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1Q 2025

INDUSTRIAL MARKET  
**REPORT**



COMMERCIAL REAL ESTATE SERVICES

LOS ANGELES - LONG BEACH

# AT A GLANCE



**Employment** U.S. nonfarm payrolls rose by 228,000 in March, while the national unemployment rate held steady at 4.2%, according to the Bureau of Labor Statistics. Job gains were concentrated in health care, social assistance, and transportation and warehousing. Retail trade also saw an uptick, partly due to workers returning from a strike. Meanwhile, federal government employment declined.

California's job market maintained its momentum in February 2025, marking 58 consecutive months of expansion. Since April 2020, the state has added over 3 million jobs, averaging 53,167 per month. Year-over-year, total nonfarm employment increased by 78,200. The unemployment rate remained unchanged at 5.4%. Of California's 11 major industry sectors, three posted job gains in February. Leading the way was Private Education and Health Services, which added 18,400 jobs for its 37th straight month of growth. Gains were driven by hiring in private K-12 schools and strong growth in outpatient care services.

By contrast, the Los Angeles metro area lost 13,900 nonfarm jobs between February 2024 and February 2025, reflecting a 0.3% year-over-year decline. The county's unemployment rate ticked up from 5.6% to 5.9%, though it remained below the 6.0% quarterly average. Job losses were uneven across sectors. Manufacturing saw the sharpest decline, shedding 13,600 jobs (-4.3% YOY). Wholesale trade lost 4,700 jobs (-2.4%), and retail trade dropped 3,500 jobs (-0.9%). On the positive side, transportation and warehousing added 1,800 jobs, a modest 0.8% gain year-over-year.

**GDP** The U.S. economy grew at an annualized rate of 2.4% in the fourth quarter of 2024, driven by robust consumer spending and increased government expenditures. However, preliminary estimates for the first quarter of 2025 suggest a potential contraction. The Atlanta Federal Reserve's GDPNow model forecasts a -2.2% annualized

decline, marking what could be the first quarterly GDP drop since early 2022. This anticipated slowdown is attributed to factors such as weakening consumer spending, declining business investment, and the impact of new tariffs on trade dynamics.

**E-Commerce Sales** The U.S. Census Bureau reported that retail e-commerce sales reached \$308.9 billion in Q4 2024, a 2.7% increase from the previous quarter and a 9.4% rise year-over-year. Total retail sales for the quarter were estimated at \$1,883.3 billion, up 1.8% from Q3 2024. E-commerce accounted for 16.4% of total retail sales in Q4. For the entire year of 2024, e-commerce sales totaled approximately \$1.19 trillion, marking an 8.1% increase from 2023 and comprising 16.1% of total retail sales for the year. The Census Bureau is scheduled to release the Q1 2025 retail e-commerce sales report on May 19, 2025.

**Port Activity** The Ports of Los Angeles and Long Beach continued to post strong container volumes through the first three months of 2025, driven by importers racing to beat upcoming tariffs and rerouted cargo from labor-disrupted East and Gulf Coast ports. The Port of Los Angeles moved 2.5 million TEUs year-to-date, up 5.2% from the same period in 2024, while the Port of Long Beach handled 2.5 million TEUs, a 26.6% year-over-year jump. January alone saw Los Angeles process 924,245 TEUs (up 8% YOY), and Long Beach moved 952,734 TEUs (up 41.35% YOY).

West Coast ports posted a strong first quarter, but the outlook for the rest of 2025 has dimmed. Carriers are reporting a steep decline in bookings for U.S.-bound cargo from Asia, as importers pause factory orders amid tariff uncertainty. Logistics operators are responding by cutting jobs. Mack Trucks, for instance, plans to lay off 250 to 350 workers to align output with weakening demand.

## Q1 SUBMARKETS AT A GLANCE

	ABSORPTION	VACANCY	NNN RENT OVERALL	UNDER CONSTRUCTION	SALES TRANSACTIONS	AVERAGE SALES PRICE
SOUTHBAY	↓ 561,683 SF	↑ 5.6%	↓ \$1.61 / SF	↑ 1,437,757 SF	↓ \$111,340,525	↓ \$267.74 / SF
MIDCOUNTRIES	↓ (603,398) SF	↑ 7.5%	↓ \$1.44 / SF	↑ 773,461 SF	↑ \$130,236,500	↑ \$508.95 / SF
CENTRAL	↓ (1,063,236) SF	↑ 7.0%	↑ \$1.44 / SF	↓ 47,052 SF	↓ \$72,326,325	↓ \$227.86 / SF
INLAND EMPIRE	↑ (4,649,262) SF	↓ 6.4%	↓ \$0.95 / SF	↑ 12,027,744 SF	↓ \$463,269,976	↑ \$267.67 / SF

Source: CoStar Realty Information Inc.

# A LOOK AHEAD

Until now, this report has focused on retrospective data and trends. However, the economic landscape shifted significantly on April 2, 2025, when the United States began implementing a new system of tariffs and trade restrictions aimed at reshaping global commerce. While the situation remains fluid, several early effects are already visible, with more expected to unfold in the months ahead, IF the announced tariffs are kept in place.

Consumer Behavior: Roughly one in four Americans (24%) has canceled a major purchase, such as a home or car, due to the new tariffs. Another 32% are delaying big-ticket decisions, reflecting growing consumer anxiety.

GDP: Economic growth is exhibiting early signs of strain. The International Monetary Fund (IMF) has downgraded its U.S. growth forecast for 2025 to 1.8%, a significant reduction from its previous estimate of 2.7%, attributing the slowdown to escalating trade tensions and policy uncertainty stemming from recent tariff implementations. Similarly, Goldman Sachs has revised its 2025 GDP forecast downward from 1.0% to 0.5% and raised its recession risk to 45%. Vanguard also adjusted its forecast, now anticipating growth to fall below 1% for 2025, reflecting concerns over escalating trade conflicts and their potential to dampen investment and consumer spending.

Inflation: The latest CPI report showed a slight cooling in inflation, with a 0.1% month-over-month decline in March and a 2.4% annual increase, down from 2.8% in February. However, these figures predate the new April tariffs. The New York Fed now expects inflation to rise between 3.5% and 4% as price pressures rebound.

Manufacturing: The manufacturing sector is showing sharp signs of strain under the new tariff regime. In April, the NY







Fed's Empire State Manufacturing Survey reported a six-month outlook of -7.4, its lowest since 2001 and second-lowest ever, down 44 points in three months. The ISM Manufacturing Index fell to 49 in March, signaling contraction as orders and hiring slowed amid tariff uncertainty. The Philadelphia Fed's index also plunged to -26.4, a two-year low.

Industry leaders are voicing concern. GE Aerospace warned of declining sales in China and rising input costs, while U.S. automakers predict that new tariffs on imported parts will raise vehicle prices and depress sales. While some see a long-term opportunity for reshoring, many stress that a true revival will require long-term policy stability and investment in workforce and infrastructure.

Industrial Real Estate: Not all sectors stand to lose. If the tariffs trigger a shift in supply chains, U.S. manufacturing could rebound - and with it, demand for inland logistics hubs. Industrial markets in Arizona, Georgia, and Illinois are well-positioned, as are facilities near the U.S.-Mexico border. Some reshoring trends are already underway, however, it will take years for supply lines and industrial property to readjust to the new system of tariffs.

Importers: The 145% tariffs on Chinese goods are putting intense pressure on U.S. importers, especially small and mid-sized firms with limited margins. Many can't absorb or pass on the added costs, risking closure. Wine importer V.O.S. Selections reports severe cash flow disruption, while retailers like Alter Ego Comics face supplier cost hikes of up to 34%, squeezing profits. If the tariffs persist, experts warn many importers could be forced out of business, reducing competition and driving up consumer prices.

## SOUTHBAY SUBMARKET Q1 TRENDS AT A GLANCE

 <p><b>Absorption</b> 561,683 SF</p>	 <p><b>NNN Rent Overall</b> \$1.61 / SF</p>	 <p><b>Sales Transactions</b> \$111,340,525</p>
 <p><b>Vacancy</b> 5.6%</p>	 <p><b>Under Construction</b> 1,437,757 SF</p>	 <p><b>Average Sales Price</b> 267.74 / SF</p>

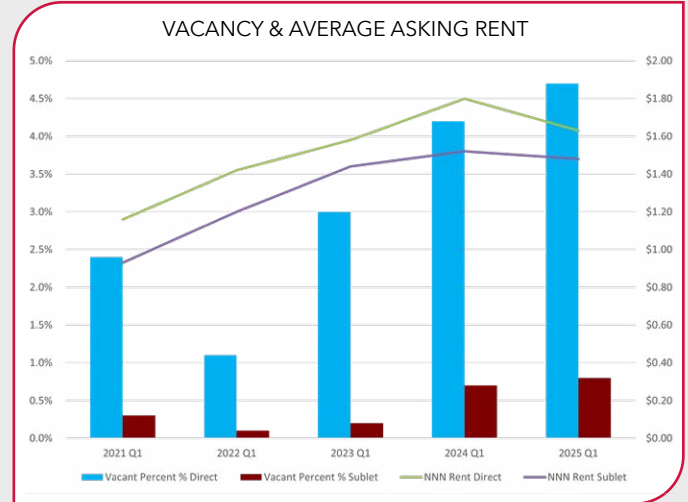
Source: CoStar Realty Information Inc.



# SOUTHBAY SUBMARKET Q1 OVERVIEW

## VACANCY / AVAILABILITY

The overall vacancy rate climbed 70 basis points year-over-year to 5.6%, with Carson (7.9%), Compton (9.7%), and Rancho Dominguez (10.8%) seeing the steepest increases in availability. High-end properties that previously leased swiftly before mid-2022 are now sitting 12.2 months on the market. This slowdown has shifted leverage toward tenants, who are increasingly selective and assertive in negotiations. In response, landlords are offering more concessions and rate promos. By the end of Q1, total vacant and available space reached 10.28 million square feet. To return to a 3% vacancy rate, the market must absorb approximately 5.1 million square feet, excluding any new construction.



## RENTAL RATES

At \$1.61 NNN, overall average asking rents posted their sixth decrease in over a decade, falling 1.4% (\$0.02 quarter-over-quarter and 8.0% (\$0.14) compared to 12 months ago. From Q2 2020 to Q2 2023, asking rents in the South Bay surged an unprecedented 118%. As vacancy and availability began to rise, landlords maintained elevated base rents by offering concessions. However, with an additional 10 MSF of available space added to the market, rents are expected to continue declining until supply contracts and leasing activity rebounds to historical norms.

## CONSTRUCTION

Construction activity in the South Bay currently totals 1.4 MSF, as new starts remain limited. In Q1 2025, 360,466 SF of new supply was delivered. There are 7 buildings under construction, with only two exceeding 100,000 SF. Several other projects in the South Bay remain on standby, where developers have graded sites and formed pads but are waiting for a tenant or more favorable market conditions before proceeding. With no active projects currently preleased, vacancy is likely to rise unless leasing activity picks up before these developments are delivered.

## SOUTHBAY SUBMARKET TOP LEASES FOR 1Q25

ADDRESS	CITY	TENANT	DATE	SIZE
19501 Prairie Ave	Torrance	Antares Nuclear, Inc.	01/01/25	128,000 SF
17006 Figueroa St	Gardena	Trio Manufacturing Inc.	02/21/25	123,189 SF
3833 McGowen St	Long Beach	True Anomaly	02/23/25	91,953 SF
1505-1595 W Walnut Pkwy	Compton	Fajardo Trucking, Inc.	02/01/25	81,462 SF
19440 Dominguez Hills Dr	Rancho Dominguez	Impex GLS	3/31/25	71,868 SF

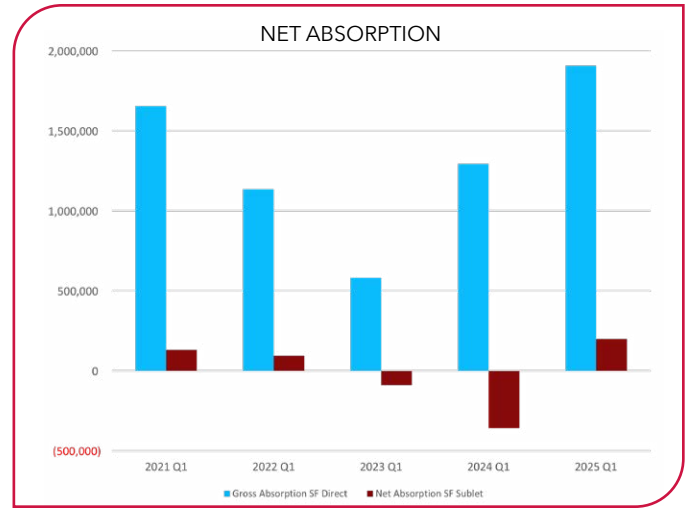
Source: CoStar Realty Information Inc.

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## SOUTHBAY SUBMARKET Q1 OVERVIEW (CONTINUED)

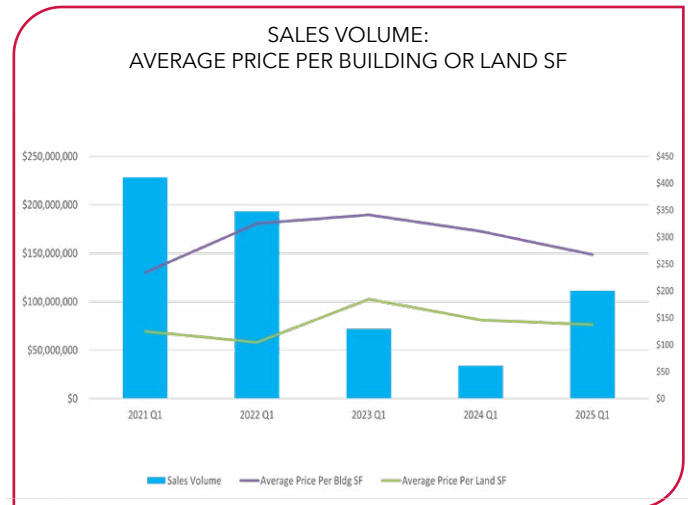
### LEASING ACTIVITY / ABSORPTION

Net absorption turned positive at 561,683 square feet, breaking a streak of two non-consecutive quarters in negative territory. However, cumulative net absorption since Q1 2023 remains in the red at -4.7 million square feet. This quarter saw 103 lease transactions - on par with the historical average of 105 - but total new leasing volume reached just 1.3 million square feet, well below the 2.5 million square foot quarterly average since Q1 2015. On average, typical buildings in the South Bay are staying on the market for six months before they lease.



### SALES ACTIVITY / INVESTMENT TRENDS

Investor sentiment across Southern California’s industrial market remains cautious as elevated interest rates linger. The Federal Reserve has paused further cuts, adopting a wait-and-see approach amid tariff proposals and inflationary pressures. This uncertainty is reflected in a widening bid-ask spread, with many investors delaying major transactions until the outlook becomes clearer. Still, Greater Los Angeles—and the South Bay in particular—continues to attract resilient capital, supported by some of the highest industrial rents in the country. While deal volume remains below historical norms, strong market fundamentals—steady demand and limited land availability—reinforce the region’s top-tier status. As macro conditions evolve and borrowing costs ease, Southern California is well-positioned for an investment rebound, highlighting its enduring appeal.



### SOUTHBAY SUBMARKET TOP SALES FOR 1Q25

ADDRESS	CITY	BUYER	DATE	SIZE
1055 Sandhill Ave	Carson	Carson Warehouse Corp	03/28/25	126,000 SF
130 W Victoria St	Carson	Woojin Is America, Inc.	02/20/25	58,400 SF
20555 Earl St	Torrance	Luna Cycle	03/07/25	53,250 SF
605-665 Hawaii Ave	Torrance	Faropoint	03/07/25	35,956 SF
2740 - 2750 Signal Pkwy	Signal Hill	HSB Legacy Holdings, LLC	01/10/25	21,555 SF

Source: CoStar Realty Information Inc. and AIR CRE

# MIDCOUNTIES SUBMARKET



## MIDCOUNTIES SUBMARKET Q1 TRENDS AT A GLANCE

<p><b>↓</b></p> <p><b>Absorption</b> (603,398) SF</p>	<p><b>↓</b></p> <p><b>NNN Rent Overall</b> \$1.44 / SF</p>	<p><b>↑</b></p> <p><b>Sales Transactions</b> \$130,236,500</p>
<p><b>↑</b></p> <p><b>Vacancy</b> 7.5%</p>	<p><b>↑</b></p> <p><b>Under Construction</b> 773,461 SF</p>	<p><b>↑</b></p> <p><b>Average Sales Price</b> \$508.95 / SF</p>

Source: CoStar Realty Information Inc.

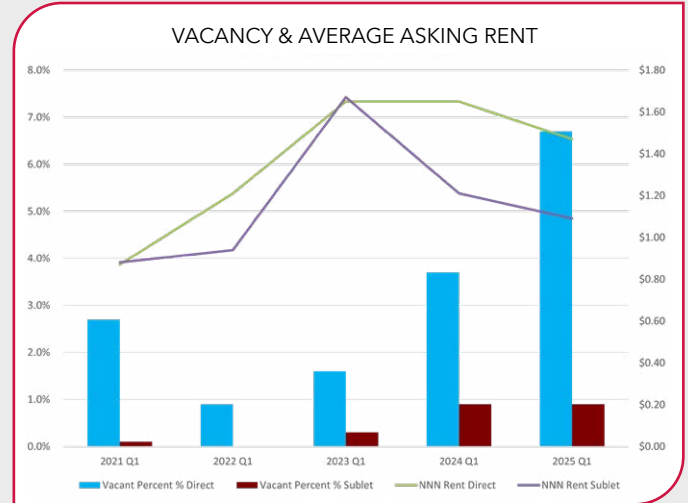
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# MIDCOUNTIES SUBMARKET Q4 OVERVIEW

## VACANCY / AVAILABILITY

The overall vacancy rate rose 70 basis points to 7.5% at the start of 2025. In Santa Fe Springs - representing half of the Mid-Counties market - vacancy increased to 5.8%, up 50 basis points quarter-over-quarter. Big-box availability continues to expand, with 28 spaces over 100,000 square feet currently on the market. Overall availability climbed to 10.4%, up from 9.8% last quarter. For context, availability stood at a historic low of just 1.6% twelve quarters ago.



## RENTAL RATES

The overall average asking rent decreased for the fifth consecutive quarter, falling by \$0.05 to \$1.44 NNN. Rents are now down 8.28% (\$0.13) year-over-year, with an additional 1.5 MSF of available space added to the market. For rental rate growth to resume, leasing activity will need to remain elevated alongside a continued decline in availability. However, Mid-Counties' strategic position near the Ports of Los Angeles and Long Beach, combined with its central location within Greater Los Angeles, solidifies its status as one of the region's most desirable logistics hubs.

## CONSTRUCTION

Construction activity across the submarket currently totals 773,461 SF, with 237,542 SF of new supply delivered in Q1. With very little land remaining for development, tenants in Mid-Counties seeking new Class A facilities will face challenges expanding within the current market. The submarket's prime location near major freeways and the Ports of Los Angeles and Long Beach will continue to attract last-mile e-commerce operations and drive redevelopment opportunities.

## MIDCOUNTIES SUBMARKET TOP LEASES FOR 1Q25

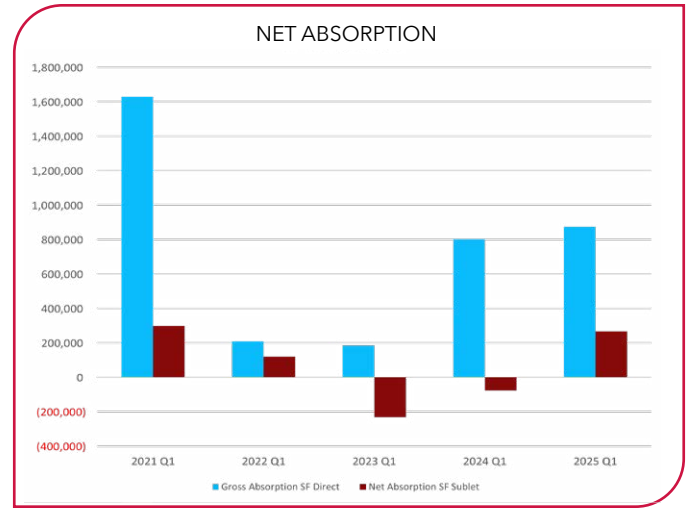
ADDRESS	CITY	TENANT	DATE	SIZE
16050 Canary Ave	La Mirada	Tomarco	3/23/25	178,818 SF
16010 Shoemaker Ave	Cerritos	Silver Spur Corp	3/3/2025	115,730 SF
12801 Ann St	Santa Fe Springs	ALS	1/15/2025	106,230 SF
9939 Norwalk Blvd	Santa Fe Springs	FoodPharma	1/9/2025	89,499 SF
16200 Carmenita Rd	Cerritos	Green Jeeva	2/7/2025	42,220 SF

Source: CoStar Realty Information Inc.

## MIDCOUNTRIES SUBMARKET Q1 OVERVIEW (CONTINUED)

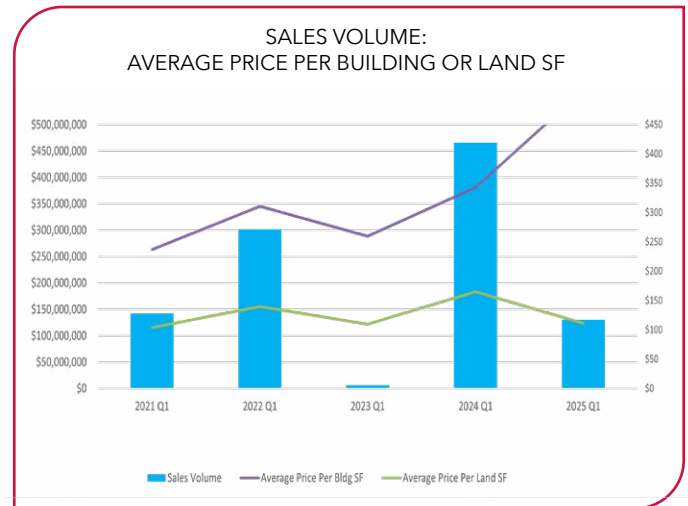
### LEASING ACTIVITY / ABSORPTION

The Mid-Countries industrial market recorded 603,398 square feet of negative net absorption in Q1 2025. While an improvement over the 966,264 square feet lost in Q3 2024, the figure underscores continued demand softness as users remain hesitant to commit to large blocks of space. Losses were concentrated in the 100,000 to 249,000 square foot range, which saw 533,742 square feet of negative absorption. Whittier and Santa Fe Springs also posted notable declines, at 192,278 and 320,144 square feet, respectively, both among the region’s most supply-heavy submarkets. Slower leasing velocity, particularly in second-generation buildings, continues to challenge landlords. With tenants cautious and cost-sensitive, backfilling remains difficult, keeping vacancy elevated and fundamentals under pressure.



### SALES ACTIVITY / INVESTMENT TRENDS

Sales activity rebounded this quarter, with six transactions totaling over \$130 million, up from \$91.4 million last quarter. The average sale price per square foot reached \$508.95, down from \$755.03 in the previous quarter. Cap rates declined 70 basis points year-over-year to 4.3%. Despite a 100-basis-point interest rate cut by the Fed this year, capital market activity remains subdued. Investors continue to tread carefully amid elevated borrowing costs and uncertainty surrounding the new administration’s policies and market direction. Many are opting to stay on the sidelines, preserving capital until clearer signals emerge.



### MIDCOUNTRIES SUBMARKET TOP SALES FOR 1Q25

ADDRESS	CITY	BUYER	DATE	SIZE
5600 Beach Blvd	Buena Park	Shopoff Realty Investments	2/26/2025	370,031 SF
16701 Trojan Way	La Mirada	Prologis	3/14/2025	71,196 SF
8401 Page St	Buena Park	Ki-Ayla LLC	1/17/2025	55,362 SF
13575 Larwin Cir	Santa Fe Springs	Blue Joy LLC	3/3/2025	11,444 SF

Source: CoStar Realty Information Inc. and AIR CRE

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# CENTRAL SUBMARKET



## CENTRAL SUBMARKET Q1 TRENDS AT A GLANCE

<p><b>↓</b></p> <p><b>Absorption</b> (1,063,236) SF</p>	<p><b>↑</b></p> <p><b>NNN Rent Overall</b> \$1.44 / SF</p>	<p><b>↓</b></p> <p><b>Sales Transactions</b> \$72,326,325</p>
<p><b>↑</b></p> <p><b>Vacancy</b> 7.0%</p>	<p><b>↓</b></p> <p><b>Under Construction</b> 47,052 SF</p>	<p><b>↓</b></p> <p><b>Average Sales Price</b> \$227.86 / SF</p>

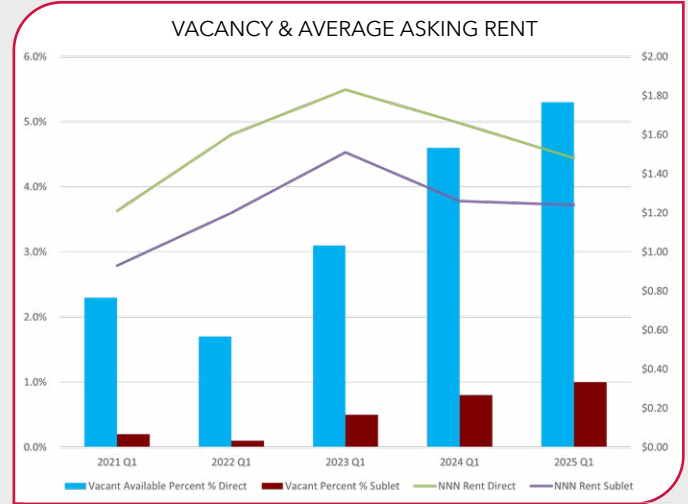
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# CENTRAL SUBMARKET Q1 OVERVIEW

## VACANCY / AVAILABILITY

To close out Q1 2025, the overall vacancy-availability rate in the Central Los Angeles market declined by 30 basis points to 6.2%. Availability dropped more sharply, falling 50 basis points to 8.5%—though still well above the 6.1% recorded in Q1 2023. Vernon and Commerce, the Central submarket’s two largest micro-markets, posted a combined vacancy-availability rate of 7.2%, down 10 basis points from last quarter but up 240 basis points year-over-year. To reach a 3% vacancy-availability rate in these two areas alone, more than 3.8 million square feet would need to be absorbed.



## RENTAL RATES

Direct average asking rents rose \$0.10 quarter-over-quarter to \$1.48 NNN per square foot per month. Vernon posted the sharpest decline, falling \$0.07 (4.9%) from the previous quarter. Central and the South Bay continue to command the highest asking rates in the Southern California industrial market, with Central at \$1.48 NNN. Despite the recent uptick, rents are still down 10.8% year-over-year and 19% compared to Q1 2023.

## CONSTRUCTION

Construction activity in the submarket totals 47,052 square feet, with 170,265 square feet delivered this quarter. As the oldest submarket in the region, Central Los Angeles faces significant land constraints that limit new industrial development. Much of the existing inventory, especially near downtown, consists of low-clearance, functionally obsolete facilities that no longer meet the needs of modern users. Still, renewed interest from e-commerce tenants seeking last-mile infill locations has brought increased attention to these properties.

## CENTRAL SUBMARKET TOP LEASES FOR 1Q25

ADDRESS	CITY	TENANT	DATE	SIZE
2034 E 27th St	Vernon	One Dreamworks Inc	1/16/25	126,563 SF
5630 Rickenbacker Rd	Bell	Legendary Foods	1/29/25	124,520 SF
8457 Eastern Ave	Bell Gardens	Zia Tile	2/25/25	119,347 SF
5900-5996 E Slauson Ave	Commerce	Evolution Logistics	1/15/2025	103,540 SF
3166 E Slauson Ave	Vernon	Kitsch LLC	1/13/2025	72,280 SF

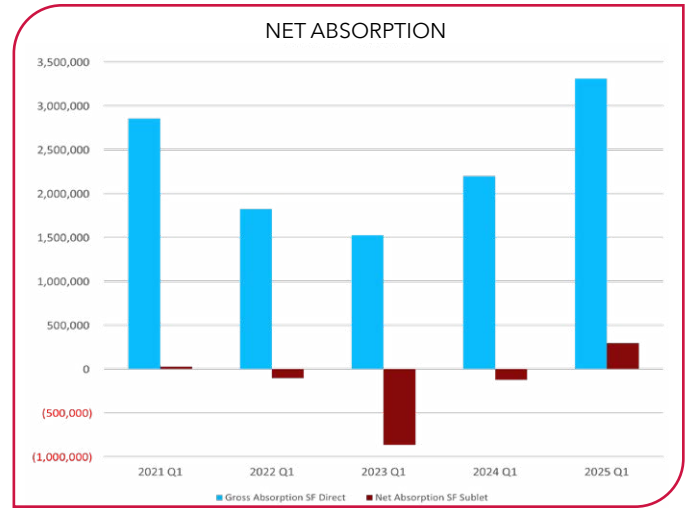
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## CENTRAL SUBMARKET Q1 OVERVIEW (CONTINUED)

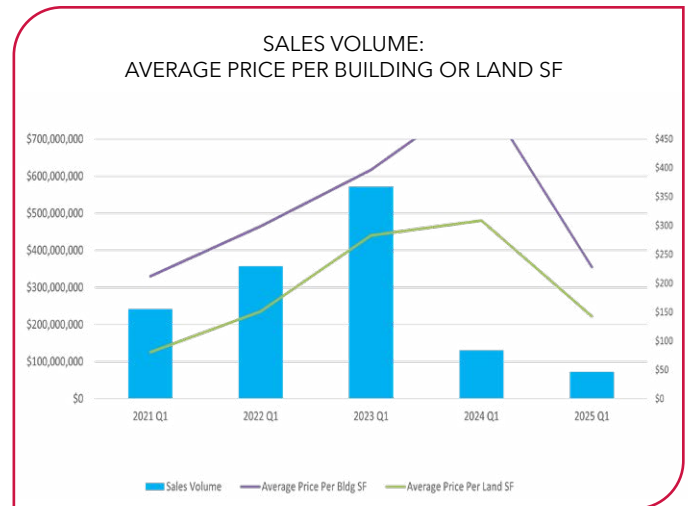
### LEASING ACTIVITY / ABSORPTION

Net absorption was positive for just the second time in twelve quarters, with a 1,063,236 SF gain in occupancy. Leasing activity also surged in Q1, totaling 2.5 million square feet in new leases, a 14.6% % increase from the previous quarter and nearly on par with the quarterly average of 2.7 million square feet. Vernon led all submarkets in leasing activity, accounting for 47% of the total for Central Los Angeles. With the construction pipeline tapering off, Central Los Angeles is likely to see net absorption stabilize in 2025, provided leasing activity remains elevated.



### SALES ACTIVITY / INVESTMENT TRENDS

Although the total number of deals increased in Q1 2025, total sales volume declined to \$72.3 million, down from last quarter's high of \$225,882,000. Capitalization rates have risen by 180 basis points year-over-year, now standing at 5.8%. Interestingly, even though the Federal Reserve cut interest rates by 100 basis points in 2024, the move has not reignited capital market activity. Investors remain cautious, grappling with elevated borrowing costs and uncertainty about the new administration's policies and the market's direction. Consequently, many are opting to hold their capital reserves, waiting for clearer signals before committing to new transactions.



### CENTRAL SUBMARKET TOP SALES FOR 1Q25

ADDRESS	CITY	BUYER	DATE	SIZE
4224 District Blvd	Vernon	Lucky Taro Inc	2/28/2025	117,360 SF
2435 E 37th St	Vernon	Konoike-Pacific California Inc	2/3/2025	86,032 SF
620-640 E Slauson Ave	Los Angeles	ABC Trading Inc	2/21/25	76,378 SF
3385 Leonis Blvd	Vernon	Oceans Fresh Seafood	1/2/25	55,136 SF
1020-1024 Wilde St	Los Angeles	DNJ 1020 LLC	1/16/25	23,100 SF

Source: CoStar Realty Information Inc. and AIR CRE







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# INLAND EMPIRE SUBMARKET



## INLAND EMPIRE SUBMARKET Q1 TRENDS AT A GLANCE

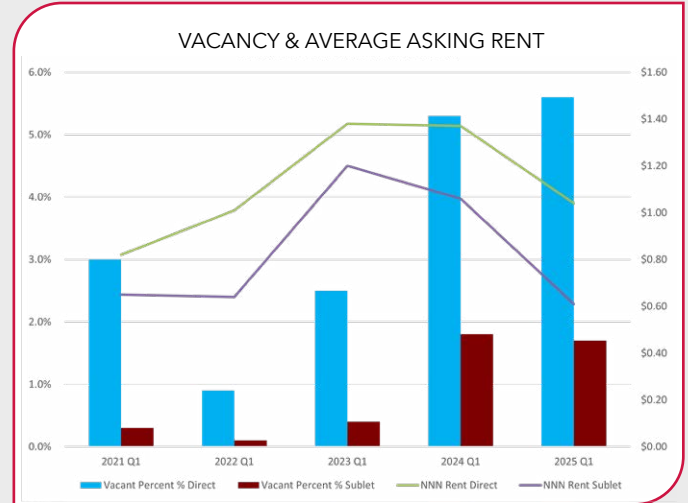
 <p><b>Absorption</b> (4,649,262) SF</p>	 <p><b>NNN Rent Overall</b> \$0.95 / SF</p>	 <p><b>Sales Transactions</b> \$463,269,976</p>
 <p><b>Vacancy</b> 6.4%</p>	 <p><b>Under Construction</b> 12,027,744 SF</p>	 <p><b>Average Sales Price</b> \$267.67 / SF</p>

Source: CoStar Realty Information Inc.

# INLAND EMPIRE SUBMARKET Q1 OVERVIEW

## VACANCY / AVAILABILITY

The Inland Empire's vacant-available rate fell 70 basis points to 6.4%, marking the end of a nearly three-year upward trend. The improvement was led by the West, where vacancy dropped 80 basis points to 4.6%—its lowest level since early 2023. The East showed signs of stabilization, edging down just 10 basis points to 8.5% after eight straight quarters of increases. Availability followed suit, declining in the West while rising slightly in the East. Sublease availability fell for the fourth consecutive quarter to 15 million square feet, down 488,000 square feet from Q4. The number of large vacant blocks over 200,000 square feet dipped to 65, totaling 26.6 million square feet. Vacancy remains elevated in the 100,000-249,999 and 250,000-499,999 square foot ranges, at 8.0% and 11.3%, respectively, pointing to continued softness in the lower end of the big-box segment.



## RENTAL RATES

Average direct asking rents in the Inland Empire declined for the seventh consecutive quarter, falling to \$1.04 NNN PSF in Q1 2025. Rents are now down 28% from the peak of \$1.45 in Q3 2023. The correction reflects a market still normalizing after the pandemic-era surge, with rising availability and tenant caution tempering rent growth. Despite recent declines, asking rents remain 50% above pre-pandemic levels, underscoring the market's long-term strength even as current conditions tilt in favor of occupiers.

## CONSTRUCTION

Construction activity dipped below 13 MSF for the first time since 2013. Currently, 12.02 MSF is under development, with 9.3 SF, or 86%, expected to be delivered in the next six months. There are 24 buildings over 100,000 SF under construction, with three of those being preleased, totaling 2.1M SF. Developers continue to remain cautious, as construction starts have significantly declined since the midpoint of 2024. Walmart and McLane Company will break ground in the next six months on build-to-suits in Ontario. Over the last five years, the Inland Empire has constructed 108.8 MSF of warehouse/distribution space and remains the premier distribution market in the nation.

## INLAND EMPIRE SUBMARKET TOP LEASES FOR 1Q25

ADDRESS	CITY	TENANT	DATE	SIZE
3690 Webster Ave	Perris	Komar Distribution Services	3/17/25	855,330 SF
5691 E Philadelphia St   Ontario	Ontario	SML Warehouse Services	2/18/2025	823,820 SF
5750 Francis St	Ontario	Samsung Electronics America	2/26/2025	800,526 SF
375 Markham St	Perris	American Exchange Group	3/1/2025	456,652 SF
3551 E Jurupa St	Ontario	Otto International	3/1/2025	254,677 SF

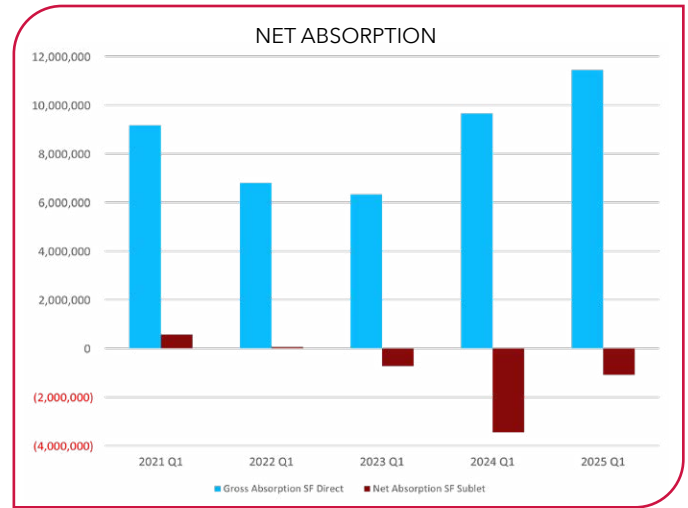
Source: CoStar Realty Information Inc.

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## INLAND EMPIRE SUBMARKET Q1 OVERVIEW (CONTINUED)

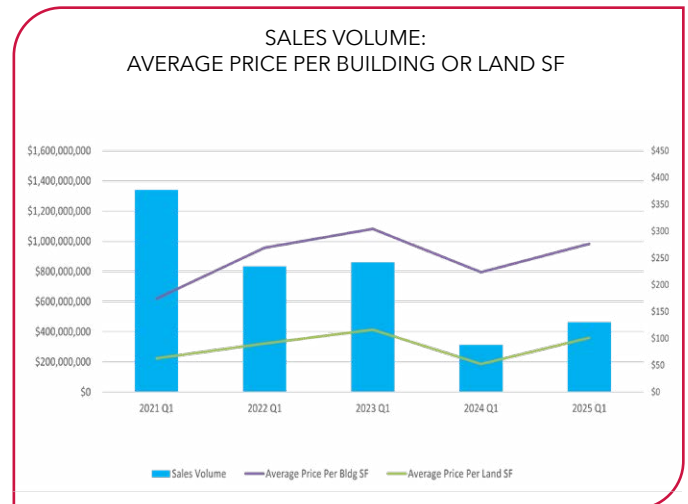
### LEASING ACTIVITY / ABSORPTION

The Inland Empire posted 4.6 million square feet of positive absorption in Q1 2025, driven by strong leasing in the 100,000 to 249,000 square foot range across both the IE East and IE West. Key contributors included a 1-million-square-foot preleased delivery in Perris and Shein’s occupancy of 1 million square feet in Cherry Valley. As space tightened in the IE West, tenants seeking more affordable rents turned to the IE East, fueling robust activity and positive net absorption. Logistics users, many based in Asia, were the primary drivers of demand, amid growing concerns over tariffs and supply chain shifts. Total new leasing reached 13.9 million square feet. Leasing was concentrated in buildings 100,000 square feet and larger, which accounted for 87% of all activity in Q1.



### SALES ACTIVITY / INVESTMENT TRENDS

User sale volume totaled 1.1 million sq. ft. in the Inland Empire in Q1 2025. Across investment and user sales, \$463 million transacted, including the largest user sale in the IE since Q2 2021. Users increasingly looked to reduce operating costs and take advantage of affordable deals. Investors seemed poised to step off the sidelines as pre-sale activity on sizeable portfolios in the Inland Empire suggested institutions were well-capitalized and ready to move before market fundamentals fully recovered.



### INLAND EMPIRE SUBMARKET TOP SALES FOR 1Q25

ADDRESS	CITY	BUYER	DATE	SIZE
21600 Cactus Ave	Riverside	Burlington Coat Factory	3/21/2025	889,445 SF
251 E Rider St	Perris	Ares Management Corp	3/3/2025	355,031 SF
11296 Harrell St	Jurupa Valley	LBA Realty	4/1/2025	353,361 SF
1932 S Bon View Ave	Ontario	US Merchants	2/27/2025	174,494 SF
13203-13215 Marlay Ave	Fontana	Dimensional Fund Advisors	2/27/2025	60,800 SF

<sup>1</sup> BLS: [https://www.bls.gov/news.release/archives/empsit\\_04042025.htm](https://www.bls.gov/news.release/archives/empsit_04042025.htm)

<sup>2</sup> EDD: [https://edd.ca.gov/en/about\\_edd/news\\_releases\\_and\\_announcements/unemployment-february-2025/](https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-february-2025/)

<sup>3</sup> BEA report: <https://tinyurl.com/4v4f4j53>

<sup>4</sup> [https://www.census.gov/retail/mrts/www/data/pdf/ec\\_current.pdf](https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf); release schedule: [https://www.census.gov/retail/release\\_schedule.html](https://www.census.gov/retail/release_schedule.html)

Source: CoStar Realty Information Inc. and AIR CRE



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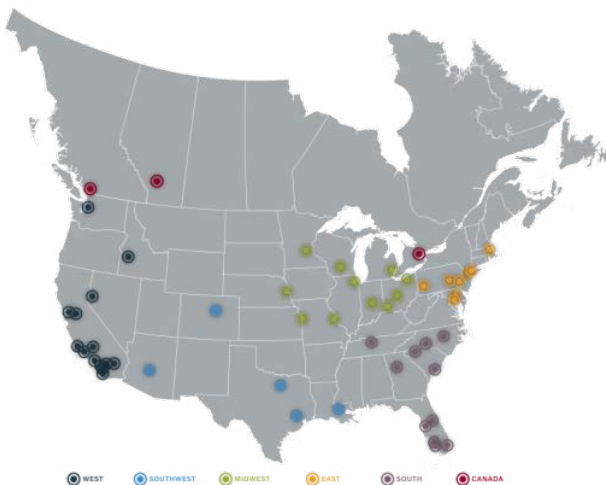
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**2+**  
**Billion**

IN BROKERED SALE & LEASE SF OVER 5 YEARS

**\$115+**  
**Billion**

IN TRANSACTION VOLUME OVER 5 YEARS

**1,600**  
**Professionals**

AND GROWING INTERNATIONALLY

**LOCAL EXPERTISE.**

**INTERNATIONAL REACH.**

**WORLD CLASS.**





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