

FIGURES | LOS ANGELES INDUSTRIAL | Q3 2026

Positive net absorption extends to a fourth consecutive quarter

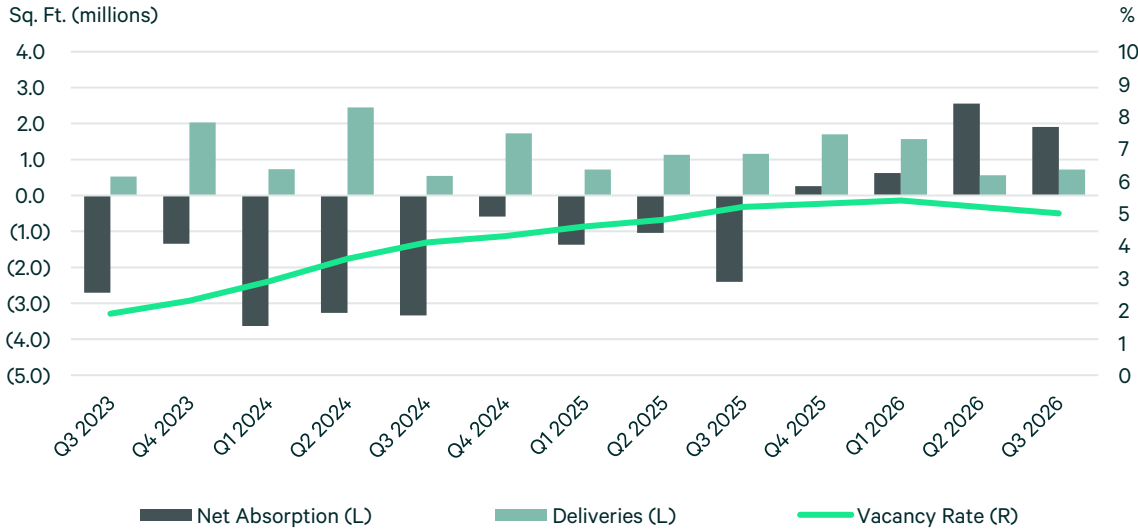


Market Overview

Net absorption totaled 1.91 million sq. ft. in Q3 2026, the fourth consecutive positive quarter, and 5.09 million sq. ft. year-to-date. Leasing activity reached 13.67 million sq. ft., up 6.5% year-over-year (Y-o-Y). Vacancy fell 20 basis points (bps) both quarter-over-quarter (Q-o-Q) and Y-o-Y to 5.0%, the first Y-o-Y decline in at least two years. Four of five submarkets posted positive net absorption, led by Central Los Angeles at 1.11 million sq. ft. and South Bay at 488,000 sq. ft.

Big-box buildings drove the gains: properties of 250,000 sq. ft. and larger absorbed 2.07 million sq. ft., more than the market's net total. Availability increased by 10 bps to 8.0% as more occupied space came to market, and asking rents held flat at \$1.19 per sq. ft. Deliveries totaled 717,000 sq. ft. while the pipeline grew 11.3% Q-o-Q to 4.48 million sq. ft. Four speculative projects totaling 1.42 million sq. ft. are scheduled to deliver in Q4 2026, the next test for vacancy.

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



Source: CBRE Research, Q3 2026

Availability Rate

Overall availability rose 10 bps Q-o-Q to 8.0% in Q3 2026, with direct availability at 6.9% and sublease availability at 1.1%. The rate has held between 7.9% and 8.0% since Q1 2026, and its Y-o-Y increase slowed to 50 bps from 160 bps a year earlier, though it remains 350 bps above the Q3 2023 level of 4.5%. The gap between availability and vacancy, which measures occupied space on the market, widened to 300 bps from 230 bps in Q3 2025.

South Bay posted the highest availability at 8.8%, followed by Mid-Counties at 8.4% and Central Los Angeles at 8.2%, while Greater San Fernando Valley and San Gabriel Valley were the tightest at 7.3% each. Vacancy ranged from 4.4% in Mid-Counties to 5.3% in Central Los Angeles and South Bay. By building size, availability was highest at 9.7% in the 100,000-249,999 sq. ft. range, which also carried the highest sublease rate at 1.9%. Sublease space totaled 9.75 million sq. ft., with South Bay carrying the highest submarket sublease rate at 1.6% and Central Los Angeles the lowest at 0.7%.

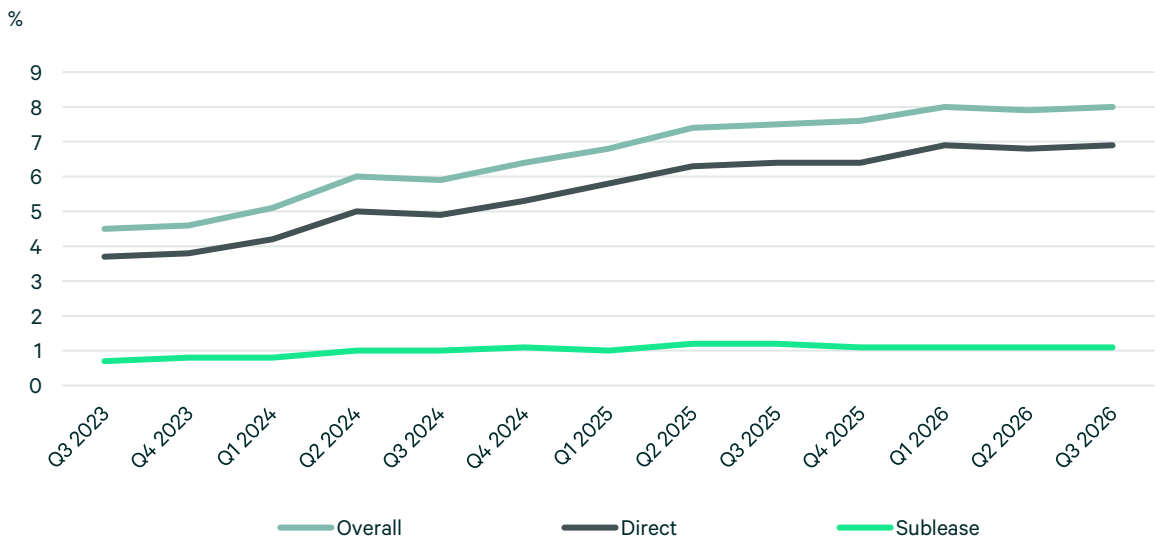
Sublease space played a consistent but secondary role in overall availability in Q3 2026. The market-wide sublease availability rate was 1.1%, unchanged quarter-over-quarter, with total sublease inventory across the tracked submarkets amounting to 9.75 million sq. ft.

Asking Rent

The average direct asking rate held at \$1.19 per sq. ft. in Q3 2026, unchanged Q-o-Q after declining in 10 of the prior 11 quarters. The rate was down 4.0% Y-o-Y from \$1.24 and 30.4% below its Q3 2023 level of \$1.71. The largest buildings price well below the market: \$0.87 per sq. ft. for 500,000-749,999 sq. ft. and \$0.84 for 750,000 sq. ft. and larger, compared with \$1.35 for 250,000-499,999 sq. ft.

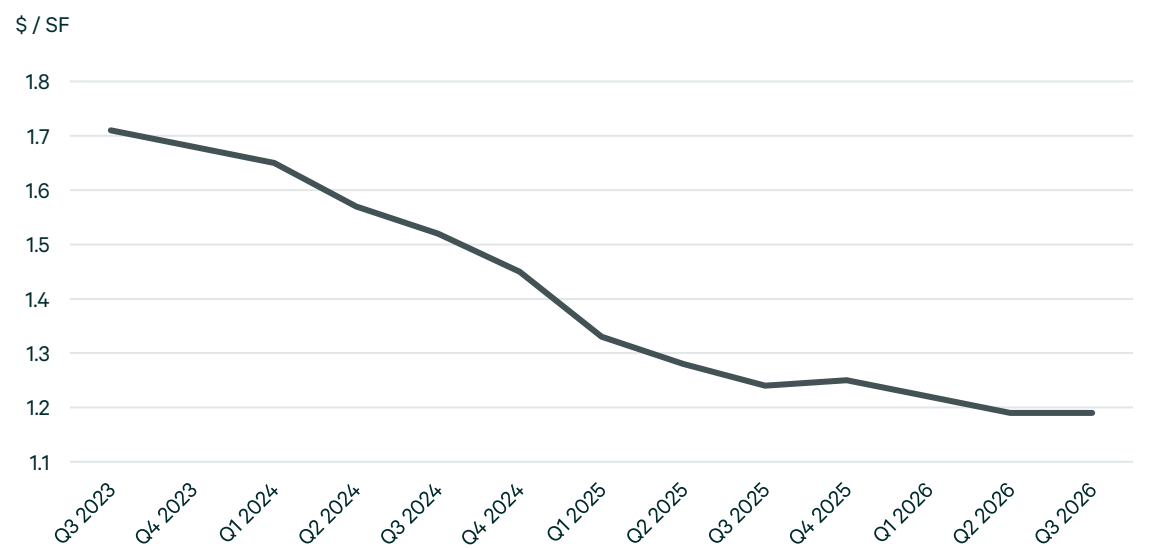
South Bay (\$1.33 per sq. ft.) and Greater San Fernando Valley (\$1.30) set the top of the market, while Mid-Counties (\$1.25) and San Gabriel Valley (\$1.24) formed a middle tier. Central Los Angeles, the largest submarket at 241.67 million sq. ft., remained the most affordable at \$0.99, \$0.20 below the market average.

Figure 2: Availability Rates



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q3 2026

Net Absorption

Net absorption of 1.91 million sq. ft. fell short of the 2.56 million sq. ft. recorded in Q2 2026 but reversed the negative 2.40 million sq. ft. posted in Q3 2025. The quarter marked the fourth consecutive gain after negative results in every quarter from Q3 2023 through Q3 2025, and lifted the rolling four-quarter average to 1.34 million sq. ft. from 0.26 million sq. ft. in Q2 2026. Buildings of 250,000 sq. ft. and larger accounted for 4.91 million sq. ft. of the 5.09 million sq. ft. absorbed year-to-date, while buildings below 50,000 sq. ft. gave back 320,000 sq. ft. in Q3 and 1.43 million sq. ft. year-to-date.

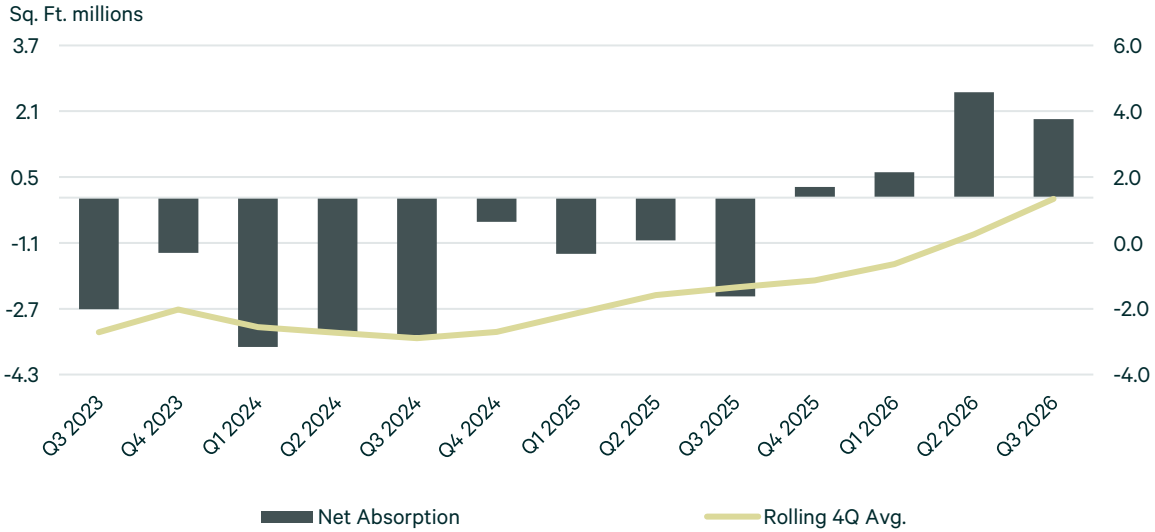
Central Los Angeles led all submarkets with 1.11 million sq. ft., or 58% of the market total, followed by South Bay at 488,000 sq. ft., San Gabriel Valley at 442,000 sq. ft. and Mid-Counties at 107,000 sq. ft. Greater San Fernando Valley posted the only loss, at negative 238,000 sq. ft. Year-to-date, South Bay leads all submarkets with 2.56 million sq. ft., while San Gabriel Valley remains slightly negative despite its Q3 gain.

Construction Activity

Developers delivered 717,000 sq. ft. in Q3 2026, up 27.1% Q-o-Q but down 38.1% Y-o-Y, and 2.85 million sq. ft. year-to-date. Central Los Angeles and San Gabriel Valley accounted for 76% of the quarter's completions. The pipeline rose 11.3% Q-o-Q to 4.48 million sq. ft. from 4.02 million sq. ft., its first increase since Q1 2025, but remained 16.5% below the 5.36 million sq. ft. underway in Q3 2025.

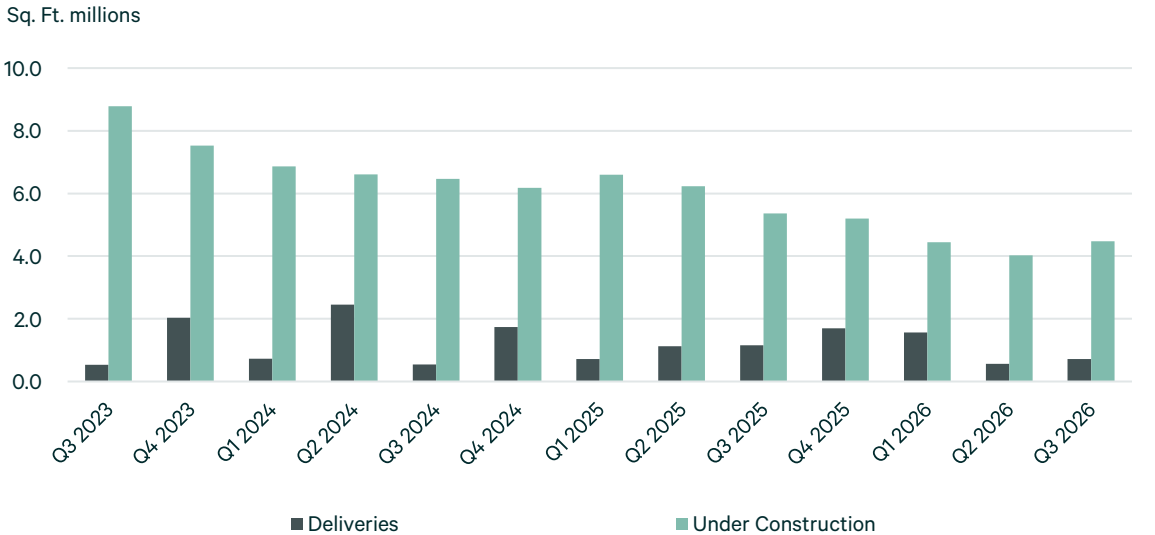
South Bay holds the largest pipeline at 1.23 million sq. ft., followed by Greater San Fernando Valley at 1.07 million sq. ft. and San Gabriel Valley at 840,000 sq. ft. Four speculative projects totaling 1.42 million sq. ft. are scheduled to deliver in Q4 2026: Roxford Street Industrial Park Bldg. 1 (440,000 sq. ft.) and 605 W Technology Dr (282,000 sq. ft.) in Greater San Fernando Valley; SWC Foothill Blvd & Irwindale Ave (438,000 sq. ft.) in San Gabriel Valley; and a 263,000 sq. ft. data center at 3094-3200 E Vernon Ave in Central Los Angeles. In Mid-Counties, 9399 Stewart and Gray Rd (516,000 sq. ft.) is fully pre-leased for delivery in Q2 2028.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



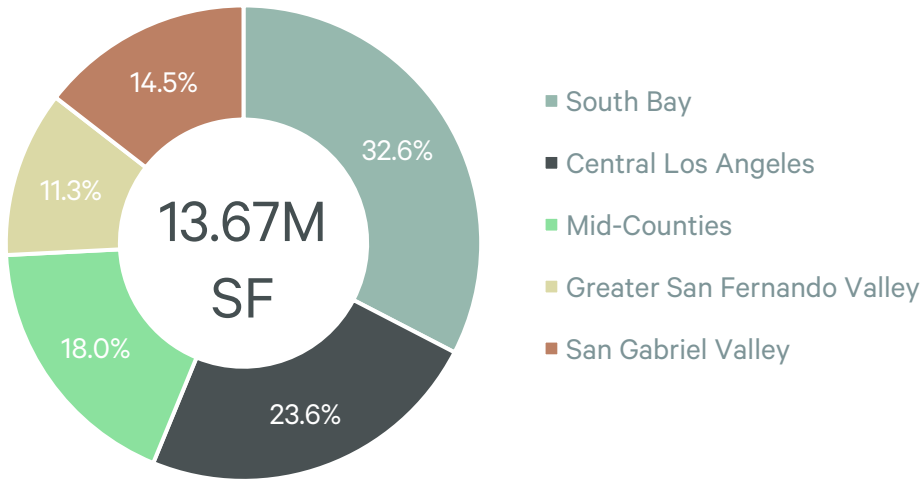
Source: CBRE Research, Q3 2026

Leasing Activity

Tenants leased 13.67 million sq. ft. in Q3 2026 and 43.31 million sq. ft. year-to-date, up 19.4% from the first three quarters of 2025. Volume eased 2.54 million sq. ft., or 15.7%, from the Q2 2026 peak of 16.21 million sq. ft. but rose 830,000 sq. ft., or 6.5%, from 12.84 million sq. ft. in Q3 2025. All three quarters of 2026 rank as the three strongest since Q3 2023.

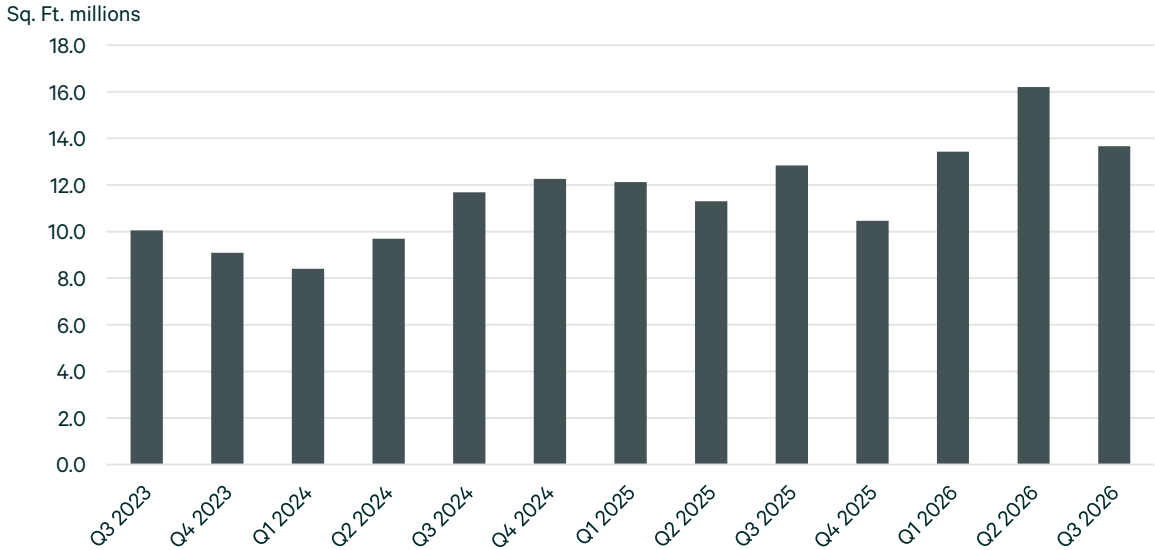
South Bay led all submarkets with 4.46 million sq. ft., followed by Central Los Angeles at 3.23 million sq. ft., Mid-Counties at 2.46 million sq. ft., San Gabriel Valley at 1.98 million sq. ft. and Greater San Fernando Valley at 1.54 million sq. ft. New leases made up five of the seven key transactions, and the three largest totaled 1.22 million sq. ft., led by 455,000 sq. ft. for a confidential tenant in Santa Fe Springs and 429,000 sq. ft. for Expeditors International of Washington in Carson. The quarter's largest deal was a 522,000 sq. ft. renewal in Compton.

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



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	City
Confidential Tenant	522,000	Renewal	1430 N McKinley Ave	Compton
Confidential Tenant	455,000	New Lease	13408 Orden Dr	Santa Fe Springs
Expeditors International of Washington	429,000	New Lease	2001 E Dominguez St	Carson
Confidential Tenant	339,000	New Lease	350 Westmont Dr	San Pedro
kdc/one	319,000	Renewal	9120 Mason Ave	Chatsworth
Sustainable Labor Alliance	220,000	New Lease	19465-19485 E Walnut Dr N	City of Industry
CODA Logistics and Distribution	211,000	New Lease	20974 S Santa Fe Ave	Carson

Source: CBRE Research, Q3 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 (MSF)	YTD Net Absorption (MSF)	Deliveries (SF)	Under Construction (MSF)
Central Los Angeles	241.67	5.3	8.2	7.5	0.7	0.99	1.11	1.27	284,000	0.67
Greater San Fernando Valley	169.93	5.1	7.3	6.4	0.9	1.30	(0.24)	0.14	-	1.07
Mid-Counties	102.84	4.4	8.4	7.2	1.2	1.25	0.11	1.20	43,000	0.68
South Bay	198.68	5.3	8.8	7.2	1.6	1.33	0.49	2.56	129,000	1.23
San Gabriel Valley	158.05	4.7	7.3	6.0	1.3	1.24	0.44	(0.08)	261,000	0.84
Los Angeles Industrial	871.17	5.0	8.0	6.9	1.1	1.19	1.91	5.09	717,000	4.48

Source: CBRE Research, Q3 2026

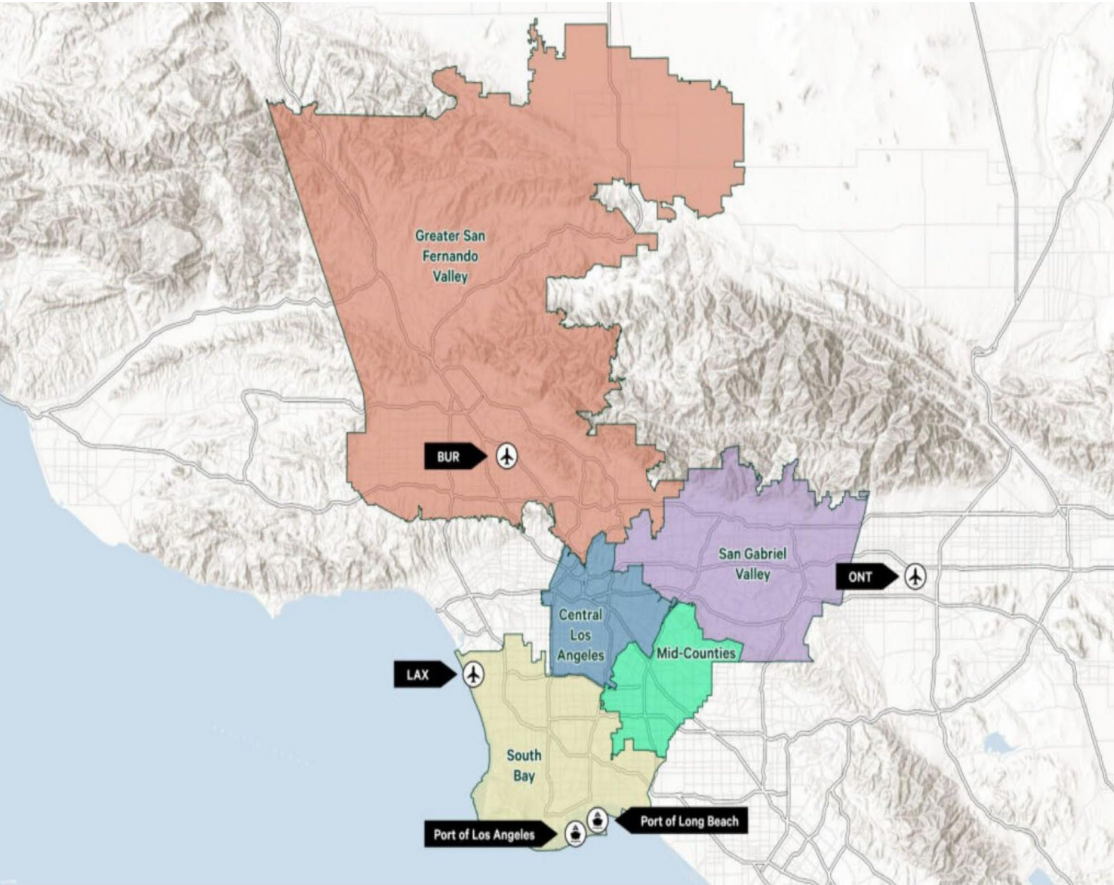
Market Statistics by Size

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 (SF)	Under Construction (MSF)
Below 50K SF	316.16	4.7	7.0	6.3	0.6	1.17	(0.32)	(1.43)	43,000	0.11
50K-99,999 SF	184.34	5.0	8.1	7.0	1.1	1.11	0.51	0.31	-	0.36
100K-249,999 SF	230.19	5.8	9.7	7.8	1.9	1.31	(0.35)	1.30	391,000	2.06
250K-499,999 SF	89.68	4.2	6.3	5.0	1.4	1.35	0.96	1.96	284,000	1.42
500K-749,999 SF	30.04	3.6	9.5	9.5	0.0	0.87	0.77	1.69	-	0.52
750,000 SF +	20.75	8.0	9.3	8.9	0.4	0.84	0.34	1.26	-	-
Total	871.17	5.0	8.0	6.9	1.1	1.19	1.91	5.09	717,000	4.48

Source: CBRE Research, Q3 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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