

As anticipated, the Inland Empire industrial market has begun its course back to normal market conditions as a result of the current economic state. Nevertheless, any fundamental shifts happening in the I.E. has not disrupted institutional or credit tenant interest, as companies including Home Depot, Constellation Brands, Michelin Tire, Nordstrom, Pepsi, etc. have all continued to commit to considerable space in the market, solidifying the Inland Empire as one of the continued top industrial markets in the nation.

The year started off strong with extraordinary big-box activity, as the number of transactions 100,000 square feet or greater remained consistent with last quarter (nearly 30). Not only has gross absorption stayed constant with previous months, there were more top deals (500,000 square feet or greater) executed in this quarter than last. In Q1, the top three leases were over 1M square feet, and the top three sales were all staggering nine-figure transactions.

*The development pipeline the past few years has erupted, ceased to slow down, and has shifted the I.E. industrial market.*

The number of buildings that have completed construction has doubled compared to last quarter, yet there is still nearly 40M square feet under construction. While activity remains healthy, the amount of industrial product being developed is beginning to outpace the demand seen in the market at this time. Over the past few years, the majority of development inventory had been leased far prior to completion. Today, just 29% of this quarter's construction completions has been leased, leaving the newly completed projects vacant and joining the growing pool of existing available space.

Last quarter, about one-third of available space came from existing buildings; now, existing space makes up nearly half of all available inventory due to the 15.5M square feet of completed construction last year. Sublease space now makes up almost 12% of all available space, as tenants are continuing to take advantage of the rapid price increase since their original execution date while restructuring their warehousing needs.

Despite the corrections happening from the remarkable amount of construction occurring, lease rates and sale prices have yet to fall in the I.E. However, in an atypical chain of events, the East has continued to be the more competitive of the two submarkets. While the West's pricing remains higher out of the two, the East saw increases in all four types of rates quarter-over-quarter, while the West stalled and in some aspects softened compared to last quarter. The availability rate is lower in the East than the West, and there is significantly less product being developed keeping supply lower and demand higher, leading to a continued influx of rates.

#### IE MARKET SNAPSHOT

**BASE INVENTORY** 669,964,194 SF

**AVAILABILITY RATE** 8.03%

**VACANCY RATE** 1.64%

**2023 YTD NET ABSORPTION** 447,747 SF

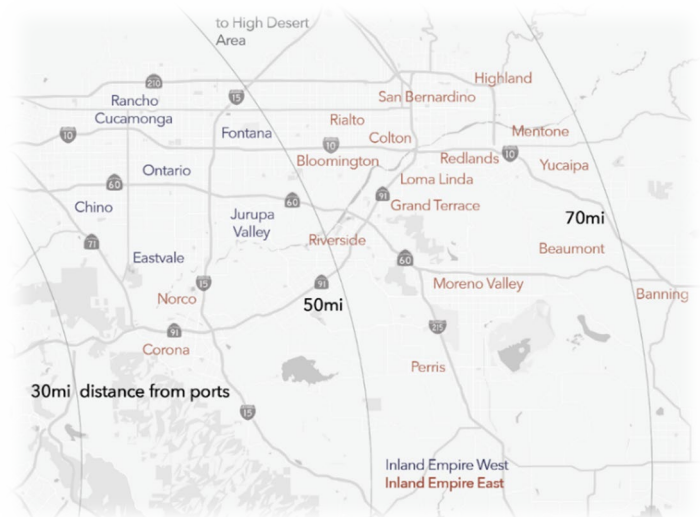
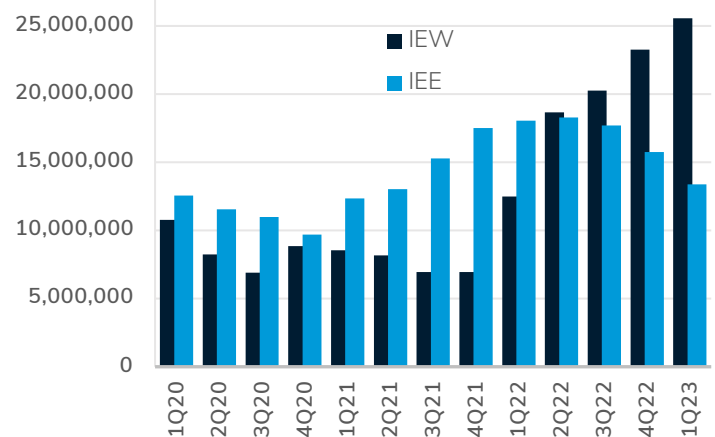
**2023 YTD GROSS ACTIVITY** 17,274,620 SF

**2023 YTD COMPLETED CONSTRUCTIONS** 5,998,044 SF

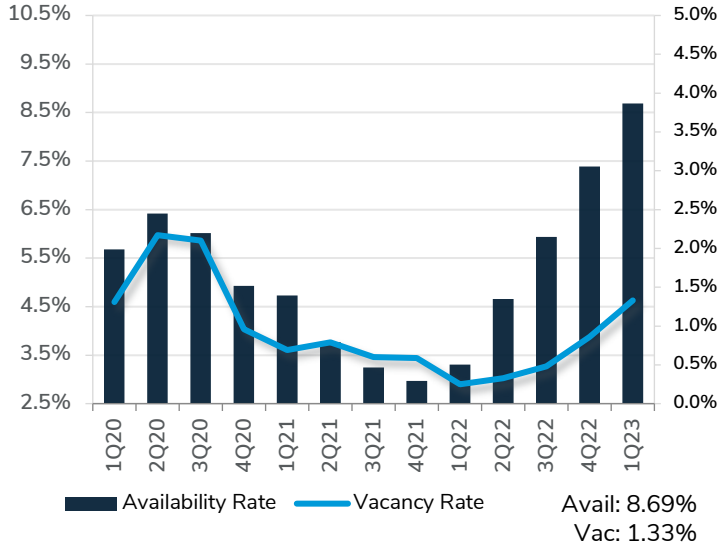
**UNDER CONSTRUCTION** 38,950,904 SF

**AVG NNN LEASE RATE (100K+)** \$1.580/SF (West)  
\$1.277/SF (East)

#### UNDER CONSTRUCTION



**IE WEST AVAILABILITY & VACANCY**

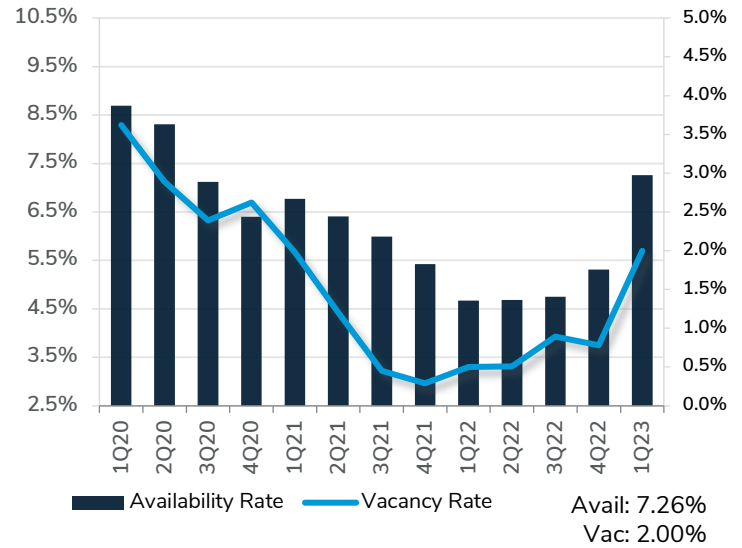


AVAILABILITY: All space being marketed (existing & U/C)

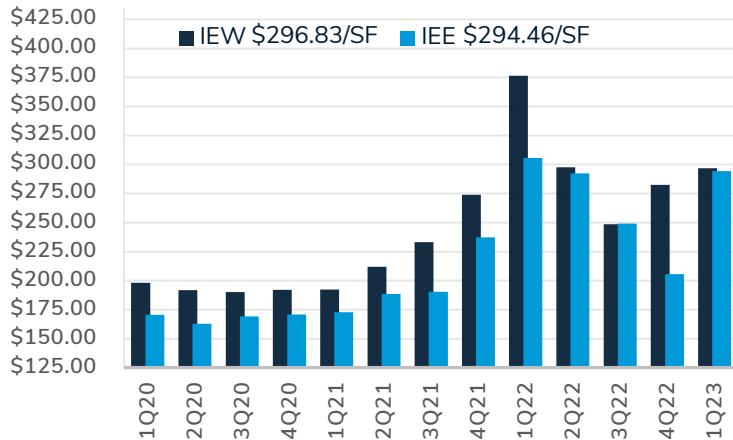
VACANCY: Unoccupied space (not including U/C or planned)

\*INCLUDES ALL CLASSES OF BUILDINGS

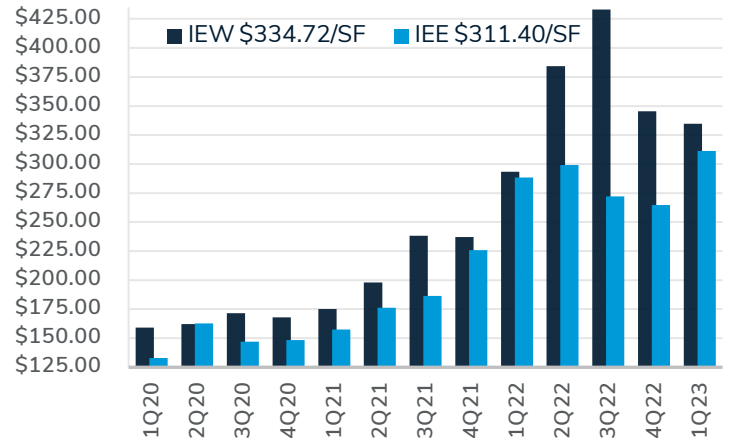
**IE EAST AVAILABILITY & VACANCY**



**USER SALES PRICE PER SF**

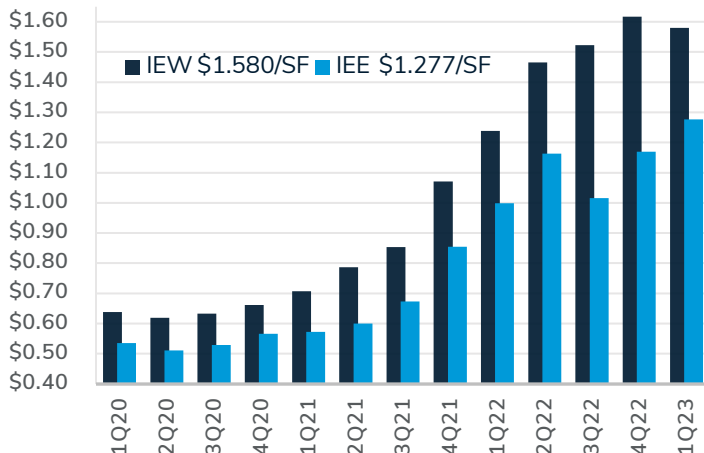


**INVESTMENT SALES PRICE PER SF**



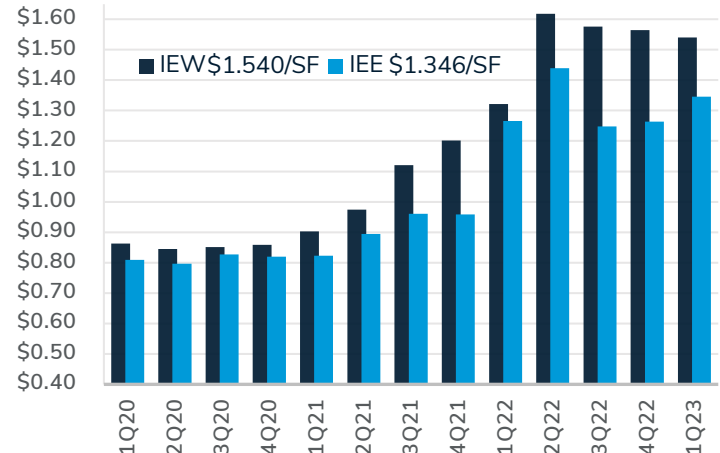
**ACTUAL NNN LEASE RATE PRICE PER SF**

100K+ SF

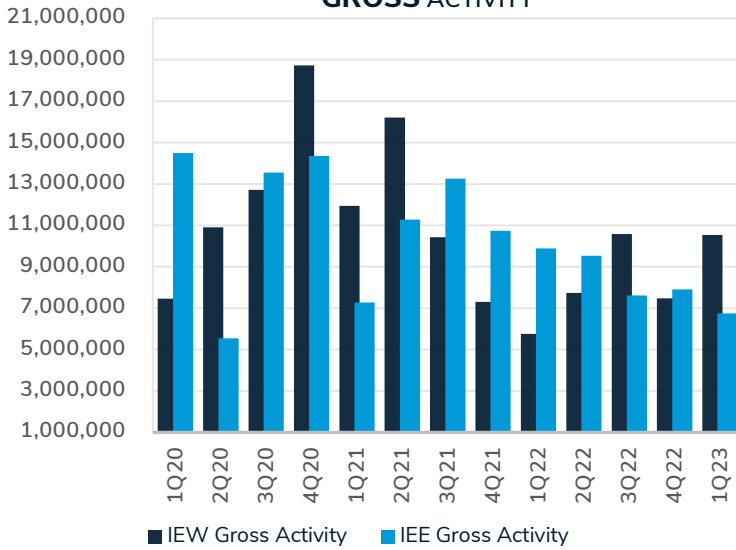


**ACTUAL GROSS LEASE RATE PRICE PER SF**

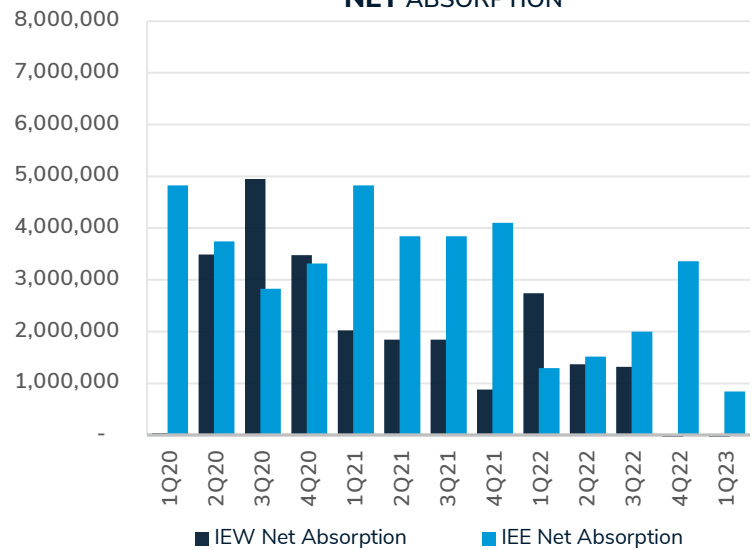
UNDER 100K SF



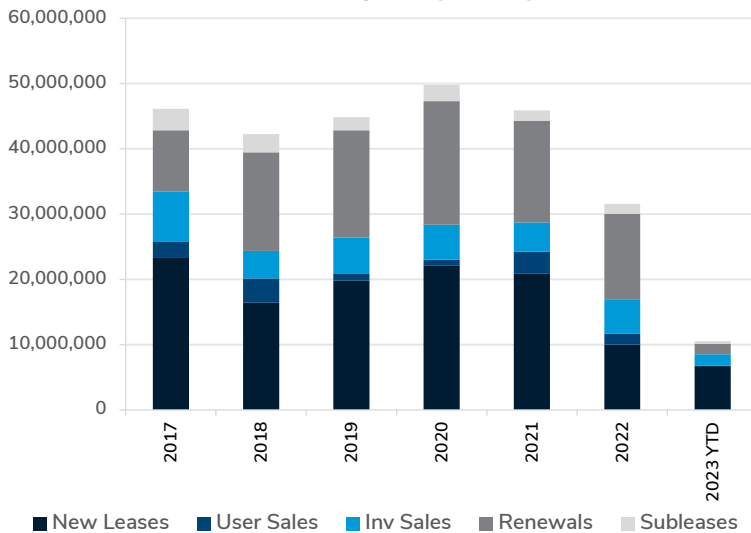
**GROSS ACTIVITY**



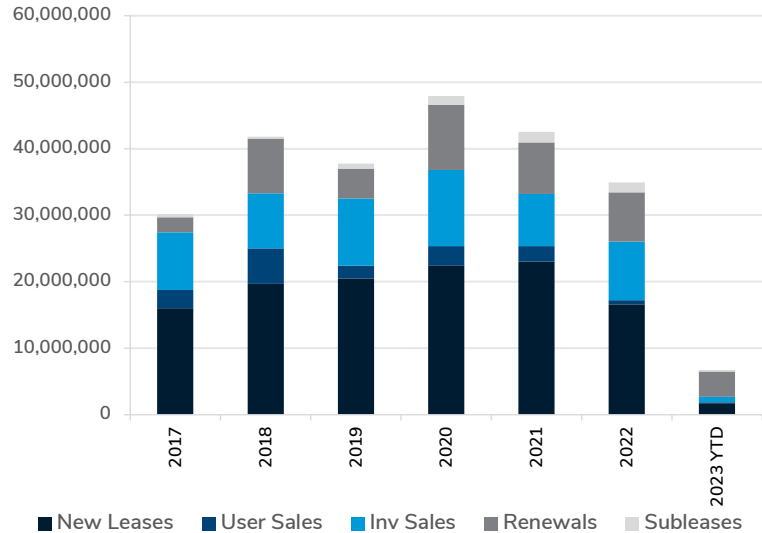
**NET ABSORPTION**



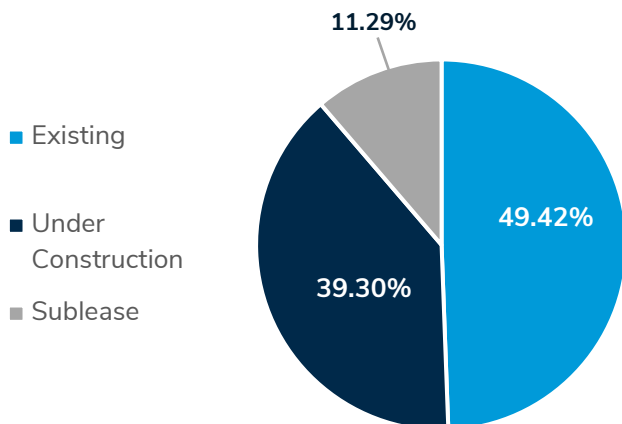
**IE WEST - TOTAL ACTIVITY**



**IE EAST - TOTAL ACTIVITY**



**1Q23 Lease Availability BREAKDOWN**



**TOTAL ACTIVITY**

Transaction Type	IEW	IEE	TOTAL
New Leases	6,727,769	1,713,268	8,441,037
Renewals	1,624,907	3,789,688	5,414,595
Subleases	401,956	242,800	644,756
User Sales	43,194	144,062	187,256
Investment Sales	1,734,307	852,669	2,586,976
<b>1Q23 Total</b>	<b>10,532,133</b>	<b>6,742,487</b>	<b>17,274,620</b>

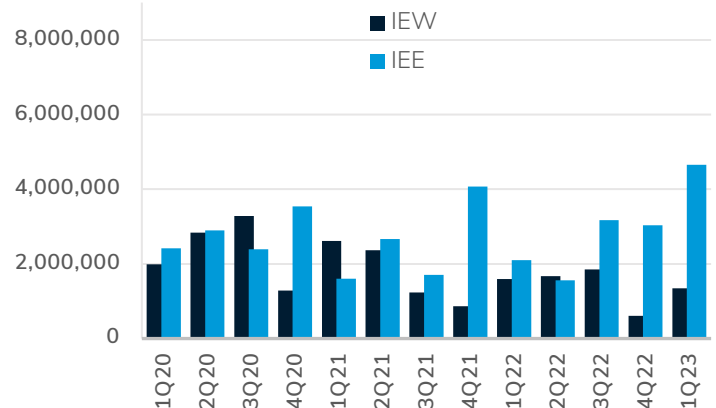
LEASED PROPERTY	LESSEE	LESSOR	SIZE	DEAL TYPE
3413 Manitou Ct, Jurupa Valley	Crown & Court / Constellation Brands, Inc.	Link Logistics	1,379,287	New
4705 Grove Ave, Ontario	Home Depot USA, Inc	Prologis	1,186,414	New
4801 Grove Ave, Ontario	Home Depot USA, Inc	Prologis	1,055,590	New
657 Nance St, Perris	NFI	Ares Management	864,000	Renewal
3525 Mike Daley Dr, San Bernardino	Michelin Tire	Nuveen Real Estate	801,581	Renewal
17335 Glen Helen Pkwy, San Bernardino	Hautelook	Alere Property Group, LLC	604,029	Renewal
23450 Brodiaea Ave, Moreno Valley	Harbor Freight Tools	Prologis	601,810	Renewal
1650 E Central Ave, San Bernardino	Pepsi Co.	Clarion Partners	480,570	Renewal
12400 Riverside Dr, Eastvale	Shamrock Foods	Alere Property Group, LLC	397,631	Renewal
13230 San Bernardino Ave, Fontana	iLAD, Inc	Prologis	388,130	Renewal
17825 Indian St, Moreno Valley	Confidential	First Industrial Acquisitions Inc.	366,117	New
1580 Eastridge Ave. Riverside	Geodis Logistics, LLC	Brookfield Properties	355,182	Renewal
16774 Jurupa Ave, Fontana	Fusion Transport	REDA	325,161	New
1670 S Champagne Ave, Ontario	Leggett & Platt	Link Logistics	263,670	New
13204-13250 Philadelphia St, Fontana	US Foods, Inc.	BentallGreenOak	198,985	Renewal

SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
10545 Production Ave, Fontana	Rexford Industrial Realty, Inc	Tireco, Inc	1,101,840	Investment
13204-13250 Philadelphia St, Fontana	BentallGreenOak	MetLife	380,650	Investment
6075 Lance Dr, Riverside	BentallGreenOak	Loctek, Inc	361,346	Investment
14874 Jurupa Ave, Fontana	Rexford Industrial Realty, Inc	IDI Logistics LLC	158,119	Investment
750-760 E Central Ave, San Bernardino	MIG Capital	Positive Investments, Inc	156,717	Investment
24773 Nandina Ave, Moreno Valley	Dalfen Industrial	Molto Properties	95,922	Investment

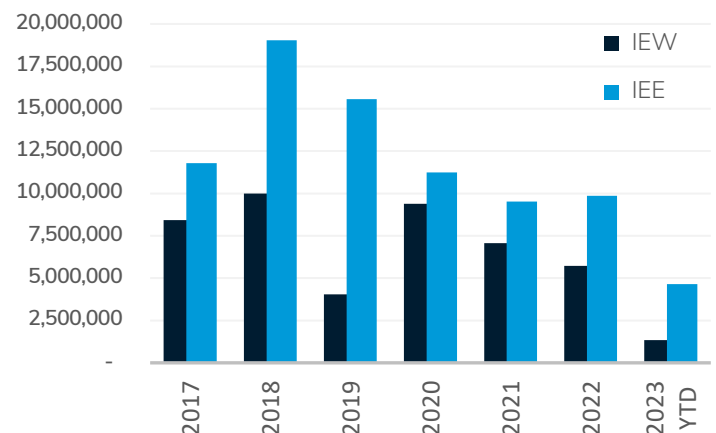
## 2023 1<sup>st</sup> QUARTER 100K+ CONSTRUCTION COMPLETIONS

PROPERTY	SIZE	DEVELOPER
19115 Harvill Ave, Perris (Leased)	1,138,800	Clarion Partners
450 E Rider St, Perris	804,803	IDI Logistics
531 E Central Ave, San Bernardino (Leased)	462,125	REDA
11119 Juniper Ave, Fontana	436,424	Clarion / REDA
16774 Jurupa Ave, Fontana	325,161	Clarion / REDA
12438 East End Ave, Chino	208,823	Alere Property Group
1501 Sherborn St, Corona	205,235	Kearny Real Estate
23111 Perry St, Perris (Leased)	197,317	Molto Properties
1501 Sherborn St, Corona	186,190	Kearny Real Estate
1740 Mountain Ave, Norco	159,517	CapRock
1501 Sherborn St, Corona	150,404	Kearny Real Estate
1700 Mountain Ave, Norco	145,424	CapRock
210 Radio Rd, Corona	144,001	Oakmont Industrial Group
1990 W. Renaissance Pkwy, Rialto	134,256	Link Logistics Group
1501 Sherborn St, Corona	115,545	Kearny Real Estate
1049 Spruce St, Riverside (Leased)	112,874	Blue Mountain One LP
2440 Eucalyptus Ave, Ontario (Leased)	111,564	Clarion / REDA
<b>TOTAL</b>	<b>5,038,463</b>	

## QUARTERLY CONSTRUCTION COMPLETIONS



## CONSTRUCTION COMPLETIONS – BY YEAR



**Inland Empire WEST - 5,000 SF and Greater**

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	1Q NET ABSORPTION	1Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	57,360,457	3,156,675	5.50%	683,119	1.19%	(163,479)	323,548	965,263
Eastvale	13,691,277	325,109	2.37%	253,084	1.85%	54,386	0	60,025
Fontana	75,999,196	10,434,310	13.73%	1,608,298	2.12%	(7,477)	859,429	4,649,381
Jurupa Valley	34,652,344	4,383,500	12.65%	190,872	0.55%	131,930	0	4,692,316
Ontario	133,599,997	8,334,265	6.24%	1,404,338	1.05%	(115,199)	139,567	12,194,311
Rancho Cucamonga	44,264,846	4,615,217	10.43%	628,655	1.42%	(242,125)	24,380	3,001,380
<b>TOTAL</b>	<b>359,568,117</b>	<b>31,249,076</b>	<b>8.69%</b>	<b>4,768,366</b>	<b>1.33%</b>	<b>(341,964)</b>	<b>1,346,924</b>	<b>25,562,676</b>

**Inland Empire EAST - 5,000 SF and Greater**

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	1Q NET ABSORPTION	1Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	8,548,249	7,000	0.08%	7,000	0.08%	0	0	1,777,708
Bloomington	3,425,634	475,200	13.87%	86,008	2.51%	0	0	0
Colton	10,042,710	534,800	5.33%	54,054	0.54%	(45,000)	0	0
Corona / Norco	37,973,023	3,413,668	8.99%	2,240,713	5.90%	(103,080)	1,571,317	203,823
Grand Terrace	460,436	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,451,707	387,707	26.71%	0	0.00%	0	0	305,611
Moreno Valley	32,899,790	954,875	2.90%	106,470	0.32%	0	0	253,200
Perris	39,519,706	5,009,635	12.68%	1,187,575	3.01%	1,341,617	2,140,920	4,718,324
Redlands / Loma Linda	32,442,407	2,238,514	6.90%	376,506	1.16%	(34,275)	0	588,495
Rialto	37,432,880	2,841,946	7.59%	1,331,028	3.56%	(703,252)	341,689	534,753
Riverside	60,968,150	3,669,155	6.02%	451,828	0.74%	3,329	112,874	2,845,920
San Bernardino	45,231,385	2,997,874	6.63%	367,301	0.81%	380,372	484,320	2,110,594
<b>TOTAL</b>	<b>310,396,077</b>	<b>22,530,374</b>	<b>7.26%</b>	<b>6,208,483</b>	<b>2.00%</b>	<b>839,711</b>	<b>4,651,120</b>	<b>13,338,428</b>

**Inland Empire WEST - 100,000 SF and Greater**

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	1Q NET ABSORPTION	1Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	40,310,951	2,108,256	5.23%	340,006	0.84%	(131,183)	208,823	751,520
Eastvale	11,682,612	197,892	1.69%	197,892	1.69%	0	0	0
Fontana	62,803,386	9,595,033	15.28%	1,041,811	1.66%	215,181	761,585	4,406,028
Jurupa Valley	29,635,510	3,798,312	12.82%	0	0.00%	154,380	0	4,516,658
Ontario	100,022,120	5,230,677	5.23%	344,116	0.34%	239,770	111,564	11,470,191
Rancho Cucamonga	27,723,185	3,208,961	11.58%	267,667	0.97%	(156,667)	0	2,828,654
<b>TOTAL</b>	<b>272,177,764</b>	<b>24,139,131</b>	<b>8.87%</b>	<b>2,191,492</b>	<b>0.81%</b>	<b>321,481</b>	<b>1,081,972</b>	<b>23,973,051</b>

**Inland Empire EAST - 100,000 SF and Greater**

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	1Q NET ABSORPTION	1Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	7,531,580	0	0.00%	0	0.00%	0	0	1,777,708
Bloomington	2,780,172	371,442	13.36%	0	0.00%	0	0	0
Colton	6,252,526	305,034	4.88%	0	0.00%	0	0	0
Corona / Norco	15,307,248	1,860,455	12.15%	1,573,806	10.28%	(193,268)	1,106,316	132,408
Grand Terrace	210,560	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,141,658	305,611	26.77%	0	0.00%	0	0	305,611
Moreno Valley	31,267,845	633,020	2.02%	106,470	0.34%	0	0	0
Perris	36,231,620	4,365,709	12.05%	1,138,375	3.14%	1,336,117	2,140,920	4,348,714
Redlands / Loma Linda	28,121,018	1,834,146	6.52%	257,655	0.92%	(41,634)	0	460,788
Rialto	32,509,803	2,250,727	6.92%	920,144	2.83%	(785,888)	134,256	310,354
Riverside	38,935,823	2,361,486	6.07%	209,573	0.54%	112,874	112,874	2,397,514
San Bernardino	35,455,110	2,469,493	6.97%	160,196	0.45%	462,125	462,125	1,992,471
<b>TOTAL</b>	<b>235,744,963</b>	<b>16,757,123</b>	<b>7.11%</b>	<b>4,366,219</b>	<b>1.85%</b>	<b>890,326</b>	<b>3,956,491</b>	<b>11,725,568</b>

**Inland Empire - 500,000 SF and Greater**

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	1Q NET ABSORPTION	1Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Inland Empire West	112,154,820	11,242,790	10.02%	0	0.00%	0	0	17,570,625
Inland Empire East	136,859,492	4,852,089	3.55%	1,206,717	0.88%	736,886	1,943,603	5,888,571
<b>TOTAL</b>	<b>249,014,312</b>	<b>16,094,879</b>	<b>6.46%</b>	<b>1,206,717</b>	<b>0.48%</b>	<b>736,886</b>	<b>1,943,603</b>	<b>23,459,196</b>



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