LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES
ONTARIO

Q4 2024
INLAND EMPIRE INDUSTRIAL
Market Brief

2025 is emerging to be a pivotal year for the Inland Empire industrial market, characterized by record highs and lows across various key market fundamentals. Most prominently, although the availability rate has increased by just 16% year-over-year, **the region is now experiencing its highest availability and vacancy rates since 2011.** Nonetheless, both gross activity and net absorption have surged nearly 50% year-over-year, signaling the potential for a tightening of availability and vacancy rates, which could lead to a market shift as the market moves into the new year.

The amount of industrial product under construction is down 40% year-over-year and down 65% compared to 2022, securing a significant slowdown in new supply. Precisely, **the development pipeline has reached its lowest levels since 2012 amidst ongoing volatility in key market fundamentals.** Only one out of forty-eight projects under construction has been pre-leased, and **nearly half of 2024's new deliveries remain available and now sit vacant.**

Q4 activity remained robust with 34 big-box (100,000 square feet or greater) lease transactions. While tariff fears and holiday consumerism was the suspected driver of increased activity, gross absorption remained consistently elevated throughout the year. Particularly in the West, the submarket experienced a robust 10.5 million square feet of positive net absorption to close out the year (up 135% from 2023). In total, **the IEW recorded 46.5 million square feet of total leasing activity, the highest on record for a single year.**

The chasm between the West and East submarkets is substantial. New lease activity in the West outpaced *all* activity in the East including new deals, renewals, subleases, user sales, and investment sales in the East in 2024, with an astonishing 28 million square feet of new deals executed in the West compared to the East's 27M square feet of gross activity.

While gross absorption in the East has slowed from the peaks of 2018, it remains consistent with recent years. However, **net absorption reached a historical low for the IEE submarket.** To illustrate, renewals accounted for over 55% of all leasing activity in the East in Q4. Furthermore, the East faced a significant downturn in sales, with both transaction volumes, reflecting the broader economic uncertainties.

The stabilization of lease rates and deal terms seems to have materialized, as current rates are above the three-year moving average and have increased since Q3 for spaces exceeding 100,000 square feet. Although sales activity has been sparse in recent quarters, with prices exhibiting notable variability, user sale prices at year-end 2024 surpass the three-year moving average, while investment sale prices continue to remain below this benchmark.

The Inland Empire industrial market is showing onset signs of potential market tightening, driven by strong demand, a sharp decline in new construction, and probable stabilization of pricing. While uncertainty persists, particularly in the East, the overall market remains poised for further shifts as leasing activity continues to outperform.

IE MARKET SNAPSHOT

BASE INVENTORY	692,710,445 SF
AVAILABILITY RATE	11.70%
VACANCY RATE	5.24%
VACANCY RATE WITH SUBLEASES	6.23%
2024 NET ABSORPTION	11,682,814 SF
2024 GROSS ACTIVITY	78,745,263 SF
2024 DELIVERIES	21,527,206 SF
UNDER CONSTRUCTION	13,815,932 SF
AVG NNN LEASE RATE (100K+)	$1.14/SF (West) $1.06/SF (East)

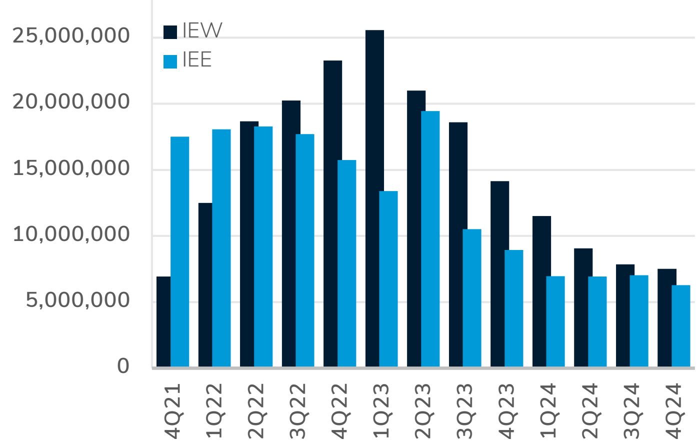
YEAR-OVER-YEAR ANALYSIS

GROSS ACTIVITY up 49.22%
NET ABSORPTION up 48.45%
AVAILABILITY up 16.42%
VACANCY up 52.33%
LEASE RATES down 35.29%
DELIVERIES down 25.41%
SUBLEASE SPACE up 27.39%
DEVELOPMENT PIPELINE down 40.19%

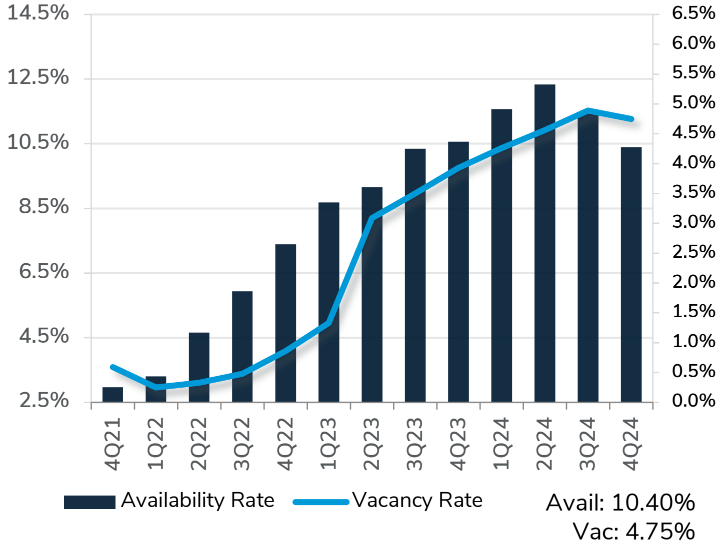
COMPARISON TO 3Q24

LEASE RATES up 4.76%
AVAILABILITY down 0.43%
VACANCY up 0.77%
DELIVERIES down 35.74%
SUBLEASE SPACE up 5.07%

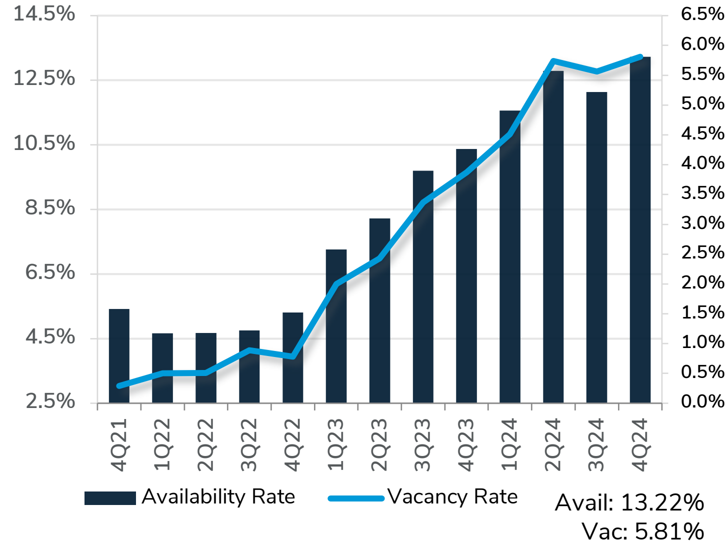
UNDER CONSTRUCTION



IE WEST AVAILABILITY & VACANCY

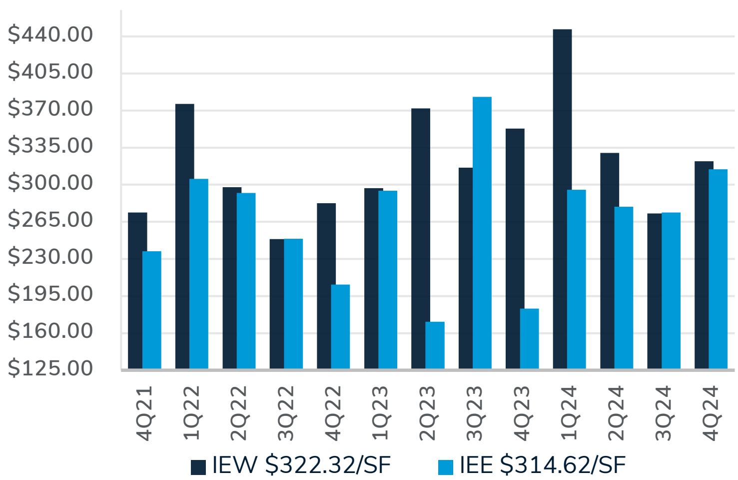


IE EAST AVAILABILITY & VACANCY

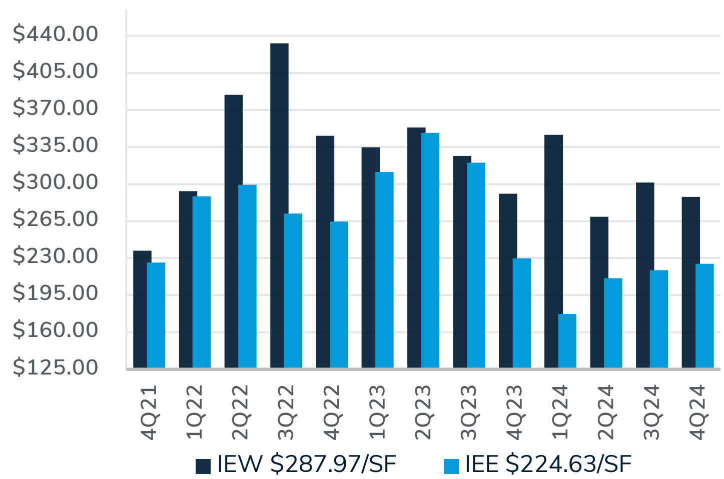


*AVAILABILITY: All space being marketed (existing & U/C) VACANCY: Unoccupied space (not including U/C or planned) *INCLUDES ALL CLASSES OF BUILDILNGS*

USER SALES PRICE PER SF

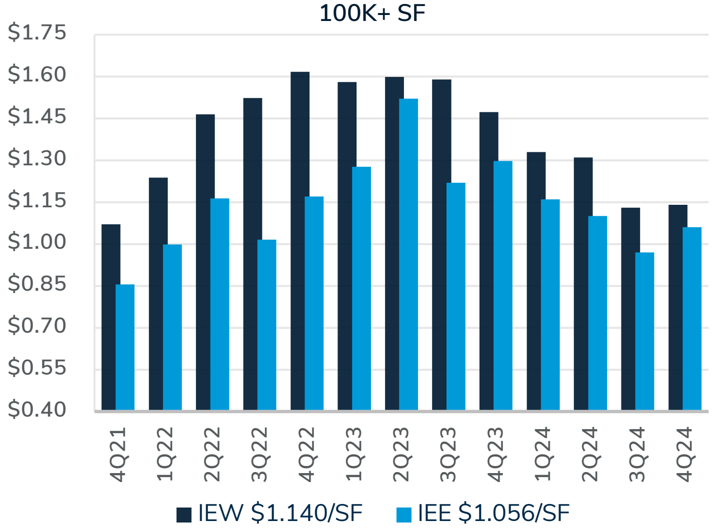


INVESTMENT SALES PRICE PER SF



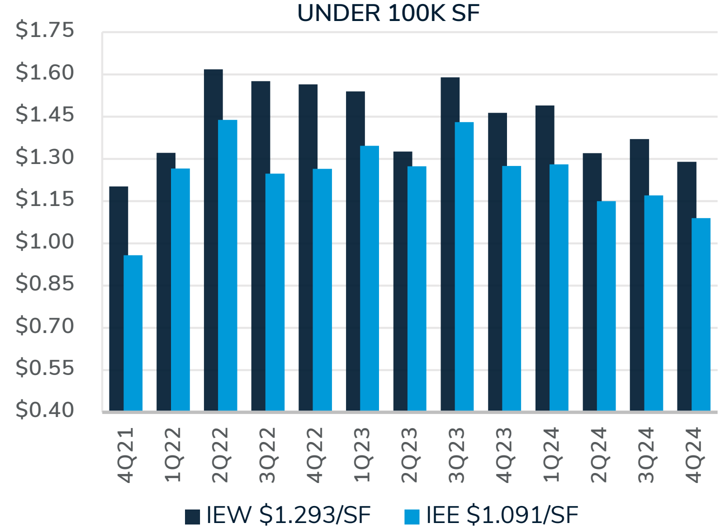
ACTUAL NNN LEASE RATE PRICE PER SF

100K+ SF



ACTUAL GROSS LEASE RATE PRICE PER SF

UNDER 100K SF

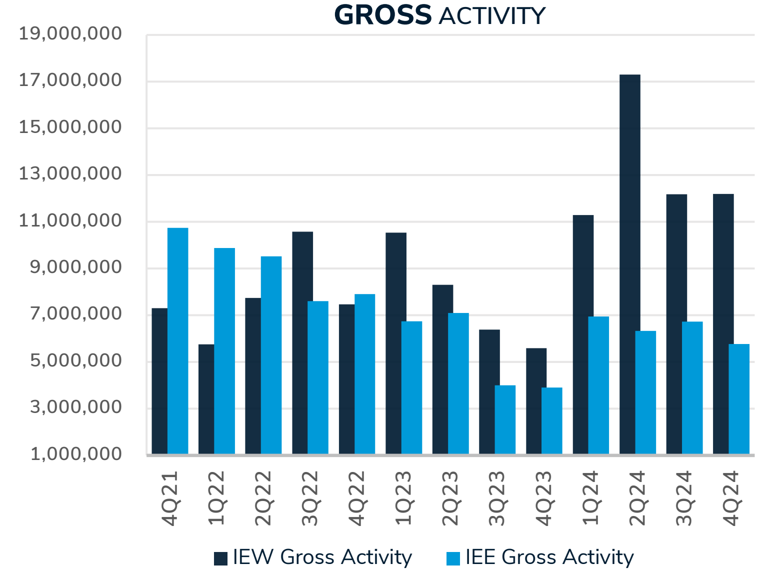


LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES
ONTARIO

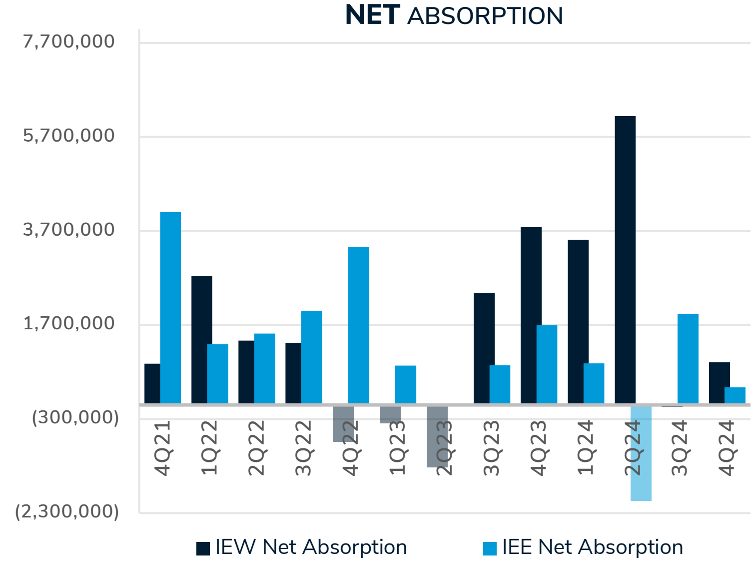
Q4 2024 INLAND EMPIRE INDUSTRIAL

Activity History

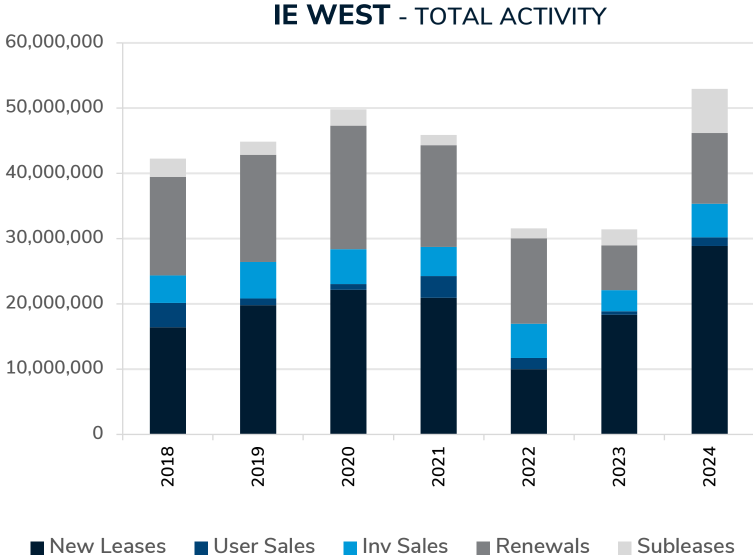
GROSS ACTIVITY



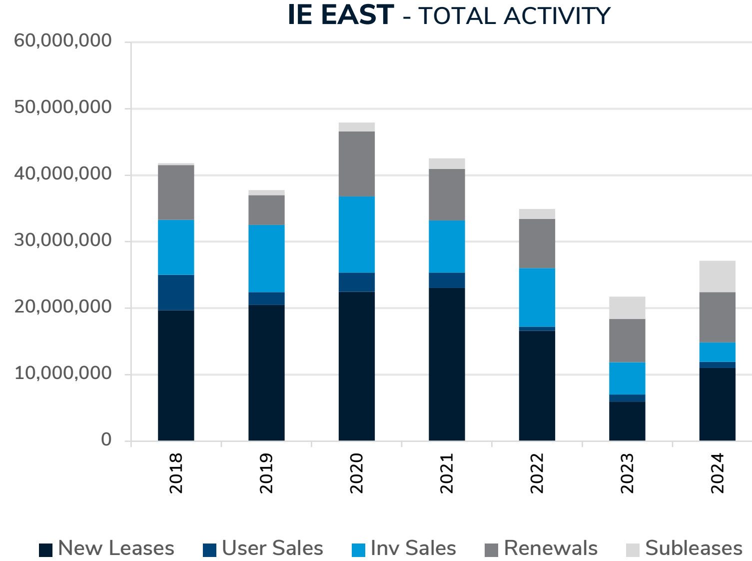
NET ABSORPTION



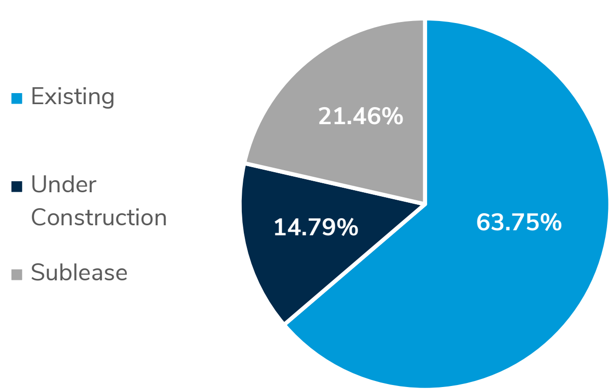
IE WEST - TOTAL ACTIVITY



IE EAST - TOTAL ACTIVITY



4Q24 Lease Availability BREAKDOWN



TOTAL ACTIVITY

Transaction Type	IEW	IEE	TOTAL
New Leases	6,996,276	1,269,262	8,265,538
Renewals	692,642	3,231,753	3,924,395
Subleases	1,830,016	241,666	2,071,682
User Sales	379,786	174,343	554,129
Investment Sales	2,300,124	858,242	3,158,366
4Q24 TOTAL	12,198,844	5,775,266	17,974,110
3Q24 TOTAL	12,176,387	6,731,647	18,908,034
2Q24 TOTAL	17,307,544	6,234,393	23,631,937
1Q24 TOTAL	11,285,265	6,945,917	18,231,182

Q4 2024
INLAND EMPIRE INDUSTRIAL
Notable Deals & Deliveries

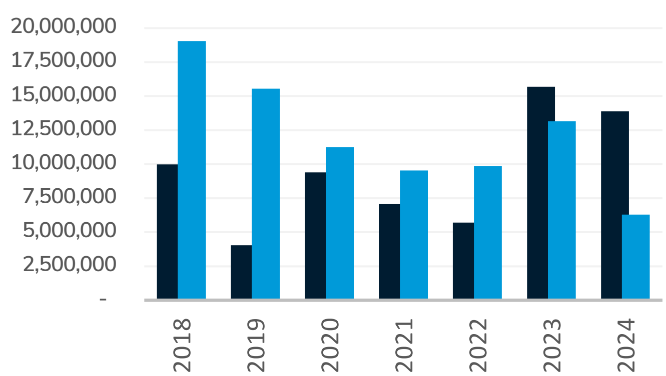
LEASED PROPERTY	LESSOR	LESSEE	SIZE	DEAL TYPE
27582 Pioneer Ave, Redlands	Prologis	Burlington Coat Factory	800,444	Renewal
South Ontario Logistics Center, Ontario (BTS)	Clarion Partners	McLane Distribution	680,000	New
8900 Merrill Ave, Ontario	Lululemon	US Elogistics Services Corp	600,000	Sublease
27334 San Bernardino Ave, Redlands	Prologis	Why Brands	593,563	Renewal
3412 Manitou Ct, Jurupa Valley	Link Logistics Real Estate	White Horse Logistics	560,025	New
12300 Riverside Dr, Eastvale	Nuveen Real Estate	LC Logistics Services, Inc.	557,500	New
27573 River Bluff Ave, Redlands	Prologis	Burlington Coat Factory	542,977	Renewal
5450 Francis St, Ontario	James Campbell Company	Armstrong Logistics	480,000	New
2602 Locust Ave, Rialto	Prologis	Radial Logistics	475,555	Renewal
11119 Juniper Ave, Fontana	Clarion Partners	AmerisourceBergen Drug Corp	436,424	New
10886 Citrus Ave, Fontana	Clarion Partners	Cianaio (4Px)	424,427	New
26950 San Bernardino Ave, Redlands	Trammell Crow Company	Prime-Line Products, Inc.	418,435	Renewal
13055 Valley Blvd, Fontana	Smart & Final	Mayrock, Inc.	349,552	Sublease
3285 DeForest Cir, Jurupa Valley	Heitman Holdings, Inc.	JW Fulfillment, Inc.	341,000	New
28025 Eucalyptus Ave, Moreno Valley	Prologis	Bar Logistics aka Santa Fe Warehouse	337,740	Renewal
4651 Francis St, Ontario	LaSalle Investment Management	CTS, Inc.	334,000	New
13611 Jurupa Ave, Fontana	Carson Companies	EDA International	300,033	New
2653 S Milliken Ave, Eastvale	Newegg Inc.	BDK Logistics	275,985	Sublease
875 W State St, Ontario	Inland Harbor Com, LLC	Lizard Storage Group, Inc.	256,722	New
5642 E Ontario Mills Pkwy, Ontario	Teachers Insurance & Annuity Association	Mizkan America Inc.	219,613	New
6237 N Cajon Blvd, San Bernardino	Westcore Properties	Dollar Tree	211,703	New
9471 Buffalo Ave, Rancho Cucamonga	Bradshaw International	Weida Freight	198,663	Sublease
1601 Fairway Dr, Colton	Bixby Land Company	The Carlstar Group, LLC	179,233	New

SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
16604 Slover Ave, Fontana	Bentall Green Oak	Panattoni Development Company	690,967	Investment
Four (4) Property Portfolio (Ontario, Fontana, San Bernardino)	Cabot Properties	Blackstone Capital	669,057	Investment
1680 Eastridge Ave, Riverside	Ares Management	Ross Dress for Less	449,040	Investment
4420,4350,4388 Serrano Drive, Jurupa Valley	GreenCycle US Holdings	Miramar Capital Advisors	332,725	Investment
13201 Dahlia St, Fontana	Cabot Properties	Rexford Industrial Realty, Inc	278,650	Investment
15521 Slover Ave, Fontana	TA Realty	Brookfield Properties	192,794	Investment
4331 Eucalyptus Ave, Chino	Calrock Holdings, LLC	The Roxborough Group	100,615	User

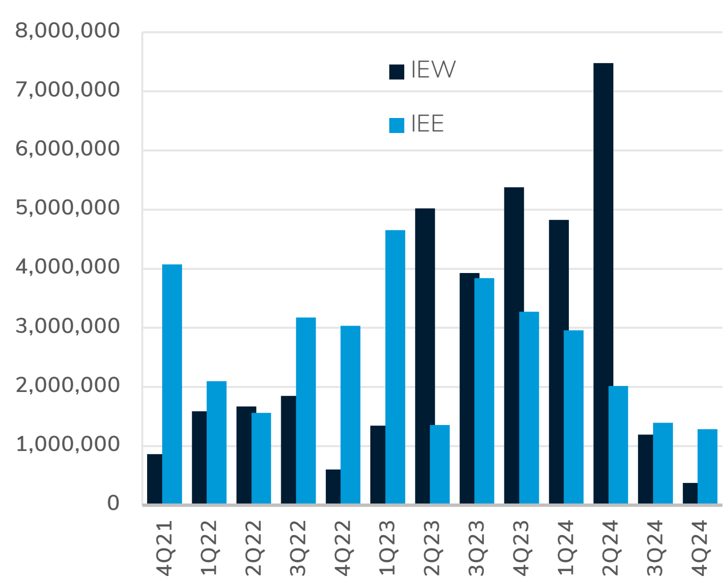
4th Quarter 100K+ CONSTRUCTION COMPLETIONS

PROPERTY	SIZE	OWNER
350 W Valley Blvd, Rialto	492,631	Birtcher Development
14874 Santa Ana Ave, Fontana	318,243	WPT Capital Advisors
3650 Center St, Riverside	307,394	Transwestern Development
773 S Foisy St, San Bernardino	104,850	Patriot Development
TOTAL SF COMPLETED	**1,223,118**	

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	57,840,805	4,971,959	8.60%	1,663,618	2.88%	215,207	0	0
Eastvale	13,888,608	1,142,715	8.23%	86,282	0.62%	536,361	0	253,396
Fontana	79,055,102	7,564,766	9.57%	3,921,039	4.96%	999,214	318,243	1,814,822
Jurupa Valley	35,642,159	2,729,359	7.66%	2,263,520	6.35%	909,246	0	0
Ontario	139,248,508	18,267,589	13.12%	7,466,275	5.36%	(1,076,541)	14,531	5,306,563
Rancho Cucamonga	45,365,304	3,913,458	8.63%	2,236,224	4.93%	(677,481)	41,063	151,455
TOTAL	**371,040,486**	**38,589,846**	**10.40%**	**17,636,958**	**4.75%**	**906,006**	**373,837**	**7,526,236**

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	10,389,229	2,576,349	24.80%	59,800	0.58%	0	0	0
Bloomington	3,994,179	1,238,557	31.01%	725,192	18.16%	(656,784)	0	261,632
Colton	10,881,527	1,443,881	13.27%	629,253	5.78%	135,654	0	599,032
Corona / Norco	38,077,864	2,576,311	6.77%	1,638,447	4.30%	11,412	0	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	32,830,703	3,499,594	10.66%	1,752,878	5.34%	109,500	0	38,820
Perris	44,100,162	8,432,073	19.12%	4,225,988	9.58%	287,764	99,770	2,651,003
Redlands / Loma Linda	32,984,050	4,663,168	14.14%	1,884,237	5.71%	(18,213)	0	565,610
Rialto	37,665,772	3,910,582	10.38%	2,242,787	5.95%	0	590,758	435,025
Riverside	62,244,962	6,937,343	11.15%	1,456,511	2.34%	278,725	426,072	819,486
San Bernardino	46,082,642	6,418,011	13.93%	3,752,947	8.14%	222,200	170,813	335,460
TOTAL	**321,669,959**	**42,517,586**	**13.22%**	**18,673,657**	**5.81%**	**370,258**	**1,287,413**	**6,289,696**

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	40,230,603	4,131,956	10.27%	1,231,508	3.06%	(23,169)	0	0
Eastvale	11,682,611	803,037	6.87%	0	0.00%	557,500	0	0
Fontana	65,375,074	6,615,364	10.12%	3,496,954	5.35%	932,930	318,243	1,814,822
Jurupa Valley	30,297,184	2,100,945	6.93%	1,723,497	5.69%	901,025	0	0
Ontario	105,515,835	15,051,522	14.26%	5,767,591	5.47%	(1,050,527)	11	5,157,929
Rancho Cucamonga	28,800,280	2,539,677	8.82%	1,660,232	5.76%	(573,000)	0	151,455
TOTAL	**281,901,587**	**31,242,501**	**11.08%**	**13,879,782**	**4.92%**	**744,759**	**318,254**	**7,124,206**

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	9,364,247	2,476,549	26.45%	0	0.00%	0	0	0
Bloomington	3,331,629	1,136,786	34.12%	677,383	20.33%	(677,383)	0	261,632
Colton	6,797,218	983,483	14.47%	565,674	8.32%	179,233	0	417,809
Corona / Norco	15,260,956	1,074,502	7.04%	815,632	5.34%	0	0	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%	0	0	363,039
Moreno Valley	30,911,222	3,081,760	9.97%	1,427,605	4.62%	125,600	0	0
Perris	40,810,936	7,878,144	19.30%	3,956,514	9.69%	249,039	0	2,651,003
Redlands / Loma Linda	28,587,900	4,098,892	14.34%	1,429,066	5.00%	0	0	565,610
Rialto	32,581,851	2,862,515	8.79%	1,547,718	4.75%	30	492,631	294,304
Riverside	40,155,373	5,163,663	12.86%	777,774	1.94%	279,499	307,394	718,536
San Bernardino	36,213,810	5,697,341	15.73%	3,521,096	9.72%	211,703	104,850	335,460
TOTAL	**245,891,006**	**35,122,291**	**14.28%**	**15,024,079**	**6.11%**	**367,721**	**904,875**	**5,765,313**

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	113,871,146	13,447,125	11.81%	4,837,061	4.25%	(567,558)	0	4,877,703
Inland Empire East	140,762,103	13,251,574	9.41%	4,315,154	3.07%	(677,383)	0	1,873,508
TOTAL	**254,633,249**	**26,698,699**	**10.49%**	**9,152,215**	**3.59%**	**(1,244,941)**	**0**	**6,751,211**

LEE & ASSOCIATES
ONTARIO

Kimberly Romaniello
Director of Research & Marketing
kromaniello@lee-assoc.com

Karly Kazanjian
Director of Operations
kkazanjian@lee-assoc.com

(909) 989-7771
3535 Inland Empire Boulevard
Ontario, California 91764
Corporate ID 00976995