

FIGURES | GREATER LOS ANGELES INDUSTRIAL | Q2 2025

# Leasing activity remains steady while vacancy ticks up amidst macroeconomic uncertainty.

▲ 4.7%

Overall Vacancy Rate

▼ (1.1M)

SF Net Absorption

▲ 7.2M

SF Under Construction

▼ \$1.27

NNN / MO Lease Rate

▲ 5.8%

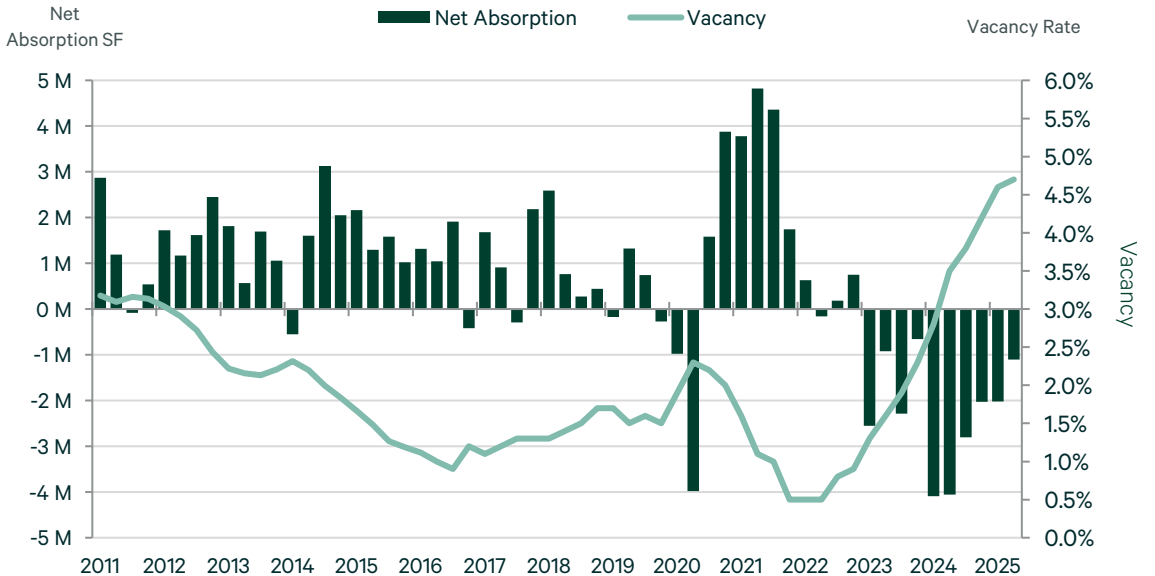
Projected Unemployment Rate through Q2 2025  
LA/Ventura Counties

Note: Arrows indicate change from previous quarter.

## MARKET HIGHLIGHTS

- The average direct asking rate reported at \$1.27 NNN in Q2 2025, a 3.1% decrease from the previous quarter and 17.5% lower year-over-year in Greater Los Angeles (GLA). The average direct asking rate has returned to Q2 2022 levels.
- Vacancy ticked up 10 basis points (bps) quarter-over-quarter and by 130 bps from 3.4% in Q2 2024.
- The total availability rate increased to 7.5% from 6.9% in Q1 2025 and from 5.6% in Q2 2024. Sublease availability increased by 20 bps to 1.3% from 1.1% quarter-over quarter.
- Logistics companies accounted for the largest transactions in Q2 2025. YS Express signed the largest deal with a 445,767 sq. ft. sublease at 5500 Sheila St in Commerce.
- The largest sale was W.P. Carry’s acquisition of a 302,971-sq.-ft. cold storage warehouse at 15015 Valley View Ave in Santa Fe Springs for \$140 million or \$463 per sq. ft.

FIGURE 1: Overall Vacancy & Net Absorption Trend



Source: CBRE Research, Q2 2025.

Market Overview

The overall average direct asking rate decreased by 3.1% quarter-over-quarter, spurred by heightened availability and decreased tenant demand. Gross leasing activity reported an increase of 13.1% year-over-year, while reporting a decrease of 16.8% quarter-over-quarter. New space givebacks drove 1.1M sq. ft. of negative net absorption across GLA. Downtown Los Angeles reported 425,582 sq. ft. of negative net absorption followed by the Greater San Fernando Valley with negative 349,789 sq. ft. This is the 10<sup>th</sup> consecutive quarter of negative net absorption recorded in GLA.

Total sales volume in Q2 2025 reached \$902 million—an 18.1% decrease quarter-over-quarter and 13.7% increase year-over-year. In 2025 YTD, 68.4% of buyers have been private compared to 46.3% in 2024.

In Q2 2025, 1.2M sq. ft. completed construction in GLA, of which 723,243 sq. ft. delivered in the South Bay and 223,068 sq. ft. delivered in the Greater San Fernando Valley. The largest delivery of the quarter was Goodman’s 504,810 sq. ft. warehouse at 2401 E Wardlow Rd in Long Beach. GLA’s total development pipeline stood at 7.2M sq. ft. under construction by the end of Q2 2025, compared to 8.1M sq. ft. one year prior.

Transportation and warehousing employment in Los Angeles County concluded Q2 2025 with a worker headcount of 205,700, up 1.6% year-over-year and up 11.9% over the past 5 years. Total manufacturing employment dipped to 297,600, a 4.7% decrease YoY and 1.8% decrease over the past 5 years. Motion picture and sound recording, at 112,300 employees, remained flat year-over-year, but was up 28.2% from lows in 2020.

Q2 2025 began with the Liberation Day tariffs and subsequent escalations, but the trade war rhetoric and effective tariffs have softened since then. Shipping volume in the San Pedro Bay Port complex was up 12.2% year-to-date through May with 8.1 million TEUs. It could take time for the costs associated with higher tariffs and global uncertainty to filter through to the industrial sector, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025.

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	2,756	152,502,045	5.6%	6.2%	8.9%	(45,563)	2,854,082	2,165,590	\$1.13	788,265	0
Downtown Los Angeles	2,507	95,962,424	4.4%	4.6%	6.5%	(425,582)	398,447	485,386	\$0.92	167,522	0
Mid-Counties	2,122	102,645,211	5.1%	5.3%	8.8%	(47,124)	1,809,800	1,407,047	\$1.40	794,724	0
Greater San Fernando Valley	4,751	171,474,932	2.3%	2.7%	4.9%	(349,789)	1,322,387	1,200,607	\$1.41	3,199,502	223,068
San Gabriel Valley	3,014	159,312,576	3.5%	4.3%	6.3%	(55,399)	2,739,618	2,699,754	\$1.12	437,836	166,805
South Bay	4,080	199,819,797	5.3%	6.0%	10.0%	(209,719)	1,918,353	1,752,552	\$1.46	869,455	723,243
Los Angeles County	19,230	881,716,985	4.3%	4.9%	7.6%	(1,133,176)	11,042,687	9,710,936	\$1.28	6,257,304	1,113,116
Ventura County	1,795	67,872,902	2.9%	3.1%	5.9%	27,955	552,854	518,728	\$1.20	918,232	86,190
Greater L.A.	21,025	949,589,887	4.2%	4.7%	7.5%	(1,105,221)	11,595,541	10,229,664	\$1.27	7,175,536	1,199,306

Source: CBRE Research, Q2 2025.

FIGURE 3: Notable Lease Transactions Q2 2025

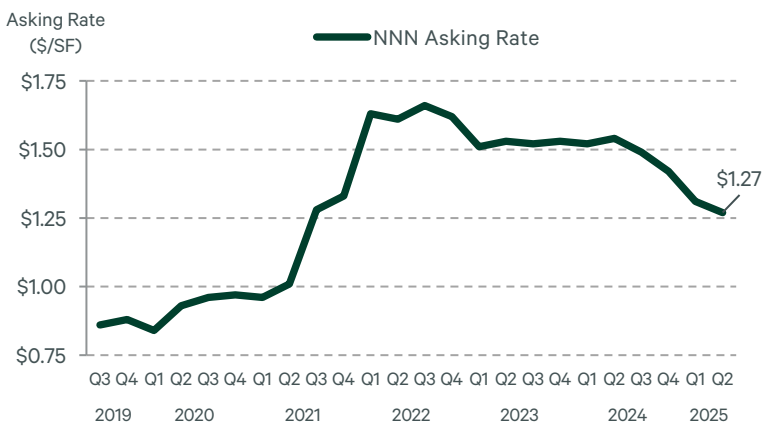
Tenant	Address	SF Leased	Type
YS Express	5500 Sheila St, Commerce	445,767	Sublease
Confidential Tenant	12908 Shoemaker Ave, Santa Fe Springs	306,890	Renewal
iDC Logistics	19515-19605 W Walnut Dr, Walnut	260,000	New Lease
US E-Logistics	5215 Boyle Ave, Vernon	232,299	Renewal
Hyperdyne	20100 S Alameda St, Compton	205,435	New Lease
Paramount Logistics	11600 Alameda St, Lynwood	201,027	New Lease

Source: CBRE Research, Q2 2025.

FIGURE 4: Notable Sale Transactions Q2 2025

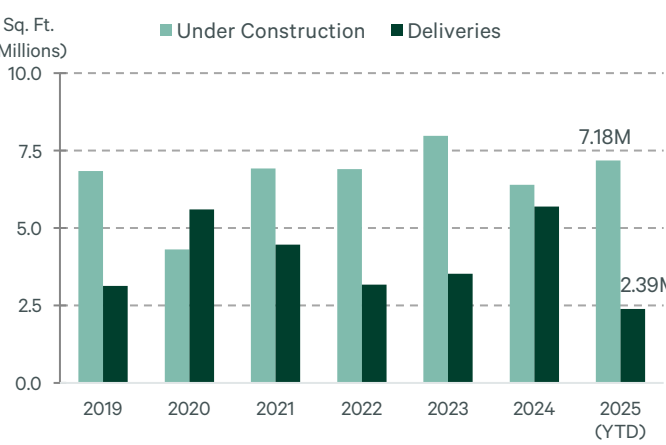
Buyer	Address	SF Sold	Sale Price
W.P. Carey	15015 Valley View Ave, Santa Fe Springs	302,850	\$140.3M
Benefit Street Partners	3300-3430 Garfield Ave, Commerce	554,705	\$97.0M (Portfolio)
MSI Computer Corp.	18045 Rowland St, City of Industry	200,000	\$65.2M
Kayne Anderson Real Estate	4510 W Vanowen St, Burbank	100,100	\$44.0M
Prologis	14069 Balboa Blvd, Sylmar	75,107	\$37.7M
Custom Packaging Supply	3400 Calle Tecate, Camarillo	68,807	\$23.4M

FIGURE 5: Direct Asking Lease Rates



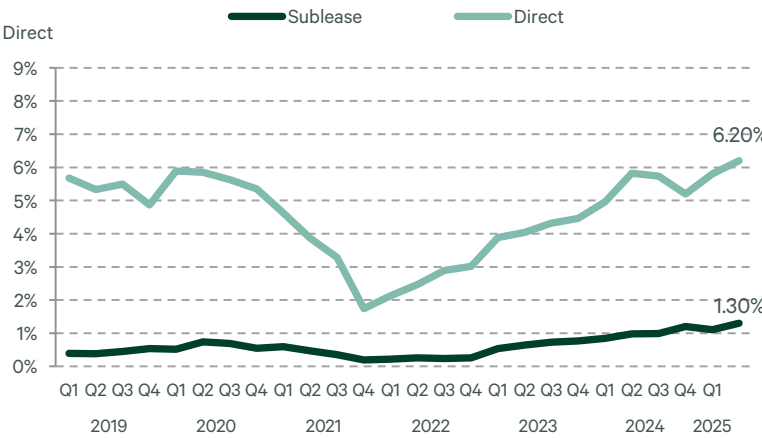
Source: CBRE Research, Q2 2025.

FIGURE 7: Development Pipeline



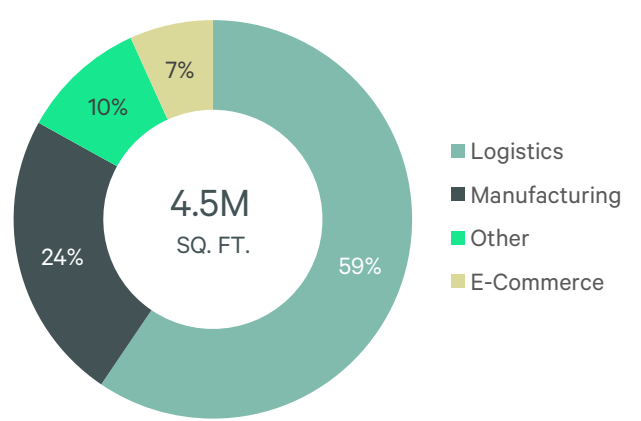
Source: CBRE Research, Q2 2025.

FIGURE 6: Direct & Sublease Availability



Source: CBRE Research, Q2 2025.

FIGURE 8: Top 25 Leases of the Quarter by Industry



Source: CBRE Research, Q2 2025.

## A grayscale map of Southern California, highlighting major cities and geographical features. The map shows the coastline from San Diego in the south to San Francisco in the north. Major cities labeled include San Francisco, San Jose, Los Angeles, San Diego, and San Antonio. The map also shows the San Francisco Bay Area, the Central Valley, and the Colorado Plateau. Major highways like I-5, I-805, and I-15 are indicated. The map is oriented with North at the top.

**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.

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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