



### MARKET FUNDAMENTALS

	YOY Chg	Outlook
<b>7.8%</b> Vacancy Rate	▲	▲
<b>5.1M</b> YTD Net Absorption, SF	▲	▼
<b>\$1.12</b> Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▼

### ECONOMIC INDICATORS

	YOY Chg	Outlook
<b>1.7M</b> Inland Empire Employment	▲	▲
<b>5.7%</b> Inland Empire Unemployment Rate	▲	▲
<b>4.3%</b> U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

### ECONOMY

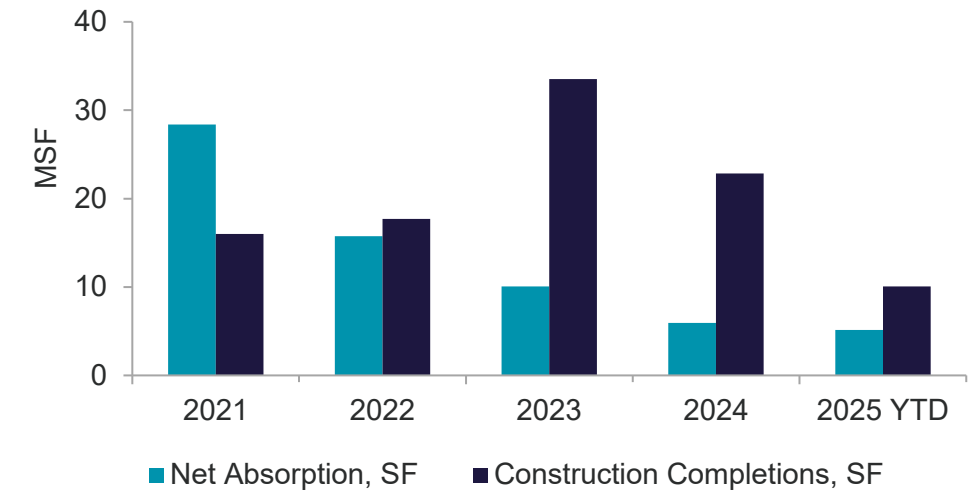
Between August 2024 and August 2025, the Inland Empire (IE) job market added 14,600 nonfarm jobs, representing a 0.9% year-over-year (YOY) increase, marking continued, though modest, growth in the regional labor market. Private education and health services led all industries with 14,300 new jobs. Government (+10,400) and leisure and hospitality (+1,900) sectors also reported growth YOY. In contrast, industrial-related sectors posted notable declines. Construction (-6,500) recorded the steepest losses, primarily among specialty trade contractors (-5,100), while manufacturing (-2,800) and financial activities (-1,300) also contracted, reflecting softer development activity, reduced goods production and slower capital investment. The unemployment rate rose to 6.1%, compared to 6.0% one year earlier, though it remains 30 basis points (bps) below the quarterly average of 5.7%<sup>1</sup>. Total employment is forecast to grow 2.2% in 2025 and 1.7% in 2026, outpacing the five-year historical average of 1.8%<sup>2</sup>, with sustained momentum expected from healthcare and public-sector hiring, while office-using employment remains subdued.

The Ports of Los Angeles (6.9 million) and Long Beach (6.6 million) handled a combined 13.5 million Twenty-Foot Equivalent Units (TEUs) through August 2025, up 6.3% YOY and 19.9% above 2019 levels<sup>3</sup>. Strong activity in the first half of the year drove the surge as importers accelerated shipments ahead of potential U.S. tariffs. July set a record for the Port of Los Angeles with over 1.0 million TEUs, the busiest month in its 117-year history. Momentum slowed in August, with volumes dipping 5.3% month-over-month and 0.8% YOY as tariffs and early inventory stocking weighed on activity. Officials expect further moderation through the end of the year, amid cautious consumer sentiment and shifting trade flows.

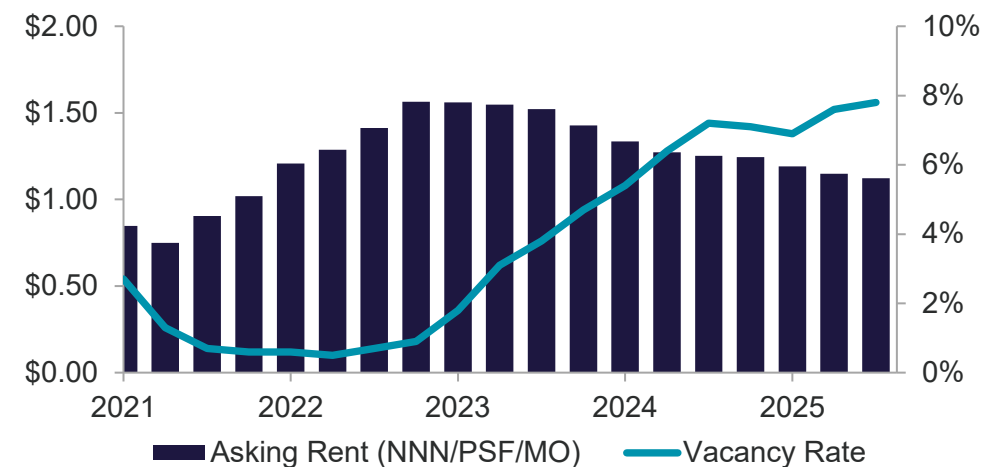
### SUPPLY AND DEMAND

The overall vacancy rate climbed to 7.8% in Q3 2025, up 20 bps QOQ and above the market average. Net absorption rebounded strongly, posting 3.0 million square feet (msf) of gains compared to Q2's net losses of 1.3 msf. However, Q3 construction completions totaled 4.5 msf of vacant space, outpacing absorption and pushing vacancy higher. Net gains signal improving tenant demand, but the availability rate remains a concern. Availability rose to 11.5%, or 75.0 msf, driven by

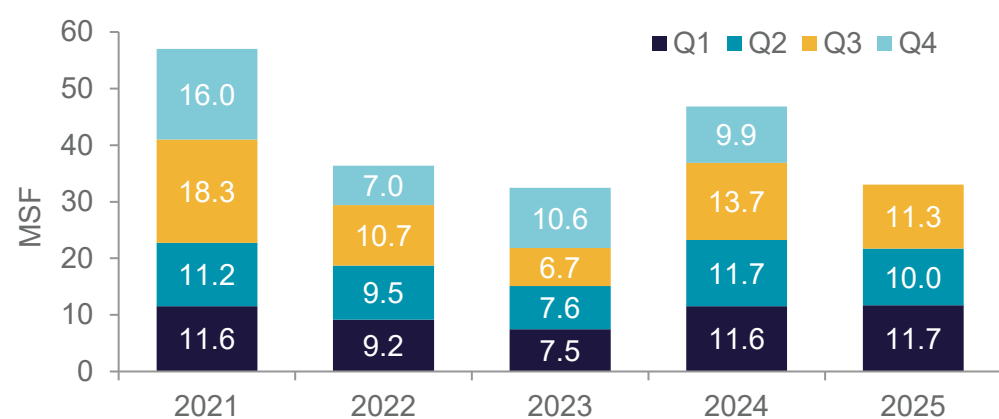
### SPACE DEMAND / DELIVERIES



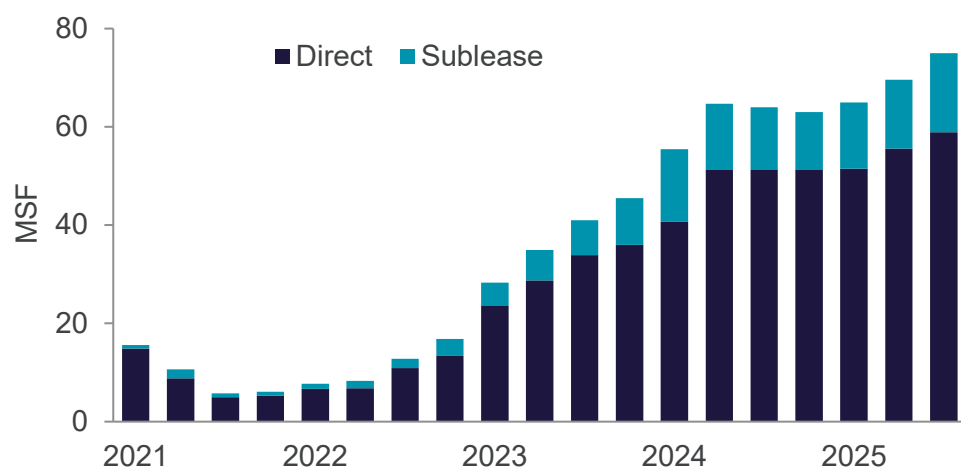
### OVERALL VACANCY / ASKING RENT



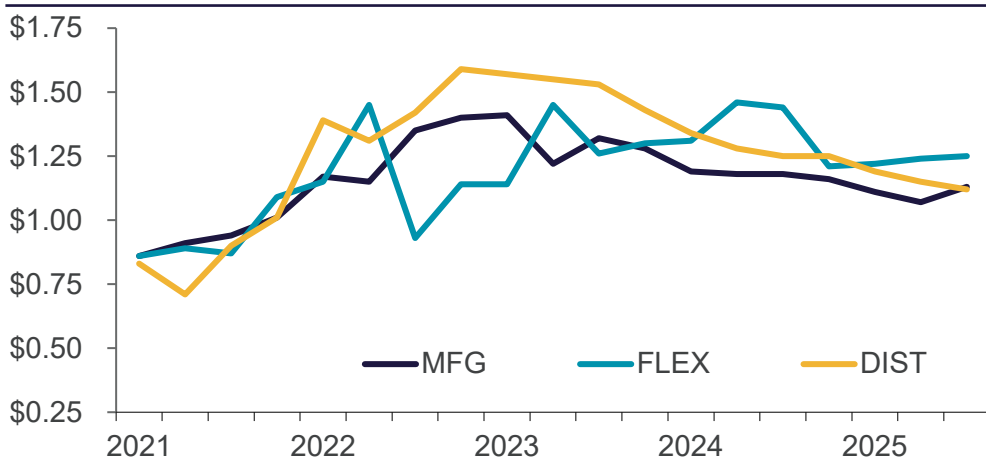
NEW LEASING ACTIVITY



DIRECT VS. SUBLEASE AVAILABLE SPACE



AVERAGE ASKING RENT \$PSF MONTHLY NNN



a 3.3 msf increase in direct space. Sublease availability expanded by 2.1 msf to 16.1 msf, accounting for 21.5% of total available space and intensifying competition among landlords.

By submarket, the Inland Empire East (IEE) vacancy declined 20 basis points to 9.8%, supported by Maersk Logistics occupying over 1.0-msf in Hesperia. The submarket absorbed 1.4 msf in Q3 and 2.9 msf year-to-date (YTD). The Inland Empire West (IEW) vacancy escalated to 6.3%, up 50 bps, despite 1.4 msf of net gains in Q3 and 2.1 msf YTD. The increase stems from 3.3 msf of vacant deliveries concentrated in Fontana and Ontario. The Inland Empire South (IES) posted a 5.8% vacancy rate, down 20 bps, with net absorption of 168,196 sf through Q3.

New leasing activity reached 11.3 msf across 102 deals in Q3, up 12.7% from the prior quarter. The IEW dominated with 6.9 msf across 61 deals (61% of total), followed by the IEE with 4.1 msf across 27 deals. Year-to-date leasing totaled 33.0 msf across 350 transactions, down 10.4% YOY. The slowdown was driven by potential tariff increases, softening retail performance, and growing misalignment between tenant expectations and landlord pricing. Even so, the IE remains among the most active industrial leasing markets in the U.S.

FUTURE INVENTORY

Deliveries accelerated in Q3 with 4.7 msf completed across 21 buildings, though still below the market average. The development pipeline continued to contract, with only 4.9 msf under construction across 25 projects. Approximately 3.2 msf will be delivered by year-end 2025. This slowdown in new starts should restore supply-demand balance over the next 12 to 18 months as the pipeline empties and new space is absorbed.

PRICING

Elevated vacancies drove the tenth consecutive quarter of rent declines. Direct asking rents averaged \$1.16 per square foot (psf) per month on a triple-net basis, down 2.6% QOQ and 9.4% YOY. Sublease vacancies added downward pressure, with sublease asking rents averaging \$0.88 psf, pulling the overall average to \$1.12 psf. Rates vary by submarket: IEW averages \$1.20 psf, IEE \$1.09 psf, and IES \$1.04 psf.

Although rent growth has softened, the market's affordability compared to neighboring regions keeps it competitive and continues to attract tenants within Southern California. Rental rates are stabilizing, with signs of bottoming across the IE submarkets. While landlords remain disciplined in pricing, Class A, multi-tenant, and Class B assets are adjusting downward to meet demand.

OUTLOOK

- Big-box demand remains active in the IEW, driven primarily by Chinese and domestic 3PLs leasing Class B product. In contrast, the IEE is quieter, although build-to-suit activity is picking up, signaling renewed interest from larger occupiers.
- Corporate users are returning, but the construction pipeline is thin. With limited Class A product available and few new developments underway, any uptick in demand could quickly deplete existing inventory in 2026, leading to lower vacancy rates.
- Cost pressures and tariffs are reshaping tenant strategies. Despite declining rents, many tenants coming off long-term leases are experiencing sticker shock due to elevated operating costs. Some are downsizing, consolidating, or shifting inventory to other states to mitigate costs.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)**	YTD CONSTR COMPLETIONS (SF)	UNDER CNSTR (SF)	AVERAGE ASKING OVERALL RENT (ALL TYPES)*	AVERAGE ASKING OVERALL RENT (W/D)
Inland Empire East	277,742,477	27,304,413	9.8%	1,438,090	2,854,818	11,977,229	5,379,077	2,097,436	\$1.09	\$1.09
Inland Empire West	339,331,834	21,334,102	6.3%	1,432,862	2,102,667	19,785,517	4,387,949	2,824,898	\$1.20	\$1.20
Inland Empire South	35,642,059	2,074,996	5.8%	122,067	168,196	1,280,361	303,958	17,110	\$1.04	\$1.03
<b>Inland Empire Totals</b>	<b>652,716,370</b>	<b>50,713,511</b>	<b>7.8%</b>	<b>2,993,019</b>	<b>5,125,681</b>	<b>33,043,107</b>	<b>10,070,984</b>	<b>4,939,444</b>	<b>\$1.12</b>	<b>\$1.12</b>

\*Rental rates reflect weighted triple-net (NNN) asking \$psf/month. \*\*Renewals not included in leasing statistics. W/D = Warehouse/Distribution.

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5690 Industrial Pkwy.	San Bernardino	IDC Logistics	844,311	New
13052 Jurupa Ave.	Fontana	Elogistek, LLC	827,578	New
1300 California St.	Redlands	DCG Fulfillment	771,839	Renewal*
2825 Jurupa St.	Ontario	JCR Logistics	612,083	New
11101 Etiwanda Ave.	Fontana	Allied West Paper	612,000	Renewal*

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2025

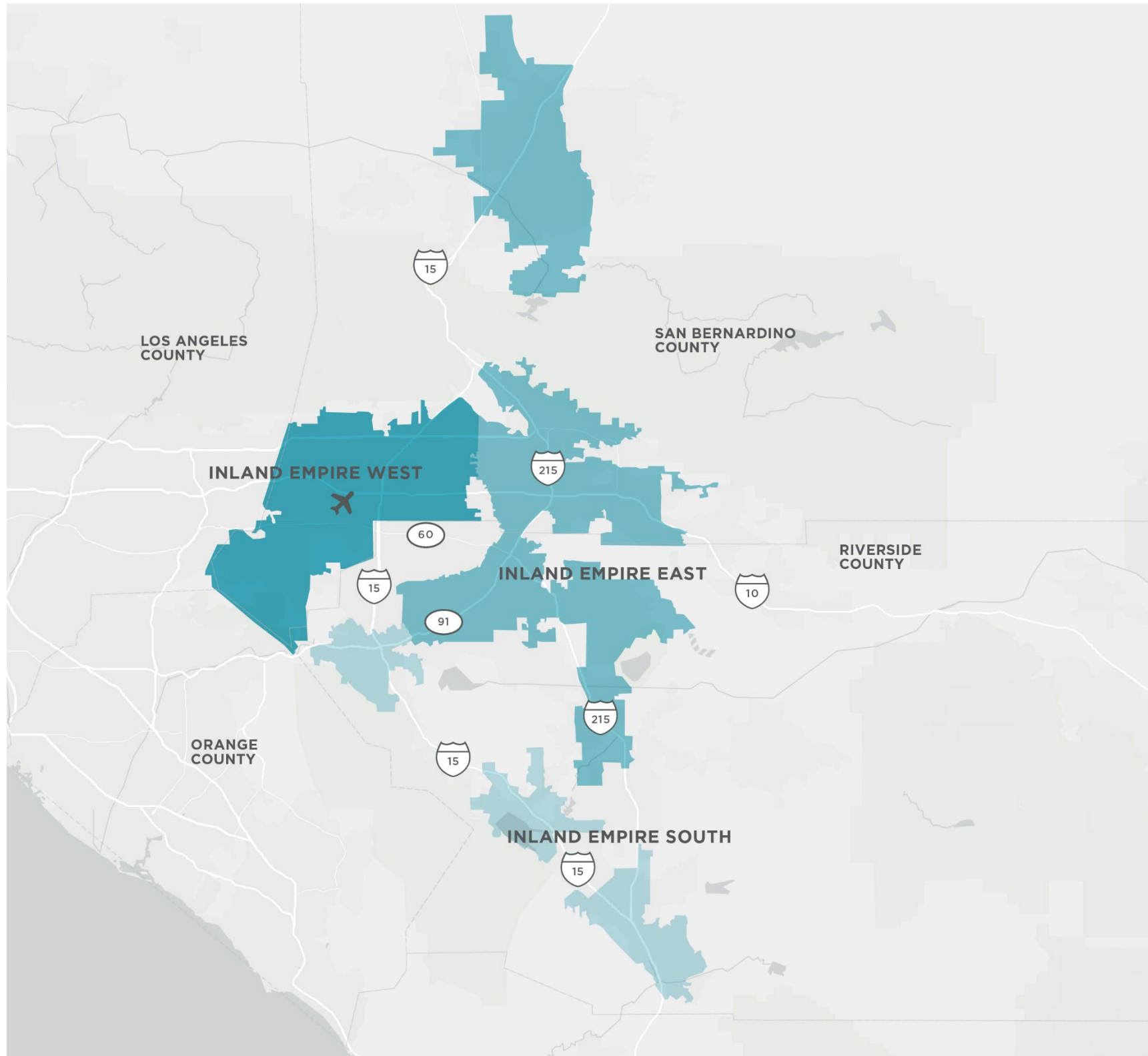
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
22491 Harley Knox Blvd.	Perris	Sares-Regis Group   Cabot Properties, Inc.	348,375	\$91M   \$260
30590 Cochise Cir.	Murrieta	David Tang   Pacific Hydrotech Corporation	122,388	\$19M   \$157
7190 Jurupa Ave.	Riverside	Mirae Asset Global Investments   KX Riverside Airport LLC	111,725	\$20M   \$179
4471 State St.	Montclair	Oakmont Industrial Group LLC   Hot Focus, Inc.	110,507	\$38M   \$345
14074 Rancho Ct.	Fontana	Hillwood /Patriot   Bridge Logistics Properties	100,039	\$26M   \$261

KEY CONSTRUCTION COMPLETIONS Q3 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
9253 Dreamland Dr.	Fontana	N/A	1,286,550	Hillwood/CBRE Investment Management
1002 S. Carnegie Ave.	Ontario	N/A	547,395	McDonald Property Group/Affinius Capital
9151 Dreamland Dr.	Fontana	N/A	528,254	Hillwood/CBRE Investment Management
23784 Orange Ave.	Perris	N/A	429,823	Ares Management
21661 Barton Rd.	Colton/Cooley Ranch	N/A	417,809	EBS/Clarion Partners

Sources: <sup>1</sup> www.bls.gov Riverside-San Bernardino-Ontario, CA MSA. <sup>2</sup>Lightcast forecast for Riverside-San Bernardino-Ontario, CA MSA as of 9/2025. <sup>3</sup>The Port of Long Beach and Los Angeles, San Pedro Ports.

INDUSTRIAL SUBMARKETS



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