MARKET REPORT · Q3 2026

Industrial

West / South LA

Central / SE LA | LA – North | San Gabriel Valley | **West / South LA**

7.12%
OVERALL VACANCY

0.98M SF
NET ABSORPTION

$256.5M
SALE VOLUME

A quarterly read on industrial leasing, absorption, and investment activity across the West / South LA region.

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
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QUARTER IN MOTION

Direct Vacancy	**6.38%**	▼ 38 bps
Leasing Activity	**3.62 MSF**	▼ 31.6%
Asking Rent NNN	**$1.51**	▲ $0.01
Under Construction	**0.98 MSF**	▲ 54.0%

Industrial Market Report

DAUM
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7.12%

OVERALL VACANCY RATE

▼ 41 bps QoQ ▼ 26 bps YoY

Q3 AT A GLANCE

Vacancy declined 41 bps from revised Q2 to 7.12% as net absorption rose to 0.98 MSF, the highest since Q3 2021, and gross absorption reached 4.29 MSF, the highest quarterly total on record. Leasing activity cooled 31.6% from a strong Q2, while sale volume fell 44.2% to $256.5M, bringing YTD 2026 volume to $1.04B. Historical figures reflect CoStar's removal of data center properties from the industrial inventory.

6.38%	0.98M SF	3.6M SF	$1.51	0.98M SF	$256.5M
DIRECT VACANCY	NET ABSORPTION	LEASING ACTIVITY	ASKING RENT NNN	UNDER CONSTRUCTION	SALE VOLUME
▼ 38 bps QoQ	▲ 0.26M QoQ	▼ 31.6% QoQ	▲ $0.01 QoQ	▲ 54.0% QoQ	▲ YTD up 72.2% Y/Y

MARKET

- **Vacancy Rate:** Declined by 41 bps from revised Q2 to 7.12% in Q3. Year over Year decrease of 26 bps or 0.62 MSF.
- **Net Absorption:** Positive for a second straight quarter, totaling 0.98 MSF in Q3. YTD 2026 totaled 0.14 MSF.
- **Asking Rates:** Increased by $0.01 or 0.7% to $1.51 PSF NNN in Q3.
- **Leasing Activity:** Down 31.6% from revised Q2 to 3.62 MSF in Q3.
- **Sale Activity:** Median price PSF in Q3 was $254.14. Volume down 44.2% to $256.5M. YTD 2026 volume of $1.04B is up 72.2% from 2025.

ECONOMIC OUTLOOK

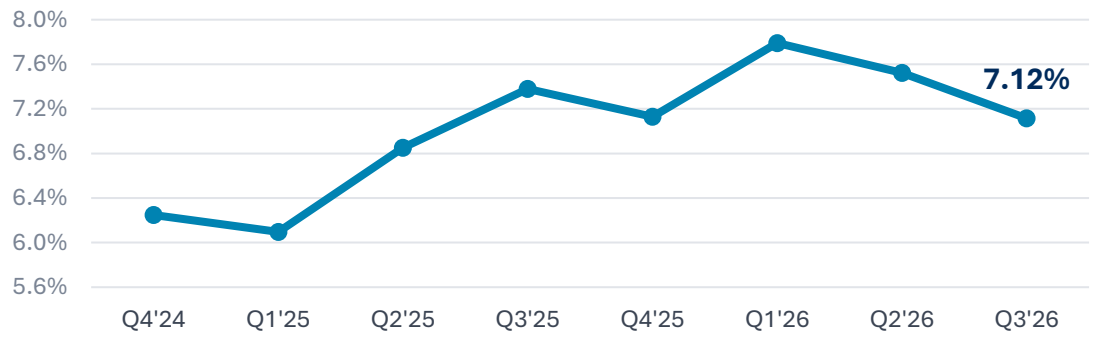
- **Interest Rates:** FOMC held rates in July, then raised by 25 bps in September to a range of 3.75%-4.00%.
- **Supply Chain:** Record volume at San Pedro Bay Port Complex totaling 5.80M TEUs in Q3. YTD Y/Y volume at the San Pedro Port Complex is up 3.6% through Sept. The cost from China/East Asia to 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 the West / South LA region. · 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.

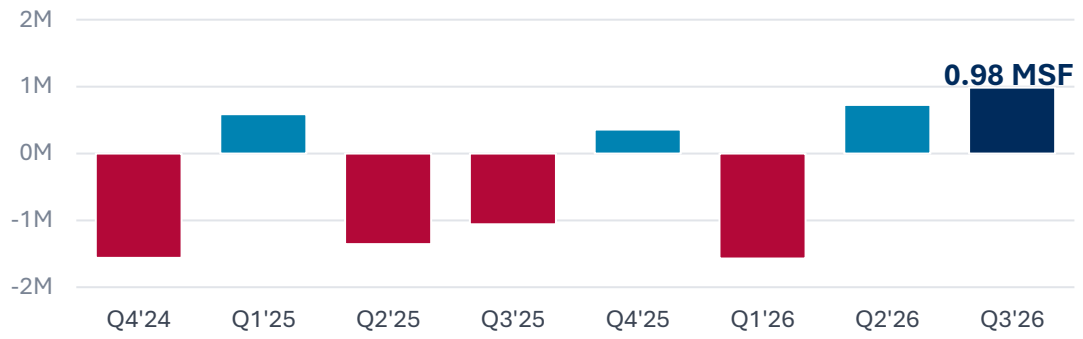
Leasing Fundamentals

Overall Vacancy



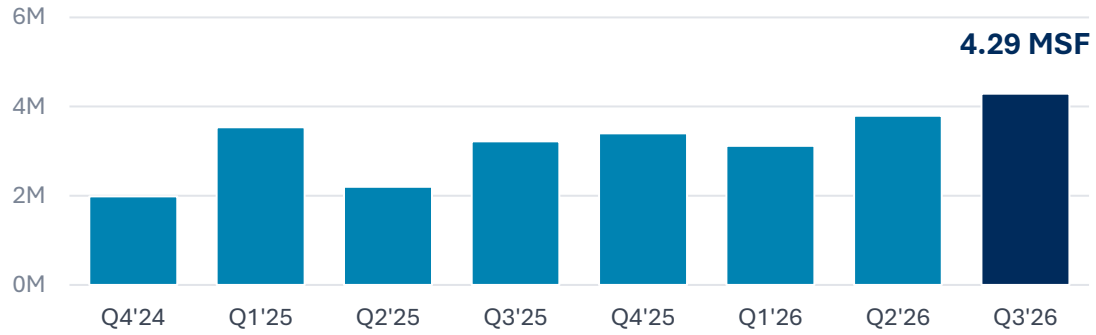
Declined by 41 bps from revised Q2 to 7.12% in Q3.

Net Absorption



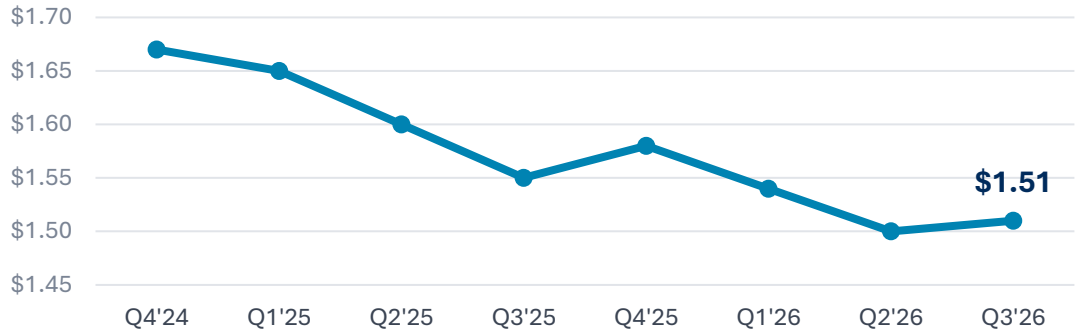
Stronger demand in Q3 totaling 0.98 MSF, the highest since Q3 2021.

Gross Absorption



Increased by 13.1% from revised Q2 to 4.29 MSF in Q3, the highest on record.

Asking Rents (NNN)

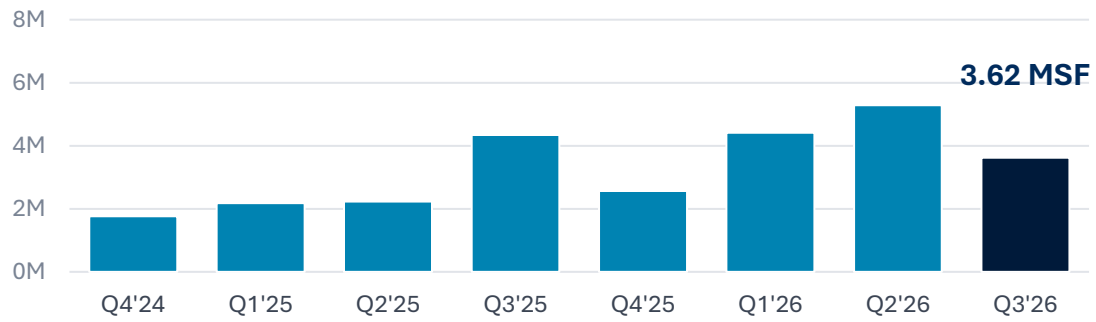


Increased by $0.01 or 0.7% to $1.51 PSF NNN in Q3.

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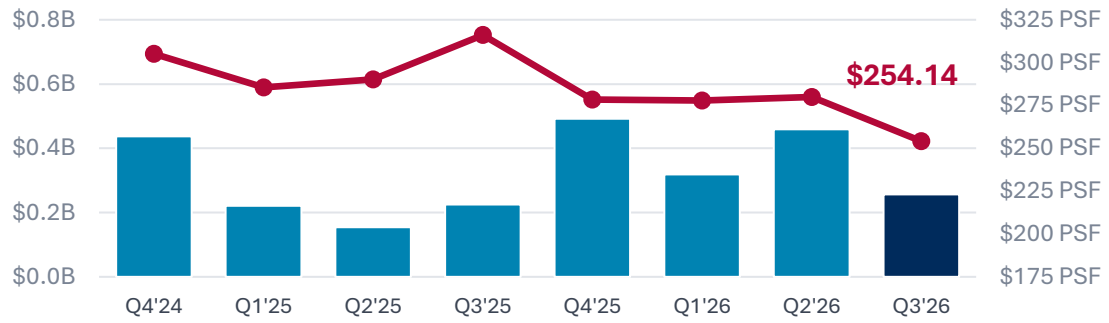
Leasing & Sales Activity

Leasing Activity



Declined by 31.6% from revised Q2 to 3.62 MSF in Q3.

Sales Volume & Median Price PSF



The median price PSF in Q3 was $254.14, the lowest since Q1 2021. Volume down 44.2% to $256.5M.

NOTABLE LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT	SF	Type
300 Westmont Dr	Torrance/Beach Cities	Shipco, Inc.	338,936	Direct
20974 S Santa Fe Ave	Long Beach Area	Coda Logistics & Dist.	211,446	Direct
19501 Prairie Ave	Torrance/Beach Cities	Undisclosed	177,103	Sublease
3470 Conant St	Long Beach Area	Anduril Industries	152,508	Direct
2910 E Pacific Commerce Dr	Carson/Rancho Dmgz	KCC Transport	150,000	Direct

NOTABLE SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / PSF
2 Bldgs, Part of Larger Portfolio Sale	Multiple	Rexford Industrial/ EQT	144,630	$35.50M/ $245.45 PSF
860 Sandhill Ave	Carson/Rancho Dmgz	JTL Corp./ WareSpace	90,500	$23.00M/ $254.14 PSF
1591-1601 El Segundo Blvd & 120-140 Kansas St	El Segundo/Inglewood	Satco, Inc./ Smoky Hollow Industries	79,381	$34.30M/ $432.09 PSF
23105 Kashiwa Ct	Torrance/Beach Cities	LEDtronics, Inc./ Grand Prix Auto Club	63,202	$20.50M/ $324.36 PSF
401 Coral Cir	El Segundo/Inglewood	Hackman Capital/ Majestic Asset Mgmt.	56,815	$27.25M/ $479.63 PSF

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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
Carson	39,659,046	17%	2,425,589	6.12%	2,523,939	6.36%	287,972	–195,233	2,426,248	181,014	129,295	$1.39	$58.7M	$240.74
Compton	16,822,035	7%	1,620,131	9.63%	1,692,742	10.06%	–250,249	–132,620	717,579	–	30,886	$1.18	–	–
Rancho Dominguez	19,520,599	8%	1,469,295	7.53%	1,786,523	9.15%	3,550	333,646	1,109,453	140,693	–	$1.24	$9.0M	$214.55
Carson/Rancho Dominguez	**76,001,680**	**33%**	**5,515,015**	**7.26%**	**6,003,204**	**7.90%**	**41,273**	**5,793**	**4,253,280**	**321,707**	**160,181**	**$1.30**	**$67.7M**	**$227.65**
El Segundo	11,565,517	5%	443,043	3.83%	460,739	3.98%	82,381	–37,880	298,266	–	–	$2.23	$67.0M	$479.63
South LA	4,731,771	2%	133,430	2.82%	255,787	5.41%	–12,821	–54,756	61,588	–	–	$1.81	$3.3M	$635.59
El Segundo/Inglewood	**16,297,288**	**7%**	**576,473**	**3.54%**	**716,526**	**4.40%**	**69,560**	**–92,636**	**359,854**	**0**	**0**	**$2.11**	**$70.3M**	**$523.00**
Gardena/Hawth	19,943,941	9%	848,887	4.26%	1,003,202	5.03%	–145,439	9,274	425,698	–	–	$1.37	$7.7M	$234.50
W RD	25,023,076	11%	1,926,058	7.70%	2,006,796	8.02%	61,847	–133,351	1,585,011	180,705	–	$1.18	$32.9M	$218.52
Gardena/110 Corridor	**44,967,017**	**19%**	**2,774,945**	**6.17%**	**3,009,998**	**6.69%**	**–83,592**	**–124,077**	**2,010,709**	**180,705**	**0**	**$1.26**	**$40.6M**	**$220.37**
Long Beach Area	**28,857,419**	**12%**	**1,582,922**	**5.49%**	**1,698,752**	**5.89%**	**515,556**	**504,575**	**2,401,949**	**165,959**	**166,149**	**$1.41**	**$9.6M**	**$336.32**
Torrance	35,666,787	15%	2,357,302	6.61%	2,904,581	8.14%	–1,113	–390,025	3,194,255	277,024	61,586	$1.58	$49.5M	$324.36
San Pedro	7,337,728	3%	289,301	3.94%	332,549	4.53%	339,639	137,973	396,780	–	–	$1.27	$9.0M	$260.45
Torrance/Beach Cities	**43,004,515**	**19%**	**2,646,603**	**6.15%**	**3,237,130**	**7.53%**	**338,526**	**–252,052**	**3,591,035**	**277,024**	**61,586**	**$1.53**	**$58.5M**	**$292.76**
Westside	**22,996,386**	**10%**	**1,689,803**	**7.35%**	**1,819,150**	**7.91%**	**73,273**	**64,542**	**786,384**	**–**	**–**	**$2.30**	**$9.7M**	**$328.27**
West / South LA Totals	**230,845,354**	**100%**	**14,725,761**	**6.38%**	**16,424,760**	**7.12%**	**984,596**	**135,781**	**13,323,951**	**976,936**	**387,916**	**$1.51**	**$256.5M**	**$254.14**

230,845,354 SF total market size · Source: DAUM Research, Q3 2026

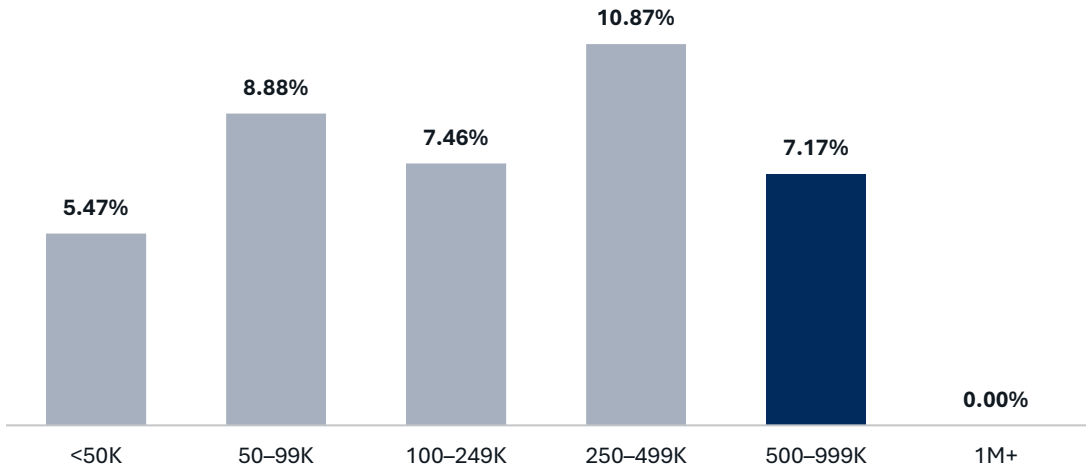
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By Building Size

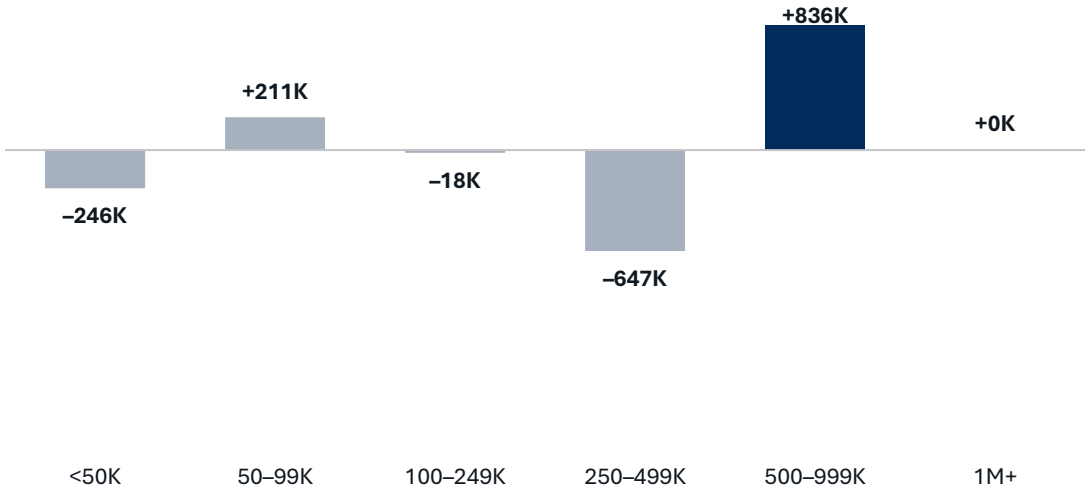
STATISTICS BY BUILDING SIZE RANGE

BUILDING SIZE RANGE	INVENTORY (SF)	% OF TOTAL	VACANCY RATE	AVG. ASKING RENT NNN	YTD NET ABSORPTION	UNDER CONSTR. (SF)
Below 50,000 SF	93,458,824	40%	5.47%	$1.51	–245,663	134,889
50,000 – 99,999 SF	41,736,881	18%	8.88%	$1.44	210,774	185,971
100,000 – 249,999 SF	59,988,670	26%	7.46%	$1.35	–18,333	788,250
250,000 – 499,999 SF	20,760,783	9%	10.87%	$1.28	–646,515	0
500,000 – 999,999 SF	11,659,749	5%	7.17%	$1.60	835,518	0
1,000,000 SF & Greater	3,425,855	1%	0.00%	$0.00	0	0

VACANCY RATE BY BUILDING SIZE



YTD NET ABSORPTION BY BUILDING SIZE (THOUSANDS SF)



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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 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

MARKET	ADDRESS	PHONE
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
Indian Wells	74900 Highway 111, Suite 221 Indian Wells, CA 92210	760-253-8539

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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.

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Experience in a Changing Market

IN THIS SECTION

02 Trade & Growth

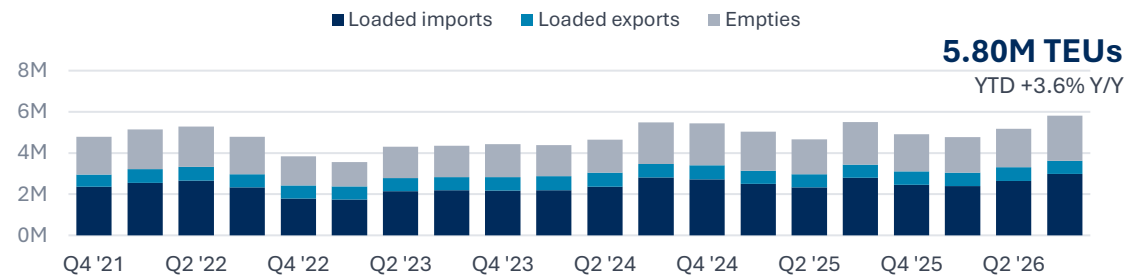
03 Prices, Labor & Capital

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.

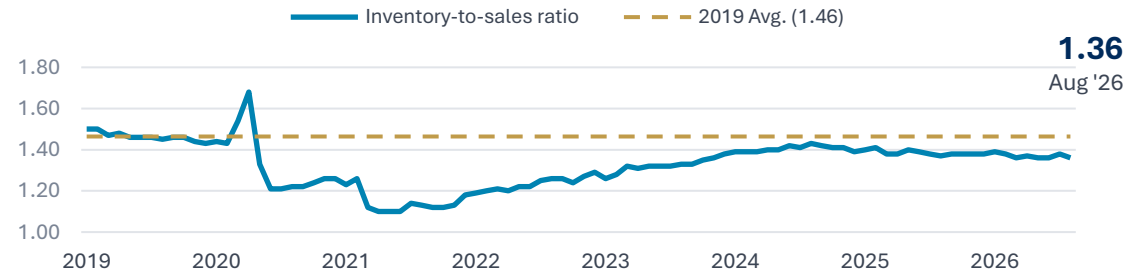
Freight Rates



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.

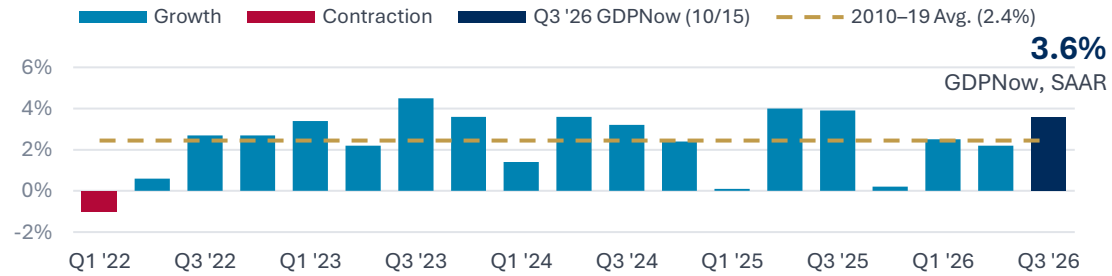
Retail Inventory to Sales



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



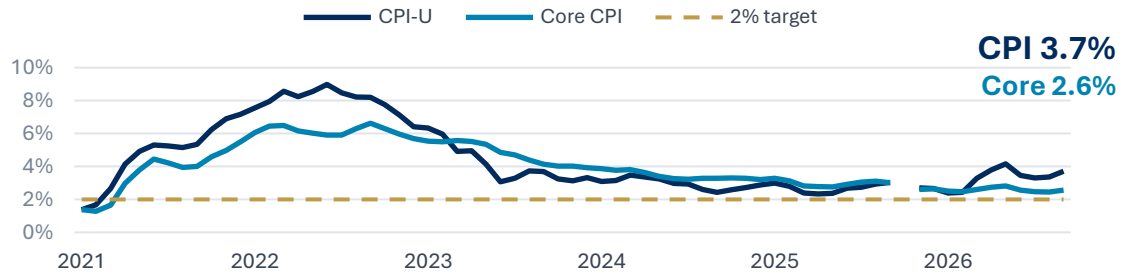
GDP: Q2 revised to 2.2%; GDPNow puts Q3 at 3.6%, with inventory building adding 1.9 points, a warehouse tailwind.

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

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Prices, Labor & Capital

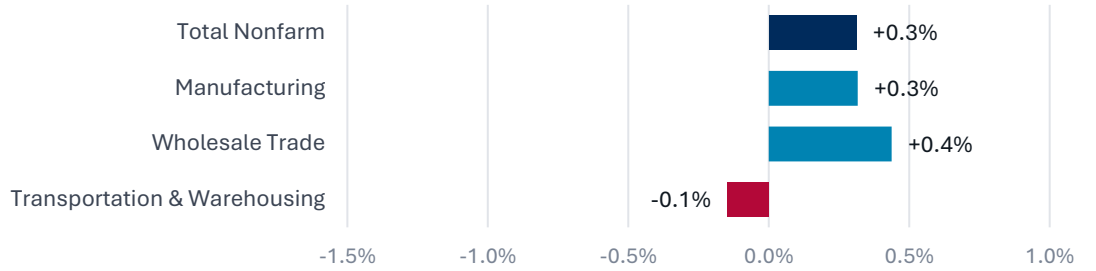
Inflation



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.

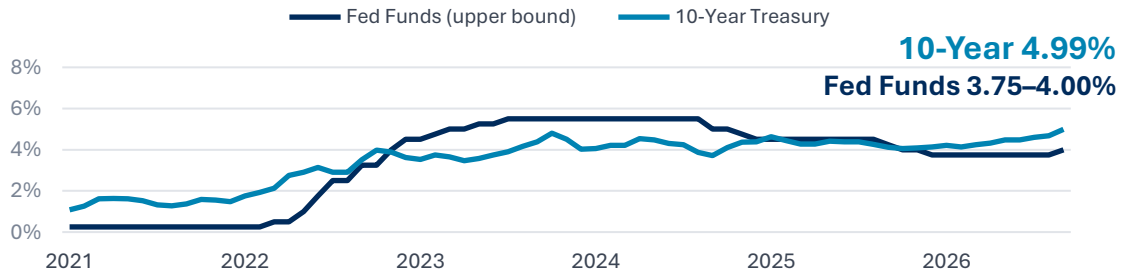
Employment



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.

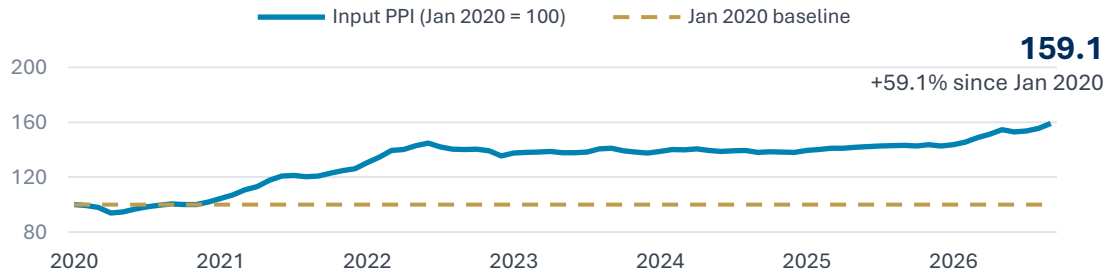
Interest Rates



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.

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