

## Industrial Q4 2021

YoY  
Chg12-Mo.  
Forecast

0.7%

Vacancy Rate



27.7M

YTD Net Absorption, SF



\$0.90

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS  
Q4 2021YoY  
Chg12-Mo.  
Forecast

1.6M

Inland Empire  
Employment

5.4%

Inland Empire  
Unemployment Rate

4.2%

U.S.  
Unemployment Rate

Source: BLS and EDD. November 2021 data.

## ECONOMY: Logistics Sector Sees Largest Year-Over-Year Job Gains

The unemployment rate in the Inland Empire (IE) decreased to 5.4% in November 2021, down from the year-ago unemployment rate of 7.8%. Job gains in the trade, transportation, and utilities sectors have seen considerable growth during this time and the industry continues to lead with the largest year-over-year (YOY) job gains in the IE, up 19,300 jobs.

Despite historic queues at the ports, the Port of Los Angeles is still expected to break records for 2021, anticipating a total of 10.7 million TEUs, up 13.8% from 2018's previous record. The Port of LA processed 811,460 TEUs in November 2021, down 8.8% from the previous year, while the Port of Long Beach moved 745,489 TEUs, down 4.9% compared to November 2020. Combined year-to-date cargo volume at both ports through November was 18.5% higher than the previous year. The Global Port Tracker forecasts that imports are expected to return to normal growth rates in 2022, but volume will remain high. However, supply chain disruptions and wavering COVID-19 restrictions persist in the face of the omicron variant.

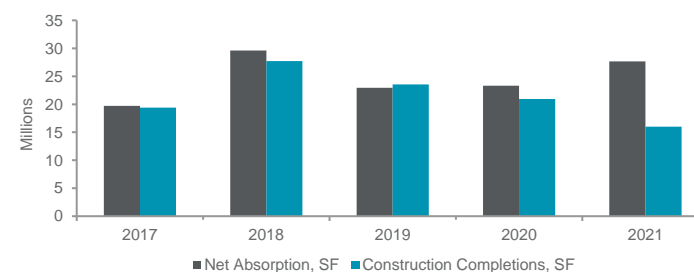
## SUPPLY AND DEMAND: Inland Empire Hits Several Record-Breaking Figures

With the explosion of e-commerce, the 3PL sector, and demand for faster delivery, the IE industrial market hit several record-breaking numbers at year-end 2021. At Q4 2021, the IE posted a razor thin vacancy rate of 0.7%, down 200-basis points (bps) from Q4 2020, now making it the tightest market in Southern California. Likewise, the vacancy rate in the Inland Empire West (IEW) dropped to 0.6% in Q4 2021, down 160-bps from the previous year. The Inland Empire East (IEE) posted a vacancy rate of 0.9%, down 250-bps from last year.

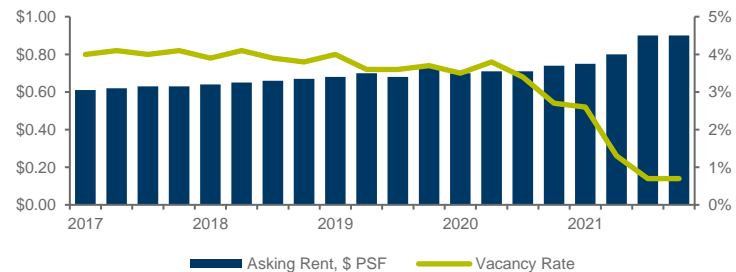
Given the heightened demand, occupancy gains totaled 27.7 million square feet (msf) through Q4 2021, the largest net absorption since 2018 when the IE recorded 29.6 msf worth of gains. New leasing activity increased by 2.5% YOY to 50.5 msf in 2021, yet still hit a historic high for the market and ranked third in the nation. In Q4 2021 alone, the IE encountered a decrease in activity, down 12.9% compared to Q4 2020, due to a lack of readily available product. As such, demand remains high for modern warehouses as the IE experienced an uptick in construction starts with 30.7 msf under construction at Q4 2021, up 69.4% over last year and a record high for the market. Conversely, deliveries slowed throughout the year, with IE posting 16.2 msf of construction completions, down 22.5% from last year. With limited availabilities in a highly competitive marketplace, average asking NNN rent in the IE has surpassed prior quarters to \$0.90 per square foot/per month (psf/mo) in Q4 2021, up 17.8% from last year. Asking rents in the IEW averaged \$1.05 psf/mo, narrowing the gap between rents in the IEW and neighboring OC and LA markets. Likewise, asking rents in the IEE averaged \$0.91 psf/mo, up 23% from the previous year and now resembling rents in the IEW.

Almost two years into the pandemic, consumer demand for e-commerce has evolved rapidly leaving online retailers, 3PLs, and the ports racing to keep pace with demand. On top of a tight industrial market, tenants are also met with labor shortages, global supply chain challenges, and increased operating costs. Demand shows no signs of slowing and with the uptick in construction starts set to deliver in 2022, the added inventory will be quickly absorbed by prospective tenants. Vacancy rates will continue to decrease into the new year and rents are expected to rise at a larger rate of growth than seen in previous quarters.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING RENT





## Industrial Q4 2021

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Ontario	113,649,277	0.3%	5,014,787	8,867,506	2,053,899	3,042,785	3,588,582	\$1.13	\$1.14	\$0.86
Rancho Cucamonga	40,053,213	0.6%	611,794	2,923,918	201,754	258,707	490,023	N/A	\$1.32	\$1.26
Fontana	63,372,425	0.8%	3,073,738	4,922,812	492,694	3,697,781	1,985,580	\$0.86	N/A	\$0.99
Chino	48,390,630	0.5%	762,176	2,055,912	32,805	1,120,235	163,602	N/A	\$1.50	\$1.45
Jurupa Valley/Eastvale	39,159,042	1.2%	1,738,747	4,308,159	131,255	2,580,581	341,053	N/A	N/A	N/A
Montclair	2,931,293	0.0%	178,592	198,753	163,739	68,506	56,000	N/A	N/A	N/A
Upland	2,655,628	4.9%	-57,820	81,178	18,430	0	72,205	N/A	\$1.35	N/A
<b>INLAND EMPIRE WEST</b>	<b>310,211,508</b>	<b>0.6%</b>	<b>11,322,014</b>	<b>23,358,238</b>	<b>3,094,576</b>	<b>10,768,595</b>	<b>6,697,045</b>	<b>\$1.06</b>	<b>\$1.23</b>	<b>\$1.00</b>
Riverside	52,428,877	1.7%	1,596,325	5,627,944	232,549	5,445,874	1,167,182	\$1.09	N/A	\$1.06
San Bernardino	40,178,042	0.1%	2,120,873	4,090,328	228,919	1,542,269	1,910,666	\$0.82	N/A	\$0.68
Colton/Cooley Ranch	8,860,583	0.1%	665,770	741,916	142,264	0	471,247	N/A	\$0.65	\$0.84
Redlands	28,879,473	0.7%	2,584,534	2,473,676	126,626	1,392,398	1,079,236	N/A	N/A	N/A
Rialto	35,390,070	0.0%	2,669,934	2,272,743	494,583	489,484	1,161,362	N/A	N/A	N/A
Moreno Valley	31,682,601	0.3%	2,206,597	1,536,758	243,456	900,872	808,380	N/A	N/A	N/A
Perris	31,547,765	2.0%	3,176,419	4,971,076	218,052	3,417,750	2,506,966	N/A	N/A	N/A
Hesperia	923,073	0.2%	-2,250	1,055,360	0	1,055,360	0	\$1.19	N/A	N/A
Victorville	7,158,985	5.0%	6,279	826,279	0	0	0	N/A	N/A	N/A
Banning	187,500	0.0%	0	44,500	0	1,000,000	0	N/A	N/A	N/A
Beaumont	4,603,555	0.0%	0	1,007,568	0	2,832,837	0	N/A	N/A	N/A
<b>INLAND EMPIRE EAST</b>	<b>241,840,524</b>	<b>0.9%</b>	<b>15,024,481</b>	<b>24,648,148</b>	<b>1,686,449</b>	<b>18,076,844</b>	<b>9,321,018</b>	<b>\$0.97</b>	<b>\$0.65</b>	<b>\$0.91</b>
Corona	27,383,197	0.2%	1,041,688	1,992,081	518,606	1,597,831	177,887	\$1.38	\$1.03	N/A
Temecula	4,338,266	0.0%	159,936	278,986	198,473	126,445	0	N/A	N/A	\$0.61
Lake Elsinore	895,387	0.0%	0	40,610	0	90,645	0	N/A	N/A	N/A
Murrieta	1,186,401	1.0%	105,843	132,790	90,034	85,937	28,000	N/A	N/A	\$0.85
<b>INLAND EMPIRE SOUTH</b>	<b>33,803,251</b>	<b>0.2%</b>	<b>1,307,467</b>	<b>2,444,467</b>	<b>807,113</b>	<b>1,900,858</b>	<b>205,887</b>	<b>\$1.38</b>	<b>\$1.03</b>	<b>\$0.62</b>
<b>INLAND EMPIRE TOTALS</b>	<b>585,855,283</b>	<b>0.7%</b>	<b>27,653,962</b>	<b>50,450,853</b>	<b>5,588,138</b>	<b>30,746,297</b>	<b>16,223,950</b>	<b>\$1.11</b>	<b>\$1.18</b>	<b>\$0.82</b>

\*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

# MARKETBEAT INLAND EMPIRE

## Industrial Q4 2021



### KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
728 West Rider Street	Perris	Lecangs, LLC (Loctek, Inc.)	1,203,449	New Lease
6120 Clinker Drive	Jurupa Valley	Bed Bath & Beyond	1,026,000	New Lease
9211 Kaiser Way	Fontana	DHL	830,000	Renewal*
22305 Old Oleander Avenue	Perris	Syncreon	692,645	New Lease
22765 Cactus Avenue	Riverside	Weber Distribution LLC	684,675	New Lease
13053 San Bernardino Avenue	Fontana	Geodis	616,551	Renewal*
300 S. Tippecanoe Avenue	San Bernardino	Advance Stores Company	600,240	New Lease
16081 Fern Avenue	Chino	Kehe Distributors	409,588	Renewal*

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER   BUYER	RSF	PRICE   \$ PSF
2677 Alessandro Boulevard	Moreno Valley	Crow Holdings Industrial & PGIM   Alere Property Group	709,081	\$199M   \$281
1 Fleetwood Way	Corona	1 Fleetwood Way LLC   Cabot Properties	207,419	\$66M   \$316
19972 Patterson Avenue	Perris	Shiv Shakti Industries Inc   Link Logistics	199,932	\$39M   \$194
13512 Marlay Avenue	Fontana	Blumenthal Tr.   Rexford Industrial Realty	199,363	\$51M   \$256
10220 San Sevaine Way	Mira Loma	San Sevaine Properties LLC   Stos Partners	139,000	\$20M   \$142
16609 Slover Avenue	Fontana	Slover Juniper, LLC   RPM Investments for Nash Mariposa	136,013	\$33M   \$244
11031 Jersey Boulevard	Rancho Cucamonga	Barret & Allison Woods   Nuveen	134,651	\$36M   \$264
5300 Concoors Street	Ontario	Kim Family Trust   Realmax LLC	123,180	\$38M   \$310

### KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
4810 South Hellman Avenue	Ontario	Uline	1,245,000	REDA/Clarion Partners
728 West Rider Street	Perris	Lecangs, LLC (Loctek, Inc.)	1,203,449	Duke Realty
9180 Alabama Street	Redlands	GoPlus	1,079,236	Duke Realty
5170 South Archibald Avenue	Ontario	Restoration Hardware	1,000,930	Ivanhoe Cambridge
22765 Cactus Avenue	Riverside	Weber Distribution LLC	684,675	Principal Global Investors
11010 Juniper Avenue	Fontana	Bloomsung Inc.	453,020	Goodman
4130 Indian Avenue	Perris	Grainger	429,202	IDI Logistics
2264 6th Street	San Bernardino	Weber Distribution	406,710	Birtcher Development
21500 Harvill Avenue	Perris	Pharmapacks, LLC	333,572	CH Realty /BDG Harvill, LLC

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