

MARKET TRENDS

INLAND EMPIRE INDUSTRIAL

The Inland Empire industrial market remained stable in 3Q, with direct vacancy at 7.1% and total availability at 12.9%. Despite improving fundamentals, tenants continue to hold leverage through flexible lease terms and concessions.

MARKET DRIVERS

The Inland Empire's industrial market continues to show signs of improvement as supply and demand move toward greater balance. More than 9 million square feet of industrial space was leased during the third quarter, signaling continued tenant demand.

Vacancy increased modestly, a notable moderation from the more rapid increases recorded last year. Sublease space continued to be absorbed, while net absorption improved and new construction starts declined. These trends, along with stronger retail sales, point to improving occupancy fundamentals and a more balanced supply pipeline. The Inland Empire remains a key market for bulk distribution, handling goods that arrive through West Coast ports.

FORWARD OUTLOOK

Lease rates continue to stabilize, with pricing varying based on location, building size, and property class. Sublease space remains an attractive alternative for tenants, while higher rental rates continue to be concentrated in the West Inland Empire, where proximity to Southern California ports and a large industrial workforce support demand.

Import volumes through Southern California ports have fluctuated, contributing to some uncertainty for industrial occupiers. Even though tenants still hold leverage, available space continues to be absorbed as new construction remains limited, supporting a gradual move toward greater market balance.

Market Summary

	3Q26	2Q26	3Q25	YOY Change
Direct Vacancy Rate	7.1%	7.5%	7.4%	-3.89%
Total Availability Rate	12.9%	12.1%	12.1%	6.63%
Direct Asking Lease Rate/SF/Mo	\$0.99	\$0.98	\$1.02	-2.94%
	3Q26	2026 YTD	2025 YTD	YOY Change
Total Lease Transactions (SF)	9,201,000	44,973,347	57,204,615	-21.38%
Sale Transactions (SF)	2,106,991	10,774,564	10,396,029	3.64%
Direct Net Absorption (SF)	2,862,807	5,023,016	3,472,450	N/A

↓ 9.2M SF
LEASING ACTIVITY

↑ 2.9M SF
NET ABSORPTION

↓ 7.1%
VACANCY RATE

↓ \$0.99
ASKING RENT (AVG)

↓ 413K SF
NEW DELIVERIES

Year-Over-Year Trend

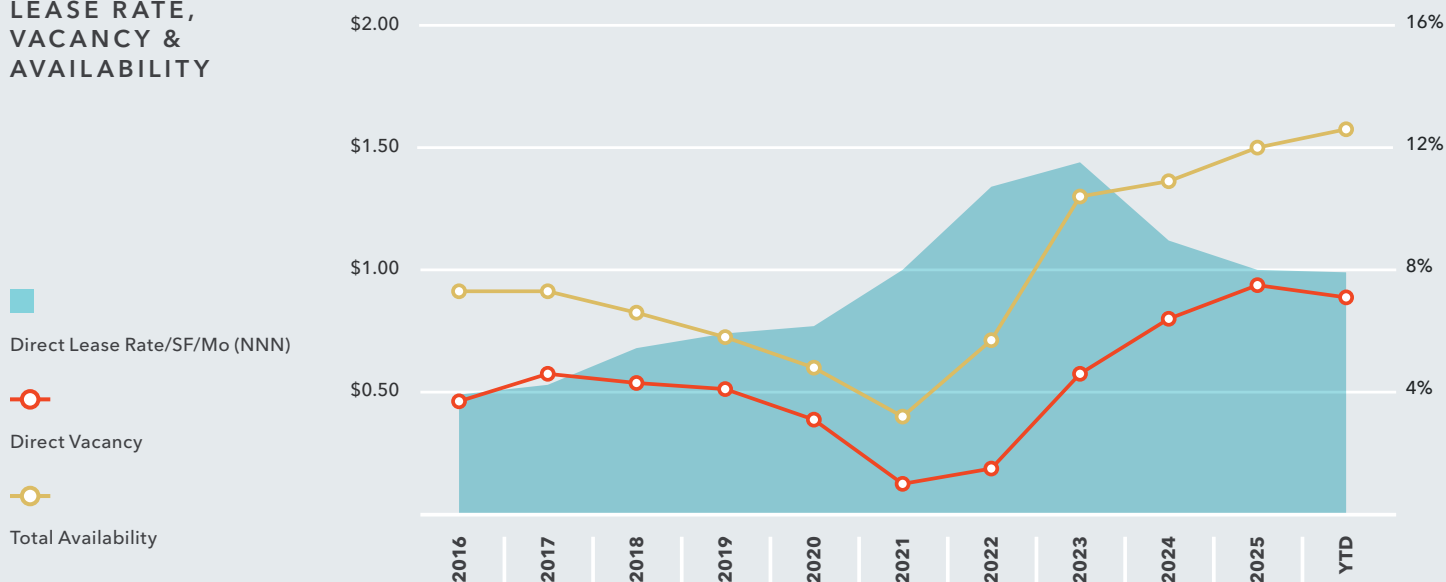
Market Highlights

DIRECT MARKET VACANCY ended the quarter at 7.1%

AVERAGE ASKING RATES were \$0.99 PSF on a triple net lease (NNN) basis

AVERAGE SALE PRICE was \$231.31 PSF with a cap rate of 5.9%

LEASE RATE, VACANCY & AVAILABILITY

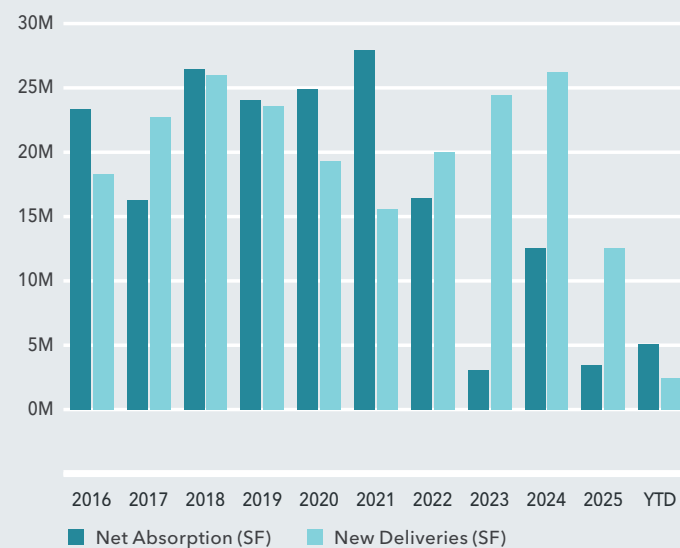


BIGGEST SALE OF THE QUARTER

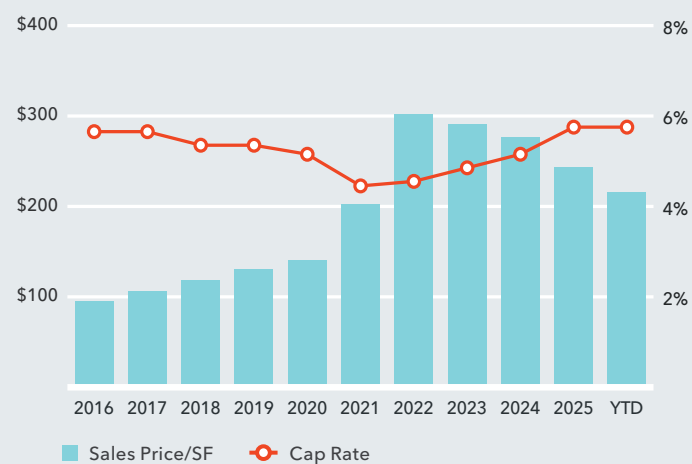
Stratford Ranch, Perris



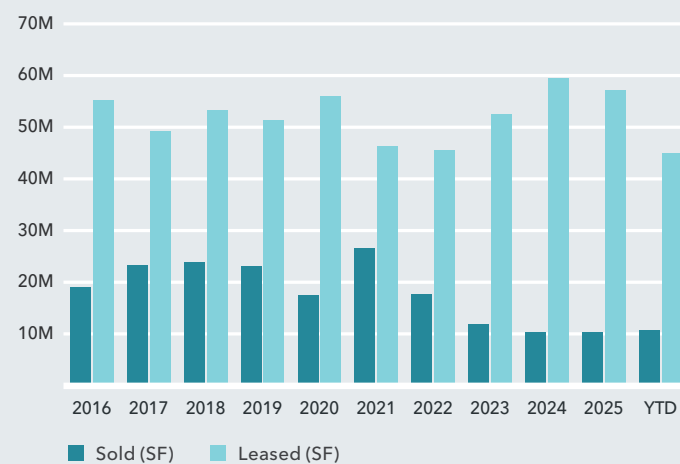
NET ABSORPTION & NEW DELIVERIES



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	3Q26 Direct Net Absorption	YTD Direct Net Absorption	3Q26 Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate (NNN)
Chino/Chino Hills	952	56,599,743	0	5.7%	0.6%	6.3%	9.7%	-747,034	-1,121,434	560,095	3,204,078	\$1.02
Eastvale	73	14,610,494	0	9.3%	0.0%	9.3%	11.5%	78,165	-570,916	218,401	473,199	\$1.09
Fontana	816	79,341,773	497,077	8.0%	1.1%	9.1%	11.2%	2,050,020	410,931	1,096,554	6,249,799	\$0.94
Jurupa Valley	330	38,416,860	0	7.0%	1.4%	8.4%	15.4%	284,278	658,422	387,844	1,285,754	\$1.07
Mira Loma	18	946,510	0	0.0%	0.0%	0.0%	0.0%	0	7,424	0	7,424	\$1.05
Montclair	216	4,610,099	0	6.5%	1.1%	7.6%	9.3%	177,741	209,209	13,711	57,017	\$1.04
Ontario	1552	131,535,896	4,466,328	5.9%	1.1%	7.0%	13.8%	1,120,972	1,757,744	1,850,209	8,845,651	\$1.10
Rancho Cucamonga	754	43,680,525	620,000	11.2%	0.0%	11.2%	14.7%	-1,995,227	-622,605	596,222	2,772,144	\$1.09
Upland	264	4,115,630	0	5.0%	0.0%	5.0%	4.5%	-77,351	-93,374	67,092	155,114	\$0.91
West	4,975	373,857,530	5,583,405	7.2%	0.9%	8.0%	12.6%	891,564	635,401	4,790,128	23,050,180	\$1.05
Banning	50	2,027,072	312,206	3.6%	0.0%	3.6%	57.8%	6,700	-14,500	6,700	22,400	\$1.23
Beaumont	48	6,367,666	0	0.1%	0.0%	0.1%	9.5%	0	0	0	0	\$1.30
Bloomington	125	11,830,628	0	6.3%	5.2%	11.5%	18.9%	-158,774	-331,154	3,200	491,209	\$0.00
Colton	188	11,302,488	0	3.0%	0.0%	3.0%	5.7%	592,961	640,163	29,308	813,440	\$1.06
Corona	920	33,093,705	0	7.3%	0.3%	7.7%	8.8%	-852,178	-839,578	388,766	1,377,211	\$1.16
Grand Terrace	15	436,215	0	1.5%	0.0%	1.5%	1.2%	0	-6,530	1,380	2,692	\$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%	0	0	0	17,951	\$0.97
Moreno Valley	119	34,030,486	32,510	5.1%	0.1%	5.3%	7.7%	326,999	1,882,949	57,840	4,715,597	\$0.89
Norco	90	2,588,916	0	11.3%	0.0%	11.3%	11.4%	114,381	103,815	2,265	203,841	\$0.99
Perris	271	48,368,006	1,838,316	7.7%	3.0%	10.7%	17.5%	644,999	1,450,723	2,628,580	4,264,557	\$0.98
Redlands	229	31,582,154	0	4.1%	3.0%	7.1%	12.5%	1,013,552	1,060,056	416,619	1,040,980	\$0.85
Rialto	217	32,206,667	468,563	6.7%	3.7%	10.4%	13.5%	953,902	755,120	47,176	1,104,069	\$0.88
Riverside	1145	60,181,651	127,263	9.6%	1.1%	10.7%	14.9%	-491,978	-1,905,063	240,707	2,948,462	\$0.92
San Bernardino	600	45,205,749	101,235	10.6%	0.6%	11.2%	14.7%	-410,919	1,225,716	475,462	4,027,891	\$0.88
East	4,065	322,109,963	2,880,093	7.3%	1.6%	8.9%	13.3%	1,739,645	4,021,717	4,298,003	21,030,300	\$0.93
Hemet	90	2,469,521	0	2.7%	0.0%	2.7%	3.2%	-9,022	-14,022	132	12,132	\$0.93
Lake Elsinore	181	2,814,200	149,500	3.8%	0.0%	3.8%	9.2%	24,562	81,953	23,743	103,227	\$1.01
Menifee	29	1,856,670	2,907,652	14.1%	0.0%	14.1%	27.4%	223,000	444,516	0	31,536	\$0.00
Murrieta	289	4,665,199	0	2.1%	0.6%	2.7%	4.6%	-11,805	14,305	10,067	67,349	\$1.00
San Jacinto	67	1,167,464	0	0.9%	0.0%	0.9%	3.9%	-5,000	-1,600	0	2,480	\$0.85
Temecula	352	9,930,363	0	4.2%	0.2%	4.3%	7.6%	14,043	-160,631	78,927	654,873	\$1.09
Wildomar	13	336,140	0	1.2%	0.0%	1.2%	1.2%	-4,180	1,377	0	21,270	\$1.15
South	1,021	23,239,557	3,057,152	4.1%	0.2%	4.3%	10.1%	231,598	365,898	112,869	892,867	\$1.05
5,000 - 24,999	6,078	72,527,882	56,287	3.6%	0.2%	3.8%	5.0%	265,032	291,522	838,893	2,925,394	\$1.13
25,000 - 49,999	1,514	53,173,931	254,961	5.5%	0.5%	6.1%	8.6%	173,079	191,042	718,438	2,325,564	\$1.03
50,000 - 99,999	918	63,975,370	0	7.9%	0.5%	8.4%	10.6%	-286,390	-723,710	1,004,814	3,497,179	\$1.03
100,000 - 249,999	843	129,534,092	1,065,318	9.8%	1.1%	10.9%	14.9%	710,577	-766,253	2,220,255	8,613,775	\$0.98
250,000 - 499,999	401	142,945,188	2,056,389	11.5%	1.9%	13.4%	19.5%	1,642,085	-1,244,297	1,609,260	7,938,764	\$0.94
500,000 - 999,999	226	153,083,621	3,586,676	5.2%	0.6%	5.8%	12.2%	106,137	6,647,175	1,584,466	12,176,464	\$1.05
1,000,000 Plus	80	104,057,254	4,501,019	3.2%	2.6%	5.9%	11.7%	252,287	627,537	1,224,874	7,496,207	\$0.00
Inland Empire Total	10,061	719,207,050	11,520,650	7.1%	1.2%	8.3%	12.9%	2,862,807	5,023,016	9,201,000	44,973,347	\$0.99

SIGNIFICANT SALE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Stratford Ranch	Inland Empire East	1,008,000	\$193,152,500	\$191.62	Prologis, Inc.	IDI Logistics
Interchange Logistics Center (3 Buildings)	Inland Empire East	667,024	\$119,500,000	\$179.15	EQT Real Estate	Cabot Properties, Inc
Palisade Redlands Logistics Center	Inland Empire East	356,791	\$63,300,000	\$177.41	Property Reserve	North Palisade Partners
Serrano Business Park I	Inland Empire East	148,045	\$57,100,000	\$385.69	MDH Partners	Prospect Ridge
Serrano Business Park II	Inland Empire East	180,840	\$45,029,000	\$249.00	Southern Tire Mart	Miramar Capital
Oakmont Mission Ramona Business Park	Inland Empire West	187,179	\$42,000,000	\$224.38	Bayland Health	Oakmont Industrial Group

SIGNIFICANT LEASE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant
Duke Perris Logistics Center	Inland Empire East	2,008,281	July 2026	Prologis, Inc.	Wayfair (Renewal)
Moreno Valley Logistics Center	Inland Empire East	1,331,763	July 2026	Prologis, Inc.	DP World Logistics
Speedway Commerce Center (East)	Inland Empire West	1,286,569	July 2026	Hillwood Development Corporation	CEVA Logistics
Shea Center Ontario	Inland Empire West	748,023	July 2026	Shea Properties	Creative Innovations
Cajon Distribution Center	Inland Empire East	671,683	July 2026	Invesco Ltd.	GXO Logistics
Speedway Commerce Center (West)	Inland Empire West	500,403	July 2026	Hillwood Development Corporation	Undisclosed

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
The Hub	3560 E Airport Dr	Inland Empire West	2,535,282	Ontario Int'l Airport Authority	September 2026 June 2027
Amazon Fulfillment Center	Phelan Rd	Inland Empire East	2,500,000	Amazon	December 2026
Menifee Valley Business Park	26155-26375 Malaga Rd	Inland Empire East	1,861,113	BGRE	December 2026
South Ontario Logistics Center	961 & 7000 Merrill Ave	Inland Empire West	1,853,223	Clarion Partners	November 2026 June 2027
Menifee Commerce Center	26250 Sherman Rd	Inland Empire East	1,046,539	Core5 Industrial Partners	December 2026
Perris Fulfillment Center	815 S Redlands Ave	Inland Empire East	1,020,657	IDI Logistics	May 2027

Data Source: EDD, CoStar



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COMMERCIAL BROKERAGE	\$9B AVERAGE ANNUAL TRANSACTION VOLUME	32.4M ANNUAL SALES SF	32.5M ANNUAL LEASING SF
ASSET SERVICES	55M+ 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