

# Inland Empire



## Quick Stats

**5.1%**

Inland Empire  
Unemployment Rate

**-29,274 SF**

Negative Net Absorption  
Current Quarter

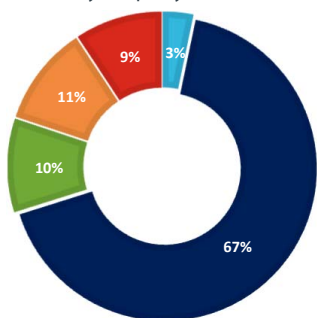
**8.8%**

Total Vacancy Rate  
Up From 8.7% In Q4 2019

**\$1.99 PSF**

Asking Rental Rate  
Weighted Average

Q1 2020 Transaction Volume  
by Property Sector



Office  
Industrial  
Retail  
Multi-Family Land

The forces that have driven the Inland Empire's economic success over the past decade now place the market in a strengthened position to weather the current turbulence brought on by the Covid-19 pandemic. While the market is dominated by its industrial platform, multifamily property growth follows closely behind, which in-turn has elevated demand for office -and medical office space in particular. Population growth, driven in part by out-migration from nearby coastal counties due to skyrocketing housing prices, has been met by employment opportunities which have flourished in recent years. While the economic and employment impact of the coronavirus pandemic have yet to be fully realized in statistics, local governments and businesses are coming together with aim to mitigate the impact on the labor market.

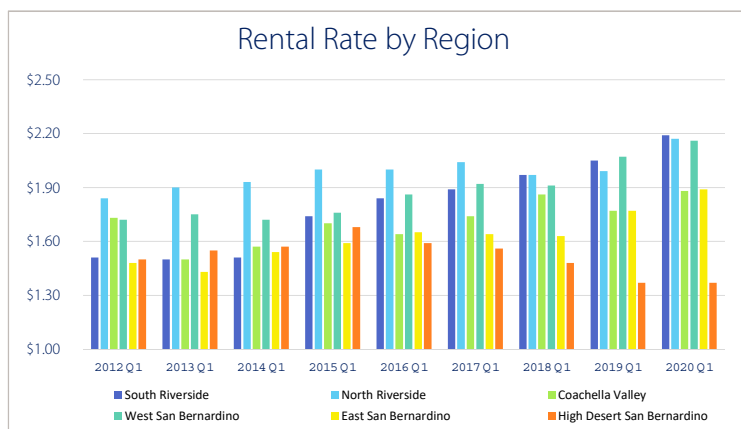
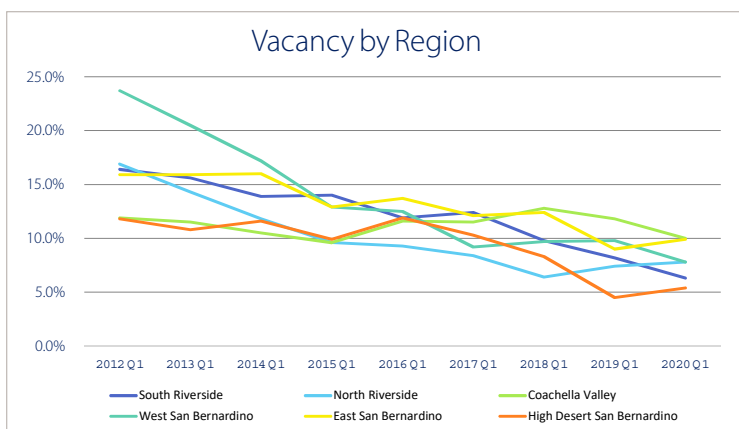
The Inland Empire's unemployment rate, as of the end of the first quarter, climbed to 5.1%, up from 3.4% in the previous quarter, and 4.2% one year prior. Within the market, unemployment was 5.3% in Riverside County and 4.9% in San Bernardino County. Transportation, trade and utilities have led the way in employment gains year-over-year, while leisure, hospitality and food services registered the most losses. Healthcare, education and government services which had already been expanding as a result of rapid population growth in the market, continued to take on employment gains, most notably during the last month of the first quarter.

There are currently seven buildings under construction throughout the market, with a total of 668K sf of new inventory in the pipeline. While the majority of newly delivered office inventory in the past six years consisted of medical office space, the current roster of projects under construction includes traditional office, most notably 146,785 sf at Lakeshore Plaza in Corona. No new deliveries took place during the first quarter, however the 200k sf RUHS Medical Center Campus is near completion in Moreno Valley, and the Sundance Corporate Center in Beaumont is on track to complete in the second quarter with 150k sf of medical office space.

As of the first quarter, vacancy in the Inland Empire's office market recorded 8.8%, relatively flat from the previous quarter, and down from 9.1% one year ago. Vacancy has decreased consistently year-over-year for the past decade, due in part to modest construction over the same time period. Total net absorption registered negative 29,274 sf for the quarter, and positive 231,474 sf for the most recent 12-month time period.

Constricted inventory has helped keep rental rates at their highest level in ten years. In the first quarter, rents averaged \$2.06 psf FSG, up from \$1.93 psf FSG in the previous year. The highest submarket rents are currently found in South Riverside, while North Riverside rents are a close second.

	Vacancy				Net Absorption		Avg. Advertised Rates (FSG)			Construction Pipeline	
	Q1 2020 Inventory (SF)	Q1 2020 Vacancy (SF)	Q1 2020 Vacancy (%)	Q4 2019 Vacancy (%)	Current Quarter Absorption	12 Month Total Absorption	Q1 2020 Rental Rates	Q4 2019 Rental Rates	Qtr/Qtr Change (%)	Current Qtr Deliveries (SF)	Under Construction Quarter-End
Temecula / Murrieta / Lake Elsinore	3,836,556	262,669	6.8%	6.7%	-6,233	42,086	\$2.26	\$2.23	1.35%	0	0
Perris / Menifee	292,998	6,867	2.3%	2.3%	-	20,081	\$1.96	\$1.96	0.00%	0	0
Hemet	314,078	27,483	8.8%	6.8%	-6,039	39,860	\$1.51	\$1.83	-17.49%	0	0
<b>South Riverside TOTAL</b>	<b>4,443,632</b>	<b>297,019</b>	<b>6.7%</b>	<b>6.4%</b>	<b>-12,272</b>	<b>102,027</b>	<b>\$2.19</b>	<b>\$2.15</b>	<b>1.86%</b>	<b>0</b>	<b>0</b>
Corona	2,582,849	239,230	9.3%	8.1%	-29,866	-74,766	\$2.43	\$2.37	2.53%	0	172,785
Riverside City	6,528,852	604,712	9.3%	9.3%	3,925	49,966	\$2.03	\$2.02	0.50%	0	57,317
Moreno Valley	1,506,869	28,975	1.9%	2.3%	6,354	18,484	\$2.14	\$2.14	0.00%	0	256,219
Beaumont / Banning	137,332	0	0.0%	0.0%	-	0	\$0.00	\$0.00	0.00%	0	150,000
<b>North Riverside TOTAL</b>	<b>10,755,902</b>	<b>872,917</b>	<b>8.1%</b>	<b>7.9%</b>	<b>-19,587</b>	<b>-6,316</b>	<b>\$2.17</b>	<b>\$2.15</b>	<b>0.93%</b>	<b>0</b>	<b>636,321</b>
Indio / Coachella	283,094	9,309	3.3%	7.6%	12,338	10,502	\$1.92	\$1.92	0.00%	0	0
Palm Desert / Palm Springs	2,509,546	276,358	11.0%	11.1%	3,064	36,155	\$1.87	\$1.88	-0.53%	0	0
<b>Coachella Valley TOTAL</b>	<b>2,792,640</b>	<b>285,667</b>	<b>10.2%</b>	<b>10.8%</b>	<b>15,402</b>	<b>46,657</b>	<b>\$1.88</b>	<b>\$1.88</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>
Chino	620,416	30,835	5.0%	7.1%	12,956	-7,123	\$2.54	\$2.54	0.00%	0	31,726
Airport Area	7,821,164	671,978	8.6%	8.5%	-8,508	245,814	\$2.14	\$2.15	-0.47%	0	0
<b>West San Bernardino TOTAL</b>	<b>8,441,580</b>	<b>702,813</b>	<b>8.3%</b>	<b>8.4%</b>	<b>4,448</b>	<b>238,691</b>	<b>\$2.16</b>	<b>\$2.17</b>	<b>-0.46%</b>	<b>0</b>	<b>31,726</b>
San Bernardino City / Redlands	7,586,450	779,693	10.3%	10.0%	-19,451	-55,245	\$1.87	\$1.86	0.54%	0	0
Fontana / Rialto	767,902	152,719	19.9%	18.6%	-10,193	-87,642	\$2.13	\$2.14	-0.47%	0	0
<b>East San Bernardino TOTAL</b>	<b>8,354,352</b>	<b>932,412</b>	<b>11.2%</b>	<b>10.8%</b>	<b>-29,644</b>	<b>-142,887</b>	<b>\$1.89</b>	<b>\$1.88</b>	<b>0.53%</b>	<b>0</b>	<b>0</b>
Victorville/Hesperia/Adelanto	954,891	54,215	5.7%	7.0%	12,379	-14,114	\$1.48	\$1.48	0.00%	0	0
Barstow	55,217	-	0.0%	0.0%	-	9,604	\$0.89	\$0.89	0.00%	0	0
<b>High Desert San Bernardino</b>	<b>1,010,108</b>	<b>54,215</b>	<b>5.4%</b>	<b>6.6%</b>	<b>12,379</b>	<b>-4,510</b>	<b>\$1.37</b>	<b>\$1.36</b>	<b>0.74%</b>	<b>0</b>	<b>0</b>
<b>INLAND EMPIRE TOTAL OFFICE</b>	<b>35,798,214</b>	<b>3,145,043</b>	<b>8.8%</b>	<b>8.7%</b>	<b>-29,274</b>	<b>233,662</b>	<b>\$2.06</b>	<b>\$2.05</b>	<b>0.49%</b>	<b>0</b>	<b>668,047</b>



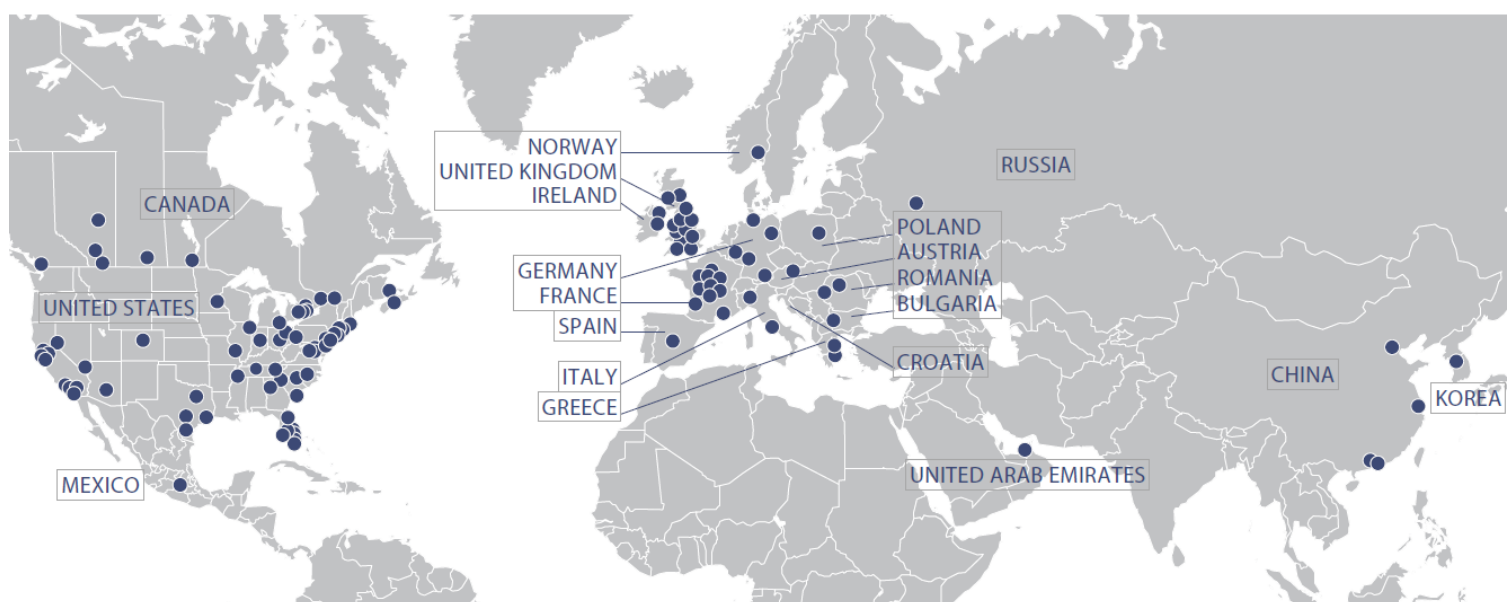
SUBMARKET	SUBMARKET DIVISIONS	CITIES WITHIN SUBMARKET
South Riverside	Temecula / Murrieta / Lake Elsinore	Temecula, Murrieta, Lake Elsinore, Wildomar
	Perris / Menifee	Perris, Menifee, Nuevo, Romoland, Sun City
	Hemet	Hemet, San Jacinto
	Corona	Corona, Norco
North Riverside	Riverside City	Eastvale, Jurupa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

# A Growing, Multinational Presence

## Avison Young at a Glance

Founded:	1978
Total Real Estate Professionals:	5,000
Offices:	120
Countries:	20
Brokerage Professionals:	1,600
Property Under Management:	290 million sf

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its Principals. Founded in 1978, with legacies dating back more than 200 years, the company comprises approximately 5,000 real estate professionals in 120 offices in 20 countries. The firm's experts provide value-added, client-centric investment sales, leasing, advisory, management and financing services to clients across the office, retail, industrial, multi-family and hospitality sectors.



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