

Q3 Industrial Market Insight

Inland Empire West

Lee & Associates® Research

Los Angeles Central

City of Industry

2024

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Q3 2024 Market Insight Inland Empire West

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 130 bps quarter-over-quarter and 260 bps year-over-year to reach the current rate of 7.7%.
- Asking Rents:** At \$1.29 NNN per square foot, asking lease rents declined by \$0.22 or -14.57% from the Q3 2023 rate of \$1.51 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)
CHINO	945	56,248,708	6.8	7.3	168,700	1,171,324	\$1.55	\$298
EASTVALE	71	14,444,881	13.8	13.4	(642,516)	0	\$1.32	\$306
FONTANA	799	74,717,565	7	11.9	646,306	1,575,504	\$1.49	\$298
JURUPA VALLEY	324	38,542,039	9.8	11	(111,638)	479,182	\$1.27	\$273
MIRA LOMA	20	711,296	6.8	6.8	0	0	\$1.36	\$350
MONTCLAIR	208	4,164,242	7.7	20.1	(69,528)	58,824	\$0.88	\$348
ONTARIO	1536	129,119,998	7.5	12.9	(860,125)	2,793,352	\$1.22	\$287
RANCHO CUCAMONGA	748	43,644,278	7.1	10.2	(562,741)	756,304	\$1.50	\$286
UPLAND	261	4,094,893	6.2	6.1	(27,041)	53,870	\$1.05	\$284

↑ 4.1%

US Unemployment Rate

↑ 2.8%

GDP - Quarter 3 % - Change YOY

↑ 4.2%

U.S. 10-Year Treasury Note

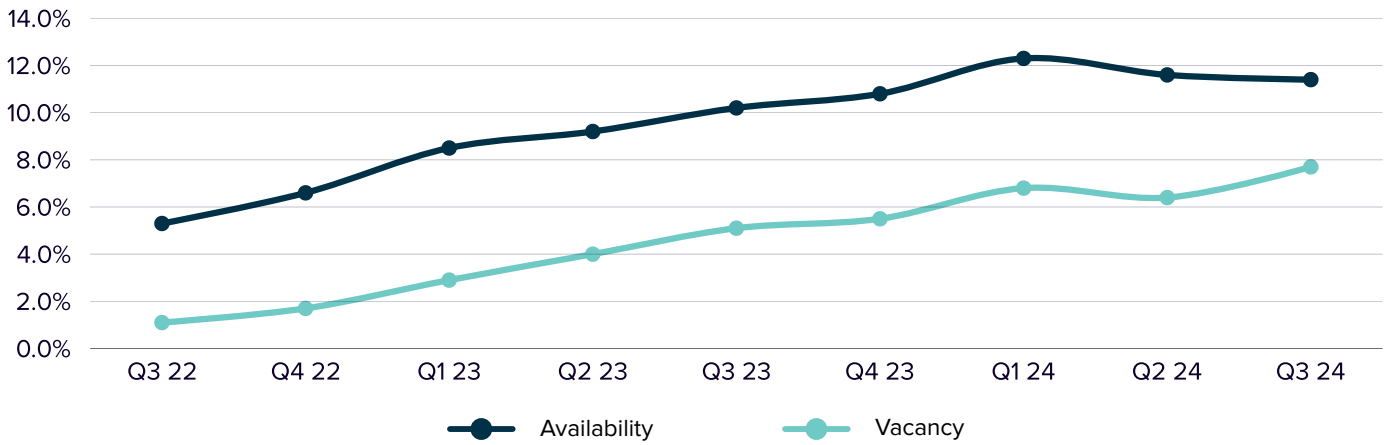
> Market Summary

	Q3 2023	Q2 2024	Q3 2024	QoQ Change	YoY Change
Total Inventory (SF)	343,949,799	362,778,009	366,473,980	1.02%	6.55%
Overall Vacancy	5.1%	6.4%	7.7%	130 bps	260 bps
Overall Availability	10.2%	11.6%	11.4%	-20 bps	120 bps
Under Construction (SF)	25,442,120	10,626,473	9,018,634	-15.13%	-64.55%
Net Absorption (SF)	(2,160,214)	6,665,503	(1,453,825)	N/A	N/A
Overall Asking Lease Rates (NNN)	\$1.51	\$1.39	\$1.29	-7.19%	-14.57%

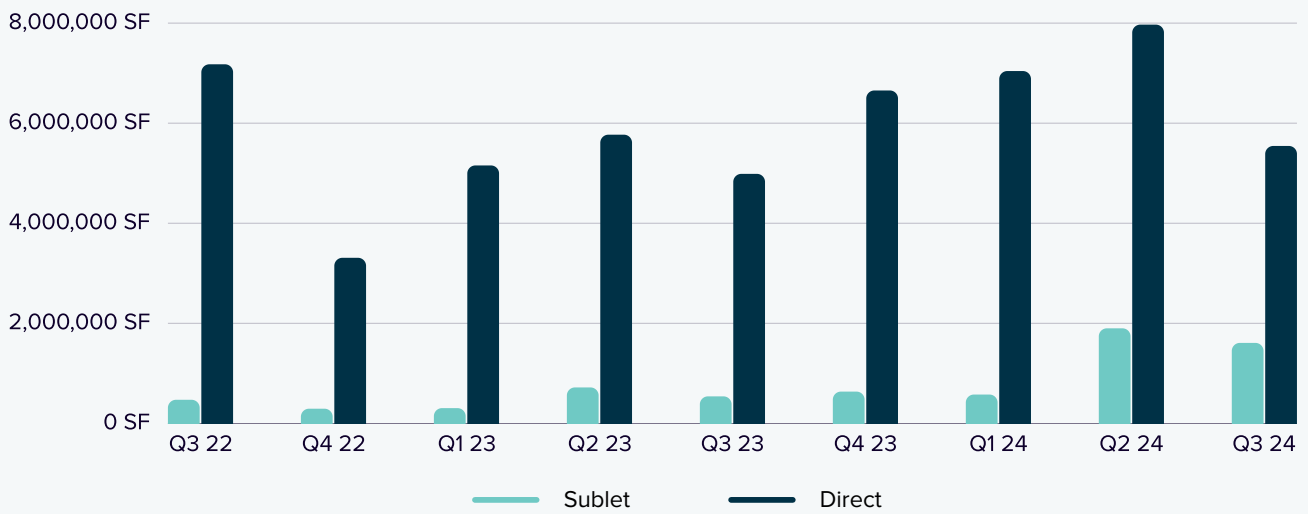
> Port Stats

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%

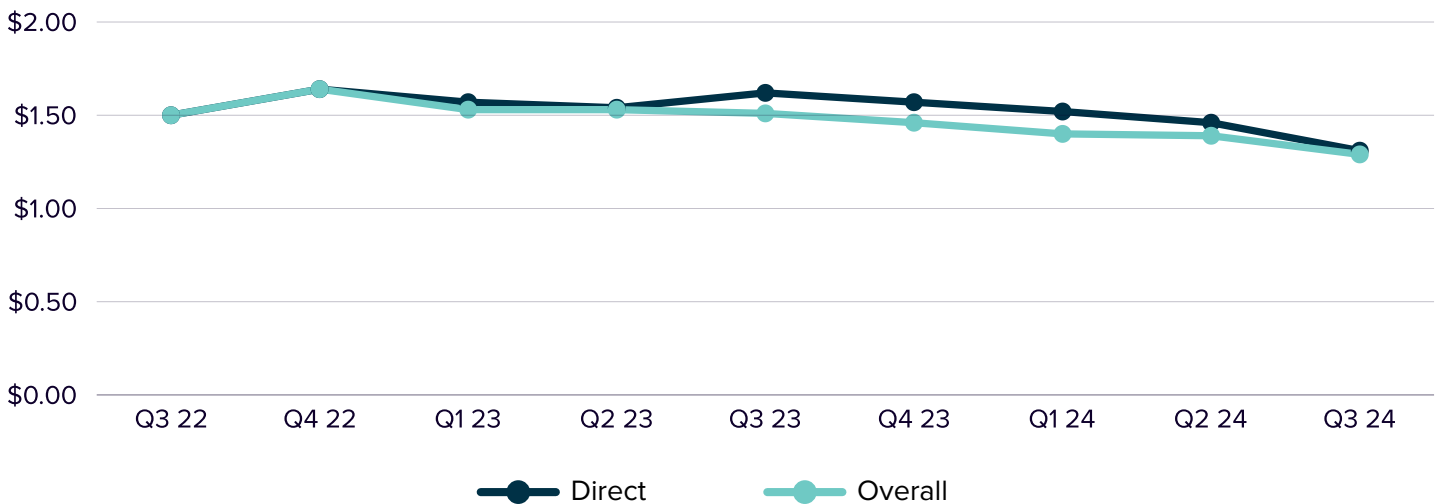
> Vacancy vs Availability



Leasing Activity



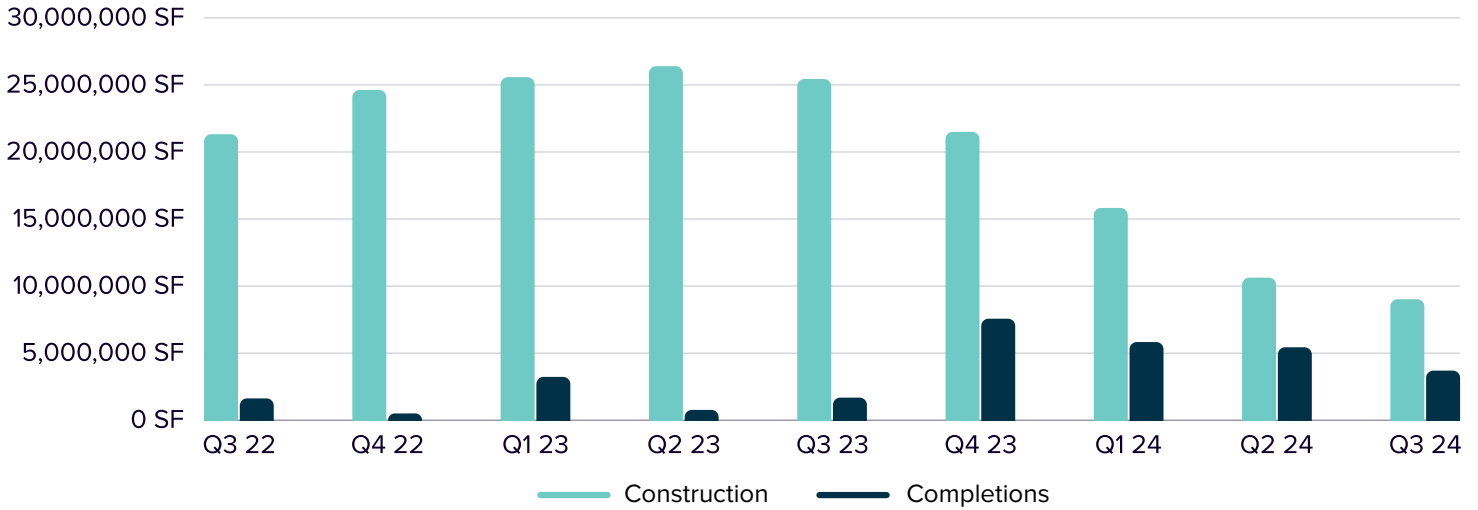
> Rental Rates



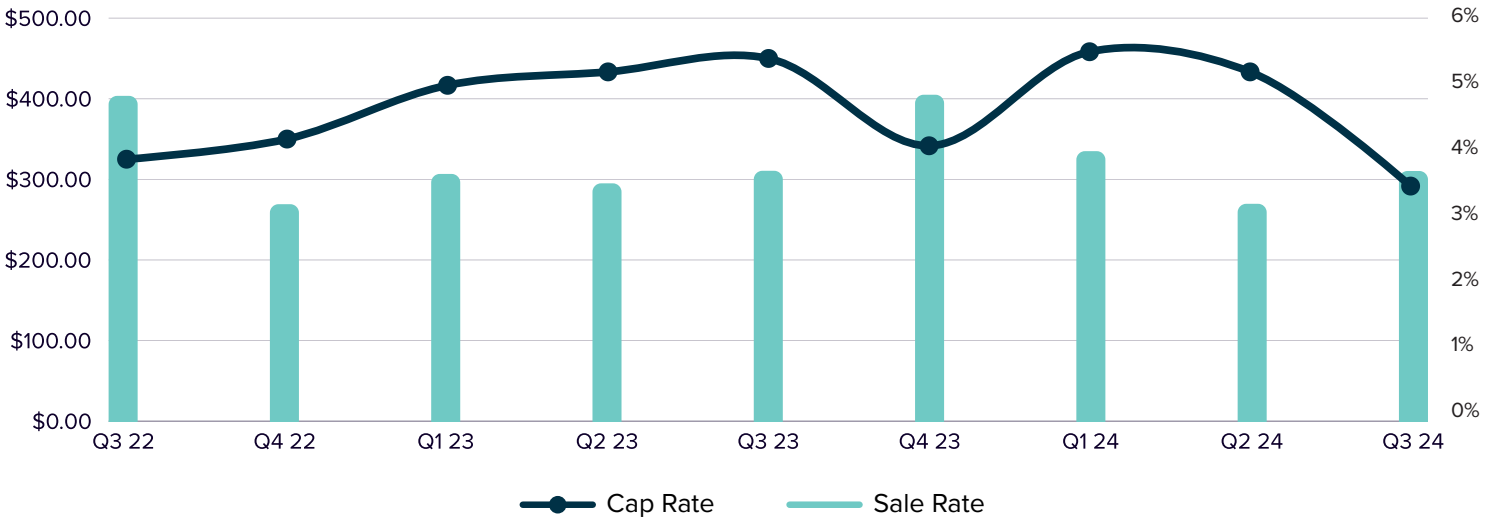


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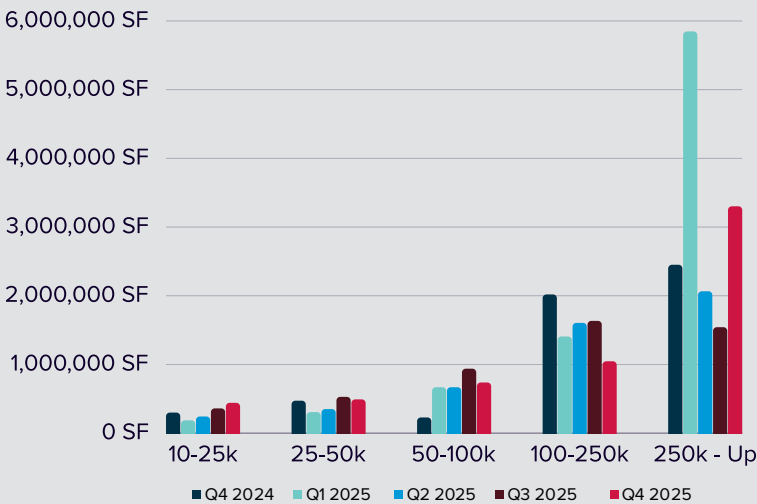
> Construction



> Sales Trends



> Lease Expiration



Inland Empire - West
Largest Lease Transaction
By Square Foot
 Lessee: State Logistics Services
 5500-5590 E Francis St, Ontario

636,780^{sf}

> Top 5 Sales

Address	City	Size (SF)	Buyer	Seller(s)	Price
8300 ALMERIA AVE	Fontana	236,129	CIVF VII	8432 Almeria Avenue LLC	\$76.8M
14339 WHITTRAM AVE	Fontana	209,700	VHC-CA LLC	3520 Piedmont Rd NE	\$58.7M
14430 MONTE VISTA AVE	Chino	108,321	Westcore	BentallGreekOak	\$34.2M
717 W STATE ST	Ontario	106,212	TA Realty Value Add Fund	BC State Street Owner LLC	\$35.5M
14430 MONTE VISTA AVE	Chino	108,321	Westcore	BentallGreenOak	\$34.2M

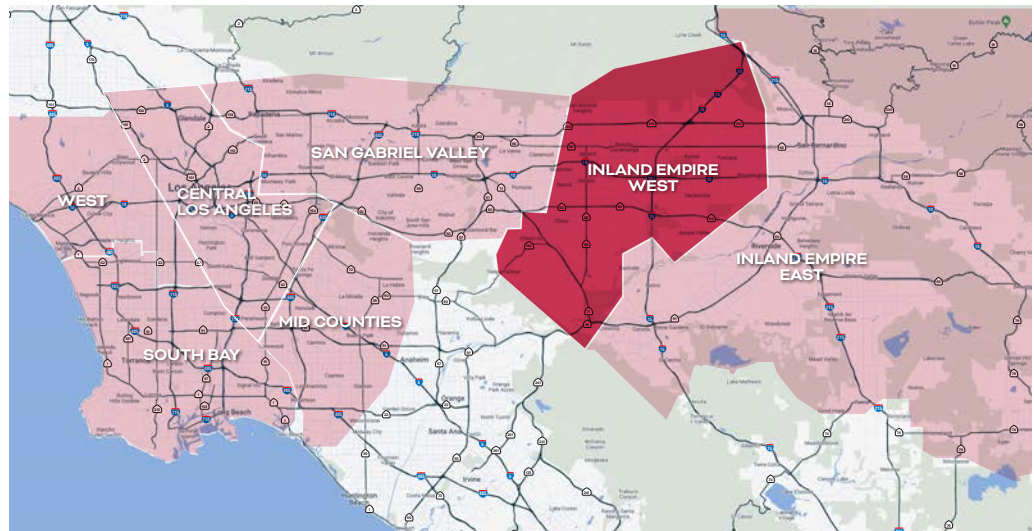
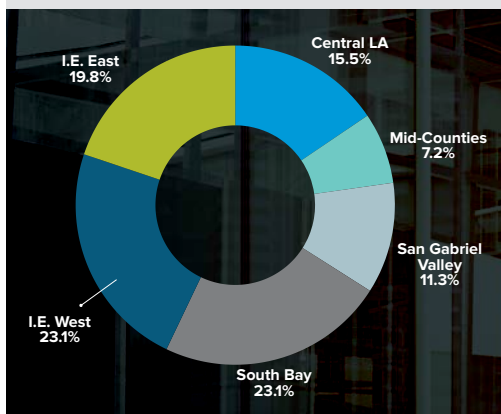
> Top 5 New Leases

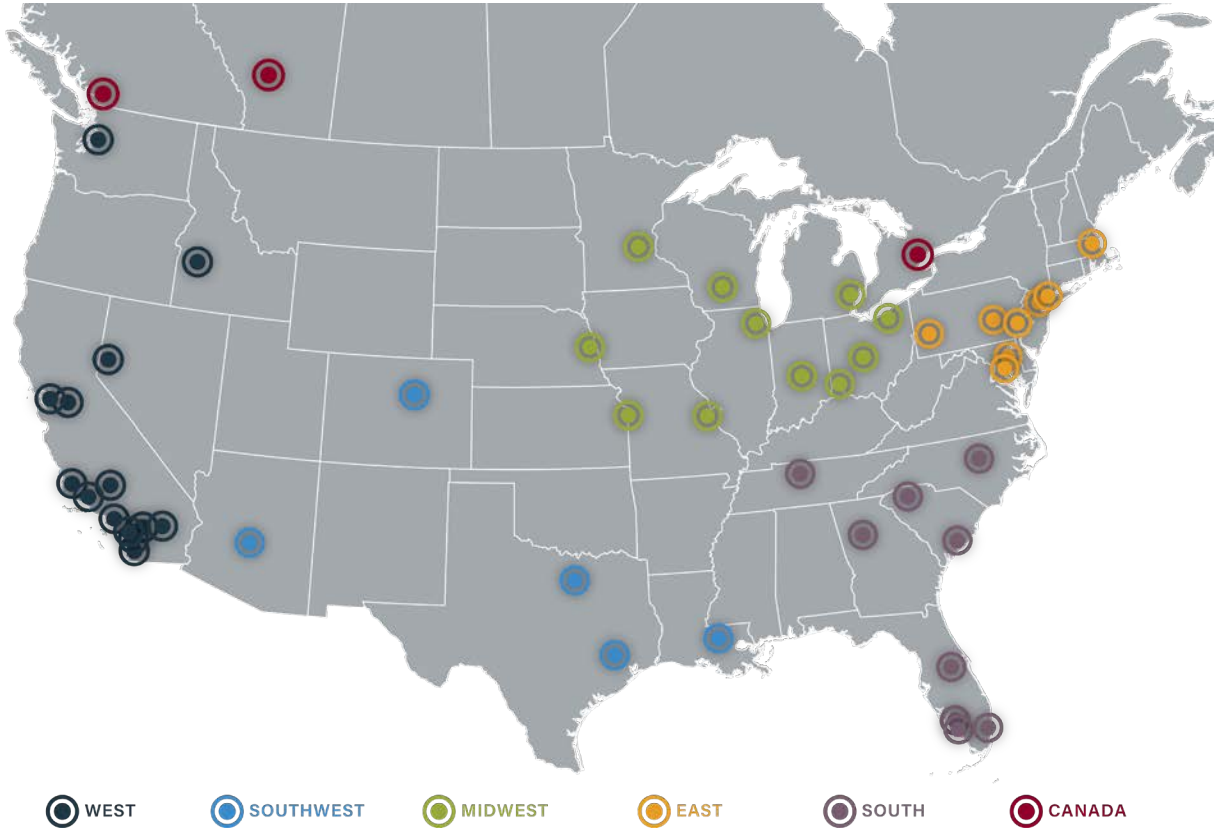
Address	City	Size (SF)	Lessor	Lessee(s)
5500-5590 E FRANCIS ST	Ontario	636,780	Heitman Capital Management	States Logistics Services
8375 SULTANA AVE	Fontana	475,026	Alere Property Group	US Elogistics Service Corp
1500 DUPONT AVE	Ontario	450,000	Majestic-CCC IV Partners	Staples Inc
6725 KIMBALL AVE	Chino	433,487	John Hancock Life Insurance	Manna Beverage & Ventures
950 BARRINGTON AVE	Ontario	359,996	PAC Operating Partnership	SPARC Group

> Major Construction / Development Projects

Address	City	Owner	Size (SF)	Est. Completion
9253 DREAMLAND DR	Fontana	CBRE Investment Management	1,286,569	Q1 2025
4000 S HAMNER AVE	Ontario	Dermody Properties, Inc.	1,003,918	Q4 2024
610 S CARNEGIE AVE	Ontario	Ontario International Airport Authority	926,100	Q1 2025
1002 S CARNEGIE AVE	Ontario	Ontario International Airport Authority	547,395	Q1 2025
9151 DREAMLAND DR	Fontana	CBRE Investment Management	528,253	Q1 2025

Inventory Comparison





108% Increase in Brokered Sale & Lease SF Over 5 Years

\$32+ Billion Transaction Volume (2022)

1.5K+ Professionals and Growing Internationally

75+ Offices Nationwide

● 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.
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