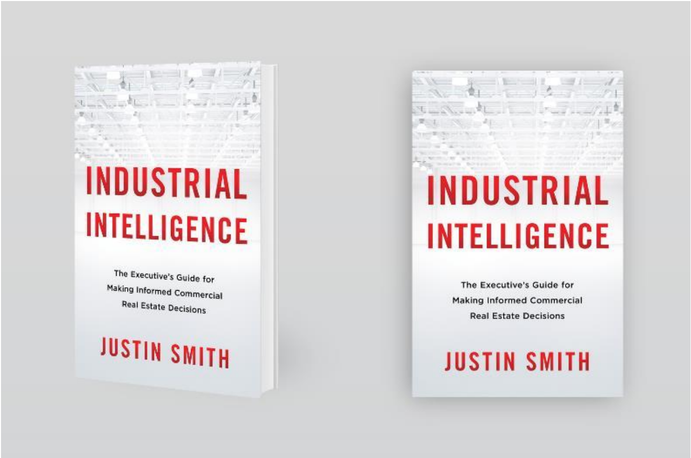
Industrial Market Update
LA/OC
2026
Appraisal Institute of Southern California

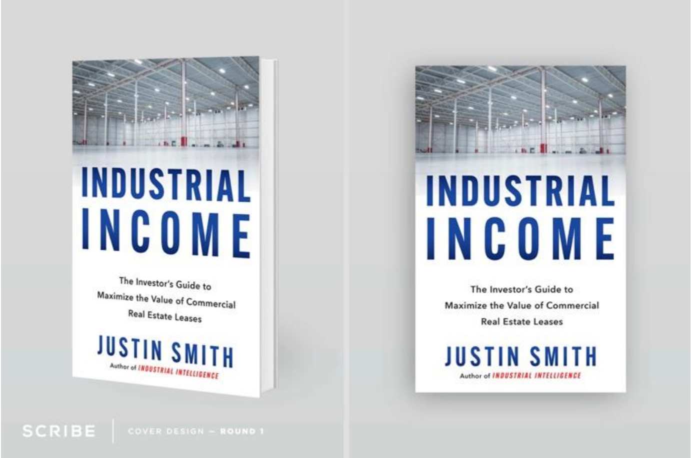
Prepared By:

Justin Smith, SIOR
Senior Vice President

Justin Smith - SVP

- 20 years with Lee & Associates, Irvine Office, #1 producer multiple years, #2 in 2025
- Primary focus is industrial:
    - 80% within LA/OC/IE, 20% National
    - ¼ tenant, ¼ landlord, ¼ owner/user sale, ¼ investment sale
- Education - UCI Econ, USC MBA, USC MRED, University of Arkansas Master of Supply Chain admission pending
- Author – Industrial Intelligence & Industrial Income
- Investor – Own 30 units between SFR and industrial multi tenant, invested as LP in 8 industrial deals





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Know Your Audience

- What do you want to learn more about this session?
- What is a tell tale assignment you have worked on we can learn from?
- When will we see lease rates in So Cal go up?
- When will we see sale values go up?

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Prologis Bold Predictions 11/25

Bold Predictions for 2026

01 International markets will outperform: Europe's vacancy rate will drop below 5%, Brazil will see double-digit rent growth for the fourth consecutive year and India will enter a development and leasing boom driven by logistics modernization.

02 Demand in gateway U.S. markets will reach a three-year high, driven by absorption of modern Class A logistics space.

03 U.S. warehouse utilization will reach expansionary levels as customers max out current space and start new leases.

04 E-commerce companies will near 25% of new leasing in 2026 as the proportion of goods sold online rises to almost 20% globally by year-end.

05 The need for power-ready logistics facilities capable of supporting automation and manufacturing will be a top three factor globally in location selection in 2026.

06 Defense-related demand in the U.S. and Europe will breathe new life into older industrial corridors and produce a new class of specialized logistics assets.

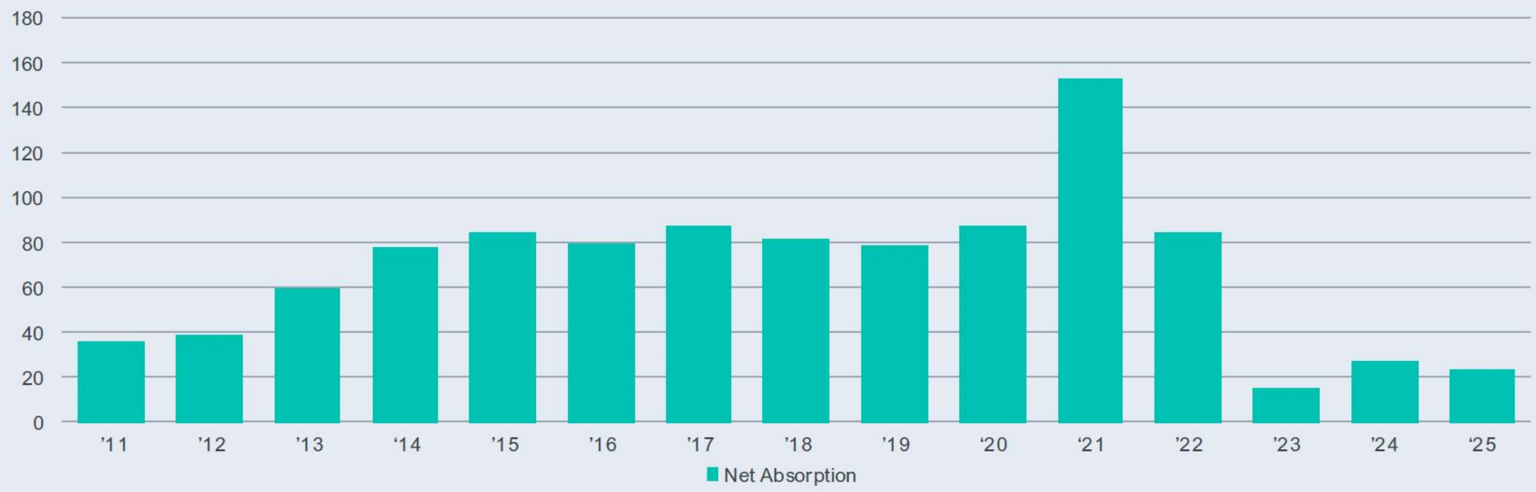
07 Shrinking trucking capacity will drive double-digit rate hikes in 2026, making transportation an even larger share of total supply chain spend and amplifying the value of well-located logistics real estate.

02 **Demand in gateway U.S. markets will reach a three-year high, driven by absorption of modern, Class A logistics space.**

– As logistics networks evolve in response to both cost pressures and service expectations, coastal markets will become more attractive. Markets like the Inland Empire and New Jersey are poised for a demand recovery, with access to dense population centers, improved availability of modern stock and rents that have adjusted to more sustainable levels. Looking ahead, these conditions will allow for increased demand as customers shift inventory closer to consumption to mitigate transportation costs and improve service levels.

– Rent premiums that expanded significantly during the pandemic have since compressed, improving the price-to-value ratio for logistics occupiers. The spread between rents in these markets and the rest of the U.S. in the second half of 2025 have returned to pre-pandemic levels. This recalibration has restored relative value for customers seeking to maintain coastal access while controlling occupancy costs.

Coastal Demand
MSF



04 E-commerce companies will near 25% of new leasing in 2026[1] as the proportion of goods sold online rises to almost 20% globally by year-end.[3]

– E-commerce companies are adapting their regional diversification strategies. Global e-commerce penetration is expected to reach 19.7% by 2026.[3] Asian e-commerce players that initially focused on U.S. growth through a combination of direct leases and 3PL partnerships are now expanding their networks into Europe and Latin America to support cross-border fulfillment.

– Meanwhile, major international players like Amazon continue to expand across Europe, and Mercado Libre maintains its leadership in Latin America. In India, Flipkart and Walmart are increasing their distribution capacity to meet rising domestic and export demand. In the U.S., the model is evolving: de minimis changes are driving e-commerce companies to shift toward blended strategies involving onshore inventory positioning, sea-cargo cross-docking and rapid regional fulfillment.

E-commerce Leasing, Global

% share of new leasing

Source: Prologis portfolio data.

06 Defense-related demand in the U.S. and Europe will breathe new life into older industrial corridors and drive a new class of specialized logistics assets.

– Defense-related logistics demand is in the early stages of adjusting to new dynamics. European nations are committing to raise defense spending to 5% of GDP, up from an average of 2.5% in 2024.[8] Investment will cluster in strategic industrial corridors and cost-effective secondary hubs benefitting markets such as Germany, France, Italy, the UK, the Netherlands and Poland.

– In the U.S., elevated Department of Defense spending should support steady demand, with activity expanding beyond large prime contractors as defense technologies evolve. A growing number of small and midsize defense suppliers are entering the market and leasing industrial space to support localized, secure supply chains. In 2024, Los Angeles County received the most defense funding in the U.S. with its deep aerospace manufacturing base, followed by Fairfax County in Virginia.[4]

– Across both regions, these customers may require highly specialized facilities that can support advanced manufacturing. This is driving users towards facilities with existing high power and manufacturing specs, often older product built during prior manufacturing booms.

Defense Expenditure, EU

€B, constant 2024 values

Source: Prologis Research, EDA, Oxford Economics, NATO. Core target (3.5 % of GDP): traditional defence budgets (personnel, equipment, operations, R&D). Full target (5 % of GDP): expands scope to include broader security, cyber-defence, and resilience investments

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Prologis Earnings Report 01/21/26

Operations

Q4 2025 Supplemental PROLOGIS

Operating Portfolio – Square Feet, Occupied and Leased

square feet in thousands and ordered by Prologis Share of NOI (%)	# of Buildings	Square Feet			Occupied %		Leased %	
	Owned and Managed	Owned and Managed	Prologis Share	% of Total	Owned and Managed	Prologis Share	Owned and Managed	Prologis Share
Southern California	556	126,992	106,756	13.8	95.3	95.1	96.6	96.7
New Jersey/New York City	206	54,324	42,797	5.5	94.7	94.6	94.8	94.7
San Francisco Bay Area	294	29,265	24,179	3.1	95.1	95.4	95.3	95.6
Chicago	320	69,518	54,104	7.0	96.5	96.3	96.5	96.3
Dallas/Ft. Worth	278	61,030	52,021	6.7	96.3	96.5	96.7	96.9
South Florida	224	29,614	23,479	3.0	95.5	95.4	96.4	96.3
Atlanta	237	52,474	46,352	6.0	96.6	96.7	97.0	97.2
Lehigh Valley	81	36,108	31,941	4.1	92.7	92.7	92.7	92.7
Houston	224	37,305	31,498	4.1	98.5	98.6	98.5	98.6
Seattle	163	24,967	17,936	2.3	95.4	96.1	95.7	96.2
Baltimore/Washington	135	18,377	14,573	1.9	94.3	95.2	94.6	95.4
Central Valley	44	22,661	21,515	2.8	95.8	95.6	96.4	96.2
Phoenix	81	17,020	14,737	1.9	95.3	94.9	97.6	97.7
Nashville	66	17,335	13,504	1.8	98.2	98.4	98.2	98.4
Orlando	110	14,253	12,785	1.7	97.8	97.6	97.9	97.7
Las Vegas	81	14,760	9,079	1.2	92.1	94.5	92.2	94.7
Cincinnati	67	18,751	16,293	2.1	95.2	94.8	95.2	94.8
Indianapolis	57	20,580	16,450	2.1	97.7	97.7	97.7	97.7
Central PA	38	19,097	14,341	1.9	91.0	92.5	91.0	92.5
Remaining U.S. markets (11 markets)	376	71,585	61,254	7.9	95.8	95.8	96.8	96.8
Total U.S.	**3,638**	**756,016**	**625,594**	**80.9**	**95.6**	**95.7**	**96.1**	**96.3**

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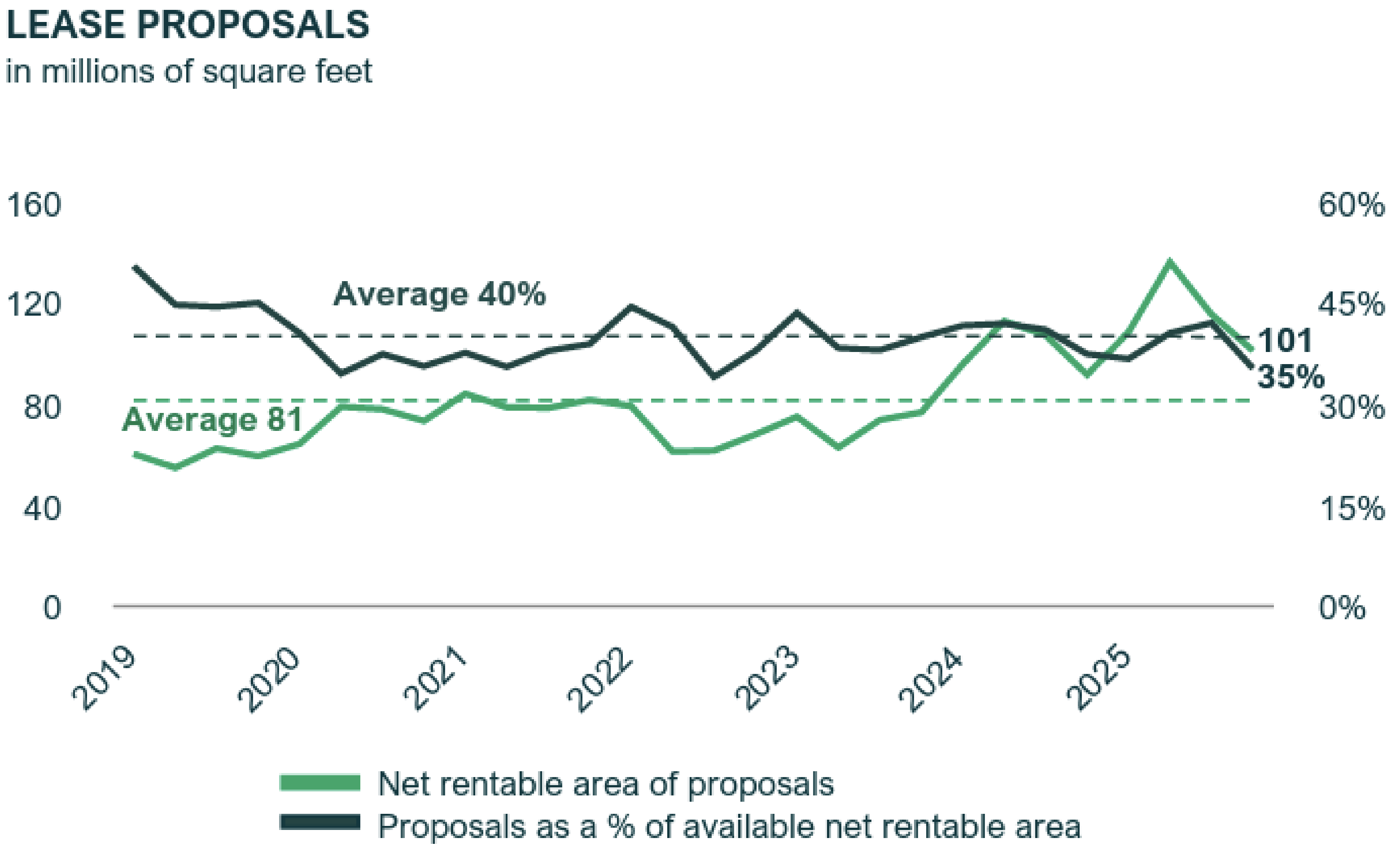

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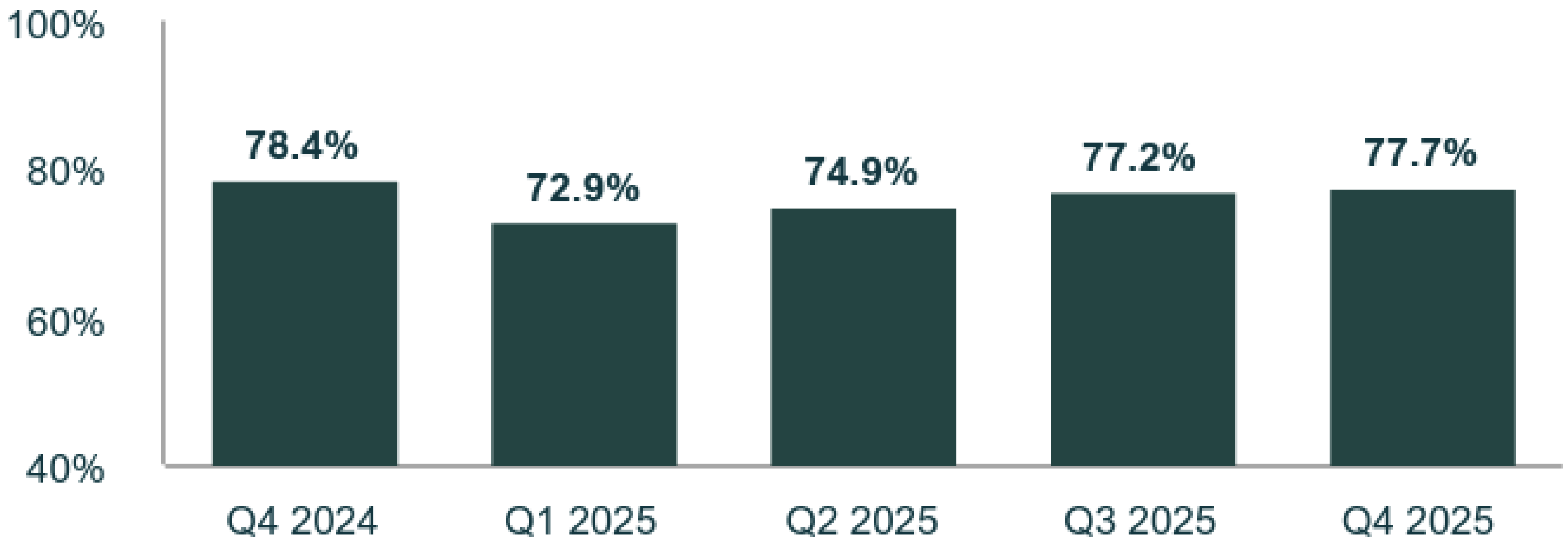
CUSTOMER RETENTION



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Occupancy

Glass half full – Prologis' words

> "On an own-and-manage basis, average occupancy was 95.3% for the quarter and 95% for the full year, with period-end finishing the year at 95.8%."
> — Tim Arndt, CFO

Glass half empty – Prologis' words

> "We do expect a seasonal drop in occupancy in the first quarter before rebuilding over the year."
> — Tim Arndt, CFO

Takeaway (grounded in their framing)

Prologis sees occupancy as **durable but not linear**, with near-term softness expected before gradual improvement, which supports stability without assuming immediate tightening.

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Rent growth

Glass half full – Prologis' words

> "Net effective rent change was 44% for the quarter, contributing approximately $60 million of annualized NOI."
> — Tim Arndt, CFO

Glass half empty – Prologis' words

> "We expect positive rent growth in aggregate to begin to emerge in a more clear way over the course of the year."
> — Chris Caton, Managing Director

Takeaway

Rent growth remains positive, but Prologis is signaling that **future gains will emerge gradually**, reinforcing that the strongest pricing power is no longer universal or immediate.

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Demand and absorption

Glass half full – Prologis' words

> "Fourth quarter net absorption was 59 million square feet in the U.S., a strong finish to the year."
> — Tim Arndt, CFO, Prologis Inc.

> "Higher absorption levels exceeded completions for the first time since 2022."
> — Tim Arndt, CFO

Glass half empty – Prologis' words

> "Decline in supply is helping. Deliveries are on pace to be lower in 2026 versus last year."
> — Chris Caton, Managing Director

Takeaway

The context behind those statements is important. Prologis outlined that **U.S. net absorption was roughly 155 million square feet in 2025**, with expectations of **~200 million square feet in 2026**, while **new deliveries are expected to decline from roughly 200 million square feet to about 180–185 million square feet**. That implies a positive demand–supply spread of only **15–20 million square feet**.

In other words, demand is improving and finally outpacing supply, but by a **relatively tight margin**. That math supports Prologis' framing: the market is healing and normalizing, not snapping back, and small shifts in either demand or deliveries can materially change the outcome.

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Who is leasing space

Glass half full – Prologis' words

> "Demand remained the strongest in large space formats."
> — Tim Arndt, CFO

Glass half empty – Prologis' words

> "It's encouraging that occupancy increased across all of our size categories."
> — Tim Arndt, CFO

(Note the nuance: encouraging, not accelerating.)

Takeaway

Large users are leading activity, while improvement across other sizes is described as **incremental**, suggesting recovery is uneven but broadening.

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Development

Glass half full – Prologis' words

> "Our development platform, particularly build-to-suits, continues to outperform."
> — Tim Arndt, CFO

> "Build-to-suits represented 61% of our starts for the year."
> — Tim Arndt, CFO

Glass half empty – Prologis' words

> "We'll start leaning more into development where supply is constrained."
> — Dan Letter, CEO

Takeaway

Development is returning, but Prologis emphasizes **location selectivity and demand visibility**, not broad speculative expansion.

Prologis Earnings Report 01/21/26

This is the quote that ties perfectly to your "glass can be filled again" conclusion:

> "We are progressing through the three stages of inflection we outlined: evidence of enduring demand, resulting building occupancy, followed by an inflection in rents."
> — Tim Arndt, CFO

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James Breeze • 1st

Vice President, Head of Industrial Research, Americas

5d •

U.S. industrial leasing blew past expectations in 2025. Thanks to 226 million sq. ft. of transaction volume in Q4 (the strongest Q4 on record), 2025 finished with 941 million sq. ft. leased, 12.2% higher than last year and the 2nd highest year on record. Leasing was driven by tenants that had to make decisions due to a majority of their lease portfolio coming up for expiration. Flight to quality, renewing early, and outsourcing to 3PLs dominated decision making. With 1.7 billion sq. ft. of space coming up for expiration over the next 36 months, we are projecting a 5% increase in leasing in 2026 driven by record renewals and an increase in 700k+ transactions as major retailers get back into the market.

U.S. Industrial Leasing Activity Forecast

Year	New Leases (sf)	Renewals (sf)	Total (sf)
2019	445,255,172	142,152,706	587,407,878
2020	529,263,358	183,069,560	712,332,918
2021	**765,656,865**	249,803,168	**1,015,460,033**
2022	632,411,338	233,905,563	866,316,901
2023	522,431,012	267,933,606	790,364,618
2024	542,563,381	296,019,897	838,583,278
2025	633,568,264	307,587,245	941,155,509
2026 (f)	632,456,402	**355,756,782**	988,213,284

Includes new leases and renewals 10,000 sf and above signed 1/1 to 12/31
Source: CBRE Research, Q4 2025

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James Breeze · 1st

Vice President, Head of Industrial Research, Americas

1d ·

The Inland Empire was the top market for bulk leasing (100k+ sf) in 2025 with 57 msf transacted, but where did major occupier types prefer to transact the most? The IE was the top destination for 3PLs, General Retailers/Wholesalers and Auto related distribution, Building Construction companies selected Atlanta more than any market, Indianapolis central location made it the top market of choice for E-commerce Only occupiers, Food & Beverage selected Chicago to expand/retain locations, DFW was the top market for the Medical industry, and Houston was the top market for Manufacturing, which increased its leasing in 2025 more than any other occupier type.

Top Bulk Markets for 2025 Occupier Type Leasing

Occupier Type	Market	SF Leased	Market Share
Automobiles, Tires, & Parts	Inland Empire	4,776,434	12.80%
Building Materials & Construction	Atlanta	3,786,276	8.30%
E-Commerce Only	Indianapolis	2,969,684	10.80%
Food & Beverage	Chicago	5,176,906	10.60%
General Retail & Wholesale	Inland Empire	15,142,677	12.80%
Manufacturing	Houston	6,009,915	9.10%
Medical	Dallas – Ft. Worth	2,712,103	12.10%
Third Party Logistics	Inland Empire	27,337,793	12.60%

Includes new leases and renewals 100,000 sf and above signed 1/1 to 12/31
Source: CBRE Research, Q4 2025

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Bridge Logistics Properties – Grant Moore

Southern California Industrial

2025 Year-End Market Observations

Macro Conditions and Forward-Looking Themes

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Bridge Logistics Properties – Grant Moore

- **Industrial proved durable.**
  2025 was a real stress test, and demand generally held despite rate volatility and trade noise. Leasing was the second-strongest year on record nationally, driven by renewals and flight-to-quality rather than expansion. Demand does not need to be "exciting" to be durable. Southern California's $1.3+ trillion economy, global trade infrastructure, and high barriers to new supply create a very durable setup. Several SoCal submarkets still posted positive absorption, reinforcing industrial's role as essential infrastructure. The Inland Empire was the most active leasing market in the U.S. in 2025 (~45 MSF), with renewals accounting for ~37% of total activity.

- **Capital markets are open again, but disciplined.**
  Debt execution returned and transaction activity followed. Core SoCal cap rates are generally in the low-5% range, with Inland Empire East trading at a modest spread. Despite weak leasing fundamentals, cap rates have proven to be very sticky. Banks and life companies are active, but capital remains selective.

- **AB 98 has meaningfully changed the game.**
  Determining whether an industrial use is legally conforming has become highly localized and increasingly confusing. Only several cities in the IE that are pro-development. Watching out for zoning codes that are still in the progress of being updated or sneaky overlays. Understanding how municipalities actually behave, not just what's written in the code, is now a core skill. Longer term, AB 98 acts as a real supply governor. For infill sites, setback-driven coverage reductions push true replacement cost higher and reinforce long-term intrinsic value.

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Bridge Logistics Properties – Grant Moore

- **Power is emerging as a gating requirement.**
  Automation, electrification, and material-handling intensity are raising baseline power needs, while the grid is constrained by switchgear shortages, interconnection backlogs, and permitting delays. Per ICF International, U.S. electricity demand is projected to rise 25% by 2030 and 78% by 2050. Institutional capital is increasingly focused on this, and assets with scalable power should capture a meaningful exit premium.

- **Supply chains adjusted, they didn't break.**
  Tariffs pulled inventory forward early in the year, ports normalized later, and late-year import slowdowns reflected inventory digestion, not demand loss. Mexico became the number-one U.S. trade partner for the first time, benefiting from nearshoring and USMCA advantages, with an effective tariff rate of roughly 4.7% versus approximately 37% for China (Penn Wharton).

- **The economy remains late-cycle, not broken (KKR view).**
  Growth slowed but stayed positive. KKR does not forecast a U.S. recession in its base case and expects approximately 2.3% real GDP growth in 2026, supported by easing financial conditions and productivity gains. Labor cooled, inflation eased but remains sticky, and capital costs are structurally higher, supporting selectivity rather than retrenchment.

- **The forward setup is improving.**
  New industrial supply fell sharply and the development pipeline remains muted. Vacancy appears to be stabilizing, likely in the mid-6% range nationally. Several fundamentals are lining up positively heading into 2026, including and improving leasing momentum. In Southern California, less than 1% of total inventory is currently under construction, reinforcing a favorable supply-demand backdrop.

Bridge Logistics Properties – Grant Moore

Orange County:
Inventory: 215M SF | Vacancy: 7.0% | YTD Absorption: -1.8M SF | **Under Construction: 1.1M SF (0.5% of Inventory)**

- Late to feel the correction. Absorption is negative, but the market remains active. Diverse mix; recent lease comps are from a variety of industries.
- Class A in North OC still pushing rents (~$1.90 gross), ignoring outlier comps.
- Supply is uneven. The 100K–150K SF segment has the most choice and will be the clearest demand read in 2026.
- Credit tenants are back, even as some manufacturing, consumer, and logistics users right-sized.

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Bridge Logistics Properties – Grant Moore

Los Angeles
Inventory: 786M SF | Vacancy: 6.8% | YTD Absorption: -1.2M SF | **Under Construction: 3.0M SF (0.4% of Inventory)**

- Central Los Angeles
    - Availability is elevated but highly concentrated. Roughly 6% availability, the highest in years, is clustered within specific parks and ownership groups rather than broadly across the market.
    - Highly fragmented market. Comps are all over the board. $1.15 - $1.50 gross for Class B product. Very difficult to triangulate.
    - Majority of availability is sub 100k sf
- South Bay
    - After 10 straight quarters of negative absorption, the market is finally turning.
    - Greater Los Angeles aerospace and defense industrial leasing is up over 60% year-to-date (Q1–Q3 2025 vs. 2024), with the South Bay capturing the majority of that activity. That's a meaningful shift in momentum.
    - New supply is highly targeted. Buildings under construction and planned are largely concentrated in the ~100K–150K SF range, with modern clear heights and ESFR
    - Quality is clearly winning. Class A buildings and well-located Class B with ESFR are leasing first, while older product is being forced to compete on economics. Credit 3PLs are active and have been absorbing space

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Bridge Logistics Properties – Grant Moore

IE West:
Inventory: 358M SF | Vacancy: 7.2% | YTD Absorption: 3.0M SF | **Under Construction: 4.9M SF (0.3% of Inventory)**
(Ontario, Fontana, Chino, Rancho Cucamonga, Jurupa Valley, Upland)

- Positive sentiment. Great year of absorption. Big box market has bounced back.
- Over 15M SF of available product (2nd gen). Limited new construction exposure, with most recent deliveries already absorbed or preleased
- Asking rents have stabilized, reflecting improving balance between supply and demand.

IE East:
Inventory: 306M SF | Vacancy: 9.8% | YTD Absorption: 1.7 M SF | Under Construction: 4.9M SF (0.8% of Inventory)
(Rialto, San Bernardino, Moreno Valley, Perris, Redlands, Riverside, Beaumont, Colton)

- Carries the bulk of the imbalance. IE East accounts for ~60% of all large-block availability
- Heavier forward supply. IE East has roughly double the planned and under-construction space compared to IE West.
- Large existing overhang. There is 18M+ SF of existing product (excluding new product) competing in the market today.
- Sublease exposure is meaningfully higher. IE East carries approximately twice the sublease space of IE West.
- Demand is size-specific. Activity in the 100K–500K SF range remains muted, while the 600K SF+ segment is seeing relatively more attention

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CoStar Year End Numbers

Submarkets	Vacancy	Availability	Net Absorption	Total Delivered SF	NNN Rents	Sale Price/SF
Inland Empire - CA						
2021 Q4	1.4%	3.3%	30,466,904	16,655,086	$11.44	$203
2022 Q4	2.0%	5.9%	15,749,927	22,479,476	$15.02	$284
2023 Q4	5.7%	9.9%	1,640,515	30,547,265	$15.67	$253
2024 Q4	7.5%	10.8%	10,570,768	26,613,869	$12.87	$264
2025 Q4	8.7%	11.8%	2,056,810	13,033,098	$11.97	$236
Los Angeles - CA						
2021 Q4	1.9%	2.5%	14,973,249	4,733,932	$17.80	$253
2022 Q4	2.4%	3.9%	-3,221,232	4,597,516	$21.93	$332
2023 Q4	4.2%	6.1%	-16,690,619	5,286,295	$21.22	$336
2024 Q4	6.0%	7.9%	-14,338,332	5,761,194	$18.34	$303
2025 Q4	6.2%	8.1%	2,066,300	5,321,753	$17.58	$328
Orange County - CA						
2021 Q4	2.0%	3.2%	1,896,665	526,512	$16.04	$293
2022 Q4	1.8%	3.2%	674,775	1,524,662	$19.14	$347
2023 Q4	3.3%	5.3%	-2,819,751	2,535,572	$20.68	$329
2024 Q4	5.2%	7.7%	-4,822,811	1,801,550	$19.06	$339
2025 Q4	6.3%	8.5%	-1,872,509	2,146,981	$18.30	$339

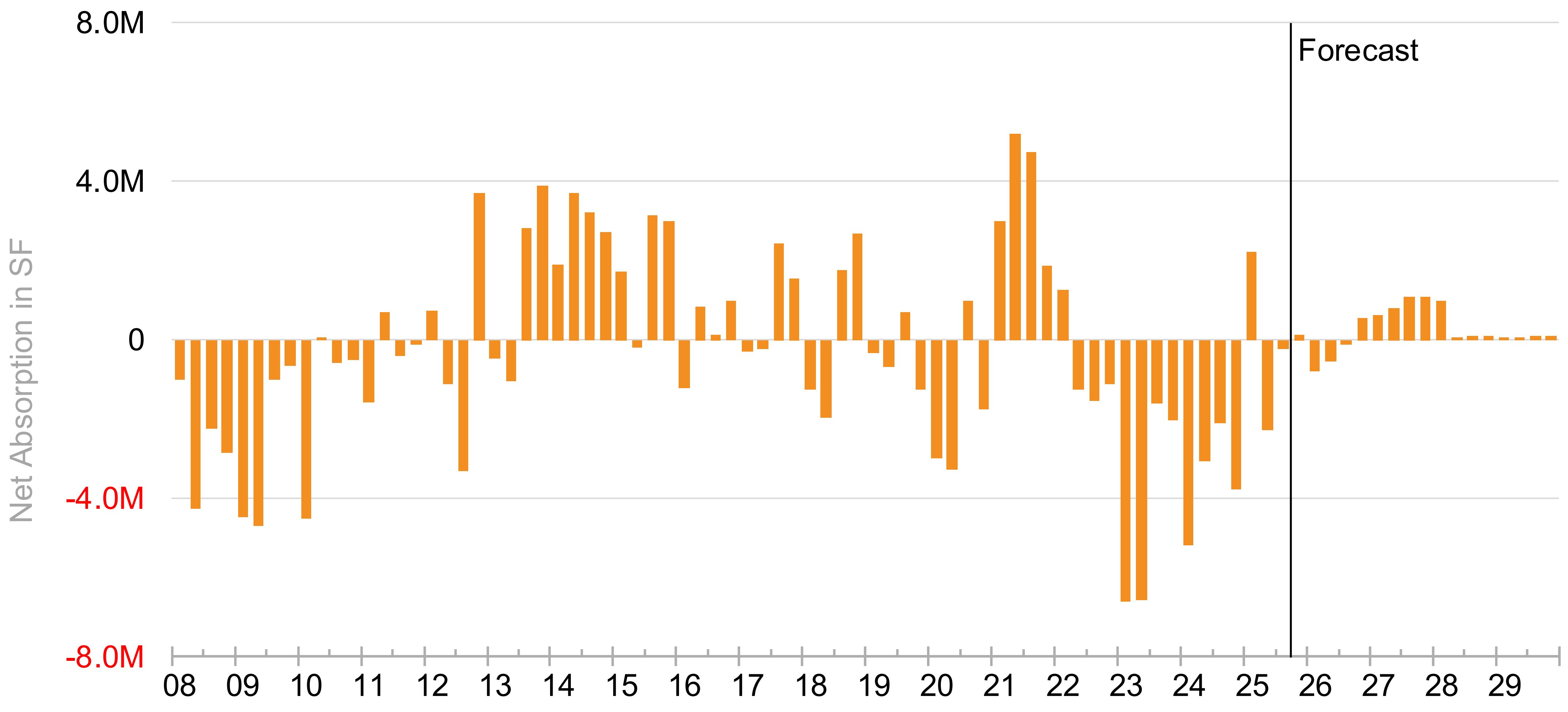
Market Overview

Los Angeles - CA Industrial

November 2025

Data as of 11/20/2025

Net Absorption SF



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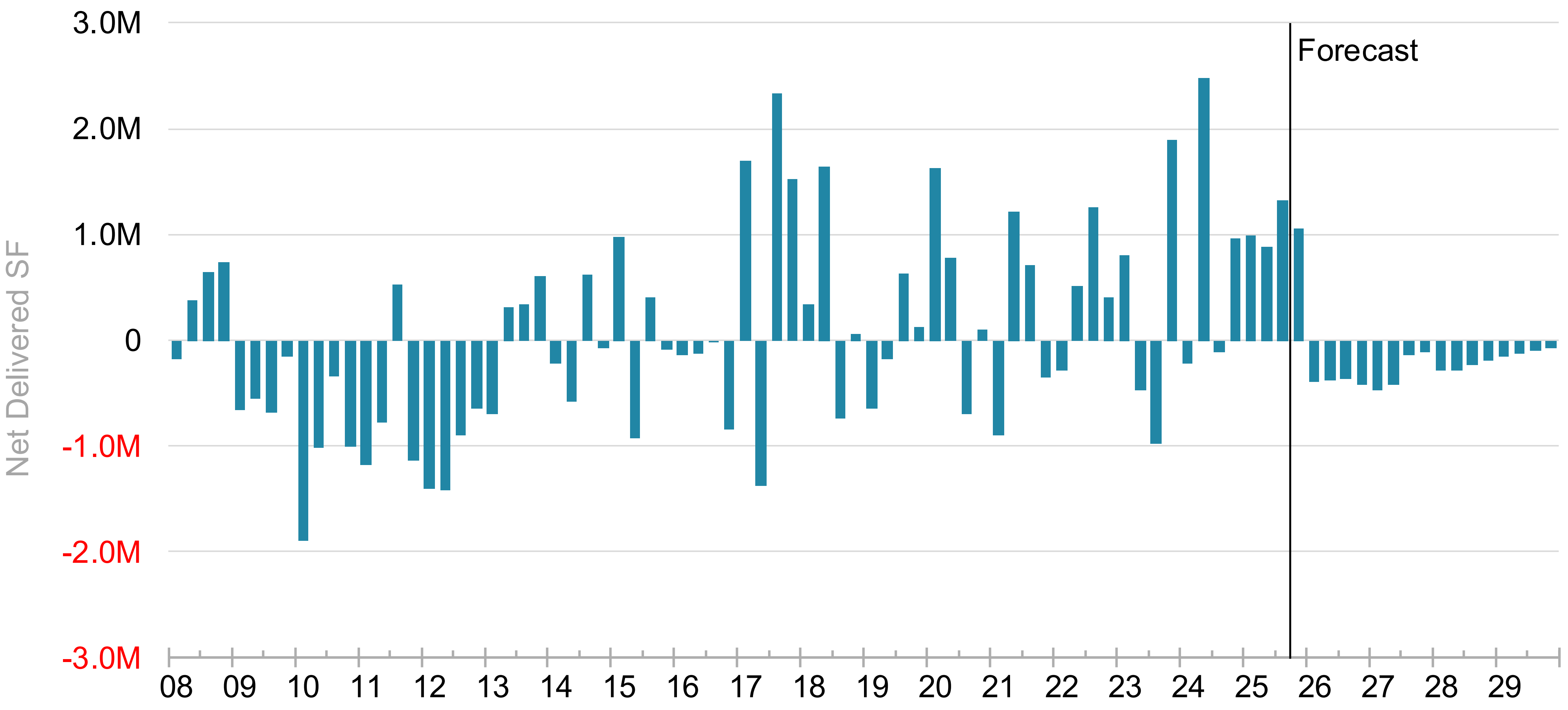
Net Delivered SF



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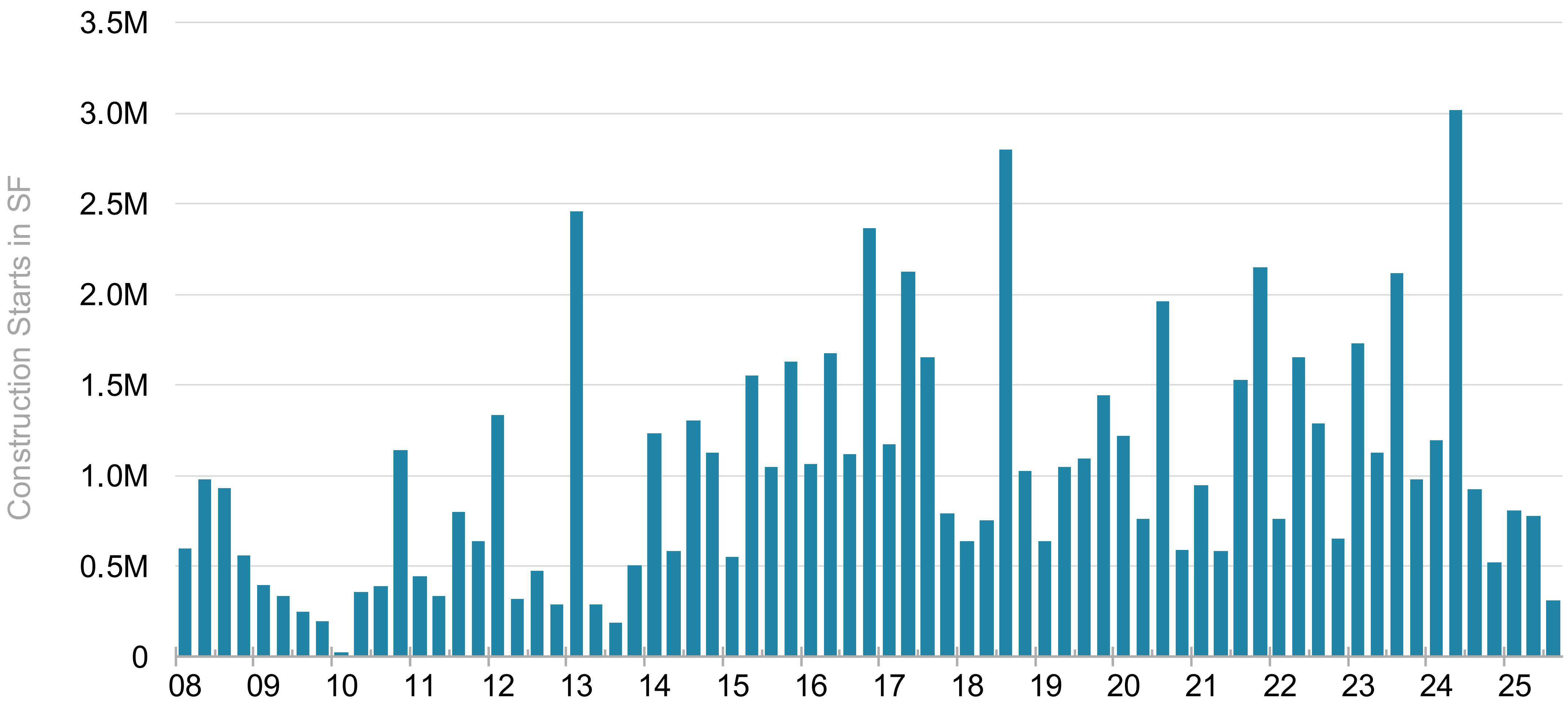
Construction Starts



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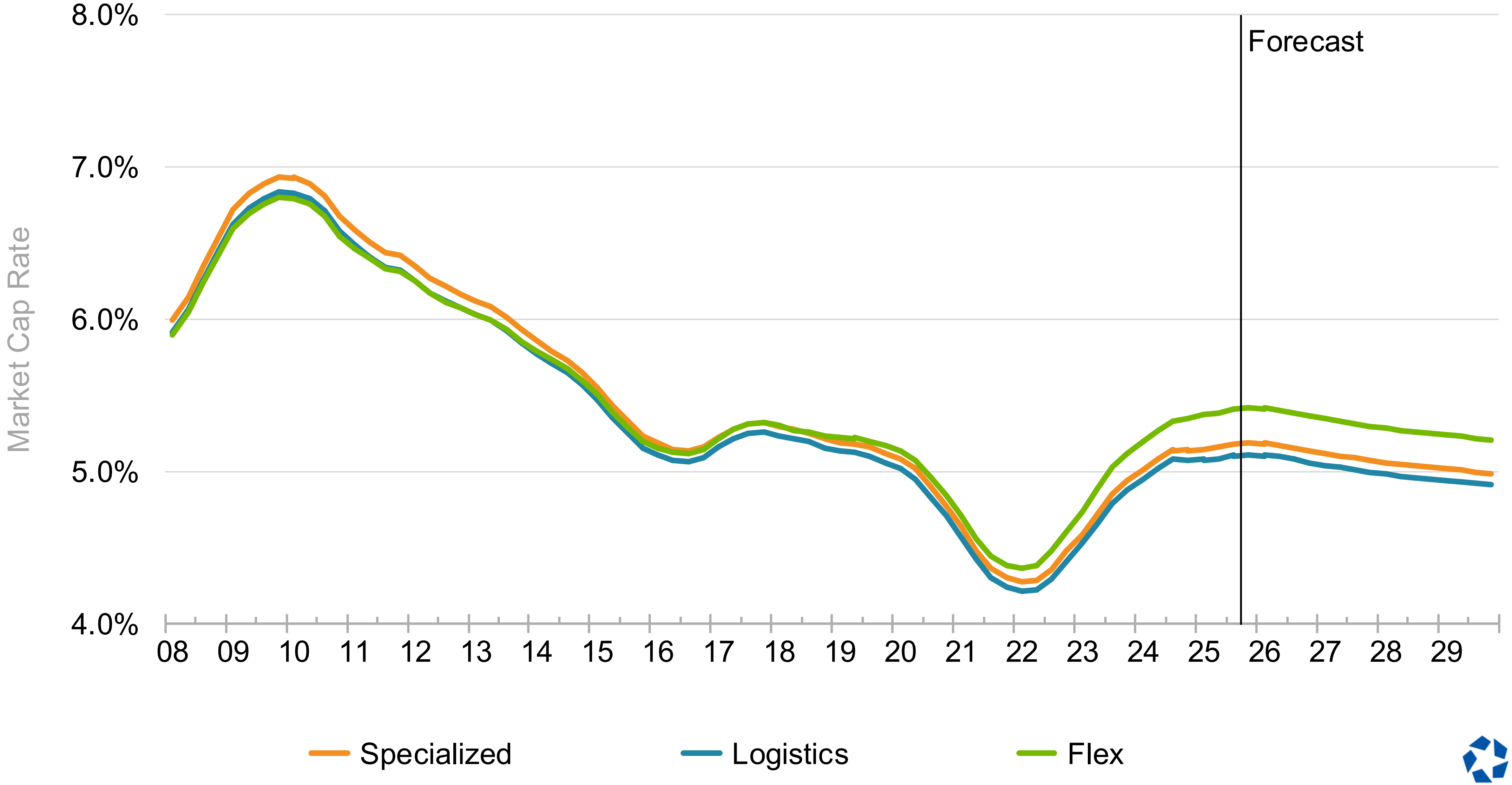
Market Cap Rate



CoStar™

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Orange County - CA Industrial

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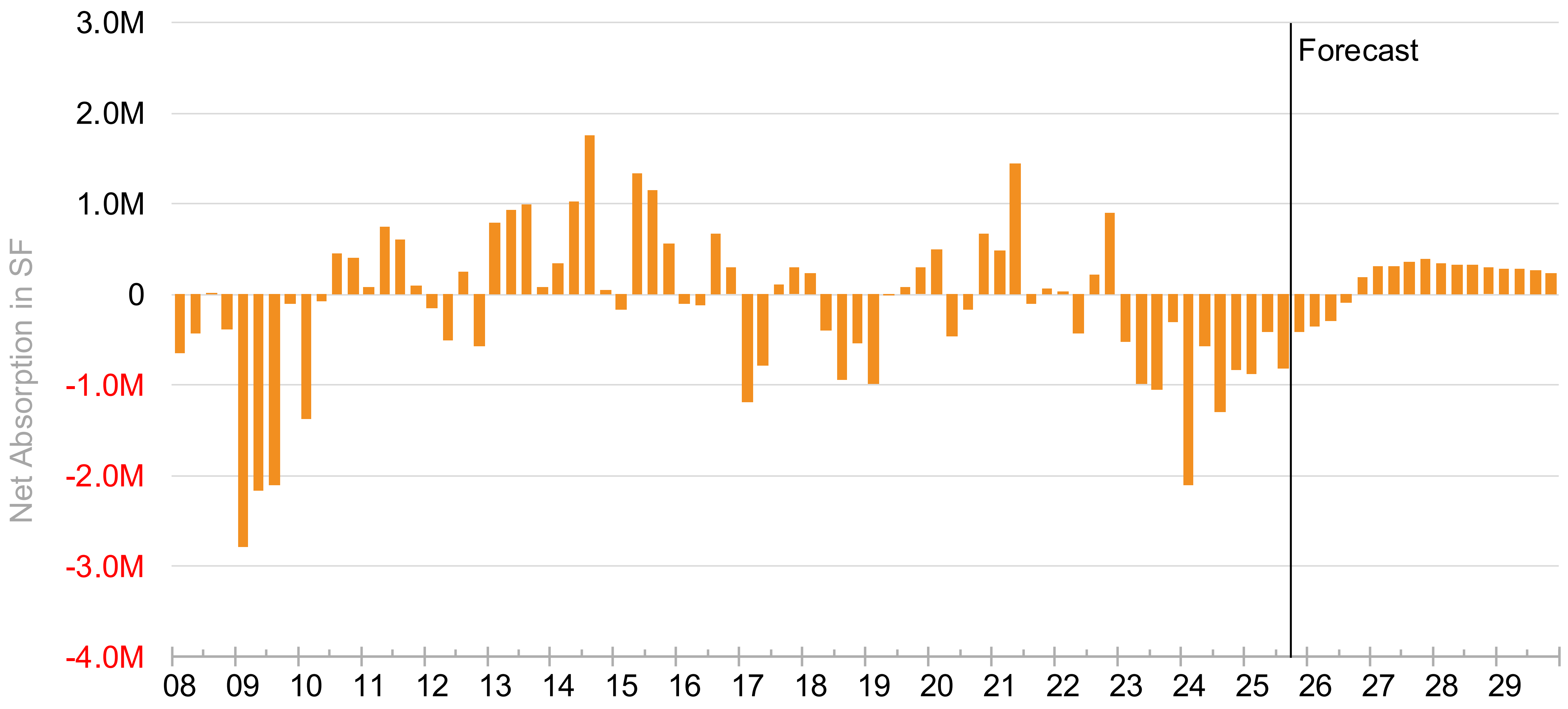
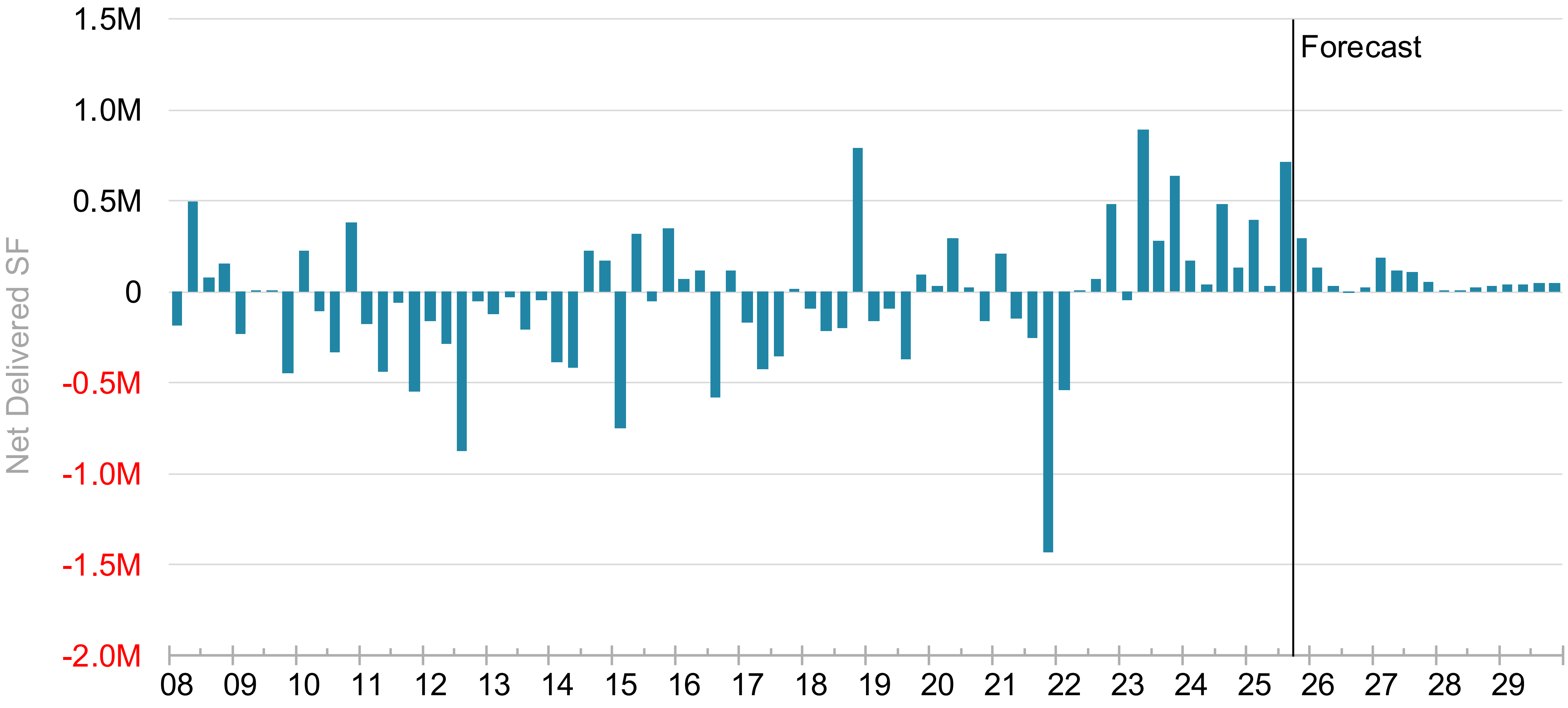


Net Delivered SF



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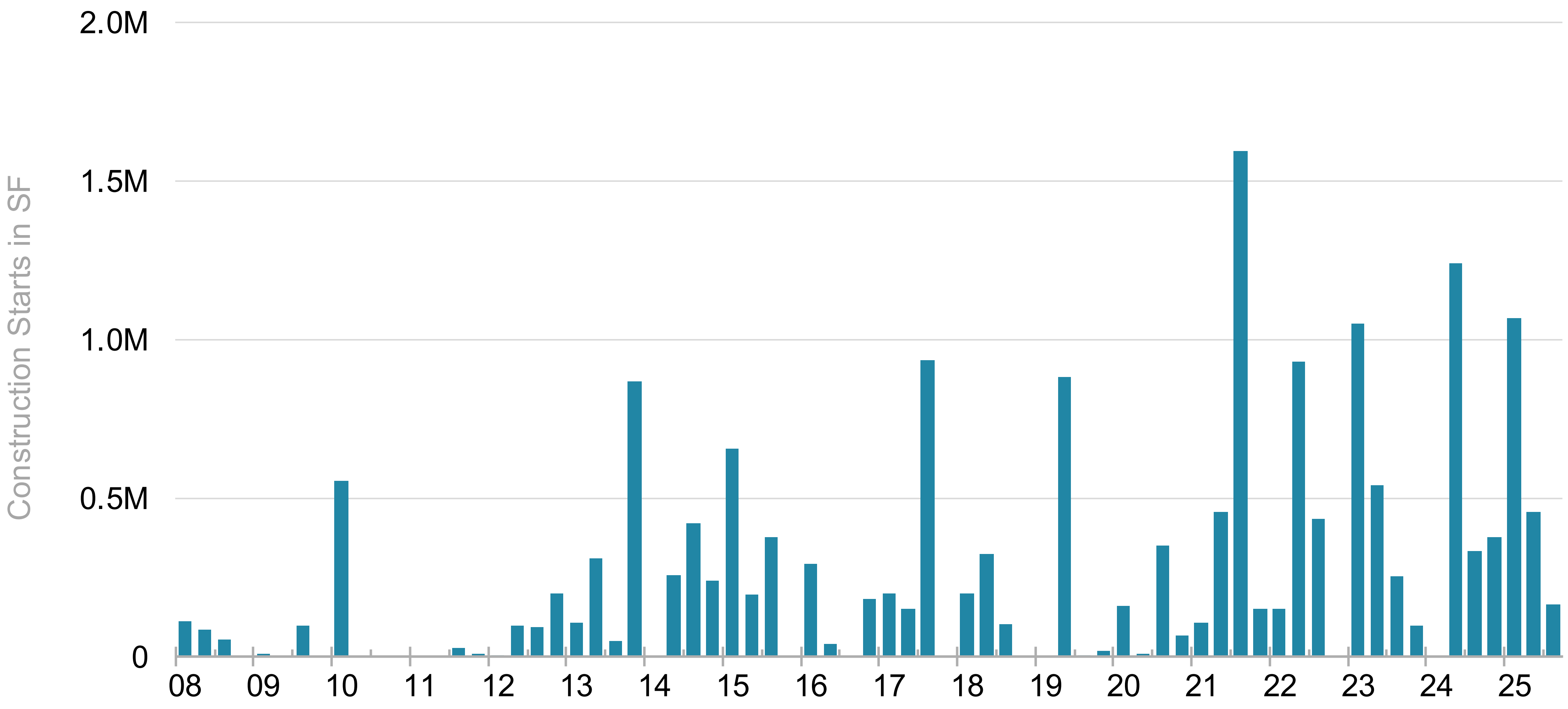

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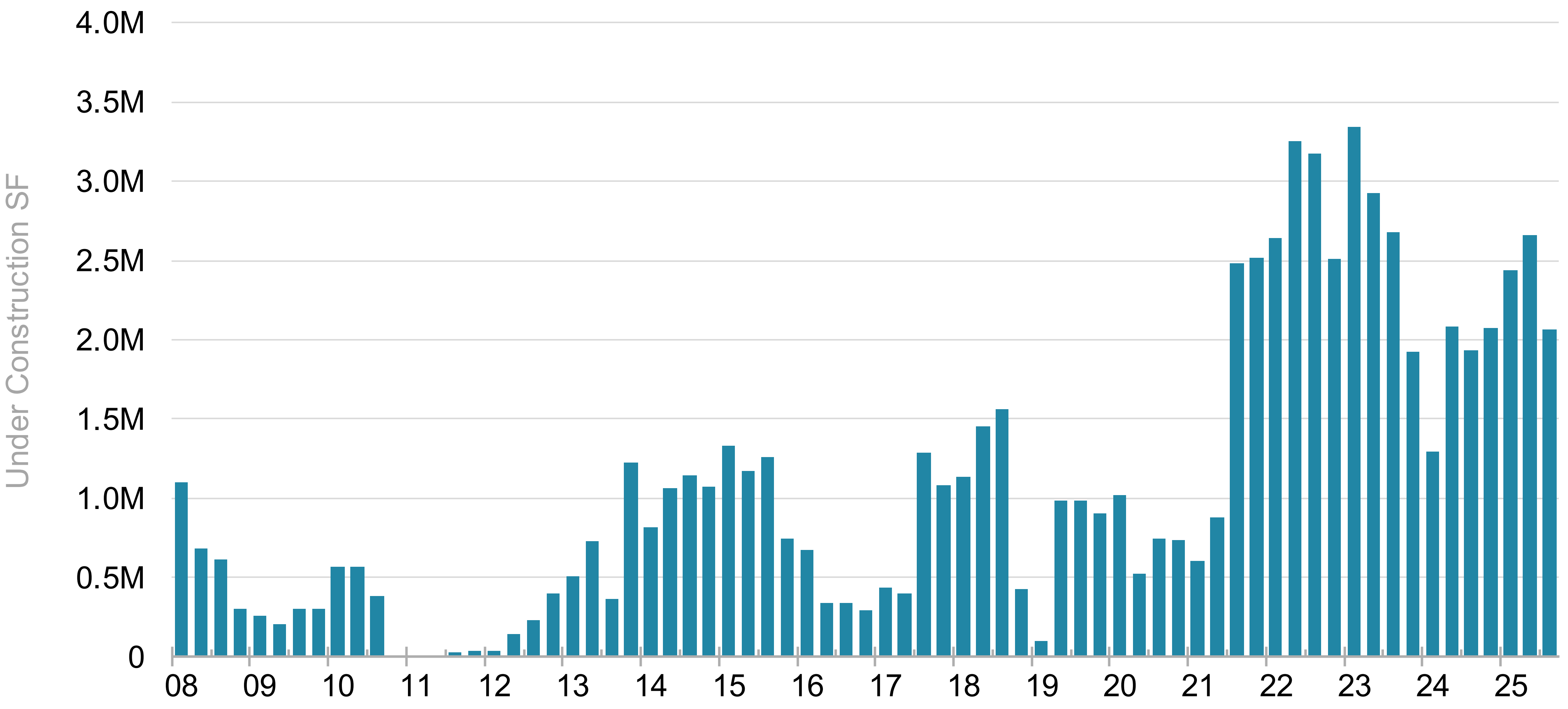
Under Construction SF



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Recent Tenant Experience

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Recent Tenant Experience

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The largest new lease deal in Orange County last quarter was only 90,000 SF.

A base of 253m SF, with 18m SF available, and this was the largest Q4 lease deal.

Last time the largest deal was under 100k SF was 2012.

Recent Tenant Experience

Property Address	Bu	Building St	RBA	Total Available	Rent/SF/I	OpEx	Rent Typ	Gross Rat	Ceiling H	Doc	Sprinkl	Power
2872 E La Palma Ave	A	Existing	187,520	74,339-113,181	$0.90	$0.44	NNN	$1.34	36'0"	19	ESFR	2000-4000a/277-480v
6800 Valley View St	A	Existing	1,034,026	320,000					29'0"	180	ESFR	6900a/277-480v 3p 4w
14647-14667 Northam St	B	Existing	140,236	140,236	$1.20	$0.48	NNN	$1.68	27'0"	28	ESFR	1600a/277-480v 3p 3w
1160-1180 N Anaheim Blvd	A	Existing	195,935	109,896	$1.25	$0.26	NNN	$1.51	30'0"	32	ESFR	1500-3000a/277-480v 3p
408 Saturn St	A	Existing	108,081	108,081	**$1.75**		**Gross**	**$1.75**	30'0"	12	ESFR	2000a/277-480v
6201-6251 Knott Ave	A	Existing	271,573	102,367	$1.50		IG	$1.50	30'0"	49	ESFR	800a/277-480v
1400-1420 S Manhattan Ave	B	Existing	102,016	102,016	$1.40	$0.10	NNN	$1.50	22'0"	7	Yes	1200a/240v 3p
1717 W Collins Ave	B	Existing	101,000	101,000	$0.95		MG		14'0"		Wet	2500a 3p 4w
2100 E Howell Ave	A	Existing	100,784	100,784					36'0"	10	ESFR	2000-4000a
331-333 Cliffwood Park St	B	Existing	99,694	99,694	$1.60	$0.50	NNN	$2.10	24'0"	7	Yes	3200-3400a/277-480v
11311 Western Ave	A	Under Constr	88,164	88,164					32'0"	9	ESFR	2000-10000a/480v 3p 3w
4030-4120 N Harbor Blvd	C	Existing	102,280	87,125								
1206 N Miller St	A	Existing	162,286	84,041	**$1.60**	**$0.32**	**NNN**	**$1.92**	32'0"	30	ESFR	800a/277-480v 3p 4w
2000-2050 E Winston Rd	B	Existing	80,000	80,000	**$1.70**	**$0.45**	**NNN**	$2.15	28'0"	10	Wet	1200a/277-480v 3p 4w
567 S Melrose St	B	Existing	72,736	72,736	$1.33	$0.20	NNN	$1.53	24'0"	5	ESFR	2000a/277-480v 3p 4w
14821 E Northam St	B	Existing	70,587	70,587	$1.45	$0.35	NNN	$1.80	24'0"	7	Yes	800a/277-480v 3p 4w
423-424 Berry Way	B	Existing	101,380	101,380	$1.15		NNN		16'0"		Wet	1200a/480v

Recent Tenant Experience

LoopNet™ Log In

1400-1420 S Manhattan Ave

40,875 - 102,016 SF of Industrial Space Available in Fullerton, CA 92831

Industrial Spaces / California / Fullerton / 1400-1420 S Manhattan Ave, Fullerton, CA 92831

SUBLEASE HIGHLIGHTS

- Sublease 1400 Manhattan Avenue, a 102,016-square-foot freestanding facility with flexible office space and a large, secured yard.
- Robust industrial specifications include two grade-level ramps, dock-high doors, 22-foot clear height, and 200-amp, 277/480-volt, 3-phase power.
- Situated with a 1.6-acre trailer yard, available for an attractive space for outdoor storage and hassle-free truck maneuverability.
- Proximity to the 57, 91, and 5 Freeways provides unmatched connectivity across California, Las Vegas, and Phoenix within a day's truck drive.
- Distribution-ready, locate operations near John Wayne Airport, Port of Long Beach, and multiple corporations' industrial centers.

FEATURES

Clear Height	22′
Drive In Bays	2
Exterior Dock Doors	7
Standard Parking Spaces	136

(949) 656-4252

Message

CONTACTS


Justin Smith


Grant LaBounty


Chris Vassilian

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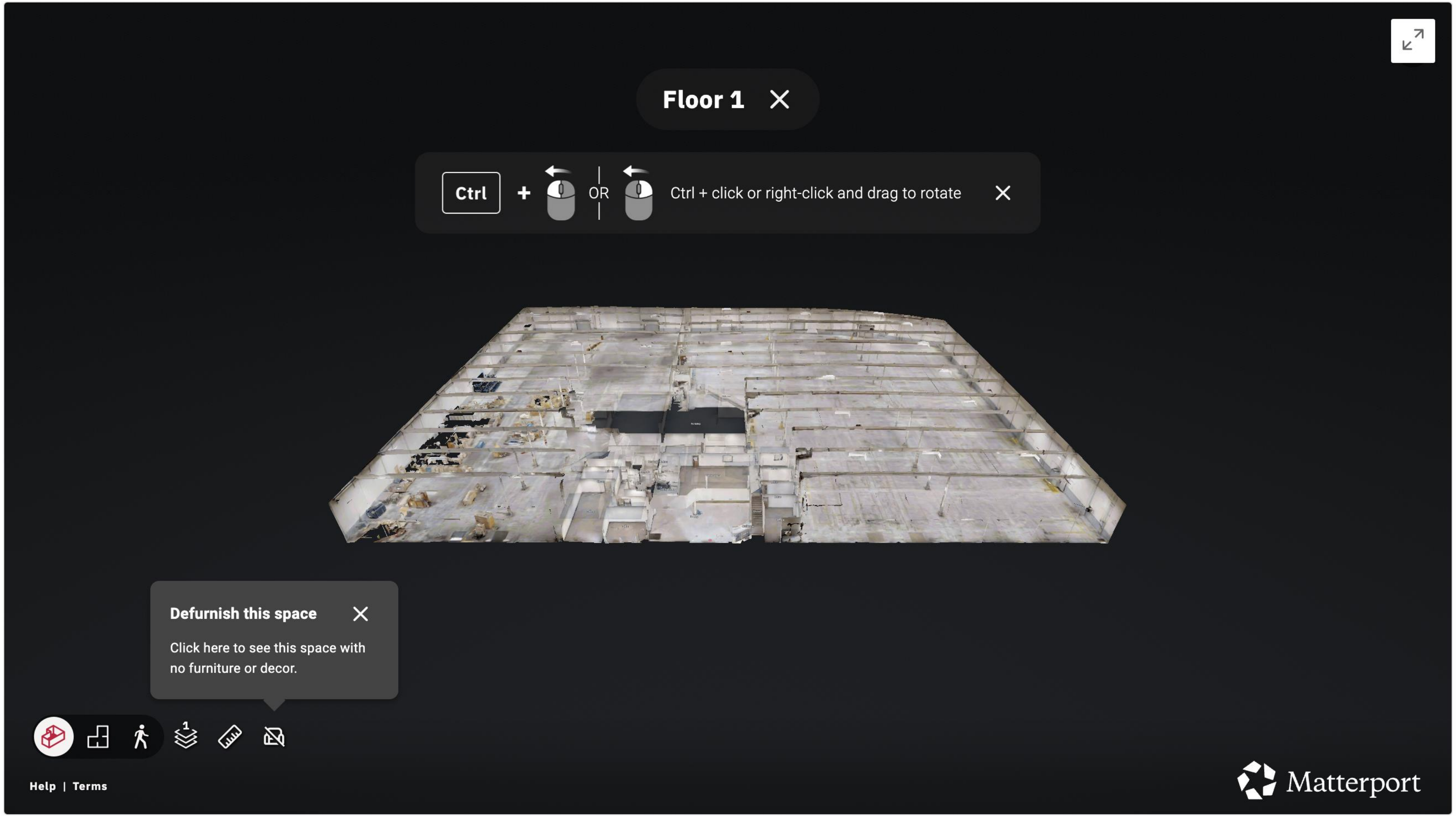
Recent Tenant Experience

MATTERPORT 3D TOUR



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Recent Tenant Experience

MATTERPORT 3D TOUR

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Recent Tenant Experience

Last updated on December 23, 2025 Report an error

Space Details

Available	113,181 SF Industrial
Suite	100
Floor	Partial 1st
Office	6,132 SF

Floor Contig	187,520 SF	Rent	$0.90	Type	Direct
Bldg Contig	187,520 SF	Rent/Mo	$101,863	Term	Negotiable
Occupancy	Vacant	Services	Triple Net	Time on Market	8 Months 3 Days
Lease Status	Available	CAM	$0.44/SF		

Build-Out	Full Build-Out	Docks	12 ext
Condition	Average	Drive Ins	None

Documents

2872 E. La Palma Avenue (113,181 SF)

2872 E. La Palma Avenue (187,520 SF)

Space Notes

$0.90/SF NNN first year rate only applies to a lease of the entire building.

$1.59/SF NNN asking lease rate for 113,181 s.f. division.

12 DH

36′ clear

Column Spacing 60′ x 56′

4 trailer parking

113 car parking

2,000 amps (expandable to 4,000 amps)

ESFR

$0.90/SF Year 1 Rate for 5-Year Term Signed by 4/30/26 for entire building

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Recent Tenant Experience

Justin Smith, SIOR • You
Industrial RE Broker, 3X Masters Degrees, 2X Books, Investing i...
3d • Edited •

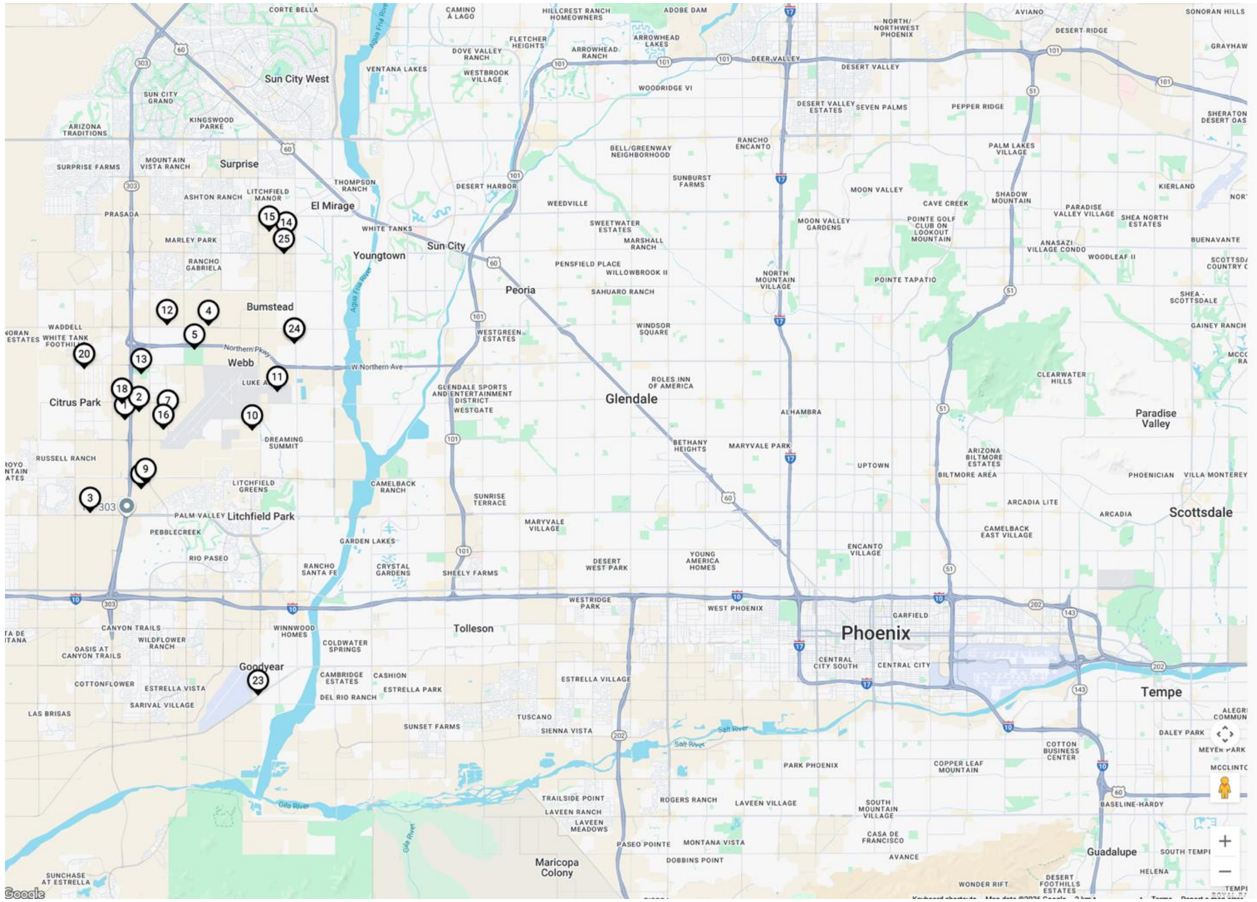
Early mornings. Late flights. 100% focus.

Phoenix last week for a tenant rep assignment I'm proud to be working on.

My client is a national e-commerce operation with strong consistent growth and a lease expiration inside 18 months. That timeline sounds comfortable until you factor in racking, conveyance systems, pick-and-pack infrastructure, and the operational reality that you cannot flip a switch and relocate a fulfillment center without risking service disruptions.

The situation is a textbook example of where we are in the Phoenix industrial cycle right now.

The 303 Corridor has transformed over the past 3.5 years. Glendale's industrial inventory has amazingly quadrupled since 2020, with over 43 million SF of new product delivered. It's now the most liquid industrial submarket in the nation by sales volume. But that growth came with a cost: vacancy has climbed from 6-7% in 2019 to over 23% today as the market digests a historic wave of speculative construction.



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Recent Tenant Experience

Here's where it gets interesting for tenants in the market right now: not all size segments are created equal.

The 500K+ SF big box category is where the real absorption is happening. Major users like Scotts Miracle-Gro (735K SF), DSV Logistics (404K SF), and Logisticus (765K SF across two buildings) are signing deals and filling space. But Class A space in the 100K-350K SF range is soft, and that's exactly where a lot of e-commerce operators with growth runway live.

For tenants in that segment, this creates both opportunity and complexity.

The opportunity: landlords are competing for creditworthy tenants with real space needs and operational stickiness. Concessions are available. Options exist.

The complexity: many landlords are waiting for rents to climb out of the trough before engaging on renewals. They're betting on slowing construction (down from 15M SF to 3M SF underway) to tighten the market. That's a reasonable bet. But it doesn't help a tenant who has 18 months to make a decision that involves six figures of installed infrastructure and zero tolerance for operational downtime.

That's the assignment.

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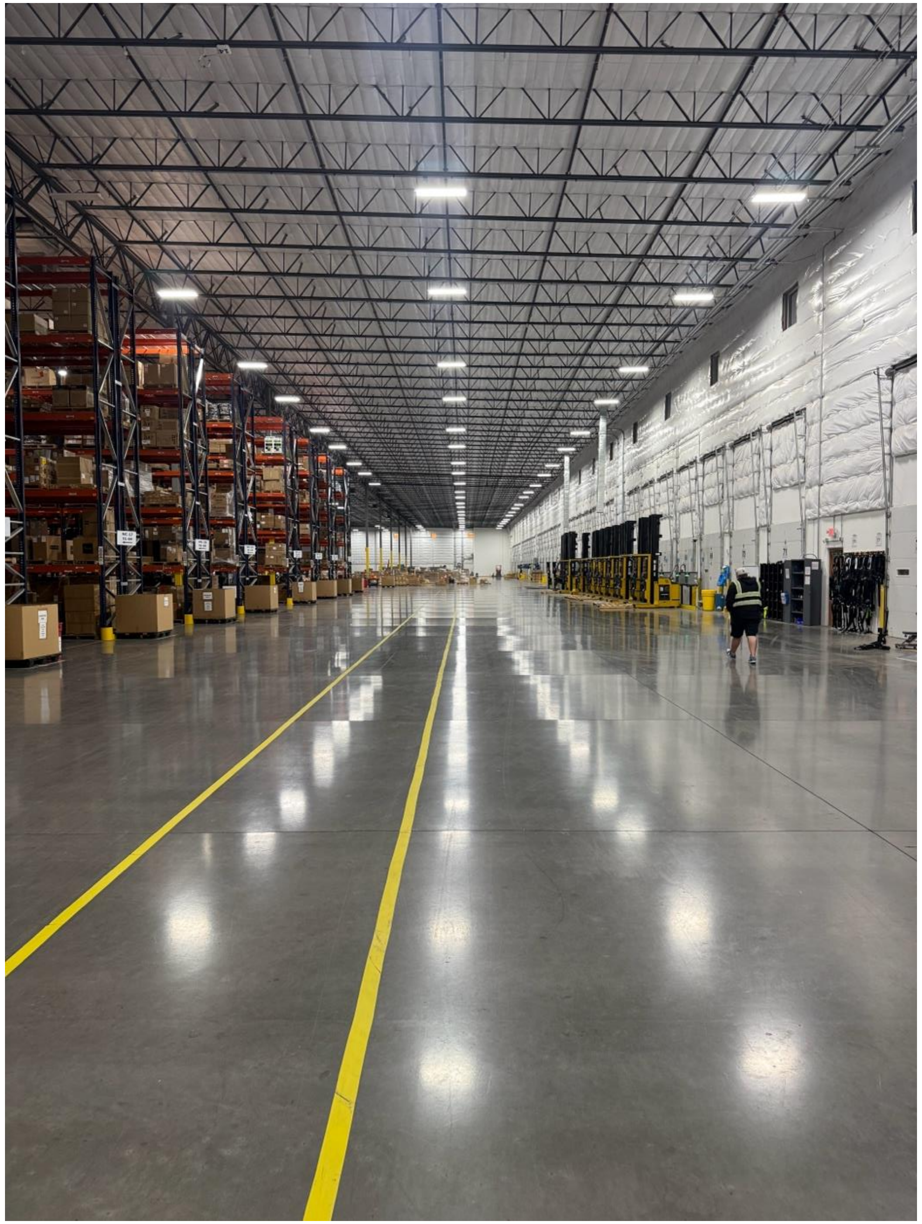
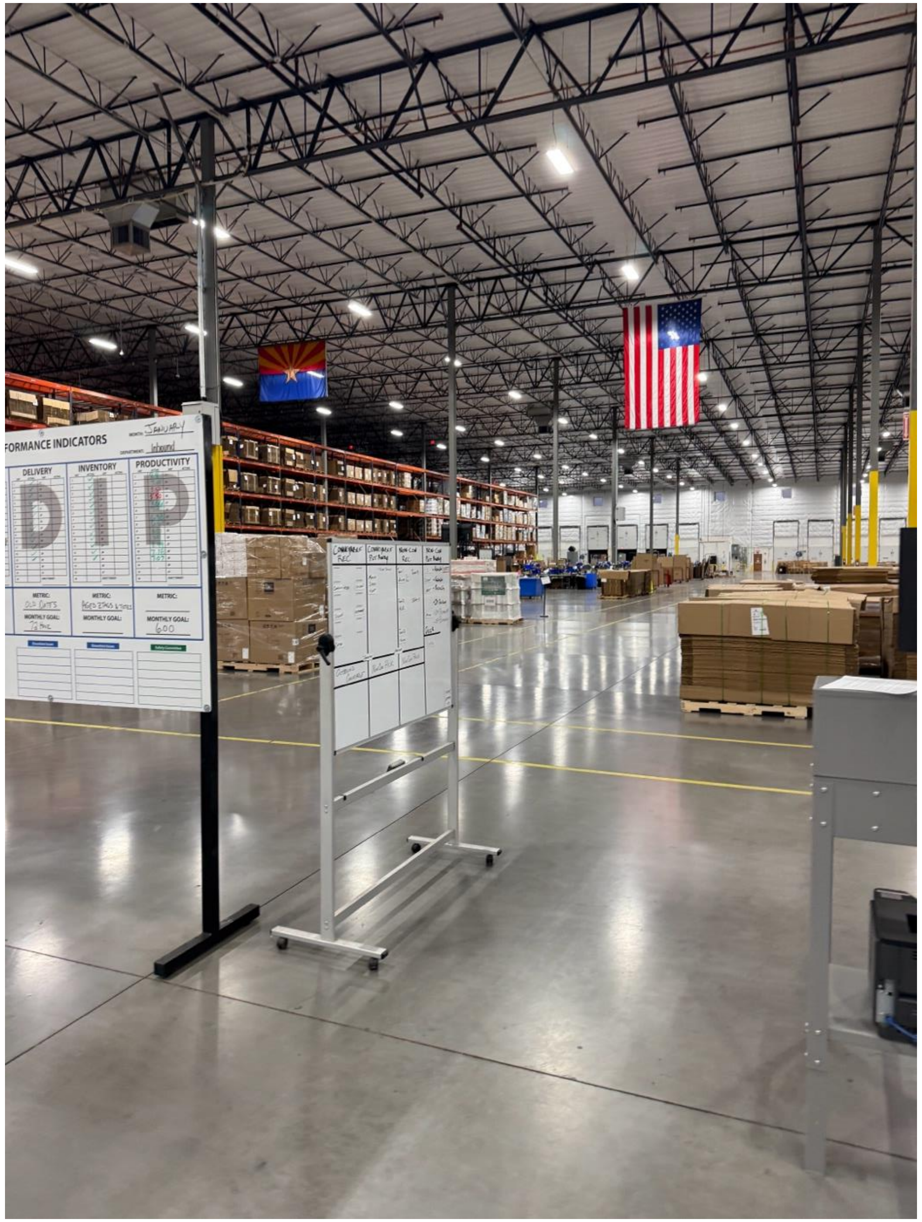
Recent Tenant Experience





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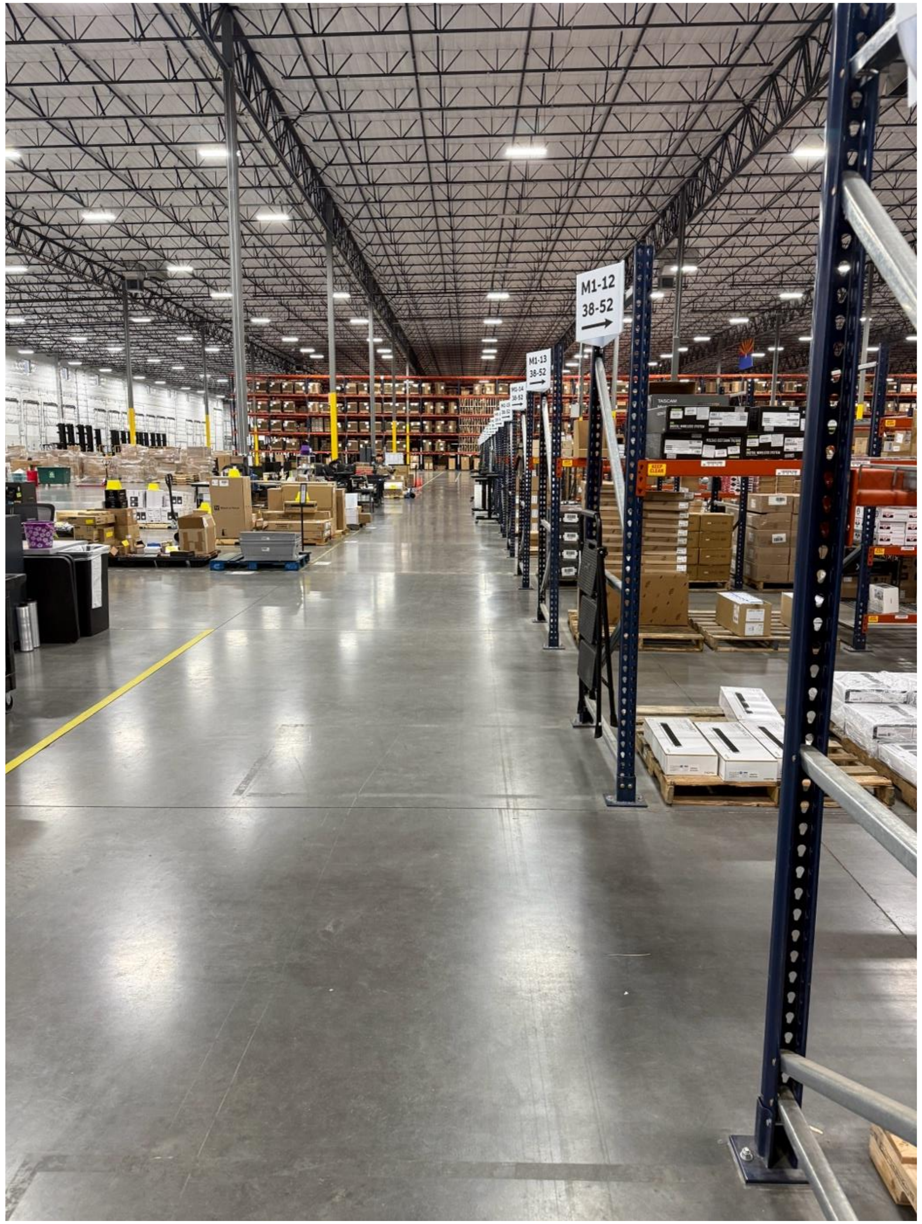
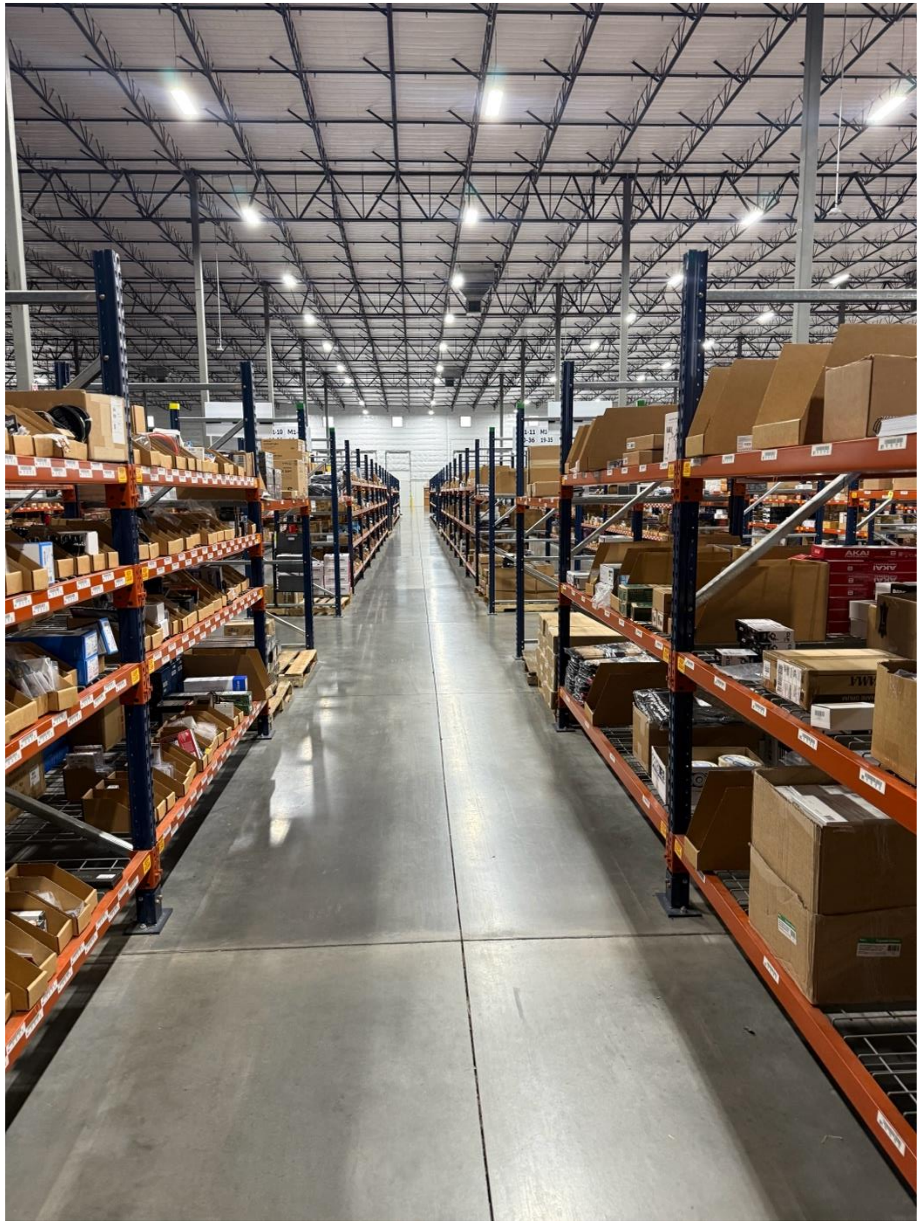
COMMERCIAL REAL ESTATE SERVICES

Recent Tenant Experience





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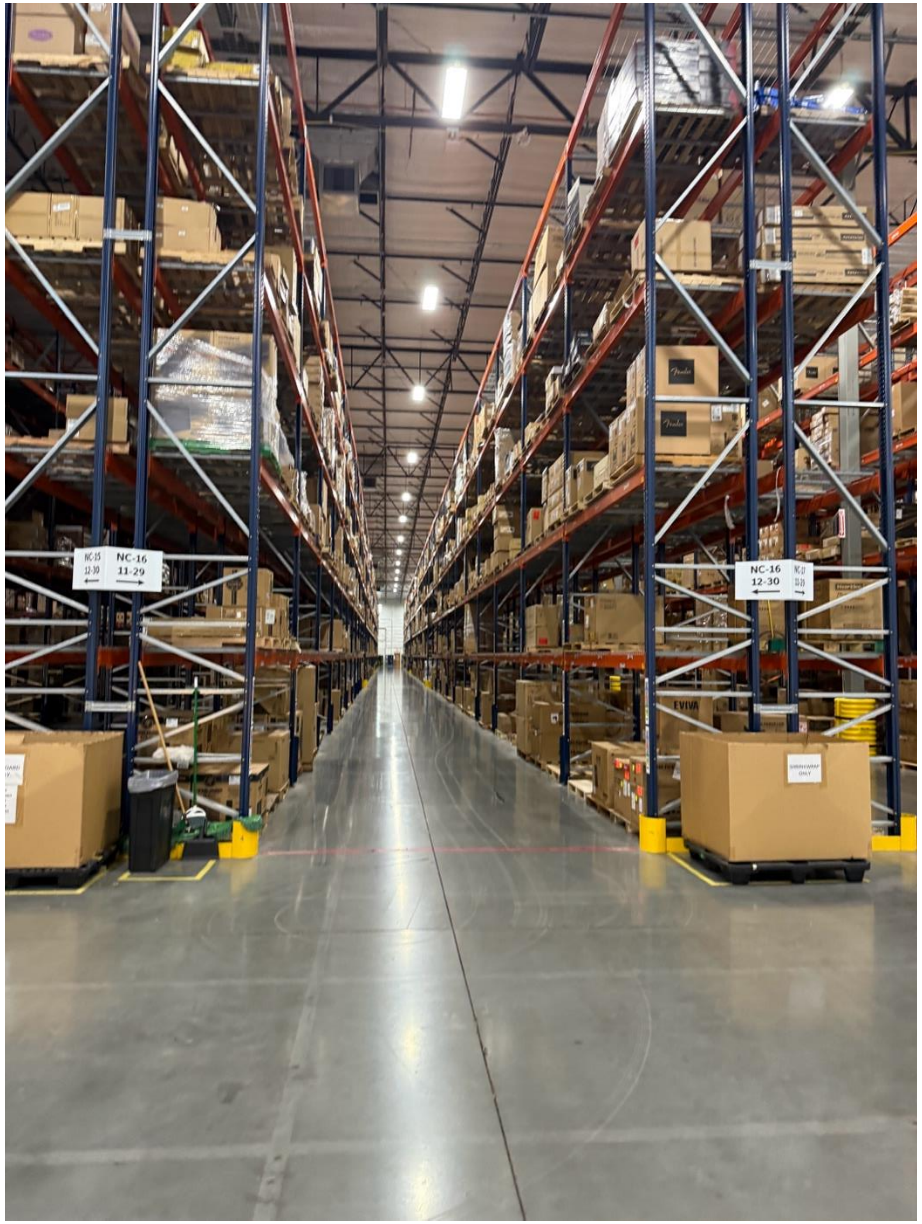
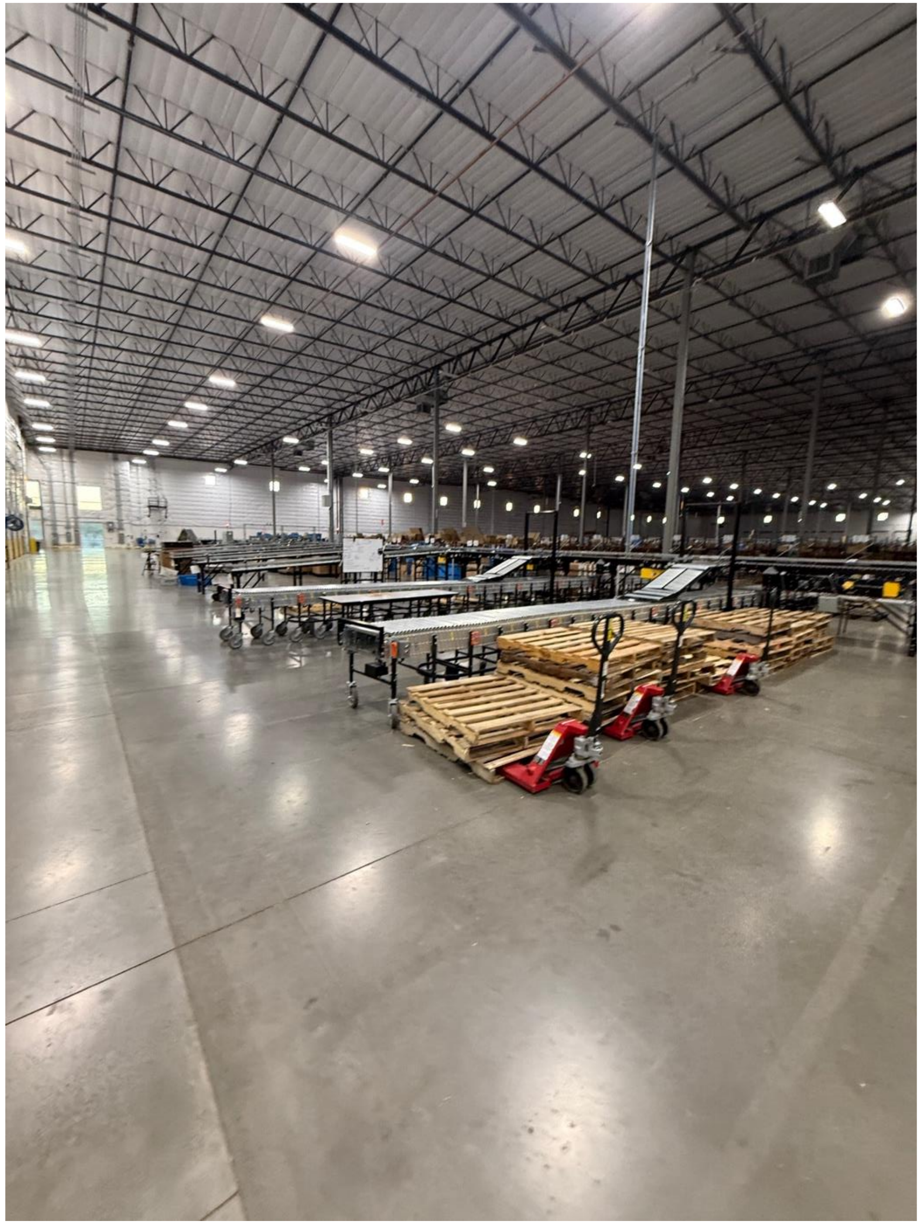
Recent Tenant Experience





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Recent Tenant Experience

Sweetwater Summary

#	Property Photo	Address	Size	Monthly Price	Yearly Cost	Gross Rate	Base Rate	Structure	OPEX	Clear Height	Column Spacing	Docks	Drive In Bays	Office Size	Internal Notes
1		**303 Logistics Phase III: 6701 N** 6701 North Logistics Way Litchfield Park, AZ 85340 View Flyer	377,032 SF	$361,951	$4,162,433	$0.92	$0.76/SF	Triple Net (NNN)	$0.16/SF						CD's are completed
2		**Latitude 303: 16451 W Glendale Ave** 16451 West Glendale Litchfield Park, AZ 85340 View Flyer	406,027 SF	$332,942	$3,995,306	$0.82	$0.70/SF	Triple Net (NNN)	$0.12/SF	40'	56'x50'	67	2	3,300 SF	Lock box for latitude is 9650
3		**Majestic 303: 17450 W Minnezona Ave** 17450 West Minnezona Litchfield Park, AZ 85340 View Flyer	391,639 SF	$340,726	$4,088,711	$0.87	$0.70/SF	Triple Net (NNN)	$0.17/SF	40'	50'x56'	78	4	3,888 SF	Lockbox combo is 3690
4		**Hatcher Industrial Park: 15151 W** 15151 West Hatcher Road Glendale, AZ 85355 View Flyer	386,958 SF	$332,784	$3,993,407	$0.86	$0.70/SF	Triple Net (NNN)	$0.16/SF	40'	50'x56'	66	4	3,498 SF	The lockbox for Hatcher Industrial Park is 3900 and the alarm code is 4350. The lockbox is located on the spec office which is at the northwest corner of the building.
5		**Northern Parkway Logistics Center** Reems Rd & Northern Pky Glendale, AZ 85355 View Flyer	384,320 SF	$349,731	$4,196,774	$0.91	$0.75/SF	Triple Net (NNN)	$0.16/SF	40'	50'x56'	35			Construction has not begun yet. Likely BTS at this point.
6		**Luke Logistics, Building C** W Ocotillo Rd & N Alsup Litchfield Park, AZ 85340 View Flyer	407,500 SF	$370,825	$4,449,900	$0.91	$0.75/SF	Triple Net (NNN)	$0.16/SF	40'	52'x52'	69	2		CD's done so that timing is achievable

Recent Tenant Experience

Building A

- ±406,027 SF available for lease
- Divisible to ±200,000 SF
- 40' clear height
- 283 auto parking spaces
- 72 trailer parking spaces
- 67 dock high doors (9' x 10')
- 2 ramp to grade doors (14' x 16')
- Fully secured and gated site
- 3,700 amps, 277/480V

- 56' x 50' column spacing
- 70' speed bay
- North/South dock doors
- 200' concrete truck courts
- R-38 insulated roof package
- 60 MIL TPO R38 insulation with 20-year warranty
- 7" reinforced slab, 4,000 PSI
- Clerestory windows

- Building Dimensions: 688' x 590' (D)
- NFPA 13 ESFR sprinklers
- Fiber optic data: Cox and Century Link

Make-ready work includes:

- ±3,300 SF spec office space
- HVAC warehouse with fourteen (14) 25-ton units
- LED lighting (30FC)
- 22 mechanical dock levelers with 35k lb capacity

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COMMERCIAL REAL ESTATE SERVICES

Recent Tenant Experience

Things that can effect value in big box industrial that we can learn from this experience:

Timing

- When was the lease renewal signed in relation to the tenant's lease expiration date.
- Was the lease renewal based on an open market negotiation or a FMV option or arbitration
- Was the property property vacant before? Is it ground up or existing construction? How long was it on the market.
- Was it a sublease? How much was a sublease discounted off of the market rate? (+30%)

Building Attributes

- Is it cross dock? Is it double cross dock?
- What is the ceiling height? How much more valuable is 36' or 40' clearance over 32'?
- How much power? Is there solar on the roof? Was there a power upgrade? Was it amortized?
- Is the warehouse insulated (AZ, NV)? Is it full airconditioned?
- How much TI was included and was any of it amortized?
- Is it a freestanding building or multi-tenant or part of a larger?

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Recent 1031 Experience

1

13135 Marlay Avenue

13135 Marlay Avenue Fontana, CA 92337

LEE & ASSOCIATES

Building Size	44,335	Lease Term Remaining	Vacant
Lot Size	2.04 AC	Year Built / Renovated	2024
Office Size	5,054 SF	Clear Height	24'
Docks	4	Drive-In Bays	1

For Sale Pricing

13135 Marlay Ave	$14,408,875	$325.00/SF

Description

Property Background: This property was built in 2024 and being sold by the developer. They have been unable to get their pricing expectations ahead of the decending market until now after having started +/-20% in both purchase and lease asking price and rate. They will consider holding the property if they are able to get it leased before they find a qualified buyer.

Tenant Background: This property is vacant and on the market for lease or sale.

Lease Background: They have lost the last two prospective tenants to competing properties and are trying to revive them. One tenant needs more outdoor storage and the other was a Chinese 3PL looking at 10 buildings. They have discussed deals around $1.00 NNN.

Offer Recommendation: $280 PSF / $12,413,800
Strike Price Estimate: $290 PSF / $12,857,150
Yield Expectation: Year 1: 4.51%, Year 5: 5.18%

Space Overview

Pros:
- New construction means new roof, roof warranty, new HVAC, HVAC warranty
- Concrete yard for truck court means less upkeep than asphalt
- Office space build and ready for occupancy
- Leasing market is at bottom and stabilizing w/ Q3 positive net absorption
- This area is expected to continue to over perform long term due barriers to entry
- Long term the property will not need

Cons:
- We still need to see another quarter of positive net absorption before contemplating lease market tightening
- Lease up may require 3-6 months
- Lease up expense is estimated to be $185,000
- Leasing concessions likely 1-3 months free rent

Recent 1031 Experience

1

13135 Marlay Avenue

13135 Marlay Avenue Fontana, CA 92337

13135 Marlay Ave | 44,335 SF | $0.00

LEE & ASSOCIATES

Recent 1031 Experience

5

4611 East Baseline Rd

4611 East Baseline Road Phoenix, AZ 85042

LEE & ASSOCIATES

Building Size	54,150 SF	Tenant	Goettl Air Conditioning & Plumbing
NOI	$726,739	LXD	December 31, 2032
Lease Term Remaining	7 years, 1 month	Rental Increases	3.7% Annual
Lot Size	6.67 AC	Year Built / Renovated	1999/2022

For Sale Pricing

4611 East Baseline Rd	$11,800,000	$217.91/SF

Description

This ±54,150 square foot industrial flex building offers ample space and flexibility. Zoned IND PK/PCD (Industrial Park Planned Community District), it sits on a ±6.67-acre lot, featuring an abundant parking ratio of ±9.53 per 1,000 sf with excellent visibility/frontage on Baseline Road.

Space Overview

4611 East Baseline Rd	54,150 SF	The property is leased to Goettl Air Conditioning and Plumbing until December 31, 2032, under a NNN lease with 3.7% annual rental increases.

Recent 1031 Experience

5

4611 East Baseline Rd

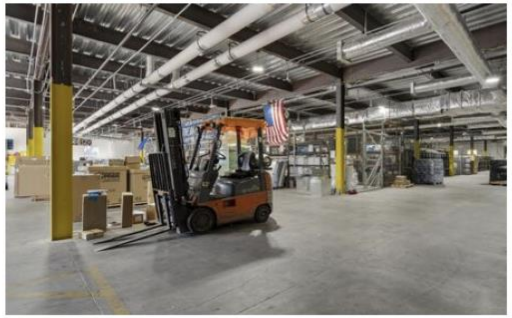
4611 East Baseline Road Phoenix, AZ 85042

Additional Property Photos

LEE & ASSOCIATES






Recent 1031 Experience

5

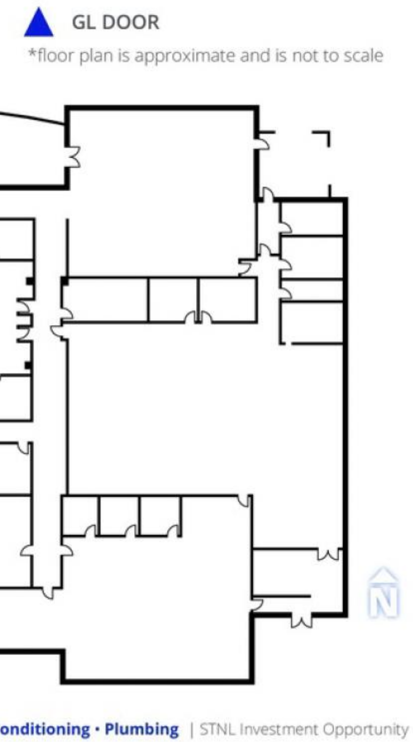
4611 East Baseline Rd

4611 East Baseline Road Phoenix, AZ 85042

4611 East Baseline Rd | 54,150 SF

LEE & ASSOCIATES

Floor Plan



Recent 1031 Experience

6

4771 South Overland Dr

4771 South Overland Drive Tucson, AZ 85714

LEE & ASSOCIATES

Building Size	19,926 SF	Tenant	Goettl Air Conditioning & Plumbing
NOI	$205,150	LXD	September 30, 2031
Lease Term Remaining	5 years, 10 months	Rental Increases	3% Annual
Lot Size	1.52 AC	Year Built / Renovated	1998 / 2022

For Sale Pricing

4771 South Overland Dr	$3,700,000	$185.69/SF

Description

STNL Investment Opportunity: A ±19,926 square foot industrial warehouse building strategically located 0.3 miles from Interstate 10 in Tucson. The building offers a multi-functional warehouse area and secured yard access. Zoned CI-1 (Light Industrial/Warehousing) and situated on a ±1.52-acre lot. The property includes masonry construction, air conditioning, and evaporative cooling. It features 3 bay doors (2 dock-high, 1 grade-level), 14 parking spots, and a 200amp, 240v, 3p electrical system with 1200a service to the building. The tenant, Goettl Air Conditioning & Plumbing, has a lease expiration on September 30, 2031, with a NNN lease type and 3% annual rental increases.

Space Overview

4771 South Overland Dr	19,926 SF	Entire building for sale as an STNL investment opportunity with a tenant in place. Goettl Air Conditioning & Plumbing occupies the space with a lease expiring in 2031.

Recent 1031 Experience

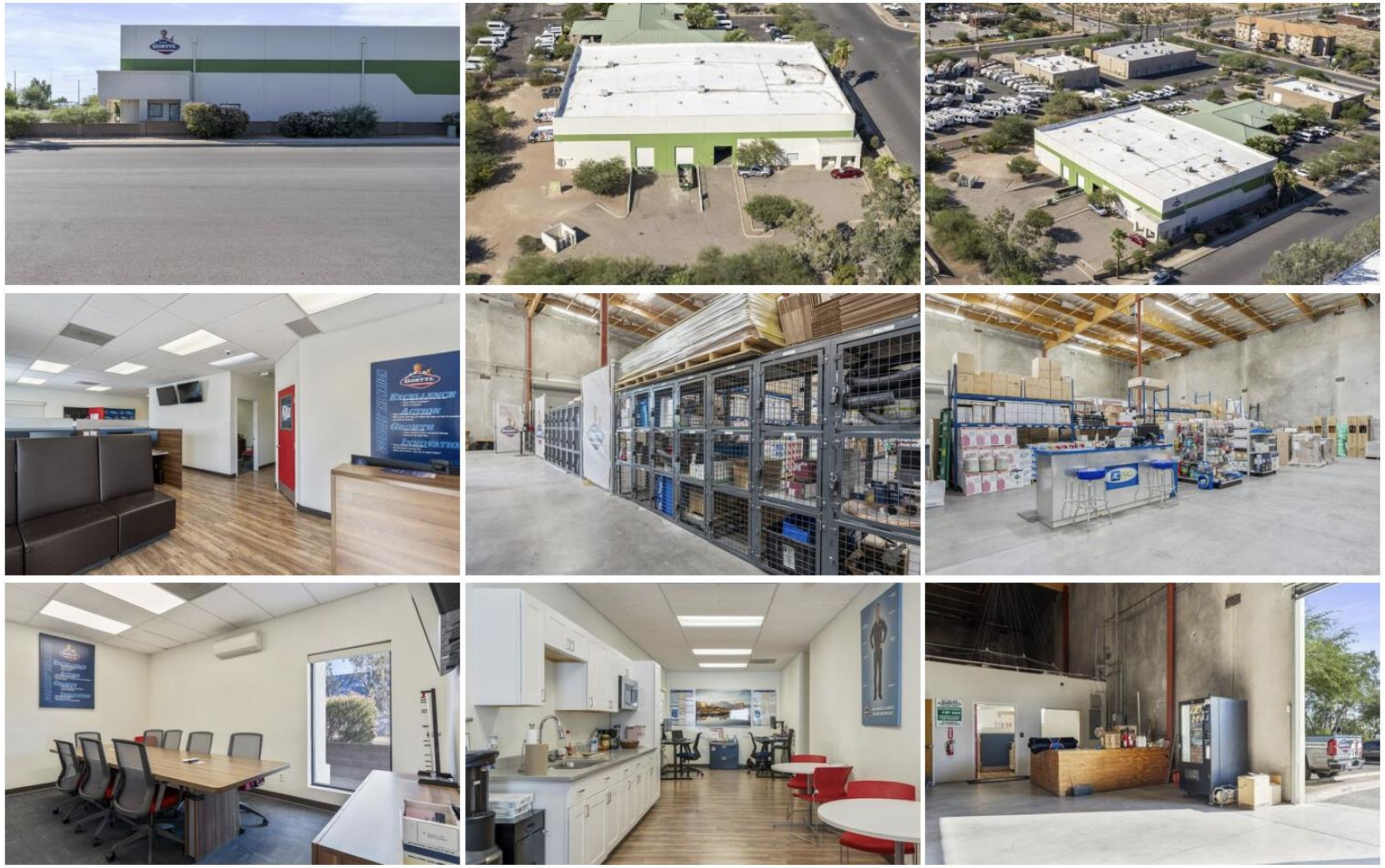
6

4771 South Overland Dr

4771 South Overland Drive Tucson, AZ 85714

Additional Property Photos

LEE & ASSOCIATES



Recent Investment Sale

Justin Smith, SIOR • You
Industrial RE Broker, 3X Masters Degrees, 2X Books, Investing i...
4mo • Edited •

Over the past 30 days, we've been through an active process of price discovery with Madera Industrial WHSE. With direct market feedback, we have no repositioned the asset at $17.5M ($121/SF).

This isn't about chasing the market down, it's about meeting the market at its true strike price so that we can maximize execution and move to close. In a market like today's, pricing is fluid and transparency matters. We believe this is the point at which the deal gets done.

At this level, investors secure risk-adjusted returns of a 6.38% going-in cap rate, 20.53% IRR, and 2.01x equity multiple. That's for a newly built multi-tenant small bay industrial project, on the verge of stabilization, priced below replacement cost with 75 units and a 3.06-year WALT.

...And with clean diligence already in hand, environmental, structural, title, and leases, this opportunity is designed for speed and certainty. For buyers ready to act, this is the window to step into shallow-bay industrial at a reset basis.

Recent Investment Sale

EXTERIOR PROPERTY PHOTOS

Recent Investment Sale

WHY MULTI TENANT INDUSTRIAL

DELIVERS CONSISTENT, RISK-ADJUSTED RETURNS

DEMAND DRIVERS

MASSIVE TENANT BASE
More than 50% of U.S. industrial tenants lease under 10,000 SF, yet this segment is vastly underrepresented in the development pipeline. That means strong, sustained demand across a wide spectrum of users.

LOCAL BUSINESS GROWTH
Small businesses in trades, services, construction, and e-commerce continue to grow as population expands and urban centers spread. These users rely on proximity and functionality over branding or amenities.

MISSION-CRITICAL USE
Small-bay tenants use their space as their operational hub—it's not optional, it's essential. From fabrication to fulfillment, these buildings are where business happens.

STICKY TENANTS
Relocation is expensive and disruptive, especially for labor-heavy, equipment-based operators. This stickiness helps drive high retention rates of 70–90%.

DIVERSIFIED DEMAND
HVAC, electricians, auto repair, cabinet makers, food distributors—these buildings serve a wide range of industries that function independently of each other, reducing exposure to any single sector.

SUPPLY CONSTRAINTS

IRREPLACEABLE INFILL LOCATIONS
These properties are often located near dense populations and established neighborhoods. That proximity is key to their utility—and almost impossible to replicate.

ZONING & ENTITLEMENT BARRIERS
Permitting new small-bay product is costly and time-consuming due to parking ratios, circulation requirements, and municipal pushback—especially in infill zones.

Recent Investment Sale

WHY MULTI TENANT INDUSTRIAL

DELIVERS CONSISTENT, RISK-ADJUSTED RETURNS

LOW PIPELINE
Less than 2% of new industrial construction is in the small-bay format. Developers gravitate toward big-box because it's simpler to entitle and scale.

OBSOLETE COMPETITORS
Most existing small-bay inventory was built 30+ years ago, with low clear heights, insufficient power, and dated systems—leaving modern tenants underserved.

LAND SCARCITY
Suitable land parcels are either too small, irregular, or priced for residential use. That leaves shallow-bay development largely off the table in many regions.

STRONG FINANCIAL PROFILE

FREQUENT MARK-TO-MARKET
With average lease terms of 2–3 years, landlords can adjust rents quickly to match current market conditions and inflation.

BUILT-IN INFLATION HEDGE
Annual rent bumps and short leases allow owners to stay ahead of inflation. Rent growth keeps pace with rising operating costs.

DIVERSIFIED RENT ROLL
With dozens of tenants per property, there's no single point of failure. A single vacancy barely moves the needle on income.

STABLE NOI
Lease expirations are staggered, insulating cash flow even when the broader market softens. Rent collections remain consistent even in downturns.

ATTRACTIVE YIELD
Cap rates for small-bay assets often range 50–100 basis points above institutional big-box deals, making them ideal for yield-focused investors.

Recent Investment Sale

WHY MULTI TENANT INDUSTRIAL

DELIVERS CONSISTENT, RISK-ADJUSTED RETURNS

OPERATIONAL ADVANTAGES

LOW CAPEX BURDEN
Turnover costs are minimal—usually just basic cleaning and cosmetic refresh. Tenants often maintain their own space and utilities.

NNN STRUCTURES
Most leases are NNN or modified gross, with tenants paying taxes, insurance, and maintenance. This reduces landlord operating responsibilities.

MINIMAL TI EXPOSURE
Unlike office or retail, there's no need for custom buildouts. Most tenants operate with basic warehouse and yard functionality.

EASE OF MANAGEMENT
Properties can often be managed with limited staff or a third-party partner. Operational simplicity keeps overhead low.

HIGH RE-LEASING VELOCITY
Smaller suites are easier to backfill and turn quickly. There's always a pool of growing businesses looking for 1,500–5,000 SF.

OPTIONALITY ON EXIT
These assets can be sold individually, as a portfolio, or even converted to industrial condos. That flexibility expands your buyer pool at exit.

CoStar Year End Numbers

Submarkets	Vacancy	Availability	Net Absorption	Total Delivered SF	NNN Rents	Sale Price/SF
Inland Empire - CA						
2021 Q4	1.4%	3.3%	30,466,904	16,655,086	$11.44	$203
2022 Q4	2.0%	5.9%	15,749,927	22,479,476	$15.02	$284
2023 Q4	5.7%	9.9%	1,640,515	30,547,265	$15.67	$253
2024 Q4	7.5%	10.8%	10,570,768	26,613,869	$12.87	$264
2025 Q4	8.7%	11.8%	2,056,810	13,033,098	$11.97	$236
Los Angeles - CA						
2021 Q4	1.9%	2.5%	14,973,249	4,733,932	$17.80	$253
2022 Q4	2.4%	3.9%	-3,221,232	4,597,516	$21.93	$332
2023 Q4	4.2%	6.1%	-16,690,619	5,286,295	$21.22	$336
2024 Q4	6.0%	7.9%	-14,338,332	5,761,194	$18.34	$303
2025 Q4	6.2%	8.1%	2,066,300	5,321,753	$17.58	$328
Orange County - CA						
2021 Q4	2.0%	3.2%	1,896,665	526,512	$16.04	$293
2022 Q4	1.8%	3.2%	674,775	1,524,662	$19.14	$347
2023 Q4	3.3%	5.3%	-2,819,751	2,535,572	$20.68	$329
2024 Q4	5.2%	7.7%	-4,822,811	1,801,550	$19.06	$339
2025 Q4	6.3%	8.5%	-1,872,509	2,146,981	$18.30	$339

Thank you!

JUSTIN SMITH
Sr. Vice President

GRANT LA BOUNTY
Vice President

CHRIS VASSILIAN
Sr. Associate

JEANNETTE CANO
Marketing Research Assistant

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