2026
2ND QUARTER

MARKET INSIGHT

South Bay

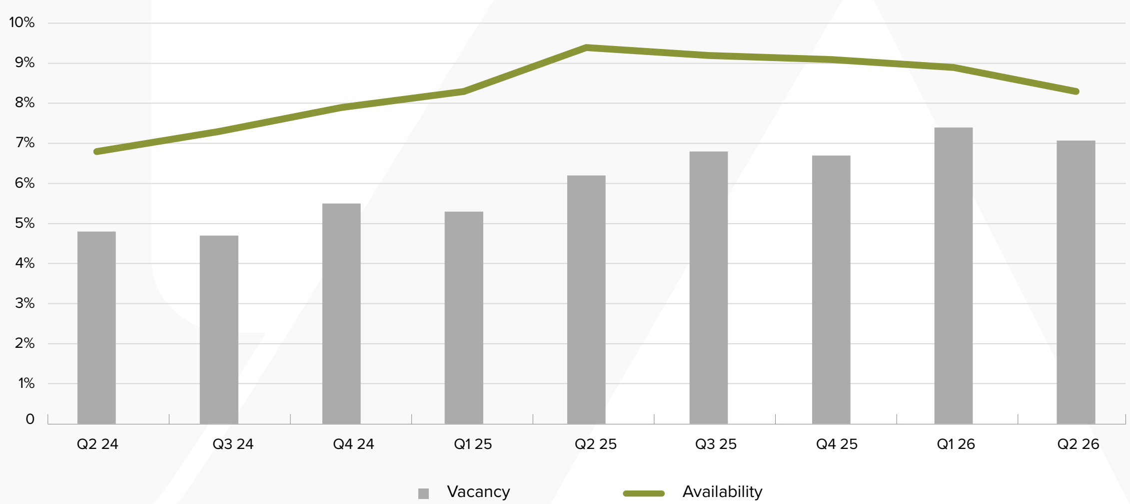
LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES | LeePRO

OVERALL VACANCY RATE	OVERALL ASKING LEASE RATES (NNN)	OVERALL LEASING ACTIVITY	UNDER CONSTRUCTION (PSF)
7.1%	$1.44	4.2M SF	578K SF
YOY ▲ 14.5%	YOY ▼ -6.5%	YOY ▲ 147.3%	YOY ▼ -39.1%
QOQ ▼ -4.1%	QOQ ▼ -3.4%	QOQ ▲ 8.1%	QOQ ▼ -20.9%

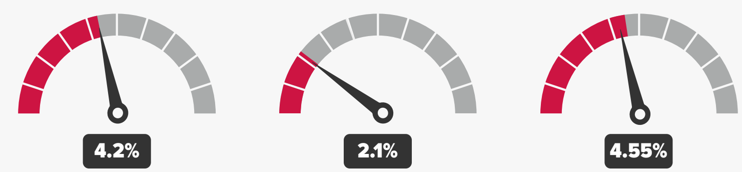
MARKET TRENDS

- Vacancy eased to 7.1% (-4.1% QoQ) but remained elevated versus a year ago (+14.5% YoY), a mixed signal for occupancy fundamentals this quarter.
- Availability fell to 8.3% (-6.7% QoQ, -11.7% YoY), as less available space is being marketed for lease.
- Net absorption swung positive to 1.36M SF, a sharp reversal from negative readings in both the prior quarter and a year ago.
- Leasing activity rose modestly for the quarter (+8.1% QoQ) but surged dramatically compared to last year (+147.3% YoY); while sales volume declined sharply on a quarterly & annual basis (-44.5% QoQ, -38.5% YoY) .
- Construction activity contracted further (-20.9% QoQ, -39.1% YoY), while asking rents fell to $1.44 NNN (-3.4% QoQ, -6.5% YoY).

VACANCY VS AVAILABILITY



ECONOMIC INDICATORS



US Unemployment Rate | GDP - Quarter 1* | US 10-Year Treasury Note

HISTORIC COMPARISON

	Q2 2025	Q1 2026	Q2 2026	QoQ % Change	YoY % Change
Total Inventory (SF)	195,359,374	196,027,815	196,818,157	0.4%	0.7%
Overall Vacancy	6.2%	7.4%	7.1%	-4.1%	14.5%
Overall Availability	9.4%	8.9%	8.3%	-6.7%	-11.7%
Under Construction (SF)	951,078	732,193	578,851	-20.9%	-39.1%
Net Absorption (SF)	(1,182,485)	(1,473,623)	1,356,995	N/A	N/A
Leasing Activity (SF)	1,712,655	3,918,784	4,235,151	8.1%	147.3%
Sales Activity (SF)	1,788,944	1,983,737	1,100,686	-44.5%	-38.5%
Overall Asking Lease Rate (NNN)	$1.54	$1.49	$1.44	-3.4%	-6.5%

*Q2 will be published July 30, 2026, by BEA

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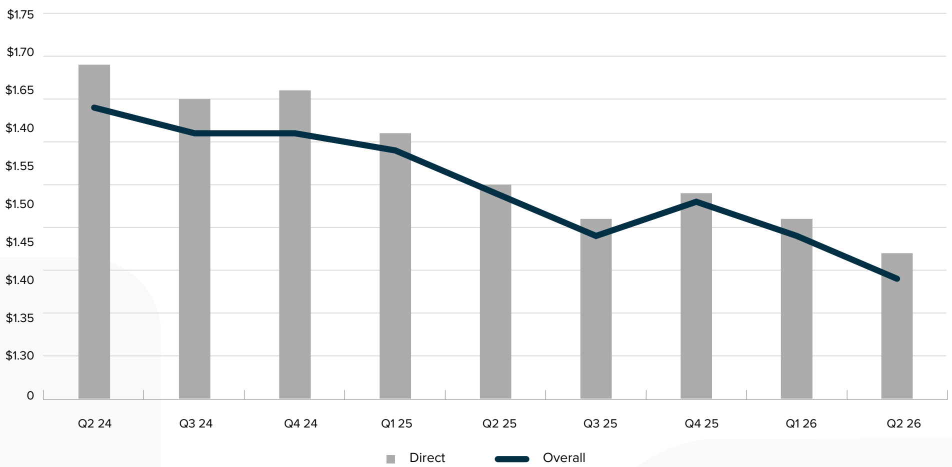
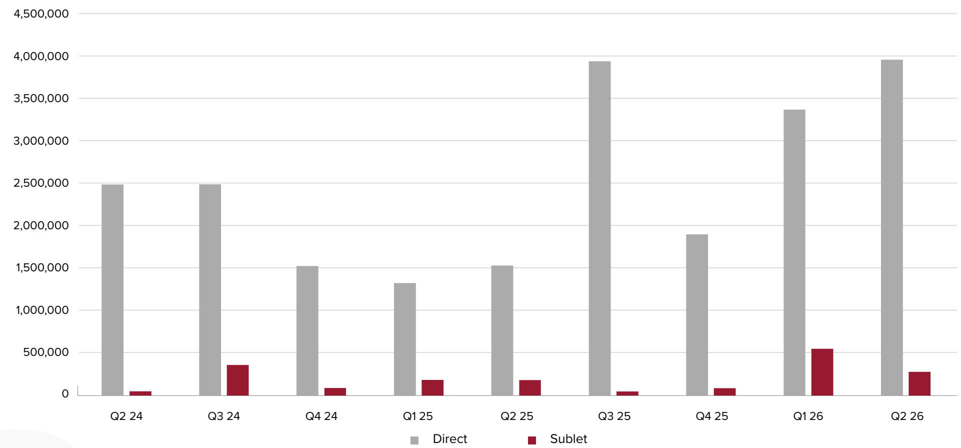
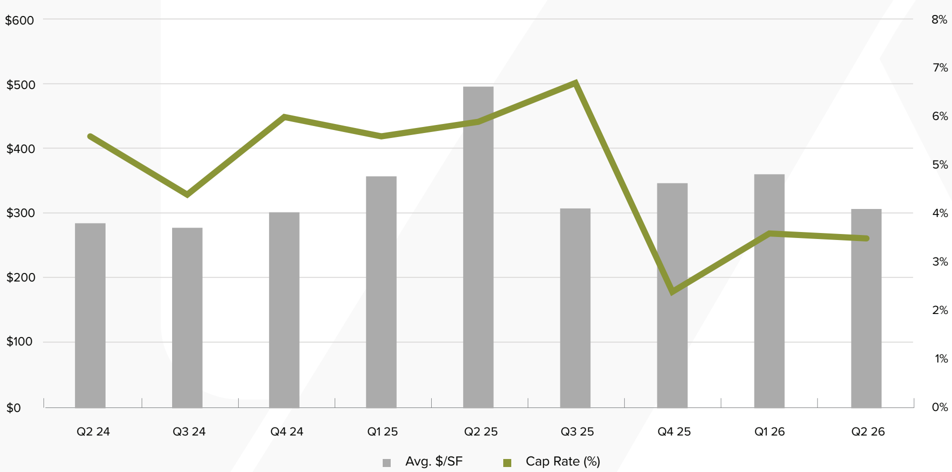
LEASE RATES



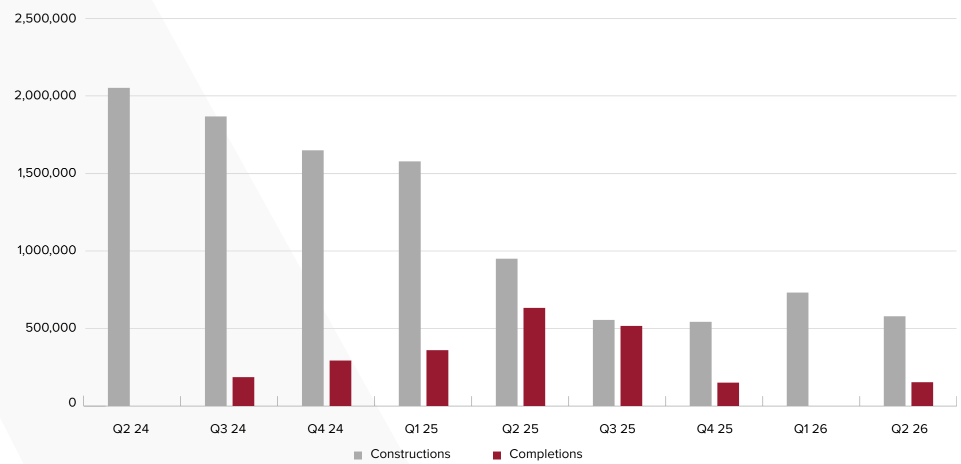
LEASING ACTIVITY



SALE TRENDS



CONSTRUCTION



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MAJOR CONSTRUCTIONS / DEVELOPMENT PROJECTS

Address / Submarket / Owner or Developer	Estimated Completion	Size (SF)
1515 W 190th Street Gardena • The Ruth Group	2026	143,688
17600 S Santa Fe Avenue Compton • 17600 Santa Fe Avenue Partners	2027	140,693
2104 E 223rd Street Long Beach • 9th Street Partners	2026	129,295
24000 Garnier Street Torrance • TPX, LP	2026	43,644
1899 Western Way Torrance • Miramar Capital	2026	29,747

TOP 5 LEASES

Address / Submarket / Landlord / Lease Type	Tenant	Size (SF)
20333 S Normandie Avenue Los Angeles • Morgan Stanley	Valar Atomics Inc	512,490
2400 E Artesia Boulevard Long Beach • Kurv (Bridge Industrial)	Divergent Technologies, Inc.	404,254
268 E Gardena Boulevard Gardena • CenterPoint Properties	Ducommun Incorporated	298,785
19101-19401 Western Avenue Torrance • Sares Regis	Hadrian Inc	260,075
400 W Artesia Boulevard Compton, • Prologis	Speedup Logistics Inc	253,584

TOP 5 SALES

Address / Submarket / Seller(s)	Size (SF)	Buyer	$/SF	Price
1920 E Maple Avenue El Segundo • Link Logistics Real Estate	106,885	Landmark Dividend	$739.58	$79M
19801 S Vermont Avenue Torrance • Terreno Realty	98,659	Lift Partners	$315.23	$31.1M
20435 Tillman Avenue (Multi-Property Sale) Carson • DWS Group	87,027	BKM Capital Partners	$237.54	$20.6M
20435 Tillman Avenue (Multi-Property Sale) Carson • DWS Group	75,194	BKM Capital Partners	$273.51	$20.5M
20435 Tillman Avenue (Multi-Property Sale) Carson • DWS Group	62,955	BKM Capital Partners	$246.92	$15.5M

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CITY-LEVEL BREAKDOWN

City	# of Bldgs	Inventory (SF)	Vacancy (%)	Availability (%)	Net Absorption (SF)	Gross Absorption (SF)	Direct Asking Rate (NNN)	Asking Sale Price ($/SF)
Carson	494	35,890,278	6	7.1	300,933	641,248	$1.39	$314
Compton	466	25,534,945	10.7	14.1	136,929	501,627	$1.26	$293
El Segundo	150	7,388,661	5	5.9	(83,441)	20,733	$2.18	$360
Gardena	1150	28,910,532	6.8	8	49,619	539,382	$1.30	$293
Harbor City	97	1,821,683	5.8	5	7,090	10,600	0	$312
Hawthorne	222	8,291,920	2.2	4.2	32,635	85,010	$1.80	$299
Inglewood	233	4,782,448	4.5	4.7	(4,682)	9,685	$1.85	$357
Lakewood/HG	23	509,173	0	8.3	0	0	$0.75	$323
Lawndale	31	269,665	4.7	8.1	1,050	3,800	0	$330
Long Beach/TI	758	24,624,160	9.8	9.7	342,483	274,847	$1.55	$329
Lynwood	97	4,071,971	2.1	2.6	(27,804)	1,200	$1.15	$257
Rancho Dominguez	213	13,398,105	6.1	7.3	186,623	236,919	$1.53	$294
Redondo/Hermosa	35	1,649,037	3.3	0.2	(51,229)	0	0	$397
San Pedro	46	2,782,567	13.2	13.9	(1,455)	0	$1.97	$317
Signal Hill	208	2,996,112	4.9	3.7	(18,579)	32,156	$1.31	$345
Torrance	637	29,817,045	7.7	8.4	653,165	847,022	$1.57	$341
Wilmington	153	4,079,855	6.9	7.9	(166,342)	7,409	$1.25	$300

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Sources: LAC-I Research, CoStar, Moody's | Port Statistics Sources: PLA, PLB