

FIGURES | LOS ANGELES INDUSTRIAL | Q1 2026

Signs of stabilization as net absorption turns positive for the first time since 2022

▲ 5.4%

Vacancy Rate

▲ 934,025

SF Net Absorption

▼ 1.6M

SF Construction Delivered

▼ 4.5M

SF Under Construction

▼ \$1.21

NNN/MTH Direct Lease Rate

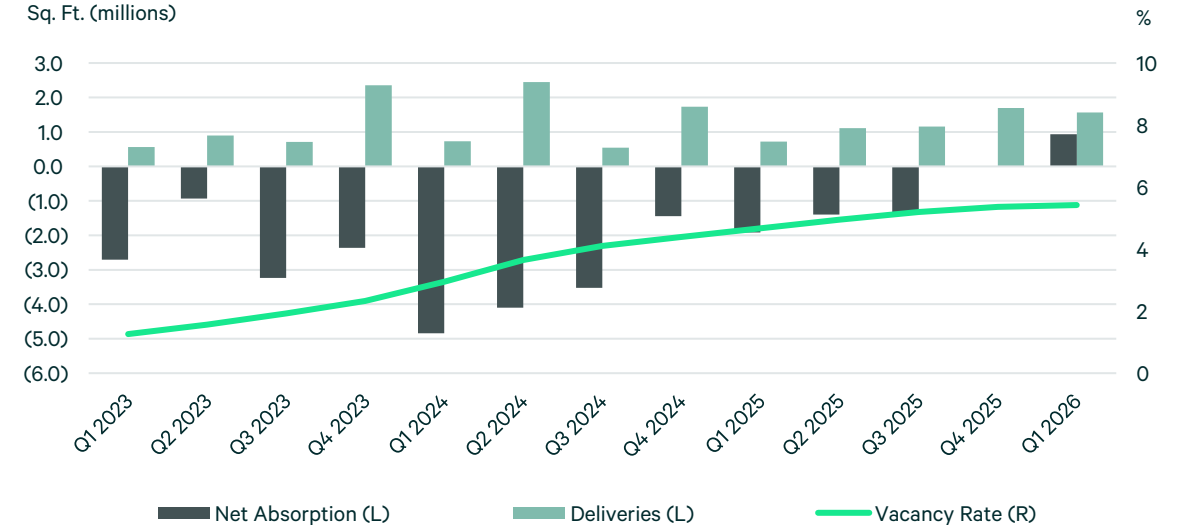
Note: Arrows indicate change from previous quarter.

Market Overview

The Los Angeles industrial market remained in a correction cycle but showed early signs of stabilization in Q1 2026. After two consecutive years of occupancy losses, including approximately 13.9 million sq. ft. of negative net absorption over the course of 2024, demand turned positive: Q1 2026 posted 934,000 sq. ft. of net absorption. Despite the growth in activity, vacancy continued to drift higher, reaching 5.4% in Q1 2026. Availability climbed to 8.1%, up approximately 4.1 percentage points from 4.0% in Q1 2023.

Pricing continued to soften in response to elevated availability. Average direct asking rents fell to \$1.21 per sq. ft. NNN/month in Q1 2026, down 1.6% from \$1.23 in Q4 2025 and 8.3% below the \$1.32 reading in Q1 2025, extending a cumulative 30.5% decline from the \$1.74 level in Q1 2023. On the supply side, the construction pipeline contracted to 4.5 million sq. ft., down 19.1% quarter-over-quarter from 5.6 million sq. ft. in Q4 2025 and 34.5% year-over-year from 6.9 million sq. ft. as developers pulled back in response to softening fundamentals. Deliveries totaled 1.6 million sq. ft. in the quarter, more than double the 0.7 million sq. ft. delivered a year earlier.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy
Sq. Ft. (millions)



Source: CBRE Research, Q1 2026

Availability Rate

The overall industrial availability rate closed Q1 2026 at 8.1%, up from 7.7% in Q4 2025 and 6.9% a year earlier. Over the past three years, availability has more than doubled from 4.0% in Q1 2023, reflecting a materially larger volume of space across both direct and sublease categories. Direct availability reached 6.9% in Q1 2026, while sublease availability held at 1.2%, with approximately 10.5 million sq. ft. of sublease space on the market.

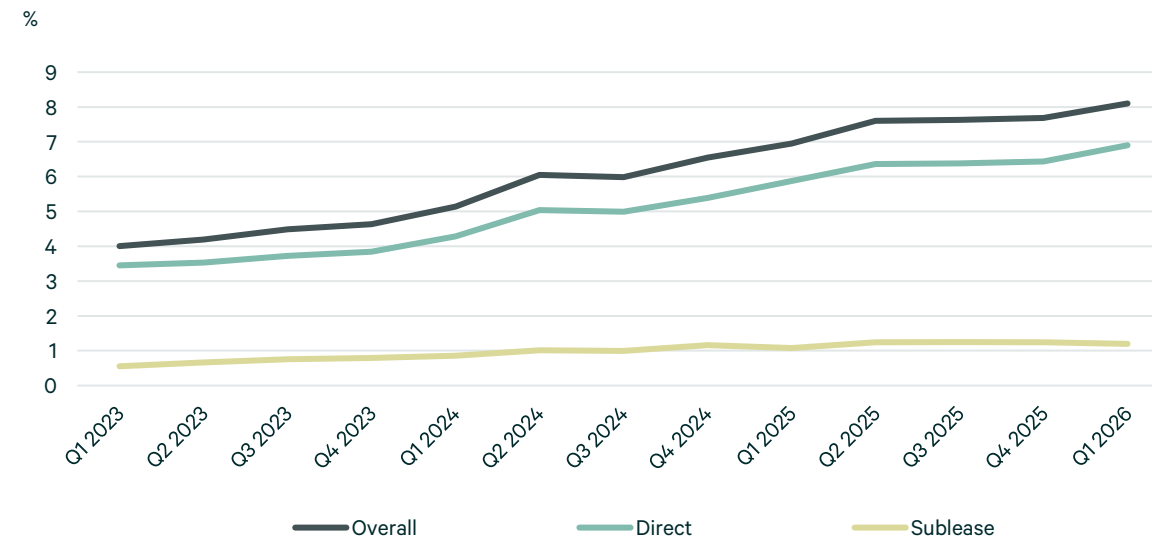
Greater San Fernando Valley recorded the lowest total availability at 6.8% (5.7% direct, 1.1% sublease), followed by San Gabriel Valley at 7.3% (5.9% direct, 1.5% sublease). Central Los Angeles posted an 8.0% availability rate (7.1% direct, 0.9% sublease). Mid-Counties and South Bay recorded the highest availability rates at 9.1% (8.0% direct, 1.1% sublease) and 9.5% (7.9% direct, 1.6% sublease), respectively. South Bay’s 1.6% sublease rate was the highest among all submarkets.

Asking Rent

The average direct asking rate for Los Angeles industrial space was \$1.21 per sq. ft. NNN/month in Q1 2026, a decline of 1.6% quarter-over-quarter from \$1.23 and 8.3% year-over-year from \$1.32. Since Q1 2023, when asking rents stood at \$1.74, the market has experienced a cumulative 30.5% decline, reflecting persistent downward pressure due to heightened availability and inventory in the market.

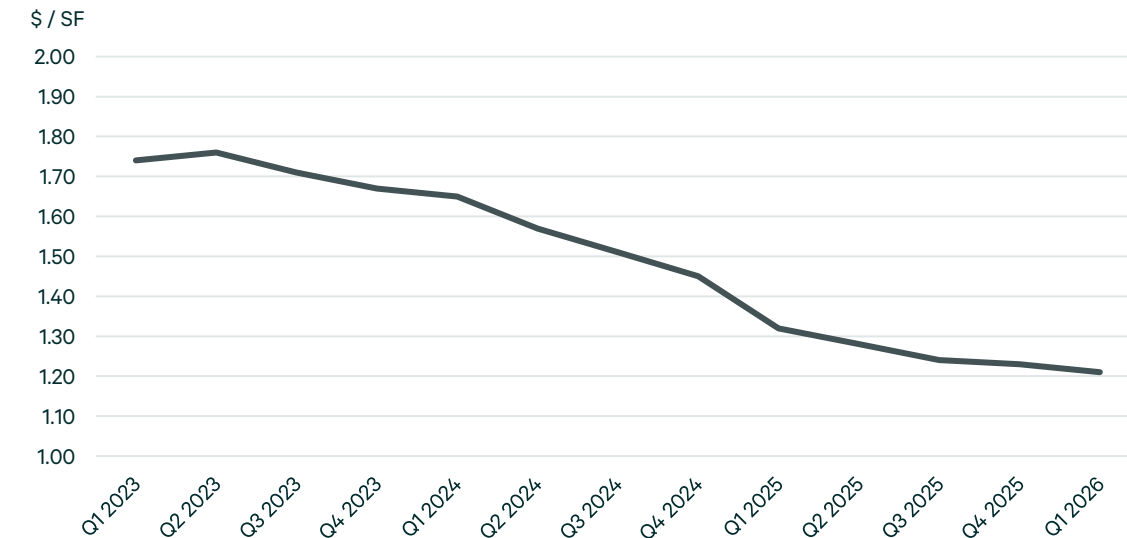
South Bay recorded the highest average NNN asking rate at \$1.36 per sq. ft., followed by Greater San Fernando Valley at \$1.34, Mid-Counties at \$1.26, San Gabriel Valley at \$1.22, and Central Los Angeles at \$0.99. That represents a spread of \$0.37 per sq. ft. between the highest and lowest priced submarkets.

Figure 2: Availability Rates



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

Net Absorption

The Los Angeles industrial market posted 934,000 sq. ft. of positive net absorption in Q1 2026, the first positive quarter since 2022 and a sharp reversal from the negative 1.9 million sq. ft. recorded in Q1 2025. It should be noted, however, that the quarter’s positive reading was significantly influenced by the delivery and occupancy of Trader Joe’s approximately 1.0 million sq. ft. distribution center in Palmdale.

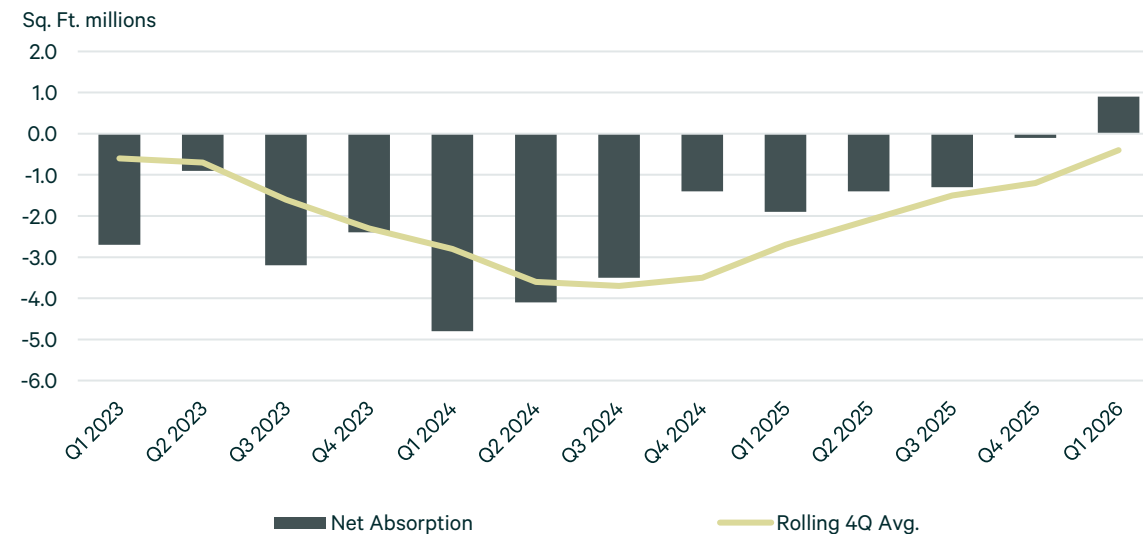
South Bay led with 643,000 sq. ft. of positive net absorption, followed by Greater San Fernando Valley at 590,000 sq. ft. and Central Los Angeles at 257,000 sq. ft. Two submarkets experienced occupancy losses: Mid-Counties declined by 320,000 sq. ft. and San Gabriel Valley fell by 235,000 sq. ft. These five submarket totals sum to 935,000 sq. ft., consistent with the 934,000 sq. ft. overall figure (minor rounding difference).

Construction Activity

The market recorded 1.6 million sq. ft. of deliveries in Q1 2026, following 4.7 million sq. ft. delivered over the full year 2025. The active construction pipeline contracted to 4.5 million sq. ft., down 19.1% quarter-over-quarter from 5.6 million sq. ft. in Q4 2025, and 34.5% year-over-year from 6.9 million sq. ft. in Q1 2025.

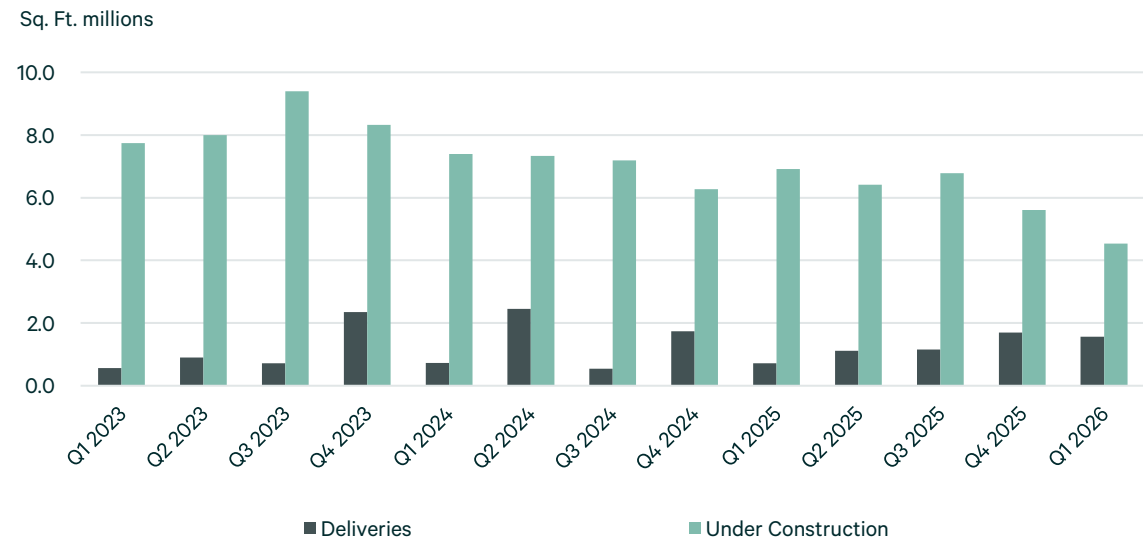
Greater San Fernando Valley holds the largest pipeline at 1.2 million sq. ft. under construction, followed by San Gabriel Valley at 1.1 million sq. ft., Central Los Angeles at 0.9 million sq. ft., Mid-Counties at 0.8 million sq. ft., and South Bay at 0.6 million sq. ft. Greater San Fernando Valley also recorded the largest deliveries of the quarter at 1.2 million sq. ft.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

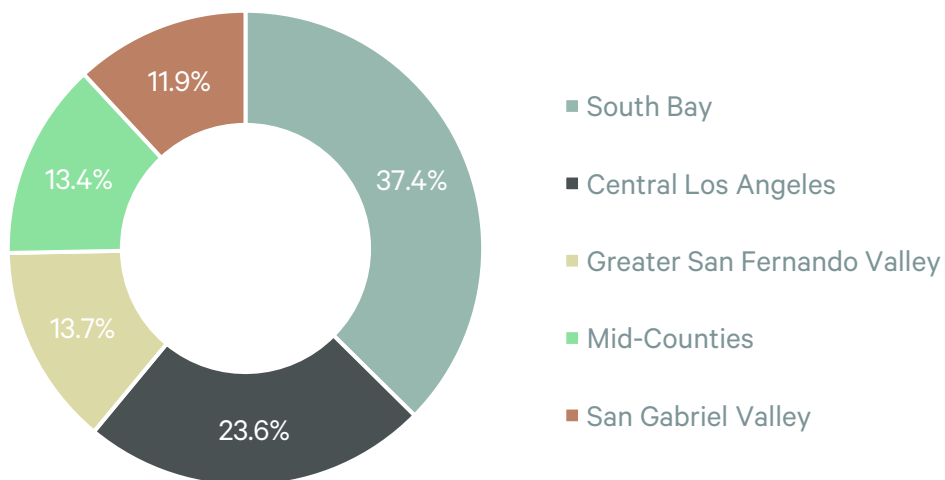
Gross Activity

At the close of Q1 2026, gross activity exceeded the prior three years at 14.6 million sq. ft., an increase of 27.3% quarter-over-quarter and 4.4% year-over-year.

South Bay accounted for the largest share of activity at 37.4% (approximately 5.5 million sq. ft.), followed by Central Los Angeles at 23.6% (3.5 million sq. ft.), Greater San Fernando Valley at 13.7% (2.0 million sq. ft.), Mid-Counties at 13.4% (2.0 million sq. ft.), and San Gabriel Valley at 11.9% (1.7 million sq. ft.). Gross activity was driven primarily by advanced manufacturing, logistics, food & beverage, and consumer products occupiers. Advanced manufacturing firms accounted for five of the top ten leases, highlighted by Anduril's announced 1.2 million-square-foot campus expansion in Long Beach this past January.

Logistics remained Los Angeles' largest industrial sector, driven by the region's proximity to the San Pedro Bay complex (Ports of Los Angeles and Long Beach), North America's largest port complex by import volume. Despite macroeconomic headwinds, the San Pedro Bay complex handled more than 20 million TEUs in 2025, a 0.9% increase year-over-year. The Port of Los Angeles processed 10.2 million TEUs, marking its third-busiest calendar year in 118 years of operation, while the Port of Long Beach set an all-time record at 9.9 million TEUs.

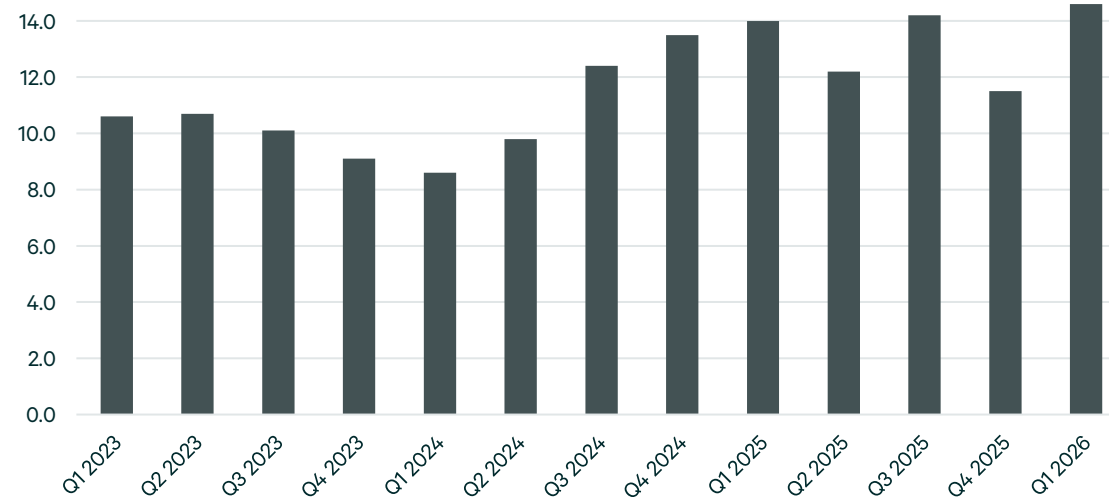
Figure 7: Gross Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Figure 6: Leasing Activity Trend

Sq. Ft. millions



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Anduril	1,185,000	New Lease	3290-3424 Cover St, Long Beach	South Bay
Apex Logistics	443,000	New Lease	1452 W Knox St, Torrance	South Bay
SpeedX	326,517	New Lease	2101 W Flotilla St, Montebello	Commerce
Neros	252,000	Sublease	19681 Pacific Gateway Dr, Torrance	South Bay
Icer Holdings	220,000	Renewal	15927-16105 Distribution Way, Cerritos	Mid-Counties
Confidential Tenant	205,000	New Lease	2031 E Mariposa Ave, El Segundo	South Bay
Confidential Tenant	201,000	New Lease	800 E 230th St, Carson	South Bay
Confidential Tenant	200,000	New Lease	1580 Francisco St, Torrance	South Bay

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 9

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	Deliveries (MSF)	Under Construction (MSF)	YTD Net Absorption (SF)
Central Los Angeles	243.33	5.3	8.0	7.1	0.9	\$0.99	257,000	0.13	0.87	257,000
Greater San Fernando Valley	172.63	4.8	6.8	5.7	1.1	\$1.34	590,000	1.22	1.16	590,000
Mid-Counties	102.44	5.8	8.9	8.0	1.1	\$1.26	(320,000)	-	0.82	(320,000)
South Bay	199.04	6.3	9.5	5.9	1.5	\$1.36	643,000	-	0.61	643,000
San Gabriel Valley	157.78	5.0	7.3	7.9	1.6	\$1.22	(235,000)	0.22	1.07	(235,000)
Los Angeles	875.22	5.4	8.1	6.9	1.2	\$1.21	934,000	1.57	4.53	934,000

Source: CBRE Research, Q1 2026

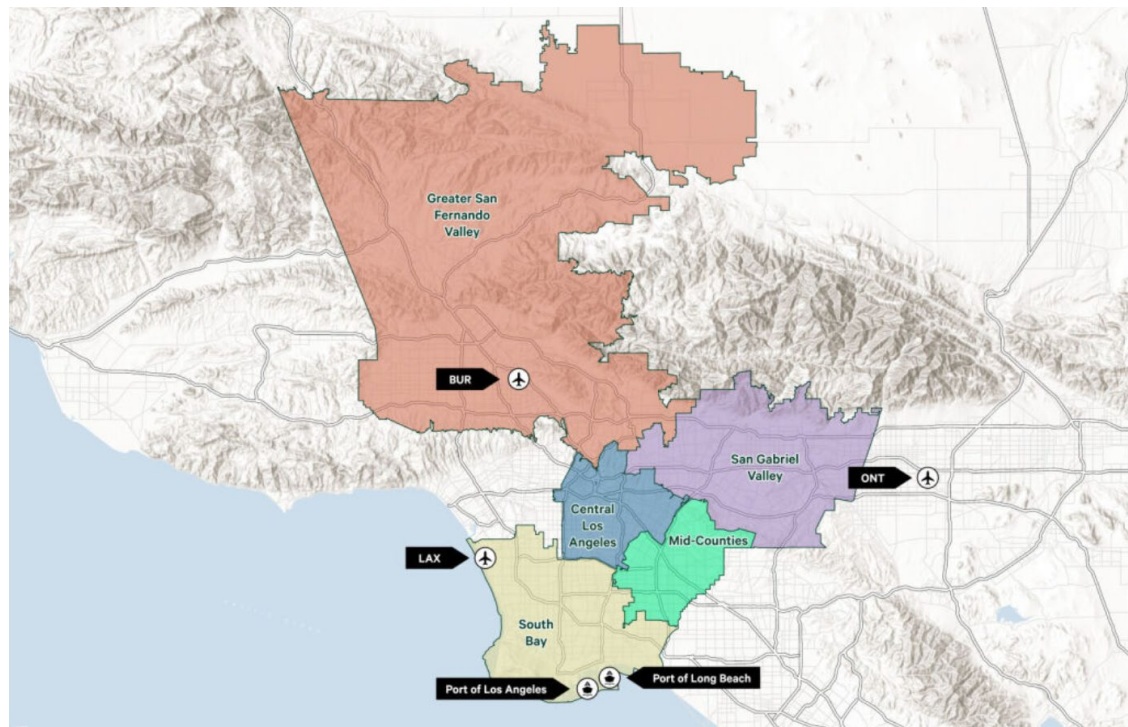
Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Under 100,000 sq. ft.	503.68	4.9%	7.2%	6.2%	1.0%	\$1.15	(1.16)	(1.16)	0.03	0.69
100,000-199,999 sq. ft.	181.22	6.3%	10.2%	8.3%	1.8%	\$1.30	(0.01)	(0.01)	0.10	1.62
200,000-299,999 sq. ft.	84.62	6.3%	9.3%	8.1%	1.2%	\$1.34	0.01	0.01	0.43	0.83
300,000-499,999 sq. ft.	55.00	4.3%	7.1%	5.4%	1.8%	\$1.22	0.67	0.67	-	0.88
500,000-749,999 sq. ft.	28.68	5.6%	6.6%	6.6%	0.0%	\$1.24	0.50	0.50	-	0.52
750,000+ sq. ft.	22.03	9.1%	10.8%	9.3%	1.5%	\$0.83	0.92	0.92	1.00	-
Total	875.23	5.4%	8.1%	6.9%	1.2%	\$1.21	0.93	0.93	1.57	4.53

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy; can be occupied or vacant. **Availability Rate:** Total Available Sq. Ft. divided by the total Building Area. Average **Asking Lease Rate:** A calculated average that includes net rates, weighted by their corresponding available square footage. **Building Area:** The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. **Gross Activity:** All user-sales and lease transactions completed within a specified period. **Net Absorption:** The change in Occupied Sq. Ft. from one period to the next. Positive absorption is reflected when a lease is signed, which may not coincide with the date of occupancy. **Occupied Sq. Ft.:** Building Area not considered vacant. **Vacancy Rate:** Total Available Vacant Sq. Ft. divided by the total Building Area. **Available Vacant Sq. Ft.:** Space that is not occupied and is listed on the market for lease or sale (user sale).

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Los Angeles County. Buildings which have begun construction as evidenced by site excavation or foundation work.

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