Q1 2025
INLAND EMPIRE INDUSTRIAL
Market Brief

As anticipated, the Inland Empire industrial market has begun its transition back to more normalized conditions, largely influenced by broader economic trends. Despite this shift, institutional and credit-grade tenant interest remains strong. Major companies such as Home Depot, Constellation Brands, Michelin Tire, Nordstrom, and Pepsi continue to secure substantial space, reaffirming the Inland Empire's position as one of the leading industrial markets in the nation.

The year kicked off with robust big-box activity, with the number of transactions involving 100,000 square feet or more holding steady at nearly 30—on par with the previous quarter. Notably, gross absorption remained consistent with recent months, and the market saw an uptick in top-tier deals. In fact, Q1 recorded more leases over 500,000 square feet than the previous quarter, with the top three transactions each exceeding that threshold.

This surge in activity can likely be attributed to more competitive lease terms and a rise in concessions offered to industrial occupiers. In Q1, tenants leasing large-format spaces (100,000 square feet or more) received an average of nearly five months of free rent. Meanwhile, annual rent escalations softened to just above 3.5%, down from the previous standard of 4% or higher. Lease rates continued their downward trajectory, with average NNN rates dropping 25% year-over-year. On the sales side, activity has slowed due to elevated interest rates and persistent uncertainty in the capital markets.

Evolving deal structures, paused development starts, and the ongoing demand for logistics solutions have collectively reshaped the current market landscape. Transactions are still closing as landlords adapt to the new reality, and tenants are taking a more measured approach in site selection. With the peak of the market now behind us and construction activity tapering off, both landlords and tenants are in a better position to evaluate where market fundamentals currently stand—and where they're likely to remain in the near term.

New tariffs on building materials like steel, aluminum, lumber, and concrete are driving up construction costs and threatening industrial development, particularly in Southern California. Developers like Dedeaux Properties are reconsidering projects due to rising costs, even after a recent period of falling prices. A 25% tariff on steel and aluminum began on March 12th, with additional duties expected to raise costs on other imports from over 100 countries, especially from China.

Construction starts, already at 10-year lows due to high interest rates and waning demand, could drop further. Developers are locking in contracts now to avoid more price spikes. The tariffs may eventually boost U.S. manufacturing and domestic construction in the long term, but in the short term, they risk slowing supply chains, reducing imports, and deterring industrial tenants from signing new leases. Experts warn that while reshoring manufacturing could benefit real estate, it may not fully replace the logistics-driven demand currently at risk.

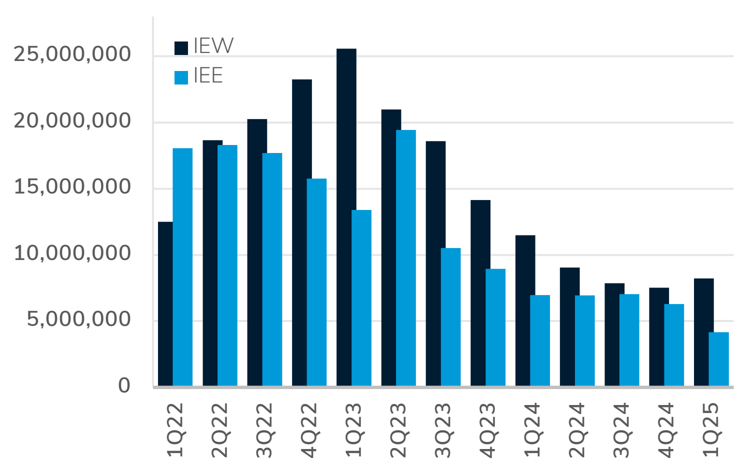
IE MARKET SNAPSHOT

BASE INVENTORY	693,279,679 SF
AVAILABILITY RATE	11.63%
VACANCY RATE	5.06%
VACANCY RATE WITH SUBLEASES	6.02%
1Q25 NET ABSORPTION	3,628,122 SF
1Q25 GROSS ACTIVITY	19,070,180 SF
1Q25 DELIVERIES	2,410,400 SF
UNDER CONSTRUCTION	12,384,095 SF
AVG NNN LEASE RATE (100K+)	$1.08/SF (West) $0.95/SF (East)

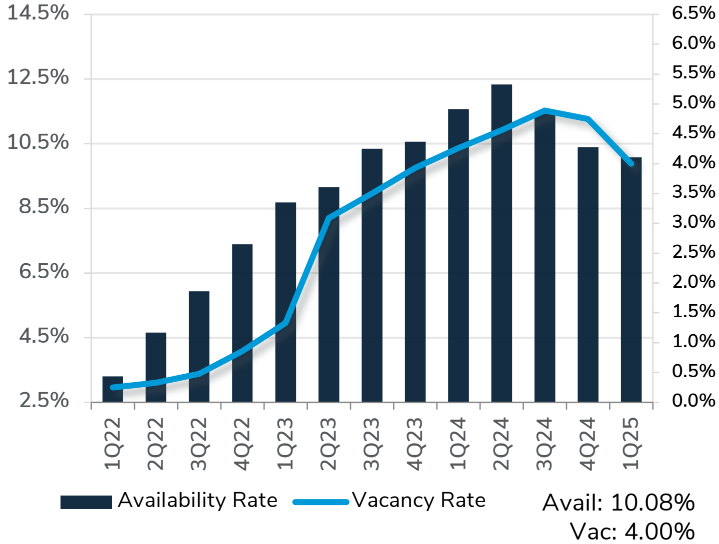
COMPARISON TO 4Q24

↓ **LEASE RATES**	4.42%
↓ **AVAILABILITY**	1.02%
↓ **VACANCY**	2.69%
↓ **DELIVERIES**	88.83%
↑ **SUBLEASE SPACE**	3.37%

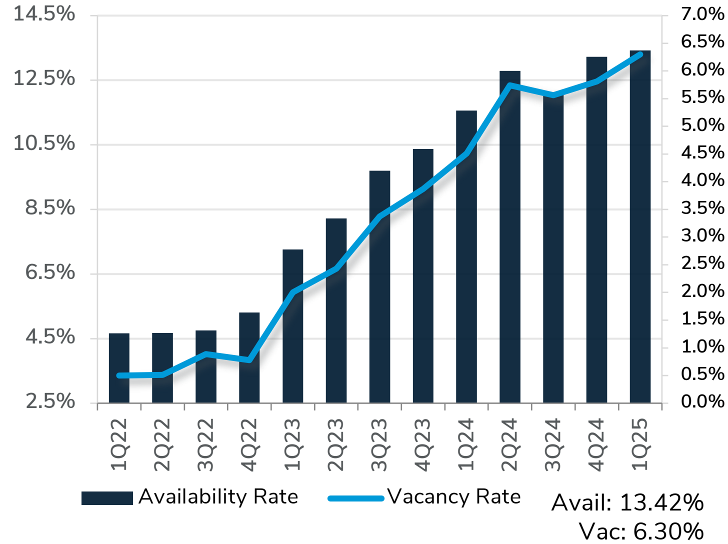
UNDER CONSTRUCTION



IE WEST AVAILABILITY & VACANCY

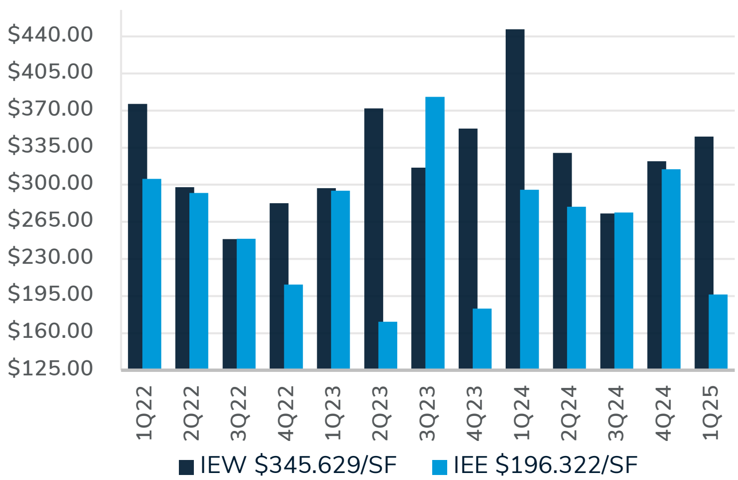


IE EAST AVAILABILITY & VACANCY

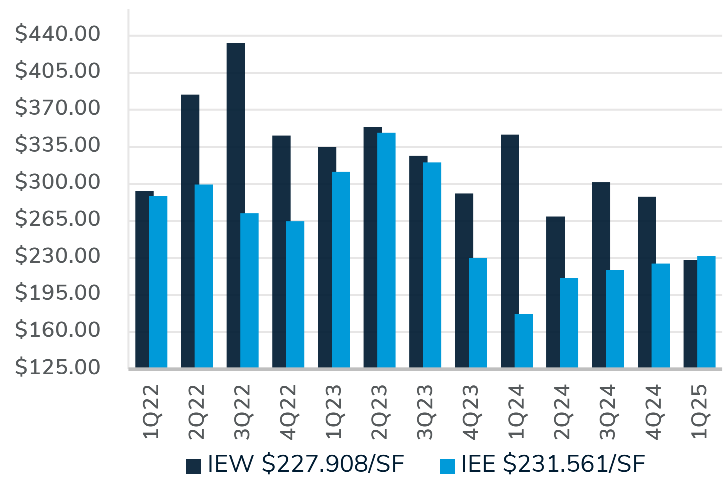


AVAILABILITY: All space being marketed (existing & U/C) *VACANCY: Unoccupied space (not including U/C or planned)* **INCLUDES ALL CLASSES OF BUILDILNGS*

USER SALES PRICE PER SF

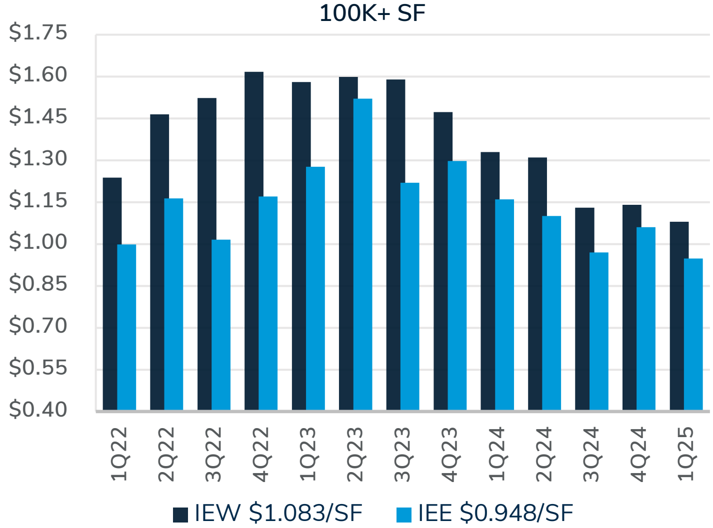


INVESTMENT SALES PRICE PER SF



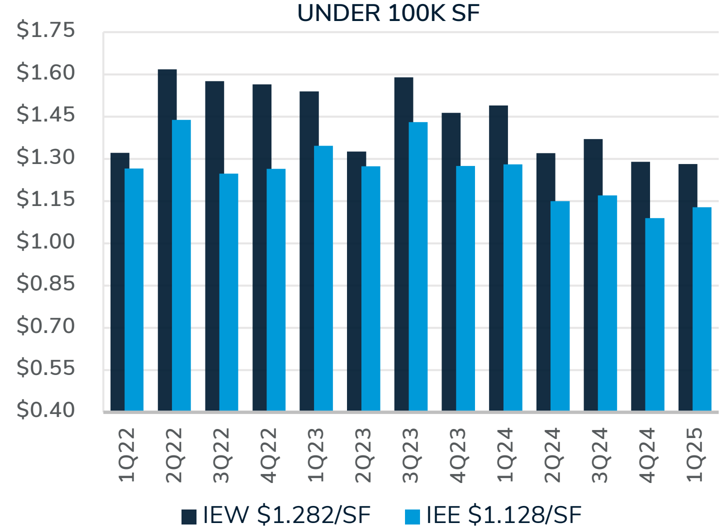
ACTUAL NNN LEASE RATE PRICE PER SF

100K+ SF



ACTUAL GROSS LEASE RATE PRICE PER SF

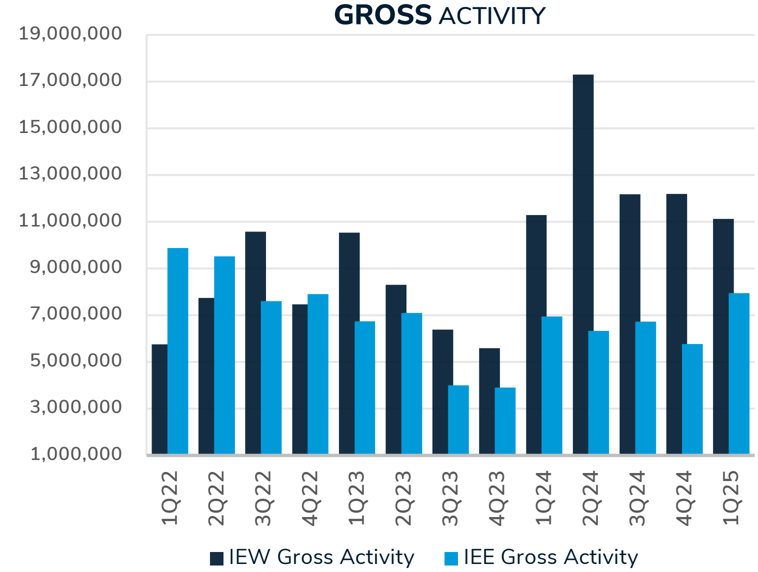
UNDER 100K SF



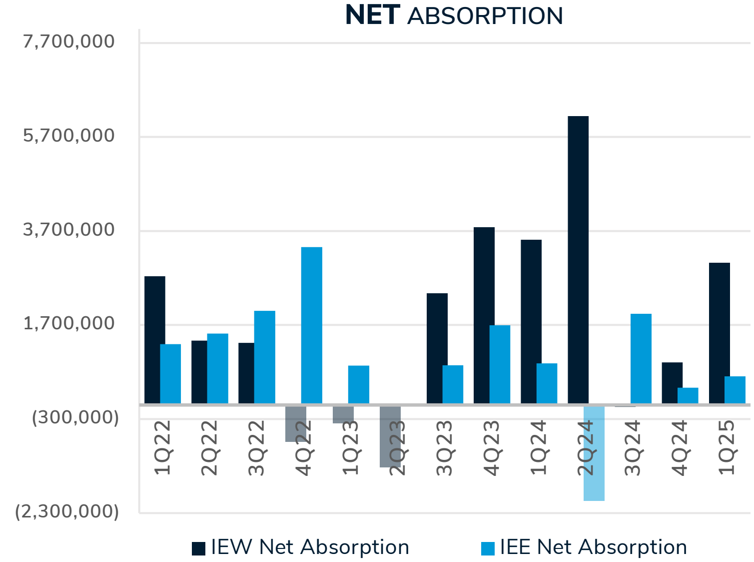
LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES
ONTARIO

Q1 2025 INLAND EMPIRE INDUSTRIAL Activity History

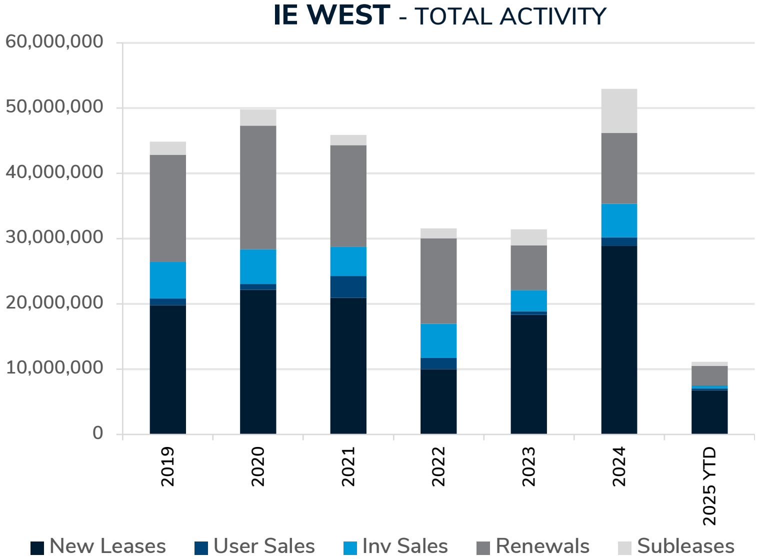
GROSS ACTIVITY



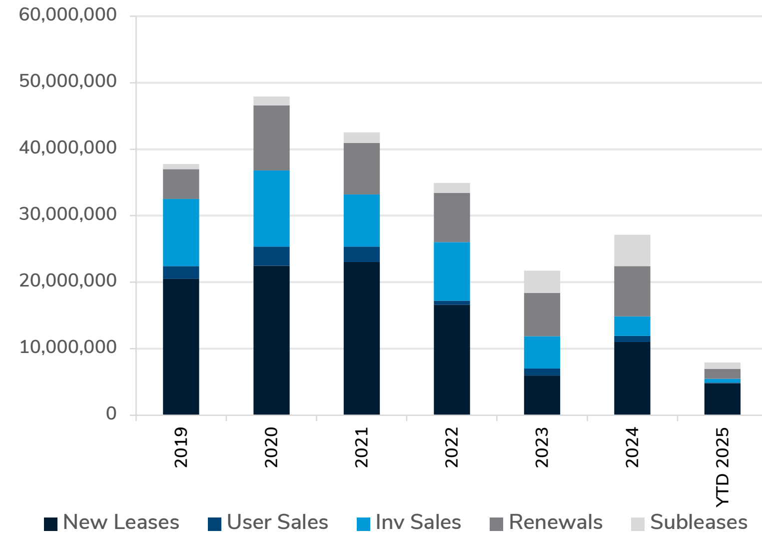
NET ABSORPTION



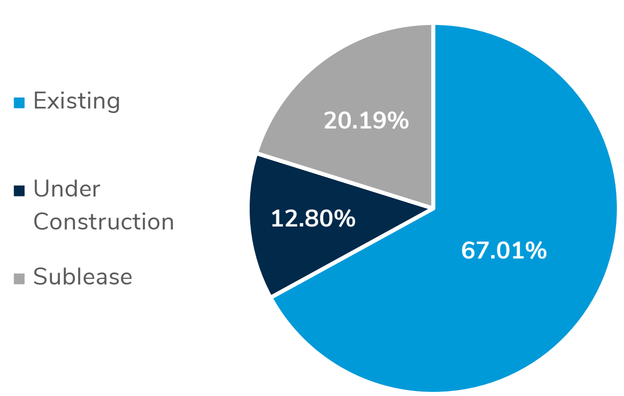
IE WEST - TOTAL ACTIVITY



IE EAST - TOTAL ACTIVITY



1Q25 Lease Availability BREAKDOWN



TOTAL ACTIVITY

Transaction Type	IEW	IEE	TOTAL
New Leases	6,753,074	4,793,448	11,546,522
Renewals	2,988,792	1,522,648	4,511,440
Subleases	647,940	961,856	1,609,796
User Sales	327,581	115,573	443,154
Investment Sales	401,208	558,060	959,268
1Q25 TOTAL	11,118,595	7,951,585	19,070,180

Q1 2025
INLAND EMPIRE INDUSTRIAL
Notable Deals & Deliveries

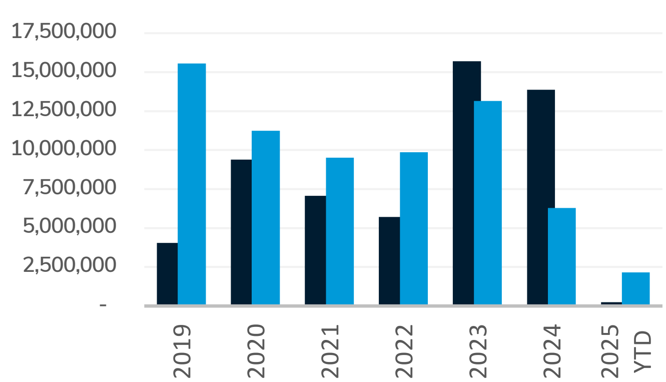
LEASED PROPERTY	LESSOR	LESSEE	SIZE	DEAL TYPE
3690 Webster Ave., Perris	Deca Companies	Komar Distribution Services Inc.	855,330	New
5750 Francis St., Ontario	Alere Property Group, LLC	Samsung	800,526	Renewal
1420 N. Tamarind Ave., Rialto	Prologis	US Elogistics Inc.	677,225	New
2455 Willow Ave., Rialto	IDI Logistics LLC	Confidential Tenant	525,110	Renewal
375 Markham St., Perris	IDI Logistics LLC	CA Warehousing LLC	456,652	New
11015 Hopkins St., Jurupa Valley	Blackstone Capital, LLC	Olivet International	455,455	Renewal
3355 E Cedar St., Ontario	Prologis	HYTX Logistics	436,945	New
5431 Philadelphia St., Ontario	Heitman Holdings, Inc	Saddle Creek Corporation	432,308	Renewal
13799 Monte Vista Ave., Chino	Prologis	Tactical Logistics Solutions	421,031	Renewal
4120 Indian St., Perris	General Mills	Kenco Logistics Services	414060	Sublease
5691 E Philadelphia Suite B, Ontario	Dedeaux Inland Empire	Kemon Warehousing	411,910	New
5691 E Philadelphia Suite A, Ontario	Dedeaux Inland Empire	SLM Warehousing	411,910	New
1601 E Cooley Dr., Colton	Ashley Furniture	IDC Logistics, Inc	312,700	New
7820 Victoria Ave., Highland	Patriot Development Partners, LLC	JiuFang E-Commerce Logistics	305,617	New
14909 Summit Dr., Eastvale	Weber Distribution	Sino Logistics	301,388	Sublease
990 Barrington Ave., Ontario	Prologis	Domtar Paper Company, LLC	289,940	New
16415 Cosmos St., Moreno Valley	Principal Financial Group	Medline Industries	277,243	Renewal
23850 Brodiaea Ave., Moreno Valley	Alere Property Group, LLC	High Tech Logistics	256,795	New
3551 E. Jurupa St., Ontario	McDonald Property Group	Otto International Inc	254,677	New
1151 Mildred Ave., Ontario	Alere Property Group, LLC	Alto Systems, Inc	252,822	New
5685 Industrial Pkwy., San Bernardino	Dermody Properties	Biolab, Inc	250,111	New
353 Perry St., Perris	First Industrial Realty Trust	Jacques Moret	239,950	Renewal
634 E Norman Rd., San Bernardino	Hillwood Development Company	Abbyson Home (Furniture)	221,436	New
10271 Almond Ave., Fontana	Clarion Partners, LLC	Zo Motors	179,233	New
15719-15755 Arrow Blvd., Fontana	Link Logistics Real Estate LLC	Arch Ebusiness International, Inc	207,571	New
11600-11680 Dayton Dr., Rancho Cucamonga	LBA Realty	Honeyville Grain, Inc	201,613	Renewal
1643 S Parco Ave., Ontario	James Campbell Company, LLC	US Shipping	201,286	New

SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
251 Rider St., Perris	Ares Management	GLP Capital Partners	354,810	Investment
5005 Philadelphia Ave., Ontario	EQT Exeter	LBA Realty	253,469	Investment
1932 S. Bon View Ave., Ontario	Confidential Tenant	West Ontario Distribution Center	174,494	User
27400 5th St., Highland	Brookfield Properties	Realterm US, Inc	121,194	Investment

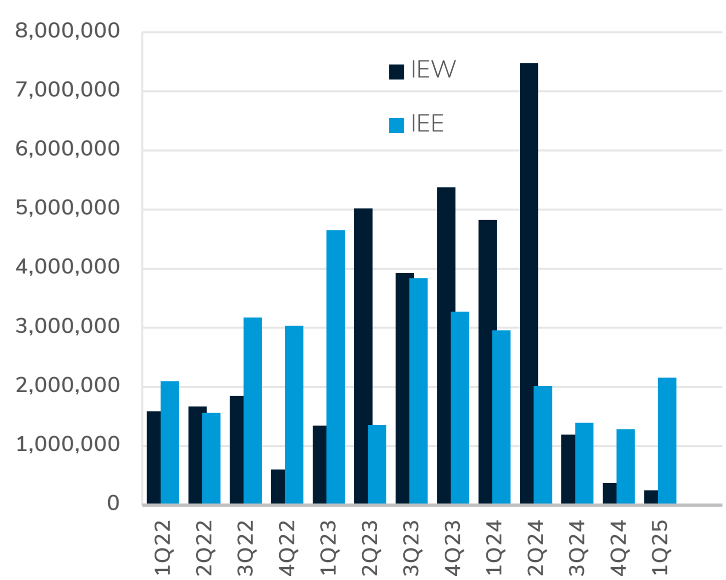
1st Quarter 100K+ CONSTRUCTION COMPLETIONS

PROPERTY	SIZE	OWNER
801 S Redlands Ave., Perris **(Leased)**	1,018,178	IDI Logistics LLC
18369 Harvill Ave., Perris	347,672	Majestic Realty
5702 Institution Rd., San Bernardino	335,460	Logistics Property Co.
436 W. Rialto Ave., Rialto	294,304	Ares Management
TOTAL SF COMPLETED	**1,995,614**	

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	1Q NET ABSORPTION	1Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	57,842,731	3,681,315	6.36%	1,163,550	2.01%	500,068	0	0
Eastvale	13,888,608	1,168,661	8.41%	320,363	2.31%	19,315	253,396	0
Fontana	79,362,511	7,654,453	9.64%	3,194,675	4.03%	726,364	0	2,123,630
Jurupa Valley	35,642,550	3,579,190	10.04%	1,993,000	5.59%	270,520	0	0
Ontario	139,892,029	16,824,915	12.03%	5,938,960	4.25%	1,527,315	0	5,949,227
Rancho Cucamonga	45,402,847	4,596,881	10.12%	2,255,446	4.97%	(19,222)	0	151,455
TOTAL	**372,031,276**	**37,505,415**	**10.08%**	**14,865,994**	**4.00%**	**3,024,360**	**253,396**	**8,224,312**

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	10,389,229	1,558,504	15.00%	59,800	0.58%	0	0	0
Bloomington	3,994,209	1,610,029	40.31%	1,114,264	27.90%	(389,072)	0	261,632
Colton	10,872,651	1,016,249	9.35%	179,380	1.65%	449,873	0	599,032
Corona / Norco	38,070,119	2,350,152	6.17%	1,314,492	3.45%	386,624	62,669	157,920
Grand Terrace	443,436	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,975,433	363,039	18.38%	0	0.00%	305,617	0	363,039
Moreno Valley	32,830,706	4,094,031	12.47%	2,108,268	6.42%	(355,390)	0	38,820
Perris	44,144,337	7,525,841	17.05%	4,603,654	10.43%	988,184	1,365,850	1,285,153
Redlands / Loma Linda	32,952,989	5,224,557	15.85%	2,288,750	6.95%	(404,513)	0	564,791
Rialto	37,678,755	5,177,544	13.74%	2,587,964	6.87%	47,848	393,025	42,000
Riverside	61,840,163	7,475,482	12.09%	1,899,135	3.07%	(442,624)	0	847,396
San Bernardino	46,056,376	6,703,189	14.55%	4,071,192	8.84%	17,215	335,460	0
TOTAL	**321,248,403**	**43,098,617**	**13.42%**	**20,226,899**	**6.30%**	**603,762**	**2,157,004**	**4,159,783**

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	40,230,602	2,447,079	6.08%	687,581	1.71%	543,927	0	0
Eastvale	11,682,611	848,298	7.26%	0	0.00%	0	0	0
Fontana	65,642,338	6,696,021	10.20%	2,823,509	4.30%	673,445	0	2,090,382
Jurupa Valley	30,297,501	2,786,196	9.20%	1,514,654	5.00%	208,843	0	0
Ontario	106,132,030	13,492,584	12.71%	4,480,319	4.22%	1,287,272	0	5,800,593
Rancho Cucamonga	28,831,050	3,091,712	10.72%	1,666,413	5.78%	(6,181)	0	151,455
TOTAL	**282,816,132**	**29,361,890**	**10.38%**	**11,172,476**	**3.95%**	**2,707,306**	**0**	**8,042,430**

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	9,364,247	1,458,704	15.58%	0	0.00%	0	0	0
Bloomington	3,331,629	1,508,228	45.27%	1,048,825	31.48%	(371,442)	0	261,632
Colton	6,797,218	543,610	8.00%	125,801	1.85%	439,873	0	417,809
Corona / Norco	15,250,211	905,665	5.94%	545,845	3.58%	269,787	0	157,920
Grand Terrace	210,560	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,665,304	363,039	21.80%	0	0.00%	305,617	0	363,039
Moreno Valley	30,911,222	3,578,805	11.58%	1,782,995	5.77%	(355,390)	0	0
Perris	40,810,936	6,875,243	16.85%	4,304,186	10.55%	1,018,178	1,365,850	1,285,153
Redlands / Loma Linda	28,587,081	4,591,981	16.06%	1,789,866	6.26%	(360,800)	0	564,791
Rialto	32,581,873	4,365,577	13.40%	1,984,368	6.09%	(142,246)	294,304	0
Riverside	39,656,572	5,770,951	14.55%	1,226,814	3.09%	(449,040)	0	718,576
San Bernardino	36,213,191	5,901,546	16.30%	3,754,972	10.37%	101,584	335,460	0
TOTAL	**245,380,044**	**35,863,349**	**14.62%**	**16,563,672**	**6.75%**	**456,121**	**1,995,614**	**3,768,920**

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	114,542,479	12,416,431	10.84%	4,617,419	4.03%	219,642	0	5,557,703
Inland Empire East	140,258,162	14,753,717	10.52%	4,675,954	3.33%	657,378	1,018,178	855,330
TOTAL	**254,800,641**	**27,170,148**	**10.66%**	**9,293,373**	**3.65%**	**877,020**	**1,018,178**	**6,413,033**

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