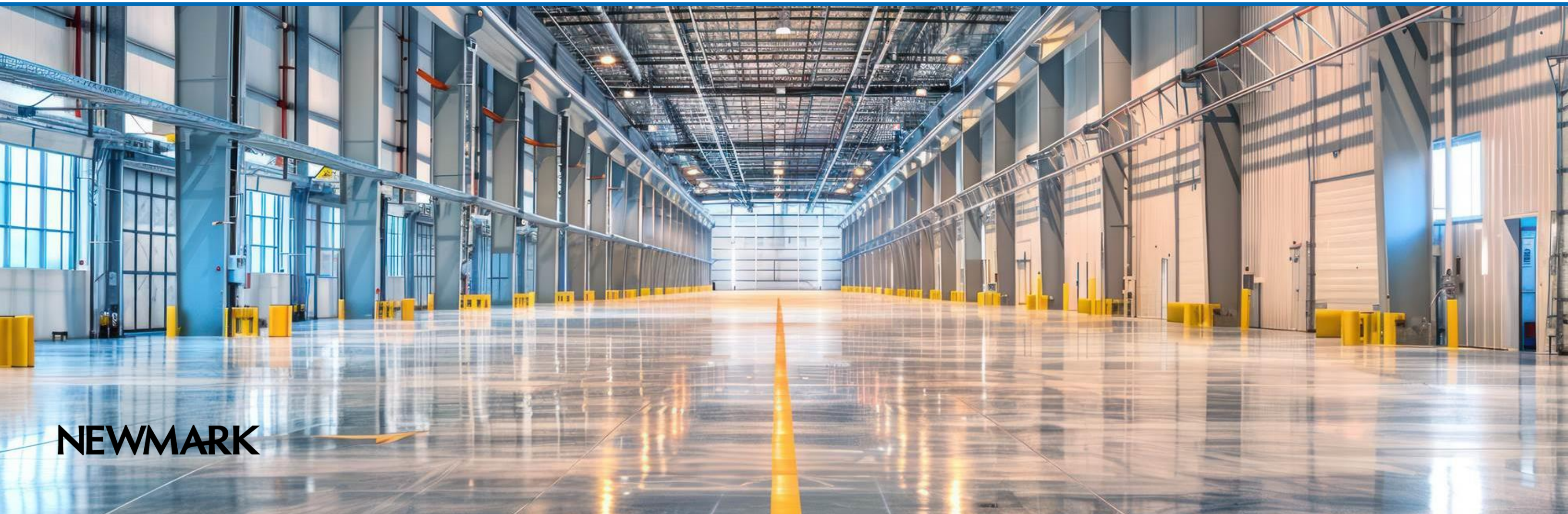


3Q25

Inland Empire Industrial Market Overview



NEWMARK

Market Observations

Economy

- Import traffic at Southern California’s seaports was uneven this quarter due to ever-changing [U.S. tariffs](#) on foreign goods.
- Tariffs have a delayed impact, as businesses try to pass on costs to suppliers, stockpile goods before new duties go into effect, and/or utilize existing inventory first before higher prices work their way down the supply chain to consumers.
- Consumer confidence has fallen in recent months, and U.S. retail sales are anticipated to slow. Sales will suffer a steeper decline if tariff-induced inflation sets in and domestic unemployment increases.
- China, which faces the steepest tariff hikes, has deep ties to Southern California’s ports and industrial markets.

Major Transactions

- Thirty-two big-box (100,000+ SF) direct leases were signed this quarter, sharply up from the 19 inked last quarter and the 21 in the third quarter of 2024.
- Chinese firms continue to comprise a significant portion of new big-box leasing activity: just under 20% of leasing volume within the segment during the second and third quarters of the year was attributable to Chinese firms.
- Chinese 3PLs accounted for three of this quarter’s 10 largest leases.
- UPS, which operated Wineville Center Pointe S in Jurupa Valley as an owner-user, offloaded the 765,456-SF property to Fortress Investment Group in a sale-leaseback in August. The \$208.8 million sale was the largest single-property trade of the quarter.

Leasing Market Fundamentals

- The West has continued to outperform the East in leasing activity, though activity in the East is accelerating. West leasing remains most pronounced within the 100,000- to 499,999-SF segment, which boasts higher availability and steeper rent declines relative to other size thresholds.
- YTD lease term lengths are higher than the historical average; tenants are locking in today’s more-occupier-favorable conditions before effective rents meaningfully rise.
- Vacancy rose to 8.1% after 3.9 MSF in mostly unleased new construction delivered this quarter. Seventy-four percent of new deliveries were in the West.
- Quarterly net absorption totaled 44,669 SF. The occupancy of a 1.0 MSF+ Hesperia Commerce Center facility by Maersk helped counterbalance a wave of move-outs.
- Available sublease space totals 17.1 MSF, up 12.3% from the first quarter.

Outlook

- Prolonged uncertainty concerning U.S. tariff policy will depress overall leasing activity as some occupiers refrain from new commitments.
- The future delivery of a 2.4-MSF Amazon Fulfillment Center in Hesperia and a 1.2-MSF Apple Valley facility built for Lecangs will insulate the market from occupancy losses in 2026.
- The foregoing High Desert projects broke ground shortly after the passage of California Assembly Bill 98. AB 98 will spur further projects in this area as developers face fewer regulatory hurdles in the sparsely populated region than elsewhere.
- Sustained tariffs will increase raw material prices, while federal immigration raids may lead to construction labor shortages. Both will drive up replacement costs, limit new construction, and insulate rents of existing product.

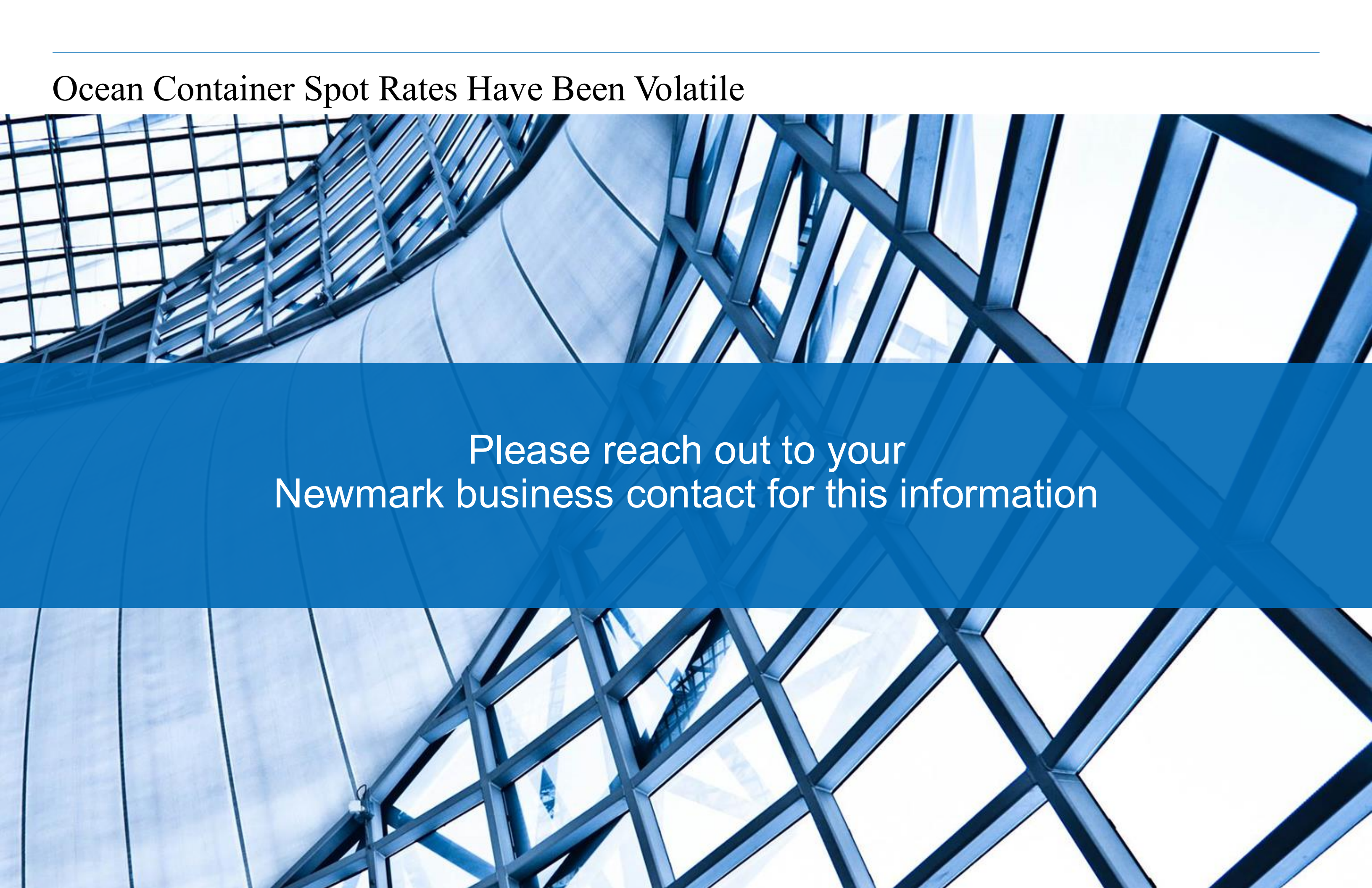
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1. Southern California's Ports and U.S. Retail Sales
 2. Local Employment
 3. Leasing: General Conditions
 4. Leasing: Size Segments and the Primary Submarkets
 5. Sales Activity
 6. Appendix

3Q25

Southern California's Ports and U.S. Retail Sales



Ocean Container Spot Rates Have Been Volatile

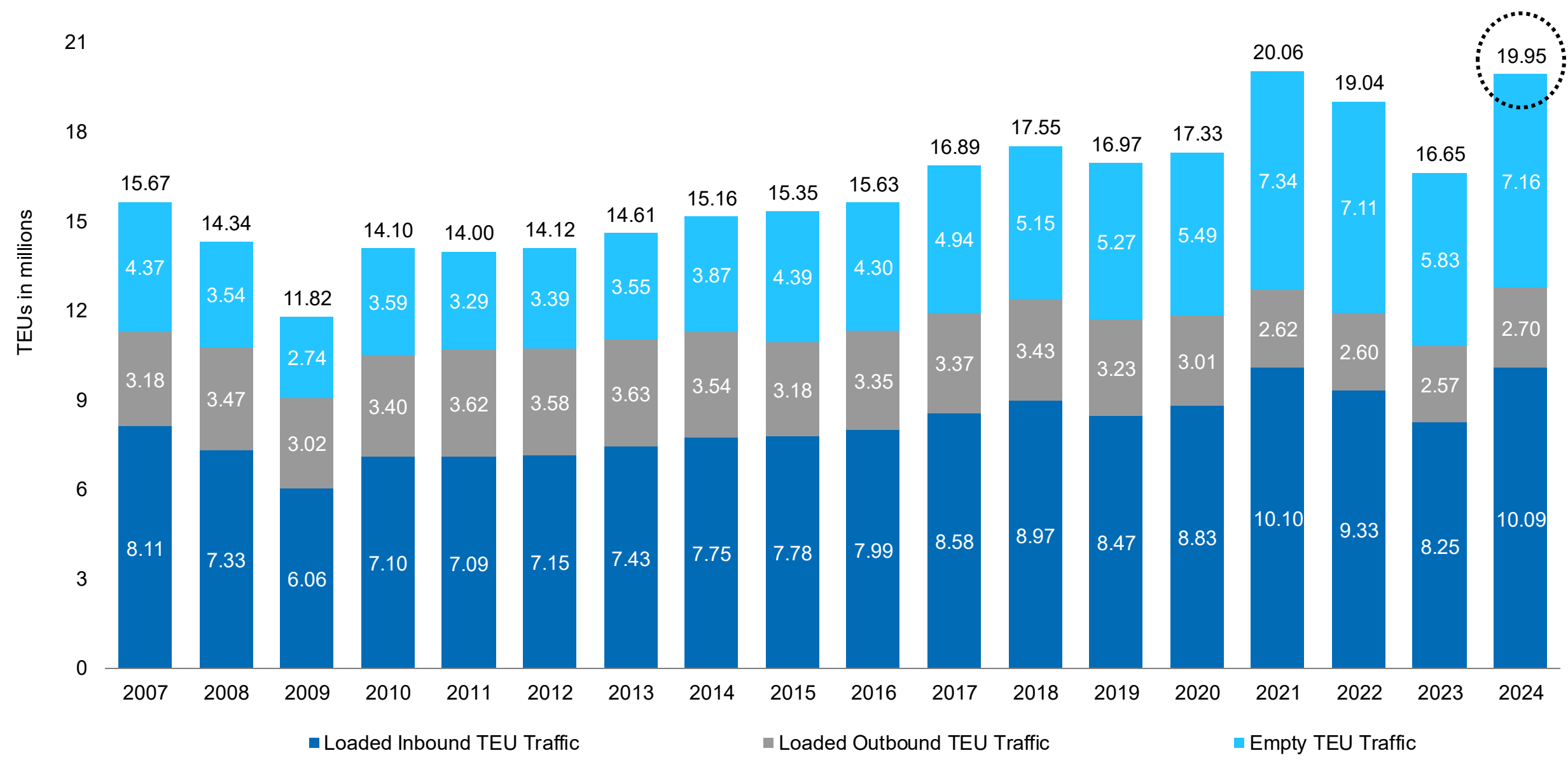
A low-angle, upward-looking shot of a modern building's exterior. The image features a complex network of dark, metallic structural beams and a grid of glass panels. The perspective creates a sense of height and architectural scale. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing white text.

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Southern California’s Ports: 2024 Was the Second Busiest Year on Record

The inflated growth of 2021-2022 (due to strong retail sales from stay-at-home measures, government stimulus, and distributors stockpiling goods) has passed. Southern California’s ports then contended with an influx of imports in 2024 due to labor negotiations with Gulf and East Coast dockworkers and the frontloading of cargo as a hedge against potential tariffs.

The Ports of Los Angeles and Long Beach: Combined TEU Volume | Loaded Imports, Loaded Exports and Empty Containers | By Year

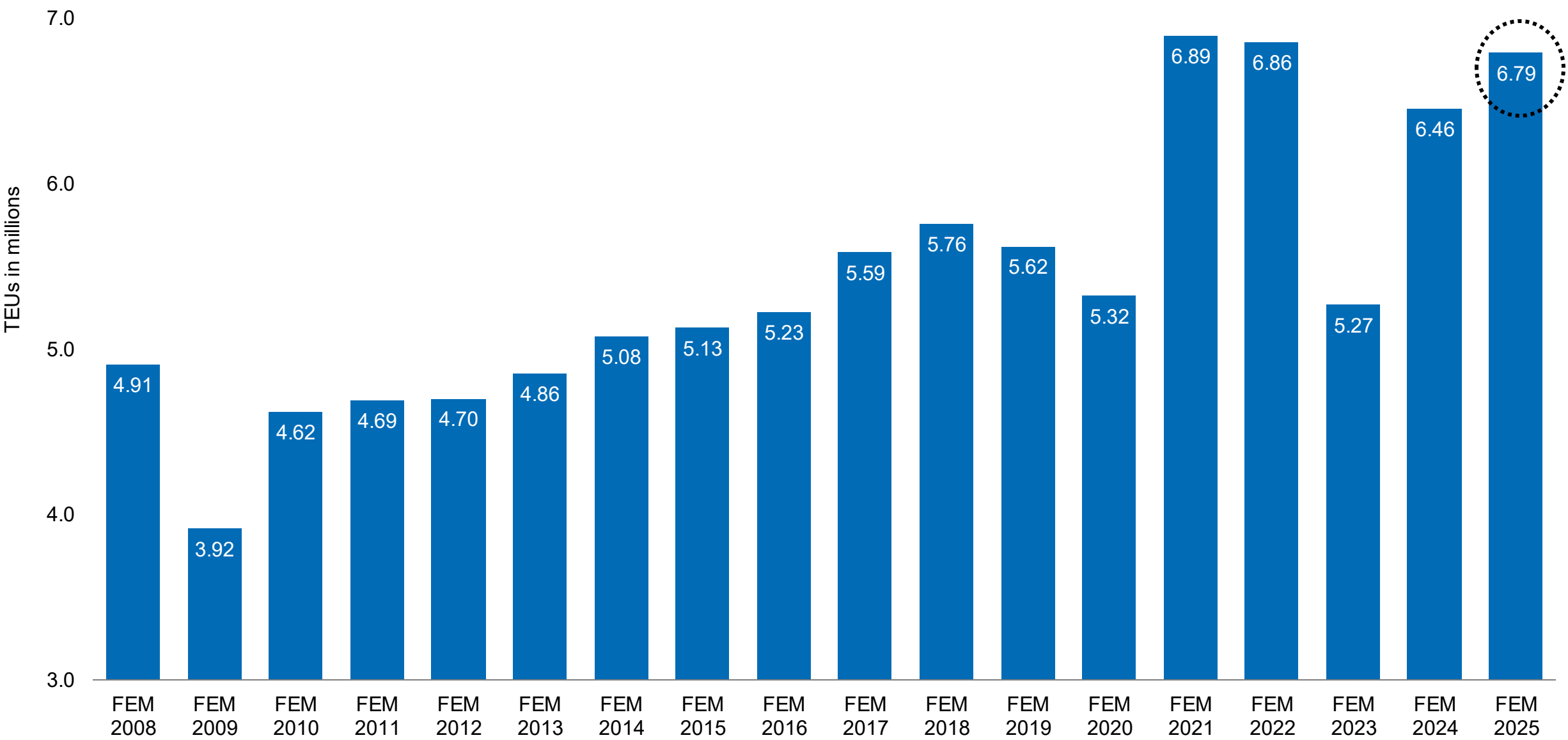


Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

Loaded Import Volume in the First Eight Months of 2025 Third Highest on Record

The frontloading of imports before President Trump’s tariffs went into effect shaped 2025’s year-to-date figure. Recent volume is uneven, as the next slide explores.

The Ports of Los Angeles and Long Beach: Loaded Imports | First Eight Months (FEM) of a Given Year



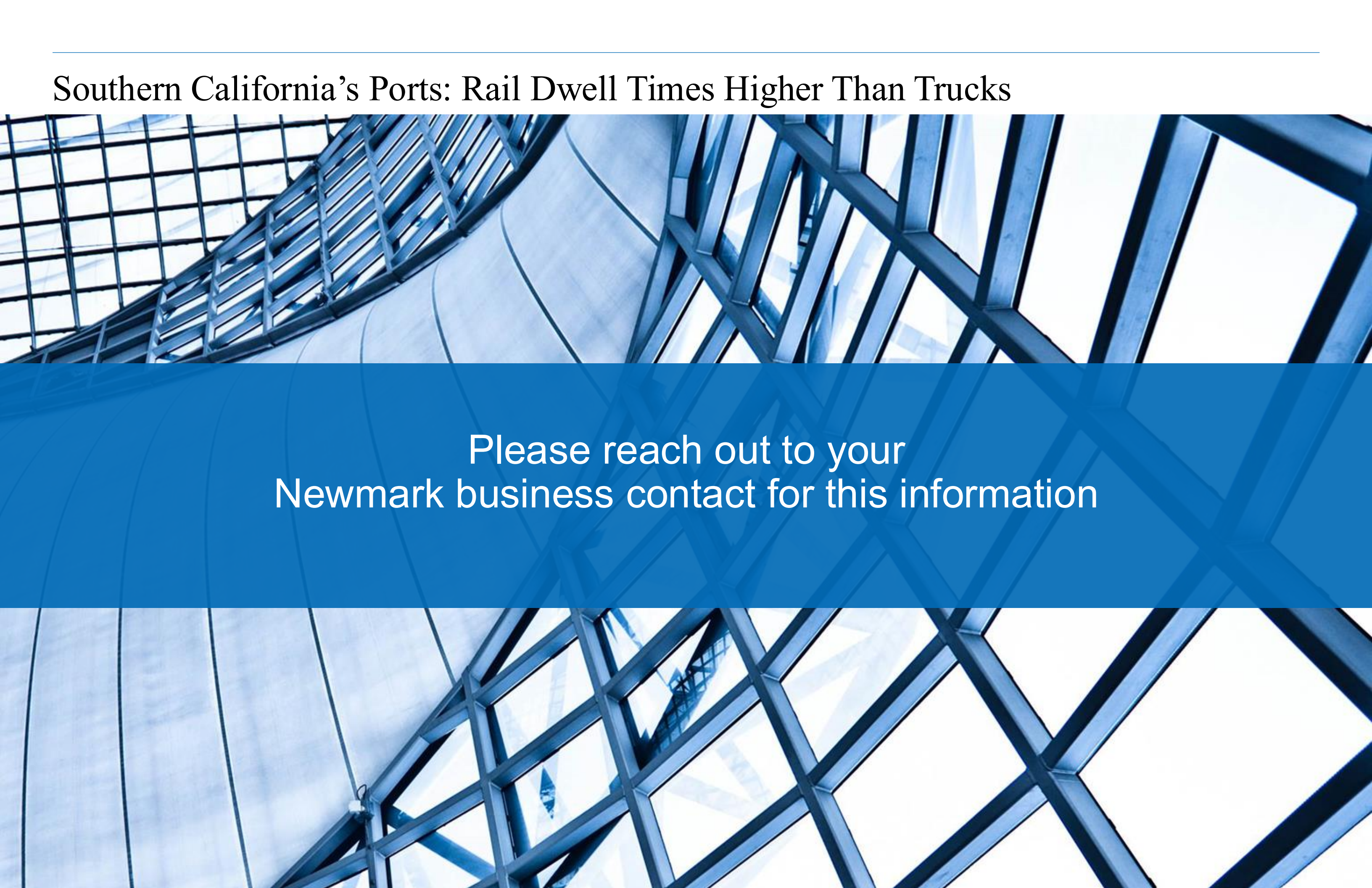
Source: Newmark Research, The Port of Long Beach and Los Angeles
Note: TEUs are a standard measure for the steel cargo containers commonly used interchangeably on ships, trucks and trains. A TEU or 20-foot equivalent unit is the industry measure used to tally cargo containers, whether the containers are 20-foot long, 40-foot long or some other size.

Southern California Ports Lead the Nation in Imports—Most of Which Originate from China



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Southern California's Ports: Rail Dwell Times Higher Than Trucks

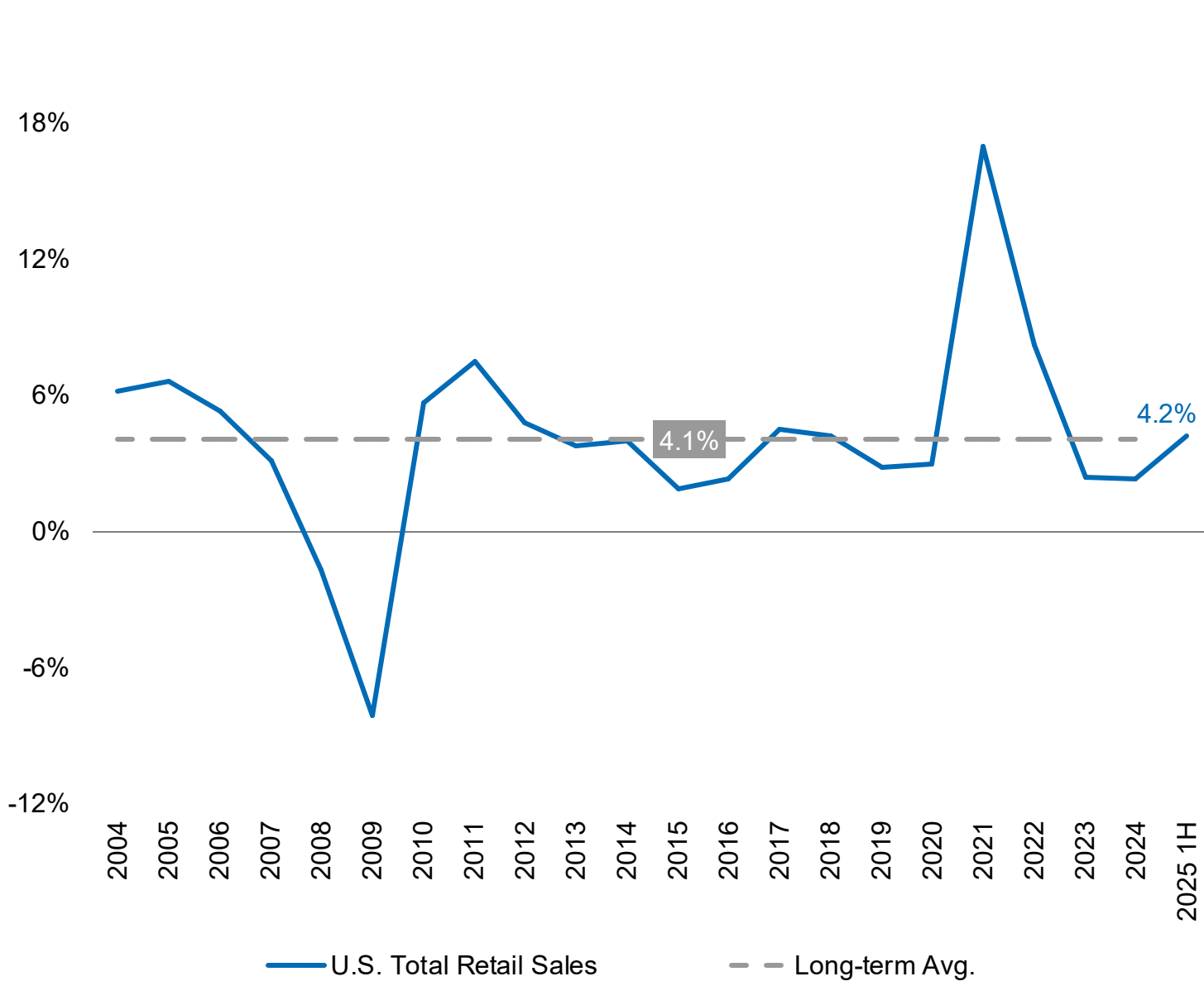
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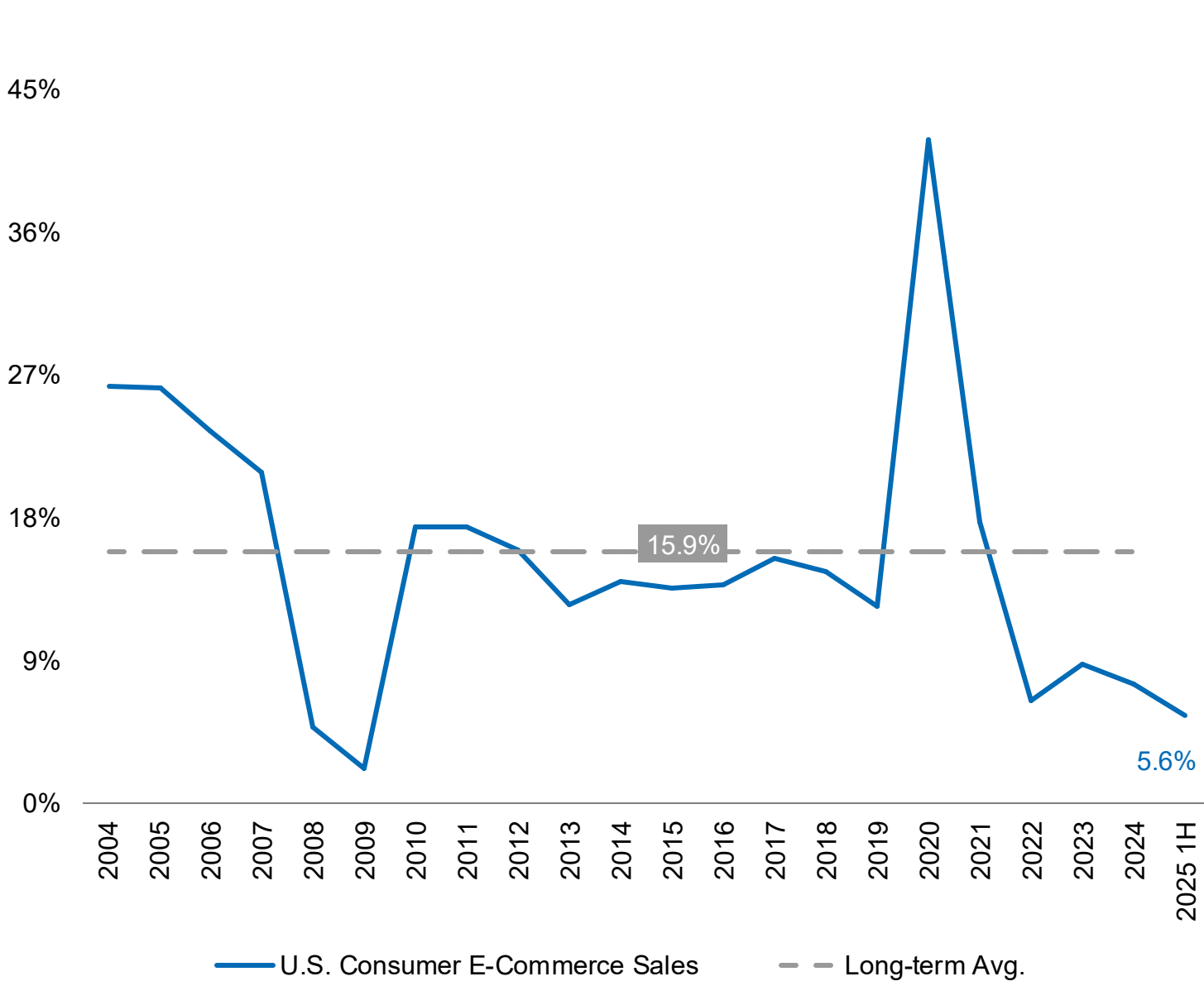
Retail Sales (an Indicator of Warehouse Demand) Up, But Projected to Slow

Overall retail sales were up 4.2% in the first half of 2025 relative to the same period in 2024 as consumers frontloaded purchases – led by motor vehicles – ahead of expected higher prices due to impending tariffs. For e-commerce specifically: Growth exceeded total retail sales (+5.6% over the same period), yet the decline from 2021 onward is noticeable as consumer spending generally registers slower gains. Since tariffs are typically stagflationary shocks, which simultaneously increase the likelihood of an economic slowdown while putting upward pressure on prices, many economists have lowered their retail sales growth projections.

U.S. Overall Retail Sales Annual Growth



U.S. Consumer E-Commerce Sales Annual Growth



Source: US Census Bureau (consumer adjusted retail sales); most current data available

The Pandemic Accelerated E-Commerce Sales Growth and Adoption Rates



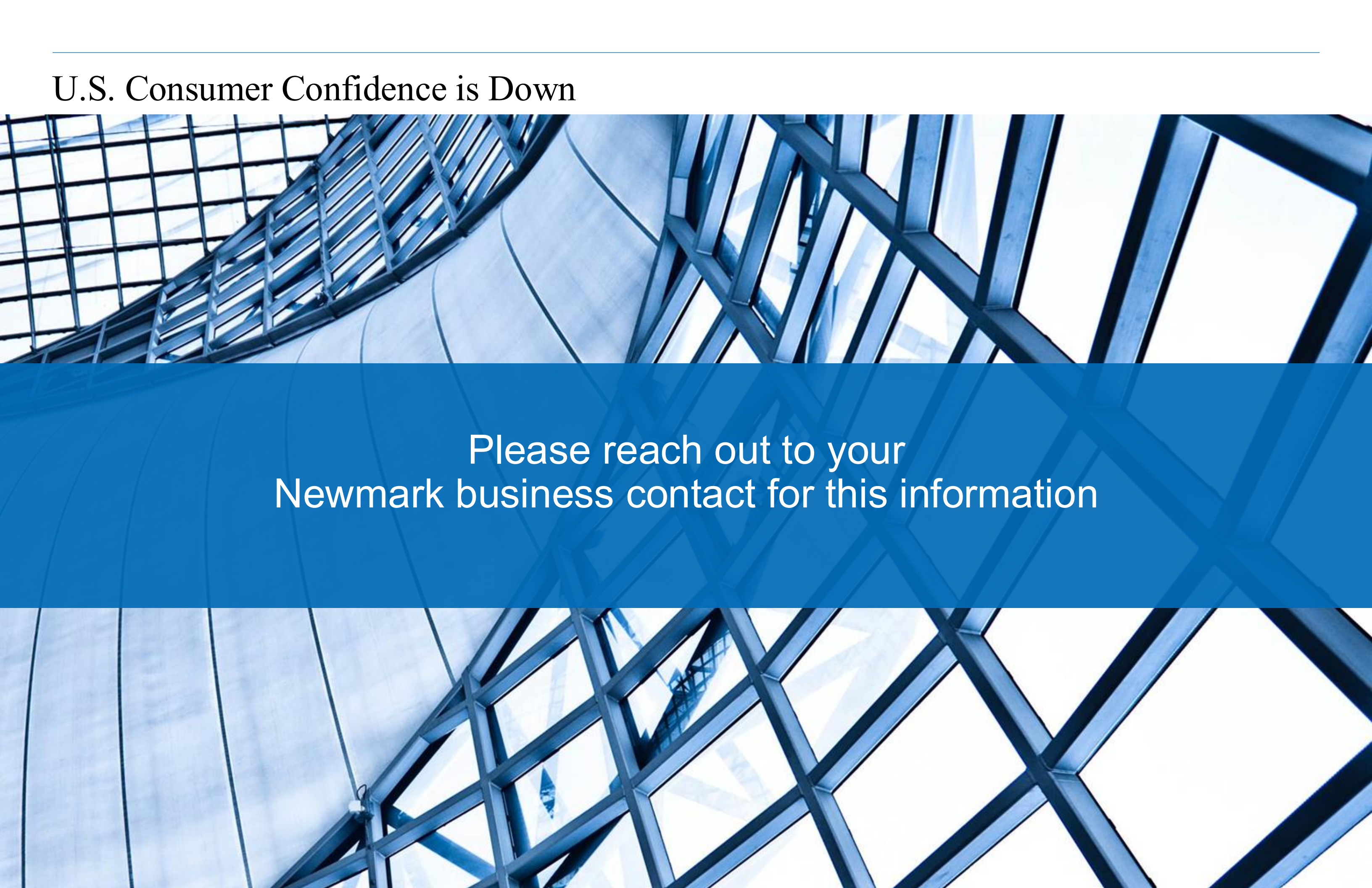
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U.S. Wage Growth is Outpacing Inflation While Unemployment Remains Low

A low-angle, upward-looking shot of a modern building's exterior. The image features a complex network of dark, metallic structural beams and a grid of glass panels. The perspective creates a sense of height and architectural scale, with the lines converging towards the top of the frame. The lighting is bright, suggesting a clear day, and the overall color palette is dominated by the blues and greys of the building materials.

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U.S. Consumer Confidence is Down



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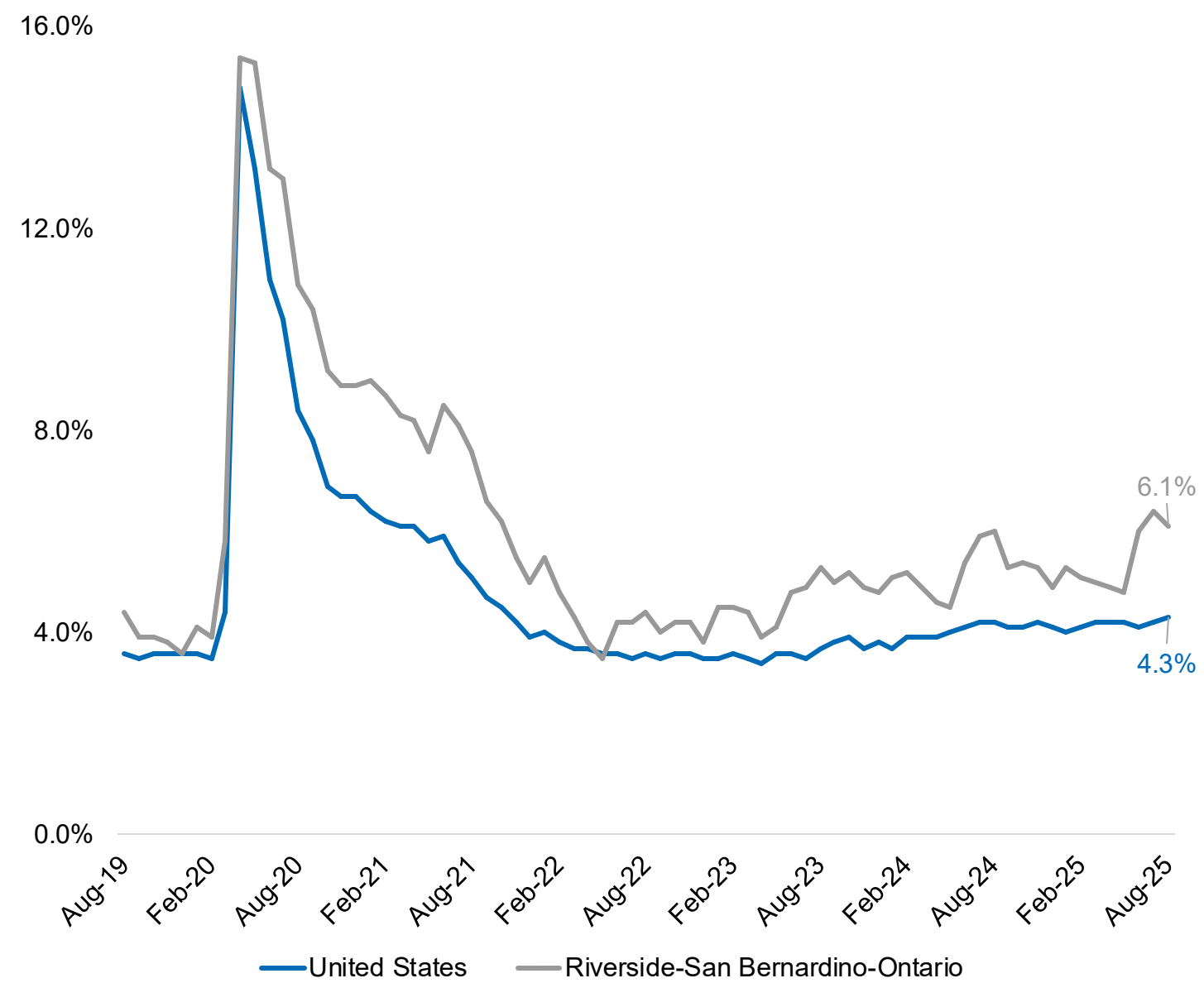
Local Employment



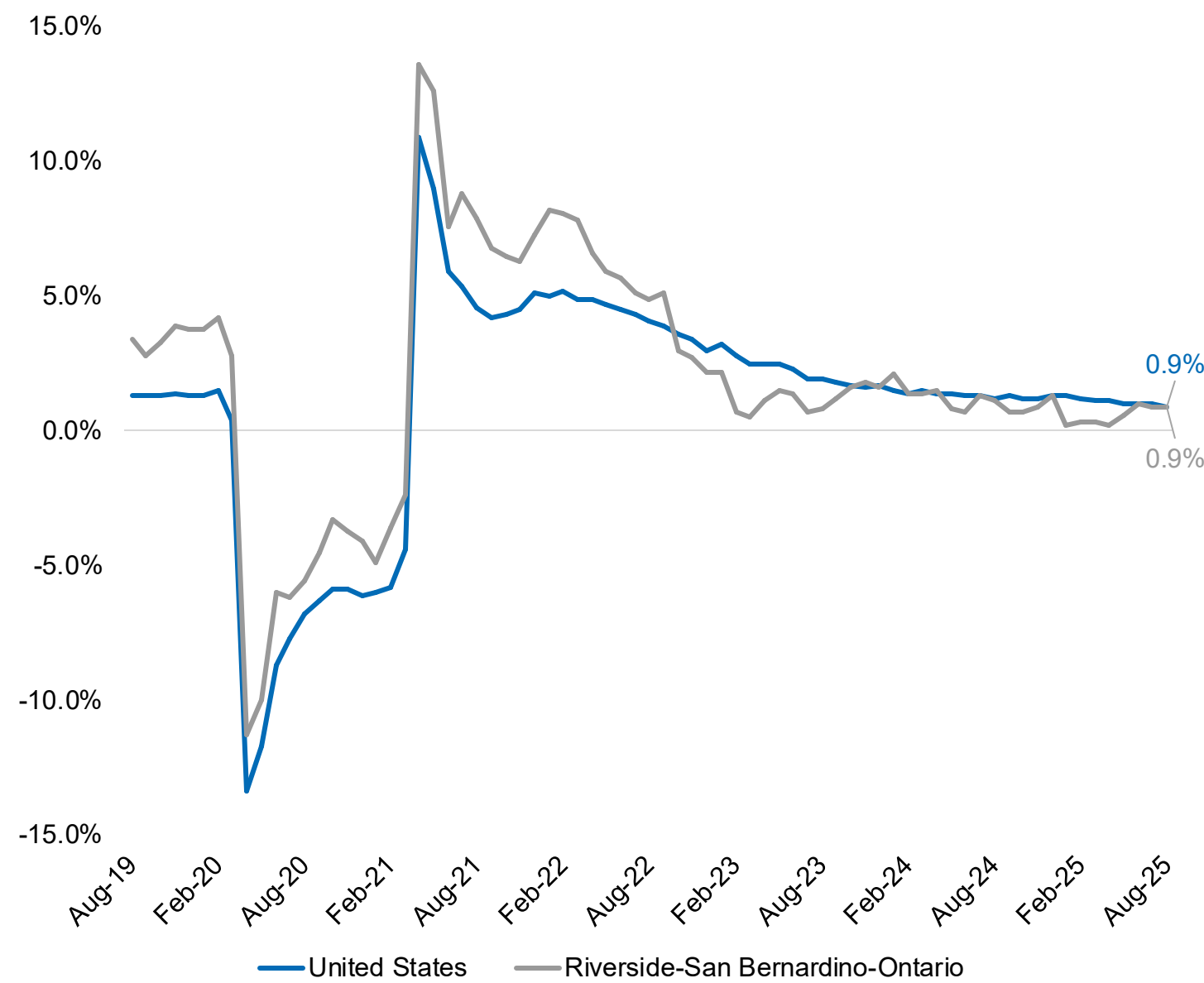
Local Unemployment Noticeably Up; YOY Employment Growth Remains Modest

Local unemployment jumped in June and remained above 6.0% through August. Local annualized nonfarm payroll employment growth matched the national rate in August; at 0.9%, both growth metrics reflect stagnation of labor pool growth over the past year.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

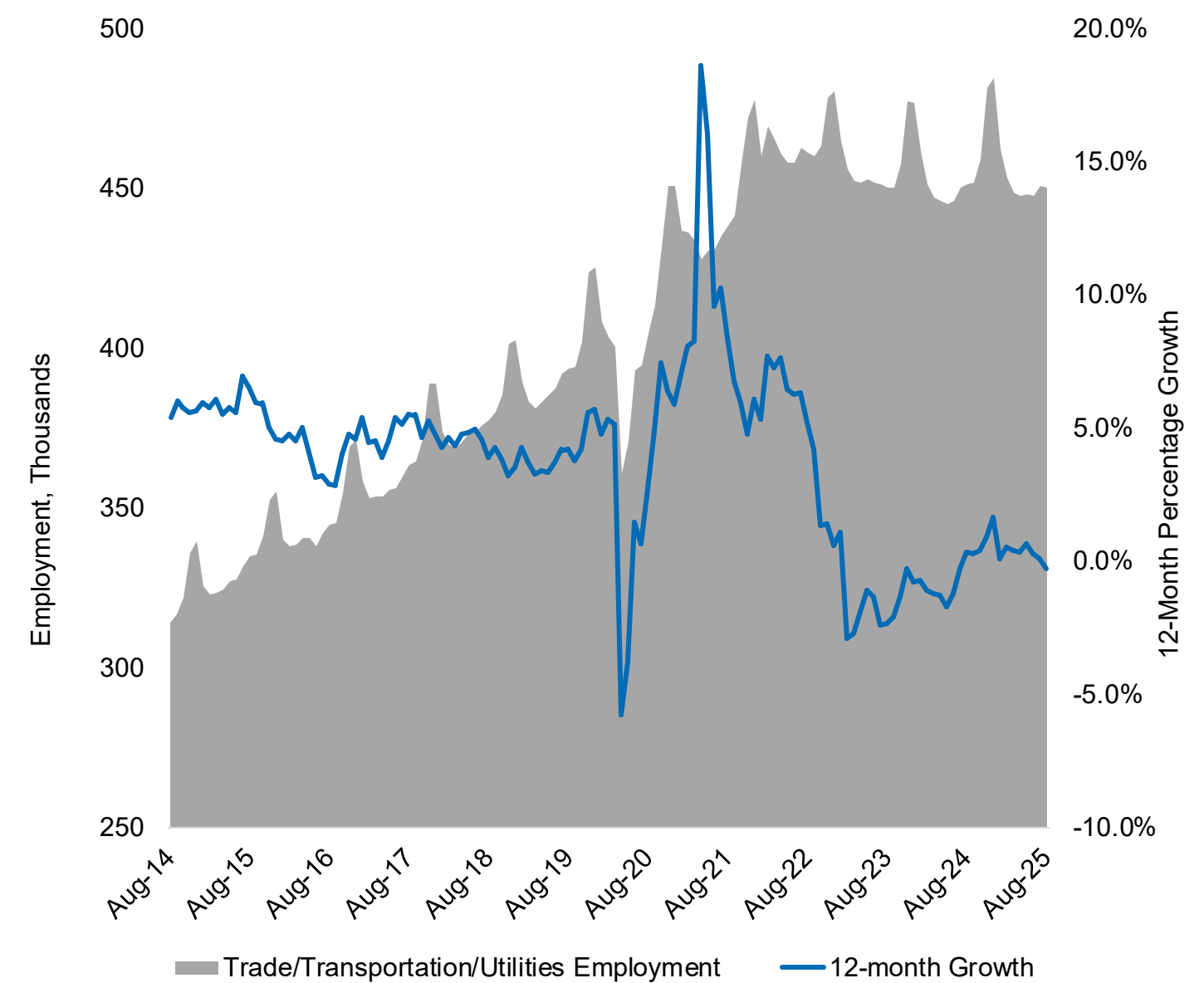


Source: U.S. Bureau of Labor Statistics, Riverside-San Bernardino-Ontario

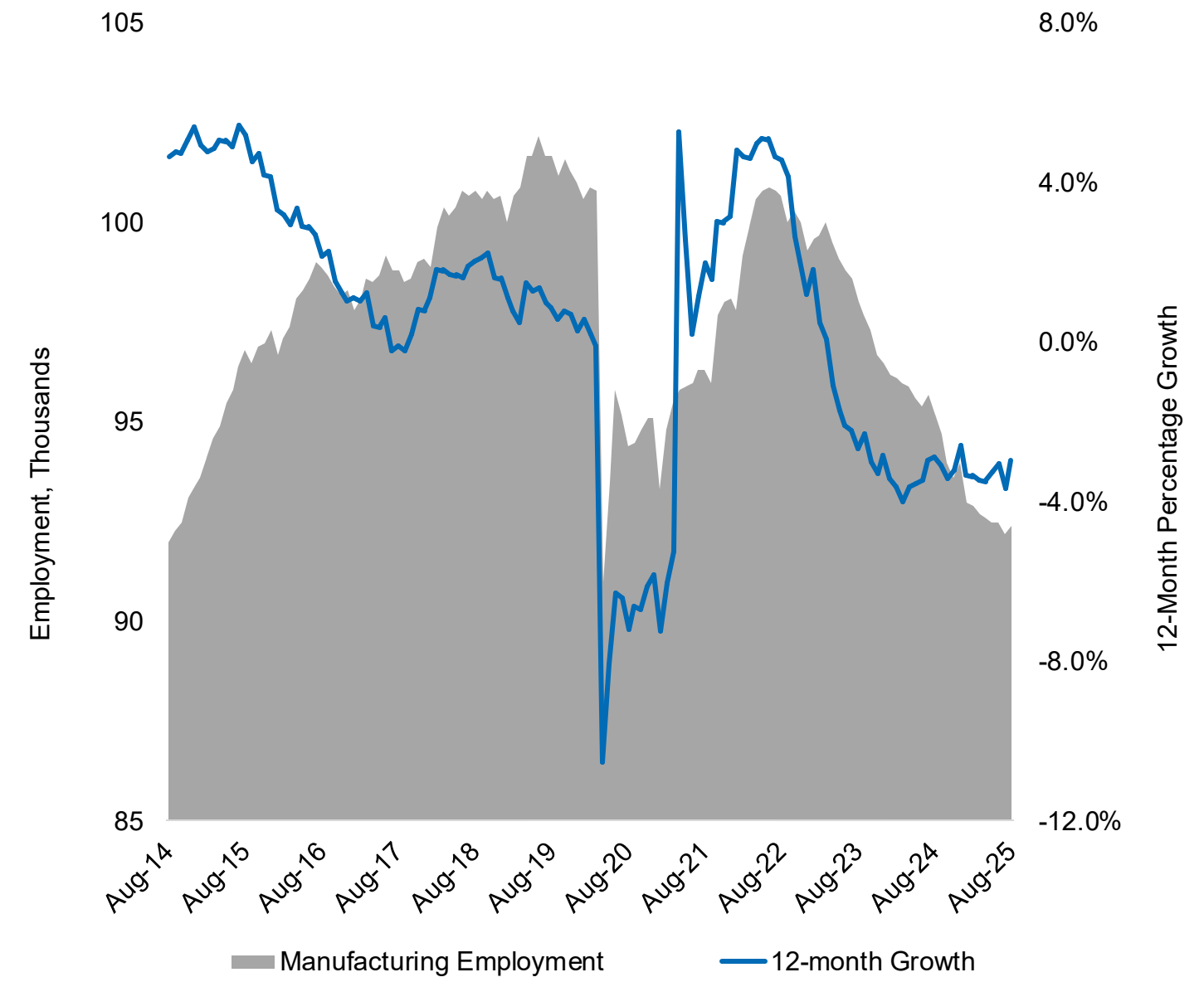
Overall Industrial Employment Growth Ebbs; Sector Remains Vulnerable to Tariffs

The trade/transportation/utilities sector, which experienced a marginal decline in year-over-year employment, is vulnerable to tariffs if consumer spending slows and warehouse demand trends down. Manufacturing employment, which continues to drop from increased automation and elevated costs of doing business in California, also has exposure to tariffs as it pertains to higher raw material costs.

Trade/Transportation/Utilities Employment and 12-Month Growth Rate



Manufacturing Employment and 12-Month Growth Rate



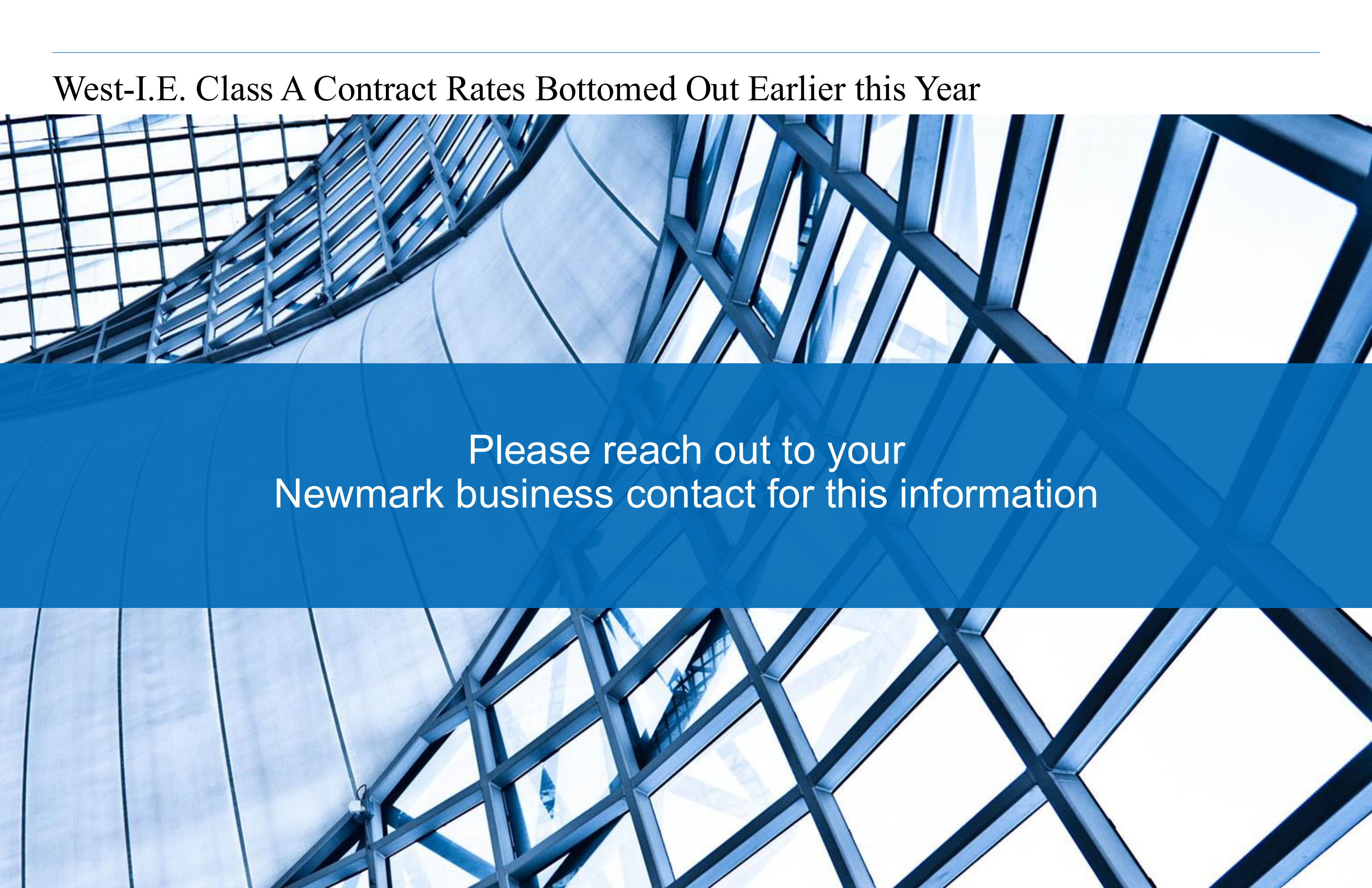
Source: U.S. Bureau of Labor Statistics, Riverside-San Bernardino-Ontario

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Leasing: General Conditions



West-I.E. Class A Contract Rates Bottomed Out Earlier this Year



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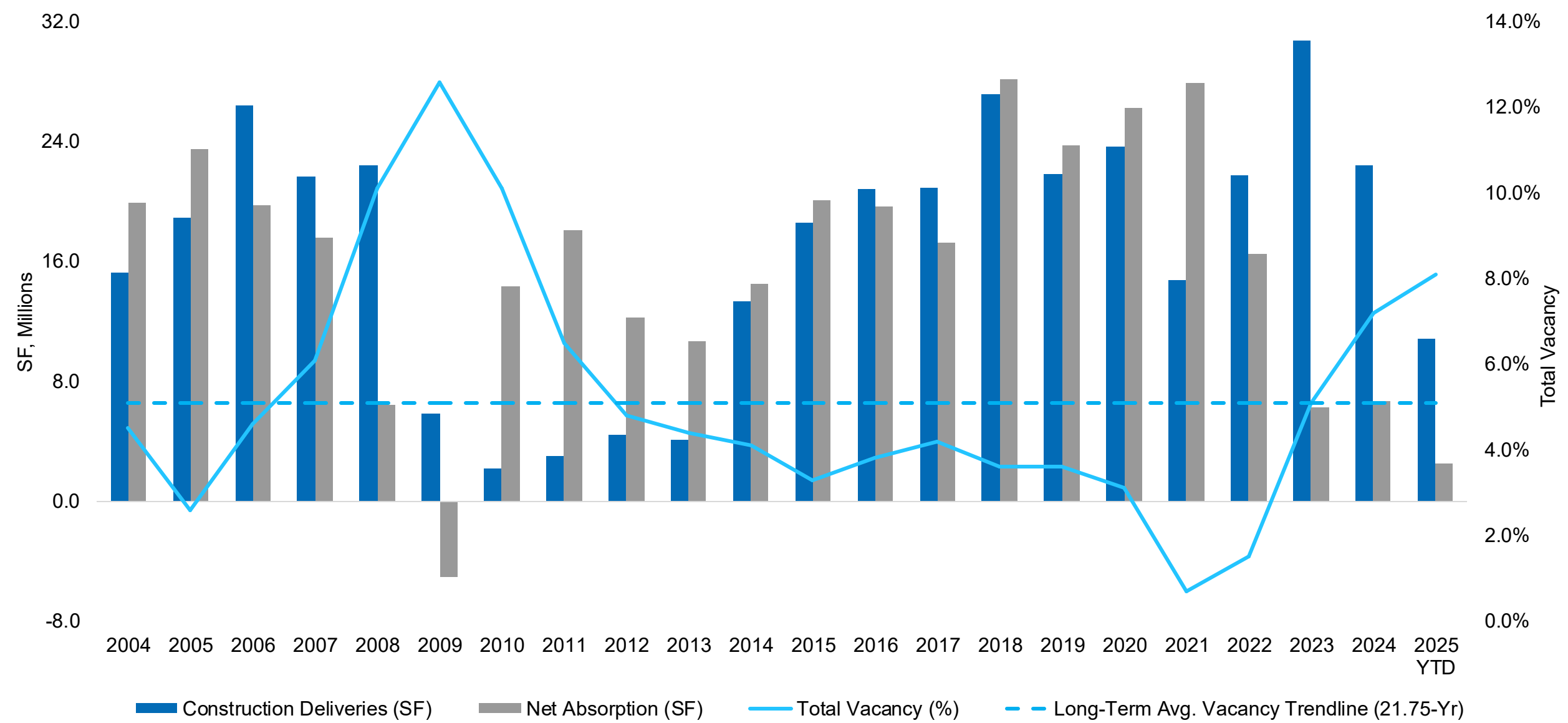
Term Lengths are Up After Declines in 2022-2023

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Net Absorption Flat in Third Quarter; Unleased Construction Deliveries Boost Vacancy

Net absorption for the third quarter of 2025 totaled 44,669 SF. A wave of 100 KSF+ move-ins, including the occupancy of a 1.0 MSF+ Hesperia Commerce Center facility by Maersk, offset a comparable volume of tenant move-outs. Year-to-date, 2.5 MSF in net absorption gains were met with 10.1 MSF in largely unleased construction deliveries, causing vacancy to rise to 8.1%.

Historical Construction Deliveries, Net Absorption, and Vacancy

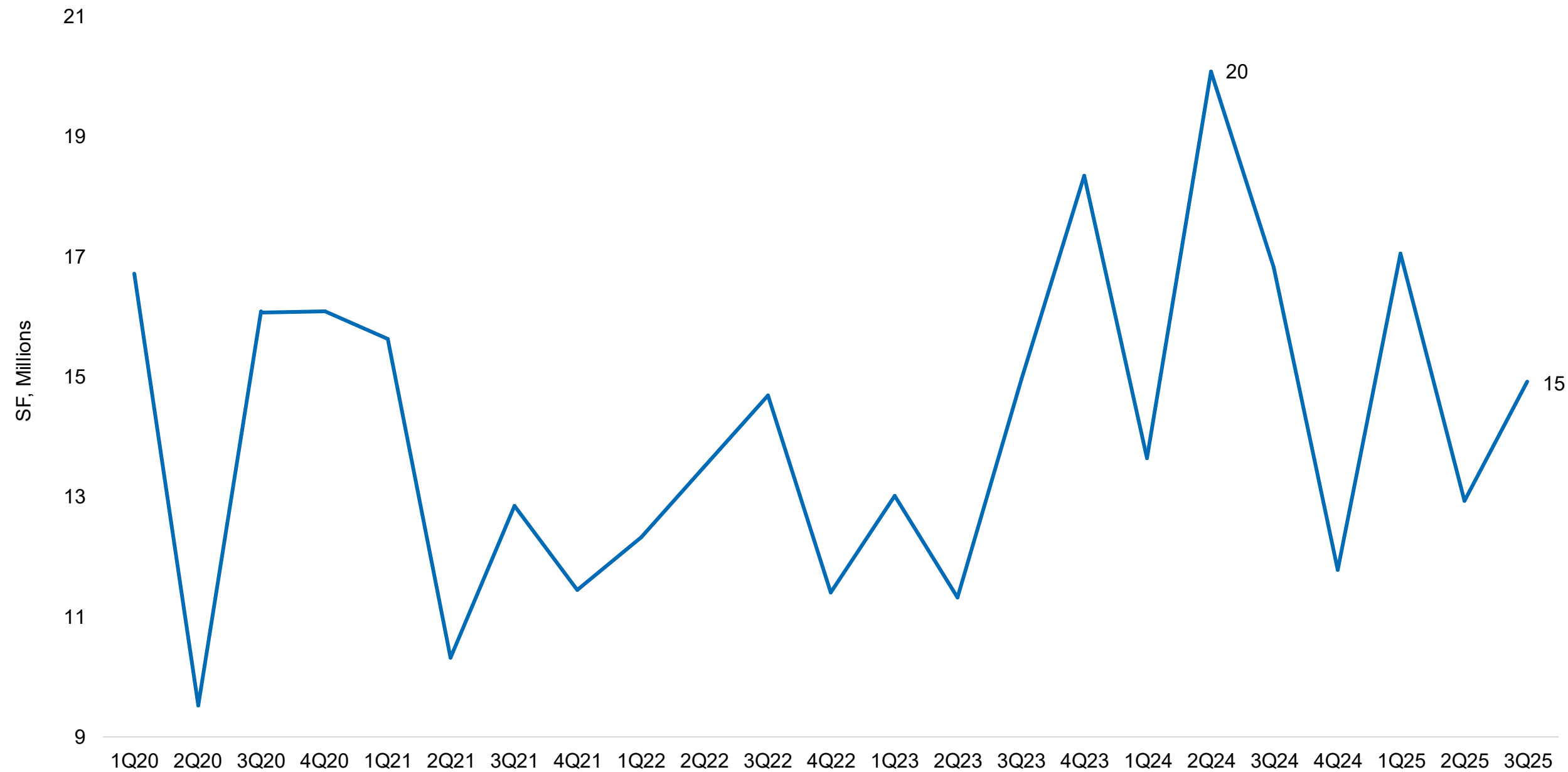


Source: Newmark Research

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

The uneven factor is a function of how many facilities greater than 500,000 SF lease in a given quarter, coupled with macro economic conditions at the time (e.g., there was a great deal of uncertainty during the second quarter of 2020 – the first full quarter after a national health emergency was declared). Uncertainty regarding the composition, timing, and effects of U.S. tariff policy is a current headwind.

Total Leasing Activity (SF): New Leases and Renewals

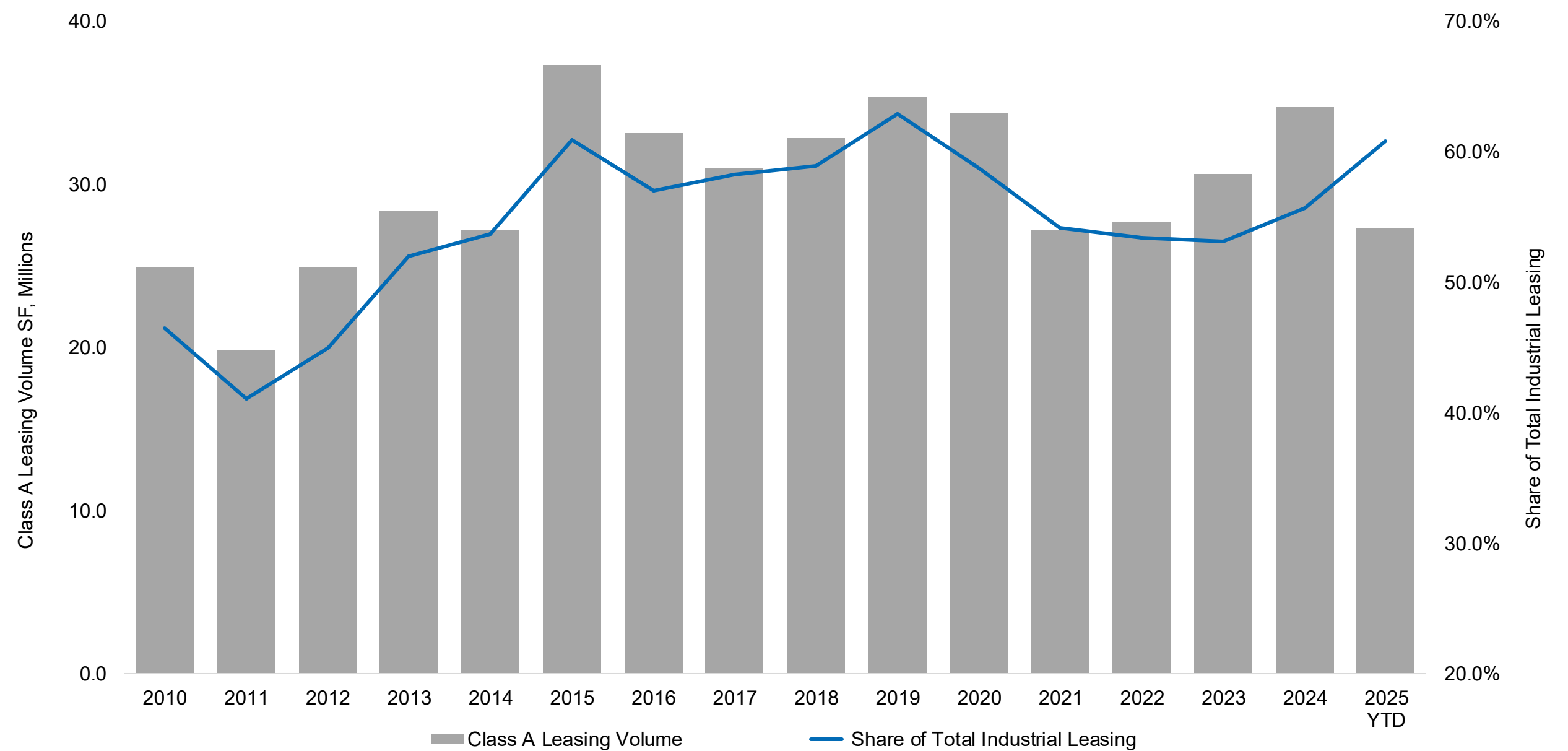


Source: Newmark Research, CoStar, AIR

Class A Warehouse Demand Elevated as Rents for 100 KSF+ Product Broadly Fall

Class A warehouse leasing accounted for 60.8% of total leasing activity in the first three quarters of 2025, exceeding the preceding 15.75-year average of 54.5%. Rents in most big-box size segments have declined over the past two years and this is strengthening the resolve of tenants that want top-shelf space.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

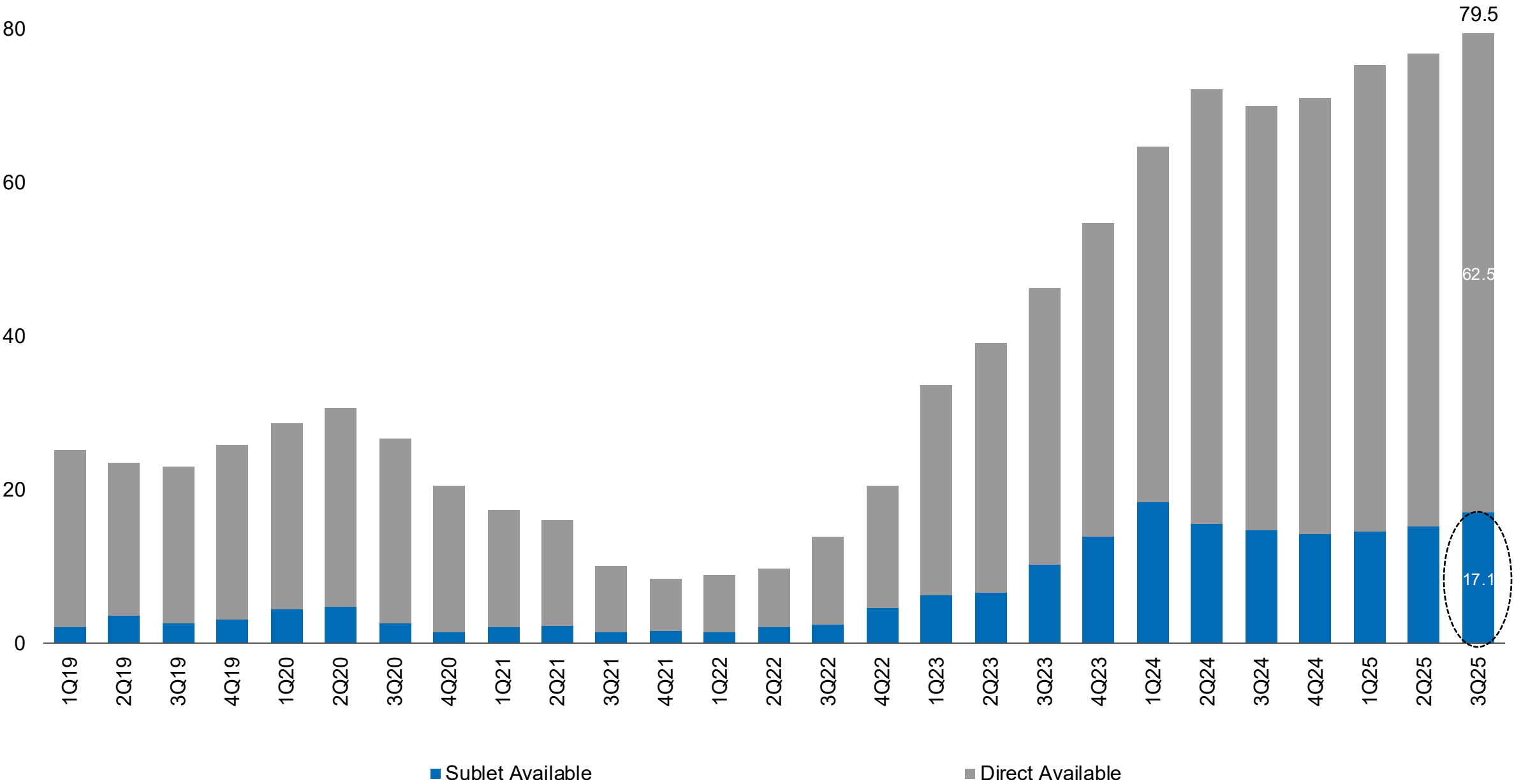


Source: Newmark Research, CoStar
Note: Class A is defined as 100,000+ SF warehouse/distribution facilities constructed since 2000 with a 30'+ minimum interior ceiling height.

Sublet Availability Up as New Listings Outweigh New Sublease Signings

Sublease space was up 12.3% from last quarter following new listings from tenants such as CEVA Logistics (752,497 SF at Bridge Point Rancho Cucamonga II in Rancho Cucamonga) and United Natural Foods (613,174 SF at March Commerce Center in Moreno Valley). Sublease space presently accounts for 21.4% of all available space in the market on a square footage basis.

Available Space: Sublet vs. Direct (MSF)



Source: Newmark Research

Sublet Availability Jumps Across West and East I.E.



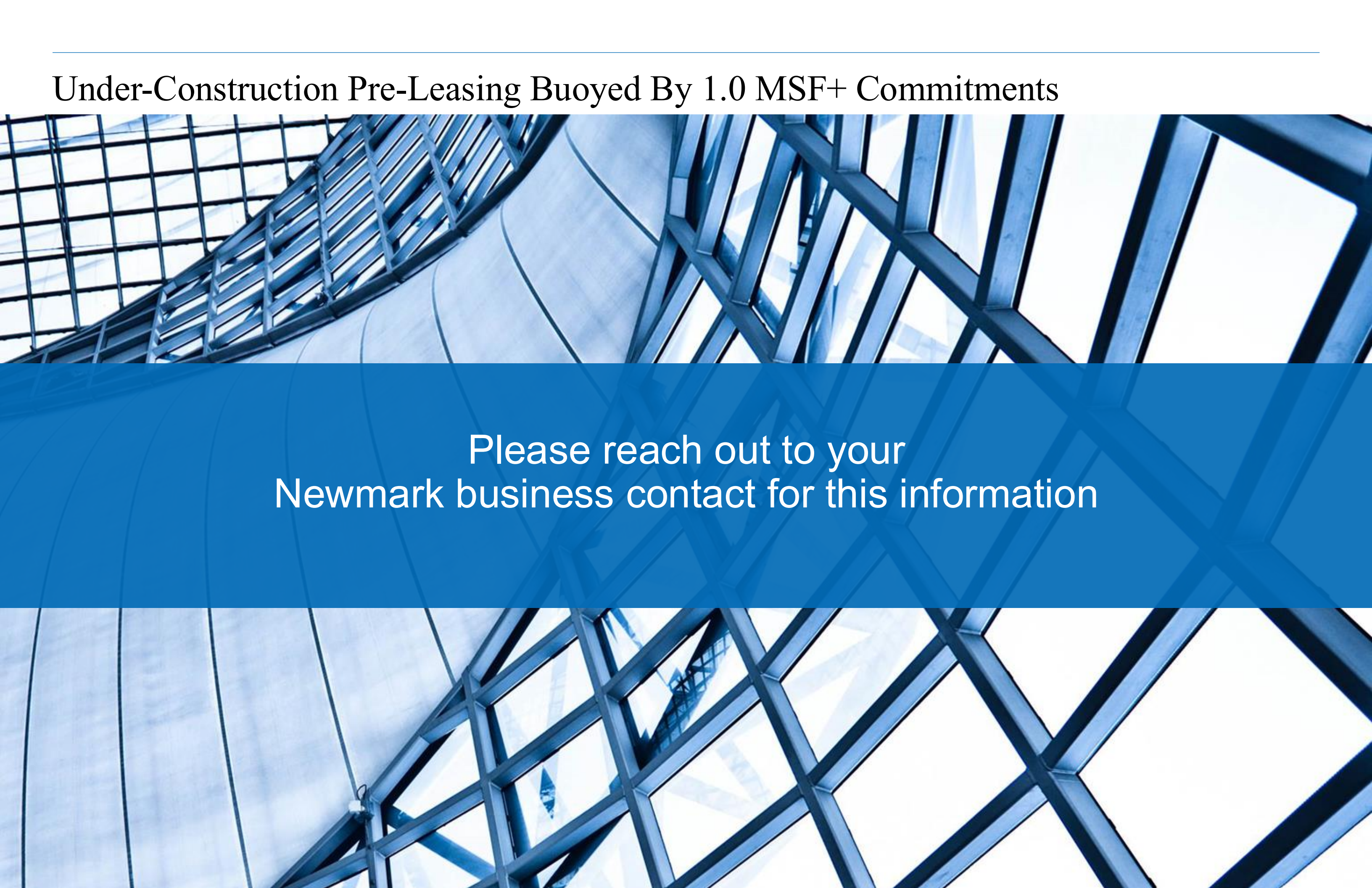
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Nearly Half of Under-Construction Space Now Leased; Construction Volume Falls



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Under-Construction Pre-Leasing Buoyed By 1.0 MSF+ Commitments

A low-angle, upward-looking shot of a modern building's interior or exterior structure. The image features a complex network of dark blue steel beams and supports, creating a geometric pattern. Large glass panels are visible, reflecting the sky and other parts of the structure. The overall color palette is dominated by blues and greys, giving it a professional and architectural feel.

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Notable 3Q25 Lease Transactions

Forty-five leases exceeding 100,000 SF were signed this quarter, up from the 43 signed in the same period of 2024. Of this quarter’s big-box leases, 32 were direct, 10 were renewals/extensions, and three were subleases. Thirty of this quarter’s big-box leases were in the West I.E., while the remaining 15 were in the East.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
IDC Logistics	5690 Industrial Pky	East I.E.	Direct Lease	844,311
The 3PL, which retains an extensive warehouse presence throughout Southern California, will move into the vacant facility in October. Lease term expires in 3Q30.				
Elogistek, LLC	13052 Jurupa Ave	West I.E.	Direct Lease	827,578
The China-based 3PL, which is expanding its footprint in Fontana, will move into the vacant facility in November. Lease term expires in 4Q31.				
Living Spaces	3994 S Riverside Ave	East I.E.	Lease Renewal	796,841
The furniture firm has occupied the property since 2010.				
DCG Fulfillment	1300 California St	East I.E.	Lease Renewal	771,839
The 3PL has occupied the property since 2018. Renewed lease term expires in 2Q32.				
UPS	11991 Landon Dr	West I.E.	Direct Lease	765,456
The shipping company, which purchased the property in 2005 and occupied it as an owner-user, sold the property to Fortress Investment Group in August in a sale-leaseback.				

Source: Newmark Research

3Q25

Leasing: Size Segments and the Primary Submarkets



Big-Box Segment: Chinese Firms Have Comprised 26.5% of Leasing Activity Since 2023



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Availability is Tighter in the Smallest and Largest Size Segments

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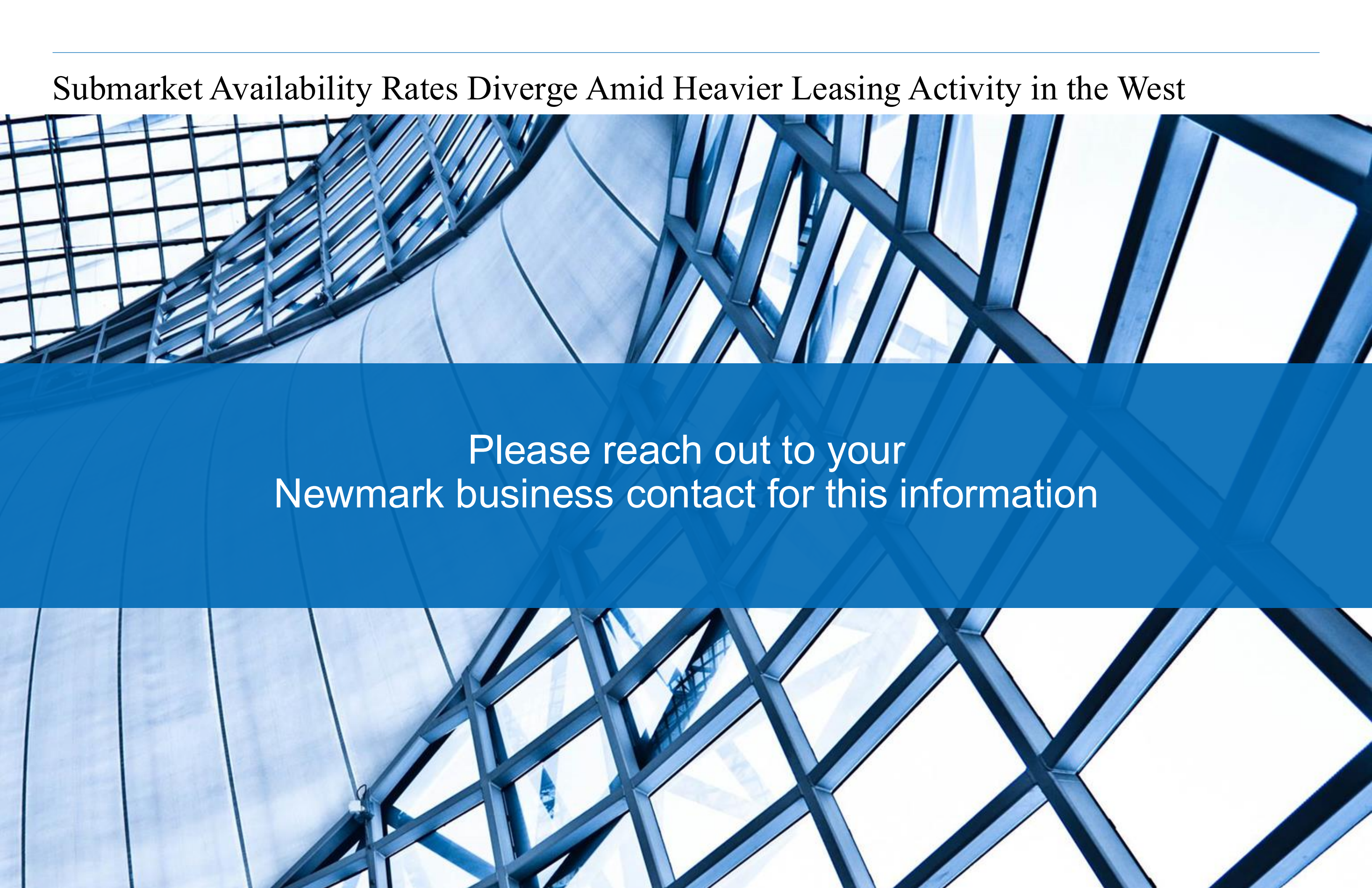
Current Rent in the 1M+ SF Segment is Higher Compared to 2023

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West Tops East in Leasing Activity from 2023+; 100,000 to 499,999 SF Segment is Active

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Submarket Availability Rates Diverge Amid Heavier Leasing Activity in the West



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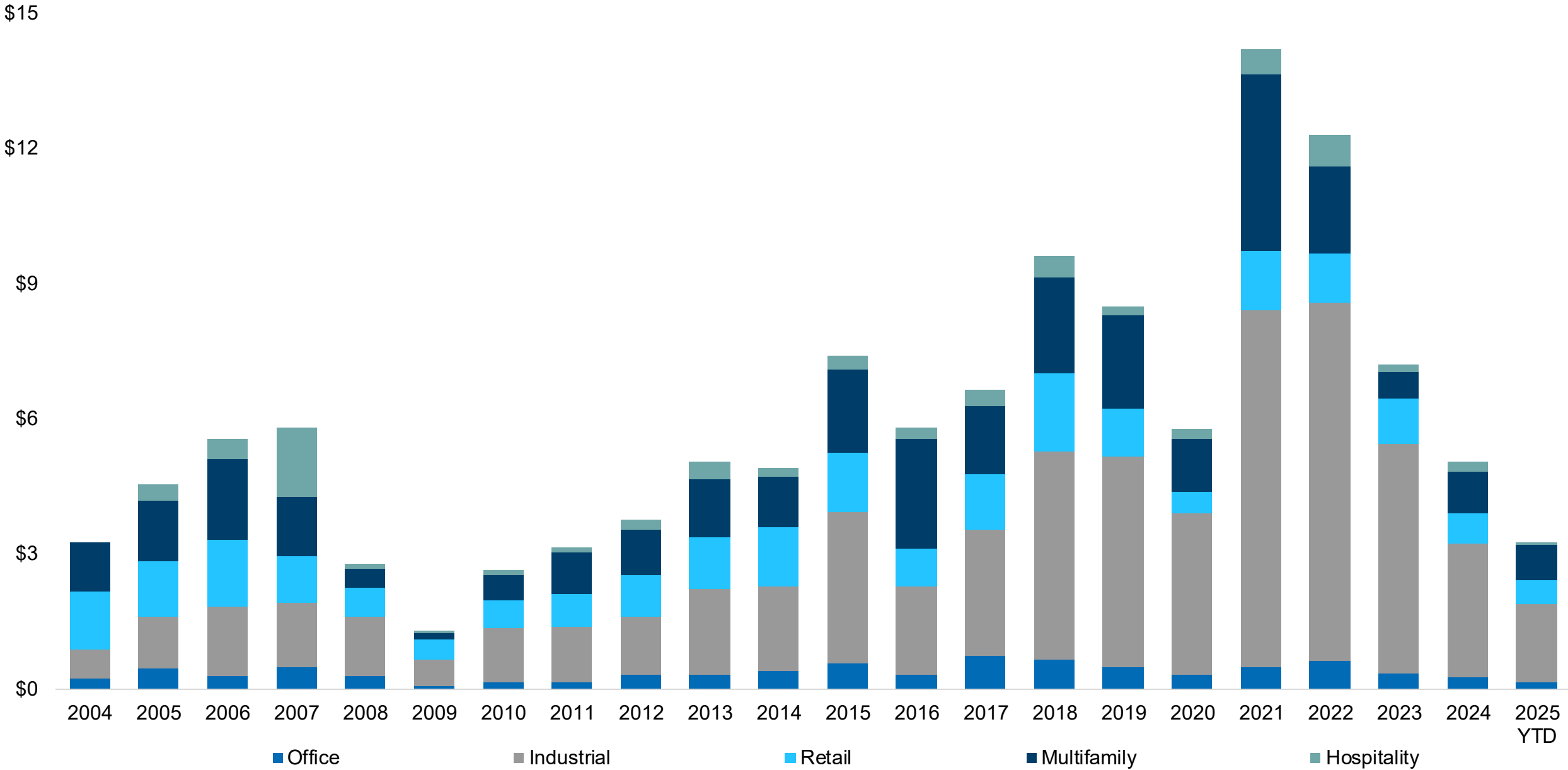
Sales Activity



Industrial Comprised 53.3% of Sales Volume in the First Three Quarters of 2025

The figure is above the preceding 21-year average of 44.0%. Heated rent growth in recent years has favorably positioned the segment amid a broader cooldown in CRE investment, with many investors (institutional down to private buyers) targeting desirable buildings with credit tenants whose leases are up for renewal.

Inland Empire: Sales Volume Across Commercial Property Segments (\$ in Billions)

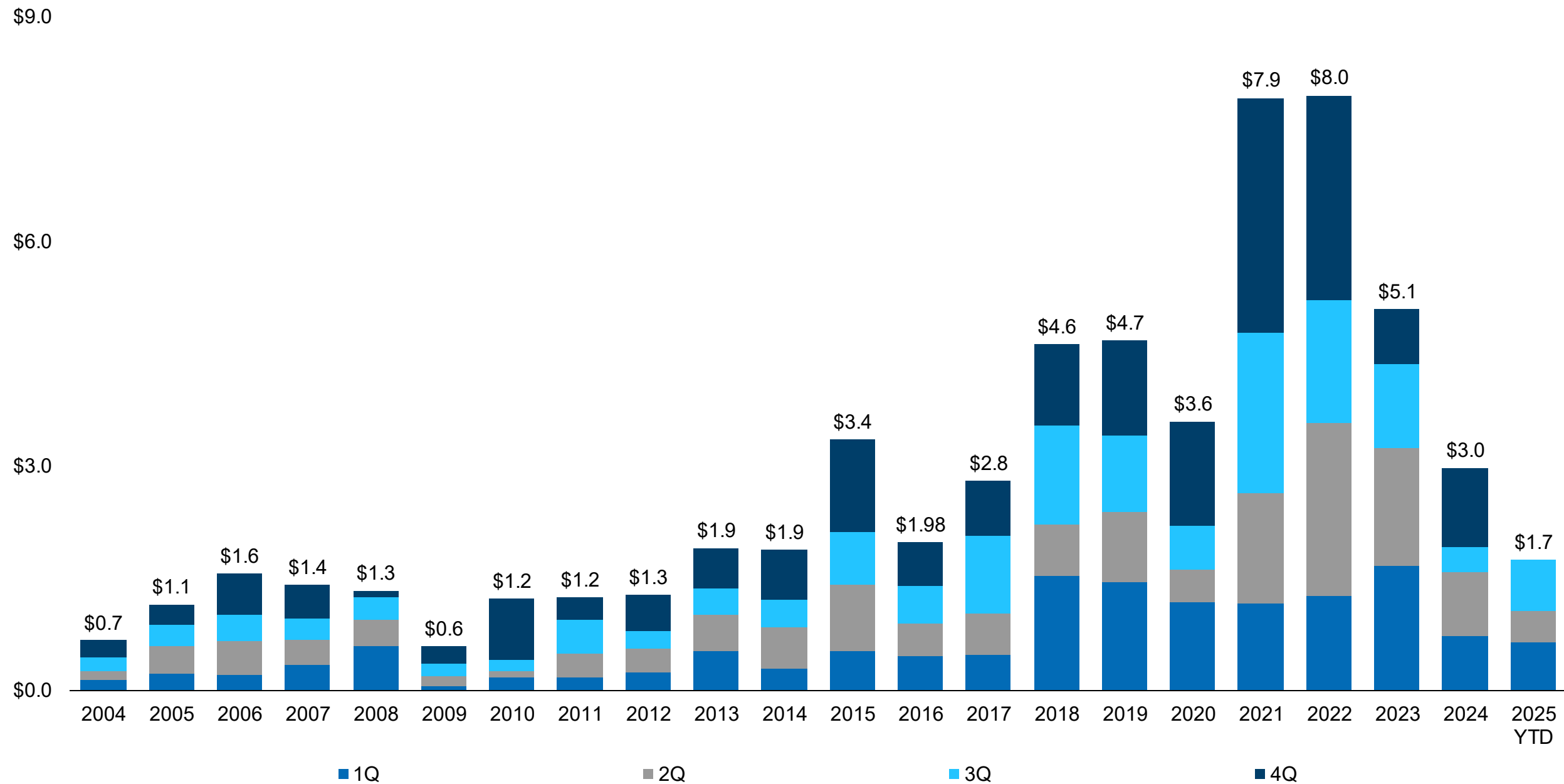


Source: MSCI Real Capital Analytics, Newmark Research
Note: Preliminary data is cited for the third quarter of 2025

Industrial Sales Volume: Up Close

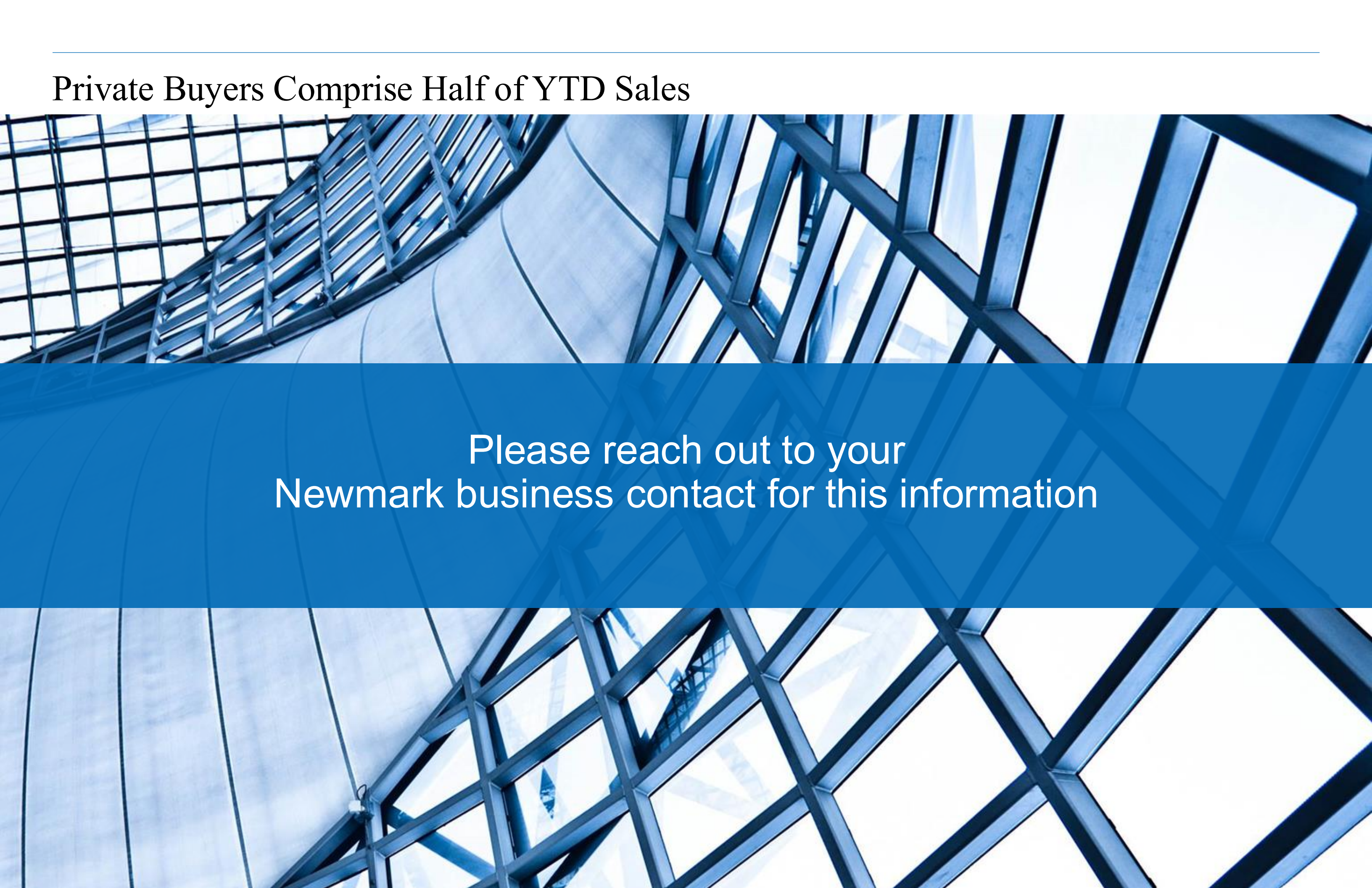
Industrial sales volume totaled \$686.9 million in the third quarter of 2025, a 104.2% increase from the same period in 2024. YTD sales volume is roughly on par with sale volume across the first three quarters of 2024 and a mere 39.9% of the sale volume across the first three quarters of 2023. The higher cost of capital, adjusting leasing fundamentals, and limited sales offerings are crimping momentum.

Inland Empire: Industrial Sales Volume (\$ in Billions) | By Quarter



Source: Newmark Research, MSCI Real Capital Analytics
Note: Preliminary data is cited for the third quarter of 2025

Private Buyers Comprise Half of YTD Sales



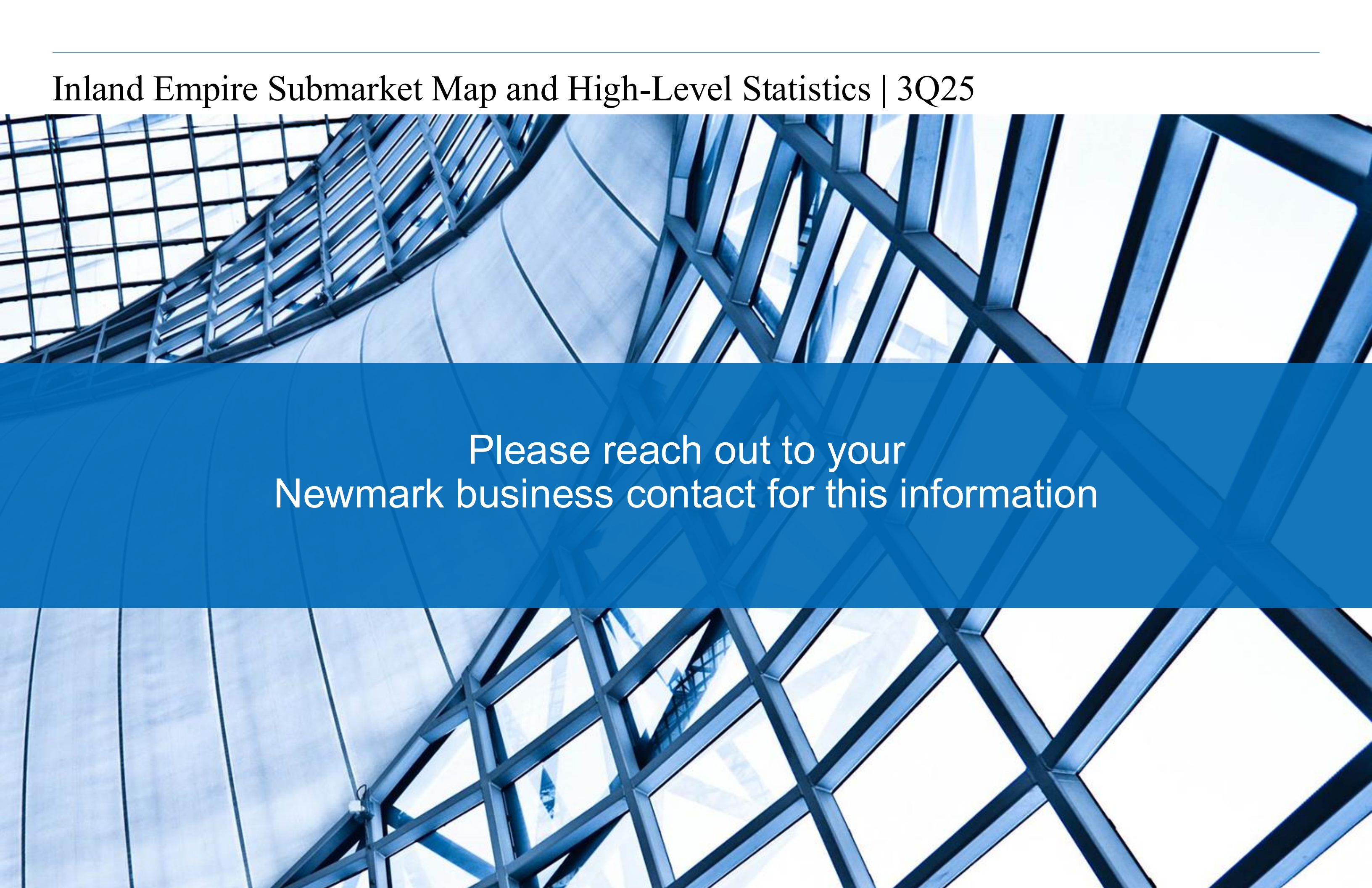
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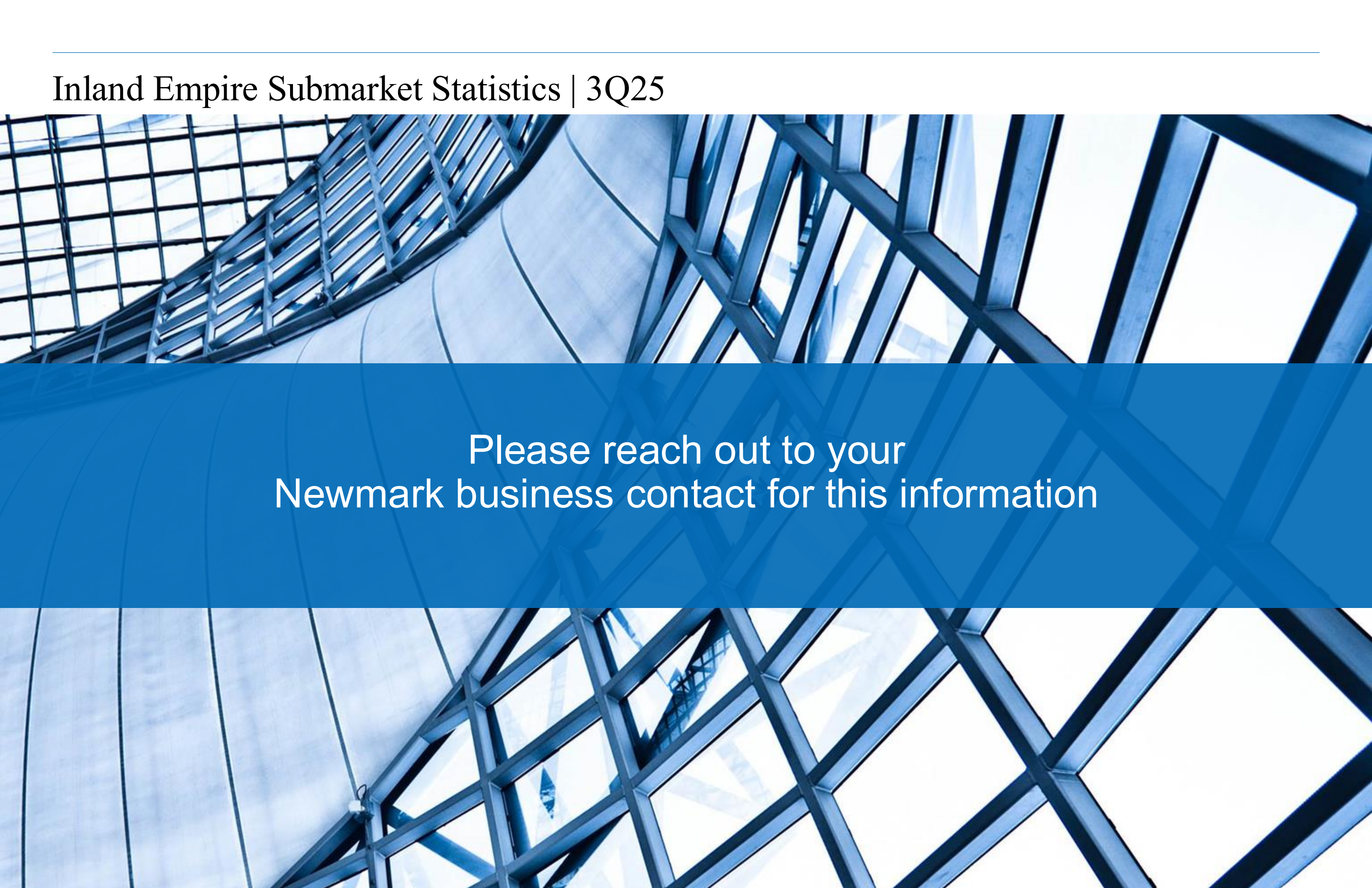
Appendix



Inland Empire Submarket Map and High-Level Statistics | 3Q25



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Inland Empire Statistics by Building Size Segment | 3Q25



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The World’s Top 20 Containerized Cargo Seaports

Sixteen are in Asia, China leads all other countries with nine and Los Angeles-Long Beach is the only U.S. complex to make the list.

Rank	Seaport	2024 Volume (TEU, in millions)
1	Shanghai, China	51.5
2	Singapore	41.1
3	Ningbo-Zhoushan, China	39.3
4	Shenzhen, China	33.4
5	Qingdao, China	30.9
6	Guangzhou, China	26.1
7	Busan, South Korea	24.4
8	Tianjin, China	23.3
9	Los Angeles-Long Beach, U.S.	18.3
10	Jebel Ali, United Arab Emirates	15.5

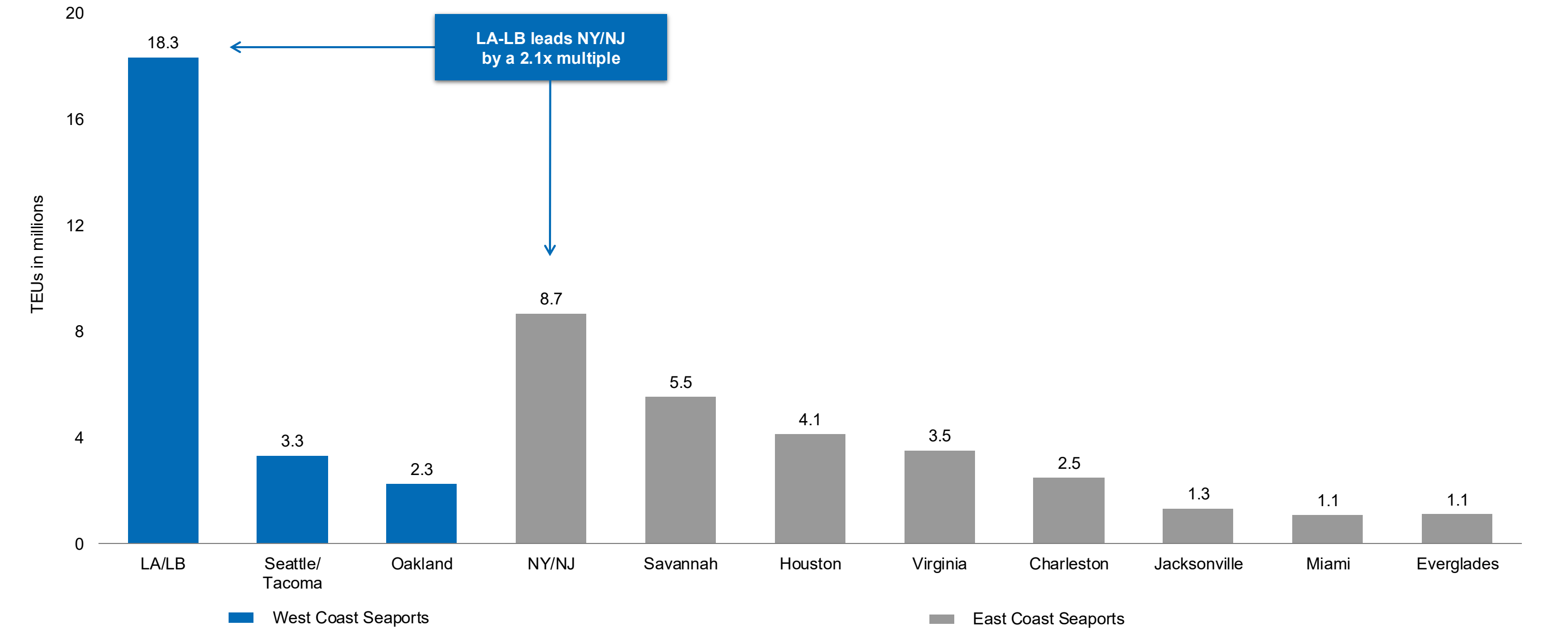
Rank	Seaport	2024 Volume (TEUs, in millions)
11	Port Kelang, Malaysia	14.6
12	Rotterdam, The Netherlands	13.8
13	Hong Kong, China	13.7
14	Antwerp-Bruges, Belgium	13.5
15	Tanjung Pelepas, Malaysia	12.3
16	Xiamen, China	12.3
17	Tanger Med, Morocco	10.2
18	Laem Chabang, Thailand	9.5
19	Kaoshiung, Taiwan	9.2
20	Beibu Gulf, China	9.0

Source: Newmark Research, upply
Note: TEU totals includes loaded and empty containers

Los Angeles-Long Beach is the Nation’s Dominant Port System

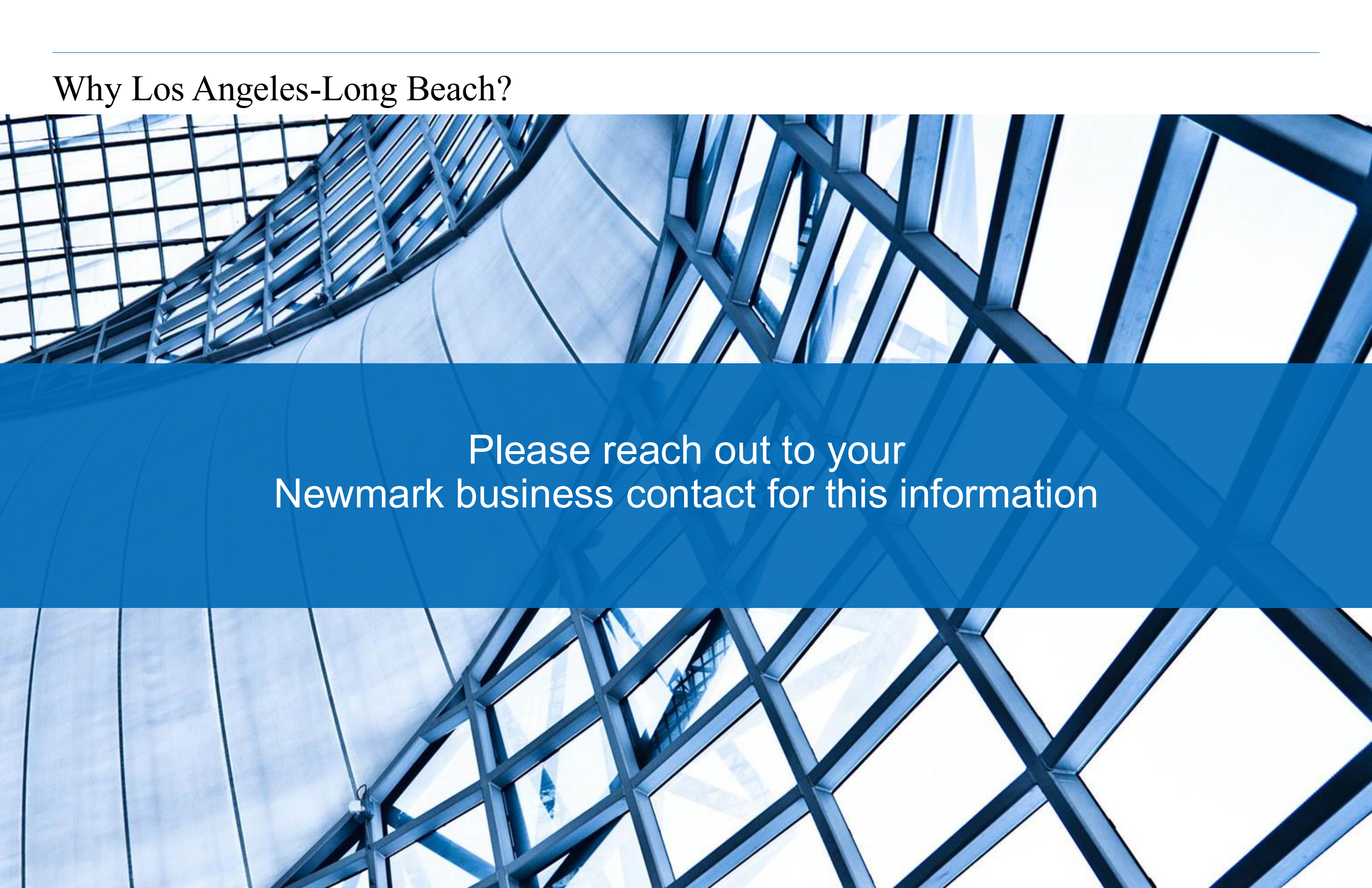
Los Angeles-Long Beach can accommodate 18,000 TEU vessels, which are too wide to traverse the new Panama Canal. Additionally, both ports have Class 1 freight rail connectivity to the nation’s major population centers.

Major U.S. Seaports: 2024 TEU Volume (All Containers: Loaded and Empty)



Source: Newmark Research, Individual Seaports

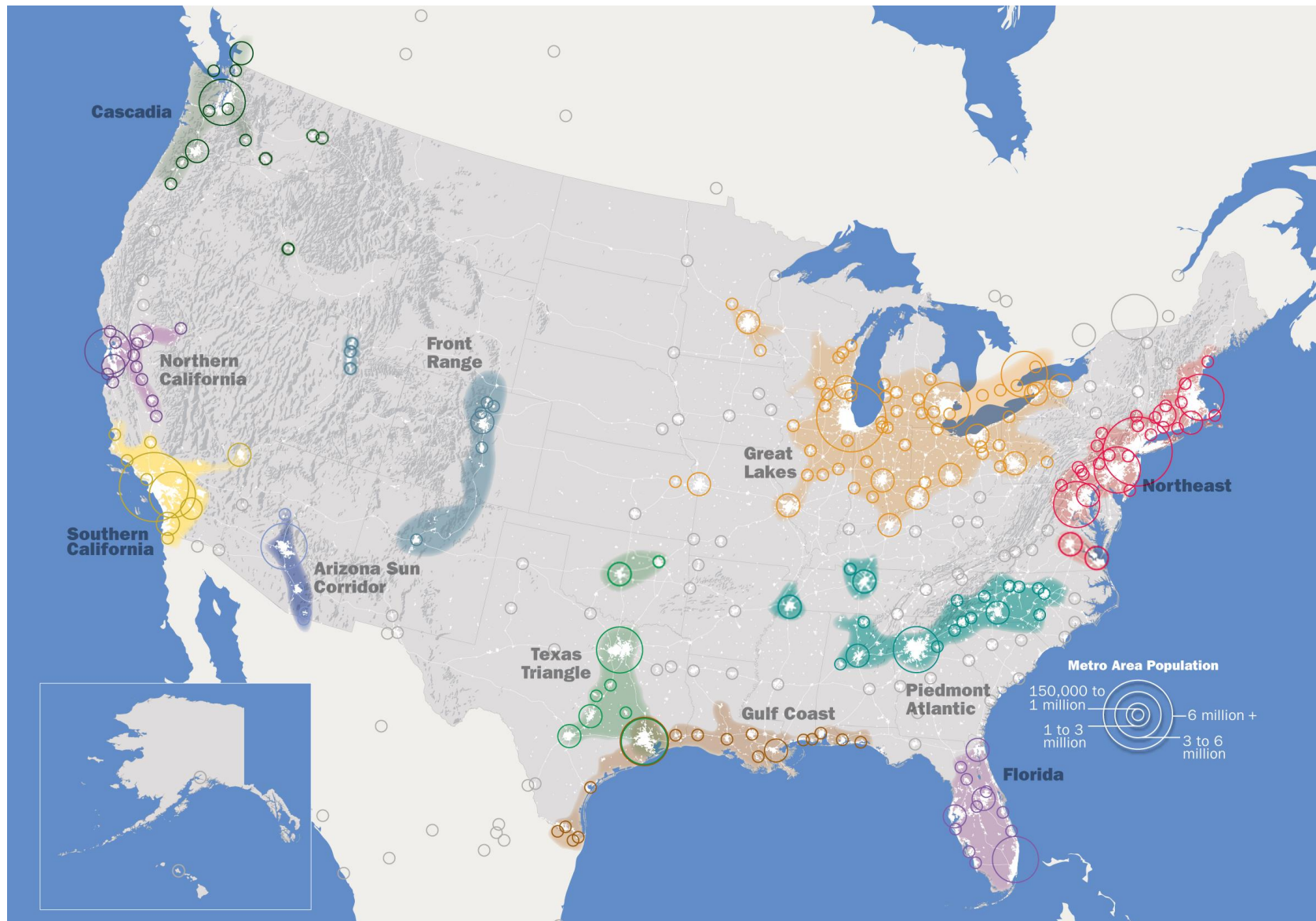
Why Los Angeles-Long Beach?



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Population of Megaregions: Past and Projected

Southern California benefits from its consumer base, ports and rail connectivity.



Megaregion	2010 Population	2025 Pop. Est.
Arizona Sun Corridor	5.7M	7.8M
Cascadia	8.4M	8.8M
Florida	17.3M	21.5M
Front Range	5.5M	7.0M
Great Lakes	55.6M	60.7M
Gulf Coast	13.4M	16.3M
Northeast	52.3M	58.4M
Northern California	14.0M	16.4M
Piedmont Atlantic	17.6M	21.7M
Greater Southern California	24.4M	29.0M
Texas Triangle	19.8M	24.8M

Source: U.S. Census Bureau

Transport Costs Are the Biggest Expenditure for Most Warehouse Occupiers

A low-angle, upward-looking shot of a modern building's exterior. The image shows a complex network of dark steel beams and supports forming a grid-like structure. Large glass panels are visible, reflecting the sky. The perspective creates a sense of height and architectural scale. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing white text.

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Transport Costs Per TEU Container Increase the Further an Occupier is from the Ports

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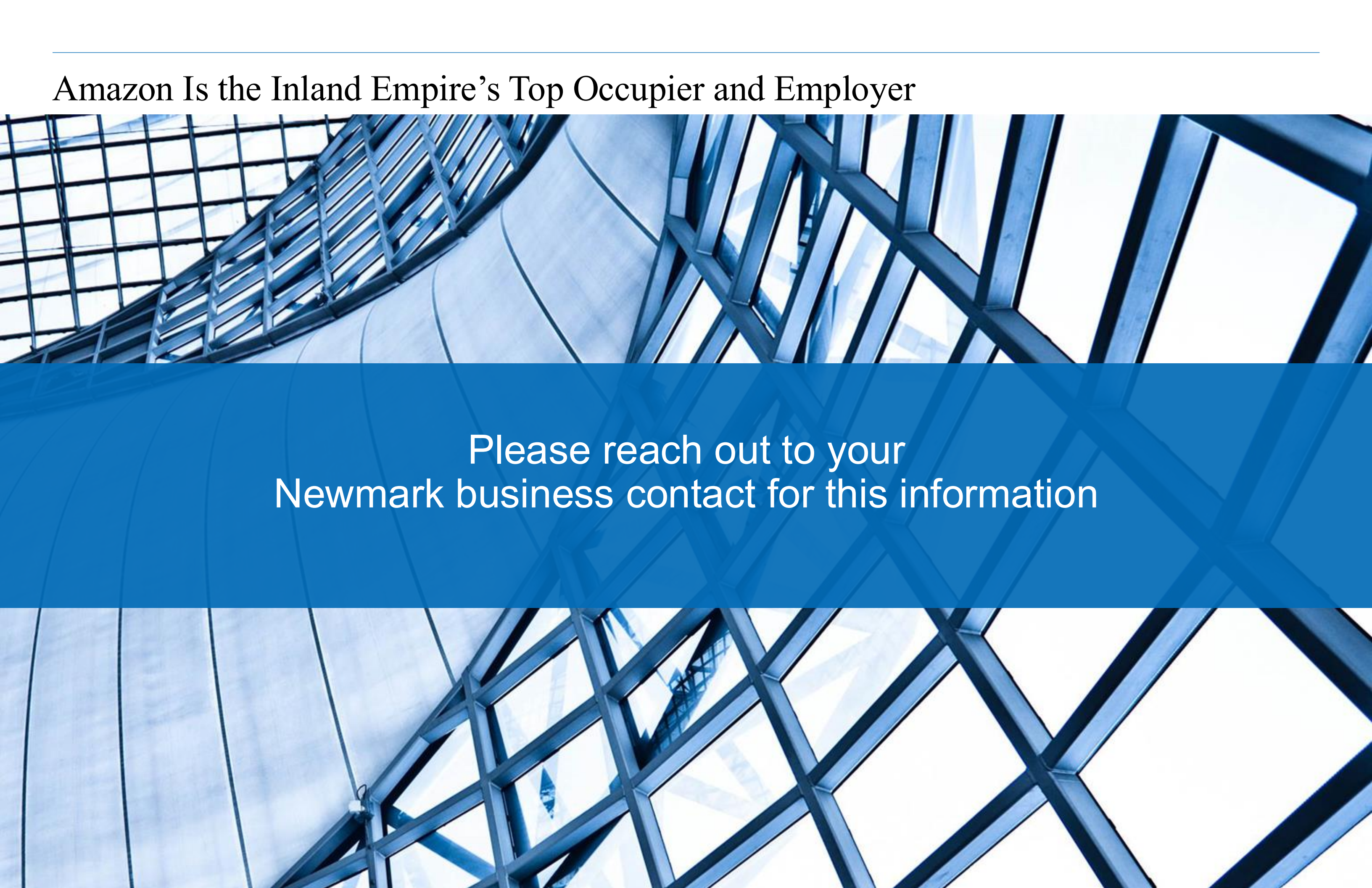
Modern Supply is More Readily Available in the Inland Empire

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An Inland Empire Location Offers Distributors Proximity to Densely Populated Areas

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Amazon Is the Inland Empire's Top Occupier and Employer

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Southeast Asia Imports to POLA-POLB are Growing; Mexico Remains U.S.' Top Trade Partner

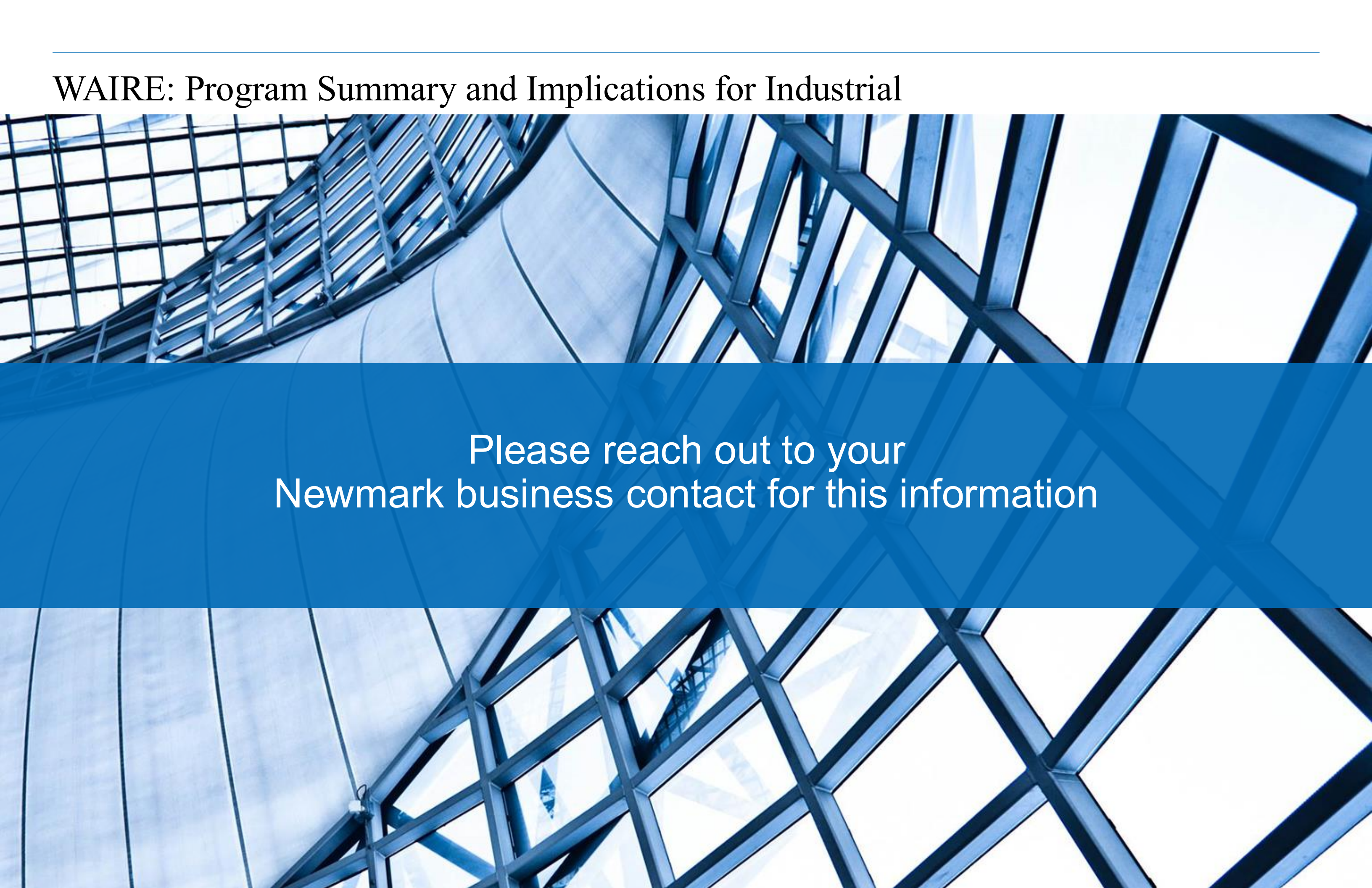
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Assembly Bill 98 Adds Regulations on Warehouse Development in the State

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WAIRE: Program Summary and Implications for Industrial



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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.

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