



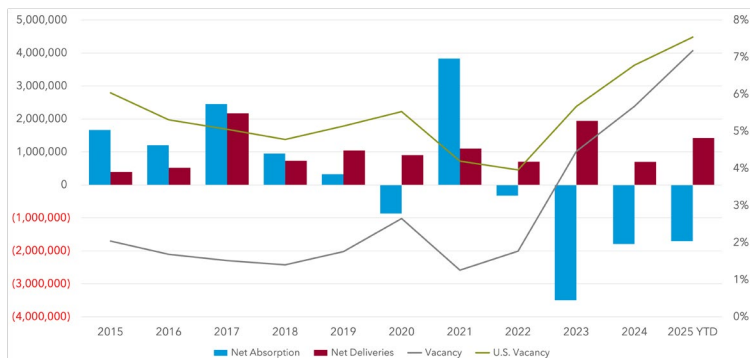
INDUSTRIAL MARKET OVERVIEW

BRANDON CARRILLO, *Principal*

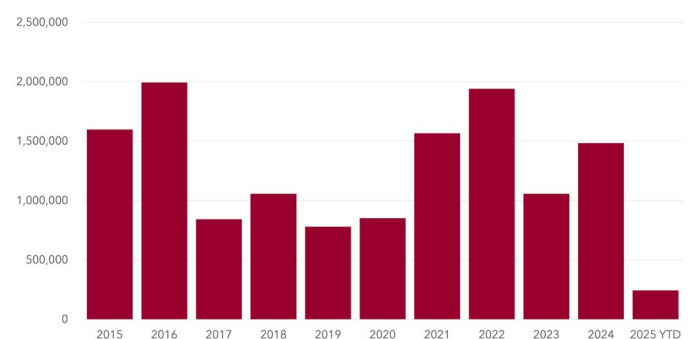
Average lease rates continued their year-long slide in the 3rd Quarter 2025, decreasing from \$1.54 PSF NNN (2Q25) to \$1.48 PSF NNN (3Q25). Lease rates for industrial space have softened since 2023 due to reduced demand and rising vacancy. The vacancy rate also increased from 6.0% to 6.9% quarter-over-quarter, not including sublease availability, which could add another point or two. Average sale rates remain price-segmented based on numerous variables. Despite these trends, LA/South Bay industrial real estate remains healthy, offering buyers and tenants more options and favorable pricing not seen in years. Listing time on market continues to depend heavily on agent pricing guidance and submarket conditions.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▲ 12 Mo. Net Absorption SF	(757,229)	(953,287)	576,305	(1,400,793)	671,902
▲ Vacancy Rate	6.00%	5.90%	5.10%	5.10%	4.30%
▼ Avg NNN Asking Rate PSF	\$17.76	\$18.48	\$19.32	\$19.68	\$19.92
▲ Sale Price PSF	\$291.41	\$276.33	\$307.49	\$362.40	\$281.76
▲ Cap Rate	6.40%	5.30%	5.60%	6.00%	4.40%
▼ Under Construction SF	244,786	643,012	1,276,644	1,483,769	1,778,207
▲ Inventory SF	199,731,671	199,302,559	198,668,927	198,308,460	198,014,022

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
3700-3730 Redondo Beach Blvd.* Redondo Beach, CA	99,377 SF	\$35,500,000 \$357.23 PSF	Terreno Realty MetLife, Inc.	Class B
2959 E. Victoria Street Rancho Dominguez, CA	54,400 SF	\$23,000,000 \$422.79 PSF	Zurich Transport Metropolis Partners	Class C
600 Allied Way El Segundo, CA	36,250 SF	\$17,250,000 \$475.86 PSF	Empire International Ltd. Private Individual	Class C

*Part of a 2-Property Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
19801 S. Santa Fe Avenue Rancho Dominguez, CA	356,642 SF	Port Logistics Group, Inc.	Undisclosed	Undisclosed
901 E. 233rd Street Carson, CA	221,050 SF	Watson Land Company	Custom Goods	Logistics
20846 Normandie Avenue Torrance, CA	203,877 SF	Bridge Industrial	Hadrian, Inc.	Manufacturing

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com