IE Q3 26

THIRD QUARTER 2026 MARKET REPORT
INLAND EMPIRE INDUSTRIAL

Voit REAL ESTATE SERVICES

OVERVIEW. The Inland Empire industrial market saw encouraging signs in Q3 with positive net absorption and increased leasing and sales volume compared with recent transaction activity.

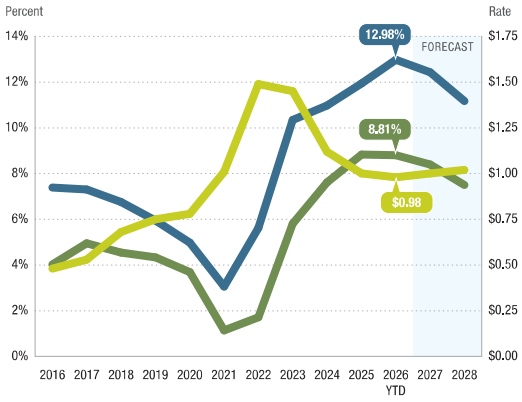
VACANCY & AVAILABILITY. The Inland Empire vacancy rate finished Q3 at 8.81%, a decrease of 0.4 percentage points versus Q2, but only a 16-basis point decrease from the level of a year ago. Vacancy measures the amount of space which is unoccupied regardless of whether it is being marketed for sale or lease. Availability measures the amount of space which is on the market, regardless of whether it is occupied. Available space was 12.98% of the market's inventory at the end of Q3. Sublease availability continues to remain a significant factor in the market, with 15.3 million square feet of sublet space available at the end of Q3. This total has decreased from the recent peak of 18.4 million square feet in Q3 2025.

LEASE RATES. The average asking rate in Q3 was $0.98 per square foot per month, unchanged from the previous quarter, but down 3.92% from the level of a year ago. Market conditions have shifted dramatically in recent years, with asking rents declining for three consecutive years as negotiating leverage has swung decisively in favor of tenants. The softer leasing environment has also led to more generous concessions, including increased rental abatement and phased occupancy. While landlords are generally quick to raise asking rents when market conditions strengthen, they are often slower to reduce quoted rates during downturns, particularly when properties were acquired or developed at elevated costs during periods of rapid appreciation. Instead, landlords frequently preserve face rental rates while increasing leasing concessions. Even so, asking rents have fallen significantly, declining by roughly one-third over the past four years. This stands in stark contrast to the preceding four-year period, when average asking rents doubled amid exceptionally strong market conditions.

TRANSACTION ACTIVITY. Sale and lease activity, which measures executed leases and closed sales in a given period, finished Q3 2026 at 19.2 million square feet, a 10% decrease compared with Q3 2025. There were 296 leases recorded in Q3 2026, a moderate increase versus the quarterly average of 284 since the start of 2025. In addition to the increase in the number of transactions, the total square feet leased has exceeded 12.4 million square feet every quarter of 2026, after surpassing that mark only twice in the preceding five quarters. Sales volume also saw an uptick in activity in the third quarter, with $1.5 billion of building sales, the highest quarterly total in three years. Much of this total was driven by large portfolio sales including Rexford's $1.2 billion sale of 22 buildings to EQT Real Estate, which included more than $500 million of Inland Empire warehouses.

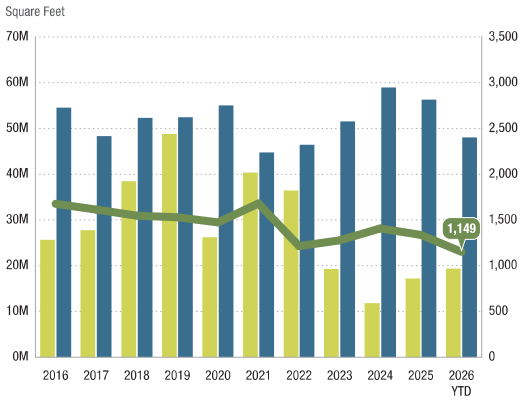
ABSORPTION. Net absorption finished 3Q 2026 with 3.2 million square feet of positive net absorption, with the IE West segment of the market accounting for most of the Q3 total, but the IE East accounts for the majority of the 1.3 million square feet of positive net absorption year to date. Q3 positive net absorption was recorded in every size segment within the market but

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



VACANCY: Total Vacant Space Divided by Total Existing Inventory
AVAILABILITY: Total Amount of Space that is Available whether Occupied, for Sublease, or Available at a Future Date
AVERAGE ASKING LEASE RATE: NNN / SF / Month

TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



SALES LEASES NUMBER OF TRANSACTIONS

Market Statistics

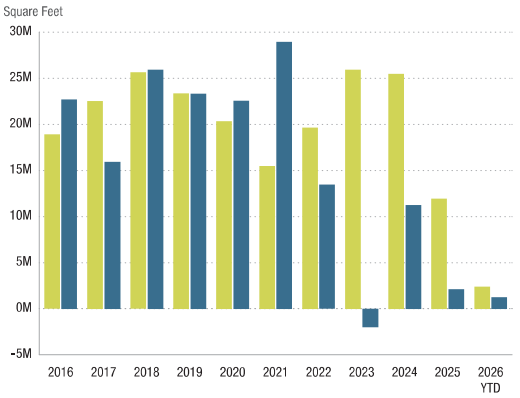
	Change Over Last Quarter	Q3 2026	Q2 2026	Q3 2025	% Change Over Last Year
Total Vacancy Rate	▼ DOWN	8.81%	9.21%	8.97%	(1.84%)
Availability Rate	▲ UP	12.98%	12.45%	12.18%	6.56%
Average Asking Lease Rate	▬ FLAT	$0.98	$0.98	$1.02	(3.92%)
Sale & Lease Transactions	▼ DOWN	19,208,667	28,223,553	21,295,200	(9.80%)
Gross Absorption	▲ UP	17,684,732	10,589,862	7,225,467	144.76%
Net Absorption	▲ POSITIVE	3,208,934	(2,572,415)	(873,976)	N/A

one. Buildings between 25,000–50,000 square feet and buildings larger than 500,000 square feet each have seen growth in their occupier footprint in the first three quarters of 2026, while all other size segments have recorded negative net absorption over that time span.

CONSTRUCTION. Construction activity has continued to moderate into the first three quarters of 2026, continuing the sharp pullback observed over the past two years. Following a full-year total of just less than 12 million square feet of deliveries in 2025, the lowest annual output in more than a decade, only approximately 2.4 million square feet has been delivered through the first three quarters of 2026. The development pipeline has contracted significantly, with just over 8.4 million square feet currently under construction, a dramatic decline from peak levels seen earlier in the cycle. This rate of new construction in Q3 puts the market on pace for its second consecutive year of decreasing deliveries, and the first year of less than 10 million square feet in new deliveries in over a decade.

EMPLOYMENT. The unemployment rate in the Riverside-San Bernardino MSA was 5.9% in August 2026, up from a revised 5.7% in July, and below the year-ago estimate of 6.2%. In the Riverside-San Bernardino MSA, the Transportation, Warehousing, and Utilities sector increased by 4,600 jobs, the Manufacturing sector decreased by 1,700 jobs, and Wholesale Trade registered no change compared with the previous year. With the delay in reporting from the California EDD, employment figures from September were unavailable at the time of publishing this report. For the nation as a whole, the U.S. economy added 29,000 jobs in September, following an average monthly gain of 45,000 over the prior 12 months.

NEW DELIVERIES & NET ABSORPTION



NEW DELIVERIES: New Construction Delivered to the Market

NET ABSORPTION: Changes in the Amount of Occupied Space from One Quarter to the Next

Forecast

The Inland Empire industrial market enters the final quarter of 2026 at an inflection point, with fundamentals showing early signs of stabilization but broader uncertainty. While the pullback in new construction is helping to gradually rebalance supply and demand, elevated availability and moderate leasing activity compared to boom years earlier in the decade continue to temper overall market momentum. Landlords remain competitive, and rental rate pressure is expected to persist in the near term. Looking ahead, macroeconomic risks, particularly the ongoing turmoil in the Middle East, pose additional challenges. Potential supply chain disruptions and renewed inflationary pressures could increase operating costs for occupiers, while also dampening consumer confidence. That said, the Inland Empire's position as a critical logistics hub should support long-term demand, with the market expected to regain footing as economic conditions stabilize and excess space is absorbed.

Significant Transactions

Sales

† Portion of Portfolio Sale

Property Address	City	Square Feet	Sale Price	Buyer	Seller
10545 Production Ave., 12000 Magnolia Ave., 6221–6251 Archibald Ave., Et Al†	Fontana / Riverside / Eastvale	2,570,269	$583,516,523	EQT Real Estate	Rexford Industrial
3825 & 2880 Jurupa St.†	Ontario	715,729	$166,975,000	Stonemont Financial Group	Link Logistics
372–3524 N Mike Daley Dr. & 1651 Interchange Dr.	San Bernardino	667,024	$119,500,000	EQT Real Estate	Cabot Properties
10290–10317 Birtcher Dr.	Jurupa Valley	326,885	$74,700,000	Lincoln Property Co.	AEW Capital Management
11145 Inland Ave.	Jurupa Valley	209,907	$59,400,000	Cabot Properties	Bixby Capital

Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
3300 & Indian Ave.	Perris	2,008,281	Jul-2026	Wayfair (Renewal)	Prologis
15207 Flight Ave.	Chino	600,140	Sep-2026	GOFO, Inc.	Watson Land Company
9333 Hermosa Ave.	Rancho Cucamonga	573,000	Aug-2026	LC Logistics	TIAA
1002 S. Carnegie Ave.	Ontario	547,395	Sep-2026	US Elogistics	McDonald Property Group/Affinius Capital
1151 S. Mildred St.	Ontario	433,463	Sep-2026	Alto Systems	Alere Property Group, LLC

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q3 2026	Square Feet Available	Availability Rate Q3 2026	Average Asking Lease Rate	Net Absorption Q3 2026	Net Absorption 2026	Gross Absorption Q3 2026	Gross Absorption 2026
West													
Chino / Chino Hills	952	56,633,700	0	3,720,812	3,538,483	6.25%	5,537,753	9.78%	$0.92	(681,044)	(1,261,102)	557,292	2,516,976
Fontana	818	79,676,875	497,077	12,002,529	7,266,665	9.12%	9,191,200	11.46%	$0.93	2,415,269	(38,510)	3,037,876	4,216,222
Mira Loma / Eastvale / Jurupa Valley	421	53,980,002	0	1,238,301	4,513,608	8.36%	7,626,031	14.13%	$1.07	167,218	(242,750)	602,211	2,167,275
Montclair	217	4,620,306	0	0	344,614	7.46%	442,556	9.58%	$1.04	182,656	164,327	214,607	378,977
Ontario	1,553	131,562,541	4,466,328	4,320,764	8,790,009	6.68%	18,069,901	13.28%	$1.10	1,979,144	1,121,256	3,939,023	8,525,665
Rancho Cucamonga	755	43,714,991	620,000	1,271,508	4,795,533	10.97%	6,178,598	13.94%	$1.09	(1,723,472)	(532,430)	1,108,198	3,694,914
Upland	264	4,115,356	0	144,309	207,168	5.03%	194,588	4.73%	$0.91	(79,577)	(95,600)	35,800	125,911
5,000-24,999	2,804	33,971,218	0	263,776	1,466,070	4.32%	1,779,974	5.24%	$1.08	90,369	(126,773)	572,226	1,451,505
25,000-49,999	787	27,695,272	117,451	412,047	1,587,322	5.73%	2,162,820	7.78%	$1.08	271	145,801	530,843	1,589,354
50,000-99,999	497	34,681,097	0	789,712	2,743,762	7.91%	3,548,261	10.23%	$1.07	152,662	(357,949)	883,142	2,242,091
100,000-249,999	509	78,214,232	661,959	1,317,302	7,298,984	9.33%	10,699,048	13.56%	$1.03	1,133,596	(859,591)	2,381,584	5,816,175
250,000-499,999	245	86,358,591	1,275,620	5,420,922	8,955,612	10.37%	14,931,510	17.04%	$0.99	(641,005)	(2,230,409)	971,640	3,736,253
500,000 plus	138	113,383,361	3,528,375	14,494,464	7,404,330	6.53%	14,119,014	12.08%	$1.11	1,524,301	2,544,112	4,155,572	6,790,562
West Total	4,980	374,303,771	5,583,405	22,698,223	29,456,080	7.87%	47,240,627	12.44%	$1.03	2,260,194	(884,809)	9,495,007	21,625,940
East													
Banning	50	2,027,072	312,206	2,844,393	1,072,552	52.91%	1,170,144	50.02%	$1.28	(993,300)	(1,014,500)	17,700	50,200
Beaumont	64	8,753,395	0	9,175,556	2,201,956	25.16%	2,800,063	31.99%	$1.30	1,500	(1,831,167)	1,500	1,500
Bloomington	124	11,427,704	0	838,310	1,355,168	11.86%	1,420,351	12.43%	-	(768,894)	(920,704)	0	22,970
Corona / Norco	1,011	35,808,054	0	1,360,978	2,796,381	7.81%	3,230,452	9.02%	$1.09	(678,573)	(562,096)	520,339	1,608,970
Colton / Grand Terrace	203	11,738,703	0	626,597	393,822	3.35%	697,191	5.94%	$1.09	545,344	586,016	619,761	733,094
Moreno Valley	119	34,030,486	32,510	39,638,804	1,788,851	5.26%	2,703,332	7.94%	$0.89	326,999	1,842,949	491,222	2,600,794
Perris	272	48,379,686	1,838,316	9,755,098	5,161,002	10.67%	8,488,182	16.90%	$0.98	1,146,415	1,301,269	1,338,383	2,332,658
Redlands / Loma Linda	255	32,035,785	0	620,128	2,230,272	6.96%	3,957,687	12.35%	$0.86	849,756	1,287,374	1,352,134	1,959,919
Rialto	218	32,575,491	468,563	2,489,103	3,558,740	10.92%	4,547,471	13.76%	$0.88	739,650	568,868	1,058,199	1,233,494
Riverside	1,145	60,187,091	127,263	1,796,686	6,503,819	10.81%	8,861,673	14.69%	$0.92	403,378	(750,010)	2,039,924	3,929,536
San Bernardino / Highland	622	47,643,267	101,235	1,589,585	5,050,904	10.60%	6,701,969	14.04%	$0.88	(623,535)	1,636,562	750,563	4,978,444
5,000-24,999	2,458	29,257,656	11,787	58,146	947,090	3.24%	1,439,673	4.92%	$1.18	346,541	327,460	648,030	1,477,412
25,000-49,999	615	21,674,930	32,510	681,586	1,515,009	6.99%	1,945,213	8.96%	$1.01	121,644	135,768	341,541	973,808
50,000-99,999	379	26,479,543	0	1,396,338	2,480,089	9.37%	2,938,715	11.10%	$0.98	(317,117)	(117,708)	268,362	1,223,677
100,000-249,999	310	47,865,492	403,359	4,428,932	6,458,942	13.49%	7,864,050	16.29%	$0.90	(172,825)	(345,584)	1,015,768	3,120,787
250,000-499,999	154	55,912,159	780,769	6,553,385	10,432,332	18.66%	13,310,800	23.48%	$0.89	1,969,655	589,266	3,953,756	5,600,372
500,000 plus	167	143,416,954	1,651,668	57,616,851	10,280,005	7.17%	17,080,064	11.77%	$0.85	(999,158)	1,555,359	1,962,268	7,055,523
East Total	4,083	324,606,734	2,880,093	70,735,238	32,113,467	9.89%	44,578,515	13.61%	$0.93	948,740	2,144,561	8,189,725	19,451,579
Inland Empire Total	**9,063**	**698,910,505**	**8,463,498**	**93,433,461**	**61,569,547**	**8.81%**	**91,819,142**	**12.98%**	**$0.98**	**3,208,934**	**1,259,752**	**17,684,732**	**41,077,519**
5,000-24,999	5,262	63,228,874	11,787	321,922	2,413,160	3.82%	3,219,647	5.09%	$1.14	436,910	200,687	1,220,256	2,928,917
25,000-49,999	1,402	49,370,202	149,961	1,093,633	3,102,331	6.28%	4,108,033	8.30%	$1.04	121,915	281,569	872,384	2,563,162
50,000-99,999	876	61,160,640	0	2,186,050	5,223,851	8.54%	6,486,976	10.61%	$1.02	(164,455)	(475,657)	1,151,504	3,465,768
100,000-249,999	819	126,079,724	1,065,318	5,746,234	13,757,926	10.91%	18,563,098	14.60%	$0.96	960,771	(1,205,175)	3,397,352	8,936,962
250,000-499,999	399	142,270,750	2,056,389	11,974,307	19,387,944	13.63%	28,242,310	19.57%	$0.94	1,328,650	(1,641,143)	4,925,396	9,336,625
500,000 plus	305	256,800,315	5,180,043	72,111,315	17,684,335	6.89%	31,199,078	11.91%	$1.05	525,143	4,099,471	6,117,840	13,846,085
Inland Empire Total	**9,063**	**698,910,505**	**8,463,498**	**93,433,461**	**61,569,547**	**8.81%**	**91,819,142**	**12.98%**	**$0.98**	**3,208,934**	**1,259,752**	**17,684,732**	**41,077,519**
High Desert													
Adelanto	180	5,866,250	0	16,457,038	294,243	5.02%	258,168	4.40%	$1.79	2,412	(4,323)	84,574	114,499
Apple Valley	75	5,105,482	0	10,604,627	1,383,050	27.09%	1,373,050	26.89%	$1.12	1,181,435	1,203,985	1,208,635	1,232,435
Barstow	53	1,048,348	0	661,200	48,130	4.59%	48,130	4.59%	$0.71	(14,000)	58,180	0	83,680
Hesperia	194	7,143,646	2,500,000	4,197,044	1,066,597	14.93%	1,089,117	11.29%	$1.13	21,684	531,839	39,530	1,077,769
Victorville	139	12,574,977	0	15,141,780	1,661,823	13.22%	1,670,926	13.29%	$1.07	(3,019)	(20,696)	39,161	304,456
High Desert Total	641	31,738,703	2,500,000	47,061,689	4,453,843	14.03%	4,439,391	12.97%	$1.11	1,188,512	1,768,985	1,371,900	2,812,839
Temecula Valley													
Hemet	91	2,492,766	0	0	92,831	3.72%	104,831	4.21%	$0.96	(29,840)	(34,840)	16,991	28,991
Lake Elsinore	181	2,814,200	149,500	1,046,310	98,928	3.52%	252,124	8.51%	$1.01	32,149	90,858	44,661	172,446
Menifee	28	1,141,670	2,907,652	5,584,465	261,024	22.86%	1,307,563	32.29%	-	(32,000)	189,516	0	229,934
Murrieta	289	4,665,199	0	183,653	131,006	2.81%	228,403	4.90%	$1.03	(16,752)	(11,093)	17,981	87,129
San Jacinto	67	1,167,464	0	0	10,000	0.86%	45,420	3.89%	$0.89	(5,000)	(1,600)	0	8,400
Temecula	352	9,930,363	0	143,695	454,099	4.57%	625,440	6.30%	$1.09	21,592	(199,739)	137,706	315,717
Wildomar	13	336,140	0	259,650	6,437	1.91%	6,437	1.91%	$1.15	(6,437)	(880)	0	5,557
Temecula Valley Total	1,021	22,547,802	3,057,152	7,217,773	1,054,325	4.68%	2,570,218	10.04%	$1.05	(36,288)	32,222	217,339	848,174

This survey consists of industrial buildings greater than 5,000 square feet. Lease rates are on a triple-net basis. Some buildings do not quote asking rental rates and therefore are reflected as $0.00.



The Cranes Went Quiet. The Phones Didn't.

by Ryan Clayton
VICE PRESIDENT, ONTARIO
909.545.8019 · rclayton@voitco.com · Lic. #01997591

For most of the last two years, the Inland Empire story wrote itself. Too much new space, not enough tenants to fill it, and rents sliding quarter after quarter. Landlords cut rates, piled on free rent and waited. Tenants with options took their time.

That story is getting old. Over the last couple of months, we've seen a real pickup in activity, and it isn't limited to the 500,000 SF headline deals that carried the second quarter. Deals in the 100,000 to 500,000 SF range are getting signed, and there's a solid pipeline behind them. Mid-size users who spent the last year or so on the sidelines are making decisions again.

The bigger story, though, is what isn't happening. Developers largely stopped breaking ground once rents started falling and debt became expensive. The construction pipeline is down to roughly 8 million square feet, less than half of what this market normally carries. Sublease space, which flooded the market over the last couple of years, has been shrinking too, falling from the recent peak of 2.6% to about 2.2%. Every building that leases now is one that won't be replaced anytime soon.

Put those two trends side by side and the math gets interesting. If absorption holds at its current pace into 2027, the excess space that's kept this a tenant's market starts to burn off, with very little new product coming to backfill it. I expect IE West to feel it first, since vacancy there already sits around 7.9% compared to roughly 9.9% in IE East.

To be clear, the market hasn't flipped. Asking rents are still more than 40% below the 2023 peak, and landlords are still putting real concessions on the table to win good tenants. One busy quarter doesn't erase two years of oversupply.

But tenants shouldn't read today's terms as permanent. The deals getting signed right now lock in rents and concession packages that could look generous in two years. For a 100,000 SF to 300,000 SF user, finding the right building, negotiating the lease and completing improvements can easily take 12 to 18 months. A company with a 2027 or 2028 expiration that waits for the market to tell them it's time will likely be reacting to tighter conditions instead of using today's leverage.

For owners, the takeaway is patience with a plan. Supply is moving in your favor, but tenants still have options this quarter, and pricing a building for where the market might be in 2028 is a fast way to watch a deal go down the street.

The cranes went quiet a while ago. Now the phones are ringing. That's usually how a shift starts.

Product Type

MFG./DIST.
Manufacturing / Distribution / Warehouse facilities with up to 29.9% office space.

Submarkets

WEST
Chino / Chino Hills, Fontana, Mira Loma / Eastvale / Jurupa Valley, Montclair, Ontario, Rancho Cucamonga, Upland

EAST
Banning, Beaumont, Bloomington, Corona / Norco, Colton / Grand Terrace, Moreno Valley, Perris, Redlands / Loma Linda, Rialto, Riverside, San Bernardino / Highland

HIGH DESERT
Adelanto, Apple Valley, Barstow, Hesperia, Victorville

TEMECULA VALLEY
Hemet, Lake Elsinore, Menifee, Murrieta, San Jacinto, Temecula, Wildomar

Please Contact Us for Further Information

Joshua Brant
Regional Director of Research
jbrant@voitco.com

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

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