

MARKET TRENDS

INLAND EMPIRE INDUSTRIAL

Vacancy in the Inland Empire rose to 6.0% in Q2 2025, driven by a wave of newly delivered industrial space. Developers responded with caution, slowing new starts and prioritizing quality over volume. Lower rents are allowing tenants to recalibrate as they navigate evolving operational needs and broader economic uncertainty.

Despite softer e-commerce growth, demand remains for specialized spaces such as cold storage and last-mile logistics. High-efficiency buildings are leasing well, while older, less adaptable facilities face pressure. Strong fundamentals continue to support pricing in prime submarkets.

MARKET DRIVERS

The market remains closely tied to international trade, with West Coast ports—particularly those receiving Chinese imports—playing a key role in driving space demand. Shifting tariffs have led some users to expand inventory, while others adopt a “wait-and-see” posture to assess long-term impact.

Developers are adjusting timelines and leasing strategies in response to slower absorption, especially for larger speculative builds. Flexible, right-sized facilities are attracting more interest as tenants seek efficient layouts and greater adaptability.

Variable interest rates and consumer spending trends continue to influence leasing decisions. Elevated vacancies have led to more tenant-friendly negotiations, especially in commodity space, though newer buildings in key logistics corridors remain competitive.

FORWARD OUTLOOK

The second half of 2025 is expected to bring continued recalibration. New construction starts will likely slow further, aligning with absorption trends. Leasing activity should remain tenant-driven, with demand favoring functional, well-located product over legacy space.

Rental rates may stabilize or soften in outlying submarkets, but demand for modern distribution centers should persist, particularly near transportation hubs. As supply chains evolve and global trade flows adjust, the Inland Empire’s strategic location will continue to anchor long-term industrial demand.

Cap rates are holding near 7.0%, and sale prices averaged \$273.29/s.f., suggesting a stable investment environment despite current market headwinds.

Market Summary

	2Q25	1Q25	2Q24	YOY Change
Direct Vacancy Rate	6.0%	5.5%	5.5%	9.60%
Total Availability Rate	12.3%	11.8%	11.7%	5.46%
Direct Asking Lease Rate	\$1.04	\$1.04	\$1.28	-18.75%
	2Q25	1Q25	2Q24	YOY Change
Total Lease Transactions (SF)	8,058,277	15,396,793	19,249,381	-58.14%
Sale Transactions (SF)	1,373,449	1,788,617	3,593,836	-61.78%
Direct Net Absorption	-2,938,729	6,786,316	7,426,952	N/A

↓ **8.1M SF**
LEASING ACTIVITY

↓ **2.9M SF**
NET ABSORPTION

↑ **6.0%**
VACANCY RATE

↓ **\$1.04**
ASKING RENT (AVG)

↓ **504K SF**
NEW DELIVERIES

Year-Over-Year Trend

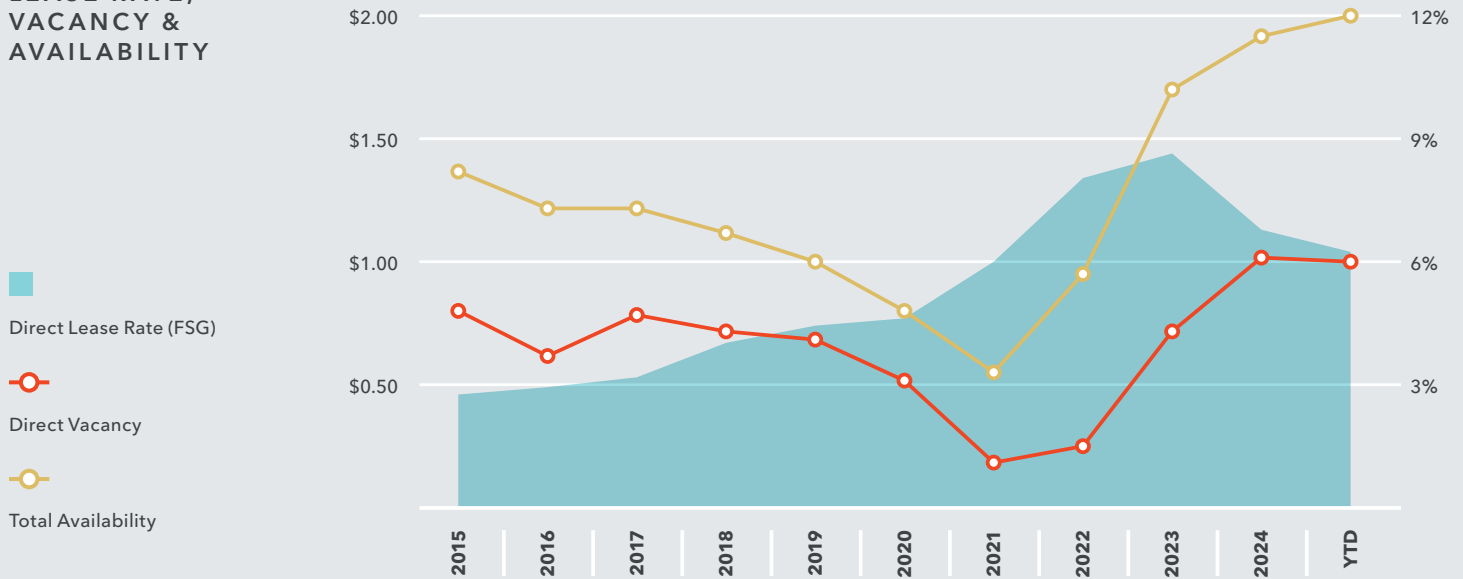
Market Highlights

DIRECT MARKET VACANCY rate for the second quarter of 2025 in the Inland Empire was 6.0%.

CURRENTLY, the average asking rate is \$1.04/SF on a triple net lease (NNN) basis.

AN AVERAGE SALE PRICE of \$273.29 per square foot and a cap rate of 7.0%.

LEASE RATE, VACANCY & AVAILABILITY

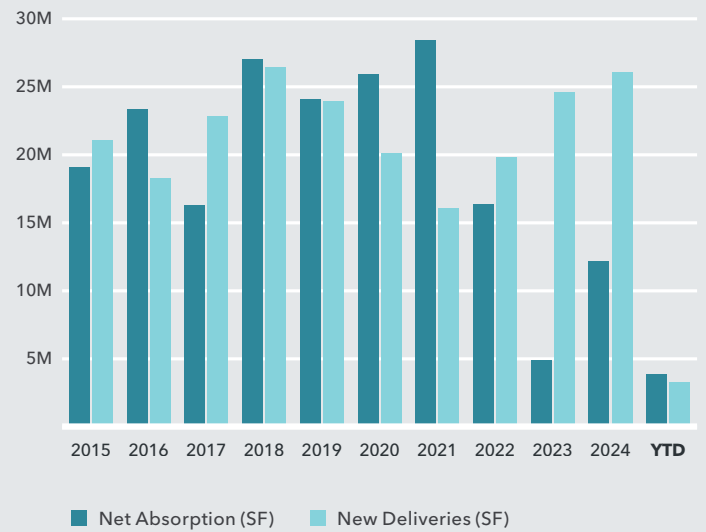


BIGGEST SALE OF THE QUARTER

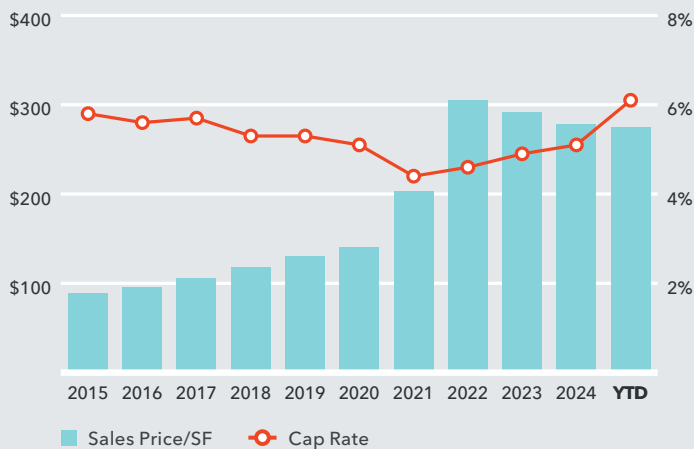
*11296 Harrel St - Building B-2
Jurupa Valley, CA*



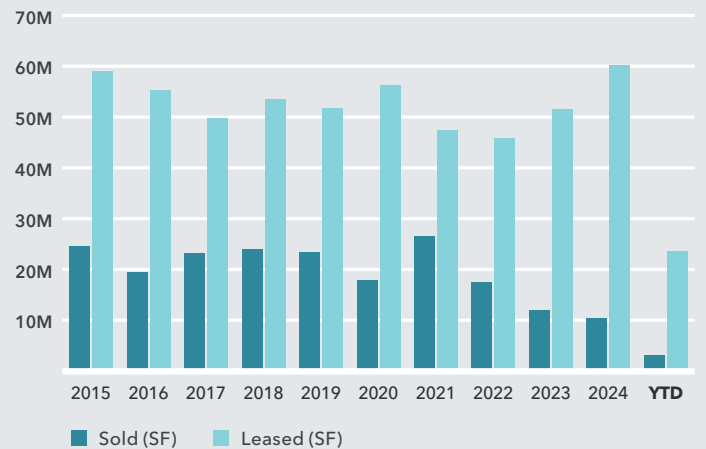
NET ABSORPTION & NEW DELIVERIES



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	57,084,142	0	4.6%	1.1%	5.8%	7.3%	-465,211	237,603	691,324	1,854,603	\$1.40
Eastvale	73	14,623,846	0	1.5%	0.0%	1.5%	8.0%	-173,935	586,842	21,053	324,147	\$1.09
Fontana	808	77,457,654	2,123,630	6.0%	1.1%	7.1%	10.1%	-344,030	-540,731	652,790	1,879,895	\$1.02
Jurupa Valley	324	38,160,316	0	2.6%	0.1%	2.7%	12.6%	-68,443	1,016,554	118,458	1,000,465	\$1.22
Mira Loma	20	979,591	0	2.7%	0.0%	2.7%	1.7%	0	-16,885	9,392	9,392	\$0.00
Montclair	206	4,071,536	513,925	11.2%	0.0%	11.2%	32.8%	-102,495	-65,914	11,132	59,976	\$1.02
Ontario	1540	129,238,442	3,273,249	5.0%	1.1%	6.1%	12.2%	-1,139,215	1,974,335	2,381,655	7,354,998	\$0.97
Rancho Cucamonga	750	43,674,602	151,455	7.5%	0.3%	7.8%	13.8%	-693,020	36,338	720,826	1,228,766	\$1.15
Upland	262	4,118,543	0	3.3%	0.0%	3.3%	4.4%	16,848	60,948	39,049	94,640	\$2.02
West	4,938	369,408,672	6,062,259	5.1%	0.8%	5.9%	11.2%	-2,969,501	3,289,090	4,645,679	13,806,882	\$1.08
Banning	47	1,926,399	0	5.8%	0.0%	5.8%	57.1%	-62,372	-48,862	53,720	64,130	\$0.80
Beaumont	48	6,550,430	0	0.1%	16.2%	16.3%	16.3%	-3,286	-9,536	0	2,500	\$1.16
Bloomington	127	11,177,006	261,632	10.7%	0.6%	11.3%	15.1%	98,127	-246,555	0	98,127	\$0.80
Colton	180	11,127,980	599,932	7.2%	0.0%	7.2%	13.1%	-96,882	106,544	10,500	467,143	\$0.93
Corona	924	33,253,635	0	3.7%	0.4%	4.1%	5.8%	314,412	18,199	100,241	658,673	\$1.16
Grand Terrace	15	438,417	0	0.0%	0.0%	0.0%	0.6%	0	0	0	2,800	\$0.00
Highland	24	2,472,494	0	0.2%	0.0%	0.2%	0.0%	305,617	305,617	3,850	309,467	\$0.00
Loma Linda	25	434,679	0	0.3%	0.0%	0.3%	0.3%	36,313	34,945	36,313	36,313	\$0.37
Moreno Valley	121	33,339,347	39,000	6.6%	1.0%	7.6%	12.8%	-509,635	-700,676	49,000	310,257	\$0.98
Norco	88	2,703,226	0	27.9%	0.0%	27.9%	28.6%	93,407	187,723	1,531	269,712	\$1.02
Perris	269	46,955,299	1,313,413	8.9%	3.5%	12.4%	17.5%	457,609	1,882,892	146,645	2,771,715	\$0.98
Redlands	225	30,974,420	564,791	7.5%	4.0%	11.5%	15.1%	417,227	-316,417	1,174,462	1,203,282	\$0.97
Rialto	213	32,238,331	98,721	7.9%	3.8%	11.7%	12.7%	92,040	68,978	869,525	948,820	\$1.04
Riverside	1140	59,249,608	844,423	4.3%	4.5%	8.8%	14.4%	266,129	521,053	810,039	1,458,961	\$1.15
San Bernardino	592	44,906,958	365,460	11.3%	1.5%	12.8%	14.8%	-1,599,899	-2,062,786	109,670	619,852	\$0.89
East	4,038	317,748,229	4,087,372	7.2%	2.8%	10.1%	14.0%	-191,193	-258,881	3,365,496	9,221,752	\$1.00
Hemet	87	1,576,491	0	2.9%	0.0%	2.9%	5.1%	-5,480	-12,266	0	2,660	\$0.90
Lake Elsinore	182	2,736,801	52,340	8.0%	0.0%	8.0%	8.7%	-16,088	-37,560	19,095	31,049	\$1.34
Menifee	30	1,875,101	0	13.6%	0.0%	13.6%	44.2%	0	544,115	0	0	\$0.00
Murrieta	281	4,653,725	50,575	1.3%	0.2%	1.5%	5.5%	3,930	-2,241	55,600	97,653	\$1.23
San Jacinto	66	1,107,869	0	1.7%	0.0%	1.7%	1.7%	-2,500	-2,500	0	0	\$0.85
Temecula	351	10,391,264	33,927	3.2%	0.0%	3.2%	4.4%	254,776	340,503	26,378	349,045	\$1.37
Wildomar	12	331,720	0	3.8%	0.0%	3.8%	3.8%	-12,673	-12,673	4,180	4,180	\$1.11
South	1,009	22,672,971	136,842	4.2%	0.1%	4.2%	8.4%	221,965	817,378	105,253	484,587	\$1.29
5,000 - 24,999	6,052	72,239,895	638,091	3.3%	0.2%	3.5%	5.4%	98,434	-64,172	589,412	1,445,179	\$1.33
25,000 - 49,999	1,492	52,346,206	9,648,382	4.4%	0.3%	4.7%	8.2%	381,509	490,564	598,792	1,318,246	\$1.15
50,000 - 99,999	912	63,582,552	0	7.2%	0.7%	7.9%	10.7%	-275,974	188,618	535,762	1,899,247	\$1.13
100,000 - 249,999	833	127,976,079	0	7.2%	0.6%	7.9%	14.1%	411,684	2,451,292	1,867,328	5,483,363	\$1.04
250,000 - 499,999	398	141,767,629	0	9.0%	2.3%	11.3%	17.2%	282,306	899,463	1,715,759	6,422,524	\$0.85
500,000 - 999,999	219	148,000,522	0	7.8%	2.5%	10.3%	14.6%	-3,836,688	-1,138,835	2,809,375	6,530,602	\$1.02
1,000,000 Plus	80	104,021,415	0	0.0%	3.4%	3.4%	8.3%	0	1,020,657	0	414,060	\$0.00
Inland Empire Total	9,985	709,829,872	10,286,473	6.0%	1.7%	7.7%	12.3%	-2,938,729	3,847,587	8,116,428	23,513,221	\$1.04

SIGNIFICANT SALE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Park Mira Loma North II	Inland Empire East	353,361	\$90,450,000	\$255.97	LBA Realty	STRS Ohio CA Real Estate
Rochester Business Center (4-Ind Portfolio)	Inland Empire West	243,870	\$63,600,000	\$260.79	Faropoint	Blackstone Inc.
Link Logistics Center	Inland Empire East	134,256	\$38,500,000	\$286.77	DHG Solutional, Inc.	Link Logistics Real Estate
Palmetto Commerce Center	Inland Empire East	90,726	\$26,582,718	\$293.00	Winix America Inc.	Civf V-CA1w04 LLC
15762 Valley Blvd	Inland Empire West	30,660	\$17,650,000	\$575.67	Duff Capital Investors	Pride Group Enterprises
11081 Cherry Ave (Sold for Land Value)	Inland Empire West	189,050	\$12,900,000	\$68.24	Outpost	Penwood Real Estate Investment

SIGNIFICANT LEASE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Rider Logistics Center	Inland Empire East	804,803	April 2025	IDI Logistics	GreenBox
Rialto Commerce Center II	Inland Empire East	715,433	May 2025	Alere Property Group	ABS-American Building Supply, Inc.
Nissan North American Distribution	Inland Empire East	620,000	April 2025	Morgan Stanley & Co.	Nissan North America (Renewal)
Ontario Gateway	Inland Empire West	615,640	April 2025	Alere Property Group	e.l.f. Beauty
California Commerce Center	Inland Empire West	436,945	April 2025	Prologis	HYTX Logistics
Ontario Distribution Center	Inland Empire West	432,308	May 2025	Heitman	Saddle Creek Logistics Services (Renewal)

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
The Hub	Airport Dr - Carnegie Ave	Inland Empire West	1,540,737	Ontario Int'l Airport Authority	July 2025 to Sept. 2025
Speedway Commerce Center	9151 + 9253 Dreamland Dr	Inland Empire West	1,814,822	Hillwood Development Corp	July 2025
Perris Gateway	3690 Webster Ave	Inland Empire East	855,330	FSD Perris LLC	December 2025
Sycamore Hills Distribution Center	Alessandro Blvd - Barton St	Inland Empire East	603,100	Rockefeller Group	July 2025
Loma Creek Logistics Center	3550 Millcreek Ave	Inland Empire West	534,234	Brookfield Properties	August 2025
Oakmont Mission Ramona Bus Park	State St & Mission Blvd (8)	Inland Empire West	513,925	Oakmont Industrial Group	August 2025

Data Source: EDD, CoStar



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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

26.2M

ANNUAL
SALES SF

36.7M

ANNUAL
LEASING SFASSET
SERVICES

58M SF

MANAGEMENT
PORTFOLIO SIZE

850+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400+

AVERAGE ANNUAL
ASSIGNMENTS

39

TOTAL
APPRAISERS

24

WITH MAI
DESIGNATIONS