

Real Estate Market Review

Inland Empire Retail

Top Sale Transactions for 2017

| Property | Submarket | Square Feet | Sale Price | Price/SF | Buyer | Seller |
|-----------------------|---------------------|-------------|---------------|----------|---------------------------------|--------------------------|
| Spectrum Towne Center | West San Bernardino | 340,144 | \$107,984,210 | \$317.47 | MetLife, Inc. | Vestar Development |
| 22500 Town Circle | Riverside | 414,063 | \$53,121,430 | \$128.29 | International Growth Properties | CW Capital |
| Upland Town Square | West San Bernardino | 88,649 | \$28,028,019 | \$316.17 | Brixmore Property Group | Upland Town Center, LLC |
| Murrieta Town Center | South Riverside | 154,037 | \$26,030,096 | \$168.99 | U.S. Realty Partners | Jade Enterprises |
| Rancho Las Palmas | Coachella Valley | 75,011 | \$19,032,983 | \$253.74 | DRA Advisors | Paragon Commercial Group |

Top Lease Transactions for 2017

| Property | Submarket | Square Feet | Date | Landlord | Tenant |
|-------------------------|----------------------|-------------|--------------|--------------------------|--------------|
| Renaissance Marketplace | East San Bernardino | 56,561 | July 2017 | Lewis Group of Companies | Cinemark |
| Shoppes at The Lakes | South Riverside | 53,000 | January 2017 | | Stater Bros. |
| 18499 Phantom Street | North San Bernardino | 43,581 | June 17 | Stirling Enterprises | |
| Gateway to Temecula | South Riverside | 43,560 | July 2017 | Pacific Real Estate LLC | LA Fitness |
| Renaissance Marketplace | East San Bernardino | 43,000 | March 2017 | Lewis Group of Companies | Burlington |

Top Under Construction

| Property | Address | Submarket | Square Feet | Owner | Delivery Date |
|------------------------------|---------------------------|----------------------|-------------|------------------------------------|---------------|
| Renaissance Marketplace | Ayala Drive & 210 Freeway | East San Bernardino | 260,765 | Lewis Group of Companies | June 2018 |
| 11465 Ranchero Road | 11465 Ranchero Road | North San Bernardino | 198,324 | Cannery Casino Resorts LLC | July 2018 |
| The Palms | Monroe & Avenue 42 Street | Coachella Valley | 127,746 | Wells Fargo & Company | February 2018 |
| 6230 Mission Boulevard | 6230 Mission Boulevard | Riverside | 67,500 | Legend International Investment LP | February 2018 |
| Elsinore Central Marketplace | 24674 Collier Avenue | South Riverside | 66,000 | Elsinore Properties LLC | June 2018 |

Market Forecast Trends

| | |
|------------------|-----------------------|
| ↓ VACANCY | ↓ UNEMPLOYMENT |
| ↑ RENTAL RATE | ↑ NEW CONSTRUCTION |

Market Snapshot

| | 2015 | 2016 | 2017 | Annual % Change |
|----------------------|-------------|-------------|-------------|-----------------|
| New Construction | 908,626 | 986,547 | 1,456,673 | 47.65% |
| Under Construction | 843,840 | 1,029,427 | 1,200,721 | 16.64% |
| Vacancy Rate | 8.0% | 7.3% | 6.9% | -5.48% |
| Average Asking Rents | \$16.08 | \$16.80 | \$17.16 | 2.14% |
| Average Sales Price | \$2,633,941 | \$2,063,878 | \$3,104,110 | 50.40% |
| Cap Rate | 5.94% | 5.87% | 6.08% | 3.58% |
| Net Absorption | 1,128,329 | 2,327,232 | 2,085,888 | N/A |

Offices

Seattle
206.296.9600

Bellevue
425.454.7040

South Seattle
206.248.7300

Tacoma
253.722.1400

Olympia
360.705.2800

Portland
503.221.9900

San Francisco
415.229.8888

Redwood Shores
650.769.3600

Silicon Valley
408.970.9400

Sacramento
916.970.9700

Roseville
916.751.3600

Los Angeles
213.880.5250

Commerce
323.727.1144

Long Beach
562.472.0071

Orange County
949.557.5000

Inland Empire
909.764.6500

San Diego
858.509.1200

Carlsbad
760.430.1000

Reno
775.301.1300

Phoenix
602.513.5200

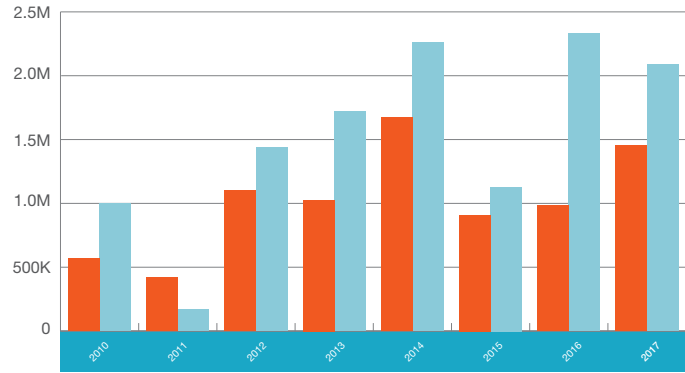
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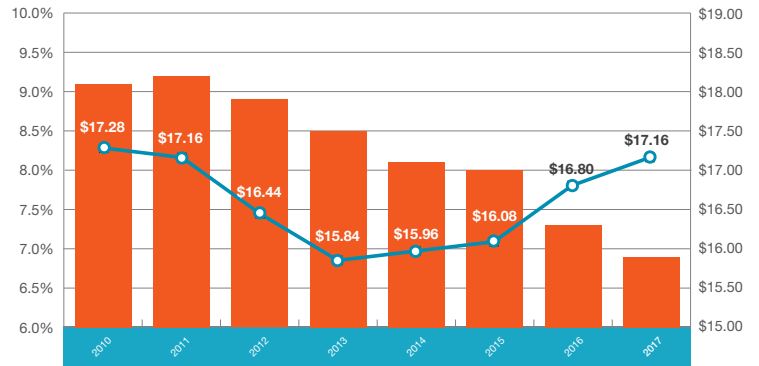
NEW RETAIL CONSTRUCTION & ABSORPTION

■ New Construction
■ Absorption



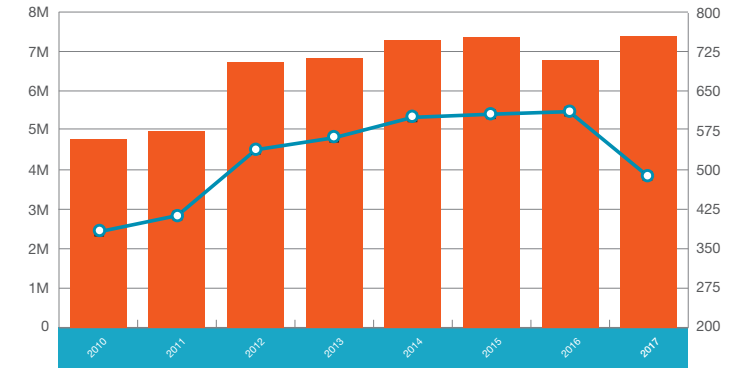
AVERAGE ASKING RENT/SF & VACANCY RATE*

■ Vacancy Rate
● Asking Rent/SF



SQUARE FEET SOLD & NUMBER OF SALE TRANSACTIONS

■ SF Sold
● # of Transactions



AVERAGE SALES PRICE/SF & CAP RATES

■ Average Sales Price/SF
● Cap Rate

