

Throughout this past quarter, market elements have begun to shift affecting many aspects of the real estate industry. When compared to past unprecedented quarters, some see change as a concern, when historically, the Inland Empire Industrial Market is still as tight as ever. With vacancy under one percent (0.67%), lease rates continuing to rise, and product being absorbed, the core fundamentals remain strong.

Availability had a generous increase this quarter, specifically in the West where the rate increased over one point since 2Q. The square footage of existing available space doubled in comparison to last quarter, but it still only makes up a third of all available inventory, compared to the majority (61%) of availability being under construction and 5.5% being sublease space.

Although availability has ticked up, net absorption and gross activity remained fairly consistent with previous quarters. A generous amount of big-box renewals contributed to that gross activity, and the nearly 5M square feet of construction completions in 3Q contributed to such a positive net absorption. Two pre-leased 1M square foot buildings (one in the West and one in the East) heavily contributed to the large number that was completed product this quarter.

Economic uncertainty relaxed some aspects of the market, such as gross lease rates under 100,000 square feet and some NNN 100K+ deals in the East. User sale prices fell slightly, solely due to lack of deals done, as there have been seldom user sales over the past few months.

Institutional investors have transacted a great deal in the I.E. as industrial investment sales totaled approximately \$1.7 billion year to date, with the average sale price doubling in the past two years from \$159 to \$352 PSF. A large investment sale in the West brought the average investment sale price up to \$433 PSF. Rising interest rates could push institutional investors out of the market for certain deals, giving smaller investors or users an opportunity they haven't had the past year.

Recessionary factors, including inflation reaching a 40-year high and the economy contracting two quarters in a row, have failed to significantly slow the job market. Nationally, all 22 million jobs lost in March & April in 2020 due to Covid have been recovered, and specifically, Southern California added 400,000 jobs over 12 months, bringing employment up to 99% of what it was pre-pandemic. The U.S. economy is adding jobs at an annual rate of 6,000,000 jobs per year, which is three times faster than what has historically been seen in a good year.

Although online sales have declined recently with consumers still eager to shop in person, experts suggest e-commerce's presence will rise back to its peak levels due to the convenience of same or next-day delivery. E-commerce growth contributes a great deal to the industrial market's prosperity as it is estimated that it takes three times as much real estate to get a product to a consumer via e-commerce versus brick and mortar.

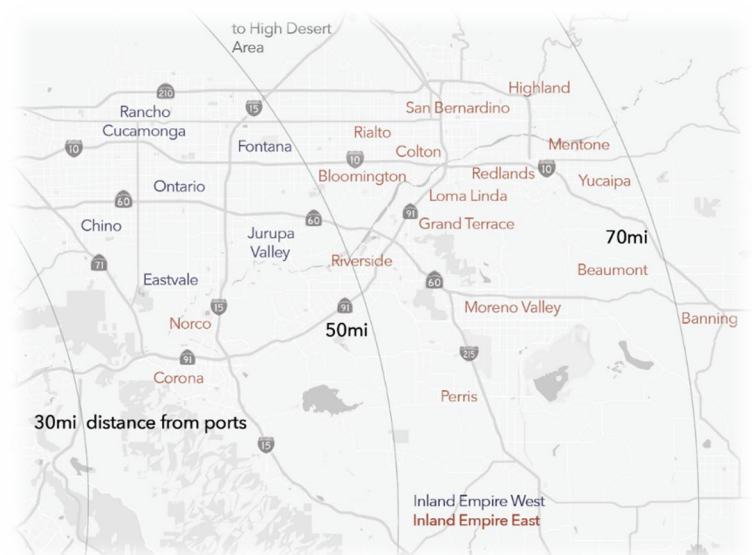
This explains the incredible development pipeline. Product currently under construction in the I.E. makes up over 5.76% of all industrial inventory in the market. Nationally, the development pipeline increased 12.5% quarter over quarter now accounting for nearly 4% of all inventory.

IE MARKET SNAPSHOT

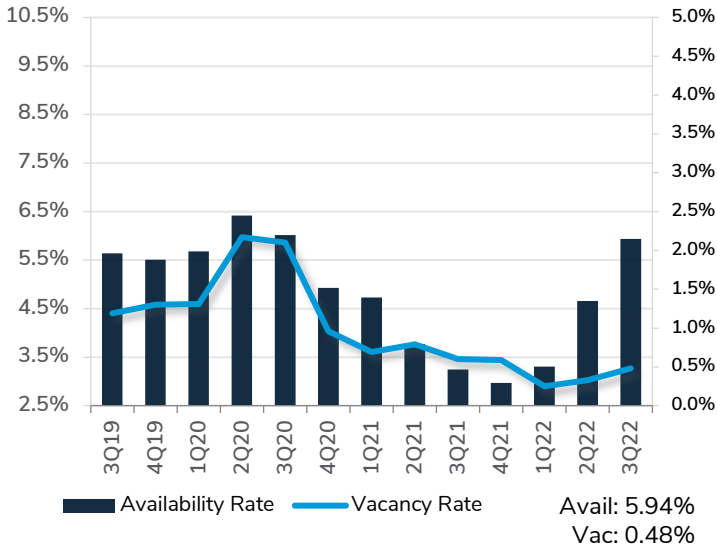
BASE INVENTORY	658,238,303 SF
AVAILABILITY RATE	5.39%
VACANCY RATE	0.67%
YTD NET ABSORPTION	10,239,651 SF
YTD GROSS ACTIVITY	51,100,057 SF
YTD COMPLETED CONSTRUCTIONS	11,941,862 SF
UNDER CONSTRUCTION	37,956,043 SF
AVG NNN LEASE RATE (100K+)	\$1.523/SF (West) \$1.016/SF (East)

COMPARISON TO 2Q22

- **DEVELOPMENT PIPELINE** up 2.70%
- **GROSS ACTIVITY** up 21.88%
- **AVAILABILITY** up 15.42%
- **COMPLETED CONSTRUCTIONS** up 55.42%
- **NET ABSORPTION** up 15.14%



IE WEST AVAILABILITY & VACANCY

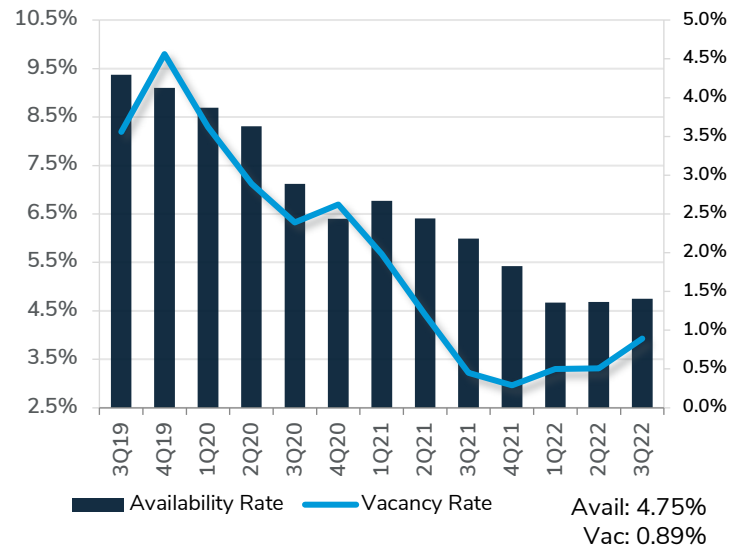


AVAILABILITY: All space being marketed (existing & U/C)

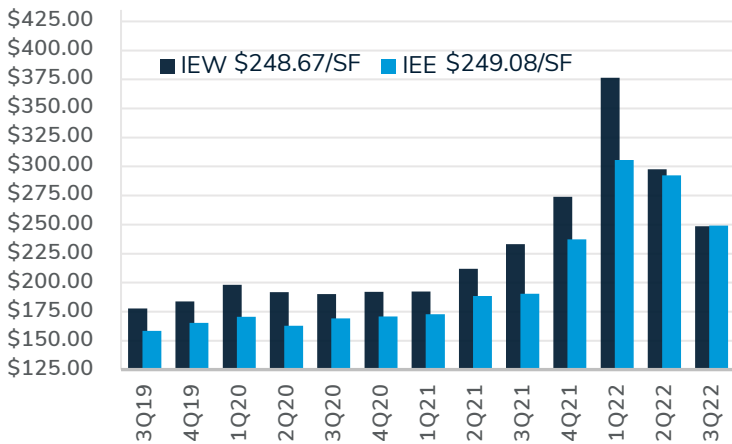
VACANCY: Unoccupied space (not including U/C or planned)

*INCLUDES ALL CLASSES OF BUILDINGS

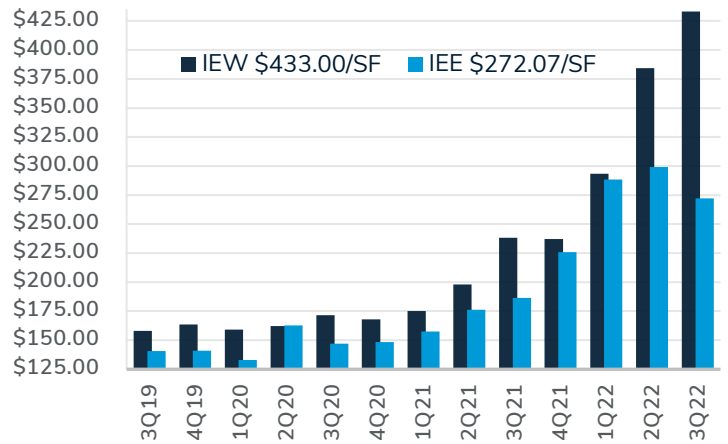
IE EAST AVAILABILITY & VACANCY



USER SALES PRICE PER SF

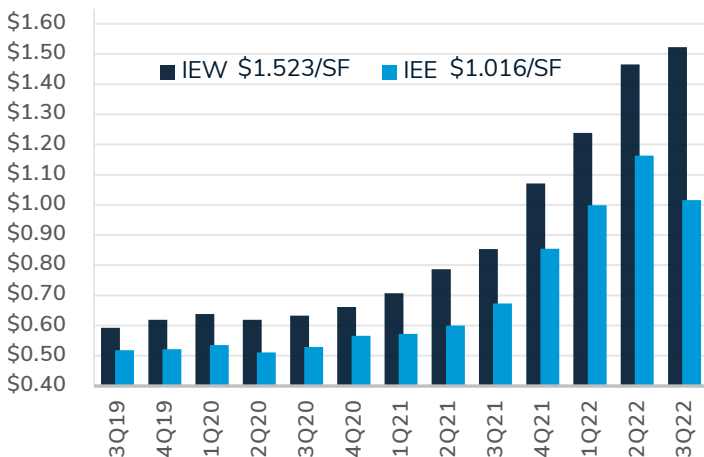


INVESTMENT SALES PRICE PER SF



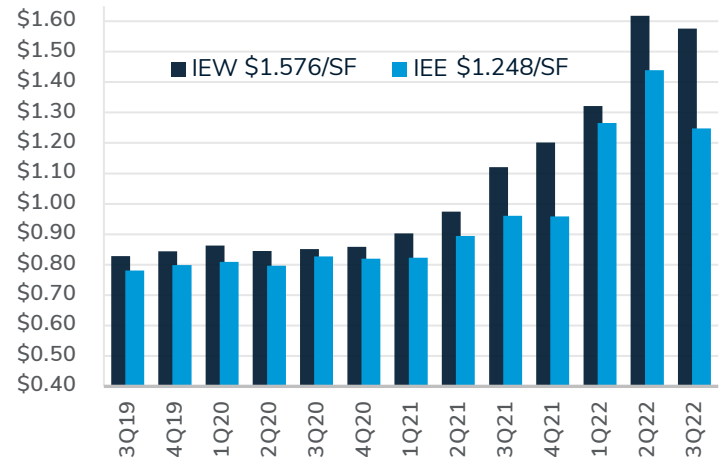
ACTUAL NNN LEASE RATE PRICE PER SF

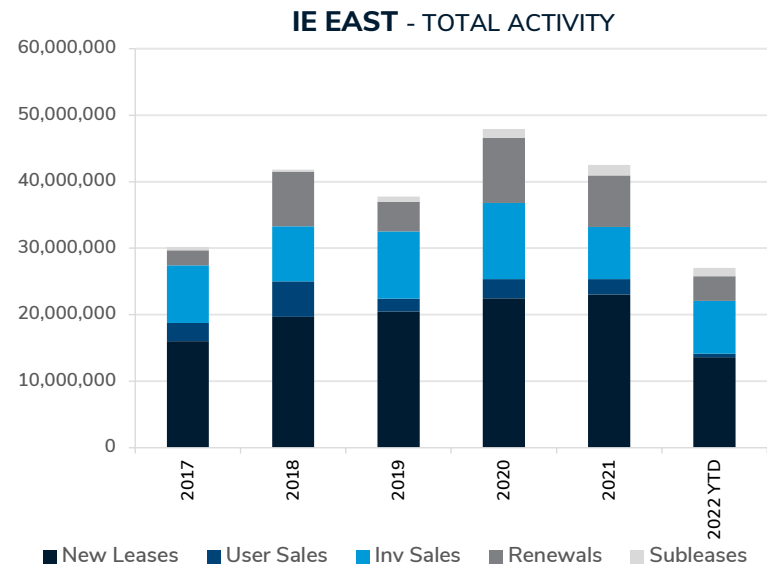
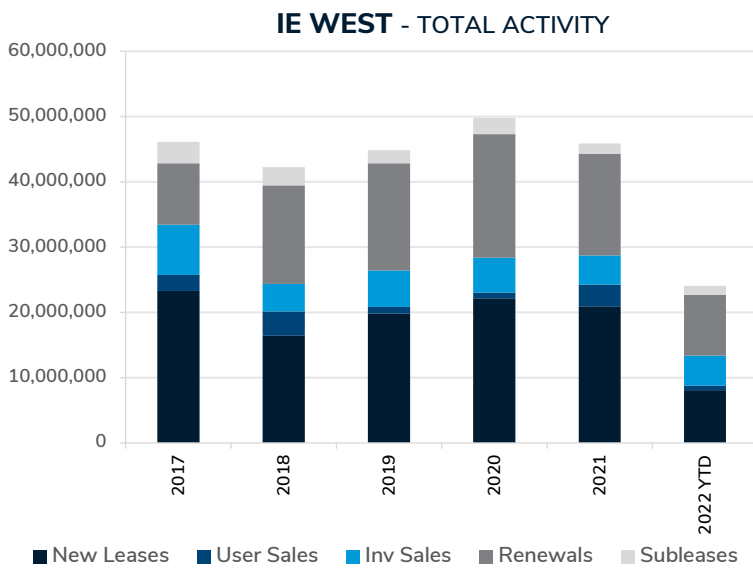
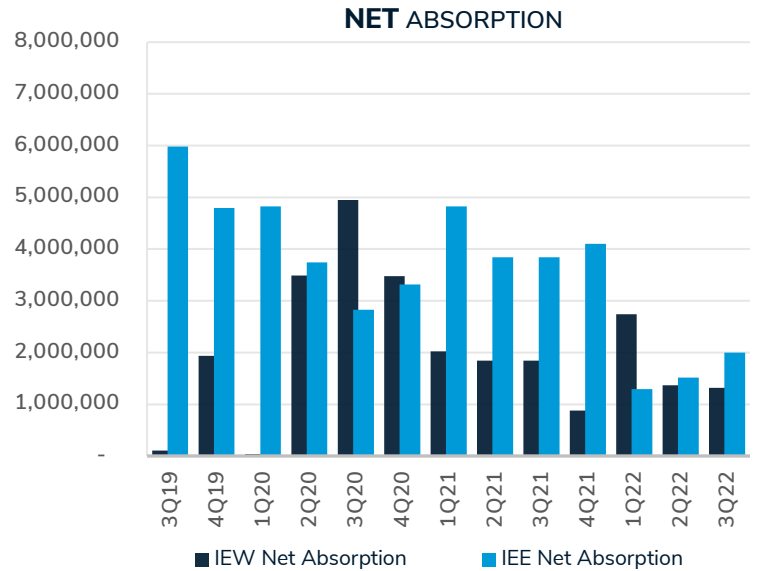
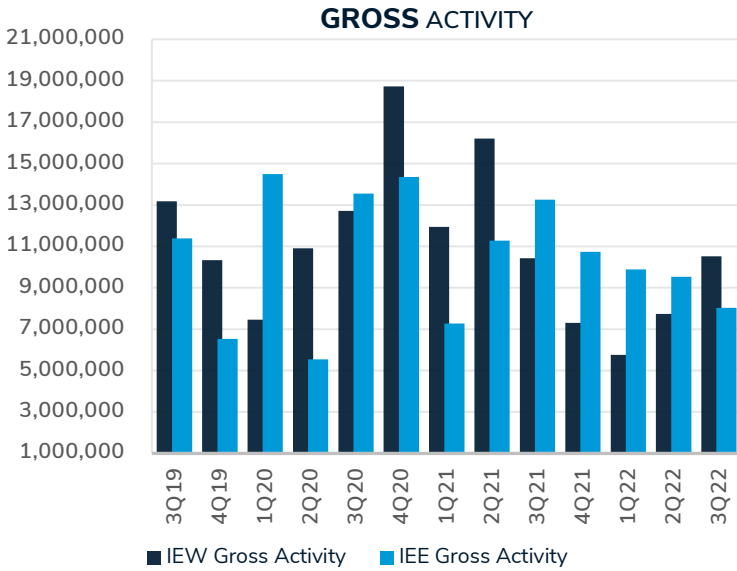
100K+ SF



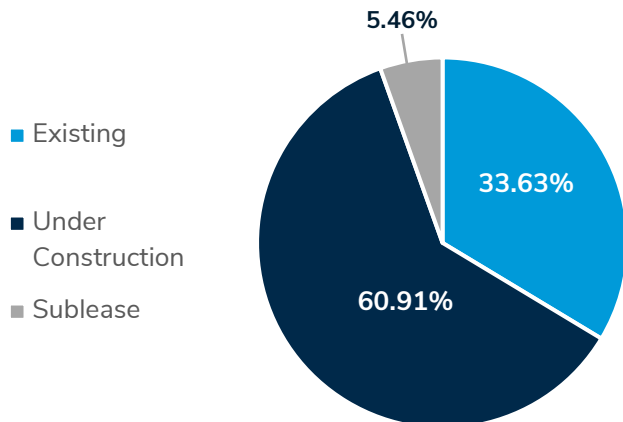
ACTUAL GROSS LEASE RATE PRICE PER SF

UNDER 100K SF





3Q22 Lease Availability BREAKDOWN



TOTAL ACTIVITY

Transaction Type	IEW	IEE	TOTAL
New Leases	2,261,472	4,449,892	6,711,364
Renewals	5,458,853	1,055,177	6,514,030
Subleases	474,817	389,774	864,591
User Sales	138,573	56,098	194,671
Investment Sales	2,245,350	1,657,807	3,903,157
3Q22 Total	10,579,065	7,608,748	18,187,813
2Q22 Total	7,741,432	9,527,004	17,268,436
1Q22 Total	5,760,672	9,883,136	15,643,808

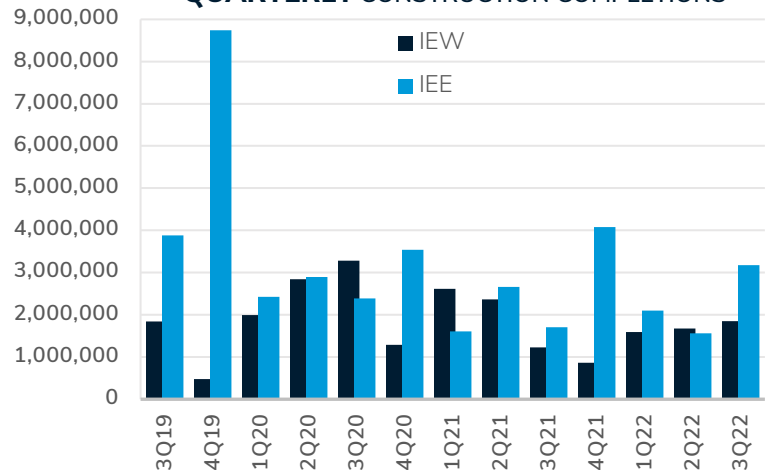
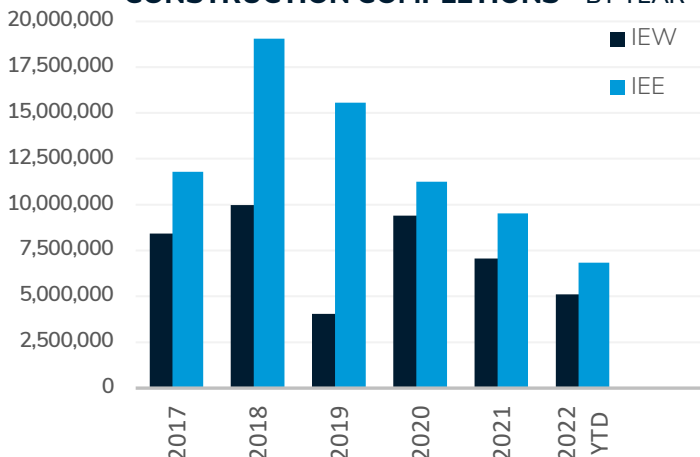
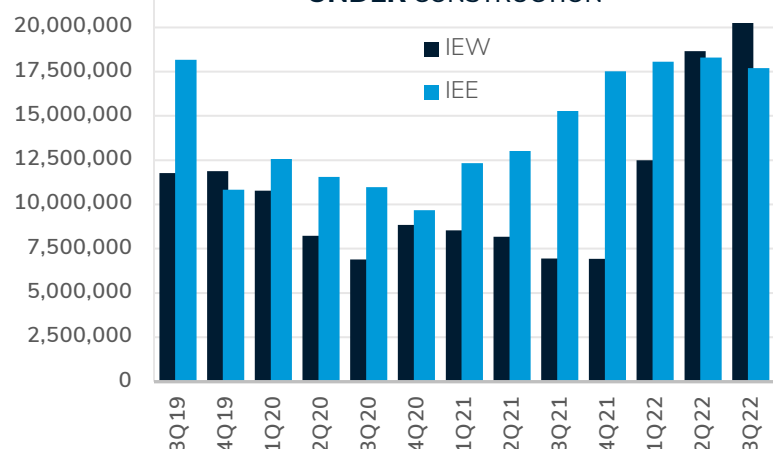
LEASED PROPERTY	LESSEE	LESSOR	SIZE	DEAL TYPE
5400 El Rivino, Jurupa Valley	Target	CT Realty / PGIM	1,186,950	New
19115 Harvill Ave, Perris	Home Depot USA, Inc.	Clarion Partners	1,138,800	New
2615 E 3rd St, San Bernardino	Shopify	San Manuel Band of Mission Indians	1,080,144	New
2151 Vintage Ave, Ontario	Toyo Tires	Prologis	766,235	Renewal
2950 Jurupa St, Ontario	ULine	Majestic Realty Company	750,000	Renewal
2900 Jurupa St, Ontario	Ventura Foods	Majestic Realty Company	675,000	Renewal
3551 E. Francis St, Ontario	Electrolux	Majestic Realty Company	645,000	Renewal
2285 Ponderosa Ave, Ontario	Disney	BentallGreenOak	610,945	Renewal
13277 San Bernardino Ave, Fontana	Ecolab Inc.	Prologis	577,905	Renewal
26597 San Bernardino Ave, Redlands	XPO Logistics Supply Chain, Inc.	Watson Land Company	557,213	Renewal
8400 Milliken Ave, Rancho Cucamonga	ULine	ProLogis	468,410	Renewal
5555 Jurupa St, Ontario	Ceva Logistics, Inc.	JP Morgan	460,000	Renewal
23120 Oleander Avenue, Perris	Weber Distribution	Trammell Crow Company	418,000	New

SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
LogistiCenter at Eastvale (The Merge West) (Portfolio)	Rexford Industrial Realty	Dermodity Properties	1,057,419	Investment
3900 Indian Ave, Perris	Global Logistics Properties	Clarion Partners	579,708	Investment
17783 Indian St, Moreno Valley	DWS Group	Oxford Properties Group	436,350	Investment
18025 Slover Ave, Bloomington	Terra Enterprises, Inc.	Crow Holdings Industrial	344,360	Investment
6300 Providence Way, Eastvale	Kohlberg Kravis Roberst & Co.	The Christopher J Lupo Trust	280,000	Investment
100 Walnut Ave, Perris	2253 Apparel, Inc.	Dedeaux Properties, LLC	205,589	Investment
4950 & 4900 Edison Ave, Chino	Elion, LLC	4900 Edison LLC & OID Holdings, LLC	155,972	Investment
4325 Etiwanda Ave, Jurupa Valley	Rexford Industrial Realty	Rexco Development	124,258	Investment

2022 3rd QUARTER 100K+ CONSTRUCTION COMPLETIONS

All construction completions have been pre-leased.

PROPERTY	SIZE	DEVELOPER
6120 Clinker Dr, Jurupa Valley	1,025,132	CT / PGIM
36900 W 4th St, Beaumont	1,000,170	McDonald / USAA
20201 Caroline Way, Riverside	782,209	Lewis / Waypoint
300 Palmyrita Ave, Riverside*	374,000	Trammel Crow
8432 Almeria Ave, Fontana	236,129	Transwestern
10843 New Jersey St, Redlands	179,400	Cabot Industrial
16796 Boyle Ave, Fontana*	172,219	Transwestern
1925 S Grove Ave, Ontario	120,651	EBS Realty / Penwood
*not Leased	3,889,910	

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	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	56,756,955	2,266,736	3.99%	85,244	0.15%	(757)	31,322	686,174
Eastvale	13,619,252	322,407	2.37%	307,470	2.26%	0	0	0
Fontana	73,902,216	4,847,995	6.56%	320,011	0.43%	495,337	560,585	3,768,483
Jurupa Valley	34,148,356	3,649,650	10.69%	82,022	0.24%	949,973	1,025,132	4,316,494
Ontario	129,723,627	5,691,903	4.39%	610,431	0.47%	52,074	232,258	8,631,072
Rancho Cucamonga	44,085,208	4,129,503	9.37%	287,578	0.65%	(176,813)	0	2,852,034
TOTAL	352,235,614	20,908,194	5.94%	1,692,756	0.48%	1,319,814	1,849,297	20,254,257

Inland Empire EAST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	8,548,249	1,060,160	12.40%	6,500	0.08%	1,000,170	1,000,170	2,777,708
Bloomington	3,382,205	65,409	1.93%	17,600	0.52%	(6,148)	0	47,809
Colton	10,044,357	105,065	1.05%	32,933	0.33%	(6,554)	0	0
Corona / Norco	37,685,353	2,844,145	7.55%	362,103	0.96%	(24,324)	0	1,920,610
Grand Terrace	460,436	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,138,952	69,552	6.11%	0	0.00%	0	0	0
Moreno Valley	32,901,348	895,207	2.72%	210,752	0.64%	(8,360)	95,922	302,800
Perris	37,956,330	3,292,587	8.67%	582,704	1.54%	564,662	692,404	6,977,146
Redlands / Loma Linda	32,400,119	1,692,503	5.22%	185,823	0.57%	101,559	179,400	967,823
Rialto	37,093,749	1,834,488	4.95%	328,928	0.89%	(258,808)	0	601,192
Riverside	60,221,023	1,911,330	3.17%	771,340	1.28%	807,672	1,205,015	2,363,234
San Bernardino	44,170,568	767,595	1.74%	222,917	0.50%	(168,328)	0	1,743,464
TOTAL	306,002,689	14,538,041	4.75%	2,721,600	0.89%	2,001,541	3,172,911	17,701,786

Inland Empire WEST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	39,796,579	1,529,332	3.84%	0	0.00%	0	0	414,941
Eastvale	11,682,612	197,892	1.69%	197,892	1.69%	0	0	0
Fontana	60,824,853	4,088,823	6.72%	172,219	0.28%	425,409	408,348	3,511,384
Jurupa Valley	29,245,341	3,093,869	10.58%	0	0.00%	1,025,132	1,025,132	4,126,489
Ontario	96,185,112	3,599,878	3.74%	140,328	0.15%	95,639	120,651	7,917,278
Rancho Cucamonga	27,828,185	3,353,058	12.05%	145,737	0.52%	357,006	502,743	2,828,654
TOTAL	265,562,682	15,862,852	5.97%	656,176	0.25%	1,903,186	2,056,874	18,798,746

Inland Empire EAST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning / Beaumont	7,531,580	1,000,000	13.28%	0	0.00%	1,000,170	1,000,170	2,777,708
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	1,373,399	9.05%	0	0.00%	0	0	1,373,399
Grand Terrace	210,560	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	836,047	0	0.00%	0	0.00%	0	0	0
Moreno Valley	31,267,845	576,869	1.84%	210,752	0.67%	(104,282)	0	0
Perris	34,828,588	2,986,265	8.57%	533,504	1.53%	564,662	692,404	6,743,840
Redlands / Loma Linda	28,120,767	1,481,678	5.27%	101,964	0.36%	77,436	179,400	878,856
Rialto	32,313,565	1,297,432	4.02%	258,808	0.80%	(258,808)	0	134,256
Riverside	38,664,659	1,318,259	3.41%	583,573	1.51%	782,209	1,156,209	2,239,224
San Bernardino	34,562,246	472,811	1.37%	139,251	0.40%	(139,251)	0	1,721,269
TOTAL	232,528,335	10,506,713	4.52%	1,827,852	0.79%	1,922,136	3,028,183	15,868,552

Inland Empire - 500,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	3Q NET ABSORPTION	3Q CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Inland Empire West	108,528,021	8,324,545	7.67%	0	0.00%	1,025,132	1,025,132	14,132,750
Inland Empire East	135,311,313	3,095,443	2.29%	0	0.00%	1,768,170	1,768,170	8,964,907
TOTAL	243,839,334	11,419,988	4.68%	0	0.00%	2,793,302	2,793,302	23,097,657



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