

FIGURES | INLAND EMPIRE WEST INDUSTRIAL | Q3 2024

Vacancy declines for the first quarter since Q1 2022 as development dwindles

▼ 5.6%

Vacancy Rate

▼ 780K

SF Net Absorption

▼ 6.2M

SF Under Construction

▼ \$1.22

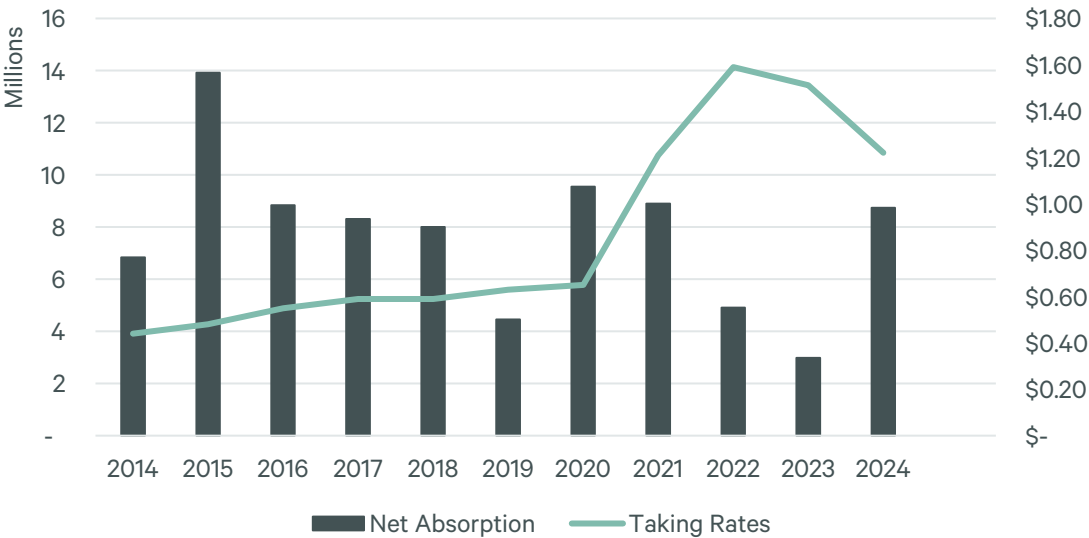
NNN / Monthly Lease Rate

Note: Arrows indicate change from previous quarter.

SUBMARKET HIGHLIGHTS

- Leasing activity decreased 25.3% quarter-over-quarter to 6.5 million sq. ft. newly leased in the IE West in Q3 2024. Year-over-year, new leasing increased 48.4% from 4.4 million sq. ft. in Q3 2023. User sales increased 111% quarter-over-quarter with 581,000 sq. ft. transacted in the IE West.
- Taking rates fell 6.2% to \$1.22 NNN per sq. ft. per month quarter-over-quarter in the IE West as sublease space and long-standing vacant spaces drove rents lower in the submarket. Year-over-year, taking rates decreased 20.8% from \$1.54 NNN per sq. ft. per month in Q3 2023.
- Development continued to dwindle in Q3 2024 as only 6.2 million sq. ft. of industrial real estate was under construction at the end of the quarter, down from 7.4 million sq. ft. in Q2 2024. No new development broke ground in Q3 2024 despite 1.3 million sq. ft. delivering in the submarket.
- The vacancy rate decreased to 5.6% in Q3 2024, a 30-basis point (bps) decrease from Q2 2024. Availability decreased 90 bps quarter-over-quarter to 9.4%. Vacancy and availability declined in Q3 2024 due to falling construction deliveries and spaces being withdrawn from the submarket.

FIGURE 1: Net Absorption & Asking Rate Trend



Source: CBRE Research, Q3 2024.

FIGURE 2: Inland Empire West 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)
Chino/Chino Hills	654	56,511,252	0	0	1,772,077	3.1	3,655,830	6.5	1	46,672	16	1,500,067	1,546,739	3,159,512	817,749	517,304	\$1.27
Fontana	598	78,260,246	4	2,175,047	4,330,933	5.5	6,095,159	7.8	3	402,304	10	2,015,465	2,417,769	6,879,800	638,558	3,690,737	\$1.12
Jurupa Valley/Eastvale	299	48,619,400	6	428,975	3,764,904	7.7	5,370,242	11.0	2	119,948	2	318,386	438,334	3,390,778	56,340	492,161	\$1.23
Ontario/Montclair/Upland	1,249	125,872,595	17	3,445,605	8,096,860	6.4	13,952,345	11.1	1	12746	30	2,360,586	2,373,332	7,939,542	(239,288)	3,940,069	\$1.22
Rancho Cucamonga	608	44,394,807	1	151,455	1,912,014	4.3	4,152,671	9.4	0	0	9	337,235	337,235	2,300,179	(492,643)	102,115	\$1.23
Inland Empire West	3,408	353,658,300	28	6,201,082	19,876,788	5.6	33,226,247	9.4	7	581,670	67	6,531,739	7,113,409	23,669,811	780,716	8,742,386	\$1.22

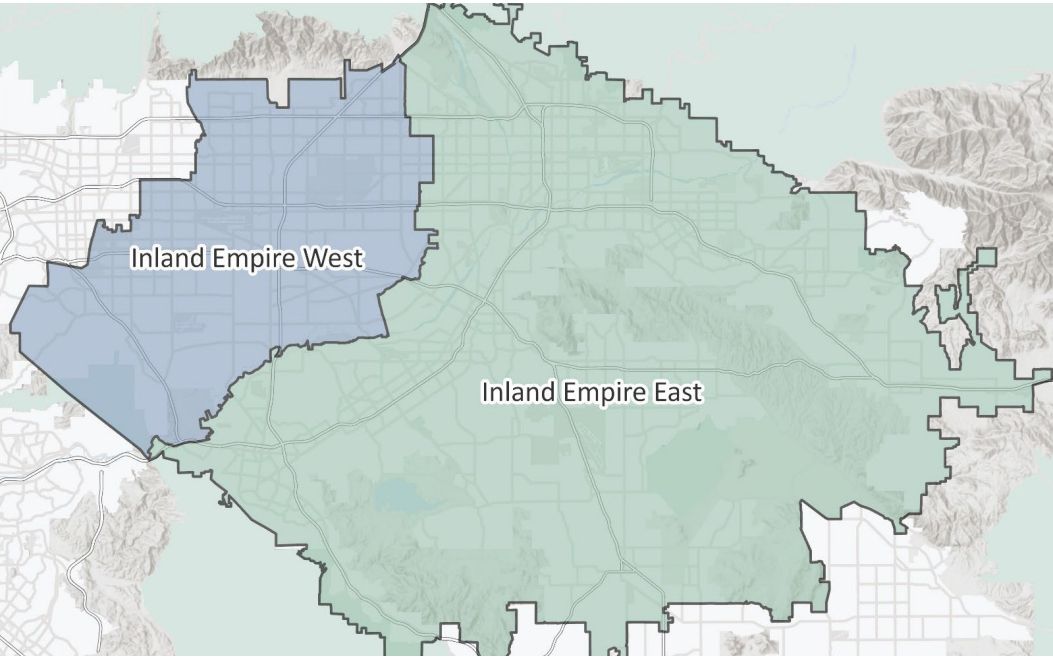
Source: CBRE Research, Q3 2024.

FIGURE 3: Inland Empire West 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	1,071	14,665,035	1	14,520	344,056	2.3	660,371	4.5	1	12,746	9	119,281	132,027	458,578	194,577	\$1.31
20,000-29,999	490	11,922,170	0	0	583,137	4.9	840,618	7.1	1	25,948	8	184,416	210,364	507,923	245,780	\$1.26
30,000-39,999	280	9,661,771	7	252,163	353,350	3.7	754,450	7.8	1	39,500	5	147,488	186,988	577,230	137,083	\$1.26
40,000-49,999	194	8,572,534	3	129,923	604,559	7.1	921,712	10.8	1	46,672	4	143,585	190,257	568,131	260,344	\$1.12
50,000-59,999	162	8,731,566	3	175,641	240,287	2.8	396,413	4.5	0	0	1	52240	52,240	235,464	90,907	\$1.22
60,000-69,999	107	6,797,309	1	64,040	286,428	4.2	536,877	7.9	0	0	3	185,740	185,740	437,429	217,981	\$1.20
70,000-79,999	67	5,018,802	0	0	0	0.0	110,977	2.2	0	0	3	167,296	167,296	286,754	16,690	\$1.24
80,000-89,999	68	5,744,574	0	0	457,044	8.0	875,734	15.2	0	0	2	103,564	103,564	254,932	203,679	\$1.23
90,000-99,999	72	6,843,309	0	0	837,159	12.2	837,159	12.2	1	94,000	3	229,121	323,121	658,504	113,012	\$1.25
100,000-249,999	518	80,060,782	5	809,382	6,272,507	7.8	8,645,544	10.8	2	362,804	18	1,464,878	1,827,682	6,892,777	1,459,155	\$1.22
250,000-499,999	250	88,554,256	3	932,880	5,028,776	5.7	9,084,970	10.3	0	0	7	2,164,733	2,164,733	4,599,507	2,398,733	\$1.19
500,000 and greater	129	107,086,192	5	3,822,533	4,869,485	4.5	9,561,422	8.9	0	0	4	1,569,397	1,569,397	8,192,582	598,775	\$1.08
INLAND EMPIRE WEST	3,408	353,658,300	28	6,201,082	19,876,788	5.6	33,226,247	9.4	7	581,670	67	6,531,739	7,113,409	23,669,811	5,936,716	\$1.22

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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