



Leasing Analytics

930 S Mount Vernon Ave

36,347 Sq ft Industrial Service

INLAND EMPIRE VACANCY OVERVIEW

Growing retail goods sales and a rebound in imports to Southern California ports are beginning to translate into stronger tenant demand for space. Led by three Amazon deals for buildings over 1 million SF in the first half of the year, new leasing volume jumped to a record 50 million SF in 2024, although it was concentrated in the second and third quarters.

Net absorption was positive again in the fourth quarter of 2024, boosted by tenants moving into new inventory. While tenants are moving into a wave of new industrial inventory in the Inland Empire, older buildings are losing occupancy. Over 40 million SF of the nearly 60 million SF delivered since 2023 has been occupied, but older stock continues to lose tenancy. Buildings completed prior to 2023 have incurred nearly 12 million SF in net occupancy loss over the trailing year, pushing vacancy among them over 6%.

Due to pressure from downsizing tenants and speculative

SAN BERNARDINO VACANCY OVERVIEW

Occupancy loss sent industrial vacancy in San Bernardino to over 9% in mid-2024. Net absorption has been volatile since then but has pushed vacancy to 10.1% as of the second quarter of 2025. Net absorption measures -410,000 SF over the trailing year.

Net absorption was negative in 2023 and the first half of 2024. Home sale velocity has been limited by higher interest rates, leading many home products and suppliers to shutter. Hardware manufacturer Hillman Solutions Corp vacated 2415 N Locust Ave, a warehouse spanning 610,000 SF, in the third quarter of 2023. Additionally, home textile supplier Keeco vacated a 677,000-SF distribution building at 1420 N Tamarind Ave but sublet it in August 2023 to logistics provider CIRRO, which took occupancy in 2024.

In the first half of 2024, LG Electronics vacated an 831,000-SF building in the Cajon Distribution Center, which represents the largest vacancy in the submarket. Also, Cooper Tire vacated a 405,000-SF building at 1089 E Mill St. In the first quarter of 2025, beleaguered Nordstrom offered a 617,000-SF building, 17335 Glen Helen Pky., for sublet through March 2028.

With move-outs subsiding more recently, net absorption registered positive in the third and fourth quarters of 2024. In the third quarter, STG Logistics took occupancy of a

development, properties in the 250,000-500,000-SF size range currently have the market's highest availability rate, at 20%. Availability among buildings sized 100,000-250,000-SF reached 16% but has retreated in recent quarters toward 13%. Availability among 50,000-100,000 SF buildings is around 11%. Buildings smaller than 50,000 SF remain in stronger demand, with availability around 7%. Large warehouse and distribution centers of over 500,000 SF are roughly 10% available.

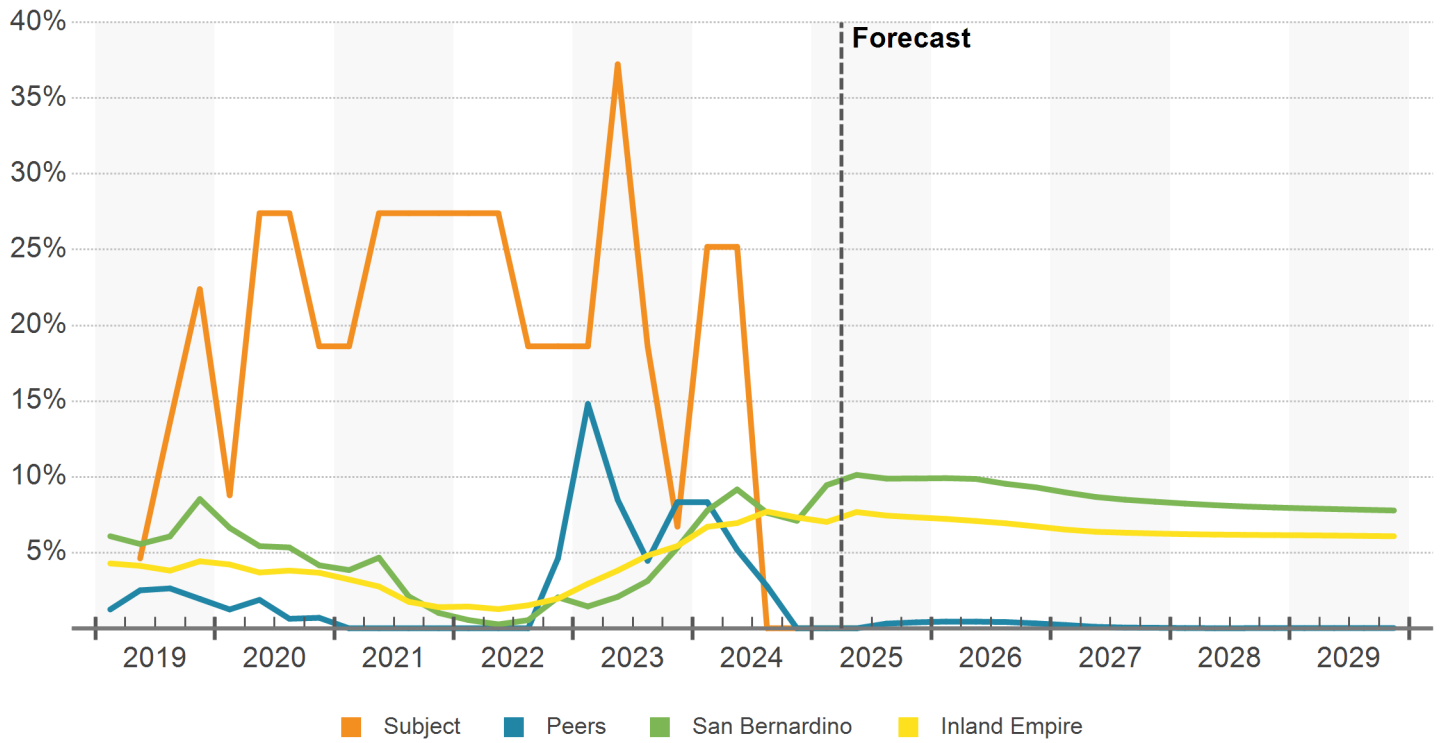
Vacancy measures 7.7% as of the second quarter of 2025, trending at levels last seen in the early 2010s. However, vacancy could potentially contract again by the second half of 2025 as the development pipeline empties. Construction starts have pulled back since mid-2023 as lending dried and tenant demand subdued. If the recent rise in imports to LA ports drives absorption back to typical levels, it will not take long for tenants to backfill recently vacated space and move into new supply that remains available.

390,500-SF building, 1495 Tamarind Ave in Rialto. Western Post, a logistics company for Chinese merchandise, signed the largest new leases in 2024, taking a 928,000 SF building, 1979 W Renaissance Pky - DCT Rialto Logistics Center, on a 10-year term. The 3PL also leased nearly 600,000 SF at 7776 Tippecanoe Ave in San Bernardino in August 2024 and simultaneously leased 578,000 SF in Fontana.

In the fourth quarter of 2024, eFulfillment Service moved into a 652,000-SF building in Bloomington. Net absorption was positive but would have been stronger if not for a new listing for 11260 Cedar Ave, a 677,000-SF building in Bloomington previously leased by the shipping technology company Pitney Bowes.

San Bernardino's location at the crossroads of I-10 and I-215 offers quick access to both Ontario International Airport and the BNSF intermodal terminal. National retailers and logistic providers like STG and Western Post have driven demand. However, most buildings under construction in the area are available for lease, and including them, space availability measures 13.8%, trending at a cyclical high and rate last seen in 2015. The majority of recently completed inventory was developed on spec and delivered vacant but leased out within a few years of completion.

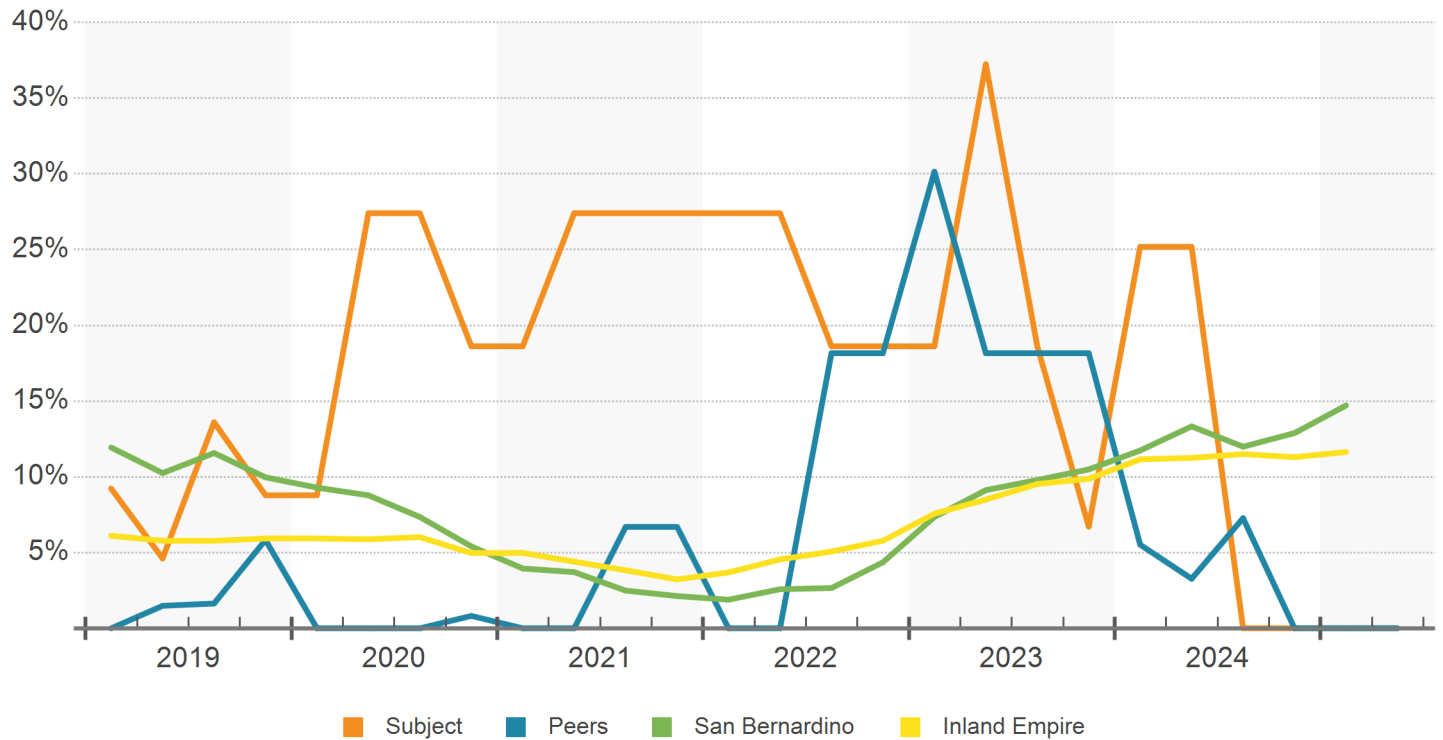
VACANCY RATE



VACANCY RATE

	Subject		Peers		San Bernardino		Inland Empire	
	Vacancy	Trend (YOY)	Vacancy	Trend (YOY)	Vacancy	Trend (YOY)	Vacancy	Trend (YOY)
2019	22.4%	-5.5%	1.9%	0.7%	8.5%	2%	4.4%	-0.1%
2020	18.6%	-3.8%	0.7%	-1.2%	4.2%	-4.4%	3.7%	-0.8%
2021	27.4%	8.8%	0%	-0.7%	1.0%	-3.1%	1.4%	-2.3%
2022	18.6%	-8.8%	4.6%	4.6%	2.0%	1%	2.0%	0.6%
2023	6.7%	-11.9%	8.3%	3.7%	5.3%	3.3%	5.4%	3.5%
2024	0%	-6.7%	0%	-8.3%	7.1%	1.8%	7.3%	1.9%
YTD	0%	0%	0%	0%	10.1%	3%	7.7%	0.4%
2025	Forecast >		0.4%	0.4%	9.9%	2.8%	7.3%	0%
2026			0.3%	-0.1%	9.0%	-0.9%	6.7%	-0.6%
2027			0%	-0.3%	8.2%	-0.7%	6.3%	-0.5%
2028			0%	0%	7.9%	-0.3%	6.2%	-0.1%
2029			0%	0%	7.7%	-0.2%	6.1%	-0.1%

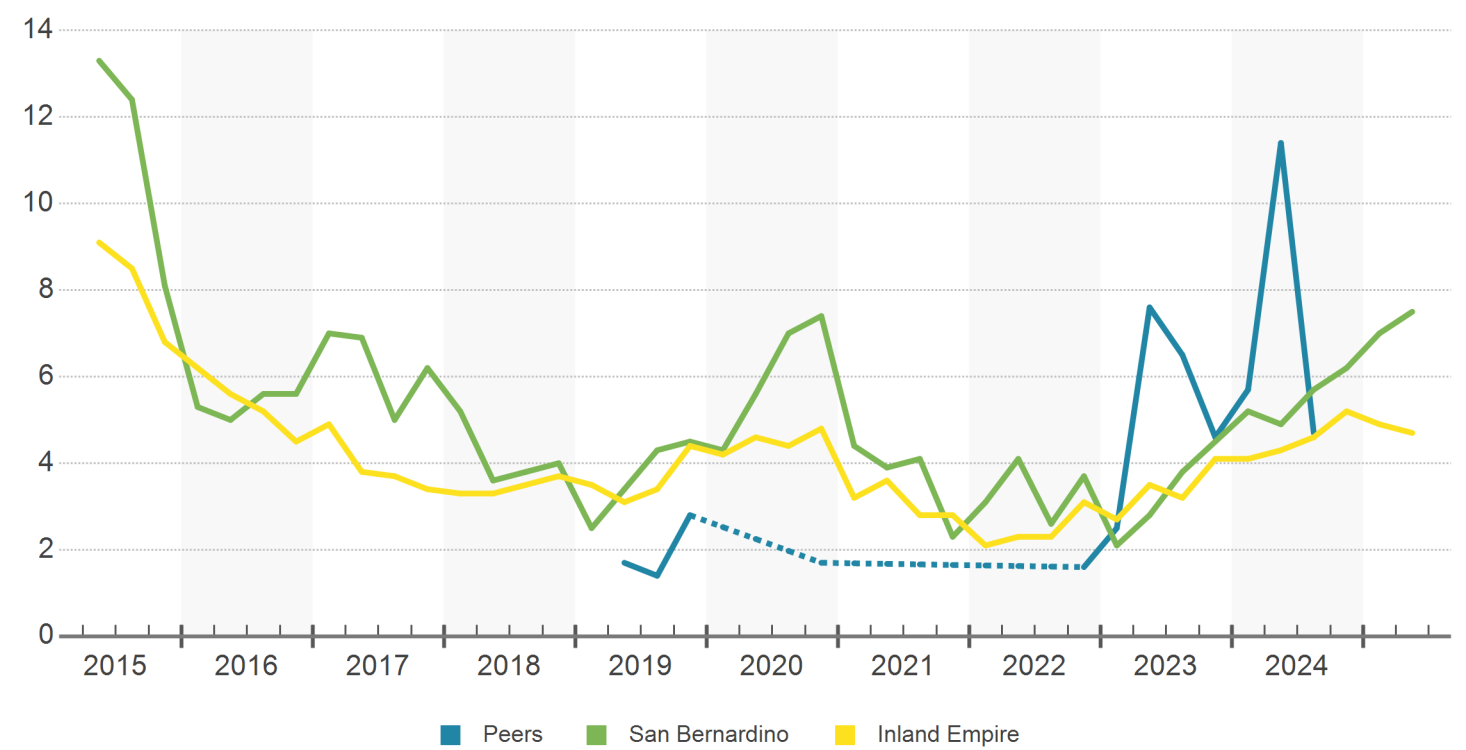
AVAILABILITY RATE



AVAILABILITY RATE

	Subject		Peers		San Bernardino		Inland Empire	
	Availability	Trend (YOY)	Availability	Trend (YOY)	Availability	Trend (YOY)	Availability	Trend (YOY)
2019	8.8%	-19.1%	5.8%	5.8%	10.0%	-2%	5.9%	-0.8%
2020	18.6%	9.8%	0.8%	-5%	5.4%	-4.6%	5.0%	-1%
2021	27.4%	8.8%	6.7%	5.9%	2.1%	-3.3%	3.2%	-1.7%
2022	18.6%	-8.8%	18.2%	11.5%	4.4%	2.2%	5.8%	2.6%
2023	6.7%	-11.9%	18.2%	0%	10.5%	6.1%	9.9%	4.1%
2024	0%	-6.7%	0%	-18.2%	12.9%	2.4%	11.3%	1.4%
2025 YTD	0%	-25.2%	0%	-3.3%	-	-	-	-

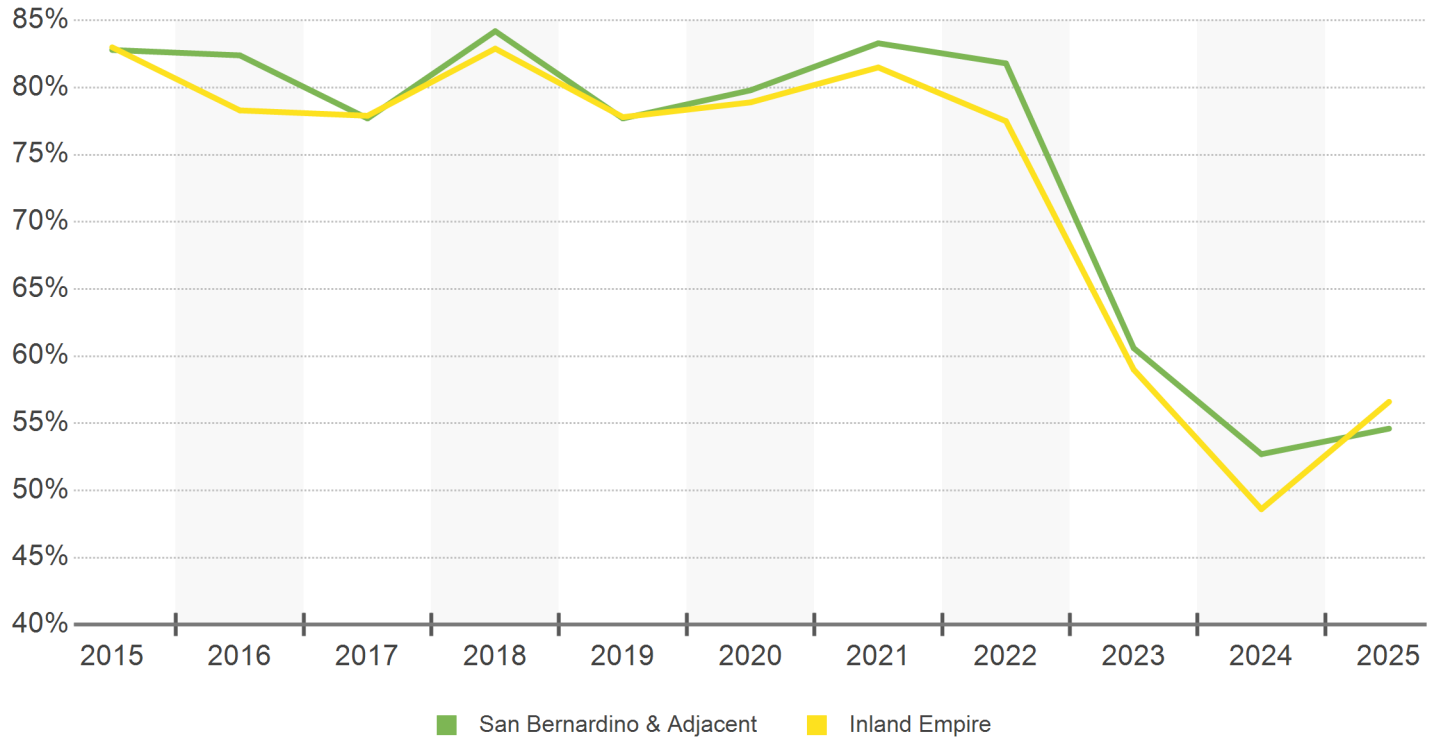
MEDIAN MONTHS ON MARKET



MEDIAN MONTHS ON MARKET

	Peers	San Bernardino	Inland Empire
2015	-	11.5	8.4
2016	-	5.4	5.4
2017	-	6.3	4.0
2018	-	4.2	3.5
2019	-	3.7	3.6
2020	-	6.0	4.5
2021	-	3.7	3.1
2022	-	3.4	2.5
2023	4.6	3.3	3.4
2024	5.7	5.5	4.5
2025	-	7.3	4.8

RENEWAL RATES



RENEWAL RATES

	San Bernardino & Adjacent	Inland Empire
2015	82.8%	83.0%
2016	82.4%	78.3%
2017	77.7%	77.9%
2018	84.2%	82.9%
2019	77.7%	77.8%
2020	79.8%	78.9%
2021	83.3%	81.5%
2022	81.8%	77.5%
2023	60.6%	59.0%
2024	52.7%	48.6%
2025	54.6%	56.6%

INLAND EMPIRE RENT TRENDS

Inland Empire industrial rents are falling due to elevated vacancy and a deluge of discounted sublease space flooding the market. As reflected in the daily asking rent per SF chart, weighted-average average asking rents have declined by roughly 19% from peak levels. In combination with elevated concessions, brokers have noted that effective rental rates are up to 25% lower depending on location, size, and vintage, with rents on the East side of the market down more severely.

Landlords are often offering several months of free rent. In an extreme example, in September 2024, Dollar Tree received seven months free on a 3.5-year lease for 212,000 SF at 6237 Cajon Blvd in San Bernardino, a new build that had sat vacant for several quarters. The effective rent on the lease was \$9.84/SF, triple-net, or \$0.82/SF monthly.

Sublease space still accounts for an elevated 20% share of total availability in the market and has pressured rents lower as it comes at a discount of more than 20% compared to directly listed space. Several logistics buildings from 100,000 SF to 500,000 SF are available for sublet between \$10/SF and \$13/SF. For example, 6335 Sycamore Canyon Boulevard in Riverside, a 413,000 SF building built in 2008, is listed for sublease through 2028 at an asking rent of \$11.40/SF, full-service.

The blended rate type market rent is \$12.40/SF, roughly 20% above the national average. However, that spread increases to over 50% for large logistics buildings of over 250,000 SF, which typically command rents between \$12/SF and \$15/SF, triple-net. For example, Western Post

SAN BERNARDINO RENT TRENDS

Average asking rents across the Inland Empire have declined approximately 20% from peak levels reached in 2023 and are on a downward trajectory as market availability rises. According to market participants, landlords willing to cut rates to secure tenants have lowered effective rents by 30% or more. Landlords are adjusting to weaker market conditions and have increased concessions, often offering several months of free rent.

For example, in September 2024, Dollar Tree received seven months free on a 3.5-year lease for 212,000 SF at 6237 Cajon Blvd, a new build developed by San Diego-based Westcore that had sat vacant for several quarters. The effective rent on the lease was \$9.84/SF, triple-net, or \$0.82/SF monthly.

Since San Bernardino's inventory is highly skewed toward

leased a 928,000 SF building in Rialto for 10 years at an effective rate of \$13.32/SF annually, or \$1.11/SF monthly, triple net, including 8 months of free rent. Also in Rialto, in April 2024, Miss G Trading leased a 176,000 SF building for 7 years at an effective rent of \$13.20/SF, triple net.

Rialto is on the cheaper east side of the market. Geographically, rents are higher closer to the ports, in west Inland Empire cities with large blue-collar workforces. Representing the higher end rents, FedEx leased a 2002-built 102,400-SF building in Ontario in May 2024 for 7 years at an effective rate of \$21.72/SF triple-net in January 2024. Four months of free rent were included in the deal. In Chino, next to LA, Impressions Vanity leased 103,000 SF at an effective rent of \$15.12/SF, triple net, and Chemcor Chemical leased 35,000 SF for \$16.68/SF, triple net, in June 2024.

Landlords are facing both supply and demand-side pressures. A wave of new inventory has reached completion, and tenants are vacating older industrial buildings. Rents are still falling heading into 2025 but are forecast to resume an upward before 2026 as stronger demand and a slowdown in completions drive vacancy lower again.

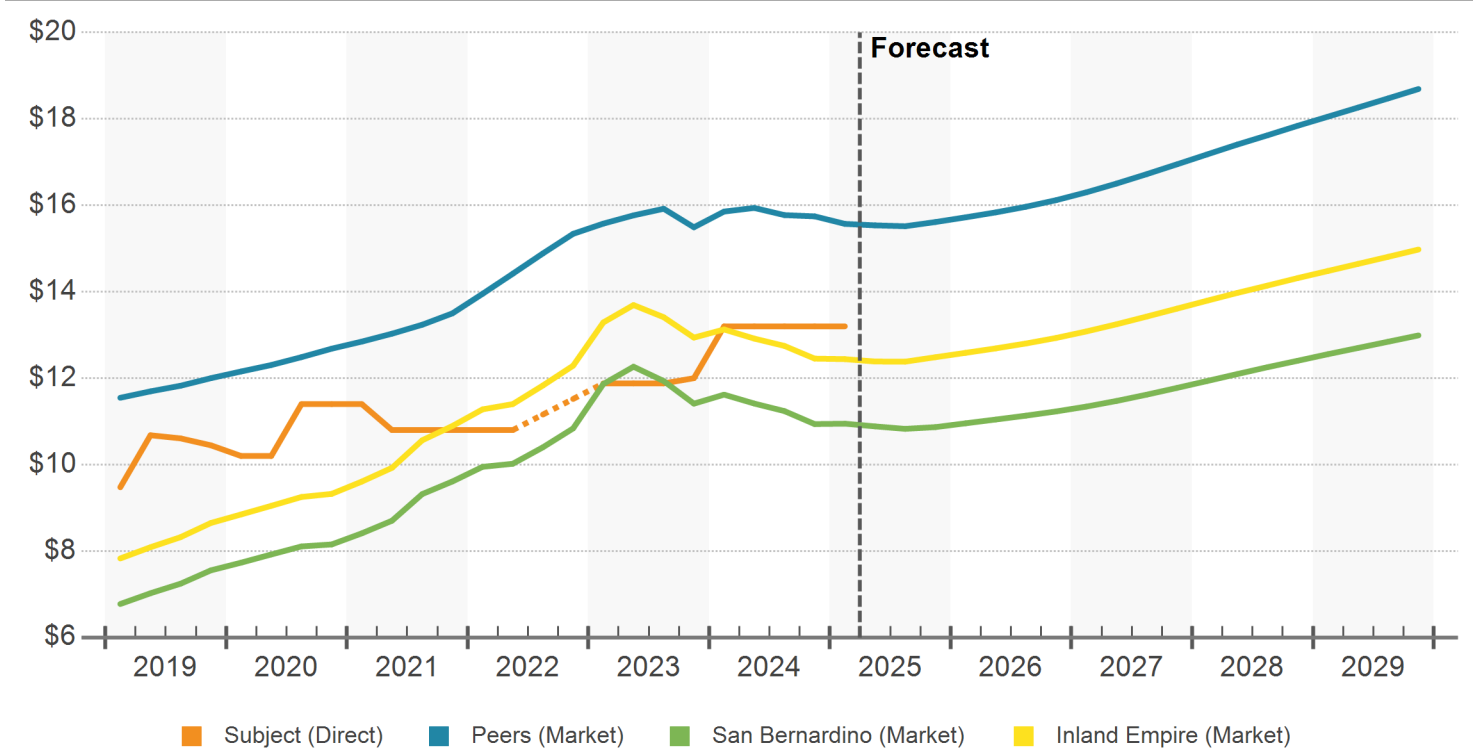
Despite the recent downturn in rents over the past year, tenants still face significant rent hikes upon lease expiration due to robust market rent exceeding 5% nearly every year over the past decade until late. Market rents are still 30% higher compared to five years ago, 70% higher than 7 years ago, and have easily doubled over the past decade.

large warehouses where economies of scale produce lower rents per SF, average rent levels rank among the lowest in the Inland Empire. The size-weighted, blended rent type average for the submarket is currently \$10.90/SF.

Spaces over 10,000 SF typically lease from \$12/SF to \$15/SF. In April 2024, Miss G Trading leased a 176,000-SF building in Rialto for 7 years at an effective rent of \$13.20/SF triple net. In September 2024, Maplegrove Foods leased 10,225 SF at 27 23 S Vista Ave in Rialto for 3 years at a \$14.40/SF, modified gross starting grate.

Due to robust rent growth during the 2010s expansion cycle and pandemic-era spike, many tenants face dramatic rent increases upon lease expiration. Even withstanding the recent downturn, market rents are still more than 30% higher than five years ago.

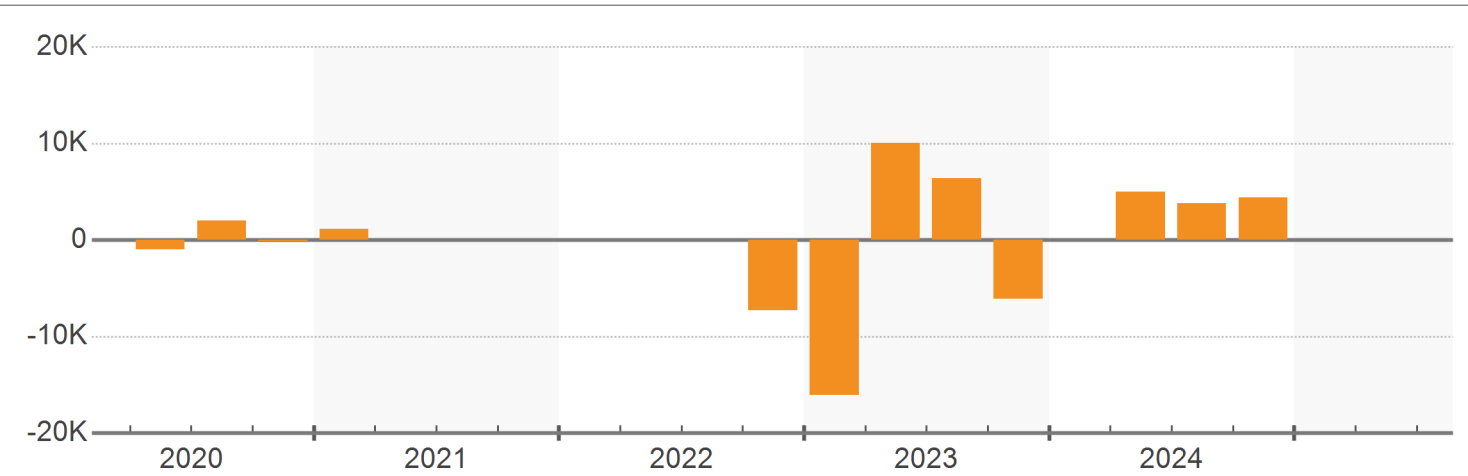
ASKING RENT PER SQUARE FOOT



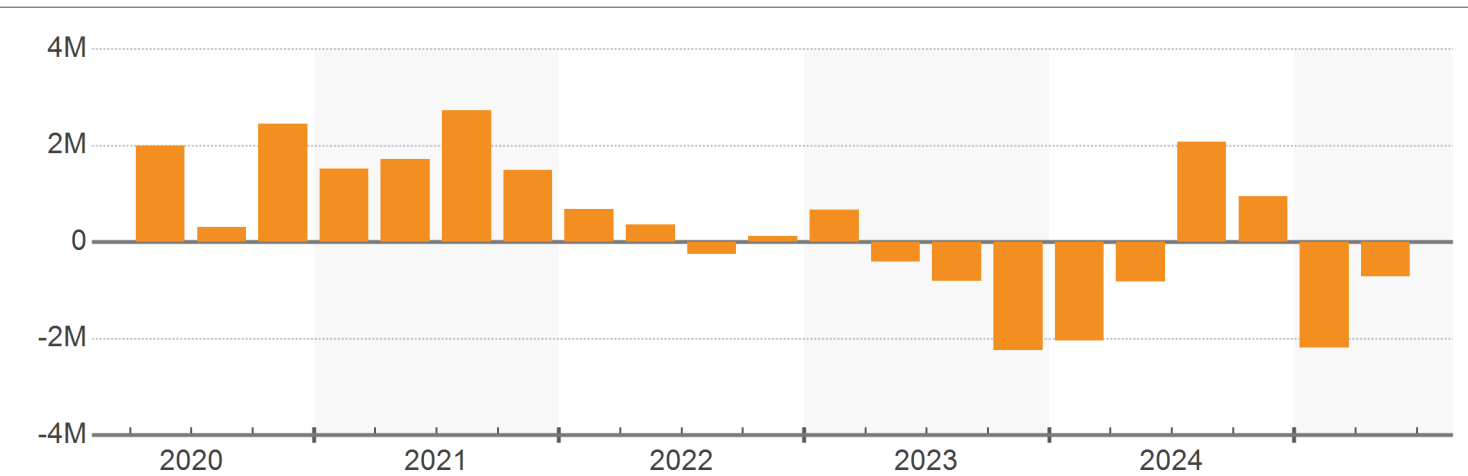
ASKING RENT PER SQUARE FOOT

	Subject		Peers		San Bernardino		Inland Empire	
	Direct Rent	Trend (YOY)	Market Asking Rent	Trend (YOY)	Market Asking Rent	Trend (YOY)	Market Asking Rent	Trend (YOY)
2019	\$10.45	10.2%	\$12.00	5.3%	\$7.55	11.5%	\$8.65	10.8%
2020	\$11.40	9.1%	\$12.68	5.7%	\$8.15	7.9%	\$9.32	7.8%
2021	\$10.80	-5.3%	\$13.50	6.4%	\$9.61	17.9%	\$10.89	16.8%
2022	-	-	\$15.34	13.6%	\$10.84	12.8%	\$12.29	12.8%
2023	\$12.00	-	\$15.49	1%	\$11.41	5.3%	\$12.94	5.3%
2024	\$13.20	10%	\$15.74	1.6%	\$10.94	-4.1%	\$12.45	-3.8%
YTD	-	-	\$15.54	-1.3%	\$10.89	-0.5%	\$12.39	-0.5%
2025	Forecast >		\$15.61	-0.8%	\$10.96	0.2%	\$12.49	0.3%
2026			\$16.12	3.2%	\$11.34	3.5%	\$12.93	3.6%
2027			\$16.95	5.1%	\$11.93	5.2%	\$13.61	5.2%
2028			\$17.84	5.3%	\$12.56	5.2%	\$14.32	5.2%
2029			\$18.69	4.8%	\$13.14	4.6%	\$14.98	4.6%

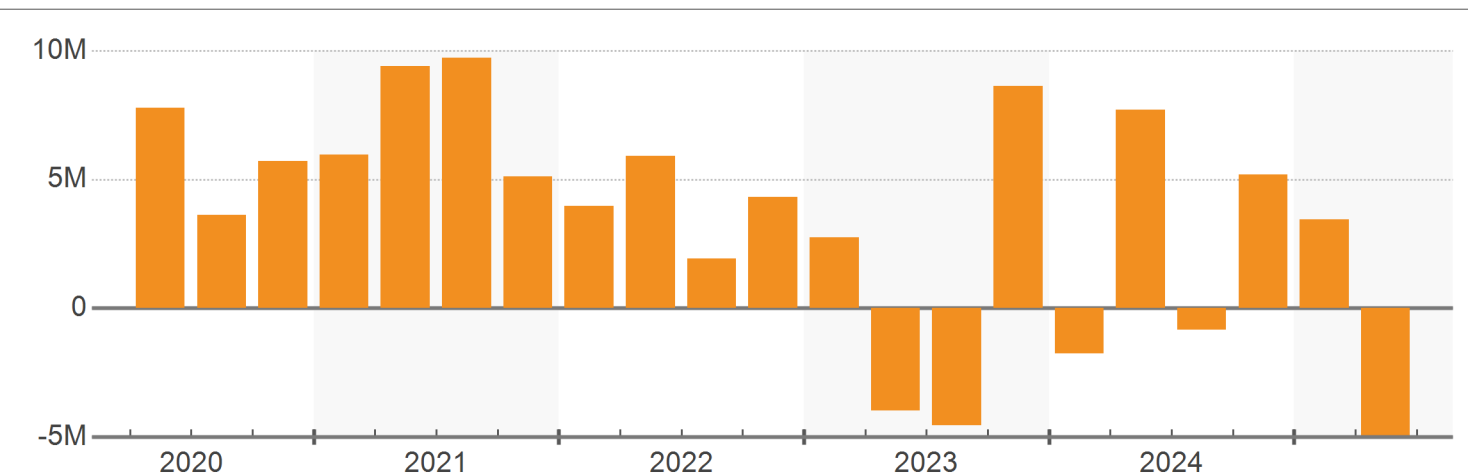
NET ABSORPTION IN PEERS IN SQUARE FEET



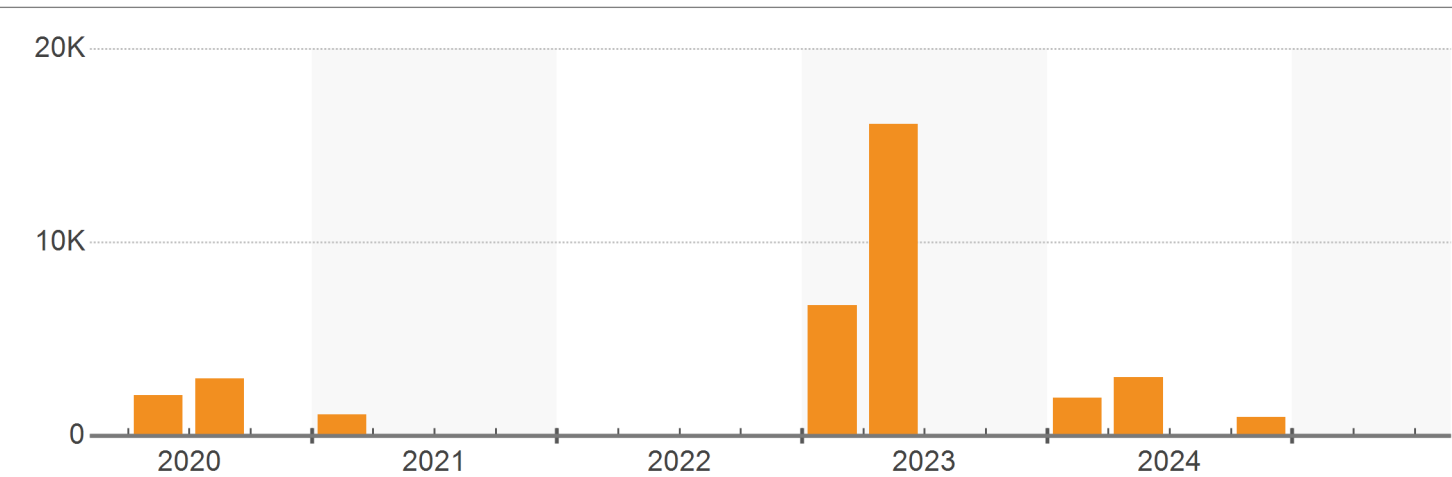
NET ABSORPTION IN SAN BERNARDINO SUBMARKET IN SQUARE FEET



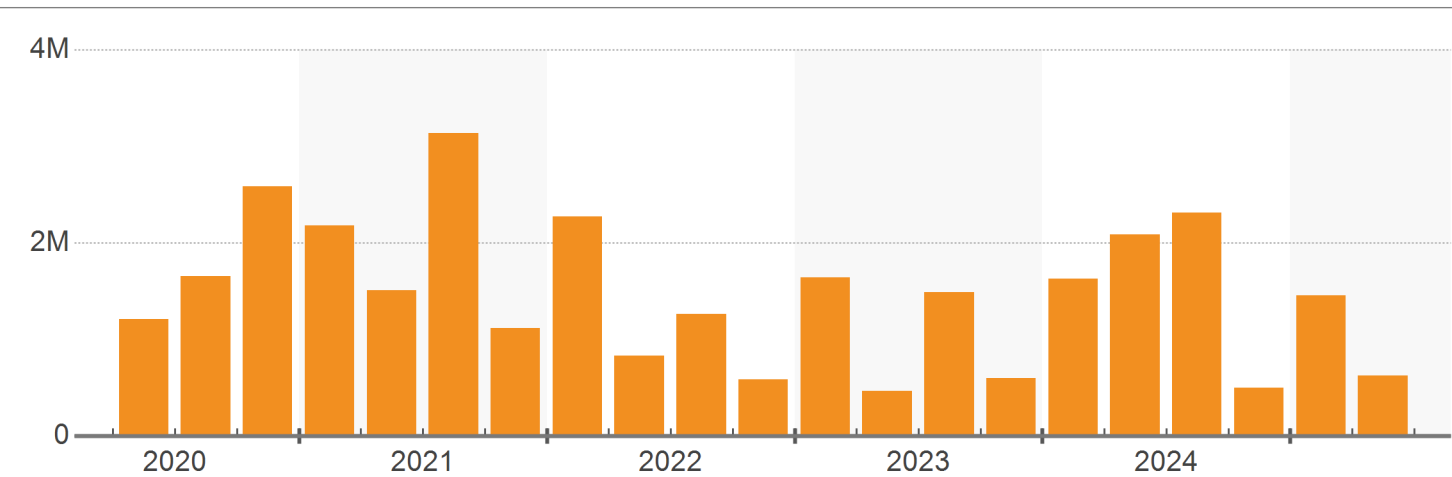
NET ABSORPTION IN INLAND EMPIRE IN SQUARE FEET



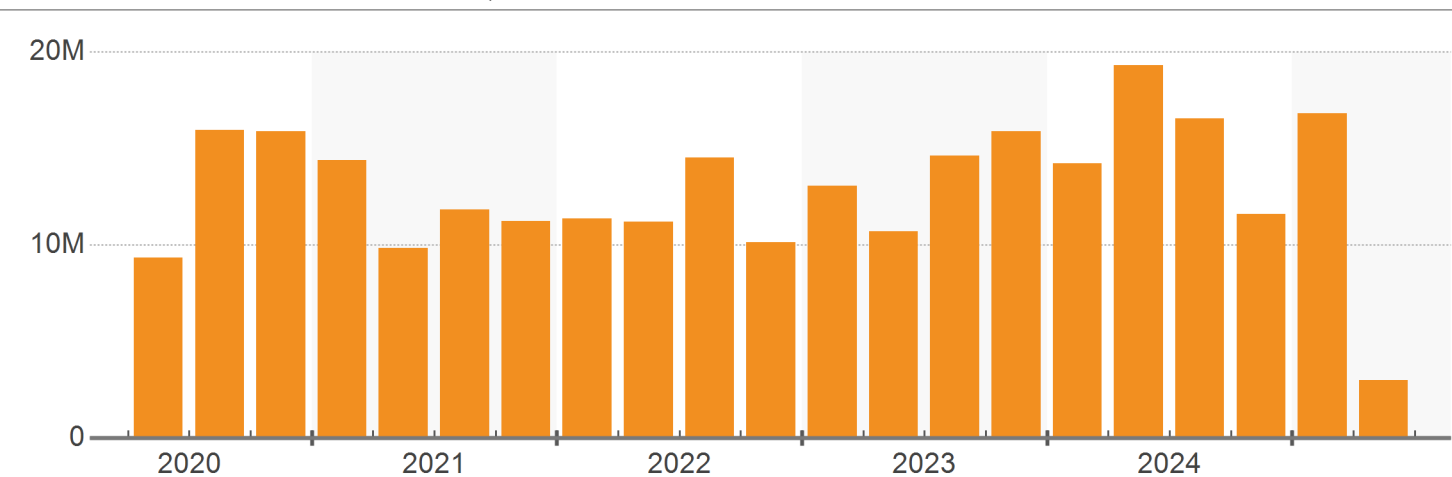
LEASING ACTIVITY IN PEERS IN SQUARE FEET



LEASING ACTIVITY IN SAN BERNARDINO SUBMARKET IN SQUARE FEET



LEASING ACTIVITY IN INLAND EMPIRE IN SQUARE FEET



SUBLEASE SPACE AVAILABLE IN INLAND EMPIRE IN SQUARE FEET

