

# Q3 Industrial Market Insight

## Inland Empire East

Lee & Associates® Research

Los Angeles Central

City of Industry

# 2024

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# Q3 2024 Market Insight Inland Empire East

## Highlights

- **Big Picture:** Across all submarkets in the Los Angeles Basin this quarter, vacancy and availability rates increased, lease rates decreased, net absorption was negative, and construction starts declined. Leasing remains muted across all submarkets save the Inland Empire. Capital market activity was subdued as most investors remained cautious and on the sidelines.
- **Vacancy Rate:** Continues to rise, increasing 410 bps year-over-year to reach the current rate of 8.7%, although it remained flat quarter-over-quarter.
- **Asking Rents:** At \$1.09 NNN per square foot, asking lease rents declined by \$0.05 or -4.39% from the Q3 2023 rate of \$1.14 NNN.
- **Inflation & Interest Rates:** CPI continues to be elevated above the Fed's 2% target, but gradually improving. Currently, headline CPI inflation has grown by 2.4%, year-over-year, while PCE and Core PCE inflation checked in at 2.1% and 2.7%, respectively. At the September meeting, the FOMC decided to cut interest rates by 50 basis points. Another quarter-point rate cut is expected at the next FOMC meeting in November
- **GDP:** In the third quarter of 2024, real gross domestic product (GDP) grew at an annualized rate of 2.8%, following an upward revision for Q2, which now stands at 3.0%. This growth is largely driven by robust consumer spending, which has exceeded even the most optimistic expectations. Despite inflationary pressures, Americans continue to spend across various sectors, including automotive, dining, and travel. Additionally, increases in exports and federal government spending fueled third-quarter GDP growth. Imports, which are a subtraction in the calculation of GDP, increased.
- **E-commerce activity:** E-commerce sales reached \$291.6 billion, marking a 1.3% increase from the previous quarter and a 6.7% rise year-over-year. Despite this growth, e-commerce's share of total retail sales dipped slightly, from its high of 16.4% in Q3 2020 to 16.0% in Q2 2024. Overall, consumer spending remains robust, continuing to support both regional and national economic growth.
- **Supply Chain:** Transpacific spot prices to the West Coast are 35% lower than their July peak and 38% lower to the East Coast. Week-over-week, the cost from China/East Asia to North America's West Coast fell to \$5,294/FEU, while China to US East Coast prices fell to \$5,935/FEU, according to Freightos.

CITY	# of Bldgs	Inventory (SF)	Vacancy (%)	Availability (%)	Net Absorption (SF)	Gross Absorption (SF)	Direct Asking Rate (NNN)	Asking Sale Price (\$/SF)
BANNING	48	1,944,149	3.1	56.6	(44,500)	0	\$0.79	\$224
BEUMONT	48	6,550,430	7	71	2,250	2,250	\$0.69	\$237
BLOOMINGTON	126	11,163,053	8.1	14.413.2	285,088	285,088	\$0.99	\$285
CORONA/NORCO	1012	36,776,119	6.2	8.1	449,938	915,856	\$1.23	\$289
COLTON/GRAND TERRACE	191	11,402,190	9.2	12.8	(38,479)	17,154	\$1.20	\$235
MORENO VALLEY	119	33,297,507	6	9.3	(472,800)	25,580	\$1.20	\$209
PERRIS	265	45,212,981	14.5	17.5	(1,273,956)	611,739	\$1.08	\$230
REDLANDS/LOMA LINDA	248	31,358,680	12.5	15.7	(67,182)	339,524	\$0.93	\$231
RIALTO	212	31,706,842	6.7	9.9	1,662,935	1,712,224	\$1.29	\$257
RIVERSIDE	1,135	57,038,234	7.6	12.2	496,210	1,479,095	\$1.15	\$231
SAN BERNARDINO/HIGHLAND	620	46,881,081	87.9	14.3	179,843	355,264	\$0.87	\$242

↑ 4.1%

US Unemployment Rate

↑ 2.8%

GDP - Quarter 3 % - Change YOY

↑ 4.2%

U.S. 10-Year Treasury Note

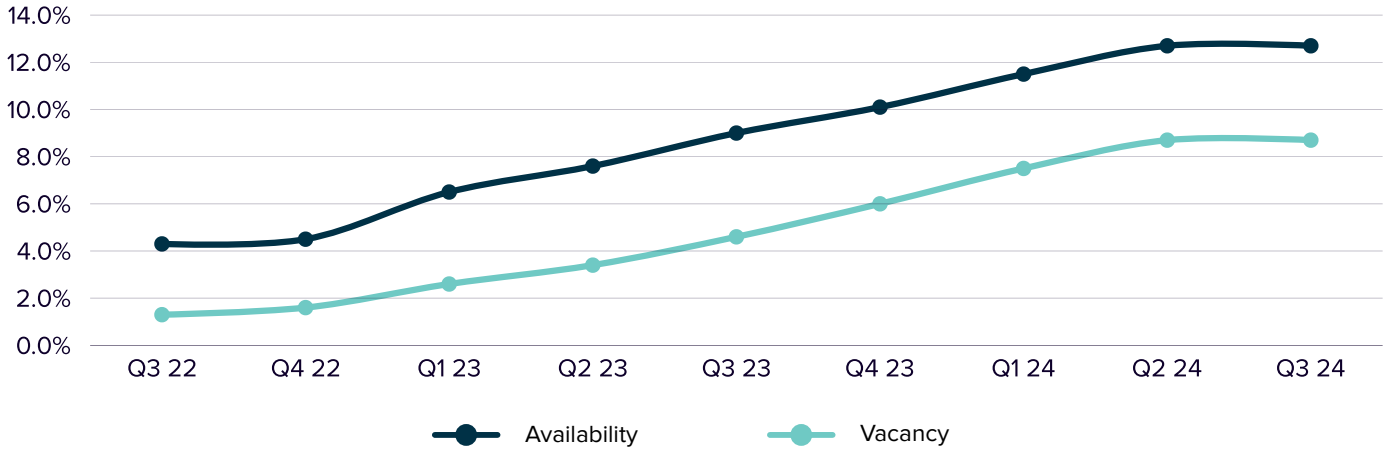
## > Market Summary

	Q3 2023	Q2 2024	Q3 2024	QoQ Change	YoY Change
Total Inventory (SF)	308,476,730	313,551,903	314,854,198	0.42%	2.07%
Overall Vacancy	4.6%	8.7%	8.7%	0 bps	410 bps
Overall Availability	2.3%	3.4%	3.6%	20 bps	130 bps
Under Construction (SF)	11,669,115	7,250,263	5,947,968	-17.96%	-49%
Net Absorption (SF)	(3,455,423)	(881,282)	1,160,741	N/A	N/A
Overall Asking Lease Rates (NNN)	\$1.14	\$1.05	\$1.09	3.81%	-4.39%

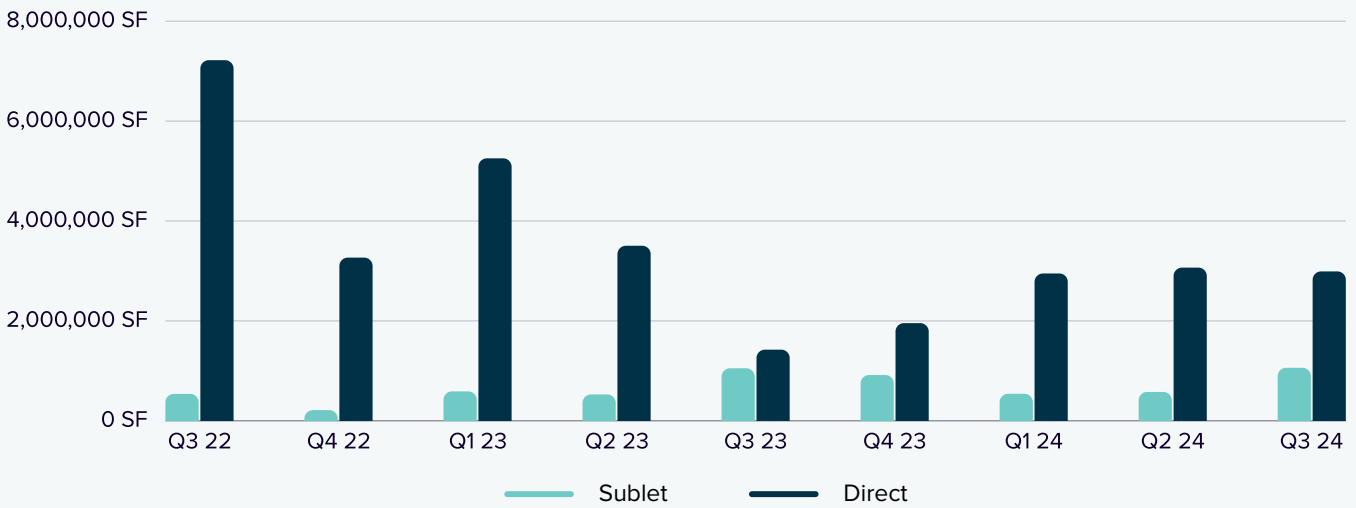
## > Port Stats

PORTS	Quarter	Month	Loaded Inbound	Loaded Outbound	Total Loaded	Total Empties	Toal Containers	YOY Change
LOS ANGELES	Q3	July	501,281	114,889	616,170	323,431	939,600	37.31%
		August	509,363	121,744	631,106	329,491	960,597	16.01%
		September	497,803	114,702	612,505	342,201	954,706	27.56%
LONG BEACH	Q3	July	435,081	104,834	539,915	342,462	882,377	52.59%
		August	456,868	104,646	561,513	352,360	913,873	33.94%
		September	416,999	88,289	505,288	324,211	829,499	0.01%

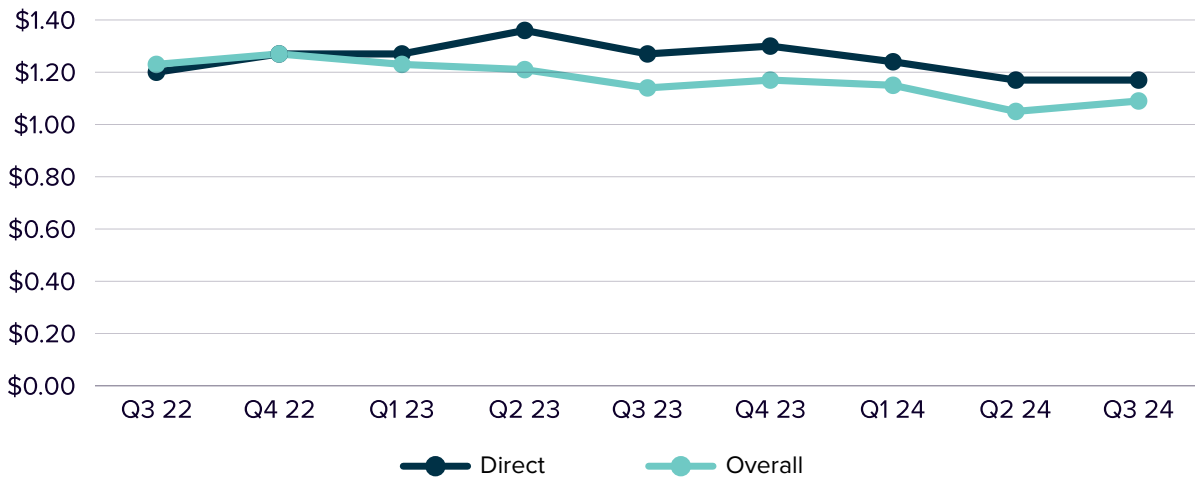
## > Vacancy vs Availability



## Leasing Activity



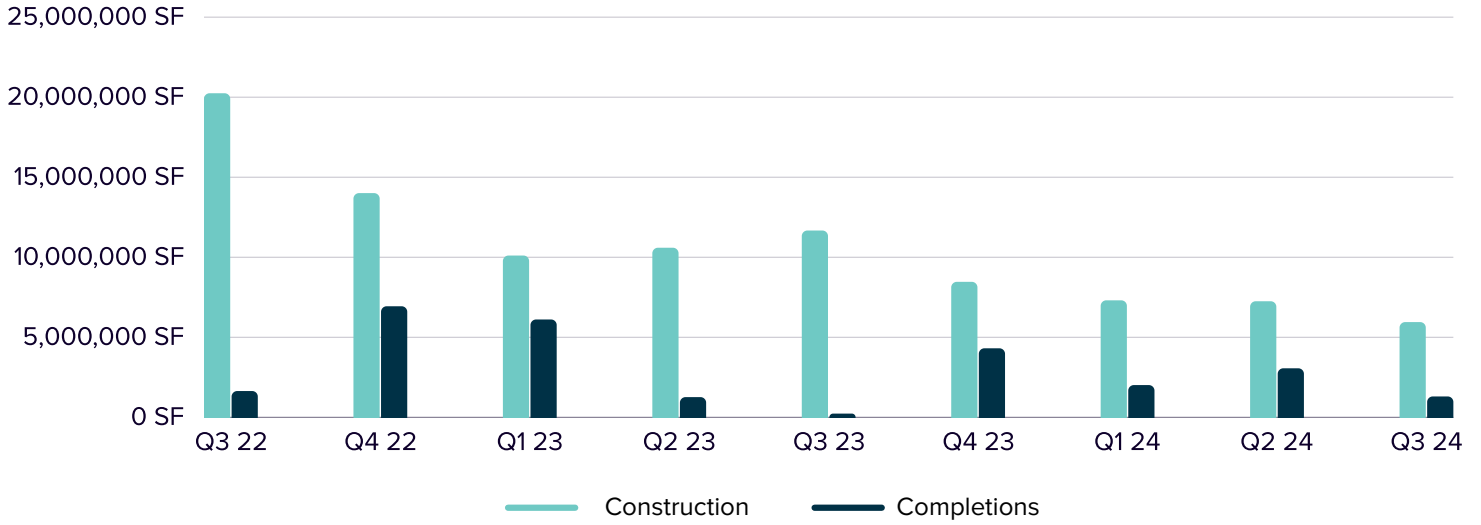
## > Rental Rates



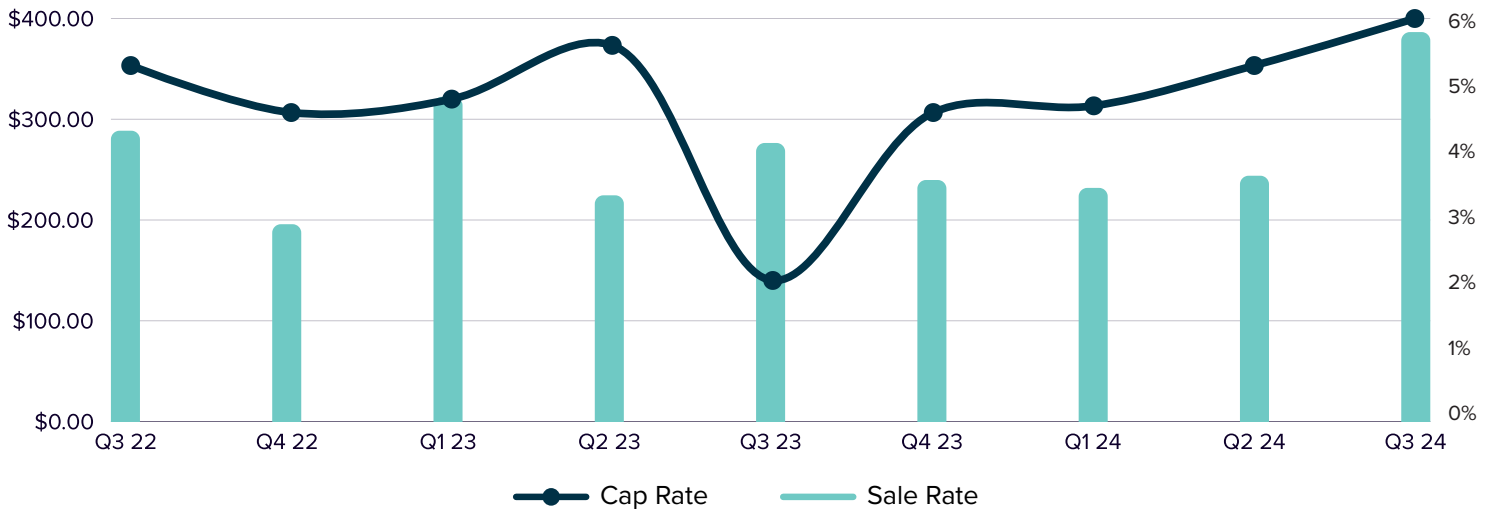


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## > Construction



## > Sales Trends



## > Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
3120 WILSON AVE	Perris	248,483	TA Realty LLC	Core 5	\$53M
1730 EASTRIDGE AVE	Riverside	120,065	Force 1730 Eastridge	Mid-Eastern West	\$30M
1660 IOWA AVE	Riverside	111,071	West Coast C & C Investments	DRC Citrus Industrial	\$21.2M
19949 KENDALL DR	San Bernardino	104,500	19700 South Vermont Avenue	BLC Industrial Venture	\$24M
1880 IOWA AVE	Riverside	95,168	Iowa Avenue Industrial	DRC Citrus Industrial	\$11M

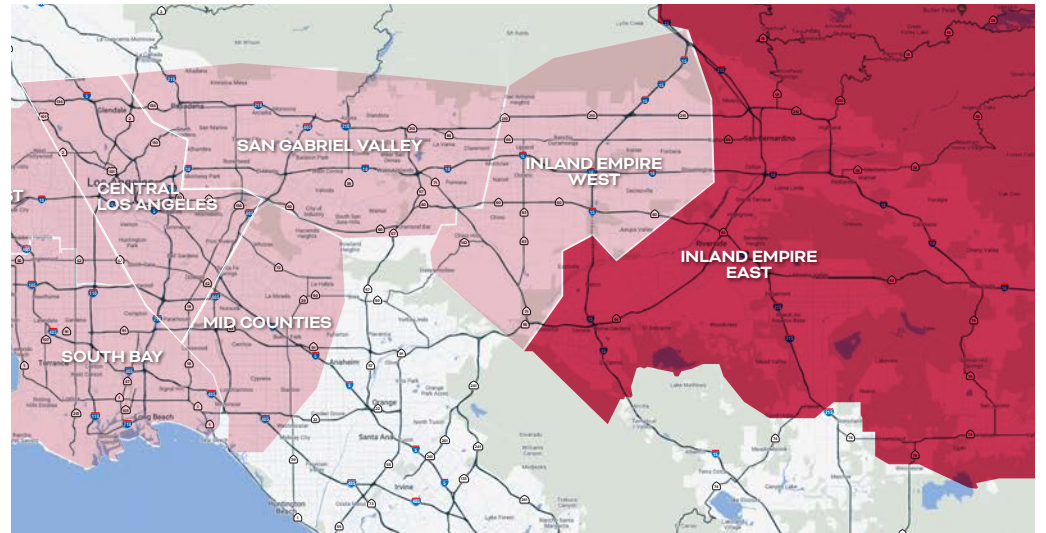
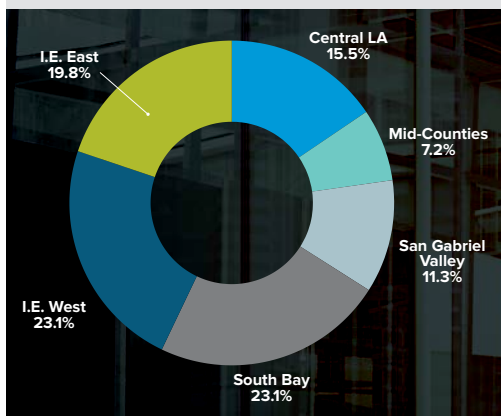
## > Top 5 New Leases

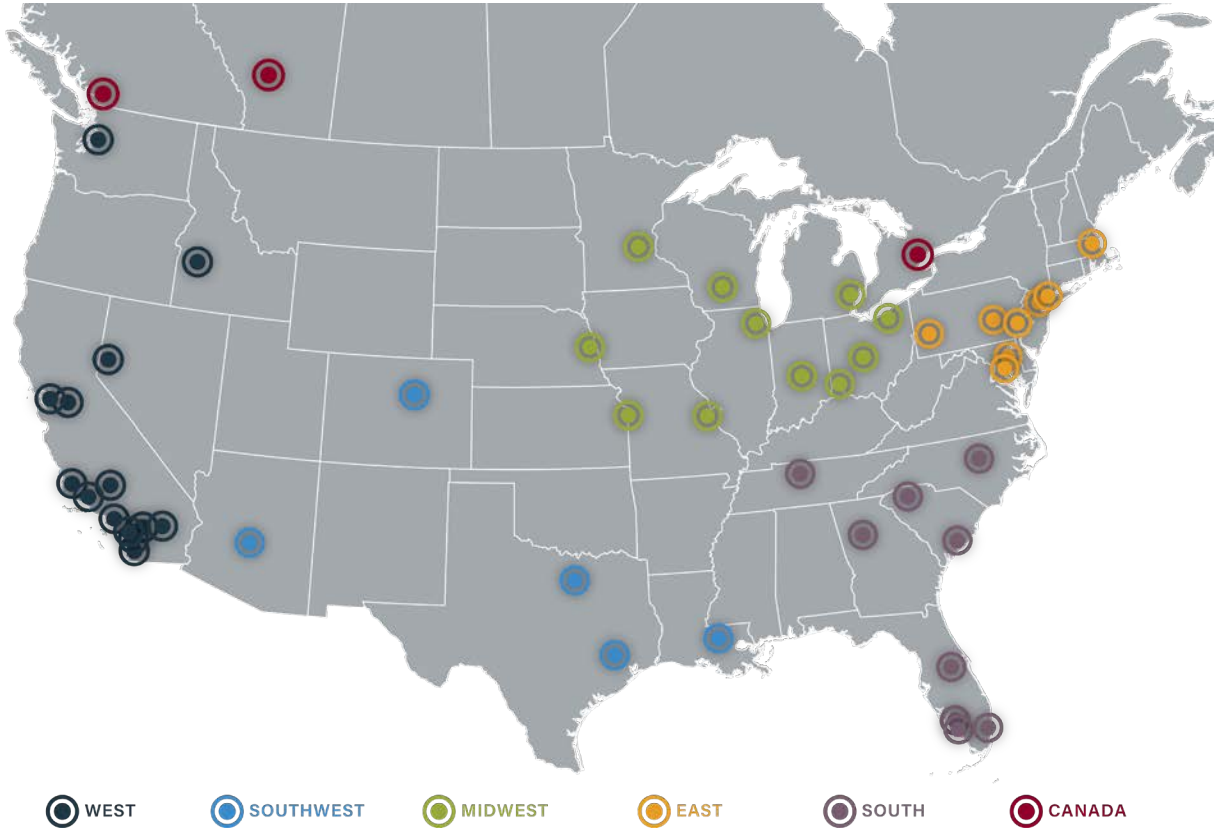
Address	City	Size (SF)	Lessor	Lessee(s)
1979 W RENAISSANCE PKWY	Rialto	927,696	DCT Renaissance Rialto	Western Post (US), Inc
22000 OPPORTUNITY WY	Riverside	503,592	22000 Opportunity Way	Lecangs LLC
27358 PIONEER AVE	Redlands	460,805	First Industrial LP	Lean Supply Solutions
22780 HARLEY KNOX BLVD	Perris	392,617	Trammell Crow	iHerb Vitamin
6237 N CAJON BLVD	San Bernardino	211,703	Westcore	Dollar Tree Distribution

## > Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
801 S REDLANDS AVE	Perris	IDI Logistics	1,020,657	Q1 2025
350 W VALLEY BLVD	Rialto	Birtcher Development	492,410	Q4 2024
23784 ORANGE AVE	Perris	Ares Industrial Management	429,823	Q1 2025
21661 BARTON RD	Colton	Clarion Partners	417,809	Q1 2025
1304 E ALESSANDRO BLVD	Riverside	Rockefeller Group	400,000	Q1 2025

## Inventory Comparison





- WEST
- SOUTHWEST
- MIDWEST
- EAST
- SOUTH
- CANADA

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These reports are based on industrial single and multi-tenant buildings that are greater than 5,000.