Q4 2025

INLAND EMPIRE
INDUSTRIAL MARKET

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PREPARED BY

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The Inland Empire industrial market concluded the fourth quarter of 2025 exhibiting clear signs of normalization following several years of accelerated growth and historically tight conditions. Overall vacancy increased modestly on a quarter over quarter basis as newly delivered inventory outpaced leasing activity and tenant decision making slowed. Despite this softening, the region remains one of the most active industrial markets in the United States, supported by its scale, infrastructure, and proximity to the Ports of Los Angeles and Long Beach. Market conditions are increasingly reflective of a shift toward equilibrium rather than contraction.

Leasing activity moderated during the quarter, with gross leasing volume declining from earlier periods and year-over-year levels. Net absorption turned slightly negative in Q4 2025 although the East was stronger then West, as tenant move outs and space consolidations offset new leasing transactions. Demand, however, remained present, particularly among logistics, e-commerce, and third-party distribution users seeking modern, high-clear warehouse facilities. Transaction activity continued to favor larger blocks of space, indicating that occupiers are prioritizing operational efficiency and long-term strategic positioning over rapid expansion.

Rental rate growth showed early signs of stabilization during the quarter. While asking rents remained well above pre-pandemic levels, effective rents softened in select submarkets due to increased concessions, including free rent and tenant improvement allowances. Landlords demonstrated greater flexibility in deal structures, particularly for newly delivered and first-generation buildings, as they worked to attract creditworthy tenants amid rising competition and longer lease-up timelines.

Performance across the Inland Empire varied notably between its eastern and western corridors. In Q4 alone, the east recorded 3.4 million square feet leased across 12 deals, reflecting strong absorption compared with previous quarters, while the west logged 2.4 million square feet across 10 deals. Vacancy pressures in the west were amplified by recent large-scale deliveries that temporarily outpaced demand. These trends illustrate the region's uneven market dynamics, where development timing, tenant demand, and location drive performance outcomes.

Development activity continued to decelerate throughout Q4 2025. New groundbreakings were limited, and construction starts remained scarce as developers responded to higher financing costs and moderated demand. Projects currently under construction are increasingly phased or pre-leased, reflecting a more cautious development approach. Construction completions during the quarter totaled approximately 2.6 million square feet, down from prior periods, signaling a meaningful slowdown in new supply entering the market.

Port activity at the Ports of Los Angeles and Long Beach moderated slightly during the fourth quarter following elevated volumes earlier in the year. Import levels normalized as front-loading activity tapered off; however, year-end throughput remained historically strong. Continued cargo movement supports long-term demand fundamentals for Inland Empire industrial space tied to regional, national, and global supply chains.

Looking ahead, the Inland Empire industrial market enters 2026 positioned for recalibration rather than decline. While near term challenges include elevated vacancy levels and slower absorption, the region's long-term fundamentals remain intact. As new supply diminishes and tenant demand gradually stabilizes, market conditions are expected to balance further, reinforcing the Inland Empire's role as Southern California's premier logistics and distribution hub.

IE MARKET SNAPSHOT

691,819,422 SF
BASE INVENTORY

12.27%
AVAILABILITY RATE

6.00%
VACANCY RATE

6.97%
VACANCY RATE WITH SUBLEASES

6,042,588 SF
2025 NET ABSORPTION

77,695,850 SF
2025 GROSS ACTIVITY

11,268,180 SF
2025 DELIVERIES

2,459,711 SF
UNDER CONSTRUCTION

$1.009/SF (WEST) | **$0.875/SF** (EAST)
AVG NNN LEASE RATE (100K+)

Q3 2025 COMPARISON

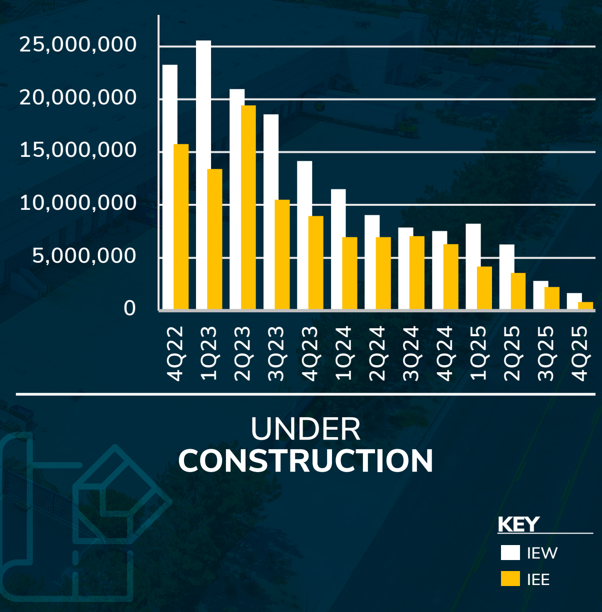
↓ 2.98% LEASE RATES

↑ 2.25% AVAILABILITY

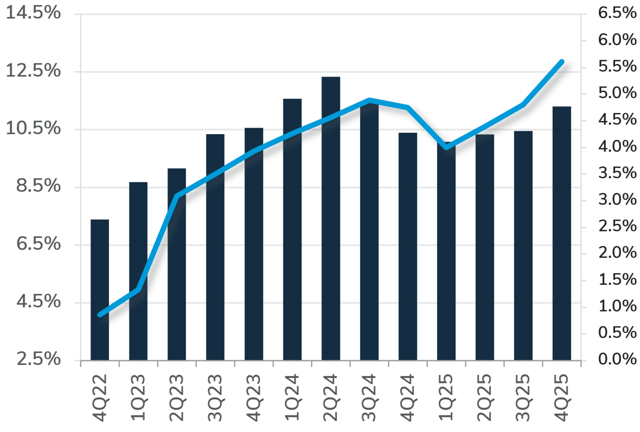
↓ 4.31% VACANCY

↑ 30.2% DELIVERIES

↑ 11.16% SUBLEASE SPACE



IE WEST AVAILABILITY & VACANCY



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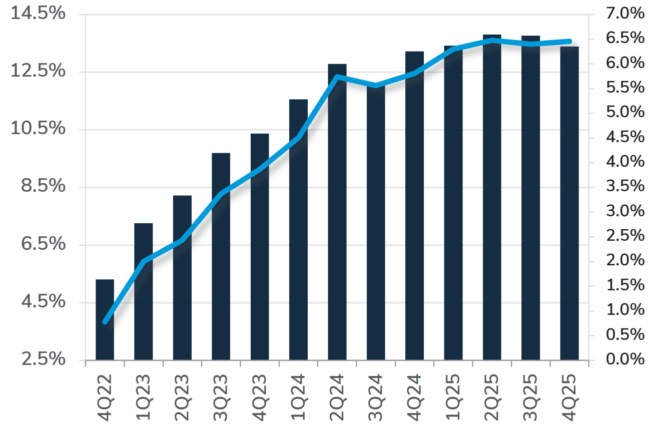
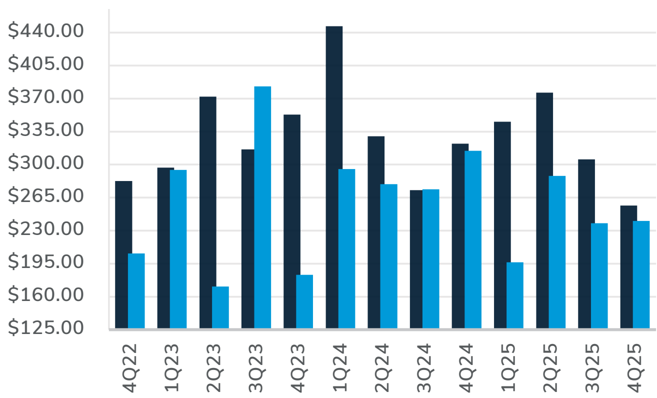
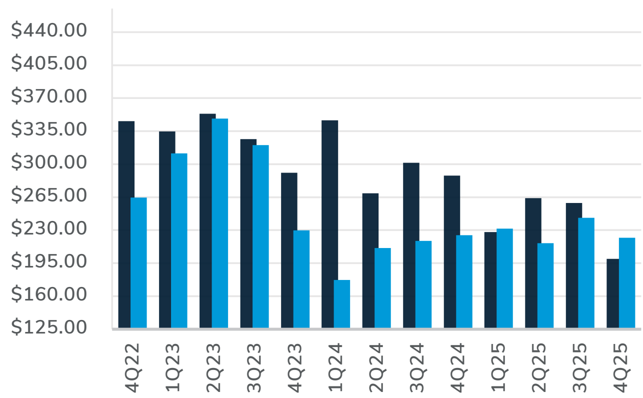


AVAILABILITY: All space being marketed (existing & U/C) *VACANCY: Unoccupied space (not including U/C or planned)* **INCLUDES ALL CLASSES OF BUILDILNGS*

USER SALES PRICE PER SF

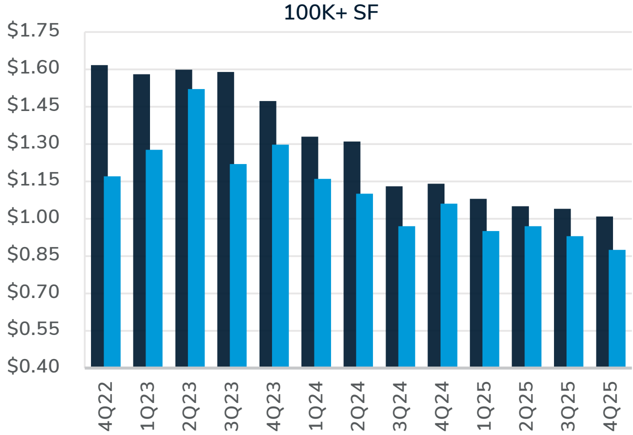


INVESTMENT SALES PRICE PER SF



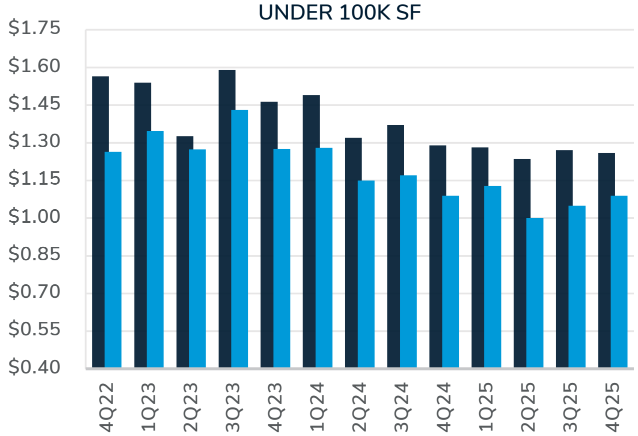
ACTUAL NNN LEASE RATE PRICE PER SF

100K+ SF

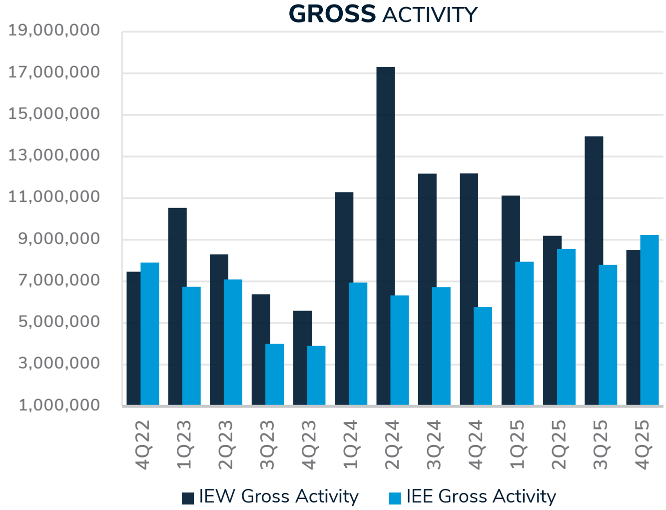


ACTUAL GROSS LEASE RATE PRICE PER SF

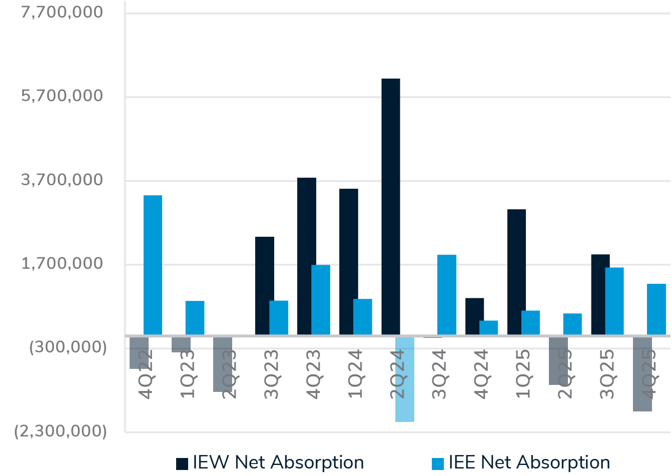
UNDER 100K SF



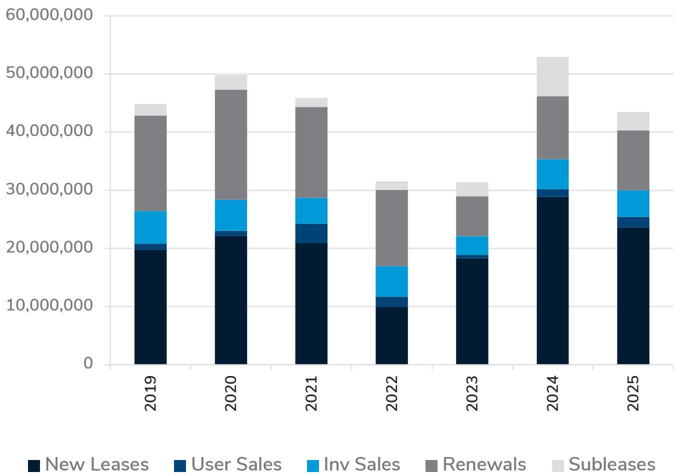
GROSS ACTIVITY



NET ABSORPTION



IE WEST - TOTAL ACTIVITY



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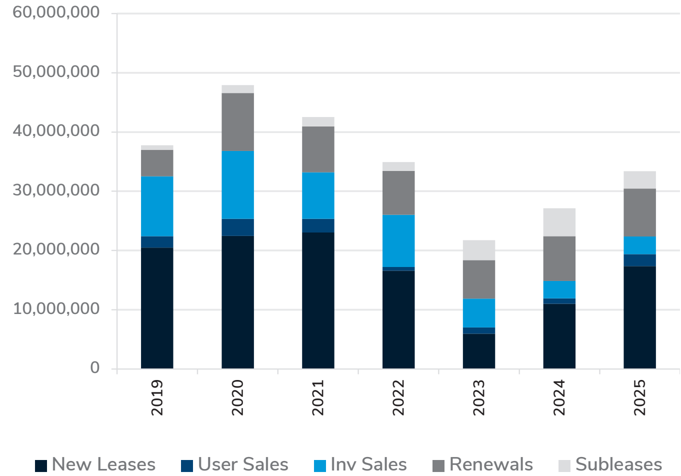
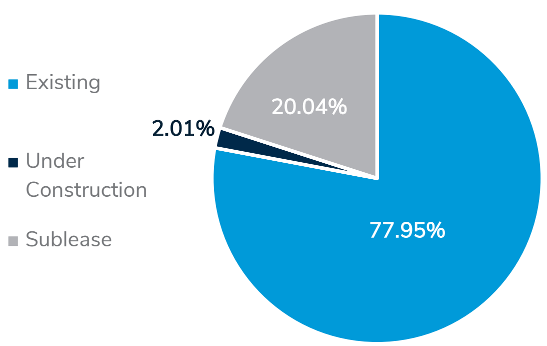


4Q25 Lease Availability BREAKDOWN



TOTAL ACTIVITY

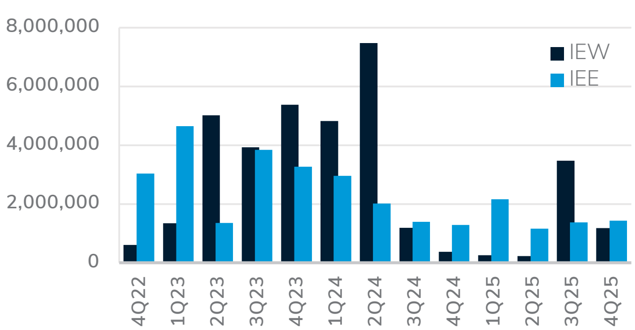
Transaction Type	IEW	IEE	TOTAL
New Leases	3,977,821	4,778,979	8,756,800
Renewals	1,898,007	2,257,574	4,155,581
Subleases	627,461	828,892	1,456,353
User Sales	417,868	339,109	756,977
Investment Sales	1,586,259	1,025,951	2,612,210
4Q25 Total	8,507,416	9,230,505	17,737,921

INLAND EMPIRE NOTABLE DEALS & DELIVERIES Q4 2025

KEY | LEE & ASSOCIATES – ONTARIO DEAL

LEASED PROPERTY	LESSOR	LESSEE	SIZE	DEAL TYPE
815 Redlands Ave, Perris	IDI Logistics, LLC	Medline Industries	982,713	New
10825 Production Ave, Fontana	Invesco Realty Advisors	Hankook Tire Corp	753,170	Renewal
4323 Indian Ave, Perris	Prologis	RJW Logistics	656,695	New
17820 Slover Ave, Fontana	DCT Sloverland LLC	Spirit Halloween	651,815	New
701 Arrowhead Ave, San Bernardino	Alere Property Group, LLC	Kohler	592,710	Renewal
22750 Cactus Ave, Moreno Valley	Prologis	Hisense	522,772	New
9050 Hermosa Ave, Rancho Cucamonga	Deutsche Bank Trust Company	Weida Freight	470,930	New
2163 S Riverside Rd, Colton	Heitman Properties	JW Fulfillment, Inc	447,190	New
1495 E Locust St, Ontario	James Campbell Company, LLC	Meekoo Group, Inc	428,827	New
855 Valley Blvd, Bloomington	Rialto Pacific, LLC	Us Elogistics Services Corp	401,106	Sublease
1920 Baseline Rd, Rialto	Prologis	Ricoh America's Corp	373,771	Renewal
19416-1940 Cajon Blvd, San Bernardino	Core5 Industrial Properties, LLC	Tesla Motors, Inc	321,496	Renewal
13100 Loop Rd, Fontana	10829 Etiwanda Avenue Investors, LLC	Victory Packaging, LP	310,279	Renewal
3120 Wilson Ave, Perris	TA Realty	Heimark Distribution	249,067	New
1648 Ashley Way, Colton	Zurich Alternative Asset Management	Rivian	225,353	Renewal
300-310 S Tippecanoe Ave, San Bernardino	FXI, Inc	Ac Pro, Inc	224,990	Sublease
1508 W Casmalia St, Rialto	Prologis	Guitar Center, Inc	218,980	Renewal
4564 Redlands Ave, Perris	Carson Companies	Jonathan Y	210,900	New
1367 Sherborn St, Corona	GLP Capital Partners	Thunder Global Holdings	205,074	New
1990 S Vintage Ave, Ontario	Vintage Sterling Company, LLC	Good Warehouse, LLC	195,788	New
1409-1485 S Lilac Ave, Bloomington	LBA Realty, LLC	Ryder Integrated Logistics	192,896	Renewal
10404 6th St, Rancho Cucamonga	GITI Tire	Confidential Tenant	177,550	Sublease
26682 Almond Ave, Redlands	Clarion Partners, LLC	Cheetah Supply Chain, Inc	160,041	New
14144 Santa Ana Ave, Fontana	Cabot Properties, Inc	HiPacking, Inc	159,427	Renewal
4742 Redlands Ave, Perris	First Industrial Realty Trust	Northwest Group	158,730	New
3550 E Francis Ave, Ontario	La-Z-Boy Inc	Etton, Inc	154,302	Sublease
13880 Monte Vista Ave, Chino	13880 Monte Vista Ave, LLC	Roadtex	143,955	Renewal
SOLD PROPERTY	**BUYER**	**SELLER**	**SIZE**	**DEAL TYPE**
10681 Production Ave, Fontana	Bridge Investment Group	Scuderia Development	1,101,400	Investment
890 Mill St, San Bernardino	Overton Moore Properties	Brookfield Properties	575,000	Investment
11119 Juniper Ave, Fontana	Juniper Commerce Center ILP, LLC	Clarion Partners, LLC	436,424	Investment
875 W State St, Ontario	The Orden Company	Inland Harbor Com, LLC	256,722	Investment
1851 California Ave, Corona	Oak Park Investments	Amerisource Bergen Corp	223,874	Investment
15 Longitude Way, Corona	BGO 15 Longitude Way, LLC	CPT Condor Longitude, LLC	165,257	Investment

QUARTERLY CONSTRUCTION COMPLETIONS



4th Quarter 100K+ CONSTRUCTION COMPLETIONS

PROPETY	SIZE	OWNER
610 S Carnegie Ave, Ontario	926,100	McDonald Property Group
3690 Webster Ave, Perris **(Leased)**	855,330	North Palisade Partners
1101 California St, Redlands	356,791	Brookfield Properties
3551 E Jurupa St, Ontario **(Leased)**	254,677	McDonald Property Group
Total SF Completed	**2,392,898**	

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	57,586,287	4,018,930	6.98%	1,504,231	2.61%	(411,478)	0	0
Eastvale	14,351,076	1,858,325	12.95%	867,764	6.05%	(84,684)	0	0
Fontana	79,295,440	9,706,721	12.24%	4,783,219	6.03%	(536,371)	0	593,465
Jurupa Valley	35,517,249	6,564,967	18.48%	2,645,014	7.45%	(292,941)	0	0
Ontario	137,898,356	14,356,253	10.41%	7,965,391	5.78%	134,548	1,180,777	914,249
Rancho Cucamonga	45,432,642	5,332,836	11.74%	2,995,141	6.59%	(608,189)	0	151,455
TOTAL	370,081,050	41,838,032	11.31%	20,760,760	5.61%	(1,799,115)	1,180,777	1,659,169

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	10,410,321	2,332,984	22.41%	51,800	0.50%	0	0	0
Bloomington	4,344,311	580,741	13.37%	309,441	7.12%	0	0	42,408
Colton	10,867,116	1,254,515	11.54%	274,055	2.52%	(76,423)	181,223	0
Corona / Norco	38,090,446	2,753,123	7.23%	1,219,011	3.20%	193,972	0	0
Grand Terrace	443,436	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,975,433	363,039	18.38%	363,039	18.38%	0	0	0
Moreno Valley	32,864,001	3,821,925	11.63%	2,809,543	8.55%	(129,598)	0	32,510
Perris	44,191,119	8,502,587	19.24%	4,322,278	9.78%	1,276,010	855,330	0
Redlands / Loma Linda	32,970,238	3,767,371	11.43%	1,904,354	5.78%	201,987	356,791	0
Rialto	37,564,070	5,648,678	15.04%	2,728,850	7.26%	(340,457)	0	510,563
Riverside	61,882,979	7,625,502	12.32%	2,894,794	4.68%	(30,992)	39,000	186,381
San Bernardino	46,134,902	6,425,566	13.93%	3,898,282	8.45%	155,803	0	28,680
TOTAL	321,738,372	43,076,031	13.39%	20,775,447	6.46%	1,250,302	1,432,344	800,542

Inland Empire WEST - 100,000 SF and Greater

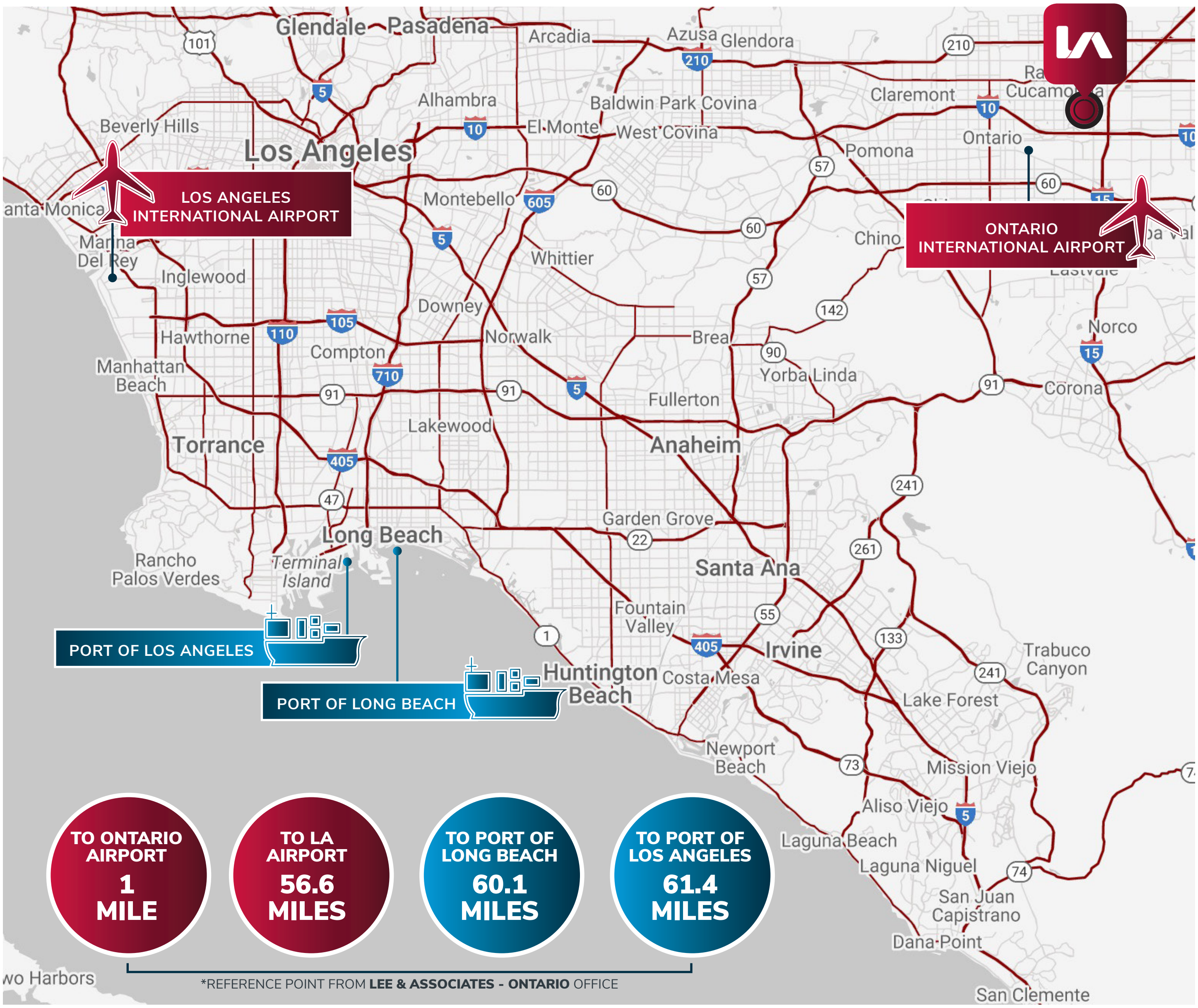
CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	4Q NET ABSORPTION	4Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	39,968,928	2,901,877	7.26%	1,059,880	2.65%	(585,283)	0	0
Eastvale	12,145,079	1,581,906	13.03%	631,063	5.20%	(168,346)	0	0
Fontana	65,617,763	7,959,284	12.13%	4,197,653	6.40%	(484,250)	0	520,589
Jurupa Valley	30,133,626	5,810,390	19.28%	2,227,377	7.39%	(281,246)	0	0
Ontario	103,980,411	10,457,331	10.06%	6,699,397	6.44%	(37,866)	1,180,777	671,616
Rancho Cucamonga	28,832,606	3,884,069	13.47%	2,484,215	8.62%	(649,422)	0	151,455
TOTAL	280,678,413	32,594,857	11.61%	17,299,585	6.16%	(2,206,413)	1,180,777	1,343,660

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	9,364,339	2,200,184	23.50%	0	0.00%	0	0	0
Bloomington	3,647,573	436,412	11.96%	261,632	7.17%	0	0	0
Colton	6,797,218	761,947	11.21%	0	0.00%	0	0	0
Corona / Norco	15,245,796	758,672	4.98%	413,559	2.71%	205,074	0	0
Grand Terrace	210,560	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,665,304	363,039	21.80%	363,039	21.80%	0	0	0
Moreno Valley	30,912,547	3,416,562	11.05%	2,436,690	7.88%	(129,598)	0	0
Perris	40,810,936	7,905,938	19.37%	4,050,755	9.93%	1,263,127	855,330	0
Redlands / Loma Linda	28,587,081	3,317,231	11.60%	1,642,801	5.75%	101,964	356,791	0
Rialto	32,478,129	5,090,604	15.67%	2,407,697	7.41%	(328,691)	0	468,563
Riverside	39,658,733	5,970,969	15.06%	2,235,793	5.64%	(133,200)	0	115,476
San Bernardino	36,215,197	5,837,091	16.12%	3,654,573	10.09%	(11,795)	0	0
TOTAL	245,593,413	36,058,649	14.68%	17,466,539	7.11%	966,881	1,212,121	584,039

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	116,658,763	15,428,298	13.23%	8,781,777	7.53%	(855,368)	926,100	671,616
Inland Empire East	141,601,288	14,911,923	10.53%	4,446,987	3.14%	621,762	855,330	0
TOTAL	258,260,051	30,340,221	11.75%	13,228,764	5.12%	(233,606)	1,781,430	671,616



PORT OF LOS ANGELES

MONTH	LOADED INBOUND	LOADED OUTBOUND	EMPTIES INBOUND	EMPTIES OUTBOUND	TOTAL
OCTOBER	429,279	123,764	21	295,359	848,424
NOVEMBER	406,421	113,706	69	262,052	782,249
DECEMBER	424,498	108,074	12	259,002	791,587
2025	4,892,214	1,429,260	3,793	3,489,551	10,239,318

PORT OF LONG BEACH

MONTH	LOADED INBOUND	LOADED OUTBOUND	EMPTIES INBOUND	EMPTIES OUTBOUND	TOTAL
OCTOBER	401,915	99,817	15,326	322,615	839,671
NOVEMBER	400,505	110,122	17,122	289,812	817,561
DECEMBER	392,153	102,443	14,016	325,506	834,119
2025	4,779,559	1,141,113	181,060	3,779,865	9,881,595

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