Market Summary

930 S Mount Vernon Ave

36,347 Sq ft Industrial Service

CoStar™

San Bernardino Submarket Summary

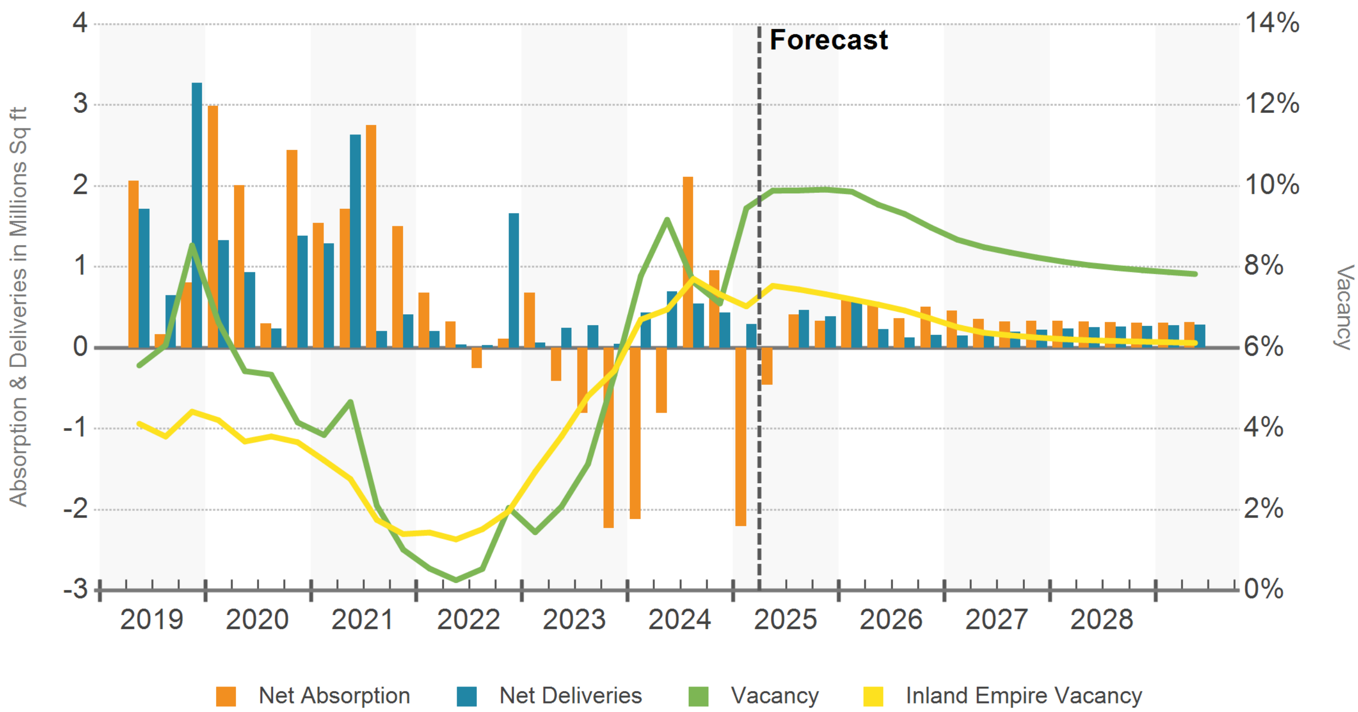
Primarily driven by tenant occupancy loss, industrial vacancy in San Bernardino rose from an all-time low of under 0.5% in mid-2022 to a peak of 10.1% in 2024 before subsiding in the second half of the year. Vacancy currently registers 10.1% as of the second quarter of 2025.

Only a few of the smaller buildings under construction in the submarket are preleased, amounting to less than 5% of the 1.8 million SF total. As a result, space availability, which includes space under construction, is elevated significantly above vacancy at 13.8%.

Construction sites are scattered across the submarket, from Bloomington to the Gateway development in San Bernardino near the airport and north towards the Cajon Pass, where the I-15 and I-215 meet in Fontana. Although there is ongoing development in the area, it was much more prevalent during the 2010s economic expansion period, and more recently, several cities within the submarket have passed ordinances pausing additional industrial construction.

Average asking rents in Riverside and across the Inland Empire have declined by approximately 20% from peak levels reached in 2023 and are on a downward trajectory due to elevated availability. Landlords are adjusting to weaker market conditions and have increased concessions, often offering several months of free rent.

NET ABSORPTION, NET DELIVERIES & VACANCY



Inland Empire Market Summary

Following a sharp rise that lasted for more than two years, industrial vacancy in the Inland Empire ticked lower in the fourth quarter of 2024. Net absorption jumped back into positive territory totaling 5 million SF, and outpaced moderate supply growth. Vacancy measures 7.7% as of the second quarter of 2025, uncharacteristically trending higher than the national average following the record expansion.

A wave of new supply has pressured vacancies higher. Nearly 60 million SF of new industrial space has been completed since 2023, over 30% of which is still available for lease. Meanwhile, trailing 12-month net absorption of 8.0 million SF, compared to the prior 10-year average of 19.8 million SF, was weighed down by large distribution center closures by third-party logistics firms, including Maersk-owned Performance Team, NFI Industries, and Distribution Alternatives.

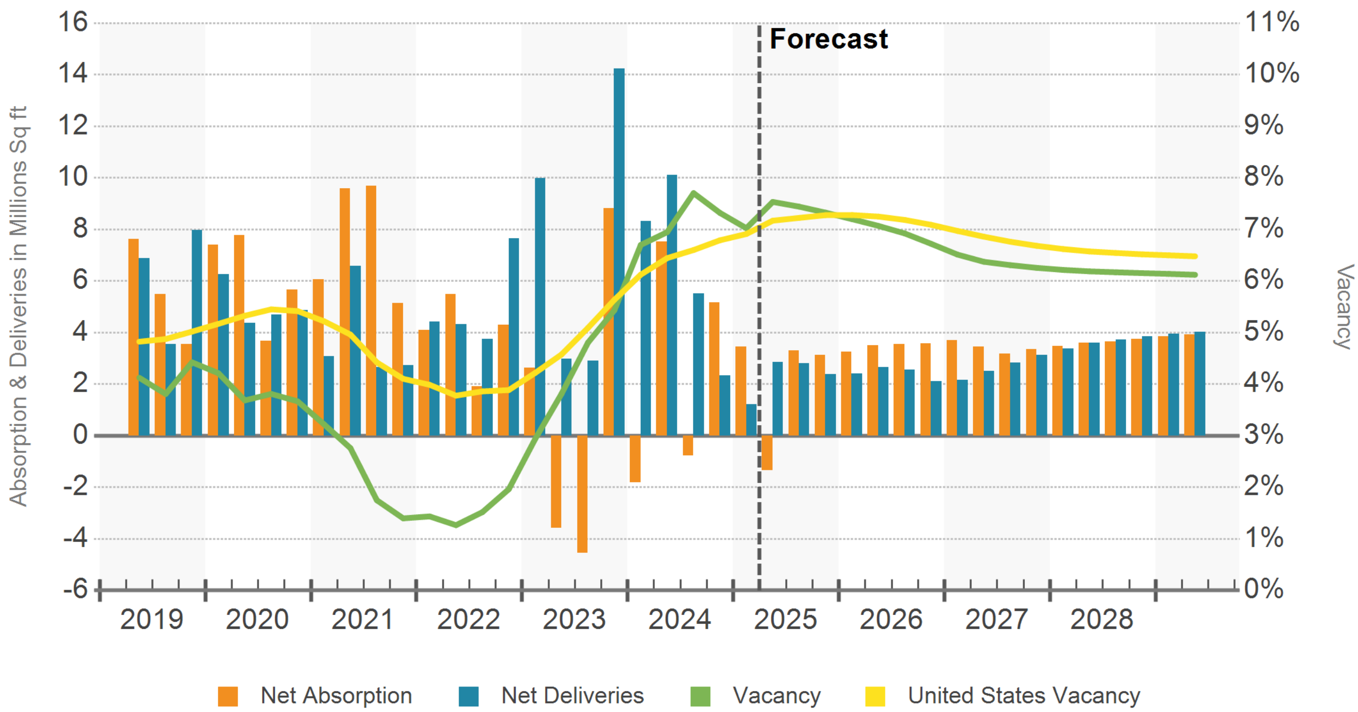
However, consumer spending growth has ramped back up, and U.S. businesses are padding inventories, resulting in growing imports to the nearby ports of Long Beach and Los Angeles, which finally recovered to peak 2021-22 levels in the second half of 2024. In turn, new industrial leasing volume jumped to a record 50 million SF in 2024, although stronger leasing momentum seen in the second and third quarters did not carry into the fourth.

Nevertheless, fourth-quarter leasing was strong enough to outweigh new for-lease listings, breaking a multiple-year rise in availability, which is cresting around 12.0%. Tenant activity reflects stronger economic indicators, portending positive absorption in upcoming quarters. Additionally, the steep drop in construction starts that has been underway since mid-2023 foreshadows moderating supply additions in 2025, potentially as leasing accelerates.

However, tenants moving out of older, less functional buildings will likely apply upward pressure to market vacancy, and some spec developments underway will deliver vacant. Supply will expand by 1.9% when the 14.7 million SF currently under construction, about 25% of which is preleased, is completed.

Asking rents have fallen nearly 20% due to rising vacancy and a deluge of discounted sublease space flooding the market, which still accounts for 20% of total availability. Additionally, landlords are offering lease concessions. One to several months of free rent is common for new, larger-sized leases of 5 years or longer. However, the minimal amount of development on track to deliver a year from now and the recent improvement in leasing signals the potential for higher rents in 2025.

NET ABSORPTION, NET DELIVERIES & VACANCY



Inland Empire Economic Summary

The Inland Empire leads Southern California in post-pandemic job growth and has significantly outpaced the national average, with an aggregate gain of over 7% or 114,000 workers. However, the pace of job growth in the market decelerated for a third consecutive year in 2024, to 1.3%, and year over year growth fell nearly to 0% in January 2025, preliminarily according to the U.S. Department of Labor.

Inland Empires' job growth forecast outperforms the national average, based on the continuation of positive trends established over the past decade, but comes in below historical averages. The market is becoming more expensive but still maintains a competitive advantage of affordability, and
recent commercial real estate developments in the high-growth market will provide capacity for additional employment.

Bolstered by e-commerce growth and industrial space development, transportation and warehousing account for the majority of post-pandemic job growth in the metro. Employment in the sector has expanded nearly 30% from pre-pandemic levels to over 200,000 workers. However, it remains below 2022 highs, along with wholesale trade employment.

Due to the market's affordable and abundant land near Southern California's twin ports, most national retailers have established warehouse and distribution centers in the area, and third-party logistics providers expanded alongside them as e-commerce adoption accelerated. The twin ports process roughly a third of all U.S. imports, much of which is transported further inland via rail and highway. Imports rebounded in 2024 after West Coast dock workers ratified a new six-year contract.

Amazon continues to expand at a brisk pace. The e-commerce giant opened its first California fulfillment center in San Bernardino in 2012, expanding to over 40 industrial buildings across the Inland Empire today and becoming the market's largest public company, employing roughly 30,000 local workers.

Now boasting 4.7 million residents, the Inland Empire ranks as the 11th-most populated market in the nation. Employment levels rank slightly lower due to Inland's high proportion of retirees. Attracted to the market's consistently warm weather and affordability, a plethora of retirement communities generate outsized demand for healthcare services and medical-related real estate. Tourism is vibrant in Palm Springs, Big Bear, and Temecula, primarily attracting in-state travelers.

Major cities are concentrated in the southwest portion of the market, lining Interstate 15, which runs northeast to Las Vegas, and Interstate 10, which runs east across the Southern U.S. Roughly within an hour's drive from Los Angeles, Riverside is the largest Inland Empire city with over 310,00 residents, followed by over 200,000 residents in San Bernardino, Fontana, and growing Morena Valley.

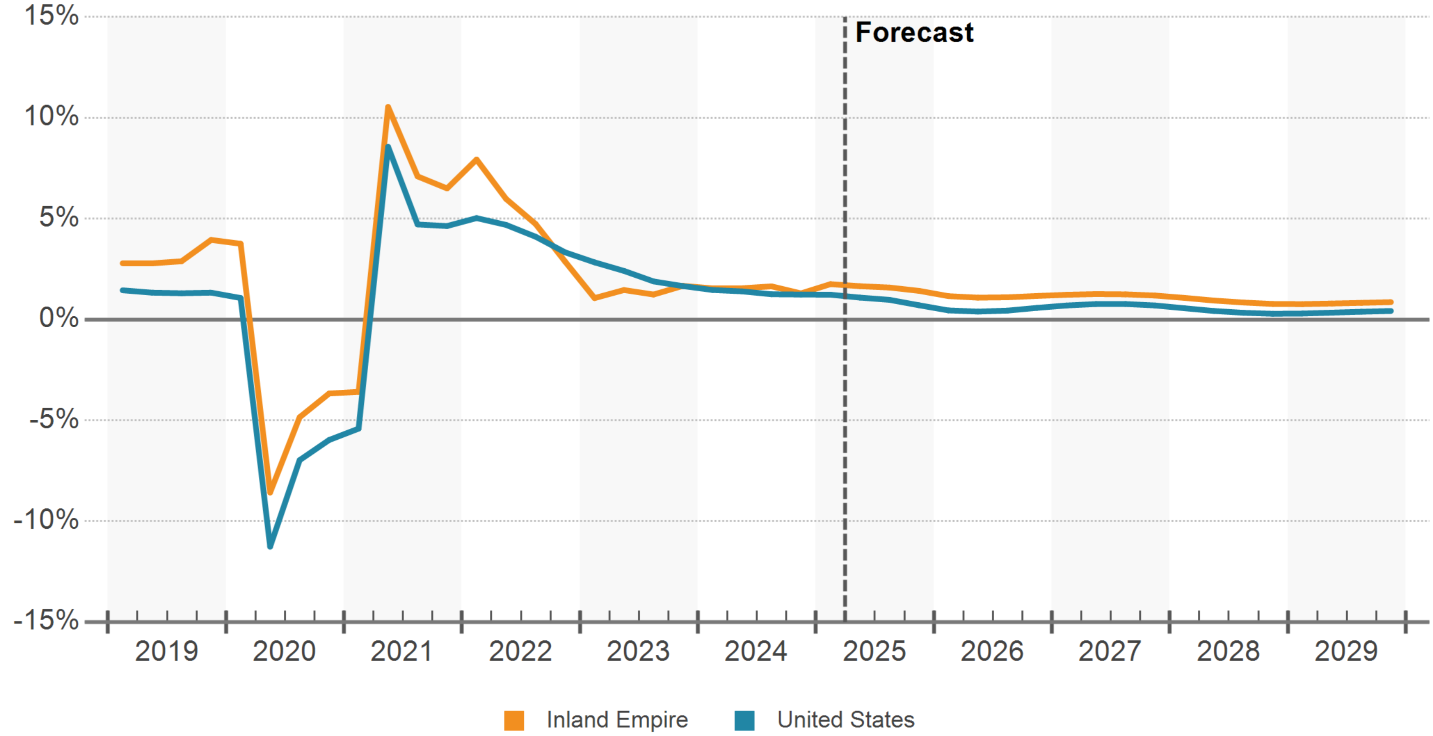
San Bernardino is the largest county by land mass across the continental U.S., spanning over 20,000 square miles from Los Angeles to California's border with Nevada and Arizona. Running east from Orange County, Riverside County adds another 7,200 square miles to the combined Inland Empire market area.

INLAND EMPIRE EMPLOYMENT BY INDUSTRY IN THOUSANDS

	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
Industry	**Jobs**	**LQ**	**Market**	**US**	**Market**	**US**	**Market**	**US**
Trade, Transportation and Utilities	462	1.5	1.82%	0.80%	3.50%	0.89%	0.95%	0.22%
Financial Activities	45	0.4	0.04%	0.93%	0.28%	1.36%	0.17%	0.41%
Natural Resources, Mining and Construction	120	1.2	-1.70%	1.73%	3.51%	2.15%	0.96%	0.66%
Professional and Business Services	163	0.7	-0.50%	-0.32%	1.40%	1.42%	0.57%	0.64%
Leisure and Hospitality	187	1.0	1.92%	1.39%	2.22%	1.26%	1.63%	1.11%
Leisure and Hospitality	187	1.0	1.92%	1.39%	2.22%	1.26%	1.63%	1.11%
Total Employment	**1,727**	**1.0**	**1.72%**	**1.18%**	**2.64%**	**1.23%**	**1.01%**	**0.48%**

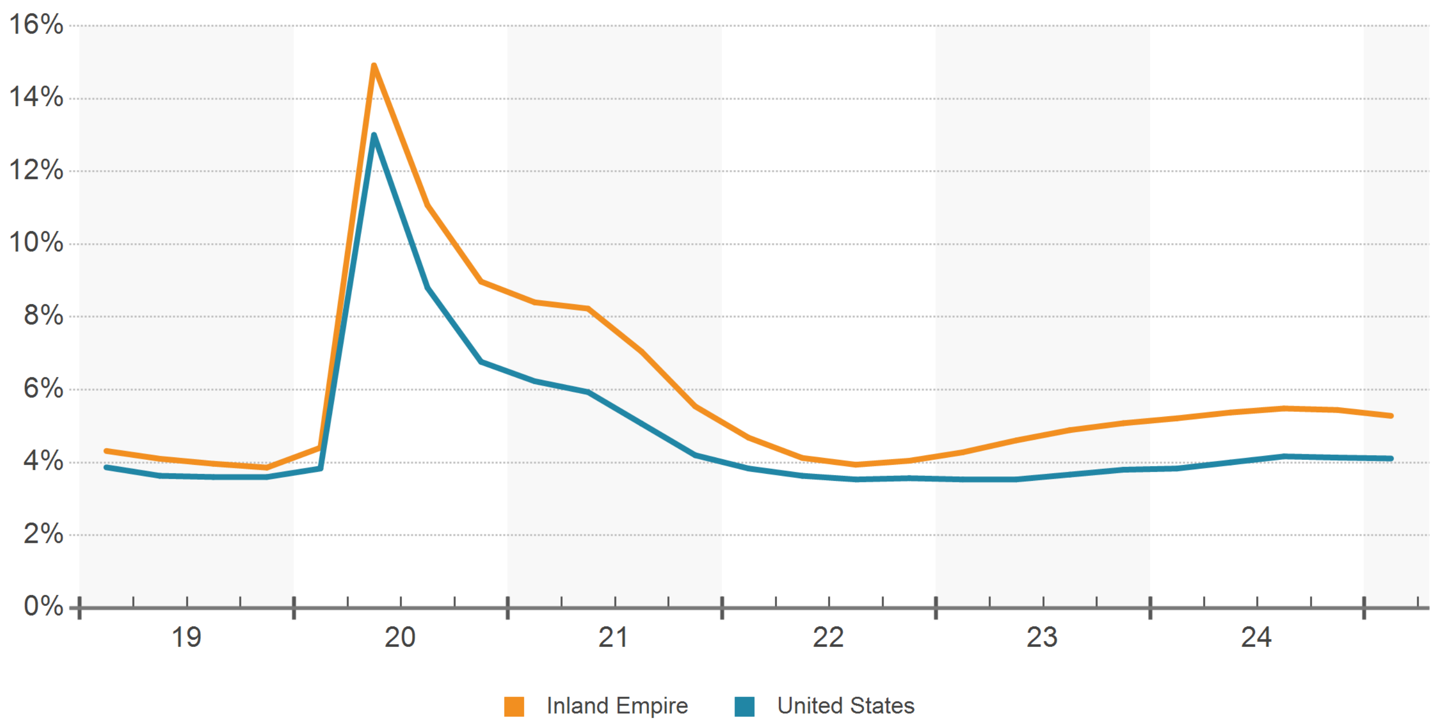
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)



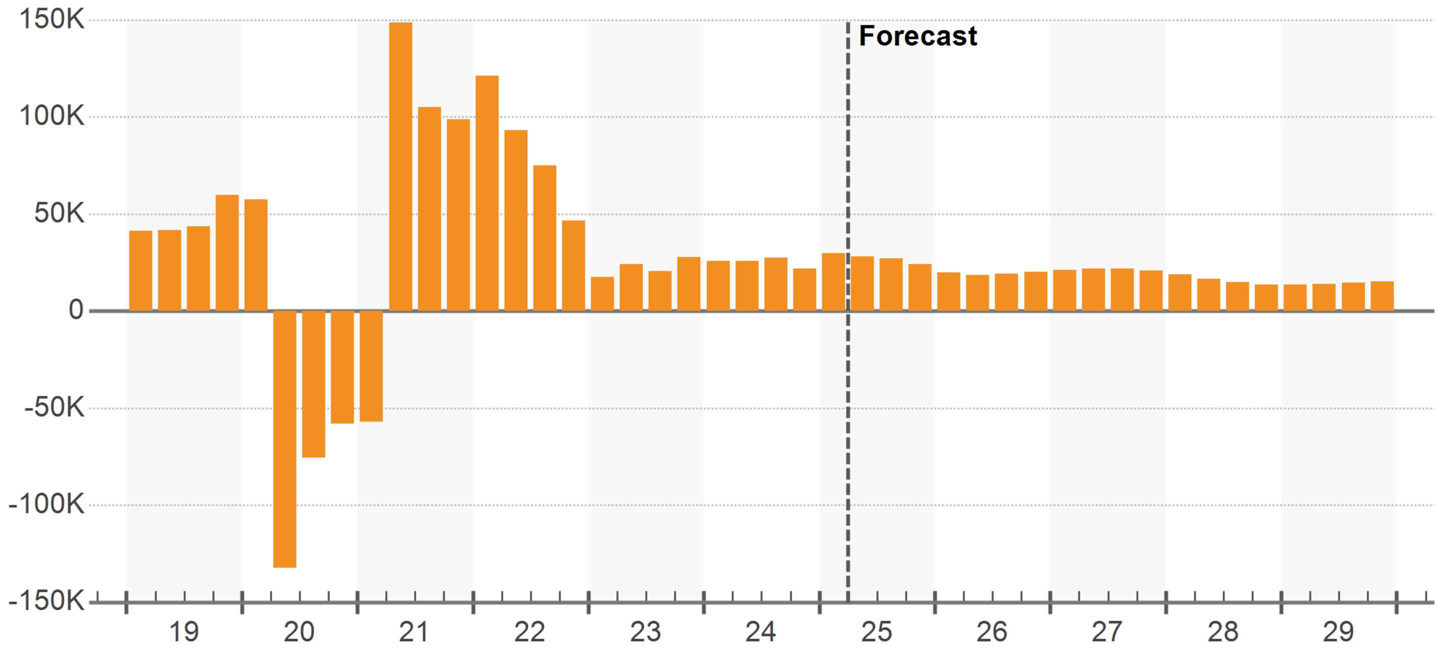
Source: Oxford Economics

UNEMPLOYMENT RATE (%)

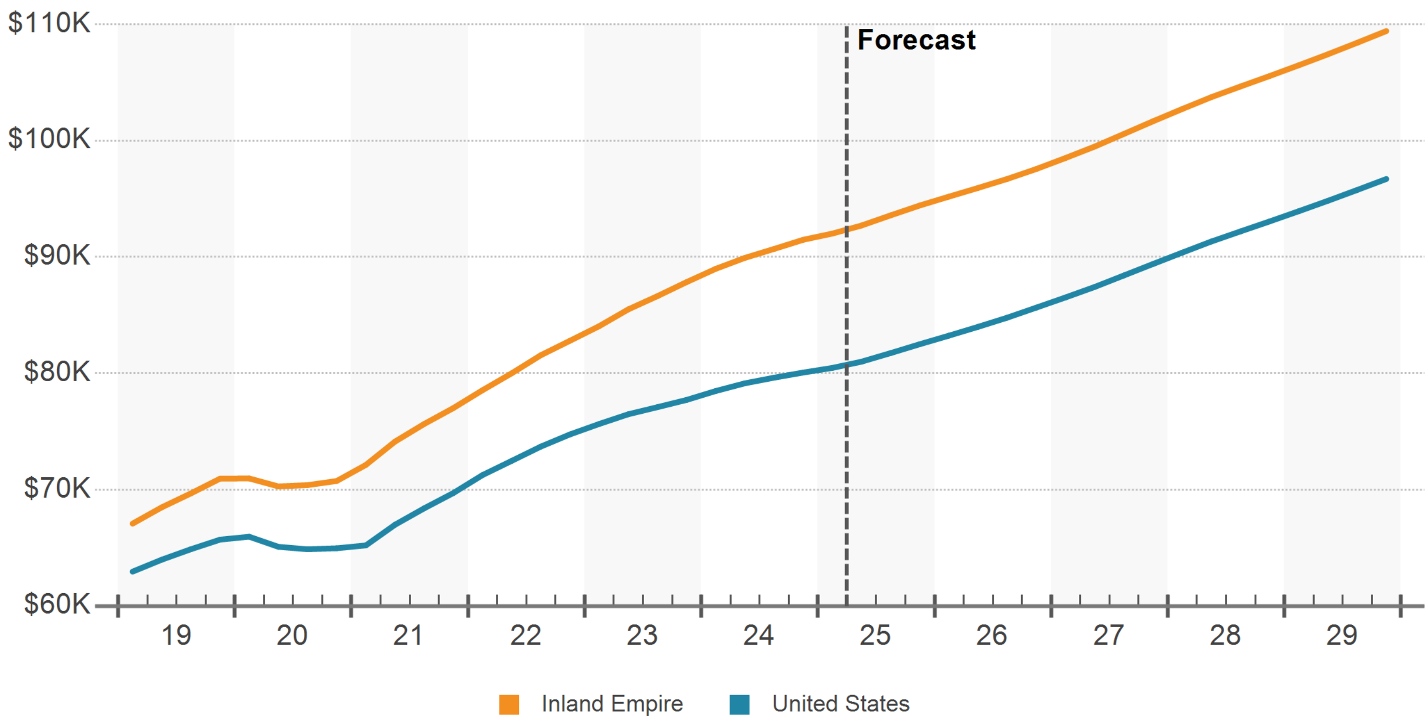


Inland Empire Economic Summary

NET EMPLOYMENT CHANGE (YOY)

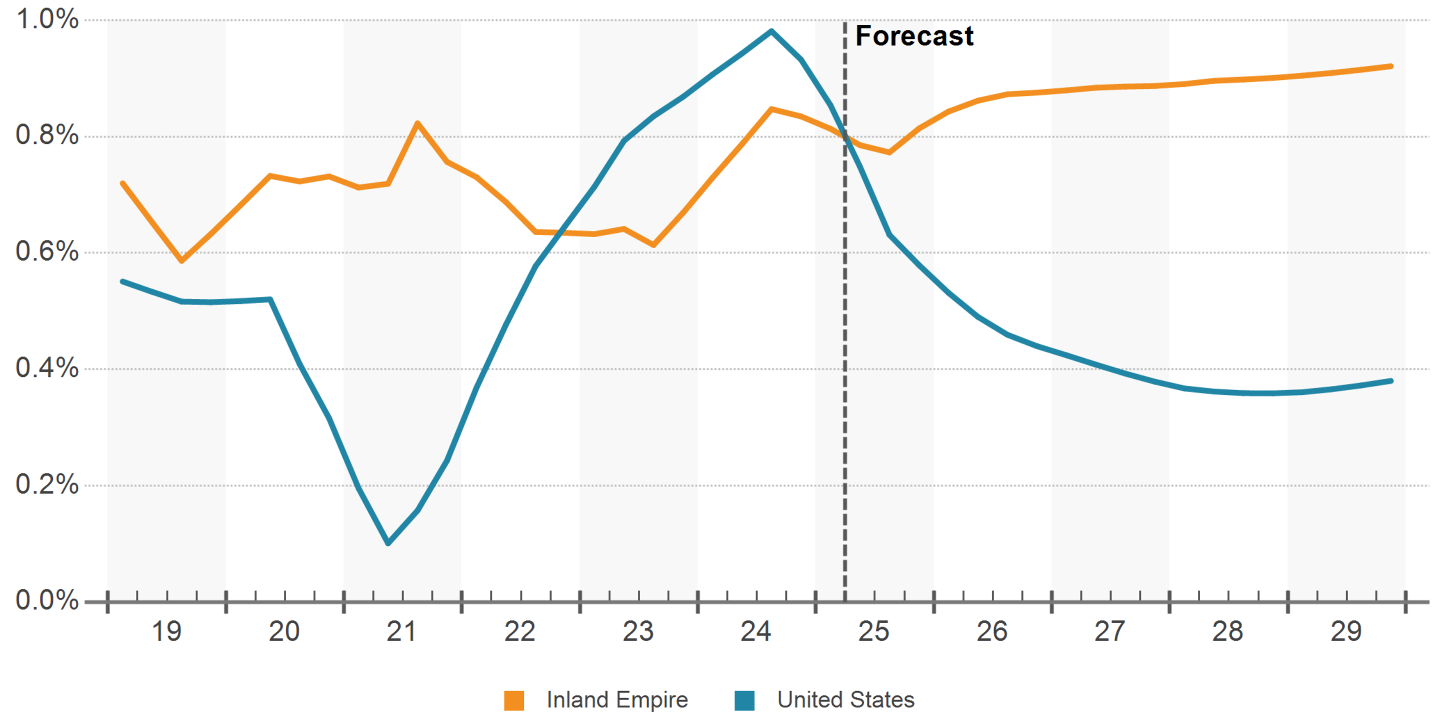


MEDIAN HOUSEHOLD INCOME

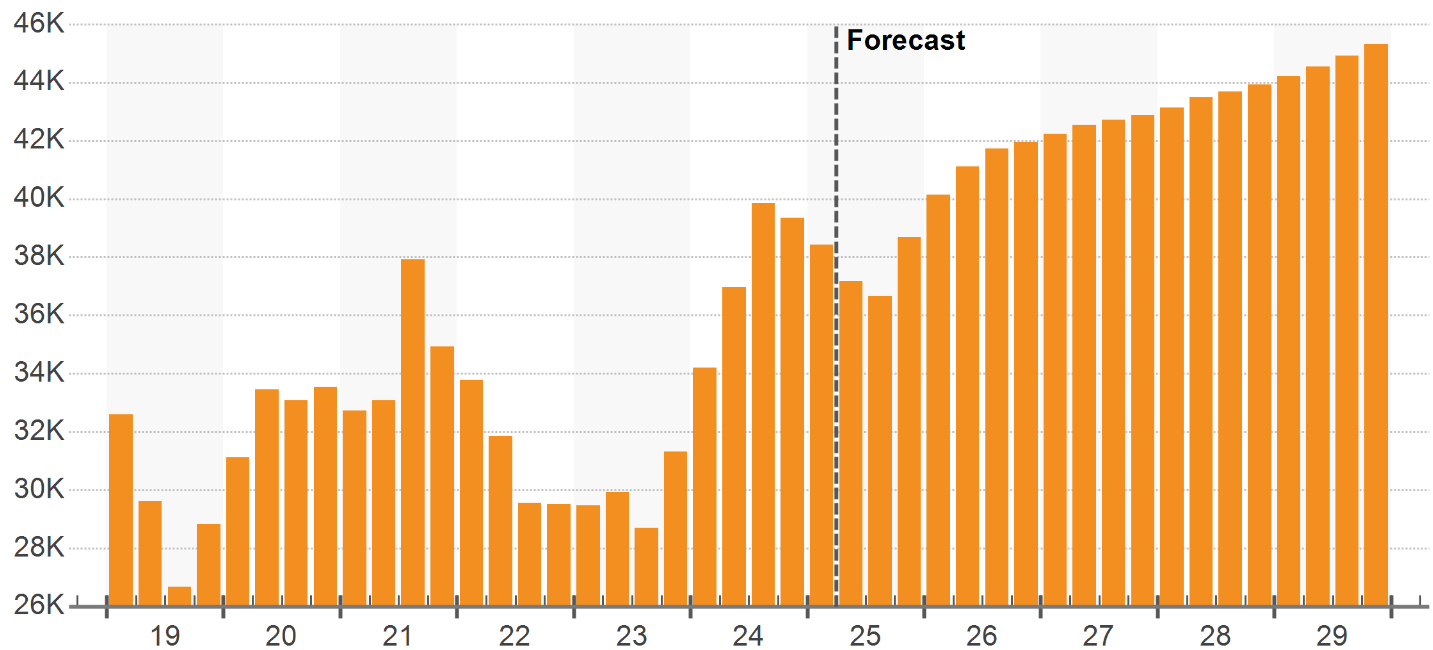


Inland Empire Economic Summary

POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)



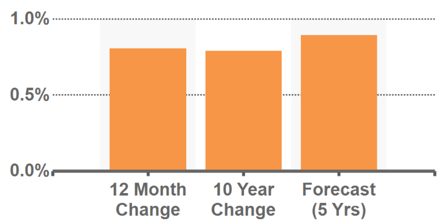
Inland Empire Economic Summary

DEMOGRAPHIC TRENDS

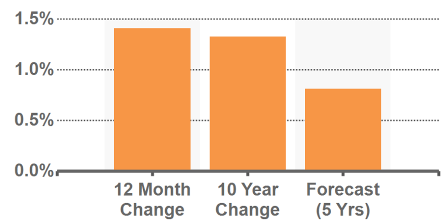
	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
Demographic Category	**Metro**	**US**	**Metro**	**US**	**Metro**	**US**	**Metro**	**US**
Population	4,764,467	341,427,719	0.8%	0.8%	0.8%	0.6%	0.9%	0.4%
Households	1,502,076	134,185,625	1.0%	1.0%	0.9%	1.0%	1.0%	0.5%
Median Household Income	$92,229	$80,636	3.3%	2.5%	5.3%	4.0%	3.7%	4.0%
Labour Force	2,207,912	170,544,609	1.4%	1.7%	1.3%	0.8%	0.8%	0.3%
Unemployment	5.3%	4.1%	0%	0.2%	-0.2%	-0.1%	-	-

Source: Oxford Economics

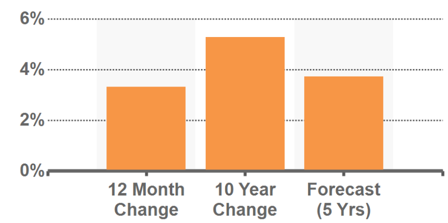
POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics