

Inland Empire



Market Facts

4.1%

Inland Empire
Unemployment Rate

1,842,999 SF

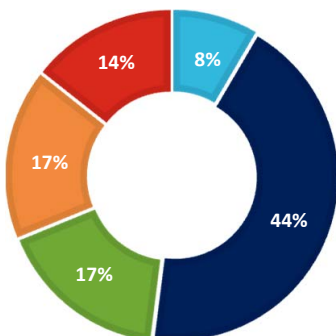
Positive Net Absorption
Current Quarter

5.6%

Total Vacancy Rate
Up From 5.1% In Q3 2017

\$0.58 PSF

Asking Rental Rate
Weighted Average

Q4 2017 Transaction Volume by
Property Sector


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

Market Overview

The Inland Empire industrial market continues to perform at optimal levels with a healthy economy as of the fourth quarter of 2017. Vacancy remains tight, while expanding slightly again from the previous quarter. Reliable leasing demand has allowed rental rates to move higher 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.

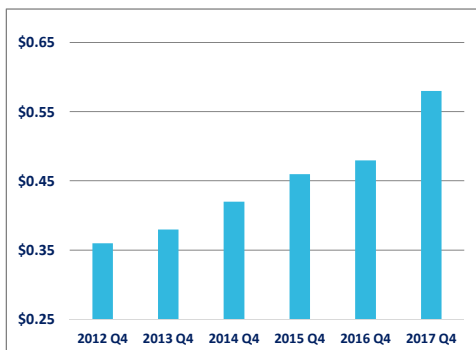
The Inland Empire is a powerhouse of industrial inventory that supports the demands of the entire Southern California region. Construction activity resumed rapidly post-recession and has met pre-recession levels with fervor. The market had 96 industrial projects under construction at the fourth quarter of the year, amounting to 20,425,563 sf of new inventory that is expected to be delivered in 2018.

The Inland Empire industrial market recorded a total net absorption of positive 1.8M sf for the quarter, and positive 14.7M sf for the most recent 12 month period. Rental rates for the entire market on average have reached \$0.58 psf FSG as of the fourth quarter of 2017, relatively flat from the previous quarter, with a significant increase seen from \$0.48 psf FSG at the same time in the previous year.

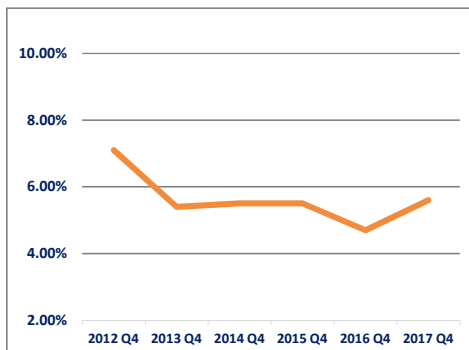
As of the fourth quarter of 2017, vacancy in the Inland Empire's industrial market expanded to 5.6%, up one basis point from the previous year, yet still within the tight range that has been typical for the last four years. On a year-over-year basis, vacancy has been hovering around flat levels, with a slight trend toward contraction. Competitive vacancy levels have been sustainable in the market in spite of the consistent addition of new inventory which increased during 2017.

The Inland Empire's unemployment rate, as of the fourth quarter of 2017, was 4.1%, down from 5.1% one year earlier. Within the market, unemployment was 4.3% in Riverside County and 3.9% in San Bernardino County.

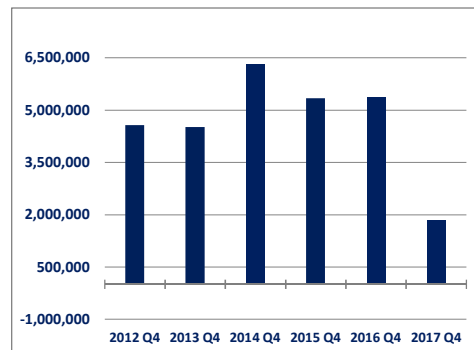
Asking Rent



Vacancy Rates



Net Absorption



Top Leases

Tenant	Type	Address	Submarket	SF
NFI Industries	New	15835 San Antonio Avenue	Chino	534,390
Allen Distribution	Renewal	800 Barrington Avenue	Ontario	427,047
Grand Channel Inc.	New	13780 Central Avenue	Chino	192,637
Radial	New	2225 Alder Avenue	Rialto	188,525
Site One	New	1601 Fairway Drive	Colton	179,233

Top Sales

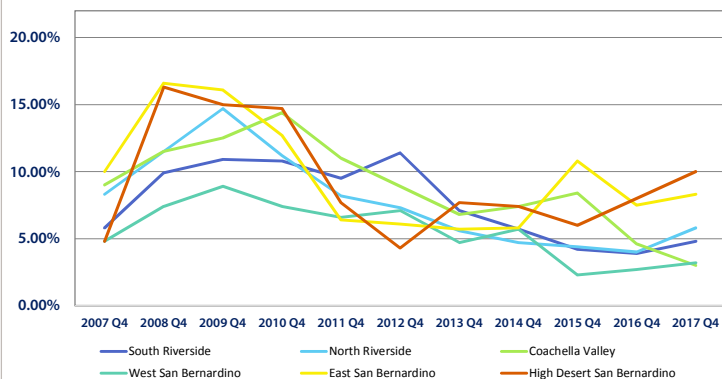
Address	Buyer	Seller	Price	SF	P/SF
7776 Tippecanoe & 927 E 9th, San Bernardino	Westcore Properties	Bentall Kennedy	\$95,600,000	1,025,324	\$93
1221 Adler Avenue, Rialto	Liberty Property Trust	Panattoni	\$94,200,000	702,668	\$134
20901 Krameria Ave, Riverside	Invesco	Lewis Commercial	\$80,100,000	1,000,000	\$80
290 W Markham Street, Perris	Heitman	PRG Investment & Management	\$52,275,850	475,235	\$110
1900 Burgundy Place, Ontario	Saturn Intelligence	Property Reserve Inc.	\$42,000,000	397,125	\$106

Under Construction

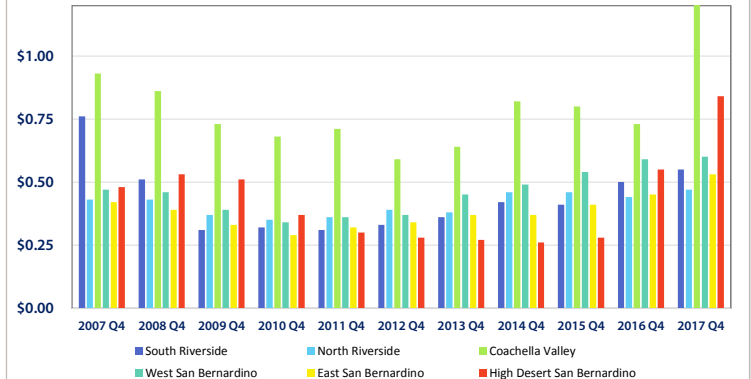
Address	Submarket	Developer	SF	Completion
24385 Nandina Avenue, Moreno Valley	North Riverside	First Industrial Realty Trust	1,388,210	Q3 2018
Watson Logistics Center, Apple Valley	High Desert San Bernardino	Watson Land Company	1,350,000	Q1 2019
17350 Perris Boulevard, Moreno Valley	North Riverside	Alere Property Group, LLC	1,109,378	Q1 2018
Miro Way, Rialto	East San Bernardino	Monster Beverage Corporation	1,094,000	Q1 2018
Optimus Logistics Center, Perris	South Riverside	Rockefeller Group	1,039,898	Q3 2018

	Vacancy				Net Absorption		Avg. Advertised Rates (FSG)			Construction Pipeline	
	Q4 2017 Inventory (SF)	Q4 2017 Vacancy (SF)	Q4 2017 Vacancy (%)	Q3 2017 Vacancy (%)	Current Quarter Absorption	Year-To-Date Absorption	Q4 2017 Rental Rates NNN	Q3 2017 Rental Rates NNN	Qtr/Qtr Change (%)	Current Quarter Deliveries	Under Construction Quarter-End
South Riverside											
Temecula / Murrieta / Lake Elsinore	12,244,440	484,212	4.00%	3.30%	-68,768	19,563	\$0.69	\$0.69	0.00%	0	244,433
Perris / Menifee	21,563,821	1,208,534	5.60%	4.10%	-185,862	2,680,143	\$0.44	\$0.42	4.76%	172,650	2,322,615
Hemet	1,462,614	12,500	0.90%	1.20%	5,000	-8,200	\$0.53	\$0.54	-1.85%	0	0
South Riverside TOTAL	35,270,875	1,705,246	4.80%	3.70%	-249,630	2,691,506	\$0.55	\$0.54	1.85%	172,650	2,567,048
North Riverside											
Corona	26,152,971	1,923,811	7.40%	6.60%	-192,411	-21,968	\$0.61	\$0.58	5.17%	0	231,451
Riverside City	60,791,223	1,523,632	2.50%	3.70%	1,033,396	565,796	\$0.55	\$0.59	-6.78%	427,458	3,995,683
Moreno Valley	37,396,209	4,042,654	10.80%	9.40%	250,009	307,847	\$0.41	\$0.42	-2.38%	844,390	3,928,594
Beaumont / Banning	4,706,521	38,731	0.80%	0.90%	5,172	1,457,529	\$0.33	\$0.35	-5.71%	0	0
North Riverside TOTAL	129,046,924	7,528,828	5.80%	5.90%	1,096,166	2,309,204	\$0.47	\$0.48	-2.08%	1,271,848	8,155,728
Coachella Valley											
Indio / Coachella	3,793,815	94,503	2.50%	2.10%	-13,488	73,308	\$0.70	\$0.83	-15.66%	0	0
Palm Desert / Palm Springs	3,521,265	125,191	3.60%	3.50%	-6,988	69,765	\$2.57	\$2.57	0.00%	0	138,000
Coachella Valley TOTAL	7,315,080	219,694	3.00%	2.80%	-20,476	143,073	\$1.91	\$1.78	7.30%	0	138,000
West San Bernardino											
Chino	42,970,363	1,650,641	3.80%	2.50%	44,523	835,539	\$0.60	\$0.60	0.00%	191,594	2,215,933
Airport Area	140,473,754	4,176,988	3.00%	3.50%	525,646	2,740,811	\$0.60	\$0.57	5.26%	157,147	953,638
West San Bernardino TOTAL	183,444,117	5,827,629	3.20%	3.20%	570,169	3,576,350	\$0.60	\$0.57	5.26%	348,741	3,169,571
East San Bernardino											
San Bernardino City / Redlands	60,920,936	6,332,085	10.40%	9.20%	88,680	2,135,481	\$0.41	\$0.53	-22.64%	943,787	2,088,039
Fontana / Rialto	91,862,902	6,400,026	7.00%	5.20%	302,946	3,758,149	\$0.66	\$0.66	0.00%	2,052,796	3,649,252
East San Bernardino TOTAL	152,783,838	12,732,111	8.30%	6.80%	391,626	5,893,630	\$0.53	\$0.60	-11.67%	2,996,583	5,737,291
High Desert San Bernardino											
Victorville/Hesperia/Adelanto	13,069,404	1,073,543	8.20%	8.70%	73,585	256,733	\$2.25	\$2.13	5.63%	0	657,925
Barstow	724,634	307,236	42.40%	39.90%	-18,441	-175,991	\$0.22	\$0.45	-51.11%	0	0
North San Bernardino TOTAL	13,794,038	1,380,779	10.00%	10.40%	55,144	80,742	\$0.84	\$0.97	-13.40%	0	657,925
INLAND EMPIRE											
20,000 SF to 49,999 SF	73,446,977	2,730,952	3.70%	3.50%	128,482	997,415	\$0.85	\$0.85	0.00%	10 Bldgs	27 Bldgs
50,000 SF to 149,999 SF	103,768,725	4,820,824	4.60%	5.00%	514,720	2,274,087	\$0.57	\$0.60	-5.00%	5 Bldgs	35 Bldgs
150,000 SF and larger	344,439,170	21,842,511	6.30%	5.50%	1,199,797	11,423,003	\$0.41	\$0.41	0.00%	11 Bldgs	34 Bldgs
TOTAL INDUSTRIAL	521,654,872	29,394,287	5.60%	5.10%	1,842,999	14,694,505	\$0.58	\$0.59	-1.69%	4,789,822 (SF)	20,425,563 (SF)

Vacancy by Region



Rental Rate by Region



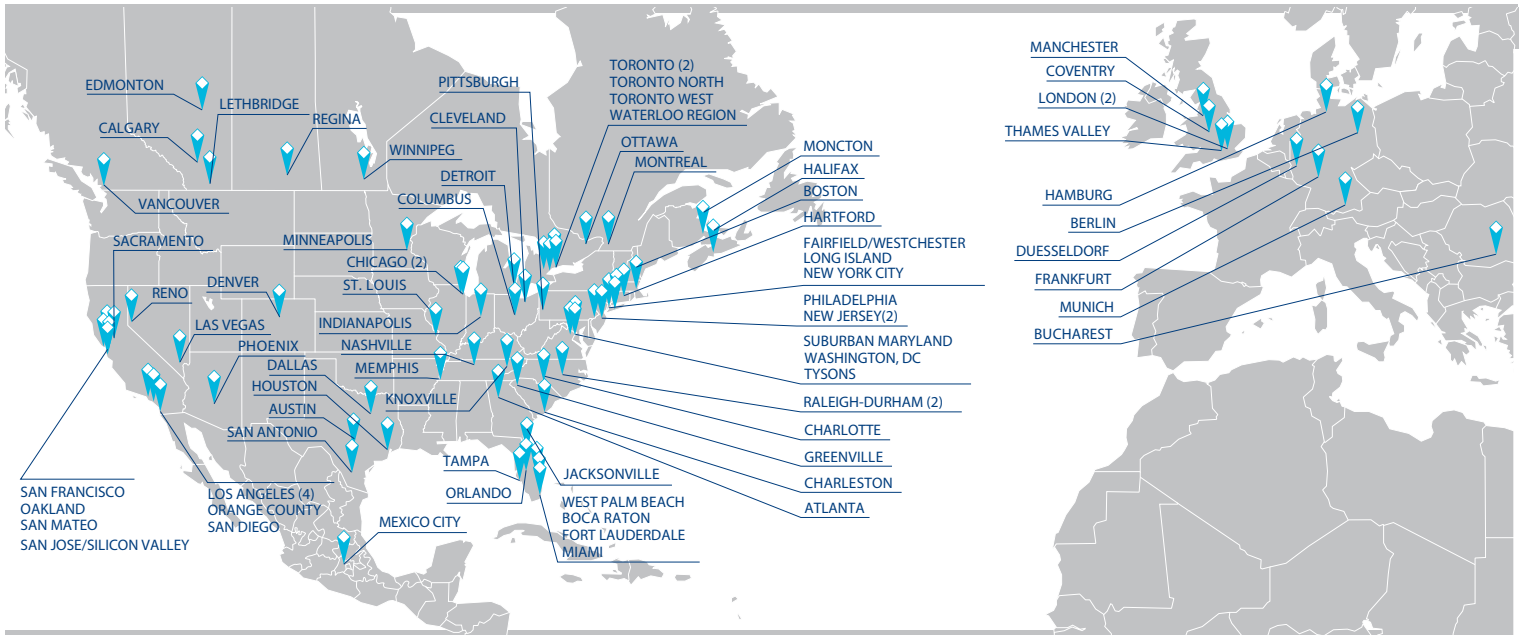
SUBMARKET	SUBMARKET DIVISIONS	CITIES WITHIN SUBMARKET
South Riverside	Temecula / Murrieta / Lake Elsinore	Temecula, Murrieta, Lake Elsinore, Wildomar
	Perris / Menifee	Perris, Menifee, Nuevo, Romoland, Sun City
	Hemet	Hemet, San Jacinto
	Corona	Corona, Norco
	Riverside City	Eastvale, Jurupa Valley, Mira Loma, Riverside City-North
North Riverside	Moreno Valley	Moreno Valley, Riverside City-South
	Beaumont / Banning	Beaumont, Banning, Cabazon, Callimesa
Coachella Valley	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
West San Bernardino	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: **2,600**
Offices: **82**
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 82 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.



Contact Information - Southern California, United States

Los Angeles - Downtown

555 S Flower St, Ste 3200
Los Angeles, CA 90071
Primary Contact: Ted Simpson
ted.simpson@avisonyoung.com
213.935.7430

Los Angeles - West

10940 Wilshire Blvd, Ste 800
Los Angeles, CA 90024
Primary Contact: Jonathan Larsen
jonathan.larsen@avisonyoung.com
213.471.1069

Los Angeles - North

6711 Forest Lawn Dr
Los Angeles, CA 90068
Primary Contact: Mark Evanoff
mark.evanoff@avisonyoung.com
323.851.6666

Los Angeles - Santa Monica

301 Arizona Ave, Ste 303
Santa Monica, CA 90401
Primary Contact: Randy Starr
randy.starr@avisonyoung.com
310.899.1800

Orange County - Irvine

2030 Main St, Ste 150
Irvine, CA 92614
Primary Contact: Keith Kropfl
keith.kropfl@avisonyoung.com
949.757.1190

San Diego

4655 Executive Dr, Ste 325
San Diego CA 92121
Primary Contact: Jerry Keeney
jerry.keeney@avisonyoung.com
858.201.7077

Inland Empire - Temecula

4655 Executive Dr, Ste 325
San Diego CA 92121
Primary Contact: Stan Nowak
stan.nowak@avisonyoung.com
858.935.4191

Regional Managing Director:

Chris Cooper - Corporate
555 S Flower St, Ste 3200
Los Angeles, CA 90071
chris.cooper@avisonyoung.com
213.935.7435

Report Prepared By:

Amber Jagers - Research Manager
4655 Executive Dr, Ste 325
San Diego CA 92121
amber.jagers@avisonyoung.com
858.201.7072



Intelligent
Real Estate
Solutions



avisonyoung.com