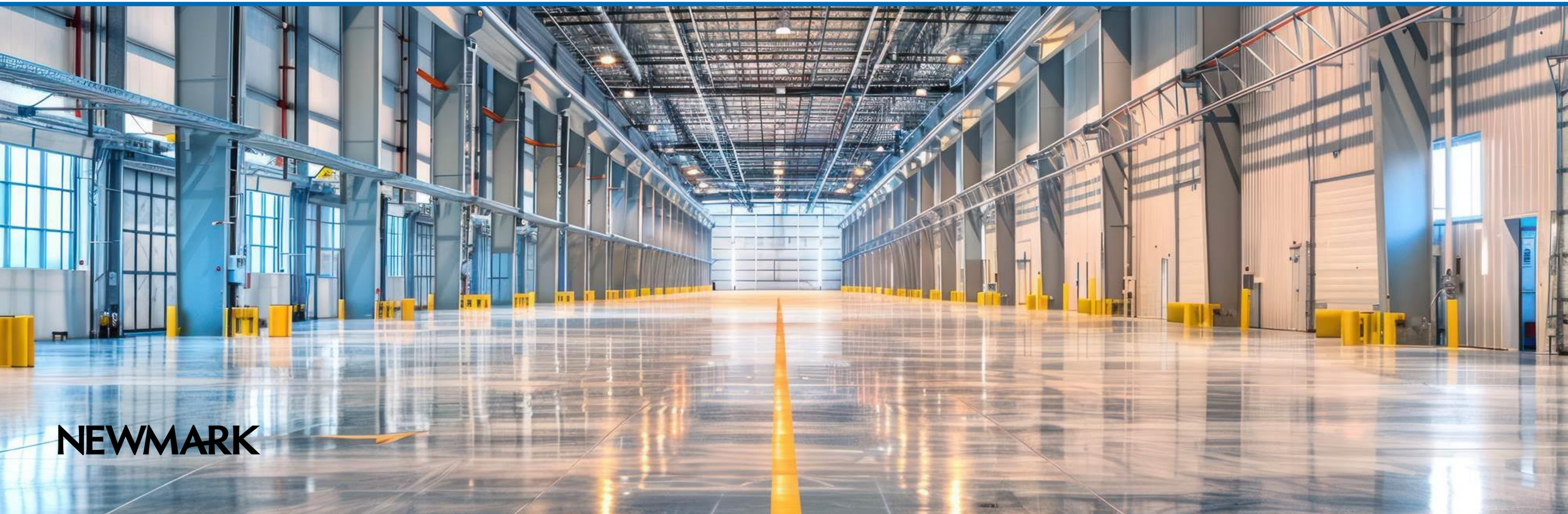
1Q25

Inland Empire Industrial Market Overview



NEWMARK

Market Observations

Economy

- Consumer confidence is trending down, and U.S. retail sales will follow if consumer prices rise. The sales drop will be precipitous if domestic unemployment increases.
- Widespread tariffs on foreign goods from the Trump Administration sent shockwaves across global financial markets in early-April.
- Uncertainty reigns: how long the new tariffs remain in effect, the degrees to which other countries retaliate, and Trump's willingness (or lack thereof) to negotiate were pending questions at the time of writing. Thus far, the U.S. has been the most aggressive on China.
- Loaded imports at Southern California's ports totaled a record-breaking 1.7 million containers in the first two months of 2025. The outlook for 2025 is muted at best.

Major Transactions

- Thirty-four direct leases over 100,000 SF were signed this quarter, a sharp increase from the 21 inked during the same period in 2024.
- Komar Distribution Services signed the largest lease of the quarter when it pre-leased 855 KSF at Perris Gateway in Perris. The tenant will occupy the space in December.
- No leases exceeding 1.0 MSF were signed in the past three quarters. Mega-box space commitments have historically insulated the market from net occupancy losses.
- Burlington Stores purchased an 889,445-SF warehouse at 21600 Cactus Ave from BlackRock in an owner-user sale. The sale, completed in March, was the largest single-property trade since January 2023.

Leasing Market Fundamentals

- The West continued to outperform the East in leasing activity, though to a lesser extent than in recent quarters. Leasing remains most pronounced within the 100,000- to 499,999-SF segment, which boasts higher availability and steeper rent declines relative to other size thresholds.
- Current lease term lengths are higher than the historical average as tenants lock in today's more-occupier-favorable conditions.
- Vacancy increased to 7.6% as a wave of unleased new construction delivered. Net absorption was positive for the quarter at 2.2 MSF.
- Sublet availability rose to 16.6 MSF, a 6.7% increase from year-end 2024. This was largely due new offerings from Under Armour (1.2 MSF at Prologis Park I-210 in Rialto) and Goodyear (828 KSF at 17477 Nisqualli Rd in Victorville).

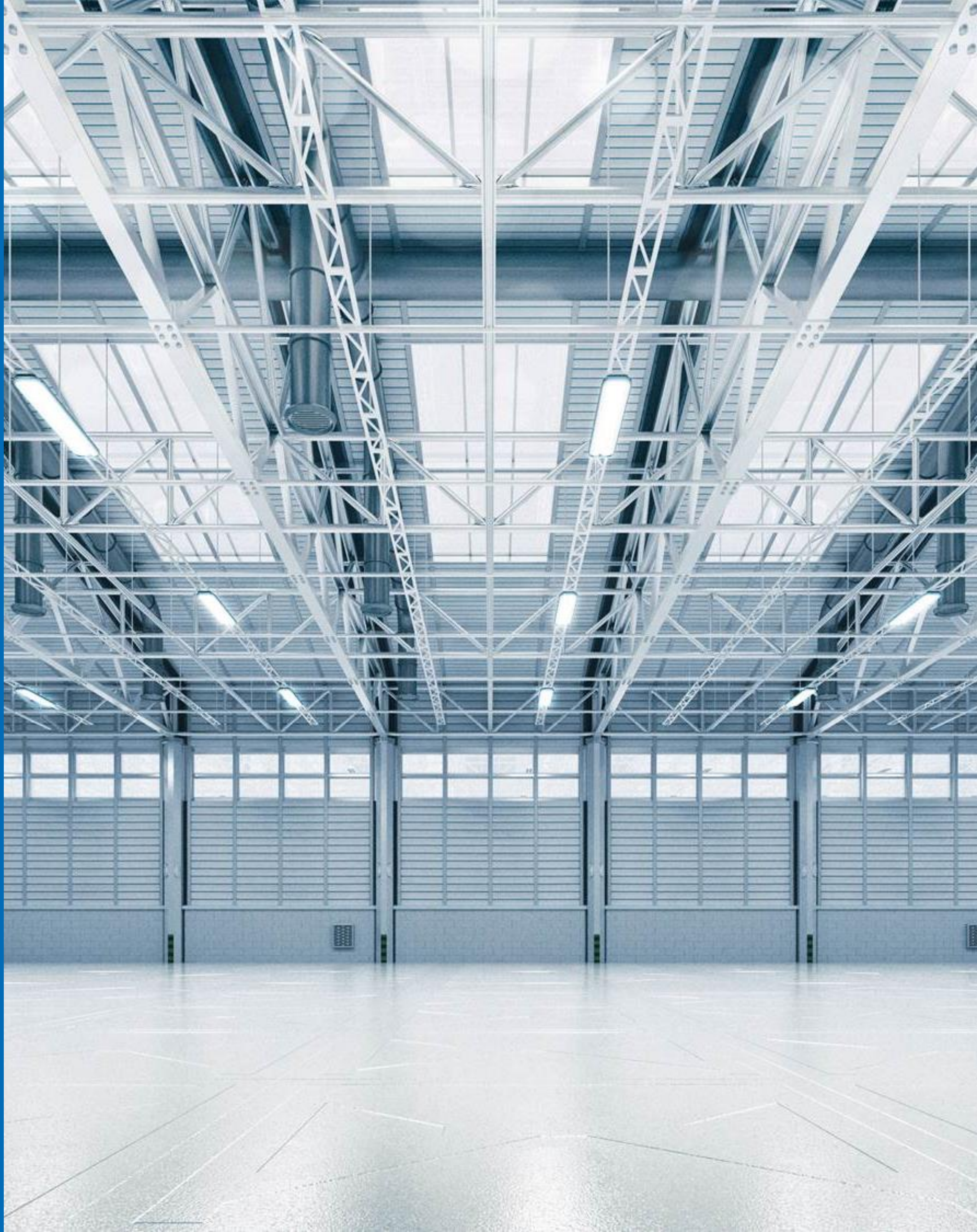
Outlook

- The market, which is sustained in large part through Chinese imports, is particularly vulnerable to a trade war. Occupiers often adopt a wait-and-see approach during periods of volatility, which can dampen near-term leasing activity.
- Only 15.2% of the 7.2 MSF set to deliver in 2Q25 has pre-leased. Vacancy will rise.
- The recent passage of California Assembly Bill 98 will likely spur eventual 1.0 MSF+ construction projects in the High Desert, as developers will face fewer regulatory hurdles to mega-box construction in the sparsely populated region than elsewhere.
- Prolonged tariffs will increase raw material prices and ultimately overall replacement costs. Construction activity will likely decrease.

1. Local Ports, U.S. Retail Sales and New Regulation
2. Local Employment
3. Leasing: General Conditions
4. Leasing: Size Segments and the Primary Submarkets
5. Sales Activity
6. Appendix

1Q25

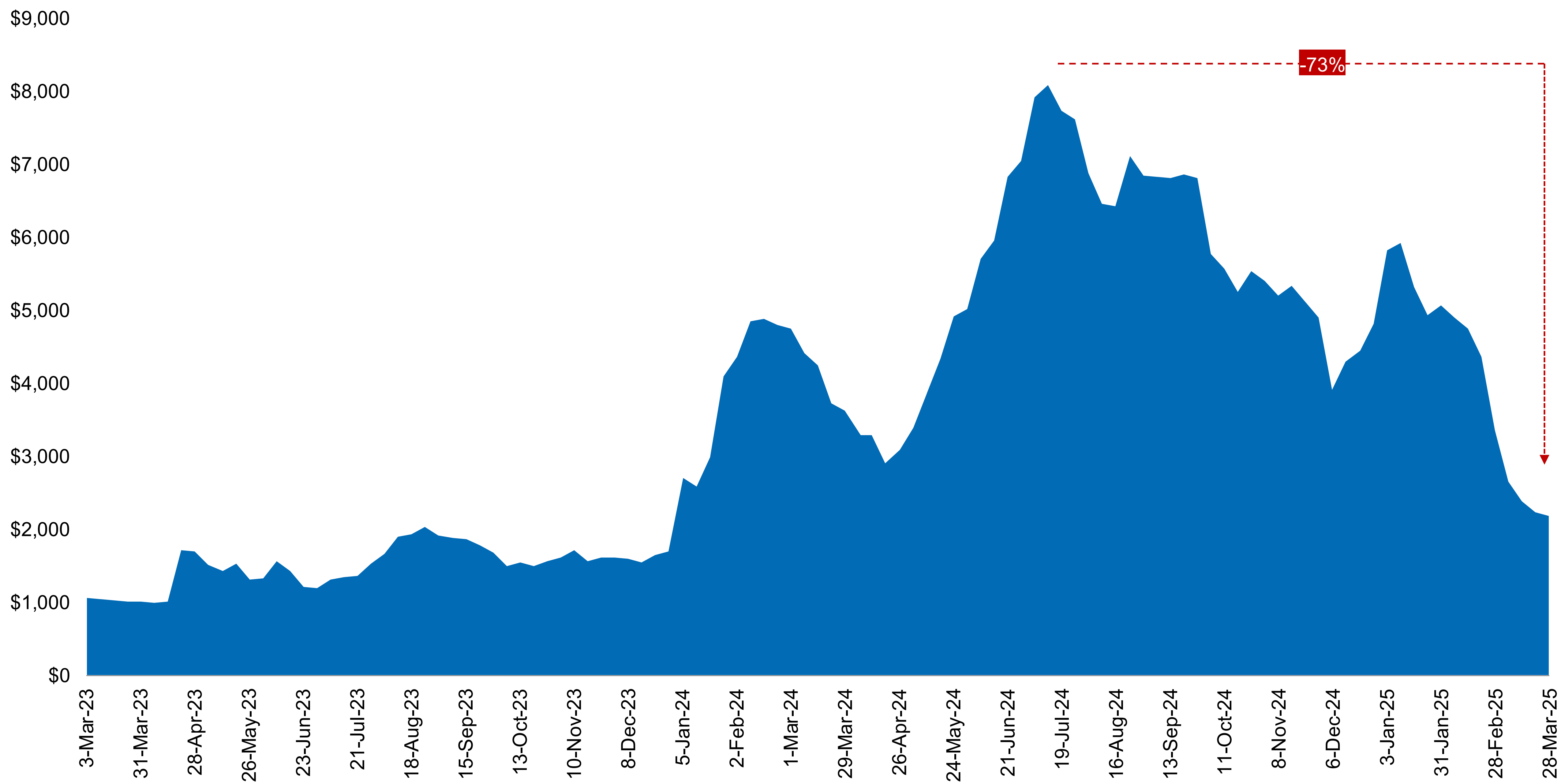
Local Ports, U.S. Retail Sales and New Regulation



Ocean Container Spot Rates Are Coming Down

Spot rates are cooling after 1) U.S. Gulf and Eastern Seaboard dockworkers signed a new six-year contract and 2) The Trump Administration introduced additional tariffs on Chinese goods. Rates will slide further if U.S. consumer spending decelerates.

Ocean Container Spot Rates from China/East Asia to North America's West Coast

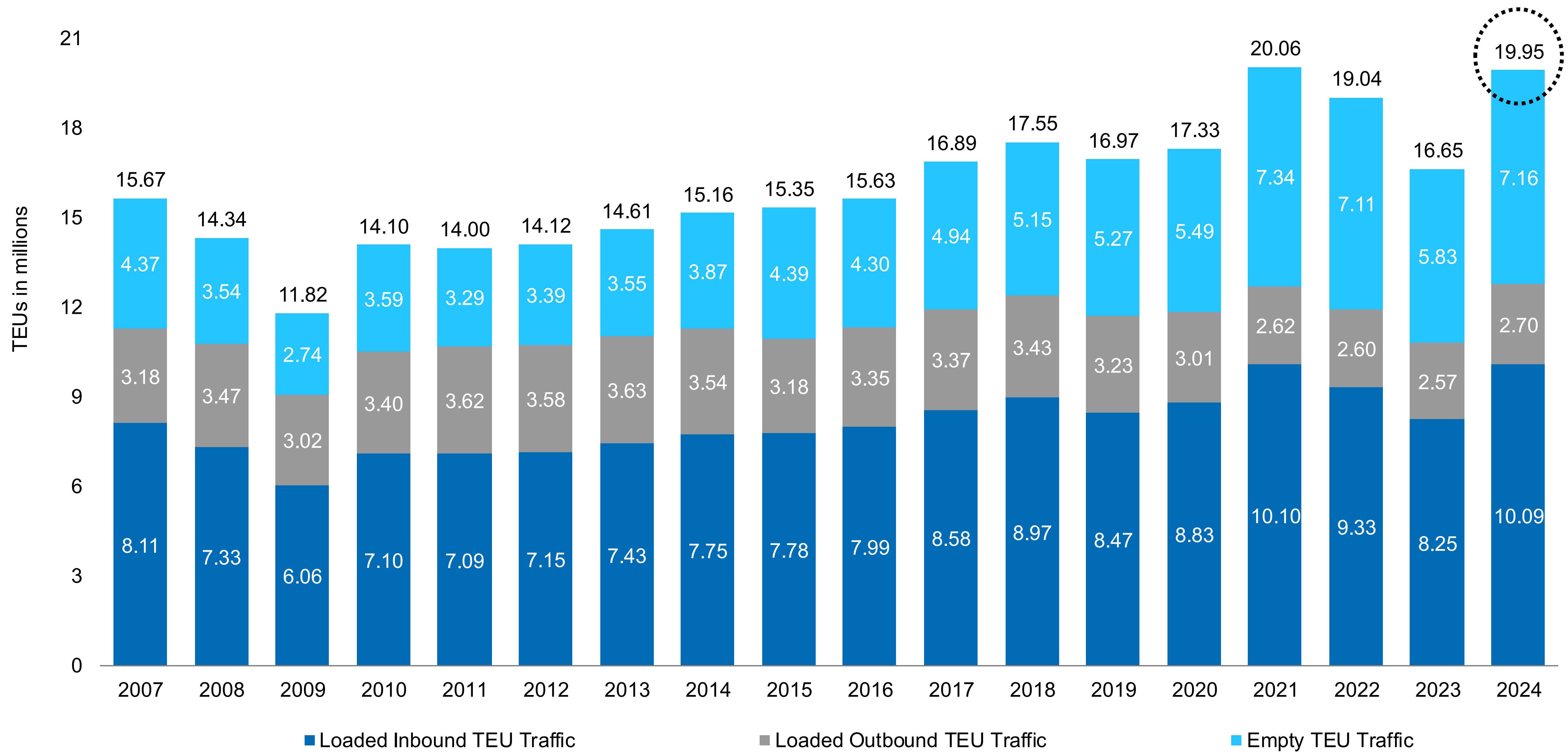


Source: Freightos, Newmark Research
Note: A spot rate is a one-time rate based on supply and demand, or shipment volume compared to available equipment. Because spot rates reflect current market conditions, they fluctuate continually. So, when load volumes are high and capacity is limited, pricing tends to increase.

Southern California’s Ports: 2024 Was the Second Busiest Year on Record

The inflated growth of 2021-2022 (due to strong retail sales from stay-at-home measures, government stimulus and distributors stockpiling goods) has passed. Southern California’s ports then contended with an influx of imports in 2024 due to labor contract negotiations with Gulf and East Coast dockworkers and the frontloading of cargo as a hedge against potential tariffs.

The Ports of Los Angeles and Long Beach: Combined TEU Volume | Loaded Imports, Loaded Exports and Empty Containers | By Year

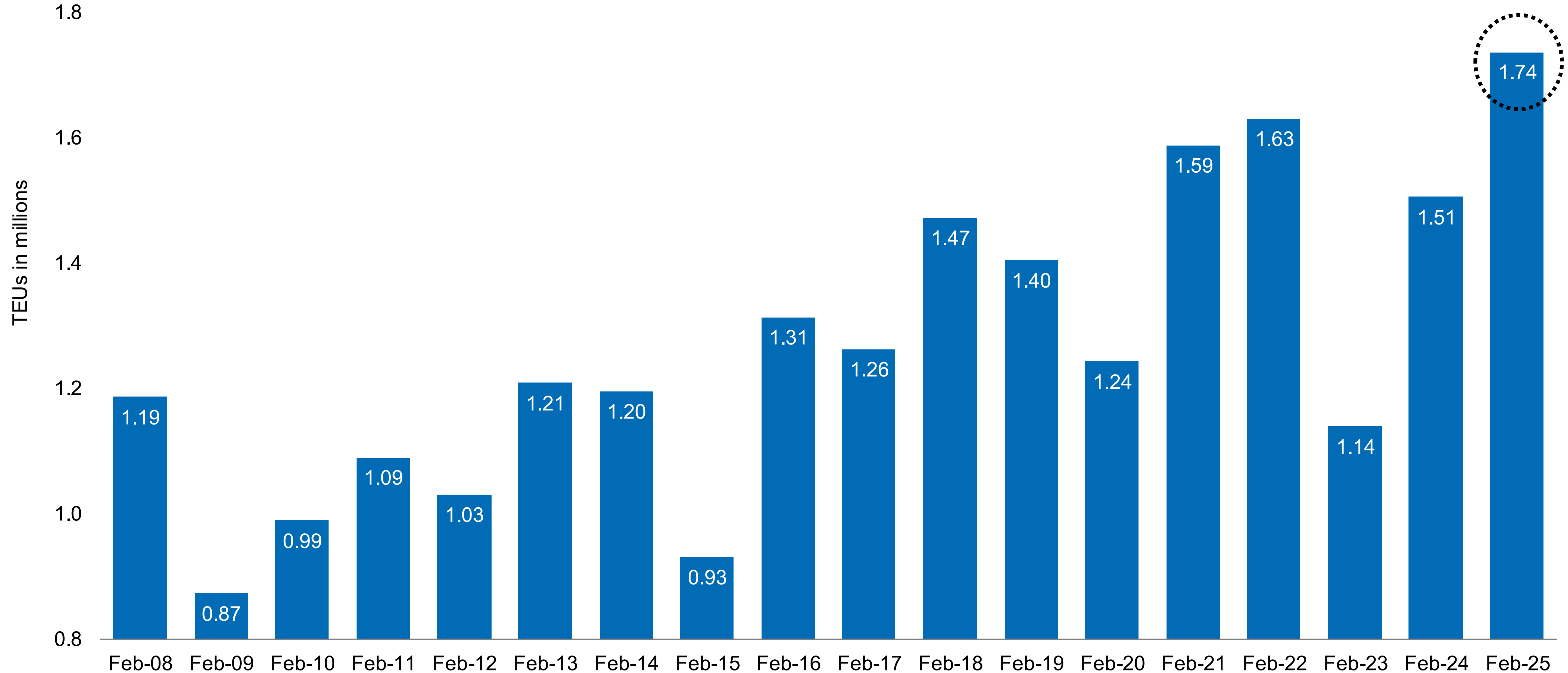


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

Loaded Import Volume in the First Two Months of 2025 Was Highest on Record

Import activity is expected to decelerate amid President Trump's new (and potentially escalating) tariffs. Resolved labor issues at U.S. Gulf and East Coast ports is another factor.

The Ports of Los Angeles and Long Beach: Loaded Imports | First Two Months of a Given Year



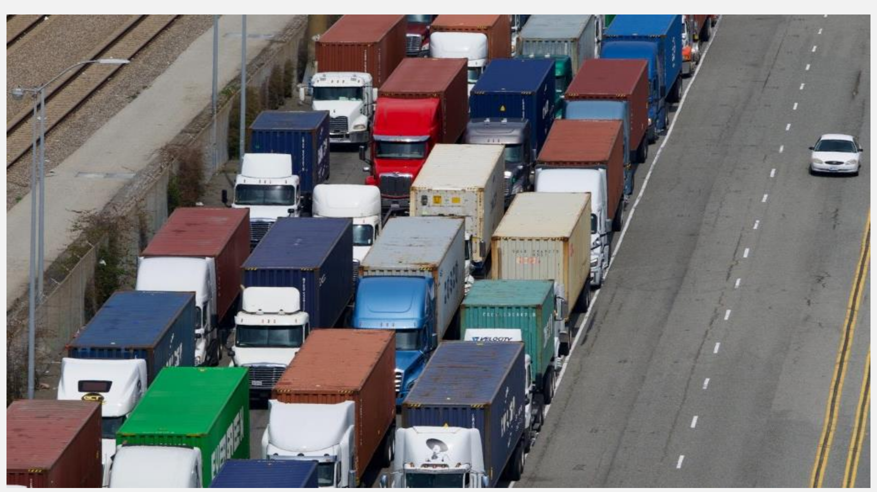
Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

West Coast Dockworkers Signed a New Contract in 2023; Their Eastern Counterparts Just Settled

The ILWU and PMA signed a new labor contract in September 2023, restoring a sense of much-needed stability at U.S. West Coast seaports through late 2029. For Gulf and East Coast Ports: After a contentious negotiation period since late 2023 (that gave shippers the jitters—causing some imports to be rerouted to western ports of entry), a Master Contract between the ILA and USMX was finally signed, restoring stability.

West Coast Ports Agreement Reached; New Contract Good Through Mid-2028

- The International Longshore Warehouse Union (ILWU) represents dockworkers at 29 ports from Washington State to California. The Pacific Maritime Association (PMA) represents ocean carriers and terminal operators.
- The prior contract expired on July 1, 2022.
- The ILWU has a history of work disruptions in prior negotiation periods, ranging from strikes, to deliberate work slowdowns to under-staffing shifts.
- These disruptions have cost major retailers billions of dollars in the past.
- A tentative agreement was reached on June 15, 2023 for what became a new six-year contract. Longshore workers secured a 32% salary increase.
- Many Asian importers temporarily pushed inbound goods to East and Gulf Coast ports before an agreement was reached.



Gulf and East Coast Ports Strike a Deal in March 2025

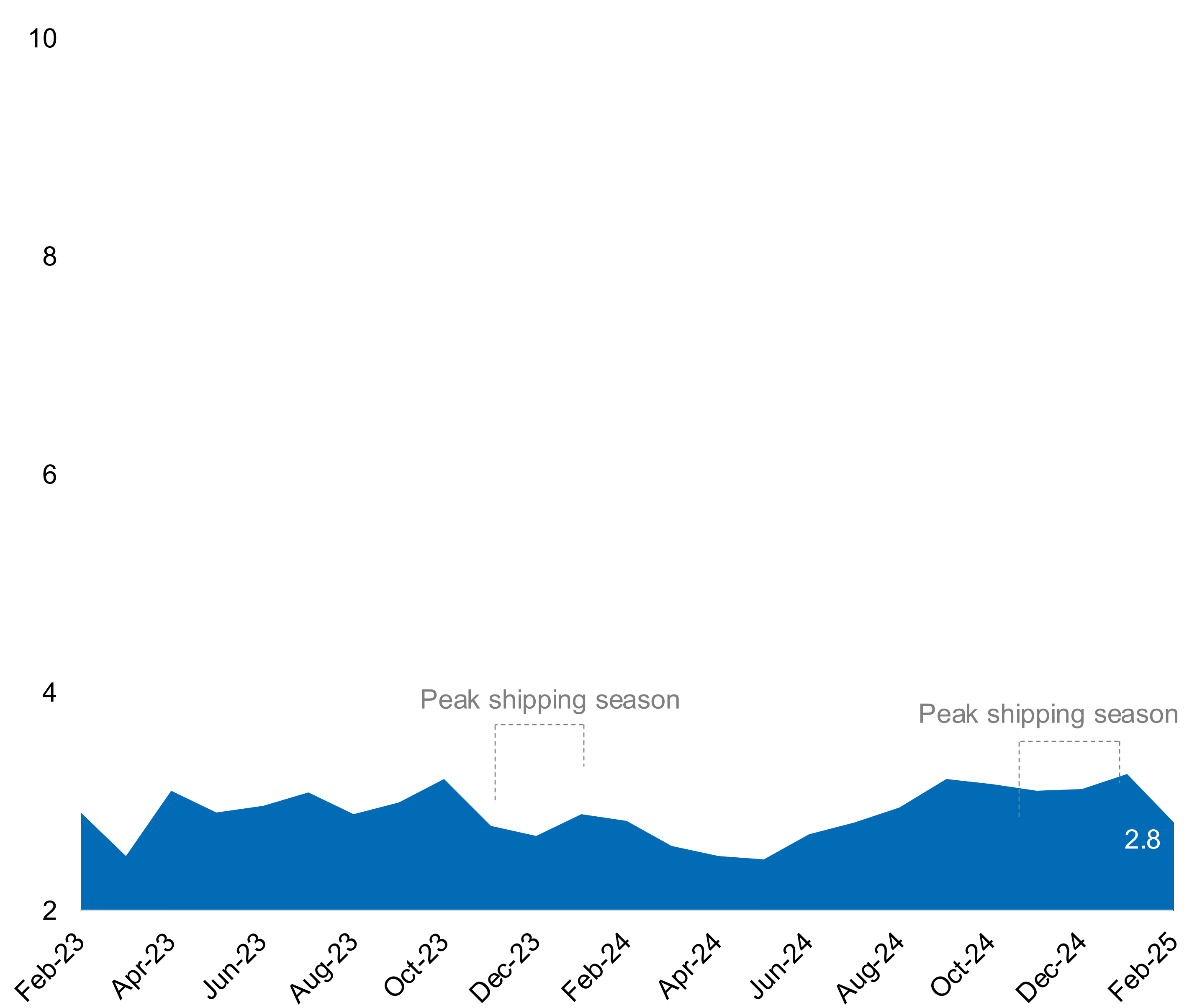
- The International Longshoremen's Association (ILA) represents dockworkers at 36 ports from Maine to Texas. The United States Maritime Alliance (USMX) represents ocean carriers and terminal operators.
- Their last contract expired on September 30, 2024.
- Harold Daggett, International President of the ILA, initiated a strike on October 1, 2024 that ended two days later.
- A new six-year Master Contract was signed on March 11, 2025. It is effective from October 1, 2024 through September 30, 2030.
- Job protection from automation and higher pay (a 62% wage increase over six years) for longshore workers are highlights from the new contract.
- Imports that were temporarily diverted to western ports of entry will return.

Source: Newmark Research, CNBC, Journal of Commerce, Reuters

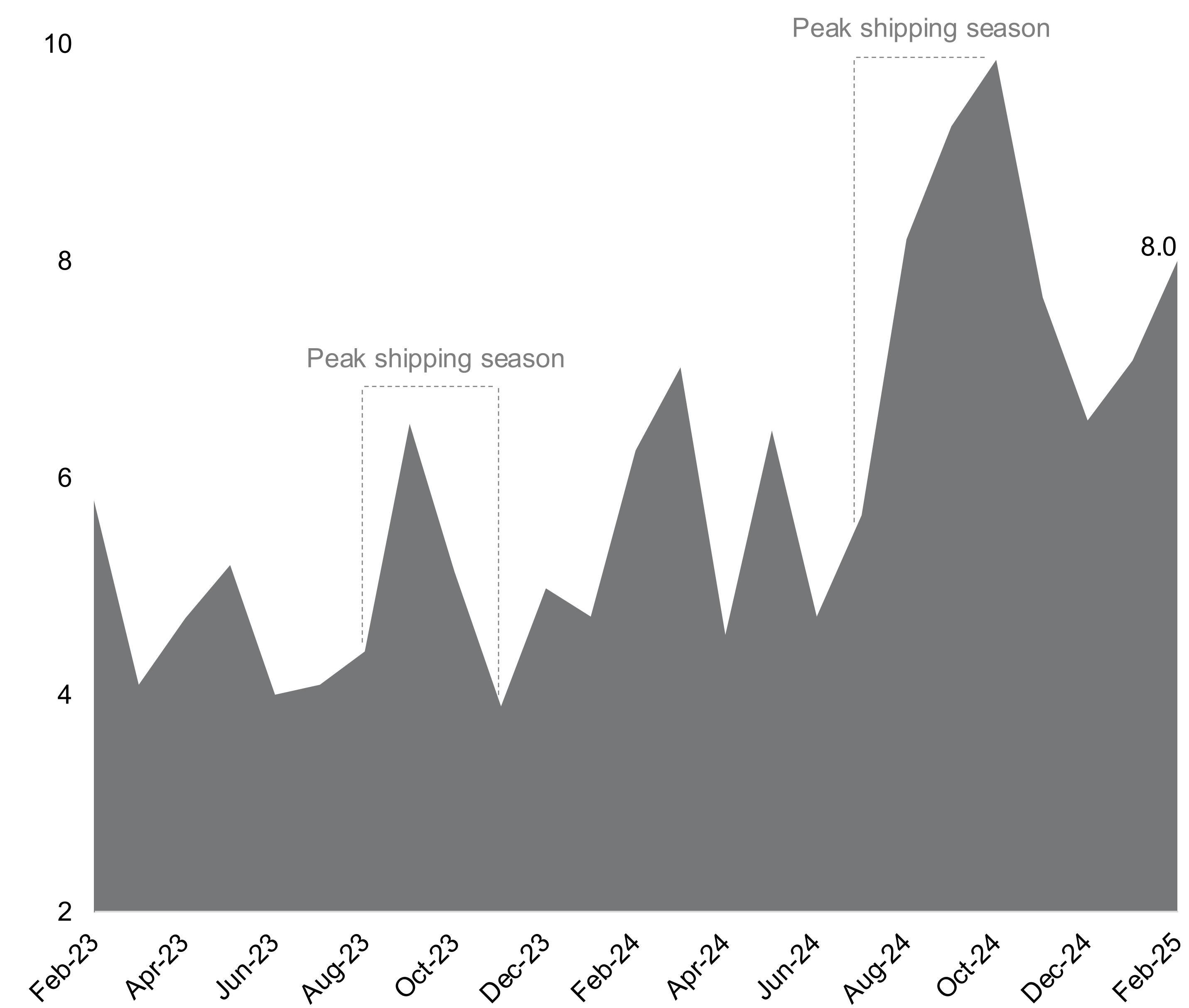
Southern California's Ports: Rail Dwell Times Remain Elevated—For Now

A boost in imports to Los Angeles-Long Beach (due to ILA labor concerns) drove an increase in eastbound intermodal train movement and, at times, strained network capacity. In other words, a fair share of the import traffic at The Ports of Los Angeles and Long Beach consisted of goods that were just passing through to other U.S. markets. Truck dwell times would be much higher if all imports were destined for Southern California's warehouses. Rail dwell times will normalize, following the new ILA-USMX Master Contract.

Truck-Bound Cargo Dwell Time (in Days) | Ports of Los Angles and Long Beach



Rail-Bound Cargo Dwell Time (in Days) | Ports of Los Angles and Long Beach

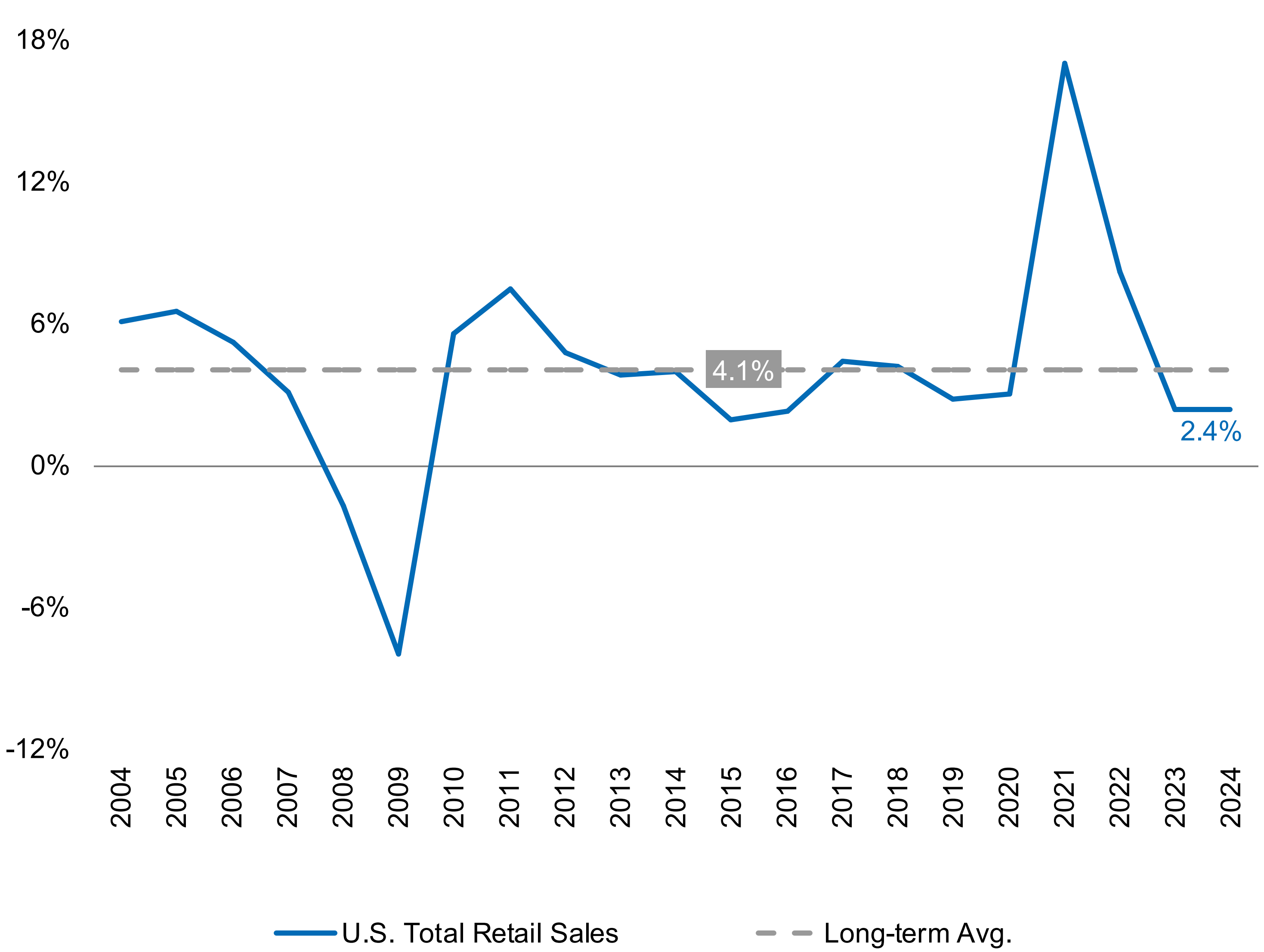


Source: Newmark Research, The Pacific Merchant Shipping Association (PMSA)
Note: Truck-bound cargo dwell time measures how long cargo waits after being unloaded from ships to being placed on an outbound vehicle.

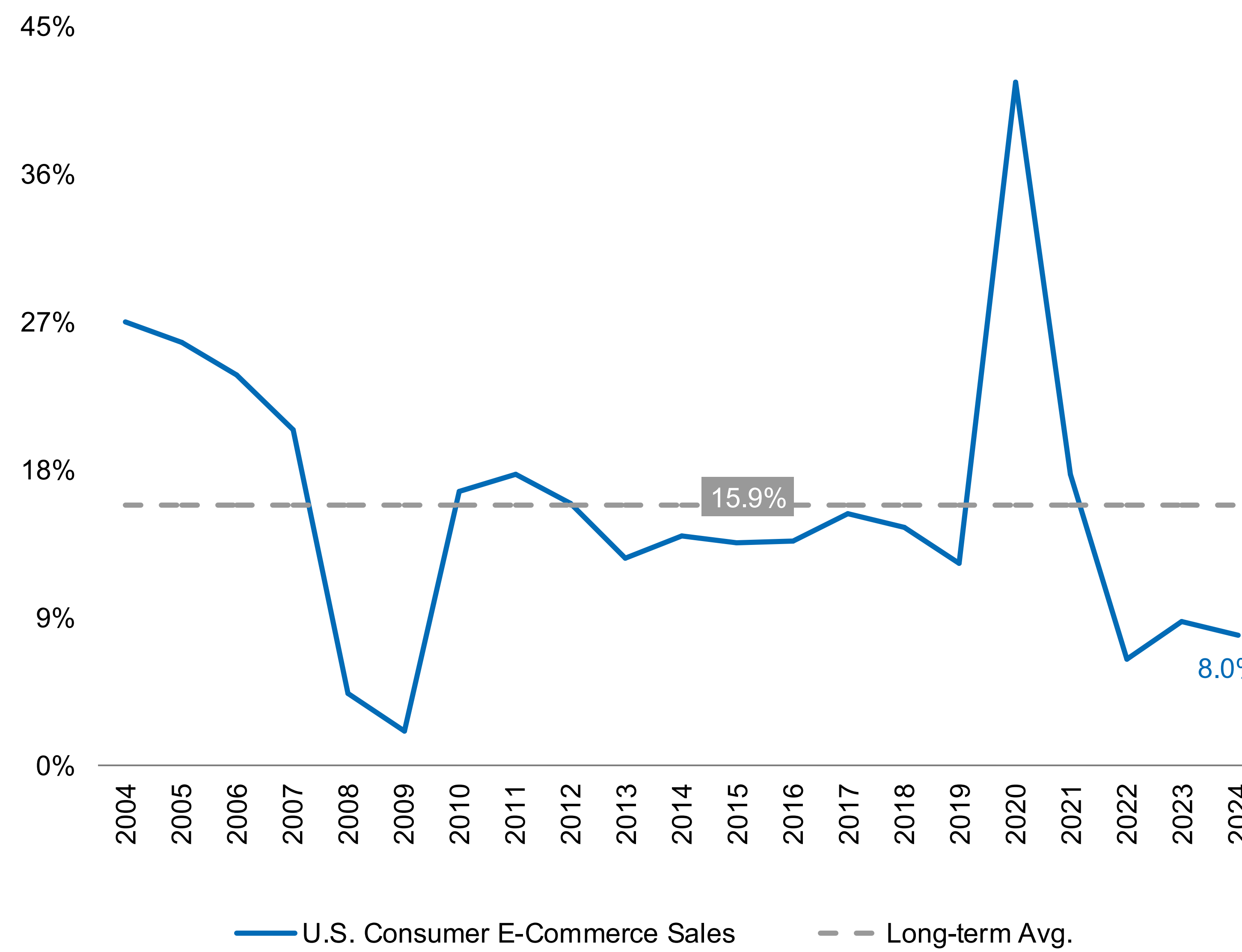
Retail Sales (an Indicator of Warehouse Demand) Continue to Moderate

Consumer e-commerce sales were up 2.4% in 2024 relative to 2023. Although e-commerce sales growth exceeded total retail sales (+8.0% over the same period), the decline from 2021 onward is noticeable as consumer spending registers slower gains. Economists are lowering their retail growth projections due to economic uncertainty from tariffs.

U.S. Overall Retail Sales Annual Growth



U.S. Consumer E-Commerce Sales Annual Growth

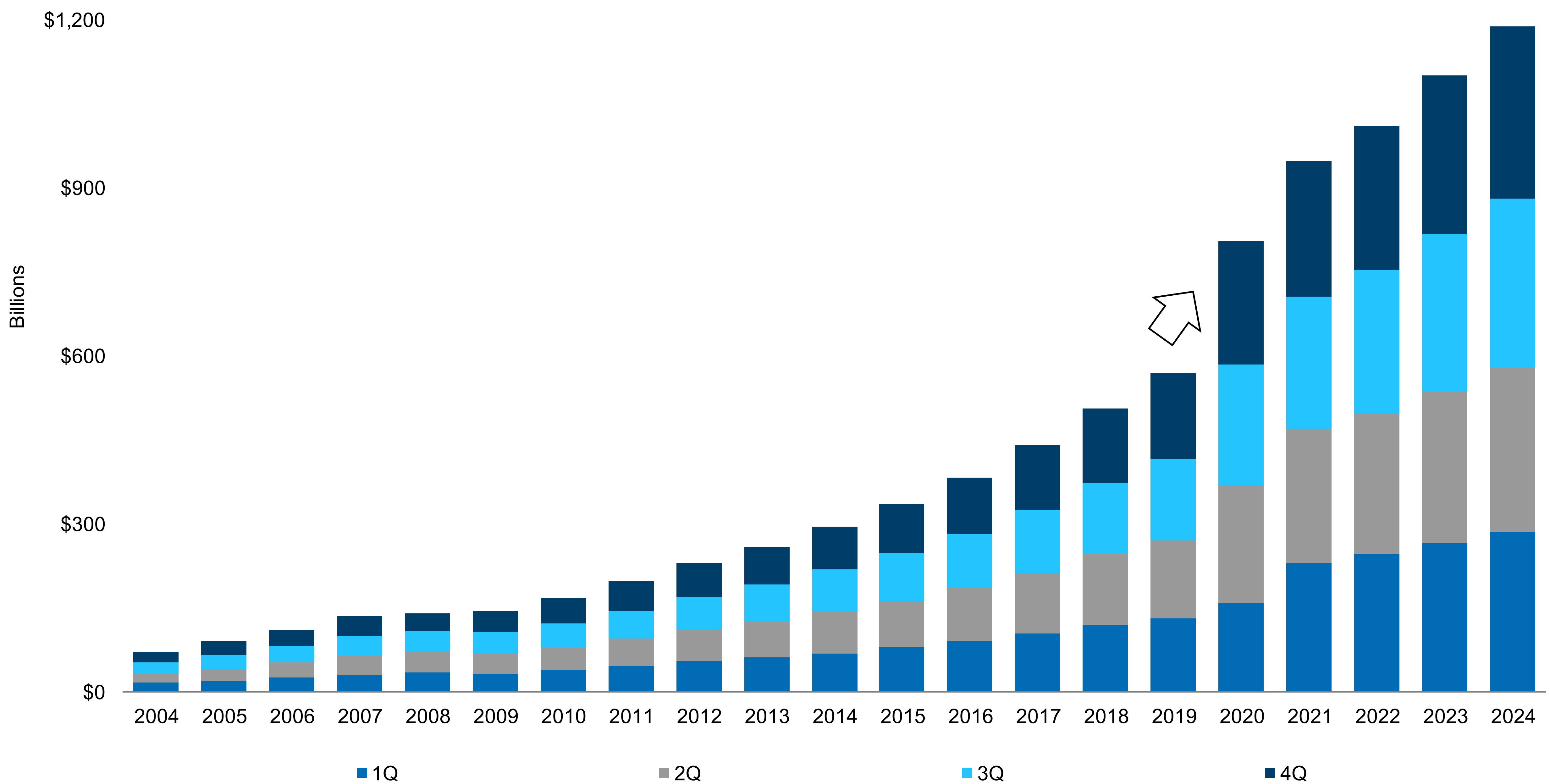


Source: US Census Bureau (consumer adjusted retail sales); most current data available

The Pandemic Accelerated E-Commerce Sales Growth and Adoption Rates

Every $1.0 billion in e-commerce sales is supported by roughly 1.2 MSF of logistics space. More e-commerce facilities are to be expected, especially in markets with large populations.

U.S. Consumer E-Commerce Sales Volume | By Quarter

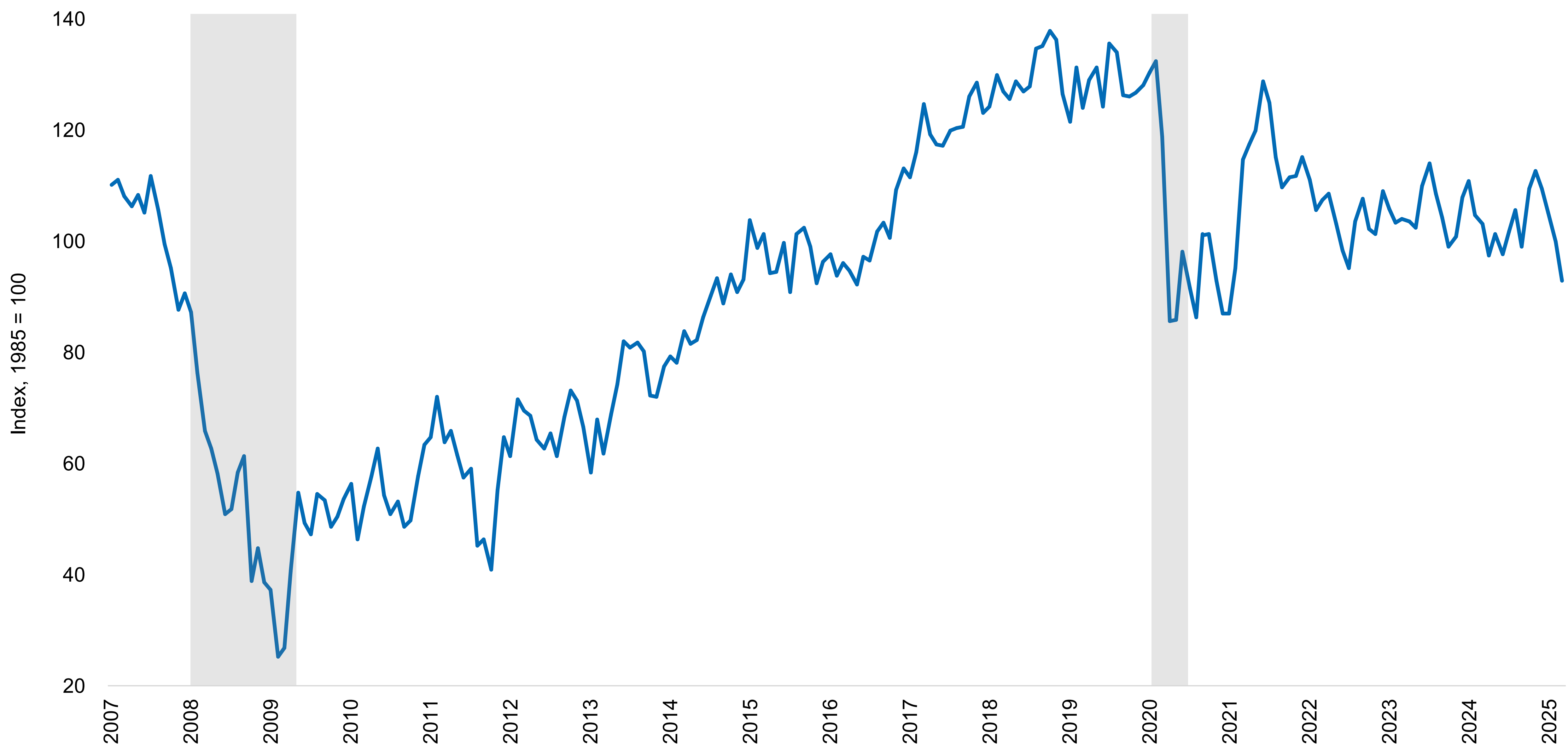


Source: US Census Bureau (consumer adjusted retail sales); most current data available.

U.S. Consumer Confidence Dropped for Fourth-Straight Month

March 2025's reading (92.9) is the lowest level in four years, with households fearing a recession in the future and higher inflation due to tariffs. Several big-box retailers have warned of higher prices and are bearish on their near-term earnings outlooks. Consumer Confidence will nosedive if the U.S. enters a recession.

U.S. Consumer Confidence Index



Source: U.S. Bureau of Labor Statistics, The Conference Board
Note: Shaded areas indicate U.S. recessions

New California Bill Adds Regulations on Warehouse Development in the State

Building setbacks, facility design features and truck routes are among the bill's focus---regulations that will ultimately increase warehouse occupancy costs. It is also worth noting that the state will have more control over matters that have historically fallen under the jurisdiction of counties and cities.

California Assembly Bill 98 (also known as "The Planning Logistics and Neighborhood Standards Act")

Macro

- Signed into law on September 29, 2024.
- Prohibits California cities and counties from approving all new development or expansions (20%+) of logistics centers unless they meet specified standards.
- Commences on January 1, 2026.

Standards

- Establishes setback requirements for new 250,000+ SF warehouse developments that are within 900 feet of homes, schools, daycares, parks or healthcare facilities.
    - Truck loading bays must be at least 300 feet from the property line in areas zoned for industrial use and 500 feet from the property line in areas not zoned for industrial use.
- Guidelines for sub-250,000 SF warehouse developments are here; see Section 65098.1. (d)
- For all new/expanded logistics facilities: Imposes other standards relating to warehouse design, including landscaping buffers, entry gates, signage and the infrastructure to accommodate future truck and car charging stations.
- Facility operators must prepare and submit a truck routing plan to and from the state highway system based on the jurisdiction's latest truck map before receiving a certificate of occupancy.
- A logistics developer must replace demolished housing at a 2-to-1 ratio. The developer will also be required to pay any evicted tenant's rent for 12 months.

Agency Requirements

- Requires cities and counties to establish designated truck routes that avoid residential areas and sensitive receptors.
- SCAQMD will deploy mobile air monitoring systems in Riverside and San Bernardino Counties to study air pollution in communities. It will report its findings to the California State Legislature.

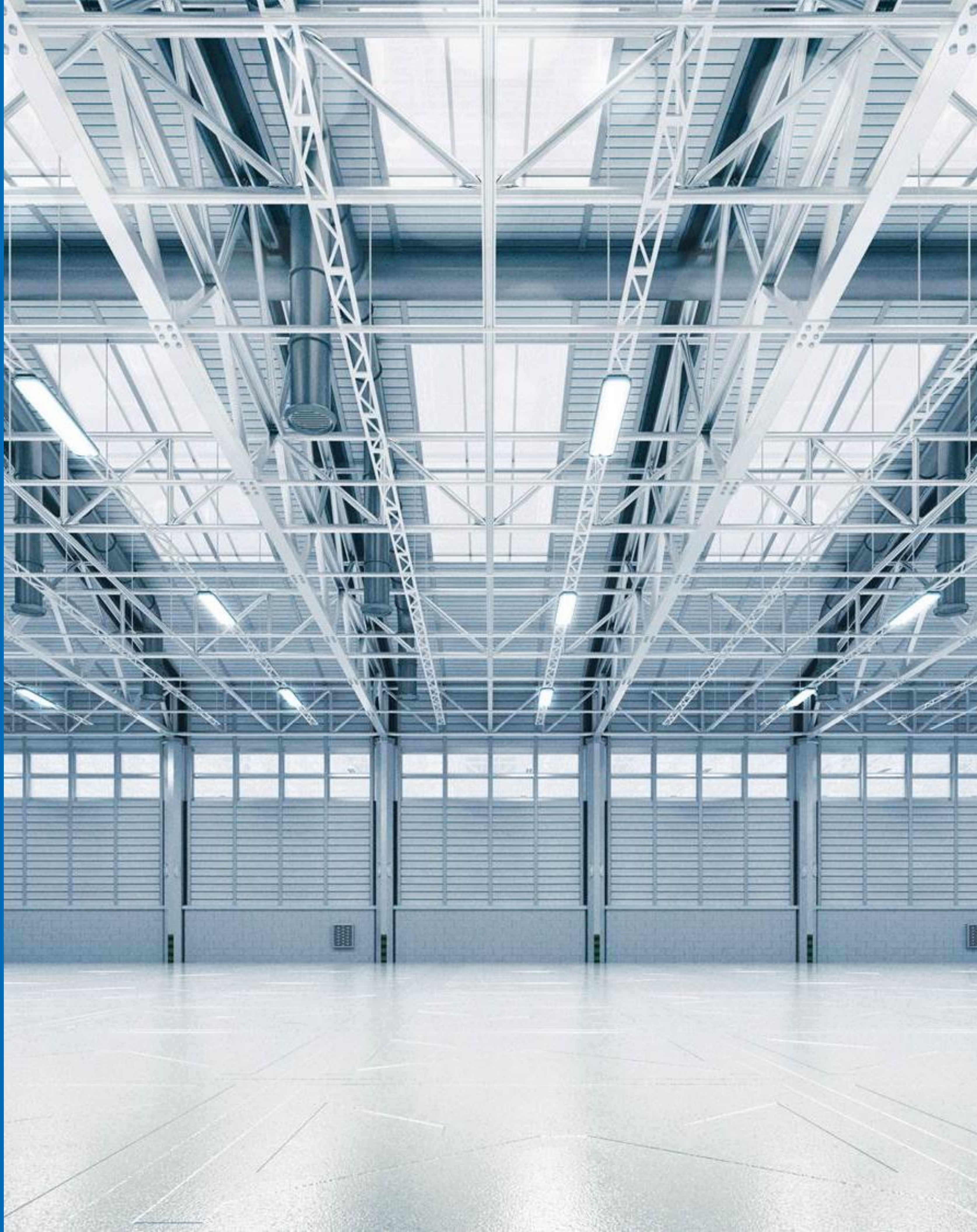
Impacts on Industrial Market Across California

- Cities and counties will need to update their general plans. Critics of the bill point to unclear provisions that will likely cause confusion for municipalities and delay the entitlement of proposed projects.
- Most jurisdictions in the state have until 2028 to enforce the changes; the Inland Empire has until 2026.
- Will limit new industrial construction in established areas of a given market; pre-existing facilities near residential populations will command rent premiums.
- Building plans for many unentitled sites will be revised.
- Development costs will rise.
- The Inland Empire, with the largest concentration of warehouse development in the state, will be most affected. Construction will grow in tertiary areas, such as the High Desert.

Source: Newmark Research; Rutan & Tucker, LLP; California Legislative Information.

1Q25

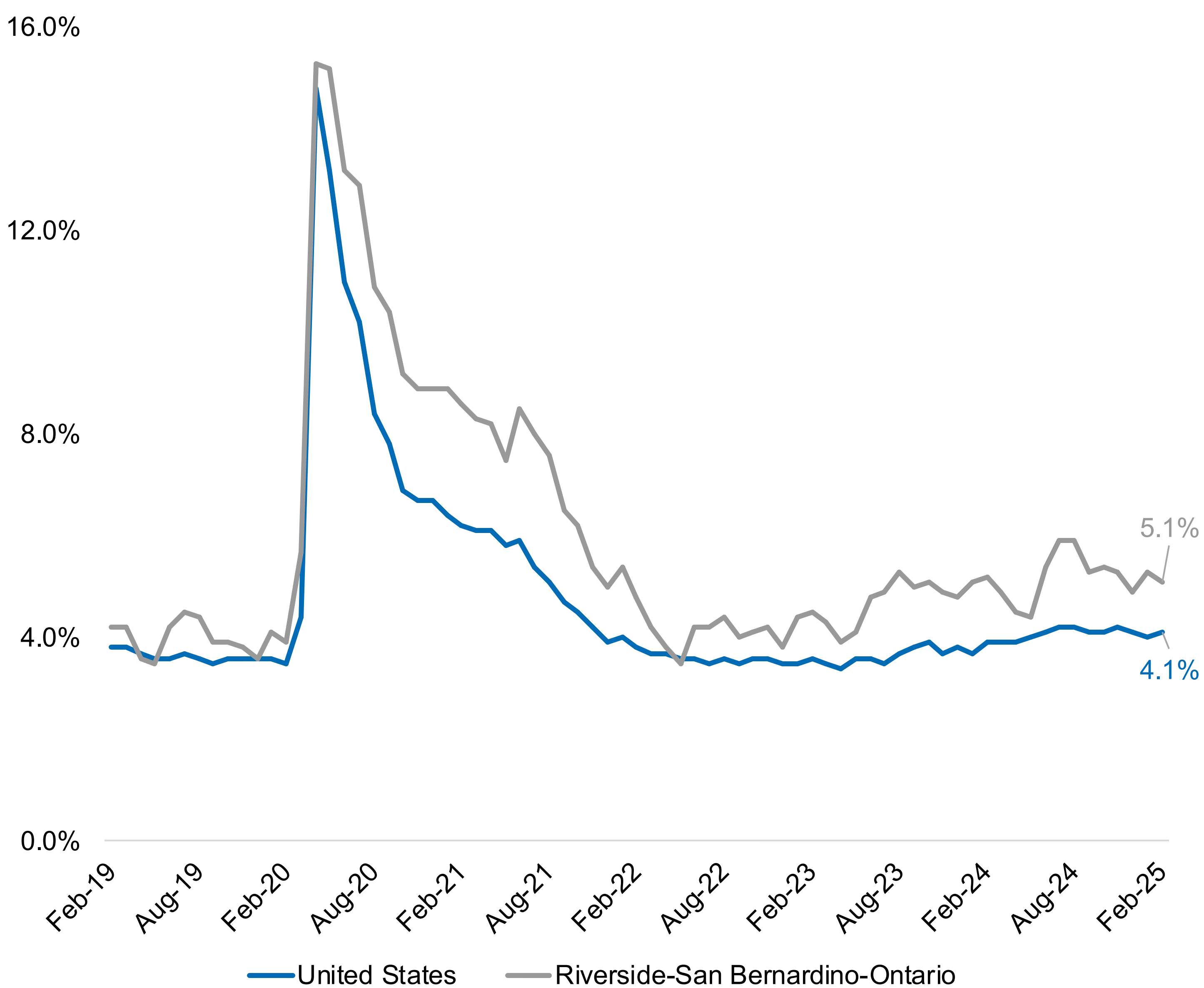
Local Employment



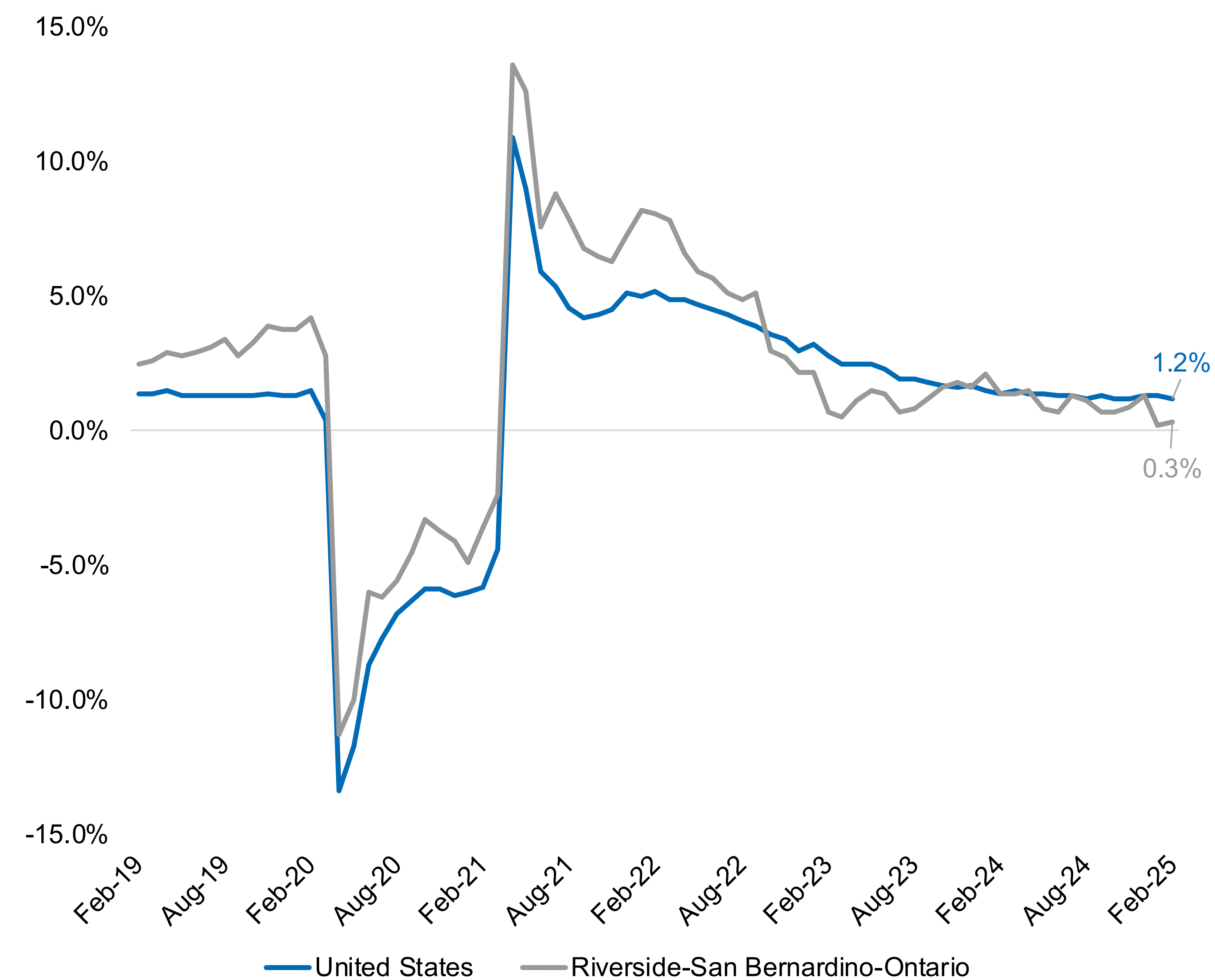
Local Unemployment Remains Above U.S. Average; Employment Growth Slows

Local unemployment reached 5.1% in February. Marked declines in construction, manufacturing, and leisure/hospitality employment over the past year have caused annualized nonfarm payroll employment growth to fall below the national rate in recent months.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

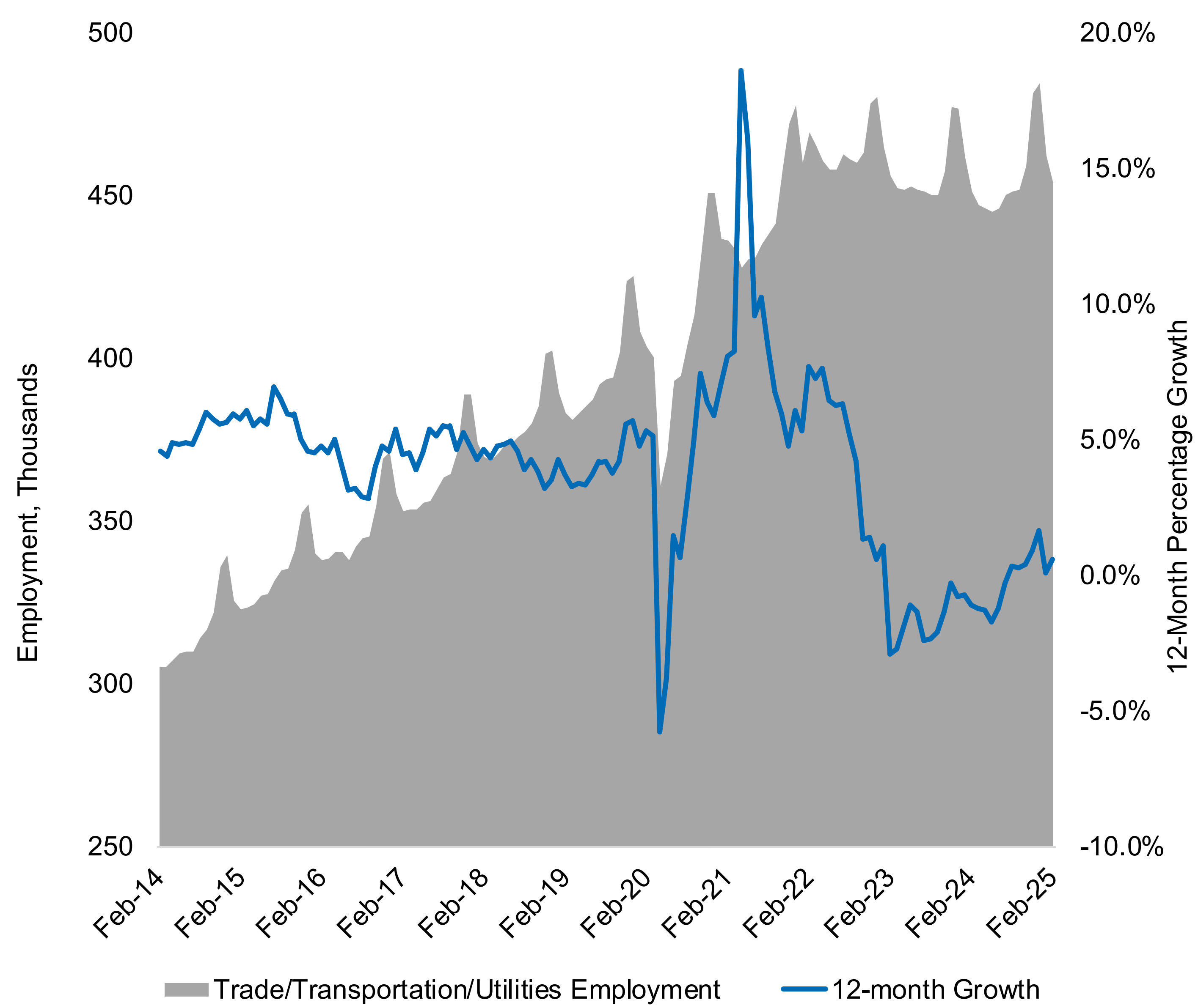


Source: U.S. Bureau of Labor Statistics, Riverside-San Bernardino-Ontario

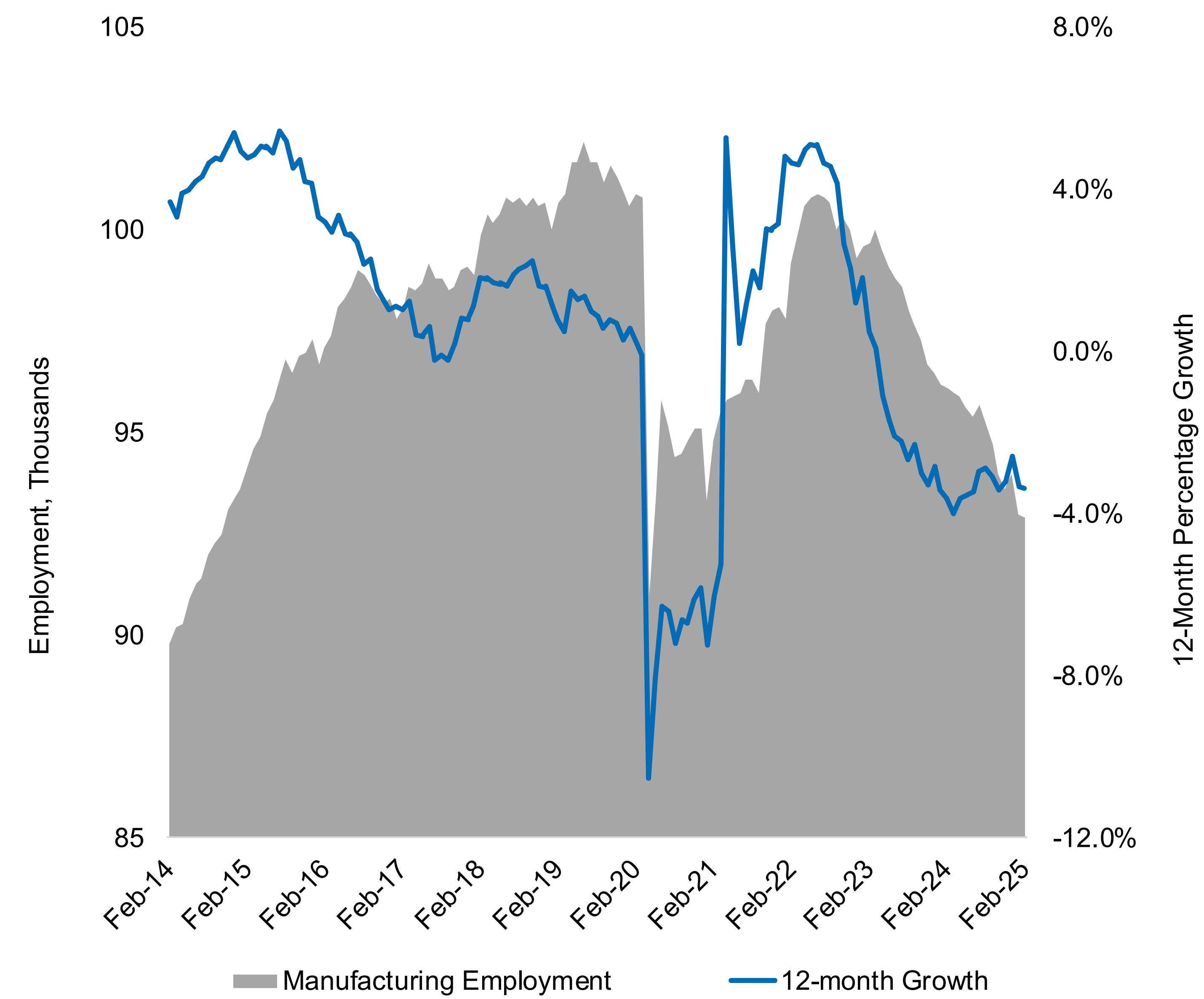
Manufacturing Employment Losses Continue to Drag Down Industrial Employment

Sustained employment growth within the trade/transportation/utilities sector will remain unrealized until tenant demand strengthens. Increased automation and elevated costs of doing business in California continue to adversely affect manufacturing jobs in the region.

Trade/Transportation/Utilities Employment and 12-Month Growth Rate



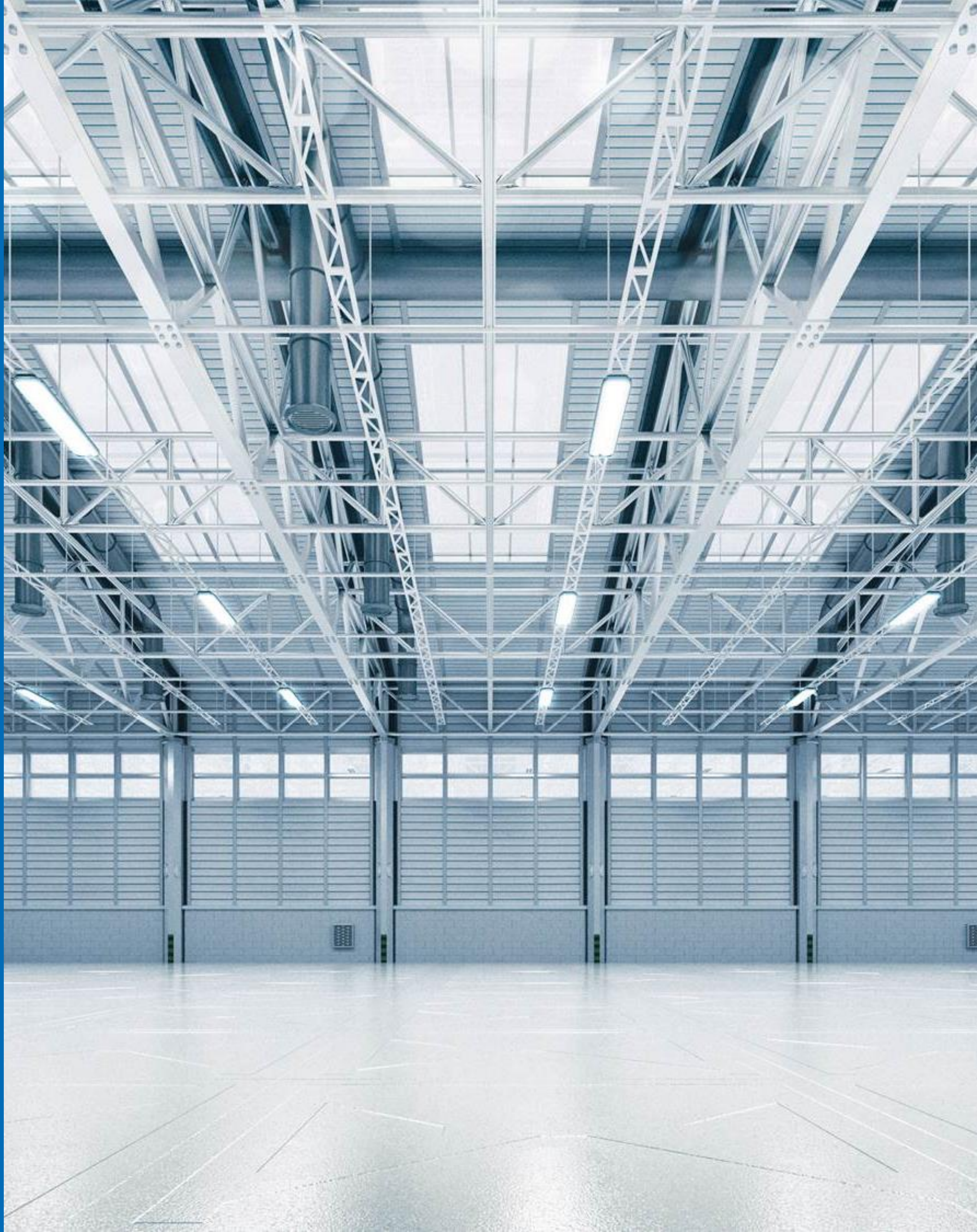
Manufacturing Employment and 12-Month Growth Rate



Source: U.S. Bureau of Labor Statistics, Riverside-San Bernardino-Ontario

1Q25

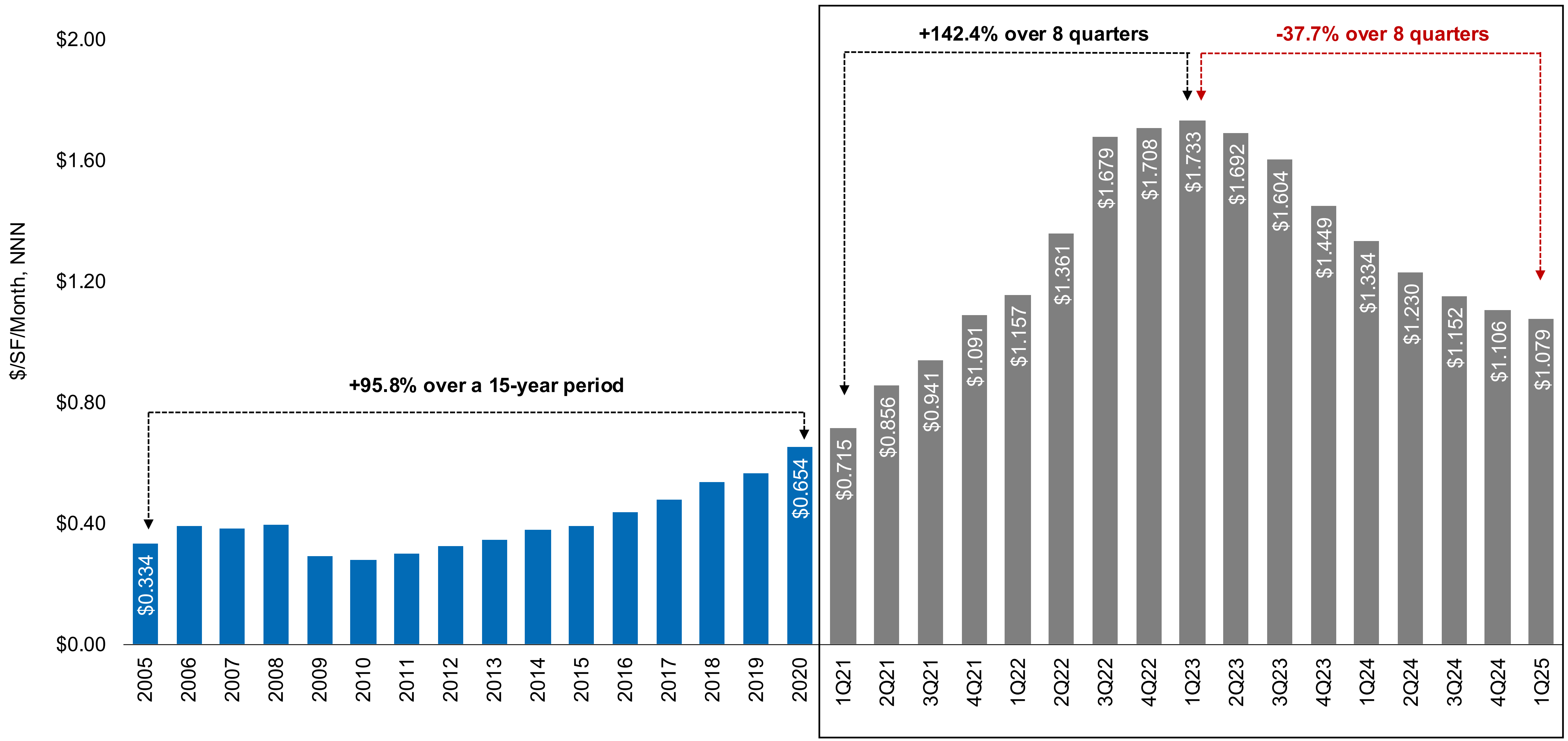
Leasing: General Conditions



Contract Rents Continue to Adjust

Landlords remain competitive to secure tenants through increased concessions and/or lower rents in the wake of high sublet availability and new construction deliveries.

Western Inland Empire: Average Weighted Contract Rent for Warehouse Leases: 100,000 to 500,000 SF | 30'+ Clear Facilities

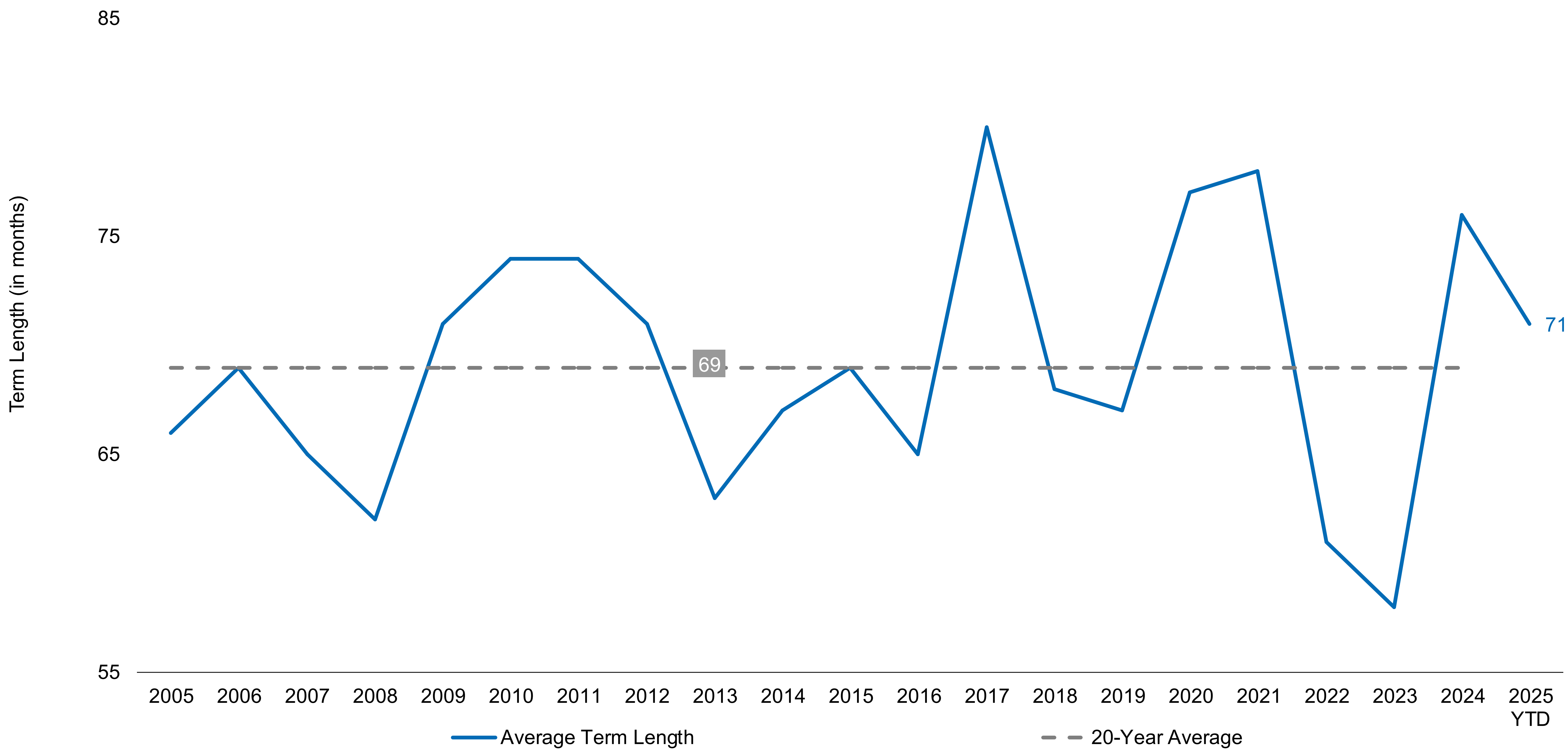


Source: Newmark Research
Note: Data drawn from 719 transactions and excludes subleases. Developed on March 24, 2025.

Term Lengths are Generally Up After Declines in 2022-2023

Rents have softened and landlords are more willing to work with tenants' needs than they were two years ago. Both are appealing to tenants; some of which are committing to longer leases to lock in today's more-occupier-favorable conditions.

Western Inland Empire: Average Weighted Term Length for Warehouse Leases: 100,000 to 500,000 SF | 30'+ Clear Facilities

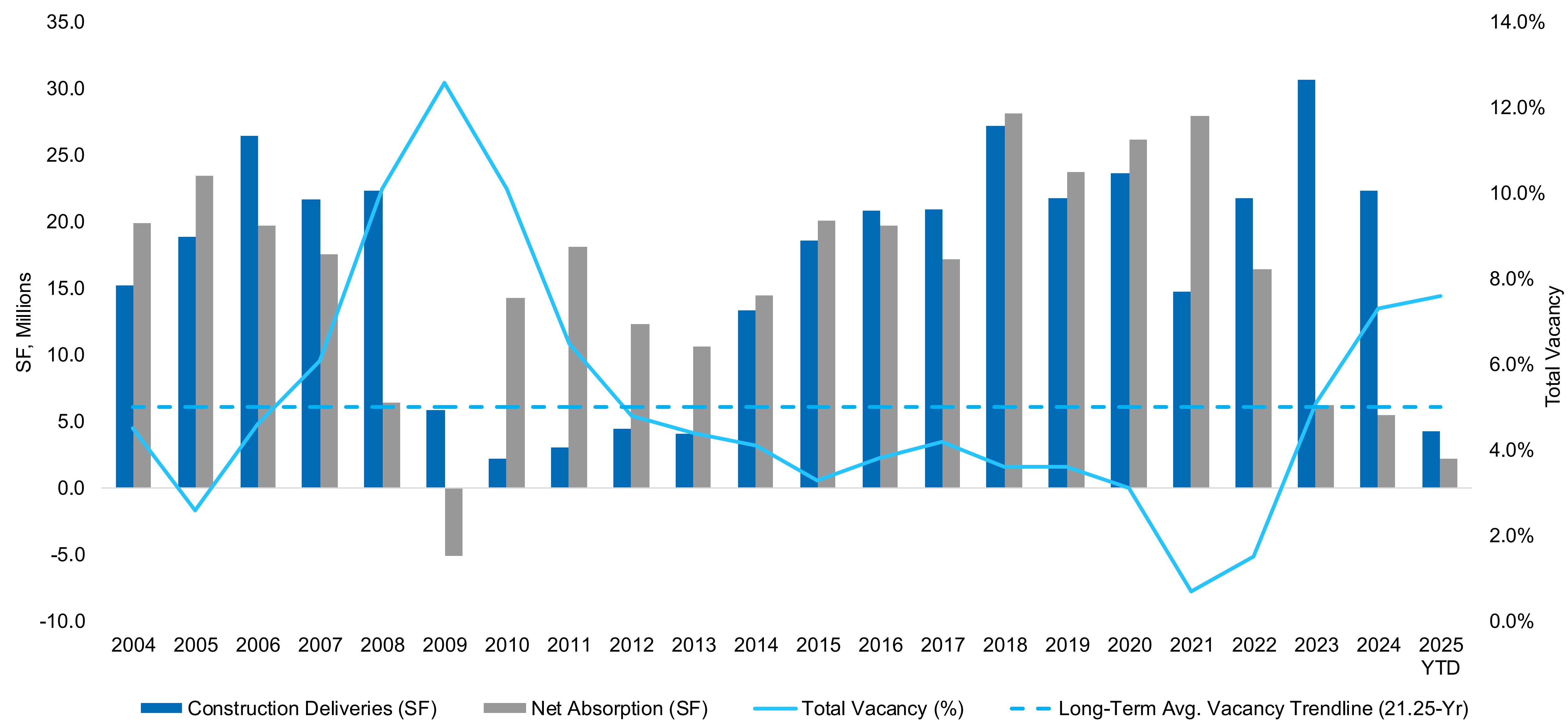


Source: Newmark Research
Note: Includes leases with 36-month+ term lengths. Excludes subleases and extensions. Developed on March 24, 2025.

Move-Ins in West IE Fuel Absorption Gains; Unleased New Construction Boosts Vacancy

The market recorded 2.2 MSF in absorption gains amid a wave of 100 KSF+ move-ins, while the delivery of 4.3 MSF of largely unleased new construction caused vacancy to reach a 14-year high of 7.6%.

Historical Construction Deliveries, Net Absorption, and Vacancy

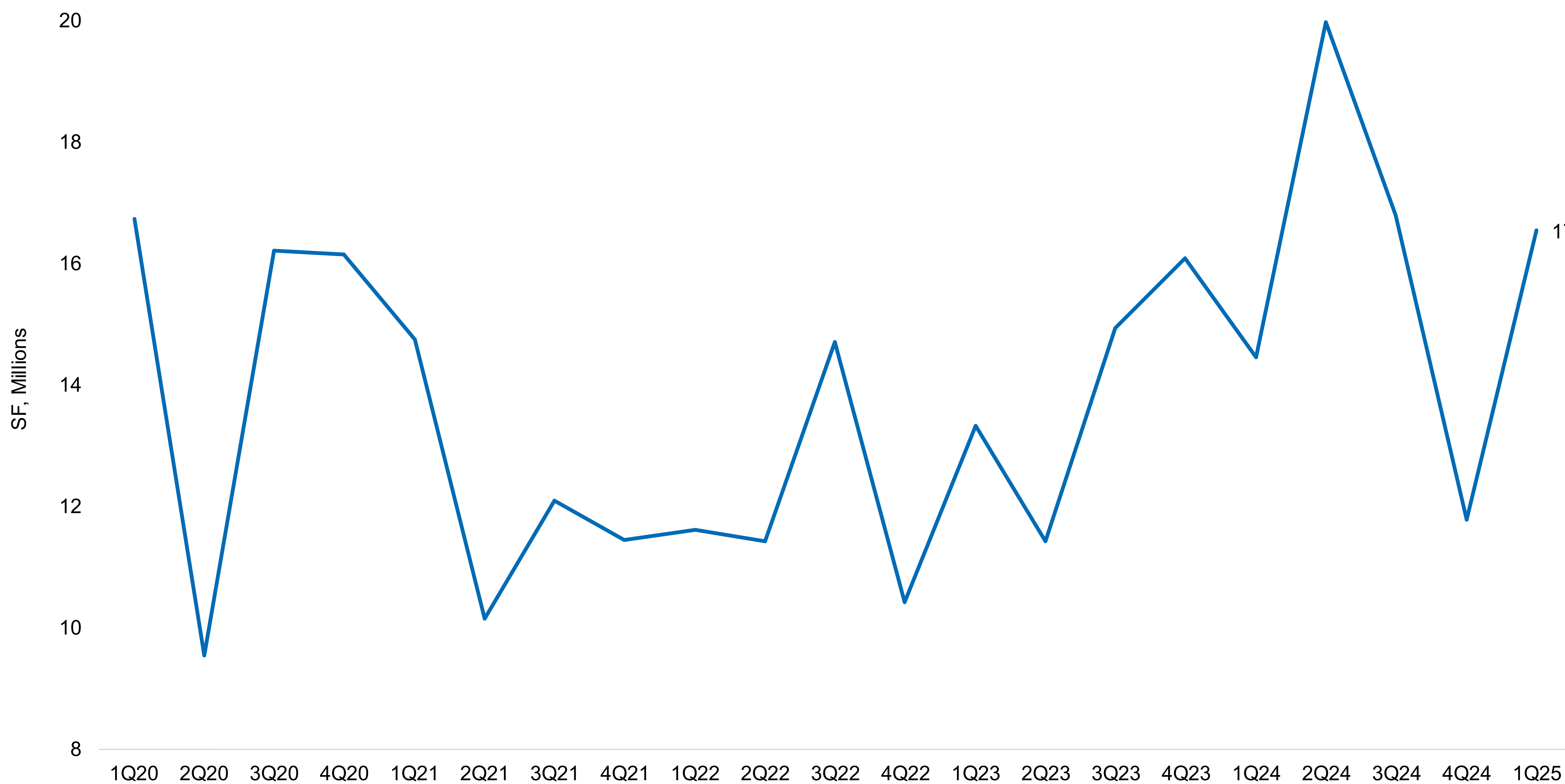


Source: Newmark Research

Quarterly Leasing Activity, Uneven Since 2019, Receives Boost From Big-Box Signings

The uneven factor is a function of how many facilities greater than 500,000 SF lease in a given quarter, coupled with macro economic conditions at the time (e.g., there was a great deal of uncertainty during the second quarter of 2020, the first full quarter after a national health emergency was declared).

Total Leasing Activity (SF): New Leases and Renewals

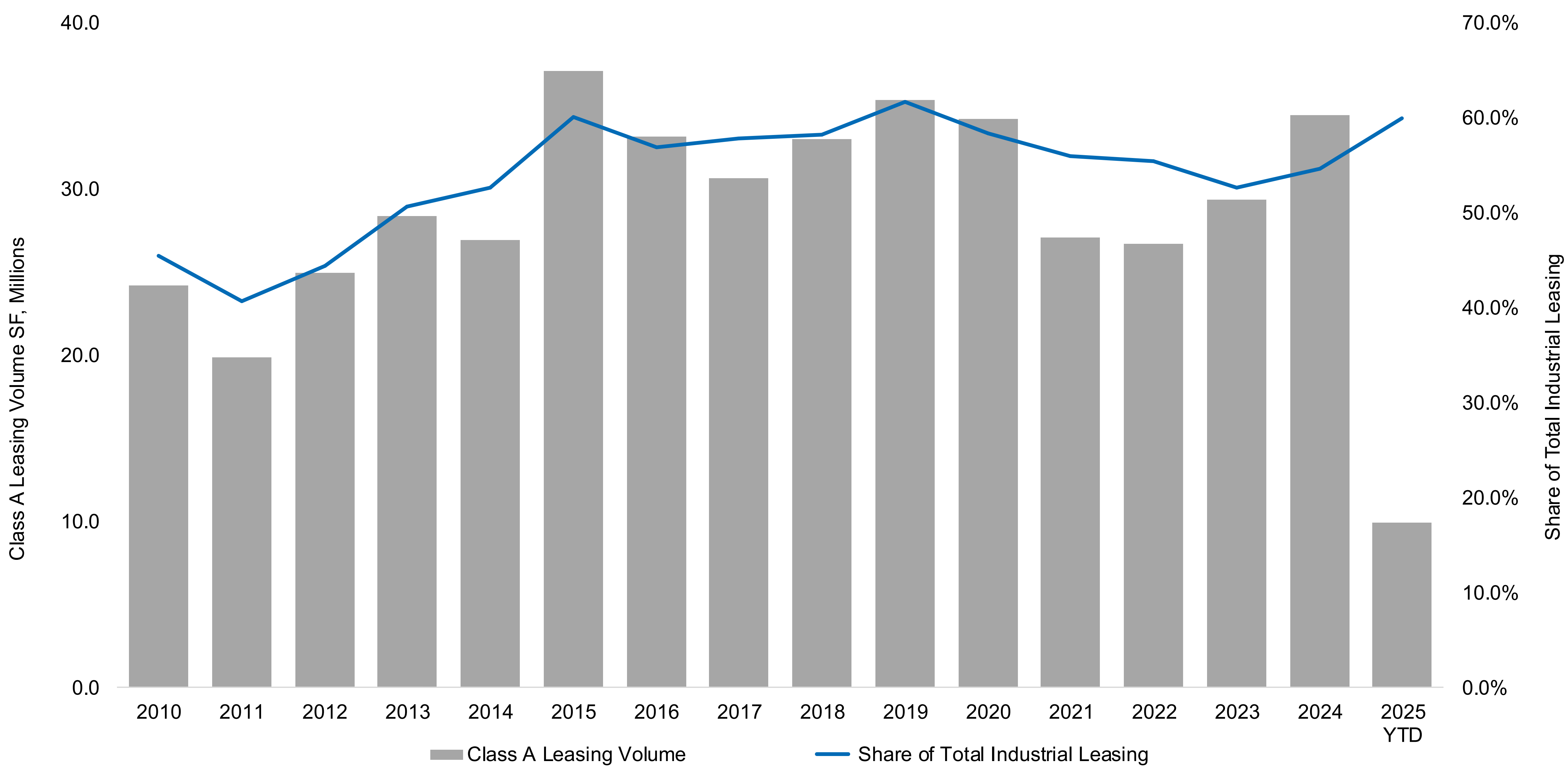


Source: Newmark Research, CoStar, AIR

Class A Warehouse Demand Surges as Tenants Increasingly Seek 100,000+ SF Product

Class A warehouse leasing accounted for 60.0% of total leasing activity in the first quarter of 2025, exceeding the preceding 15-year average of 53.8%. Rents in most big-box size segments have steadily declined over the past two years and this is strengthening the resolve of tenants that want top-shelf space.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

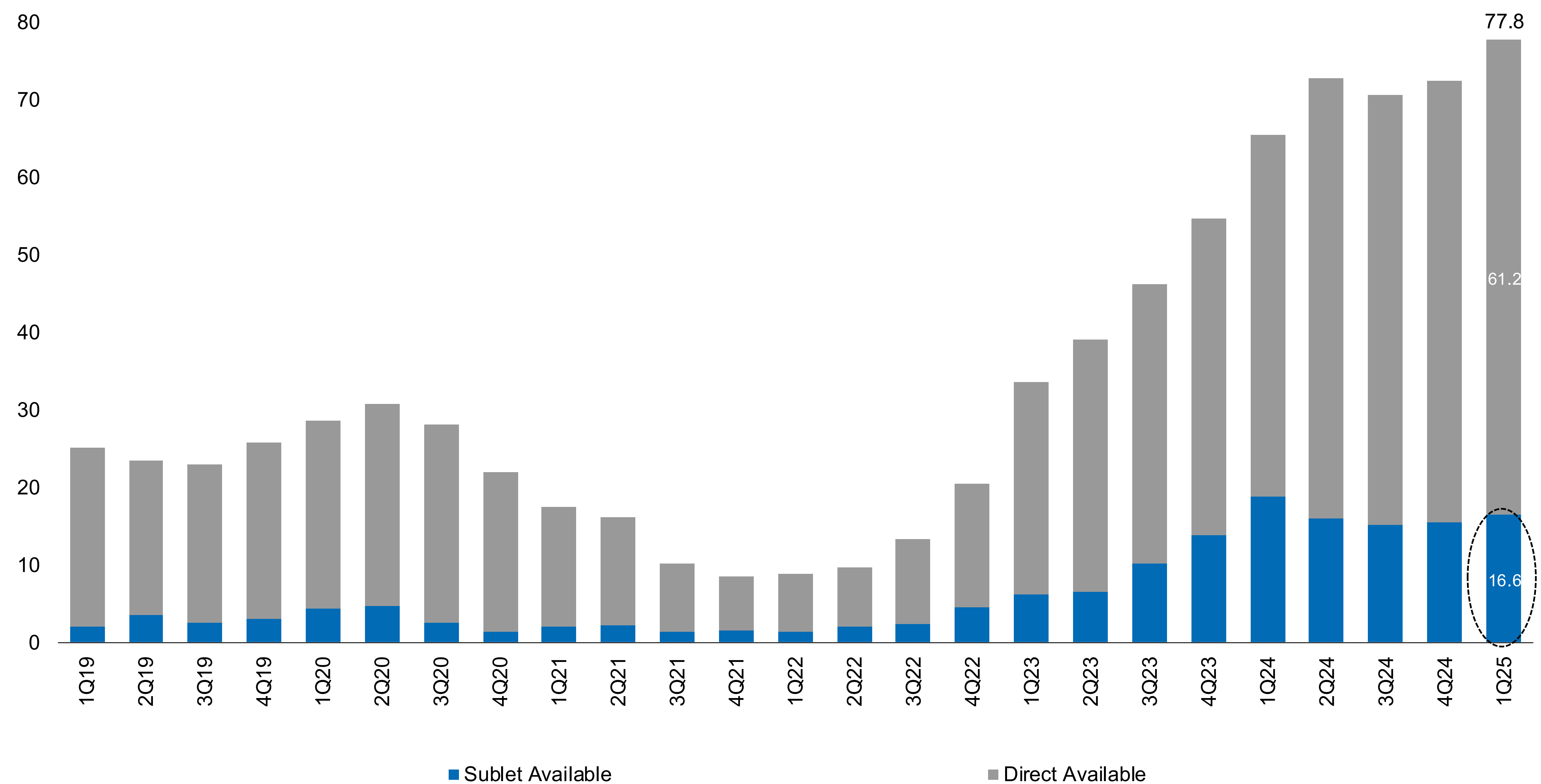


Source: Newmark Research, CoStar
Note: Class A is defined as 100,000+ SF warehouse/distribution facilities constructed since 2000 with a 30'+ minimum interior ceiling height.

Sublet Availability Jumps as New Listings Outweigh New Sublease Signings

Available sublease space increased 6.7% from last quarter as large sublease signings by tenants such as Kenco Logistic Services (414,060 SF at Perris Valley Logistics Center in Perris) and Sino Investment (301,388 SF at The Ranch by First Industrial in Eastvale) were more than offset by new listings from Under Armour (1,197,051 SF at Prologis Park I-210 in Rialto), and Goodyear (827,689 SF at 17477 Nisqualli Rd in Victorville). Sublease space presently accounts for 21.3% of all available space in the market.

Available Space: Sublet vs. Direct (MSF)

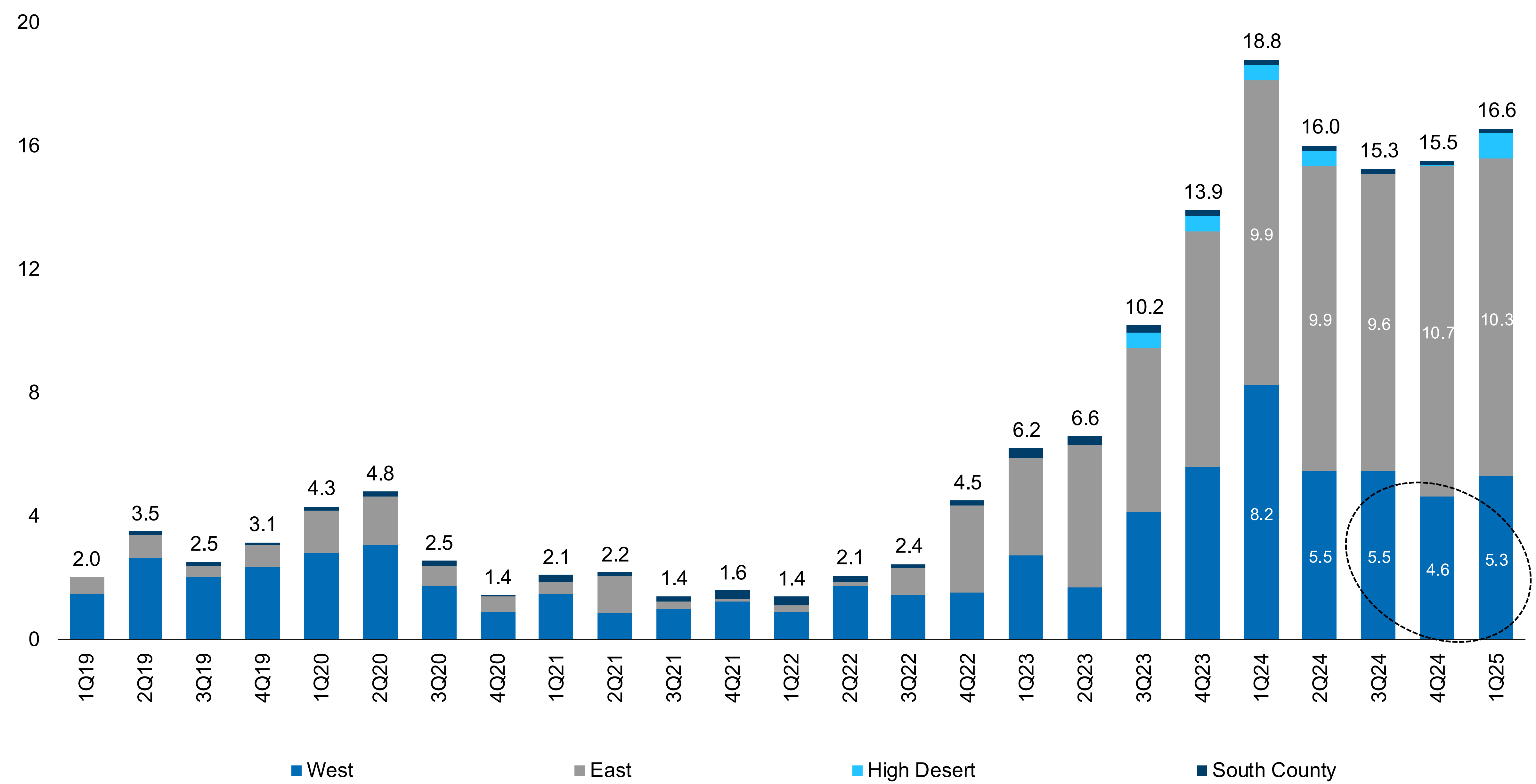


Source: Newmark Research

Mega-Box Listings Fuel Regional Upticks in Sublet Availability

West IE's 13.7% quarterly uptick in available sublease space was driven by a 1.2 MSF listing by Under Armour in Rialto, while Goodyear's 823 KSF listing in Victorville accounted for the sudden jump in availability in the High Desert. West IE presently accounts for 31.9% of the Inland Empire's available sublease space (16.6 MSF), while the East comprises 62.2%. The West's closer proximity to Southern California's ports and dense population centers compared to the East help compress sublet availability in the western half of the market.

Available Sublease Space (MSF), By Submarket

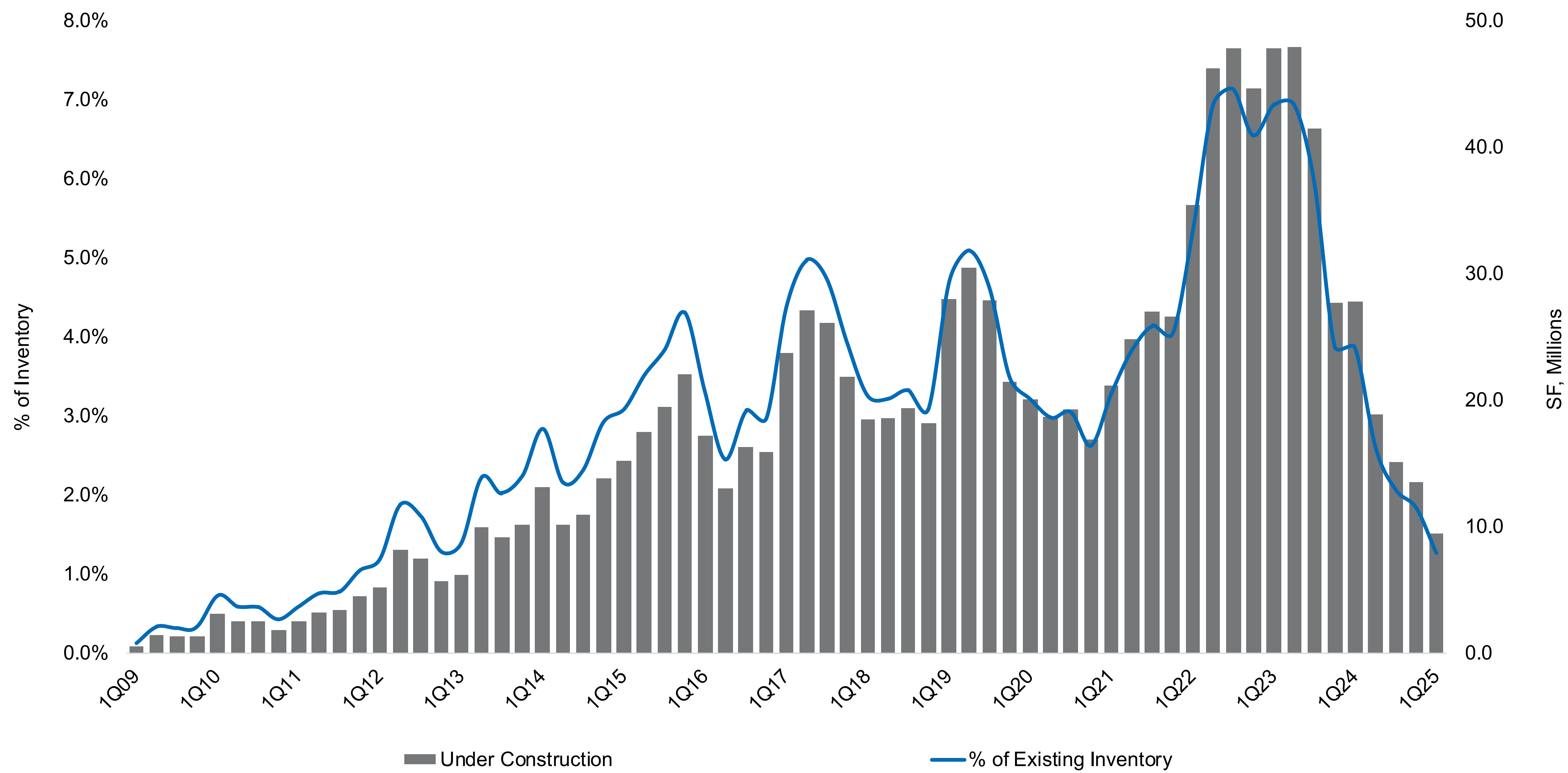


Source: Newmark Research

Majority of Under-Construction Space Unleased; Pipeline Contracts Further

A mere 27.9% of all inventory in the construction pipeline has pre-leased, while 15.2% of the 7.2 MSF set to deliver in the second quarter of 2025 has committed tenants attached. Under-construction activity has fallen well below the 2012-2019 pre-pandemic average of 16.5 MSF.

Industrial Under Construction and % of Inventory

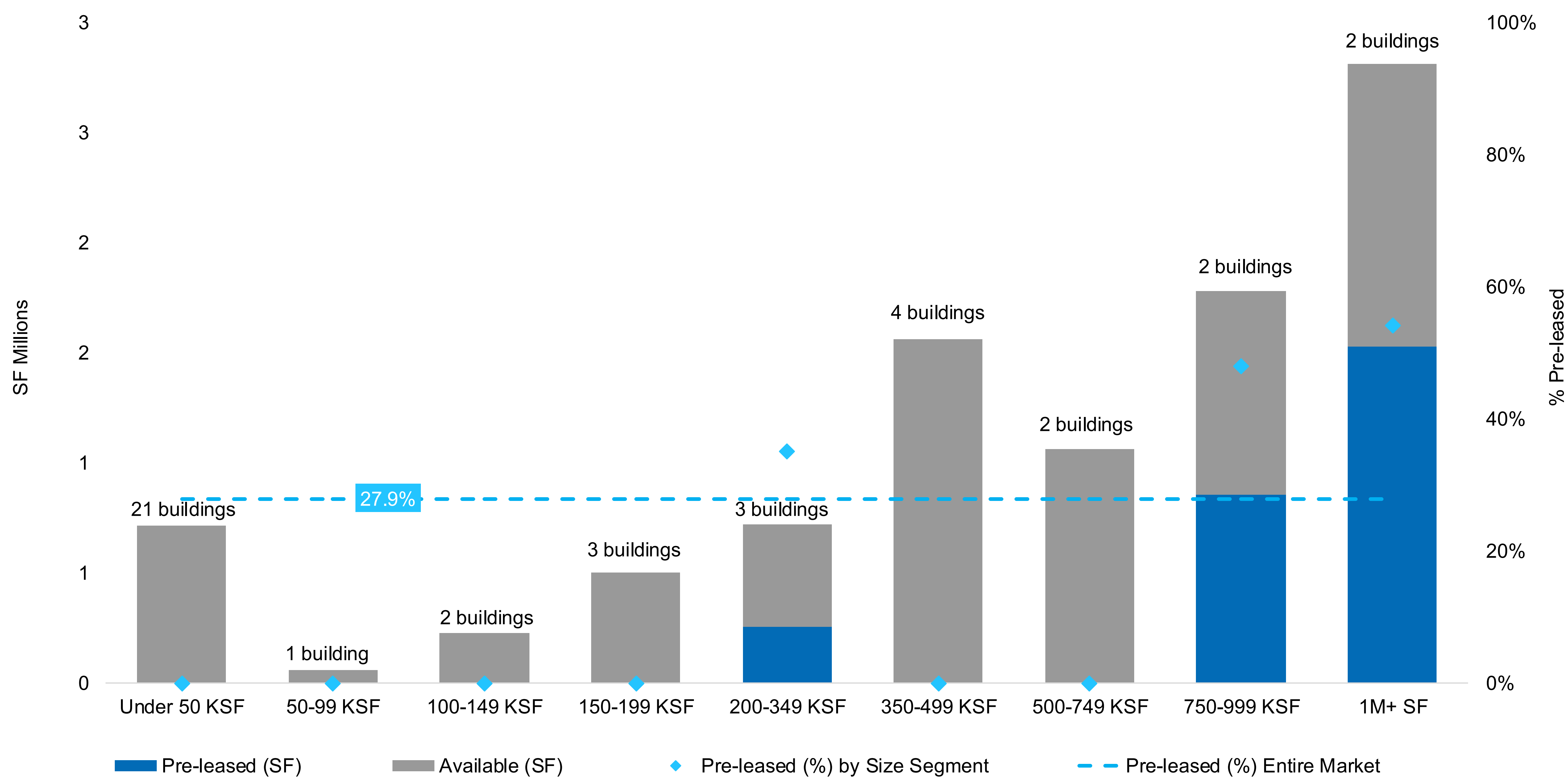


Source: Newmark Research

Under-Construction Leasing Buoyed by Mega-Box Transactions

Of the 40 buildings currently under construction, only three have pre-leased. Two of the four under-construction buildings within the 750 KSF+ size segment have been pre-leased. As unleased new construction deliveries and tenant move-outs continue to boost product availability, tenants have benefitted from a growing range of competitive leasing options for preexisting modern-gen space.

Total Construction by Size Segment: Pre-leased vs. Available Space



Source: Newmark Research

Notable 1Q25 Lease Transactions

Forty-four leases exceeding 100,000 SF were signed this quarter, down slightly from the 46 signed in the same period of 2024. Of this quarter's big-box leases, 34 were direct, eight were renewals/extensions, and two were subleases. Thirty of this quarter's big-box leases were for properties based in the West, while the remaining 14 occurred in the East.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Komar Distribution Services	3690 Webster Ave	East I.E.	Pre-lease	855,330
The 3PL, which has a historical leasing presence throughout the IE, preleased in March and is set to occupy the completed property in December. Lease term expires in 4Q40.				
GreenBox Logistics (Project Eagle)	450 E Rider St	East I.E.	Direct Lease	804,803
The tenant, which signed a direct lease at the end of the quarter, will move into the vacant property in October.				
Samsung	5750 Francis St	West I.E.	Lease Renewal	800,526
The consumer electronics and appliances firm, which has occupied the property since 2015, renewed in February. Lease term expires in 3Q29.				
US Elogistics Service Corp	1420 N Tamarind Ave	East I.E.	Lease Renewal	677,225
The 3PL, which has occupied the property as a sublessee since 2023, committed to a long-term lease in February. Lease term expires in 1Q31.				
LC Logistics	12300 Riverside Dr	West I.E.	Direct Lease	557,500
The 3PL, which has an active leasing presence throughout the IE, leased the vacant property in January and will assume occupancy in April. Lease term expires in 4Q32.				

Source: Newmark Research

WAIRE: Program Summary and Implications for Industrial

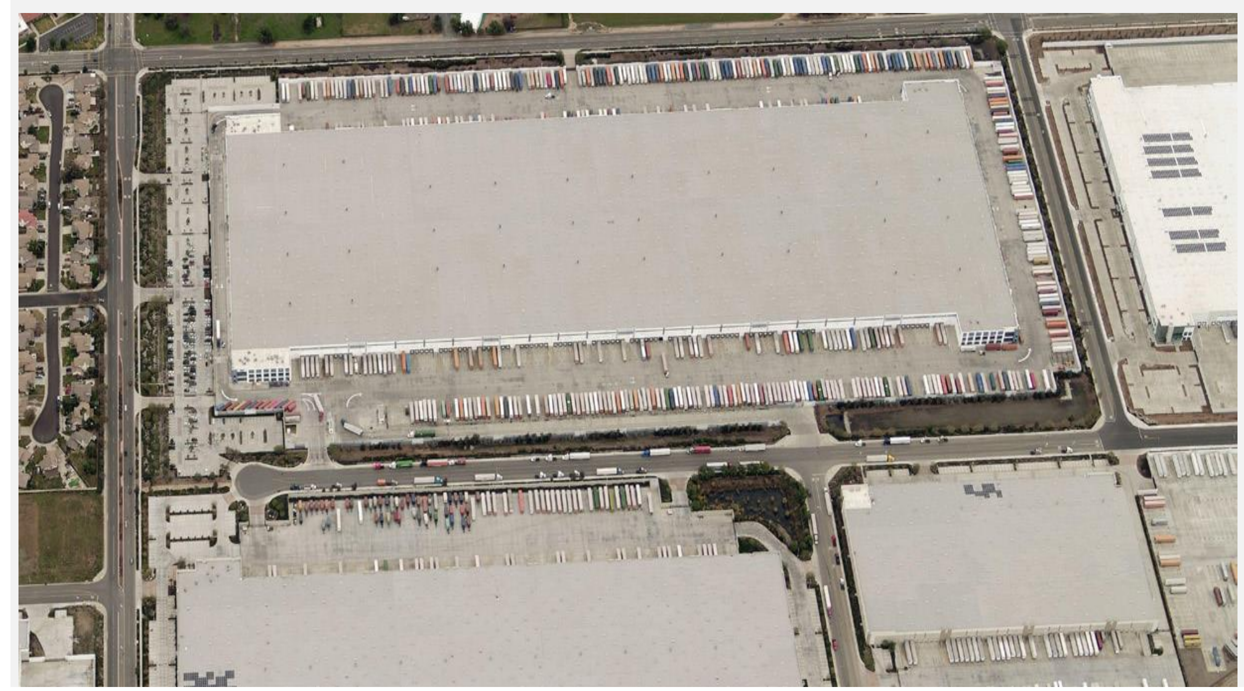
The Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program imposes additional costs for warehouse occupiers and encourages new construction outside of South Coast Air Quality Management District's (SCAQMD's) jurisdiction.

Program Summary

- In 2021, SCAQMD implemented the WAIRE program to "reduce local and regional emissions of nitrogen oxides and particulate matter…[derived from] warehouses and the mobile sources attracted to warehouses."
- The program essentially imposes an emissions-based tariff on warehouse occupiers whose footprints are above 100,000 SF in much of LA, Orange, Riverside and San Bernardino Counties.
- The first report submission year is 2023, and average collections are estimated to be between $670 million and $1.0 billion per year.
- For more information, please read Newmark's report on the subject.

Implications for Industrial Real Estate

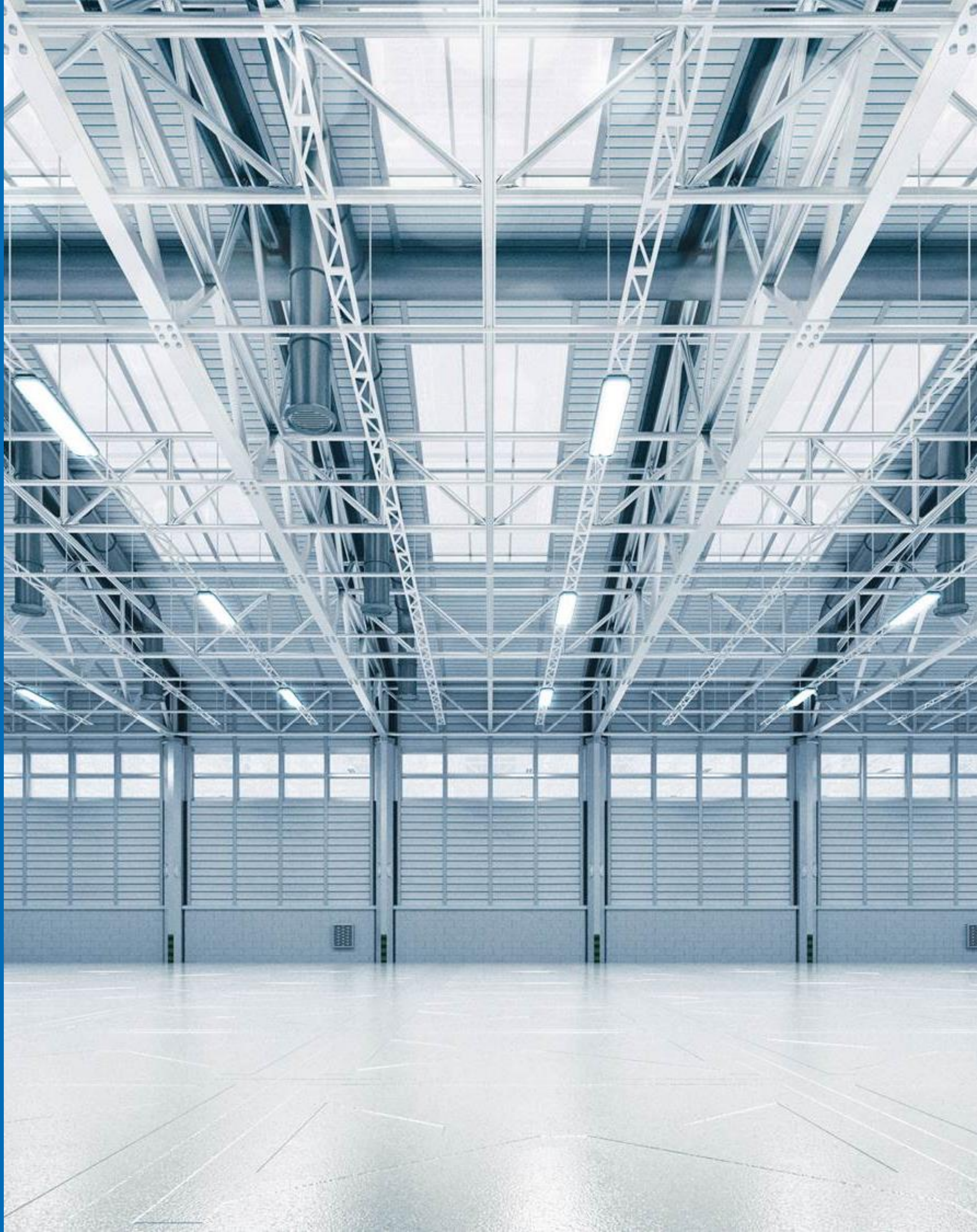
- Retrofitted buildings within SCAQMD's jurisdiction that have solar roof panels, EV stations, etc. help to lower a tenant's annual WAIRE costs. These buildings will command a rent premium.
- Building owners can participate in the WAIRE Program and can give preferential treatment to top-credit tenants.
- There will be a progressive shift in where new construction occurs. Developers in the High Desert, for instance, were actively buying large land parcels before interest rates rose and are banking the sites for future construction. The High Desert is outside of the SCAQMD's jurisdiction.



Source: Newmark Research

1Q25

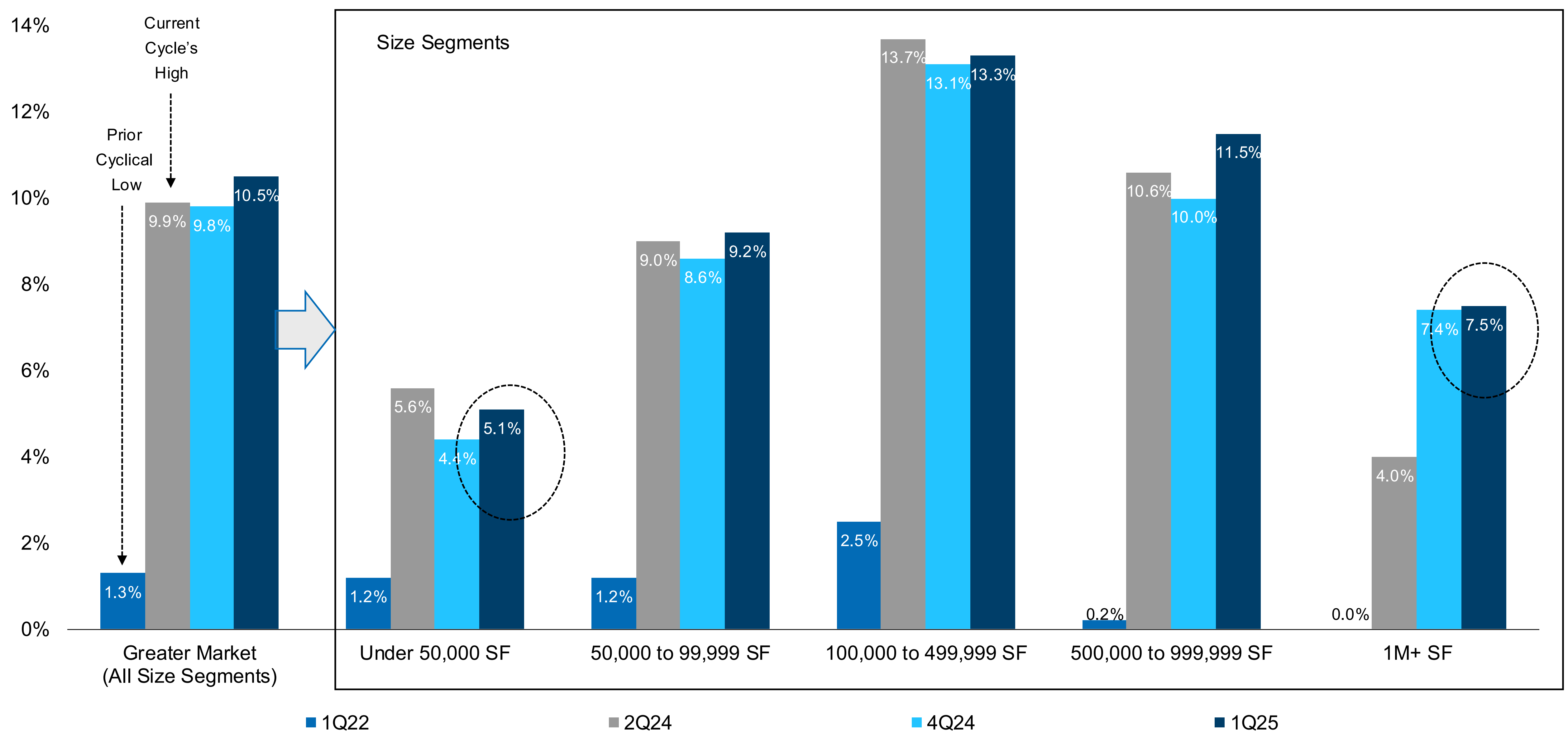
Leasing: Size Segments and the Primary Submarkets



Availability is Tighter in the Smallest and Largest Size Segments

The 1M+ SF segment caters to Fortune 500 companies seeking the economies of scale a larger facility offers and is ideal for consolidation, while the sub-50,000 SF consists of smaller users that did not aggressively expand a few years prior. Also, new construction in the segment was moderate. Availability is steepest in the 100,000 to 499,999 SF tier due to the shift from just-in-case (more space needed) to just-in-time inventory models (less) amid a cooler retail sales environment and the delivery of unleased speculative construction.

Total Availability Rates: Then vs. Now | Greater Market vs. Size Segments

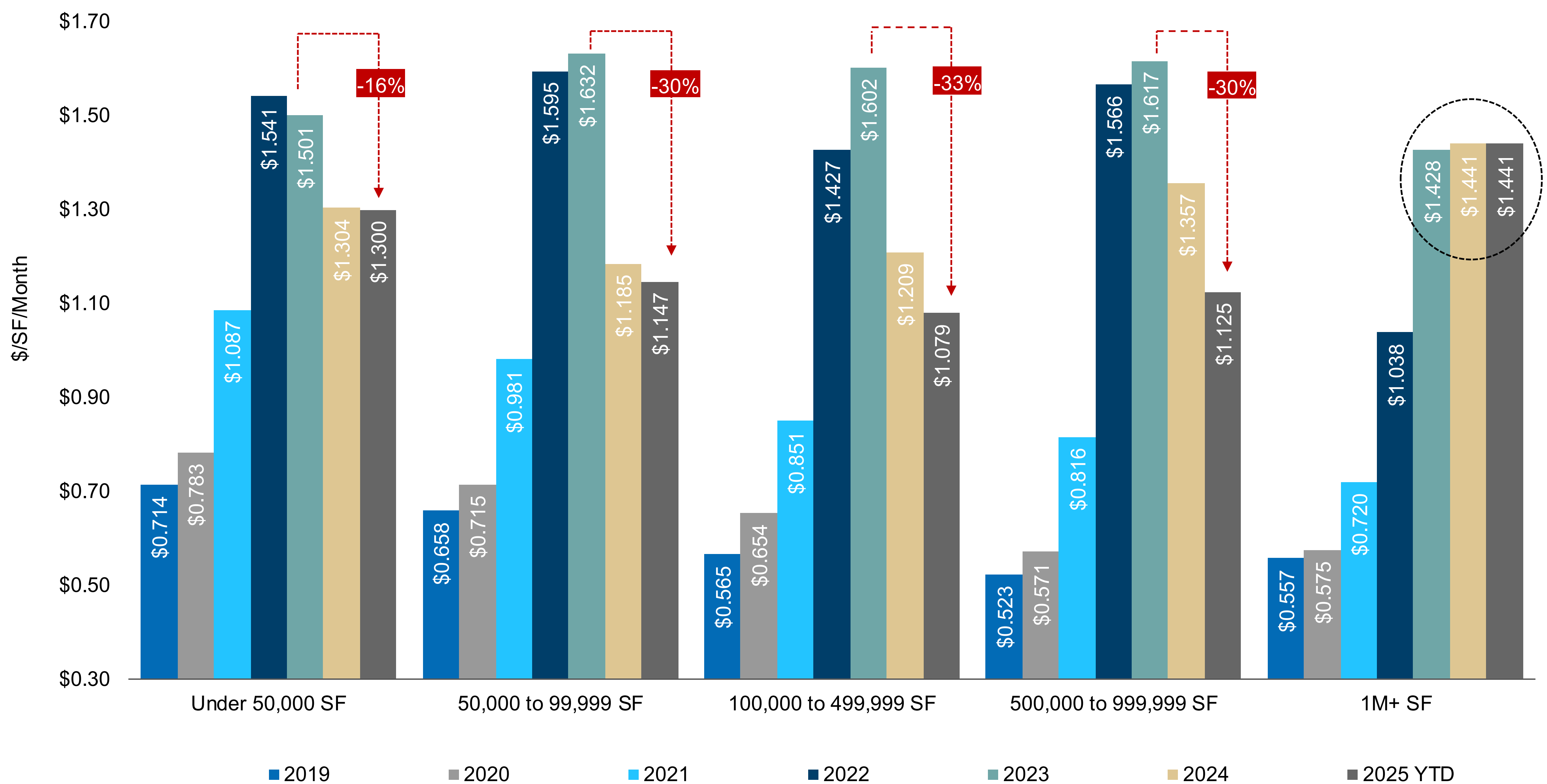


Source: Newmark Research

Current Rent in the 1M+ SF Segment is Higher Compared to 2023

The same cannot be written for other size thresholds, which are seeing rent declines to varying degrees. Those with steeper availability increases (e.g., 50,000 to 99,999 SF and 100,000 to 499,999 SF) are generally seeming more pronounced rent declines.

Western Inland Empire: Average Weighted Start Rents by Size Segment | 30'+ Clear Facilities

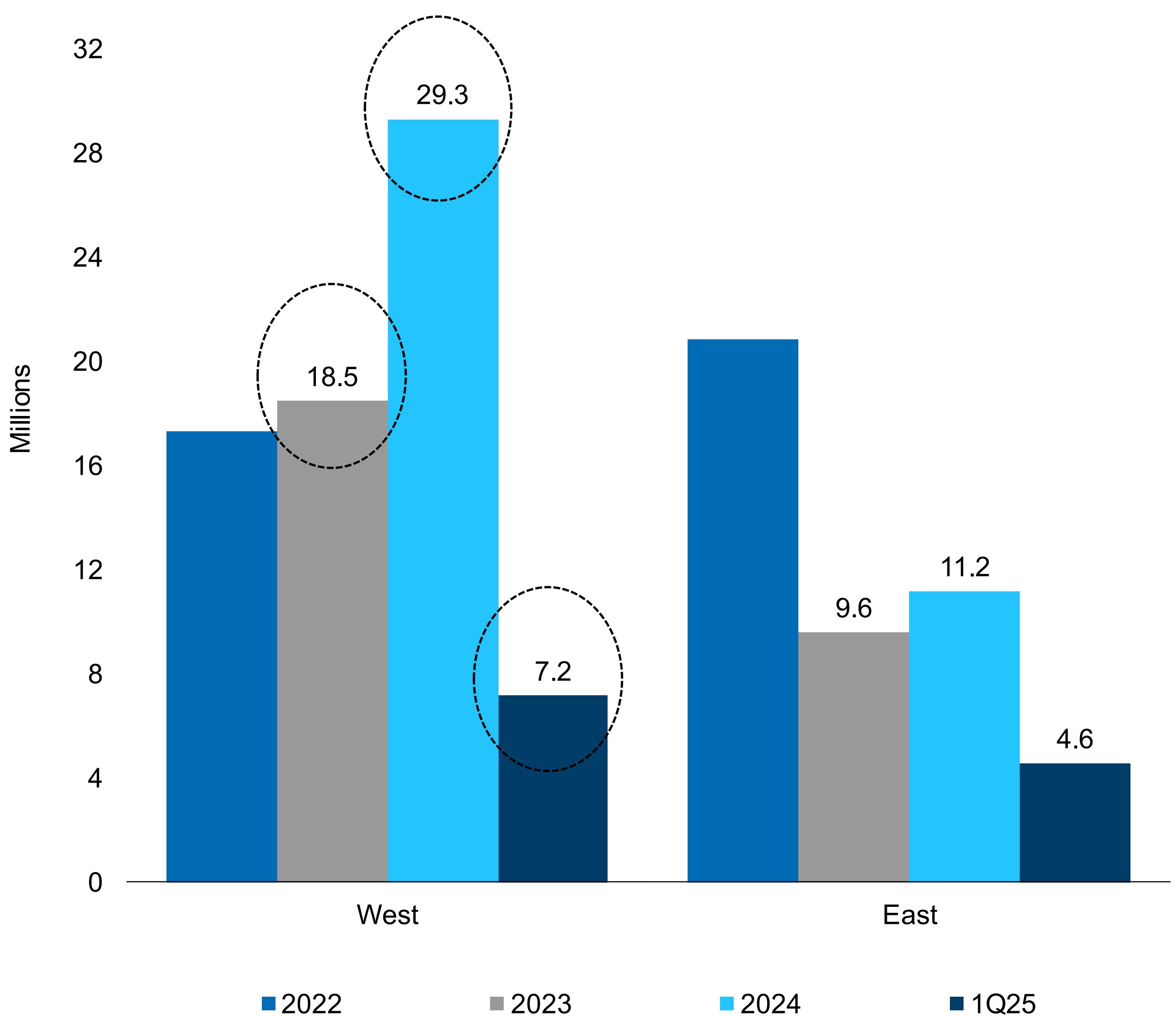


Source: Newmark Research,
Note: Data drawn from 526 transactions and excludes subleases. Developed on December 20, 2024.

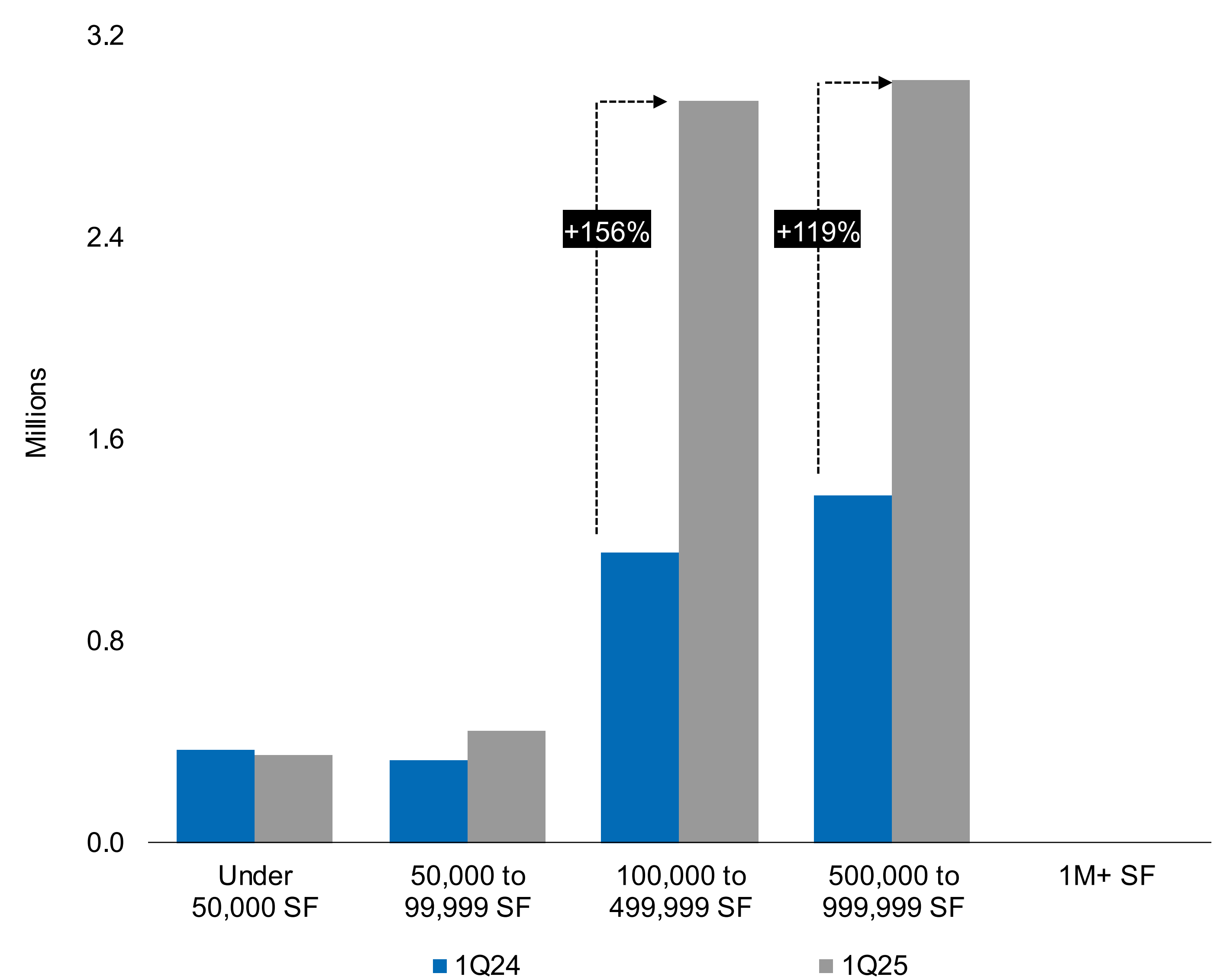
West Tops East in Leasing Activity from 2023+; Some Size Segments are Especially Active

Lower drayage costs from Southern California's ports is favoring leasing activity in the market's western half, especially as rents decline and concessions increase across most size segments. This is important when considering local rent growth was among the highest in the nation from 2021-2022. Western I.E. size segments with the biggest rent drops are seeing pronounced upticks in leasing activity.

New Leases (SF) | By Submarket | By Year



New Leases (SF) in the Western I.E. | By Size Segment

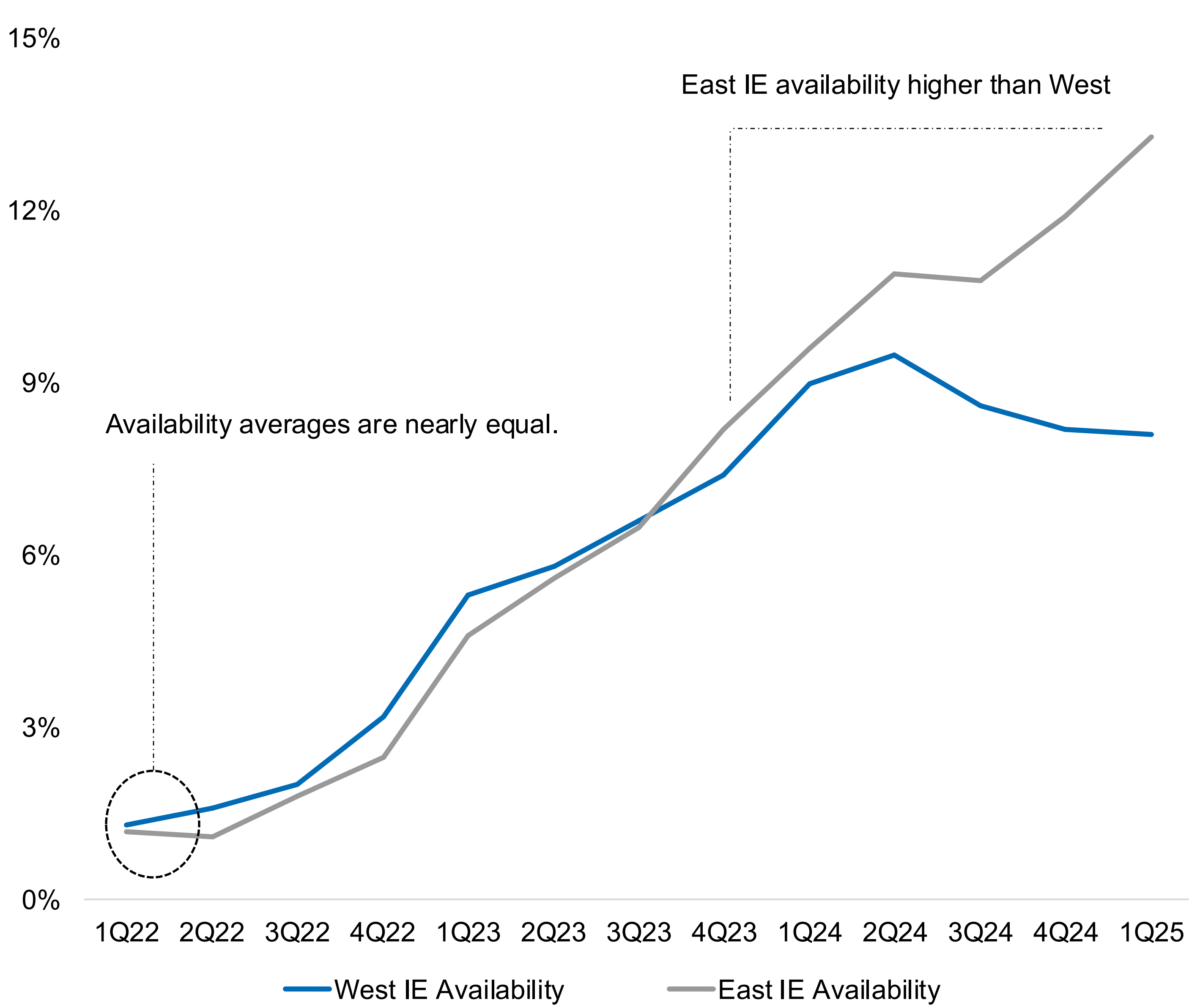


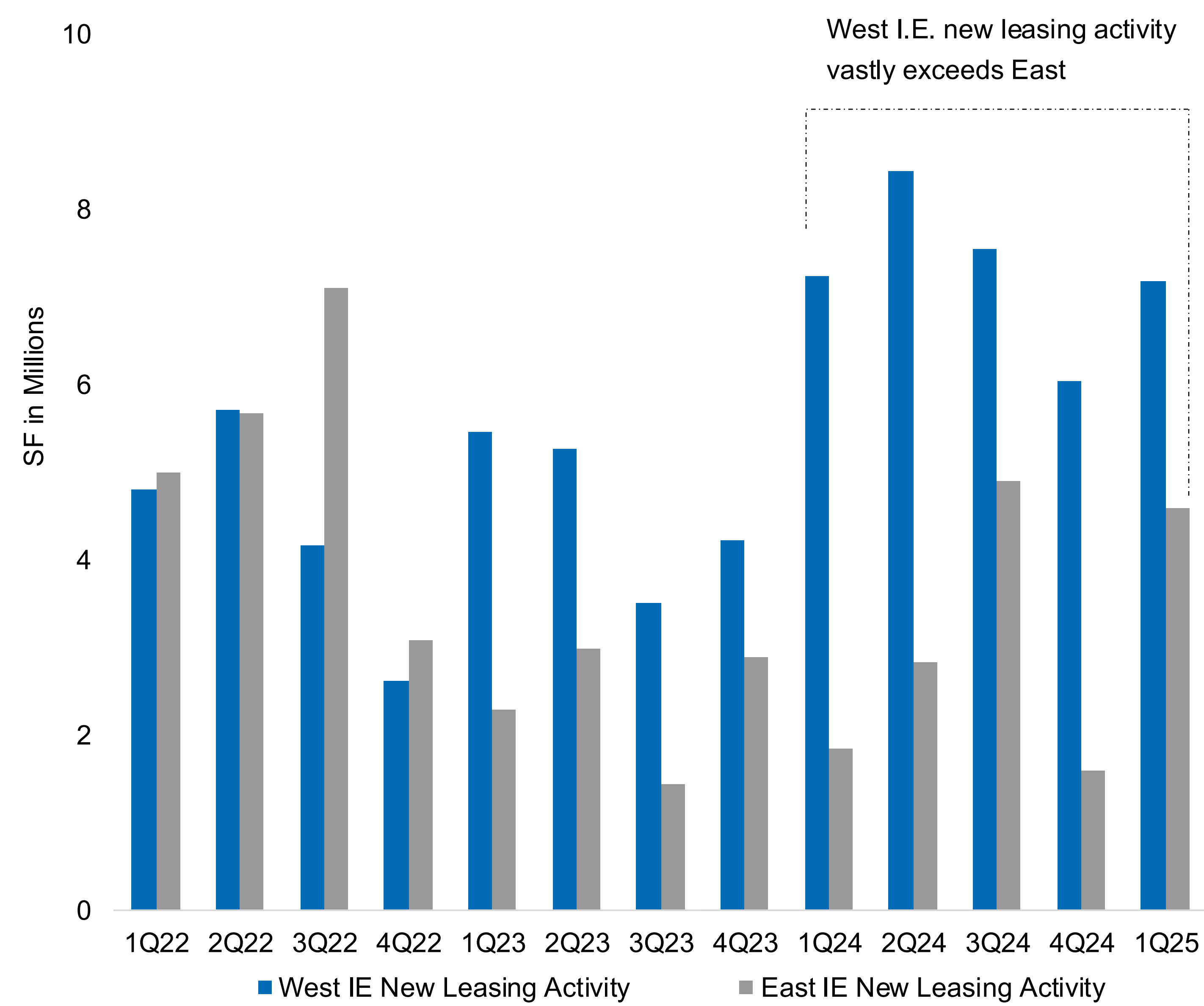
Source: Newmark Research

Submarket Availability Rates Diverge as New Leasing Activity Picks Up in the West

West and East IE availability rates were nearly identical at the start of 2022 due to pandemic-induced, frenzied leasing activity from 2020-2021. Availability then grew as tenants shed excess space and waves of unleased construction came online; a run-up that was sharper in the East. Now, the West, which is closer to the consumer populations of Los Angeles and Orange Counties and has lower rents than those markets, is benefitting from returning tenant demand, causing its availability to drop.

West vs. East IE Submarkets: Availability and New Leasing Activity in Recent Quarters

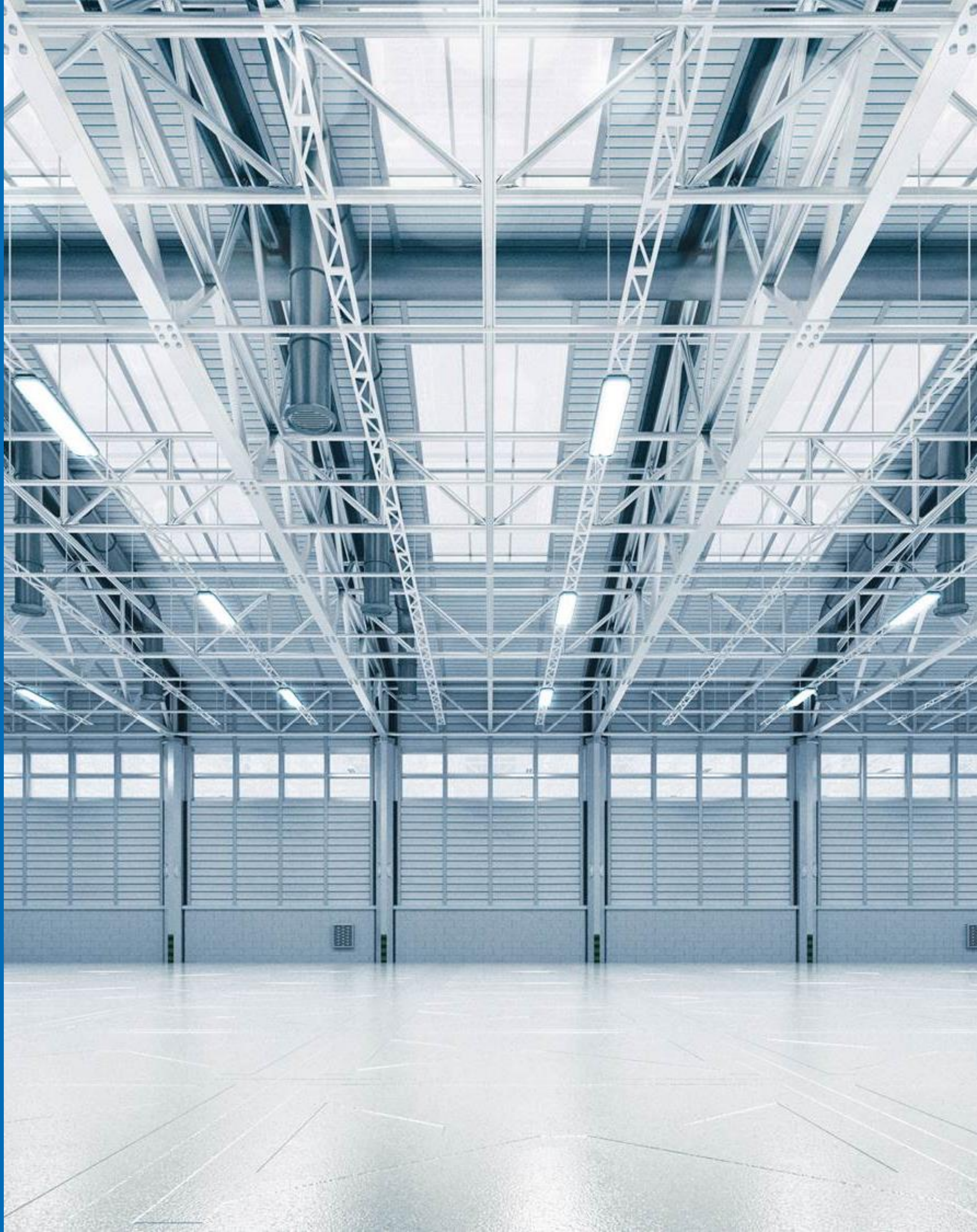




Source: Newmark Research, AIR
Note: Total leasing activity includes new leases and renewals.

1Q25

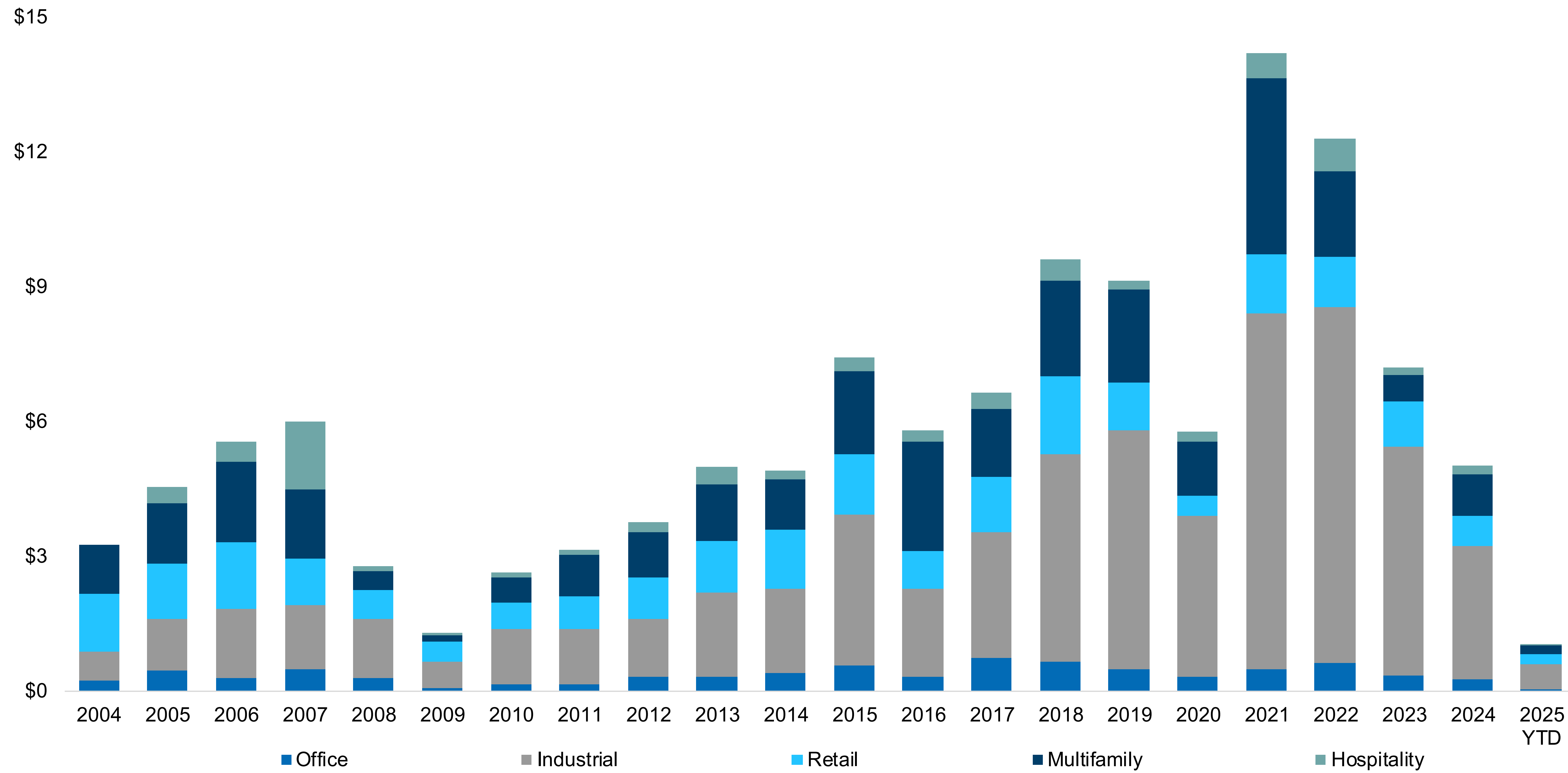
Sales Activity



Industrial Comprised 54.0% of Total Sales Volume in the First Quarter of 2025

The figure is above the 21-year average of 44.1%. Heated rent growth in recent years favors the segment, with many investors (institutional down to private buyers) targeting desirable buildings with credit tenants whose leases are up for renewal.

Inland Empire: Sales Volume Across Commercial Property Segments ($ in Billions)

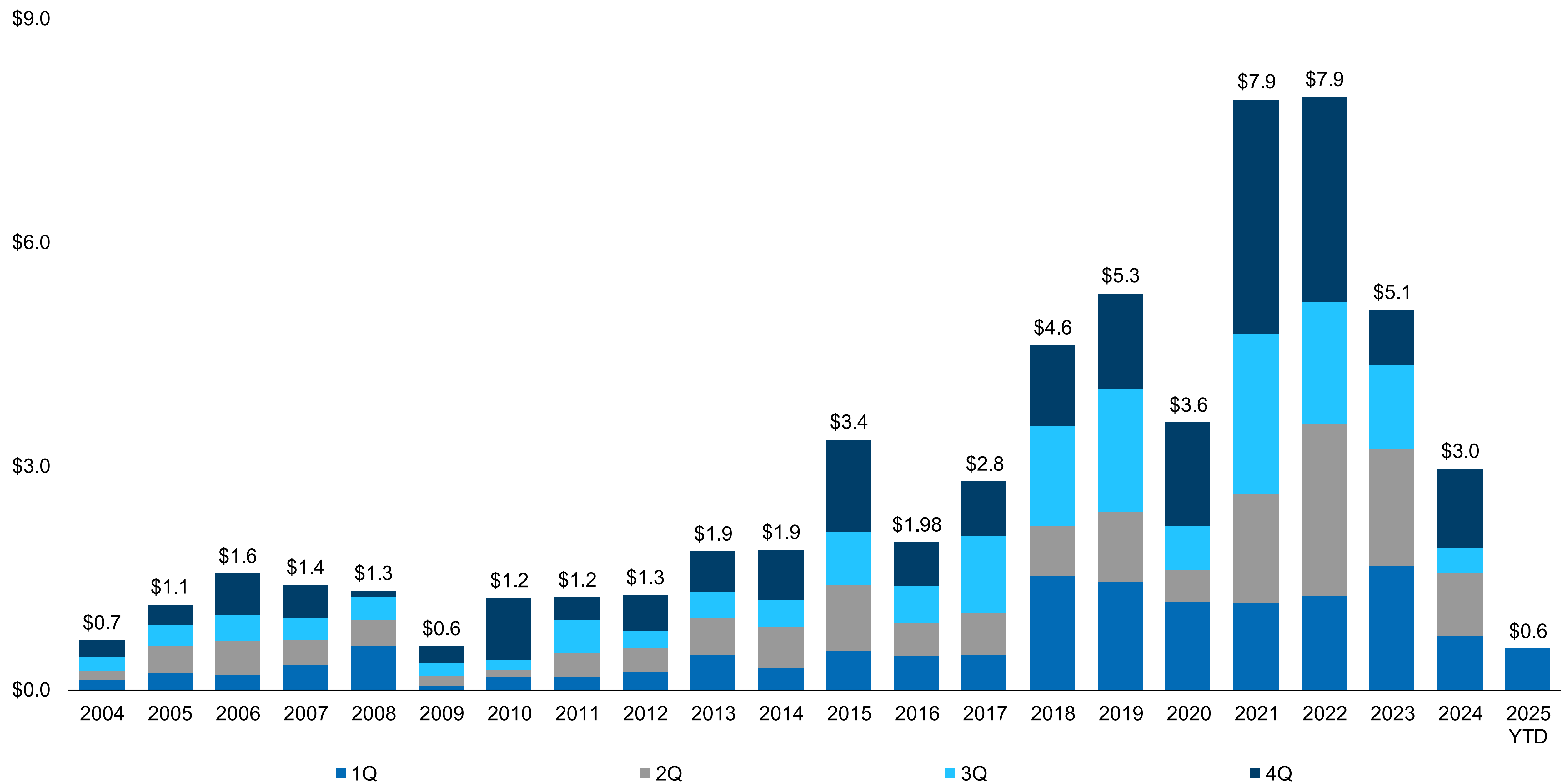


Source: MSCI Real Capital Analytics, Newmark Research
Note: Preliminary data is cited for the first quarter of 2025

Industrial Sales Volume: Up Close

Industrial sales volume totaled $551.5 million in the first quarter of 2025, a 23.1% decline from the same period in 2024. The higher cost of capital, along with adjusting leasing fundamentals, is crimping sales momentum and is imposing downward pressure on pricing.

Inland Empire: Industrial Sales Volume ($ in Billions) | By Quarter

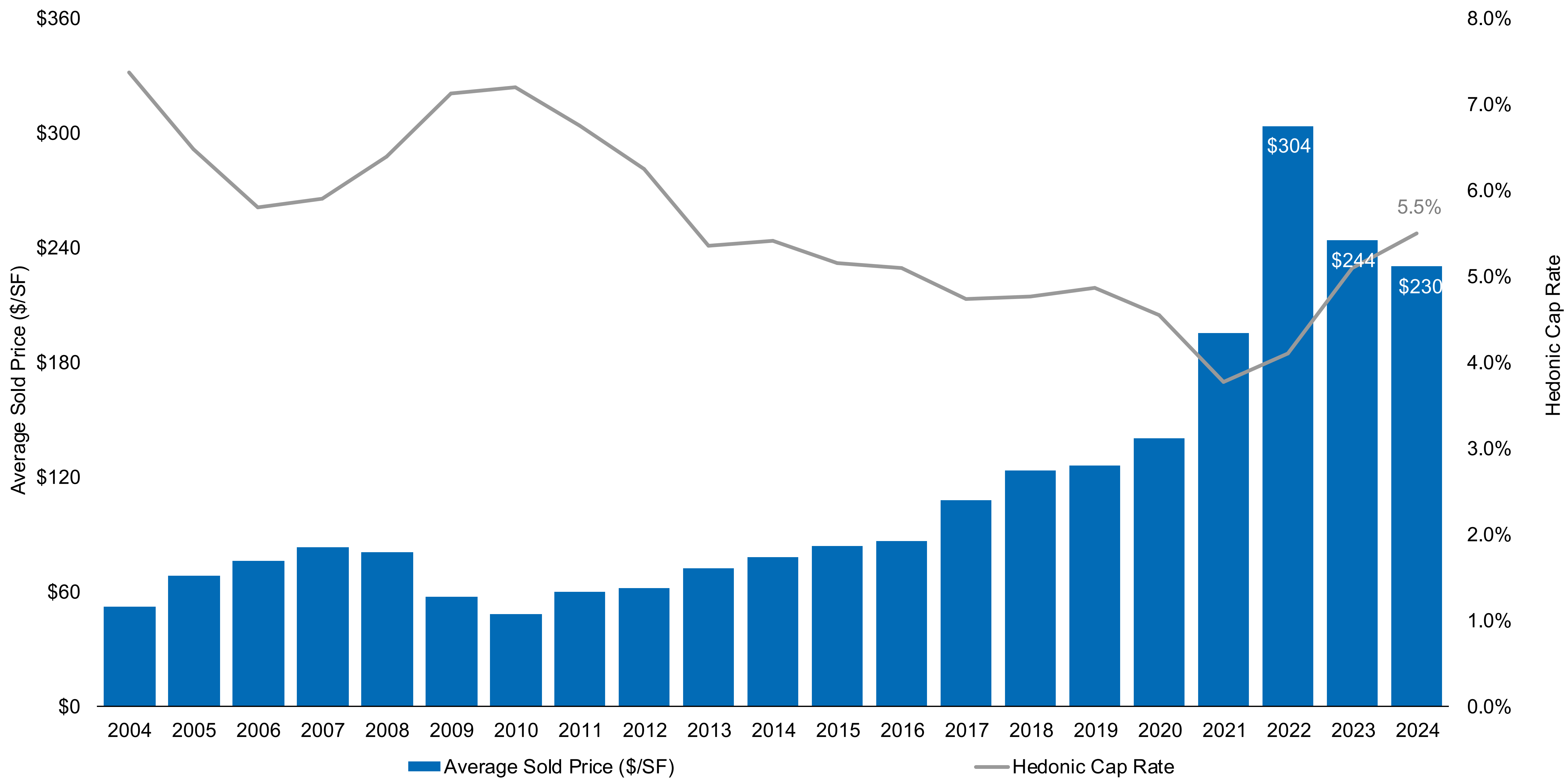


Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the first quarter of 2025

Pricing Falls Below 2022's Peak; Cap Rates Increase

Current pricing ($230/SF) is down 24.2% compared to year-end 2022's average, while cap rates are up.

Inland Empire: Industrial Price Per Square Foot and Hedonic Cap Rate Averages

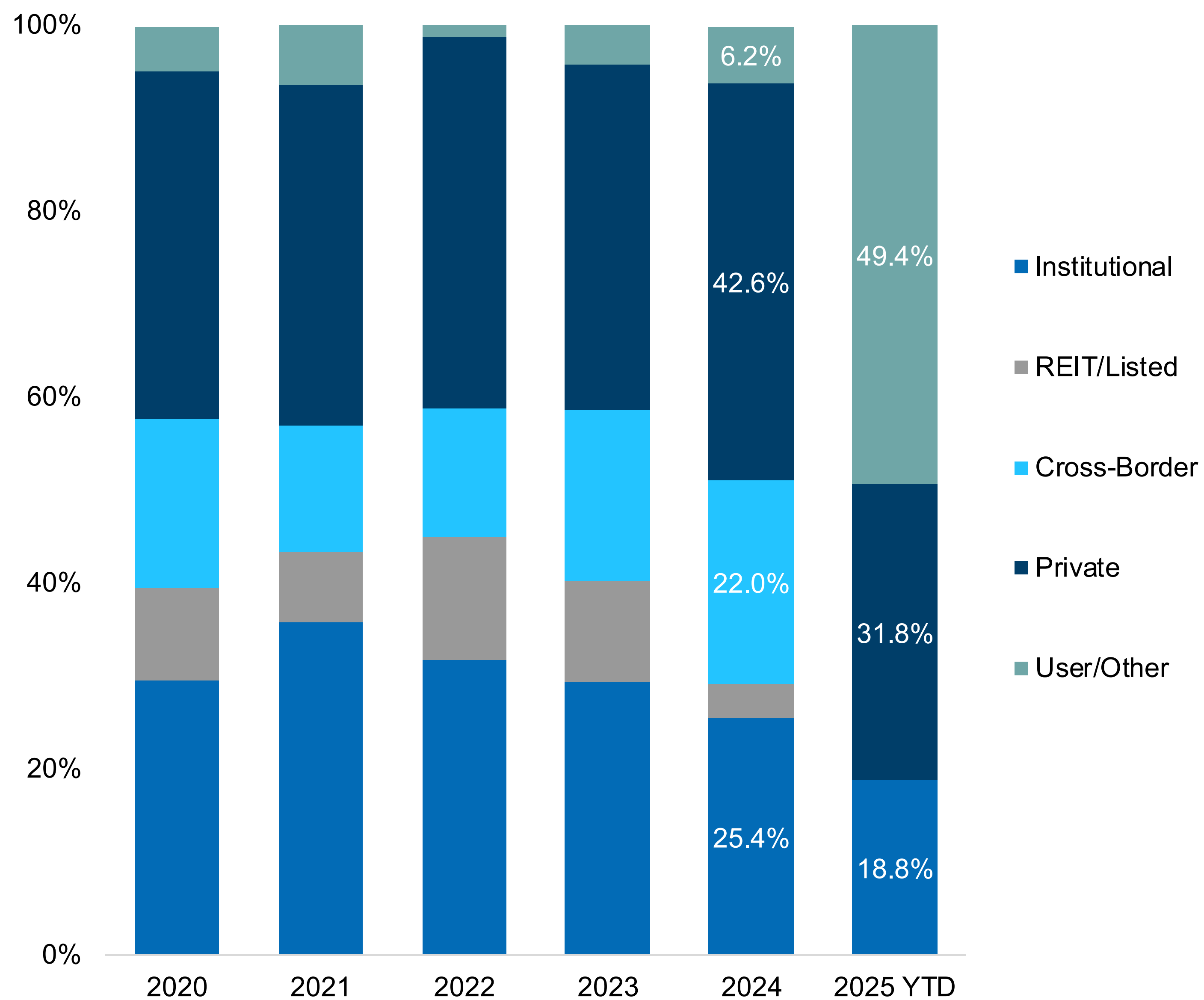


Source: Newmark Research, MSCI Real Capital Analytics
Note: 12-month trailing averages are cited.

Institutional, Private Buyers Comprise Bulk of Sales Volume Over Past 12 Months

Before the Trump Administration's new tariffs, industrial was widely perceived as being more stable compared to other commercial property segments. Additionally, domestic e-commerce growth is spurring interest in last-mile facilities in the nation's primary markets.

Inland Empire: Industrial Buyer Composition, by Year | Based on Sales Volume



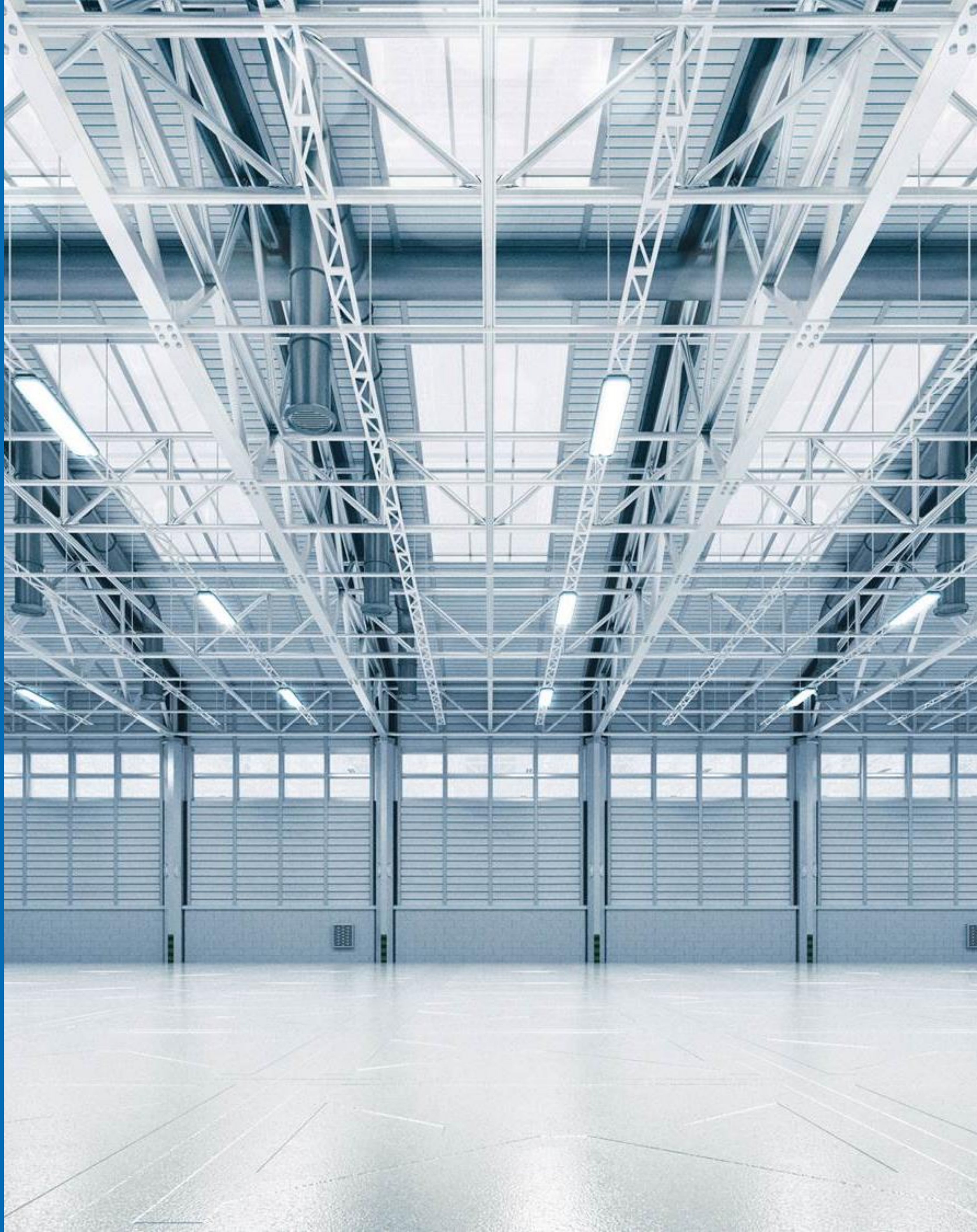
Inland Empire: Most Active Industrial Buyers | Last 12 Months

Company	Investor Type	Volume	# of Properties	Size (SF)
Stockbridge	Institutional	$309,751,667	3	703,770
Burlington Coat Factory	User/Other	$257,049,605	1	889,445
Cabot Properties	Cross-Border	$202,100,800	4	665,459
Preylock RE Holdings	Private	$184,000,000	1	1,900,000
Dalfen Industrial	Cross-Border	$114,668,174	1	340,080
Rexford Industrial REIT	REIT/Listed	$96,785,562	2	365,523
Miramar Capital	Private	$96,150,000	2	354,080
LBA Realty	Institutional	$90,450,000	1	353,361
TA Realty	Institutional	$84,600,000	2	299,006
Ares Management	Institutional	$83,400,000	1	449,040
Cabot Properties	Institutional	$76,800,000	1	235,894
EQT Exeter	Institutional	$59,300,000	2	291,980

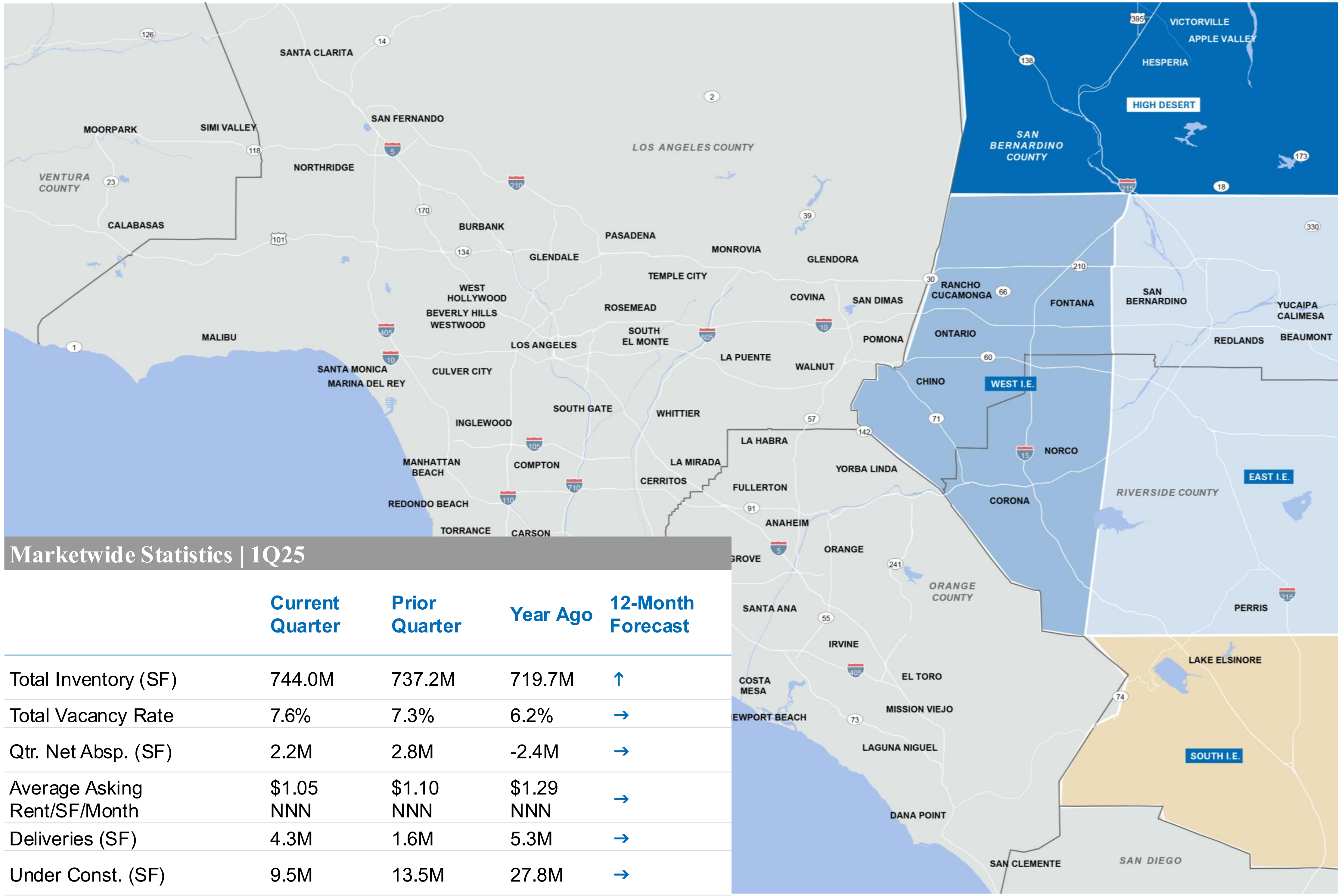
Source: Newmark Research
Note: Preliminary data is cited for the first quarter of 2025

1Q25

Appendix



Inland Empire Submarket Map and High-Level Statistics | 1Q25



Marketwide Statistics | 1Q25

	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	744.0M	737.2M	719.7M	↑
Total Vacancy Rate	7.6%	7.3%	6.2%	→
Qtr. Net Absp. (SF)	2.2M	2.8M	-2.4M	→
Average Asking Rent/SF/Month	$1.05 NNN	$1.10 NNN	$1.29 NNN	→
Deliveries (SF)	4.3M	1.6M	5.3M	→
Under Const. (SF)	9.5M	13.5M	27.8M	→

Source: Newmark Research

Inland Empire Submarket Statistics | 1Q25

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Asking Rent (Price/SF)
East I.E.	290,557,204	3,017,181	10.6%	266,593	266,593	3,551,781	3,551,781	$0.94
High Desert	20,983,053	1,530,400	15.4%	-1,301,243	-1,301,243	0	0	$1.08
South I.E.	20,103,615	70,858	7.6%	59,694	59,694	37,935	37,935	$1.16
West I.E.	412,333,594	4,840,189	5.1%	3,215,351	3,215,351	713,284	713,284	$1.15
Inland Empire	**743,977,466**	**9,458,628**	**7.6%**	**2,240,395**	**2,240,395**	**4,303,000**	**4,303,000**	**$1.05**

Submarket Breakdowns

	Cities
East I.E.	Banning, Beaumont, Bloomington, Calimesa, Cherry Valley, Colton, Glen Avon, Grand Terrace, Highland, Loma Linda, Mentone, Moreno Valley, Perris, Rialto, Redlands, Riverside, Rubidoux, San Bernardino, Yucaipa
High Desert	Adelanto, Apple Valley, Barstow, Desert Knolls, Helendale, Hesperia, Lancaster, Lenwood, Lucerne Valley, Phelan, Silver Lakes, Victorville
South I.E.	Hemet, Lake Elsinore, Menifee, Murrieta, San Jacinto, Sun City, Temecula, Wildomar
West I.E.	Chino, Chino Hills, Corona, Eastvale, Fontana, Jurupa Valley, Mira Loma, Montclair, Norco, Ontario, Rancho Cucamonga, Upland

Source: Newmark Research

Inland Empire Statistics by Building Size Segment | 1Q25

Vacancy is lowest in the smallest and largest size segments. The 1 MSF+ tier generally appeals to Fortune 500 companies seeking the economies of scale that larger facilities offer, while the under-50,000 SF segment is tight due to minimal new speculative construction in recent years.

Statistics by Building Size Segment - All Classes

	Total Inventory (# of Bldgs)	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Availability Rate
Under 50,000 SF	7,464	114,905,834	716,309	3.6%	22,915	22,915	164,710	164,710	5.1%
50,000 to 99,999 SF	1,068	70,060,110	60,950	7.2%	205,086	205,086	505,375	505,375	9.2%
100,000 to 149,999 SF	532	58,103,300	225,983	5.5%	685,784	685,784	0	0	9.6%
150,000 to 199,999 SF	277	43,480,632	505,808	10.5%	599,638	599,638	348,199	348,199	13.3%
Under 200,000 SF	**9,341**	**286,549,876**	**1,509,050**	**5.9%**	**1,513,423**	**1,513,423**	**1,018,284**	**1,018,284**	**8.3%**
200,000 to 349,999 SF	401	100,579,263	724,309	12.8%	1,486,541	1,486,541	1,501,020	1,501,020	15.6%
350,000 to 499,999 SF	220	90,667,671	1,564,383	8.5%	296,195	296,195	763,039	763,039	13.1%
500,000 to 749,999 SF	156	94,627,518	1,062,487	8.1%	-1,213,323	-1,213,323	0	0	11.3%
750,000 to 999,999 SF	80	65,711,190	1,781,430	7.4%	-536,698	-536,698	0	0	11.8%
1 MSF+	120	105,841,948	2,816,969	6.1%	694,257	694,257	1,020,657	1,020,657	7.5%
Over 200,000 SF	**977**	**457,427,590**	**7,949,578**	**8.6%**	**726,972**	**726,972**	**3,284,716**	**3,284,716**	**11.8%**
Inland Empire	**10,318**	**743,977,466**	**9,458,628**	**7.6%**	**2,240,395**	**2,240,395**	**4,303,000**	**4,303,000**	**10.5%**

Source: Newmark Research

The World’s Top 20 Containerized Cargo Seaports

Sixteen are in Asia, China leads all other countries with nine and Los Angeles-Long Beach is the only U.S. complex to make the list.

Rank	Seaport	2024 Volume (TEU, in millions)
1	Shanghai, China	51.5
2	Singapore	41.1
3	Ningbo-Zhoushan, China	39.3
4	Shenzhen, China	33.4
5	Qingdao, China	30.9
6	Guangzhou, China	26.1
7	Busan, South Korea	24.4
8	Tianjin, China	23.3
9	**Los Angeles-Long Beach, U.S.**	**18.3**
10	Jebel Ali, United Arab Emirates	15.5

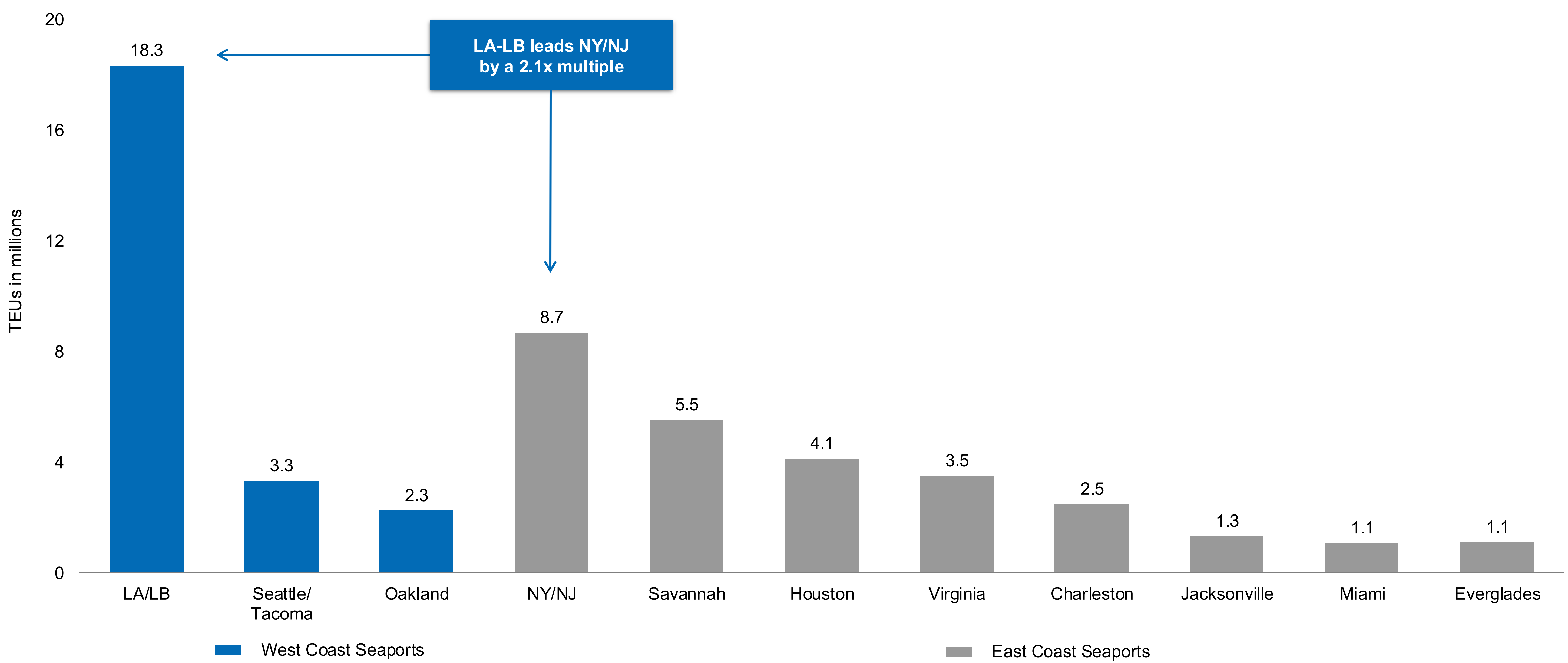
Rank	Seaport	2024 Volume (TEUs, in millions)
11	Port Kelang, Malaysia	14.6
12	Rotterdam, The Netherlands	13.8
13	Hong Kong, China	13.7
14	Antwerp-Bruges, Belgium	13.5
15	Tanjung Pelepas, Malaysia	12.3
16	Xiamen, China	12.3
17	Tanger Med, Morocco	10.2
18	Laem Chabang, Thailand	9.5
19	Kaoshiung, Taiwan	9.2
20	Beibu Gulf, China	9.0

Source: Newmark Research, upply
Note: TEU totals includes loaded and empty containers

Los Angeles-Long Beach is the Nation's Dominant Port System

Los Angeles-Long Beach can accommodate 18,000 TEU vessels, which are too wide to traverse the new Panama Canal. Additionally, both ports have Class 1 freight rail connectivity to the nation's major population centers.

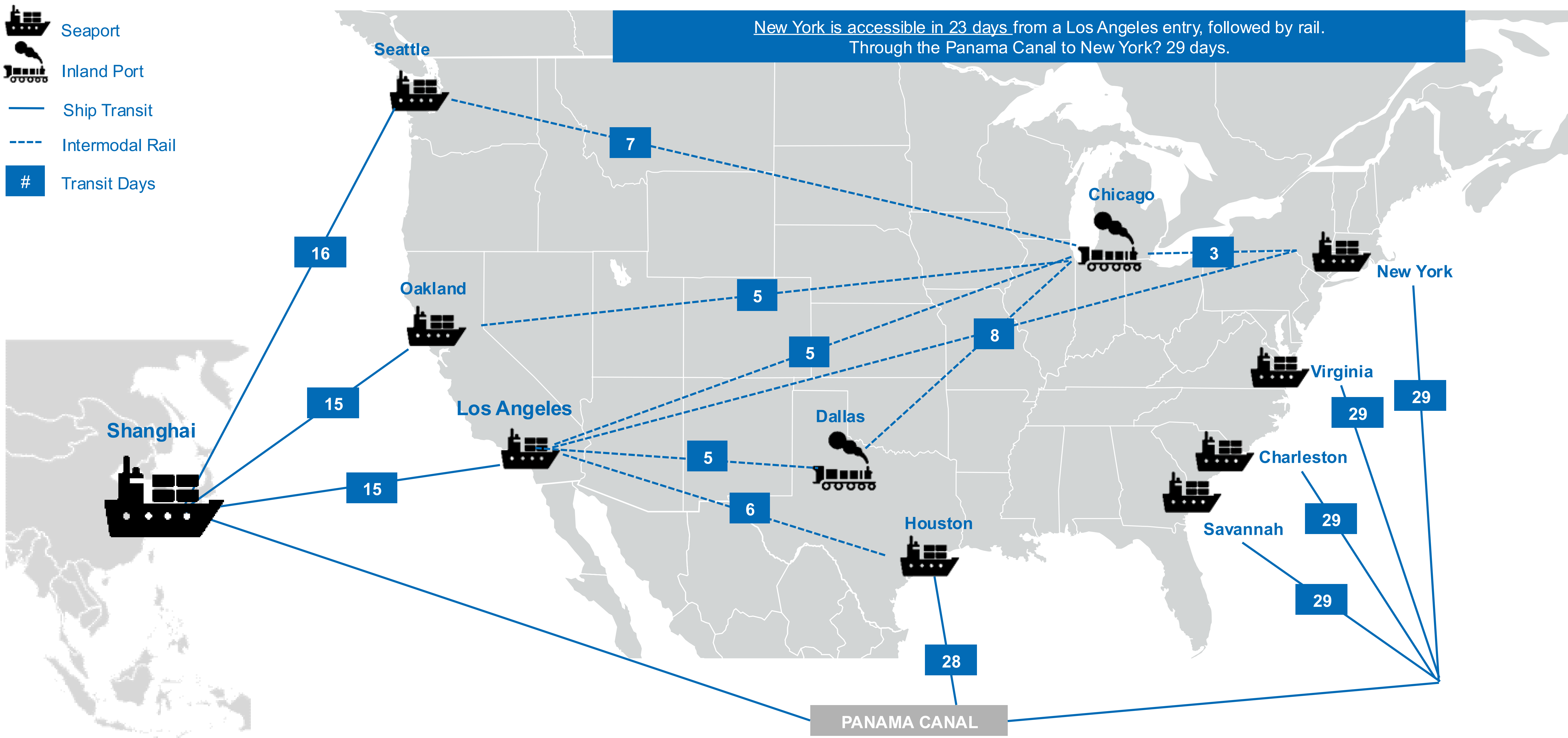
Major U.S. Seaports: 2024 TEU Volume (All Containers: Loaded and Empty)



Source: Newmark Research, Individual Seaports

Why Los Angeles-Long Beach?

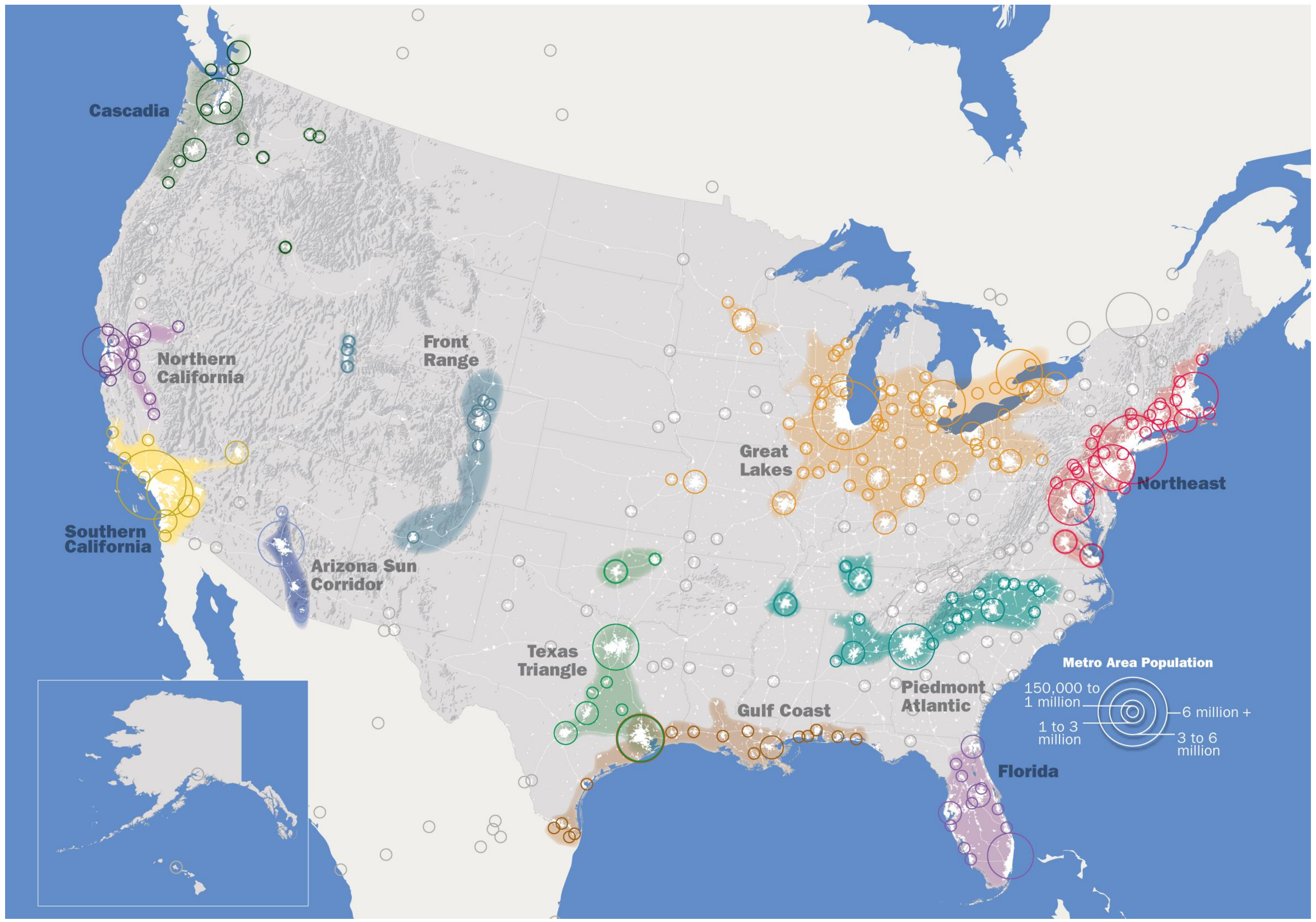
In a normal environment, shorter transit time from Shanghai. Double-stack rail connectivity allows distributors to touch multiple U.S. markets, which is more cost-effective.



Source: Newmark Research, IMS Worldwide

Population of Megaregions: Past and Projected

Southern California benefits from its consumer base, ports and rail connectivity.



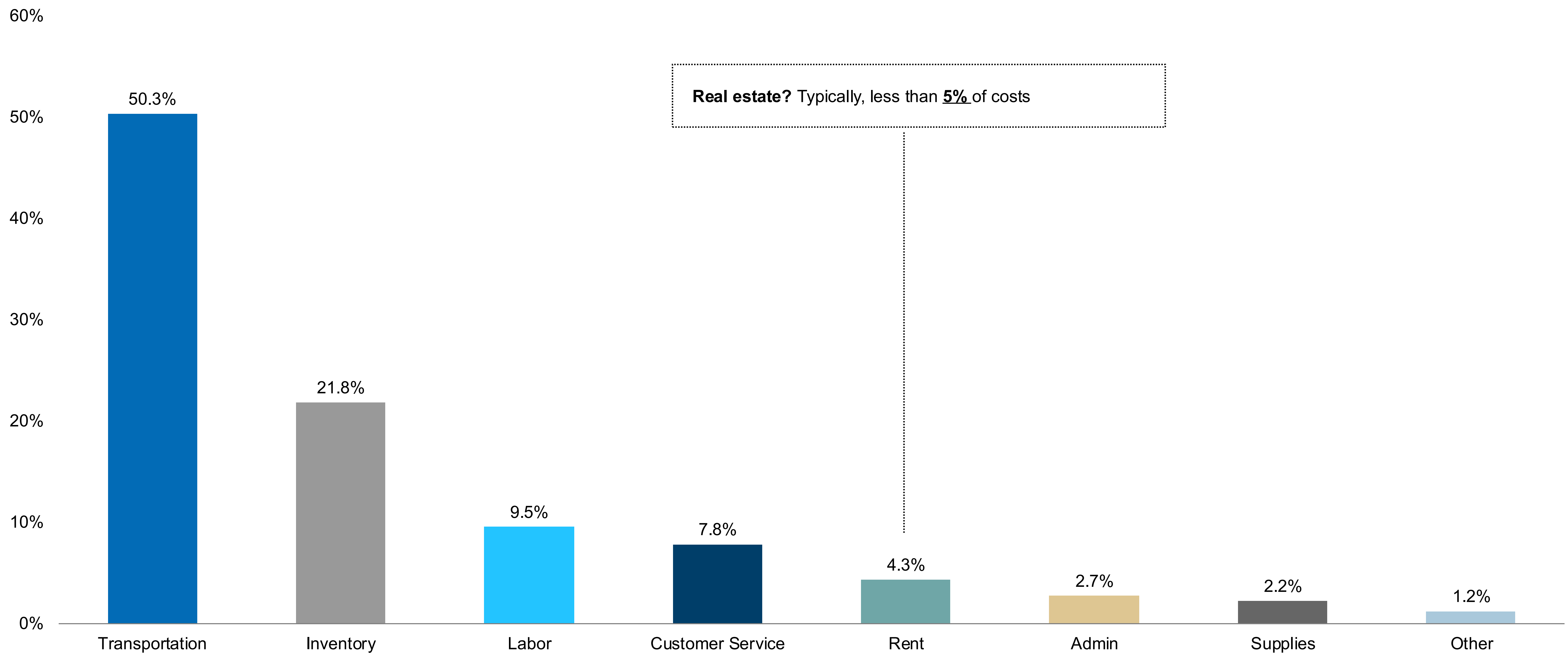
Megaregion	2010 Population	2025 Pop. Est.
Arizona Sun Corridor	5.7M	7.8M
Cascadia	8.4M	8.8M
Florida	17.3M	21.5M
Front Range	5.5M	7.0M
Great Lakes	55.6M	60.7M
Gulf Coast	13.4M	16.3M
Northeast	52.3M	58.4M
Northern California	14.0M	16.4M
Piedmont Atlantic	17.6M	21.7M
Greater Southern California	**24.4M**	**29.0M**
Texas Triangle	19.8M	24.8M

Source: U.S. Census Bureau

Transport Costs Are the Biggest Expenditure for Most Warehouse Occupiers

Before the pandemic, the average was just over 50%.

Cost Splits for the Average Warehouse Occupier Prior to COVID-19



Source: Newmark Research, Exchange Inc. Logistics Cost & Service Report
Note: These ratios do not apply to all industries. 3PLs, for instance, are highly rent-sensitive.

Transport Costs Per TEU Container Increase the Further an Occupier is from the Ports

Current rates are down from 2023 due to slowing global trade.

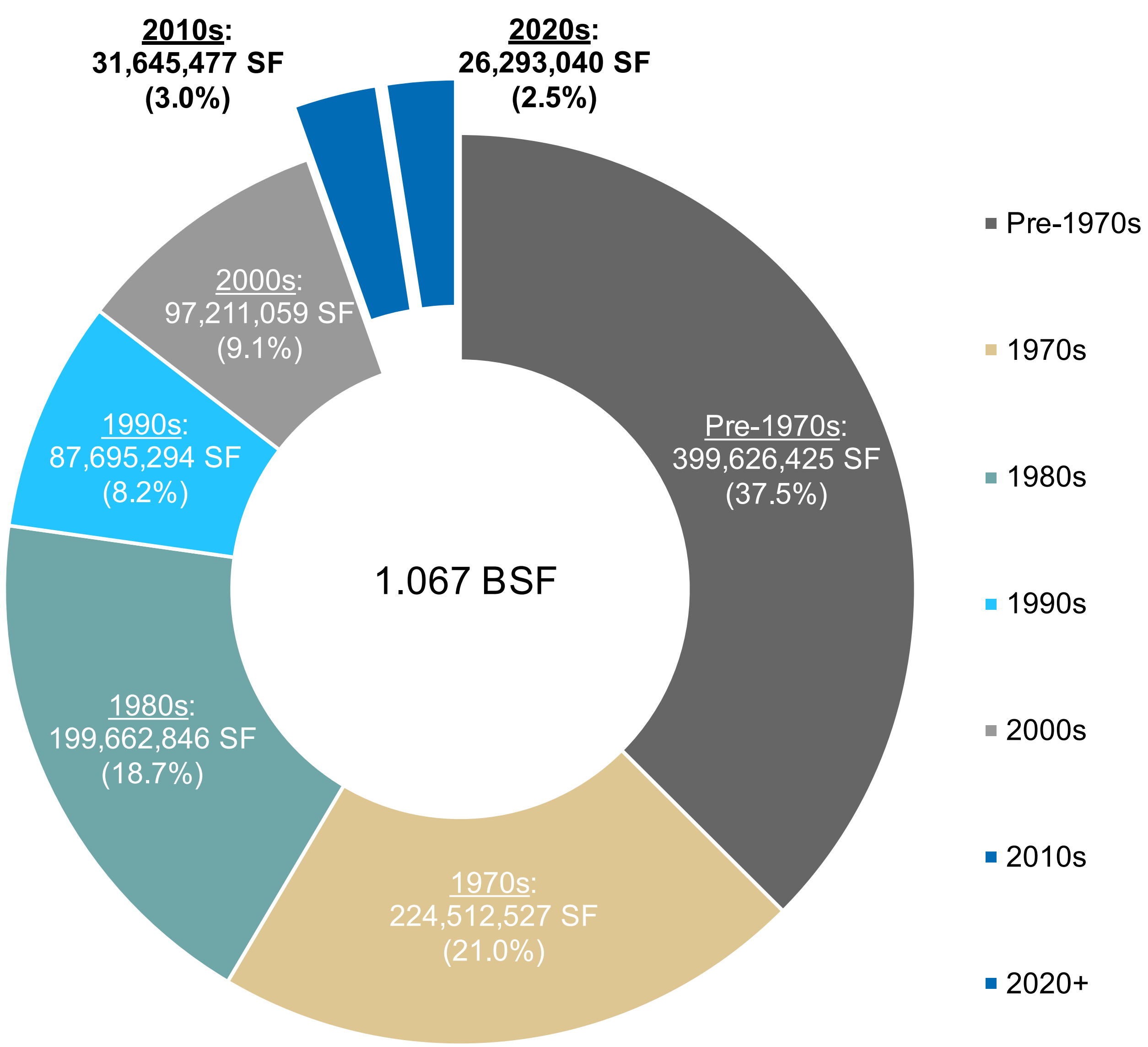
Region	Early 2023 Drayage Rate (includes base rate, fuel surcharge, chassis rental – 5 days)	Early 2024 Drayage Rate (includes base rate, fuel surcharge, chassis rental – 5 days)
South Bay	$753 to $858	$613 to $644
Central/Mid-Counties	$910 to $962	$666 to $742
San Gabriel Valley	$962	$735 to $788
I.E. West	$1,066 to $1,145	$825 to $894
I.E. East	$1,170 to $1,307	$894 to $1,066

Source: Newmark Research, WCL Consulting, Inc.
Note: The drayage rates are roundtrip base rates to haul a container from the Ports of Long Beach or Los Angles and return it after unloading. Assumptions: 1) Annual volume: 5,000 x 40' containers per year; 2) Commodity: Consumer Goods/Non-Hazardous; 3) Origins: Ports of Los Angeles and Long Beach Marine Terminals.
.

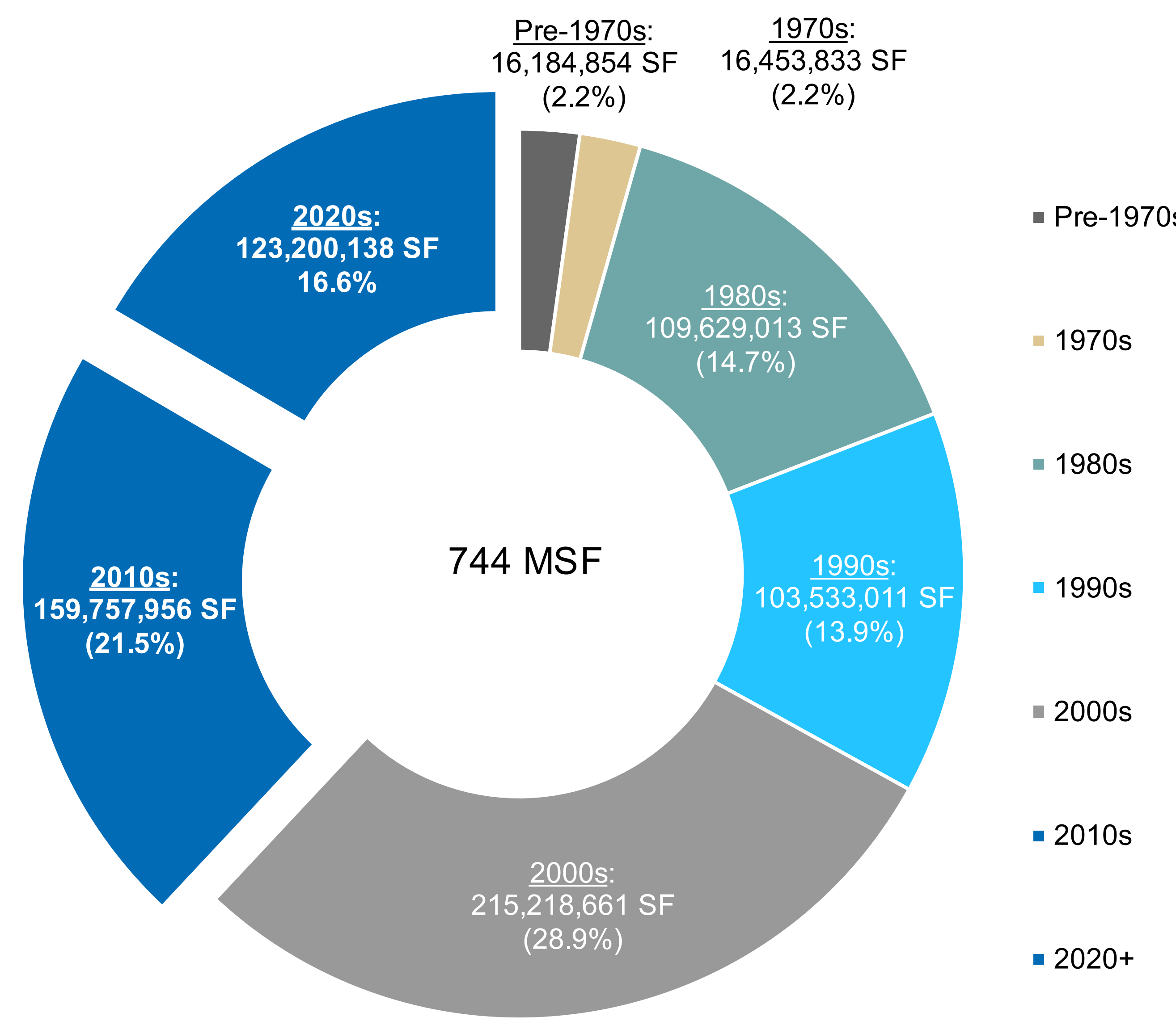
Modern Supply is More Readily Available in the Inland Empire

Only 5.5% of Los Angeles' inventory was built from 2010+, a stark contrast to the Inland Empire's 38.1% share. Newer facilities tend to offer features (e.g., higher clear heights, more dock-high doors, thicker slabs conducive to automation, and deeper truck courts) that better help an occupier to maximize efficiencies relative to more-dated buildings.

Los Angeles: Inventory Composition by Decade Built



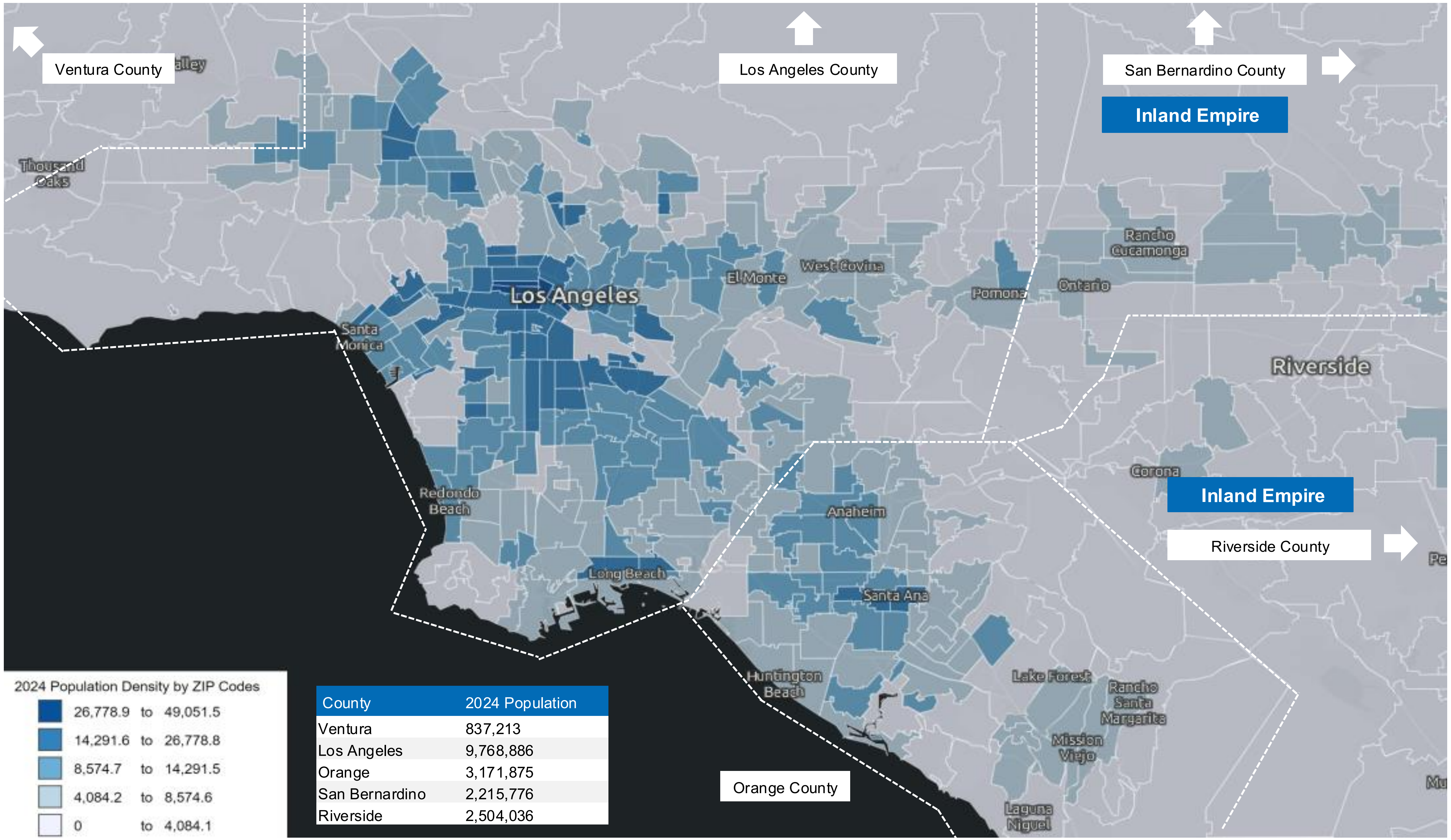
Inland Empire: Inventory Composition by Decade Built



Source: Newmark Research

An Inland Empire Location Offers Distributors Proximity to Densely Populated Areas

Proximity to the end-consumer can lower transport costs and swiften delivery times—both are competitive differentiators.

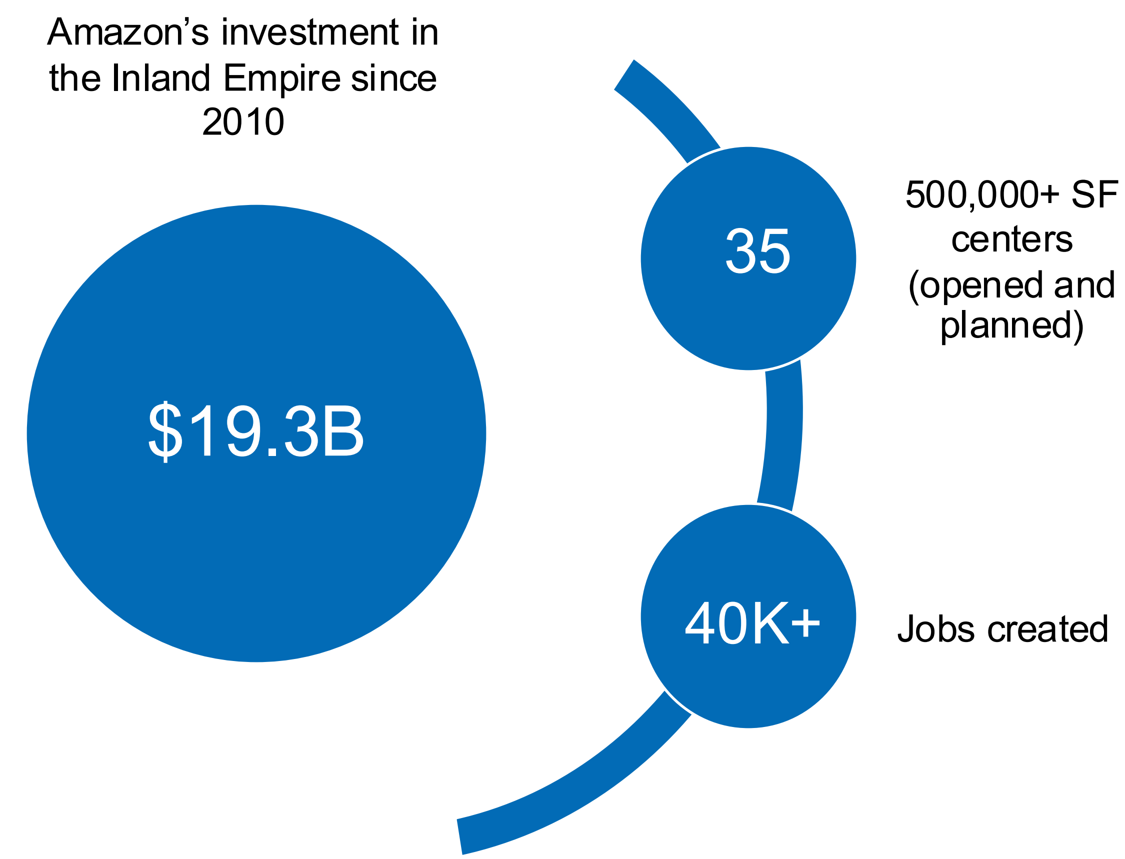


County	2024 Population
Ventura	837,213
Los Angeles	9,768,886
Orange	3,171,875
San Bernardino	2,215,776
Riverside	2,504,036

Source: Newmark Research, ESRI

Amazon Is the Inland Empire’s Top Occupier and Employer

The e-tailer took occupancy of a multi-story facility in Ontario, totaling 4.1 MSF, in 2023 and moved into three 1.0 MSF facilities in the first half of 2024. A 2.5 MSF facility is planned for development in Hesperia.



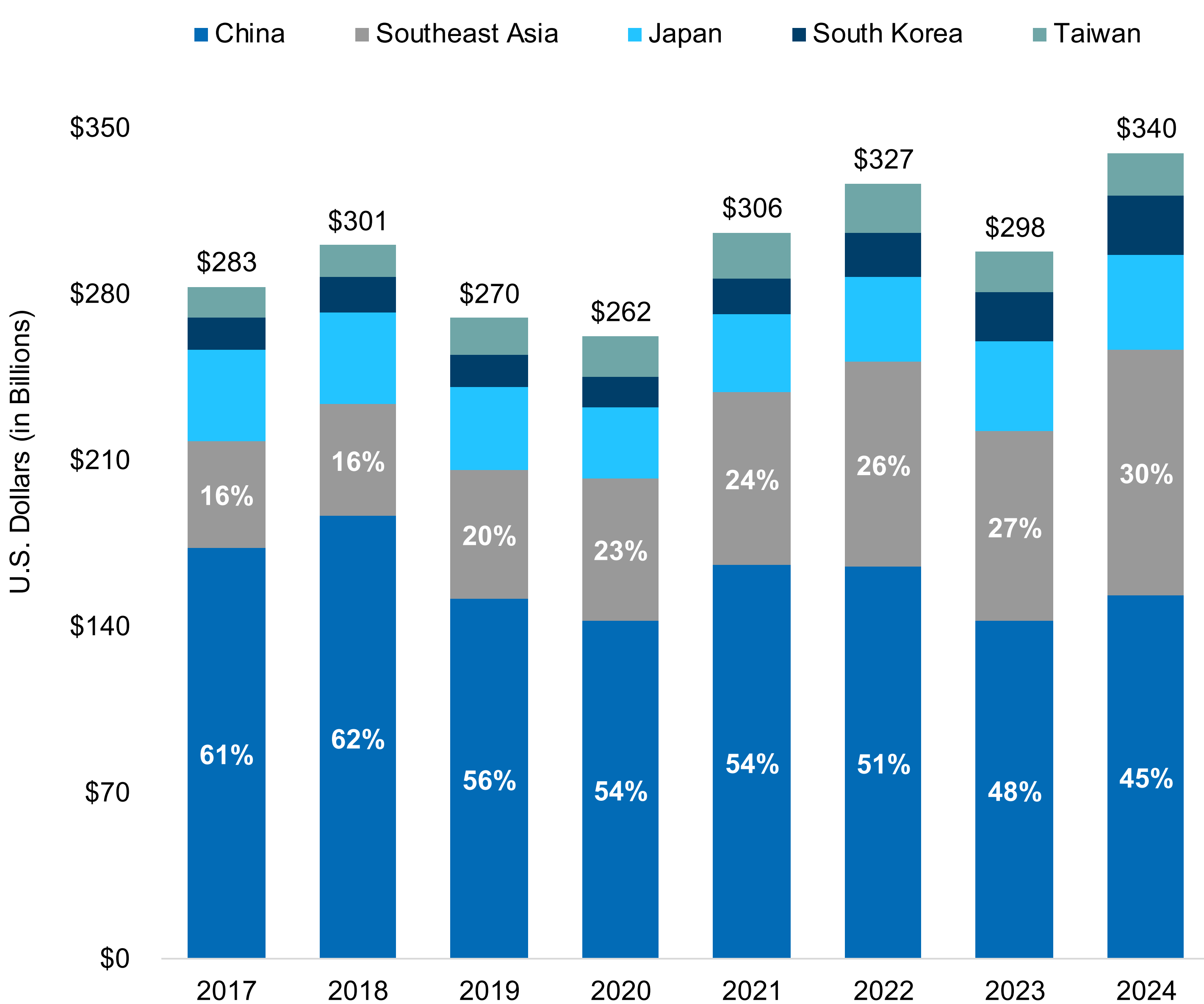
- The e-commerce giant opened an air gateway at March Air Reserve Base in 2018 and received clearance for up to six flights a day. The facility supplements its operations at Ontario International Airport (ONT).
- ONT moved 793,371 tons of freight in 2024, up 5.5% from 2023. The airport ranks as one of the nation’s busiest in outbound shipments, which is supporting e-commerce trade. Freight volumes will grow as e-commerce spending rises.
- The Inland Empire is the perfect environment for more large-box fulfillment centers. Approximately 30.3 million consumers can be reached within a 5.0-hour drive time.
- Amazon occupies a 658,000-SF facility at San Bernardino International Airport for its Western air freight hub, which has the capacity to support up to 14 daily flights. The company also took occupancy of its multi-story, 4.1-MSF facility near the Chino Airport in 2023.
- Amazon Air currently has 92 cargo aircraft with scheduled flights to 52 U.S. airports.

Source: Newmark Research, Amazon, Ontario International Airport, Statistica, Tech Crunch, FreightWaves, Daily Bulletin, San Bernardino Sun

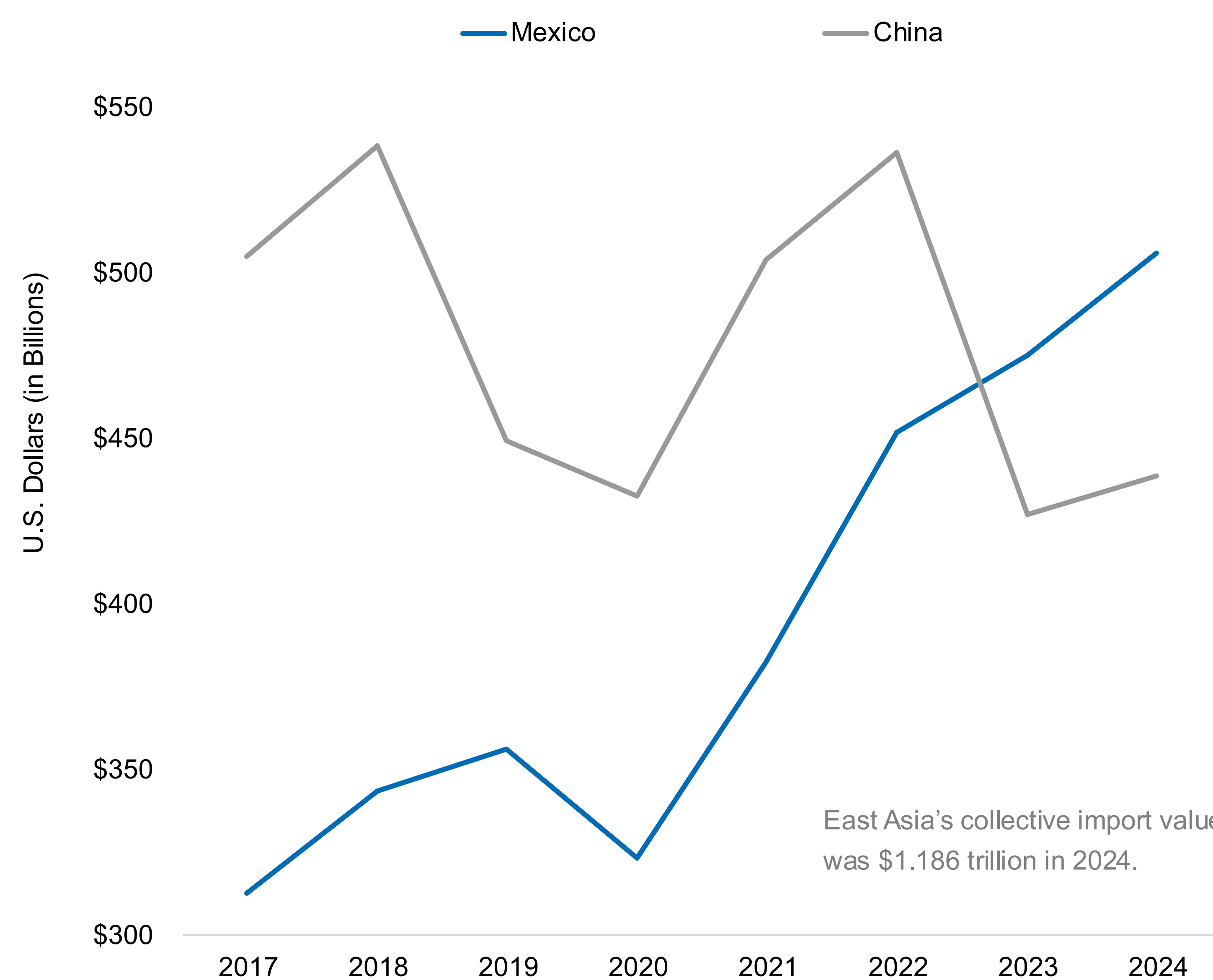
Southeast Asia Imports to POLA-POLB are Growing; Mexico Remains U.S.' Top Trade Partner

China's exporter-dominance is narrowing due to lower manufacturing wages in other countries; escalating U.S. tariffs (began in 2018 and grew more contentions in early 2025); and stringent lockdown measures during the height of COVID-19 that stalled production and riled global supply chains. Although Mexico's manufacturing industry is rising, East Asia will continue to produce the bulk of the world's goods; Southern California's seaports will remain the dominant point of entry for trans-Pacific routes.

Annual Import Value from East Asia to Ports of Los Angeles and Long Beach



Annual Import Value to U.S. from Mexico and China (All Ports of Entry)



Source: Newmark Research, USA Trade Online, US Census Bureau
Note: Southeast Asia includes the following countries: Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam

For more information:

Colin Harmony
Senior Research Analyst
Los Angeles, Inland Empire
colin.harmony@nmrk.com

Claudia Morales
Senior Database Coordinator
Inland Empire, Orange County
claudia.morales@nmrk.com

Dain Fedora
Head of Research
Southwest
dain.fedora@nmrk.com

Inland Empire
3281 E. Guasti Rd., Suite 370
Ontario, CA 91761
t 909-605-1100

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

nmrk.com

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

NEWMARK