LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

# Q2 2026
# LA - SOUTH BAY, CA

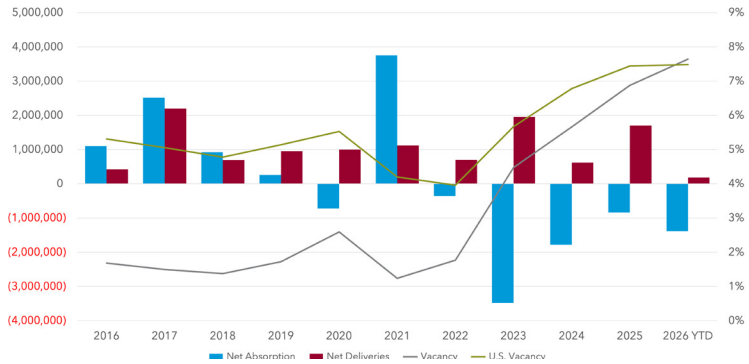
## INDUSTRIAL MARKET OVERVIEW

BRANDON CARRILLO, *Principal*

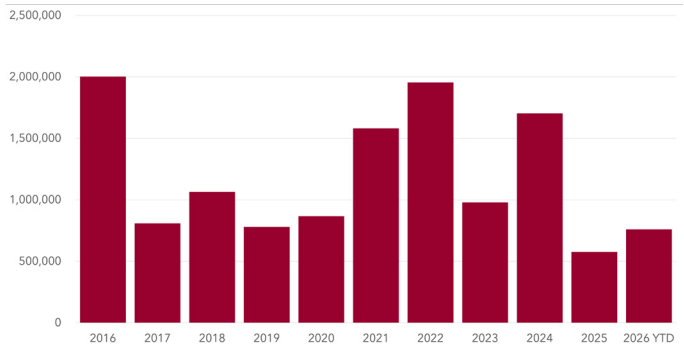
Industrial real estate stayed choppy in 2Q 2026. Lease rates dipped again, from $1.47 to $1.43 PSF NNN ($17.64 to $17.40 NNN annually), while average sale prices climbed from $251 to $267 PSF - a divergence that suggests investors still see long-term value even as occupiers gain short-term leverage. Pricing remains highly segmented by property specifics, and vacancy held steady at 6.75%. Still, LA/South Bay's relatively healthy vacancy rate keeps the door open for buyers and tenants to negotiate favorable terms, though new government policy and tax shifts are adding fresh uncertainty to how properties get priced.

| MARKET INDICATORS | Q2 2026 | Q1 2026 | Q4 2025 | Q3 2025 | Q2 2025 |
|---|---|---|---|---|---|
| ▲ 12 Mo. Net Absorption SF | 542,069 | (1,551,135) | 56,029 | (701,390) | (918,579) |
| ▼ Vacancy Rate | 5.30% | 6.30% | 6.10% | 6.00% | 5.90% |
| ▼ Avg NNN Asking Rate PSF | $17.40 | $17.64 | $18.24 | $17.76 | $18.48 |
| ▲ Sale Price PSF | $419.27 | $298.16 | $363.53 | $290.97 | $276.34 |
| ▼ Cap Rate | - | 3.60% | 1.00% | 6.40% | 5.20% |
| ▼ Under Construction SF | 759,556 | 763,079 | 575,747 | 495,612 | 848,775 |
| ▲ Inventory SF | 201,957,246 | 201,773,018 | 201,773,018 | 201,712,460 | 201,206,880 |

### NET ABSORPTION, NET DELIVERIES, & VACANCY




### UNDER CONSTRUCTION




| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|---|---|---|---|---|
| 1920 E. Maple Avenue<br>El Segundo, CA | 106,885 SF | $79,050,000<br>$739.58 PSF | Landmark Dividend<br>Link Logistics Real Estate | Class B |
| 19801 S. Vermont Avenue<br>Torrance, CA | 98,659 SF | $31,100,000<br>$315.23 PSF | Lift Partners<br>Terreno Realty | Class B |
| 20435 Tillman Avenue<br>Carson, CA | 87,027 SF | $20,704,485<br>$237.91 PSF | BKM Capital Partners<br>DWS Group | Class C |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|---|---|---|---|---|
| 20333 Normandie Avenue<br>Torrance, CA | 512,490 SF | Morgan Stanley & Co., LLC | Valar Atomics | Energy Technology |
| 2400 E. Artesia Boulevard<br>Long Beach, CA | 415,312 SF | Kurv Industrial | Divergent Technologies, Inc. | Aerospace |
| 2161 E. Dominguez Street<br>Long Beach, CA | 245,720 SF | Lakeshore Learning Materials | SimpleHuman USA | Consumer Products |

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