MARKET REPORT · Q3 2026

# Industrial

## Orange County

Los Angeles | **Orange County** | Ventura | Inland Empire | Phoenix

**6.38%**
OVERALL VACANCY

**0.75M SF**
NET ABSORPTION

**$536.8M**
SALE VOLUME

A quarterly read on industrial leasing, absorption, and investment activity across Orange County.

DAUM
COMMERCIAL REAL ESTATE SERVICES

Experience in a Changing Market

### IN THIS REPORT


02 Executive Summary
03 Market Trends
04 Leasing & Sales Activity
05 Submarket Detail
07 Map & Methodology


### QUARTER IN MOTION

| | | |
|---|---|---|
| Direct Vacancy | **5.70%** | ▼ 10 bps |
| Leasing Activity | **3.74 MSF** | ▼ 14.5% |
| Asking Rent NNN | **$1.48** | ▼ $0.01 |
| Under Construction | **0.54 MSF** | ▼ 25.5% |

# Industrial Market Report

DAUM
COMMERCIAL REAL ESTATE SERVICES

**6.38%**

OVERALL VACANCY RATE

▼ 16 bps QoQ ▲ 20 bps YoY

## Q3 AT A GLANCE

Vacancy declined 16 bps from revised Q2 to 6.38% as net absorption turned positive at 0.75 MSF and gross absorption rose 27.6% to 5.28 MSF. Leasing activity eased 14.5% to 3.74 MSF, while sale volume totaled $536.8M at a median $368.71 PSF, bringing YTD 2026 volume to $1.83B, up 30.7% from 2025.

| 5.70% | 0.75M SF | 3.7M SF | $1.48 | 0.54M SF | $536.8M |
|---|---|---|---|---|---|
| DIRECT VACANCY | NET ABSORPTION | LEASING ACTIVITY | ASKING RENT NNN | UNDER CONSTRUCTION | SALE VOLUME |
| ▼ 10 bps QoQ | ▲ 0.94M QoQ | ▼ 14.5% QoQ | ▼ $0.01 QoQ | ▼ 25.5% QoQ | ▲ YTD up 30.7% Y/Y |

## MARKET

- **Vacancy Rate:** Declined by 16 bps from revised Q2 to 6.38% in Q3. Year over Year increase of 20 bps or 0.73 MSF.
- **Net Absorption:** Turned positive in Q3 after a negative Q2, totaling 0.75 MSF. YTD 2026 totaled 0.85 MSF.
- **Asking Rates:** Unchanged from Q2 at $1.49 PSF NNN in Q3.
- **Leasing Activity:** Down 14.5% from revised Q2 to 3.74 MSF in Q3.
- **Sale Activity:** Median price PSF in Q3 was $368.71. Volume down 42.4% to $536.8M after a portfolio-heavy Q2. YTD 2026 volume of $1.83B is up 30.7% from 2025.

## ECONOMIC OUTLOOK

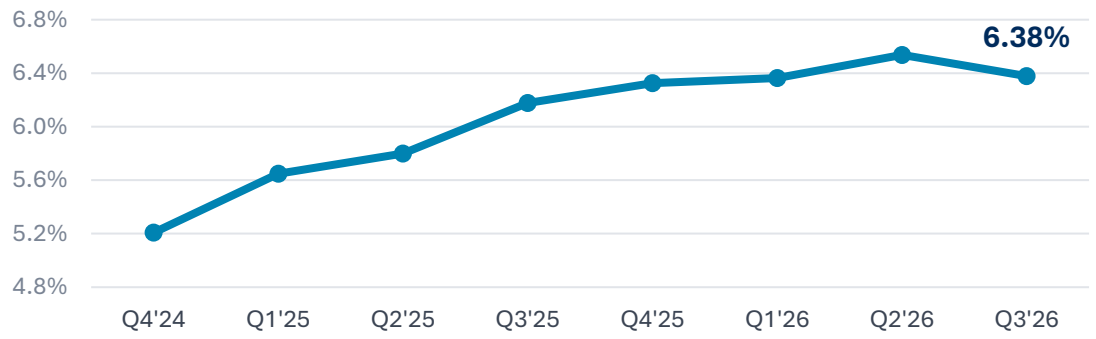
- **Interest Rates:** FOMC held rates in July, then raised by 25 bps in September to a range of 3.75%-4.00%.
- **Supply Chain:** Record volume at San Pedro Bay Port Complex totaling 5.80M TEUs in Q3. YTD Y/Y volume at the San Pedro Port Complex is up 3.6% through Sept. The cost from China/East Asia to the West Coast increased 36.2% over Q3, ending at $8,411 per container. (Freightos).
- **Geopolitics:** The conflict in Iran resumed in July after a June agreement briefly reopened the Strait of Hormuz, keeping shipping costs elevated.

Covers industrial & flex (R&D) buildings 5,000 SF and greater across Orange County. · Source: DAUM Research, Q3 2026. · Full methodology on page 7.

Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.

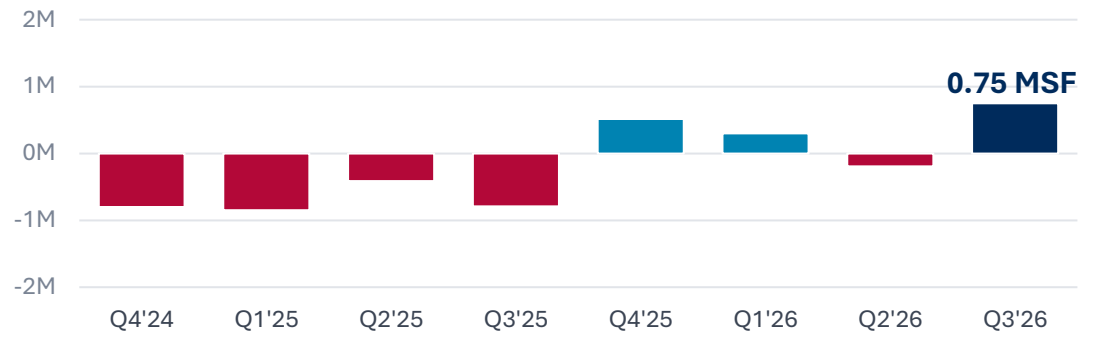
# Leasing Fundamentals

## Overall Vacancy



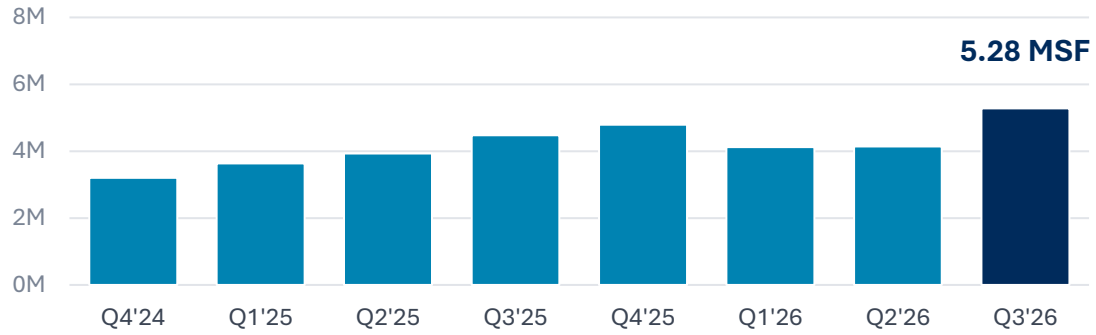

Declined by 16 bps from revised Q2 to 6.38% in Q3.

## Net Absorption



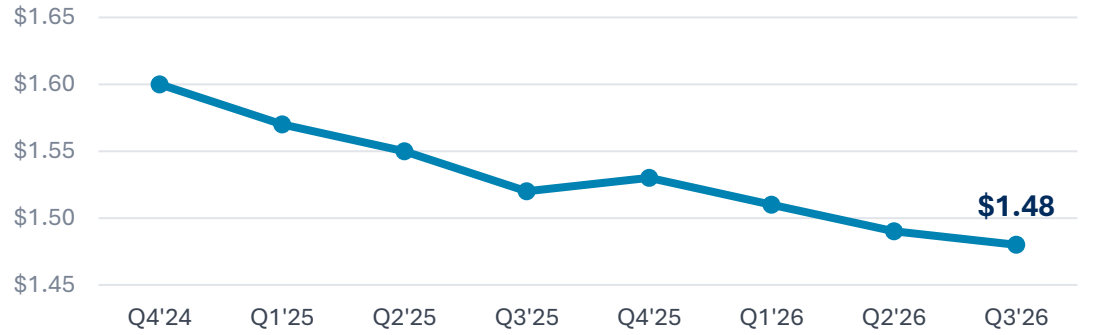

Stronger demand in Q3 totaling 0.75 MSF, after a negative Q2.

## Gross Absorption




Increased by 27.6% from revised Q2 to 5.28 MSF in Q3.

## Asking Rents (NNN)

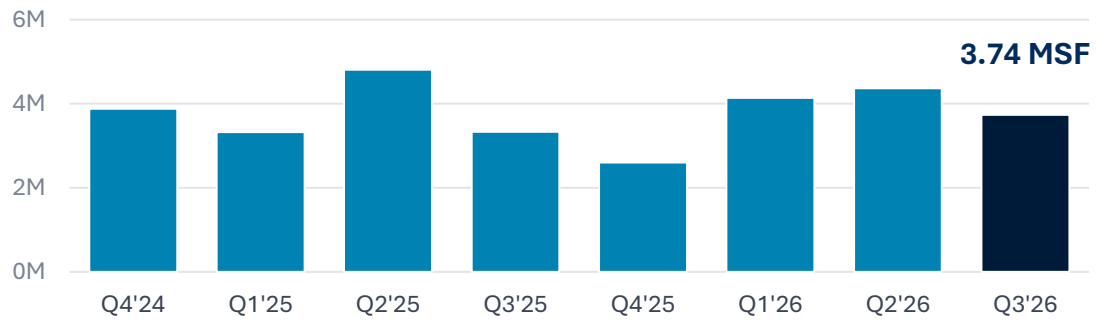



Unchanged from Q2 at $1.49 PSF NNN in Q3.

Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.

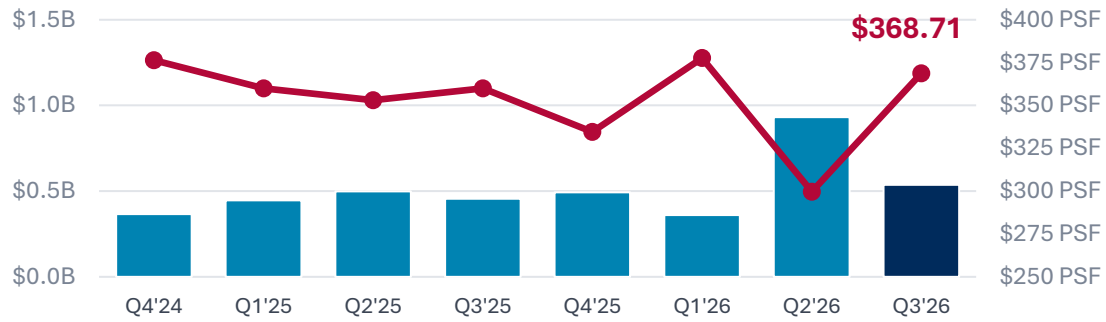
# Leasing & Sales Activity

## Leasing Activity




Declined by 14.5% from revised Q2 to 3.74 MSF in Q3.

## Sales Volume & Median Price PSF




The median price PSF in Q3 was $368.71. Volume down 42.4% to $536.8M after a portfolio-heavy Q2.

## NOTABLE LEASE TRANSACTIONS

| PROPERTY | SUBMARKET | TENANT | SF | Type |
|---|---|---|---|---|
| 18582 Teller Ave | Airport Area | Anduril | 136,612 | Direct |
| 1101 Bell Ave | Airport Area | Anduril | 134,004 | Direct |
| 3335 E La Palma Ave | North County | Norman Wright | 132,231 | Direct |
| 1500 E Walnut Ave | North County | Unlockt Brands | 121,946 | Direct |
| 5600 Argosy Cir | West County | Cambro Mfg. | 104,678 | Direct |

## NOTABLE SALE TRANSACTIONS

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / PSF |
|---|---|---|---|---|
| 1150-1200 Valencia Ave & 15551-61 Del Amo Ave | Airport Area | Link Logistics/ Galvanize RE | 285,303 | $74.10M/ $259.72 PSF |
| 6555 Katella Ave | West County | Yamaha Motor Corp./ The Walt Disney Co. | 278,964 | $115.29M/ $413.28 PSF |
| 2323 Main St | Airport Area | Starpointe Ventures/ Robinson Pharma | 263,988 | $75.00M/ $284.10 PSF |
| 1500 S Raymond Ave | North County | Rexford/ Terra Universal | 136,218 | $50.22M/ $368.71 PSF |
| 1212-1222 E Howell Ave | North County | Rexford/ EQT | 107,336 | $25.50M/ $237.57 PSF |

Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.

# By Submarket

## SUBMARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | % OF TOTAL | DIRECT VACANT (SF) | DIRECT VACANCY | OVERALL VACANT (SF) | OVERALL VACANCY | QTR NET ABSORPTION | YTD NET ABSORPTION | YTD LEASING ACTIVITY | UNDER CONSTR. (SF) | YTD COMPL. (SF) | AVG. RENT NNN | SALES VOLUME | PRICE PSF |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Airport Area | 78,712,029 | 26% | 3,818,948 | 4.85% | 4,485,959 | 5.70% | 493,696 | 576,970 | 3,785,663 | 216,066 | 390,482 | $1.47 | $202.0M | $332.26 |
| North County | 125,601,459 | 42% | 6,676,748 | 5.32% | 7,649,152 | 6.09% | 151,650 | 3,200 | 4,095,032 | 14,635 | 546,618 | $1.40 | $178.8M | $305.01 |
| South County | 46,909,970 | 16% | 3,726,827 | 7.94% | 4,058,095 | 8.65% | –289,254 | –428,933 | 1,662,243 | 0 | 174,724 | $1.74 | $26.8M | $449.18 |
| West County | 48,411,558 | 16% | 2,841,968 | 5.87% | 2,915,949 | 6.02% | 392,881 | 703,654 | 2,709,088 | 261,392 | 88,164 | $1.32 | $129.2M | $413.28 |
| Orange County Totals | 299,635,016 | 100% | 17,064,491 | 5.70% | 19,109,155 | 6.38% | 748,973 | 854,891 | 12,252,026 | 544,195 | 1,199,988 | $1.48 | $536.8M | $368.71 |

299,635,016 SF total market size · Source: DAUM Research, Q3 2026

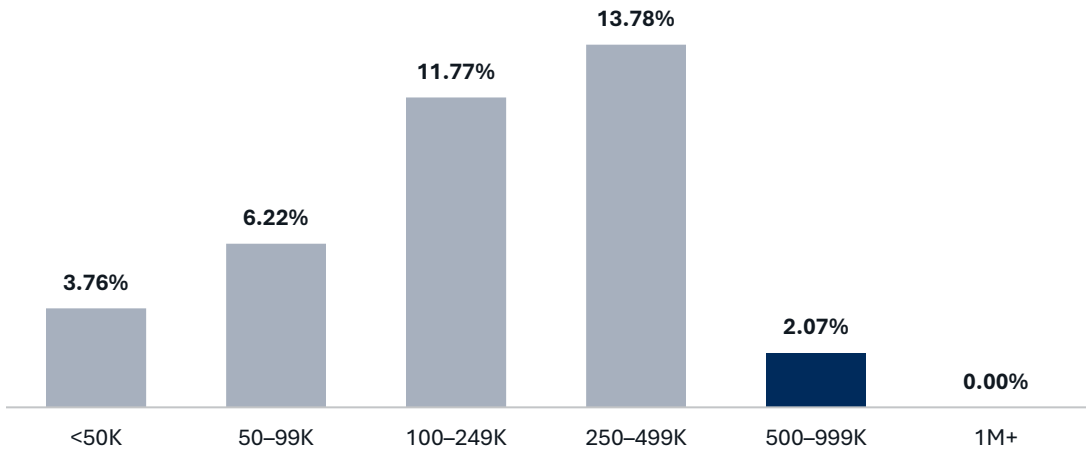
Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.

# By Building Size

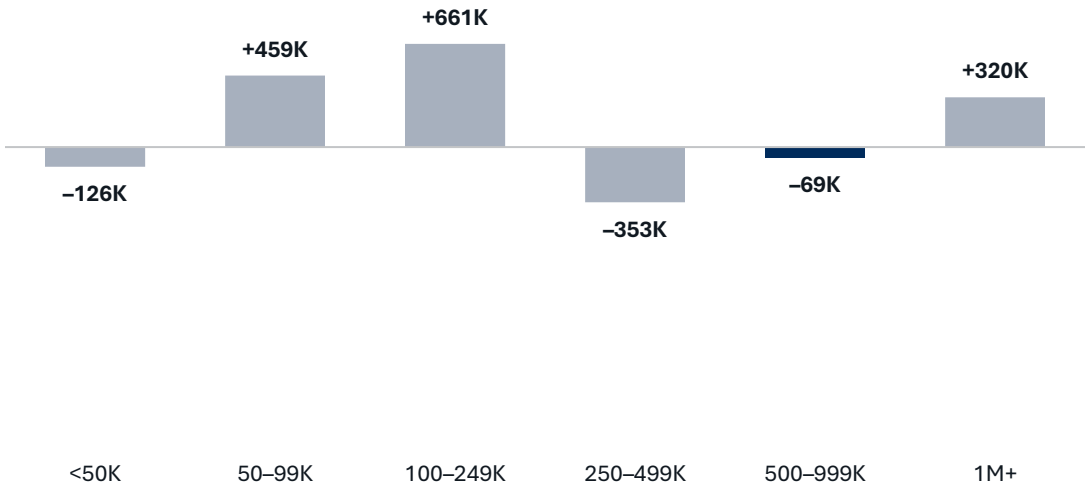
## STATISTICS BY BUILDING SIZE RANGE

| BUILDING SIZE RANGE | INVENTORY (SF) | % OF TOTAL | VACANCY RATE | AVG. ASKING RENT NNN | YTD NET ABSORPTION | UNDER CONSTR. (SF) |
|---|---|---|---|---|---|---|
| **Below 50,000 SF** | 162,444,124 | 54% | 3.76% | $1.52 | –126,007 | 14,635 |
| **50,000 – 99,999 SF** | 48,814,967 | 16% | 6.22% | $1.43 | 458,953 | 121,600 |
| **100,000 – 249,999 SF** | 54,418,233 | 18% | 11.77% | $1.63 | 661,379 | 407,960 |
| **250,000 – 499,999 SF** | 24,383,211 | 8% | 13.78% | $1.41 | –353,402 | 0 |
| **500,000 – 999,999 SF** | 5,486,939 | 2% | 2.07% | $1.34 | –69,032 | 0 |
| **1,000,000 SF & Greater** | 3,506,388 | 1% | 0.00% | $0.99 | 320,000 | – |

## VACANCY RATE BY BUILDING SIZE



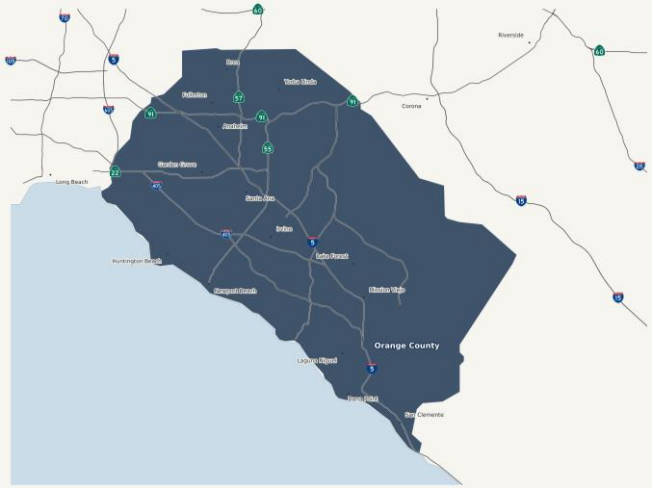

## YTD NET ABSORPTION BY BUILDING SIZE (THOUSANDS SF)




Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.

# Map & Methodology

## SUBMARKET MAP




## METHODOLOGY & TERMINOLOGY

### Methodology

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

### Direct Vacancy Rate

Total vacant direct space divided by total rentable square footage.

### Net Absorption

Net change in occupied space: positive changes (move-ins) less negative changes (move-outs).

### Direct Vacant SF

Vacant space ready for occupancy, offered for lease or sale directly by the landlord.

### Vacancy W/ Sublet Rate

Total vacant direct and sublease space divided by total rentable square footage.

### Under Construction

Planned buildings where construction has started but no Certificate of Occupancy yet.

### Total Vacant W/ Sublet SF

Vacant space offered by the landlord or for sublease by the current tenant.

### Gross Absorption

Total change in occupied space, counting occupied space but not space vacated.

### Completed in 2026

New buildings with original construction completed in 2026 and granted a C of O.

## DAUM OFFICES

| MARKET | ADDRESS | PHONE |
|---|---|---|
| **Los Angeles** | 801 S Figueroa St. Suite 600<br>Los Angeles, CA 90017 | 213-626-9101 |
| **Los Angeles North** | 21820 Burbank Blvd. Suite 130<br>Woodland Hills, CA 91367 | 818-887-3600 |
| **Santa Clarita Valley** | 27200 Tourney Rd. Suite 425<br>Valencia, CA 91355 | 661-705-2299 |
| **San Gabriel Valley** | 13181 Crossroads Pkwy N. Suite 100<br>City of Industry, CA 91746 | 562-695-7244 |
| **South Bay** | 19191 S Vermont Ave. Suite 850<br>Torrance, CA 90502 | 310-538-6700 |
| **Mid-Counties** | 13810 Cerritos Corporate Dr. Suite C<br>Cerritos, CA 90703 | 562-207-3300 |

| MARKET | ADDRESS | PHONE |
|---|---|---|
| **Orange County** | 4400 MacArthur Blvd. Suite 950<br>Newport Beach, CA 92660 | 949-724-1900 |
| **Ventura County** | 751 Daily Dr. Suite 105<br>Camarillo, CA 93010 | 805-987-8866 |
| **Inland Empire** | 3595 E Inland Empire Blvd. Bldg 5<br>Ontario, CA 91764 | 909-980-1234 |
| **Phoenix** | 1702 E Highland Ave. Suite 120<br>Phoenix, AZ 85016 | 602-957-7300 |
| **Indian Wells** | 74900 Highway 111, Suite 221<br>Indian Wells, CA 92210 | 760-253-8539 |

Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.

ECONOMIC OVERVIEW · Q3 2026

# Economic Overview

## National Indicators

### BOTTOM LINE FOR CRE

Record Q3 port volume and a 3.6% GDP nowcast show firm goods demand, but the Fed's September hike and a 10-Year near 5% raise financing costs, while 11.2% input inflation keeps new supply constrained, favoring well-located existing buildings.

DAUM
COMMERCIAL REAL ESTATE SERVICES

Experience in a Changing Market

### IN THIS SECTION


02 Trade & Growth

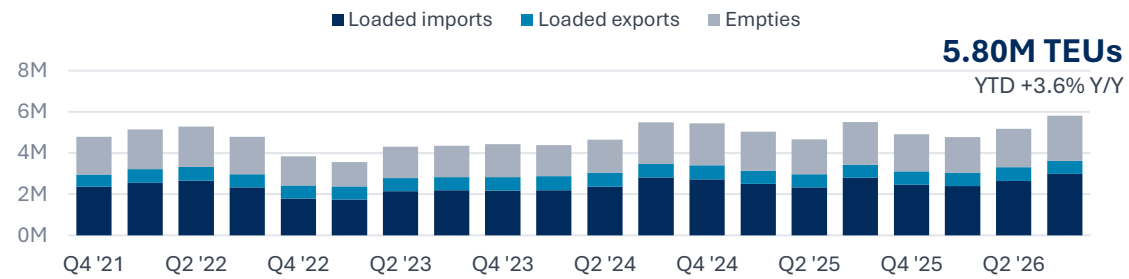
03 Prices, Labor & Capital


### QUARTER IN MOTION

| | | |
|---|---|---|
| Port Volume, San Pedro Bay | **5.80M TEUs** | ▲ 5.4% Y/Y |
| Trans-Pacific Freight | **$8,411** | ▲ 36.2% Q/Q |
| Retail Inventory-to-Sales | **1.36** | 2019 avg 1.46 |
| Real GDP, Q3 GDPNow | **3.6%** | Q2 BEA 2.2% |
| CPI, September Y/Y | **3.7%** | ▲ 0.2 pt Q/Q |
| Unemployment Rate | **4.2%** | Unch. Q/Q |
| Fed Funds Target | **3.75–4.00%** | ▲ 25 bps Q/Q |
| 10-Year Treasury, 9/30 | **5.29%** | Sep avg 4.99% |
| Construction Input Costs | **159.1** | ▲ 59.1% vs 1/20 |

# Trade & Growth

## Port Volume




Q3 port volume rose 5.4% Y/Y to a record 5.80M TEUs; loaded imports up 6.2% support distribution space demand.

Source: Ports of Los Angeles and Long Beach. Quarterly totals of monthly TEUs; Q3 2026 is a record since 1995.

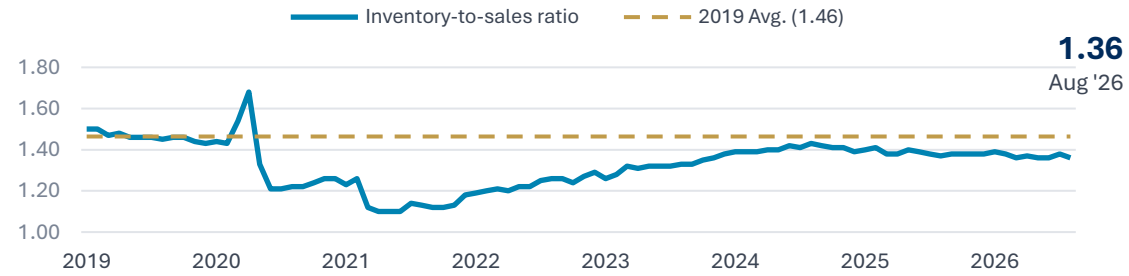
## Freight Rates




Trans-Pacific spot rates rose 36.2% in Q3 to $8,411, the highest since June 2022; landed costs keep rising for importers.

Source: Freightos Baltic Index (FBX01), Asia to N. America West Coast, weekly to 9/25/2026. Events: CRS; UN News.

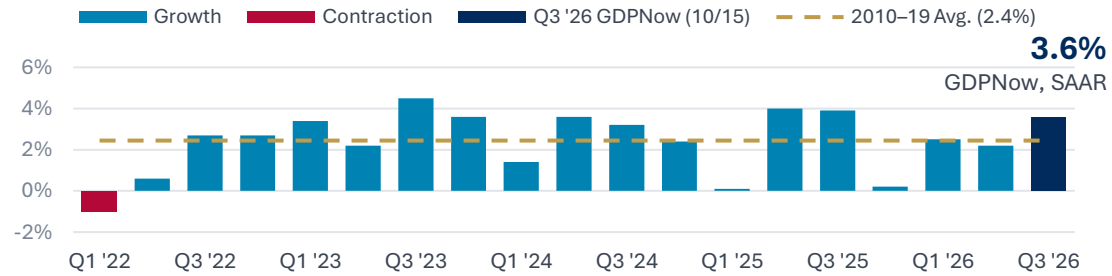
## Retail Inventory to Sales




Retail inventory-to-sales was 1.36 in August after Census revisions, still below the 1.46 2019 norm; lean stocks temper storage demand.

Source: U.S. Census Bureau via FRED (RETAILIRSA), seasonally adjusted, 2026 annual revision. Latest: August 2026.

## GDP



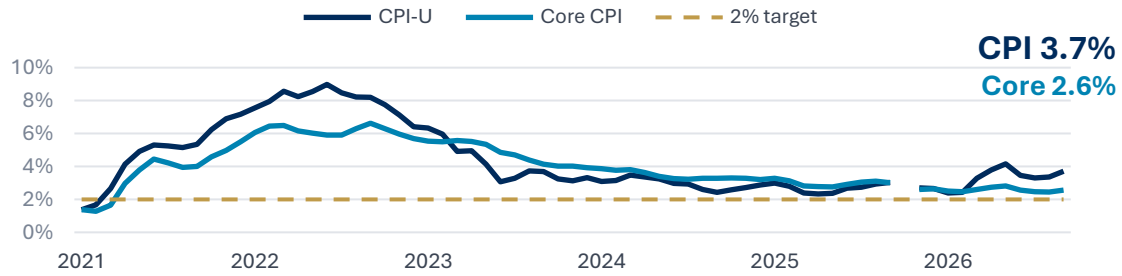

GDP: Q2 revised to 2.2%; GDPNow puts Q3 at 3.6%, with inventory building adding 1.9 points, a warehouse tailwind.

Source: BEA via FRED (A191RL1Q225SBEA), Q2 third est. 9/30/26. Q3: Atlanta Fed GDPNow model nowcast, 10/15/26.

Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.

# Prices, Labor & Capital

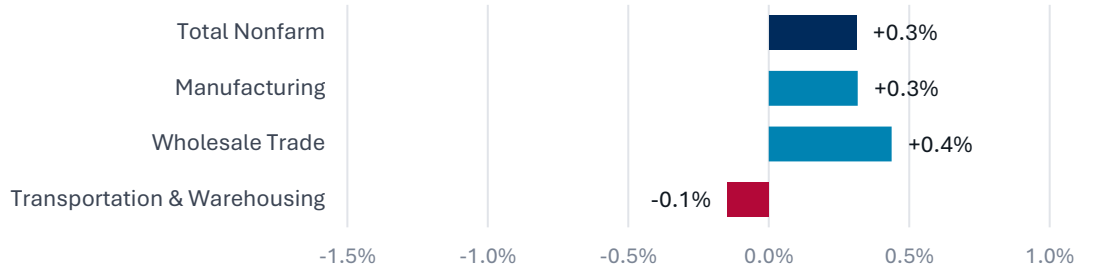
## Inflation




CPI rose to 3.7% in September as gasoline jumped 9.1% m/m; core was 2.6%, keeping rate relief off the table.

Source: BLS via FRED (CPIAUCSL, CPILFESL), Y/Y from SA indexes. Through September 2026; Oct 2025 not published.

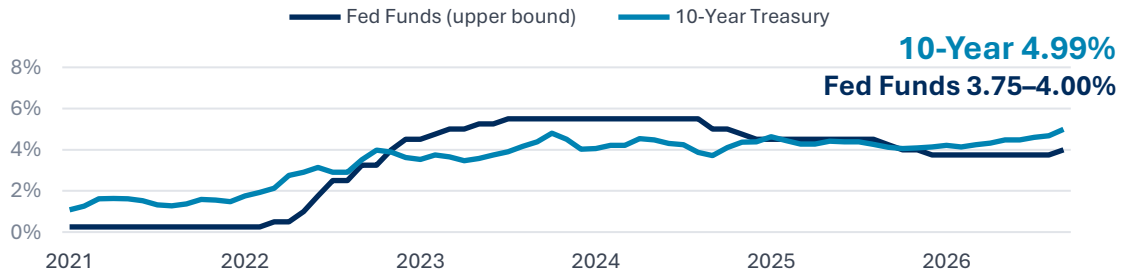
## Employment




Industrial-using payrolls were mixed Y/Y in September and total hiring slowed to 29,000; occupier expansion stays cautious.

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, SA. Sept. 2026 (preliminary) vs. Sept. 2025.

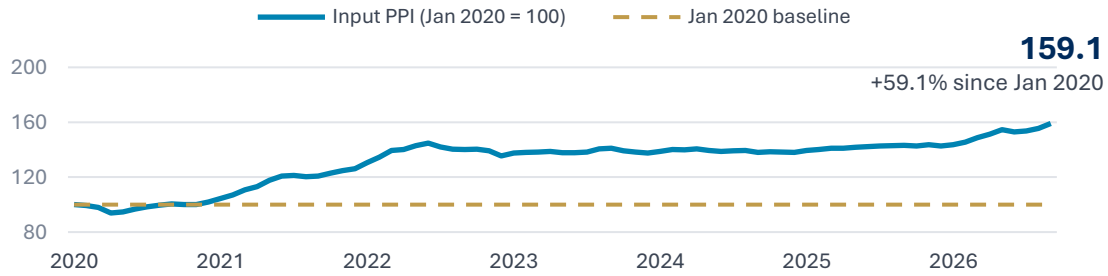
## Interest Rates




The Fed raised rates to 3.75–4.00% on Sept. 16; the 10-Year averaged 4.99% in September, lifting debt costs for owners.

Source: Federal Reserve; Federal Reserve H.15 via FRED (GS10, monthly average). Through September 2026.

## Construction Input Costs




Nonresidential construction input prices rose 11.2% Y/Y to 59.1% above January 2020, raising replacement costs and limiting new supply.

Source: U.S. Bureau of Labor Statistics via FRED (WPUIP2312001), not seasonally adjusted. Through September 2026.

Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.