

New development continues to play a substantial factor in many key market fundamentals in the Inland Empire industrial market. These recent Class A builds are responsible for a considerable portion of the spikes in availability, vacancy, and therefore the minor compression of lease rates.

The construction boom and its effects on the market extends past just the last few quarters. **Over 27% of all existing availabilities are products of the pandemic development surge, as these industrial buildings were all built in the past three years.** Of the 2023 builds, which total nearly 27M square feet, 32% of that newly delivered product remains available and consequently vacant.

Now, with over 17M square feet already completed year-to-date, the market has never seen this much construction get completed in just the first two quarters, lining up to be a potential record year for construction if market conditions were normal. However, developers have been taking notice of such conditions, as **the amount of square footage actively under construction has not been this low since 2012** (down 53% year-over-year).

Nevertheless, activity is continuing to ramp up again. Since Q4 of last year, the I.E. saw a 77% increase in the number of new move-ins, and **overall gross activity is up over 148% from Q4.** The West continues to dominate demand; the IEW submarket was responsible for nearly 75% of this quarter's gross activity. A few significant deals (1M square feet or greater) aided in that, including Amazon & Tireco both taking 1.1M square feet in Fontana. Out of the 54 big-box transactions (100,000 square feet or greater) in Q2, 40 of those deals occurred in the West. New activity stalled in the East, as renewals made up the majority of IEE's transactions (36%).

Net absorption reflected the difference between the submarkets; the East totaled a negative 2M square feet of net activity in Q2, and the West has potentially never experienced this much positive net absorption in one quarter. However, construction and new deliveries covertly influence the net absorption reflected.

While activity has picked up, **nearly 5M square feet of the positive net absorption year-to-date is due to construction completing (and therefore, tenants taking occupancy) of pre-leased deals that were executed last year.** Without those major deliveries from earlier transactions, the I.E. would still stand with nearly 3.5M square feet of positive net absorption, signifying the market is moving in the right direction.

Looking ahead to future quarters, it is estimated that the current supply of available inventory, including under construction product, would last just under two years, based on tenant demand from the past twelve-months. If the development pipeline continues its steep deceleration and near-halt, and the increase in activity and overall tenant demand remains constant, the I.E. industrial market could return to its incredibly competitive environment sooner than anticipated.

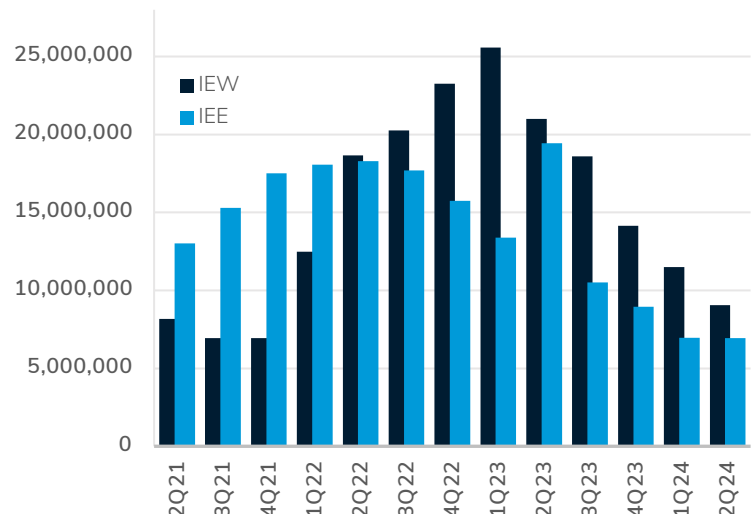
IE MARKET SNAPSHOT

BASE INVENTORY	689,836,734 SF
AVAILABILITY RATE	12.54%
VACANCY RATE	5.11%
VACANCY RATE WITH SUBLEASES	5.92%
2024 YTD NET ABSORPTION	8,504,713 SF
2024 YTD GROSS ACTIVITY	41,863,119 SF
2024 YTD DELIVERIES	17,279,365 SF
UNDER CONSTRUCTION	15,992,868 SF
AVG NNN LEASE RATE (100K+)	\$1.31/SF (West) \$1.10/SF (East)

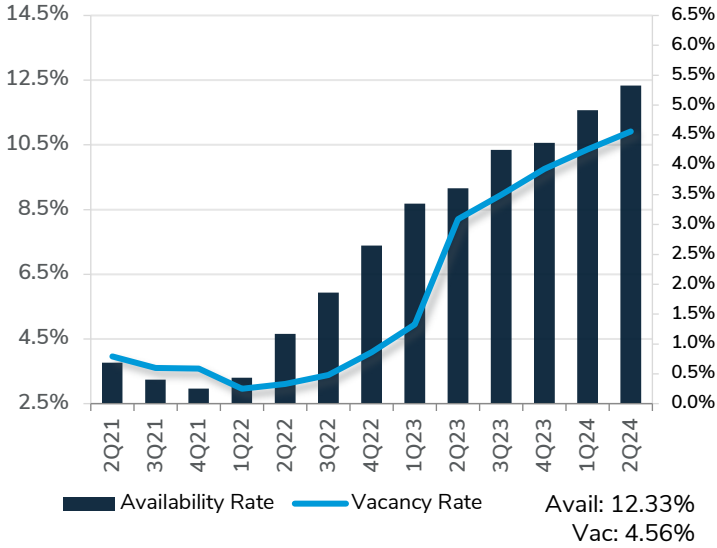
COMPARISON TO 1Q24

DEVELOPMENT PIPELINE	down 13.37%
GROSS ACTIVITY	up 29.62%
LEASE RATES	down 3.21%
AVAILABILITY	up 8.48%
VACANCY	up 16.67%
DELIVERIES	up 21.93%
SUBLEASE SPACE	down 6.57%

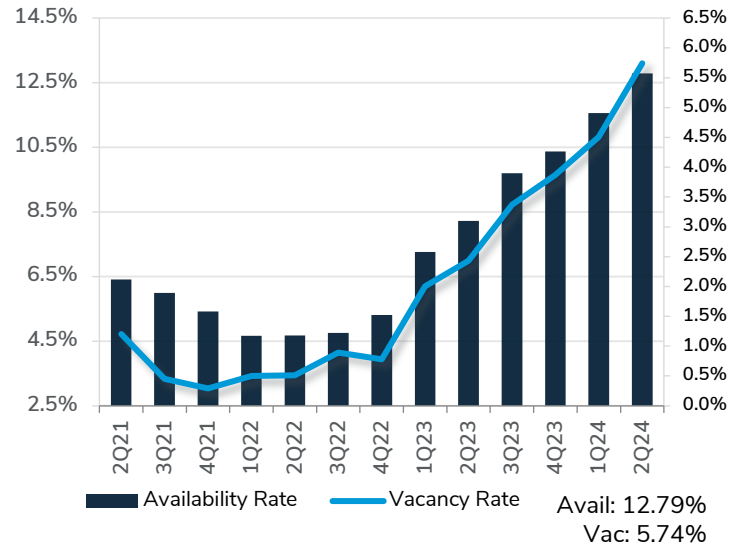
UNDER CONSTRUCTION



IE WEST AVAILABILITY & VACANCY



IE EAST AVAILABILITY & VACANCY

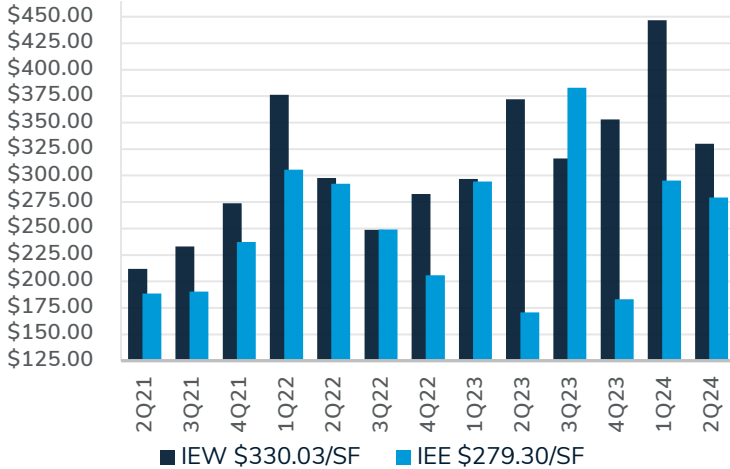


AVAILABILITY: All space being marketed (existing & U/C)

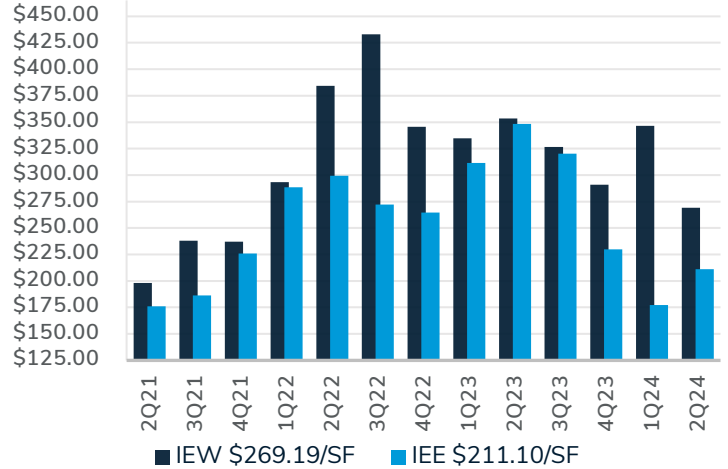
VACANCY: Unoccupied space (not including U/C or planned)

*INCLUDES ALL CLASSES OF BUILDINGS

USER SALES PRICE PER SF

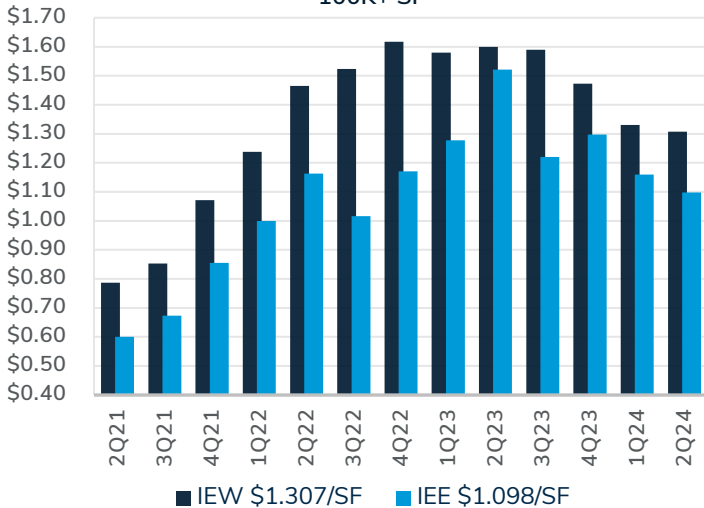


INVESTMENT SALES PRICE PER SF



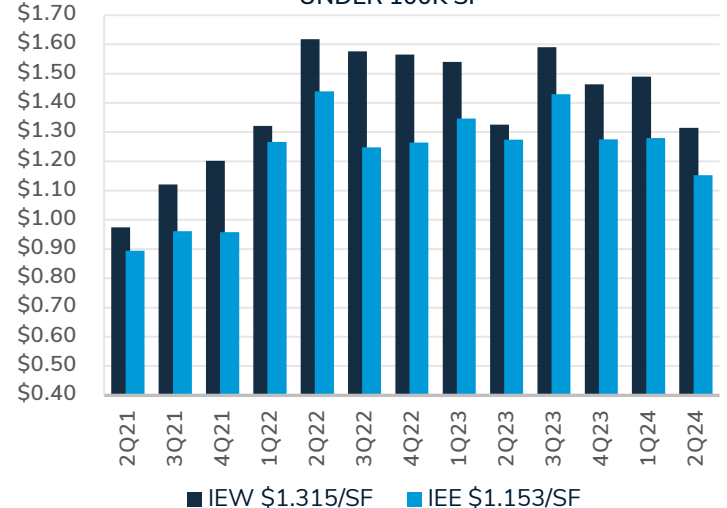
ACTUAL NNN LEASE RATE PRICE PER SF

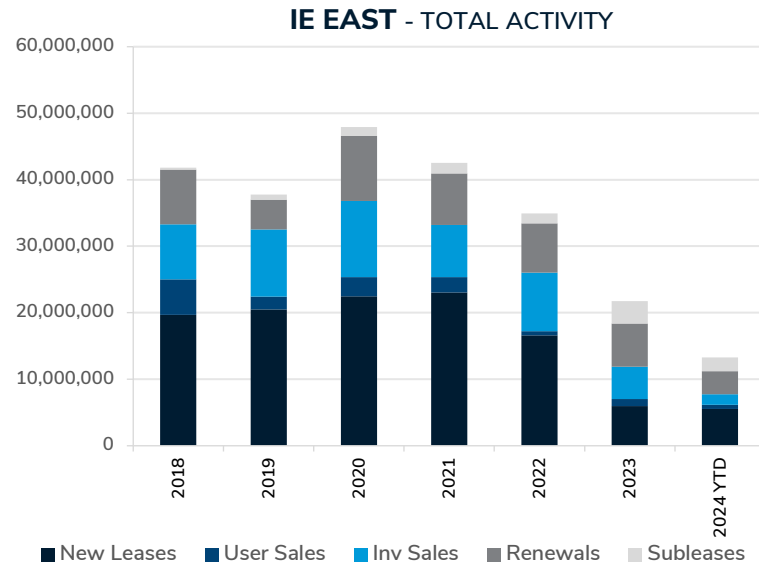
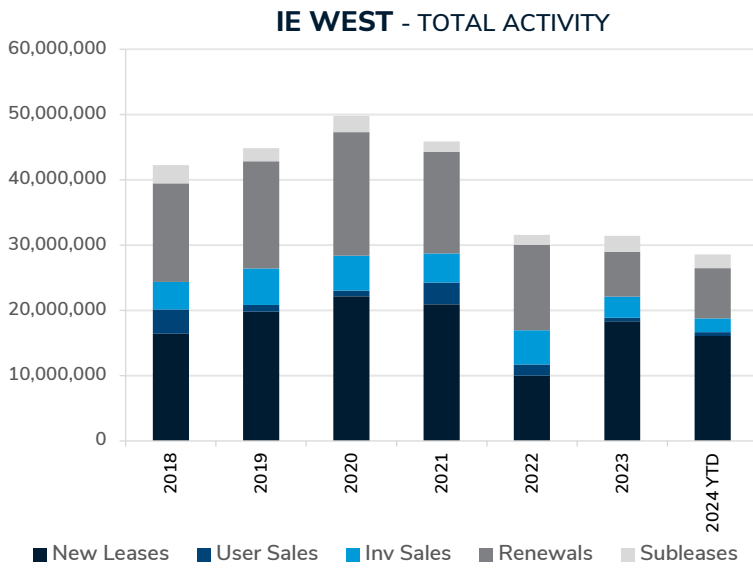
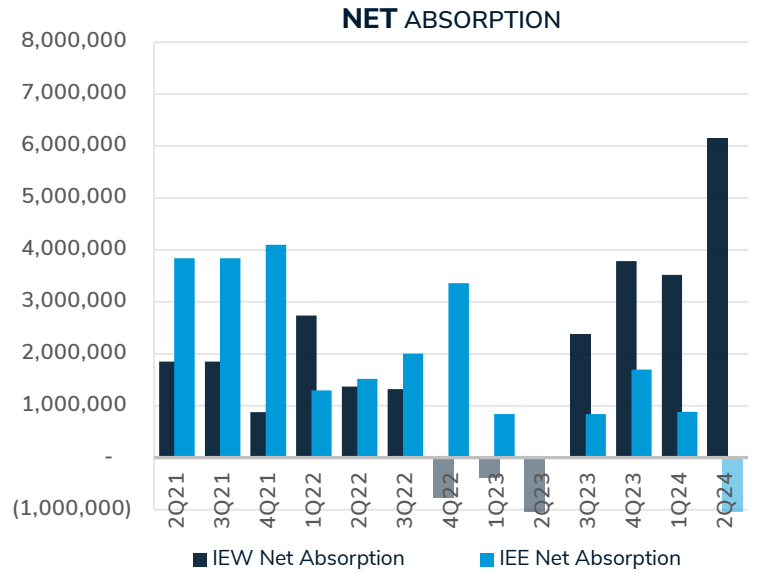
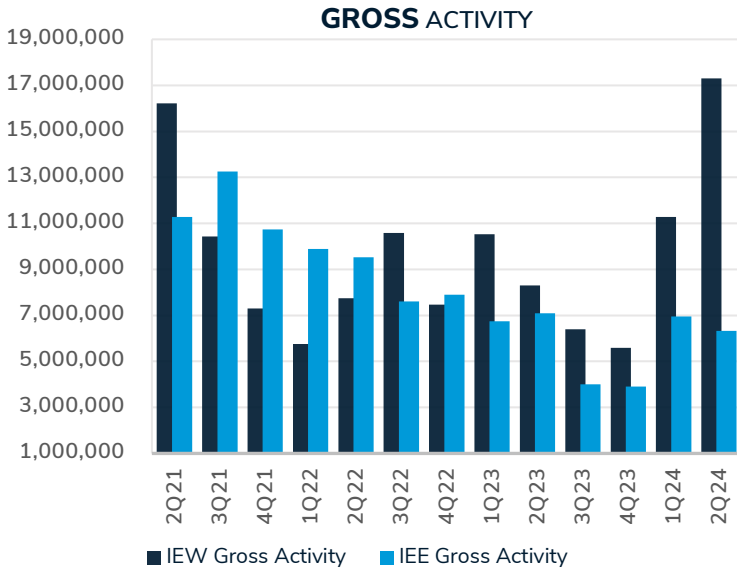
100K+ SF



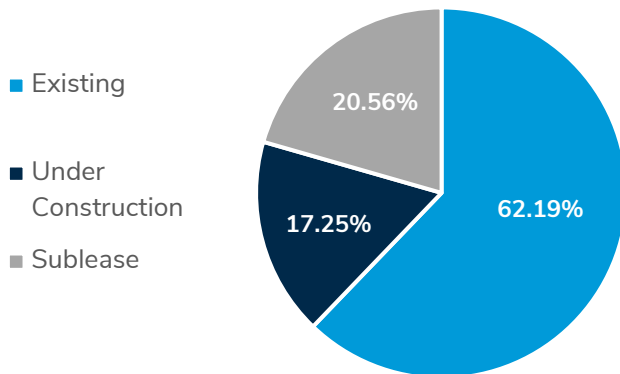
ACTUAL GROSS LEASE RATE PRICE PER SF

UNDER 100K SF





2Q24 Lease Availability BREAKDOWN



TOTAL ACTIVITY

Transaction Type	IEW	IEE	TOTAL
New Leases	9,446,867	1,611,798	11,058,665
Renewals	4,183,296	2,272,424	6,455,720
Subleases	1,484,530	1,386,498	2,871,028
User Sales	281,389	377,340	654,729
Investment Sales	1,915,462	676,333	2,591,795
2Q24 Total	17,307,544	6,324,393	23,631,937
1Q24 Total	11,285,265	6,945,917	18,231,182

LEASED PROPERTY	LESSOR	LESSEE	SIZE	DEAL TYPE
3691 Perris Blvd & 3722 Redlands Ave, Perris	Heitman Holdings, Inc	Whirlpool Realty Corp.	1,686,590	Renewal
4121 Coyote Canyon Rd., Fontana	CapRock	Amazon	1,171,788	New
10545 Production Ave, Fontana	Rexford Industrial Realty, Inc.	Tireco, Inc	1,101,840	New
853 Del Rio Pl, Ontario	Sares Regis/JP Morgan	QVC, Inc	1,053,225	Renewal
12400 Arrow Route, Rancho Cucamonga	Ares Management	B.Braun Medical Inc	611,573	New
13277 San Bernardino Ave, Fontana	Prologis	Western Port (US) Inc	577,905	New
5125 Ontario Mills Parkway, Ontario	Link Industrial	Owens & Minor Distribution	520,161	Renewal
2185 W Lugonia Ave, Redlands	Ashley Furniture	Best Choice Products Inc	500,602	Sublease
5300 Shea Center Dr, Ontario	Shea Properties	Emser Tile	432,313	Renewal
1801 Carlos Ave, Ontario	Prologis	Flex Logistics, Inc	414,453	Renewal
15913 Mountain Ave, Chino	Carson Companies	NFI	413,773	Renewal
11296 Harrel St, Jurupa Valley	Gildan Activewear	US Elogistics Services Corp.	353,361	Sublease
1521 E. Francis St., Ontario	Ontario Three LLC	JW Fulfillment	350,824	New
22490 Harley Knox, Perris	SRG Commercial	Whitecap Inc	332,377	New
13201 Dahlia St, Fontana	Cabot Properties, Inc	Eaton Corporation	278,650	Renewal
13891 Monte Vista Ave, Chino	Neveen Real Estate	AFC Cable Systems, Inc	265,975	Renewal
10850 Business Dr, Fontana	Cabot Properties, Inc	Gigacloud Technology, Inc	257,810	Renewal
9471 Buffalo Ave, Rancho Cucamonga	Bradshaw International	Weida Frieght	257,000	Sublease
4560 Hamner Ave, Eastvale	Lottle Global Logistics North	Sino Investment Inc	239,153	Sublease
12400 Philadelphia St, Eastvale	GCE International	COPE Services	234,978	Sublease
568 Santa Ana Ave, Rialto	Alere Property Group, LLC	Carrier Corporation	211,115	New
2625 Renaissance Pkwy, Rialto	MP Rialto, LLC	Niagara Bottling, LLC	207,877	Renewal
6221 Archibald Ave, Eastvale	Rexford Industrial Realty, Inc	Sino Investment, Inc	197,892	New
16171 Slover Ave, Fontana	Prologis	Discovery SCM USA	193,077	New

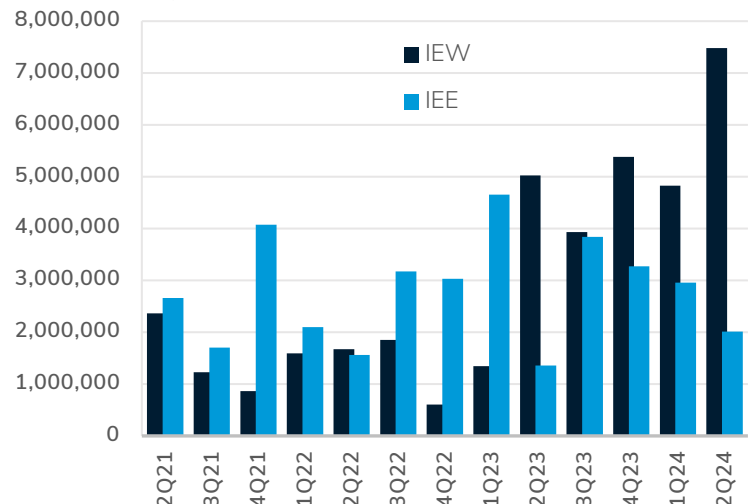
SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
13423-13473 Santa Ana, Fontana	EQT Exeter	Hancock Reit Commerce Center	835,100	Investment
4982 Hallmark Parkway, San Bernardino	Dalfen Industrial	Bixby Land Company	340,080	Investment
4450 Lowell St, Ontario	Stockbridge Capital Group	Principal Real Estate Investors	317,070	Investment
3120 Wilson Ave, Perris	TA Realty	Core5 Industrial Partners LLC.	249,067	Investment
3351 Philadelphia St, Ontario	Stockbridge Capital Group	Principal Real Estate Investors	203,408	Investment
16796 Boyle Ave, Fontana	BentallGreenOak	Transwestern	172,219	Investment
210 Radio Rd, Corona	Folded Color Packaging	Oakmont Industrial Group	143,785	User

2024 2nd QUARTER 100K+ CONSTRUCTION COMPLETIONS

PROPERTY	SIZE	DEVELOPER
14525 Grove Ave, Ontario (Leased)	1,186,414	Prologis
4121 Coyote Canyon Rd, Fontana (Leased)	1,171,788	CapRock
14715 Grove Ave, Ontario (Leased)	1,055,590	Prologis
4000 S. Hamner Ave, Ontario (Leased)	1,003,918	Dermody Properties
22490 Harley Knox, Perris (Leased)	332,377	SRG Commercial
10958 Banana Ave, Fontana	330,048	Birtcher Development
13402 Yorba Ave, Chino	315,065	Xebec Realty Partners
7820 Victoria Ave, Highland	305,617	Patriot Development
614 E Norman Rd, San Bernardino	248,483	Hillwood Development
3200 S Hamner Ave, Ontario	270,865	Crow Holdings
875 W State Street, Ontario	211,703	Comstock Realty Partners
3100 S Hamner Ave, Ontario	250,369	Crow Holdings
3310 S Hamner Ave, Ontario	249,822	Crow Holdings
21511 Harvill Ave, Perris	207,130	IDS Real Estate Group
305 S Cedar Ave, Rialto	198,334	Ares Management
1932 S Bon View Ave, Ontario	174,494	Panattoni Development
1516 S Bon View Ave, Ontario	167,600	Dedeaux Properties
14457 Slover Ave, Fontana	165,327	Dedeaux Properties
3350 S Hamner Ave, Ontario	136,853	Crow Holdings

TOTAL SF COMPLETED 8,370,252

QUARTERLY CONSTRUCTION COMPLETIONS



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	57,753,796	4,814,319	8.34%	1,834,937	3.18%	(479,174)	315,065	504,333
Eastvale	13,932,643	1,654,108	11.87%	639,071	4.59%	197,892	0	253,366
Fontana	79,110,042	10,237,533	12.94%	3,974,675	5.02%	2,729,666	2,134,047	2,523,157
Jurupa Valley	35,536,592	4,407,061	12.40%	3,250,569	9.15%	(309,612)	191,311	0
Ontario	139,644,505	20,638,990	14.78%	5,599,765	4.01%	4,059,607	4,838,166	5,579,433
Rancho Cucamonga	45,194,985	4,020,368	8.90%	1,636,614	3.62%	(54,157)	0	192,518
TOTAL	371,172,563	45,772,379	12.33%	16,935,631	4.56%	6,144,222	7,478,589	9,052,807

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	8,556,562	1,550,504	18.12%	51,800	0.61%	(7,800)	0	0
Bloomington	3,989,155	623,328	15.63%	68,408	1.71%	0	0	261,632
Colton	11,571,743	2,353,789	20.34%	880,907	7.61%	(575,674)	0	417,809
Corona / Norco	38,194,159	3,970,230	10.39%	2,378,484	6.23%	23,418	0	424,412
Grand Terrace	468,436	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,975,353	810,837	41.05%	305,617	15.47%	0	305,617	363,039
Moreno Valley	33,184,315	2,483,456	7.48%	1,587,726	4.78%	(772,494)	198,824	0
Perris	42,273,987	7,038,263	16.65%	3,271,674	7.74%	(284,485)	673,453	2,105,636
Redlands / Loma Linda	32,568,127	4,407,439	13.53%	1,814,417	5.57%	(99,561)	0	208,000
Rialto	37,680,387	4,822,412	12.80%	2,678,544	7.11%	137,326	363,100	1,025,783
Riverside	62,201,326	6,445,509	10.36%	1,735,427	2.79%	80,244	173,085	1,290,092
San Bernardino	46,000,621	6,242,676	13.57%	3,532,240	7.68%	(544,616)	300,188	843,658
TOTAL	318,664,171	40,748,443	12.79%	18,305,217	5.74%	(2,043,642)	2,014,267	6,940,061

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	40,128,575	3,527,277	8.79%	1,370,234	3.41%	(412,387)	315,065	199,994
Eastvale	11,682,612	1,279,856	10.96%	557,500	4.77%	197,892	0	0
Fontana	65,450,612	9,055,544	13.84%	3,453,282	5.28%	2,657,838	1,958,905	2,340,618
Jurupa Valley	30,296,384	3,575,438	11.80%	2,624,522	8.66%	(341,000)	0	0
Ontario	105,916,643	17,063,931	16.11%	3,596,111	3.40%	3,873,286	4,752,636	5,439,499
Rancho Cucamonga	28,647,630	2,469,903	8.62%	1,087,232	3.80%	(132,072)	0	151,455
TOTAL	282,122,456	36,971,949	13.10%	12,688,881	4.50%	5,843,557	7,026,606	8,131,566

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	1,458,704	19.37%	0	0.00%	0	0	0
Bloomington	3,342,368	533,420	15.96%	0	0.00%	0	0	261,632
Colton	7,757,258	2,248,756	28.99%	870,907	11.23%	(565,674)	0	417,809
Corona / Norco	15,420,633	1,630,340	10.57%	1,314,001	8.52%	143,785	0	290,328
Grand Terrace	210,560	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,665,304	668,656	40.15%	305,617	0.00%	305,617	305,617	363,039
Moreno Valley	31,303,654	1,919,903	6.13%	1,150,665	3.68%	(818,745)	0	0
Perris	38,965,212	6,471,887	16.61%	3,077,816	7.90%	(423,683)	539,507	2,005,866
Redlands / Loma Linda	28,230,290	3,659,781	12.96%	1,342,828	4.76%	0	0	208,000
Rialto	32,581,851	3,788,698	11.63%	2,061,983	6.33%	(15,809)	198,334	786,935
Riverside	40,151,258	4,935,018	12.29%	1,253,471	3.12%	112,874	0	1,025,930
San Bernardino	36,213,710	5,534,536	15.28%	3,290,564	9.09%	(404,725)	300,188	777,695
TOTAL	243,373,678	32,849,699	13.50%	14,667,852	6.03%	(1,666,360)	1,343,646	6,137,234

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	114,626,424	16,020,636	13.98%	3,102,355	2.71%	5,202,332	4,417,710	4,877,685
Inland Empire East	138,443,972	10,230,979	7.39%	4,521,040	3.27%	(3,432,101)	0	1,398,243
TOTAL	253,070,396	26,251,615	10.37%	7,623,395	3.01%	1,770,231	4,417,710	6,816,848



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