

While 2023 posed a strong pause in many sectors, the Inland Empire industrial market remained stable all things considered. Certain fundamentals have reached levels not seen in over a decade due to the extreme spike in development of certain size ranges and cities: development spurred by the previous, extremely-low vacancy coupled with the heightened demand in 2020 and following quarters. Most of that heightened development is now delivering, as almost 29M square feet of industrial product will bear the label "Built in 2023." **In Q4 alone, the Inland Empire delivered the most industrial product in the West submarket in at least fifteen years, if not the most in the history of the sector.**

Radical demand was fulfilled with an extreme amount of development, leading to an oversupply, resulting in the sudden and substantial increase in available space. Availability is up year-over-year over 60%, weakening the landlord's leverage in the market. Sublease space continues to deepen its market share, as subleases currently take up nearly 20% of all available space on the market. The I.E. industrial market hasn't seen an availability rate this high since 2012, with vacancy being the highest in ten years.

The amount of industrial space under construction has continued its anticipated descent to correct the oversupply seen in the current market. Quarter-over-quarter, construction is down just over 20%, while year-over-year the development pipeline is down over 40%.

While both availability and vacancy are up as expected, given the economic climate and increase in supply, lease rates remain stable; the Inland Empire East, in fact, saw an increase in rates from last quarter. Overall activity has slowed; **2023 saw the lowest net absorption since 2010.** Nevertheless, Q4 remarkably experienced more big-box (100,000 square feet or greater) lease transactions to wrap up the year compared to last quarter (twenty-nine versus eighteen). However, there were no significant leases executed (over 600,000 square feet), compared to fourth quarter of 2022 with five big deals to wrap up the year, three of those being 1M square feet plus.

Industrial sales have suffered the most in 2023 due to the price gap created by the seller's elevated expectations from the past few years and the buyer's struggle to match those hopes with current interest rates. Only three big-box buildings traded hands this quarter, with one being the significant, near-800K square-foot Home Depot build-to-suit (now long-term lease) in Perris.

While the pace of e-commerce growth has slowed, online sales has earned its permanent place in consumer spending and established itself as a necessity over the past few years. The industrial market thrives with e-commerce driving the market, as it's been estimated that such requirements need three times more warehouse space than traditional retail due to larger product variations and more importantly, the sheer measure of returns. It has become a persistent force for demand for industrial space and is one of the many contributing factors of the I.E. industrial market's strength.

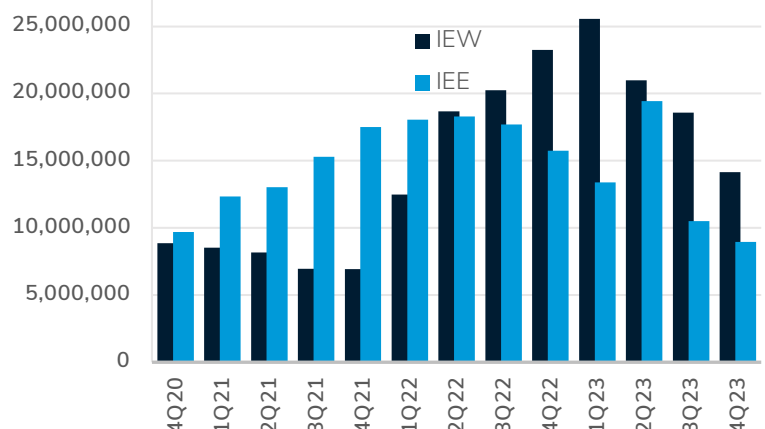
IE MARKET SNAPSHOT

BASE INVENTORY	677,848,189 SF
AVAILABILITY RATE	10.47%
VACANCY RATE	3.90%
2023 NET ABSORPTION	7,869,655 SF
2023 GROSS ACTIVITY	51,201,677 SF
2023 COMPLETED CONSTRUCTIONS	28,859,326 SF
UNDER CONSTRUCTION	23,100,968 SF
AVG NNN LEASE RATE (100K+)	\$1.473/SF (West) \$1.297/SF (East)

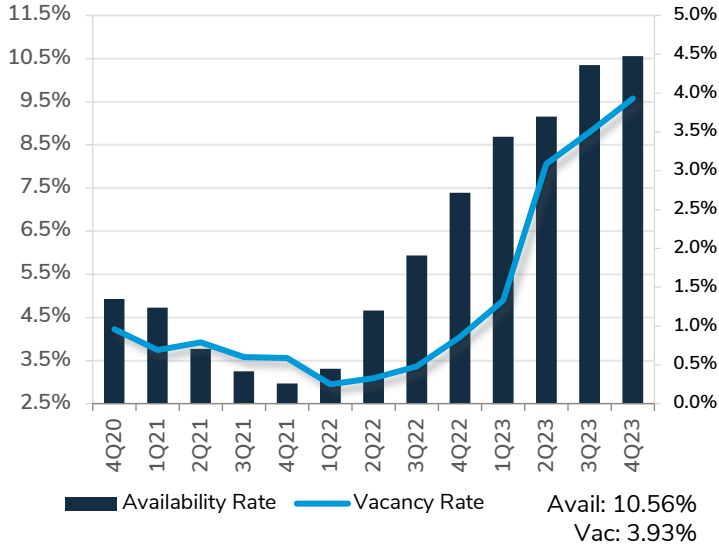
COMPARISON TO 3Q23

- **DEVELOPMENT PIPELINE** down 20.61%
- **GROSS ACTIVITY** down 8.61%
- **LEASE RATES** down 1.42%
- **AVAILABILITY** up 4.18%
- **VACANCY** up 13.37%
- **COMPLETED CONSTRUCTIONS** up 11.39%

UNDER CONSTRUCTION



IE WEST AVAILABILITY & VACANCY



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

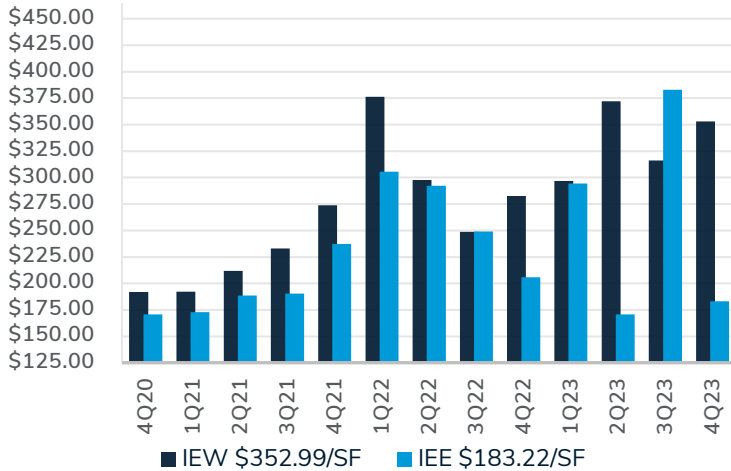
VACANCY: Unoccupied space (not including U/C or planned)

*INCLUDES ALL CLASSES OF BUILDINGS

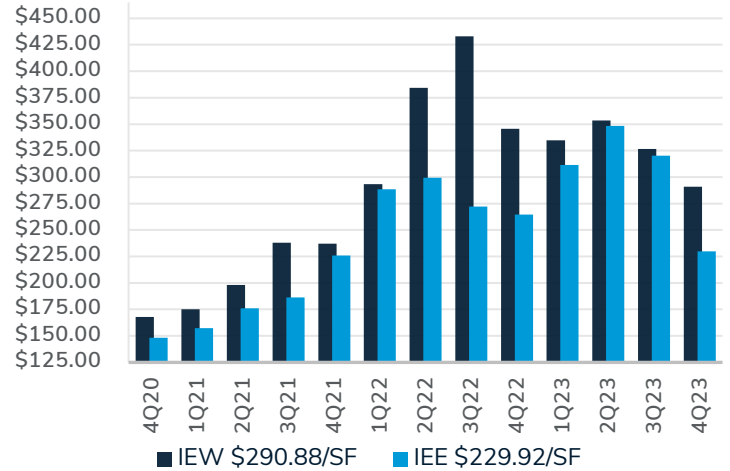
IE EAST AVAILABILITY & VACANCY



USER SALES PRICE PER SF

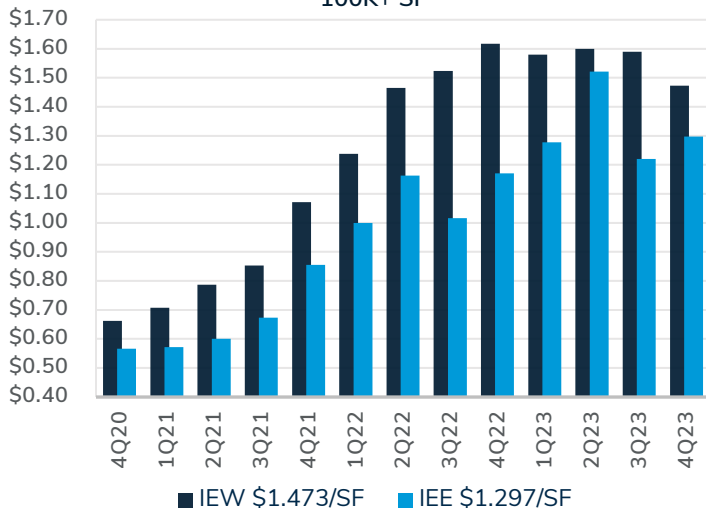


INVESTMENT SALES PRICE PER SF



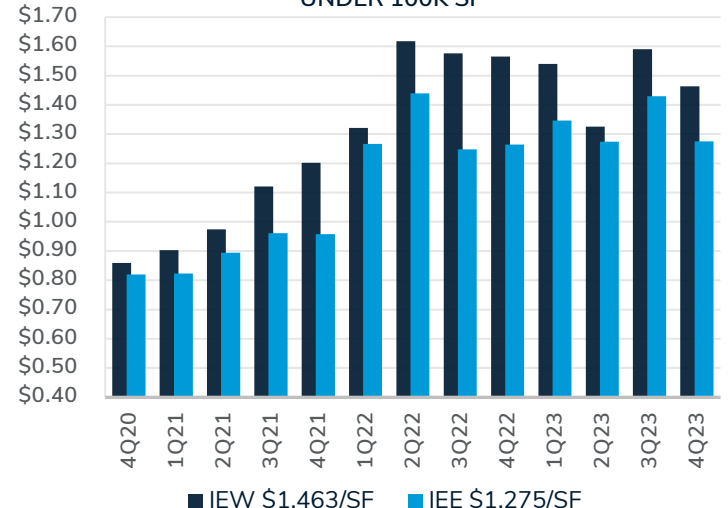
ACTUAL NNN LEASE RATE PRICE PER SF

100K+ SF

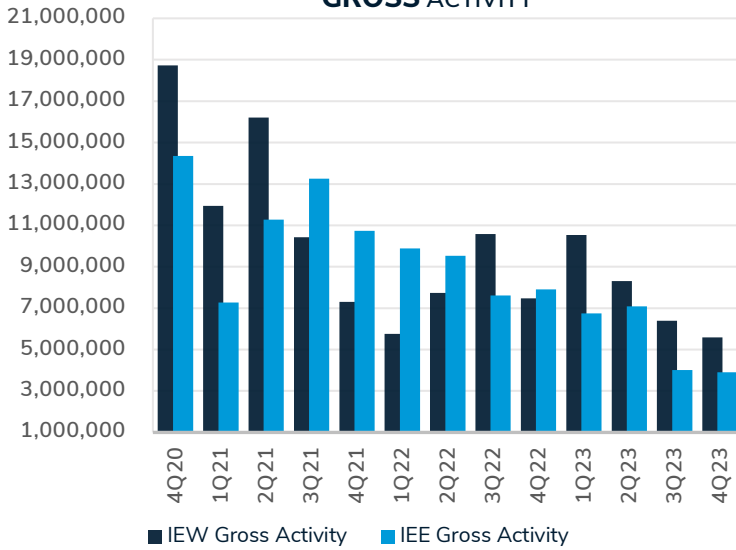


ACTUAL GROSS LEASE RATE PRICE PER SF

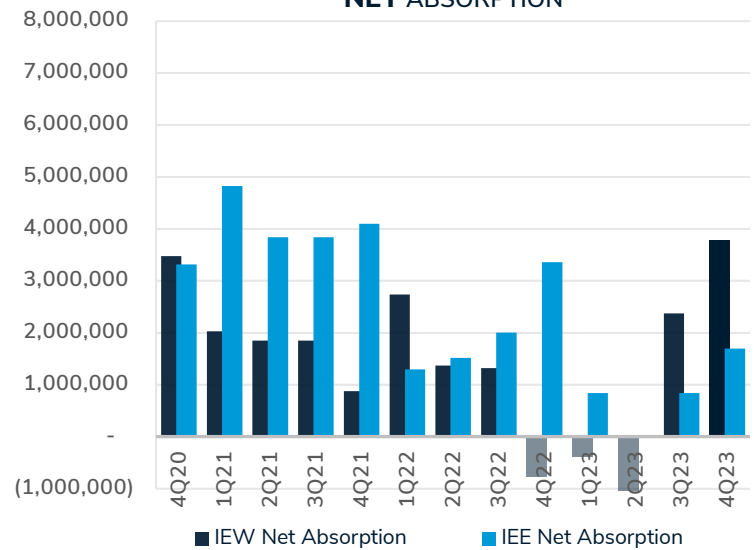
UNDER 100K SF



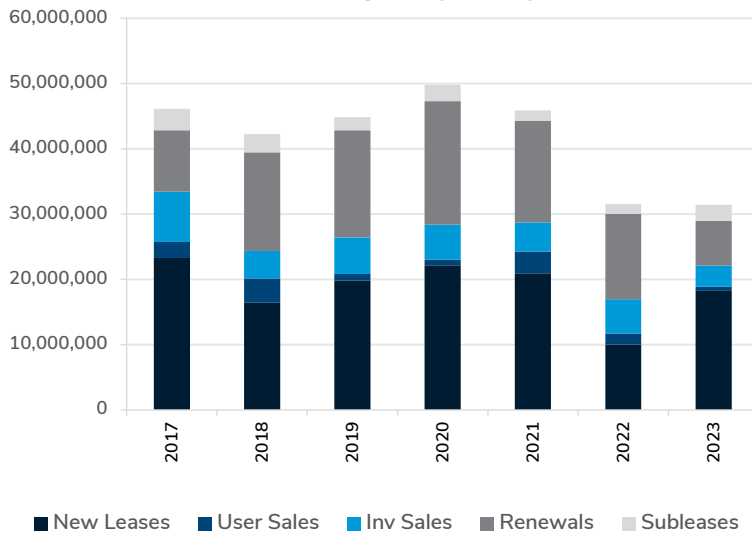
GROSS ACTIVITY



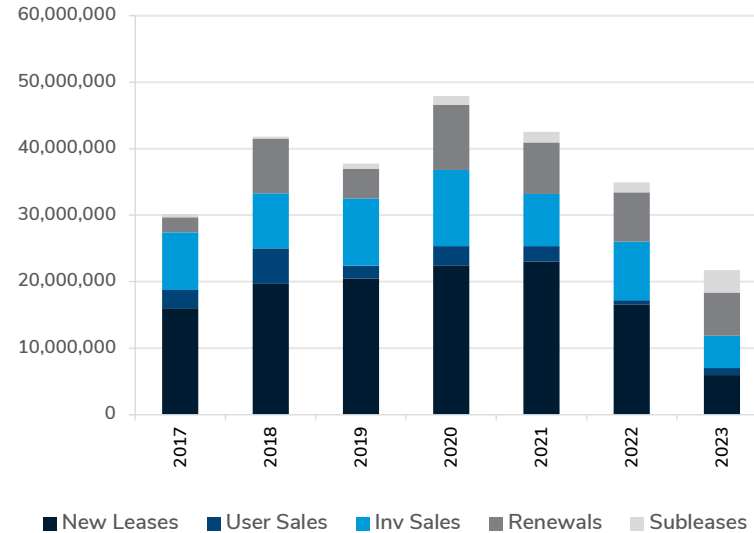
NET ABSORPTION



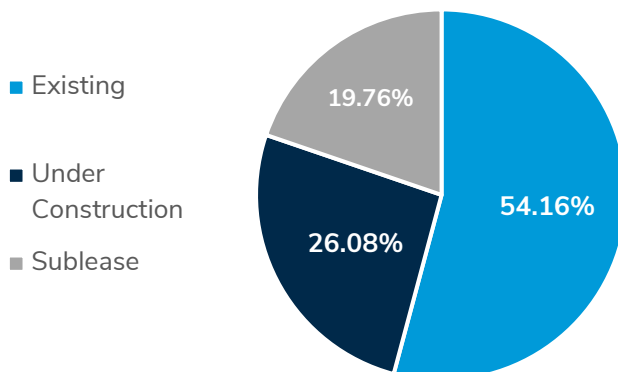
IE WEST - TOTAL ACTIVITY



IE EAST - TOTAL ACTIVITY



4Q23 Lease Availability BREAKDOWN



TOTAL ACTIVITY

Transaction Type	IEW	IEE	TOTAL
New Leases	3,701,738	1,465,533	5,167,271
Renewals	1,349,016	132,438	1,481,454
Subleases	631,862	1,102,948	1,734,810
User Sales	429,117	348,186	777,303
Investment Sales	110,848	859,431	970,279
4Q23 Total	6,222,581	3,908,536	10,131,117
3Q23 Total	6,391,387	4,004,629	10,396,016
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
9480 Nevada St., Redlands	Clarion Partners	Marc Fisher Footwear	585,064	New
26597 San Bernardino Ave., Redlands	GXO Logistics Supply Chain Inc.	Yita, LLC.	557,213	Sublease
13521 Santa Ana Ave., Fontana	Link Logistics Real Estate LLC.	Gigacloud Technology Inc.	423,388	New
10721 Jasmine St., Fontana	Prologis	Gigacloud Technology Inc.	410,006	New
11001 Etiwanda Ave., Fontana	Carson Companies	ACT Fulfillment Inc.	404,730	Renewal
14310-14480 Ramona Ave., Chino	Majestic Realty Company	US Elogistics Services	385,000	Renewal
5267 Sierra Ave., Fontana	Brookfield Properties	LG Electronics USA, Inc.	332,996	New
1251 S. Rockefeller Ave., Ontario	Goldman Family Trust	C3 Inc.	266,000	New
11450 Philadelphia Ave., Jurupa Valley	Sauder Woodworking Company	Mayrock Inc.	238,397	Sublease
10798 Catawba Ave., Fontana	Clarion Partners	Sam Yang Logistics	225,260	New
8595 Milliken Ave., Rancho Cucamonga	Rancho Cucamonga II LLC.	Gigacloud Technology Inc.	221,546	New
6677 Box Springs Blvd., Riverside	Link Logistics	Flame King	209,573	New
2600 Stanford Ave., Ontario	PGIM Real Estate	Elf Cosmetics	207,704	New
16003 Euclid Ave., Chino	Alere Property Group LLC.	Titanium Auto Parts	206,118	New
28010 Eucalyptus Ave., Moreno Valley	Prologis	ShipBob	185,055	Renewal
14874 Jurupa Ave., Fontana	Rexford Industrial Realty Inc.	BGI Group Inc.	158,119	Renewal
26871 W San Bernardino Ave., Redlands	BentallGreenOak	LMS Logistic Solutions	155,691	New
13120 Napa St., Rancho Cucamonga	Hillwood Development Company	Lowes Home Centers	155,230	New
26763 W San Bernardino Ave., Redlands	Sigmatex Inc.	Ikeddi Enterprises	147,030	Sublease

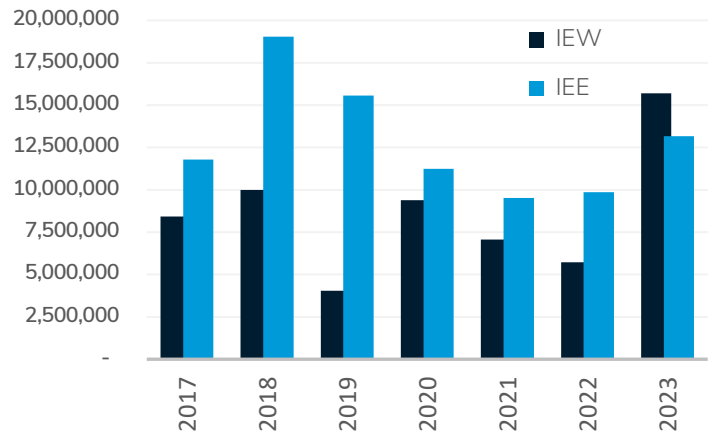
SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
400 E. Ellis Ave., Perris	Link Logistics Real Estate LLC.	IDI Logistics LLC.	799,522	Investment
1454 S. Sunny Side Ave., San Bernardino	Olin Winchester LLC.	RDH Real Estate Holdings LLC.	100,000	User
484 Alcoa Cir., Corona	BRF 484 Alcoa Circle Property	Alcoa Circle LLC.	75,219	User

2023 4th QUARTER 100K+ CONSTRUCTION COMPLETIONS

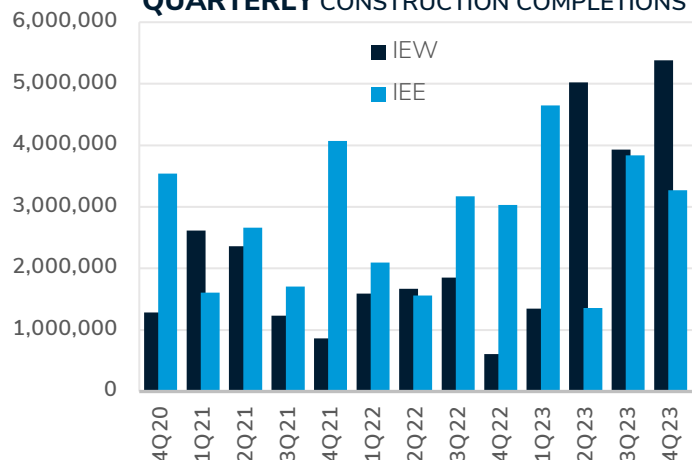
PROPERTY	SIZE	DEVELOPER
36855 W 4 th St., Beaumont(Leased)	1,777,708	Mcdonald Property Group
12430 4 th St., Rancho Cucamonga(Leased)	1,422,524	Bridge Development
4290 S. Baker Ave., Ontario(Leased)	1,255,320	Prologis
6250 Clinker Dr., Jurupa Valley	1,000,177	PGIM Real Estate
27358 Pioneer Ave., Redlands	460,805	First Industrial Realty Trust
5267 Sierra Ave., Fontana(Leased)	332,996	Brookfield Properties
750 Marlborough Ave., Riverside	326,350	Dedeaux Properties LLC.
634 E Norman Rd., San Bernardino	221,436	Hillwood Development
6500 Clinker Dr., Jurupa Valley	210,004	PGIM Real Estate
1176 Hall Ave., Jurupa Valley	192,903	Carson Companies
5890 Sandstone Rd., Jurupa Valley	180,215	PGIM Real Estate
2980 Stefano Ct., Riverside	176,807	Sares Regis Group
3175 Wilson Ave., Perris	154,559	First Industrial Realty Trust
16300 Coyote Bush Rd., Riverside	144,030	Crow Holdings
1136 Hall Ave., Jurupa Valley	140,198	Carson Companies
13930 Santa Ana Ave., Fontana	135,100	Prologis

TOTAL SF COMPLETED 8,131,132

CONSTRUCTION COMPLETIONS – BY YEAR



QUARTERLY CONSTRUCTION COMPLETIONS



Inland Empire WEST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	4Q NET ABSORPTION	4Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	57,743,528	3,584,332	6.21%	1,394,930	2.42%	109,250	20,836	819,082
Eastvale	13,944,643	1,687,753	12.10%	269,917	1.94%	0	0	253,366
Fontana	77,056,539	10,329,422	13.40%	4,359,204	5.66%	1,433,872	471,096	4,109,619
Jurupa Valley	35,123,615	4,331,479	12.33%	3,202,480	9.12%	(77,411)	1,899,130	1,963,612
Ontario	134,710,244	14,208,721	10.55%	4,186,202	3.11%	761,160	1,590,644	6,162,015
Rancho Cucamonga	45,036,893	4,238,576	9.41%	878,767	1.95%	1,555,082	1,421,524	844,672
TOTAL	363,615,462	38,380,283	10.56%	14,291,500	3.93%	3,781,953	5,403,230	14,152,366

Inland Empire EAST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	4Q NET ABSORPTION	4Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	8,558,762	599,957	7.01%	44,000	0.51%	1,777,708	1,777,708	0
Bloomington	3,425,634	357,796	10.44%	86,008	2.51%	0	0	0
Colton	10,156,827	960,163	9.45%	322,806	3.18%	(7,772)	0	0
Corona / Norco	37,901,294	3,692,474	9.74%	2,485,802	6.56%	314,867	0	203,823
Grand Terrace	468,436	8,000	1.71%	0	0.00%	0	0	8,000
Highland/Mentone/Yucaipa	1,975,353	860,837	43.58%	50,000	2.53%	0	0	668,656
Moreno Valley	33,139,638	2,016,481	6.08%	902,320	2.72%	0	49,800	239,848
Perris	40,954,710	5,984,484	14.61%	1,096,327	2.68%	77,203	253,499	3,952,340
Redlands / Loma Linda	32,360,309	3,878,719	11.99%	1,709,327	5.28%	(139,003)	499,545	0
Rialto	37,965,282	4,511,022	11.88%	1,309,538	3.45%	6,053	43,000	1,504,038
Riverside	61,575,608	4,751,742	7.72%	2,097,400	3.41%	(121,784)	470,380	962,136
San Bernardino	45,750,874	4,961,128	10.84%	2,071,195	4.53%	(212,376)	221,436	1,409,761
TOTAL	314,232,727	32,582,803	10.37%	12,174,723	3.87%	1,694,896	3,315,368	8,948,602

Inland Empire WEST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	4Q NET ABSORPTION	4Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	40,128,879	2,206,873	5.50%	846,222	2.11%	102,821	0	515,059
Eastvale	11,682,612	1,318,298	11.28%	197,892	1.69%	0	0	0
Fontana	63,497,436	9,263,292	14.59%	3,933,280	6.19%	1,282,595	468,096	3,707,228
Jurupa Valley	30,090,937	3,644,793	12.11%	2,748,629	9.13%	0	1,723,497	1,939,312
Ontario	101,067,960	10,471,970	10.36%	2,473,716	2.45%	732,072	1,432,127	5,577,923
Rancho Cucamonga	28,491,149	3,035,052	10.65%	330,429	1.16%	1,479,064	1,422,524	655,633
TOTAL	274,958,973	29,940,278	10.89%	10,530,168	3.83%	3,596,552	5,046,244	12,395,155

Inland Empire EAST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	4Q NET ABSORPTION	4Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	7,531,580	458,704	6.09%	0	0.00%	1,777,708	1,777,708	0
Bloomington	2,780,172	271,788	9.78%	0	0.00%	0	0	0
Colton	6,378,526	870,030	13.64%	305,233	4.79%	(199)	0	0
Corona / Norco	15,266,150	1,748,613	11.45%	1,457,786	9.55%	(3,837)	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	31,267,845	1,502,258	4.80%	633,020	2.02%	0	0	0
Perris	37,647,775	5,369,928	14.26%	959,362	2.55%	0	154,559	3,665,349
Redlands / Loma Linda	28,022,290	3,304,099	11.79%	1,342,828	4.79%	(133,992)	460,805	0
Rialto	32,879,796	3,420,288	10.40%	920,144	2.80%	0	0	1,096,765
Riverside	39,432,722	3,235,078	8.20%	1,781,923	4.52%	(86,257)	470,380	434,528
San Bernardino	35,954,189	4,413,812	12.28%	1,884,457	5.24%	(308,263)	221,436	1,291,576
TOTAL	239,036,909	25,263,254	10.57%	9,284,753	3.88%	1,245,160	3,084,888	7,289,282

Inland Empire - 500,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	4Q NET ABSORPTION	4Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Inland Empire West	114,713,567	13,906,783	12.12%	3,606,806	3.14%	2,677,844	3,678,021	7,548,392
Inland Empire East	137,746,007	7,465,300	5.42%	2,762,594	2.01%	1,777,708	1,777,708	1,347,541
TOTAL	252,459,574	21,372,083	8.47%	6,369,400	2.52%	4,455,552	5,455,729	8,895,933



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