

MARKET TRENDS

INLAND EMPIRE INDUSTRIAL

The industrial market in Inland Empire County has an 8.0% overall vacancy rate, because of softening demand driven by a surge in new supply.

MARKET DRIVERS

The Inland Empire industrial market was influenced by several key factors. New warehouse distribution buildings entering the market, outpacing demand and driving up vacancy rates. This has a substantial impact on the growth of the supply. Asking rents have declined significantly because of the rising number of vacancies and the influx of lower-cost sublease options, as revenue dried up with weaker tenant interest.

Moderation played a part in e-commerce as marketplaces adjusted their supply chains after previous expansion. Automation technologies have the potential to transform the industrial landscape, reshaping the types of facilities and spaces that businesses need. As businesses face challenges and downsizing, there is now more sublease space available, providing tenants with greater flexibility and lower rental rates.

Despite short-term modifications to the market, the region’s strategic location near key transportation hubs and its population growth continues to bolster long-term demand.

NEAR-TERM OUTLOOK

In early 2025, the industrial real estate outlook for the Inland Empire remains uncertain due to trade disputes, global geopolitical concerns, and economic challenges like declining consumer spending and labor shortages. These factors are dampening demand for industrial space. While e-commerce still drives demand, its slower growth rate impacts the need for warehouse and distribution space.

Vacancy rates are expected to stay high as new construction outpaces demand, with increased landlord competition easing rental rates. Lease activity may rise as companies capitalize on lower rates and more space. The market has rebalanced in certain building sizes, with new leasing offsetting negative absorption.

Market Summary

	4Q24	3Q24	4Q23	YOY Change
Direct Vacancy Rate	6.4%	6.2%	4.3%	48.64%
Total Availability Rate	12.1%	11.7%	10.3%	17.79%
Direct Asking Lease Rate	\$1.12	\$1.41	\$1.44	-22.22%
	4Q24	3Q23	4Q23	YOY Change
Total Lease Transactions (SF)	7,663,239	15,598,731	14,709,230	-47.90%
Sale Transactions (SF)	994,162	2,723,954	2,650,348	-62.49%
Direct Net Absorption	1,328,849	525,258	7,544,103	N/A

↓ 7.7M SF
LEASING ACTIVITY

↓ 1.3M SF
NET ABSORPTION

↑ 6.4%
VACANCY RATE

↓ \$1.12
ASKING RENT (AVG)

↓ 2.9M SF
NEW DELIVERIES

Year-Over-Year Trend

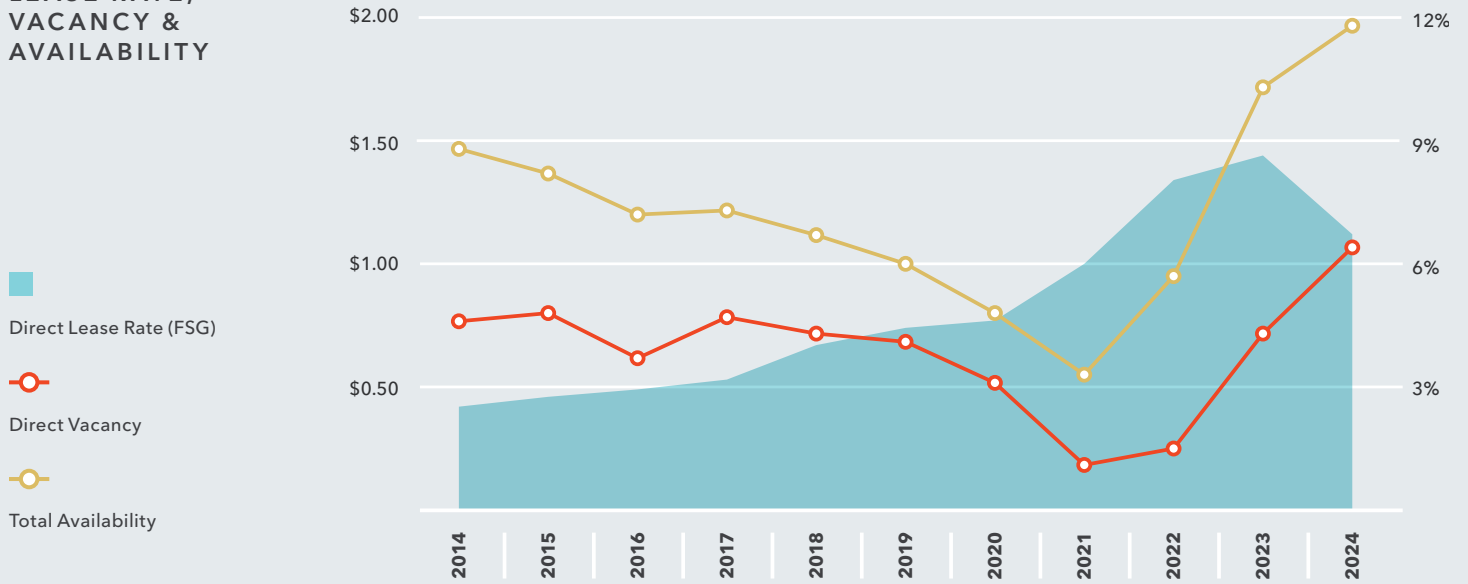
Market Highlights

DIRECT VACANCY rose to 6.4%.

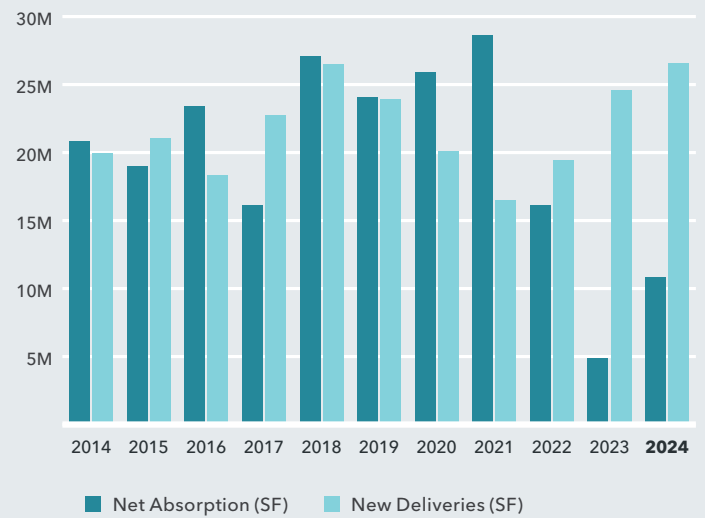
AVERAGE ASKING RATE was reduced to \$1.12/SF on a triple net lease (NNN) basis.

AVERAGE SALE PRICE was \$324.38 PSF and a cap rate of 4.9%.

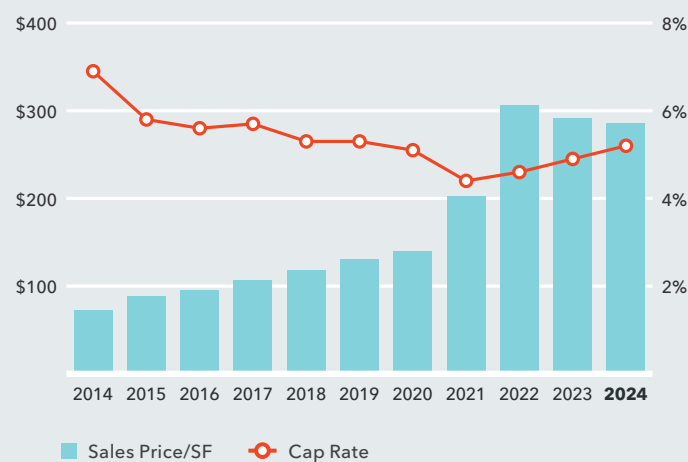
LEASE RATE, VACANCY & AVAILABILITY



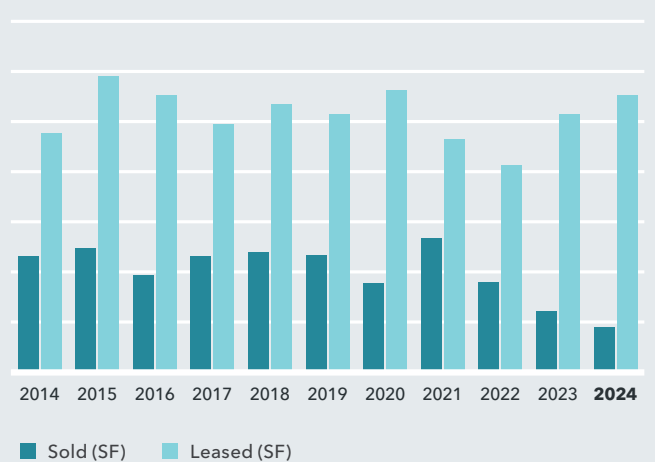
NET ABSORPTION & NEW DELIVERIES



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 Available Rate	QTR Direct Net Absorption	YTD Direct Net Absorption	QTR Total Leasing Activity	YTD Total Leasing Activity	AVG NNN Rental Rate
Chino/Chino Hills	955	57,113,502	0	6.0%	1.2%	7.2%	9.2%	(117,377)	(639,751)	893,935	6,340,434	\$1.45
Eastvale	71	14,455,377	234,403	4.3%	5.6%	9.9%	11.8%	44,064	(364,726)	27,636	1,300,440	\$1.26
Fontana	806	77,328,426	1,901,512	6.1%	0.8%	6.9%	11.9%	1,250,948	4,622,249	1,381,404	9,126,775	\$1.36
Jurupa Valley	324	38,538,921	0	5.2%	0.1%	5.3%	8.7%	540,452	3,652,140	401,815	3,388,740	\$1.17
Mira Loma	20	711,296	0	5.6%	1.1%	6.8%	6.8%	0	21,617	16,885	16,885	\$1.08
Montclair	208	4,154,432	513,925	9.5%	2.4%	11.9%	30.0%	(171,845)	(134,402)	9,898	213,247	\$0.88
Ontario	1,539	130,310,896	3,090,619	6.6%	1.1%	7.7%	12.3%	374,914	4,793,191	2,689,044	13,641,610	\$0.88
Rancho Cucamonga	750	43,683,769	151,455	7.8%	1.0%	8.8%	10.4%	(991,135)	(1,117,892)	284,961	3,124,419	\$1.26
Upland	261	4,081,505	7,700	5.3%	0.0%	5.3%	6.6%	(1,593)	17,009	41,339	283,069	\$1.26
West	4,934	370,378,124	5,899,614	6.3%	1.1%	7.4%	11.2%	928,428	10,849,435	5,746,917	37,435,619	\$1.11
Banning	48	1,933,563	0	3.3%	3.0%	6.2%	60.1%	(4,900)	(12,900)	0	0	\$0.79
Beaumont	48	6,550,430	0	0.0%	7.0%	7.0%	7.1%	0	0	0	9,500	\$0.00
Bloomington	126	11,173,640	261,632	8.5%	0.0%	8.5%	13.8%	(704,143)	(684,143)	0	798,159	\$0.55
Colton	177	10,978,692	599,932	8.2%	0.0%	8.2%	15.9%	88,735	335,705	351,862	880,485	\$1.20
Corona	926	33,207,211	220,589	3.2%	0.2%	3.4%	5.6%	44,096	967,971	200,236	1,756,829	\$1.26
Grand Terrace	15	437,757	0	0.0%	0.0%	0.0%	0.0%	7,910	13,664	2,760	13,592	\$0.00
Highland	25	2,478,622	0	12.5%	0.0%	12.5%	12.5%	(1,450)	0	0	6,250	\$0.00
Loma Linda	25	434,679	0	8.4%	0.0%	8.4%	8.4%	91,518	43,687	16,826	118,124	\$0.46
Moreno Valley	119	33,297,507	39,000	4.4%	1.8%	6.2%	9.8%	215,417	(906,126)	107,200	905,087	\$1.20
Norco	87	2,695,171	0	35.0%	0.0%	35.0%	38.0%	123,920	(42,139)	92,708	358,371	\$1.17
Perris	266	45,422,333	2,028,154	10.2%	4.7%	14.9%	18.8%	(29,494)	841,971	192,814	3,732,597	\$1.06
Redlands	223	30,924,047	208,000	6.6%	1.8%	8.4%	14.0%	460,171	(231,726)	317,977	1,480,033	\$1.23
Rialto	211	31,450,720	885,435	5.8%	0.2%	6.1%	10.2%	205,338	871,365	20,495	2,378,381	\$1.29
Riverside	1,137	58,910,941	1,129,048	4.8%	4.9%	9.7%	13.5%	(341,075)	(507,601)	388,966	2,377,275	\$1.15
San Bernardino	596	44,934,213	335,460	6.8%	0.3%	7.1%	14.9%	445,373	(558,884)	112,931	2,265,170	\$0.81
East	4,029	314,829,526	5,707,250	6.4%	2.2%	8.6%	13.4%	601,416	130,844	1,804,775	17,079,853	\$1.13
Hemet	88	1,641,646	0	3.1%	0.0%	3.1%	5.2%	5,000	(27,129)	0	2,580	\$1.00
Lake Elsinore	183	2,730,630	0	6.6%	0.1%	6.7%	7.9%	(17,404)	(103,859)	17,354	143,882	\$1.32
Menifee	30	1,875,102	0	43.6%	0.0%	43.6%	43.9%	(88,250)	(69,000)	8,000	55,667	\$1.25
Murrieta	278	4,646,868	20,000	1.2%	0.0%	1.2%	5.0%	79,245	184,332	6,200	141,929	\$1.24
San Jacinto	66	1,107,869	0	1.5%	0.0%	1.5%	1.5%	0	(12,871)	2,500	6,250	\$0.85
Temecula	349	10,352,425	71,862	6.2%	0.1%	6.4%	7.7%	(179,586)	(114,553)	71,778	427,419	\$1.30
Wildomar	12	331,720	0	0.0%	0.0%	0.0%	0.0%	0	0	7,609	13,363	\$0.00
South	1,006	22,686,260	91,862	7.8%	0.1%	7.9%	9.6%	(200,995)	(143,080)	113,441	791,090	\$1.28
5,000 - 24,999	6,049	72,204,935	943,158	3.2%	0.2%	3.5%	4.8%	79,820	(75,736)	745,592	3,592,769	\$1.36
25,000 - 49,999	1,490	52,366,155	9,468,999	5.8%	0.5%	6.3%	8.8%	95,796	58,700	996,944	3,691,415	\$1.24
50,000 - 99,999	903	62,918,600	1,286,569	7.7%	1.1%	8.7%	11.3%	(313,217)	465,910	814,881	4,364,746	\$1.18
100,000 - 249,999	833	127,746,731	0	9.4%	0.8%	10.2%	14.0%	619,637	3,451,994	1,934,178	12,847,410	\$1.11
250,000 - 499,999	395	140,495,298	0	9.0%	2.6%	11.6%	18.9%	2,341,972	(1,277,433)	2,321,255	12,567,551	\$0.92
500,000 - 999,999	221	148,984,446	0	7.0%	2.0%	9.1%	13.3%	(2,499,077)	(3,794,764)	252,283	8,811,395	\$1.18
1,000,000 Plus	79	103,281,088	0	0.0%	2.3%	2.3%	6.1%	1,003,918	12,008,528	600,000	9,431,276	\$0.00
Inland Empire Total	9,969	707,893,910	11,698,726	6.4%	1.6%	8.0%	12.1%	1,328,849	10,837,199	7,665,133	55,306,562	\$1.12

SIGNIFICANT SALE TRANSACTIONS FOR 4Q24

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
13201 Dahlia St	Inland Empire West	278,650	\$70,100,000	\$251.57	Rexford Industrial Realty, Inc.	Cabot Properties, Inc.
5600 Market St (Terminal/Sale Leaseback)	Inland Empire East	25,910	\$51,000,000	\$1,968.35	Alterra Property Group	Wheeler Trucking
13866 Slover Ave (Truck Terminal)	Inland Empire West	25,000	\$17,500,000	\$700.00	LaSalle Investment Management	HSB Legacy Holdings, LLC
2078 Rustin Ave	Inland Empire East	44,608	\$15,500,000	\$347.47	Hyundai Rotem Smart Electric	Acacia Real Estate Group Inc.
469 S Yucca Ave	Inland Empire East	37,857	\$11,750,000	\$310.38	Dedeaux Properties, LLC	SCG/DP Yucca, LLC
12240 Eastend Ave	Inland Empire West	28,662	\$11,000,000	\$383.78	Perspective Therapeutics	Bluesky Management

SIGNIFICANT LEASE TRANSACTIONS FOR 4Q24

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Merrill Commerce Center	Inland Empire West	600,000	October 2024	Prologis, Inc.	eLogistics (Sublease)
Ontario Distribution Center	Inland Empire West	480,000	November 2024	James Campbell Co.	Armstrong Logistics
11119 Juniper Ave	Inland Empire West	436,424	November 2024	The Bascom Group	AmerisourceBergen (Healthcare-14 Yr Lease)
Watson Commerce Center	Inland Empire West	349,552	December 2024	Watson Land Co.	MAYROCK (Sublease)
Ontario Distribution Center	Inland Empire East	341,000	December 2024	Heitman	GW Logistics
Redlands Distribution Center	Inland Empire East	252,283	November 2024	Prologis, Inc.	Undisclosed (Renewed Sublease)

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
The Hub	Airport Dr - Carnegie Ave	Inland Empire West	1,162,032	Ontario Int'l Airport Authority	July 2025 - September 2025
Speedway Commerce Center	9151 + 9253 Dreamland Dr	Inland Empire West	1,814,822	Hillwood Development Corp	January 2025
Perris Logistics Center North	801 S Redlands Ave	Inland Empire East	1,020,657	IDI Logistics	March 2025
Sycamore Hills Distribution Center	Alessandro Blvd	Inland Empire East	603,100	Rockefeller Group	February 2025 - March 2025
Oakmont Mission Ramona Bus Pk	Ramona Ave & Mission Blvd (8)	Inland Empire West	513,925	Oakmont Industrial Group	February 2025
Birtcher Logistics Center Rialto	350 W Valley Blvd	Inland Empire East	492,410	CT Realty Investors	December 2024

Data Source: EDD, CoStar



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COMMERCIAL BROKERAGE	\$10B 3-YEAR AVERAGE TRANSACTION VOLUME	31.7M ANNUAL SALES SF	42.4M ANNUAL LEASING SF
ASSET SERVICES	57M SF MANAGEMENT PORTFOLIO SIZE	850+ ASSETS UNDER MANAGEMENT	260+ CLIENTS SERVED
VALUATION ADVISORY	2,600+ 3-YEAR AVERAGE ASSIGNMENTS	43 TOTAL APPRAISERS	27 WITH MAI DESIGNATIONS

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