

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

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

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

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

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

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

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

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

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

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

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

Q3 | 2025
Market Report
////////////////// Los Angeles Industrial



Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Increased by 18 bps from Q2 to 6.47% in Q3. Year over Year increase of 87 bps or 8.4M SF.
- **Net Absorption:** Remains negative in Q3. Over 1.1M SF of sublet space was absorbed pushing the total in Q3 to -471K SF.
- **Asking Rates:** Declined by \$0.02 or 1.4% to a rate of \$1.36 PSF NNN in Q3.
- **Leasing Activity:** Up by 6.7% to 12.08M SF in Q3.
- **Sale Activity:** Median price PSF in Q3 was \$280.41. Volume in Q3 totaled \$965.2M. Bringing the YTD 2025 volume total to \$2.74B. Down 2.45% compared to 2024.

ECONOMIC OUTLOOK

- **Interest Rates:** At the September meeting, the FOMC decided cut rates to 4.00-4.25%. FOMC members are still projecting two additional 25 bps cuts to occur in 2025.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 6.4%. The cost from China/East Asia to the West Coast declined 45.3% over Q3, ending at \$1,853 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China) effective August 1. Nearshoring accelerations drive 45% of businesses increasing regional sourcing from Mexico/Southeast Asia, sustaining strong industrial property demand as companies prioritize supply chain resilience.



Direct Vacancy
⬆ 5.75%


Net Absorption
⬆ -470,645 SF


Overall Vacancy
⬆ 6.47%


Gross Absorption
⬆ 14,364,873 SF



Under Construction
⬆ 3,984,052 SF


Rental Rates (NNN)
⬆ \$1.36


Median Sale \$/SF
⬆ \$280.41


Deal Volume
⬆ \$965.2M


U.S. Employment
⬆ 4.3%


U6 Rate
⬆ 8.1%


Interest Rate
⬆ 6.30%
(30 year fixed)


Changing GDP
⬆ 3.8%


Port Traffic Y/Y Δ
⬆ 6.4%


NYSE Performance
⬆ 8.1%


Inflation Change
⬆ 2.94%


10 Yr. - 2 Yr. Spread
⬆ 56 BPS

EXPERIENCE IN A CHANGING MARKET

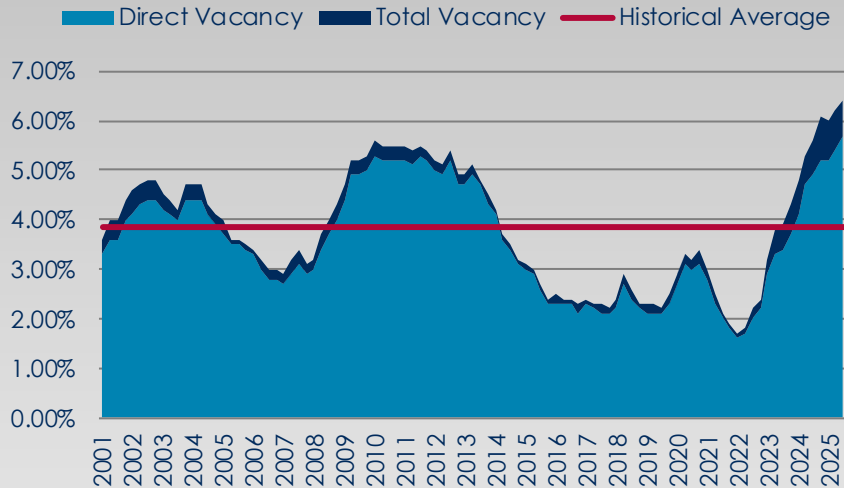
@DAUMCOMMERCIAL



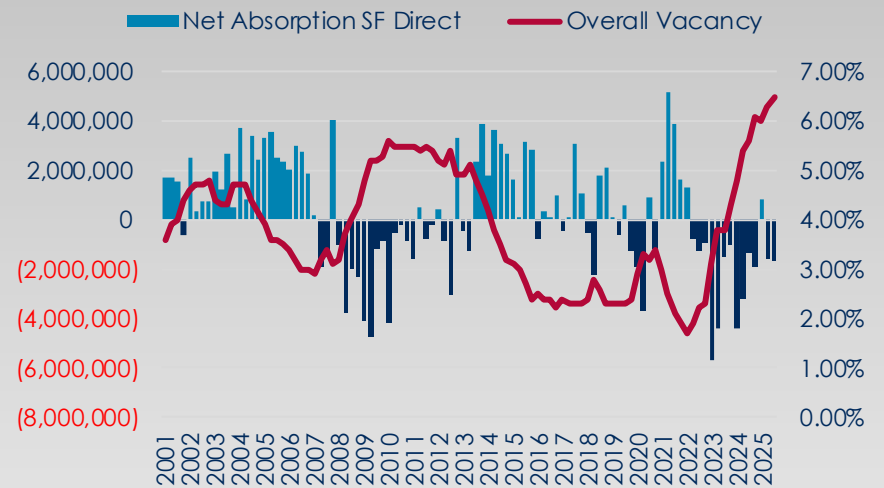
Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

www.daumcommercial.com | ONCOR INTERNATIONAL

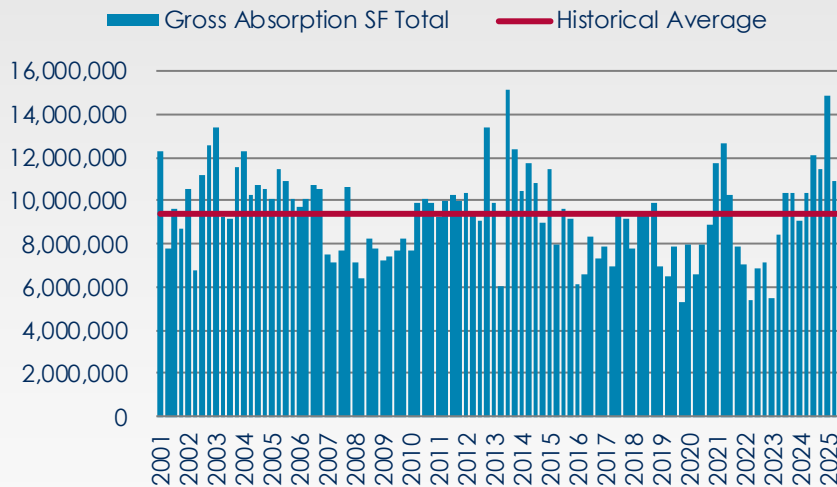
OVERALL VACANCY INCREASED BY 18 BPS FROM Q2 TO 6.47% IN Q3



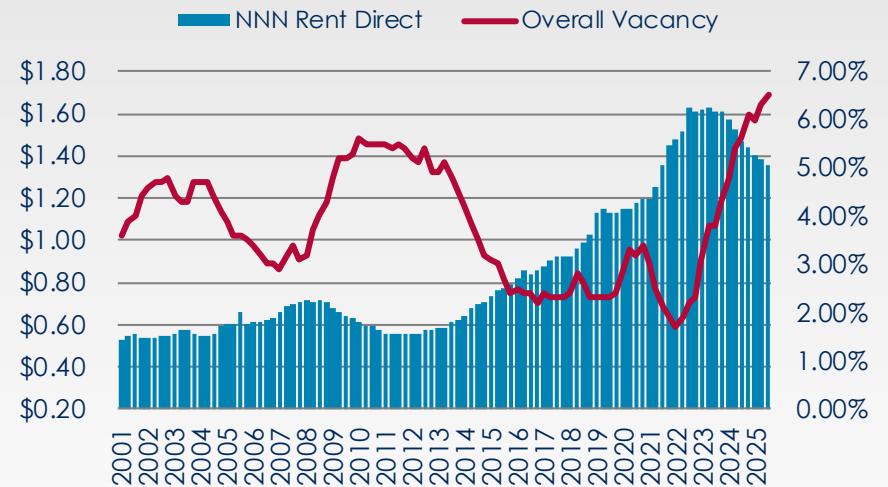
NET ABSORPTION REMAINS NEGATIVE BUT IMPROVED FROM Q2 TOTALING -471K SF



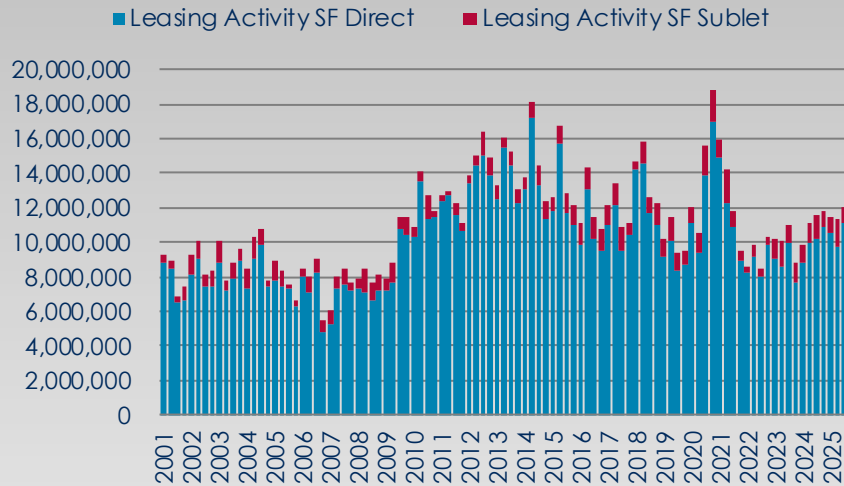
GROSS ABSORPTION INCREASED BY 31.4% FROM Q2 TO 14.4M SF IN Q3



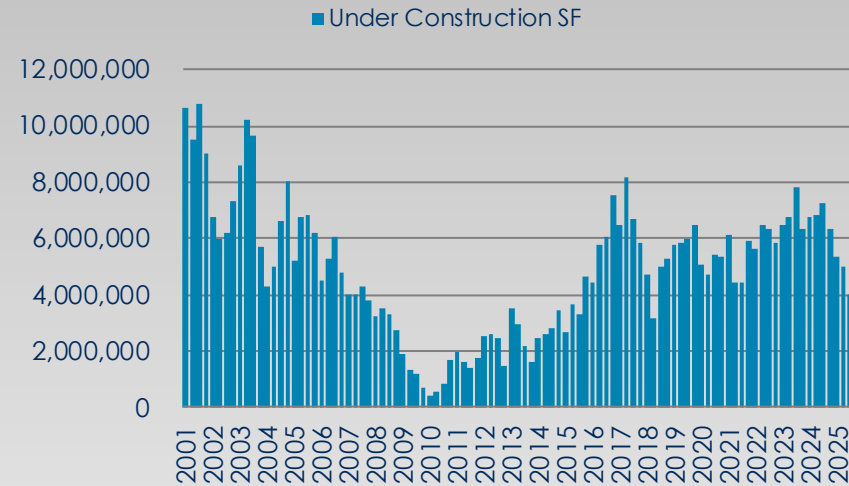
ASKING RENTS DECLINED BY \$0.02 PSF OR 1.4% TO \$1.36 PSF NNN IN Q3



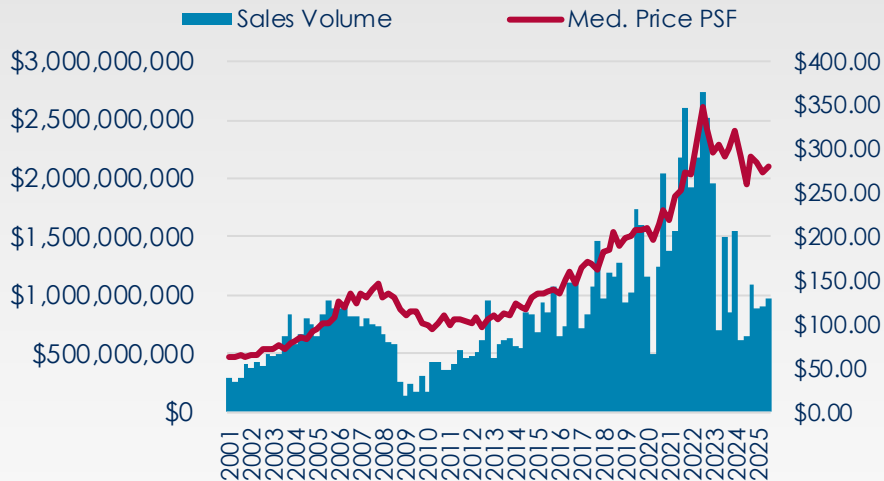
LEASING ACTIVITY INCREASED BY 6.7% FROM REVISED Q2 TO 12.08M SF IN Q3



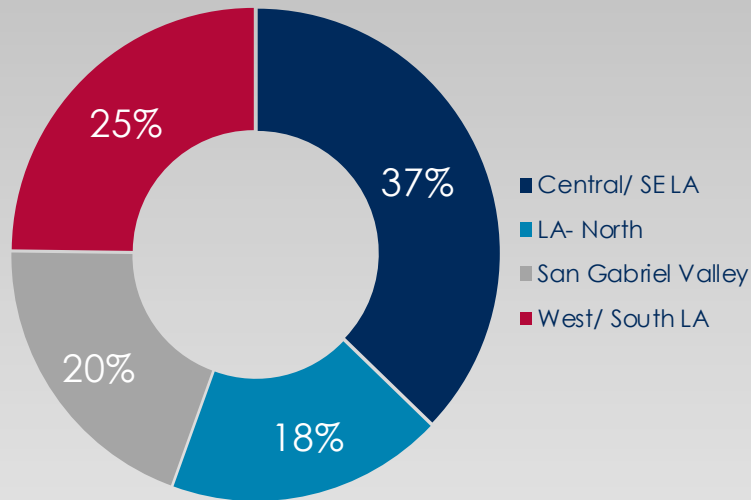
CONSTRUCTION ACTIVITY 1.3M SF WAS DELIVERED IN Q3. UC REVISED TO 3.98M SF



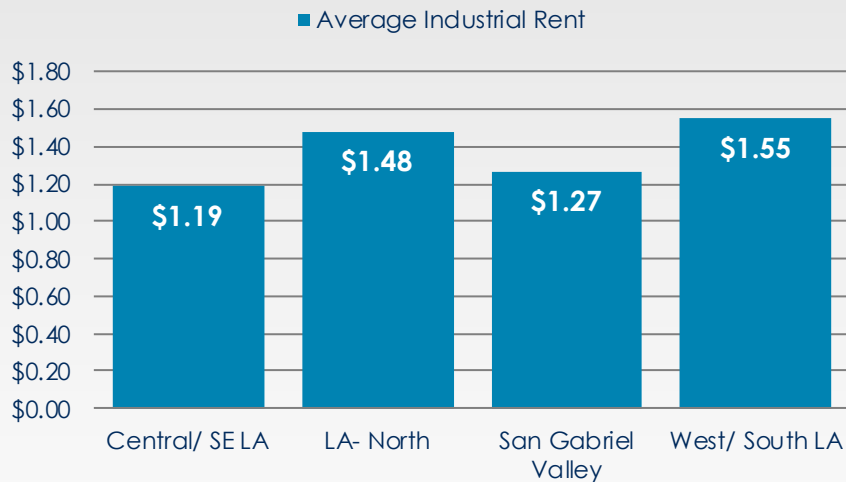
SALES THE MEDIAN PRICE PSF IN Q3 WAS \$280.41. VOLUME UP 7.4% TO \$965.2M



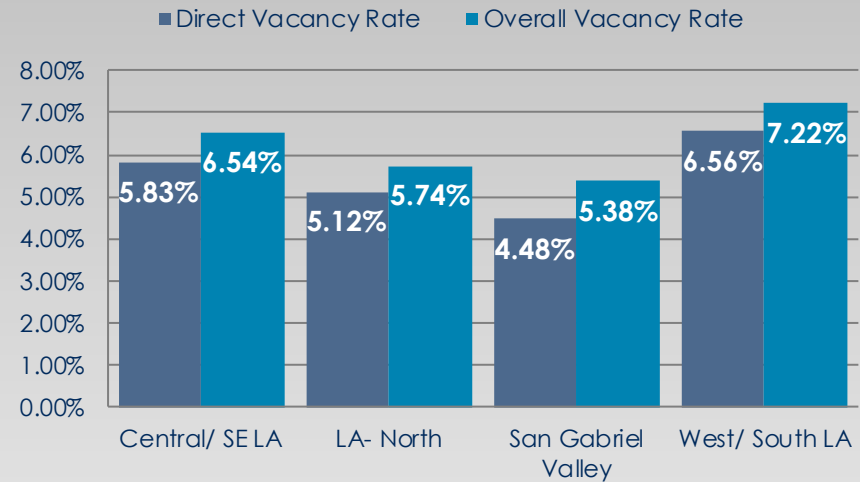
SQUARE FOOT BREAKDOWN- 942,495,219 SF MARKET SIZE



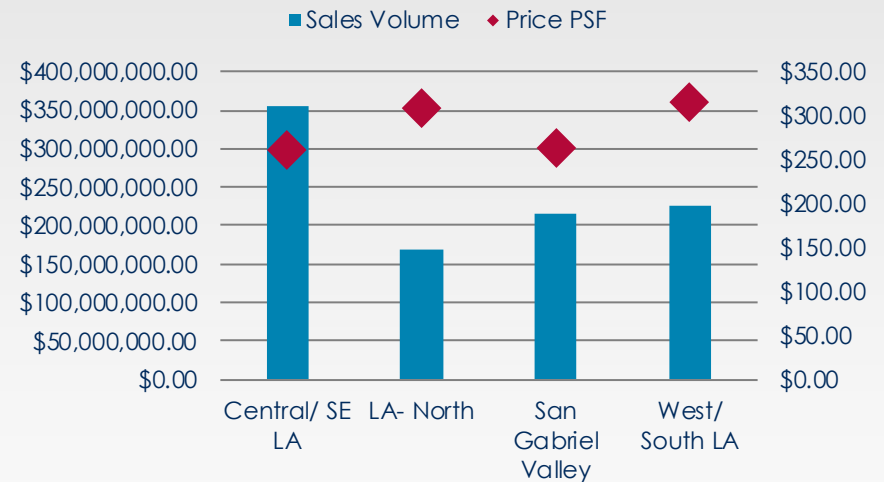
AVERAGE ASKING RENT PSF NNN AT CLOSE OF QUARTER



VACANCY BREAKDOWN



VOLUME BREAKDOWN



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

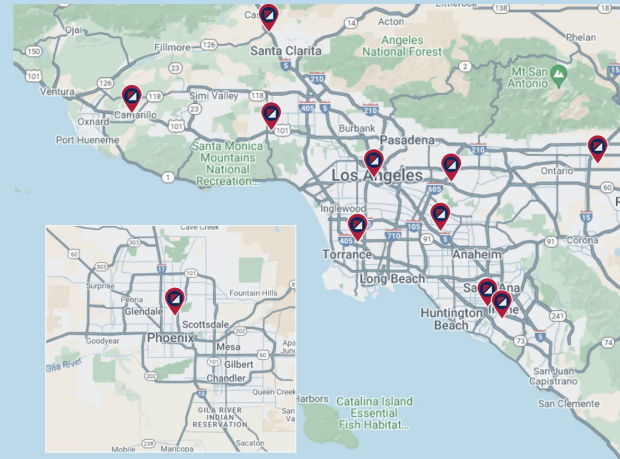
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

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

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

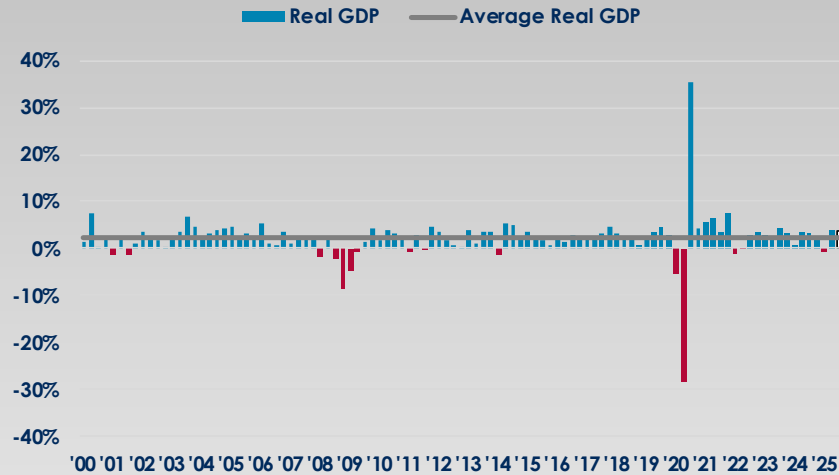
Economic Overview



Q3 2025

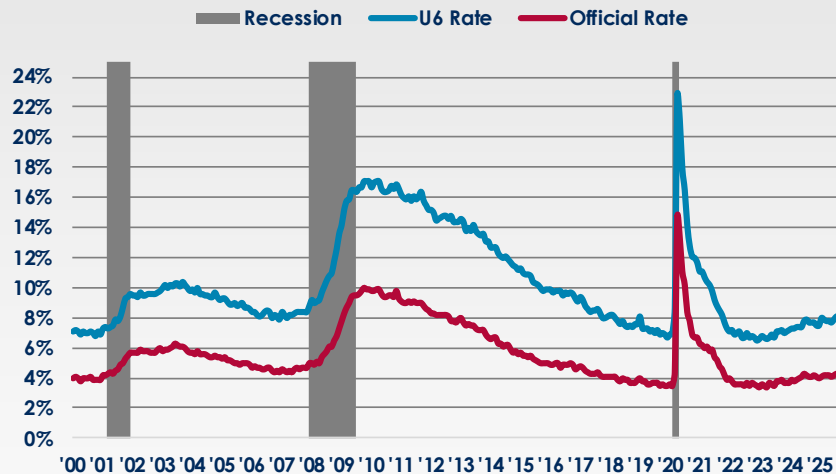
Although all information is furnished regarding for sale, rental or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof, and it is submitted subject to errors, omissions, changes of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice.

GDP IN Q2 FINISHED AT 3.8%. Q3 ESTIMATE AT 3.8% PER GDPNOW

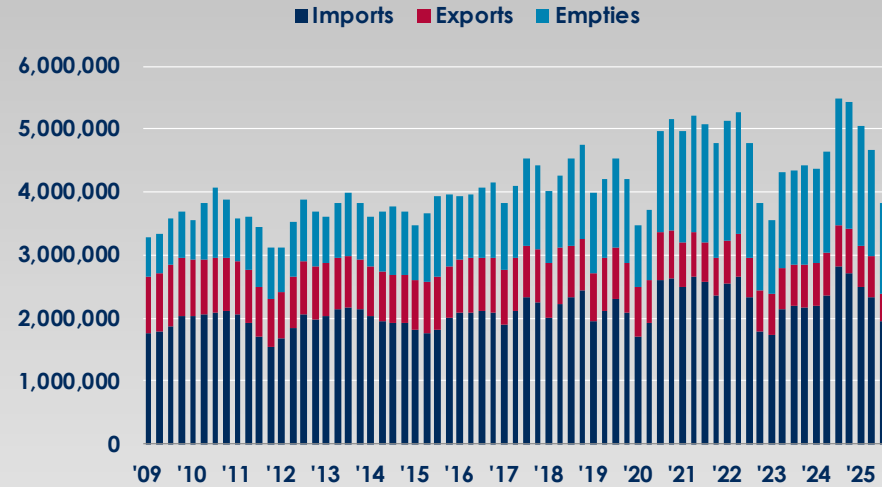


*3.8% Estimate for Q3-25 from the Federal Reserve Bank of Atlanta GDPNow

LABOR MARKET SOFTENING AS THE FED BEGINS TO CUT RATES

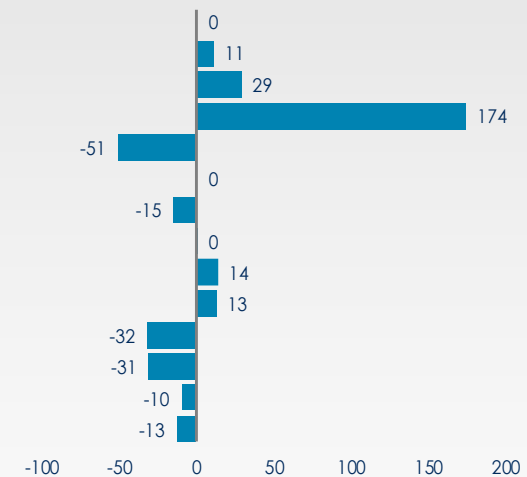


PORT ACTIVITY IN Q2 UP 0.5% Y/Y. YTD 2025 UP 6.4% Y/Y

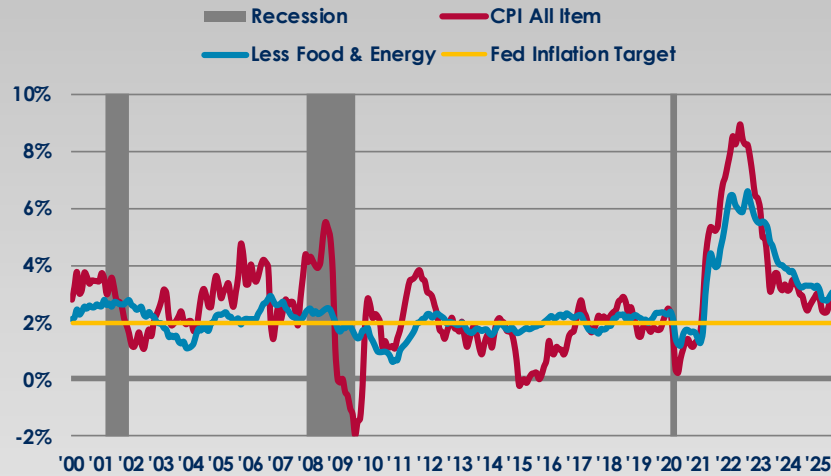


EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q3

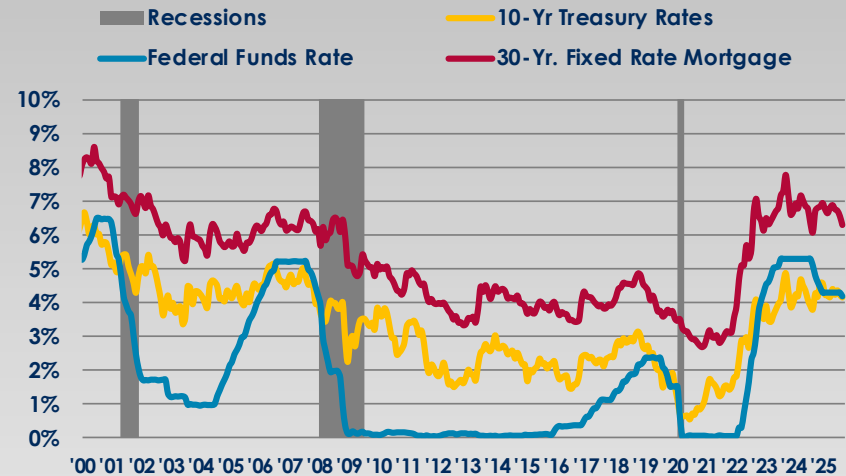
- Government
- Other Services
- Leisure and Hospitality
- Education and Health Services
- Professional and Business Services
- Financial Activities
- Information
- Utilities
- Transportation and Warehousing
- Retail Trade
- Wholesale Trade
- Manufacturing
- Construction
- Mining and Logging



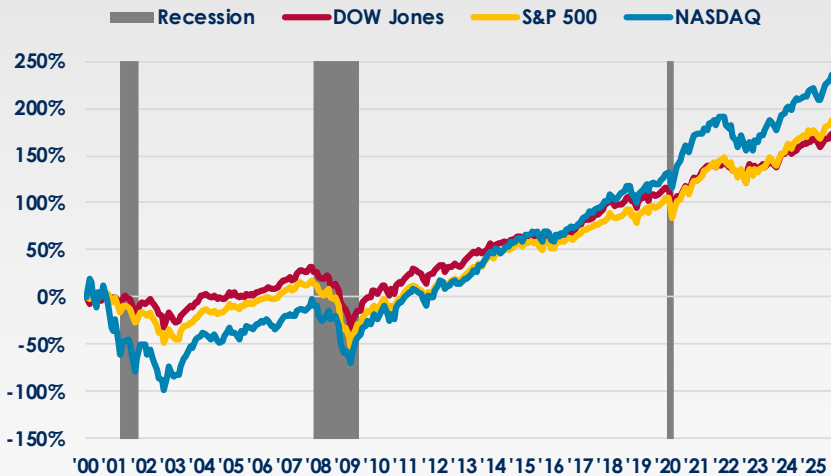
INFLATION TRENDING UPWARD ABOVE THE FED TARGET OF 2%



THE FED CUT RATES BY 25 BPS; EST. 50 BPS MORE OF CUTS BY EOY



MAJOR INDEXES REACHED ALL TIME HIGHS TO CLOSE Q3



10-2 YEAR YIELD CURVE STEEPENED IN Q3

