

Tenant demand has resumed its prominent role in the Inland Empire industrial market. Total activity in the I.E. nearly doubled compared to both Q3 & Q4 of last year. Four one-million square foot lease transactions were executed in the first quarter of this supposedly tumultuous year. **Q1 saw the most big-box (100,000 square feet or greater) leases signed in a single quarter since mid-2022.** These substantial deals, in conjunction with the newly-completed & previously-leased industrial product delivered, contributed to the positive net absorption seen in Q1. Vacancy continues to tick up, as the development pipeline trends down (53% year-over-year).

Remarkably, the West & East submarkets have leveled their playing fields; both availability & vacancy are nearly equal in relation to their corresponding inventory. While the East remains the more affordable of the two, the West dominated in terms of total activity and therefore in net absorption. **The West was responsible for the two big-box user sales and made up an astonishing 82% of all big-box leases in Q1.** The IEW's pipeline of construction is nearly twice the size of the East's, and this past quarter, **the West delivered almost four times the amount of new industrial product than the East.** Consequently, the West hasn't seen a Vacancy rate this high since 2012.

New deals dominated total activity, with **58% of all activity** (and 58% of all big-box activity) **being new direct move-ins**, a positive indicator of the market regaining its speed. With the most active significant size segments being 100-150K and 400K+, the trouble, situated between 200,000 & 400,000 square feet, houses the largest supply available in relation to the past 12-month demand, a supply that when forecasting anticipated absorption could take over four years to lease up. Renewal transaction volume remained on-par with last quarter, while sublease activity nearly doubled this quarter.

Sublease space continues its wild expansion, as it now makes up almost 25% of all availability in the market - a 24% increase from last quarter and a 118% increase from last year. Such an increase in sublease space warrants for a recalculation and reconsideration of vacancy. When recalculated, given this newly-dominant availability sector, the **PHYSICAL VACANCY RATE WITH SUBLEASE SPACE SURPASSES 5.3%.**

While overall lease rates peaked in 2022, the minor rate corrections the market is experiencing hardly offsets the tremendous growth seen during the historic peak. Rates on average are down about 12.6% year-over-year. However, some size ranges saw over 100% year-over-year increases during that peak - growth, absent of the pandemic, that would have taken nearly ten years to achieve based on average year-over-year increases.

Despite the current hesitations, long-term users in the market recognize the overall growth of the market, as two significant sale-leasebacks were completed to start off 2024. Walgreens cashed in on their 692,600 square foot facility in Fontana after trading with an investor and executing a fifteen-year Lease with options to extend. After rumored sublease intentions in mid-2022, Amazon committed to several million square feet of Class A industrial space, some still under construction, repositioning their stance on overall industrial needs and the market.

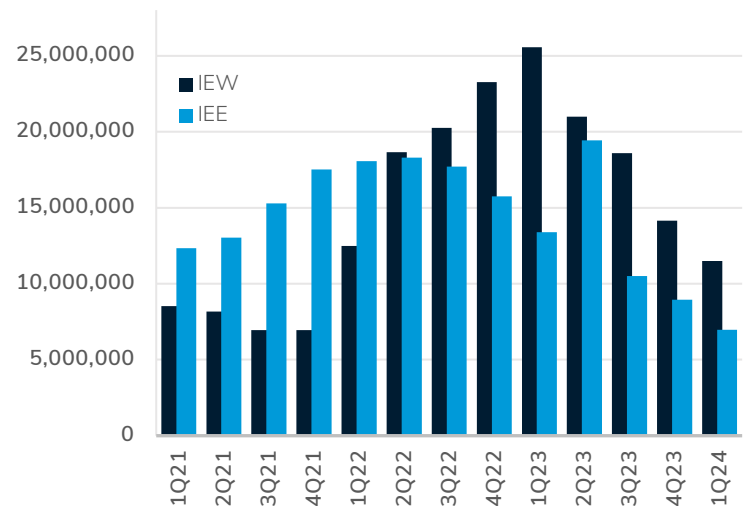
#### IE MARKET SNAPSHOT

<b>BASE INVENTORY</b>	681,639,295 SF
<b>AVAILABILITY RATE</b>	11.56%
<b>VACANCY RATE</b>	4.38%
<b>VACANCY RATE WITH SUBLEASES</b>	5.31%
<b>2024 YTD NET ABSORPTION</b>	4,404,133 SF
<b>2024 YTD GROSS ACTIVITY</b>	18,231,182 SF
<b>2024 YTD DELIVERIES</b>	7,785,925 SF
<b>UNDER CONSTRUCTION</b>	18,461,913 SF
<b>AVG NNN LEASE RATE (100K+)</b>	\$1.332/SF (West) \$1.161/SF (East)

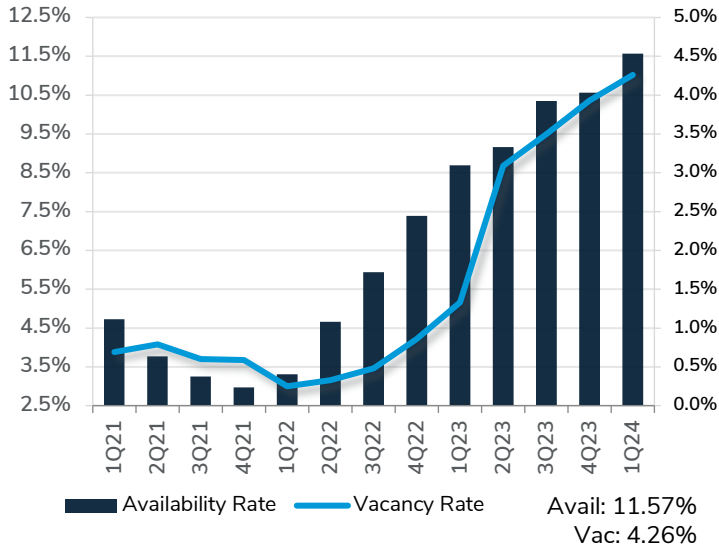
#### COMPARISON TO 4Q23

- **DEVELOPMENT PIPELINE** down 20%
- **GROSS ACTIVITY** up 5.54%
- **LEASE RATES** down 10.25%
- **AVAILABILITY** up 11.07%
- **VACANCY** up 12.78%
- **DELIVERIES** up 10.70%
- **SUBLEASE SPACE** up 10.70%

#### UNDER CONSTRUCTION



### IE WEST AVAILABILITY & VACANCY

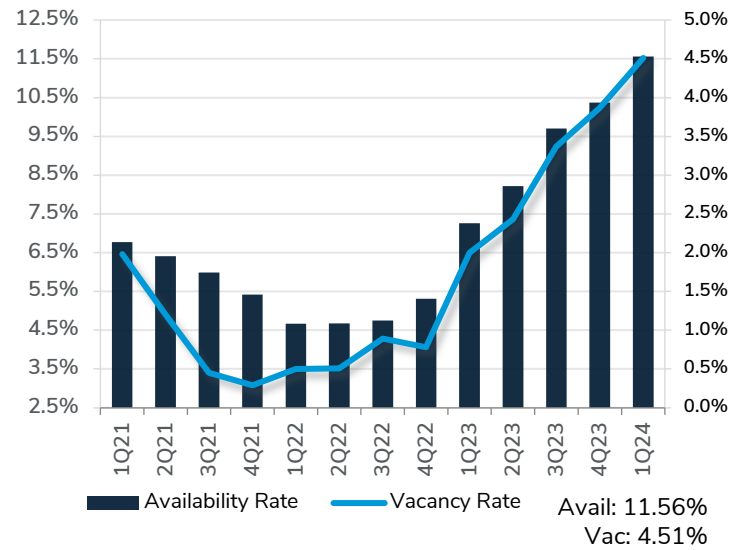


AVAILABILITY: All space being marketed (existing & U/C)

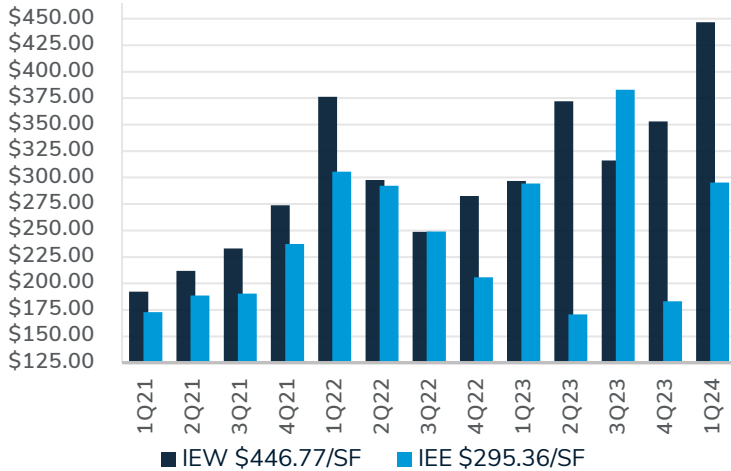
VACANCY: Unoccupied space (not including U/C or planned)

\*INCLUDES ALL CLASSES OF BUILDINGS

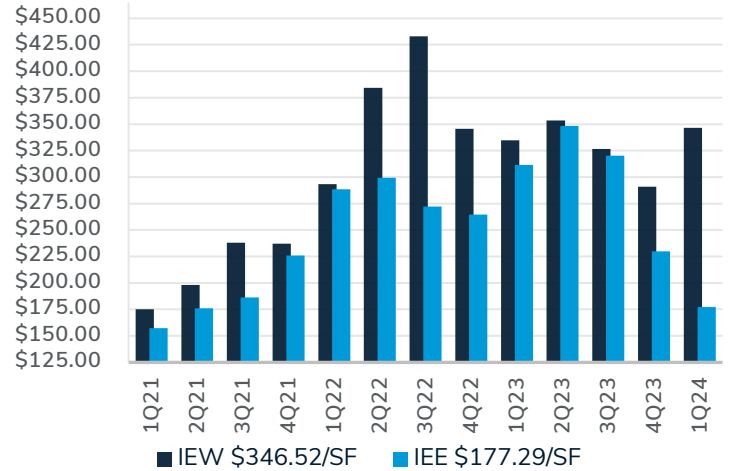
### IE EAST AVAILABILITY & VACANCY



### USER SALES PRICE PER SF

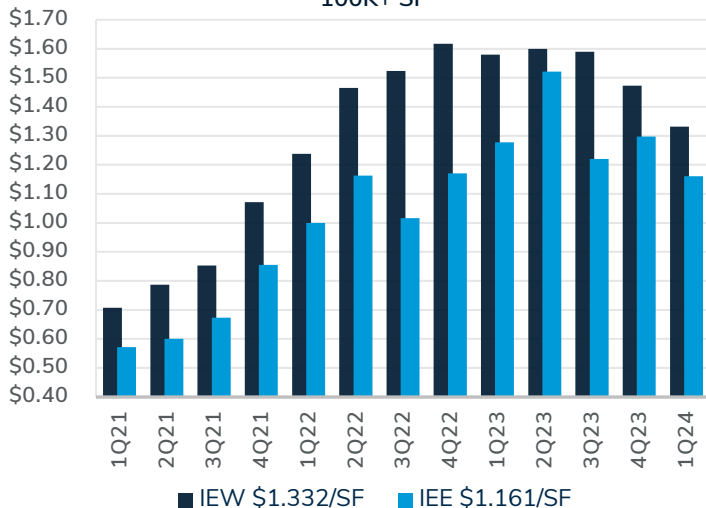


### INVESTMENT SALES PRICE PER SF



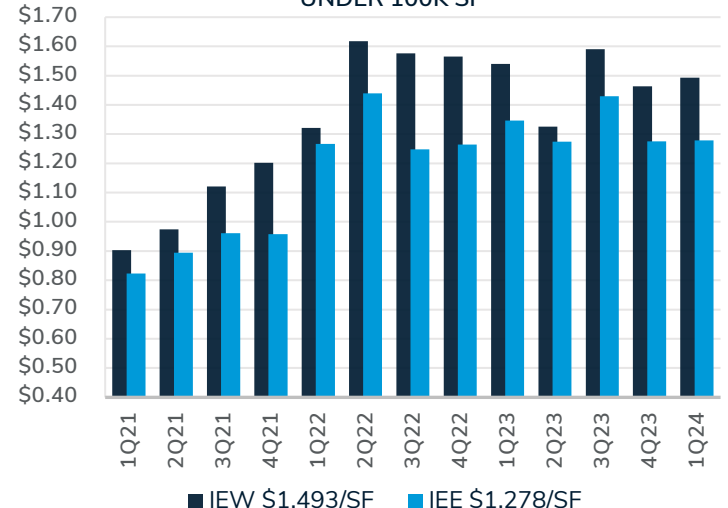
### ACTUAL NNN LEASE RATE PRICE PER SF

100K+ SF

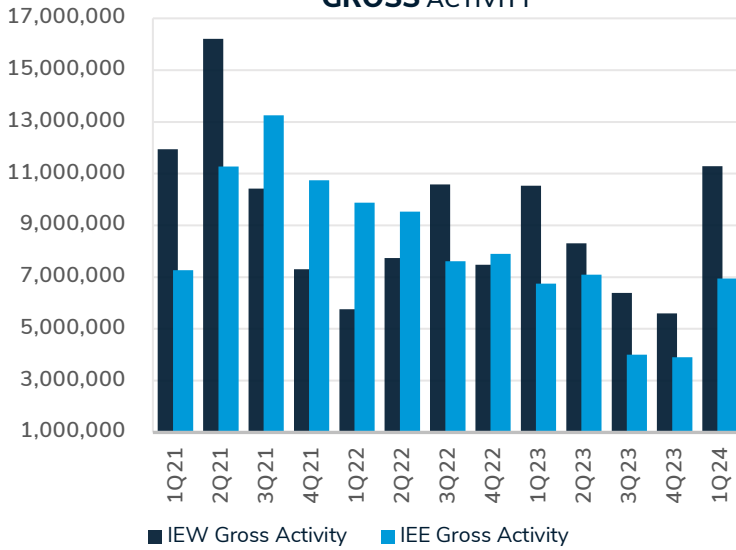


### ACTUAL GROSS LEASE RATE PRICE PER SF

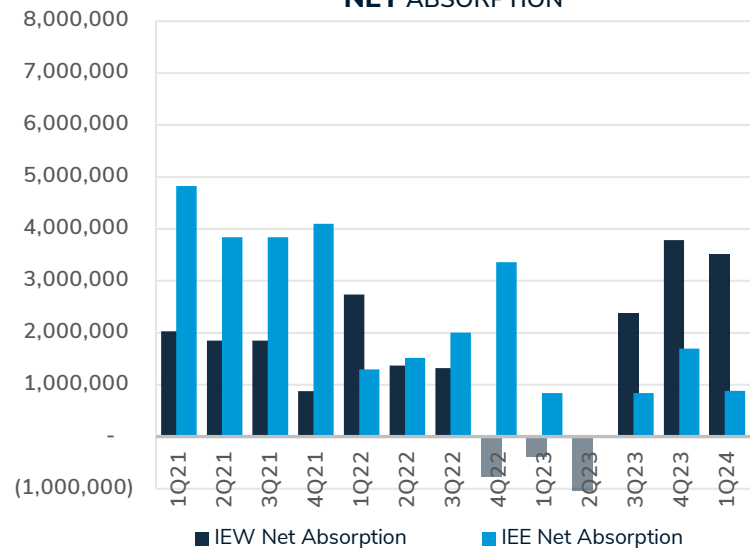
UNDER 100K SF



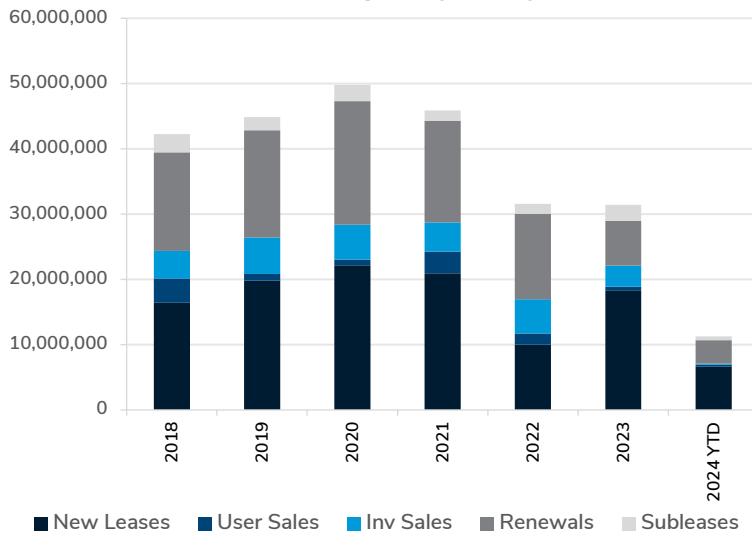
### GROSS ACTIVITY



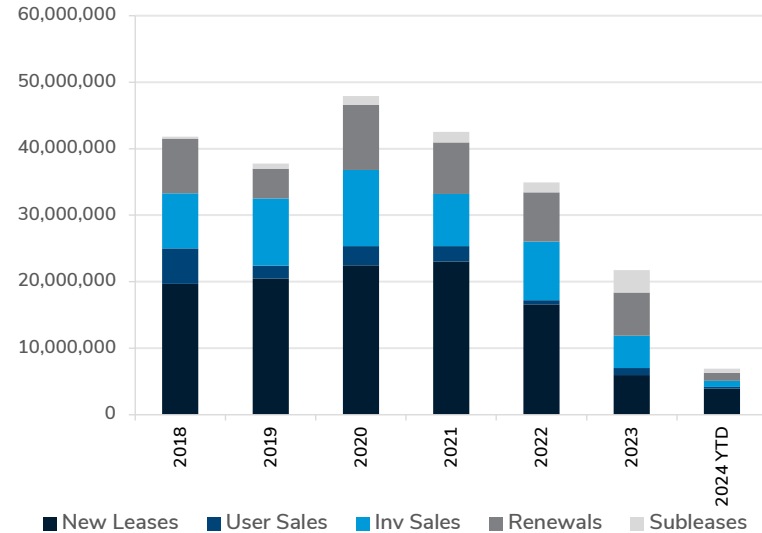
### NET ABSORPTION



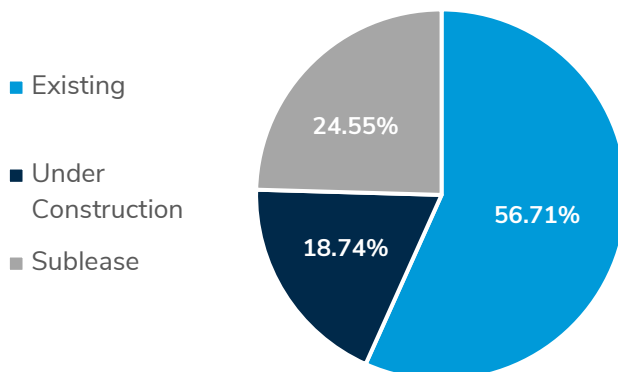
### IE WEST - TOTAL ACTIVITY



### IE EAST - TOTAL ACTIVITY



### 1Q24 Lease Availability BREAKDOWN



### TOTAL ACTIVITY

Transaction Type	IEW	IEE	TOTAL
New Leases	6,610,367	3,932,295	10,542,662
Renewals	3,554,136	1,216,699	4,770,835
Subleases	612,142	655,589	1,267,731
User Sales	352,728	249,348	602,076
Investment Sales	155,892	891,986	1,047,878
<b>1Q24 Total</b>	<b>11,285,265</b>	<b>6,945,917</b>	<b>18,231,182</b>

LEASED PROPERTY	LESSOR	LESSEE	SIZE	DEAL TYPE
6120 Clinker Dr, Jurupa Valley	CT Realty / PGIM Real Estate	Amazon	1,025,132	New
801 S Redlands Ave, Perris	IDI Logistics LLC	Lowe's	1,018,178	New
4000 S. Hamner Ave, Ontario	Dermody Properties	Amazon	1,003,918	New
11281 Citrus Ave, Fontana	Alere Property Group, LLC	E Logistics	1,003,592	New
16300 Fern Ave, Chino	Invesco/ Sares Regis	SharkNinja Operating, LLC	779,052	Renewal
675 Central Ave, San Bernardino	Alere Property Group, LLC	Hybrid Promotions	480,510	New
800 N Barrington Ave, Ontario	Prologis	Gigacloud Technology Inc	427,047	New
11290 Cantu Galleano Ranch Rd, Jurupa Valley	Industrial North American Prop Vii	Ceva Logistics, Inc.	409,998	Renewal
5140 E. Santa Ana Ave, Ontario	ProLogis	Gigacloud Technology Inc	373,283	New
9889 Almond Ave, Redlands	Alere Property Group, LLC	Abbyson Living	360,800	Renewal
4450 Lowell St, Ontario	Principal Mutual Life	Converse	317,070	Renewal
8721 Merrill Ave, Chino	Watson Land Company	Crane Worldwide Transportation	315,236	Renewal
10760 Tamarind Ave, Fontana	Oltmans Investment Co.	UPS Supply Chain Solutions Inc.	308,780	Renewal
12249 Holly St, Riverside	Alere Property Group, LLC	KCL Fulfillment	304,754	New
4060 Francis St, Ontario	Prologis	Safelite Glass Corp.	282,150	Renewal
15970 Mountain Avenue, Chino	Carson Companies	KHD Group Inc.	226,585	New
3350 E. Cedar St, Ontario	Vogel Properties, Inc.	Chep USA	220,461	Renewal
11010 Hopkins Ave, Jurupa Valley	International Vitamin Company	Northstar Innovation, Inc.	217,495	Sublease
11145 Inland Ave, Jurupa Valley	Bixby Land Company	Edward Don	209,907	Renewal
12438 East End Ave, Chino	Alere Property Group, LLC	Dealer Tire	208,823	New
11001 Citrus Ave, Fontana	Santa Ana Citrus, LLC	Elliott Auto Supply Co.	202,928	Renewal
5125 Schaefer Ave, Chino	New York Life Investments	Forest Shipping USA Inc	188,633	New
27164 San Bernardino Ave, Redlands	Calego International, Inc.	Westmark Logistics	188,546	Sublease
11899 Cabernet Dr, Fontana	Vintage Park East, LLC	Applied Industrial Technologies	165,299	Renewal

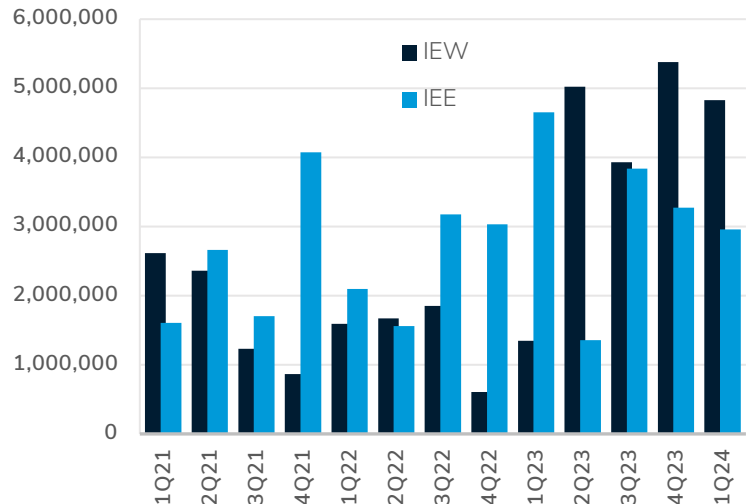
SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
17500 Perris Blvd, Moreno Valley	Easton Manson	Walgreens	692,600	Investment
13600 Napa St, Fontana	Up Trucking & Logistics Solutions LLC	McLeod Properties Fontana LLC	118,984	User
8545 Pecan Ave, Rancho Cucamonga	Pecan Ave LLC	Xebec Realty Partners	98,685	User
6450 Sycamore Canyon Blvd, Riverside	WPT Capital Advisors, LLC	RJ Property Management & Development, LLC	71,100	Investment
13351 12th St, Chino	First Industrial Realty Trust, Inc.	Goodyear Tires	67,315	Investment
19930 Rosita Ave, Corona	IOS II Rosita Ca LLC	Primoris Corporation	58,000	Investment
4695 Hallmark Pkwy, San Bernardino	Linen Kids, LLC	4695 N Hallmark Parkway, LLC	51,886	Investment

## 2024 1<sup>st</sup> QUARTER 100K+ CONSTRUCTION COMPLETIONS

PROPERTY	SIZE	DEVELOPER
3413 Manitou Ct, Jurupa Valley (Leased)	1,379,287	Link Logistics
400 E. Ellis Ave, Perris (Leased)	799,522	IDI Logistics (Sold to Link)
16604 Slover Avenue, Fontana	690,967	Panattoni / MetLife
3412 Manitou Ct, Jurupa Valley	560,025	Link Logistics
13160 Napa St, Rancho Cucamonga	500,403	Hillwood Development
22491 Harley Knox Blvd, Perris (Leased)	348,375	SRG Commercial
473 E Rider St, Perris	324,382	First Industrial
14801 Slover Ave, Fontana	300,205	Prologis
3120 Wilson Ave, Perris	248,483	Core5 Industrial Partners
13770 Jurupa Ave, Fontana	231,355	Panattoni / Principal
6237 N Cajon Blvd, San Bernardino	211,703	Westcore
3525 E Airport Dr, Ontario	201,842	Vogel Properties
4953 S Euclid, Ontario	171,913	REDA / Clarion
731 Ramona Expressway, Perris	165,307	Seefried Industrial
4742 Redlands Ave, Perris	158,730	First Industrial
13120 Napa St, Rancho Cucamonga (Leased)	155,230	Hillwood Development
18512 Harvill Ave, Perris	147,249	Majestic Realty
21101 Krameria Ave, Riverside	127,134	Seefried / Crow Holdings
1910 W Renaissance Pkwy, Rialto	114,115	Lovett Industrial
675 W Nance St, Perris	110,529	Phelan Development

**TOTAL SF COMPLETED 6,946,756**

## QUARTERLY CONSTRUCTION COMPLETIONS



### 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	57,757,456	4,684,745	8.11%	1,040,698	1.80%	354,232	0	819,398
Eastvale	13,932,643	2,066,109	14.83%	836,963	6.01%	(567,046)	0	253,366
Fontana	79,060,841	12,669,754	16.03%	4,570,294	5.66%	1,055,772	1,266,862	4,657,561
Jurupa Valley	35,314,927	4,491,807	12.72%	2,749,646	7.79%	2,416,446	1,963,612	191,311
Ontario	134,635,219	13,058,104	9.70%	4,821,206	3.58%	158,753	793,757	5,383,551
Rancho Cucamonga	45,192,946	5,362,170	11.87%	1,582,457	3.50%	99,919	803,609	192,518
<b>TOTAL</b>	<b>365,894,032</b>	<b>42,332,689</b>	<b>11.57%</b>	<b>15,601,264</b>	<b>4.26%</b>	<b>3,518,076</b>	<b>4,827,840</b>	<b>11,497,705</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	8,558,762	1,542,704	18.02%	44,000	0.51%	0	0	0
Bloomington	3,727,523	361,696	9.70%	68,408	1.84%	17,600	0	0
Colton	11,117,744	1,926,603	17.33%	305,233	2.75%	17,573	0	960,040
Corona / Norco	38,051,740	4,107,574	10.79%	2,401,902	6.31%	83,900	0	266,492
Grand Terrace	468,436	0	0.00%	0	0.00%	8,000	8,000	0
Highland/Mentone/Yucaipa	1,975,353	810,837	41.05%	0	0.00%	50,000	0	668,656
Moreno Valley	33,170,655	2,219,075	6.69%	616,408	1.86%	329,312	43,400	195,162
Perris	40,950,452	6,652,910	16.25%	2,313,152	5.65%	1,139,027	2,355,852	1,596,488
Redlands / Loma Linda	32,359,980	4,363,264	13.48%	1,714,856	5.30%	(5,529)	0	0
Rialto	37,706,989	4,981,802	13.21%	2,452,770	6.50%	(983,458)	159,774	1,388,883
Riverside	61,466,995	4,575,003	7.44%	1,642,586	2.67%	581,948	127,134	744,641
San Bernardino	46,190,634	4,947,084	10.71%	2,687,436	5.82%	(352,316)	263,925	1,143,846
<b>TOTAL</b>	<b>315,745,263</b>	<b>36,488,552</b>	<b>11.56%</b>	<b>14,246,751</b>	<b>4.51%</b>	<b>886,057</b>	<b>2,958,085</b>	<b>6,964,208</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	40,129,036	3,246,867	8.09%	642,782	1.60%	203,440	0	515,059
Eastvale	11,682,612	1,731,172	14.82%	755,392	6.47%	(557,500)	0	0
Fontana	65,433,126	11,537,216	17.63%	4,152,215	6.35%	1,003,592	1,222,527	4,299,505
Jurupa Valley	30,090,938	3,648,966	12.13%	2,283,522	7.59%	2,404,419	1,939,312	0
Ontario	100,948,154	9,259,633	9.17%	2,716,761	2.69%	130,710	373,755	5,204,179
Rancho Cucamonga	28,647,630	3,806,500	13.29%	955,160	3.33%	30,902	655,633	151,455
<b>TOTAL</b>	<b>276,931,496</b>	<b>33,230,354</b>	<b>12.00%</b>	<b>11,505,832</b>	<b>4.15%</b>	<b>3,215,563</b>	<b>4,191,227</b>	<b>10,170,198</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	1,458,704	19.37%	0	0.00%	0	0	0
Bloomington	3,080,736	271,788	8.82%	0	0.00%	0	0	0
Colton	7,339,443	1,830,947	24.95%	305,233	4.16%	0	0	960,040
Corona / Norco	15,262,713	1,748,613	11.46%	1,457,786	9.55%	0	0	132,408
Grand Terrace	210,560	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,665,304	668,656	40.15%	0	0.00%	0	0	668,656
Moreno Valley	31,293,656	1,727,858	5.52%	331,920	1.06%	301,100	0	0
Perris	37,643,517	6,114,932	16.24%	2,114,042	5.62%	1,147,897	2,302,577	1,362,772
Redlands / Loma Linda	28,022,290	3,561,603	12.71%	1,342,828	4.79%	0	0	0
Rialto	32,581,851	3,813,428	11.70%	1,847,840	5.67%	(813,581)	114,115	985,269
Riverside	39,432,722	3,163,756	8.02%	1,366,345	3.47%	542,712	127,134	307,394
San Bernardino	36,394,499	4,366,063	12.00%	2,585,651	7.10%	(489,491)	211,703	1,077,883
<b>TOTAL</b>	<b>240,458,871</b>	<b>28,726,348</b>	<b>11.95%</b>	<b>11,351,645</b>	<b>4.72%</b>	<b>688,637</b>	<b>2,755,529</b>	<b>5,494,422</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	114,713,567	14,001,596	12.21%	3,886,977	3.39%	2,850,511	3,130,682	6,232,514
Inland Empire East	138,309,527	9,176,320	6.63%	1,088,939	0.79%	2,473,177	799,522	1,088,939
<b>TOTAL</b>	<b>253,023,094</b>	<b>23,177,916</b>	<b>9.16%</b>	<b>4,975,916</b>	<b>1.97%</b>	<b>5,323,688</b>	<b>3,930,204</b>	<b>7,321,453</b>



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