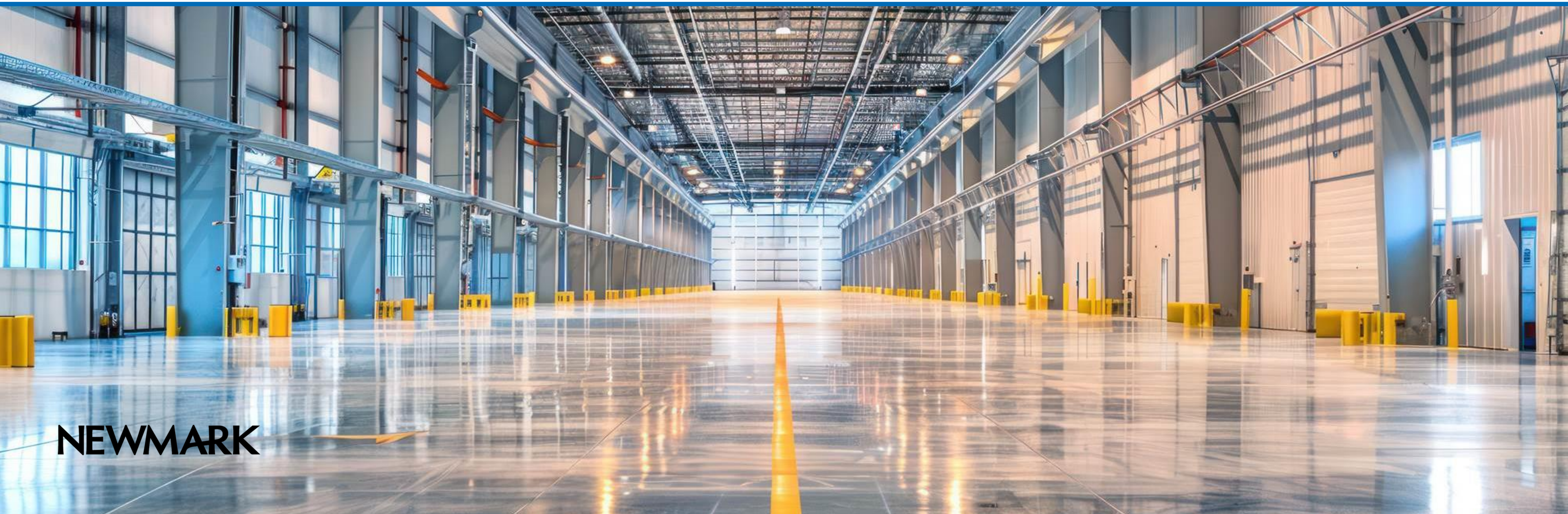
3Q25

Inland Empire Industrial Market Overview



Market Observations

Economy

- Import traffic at Southern California's seaports was uneven this quarter due to ever-changing U.S. tariffs on foreign goods.
- Tariffs have a delayed impact, as businesses try to pass on costs to suppliers, stockpile goods before new duties go into effect, and/or utilize existing inventory first before higher prices work their way down the supply chain to consumers.
- Consumer confidence has fallen in recent months, and U.S. retail sales are anticipated to slow. Sales will suffer a steeper decline if tariff-induced inflation sets in and domestic unemployment increases.
- China, which faces the steepest tariff hikes, has deep ties to Southern California's ports and industrial markets.

Major Transactions

- Thirty-two big-box (100,000+ SF) direct leases were signed this quarter, sharply up from the 19 inked last quarter and the 21 in the third quarter of 2024.
- Chinese firms continue to comprise a significant portion of new big-box leasing activity: just under 20% of leasing volume within the segment during the second and third quarters of the year was attributable to Chinese firms.
- Chinese 3PLs accounted for three of this quarter's 10 largest leases.
- UPS, which operated Wineville Center Pointe S in Jurupa Valley as an owner-user, offloaded the 765,456-SF property to Fortress Investment Group in a sale-leaseback in August. The $208.8 million sale was the largest single-property trade of the quarter.

Leasing Market Fundamentals

- The West has continued to outperform the East in leasing activity, though activity in the East is accelerating. West 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.
- YTD lease term lengths are higher than the historical average; tenants are locking in today's more-occupier-favorable conditions before effective rents meaningfully rise.
- Vacancy rose to 8.1% after 3.9 MSF in mostly unleased new construction delivered this quarter. Seventy-four percent of new deliveries were in the West.
- Quarterly net absorption totaled 44,669 SF. The occupancy of a 1.0 MSF+ Hesperia Commerce Center facility by Maersk helped counterbalance a wave of move-outs.
- Available sublease space totals 17.1 MSF, up 12.3% from the first quarter.

Outlook

- Prolonged uncertainty concerning U.S. tariff policy will depress overall leasing activity as some occupiers refrain from new commitments.
- The future delivery of a 2.4-MSF Amazon Fulfillment Center in Hesperia and a 1.2-MSF Apple Valley facility built for Lecangs will insulate the market from occupancy losses in 2026.
- The foregoing High Desert projects broke ground shortly after the passage of California Assembly Bill 98. AB 98 will spur further projects in this area as developers face fewer regulatory hurdles in the sparsely populated region than elsewhere.
- Sustained tariffs will increase raw material prices, while federal immigration raids may lead to construction labor shortages. Both will drive up replacement costs, limit new construction, and insulate rents of existing product.

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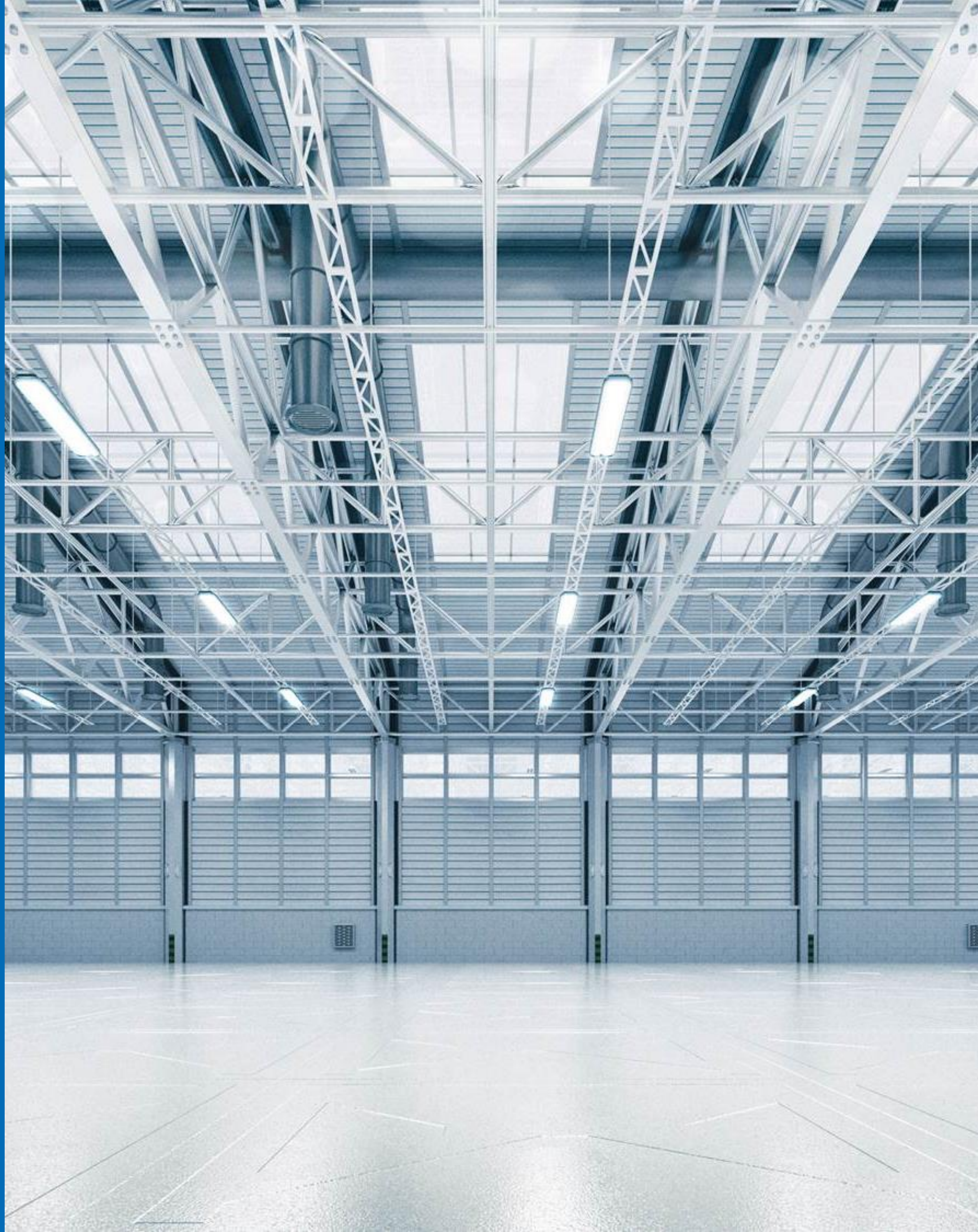
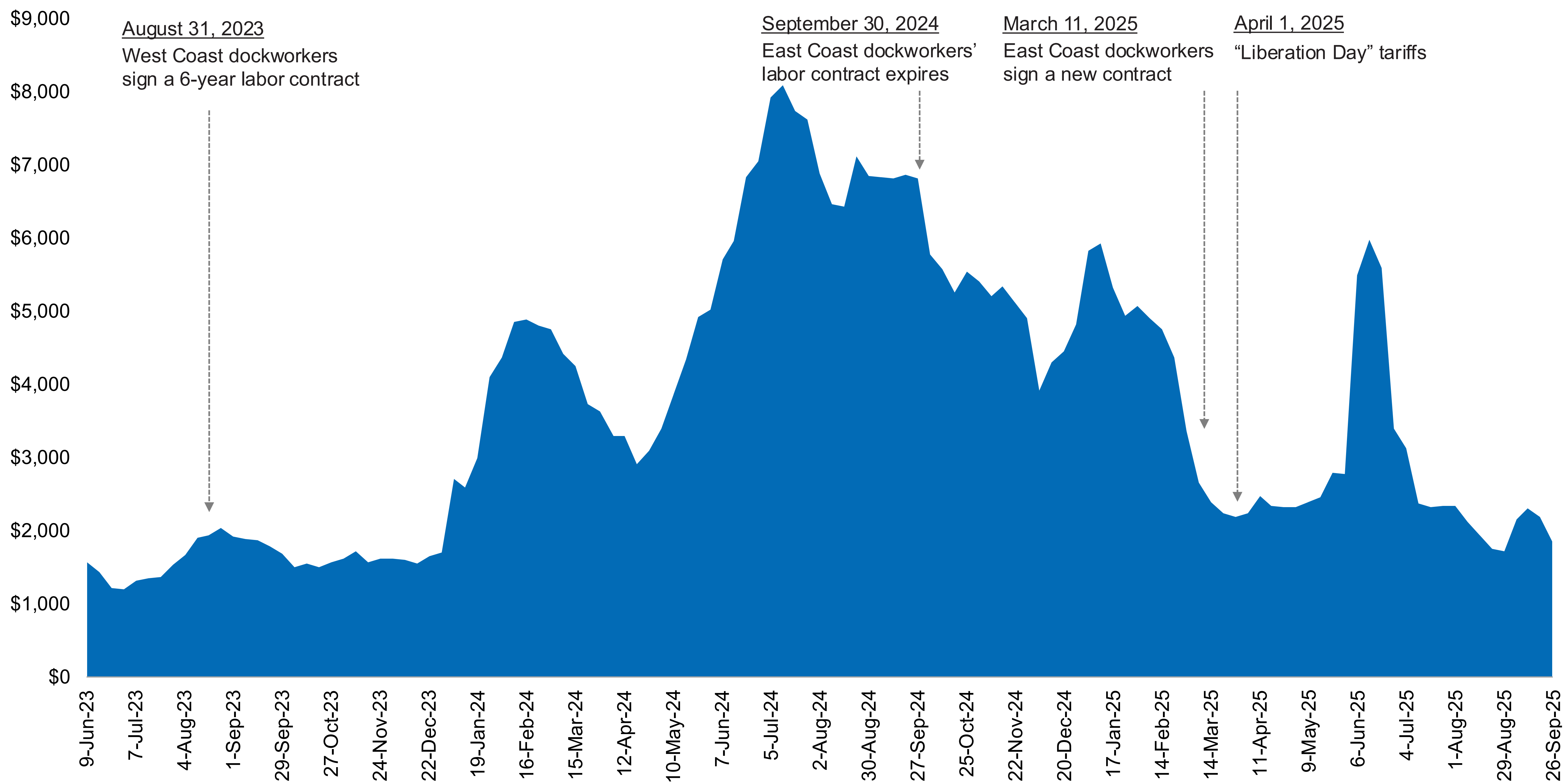
Southern California's Ports and U.S. Retail Sales



Ocean Container Spot Rates Have Been Volatile

Dockworker labor contracts that were preceded with contentious negotiations beforehand, higher U.S. inflation followed by slower consumer spending, and the Trump Administration's sweeping (and ever-changing) tariffs on foreign goods are all factors.

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

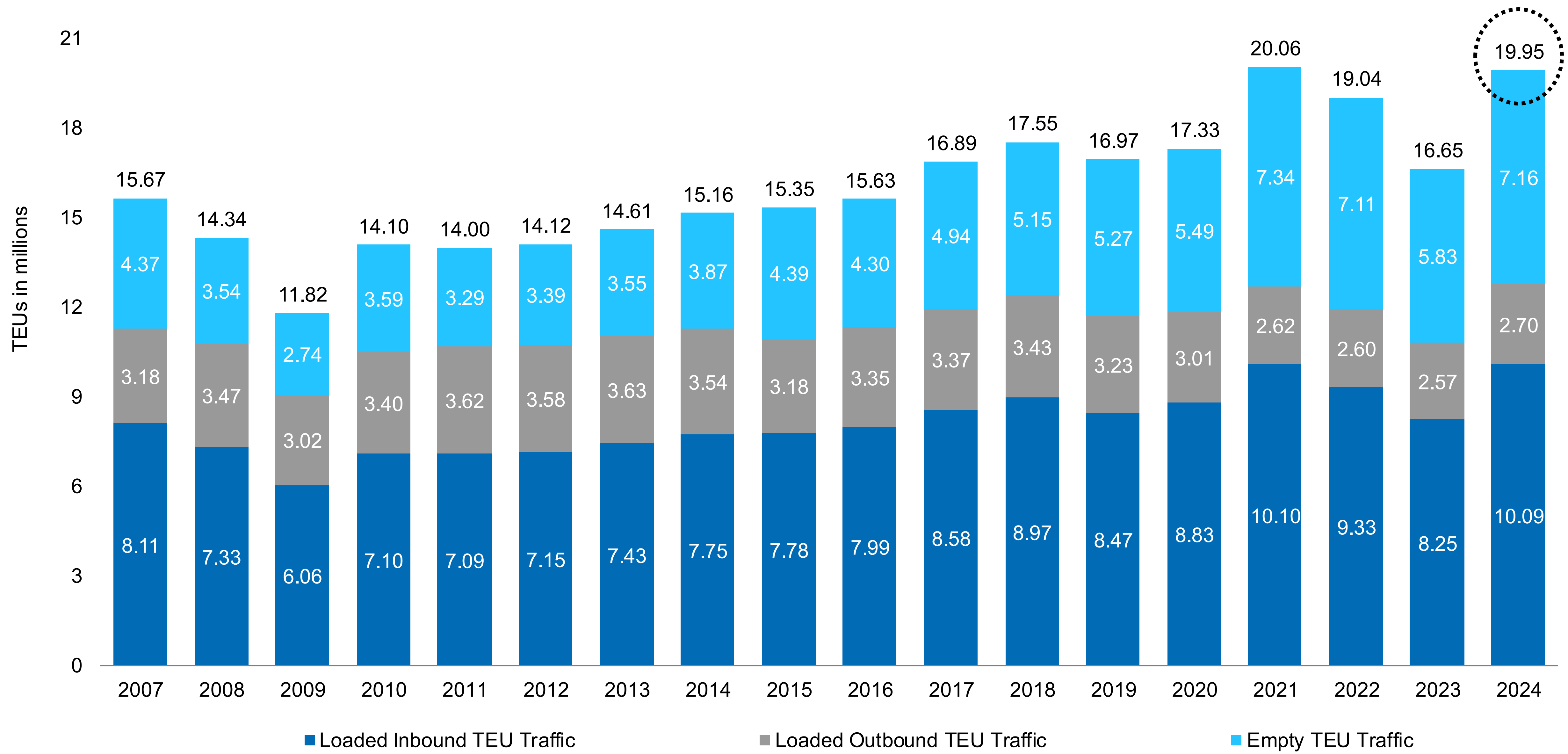


Source: Freightos, Newmark Research
Note: A spot rate is a one-time rate based on supply and demand, or shipment volume compared to available equipment. Because spot rates reflect current market conditions, they fluctuate continually. So, when load volumes are high and capacity is limited, pricing tends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

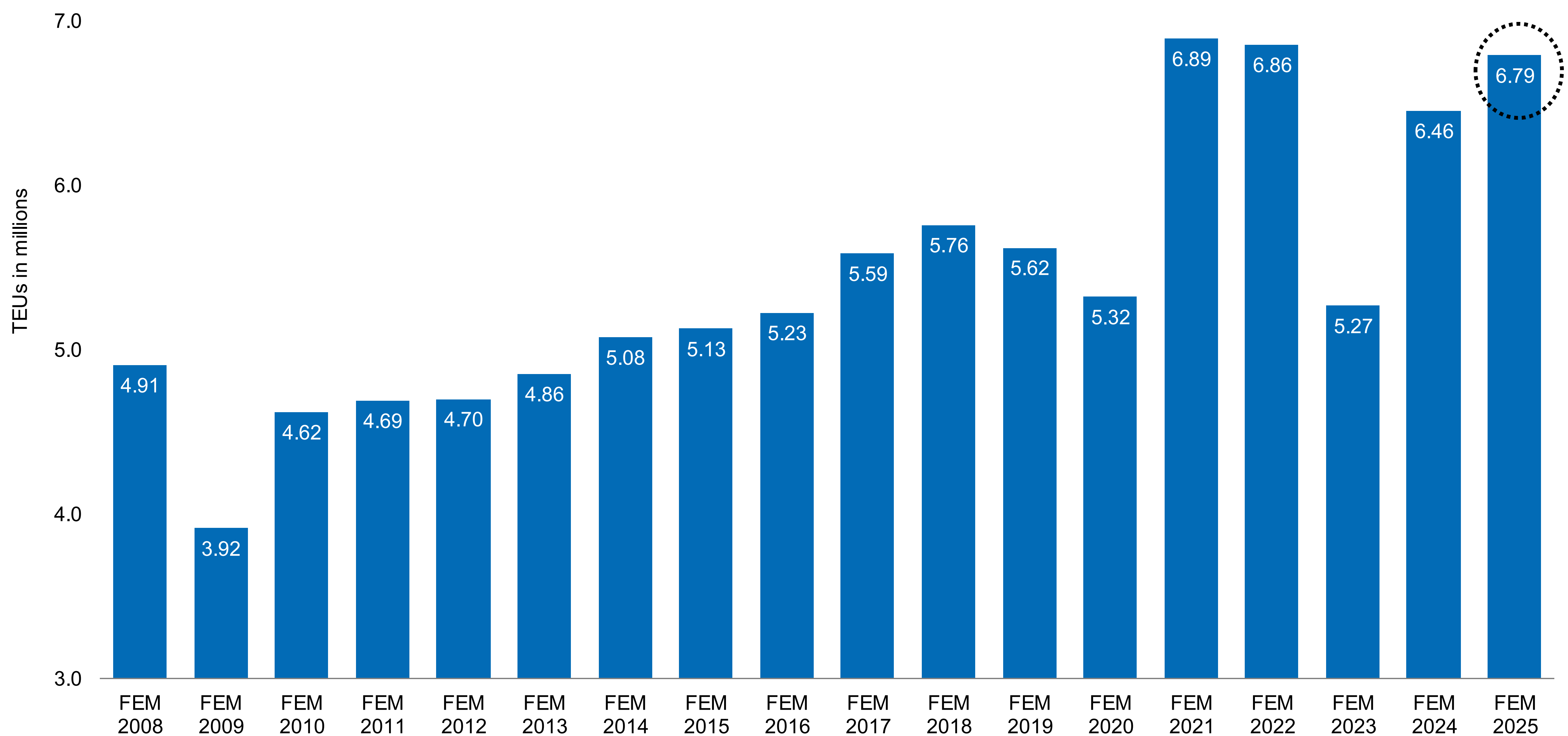


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers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

Loaded Import Volume in the First Eight Months of 2025 Third Highest on Record

The frontloading of imports before President Trump's tariffs went into effect shaped 2025's year-to-date figure. Recent volume is uneven, as the next slide explores.

The Ports of Los Angeles and Long Beach: Loaded Imports | First Eight Months (FEM) of a Given Year

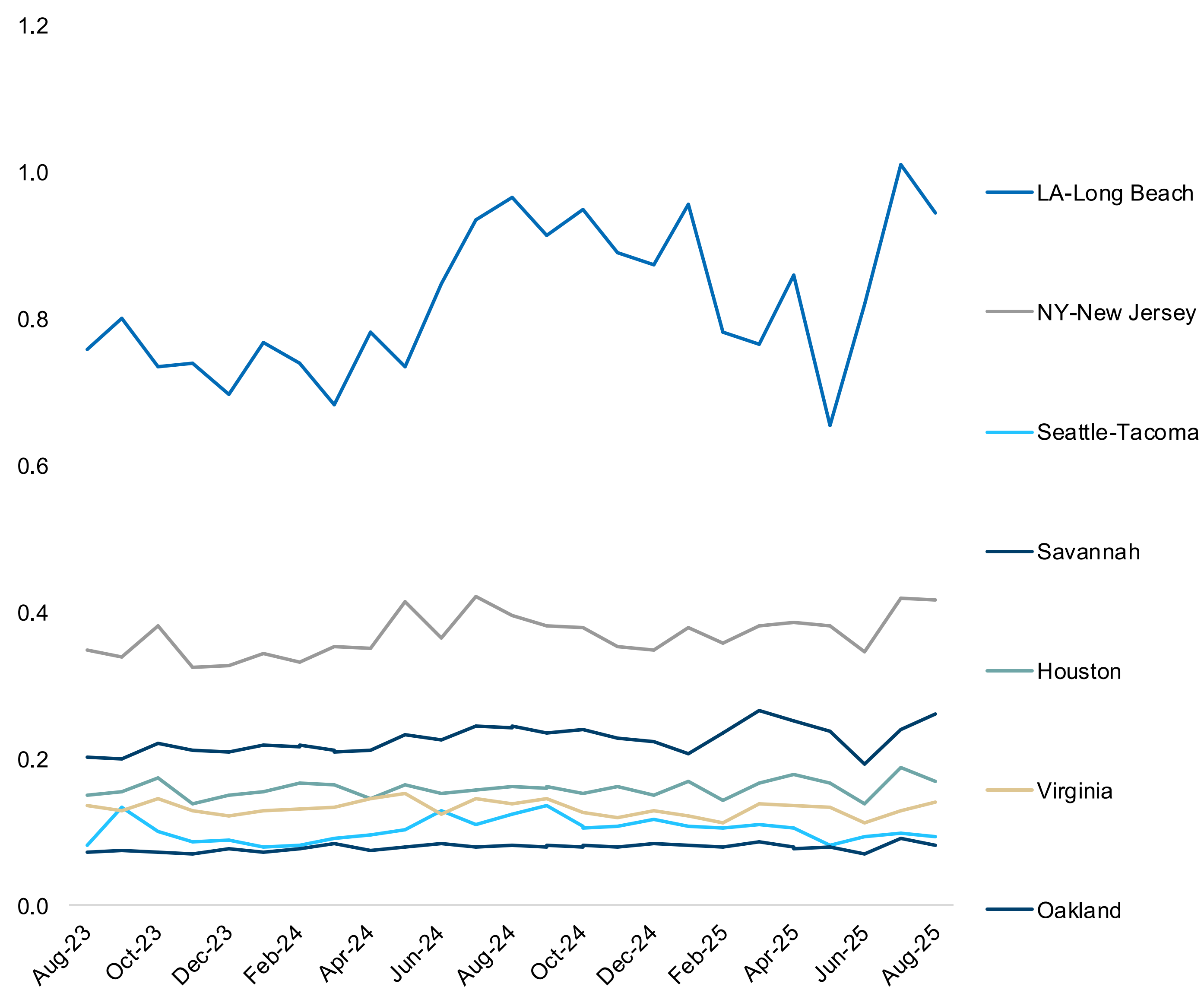


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers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

Southern California Ports Lead the Nation in Imports—Most of Which Originate from China

Ever-changing U.S. trade policies on foreign goods (namely, Chinese goods—when looking at countries with the highest tariffs) has led to volatile year-to-date import traffic. April imports at Los Angeles-Long Beach were up as distributors raced to get product into the U.S. before then-145% tariffs on Chinese goods went into effect, while May's figures plummeted. Imports then surged in the summer months, following the U.S. and China agreeing to a 90-day pause on most of their escalating tariffs, which was later extended until November 10. What happens beyond is anyone's guess...In the end, China's influence on U.S. West Coast industrial markets is substantial, which the table to the right hints at.

Top U.S. Ports: Loaded Imports (TEUs in Millions) by Month



Top U.S. Ports: Imports by Country of Origin | 2024

U.S. Seaport	Total Import Value (in Billions), 2024	Top 5 Countries for Imports (Based on their % of Import Value)
Los Angeles-Long Beach*	$387	China (40%), Vietnam (14%), Japan (10%), South Korea (6%), Taiwan (5%)
New York-New Jersey	$220	China (14%), Italy (9%), India (7%), Germany (7%), France (5%)
Seattle-Tacoma*	$104	China (28%), Japan (21%), South Korea (17%), Vietnam (11%), Taiwan (5%)
Savannah	$95	China (23%), South Korea (10%), India (9%), Vietnam (7%), Japan (5%)
Houston	$94	China (18%), Germany (6%), South Korea (6%), India (6%), Vietnam (5%)
Virginia	$70	China (13%), Germany (12%), India (10%), Italy (6%), Vietnam (6%)
Oakland*	$33	China (37%), Vietnam (7%), Japan (7%), Taiwan (7%), Thailand (4%)

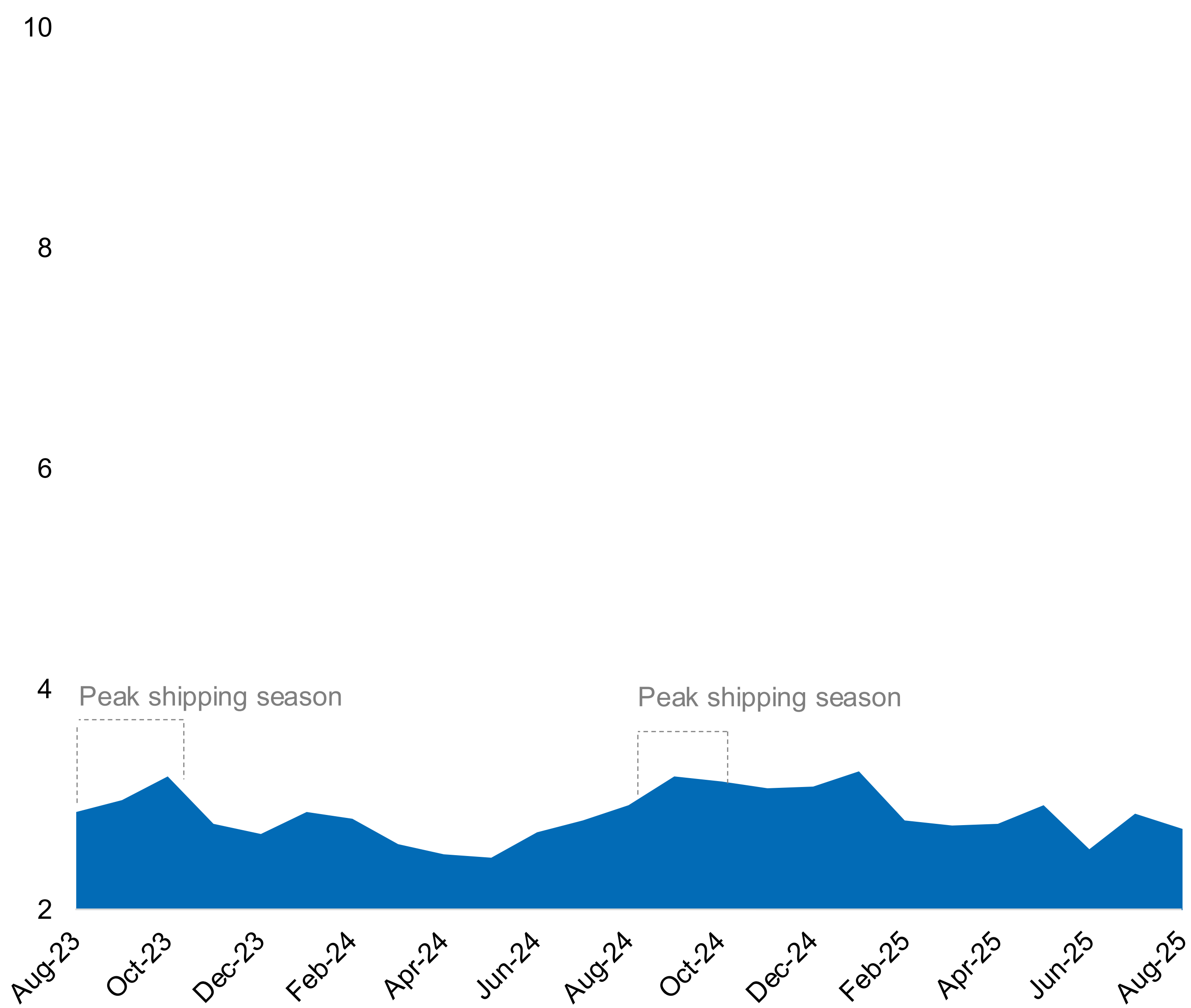
** U.S. West Coast*

Source: Newmark Research, Individual Ports
Note: Southern California TEU traffic tends to be volatile in the early months of a given year due to the Lunar New Year.

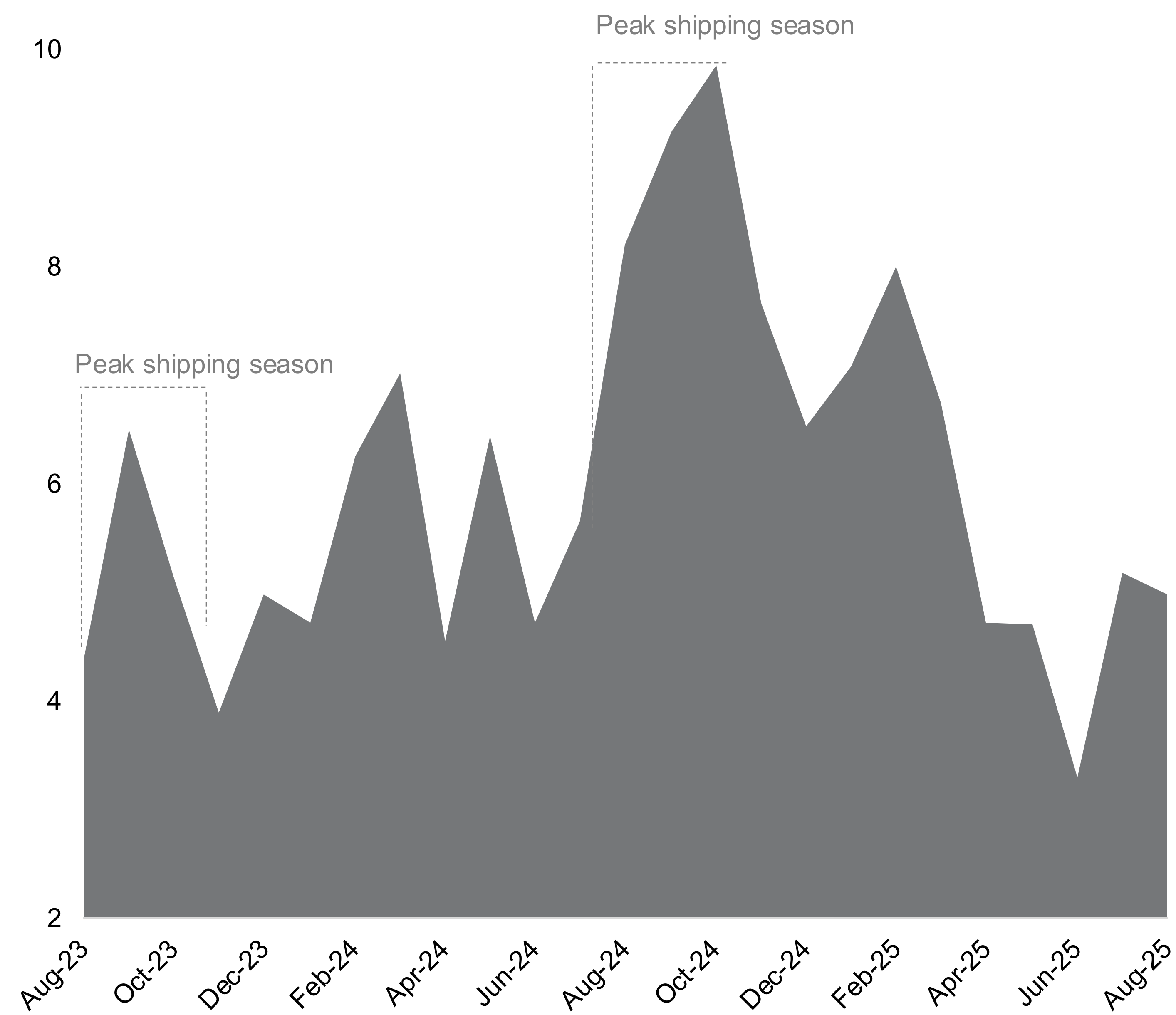
Southern California’s Ports: Rail Dwell Times Higher Than Trucks

A fair share of import traffic at The Ports of Los Angeles and Long Beach consists of goods that are passing through to other U.S. markets. Truck dwell times would be much higher if domestic consumption was stronger and more goods were bound for Southern California’s warehouses. Rail dwell times have been volatile in recent months, reflecting uneven import volume due to tariffs.

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



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

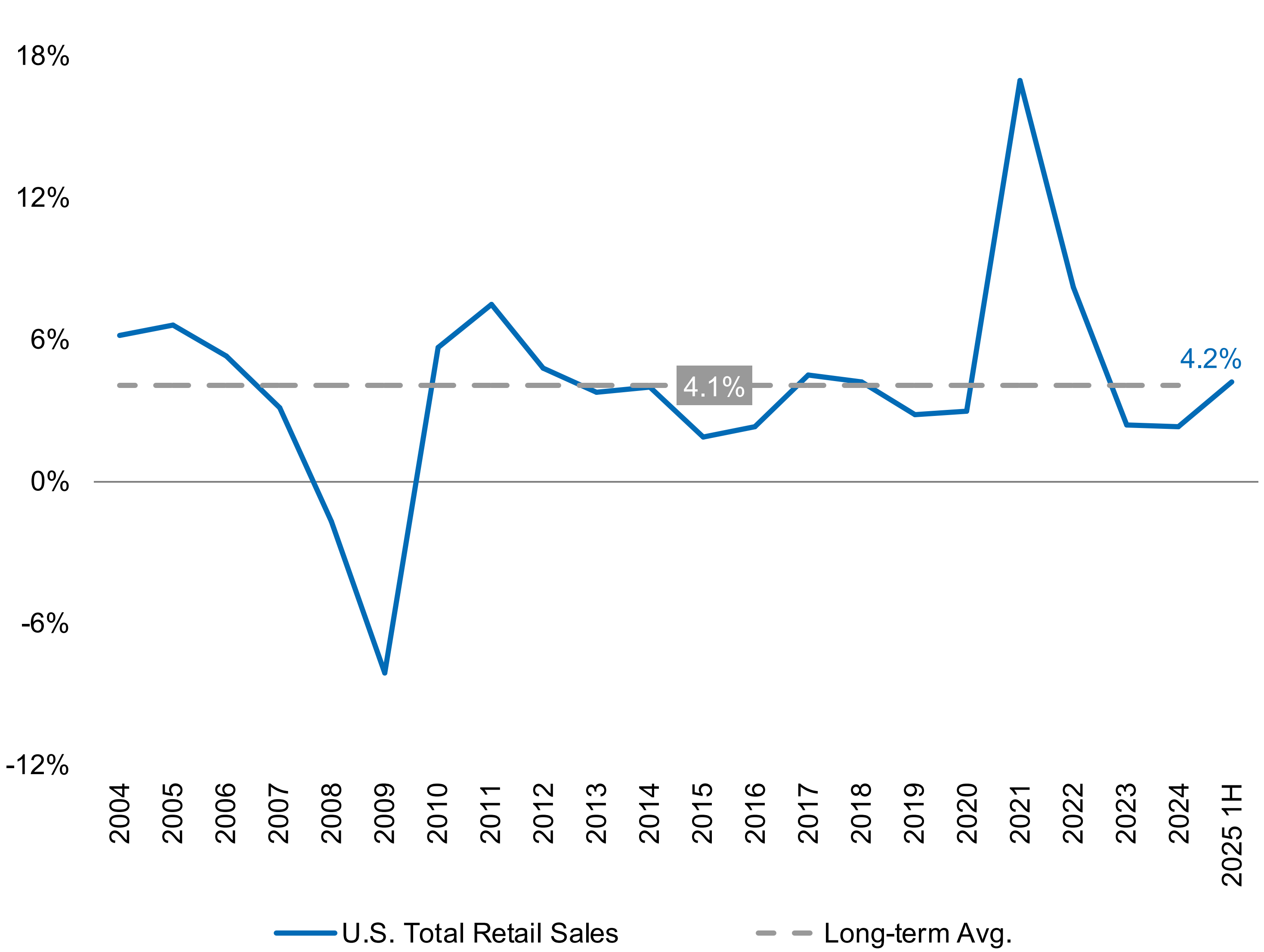


Source: Newmark Research, The Pacific Merchant Shipping Association (PMSA)
Note: Truck-bound cargo dwell time measures how long cargo waits after being unloaded from ships to being placed on an outbound vehicle.

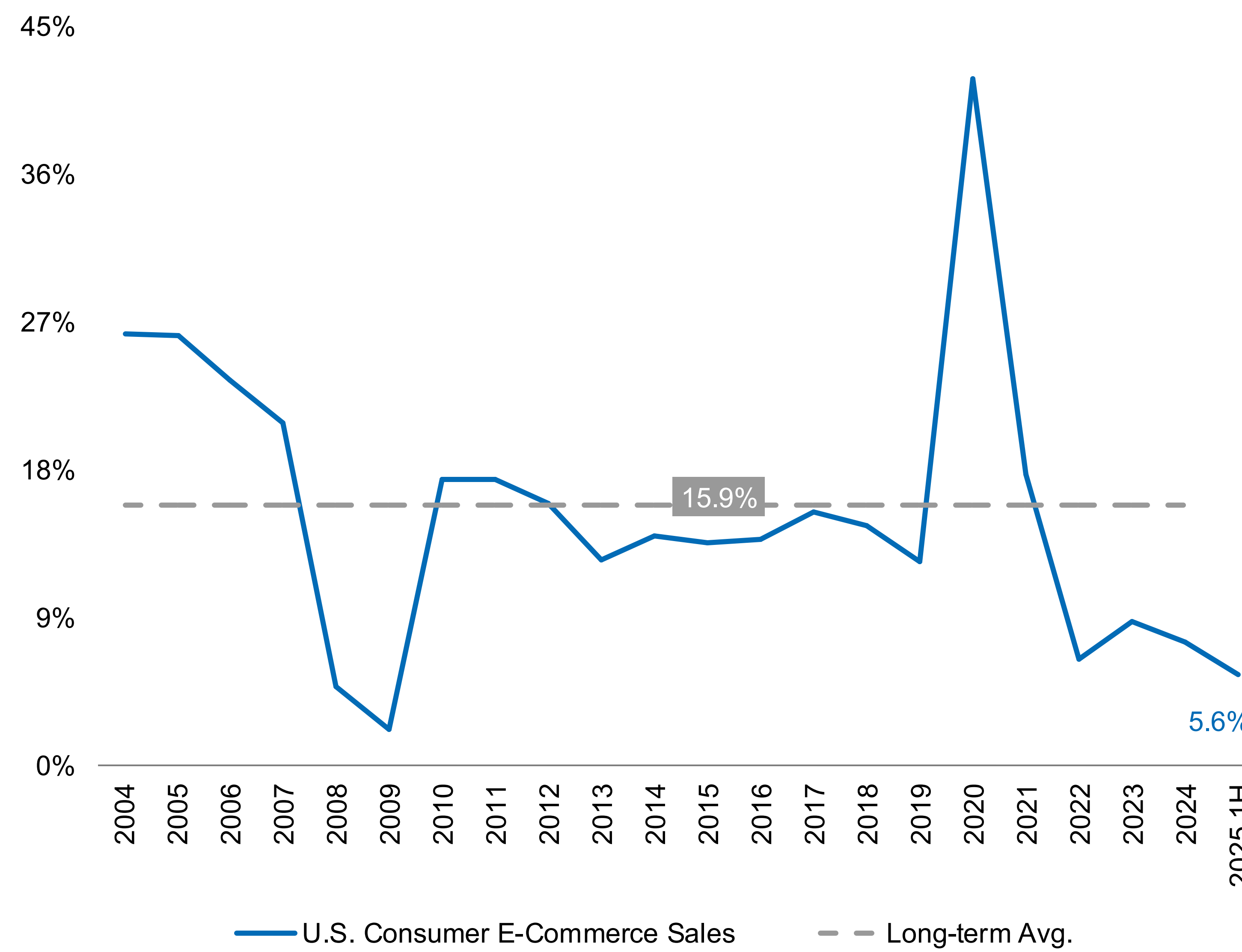
Retail Sales (an Indicator of Warehouse Demand) Up, But Projected to Slow

Overall retail sales were up 4.2% in the first half of 2025 relative to the same period in 2024 as consumers frontloaded purchases – led by motor vehicles – ahead of expected higher prices due to impending tariffs. For e-commerce specifically: Growth exceeded total retail sales (+5.6% over the same period), yet the decline from 2021 onward is noticeable as consumer spending generally registers slower gains. Since tariffs are typically stagflationary shocks, which simultaneously increase the likelihood of an economic slowdown while putting upward pressure on prices, many economists have lowered their retail sales growth projections.

U.S. Overall Retail Sales Annual Growth



U.S. Consumer E-Commerce Sales Annual Growth

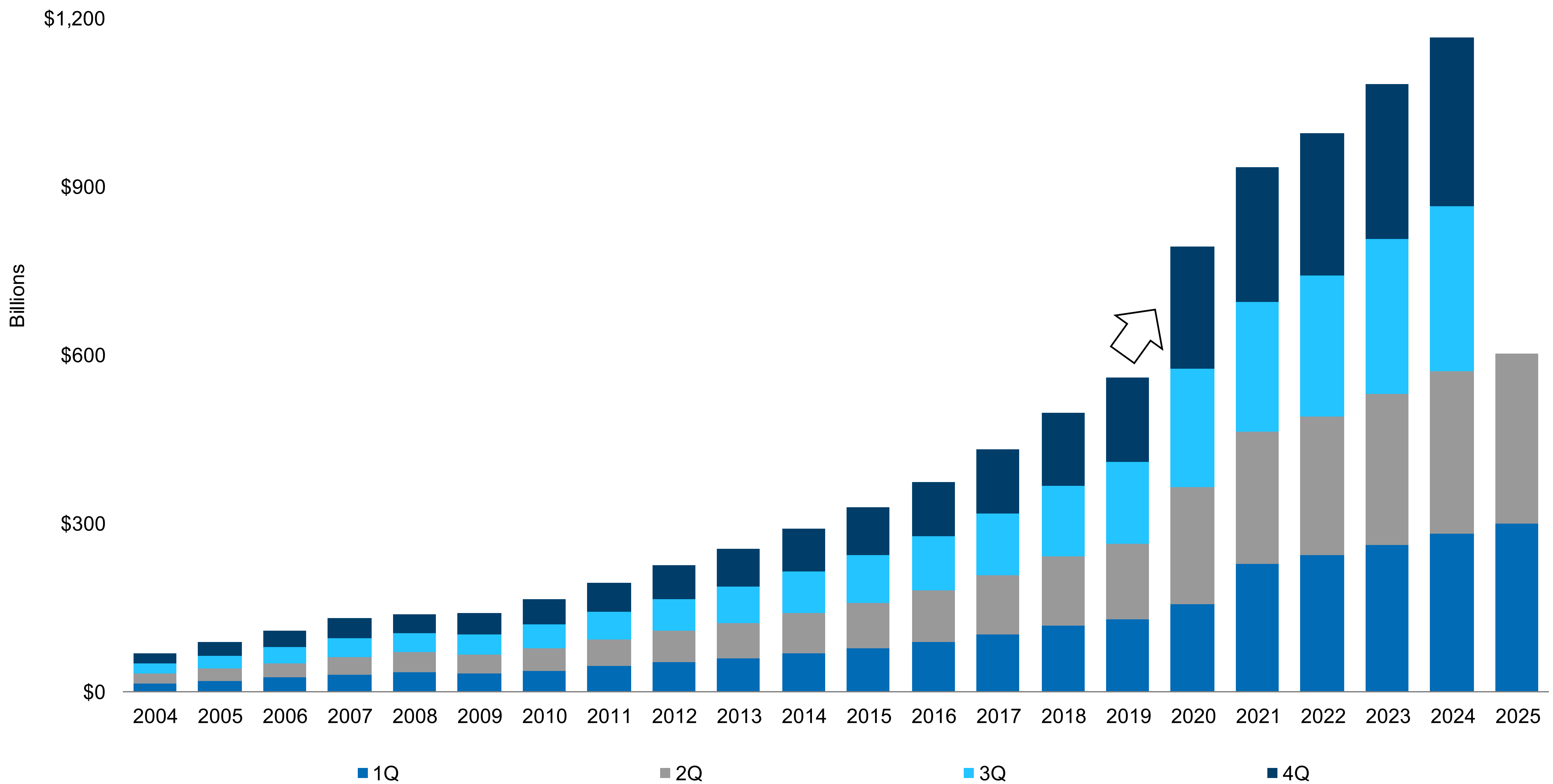


Source: US Census Bureau (consumer adjusted retail sales); most current data available

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

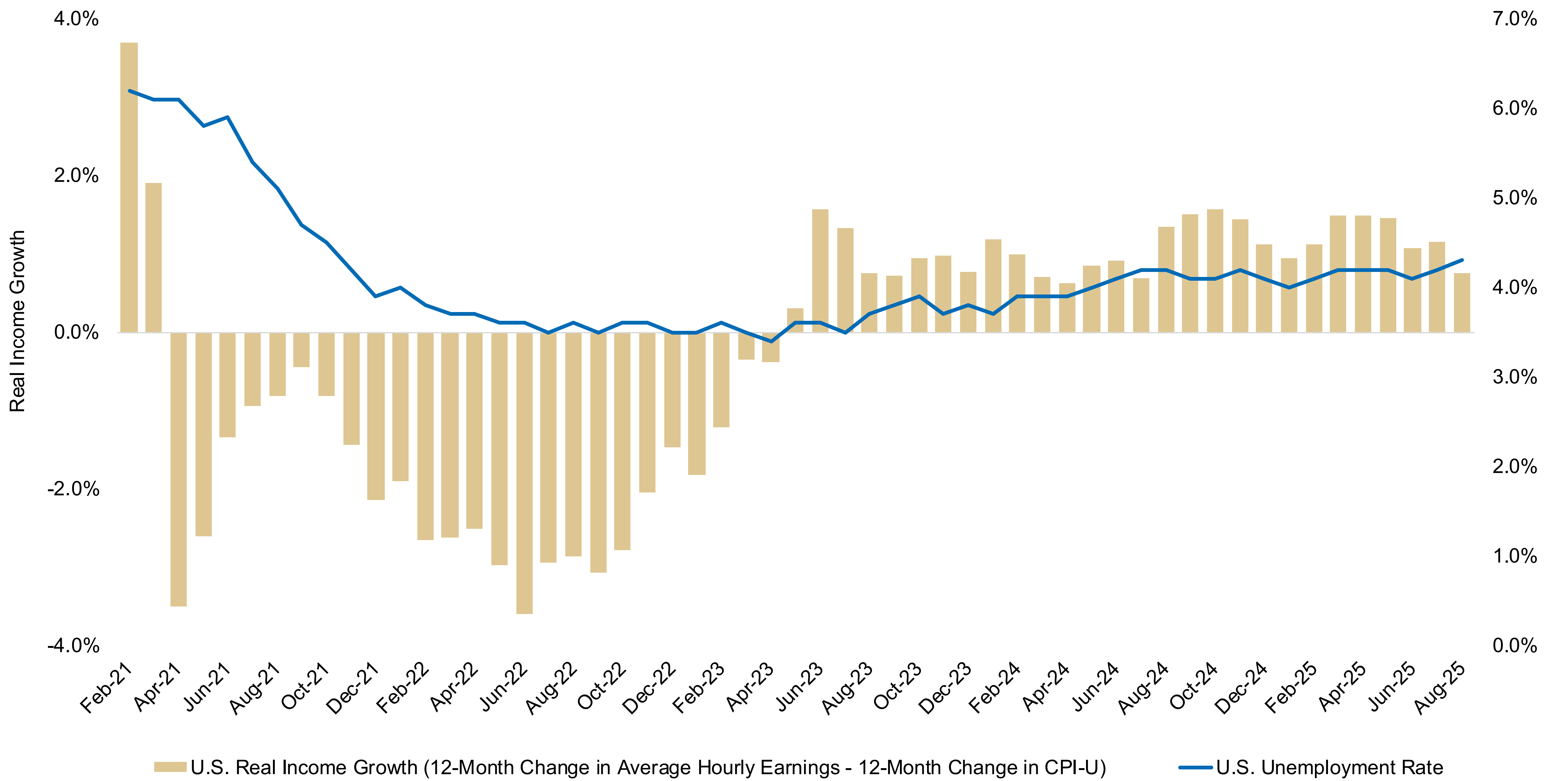


Source: US Census Bureau (consumer adjusted retail sales); most current data available.

U.S. Wage Growth is Outpacing Inflation While Unemployment Remains Low

More purchasing power amid a healthy labor market historically favors retail sales. How quickly consumer prices rise (and increase inflation) has yet to be determined. A pronounced jump will invariably slow retail sales and prompt many companies to re-evaluate their bottom lines, leading to rising unemployment in a worst-case scenario.

U.S. Real Income Growth vs. Unemployment Rate | By Month

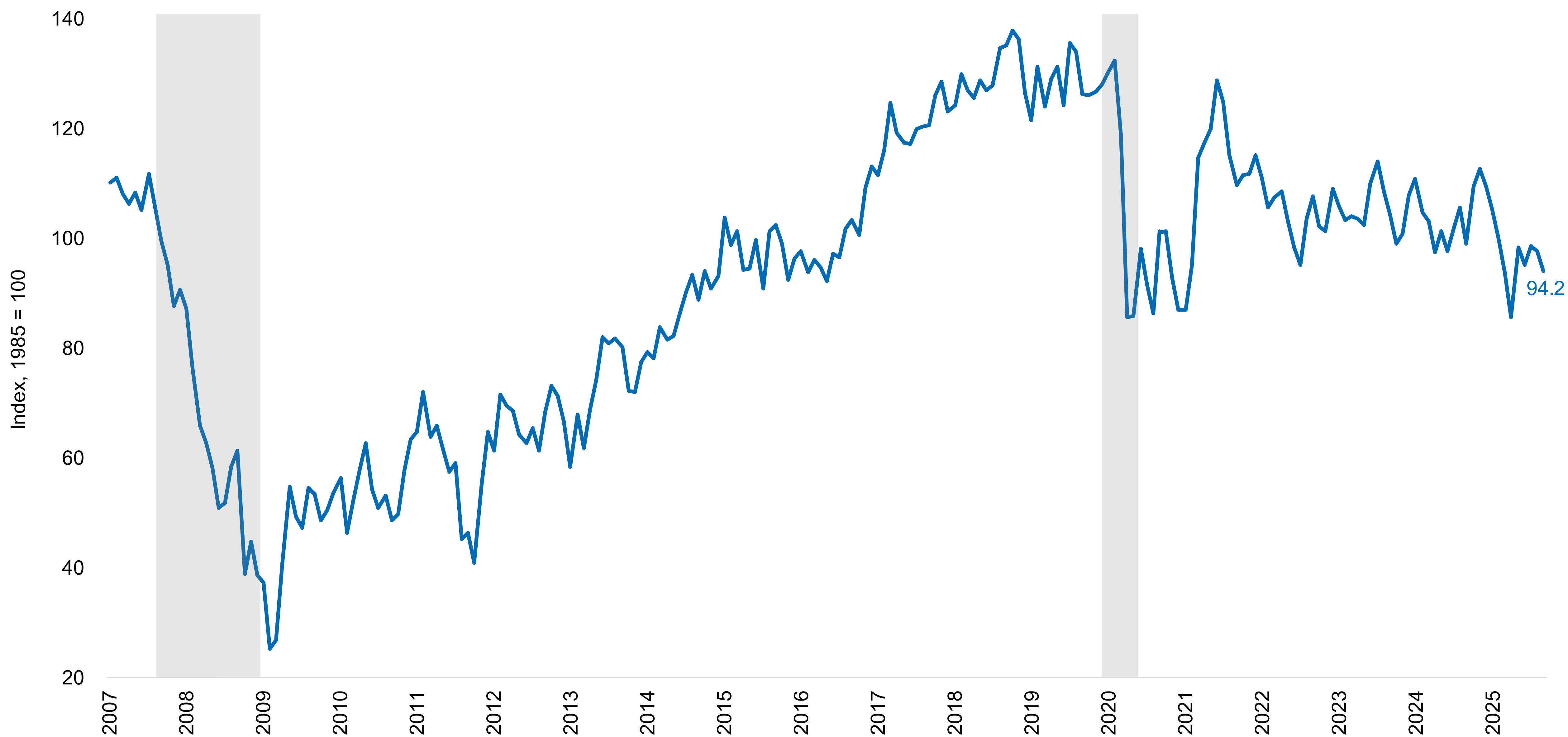


Source: Newmark Research, U.S. Bureau of Labor Statistics

U.S. Consumer Confidence is Down

The drop-off since late 2024 signals economic pessimism among Americans. Worries about tariffs, which consumers frequently link to negative economic and price impacts, persist. Slower U.S. employment gains will exert downward pressure on the index.

U.S. Consumer Confidence Index



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

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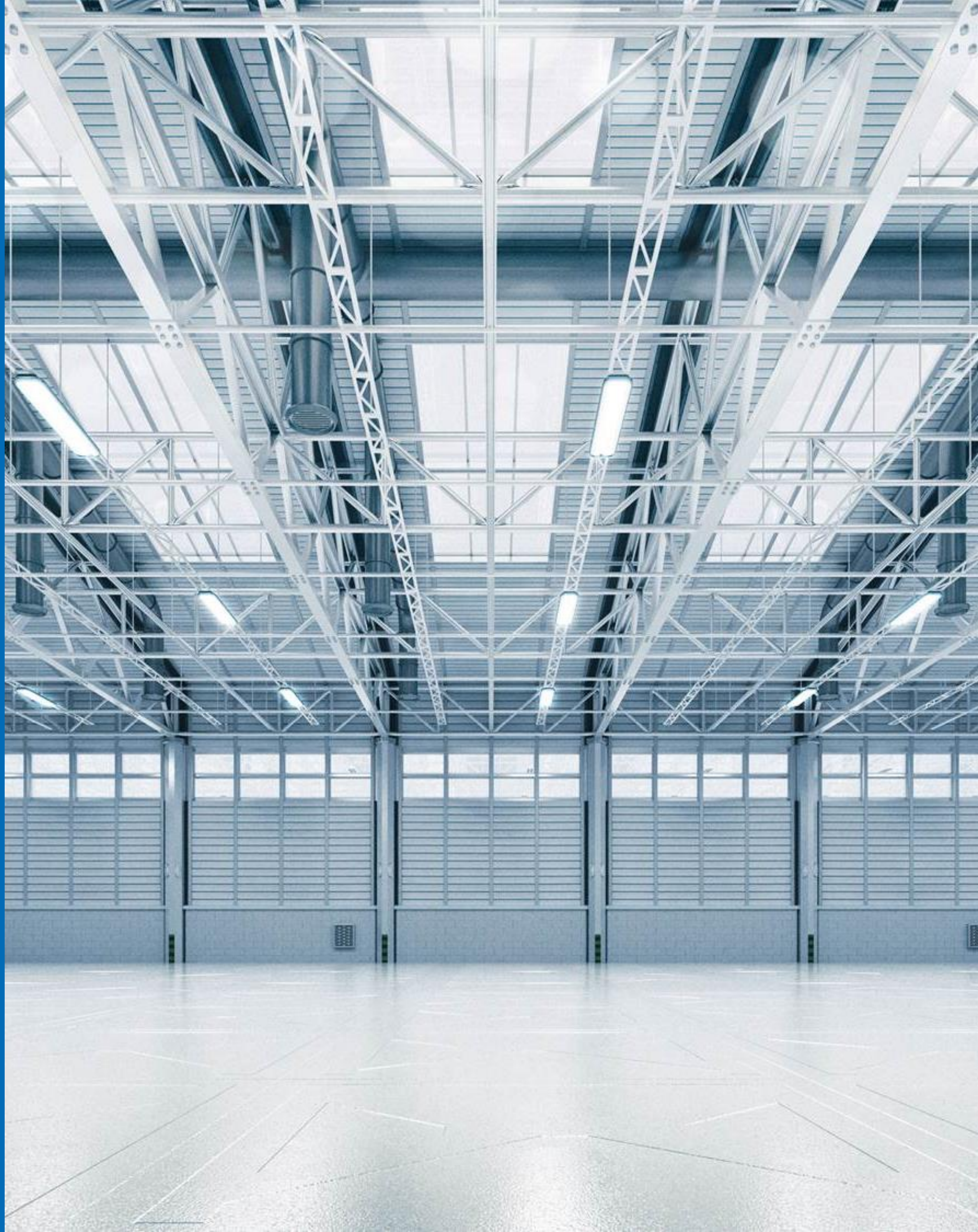
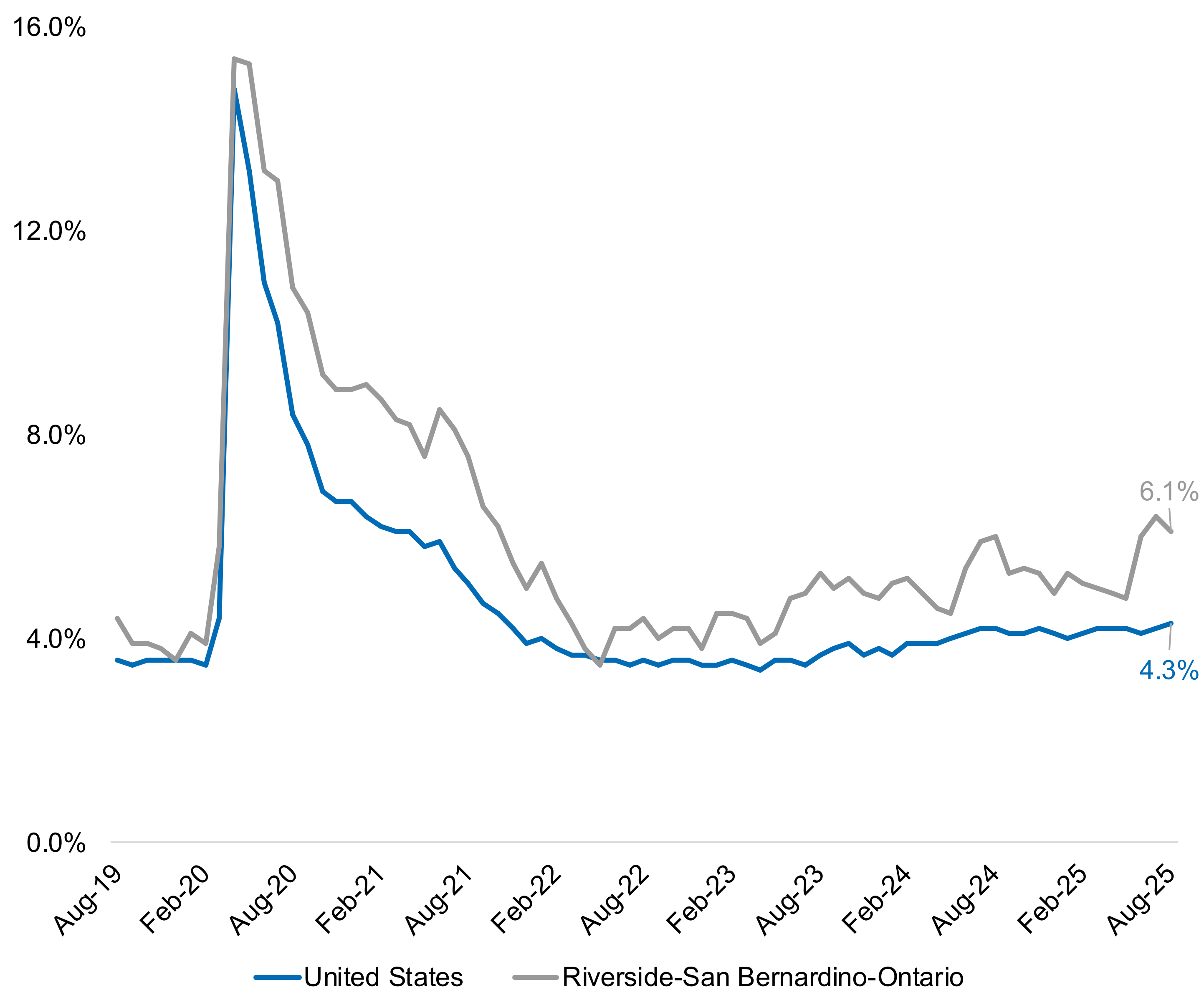
Local Employment



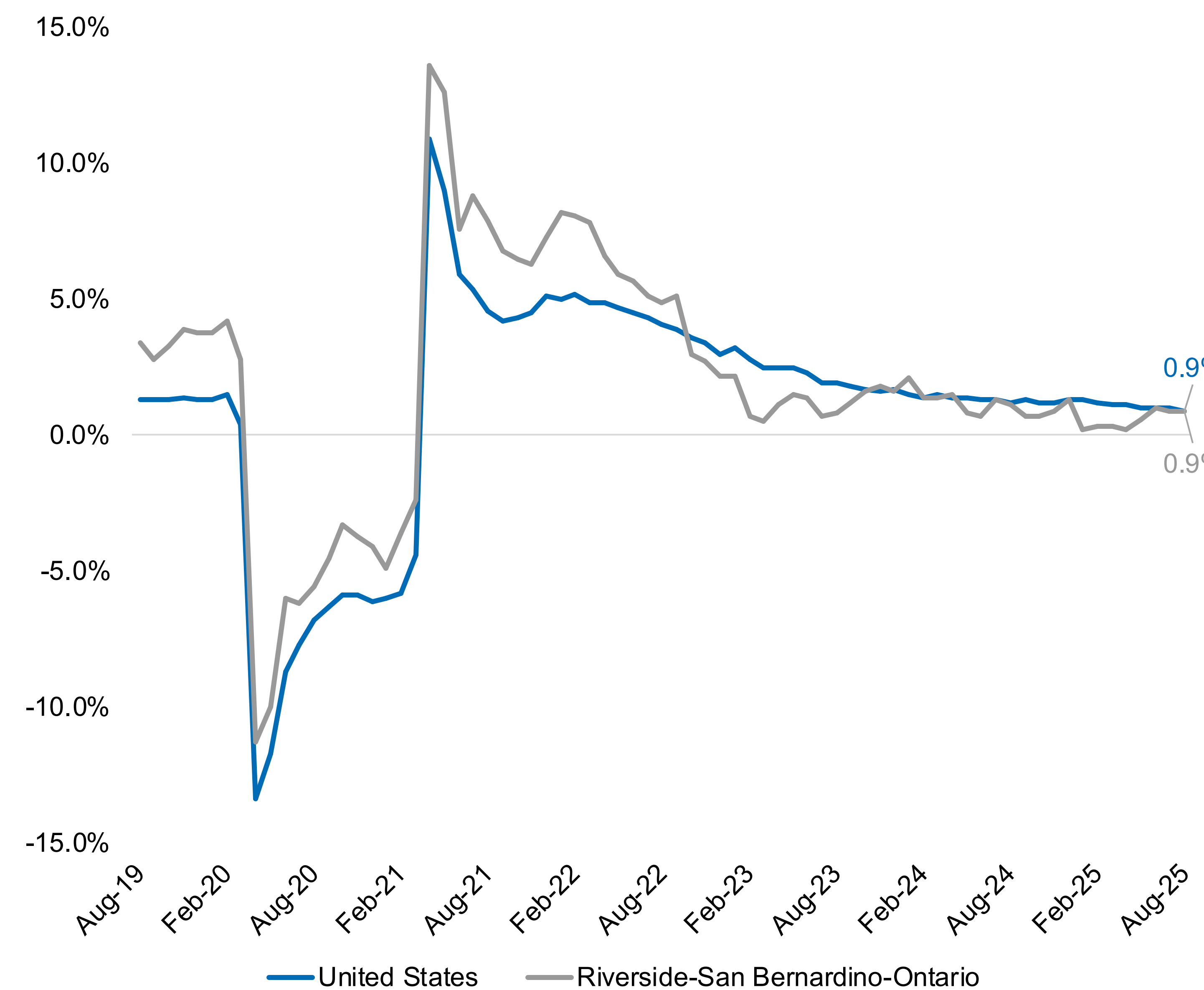
Local Unemployment Noticeably Up; YOY Employment Growth Remains Modest

Local unemployment jumped in June and remained above 6.0% through August. Local annualized nonfarm payroll employment growth matched the national rate in August; at 0.9%, both growth metrics reflect stagnation of labor pool growth over the past year.

Unemployment Rate, Seasonally Adjusted



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

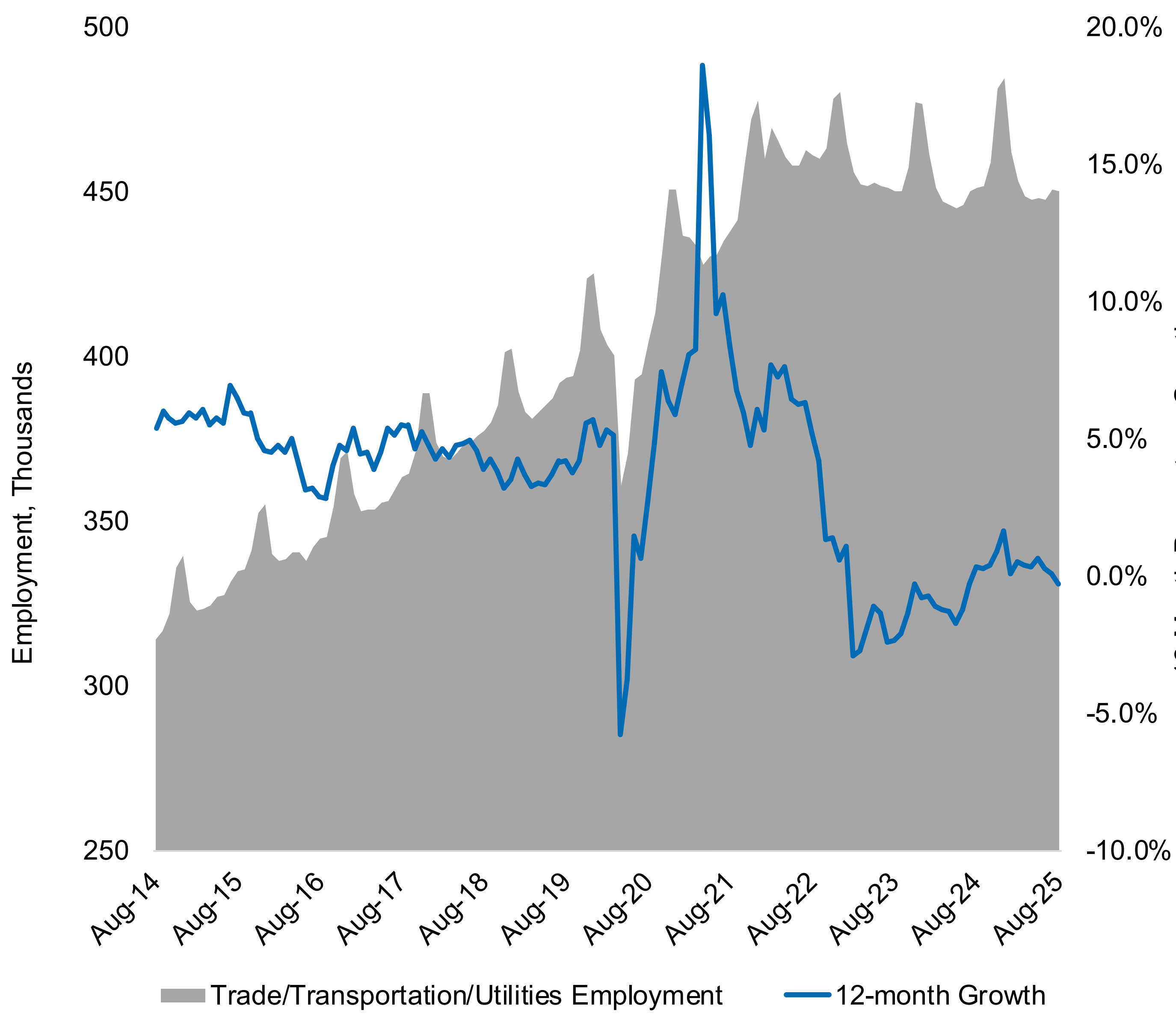


Source: U.S. Bureau of Labor Statistics, Riverside-San Bernardino-Ontario

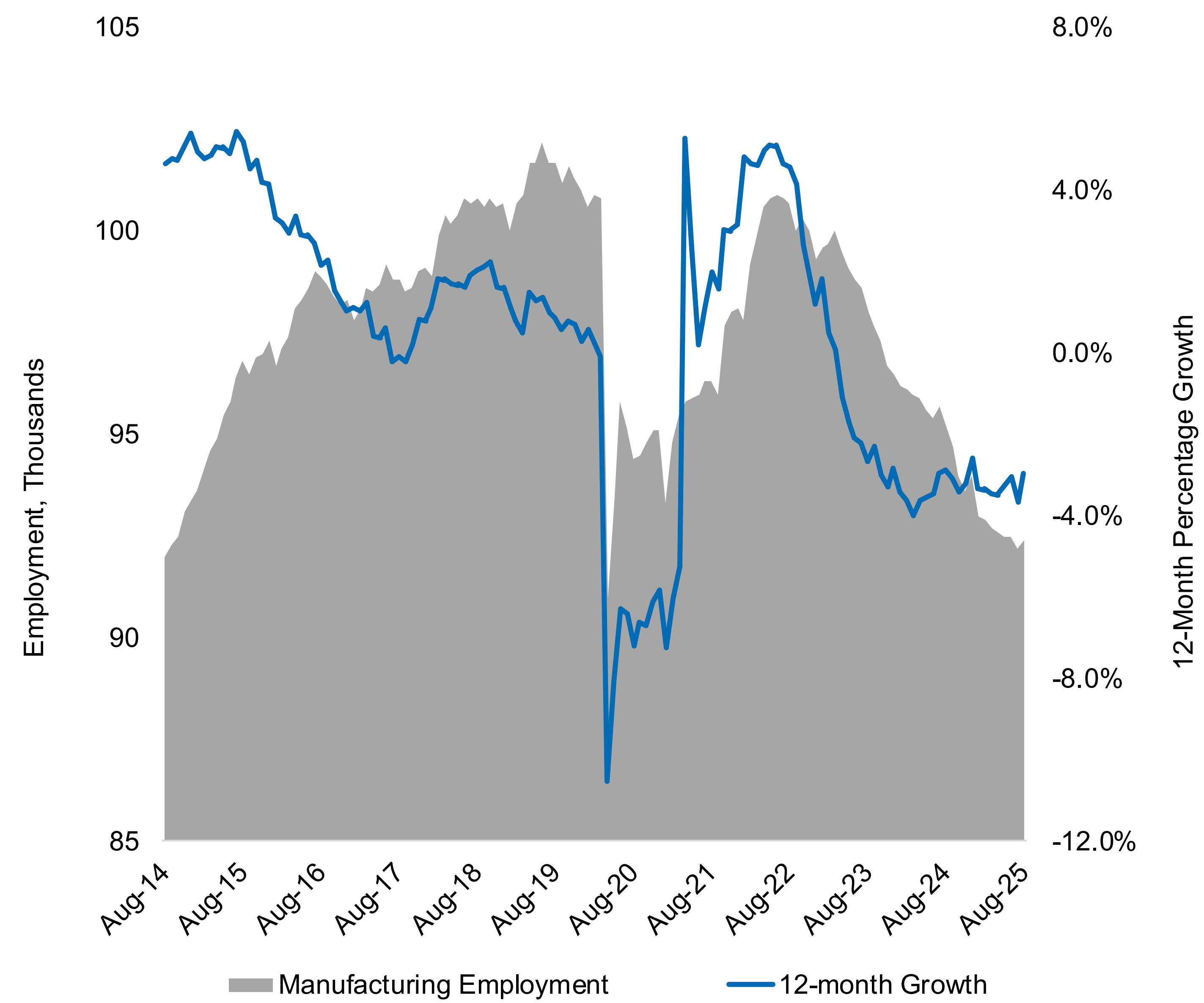
Overall Industrial Employment Growth Ebbs; Sector Remains Vulnerable to Tariffs

The trade/transportation/utilities sector, which experienced a marginal decline in year-over-year employment, is vulnerable to tariffs if consumer spending slows and warehouse demand trends down. Manufacturing employment, which continues to drop from increased automation and elevated costs of doing business in California, also has exposure to tariffs as it pertains to higher raw material costs.

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

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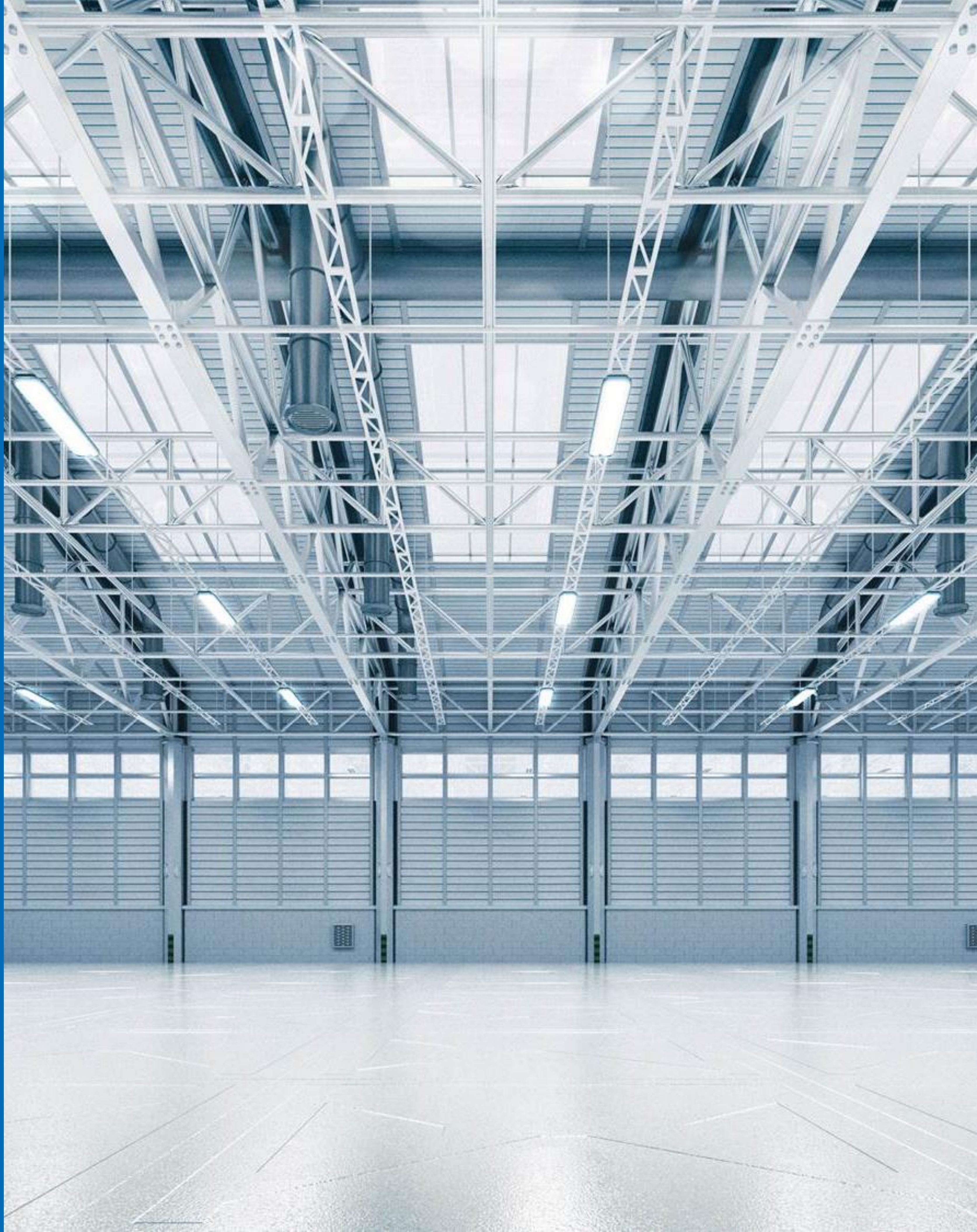
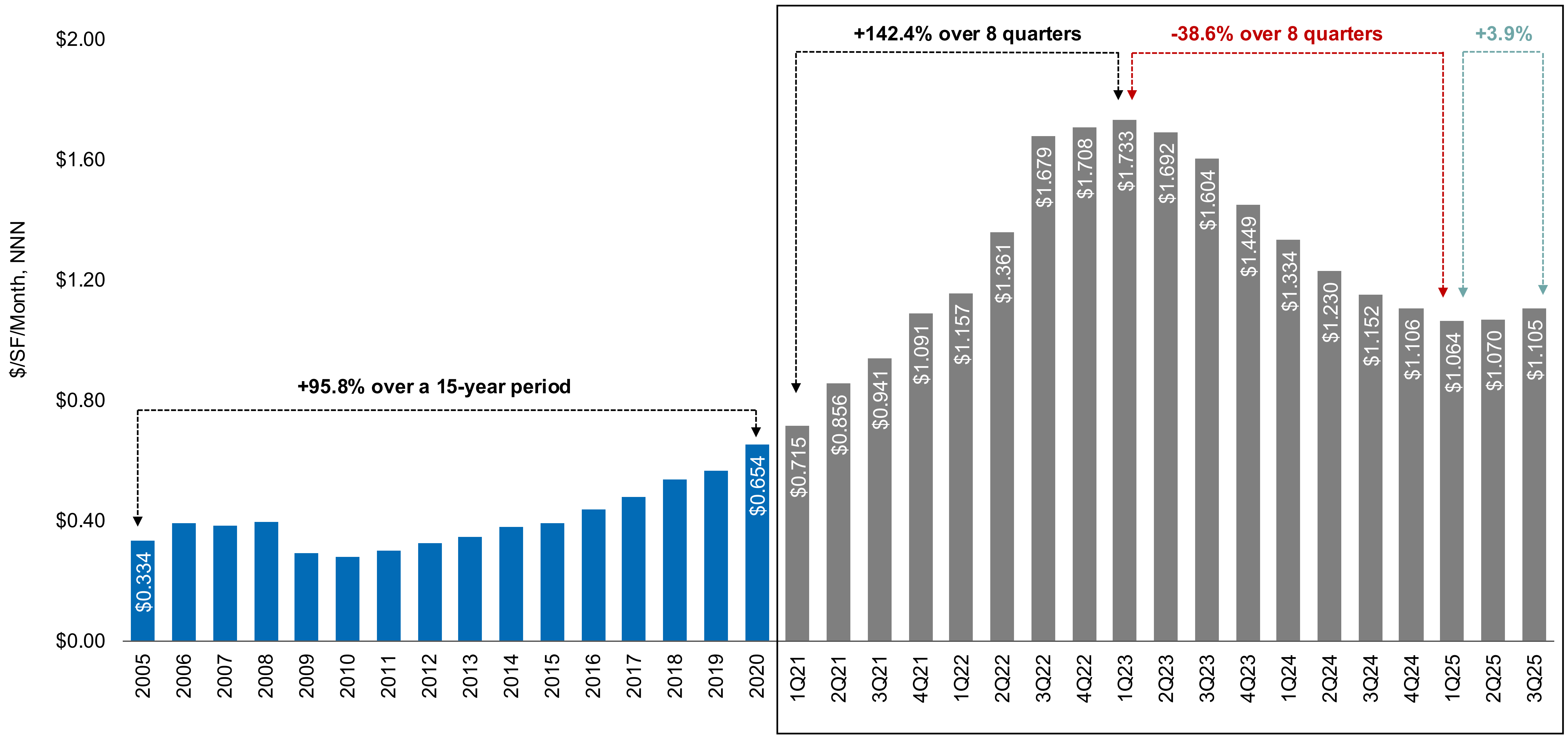
Leasing: General Conditions



West-I.E. Class A Contract Rates Bottomed Out Earlier this Year

Rents are also up 3.9% over the last two quarters. Whether this trend persists or stalls is contingent on how the U.S. economy performs, and how it shapes local leasing volume.

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

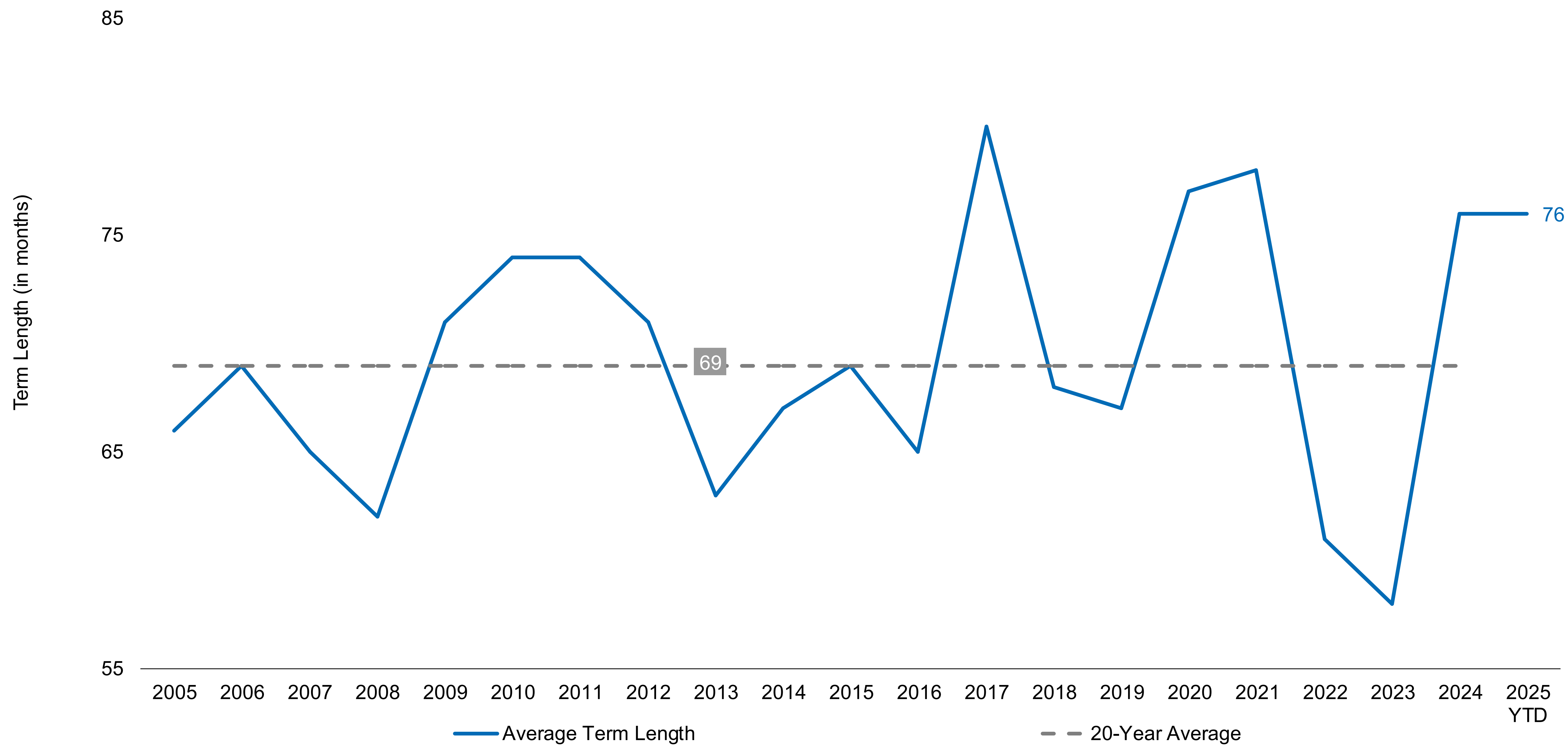


Source: Newmark Research
Note: Data drawn from 734 transactions and excludes subleases. Developed on September 23, 2025.

Term Lengths are 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

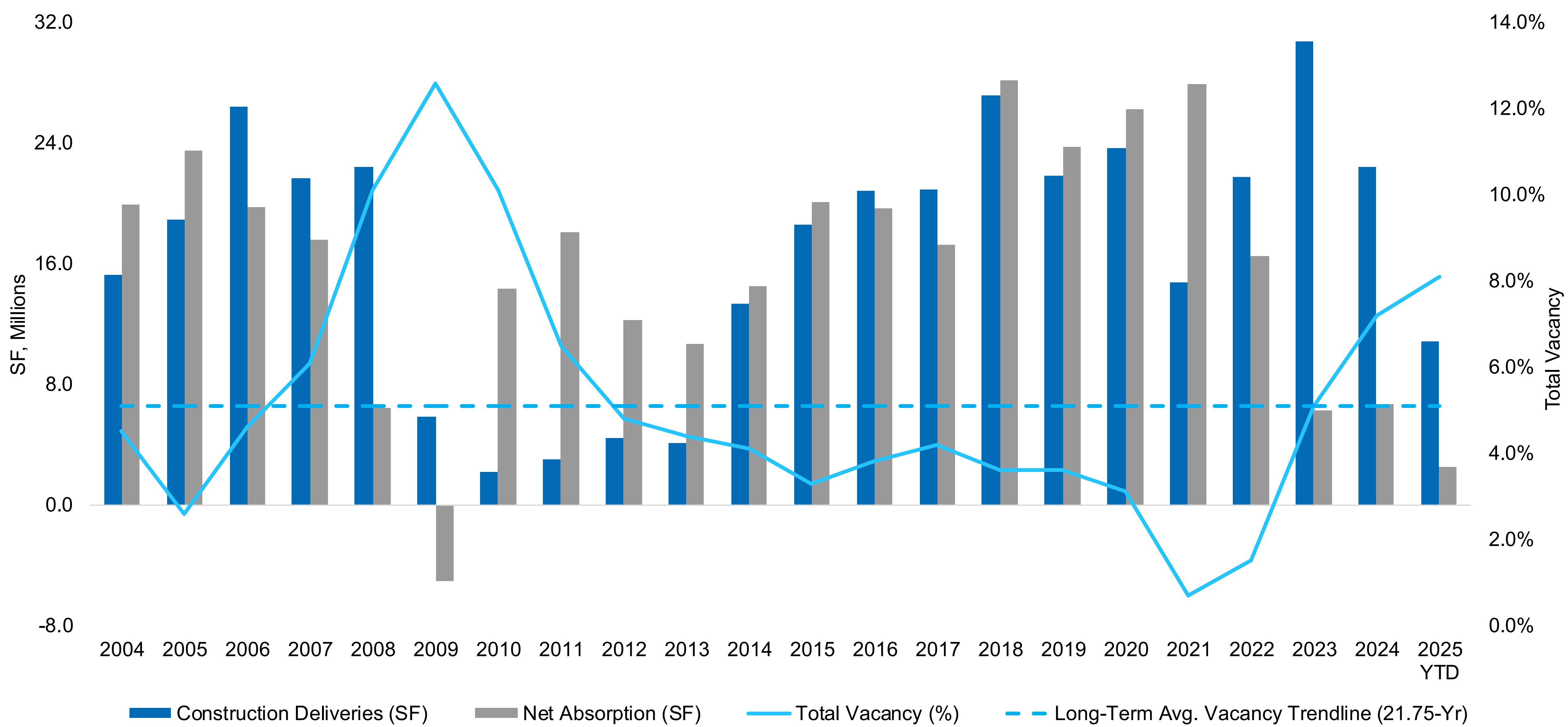


Source: Newmark Research
Note: Includes leases with 36-month+ term lengths. Excludes subleases and extensions. Developed on September 23, 2025.

Net Absorption Flat in Third Quarter; Unleased Construction Deliveries Boost Vacancy

Net absorption for the third quarter of 2025 totaled 44,669 SF. A wave of 100 KSF+ move-ins, including the occupancy of a 1.0 MSF+ Hesperia Commerce Center facility by Maersk, offset a comparable volume of tenant move-outs. Year-to-date, 2.5 MSF in net absorption gains were met with 10.1 MSF in largely unleased construction deliveries, causing vacancy to rise to 8.1%.

Historical Construction Deliveries, Net Absorption, and Vacancy

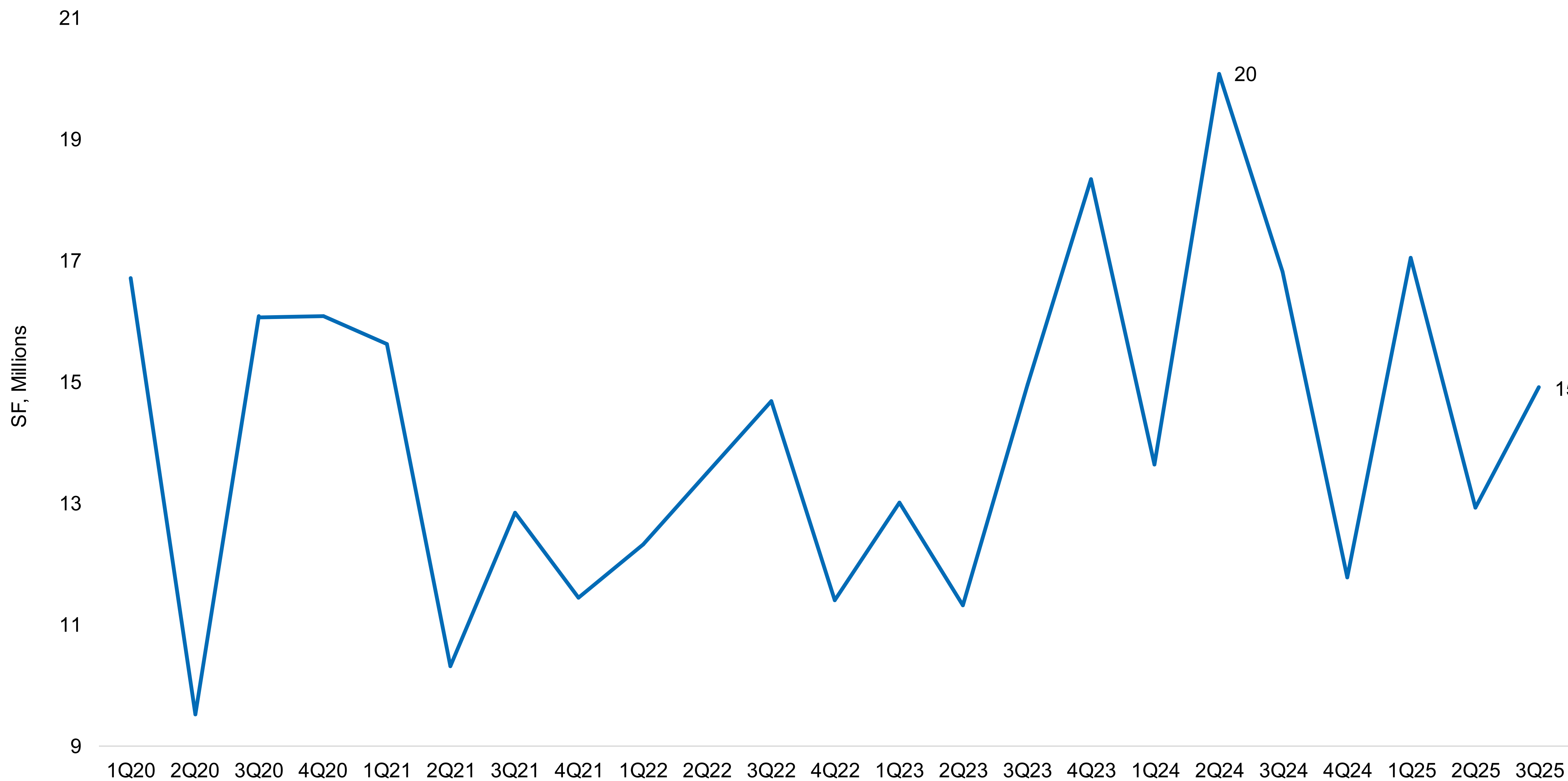


Source: Newmark Research

Quarterly Leasing Activity, Uneven Since 2019, is Driven by 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). Uncertainty regarding the composition, timing, and effects of U.S. tariff policy is a current headwind.

Total Leasing Activity (SF): New Leases and Renewals

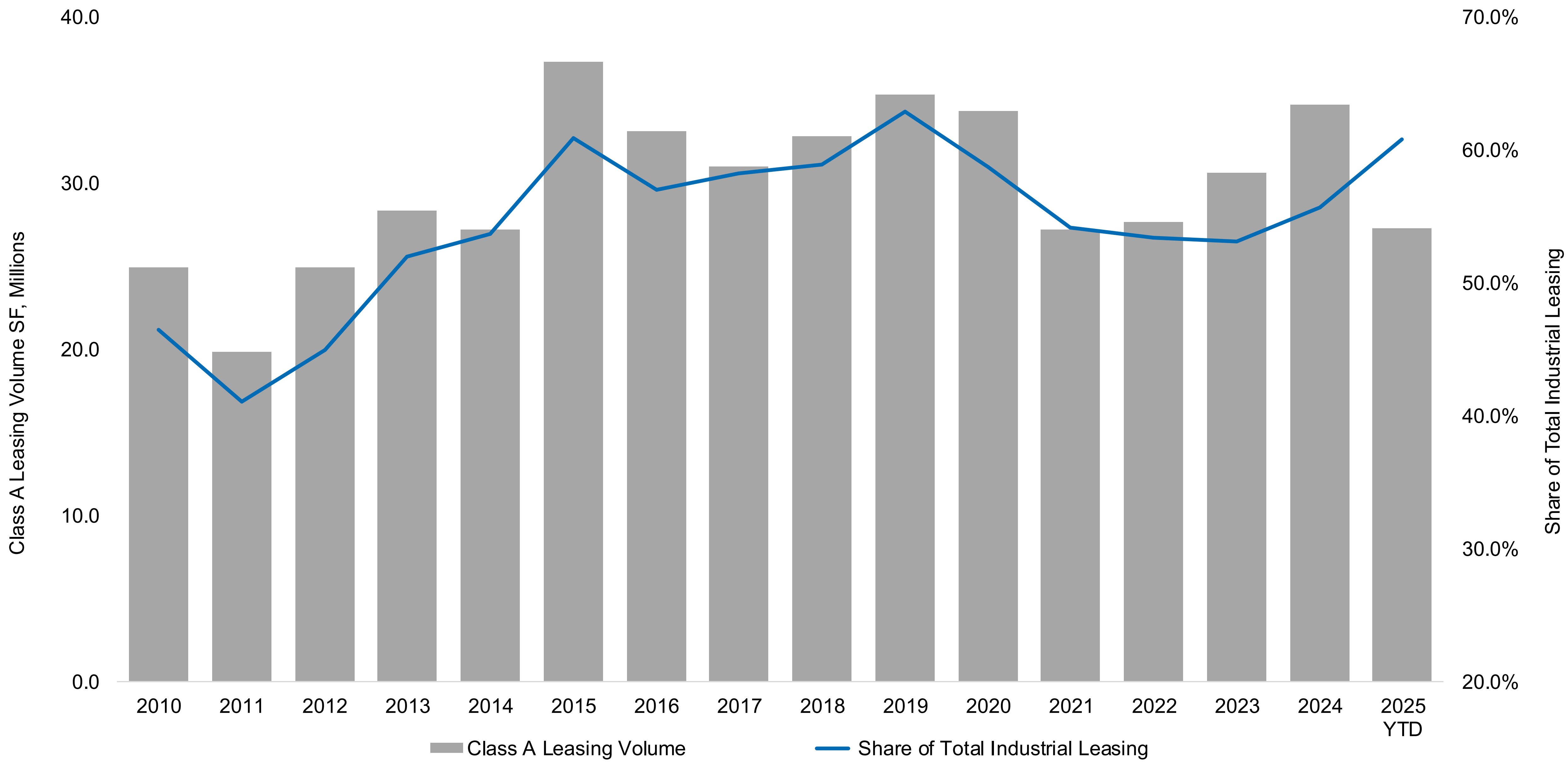


Source: Newmark Research, CoStar, AIR

Class A Warehouse Demand Elevated as Rents for 100 KSF+ Product Broadly Fall

Class A warehouse leasing accounted for 60.8% of total leasing activity in the first three quarters of 2025, exceeding the preceding 15.75-year average of 54.5%. Rents in most big-box size segments have 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

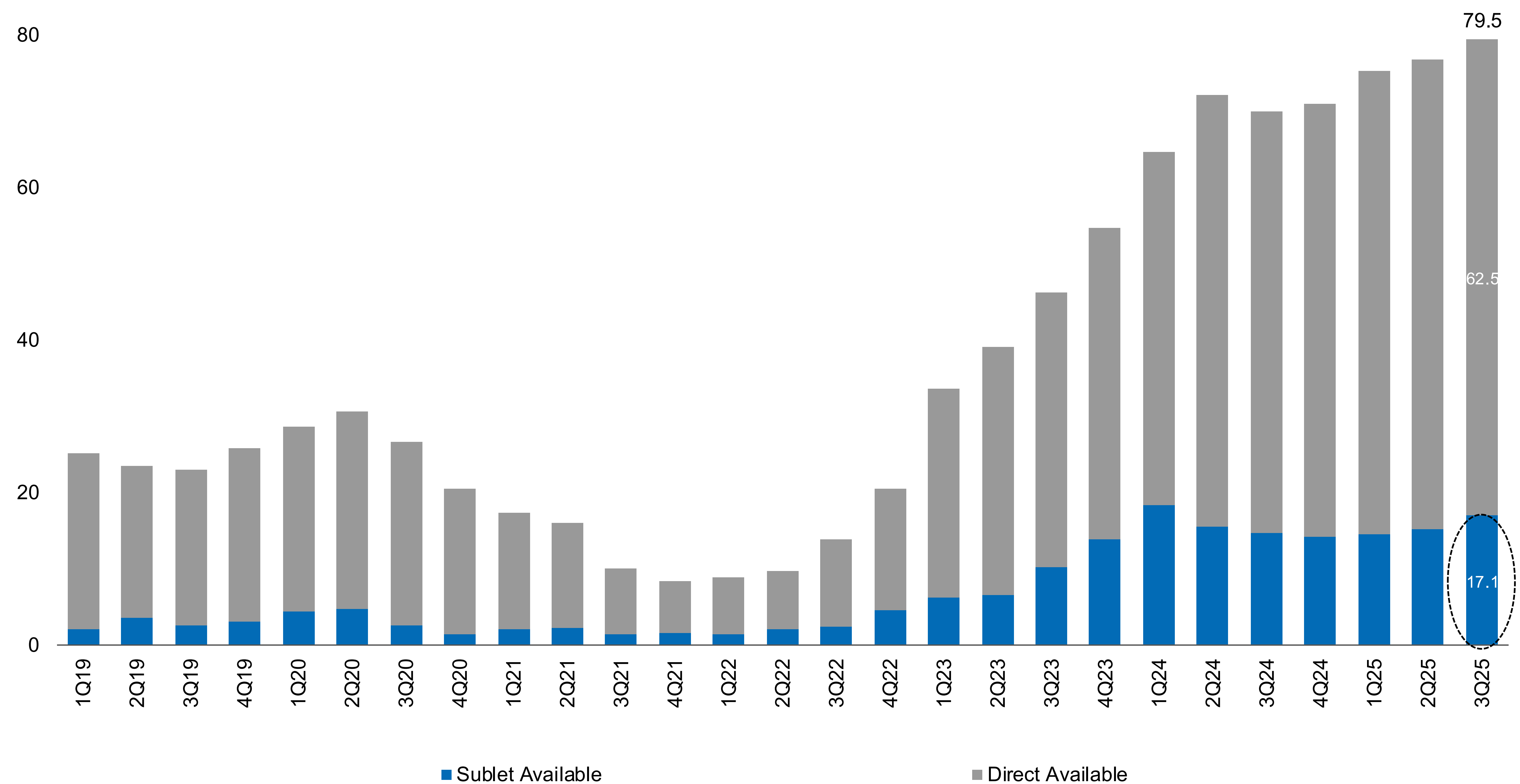


Source: Newmark Research, CoStar
Note: Class A is defined as 100,000+ SF warehouse/distribution facilities constructed since 2000 with a 30'+ minimum interior ceiling height.

Sublet Availability Up as New Listings Outweigh New Sublease Signings

Sublease space was up 12.3% from last quarter following new listings from tenants such as CEVA Logistics (752,497 SF at Bridge Point Rancho Cucamonga II in Rancho Cucamonga) and United Natural Foods (613,174 SF at March Commerce Center in Moreno Valley). Sublease space presently accounts for 21.4% of all available space in the market on a square footage basis.

Available Space: Sublet vs. Direct (MSF)

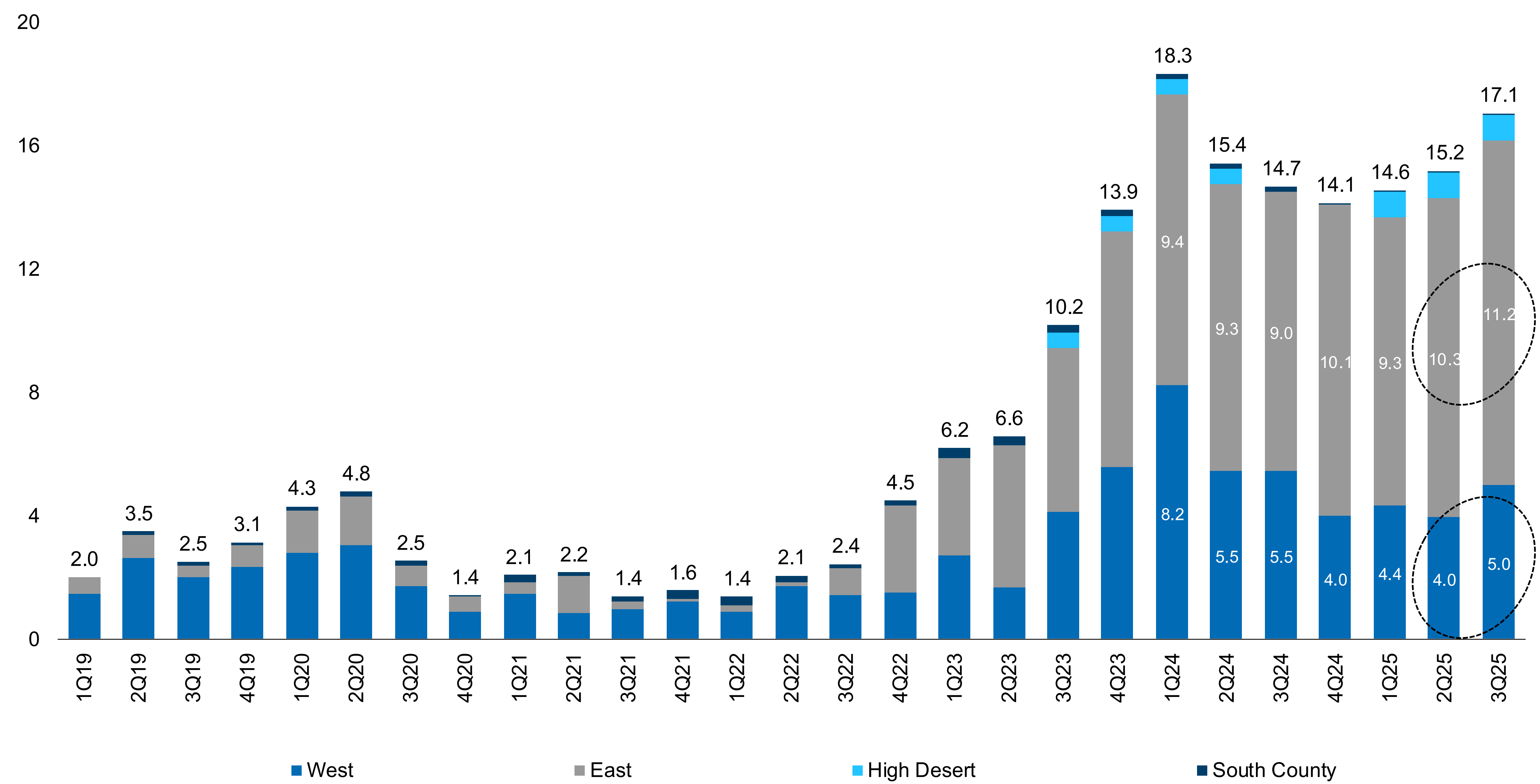


Source: Newmark Research

Sublet Availability Jumps Across West and East I.E.

Compared to last quarter, sublease space rose by 25.9% in West I.E. and 8.3% in the East. Although West I.E. sustained a larger increase, the East continues to account for nearly two-thirds of all available sublease space presently on the market. West I.E.'s closer proximity to Southern California's ports and population centers account for its lower total.

Available Sublease Space (MSF), By Submarket

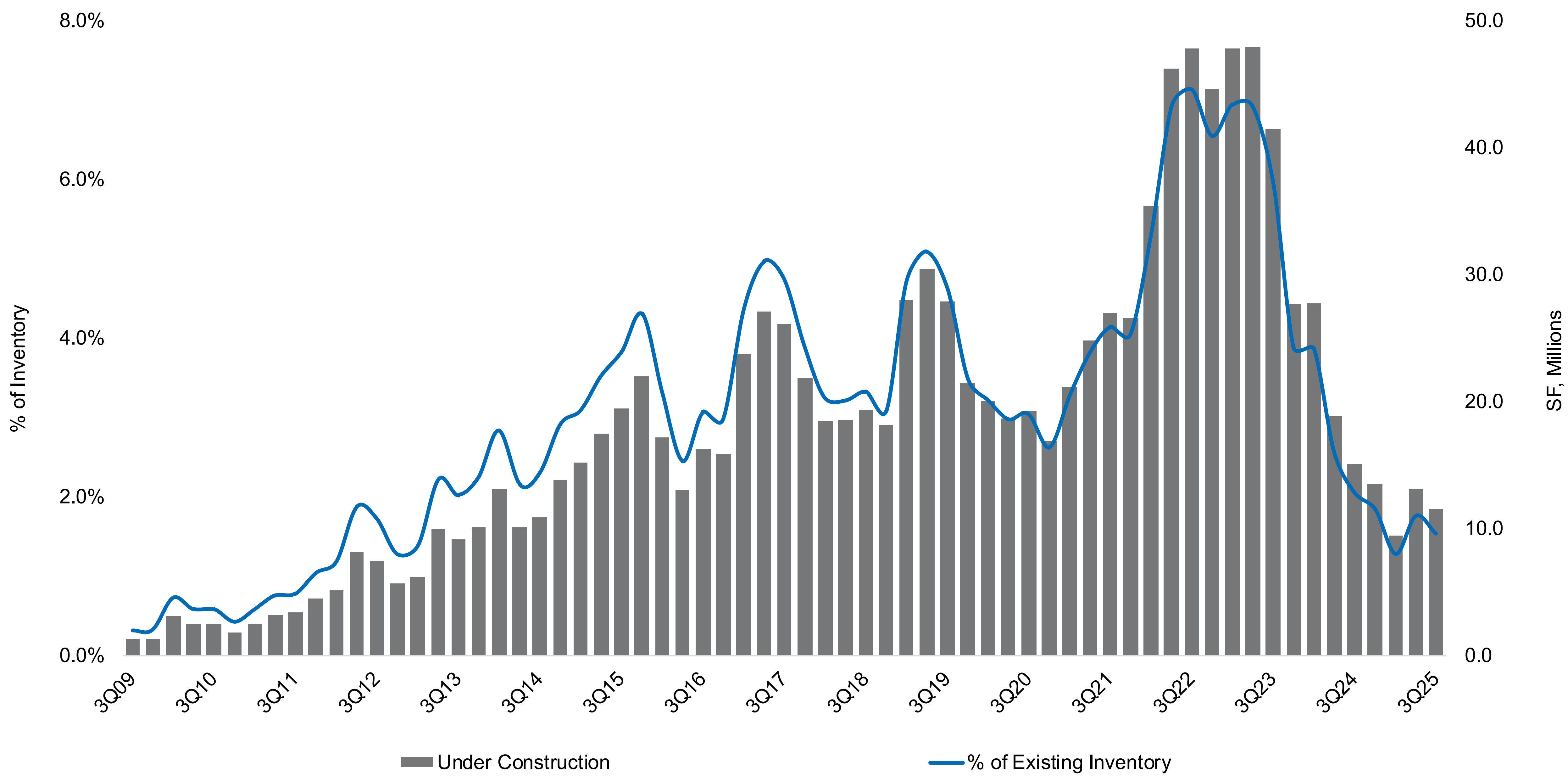


Source: Newmark Research

Nearly Half of Under-Construction Space Now Leased; Construction Volume Falls

41.1% of underway space (11.5 MSF in all) has pre-leased largely due to two 1.0 MSF+ committals. Under-construction activity, which remains well below the 2012-2019 pre-pandemic average of 16.5 MSF, will likely decline as long as vacancy increases.

Industrial Under Construction and % of Inventory

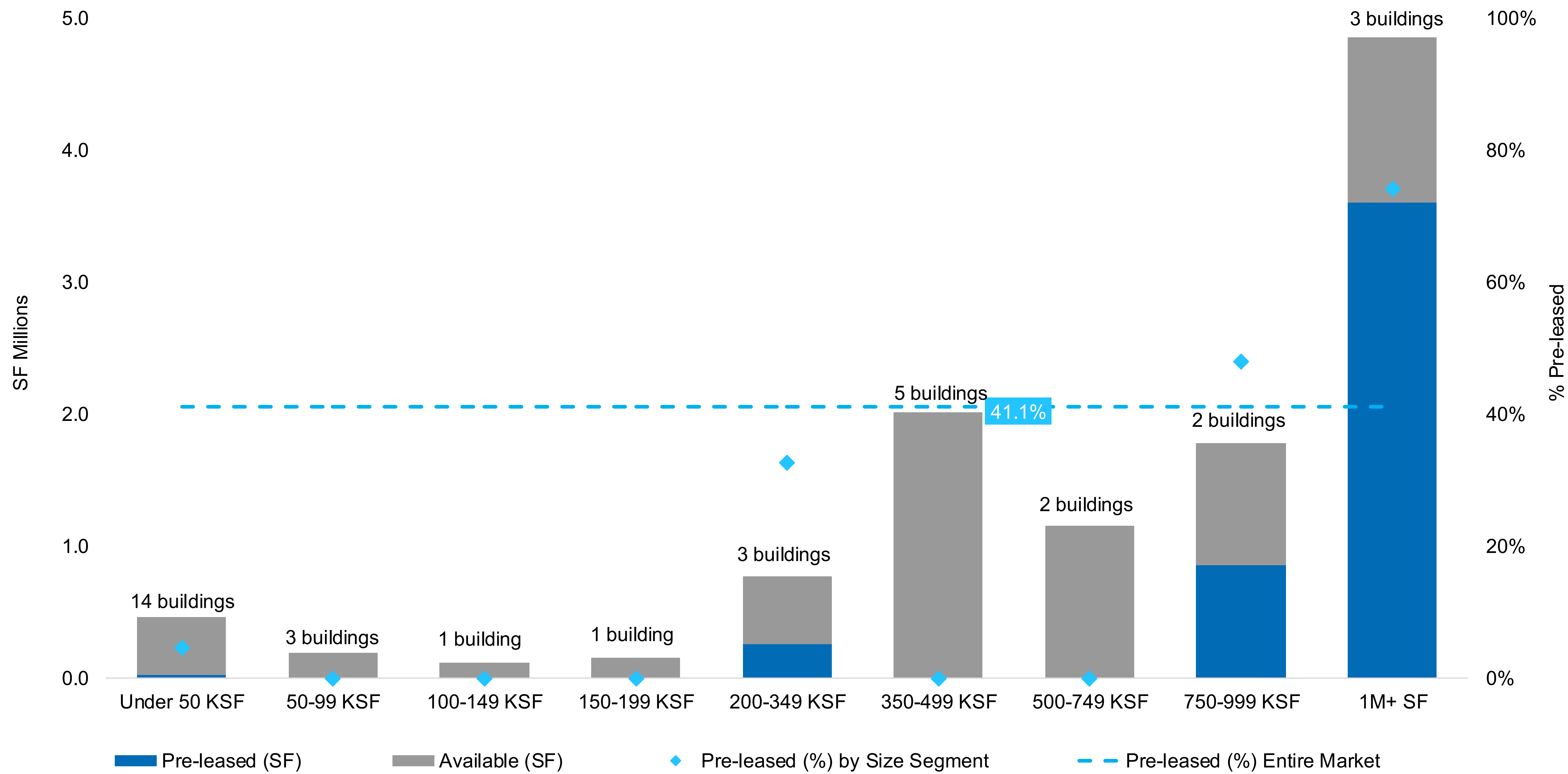


Source: Newmark Research

Under-Construction Pre-Leasing Buoyed By 1.0 MSF+ Commitments

While only five of the 34 buildings currently under construction have tenants attached, a 2.4 MSF build-to-suit for Amazon and a 1.2 MSF commitment by Lecangs have helped boost the overall pre-lease rate to 41.1%. Industrial product within the 1.0 MSF+ size segment has historically had tighter availability than smaller size segments and has largely appealed to Fortune 500 companies with the financial means to benefit from the economies of scale such facilities provide.

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



Source: Newmark Research

Notable 3Q25 Lease Transactions

Forty-five leases exceeding 100,000 SF were signed this quarter, up from the 43 signed in the same period of 2024. Of this quarter's big-box leases, 32 were direct, 10 were renewals/extensions, and three were subleases. Thirty of this quarter's big-box leases were in the West I.E., while the remaining 15 were in the East.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
IDC Logistics	5690 Industrial Pky	East I.E.	Direct Lease	844,311
The 3PL, which retains an extensive warehouse presence throughout Southern California, will move into the vacant facility in October. Lease term expires in 3Q30.				
Elogistek, LLC	13052 Jurupa Ave	West I.E.	Direct Lease	827,578
The China-based 3PL, which is expanding its footprint in Fontana, will move into the vacant facility in November. Lease term expires in 4Q31.				
Living Spaces	3994 S Riverside Ave	East I.E.	Lease Renewal	796,841
The furniture firm has occupied the property since 2010.				
DCG Fulfillment	1300 California St	East I.E.	Lease Renewal	771,839
The 3PL has occupied the property since 2018. Renewed lease term expires in 2Q32.				
UPS	11991 Landon Dr	West I.E.	Direct Lease	765,456
The shipping company, which purchased the property in 2005 and occupied it as an owner-user, sold the property to Fortress Investment Group in August in a sale-leaseback.				

Source: Newmark Research

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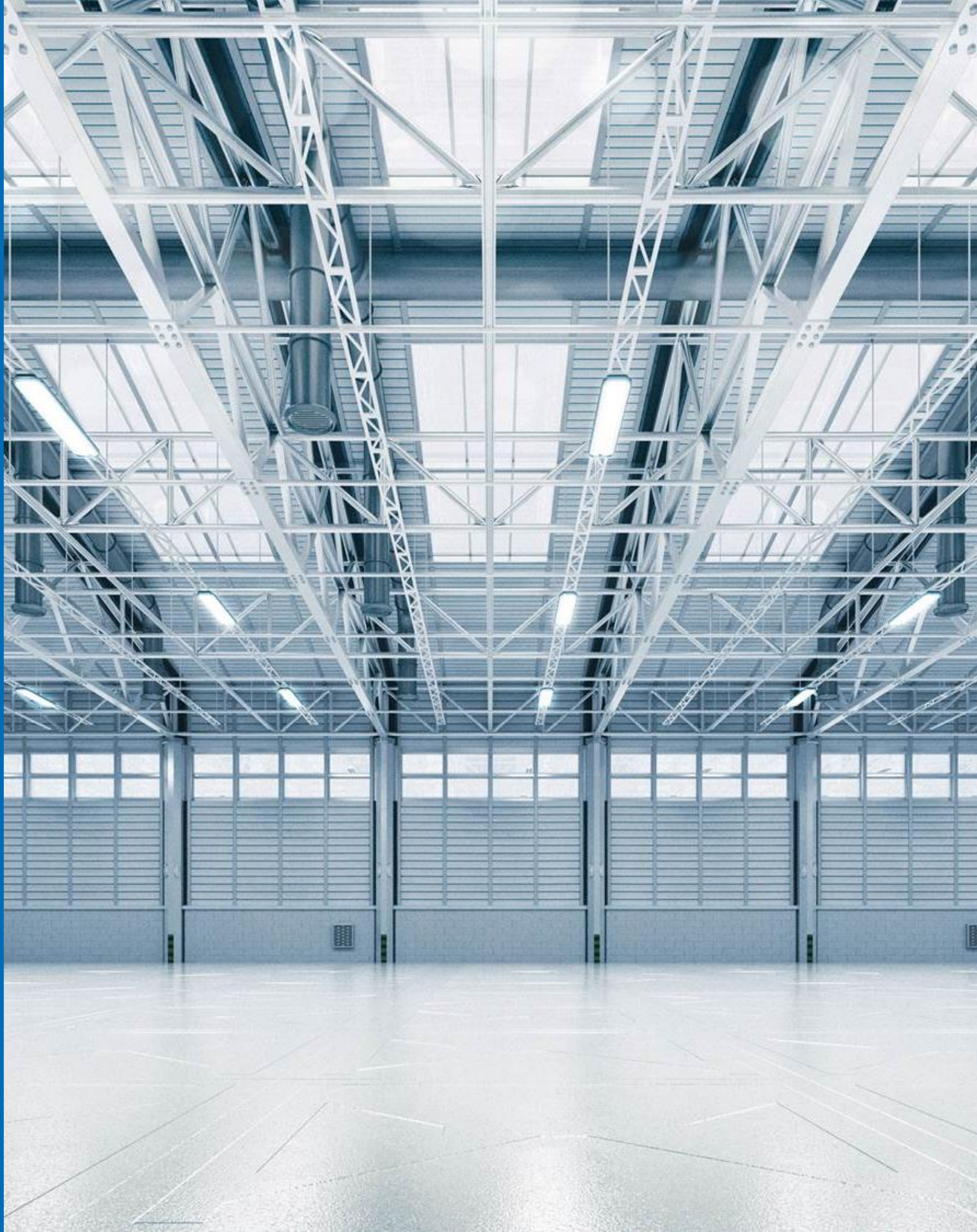
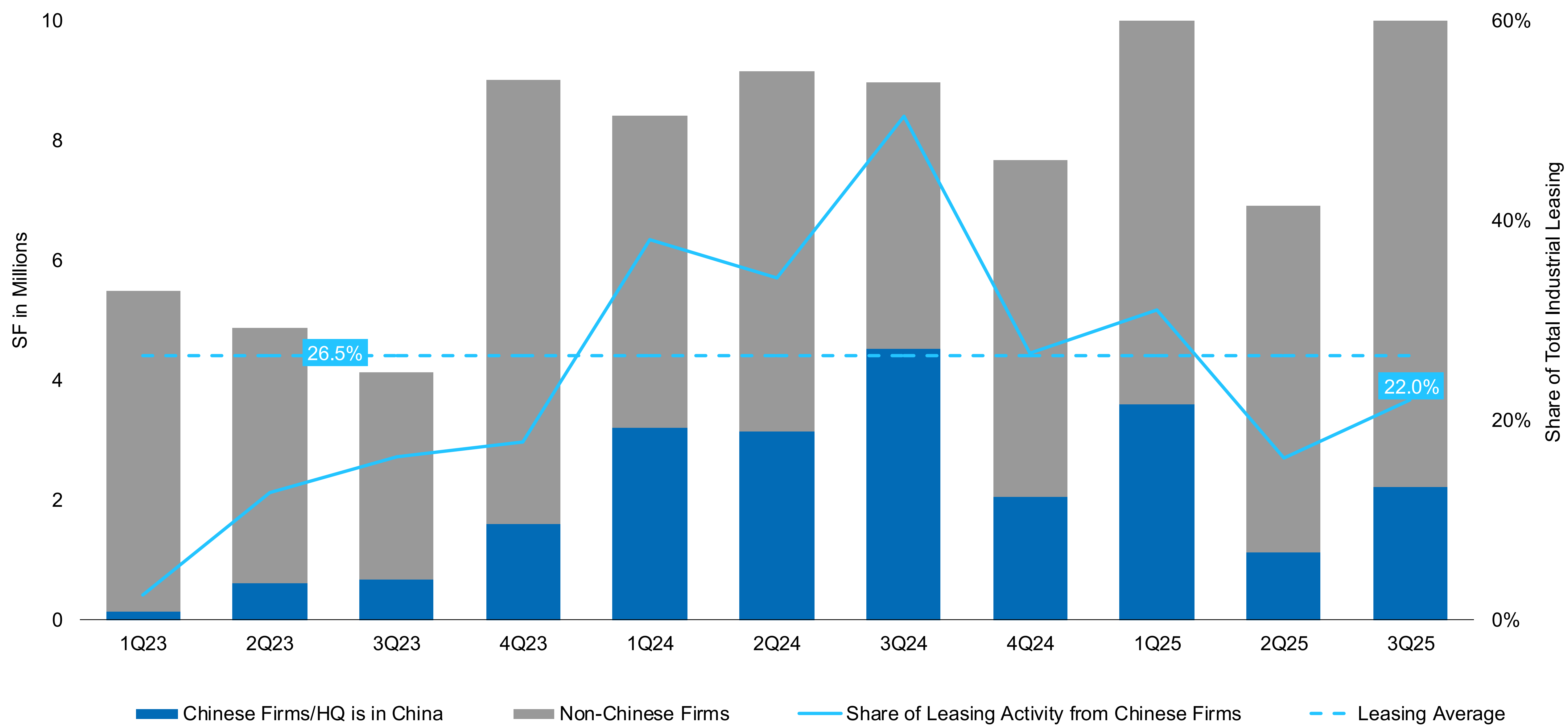
Leasing: Size Segments and the Primary Submarkets



Big-Box Segment: Chinese Firms Have Comprised 26.5% of Leasing Activity Since 2023

Chinese 3PLs were especially active in the U.S. from 2024 into 2025 due to the rise of cross-border e-commerce (e.g., Shein and Temu) and changes in global trade and manufacturing. The Inland Empire – a large-box market that is within reasonable proximity of the U.S.' busiest seaport system where Chinese imports dominate values – was a direct beneficiary through this period. The recent slowdown in new leasing activity from Chinese firms has concurred with the application of aggressive tariffs by the Trump Administration.

Inland Empire: 100,000+ SF New Leasing Activity By Firms Headquartered in China | 2023 +

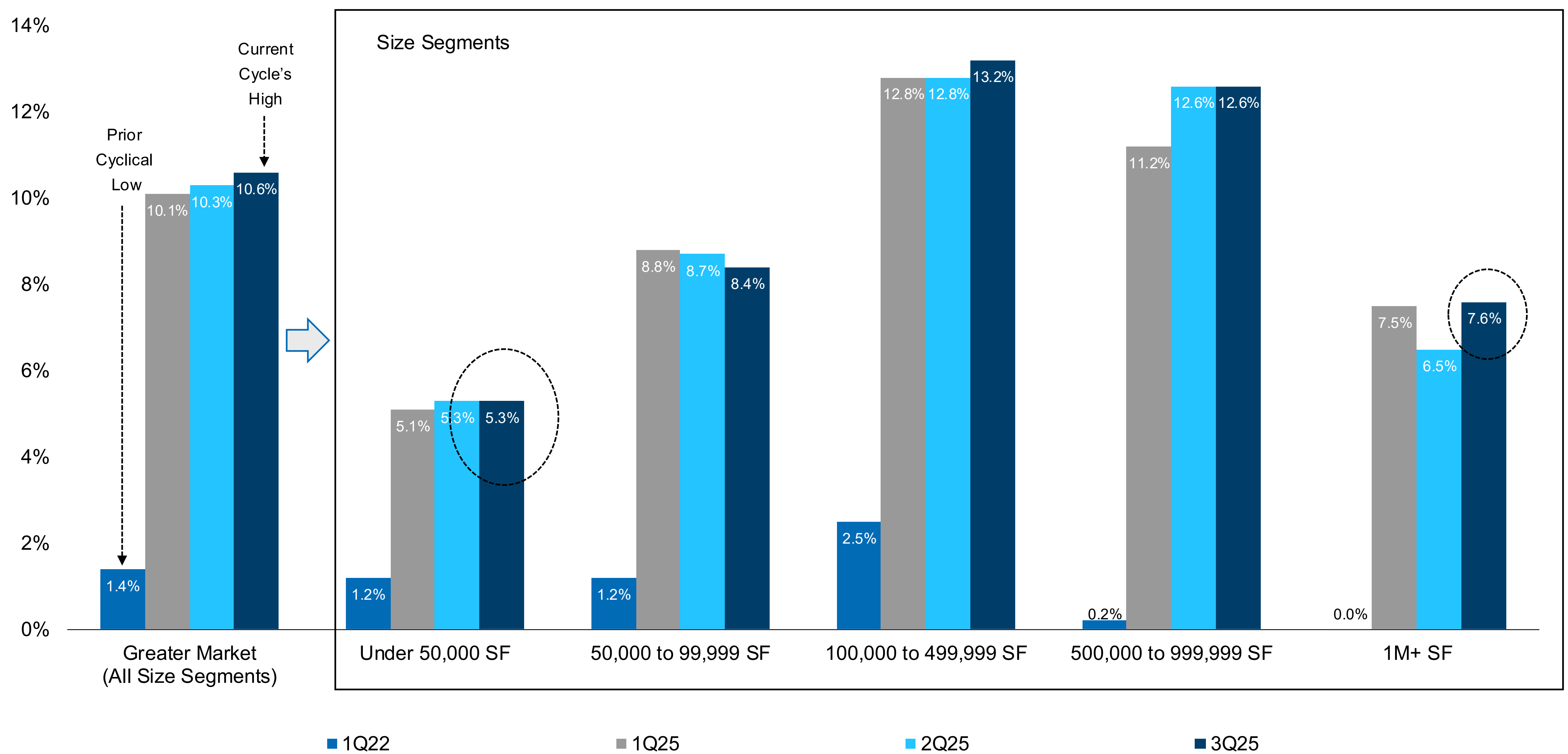


Source: Newmark Research
Note: Lease renewals/extensions are excluded from cited data

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: Prior Cyclical Low vs. Recent Quarters | Greater Market vs. Size Segments

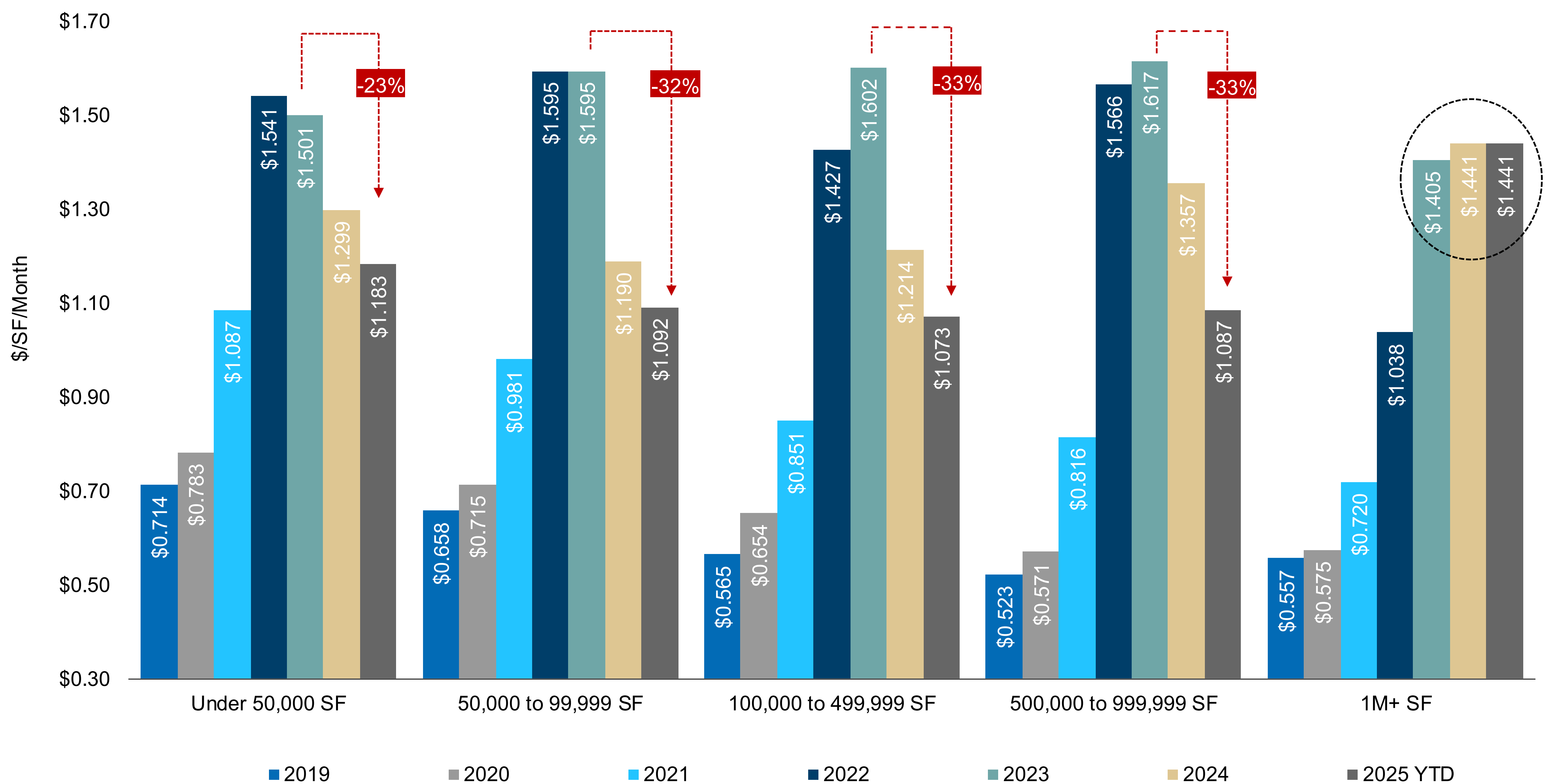


Source: Newmark Research

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

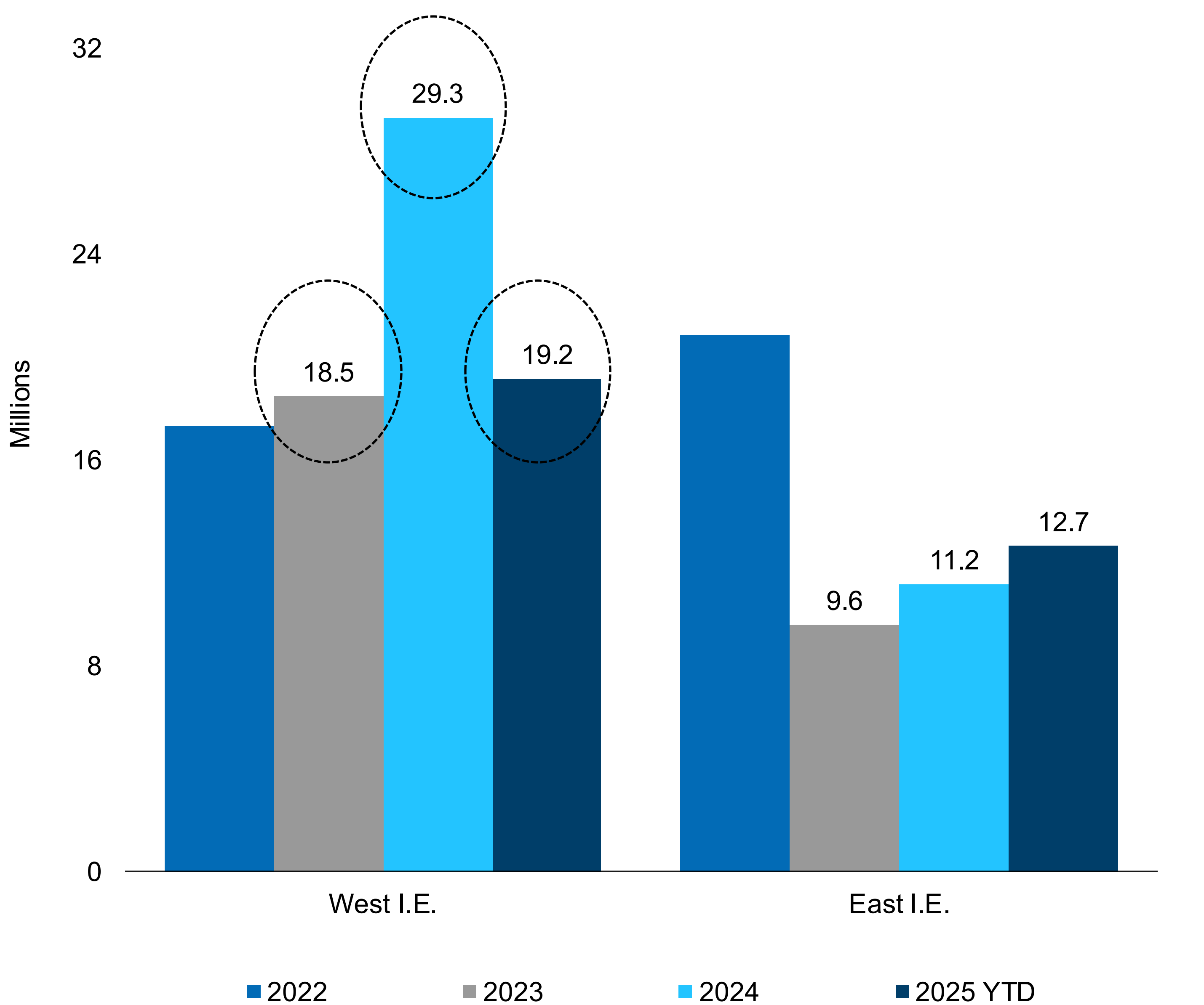


Source: Newmark Research,
Note: Data drawn from 510 transactions and excludes subleases. Developed on September 23, 2025.

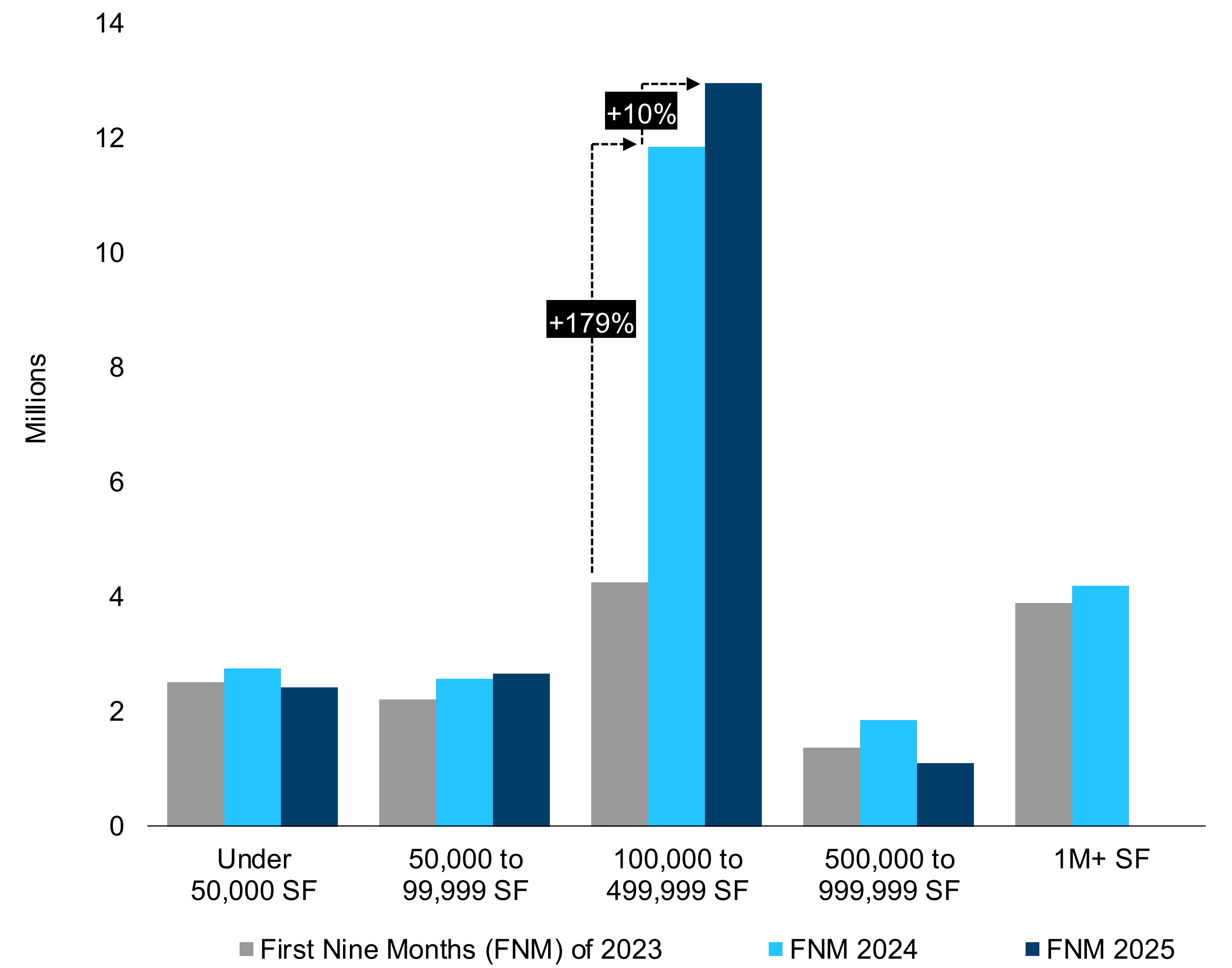
West Tops East in Leasing Activity from 2023+; 100,000 to 499,999 SF Segment is Active

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. West new leasing activity is most pronounced in the 100,000 to 499,999 SF segment.

New Leases (SF) | By Submarket | By Year



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

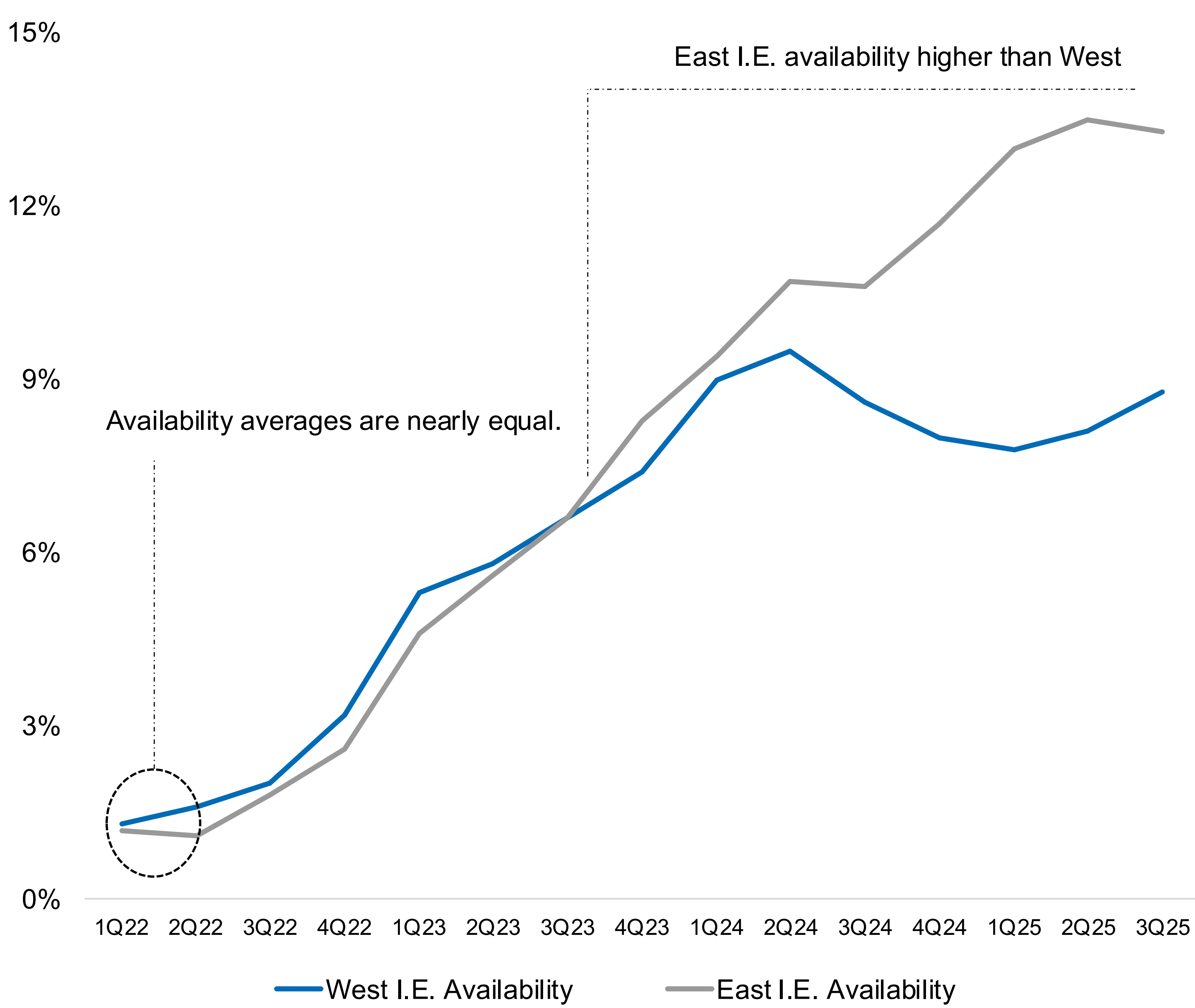


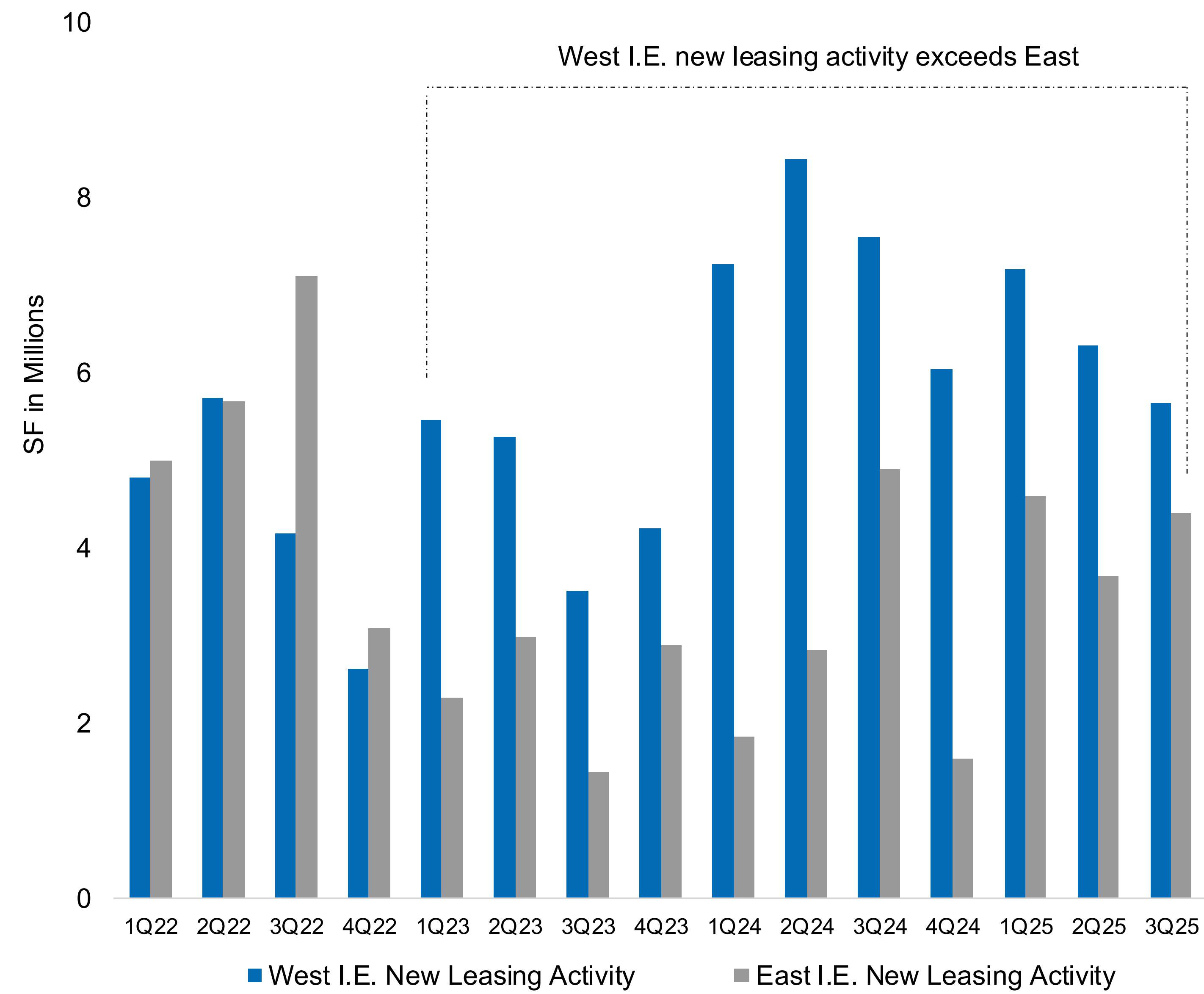
Source: Newmark Research

Submarket Availability Rates Diverge Amid Heavier Leasing Activity in the West

West and East I.E. 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 stronger tenant interest, leading to lower availability than the East.

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



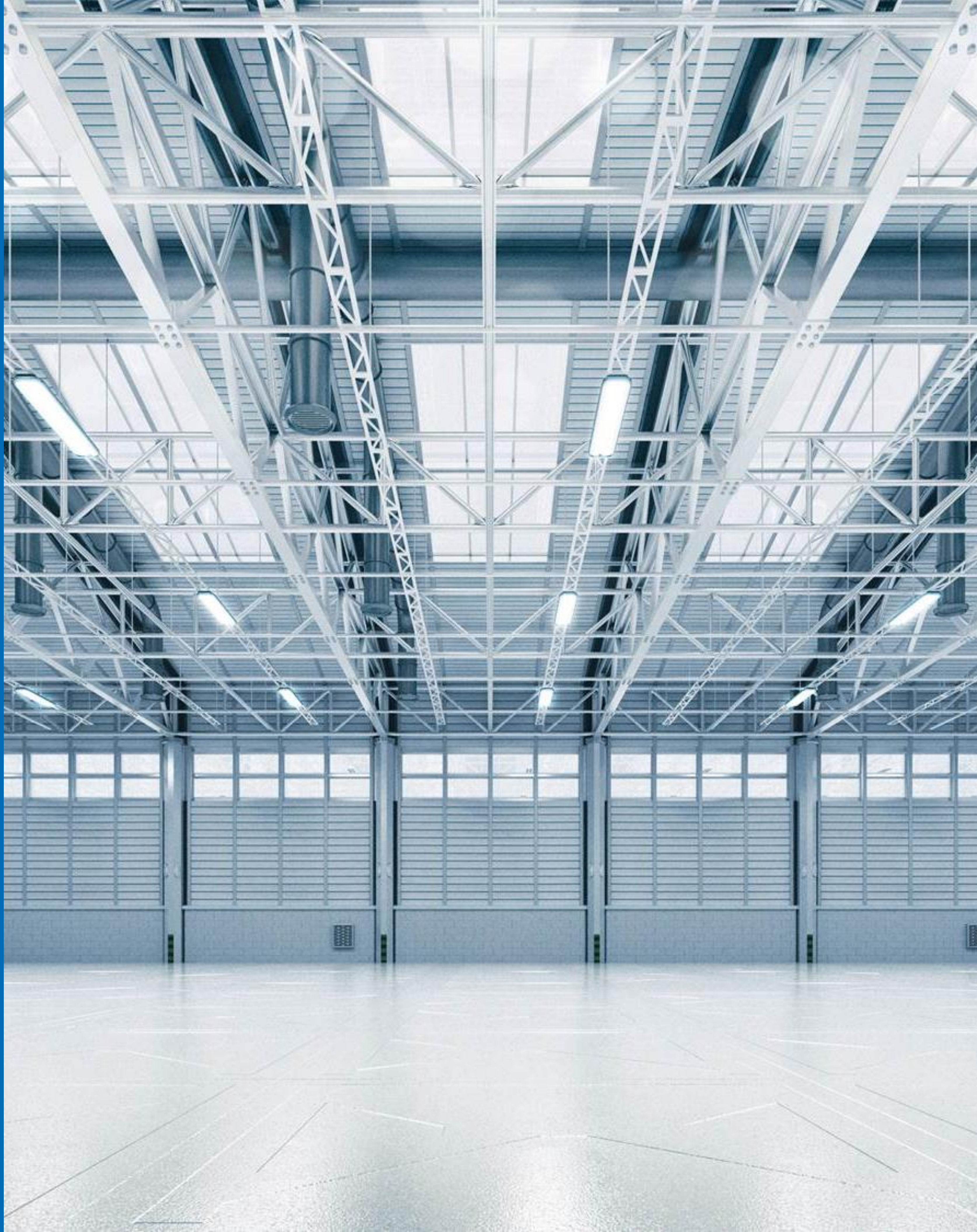


Source: Newmark Research, AIR

Note: Total leasing activity includes new leases and renewals.

3Q25

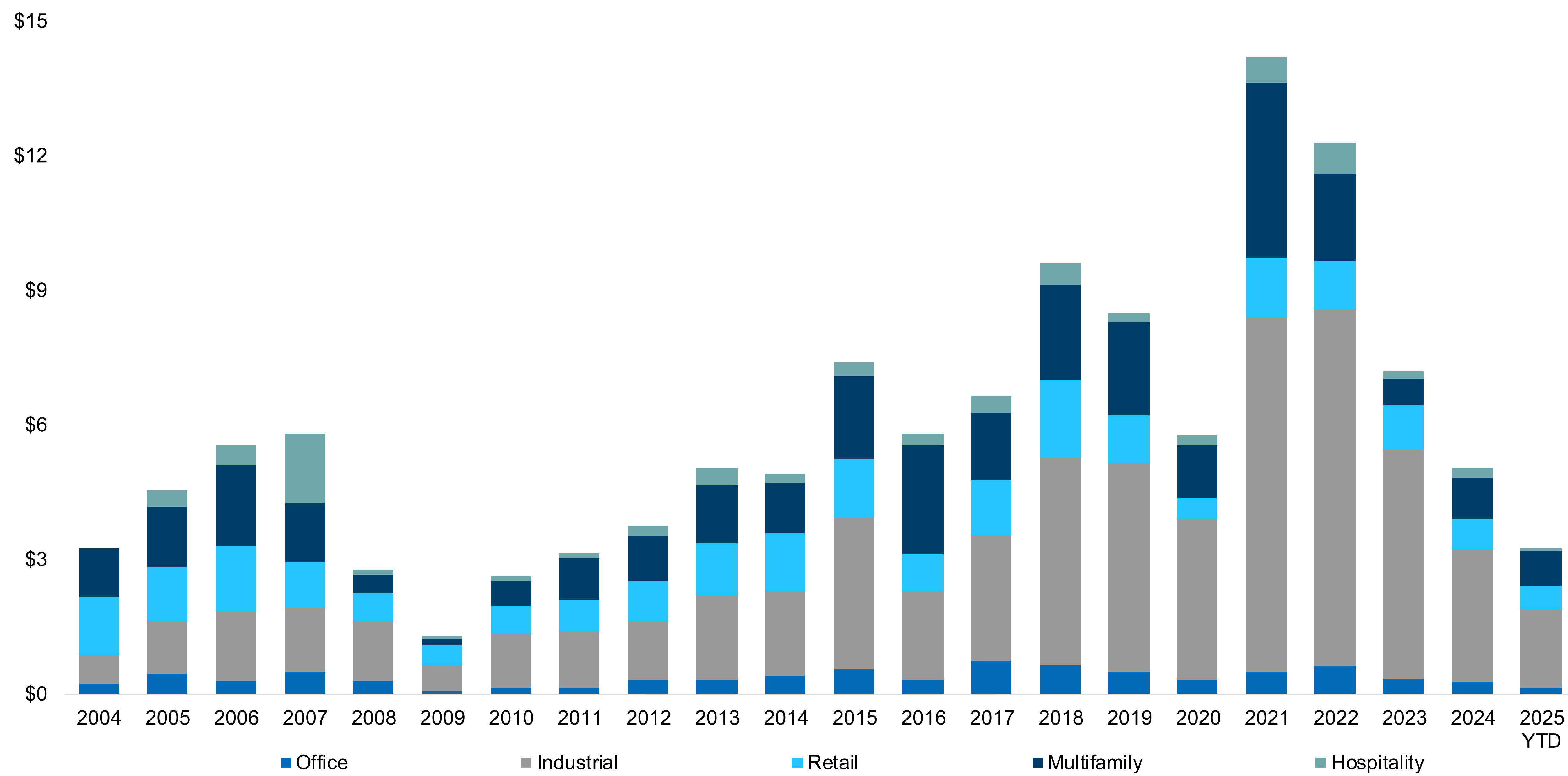
Sales Activity



Industrial Comprised 53.3% of Sales Volume in the First Three Quarters of 2025

The figure is above the preceding 21-year average of 44.0%. Heated rent growth in recent years has favorably positioned the segment amid a broader cooldown in CRE investment, 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)

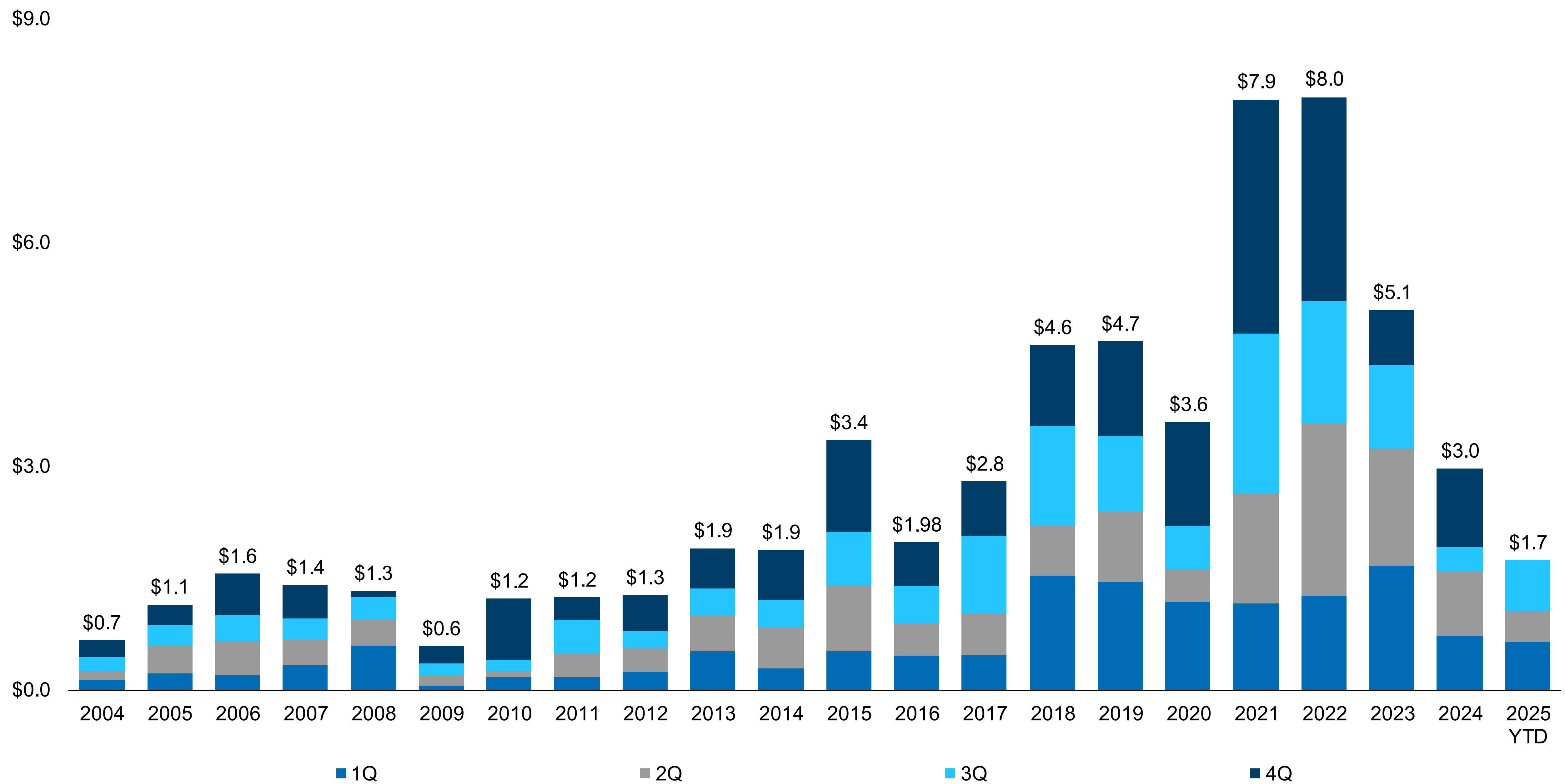


Source: MSCI Real Capital Analytics, Newmark Research
Note: Preliminary data is cited for the third quarter of 2025

Industrial Sales Volume: Up Close

Industrial sales volume totaled $686.9 million in the third quarter of 2025, a 104.2% increase from the same period in 2024. YTD sales volume is roughly on par with sale volume across the first three quarters of 2024 and a mere 39.9% of the sale volume across the first three quarters of 2023. The higher cost of capital, adjusting leasing fundamentals, and limited sales offerings are crimping momentum.

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

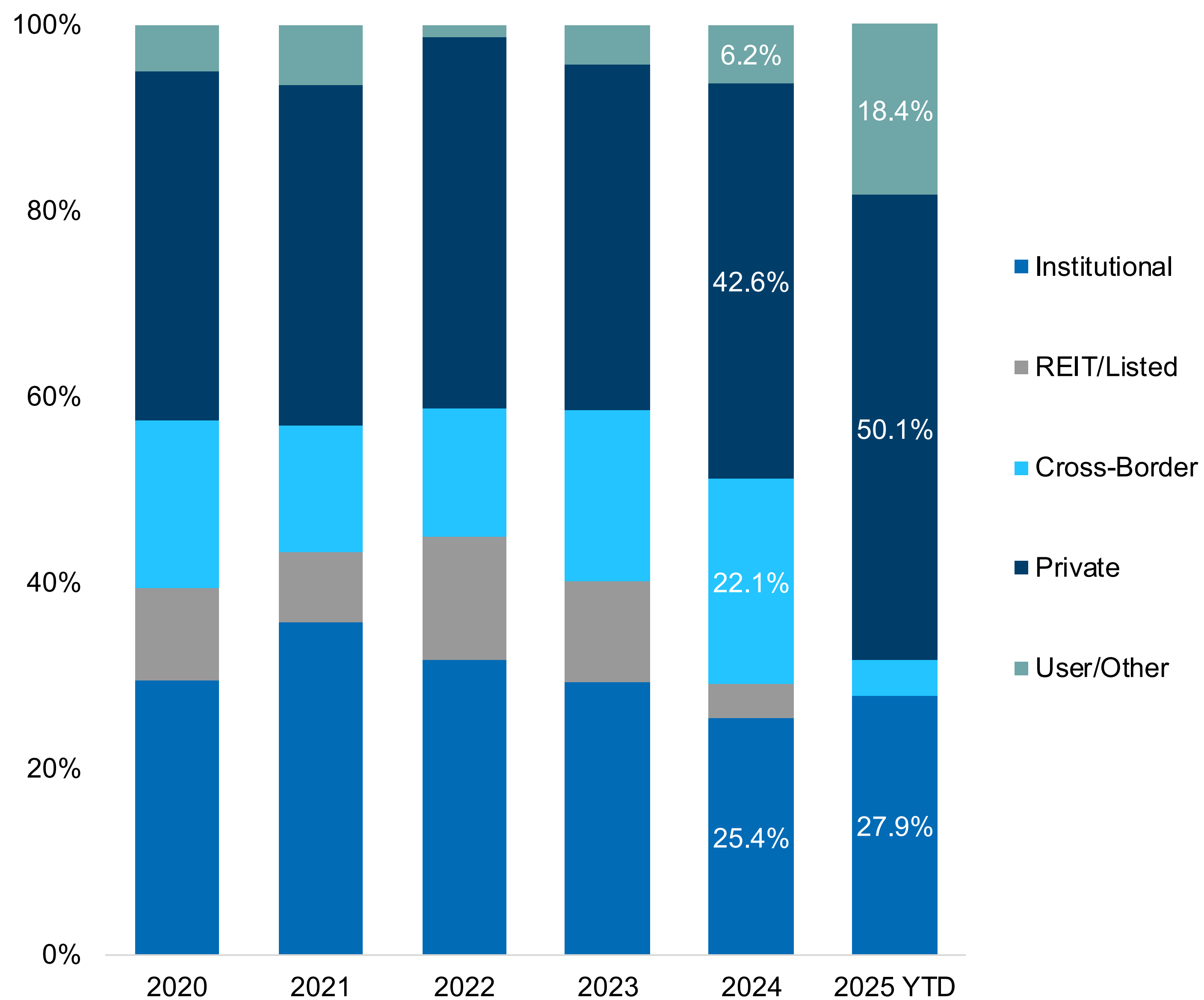


Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the third quarter of 2025

Private Buyers Comprise Half of YTD Sales

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)
Burlington Coat Factory	User/Other	$257,049,605	1	889,445
Fortress	Institutional	$208,760,000	1	765,456
Cabot Properties	Cross-Border	$202,100,800	4	665,459
Preylock RE Holdings	Private	$184,000,000	1	1,900,000
North Haven Net REIT	REIT/Listed	$132,136,000	1	640,000
Cabot Properties	Institutional	$90,600,000	1	348,375
LBA Realty	Institutional	$90,450,000	1	353,361
Miramar Capital	Private	$86,000,000	1	327,080
Bridge Investment Grp	Institutional	$83,500,000	3	325,688
Ares Management	Institutional	$83,400,000	1	449,040
Rexford Industrial REIT	REIT/Listed	$70,060,562	1	278,650
Faropoint Investments	Cross-Border	$63,599,940	2	248,687

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

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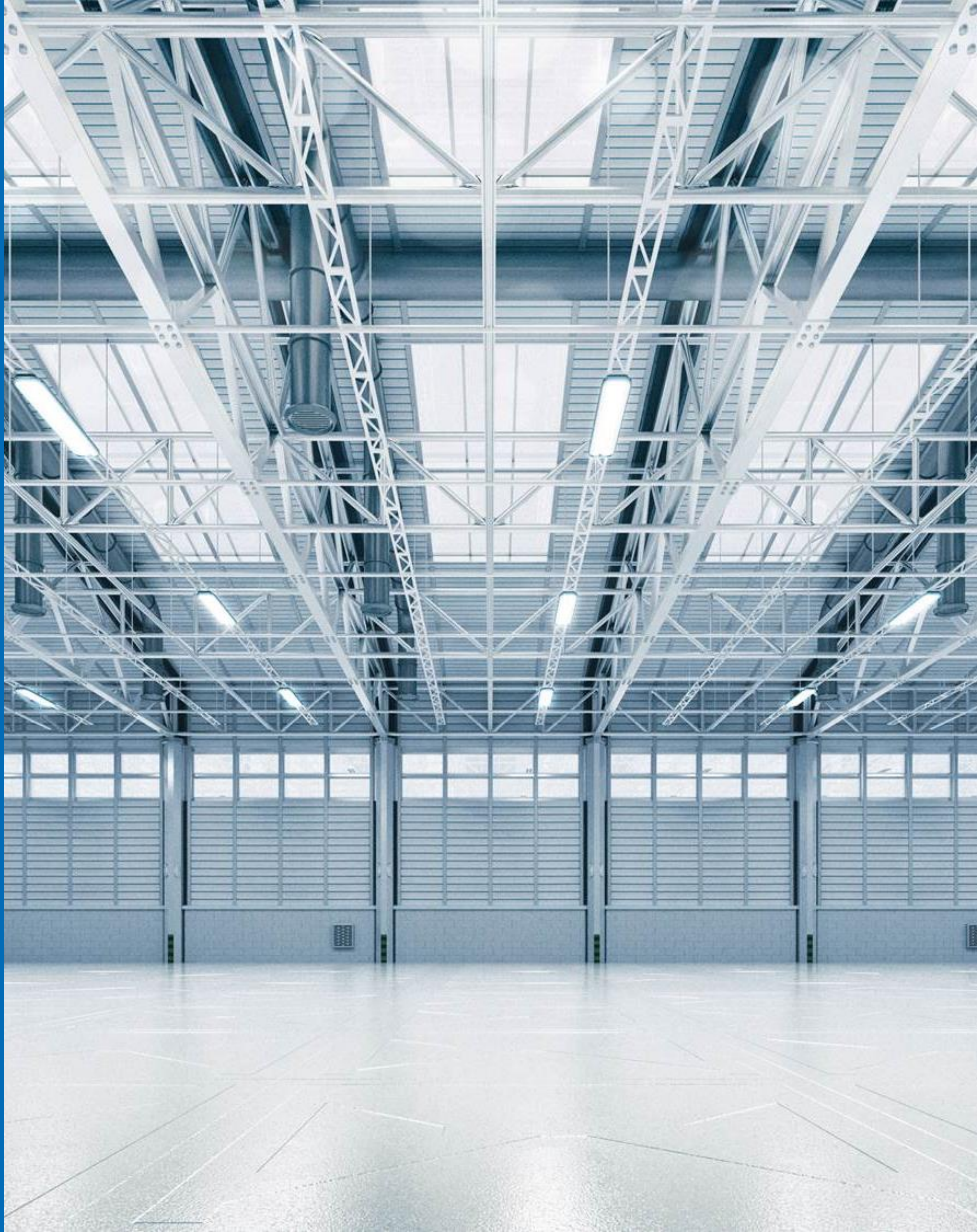
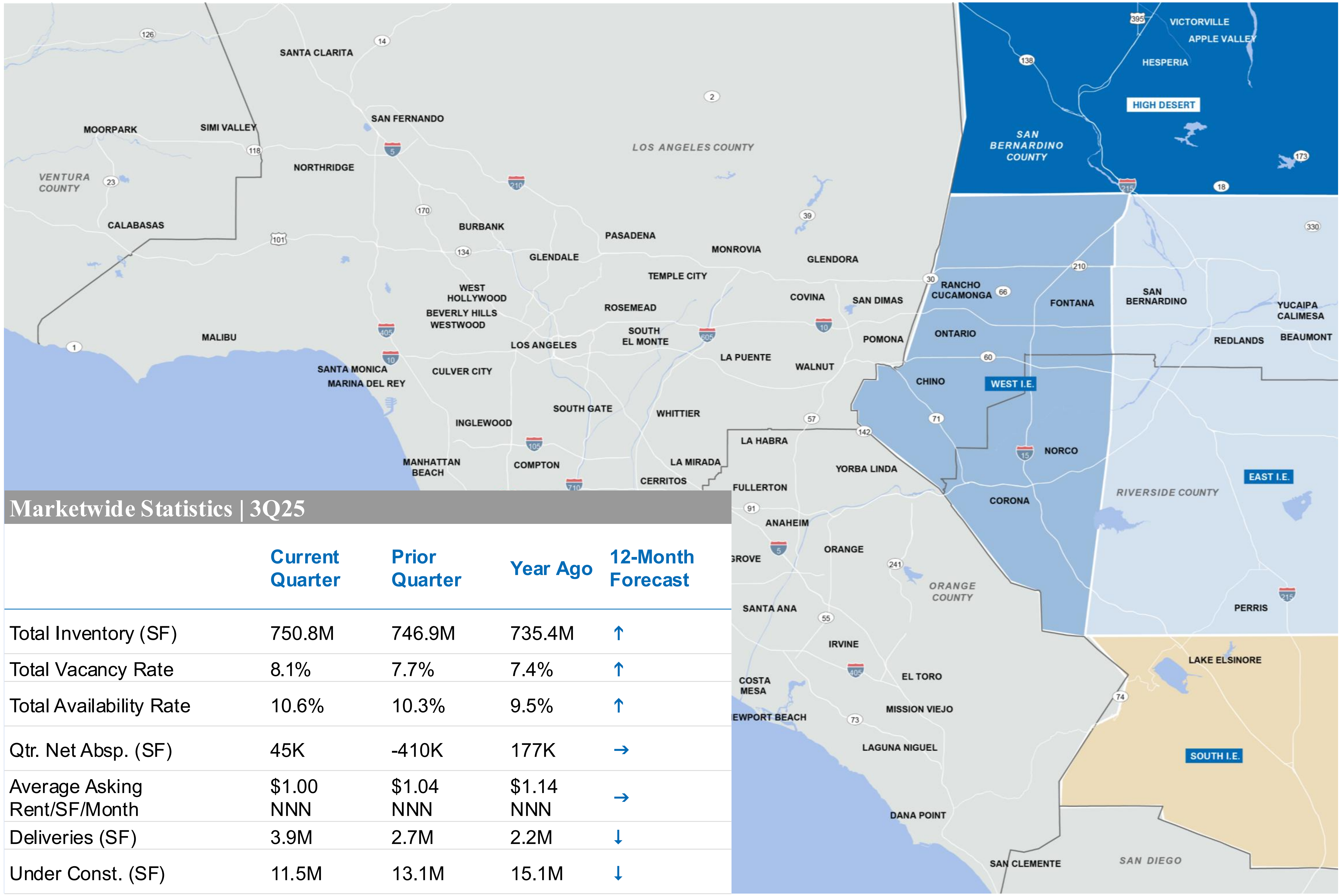
Appendix



Inland Empire Submarket Map and High-Level Statistics | 3Q25



Marketwide Statistics | 3Q25

	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	750.8M	746.9M	735.4M	↑
Total Vacancy Rate	8.1%	7.7%	7.4%	↑
Total Availability Rate	10.6%	10.3%	9.5%	↑
Qtr. Net Absp. (SF)	45K	-410K	177K	→
Average Asking Rent/SF/Month	$1.00 NNN	$1.04 NNN	$1.14 NNN	→
Deliveries (SF)	3.9M	2.7M	2.2M	↓
Under Const. (SF)	11.5M	13.1M	15.1M	↓

Source: Newmark Research

Inland Empire Submarket Statistics | 3Q25

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Total Availability 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.	291,607,019	2,593,962	11.5%	13.3%	-1,825,271	-1,866,502	987,391	4,577,992	$0.91
High Desert	22,511,593	4,013,273	9.3%	13.2%	1,047,003	1,324,735	0	1,530,400	$1.25
South I.E.	21,015,780	1,885,581	5.5%	6.1%	17,160	406,737	27,598	950,100	$1.12
West I.E.	415,671,003	3,030,685	5.9%	8.8%	805,777	2,672,938	2,909,073	3,828,033	$1.09
Inland Empire	**750,805,395**	**11,523,501**	**8.1%**	**10.6%**	**44,669**	**2,537,908**	**3,924,062**	**10,886,525**	**$1.00**

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 | 3Q25

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	Total Availability Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)
Under 50,000 SF	7,478	115,369,620	462,582	3.9%	5.3%	-150,783	-99,129	328,929	604,888
50,000 to 99,999 SF	1,070	70,201,135	197,633	6.3%	8.4%	-35,050	913,317	60,950	566,325
100,000 to 149,999 SF	534	58,323,863	115,476	6.9%	8.9%	-187,667	-51,400	110,507	110,507
150,000 to 199,999 SF	279	43,834,985	151,455	12.4%	16.6%	-127,991	85,943	187,179	702,552
Under 200,000 SF	**9,361**	**287,729,603**	**927,146**	**6.4%**	**8.5%**	**-501,491**	**848,731**	**687,565**	**1,984,272**
200,000 to 349,999 SF	403	101,079,352	775,266	11.8%	13.6%	1,021,838	2,691,397	469,632	1,970,652
350,000 to 499,999 SF	221	91,087,548	2,021,275	8.5%	14.0%	512,992	168,289	417,809	1,180,848
500,000 to 749,999 SF	158	95,690,005	1,159,033	10.5%	13.5%	-1,023,614	-2,625,608	1,062,487	1,062,487
750,000 to 999,999 SF	81	66,561,830	1,781,430	7.7%	11.2%	-969,456	-1,768,203	0	850,640
1 MSF+	122	108,657,057	4,859,351	6.2%	7.6%	1,004,400	3,223,302	1,286,569	3,837,626
Over 200,000 SF	**985**	**463,075,792**	**10,596,355**	**9.2%**	**11.9%**	**546,160**	**1,689,177**	**3,236,497**	**8,902,253**
Inland Empire	**10,346**	**750,805,395**	**11,523,501**	**8.1%**	**10.6%**	**44,669**	**2,537,908**	**3,924,062**	**10,886,525**

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

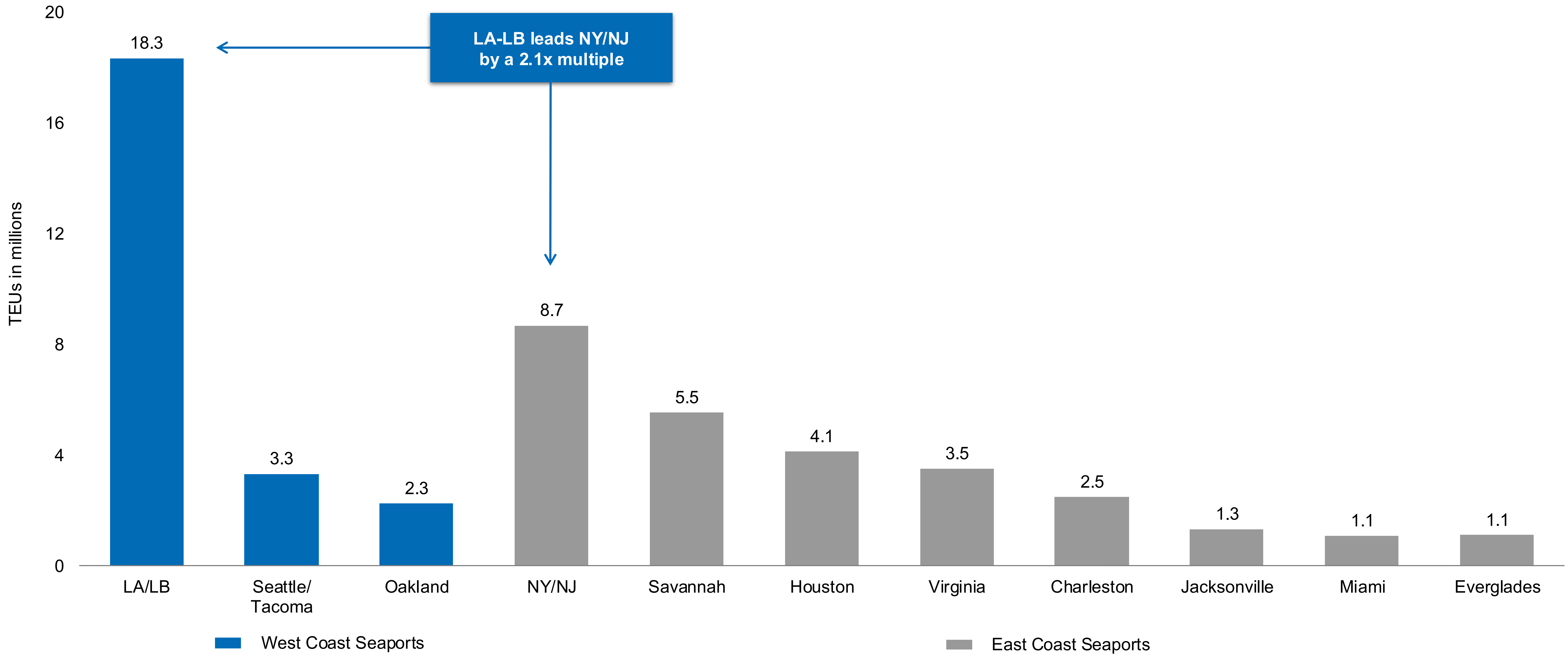
Rank	Seaport	2024 Volume (TEUs, in millions)
11	Port Kelang, Malaysia	14.6
12	Rotterdam, The Netherlands	13.8
13	Hong Kong, China	13.7
14	Antwerp-Bruges, Belgium	13.5
15	Tanjung Pelepas, Malaysia	12.3
16	Xiamen, China	12.3
17	Tanger Med, Morocco	10.2
18	Laem Chabang, Thailand	9.5
19	Kaoshiung, Taiwan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

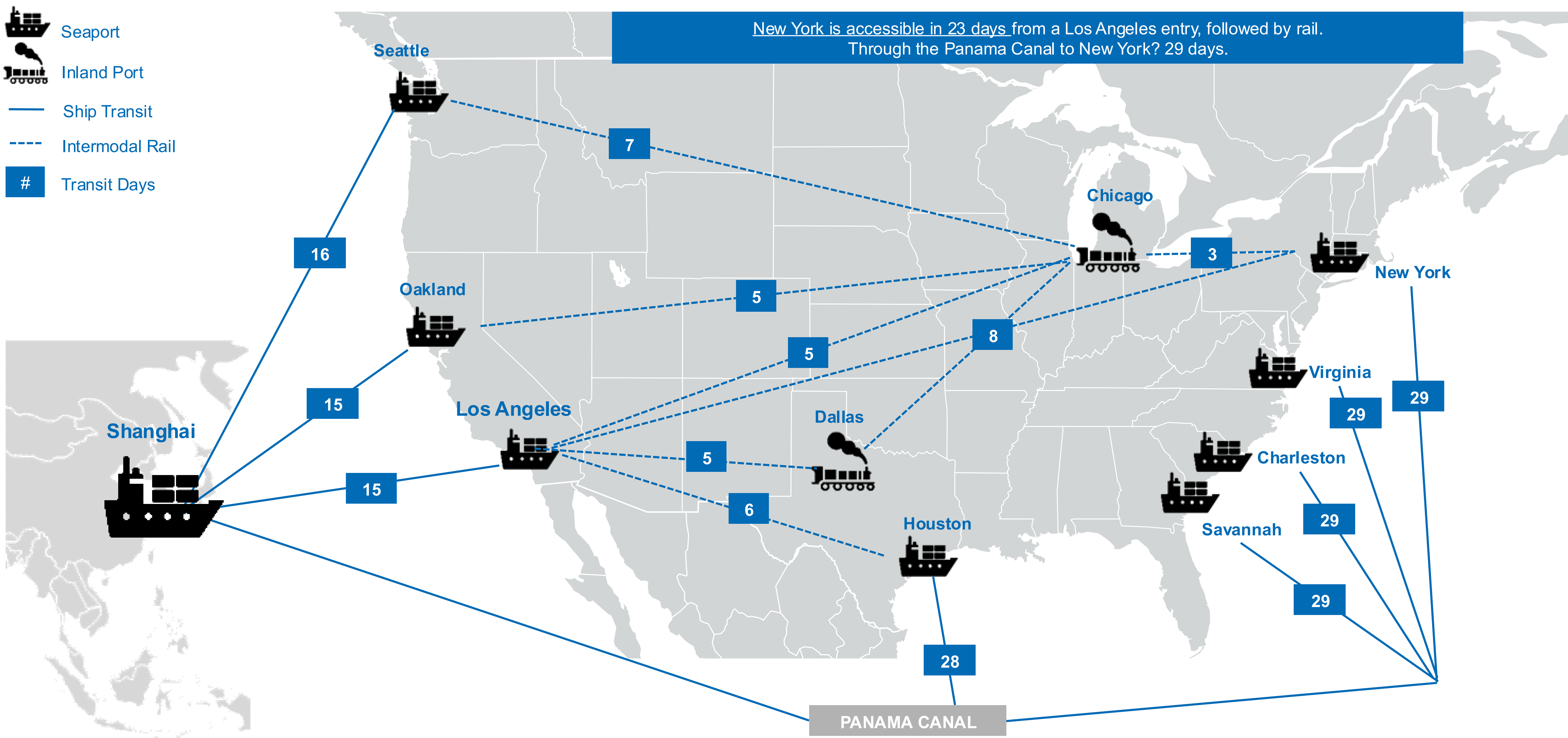
Major U.S. Seaports: 2024 TEU Volume (All Containers: Loaded and Empty)



Source: Newmark Research, Individual Seaports

Why Los Angeles-Long Beach?

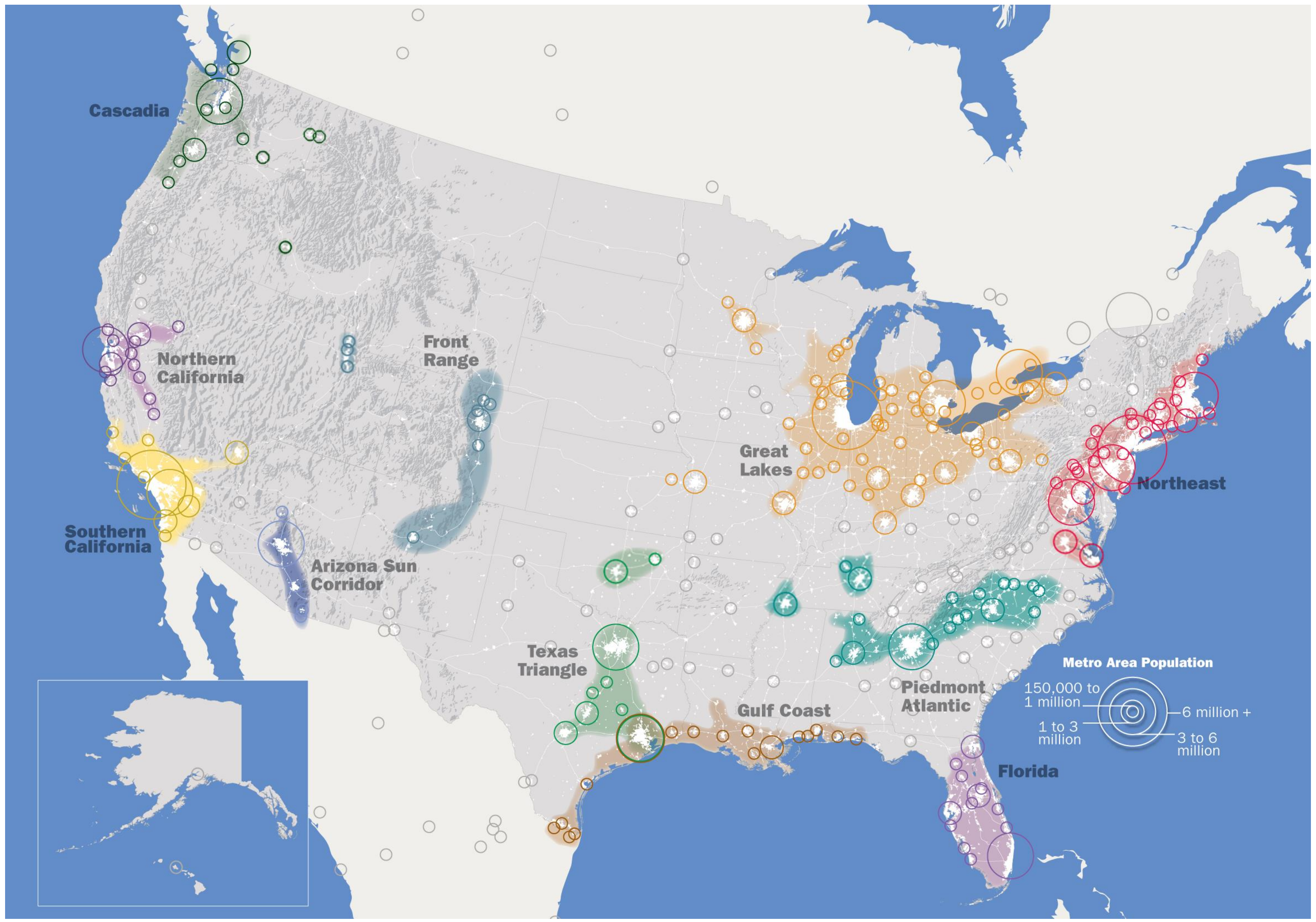
In a normal environment, shorter transit time from Shanghai. Double-stack rail connectivity allows distributors to touch multiple U.S. markets, which is more cost-effective.



Source: Newmark Research, IMS Worldwide

Population of Megaregions: Past and Projected

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



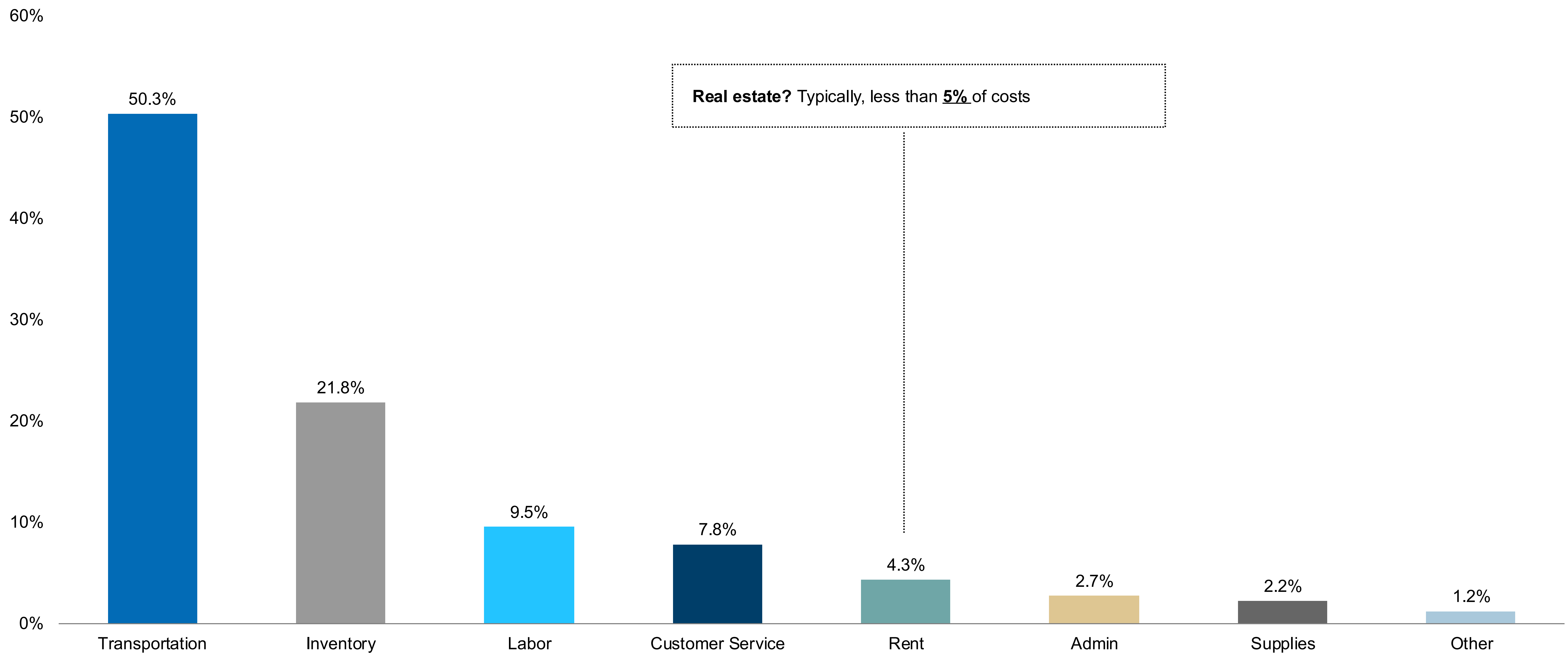
Megaregion	2010 Population	2025 Pop. Est.
Arizona Sun Corridor	5.7M	7.8M
Cascadia	8.4M	8.8M
Florida	17.3M	21.5M
Front Range	5.5M	7.0M
Great Lakes	55.6M	60.7M
Gulf Coast	13.4M	16.3M
Northeast	52.3M	58.4M
Northern California	14.0M	16.4M
Piedmont Atlantic	17.6M	21.7M
Greater Southern California	**24.4M**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

A regional drayage rate study was not published in 2025. Based on client anecdotes, today's averages are up to 30-40% lower than 2024 amid softening demand for freight services, more trucking capacity, and operational improvements at Southern California's ports that have reduced congestion. Generally, retailers and importers have adjusted inventory levels due to overstocking in prior years and a cautious approach to consumer spending amid inflationary pressures.

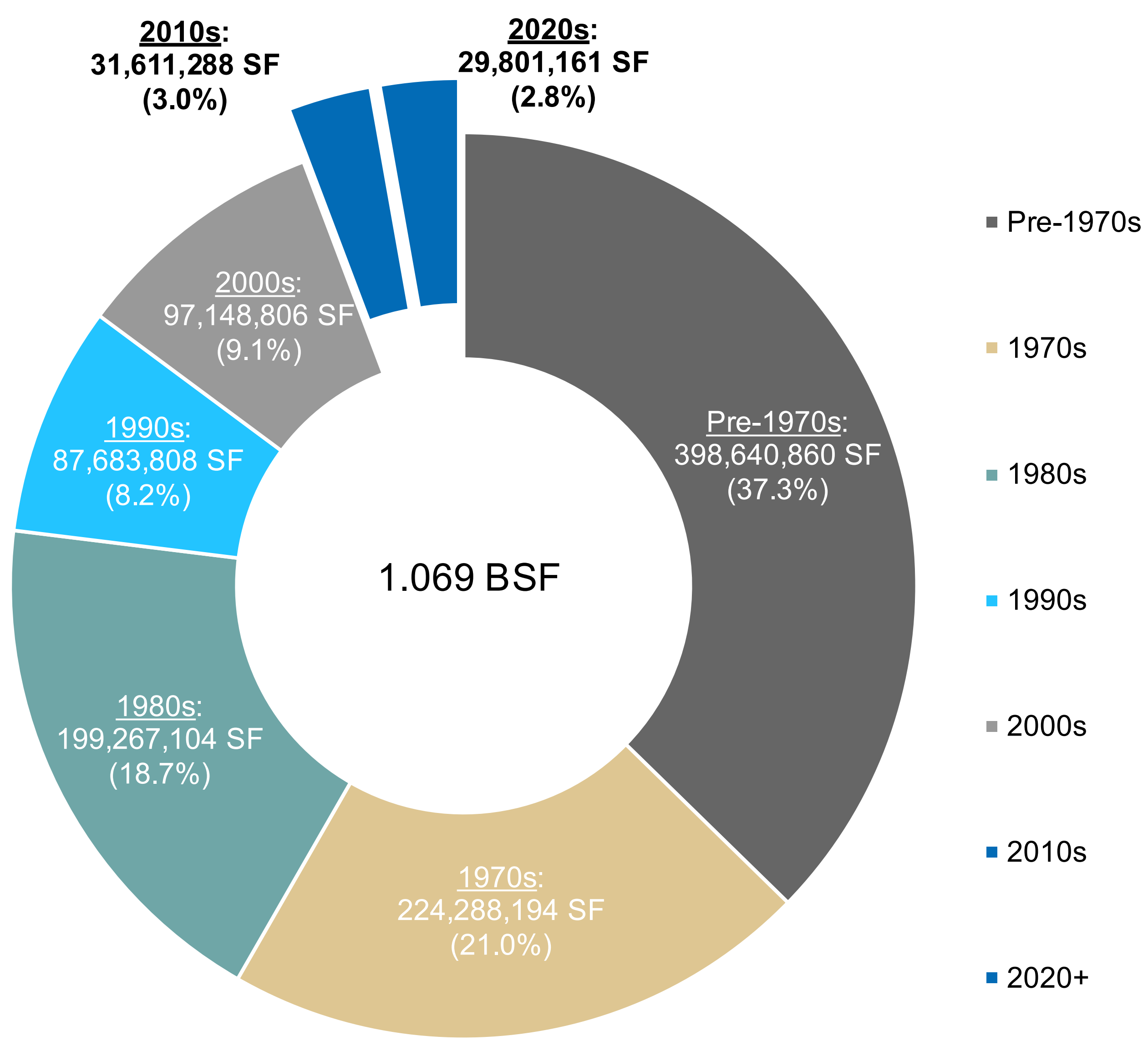
Region	Early 2024 Drayage Rate
South Bay	$613 to $644
Central/Mid-Counties	$666 to $742
San Gabriel Valley	$735 to $788
I.E. West	$825 to $894
I.E. East	$894 to $1,066

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 Angeles 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. Averages include the base rate, fuel surcharge, and chassis rental for 4 days.
.

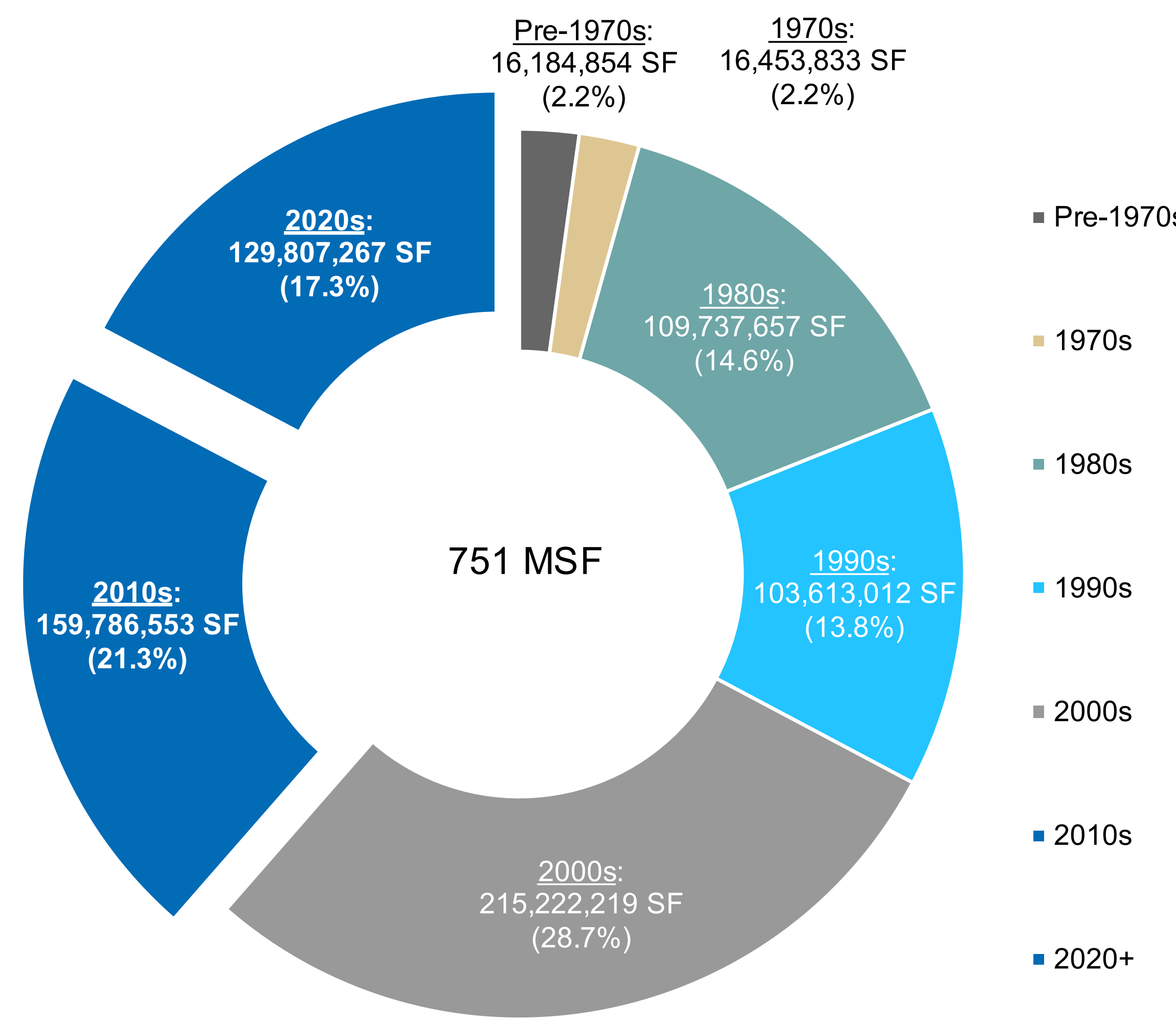
Modern Supply is More Readily Available in the Inland Empire

Only 5.8% of Los Angeles' inventory was built from 2010+, a stark contrast to the Inland Empire's 38.6% 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



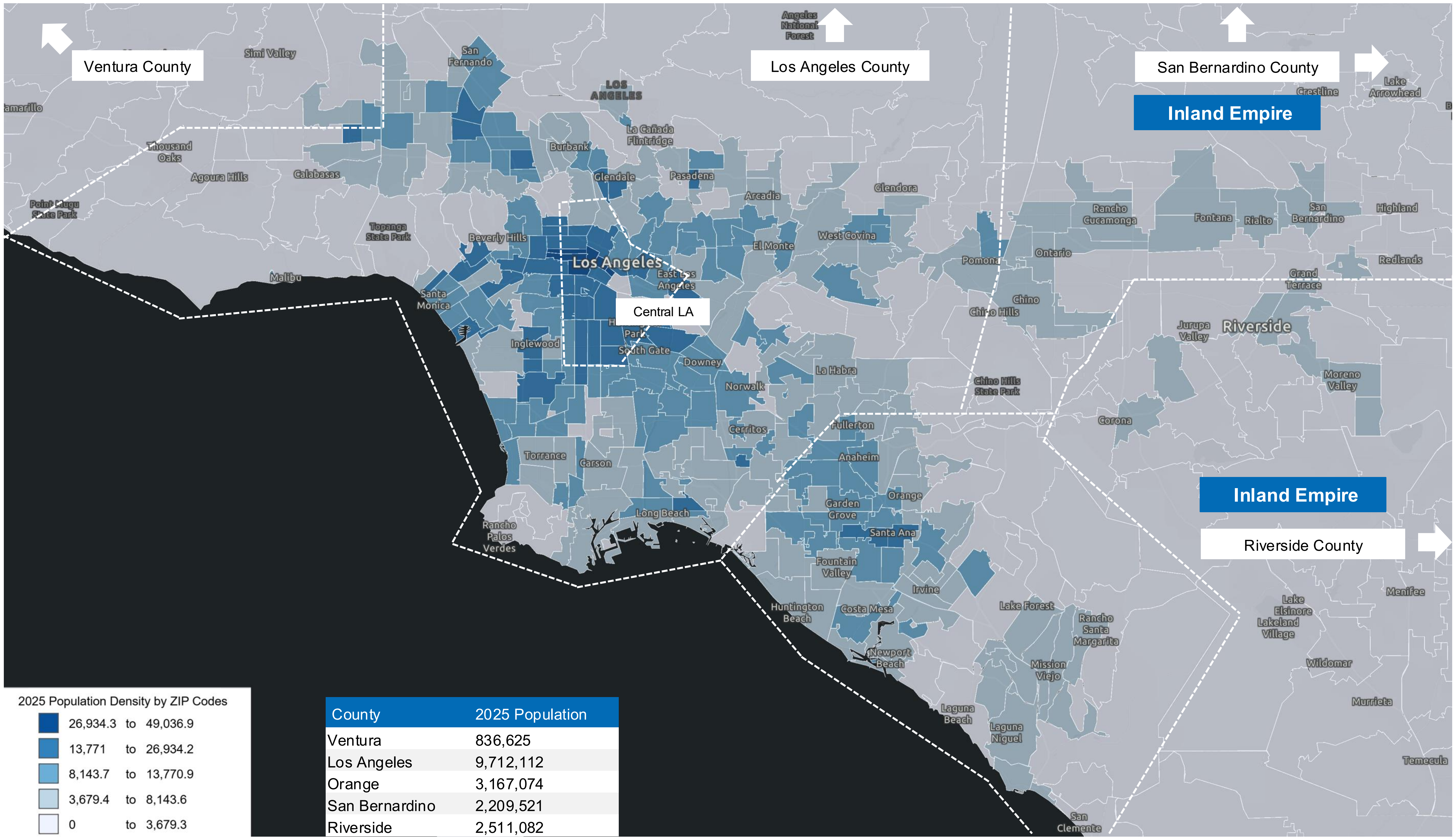
Inland Empire: Inventory Composition by Decade Built



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	2025 Population
Ventura	836,625
Los Angeles	9,712,112
Orange	3,167,074
San Bernardino	2,209,521
Riverside	2,511,082

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 2.4 MSF facility is under construction in Hesperia.

Amazon’s investment in the Inland Empire since 2010

>$19.3B

35 — 500,000+ SF centers (opened and planned)

40K+ — Jobs created

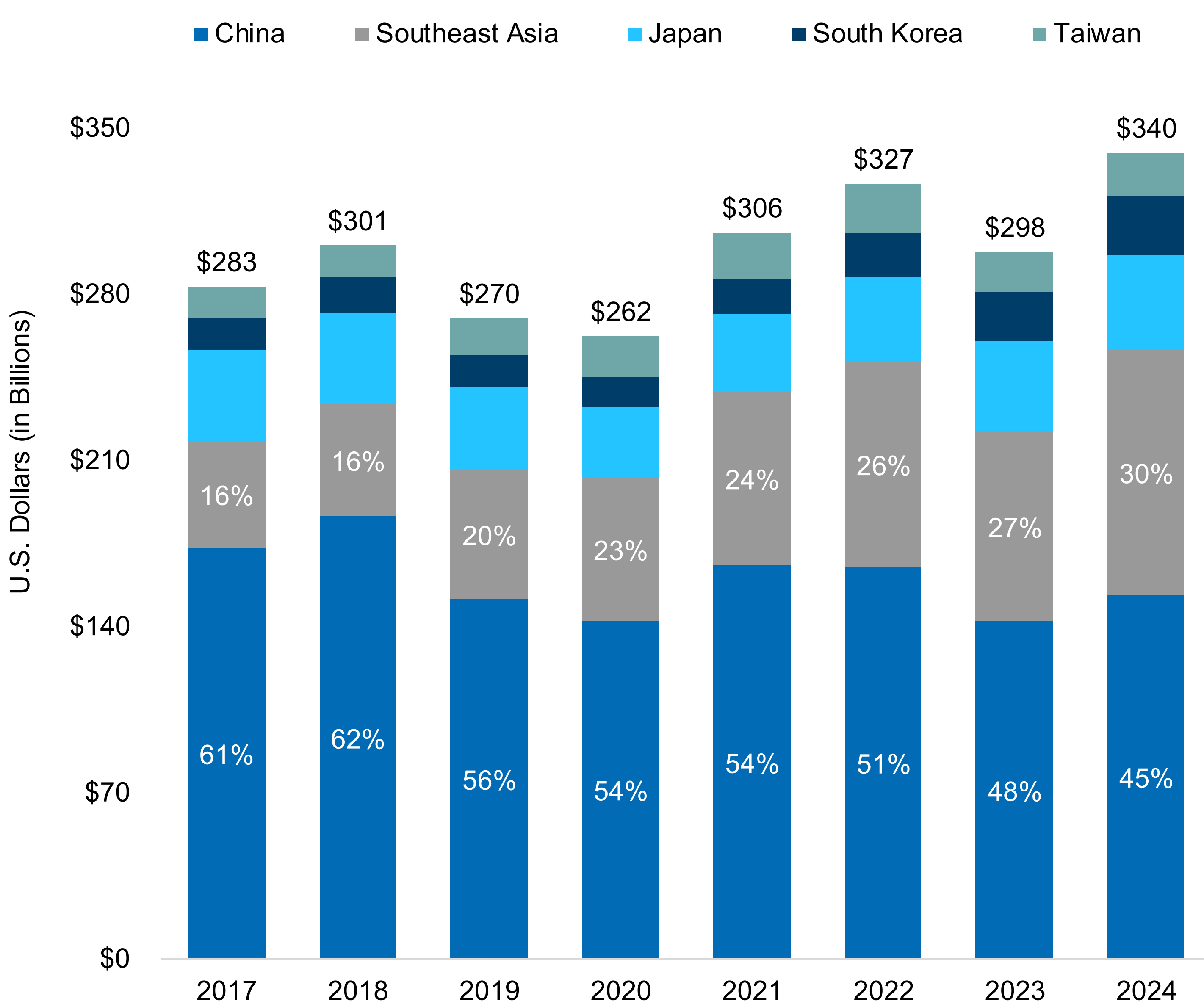
- The e-commerce giant opened an air gateway at March Air Reserve Base in 2018 and received clearance for up to six flights a day. The facility supplements its operations at Ontario International Airport (ONT).
- ONT moved 793,371 tons of freight in 2024, up 5.5% from 2023. The airport ranks as one of 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 101 cargo aircraft with scheduled flights to 53 U.S. airports.

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

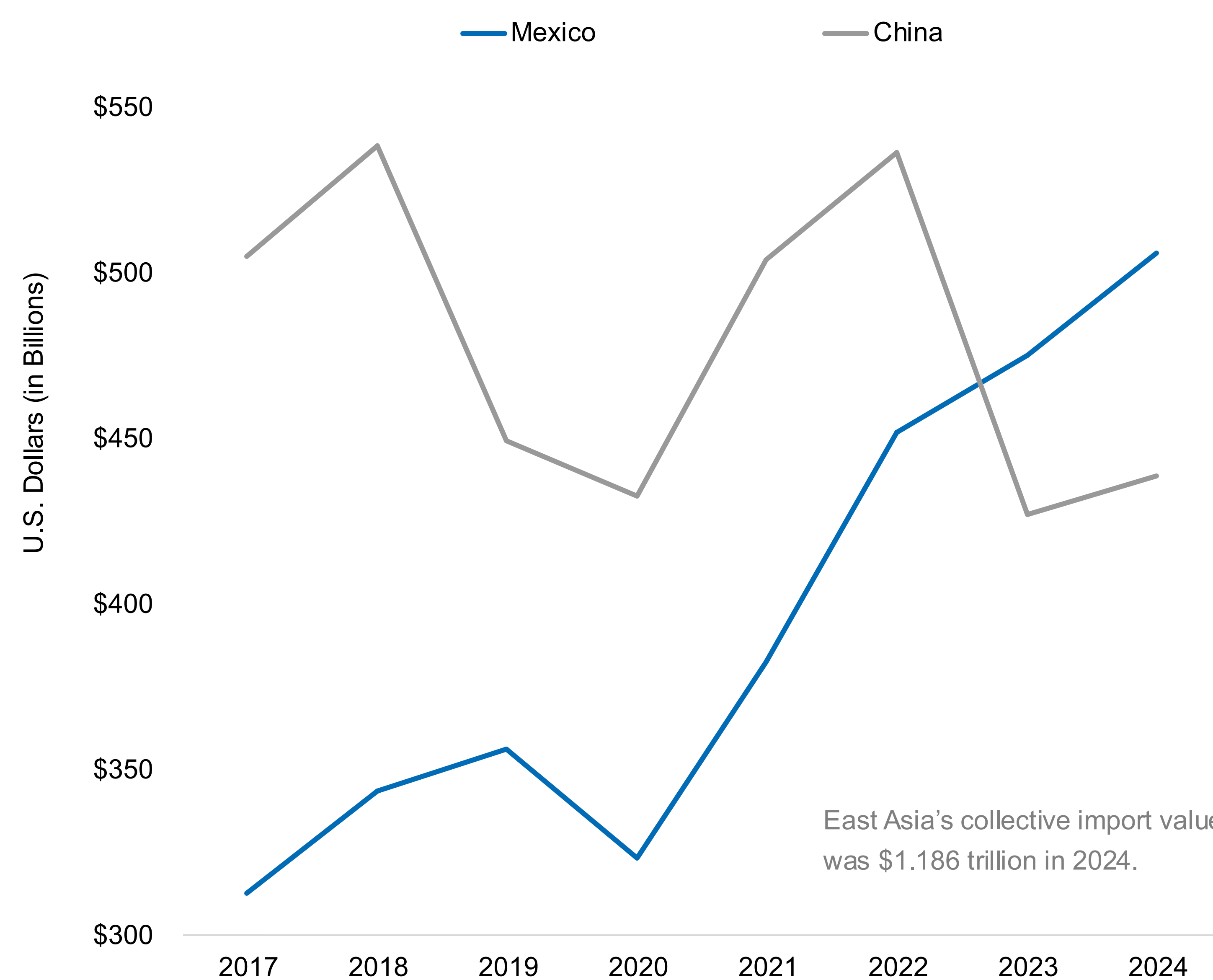
Southeast Asia Imports to POLA-POLB are Growing; Mexico Remains U.S.' Top Trade Partner

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 this year); 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 remain the best 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

Assembly Bill 98 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.

WAIRE: Program Summary and Implications for Industrial

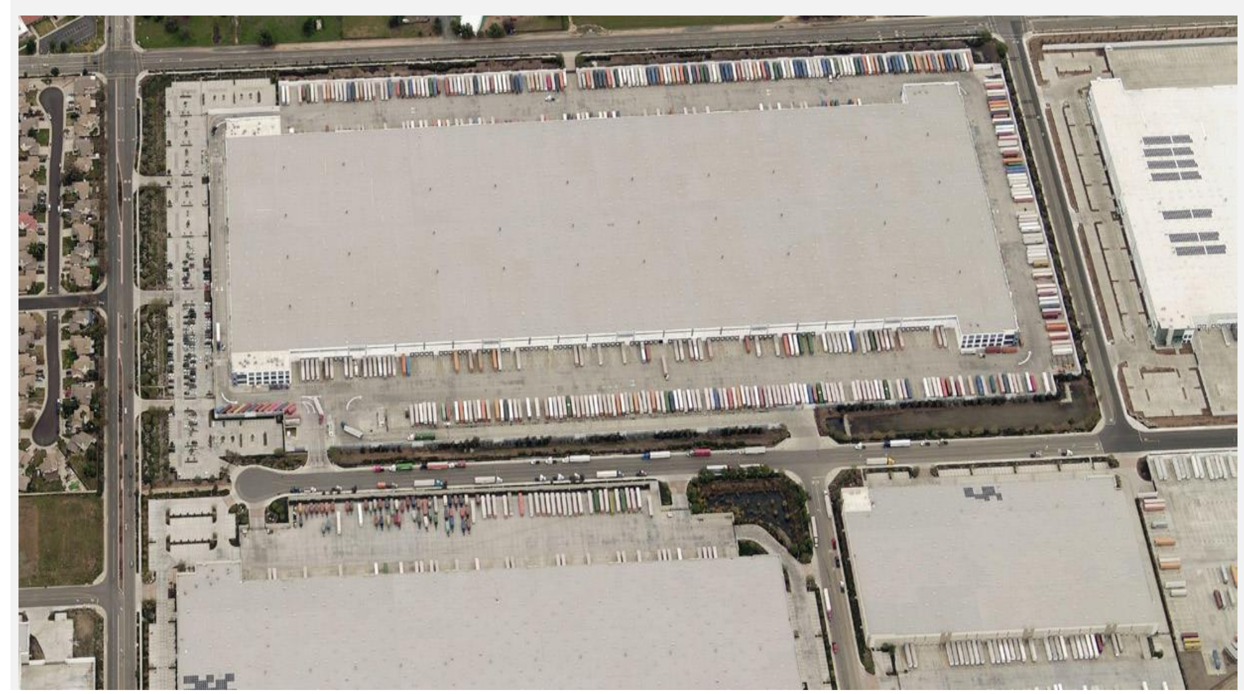
The Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program imposes additional costs for warehouse occupiers and encourages new construction outside of South Coast Air Quality Management District's (SCAQMD's) jurisdiction.

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

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