

Shifts in deal terms, halts to ground breakings, and the perpetual need for logistics all have shaped the current conditions of the Inland Empire industrial market. Deals are getting executed as landlords are coming to terms with the new market dynamic. Tenants are taking their time when it comes to selecting locations. As the peak of the market has passed and the construction dust begins to settle, both owners and occupants can assess where the fundamentals of the market have landed and will most likely remain for a while.

Pre-leasing industrial space has become less prevalent in the present market. **93% of the development pipeline is available;** specifically, every single industrial building under construction in the West is available. The hesitancy to lease up unfinished space further lingers to newly delivered facilities. Nearly 71% of the product delivered in this past quarter is available, while over half of all 2024 builds remain available, demonstrating the rationale for the 63% decline in construction (from its peak in 2Q23).

After two years of increases and corrections, availability has dropped mildly, as the development boom and added available product continues to subside. There are 73% less new deliveries quarter-over-quarter, after the record first-half of 2024 and its delivery of over 17M square feet. Vacancy remained stable, growing a mere 2% from last quarter. Net absorption took a steep decline, as this quarter reflected a more true, transactional absorption number without having projects pre-leased in previous years or quarters, which added to the total square footage absorbed.

The West continues to prevail as the more active of the two submarkets, as the West transacted twice as much square footage as the East year-to-date.

With one quarter to go, gross activity in the West has already totaled more than 2023 in full as well as 2022 in its entirety; **inexplicably, the West is on track to gross the most activity seen in years and potentially the most the sector has recognized.** New deals made up most activity in both the West and East, signaling a come-back for greater demand in the market.

The jump in activity is most likely due to the adjustments in lease rates and abundance of concessions offered to industrial occupiers. In Q3, **the average amount of free rent provided to tenants leasing big-box space (100,000 square feet or more) was nearly four months**, with annual increases being just over 3.5% from the previous 4% and greater. Lease rates have trended down quarterly, bringing the average NNN lease rate down 25% year-over-year. Despite this, these declines are viewed as corrections from the unprecedented rent growth, **as rates are still up 37% from 2021.**

Sales have slowed, as interest rates remain elevated and project an unclear path ahead. However, institutional capital continues to acknowledge the Inland Empire's dependability, as \$77M was spent on a Class-A asset in Q3.

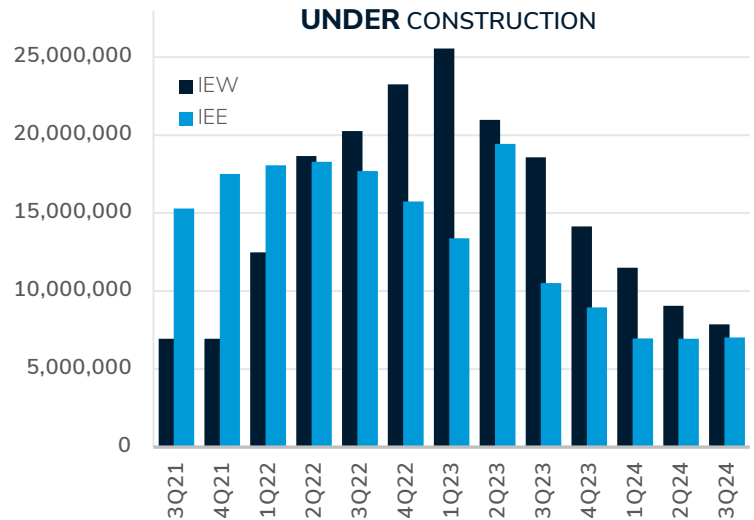
IE MARKET SNAPSHOT

BASE INVENTORY	690,745,127 SF
AVAILABILITY RATE	11.75%
VACANCY RATE	5.20%
VACANCY RATE WITH SUBLEASES	6.06%
2024 YTD NET ABSORPTION	10,406,550 SF
2024 YTD GROSS ACTIVITY	60,771,153 SF
2024 YTD DELIVERIES	19,864,446 SF
UNDER CONSTRUCTION	14,894,656 SF
AVG NNN LEASE RATE (100K+)	\$1.13/SF (West) \$0.97/SF (East)

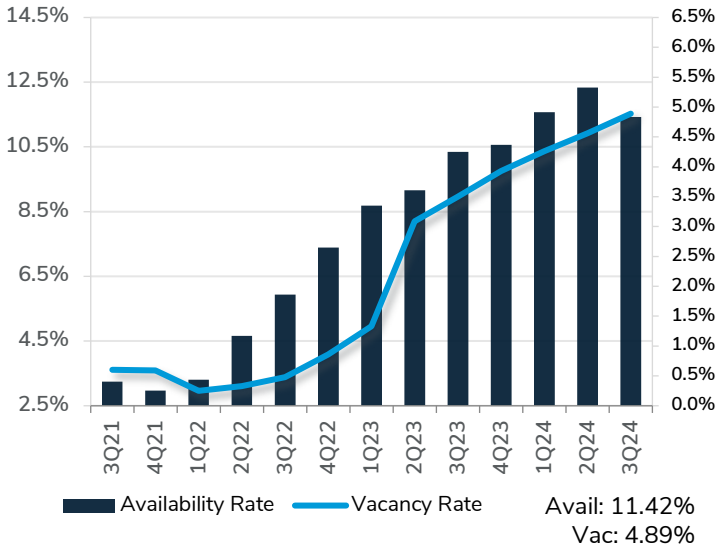
COMPARISON TO 2Q24

DEVELOPMENT PIPELINE	down 6.87%
GROSS ACTIVITY	down 19.99%
NET ABSORPTION	down 53.64%
LEASE RATES	down 12.86%
AVAILABILITY	down 6.30%
VACANCY	up 1.76%
DELIVERIES	down 72.77%
SUBLEASE SPACE	down 5.52%

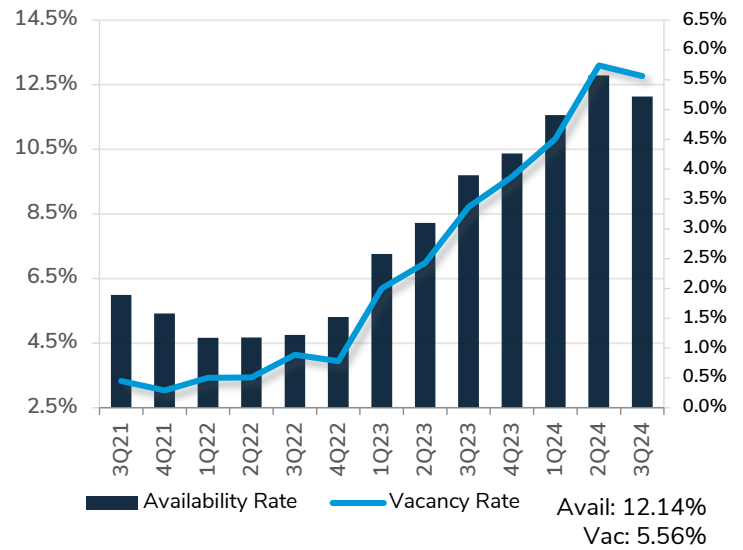
UNDER CONSTRUCTION



IE WEST AVAILABILITY & VACANCY



IE EAST AVAILABILITY & VACANCY

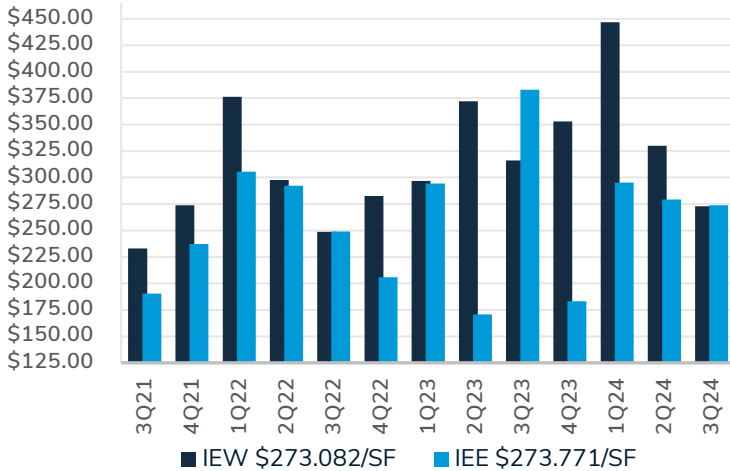


AVAILABILITY: All space being marketed (existing & U/C)

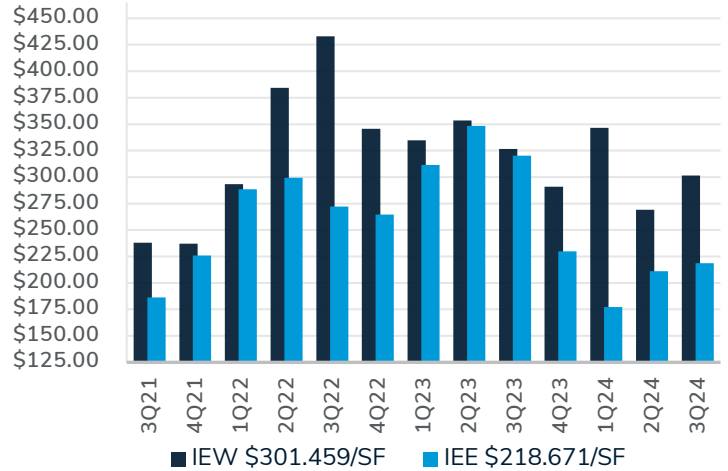
VACANCY: Unoccupied space (not including U/C or planned)

*INCLUDES ALL CLASSES OF BUILDINGS

USER SALES PRICE PER SF

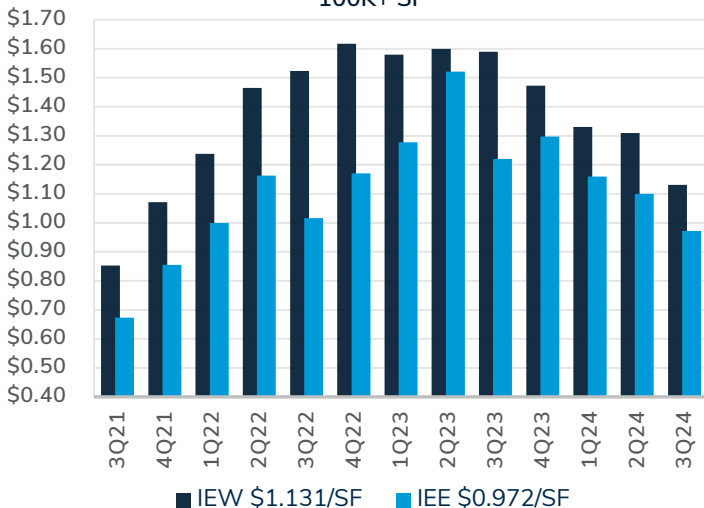


INVESTMENT SALES PRICE PER SF



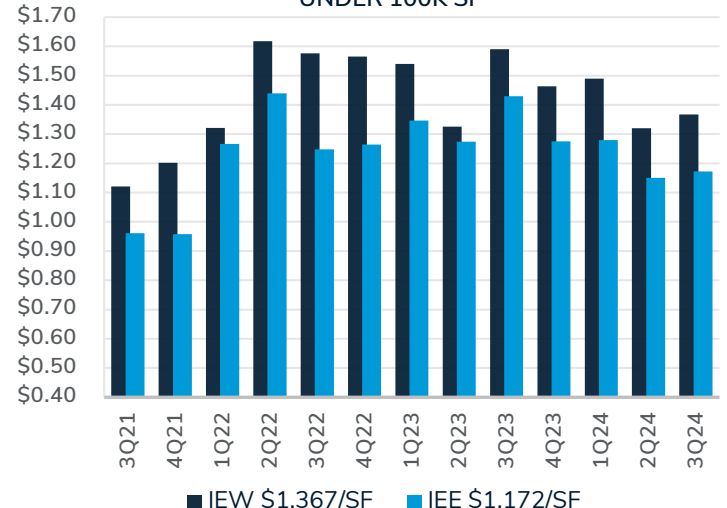
ACTUAL NNN LEASE RATE PRICE PER SF

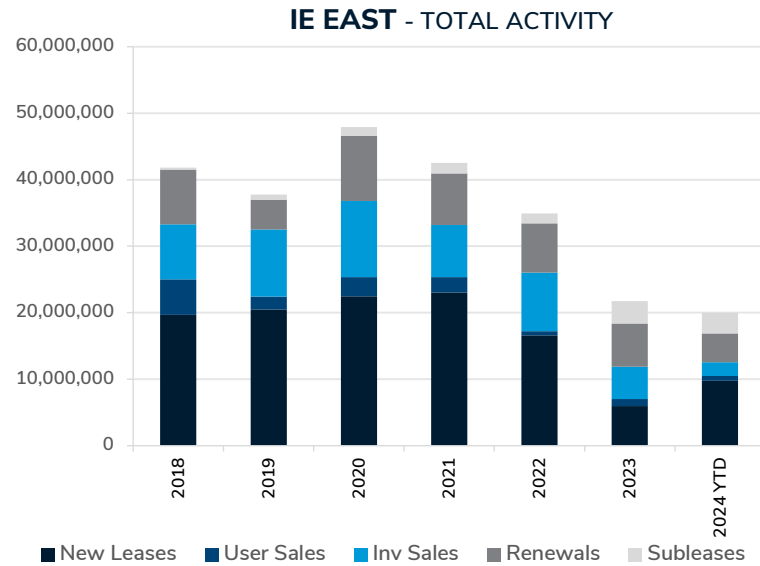
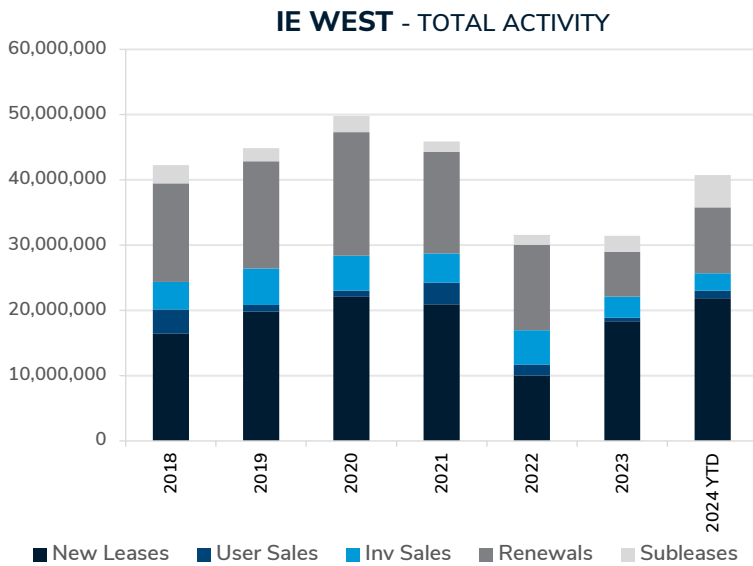
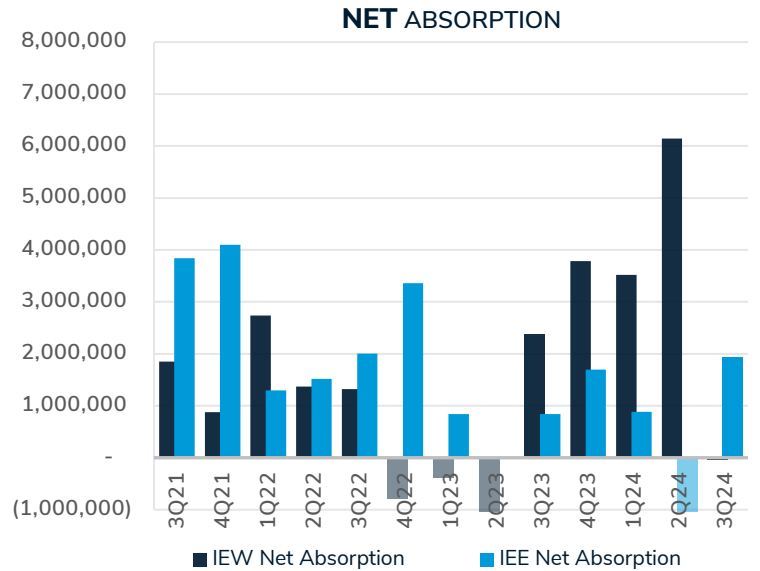
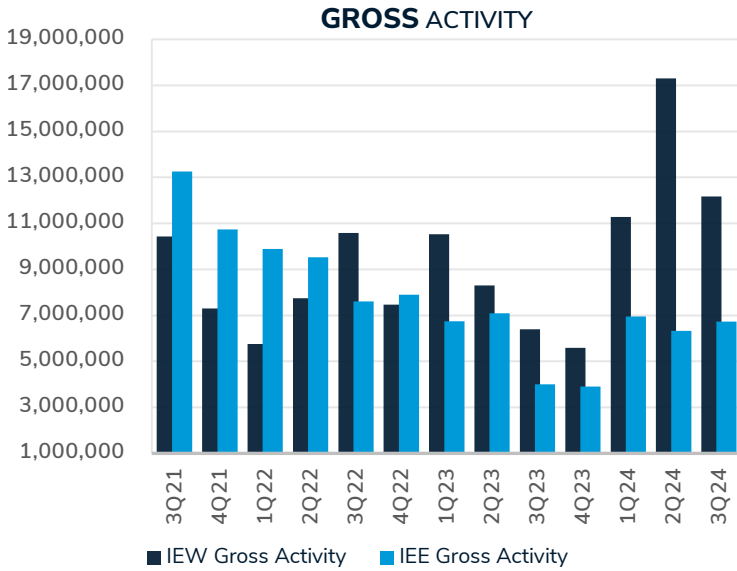
100K+ SF



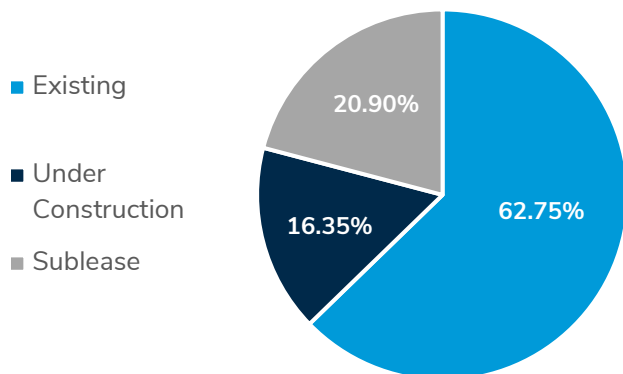
ACTUAL GROSS LEASE RATE PRICE PER SF

UNDER 100K SF





3Q24 Lease Availability BREAKDOWN



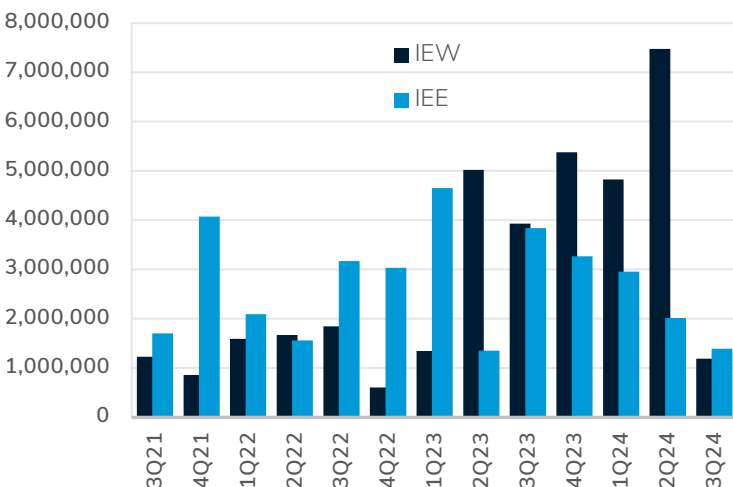
TOTAL ACTIVITY

Transaction Type	IEW	IEE	TOTAL
New Leases	5,808,474	4,204,224	10,012,698
Renewals	2,399,283	830,817	3,230,100
Subleases	2,861,996	1,064,044	3,926,040
User Sales	532,194	108,664	640,858
Investment Sales	574,440	523,898	1,098,338
3Q24 Total	12,176,387	6,731,647	18,908,034
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
17820 Slover Ave., Fontana	Distribution Alternatives Inc.	eFulfill Inc.	651,815	Sublease
7776 Tippecanoe Ave., Fontana	Stockbridge Capital Group	Western Post LLC	609,499	New
22000 Opportunity Way Riverside	Invesco Realty Advisors	Loctek Inc.	503,592	New
27358 Pioneer Ave., Redlands	First Industrial Realty Trust Inc.	Lean Supply	460,805	New
1500 Dupont St., Ontario	Majestic Realty Company	Staples	450,000	Renewal
3355 E. Cedar St., Ontario	Henkel US Operations	Trans Knights	436,945	Sublease
6725 Kimball Ave., Chino	John Hancock Life Insurance	MBA-CA LLC	433,487	New
3625 E. Jurupa St., Ontario	Dal-Tile Corporation	1 st Mars Logistics	392,904	Sublease
22780 Harley Knox St., Perris	Clarion Partners	iHerb	392,617	Renewal
1495 N. Tamarind Ave., Rialto	United Legwear Company	STG Logistics	390,521	Sublease
15578 Hellman Ave., Chino	Sares Regis Group	Winsight	349,000	Renewal
14210-14380 Telephone Ave., Chino	Port Logistics	Farmmi USA	315,000	Sublease
11310 Cantu Galleano Ranch Rd., Fontana	Boardriders Inc.	Enterprise Order Solutions	309,960	Sublease
14801 Slover Ave., Fontana	Prologis	Discovery SCM USA	300,205	New
2281 S. Haven Ave., Ontario	Ponderosa Square LLC	Linemart	281,570	New
500 S. Dupont Ave., Ontario	Rexford Industrial Realty	Best Logistics Tech Inc	274,885	New
11310 Cantu Galleano Ranch Rd., Fontana	Boardriders Inc.	Esong CHM Second LLC	254,670	Sublease
14940 Summit Dr., Eastvale	First Industrial Realty Trust	Flex Solutions	220,707	Renewal
9988 Redwood Ave., Fontana	Prologis	NRI USA, LLC	214,431	Renewal
4564 Redlands Ave., Perris	Peloton Interactive Inc.	Dematic	210,900	Sublease
2553 Sampson Ave., Corona	Prologis	Juanita Foods	193,268	New
1595 Dupont St., Ontario	LBA Realty LLC	Leslies Pools	183,244	Renewal
9189 Utica Ave., Rancho Cucamonga	Prologis	Discovery SCM USA	156,900	Renewal

SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
8432 Almeria Ave., Fontana	Cabot Industrial Properties	Transwestern Development Company	236,129	Investment
14339 Whittram Ave., Fontana	Warehouse Specialists Inc	Oakmont Development	209,700	User
13170 Marlay Ave., Fontana	Schutz Container	Marlay Partners LLC	153,104	User
1730 Eastridge Ave., Riverside	Mid-Eastern West LLC	Force 1730 Eastridge LLC	128,000	Investment
1660 Iowa Ave., Riverside	Reich Bros LLC	West Coast C & C Investment LLC	110,071	Investment
717 W State St., Ontario	Brasa Capital Management	TA Realty	106,212	Investment
19949 Kendall Dr., San Bernardino	Overton Moore Properties LLC	Bixby Land Company	104,500	Investment

QUARTERLY CONSTRUCTION COMPLETIONS



3rd Quarter 100K+ CONSTRUCTION COMPLETIONS

PROPERTY	SIZE	DEVELOPER
3600 Redlands Ave., Perris	548,019	IDI Logistics
752 N. Tippecanoe Ave., San Bernardino	337,385	Oakmont Industrial Group
2281 S Haven Ave., Ontario (Leased)	281,570	Exdev
4400 Patterson Ave., Perris	259,951	Rockefeller Group
15719-15755 Arrow Blvd., Fontana	207,571	Link Logistics
15865 Quality Way, Chino (Leased)	199,994	Link Logistics
10 Longitude Way (Leased)	132,408	Rexco Development
TOTAL SF COMPLETED	1,966,898	

Inland Empire WEST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	57,798,962	4,145,366	7.17%	1,878,825	3.25%	460,445	504,333	0
Eastvale	13,888,608	2,003,836	14.43%	622,643	4.48%	16,428	0	253,396
Fontana	79,101,218	8,390,996	10.61%	4,602,010	5.82%	(237,225)	390,110	2,133,065
Jurupa Valley	35,590,409	4,111,192	11.55%	3,171,256	8.91%	79,313	0	0
Ontario	139,961,460	19,501,169	13.93%	6,375,203	4.55%	(478,586)	296,852	5,282,581
Rancho Cucamonga	45,225,787	4,290,197	9.49%	1,517,680	3.36%	118,934	0	192,518
TOTAL	371,566,444	42,442,756	11.42%	18,167,617	4.89%	(40,691)	1,191,295	7,861,560

Inland Empire EAST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	8,556,562	1,558,504	18.21%	59,800	0.70%	(8,000)	0	0
Bloomington	3,978,416	566,911	14.25%	68,408	1.72%	0	0	261,632
Colton	10,615,850	1,259,629	11.87%	764,907	7.21%	116,000	0	417,809
Corona / Norco	38,058,238	2,600,024	6.83%	1,649,859	4.34%	932,448	203,823	220,589
Grand Terrace	443,436	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,975,433	821,717	41.60%	305,617	15.47%	0	0	363,039
Moreno Valley	32,830,518	2,920,668	8.90%	1,862,378	5.67%	(274,652)	0	38,820
Perris	44,087,556	8,694,382	19.72%	4,413,982	10.01%	(334,338)	807,970	2,745,667
Redlands / Loma Linda	32,567,759	4,127,034	12.67%	1,866,024	5.73%	(51,607)	0	208,000
Rialto	37,760,881	3,328,089	8.81%	1,652,029	4.37%	1,026,515	0	1,025,783
Riverside	62,219,516	6,411,072	10.30%	1,309,164	2.10%	470,871	44,608	1,245,484
San Bernardino	46,084,518	6,446,518	13.99%	3,804,334	8.26%	65,291	337,385	506,273
TOTAL	319,178,683	38,734,548	12.14%	17,756,502	5.56%	1,942,528	1,393,786	7,033,096

Inland Empire WEST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	40,230,215	2,956,832	7.35%	1,208,339	3.00%	361,889	199,994	0
Eastvale	11,682,611	1,636,522	14.01%	557,500	4.77%	0	0	0
Fontana	65,450,630	7,320,167	11.18%	4,111,641	6.28%	(450,788)	207,571	2,133,065
Jurupa Valley	30,297,184	3,388,256	11.18%	2,624,522	8.66%	0	0	0
Ontario	106,259,643	16,039,739	15.09%	4,717,053	4.44%	(839,372)	281,570	5,157,929
Rancho Cucamonga	28,652,630	2,896,322	10.11%	1,087,232	3.79%	0	0	151,455
TOTAL	282,572,913	34,237,838	12.12%	14,306,287	5.06%	(928,271)	689,135	7,442,449

Inland Empire EAST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	7,531,580	1,458,704	19.37%	0	0.00%	0	0	0
Bloomington	3,331,629	459,403	13.79%	0	0.00%	0	0	261,632
Colton	6,797,218	1,162,716	17.11%	744,907	10.96%	126,000	0	417,809
Corona / Norco	15,260,956	973,552	6.38%	815,632	5.34%	630,777	132,408	157,920
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	18.35%	(305,617)	0	363,039
Moreno Valley	30,911,037	2,442,675	7.90%	1,553,205	5.02%	(402,540)	0	0
Perris	40,805,830	8,141,755	19.95%	4,205,553	10.31%	(319,767)	807,970	2,645,897
Redlands / Loma Linda	28,230,290	3,589,798	12.72%	1,429,066	5.06%	(86,238)	0	208,000
Rialto	32,581,851	2,278,672	6.99%	1,055,087	3.24%	1,006,866	0	786,935
Riverside	40,155,373	4,783,121	11.91%	749,879	1.87%	503,592	0	1,025,930
San Bernardino	36,213,710	5,715,340	15.78%	3,627,949	10.02%	0	337,385	440,310
TOTAL	243,695,338	31,674,392	13.00%	14,486,895	5.94%	1,153,073	1,277,763	6,307,472

Inland Empire - 500,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Inland Empire West	114,626,442	14,048,257	12.26%	4,269,503	3.72%	(1,167,148)	0	4,877,703
Inland Empire East	138,924,330	10,411,837	7.49%	3,637,771	2.62%	1,431,288	548,019	1,868,402
TOTAL	253,550,772	24,460,094	9.65%	7,907,274	3.12%	264,140	548,019	6,746,105



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