



NEWMARK

Inland Empire:
Industrial Market Overview

1Q26



NMRK.COM

Access the Expanded 1Q26 Inland Empire Industrial Market Overview



The expanded version of this report includes slides on:

- **Southern California’s Ports, U.S. Retail Sales, Tariffs, and the Local Economy:** All shape industrial leasing market dynamics.
- **The Trajectory of Contract Rents**
- **Sales Activity:** Includes notable industrial sales, top buyers, and how industrial compares to other property segments.
- **Detailed Submarket Statistics**
- **Regulations**

To access, please reach out to your Newmark business contact.

Extensive content across 47 slides—a detailed presentation packed with useful office information and in-depth analysis.

Inland Empire Industrial Market Observations



Economy

- Loaded import volume at Southern California's ports reached 10.1 million containers in 2025, the busiest year on record. Monthly traffic was uneven throughout the year, reflecting a pattern of importers front-loading shipments ahead of tariff deadlines, followed by volume pullbacks once new rates took effect.
- Historically, goods from China drive import volume at the ports. The fact imports set a new record — despite China carrying the highest U.S. tariff rates of any trading partner — is counterintuitive and is explored in the slides to come.
- Local industrial-using employment contracted on a year-over-year basis.
- U.S. wage growth continues to outpace inflation and retail sales remain healthy; both are supportive of import demand and occupier activity. These conditions could deteriorate if the Iran conflict escalates into a sustained inflationary shock and unemployment rises meaningfully.



Leasing Market Fundamentals

- The market recorded 4.2 MSF in net absorption losses this quarter — the worst quarterly showing on record. Three downsizing retailers (Under Armour, Home Depot, and Skechers) drove nearly 3.0 MSF of the total loss combined.
- Average weighted lease term lengths rose to 79 months in the first quarter — above the 21-year historical average of 69 months — as tenants locked in longer commitments while rents and landlord flexibility remained favorable.
- Class A leasing as a percentage of overall leasing volume increased this quarter, largely from two 1.0 MSF commitments on planned space.
- Available sublease space fell to 16.2 MSF, down 2.6% from the prior quarter, as several large occupiers committed to big-box sublease offerings.



Major Transactions

- Twenty-three big-box (100,000+ SF) direct leases were signed this quarter, up from the 20 signed in the prior quarter and well below the 39 signed in the first quarter of 2025.
- Tireco signed the largest lease of the quarter, renewing its 1.1 MSF commitment at Sierra Business Park in Fontana.
- Walmart accounted for three of the ten largest leases of the quarter. The retailer committed to a 1.1 MSF build-to-suit facility in Ontario and renewed at 4150 Hamner Ave in Eastvale (901 KSF) and 4250-5250 Hamner Ave in Mira Loma (756 KSF).
- Walmart also secured the quarter's largest investment sale, acquiring a 507,000-SF cold storage facility at 1001 Columbia Ave in Riverside from Stable Street Global Advisors for \$111.5 million. The company had occupied the property as a tenant.

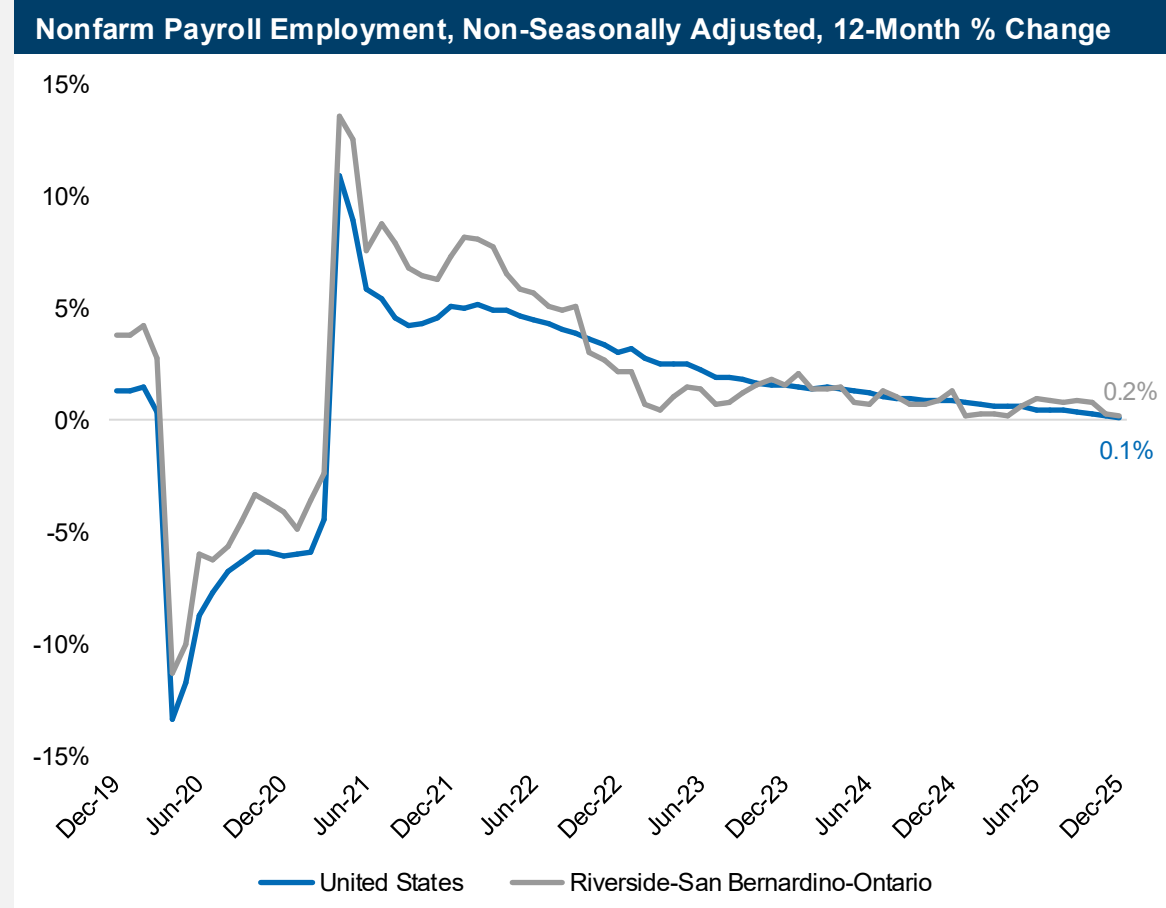
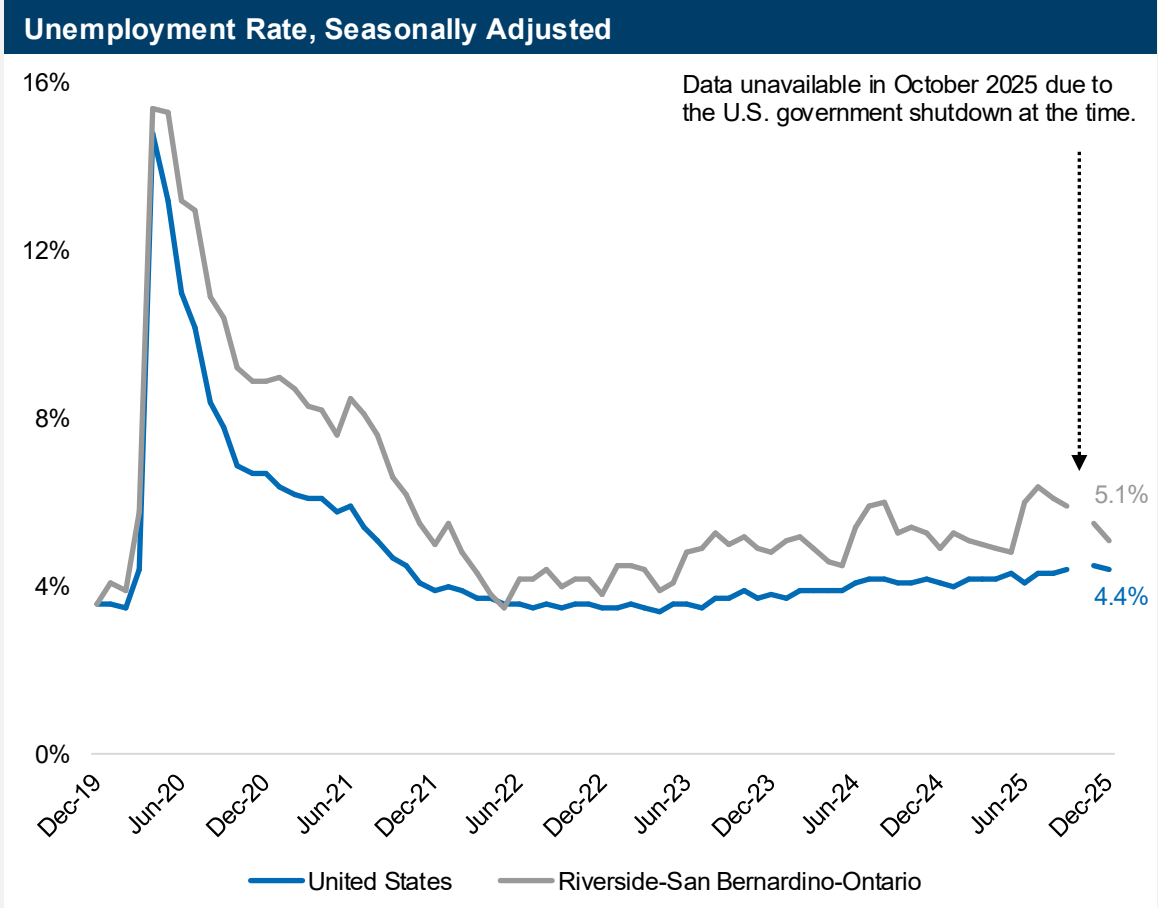


Outlook

- Four of the five largest move-ins of the quarter were from Chinese 3PLs and manufacturers — evidence that demand from Chinese-affiliated firms has held up even as U.S. tariff rates on Chinese goods remain at historic highs.
- The U.S. economy is on track to expand roughly 2.4% in 2026, despite a Q4 2025 stumble (0.7% annualized, partly attributable to the government shutdown), with Q1 signaling a recovery toward trend growth. Oil price escalation and persistent tariff-driven inflation remain the primary near-term threats to business confidence and consumer spending.
- The market's current leasing slump, now two quarters running, is expected to weigh on near-term absorption.
- Four pre-leased facilities totaling 5.7 MSF are expected to deliver over the next five quarters, providing a boost to net absorption and helping compress vacancy in the periods ahead.

Local Unemployment Declines While Job Growth Nears Zero

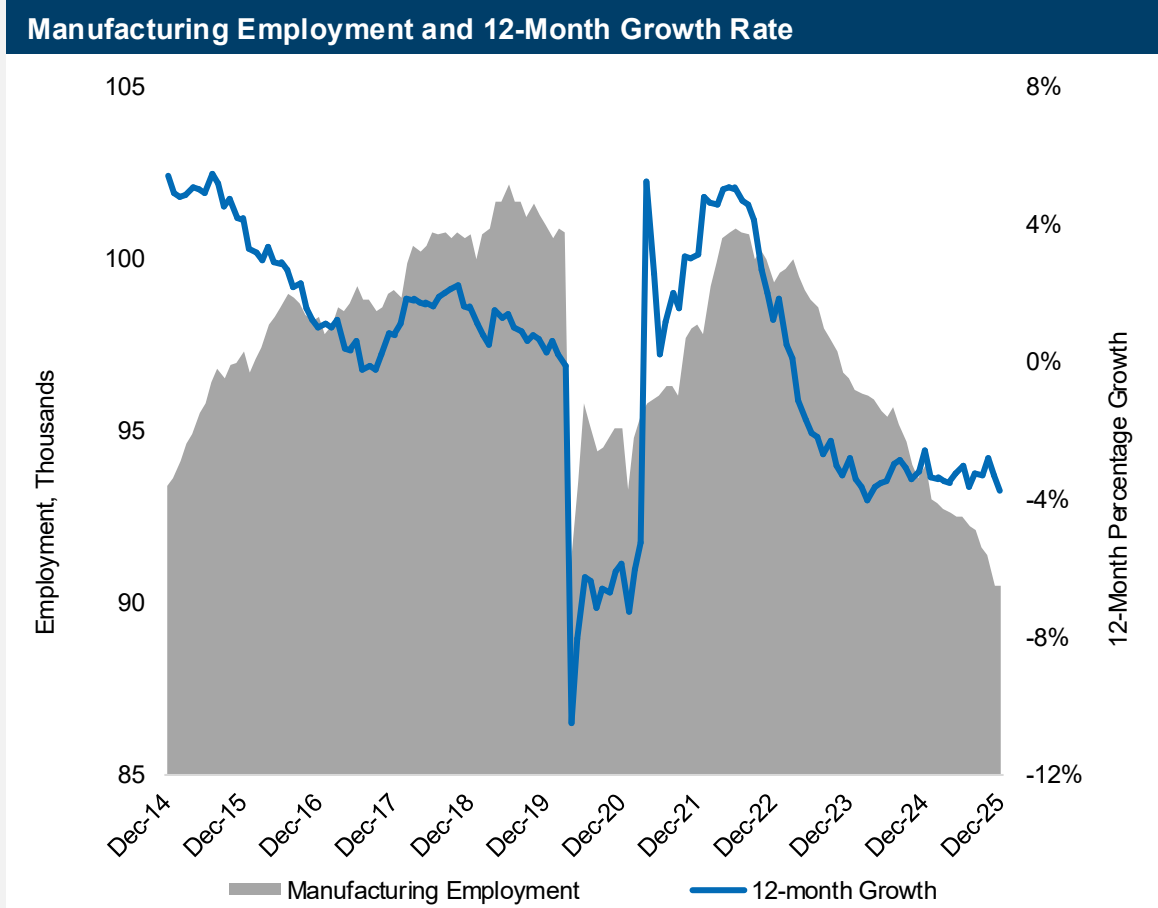
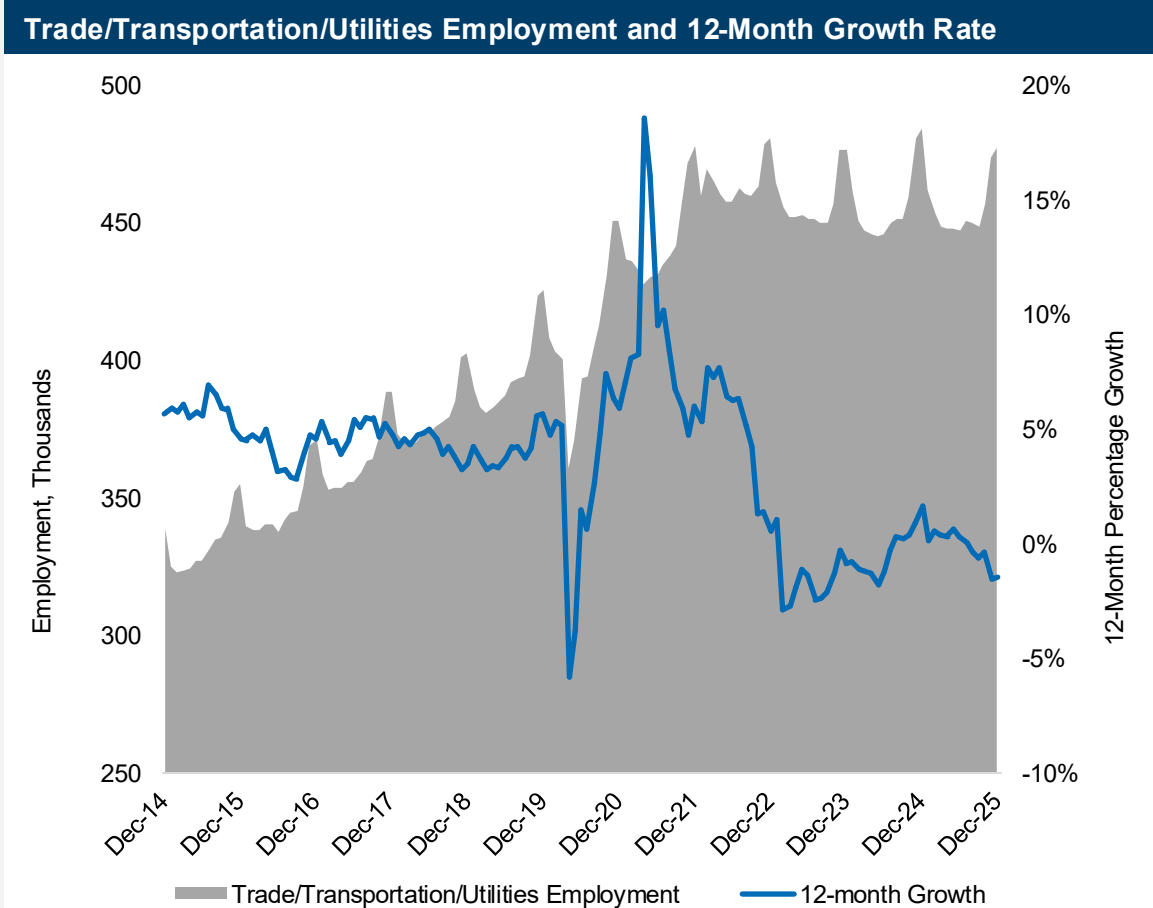
Local unemployment fell from a nearly five-year high of 6.4% in July to 5.1% in December 2025 yet remained 70 basis points above the national rate at year-end. Local nonfarm payroll employment growth was effectively flat, registering just 0.2% in December amid a concurrent deceleration in the national rate.



Source: U.S. Bureau of Labor Statistics, Riverside-San Bernardino-Ontario
 Note: Local unemployment statistics for October were unavailable due to a federal government shutdown. January and February unemployment figures for Riverside-San Bernardino-Ontario were unavailable at the time of publication.

Industrial Employment Growth Negative; Sector Exposed to Trade Disruptions

The trade/transportation/utilities sector reached its typical December employment peak through seasonal hiring yet still posted a modest year-over-year decline. Manufacturing employment continues to contract, pressured by ongoing automation, elevated operating costs in California, and growing tariff-driven exposure on imported raw materials. Both sectors face an additional downside from rising transportation costs as the Iran conflict keeps oil prices elevated.

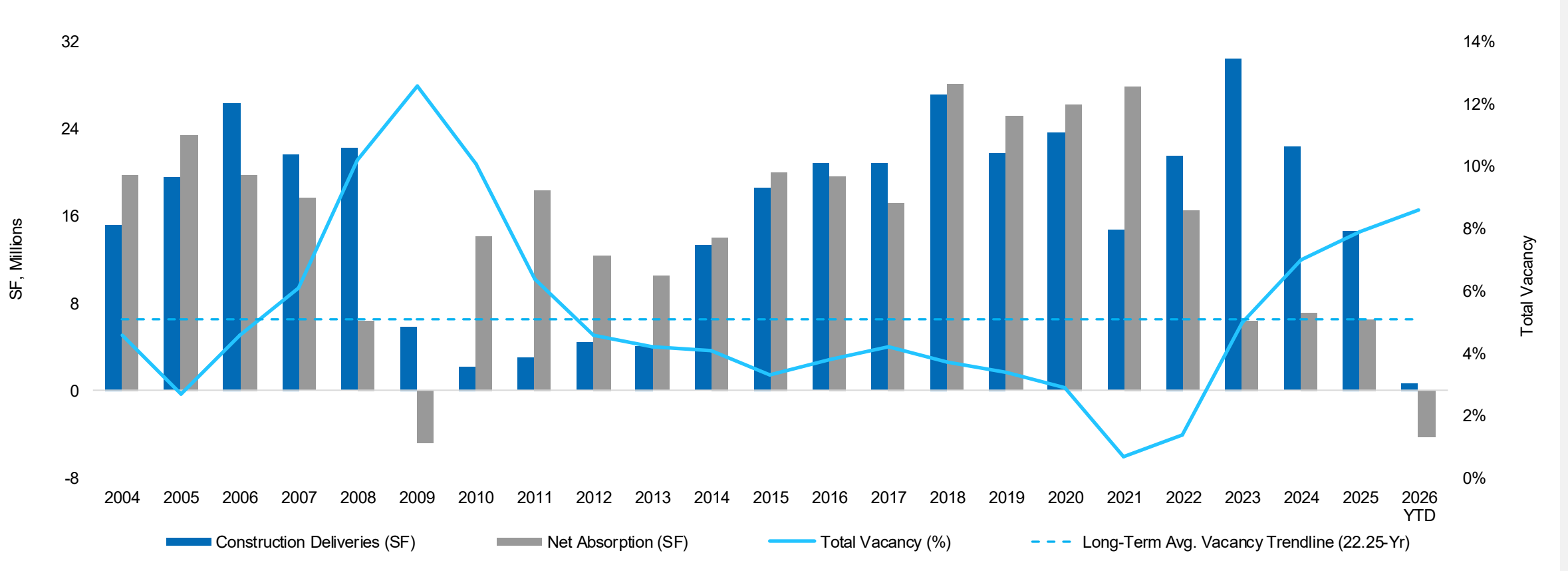


Source: U.S. Bureau of Labor Statistics, Riverside-San Bernardino-Ontario
 Note: Post-2025 employment growth figures for Riverside-San Bernardino-Ontario were unavailable at the time of publication.

1.0 MSF+ Move-Outs Lead to Worst Quarterly Net Absorption Losses on Record

At 4.2 MSF, first-quarter net absorption losses set a new quarterly record. Three downsizing retailers — Under Armour (1.2 MSF), Home Depot (1.1 MSF), and Skechers (643 KSF) — drove nearly 3.0 MSF of the total loss, accounting for roughly 70% of the quarter's negative absorption. Vacancy climbed to 8.6%, reflecting record occupancy losses compounded by the delivery of 682 KSF in unleased new construction.

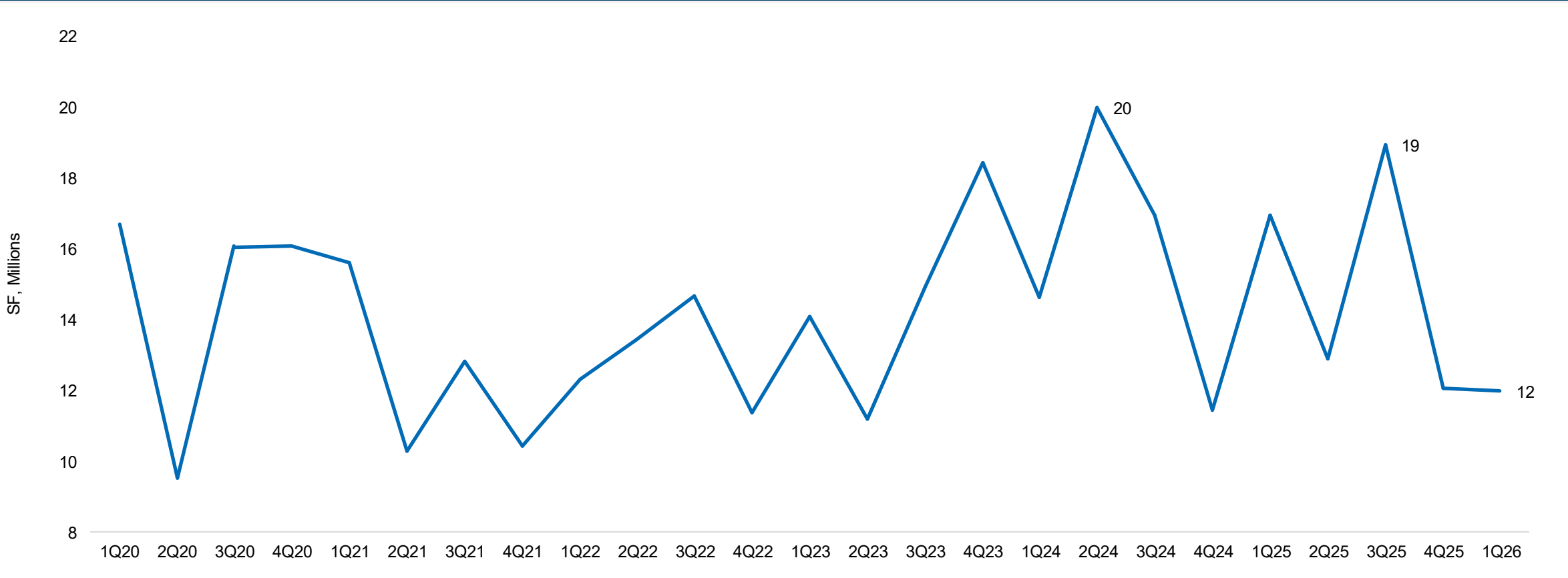
Historical Construction Deliveries, Net Absorption, and Vacancy



Quarterly Leasing Activity, Uneven Since 2019, is Driven by Big-Box Signings

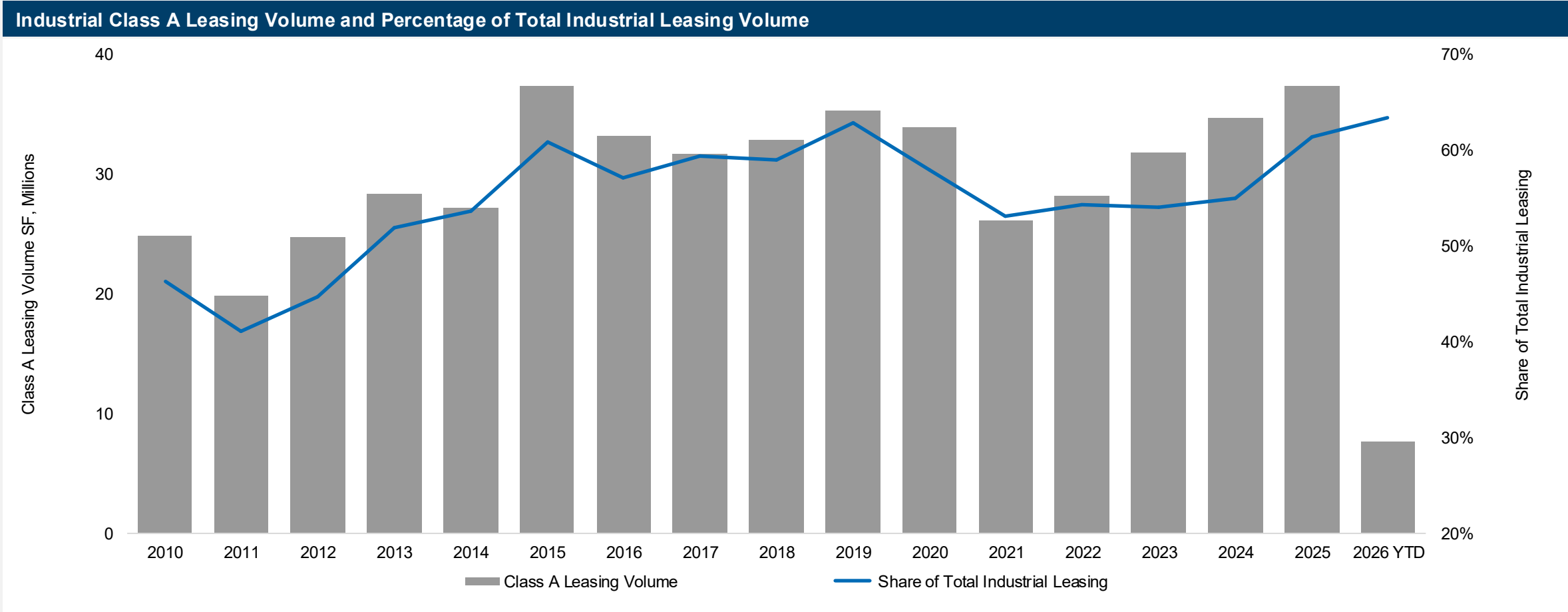
Quarterly fluctuations are largely driven by the cadence of large-block transactions — specifically, the number of facilities exceeding 500,000 SF that close in a given period — along with prevailing macroeconomic conditions. Volume has decreased in recent quarters, reflective of a slow-growth U.S. economy. For instance, consumer spending has moderated with 0.4% month-over-month gains by late 2025.

Total Leasing Activity (SF): New Leases and Renewals



Class A Warehouse Demand Elevated Amid Excess of Available Premium Space

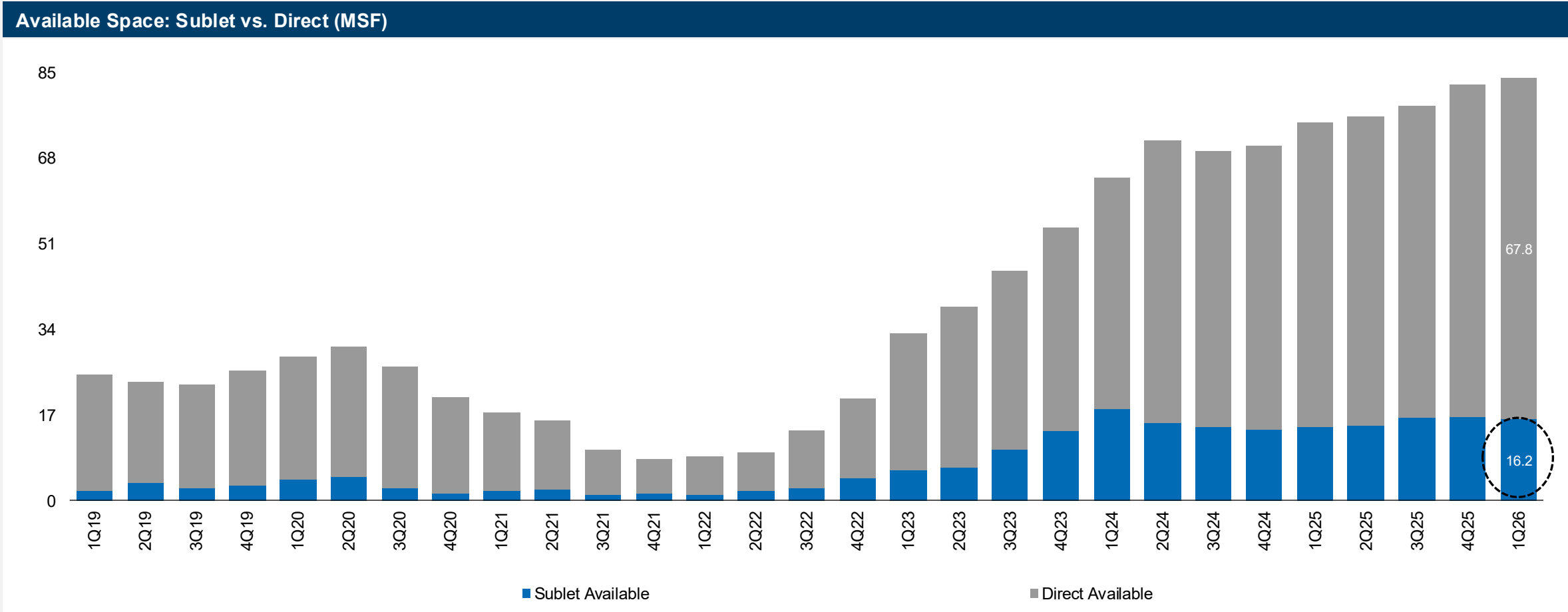
Class A warehouse leasing accounted for 63.4% of total leasing activity in the first quarter of 2026, exceeding the preceding 16-year historical average of 54.6%. As availability has trended higher over the past two years, rents across most big-box size segments have softened — compressing the cost premium between Class A and lower-tier options and reinforcing the flight-to-quality dynamic among tenants pursuing top-tier space.



Source: Newmark Research, CoStar
 Note: Class A is defined as 100,000+ SF warehouse/distribution facilities constructed since 2000 with a 30'+ minimum interior ceiling height.

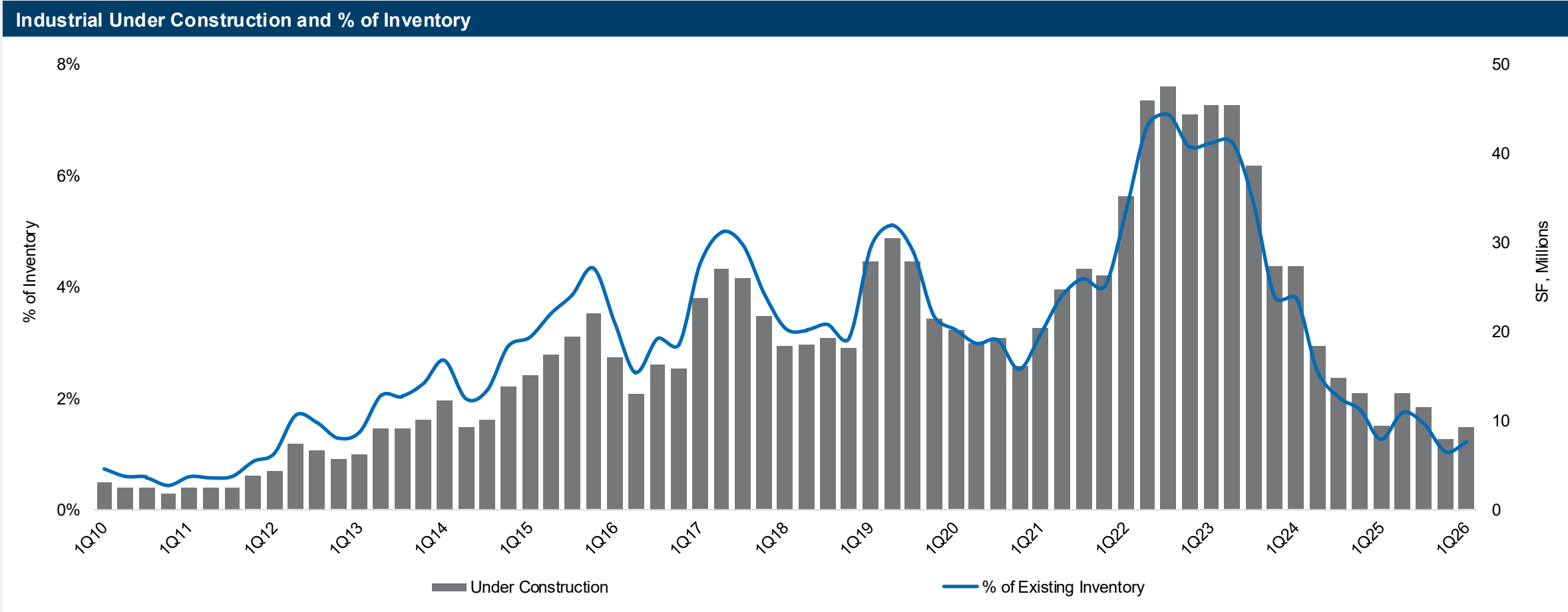
Sublet Availability Inches Downward Following Multiple Big-Box Sublease Commitments

Available sublease space fell 2.6% from the preceding quarter to reach 16.2 MSF following new space commitments by Continental Tire (636,000 SF at 2325 Cottonwood Ave in Riverside), TrakMotive (252,283 SF at 27334 San Bernardino in Redlands), and Waitex Logistics (177,650 SF at 10404 6th St in Rancho Cucamonga). Sublease space presently accounts for 19.3% of all available space in the market on a square footage basis.



Just Under 40% of Under-Construction Space Now Leased

39.3% of underway space has pre-leased due to two 1.0 MSF+ under-construction committals. While two 1.0 MSF+ projects are anticipated to break ground later this year, under-construction activity will likely continue to rest below the 2012-2019 pre-pandemic average of 16.3 MSF as long as vacancy remains elevated and leasing activity remains subdued.



Notable 1Q26 Lease Transactions

Forty-three leases exceeding 100,000 SF were executed this quarter, an increase over the prior quarter's 32 but trailing the 52 recorded in the first quarter of 2025. By transaction type, direct leases accounted for the largest share at 23, followed by 13 renewals/extensions, and seven sublease transactions. West Inland Empire submarkets captured 26 of the 43 deals — roughly 60% of big-box activity — with the East claiming the remaining 17.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Tireco, Inc.	10545 Production Ave	West I.E.	Lease Renewal	1,101,840
<i>The tire manufacturer renewed at the Sierra Business Park in January. Lease term expires in 2Q29.</i>				
Walmart	Merrill Commerce Center - Bldg 11	West I.E.	Direct Lease (Pre-lease)	1,053,152
<i>The retailer, which retains a significant warehousing footprint across the IE, will occupy the build-to-suit property on delivery (anticipated groundbreaking in 2Q26 and completion in 1Q27).</i>				
Medline Industries	815 Redlands Ave	East I.E.	Direct Lease (Pre-lease)	1,020,657
<i>The medical supply manufacturer, which retains a significant warehousing footprint across the IE, will occupy the build-to-suit property on delivery (anticipated groundbreaking in 2Q26 and completion in 2Q27).</i>				
Walmart	4150 Hamner Ave	West I.E.	Lease Renewal	901,662
<i>The retailer, which has leased the property since 2007, renewed in February. Lease term expires in 2Q36.</i>				
Confidential Tenant	11640 Harrel St	West I.E.	Lease Extension	886,055
<i>The tenant, which has occupied the property since 2021, extended their lease in January. Newmark represented the tenant in the transaction.</i>				

Colin Harmony

Senior Research Analyst
Los Angeles, Inland Empire
colin.harmony@nmrk.com

Claudia Morales

Senior Database Coordinator
Inland Empire, Orange County
claudia.morales@nmrk.com

Dain Fedora

Head of Research
Southwest
dain.fedora@nmrk.com

Inland Empire

3281 E. Guasti Rd., Suite 370
Ontario, CA 91761
t 909-605-1100

New York Headquarters

125 Park Ave.
New York, NY 10017
t 212-372-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.