

Inland Empire



Quick Stats

3.5%

Inland Empire
Unemployment Rate

3,879,548 SF

Positive Net Absorption
Current Quarter

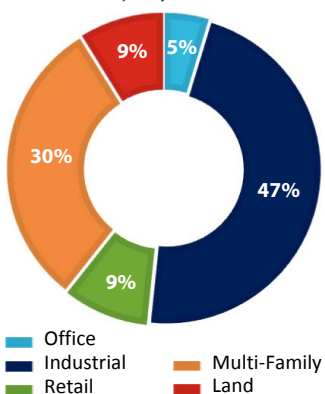
4.7%

Total Vacancy Rate
Down From 5.0% In Q1 2019

\$0.78 PSF

Asking Rental Rate
Weighted Average

Q2 2019 Transaction Volume by
Property Sector



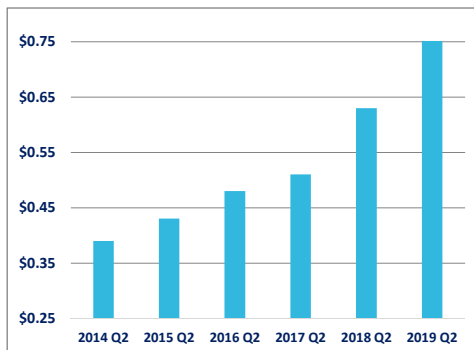
Supporting the rapidly growing warehousing and logistics demands for the entire Southern California region, the Inland Empire is a powerhouse of industrial inventory and continues to exhibit robust fundamentals as of the second quarter of 2019. The counties of Riverside and San Bernardino, which make up the Inland Empire market, are attracting investors and developers, as well as leading retail warehouses and distribution centers. Vacancy is still tight and remained at record lows. Meanwhile, rental rates remained at record highs.

Industrial inventory included 107 projects under construction as of the second quarter of the year, with 29M sf of new inventory that is expected to be delivered by next year. The largest building to deliver in the second quarter was Patterson Logistics Center in Perris located in the South Riverside submarket. The 912k sf facility sits on a 41 acre lot adjacent to high profile distribution centers along the Interstate 215 corridor, and delivered with no tenant pre-commitments. Also completing in the second quarter was the 855k sf Amazon distribution center which brings 1,000 new jobs to Rialto in the East San Bernardino submarket.

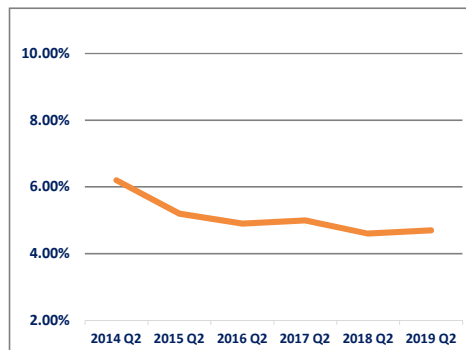
As of the second quarter of 2019, vacancy contracted to 4.7%, down from 5.0% in the previous quarter, but matching the same rate that was recorded one year ago. Vacancy has remained within a tight range for the past four years running, in spite of the consistent addition of new inventory. The industrial market recorded positive total net absorption of 3.9M sf for the quarter, and positive 20.4M sf for the most recent 12 month period. Rental rates for the entire market on average reached record levels again in the second quarter at \$0.78 psf FSG, elevated significantly from the previous quarter at \$0.71 psf FSG, and up from \$0.63 psf FSG at the same time in the previous year.

The Inland Empire's unemployment rate, as of the second quarter of 2019, has dropped to 3.5%, from 4.3% in the previous quarter, and down from 4.7% one year ago. Within the market, unemployment was 3.6% in Riverside County and 3.3% in San Bernardino County. Transportation and warehousing have been leading the way in employment gains year-over-year, along with significant additions in government jobs. Meanwhile, hospitality, healthcare and education are also expanding as a result of population growth.

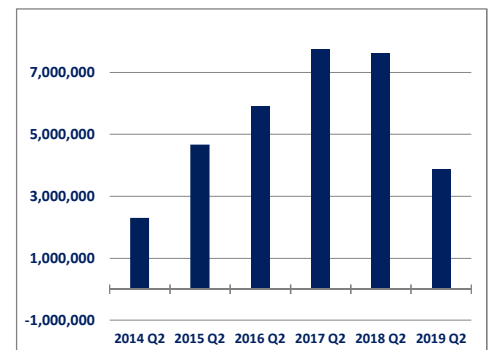
Asking Rent



Vacancy Rate



Net Absorption



Top Leases

Tenant	Type	Address	Submarket	SF
Kimberly-Clark	New	4815 South Hellman Avenue, Ontario	West San Bernardino	1,180,908
DMSI	New	17350 Perris Boulevard, Moreno Valley	North Riverside	1,109,378
Burlington Stores	Renewal	27582 Pioneer Avenue, Redlands	East San Bernardino	801,126
Kenco Logistics Services	New	3900 Indian Avenue, Perris	South Riverside	579,708
Radial	New	2602 North Locust Avenue, Rialto	East San Bernardino	475,555

Top Sales

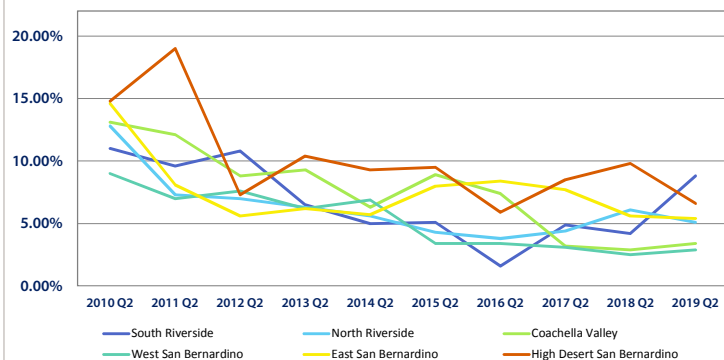
Address	Buyer	Seller	Price	SF	P/SF
Sierra Pacific Center, Fontana	Northwestern Mutual	TPF Equity REIT	\$213,500,500	1,498,058	\$143
6227 Cajon Boulevard San Bernardino	Exeter Property Group	Waterstone Properties	\$97,750,000	806,322	\$121
3100 Milliken Avenue, Mira Loma	Sares Regis Group	J.W. Mitchell Company	\$87,500,000	759,260	\$115
21800 Authority Way, Riverside	Nissan North America, Inc.	Lewis Group / Waypoint Property	\$78,923,246	620,000	\$127
42500 Winchester Road, Temecula	Exeter Property Group	Medline Industries, Inc.	\$54,650,000	615,050	\$89

Under Construction

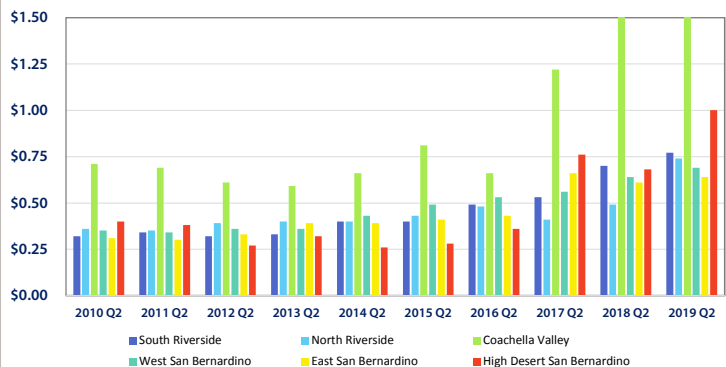
Address	Submarket	Developer	SF	Completion
Goodman Industrial Park, Fontana	East San Bernardino	Goodman North America	1,576,374	Q4 2019
Magnon Business Park, Riverside	North Riverside	Magnon Companies	1,374,341	Q4 2019
Big Lots Distribution Center, Apple Valley	High Desert San Bernardino	Haskell	1,350,000	Q3 2019
Colony Commerce Center, Ontario	West San Bernardino	CapRock Partners	1,289,292	Q3 2019
3520 S Cactus Avenue, Bloomington	East San Bernardino	Panattoni	1,264,102	Q4 2019

	Vacancy				Net Absorption		Avg. Advertised Rates (FSG)			Construction Pipeline	
	Q2 2019 Inventory (SF)	Q2 2019 Vacancy (SF)	Q2 2019 Vacancy (%)	Q1 2019 Vacancy (%)	Current Quarter Absorption	12 Month Total Absorption	Q2 2019 Rental Rates NNN	Q1 2019 Rental Rates NNN	Qtr/Qtr Change (%)	Current Quarter Deliveries	Under Construction Quarter-End
South Riverside											
Temecula / Murrieta / Lake Elsinore	12,446,136	328,615	2.60%	2.90%	31,275	32,922	\$0.74	\$0.76	-2.63%	0	99,032
Perris / Menifee	26,374,445	3,187,677	12.10%	11.30%	1,244,333	1,757,746	\$1.04	\$1.04	0.00%	1,512,338	2,932,726
Hemet	1,433,675	33,218	2.30%	2.30%	0	-19,718	\$0.00	\$0.00	0.00%	0	0
South Riverside TOTAL	40,254,256	3,549,510	8.80%	8.40%	1,275,608	1,770,950	\$0.77	\$0.79	-2.53%	1,512,338	3,031,758
North Riverside											
Corona	26,092,697	1,160,074	4.40%	4.00%	-108,320	131,940	\$0.77	\$0.76	1.32%	21,007	1,199,028
Riverside City	66,086,118	1,944,237	2.90%	2.30%	-123,641	2,859,583	\$0.66	\$0.65	1.54%	394,502	942,999
Moreno Valley	46,486,540	4,183,259	9.00%	10.90%	676,376	4,717,649	\$0.58	\$0.58	0.00%	60,746	3,423,404
Beaumont / Banning	4,701,021	8,141	0.20%	1.00%	-6,025	-8,141	\$2.00	\$2.23	-10.31%	0	0
North Riverside TOTAL	143,366,376	7,295,711	5.10%	5.40%	438,390	7,701,031	\$0.74	\$0.74	0.00%	476,255	5,565,431
Coachella Valley											
Indio / Coachella	3,897,406	63,155	1.60%	3.50%	75,541	51,943	\$0.47	\$0.48	-2.08%	0	0
Palm Desert / Palm Springs	4,046,690	208,008	5.10%	3.80%	-54,211	105,307	\$2.38	\$2.93	-18.77%	0	53,128
Coachella Valley TOTAL	7,944,096	271,163	3.40%	3.70%	21,330	157,250	\$2.11	\$2.38	-11.34%	0	53,128
West San Bernardino											
Chino	47,157,192	626,907	1.30%	2.10%	297,784	3,695,377	\$1.01	\$0.86	17.44%	0	693,856
Airport Area	143,591,158	4,844,509	3.40%	3.60%	592,726	766,386	\$0.69	\$0.66	4.55%	687,537	782,477
West San Bernardino TOTAL	190,748,350	5,471,416	2.90%	3.30%	890,510	3,546,535	\$0.69	\$0.67	2.99%	687,537	1,476,333
East San Bernardino											
San Bernardino City / Redlands	63,794,333	2,814,468	4.40%	5.80%	788,759	3,546,535	\$0.51	\$0.46	10.87%	0	1,186,066
Fontana / Rialto	99,704,160	5,967,404	6.00%	5.40%	394,100	2,215,411	\$0.71	\$0.63	12.70%	1,433,898	8,083,653
East San Bernardino TOTAL	163,498,493	8,781,872	5.40%	5.60%	1,182,859	5,761,946	\$0.64	\$0.60	6.67%	1,433,898	9,269,719
High Desert San Bernardino											
Victorville/Hesperia/Adelanto	13,878,193	849,005	6.10%	6.60%	70,851	310,414	\$1.03	\$0.54	90.74%	0	1,373,580
Barstow	682,961	109,971	16.10%	16.10%	0	197,036	\$0.22	\$0.22	0.00%	0	0
North San Bernardino TOTAL	14,561,154	958,976	6.60%	7.10%	70,851	507,450	\$1.00	\$0.47	112.77%	0	1,373,580
INLAND EMPIRE											
20,000 SF to 49,999 SF	75,435,219	2,672,778	3.50%	3.70%	285,437	840,761	\$0.95	\$0.86	10.47%	10 Bldgs	26 Bldgs
50,000 SF to 149,999 SF	107,850,685	3,799,942	3.50%	3.70%	283,607	2,692,877	\$0.74	\$0.70	5.71%	5 Bldgs	28 Bldgs
150,000 SF and larger	377,086,821	19,855,928	5.30%	5.70%	3,310,504	16,826,752	\$0.69	\$0.58	18.97%	6 Bldgs	44 Bldgs
TOTAL INDUSTRIAL	560,372,725	26,328,648	4.70%	5.00%	3,879,548	20,360,390	\$0.78	\$0.71	9.86%	4,110,028 (SF)	20,769,949 (SF)

Vacancy by Region



Rental Rate by Region



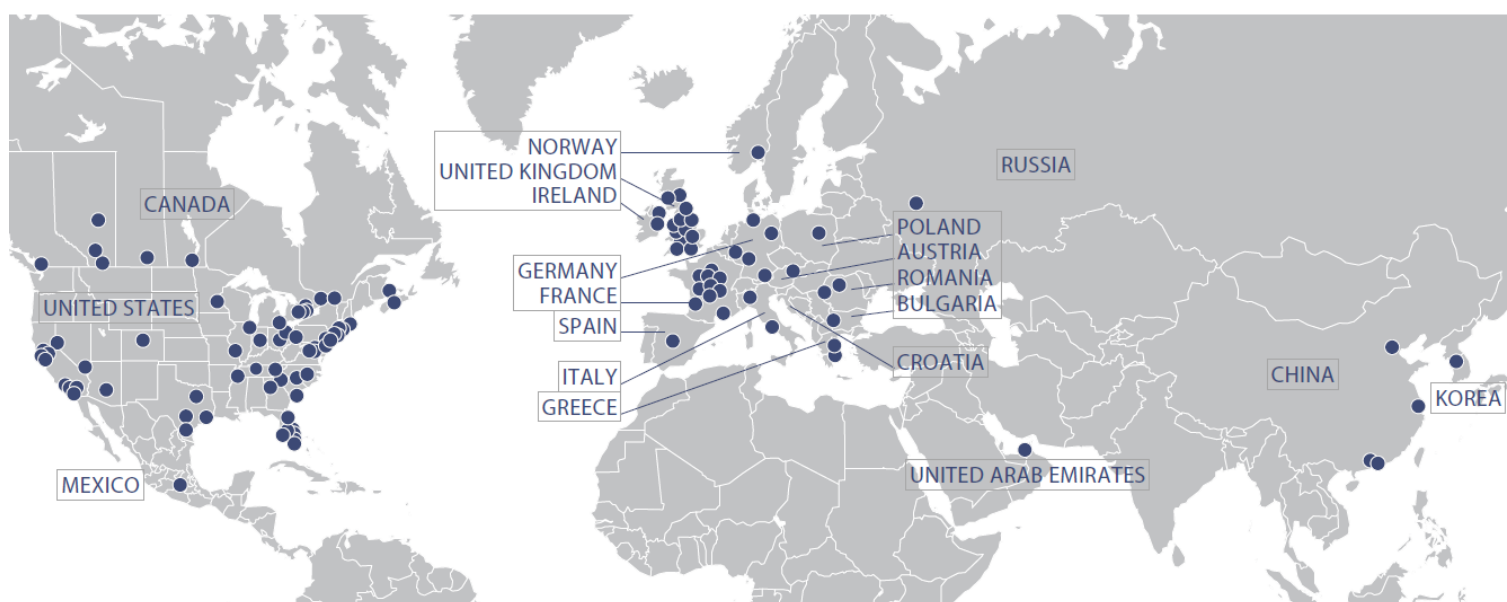
SUBMARKET	SUBMARKET DIVISIONS	CITIES WITHIN SUBMARKET
South Riverside	Temecula / Murrieta / Lake Elsinore	Temecula, Murrieta, Lake Elsinore, Wildomar
	Perris / Menifee	Perris, Menifee, Nuevo, Romoland, Sun City
	Hemet	Hemet, San Jacinto
	Corona	Corona, Norco
North Riverside	Riverside City	Eastvale, Jurupa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

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Avison Young at a Glance

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