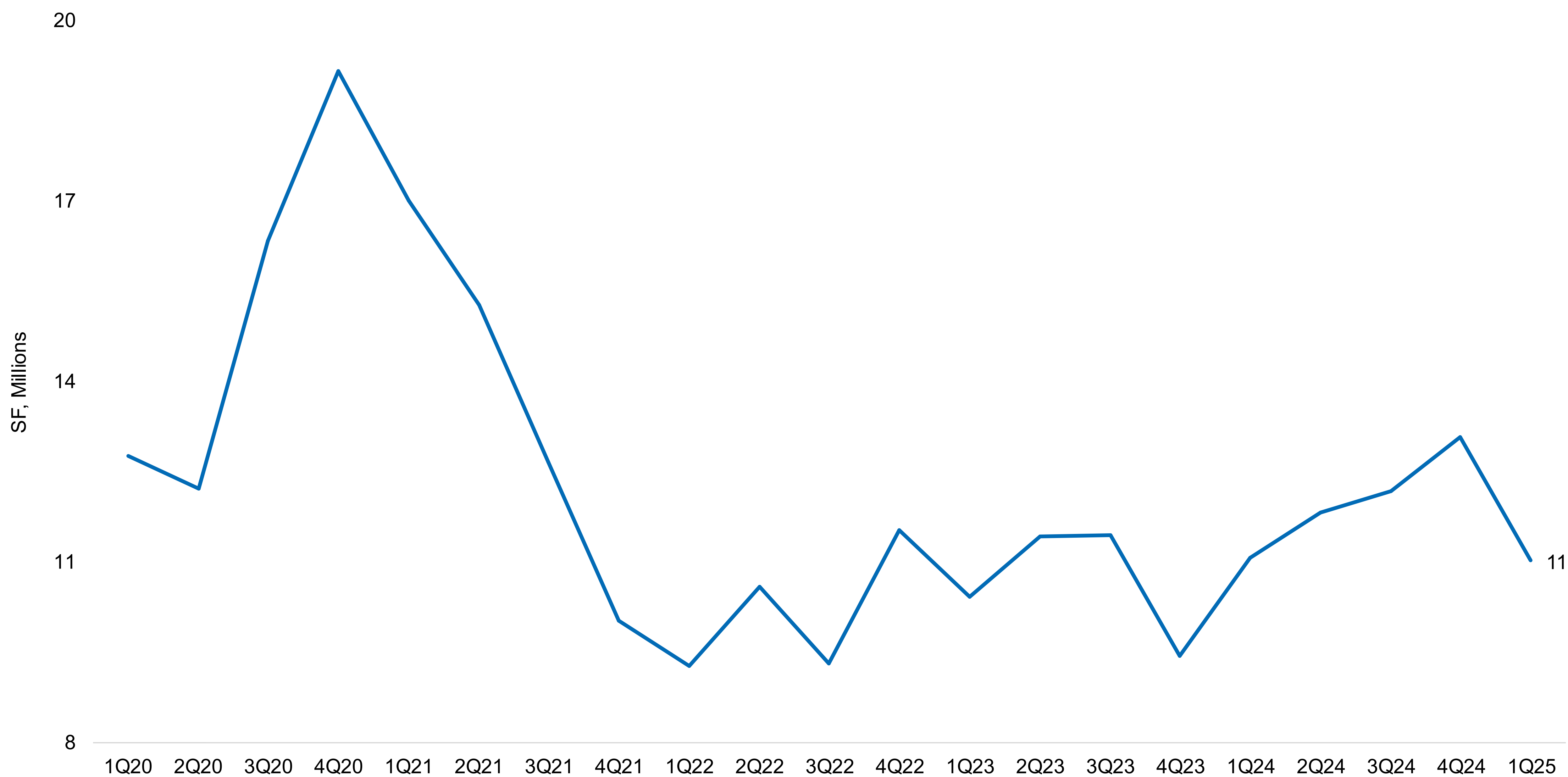


Source: Newmark Research

Leasing Activity Improved In 2024; Figures Remain Below Pre-COVID Average

Total leasing activity in 2024 constituted a modest improvement over the previous two years, though demand has yet to fully recover to pre-pandemic levels.

Total Leasing Activity (SF) by Quarter

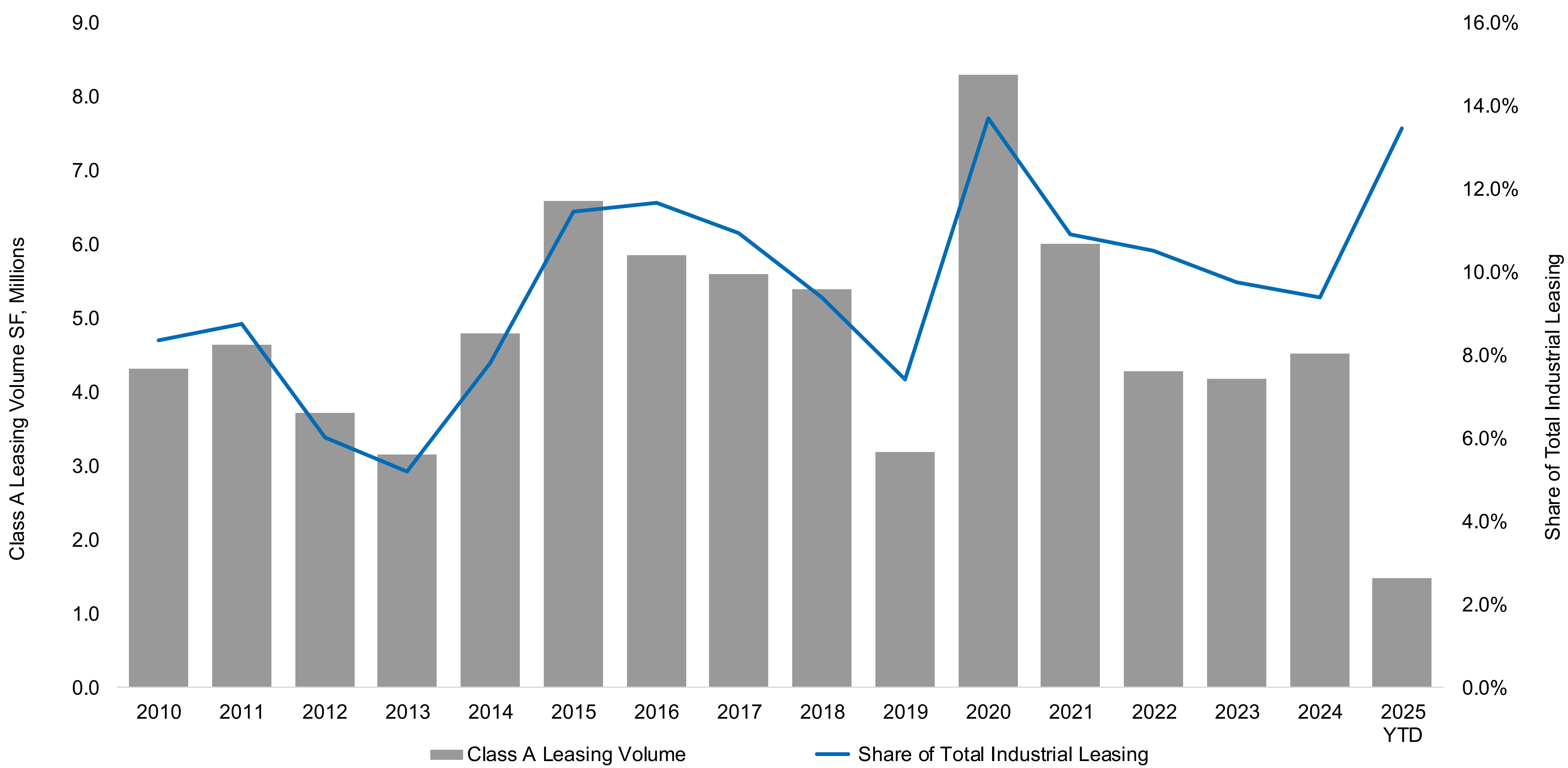


Source: Newmark Research, CoStar
Note; Total leasing activity includes direct leases, subleases, renewals and extensions.

Mega-Box Lease Causes Surge in Overall Class A Leasing Volume in First Quarter

A single 694,400-SF lease by US Elogistics accounted for 46.8% of all market-wide Class A leasing activity in the first quarter of 2025. The transaction also led to a jump in Class A as a portion of overall industrial leasing. Demand for modern-gen space remains high, but many tenants are waiting for elevated rents to soften further before committing to space.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

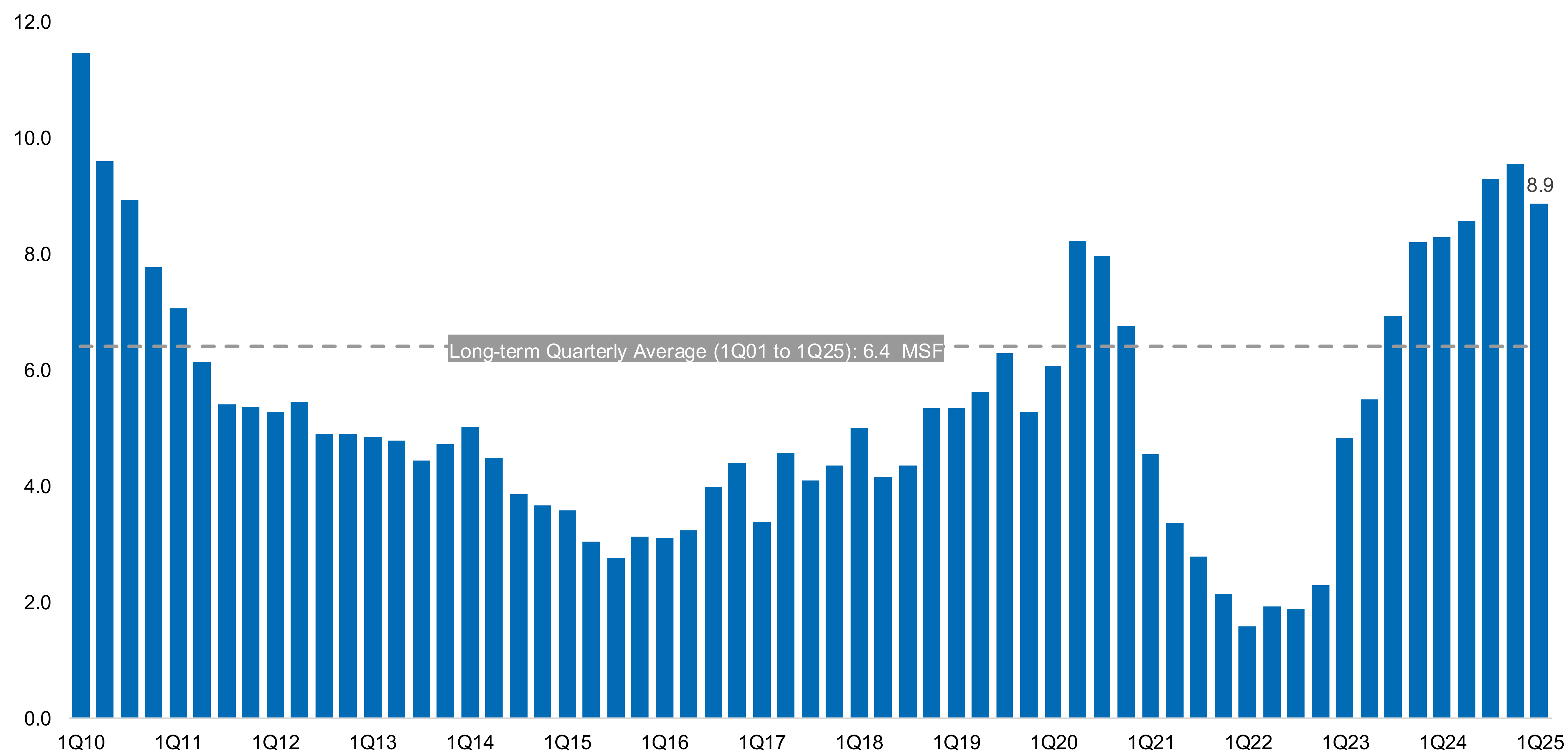


Source: Newmark Research, CoStar
Note: Class A is defined as 100,000+ SF warehouse/distribution facilities constructed since 2000 with a 30'+ minimum interior ceiling height.

Sublet Availability Declines After Nine Quarters of Consecutive Increases

Available sublease space declined 7.1% from the preceding quarter to reach 8.9 MSF, following nine quarters of successive increases. Multiple factors accounted for the quarter-over-quarter decline, including a wave of 100,000+ SF sublease signings, a slowdown in the addition of new sublease listings, and the conversion of several big-box listings to direct space after sublease terms expired.

Available Industrial Sublease Volume (MSF)

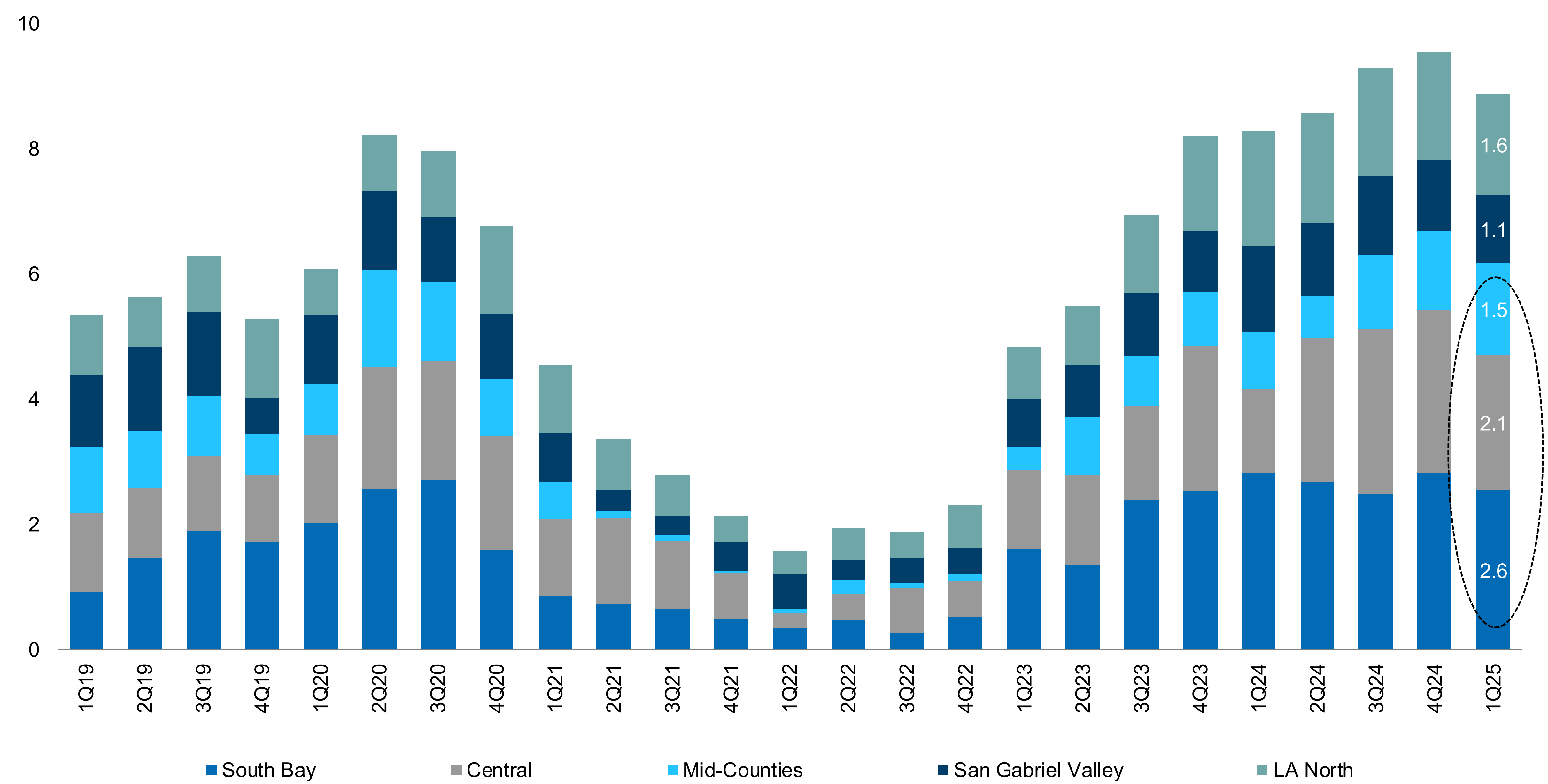


Source: Newmark Research

69.6% of Available Sublease Space in the Region is Based in the Infill Markets

Transport-related companies dominate footprints in the infill markets, and, in the case of 3PLs, are highly rent sensitive. Nationally speaking, transport firms continue to enact cost-cutting measures amid tepid consumer spending and lower global freight volumes.

Available Sublease Space (MSF), By Submarket

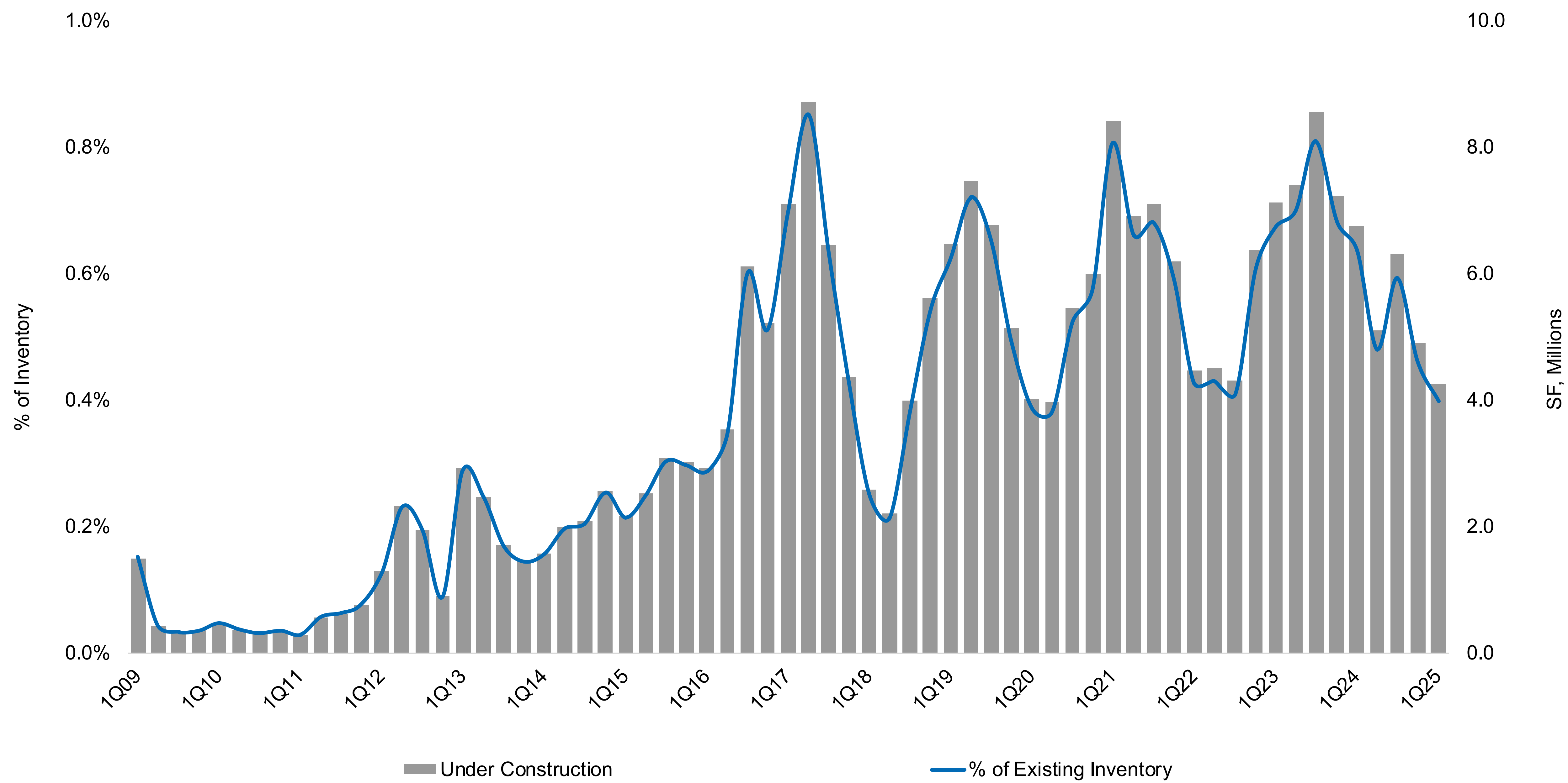


Source: Newmark Research
Note: The infill markets include South Bay, Central and Mid-Counties.

Construction Pipeline Contracts Again Amid Lack of New Construction Starts

The under-construction pipeline shrank by 13.4% quarter-over-quarter as 979,320 SF of space delivered in the first quarter of 2025. The pipeline will likely decline until leasing activity strengthens and there is more clarity on how the global economy will fare after the recent introduce of widespread tariffs.

Industrial Under Construction and % of Existing Inventory

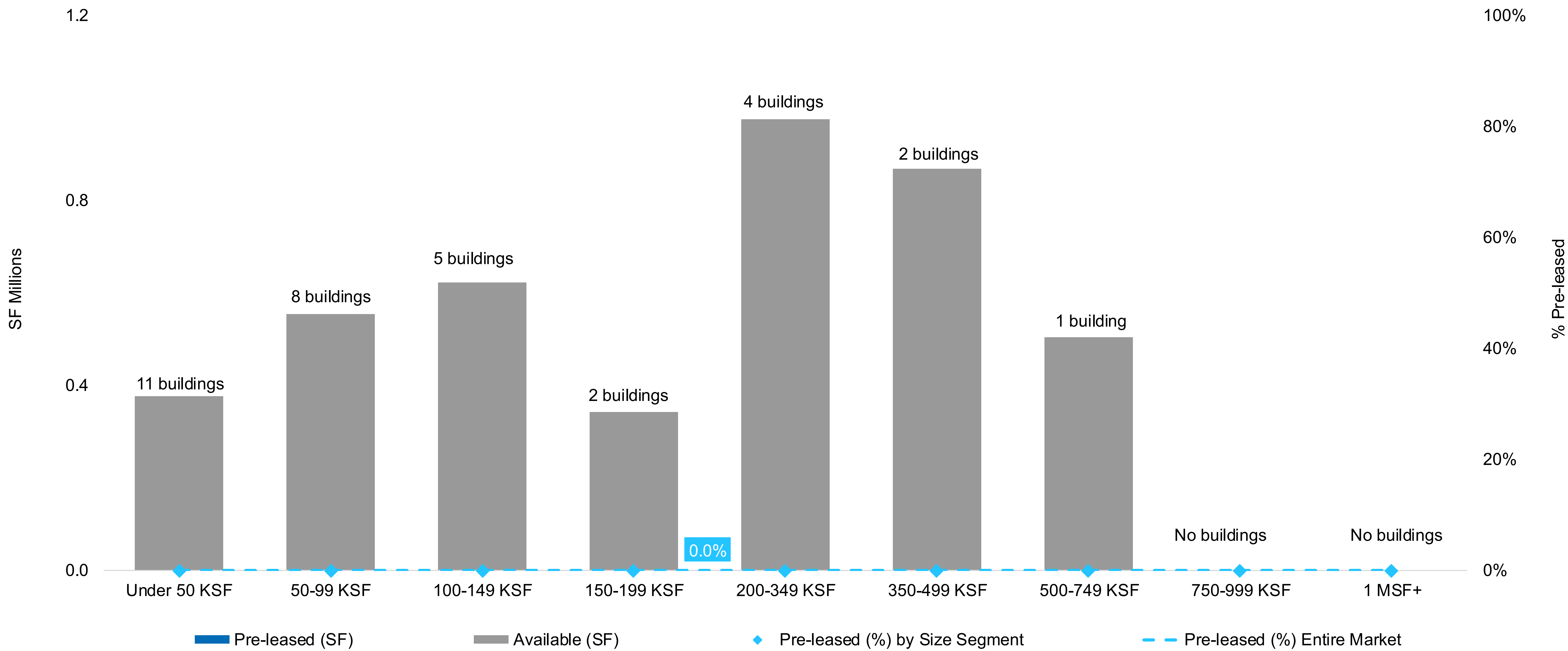


Source: Newmark Research

Zero Under-Construction Properties Have Tenants Attached

None of the 33 properties presently under construction have been leased. Of the 4.2 MSF of under-construction space, 2.4 MSF is anticipated to deliver in the second quarter of 2025. Based on this quarter's leasing activity, it appears some aspiring tenants are waiting for space to deliver before negotiating to garner more leverage.

Total Construction by Size Segment: Pre-leased vs. Available Space



Source: Newmark Research

Notable 1Q25 Lease Transactions

Twenty-six leases over 100,000 SF were signed this quarter, far higher than the 17 signed in the same period of 2024. Of this quarter's big-box leases, 15 were direct, six were renewals/extensions and five were subleases.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
US Elogistics Service Corp.	171 Marcellin Dr	East (San Gabriel)	Direct Lease	694,400
The 3PL, which is expanding in the market, took early occupancy of the vacant 694,400-SF facility prior to the end of the quarter. A 120-month lease term.				
YiTong Investments	17560 Rowland St	East (San Gabriel)	Direct Lease	232,000
The 3PL, which is entering the market, moved into the vacant property in February.				
HYTX Logistics	14505 E Proctor Ave	East (San Gabriel)	Direct Lease	217,464
The 3PL, which currently leases multiple facilities across West Inland Empire, moved into the vacant property in March. Lease term expires in 3Q30.				
Freight Horse	1540 Francisco St	South Bay	Sublease	206,055
The 3PL, which presently leases warehouse space in South Bay, moved into the property in February. Puma North America is the sublessor. Sublease term expires in 3Q26.				
HK Trans	12418-12488 Florence Ave	Mid-Counties	Sublease	194,016
The 3PL, which had previously occupied warehouse space in Whittier, moved into the property in March. Funai is the sublessor. Lease term expires in 3Q25.				

Source: Newmark Research

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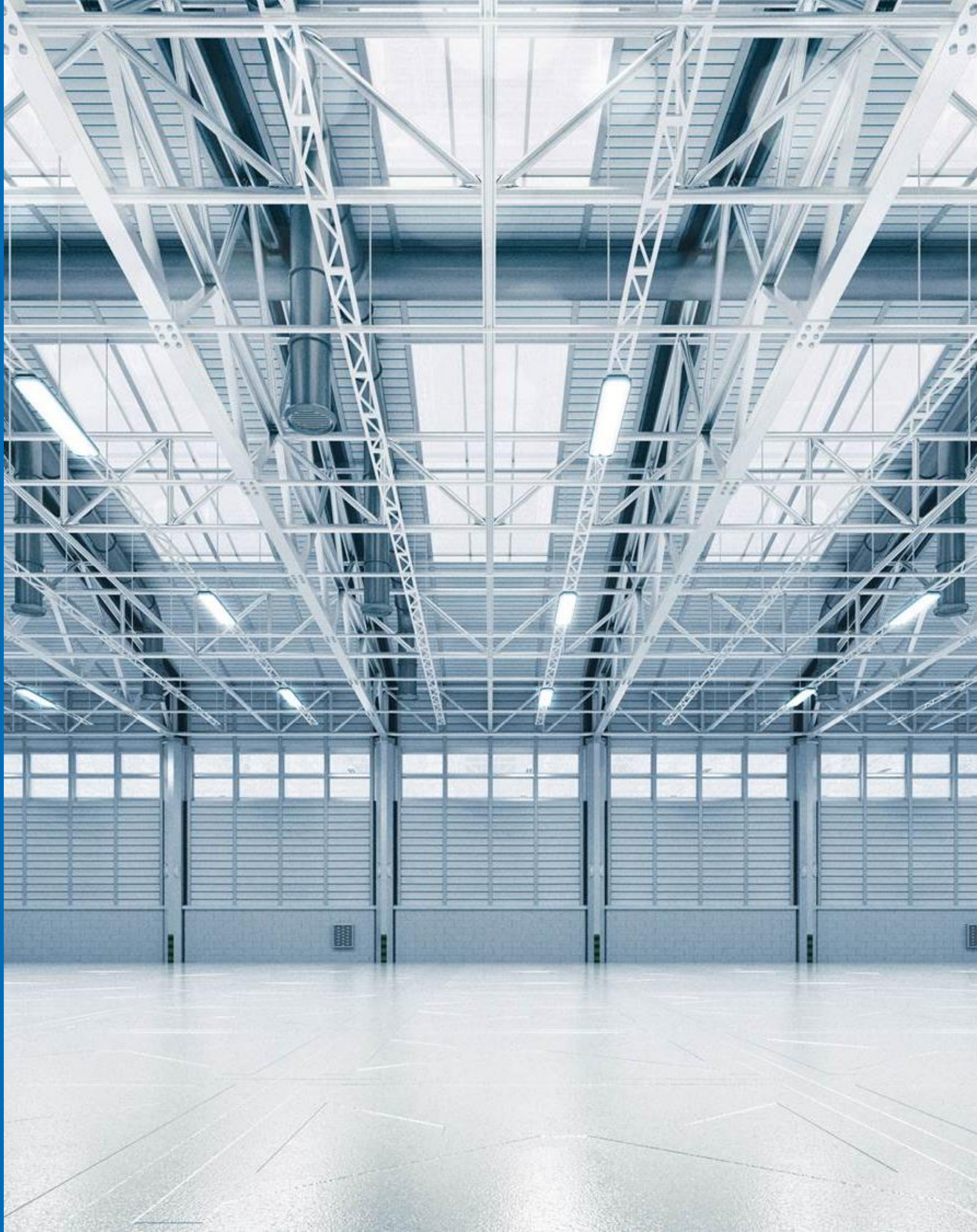
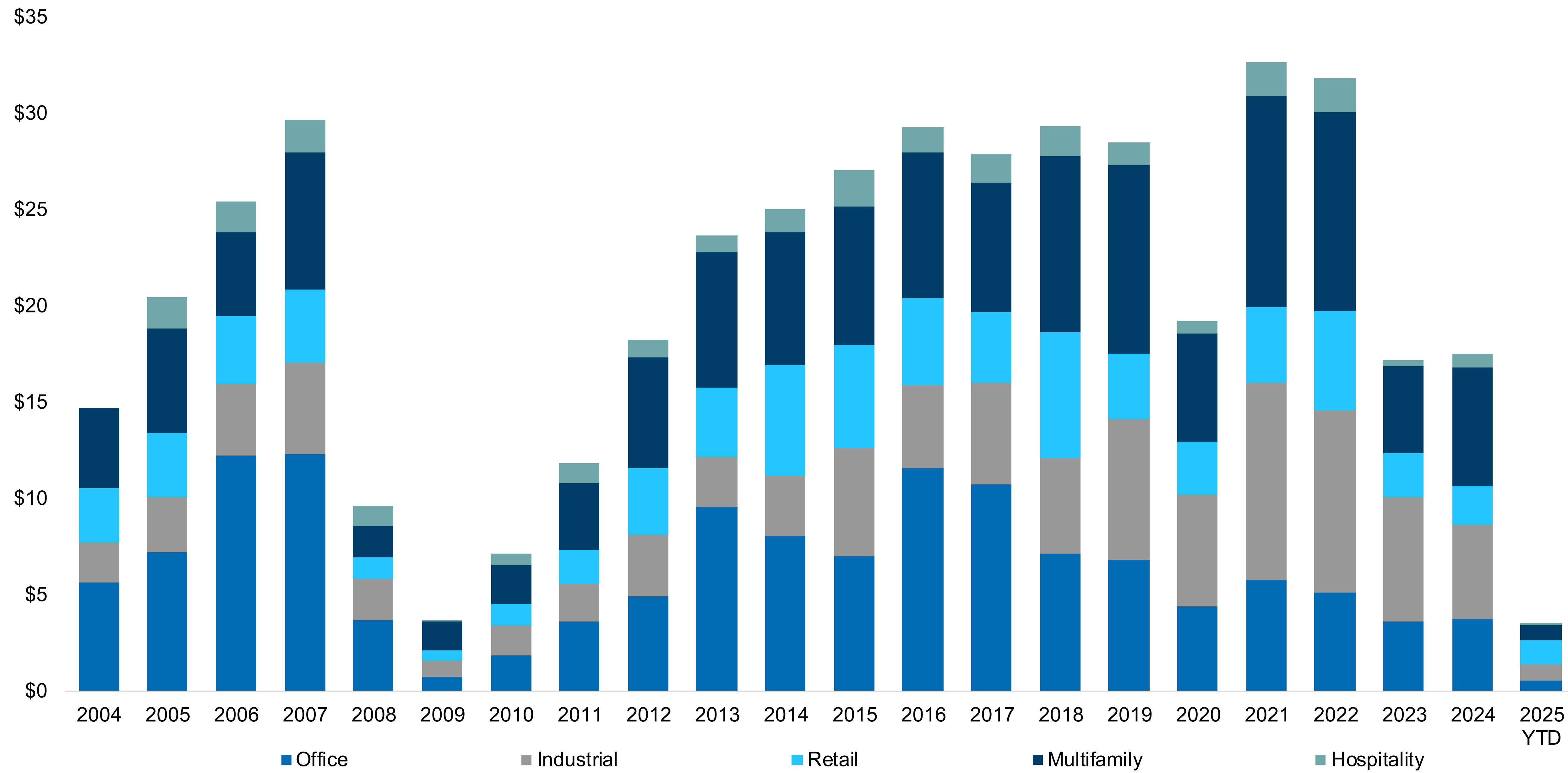
Sales Activity



Industrial Comprised 25.3% of Total Sales Volume in the First Quarter of 2025

This figure is slightly above the 21-year average of 20.9%. Heated rent growth in recent years has favored the segment, with many investors targeting desirable buildings with credit tenants whose leases are up for renewal. Elevated lending costs and steady occupancy losses within the market have cooled industrial sale activity in recent quarters, however.

Los Angeles County: Sales Volume Across Commercial Property Segments ($ in Billions)

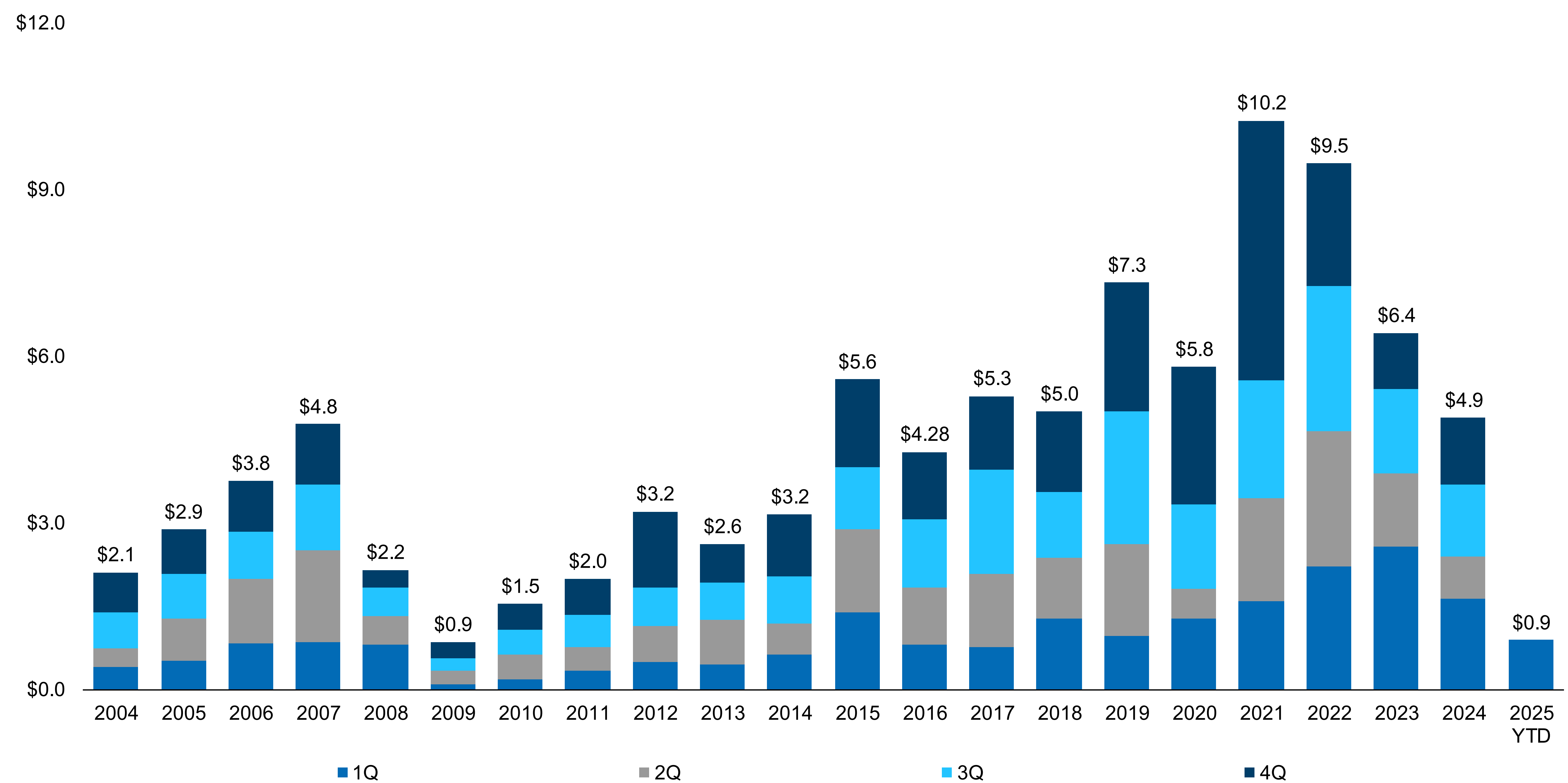


Source: MSCI Real Capital Analytics, Newmark Research
Note: Preliminary data is cited for the first quarter of 2025.

Industrial Sales Volume: Up Close

Industrial sales volume totaled $887.6 million in the first quarter of 2025, roughly half that of the same period in 2024. The higher cost of capital following multiple interest rate hikes from March 2022 to July 2023 has crimped momentum, in addition to adjusting leasing fundamentals, have imposed downward pressure on volume and pricing.

Los Angeles County: Industrial Sales Volume ($ in Billions) | By Quarter

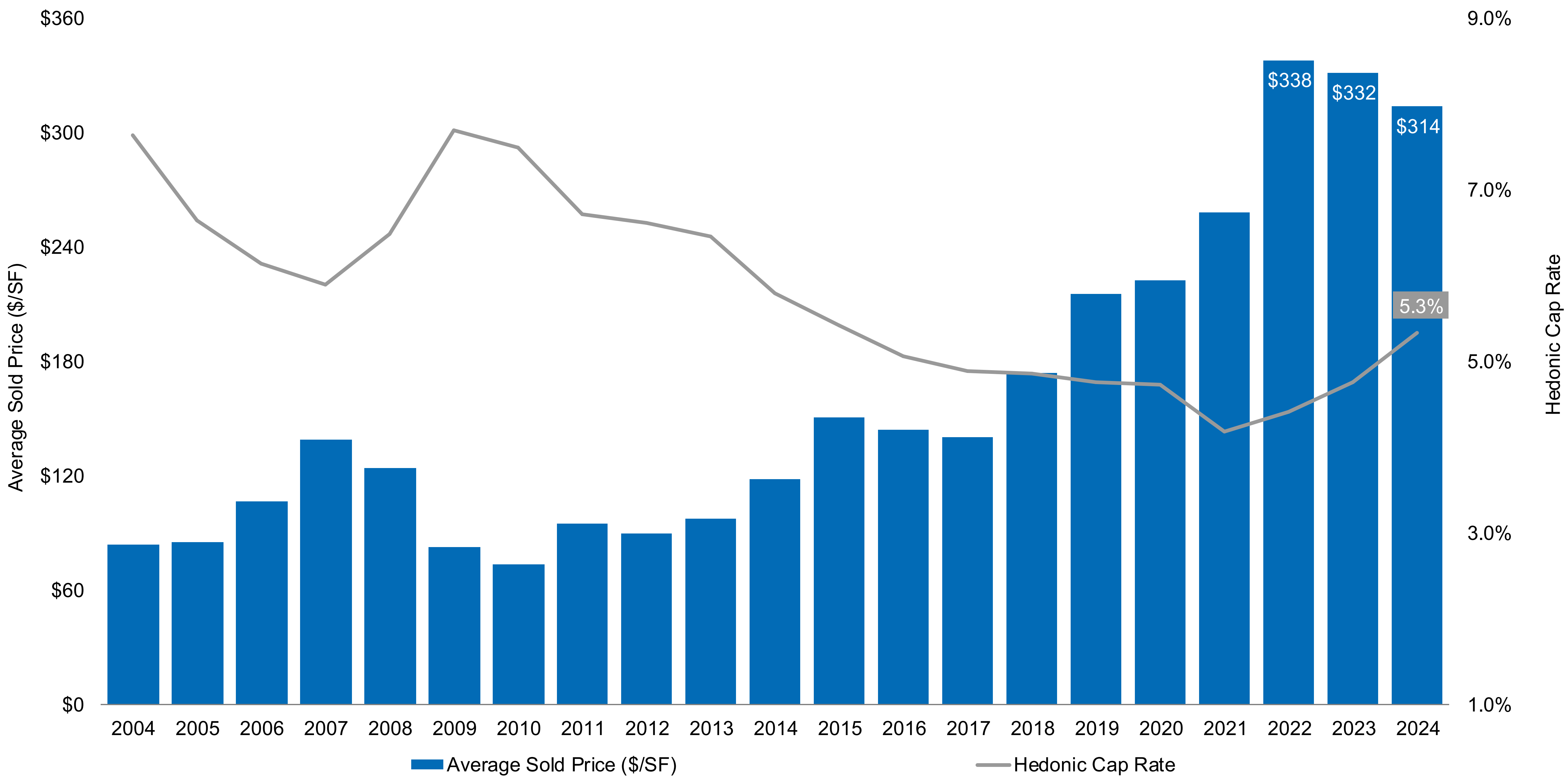


Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the first quarter of 2025.

Pricing is Down and Cap Rates are Up

Current pricing ($314/SF) is 7.2% lower than year-end 2022's average. Cap rates have steadily crept up during the same period.

Los Angeles County: Industrial Price Per Square Foot and Hedonic Cap Rate Averages

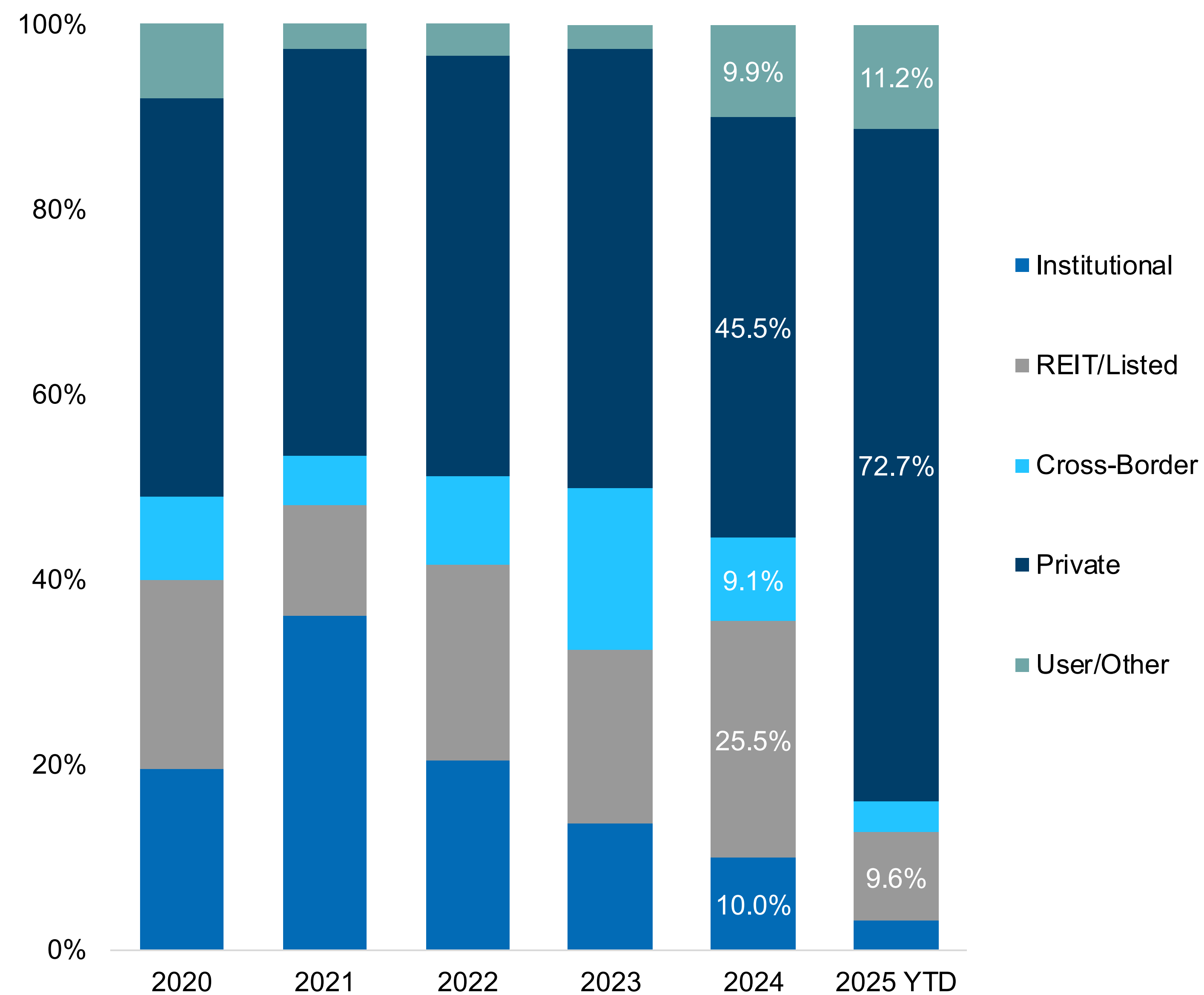


Source: Newmark Research, MSCI Real Capital Analytics
Note: 12-month trailing averages are cited.

Private Buyers Dominate YTD Sales

Before the Trump Administration's new tariffs, industrial was widely perceived as being more stable compared to other commercial property segments. Additionally, domestic e-commerce growth is spurring interest in last-mile facilities in the nation's primary markets.

Los Angeles County: Ind. Buyer Composition, by Year | Based on Sales Volume



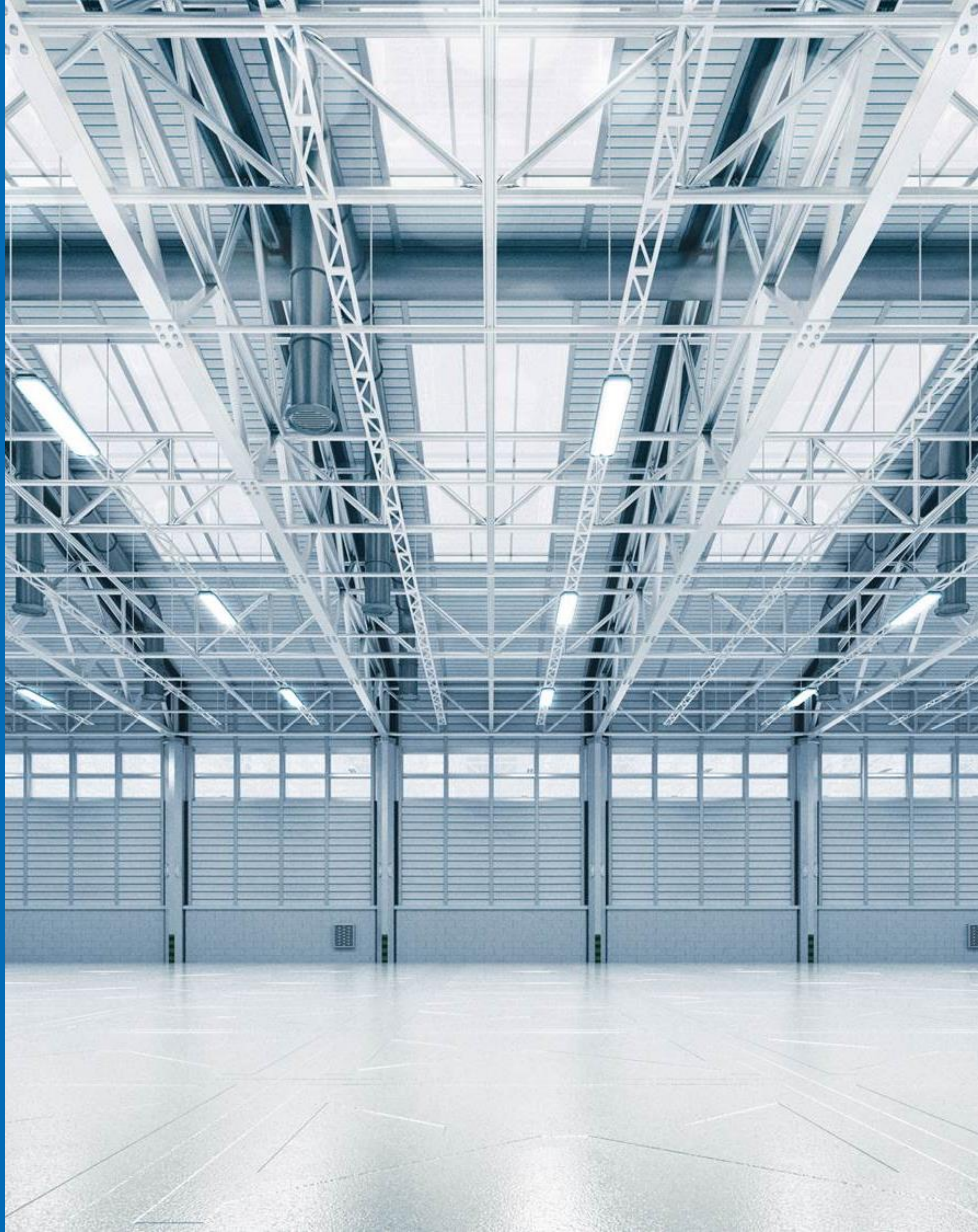
Los Angeles County: Most Active Industrial Buyers | Last 12 Months

Company	Investor Type	Volume	# of Properties	Size (SF)
Stockbridge	Private, Cross-Border, Institutional	$375,000,000	1	685,000
Hackman Capital	Private	$217,071,008	4	492,303
Rexford Industrial REIT	REIT/Listed	$204,900,000	3	522,429
TPG Real Estate	Institutional	$109,500,000	2	187,470
Pleaser USA Inc	Private	$99,906,667	1	269,740
Prologis	REIT/Listed	$89,700,000	2	125,832
McMaster Carr	User/Other	$75,000,000	1	241,023
Kayne Anderson	Institutional	$70,428,750	1	300,656
Lift Partners	Private	$69,000,000	2	216,475
Greenlaw Partners LLC	Private	$69,000,000	2	231,754

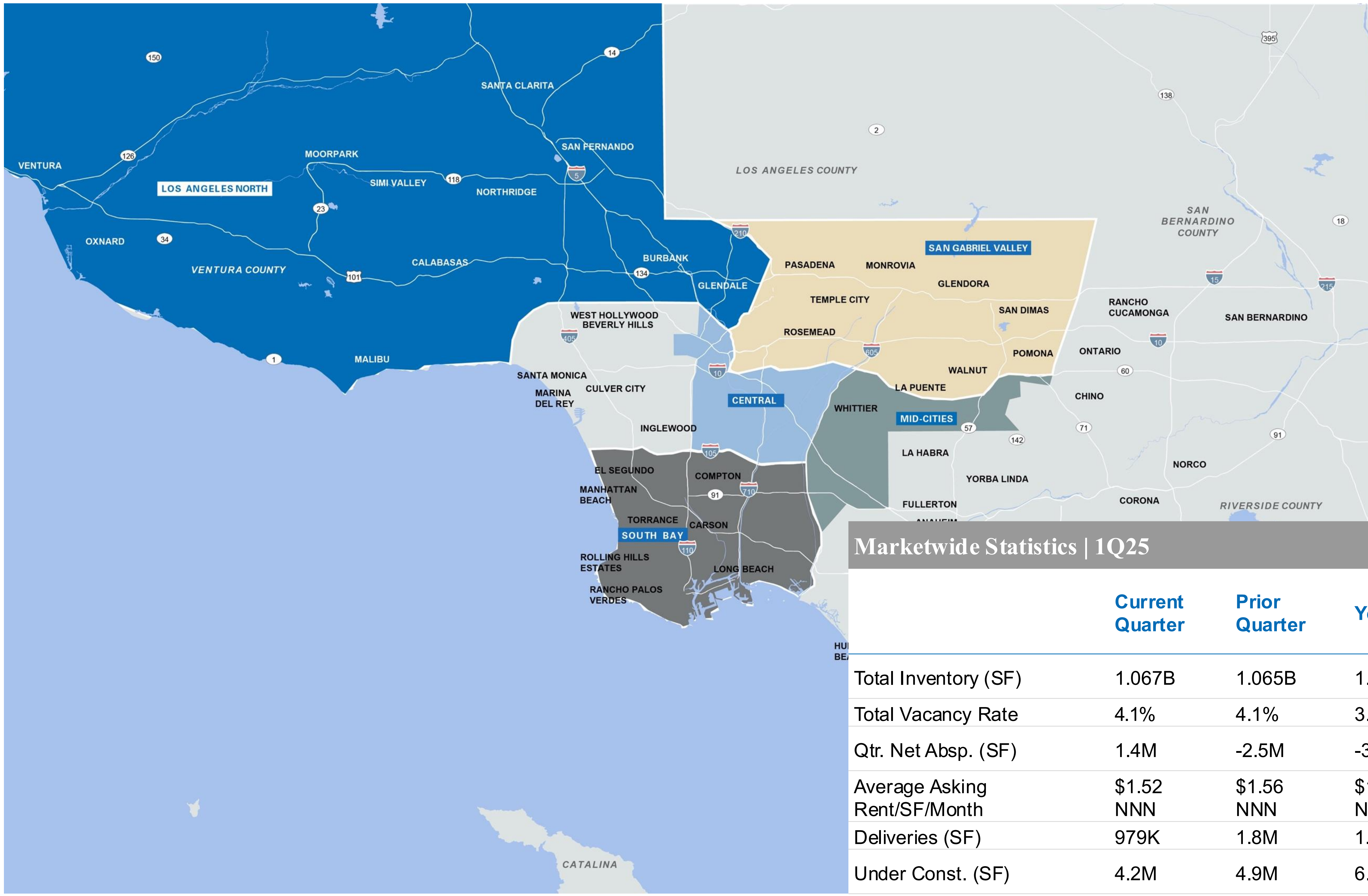
Source: Newmark Research
Note: Preliminary data is cited for the first quarter of 2025

1Q25

Appendix



Los Angeles Submarket Map and High-Level Statistics | 1Q25



Marketwide Statistics | 1Q25

	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	1.067B	1.065B	1.060B	↑
Total Vacancy Rate	4.1%	4.1%	3.1%	↑
Qtr. Net Absp. (SF)	1.4M	-2.5M	-3.0M	→
Average Asking Rent/SF/Month	$1.52 NNN	$1.56 NNN	$1.65 NNN	↓
Deliveries (SF)	979K	1.8M	1.3M	→
Under Const. (SF)	4.2M	4.9M	6.8M	↓

Source: Newmark Research

Los Angeles Submarket Statistics | 1Q25 (page 1 of 4)

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Central	**299,494,489**	**0**	**4.4%**	**816,928**	**816,928**	**104,463**	**104,463**	**$1.43**
Bell	3,925,915	0	1.0%	124,520	124,520	0	0	$1.76
Bell Gardens	2,369,380	0	4.6%	96,678	96,678	0	0	$1.25
Commerce	52,938,731	0	6.0%	316,008	316,008	104,463	104,463	$1.33
Cudahy	828,184	0	4.1%	-7,280	-7,280	0	0	-
Downtown Los Angeles	129,606,069	0	4.3%	130,223	130,223	0	0	$1.35
Huntington Park	4,900,221	0	3.2%	0	0	0	0	$1.15
Lynwood	3,853,329	0	1.4%	0	0	0	0	$1.18
Maywood	774,236	0	0.0%	0	0	0	0	-
Montebello	13,261,108	0	4.7%	-59,415	-59,415	0	0	$1.94
Pico Rivera	11,115,431	0	6.5%	-37,881	-37,881	0	0	$1.38
South Gate	11,656,108	0	2.4%	0	0	0	0	$1.50
Vernon	64,265,777	0	3.9%	254,075	254,075	0	0	$1.40
Mid-Counties	**114,984,168**	**673,461**	**6.2%**	**-264,922**	**-264,922**	**206,892**	**206,892**	**$1.49**
Artesia	321,227	0	4.7%	18,466	18,466	0	0	$1.45

Source: Newmark Research

Los Angeles Submarket Statistics | 1Q25 (page 2 of 4)

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Buena Park	14,559,831	0	8.6%	-161,385	-161,385	0	0	$1.63
Cerritos	14,977,563	0	4.9%	-11,839	-11,839	0	0	$1.21
Downey	4,358,781	0	1.2%	0	0	0	0	$1.07
La Mirada	14,102,041	0	9.1%	78,669	78,669	0	0	$1.58
La Palma	2,112,316	0	7.7%	0	0	0	0	$1.49
Norwalk	3,705,621	0	3.4%	-51,850	-51,850	0	0	$1.47
Santa Fe Springs	56,956,974	381,158	5.4%	-72,791	-72,791	206,892	206,892	$1.55
Whittier	3,889,814	292,303	10.5%	-64,192	-64,192	0	0	$1.23
LA North	**236,197,275**	**1,937,922**	**2.7%**	**-187,309**	**-187,309**	**343,892**	**343,892**	**$1.49**
Central Valley	32,123,382	91,950	1.9%	-93,823	-93,823	106,750	106,750	$1.59
Conejo Valley	15,165,138	0	5.3%	-182,690	-182,690	120,290	120,290	$1.49
East Valley	58,144,165	754,074	1.9%	-31,898	-31,898	0	0	$1.64
Santa Clarita	27,200,109	729,857	3.2%	-11,522	-11,522	0	0	$1.44
Simi/Moorpark	15,259,580	180,502	4.0%	162,479	162,479	0	0	$1.45
West Valley	40,383,013	79,539	2.2%	22,511	22,511	0	0	$1.29

Source: Newmark Research

Los Angeles Submarket Statistics | 1Q25 (page 3 of 4)

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Asking Rent (Price/SF)
West Ventura County	47,921,888	102,000	3.0%	-52,366	-52,366	116,852	116,852	$1.14
LA East (San Gabriel)	**190,405,131**	**444,547**	**3.7%**	**1,416,771**	**1,416,771**	**0**	**0**	**$1.35**
Central SGV	30,380,999	129,619	4.5%	10,409	10,409	0	0	$1.33
Eastern SGV	34,074,767	0	4.0%	-183,317	-183,317	0	0	$1.17
El Monte Area	20,004,829	37,186	1.6%	-41,966	-41,966	0	0	-
Industry Area	93,929,928	277,742	4.1%	1,599,884	1,599,884	0	0	$1.37
Western SGV	12,014,608	0	1.7%	31,761	31,761	0	0	$1.39
South Bay	**225,565,604**	**1,190,077**	**4.5%**	**-332,368**	**-332,368**	**324,073**	**324,073**	**$1.66**
Carson	42,348,183	429,112	4.8%	-78,194	-78,194	0	0	$1.58
Compton/Rancho Dominguez	41,194,073	76,553	5.9%	-5,352	-5,352	128,822	128,822	$1.56
El Segundo	9,546,442	0	0.8%	4,224	4,224	0	0	$2.47
Gardena/110 Corridor	34,021,733	0	4.5%	-169,752	-169,752	195,251	195,251	$1.46
Hawthorne	10,231,640	0	1.3%	10,000	10,000	0	0	$1.89
LAX/Inglewood	11,227,163	0	3.6%	-21,178	-21,178	0	0	$2.14
Long Beach/Signal Hill	21,099,541	570,925	4.5%	152,419	152,419	0	0	$1.63

Source: Newmark Research

Los Angeles Submarket Statistics | 1Q25 (page 4 of 4)

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Paramount	9,431,133	0	2.0%	0	0	0	0	$1.33
Port District	6,609,135	0	5.4%	13,590	13,590	0	0	-
Redondo Beach	3,539,750	0	1.0%	35,296	35,296	0	0	$2.10
Torrance Area	36,316,811	113,487	5.5%	-273,421	-273,421	0	0	$1.82
Los Angeles	**1,066,646,667**	**4,246,007**	**4.1%**	**1,449,100**	**1,449,100**	**979,320**	**979,320**	**$1.52**

Source: Newmark Research

WAIRE: Program Summary and Implications for Industrial

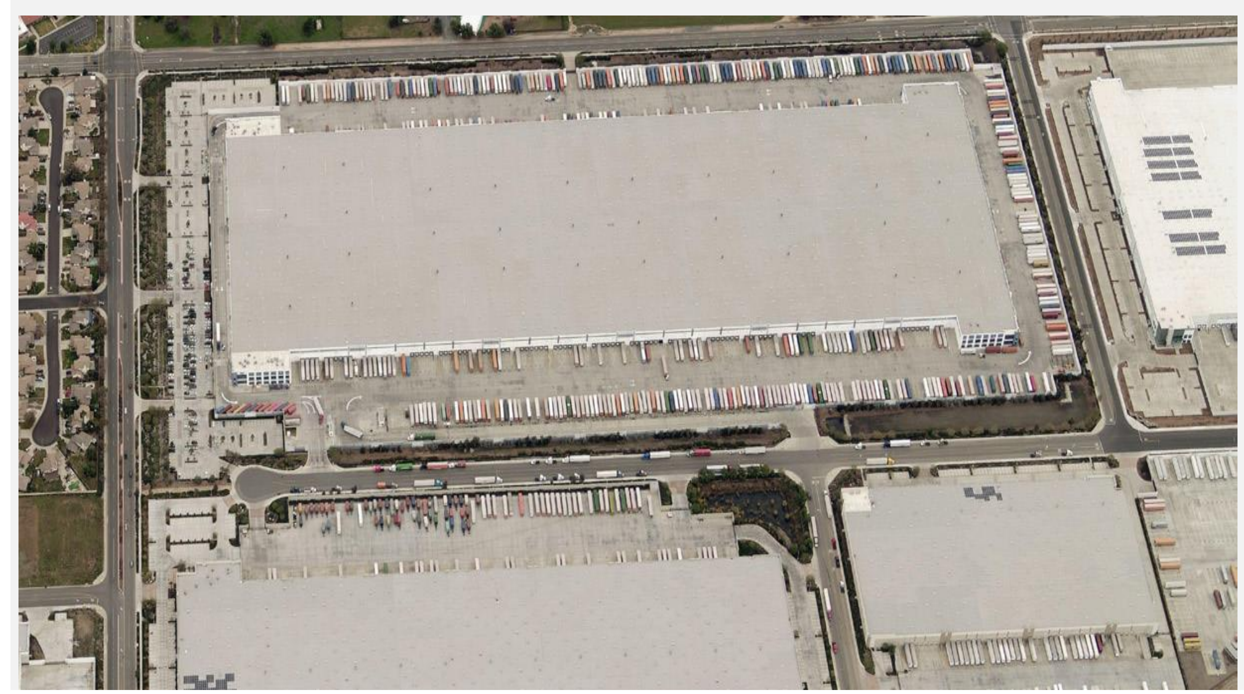
The Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program imposes additional costs for warehouse occupiers and encourages new construction outside of South Coast Air Quality Management District's (SCAQMD's) jurisdiction.

Program Summary

- In 2021, SCAQMD implemented the WAIRE program to "reduce local and regional emissions of nitrogen oxides and particulate matter…[derived from] warehouses and the mobile sources attracted to warehouses."
- The program essentially imposes an emissions-based tariff on warehouse occupiers whose footprints are above 100,000 SF in much of LA, Orange, Riverside and San Bernardino Counties.
- The first report submission year is 2023, and average collections are estimated to be between $670 million and $1.0 billion per year.
- For more information, please read [Newmark's report on the subject.]

Implications for Industrial Real Estate

- Retrofitted buildings within SCAQMD's jurisdiction that have solar roof panels, EV stations, etc. help to lower a tenant's annual WAIRE costs. These buildings will command a rent premium.
- Building owners can participate in the WAIRE Program and can give preferential treatment to top-credit tenants.
- There could be a progressive shift in where new construction occurs. For instance, Ventura County, which is outside of SCAQMD's jurisdiction, could see more development activity.



Source: Newmark Research

The World's Top 20 Containerized Cargo Seaports

Sixteen are in Asia, China leads all other countries with nine and Los Angeles-Long Beach is the only U.S. complex to make the list.

Rank	Seaport	2024 Volume (TEU, in millions)
1	Shanghai, China	51.5
2	Singapore	41.1
3	Ningbo-Zhoushan, China	39.3
4	Shenzhen, China	33.4
5	Qingdao, China	30.9
6	Guangzhou, China	26.1
7	Busan, South Korea	24.4
8	Tianjin, China	23.3
9	**Los Angeles-Long Beach, U.S.**	**18.3**
10	Jebel Ali, United Arab Emirates	15.5

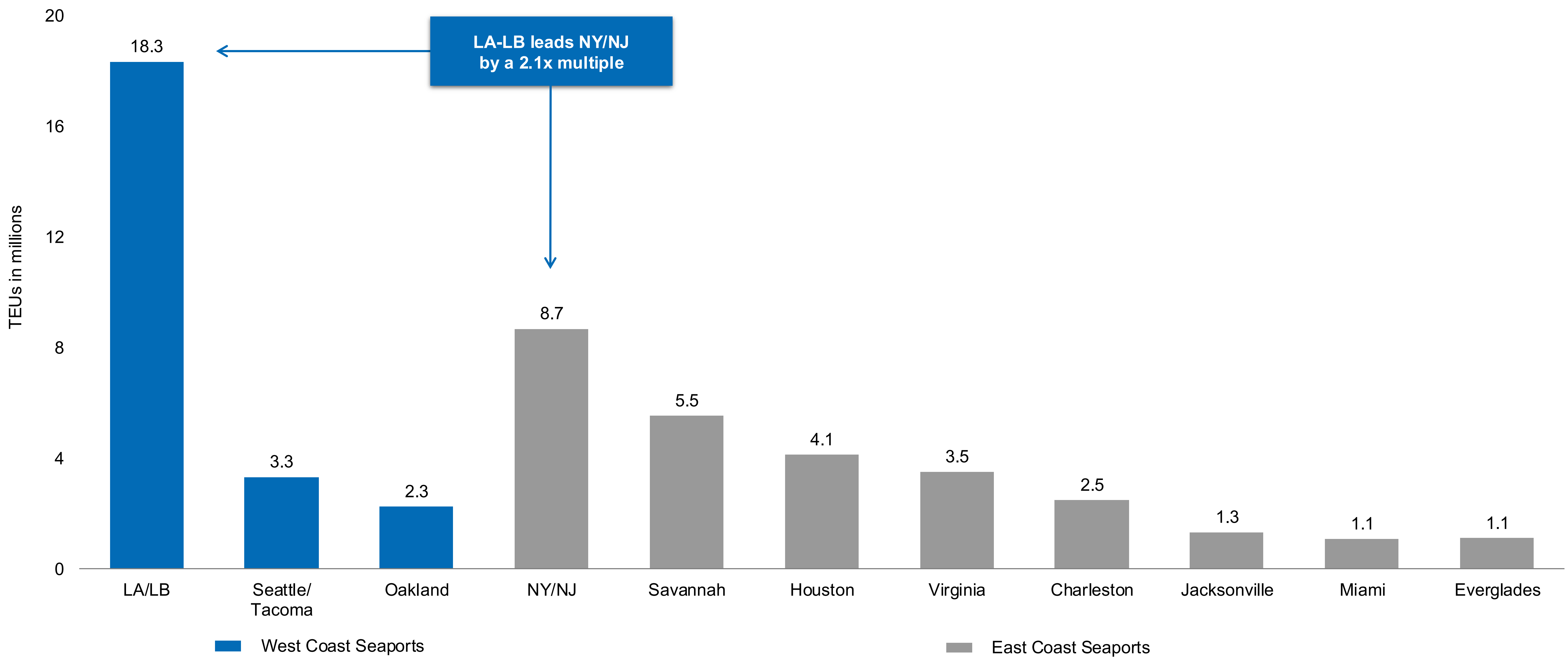
Rank	Seaport	2024 Volume (TEUs, in millions)
11	Port Kelang, Malaysia	14.6
12	Rotterdam, The Netherlands	13.8
13	Hong Kong, China	13.7
14	Antwerp-Bruges, Belgium	13.5
15	Tanjung Pelepas, Malaysia	12.3
16	Xiamen, China	12.3
17	Tanger Med, Morocco	10.2
18	Laem Chabang, Thailand	9.5
19	Kaoshiung, Taiwan	9.2
20	Beibu Gulf, China	9.0

Source: Newmark Research, upply
Note: TEU totals includes loaded and empty containers

Los Angeles-Long Beach is the Nation's Dominant Port System

Los Angeles-Long Beach can accommodate 18,000 TEU vessels, which are too wide to traverse the new Panama Canal. Additionally, both ports have Class 1 freight rail connectivity to the nation's major population centers.

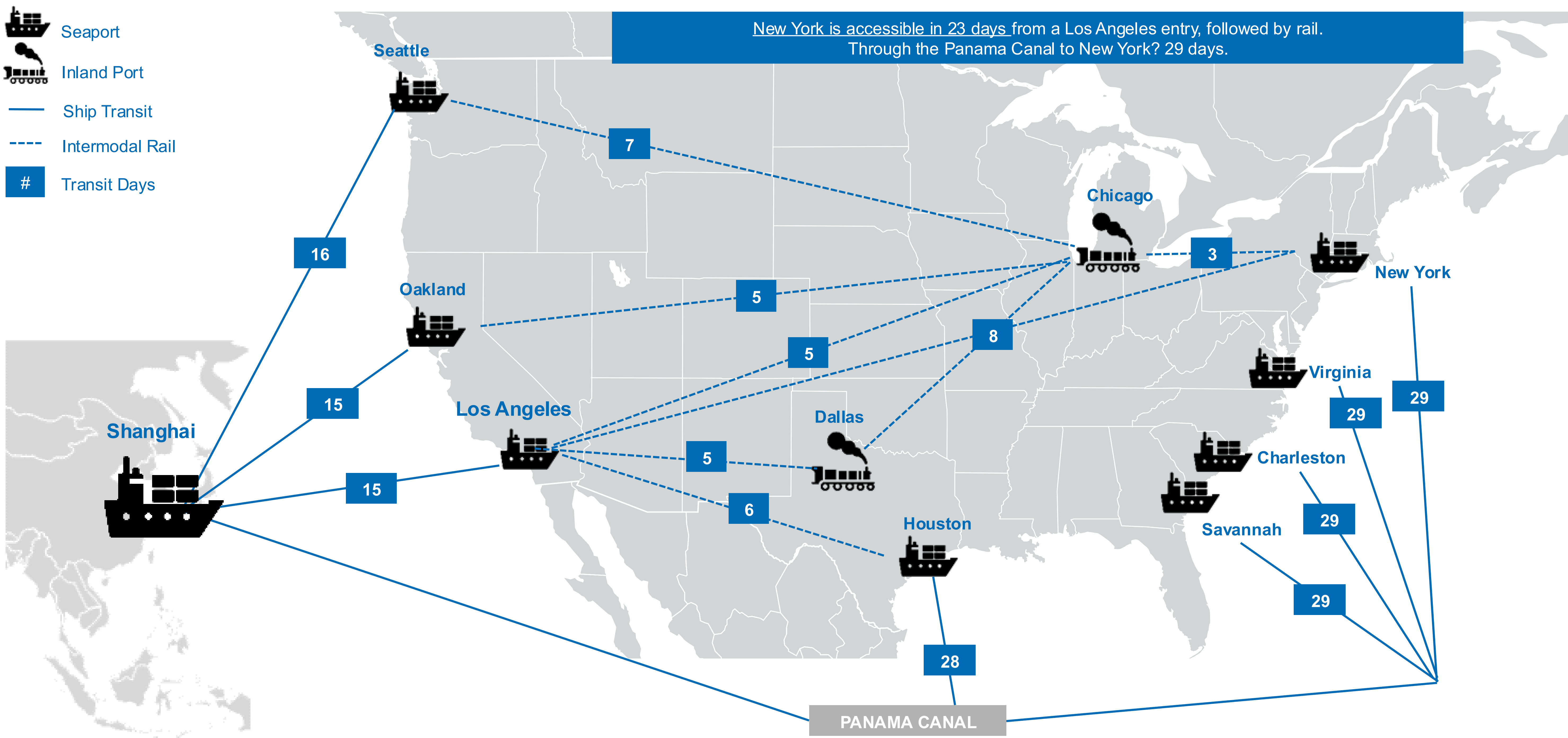
Major U.S. Seaports: 2024 TEU Volume (All Containers: Loaded and Empty)



Source: Newmark Research, Individual Seaports

Why Los Angeles-Long Beach?

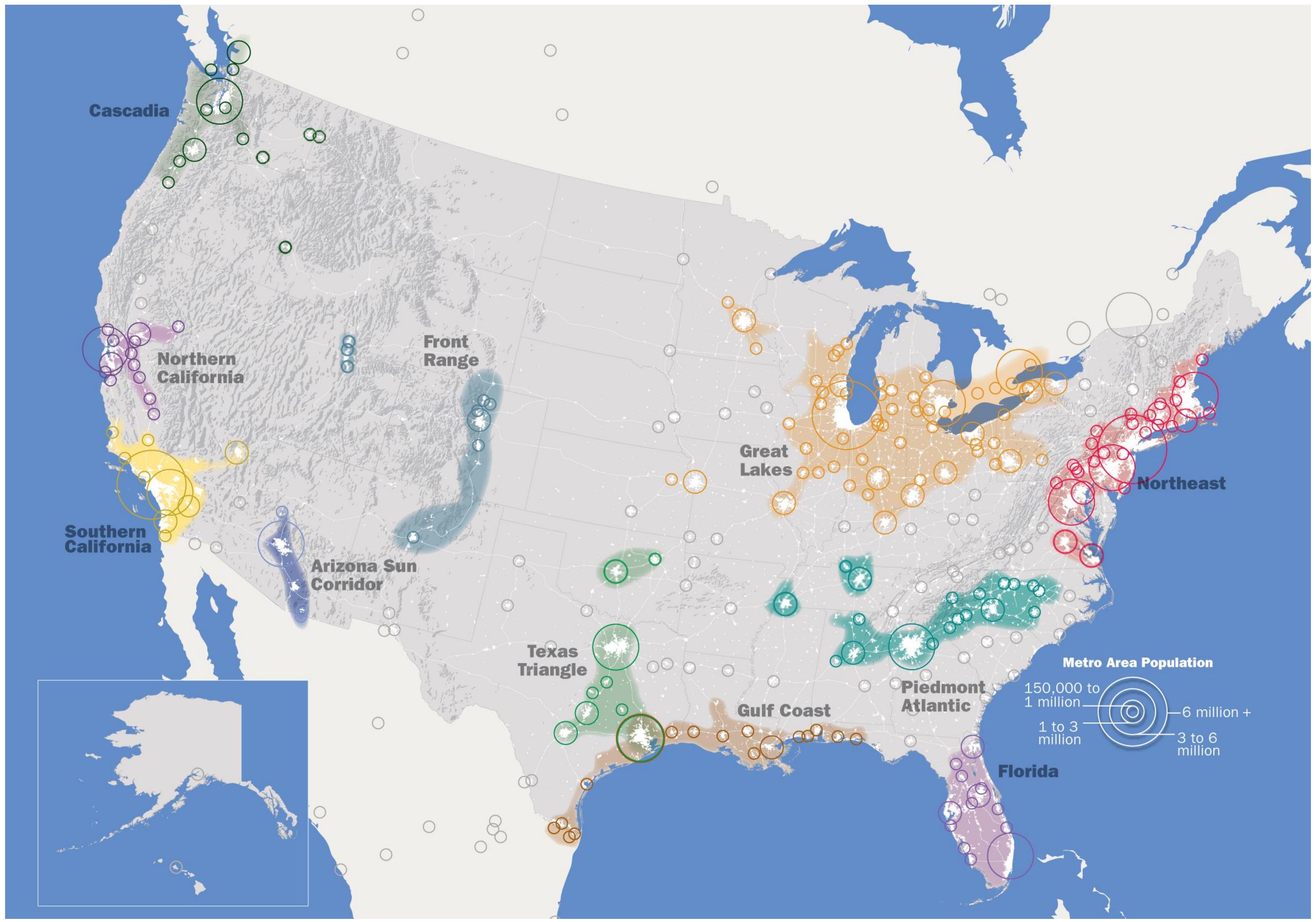
In a normal environment, shorter transit time from Shanghai. Double-stack rail connectivity allows distributors to touch multiple U.S. markets, which is more cost-effective.



Source: Newmark Research, IMS Worldwide

Population of Megaregions: Past and Projected

Southern California benefits from its consumer base, ports and rail connectivity.



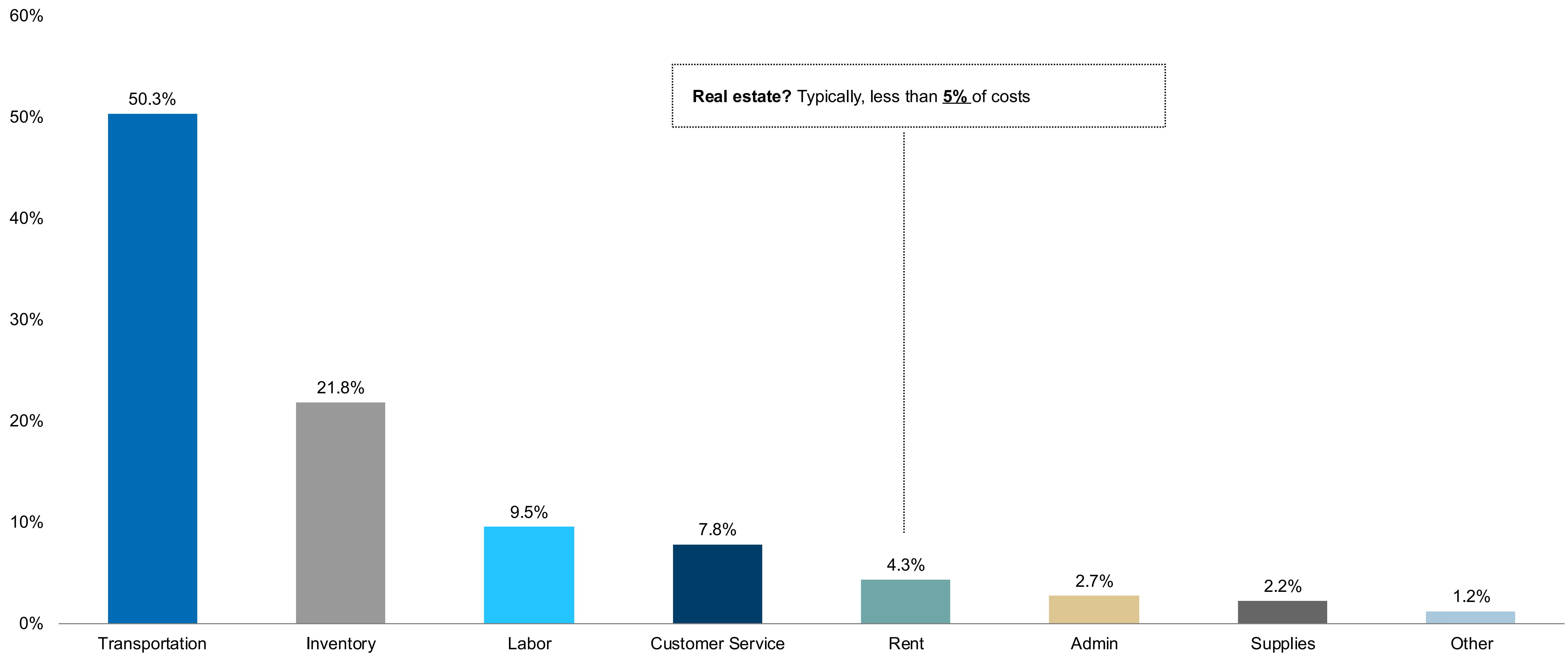
Megaregion	2010 Population	2025 Pop. Est.
Arizona Sun Corridor	5.7M	7.8M
Cascadia	8.4M	8.8M
Florida	17.3M	21.5M
Front Range	5.5M	7.0M
Great Lakes	55.6M	60.7M
Gulf Coast	13.4M	16.3M
Northeast	52.3M	58.4M
Northern California	14.0M	16.4M
Piedmont Atlantic	17.6M	21.7M
Greater Southern California	**24.4M**	**29.0M**
Texas Triangle	19.8M	24.8M

Source: U.S. Census Bureau

Transport Costs Are the Biggest Expenditure for Most Warehouse Occupiers

Before the pandemic, the average was just over 50%.

Cost Splits for the Average Warehouse Occupier Prior to COVID-19



Source: Newmark Research, Exchange Inc. Logistics Cost & Service Report
Note: These ratios do not apply to all industries. 3PLs, for instance, are highly rent-sensitive.

Transport Costs Per TEU Container Increase the Further an Occupier is from the Ports

Current rates are down from 2023 due to slowing global trade.

Region	Early 2023 Drayage Rate (includes base rate, fuel surcharge, chassis rental – 5 days)	Early 2024 Drayage Rate (includes base rate, fuel surcharge, chassis rental – 5 days)
South Bay	$753 to $858	$613 to $644
Central/Mid-Counties	$910 to $962	$666 to $742
San Gabriel Valley	$962	$735 to $788
I.E. West	$1,066 to $1,145	$825 to $894
I.E. East	$1,170 to $1,307	$894 to $1,066

Source: Newmark Research, WCL Consulting, Inc.
Note: The drayage rates are roundtrip base rates to haul a container from the Ports of Long Beach or Los Angles and return it after unloading. Assumptions: 1) Annual volume: 5,000 x 40' containers per year; 2) Commodity: Consumer Goods/Non-Hazardous; 3) Origins: Ports of Los Angeles and Long Beach Marine Terminals.

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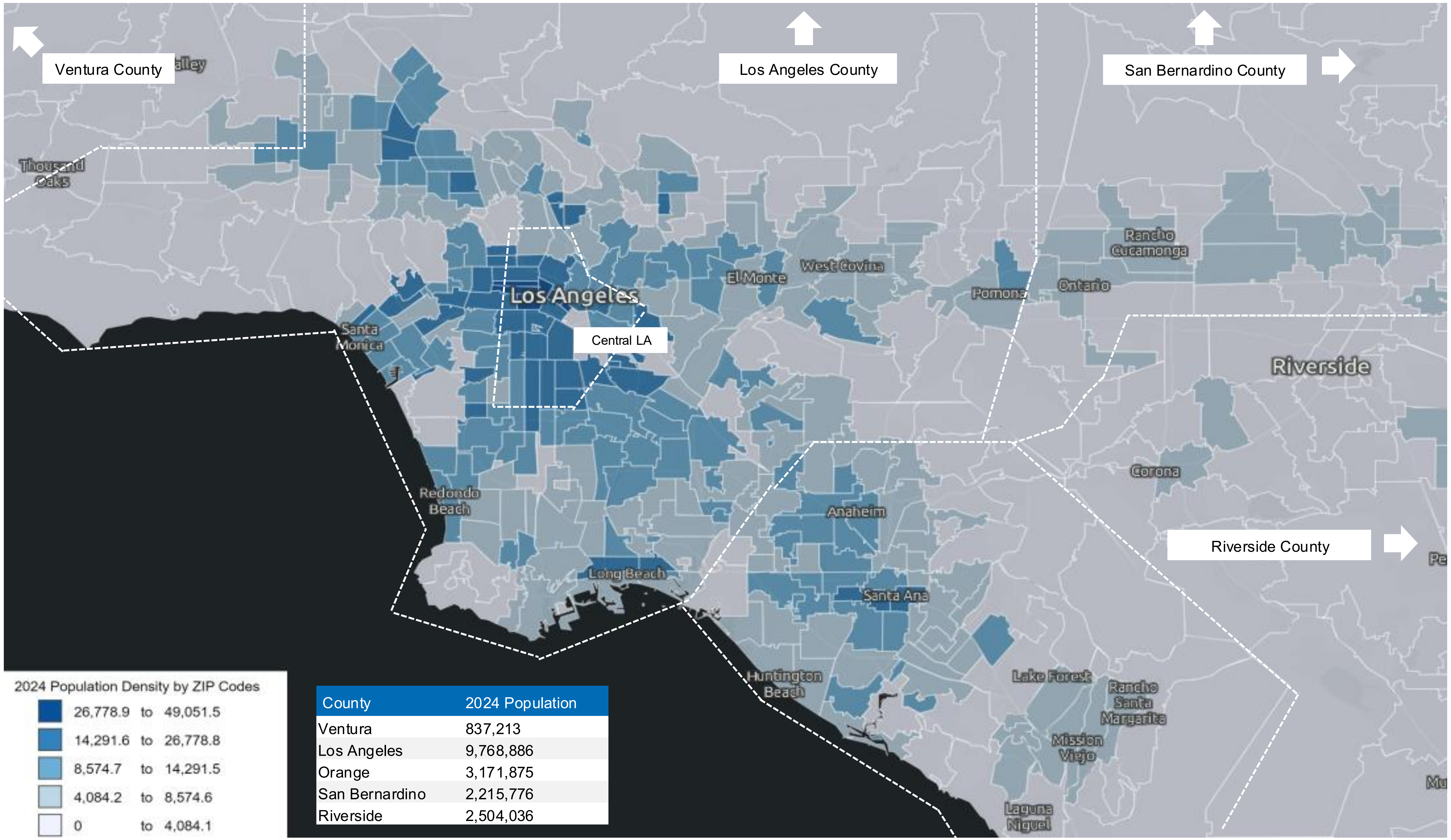
Central LA Has the Highest Population Density

Consumer populations are also notable in parts of the South Bay, Mid-Counties and Orange County. Final-mile distributors will continue to focus on these areas as the market share of e-commerce sales continues to grow. Proximity to the end-consumer can lower transport costs and swiften delivery times—both are competitive differentiators.



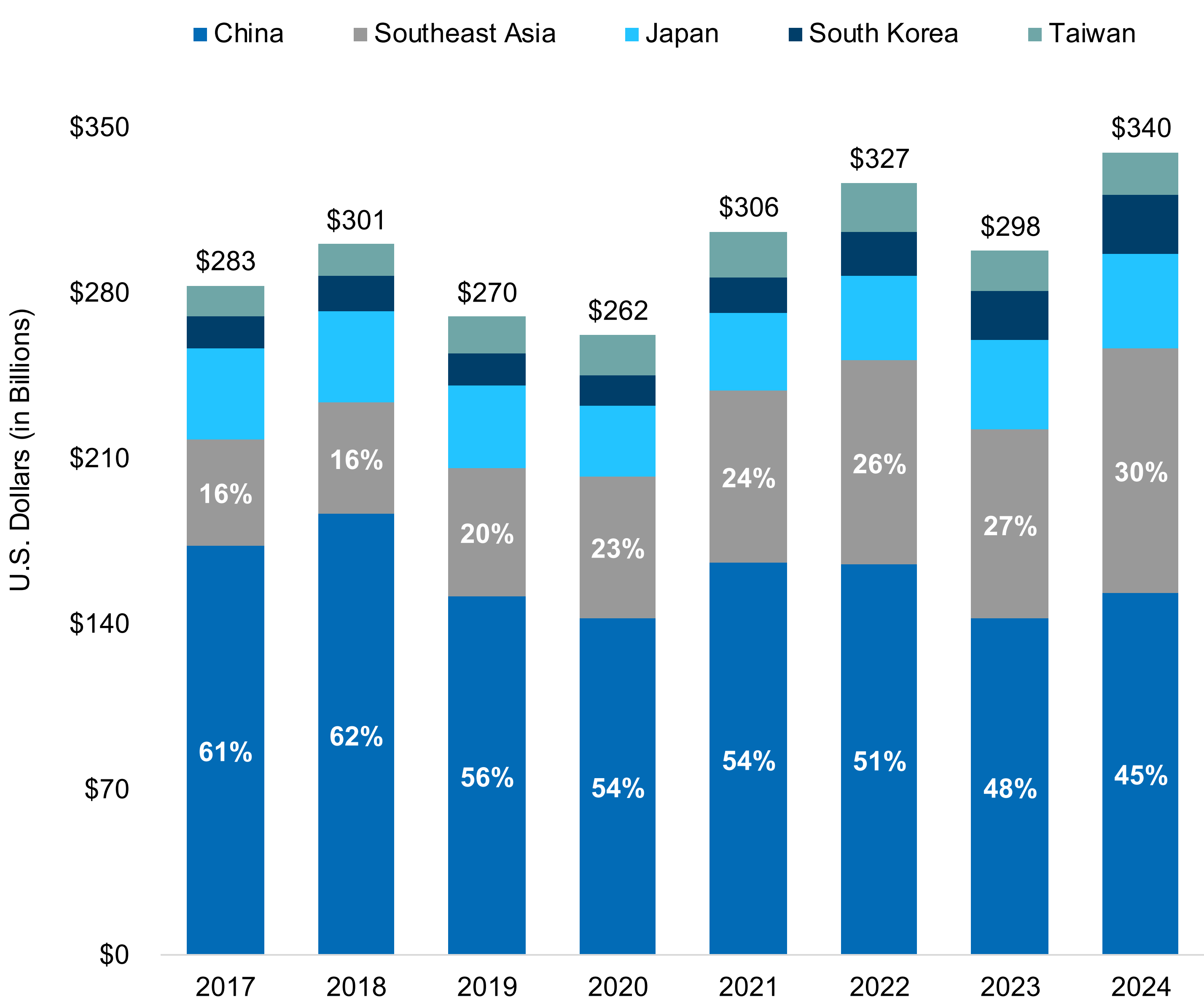
County	2024 Population
Ventura	837,213
Los Angeles	9,768,886
Orange	3,171,875
San Bernardino	2,215,776
Riverside	2,504,036

Source: Newmark Research, ESRI

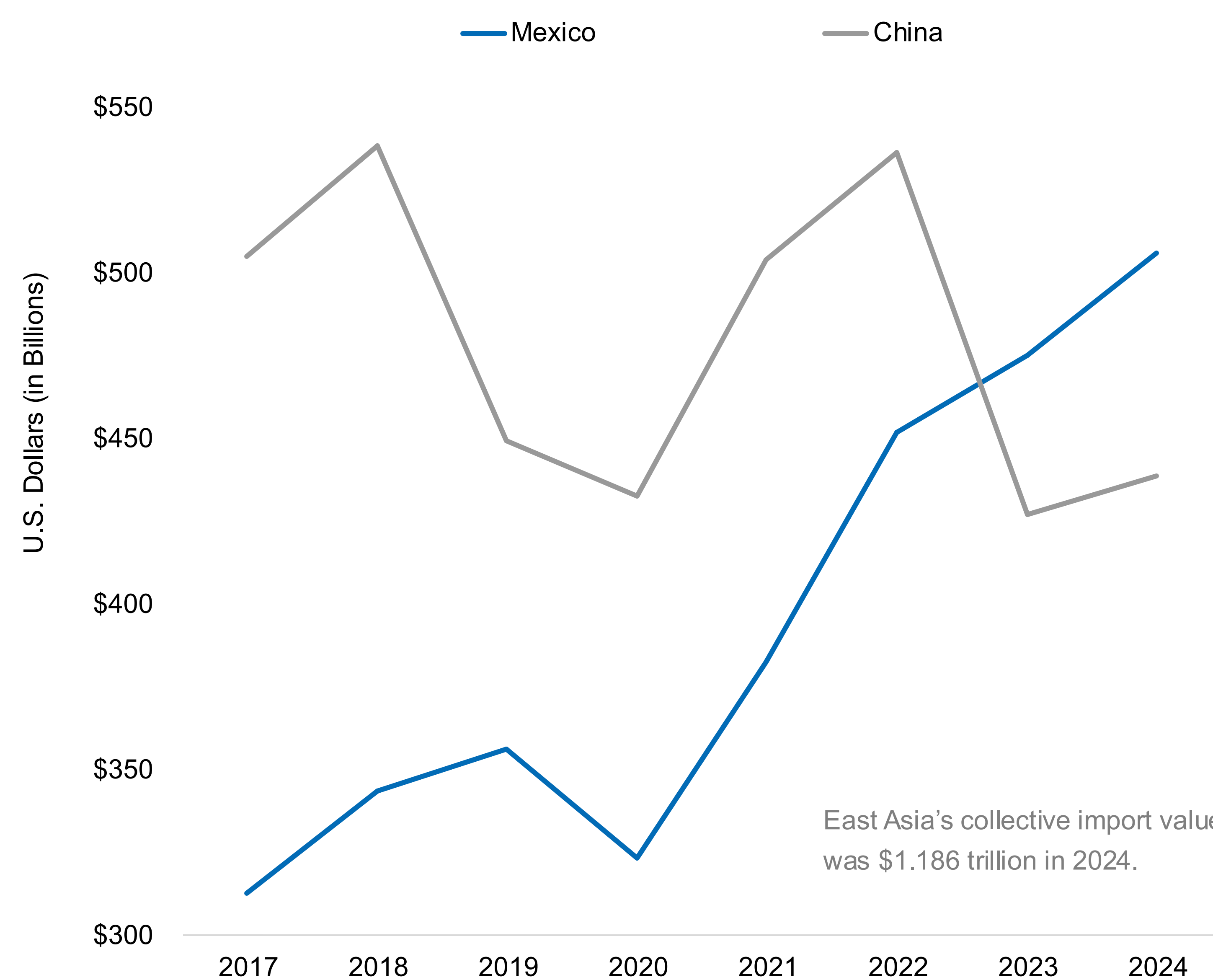
Southeast Asia Imports to POLA-POLB are Growing; Mexico Remains U.S.' Top Trade Partner

China's exporter-dominance is narrowing due to lower manufacturing wages in other countries; escalating U.S. tariffs (began in 2018 and grew more contentions in early 2025); and stringent lockdown measures during the height of COVID-19 that stalled production and riled global supply chains. Although Mexico's manufacturing industry is rising, East Asia will continue to produce the bulk of the world's goods; Southern California's seaports will remain the U.S.' dominant point of entry for trans-Pacific routes.

Annual Import Value from East Asia to Ports of Los Angeles and Long Beach



Annual Import Value to U.S. from Mexico and China (All Ports of Entry)



Source: Newmark Research, USA Trade Online, US Census Bureau
Note: Southeast Asia includes the following countries: Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam

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