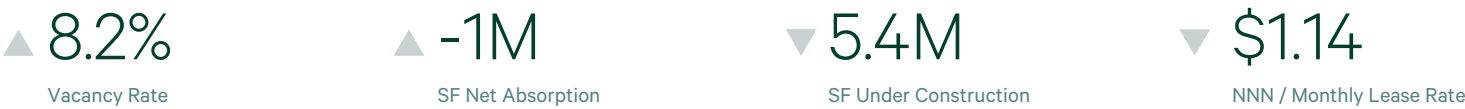


FIGURES | INLAND EMPIRE EAST INDUSTRIAL | Q3 2024

User sales surge despite negative net absorption

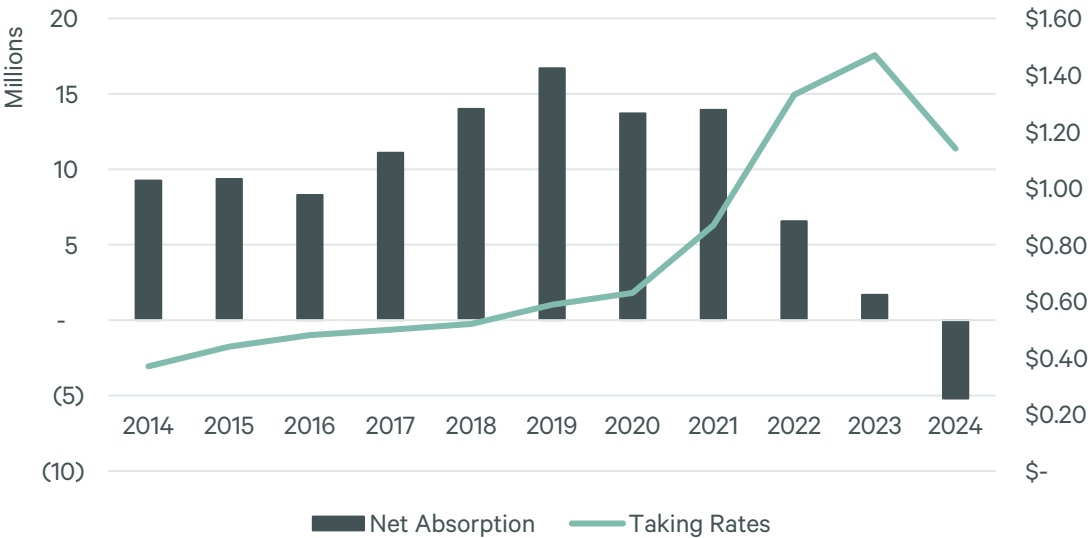


Note: Arrows indicate change from previous quarter.

SUBMARKET HIGHLIGHTS

- Leasing activity increased 86% quarter-over-quarter to over 5.8 million sq. ft. newly leased in the IE East in Q3 2024. Year-over-year, new leasing increased 281% from 1.7 million sq. ft. in Q3 2023. User sales activity decreased 19% quarter-over-quarter with only 193,000 sq. ft. transacting in Q3 2024.
- Taking rates decreased 5% to \$1.14 NNN per square foot per month quarter-over-quarter in the IE East. Year-over-year, IE East taking rates declined 14.9% from \$1.34 NNN per square foot per month in Q3 2023.
- Development declined in Q3 2024 as only 5.4 million sq. ft. of industrial real estate was under construction at the end of the quarter. Quarter-over-quarter, construction was down 6.9%. Nearly 1.6 million sq. ft. of construction delivered while only 1.3 million sq. ft. broke ground in Q3 2024.
- Vacancy increased 30 basis points (bps) quarter-over-quarter to 8.2% while availability went unchanged at 10.7% quarter-over-quarter. Year-over-year, vacancy increased 460 bps in the IE East, driven largely by vacant construction deliveries and big-box occupiers consolidating or downsizing their industrial footprint.

FIGURE 1: Net Absorption & Asking Rate Trend



Source: CBRE Research, Q3 2024.

FIGURE 2: Inland Empire East Submarket Statistics by City

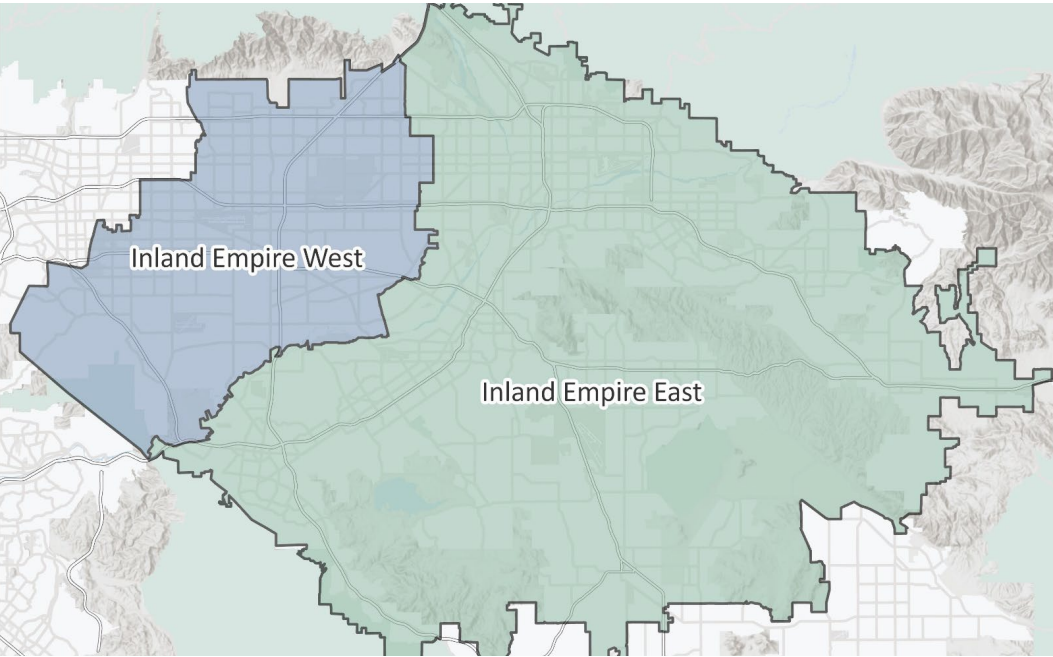
CITY	BLDG. COUNT	BLDG SQ. FT.	U/C BLDG COUNT	U/C BLDG SQ. FT.	VACANT SQ. FT.	VACANCY RATE	AVAIL SQ. FT.	AVAIL RATE	NO. SALES	SQFT SOLD	NO. LEASES	SQ. FT. LEASED	2ND QTR GROSS ACTIVITY	2024 GROSS ACTIVITY	2ND QTR NET ABSORP.	2024 NET ABSORP.	AVG TAKING LEASE RATE (NNN)
Banning/Beaumont	62	9,525,613	0	0	1,458,704	15.3	1,458,704	15.3	0	0	0	0	0	57,253	(1,000,000)	(942,747)	\$0.00
Colton	120	8,891,159	1	417,809	785,707	8.8	834,047	9.4	0	0	0	0	0	82,940	27,940	(537,034)	\$1.19
Corona/Norco	716	33,817,579	2	220,589	1,848,229	5.5	2,523,274	7.5	2	28848	12	945,802	974,650	2,061,901	701,339	915,780	\$1.19
Moreno Valley	111	33,778,212	1	38,820	2,002,134	5.9	3,021,604	8.9	0	0	2	70,588	70,588	465,051	(303,740)	(753,938)	\$1.30
Perris	173	43,122,390	3	1,627,719	6,430,037	14.9	7,366,540	17.1	0	0	1	210,900	210,900	1,771,792	(1,765,630)	(2,123,343)	\$1.00
Redlands/Loma Linda	185	30,411,995	2	571,039	2,354,572	7.7	3,371,264	11.1	0	0	8	1,091,697	1,091,697	1,920,976	325,747	(333,184)	\$1.03
Rialto/Bloomington	247	43,206,732	4	752,784	3,088,523	7.1	3,164,629	7.3	0	0	8	2,228,885	2,228,885	2,959,957	1,165,305	(279,148)	\$1.15
Riverside	785	58,686,736	6	1,125,920	3,722,968	6.3	5,420,348	9.2	2	164,626	7	668,212	832,838	1,670,635	(423,055)	(725,135)	\$1.14
San Bernardino	410	45,736,484	2	672,845	3,622,708	7.9	5,561,628	12.2	0	0	3	449,513	449,513	1,261,250	257,666	(422,870)	\$1.04
Inland Empire East	2,809	307,176,900	21	5,427,525	25,313,582	8.2	32,722,038	10.7	4	193,474	41	5,665,597	5,859,071	12,251,755	(1,014,428)	(5,201,619)	\$1.14

FIGURE 3: Inland Empire East Submarket Statistics by Building Size Range

BUILDING SIZE RANGE (SQ. FT.)	BLDG. COUNT	BLDG SQFT	U/C BLDG. COUNT	U/C BLDG SQFT	VACANT SQFT	VACANCY RATE	AVAIL SQFT	AVAIL RATE	NO. SALES	SQFT SOLD	NO. LEASES	SQFT LEASED	2ND QTR TOTAL ACTIVITY	2024 GROSS ACTIVITY	NEW TO MARKET	AVG TAKING RENT
10,000-19,999	948	13,096,815	0	0	237,921	1.8	412,075	3.1	2	28,848	11	141,599	170,447	371,194	90,581	\$1.24
20,000-29,999	418	9,971,861	0	0	337,002	3.4	513,251	5.1	0	0	3	58,538	58,538	369,754	46,394	\$1.06
30,000-39,999	232	7,898,499	2	77,820	353,109	4.5	410,074	5.2	1	36,626	0	0	36,626	132,045	81,640	\$0.00
40,000-49,999	180	7,987,655	0	0	775,929	9.7	996,133	12.5	0	0	4	139841	139,841	469,460	111,742	\$1.30
50,000-59,999	134	7,194,235	0	0	714,136	9.9	816,967	11.4	0	0	1	57,427	57,427	153,859	53,231	\$1.42
60,000-69,999	80	5,132,021	2	123,619	339,809	6.6	465,579	9.1	0	0	1	64,800	64,800	189,711	0	\$0.89
70,000-79,999	80	5,949,504	0	0	477,699	8.0	594,697	10.0	0	0	2	107,714	107,714	257,456	0	\$1.09
80,000-89,999	54	4,503,560	0	0	360,395	8.0	650,447	14.4	0	0	3	131,012	131,012	170,126	0	\$1.07
90,000-99,999	44	4,171,651	2	196,848	369,281	8.9	468,841	11.2	0	0	1	99,948	99,948	99,948	0	\$1.14
100,000-249,999	326	49,750,128	4	684,496	5,525,888	11.1	6,341,213	12.7	1	128,000	6	995,055	1,123,055	3,001,003	371,548	\$1.13
250,000-499,999	152	54,772,595	10	3,494,518	8,774,986	16.0	11,876,396	21.7	0	0	5	1,561,570	1,561,570	3,210,326	2,019,813	\$0.99
500,000 and greater	161	136,748,376	1	850,224	7,047,427	5.2	9,176,365	6.7	0	0	4	2,308,093	2,308,093	3,826,873	2,743,568	\$1.07
INLAND EMPIRE EAST	2,809	307,176,900	21	5,427,525	25,313,582	8.2	32,722,038	10.7	4	193,474	41	5,665,597	5,859,071	12,251,755	5,518,517	\$1.14

Source: CBRE Research, Q3 2024.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. **Availability Rate:** Total Available Sq. Ft. divided by the total Building Area. **Building Area:** The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. **Gross Activity:** All user sales, pre-leased, and new lease transactions completed within a specified time period. Excludes investment sale transactions and lease renewals. **Gross Lease Rate:** Rent typically includes real property taxes, building insurance, and major maintenance. **Net Absorption:** The change in Occupied Sq. Ft. from one period to the next. **New to Market:** Available space added to the market during the specified quarter. **Occupied Sq. Ft.:** Building Area not considered vacant. **Vacancy Rate:** Total Vacant Sq. Ft. divided by the total Building Area. **Vacant Sq. Ft.:** Space that can be occupied within 30 days. **Average Taking Rent:** The first-year base rent (NNN), not including property taxes, insurance and maintenance. **Inland Empire Core:** Includes the Inland Empire West and Inland Empire East submarkets which make up the original Inland Empire market and Out of Submarket cities of Upland and Montclair. **Inland Empire Total:** Includes Inland Empire West, Inland Empire East and Inland Empire North (Hesperia, Barstow, Victorville, Apple Valley, and Adelanto).

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in the Inland Empire. Buildings which have begun construction as evidenced by site excavation or foundation work.

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