

MARKET TRENDS

INLAND EMPIRE INDUSTRIAL

The industrial market in the Inland Empire is cooling down. About 12% of space is available, vacancies increased to 7.2% in Q4 2025, and average rents have stabilized at \$1.00 PSF NNN.

MARKET DRIVERS

As 2025 draws to a close, the Inland Empire industrial market continues to recalibrate. Major distributors and e-commerce companies still favor contemporary, high-clear big-box facilities near ports and rail connections, despite significant move-outs from mid-aged buildings. Leasing activity remained steady throughout 2025 due to new supply and tenant relocations driven by large modern logistics requirements, along with a few midsize and smaller deals. Subleases account for roughly 20% of the available space, which is keeping rents down and prompting incentives such as improvement allowances and rent-free periods.

The availability rate increased to 11.9%, and the vacancy rate rose to 7.2%, reflecting additional space from recently completed buildings and new lease listings. Several significant leasing deals occurred over the past year, including Maersk (1.0M SF) in Hesperia, iDC Logistics (844K SF) in San Bernardino, and other deals ranging from 600K to 850K SF—indicating ongoing tenant interest, though it remains somewhat selective.

FORWARD OUTLOOK

In 2026, underlying market trends are expected to stabilize and then steadily improve, as new construction completions remain below historical norms while absorption experiences a substantial increase. With upcoming building deliveries, vacancy rates may see a short-term rise, followed by a decline as more space is filled—particularly in large-scale logistics facilities near ports, which are difficult to replicate. This trend's impact should diminish by the end of 2026, driven by the occupancy of recently signed large leases and a slowdown in new construction.

Market Summary

	4Q25	3Q25	4Q24	YOY Change
Direct Vacancy Rate	7.2%	7.3%	6.2%	15.90%
Total Availability Rate	12.7%	12.1%	11.1%	13.99%
Direct Asking Lease Rate/SF/Mo	\$1.00	\$1.02	\$1.12	-10.71%
	4Q25	3Q25	4Q24	YOY Change
Total Lease Transactions (SF)	5,602,858	15,864,749	11,091,057	-49.48%
Sale Transactions (SF)	2,940,668	2,352,859	2,423,844	21.32%
Direct Net Absorption (SF)	1,684,146	-980,778	2,796,889	N/A

↓ **5.7M SF**
LEASING ACTIVITY

↓ **1.7M SF**
NET ABSORPTION

↑ **7.2%**
VACANCY RATE

↓ **\$1.00**
ASKING RENT (AVG)

↓ **883K SF**
NEW DELIVERIES

Year-Over-Year Trend

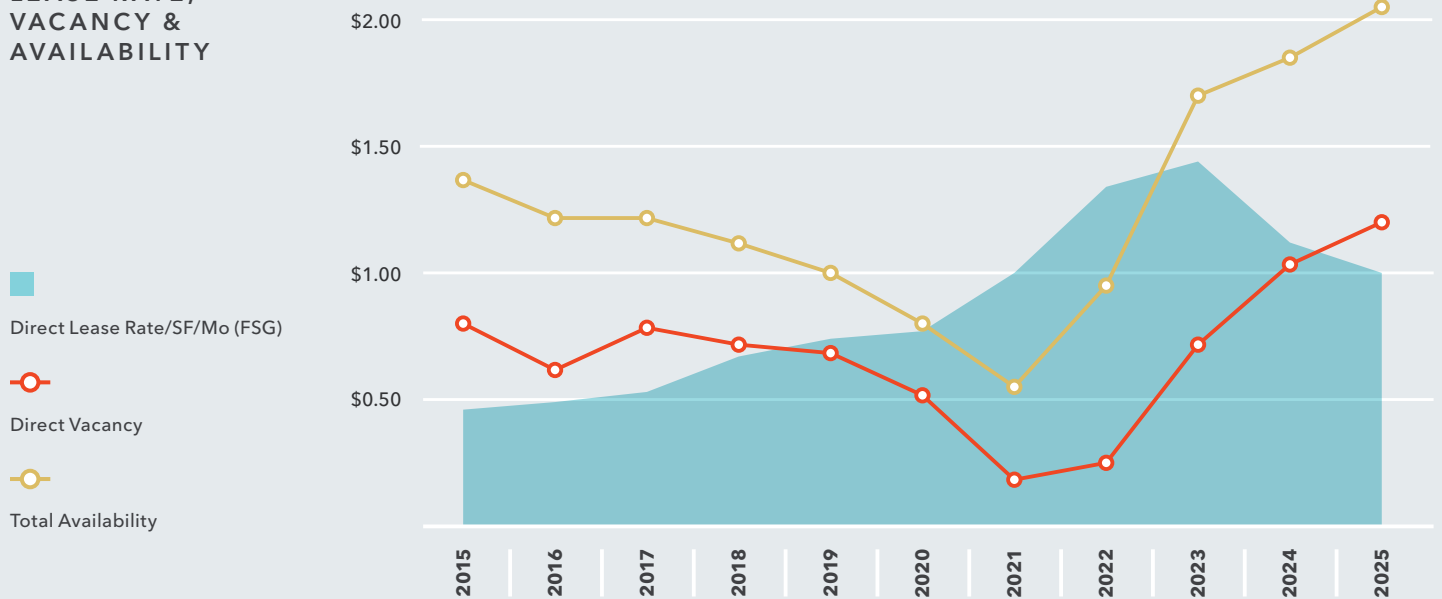
Market Highlights

DIRECT MARKET VACANCY ended the year at 7.2%

AVERAGE ASKING RATES held consistent at \$1.00 PSF on a triple net lease (NNN) basis

AVERAGE SALE PRICE was \$208.65 PSF with a cap rate of 4.3%

LEASE RATE, VACANCY & AVAILABILITY

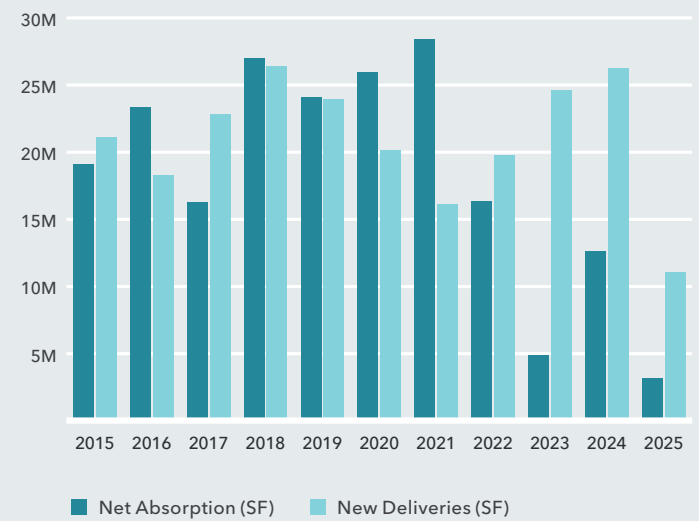


BIGGEST SALE OF THE QUARTER

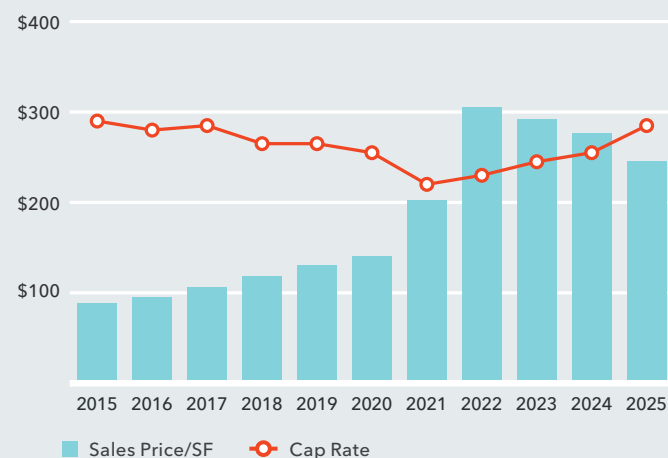
Sierra Business Park, Fontana, CA



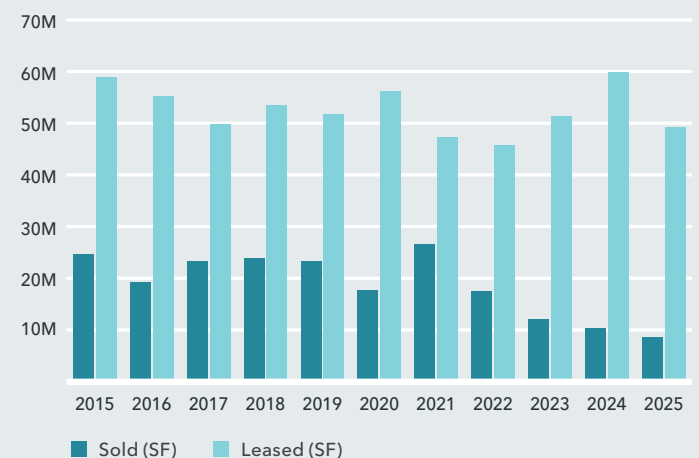
NET ABSORPTION & NEW DELIVERIES



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	4Q25 Direct Net Absorption	2025 Direct Net Absorption	4Q25 Total Leasing Activity	2025 Total Leasing Activity	Average Direct Rental Rate (NNN)
Chino/Chino Hills	954	57,044,214	0	3.9%	1.4%	5.2%	7.5%	16,631	186,031	273,420	5,044,923	\$1.21
Eastvale	73	14,623,846	0	4.2%	0.0%	4.2%	12.4%	-226,158	184,564	0	437,930	\$1.23
Fontana	813	79,336,236	360,936	6.2%	0.4%	6.7%	11.9%	1,187,775	900,411	11,400	4,469,336	\$1.05
Jurupa Valley	326	38,370,542	0	5.9%	0.3%	6.2%	17.2%	-227,790	-268,516	31,934	2,207,280	\$1.11
Mira Loma	20	972,917	0	2.5%	0.0%	2.5%	2.5%	0	-14,917	0	9,392	\$1.10
Montclair	214	4,582,490	0	10.5%	0.0%	10.5%	14.0%	350,820	421,899	139,674	386,821	\$1.04
Ontario	1548	131,860,256	1,186,532	7.0%	1.0%	8.0%	11.4%	-18,455	1,395,719	1,960,097	12,621,241	\$0.86
Rancho Cucamonga	752	43,823,248	151,455	10.3%	0.0%	10.3%	12.8%	-932,534	-1,199,748	775,630	2,800,889	\$1.02
Upland	264	4,147,958	0	2.8%	0.0%	2.8%	4.8%	19,530	83,626	19,212	161,903	\$2.55
West	4,964	374,761,707	1,698,923	6.5%	0.7%	7.2%	11.6%	169,819	1,689,069	3,211,367	28,139,715	\$1.03
Banning	49	1,960,290	0	3.0%	0.0%	3.0%	56.1%	0	4,858	0	64,130	\$2.05
Beaumont	48	6,367,666	0	0.1%	0.0%	0.1%	18.9%	1,786	-7,750	8,533	14,319	\$0.70
Bloomington	126	11,923,485	0	4.4%	0.2%	4.6%	7.2%	1,241,721	689,661	401,106	2,018,865	\$0.80
Colton	182	11,046,875	182,123	7.9%	0.0%	7.9%	11.0%	-71,977	453,944	15,006	2,015,679	\$1.06
Corona	920	33,183,239	0	4.9%	0.8%	5.7%	7.3%	-164,885	-409,153	582,896	1,447,401	\$1.14
Grand Terrace	15	438,417	0	0.0%	0.0%	0.0%	0.0%	2,832	0	2,832	8,392	\$0.00
Highland	22	2,434,929	0	0.0%	0.0%	0.0%	0.0%	1,200	309,467	0	310,667	\$0.00
Loma Linda	25	434,679	0	0.0%	4.1%	4.1%	4.1%	0	36,313	0	37,681	\$0.75
Moreno Valley	120	33,218,419	904,242	8.3%	0.0%	8.3%	12.8%	-233,568	-1,270,464	103,970	606,180	\$0.95
Norco	90	2,719,126	0	14.5%	0.0%	14.5%	17.3%	1,500	545,610	0	644,299	\$0.99
Perris	269	47,104,493	1,285,153	10.1%	2.7%	12.8%	20.3%	807,033	1,299,717	180,246	3,578,341	\$0.96
Redlands	229	31,580,508	0	7.5%	4.2%	11.7%	10.3%	256,331	219,076	315,501	2,372,511	\$0.86
Rialto	214	32,454,820	468,563	9.2%	3.8%	13.0%	16.7%	-732,811	-273,082	141,621	1,116,515	\$1.01
Riverside	1146	60,284,919	136,615	6.4%	3.5%	9.9%	12.3%	-102,245	-67,328	530,982	2,502,911	\$1.11
San Bernardino	596	45,102,424	28,680	12.4%	1.5%	13.9%	14.3%	409,432	-1,273,142	35,828	3,561,969	\$0.99
East	4,051	320,254,289	3,005,376	8.1%	2.2%	10.2%	13.6%	1,416,349	257,727	2,318,521	20,299,860	\$0.96
Hemet	89	2,434,715	0	2.2%	0.0%	2.2%	2.5%	0	830,640	0	8,140	\$0.90
Lake Elsinore	180	2,751,623	62,544	5.6%	0.0%	5.7%	8.7%	-1,056	26,889	3,305	103,323	\$1.10
Menifee	30	1,873,710	1,863,854	37.7%	0.0%	37.7%	139.3%	93,575	93,575	0	15,292	\$0.00
Murrieta	290	4,726,915	0	2.3%	0.2%	2.4%	4.6%	3,346	4,595	10,118	177,735	\$1.19
San Jacinto	66	1,107,769	0	0.8%	0.0%	0.8%	0.8%	-3,420	8,201	0	5,850	\$0.85
Temecula	350	9,900,007	0	3.8%	0.0%	3.8%	4.9%	5,533	331,083	59,547	500,285	\$1.17
Wildomar	12	331,720	0	0.7%	0.0%	0.7%	2.5%	0	-2,257	0	14,596	\$1.18
South	1,017	23,126,459	1,926,398	6.1%	0.0%	6.1%	15.7%	97,978	1,292,726	72,970	825,221	\$1.16
5,000 - 24,999	6,064	72,285,595	109,874	4.0%	0.2%	4.3%	5.7%	-207,255	-523,372	466,425	2,998,447	\$1.29
25,000 - 49,999	1,508	52,917,401	407,203	5.2%	0.7%	5.8%	8.4%	123,957	351,979	626,835	2,891,492	\$1.14
50,000 - 99,999	912	63,669,621	197,633	6.9%	0.8%	7.7%	11.0%	-83,854	506,862	510,910	3,795,872	\$1.05
100,000 - 249,999	842	129,481,548	266,931	9.4%	0.7%	10.2%	13.8%	-106,602	708,072	2,034,277	11,160,866	\$1.02
250,000 - 499,999	402	143,333,253	1,533,906	10.2%	1.6%	11.8%	17.5%	54,887	1,001,525	1,964,411	12,636,557	\$0.91
500,000 - 999,999	225	152,250,591	2,862,934	8.5%	1.9%	10.4%	15.3%	1,799,670	670,696	0	14,767,262	\$0.89
1,000,000 Plus	80	104,307,789	1,252,216	1.8%	2.2%	4.0%	8.7%	0	420,417	0	1,014,300	\$0.00
Inland Empire Total	10,032	718,142,455	6,630,697	7.2%	1.3%	8.5%	12.7%	1,684,146	3,239,522	5,602,858	49,264,796	\$1.00

SIGNIFICANT SALE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
10681 Production Ave - Sierra Business Park	Inland Empire West	1,101,400	\$174,312,000	\$158.26	Bridge Logistics Prop.	Scuderia Dev., LLC
11119 Juniper Ave	Inland Empire West	436,424	\$128,500,000	\$294.44	BGO	Real Estate Dev. Assoc.
10650 Hemlock Ave (Sold for Land Value)	Inland Empire West	1,146,935	\$91,650,000	\$79.91	Morgan Stanley & Co., LLC	Oldcastle Infrastructure
875 W State St (Debt Assumption)	Inland Empire West	256,722	\$57,342,000	\$223.36	The Orden Company	Inland Harbor, LLC
1595-1600 Columbia Ave (Sold for Land Value)	Inland Empire East	54,583	\$51,000,000	\$934.36	Alterra IOS	Greenlaw Partners
15 Longitude Way - Latitude Business Park	Inland Empire East	164,888	\$44,280,000	\$268.55	BGO	Condor Cold Storage

SIGNIFICANT LEASE TRANSACTIONS 4Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
13052 Jurupa Ave	Inland Empire West	827,578	October 2025	Principal Real Estate	Elogistek
Bloomington Logistics Ctr	Inland Empire East	677,383	October 2025	ASB Real Estate Investments	US ELogistics
Hofer Ranch IC Building	Inland Empire West	612,083	October 2025	Blackstone Inc.	JCR Logistics
Commerce Way Building	Inland Empire West	484,643	October 2025	EQT Real Estate	Western Post
Hermosa II Building	Inland Empire West	470,930	November 2025	DWS Group	Weida Freight System, Inc.
Agua Mansa Commerce Ctr	Inland Empire East	447,190	October 2025	Heitman	JW Fulfillment

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Menifee Valley Business Park	26155-26375 Malaga Rd	Inland Empire East	1,302,090	Hillwood Development Corp	September 2026
Highland Fairview Corporate Park	South Area of Eucalyptus Ave	Inland Empire East	861,732	Highland Fairview Properties	January 2026
Perris Gateway Commerce Ctr	3690 Webster Ave	Inland Empire East	855,330	Clarion Partners	December 2025
Loma Creek Logistics Ctr	3550 Millcreek Ave	Inland Empire West	534,234	Brookfield Properties	December 2025
North Rialto Distribution Ctr	1697 N Pepper Ave	Inland Empire East	468,563	Bridge Investment Group	February 2026
The Hub	3560 E Airport Dr	Inland Empire West	359,960	Ontario Int'l Airport Authority	December 2025

Data Source: EDD, CoStar



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

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**COMMERCIAL
BROKERAGE****\$9B**AVERAGE ANNUAL
TRANSACTION VOLUME**26.2M**ANNUAL
SALES SF**36.7M**ANNUAL
LEASING SF**ASSET
SERVICES****53M SF**MANAGEMENT
PORTFOLIO SIZE**800+**ASSETS UNDER
MANAGEMENT**250+**CLIENTS
SERVED**VALUATION
ADVISORY****2,400+**AVERAGE ANNUAL
ASSIGNMENTS**41**TOTAL
APPRAISERS**23**WITH MAI
DESIGNATIONS