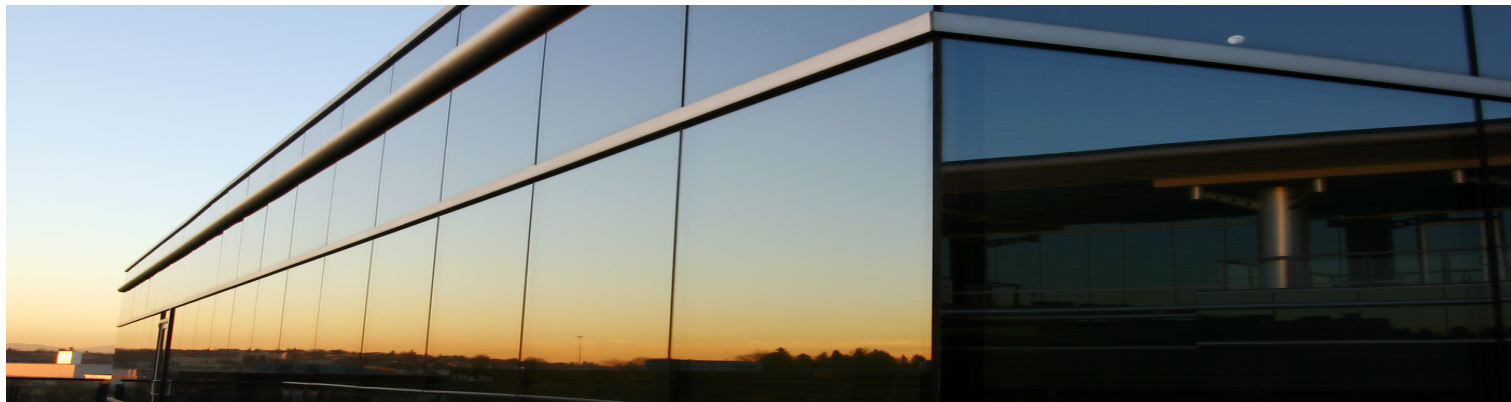


# Inland Empire



## Market Facts

**4.1%**

Inland Empire  
Unemployment Rate

**196,603 SF**

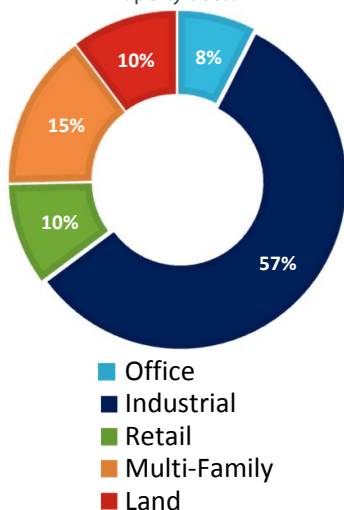
Positive Net Absorption  
Current Quarter

**10.1%**

Total Vacancy Rate  
Down From 10.4% In Q4 2017

**\$1.85 PSF**

Asking Rental Rate  
Weighted Average

Q1 2018 Transaction Volume by  
Property Sector


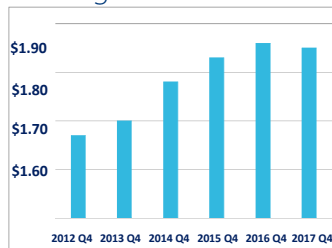
## Market Overview

Demand for office space in the Inland Empire is expanding as of the first quarter of 2018. Vacancy has decreased year-over-year post-recession, while rental rates have been bolstered by increasing demand in the same time frame. The Inland Empire's unemployment rate, as of March 2018, was 4.1%, down from 5.3% one year earlier. Within the market, unemployment was 4.2% in Riverside County and 3.9% in San Bernardino County. Construction led the way in gains, but other major contributors were hospitality, education and healthcare.

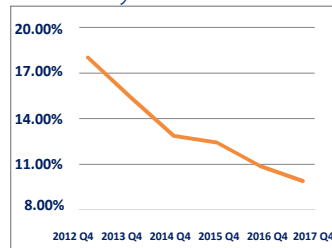
The counties of Riverside and San Bernardino, which make up the Inland Empire market, are experiencing strong economic fundamentals, and rapid growth in population and quality inventory. Office inventory will likely grow further out of a response to the market's massive industrial inventory, the multifamily inventory boom, and retail expansion that has followed in natural progression. Construction deliveries of office inventory are far below pre-recession levels, and the market has extensive room to grow. There were three deliveries during the first quarter of the year, resulting in 109,000 SF of new inventory with 89% pre-committed to occupants. There are currently seven buildings under construction, with 344,000 SF set to deliver in 2018.

As of the first quarter of 2018, vacancy in the Inland Empire's office market has decreased to 10.1%, from the previous quarter at 10.4%, and markedly down from the same time in the previous year at 11.0%. On a year-over-year basis, vacancy has decreased significantly since recession highs of 20% when construction activity had reached record levels. Rental rates in the market have been responding to the slow contraction in availability. Rents remain elevated but continue to fluctuate with a slower long-term upward trajectory expected. Office rents have not yet reached pre-recession levels, which had surged above \$2.20 during the historical height of construction activity. First quarter rents averaged \$1.85 psf FSG, down from the previous quarter at \$1.91 psf FSG, and down slightly from the same time in the previous year at \$1.86 psf FSG. Total net absorption registered positive 196,603 sf for the quarter, and positive 477,058 sf for the most recent 12 month period.

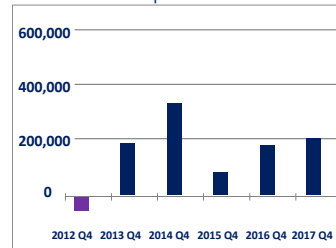
### Asking Rent



### Vacancy Rates

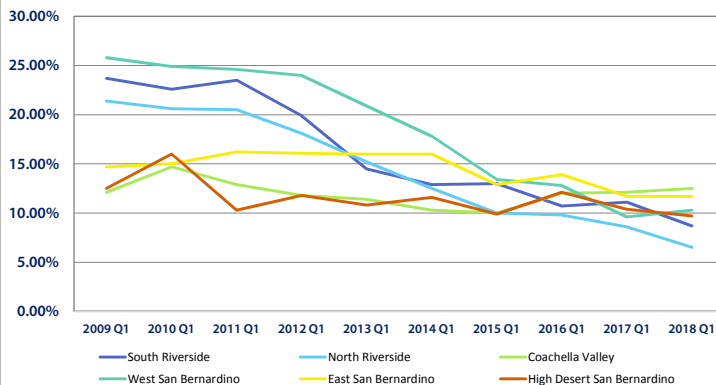


### Net Absorption

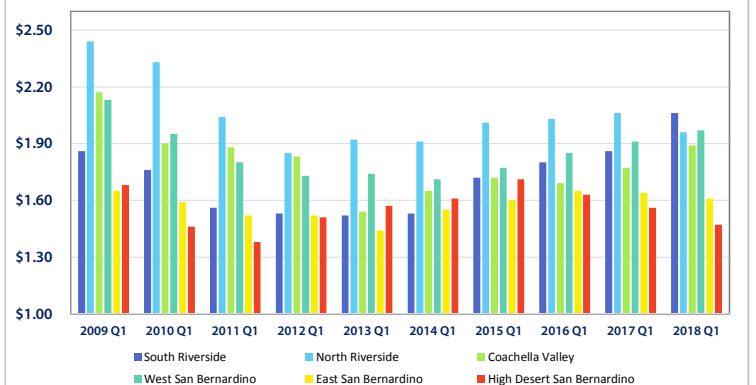


	Vacancy				Net Absorption		Avg. Advertised Rates (FSG)			Construction Pipeline	
	Q1 2018 Inventory (SF)	Q1 2018 Vacancy (SF)	Q1 2018 Vacancy (%)	Q4 2017 Vacancy (%)	Current Quarter Absorption	Year-To-Date Absorption	Q1 2018 Rental Rates	Q4 2017 Rental Rates	Qtr/Qtr Change (%)	Current Quarter Deliveries (SF)	Under Construction Currently (SF)
<b>South Riverside</b>											
Temecula / Murrieta / Lake Elsinore	4,034,609	355,766	8.80%	9.30%	49,276	49,276	\$2.10	\$2.32	-9.48%	25,000	85,121
Perris / Menifee	268,998	5,115	1.90%	2.50%	1,548	1,548	\$2.08	\$2.13	-2.35%	0	0
Hemet	312,101	64,550	20.70%	22.10%	4,315	4,315	\$1.79	\$1.75	2.29%	0	0
<b>South Riverside TOTAL</b>	<b>4,615,708</b>	<b>425,431</b>	<b>9.20%</b>	<b>9.80%</b>	<b>55,139</b>	<b>55,139</b>	<b>\$2.06</b>	<b>\$2.22</b>	<b>-7.21%</b>	<b>25,000</b>	<b>85,121</b>
<b>North Riverside</b>											
Corona	2,736,415	163,974	6.00%	7.60%	80,015	80,015	\$1.98	\$2.04	-2.94%	45,204	32,354
Riverside City	5,294,194	447,576	8.50%	8.90%	27,026	27,026	\$1.98	\$2.06	-3.88%	0	0
Moreno Valley	1,495,144	56,128	3.80%	3.80%	101	101	\$1.82	\$1.87	-2.67%	0	0
Beaumont / Banning	137,332	0	0.00%	0.00%	0	0	\$0.00	\$0.00	0.00%	0	0
<b>North Riverside TOTAL</b>	<b>9,663,085</b>	<b>667,678</b>	<b>6.90%</b>	<b>7.60%</b>	<b>107,142</b>	<b>107,142</b>	<b>\$1.96</b>	<b>\$2.04</b>	<b>-3.92%</b>	<b>45,204</b>	<b>32,354</b>
<b>Coachella Valley</b>											
Indio / Coachella	283,094	20,254	7.20%	8.90%	5,200	5,200	\$1.66	\$1.77	-6.21%	0	0
Palm Desert / Palm Springs	2,679,623	360,175	13.40%	13.90%	964	964	\$1.91	\$1.92	-0.52%	0	0
<b>Coachella Valley TOTAL</b>	<b>2,962,717</b>	<b>380,429</b>	<b>12.80%</b>	<b>13.50%</b>	<b>6,164</b>	<b>6,164</b>	<b>\$1.89</b>	<b>\$1.92</b>	<b>-1.56%</b>	<b>0</b>	<b>0</b>
<b>West San Bernardino</b>											
Chino	620,416	44,556	7.20%	9.80%	50,923	50,923	\$2.23	\$2.39	-6.69%	38,500	91,500
Airport Area	7,695,307	846,370	11.00%	11.40%	20,366	20,366	\$1.96	\$1.95	0.51%	0	135,200
<b>West San Bernardino TOTAL</b>	<b>8,315,723</b>	<b>890,926</b>	<b>10.70%</b>	<b>11.30%</b>	<b>71,289</b>	<b>71,289</b>	<b>\$1.97</b>	<b>\$1.98</b>	<b>-0.51%</b>	<b>38,500</b>	<b>226,700</b>
<b>East San Bernardino</b>											
San Bernardino City / Redlands	7,668,530	874,986	11.40%	11.50%	-41,975	-41,975	\$1.60	\$1.64	-2.44%	0	0
Fontana / Rialto	741,582	168,919	22.80%	22.40%	-2,557	-2,557	\$1.64	\$1.99	-17.59%	0	0
<b>East San Bernardino TOTAL</b>	<b>8,410,112</b>	<b>1,043,905</b>	<b>12.40%</b>	<b>12.50%</b>	<b>-44,532</b>	<b>-44,532</b>	<b>\$1.61</b>	<b>\$1.68</b>	<b>-4.17%</b>	<b>0</b>	<b>0</b>
<b>High Desert San Bernardino</b>											
Victorville/Hesperia/Adelanto	933,304	89,769	9.60%	4.90%	1,401	1,401	\$1.66	\$1.81	-8.29%	0	0
Barstow	55,217	9,141	16.60%	16.60%	0	0	\$0.78	\$0.78	0.00%	0	0
<b>North San Bernardino TOTAL</b>	<b>988,521</b>	<b>98,910</b>	<b>10.00%</b>	<b>5.50%</b>	<b>1,401</b>	<b>1,401</b>	<b>\$1.47</b>	<b>\$1.57</b>	<b>-6.37%</b>	<b>0</b>	<b>0</b>
<b>INLAND EMPIRE</b>											
Class A	8,790,420	684,375	7.80%	9.00%	90,268	90,268	\$2.27	\$2.28	-0.44%	0 Bldgs	1 Bldgs
Class B	21,958,532	2,587,685	11.70%	11.40%	92,361	92,361	\$1.78	\$1.86	-4.30%	3 Bldgs	6 Bldgs
Class C	4,206,914	235,219	5.60%	7.10%	13,974	13,974	\$1.56	\$1.47	6.12%	0 Bldgs	0 Bldgs
<b>TOTAL OFFICE</b>	<b>34,955,866</b>	<b>3,507,279</b>	<b>10.10%</b>	<b>10.40%</b>	<b>196,603</b>	<b>196,603</b>	<b>\$1.85</b>	<b>\$1.92</b>	<b>-3.65%</b>	<b>108,704 (SF)</b>	<b>344,175 (SF)</b>

Vacancy by Region



Rental Rate by Region



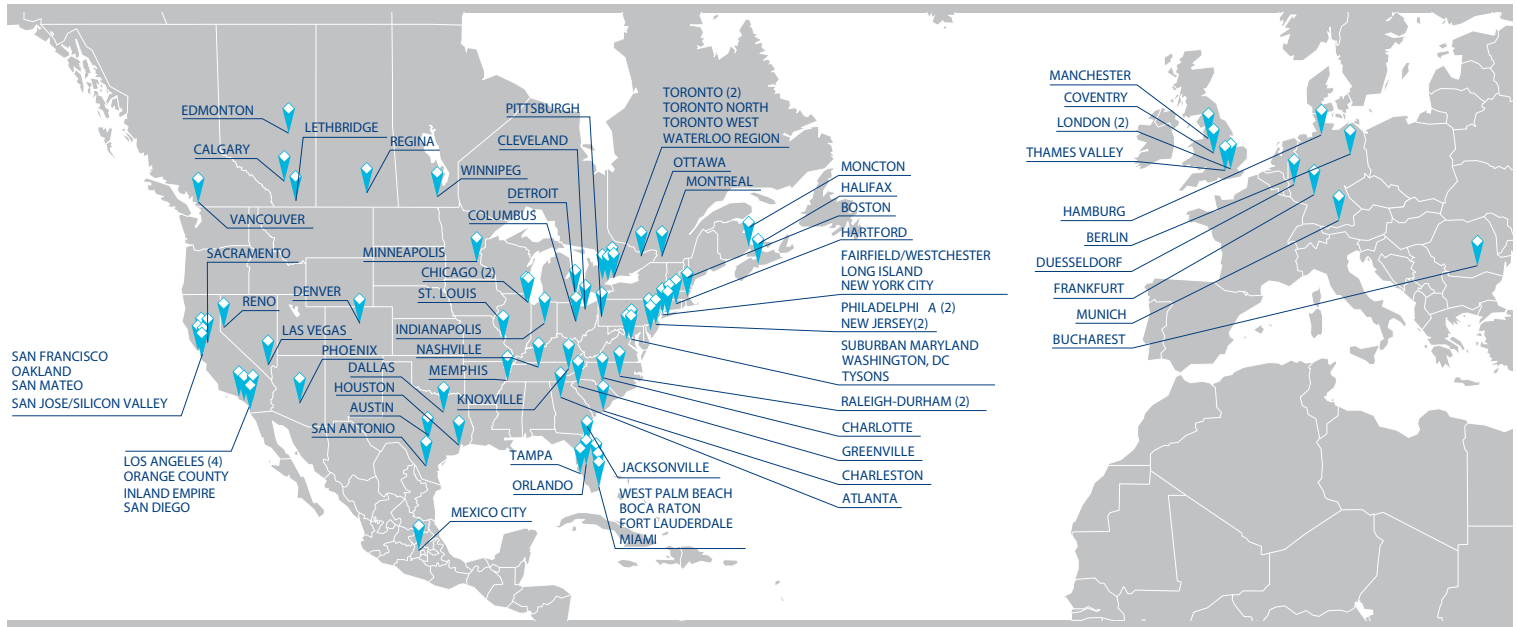
SUBMARKET	SUBMARKET DIVISIONS	CITIES WITHIN SUBMARKET
<b>South Riverside</b>	Temecula / Murrieta / Lake Elsinore	Temecula, Murrieta, Lake Elsinore, Wildomar
	Perris / Menifee	Perris, Menifee, Nuevo, Romoland, Sun City
	Hemet	Hemet, San Jacinto
	Corona	Corona, Norco
<b>North Riverside</b>	Riverside City	Eastvale, Jurupa Valley, Mira Loma, Riverside City-North
	Moreno Valley	Moreno Valley, Riverside City-South
	Beaumont / Banning	Beaumont, Banning, Cabazon, Callimesa
<b>Coachella Valley</b>	Coachella / Indio	Coachella, Indio, Mecca, Thermal
	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
<b>West San Bernardino</b>	Chino	Chino, Chino Hills
<b>East San Bernardino</b>	Airport Area	Ontario, Rancho Cucamonga, Upland, Etiwanda, Montclair
	San Bernardino City / Redlands	San Bernardino City, Redlands, Highland, Mentone, Yucaipa
<b>High Desert San Bernardino</b>	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: **2,600**  
Offices: **84**  
Brokerage Professionals: **1,100**  
Property Under Management: **100 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, the company comprises 2,600 real estate professionals in 84 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.



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