

Inland Empire



Market Facts

5.4%

Inland Empire
Unemployment Rate

4,924,827 SF

Positive Net Absorption
Current Quarter

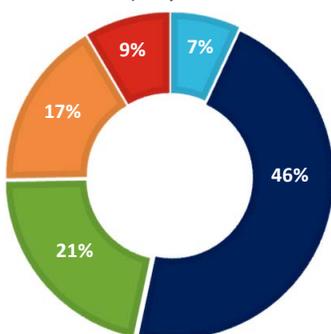
5.1%

Total Vacancy Rate
Up From 5.0% In Q2 2017

\$0.59 PSF

Asking Rental Rate
Weighted Average

Q3 2017 Transaction Volume by
Property Sector



- Office
- Industrial
- Retail
- Multi-Family
- Land

Market Overview

The Inland Empire industrial market is performing at optimal levels with a healthy economy as of the third quarter of 2017. Vacancy remains tight, expanding only slightly from the previous quarter. Reliable leasing demand has allowed rental rates to move higher quarter-over-quarter and year-over-year at a modest pace. The counties of Riverside and San Bernardino, which make up the Inland Empire market, are experiencing strong economic fundamentals, and rapid growth in population and quality inventory. These factors are driving heightened developer interest and elevated investor appetite.

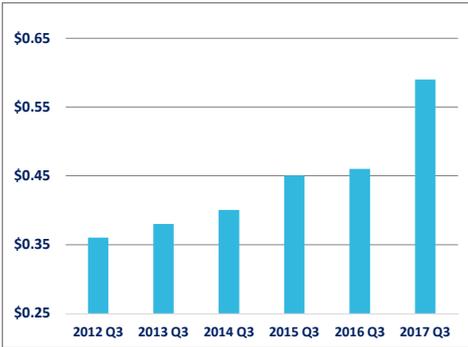
The Inland Empire is a powerhouse of industrial inventory that supports the demands of the entire Southern California region. Construction activity resumed rapidly post-recession and has met pre-recession levels with fervor. The market had 95 industrial projects under construction at the third quarter of the year, amounting to 23,533,768 sf of new inventory that is expected to be delivered in 2017 and 2018.

The Inland Empire industrial market recorded a total net absorption of positive 4.9M sf for the quarter, and positive 17M sf for the most recent 12 month period. Rental rates for the entire market on average have reached \$0.59 psf FSG as of the third quarter of 2017, an increase over the previous quarter, and a significant increase seen from \$0.46 psf FSG at the same time in the previous year.

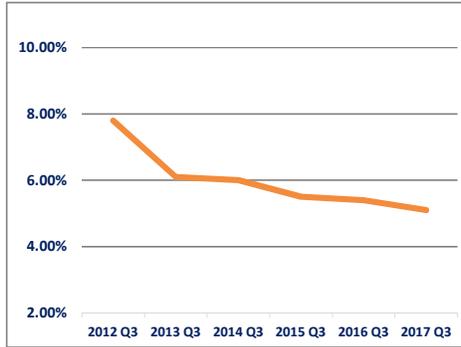
As of the third quarter of 2017, vacancy in the Inland Empire's industrial market expanded slightly to 5.1%, up from 5.0% in the previous quarter, yet down from the same time in the previous year at 5.4%. On a year-over-year basis, vacancy has been hovering around flat levels, with a slight trend toward contraction. Competitive vacancy levels have been sustainable in the market in spite of the consistent addition of new inventory.

The Inland Empire's unemployment rate, as of September 2017, was 5.4%, down from 6.0% one year earlier. Within the market, unemployment was 5.6% in Riverside County and 5.0% in San Bernardino County.

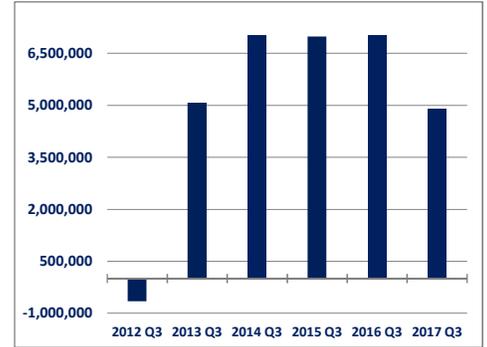
Asking Rent



Vacancy Rates



Net Absorption



Top Leases

Tenant	Type	Address	Submarket	SF
NFI Industries	New	657 Nance Street	Perris	864,000
UPS	New	16270 Jurupa Avenue	Fontana	355,457
Cardinal Health	Renewal	39800 E Earlstone Drive	Ontario	219,518
KW International	New	2415 N Locust Avenue	Rialto	207,974
United Exchange Corporation	New	1552 N Alder Avenue	Rialto	200,845

Top Sales

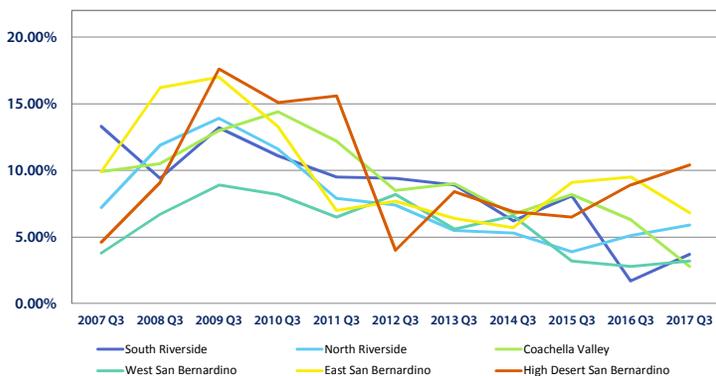
Address	Buyer	Seller	Price	SF	P/SF
6207 Cajon Boulevard, San Bernardino	Westcore Properties	GLP US Management, LLC	\$60,229,500	830,750	\$73
5491 E Francis Street, Ontario	TA Realty	Cohen Asset Management, Inc.	\$42,875,000	406,714	\$105
22705 Newhope Street, Moreno Valley	Westcore Properties	J.W. Mitchell Company	\$30,710,000	366,698	\$84
6975 Sycamore Canyon Boulevard, Riverside	MAT Holdings, Inc.	Investment Building Group	\$28,200,000	303,100	\$93
3002-3072 Inland Empire Boulevard, Ontario	Rexford Industrial	The Abbey Company	\$26,900,000	218,407	\$123

Under Construction

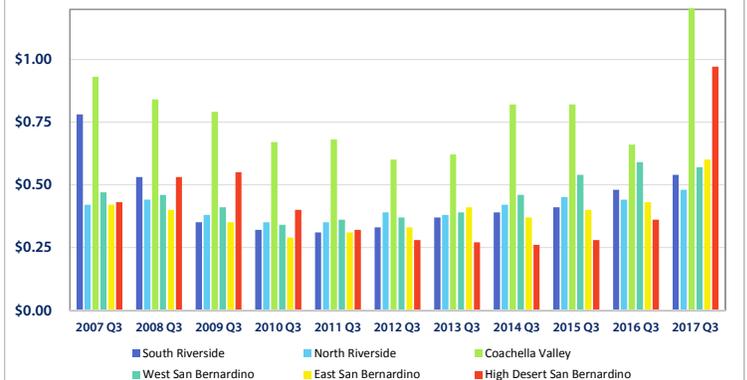
Address	Submarket	Developer	SF	Completion
Optimus Logistics Center, Perris	South Riverside	Rockefeller Group	1,450,000	Q3 2018
17350 Perris Boulevard, Moreno Valley	North Riverside	Alere Property Group, LLC	1,109,378	Q1 2018
Miro Way, Rialto	East San Bernardino	Monster Beverage Corporation	1,094,000	Q1 2018
Majestic Chino Gateway, Chino	West San Bernardino	Majestic Realty Co.	1,022,680	Q4 2017
Goodman Commerce Center, Eastvale	North Riverside	Goodman North America	1,007,705	Q1 2018

	Vacancy				Net Absorption		Avg. Advertised Rates (FSG)			Construction Pipeline	
	Q3 2017 Inventory (SF)	Q3 2017 Vacancy (SF)	Q3 2017 Vacancy (%)	Q2 2017 Vacancy (%)	Current Quarter Absorption	Year-To-Date Absorption	Q3 2017 Rental Rates NNN	Q2 2017 Rental Rates NNN	Qtr/Qtr Change (%)	Current Quarter Deliveries	Under Construction Quarter-End
South Riverside											
Temecula / Murrieta / Lake Elsinore	12,414,393	415,444	3.30%	3.60%	33,803	88,331	\$0.69	\$0.68	1.47%	0	215,980
Perris / Menifee	20,556,171	850,022	4.10%	6.60%	512,785	2,002,005	\$0.42	\$0.42	0.00%	0	3,359,265
Hemet	1,462,614	17,500	1.20%	0.00%	-17,500	-13,200	\$0.00	\$0.42	-100.00%	0	0
South Riverside TOTAL	34,433,178	1,282,966	3.70%	5.30%	529,088	2,077,136	\$0.54	\$0.53	1.89%	0	3,575,245
North Riverside											
Corona	26,149,056	1,731,400	6.60%	5.10%	-210,354	170,443	\$0.58	\$0.58	0.00%	194,600	59,870
Riverside City	60,415,316	2,257,570	3.70%	1.30%	-1,048,434	-467,613	\$0.59	\$0.59	0.00%	242,782	4,293,241
Moreno Valley	36,560,482	3,448,273	9.40%	7.20%	-192,511	66,501	\$0.42	\$0.42	0.00%	0	4,647,986
Beaumont / Banning	4,710,081	43,903	0.90%	1.70%	37,549	1,452,357	\$0.35	\$0.30	16.67%	0	0
North Riverside TOTAL	127,834,935	7,481,146	5.90%	3.80%	-1,413,750	1,221,688	\$0.48	\$0.41	17.07%	437,382	9,001,097
Coachella Valley											
Indio / Coachella	3,793,657	81,015	2.10%	2.60%	17,400	86,796	\$0.83	\$0.82	1.22%	0	0
Palm Desert / Palm Springs	3,457,124	120,403	3.50%	4.20%	49,148	75,237	\$2.57	\$1.57	63.69%	26,250	138,000
Coachella Valley TOTAL	7,250,781	201,418	2.80%	3.30%	66,548	162,033	\$1.78	\$1.20	48.33%	26,250	138,000
West San Bernardino											
Chino	42,832,102	1,060,650	2.50%	1.80%	1,269,989	1,233,936	\$0.60	\$0.63	-4.76%	1,596,540	1,276,474
Airport Area	140,165,806	4,882,391	3.50%	3.50%	444,932	1,802,279	\$0.57	\$0.58	-1.72%	446,118	1,059,958
West San Bernardino TOTAL	182,997,908	5,943,041	3.20%	3.10%	1,714,921	3,036,215	\$0.57	\$0.58	-1.72%	2,042,658	2,336,432
East San Bernardino											
San Bernardino City / Redlands	59,628,451	5,476,978	9.20%	11.70%	2,035,174	1,760,853	\$0.53	\$0.65	-18.46%	460,164	3,226,124
Fontana / Rialto	89,661,294	4,631,975	5.20%	5.90%	2,221,623	3,454,673	\$0.66	\$0.63	4.76%	1,769,915	5,136,870
East San Bernardino TOTAL	149,289,745	10,108,953	6.80%	8.20%	4,256,797	5,215,526	\$0.60	\$0.63	-4.76%	2,230,079	8,362,994
High Desert San Bernardino											
Victorville/Hesperia/Adelanto	13,051,404	1,141,028	8.70%	7.10%	-196,069	204,848	\$2.13	\$0.76	180.26%	0	120,000
Barstow	724,634	288,795	39.90%	20.80%	-32,708	-157,550	\$0.45	\$0.45	0.00%	0	0
North San Bernardino TOTAL	13,776,038	1,429,823	10.40%	7.80%	-228,777	47,298	\$0.97	\$0.76	27.63%	0	120,000
INLAND EMPIRE											
20,000 SF to 49,999 SF	72,844,569	2,538,833	3.50%	3.30%	219,009	844,444	\$0.85	\$0.82	3.66%	10 Bldgs	27 Bldgs
50,000 SF to 149,999 SF	103,412,042	5,125,250	5.00%	4.70%	643,201	1,477,863	\$0.60	\$0.57	5.26%	8 Bldgs	26 Bldgs
150,000 SF and larger	339,325,974	18,783,264	5.50%	5.50%	4,062,617	9,437,589	\$0.41	\$0.34	20.59%	8 Bldgs	42 Bldgs
TOTAL INDUSTRIAL	515,582,585	26,447,347	5.10%	5.00%	4,924,827	11,759,896	\$0.59	\$0.51	15.69%	4,736,369 (SF)	23,533,768 (SF)

Vacancy by Region



Rental Rate by Region



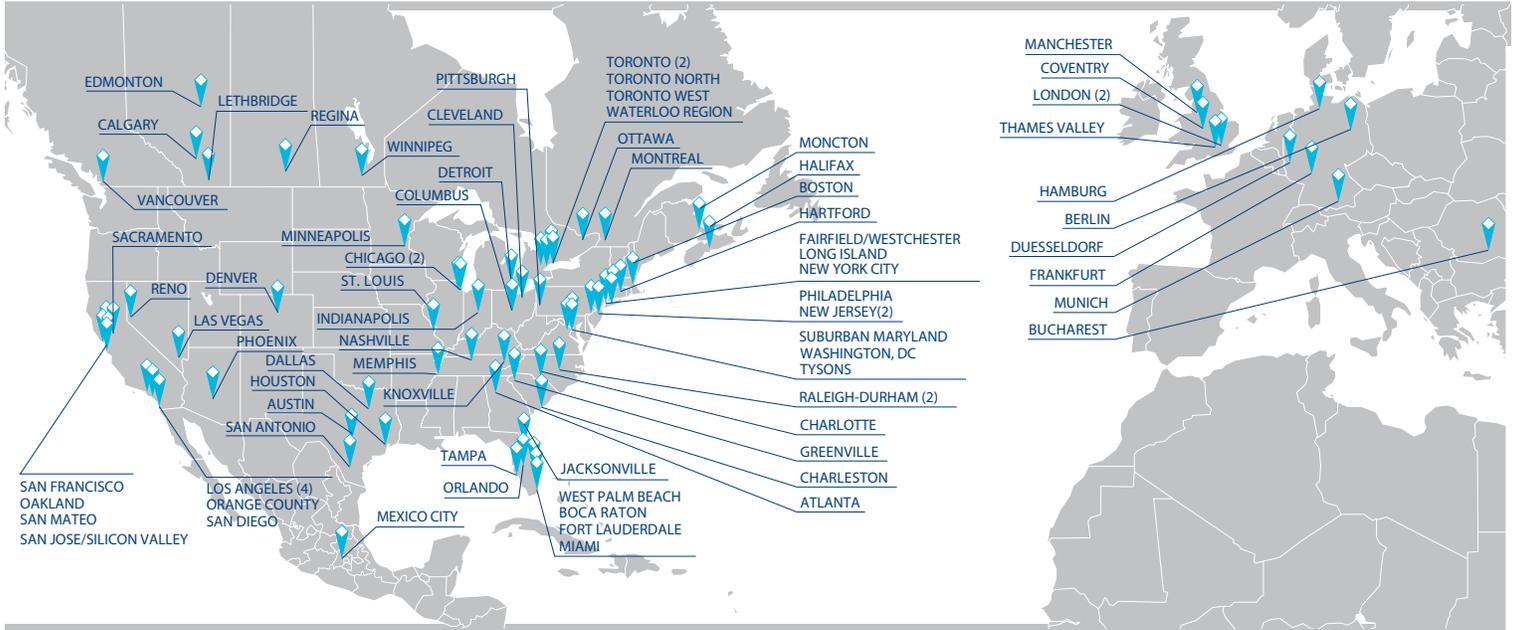
SUBMARKET	SUBMARKET DIVISIONS	CITIES WITHIN SUBMARKET
South Riverside	Temecula / Murrieta / Lake Elsinore	Temecula, Murrieta, Lake Elsinore, Wildomar
	Perris / Menifee	Perris, Menifee, Nuevo, Romoland, Sun City
	Hemet	Hemet, San Jacinto
	Corona	Corona, Norco
	Riverside City	Eastvale, Jurupa Valley, Mira Loma, Riverside City-North
North Riverside	Moreno Valley	Moreno Valley, Riverside City-South
	Beaumont / Banning	Beaumont, Banning, Cabazon, Callinesa
	Coachella / Indio	Coachella, Indio, Mecca, Thermal
Coachella Valley	Palm Desert / Palm Springs	Palm Desert, Palm Springs, North Palm Springs, Desert Hot Springs, Bermuda Dunes, Cathedral City, Thousand Palms, Rancho Mirage, Indian Wells, La Quinta
West San Bernardino	Chino	Chino, Chino Hills
	Airport Area	Ontario, Rancho Cucamonga, Upland, Etiwanda, Montclair
East San Bernardino	San Bernardino City / Redlands	San Bernardino City, Redlands, Highland, Mentone, Yucaipa
	Fontana / Rialto	Fontana, Rialto, Colton, Grand Terrace, Loma Linda, Bloomington
High Desert San Bernardino	Victorville / Hesperia / Adelanto	Victorville, Hesperia, Adelanto, Apple Valley, Oak Hills, Silver Lakes
	Barstow	Barstow

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