LEE & ASSOCIATES
LOS ANGELES - DOWNTOWN

Los Angeles County Industrial

CONSOLIDATED MARKET REPORT

Class B and C Buildings

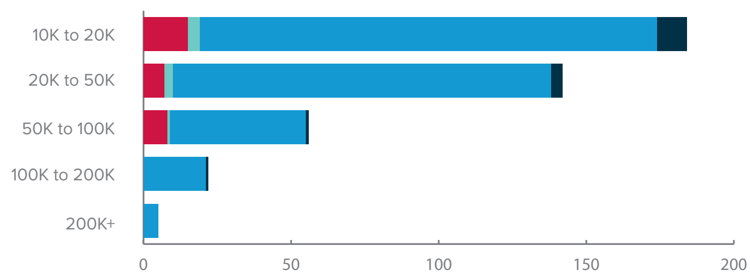
March | 2025

INSIGHT

The Los Angeles County industrial market for Class B and C facilities continues to favor tenants, with the overall supply outpacing demand by nearly 2:1 in March. This imbalance is particularly pronounced in LA Central, which faces one of the largest mismatches with supply outpacing demand by nearly 2.4x, pointing to challenges in both direct and sublease activity. In contrast, the Mid-Counties region is the closest to equilibrium, with 12 availables added relative to 8 comps in the same time. The imbalance of demand and supply is in part driven by the sublease market, which saw 3x more supply added than comps in March, underscoring slower tenant absorption and rising availability. Landlords hoping to secure sublease tenants should reconsider current strategies and potentially revise pricing or enhance lease terms to better compete in this highly saturated and competitive landscape.

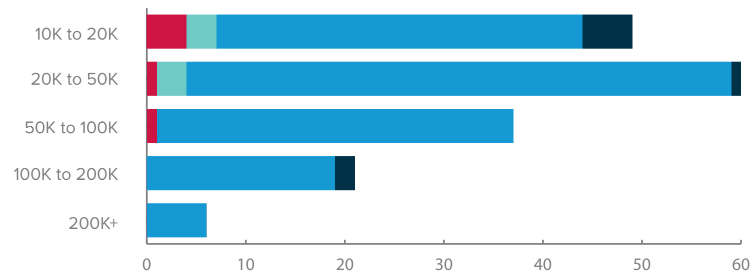
Lease Supply Demand Report

LA Central Lease Supply Demand (March 2025)



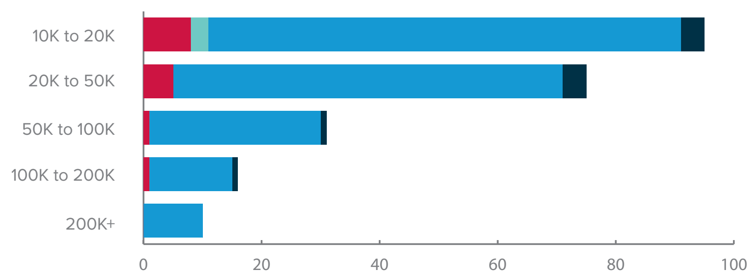
SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	15	4	155	10
20K to 50K	7	3	128	4
50K to 100K	8	1	46	1
100K to 200K	0	0	21	1
200K+	0	0	5	0

Mid-Counties Lease Supply Demand (March 2025)



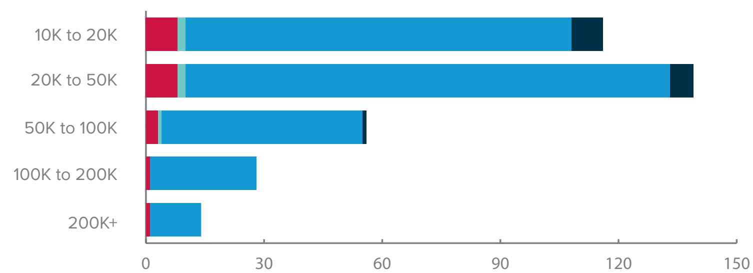
SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	4	3	37	5
20K to 50K	1	3	55	1
50K to 100K	1	0	36	0
100K to 200K	0	0	19	2
200K+	0	0	6	0

San Gabriel Valley Lease Supply Demand (March 2025)



SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	8	3	80	4
20K to 50K	5	0	66	4
50K to 100K	1	0	29	1
100K to 200K	1	0	14	1
200K+	0	0	10	0

South Bay Lease Supply Demand (March 2025)



SF	Availables Added Direct	Availables Added Sublease	Total Availables	Total Comps This Month
10K to 20K	8	2	98	8
20K to 50K	8	2	123	6
50K to 100K	3	1	51	1
100K to 200K	1	0	27	0
200K+	1	0	13	0

Grand Total:	Direct Availables Added	Total Available Added Sublease	Total Availables	Total Comps This Month
	72	22	1019	49

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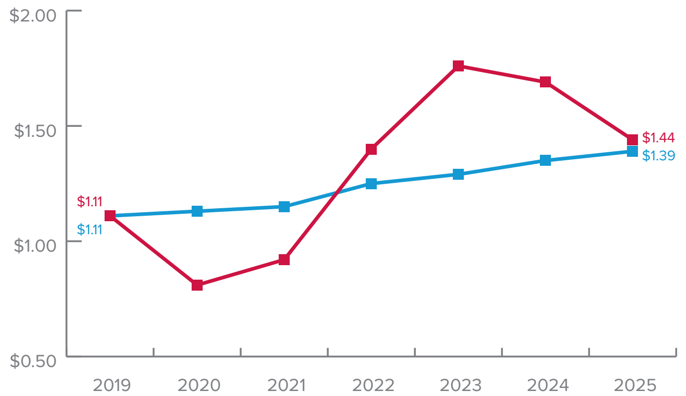
INSIGHT

Lease rates across Los Angeles County are on a downward correction path as the market works toward realignment with inflation-adjusted benchmarks. NNN lease rates have dropped 14.79% over the past year, falling from $1.69 per square foot in Q1 2024 to $1.44 in Q1 2025, nearly matching the inflation-adjusted equilibrium rate of $1.39. GRS lease rates have also declined, from $1.23 to $1.14 over the same period, but still sit above the inflation-aligned target of $1.04, suggesting additional adjustments may be required. With supply still more than double the pace of demand, pricing strategies that were viable a year ago may no longer be sufficient. Landlords need to assess and align their rates more aggressively to maintain competitiveness and avoid extended vacancies in a softer leasing environment.

2019-2025 (March) Potential Lease Equilibrium

ALL MARKETS IN LOS ANGELES - NNN

Lease Comp Rate VS. Lease Comp Rate w/ Inflation

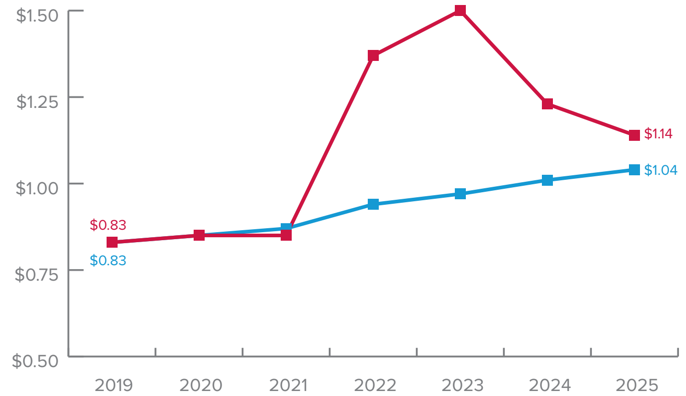


Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	$1.11	$1.11	
2020	$0.81	$1.13	1.9%
2021	$0.92	$1.15	2.2%
2022	$1.40	$1.25	8.5%
2023	$1.76	$1.29	3.7%
2024	$1.69	$1.35	4.0%
2025	$1.44	$1.39	3.1%

Lease Comp Rate · Lease Comp Rate w/ Inflation

ALL MARKETS IN LOS ANGELES - GRS

Lease Comp Rate VS. Lease Comp Rate w/ Inflation



Year	Lease Comp Rate	Lease Comp Rate With Inflation	% Inflation
2019	$0.83	$0.83	
2020	$0.85	$0.85	1.9%
2021	$0.85	$0.87	2.2%
2022	$1.37	$0.94	8.5%
2023	$1.50	$0.97	3.7%
2024	$1.23	$1.01	4.0%
2025	$1.14	$1.04	3.1%

Lease Comp Rate · Lease Comp Rate w/ Inflation

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INSIGHT

The sublease market has become increasingly strained, with vacancy rates more than doubling from 3.5% in Q1 2024 to 7.6% in Q1 2025. Asking rents have dropped accordingly, falling from $1.32 to $1.18 per square foot countywide, with sharper declines seen in specific submarkets such as San Gabriel Valley, where rates plummeted 22% to $1.09 within the last year. Despite the rate reductions, demand remains soft, as evidenced by the fact that only 89 sublease deals have closed in the past 12 months, compared to 184 total listings now available. This disparity has worsened in recent months, with 82 new listings added since December 2024 alone—nearly the same number as all leases signed during the previous year. For landlords looking to fill space in this crowded segment, further price reductions, improved incentives, or creative structuring may be essential to attract tenant interest and differentiate their offerings from the growing inventory.

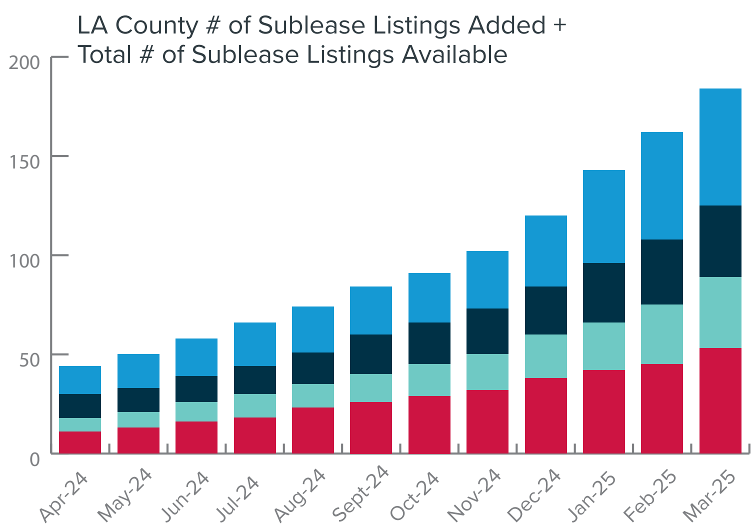
Sublease Report

Sublease Vacancy

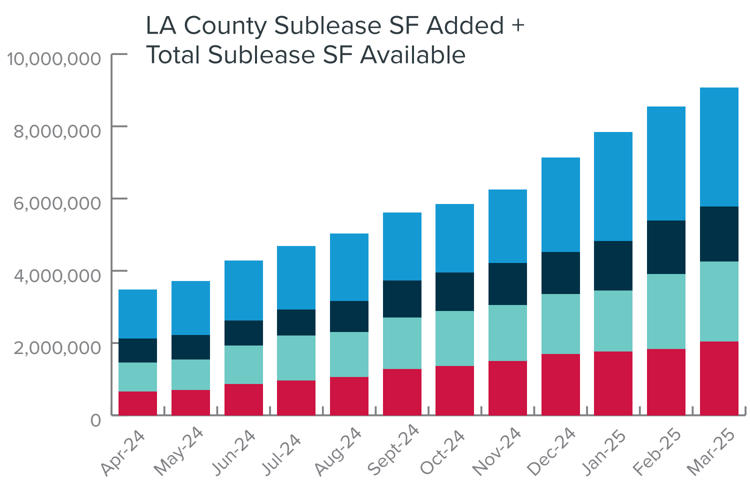
Q1 2025 (QTD)	**7.6%**
Q1 2024	3.5%

Sublease Asking Rate (NNN)

Q1 2025 (QTD)	**$1.18**
Q1 2024	$1.32



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Apr-24	11	7	12	14	44
May-24	2	1	0	3	6
June-24	3	2	1	2	8
July-24	2	2	1	3	8
Aug-24	5	0	2	1	8
Sept-24	3	2	4	1	10
Oct-24	3	2	1	1	7
Nov-24	3	2	2	4	11
Dec-24	6	4	1	7	18
Jan-25	4	2	6	11	23
Feb-25	3	6	3	7	19
Mar-25	8	6	3	5	22
Total	**53**	**36**	**36**	**59**	**184**



Period	LA Central	Mid-Counties	SGV	South Bay	LA County
Apr-24	662,036	795,851	670,746	1,343,417	3,472,050
May-24	32,230	53,995	-	156,086	242,311
June-24	176,339	214,270	12,000	166,912	569,521
July-24	89,050	181,384	31,427	96,684	398,545
Aug-24	94,494	-	152,034	98,985	345,513
Sept-24	219,743	181,251	169,178	19,119	589,291
Oct-24	95,923	91,592	26,980	16,020	230,515
Nov-24	136,049	30,560	92,000	150,235	408,844
Dec-24	191,217	99,537	13,200	574,977	878,931
Jan-25	71,587	40,000	194,151	395,554	701,292
Feb-25	67,320	386,766	114,520	134,058	702,664
Mar-25	207,394	139,087	35,820	155,214	537,515
Total:	**2,043,382**	**2,214,293**	**1,512,056**	**3,307,261**	**9,076,992**

Total Number or Sublease Listings Added + Total Number of Sublease Listings Available	**184**

Total Comps	**89**

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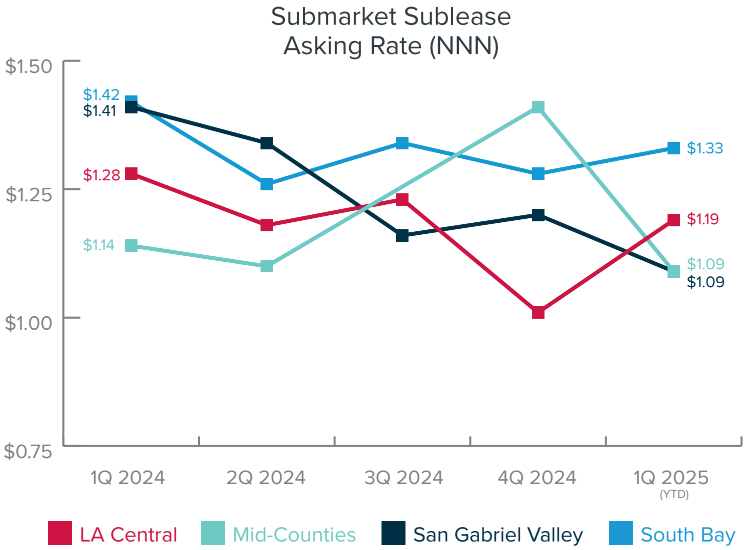
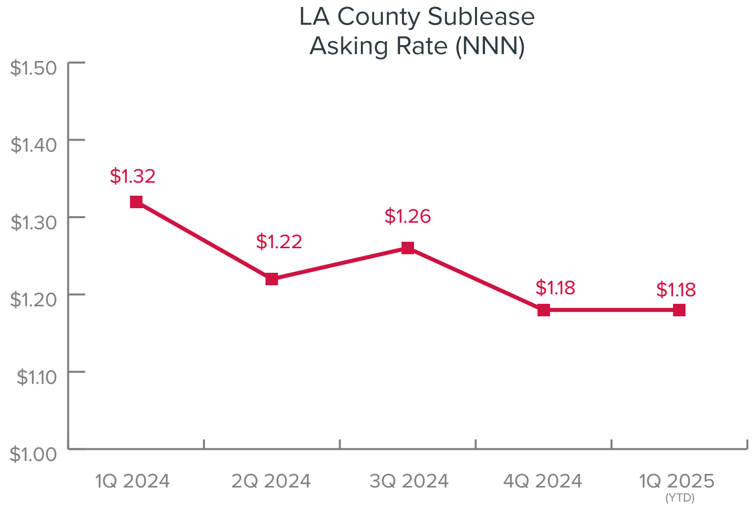
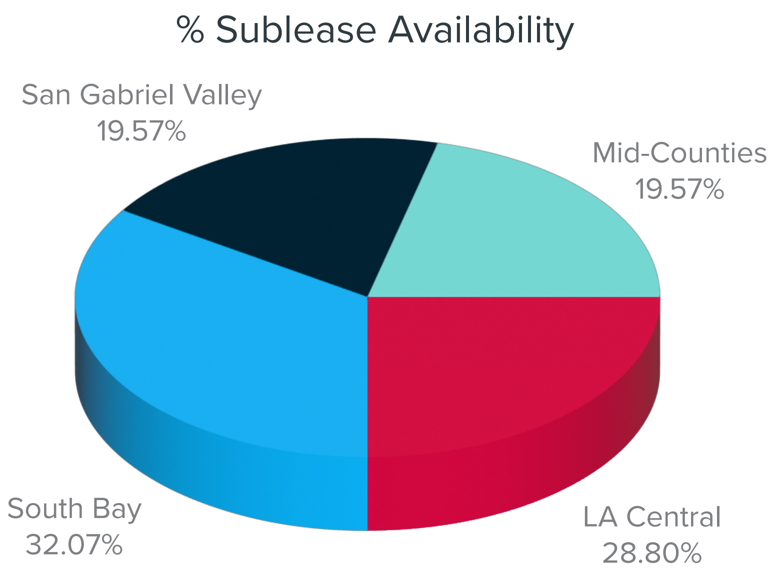
Sublease Report







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