

# CoStar Industrial Statistics

Mid-Year 2018

## Inland Empire Industrial Market



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The knowledge market

## IMPORTANT FEATURE ANNOUNCEMENT

### New Market Reports Now Available

**Market Reports have received a major upgrade.**

The new reports are dynamic: You can now run a report anytime. They also incorporate many more markets and submarkets, and include five-year forecasts for several KPIs.

These new reports can be found at the Markets & Submarkets link on CoStar.com under the Analytics menu.

This legacy report will be phased out later this year.



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## Methodology

The CoStar Industrial Statistics calculates Industrial statistics using CoStar Group's base of existing, under construction and under renovation Industrial buildings in each given metropolitan area. All Industrial building types are included, including warehouse, flex / research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's global database includes approximately 119 billion square feet of coverage in 5.4 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property.

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## Terms & Definitions

**Availability Rate:** The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

**Available Space:** The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

**Build-to-Suit:** A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

**Buyer:** The individual, group, company, or entity that has purchased a commercial real estate asset.

**Cap Rate:** Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

**CBD:** Abbreviation for Central Business District. (See also: Central Business District)

**Central Business District:** The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

**Class A:** A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

**Class B:** A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

**Class C:** A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

**Construction Starts:** Buildings that began construction during a specific period of time. (See also: Deliveries)

**Contiguous Blocks of Space:** Space within a building that is, or is able to be joined together into a single contiguous space.

**Deliveries:** Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certi-

cate of occupancy must have been issued for the property.

**Delivery Date:** The date a building completes construction and receives a certificate of occupancy.

**Developer:** The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

**Direct Space:** Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

**Existing Inventory:** The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

**Flex Building:** A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

**Full Service Rental Rate:** Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

**Gross Absorption:** The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

**Growth in Inventory:** The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

**Industrial Building:** A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

**Landlord Rep:** (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

**Leased Space:** All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

**Leasing Activity:** The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

**Market:** Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

**Multi-Tenant:** Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different

tenant needs. (See also: Tenancy).

**Net Absorption:** The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

**Net Rental Rate:** A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

**New Space:** Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

**Occupied Space:** Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

**Office Building:** A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

**Owner:** The company, entity, or individual that holds title on a given building or property.

**Planned/Proposed:** The status of a building that has been announced for future development but not yet started construction.

**Preleased Space:** The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

**Price/SF:** Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

**Property Manager:** The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

**Quoted Rental Rate:** The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

**RBA:** Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

**Region:** Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

**Relet Space:** Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

**Rentable Building Area:** (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

**Rental Rates:** The annual costs of occupancy for a particular space quoted on a per square foot basis.

**Sales Price:** The total dollar amount paid for a particular property at a particular point in time.

**Sales Volume:** The sum of sales prices for a given group of buildings in a given time period.

**Seller:** The individual, group, company, or entity that sells a particular commercial real estate asset.

**SF:** Abbreviation for Square Feet.

**Single-Tenant:** Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

**Sublease Space:** Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

**Submarkets:** Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

**Suburban:** The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

**Tenancy:** A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

**Tenant Rep:** Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

**Time On Market:** A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

**Under Construction:** Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

**Vacancy Rate:** A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

**Vacant Space:** Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

**Weighted Average Rental Rate:** Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

**Year Built:** The year in which a building completed construction and was issued a certificate of occupancy.

**YTD:** Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

## Inland Empire's Vacancy Decreases to 4.4%

### Net Absorption Positive 8,620,952 SF in the Quarter

The Inland Empire Industrial market ended the second quarter 2018 with a vacancy rate of 4.4%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 8,620,952 square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 1,273,910 square feet. Rental rates ended the second quarter at \$8.80, an increase over the previous quarter. A total of 32 buildings delivered to the market in the quarter totaling 4,483,060 square feet, with 24,310,147 square feet still under construction at the end of the quarter.

### Absorption

Net absorption for the overall Inland Empire Industrial market was positive 8,620,952 square feet in the second quarter 2018. That compares to positive 5,649,932 square feet in the first quarter 2018, positive 3,986,854 square feet in the fourth quarter 2017, and positive 5,730,011 square feet in the third quarter 2017.

Tenants moving out of large blocks of space in 2018 include: Lifetime Brands Distribution Center moving out of (753,170) square feet at Sierra Business Park - Bldg 7, Harbor Freight Tools moving out of (691,950) square feet at 24870 San Michele Rd, and Monster Beverage moving out of (322,201) square feet at 1351 Railroad St.

Tenants moving into large blocks of space in 2018 include: UPS moving into 1,003,570 square feet at Citrus Commerce Center - Bldg 2, NFI Industries/Amazon moving into 864,000 square feet at Perris Distribution Center, and DCG Fulfillment moving into 771,839 square feet at Redlands Distribution Center.

The Flex building market recorded net absorption of negative (8,412) square feet in the second quarter 2018, compared to positive 85,156 square feet in the first quarter 2018, positive 72,140 in the fourth quarter 2017, and positive 95,204 in the third quarter 2017.

The Warehouse building market recorded net absorption of positive 8,629,364 square feet in the second quarter 2018 compared to positive 5,564,776 square feet in the first quarter 2018, positive 3,914,714 in the fourth quarter 2017, and positive 5,634,807 in the third quarter 2017.

### Vacancy

The Industrial vacancy rate in the Inland Empire market area decreased to 4.4% at the end of the second quarter 2018. The vacancy rate was 5.1% at the end of the first quarter 2018, 5.0% at the end of the fourth quarter 2017, and 4.6% at the end of the third quarter 2017.

Flex projects reported a vacancy rate of 4.2% at the end of the second quarter 2018, 4.1% at the end of the first quarter 2018, 4.7% at the end of the fourth quarter 2017, and 5.1% at the end of the third quarter 2017.

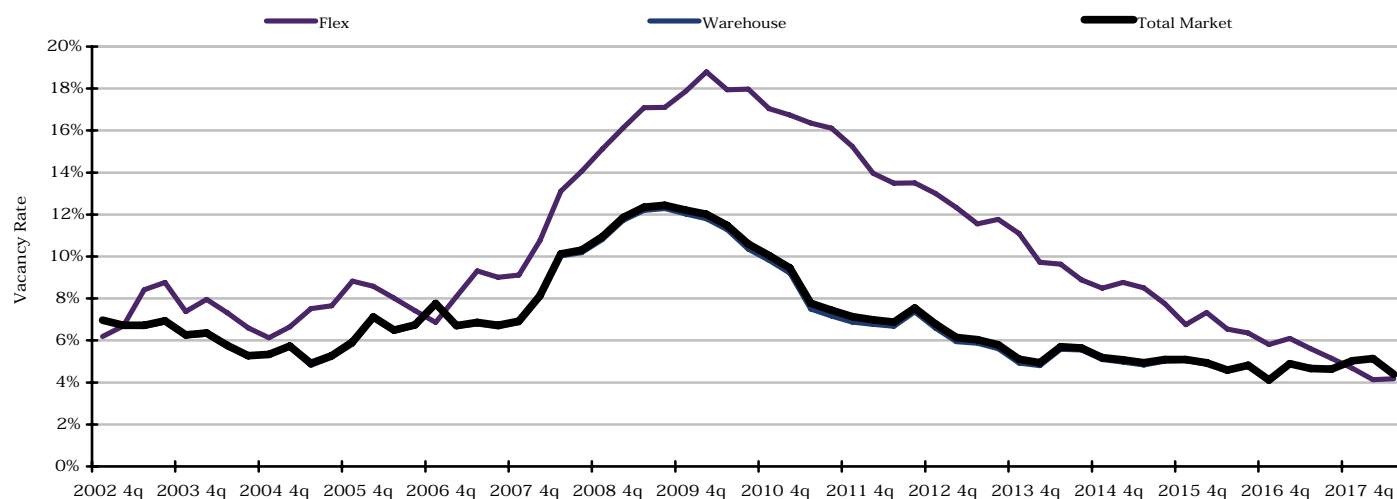
Warehouse projects reported a vacancy rate of 4.4% at the end of the second quarter 2018, 5.2% at the end of first quarter 2018, 5.0% at the end of the fourth quarter 2017, and 4.6% at the end of the third quarter 2017.

### Largest Lease Signings

The largest lease signings occurring in 2018 included: the 1,022,680-square-foot lease signed by Walmart at Majestic Chino Gateway - Building 1 in the Inland Empire West mar-

## Vacancy Rates by Building Type

2000-2018



Source: CoStar Property®



ket; the 1,003,570-square-foot deal signed by UPS at Citrus Commerce Center - Bldg 2 in the Inland Empire West market; and the 771,839-square-foot lease signed by DCG Fulfillment at Redlands Distribution Center in the Inland Empire East market.

### Sublease Vacancy

The amount of vacant sublease space in the Inland Empire market increased to 1,273,910 square feet by the end of the second quarter 2018, from 960,123 square feet at the end of the first quarter 2018. There was 750,762 square feet vacant at the end of the fourth quarter 2017 and 863,783 square feet at the end of the third quarter 2017.

Inland Empire’s Flex projects reported vacant sublease space of 24,242 square feet at the end of second quarter 2018, up from the 11,023 square feet reported at the end of the first quarter 2018. There were 7,520 square feet of sublease space vacant at the end of the fourth quarter 2017, and 23,182 square feet at the end of the third quarter 2017.

Warehouse projects reported increased vacant sublease space from the first quarter 2018 to the second quarter 2018. Sublease vacancy went from 949,100 square feet to 1,249,668 square feet during that time. There was 743,242 square feet at the end of the fourth quarter 2017, and 840,601 square feet at the end of the third quarter 2017.

### Rental Rates

The average quoted asking rental rate for available Industrial space was \$8.80 per square foot per year at the end of the second quarter 2018 in the Inland Empire market area. This represented a 2.1% increase in quoted rental rates from the end of the first quarter 2018, when rents were reported at \$8.62 per square foot.

The average quoted rate within the Flex sector was \$12.40 per square foot at the end of the second quarter 2018, while Warehouse rates stood at \$8.61. At the end of the first quarter

2018, Flex rates were \$12.37 per square foot, and Warehouse rates were \$8.44.

### Deliveries and Construction

During the second quarter 2018, 32 buildings totaling 4,483,060 square feet were completed in the Inland Empire market area. This compares to 35 buildings totaling 6,648,929 square feet that were completed in the first quarter 2018, 30 buildings totaling 7,059,262 square feet completed in the fourth quarter 2017, and 5,174,472 square feet in 28 buildings completed in the third quarter 2017.

There were 24,310,147 square feet of Industrial space under construction at the end of the second quarter 2018.

Some of the notable 2018 deliveries include: Modular Logistics Center, a 1,109,378-square-foot facility that delivered in second quarter 2018 and is now vacant, and Columbia Business Park - Bldg 1, a 1,009,092-square-foot building that delivered in first quarter 2018 and is now vacant.

The largest projects underway at the end of second quarter 2018 were First Nandina Logistics Center - Bldg 1, a 1,388,210-square-foot building with no pre-leased space, and Legacy Building, a 1,350,000-square-foot facility that is 100% pre-leased.

### Inventory

Total Industrial inventory in the Inland Empire market area amounted to 609,600,024 square feet in 13,249 buildings as of the end of the second quarter 2018. The Flex sector consisted of 15,415,090 square feet in 915 projects. The Warehouse sector consisted of 594,184,934 square feet in 12,334 buildings. Within the Industrial market there were 1,426 owner-occupied buildings accounting for 97,034,812 square feet of Industrial space.

### Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Inland Empire (California) industrial sales figures fell during the first quarter 2018 in terms of dollar volume compared to the fourth quarter of 2017.

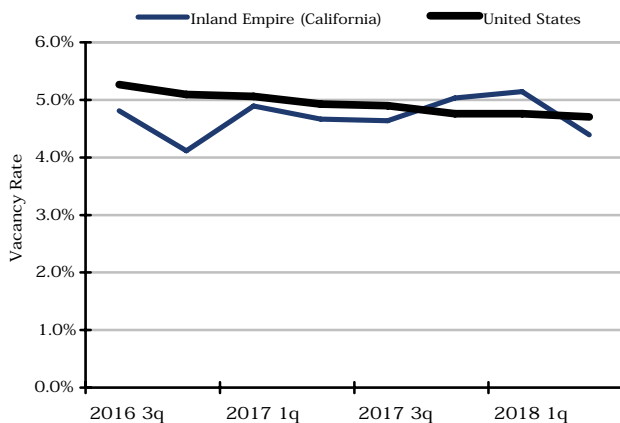
In the first quarter, 54 industrial transactions closed with a total volume of \$565,973,031. The 54 buildings totaled 4,861,315 square feet and the average price per square foot equated to \$116.42 per square foot. That compares to 49 transactions totaling \$688,689,884 in the fourth quarter. The total square footage was 6,350,093 for an average price per square foot of \$108.45.

Total year-to-date industrial building sales activity in 2018 is up compared to the previous year. In the first three months of 2018, the market saw 54 industrial sales transactions with a total volume of \$565,973,031. The price per square foot has averaged \$116.42 this year. In the first three months of 2017, the market posted 44 transactions with a total volume of \$261,135,869. The price per square foot averaged \$112.48.

Cap rates have been lower in 2018, averaging 5.01%,

## U.S. Vacancy Comparison

Past 8 Quarters



Source: CoStar Property®



# Inland Empire Industrial Market



Overview

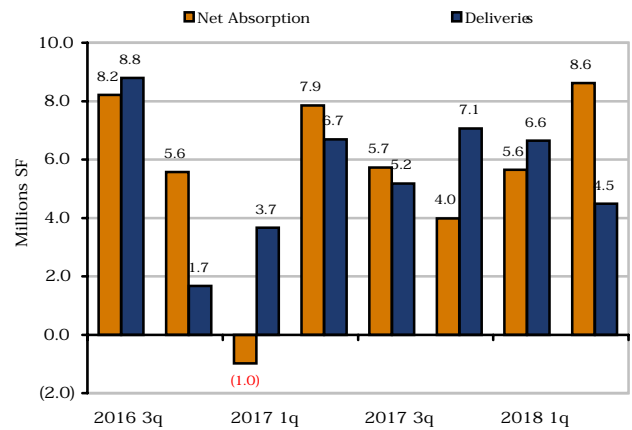
compared to the first three months of last year when they averaged 5.25%.

One of the largest transactions that has occurred within the last four quarters in the Inland Empire (California) market is the sale of Safari Business Center in Ontario. This 1,139,300-square-foot, industrial complex sold for \$141,200,000, or \$123.94 per square foot. The property sold on 5/24/2017, at a 4.11% cap rate.

Reports compiled by: Fred Ankenman, CoStar Research Manager, Pam Murray, CoStar Senior Research Associate, and Brandon Colao CoStar Research Associate.

## Absorption & Deliveries

Past 8 Quarters



Source: CoStar Property®



## CoStar Submarket Clusters & Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters	Submarkets
Inland Empire East	Coachella Valley Corona East San Bernardino Riverside Riverside Outlying San Bernardino Outlying South Riverside
Inland Empire West	Airport Area North San Bernardino West San Bernardino

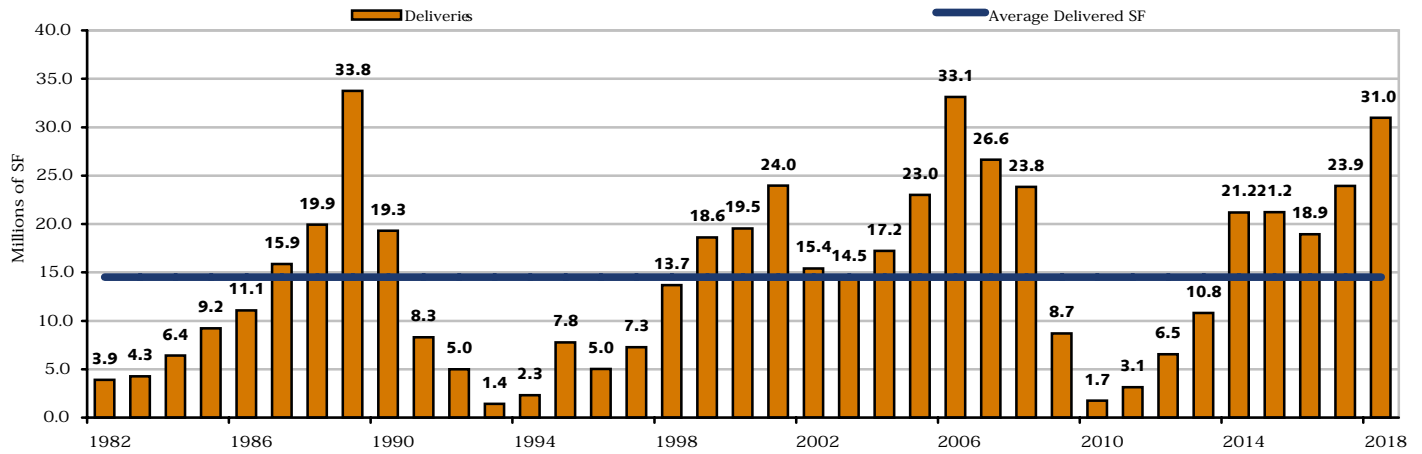
# Inland Empire Industrial Market



Inventory & development

## Historical Deliveries

1982 - 2018



Source: CoStar Property® \* Future deliveries based on current under construction buildings.

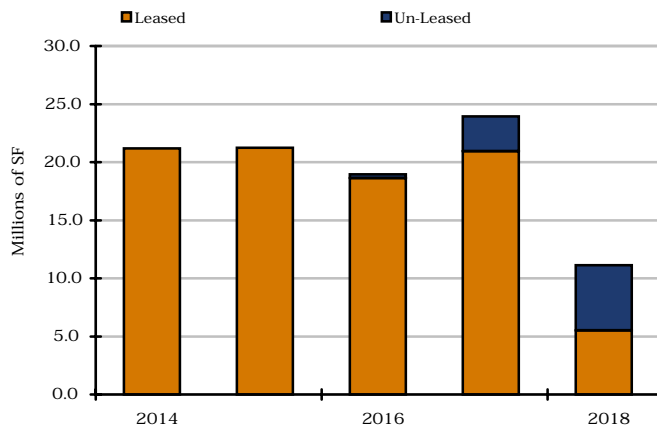
## CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Inland Empire East	117	16,992,770	4,164,468	24.5%	43,489	145,237
Inland Empire West	32	7,317,377	3,638,339	49.7%	49,129	228,668
<b>Totals</b>	<b>149</b>	<b>24,310,147</b>	<b>7,802,807</b>	<b>32.1%</b>	<b>46,011</b>	<b>163,155</b>

Source: CoStar Property®

## Recent Deliveries

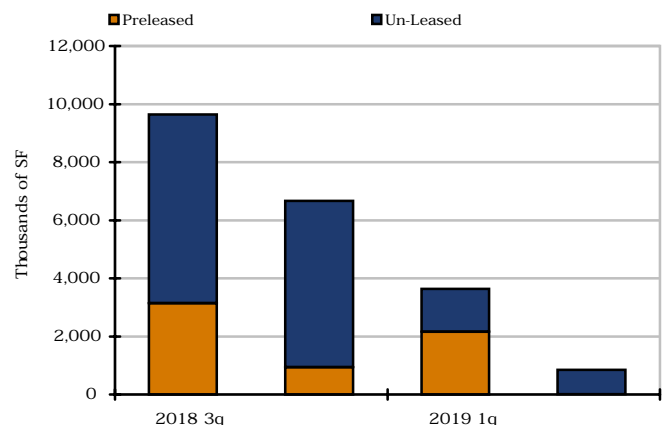
Leased & Un-Leased SF in Deliveries Since 2014



Source: CoStar Property®

## Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

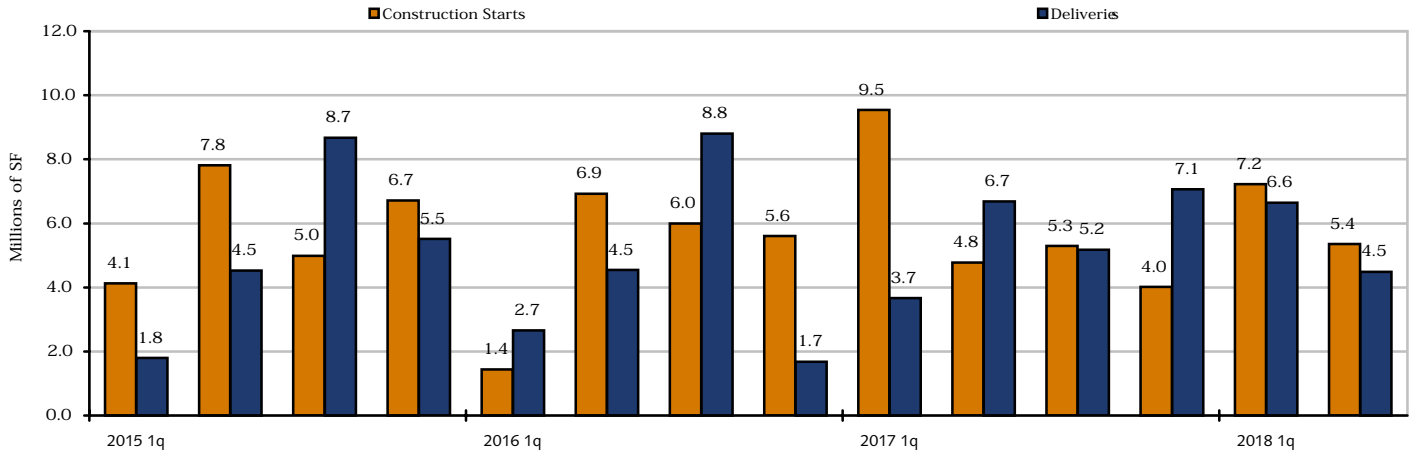


# Inland Empire Industrial Market

Inventory & development

## Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

## RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	30	753,605	571,257	75.8%	\$9.78	252,328	501,277
50,000 SF - 99,999 SF	13	884,177	711,851	80.5%	\$9.60	260,103	624,074
100,000 SF - 249,999 SF	13	2,135,388	1,004,040	47.0%	\$0.00	836,867	1,298,521
250,000 SF - 499,999 SF	4	1,660,974	902,934	54.4%	\$0.00	1,234,672	426,302
>= 500,000 SF	7	5,697,845	2,322,553	40.8%	\$0.00	4,244,615	1,453,230

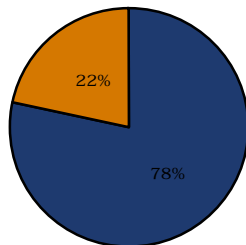
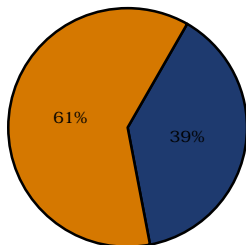
Source: CoStar Property®

## Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2018 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

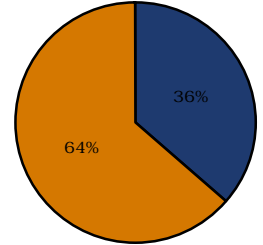
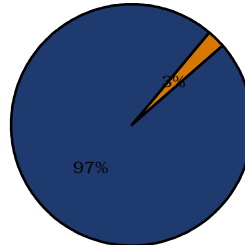
Source: CoStar Property®

## Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

# Inland Empire Industrial Market



Inventory &amp; development

## Select Year-to-Date Deliveries

Based on Project Square Footage

<p><b>1. 17350 Perris Blvd</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>1,109,378</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>First Quarter 2017</b>  Deliv Date: <b>Second Quarter 2018</b>  Leasing Co: <b>Colliers International</b>  Developer: <b>Alere Property Group LLC</b></p>	<p><b>2. 490 Columbia Ave - Bldg 1</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>1,009,092</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>First Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Colliers International</b>  Developer: <b>Trammell Crow Company</b></p>	<p><b>3. 4950 Goodman Way</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>1,007,705</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Second Quarter 2016</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Goodman North America</b>  Developer: <b>Goodman North America</b></p>
<p><b>4. 22722 Harley Knox Blvd</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>753,230</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>Third Quarter 2016</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>CBRE</b>  Developer: <b>Trammell Crow Company</b></p>	<p><b>5. 17830 Indian Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>700,000</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Second Quarter 2017</b>  Deliv Date: <b>Second Quarter 2018</b>  Leasing Co: <b>Duke Realty Corporation</b>  Developer: <b>N/A</b></p>	<p><b>6. 1568 N Linden Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>614,848</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>First Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Hillwood</b>  Developer: <b>N/A</b></p>
<p><b>7. 22000 Opportunity Way</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>503,592</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>First Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Cushman &amp; Wakefield</b>  Developer: <b>Newcastle Partners, Inc.</b></p>	<p><b>8. 343 S Lena Rd - Bldg 4</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>476,632</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Second Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Colliers International</b>  Developer: <b>Hillwood Development Company</b></p>	<p><b>9. 375 Markham St - Bldg 3</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>456,652</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>First Quarter 2017</b>  Deliv Date: <b>Second Quarter 2018</b>  Leasing Co: <b>JLL</b>  Developer: <b>IDI Gazeley</b></p>
<p><b>10. 1543 Alder Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>426,302</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Second Quarter 2017</b>  Deliv Date: <b>Second Quarter 2018</b>  Leasing Co: <b>Lee &amp; Associates</b>  Developer: <b>Panattoni Development Company, Inc.</b></p>	<p><b>11. 14909 Summit Dr - Bldg 4</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>301,388</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>First Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Colliers International</b>  Developer: <b>First Industrial Realty Trust, Inc.</b></p>	<p><b>12. Two Bunch Palms Trail</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>225,791</b>  Occupied: <b>100%</b>  Quoted Rate: <b>N/A</b>  Grnd Brk Date: <b>Third Quarter 2017</b>  Deliv Date: <b>Second Quarter 2018</b>  Leasing Co: <b>N/A</b>  Developer: <b>N/A</b></p>
<p><b>13. 10798 Catawba Ave</b></p> <p>Submarket: <b>Inland Empire West Industrial Market</b>  RBA: <b>225,260</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>Second Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Industrial Capital Advisors</b>  Developer: <b>Oakmont Industrial Group</b></p>	<p><b>14. 14940 Summit Dr - Bldg 5</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>  RBA: <b>220,707</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>Third Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>Colliers International</b>  Developer: <b>N/A</b></p>	<p><b>15. 8570 Hickory Ave</b></p> <p>Submarket: <b>Inland Empire West Industrial Market</b>  RBA: <b>215,700</b>  Occupied: <b>0%</b>  Quoted Rate: <b>Negotiable</b>  Grnd Brk Date: <b>Third Quarter 2017</b>  Deliv Date: <b>First Quarter 2018</b>  Leasing Co: <b>CBRE</b>  Developer: <b>Oakmont Industrial Group</b></p>



# Inland Empire Industrial Market

Inventory & development

## Select Top Under Construction Properties

Based on Project Square Footage

<p><b>1. 24385 Nandina Ave - Bldg 1</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>1,388,210</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>Fourth Quarter 2017</b>            Deliv Date: <b>Third Quarter 2018</b>            Leasing Co: <b>Colliers International</b>            Developer: <b>First Industrial Realty Trust, Inc.</b></p>	<p><b>2. Navajo Rd - Legacy Building</b></p> <p>Submarket: <b>Inland Empire West Industrial Market</b>            RBA: <b>1,350,000</b>            Preleased: <b>100%</b>            Quoted Rate: <b>N/A</b>            Grnd Brk Date: <b>First Quarter 2018</b>            Deliv Date: <b>First Quarter 2019</b>            Leasing Co: <b>Lee &amp; Associates Commercial RE</b>            Developer: <b>Watson Land Company</b></p>	<p><b>3. 4100 N Webster Ave - Bldg 1</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>1,039,898</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>Third Quarter 2017</b>            Deliv Date: <b>Third Quarter 2018</b>            Leasing Co: <b>JLL</b>            Developer: <b>Rockefeller Group</b></p>
<p><b>4. 6720 Kimball Ave - Bldg 1</b></p> <p>Submarket: <b>Inland Empire West Industrial Market</b>            RBA: <b>1,022,680</b>            Preleased: <b>100%</b>            Quoted Rate: <b>N/A</b>            Grnd Brk Date: <b>First Quarter 2017</b>            Deliv Date: <b>Third Quarter 2018</b>            Leasing Co: <b>Majestic Realty Co.</b>            Developer: <b>Majestic Realty Co.</b></p>	<p><b>5. 20801 Krameria Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>1,000,000</b>            Preleased: <b>100%</b>            Quoted Rate: <b>N/A</b>            Grnd Brk Date: <b>First Quarter 2018</b>            Deliv Date: <b>Third Quarter 2018</b>            Leasing Co: <b>Cushman &amp; Wakefield</b>            Developer: <b>N/A</b></p>	<p><b>6. 20901 Krameria Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>1,000,000</b>            Preleased: <b>100%</b>            Quoted Rate: <b>N/A</b>            Grnd Brk Date: <b>Fourth Quarter 2016</b>            Deliv Date: <b>Second Quarter 2018</b>            Leasing Co: <b>Cushman &amp; Wakefield</b>            Developer: <b>N/A</b></p>
<p><b>7. 4413 Patterson Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>912,338</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>First Quarter 2018</b>            Deliv Date: <b>Fourth Quarter 2018</b>            Leasing Co: <b>JLL</b>            Developer: <b>Western Realco</b></p>	<p><b>8. 1600 W Agua Mansa Rd</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>808,500</b>            Preleased: <b>100%</b>            Quoted Rate: <b>N/A</b>            Grnd Brk Date: <b>First Quarter 2018</b>            Deliv Date: <b>First Quarter 2019</b>            Leasing Co: <b>CBRE</b>            Developer: <b>N/A</b></p>	<p><b>9. 24100 Nandina Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>739,903</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>Third Quarter 2017</b>            Deliv Date: <b>Third Quarter 2018</b>            Leasing Co: <b>Colliers International</b>            Developer: <b>First Industrial Realty Trust, Inc.</b></p>
<p><b>10. 4323 Indian Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>656,695</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>Second Quarter 2018</b>            Deliv Date: <b>Fourth Quarter 2018</b>            Leasing Co: <b>Colliers International</b>            Developer: <b>Duke Realty</b></p>	<p><b>11. 4323 Indian Ave</b></p> <p>Submarket: <b>Inland Empire West Industrial Market</b>            RBA: <b>611,573</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>First Quarter 2018</b>            Deliv Date: <b>Fourth Quarter 2018</b>            Leasing Co: <b>Colliers International</b>            Developer: <b>Black Creek Group</b></p>	<p><b>12. 15245 Van Vliet Ave</b></p> <p>Submarket: <b>Inland Empire West Industrial Market</b>            RBA: <b>605,735</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>Second Quarter 2018</b>            Deliv Date: <b>Fourth Quarter 2018</b>            Leasing Co: <b>Colliers International</b>            Developer: <b>Watson Land Company</b></p>
<p><b>13. 1350 N Waterman Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>553,592</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>Second Quarter 2017</b>            Deliv Date: <b>Second Quarter 2018</b>            Leasing Co: <b>Lee &amp; Associates Commercial RE</b>            Developer: <b>Industrial Property Trust, Inc.</b></p>	<p><b>14. 15097 Van Vliet Ave</b></p> <p>Submarket: <b>Inland Empire West Industrial Market</b>            RBA: <b>505,735</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>Second Quarter 2018</b>            Deliv Date: <b>Fourth Quarter 2018</b>            Leasing Co: <b>Colliers International</b>            Developer: <b>Watson Land Company</b></p>	<p><b>15. 2602 N Locust Ave</b></p> <p>Submarket: <b>Inland Empire East Industrial Market</b>            RBA: <b>475,555</b>            Preleased: <b>0%</b>            Quoted Rate: <b>Negotiable</b>            Grnd Brk Date: <b>Second Quarter 2018</b>            Deliv Date: <b>Second Quarter 2019</b>            Leasing Co: <b>Colliers International</b>            Developer: <b>Prologis</b></p>

# Inland Empire Industrial Market



Figures at a Glance

## Flex Market Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Inland Empire East	566	9,399,031	403,380	422,916	4.5%	102,974	0	0	\$12.26
Inland Empire West	349	6,016,059	217,239	221,945	3.7%	(26,230)	0	0	\$12.70
<b>Totals</b>	<b>915</b>	<b>15,415,090</b>	<b>620,619</b>	<b>644,861</b>	<b>4.2%</b>	<b>76,744</b>	<b>0</b>	<b>0</b>	<b>\$12.40</b>

Source: CoStar Property®

## Warehouse Market Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Inland Empire East	6,759	309,161,355	16,732,982	17,047,153	5.5%	10,071,212	9,506,258	16,992,770	\$8.21
Inland Empire West	5,575	285,023,579	8,150,561	9,086,058	3.2%	4,122,928	1,625,731	7,317,377	\$9.11
<b>Totals</b>	<b>12,334</b>	<b>594,184,934</b>	<b>24,883,543</b>	<b>26,133,211</b>	<b>4.4%</b>	<b>14,194,140</b>	<b>11,131,989</b>	<b>24,310,147</b>	<b>\$8.61</b>

Source: CoStar Property®

## Total Industrial Market Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Inland Empire East	7,325	318,560,386	17,136,362	17,470,069	5.5%	10,174,186	9,506,258	16,992,770	\$8.46
Inland Empire West	5,924	291,039,638	8,367,800	9,308,003	3.2%	4,096,698	1,625,731	7,317,377	\$9.25
<b>Totals</b>	<b>13,249</b>	<b>609,600,024</b>	<b>25,504,162</b>	<b>26,778,072</b>	<b>4.4%</b>	<b>14,270,884</b>	<b>11,131,989</b>	<b>24,310,147</b>	<b>\$8.80</b>

Source: CoStar Property®



# Inland Empire Industrial Market

Figures at a Glance

## Flex Submarket Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	196	3,844,680	112,951	112,951	2.9%	33,045	0	0	\$13.45
Coachella Valley	118	2,047,911	63,959	69,955	3.4%	(2,071)	0	0	\$11.40
Corona	66	1,027,509	20,974	25,564	2.5%	12,893	0	0	\$12.47
East San Bernardino	105	1,746,392	116,543	116,543	6.7%	11,993	0	0	\$10.78
North San Bernardino	40	502,040	41,714	43,607	8.7%	(28,780)	0	0	\$8.65
Riverside	149	2,579,413	124,038	125,098	4.8%	83,271	0	0	\$13.53
Riverside Outlying	2	2,100	2,100	2,100	100.0%	(2,100)	0	0	\$0.00
San Bernardino Outlying	5	30,136	0	0	0.0%	0	0	0	\$0.00
South Riverside	121	1,965,570	75,766	83,656	4.3%	(1,012)	0	0	\$13.42
West San Bernardino	113	1,669,339	62,574	65,387	3.9%	(30,495)	0	0	\$12.56
<b>Totals</b>	<b>915</b>	<b>15,415,090</b>	<b>620,619</b>	<b>644,861</b>	<b>4.2%</b>	<b>76,744</b>	<b>0</b>	<b>0</b>	<b>\$12.40</b>

Source: CoStar Property®

## Warehouse Submarket Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	3,063	211,031,412	5,863,939	6,719,536	3.2%	2,336,244	1,115,806	3,165,714	\$8.36
Coachella Valley	861	12,448,441	394,523	394,523	3.2%	265,704	240,761	238,868	\$14.01
Corona	932	28,819,570	793,244	793,244	2.8%	1,025,141	56,148	258,203	\$9.41
East San Bernardino	1,574	108,538,568	6,790,036	6,814,520	6.3%	3,931,240	2,004,665	4,562,723	\$7.83
North San Bernardino	896	19,525,176	1,458,296	1,458,296	7.5%	593,995	509,925	1,546,410	\$10.47
Riverside	1,866	114,399,590	7,794,503	8,080,010	7.1%	3,421,674	6,529,543	7,823,078	\$6.42
Riverside Outlying	24	328,143	8,500	8,500	2.6%	(8,500)	0	0	\$0.00
San Bernardino Outlying	73	638,267	11,280	11,280	1.8%	1,730	0	12,500	\$10.83
South Riverside	1,429	43,988,776	940,896	945,076	2.1%	1,434,223	675,141	4,097,398	\$9.56
West San Bernardino	1,616	54,466,991	828,326	908,226	1.7%	1,192,689	0	2,605,253	\$10.26
<b>Totals</b>	<b>12,334</b>	<b>594,184,934</b>	<b>24,883,543</b>	<b>26,133,211</b>	<b>4.4%</b>	<b>14,194,140</b>	<b>11,131,989</b>	<b>24,310,147</b>	<b>\$8.61</b>

Source: CoStar Property®

## Total Industrial Submarket Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	3,259	214,876,092	5,976,890	6,832,487	3.2%	2,369,289	1,115,806	3,165,714	\$8.55
Coachella Valley	979	14,496,352	458,482	464,478	3.2%	263,633	240,761	238,868	\$13.59
Corona	998	29,847,079	814,218	818,808	2.7%	1,038,034	56,148	258,203	\$9.50
East San Bernardino	1,679	110,284,960	6,906,579	6,931,063	6.3%	3,943,233	2,004,665	4,562,723	\$8.03
North San Bernardino	936	20,027,216	1,500,010	1,501,903	7.5%	565,215	509,925	1,546,410	\$10.42
Riverside	2,015	116,979,003	7,918,541	8,205,108	7.0%	3,504,945	6,529,543	7,823,078	\$6.69
Riverside Outlying	26	330,243	10,600	10,600	3.2%	(10,600)	0	0	\$0.00
San Bernardino Outlying	78	668,403	11,280	11,280	1.7%	1,730	0	12,500	\$10.83
South Riverside	1,550	45,954,346	1,016,662	1,028,732	2.2%	1,433,211	675,141	4,097,398	\$9.87
West San Bernardino	1,729	56,136,330	890,900	973,613	1.7%	1,162,194	0	2,605,253	\$10.36
<b>Totals</b>	<b>13,249</b>	<b>609,600,024</b>	<b>25,504,162</b>	<b>26,778,072</b>	<b>4.4%</b>	<b>14,270,884</b>	<b>11,131,989</b>	<b>24,310,147</b>	<b>\$8.80</b>

Source: CoStar Property®



## Inland Empire Industrial Market



Figures at a Glance

## Flex Market Statistics

Mid-Year 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 2q	915	15,415,090	620,619	644,861	4.2%	(8,412)	0	0	0	0	\$12.40
2018 1q	915	15,415,090	625,426	636,449	4.1%	85,156	0	0	0	0	\$12.37
2017 4q	915	15,415,090	714,085	721,605	4.7%	72,140	0	0	0	0	\$12.25
2017 3q	915	15,415,090	770,563	793,745	5.1%	95,204	1	26,250	0	0	\$11.91
2017 2q	914	15,388,840	841,396	862,699	5.6%	75,802	0	0	1	26,250	\$11.98
2017 1q	914	15,388,840	925,542	938,501	6.1%	(32,029)	1	13,023	1	26,250	\$11.87
2016	913	15,375,817	880,769	893,449	5.8%	146,006	0	0	2	39,273	\$11.85
2015	913	15,375,817	1,027,527	1,039,455	6.8%	265,419	0	0	0	0	\$11.02
2014	913	15,375,817	1,296,771	1,304,874	8.5%	395,413	0	0	0	0	\$10.61
2013	914	15,383,297	1,702,707	1,707,767	11.1%	335,495	4	50,036	0	0	\$10.16
2012	910	15,333,261	1,987,772	1,993,226	13.0%	343,657	0	0	4	50,036	\$9.75
2011	910	15,333,261	2,330,672	2,336,883	15.2%	275,585	0	0	4	50,036	\$9.60
2010	910	15,333,261	2,610,490	2,612,468	17.0%	112,570	0	0	2	23,284	\$10.12
2009	911	15,350,861	2,723,857	2,742,638	17.9%	(176,031)	6	234,913	2	23,284	\$10.84
2008	902	15,062,550	2,235,603	2,278,296	15.1%	(464,233)	34	378,300	6	234,913	\$12.44
2007	860	14,576,233	1,260,225	1,327,746	9.1%	(21,360)	20	372,370	33	342,496	\$13.87

Source: CoStar Property®

## Warehouse Market Statistics

Mid-Year 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 2q	12,334	594,184,934	24,883,543	26,133,211	4.4%	8,629,364	32	4,483,060	149	24,310,147	\$8.61
2018 1q	12,303	589,926,874	29,555,415	30,504,515	5.2%	5,564,776	35	6,648,929	154	23,435,845	\$8.44
2017 4q	12,268	583,277,945	28,677,120	29,420,362	5.0%	3,914,714	30	7,059,262	162	22,857,981	\$8.43
2017 3q	12,235	575,683,322	25,763,852	26,604,453	4.6%	5,634,807	27	5,148,222	134	25,905,118	\$6.76
2017 2q	12,206	569,894,237	25,431,639	26,450,175	4.6%	7,775,282	35	6,687,140	125	25,755,657	\$6.45
2017 1q	12,170	563,029,522	25,381,157	27,360,742	4.9%	(950,134)	24	3,656,933	133	27,664,588	\$6.30
2016	12,146	559,372,589	21,714,895	22,764,537	4.1%	23,314,177	64	17,678,315	119	21,779,700	\$6.11
2015	12,085	540,546,042	26,876,770	27,292,180	5.0%	19,432,912	51	20,512,816	65	19,531,172	\$5.54
2014	12,037	520,311,826	26,081,713	26,490,876	5.1%	19,246,199	51	20,833,691	39	16,406,088	\$5.26
2013	11,986	499,163,971	24,345,756	24,589,220	4.9%	17,888,303	29	10,406,717	48	17,989,073	\$5.00
2012	11,959	488,860,858	31,163,986	32,174,410	6.6%	7,151,531	20	6,544,376	27	8,431,019	\$4.81
2011	11,942	482,754,017	32,480,922	33,219,100	6.9%	16,851,542	10	3,125,234	13	4,490,209	\$4.70
2010	11,936	479,799,530	44,845,798	47,116,155	9.8%	12,111,301	10	1,703,790	8	2,464,497	\$4.56
2009	11,926	478,062,526	55,132,482	57,490,452	12.0%	1,679,157	101	7,988,321	11	1,733,231	\$4.94
2008	11,814	469,657,827	49,242,008	50,764,910	10.8%	3,226,298	262	21,661,048	88	6,909,318	\$5.89
2007	11,522	446,230,194	29,396,205	30,563,575	6.8%	27,994,319	366	22,023,911	209	19,725,174	\$6.15

Source: CoStar Property®

## Total Industrial Market Statistics

Mid-Year 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 2q	13,249	609,600,024	25,504,162	26,778,072	4.4%	8,620,952	32	4,483,060	149	24,310,147	\$8.80
2018 1q	13,218	605,341,964	30,180,841	31,140,964	5.1%	5,649,932	35	6,648,929	154	23,435,845	\$8.62
2017 4q	13,183	598,693,035	29,391,205	30,141,967	5.0%	3,986,854	30	7,059,262	162	22,857,981	\$8.62
2017 3q	13,150	591,098,412	26,534,415	27,398,198	4.6%	5,730,011	28	5,174,472	134	25,905,118	\$6.92
2017 2q	13,120	585,283,077	26,273,035	27,312,874	4.7%	7,851,084	35	6,687,140	126	25,781,907	\$6.62
2017 1q	13,084	578,418,362	26,306,699	28,299,243	4.9%	(982,163)	25	3,669,956	134	27,690,838	\$6.49
2016	13,059	574,748,406	22,595,664	23,657,986	4.1%	23,460,183	64	17,678,315	121	21,818,973	\$6.31
2015	12,998	555,921,859	27,904,297	28,331,635	5.1%	19,698,331	51	20,512,816	65	19,531,172	\$5.77
2014	12,950	535,687,643	27,378,484	27,795,750	5.2%	19,641,612	51	20,833,691	39	16,406,088	\$5.51
2013	12,900	514,547,268	26,048,463	26,296,987	5.1%	18,223,798	33	10,456,753	48	17,989,073	\$5.22
2012	12,869	504,194,119	33,151,758	34,167,636	6.8%	7,495,188	20	6,544,376	31	8,481,055	\$4.98
2011	12,852	498,087,278	34,811,594	35,555,983	7.1%	17,127,127	10	3,125,234	17	4,540,245	\$4.86
2010	12,846	495,132,791	47,456,288	49,728,623	10.0%	12,223,871	10	1,703,790	10	2,487,781	\$4.74
2009	12,837	493,413,387	57,856,339	60,233,090	12.2%	1,503,126	107	8,223,234	13	1,756,515	\$5.13
2008	12,716	484,720,377	51,477,611	53,043,206	10.9%	2,762,065	296	22,039,348	94	7,144,231	\$6.13
2007	12,382	460,806,427	30,656,430	31,891,321	6.9%	27,972,959	386	22,396,281	242	20,067,670	\$6.41

Source: CoStar Property®

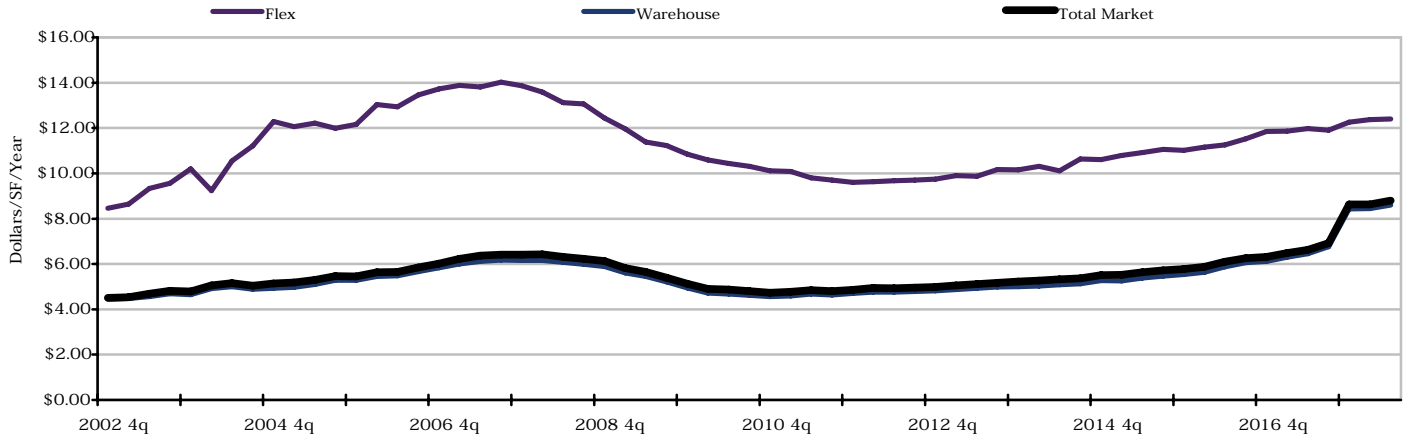


# Inland Empire Industrial Market

Leasing Activity

## Historical Rental Rates

Based on Quoted Rental Rates



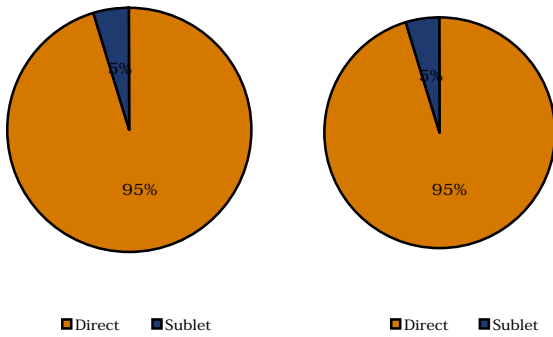
Source: CoStar Property®

## Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Inland Empire (California)

United States



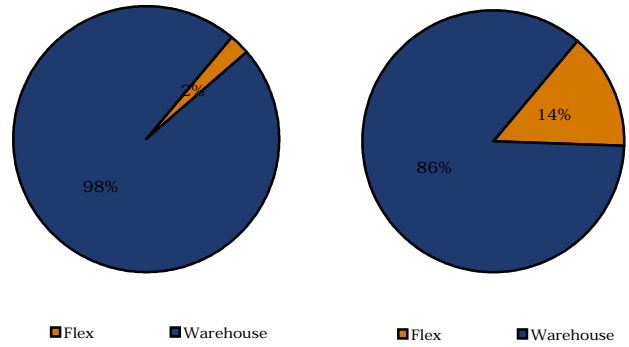
Source: CoStar Property®

## Vacancy by Building Type

Percent of All Vacant Space by Building Type

Inland Empire (California)

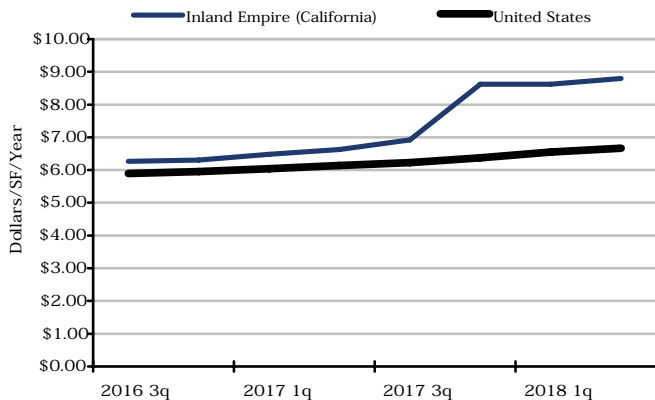
United States



Source: CoStar Property®

## U.S. Rental Rate Comparison

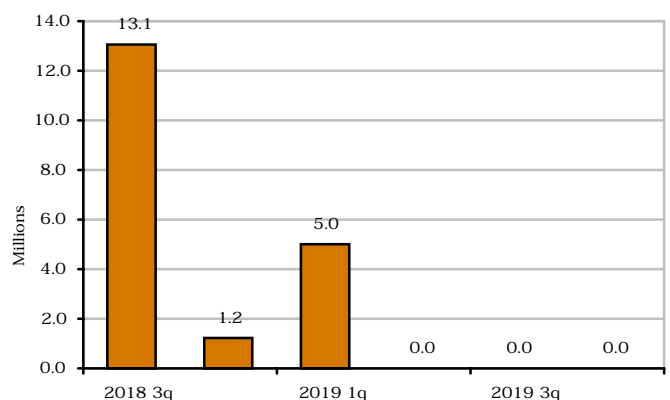
Based on Average Quoted Rental Rates



Source: CoStar Property®

## Future Space Available

Space Scheduled to be Available for Occupancy\*



Source: CoStar Property®

\* Includes Under Construction Space

## Inland Empire Industrial Market



Leasing Activity

## Select Top Industrial Leases Based on Leased Square Footage For Deals Signed in 2018

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	6720 Kimball Ave - Bldg 1	West San Bernardino	1,022,680	1st	Walmart	N/A	Majestic Realty Co.
2	11281 Citrus Ave - Bldg 2	Airport Area	1,003,570	2nd	UPS	N/A	Lee & Associates
3	1300 California St	East San Bernardino	771,839	1st	DCG Fulfillment	Newmark Knight Frank	Lee & Associates
4	1686 W Base Line Rd	East San Bernardino	758,940	2nd	N/A	N/A	Lee & Associates
5	10825 Production Ave - Bldg 7	Airport Area	753,170	2nd	N/A	N/A	CBRE
6	23450 Brodiaea Ave	Riverside	601,810	1st	Harbor Freight Tools	N/A	Colliers International
7	2255 W Lugonia Ave	East San Bernardino	601,287	2nd	Kuehne & Nagel	N/A	Lee & Associates
8	2185 Lugonia Ave	East San Bernardino	500,602	1st	Ashley Furniture	Hodgdon Group Realty	Lee & Associates
9	9050 Hermosa Ave	Airport Area	468,682	2nd	N/A	JLL	JLL
10	255 S Waterman Ave - Bldg 6	East San Bernardino	414,020	2nd	N/A	JLL	JLL
11	1089 E Mill St - Bldg 2	East San Bernardino	404,725	1st	Cooper Tire San Bernardino	N/A	Exeter Property Group
12	8601 Merrill Ave - Bldg 831	Airport Area	323,030	2nd	N/A	N/A	LAREM
13	13725-13835 Pipeline Ave - Bldg 30	West San Bernardino	300,000	2nd	N/A	N/A	Majestic Realty Co.
14	16171 Santa Ana Ave	Airport Area	282,154	2nd	Sub Zero, Inc	N/A	Lee & Associates
15	13204 Jurupa Avenue	Airport Area	252,630	2nd	B&G Foods North America	The Klabin Company	Cushman & Wakefield
16	24960 San Michele Rd	Riverside	244,336	2nd	ResMed	N/A	Lee & Associates
17	290 S Milliken Ave	Airport Area	230,484	2nd	N/A	N/A	Lee & Associates
18	14855 Innovation Dr - Bldg 1	Riverside	225,000	2nd	N/A	N/A	CBRE
19	2090 S Etiwanda Ave - Bldg A	Airport Area	220,054	2nd	N/A	N/A	Realty Advisory Group, Inc.
20	3372-3392 N Mike Daley Dr - D2	East San Bernardino	218,808	1st	N/A	Deodate Corporation	JLL
21	9988 Redwood Ave	Airport Area	214,431	1st	N/A	N/A	Lee & Associates
22	2255 W San Bernardino Ave	East San Bernardino	207,114	2nd	N/A	CBRE	JLL
23	1100 S Etiwanda Ave	Airport Area	185,342	2nd	Shorr Packaging Company	N/A	CBRE
24	11455 Cantu Galleano Ranch Rd - Bldg B	Riverside	177,120	2nd	N/A	N/A	Colliers International
25	26763 San Bernardino Ave - Bldg 3	East San Bernardino	176,906	1st	Lorenz & Jones	N/A	Colliers International
26	2571 Sampson Ave	Corona	154,241	1st	VF Outdoor LLC	N/A	Strata Realty
27	4382 N Georgia Blvd	East San Bernardino	153,010	1st	Victaulic Company	N/A	Colliers International
28	3790 E Jurupa St - Bldg 3	Airport Area	150,000	2nd	N/A	N/A	Fischer & Company
29	4652 E Brickell St	Airport Area	149,689	2nd	N/A	CBRE	JLL
30	5401 E Jurupa St	Airport Area	142,404	2nd	N/A	N/A	Voit Real Estate Services
31	5100 Ontario Mills Pkwy	Airport Area	133,393	1st	N/A	N/A	JLL
32	6911-6949 Bickmore Ave*	West San Bernardino	125,000	1st	Open Door Packaging	Savills Studley	N/A
33	14540 Innovation Dr	Riverside	125,000	1st	N/A	JLL	CBRE
34	1251 Research Dr	East San Bernardino	118,482	2nd	Garner Holt Productions	Colliers International	Cushman & Wakefield
35	11081 Tacoma Dr	Airport Area	115,170	1st	Ecko Products	N/A	Colliers International
36	2951 Lenwood Rd - Bldg 1	North San Bernardino	105,134	2nd	N/A	N/A	JLL
37	1777 S Vintage Ave	Airport Area	91,595	1st	N/A	N/A	CBRE
38	5007 Ontario Mills Pky	Airport Area	82,160	2nd	Variant Display, Inc.	N/A	Voit Real Estate Services
39	551 N Loop Rd - Building 2	Airport Area	75,982	2nd	Anvil International, Inc.	N/A	Colliers International
40	Mission Grove Business Park - Bldg D	Airport Area	72,768	2nd	Jacob & Sons LLC	Lee & Associates	Lee & Associates

Source: CoStar Property®

\* Renewal

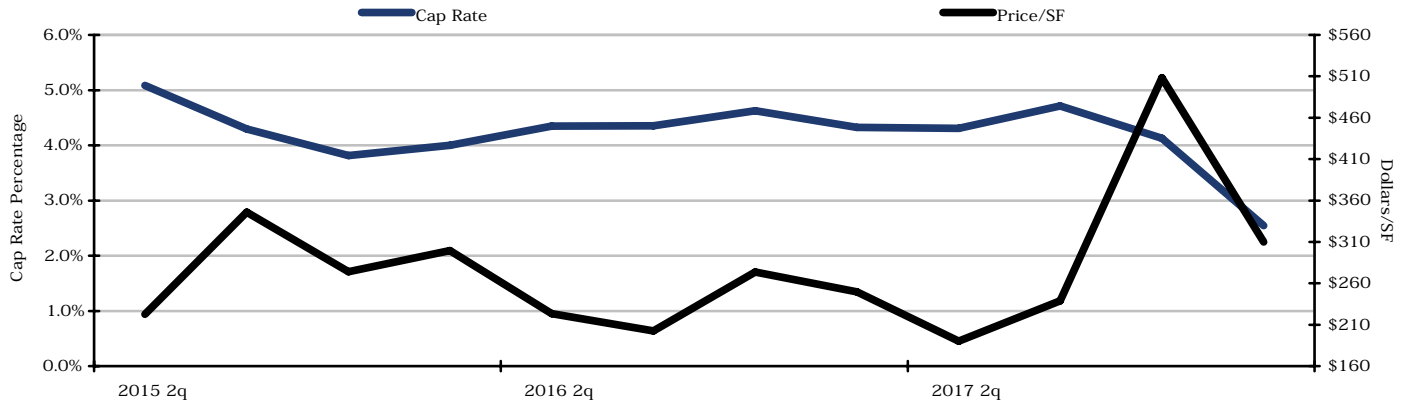


# Inland Empire Industrial Market

Sales Activity

## The Optimist Sales Index

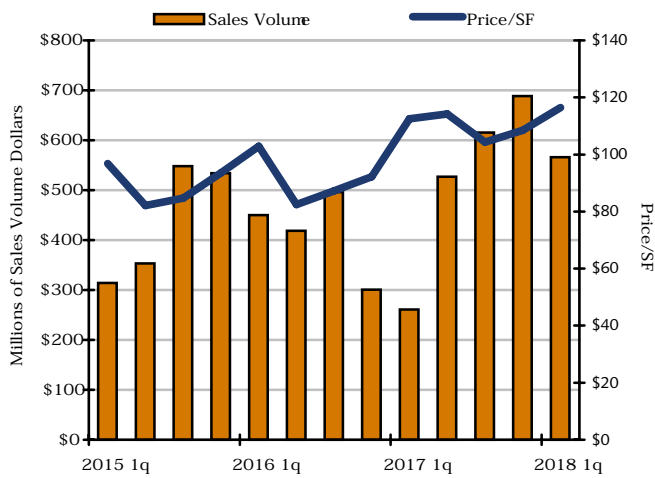
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

## Sales Volume & Price

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## Sales Analysis by Building Size

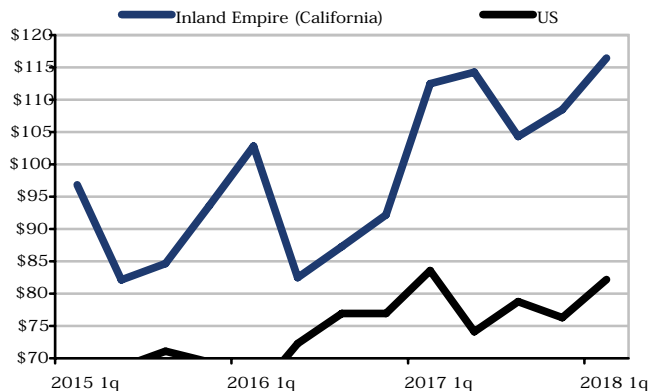
Based on Industrial Bldg Sales From April 2017 - March 2018

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	208	2,498,163	\$403,155,131	\$ 161.38	6.77%
25K-99K SF	110	5,596,137	\$674,347,068	\$ 120.50	6.14%
100K-249K SF	23	3,286,074	\$375,994,613	\$ 114.42	4.95%
>250K SF	18	11,677,026	\$1,189,191,553	\$ 101.84	4.38%

Source: CoStar COMPS®

## U.S. Price/SF Comparison

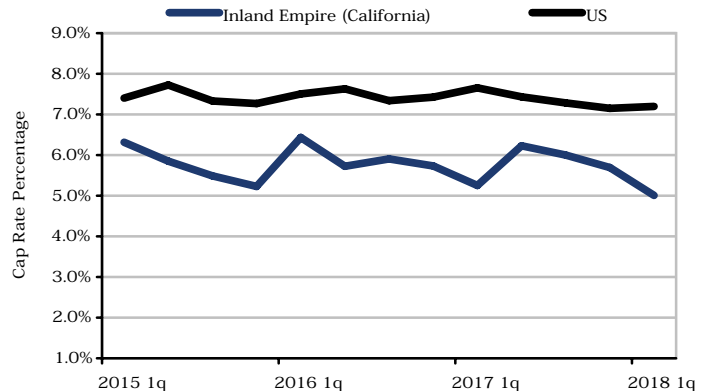
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## U.S. Cap Rate Comparison

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

# Inland Empire Industrial Market



Sales Activity

## Select Top Sales

Based on Sales from April 2017 Through June 2018

### 1. 1200 S Etiwanda Ave



#### Fontana

Price: **\$172,000,000**  
 Price/SF: **\$111.87**  
 Cap Rate: **N/A**  
 RBA: **1,537,530**  
 Date: **8/22/2017**  
 Year Built: **1998**  
 Buyer: **Property Reserve, Inc.**  
 Seller: **TIAA-CREF Investment Management LLC**

### 2. 2030-2050 S Carlos Ave



#### Ontario

Price: **\$141,200,000**  
 Price/SF: **\$123.94**  
 Cap Rate: **4.11%**  
 RBA: **1,139,300**  
 Date: **5/24/2017**  
 Year Built: **1988**  
 Buyer: **Rexford Industrial**  
 Seller: **American Realty Advisors**

### 3. 9889 Almond Ave



#### Redlands

Price: **\$100,500,000**  
 Price/SF: **\$108.32**  
 Cap Rate: **2.9%**  
 RBA: **927,798**  
 Date: **3/1/2018**  
 Year Built: **2017**  
 Buyer: **Alere Property Group LLC**  
 Seller: **Crow Holdings**

### 4. 7776 Tippecanoe Ave



#### San Bernardino

Price: **\$95,600,000**  
 Price/SF: **\$93.24**  
 Cap Rate: **4.58%**  
 RBA: **1,025,324**  
 Date: **11/27/2017**  
 Year Built: **2009**  
 Buyer: **Westcore Properties**  
 Seller: **Bentall Kennedy**

### 5. 1221 Alder Ave



#### Rialto

Price: **\$94,200,000**  
 Price/SF: **\$134.06**  
 Cap Rate: **3.75%**  
 RBA: **702,668**  
 Date: **12/29/2017**  
 Year Built: **2017**  
 Buyer: **Liberty Property Trust**  
 Seller: **Panattoni Development Company, Inc.**

### 6. 20801 Krameria Ave



#### Riverside

Price: **\$93,500,000**  
 Price/SF: **\$93.50**  
 Cap Rate: **N/A**  
 RBA: **1,000,000**  
 Date: **2/1/2018**  
 Year Built: **2018**  
 Buyer: **United Parcel Service, Inc.**  
 Seller: **Waypoint Property Group**

### 7. 20901 Krameria Ave



#### Riverside

Price: **\$80,100,000**  
 Price/SF: **\$80.10**  
 Cap Rate: **N/A**  
 RBA: **1,000,000**  
 Date: **11/8/2017**  
 Year Built: **2018**  
 Buyer: **Invesco Advisors, Inc.**  
 Seller: **Waypoint Property Group**

### 8. 6207 Cajon Blvd



#### San Bernardino

Price: **\$60,229,500**  
 Price/SF: **\$72.50**  
 Cap Rate: **N/A**  
 RBA: **830,750**  
 Date: **8/4/2017**  
 Year Built: **2014**  
 Buyer: **Westcore Properties**  
 Seller: **DC Industrial Liquidating Trust**

### 9. 290 W Markham St



#### Perris

Price: **\$52,275,850**  
 Price/SF: **\$110.00**  
 Cap Rate: **4.5%**  
 RBA: **475,235**  
 Date: **11/17/2017**  
 Year Built: **2016**  
 Buyer: **Heitman LLC**  
 Seller: **PRG Investment and Management, Inc.**



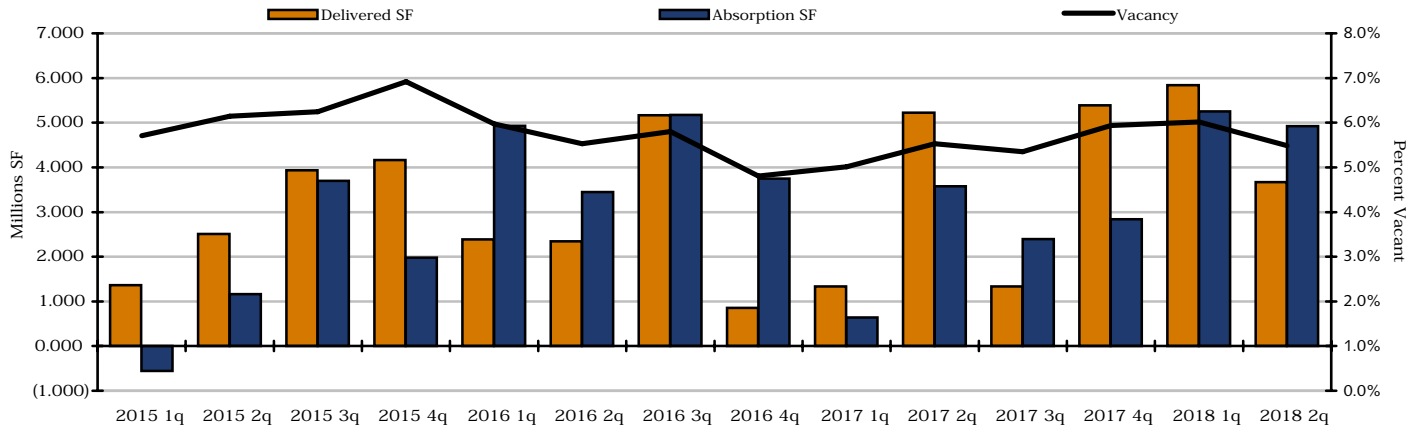
# Inland Empire Industrial Market

Inland Empire East Market

MARKET HIGHLIGHTS - Flex & Warehouse

## Deliveries, Absorption & Vacancy

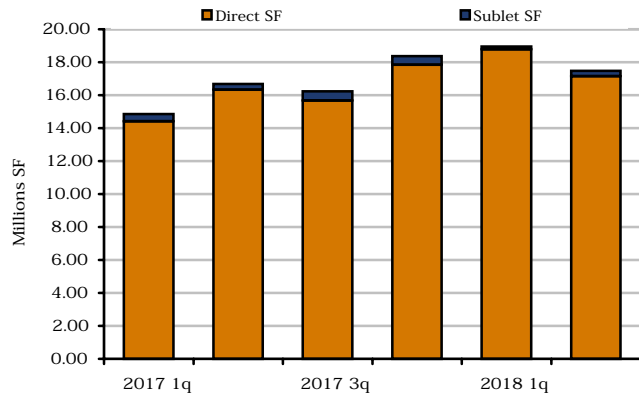
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Vacant Space

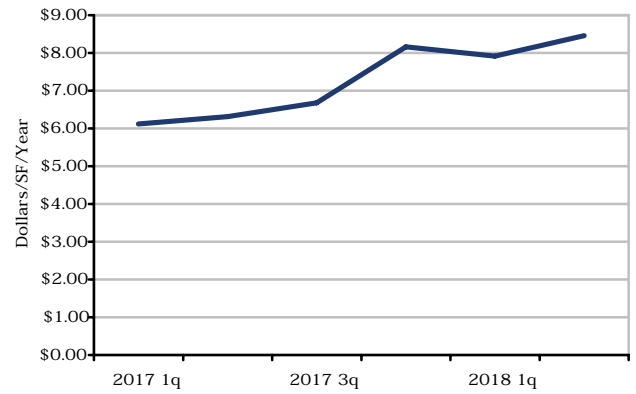
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 2q	7,325	318,560,386	17,470,069	5.5%	4,924,999	21	3,666,819	117	16,992,770	\$8.46
2018 1q	7,305	315,118,567	18,953,249	6.0%	5,249,187	25	5,839,439	116	16,834,463	\$7.92
2017 4q	7,280	309,279,128	18,362,997	5.9%	2,837,106	17	5,389,237	119	17,861,200	\$8.16
2017 3q	7,262	303,442,701	16,227,676	5.3%	2,394,949	14	1,333,840	86	20,235,287	\$6.68
2017 2q	7,247	301,494,533	16,674,457	5.5%	3,573,699	21	5,223,676	78	18,259,969	\$6.31
2017 1q	7,225	296,093,282	14,846,905	5.0%	639,500	13	1,332,484	86	19,919,068	\$6.11
2016 4q	7,212	294,760,798	14,164,783	4.8%	3,749,033	9	856,054	71	13,648,122	\$6.00
2016 3q	7,203	293,904,744	17,057,762	5.8%	5,172,037	10	5,168,292	58	10,758,011	\$6.04
2016 2q	7,192	287,537,629	15,902,697	5.5%	3,451,051	10	2,345,330	42	11,602,788	\$6.15
2016 1q	7,182	285,211,333	17,027,452	6.0%	4,933,124	10	2,388,990	43	11,382,062	\$5.92
2015 4q	7,172	282,822,343	19,571,586	6.9%	1,979,975	8	4,161,654	39	12,792,007	\$5.90
2015 3q	7,165	278,669,146	17,398,364	6.2%	3,696,844	9	3,931,380	35	13,607,406	\$5.83
2015 2q	7,156	274,441,752	16,867,814	6.1%	1,162,874	8	2,508,040	30	13,278,631	\$5.79
2015 1q	7,148	271,933,712	15,522,648	5.7%	(556,223)	3	1,363,967	25	10,052,504	\$5.64
2014 4q	7,146	270,702,745	13,735,458	5.1%	4,709,422	9	3,585,550	19	8,324,118	\$5.66
2014 3q	7,137	266,811,031	14,553,166	5.5%	5,934,393	11	5,980,081	24	10,973,213	\$5.51

Source: CoStar Property®

# Inland Empire Industrial Market

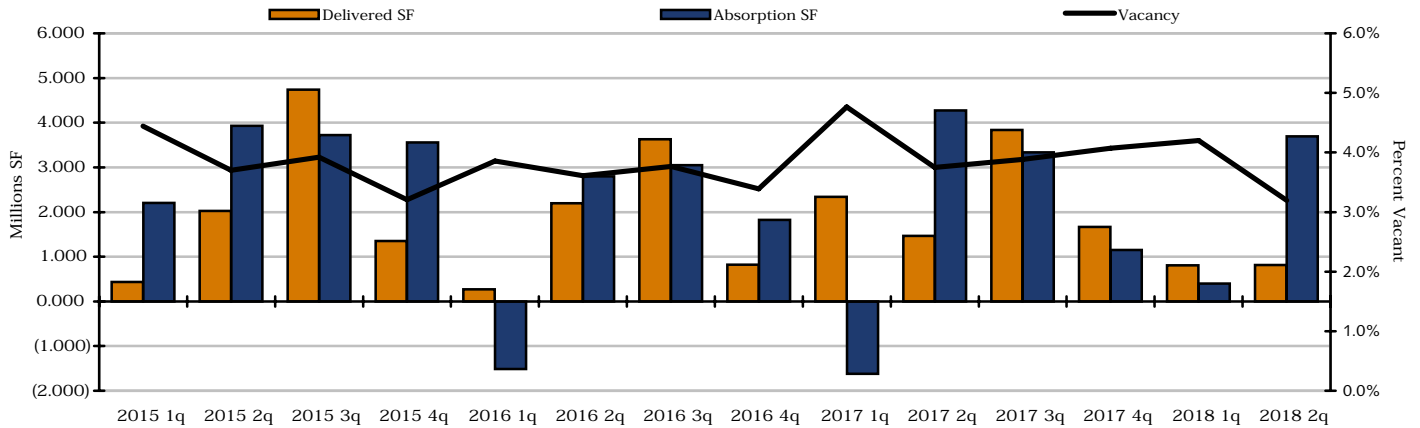


## Inland Empire West Market

### MARKET HIGHLIGHTS - Flex & Warehouse

## Deliveries, Absorption & Vacancy

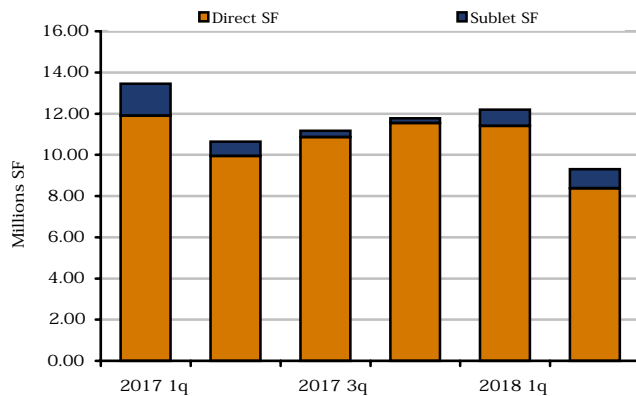
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Vacant Space

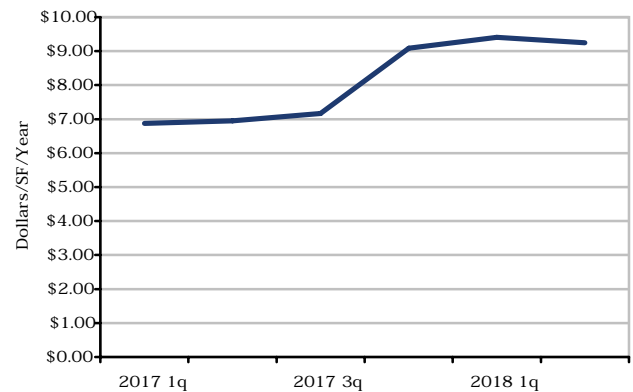
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## Quoted Rental Rates

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2018 2q	5,924	291,039,638	9,308,003	3.2%	3,695,953	11	816,241	32	7,317,377	\$9.25
2018 1q	5,913	290,223,397	12,187,715	4.2%	400,745	10	809,490	38	6,601,382	\$9.41
2017 4q	5,903	289,413,907	11,778,970	4.1%	1,149,748	13	1,670,025	43	4,996,781	\$9.09
2017 3q	5,888	287,655,711	11,170,522	3.9%	3,335,062	14	3,840,632	48	5,669,831	\$7.16
2017 2q	5,873	283,788,544	10,638,417	3.7%	4,277,385	14	1,463,464	48	7,521,938	\$6.95
2017 1q	5,859	282,325,080	13,452,338	4.8%	(1,621,663)	12	2,337,472	48	7,771,770	\$6.88
2016 4q	5,847	279,987,608	9,493,203	3.4%	1,825,248	3	820,123	50	8,170,851	\$6.65
2016 3q	5,847	279,188,742	10,519,585	3.8%	3,046,764	10	3,630,738	36	7,132,102	\$6.52
2016 2q	5,838	275,568,304	9,945,911	3.6%	2,795,515	8	2,198,925	36	9,095,743	\$6.06
2016 1q	5,830	273,369,379	10,542,501	3.9%	(1,512,589)	4	269,863	29	6,933,476	\$5.81
2015 4q	5,826	273,099,516	8,760,049	3.2%	3,554,855	4	1,349,545	26	6,739,165	\$5.64
2015 3q	5,821	271,426,941	10,642,329	3.9%	3,724,273	9	4,740,665	18	4,724,820	\$5.59
2015 2q	5,813	266,938,019	9,877,680	3.7%	3,931,951	8	2,022,925	22	8,736,961	\$5.47
2015 1q	5,804	264,890,094	11,761,706	4.4%	2,203,782	2	434,640	26	8,684,439	\$5.37
2014 4q	5,804	264,984,898	14,060,292	5.3%	1,375,301	0	0	20	8,081,970	\$5.36
2014 3q	5,804	264,984,898	15,435,593	5.8%	1,998,546	5	2,029,990	16	7,301,467	\$5.21

Source: CoStar Property®