

Los Angeles

Industrial - Q2 2026

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Second quarter marks a shift in Los Angeles leasing activity

In Q2 2026, the Los Angeles industrial market saw a shift in occupier movement, recording 4.0 million square feet (msf) of net absorption. This marked the highest quarterly absorption total since 2021. Most of the positive absorption occurred in the South Bay, San Gabriel Valley and Central Los Angeles submarkets. Notable tenant move-ins included Valar Atomics occupying 512,500 square feet (sf) in Torrance, Amazon occupying 504,800 sf in Long Beach and Divergent Technologies occupying 415,300 sf in Long Beach. As a result, vacancy decreased by 40 basis points (bps) from the prior quarter to 6.8%. Vacancy remained 110 bps higher than two years ago and was highest in buildings ranging from 100,000 to 300,000 sf.

Warehouse rents decline despite lower vacancy

Despite vacancy declining by 20 bps year over year to 6.8%, overall asking rents fell to \$1.23 per square foot (psf), marking the 13th consecutive quarterly decrease. This represented a 4.7% decrease from the previous quarter and a 10.3% decrease from one year ago. Despite the downward trend, the current asking rate is still 25.5% above values recorded in Q1 2020. The decline in rental rates has contributed to increased leasing volume as tenants take advantage of lower rates. However, tenants that signed leases five years ago or more are still experiencing significant rent increases as leases expire.

Market trends will continue to evolve through 2026

Despite evolving trade regulation impacts and inflation pressures, occupiers are becoming more confident in their future space needs, moving beyond a wait-and-see approach. The Los Angeles industrial market has been directly affected by these economic fluctuations, particularly because of its close ties to international trade. In May, the Port of Long Beach recorded a 31.7% TEUs increase year over year, while the Port of Los Angeles recorded a 17.0% increase. The Los Angeles industrial market continues to demonstrate resilience because of its role as a key gateway for U.S. imports and exports.

KEY STATISTICS

	Q2 2025	Q2 2026	Y-O-Y
Inventory	693.9 msf	702.4 msf	+8.5 msf
Vacancy rate	7.0%	6.8%	-20 bps
Asking rental rate (monthly)	\$1.37	\$1.23	-10.3%
Net absorption YTD	1.1 msf	3.6 msf	+2.5 msf
Deliveries YTD	2.3 msf	1.0 msf	-1.3 msf
Under construction	5.2 msf	4.9 msf	-0.3 msf

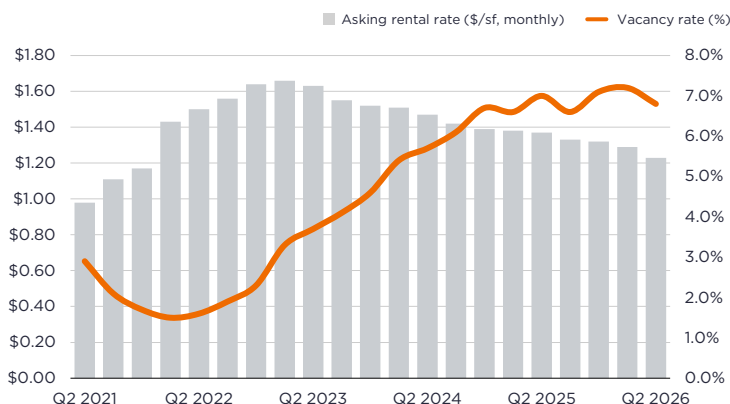
Outlook

- 01** Vacancy will continue to decrease due to a lack of speculative construction volume and increase in leasing activity.

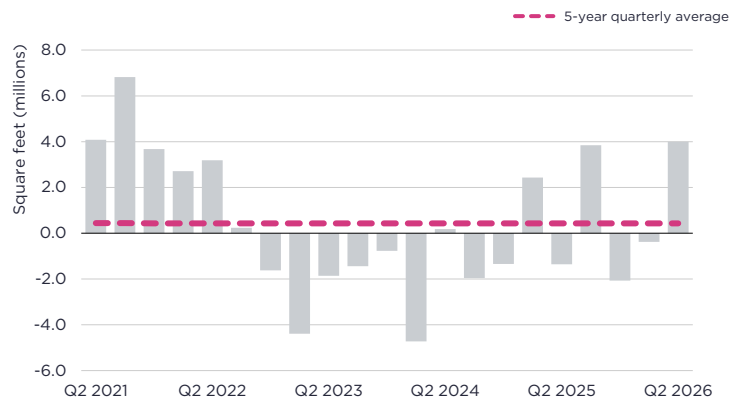
- 02** Asking rental rates are expected to gradually stabilize following the growth of positive absorption.

- 03** California AB 98's restriction standards that took effect in January 2026, will constrain large-scale warehouse development in infill markets.

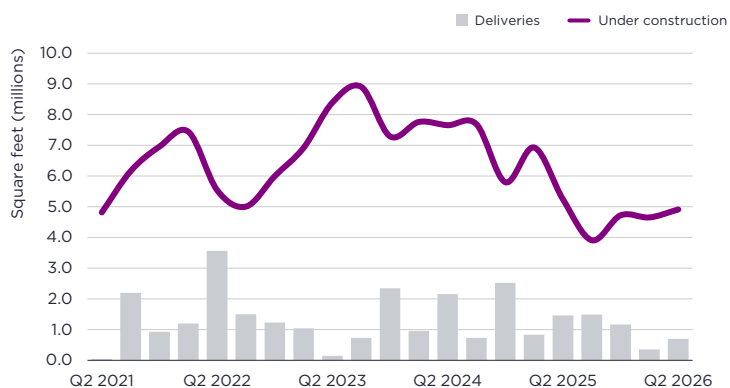
ASKING RENT AND VACANCY



NET ABSORPTION



DELIVERIES AND CONSTRUCTION



NOTABLE LEASES

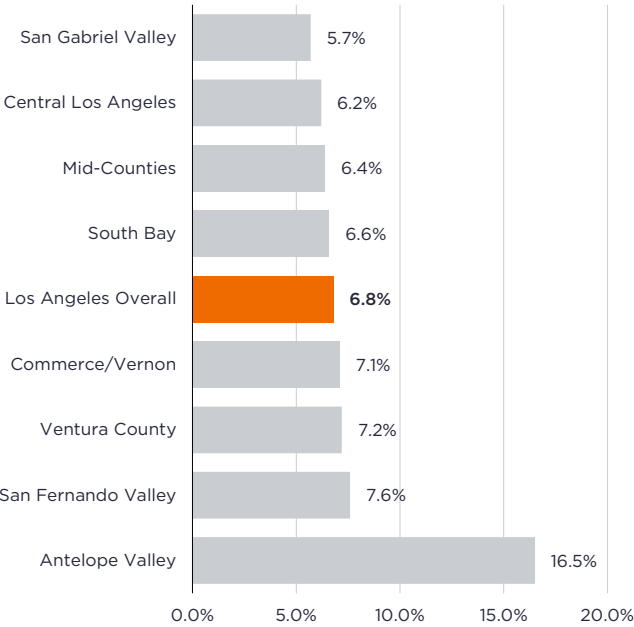
Source: Savills Research

Tenant	Size (SF)	Submarket	Address	Transaction type	Industry
Valar Atomics	512,500	South Bay	20333-20335 S Normandie Avenue	New Lease	Energy
Divergent Technologies	415,312	South Bay	2400 E Artesia Boulevard	New Lease	Communications/Media/Tech
Line Apparel	375,000	Central LA	4000 Union Pacific Avenue	Expansion	Consumer Goods
Ducommun Inc.	307,222	South Bay	268 E Gardena Boulevard	Renewal	Aviation & Aerospace
Pixior LLC	283,621	Central LA	7400 Slauson Avenue	New Lease	Logistics & Distribution/3PLs

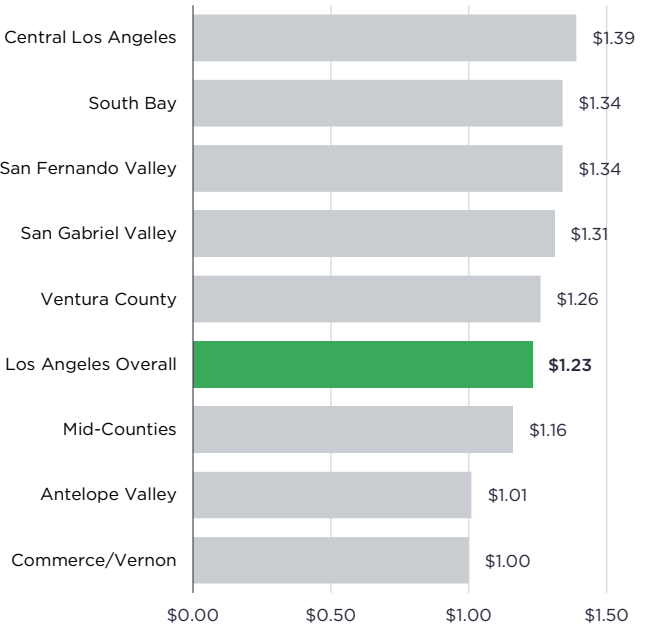
NEW DEVELOPMENTS

Developer / Tenant	Size (SF)	Submarket	Address	Development type	Status
Xebec	440,100	San Fernando Valley	15825 Roxford Street	Speculative (available)	Under Construction
Prologis	283,600	Central LA	7400 E Slauson Avenue	Speculative (available)	Under Construction
P&L Realty LLC	281,900	Antelope Valley	605 W Technology Drive	Speculative (available)	Under Construction
Prologis	185,100	Mid-Counties	12300 Lakeland Road	Speculative (available)	Under Construction
Dermody	180,700	South Bay	18455 S Figueroa Street	Speculative (available)	Under Construction

VACANCY RATE COMPARISON (%)
LOS ANGELES SUBMARKETS



RENTAL RATE COMPARISON (\$/SF)*
LOS ANGELES SUBMARKETS



*based on all classes of available inventory

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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical vacancy and rent data are subject to change due to changes in inventory. The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research. Copyright © 2026 Savills