

**MARKET TRENDS | INLAND EMPIRE**  
**INDUSTRIAL**
**MARKET DRIVERS**

**LEASE RATES CONTINUE TO SPIKE** as tenants from Los Angeles and Orange County seek opportunities across the metro. Direct asking lease rates concluded the third quarter at \$0.85/SF, a new all-time high.

**DIRECT VACANCY LEVELS COMPRESSED** further in 3Q 2021 to 1.6%, a historic low. Demand for newer state-of-the-art locations has never been higher as new construction projects are commonly pre-leased or leased within a couple months, keeping availabilities limited.

**FUELED BY THE RISE** in ecommerce and the pursuit of perfecting logistical channels, there was no shortage in demand for big-box locations. Transportation related companies continued their expansion efforts as DHL, National Distribution Centers, Unis, and XPO Logistics were some of the top leases in the third quarter.

**CONSTRUCTION DELIVERIES SLOWED** in 3Q 2021 with over 1.9M SF entering the market, which may be attributed to increases in material prices and supply chain constraints. 24.5M SF remain under construction.

**ECONOMIC OVERVIEW**

**THE PORTS OF LOS ANGELES** processed 954,377 TEU's in the month of August, bringing the first eight-month total to over 7.2M TEU's, an increase of 30% compared to 2020.

**AS OF AUGUST**, the unemployment rate was at 7.6% with transportation, warehousing, and utilities expanding by 1,500 jobs.

continued on page 3

**Market Summary**

	3Q 2021	2Q 2021	3Q 2020	Annual Change
Direct Vacancy Rate	1.6%	2.7%	3.5%	<b>-54.35%</b>
Total Availability Rate	5.0%	5.4%	6.4%	<b>-21.26%</b>
Direct Asking Lease Rate	\$0.85	\$0.82	\$0.74	<b>14.86%</b>
Total Lease Transactions	9,024,586	8,866,999	15,877,299	<b>-43.16%</b>
Sale Transactions	6,328,590	6,730,239	4,222,114	<b>49.89%</b>
Direct Net Absorption	8,843,205	9,354,390	5,450,237	<b>N/A</b>

**▼ 9.0M**
**LEASING ACTIVITY**
**▲ 8.84M**
**NET ABSORPTION (SF)**
**▼ 1.6%**
**VACANCY RATE**
**▲ \$0.85**
**AVERAGE ASKING RENT**
**▼ 1.9M**
**NEW DELIVERIES (SF)**
**YEAR-OVER-YEAR TREND**
**Market  
Highlights**

**DIRECT VACANCIES** decreased to 1.6% in 3Q 2021, a record low for the market.

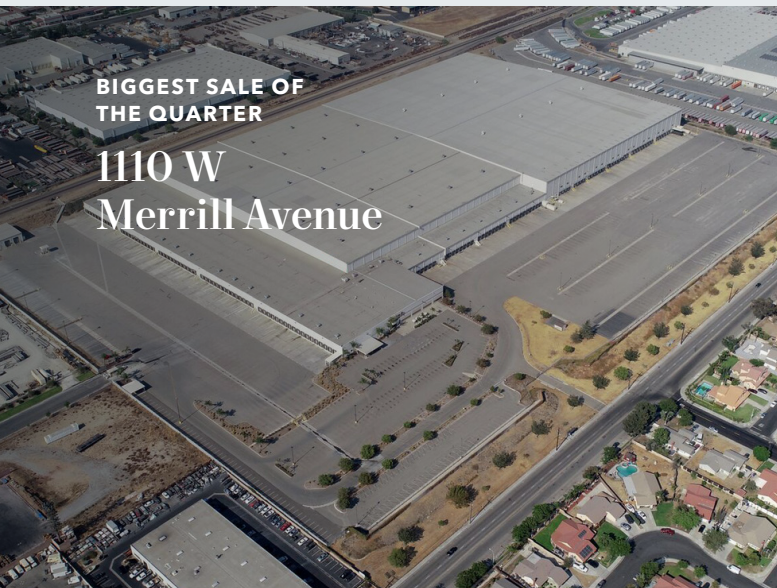
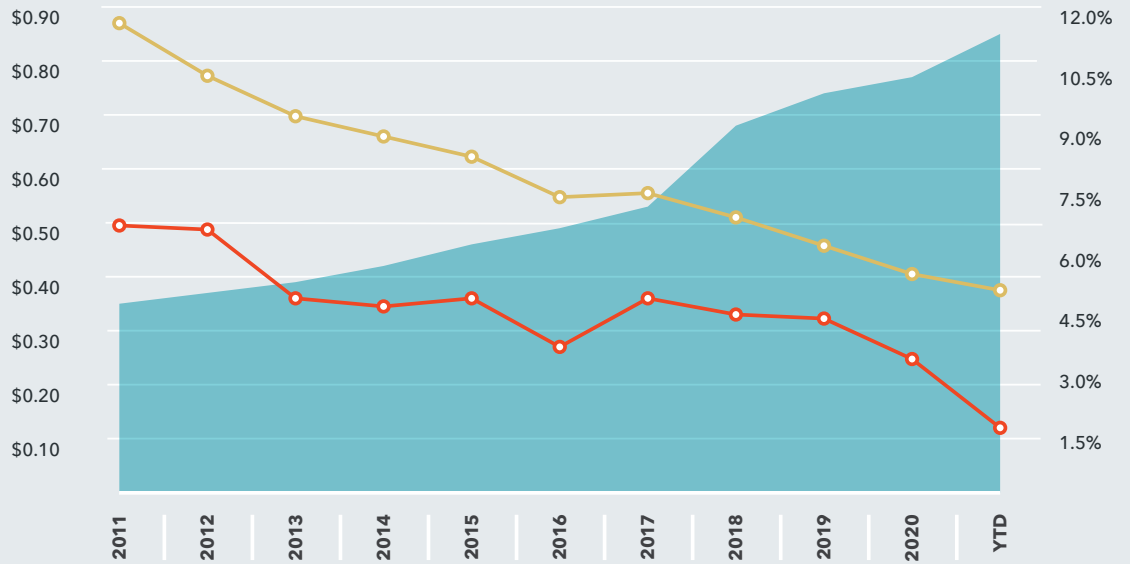
**DIRECT ASKING LEASE RATES** increased to \$0.85/SF on a triple net basis.

**AVG SALE PRICE** for industrial product was \$188.02/SF.

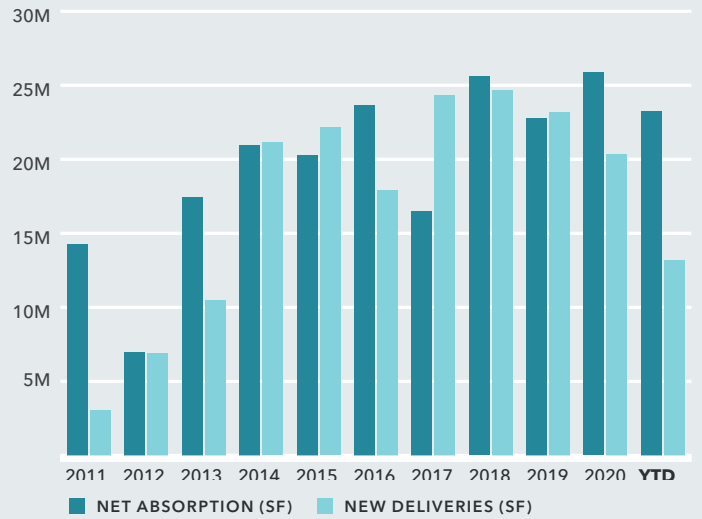
**OVER 24.5M SF** is currently under construction

# Lease Rate, Vacancy & Availability

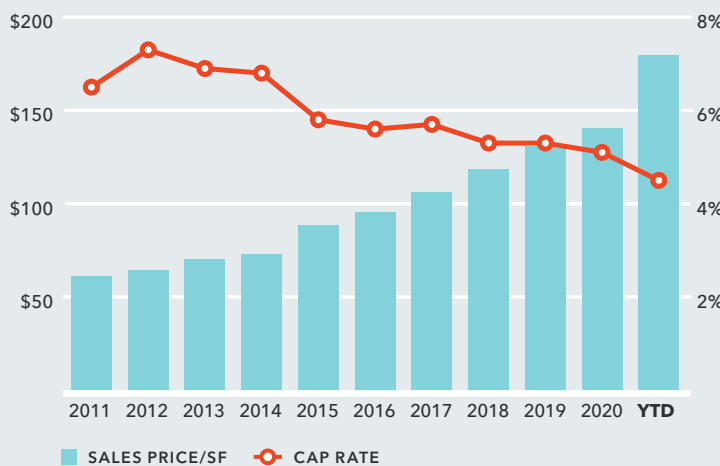
- DIRECT LEASE RATE (NNN)
- DIRECT VACANCY
- TOTAL AVAILABILITY



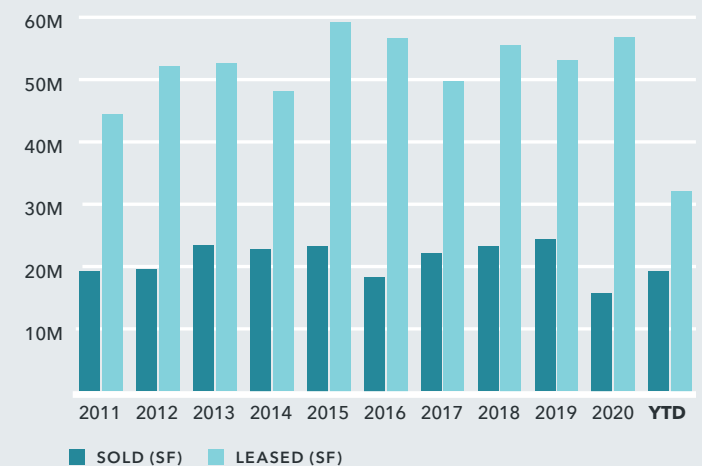
## Net Absorption & New Deliveries



## Average Sales Price/SF & Cap Rate



## Sale Volume & Leasing Activity



## SUBMARKET STATISTICS

Submarket	Building Count	Total Inventory	SF Under Construction	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Availability Rate	3Q21 Direct Net Absorption	YTD Direct Net Absorption	3Q21 Total Leasing Activity	YTD Total Leasing Activity	Avg Direct Rental Rate (NNN)
Chino/Chino Hills	907	54,224,145	1,099,790	1.8%	0.1%	1.9%	2.2%	17,870	699,389	143,097	1,603,091	\$0.90
Fontana	745	67,485,617	1,916,192	1.1%	0.2%	1.3%	4.4%	1,063,714	2,713,298	491,414	3,877,290	\$0.80
Jurupa Valley	308	31,648,560	4,099,421	0.5%	0.1%	0.6%	13.9%	68,939	1,672,784	692,280	1,134,220	\$0.80
Mira Loma	22	1,677,454	0	0.0%	0.0%	0.0%	0.0%	8,742	45,064	777,714	789,714	\$0.80
Montclair	202	3,962,704	84,384	0.9%	0.8%	1.6%	2.4%	79,475	280,154	7,698	224,784	\$0.75
Ontario	1500	114,738,549	2,181,126	0.5%	0.1%	0.6%	2.3%	1,319,670	4,702,779	1,897,399	5,914,018	\$0.82
Rancho Cucamonga	744	41,603,899	425,905	4.2%	0.0%	4.2%	4.7%	325,263	936,439	210,441	2,524,362	\$0.88
Upland	255	3,891,438	72,205	1.7%	0.0%	1.7%	4.1%	12,613	(11,309)	72,351	146,950	\$0.92
<b>West</b>	<b>4683</b>	<b>319,232,366</b>	<b>9,879,023</b>	<b>1.3%</b>	<b>0.1%</b>	<b>1.5%</b>	<b>4.1%</b>	<b>2,896,286</b>	<b>11,038,598</b>	<b>4,292,394</b>	<b>16,214,429</b>	<b>\$0.88</b>
Banning	47	943,537	1,000,000	11.0%	0.0%	11.0%	109.1%	(48,000)	(43,645)	44,500	92,395	\$0.70
Beaumont	45	5,617,079	0	0.1%	0.0%	0.1%	0.1%	4,900	10,235	0	0	\$0.65
Bloomington	109	9,679,596	174,780	5.4%	0.0%	5.4%	2.1%	385,472	830,531	0	404,606	\$0.68
Colton	172	10,767,726	0	6.6%	0.1%	6.7%	1.5%	22,344	120,915	255,208	708,402	\$0.77
Corona	908	31,304,160	944,966	1.7%	0.0%	1.7%	3.6%	518,621	390,128	524,964	1,657,460	\$0.82
Eastvale	59	11,950,419	1,736,828	0.8%	0.0%	0.8%	12.2%	214,712	242,360	29,146	776,244	\$0.75
Grand Terrace	13	429,469	0	0.0%	0.0%	0.0%	0.0%	11,000	4,800	8,250	19,250	\$0.00
Highland	16	217,387	121,294	0.0%	0.0%	0.0%	55.8%	0	0	0	0	\$0.00
Loma Linda	23	338,442	0	0.0%	0.0%	0.0%	0.0%	0	11,712	0	11,712	\$0.68
Moreno Valley	98	30,659,807	1,729,602	0.3%	0.0%	0.3%	4.5%	218,373	886,530	96,770	392,015	\$0.71
Norco	77	1,736,646	0	0.6%	0.0%	0.6%	0.1%	(1,783)	13,638	19,503	22,303	\$0.79
Perris	222	32,081,372	5,651,035	1.5%	0.0%	1.5%	14.9%	436,845	940,908	907,339	2,296,333	\$0.71
Redlands	211	28,844,153	980,895	3.1%	0.0%	3.1%	4.9%	642,777	2,093,343	225,163	1,678,750	\$0.69
Rialto	200	30,874,760	368,917	0.0%	0.0%	0.0%	2.2%	1,317,963	2,417,458	191,224	1,566,874	\$0.70
Riverside	1106	54,480,801	324,619	1.2%	0.1%	1.3%	3.7%	1,268,927	2,445,214	1,317,004	3,110,317	\$0.85
San Bernardino	572	42,386,665	1,501,454	1.6%	0.0%	1.6%	5.8%	590,860	1,849,002	933,611	1,723,486	\$0.78
<b>East</b>	<b>3878</b>	<b>292,312,019</b>	<b>14,534,390</b>	<b>1.6%</b>	<b>0.0%</b>	<b>1.7%</b>	<b>5.8%</b>	<b>5,583,011</b>	<b>12,213,129</b>	<b>4,552,682</b>	<b>14,460,147</b>	<b>\$0.81</b>
Hemet	85	1,535,105	60,014	1.1%	0.0%	1.1%	2.2%	1,108	148,078	0	7,247	\$0.63
Lake Elsinore	178	2,595,390	91,242	0.2%	0.0%	0.2%	4.2%	51,344	15,775	27,694	144,342	\$0.79
Menifee	25	1,188,036	0	60.2%	0.0%	60.2%	66.3%	0	(715,000)	0	741,000	\$0.67
Murrieta	257	4,275,788	0	3.3%	0.0%	3.3%	3.6%	287,631	334,950	50,075	242,641	\$0.00
San Jacinto	65	1,070,701	0	3.5%	0.0%	3.5%	4.4%	8,000	4,729	0	2,500	\$0.00
Temecula	332	10,529,478	0	1.1%	1.1%	2.2%	8.1%	9,326	202,648	97,263	295,434	\$0.73
Wildomar	12	324,860	0	0.0%	0.0%	0.0%	0.0%	6,499	0	4,478	10,977	\$0.00
<b>South</b>	<b>954</b>	<b>21,519,358</b>	<b>151,256</b>	<b>4.8%</b>	<b>0.5%</b>	<b>5.4%</b>	<b>9.3%</b>	<b>363,908</b>	<b>(8,820)</b>	<b>179,510</b>	<b>1,444,141</b>	<b>\$0.72</b>
5,000 - 24,999	5,911	70,200,103	664,947	1.2%	0.1%	1.2%	2.4%	453,308	819,938	694,629	2,751,057	\$0.99
25,000 - 49,999	1,393	48,579,893	932,495	1.8%	0.0%	1.8%	3.7%	285,393	1,070,374	572,743	2,079,181	\$0.94
50,000 - 99,999	839	58,106,562	1,749,938	2.0%	0.1%	2.2%	4.7%	716,053	2,749,187	1,078,550	3,866,887	\$0.90
100,000 - 249,999	751	114,719,212	4,951,548	2.7%	0.2%	2.9%	7.1%	3,051,829	6,219,260	1,965,061	9,510,030	\$0.87
250,000 - 499,999	358	128,190,931	3,646,404	0.2%	0.1%	0.3%	3.9%	3,084,141	5,868,870	1,797,980	8,600,232	\$0.85
500,000 - 999,999	204	137,033,860	3,739,636	1.8%	0.1%	1.8%	2.3%	1,252,481	4,435,112	2,915,623	5,311,330	\$0.85
1,000,000 Plus	59	76,233,182	8,879,701	1.9%	0.0%	1.9%	12.3%	0	2,080,166	0	0	\$0.75
<b>Inland Empire Total</b>	<b>9,515</b>	<b>633,063,743</b>	<b>24,564,669</b>	<b>1.6%</b>	<b>0.1%</b>	<b>1.7%</b>	<b>5.0%</b>	<b>8,843,205</b>	<b>23,242,907</b>	<b>9,024,586</b>	<b>32,118,717</b>	<b>\$0.85</b>

## NEAR-TERM OUTLOOK

**MOVING FORWARD**, we can expect activity to remain robust as demand continues to outpace supply. Anticipate renewals to increase in the following quarters as historically low vacancies sweep across the LA Basin, providing limited options

for relocations. With competition increasing and properties frequently obtaining numerous offers, rental rates will continue to increase at rapid pace.

## TOP SALE TRANSACTIONS FOR 3Q 2021

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
1110 W Merrill Ave	San Bernardino	1,106,124	\$123,353,000	\$111.52	Pacific Investment Mgmt. Co., LLC	Square Mile Capital
2950 E Philadelphia St	Airport Area	236,691	\$59,550,000	\$251.59	Nuveen	Newport Hill Corp.
500 S Dupont Ave	Airport Area	276,000	\$58,500,000	\$211.96	Rexford Industrial	Armorcast Products Co.

## TOP LEASE TRANSACTIONS FOR 3Q 2021

Property	Submarket	SF	Transaction Date	Landlord	Tenant
36900 W Fourth St	Beaumont	1,000,170	September 2021	USAA Real Estate	Undisclosed
9211 Kaiser Way	Airport Area	830,000	August 2021	Prologis	DHL
3100 S Milliken Ave	Riverside	760,829	August 2021	Sares Regis	National Distribution Centers, LLC
2677 E Alessandro Blvd	Moreno Valley	709,081	September 2021	Crow Holdings	Unis, LLC
7140 N Cajon Blvd	San Bernardino	671,913	July 2021	Invesco Ltd.	XPO Logistics

## TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery Date
Ontario Ranch Logistics Center	4810 S Hellman Ave	Airport Area	1,245,049	Real Estate Development Associates	October 2021
728 W Rider St	728 W Rider St	Moreno Valley	1,203,449	Duke Realty	December 2021
Agua Mansa Commerce Center	5400 El Rivino Rd	Riverside	1,186,950	PGIM Real Estate	January 2022
Knox Logistics Center	19115 Harville Ave	Moreno Valley	1,138,800	Clarion Partners	January 2022

DATA SOURCE: EDD, COSTAR, PORT OF LONG BEACH, OCBJ, KTLA

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The information in this report was composed by the Kidder Mathews Research Group.

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**Commercial  
Brokerage**

**\$8B**  
TRANSACTION

**23M**  
SALES SF

**42M**  
LEASING SF

**Valuation  
Advisory**

**1,800+**  
ASSIGNMENTS

**39/20**  
TOTAL NO.

**Asset  
Services**

**70M**  
MANAGEMENT

**\$12B**  
IN ASSETS UNDER

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