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

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

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

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

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

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Q3 | 2025

Market Report

////////////////// Orange County Industrial



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MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Increased 52 bps in Q3 to 6.31%. Year over Year has increased 143 bps.
- **Net Absorption:** Direct improved from Q2, but 699K SF of sublet was unabsorbed pushing total lower.
- **Asking Rents:** Declined by \$0.02 PSF or 1.3% in Q3 to a rate of \$1.52 PSF NNN.
- **Industrial Supply:** 753K SF was delivered in Q3. Under construction revised to 2.02M SF.
- **Sales:** The median price PSF in Q3 was \$361.07. Volume in Q3 totaled \$309.8M; down 37.9% from Q2.

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
⬆ 5.42%


Net Absorption
⬆ -874,771 SF


Overall Vacancy
⬆ 6.31%


Gross Absorption
⬆ 3,618,762 SF


Under Construction
⬆ 2,016,912 SF


Rental Rates (NNN)
⬆ \$1.52


Median Sale \$/SF
⬆ \$361.07



Deal Volume
⬆ \$309.8M



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

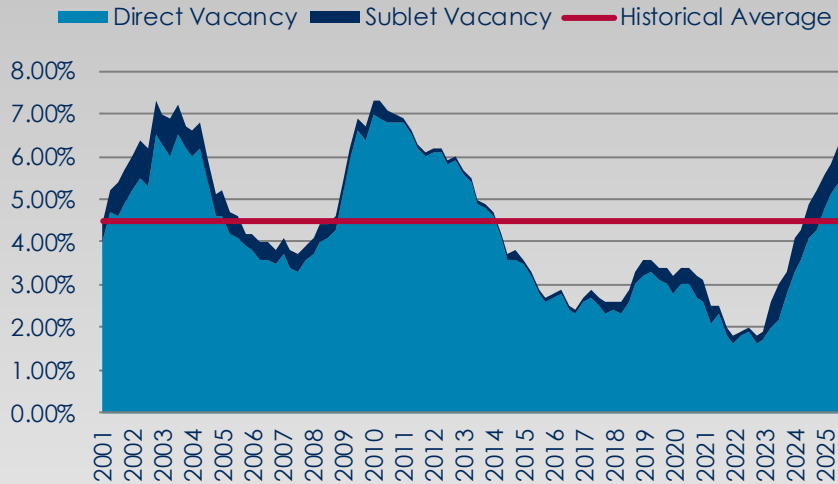
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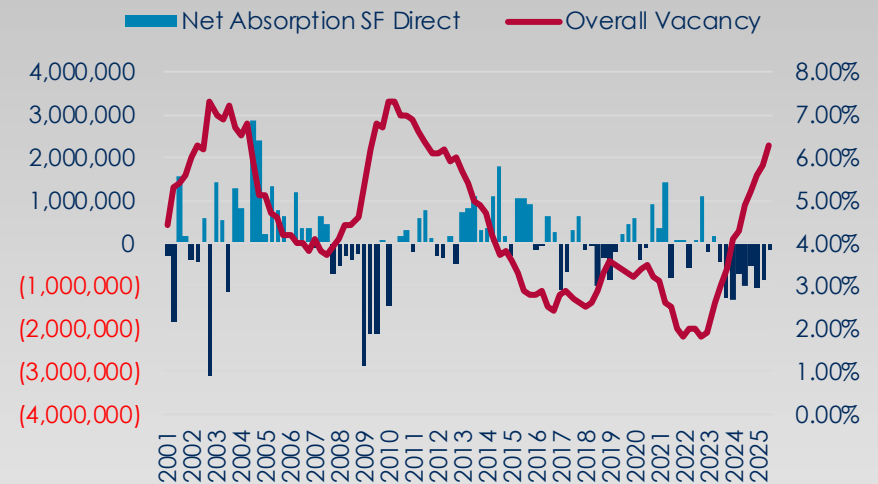
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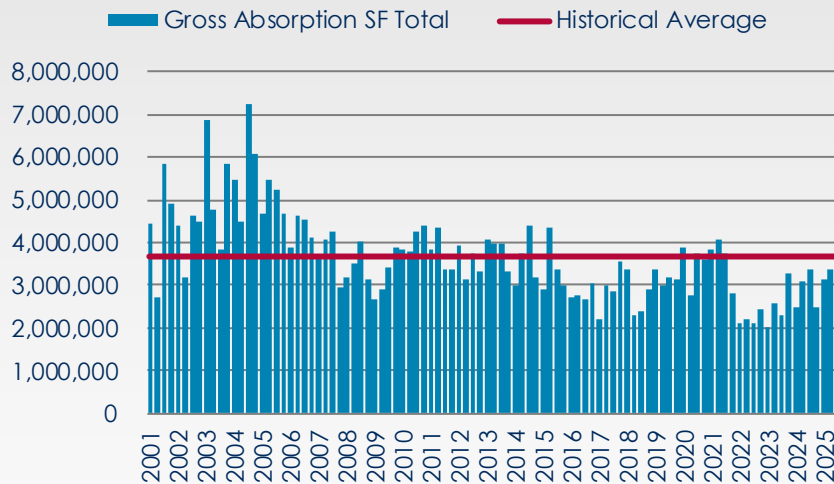
OVERALL VACANCY INCREASED BY 52 BPS IN Q3 TO 6.31%



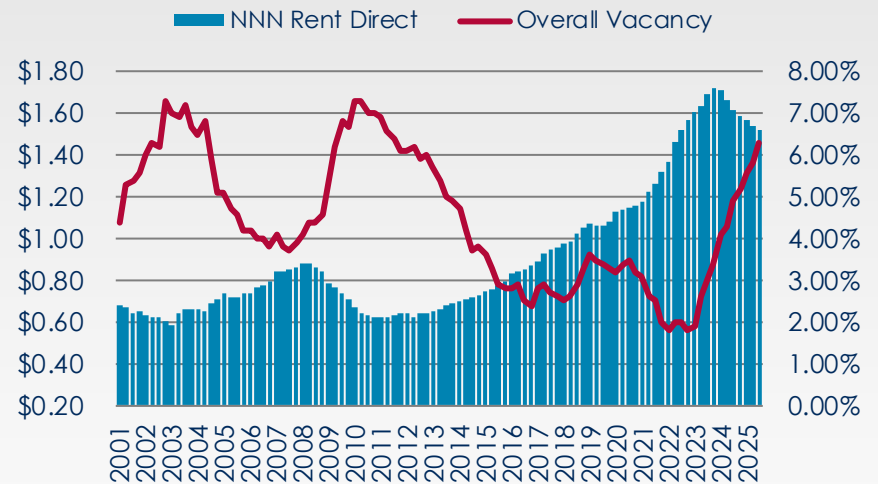
NET ABSORPTION REMAINS NEGATIVE IN Q3 TOTALING -875K SF



GROSS ABSORPTION INCREASED BY 8.1% FROM Q2 TO 3.6M SF IN Q3



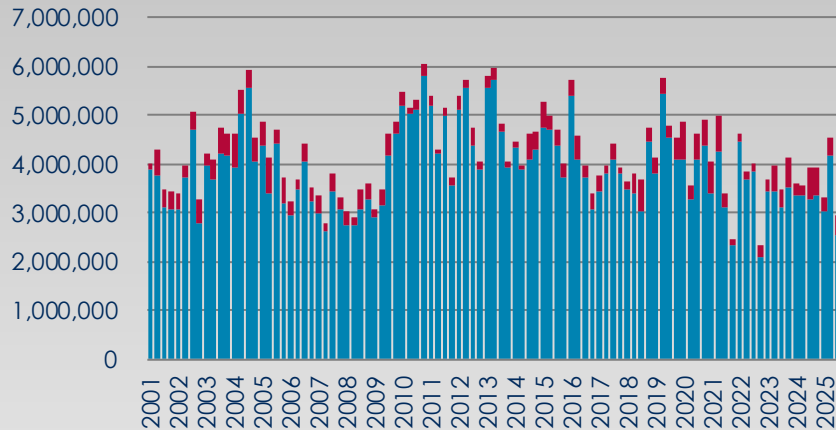
ASKING RENTS DECLINED BY \$0.02 PSF OR 1.3% IN Q3 TO \$1.52 PSF NNN



LEASING ACTIVITY

DECLINED 35.2% FROM REVISED Q2 TOTALING 2.9M SF IN Q3

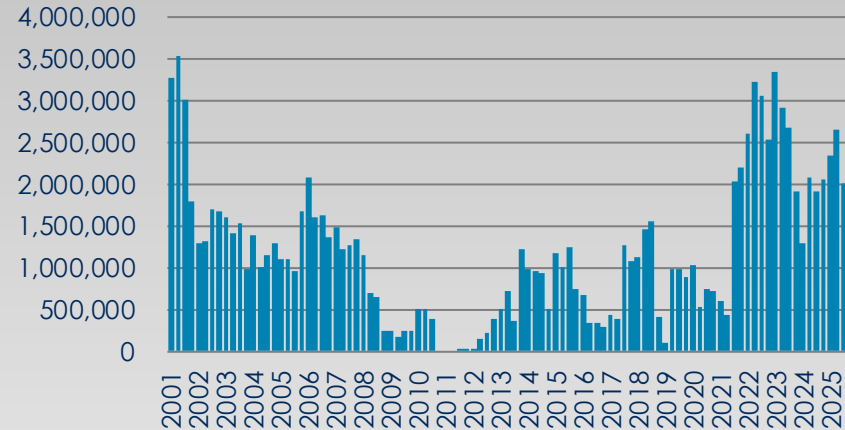
■ Leasing Activity SF Direct ■ Leasing Activity SF Sublet



CONSTRUCTION ACTIVITY

753K SF WAS DELIVERED IN Q3. UC REVISED TO 2.02M SF

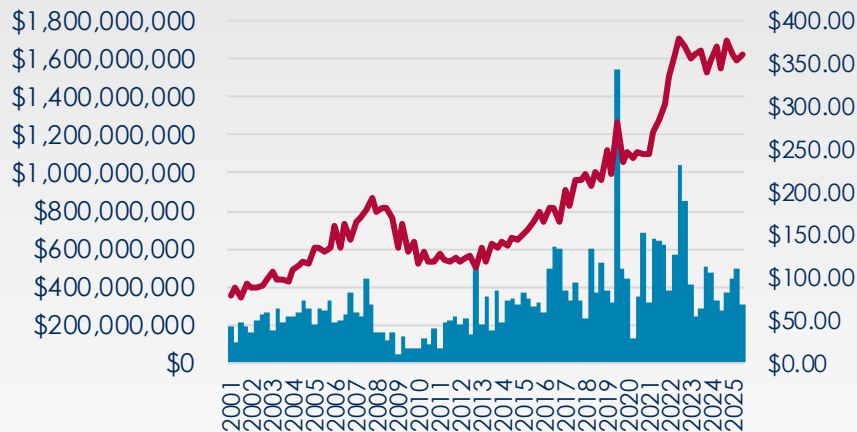
■ Under Construction SF



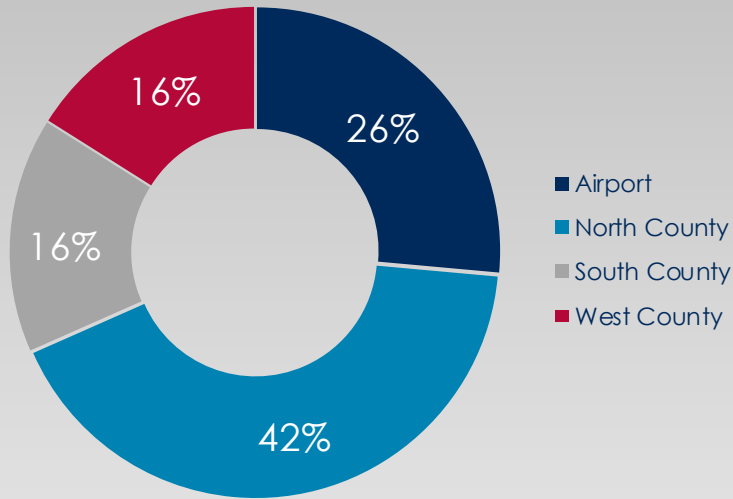
SALES

VOLUME TOTALED \$309.8M. MEDIAN PRICE IN Q3 WAS \$361.07 PSF

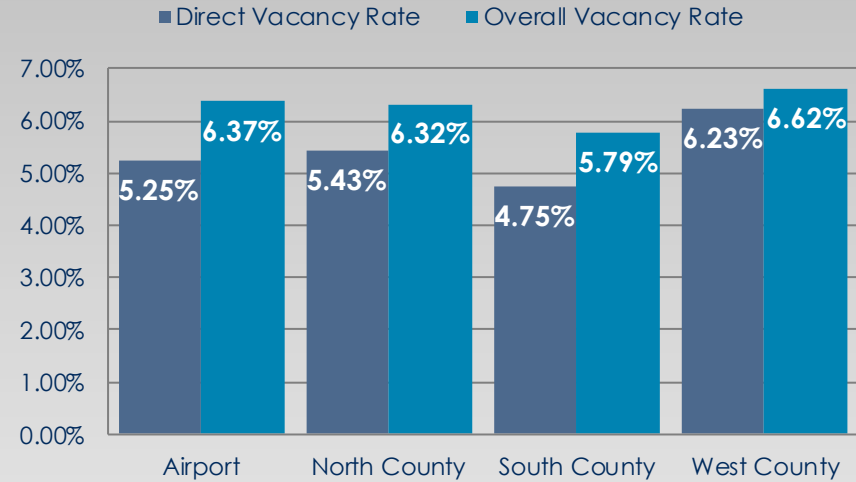
■ Sales Volume ■ Med. Price PSF



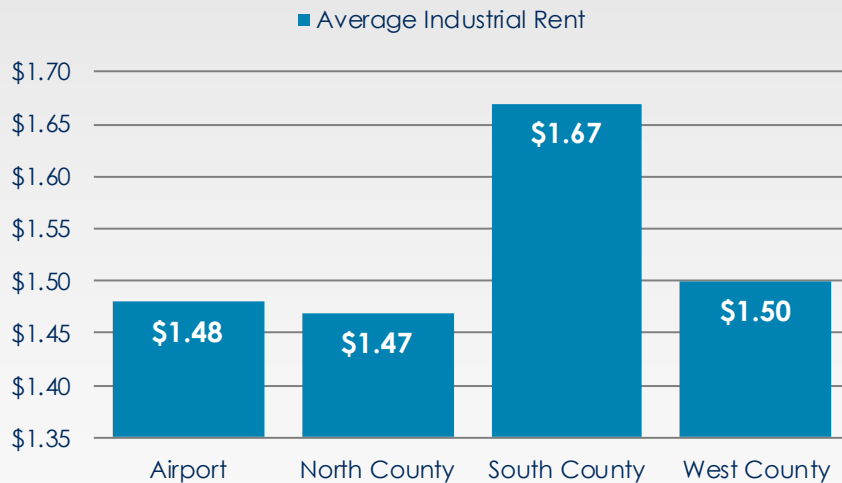
SQUARE FOOT BREAKDOWN- 299,655,796 SF MARKET SIZE



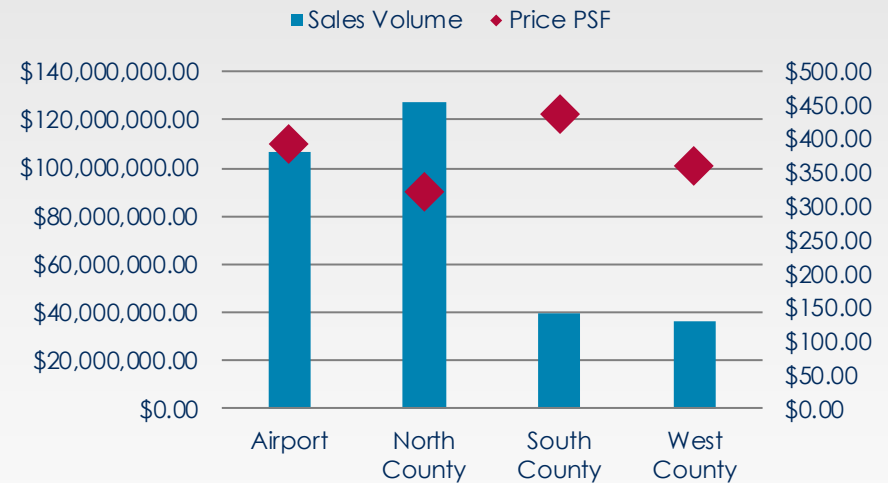
VACANCY BREAKDOWN



AVERAGE ASKING RENT PSF NNN AT CLOSE OF QUARTER



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

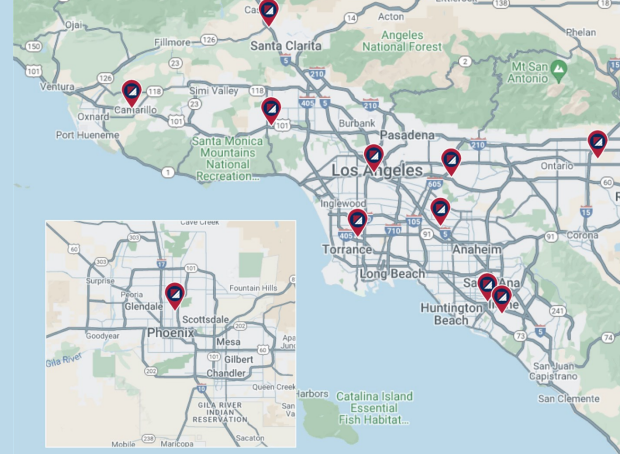
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

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

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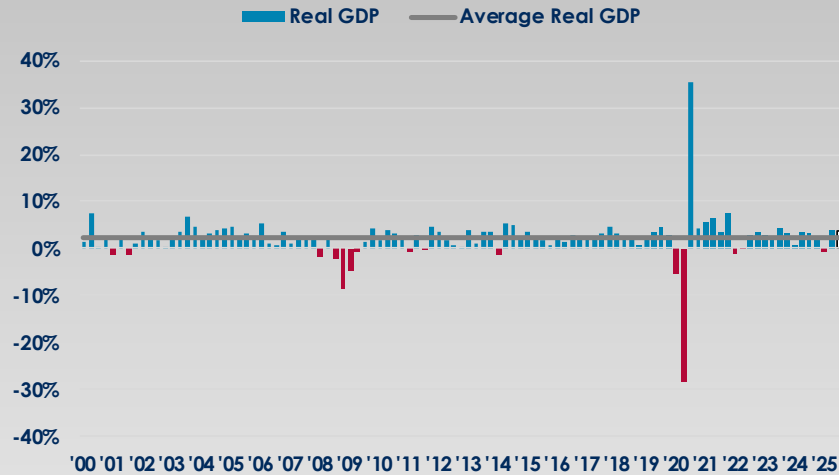
Economic Overview



////////// Q3 2025

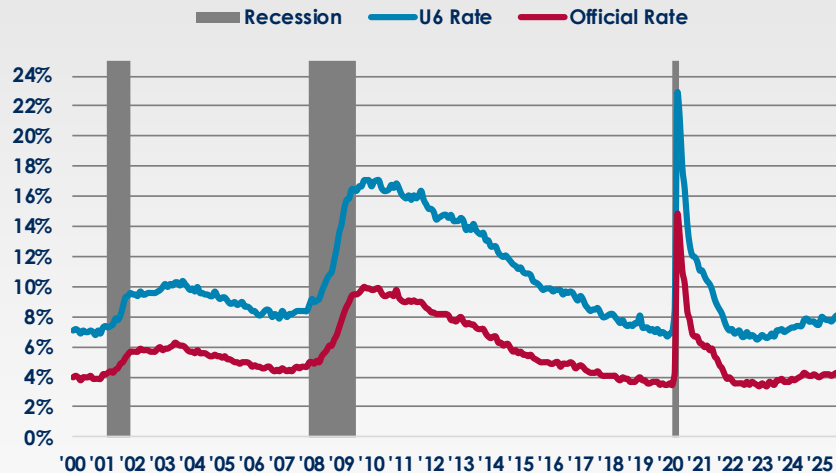
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GDP IN Q2 FINISHED AT 3.8%. Q3 ESTIMATE AT 3.8% PER GDPNOW

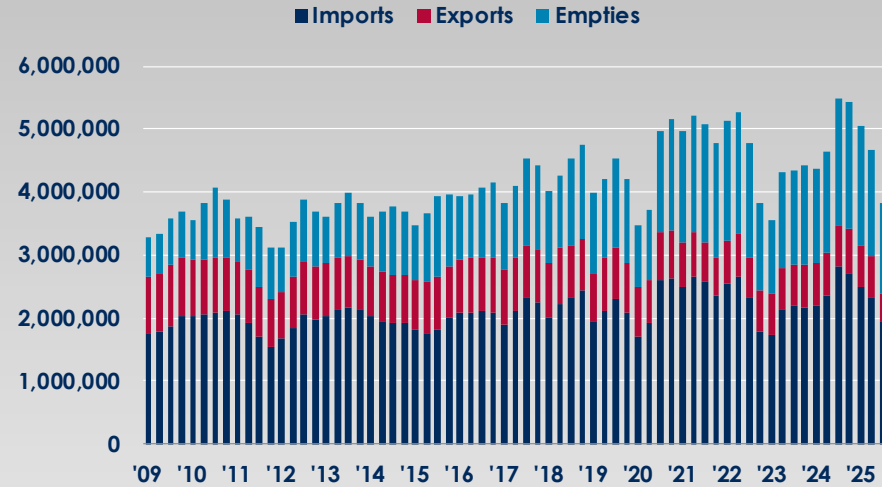


*3.8% Estimate for Q3-25 from the Federal Reserve Bank of Atlanta GDPNow

LABOR MARKET SOFTENING AS THE FED BEGINS TO CUT RATES

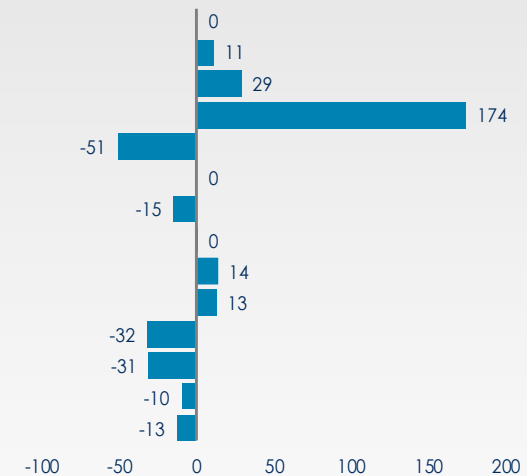


PORT ACTIVITY IN Q2 UP 0.5% Y/Y. YTD 2025 UP 6.4% Y/Y

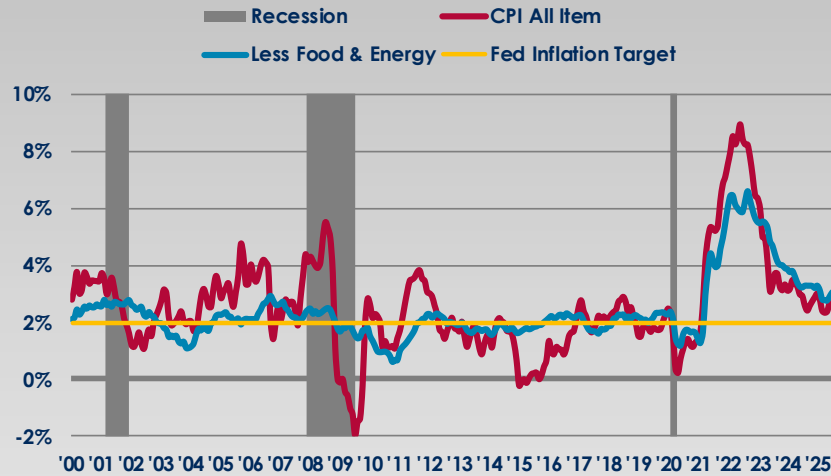


EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q3

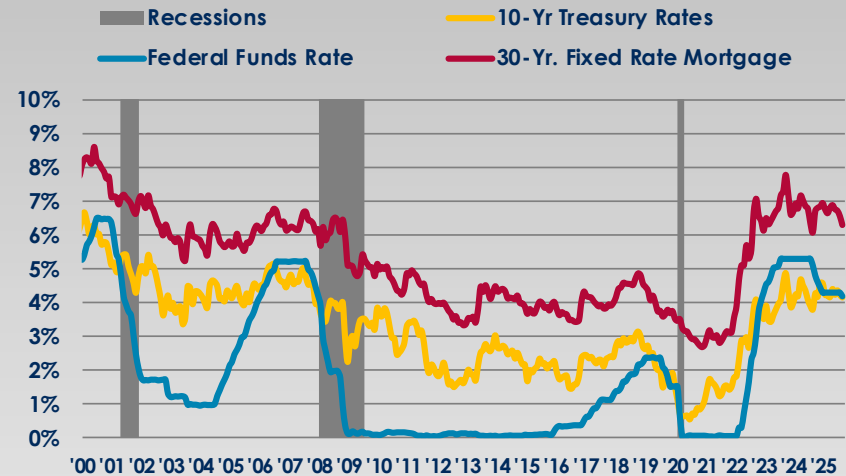
- Government
- Other Services
- Leisure and Hospitality
- Education and Health Services
- Professional and Business Services
- Financial Activities
- Information
- Utilities
- Transportation and Warehousing
- Retail Trade
- Wholesale Trade
- Manufacturing
- Construction
- Mining and Logging



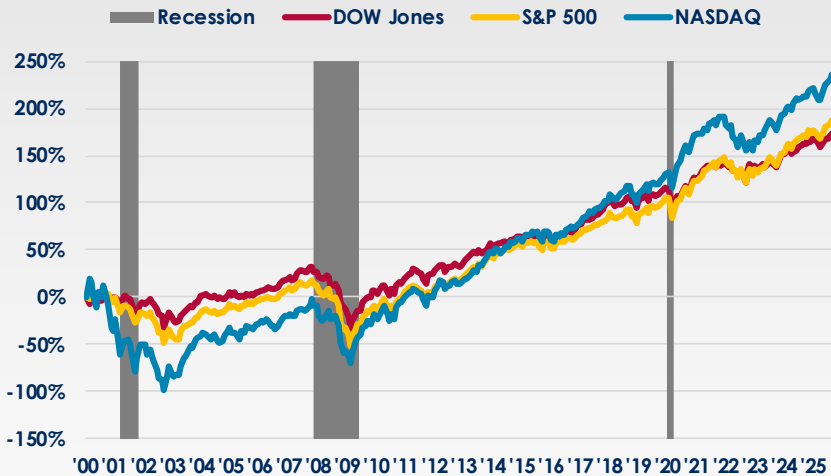
INFLATION TRENDING UPWARD ABOVE THE FED TARGET OF 2%



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

