LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Visit us: www.lee-associates.com

Q1 Industrial Market Insight

Lee & Associates® Research
Los Angeles Central
City of Industry

2024

Inland Empire - East

Lee & Associates - Los Angeles Central
5675 Telegraph Rd Suite 300
Commerce, CA 90040
(323) 720-8484

Lee & Associates - City of Industry
13181 Crossroads Pkwy N Suite 300
City of Industry, CA 91746
(562) 699.7500

Corp. ID # 01125429

LOCAL EXPERTISE. INTERNATIONAL REACH. WORLD CLASS.

Q1 2024 Market Insight
Inland Empire East

IE East Highlights

- **Big Picture**: Across all submarkets in the Los Angeles Basin this quarter, vacancies and availability increased, lease rates decreased, sales and leasing activity were at historic lows, and construction starts diminished.
- **Vacancy Rate**: 23.1 MSF of space or 7.5% of the base is vacant in the IE East. Quarter-over-quarter and year-over-year, vacancy increased by 140 bps and 490 bps, respectively.
- **Asking Rents**: Lease rates in the IE East are on average $0.25 lower than in the West. They are now $1.15 NNN PSF, down 6.5% or $0.08 from a year ago.
- **Inflation**: Headline CPI continues to be elevated above the Fed's 2% target at 3.5%. Overall PCE inflation grew by 0.3% from February and 2.7% from the prior year, while core PCE inflation grew by 0.3 month-over-month and 2.8% year-over-year.
- **GDP & Employment**: In Q1, the U.S. economy grew by 1.6% year-over-year, below market growth-expectations of 2.5%. The unemployment rate fell by 10 basis points (bps) to 3.8% and the labor force participation rate ticked up to 62.7%. Average hourly earnings rose by 4.1% year-over-year, in line with market expectations and above inflation.
- **Port Activity**: Port of LA activity (measured by Total TEUs) is up 29.98% year to date as compared with the first three months of 2023.
- **Supply Chain**: The cost from China/East Asia to North America West Coast increased 33.5% over Q1, ending at $3,623 per container per Freightos.

CITY	# of Bldgs	Inventory	Vacancy	Availability	Net Absorption	Gross Absorption	Direct Asking Rate (NNN)	Asking Sale Rate
BANNING	48	1,944,130	5.5	5.5	-47,631	9,622	$0.91	$218
BEUMONT	0	0	5.5	5.5	-465,954	0	0	$224
BLOOMINGTON	127	10,618,656	4.2	6	-242,218	38,170	$0.99	$274
CORONA/NORCO	1014	35,735,901	8.5	12	-59,593	143,773	$1.28	$279
COLTON/GRAND TERRACE	188	11,323,476	11.7	9.7	-30,156	153,804	$0.66	$221
MORENO VALLEY	111	33,003,219	2	6.4	37,180	140,459	$0.95	$195
PERRIS	249	42,577,660	15.6	8.9	437,806	1,043,006	$1.11	$216
REDLANDS/LOMA LINDA	246	31,354,038	11.8	12.7	-117,327	797,553	$0.86	$220
RIALTO	211	31,515,824	9.1	15.2	-325,876	65,620	$1.44	$241
RIVERSIDE	1,134	58,536,857	7	9.8	-604,146	544,781	$1.17	$218
SAN BERNARDINO/ HIGHLAND	611	46,119,760	6.4	12.9	-1,137,521	442,537	$1.14	$226

3.8% US Unemployment Rate

1.6% GDP - Quarter 1 % - Change YOY

4.6% U.S. 10-Year Treasury Note

Market Summary

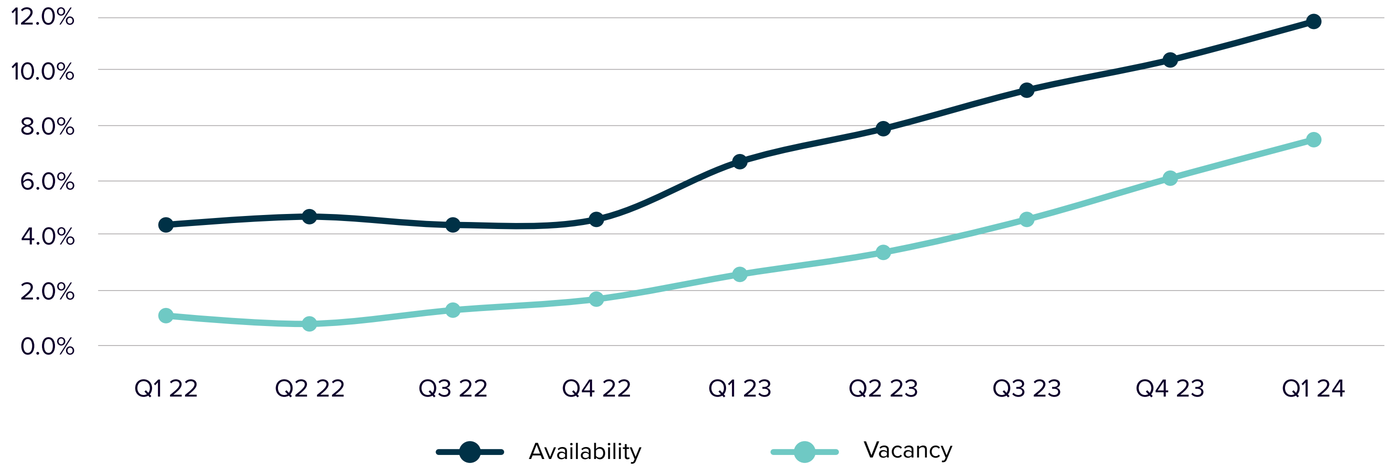
	Q1 2023	Q4 2023	Q1 2024
Total Inventory (SF)	302,727,786	310,705,272	310,705,272
Overall Vacancy	2.6%	6.1%	7.5%
Overall Availability	6.7%	10.4%	11.8%
Under Construction (SF)	19,414,384	8,456,313	7,223,224
Net Absorption (SF)	2,096,436	-246,992	-2,471,367
Overall Asking Lease Rates (NNN)	$1.23	$1.17	$1.15

Labor Force

	Construction	Manufacturing	Transportation, Trade & Utilities
12-Mo Employment Growth (%)	0.5%	-1.5%	-0.1%
12-Mo Actual Employment Change	-700	-4,900	-1,200

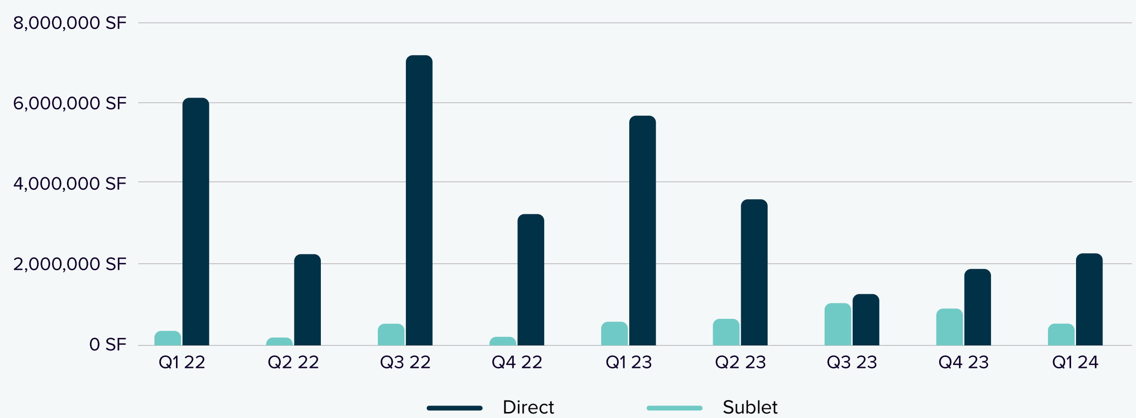
Source: U.S. BLS Stats by Industry

Vacancy vs Availability

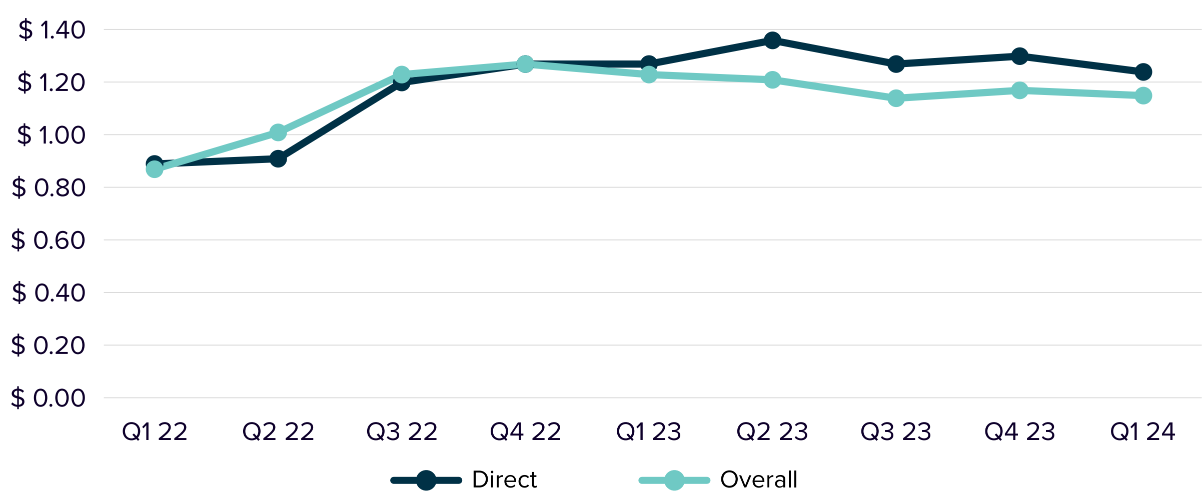


Leasing Activity & Absorption

Leasing activity totaled **2.83 million square feet (MSF)** in Q1, far below the historical quarterly average of **3.70 MSF**. At its peak in Q3 2023, sublet space leased nearly on a 1 for 1 basis with relet space. However, in this quarter, relet or direct space leased at four times the rate. Direct leasing activity totaled **2.28 MSF** while sublet leasing activity totaled **541,819 square feet**.

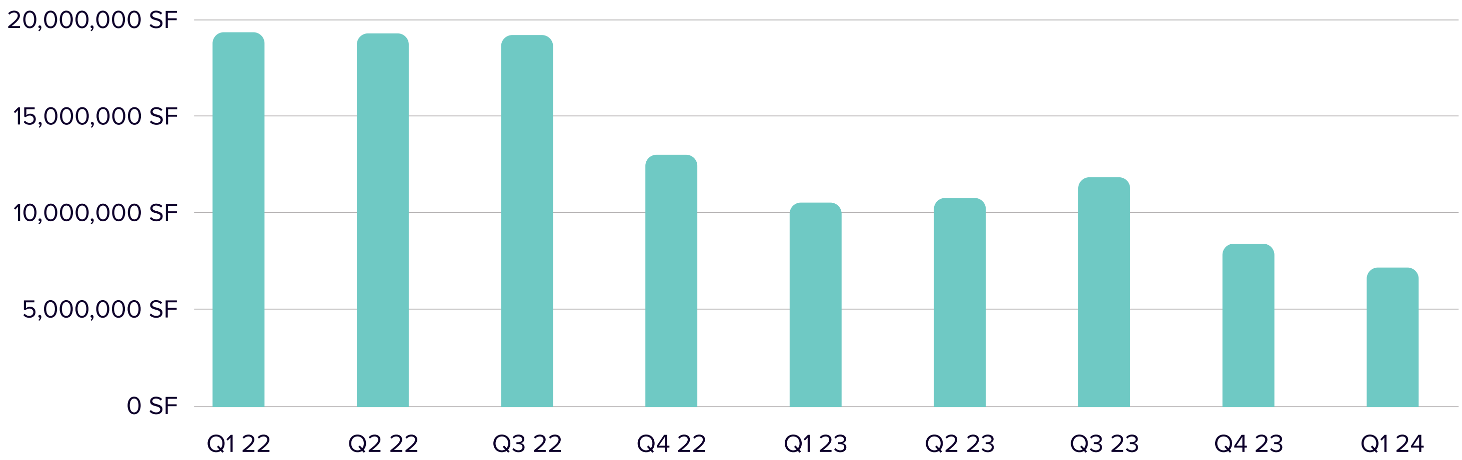


Rental Rates

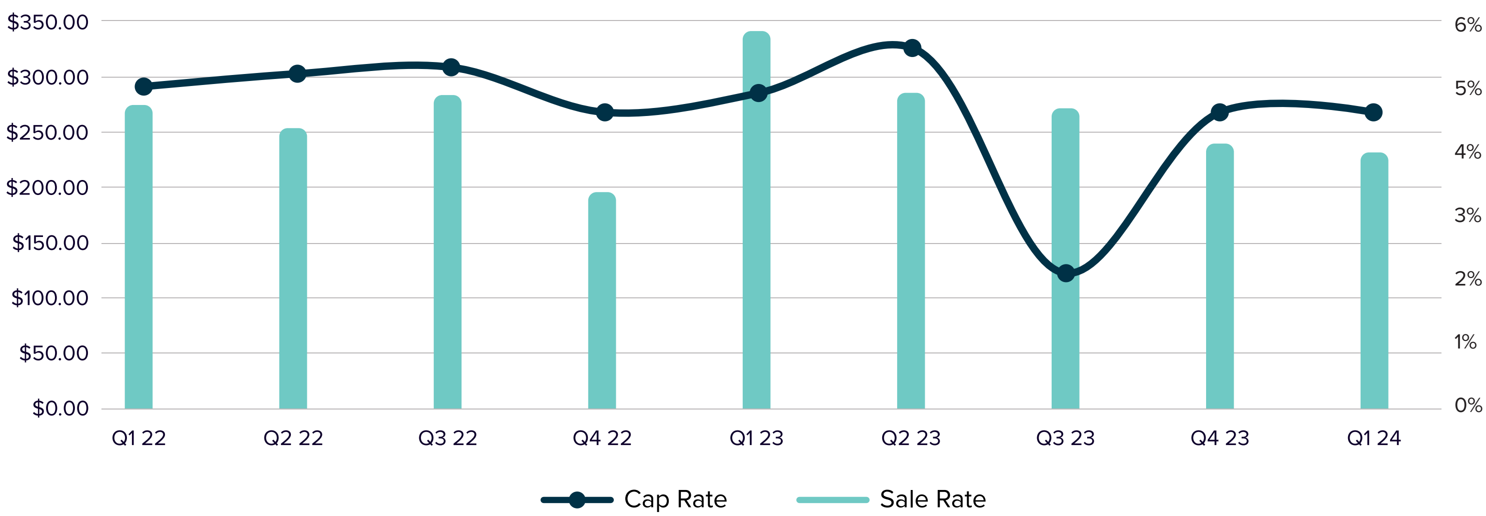


Q1 24 | Inland Empire East

Construction



Sales Trends



Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)
17500 PERRIS BL	Moreno Valley	692,600	Easton Manson	Walgreens
6450 SYCAMORE CANYON	Riverside	71,700	WPT Capital	RJ Property Management & Development
19930 ROSITA AV	Corona	58,000	IOS II Rosita CA, LLC	Primoris Services Corporation
4695 N. HALLMARK PKWY	San Bernardino	51,886	Bradley Shames	Robert J. Norton
1141 CALIFORNIA AV	Corona	49,861	Rocket Prop LLC	CCA Realty LLC

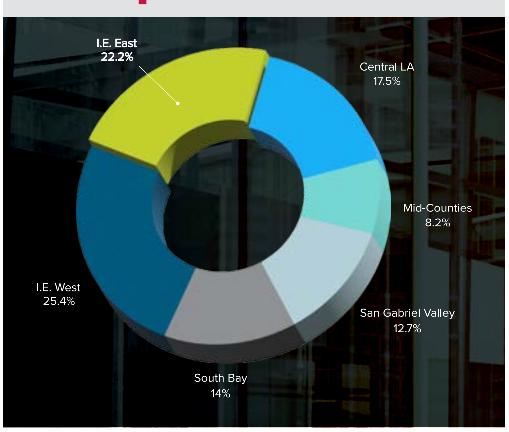
Top 5 New Leases

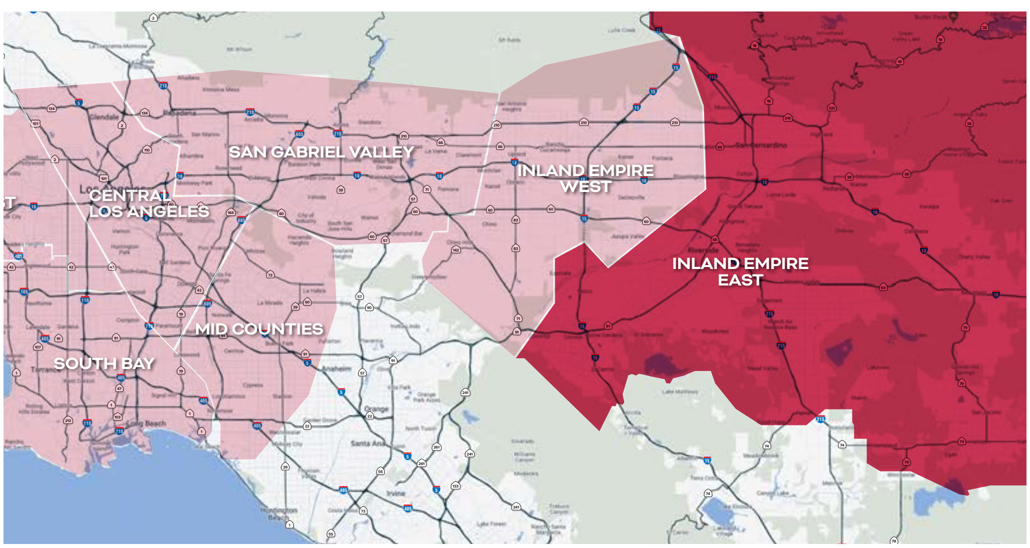
Address	City	Size (SF)	Lessor	Lessee(s)
17500 N PERRIS	Moreno Valley	692,600	Easton Manson	Walgreens
675 E CENTRAL AV	San Bernardino	480,510	675 Central LLC	Hybrid Promotions
12249 HOLLY ST	Colton	457,120	Alere Property Grp	-
27164 SAN BERNARDINO AV	Redlands	188,546	Sun Life	WestMark Logistics
127 W JURUPA AVE	Bloomington	137,744	Alere Property Grp	Sharp Electronics

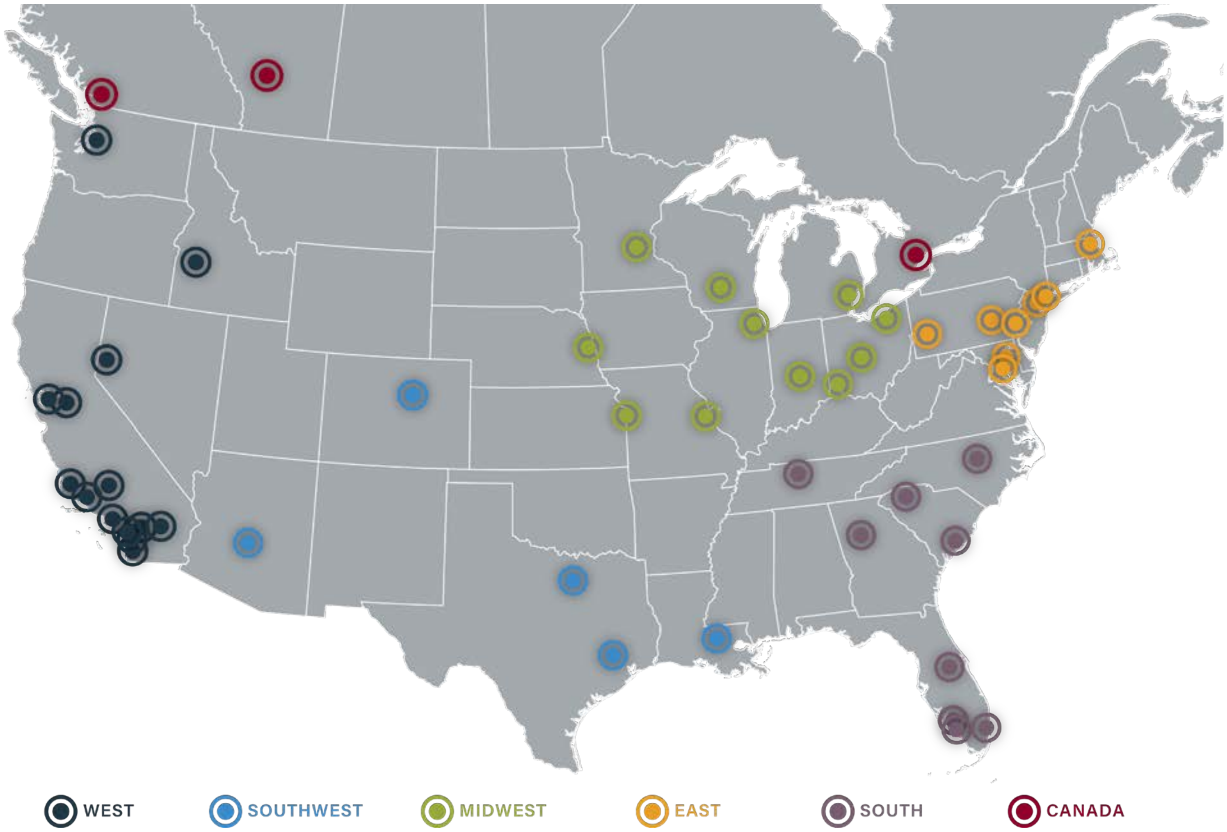
Major Construction / Development Projects

Address	City	Developer	Size (SF)	Est. Completion
3600 REDLANDS AV	Perris	IDI Logistics	548,019	May-24
350 W VALLEY BLVD	Rialto	Birtcher Development	490,410	Oct-24
22773 OLEANDER AV	Perris	Majestic Realty	406,496	Jun-24
18369 HARVILL AV	Perris	Majestic Realty	347,672	Feb-25
9TH ST & TIPPERCANOE ST	San Bernardino	Oakmont Industrial	337,385	Jul-24

Inventory Comparison







108% Increase in Brokered Sale & Lease SF Over 5 Years

$32+ Billion Transaction Volume (2022)

15K+ Professionals and Growing Internationally

75+ Offices Nationwide

INDUSTRY SPONSORSHIPS & ORGANIZATIONS

NAIOP · SIOR · CoreNet Global · CCIM · ICSC · NMHC · Appraisal Institute · IAMC · Urban Land Institute

THE LEE ADVANTAGE

LEE & ASSOCIATES IS THE LARGEST BROKER-OWNED COMMERCIAL REAL ESTATE FIRM IN NORTH AMERICA, AND ONE OF THE FASTEST GROWING!

Every Lee & Associates office delivers world-class service to an array of regional, national, and international clients from small businesses and local investors to major corporate users and institutional investors.

Our professionals combine the latest technology, resources, and market intelligence with their experience, expertise, and commitment to superior service to optimize client results.

For more information on Lee & Associates®, or to locate a commercial real estate expert to work for you, visit:

LEE-ASSOCIATES.COM

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

LEE & ASSOCIATES® - LOS ANGELES CENTRAL
5675 E Telegraph Rd, Suite 300
City of Commerce, CA 90040
P: 323.720.8484 F: 323.720.8474

LEE & ASSOCIATES® - CITY OF INDUSTRY
13181 Crossroads Pkwy North, Suite 300
City of Industry, CA 91746
P: 562.699.7500 F: 562.695.3133

CORPORATE ID# 01125429