

FIGURES | GREATER LOS ANGELES INDUSTRIAL | Q1 2025

Leasing velocity remains steady while asking rates continue to decline

▲ 4.6%

Overall Vacancy Rate

▼ (2.0M)

SF Net Absorption

▲ 6.6M

SF Under Construction

▼ \$1.31

NNN / MO Lease Rate

▲ 5.7%

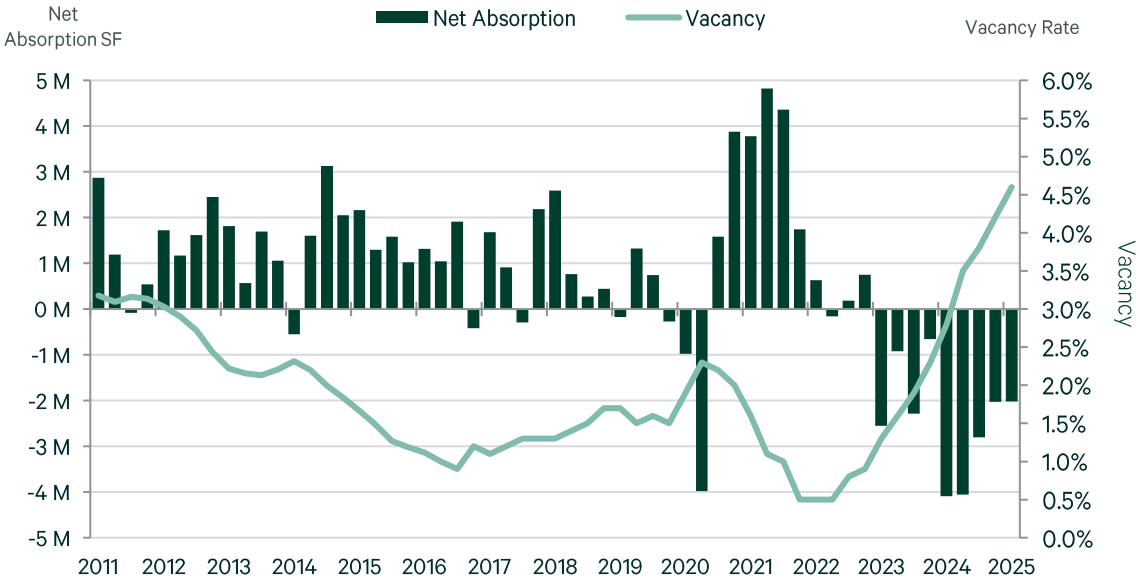
Projected Unemployment Rate through Q1 2025
LA/Ventura Counties

Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- The average direct asking rate cooled further to \$1.31 NNN, a 7.7% decrease from the previous quarter and 13.8% lower from Q1 2024.
- 13.9M sq. ft. of total gross activity was recorded in Q1, which was a 62.5% year-over-year increase. Total gross activity reported 20.7% higher than the 2024 quarterly average. The total availability rate rose by 190 basis points (bps) year-over-year to 6.9% from 5.0% in Q1 2024. Sublease availability ticked up 20 bps to 1.1% from 0.9% over the same timeframe.
- Logistics providers comprised the largest transactions. U.S. E-Logistics signed the largest lease for 694,000 sq. ft. at 171 Marcellin Dr in City of Industry, followed by Wally’s Distribution taking 264,211 sq. ft. at N 45th St W in Lancaster.
- The most notable purchase was Norge Bank’s acquisition of an 883,971 sq. ft. manufacturing building at 2401 E Wardlow Rd in Long Beach. This was the largest asset in the 29-property portfolio acquired for a total sum of \$1.07B.

FIGURE 1: Overall Vacancy & Net Absorption Trend



Source: CBRE Research, Q1 2025.

Market Overview

Landlords adjusted to tenant-favoring market conditions and offered markedly lower rates in Q1 2025. Asking rates decreased by 7.7% QoQ and 13.8% lower YoY. While total gross activity decreased by 4.5% from Q4 2024, the first quarter reported an increase of 62.5% year-over-year as occupiers took over 13.9M sq. ft. of space. Nevertheless, new space givebacks, notably 1.2M sq. ft. in the South Bay, drove negative net absorption across Greater L.A. This is the 9th consecutive quarter of negative net absorption recorded in GLA.

Total sales volume dipped 29% quarter-over-quarter and 49% year-over-year, though that latter figure includes Rexford’s \$1.0 billion portfolio purchase last March. 51% of buyers across GLA were private, 38% were users, and 11% were REITs. On the disposition side of transactions, 53% were private, 32% were users, and 14% were institutional.

Of the 1.2M sq. ft. of deliveries recorded this quarter, 549,847 sq. ft. delivered in the South Bay and 473,157 sq. ft. delivered in Ventura County. Link Logistics’ 181,831 sq. ft. manufacturing facility at 112 W Alondra Blvd Gardena recorded the largest delivery of the quarter. GLA’s total development pipeline now stands at 6.6M sq. ft. under construction, compared to 8.0M sq. ft. one year prior.

Transportation and warehousing employment in L.A. County concluded Q1 with a strong worker headcount of 209,700, up 3.4% year-over-year and up 4.5% over the past 5 years. Total manufacturing employment dipped to 299,000, which is a 4.7% decrease YoY and 11.4% decrease over the past 5 years. Motion picture and sound recording, at 112,200 employees, dropped by 2.3% YoY and -26.4% over the past 5 years.

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies.

FIGURE 2: Submarket Statistics

Submarket	Bldg. Count	NRA	Direct Vacancy Rate	Overall Vacancy Rate	Overall Availability Rate	Net Absorption	Total Gross Activity	Gross Absorption	Avg. Direct Asking Rate NNN	Under Const.	Deliveries
Commerce/Vernon	2,845	153,673,737	5.4%	6.3%	8.7%	(154,789)	2,698,755	2,512,207	\$1.19	157,715	69,522
Downtown Los Angeles	2,653	96,333,533	4.1%	4.1%	5.6%	(533,398)	735,556	735,556	\$0.94	0	0
Mid-Counties	2,155	102,667,054	5.1%	5.2%	8.0%	(121,526)	1,848,485	1,387,168	\$1.47	794,724	0
Greater San Fernando Valley	4,897	171,555,468	2.0%	2.4%	4.4%	(491,389)	1,874,254	1,494,036	\$1.41	3,407,570	99,853
San Gabriel Valley	3,083	159,674,608	3.9%	4.3%	6.2%	323,769	4,334,539	3,756,763	\$1.18	407,805	0
South Bay	4,203	198,908,637	5.1%	5.7%	8.8%	(1,211,724)	2,170,197	1,858,739	\$1.49	1,592,698	549,847
Los Angeles County	19,836	882,813,037	4.2%	4.7%	7.0%	(2,189,057)	13,661,786	11,744,469	\$1.31	6,360,512	719,222
Ventura County	1,812	67,783,314	2.9%	3.1%	5.4%	170,841	283,120	255,237	\$1.22	258,885	473,157
Greater L.A.	21,648	950,596,351	4.1%	4.6%	6.9%	(2,018,216)	13,944,906	11,999,706	\$1.31	6,619,397	1,192,379

Source: CBRE Research, Q1 2025.

FIGURE 3: Notable Lease Transactions Q1 2025

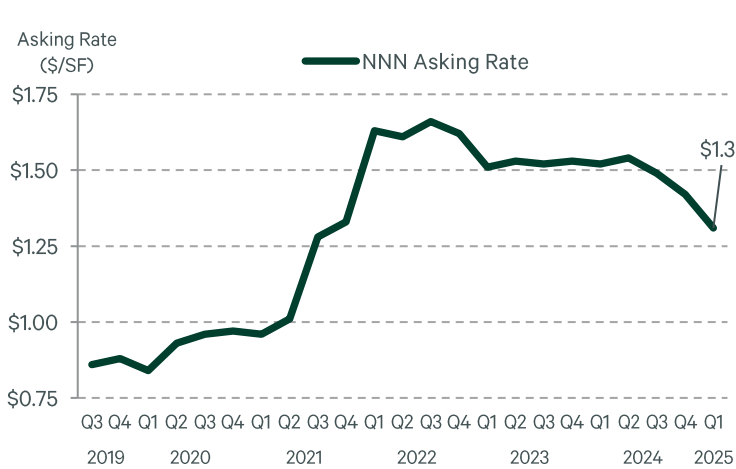
Tenant	Address	SF Leased	Type
U.S. E-Logistics	171 Marcellin Dr, City of Industry	694,400	New Lease
Wally's Distribution	N 45 th St W, Lancaster	274,211	New Lease
GoldenCorr Sheets	13890 E Nelson Ave, City of Industry	256,993	Renewal
YiTong Investments	17560 Rowland St, City of Industry	232,000	New Lease
Confidential Tenant	2333–2359 E Pacifica Pl, Compton	228,903	Renewal
HYTX Logistics	14505 Proctor Ave, City of Industry	217,756	Expansion

Source: CBRE Research, Q1 2025.

FIGURE 4: Notable Sale Transactions Q1 2025

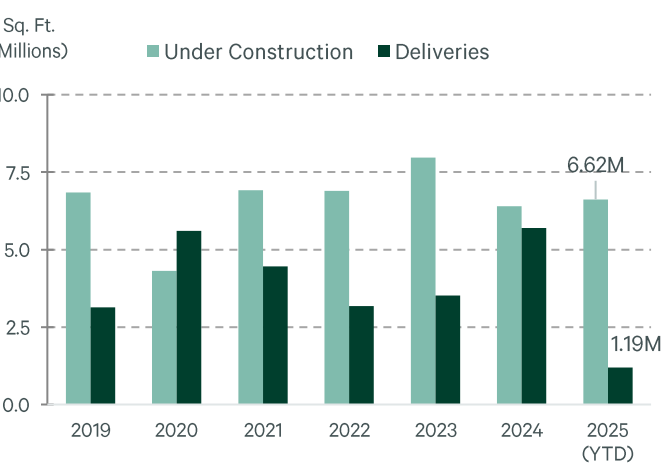
Buyer	Address	SF Sold	Sale Price
Norge Bank	2401 E Wardlow Rd, Long Beach	883,971	\$1.07B (Portfolio)
Pleaser USA	4200 W Valley Blvd, Walnut	269,780	\$99.9 MM
Prologis	2 Prop. Portfolio, La Mirada & City of Industry	117,196	\$89.7MM
Bentall Green Oak	3 Prop. Portfolio, Simi Valley	283,114	\$65.0MM
Lucky Taro	4224 District Blvd, Vernon	117,360	\$57.0 MM
Future Foam	2861-2867 Surveyor St, Pomona	190,464	\$52.7 MM

FIGURE 5: Direct Asking Lease Rates



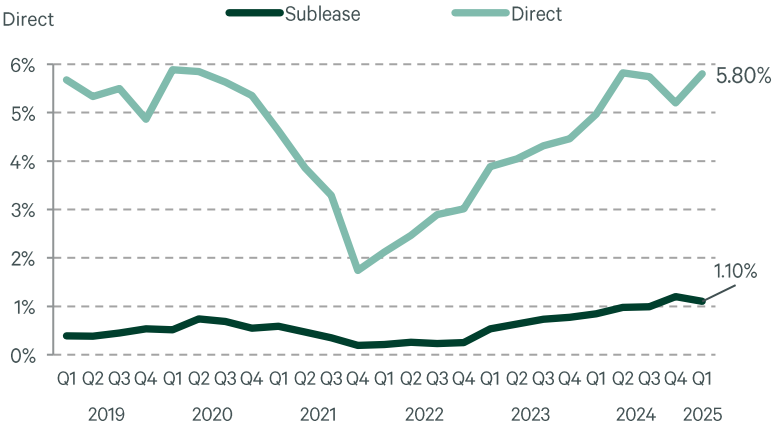
Source: CBRE Research, Q1 2025.

FIGURE 7: Development Pipeline



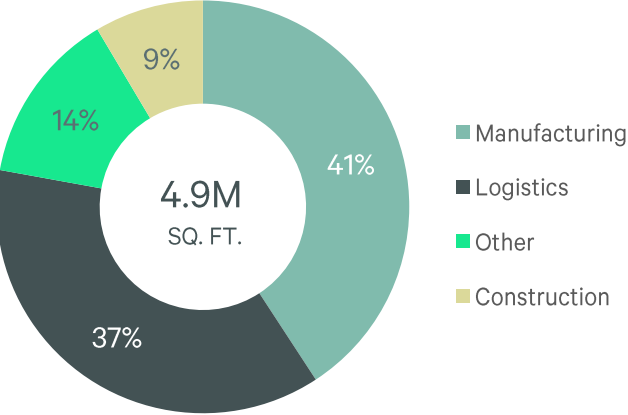
Source: CBRE Research, Q1 2025.

FIGURE 6: Direct & Sublease Availability



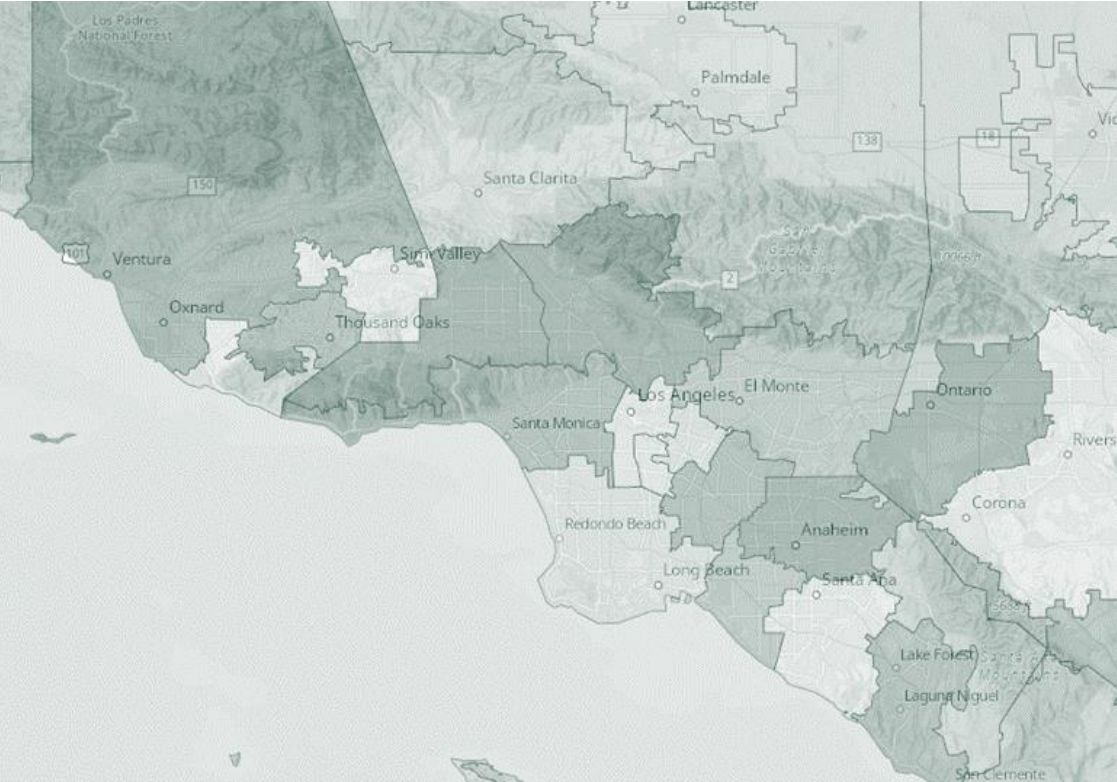
Source: CBRE Research, Q1 2025.

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q1 2025.

Submarket Map



Source: CBRE Research, Q1 2025, Location Intelligence.

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Definitions

Available Sq. Ft.: Space in a building, ready for occupancy; can be occupied or vacant. **Availability Rate:** Total Available Sq. Ft. divided by the total Building Area. **Average Asking Lease Rate:** A calculated average that includes net and gross lease rates, weighted by their corresponding available square footage. **Building Area:** The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. **Gross Absorption:** All user-sales and lease transactions completed within a specified period, lease activity defined as new leases and expansions, omitting renewals unless publicly marketed, and sale activity omitting only investment sales. **Gross Activity:** All user-sales and lease transactions completed within a specified period. **Gross Lease Rate:** Rent typically includes real property taxes, building insurance, and major maintenance. **Net Absorption:** The change in Occupied Sq. Ft. from one period to the next. Positive absorption is reflected when a lease is signed, which may not coincide with the date of occupancy. **Net Lease Rate:** Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. **Occupied Sq. Ft.:** Building Area not considered vacant. **Vacancy Rate:** Total Vacant Sq. Ft. divided by the total Building Area. **Vacant Sq. Ft.:** Space that is not occupied.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Los Angeles and Ventura counties. Buildings which have begun construction as evidenced by site excavation or foundation work.

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