IE Q2 26

SECOND QUARTER 2026 MARKET REPORT

INLAND EMPIRE INDUSTRIAL

Voit REAL ESTATE SERVICES

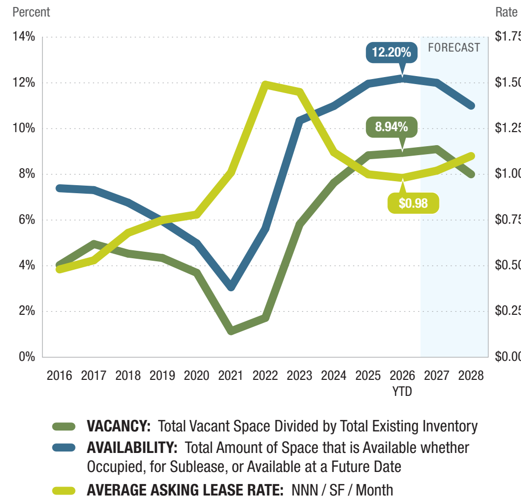
OVERVIEW. The Inland Empire industrial market saw encouraging signs in Q2 with increased leasing and sales activity, along with a decrease in sublease availability and an increase in the average asking rent.

VACANCY & AVAILABILITY. The Inland Empire vacancy rate finished Q2 at 8.94%, a very slight increase from the prior quarter, and 85 basis points higher than 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 12.2% of the market's inventory at the end of Q2. Sublease availability continues to remain a significant factor in the market, with 13.4M SF of sublet space available at the end of Q2. This total has decreased significantly from the recent peak of 18.4M SF in Q3 2025.

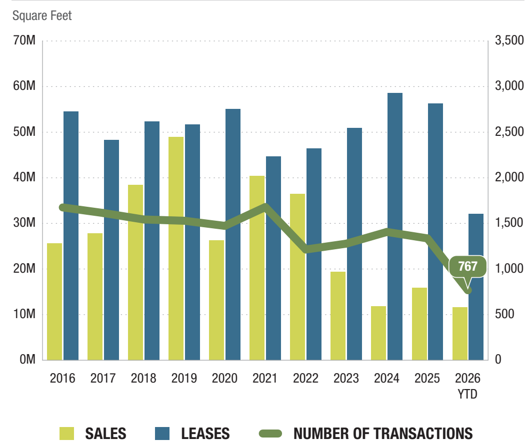
LEASE RATES. The average asking rate in Q2 was $0.98 per square foot per month, a three-cent increase from the previous quarter, yet still down 4.9% from the level of a year ago. Market conditions have shifted dramatically in recent years, with asking rents declining for three consecutive years as negotiating 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 Q2 2026 at 23.6M SF, a 63% increase compared with Q2 2025. There were 315 leases recorded in Q2 2026, a significant increase versus the quarterly average of 276 since the start of 2025. In addition to the increase in the number of transactions, the total square feet leased increased as well with over 16.5M SF of leased recorded in Q2, the second largest quarterly total of the past 10 quarters. Sales volume also saw an uptick in activity in the second quarter, with 7.1M SF of buildings trading hands. This is almost double the average of 3.6M SF per quarter since the start of 2024, but still below the average of 8M SF per quarter sold in 2021–2023. Amazon was responsible for the two largest leases recorded in the quarter. The e-commerce giant has seen double-digit year-over-year growth in its online product sales, fueling its warehouse demand.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



Market Statistics

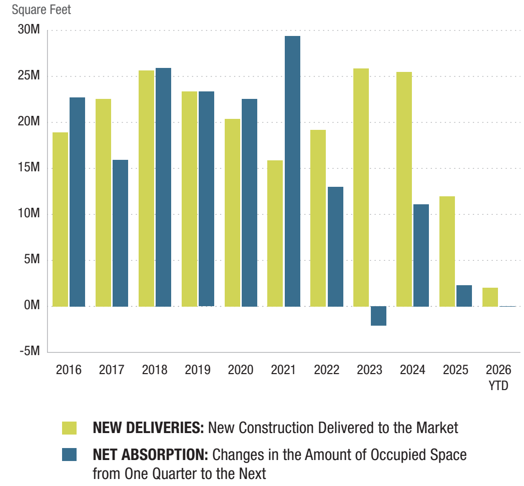
	Change Over Last Quarter	Q2 2026	Q1 2026	Q2 2025	% Change Over Last Year
Total Vacancy Rate	UP	8.94%	8.85%	8.09%	10.47%
Availability Rate	UP	12.20%	12.10%	11.48%	6.28%
Average Asking Lease Rate	UP	$0.98	$0.95	$1.03	(4.85%)
Sale & Lease Transactions	UP	23,575,857	19,566,788	14,461,543	63.02%
Gross Absorption	DOWN	11,799,601	13,577,122	9,460,897	24.72%
Net Absorption	NEGATIVE	(1,357,964)	1,392,430	(2,738,425)	N/A

ABSORPTION. Net absorption finished Q2 2026 with 1.4M SF of negative net absorption, with the IE West segment of the market accounting for most of that total, while move-ins kept pace with move-outs in IE East during Q2. Positive net absorption has been concentrated in two size segments within the market. Buildings between 25,000–50,000 SF and buildings larger than 500,000 SF each have seen growth in their occupier footprint in the first half 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 half of 2026, building on the sharp pullback observed over the past two years. Following a full-year total of just under 12M SF of deliveries in 2025, the lowest annual output in more than a decade, only approximately 2M SF has been delivered through the first two quarters of 2026. The development pipeline has contracted significantly, with just over 4.6M SF currently under construction, a dramatic decline from peak levels seen earlier in the cycle. This rate of new construction in Q2 puts the market on pace for its second consecutive year of decreasing deliveries, and the first year of less than 10M SF in new deliveries in over a decade.

EMPLOYMENT. The unemployment rate in the Riverside-San Bernardino MSA was 4.6% in May 2026, down from a revised 4.9% in April, and below the year-ago estimate of 4.9%. In the Riverside-San Bernardino MSA, the Construction employment sector decreased by 6,100 jobs, the Manufacturing sector decreased by 3,900 jobs, and the Transportation and Warehousing employment sector decreased by 100 jobs compared with the previous year. With the delay in reporting from the California EDD, employment figures from June were unavailable at the time of publishing this report. For the nation as a whole, the U.S. economy added 57,000 jobs in June, less than half the Dow Jones consensus forecast.

NEW DELIVERIES & NET ABSORPTION



Forecast

The Inland Empire industrial market enters the second half of 2026 at an inflection point, with fundamentals showing early signs of stabilization but broader uncertainty clouding the near-term outlook. While the pullback in new construction is helping to gradually rebalance supply and demand, elevated availability and soft 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 as tenants maintain a cautious stance. 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

Property Address	City	Square Feet	Sale Price	Buyer	Seller
1568 & 1660 N. Linden Ave.	Rialto	1,469,848	$270,000,000	Penwood/Premier	Link Logistics
4565 Redlands Ave.	Perris	1,008,000	$193,152,500	Prologis	IDI Logistics
8130 Caliente Rd.	Hesperia	1,003,485	$153,000,000	Artemis Real Estate	EQT Real Estate
6227 Cajon Blvd.	San Bernardino	806,322	$121,500,000	Bridge Logistics Properties	EQT Real Estate
4555 Redlands Ave.	Perris	599,113	$104,693,000	Prologis	IDI Logistics

Leases

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
24405 Krameria Ave.	Moreno Valley	1,331,763	Jun-2026	Amazon	Prologis
9253 Deamland Dr.	Fontana	1,286,550	May-2026	Amazon	Hillwood
6207 N. Cajon Blvd.	San Bernardino	830,750	May-2026	Centric Brands	Marq Logistics
5400 Shea Center Dr.	Ontario	748,080	Jun-2026	Creative Innovation, Inc.	Shea Properties
7140 N. Cajon Blvd.	San Bernardino	671,913	Jun-2026	GXO Logistics	Invesco

	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate Q2 2026	Square Feet Available	Availability Rate Q2 2026	Average Asking Lease Rate	Net Absorption Q2 2026	Net Absorption 2026	Gross Absorption Q2 2026	Gross Absorption 2026
West													
Chino / Chino Hills	955	56,634,759	0	4,207,076	2,857,439	5.05%	4,126,489	7.29%	$1.06	(731,248)	(580,058)	510,952	1,959,684
Fontana	820	79,695,891	497,077	12,115,337	9,522,916	11.95%	9,392,384	11.71%	$0.96	(1,482,109)	(2,294,761)	650,222	1,337,364
Mira Loma / Eastvale / Jurupa Valley	421	53,997,651	0	1,167,939	4,680,826	8.67%	8,162,403	15.12%	$1.08	(317,005)	(407,945)	985,925	1,567,087
Montclair	217	4,628,166	0	0	527,270	11.39%	611,989	13.22%	$1.04	(108,569)	(18,329)	54,137	164,370
Ontario	1,548	131,305,241	557,593	7,471,860	9,596,626	7.31%	15,058,992	11.42%	$1.09	481,393	101,273	2,546,813	5,546,791
Rancho Cucamonga	752	43,595,209	771,455	1,271,508	2,816,750	6.46%	6,232,948	14.05%	$1.07	744,357	1,294,898	1,320,457	2,686,872
Upland	264	4,136,639	0	144,309	127,091	3.07%	153,819	3.72%	$0.96	921	(15,523)	52,968	90,111
5,000-24,999	2,807	34,010,000	0	263,776	1,557,807	4.58%	1,907,229	5.61%	$1.01	(57,760)	(213,774)	475,620	883,135
25,000-49,999	785	27,627,549	39,628	537,344	1,538,653	5.57%	2,248,700	8.13%	$1.10	77,062	147,397	515,263	1,056,678
50,000-99,999	494	34,472,973	197,633	867,858	2,704,214	7.84%	3,873,931	11.17%	$1.08	(265,032)	(487,407)	793,977	1,382,153
100,000-249,999	508	78,081,912	608,904	1,823,308	8,021,951	10.27%	11,307,125	14.37%	$1.05	(1,730,421)	(1,734,013)	1,448,336	3,693,765
250,000-499,999	245	86,378,402	359,960	6,679,719	7,877,662	9.12%	12,711,397	14.65%	$1.03	(1,297,892)	(1,152,459)	891,495	3,201,558
500,000 plus	138	113,422,720	620,000	16,206,024	8,428,631	7.43%	11,690,642	10.25%	$1.11	1,861,783	1,519,811	1,996,783	3,134,990
West Total	4,977	373,993,556	1,826,125	26,378,029	30,128,918	8.06%	43,739,024	11.64%	$1.06	(1,412,260)	(1,920,445)	6,121,474	13,352,279
East													
Banning	50	2,029,975	312,206	3,031,083	84,252	4.15%	1,173,447	50.10%	$0.91	300	(26,200)	7,000	32,500
Beaumont	65	8,851,495	0	8,855,556	2,203,456	24.89%	2,797,298	31.60%	$0.70	(1,832,667)	(1,734,567)	0	98,100
Bloomington	125	11,830,628	0	815,198	586,274	4.96%	908,204	7.68%	-	(151,810)	(151,810)	22,970	22,970
Corona / Norco	1,011	35,812,057	0	1,360,978	2,117,808	5.91%	2,724,102	7.61%	$1.11	135,474	116,477	668,591	1,088,631
Colton / Grand Terrace	202	11,729,968	0	626,597	937,666	7.99%	658,245	5.61%	$1.04	(13,750)	42,172	46,439	113,333
Moreno Valley	119	34,043,526	32,510	39,638,804	2,115,850	6.22%	4,214,990	12.37%	$0.90	698,528	1,515,950	776,720	2,109,572
Perris	272	48,382,455	1,651,668	8,549,788	5,656,547	11.69%	7,896,414	15.78%	$0.97	(324,599)	805,724	431,206	1,645,145
Redlands / Loma Linda	255	32,035,785	0	620,128	3,080,028	9.61%	4,508,798	14.07%	$0.85	183,722	437,618	203,992	607,785
Rialto	215	32,106,557	510,971	2,224,409	4,255,982	13.26%	4,150,218	12.72%	$0.93	73,883	(170,782)	98,149	175,295
Riverside	1,144	60,311,390	136,615	1,796,686	6,886,058	11.42%	7,634,711	12.63%	$0.91	(778,412)	(1,153,388)	854,627	1,889,612
San Bernardino / Highland	623	47,706,553	101,235	1,589,585	4,427,369	9.28%	5,408,688	11.31%	$0.91	2,063,627	2,273,717	2,568,433	4,241,501
5,000-24,999	2,456	29,238,674	21,139	35,034	1,270,992	4.35%	1,687,435	5.77%	$1.14	(42,855)	(3,961)	426,997	843,002
25,000-49,999	613	21,594,982	74,918	681,586	1,599,245	7.41%	2,096,307	9.67%	$1.01	102,034	9,124	345,964	632,267
50,000-99,999	381	26,635,291	0	1,396,338	2,162,972	8.12%	2,679,229	10.06%	$0.98	(202,799)	297,509	333,652	1,053,415
100,000-249,999	309	47,626,076	216,711	4,170,172	6,286,117	13.20%	6,450,119	13.48%	$0.93	180,277	(172,759)	1,119,266	1,902,070
250,000-499,999	155	56,328,839	780,769	6,212,341	12,401,987	22.02%	13,318,939	23.32%	$0.88	(1,033,480)	(1,380,389)	482,073	1,849,565
500,000 plus	167	143,416,527	1,651,668	56,613,341	8,629,977	6.02%	15,843,086	10.92%	$0.76	1,051,119	3,205,387	2,970,175	5,744,125
East Total	4,081	324,840,389	2,745,205	69,108,812	32,351,290	9.96%	42,075,115	12.84%	$0.90	54,296	1,954,911	5,678,127	12,024,444
Inland Empire Total	**9,058**	**698,833,945**	**4,571,330**	**95,486,841**	**62,480,208**	**8.94%**	**85,814,139**	**12.20%**	**$0.98**	**(1,357,964)**	**34,466**	**11,799,601**	**25,376,723**
5,000-24,999	5,263	63,248,674	21,139	298,810	2,828,799	4.47%	3,594,664	5.68%	$1.09	(100,615)	(217,735)	902,617	1,726,137
25,000-49,999	1,398	49,222,531	114,546	1,218,930	3,137,898	6.37%	4,345,007	8.81%	$1.05	179,096	156,521	861,227	1,688,945
50,000-99,999	875	61,108,264	197,633	2,264,196	4,867,186	7.96%	6,553,160	10.69%	$1.03	(467,831)	(189,898)	1,127,629	2,435,568
100,000-249,999	817	125,707,988	825,615	5,993,480	14,308,068	11.38%	17,757,244	14.03%	$1.00	(1,550,144)	(1,906,772)	2,567,602	5,595,835
250,000-499,999	400	142,707,241	1,140,729	12,892,060	20,279,649	14.21%	26,030,336	18.10%	$0.94	(2,331,372)	(2,532,848)	1,373,568	5,051,123
500,000 plus	305	256,839,247	2,271,668	72,819,365	17,058,608	6.64%	27,533,728	10.63%	$0.96	2,912,902	4,725,198	4,966,958	8,879,115
Inland Empire Total	**9,058**	**698,833,945**	**4,571,330**	**95,486,841**	**62,480,208**	**8.94%**	**85,814,139**	**12.20%**	**$0.98**	**(1,357,964)**	**34,466**	**11,799,601**	**25,376,723**
High Desert													
Adelanto	178	5,843,450	20,000	15,851,958	286,655	4.91%	320,953	5.47%	$1.86	23,955	(6,735)	29,925	29,925
Apple Valley	74	3,898,347	1,207,135	8,964,626	1,357,350	34.82%	1,357,350	26.59%	$1.12	11,940	22,550	11,940	23,800
Barstow	53	1,048,348	0	0	34,130	3.26%	34,130	3.26%	$0.79	78,000	72,180	78,000	83,680
Hesperia	194	7,143,646	2,500,000	3,627,029	1,088,281	15.23%	1,100,031	11.41%	$1.10	(467,761)	510,155	22,389	1,038,239
Victorville	139	12,574,977	0	14,142,600	1,658,804	13.19%	2,000,854	15.91%	$1.10	31,650	(17,677)	244,900	265,295
High Desert Total	638	30,508,768	3,727,135	42,586,213	4,425,220	14.50%	4,813,318	14.06%	$1.17	(322,216)	580,473	387,154	1,440,939
Temecula Valley													
Hemet	90	2,469,521	0	0	58,132	2.35%	58,132	2.35%	$1.20	(17,000)	(5,000)	0	12,000
Lake Elsinore	182	2,814,167	149,500	1,000,451	131,077	4.66%	316,404	10.68%	$1.02	62,657	58,709	90,054	127,785
Menifee	28	1,141,670	2,910,393	5,584,465	229,024	20.06%	3,139,417	77.48%	-	221,516	221,516	229,934	229,934
Murrieta	289	4,664,898	0	183,653	114,254	2.45%	204,364	4.38%	$0.93	(32,836)	5,659	15,000	69,148
San Jacinto	67	1,167,464	0	29,153	5,000	0.43%	45,420	3.89%	$0.85	2,500	3,400	2,500	8,400
Temecula	352	9,912,315	0	143,695	475,691	4.80%	706,311	7.13%	$1.08	(197,096)	(221,331)	107,734	178,011
Wildomar	12	329,540	0	0	0	0.00%	2,257	0.68%	$1.15	0	2,257	0	2,257
Temecula Valley Total	1,020	22,499,575	3,059,893	6,941,417	1,013,178	4.50%	4,472,305	17.50%	$1.05	39,741	65,210	445,222	627,535

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.

Conviction Over Caution

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The Inland Empire industrial market feels like it might be starting to turn a corner. In the second quarter leasing velocity picked up and, more importantly, the quality of demand shifted. Corporate America is back at the table. Not just window shopping, they are actively writing letters of intent and taking down blocks of space. These are sophisticated users who sat on the sidelines through the uncertainty of the past few years. Now they're moving with purpose, targeting Class A bulk distribution product with direct access to the ports, the interstates, and the rail infrastructure that make the IE irreplaceable. When a national account signs a long-term lease in this environment, that's not caution — that's conviction.

The constraint of new supply is helping landlords as new construction starts hit their lowest point in recent memory. Developers have pulled back and fewer cranes in the air today means less competition for space tomorrow. Absorb the standing inventory, tighten the available blocks, and watch rental rates find their footing again. That's the logistical reality of what's unfolding right now. Landlords still have work to do; this isn't 2021 and they have to be competitive for every deal out there. There are more vacant buildings than there are tenants, and every deal is contested. Tenants have leverage, and ownership groups that want to win business are sharpening their pencils — increasing concessions, including TI dollars and flexible term structures. The winners in this market aren't the ones holding out for last cycle's rents. They're the ones structuring deals that get tenants into space and keep them there.

Watch the coast. Orange County and Los Angeles both posted positive net absorption in the first half of 2026, and that matters more than most people realize. Coastal strength has always been the leading indicator for the Inland Empire. When space runs tight and expensive along the coast, users look inland. That's not hope, that's the pattern. The overall fundamentals for the Inland Empire — lower cost basis, superior logistics infrastructure, proximity to 20 million consumers — haven't gone anywhere.

The bottom line is that the Inland Empire remains the most important industrial market in the country. Q2 confirmed the floor is in. The path from here through the balance of 2026 and into 2027 points toward tightening conditions, firming rents, and a market that rewards the operators who move now rather than the ones who wait for certainty that never comes.

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

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