Kidder Mathews

MARKET TRENDS

INLAND EMPIRE *INDUSTRIAL*

The Inland Empire industrial market continued to stabilize in Q2, with vacancy holding at 7.6% and availability at 12.9%. Tenants still have leverage through flexible lease terms and concessions, though market fundamentals are becoming more balanced.

MARKET DRIVERS

The Inland Empire's industrial market is set for a steady recovery as both demand increases and supply constraints ease. In Q2 2026, the volume of leased space exceeded 10M SF, indicating a solid level of activity. In multiple submarkets, tenant move-ins are now outpacing move-outs, suggesting a positive shift in occupancy trends.

Despite recent increases in new construction, growing sublease availability, and the closure of some 3PL distribution facilities, which temporarily elevated overall availability, the market continues to maintain a more favorable position and balance than other Southern California markets.

FORWARD OUTLOOK

Higher net absorption, driven by growing retail sales and investment, and the pause of new building projects, should favor the LL/Owners negotiating position. Developers are now rethinking the elements of design and size sectors meeting the rapidly changing market demands. Landlords are concerned about the increasing time it takes to build and lease mid-to-large buildings as it pertains to the entitlement process in most cities.

Over the coming year, logistics facility vacancies are expected to decrease somewhat as new construction slows down and increases demand for these properties. The Inland Empire's strategic location near the Ports of Los Angeles and Long Beach positions it to remain Southern California's main hub for bulk distribution. This is especially true as strong retail demand occupies existing logistics facilities, and the pipeline for new construction shrinks.

Market Summary

	2Q26	1Q26	2Q25	YOY Change
Direct Vacancy Rate	7.6%	7.5%	6.6%	**14.87%**
Total Availability Rate	12.9%	12.3%	11.4%	**13.36%**
Direct Asking Lease Rate/SF/Mo	$0.98	$0.96	$1.03	**-4.85%**

	2Q26	2026 YTD	2025 YTD	YOY Change
Total Lease Transactions (SF)	10,074,369	25,689,670	57,230,315	**-55.11%**
Sale Transactions (SF)	4,644,121	6,474,568	10,569,368	**-38.74%**
Direct Net Absorption (SF)	(186,642)	1,387,417	3,337,987	**N/A**

2Q 2026

↓ *10.1M SF* LEASING ACTIVITY

↑ *-187K SF* NET ABSORPTION

↑ *7.6%* VACANCY RATE

↓ *$0.98* ASKING RENT (AVG)

↓ *296K SF* NEW DELIVERIES

Year-Over-Year Trend

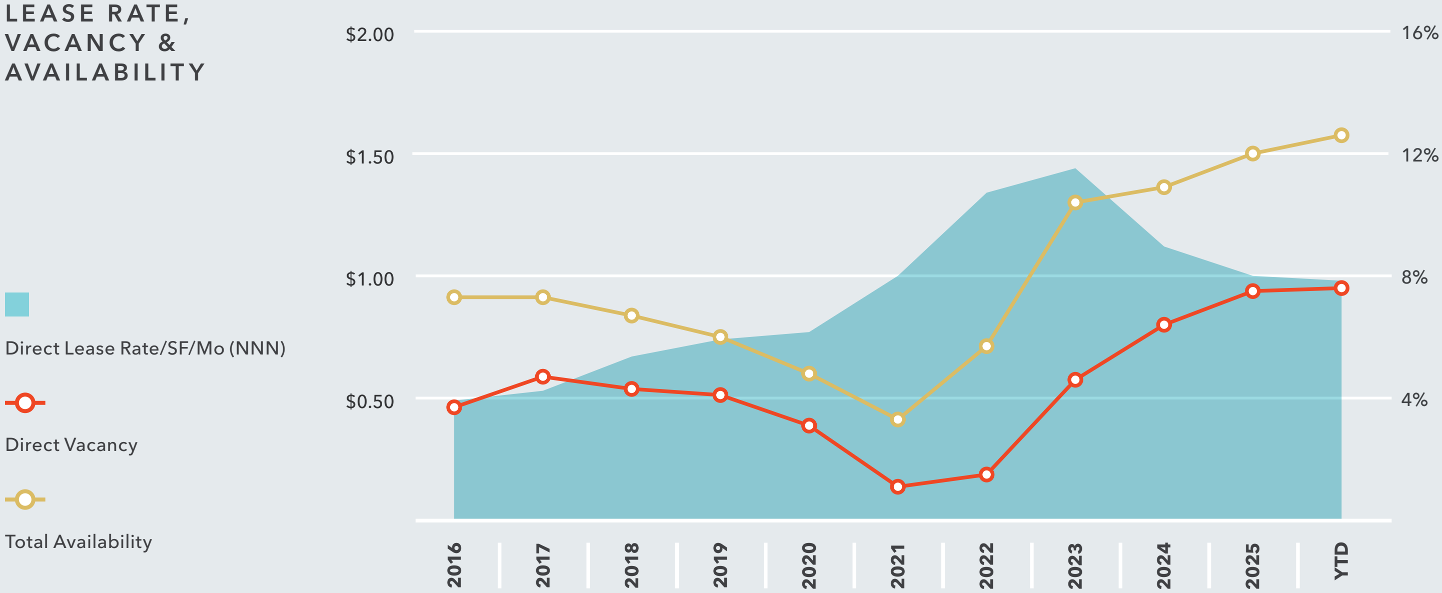
Market Highlights

DIRECT MARKET VACANCY ended the quarter at 7.6%

AVERAGE ASKING RATES were $0.98 PSF on a triple net lease (NNN) basis

AVERAGE SALE PRICE was $191.56 PSF with a cap rate of 6.0%

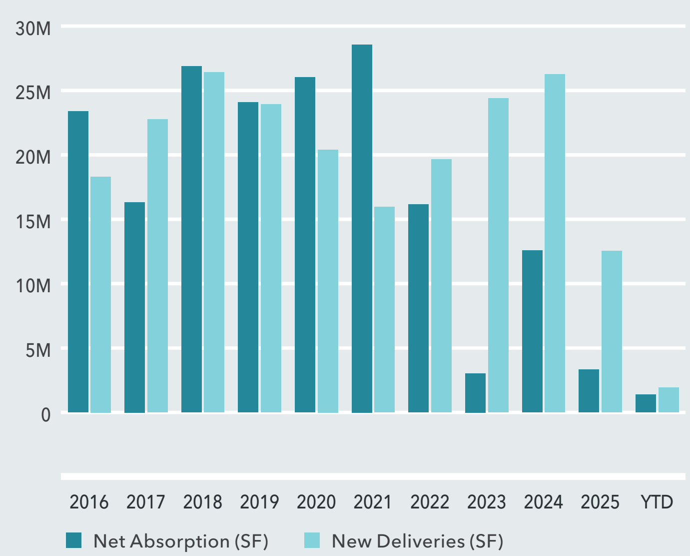
LEASE RATE, VACANCY & AVAILABILITY



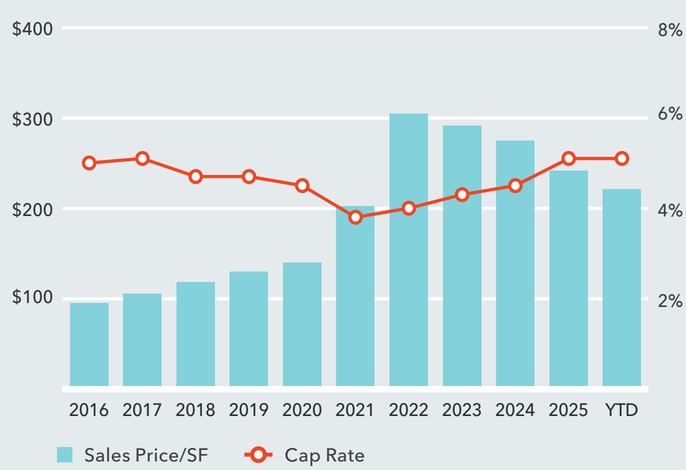
BIGGEST SALE OF THE QUARTER

1660 N Linden Ave, Rialto

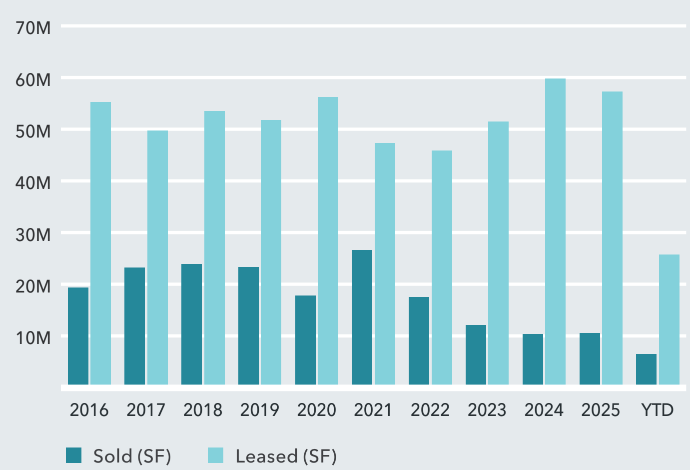
NET ABSORPTION & NEW DELIVERIES



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	2Q26 Direct Net Absorption	YTD Direct Net Absorption	2Q26 Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate (NNN)
Chino/Chino Hills	956	57,023,862	0	4.6%	0.5%	5.1%	7.5%	-762,686	-498,202	688,415	2,549,883	$1.05
Eastvale	73	14,624,545	0	9.8%	0.0%	9.8%	12.8%	-593,010	-649,081	28,029	254,798	$1.24
Fontana	817	79,587,515	284,657	10.9%	1.1%	12.0%	13.0%	-1,310,764	-1,805,433	1,362,945	3,768,209	$0.96
Jurupa Valley	328	38,417,635	0	7.8%	1.0%	8.9%	17.0%	298,712	352,175	897,938	1,209,907	$1.08
Mira Loma	18	946,510	0	0.0%	0.0%	0.0%	0.0%	7,424	7,424	7,424	7,424	$1.05
Montclair	215	4,588,920	0	10.4%	0.0%	10.4%	12.1%	-87,450	2,790	20,182	43,306	$1.04
Ontario	1548	131,278,684	602,593	6.8%	0.5%	7.3%	11.6%	565,348	485,299	2,117,265	4,907,824	$1.08
Rancho Cucamonga	753	43,853,464	151,455	7.0%	0.2%	7.2%	15.0%	415,265	1,023,921	944,391	1,587,800	$1.08
Upland	263	4,108,627	0	3.1%	0.0%	3.1%	4.6%	1,152	-15,292	27,882	71,609	$0.91
West	**4,971**	**374,429,762**	**1,038,705**	**7.6%**	**0.6%**	**8.2%**	**12.2%**	**-1,466,009**	**-1,096,399**	**6,094,471**	**14,400,760**	**$1.06**
Banning	50	2,029,755	312,206	4.2%	0.0%	4.2%	57.8%	300	-26,200	15,000	15,000	$0.91
Beaumont	48	6,367,666	0	0.1%	0.0%	0.1%	9.4%	0	0	0	0	$0.70
Bloomington	125	11,830,628	0	5.0%	0.0%	5.0%	7.5%	-172,380	-172,380	2,400	276,894	$0.00
Colton	187	11,291,551	0	8.2%	0.0%	8.2%	11.0%	-8,532	48,702	8,460	189,578	$0.96
Corona	921	33,223,141	0	4.7%	0.4%	5.1%	7.7%	134,425	20,855	328,248	796,328	$1.16
Grand Terrace	15	438,417	0	1.5%	0.0%	1.5%	1.5%	-5,218	-6,530	0	1,312	$0.00
Highland	22	2,434,929	0	0.0%	0.0%	0.0%	5.0%	0	0	0	0	$0.00
Loma Linda	26	453,631	0	0.0%	0.0%	0.0%	0.0%	17,951	0	17,951	17,951	$0.97
Moreno Valley	119	34,043,851	42,510	6.0%	0.1%	6.2%	12.4%	759,528	1,576,950	21,000	1,234,780	$0.90
Norco	90	2,585,924	0	13.6%	0.0%	13.6%	6.5%	7,530	46,223	189,781	201,576	$0.99
Perris	271	48,371,359	1,651,668	8.6%	2.7%	11.3%	16.3%	-124,133	1,006,190	544,295	1,635,977	$0.97
Redlands	229	31,582,154	0	7.3%	2.4%	9.8%	14.6%	145,371	46,504	33,397	615,247	$0.85
Rialto	216	32,153,167	510,971	9.6%	3.7%	13.3%	13.9%	58,436	-214,229	18,456	723,218	$0.93
Riverside	1146	60,350,653	136,615	8.1%	2.7%	10.7%	14.3%	-370,567	-1,011,420	974,532	1,976,330	$0.91
San Bernardino	600	45,255,317	101,235	11.2%	0.1%	11.3%	13.4%	742,403	952,493	1,633,168	2,880,746	$0.90
East	**4,065**	**322,412,143**	**2,755,205**	**7.8%**	**1.6%**	**9.4%**	**13.2%**	**1,185,114**	**2,267,158**	**3,786,688**	**10,564,937**	**$0.91**
Hemet	90	2,469,521	0	2.4%	0.0%	2.4%	2.4%	-17,000	-5,000	0	12,000	$1.20
Lake Elsinore	182	2,814,167	149,500	4.7%	0.0%	4.7%	10.6%	62,084	56,818	55,509	74,729	$0.95
Menifee	29	1,856,670	2,910,393	26.1%	0.0%	26.1%	71.9%	221,516	221,516	13,432	31,536	$0.00
Murrieta	290	4,718,838	0	1.8%	0.3%	2.2%	4.4%	-5,103	26,088	26,701	54,582	$0.93
San Jacinto	67	1,167,464	0	0.6%	0.0%	0.6%	3.9%	20	920	2,480	2,480	$0.85
Temecula	352	9,922,683	0	4.5%	0.5%	4.9%	8.1%	-167,264	-189,284	88,391	538,285	$1.08
Wildomar	12	329,540	0	0.0%	0.0%	0.0%	3.0%	0	2,257	6,697	10,361	$1.15
South	**1,022**	**23,278,883**	**3,059,893**	**5.2%**	**0.3%**	**5.5%**	**18.4%**	**94,253**	**113,315**	**193,210**	**723,973**	**$1.04**
5,000 - 24,999	6,077	72,520,337	75,639	4.1%	0.3%	4.3%	5.7%	-106,949	-81,925	786,735	1,788,347	$1.08
25,000 - 49,999	1,511	53,076,050	264,546	5.8%	0.6%	6.3%	9.3%	78,778	-47,023	492,397	1,318,949	$1.04
50,000 - 99,999	918	63,954,341	197,633	7.2%	0.4%	7.6%	10.1%	-337,162	-406,982	852,205	2,076,248	$1.03
100,000 - 249,999	842	129,427,446	613,195	10.4%	0.9%	11.3%	14.1%	-1,254,113	-1,549,787	2,704,281	5,750,878	$1.01
250,000 - 499,999	404	144,061,367	1,140,729	12.2%	1.3%	13.5%	18.7%	-1,481,766	-2,473,320	1,819,976	4,516,972	$0.94
500,000 - 999,999	226	153,127,629	1,242,649	6.1%	0.7%	6.8%	12.1%	2,914,570	5,571,204	3,418,775	8,116,219	$0.96
1,000,000 Plus	80	104,057,284	3,319,412	3.5%	2.5%	6.0%	13.4%	0	375,250	0	2,122,057	$0.00
Inland Empire Total	**10,058**	**720,120,788**	**6,853,803**	**7.6%**	**1.0%**	**8.6%**	**12.9%**	**-186,642**	**1,387,417**	**10,074,369**	**25,689,670**	**$0.98**

SIGNIFICANT SALE TRANSACTIONS 2Q 2026

Property	Submarket	SF	Sale Price	$/SF	Buyer	Seller
1660 N Linden Ave - Amazon (2 Properties)	Inland Empire East	1,469,848	$270,000,000	$183.69	Premier Logistics Prop.	Link Logistics Real Estate
San Bernardino Logistics Ctr	Inland Empire East	806,322	$121,500,000	$150.68	Bridge Logistics Prop.	EQT Real Estate
Transwestern Logistics Center San Bernardino	Inland Empire East	392,983	$102,176,000	$260.00	Amazon	Transwestern R.E. Services
NWC Winchester Rd. & Diaz Rd	Inland Empire East	275,243	$37,500,000	$136.24	SENTRE, Inc.	EQT Real Estate
515 S Promenade Ave	Inland Empire East	166,521	$32,000,000	$192.17	Sagard Real Estate	Blackstone Real Estate
10740 Banana Ave	Inland Empire West	133,115	$30,100,000	$226.12	Bridge Logistics Prop.	LBA Logistics

SIGNIFICANT LEASE TRANSACTIONS 2Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Perris Logistics Center North	Inland Empire East	1,020,657	May 2026	IDI Real Estate Group	Medline Industries, LP.
Cajon Distribution Ctr	Inland Empire East	830,750	May 2026	Ares Management Corporation	Centric Brands
Wineville Center Pointe	Inland Empire East	656,661	May 2026	Alere Property Group, LLC	Undisclosed
Glen Helen Distribution Ctr	Inland Empire East	616,710	May 2026	Alere Property Group, LLC	Undisclosed (Sublease)
Kaiser Commerce Ctr	Inland Empire West	544,717	April 2026	Prologis, Inc.	Bradshaw Home (Renewal)
Crossroads Business Park	Inland Empire West	504,530	April 2026	Prologis, Inc.	New Balance (Renewal)

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Amazon Fulfillment Ctr	Phelan Rd	Inland Empire East	2,500,000	Amazon	September 2026
Menifee Valley Business Park	26155-26375 Malaga Rd	Inland Empire East	1,863,854	Hillwood Development Corp	September 2026
21103 Lafayette St	21103 Lafayette St	Inland Empire East	1,207,135	Redwood West	July 2026
Menifee Commerce Ctr	26250 Sherman Rd	Inland Empire East	1,046,539	Core5 Industrial Partners	December 2026
Perris Fulfillment Ctr	815 S Redlands Ave	Inland Empire East	1,020,657	IDI Logistics	May 2027
Ellis Logistics Ctr	409 E Ellis Ave	Inland Empire East	631,011	The Carlyle Group	June 2027

Data Source: EDD, CoStar

Kidder Mathews

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.

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COMMERCIAL BROKERAGE

$9B — AVERAGE ANNUAL TRANSACTION VOLUME
32.4M — ANNUAL SALES SF
32.5M — ANNUAL LEASING SF

ASSET SERVICES

54M SF — MANAGEMENT PORTFOLIO SIZE
800+ — ASSETS UNDER MANAGEMENT
250+ — CLIENTS SERVED

VALUATION ADVISORY

2,700+ — AVERAGE ANNUAL ASSIGNMENTS
42 — TOTAL APPRAISERS
23 — WITH MAI DESIGNATIONS