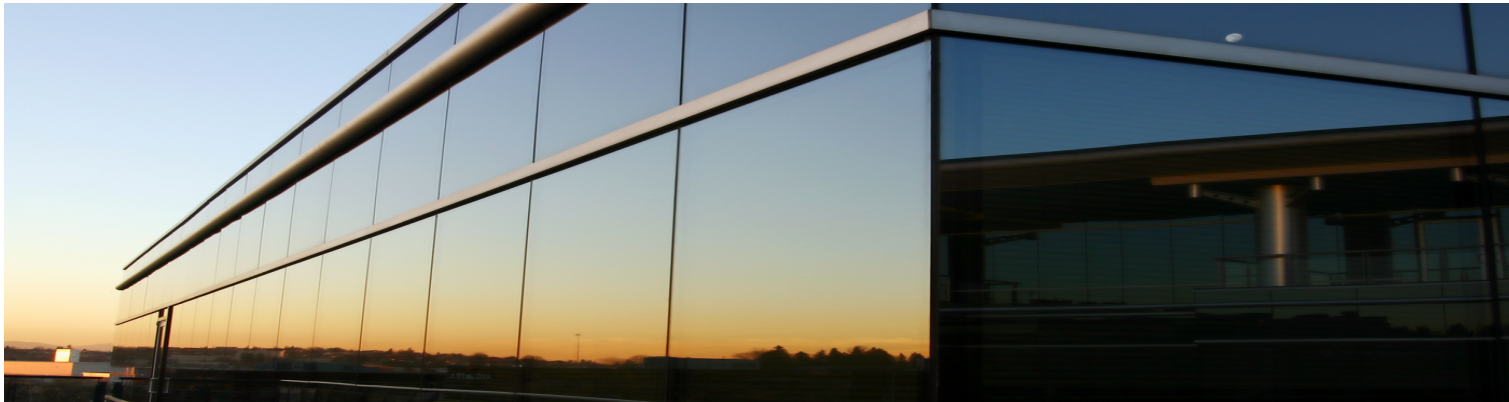


Inland Empire



Market Facts

4.1%

Inland Empire
Unemployment Rate

64,007 SF

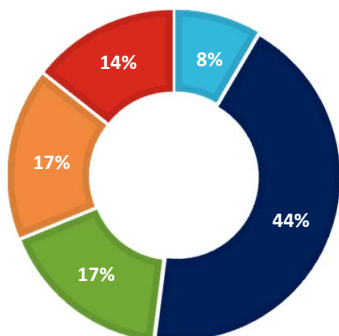
Positive Net Absorption
Current Quarter

10.4%

Total Vacancy Rate
Down From 10.8% In Q3 2017

\$1.92 PSF

Asking Rental Rate
Weighted Average

Q4 2017 Transaction Volume by
Property Sector


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

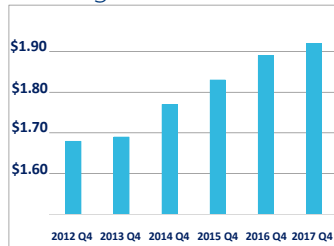
Market Overview

Demand for office space in the Inland Empire is expanding as of the fourth quarter of 2017. Vacancy has decreased year-over-year post-recession, while rental rates have gradually been bolstered by increasing demand in the same time frame. The Inland Empire's unemployment rate, as of November 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. Construction led the way in gains, but other major contributors were hospitality, education and healthcare.

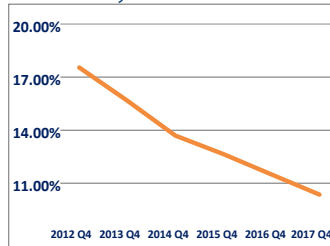
The counties of Riverside and San Bernardino, which make up the Inland Empire market, are experiencing strong economic fundamentals, and rapid growth in population and quality inventory. Office inventory will likely grow further out of a response to the market's massive industrial inventory, the multifamily 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.

As of the fourth quarter of 2017, vacancy in the Inland Empire's office market has decreased to 10.4%, from the previous quarter at 10.8%, and markedly down from the same time in the previous year at 11.5%. On a year-over-year basis, vacancy has decreased significantly since recession highs of 20%, when construction activity had reached record levels. While no deliveries occurred in the fourth quarter, there was a modest up-tick in construction activity for investment grade office at the end of the year. Rental rates in the market have been responding to the slow contraction in availability with a matched pacing. Fourth quarter rents averaged \$1.92 psf FSG, up from the previous quarter at \$1.86 psf FSG, and up from the same time in the previous year at \$1.88 psf FSG. Total net absorption registered positive 64,007 sf for the quarter, and positive 441,870 sf for the most recent 12 month period.

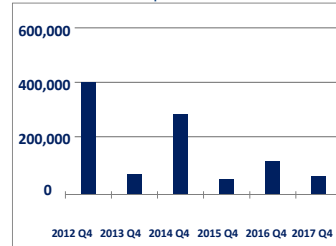
Asking Rent



Vacancy Rates

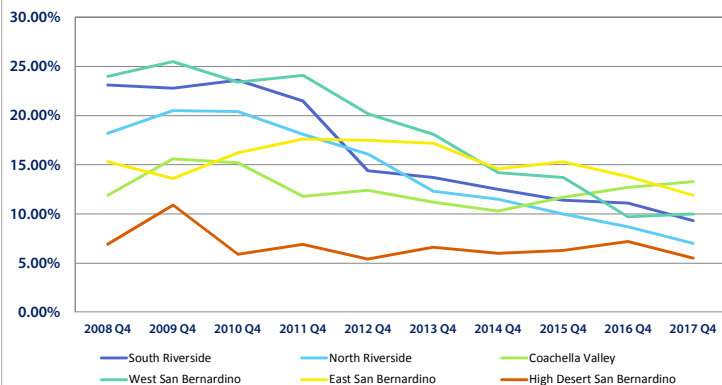


Net Absorption

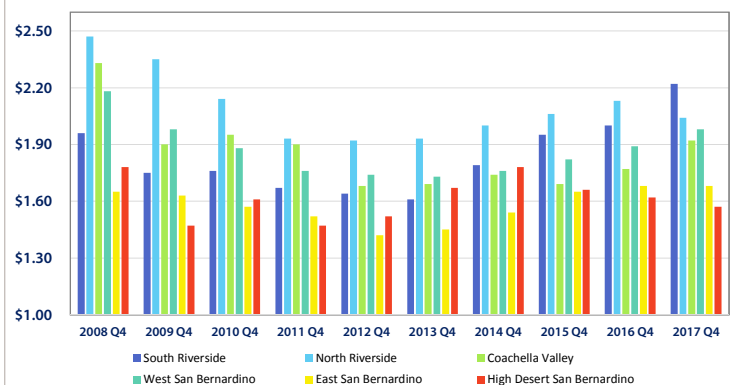


	Vacancy				Net Absorption		Avg. Advertised Rates (FSG)			Construction Pipeline	
	Q4 2017 Inventory (SF)	Q4 2017 Vacancy (SF)	Q4 2017 Vacancy (%)	Q3 2017 Vacancy (%)	Current Quarter Absorption	Year-To-Date Absorption	Q4 2017 Rental Rates	Q3 2017 Rental Rates	Qtr/Qtr Change (%)	Current Quarter Deliveries (SF)	Under Construction Currently (SF)
South Riverside											
Temecula / Murrieta / Lake Elsinore	3,997,061	372,480	9.30%	8.70%	-25,938	35,020	\$2.32	\$1.99	16.58%	0	110,121
Perris / Menifee	268,998	6,663	2.50%	1.40%	-3,012	573	\$2.13	\$1.91	11.52%	0	0
Hemet	312,101	68,865	22.10%	27.60%	17,179	32,253	\$1.75	\$1.73	1.16%	0	0
South Riverside TOTAL	4,578,160	448,008	9.80%	9.50%	-11,771	67,846	\$2.22	\$1.96	13.27%	0	110,121
North Riverside											
Corona	2,696,933	203,785	7.60%	7.30%	-6,288	52,324	\$2.04	\$2.12	-3.77%	0	45,204
Riverside City	5,304,417	474,602	8.90%	9.60%	33,516	28,678	\$2.06	\$2.05	0.49%	0	0
Moreno Valley	1,487,083	56,229	3.80%	5.70%	28,804	70,757	\$1.87	\$2.46	-23.98%	0	0
Beaumont / Banning	137,332	0	0.00%	0.00%	0	0	\$0.00	\$0.00	0.00%	0	0
West Riverside TOTAL	9,625,765	734,616	7.60%	8.20%	56,032	151,759	\$2.04	\$2.10	-2.86%	0	45,204
Coachella Valley											
Indio / Coachella	243,465	21,654	8.90%	8.90%	0	18,308	\$1.77	\$1.51	17.22%	0	0
Palm Desert / Palm Springs	2,602,483	361,139	13.90%	14.50%	4,719	-16,265	\$1.92	\$1.89	1.59%	0	0
Coachella Valley TOTAL	2,845,948	382,793	13.50%	14.10%	4,719	2,043	\$1.92	\$1.85	3.78%	0	0
West San Bernardino											
Chino	581,779	56,979	9.80%	10.90%	6,219	46,239	\$2.39	\$2.22	7.66%	0	70,000
Airport Area	7,703,203	881,171	11.40%	10.80%	-42,645	-4,352	\$1.95	\$1.89	3.17%	0	0
West San Bernardino TOTAL	8,284,982	938,150	11.30%	10.80%	-36,426	41,887	\$1.98	\$1.91	3.66%	0	70,000
East San Bernardino											
San Bernardino City / Redlands	7,728,863	891,951	11.50%	12.90%	49,962	112,957	\$1.64	\$1.62	1.23%	0	0
Fontana / Rialto	741,582	166,362	22.40%	23.60%	8,912	44,429	\$1.99	\$1.58	25.95%	0	0
East San Bernardino TOTAL	8,470,445	1,058,313	12.50%	13.80%	58,874	157,386	\$1.68	\$1.61	4.35%	0	0
High Desert San Bernardino											
Victorville/Hesperia/Adelanto	1,048,975	51,508	4.90%	4.20%	-7,421	18,391	\$1.81	\$1.66	9.04%	0	0
Barstow	55,217	9,141	16.60%	16.60%	0	2,558	\$0.78	\$0.94	-17.02%	0	0
North San Bernardino TOTAL	1,104,192	60,649	5.50%	4.80%	-7,421	20,949	\$1.57	\$1.61	-2.48%	0	0
INLAND EMPIRE											
Class A	8,670,266	784,297	9.00%	8.70%	-31,153	161,362	\$2.28	\$2.28	0.00%	0 Bldgs	0 Bldgs
Class B	21,784,795	2,520,176	11.40%	12.30%	140,243	268,355	\$1.86	\$1.81	2.76%	0 Bldgs	6 Bldgs
Class C	4,454,431	318,056	7.10%	6.10%	-45,083	12,153	\$1.47	\$1.39	5.76%	0 Bldgs	0 Bldgs
TOTAL OFFICE	34,909,492	3,622,529	10.40%	10.80%	64,007	441,870	\$1.92	\$1.86	3.23%	0 (SF)	225,325 (SF)

Vacancy by Region



Rental Rate by Region



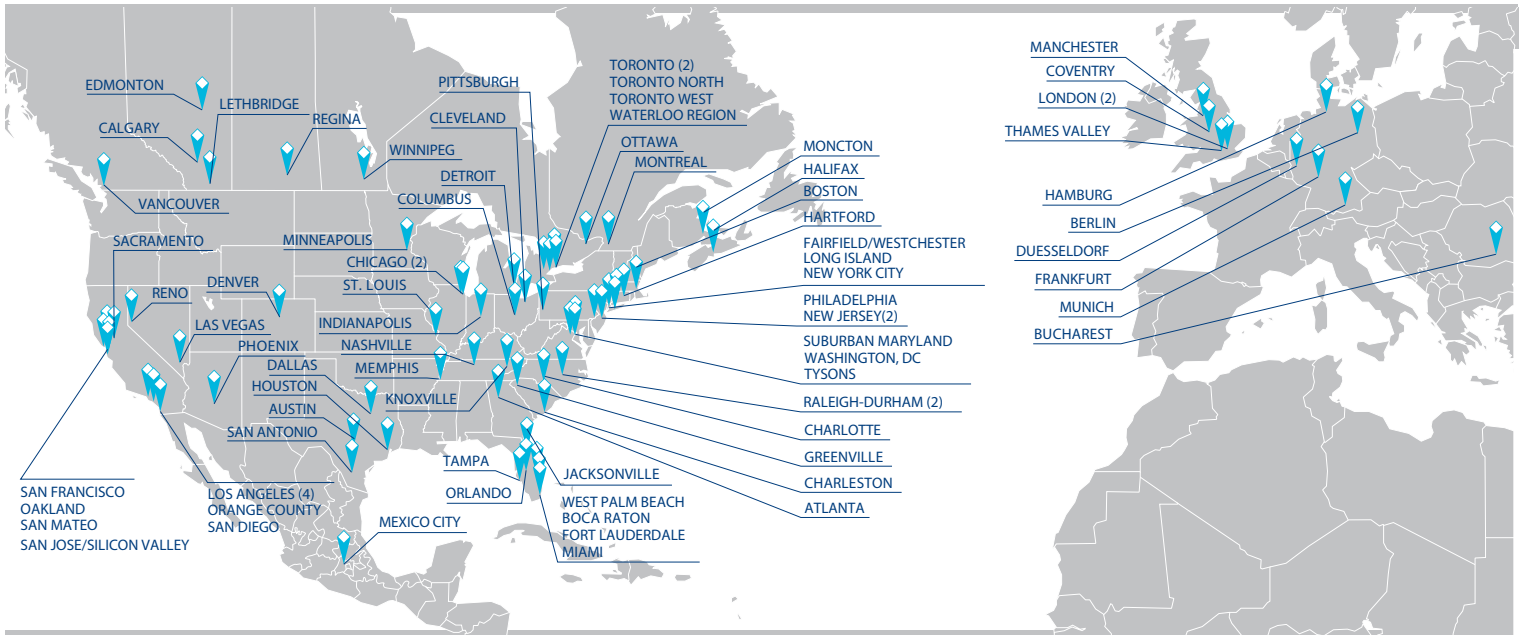
SUBMARKET	SUBMARKET DIVISIONS	CITIES WITHIN SUBMARKET
South Riverside	Temecula / Murrieta / Lake Elsinore	Temecula, Murrieta, Lake Elsinore, Wildomar
	Perris / Menifee	Perris, Menifee, Nuevo, Romoland, Sun City
	Hemet	Hemet, San Jacinto
	Corona	Corona, Norco
	Riverside City	Eastvale, Jurupa Valley, Mira 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
	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

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