

3Q25

Los Angeles Industrial Market Overview



NEWMARK

Market Observations

Economy

- Import traffic at Southern California's seaports was uneven this quarter due to ever-changing [U.S. tariffs](#) on foreign goods.
- Tariffs have a delayed impact, as businesses try to pass on costs to suppliers, stockpile goods before new duties go into effect, and/or utilize existing inventory first before higher prices work their way down the supply chain to consumers.
- Consumer confidence has fallen in recent months, and U.S. retail sales are anticipated to slow. Sales will suffer a steeper decline if tariff-induced inflation sets in and domestic unemployment increases.
- China, which faces the steepest tariff hikes, has deep ties to Southern California's ports and industrial markets.

Major Transactions

- Twenty-six direct leases exceeding 100,000 SF were signed this quarter, far higher than the 14 signed last quarter and the 13 signed in the third quarter of 2024.
- Breakthru Beverage Group signed the largest lease of the quarter when it committed to 521,091 SF at Mid-Counties Business Center in Santa Fe Springs.
- Digital Realty Trust purchased a 253,200-SF warehouse at 4400-4458 Pacific Blvd from 4D Development for \$48.8 million in August in the largest sale of the quarter.
- Third-quarter industrial sales volume was down 34.4% from the same period in 2024. Industrial sales activity will likely remain subdued through the remainder of the year as the leasing market continues to adjust.

Leasing Market Fundamentals

- Leasing volume trended upward for the second-straight quarter. Healthy consumer spending and plateauing rents have incentivized space commitments by current and prospective occupiers. Class A product has been increasingly pursued.
- 2.2 MSF in net absorption gains occurred this quarter after a surge in new big-box leases translated into a wave of move-ins.
- Available sublease space rose 4.8% over the past three months, reaching 9.4 MSF.
- Infill contract rents for facilities with 24'+ clear heights fell 27.8% from ten quarters ago, a moderate decline given the 103.0% rent growth from early 2021 to late 2022. Concessions, meanwhile, are substantially up.
- Lease term lengths are gradually rising as tenants lock in favorable conditions.

Outlook

- Prolonged uncertainty concerning U.S. tariff policy will crimp leasing activity as some occupiers continue to strategically refrain from new commitments.
- The Port of Los Angeles is currently seeking proposals for the development of Pier 500, the first new terminal at the port since 2002. Port of Long Beach operator ITS additionally commenced a major expansion of their terminal in July.
- 1.8 MSF of new construction is slated to deliver next quarter; only 1.3% has pre-leased. Los Angeles' vacancy will likely rise.
- Sustained tariffs will ultimately increase raw material prices, while federal immigration raids may lead to construction labor shortages. Both will drive up replacement costs, limit new construction, and insulate rents of existing product.

1. Southern California's Ports and U.S. Retail Sales
2. Local Employment
3. Leasing Market Fundamentals
4. Sales Activity
5. Appendix

3Q25

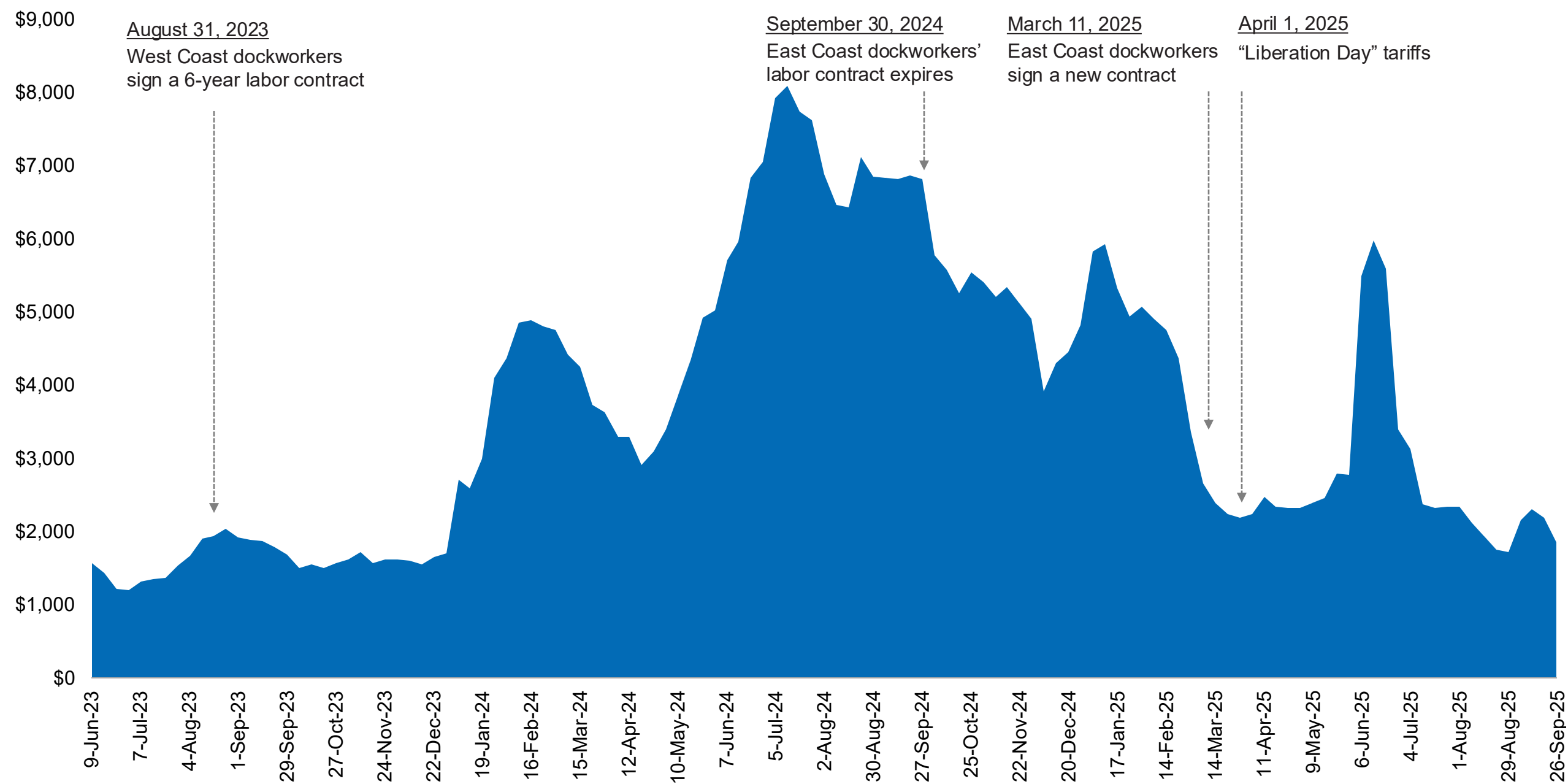
Southern California's Ports and U.S. Retail Sales



Ocean Container Spot Rates Have Been Volatile

Dockworker labor contracts that were preceded with contentious negotiations beforehand, higher U.S. inflation followed by slower consumer spending, and the Trump Administration's sweeping (and ever-changing) tariffs on foreign goods are all factors.

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

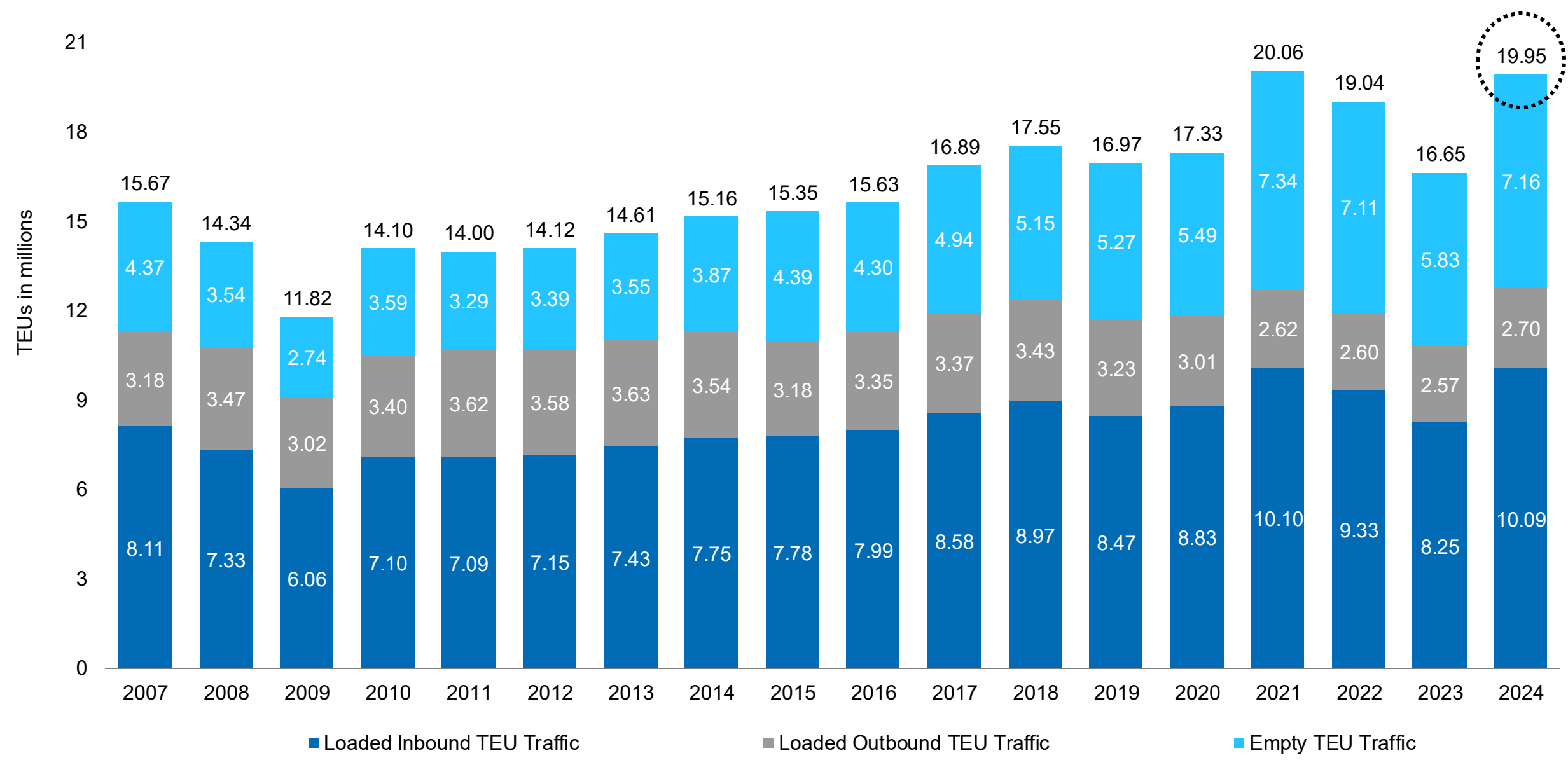


Source: Freightos, Newmark Research
Note: A spot rate is a one-time rate based on supply and demand, or shipment volume compared to available equipment. Because spot rates reflect current market conditions, they fluctuate continually. So, when load volumes are high and capacity is limited, pricing tends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

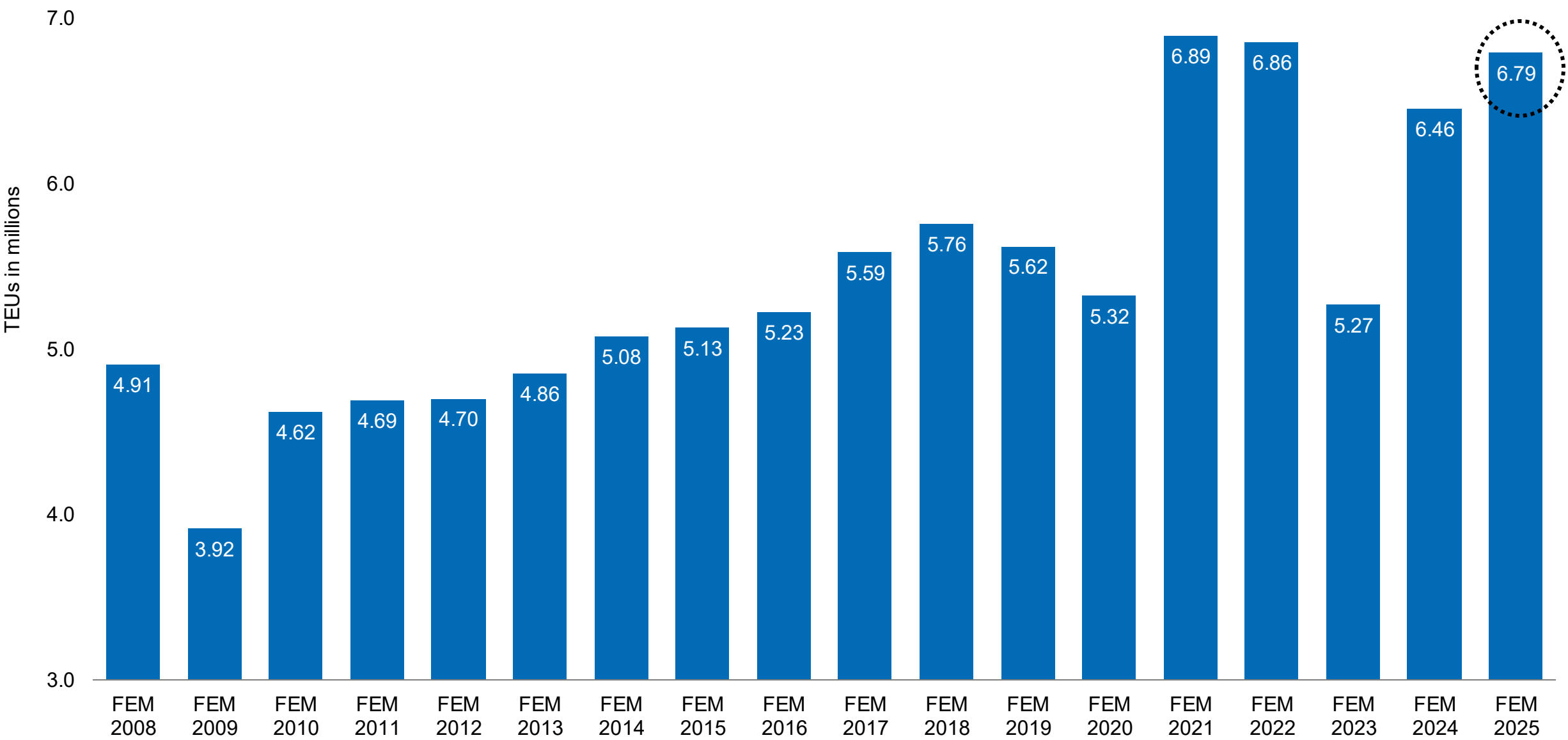


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers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

Loaded Import Volume in the First Eight Months of 2025 Third Highest on Record

The frontloading of imports before President Trump’s tariffs went into effect shaped 2025’s year-to-date figure. Recent volume is uneven, as the next slide explores.

The Ports of Los Angeles and Long Beach: Loaded Imports | First Eight Months (FEM) of a Given Year

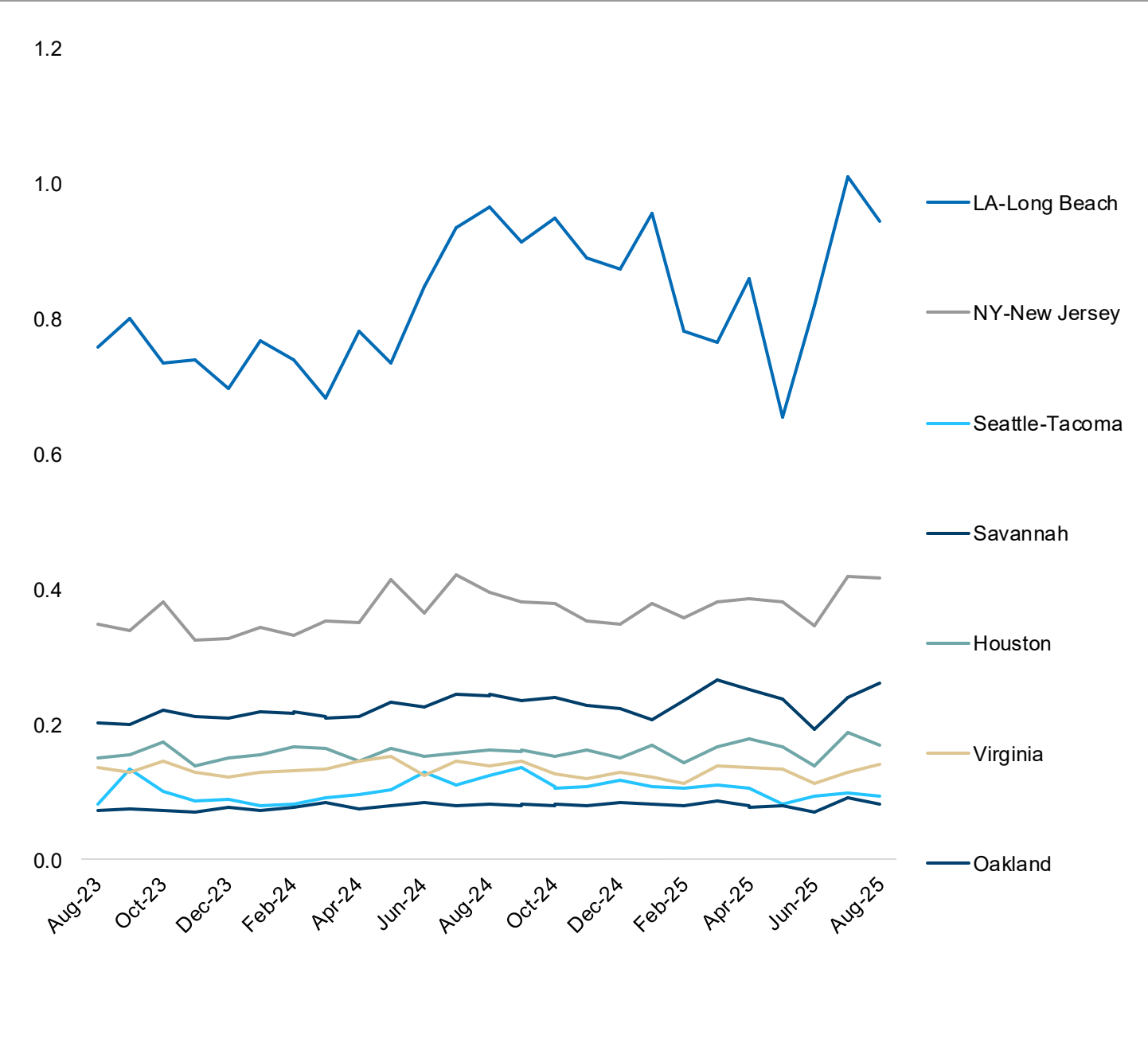


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers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

Southern California Ports Lead the Nation in Imports—Most of Which Originate from China

Ever-changing U.S. trade policies on foreign goods (namely, Chinese goods—when looking at countries with the highest tariffs) has led to volatile year-to-date import traffic. April imports at Los Angeles-Long Beach were up as distributors raced to get product into the U.S. before then-145% tariffs on Chinese goods went into effect, while May’s figures plummeted. Imports then surged in the summer months, following the U.S. and China agreeing to a 90-day pause on most of their escalating tariffs, which was later extended until November 10. What happens beyond is anyone’s guess...In the end, China’s influence on U.S. West Coast industrial markets is substantial, which the table to the right hints at.

Top U.S. Ports: Loaded Imports (TEUs in Millions) by Month



Source: Newmark Research, Individual Ports
Note: Southern California TEU traffic tends to be volatile in the early months of a given year due to the Lunar New Year.

Top U.S. Ports: Imports by Country of Origin | 2024

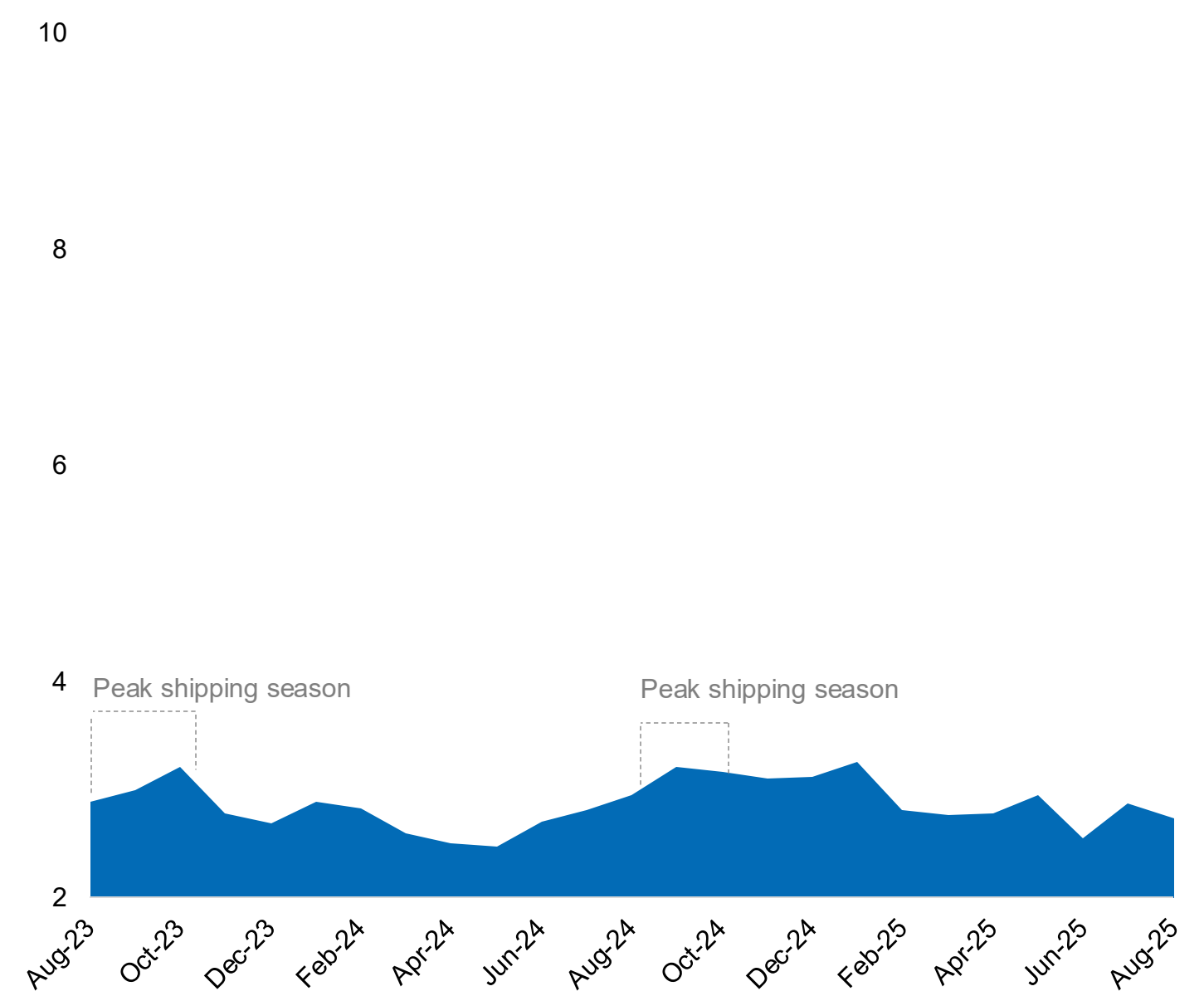
U.S. Seaport	Total Import Value (in Billions), 2024	Top 5 Countries for Imports (Based on their % of Import Value)
Los Angeles-Long Beach*	\$387	China (40%), Vietnam (14%), Japan (10%), South Korea (6%), Taiwan (5%)
New York-New Jersey	\$220	China (14%), Italy (9%), India (7%), Germany (7%), France (5%)
Seattle-Tacoma*	\$104	China (28%), Japan (21%), South Korea (17%), Vietnam (11%), Taiwan (5%)
Savannah	\$95	China (23%), South Korea (10%), India (9%), Vietnam (7%), Japan (5%)
Houston	\$94	China (18%), Germany (6%), South Korea (6%), India (6%), Vietnam (5%)
Virginia	\$70	China (13%), Germany (12%), India (10%), Italy (6%), Vietnam (6%)
Oakland*	\$33	China (37%), Vietnam (7%), Japan (7%), Taiwan (7%), Thailand (4%)

* U.S. West Coast

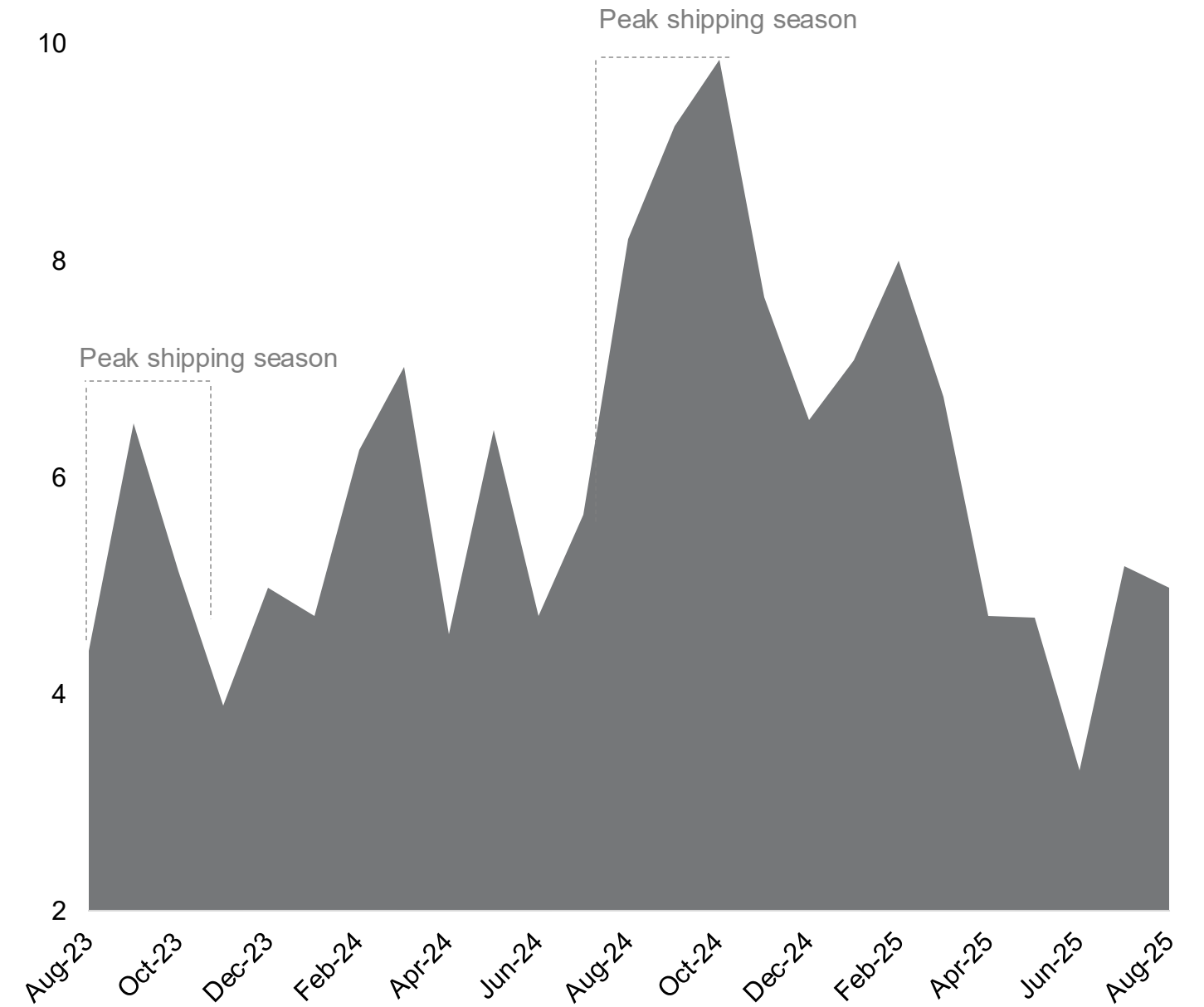
Southern California’s Ports: Rail Dwell Times Higher Than Trucks

A fair share of import traffic at The Ports of Los Angeles and Long Beach consists of goods that are passing through to other U.S. markets. Truck dwell times would be much higher if domestic consumption was stronger and more goods were bound for Southern California’s warehouses. Rail dwell times have been volatile in recent months, reflecting uneven import volume due to tariffs.

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



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

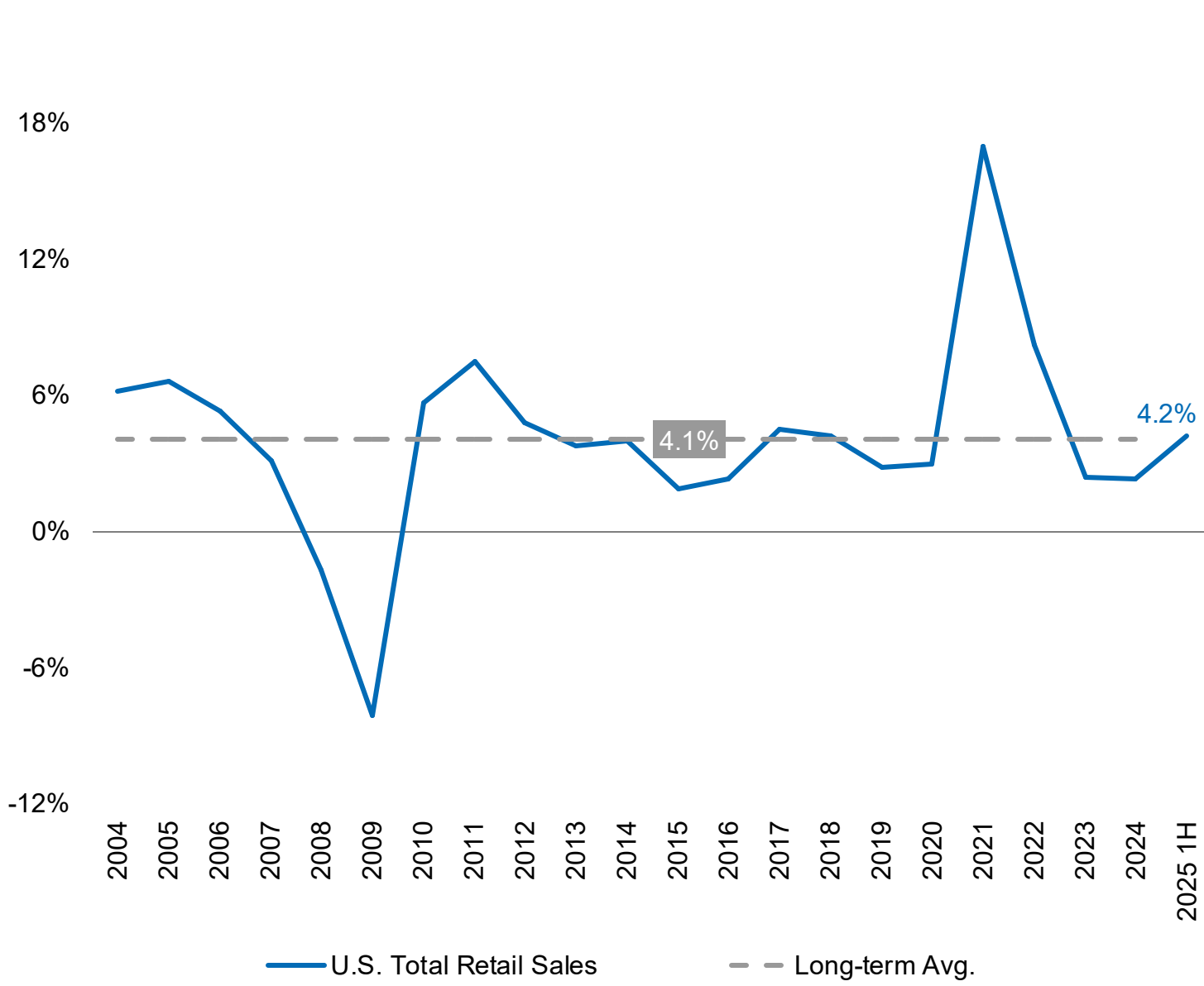


Source: Newmark Research, The Pacific Merchant Shipping Association (PMSA)
Note: Truck-bound cargo dwell time measures how long cargo waits after being unloaded from ships to being placed on an outbound vehicle.

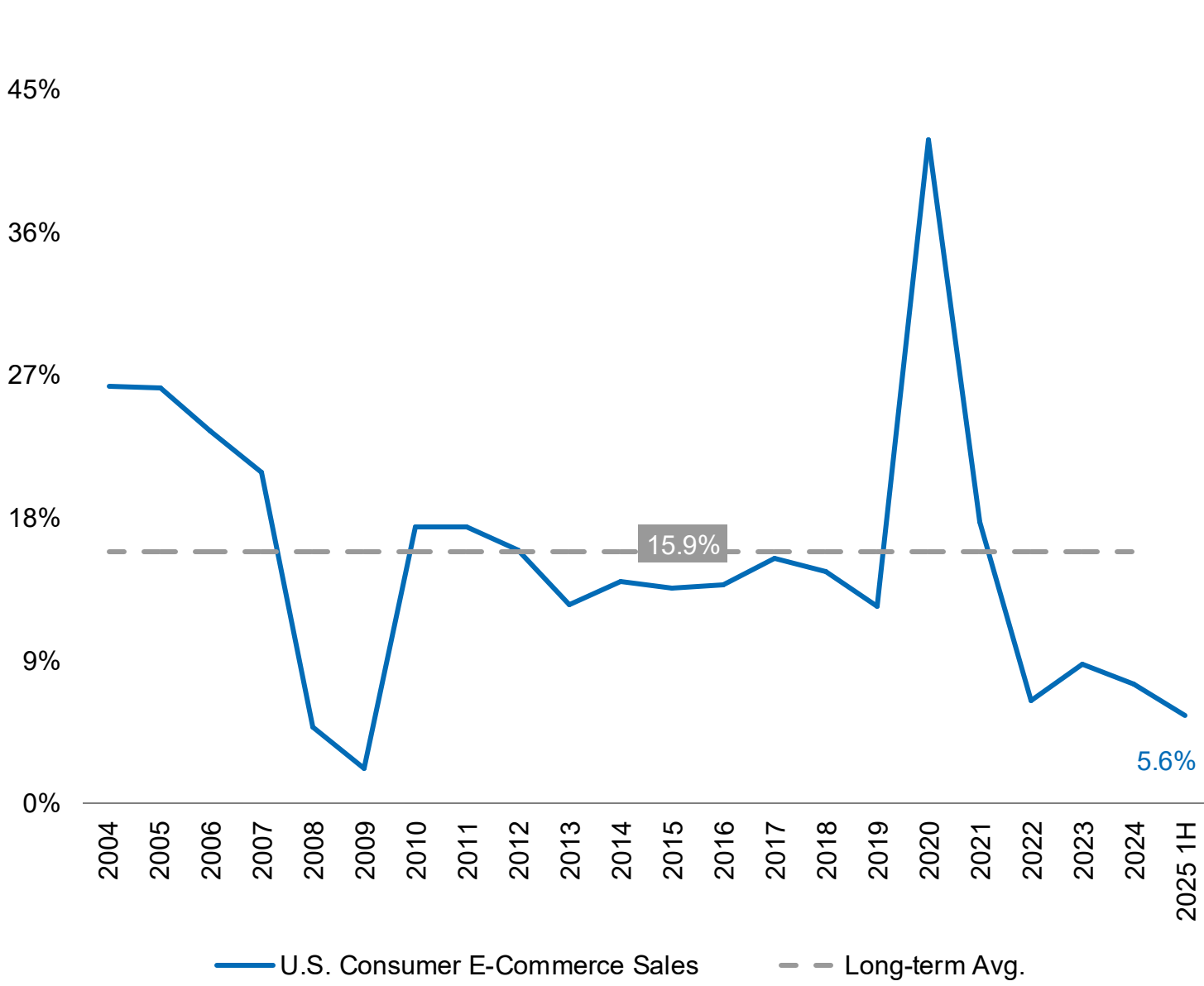
Retail Sales (an Indicator of Warehouse Demand) Up, But Projected to Slow

Overall retail sales were up 4.2% in the first half of 2025 relative to the same period in 2024 as consumers frontloaded purchases – led by motor vehicles – ahead of expected higher prices due to impending tariffs. For e-commerce specifically: Growth exceeded total retail sales (+5.6% over the same period), yet the decline from 2021 onward is noticeable as consumer spending generally registers slower gains. Since tariffs are typically stagflationary shocks, which simultaneously increase the likelihood of an economic slowdown while putting upward pressure on prices, many economists have lowered their retail sales growth projections.

U.S. Overall Retail Sales Annual Growth



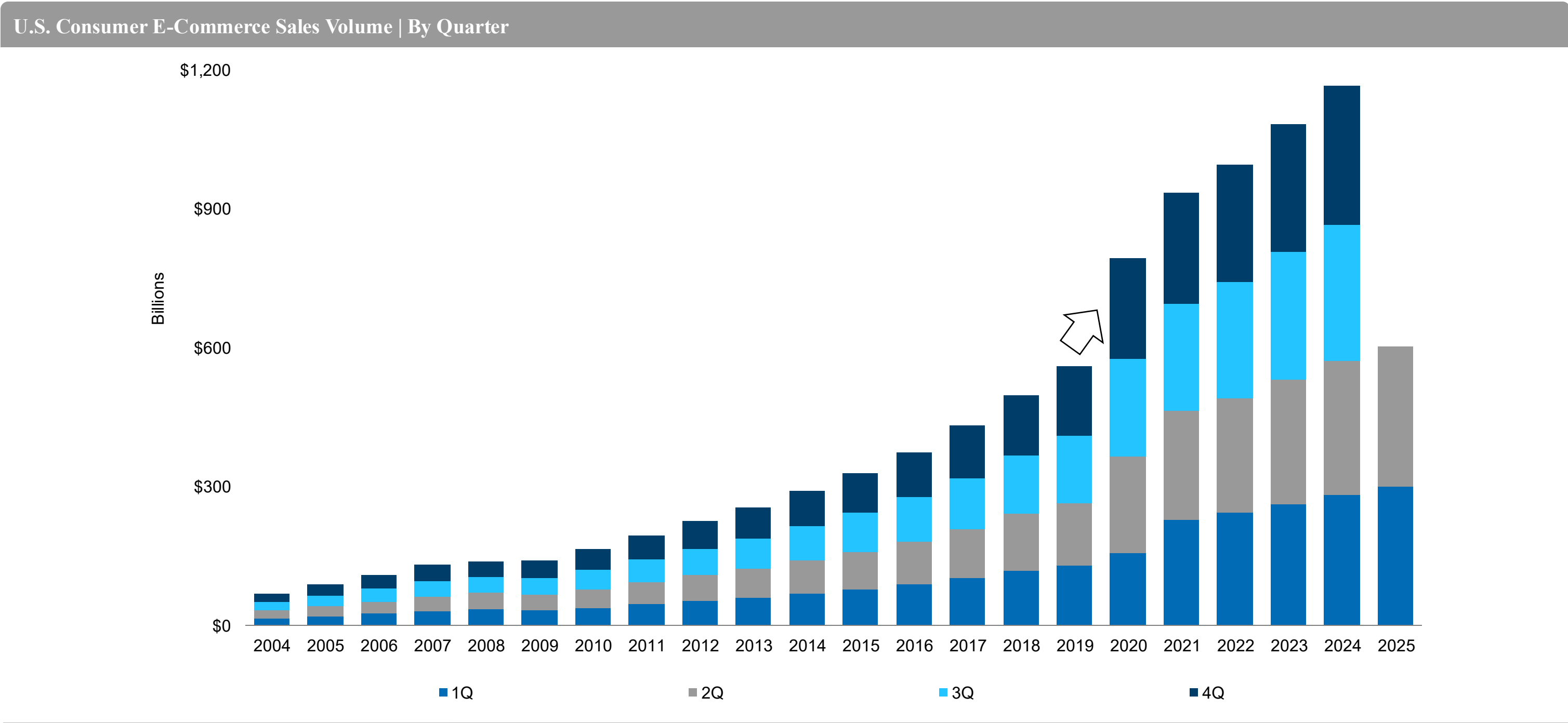
U.S. Consumer E-Commerce Sales Annual Growth



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.

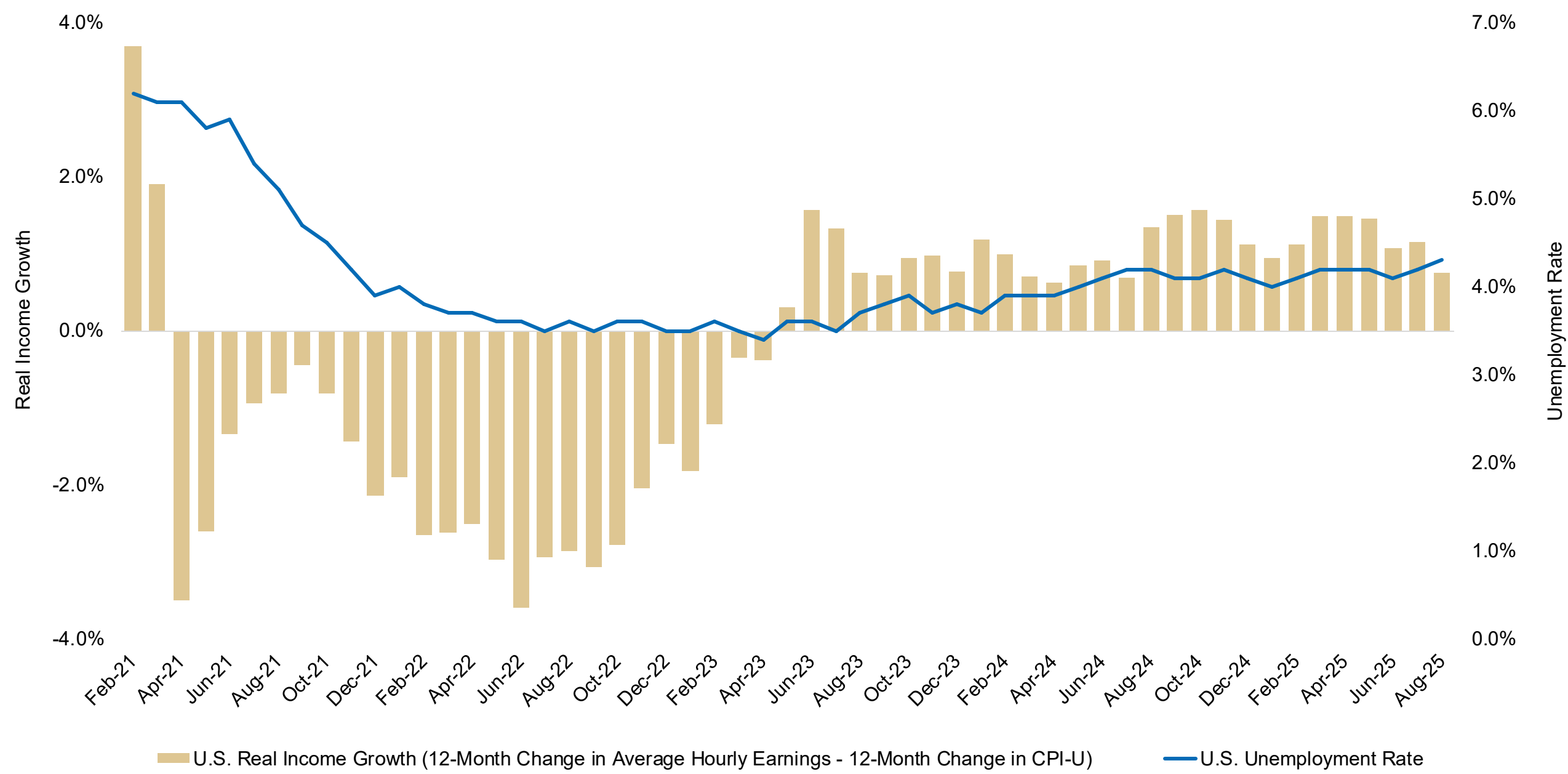


Source: US Census Bureau (consumer adjusted retail sales); most current data available.

U.S. Wage Growth is Outpacing Inflation While Unemployment Remains Low

More purchasing power amid a healthy labor market historically favors retail sales. How quickly consumer prices rise (and increase inflation) has yet to be determined. A pronounced jump will invariably slow retail sales and prompt many companies to re-evaluate their bottom lines, leading to rising unemployment in a worst-case scenario.

U.S. Real Income Growth vs. Unemployment Rate | By Month

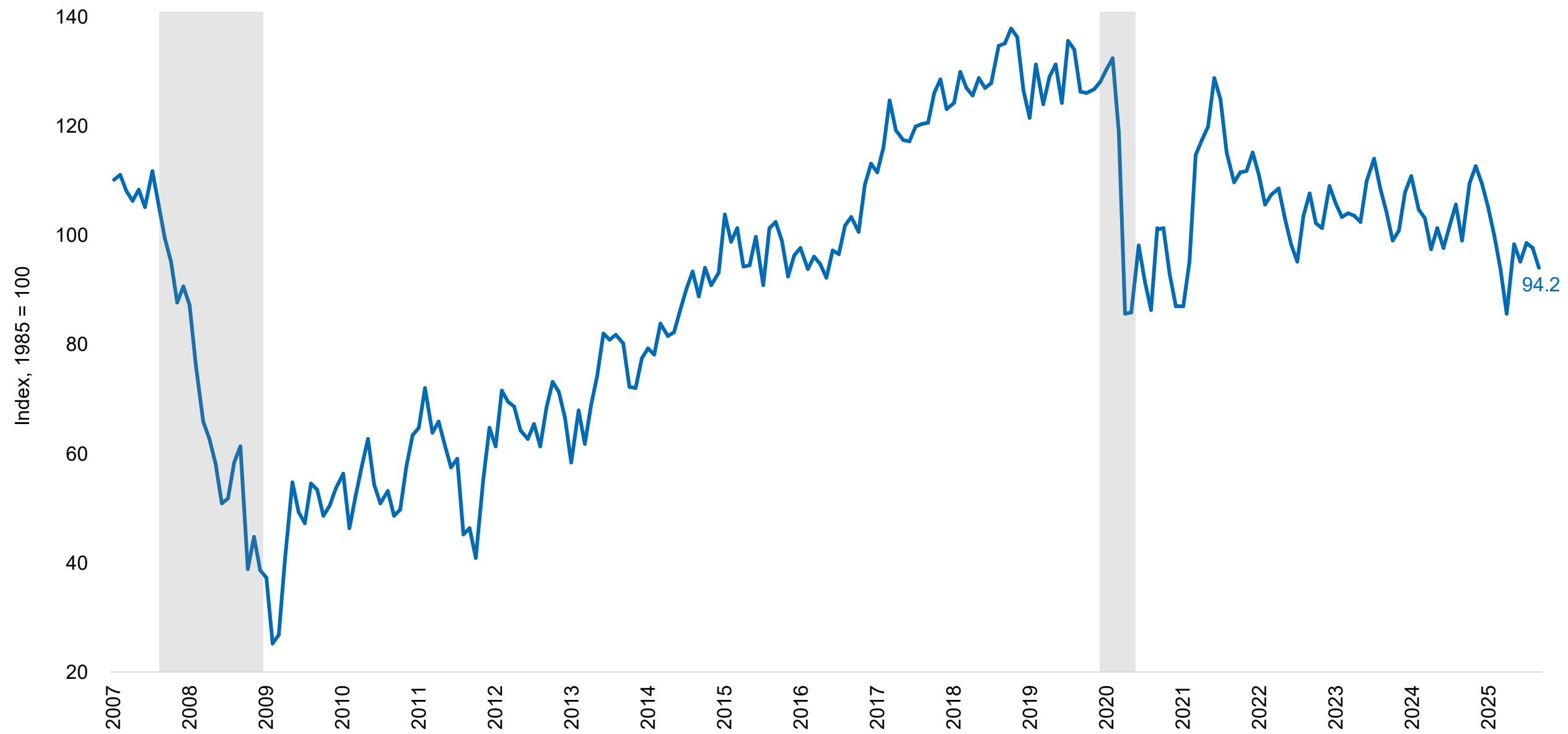


Source: Newmark Research, U.S. Bureau of Labor Statistics

U.S. Consumer Confidence is Down

The drop-off since late 2024 signals economic pessimism among Americans. Worries about tariffs, which consumers frequently link to negative economic and price impacts, persist. Slower U.S. employment gains will exert downward pressure on the index.

U.S. Consumer Confidence Index

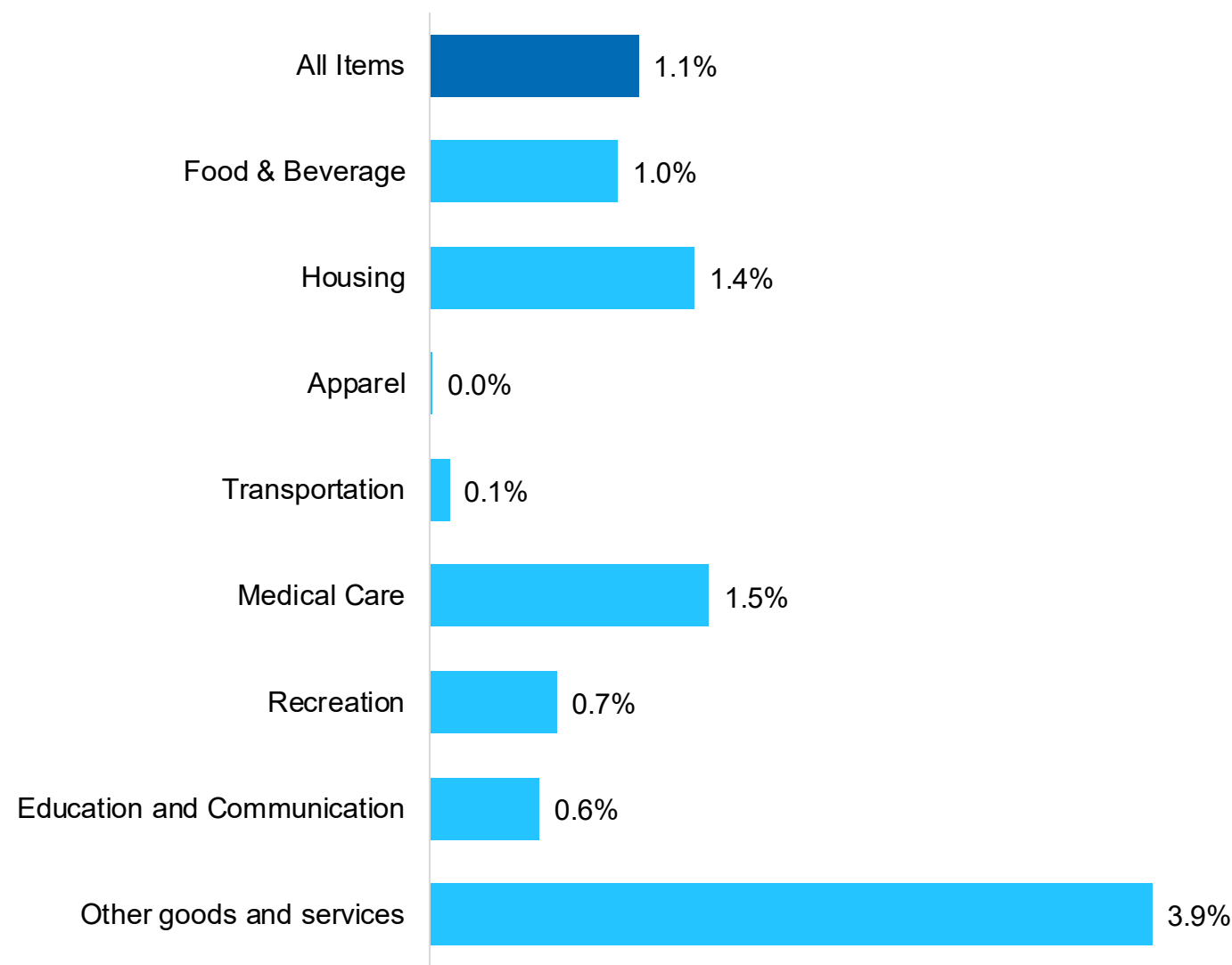


Source: U.S. Bureau of Labor Statistics, The Conference Board
Note: Shaded areas indicate U.S. recessions

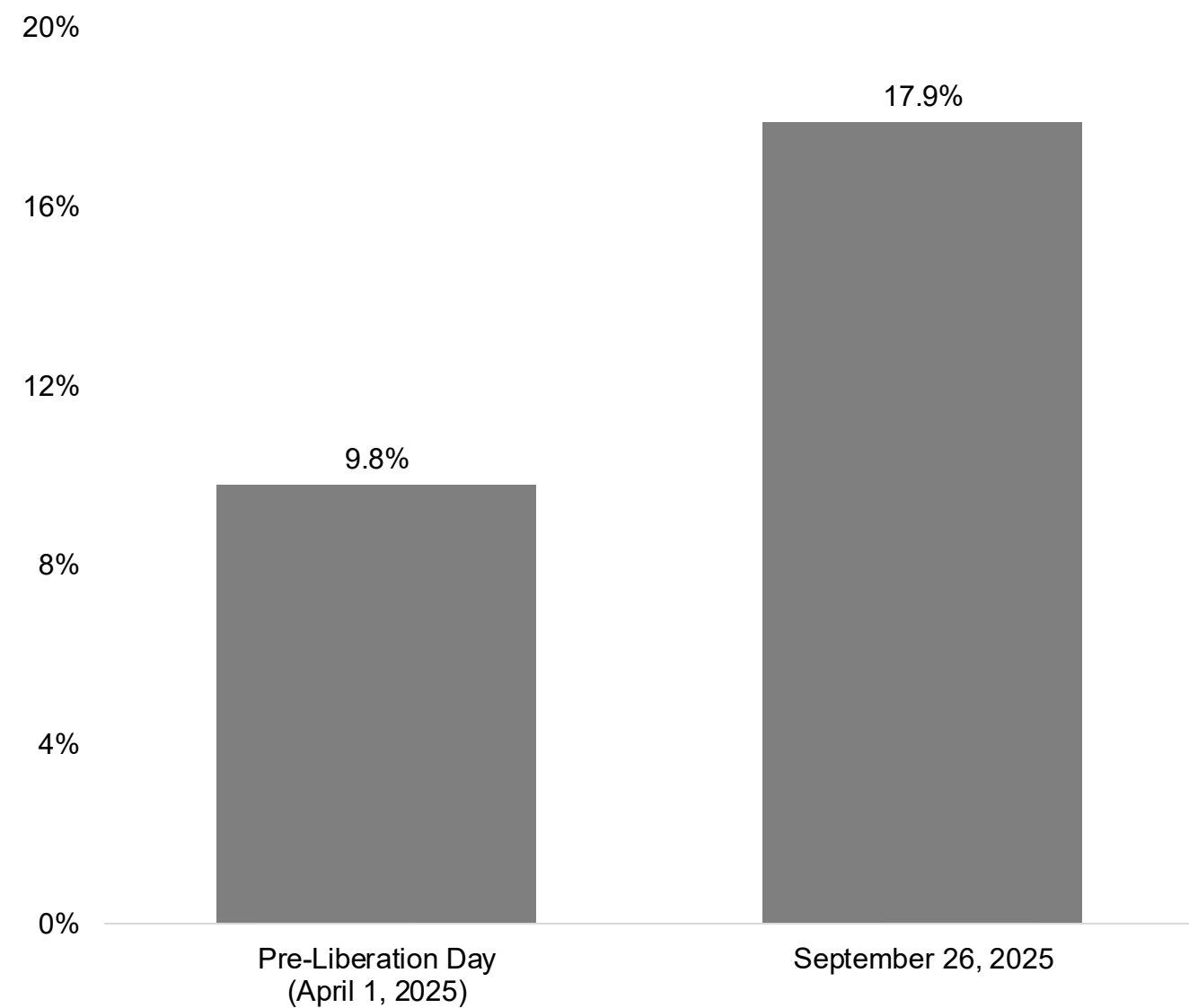
Regional CPI Changes Since Liberation Day are Fairly Moderate

Tariffs have a delayed impact, as businesses try to pass on costs to suppliers, stockpile goods before new duties go into effect, and/or utilize existing inventory first before higher prices work their way down the supply chain to consumers. CPI increases will rise over time as the full pricing effect of duties are gradually realized. How U.S. consumers ultimately react will have implications for regional and national warehouse demand.

CPI-U Changes for LA Metro: Pre-Liberation Day (March 2025) to August 2025



U.S. Average Effective Tariff Rate (Pre-Substitution)



Source: Newmark Research, U.S. Bureau of Labor Statistics, Yale Budget Lab
Note: "Other goods and services" is a catch-all for items that fall outside the other seven major CPI groups, such as tobacco and smoking products, personal services (e.g., haircuts), and funeral expenses.

3Q25

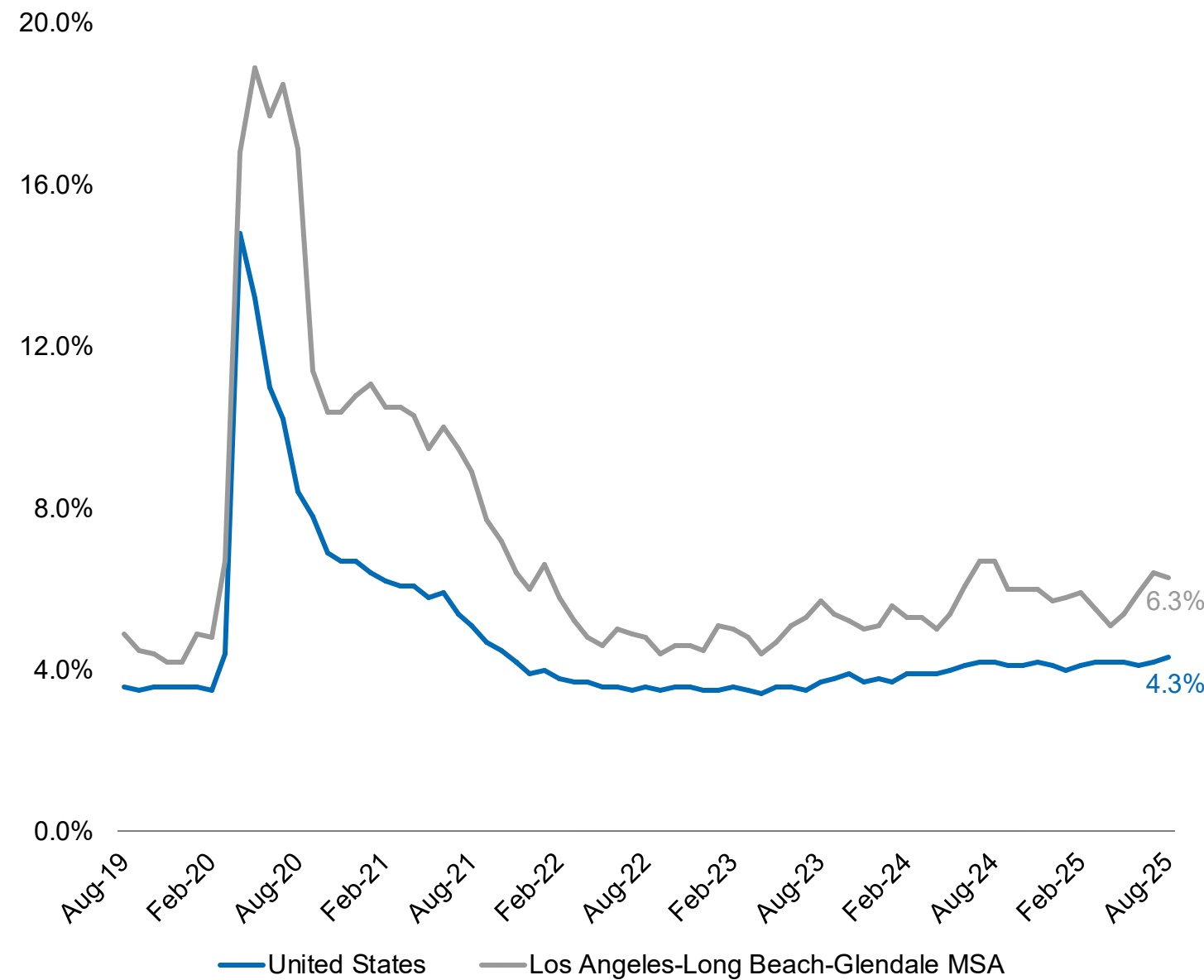
Local Employment



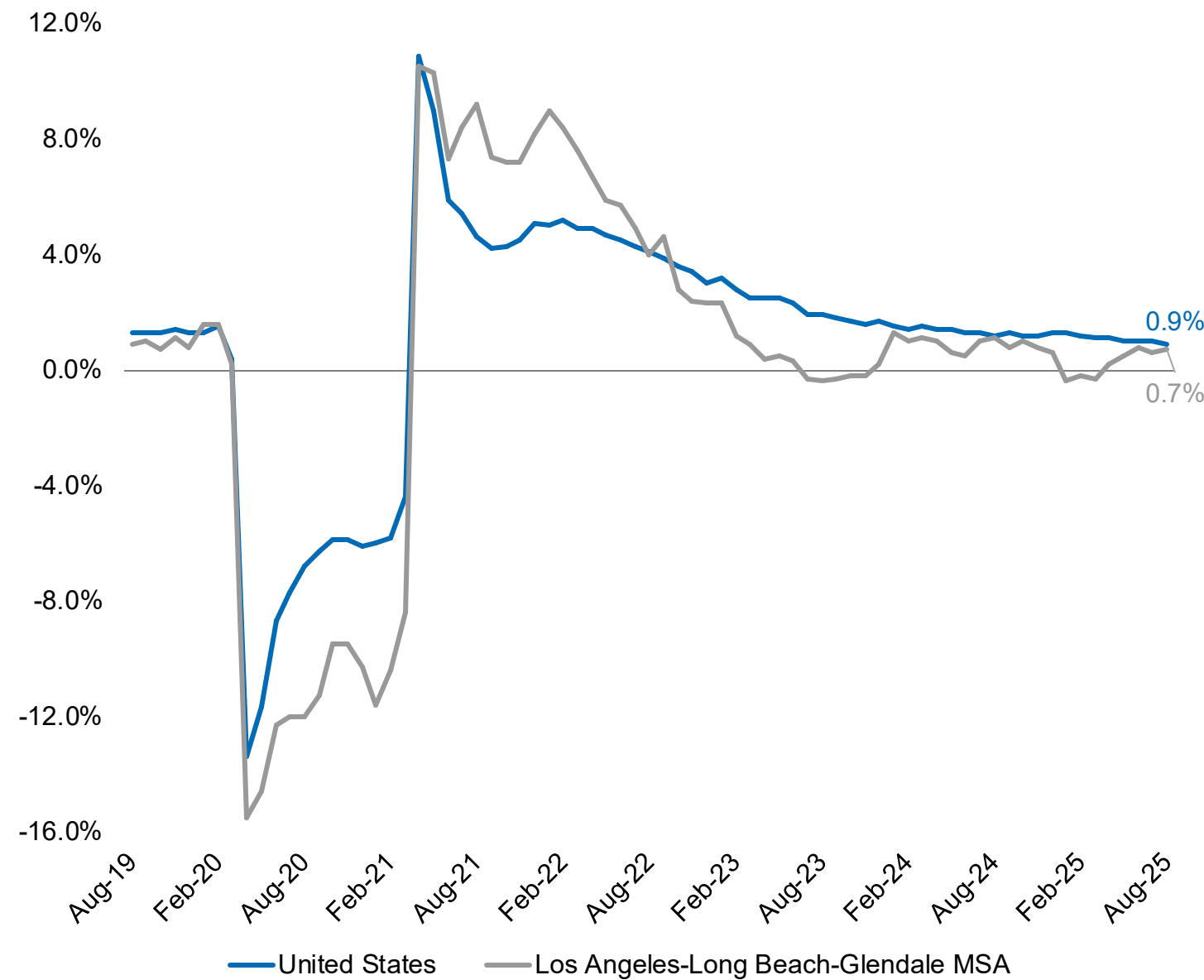
Local Unemployment Still Above Pre-Pandemic Rate; Limited Employment Growth

Local unemployment in August (6.3%) was 10 bps lower than the previous month, following modest growth in nonfarm employment. While this is encouraging, local nonfarm payroll growth has remained below national figures since October 2022, reflecting stagnant labor pool expansion.

Unemployment Rate, Seasonally Adjusted



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

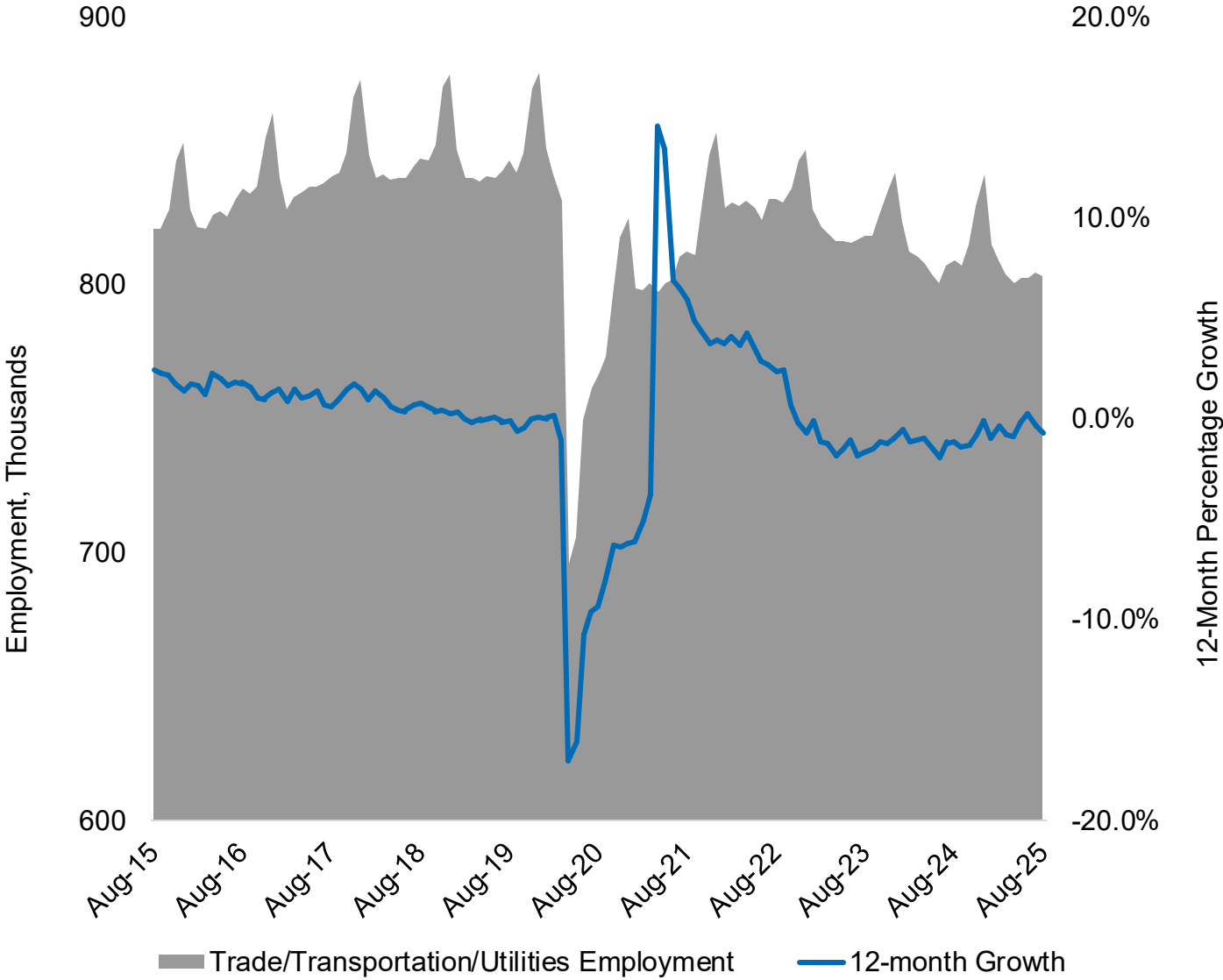


Source: U.S. Bureau of Labor Statistics, Los Angeles-Long Beach-Glendale MSA

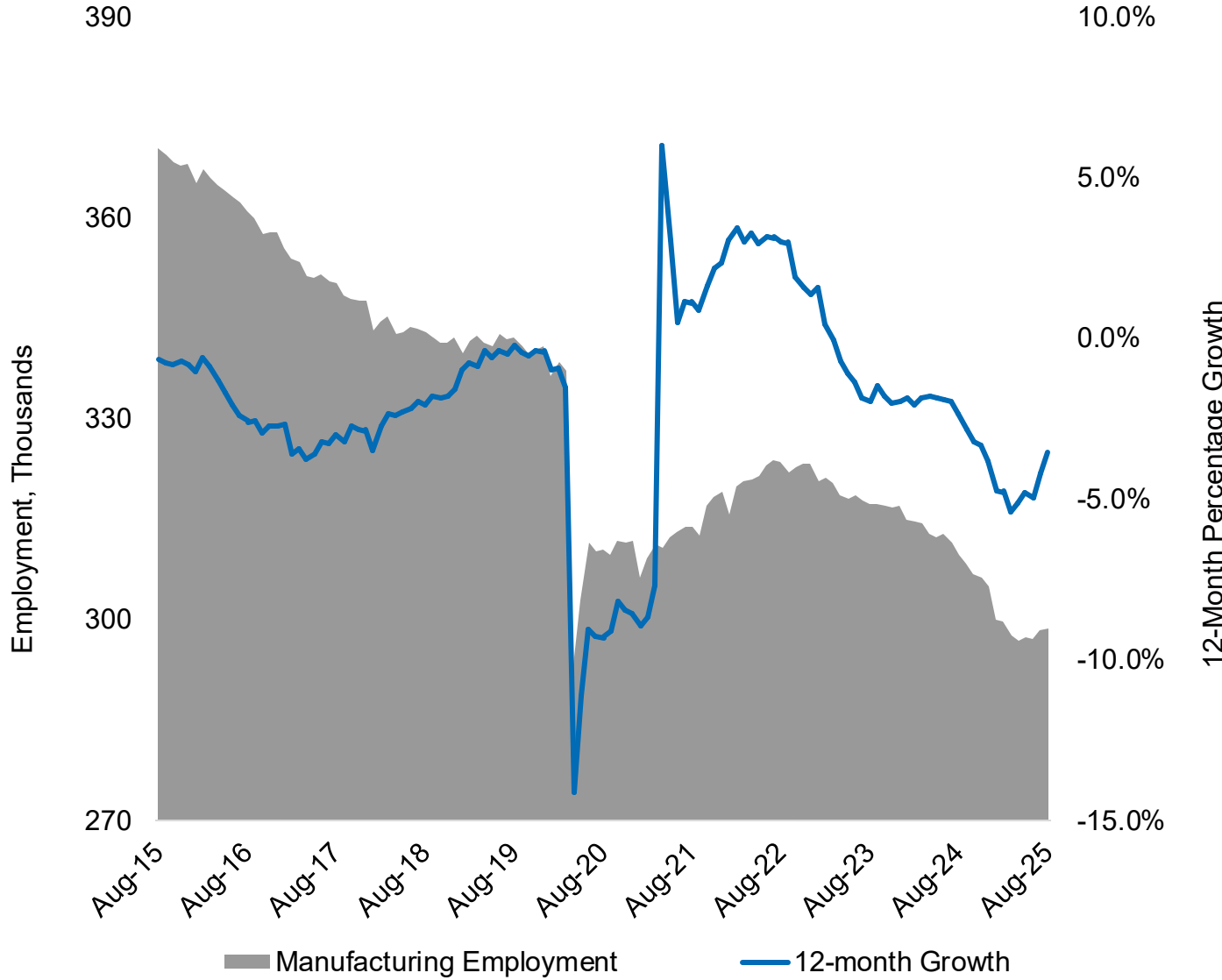
Overall Industrial Employment Growth Down; Sector Vulnerable to Tariffs

The trade/transportation/utilities sector, which experienced a modest decline in year-over-year employment growth, is vulnerable to tariffs if consumer spending slows and warehouse demand trends down. Manufacturing employment, which continues to contend with increased automation and elevated costs of doing business in California, also has exposure to tariffs as it pertains to higher raw material costs.

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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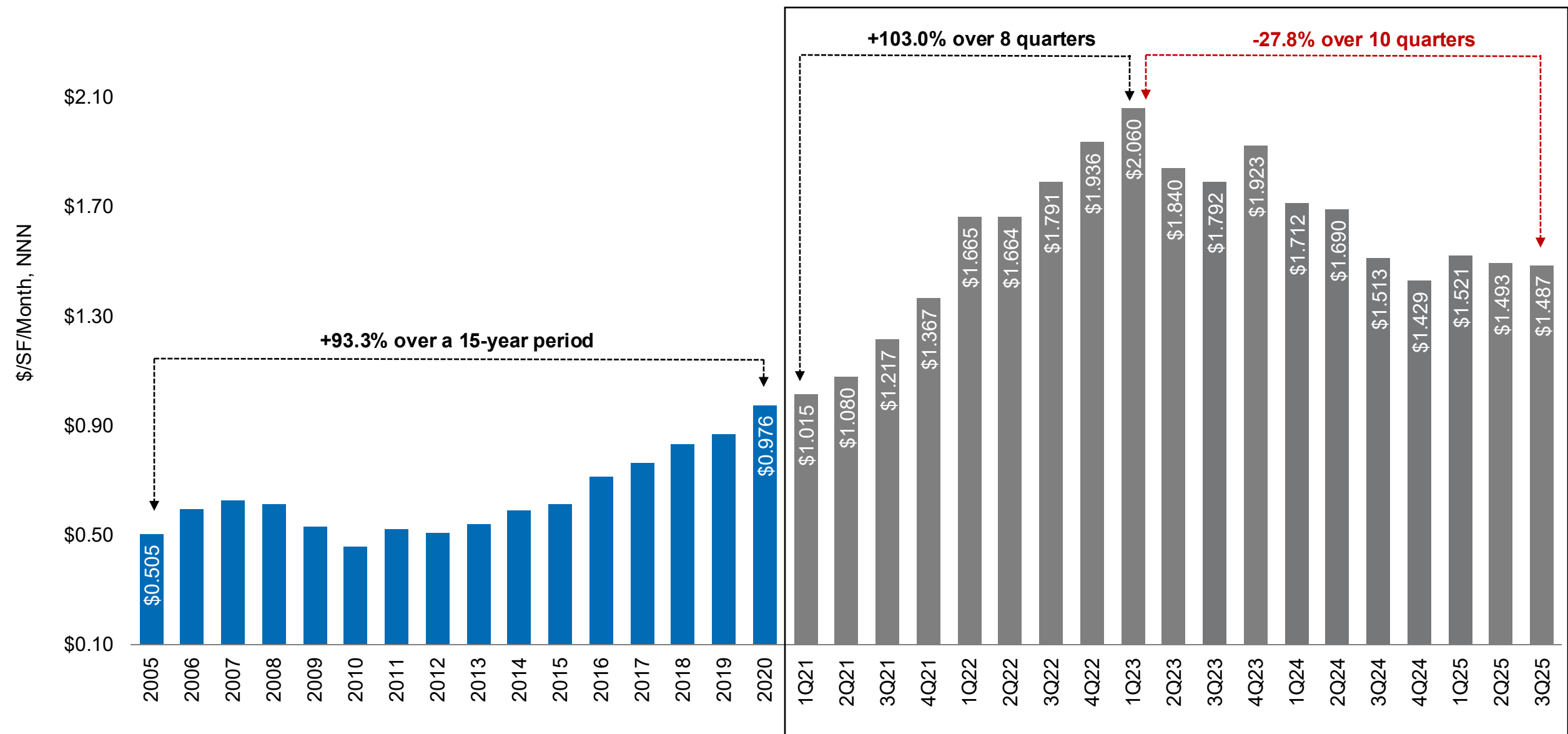
Leasing Market Fundamentals



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., rents for newer construction are higher than second-gen product).

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

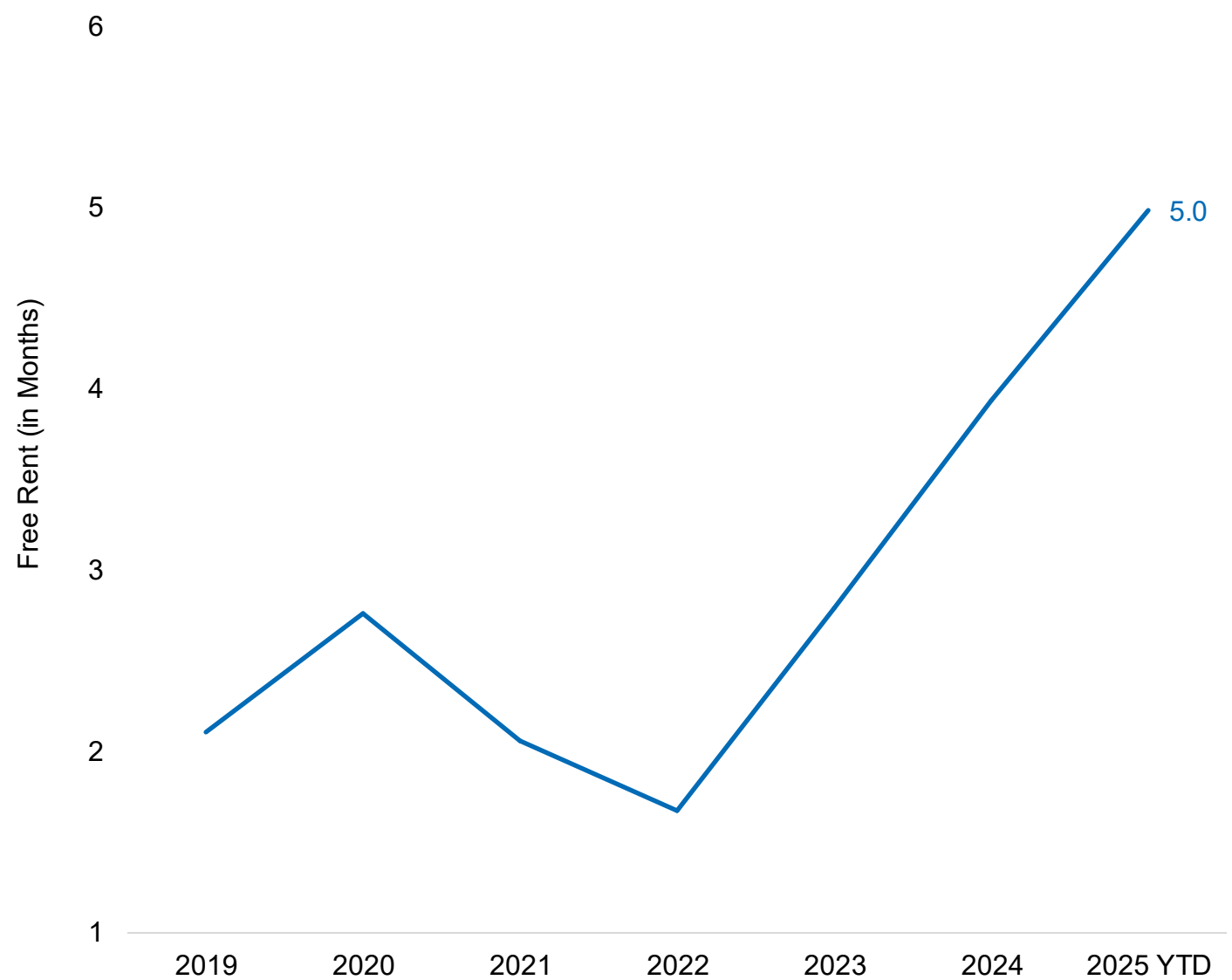


Source: Newmark Research
Note: Data drawn from 1,308 transactions and excludes subleases. The infill markets include South Bay, Central and Mid-Counties. Developed on September 23, 2025.

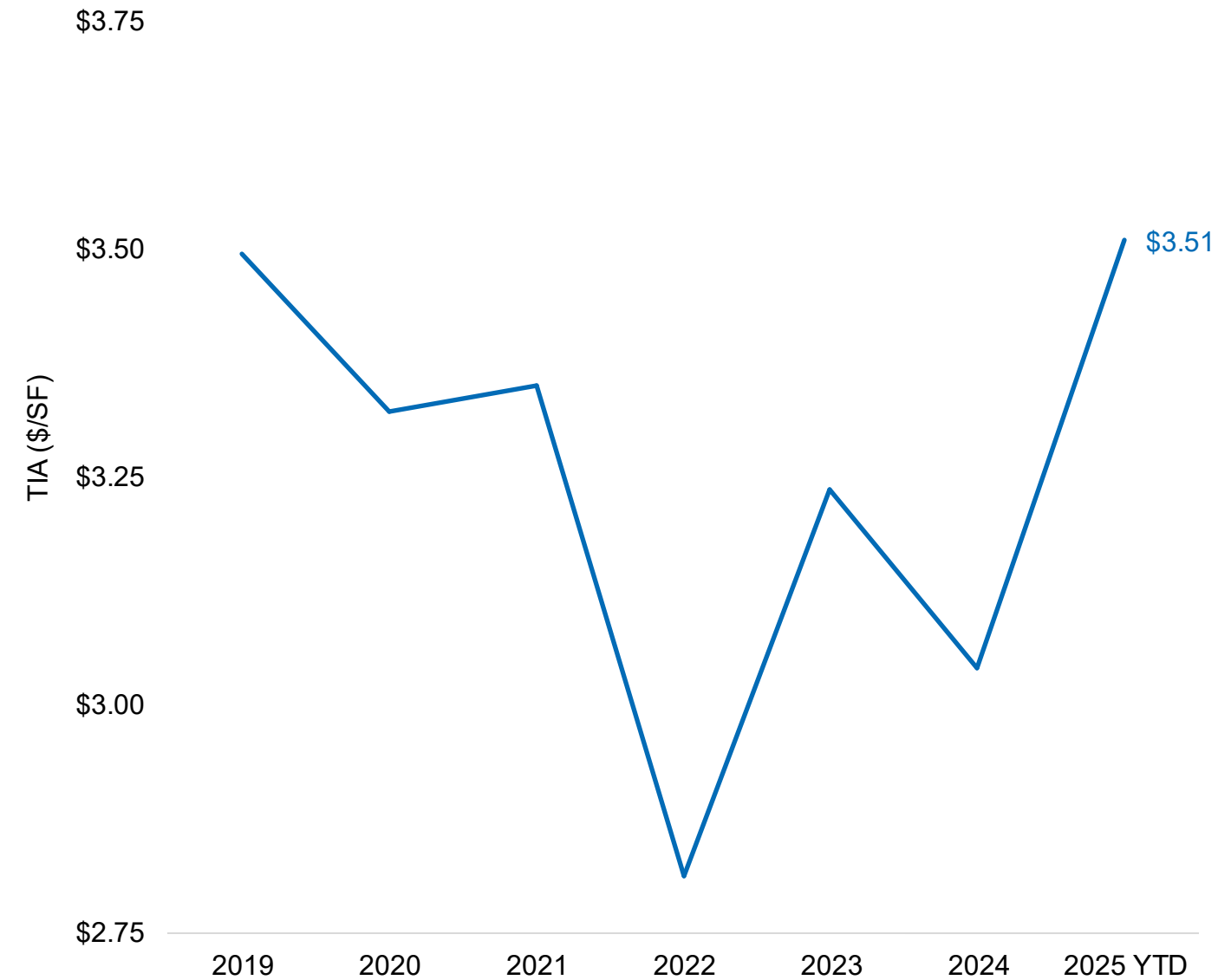
Free Rent and Tenant Improvement Allowances are Up from 2022's Lows

More concessions, coupled with lower rents, is an effective strategy to vie for tenants.

Free Rent on New Leases With a Term of 36+ Months



Tenant Improvement Allowances on New Leases With 36+ Month Terms

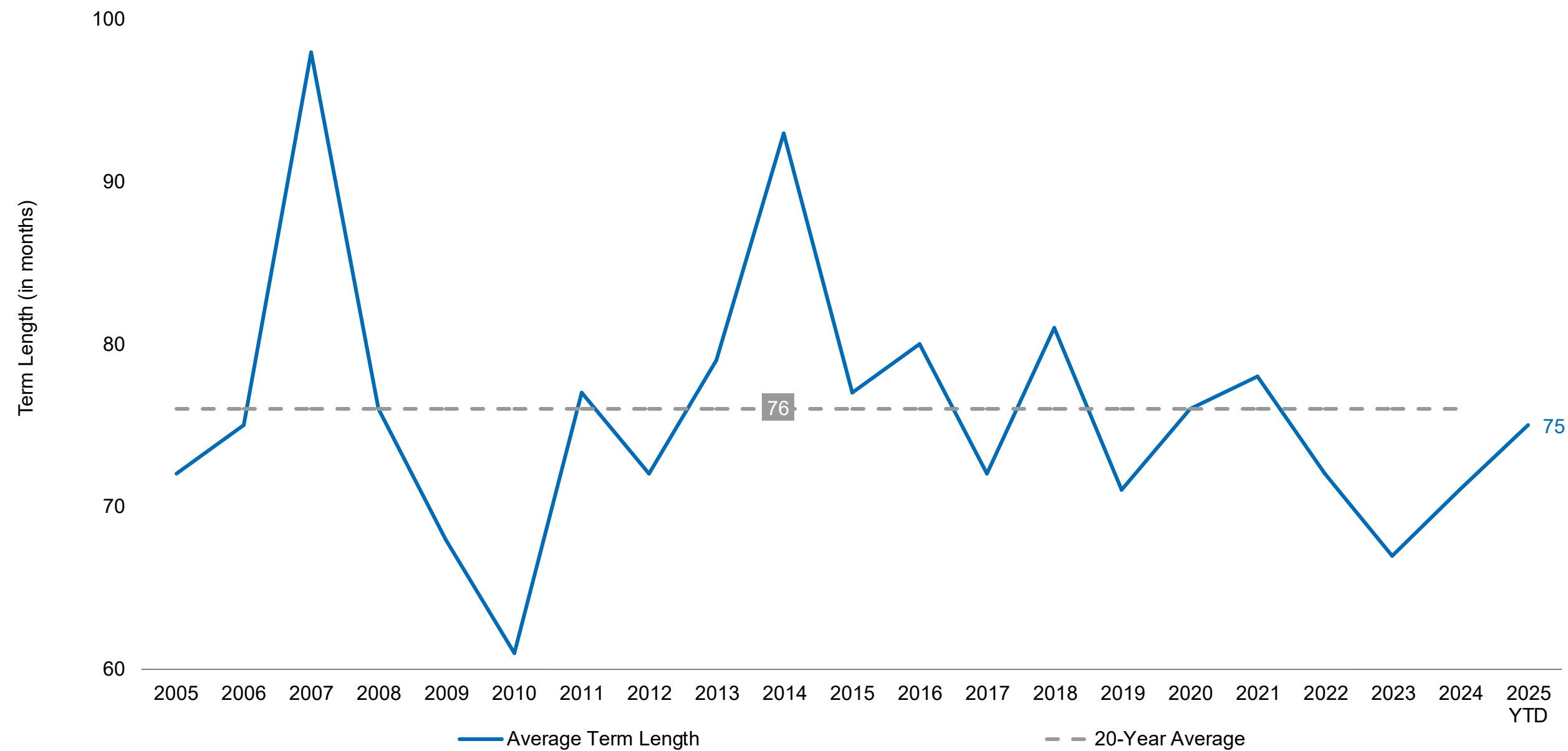


Source: Newmark Research
Note: 50,000+ SF Leases were surveyed. Straight averages were cited

Term Lengths Remain Below Historical Average, But are Trending Up

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. The gradual rise since 2023 suggests the first of the two is the prevailing sentiment.

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

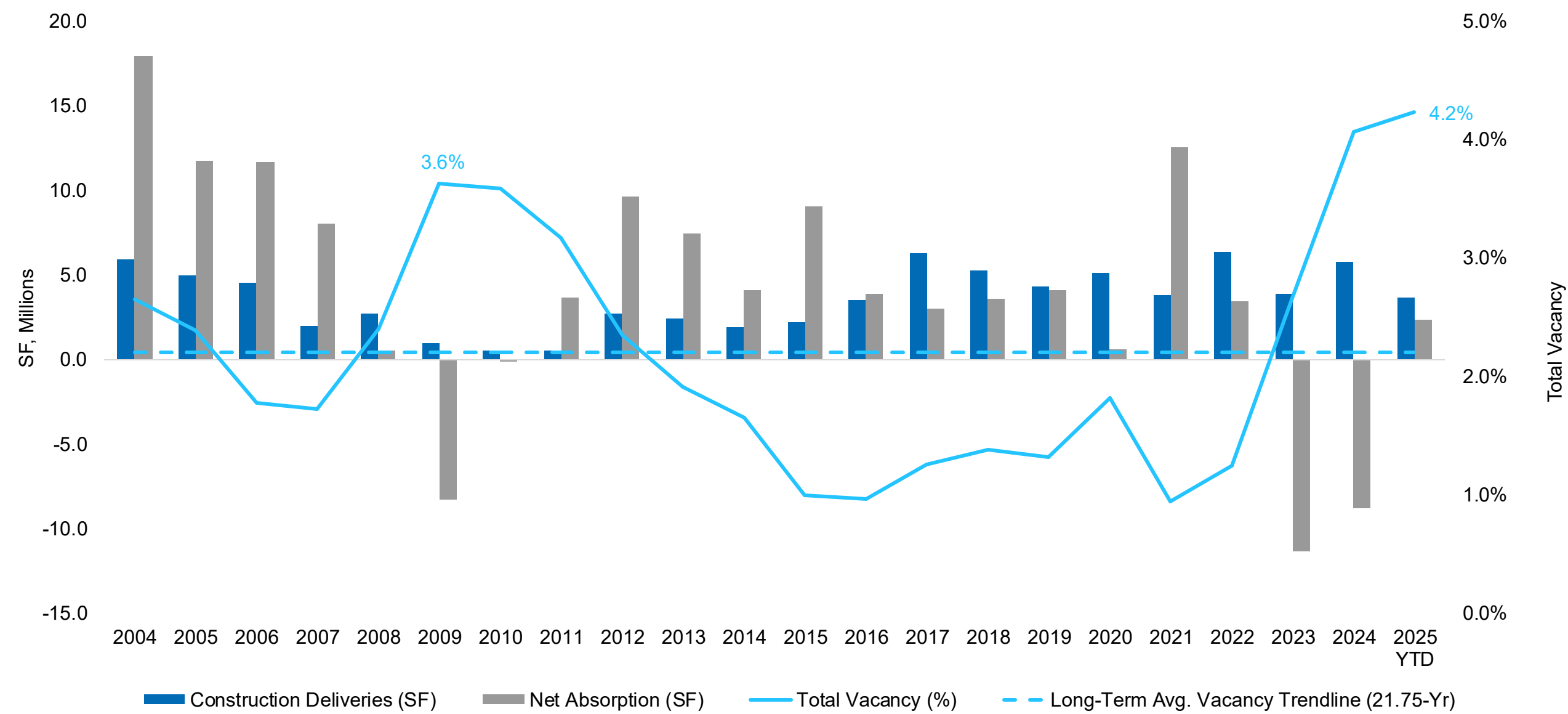


Source: Newmark Research
Note: Includes leases with 36-month+ term lengths. Excludes subleases and extensions. The infill markets include South Bay, Central and Mid-Counties. Developed on September 23, 2025.

Market Observes Largest Quarterly Net Absorption Gains Since 2Q22

Los Angeles boasted 2.2 MSF in net occupancy gains in the third quarter of 2025. A significant increase in new big-box leases translated into absorption-boosting move-ins by tenants such as Breakthru Beverage Group (521,091 SF at Mid-Counties Business Center in Santa Fe Springs), Sino Investments (504,016 SF at 1601 W Mission Blvd in Pomona) and Million Dollar Baby (335,600 SF at Pico Rivera Business Center in Pico Rivera). YTD net absorption rests at 2.3 MSF, while vacancy settled at 4.2%.

Historical Construction Deliveries, Net Absorption, and Vacancy

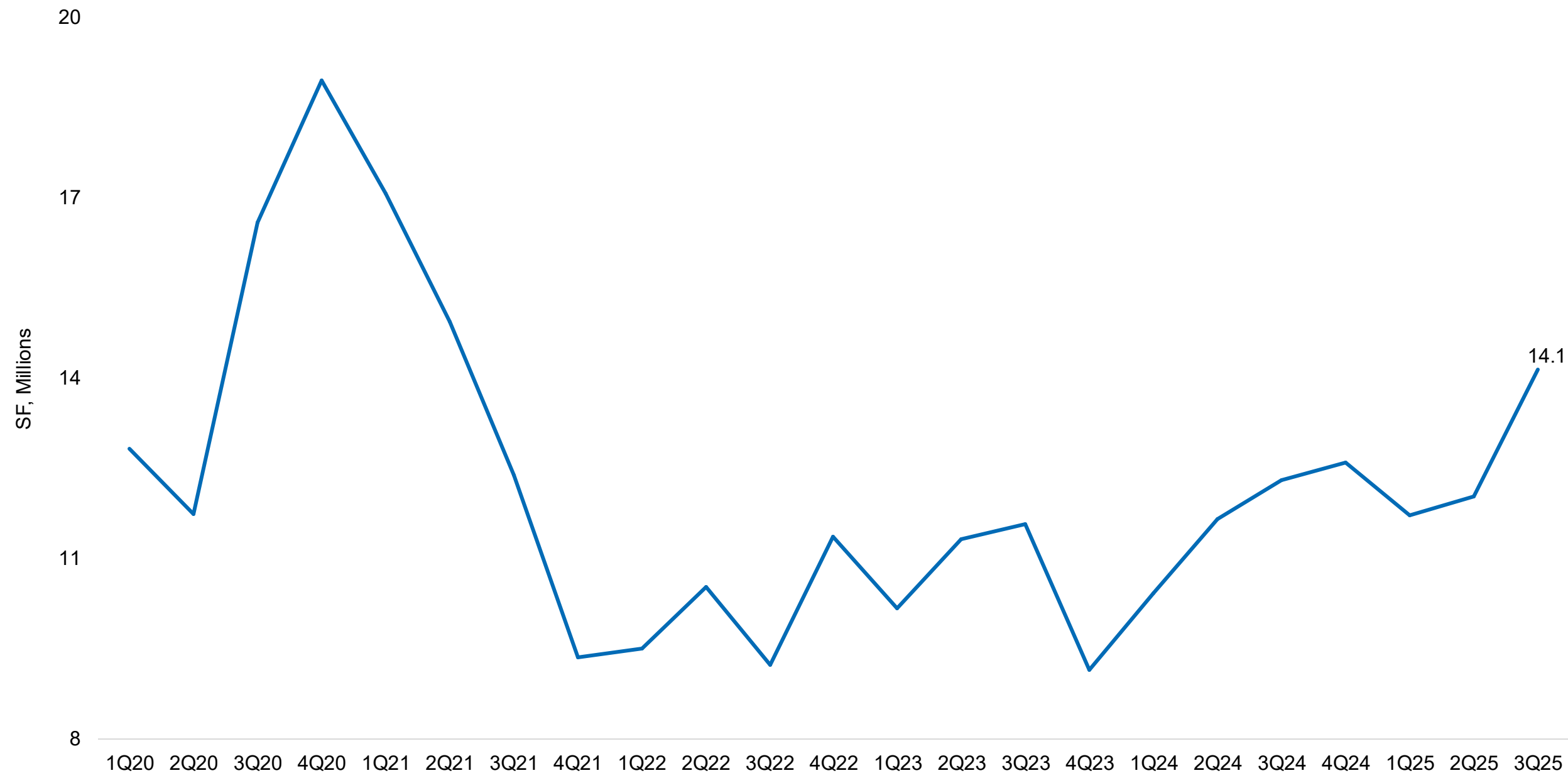


Source: Newmark Research

Overall Leasing Activity Resumes Recovery; Trade War Complicates Outlook

The market observed a resumption of leasing activity growth in the second and third quarters of 2025 following a decline in the first quarter of the year. Robust consumer spending and plateauing industrial rents during this period have helped encourage space commitments. It remains to be seen how the scope, timing, and ultimate impact of U.S. tariff policies will influence leasing momentum in the coming quarters.

Total Leasing Activity (SF) by Quarter

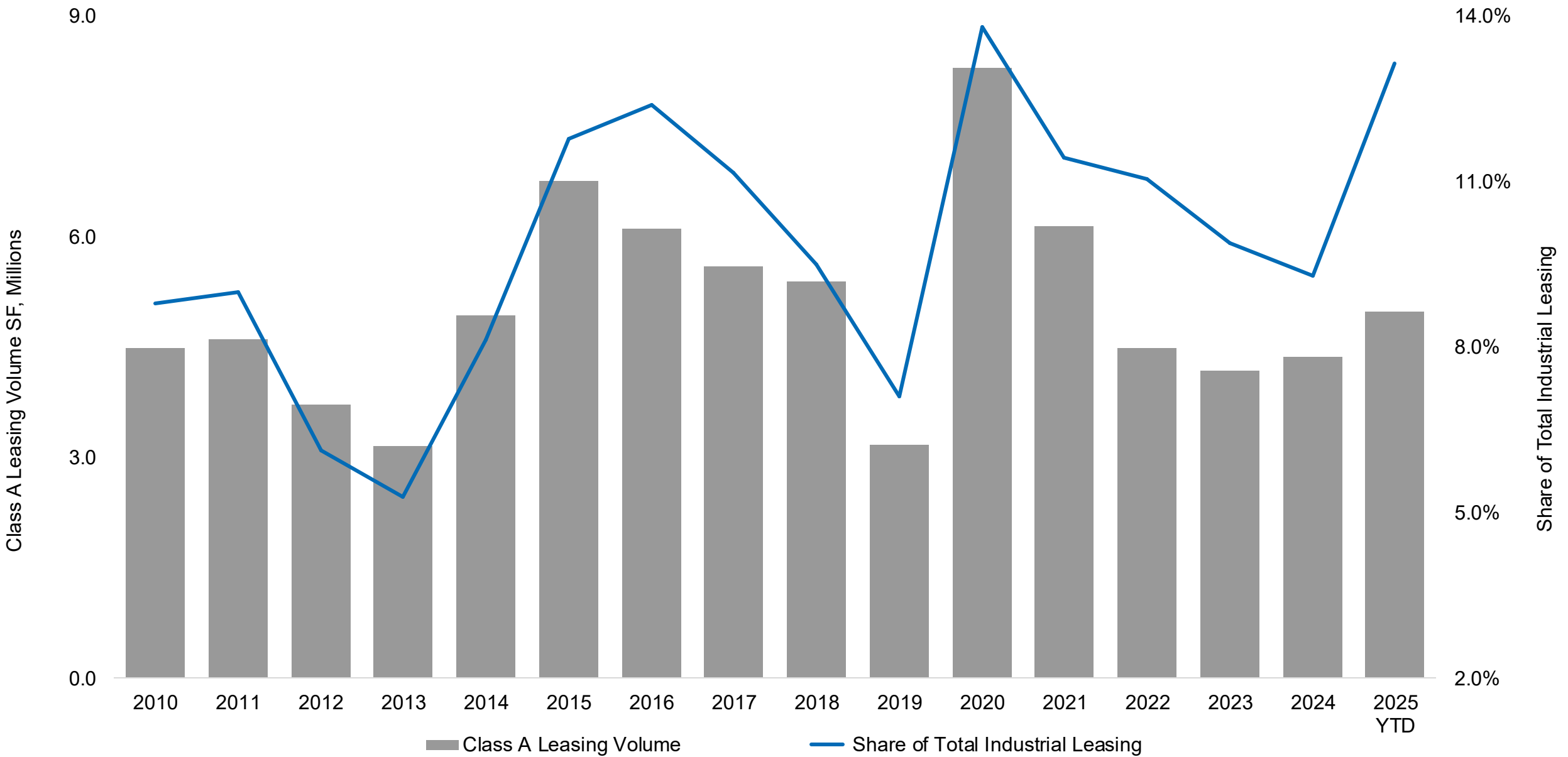


Source: Newmark Research, CoStar
Note: Total leasing activity includes direct leases, subleases, renewals and extensions.

YTD Class A Leasing Volume Exceeds Historical Average

Class A leasing activity accounted for 13.2% of total market leasing in the first three quarters of 2025, clearing the 15.75-year average of 9.9%. As product availability surges and tenants retain greater leverage in leasing negotiations, prospective occupiers are increasingly pursuing top-shelf space.

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

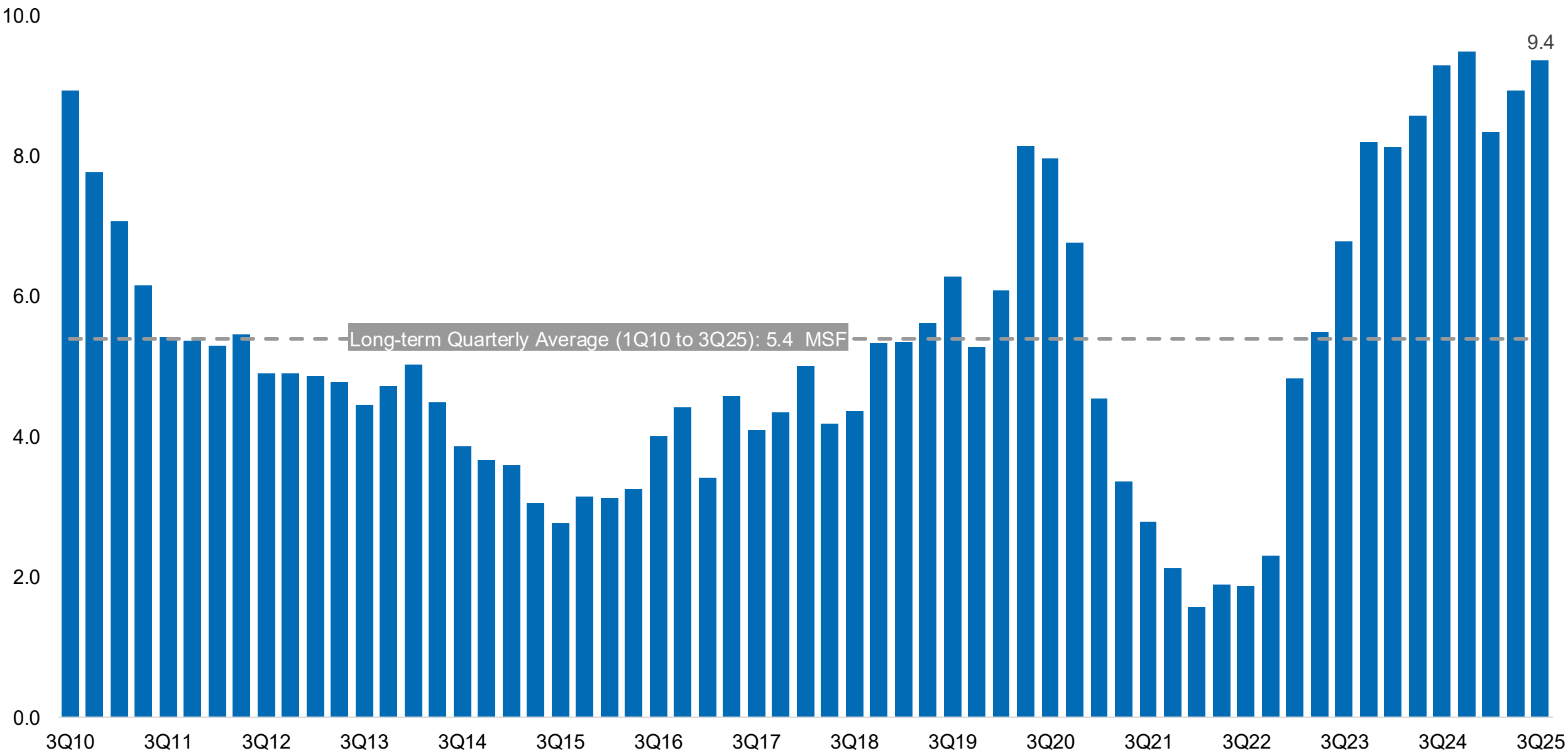


Source: Newmark Research, CoStar
Note: Class A is defined as 100,000+ SF warehouse/distribution facilities constructed since 2000 with a 30'+ minimum interior ceiling height.

Sublet Availability Rises As New Listings Outweigh Signings

Available sublease space increased 4.8% from the preceding quarter to reach 9.4 MSF. Limited sublease signings were offset by new listings from Orange Courier (254,718 SF at 15300 Desman Rd in La Mirada), Mainfreight (182,554 SF at 1450 Glenn Curtiss St Bldg. #730 in Carson), Brookvale International Corp (177,464 SF at 19600-19688 Van Ness Bldg. #2 in Torrance) and Corona-Orange Foods Intermediate Holdings (130,139 SF at 6270-6290 Caballero Blvd in Buena Park).

Available Industrial Sublease Volume (MSF)

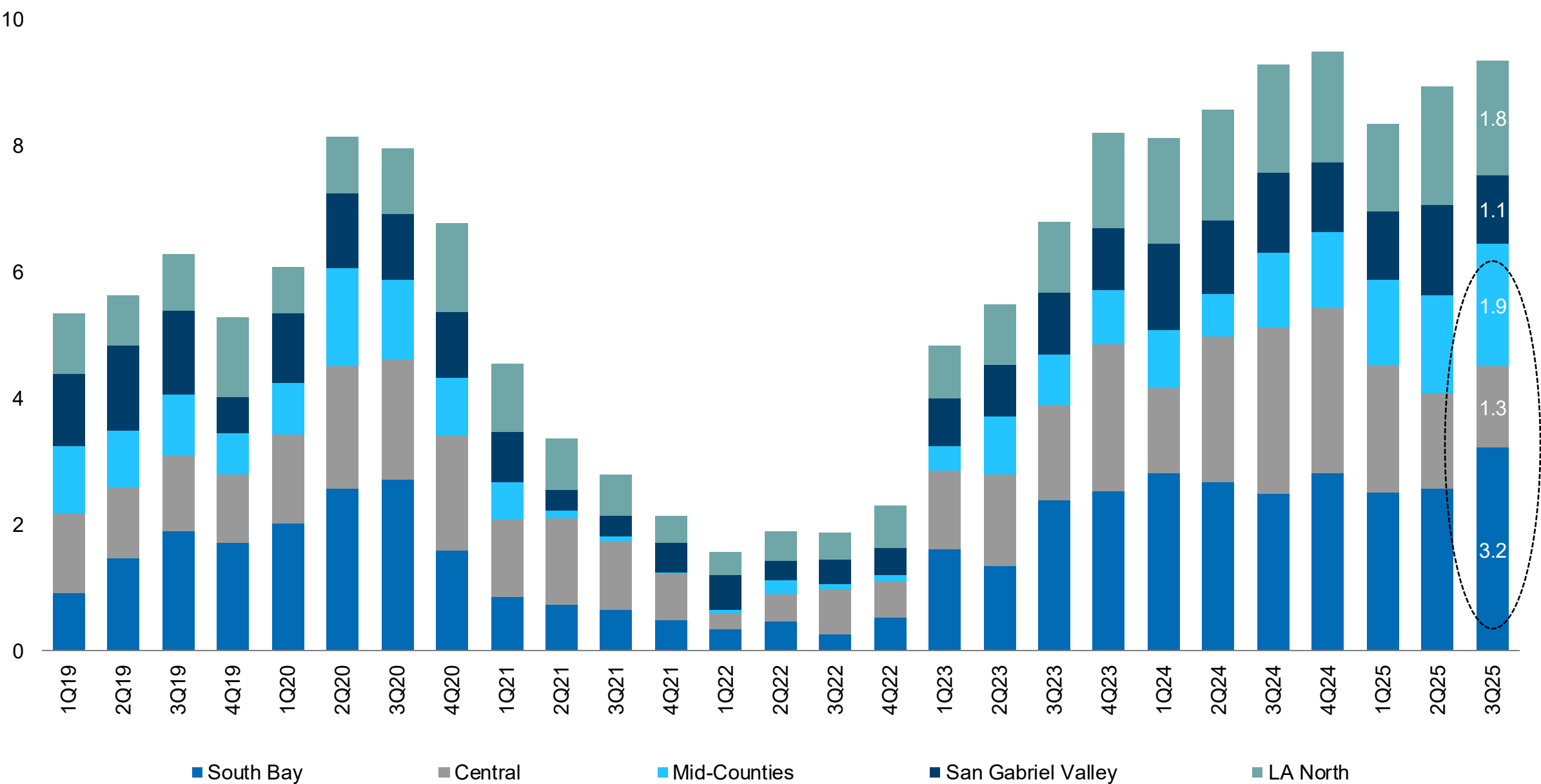


Source: Newmark Research

68.9% of Available Sublease Space is Based in the Region’s Infill Markets

Transport-related companies dominate footprints in the infill markets, and, in the case of 3PLs, are highly rent sensitive. Nationally, transport firms are implementing cost-cutting measures in response to increased operational costs, a depressed consumer spending outlook and reduced global freight volume.

Available Sublease Space (MSF), By Submarket

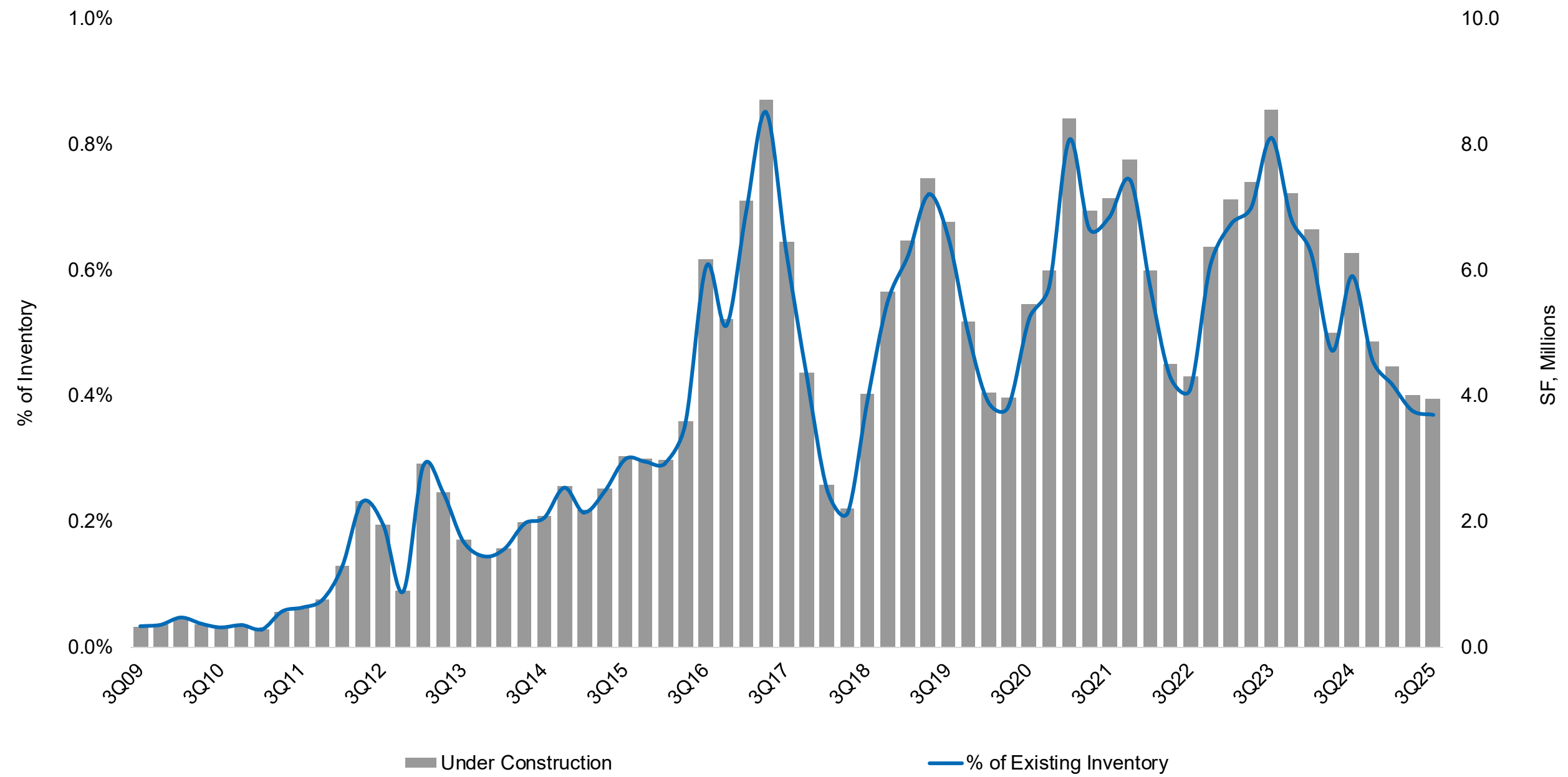


Source: Newmark Research
Note: The infill markets include South Bay, Central and Mid-Counties.

Construction Volume Plateaus in Third Quarter, Further Contractions Likely

The under-construction pipeline contracted by a mere 1.7% from the second to the third quarter as groundbreakings for several new developments, including the 737,730-SF 101 Logistics Center in Oxnard, offset 1.6 MSF of new construction deliveries. The pipeline will likely trend down until leasing activity strengthens and there is greater clarity on how the U.S. economy will absorb the effects of widespread tariffs.

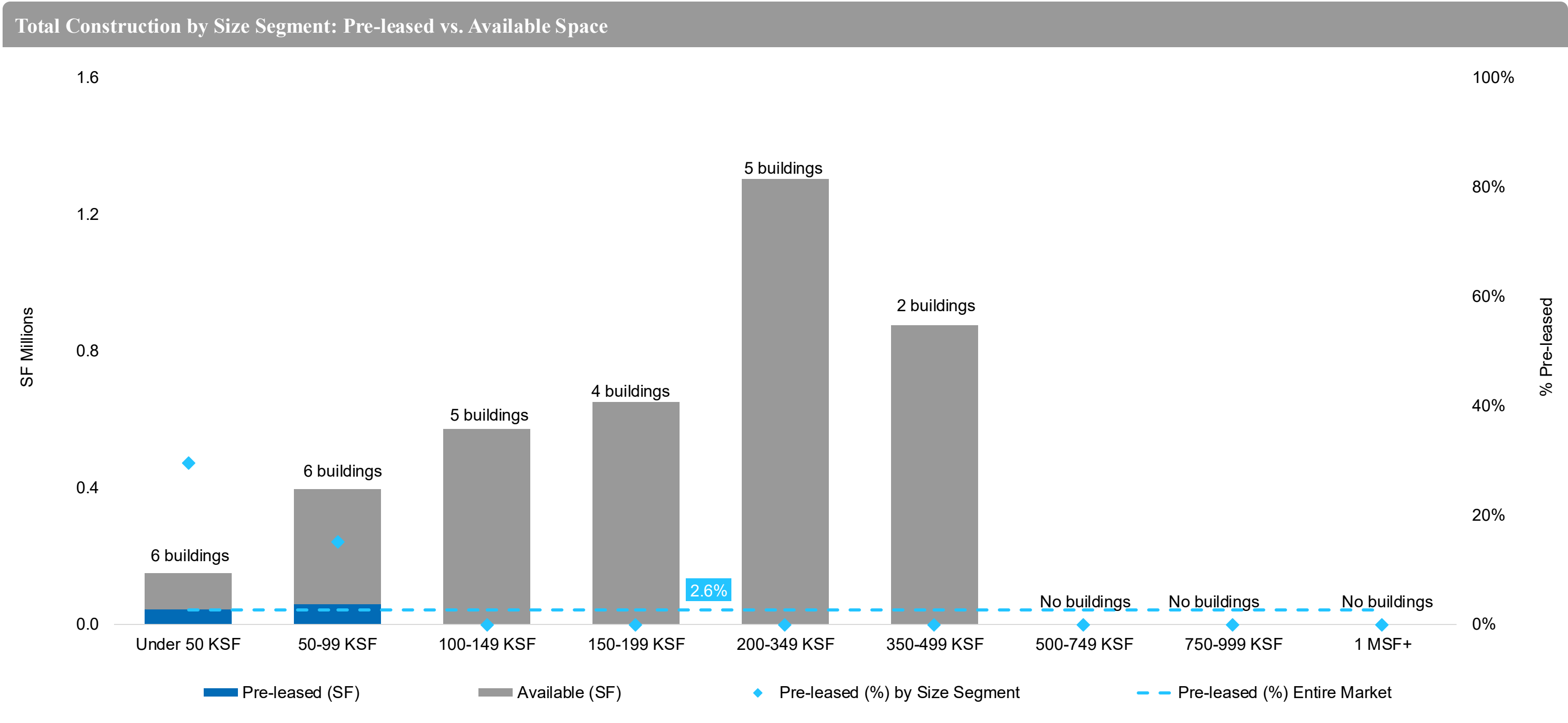
Industrial Under Construction and % of Existing Inventory



Source: Newmark Research

Limited Pre-Leasing as Tenants Seek Completed Product

Of the 28 properties currently under construction, only three have secured tenants. Recent leasing activity suggests that some prospective tenants are delaying negotiations until properties are completed, likely to gain greater leverage in lease terms.



Source: Newmark Research

Notable 3Q25 Lease Transactions

Thirty-five leases over 100,000 SF were signed this quarter, well above the 24 signed in the same period of 2024. Of this quarter’s 100,000+ SF leases, 26 were direct, seven were renewals/extensions, and two were subleases.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Breakthru Beverage Group	15700 & 15614-15620 Shoemaker Ave	Mid-Counties	Direct Lease	521,091
The alcoholic beverage distributor moved into the vacant property in August. Lease term expires in 3Q35.				
Sino Investments	1601 W Mission Blvd	East (San Gabriel)	Direct Lease	504,016
The China-based 3PL, which has a longstanding industrial presence across the Inland Empire and East Los Angeles, moved into the vacant property in September.				
Nippon Express	300-350 Westmont Dr Bldg #B	South Bay	Lease Renewal	420,952
The 3PL has occupied the property since 2003. Renewed lease term expires in 3Q30.				
Lincoln Transportation	19801 S Santa Fe Ave	South Bay	Direct Lease	356,642
The 3PL, which has a longstanding presence in the South Bay, leased the vacant property in September.				
Million Dollar Baby Classic	8500 Rex Rd	Central	Direct Lease	335,600
The children’s furniture supplier moved into the vacant property in September. Lease term expires in 4Q35.				

Source: Newmark Research

3Q25

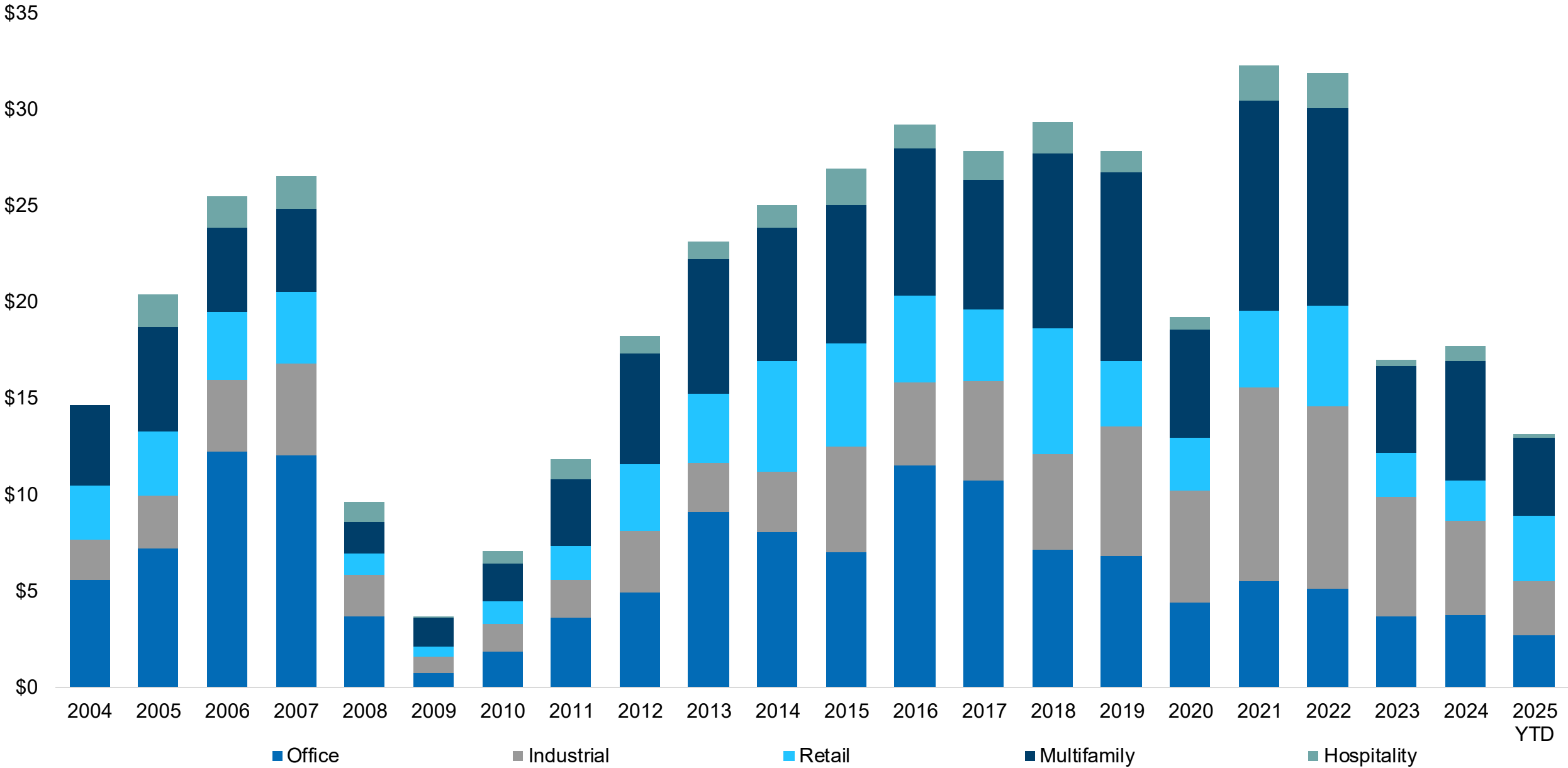
Sales Activity



Industrial Comprised 21.4% of Total Sales Volume in the First Three Quarters of 2025

This figure is slightly above the preceding 21-year average of 20.7%. 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 occupancy losses within the market have cooled industrial sales activity in recent quarters, however.

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

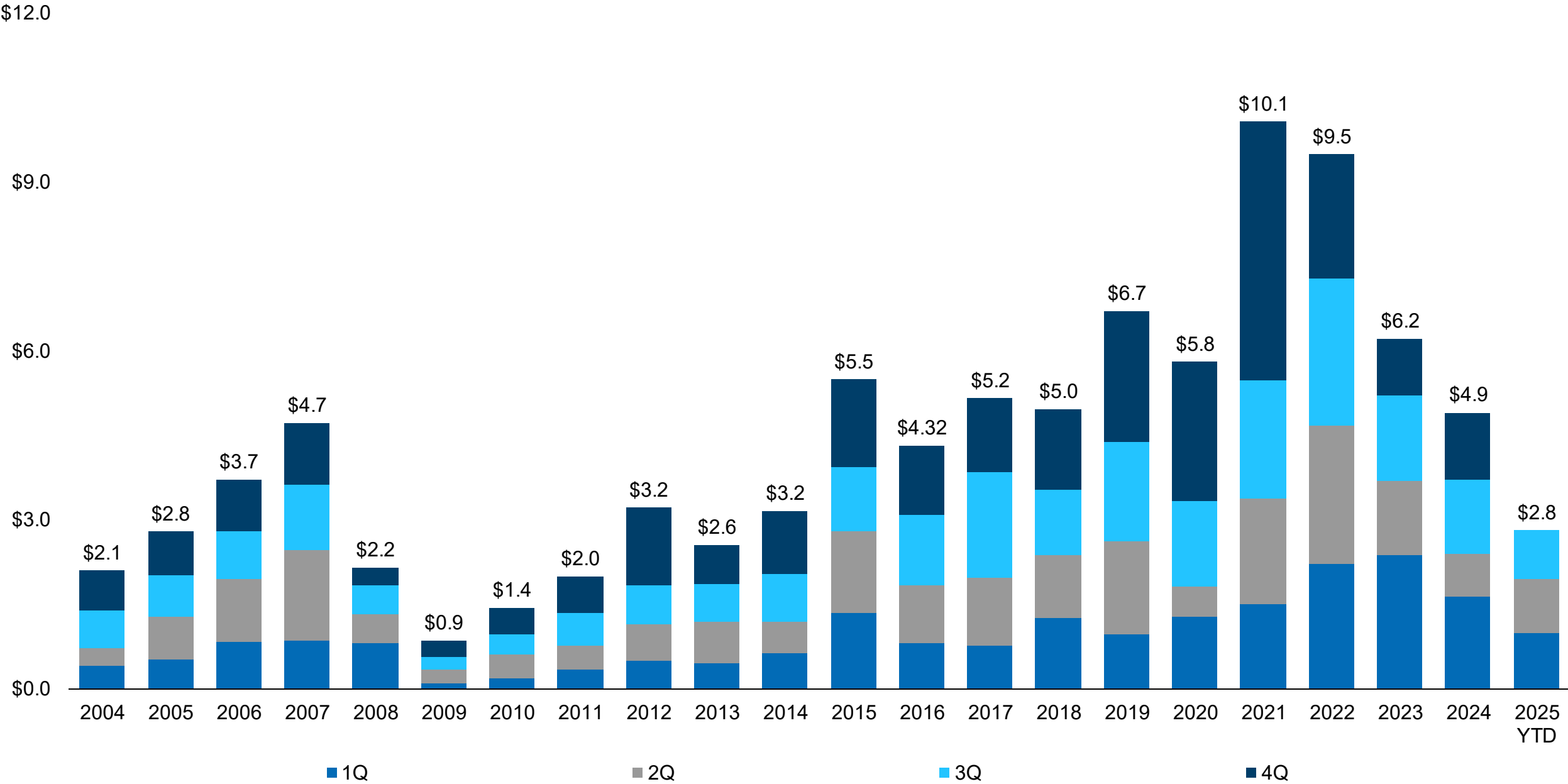


Source: MSCI Real Capital Analytics, Newmark Research
Note: Preliminary data is cited for the third quarter of 2025.

Industrial Sales Volume: Up Close

Industrial sales volume totaled \$855.2 million in the third quarter of 2025, a 34.4% decrease from the third quarter of 2024 and 27.6% below the average third quarter sales from 2012 to 2019. The higher cost of capital following multiple interest rate hikes from March 2022 to July 2023 has reduced momentum. Additionally, adjusting leasing fundamentals have imposed downward pressure on volume and pricing.

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

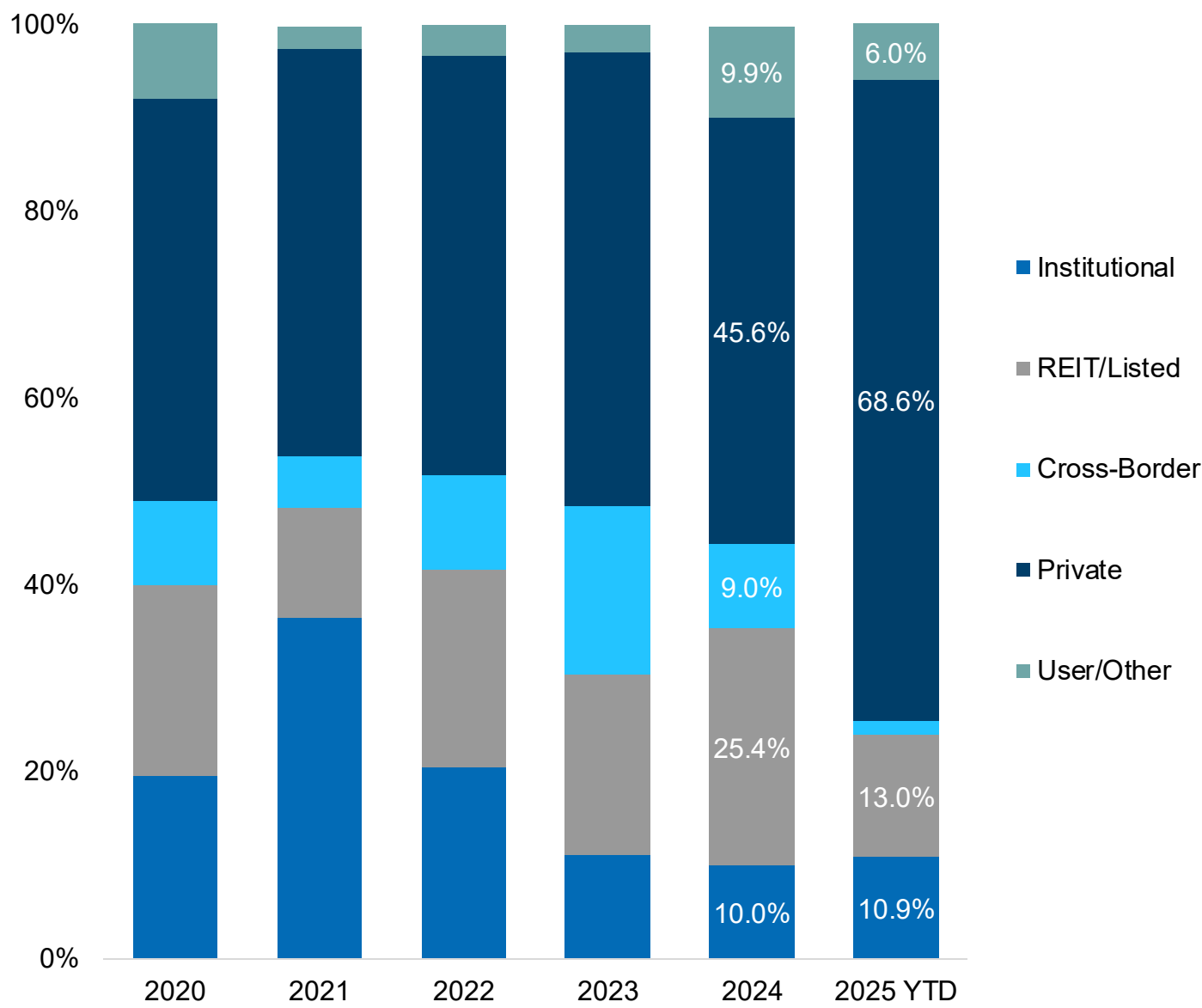


Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the third quarter of 2025.

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)
WP Carey REIT	REIT/Listed	\$140,295,000	1	302,850
Rexford Industrial REIT	REIT/Listed	\$137,200,000	1	300,217
Prologis	REIT/Listed	\$127,400,000	3	200,939
Related Companies	Private	\$120,000,000	1	2,197,000
TA Realty	Institutional	\$112,200,000	1	420,697
Kayne Anderson	Institutional	\$107,295,578	2	400,873
Pleaser USA Inc	Private	\$99,906,667	1	269,740
Palisade Group	Private/Inst.	\$97,000,000	1	545,299
Lift Partners	Private	\$69,000,000	2	216,475
TPG Real Estate	Institutional	\$68,000,000	1	36,639

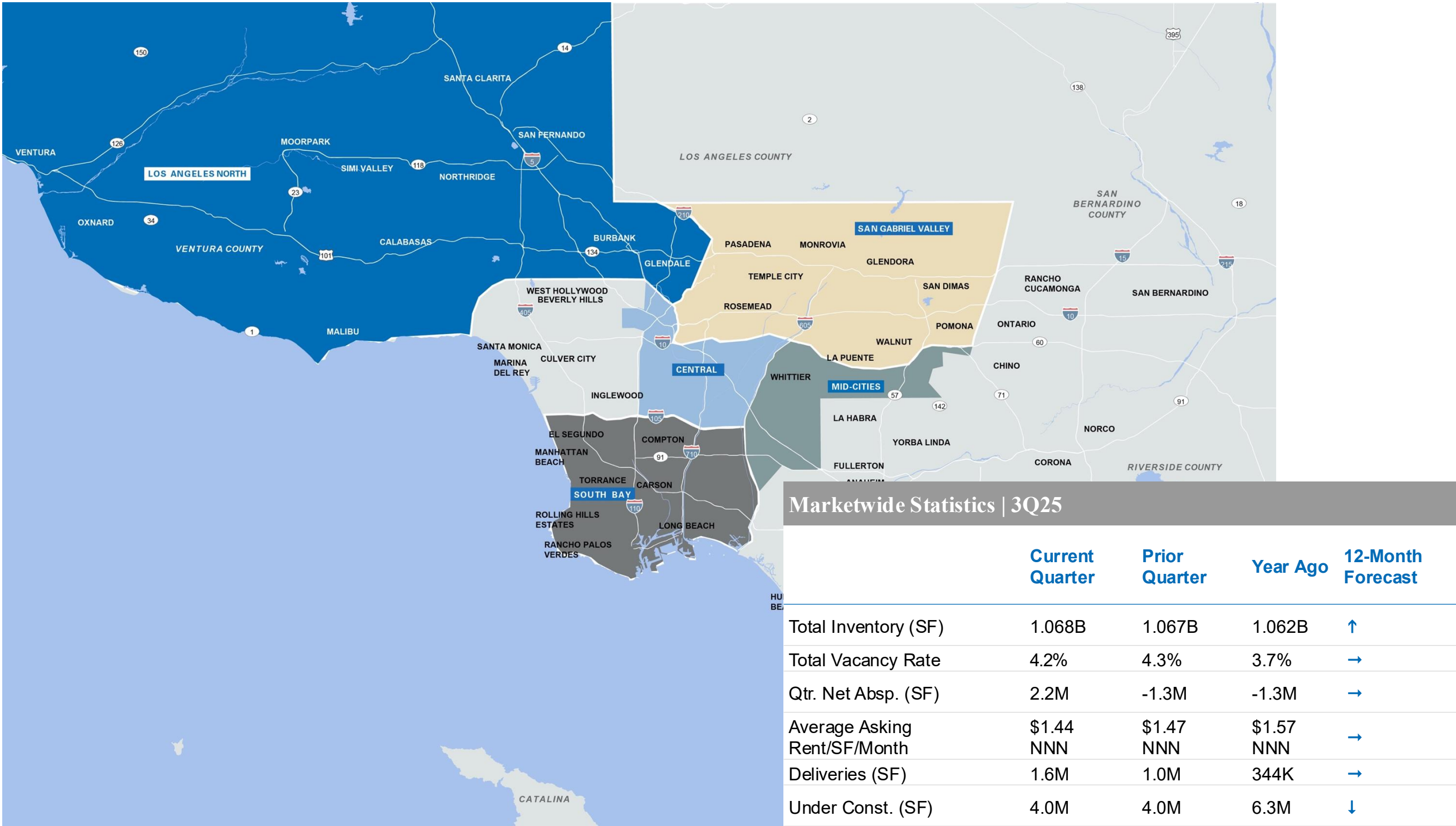
Source: Newmark Research
Note: Preliminary data is cited for the third quarter of 2025

3Q25

Appendix



Los Angeles Submarket Map and High-Level Statistics | 3Q25



Source: Newmark Research

Los Angeles Submarket Statistics | 3Q25 (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	299,327,509	486,333	4.1%	1,095,530	2,067,562	157,715	262,178	\$1.34
Bell	3,925,915	0	0.6%	0	142,859	0	0	\$1.57
Bell Gardens	2,369,380	0	4.4%	0	101,123	0	0	\$0.99
Commerce	52,925,840	283,621	5.6%	145,945	659,281	157,715	262,178	\$1.37
Cudahy	828,184	0	4.4%	-7,440	-10,564	0	0	-
Downtown Los Angeles	129,492,021	0	4.2%	325,716	217,874	0	0	\$1.32
Huntington Park	4,900,221	0	4.3%	0	-52,450	0	0	\$1.15
Lynwood	3,853,329	0	1.4%	0	0	0	0	\$1.39
Maywood	774,236	0	0.0%	0	0	0	0	-
Montebello	13,261,067	0	3.7%	-31,125	75,317	0	0	\$1.48
Pico Rivera	11,115,431	0	4.0%	320,090	234,669	0	0	\$1.28
South Gate	11,656,108	0	2.5%	18,275	-12,700	0	0	\$1.34
Vernon	64,225,777	202,712	3.2%	324,069	712,153	0	0	\$1.29
Mid-Counties	115,014,828	673,461	5.4%	1,121,047	599,037	0	206,892	\$1.38
Artesia	321,227	0	4.7%	0	18,466	0	0	\$1.45

Source: Newmark Research

Los Angeles Submarket Statistics | 3Q25 (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	14,590,481	0	8.8%	202,082	-159,078	0	0	\$1.47
Cerritos	14,977,563	0	3.7%	82,622	164,141	0	0	\$1.15
Downey	4,358,781	0	4.1%	140,640	-126,381	0	0	\$1.13
La Mirada	14,102,041	0	10.4%	-74,235	-108,667	0	0	\$1.47
La Palma	2,112,316	0	7.7%	0	0	0	0	\$1.28
Norwalk	3,705,621	0	0.1%	60,000	68,150	0	0	-
Santa Fe Springs	56,956,984	381,158	3.8%	707,302	809,234	0	206,892	\$1.40
Whittier	3,889,814	292,303	10.6%	2,636	-66,828	0	0	\$1.18
LA North	237,312,225	1,428,275	3.4%	-608,063	-571,290	1,001,521	1,637,288	\$1.49
Central Valley	32,215,332	0	1.9%	67,948	14,579	91,950	198,700	\$1.62
Conejo Valley	15,165,138	0	4.1%	177,592	-3,310	0	120,290	\$1.51
East Valley	58,341,186	610,545	2.6%	-240,987	-240,723	0	143,529	\$1.61
Santa Clarita	27,929,976	0	5.4%	-72,712	76,141	729,069	729,069	\$1.46
Simi/Moorpark	15,440,082	0	8.2%	-416,235	-225,893	180,502	180,502	\$1.40
West Valley	40,458,652	0	2.5%	9,317	-6,163	0	79,539	\$1.35

Source: Newmark Research

Los Angeles Submarket Statistics | 3Q25 (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	47,761,859	817,730	3.4%	-132,986	-185,921	0	185,659	\$1.10
LA East (San Gabriel)	190,340,011	918,658	3.1%	963,518	2,161,542	58,500	225,305	\$1.30
Central SGV	30,510,618	437,552	4.4%	13,774	155,710	0	129,619	\$1.32
Eastern SGV	34,074,767	0	3.3%	483,060	44,959	0	0	\$1.09
El Monte Area	20,042,015	101,322	2.7%	-58,439	-218,337	0	37,186	-
Industry Area	93,698,003	379,784	2.9%	498,715	2,132,838	58,500	58,500	\$1.28
Western SGV	12,014,608	0	1.6%	26,408	46,372	0	0	\$1.54
South Bay	226,446,648	443,890	5.6%	-357,654	-1,910,897	429,112	1,334,548	\$1.53
Carson	42,777,295	0	7.2%	5,146	-691,364	429,112	429,112	\$1.42
Compton/Rancho Dominguez	41,140,651	140,693	6.7%	40,255	-263,811	0	205,375	\$1.44
El Segundo	9,546,442	0	1.7%	-82,854	-78,630	0	0	\$2.21
Gardena/110 Corridor	34,022,513	0	3.7%	89,368	104,574	0	195,251	\$1.25
Hawthorne	10,231,640	0	2.5%	22,200	-112,093	0	0	\$1.80
LAX/Inglewood	11,227,163	0	3.5%	-20,112	-18,624	0	0	\$2.10
Long Beach/Signal Hill	21,604,351	189,710	6.8%	-25,932	136,854	0	504,810	\$1.48

Source: Newmark Research

Los Angeles Submarket Statistics | 3Q25 (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	3.1%	-38,112	-106,071	0	0	\$1.22
Port District	6,608,900	0	5.8%	-27,530	-13,940	0	0	-
Redondo Beach	3,539,750	0	1.0%	0	35,296	0	0	\$2.10
Torrance Area	36,316,810	113,487	7.2%	-320,083	-903,088	0	0	\$1.71
Los Angeles	1,068,441,221	3,950,617	4.2%	2,214,378	2,345,954	1,646,848	3,666,211	\$1.44

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

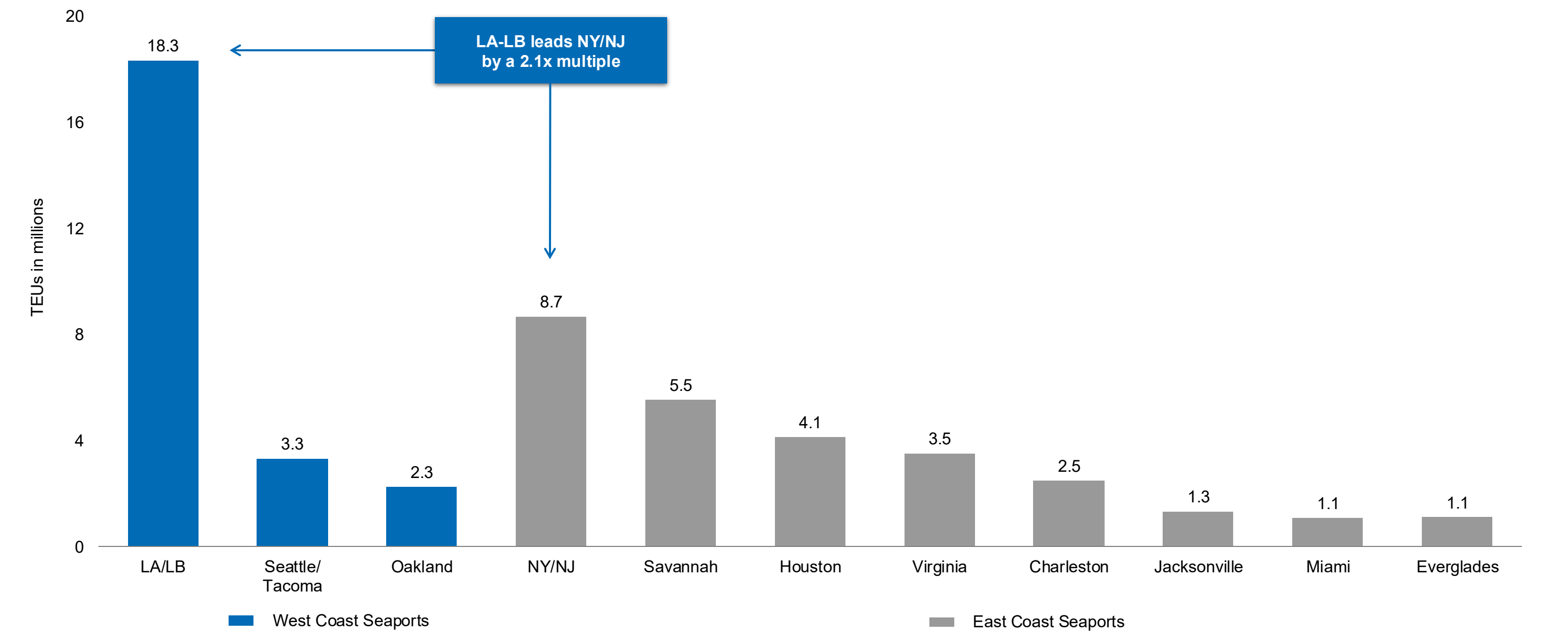
Rank	Seaport	2024 Volume (TEUs, in millions)
11	Port Kelang, Malaysia	14.6
12	Rotterdam, The Netherlands	13.8
13	Hong Kong, China	13.7
14	Antwerp-Bruges, Belgium	13.5
15	Tanjung Pelepas, Malaysia	12.3
16	Xiamen, China	12.3
17	Tanger Med, Morocco	10.2
18	Laem Chabang, Thailand	9.5
19	Kaoshiung, Taiwan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

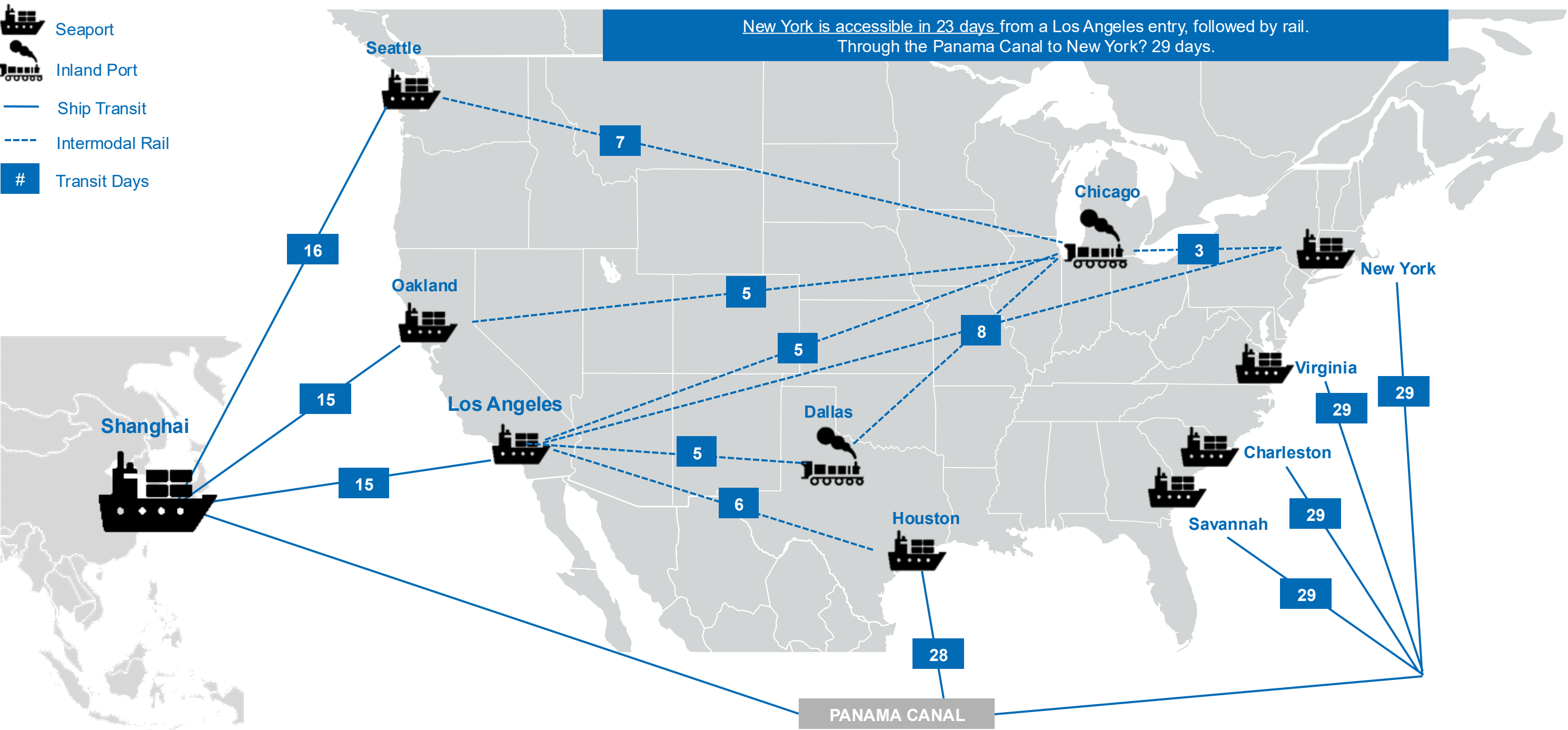
Major U.S. Seaports: 2024 TEU Volume (All Containers: Loaded and Empty)



Source: Newmark Research, Individual Seaports

Why Los Angeles-Long Beach?

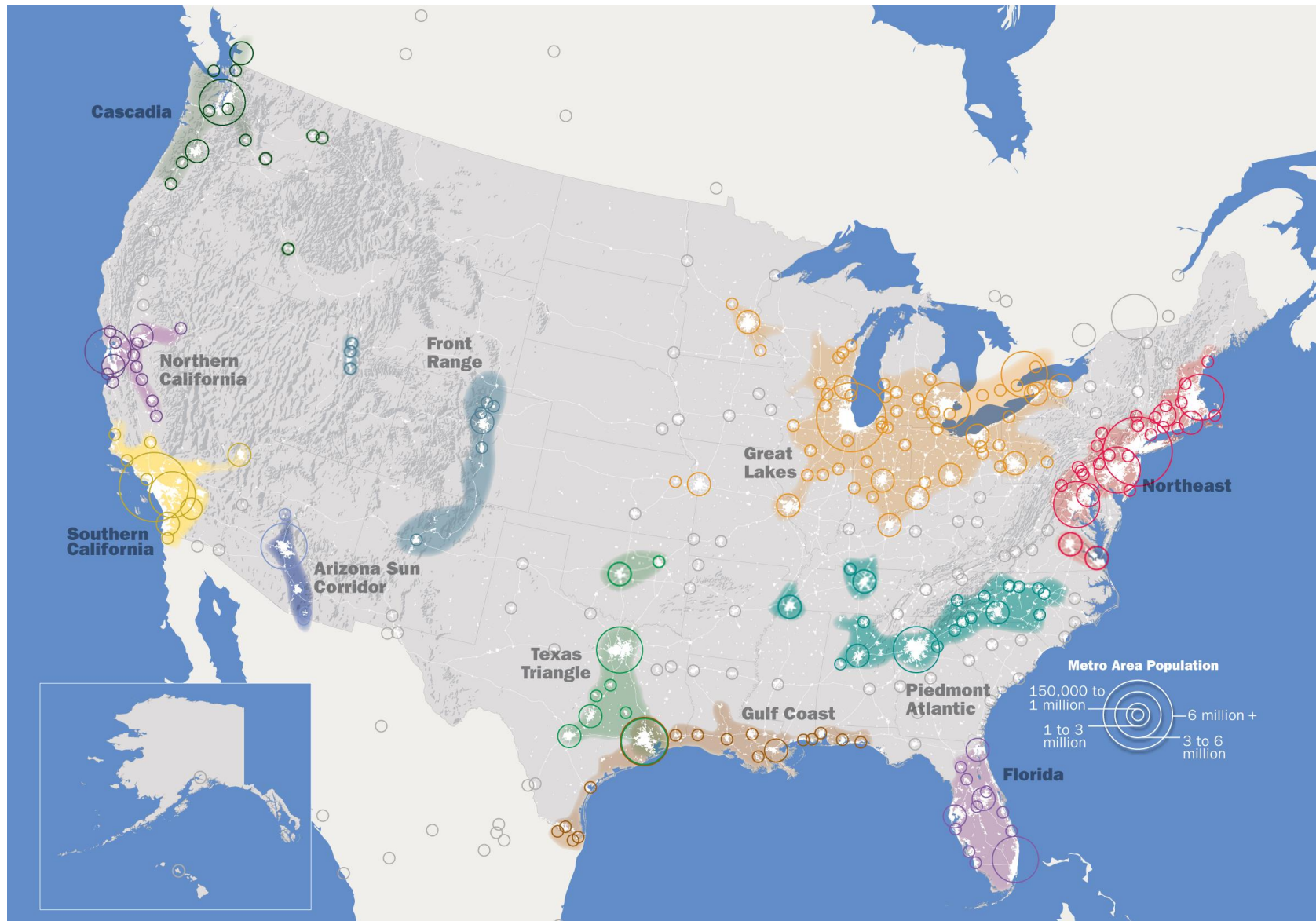
In a normal environment, shorter transit time from Shanghai. Double-stack rail connectivity allows distributors to touch multiple U.S. markets, which is more cost-effective.



Source: Newmark Research, IMS Worldwide

Population of Megaregions: Past and Projected

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



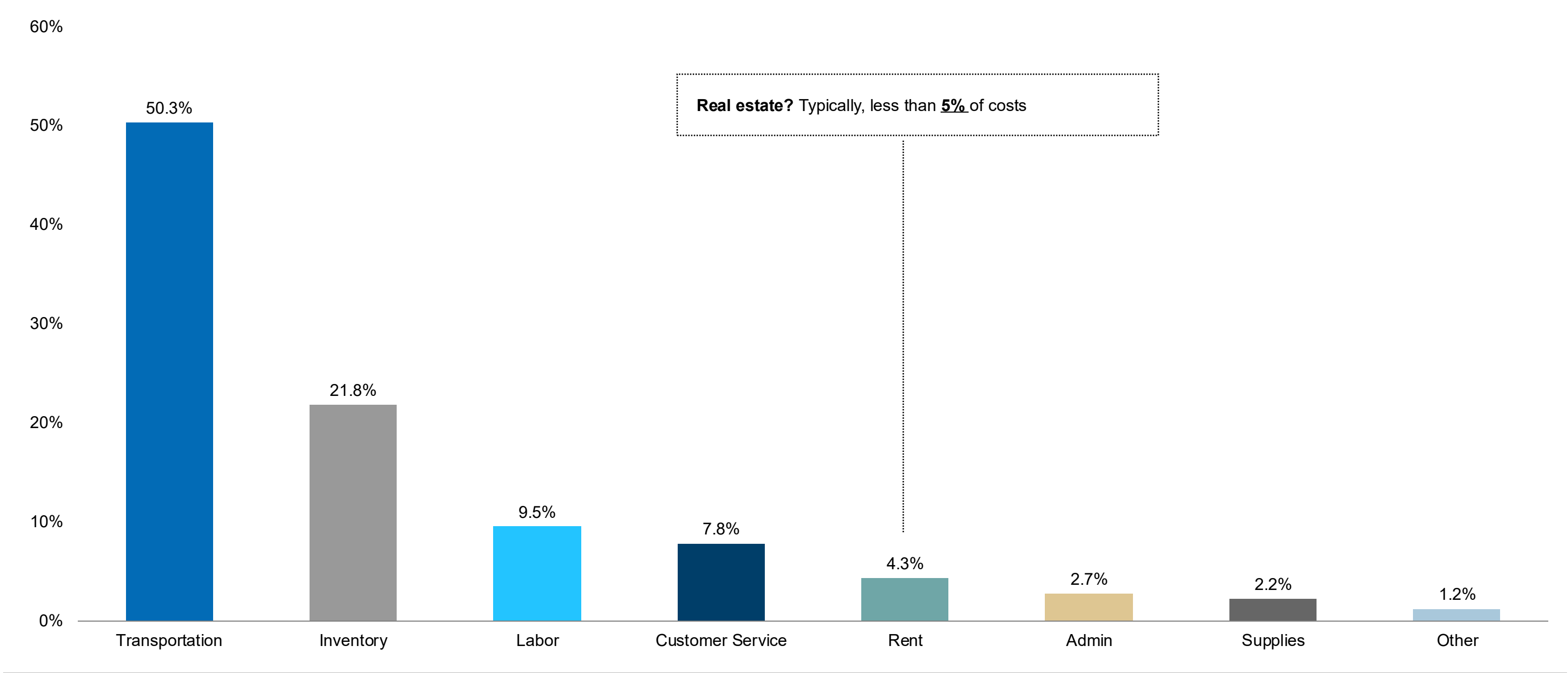
Megaregion	2010 Population	2025 Pop. Est.
Arizona Sun Corridor	5.7M	7.8M
Cascadia	8.4M	8.8M
Florida	17.3M	21.5M
Front Range	5.5M	7.0M
Great Lakes	55.6M	60.7M
Gulf Coast	13.4M	16.3M
Northeast	52.3M	58.4M
Northern California	14.0M	16.4M
Piedmont Atlantic	17.6M	21.7M
Greater Southern California	24.4M	29.0M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

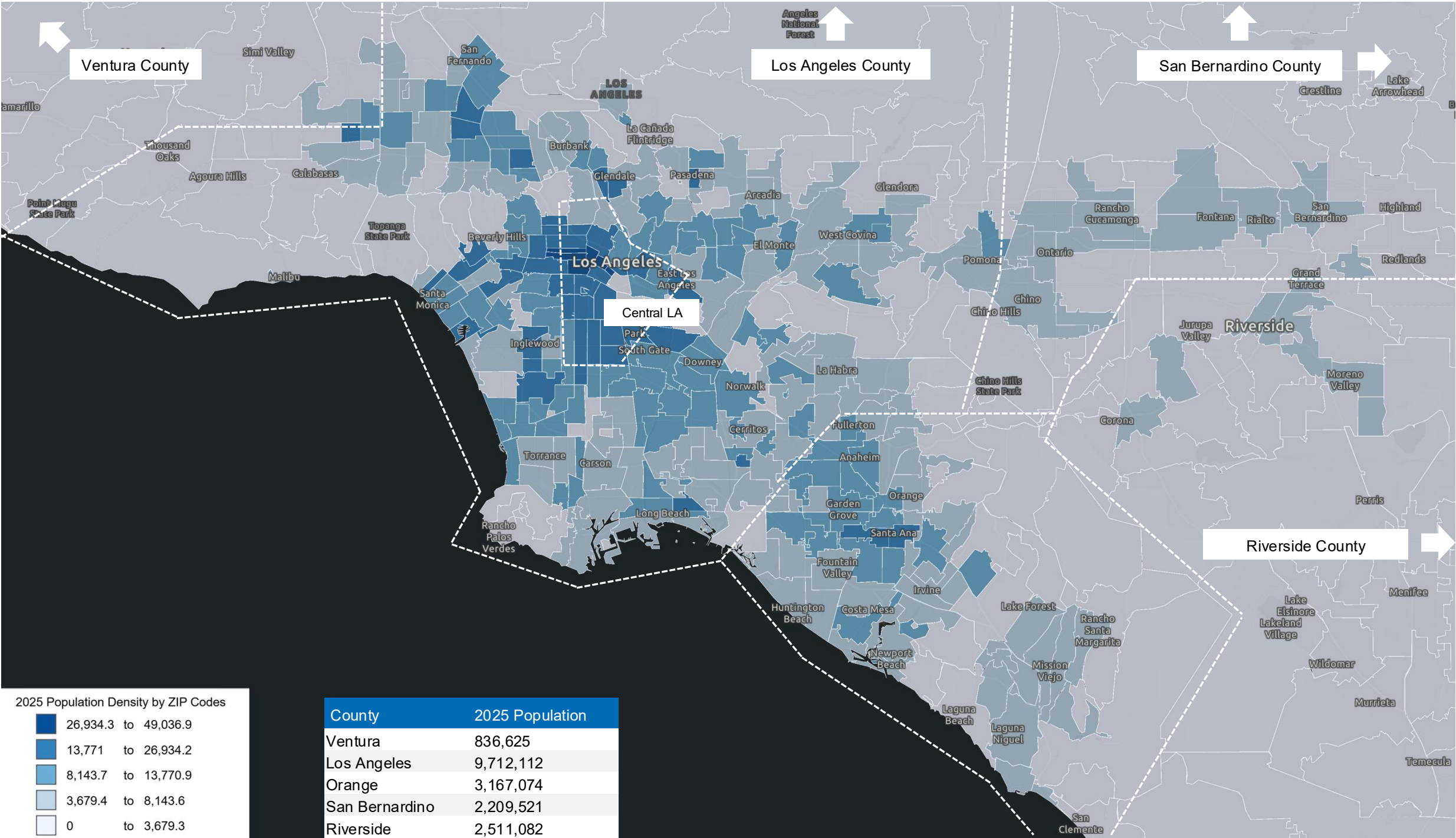
A regional drayage rate study was not published in 2025. Based on some client accounts, today's averages are up to 30-40% lower than 2024 amid softening demand for freight services, more trucking capacity, and operational improvements at Southern California's ports that have reduced congestion. Generally, retailers and importers have adjusted inventory levels due to overstocking in prior years and a cautious approach to consumer spending amid inflationary pressures.



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 Angeles 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. Averages include the base rate, fuel surcharge, and chassis rental for 4 days.

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.

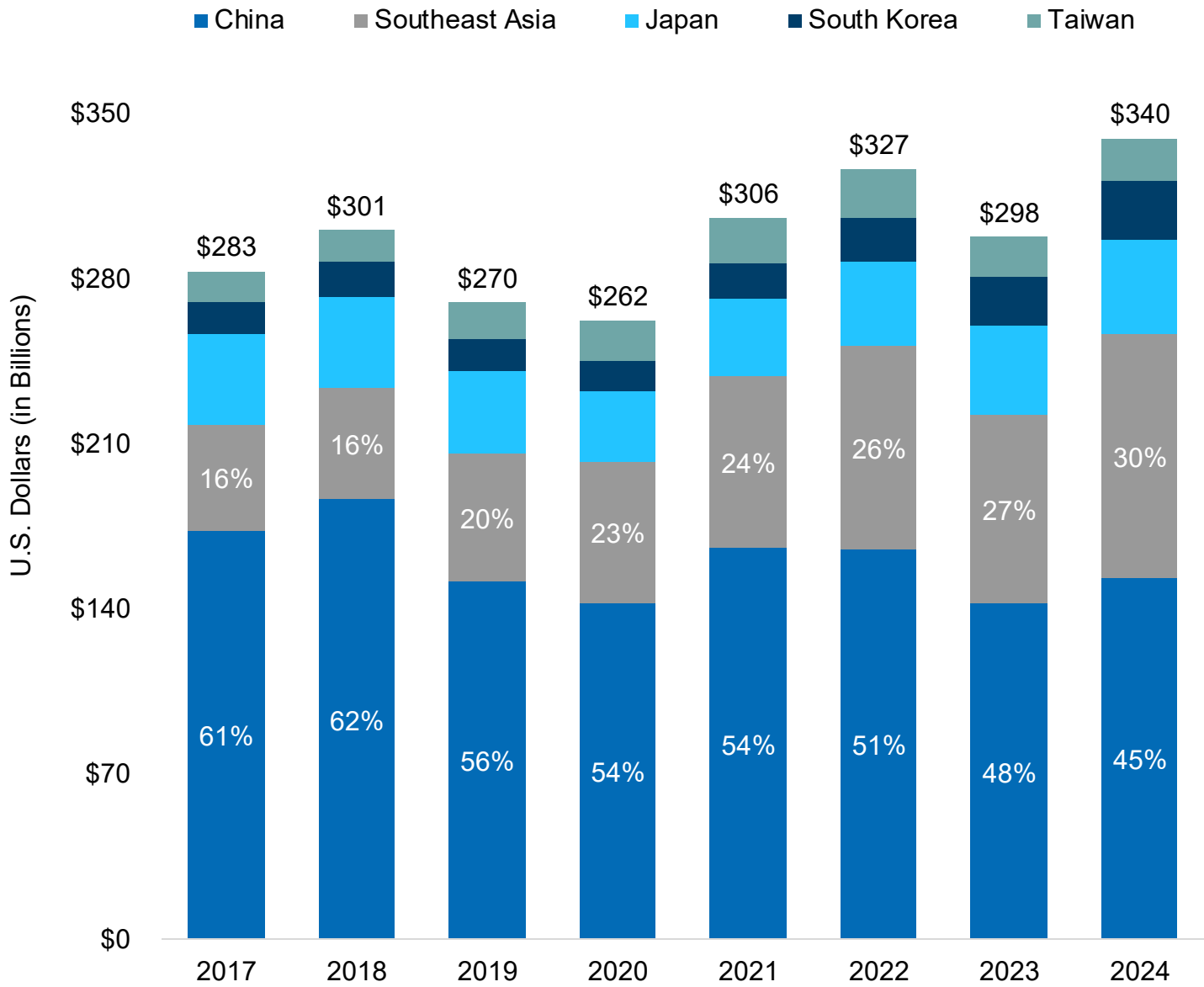


Source: Newmark Research, ESRI

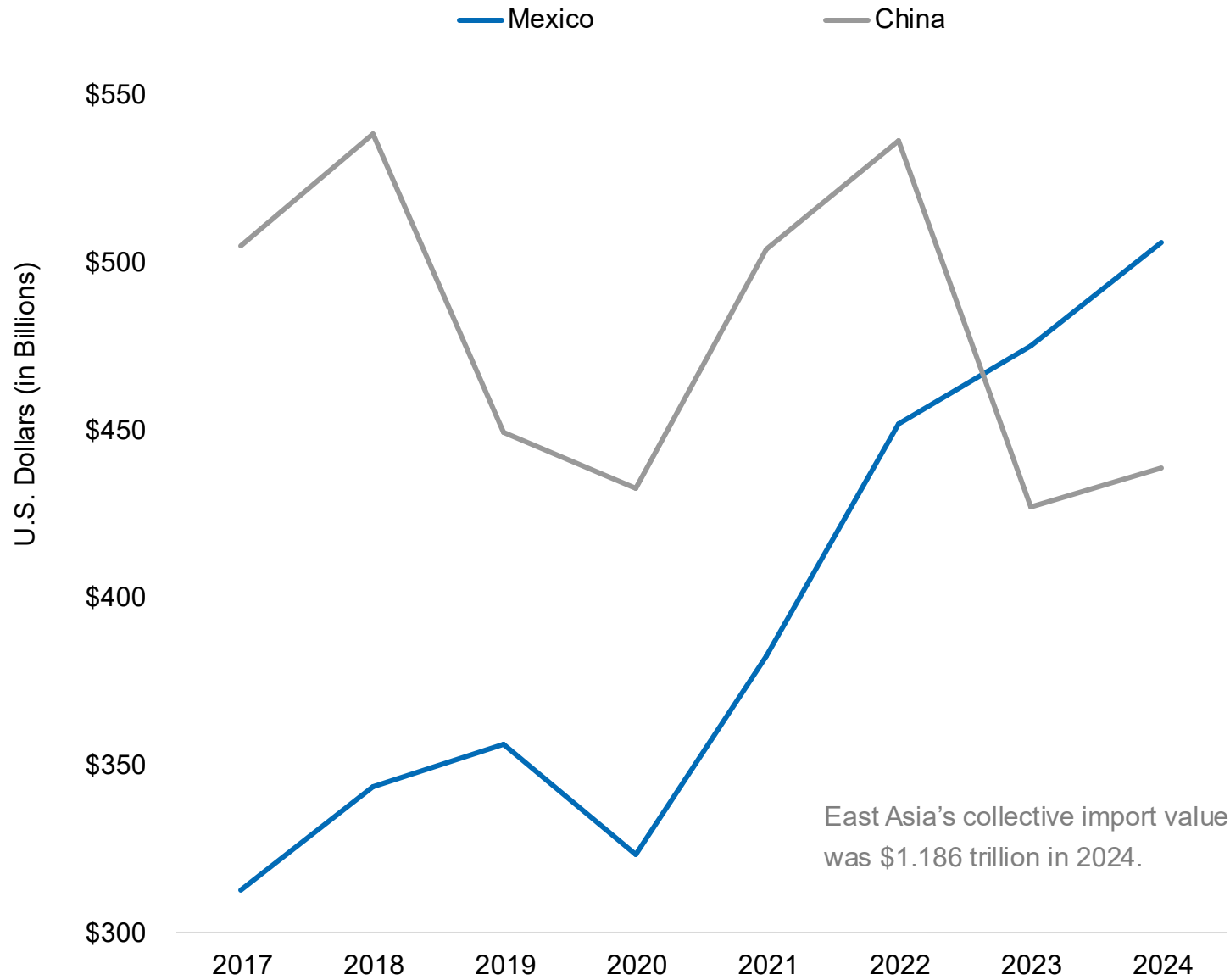
Southeast Asia Imports to POLA-POLB are Growing; Mexico Remains U.S.’ Top Trade Partner

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 remain the best 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

Assembly Bill 98 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.

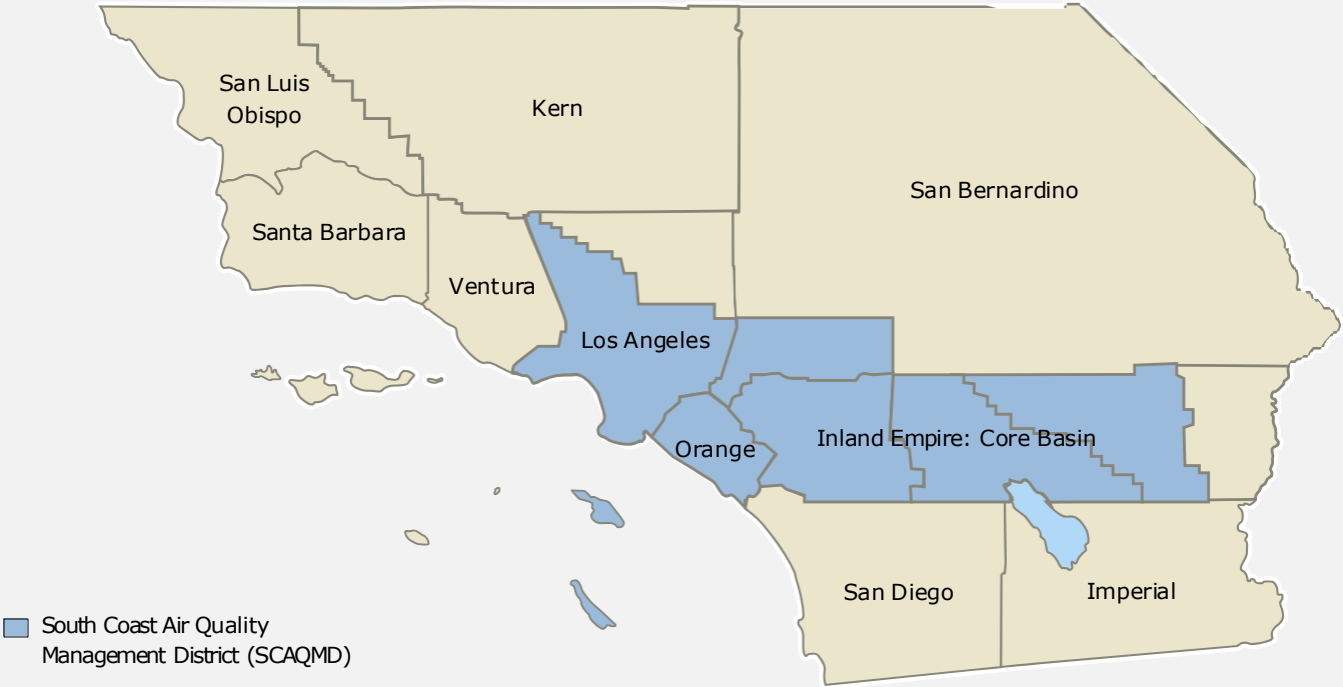
Source: Newmark Research; Rutan & Tucker, LLP; California Legislative Information.

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

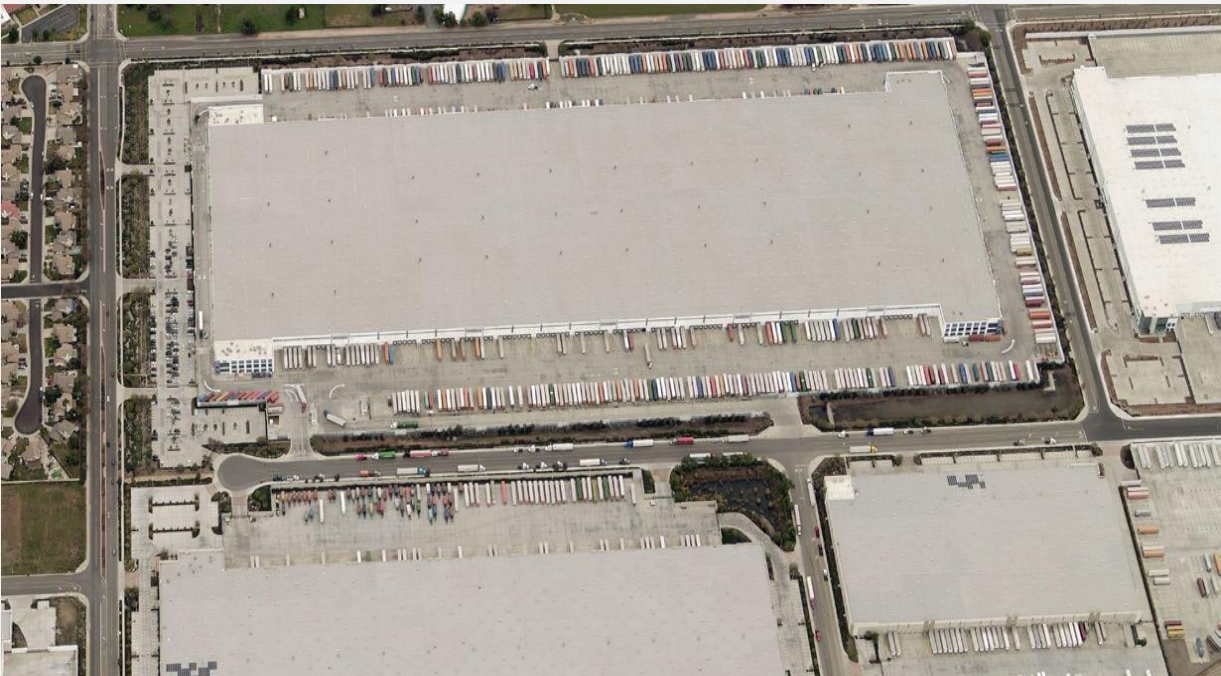
- In 2021, SCAQMD implemented the WAIRE program to “reduce local and regional emissions of nitrogen oxides and particulate matter...[derived from] warehouses and the mobile sources attracted to warehouses.”
- The program essentially imposes an emissions-based tariff on warehouse occupiers whose footprints 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](#).



Source: Newmark Research

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.



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