

Los Angeles

Orange County

Ventura

Inland Empire

Phoenix

Q4 | 2025

Market Report

Inland Empire Industrial



West

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MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

- **Vacancy Rate:** Declined by 5 bps from revised Q3 to a rate of 7.85% in Q4.
- **Net Absorption:** Direct remained negative, but overall was positive totaling 360K SF.
- **Asking Rents:** Declined \$0.02 PSF or 1.9% to a rate of \$1.04 PSF NNN. Searching for equilibrium post pandemic boom.
- **Sales:** The median price PSF in Q4 was \$288.72. Volume in Q4 was down 14.8% to \$545.7M. In 2025, volume totaled \$1.65B. A decline of 14.3% compared to 2024.

ECONOMIC OUTLOOK

- **Interest Rates:** FOMC decided cut rates twice over Q4. Ending the year at range of 3.50%-3.75%. Only one cut projected in 2026.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 1.8% through Nov. The cost from China/East Asia to the West Coast increased 41.2% over Q4, ending at \$2,617 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China). Revenue collection from tariffs far out exceeding expectations. With consumers not being burdened by them yet.
- **Geopolitics:** The removal of Venezuelan President Maduro may lead to lower energy prices in the future. Helping to fuel the AI boom.



Direct Vacancy
⬆ 7.06%


Net Absorption
⬆ 359,627 SF


Overall Vacancy
⬇ 7.85%


Gross Absorption
⬆ 8,911,890 SF



Under Construction
⬇ 2,510,623 SF


Rental Rates (NNN)
⬇ \$1.04


Median Sale \$/SF
⬆ \$288.72


Deal Volume
⬇ \$545.7M


U.S. Employment
⬆ 4.4%


U6 Rate
⬆ 8.4%


Interest Rate
⬇ 6.15%
(30 year fixed)


Changing GDP
⬆ 5.4%


Port Traffic Y/Y Δ
⬆ 1.8%


NYSE Performance
⬆ 2.8%


Inflation Change
⬇ 2.71%


10 Yr. - 2 Yr. Spread
⬆ 71 BPS

EXPERIENCE IN A CHANGING MARKET

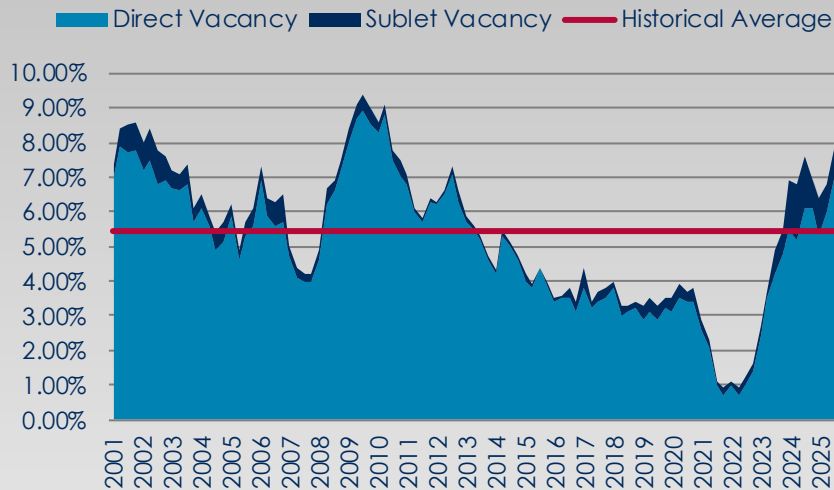
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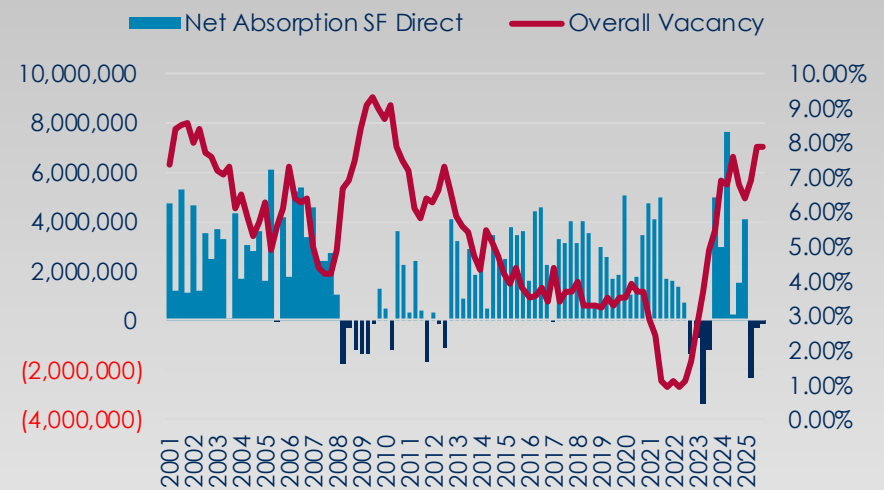
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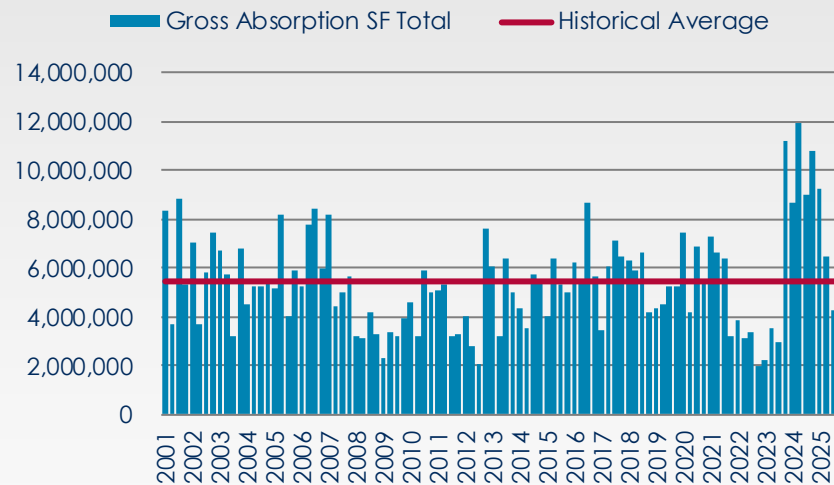
OVERALL VACANCY DECLINED 5 BPS FROM REVISED Q3 TO 7.85% IN Q4



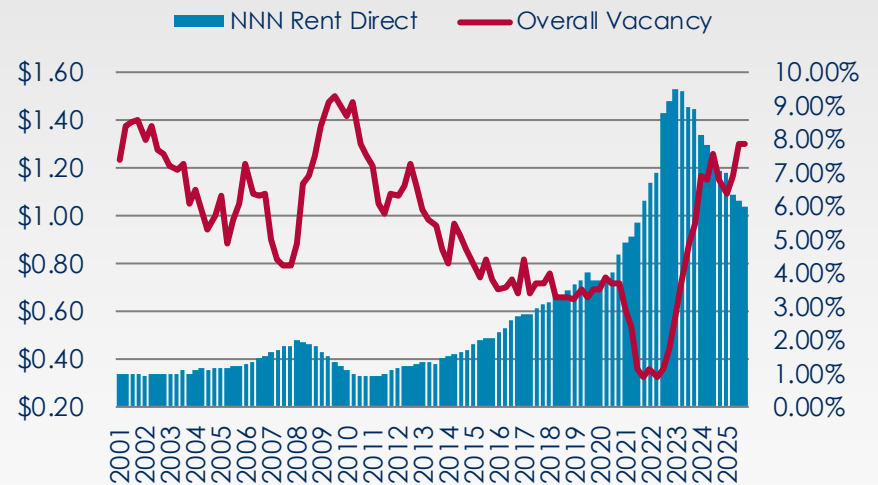
NET ABSORPTION IMPROVED IN Q4 TOTALING 360K SF



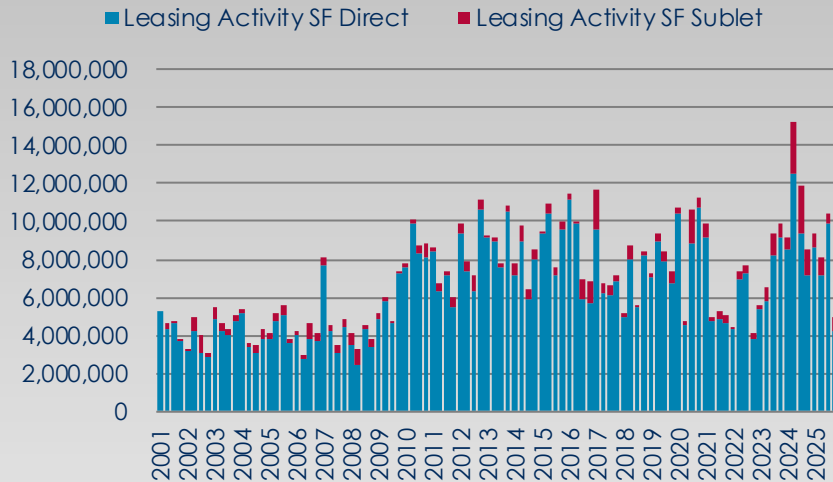
GROSS ABSORPTION INCREASED 109.5% FROM Q3 TOTALING 8.91 MSF IN Q4



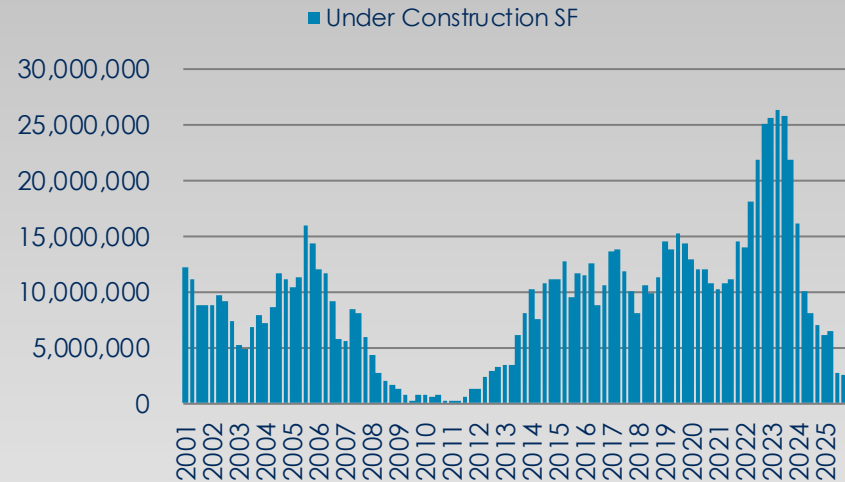
ASKING RENTS DECLINE OF \$0.02 PSF OR 1.9% TO A RATE OF \$1.04 PSF NNN IN Q4



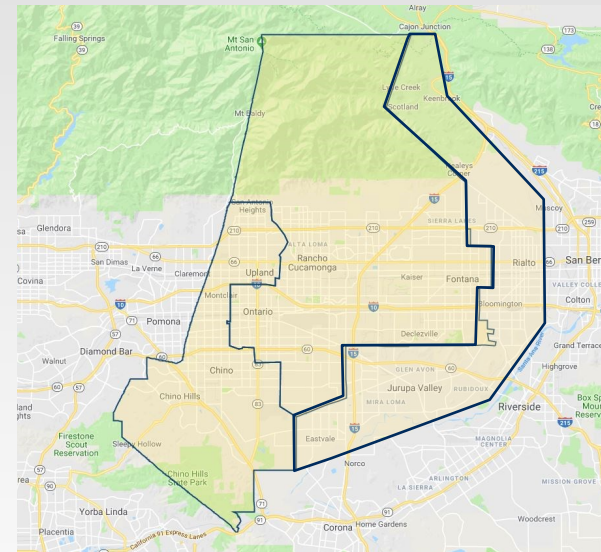
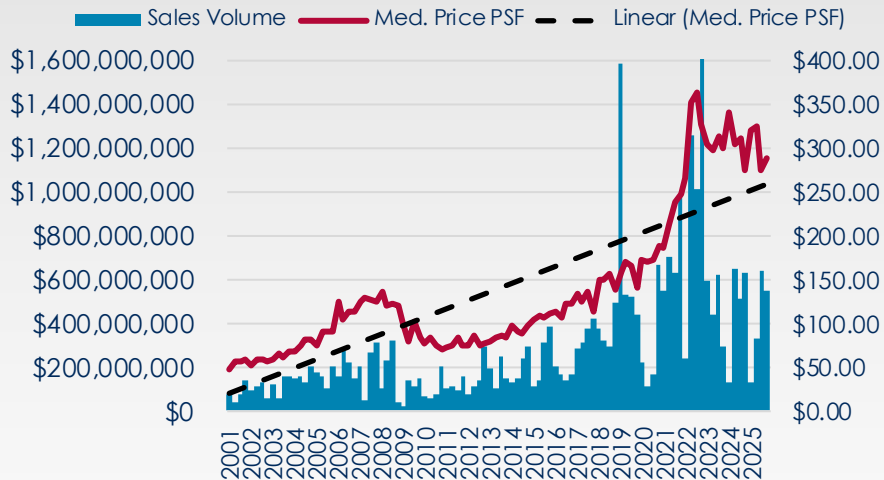
LEASING ACTIVITY DECLINED 52.2% FROM REVISED Q3 TOTALING 5.0 MSF IN Q4



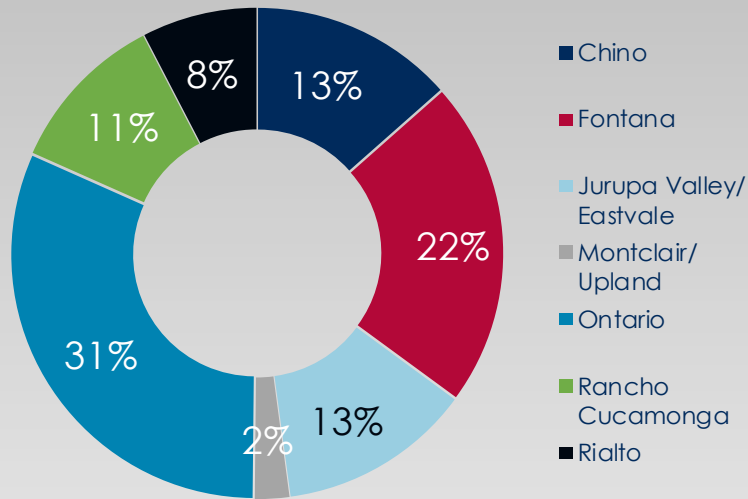
CONSTRUCTION ACTIVITY 280K SF WAS DELIVERED IN Q4. UC REVISED TO 2.5M SF



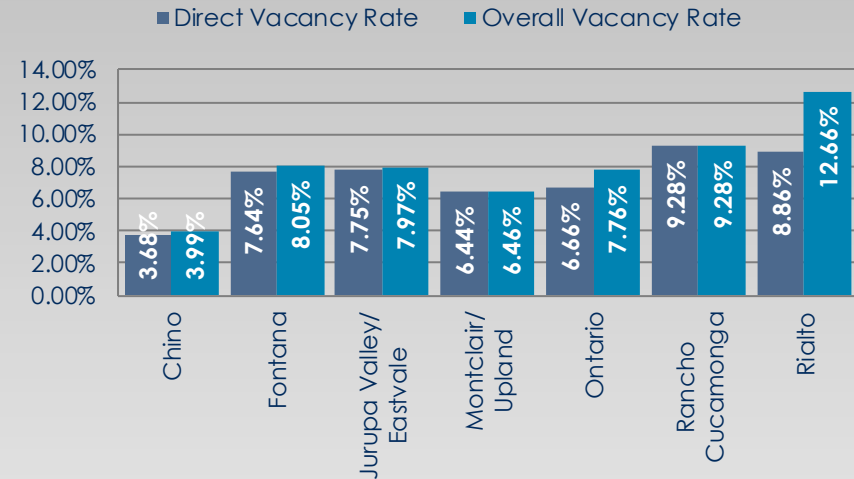
SALES Q4 VOLUME WAS \$545.7M. MEDIAN PRICE WAS \$288.72 PSF



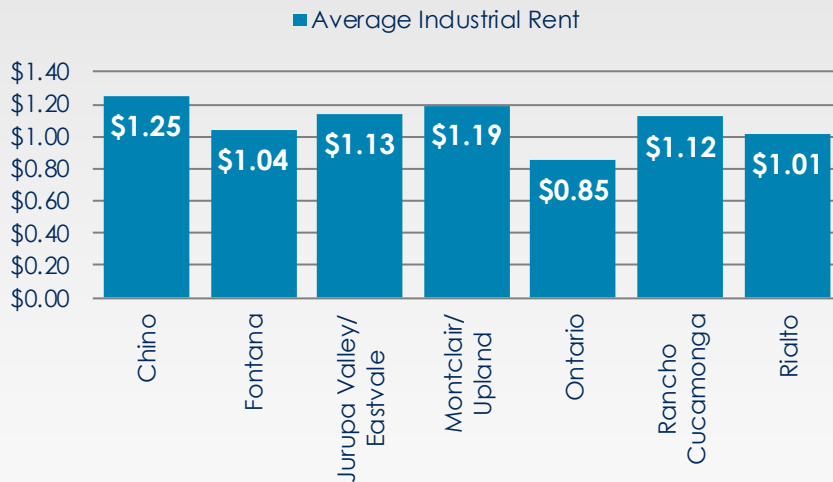
SQUARE FOOT BREAKDOWN- 424,071,563 SF MARKET SIZE



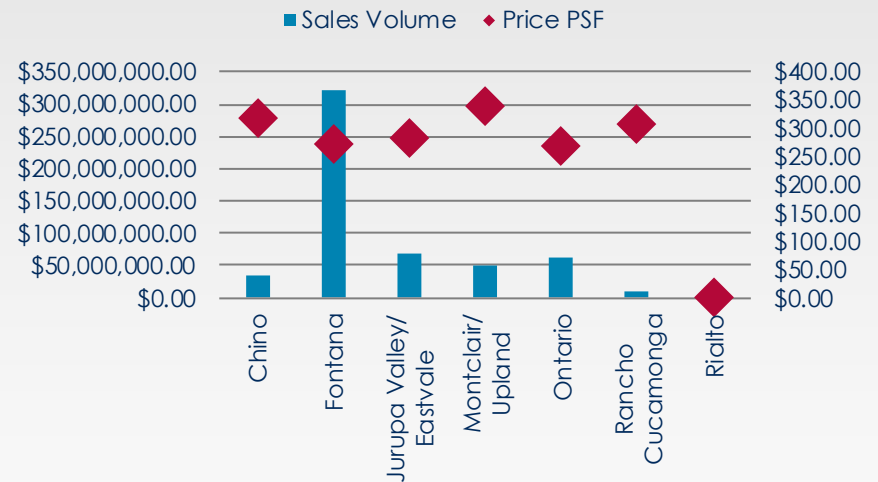
VACANCY BREAKDOWN



AVERAGE ASKING RENT PSF NNN AT CLOSE OF QUARTER



VOLUME BREAKDOWN



METHODOLOGY & TERMINOLOGY

Methodology

Industrial and flex (R & D) buildings that are 5,000 square feet and greater.

Direct Vacant SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

Total Vacant W/ Sublet SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

Direct Vacancy Rate

Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

Vacancy W/ Sublet Rate

Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

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.

Net Absorption

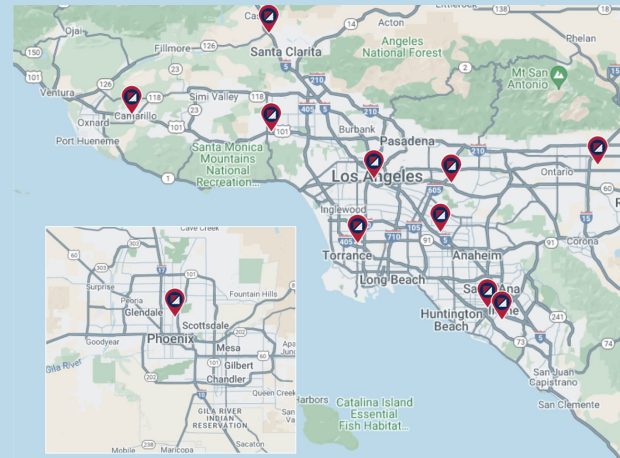
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

Under Construction

Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

Completed in 2025

New buildings with original construction completed in the year 2025 and granted a Certificate of Occupancy. Renovated buildings are not included.



MARKET	OFFICE ADDRESS	PHONE NUMBER
LOS ANGELES	801 S FIGUEROA ST. SUITE 600 LOS ANGELES, CA 90017	213-626-9101
LOS ANGELES NORTH	21820 BURBANK BLVD. SUITE 130 WOODLAND HILLS, CA 91367	818-887-3600
SANTA CLARITA VALLEY	27200 TOURNEY RD. SUITE 425 VALENCIA, CA 91355	661-705-2299
SAN GABRIEL VALLEY	13181 CROSSROADS PKWY N. SUITE 100 CITY OF INDUSTRY, CA 91746	562-695-7244
SOUTH BAY	19191 S VERMONT AVE. SUITE 850 TORRANCE, CA 90502	310-538-6700
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ORANGE COUNTY	4400 MACARTHUR BLVD. SUITE 950 NEWPORT BEACH, CA 92660	949-724-1900
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INDIAN WELLS	74900 HIGHWAY 111, SUITE 221 INDIAN WELLS, CA 92210	760-253-8539

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MARKET ACTIVITY

KEY TAKE AWAYS

ECONOMIC OUTLOOK

MARKET

Note: Market survey was expanded to include Beaumont/ Hemet & Coachella Valley areas.

- **Vacancy Rate:** Declined 26 bps to 9.74% in Q4.
- **Net Absorption:** Stronger demand in Q4, totaling 1.48 MSF. Absorption was positive on the year totaling 949K SF in 2025.
- **Sales:** The median sale price PSF in Q4 was \$232.05. Total volume in Q4 was up 93.5% to \$447.5M. The largest sale in Q4 was 890 E Mill St in San Bernardino. Overton Moore Properties acquired the Kohl's leased asset for \$123M at \$233.95 PSF. In 2025, sales volume totaled \$1.23B. A 14.7% increase compared to 2024.

ECONOMIC OUTLOOK

- **Interest Rates:** FOMC decided cut rates twice over Q4. Ending the year at range of 3.50%-3.75%. Only one cut projected in 2026.
- **Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 1.8% through Nov. The cost from China/East Asia to the West Coast increased 41.2% over Q4, ending at \$2,617 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China). Revenue collection from tariffs far out exceeding expectations. With consumers not being burdened by them yet.
- **Geopolitics:** The removal of Venezuelan President Maduro may lead to lower energy prices in the future. Helping to fuel the AI boom.



Direct Vacancy
⬆ 7.99%


Net Absorption
⬆ 1,484,066 SF


Overall Vacancy
⬇ 9.74%


Gross Absorption
⬆ 5,008,203 SF


Under Construction
⬇ 3,166,957 SF


Rental Rates (NNN)
⬇ \$0.96


Median Sale \$/SF
⬇ \$232.05



Deal Volume
⬆ \$447.5M


U.S. Employment
⬆ 4.4%



U6 Rate
⬆ 8.4%



Interest Rate
⬇ 6.15%
(30 year fixed)


Changing GDP
⬆ 5.4%


Port Traffic Y/Y Δ
⬆ 1.8%


NYSE Performance
⬆ 2.8%


Inflation Change
⬇ 2.71%


10 Yr. - 2 Yr. Spread
⬆ 71 BPS

EXPERIENCE IN A CHANGING MARKET

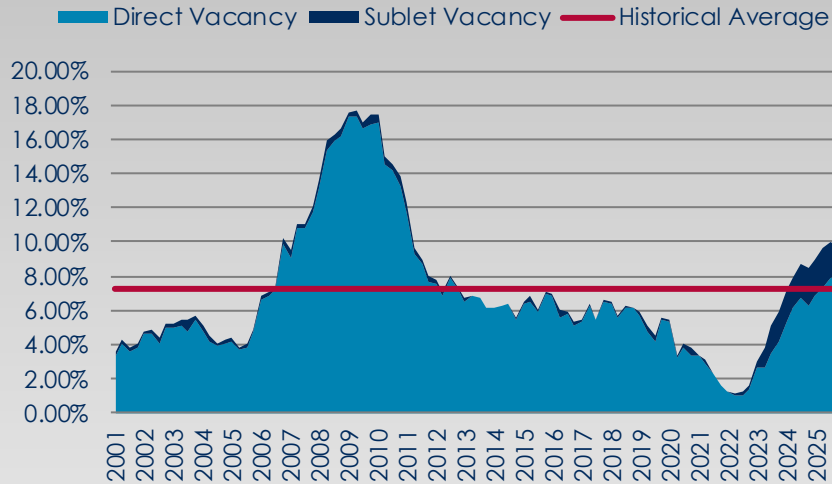
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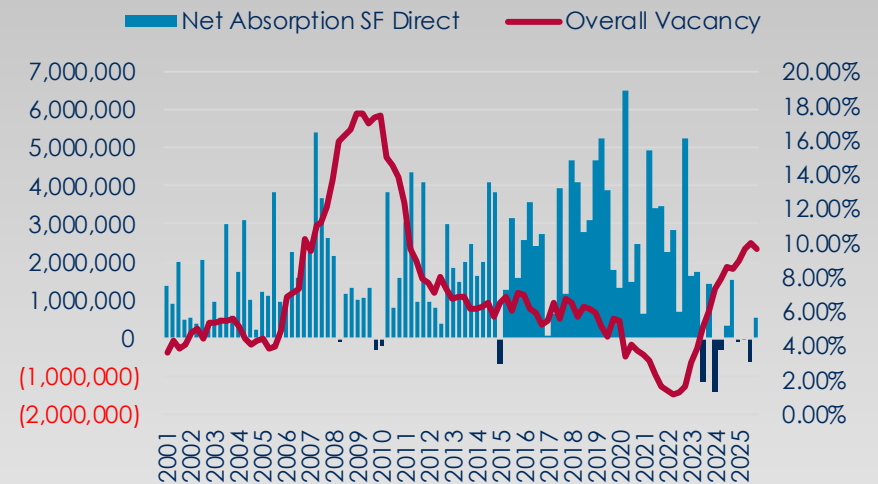
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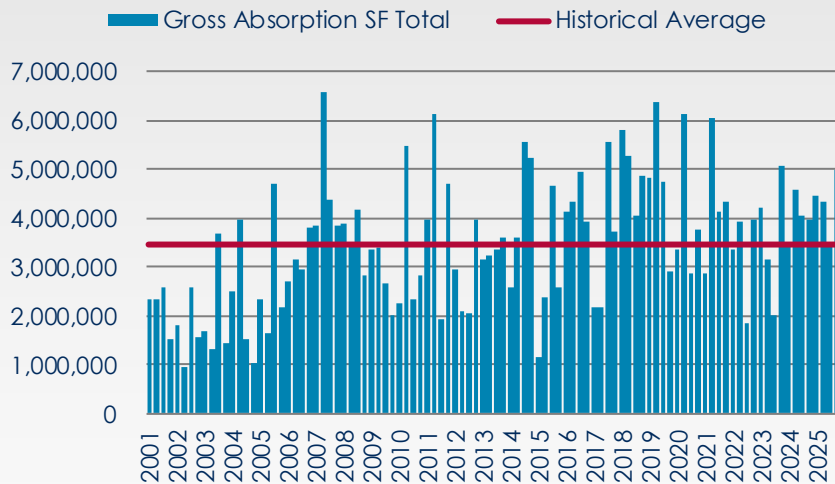
OVERALL VACANCY DECLINED 26 BPS FROM Q3 TO 9.74% IN Q4



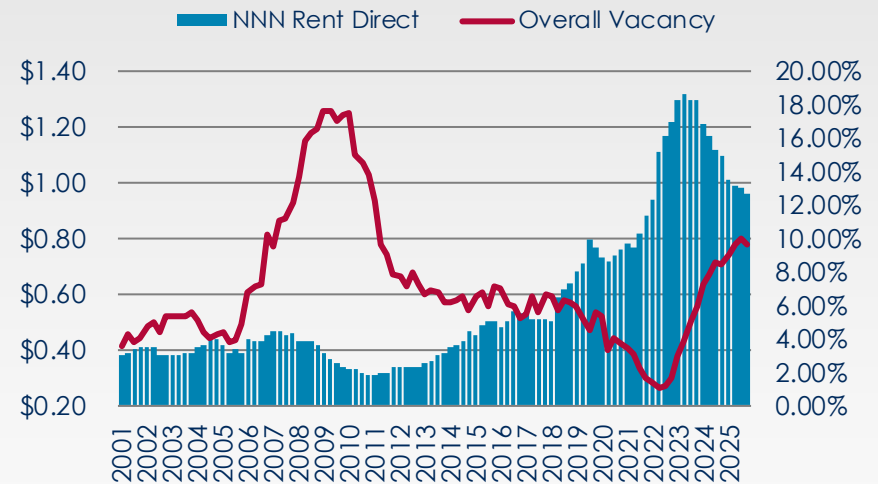
NET ABSORPTION STRONGER DEMAND IN Q4 TOTALING 1.48 MSF



GROSS ABSORPTION INCREASED BY 43.25% FROM Q3 TO 5.0M SF IN Q4



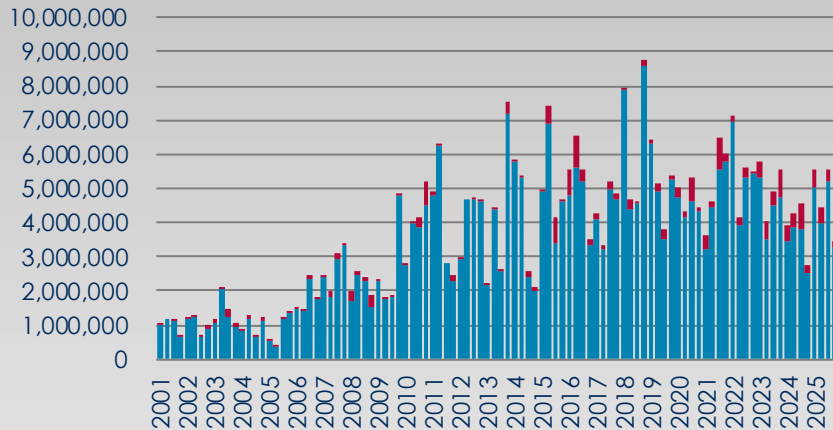
ASKING RENTS FELL BY \$0.02 PSF OR 2.0% TO \$0.96 PSF NNN IN Q4



LEASING ACTIVITY

DECLINED 38.3% FROM REVISED Q3 TOTALING 3.43 MSF IN Q4

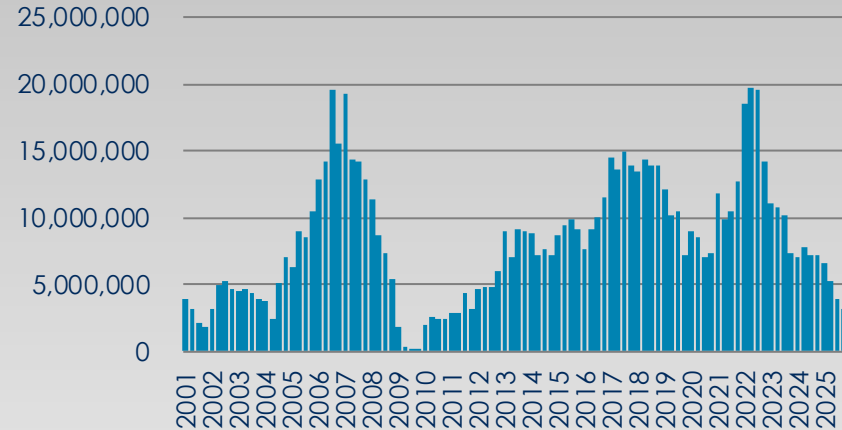
■ Leasing Activity SF Direct ■ Leasing Activity SF Sublet



CONSTRUCTION ACTIVITY

786K SF WAS DELIVERED IN Q4. UC REVISED TO 3.17 MSF

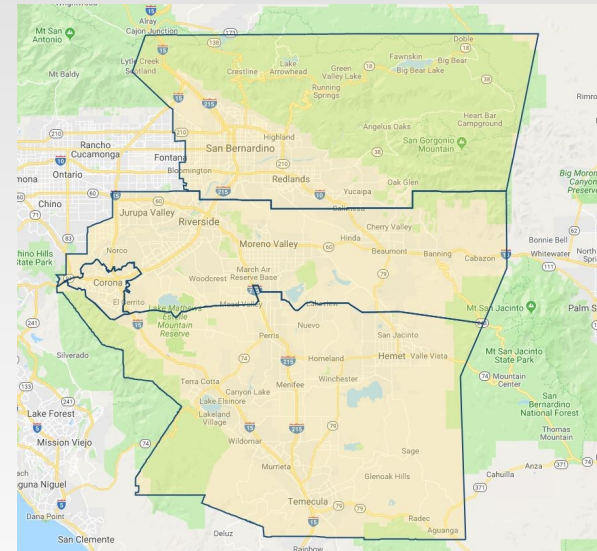
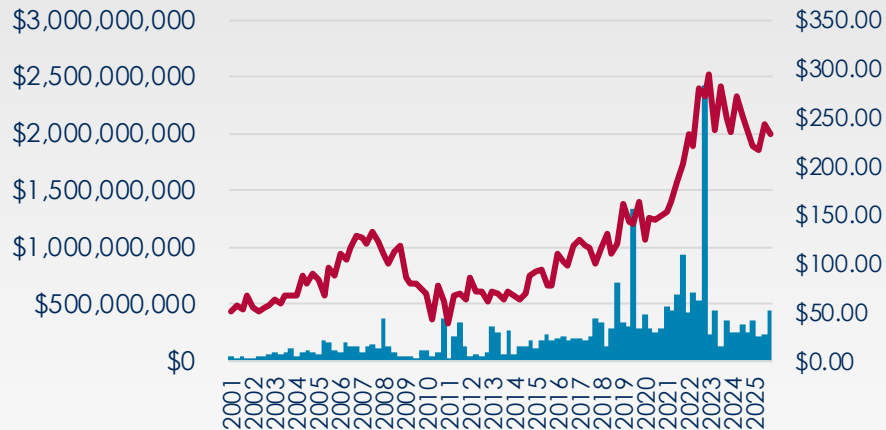
■ Under Construction SF



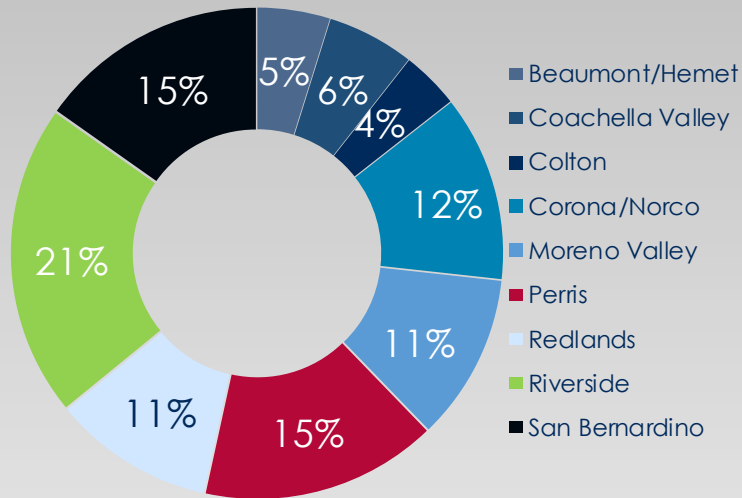
SALES

VOLUME WAS \$447.5M. MEDIAN PRICE IN Q4 WAS \$232.05 PSF

■ Sales Volume ■ Med. Price PSF

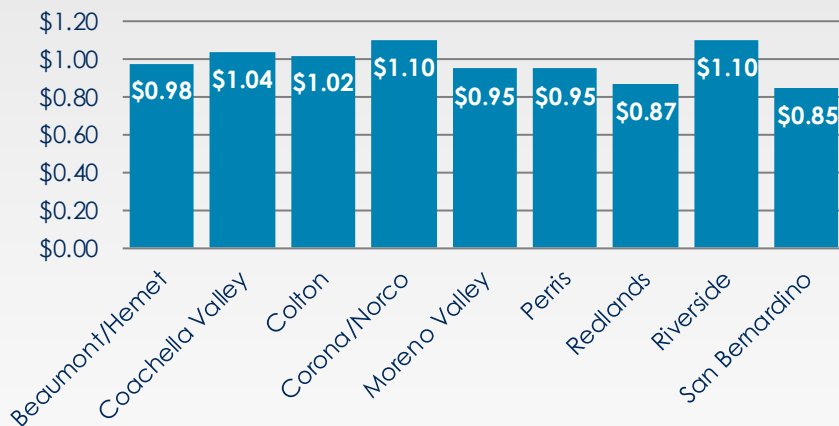


SQUARE FOOT BREAKDOWN- 301,349,209 SF MARKET SIZE



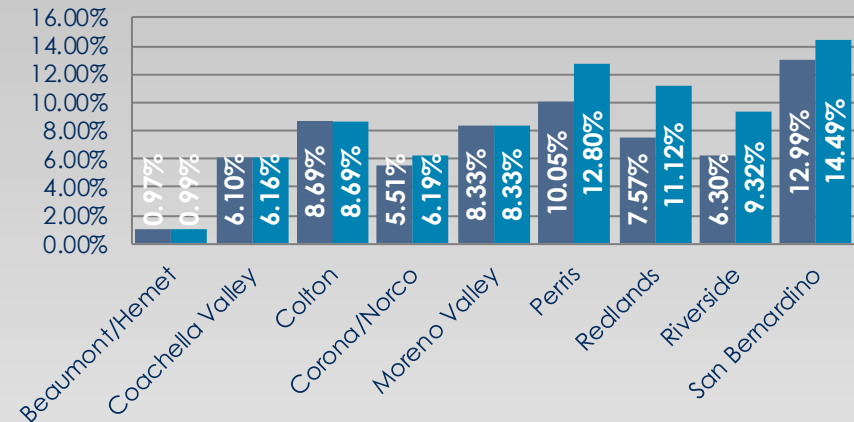
AVERAGE RENT PSF

■ Average Industrial Rent



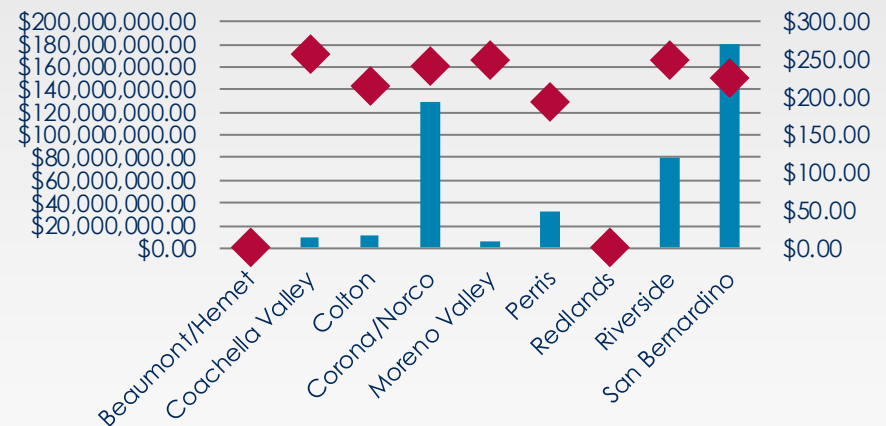
VACANCY BREAKDOWN

■ Direct Vacancy Rate ■ Overall Vacancy Rate



VOLUME BREAKDOWN

■ Sales Volume ◆ Price PSF



METHODOLOGY & TERMINOLOGY

Methodology

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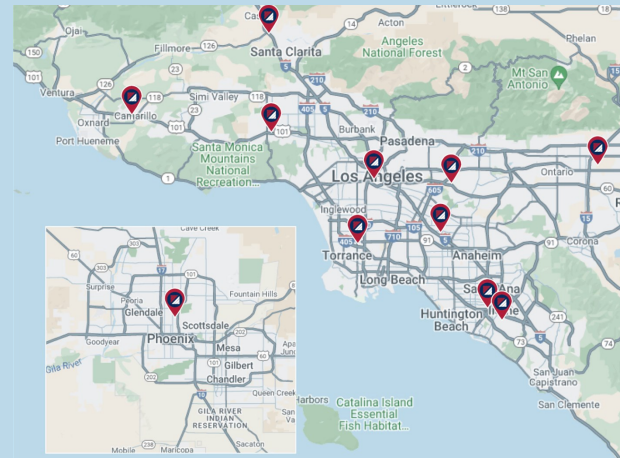
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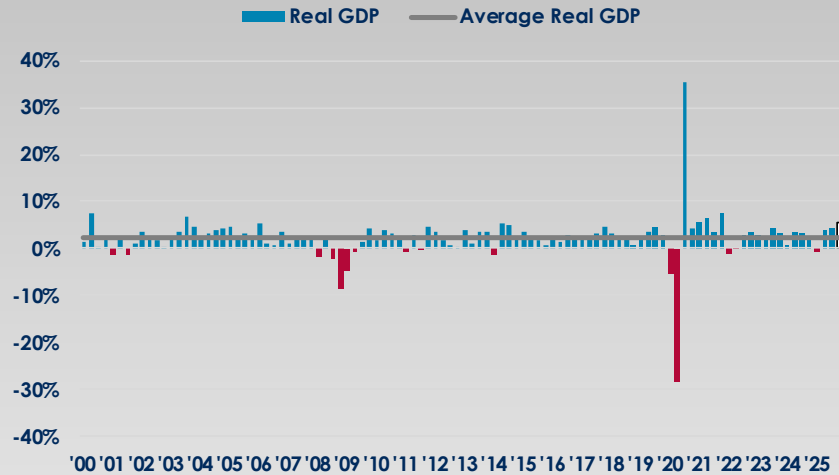
Economic Overview



//////// Q4 2025

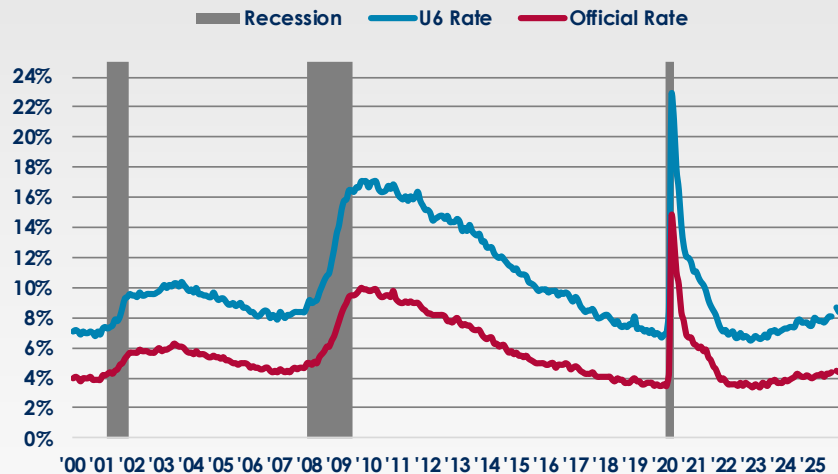
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GDP IN Q3 FINISHED AT 4.3%. Q4 ESTIMATE AT 5.4% PER GDPNOW

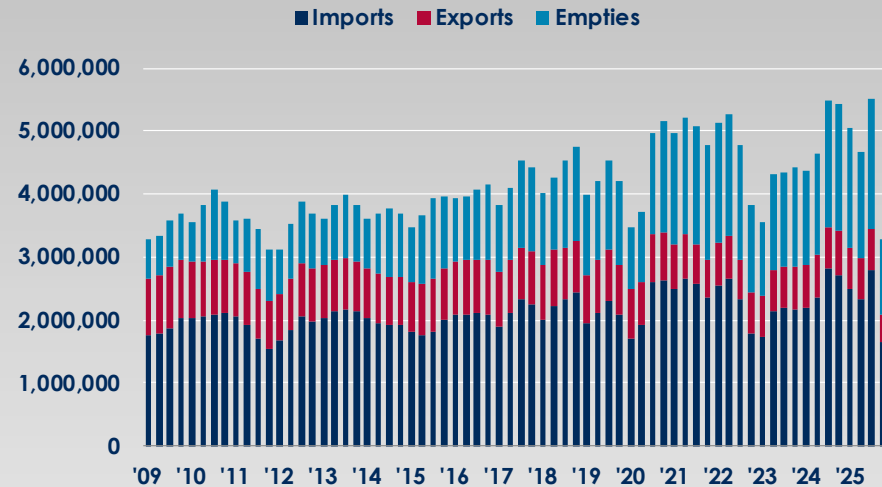


*5.4% Estimate for Q4-25 from the Federal Reserve Bank of Atlanta GDPNow

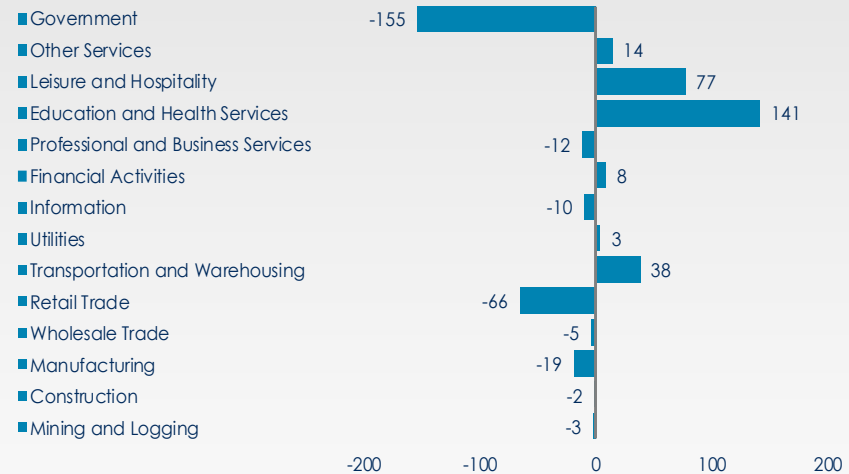
LABOR MARKET RESILIENCE LIKELY TO PAUSE RATE CUTS



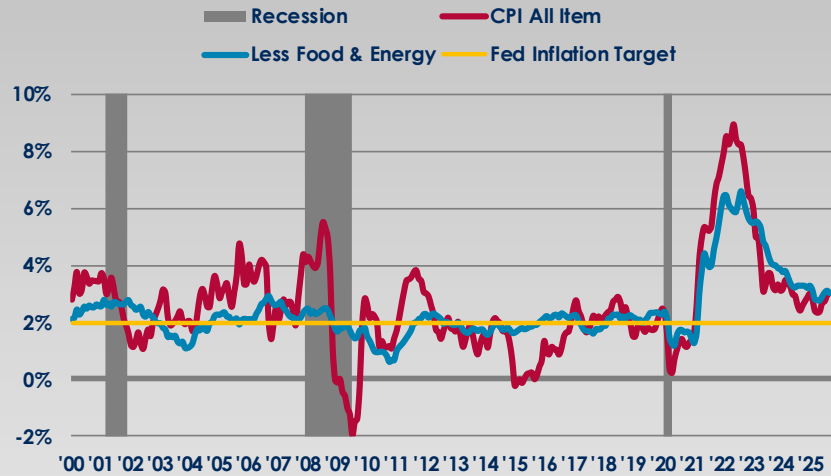
PORT ACTIVITY IN Q3 WAS UP 0.4% Y/Y. YTD 2025 UP 1.8% Y/Y



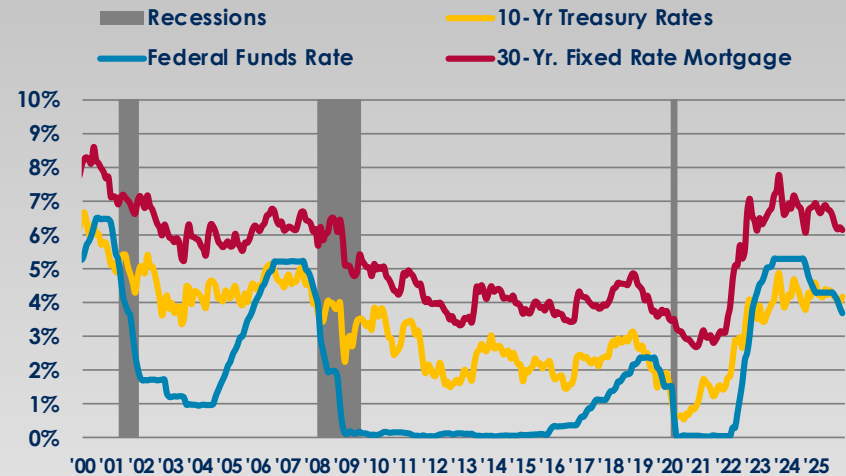
EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q4



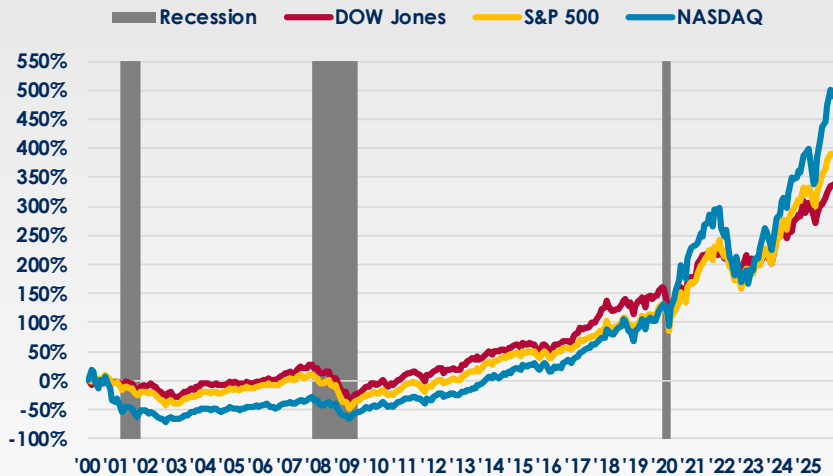
INFLATION TRENDING UPWARD ABOVE THE FED TARGET OF 2%



THE FED CUT RATES BY 50 BPS OVER Q4



MAJOR INDEXES REACHED ALL TIME HIGHS IN Q4



10-2 YEAR YIELD CURVE STEEPENED IN Q4

