

## MARKET TRENDS

# INLAND EMPIRE INDUSTRIAL

The Inland Empire saw 6.7M SF of leasing activity, 7.3% vacancy and \$1.04 PSF NNN rents. Net absorption was -2.6M SF due to a lag in backfilling empty spaces.

### MARKET DRIVERS

Demand focused on modern big-box and well-located midsize industrial product, with notable deals reflecting ongoing occupier confidence. Key transactions included:

- Maersk at Westcore Hesperia: 1M SF
- iDC Logistics at 5690 Industrial Pkwy: 844K SF
- Several confidential/undisclosed deals ranging from 325K-772K SF.

Despite leasing velocity reaching 6.7M SF, direct vacancy held at 7.3%, while availability remained elevated at 12.6%, due to ongoing backfill times and a significant 8.4M SF under-construction pipeline.

Capital markets remained firm despite selective bid-ask gaps. Examples include Harley Knox Gateway at \$260 PSF and the Rochester Park portfolio at \$275 PSF, highlighting investor preference for newer, functional assets.

Overall, occupiers prioritized efficiency, transportation adjacency, and immediate

functionality, while landlords leveraged TI packages and free rent to minimize downtime in second-generation space.

### FORWARD OUTLOOK

Looking ahead into late 2025 and early 2026, steady absorption is expected as recently signed mega-leases commence and construction deliveries normalize. The 8.4M SF pipeline is increasingly pre-leased or strategically phased (e.g., Hillwood, Clarion, Brookfield), reducing broad-based supply shocks. Key marquee projects such as Speedway Commerce Center (1.81M SF) and Perris Gateway (855K SF) remain focal points for 3PLs and retailers seeking scale.

Rents should remain range-bound near \$1.00-\$1.10 PSF NNN for large-bay product, with stickier premiums in small-bay parks, while concessions persist selectively to bridge layout/clear height mismatches. Investment activity is likely to favor stabilized or near-stabilized product.

Submarkets with higher vacancy/negative absorption (e.g., Redlands, San Bernardino) may present tenant-friendly conditions, while areas like Jurupa Valley and select Chino/Chino Hills pockets are likely to tighten first due to recent positive absorption and limited near-term new supply.

## Market Summary

	3Q25	2Q25	3Q24	YOY Change
Direct Vacancy Rate	7.3%	6.5%	6.3%	<b>15.47%</b>
Total Availability Rate	12.6%	11.5%	11.4%	<b>10.93%</b>
Direct Asking Lease Rate	\$1.04	\$1.04	\$1.19	<b>-12.61%</b>
	3Q25	2Q25	3Q24	YOY Change
Total Lease Transactions (SF)	6,715,048	12,507,188	16,394,340	<b>-59.04%</b>
Sale Transactions (SF)	1,556,238	1,640,729	2,725,154	<b>-42.89%</b>
Direct Net Absorption	(2,627,700)	-1,535,038	590,826	<b>N/A</b>

↓ **6.7M SF**  
LEASING ACTIVITY

↓ **-2.6M SF**  
NET ABSORPTION

↑ **7.3%**  
VACANCY RATE

↓ **\$1.04**  
ASKING RENT (AVG)

↓ **3.0M SF**  
NEW DELIVERIES

Year-Over-Year Trend

## Market Highlights

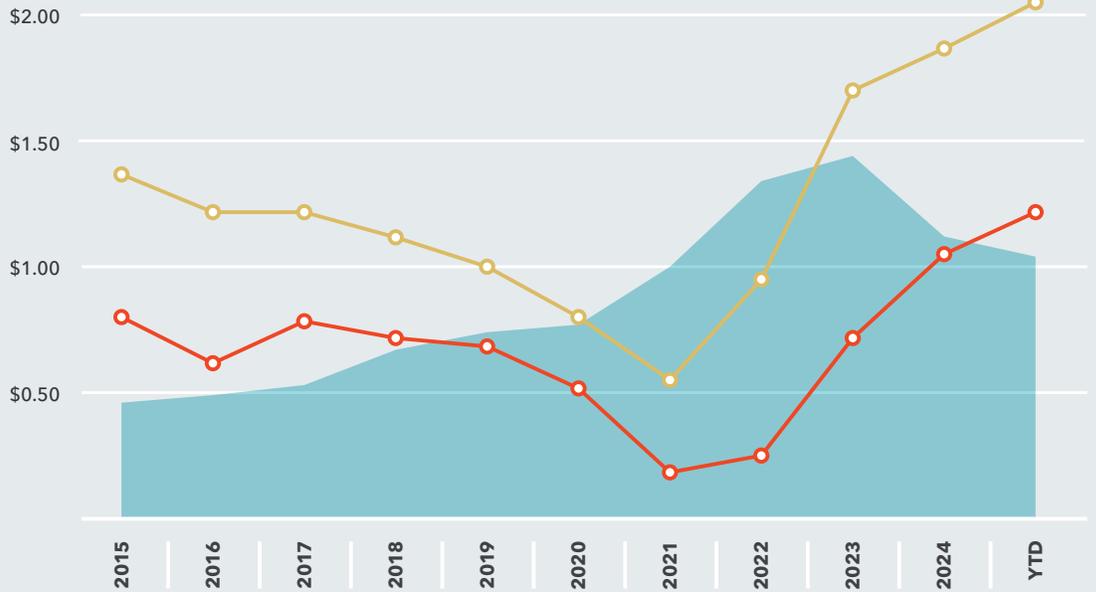
**DIRECT MARKET VACANCY** was 7.3% for the second half of the year

**AVERAGE ASKING RATES** held consistent at \$1.04 PSF on a triple net lease (NNN) basis

**AVERAGE SALE PRICE** was \$234.63 PSF with a cap rate of 5.1%

## LEASE RATE, VACANCY & AVAILABILITY

- Direct Lease Rate (FSG)
- Direct Vacancy
- Total Availability



## BIGGEST SALE OF THE QUARTER

*Harley Knox Gateway, Perris, CA*



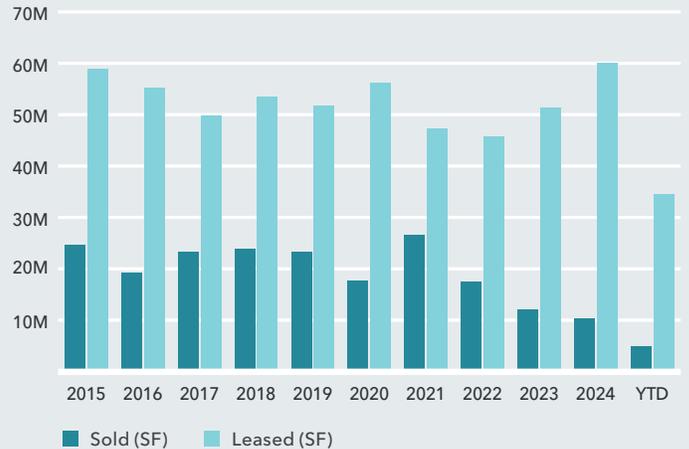
## NET ABSORPTION & NEW DELIVERIES



## 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	3Q25 Direct Net Absorption	YTD Direct Net Absorption	3Q25 Total Leasing Activity	YTD Total Leasing Activity
Chino/Chino Hills	953	56,959,462	0	3.9%	1.3%	5.1%	7.6%	473,142	680,058	478,185	3,982,880
Eastvale	73	14,623,846	0	2.7%	0.0%	2.7%	10.0%	-176,120	410,722	0	355,963
Fontana	808	77,422,970	2,175,758	6.1%	0.5%	6.6%	10.6%	-143,677	-701,128	413,980	2,459,202
Jurupa Valley	325	38,274,869	0	5.0%	0.7%	5.8%	14.0%	220,361	87,543	326,190	1,330,235
Mira Loma	20	979,417	0	1.7%	0.0%	1.7%	1.7%	0	-7,493	0	9,392
Montclair	214	4,585,461	0	18.1%	0.0%	18.1%	22.7%	-9,363	72,447	147,376	207,352
Ontario	1544	131,515,333	1,442,301	7.2%	0.9%	8.1%	12.2%	-901,527	853,243	1,708,929	9,329,900
Rancho Cucamonga	752	43,833,980	151,455	7.9%	0.1%	8.0%	14.6%	-114,234	-136,457	327,274	1,846,431
Upland	262	4,111,583	0	3.4%	0.0%	3.4%	4.9%	7,093	60,138	24,277	130,589
<b>West</b>	<b>4,951</b>	<b>372,306,921</b>	<b>3,769,514</b>	<b>6.2%</b>	<b>0.7%</b>	<b>6.9%</b>	<b>11.6%</b>	<b>-644,325</b>	<b>1,319,073</b>	<b>3,426,211</b>	<b>19,651,944</b>
Banning	48	1,952,588	0	3.0%	0.0%	3.0%	56.3%	53,720	4,858	0	64,130
Beaumont	48	6,550,430	0	0.1%	7.0%	7.1%	25.5%	0	-9,536	0	2,500
Bloomington	127	11,689,353	424,037	12.9%	0.5%	13.4%	15.2%	-112,609	-552,060	112,609	210,736
Colton	179	10,620,774	599,932	3.7%	0.0%	3.7%	15.1%	439,025	511,236	37,018	505,661
Corona	922	33,242,327	0	4.4%	0.7%	5.1%	6.9%	-24,397	-220,376	104,972	795,078
Grand Terrace	15	438,417	0	0.6%	0.0%	0.6%	0.6%	0	-2,832	0	2,800
Highland	22	2,434,929	0	0.0%	0.0%	0.0%	0.0%	0	308,267	1,200	310,667
Loma Linda	25	434,679	0	0.0%	4.1%	4.1%	4.1%	0	36,313	0	37,681
Moreno Valley	120	33,218,419	933,242	7.7%	0.5%	8.1%	14.1%	-311,691	-1,056,228	41,953	352,210
Norco	89	2,709,994	0	17.9%	0.0%	17.9%	17.3%	270,457	456,180	92,961	644,299
Perris	268	47,046,675	1,285,153	11.8%	2.7%	14.5%	18.7%	-465,562	492,684	78,000	3,186,965
Redlands	226	30,982,311	564,791	9.6%	4.0%	13.5%	11.5%	-842,818	-958,660	792,507	2,040,255
Rialto	213	32,247,390	468,563	7.0%	3.8%	10.8%	17.2%	183,170	457,742	59,557	1,071,638
Riverside	1139	60,100,848	180,373	6.3%	3.8%	10.1%	12.9%	-318,684	-39,425	234,010	1,779,738
San Bernardino	593	44,989,048	28,680	14.1%	1.5%	15.6%	14.0%	-785,957	-2,015,562	1,515,189	3,203,203
<b>East</b>	<b>4,034</b>	<b>318,658,182</b>	<b>4,484,771</b>	<b>8.6%</b>	<b>2.4%</b>	<b>11.0%</b>	<b>14.3%</b>	<b>-1,915,346</b>	<b>-2,587,399</b>	<b>3,069,976</b>	<b>14,207,561</b>
Hemet	88	2,783,481	0	1.6%	0.0%	1.6%	1.9%	-12,000	1,196,006	0	8,140
Lake Elsinore	183	2,765,506	62,544	6.4%	0.0%	6.4%	8.6%	25,116	5,203	59,797	100,018
Menifee	30	1,873,710	0	42.6%	0.0%	42.6%	44.3%	-93,575	0	15,292	15,292
Murrieta	281	4,652,680	50,575	1.3%	0.0%	1.3%	3.4%	-10,528	-1,112	68,214	167,617
San Jacinto	65	1,101,869	0	0.5%	0.0%	0.5%	0.5%	8,350	11,621	0	5,850
Temecula	352	9,918,650	0	3.8%	0.0%	3.8%	4.9%	14,608	329,889	65,142	434,603
Wildomar	12	331,720	0	3.8%	0.0%	3.8%	2.5%	0	-12,673	10,416	14,596
<b>South</b>	<b>1,011</b>	<b>23,427,616</b>	<b>113,119</b>	<b>6.3%</b>	<b>0.0%</b>	<b>6.3%</b>	<b>7.6%</b>	<b>-68,029</b>	<b>1,528,934</b>	<b>218,861</b>	<b>746,116</b>
5,000 - 24,999	6,049	72,182,107	129,310	3.6%	0.2%	3.8%	5.3%	-149,850	-246,422	586,844	2,287,180
25,000 - 49,999	1,498	52,565,793	512,192	5.2%	0.5%	5.6%	8.8%	-159,198	261,048	443,232	1,960,933
50,000 - 99,999	910	63,475,386	197,633	7.5%	0.9%	8.4%	10.8%	128,936	156,731	761,196	3,150,031
100,000 - 249,999	839	128,982,062	637,336	9.1%	0.7%	9.7%	14.0%	-440,372	1,003,209	1,163,693	7,495,703
250,000 - 499,999	398	142,037,658	2,824,815	10.3%	1.6%	11.9%	18.0%	-769,138	-296,663	1,544,564	8,858,498
500,000 - 999,999	222	150,023,660	2,779,549	10.0%	2.2%	12.2%	15.3%	-637,838	-2,245,718	1,615,279	9,838,976
1,000,000 Plus	81	105,229,396	1,286,569	0.6%	2.7%	3.3%	7.9%	-600,240	1,628,423	600,240	1,014,300
<b>Inland Empire Total</b>	<b>9,996</b>	<b>714,392,719</b>	<b>8,367,404</b>	<b>7.3%</b>	<b>1.4%</b>	<b>8.7%</b>	<b>12.6%</b>	<b>-2,627,700</b>	<b>260,608</b>	<b>6,715,048</b>	<b>34,605,621</b>

**SIGNIFICANT SALE TRANSACTIONS 3Q 2025**

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Harley Knox Gateway - 22491 Harley Knox Blvd	Inland Empire East	348,375	\$90,600,000	\$260.06	Cabot Properties Inc	Sares-Regis Group
Fontana 3 Industrial Portfolio (AB98 Bulk Sale)	Inland Empire West	332,793	\$83,500,000	\$250.91	Bridge Logistics Properties	Patriot Dev. Partners.
Ontario Commerce Park II Portfolio (4 Industrial)	Inland Empire West	150,137	\$29,900,000	\$199.15	MDH Partners	TA Realty
Rochester Park Portfolio (2 Industrial)	Inland Empire West	92,638	\$25,476,000	\$275.01	Crown Assoc. Realty, Inc.	GF Properties
168 S Spruce Ave	Inland Empire East	81,455	\$21,000,000	\$257.81	New Legend Inc.	Lippert Components Inc.
7190 Jurupa Ave	Inland Empire East	111,725	\$20,000,000	\$179.01	Orbis R.E. Partners	Mirae Asset Global Inv. Co.

**SIGNIFICANT LEASE TRANSACTIONS 3Q 2025**

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Westcore Hesperia Commerce Center	Inland Empire North	1,004,400	July 2025	EQT Real Estate	Maersk
5690 Industrial Pkwy	Inland Empire East	844,311	July 2025	Alere Property Group	iDC Logistics
Redlands Distribution Center	Inland Empire East	771,839	August 2025	Ares Industrial Real Estate	Confidential Tenant
AllianceCalifornia	Inland Empire East	600,240	August 2025	Hillwood Development Corporation	Undisclosed
Jurupa E-Commerce Centre	Inland Empire West	411,738	September 2025	Greater La Ontario Holdco, LLC	Undisclosed
Dedeaux IE Park	Inland Empire West	325,524	August 2025	Diep Borrower, LLC	Confidential Tenant

**SIGNIFICANT UNDER CONSTRUCTION**

Property	Address	Submarket	SF	Owner	Delivery
Speedway Commerce Center	9151 + 9253 Dreamland Dr	Inland Empire West	1,814,822	Hillwood Development Corp	September 2025
Highland Fairview Corporate Park	South Area of Eucalyptus Ave	Inland Empire East	861,732	Highland Fairview Properties	December 2025
Perris Gateway	3690 Webster Ave	Inland Empire East	855,330	Clarion Partners	December 2025
The Hub	Airport Dr - Carnegie Ave	Inland Empire West	614,637	Ontario Int'l Airport Authority	September - November 2025
Loma Creek Logistics Center	3550 Millcreek Ave	Inland Empire West	534,234	Brookfield Properties	October 2025
North Rialto Distribution Center	Pepper Ave Lot	Inland Empire East	468,563	Bridge Investment Group	February 2026

Data Source: EDD, CoStar



Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

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

**GARY BARAGONA**  
 Vice President, Research  
 415.229.8925  
 gary.baragona@kidder.com

**DARREN TAPPEN**  
 Regional President, Brokerage  
 Greater LA, SoCal & Arizona  
 949.557.5000  
 darren.tappen@kidder.com

Designated Broker  
 Eric Paulsen | LIC N° 01001040

<b>COMMERCIAL BROKERAGE</b>	<i>\$9B</i> AVERAGE ANNUAL TRANSACTION VOLUME	<i>26.2M</i> ANNUAL SALES SF	<i>36.7M</i> ANNUAL LEASING SF
<b>ASSET SERVICES</b>	<i>53M SF</i> MANAGEMENT PORTFOLIO SIZE	<i>800+</i> ASSETS UNDER MANAGEMENT	<i>250+</i> CLIENTS SERVED
<b>VALUATION ADVISORY</b>	<i>2,400+</i> AVERAGE ANNUAL ASSIGNMENTS	<i>39</i> TOTAL APPRAISERS	<i>24</i> WITH MAI DESIGNATIONS