

Q4

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INLAND EMPIRE
Industrial Market Report



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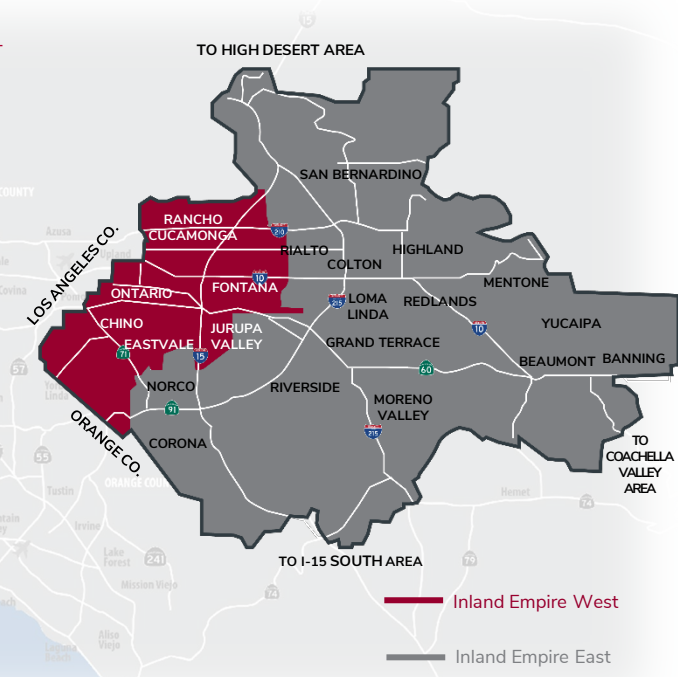
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INLAND EMPIRE INDUSTRIAL MARKET

After eclipsing six hundred million square feet of inventory in the 3rd quarter of 2020, the Inland Empire industrial market finished the year with an outstanding ± 26.6 million square feet of net absorption, in competition with 2019's record high ± 30.6 million square feet. Despite the economic shutdown, e-commerce related industrial demand surged and was the primary driver for activity with expectancy to continue the trend through 2021. Gross absorption stood at the highest it has been at ± 97.7 million square feet from strong renewal activity and expansions driven by e-commerce and logistics companies, boosting the already thriving Inland Empire industrial market. Although construction remained near record levels through the 4th quarter, many projects have been pushed back, maintaining tight inventory while development activity starting to increase once again. Over ± 4.8 million square feet of class "A" industrial product completed construction this quarter, standing at ± 20.6 million square feet compared to 2019's ± 19.6 million square feet construction completion.

Gross activity surpassed the year-end total for 2019, standing at ± 97.7 million square feet transacted. Some notable Inland Empire lease deals include: Unilever with $\pm 1,289,302$ square feet at Enterprise Industrial Park in Rialto; Restoration Hardware with $\pm 1,000,930$ square feet at Colony Commerce Center East – Building 9 in Ontario; Custom Goods with $\pm 886,055$ square feet at 11640 Harrel Street in Jurupa Valley; Geodis Logistics with $\pm 809,338$ square feet at Redlands Distribution Center – Building 14 in Redlands; Ingram Micro with $\pm 800,260$ square feet at 12510 Micro Drive in Eastvale. These five deals total over ± 4.7 million square feet of lease activity in the 4th quarter alone.

The Inland Empire Industrial market remained tight with vacancy level at 1.72%, lower than last quarter's 2.23%. The overall availability rate in the Inland Empire remained competitive at 5.61%.



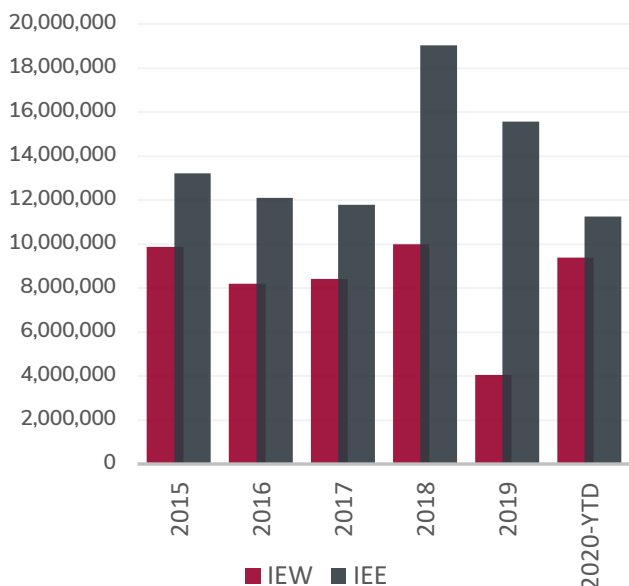
INLAND EMPIRE MARKET SNAPSHOT

610,408,410 SF BASE INVENTORY	34,234,479 SF (5.61%) AVAILABLE	10,507,611 SF (1.72%) VACANT	26,601,380 SF 2020 YTD NET ABSORPTION*	97,739,575 SF 2020 YTD GROSS ACTIVITY**	\$0.778 NNN ASKING LEASE RATES	20,637,612 SF 2020 YTD CONSTRUCTION COMPLETED
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*Net absorption can be calculated as the increase/decrease in vacant space in addition to Construction Completions

**Gross activity includes new and renewal leases, subleases, and both user and investment sales

CONSTRUCTION COMPLETIONS – BY YEAR



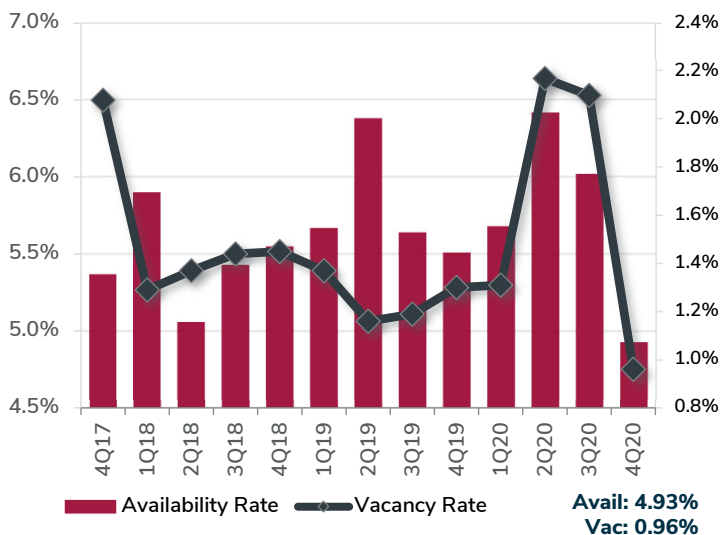
INLAND EMPIRE WEST SUBMARKET

The Inland Empire West's (IEW) availability remained tight from the previous quarter 6.02% to 4.93% this quarter. Vacancy levels dropped from 3rd quarter 2019's 2.10% to 0.96%. With continued demand from e-commerce for warehouses and distribution properties, vacancy continues to tighten and solidifying the IEW as a premier industrial and logistics hub. This activity has not only fueled leasing demand but has also driven asking lease rates at its highest to \$0.820 NNN. IEW continues the positive net absorption through the 4th quarter standing at $\pm 4,947,720$ square feet, surpassing year end net absorption for 2019 at ± 4.3 million square feet. The IEW led the way with a strong amount of gross activity this quarter at over ± 18.7 million square feet, with the highest recorded quarter in the IEW from several notable deals from tenants such as: Restoration Hardware, Custom Goods, Ingram Micro, US Elogistics Services and Distribution Alternatives. The West submarket had $\pm 1,286,307$ square feet Class "A" completed construction this quarter. Another 65 buildings totaling $\pm 8,849,513$ square feet are currently under construction.

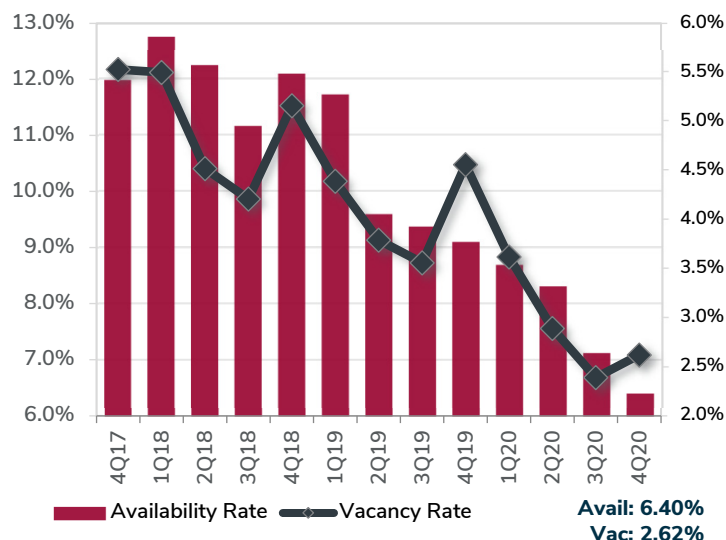
INLAND EMPIRE EAST SUBMARKET

The Inland Empire East's (IEE) availability remains the tightest it has been, currently at 6.40 % compared to the previous quarter 7.12%. Vacancy remained competitive to last quarter's 2.39% to 2.62%, due to a shift in demand towards logistics and e-commerce companies. Asking lease rates continue to increase by 9.8% to \$0.756 NNN, compared to 3rd quarter 2020 at \$0.688 NNN. The IEE continued with a strong amount of net absorption at ± 2.8 million square feet for the quarter. The IEE had a robust amount of gross activity this quarter at over ± 14.3 million square feet from strong renewal and expansion activity. This activity was due to several notable deals from tenants such as: Unilever, Geodis Logistics, Living Spaces, American Building Supply and ICON Health & Fitness. Demand for industrial space in the East submarket has been resilient and another $\pm 3,541,944$ square feet completed this quarter to accommodate the large big-box distribution facilities. Another 63 buildings totaling $\pm 9,685,953$ square feet are currently under construction.

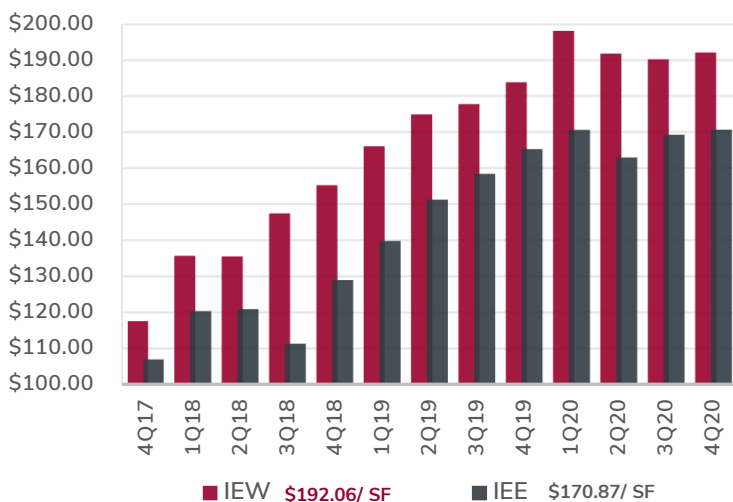
IE WEST AVAILABILITY & VACANCY



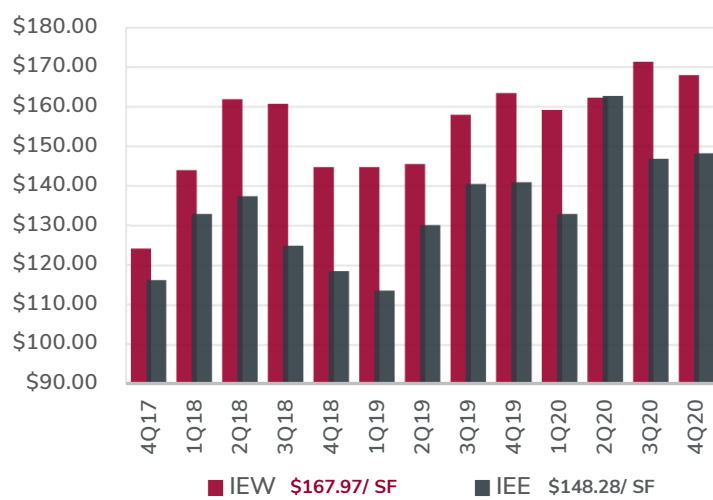
IE EAST AVAILABILITY & VACANCY



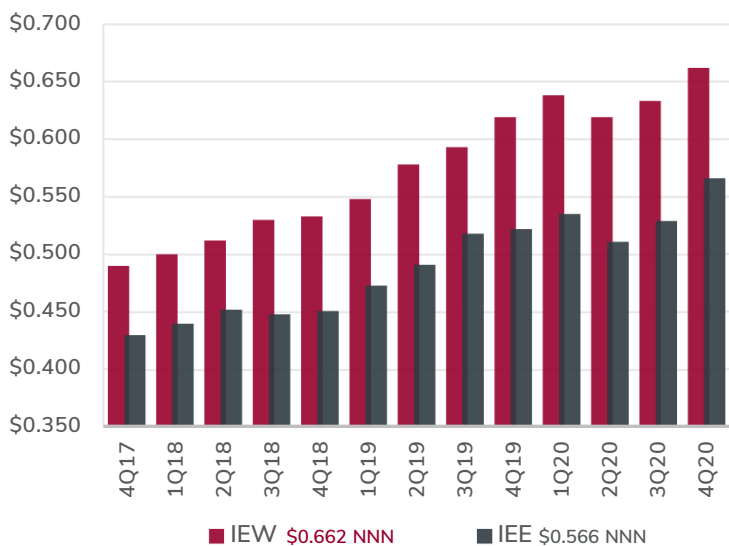
USER SALES PRICE PER SF



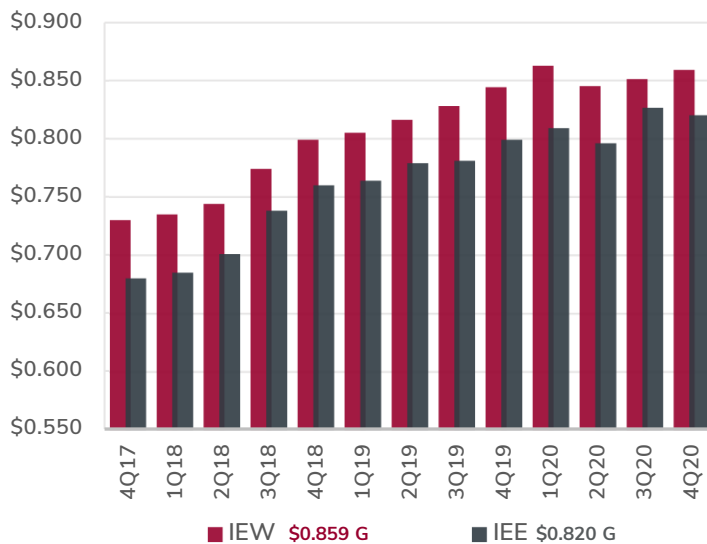
INVESTMENT SALES PRICE PER SF



ACTUAL LEASE RATE PRICE PER SF - 100K+ SF



ACTUAL LEASE RATE PRICE PER SF - UNDER 100K SF



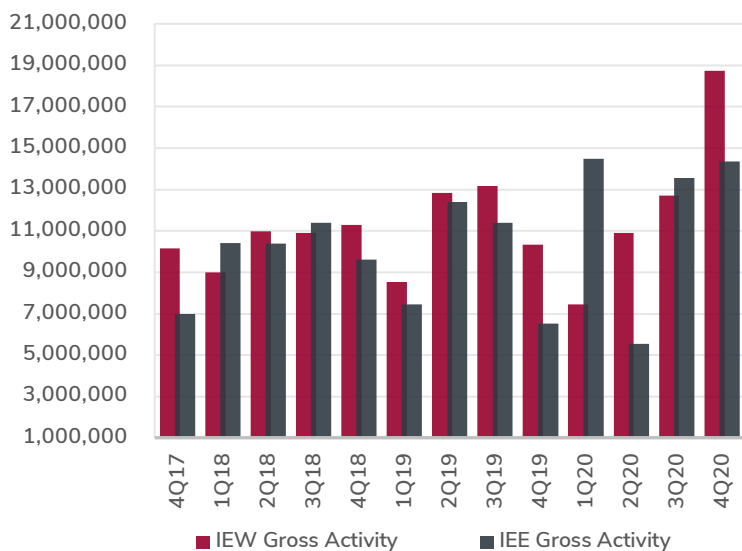
VACANCY: Unoccupied space (not including U/C or planned)

AVAILABILITY: All space being marketed (existing & U/C)

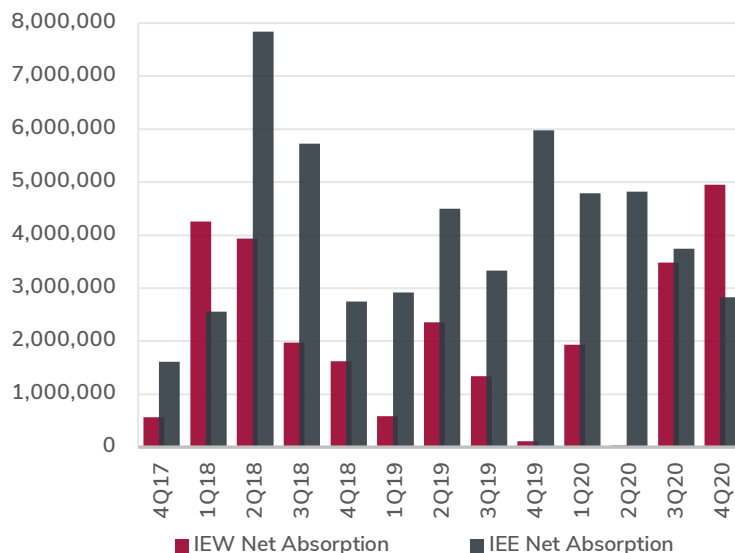
*INCLUDES ALL CLASSES OF BUILDINGS

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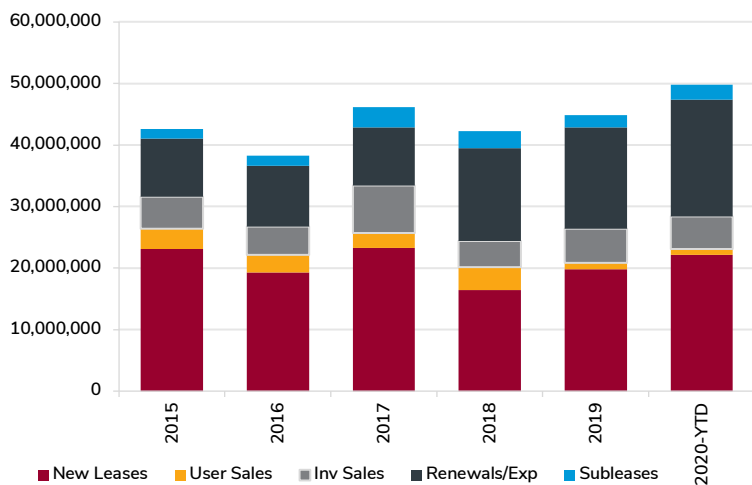
GROSS ACTIVITY



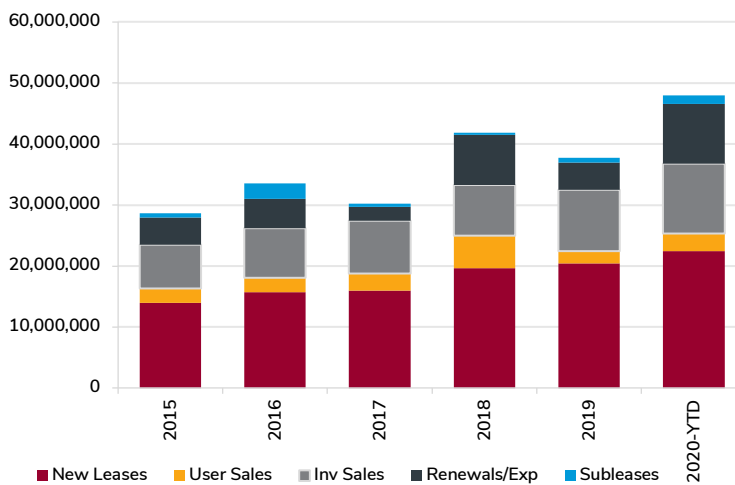
NET ABSORPTION



IE WEST - TOTAL ACTIVITY

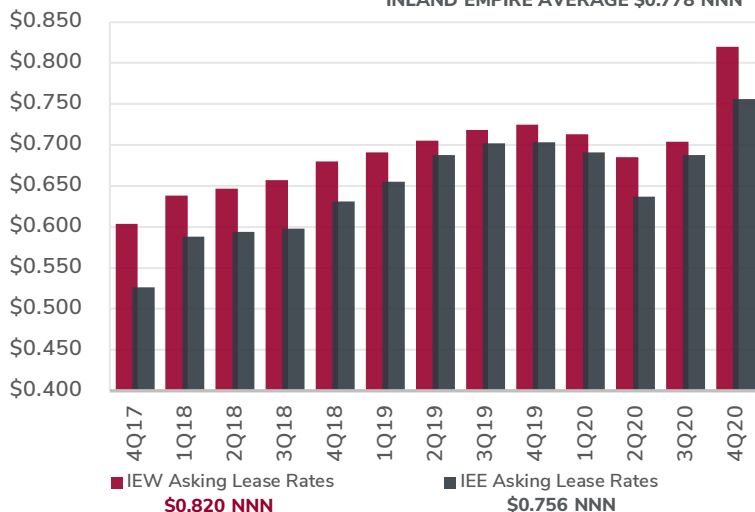


IE EAST - TOTAL ACTIVITY



ASKING LEASE RATES

INLAND EMPIRE AVERAGE \$0.778 NNN



TOTAL ACTIVITY

4Q20 Total	IEW	IEE	TOTAL
New Leases	9,254,600	4,559,798	13,814,398
Renewals/Exp	6,797,342	6,561,387	13,358,729
Subleases	401,758	311,339	713,097
User Sales	438,679	573,720	1,012,399
Investment Sales	1,842,497	2,351,308	4,193,805
4Q20 Total	18,734,876	14,357,552	33,092,428
3Q20 Total	12,709,274	13,546,079	26,255,353
2Q20 Total	10,907,540	5,536,402	16,443,942
1Q20 Total	7,458,733	14,489,119	21,947,852

Net absorption can be calculated as the increase/decrease in vacant space in addition to Construction Completions, Gross activity includes new and renewal leases, subleases, and both user and investment sales

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4th QUARTER NOTABLE DEALS

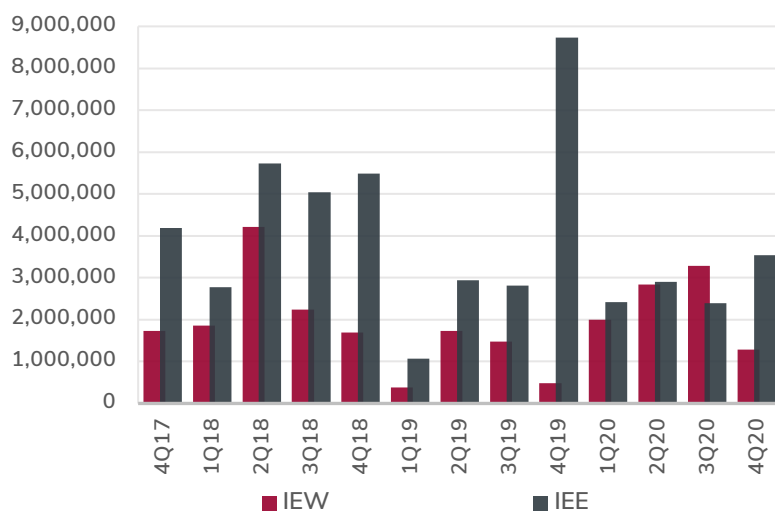
LEASED PROPERTY	LESSEE	LESSOR	SIZE	DEAL TYPE
Enterprise Industrial Park, Rialto	Unilever	Prologis	1,289,302	Renewal
Colony Commerce Center East – Building 9, Ontario	Restoration Hardware	Ivanhoe Cambridge	1,000,930	New Lease
11640 Harrel Street, Jurupa Valley	Custom Goods	Nuveen Real Estate	886,055	New Lease
Redlands Distribution Center – Building 14, Redlands	Geodis Logistics	Prologis	809,338	New Lease
12510 Micro Drive, Eastvale	Ingram Micro	Blackstone Capital	800,260	Renewal
3994 Riverside Avenue, Rialto	Living Spaces	Nuveen Real Estate	796,841	Renewal
120 Cedar Avenue, Rialto	American Building Supply	Alere Property Group	715,433	Renewal
Colony Commerce Center West - Building 2, Ontario	US Elogistics Services	Ivanhoe Cambridge	700,280	New Lease
Slover Logistics Center, Fontana	Distribution Alternatives	DCT Sloverland	651,815	Renewal
630 Nicholas Road, Beaumont	ICON Health & Fitness	Ambest Real Estate	600,000	Renewal
Arrowhead Logistics Center, San Bernardino	Kohler	Alere Property Group	592,710	Renewal
Watson Industrial Park – Building 848, Chino	Logistics Plus	Watson Land Company	565,925	New Lease

SOLD PROPERTY	BUYER	SELLER	SIZE	DEAL TYPE
Alliance California Gateway South – Building 4, San Bernardino	Stockbridge Capital Group	Hillwood Development	1,032,072	Investment
13472 Marlay Avenue, Fontana	Eaton Vance Investment	Tech Data Corporation	406,800	Investment
7227 Central Avenue, Riverside	Kohlberg Kravis Roberts & Co.	Greenlaw Partners	237,957	Investment
Oakmont Live Oak, Fontana	Rexford Industrial	Oakmont Industrial	236,912	Investment

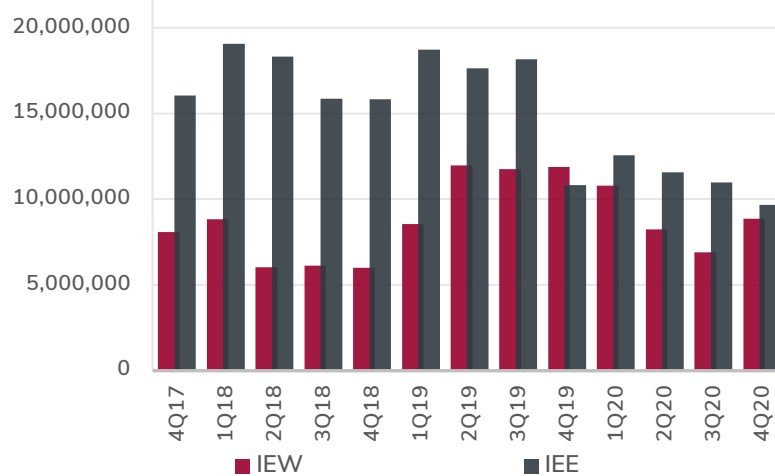
2020 4th QUARTER CONSTRUCTION COMPLETIONS (+100,000 SF)

PROPERTY	SIZE
3388 Cactus Ave, Rialto (Leased)	615,310
1070 S Waterman Ave, San Bernardino (Leased)	393,704
18025 Slover Ave, Bloomington	344,360
1645 Renaissance Pkwy, Rialto	258,737
23850 Brodiaea Ave, Moreno Valley	256,795
879 S Waterman Ave, San Bernardino	198,801
380 Markham St, Perris (Leased)	187,120
4600 Wall St, Ontario (Leased)	178,523
14144 Santa Ana Ave, Fontana (Leased)	159,427
2520 Baseline Rd, Rialto (Leased)	156,586
21807 Authority Way, Riverside	150,065
10740 Banana Ave, Fontana (Leased)	133,115
21803 Authority Way, Riverside	119,320
10320 6th St, Rancho Cucamonga (Leased)	114,623
9063 Center Ave, Rancho Cucamonga (Leased)	110,442
19050 Messenia Ln, Perris	110,000
21805 Authority Way, Riverside	106,000
TOTAL	3,592,928
Third Quarter:	
5051 Carpenter Ave, Ontario (Leased)	1,197,339
4501 Patterson Ave, Perris (Leased)	800,218
2677 Alessandro Blvd, Riverside	709,081
11200 Iberia St, Jurupa Valley (Leased)	606,112
11100 Iberia St, Jurupa Valley	517,903
13100 Loop Rd, Fontana (Leased)	310,279
10156 Live Oak Ave, Fontana	236,912
13200 Loop Rd, Fontana	217,785
14180 Frederick St, Moreno Valley	203,944
19972 Patterson Ave, Perris	199,932
TOTAL	4,999,505
Second Quarter:	
3520 Cactus Ave, Rialto (Leased)	1,264,102
4815 Hellman Ave, Ontario (Leased)	1,180,908
4375 Perris Blvd, Perris (Leased)	1,008,646
8975 Remington Ave, Chino	566,210
1642 Miro Way, Rialto	411,330
10780 Redwood Ave, Fontana	358,291
9129 Remington Ave, Chino (Leased)	280,790
2653 Milliken Ave, Eastvale	275,986
21780 Economic Dr, Riverside (Leased)	124,523
TOTAL	5,470,786
First Quarter:	
2221 Remington Ave, Ontario	700,280
14063 Brown Ave, Ontario (Leased)	596,090
5331 Carpenter Ave, Ontario	589,012
2455 Willow Ave, Rialto (Leased)	525,110
15097 Van Vilet Ave, Chino (Leased)	505,735
20123 Harvill Ave, Perris	423,665
1901 Center St, Colton	229,970
14663 Brown St, Riverside (Leased)	212,400
4564 Redlands Ave, Perris	210,900
TOTAL	3,993,162

QUARTERLY CONSTRUCTION COMPLETIONS



UNDER CONSTRUCTION



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Inland Empire WEST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	55,272,613	1,153,456	2.09%	57,843	0.10%	633,188	0	652,198
Eastvale	12,560,231	368,716	2.94%	304,084	2.42%	305,446	333,544	0
Fontana	68,096,961	4,567,578	6.71%	237,705	0.35%	1,270,708	290,042	2,680,069
Jurupa Valley	31,017,233	2,047,363	6.60%	549,156	1.77%	1,083,220	0	1,157,255
Ontario	120,345,465	4,836,992	4.02%	396,773	0.33%	1,405,916	437,656	3,632,665
Rancho Cucamonga	42,595,219	3,296,242	7.74%	1,621,723	3.81%	249,242	225,065	727,326
TOTAL	329,887,722	16,270,347	4.93%	3,167,284	0.96%	4,947,720	1,286,307	8,849,513

Inland Empire EAST - 5,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning/Beaumont	4,691,878	76,750	1.64%	0	0.00%	0	0	0
Bloomington	2,627,056	703,910	26.79%	344,360	13.11%	0	344,360	174,780
Colton	10,038,961	660,598	6.58%	179,312	1.79%	(58,509)	0	471,247
Corona/Norco	35,449,619	2,249,386	6.35%	705,443	1.99%	428,316	0	969,246
Grand Terrace	469,316	0	0.00%	0	0.00%	0	0	0
Highland/Mentone/Yucaipa	1,262,202	156,246	12.38%	0	0.00%	30,000	0	121,294
Moreno Valley	30,922,044	1,333,179	4.31%	557,509	1.80%	130,002	353,565	1,368,062
Perris	29,562,070	3,487,173	11.80%	1,304,693	4.41%	194,332	534,120	2,077,943
Redlands/Loma Linda	30,906,739	1,847,751	5.98%	1,560,650	5.05%	(226,417)	154,946	1,295,215
Rialto	37,655,578	1,623,165	4.31%	438,810	1.17%	1,361,932	1,110,063	744,389
Riverside	54,535,041	3,674,032	6.74%	1,835,861	3.37%	585,005	452,385	589,419
San Bernardino	42,400,184	2,151,942	5.08%	413,689	0.98%	383,721	592,505	1,874,358
TOTAL	280,520,688	17,964,132	6.40%	7,340,327	2.62%	2,828,382	3,541,944	9,685,953

Inland Empire WEST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Chino	38,885,294	588,781	1.51%	0	0.00%	565,925	0	263,665
Eastvale	10,820,349	0	0.00%	0	0.00%	275,986	0	0
Fontana	55,426,945	3,904,386	7.04%	0	0.00%	1,257,810	292,542	2,628,167
Jurupa Valley	26,375,963	1,543,903	5.85%	517,903	1.96%	1,054,401	0	1,026,000
Ontario	87,640,677	3,683,534	4.20%	104,878	0.12%	992,201	178,523	3,009,829
Rancho Cucamonga	26,533,361	2,307,519	8.70%	1,431,000	4.39%	225,065	225,065	345,267
TOTAL	245,682,589	12,028,123	4.90%	2,053,781	0.84%	4,371,388	696,130	7,272,928

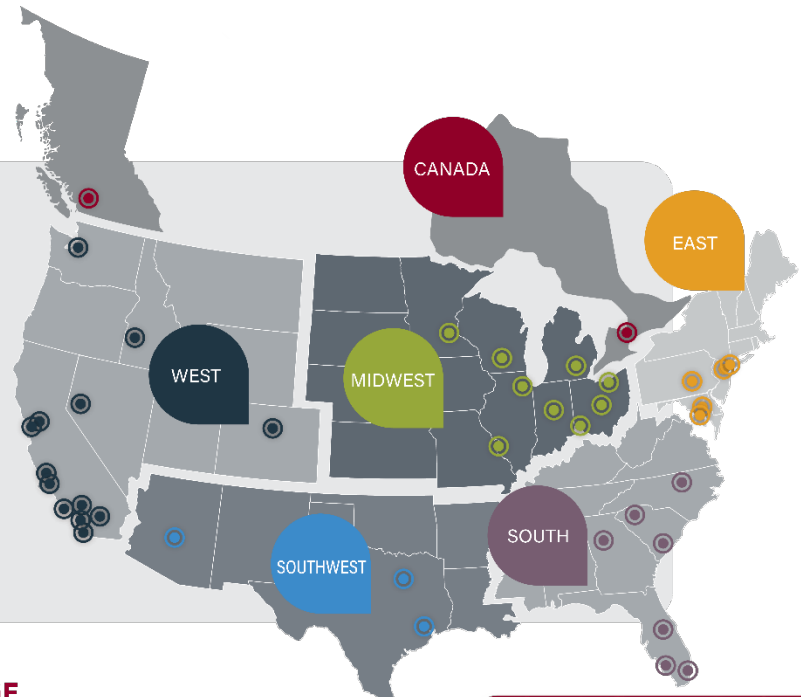
Inland Empire EAST - 100,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Banning/Beaumont	3,753,702	0	0.00%	0	0.00%	0	0	0
Bloomington	2,081,370	703,910	33.82%	344,360	16.54%	0	344,360	174,780
Colton	6,370,605	577,126	9.06%	169,143	2.66%	(169,143)	0	407,983
Corona/Norco	13,681,986	1,128,564	8.25%	281,115	2.05%	374,232	0	518,699
Grand Terrace	210,560	0	0.00%	0	0.00%	0	0	0
Highland/Mentone	963,897	121,294	12.58%	0	0.00%	0	0	121,294
Moreno Valley	29,605,289	1,145,739	3.87%	460,739	1.56%	130,002	256,795	1,241,694
Perris	26,848,386	3,139,887	11.69%	1,062,093	3.96%	187,120	297,120	2,077,943
Redlands	26,741,269	1,520,677	5.69%	1,304,698	4.88%	(295,945)	0	1,295,215
Rialto	33,629,819	1,201,972	3.57%	258,737	0.77%	1,309,625	1,030,633	744,389
Riverside	33,502,138	2,258,031	6.74%	1,384,466	4.13%	262,260	375,385	123,500
San Bernardino	32,835,724	1,822,931	5.55%	310,801	0.95%	493,704	592,505	1,716,299
TOTAL	210,224,745	13,620,131	6.48%	5,576,152	2.65%	2,191,855	2,896,798	8,421,796

Inland Empire - 500,000 SF and Greater

CITY	BASE	SF AVAILABLE	AVAILABILITY RATE	SF VACANT	VACANCY RATE	NET ABSORPTION	CONSTRUCTION COMPLETIONS	UNDER CONSTRUCTION
Inland Empire West	90,193,857	4,606,646	5.11%	1,948,903	2.16%	2,152,545	0	3,083,130
Inland Empire East	123,103,538	3,296,538	2.68%	1,408,431	1.14%	615,310	615,310	2,967,685
TOTAL	213,297,395	7,903,526	3.71%	3,357,334	1.57%	2,767,855	615,310	6,050,815

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LOCAL EXPERTISE
INTERNATIONAL REACH

With offices in 60+ markets across North America and a strategic international alliance with Gerald Eve, Lee & Associates has the ability to deliver first-class services to our clients both locally and internationally.

176%
INCREASE
IN TRANSACTION
VOLUME OVER 5 YEARS

\$15+
BILLION
2019 TRANSACTION
VOLUME

1,300
PROFESSIONALS
AND GROWING
INTERNATIONALLY

AFFILIATE
INTERNATIONAL
RELATIONSHIP



GERALDEVE

- ▶ AUSTRIA
- ▶ BELGIUM
- ▶ CZECH REPUBLIC
- ▶ DENMARK
- ▶ FRANCE
- ▶ GERMANY
- ▶ INDIA
- ▶ IRELAND
- ▶ LUXEMBOURG
- ▶ NETHERLANDS
- ▶ NORTHERN IRELAND
- ▶ NORWAY
- ▶ POLAND
- ▶ PORTUGAL
- ▶ SLOVAKIA
- ▶ SPAIN
- ▶ TURKEY
- ▶ UNITED KINGDOM

THE LEE ADVANTAGE

Every Lee & Associates office delivers world-class service to an array of regional, national, and international clients - from small businesses and local investors to major corporate users and institutional investors. Our professionals combine the latest technology, resources, and market intelligence with their experience, expertise, and commitment to superior service to optimize client results.

WHAT SETS US APART?

Since 1979, Lee & Associates has reimagined the way that commercial real estate companies should be structured. Each Lee & Associates office is owned and operated by its professionals. As shareholders of the company, this separates us from our competition and creates one common goal; to provide seamless, consistent execution and value-driven market-to-market services to our clients.

SERVICES TO MEET THE NEEDS OF OUR CLIENTS

Lee & Associates' offices offer a broad array of real estate services tailored to meet the needs of the company's clients in each of the markets it operates, including commercial real estate brokerage, integrated services, and construction services.

With specialty practice groups in each of these disciplines, our professionals regularly collaborate to make sure they are providing their clients with the most advanced, up-to-date market technology and information.

ORGANIZATIONS WE ARE INVOLVED IN



OUR SERVICES

BROKERAGE SERVICES

- Capital Markets
- Data Centers
- Healthcare
- Hotels
- Industrial
- Logistics & Supply Chain
- Land
- Multifamily
- Office
- Retail
- Self-Storage
- Senior Housing
- Corporate Solutions

INTEGRATED SERVICES

- Property Management
- Facilities Management
- Lease Accounting
- Lease Administration
- Portfolio Management
- Treasury Services

CONSTRUCTION SERVICES

- Ground-Up Development
- Project Management
- Tenant Improvements

PLEASE FORWARD INQUIRIES TO OUR RESEARCH DEPARTMENT:

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