

FIGURES | INLAND EMPIRE OFFICE | Q4 2025

# Nation's tightest office market sees investment surge in the Inland Empire

▶ 5.9%  
Vacancy Rate

▲ (980)  
SF Net Absorption

▶ 0  
SF Construction

▼ \$2.19  
Avg Asking FSG / Lease Rate

Note: Arrows indicate change from previous quarter.

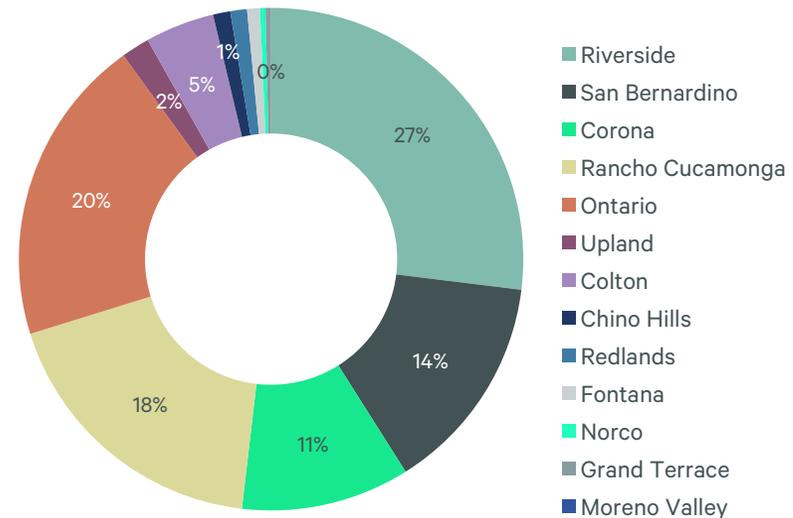
## Executive Summary

The Inland Empire retained its position as the nation's tightest office market in Q4 2025, with vacancy holding steady at 5.9% and availability at 8.4%. While leasing activity softened in line with seasonal trends, limited inventory kept conditions tight and supported modest rent growth.

Leasing activity in the Inland Empire declined 17% quarter-over-quarter, falling from 198,900 sq. ft. in Q3 2025 to 163,400 sq. ft. in Q4 2025. Demand remained concentrated in Class A assets, which captured more than half of leased space, reinforcing the ongoing flight to quality. Despite the slowdown in leasing activity, net absorption improved, moving from a revised negative 14,900 sq. ft. in Q3 2025 to negative 980 sq. ft. in Q4 2025, supported by a reduction in newly vacated space. Asking rents edged higher in Q4 2025 to \$2.19 FSG per sq. ft. per month, a \$0.03 quarter-over-quarter increase from \$2.16 FSG per sq. ft. per month recorded last quarter. The modest increase was driven by Class B buildings.

Investment activity surged in Q4 2025, jumping just over 500% to \$105 million, compared to \$17 million in Q3 2025. Notably, government entities accounted for more than \$37 million across the top three transactions, underscoring the public sector's growing role in shaping the Inland Empire office landscape.

FIGURE 1: Vacant Space Distribution (SF)



Source: CBRE Research, Q4 2025.

## EMPLOYMENT

Unemployment in the Inland Empire declined slightly to 5.9% in September 2025, down from a revised 6.1% in August 2025 and above the year-ago estimate of 5.3%. The IE unemployment rate remains above both the California unemployment rate of 5.6% and the national rate of 4.3%.

From August to September 2025, job gains were led by the government sector, which added 7,000 positions, primarily in local government. Private education and health services followed with an increase of 2,200 jobs, driven by continued expansion in health care and social assistance. Over the year, the health care sector experienced the strongest growth, adding 15,600 jobs from September 2024 to September 2025. In contrast, construction posted the largest losses, shedding 1,500 jobs during the month and 5,600 jobs year to date.

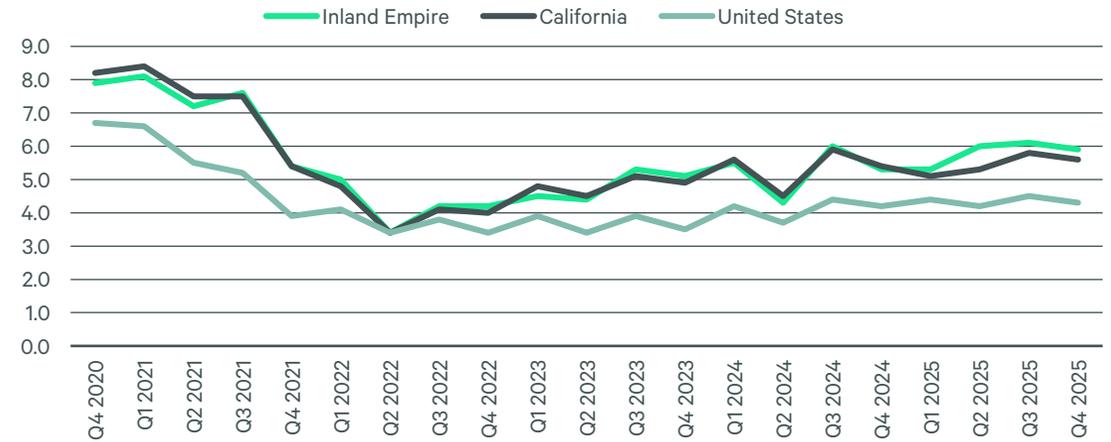
## LEASE RATE ANALYSIS

Asking lease rates in the Inland Empire market saw a slight increase, rising from the revised \$2.16 FSG per sq. ft. per month in Q3 2025 to \$2.19 FSG per sq. ft. per month in Q4 2025. The uptick in lease rates was primarily driven by Class B buildings, which posted a \$0.02 increase from last quarter, reaching \$2.03 FSG in Q4 2025. Class A rates remained relatively flat at a \$2.44 FSG in Q4 2025, while Class C assets continued to decline, dropping \$0.03 quarter-over-quarter. The lack of amenities and limited tenant improvement packages in Class C properties resulted in reduced leasing activity, putting downward pressure on existing asking lease rates. Overall, limited availability in the IE office market continued to exert upward pressure on rents, particularly among the most desirable Class A and B assets, setting the stage for continued growth into 2026.

## VACANCY

The Inland Empire continued to hold the lowest vacancy rate in the nation. Class A buildings saw a modest 10-basis-point (bps) increase quarter-over-quarter but remained 50 bps lower year-over-year compared to Q4 2024. In contrast, Class C buildings declined by 10 bps quarter-over-quarter yet posted a 60-bps increase year-over-year, underscoring the sustained demand for premium space with enhanced amenities. Overall vacancy held steady at 5.9% quarter-over-quarter, reflecting a 40-bps increase from last year due to softer leasing activity in the second half of 2025. Despite the uptick, vacancy remained well below the 10-year average in the IE of 9.2%. With no new development entering the market, tenants continued to renew leases in existing spaces, supporting sustained occupancy and overall stability.

FIGURE 2: Unemployment Rate (%)



Source: U.S. Bureau of Labor Statistics, Q4 2025.

FIGURE 3: Average Asking Lease Rate (\$PSF/MO/FSG)



Source: CBRE Research, Q4 2025.

## NET ABSORPTION & ACTIVITY

The Inland Empire office market posted a modest quarter-over-quarter improvement, rising from a revised negative 14,900 sq. ft. in the previous quarter to negative 980 sq. ft. in Q4 2025. The shift in net absorption was driven by a reduction in move-outs among existing tenants. Ontario led the region with 13,350 sq. ft. of positive net absorption, while the city of Riverside recorded 10,300 sq. ft. of negative net absorption. By asset class, Class C buildings led the shift, posting positive net absorption for the first time this year, reaching 8,092 sq. ft. in Q4 2025 after a revised negative 8,805 sq. ft. in Q3 2025. Class B also improved, narrowing losses to negative 16,800 sq. ft. this quarter from negative 2,150 sq. ft. the previous quarter. In contrast, Class A recorded negative 6,917 sq. ft. of net absorption this quarter, down from 10,606 sq. ft. in Q3 2025, though it continued to lead the year performance with 51,539 sq. ft. absorbed.

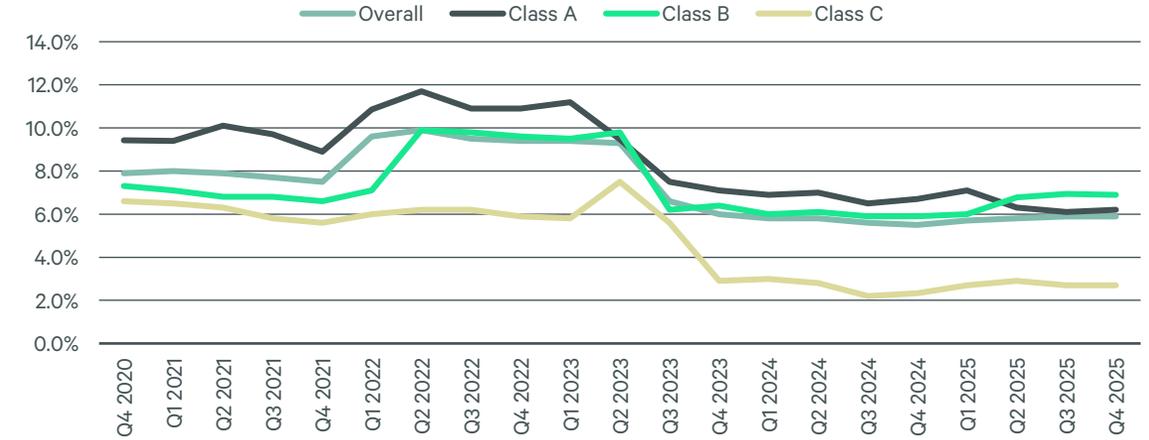
Leasing activity softened in Q4 2025, totaling 163,400 sq. ft., a 17% decline from the 198,000 sq. ft. recorded in Q3 2025, consistent with seasonal trends. More than half of the leased space was concentrated in Class A assets, while less than 12% was in Class C properties, reflecting the ongoing demand for premium properties with tenant improvement packages. The number of leases signed fell from 58 transactions in Q3 2025 to just 37 in Q4 2025. The Inland Empire East submarket accounted for only 14 signed leases but contributed 87,000 sq. ft. in leasing volume, driven primarily by two transactions exceeding 20,000 sq. ft. in the city of Redlands.

## INVESTMENT

Investment activity in the Inland Empire office market surged dramatically in Q4 2025, with sales volume soaring over 500% to \$105 million compared to a revised \$17 million in Q3 2025. Larger deals defined Q4 2025, including three transactions exceeding \$10 million and 25 deals surpassing \$1 million, up from no deal exceeding 10 million and only four deals exceeding 1 million in Q3 2025. User demand re-emerged, accounting for roughly 41% of sales volume. The surge signaled growing confidence among occupiers to commit long-term and capitalize on depreciation benefits from evolving federal tax policies.

Government entities dominated the quarter’s largest office transactions, underscoring their influence on regional stability and growth. Krausz Companies sold a 50,082 sq. ft. property for \$12.95 million, backed by long-term leases to state agencies. Riverside Unified School District purchased a 49,202 sq. ft. building for \$12.2 million as part of a strategic move to consolidate operations and enhance efficiency. Lastly, the County of San Bernardino acquired a 39,600 sq. ft. office for \$12 million to centralize its Preschool Services Department.

FIGURE 4: Vacancy Rate by Class (%)



Source: CBRE Research, Q4 2025.

FIGURE 5: Net Absorption by Class (sq. ft. in thousands)



Source: CBRE Research, Q4 2025.

## MARKET OUTLOOK

The U.S. economy is some sending mixed signals. Financial markets are focused on the upside, particularly AI’s sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are ‘slow to hire, slow to fire’—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

The Inland Empire continues to outperform neighboring Southern California markets, driven by migration trends and competitive lease rates that attract occupiers seeking cost-effective alternatives to coastal communities. With vacancy rates far below the national average, and no market in the US dipping below 10% in 2025, the region continued to demonstrate exceptional resilience and strength. Demand for government, education, and healthcare sectors reinforce long-term stability in the IE. Additionally, the absence of new construction starts, combined with strong economic fundamentals, strategic access to coastal markets, and limited new supply, positions the IE office market for sustained positive momentum throughout 2026.

FIGURE 6: Market Statistics

Submarket `	Market Rentable Area (sq. ft.)	Avail. Rate (%)	Vacancy Rate (%)	Q4 2025 Net Absorption (sq. ft.)	2025 YTD Net Absorption (sq. ft.)	Under Construction (sq. ft.)	Construction Deliveries (sq. ft.)	Avg Asking Lease Rate (\$/SF/MO)
Inland Empire East	15,854,213	7.25%	5.02%	(8,988)	(24,747)	0	0	\$2.11
Inland Empire West	8,924,308	10.46%	7.35%	8,009	(45,401)	0	0	\$2.29
<b>Inland Empire Total</b>	<b>24,778,521</b>	<b>8.40%</b>	<b>5.86%</b>	<b>(979)</b>	<b>(70,148)</b>	<b>0</b>	<b>0</b>	<b>\$2.19</b>

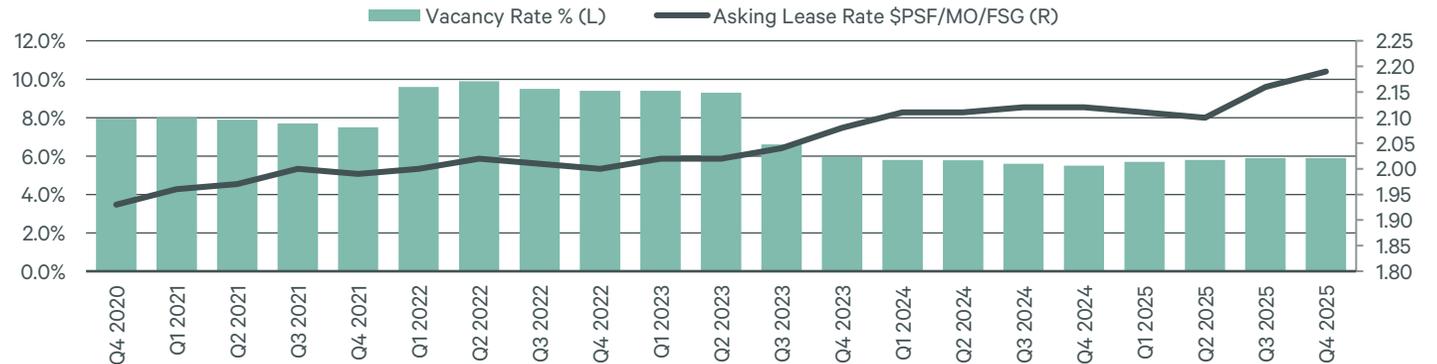
Source: CBRE Research, Q4 2025.

FIGURE 7: Key Transactions

Address	City	Submarket	Total Sq. Ft.
3390 University Ave	Riverside	Inland Empire East	24,890
Confidential	Redlands	Inland Empire East	20,560
10750 Fourth St	Rancho Cucamonga	Inland Empire West	10,556
2280 Wardlow Cir	Corona	Inland Empire East	9,438
3390 University Ave	Riverside	Inland Empire East	8,776

Source: CBRE Research, Q4 2025.

FIGURE 8: Vacancy and Asking Lease Rate (\$PSF/MO/FSG)



Source: CBRE Research, Q4 2025.

FIGURES INSERT | INLAND EMPIRE OFFICE | Q4 2025

FIGURE 1: Market Statistics by City

City	Bldg Count	Sq. Ft. RBA	Total Sq. Ft. Available	Availability Rate (%)	Sq. Ft. Vacant Direct	Sq. Ft. Vacant Sublease	Sq. Ft. Vacant Total	Total Vacancy Rate (%)	Q4 2025 Net Absorption (sq. ft.)	2025 YTD Net Absorption (sq. ft.)	Under Construction (sq. ft.)	Construction Deliveries (sq. ft.)	Avg Asking Lease Rate (\$PSF/MO/FSG)
Colton	24	594,707	70,803	11.91 %	60,148	0	60,148	10.11 %	0	0	0	0	1.67
Corona	49	2,227,539	173,213	7.78 %	146,433	2,483	148,916	6.69 %	2,348	(1,980)	0	0	2.37
Grand Terrace	1	29,781	4,771	16.02 %	4,771	0	4,771	16.02 %	0	0	0	0	1.65
Loma Linda	15	276,443	0	0 %	0	0	0	0 %	0	0	0	0	0.00
Moreno Valley	20	578,414	15,328	2.65 %	0	0	0	0 %	0	0	0	0	2.20
Norco	12	279,950	12,494	4.46 %	4,779	0	4,779	1.71 %	0	1,222	0	0	1.46
Redlands	39	1,135,837	23,934	2.11 %	14,483	0	14,483	1.28 %	0	(2,463)	0	0	2.11
Riverside	196	6,403,465	607,161	9.48 %	365,225	4,193	369,418	5.77 %	(10,312)	(56,101)	0	0	2.19
San Bernardino	101	4,328,077	240,947	5.57 %	191,083	2,132	193,215	4.46 %	(1,024)	34,575	0	0	1.83
Inland Empire East	457	15,854,213	1,148,651	7.25 %	786,922	8,808	795,730	5.02 %	(8,988)	(24,747)	0	0	2.11
Chino	6	232,674	0	0 %	0	0	0	0 %	0	1,950	0	0	0.00
Chino Hills	12	249,348	18,019	7.23 %	14,974	0	14,974	6.01 %	0	(6,776)	0	0	2.56
Fontana	6	153,946	28,687	18.63 %	11,119	17,568	28,687	18.63 %	0	(13,668)	0	0	2.08
Ontario	69	3,626,753	430,825	11.88 %	269,043	44,758	313,801	8.65 %	13,350	(25,357)	0	0	2.36
Rancho Cucamonga	112	3,804,631	398,245	10.47 %	248,644	25,000	273,644	7.19 %	(5,341)	8,067	0	0	2.31
Upland	29	856,956	57,820	6.75 %	24,626	0	24,626	2.87 %	0	(9,617)	0	0	1.75
Inland Empire West	234	8,924,308	933,596	10.46 %	568,406	87,326	655,732	7.35 %	8,009	(45,401)	0	0	2.29
Inland Empire Total	691	24,778,521	2,082,247	8.40 %	1,355,328	96,134	1,451,462	5.86 %	(979)	(70,148)	0	0	2.19

Source: CBRE Research, Q4 2025.

FIGURE 2: Market Statistics By Class

Class	Bldg Count	Sq. Ft. RBA	Total Sq. Ft. Available	Availability Rate (%)	Sq. Ft. Vacant Direct	Sq. Ft. Vacant Sublease	Sq. Ft. Vacant Total	Total Vacancy Rate (%)	Q4 2025 Net Absorption (sq. ft.)	2025 YTD Net Absorption (sq. ft.)	Under Construction (sq. ft.)	Construction Deliveries (sq. ft.)	Avg Asking Lease Rate (\$PSF/MO/FSG)
Class A	132	9,362,301	967,512	10.33 %	504,598	72,241	576,839	6.16 %	(6,917)	51,539	0	0	2.44
Class B	383	10,757,447	957,193	8.9 %	727,377	19,268	746,645	6.94 %	(2,154)	(97,266)	0	0	2.03
Class C	176	4,658,773	157,542	3.38 %	123,353	4,625	127,978	2.75 %	8,092	(24,421)	0	0	1.52
Inland Empire Total	691	24,778,521	2,082,247	8.4 %	1,355,328	96,134	1,451,462	5.86 %	(979)	(70,148)	0	0	2.19

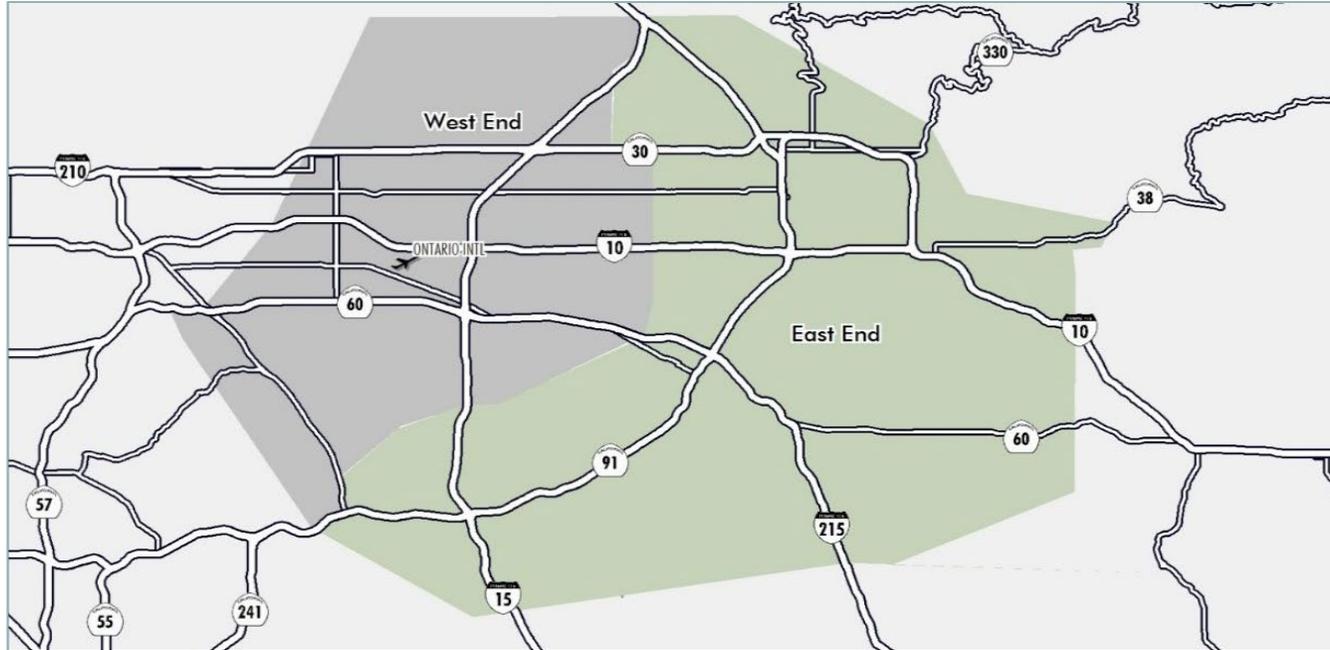
Source: CBRE Research, Q4 2025.

FIGURE 3: Market Statistics By District

	Bldg Count	Sq. Ft. RBA	Total Sq. Ft. Available	Availability Rate (%)	Sq. Ft. Vacant Direct	Sq. Ft. Vacant Sublease	Sq. Ft. Vacant Total	Total Vacancy Rate (%)	Q4 2025 Net Absorption	2025 YTD Net Absorption	Sq. Ft. Under Construction	Q4 2025 Sq. Ft. Construction Completed	Avg Asking Lease Rate (\$PSF/MO/FSG)
Canyon Springs	16	763,157	120,913	15.84 %	1,803	0	1,803	0.24 %	0	0	0	0	2.26
Chino/Chino Hills	18	482,022	18,019	3.74 %	14,974	0	14,974	3.11 %	0	(4,826)	0	0	2.56
Commercenter/Tri-City	60	2,731,092	177,279	6.49 %	127,415	2,132	129,547	4.74 %	0	3,6071	0	0	1.96
Cooley Ranch	22	571,826	70,803	12.38 %	60,148	0	60,148	10.52 %	0	0	0	0	1.67
Downtown Riverside	29	1,264,897	141,708	11.2 %	86,750	1,700	88,450	6.99 %	(821)	22,983	0	0	2.71
Downtown San Bernardino	30	1,109,644	23,934	2.16 %	23,934	0	23,934	2.16 %	(1,024)	(1,496)	0	0	1.33
Fairmount Park	10	317,872	27,029	8.5 %	17,729	0	17,729	5.58 %	(2,263)	(16,153)	0	0	2.38
Hunter Park	54	1,697,710	202,112	11.9 %	186,548	2,493	189,041	11.14 %	0	(46,022)	0	0	1.87
Magnolia Center	47	1,006,830	59,099	5.87 %	58,144	0	58,144	5.77 %	(1,903)	(13,470)	0	0	1.64
Ontario	69	3,626,753	430,825	11.88 %	269,043	44,758	313,801	8.65 %	13,350	(25,357)	0	0	2.36
Rancho Cucamonga	112	3,804,631	398,245	10.47 %	248,644	25,000	273,644	7.19 %	(5,341)	8,067	0	0	2.31
Tyler Area	10	450,823	38,040	8.44 %	0	0	0	0 %	0	0	0	0	2.75
Non-Submarket Area	214	6,951,264	374,241	5.38 %	260,196	20,051	280,247	4.03 %	(2,977)	(29,945)	0	0	2.12
<b>Inland Empire Total</b>	<b>691</b>	<b>24,778,521</b>	<b>2,082,247</b>	<b>8.4 %</b>	<b>1,355,328</b>	<b>96,134</b>	<b>1,451,462</b>	<b>5.86 %</b>	<b>(979)</b>	<b>(70,148)</b>	<b>0</b>	<b>0</b>	<b>2.19</b>

Source: CBRE Research, Q4 2025.

## Market Area Overview



## Contacts

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## Definitions

**Net Rentable Area** The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies and stairwell areas. **Available Sq. Ft.** Space Available for lease which is either physically vacant or occupied. Includes Subleases. **Vacant Sq. Ft.** Portion of Available sq. ft. which is either physically vacant or immediately available. Includes Subleases. **Direct Vacancy Sq. Ft.** Portion of Available sq. ft. which is either physically vacant or immediately available. Excludes subleases. **Vacancy Rate** Vacant sq. ft. divided by the NRA. **Occupied Sq. Ft.** NRA not considered vacant. **Net Absorption** The change in Occupied sq. ft. from one period to the next. Positive absorption is reflected when a lease is signed, which may not coincide with the date of occupancy. **Average Asking Lease Rate** The rate determined by multiplying the asking gross lease rate for each building in the summary by its associated available space, summing the products, then dividing by the sum of the available spaces with gross lease rates for all buildings in the summary. Direct leases only; excludes sublease space and parking charges. **Full Service Gross (FSG)** Lease Type whereby the landlord assumes responsibility for all of the operating expenses and taxes for the property. **Building Audit and Normalization** CBRE Research conducted a comprehensive building audit of the Inland Empire office market in Q3 2025, updating and adjusting building size, vacancy, and asking lease rates. As a result, current and historical statistics have been modified in this report.

## Survey Criteria

Includes all Class A and B multi-tenant office projects 10,000 sq. ft. and larger, excluding government, medical, and owner-user buildings. Excludes buildings Under Construction or Planned. Under construction buildings which have begun construction as evidenced by site excavation or foundation work.