

# Inland Empire Industrial Market

2023 - 2010

As anticipated, the Inland Empire industrial market has begun its course back to normal market conditions as a result of the current economic state. Nevertheless, any fundamental shifts happening in the I.E. has not disrupted institutional or credit tenant interest, as companies including Home Depot, Constellation Brands, Michelin Tire, Nordstrom, Pepsi, etc. have all continued to commit to considerable space in the market, solidifying the Inland Empire as one of the continued top industrial markets in the nation.

The year started off strong with extraordinary big-box activity, as the number of transactions 100,000 square feet or greater remained consistent with last quarter (nearly 30). Not only has gross absorption stayed constant with previous months, there were more top deals (500,000 square feet or greater) executed in this quarter than last. In Q1, the top three leases were over 1M square feet, and the top three sales were all staggering nine-figure transactions. The development pipeline the past few years has erupted, ceased to slow down, and has shifted the I.E. industrial market. The number of buildings that have completed construction has doubled compared to last quarter, yet there is still nearly 40M square feet under construction. While activity remains healthy, the amount of industrial product being developed is beginning to outpace the demand seen in the market at this time. Over the past few years, the majority of development inventory had been leased far prior to completion. Today, just 29% of this quarter's construction completions has been leased, leaving the newly completed projects vacant and joining the growing pool of existing available space.

Last quarter, about one-third of available space came from existing buildings; now, existing space makes up nearly half of all available inventory due to the 15.5M square feet of completed construction last year. Sublease space now makes up almost 12% of all available space, as tenants are continuing to take advantage of the rapid price increase since their original execution date while restructuring their warehousing needs. Despite the corrections happening from the remarkable amount of construction occurring, lease rates and sale prices have yet to fall in the I.E. However, in an atypical chain of events, the East has continued to be the more competitive of the two submarkets. While the West's pricing remains higher out of the two, the East saw increases in all four types of rates quarter-over-quarter, while the West stalled and in some aspects softened compared to last quarter. The availability rate is lower in the East than the West, and there is significantly less product being developed keeping supply lower and demand higher, leading to a continued influx of rates.

Inland Empire West														
	2023 YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Base Inventory	359,568,117	356,133,149	336,768,473	329,887,722	322,446,790	312,310,181	304,489,275	300,521,411	290,368,387	277,684,335	270,276,683	259,865,208	249,472,622	240,624,128
Overall Availability Rate	8.69%	7.39%	2.93%	4.93%	5.51%	5.55%	5.37%	7.99%	6.85%	6.60%	8.58%	9.06%	10.27%	14.14%
Overall Vacancy Rate	1.33%	0.86%	0.60%	0.96%	1.30%	1.45%	2.08%	1.74%	1.56%	3.36%	3.47%	4.82%	4.40%	7.14%
Net Absorption	(391,964)	4,645,469	8,226,403	10,411,357	4,387,023	11,791,264	7,300,334	7,504,854	14,848,951	8,221,997	6,054,074	1,235,742	6,212,088	734,085
Sales	1,777,501	6,955,153	7,795,393	6,251,372	7,950,666	7,537,917	10,822,654	7,372,998	7,035,398	5,504,643	9,848,519	8,892,033	6,744,276	9,416,377
Leasing	8,754,632	29,599,444	38,095,543	43,559,051	36,934,082	34,629,961	35,302,504	30,898,437	33,510,381	29,411,464	34,745,820	23,472,632	24,199,396	21,281,043
Gross Absorption	10,532,133	31,554,597	45,890,936	49,810,423	44,884,748	42,167,878	46,125,158	38,271,435	40,545,779	34,916,107	44,594,339	32,364,665	30,943,672	30,697,420
Construction Complete	1,346,924	5,716,823	7,067,243	9,392,670	4,046,985	9,984,509	8,415,407	8,200,051	9,861,118	8,173,862	2,902,859	2,793,269	0	667,000
Under Construction	25,562,676	23,259,548	6,943,248	8,849,513	11,875,497	6,004,339	8,067,276	12,055,505	10,150,138	6,640,764	7,028,209	1,895,915	1,617,054	22,252

The **Inland Empire West (IE West)** industrial market includes the cities of Chino, Ontario, Rancho Cucamonga, Fontana, Eastvale and Jurupa Valley.

Inland Empire East														
	2023 YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Base Inventory	310,396,077	308,011,248	298,744,435	280,520,688	269,493,382	260,639,808	240,495,337	228,369,133	214,610,311	199,916,351	187,278,322	173,624,097	154,969,991	147,170,416
Overall Availability Rate	7.26%	5.31%	4.92%	6.40%	9.10%	12.09%	11.98%	11.07%	11.30%	11.15%	10.16%	12.64%	14.63%	18.41%
Overall Vacancy Rate	2.00%	0.78%	0.24%	2.62%	4.56%	5.16%	5.53%	5.26%	4.55%	4.75%	5.51%	5.49%	6.87%	12.16%
Net Absorption	839,711	8,170,410	16,160,896	16,190,023	16,734,925	18,880,225	10,510,202	9,855,964	12,156,520	10,968,822	5,883,458	7,469,616	11,417,996	6,658,940
Sales	996,731	9,425,099	10,182,468	14,313,812	12,146,354	13,567,747	10,520,945	11,117,795	9,775,752	7,065,600	15,329,287	5,341,926	13,857,955	8,940,119
Leasing	5,745,756	18,893,621	32,363,232	33,615,340	25,620,046	28,239,858	19,668,865	21,398,081	18,912,845	12,270,484	16,618,025	16,272,821	13,792,649	11,196,115
Gross Absorption	6,742,487	25,495,264	42,545,700	47,929,152	37,766,400	41,807,605	30,189,810	32,515,876	28,688,597	19,336,084	31,947,312	21,614,747	27,650,604	20,136,234
Construction Complete	4,651,120	9,863,463	9,524,590	11,244,942	15,558,858	19,047,154	11,791,269	12,105,911	13,210,819	10,136,099	6,675,732	6,355,748	3,743,526	0
Under Construction	13,388,228	15,752,306	17,510,875	9,685,953	10,826,803	15,844,663	16,069,764	12,296,985	11,910,230	10,523,594	10,512,895	4,855,045	4,166,413	2,380,000

The **Inland Empire-East (IE East)** industrial market includes the Cities of Banning, Beaumont, Bloomington, Colton, Corona, Norco, Grand Terrace, Highland, Mentone, Yucaipa, Moreno Valley, Perris, Redlands, Loma Linda, Rialto, Riverside, and San Bernardino.

Inland Empire Total														
	2023 YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Base Inventory	669,964,194	664,144,397	635,512,908	610,408,410	591,940,172	572,949,989	544,984,612	528,890,544	504,978,698	477,600,686	457,555,005	433,489,305	404,442,613	387,794,544
Overall Availability Rate	8.03%	6.43%	3.86%	5.61%	7.14%	8.52%	8.28%	9.32%	8.74%	8.51%	9.23%	10.50%	11.94%	15.76%
Overall Vacancy Rate	1.64%	0.82%	0.43%	1.72%	2.78%	3.14%	3.60%	3.26%	2.83%	3.94%	4.31%	5.09%	5.35%	9.05%
Net Absorption	447,747	12,815,879	24,387,299	26,601,380	21,121,948	30,671,489	17,810,536	17,360,818	27,005,471	19,190,819	11,937,532	8,705,358	17,630,084	7,393,025
Sales	2,774,232	16,380,252	17,977,861	20,565,184	20,097,020	21,105,664	21,343,599	18,490,793	16,811,150	12,570,243	25,177,806	14,233,959	20,602,231	18,356,496
Leasing	14,500,388	48,493,065	70,458,775	77,174,391	62,554,128	62,869,819	54,971,369	52,296,518	52,423,226	41,681,948	51,363,845	39,745,453	37,992,045	32,477,158
Gross Absorption	17,274,620	64,873,317	88,436,636	97,739,575	82,651,148	83,975,483	76,314,968	70,787,311	69,234,376	54,252,191	76,541,651	53,979,412	58,594,276	50,833,654
Construction Complete	5,998,044	15,580,286	16,591,833	20,637,612	19,605,843	29,031,663	20,206,676	20,305,962	23,071,937	18,309,961	9,578,591	9,149,017	3,743,526	667,000
Under Construction	38,950,904	39,011,854	24,454,123	18,535,466	22,702,300	21,849,002	24,137,040	24,352,490	22,060,368	17,164,358	17,541,104	6,750,960	5,783,467	2,402,252