

Q1 2026

INLAND EMPIRE INDUSTRIAL MARKET

Lee & Associates – Ontario
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Corporate ID 00976995



COMMERCIAL REAL ESTATE SERVICES
ONTARIO

PREPARED BY

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The Inland Empire industrial market is clearly in a cooling phase after a long stretch of rapid expansion. Vacancy is rising across the region, and a big part of that shift is coming from tenants giving space back rather than new construction flooding the market. Several very large buildings have gone empty at the same time, which has amplified the overall impact and made the slowdown feel more pronounced. Instead of aggressive growth, the market now feels like it is resetting and finding a more balanced footing after the highs of the past few years.

Leasing activity is still happening at a healthy pace, which shows there is still demand in the market, but the nature of that demand has changed. Many companies are being more cautious, often downsizing, consolidating, or taking time before making long-term commitments. Even though deals are getting done, they are not enough to fully offset the amount of space being returned. This dynamic is shifting leverage toward tenants, giving them more negotiating power, more options, and generally better deal terms than they have had in recent years.










Rental rates are adjusting downward as a result of this shift in leverage. Landlords are having to compete more aggressively to attract and retain tenants, which is putting pressure on pricing. While rents are still higher than pre-pandemic levels, the direction is clearly softening, and there is not yet a strong signal that they have fully stabilized. In many cases, the conversation is no longer just about base rent, but also about concessions and overall occupancy costs, which remain a concern for tenants.

Another shift happening right now is that not all buildings are performing the same. The smaller and mid-size spaces are holding up a lot better because they're easier to lease and more flexible for tenants. The really big warehouse buildings are where most of the vacancy is showing up, and those are taking longer to get filled. You're also seeing tenants care less about brand-new, top-tier buildings and more about cost and practicality. That's changing how deals get done and how landlords are thinking about their space. It's less about having the newest product and more about having something that actually works for today's tenant.

On the development side, activity has slowed significantly as developers take a more cautious approach. Fewer new projects are breaking ground, and deliveries have dropped off, which reflects both tighter capital conditions and uncertainty about future demand. Many developers are shifting away from speculative projects and focusing more on build-to-suit opportunities where tenants are already lined up. This pullback in new supply should eventually help the market stabilize, but that process will take time as existing vacant space is absorbed.

At the same time, the Inland Empire is still a core logistics market, so the bigger picture hasn't really changed. It's still one of the main hubs tied to the ports and the overall supply chain, which keeps it important long term. But that also means it reacts quickly when trade slows down or when companies adjust how they move goods. On top of that, higher costs and changes in the labor market are making tenants more careful with their decisions. So while things feel slower right now, it's more of a reset than a long-term problem, and the fundamentals are still there underneath it all.

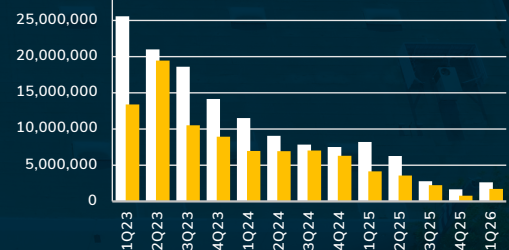
IE MARKET SNAPSHOT

-  **694,908,862 SF**
BASE INVENTORY
-  **12.43%**
AVAILABILITY RATE
-  **6.40%**
VACANCY RATE
-  **7.29%**
VACANCY RATE WITH SUBLEASES
-  **(2,849,043) SF**
2026 NET ABSORPTION
-  **27,203,761 SF**
2026 GROSS ACTIVITY
-  **99,556 SF**
2026 DELIVERIES
-  **4,366,080 SF**
UNDER CONSTRUCTION
-  **\$1.048/SF (WEST) | \$0.80/SF (EAST)**
AVG NNN LEASE RATE (100K+)

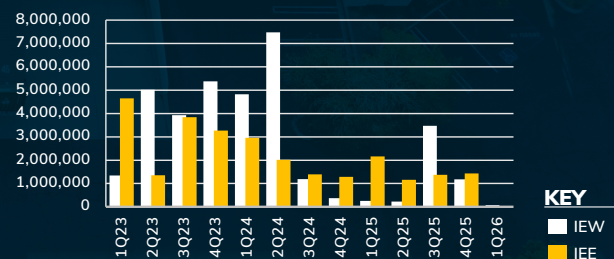
Q4 2025 COMPARISON

-  **3.87%**
LEASE RATES
-  **1.30%**
AVAILABILITY
-  **6.67%**
VACANCY
-  **99.12%**
DELIVERIES
-  **4.59%**
SUBLEASE SPACE

UNDER CONSTRUCTION

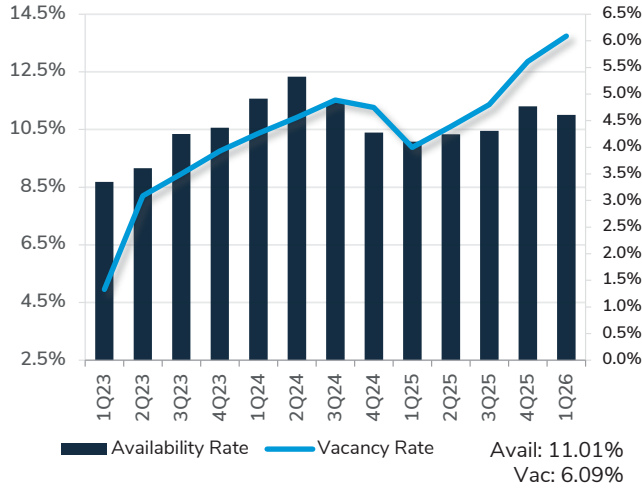


QUARTERLY CONSTRUCTION COMPLETION





IE WEST AVAILABILITY & VACANCY

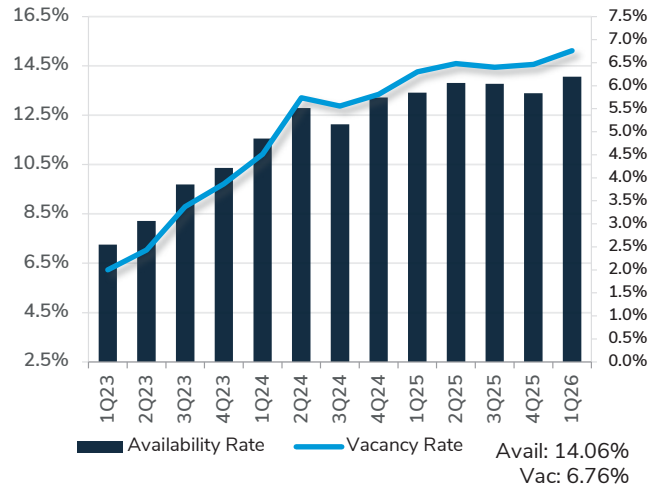


AVAILABILITY: All space being marketed (existing & U/C)

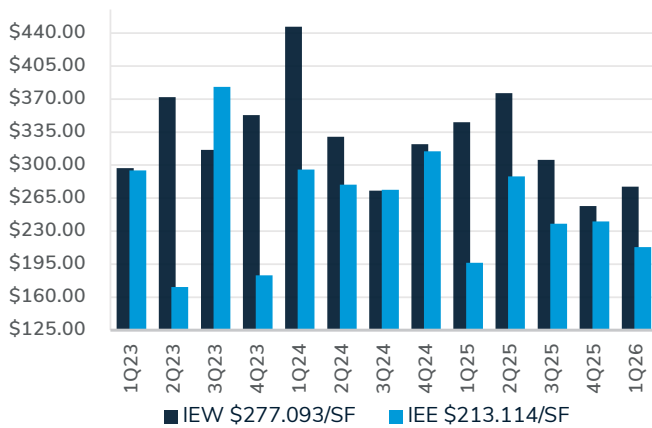
VACANCY: Unoccupied space (not including U/C or planned)

*INCLUDES ALL CLASSES OF BUILDINGS

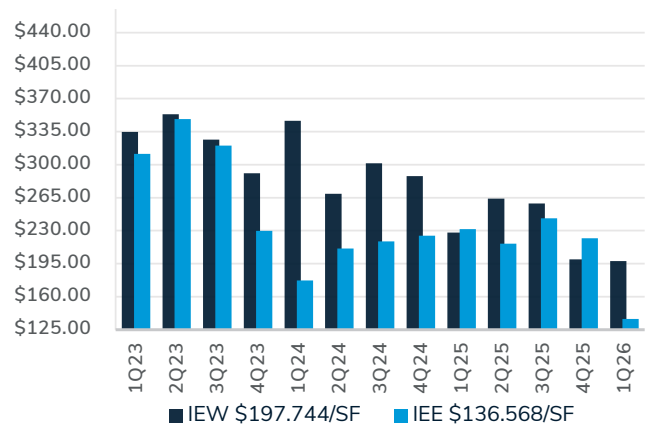
IE EAST AVAILABILITY & VACANCY



USER SALES PRICE PER SF

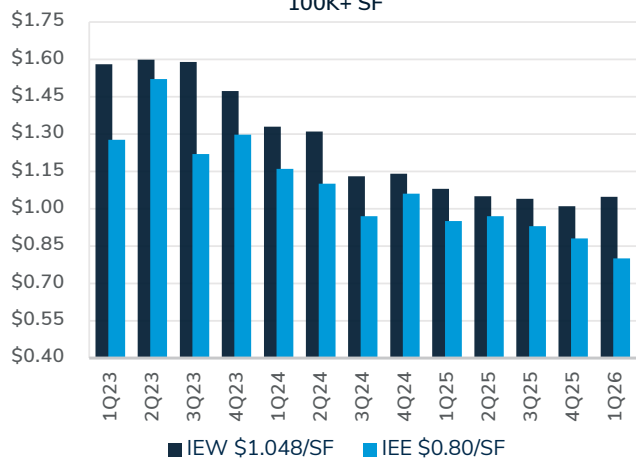


INVESTMENT SALES PRICE PER SF



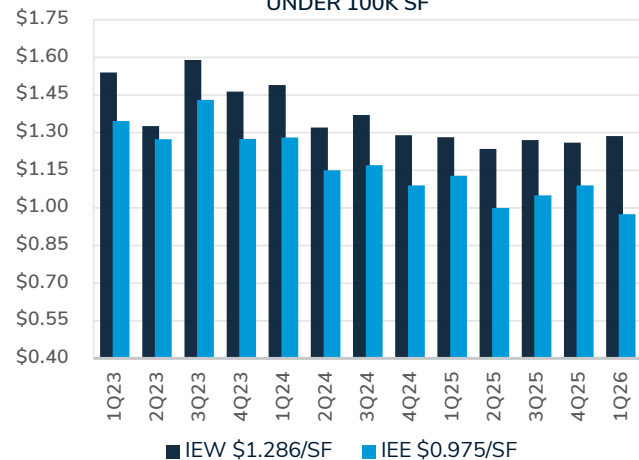
ACTUAL NNN LEASE RATE PRICE PER SF

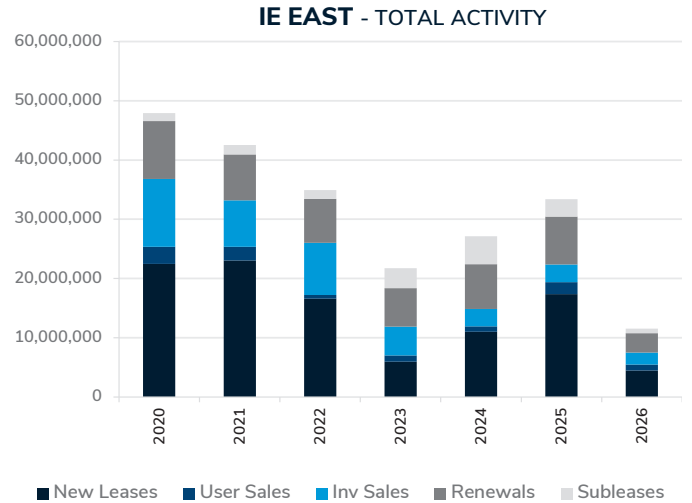
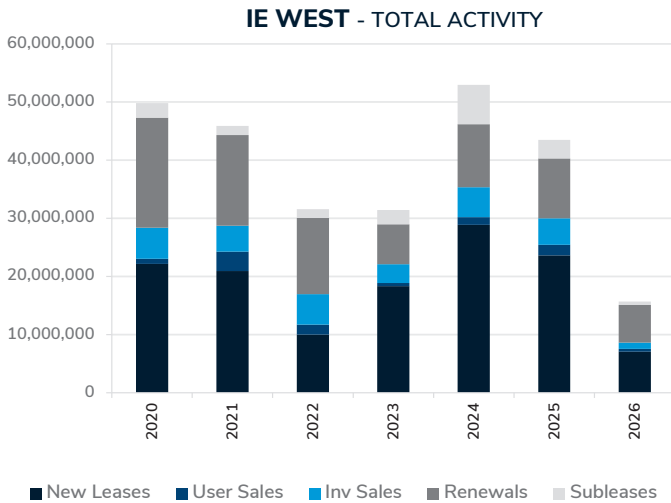
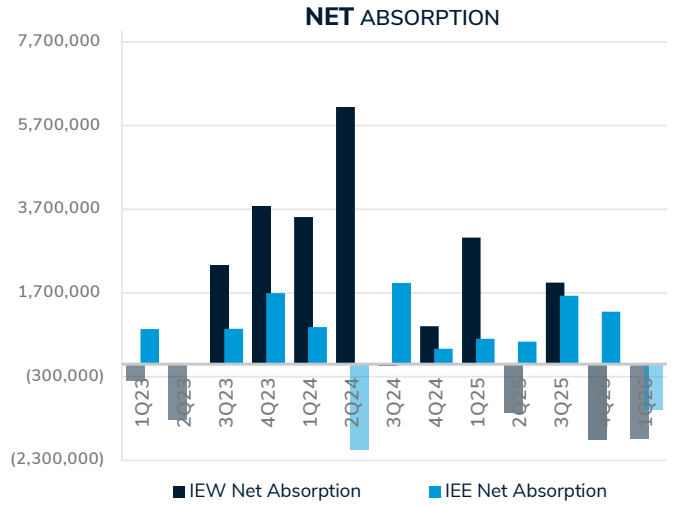
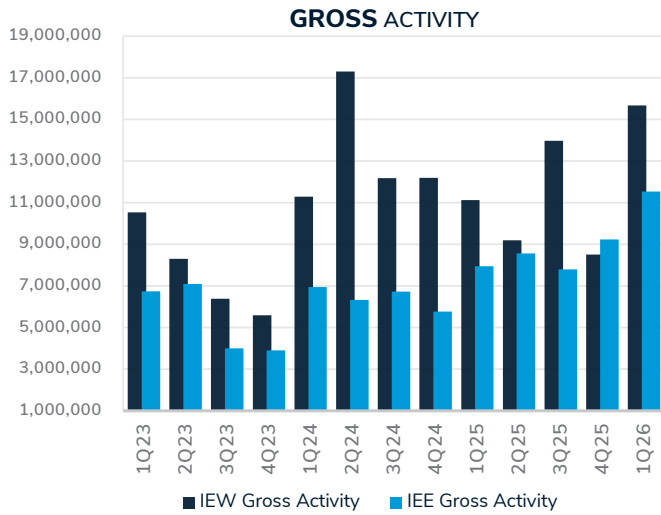
100K+ SF



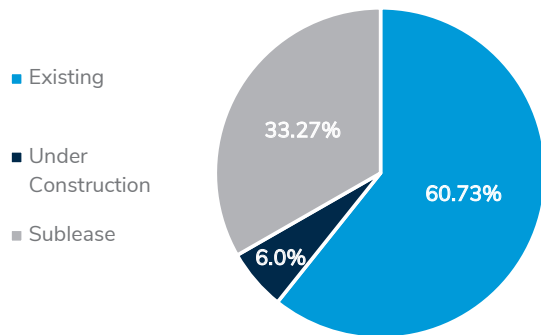
ACTUAL GROSS LEASE RATE PRICE PER SF

UNDER 100K SF





1Q26 Lease Availability BREAKDOWN



TOTAL ACTIVITY

| Transaction Type | IEW | IEE | TOTAL |
|-------------------|-------------------|-------------------|-------------------|
| New Leases | 7,075,787 | 4,477,350 | 11,553,137 |
| Renewals | 6,448,510 | 3,258,683 | 9,707,193 |
| Subleases | 574,343 | 767,448 | 1,341,791 |
| User Sales | 458,798 | 997,067 | 1,455,865 |
| Investment Sales | 1,114,098 | 2,031,677 | 3,145,775 |
| 1Q26 Total | 15,671,536 | 11,532,225 | 27,203,761 |



KEY | LEE & ASSOCIATES – ONTARIO DEAL

| LEASED PROPERTY | LESSOR | LESSEE | SIZE | DEAL TYPE |
|--|---------------------------------|---------------------------------------|-----------|------------|
| 305 Resource Dr, Rialto | Prologis | Unilever | 1,289,302 | Renewal |
| 10545 Production Ave, Fontana | Rexford Industrial Realty, Inc. | Tireco, Inc. | 1,101,840 | Renewal |
| NWC of Merrill Ave & Eucalyptus Ave, Ontario | Prologis | Confidential Tenant | 1,053,152 | New |
| 11640 Harrel St, Jurupa Valley | TIAA-CREF | Custom Goods | 886,055 | Renewal |
| 16850 Heacock St, Moreno Valley | Clarion Partners, LLC | Unis, LLC | 756,340 | New |
| 5565 Sierra Ave, Fontana | Northwestern Mutual Life | LG Electronics USA, Inc. | 745,394 | Renewal |
| 2325 Cottonwood Ave, Riverside | Panattoni Development Company | Continental Tire | 636,600 | New |
| 5331 S Carpenter Ave, Ontario | Colony Commerce Ontario East LP | Us Elogistics Services Corp | 589,012 | New |
| 1350 Waterman Ave, San Bernardino | Quadreal | XPO Logistics Supply Chain, Inc. | 553,592 | Renewal |
| 15710 San Antonio Ave, Chino | Manulife | Linktrans Logistics USA, Inc | 549,195 | New |
| 16380 Euclid Ave, Chino | Invesco Realty Advisors | Titanium Plus Autoparts, Inc. | 522,267 | New |
| 5540 E 4th St, Ontario | Prologis | New Balance Athletic Shoe, Inc. | 504,530 | Renewal |
| 350 W Valley Blvd, Rialto | Quadreal | JW Fulfillment, Inc | 492,631 | New |
| 13230 San Bernardino Ave, Fontana | Prologis | eFulfill, Inc | 484,250 | New |
| 1089 Mill St, San Bernardino | Finlayson Logistics Assets, LLC | Tirehub | 404,725 | Renewal |
| 5885 Sierra Ave, Fontana | Northwestern Mutual Life | LG Electronics USA, Inc. | 403,182 | Renewal |
| 25300 Globe St, Moreno Valley | IDS Real Estate Group | Keeco / Live Comfortably | 402,540 | New |
| 11251 Beech Ave, Fontana | TIAA-CREF | Boot Barn | 398,471 | Renewal |
| 3560 Airport Dr, Ontario | McDonald Property Group, USAA | Pepsi Co. | 359,960 | New |
| 4340 Eucalyptus Ave, Chino | Majestic Realty Company | Winsight International Solutions, Inc | 350,685 | New |
| 1500-1520 Mission Blvd, Ontario | Thoroughbred Properties, Inc. | Coastal Pacific Food | 336,800 | Renewal |
| 1642 W Miro Way, Rialto | Dermody Properties | Allen Distribution | 315,523 | Renewal |
| 3177 Space Center Ct, Jurupa Valley | Link Industrial Properties, LLC | Pepsi Co. | 309,000 | Renewal |
| 13397 Marlay Ave, Fontana | Washington Capital Management | Veitiv Packaging | 293,363 | Renewal |
| 1455 Citrus Ave, Riverside | Alere Property Group, LLC | Raymond Material Handling | 272,679 | New |
| 1545 Locust St, Ontario | Ontario Two, LLC | Smart Warehousing, LLC | 268,830 | Renewal |
| 9471 Buffalo Ave Suite B, Rancho Cucamonga | Oltmans Investment Co | AC Pro Inc. | 261,954 | New |
| SOLD PROPERTY | BUYER | SELLER | SIZE | DEAL TYPE |
| 20901 Krameria Ave, Riverside | Clarion Partners, LLC | Los Angeles County | 1,002,189 | Investment |
| 14600 Innovation Dr, Riverside | AEW Capital Management LP | Scuderia Development | 601,246 | Investment |
| 1001 Columbia Ave, Riverside | Walmart Stores East, LLC | 1001 Columbia Pt, LLC | 507,000 | User |
| 1001 Doubleday Ave, Ontario | AEW Capital Management LP | Scuderia Development | 393,118 | Investment |
| 731 Ramona Expressway, Perris | Ramona Associates LLC | Seefried Industrial Properties, Inc. | 165,307 | User |
| 9089 8th St, Rancho Cucamonga | Wafra, Inc. | China Manufacturing Alliance | 129,704 | Investment |





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 | 57,594,025 | 3,030,676 | 5.26% | 938,403 | 1.63% | 565,828 | 0 | 0 |
| Eastvale | 14,351,076 | 1,374,318 | 9.58% | 733,151 | 5.11% | 134,613 | 0 | 0 |
| Fontana | 79,286,009 | 9,536,957 | 12.03% | 5,904,319 | 7.45% | (1,048,224) | 72,876 | 520,589 |
| Jurupa Valley | 35,516,860 | 6,419,270 | 18.07% | 4,409,707 | 12.42% | (1,764,693) | 0 | 0 |
| Ontario | 138,947,539 | 13,658,987 | 9.83% | 8,101,198 | 5.83% | (135,807) | 0 | 1,967,401 |
| Rancho Cucamonga | 45,508,120 | 6,861,313 | 15.08% | 2,518,827 | 5.53% | 476,314 | 0 | 151,455 |
| TOTAL | 371,203,629 | 40,881,521 | 11.01% | 22,605,605 | 6.09% | (1,771,969) | 72,876 | 2,639,445 |

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 | 10,410,321 | 2,291,984 | 22.02% | 51,800 | 0.50% | 0 | 0 | 0 |
| Bloomington | 4,344,311 | 580,741 | 13.37% | 309,441 | 7.12% | 0 | 0 | 42,408 |
| Colton | 10,867,186 | 1,393,562 | 12.82% | 520,825 | 4.79% | (246,770) | 0 | 0 |
| Corona / Norco | 38,150,509 | 2,764,196 | 7.25% | 1,029,713 | 2.70% | 189,298 | 0 | 0 |
| Grand Terrace | 443,436 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0 |
| Highland/Mentone/Yucaipa | 1,975,433 | 484,333 | 24.52% | 363,039 | 18.38% | 0 | 0 | 0 |
| Moreno Valley | 33,917,713 | 5,119,498 | 15.09% | 3,930,381 | 11.59% | (1,120,838) | 0 | 195,037 |
| Perris | 44,820,660 | 8,855,438 | 19.76% | 4,475,426 | 9.99% | (153,148) | 0 | 631,011 |
| Redlands / Loma Linda | 32,966,377 | 4,904,728 | 14.88% | 1,944,536 | 5.90% | (40,182) | 0 | 0 |
| Rialto | 37,664,201 | 4,946,542 | 13.13% | 2,540,000 | 6.74% | 188,850 | 0 | 570,563 |
| Riverside | 61,874,384 | 6,540,794 | 10.57% | 2,989,058 | 4.83% | (94,264) | 0 | 186,381 |
| San Bernardino | 46,270,702 | 7,630,846 | 16.49% | 3,726,982 | 8.05% | 199,980 | 28,680 | 101,235 |
| TOTAL | 323,705,233 | 45,512,662 | 14.06% | 21,881,201 | 6.76% | (1,077,074) | 28,680 | 1,726,635 |

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 | 39,969,483 | 1,941,793 | 4.86% | 619,087 | 1.55% | 440,793 | 0 | 0 |
| Eastvale | 12,145,079 | 919,691 | 7.57% | 487,126 | 4.01% | 143,937 | 0 | 0 |
| Fontana | 65,618,487 | 7,756,597 | 11.82% | 5,119,500 | 7.80% | (921,847) | 0 | 520,589 |
| Jurupa Valley | 30,133,626 | 5,810,390 | 19.28% | 4,010,568 | 13.31% | (1,783,191) | 0 | 0 |
| Ontario | 105,034,418 | 10,078,338 | 9.60% | 6,661,277 | 6.34% | 38,120 | 0 | 1,724,768 |
| Rancho Cucamonga | 28,909,341 | 5,168,137 | 17.88% | 1,989,741 | 6.88% | 494,474 | 0 | 151,455 |
| TOTAL | 281,810,434 | 31,674,946 | 11.24% | 18,887,299 | 6.70% | (1,587,714) | 0 | 2,396,812 |

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 | 9,364,339 | 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 | 6,797,288 | 905,574 | 13.32% | 174,995 | 2.57% | (174,995) | 0 | 0 |
| Corona / Norco | 15,373,760 | 767,410 | 4.99% | 312,609 | 2.03% | 100,950 | 0 | 0 |
| Grand Terrace | 210,560 | 0 | 0.00% | 0 | 0.00% | 0 | 0 | 0 |
| Highland/Mentone/Yucaipa | 1,665,304 | 484,333 | 29.08% | 363,039 | 21.80% | 0 | 0 | 0 |
| Moreno Valley | 31,966,259 | 4,783,157 | 14.96% | 3,640,758 | 11.39% | (1,204,068) | 0 | 162,527 |
| Perris | 41,441,947 | 8,268,749 | 19.95% | 4,306,648 | 10.39% | (255,893) | 0 | 631,011 |
| Redlands / Loma Linda | 28,587,081 | 4,419,864 | 15.46% | 1,642,801 | 5.75% | 0 | 0 | 0 |
| Rialto | 32,478,129 | 4,258,506 | 13.11% | 2,123,040 | 6.54% | 284,657 | 0 | 468,563 |
| Riverside | 39,668,916 | 4,713,473 | 11.88% | 2,325,742 | 5.86% | (89,949) | 0 | 115,476 |
| San Bernardino | 36,317,173 | 7,017,622 | 19.32% | 3,432,340 | 9.45% | 222,233 | 0 | 101,235 |
| TOTAL | 247,518,329 | 38,255,284 | 15.46% | 18,583,604 | 7.51% | (1,117,065) | 0 | 1,478,812 |

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 | 117,577,063 | 14,986,302 | 12.75% | 10,633,423 | 9.04% | (1,851,646) | 0 | 1,724,768 |
| Inland Empire East | 142,502,481 | 17,715,291 | 12.43% | 7,197,867 | 5.05% | (2,750,880) | 0 | 631,011 |
| TOTAL | 260,079,544 | 32,701,593 | 12.57% | 17,831,290 | 6.86% | (4,602,526) | 0 | 2,355,779 |



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