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ECONOMIC OVERVIEW

KEY INDICATORS

Total Nonfarm Employment



+83,700 jobs YOY



Office Employment



+5,400 jobs YOY



Inland Empire Unemployment



5.0%



California Unemployment



5.4%



Airline Passengers (ONT)



+75.0% YOY



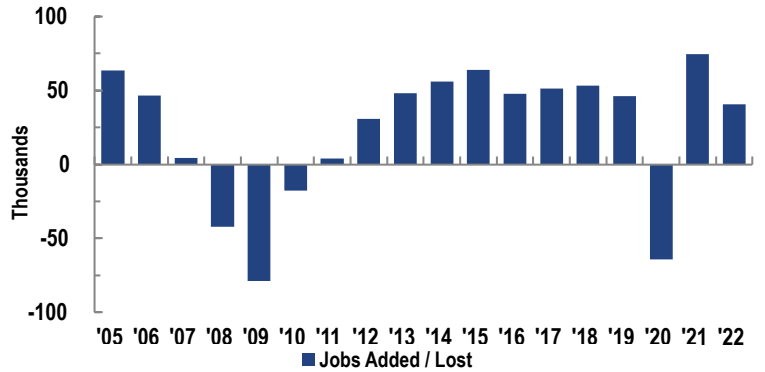
Office Real Estate Momentum Index



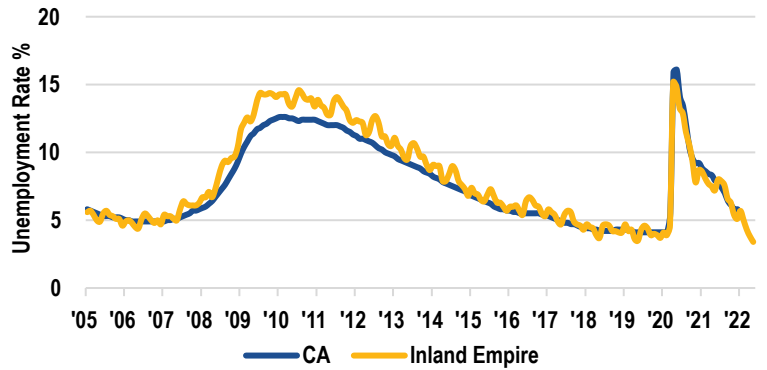
-2.0



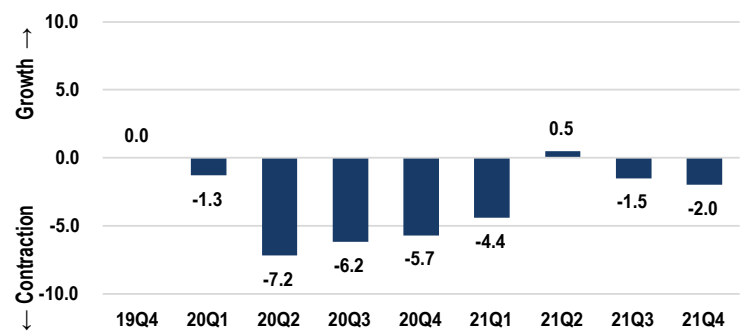
EMPLOYMENT TRENDS



UNEMPLOYMENT

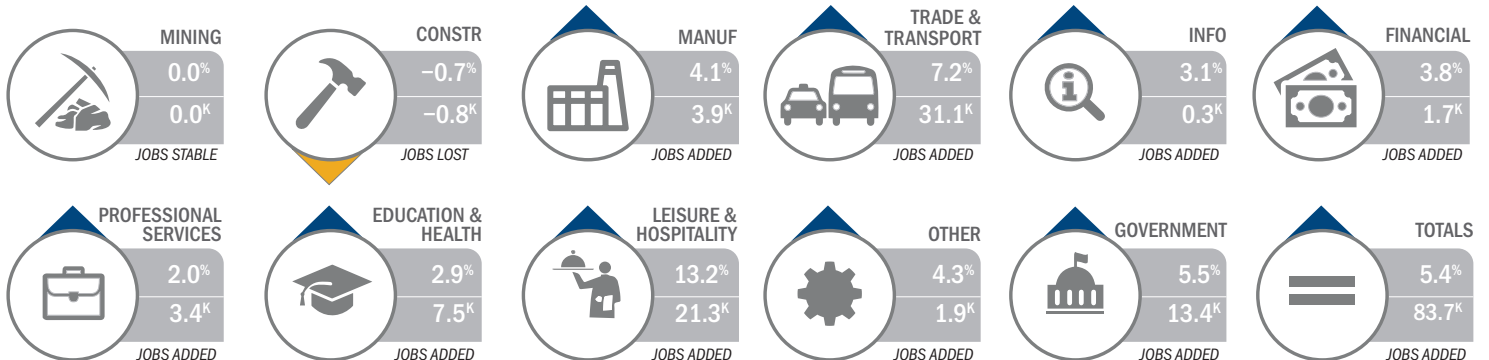


OFFICE REAL ESTATE MOMENTUM INDEX

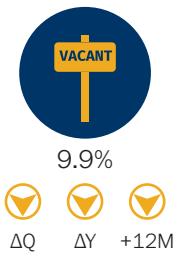


Source: Commercial Real Estate Momentum Index, Inland Empire Office.

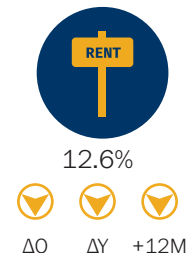
EMPLOYMENT GROWTH BY SECTOR (YOY)



Direct Vacancy



Direct Availability



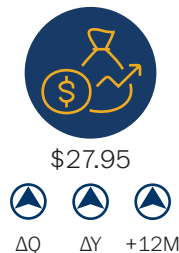
Direct Net Absorption (T-12 mos)



Under Construction



Direct Asking Rents



OFFICE MARKET ASSESSMENT

- The Inland Empire office market registered positive absorption for the fifth straight quarter with 227k SF of direct space absorbed in Q2, its largest quarterly gain since the pandemic's onset, bringing the trailing 12 months total up to 614K SF.

- The market-wide direct vacancy rate improved by 90bps to 9.9% in Q2 and has fallen 190bps since hitting its pandemic peak early in 2021. The vacancy rate has already managed to reach its pre-pandemic level as the Inland Empire was not as severely impacted by the pandemic as other markets.

- The Class B sector accounted for most of the leasing gains with 214K SF of direct space absorbed in Q2 and has led in the recovery with five straight quarters of positive absorption totaling 624K SF over the period.

- The Class A sector has also shown signs of recovery with 13K SF of direct space absorbed in Q2, which was its fifth consecutive quarter of positive absorption totaling 83K SF over the period.

- Leasing volume has totaled 1.2 MSF over the trailing 12-months, up 4.8% compared to prior year, but remains 27.5% below the pre-pandemic quarterly average. The majority of the leasing activity has been driven by healthcare, education, and service-related companies.

- Even though leasing activity still lags its normal pre-pandemic pace, touring and leasing activity has picked up as occupiers that had postponed leasing decisions are approaching their lease expirations and are re-evaluating their future space needs.

- The largest lease transactions inked in Q2 included Apostle Promise Adeyemi securing a 12k SF lease at 8678 Archibald Ave, Planned Parenthood signing an 11k sf deal at 9699 Sierra Ave, and Southwest Christian Church signing a 10k SF renewal at 28030 Del Rio Rd.

- Sublease availability declined for the second consecutive quarter by 21K SF to 290K SF after hitting an all-time high in 4Q 2021. The Airport Area currently accounts for 55% of the sublease inventory across the entire market.

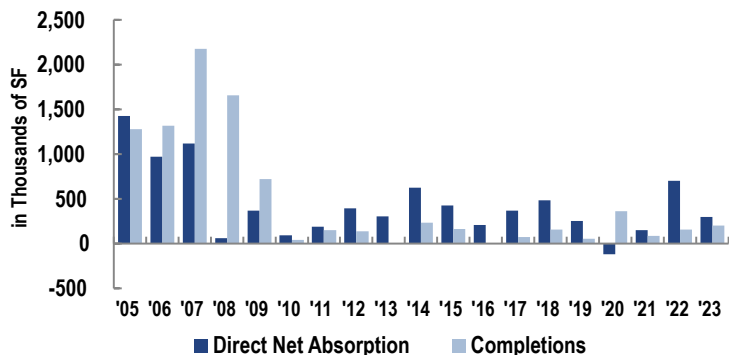
- Construction activity remains modest with only two projects totaling 105k SF underway. Office development has primarily been limited to build-to-suit and medical office projects, which remain in high demand due to the region's population growth.

- The largest development project underway is the Canyon Springs Medical Campus in Riverside, which is a three-story property totaling 75k SF currently available for lease and scheduled to deliver by year-end.

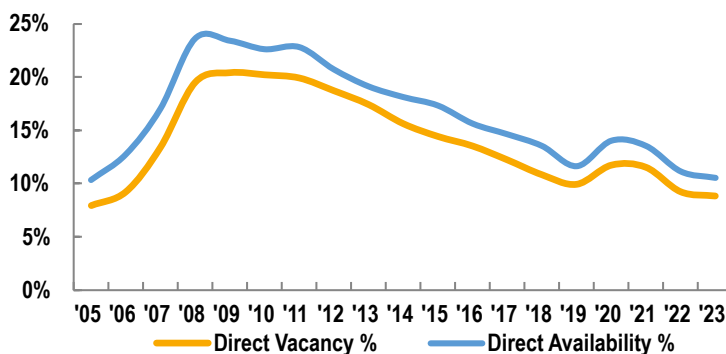
- Overall rental rates have continued to trend upwards to reach their highest level on record, up 4.3% over the past 12 months. Class A asking rents averaged \$2.55 PSF per month, up 5.6% YOY, while Class B rents averaged \$2.16, up 1.7% for the same period.

- The office market is expected to continue to experience moderate demand and rent growth in the year ahead with limited construction and steady demand keeping vacancy rates in check.

SUPPLY AND DEMAND



VACANCY AND AVAILABILITY



Net Absorption Trends

CLASS A



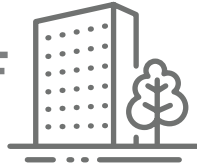
+65.7K SF
T-12 MOS



CLASS B

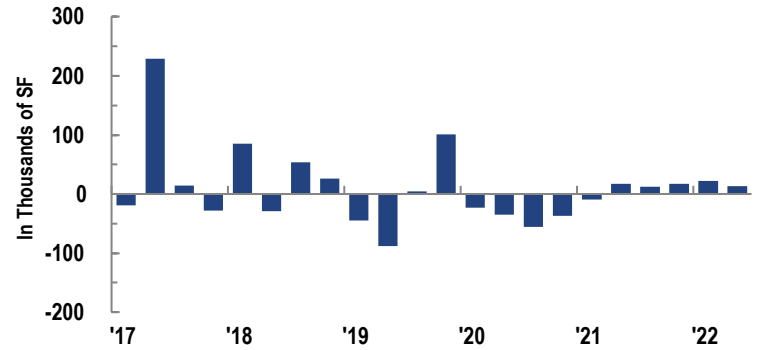


+548.6K SF
T-12 MOS

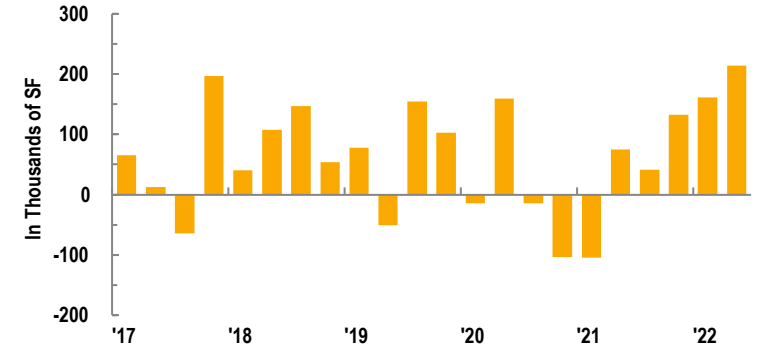


DIRECT NET ABSORPTION

CLASS A



CLASS B



Vacancy and Availability Trends

CLASS A



DIRECT VACANCY

12.3%
848K SF

DIRECT AVAILABILITY

15.1%
1.0M SF

CLASS B



DIRECT VACANCY

8.9%
1.6M SF

DIRECT AVAILABILITY

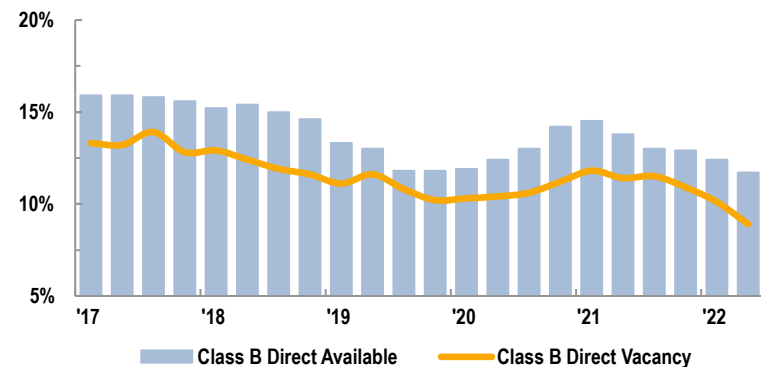
11.7%
2.1M SF

DIRECT VACANCY AND AVAILABILITY

CLASS A

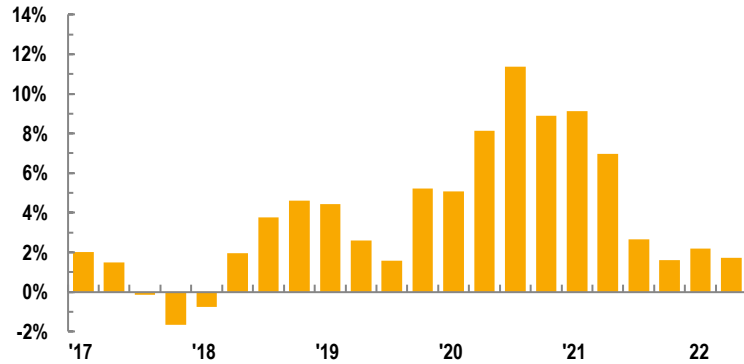
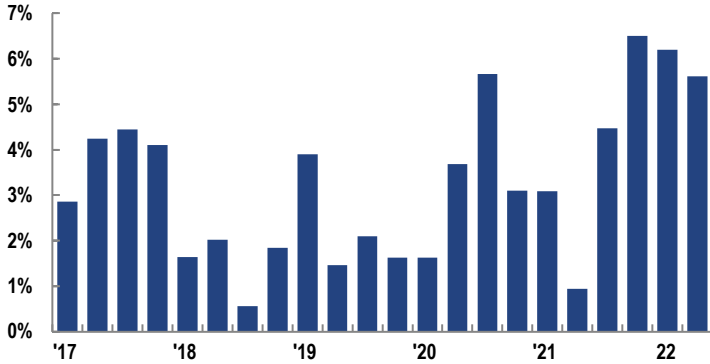


CLASS B



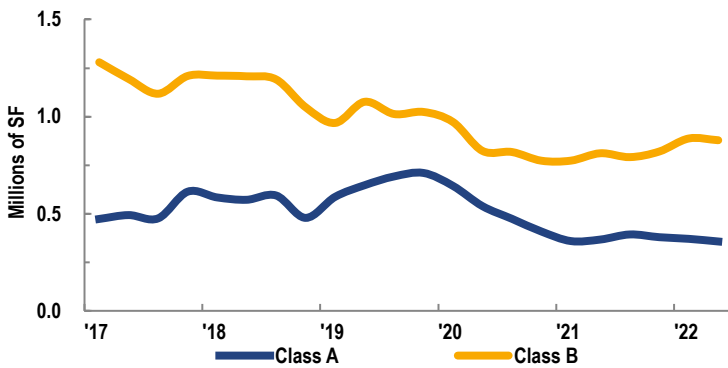
RENTAL RATES

Y-O-Y % Change, Full Service Gross

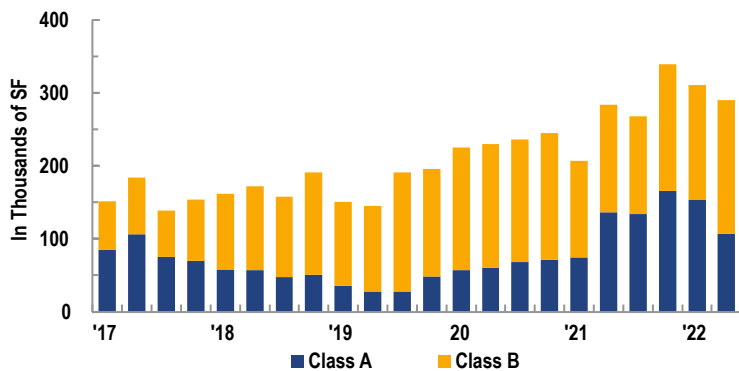


LEASING ACTIVITY

Direct Leasing Activity, Rolling 12 Months



SUBLEASE AVAILABILITY



Rent Growth (Y-O-Y)

+5.6%
CLASS A



+1.7%
CLASS B

CLASS A

356K SF
T-12 MOS

-2.7%
Y-O-Y CHANGE

CLASS B

879K SF
T-12 MOS

+8.3%
Y-O-Y CHANGE

Sublease Availability

CLASS A

107K SF

-21.5%
Y-O-Y CHANGE

CLASS B

183K SF

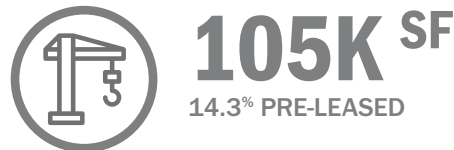
+23.9%
Y-O-Y CHANGE

Under Construction Trends

NEW OFFICE BREAKING GROUND



OFFICE SPACE UNDER CONSTRUCTION



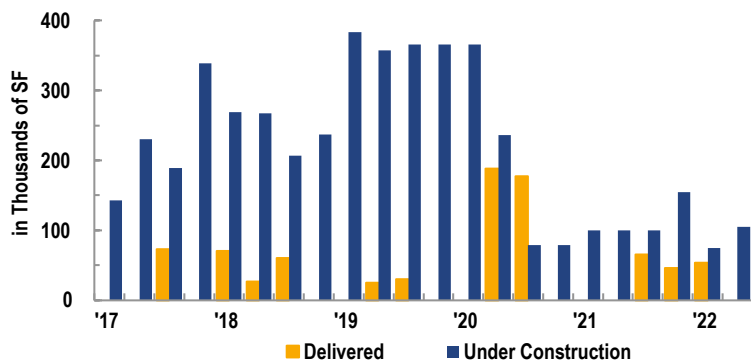
FORECASTED SUPPLY IN 2022



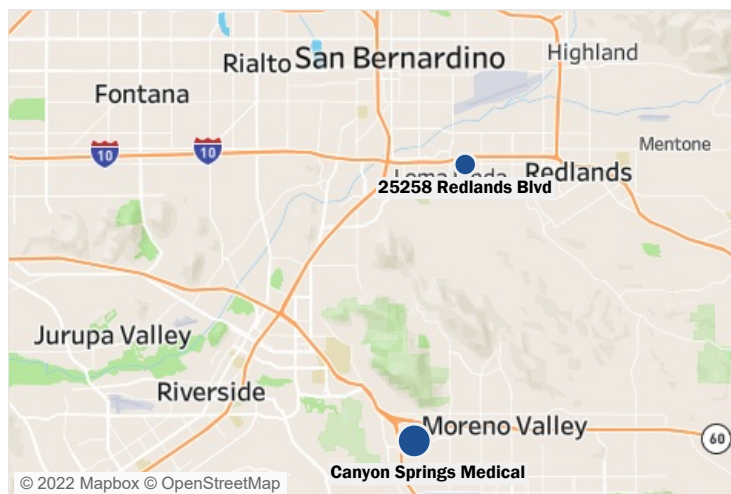
PROJECT NAME	SIZE (SF)	SUBMARKET	MAJOR TENANT(S)	% PRE-LEASED	DEVELOPER	TARGET COMPLETION
Canyon Springs Medical	75,000	Moreno Valley/Perris	N/A	0%	TDA Investment Group	2022 4Q
25258 Redlands Blvd	30,000	Redlands/Loma Linda	California Eye Care	50%	Freeman & Associates	2022 4Q

Note: * Build-to-suit; Corporate owned office buildings (excluded from competitive statistics & above table)

CONSTRUCTION PIPELINE



SIGNIFICANT PROJECTS UNDER CONSTRUCTION



Target Completion 2022 4Q

TOP TRANSACTIONS

Tenant	SF	Type	Tenant Industry	Building	Class	Submarket
Apostle Promise Adeyemi	12,430	New	Services	8678 Archibald Ave	B	Airport Area
Planned Parenthood	11,000	New	Healthcare	9699 Sierra Ave	B	Airport Area
Edentia Inc.	10,121	Renewal	Business Services	16738 Lakeshore Dr	B	South Riverside
Southwest Christian Church	10,000	Renewal	Services	28030 Del Rio Rd	B	South Riverside
Newmark	8,113	New	Real Estate	3281 E Guasti Rd	A	Airport Area

SUBMARKET STATISTICS

Submarket	Total Inventory SF	Direct Available	Sublease Available	Direct Vacancy	Y-O-Y Change	Current Qtr.	Trailing 12-Months	Avg Rents PSF/Yr	Avg Rents PSF/Mo.	Y-O-Y % Change
Airport Area	5,732,730	854,462	160,345	11.7%	0.3%	20,204	10,801	\$28.77	\$2.40	3.0%
Class A	1,986,831	298,764	48,269	11.1%	-0.9%	5,369	17,296	\$30.74	\$2.56	2.5%
Class B	3,745,899	555,698	112,076	12.0%	0.9%	14,835	(6,495)	\$27.23	\$2.27	2.0%
Riverside	7,001,551	757,583	77,114	9.0%	-1.3%	4,536	107,277	\$28.41	\$2.37	5.1%
Class A	2,268,267	249,382	27,871	8.6%	-1.4%	7,498	31,849	\$32.17	\$2.68	5.2%
Class B	4,733,284	508,201	49,243	9.2%	-1.2%	(2,962)	75,428	\$25.98	\$2.17	3.8%
South Riverside	2,843,073	251,864	62,058	6.4%	-1.3%	(7,751)	54,737	\$29.58	\$2.47	-3.9%
Class A	936,136	50,712	23,862	3.0%	-2.3%	(6,333)	21,177	\$30.75	\$2.56	0.0%
Class B	1,906,937	201,152	38,196	8.1%	-0.7%	(1,418)	33,560	\$29.32	\$2.44	-4.8%
Coachella Valley	1,744,040	158,581	0	8.7%	-4.5%	14,227	107,921	\$27.17	\$2.26	-5.4%
Class A	222,265	12,617	0	5.7%	-3.2%	-	7,141	\$32.33	\$2.69	11.0%
Class B	1,521,775	145,964	0	9.2%	-4.6%	14,227	100,780	\$26.58	\$2.22	-7.4%
Corona	1,970,482	289,273	16,252	10.7%	-3.4%	12,947	117,681	\$32.07	\$2.67	11.6%
Class A	961,513	193,536	0	14.9%	-2.9%	(4,946)	54,512	\$32.53	\$2.71	14.8%
Class B	1,008,969	95,737	16,252	6.8%	-3.9%	17,893	63,169	\$30.74	\$2.56	3.6%
Chino	588,160	43,591	2,099	5.4%	0.4%	41	(2,238)	\$31.35	\$2.61	-3.1%
Class A	588,160	43,591	2,099	5.4%	0.4%	41	(2,238)	\$31.35	\$2.61	-3.1%
Class B	324,795	13,238	0	2.8%	-2.3%	41	7,276	\$34.93	\$2.91	-0.1%
Upland	605,656	84,365	0	8.8%	-1.6%	4,177	9,742	\$23.65	\$1.97	3.6%
Class A	-	-	-	-	-	-	-	-	-	-
Class B	605,656	84,365	0	8.8%	-1.6%	4,177	9,742	\$23.65	\$1.97	3.6%
Beaumont	697,000	24,490	3,232	3.3%	-0.7%	254	4,885	\$18.31	\$1.53	2.3%
Class A	-	-	-	-	-	-	-	-	-	-
Class B	697,000	24,490	3,232	3.3%	-0.7%	254	4,885	\$18.31	\$1.53	2.3%
Moreno	1,176,282	152,884	0	3.7%	-6.4%	75,021	75,236	\$25.92	\$2.16	-0.3%
Class A	30,000	-	-	-	-	-	0	-	-	-
Class B	1,146,282	152,884	0	3.8%	-6.6%	75,021	75,236	\$25.92	\$2.16	-0.3%
Redlands	821,631	100,035	0	3.8%	-2.8%	16,441	41,651	\$24.50	\$2.04	9.3%
Class A	190,504	-	-	-	-	-	0	\$33.99	\$2.83	0.0%
Class B	631,127	100,035	0	4.9%	-3.7%	16,441	41,651	\$23.79	\$1.98	11.1%
San Bernardino	4,154,817	635,120	30,902	13.7%	-3.2%	79,181	136,711	\$24.36	\$2.03	4.4%
Class A	948,415	249,657	28,973	26.8%	3.8%	5,150	(35,545)	\$26.55	\$2.21	2.1%
Class B	3,206,402	385,463	1,929	9.8%	-5.4%	74,031	172,256	\$22.16	\$1.85	4.8%

OVERALL MARKET STATISTICS

	TOTAL SPACE AVAILABLE		DIRECT VACANCY RATES		DIRECT NET ABSORPTION		OVERALL RENTAL RATES			
Inland Empire Totals	Total Inventory SF	Direct Available	Sublease Available	Direct Vacancy	Y-O-Y Change	Current Qtr.	Trailing 12-Months	Avg Rents PSF/Yr	Avg Rents PSF/Mo.	Y-O-Y % Change
Class A	6,871,160	1,034,309	107,212	12.3%	-0.6%	13,071	65,739	\$30.63	\$2.55	5.6%
Class B	17,706,722	2,084,891	182,732	8.9%	-2.5%	213,958	548,606	\$25.89	\$2.16	1.7%
Overall	24,577,882	3,119,200	289,944	9.9%	-1.9%	227,029	614,345	\$27.95	\$2.33	4.3%



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The company partners with global, institutional and private investors to provide industry-leading investment and advisory services across asset classes – including mixed-use, retail, office, medical, industrial, senior living and multifamily. Following its 2019 merger with the Boston-based Roseview Group, Madison Marquette added capital markets, investment banking and corporate advisory services to its integrated capabilities. Founded in 1992, the company built its reputation on the successful development, repositioning and redevelopment of landmark mixed-use assets, and now leverages that performance legacy to provide clients with exceptional asset services and investment advice.

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