

THE INLAND EMPIRE INDUSTRIAL MARKET

continues to defy major headwinds including inflation, persistent port congestion, construction delays, etc. as these factors have shifted the economic outlook over Q2. With the all-items consumer price index (CPI) up 8.3% and the energy CPI up 30.3% year-over-year, the Federal Reserve responded by raising interest rates twice this quarter, once by 50 basis points (bps) in May, and another by 75 bps in June, with expectations rates will move by an additional three quarter point increase this month.

The current pressure on the ports has made shipping a container from overseas to the United States a great feat. It costs ten times as much as pre-pandemic levels and takes nearly twice as long (80 days vs 45 days). Many companies are responding to the supply chain crisis by housing backstock of product to avoid delays. Long term, it's expected that manufacturing will begin to move to North America, as manufacturing is now more cost effective in Mexico than in China, which would ease up the pressure on the ports.

Developing new industrial product is no easy task in today's market. Nationally, the entitlement & construction process for industrial builds is taking on average five months longer than in 2019. Construction costs are up 22% year-over-year, and historically, lumber is up more than twice the 20 year median price. Local challenges include lack of labor, city and community pushback, and excessive use of energy, with some cities running out of power. Moratoriums have either been extended, approved, or introduced for city council votes in nearly a dozen Inland Empire cities.

The nation's economic ambiguity seems to have little to no impact on the industrial market, specifically in the Inland Empire. Pricing continues to increase rapidly, product is being developed and pre-leased at an incredible rate, and although net absorption is down, there is virtually no physical vacancy in the market, simply leaving no space to absorb. The market's outlook is trusted so heavily by investors that existing warehouses are being traded at record-breaking prices to capitalize on the future rent growth of the Inland Empire's industrial sector.

IE MARKET SNAPSHOT

BASE INVENTORY 653,379,813 SF

AVAILABILITY RATE 4.67%

VACANCY RATE 0.42%

NET ABSORPTION 6,918,296 SF

GROSS ACTIVITY 32,912,244 SF

COMPLETED CONSTRUCTIONS 6,919,654 SF

UNDER CONSTRUCTION 36,958,746

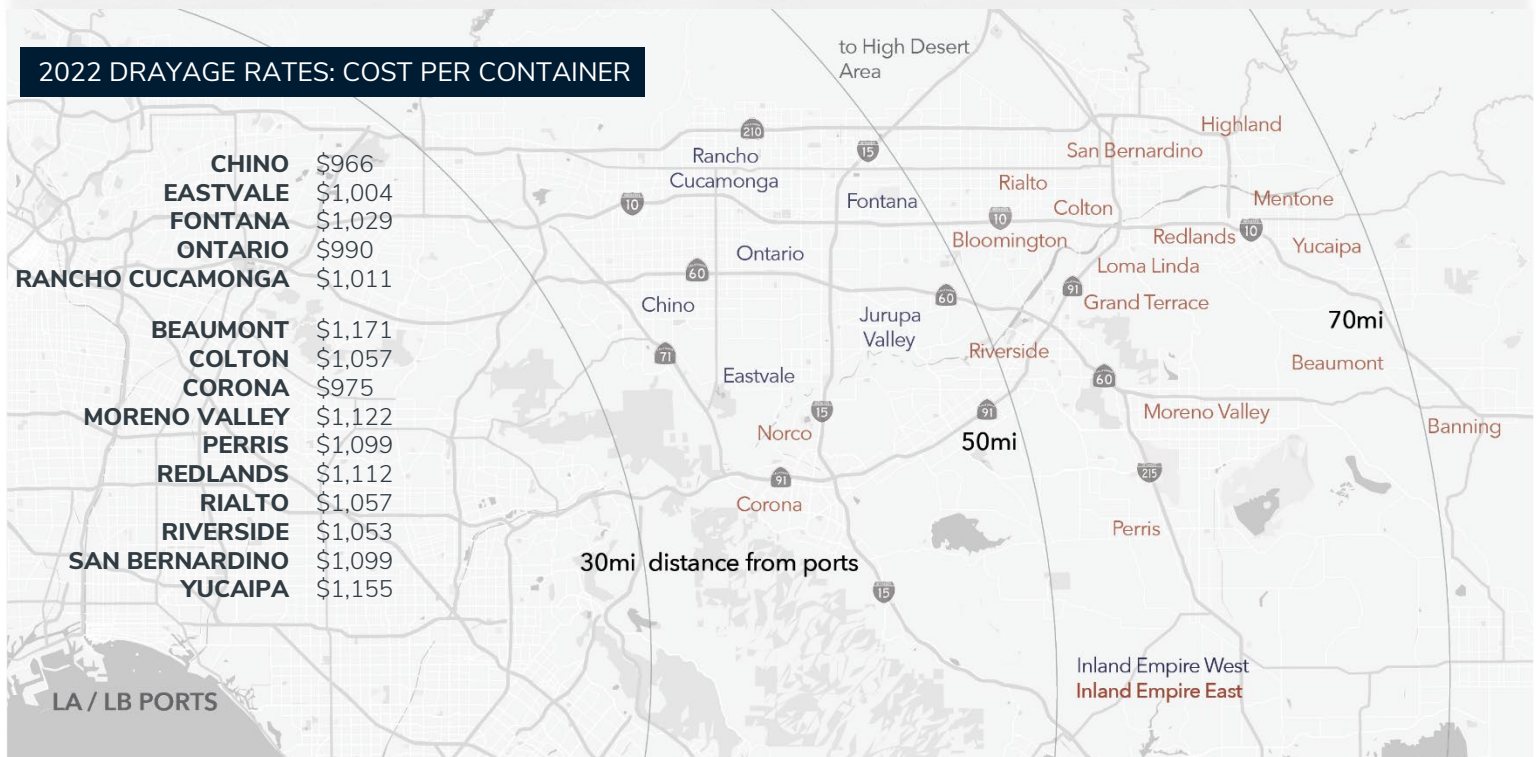
AVG NNN LEASE RATE (100K+) \$1.461/SF (West)
\$1.163/SF (East)

COMPARISON TO 1Q22

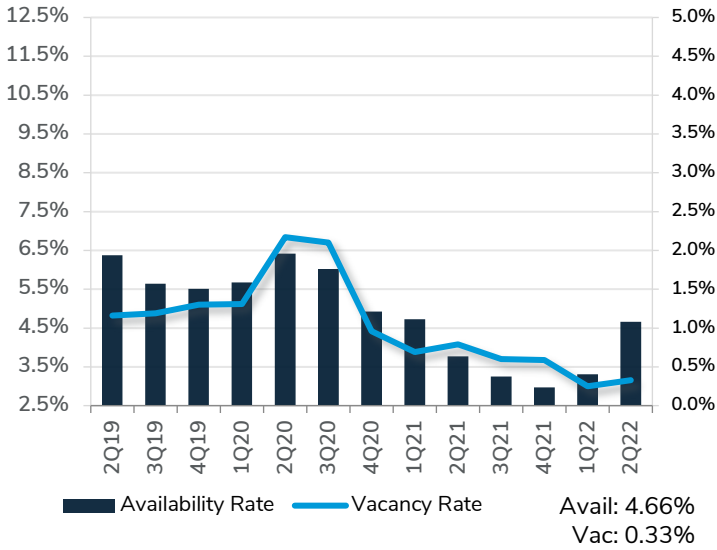
- **DEVELOPMENT PIPELINE** up 16.29%
- **LEASE RATES** up 18.01%
- **GROSS ACTIVITY** up 11.38%
- **AVAILABILITY** up 19.83%
- **VACANCY** up 14.66%
- **COMPLETED CONSTRUCTIONS** down 12.38%
- **NET ABSORPTION** down 39.83%

2022 DRAYAGE RATES: COST PER CONTAINER

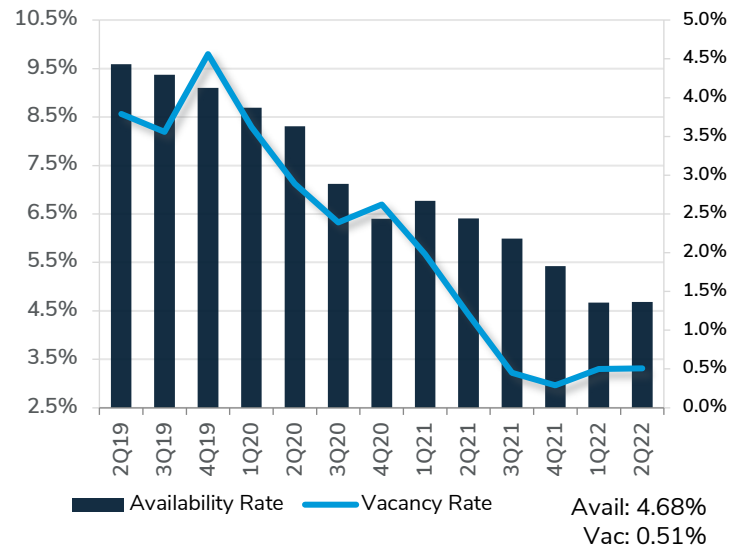
CHINO	\$966
EASTVALE	\$1,004
FONTANA	\$1,029
ONTARIO	\$990
RANCHO CUCAMONGA	\$1,011
BEAUMONT	\$1,171
COLTON	\$1,057
CORONA	\$975
MORENO VALLEY	\$1,122
PERRIS	\$1,099
REDLANDS	\$1,112
RIALTO	\$1,057
RIVERSIDE	\$1,053
SAN BERNARDINO	\$1,099
YUCAIPA	\$1,155



IE WEST AVAILABILITY & VACANCY



IE EAST AVAILABILITY & VACANCY

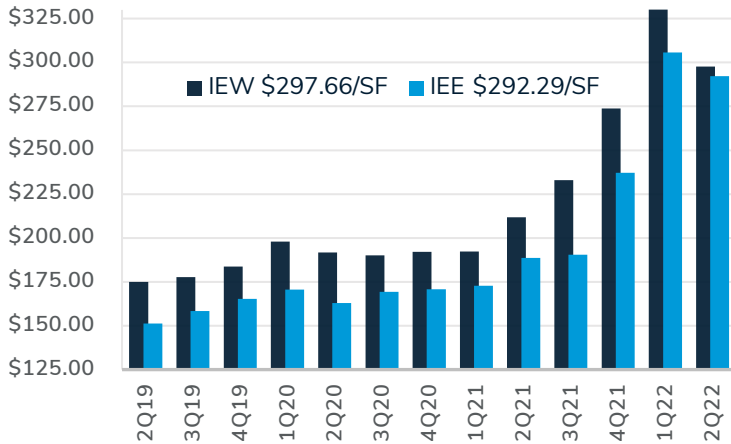


AVAILABILITY: All space being marketed (existing & U/C)

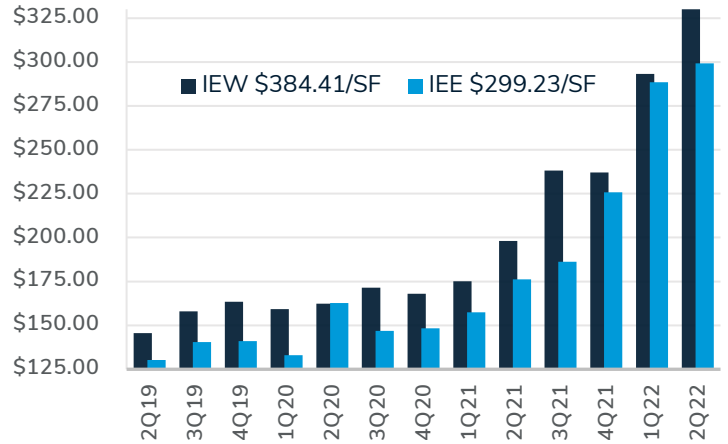
VACANCY: Unoccupied space (not including U/C or planned)

*INCLUDES ALL CLASSES OF BUILDINGS

USER SALES PRICE PER SF

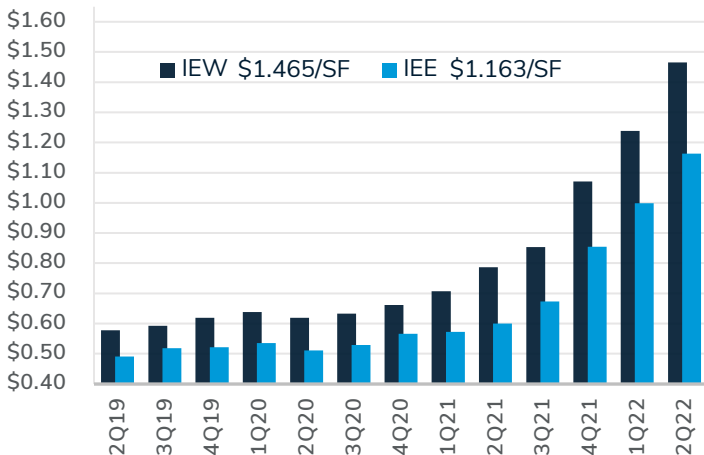


INVESTMENT SALES PRICE PER SF



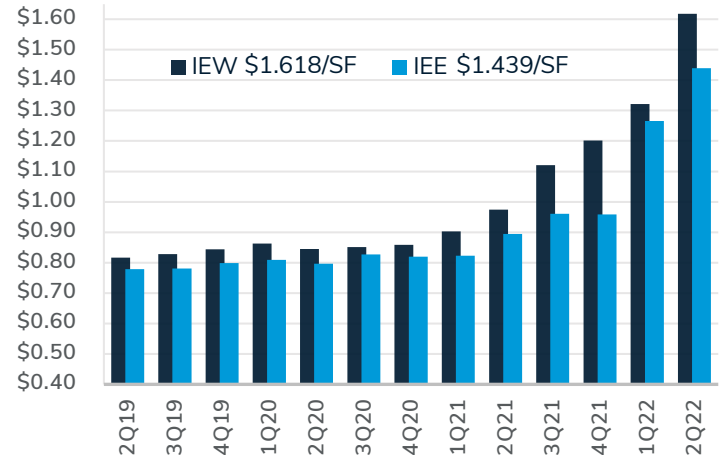
ACTUAL NNN LEASE RATE PRICE PER SF

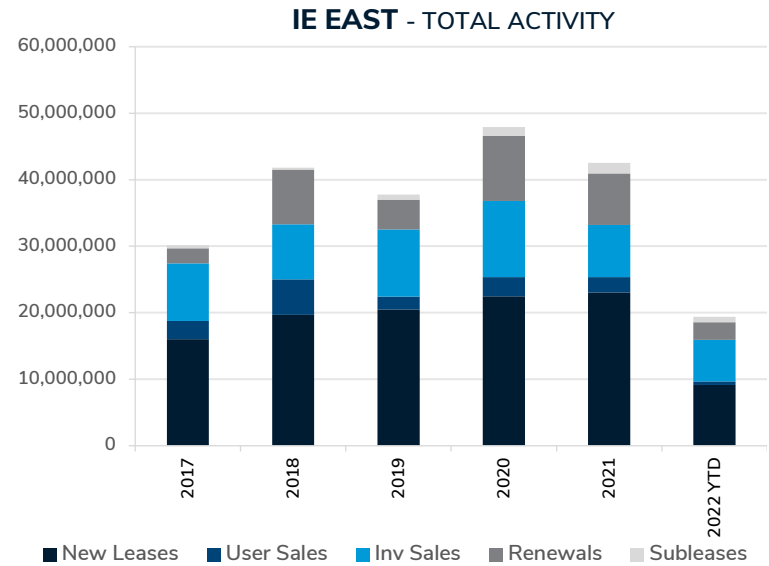
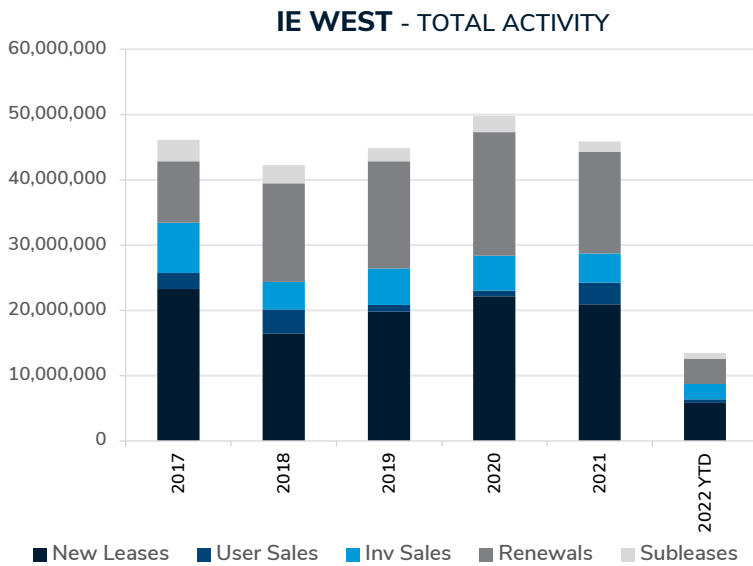
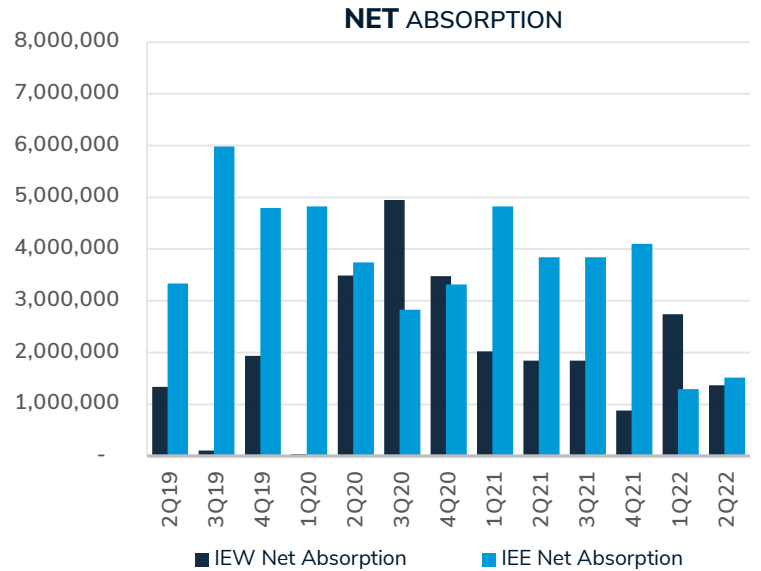
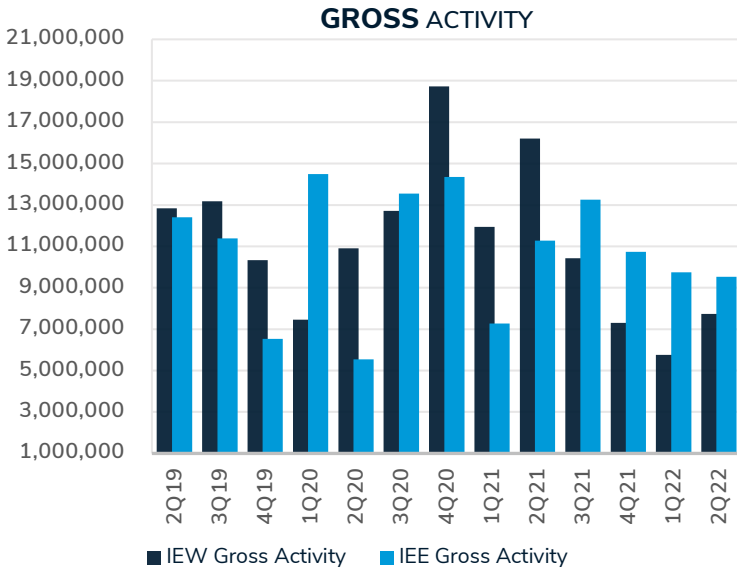
100K+ SF



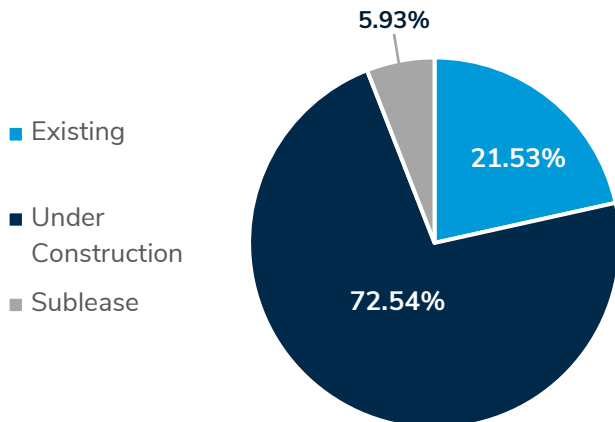
ACTUAL GROSS LEASE RATE PRICE PER SF

UNDER 100K SF





2Q22 Lease Availability BREAKDOWN



TOTAL ACTIVITY

Transaction Type	IEW	IEE	TOTAL
New Leases	3,120,339	4,620,334	7,740,673
Renewals	2,695,127	1,239,190	3,934,317
Subleases	286,512	449,394	735,906
User Sales	182,951	211,594	394,545
Investment Sales	1,456,503	3,006,492	4,462,995
2Q22 Total	7,741,432	9,527,004	17,268,436
1Q22 Total	5,760,672	9,883,136	15,643,808

LEASED PROPERTY	LESSEE	LESSOR	SIZE	DEAL TYPE
36855 W 4th St, Beaumont	United Legwear Company, LLC	McDonald Property Group / USAA	1,777,708	New Lease
2255 W Lugonia Ave, Redlands	AutoZone	Nuveen Real Estate	606,133	New Lease
1901 California St, Redlands	Performance Team	Prologis	467,853	New Lease
375 Markham St, Perris	Geodis Logistics, LLC	IDI Logistics LLC	456,652	Renewal
11625 Venture Dr, Jurupa Valley	Home Depot USA, Inc.	Lincoln Property Company	418,500	Renewal
22405 Old Oleander Ave, Perris	Burlington Distribution	Trammell Crow Company	410,350	New Lease
1235 Quarry St, Corona	Hand Air Express, LLC	Bedrosians Tile & Stone	409,802	Renewal
5351 Jurupa St, Ontario	Exel, Inc. / DHL	ProLogis	405,864	Renewal
2830 Philadelphia St, Ontario	Pixior	Vogel Properties, Inc.	383,619	Renewal
1651 Interchange Dr, San Bernardino	Dollar Tree	Cabot Properties, Inc.	354,108	Renewal
13423 & 13473 Santa Ana, Fontana	Weber Distribution	John Hancock Life Insurance Company	334,361	Renewal
1777 Vintage Ave, Ontario	National Tree Company	UBS Realty Investors, LLC	284,559	New Lease
8449 Milliken Ave, Rancho Cucamonga	Ford Motor Company	Prologis	262,419	Renewal

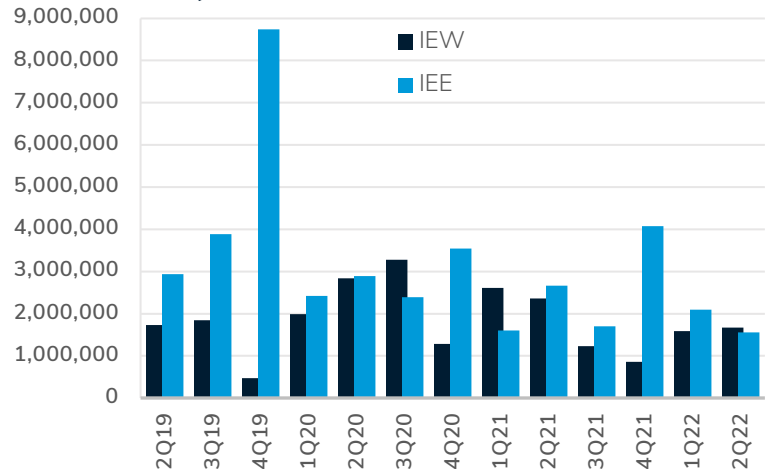
SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
630 Nicholas Rd, Beaumont	EQT Exeter	Ambest Real Estate, LLC	600,000	Investment
5555 Jurupa St, Ontario	JP Morgan	JW Mitchell Company, LLC	459,000	Investment
6975 Sycamore Canyon Blvd, Riverside	Prologis	Four Seasons Real Estate Investments LLC	303,100	Investment
19319 Harvill Ave, Perris	BlackRock Realty	Rockefeller Group Development	289,407	Investment
10855 Philadelphia Ave, Jurupa Valley	Centerpoint Properties Trust	York Capital Group	210,195	Investment

2022 2nd QUARTER CONSTRUCTION COMPLETIONS (+100,000 SF)

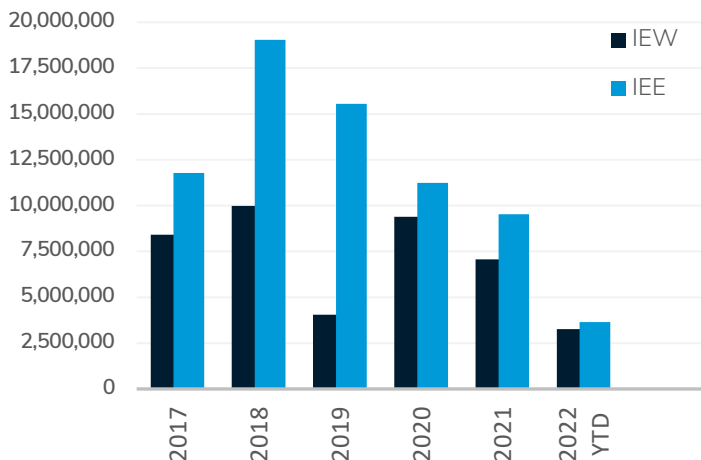
All construction completions have been pre-leased.

PROPERTY	SIZE	DEVELOPER
6251 Archibald Ave, Eastvale	501,649	Dermody Properties
3125 Wilson Ave, Perris	303,204	First Industrial Realty Trust
17 Longitude Way, Corona	253,702	REXCO Development
100 Walnut Ave, Perris*	205,830	Dedeaux Properties
6221 Archibald Ave, Eastvale*	197,892	Dermody Properties
5309 Sierra Ave, Fontana	180,021	Black Creek Group
15 Longitude Way, Corona	164,894	REXCO Properties
14337 Limonite Ave, Eastvale	161,120	Dermody Properties
14522 Yorba Ave, Chino	136,200	Prologis
14074 Rancho Ct, Fontana	100,039	Hillwood Development
*not Leased	2,204,551	

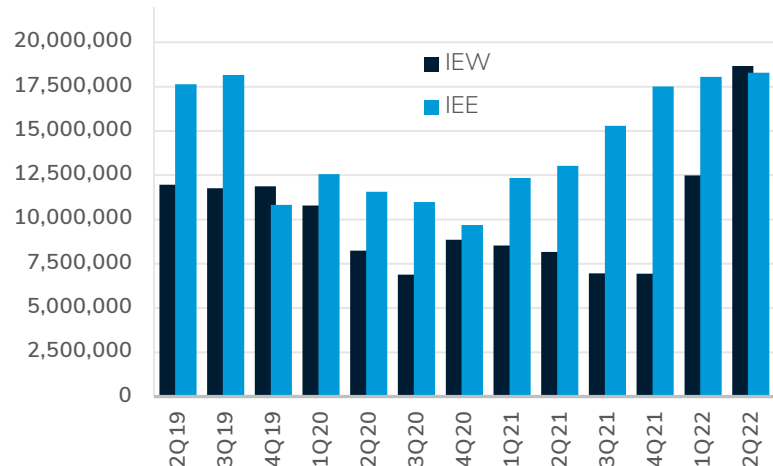
QUARTERLY CONSTRUCTION COMPLETIONS



CONSTRUCTION COMPLETIONS – BY YEAR



UNDER CONSTRUCTION



Inland Empire WEST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	56,755,602	1,162,646	2.05%	53,165	0.09%	514,434	402,739	717,496
Eastvale	13,619,252	307,470	2.26%	307,470	2.26%	749,949	1,057,419	0
Fontana	73,719,367	5,317,584	7.21%	254,763	0.35%	730,365	787,776	4,148,273
Jurupa Valley	33,760,460	1,398,447	4.14%	6,863	0.02%	300,294	307,157	3,402,314
Ontario	128,346,770	4,535,517	3.53%	430,247	0.34%	255,970	471,305	7,543,544
Rancho Cucamonga	44,059,564	3,585,650	8.14%	110,765	0.25%	1,555,739	235,504	2,852,034
TOTAL	350,261,015	16,307,314	4.66%	1,163,273	0.33%	4,106,751	3,261,900	18,663,661

Inland Empire EAST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	6,716,881	1,014,000	15.10%	6,500	0.10%	0	0	2,000,170
Bloomington	3,316,796	11,452	0.35%	11,452	0.35%	(11,542)	0	0
Colton	10,035,357	104,548	1.04%	26,379	0.26%	0	0	0
Corona / Norco	37,686,407	2,815,099	7.47%	337,779	0.90%	639,023	944,603	1,920,610
Grand Terrace	460,436	0	0.00%	0	0.00%	0	0	0
Highland / Mentone / Yucaipa	1,262,202	54,952	4.35%	0	0.00%	0	0	0
Moreno Valley	32,851,548	479,290	1.46%	106,470	0.32%	821,130	804,950	348,992
Perris	37,398,839	4,679,926	12.51%	454,962	1.22%	439,717	894,679	7,112,059
Redlands / Loma Linda	32,183,302	1,266,680	3.94%	107,982	0.34%	954,945	794,679	1,058,256
Rialto	37,812,337	801,684	2.12%	70,120	0.19%	(61,820)	0	601,382
Riverside	59,228,020	1,284,397	2.17%	373,997	0.63%	84,591	218,843	3,532,417
San Bernardino	44,166,673	1,674,061	3.79%	54,589	0.12%	(54,589)	0	1,721,269
TOTAL	303,118,798	14,186,089	4.68%	1,550,230	0.51%	2,811,455	3,657,754	18,295,155

Inland Empire WEST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	39,796,579	414,941	1.04%	0	0.00%	136,200	136,200	414,941
Eastvale	11,682,612	197,892	1.69%	197,892	1.69%	662,769	860,661	0
Fontana	60,708,826	4,720,741	7.78%	189,280	0.31%	698,943	698,700	3,805,759
Jurupa Valley	28,869,329	1,154,557	4.00%	0	0.00%	307,157	307,157	3,212,309
Ontario	94,891,382	2,935,689	3.09%	115,316	0.12%	294,859	410,175	6,742,221
Rancho Cucamonga	27,832,732	3,096,772	11.13%	0	0.00%	1,431,000	0	2,828,654
TOTAL	263,781,460	12,520,592	4.75%	502,488	0.19%	3,530,928	2,412,893	17,003,884

Inland Empire EAST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	5,753,872	1,000,000	17.38%	0	0.00%	0	0	200,170
Bloomington	2,780,172	0	0.00%	0	0.00%	0	0	0
Colton	6,244,605	0	0.00%	0	0.00%	0	0	0
Corona / Norco	15,167,701	1,494,202	9.85%	0	0.00%	418,596	418,596	1,373,339
Grand Terrace	210,560	0	0.00%	0	0.00%	0	0	0
Highland / Mentone / Yucaipa	963,897	0	0.00%	0	0.00%	0	0	0
Moreno Valley	31,267,845	210,752	0.67%	106,470	0.34%	768,000	768,000	0
Perris	34,504,403	4,540,026	13.16%	405,762	1.18%	488,917	894,679	7,112,059
Redlands / Loma Linda	27,992,917	980,820	3.50%	0	0.00%	988,148	794,679	1,058,256
Rialto	33,064,383	252,926	0.76%	0	0.00%	0	0	134,446
Riverside	37,671,717	696,447	1.85%	209,573	0.56%	(55,847)	0	3,359,601
San Bernardino	34,562,246	1,552,955	4.49%	0	0.00%	0	0	1,721,269
TOTAL	230,184,318	10,728,128	4.66%	721,805	0.31%	2,607,814	2,875,954	14,959,140

Inland Empire - 500,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Inland Empire West	106,263,672	6,136,298	5.77%	189,280	0.18%	312,369	501,649	12,215,130
Inland Empire East	134,824,079	4,704,455	3.49%	0	0.00%	1,980,266	1,374,133	9,952,697
TOTAL	241,087,751	10,840,753	4.50%	189,280	0.08%	2,292,635	1,875,782	22,167,827



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