

Economic market conditions have disrupted many sectors of the real estate industry. However, the industrial market continues to hold its ground, specifically in the Inland Empire. Overall, lease activity remains healthy with over thirty big-box (100,000 square feet or greater) deals being executed this past quarter, which is more than Q1. About 65% of those transactions were new deals. Total renewal activity among all size ranges took up just 18% of all lease transactions, while about 13% of all deals were subleases.

Despite the strong volume of deals being done, the amount of completed industrial product over the last year has begun to bump the vacancy rate up.

Currently, about 40% of all industrial product completed year-to-date still awaits a tenant.

The formidable development pipeline sits in a similar state, as over 60% of all projects under construction are available and anticipated to be added to the vacant inventory once completed. For example, nearly 50% of all vacant space in the West comes from Fontana, which houses a large quantity of newly-delivered space that has not been absorbed yet.

The dynamic between the IEW and the IEE has officially shifted. Historically, the West was the more dominant of the two markets as the East had more development opportunities. Now, the availability rate and the vacancy rate are tighter in the East, and there is almost double the amount of development under construction in the West versus the East. Rezoning opportunities in the IEW, many found in as Ontario, has helped the reposition; Ontario makes up 23% of developments under construction in the Inland Empire.

The staggering five-story 4M square foot industrial building occupied by Amazon has finished completion this quarter, heavily contributing to the West's completed construction year-to-date. This past quarter saw a great deal of smaller projects completing with only six big-box buildings wrapping up construction in Q2. Looking ahead into the construction pipeline, the I.E. is on track to deliver some of the most product seen in one year.

The composition of availability has altered; during the peak of the market, the majority of all inventory available was under construction or merely planned. Today, 65% of big-box availability comes from existing buildings, mostly due to the newly added inventory to the market. This also applies to the I.E.'s largest inventory (500,000 square feet or greater) as over half of such available buildings are existing.

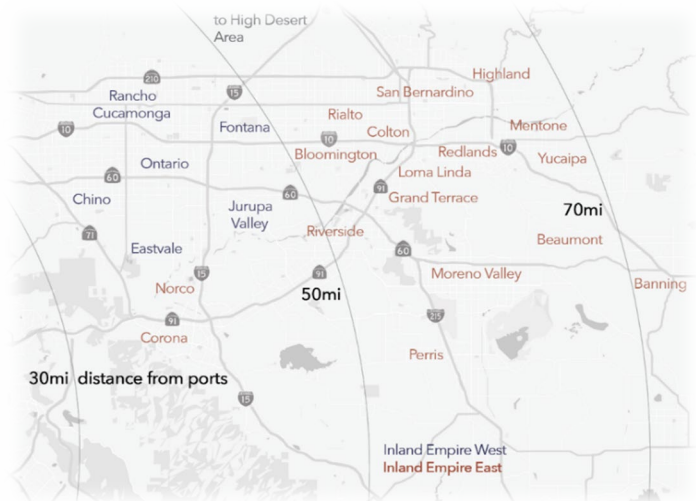
Although the amount of available and vacant inventory is increasing, lease rates refuse to adjust and remain on par with last quarters. NNN lease rates for big-box buildings have jumped 31% year-over-year in the East specifically.

On average, lease pricing has increased over 125% in the past two years which continues to hold investors interest in the market.

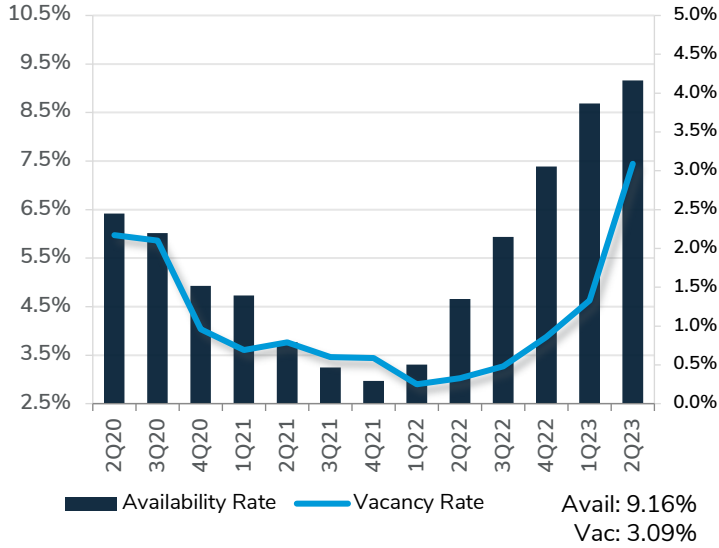
Due to the rise in interest rates, the few user sales that closed escrow quarter were smaller in size. Three nine-figure sale transactions occurred in Q2, all involving institutional capital, which ultimately solidifies the Inland Empire industrial market as a leading force for investors.

IE MARKET SNAPSHOT

BASE INVENTORY	671,236,793 SF
AVAILABILITY RATE	8.72%
VACANCY RATE	2.78%
2023 YTD NET ABSORPTION	(823,430) SF
2023 YTD GROSS ACTIVITY	32,674,544 SF
2023 YTD COMPLETED CONSTRUCTIONS	12,371,676 SF
UNDER CONSTRUCTION	34,003,830 SF
AVG NNN LEASE RATE (100K+)	\$1.599/SF (West) \$1.521/SF (East)



IE WEST AVAILABILITY & VACANCY

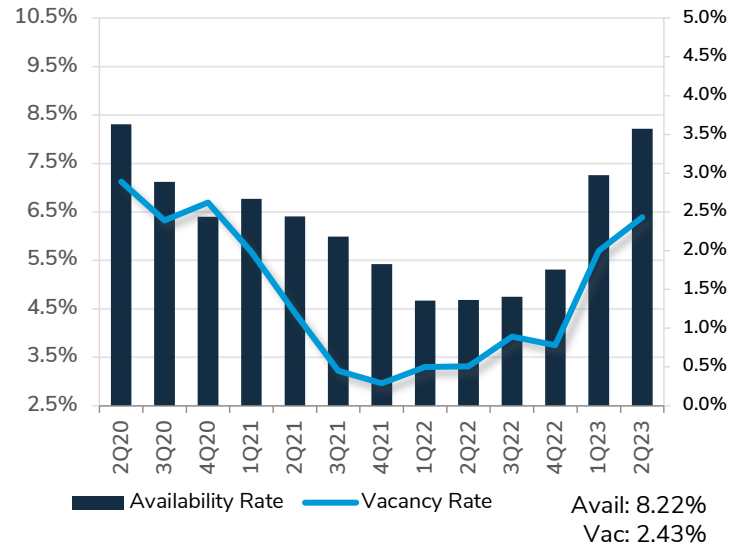


AVAILABILITY: All space being marketed (existing & U/C)

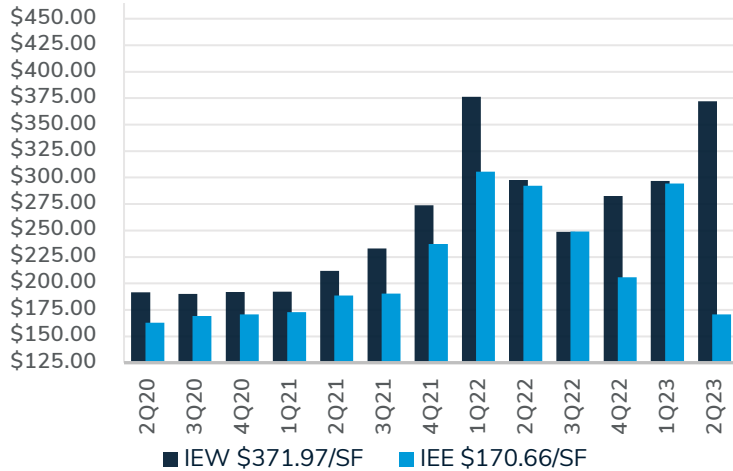
VACANCY: Unoccupied space (not including U/C or planned)

*INCLUDES ALL CLASSES OF BUILDINGS

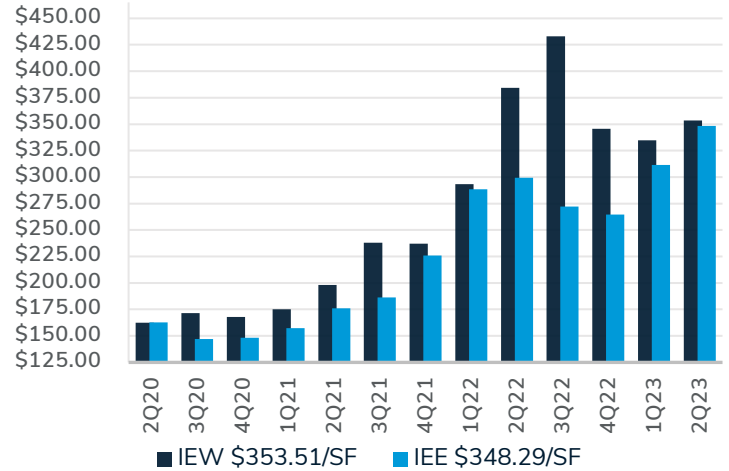
IE EAST AVAILABILITY & VACANCY



USER SALES PRICE PER SF

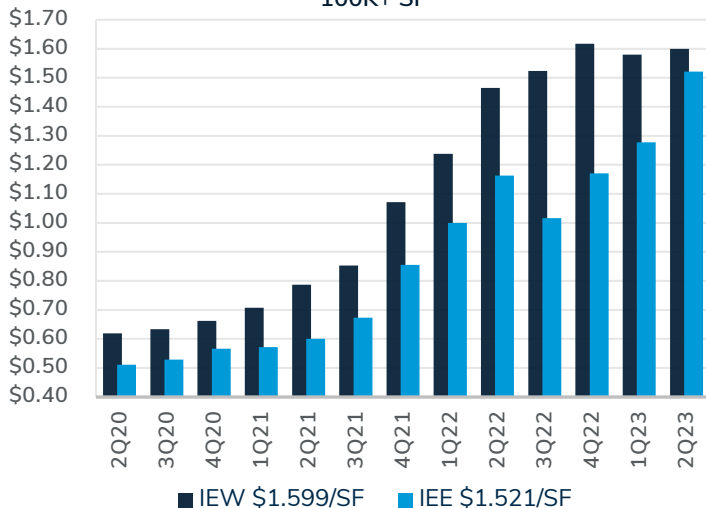


INVESTMENT SALES PRICE PER SF



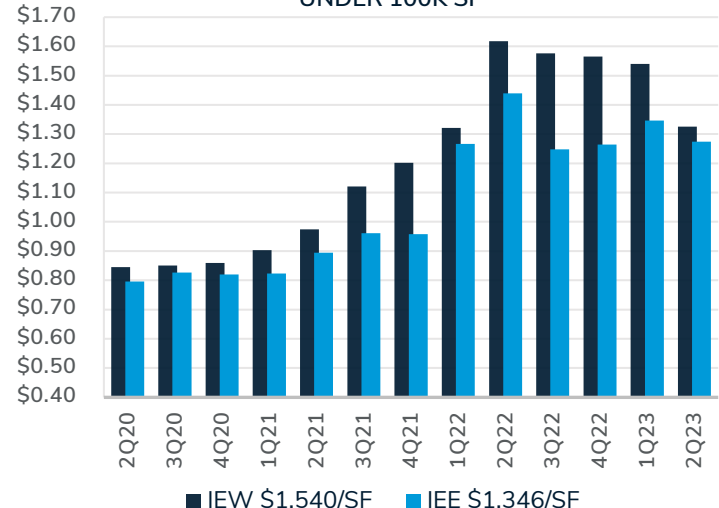
ACTUAL NNN LEASE RATE PRICE PER SF

100K+ SF

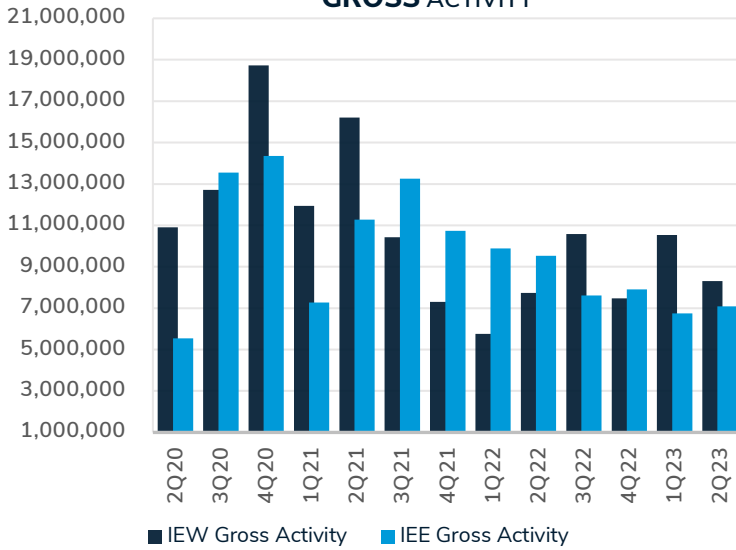


ACTUAL GROSS LEASE RATE PRICE PER SF

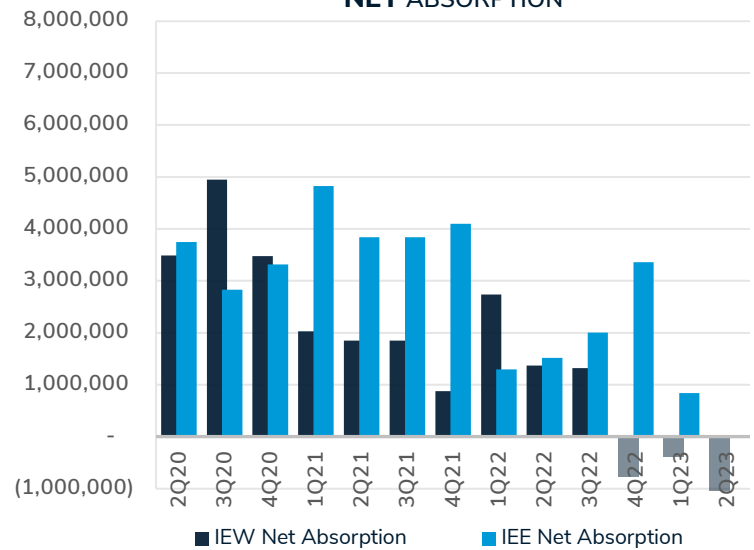
UNDER 100K SF



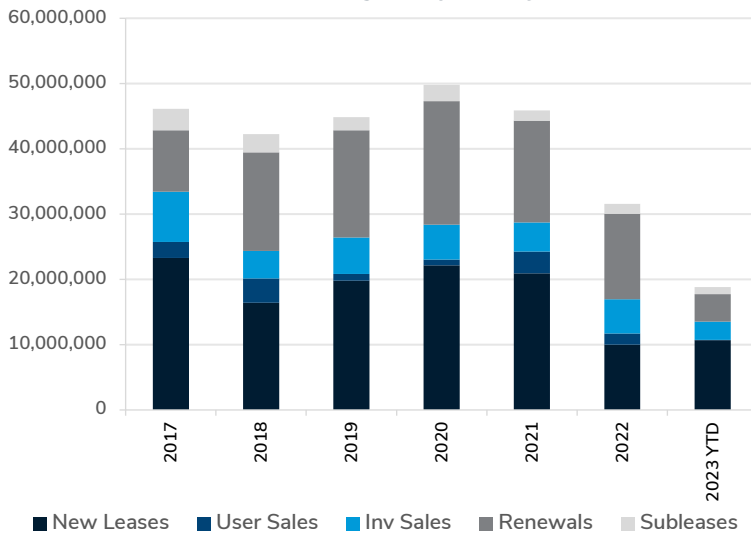
GROSS ACTIVITY



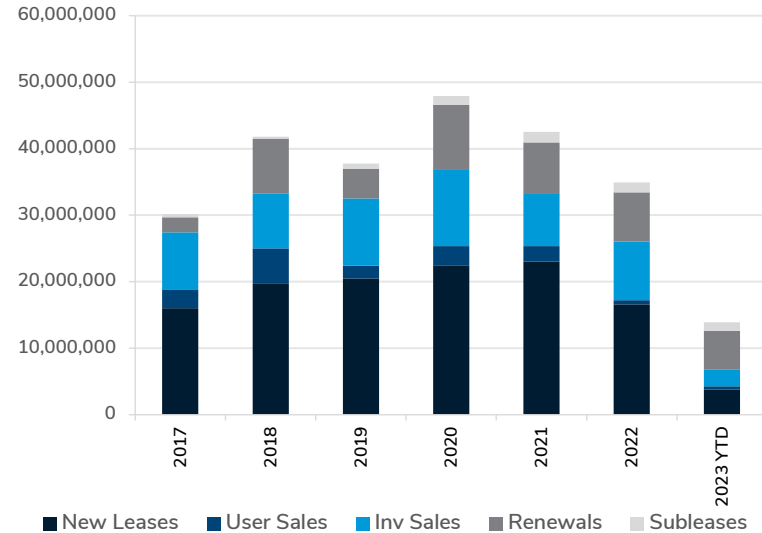
NET ABSORPTION



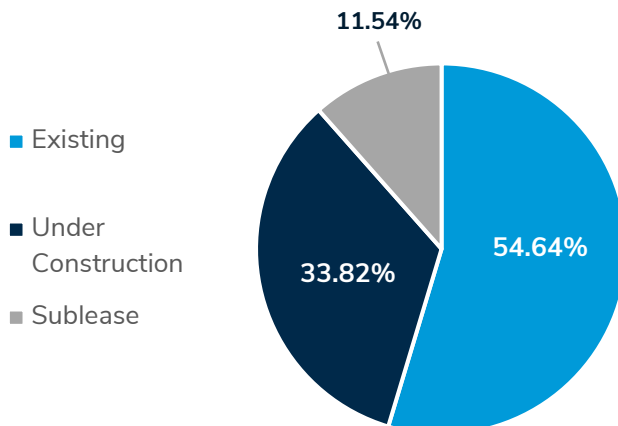
IE WEST - TOTAL ACTIVITY



IE EAST - TOTAL ACTIVITY



2Q23 Lease Availability BREAKDOWN



TOTAL ACTIVITY

Transaction Type	IEW	IEE	TOTAL
New Leases	3,955,667	2,076,313	6,031,980
Renewals	2,552,502	2,007,870	4,560,372
Subleases	705,910	974,482	1,680,392
User Sales	26,846	363,633	390,479
Investment Sales	1,065,143	1,671,558	2,736,701
2Q23 Total	8,306,068	7,093,856	15,399,924
1Q23 Total	10,532,133	6,742,487	17,274,620

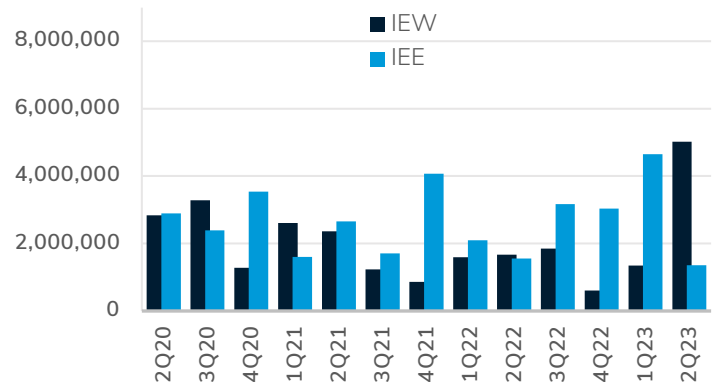
LEASED PROPERTY	LESSOR	LESSEE	SIZE	DEAL TYPE
12430 Fourth St, Rancho Cucamonga	Bridge Development	Smart & Final	1,422,524	New
1020 Prosperity Way, Beaumont	USAA	Wolverine Distribution, Inc.	720,000	Renewal
11905 Landon Dr, Jurupa Valley	Prologis	Maersk Warehousing & Distribution Services	645,311	Renewal
9774 Calabash Ave, Fontana	Alere Property Group, LLC	Ontrac	591,020	Renewal
1543 Alder Ave, Rialto	Prologis	CTDI, Inc.	426,302	Renewal
26525 Pioneer Ave, Redlands	Watson Land Company	GXO Logistics Supply Chain, Inc.	375,839	Renewal
18550 Orange St, Bloomington	Unical Aviation Inc.	Mayrock, Inc.	371,442	Sublease
SW of Decker Rd & Harley Knox Blvd, Perris	SRG Commercial	Brother International Corp.	348,375	New
21500 Harvill Ave, Perris	CH/BDG Harvill, LLC	McKesson	333,572	New
11900 Cabernet Dr, Fontana	Vintage Park East, LLC	Confidential Tenant	303,120	New
14909 Summit Dr, Eastvale	First Industrial, LP	Weber Distribution	301,388	Renewal
1560 Sierra Ridge Dr, Riverside	Alere Property Group, LLC	FV USA	252,818	Renewal
290 Milliken Ave, Ontario	Panattoni/CalSTRS	Berlin Packaging, LLC	230,484	Renewal
1560 Sierra Ridge Dr, Riverside	Alere Property Group, LLC	Sungistix, LLC	211,237	New
5100 Shea Center Dr, Ontario	Shea Properties, Inc.	Trek	207,018	Renewal
7776 Tippecanoe Ave, San Bernardino	Gibson Overseas	Western Post, LLC	200,000	Sublease
5150 Eucalyptus Ave, Chino	G&O Chino Property	Confidential Tenant	186,773	New

SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
1501 Sherbon St, Corona (Portfolio)	GLP Capital Partners	Kearny Real Estate Company	727,960	Investment
1800 S. Wineville Ave, Ontario	Link Logistics Real Estate LLC	Sares Regis/JP Morgan	446,624	Investment
4345 Parkhurst St, Jurupa Valley	GLP Capital Partners	State Teachers Retirement System of Ohio	329,831	Investment
3350 Enterprise Ave, Rialto	New York Life Real Estate Investors	TA Realty	274,494	Investment
5685 Industrial Pkwy, San Bernardino	Dermod Properties	Denley Investment & Management Company	250,111	Investment
2902-2976 Rubidoux Blvd, Jurupa Valley	Intersection Equities LLC	Bravo Whiskey Properties LLC	120,261	Investment

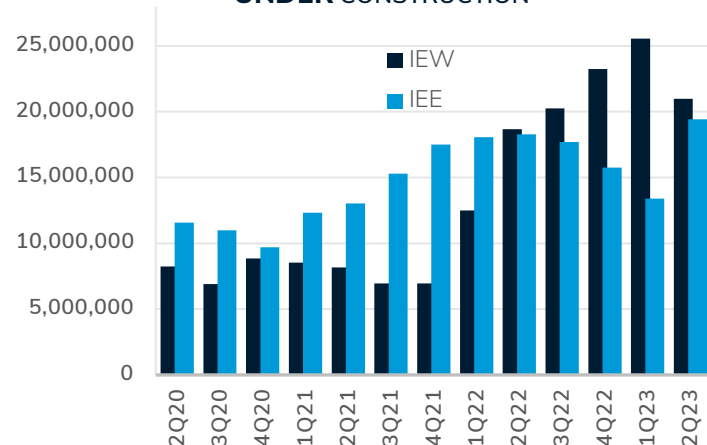
2023 2nd QUARTER 100K+ CONSTRUCTION COMPLETIONS

PROPERTY	SIZE	DEVELOPER
8900 Merrill Ave, Ontario (Leased)	4,055,980	Prologis
23550 Placentia Ave, Perris (Leased)	682,700	Ares Management
23840 Rider Street, Perris (Leased)	330,735	Prologis
10271 Almond Ave, Fontana	210,625	Clarion / REDA
14339 Whittram Ave, Fontana	209,600	Oakmont Development
16003 Euclid Ave, Chino	206,118	Alere Property Group
TOTAL	5,695,758	

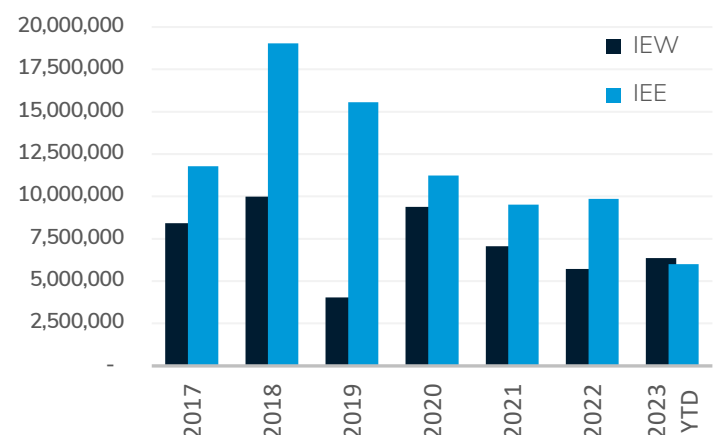
QUARTERLY CONSTRUCTION COMPLETIONS



UNDER CONSTRUCTION



CONSTRUCTION COMPLETIONS – BY YEAR



Inland Empire WEST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	2Q NET ABSORPTION	2Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	57,513,263	3,714,001	6.46%	1,478,624	2.57%	(432,879)	362,626	819,425
Eastvale	13,691,277	406,732	2.97%	258,207	1.89%	(5,123)	0	60,025
Fontana	76,009,619	11,333,694	14.91%	5,441,221	7.16%	(3,255,191)	577,732	4,102,065
Jurupa Valley	34,995,116	3,144,013	8.98%	220,130	0.63%	(29,258)	0	5,025,396
Ontario	133,445,238	10,652,732	7.98%	2,762,715	2.07%	2,719,511	4,077,888	7,977,709
Rancho Cucamonga	44,263,453	3,706,577	8.37%	952,892	2.15%	(324,237)	0	3,003,380
TOTAL	359,917,966	32,957,749	9.16%	11,113,789	3.09%	(1,327,177)	5,018,246	20,988,000

Inland Empire EAST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	2Q NET ABSORPTION	2Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	8,555,169	90,920	1.06%	50,920	0.60%	(43,920)	0	1,777,708
Bloomington	3,425,634	86,008	2.51%	86,008	2.51%	0	0	0
Colton	10,501,374	857,214	8.16%	194,233	1.85%	(140,179)	0	0
Corona / Norco	37,797,693	3,220,836	8.52%	2,132,163	5.64%	108,334	0	203,823
Grand Terrace	460,436	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,451,707	355,611	24.50%	50,000	3.44%	(50,000)	0	305,611
Moreno Valley	33,138,152	1,154,462	3.48%	852,520	2.57%	(492,850)	253,200	288,162
Perris	39,731,829	5,137,983	12.93%	854,003	2.15%	1,347,007	1,013,435	3,917,012
Redlands / Loma Linda	32,442,407	3,256,830	10.04%	514,284	1.59%	(48,811)	88,967	499,528
Rialto	37,477,658	3,882,717	10.36%	662,703	1.77%	668,325	0	1,027,163
Riverside	60,908,132	3,188,696	5.24%	1,558,531	2.56%	(1,106,703)	0	2,885,920
San Bernardino	45,428,636	4,368,104	9.62%	602,504	1.33%	(235,203)	0	2,110,903
TOTAL	311,318,827	25,599,381	8.22%	7,557,869	2.43%	6,000	1,355,602	13,015,830

Inland Empire WEST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	2Q NET ABSORPTION	2Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	40,311,232	2,317,976	5.75%	949,043	2.35%	(402,919)	206,118	515,402
Eastvale	11,682,612	197,892	1.69%	197,892	1.69%	0	0	0
Fontana	62,797,705	10,645,971	16.95%	5,091,593	8.11%	(3,629,557)	420,225	3,979,285
Jurupa Valley	29,968,611	2,402,166	8.02%	0	0.00%	0	0	4,849,759
Ontario	99,864,509	7,685,856	7.70%	1,512,734	1.51%	2,887,362	4,055,980	7,260,977
Rancho Cucamonga	27,721,792	2,162,259	7.80%	386,969	1.40%	(119,302)	0	2,830,654
TOTAL	272,346,461	25,412,120	9.33%	8,138,231	2.99%	(1,264,416)	4,682,323	19,436,077

Inland Empire EAST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	2Q NET ABSORPTION	2Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	7,531,580	0	0.00%	0	0.00%	0	0	1,777,708
Bloomington	2,780,172	0	0.00%	0	0.00%	0	0	0
Colton	6,709,646	762,154	11.36%	179,233	2.67%	(179,233)	0	0
Corona / Norco	15,145,032	1,740,598	11.49%	1,260,581	8.32%	312,909	0	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%	633,020	2.02%	(526,550)	0	0
Perris	36,443,743	4,622,473	12.68%	804,803	2.21%	1,347,007	1,013,435	3,547,402
Redlands / Loma Linda	28,121,018	2,843,212	10.11%	257,655	0.92%	0	0	460,788
Rialto	32,545,093	3,318,713	10.20%	310,256	0.95%	609,888	0	802,764
Riverside	38,935,823	2,108,451	5.42%	1,348,675	3.46%	(1,139,102)	0	2,397,514
San Bernardino	35,649,080	3,770,561	10.58%	299,047	0.84%	(138,851)	0	1,992,471
TOTAL	236,481,250	20,104,793	8.50%	5,093,270	2.15%	286,068	1,013,435	11,416,666

Inland Empire - 500,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	2Q NET ABSORPTION	2Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Inland Empire West	108,661,115	9,998,302	9.20%	1,003,592	0.92%	3,052,388	4,055,980	13,187,311
Inland Empire East	136,178,740	7,360,819	5.41%	1,308,395	0.96%	581,022	682,700	5,205,871
TOTAL	244,839,855	17,359,121	7.09%	2,311,987	0.94%	3,633,410	4,738,680	18,393,182



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