

# Inland Empire



## Market Facts

**4.5%**

Inland Empire  
Unemployment Rate

**339,999 SF**

Positive Net Absorption  
Current Quarter

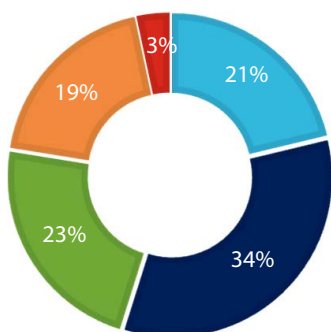
**10.4%**

Total Vacancy Rate  
Down From 11.0% In Q1 2017

**\$1.88 PSF**

Asking Rental Rate  
Weighted Average

Q2 2017 Transaction Volume by  
Property Sector



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

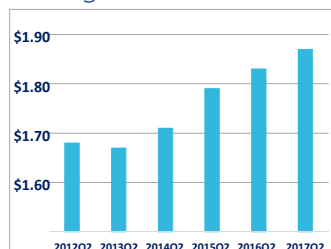
## Market Overview

Demand for office space in the Inland Empire remains steady as of the mid-point 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 May 2017, dropped to 4.5%, down from 5.4% one year earlier. Within the market, unemployment was 4.6% in Riverside County and 4.4% in San Bernardino County.

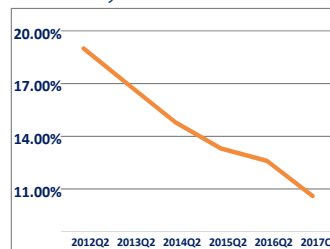
The counties of Riverside and San Bernardino, which make up the Inland Empire market, are experiencing strong economic fundamentals, and rapid growth in population and quality inventory. Office inventory will likely grow further out of a response to the market's massive industrial inventory, the multifamily 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 second quarter of 2017, vacancy in the Inland Empire's office market decreased to 10.4%, down from the previous quarter at 11.0%, and markedly down from the same time in the previous year at 12.7%. On a year-over-year basis, vacancy has decreased significantly since recession highs of 20%, when construction activity had reached record levels. Developers are proceeding cautiously, with a modest up-tick in construction activity for investment grade office over the past year. Rental rates in the market have been responding to the slow contraction in availability with a matched pacing. Second quarter rents averaged \$1.88 psf FSG, up from the previous quarter at \$1.85 psf FSG, and up from the same time in the previous year at \$1.82 psf FSG. Total net absorption reached positive 349,247 sf for the quarter, and positive 810,031 sf for the most recent 12 month period.

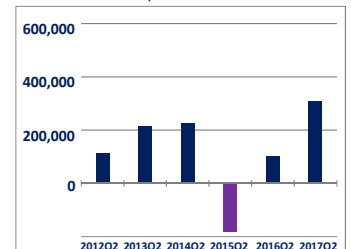
### Asking Rent



### Vacancy Rates

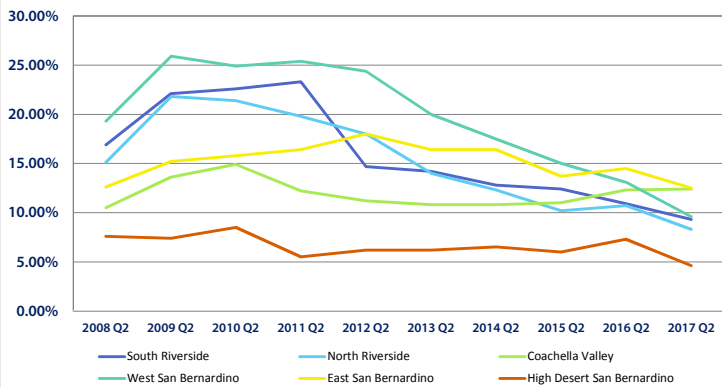


### Net Absorption

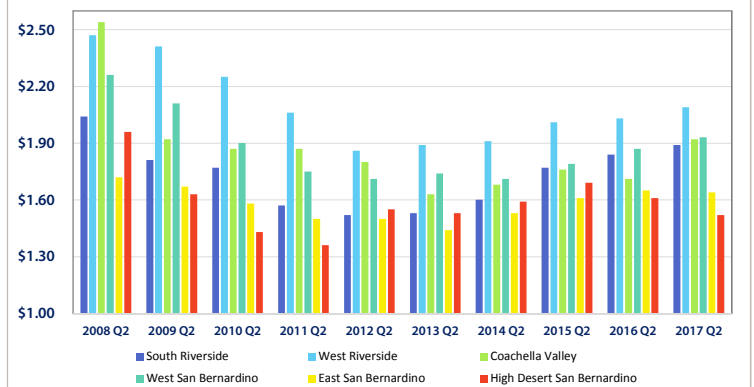


	Vacancy				Net Absorption		Avg. Advertised Rates (FSG)			Construction Pipeline	
	Q2 2017 Inventory (SF)	Q2 2017 Vacancy (SF)	Q2 2017 Vacancy (%)	Q1 2017 Vacancy (%)	Current Quarter Absorption	Year-To-Date Absorption	Q2 2017 Rental Rates	Q1 2017 Rental Rates	Qtr/Qtr Change (%)	Current Quarter Deliveries	Under Construction Quarter-End
<b>South Riverside</b>											
Temecula / Murrieta / Lake Elsinore	3,997,061	361,262	9.00%	10.50%	61,042	46,238	\$1.92	\$1.89	1.59%	0	85,000
Perris / Menifee	268,998	6,054	2.30%	2.30%	0	1,182	\$2.13	\$2.13	0.00%	0	0
Hemet	312,101	93,217	29.90%	29.40%	-1,342	7,901	\$1.71	\$1.73	-1.16%	0	0
<b>South Riverside TOTAL</b>	<b>4,578,160</b>	<b>460,533</b>	<b>10.10%</b>	<b>11.30%</b>	<b>59,700</b>	<b>55,321</b>	<b>\$1.89</b>	<b>\$1.87</b>	<b>1.07%</b>	<b>0</b>	<b>85,000</b>
<b>North Riverside</b>											
Corona	2,576,238	176,280	6.80%	10.10%	85,665	79,829	\$2.10	\$2.08	0.96%	20,000	45,204
Riverside City	5,236,800	541,426	10.30%	9.90%	9,586	-11,968	\$2.08	\$2.05	1.46%	0	0
Moreno Valley	1,475,970	110,132	7.50%	7.80%	4,469	14,054	\$2.15	\$2.13	0.94%	0	0
Beaumont / Banning	137,332	0	0.00%	0.00%	0	0	\$0.00	\$0.00	0.00%	0	0
<b>West Riverside TOTAL</b>	<b>9,426,340</b>	<b>827,838</b>	<b>8.80%</b>	<b>9.40%</b>	<b>99,720</b>	<b>81,915</b>	<b>\$2.09</b>	<b>\$2.07</b>	<b>0.97%</b>	<b>20,000</b>	<b>45,204</b>
<b>Coachella Valley</b>											
Indio / Coachella	243,465	21,654	8.90%	16.40%	14,708	18,308	\$1.47	\$1.50	-2.00%	0	0
Palm Desert / Palm Springs	2,618,718	351,366	13.40%	12.10%	-19,388	-492	\$1.98	\$1.80	10.00%	0	0
<b>Coachella Valley TOTAL</b>	<b>2,862,183</b>	<b>373,020</b>	<b>13.00%</b>	<b>12.50%</b>	<b>-4,680</b>	<b>17,816</b>	<b>\$1.92</b>	<b>\$1.76</b>	<b>9.09%</b>	<b>0</b>	<b>0</b>
<b>West San Bernardino</b>											
Chino	581,779	74,929	12.90%	17.30%	19,253	28,289	\$2.22	\$2.22	0.00%	0	38,500
Airport Area	7,348,861	721,073	9.80%	9.30%	104,512	216,152	\$1.90	\$1.89	0.53%	0	0
<b>West San Bernardino TOTAL</b>	<b>7,930,640</b>	<b>796,002</b>	<b>10.00%</b>	<b>9.80%</b>	<b>123,765</b>	<b>244,441</b>	<b>\$1.93</b>	<b>\$1.92</b>	<b>0.52%</b>	<b>0</b>	<b>38,500</b>
<b>East San Bernardino</b>											
San Bernardino City / Redlands	7,710,612	883,013	11.50%	12.70%	32,474	161,719	\$1.65	\$1.64	0.61%	0	0
Fontana / Rialto	742,324	176,380	23.80%	25.40%	18,607	34,411	\$1.59	\$1.57	1.27%	0	0
<b>East San Bernardino TOTAL</b>	<b>8,452,936</b>	<b>1,059,393</b>	<b>12.50%</b>	<b>13.80%</b>	<b>51,081</b>	<b>196,130</b>	<b>\$1.64</b>	<b>\$1.63</b>	<b>0.61%</b>	<b>0</b>	<b>0</b>
<b>High Desert San Bernardino</b>											
Victorville/Hesperia/Adelanto	1,049,536	43,096	4.10%	5.20%	9,855	26,803	\$1.71	\$1.76	-2.84%	0	0
Barstow	55,217	9,141	16.60%	17.60%	558	2,558	\$0.70	\$0.70	0.00%	0	0
<b>North San Bernardino TOTAL</b>	<b>1,104,753</b>	<b>52,237</b>	<b>4.70%</b>	<b>5.80%</b>	<b>10,413</b>	<b>29,361</b>	<b>\$1.52</b>	<b>\$1.56</b>	<b>-2.56%</b>	<b>0</b>	<b>0</b>
<b>INLAND EMPIRE</b>											
Class A	8,616,872	776,115	9.00%	9.50%	208,457	327,250	\$2.24	\$2.18	2.75%	0 Bldgs	0 Bldgs
Class B	21,445,305	2,515,569	11.90%	12.48%	121,852	241,592	\$1.79	\$1.78	0.56%	1 Bldgs	4 Bldgs
Class C	4,292,835	277,339	6.50%	6.60%	9,690	56,142	\$1.36	\$1.36	0.00%	0 Bldgs	0 Bldgs
<b>TOTAL OFFICE</b>	<b>34,355,012</b>	<b>3,569,023</b>	<b>10.40%</b>	<b>11.00%</b>	<b>339,999</b>	<b>624,984</b>	<b>\$1.88</b>	<b>\$1.85</b>	<b>1.62%</b>	<b>20,000 (SF)</b>	<b>168,704 (SF)</b>

Vacancy by Region



Rental Rate by Region



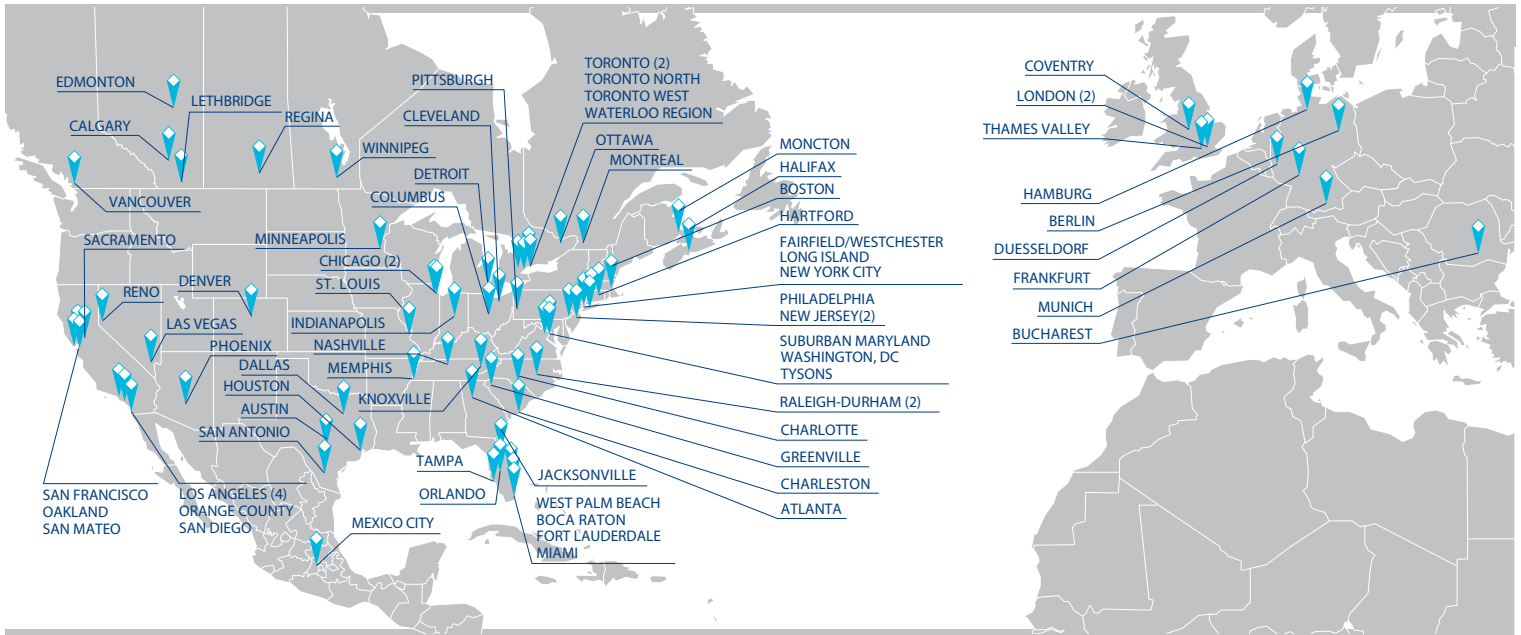
SUBMARKET	SUBMARKET DIVISIONS	CITIES WITHIN SUBMARKET
<b>South Riverside</b>	Temecula / Murrieta / Lake Elsinore	Temecula, Murrieta, Lake Elsinore, Wildomar
	Perris / Menifee	Perris, Menifee, Nuevo, Romoland, Sun City
	Hemet	Hemet, San Jacinto
	Corona	Corona, Norco
	Riverside City	Eastvale, Jurupa Valley, Mira Loma, Riverside City-North
<b>North Riverside</b>	Moreno Valley	Moreno Valley, Riverside City-South
	Beaumont / Banning	Beaumont, Banning, Cabazon, Callimesa
	Coachella / Indio	Coachella, Indio, Mecca, Thermal
<b>Coachella Valley</b>	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
	Airport Area	Ontario, Rancho Cucamonga, Upland, Etiwanda, Montclair
<b>East San Bernardino</b>	San Bernardino City / Redlands	San Bernardino City, Redlands, Highland, Mentone, Yucaipa
	Fontana / Rialto	Fontana, Rialto, Colton, Grand Terrace, Loma Linda, Bloomington
<b>High Desert San Bernardino</b>	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: **2,400**  
 Offices: **80**  
 Brokerage Professionals: **1,000+**  
 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 2,400 real estate professionals in 80 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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