

MARKET TRENDS

INLAND EMPIRE INDUSTRIAL

MARKET DRIVERS

THE INLAND EMPIRE Industrial Market remains one of the most distinguished in the country, but it is evident that the market has started to diminish. Although it is unclear how long this slowdown will endure, businesses should be mindful of it as they prepare.

THE INDUSTRIAL SECTOR in the Inland Empire is experiencing strong demand for many different kinds of reasons. The continued growth of e-commerce is one of the primary factors influencing demand for industrial space. Due to the rise in online shopping, businesses need more warehouse space to store and distribute their products. This demand will continue as firms need more space to operate and grow in the Inland Empire. The Inland Empire is a desirable region, giving businesses and families easy access to the Los Angeles market and the rest of the country.

ECONOMIC REVIEW

IN 2023, the Inland Empire will have an adjusted unemployment rate of 3.4%, less than the 3.8% national adjusted unemployment rate.

THE INDUSTRIAL MARKET is expected to be productive in 2023. The demand for industrial space is anticipated to remain substantial, and any new supply will be steadily absorbed. Rents are likely to rise while vacancy rates are likely to stay low. One of the lowest in the nation, this area has a low vacancy rate.

NEAR-TERM OUTLOOK

THE INLAND EMPIRE is one of the largest industrial marketplaces in the nation, and that status is expected to continue in 2023. Businesses seeking industrial space in the Inland Empire should plan ahead, as space for class A product is limited.

THE INDUSTRIAL MARKET in the Inland Empire will be supported by the continuous expansion of the e-commerce sector, which is predicted to stimulate demand for warehouse and distribution space. The local economy is creating jobs and driving up demand from businesses for industrial space. Due to its ideal location, businesses supplying the Los Angeles and Southern California markets can readily operate in the Inland Empire.

Market Summary

	1Q23	4Q22	1Q22	Annual Change
Direct Vacancy Rate	2.7%	1.5%	0.9%	194.57%
Availability Rate	8.5%	6.0%	3.7%	130.62%
Asking Lease Rate	\$1.41	\$1.45	\$1.01	39.60%
Leasing Activity (SF)	8,298,441	6,399,335	9,668,229	-14.17%
Sale Volume (SF)	2,998,300	3,709,918	2,942,254	1.90%
Net Absorption (SF)	(803,161)	2,516,615	5,420,260	N/A

↓ **8.3M SF**
LEASING ACTIVITY

↓ **-803K SF**
NET ABSORPTION

↑ **2.7%**
VACANCY RATE

↑ **\$1.41**
ASKING RENT (AVG)

↑ **9.5M SF**
NEW DELIVERIES

Year-Over-Year Trend

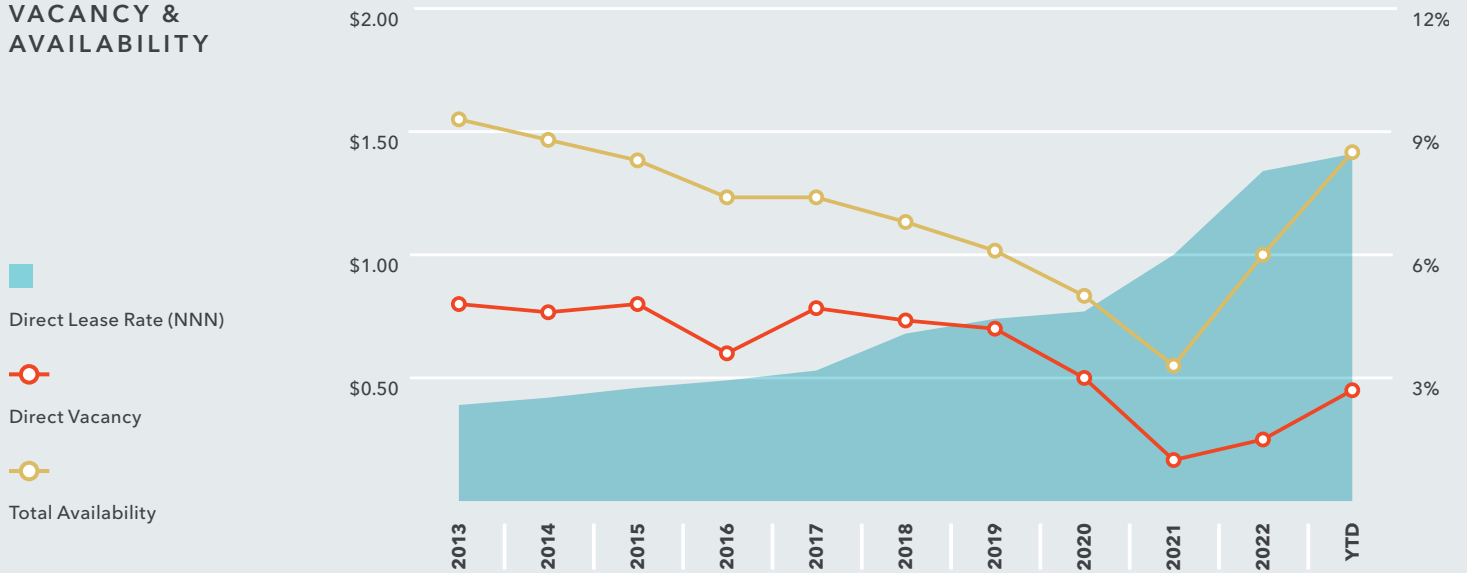
Market Highlights

DIRECT VACANCY is 2.7%, due to the many new buildings that were completed or will soon be constructed

MARKET AVERAGE of \$1.41/SF on a triple net basis climbed by 40% from year-to-year

IN Q12023, the average sale price was \$319.76/SF, and the cap rate remained constant at 4.9%

LEASE RATE, VACANCY & AVAILABILITY

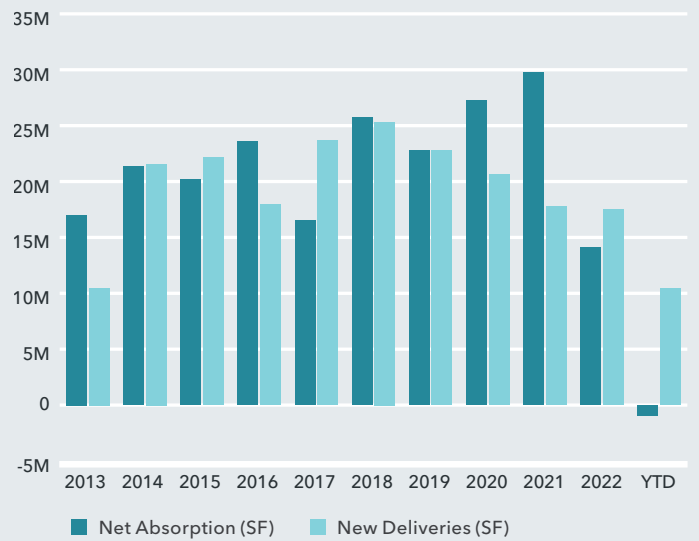


BIGGEST SALE OF THE QUARTER

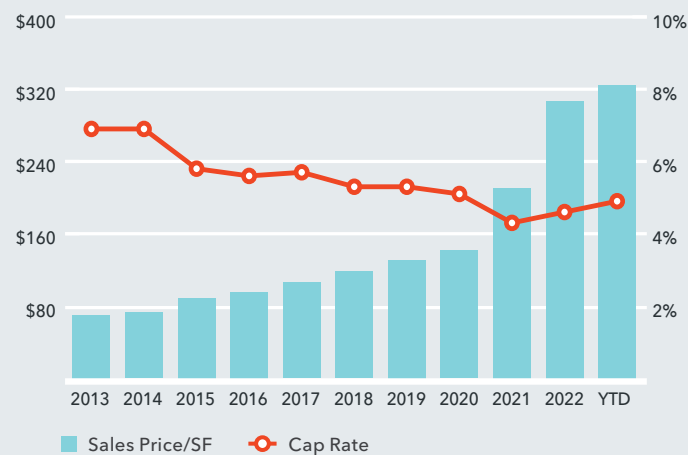
Sierra Business Park



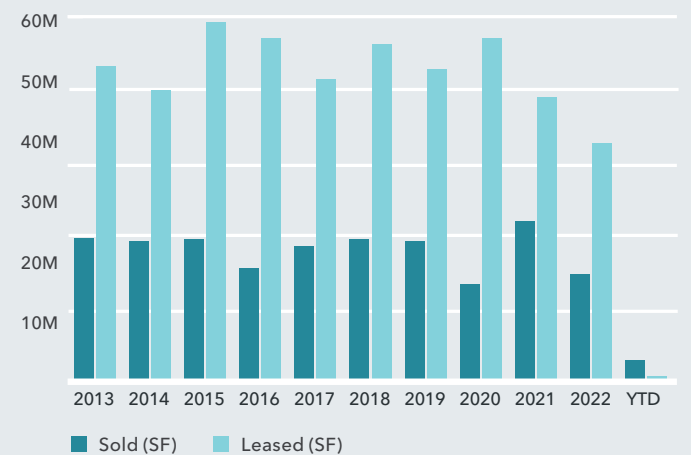
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	SF Under Const.	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Available Rate	1Q Direct Net Absorption	2022 YTD Direct Net Absorption	1Q Total Leasing Activity	2022 YTD Leasing Activity	Average Rental Rate (NNN)
Chino/Chino Hills	55,596,171	1,405,786	2.4%	0.1%	2.5%	5.2%	(16,117)	(258,085)	163,346	2,904	\$1.75
Fontana	71,225,182	4,161,510	3.5%	0.5%	4.0%	14.4%	62,729	(84,364)	2,000	401,970	\$1.65
Jurupa Valley	31,757,009	4,484,495	1.0%	0.2%	1.2%	15.5%	(55,045)	0	0	0	\$1.82
Mira Loma	947,204	0	6.5%	0.0%	6.5%	7.5%	0	(38,955)	0	0	\$1.58
Montclair	4,022,062	0	7.7%	0.0%	7.7%	8.0%	(99,415)	(13,146)	0	8,194	\$1.50
Ontario	117,141,842	7,561,272	2.1%	0.6%	2.7%	7.7%	(338,429)	(407,768)	205,322	40,288	\$1.72
Rancho Cucamonga	40,857,003	2,830,654	2.4%	0.3%	2.7%	11.3%	(163,311)	(98,863)	11,700	6,358	\$1.53
Upland	3,969,387	60,900	1.9%	0.0%	1.9%	5.6%	(27,905)	(9,109)	11,581	0	\$1.34
West	325,515,860	20,504,617	2.5%	0.4%	2.9%	9.9%	(637,493)	(910,290)	393,949	459,714	\$1.61
Banning	1,951,080	1,186,690	5.7%	0.0%	5.7%	8.7%	0	0	0	0	\$2.00
Beaumont	6,632,630	1,777,708	0.0%	0.0%	0.0%	0.0%	0	0	0	0	\$0.00
Bloomington	10,163,613	0	0.9%	0.0%	0.9%	2.1%	0	(8,600)	17,750	0	\$1.24
Colton	10,885,591	0	2.9%	0.6%	3.4%	9.7%	(10,770)	(63,250)	10,514	0	\$1.00
Corona	32,833,811	1,095,498	4.8%	0.3%	5.1%	7.4%	(172,219)	(145,636)	0	0	\$1.60
Eastvale	14,073,757	0	1.7%	0.0%	1.8%	2.2%	0	0	0	0	\$1.55
Grand Terrace	424,525	0	1.2%	0.0%	1.2%	0.8%	(2,120)	0	1,380	0	\$0.00
Highland	2,089,637	305,617	0.0%	0.0%	0.0%	14.6%	0	0	0	0	\$0.00
Loma Linda	354,629	0	0.4%	0.0%	0.4%	12.6%	0	0	0	0	\$1.25
Moreno Valley	32,132,325	1,052,800	2.3%	0.9%	3.2%	3.0%	(13,780)	104,282	3,402	0	\$1.20
Norco	2,782,955	699,356	36.7%	0.0%	36.7%	37.1%	0	0	1,531	0	\$1.48
Perris	40,265,345	6,995,564	5.0%	0.2%	5.3%	9.1%	(41,461)	251,366	5,300	0	\$1.25
Redlands	30,344,430	549,772	1.6%	0.5%	2.1%	6.2%	150,267	1,475	0	0	\$1.42
Rialto	31,385,092	555,060	1.6%	0.0%	1.6%	7.9%	0	2,400	1,200	0	\$1.25
Riverside	57,040,811	1,578,062	1.3%	1.0%	2.4%	7.7%	(116,031)	(21,020)	149,687	8,117	\$1.51
San Bernardino	42,990,666	201,195	1.1%	0.1%	1.3%	7.9%	(1,487)	(58,886)	13,372	2,372	\$1.39
East	316,350,897	15,997,322	2.6%	0.4%	3.1%	7.1%	(207,601)	62,131	204,136	10,489	\$1.42
Hemet	1,607,929	0	0.0%	0.0%	0.0%	2.4%	6,500	0	0	0	\$0.00
Lake Elsinore	2,730,816	0	1.8%	0.0%	1.8%	7.4%	(1,430)	(5,138)	2,136	2,961	\$1.09
Menifee	1,322,987	544,115	60.4%	0.0%	60.4%	68.7%	0	0	0	0	\$1.25
Murrieta	4,496,754	253,464	2.8%	0.1%	2.9%	7.5%	12,163	(7,400)	1,750	10,356	\$1.32
San Jacinto	1,086,019	0	2.4%	0.0%	2.4%	4.9%	0	(2,500)	0	0	\$0.80
Temecula	10,233,752	109,585	1.5%	1.0%	2.5%	3.9%	24,700	(40,598)	13,294	3,870	\$1.15
Wildomar	317,860	0	1.2%	0.0%	1.2%	0.0%	0	0	5,961	0	\$1.10
South	21,796,117	907,164	5.3%	0.5%	5.8%	8.9%	41,933	(55,636)	23,141	17,187	\$1.18
5,000 - 24,999	71,408,749	486,351	2.4%	0.1%	2.4%	4.1%	(127,873)	(108,117)	156,452	24,337	\$1.50
25,000 - 49,999	50,171,521	1,203,244	4.4%	0.4%	4.8%	7.8%	(117,046)	(144,163)	60,168	50,727	\$1.51
50,000 - 99,999	60,661,064	2,590,434	4.8%	0.3%	5.1%	8.9%	(281,204)	(431,465)	9,688	76,809	\$1.45
100,000 - 249,999	121,910,349	6,209,853	5.1%	0.6%	5.6%	12.1%	(375,831)	(471,416)	133,073	0	\$1.52
250,000 - 499,999	133,336,073	3,385,356	2.3%	1.1%	3.5%	10.5%	150,267	251,366	0	325,161	\$1.77
500,000 - 999,999	142,453,652	2,518,262	1.1%	0.1%	1.1%	5.8%	0	0	0	0	\$1.02
1,000,000 Plus	83,857,547	7,783,027	0.0%	0.0%	0.0%	8.7%	0	0	0	0	\$0.98
Inland Empire Total	663,662,874	37,409,103	2.7%	0.4%	3.1%	8.5%	(803,161)	(903,795)	621,226	487,390	\$1.41

TOP SALE TRANSACTIONS 1Q 2023

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Sierra Business Park	Inland Empire W	1,101,840	\$365,000,000	\$331.26	Rexford Industrial RE, Inc.	Tireco Inc.
1800 S Wineville Ave - Thrifty	Inland Empire W	446,624	\$125,000,000	\$279.88	Link Logistics Real Estate	JP Morgan Chase & Co
Sycamore Canyon Distribution Park	Inland Empire E	361,346	\$120,000,000	\$332.09	BentallGreenOak LP	Loctek
13592 Slover Ave	Inland Empire W	17.42 AC	\$38,906,500	\$51.27 (land value)	Alere Property Group LLC	Clark Pacific
13925 Benson Ave	Inland Empire W	38,968	\$27,500,000	\$705.71	Rexford Industrial RE, Inc.	Leon O. Martin Revocable Trust

TOP LEASE TRANSACTIONS 1Q 2023

Property	Submarket	SF	Transaction Date	Landlord	Tenant
3413 Manitou Ct	Inland Empire East	1,379,287	February 2023	Blackstone Inc.	Constellation Brands
Perris Distribution Center	Inland Empire East	864,000	February 2023	ARES Management LLC	NFI Industries, Inc.
Knox Logistics Center VI	Inland Empire East	418,000	January 2023	Clarion Partners	Undisclosed
17825 Indian St	Inland Empire East	366,117	February 2023	First Industrial Realty Trust, Inc.	Sam's Club 3PL
Canyon Commerce Center	Inland Empire East	355,182	March 2023	Brookfield Premier Real Estate Partners	Geodis Logistics, LLC (Renewal)

TOP UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Amazon	8900 Merrill Ave	Inland Empire West	4,055,890	Prologis	June 2023
Bridge Point Rancho Cucamonga I/II	12430 Fourth St & 12415 Sixth St	Inland Empire West	2,175,021	Bridge	September 2023
Link - Space Center	3412-3413 Manitou Ct	Inland Empire East	1,939,312	Blackstone Inc.	December 2023
Beaumont Crossroads Logistics Park	36855 W Fourth St	Inland Empire East	1,777,708	USAA Real Estate LLC	August 2023
Ontario Ranch Business Park	SEC Eucalyptus & Euclid (1-7)	Inland Empire West	1,691,544	Clarion Partners	June 2023
Agua Mansa Commerce Center	5400 El Rivino Rd	Inland Empire East	1,186,950	CT Realty Investors	June 2023
I-15 Logistics Center	4121 Lytle Creek Road	Inland Empire West	1,171,788	CapRock Partners	May 2023

Data Source: EDD, CoStar



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COMMERCIAL
BROKERAGE

\$12B

TRANSACTION
VOLUME ANNUALLY

32.1M

ANNUAL
SALES SF

41.2M

ANNUAL
LEASING SFASSET
SERVICES

53M

MANAGEMENT
PORTFOLIO SF

771+

ASSETS UNDER
MANAGEMENT

250+

ASSET SERVICES
CLIENTSVALUATION
ADVISORY

2,600+

ASSIGNMENTS
ANNUALLY

46

TOTAL
APPRAISERS

23

WITH MAI
DESIGNATIONS