



INDUSTRIAL **MARKET INSIGHTS**

Macroeconomic Drivers Shaping SoCal Industrial

GDP, employment, retail, and e-commerce sales trends shaping demand

MACROECONOMIC TAKEAWAYS

Gross Domestic Product

The U.S. Bureau of Economic Analysis reported that real GDP rose at a 3.8% annualized rate in Q2 2025, rebounding from a 0.6% decline in the prior quarter. Growth was fueled by stronger consumer spending and reduced imports, which boosted overall output, though partially offset by weaker investment and lower exports. The Atlanta Fed's latest estimate projects Q3 growth near 3%, signaling continued economic momentum. The rebound highlights solid consumer demand despite lingering headwinds in business investment and trade.

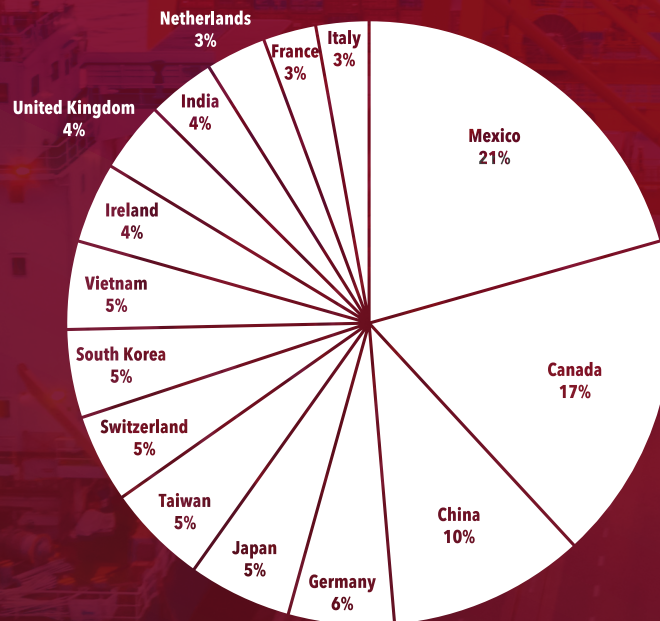
Employment

Recent data from the Bureau of Labor Statistics indicates a continued cooling in U.S. employment. The unemployment rate rose to 4.3% in August, its third straight monthly increase. Employers added only 22,000 jobs, while prior months were revised lower, showing softer hiring momentum. Health care and social assistance led gains, while federal and energy jobs declined. Average hourly earnings rose 3.7% year-over-year, still outpacing inflation and supporting stable consumer spending.

Retail & E-Commerce Sales

The U.S. Census Bureau reported that retail e-commerce sales totaled \$304.2 billion in Q2 2025, up 1.4% from the prior quarter and 5.3% year-over-year. Total retail sales reached \$1.87 trillion, rising 0.4% quarter-over-quarter and 3.9% annually. E-commerce accounted for 16.3% of total sales on an adjusted basis. The steady rise in online spending underscores the continued shift toward digital retail, even as overall consumer demand shows signs of moderating amid broader economic conditions.

MEXICO LEADING AS MAIN U.S. TRADING PARTNER



According to the U.S. Census Bureau, the United States' top 15 trading partners accounted for roughly 74.2% of total trade activity. Mexico led the group at 21%, followed by Canada at 17% and China at 10%. Germany, Japan, Taiwan, and several others each contributed between 3% and 6%. The data highlights North America's dominant role in U.S. trade, while strong ties with key Asian and European economies underscore the country's continued global integration and diversified trading relationships.

OUTLOOK THROUGH YEAR-END

Looking ahead to the fourth quarter of 2025, economic activity is expected to moderate but remain stable despite headwinds from a slowing labor market and the ongoing government shutdown.

Forecasts point to GDP growth around 2.6% (annualized), supported by continued consumer spending and steady business investment—particularly in technology and AI-related sectors.

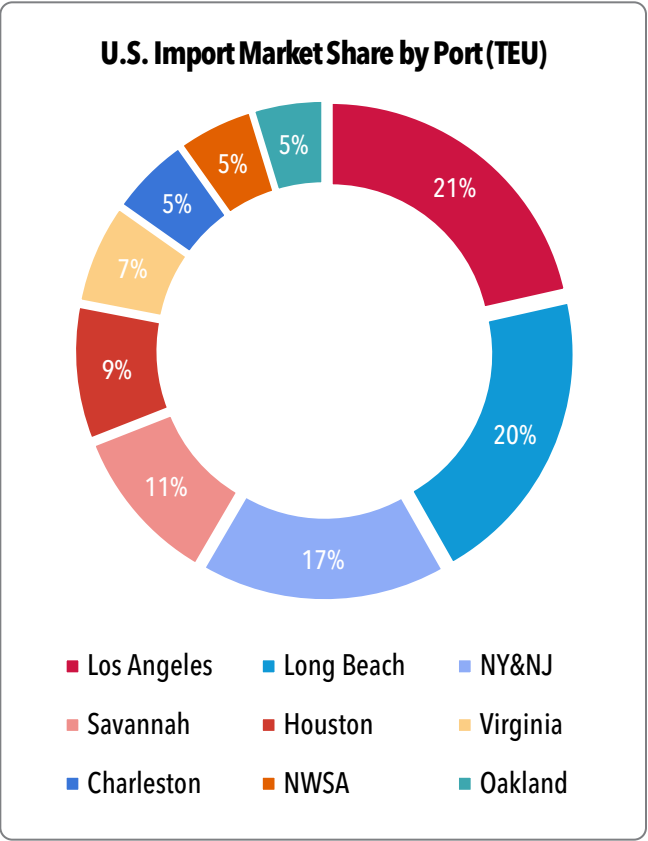
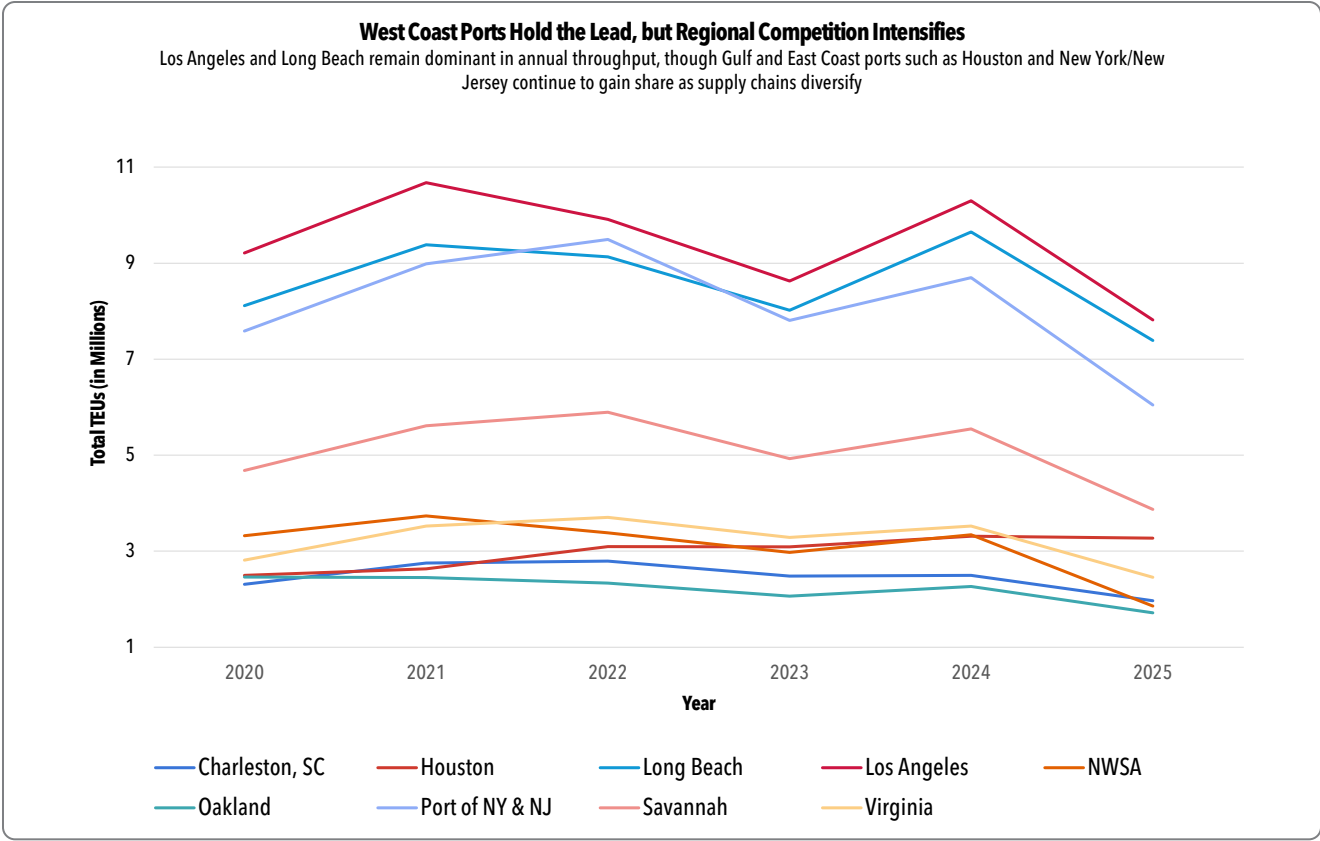
While hiring is expected to cool further, wage gains and recent tax and interest rate cuts should help sustain household income and spending through year-end.

The temporary disruption from the shutdown is anticipated to have only a limited effect on overall growth, assuming it is short-lived.

Overall, the economy appears poised to finish the year on a steady footing, with moderate expansion and cooling inflation providing a cautiously optimistic backdrop for commercial real estate markets heading into 2026.

LA & LB Ports Remain the Nation's Trade Gateways

SoCal ports remain the largest container hubs in the U.S., driving industrial demand



Q3 SoCal Container Statistics												
Quarter	Port	Month	Loaded Inbound TEUs	Loaded Outbound TEUs	Total Loaded TEUs	Empty Inbound TEUs	Empty Outbound TEUs	Total Empty TEUs	Total TEUs 2025	Total TEUs 2024	YOY % Change by Month	YOY % Change by Quarter
Q3	LA	July	543,728	121,507	665,235	503	354,100	354,603	1,019,837	939,600	8.54%	0.2%
		August	504,514	127,379	631,893	457	326,006	326,462	958,355	960,597	-0.23%	
		September	460,044	114,693	574,737	276	308,041	308,317	883,053	954,706	-7.51%	
Q3	Long Beach	July	468,081	91,328	559,409	13,474	371,350	384,824	944,233	882,376	7.01%	0.7%
		August	440,318	95,960	536,278	15,007	350,560	365,567	901,845	913,873	-1.32%	
		September	388,084	85,081	473,165	15,390	308,982	324,372	797,537	829,499	-3.85%	

South Bay | 3Q25 Market Fundamentals

Vacancy, absorption, rents, and construction trends shaping the gateway submarket

KPI Highlights

Vacancy Rate (% Total)

6.9%
Prev. Quarter: 6.3%

Net Absorption (SF)

(757,229)
Prev. Quarter: (953,287)

Deliveries (SF)

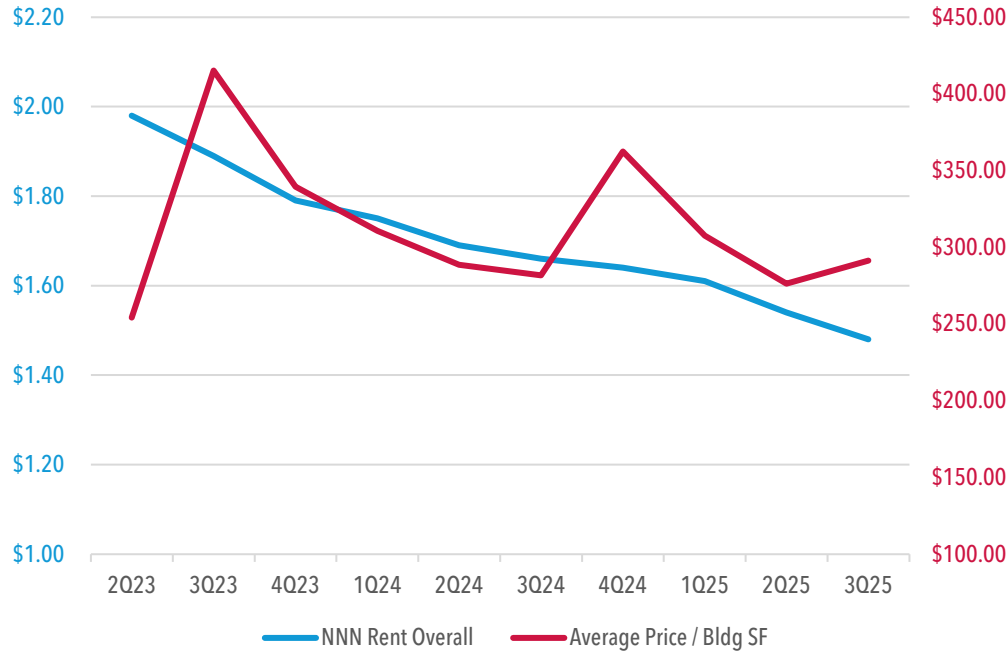
429,112
Prev. Quarter: 633,632

Under Construction (SF)

244,786
Prev. Quarter: 643,012

Leasing cools while sale values decline

South Bay rents continue to soften as industrial sale values adjust to cautious investor sentiment.



Market Trends

1

Industrial market conditions softened in Q3 2025 as vacancy and availability rose. The vacancy rate reached 6.9%, up from 6.3% in Q2 and 5.6% in Q1. Total availability remained high at 9.5%, while vacant-available space climbed to 6.0%. The market is gradually shifting toward balance, giving occupiers more leverage.

2

Industrial rents declined for the sixth straight quarter in Q3 2025. Average asking rent fell to \$1.48 per square foot, down from \$1.54 in Q2 and \$1.61 in Q1—an 8.5% annual drop. Sublease rates averaged \$1.37 as competition intensified, signaling a tenant-favorable market prioritizing occupancy over rent growth.

3

The South Bay investment activity slowed in Q3 2025 amid higher borrowing costs and softer fundamentals. Thirteen transactions closed, down from 17 in Q2, with sales volume falling to \$75.4 million. Average pricing declined slightly to \$291 per square foot, while cap rates rose to 6.4%, signaling greater caution among investors.

South Bay - Top Leases

Source: AIR CRE / CoStar / Internal Database

Address	Size (SF)	Tenant	Landlord	Lease Type	Industry
19801 S Santa Fe Ave, Rancho Dominguez, CA 90221	356,642	Confidential	Port Logistics Group, Inc	New Lease	Confidential
901 E 233rd St, Carson, CA 90745	221,050	Custom Goods	Watson Land Company	New Lease	Logistics
20846 Normandie Ave, Torrance, CA 90502	203,877	Hadrian Inc	Bridge Industrial	New Lease	Manufacturing
2136 E 223rd St, Carson, CA 90745	134,114	Cosmetix West	Panattoni	New Lease	Manufacturing
1500 W Dominguez St, Long Beach, CA 90810	132,884	Supra National Express	Lakeshore Equipment Company	New Lease	Logistics

South Bay - Top Sales

Source: AIR CRE / CoStar / Internal Database

Address	Size (SF)	Buyer	Seller	Price	Sale Type
3700-3730 Redondo Beach Blvd, Redondo Beach, CA 90278 (2 Property Sale)	99,377	Terreno Realty	MetLife, Inc.	\$35,500,000	Investment
2959 E Victoria St, Rancho Dominguez, CA 90221	54,500	Zurich Transport LLC	2959 Victoria St Partners LP	\$23,000,000	Owner-User
600 S Allied Way, El Segundo, CA 90245	36,025	Empire International Ltd	Allied Way LLC	\$17,250,000	Owner-User
2919 E Victoria St, Rancho Dominguez, CA 90221	37,046	Murray Re Inc	Occidental Financial Corp	\$8,441,000	Investment
19840 Hamilton Ave, Torrance, CA 90248	22,500	Dover Pacific LLC	West Industrial Properties LLC	\$7,200,000	Owner-User

Midcounties | 3Q25 Market Fundamentals

Vacancy, lease rates, and absorption patterns in the tight mid-corridor submarket

KPI Highlights

Vacancy Rate (% Total)

↘

7.3%

Prev. Quarter: 8.0%

Net Absorption (SF)

↗

678,807

Prev. Quarter: (57,056)

Deliveries (SF)

↘

0

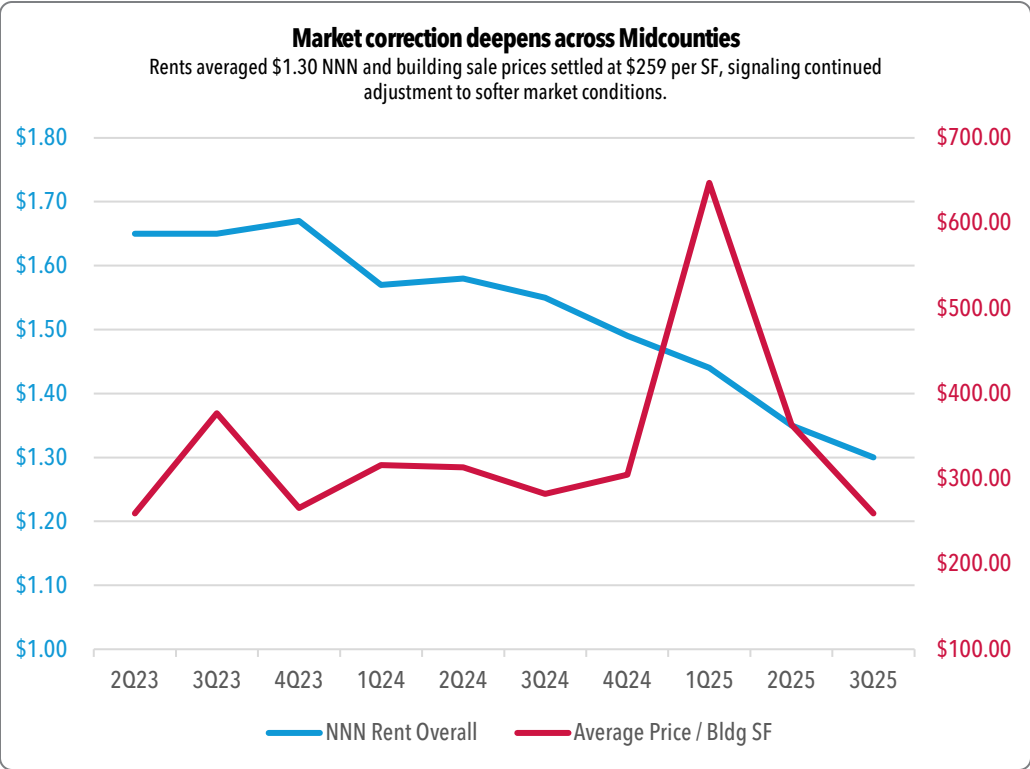
Prev. Quarter: 279,587

Under Construction (SF)

→

493,874

Prev. Quarter: 493,874



Market Trends

1

Vacancy in the Midcounties fell to 7.3% in Q3 2025, down from 8.0% in Q2, driven by lower direct vacancy. Total availability eased to 9.8%, while vacant-available space declined to 6.5%, indicating stronger leasing traction. Rising sublease listings suggest ongoing tenant adjustments, though overall conditions show early stabilization.

2

Lease rates in the submarket declined again in Q3 2025 as higher vacancy pressured pricing. The average asking rent fell to \$1.30 per square foot, down from \$1.35 in Q2 and \$1.44 in Q1. Rents are now about 16% lower year-over-year, signaling a more tenant-favorable market.

3

Investment activity in the Midcounties submarket slowed in Q3 2025 after strong early-year momentum. Seventeen deals closed, but total volume dropped to \$148.2 million as pricing adjusted to higher capital costs. Average price per square foot fell to \$259, while cap rates held near 5.0%, reflecting selective investor activity.

Midcounties - Top Leases

Source: AIR CRE / CoStar / Internal Database

Address	Size (SF)	Tenant	Landlord	Lease Type	Industry
15614 - 15700 Shoemaker Ave, Santa Fe Springs, CA 90670	521,091	Breakthru Beverage CA	PGIM	New Lease	Logistics & Distribution
8201 Sorensen Ave, Santa Fe Springs, CA 90670	234,330	Rove Concepts	Xebec	Renewal	Logistics & Distribution
11401 Greenstone Ave, Santa Fe Springs, CA 90670	144,434	BrandSafway	Greenstone SFS LLC	New Lease	Logistics & Distribution
12805 - 12809 Busch Pl, Santa Fe Springs, CA 90670	67,019	Heritage Distribution	LBA Logistics	New Lease	Logistics & Distribution
10747 Norwalk Blvd, Santa Fe Springs, CA 90670	53,756	AZ Wire & Cable	Rexford Industrial	New Lease	Logistics & Distribution

Midcounties - Top Sales

Source: AIR CRE / CoStar / Internal Database

Address	Size (SF)	Buyer	Seller	Price	Sale Type
6259 Descanso Ave, Buena Park, CA 90620	54,000	Toro Enterprises Inc	Fortress Investment Group	\$17,400,000	Owner User
14390 Marquardt Ave, Santa Fe Springs, CA 90670	31,308	IUPAT	Fortress Investment Group	\$17,000,000	Owner User
16511 Carmenita Rd, Cerritos, CA 90703	32,702	Trio Pines USA	Chung Family Trust	\$12,300,000	Owner User
9911 Romandel Ave, Santa Fe Springs, CA 90670	23,390	Coral LW LLC	Bivio Transport & Logistics	\$8,584,000	Owner User
11911 Woodruff Ave, Downey, CA 90241	14,000	11911 Woodruff Ave LLC	Mdx Hacienda Venture LLC	\$5,680,000	Owner User

Central | 3Q25 Market Fundamentals

Leasing, sales, and vacancy dynamics in one of LA's densest industrial corridors

KPI Highlights

Vacancy Rate (% Total)

7.1%
Prev. Quarter: 6.8%

Net Absorption (SF)

(465,078)
Prev. Quarter: 246,008

Deliveries (SF)

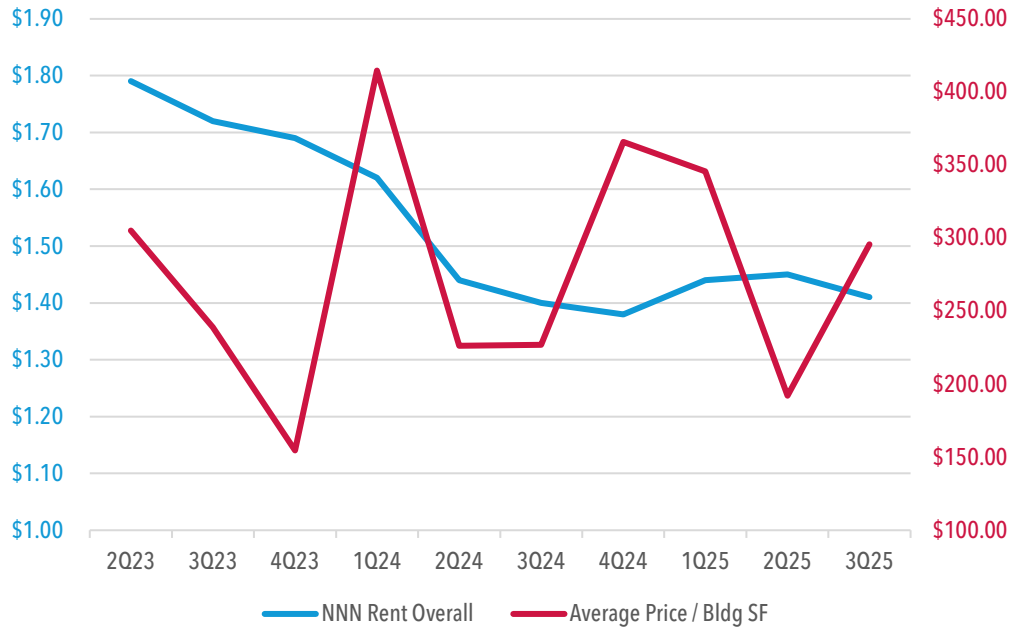
157,715
Prev. Quarter: 47,052

Under Construction (SF)

749,742
Prev. Quarter: 623,836

Central Submarket Shows Signs of Renewed Investor Confidence

Rents held steady at \$1.41 NNN while average building sale prices rebounded to \$295 per SF, reflecting firm tenant demand and selective investor activity amid an improving market balance.



Market Trends

1

Vacancy and availability in the Central submarket rose slightly in Q3 2025, continuing a gradual softening trend. The vacancy rate increased to 7.1% from 6.8% in Q2, while availability held at 8.5%. The vacant-available rate edged up to 6.1%. Occupancy remains solid at 92.9%, reflecting steady renewals and a more balanced market.

2

Lease rates in the Central submarket remained steady in Q3 2025 despite higher vacancy. The average asking rent was \$1.41 per square foot, down slightly from \$1.45 in Q2. Direct rents averaged \$1.40, while sublease rates rose to \$1.44. Stable pricing and 93% occupancy signal a market in equilibrium.

3

Sales activity in the Central submarket held steady in Q3 2025 with 25 transactions totaling \$190.4 million, slightly below Q2. The average price per square foot rose to \$295 from \$192, driven by smaller, higher-quality deals. Consistent volume and resilient pricing suggest continued buyer confidence despite tighter lending conditions.

Central - Top Leases

Source: AIR CRE / CoStar / Internal Database

Address	Size (SF)	Tenant	Landlord	Lease Type	Industry
8500 Rex Rd, Pico Rivera, CA 90660	335,600	Million Dollar Baby Classic	Prologis, Inc.	New Lease	Furniture Retailer
4885 E 52nd Pl, Vernon, CA 90058	210,347	Uniuni	Undisclosed	New Lease	Logistics
5631 Ferguson Dr, Commerce, CA 90022	204,000	Moreno Bath	Private Individual	Sublease	Manufacturing & Distribution
8200 E Slauson Ave, Pico Rivera, CA 90660	160,154	Bimbo Bakeries	Guardian Life Insurance	New Lease	Food Manufacturing
1363 S Bonnie Beach Pl, Commerce, CA 90023	154,235	Golden State Connections	Neman Properties, LLC	New Lease	Logistics

Central - Top Sales

Source: AIR CRE / CoStar / Internal Database

Address	Size (SF)	Buyer	Seller	Price	Sale Type
4400 Pacific Blvd, Vernon, CA 90058	253,200	Digital Realty Trust, Inc	4D Development	\$48,800,000	Investment
7400 Bandini Blvd, Commerce, CA 90040	94,937	Shins Trading Co	Bridge Industrial	\$38,500,000	Owner-User
5764 Alcoa Ave, Vernon, CA 90058 (Part of 4 Property Sale)	66,550	Agile Cold Storage	Link Logistics Real Estate	\$25,942,389	Owner-User
3311 Slauson Ave, Vernon, CA 90058	63,375	Agile Cold Storage	Link Logistics Real Estate	\$21,161,816	Owner-User
1101-1135 E 5th St, Los Angeles, CA 90013	91,512	Undisclosed	Undisclosed	\$18,300,000	Undisclosed

Inland Empire | 3Q25 Market Fundamentals

The nation's logistics hub – absorption, pipeline, and rent trends driving big-box demand

KPI Highlights

Vacancy Rate (% Total)

 **8.9%**
Prev. Quarter: 8.1%

Net Absorption (SF)

 **(746,596)**
Prev. Quarter: (1,171,098)

Deliveries (SF)

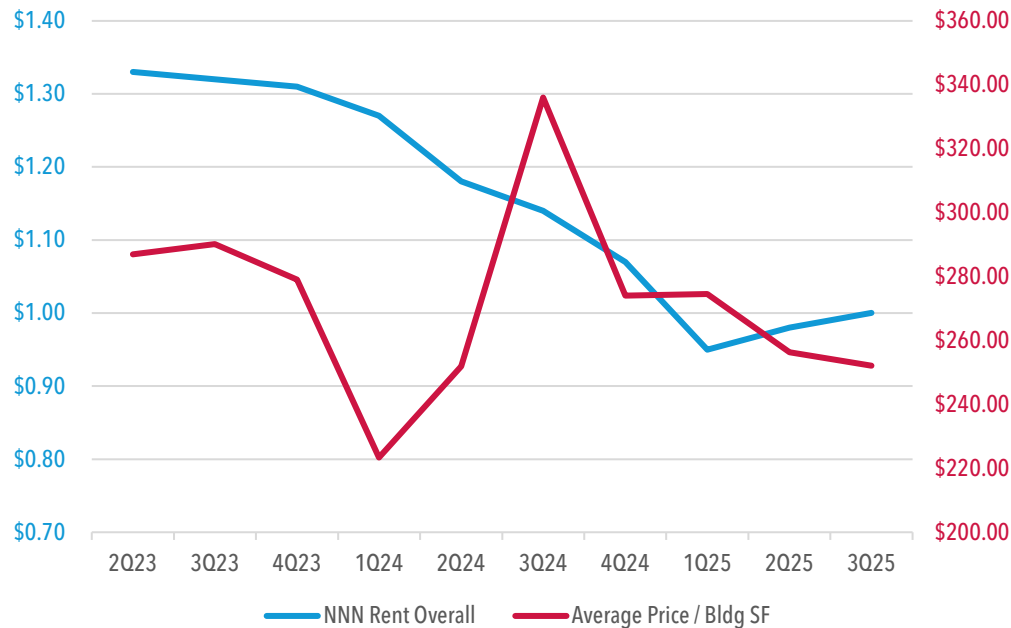
 **5,299,580**
Prev. Quarter: 1,810,948

Under Construction (SF)

 **6,036,579**
Prev. Quarter: 11,336,159

Inland Empire Market Stabilizes as Rents Firm and Investment Rebounds

Average asking rents edged up to \$1.00 NNN while building sale prices held steady at \$252 per SF, signaling renewed investor activity and continued confidence in the region



Market Trends

1

Vacancy and availability in the Inland Empire rose in Q3 2025, signaling a more balanced market. Vacancy reached 8.9%, up from 8.1% in Q2, while availability climbed to 12.3%, the highest since 2020. With occupancy near 91%, elevated new supply and slower absorption keep conditions tenant-favorable.

2

Lease rates inched higher in Q3 2025 despite rising vacancy. The average asking rent rose to \$1.00 per square foot from \$0.98 in Q2 but remains 12% below last year's \$1.14. Landlords continue prioritizing occupancy and lease-up speed over additional rent growth.

3

Investment activity in the Inland Empire surged in Q3 2025, highlighting renewed momentum. Fifty-five deals closed, up from 35 in Q2, with sales volume rising 48% to \$777.2 million. Pricing held firm at \$252 per square foot and 5.9% cap rates, reflecting investor confidence and market stabilization.

Inland Empire - Top Leases

Source: AIR CRE / CoStar / Internal Database

Address	Size (SF)	Tenant	Landlord	Lease Type	Industry
5690 Industrial Pky, San Bernardino, CA 92407	844,311	iDC Logistics	Alere Property Group LLC	New Lease	Logistics & Distribution
13052 Jurupa Ave, Fontana, CA 92337	827,578	Elogistek	Los Angeles LDC	New Lease	Logistics & Distribution
3994 S Riverside Ave, Colton, CA 92324	798,304	Living Spaces	Link Logistics	Renewal	Retail Distribution
1300 California St, Redlands, CA 92374	771,839	DCG Fulfillment	Ares Industrial Real Estate	Renewal	Logistics & Distribution
11991 Landon Dr, Jurupa Valley, CA 91752	765,456	United Parcel Service	United Parcel Service	New Lease	Courier Service

Inland Empire - Top Sales

Source: AIR CRE / CoStar / Internal Database

Address	Size (SF)	Buyer	Seller	Price	Sale Type
11991 Landon Dr, Jurupa Valley, CA 91752 (Part of 5 Property Sale)	765,456	Fortress Net Lease REIT	United Parcel Service	\$208,760,000	Investment
22491 Harley Knox Blvd, Perris, CA 92570	348,375	Cabot Properties Inc	Sares-Regis Group	\$90,600,000	Investment
601 Rockefeller Ave, Ontario, CA 91761 (Part of a 413 Property Sale)	252,800	Apollo Global Management	Bridge Investment Group	Undisclosed	Investment
14928 Washington Dr, Fontana, CA 92335 (Part of a 3 Property Sale)	175,100	Bridge Logistics Properties	Patriot Development Partners	\$41,925,000	Investment
30590 Cochise Cir, Murrieta, CA 92563	122,388	Pacific Hydrotech Corporation	Private Individual	\$19,200,000	Investment



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