

2016

Inland Empire Retail Overview

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REAL ESTATE PARTNERS

Overview

- ECONOMIC DRIVERS
- RETAIL LEASING DATA
- RETAIL SALES DATA
- PREDICTIONS
- QUESTIONS

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What is Driving Our Economy

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What is Driving Our Economy

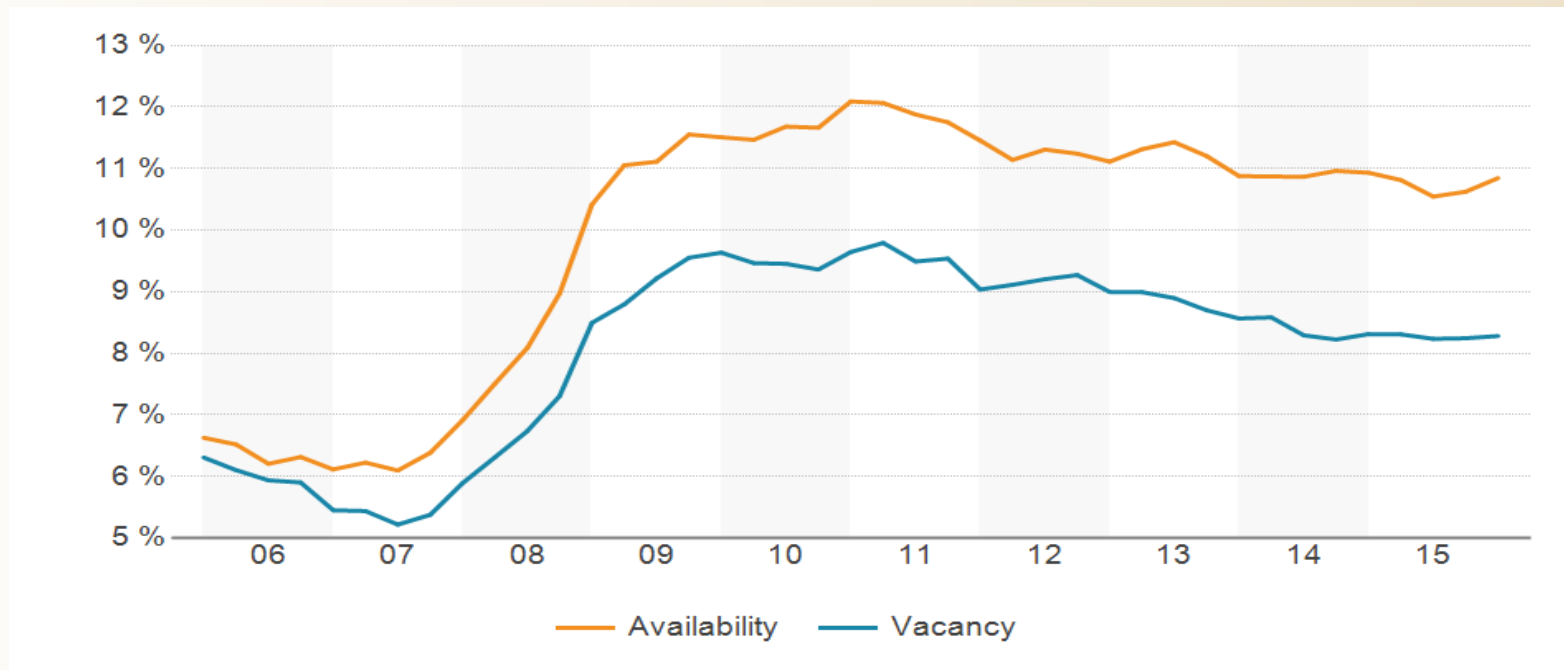
- Low Gas Prices – Up to \$2/gallon below peak;
- Industrial Construction – 15 to 20M SF per Year, 80% of SoCal Industrial Construction – Sub 4% Vacancy;
- Distribution & Transportation;
- Value of the Dollar - More Imports;
- Lower Unemployment – 14%+ to Below 6%
- Rising Home Prices;
- Improved New Housing Construction Market;
- Obamacare – Healthcare is Top 5 Job Generator

Leasing

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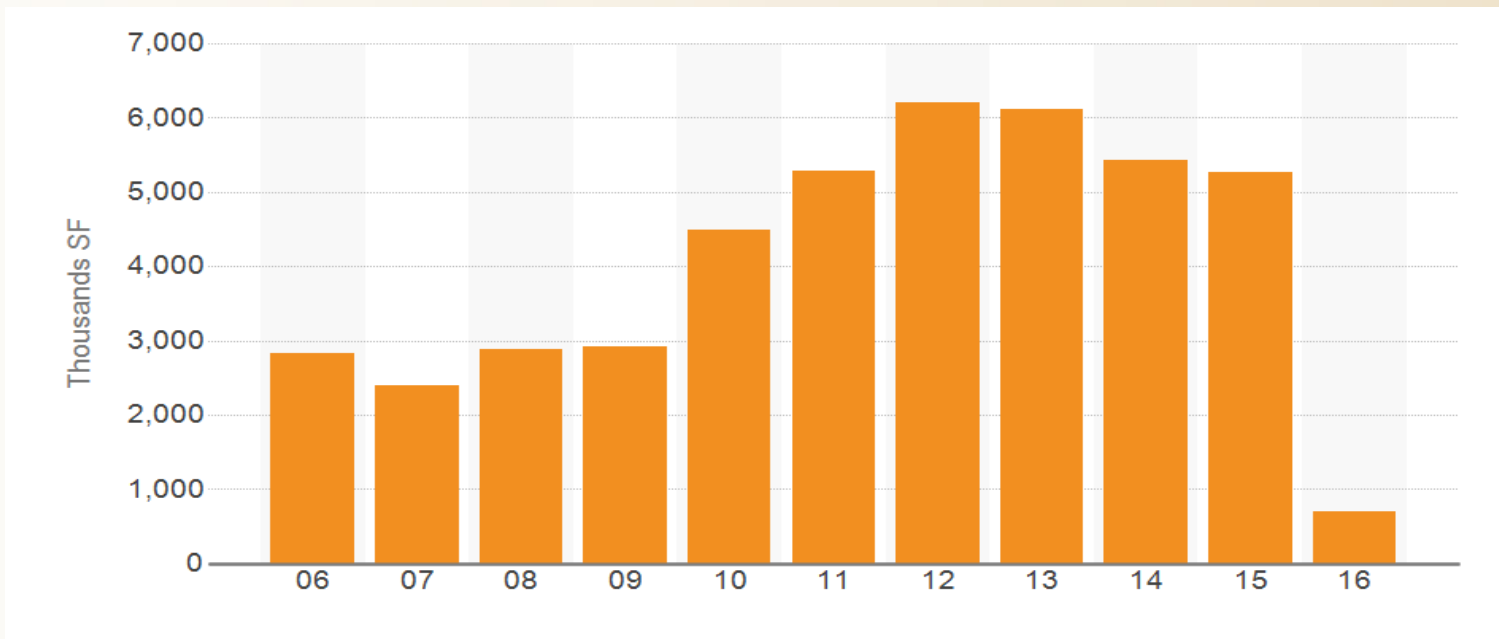
Availability & Vacancy Rate Inland Empire



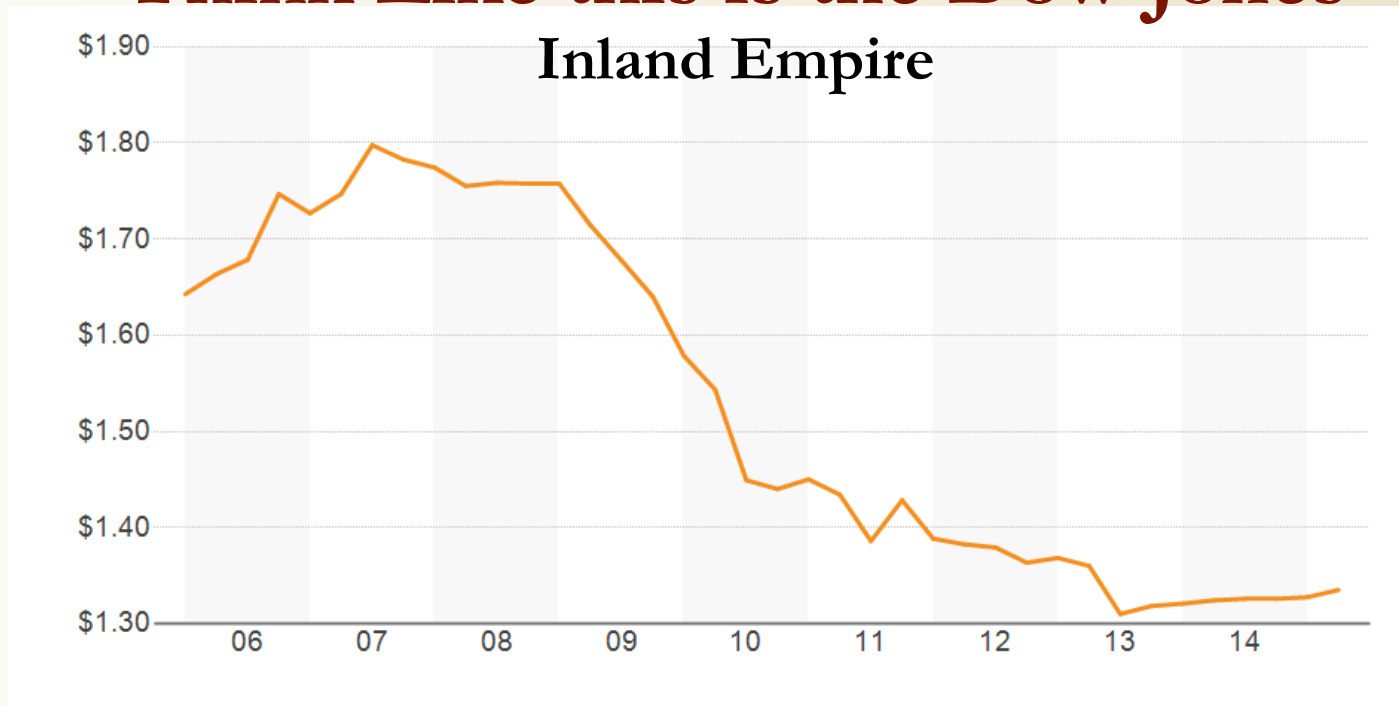
Total Vacancy

- Coachella Valley 11.8%
- High Desert 10.8%
- East San Bernardino 9.8%
- South Riverside 7.8%
- Inland Empire West 6.5%
- Greater Riverside 6.3%

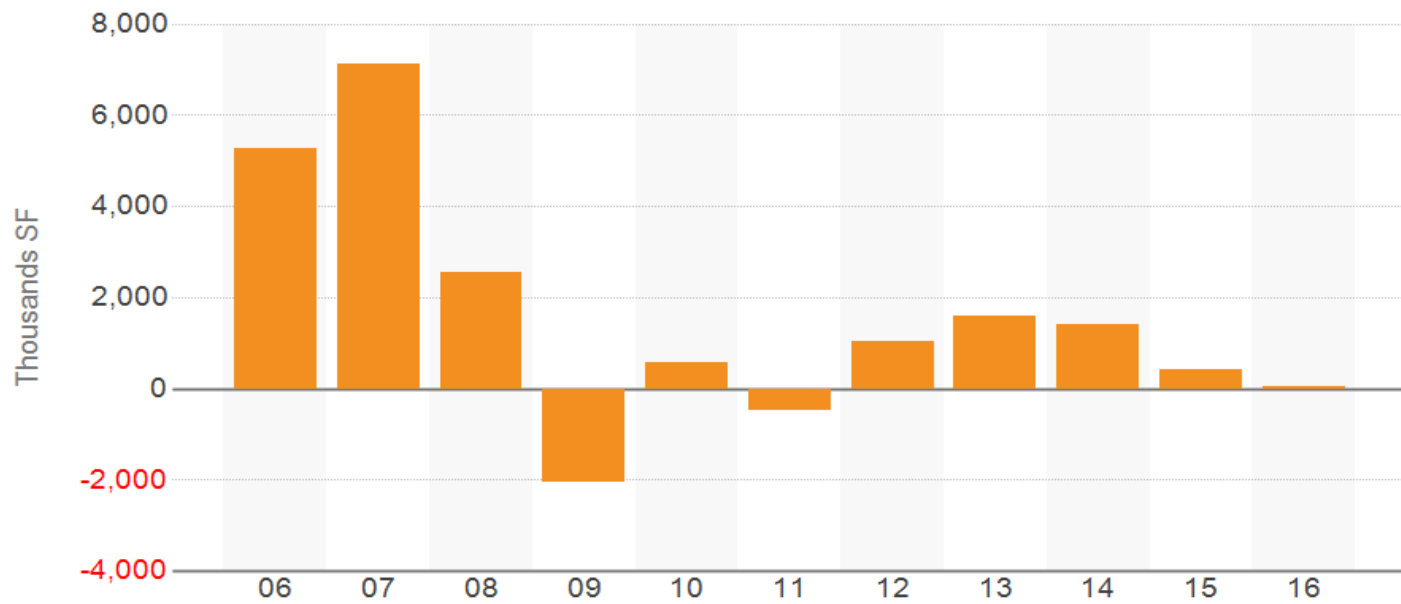
Leasing Activity Inland Empire



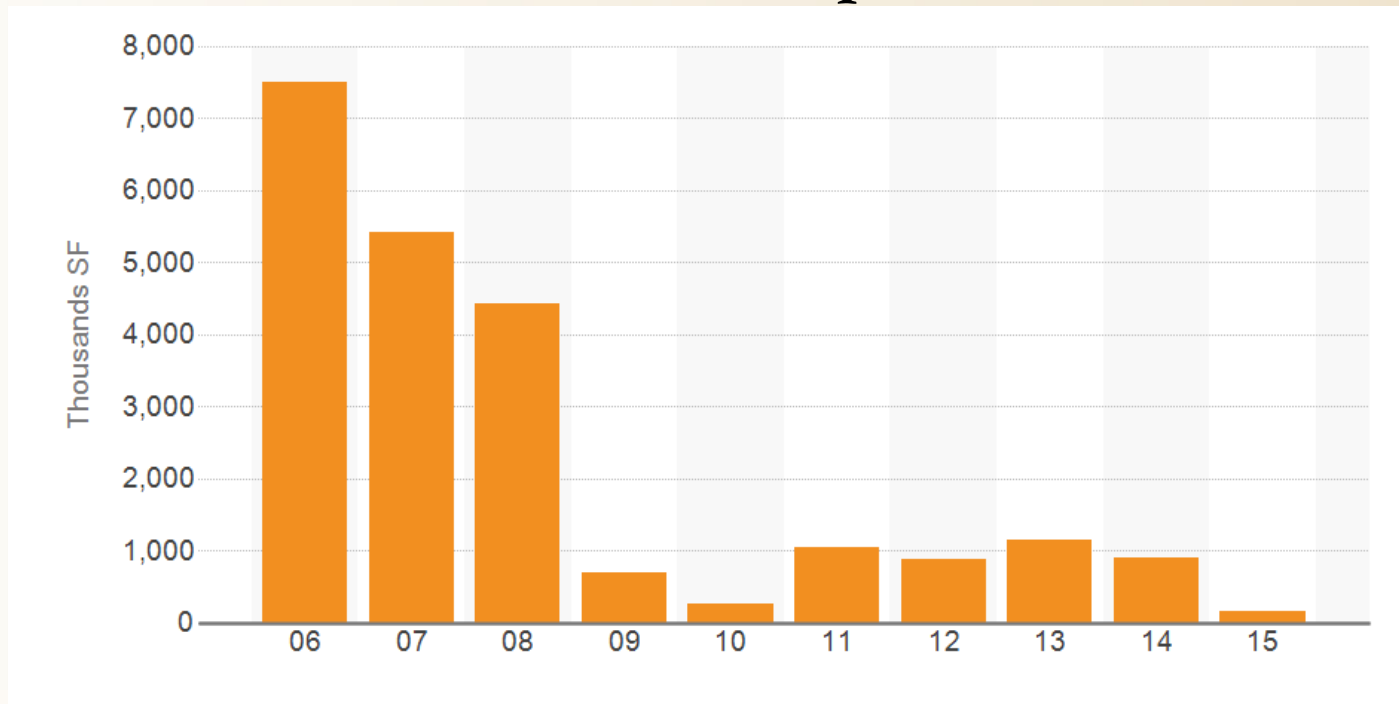
NNN Asking Lease Rate Think Like this is the Dow Jones



Net Absorption Inland Empire



Construction Inland Empire



Most Active Retail Uses

- Fast Casual Restaurants – Chipotle, Panera, Pieology, Jersey Mikes, Jimmy Johns, Waba Grill, Wingstop, Poke Concepts,
- Grocery Operators – Walmart Neighborhood, Smart & Final, Stater Bros., 99 Cent Only, Aldi
- Fitness – Planet Fitness, Crunch, 24 Hour, LA Fitness, Chuze
- Coffee – Starbucks & Dunkin Donuts
- Other – Cell phone, Yogurt/Ice Cream, Les Schwab



Sales Data

COMPLETE INLAND EMPIRE OVERVIEW

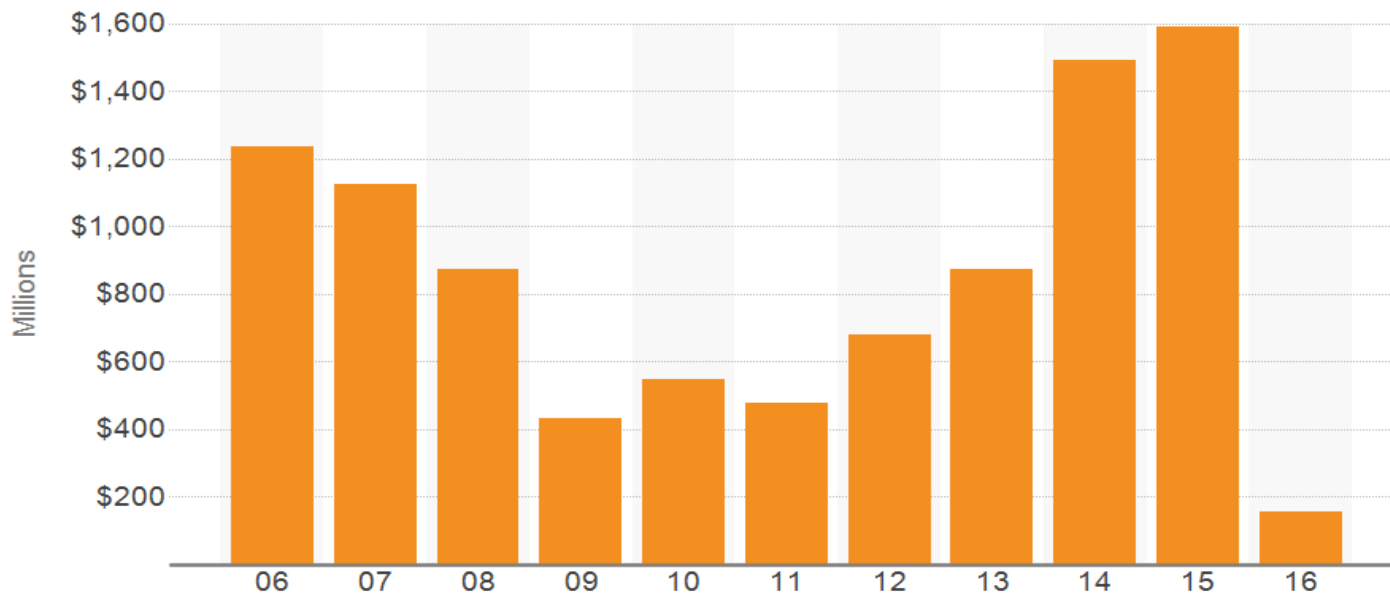
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Average Sale Price Per Square Foot Inland Empire



Sales Volume Inland Empire



Cap Rate Inland Empire



Cap Rate Ranges

Investment Property Type	Cap Rate
Single Tenant	4.5 – 5.75%
Multi-Tenant	5.50 – 7.5%

Summary & Outlook

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Summary & Outlook

- Vacancy rates have been decreasing modestly and this decrease should continue due to an improving economy, but a lack of significant development;
- Development and redevelopment will increase;
- B & C space will remain very competitive due to a surplus of such space – make your space as desirable as possible;

Summary & Outlook

- Record year for sales volume;
 - Election
 - Prospect of Rising Interest Rates
 - 2006/2007 Loans Coming Due
- Cap rates will exist;
- Impact of Internet;
- Impact of Minimum Wage Increase