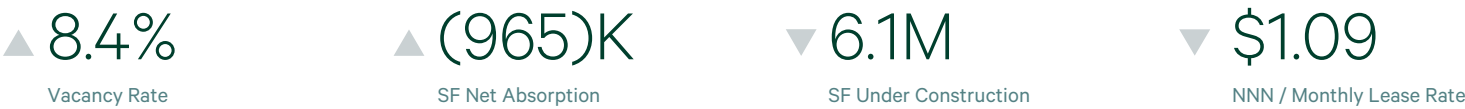


FIGURES | INLAND EMPIRE EAST INDUSTRIAL | Q4 2024

Challenges persist as vacancy ticks up and rates decline continues

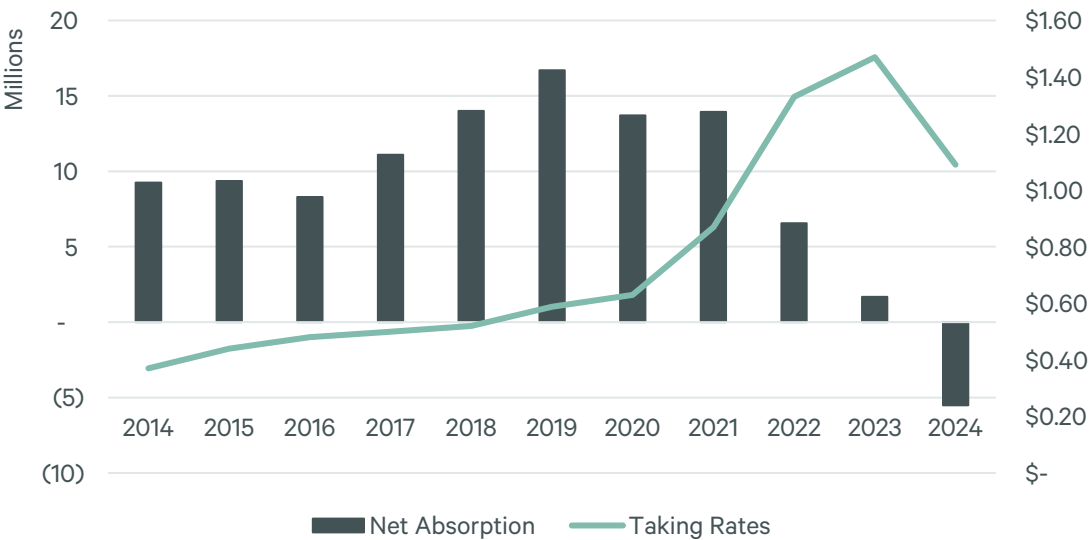


Note: Arrows indicate change from previous quarter.

MARKET HIGHLIGHTS

- Leasing activity decreased 76% quarter-over-quarter to 1.4 million sq. ft. newly leased in the IE East in Q4 2024. Year-over-year, new leasing decreased 34% from 2.1 million sq. ft. in Q4 2023. User sales activity decreased 41% quarter-over-quarter with only 115,000 sq. ft. transacting in Q4 2024.
- Taking rates decreased 4.4% to \$1.09 NNN per square foot per month quarter-over-quarter in the IE East. Year-over-year, IE East taking rates declined 25.9% from \$1.47 NNN per square foot per month in Q4 2023.
- Development decreased in Q4 2024 as only 6.1 million sq. ft. of industrial real estate was under construction at the end of the quarter. Quarter-over-quarter, construction declined 4.7%. Over 841,000 sq. ft. of construction delivered while only 540,000 sq. ft. broke ground in Q4 2024.
- Vacancy increased 20 basis points (bps) quarter-over-quarter to 8.4% while availability increased 110 bps to 11.8% quarter-over-quarter. Year-over-year, vacancy increased 340 bps in the IE East, driven largely by big-box occupiers consolidating or downsizing their industrial footprint.

FIGURE 1: Net Absorption & Asking Rate Trend



Source: CBRE Research, Q4 2024.

FIGURE 2: Inland Empire East Submarket Statistics by City

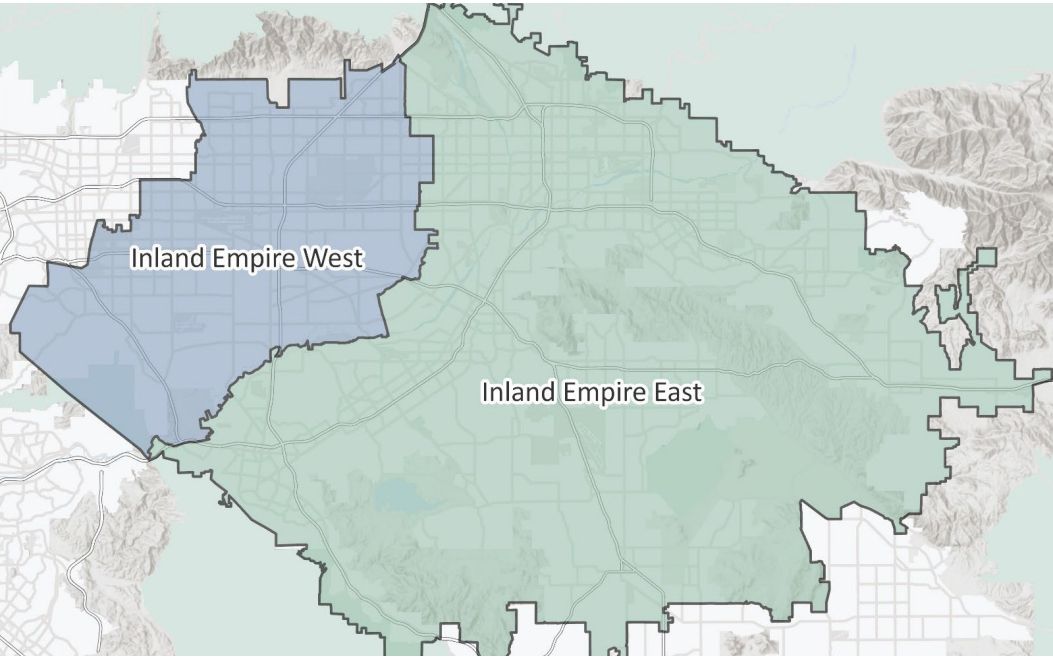
| CITY | BLDG. COUNT | BLDG SQ. FT. | U/C BLDG COUNT | U/C BLDG SQ. FT. | VACANT SQ. FT. | VACANCY RATE | AVAIL SQ. FT. | AVAIL RATE | NO. SALES | SQFT SOLD | NO. LEASES | SQ. FT. LEASED | 4TH QTR GROSS ACTIVITY | 2024 GROSS ACTIVITY | 4TH QTR NET ABSORP. | 2024 NET ABSORP. | AVG TAKING LEASE RATE (NNN) |
|---------------------|-------------|--------------|----------------|------------------|----------------|--------------|---------------|------------|-----------|-----------|------------|----------------|------------------------|---------------------|---------------------|------------------|-----------------------------|
| Banning/Beaumont | 62 | 9,525,613 | 0 | 0 | 2,476,549 | 26.0 | 2,476,549 | 26.0 | 0 | 0 | 0 | 0 | 0 | 57,253 | (1,017,845) | (1,960,592) | \$0.00 |
| Colton | 119 | 8,765,289 | 5 | 599,932 | 587,244 | 6.7 | 797,384 | 9.1 | 1 | 10,295 | 3 | 214,233 | 224,528 | 317,468 | 199,233 | (338,571) | \$0.91 |
| Corona/Norco | 716 | 33,834,496 | 2 | 220,589 | 1,784,229 | 5.3 | 2,242,886 | 6.6 | 2 | 21,018 | 8 | 158,177 | 179,195 | 2,124,051 | 47,868 | 880,735 | \$1.27 |
| Moreno Valley | 110 | 33,741,678 | 1 | 38,820 | 1,948,800 | 5.8 | 4,215,777 | 12.5 | 0 | 0 | 2 | 107,200 | 107,200 | 544,039 | (108,800) | (862,738) | \$1.05 |
| Perris | 172 | 41,322,390 | 4 | 2,651,003 | 6,075,127 | 14.7 | 7,064,452 | 17.1 | 0 | 0 | 3 | 223,510 | 223,510 | 1,995,302 | 223,510 | (1,899,833) | \$0.00 |
| Redlands/Loma Linda | 185 | 30,412,041 | 3 | 928,649 | 1,882,448 | 6.2 | 4,008,276 | 13.2 | 0 | 0 | 3 | 52,469 | 52,469 | 1,973,445 | 4,271 | 138,940 | \$0.75 |
| Rialto/Bloomington | 248 | 43,320,980 | 2 | 555,936 | 3,914,755 | 9.0 | 4,624,833 | 10.7 | 0 | 0 | 0 | 0 | 0 | 2,978,591 | (707,383) | (1,004,787) | \$1.15 |
| Riverside | 788 | 60,830,664 | 5 | 818,526 | 3,468,030 | 5.7 | 4,979,914 | 8.2 | 1 | 44,608 | 8 | 478,756 | 523,364 | 2,214,712 | 398,862 | (139,653) | \$1.05 |
| San Bernardino | 411 | 46,073,869 | 1 | 335,460 | 3,823,507 | 8.3 | 5,867,044 | 12.7 | 1 | 38,965 | 2 | 58,038 | 97,003 | 1,440,039 | (5,200) | (338,170) | \$1.04 |
| Inland Empire East | 2,811 | 307,827,020 | 23 | 6,148,915 | 25,960,689 | 8.4 | 36,277,115 | 11.8 | 5 | 114,886 | 29 | 1,292,383 | 1,407,269 | 13,644,900 | (965,484) | (5,524,669) | \$1.09 |

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 | 4TH QTR TOTAL ACTIVITY | 2024 GROSS ACTIVITY | NEW TO MARKET | AVG TAKING RENT |
|-------------------------------|-------------|-------------|-----------------|---------------|-------------|--------------|------------|------------|-----------|-----------|------------|-------------|------------------------|---------------------|---------------|-----------------|
| 10,000-19,999 | 948 | 13,098,134 | 0 | 0 | 198,002 | 1.5 | 391,826 | 3.0 | 3 | 31,313 | 4 | 54,200 | 85,513 | 471,867 | 145,321 | \$1.08 |
| 20,000-29,999 | 417 | 9,945,361 | 0 | 0 | 245,829 | 2.5 | 436,231 | 4.4 | 0 | 0 | 5 | 107,268 | 107,268 | 528,099 | 112,287 | \$1.22 |
| 30,000-39,999 | 233 | 7,937,315 | 3 | 117,720 | 277,544 | 3.5 | 277,544 | 3.5 | 1 | 38965 | 4 | 91654 | 130,619 | 294,445 | 38,816 | \$1.63 |
| 40,000-49,999 | 180 | 7,987,655 | 3 | 142,223 | 637,538 | 8.0 | 848,409 | 10.6 | 1 | 44,608 | 5 | 151500 | 196,108 | 647,356 | 58,384 | \$0.77 |
| 50,000-59,999 | 134 | 7,194,235 | 0 | 0 | 566,741 | 7.9 | 636,572 | 8.8 | 0 | 0 | 0 | 0 | 0 | 230,745 | 0 | \$0.00 |
| 60,000-69,999 | 80 | 5,135,349 | 2 | 123,619 | 253,601 | 4.9 | 321,995 | 6.3 | 0 | 0 | 2 | 126,912 | 126,912 | 316,623 | 0 | \$0.98 |
| 70,000-79,999 | 80 | 5,949,504 | 0 | 0 | 327,937 | 5.5 | 552,460 | 9.3 | 0 | 0 | 2 | 59,118 | 59,118 | 387,160 | 152,023 | \$0.00 |
| 80,000-89,999 | 53 | 4,420,960 | 0 | 0 | 375,346 | 8.5 | 720,155 | 16.3 | 0 | 0 | 2 | 38,489 | 38,489 | 208,615 | 132,003 | \$0.93 |
| 90,000-99,999 | 46 | 4,368,499 | 0 | 0 | 520,329 | 11.9 | 619,889 | 14.2 | 0 | 0 | 0 | 0 | 0 | 99,948 | 0 | \$1.15 |
| 100,000-249,999 | 325 | 49,623,488 | 4 | 684,496 | 5,246,046 | 10.6 | 6,220,990 | 12.5 | 0 | 0 | 4 | 510,877 | 510,877 | 3,634,476 | 545,144 | \$1.03 |
| 250,000-499,999 | 154 | 55,418,144 | 9 | 3,207,349 | 8,524,717 | 15.4 | 13,284,844 | 24.0 | 0 | 0 | 1 | 152,365 | 152,365 | 2,968,793 | 1,504,247 | \$1.13 |
| 500,000 and greater | 161 | 136,748,376 | 2 | 1,873,508 | 8,787,059 | 6.4 | 11,966,200 | 8.8 | 0 | 0 | 0 | 0 | 0 | 3,856,773 | 3,167,392 | \$0.00 |
| INLAND EMPIRE EAST | 2,811 | 307,827,020 | 23 | 6,148,915 | 25,960,689 | 8.4 | 36,277,115 | 11.8 | 5 | 114,886 | 29 | 1,292,383 | 1,407,269 | 13,644,900 | 5,855,617 | \$1.09 |

Source: CBRE Research, Q4 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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