

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.

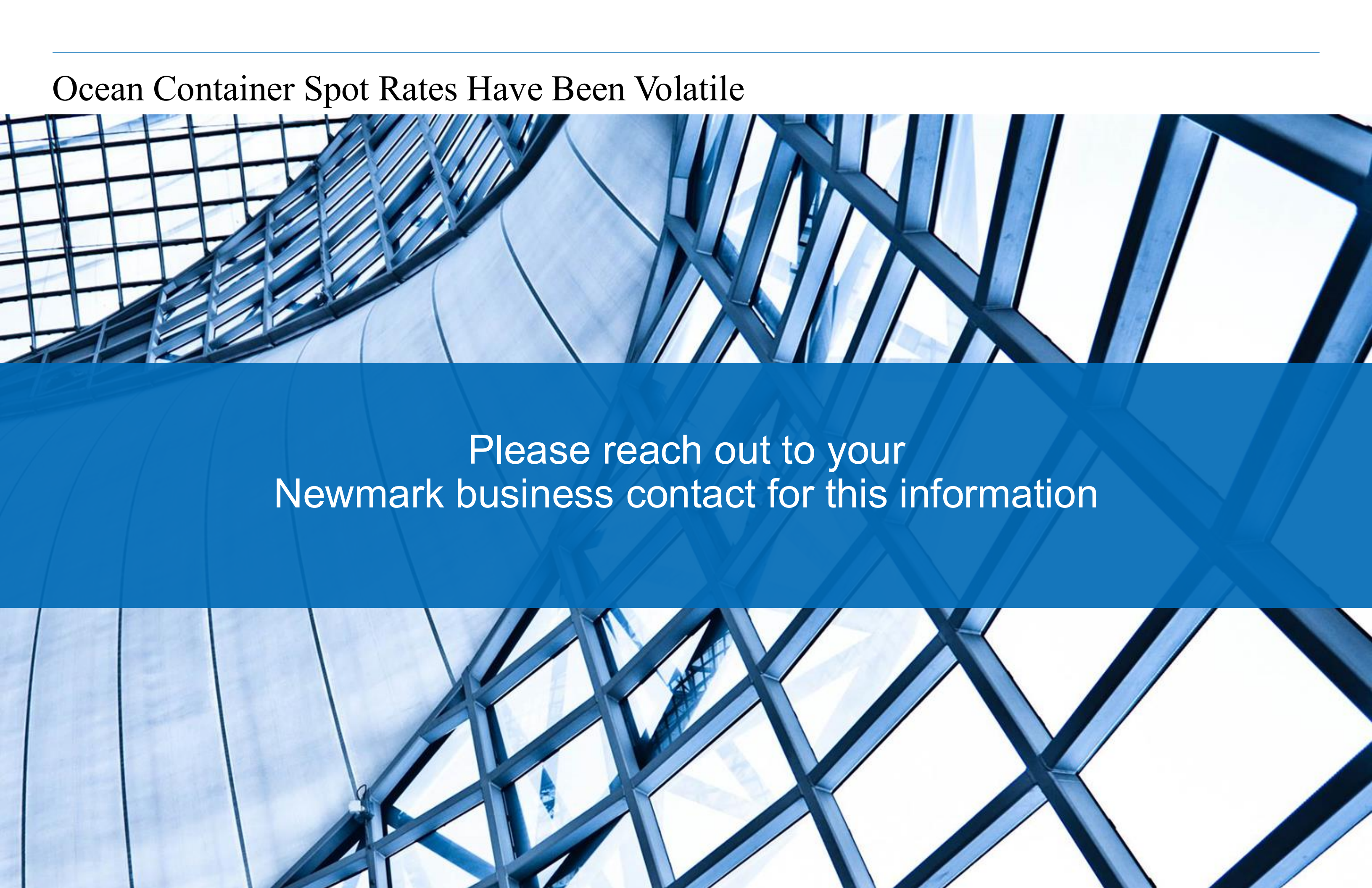
1. Southern California's Ports and U.S. Retail Sales
2. Local Employment
3. Leasing Market Fundamentals
4. Sales Activity
5. Appendix

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



Ocean Container Spot Rates Have Been Volatile

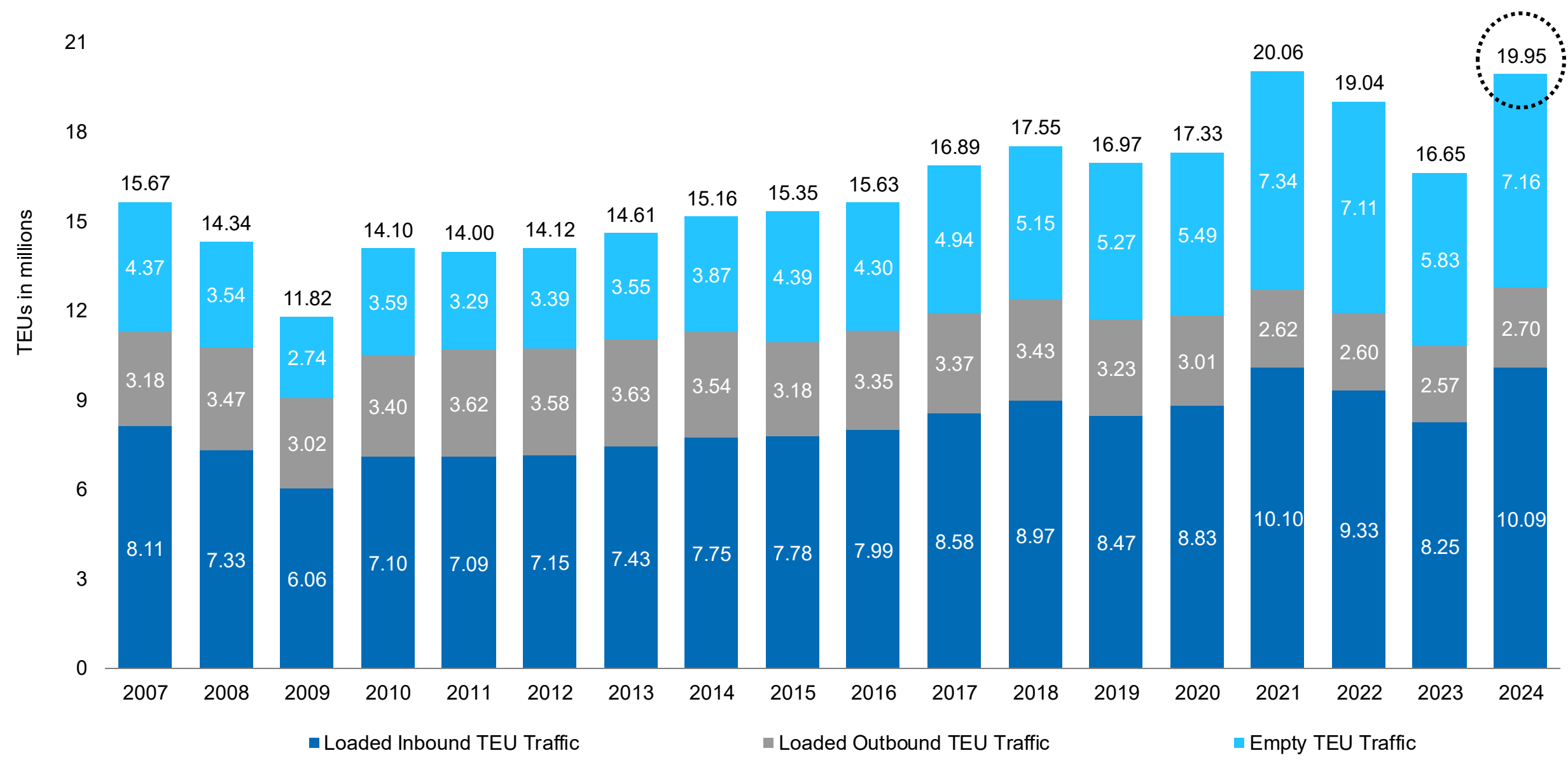
A low-angle, upward-looking shot of a modern building's exterior. The image features a complex network of dark, metallic structural beams and a grid of glass panels. The perspective creates a sense of height and architectural scale, with the lines converging towards the top of the frame. The lighting is bright, suggesting a clear day, and the overall color palette is dominated by blues and greys.

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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

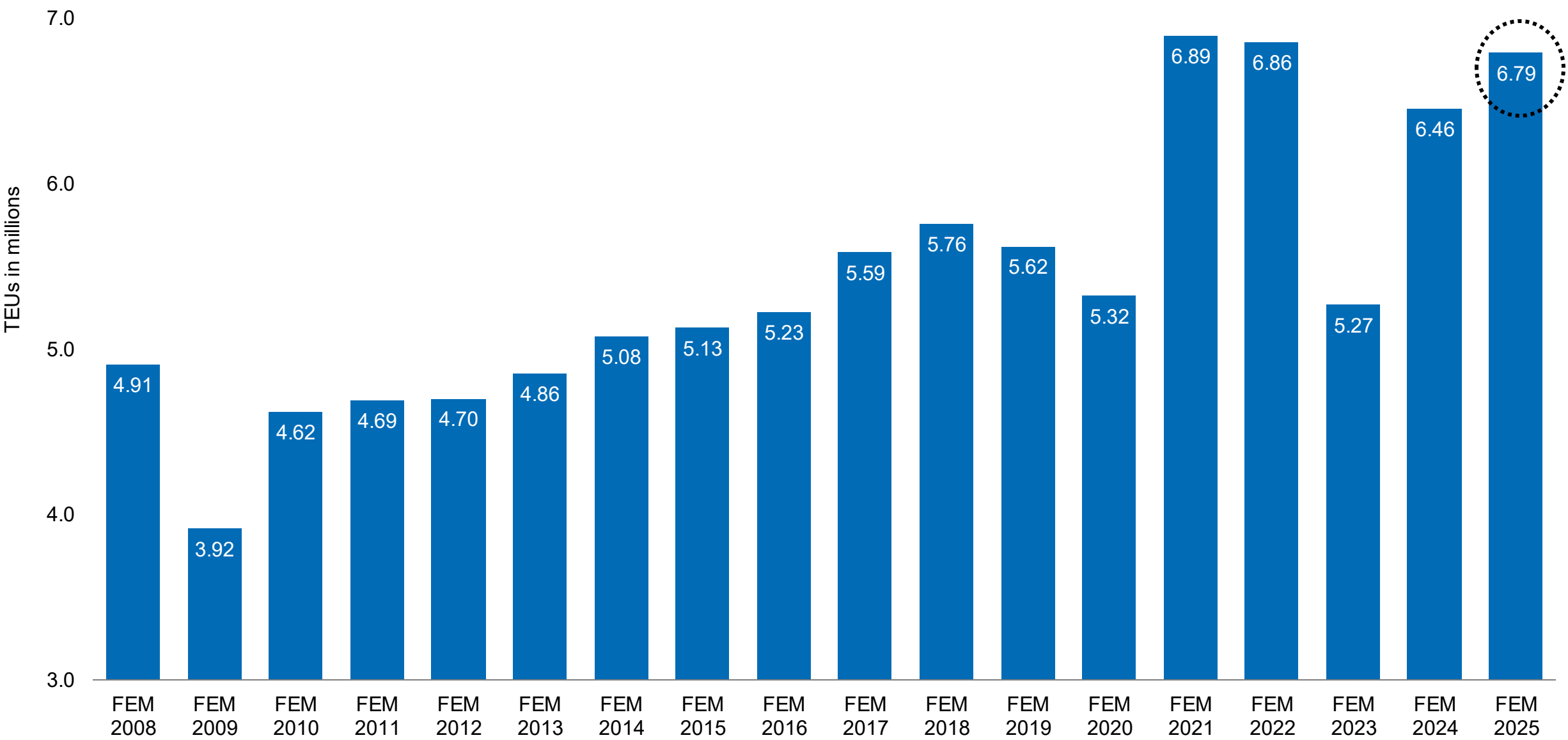


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers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



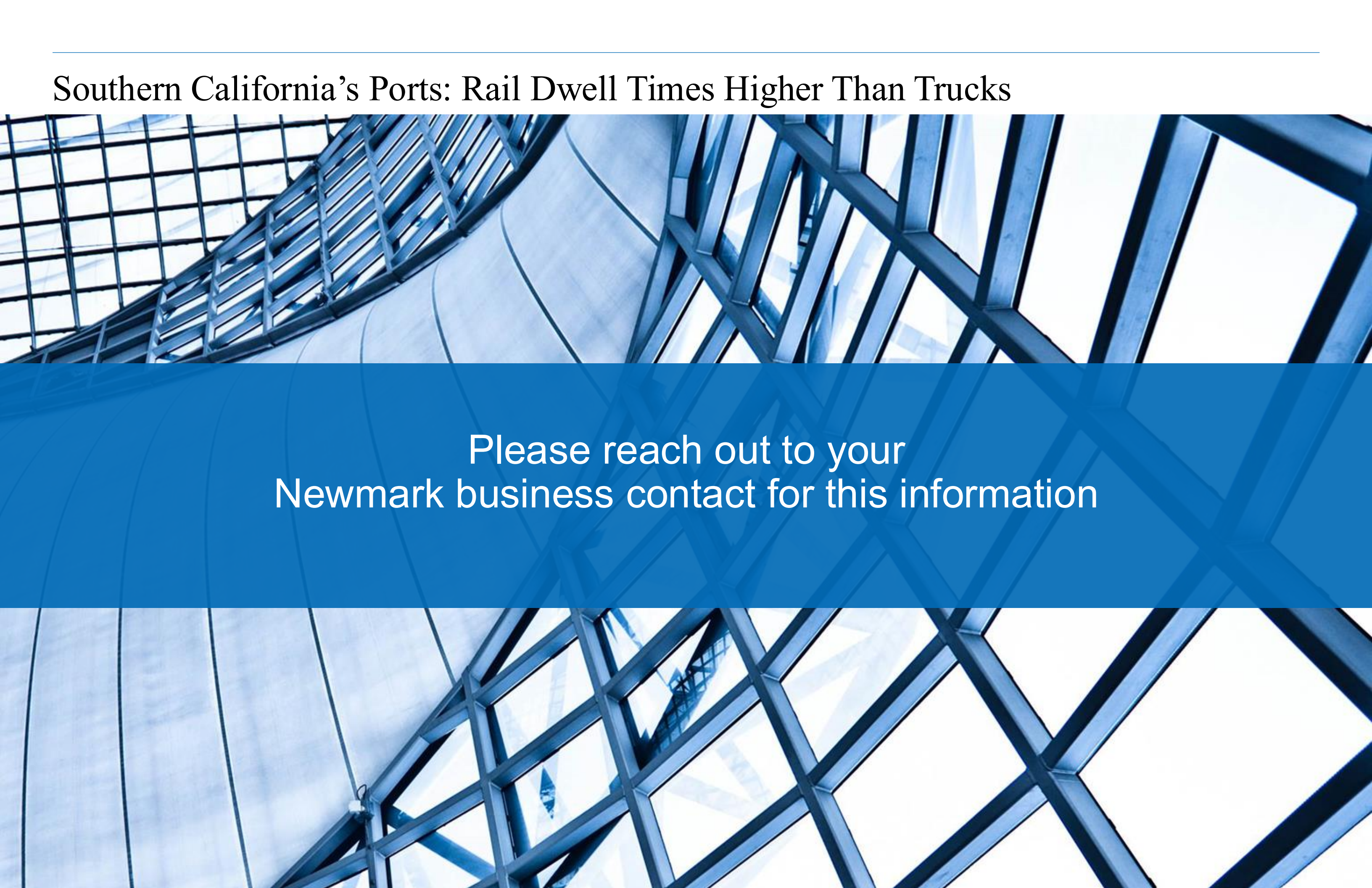
Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers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



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

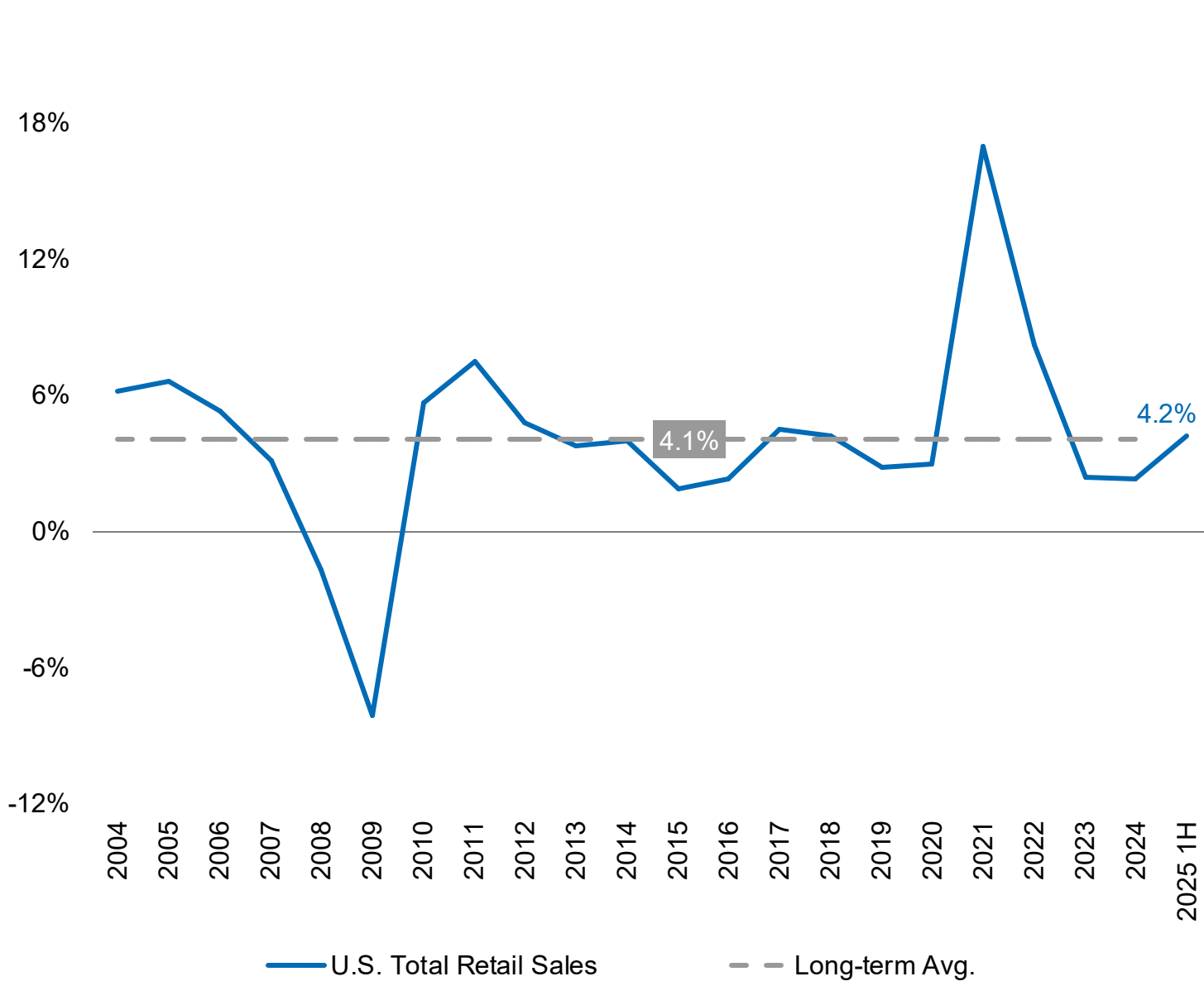
A low-angle, upward-looking shot of a modern building's exterior. The image features a complex network of dark blue steel beams and supports that form a grid-like pattern against a bright, overcast sky. Large glass panels are visible, reflecting the sky and the surrounding structure. The perspective creates a sense of height and architectural scale.

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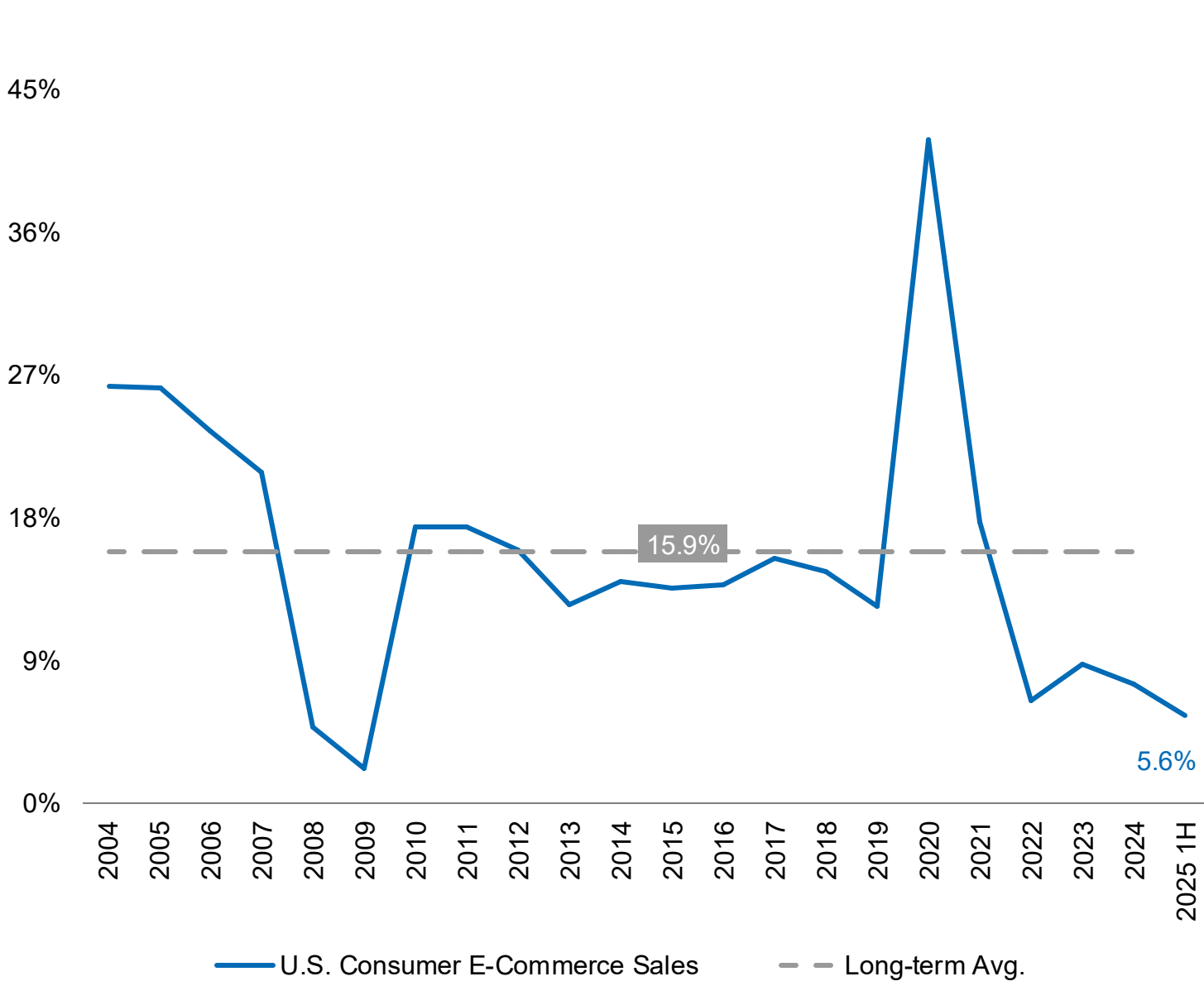
Retail Sales (an Indicator of Warehouse Demand) Up, But Projected to Slow

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



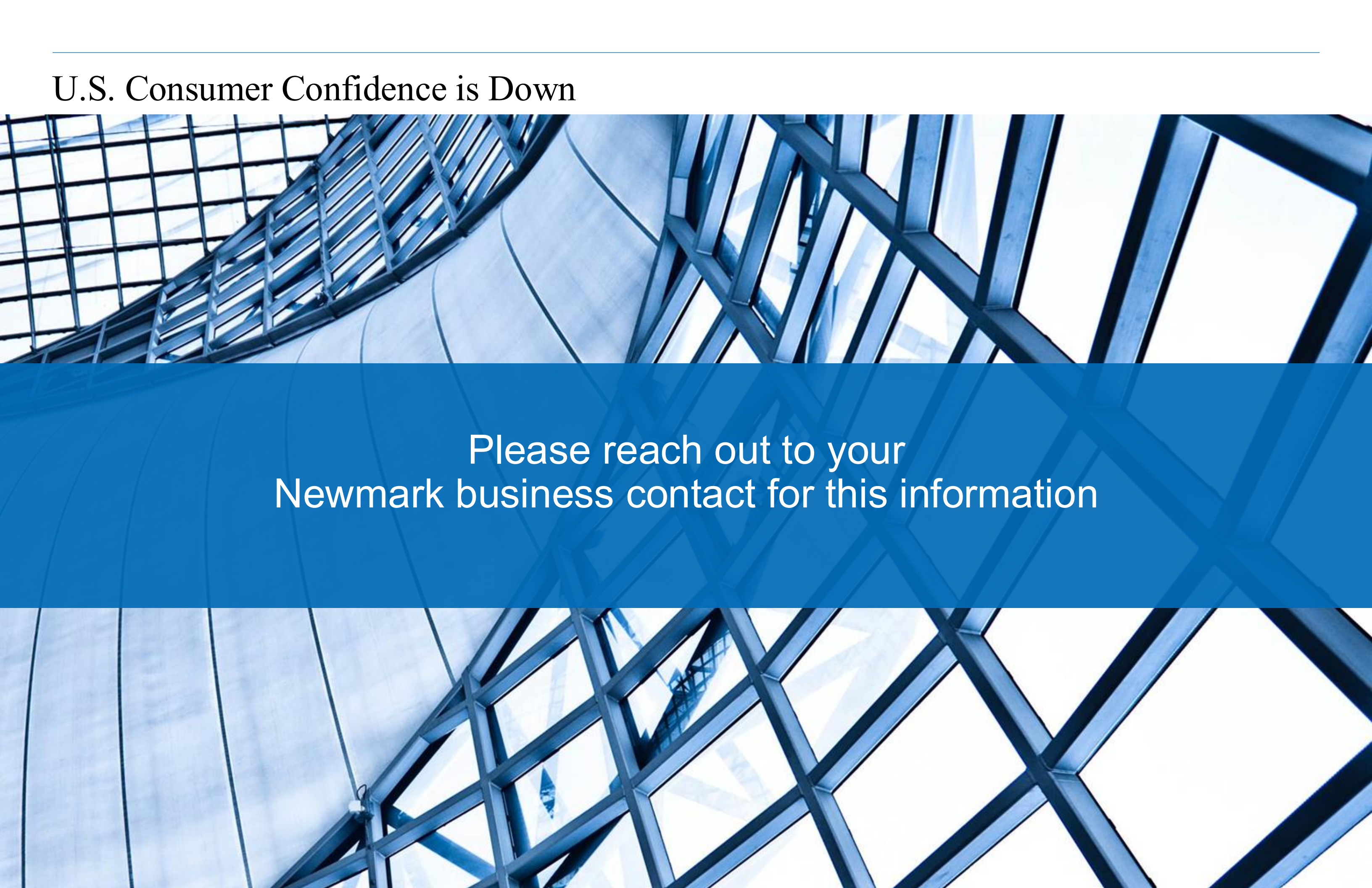
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U.S. Wage Growth is Outpacing Inflation While Unemployment Remains Low



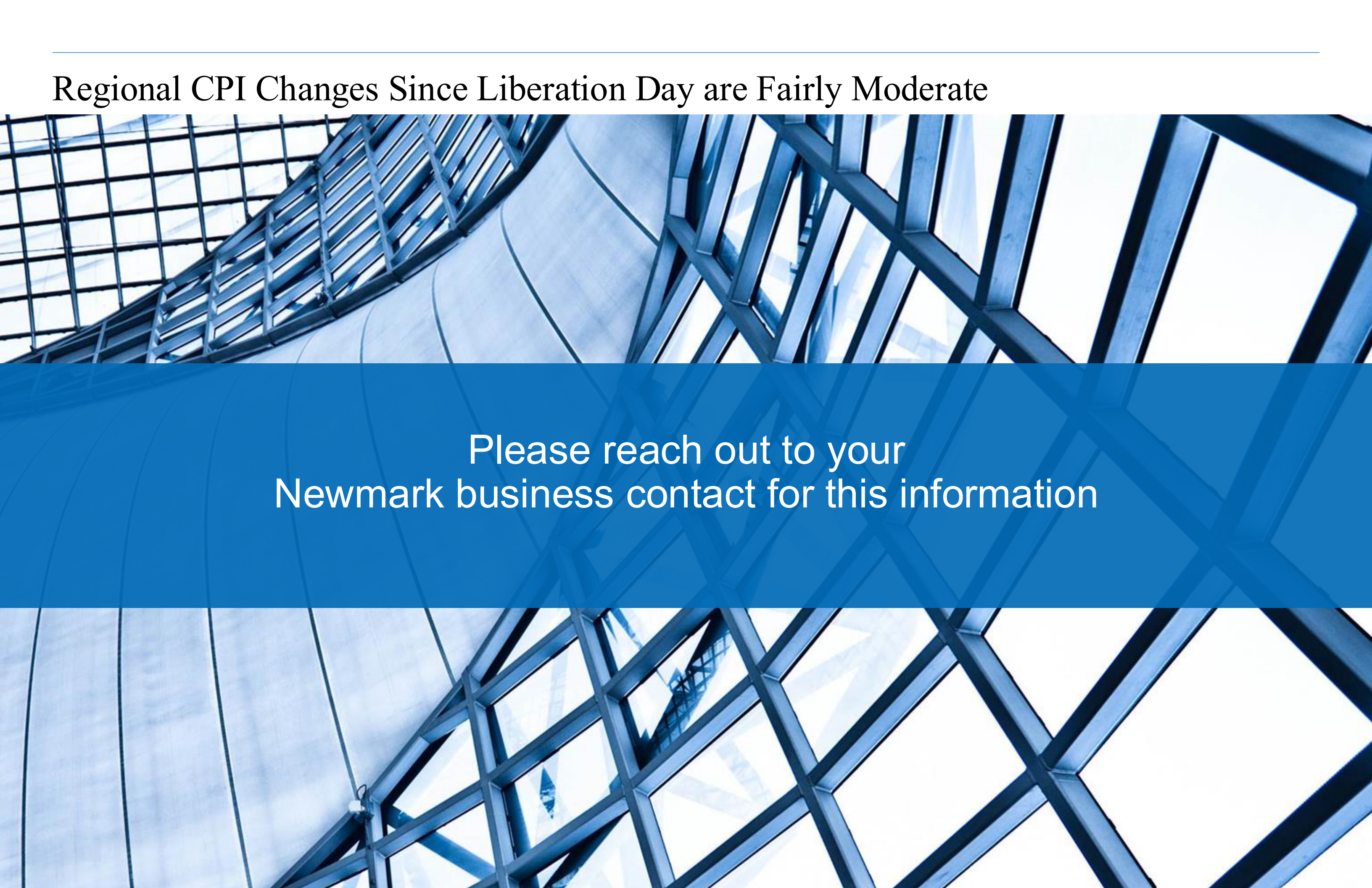
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U.S. Consumer Confidence is Down



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Regional CPI Changes Since Liberation Day are Fairly Moderate



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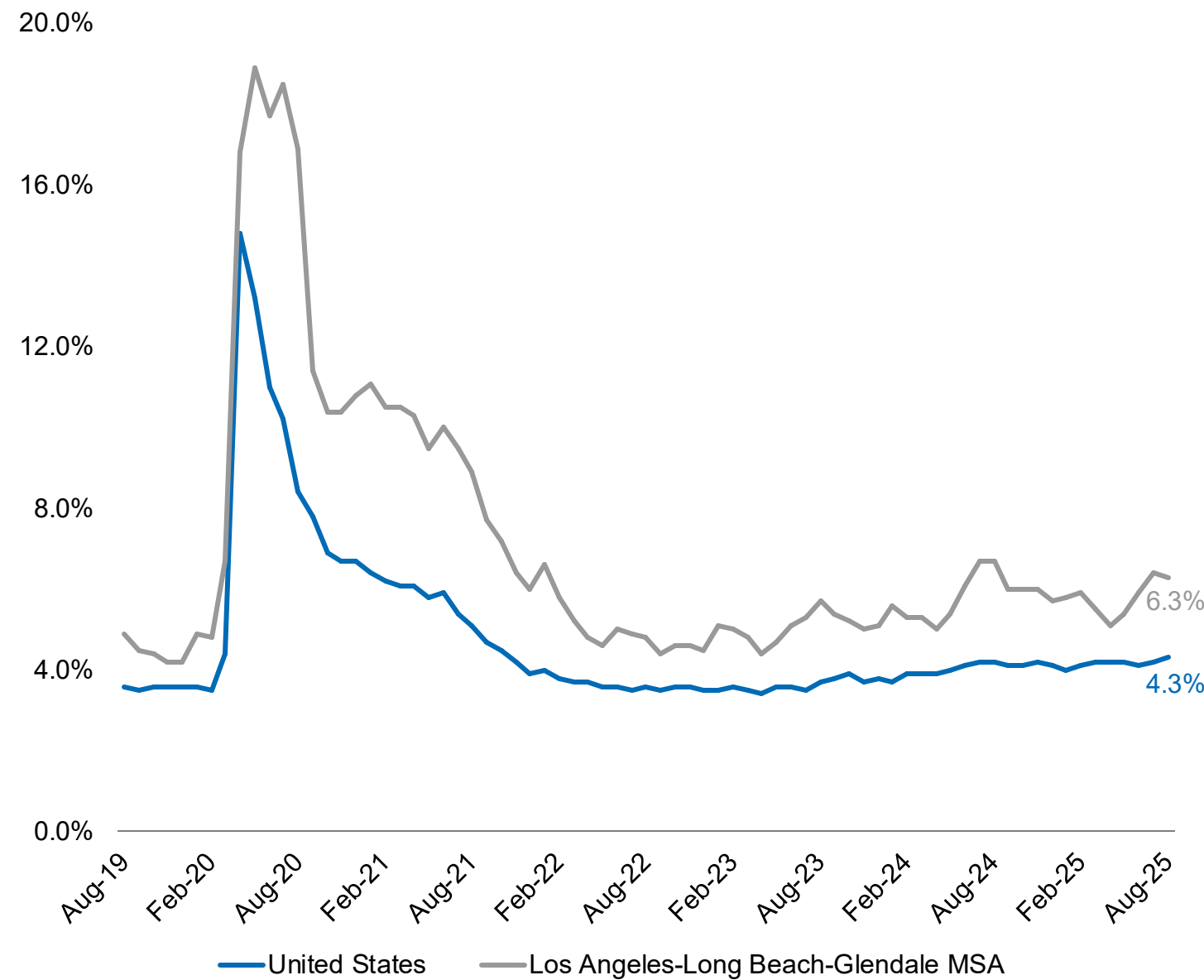
Local Employment



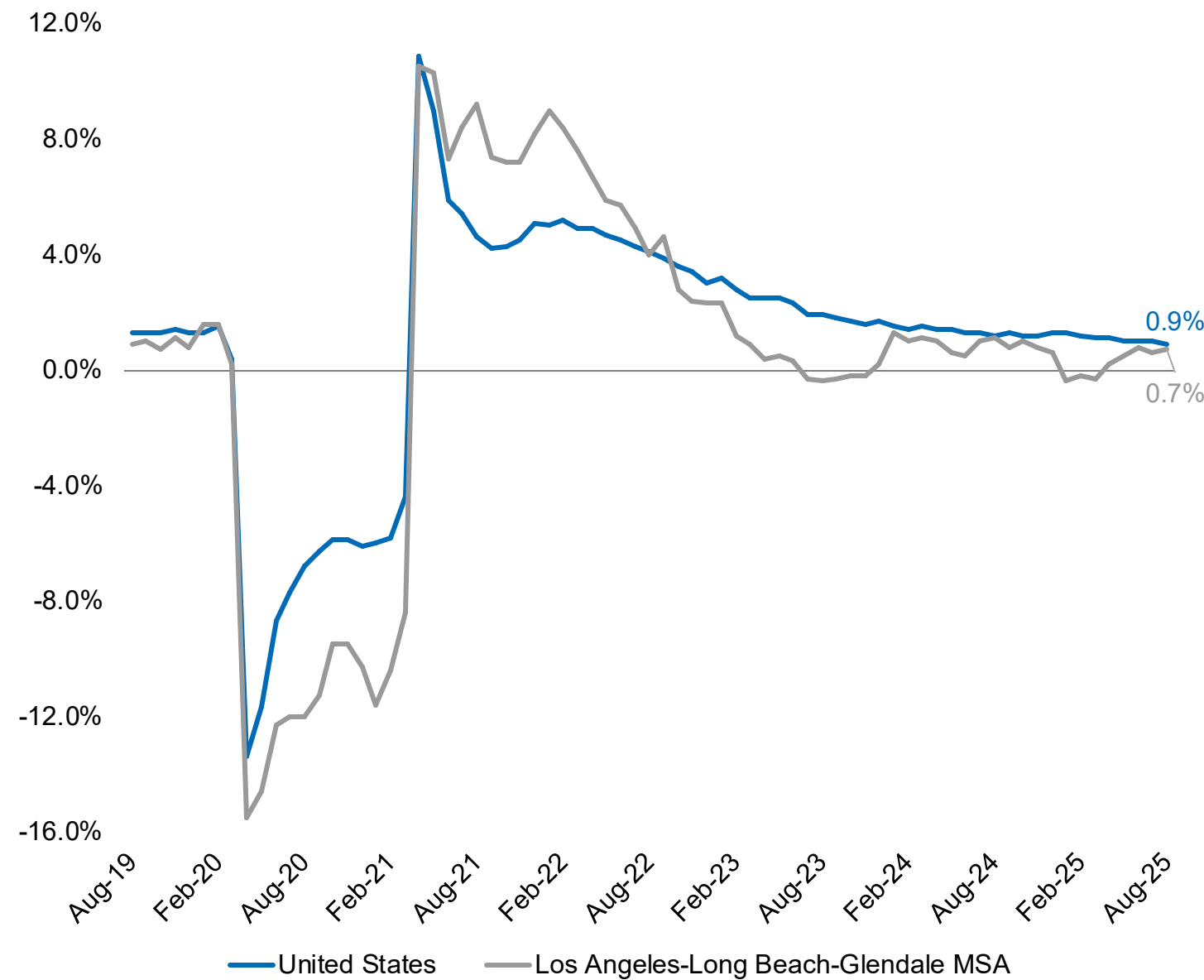
Local Unemployment Still Above Pre-Pandemic Rate; Limited Employment Growth

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

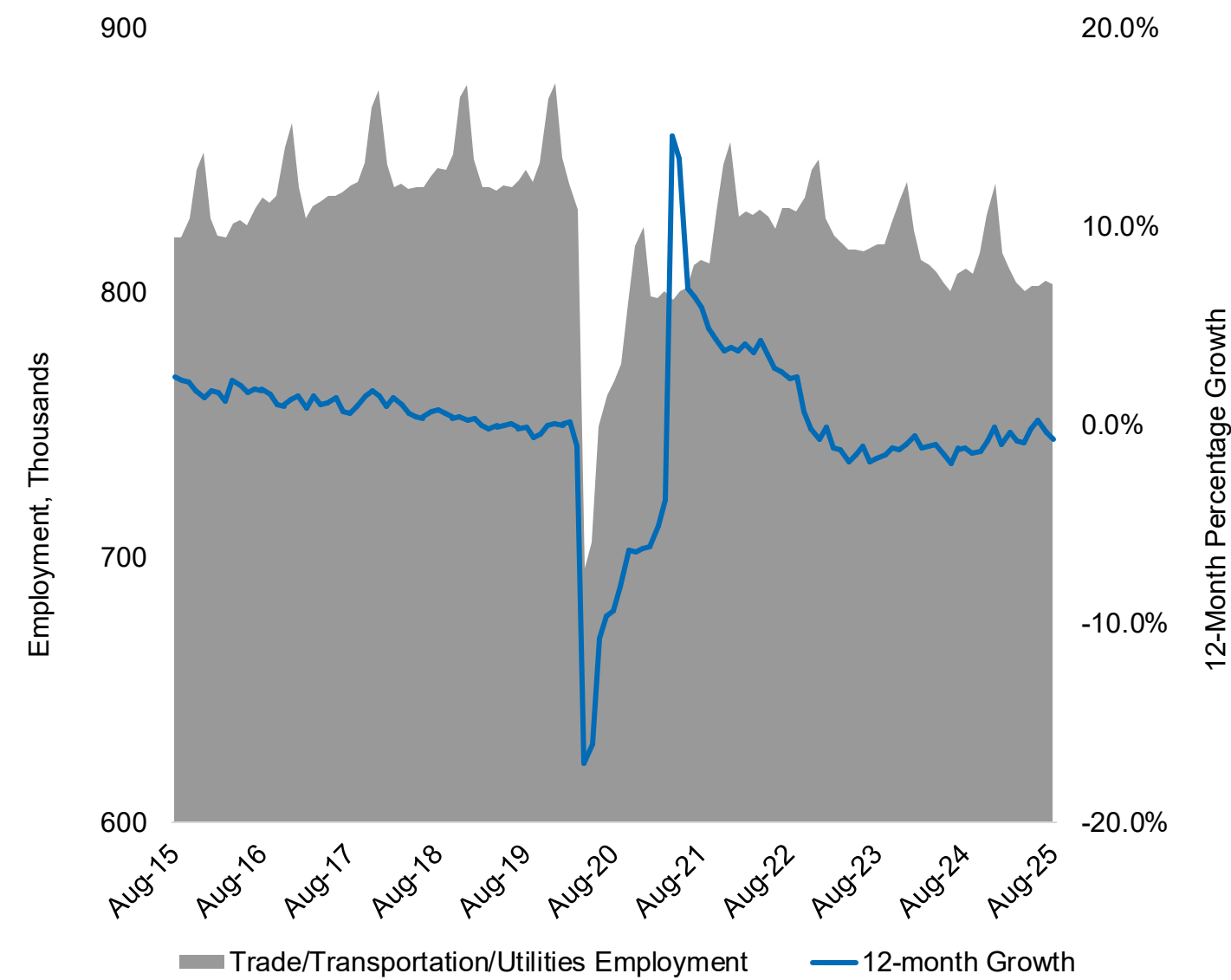


Source: U.S. Bureau of Labor Statistics, Los Angeles-Long Beach-Glendale MSA

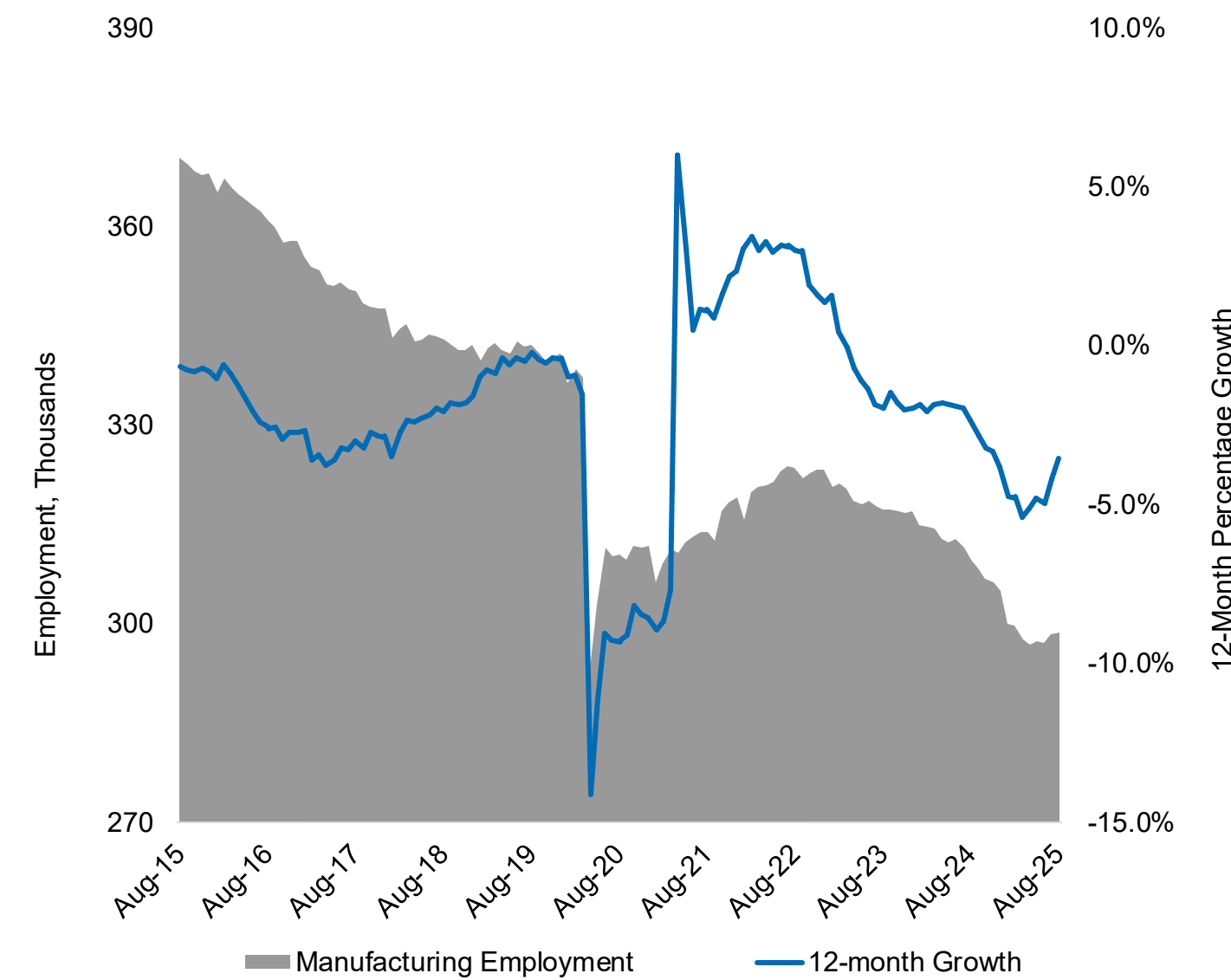
Overall Industrial Employment Growth Down; Sector Vulnerable to Tariffs

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



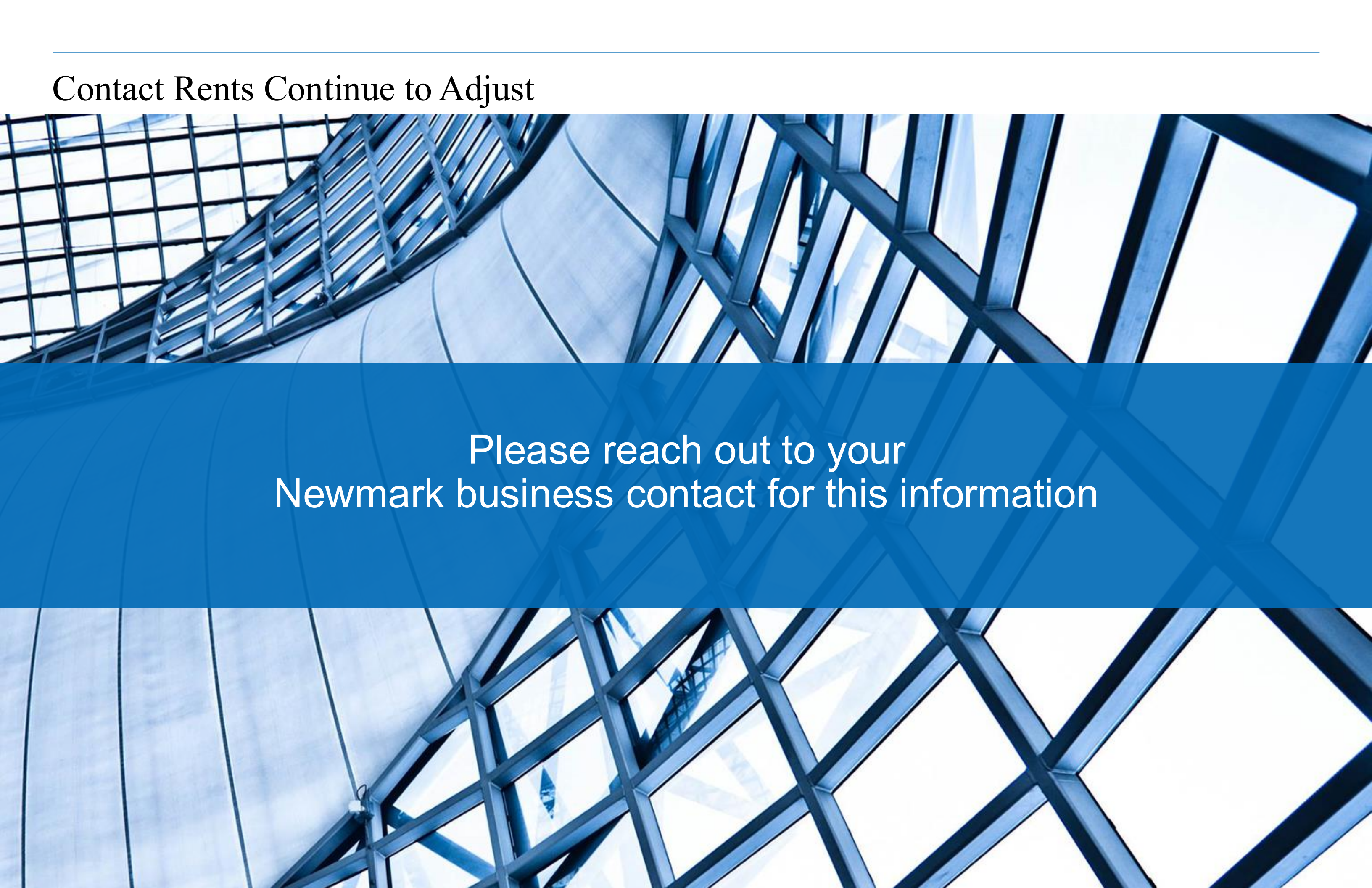
Source: U.S. Bureau of Labor Statistics, Los Angeles-Long Beach-Glendale

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Leasing Market Fundamentals



Contact Rents Continue to Adjust



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



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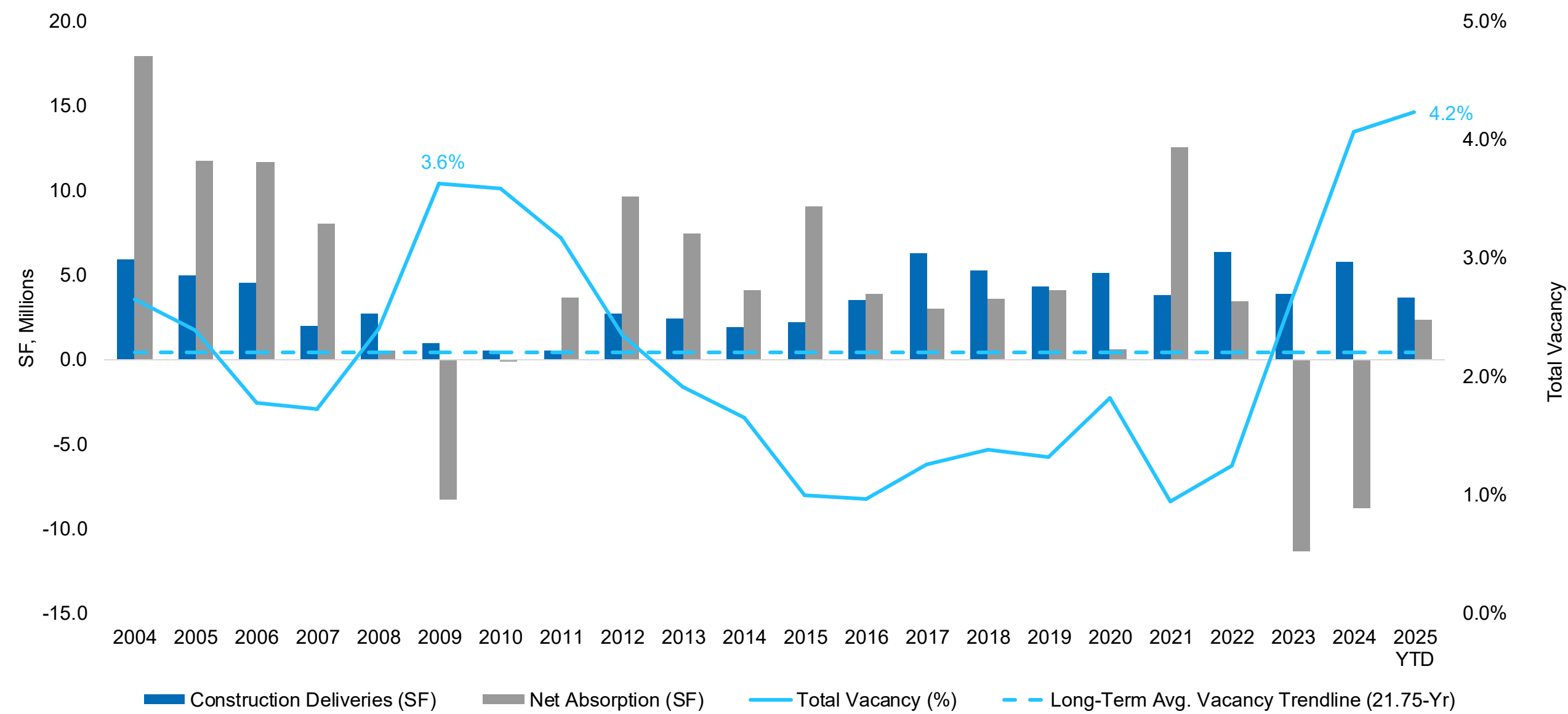
Term Lengths Remain Below Historical Average, But are Trending Up

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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

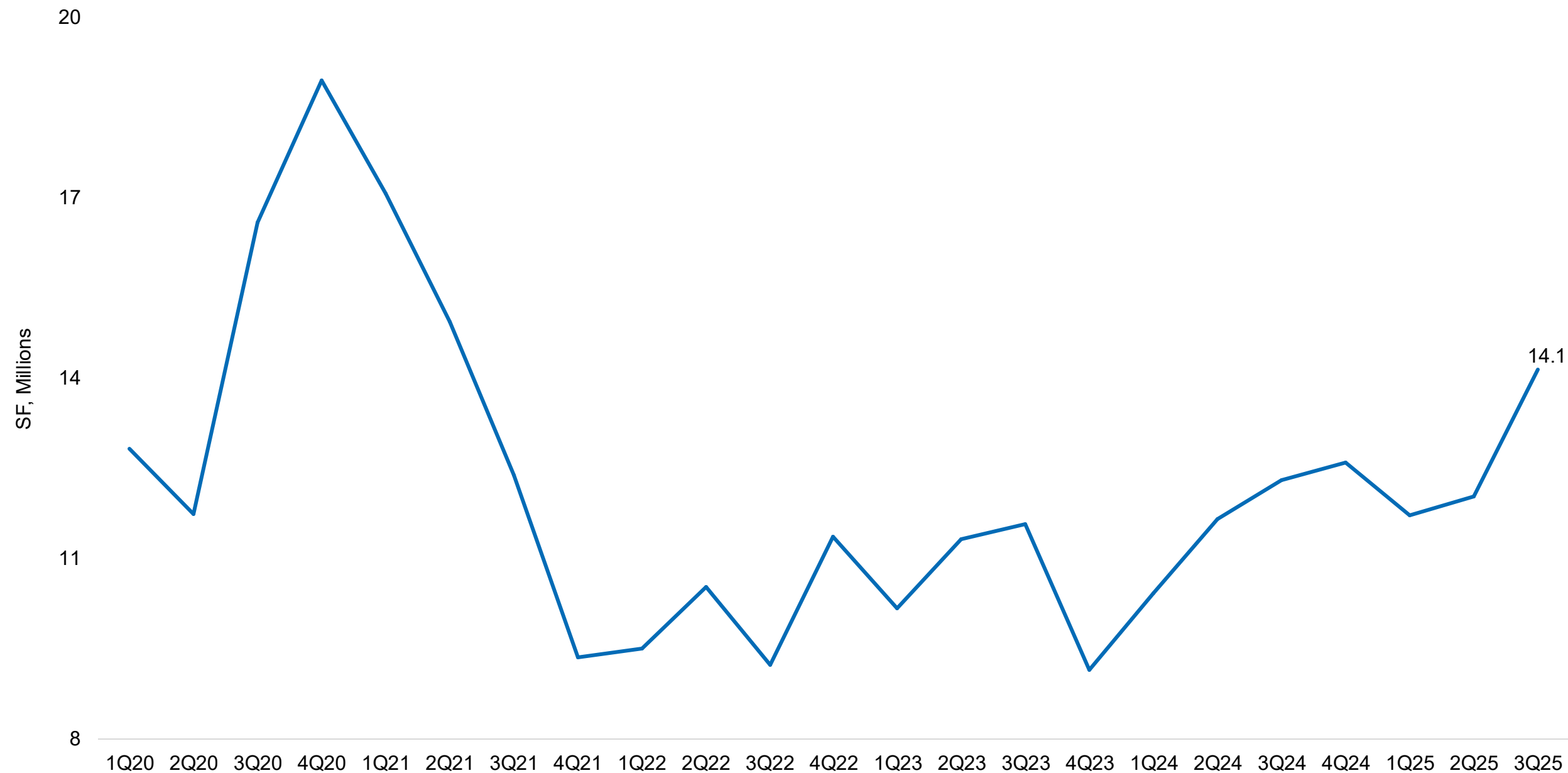


Source: Newmark Research

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

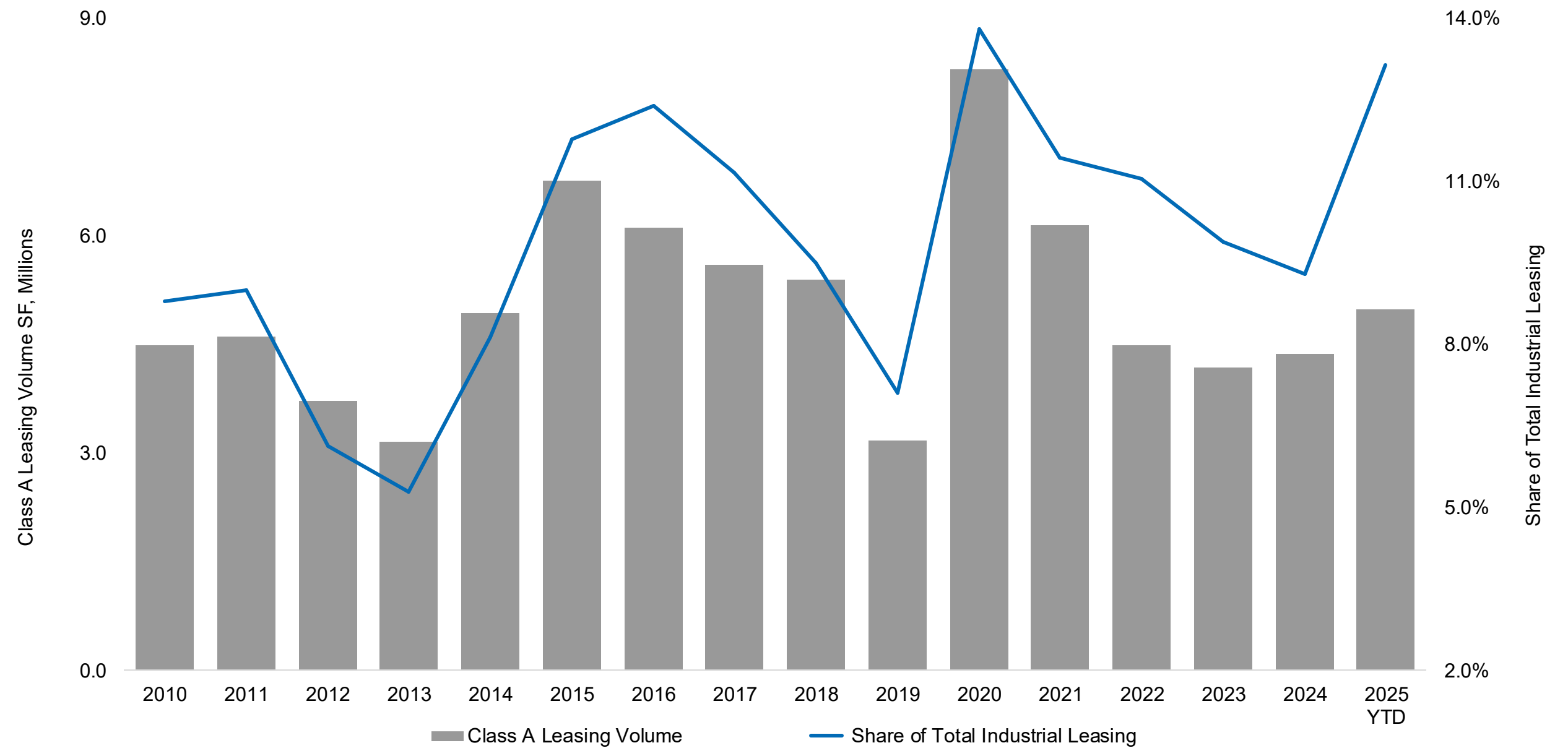


Source: Newmark Research, CoStar
Note: Total leasing activity includes direct leases, subleases, renewals and extensions.

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

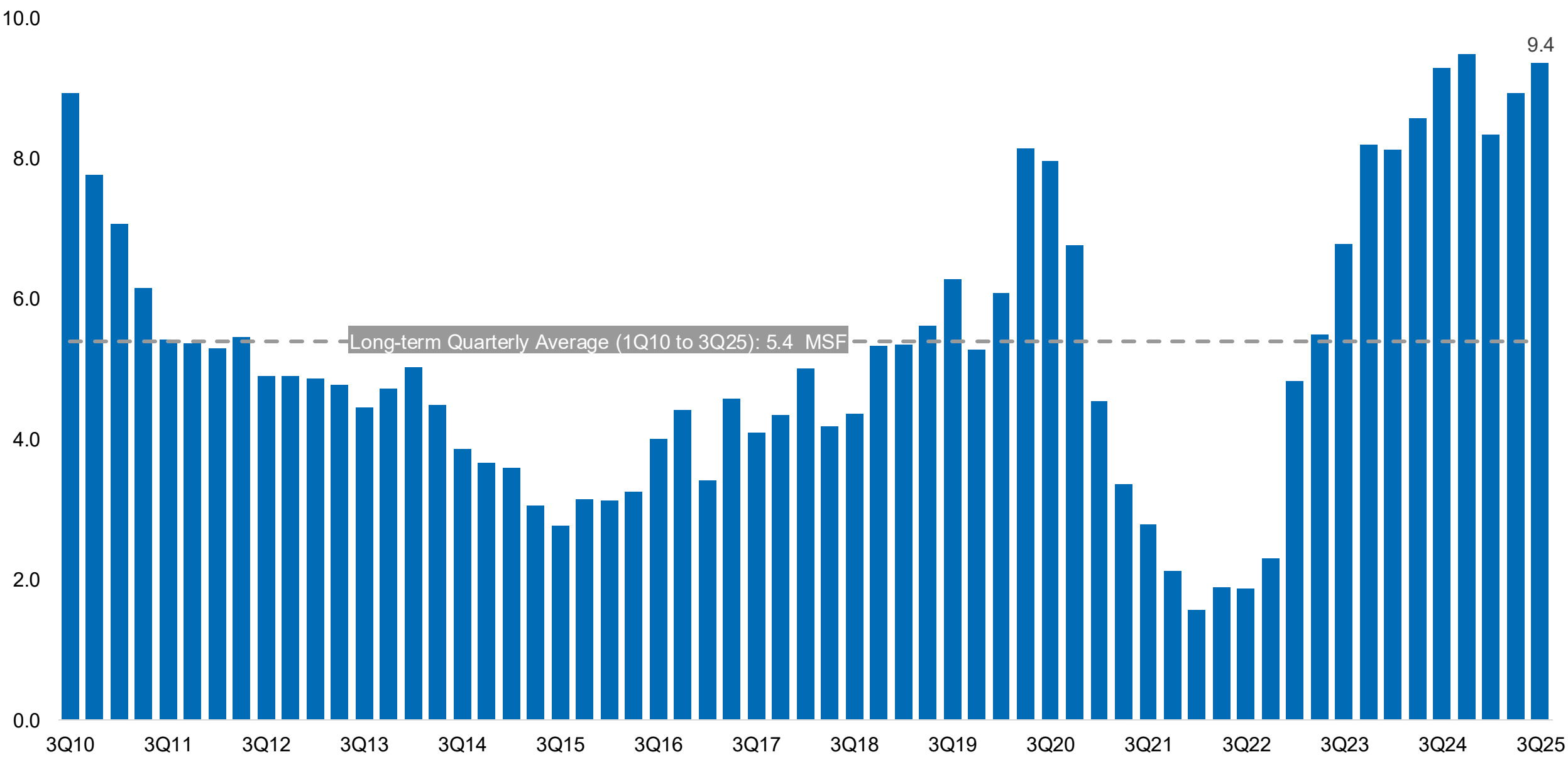


Source: Newmark Research, CoStar
Note: Class A is defined as 100,000+ SF warehouse/distribution facilities constructed since 2000 with a 30'+ minimum interior ceiling height.

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

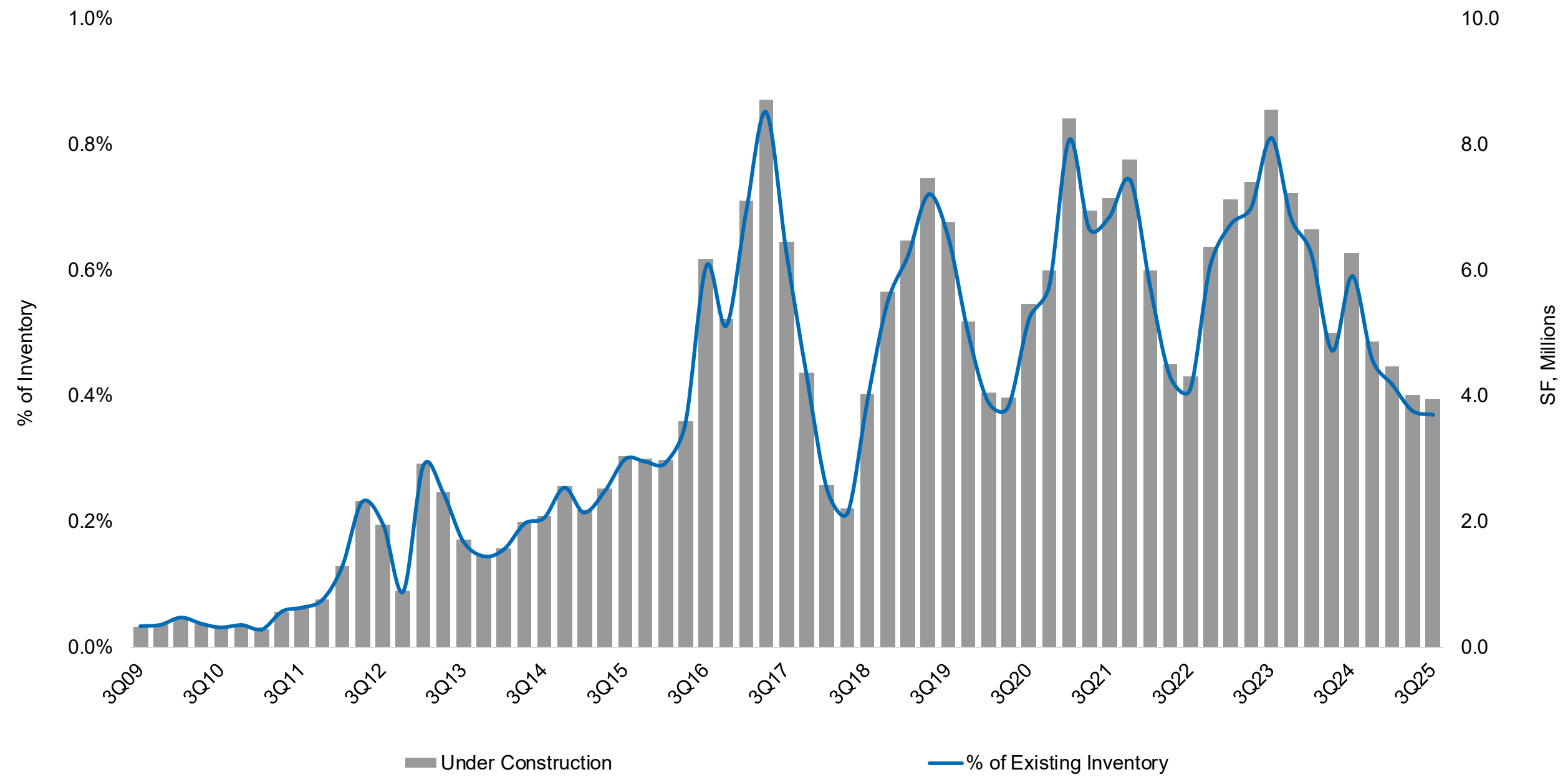
68.9% of Available Sublease Space is Based in the Region's Infill Markets

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Construction Volume Plateaus in Third Quarter, Further Contractions Likely

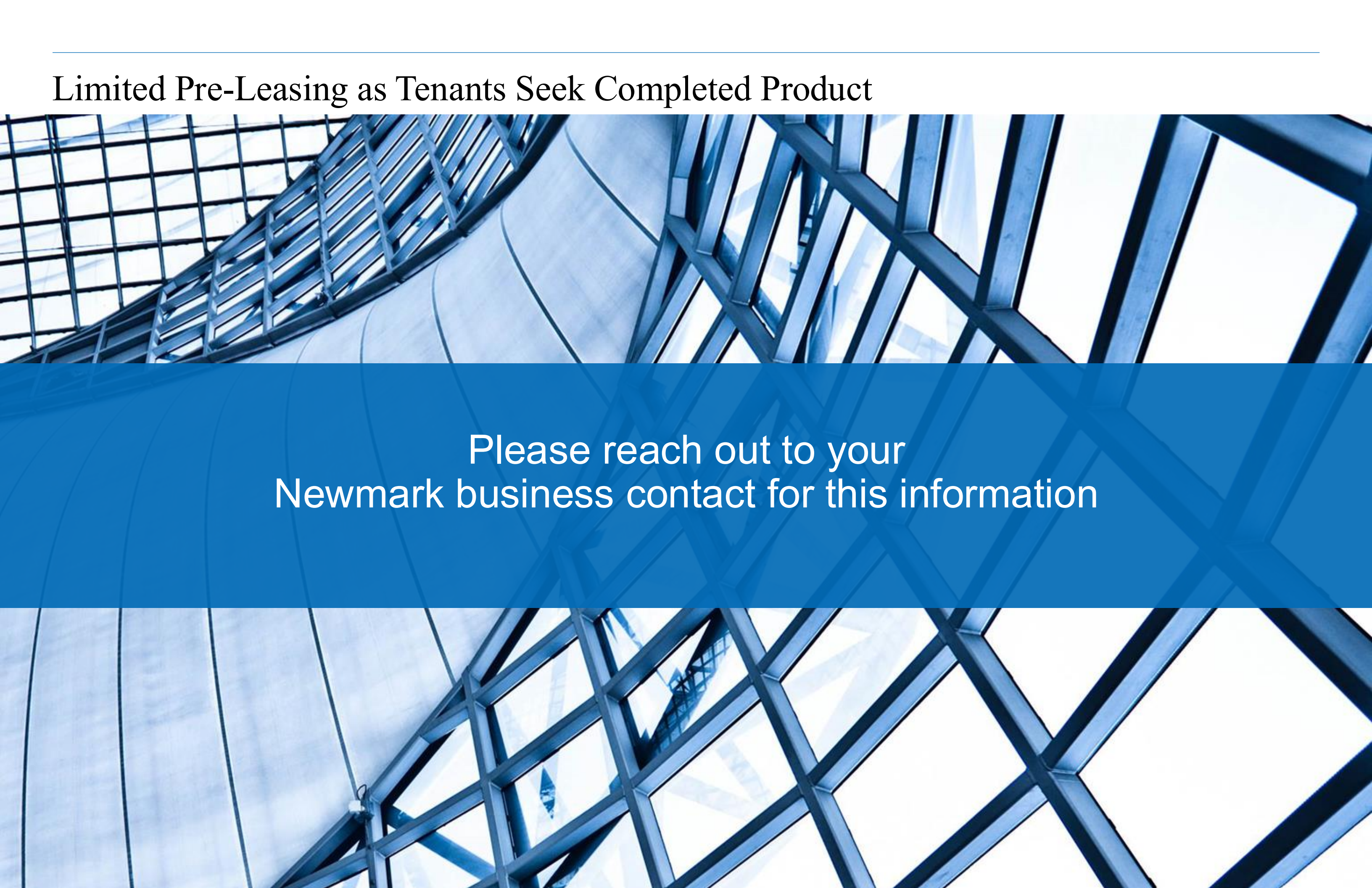
The under-construction pipeline contracted by a mere 1.7% from the second to the third quarter as groundbreakings for several new developments, including the 737,730-SF 101 Logistics Center in Oxnard, offset 1.6 MSF of new construction deliveries. The pipeline will likely trend down until leasing activity 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

A low-angle, upward-looking shot of a modern building's exterior. The image features a complex network of dark, metallic structural beams and a grid of glass panels, creating a sense of height and architectural complexity. The sky is visible through the glass, appearing as a bright, pale blue. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing white text.

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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

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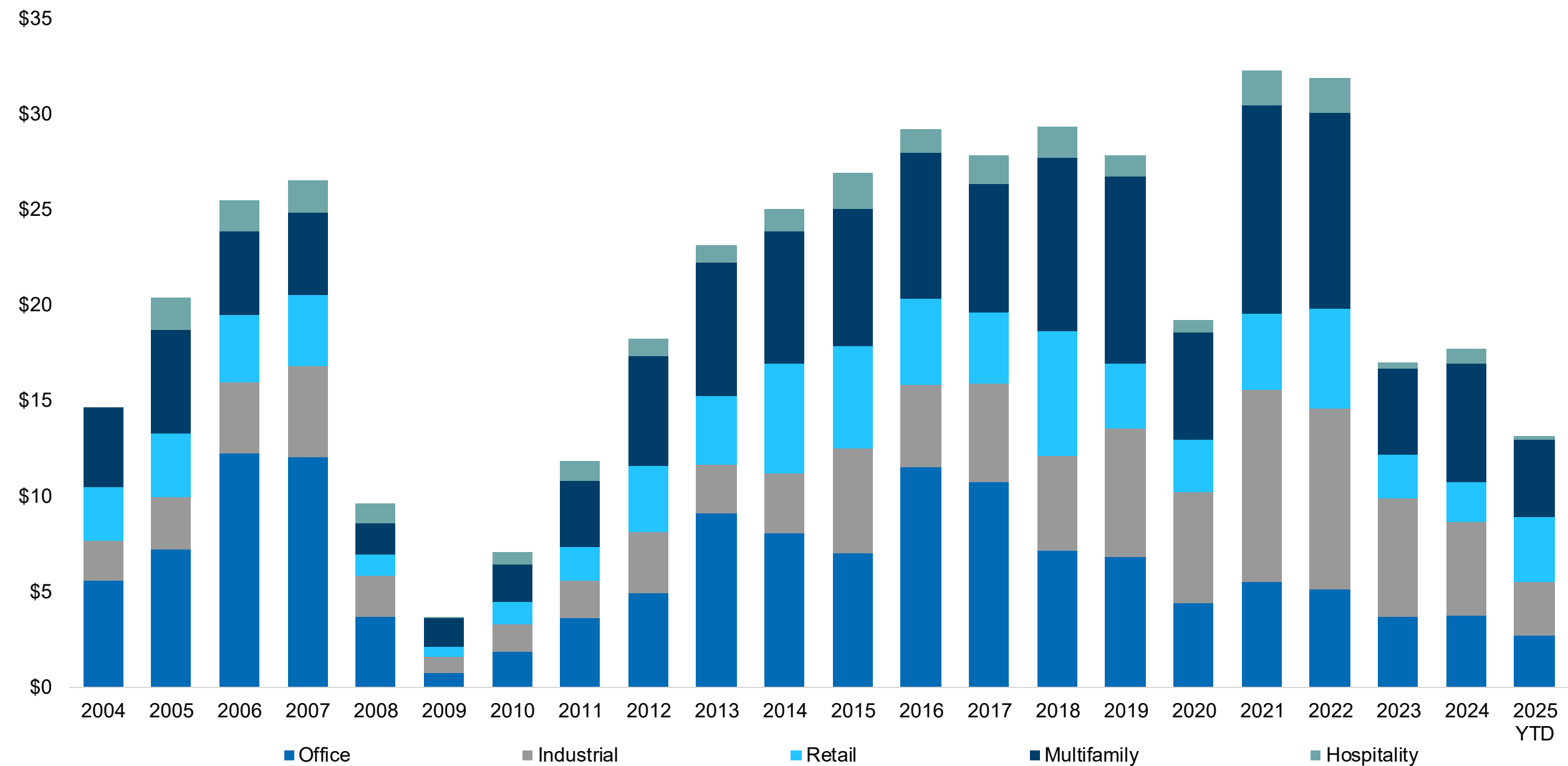
Sales Activity



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)

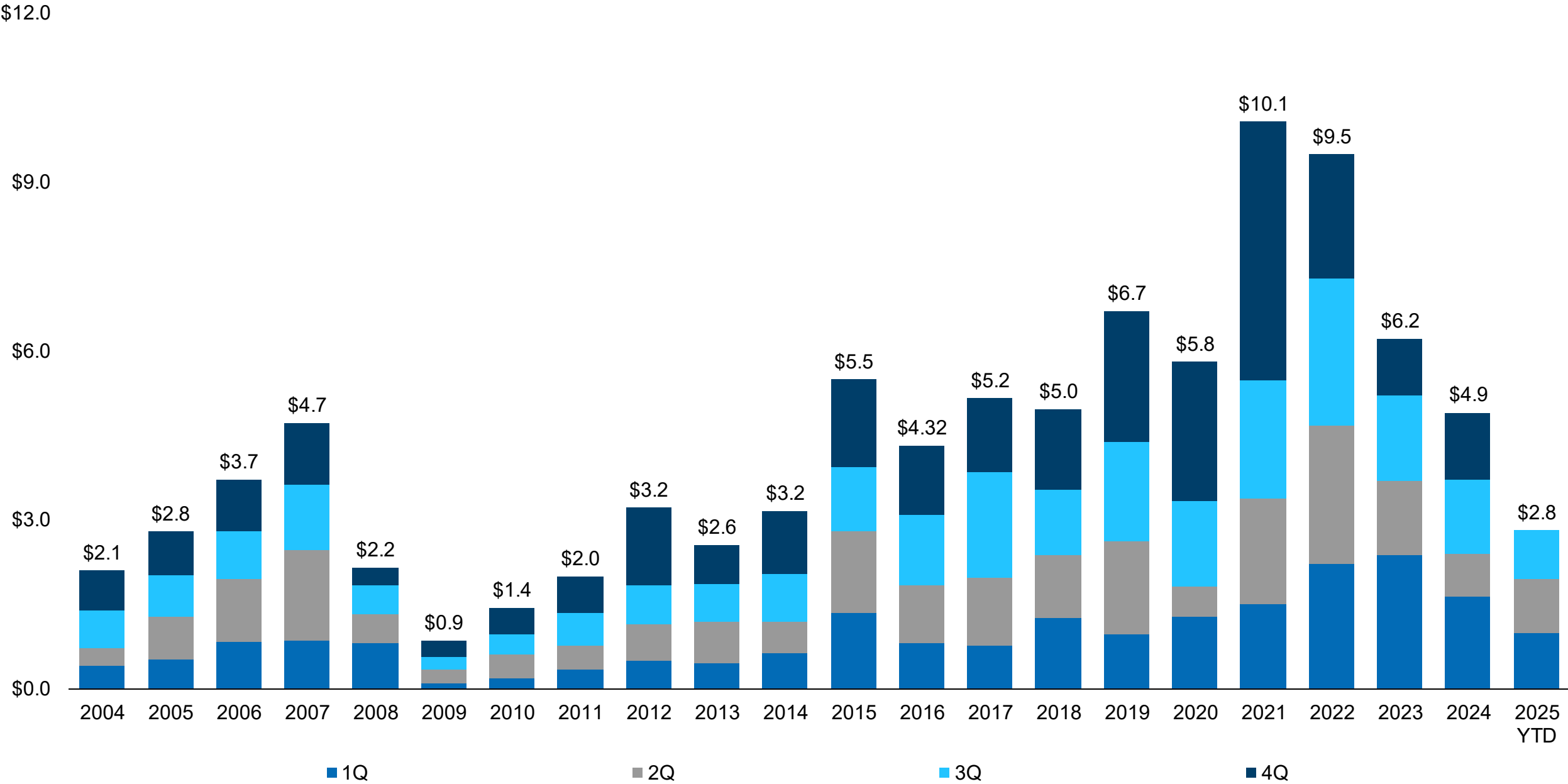


Source: MSCI Real Capital Analytics, Newmark Research
Note: Preliminary data is cited for the third quarter of 2025.

Industrial Sales Volume: Up Close

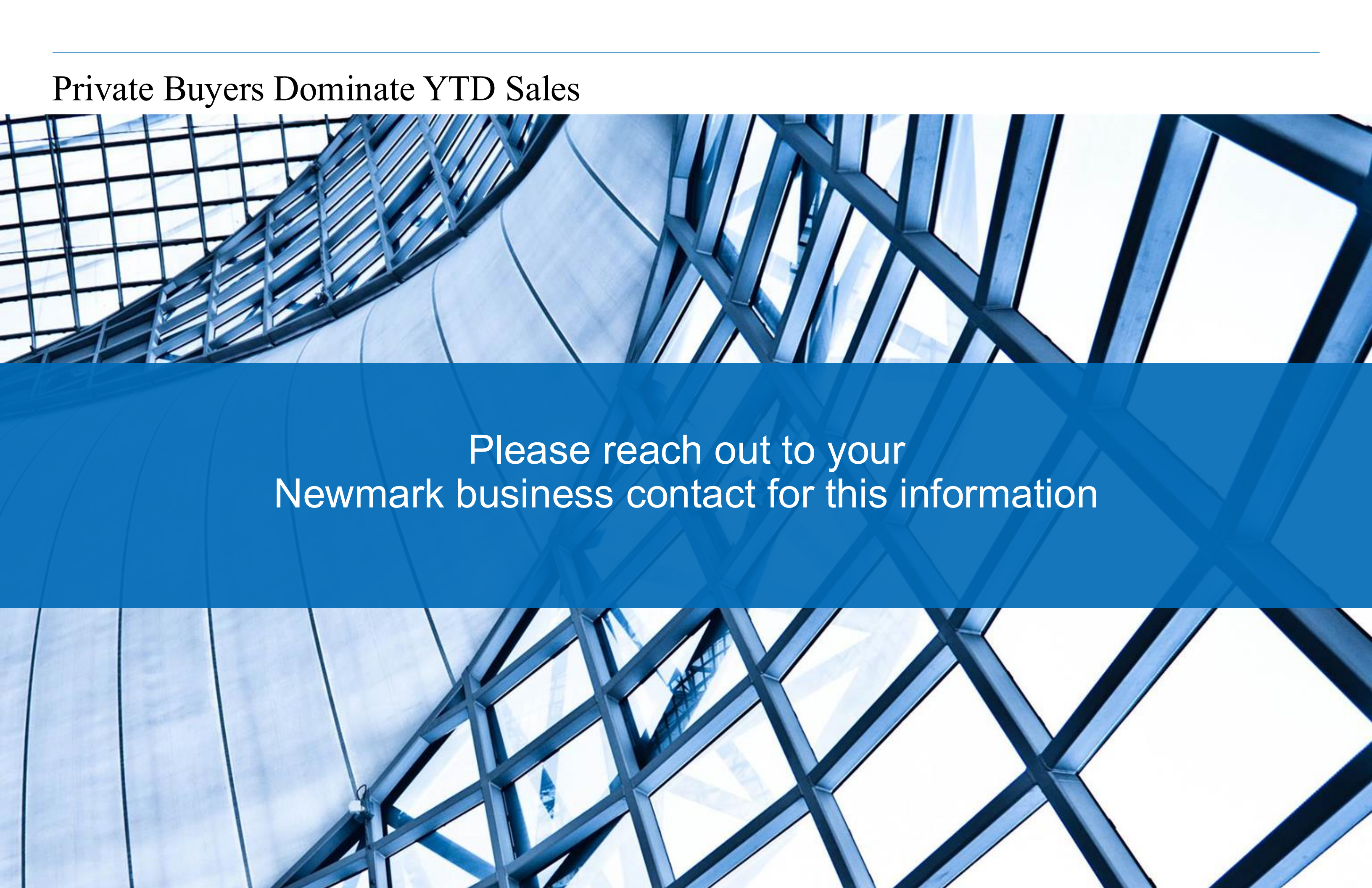
Industrial sales volume totaled \$855.2 million in the third quarter of 2025, a 34.4% decrease from the third quarter of 2024 and 27.6% below the average third quarter sales from 2012 to 2019. The higher cost of capital following multiple interest rate hikes from March 2022 to July 2023 has reduced momentum.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



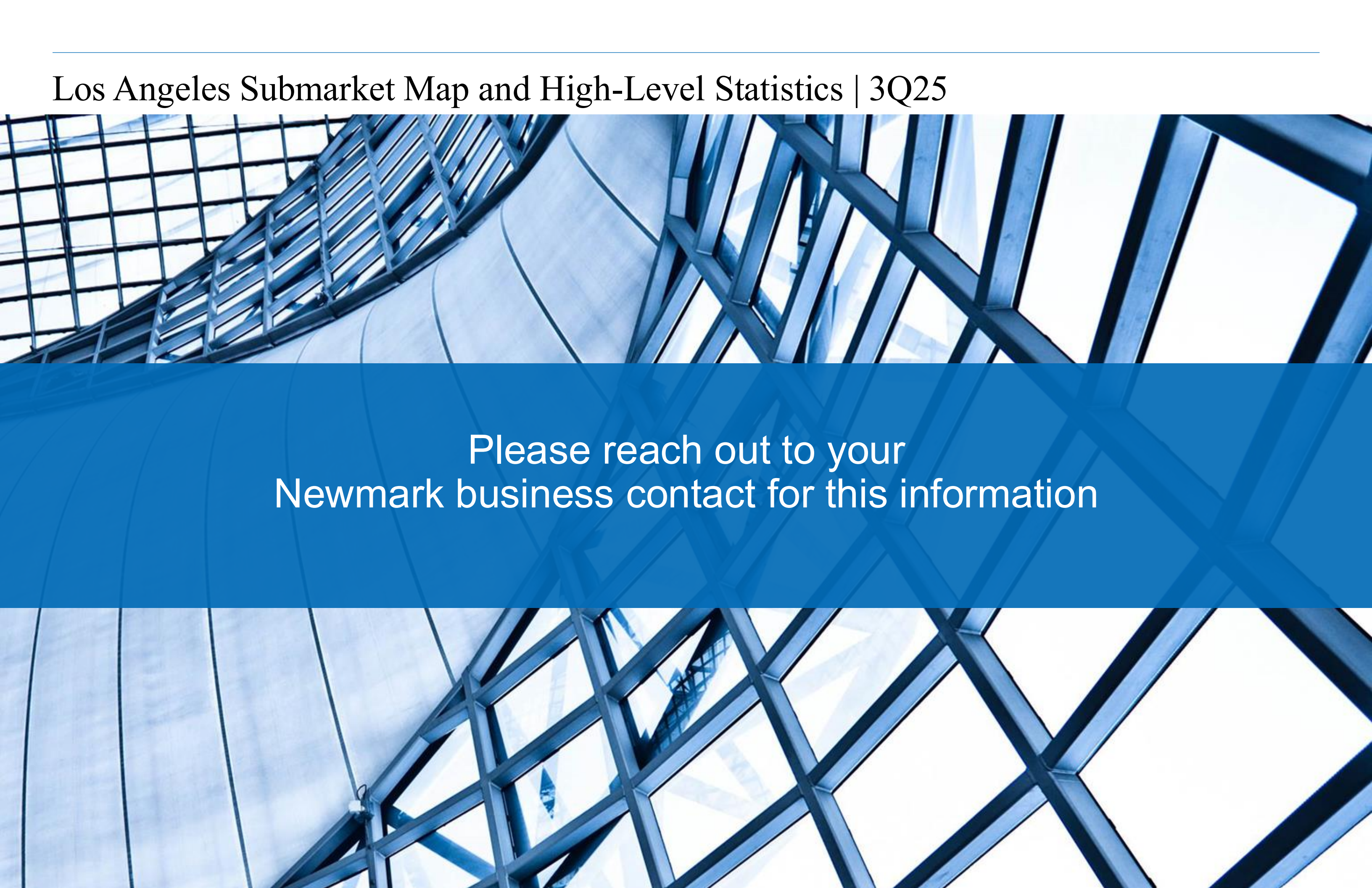
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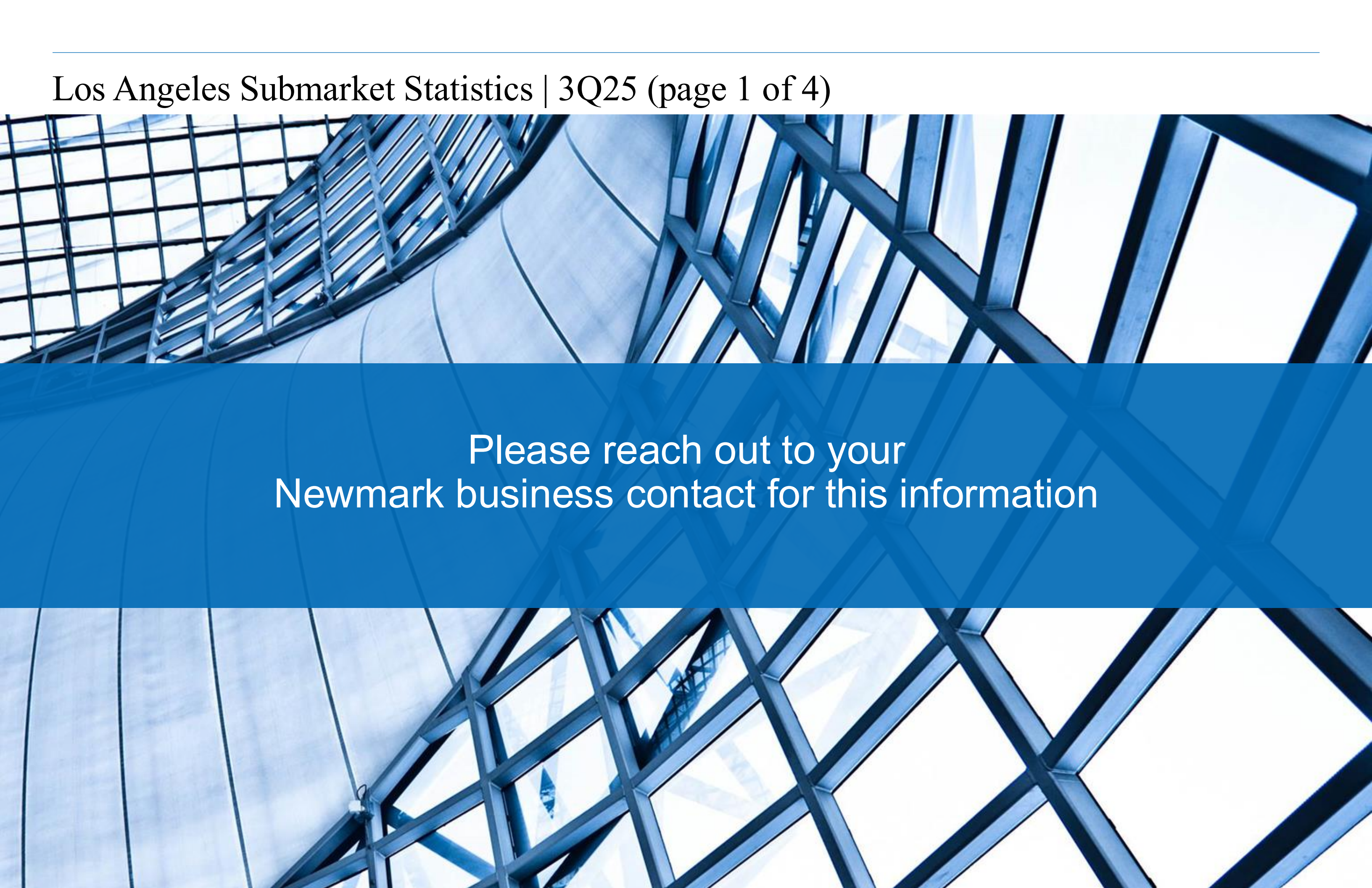
Appendix



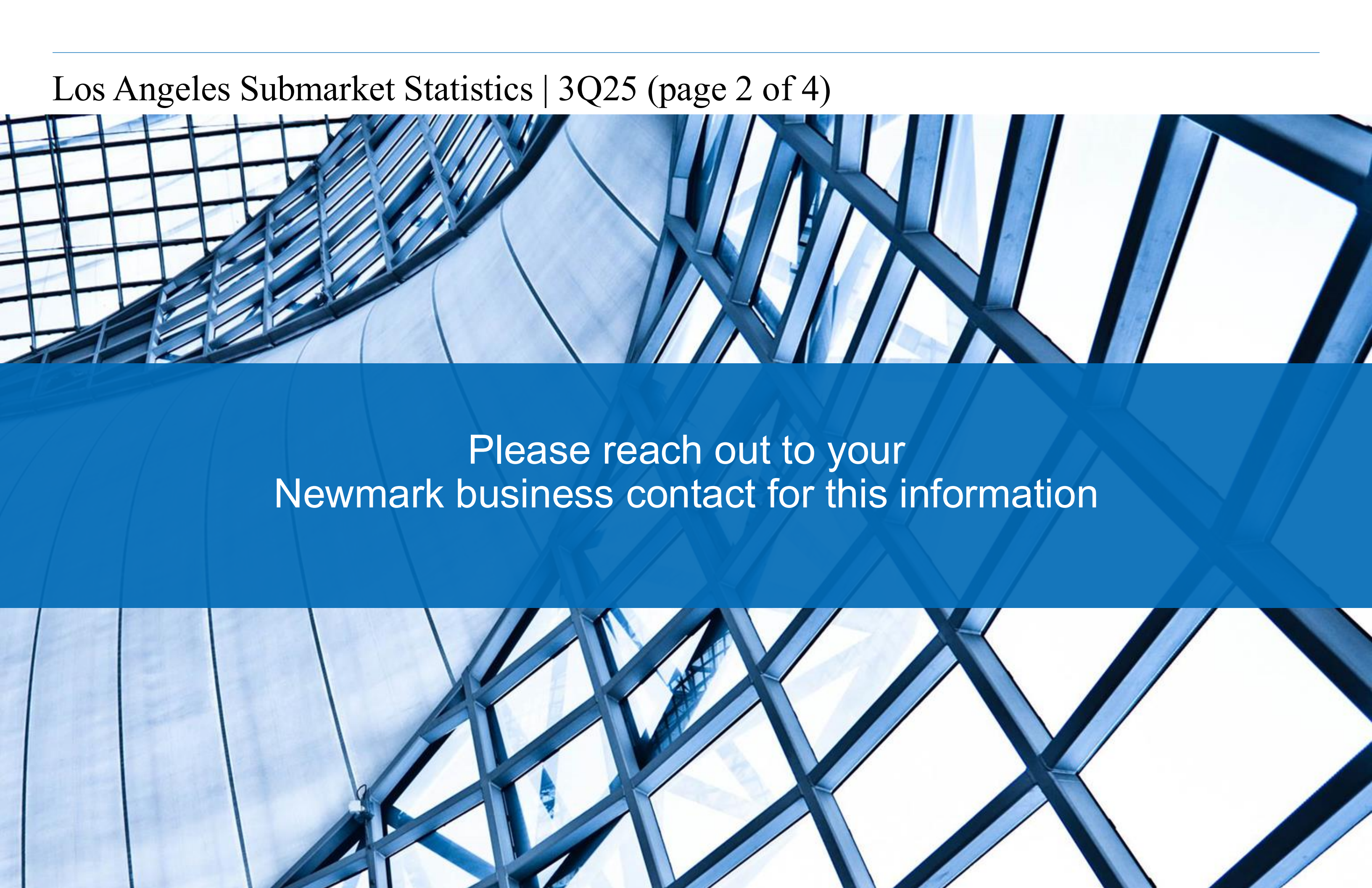
Los Angeles Submarket Map and High-Level Statistics | 3Q25

A low-angle, upward-looking photograph of a modern building's interior or exterior structure. The image features a complex network of dark blue or black steel beams forming a grid-like pattern. Large glass panels are interspersed within the frame, reflecting light and showing parts of the sky. The perspective creates a sense of height and architectural scale.

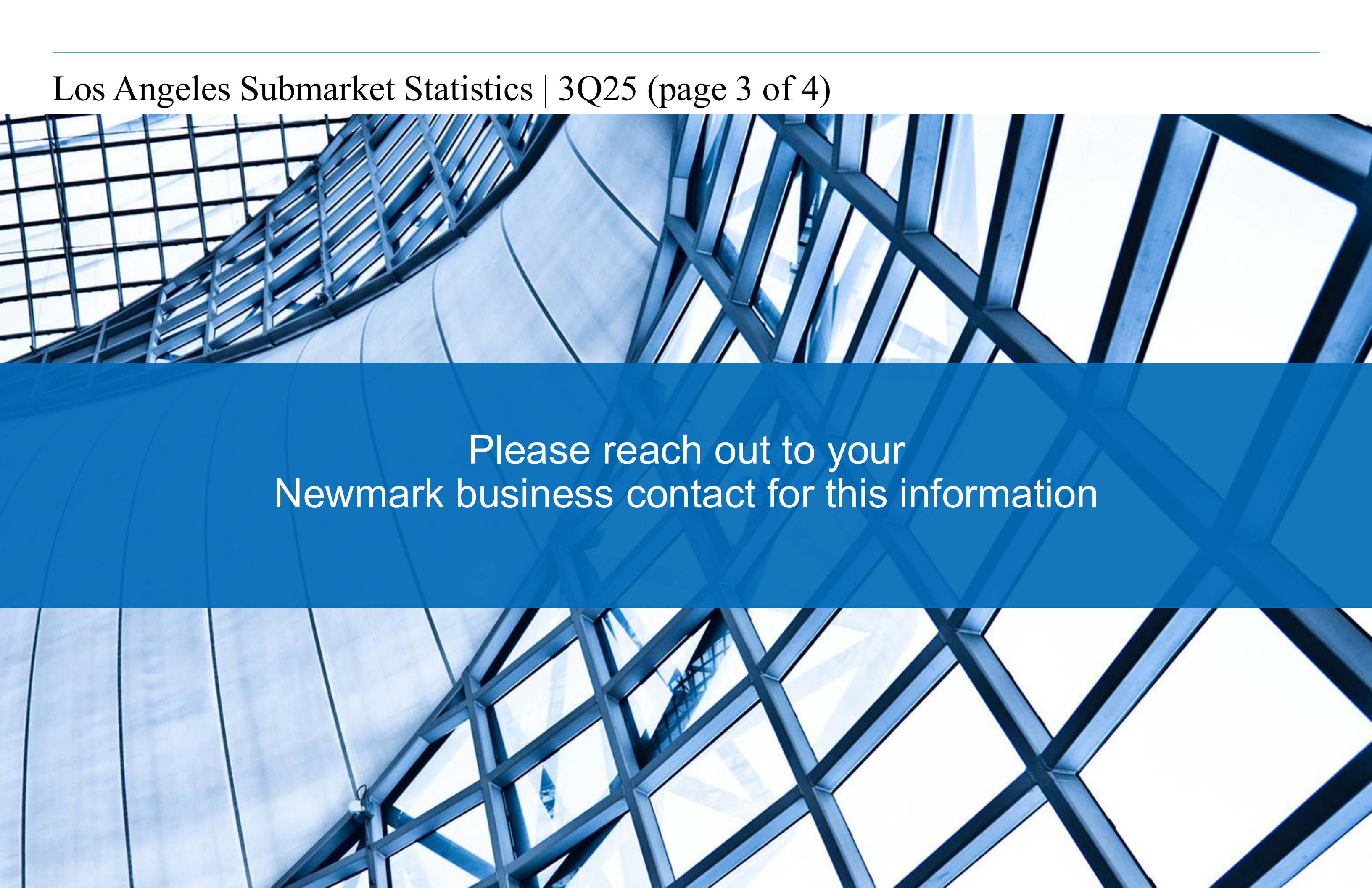
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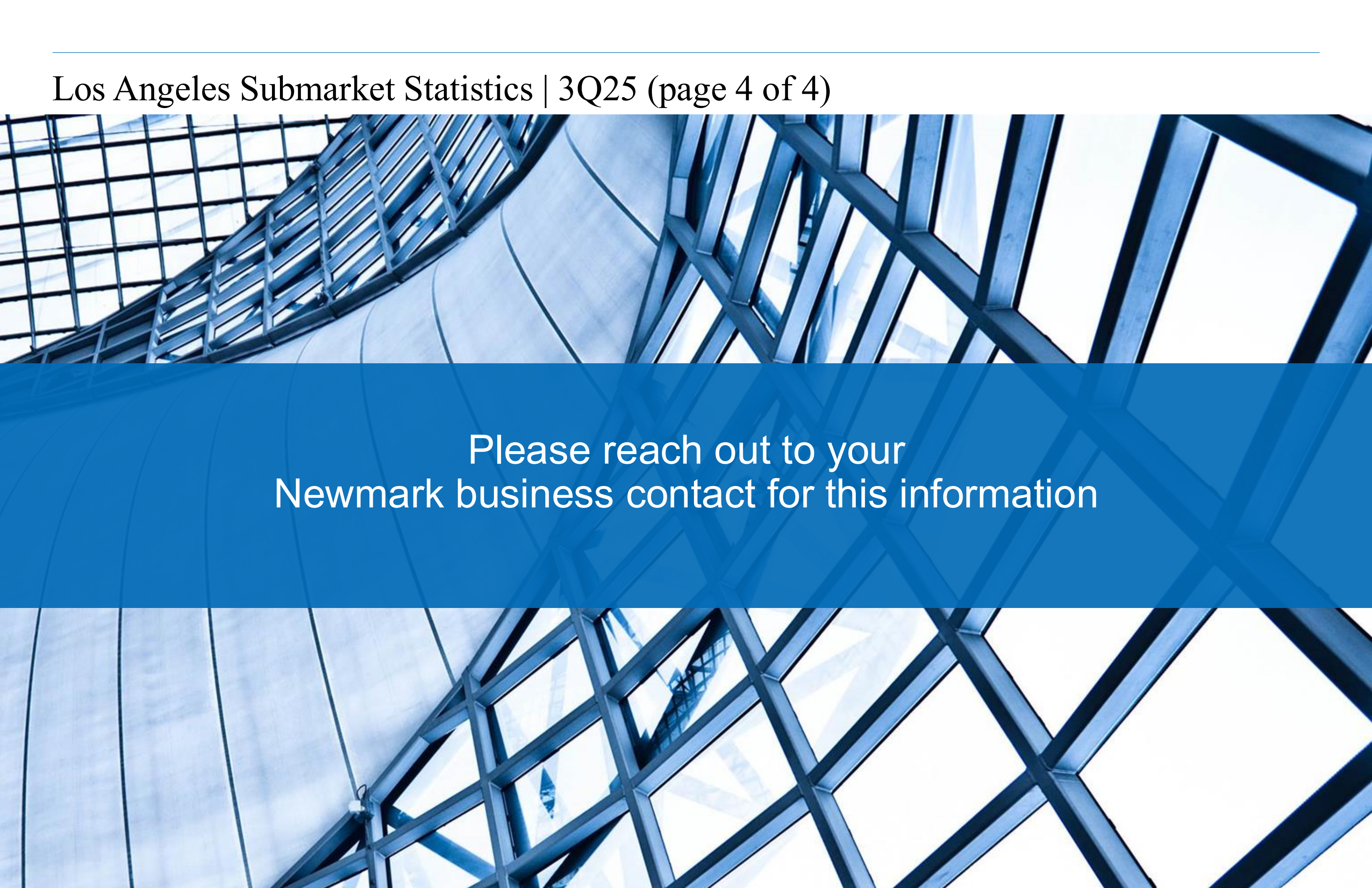
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The World’s Top 20 Containerized Cargo Seaports

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

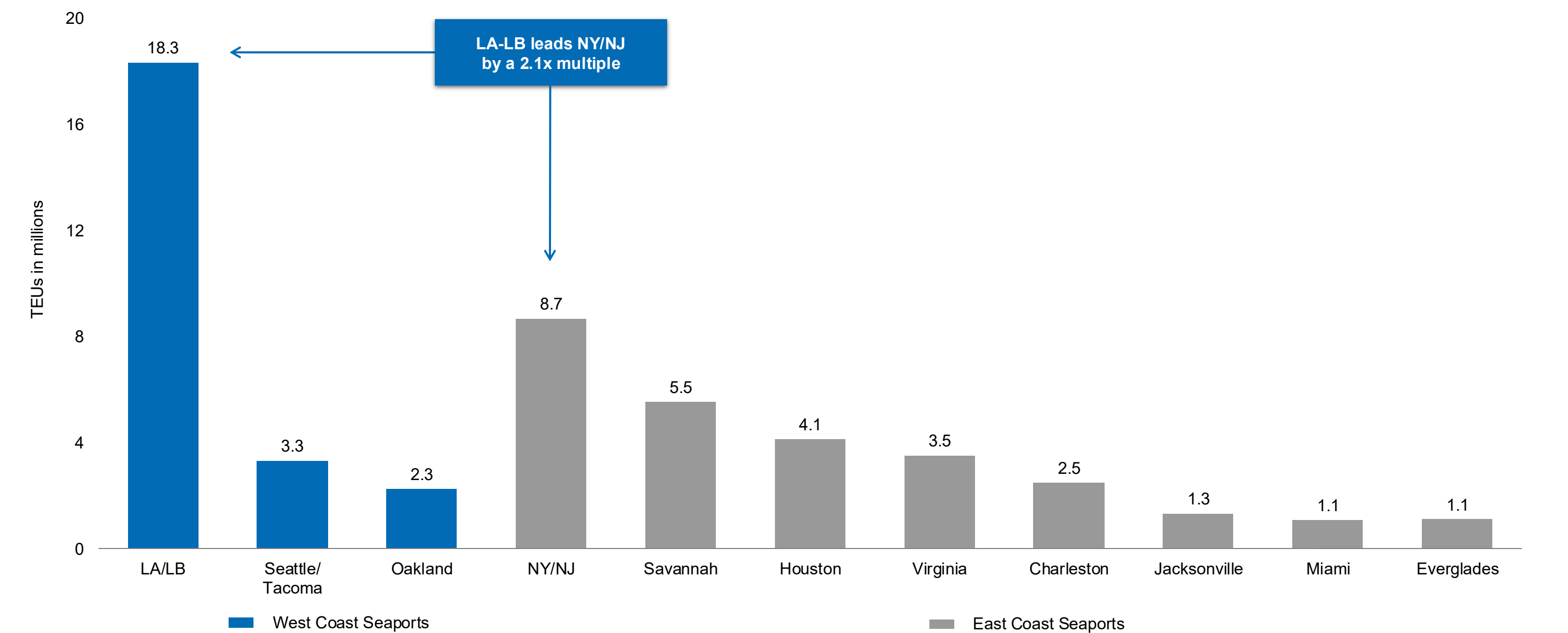
Rank	Seaport	2024 Volume (TEUs, in millions)
11	Port Kelang, Malaysia	14.6
12	Rotterdam, The Netherlands	13.8
13	Hong Kong, China	13.7
14	Antwerp-Bruges, Belgium	13.5
15	Tanjung Pelepas, Malaysia	12.3
16	Xiamen, China	12.3
17	Tanger Med, Morocco	10.2
18	Laem Chabang, Thailand	9.5
19	Kaoshiung, Taiwan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

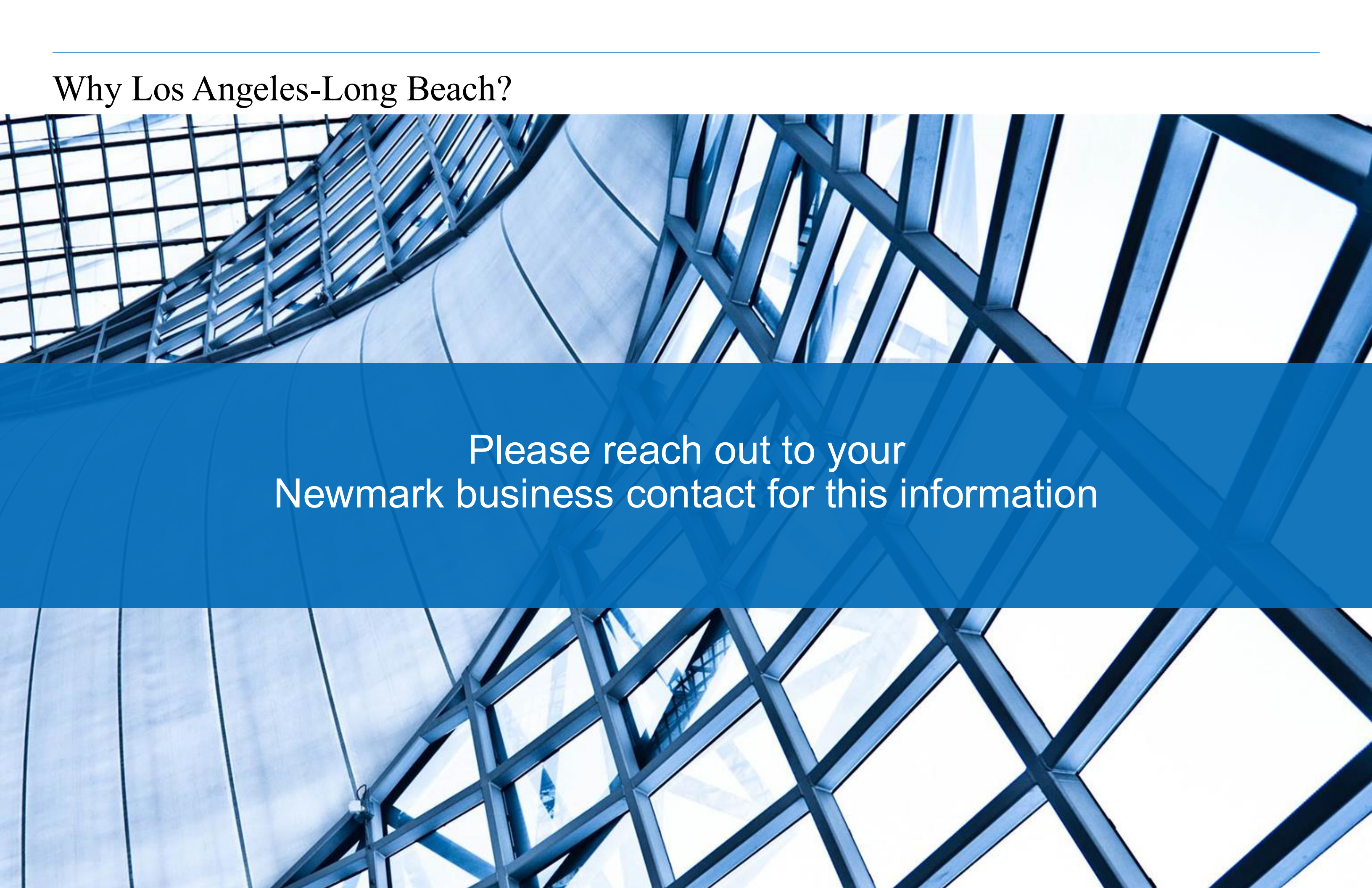
Los Angeles-Long Beach can accommodate 18,000 TEU vessels, which are too wide to traverse the new Panama Canal. Additionally, both ports have Class 1 freight rail connectivity to the nation's major population centers.

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



Source: Newmark Research, Individual Seaports

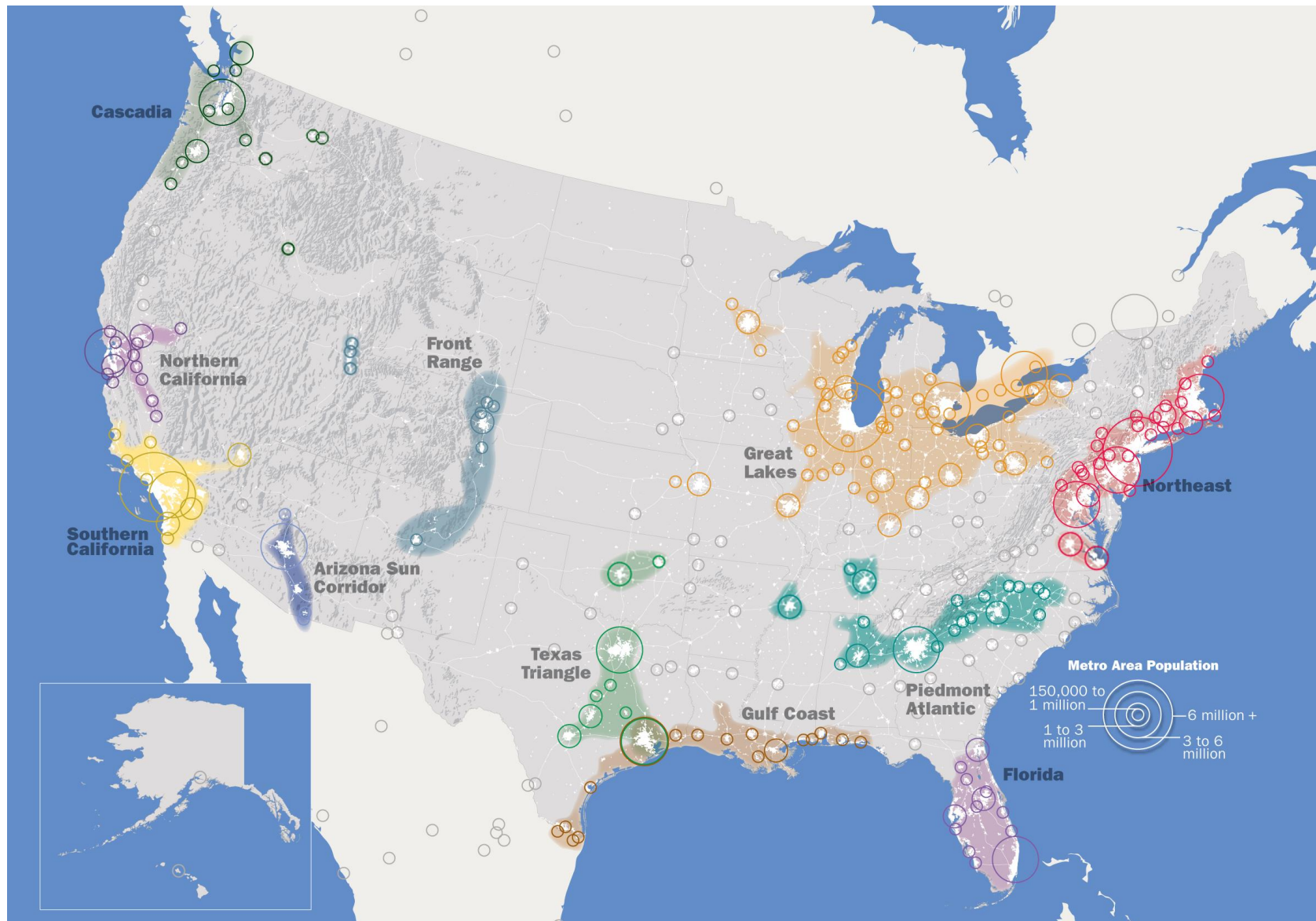
Why Los Angeles-Long Beach?



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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

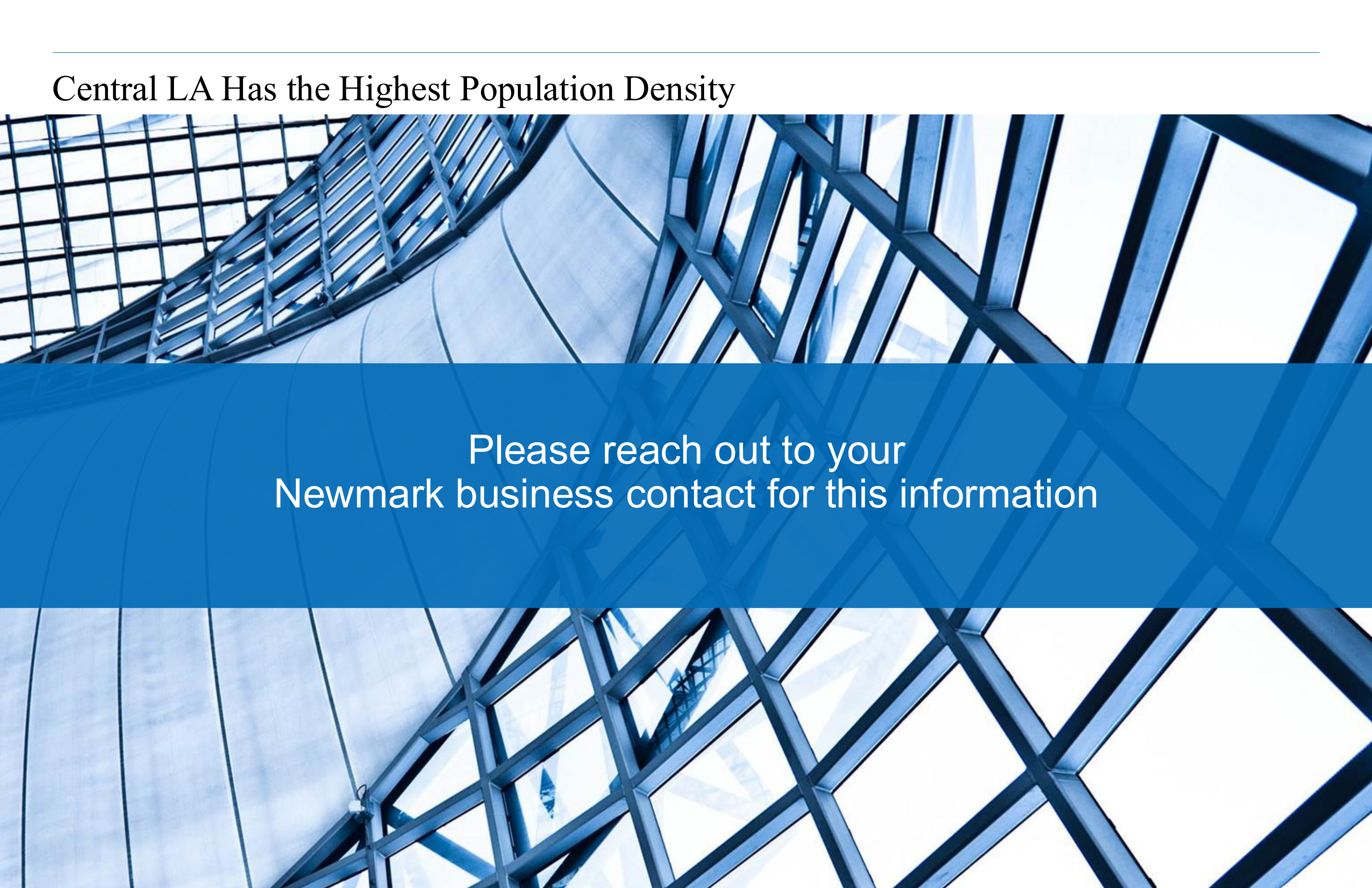


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Transport Costs Per TEU Container Increase the Further an Occupier is from the Ports

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Central LA Has the Highest Population Density

A low-angle, upward-looking shot of a modern building's exterior. The image features a complex network of dark blue steel beams and glass panels, creating a geometric pattern. The sky is visible through the glass, appearing as a light blue background. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing white text.

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

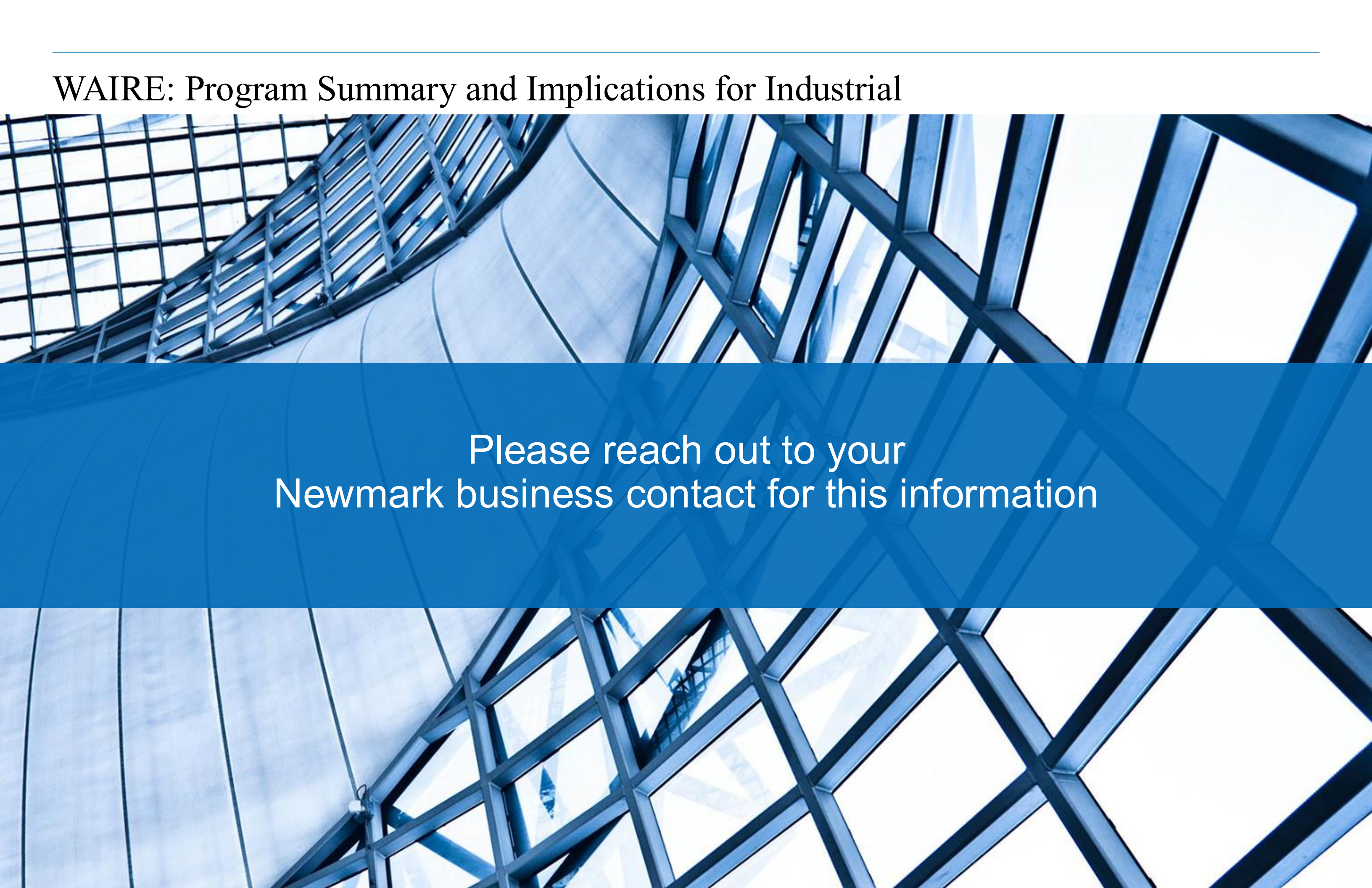
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Assembly Bill 98 Adds Regulations on Warehouse Development in the State

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WAIRE: Program Summary and Implications for Industrial



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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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