

MARKET TRENDS | **INLAND EMPIRE**

INDUSTRIAL

**4TH QUARTER
2020**

▼ **VACANCY** | ▼ **ABSORPTION** | ▲ **RENTAL RATE** | ▼ **CONSTRUCTION DELIVERIES**

Year-over-year change

MARKET DRIVERS

INLAND EMPIRE remains one of the most sought-after markets for industrial space, attracting major ecommerce and 3PL companies looking to perfect their logistics channels. Major tenants that have continued their expansion throughout the market have included Amazon, TJ Maxx, Skechers, Uline Inc., and All Ways Logistics.

VACANCY LEVELS remained firm in 4Q20 despite current pandemic conditions, falling 100 basis points from the year prior, concluding at 3.3%.

DELAYS IN CONSTRUCTION DELIVERIES have occurred in 4Q20 with 2.7 million square feet being delivered. Currently, there are over 21.4 million square feet under construction with over 67% available for lease or sale. With minimal vacancies across the market,

new projects are becoming pre-leased or leased within a couple months after completion

LEASING ACTIVITY decreased 6.84% year-over-year, reporting over 50.8 million square feet at the end of 2020. Yet, the Inland Empire Industrial market managed to recover from the slight pause in activity in 2Q20 due to the pandemic, growing a staggering 51%.

ECONOMIC REVIEW

The Ports of Los Angeles processed 889,746 Twenty-Foot Equivalent Units (TEUs) in November, accounting for a 22% increase from November 2019. The surge in cargo shipments have been correlated to a combination of recent holiday shipments, consumer expenditures, and warehouses replenishing inventories and storing safety stock.

As of November 2020, unemployment was at 7.9%, down 80 basis points from a month prior with construction and manufacturing jobs reporting job gains of 1,900 and 800, respectively.

NEAR TERM OUTLOOK

With Covid-19 hindering brick and mortar stores throughout the market in 2020, ecommerce sales experienced an acceleration, up 40.3% from the prior year. We anticipate ecommerce sales to further grow in 2021, thus driving demand fundamentals upward for warehouse space. Buoyed by limited inventory and new supply entering the market, rental rates should remain stable moving forward as tenants continue to compete for properties.

Market Breakdown

	2020	2019	2018	Annual % Change
Direct Vacancy Rate	3.3%	4.3%	4.4%	-22.79%
Total Availability Rate	6.1%	5.8%	6.2%	5.11%
Direct Asking Lease Rate	\$0.75	\$0.74	\$0.68	1.35%
Total Lease Transactions	50,844,817	54,576,619	55,556,117	-6.84%
Sale Transactions	12,070,758	27,726,323	19,654,785	-56.46%
Direct Net Absorption	21,824,138	22,788,098	25,584,434	N/A

INLAND EMPIRE SUBMARKET STATISTICS

Submarket	Bldg. Count	Total Inventory	SF Under Construction	Direct Vac. Rate	Sublet Vac. Rate	Total Vac. Rate	Total Avail. Rate	4Q Direct Net Absorption	YTD Direct Net Absorption	4Q Leasing Activity	YTD Leasing Activity	Direct Rental Rate (NNN)
Chino/Chino Hills	907	53,630,224	251,906	2.2%	0.1%	2.3%	3.9%	59,256	639,122	965,766	2,716,249	\$0.83
Fontana	737	65,225,052	3,714,470	2.5%	0.5%	3.0%	7.9%	(35,215)	1,557,331	1,122,363	4,409,872	\$0.67
Jurupa Valley	306	31,205,758	1,543,903	4.2%	0.6%	4.9%	7.9%	369,779	(362,515)	975,042	3,055,048	\$0.77
Mira Loma	21	1,625,636	0	2.8%	0.0%	2.8%	2.4%	(15,206)	85,726	6,662	40,435	0
Montclair	201	3,893,410	56,000	6.7%	0.0%	6.7%	5.9%	(67,622)	340,510	108,267	398,986	\$0.75
Ontario	1476	111,110,580	5,401,163	2.7%	0.5%	3.2%	5.4%	26,711	1,333,004	3,448,163	11,926,805	\$0.76
Rancho Cucamonga	735	41,126,540	482,917	5.4%	0.5%	5.9%	8.0%	222,921	(277,451)	817,893	3,656,182	\$0.83
Upland	253	3,914,687	0	1.6%	0.1%	1.7%	2.8%	89,263	74,976	31,181	124,715	\$0.73
West	4636	311,731,887	11,450,359	3.1%	0.4%	3.5%	6.0%	649,887	3,390,703	7,475,337	26,328,292	\$0.78
Banning	48	957,254	0	6.2%	0.0%	6.2%	13.7%	(24,097)	39,054	0	49,807	\$0.70
Beaumont	45	6,379,904	0	0.2%	0.0%	0.2%	0.2%	0	999,936	0	2,283	\$0.68
Bloomington	104	8,596,104	1,059,669	12.7%	0.0%	12.7%	10.8%	8,400	1,643,944	274,494	1,504,109	\$0.67
Colton	166	10,267,045	471,247	3.7%	0.1%	3.8%	7.8%	511,553	492,414	64,634	685,152	\$0.73
Corona	908	31,178,745	562,600	2.7%	0.1%	2.8%	5.7%	754,473	1,196,166	859,742	2,132,441	\$0.73
Eastvale	60	12,000,636	341,053	2.8%	0.0%	2.8%	6.2%	442,775	928,527	199,512	799,098	\$0.69
Grand Terrace	13	429,469	0	1.1%	0.0%	1.1%	2.6%	8,316	17,040	10,416	24,876	0
Highland	16	217,387	121,294	0.0%	0.0%	0.0%	58.1%	0	700	0	0	0
Loma Linda	23	338,442	0	3.5%	0.0%	3.5%	7.9%	0	(11,712)	0	9,762	\$0.62
Moreno Valley	89	28,578,622	947,364	0.9%	2.5%	3.4%	2.5%	311,743	1,068,490	408,941	2,260,044	\$0.65
Norco	76	1,676,834	0	1.4%	0.0%	1.4%	0.7%	(689)	406,348	5,637	432,495	0
Perris	216	31,438,357	1,221,345	2.5%	0.0%	2.5%	7.3%	357,638	5,675,660	202,168	4,165,045	\$0.66
Redlands	209	27,478,229	1,376,169	5.9%	0.0%	5.9%	6.5%	(324,384)	(992,615)	1,091,596	2,359,554	\$0.65
Rialto	194	29,842,551	895,451	5.1%	0.3%	5.4%	6.4%	651,935	2,498,089	942,150	4,202,445	\$0.60
Riverside	1091	53,733,528	589,419	4.9%	0.0%	4.9%	6.3%	652,958	2,409,740	648,926	2,946,435	\$0.66
San Bernardino	560	40,384,508	2,381,877	1.4%	0.4%	1.7%	7.4%	(114,408)	1,992,839	342,699	1,756,968	\$0.80
East	3818	283,497,615	9,967,488	3.6%	0.4%	3.9%	6.2%	3,236,213	18,364,620	5,050,915	23,330,514	\$0.71
Hemet	86	1,549,728	0	10.6%	0.0%	10.6%	11.7%	(12,000)	(137,338)	2,331	19,993	\$0.58
Lake Elsinore	176	2,619,561	0	0.8%	0.1%	0.9%	3.9%	6,200	45,451	31,800	156,713	\$0.76
Menifee	25	513,036	0	0.0%	0.0%	0.0%	0.0%	0	46,600	0	8,897	\$0.62
Murrieta	254	3,871,005	28,000	2.2%	0.0%	2.2%	4.0%	9,191	33,531	53,280	138,390	0
San Jacinto	65	1,074,064	0	4.0%	0.0%	4.0%	3.7%	2,500	7,425	5,000	7,500	0
Temecula	333	10,575,862	0	3.1%	0.3%	3.4%	8.1%	43,079	66,779	213,073	843,673	\$0.69
Wildomar	12	324,860	0	0.0%	0.0%	0.0%	0.0%	4,478	6,367	4,478	10,845	0
South	951	20,528,116	28,000	3.1%	0.2%	3.3%	6.5%	53,448	68,815	309,962	1,186,011	\$0.68
5,000 - 24,999	5,884	69,858,515	434,021	2.2%	0.2%	2.3%	3.9%	340,345	556,540	713,620	2,795,853	\$0.86
25,000 - 49,999	1,382	48,148,239	699,032	2.7%	0.4%	3.1%	5.4%	65,490	345,518	719,208	2,534,127	\$0.76
50,000 - 99,999	816	56,282,985	1,859,510	4.6%	0.5%	5.1%	7.4%	148,412	818,254	1,071,726	4,446,169	\$0.72
100,000 - 249,999	721	109,840,473	6,354,056	4.5%	0.6%	5.1%	10.4%	1,000,918	3,190,540	3,688,422	12,447,758	\$0.67
250,000 - 499,999	348	125,060,496	4,909,459	2.7%	0.4%	3.1%	7.7%	1,967,115	4,610,982	2,550,256	9,899,162	\$0.60
500,000 - 999,999	198	133,453,756	1,641,215	4.0%	0.4%	4.4%	1.9%	475,658	6,123,621	3,092,052	14,290,409	\$0.55
1,000,000 Plus	56	73,113,154	5,548,554	2.0%	0.0%	2.0%	6.0%	(58,390)	6,178,683	1,000,930	4,431,339	\$0.49
Inland Empire Total	9,405	615,757,618	21,445,847	3.3%	0.4%	3.7%	6.1%	3,939,548	21,824,138	12,836,214	50,844,817	\$0.75

TOP SALE TRANSACTIONS FOR 2020

Property	Submarket	Square Feet	Sale Price	Price/SF	Buyer	Seller
Sycamore Canyon Business Park	Moreno Valley/Perris	1,012,995	\$129,061,278	\$127.41	TA Realty	Dedaux Properties LLC
825 E Central Ave	San Bernardino	970,075	\$110,563,500	\$113.97	Brookfield Asset Mgmt., Inc.	Kohl's Corp.
890 E Mill St	San Bernardino	575,000	\$84,437,000	\$146.85	Brookfield Asset Mgmt., Inc.	Kohl's Corp.
601 Rockefeller Ave	Airport Area	252,800	\$65,266,582	\$258.17	Truist	DPI Specialty Food
13472 Marlay Ave	Airport Area	406,800	\$61,650,000	\$151.55	Eaton Vance Investment Managers	TechData Corp.

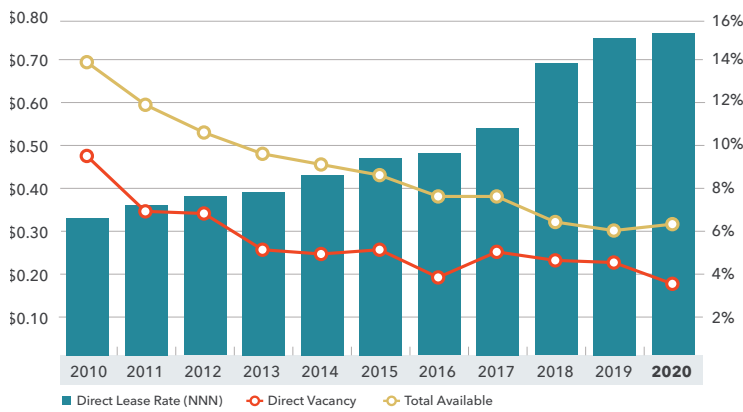
TOP LEASE TRANSACTIONS FOR 2020

Property	Submarket	Square Feet	Date	Landlord	Tenant
Ontario Ranch Logistics Center	Airport Area	1,245,049	March 2020	REDA	Uline Inc.
1110 W Merrill Ave	San Bernardino	1,106,124	April 2020	Saadia Group LLC	All Ways Logistics
9180 Alabama St	Redlands/Loma Linda	1,079,236	September 2020	Duke Realty Corp.	GoPlus
5170 Archibald Ave	Airport Area	1,000,930	December 2020	Ivanhoe Cambridge, Inc.	Restoration Hardware
3000 E Philadelphia St	Airport Area	991,110	August 2020	Sares-Regis Group	TJ Maxx

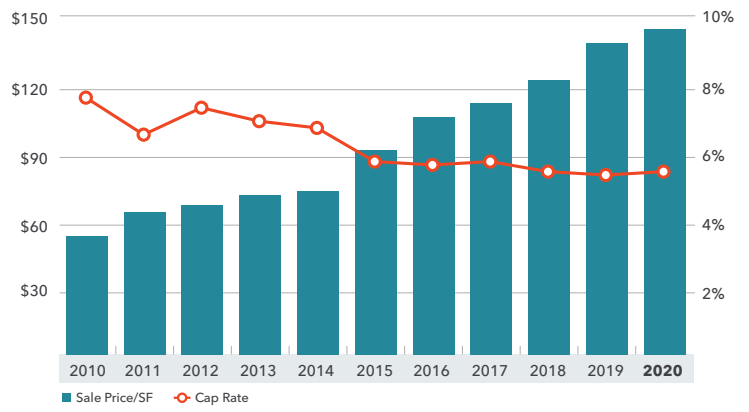
TOP UNDER CONSTRUCTION

Property	Address	Submarket	Square Feet	Owner	Delivery Date
Ontario Ranch Logistics Center	4810 S. Hellman Ave	Airport Area	1,245,049	REDA	September 2021
West Ontario Logistics Center	5051 Carpenter Ave	Airport Area	1,197,339	Joseph & Doleen Borba	January 2021
9180 Alabama St	9180 Alabama St	Redlands/Loma Linda	1,079,236	Duke Realty Corp	April 2021
Colony Commerce Center	5170 S. Archibald Ave	Airport Area	1,000,930	Ivanhoe Cambridge, Inc.	January 2021
11100 Iberia St	11100 Iberia St	Riverside	517,903	Space Center, Inc	January 2021

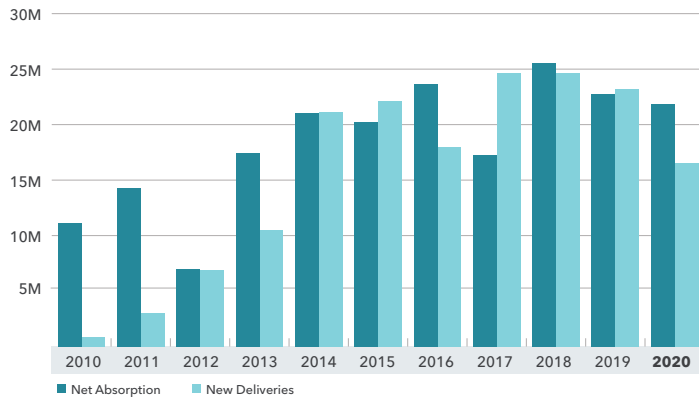
LEASE RATE, VACANCY, & AVAILABILITY



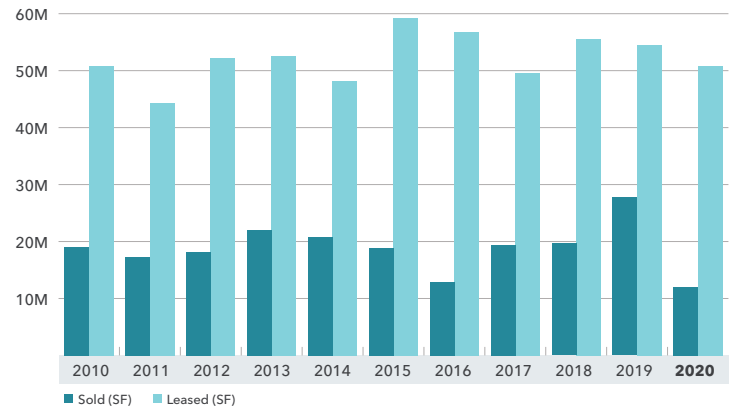
AVERAGE SALES PRICE/SF & CAP RATES



NET ABSORPTION & NEW DELIVERIES



SALE VOLUME & LEASE VOLUME



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COMMERCIAL BROKERAGE

27M ANNUAL SALES SF **450+** NO. OF BROKERS
\$9.6B ANNUAL TRANSACTION VOLUME **42M** ANNUAL LEASING SF

VALUATION ADVISORY

1,680+ APPRAISALS ANNUALLY **37/23** TOTAL NO. APPRAISERS/MAI'S

PROPERTY MANAGEMENT

70M+ MANAGEMENT PORTFOLIO SF **\$12B+** IN ASSETS UNDER MANAGEMENT

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