

# Inland Empire



## Market Facts

**4.1%**

Inland Empire  
Unemployment Rate

**6,517,756 SF**

Positive Net Absorption  
Current Quarter

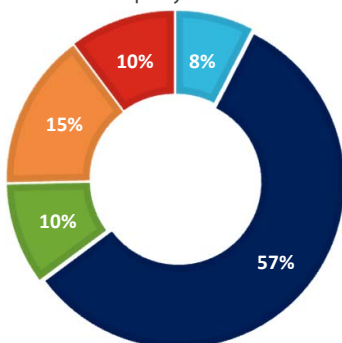
**5.5%**

Total Vacancy Rate  
Down From 5.6% In Q4 2018

**\$0.59 PSF**

Asking Rental Rate  
Weighted Average

Q1 2018 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 first quarter of 2018. Vacancy remains tight, while remaining nearly flat 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.

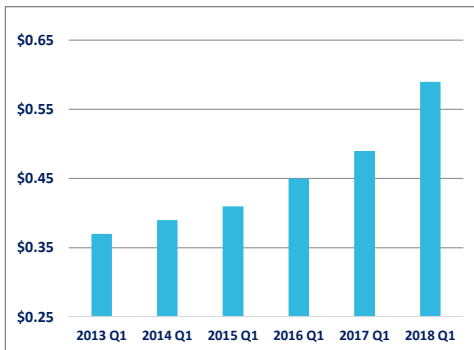
The Inland Empire is a powerhouse of industrial inventory that supports the demands of the entire Southern California region. Industrial construction activity resumed rapidly post-recession and has met pre-recession levels with fervor. The market had 93 industrial projects under construction at the first quarter of the year, amounting to 22,591,000 sf of new inventory that is expected to be delivered in the coming year.

The Inland Empire industrial market recorded a total net absorption of positive 6.5M sf for the quarter, and positive 23.2M sf for the most recent 12 month period. Rental rates for the entire market on average have reached \$0.59 psf FSG as of the first quarter of 2018, relatively flat from the previous quarter, with a significant increase seen from \$0.49 psf FSG at the same time in the previous year.

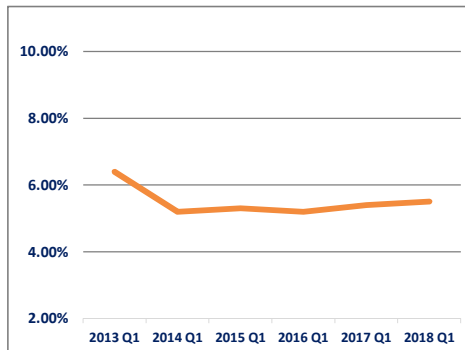
As of the first quarter of 2018, vacancy in the Inland Empire's industrial market decreased slightly to 5.5%, down one basis point from last quarter, but up two basis points from the previous year. Vacancy is still within the tight range that has been typical for the last four years. On a year-over-year 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 over the previous year.

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.

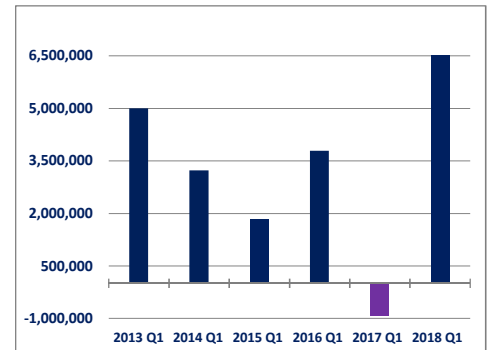
### Asking Rent



### Vacancy Rates



### Net Absorption



### Top Leases

Tenant	Type	Address	Submarket	SF
Walmart	New	6720 Kimball Ave, Chino	West San Bernardino	1,022,680
Cooper Tire San Bernardino	New	1089 E Mill St, San Bernardino	East San Bernardino	404,725
Lorenz & Jones	New	26763 San Bernardino Ave, Redlands	East San Bernardino	176,906
VF Outdoor	New	2571 Sampson Ave, Corona	North Riverside	154,241
Victaulic Company	New	4382 N Georgia Blvd, San Bernardino	East San Bernardino	153,010

### Top Sales

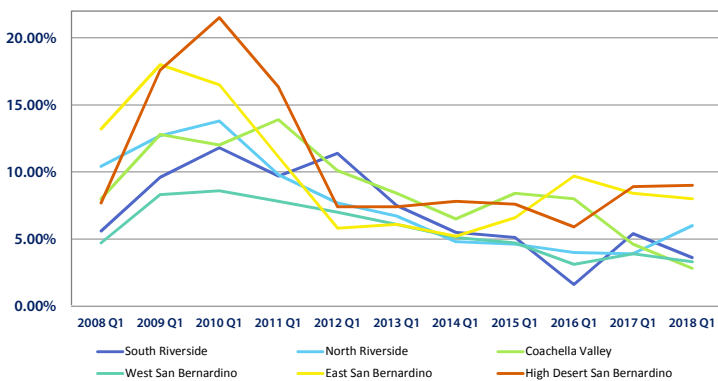
Address	Buyer	Seller	Price	SF	P/SF
9712 Alabama St / 9889 Almond Ave, Redlands	Alere Property Group	Crow Holdings	\$100,500,000	927,798	\$108
20801 Krameria Ave, Riverside	United Parcel Service	Lewis Commercial	\$93,500,000	1,000,000	\$94
1138 W Rincon St, Corona	Shea Properties Mgmt Co.	Dairy Farmers of America	\$38,000,000	374,760	\$101
11350 Riverside Dr, Mira Loma	Costco Wholesale Corp.	L&B Realty Advisors	\$31,500,000	250,000	\$126
1910-1920 S Archibald / 1900 S Proforma, Ontario	Rexford Industrial	MetLife Real Estate Investments	\$24,100,000	213,603	\$113

### Under Construction

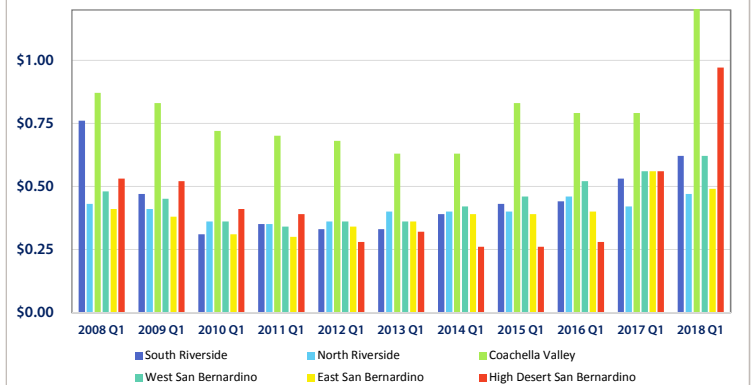
Address	Submarket	Developer	SF	Completion
24385 Nandina Avenue, Moreno Valley	North Riverside	First Industrial Realty Trust	1,388,210	Q3 2018
Watson Logistics Center, Apple Valley	High Desert San Bernardino	Watson Land Company	1,350,000	Q1 2019
17350 Perris Boulevard, Moreno Valley	North Riverside	Alere Property Group, LLC	1,109,378	Q2 2018
Optimus Logistics Center, Perris	South Riverside	Rockefeller Group	1,039,898	Q3 2018
6720 Kimball Ave, Chino	West San Bernardino	Majestic Realty	1,022,680	Q3 2018

	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 NNN	Q4 2017 Rental Rates NNN	Qtr/Qtr Change (%)	Current Quarter Deliveries	Under Construction Quarter-End
<b>South Riverside</b>											
Temecula / Murrieta / Lake Elsinore	12,363,598	325,118	2.60%	4.00%	232,947	232,947	\$0.71	\$0.69	2.90%	74,800	141,180
Perris / Menifee	22,239,680	982,457	4.40%	5.60%	972,307	972,307	\$0.45	\$0.44	2.27%	753,230	2,881,723
Hemet	1,462,614	2,500	0.20%	0.90%	10,000	10,000	\$0.00	\$0.53	-100.00%	0	0
<b>South Riverside TOTAL</b>	<b>36,065,892</b>	<b>1,310,075</b>	<b>3.60%</b>	<b>4.80%</b>	<b>1,215,254</b>	<b>1,215,254</b>	<b>\$0.62</b>	<b>\$0.55</b>	<b>12.73%</b>	<b>828,030</b>	<b>3,022,903</b>
<b>North Riverside</b>											
Corona	26,074,924	1,183,595	4.50%	7.40%	786,158	786,158	\$0.64	\$0.61	4.92%	27,713	456,517
Riverside City	63,572,488	2,594,704	4.10%	2.50%	1,826,796	1,826,796	\$0.57	\$0.55	3.64%	3,008,120	1,587,952
Moreno Valley	37,907,947	4,120,227	10.90%	10.80%	341,019	341,019	\$0.41	\$0.41	0.00%	503,592	6,950,712
Beaumont / Banning	4,753,521	36,728	0.80%	0.80%	2,003	2,003	\$0.33	\$0.33	0.00%	0	0
<b>North Riverside TOTAL</b>	<b>132,308,880</b>	<b>7,935,254</b>	<b>6.00%</b>	<b>5.80%</b>	<b>2,955,976</b>	<b>2,955,976</b>	<b>\$0.47</b>	<b>\$0.47</b>	<b>0.00%</b>	<b>3,539,425</b>	<b>8,995,181</b>
<b>Coachella Valley</b>											
Indio / Coachella	3,793,856	90,270	2.40%	2.50%	4,233	4,233	\$0.57	\$0.70	-18.57%	0	0
Palm Desert / Palm Springs	3,611,192	114,889	3.20%	3.60%	7,302	7,302	\$2.43	\$2.57	-5.45%	0	389,171
<b>Coachella Valley TOTAL</b>	<b>7,405,048</b>	<b>205,159</b>	<b>2.80%</b>	<b>3.00%</b>	<b>11,535</b>	<b>11,535</b>	<b>\$2.16</b>	<b>\$1.91</b>	<b>13.09%</b>	<b>0</b>	<b>389,171</b>
<b>West San Bernardino</b>											
Chino	43,119,454	1,422,298	3.30%	3.80%	230,643	230,643	\$0.63	\$0.60	5.00%	0	2,605,253
Airport Area	141,361,484	4,756,750	3.40%	3.00%	-13,148	-13,148	\$0.62	\$0.60	3.33%	570,532	1,393,406
<b>West San Bernardino TOTAL</b>	<b>184,480,938</b>	<b>6,179,048</b>	<b>3.30%</b>	<b>3.20%</b>	<b>217,495</b>	<b>217,495</b>	<b>\$0.62</b>	<b>\$0.60</b>	<b>3.33%</b>	<b>570,532</b>	<b>3,998,659</b>
<b>East San Bernardino</b>											
San Bernardino City / Redlands	61,638,953	6,570,512	10.70%	10.40%	450,990	450,990	\$0.42	\$0.41	2.44%	631,192	1,593,984
Fontana / Rialto	95,292,227	5,926,331	6.20%	7.00%	1,535,235	1,535,235	\$0.59	\$0.66	-10.61%	1,016,108	2,611,420
<b>East San Bernardino TOTAL</b>	<b>156,931,180</b>	<b>12,496,843</b>	<b>8.00%</b>	<b>8.30%</b>	<b>1,986,225</b>	<b>1,986,225</b>	<b>\$0.49</b>	<b>\$0.53</b>	<b>-7.55%</b>	<b>1,647,300</b>	<b>4,205,404</b>
<b>High Desert San Bernardino</b>											
Victorville/Hesperia/Adelanto	13,188,414	943,701	7.20%	8.20%	131,042	131,042	\$2.30	\$2.25	2.22%	0	1,979,925
Barstow	724,634	307,007	42.40%	42.40%	229	229	\$0.22	\$0.22	0.00%	0	0
<b>North San Bernardino TOTAL</b>	<b>13,913,048</b>	<b>1,250,708</b>	<b>9.00%</b>	<b>10.00%</b>	<b>131,271</b>	<b>131,271</b>	<b>\$0.97</b>	<b>\$0.84</b>	<b>15.48%</b>	<b>0</b>	<b>1,979,925</b>
<b>INLAND EMPIRE</b>											
20,000 SF to 49,999 SF	73,816,318	2,465,677	3.30%	3.70%	419,829	419,829	\$0.90	\$0.85	5.88%	8 Bldgs	26 Bldgs
50,000 SF to 149,999 SF	104,578,240	4,554,051	4.40%	4.60%	828,661	828,661	\$0.59	\$0.57	3.51%	9 Bldgs	31 Bldgs
150,000 SF and larger	352,710,428	22,357,359	6.30%	6.30%	5,269,266	5,269,266	\$0.43	\$0.41	4.88%	12 Bldgs	36 Bldgs
<b>TOTAL INDUSTRIAL</b>	<b>531,104,986</b>	<b>29,377,087</b>	<b>5.50%</b>	<b>5.60%</b>	<b>6,517,756</b>	<b>6,517,756</b>	<b>\$0.59</b>	<b>\$0.58</b>	<b>1.72%</b>	<b>6,585,287 (SF)</b>	<b>22,591,243 (SF)</b>

Vacancy by Region



Rental Rate by Region



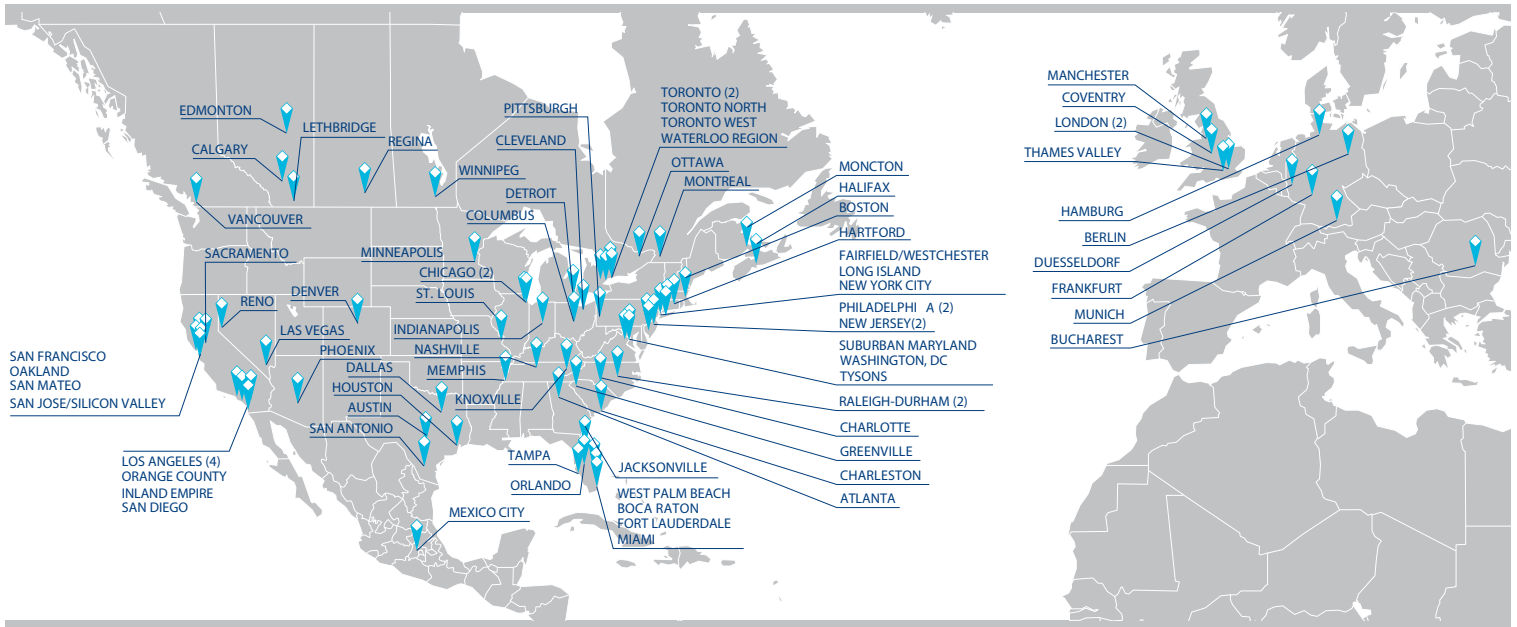
SUBMARKET	SUBMARKET DIVISIONS	CITIES WITHIN SUBMARKET
<b>South Riverside</b>	Temecula / Murrieta / Lake Elsinore	Temecula, Murrieta, Lake Elsinore, Wildomar
	Perris / Menifee	Perris, Menifee, Nuevo, Romoland, Sun City
	Hemet	Hemet, San Jacinto
	Corona	Corona, Norco
	Riverside City	Eastvale, Jurupa Valley, Mira Loma, Riverside City-North
<b>North Riverside</b>	Moreno Valley	Moreno Valley, Riverside City-South
	Beaumont / Banning	Beaumont, Banning, Cabazon, Callimesa
<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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