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////////////////////Los Angeles////////////////////

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////////////////////Orange County////////////////////

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////////////////////Ventura////////////////////

////////////////////

////////////////////Inland Empire////////////////////

////////////////////

////////////////////Phoenix////////////////////

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Q1 | 2025

Market Report

//////////////////// Los Angeles Industrial

LA West/ South



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MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

| | |
|----------------------------------------------|--------------------------------------------|
| <p>Direct Vacancy ↓ 5.04%</p> | <p>Net Absorption ↑ 651,390 SF</p> |
| <p>Overall Vacancy ↓ 5.99%</p> | <p>Gross Absorption ↑ 3,505,395 SF</p> |
| <p>Under Construction ↓ 1,625,401 SF</p> | <p>Rental Rates (NNN) ↓ \$1.65</p> |
| <p>Median Sale \$/SF ↓ \$285.45</p> | <p>Deal Volume ↓ \$212.5M</p> |

MARKET

- **Vacancy Rate:** Declined 13 bps to 5.99% in Q1.
- **Net Absorption:** Stronger demand in Q1, totaling 651,390 SF.
- **Asking Rents:** Declined by \$0.02 or 1.2% to a rate of \$1.65 PSF NNN.
- **Sales:** The median price PSF in Q1 was \$285.45. Volume in Q1 totaled \$212.5M. Down 51.4% from Q4.

ECONOMIC OUTLOOK

- **Interest Rates:** At both the January & March meetings, the FOMC decided hold rates at 4.25-4.50%. FOMC members are only projecting two 25 bps cuts to occur in 2025.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 15.3%. The cost from China/East Asia to North America West Coast declined 63% over Q1, ending at \$2,187 per container. (Freightos). Newly announced sweeping tariffs aimed at resetting global trade will potentially have a significant impact on businesses and consumers. To avoid the impact of the tariffs, businesses may decide to onshore manufacturing. A positive sign for the industrial real estate sector.

| | |
|---------------------------------------------------------------------|-------------------------------------------|
| <p>U.S. Employment ← 4.1%</p> | <p>U6 Rate ↑ 8.0%</p> |
| <p>Interest Rate ↓ 6.65% <small>(30 year fixed)</small></p> | <p>Changing GDP ↓ -3.7%</p> |
| <p>Port Traffic Y/Y Δ ↑ 15.3%</p> | <p>NYSE Performance ↓ -5.4%</p> |
| <p>Inflation Change ↑ 2.81%</p> | <p>10 Yr. - 2 Yr. Spread ↑ 34 BPS</p> |

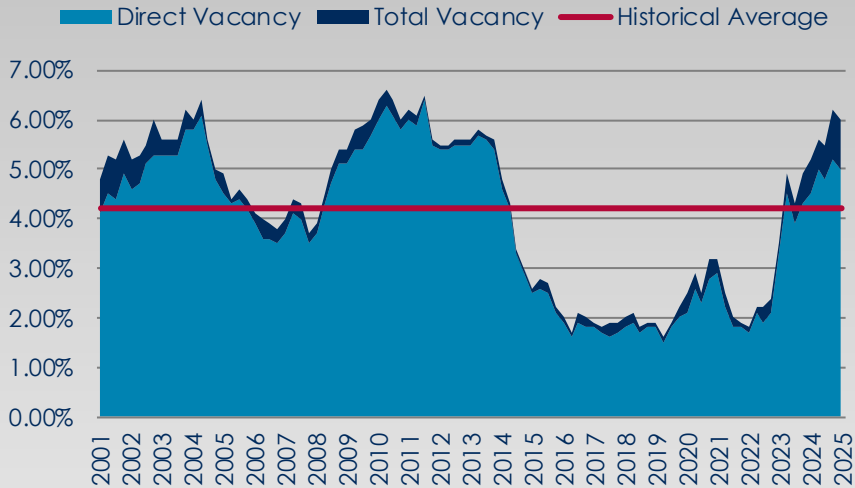
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

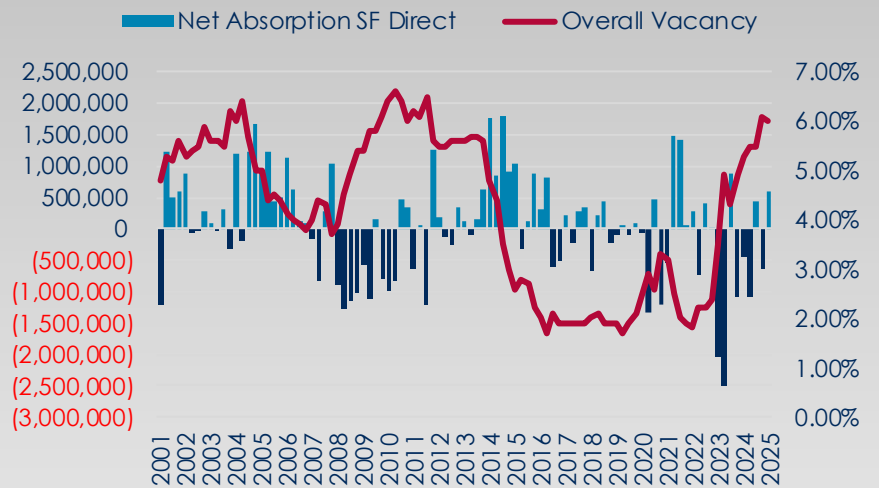


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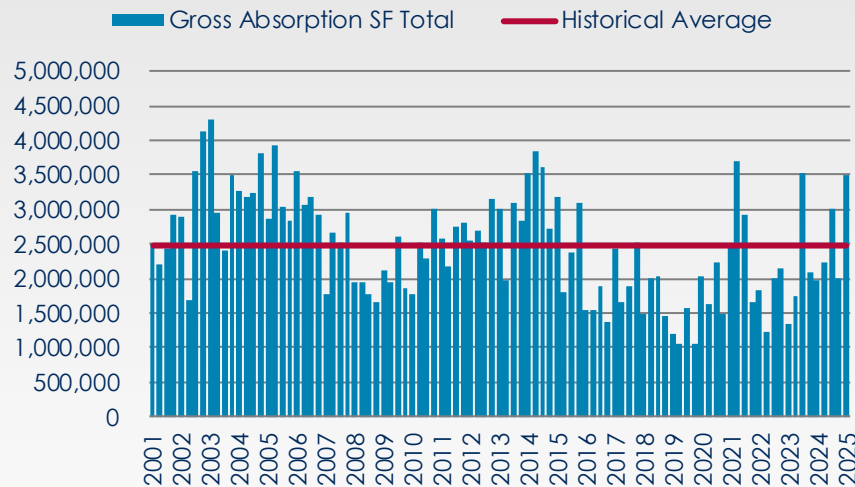
OVERALL VACANCY DECLINED BY 13 BPS IN Q1 TO 5.99%



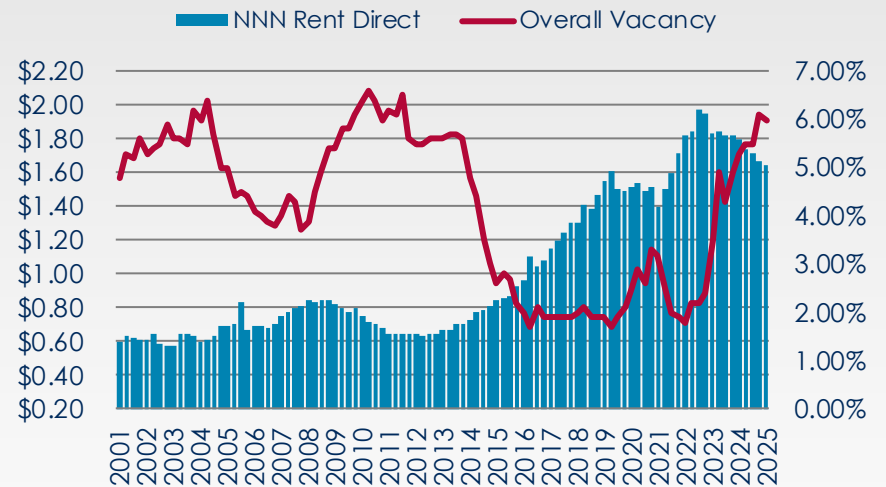
NET ABSORPTION STRONGER DEMAND IN Q1 TOTALING 651K SF



GROSS ABSORPTION INCREASED BY 74.4% IN Q1 TO 3.5M SF

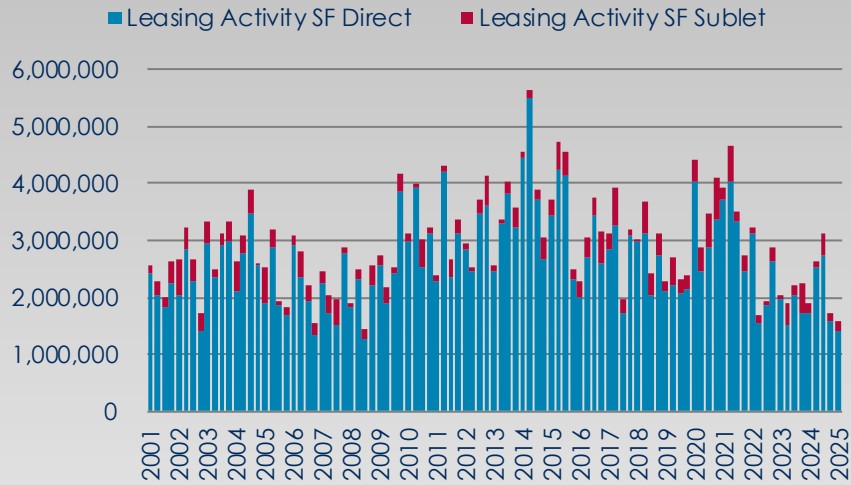


ASKING RENTS DECLINED BY \$0.02 PSF OR 1.2% IN Q1 TO \$1.65 PSF NNN

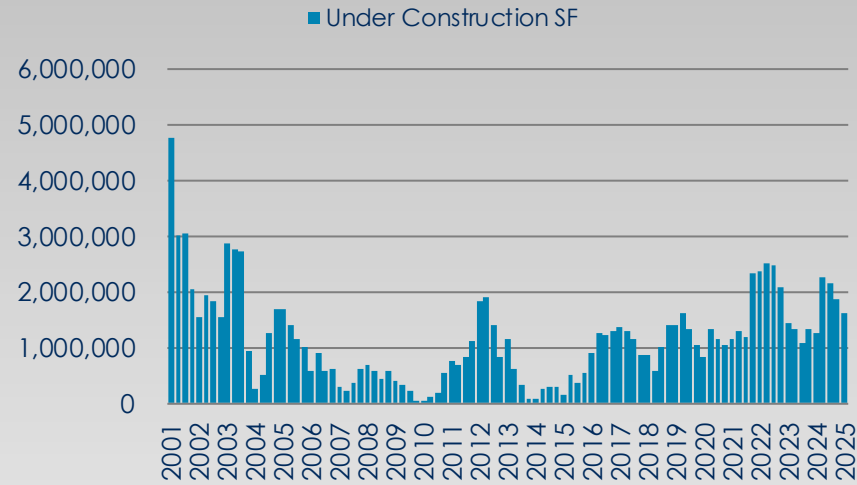


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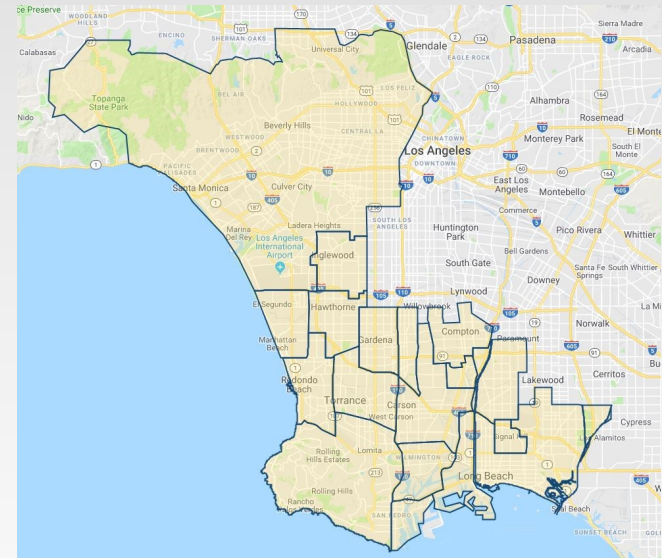
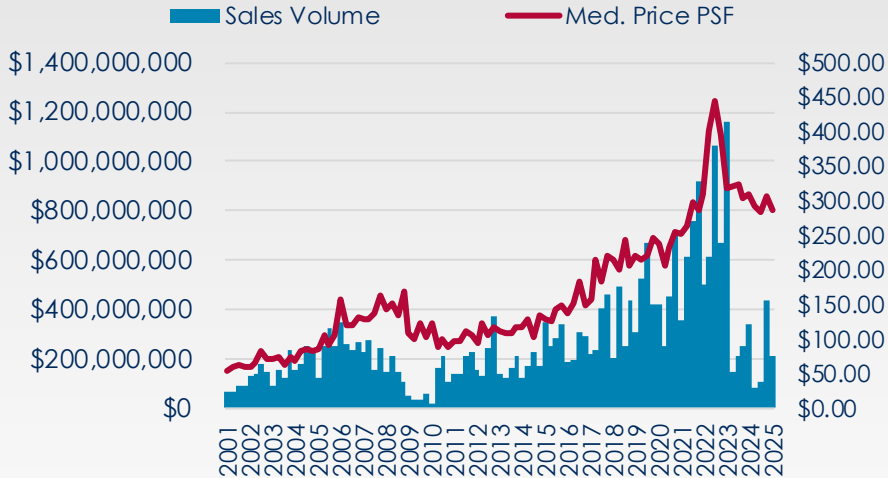
LEASING ACTIVITY DECLINED 8.9% FROM REVISED Q4 TO 1.57M SF IN Q1



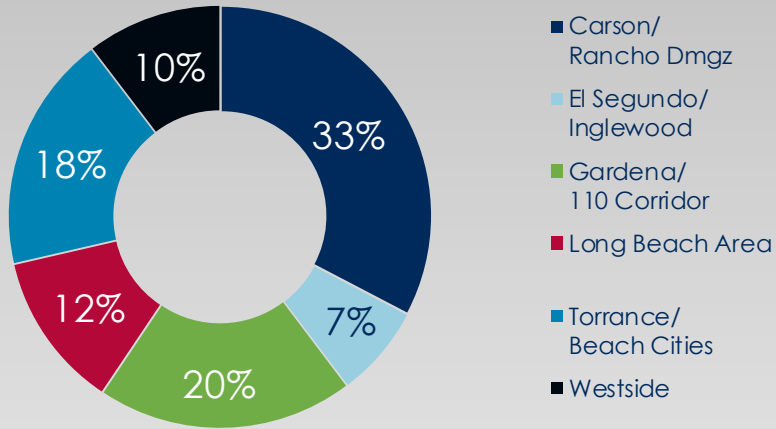
CONSTRUCTION ACTIVITY 360K SF WAS DELIVERED IN Q1. UC REVISED TO 1.63M SF



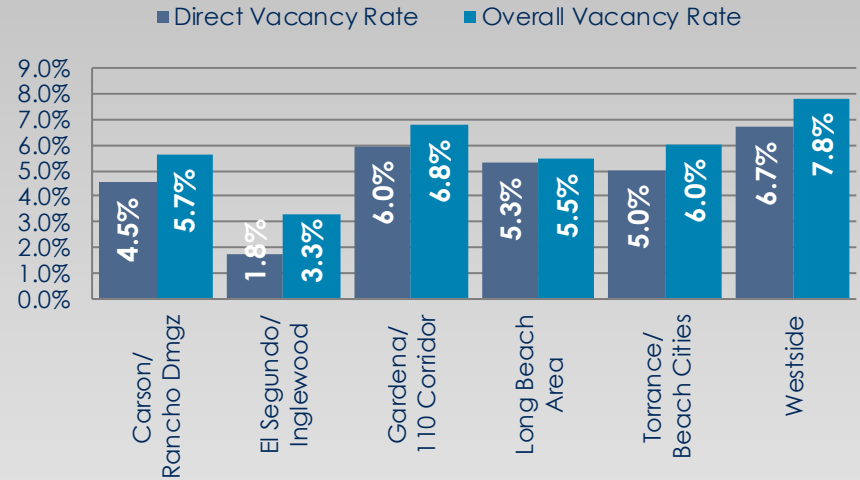
SALES THE MEDIAN PRICE PSF IN Q1 WAS \$285.45 PSF. VOLUME DOWN 51.4%



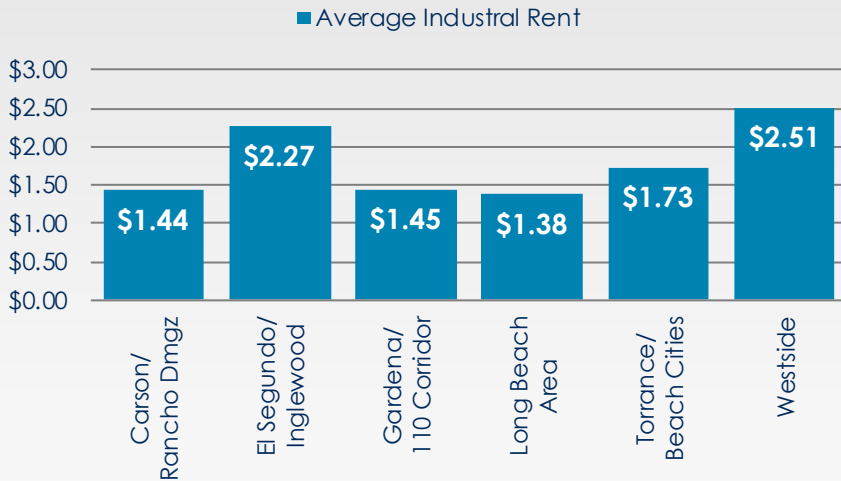
SQUARE FOOT BREAKDOWN- 233,729,280 SF MARKET SIZE



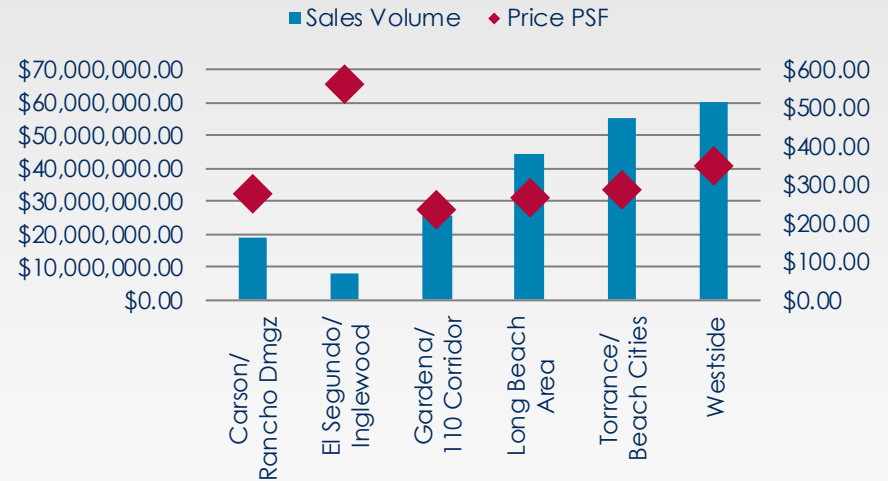
VACANCY BREAKDOWN



AVERAGE ASKING RENT PSF NNN AT CLOSE OF QUARTER



VOLUME BREAKDOWN



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METHODOLOGY & TERMINOLOGY

Methodology

Industrial and flex (R & D) buildings that are 5,000 square feet and greater.

Direct Vacant SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

Total Vacant W/ Sublet SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

Direct Vacancy Rate

Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

Vacancy W/ Sublet Rate

Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

Gross Absorption

The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time.

Net Absorption

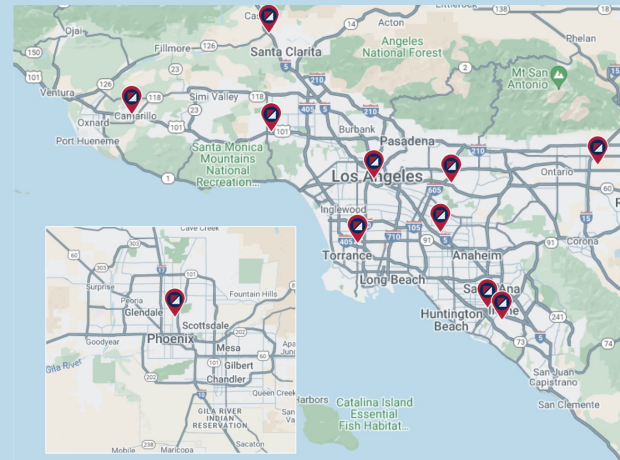
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

Under Construction

Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

Completed in 2025

New buildings with original construction completed in the year 2025 and granted a Certificate of Occupancy. Renovated buildings are not included.



| MARKET | OFFICE ADDRESS | PHONE NUMBER |
|----------------------|------------------------------------------------------------------|--------------|
| LOS ANGELES | 801 S FIGUEROA ST. SUITE 600 LOS ANGELES, CA 90017 | 213-626-9101 |
| LOS ANGELES NORTH | 21820 BURBANK BLVD. SUITE 130 WOODLAND HILLS, CA 91367 | 818-887-3600 |
| SANTA CLARITA VALLEY | 27200 TOURNEY RD. SUITE 425 VALENCIA, CA 91355 | 661-705-2299 |
| SAN GABRIEL VALLEY | 13181 CROSSROADS PKWY N. SUITE 100 CITY OF INDUSTRY, CA 91746 | 562-695-7244 |
| SOUTH BAY | 19191 S VERMONT AVE. SUITE 850 TORRANCE, CA 90502 | 310-538-6700 |
| MID-COUNTIES | 13810 CERRITOS CORPORATE DR. SUITE C CERRITOS, CA 90703 | 562-207-3300 |
| ORANGE COUNTY | 4400 MACARTHUR BLVD. SUITE 950 NEWPORT BEACH, CA 92660 | 949-724-1900 |
| VENTURA COUNTY | 751 DAILY DR. SUITE 105 CAMARILLO, CA 93010 | 805-987-8866 |
| INLAND EMPIRE | 3595 E INLAND EMPIRE BLVD. BLDG 5 ONTARIO, CA 91764 | 909-980-1234 |
| PHOENIX | 1702 E HIGHLAND AVE. SUITE 120 PHOENIX, AZ 85016 | 602-957-7300 |
| INVESTMENT DIVISION | 650 TOWN CENTER DR. SUITE 120 COSTA MESA, CA 92626 | 949-341-4500 |
| INDIAN WELLS | 74900 HIGHWAY 111, SUITE 221 INDIAN WELLS, CA 92210 | 760-253-8539 |



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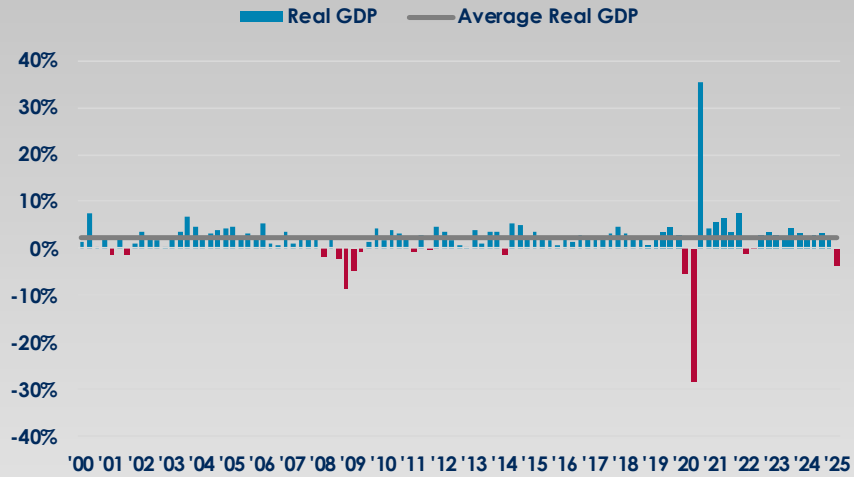
Economic Overview



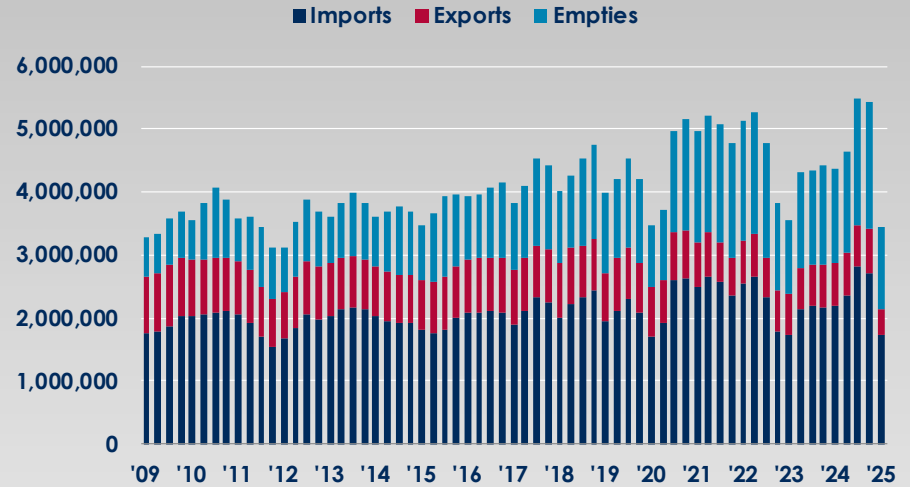
Q1 2025

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GDP IN Q4 FINISHED AT 2.4%. Q1 ESTIMATE AT -3.7% PER GDPNOW

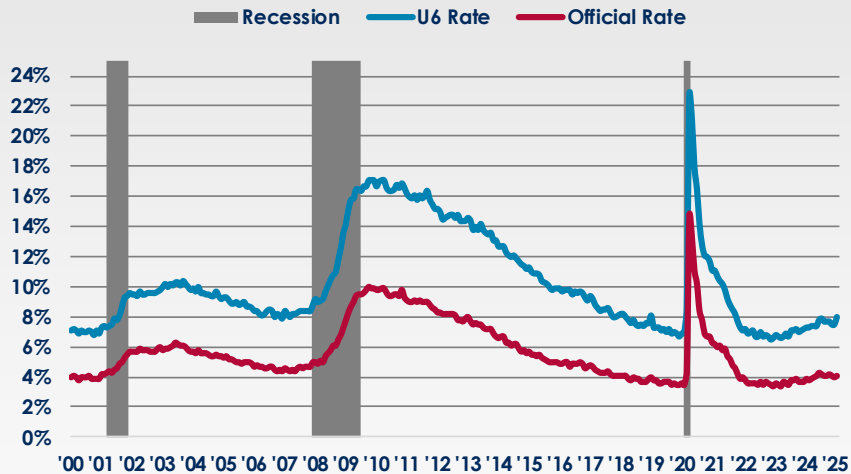


PORT ACTIVITY IN Q4 WAS UP 22.8% Y/Y. YTD 2025 UP 15.3% Y/Y

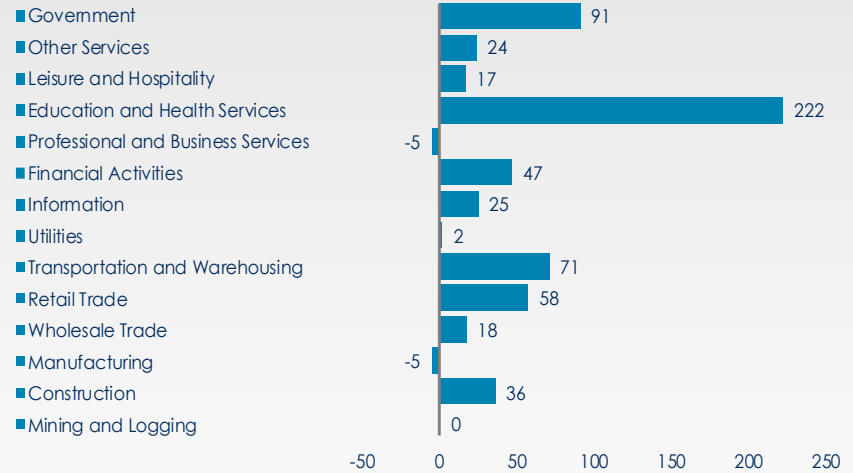


*-3.7% Estimate for Q1-25 from the Federal Reserve Bank of Atlanta GDPNow

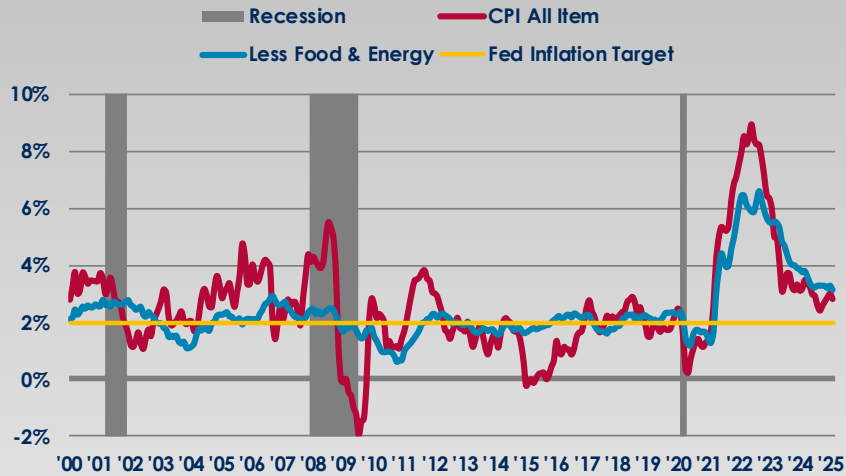
LABOR MARKET SHOWING SIGNS OF SOFTENING, BUT REMAINS RESILIENT



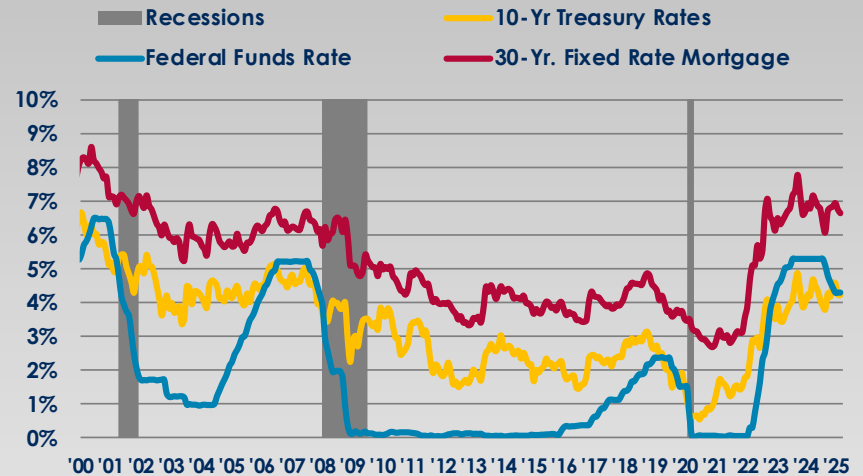
EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q1



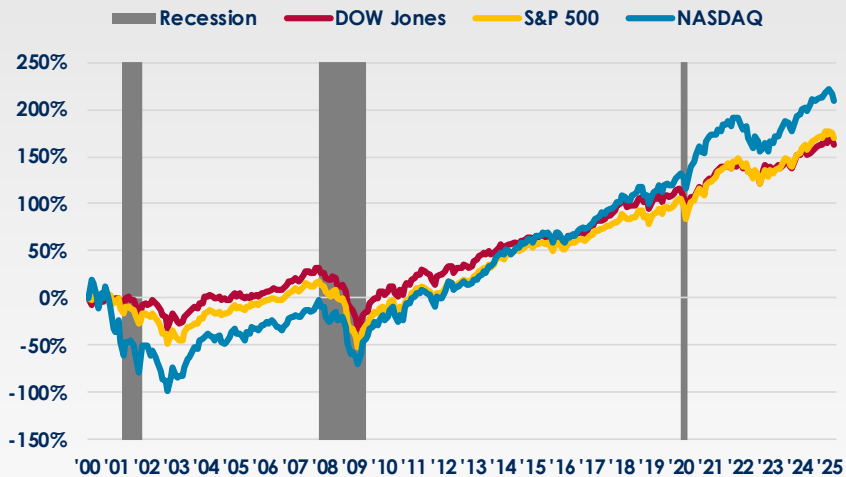
CONTINUES TO REMAIN ABOVE THE FED TARGET OF 2%



THE FED HELD RATES IN JAN & MARCH. 10 YR DOWN 35 BPS IN Q1



THE MAJOR INDEXES WERE DOWN AN AVERAGE OF 5.4% IN Q1



10-2 YEAR YIELD CURVE STEEPENED IN Q1

