



MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.0% Vacancy Rate	▲	▼
1.1M YTD Net Absorption, SF	▼	▲
\$1.01 Asking Rent, PSF (Overall, Net Asking Rent)	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.7M Inland Empire Employment*	▲	▲
5.2% Inland Empire Unemployment Rate*	▼	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS
*Q3 2026

ECONOMY

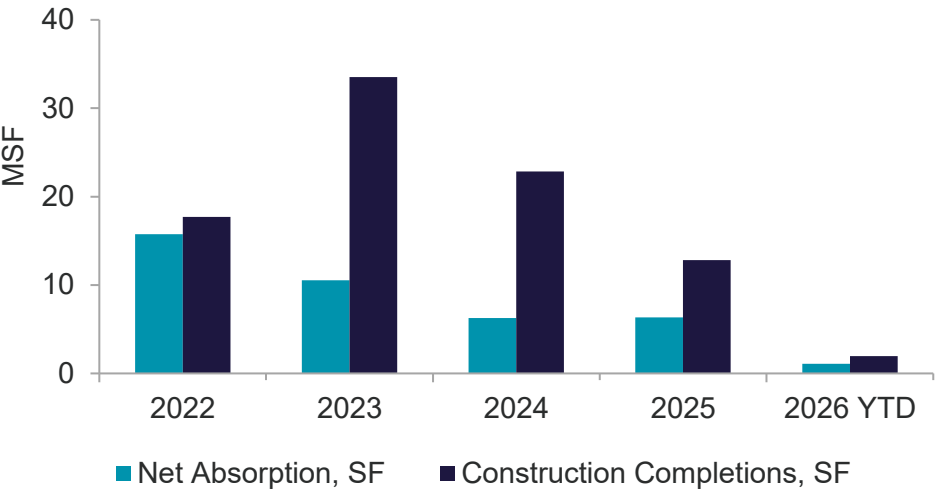
Inland Empire (IE) nonfarm employment grew by 12,700 jobs, or 0.7% year-over-year (YOY), between August 2025 and August 2026. By industry, the largest job gains occurred in the private education and health services sector, adding 17,900 jobs annually, a 5.2% increase. The trade, transportation and utilities sector followed, adding 5,900 jobs during the same period, up 1.3% YOY. Conversely, the professional and business services sector recorded the largest job losses, shedding 5,700 jobs, down 3.6% YOY. Despite gains in nonfarm payroll employment, civilian employment declined by 31,400 workers YOY, while the labor force contracted by 39,200. The resulting decline in unemployed residents helped lower the unemployment rate from 6.2% in August 2025 to 5.9% in August 2026. However, the rate remained above the quarterly average of 5.2%.¹ Looking ahead, employment growth is expected to remain positive but moderate, with total employment projected to increase by 1.6% in 2027, below the region's five-year historical average of 2.5%.²

Port activity at the Ports of Los Angeles (LA) and Long Beach, key indicator of industrial demand, remained resilient through August 2026, with combined cargo volumes slightly outperforming last year's levels by 1.4%. In August 2026, the Port of LA processed 955,907 twenty-foot equivalent units (TEUs), down 0.3% YOY, while the Port of Long Beach handled 919,992 TEUs, up 2.0% YOY. Year-to-date (YTD) volumes also posted modest gains, with LA up 1.5% YOY to 7.0 million TEUs and Long Beach up 1.3% YOY to 6.7million TEUs.³ These totals suggest cargo volumes are stabilizing following elevated import activity in 2025 amid tariff uncertainty. While port operations remain efficient, with no major congestion reported, higher fuel costs, tariffs and other economic pressures continue to weigh on the outlook.

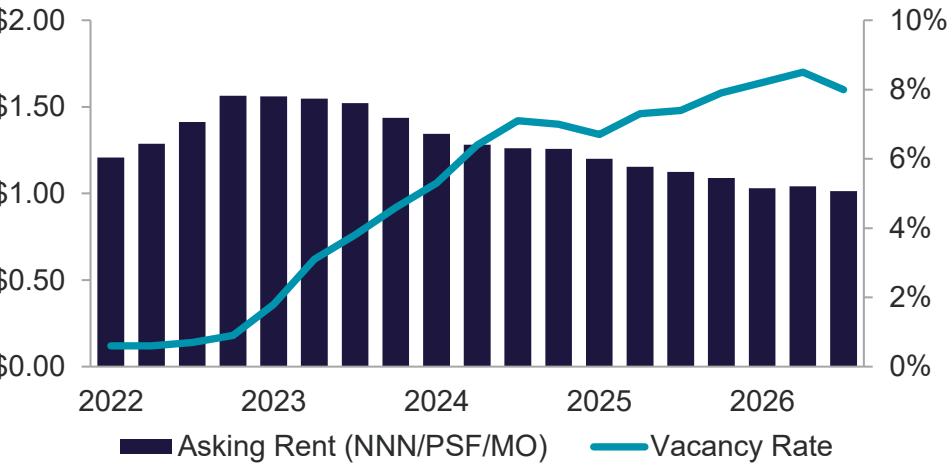
SUPPLY AND DEMAND

The overall vacancy rate in the IE declined to 8.0% in Q3 2026, down 50 basis points (bps) quarter-over-quarter (QOQ). Quarterly net absorption rebounded, supported by tenant move-ins following increased leasing activity in Q2. As a result, net absorption totaled 3.9 million square feet (msf) in Q3 2026. However, occupancy losses of 2.8 msf during the first half of the year limited YTD absorption to 1.1 msf. Despite lower vacancy, the availability rate continued to rise, reflecting more vacant and occupied space being marketed for lease. In Q3 2026, the availability rate reached 12.8%, up 100 bps QOQ, with 83.6 msf of space available across the

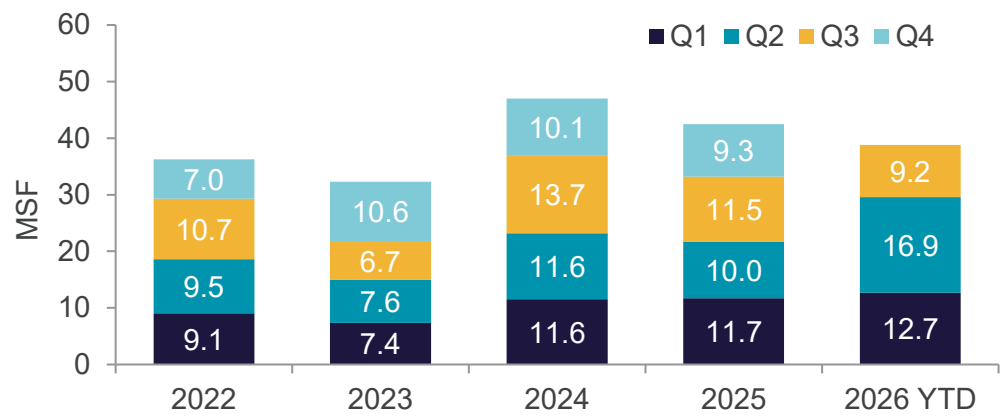
SPACE DEMAND / DELIVERIES



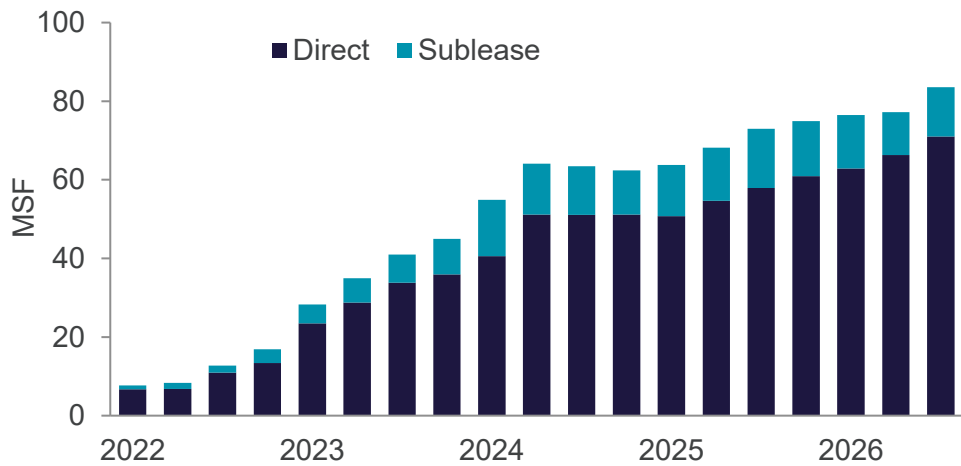
OVERALL VACANCY / ASKING RENT



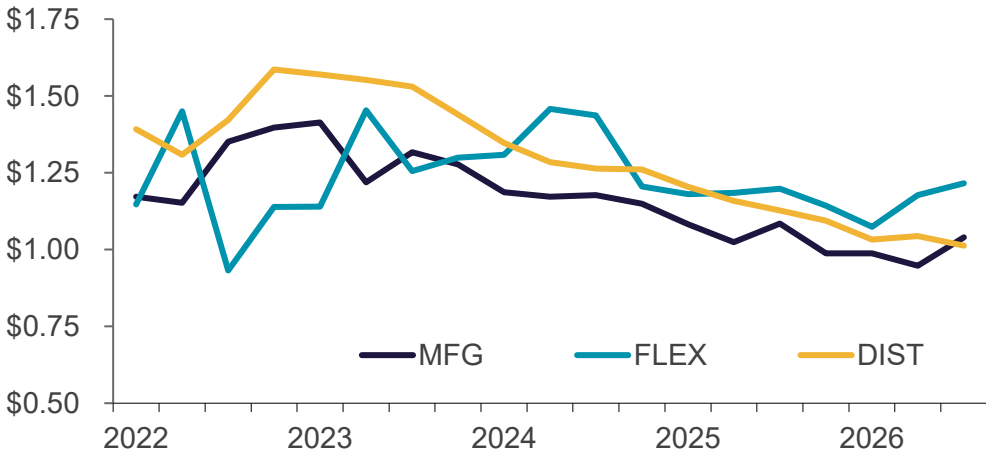
NEW LEASING ACTIVITY



DIRECT VS. SUBLEASE AVAILABLE SPACE



AVERAGE ASKING RENT \$PSF MONTHLY NNN



market. Direct availability increased by 4.7 msf during the quarter, while sublease availability grew by 1.7 msf. Eight new listings of 500,000 square feet (sf) or more contributed 6.3 msf to the increase in available space.

By submarket, IE East (IEE) posted a vacancy rate of 10.2%, down 60 bps QOQ, supported by notable occupancy gains. The IEE registered the quarter's largest move-in, with DP World Tech US occupying a 1.3-msf warehouse in Moreno Valley. The submarket recorded 1.8 msf of positive net absorption in Q3 2026, bringing YTD net absorption to 520,902 sf. In IE West (IEW), the vacancy rate also declined by 60 bps QOQ to 6.5%. The submarket led the region in quarterly net absorption at 2.3 msf. However, occupancy losses of 2.1 msf in Q1 2026 limited YTD net absorption to 495,852 sf. IE South (IES) recorded a vacancy rate of 4.7%, the lowest in the region, although it increased by 60 bps QOQ. The increase was largely attributable to two tenants vacating warehouses exceeding 100,000 sf each. Net absorption remained modestly positive YTD at 71,741 sf, but the move-outs had a disproportionate impact on vacancy given the submarket's relatively small inventory base.

Following a strong second quarter, new leasing activity slowed in Q3 2026. During the quarter, the IE recorded 9.2 msf of new leasing activity across 118 deals, down 45.4% QOQ and 19.4% YOY. Nevertheless, YTD activity reached 38.8 msf across 369 deals, up 16.9% YOY, supported by several big-box transactions, including multiple leases of approximately 1.0 msf or more. The IEW led the region with 21.4 msf across 237 deals, accounting for approximately 55% of total activity, followed by the IEE with 16.1 msf across 92 deals. By size range, buildings of 500,000 sf and larger accounted for 35% of YTD activity, followed by buildings ranging from 100,000 sf to 249,000 sf at 22%.

FUTURE INVENTORY

Construction activity increased modestly QOQ, with 2.0 msf of new deliveries and 5.9 msf across 18 projects remaining under construction as of Q3 2026. However, the construction pipeline has contracted significantly from its 2022 peak of 40.6 msf. The reduced development pipeline is expected to support more balanced market conditions over the next 12 months as new supply diminishes, and absorption moves closer to historical norms.

PRICING

The overall average asking rent declined by 2.6% QOQ and 9.9% YOY to \$1.01 per square foot (psf) per month on a triple-net basis. Direct asking rent averaged \$1.03 psf, down 2.8% QOQ and 11.1% YOY, while sublease asking rent averaged \$0.92 psf. By submarket, the IEW commanded the highest average asking rent at \$1.13 psf, followed by the IES at \$1.10 psf and the IEE at \$0.92 psf, reflecting differences in location, product quality, building size and tenant demand.

- New leasing activity and subsequent net absorption have fluctuated from quarter to quarter as tenants continue to prioritize lease renewals and cost-saving strategies over expansion. While Q4 leasing activity is expected to remain moderate, full-year leasing volume is positioned to exceed 2025 levels, supported by strong Q2 activity.
- The IE West appears closer to stabilization, supported by the region's strongest leasing activity and its strategic location. Additionally, limited new construction should support further vacancy declines as demand absorbs existing inventory. However, the contracting development pipeline may also constrain future availability of modern Class A space in this highly sought-after submarket.
- The IE East continues to face a more uneven recovery as higher vacancy and ongoing price discovery weigh on market fundamentals. Larger tenant requirements remain active, but demand is not yet broad enough to support a sustained recovery. As available Class A space becomes more limited in IE West, some occupiers may increasingly consider IE East as an alternative, supporting a gradual improvement in leasing activity.

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 CNSTR COMPLETIONS (SF)	UNDER CNSTR (SF)	AVERAGE ASKING OVERALL RENT (ALL TYPES)*	AVERAGE ASKING OVERALL RENT (W/D)
Inland Empire East	279,603,567	28,402,309	10.2%	1,794,614	520,902	16,137,381	563,973	2,116,430	\$0.92	\$0.92
Inland Empire West	339,954,561	22,246,270	6.5%	2,342,876	495,852	21,386,730	1,390,499	3,814,378	\$1.13	\$1.13
Inland Empire South	35,942,041	1,685,562	4.7%	-210,020	71,741	1,287,279	0	0	\$1.10	\$1.09
Inland Empire Totals	655,500,169	52,334,141	8.0%	3,927,470	1,088,495	38,811,390	1,954,472	5,930,808	\$1.01	\$1.01

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

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
9333 Hermosa Ave.	Rancho Cucamonga	LC Logistics	573,000	New
1002 S. Carnegie Ave.	Ontario	US Elogistics	547,395	New
1151 S. Mildred Ave.	Ontario	Confidential Tenant	433,463	New
20123 Harvill Ave.	Perris	NFI	423,665	New
927 E. 9th St.	San Bernardino	Western Post	416,566	New

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q3 2026

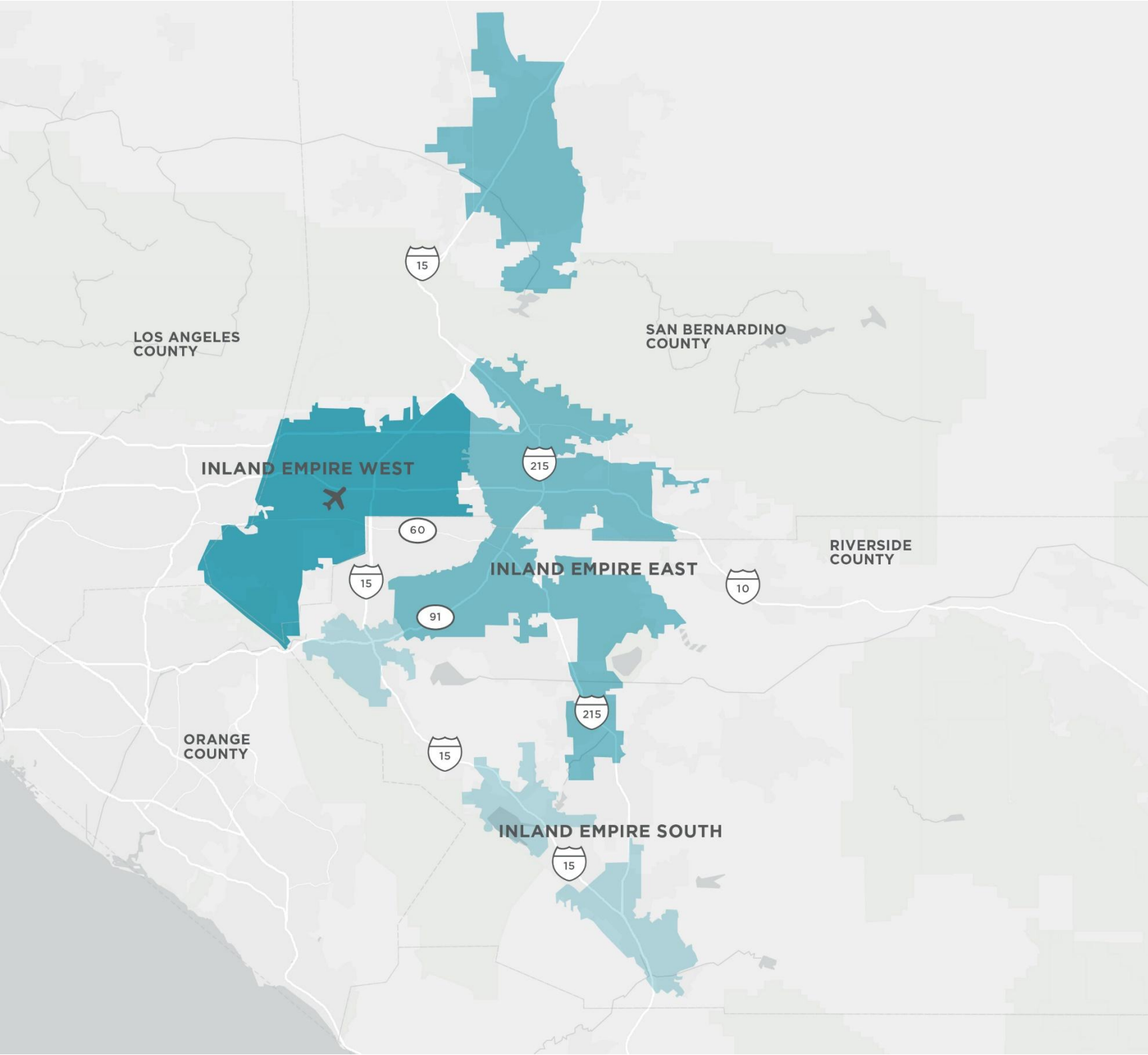
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
8140 Caliente Rd.	Hesperia	EQT Exeter Artemis Real Estate Partners	1,227,600	\$153M \$125
2825 Jurupa St. (Part of Portfolio)	San Bernardino	Cabot Properties Inc. EQT Exeter	667,024	\$120M \$179
4369 State St.	Montclair	Oakmont Industrial Group LLC Bayland Health	187,179	\$42M \$224
4420 Serrano Dr.	Jurupa Valley	PR MC Serrano Propco LLC Southern Tire Mart LLC	180,840	\$45M \$249
4388 Serrano Dr. (Part of Portfolio)	Jurupa Valley	Prospect Ridge Advisors LLC MDH Partners	148,045	\$57M \$386

KEY CONSTRUCTION STARTS Q3 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
961 E. Merrill Ave.	Ontario	N/A	1,181,607	REDA/Clarion Partners
11250 Juniper Ave.	Fontana	N/A	212,420	Goodman
23682 Water St.	Perris	N/A	186,648	Thrifty Oil Co.

Sources: ¹ www.EDD.gov Riverside-San Bernardino-Ontario, CA MSA. ²Lightcast Forecast for Riverside County, CA as of October 2026 ³The Port of Long Beach and Los Angeles, San Pedro Ports.

INDUSTRIAL SUBMARKETS



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