WESTERN INDUSTRIAL INTELLIGENCE

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COMMERCIAL REAL ESTATE SERVICES

Where industrial leverage is hiding across the West

Leasing, capital markets and the data-center demand reshaping location decisions.

ORANGE COUNTY / LOS ANGELES / INLAND EMPIRE / SAN DIEGO

PHOENIX / LAS VEGAS / UNITED STATES DATA CENTERS

SMITH INDUSTRIAL PARTNERS

LEE & ASSOCIATES | IRVINE / 9838 RESEARCH DR., IRVINE, CA 92618

Q3 2026

THE CLIENT DECISION

Vacancy is up. Size and address drive leverage.

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Tenants below 50,000 SF still face tight choices in infill markets. Larger requirements have more room to negotiate.

MARKET	VACANCY / HIST.	T12 SALES / HIST.	DECISION LENS
OC	**6.4% / 4.5%**	**$2.6B / $1.4B**	Large-block tenant leverage
LA	**6.8% / 3.9%**	**$5.3B / $4.0B**	Liquidity leads fundamentals
IE	**8.6% / 6.2%**	**$4.3B / $2.5B**	Capacity at a repriced basis
SD	**8.8% / 6.8%**	**$2.0B / $1.5B**	Highly selective by node
PHX	**10.5% / 9.3%**	**$5.6B / $1.9B**	Best middle-size leverage
LV	**11.1% / 7.6%**	**$797M / $848M**	Selective overflow capacity

Sources: CoStar industrial market and capital market reports, 8/27/2026.

Large blocks offer leverage; infill stays tight.

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6.4%

VACANCY

4.5% historical average

Orange County vacancy is 6.4% versus 4.5% historically, but the headline hides a size split. Availability is above 15% from 100,000 to 500,000 SF and near 5% below 50,000 SF. Secure shallow-bay needs early; negotiate larger requirements aggressively.

CLIENT MOVE

Tenant move: secure shallow-bay early; negotiate larger blocks hard.

REQUIREMENT-SIZE SIGNAL

Where the negotiating window opens

Under 50K SF	~5%
50K-100K SF	<9%
100K-250K SF	>15%
250K-500K SF	>17%

OPERATING NODES

SANTA ANA	ANAHEIM	IRVINE SPECTRUM
4.2%	**6.5%**	**13.0%**
+649K SF absorption	+26K SF absorption	-591K SF absorption

REPRESENTATIVE LEASE

HARBOR DISTRIBUTING • 223,406 SF

5600 Argosy Cir, Huntington Beach • Q2 2026

Source: CoStar Orange County Industrial Market Report, pp. 2-3, 7 and 23-25, 8/27/2026.

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Sales rose, helped by one portfolio trade.

$2.6B

TRAILING-12-MONTH SALES

$1.4B historical average • 415 transactions

Sales reached $2.6 billion versus $1.4 billion historically, though one portfolio trade lifted the total. Owner-user demand remains active. Favor functional, well-located buildings with durable occupancy, and underwrite larger product against today's higher availability.

415

TRANSACTIONS

WHERE CAPITAL TRADED

OBSERVED TRANSACTIONS	MODELED MARKET
$329/SF • 5.3% cap	**$350/SF • 5.4% cap**

REPRESENTATIVE SALE

9750 IRVINE BLVD • $107M • 346,767 SF

Kurv Industrial acquisition • Apr. 2026

Source: CoStar Orange County Industrial Capital Market Report, pp. 2, 11-12, 8/27/2026.

LA leasing volume is back. Rents are still falling.

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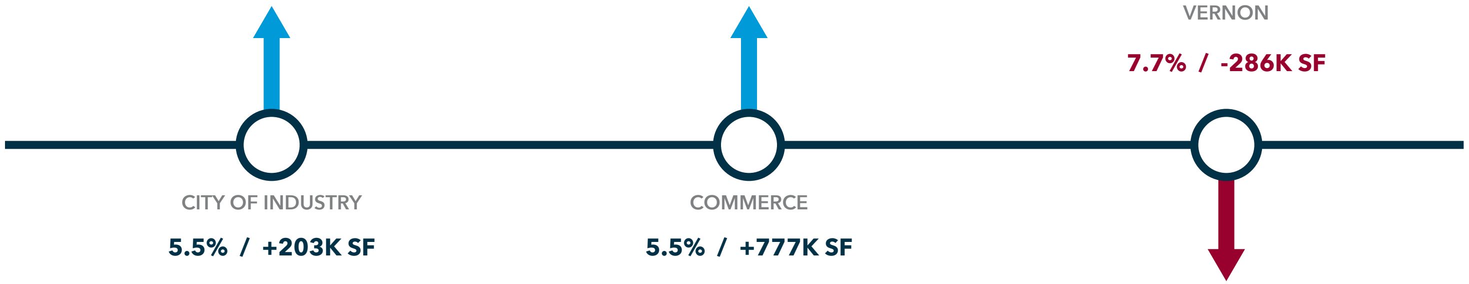
THE MARKET PULSE

3.9% HISTORICAL → **6.8%** VACANCY NOW

INFILL OPERATING CORRIDOR



VACANCY BY REQUIREMENT SIZE

<50K	50K-100K	100K-250K	250K-500K
~5%	~7%	>8%	~5%

WHAT IT MEANS

12.0M+ SF
Q2 LEASING VOLUME

-3.1M SF
T12 ABSORPTION

-4.2%
RENT GROWTH

Tenants are active, but fundamentals still favor occupiers. Vacancy is 6.8% versus 3.9% historically, absorption is negative 3.1 million SF, and rents are down 4.2%. More than 12 million SF leased in Q2, driven mainly by turnover rather than expansion.

REPRESENTATIVE LEASE
VALAR ATOMICS • 512,490 SF
20333 Normandie Ave, Torrance • Q2 2026

Source: CoStar Los Angeles Industrial Market Report, pp. 2-3, 7 and 23-25, 8/27/2026.

Buyers stay active as rents continue to fall.

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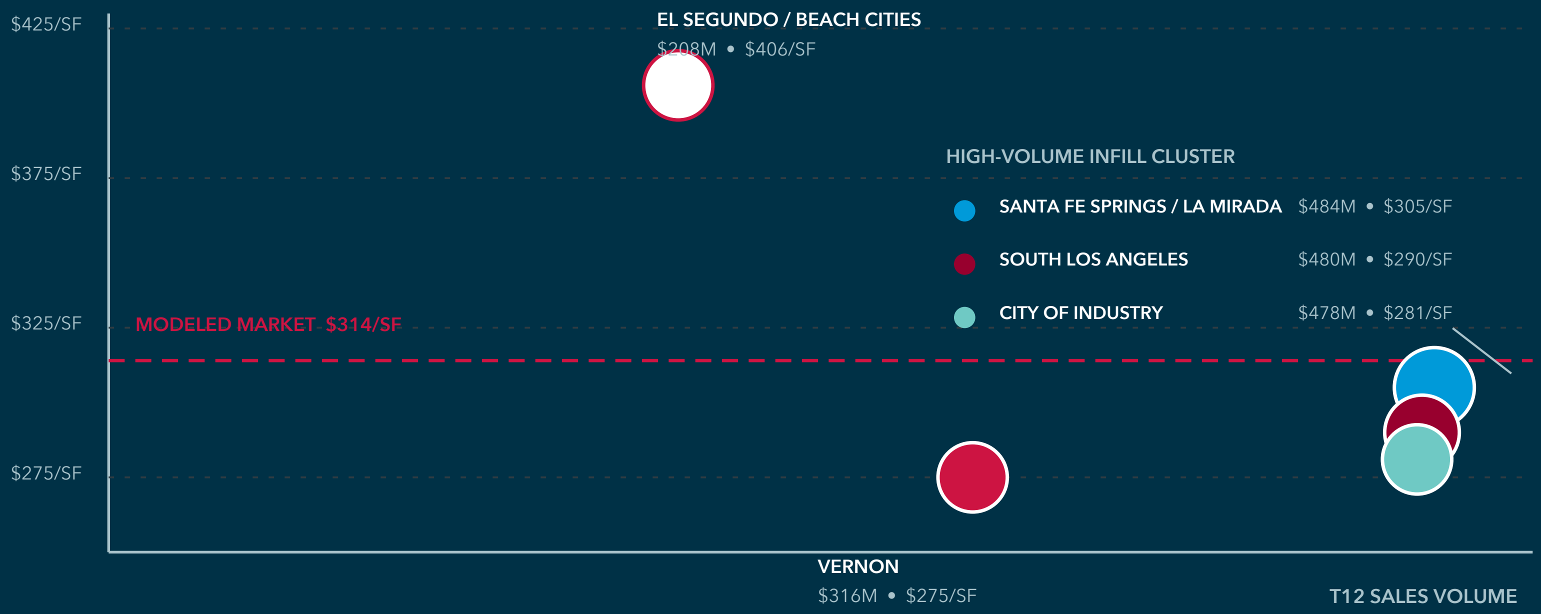
LIQUIDITY VS. PRICING



Sales reached $5.3 billion, but observed pricing remains below modeled value while rents are falling. Capital is active in proven infill nodes; current leasing still has to support the basis. Price weaker large-box exposure conservatively.

$5.3B

T12 SALES • $4.0B HISTORICAL

PRICE PER SQUARE FOOT

$288 observed — **$314 modeled**

CAP RATE

5.6% observed — **5.3% modeled**

REPRESENTATIVE SALE

THE BRICKYARD

$412M • 1.00M SF

Two-building Clarion acquisition • Jan. 2026

Source: CoStar Los Angeles Industrial Capital Market Report, pp. 2 and 11, 8/27/2026.

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Absorption shifted east; fundamentals remain mixed.

Recent large-box occupancy gains shifted east: Moreno Valley/Perris absorbed 5.8 million SF and San Bernardino 3.2 million SF, while Airport Area gave back 2.9 million SF. That does not make the east healthier across the board: Airport still has lower vacancy and higher asking rents.

8.6%
VACANCY NOW
6.2% historical average

VACANCY + TRAILING-12-MONTH NET ABSORPTION

AIRPORT AREA
8.9% VACANCY
-2.93M SF
259.2M SF inventory • $1.05/SF

MORENO VALLEY / PERRIS
9.1% VACANCY
+5.83M SF
112.6M SF inventory • $0.85/SF

SAN BERNARDINO
9.7% VACANCY
+3.20M SF
106.7M SF inventory • $0.89/SF

NOW VS. NORMAL

VACANCY 8.6% / 6.2%

ABSORPTION 6.2M / 16.7M SF

RENT GROWTH -1.6% / +4.2%

REPRESENTATIVE LEASE
DECKERS OUTDOOR • 1,530,944 SF • RENEWAL
17791 Perris Blvd • Q2 2026

Source: CoStar Inland Empire Industrial Market Report, pp. 2, 6 and 22-24, 8/27/2026.

$4.3 billion traded at a lower basis.

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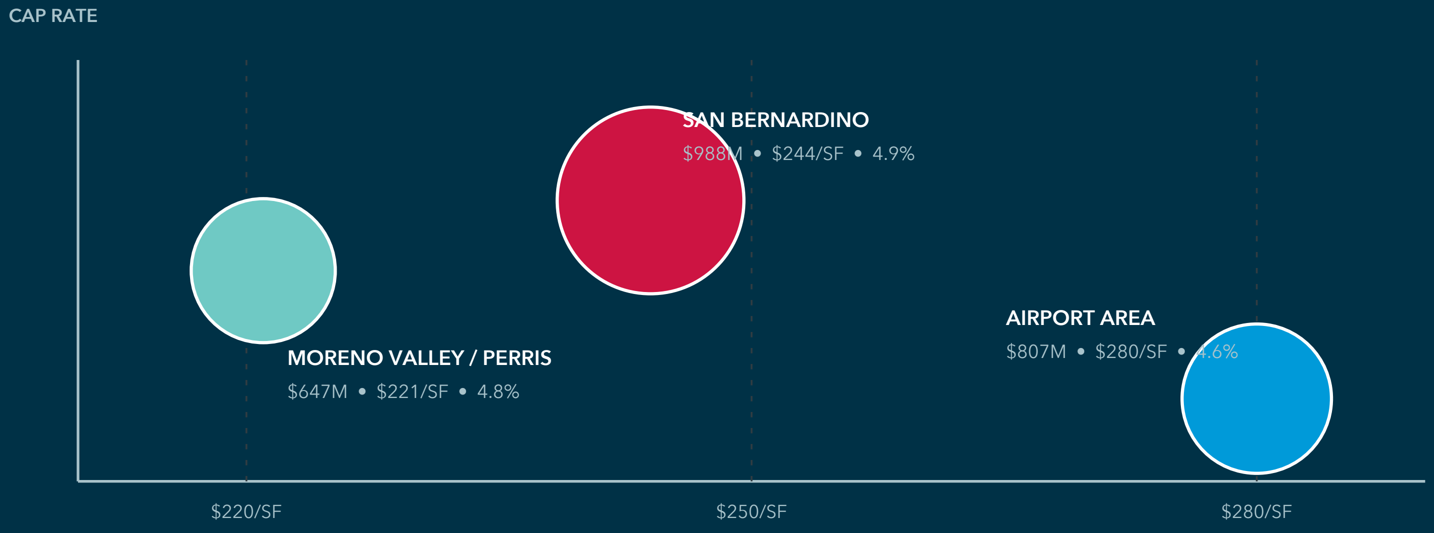
TRANSACTION CONSTELLATION

Bubble area = T12 sales volume



Sales volume reached $4.3 billion as the market repriced. Observed trades averaged below modeled pricing and at a higher cap rate. Underwrite rent and vacancy by submarket; occupier performance remains too uneven for a single regional valuation.

REPRICING RAILS

SALES VOLUME

$2.5B historical — **$4.3B current**

PRICE PER SQUARE FOOT

$206 observed — **$258 modeled**

CAP RATE

5.8% observed — **4.9% modeled**

REPRESENTATIVE SALE

1568 + 1660 N LINDEN

$270M • 1.47M SF • May 2026

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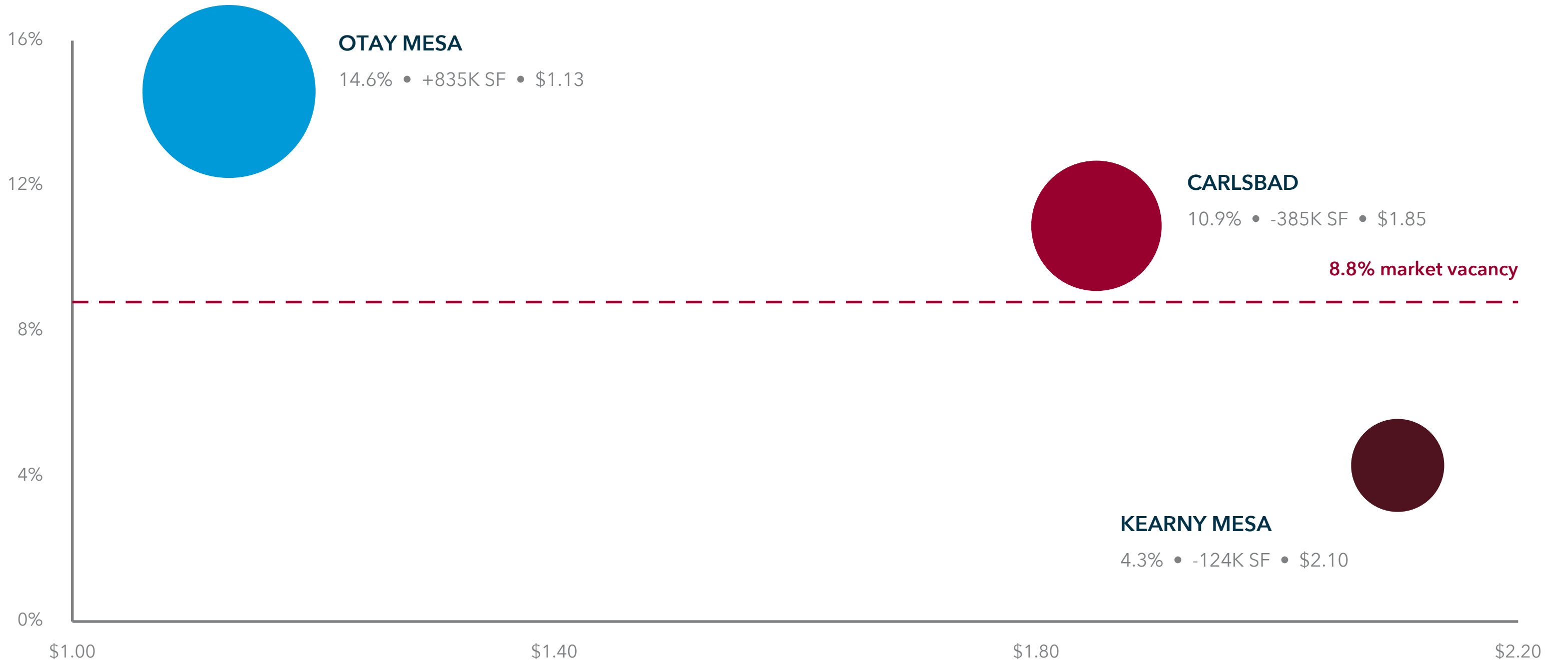
Otay Mesa has space; Kearny Mesa stays tight.

VACANCY VS. RENT

Bubble size = absolute T12 absorption



San Diego vacancy is 8.8%, absorption is nearly flat and rent growth is negative. Otay Mesa offers capacity and positive absorption; Kearny Mesa remains scarce. Carlsbad and other north-county nodes require more caution.

DECISION LADDER

8.8%

CURRENT • 6.8% HISTORICAL

CAPACITY

Otay Mesa • 14.6% • +835K SF

STABILITY

Kearny Mesa • 4.3% • $2.10/SF

WATCH

Carlsbad • 10.9% • -385K SF

REPRESENTATIVE LEASE

AMAZON • 222,293 SF

1756 Weld Blvd, El Cajon • Q2 2026

Source: CoStar San Diego Industrial Market Report, pp. 2, 7 and 25-27, 8/27/2026.

Carlsbad leads volume; building type sets price.

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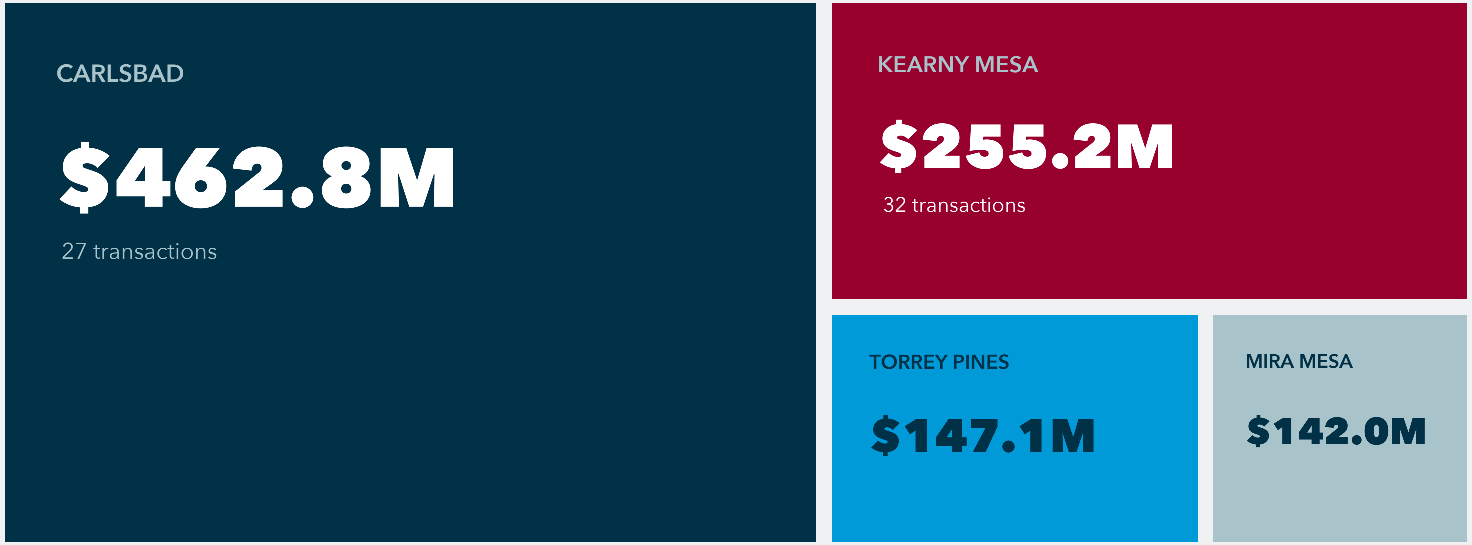
SALES MOSAIC

Tile area approximates T12 sales volume in the leading nodes



Sales volume is above normal, but price discovery remains product-specific. Carlsbad, Kearny Mesa and Torrey Pines lead activity and have very different leasing profiles. Price per square foot alone is a weak underwriting shortcut.

$2.0B

T12 SALES • $1.5B HISTORICAL

PRICE PER SQUARE FOOT

$304 observed **$319 modeled**

CAP RATE

5.6% observed **6.4% modeled**

REPRESENTATIVE SALE

16550 VIA ESPRILLO

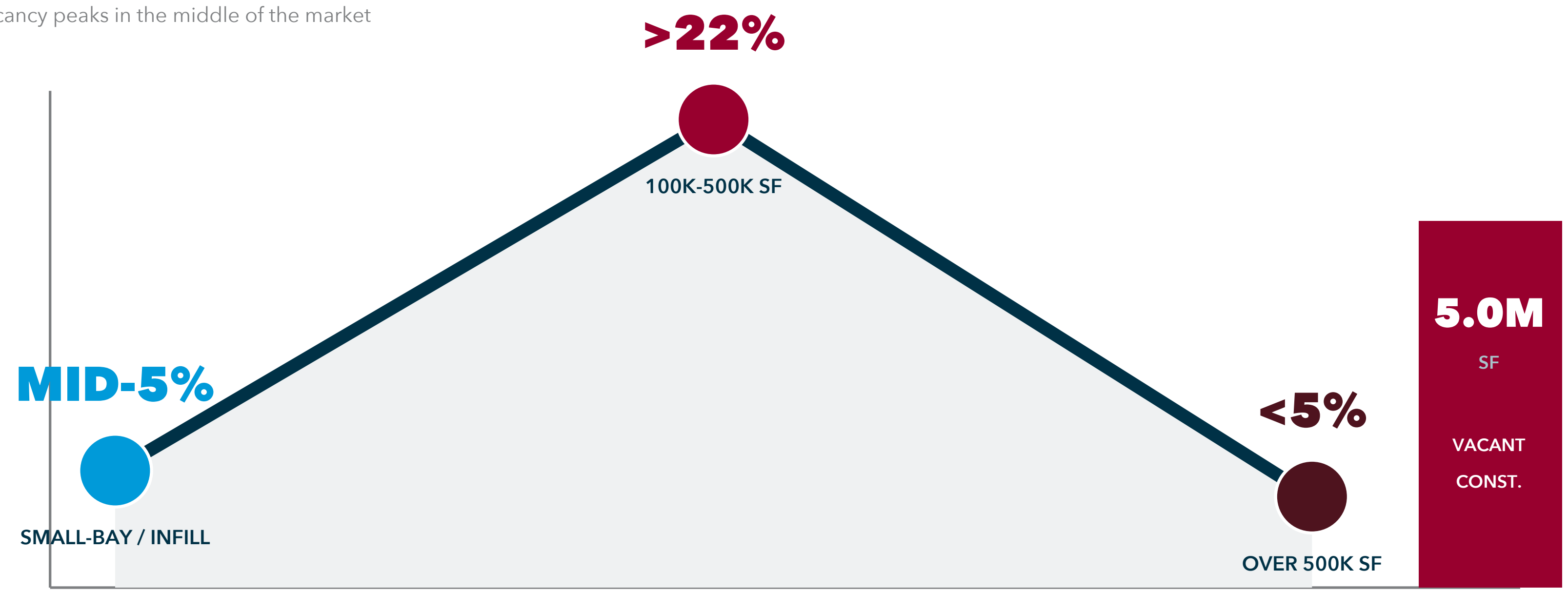
$85M • 180,946 SF

Amazon owner-user purchase • Dec. 2025

Phoenix leverage peaks at 100,000-500,000 SF.

THE REQUIREMENT-SIZE CURVE

Vacancy peaks in the middle of the market



EXPANSION NODES

- GLENDALE — 11.5% / +10.79M SF
- CHANDLER N / GILBERT — 19.2% / +5.53M SF
- TOLLESON — 7.8% / -1.14M SF

23.2M SF

T12 ABSORPTION

9.1M SF historical

10.5%

VACANCY • 9.3% HIST.

Phoenix absorbed 23.2 million SF, more than double normal. The leverage is concentrated in the middle: 100,000-500,000-SF logistics vacancy exceeds 22%, while small-bay and buildings above 500,000 SF remain comparatively tight. Expansion works when the product fits.

REPRESENTATIVE LEASE

AWS • 1,207,360 SF

24105 W Southern Ave, Goodyear • Q1 2026

Source: CoStar Phoenix Industrial Market Report, pp. 2-3, 8 and 25-27, 8/27/2026.

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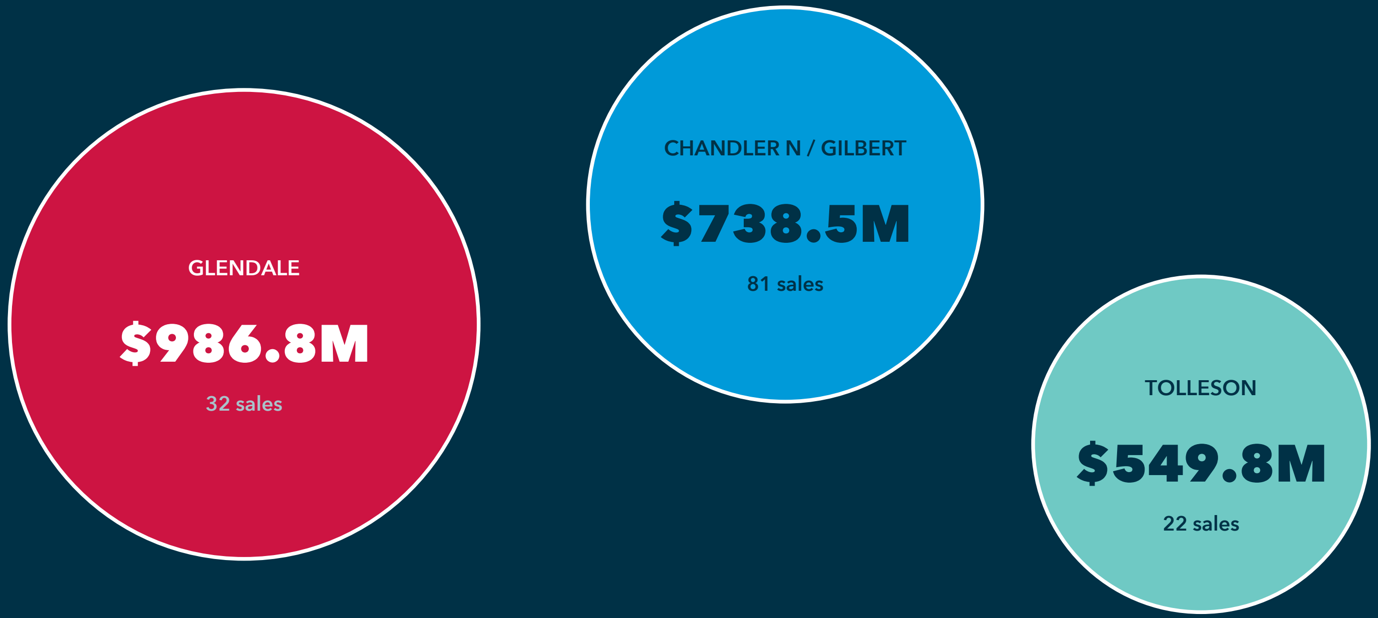
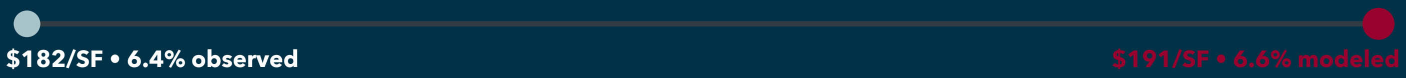
Phoenix industrial sales reached $5.6 billion.

LIQUIDITY CLUSTERS

Circle area approximates sales volume



MARKET PRICE AND YIELD



$5.6B

T12 SALES

$1.9B historical average

755 transactions

Phoenix sales reached $5.6 billion, nearly three times the historical average. Liquidity is concentrated in major expansion nodes. Use actual volume and deal count to judge trading depth; treat modeled price and cap-rate fields as market context.

REPRESENTATIVE SALE

PARK 303, BLDG C

$147.1M • 1.26M SF

Dollar Tree owner-user • Sep. 2025

Source: CoStar Phoenix Industrial Capital Market Report, pp. 2 and 12, 8/27/2026.

Las Vegas has room above 250,000 SF.

11.1%

VACANCY NOW • 7.6% HISTORICAL

Las Vegas offers overflow capacity when the product fits. Vacancy is 11.1% and rent growth has stalled. Small-bay leasing is carrying the market, while leases above 200,000 SF are scarce. Outlying Northeast offers availability, not broad-market tightness.

REQUIREMENT-SIZE LADDER

UNDER 100K SF

~7%

100K-250K SF

7.5% REF.

250K-500K SF

NEARLY 2X

LEASES ABOVE 200K SF ARE SCARCE

AVAILABILITY OPTION

OUTLYING NE

46.7%

VACANCY

+1.23M SF

T12 ABSORPTION

2.12M SF

UNDER CONSTRUCTION

Capacity is available here; it is not evidence of broad market tightness.

REPRESENTATIVE LEASE

PEPSICO • 1,007,536 SF

11545 N Donald Lee Adams Way • Q1 2026

Source: CoStar Las Vegas Industrial Market Report, pp. 2, 7 and 24, 8/27/2026.

Las Vegas sales volume remains below normal.

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SALES PACE GAUGE

Sales volume is slightly below normal and activity thins when major portfolio trades roll out. North Las Vegas carries the deepest liquidity. Treat submarket price and cap-rate fields as modeled context, not observed comps.

PRICE PER SQUARE FOOT

$195 observed — **$227 modeled**

CAP RATE

5.1% observed — **5.8% modeled**

WHERE CAPITAL TRADED

NORTH LV $322.3M | **SW LV $159.2M** | **OUTLYING NE $103.7M**

REPRESENTATIVE SALE

4550 NEXUS WAY • $124M • 813,120 SF

PCCP acquisition of Amazon facility • Feb. 2026

Source: CoStar Las Vegas Industrial Capital Market Report, pp. 2 and 12, 8/27/2026.

CAPACITY STATES

69 GW

EXISTING CAPACITY

49 GW

CRITICAL LOAD

43 GW

CAPACITY UNDERWAY

Capacity states are not additive.

Available power determines where data centers get built.

Think about data centers as power markets first and real estate markets second. Much of the pipeline is preleased or purpose-built, so construction does not imply near-term availability. Phoenix is a leading operating and development market; Phoenix and Las Vegas both appear among the leading colocation pipelines.

SHARE OF EXISTING CAPACITY

THE LOCATION FILTER

Power + land + fiber + speed to energization

California commercial electricity: 26.7¢/kWh • Nevada: 9.3¢/kWh

Client angle: construction, electrical, cooling, maintenance and logistics.

Source: CoStar U.S. Data Center Report, pp. 3, 6-7, 17 and 27, Q3 2026.

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Power capacity drives data-center pricing.

Usable power, operating profile and infrastructure position drive value. Price per square foot alone misses the largest differences between facilities. Sales remain episodic because portfolio and opportunistic transactions create the largest quarterly spikes.

77
T12 TRANSACTIONS

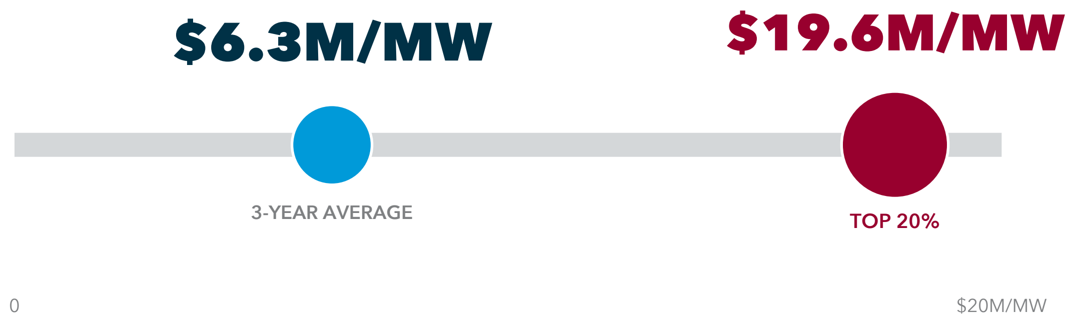
$7.5B
T12 SALES

$320/SF
MEDIAN PRICE

Price/SF is context. Deliverable power is the underwriting variable.

PRICE PER MEGAWATT

Power makes the spread visible.



REPRESENTATIVE DATA-CENTER SALE

9305 LIGHTWAVE AVE • $63.1M • 162,803 SF

Hines acquisition • Kearny Mesa • Nov. 2025

Sources: CoStar U.S. Data Center Report, pp. 22-24; San Diego Industrial Capital Market Report, p. 12.

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THE NEXT STEP

Tell us the market and size. We will show you the options.

Reply with your market and size range. We will send the five closest availabilities, recent lease and sale comps, and the current owner-user opportunities that match your requirement.

MARKET + SUBMARKET + SIZE + TIMING

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9838 RESEARCH DR.

IRVINE, CA 92618