

2025 Inland Empire Retail Overview



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Overview

I. Retail Leasing Market Data

II. Retail Investment Sales Market Data

III. What Is Really Going On?

IV. Questions

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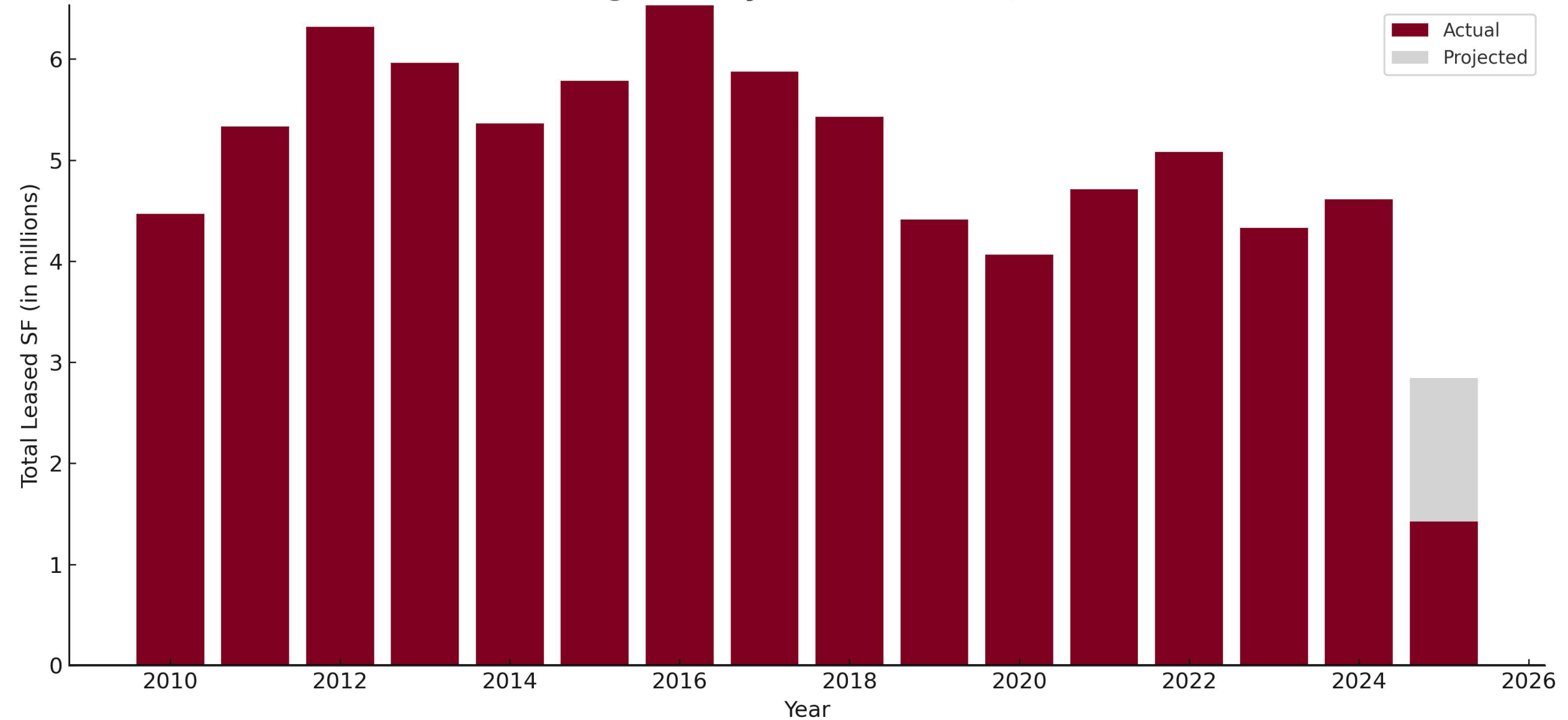
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Leasing

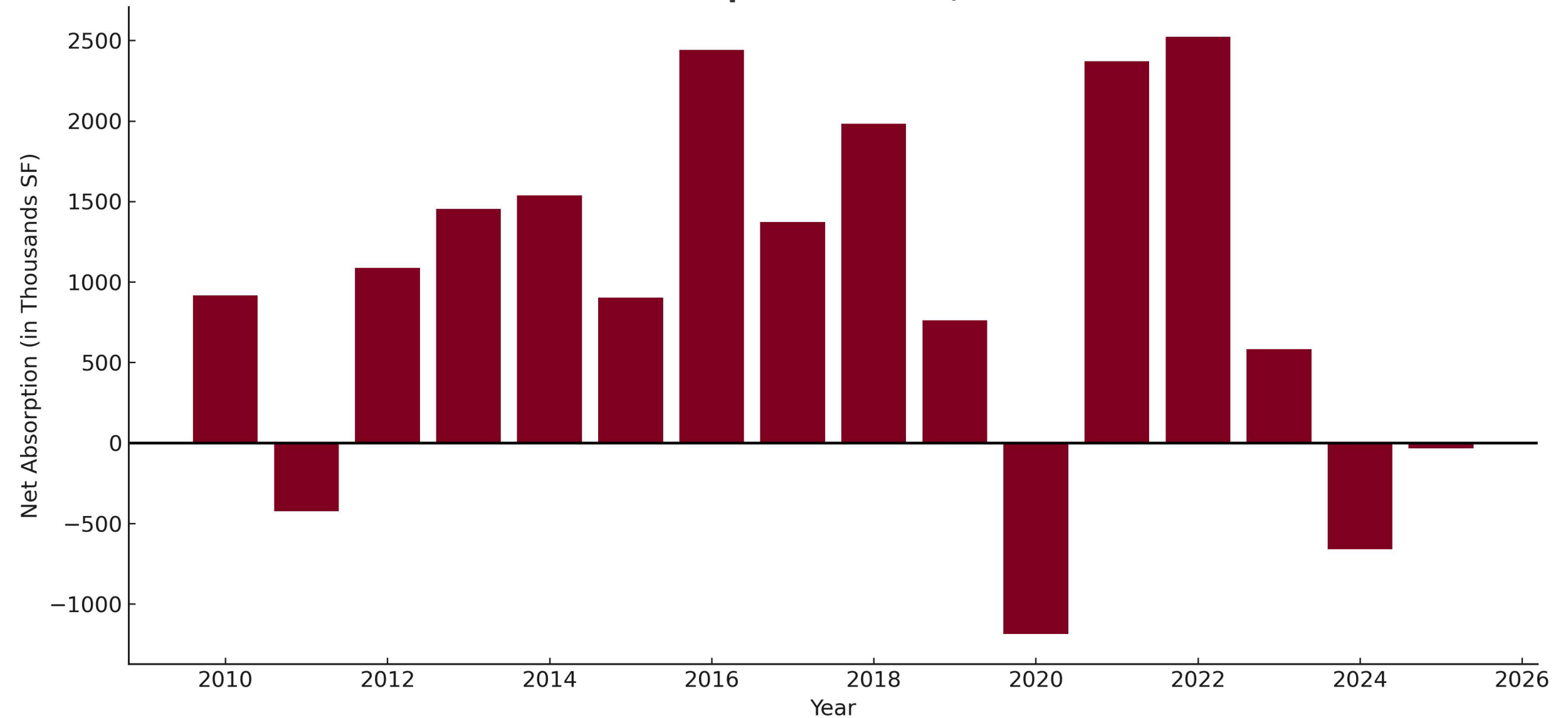
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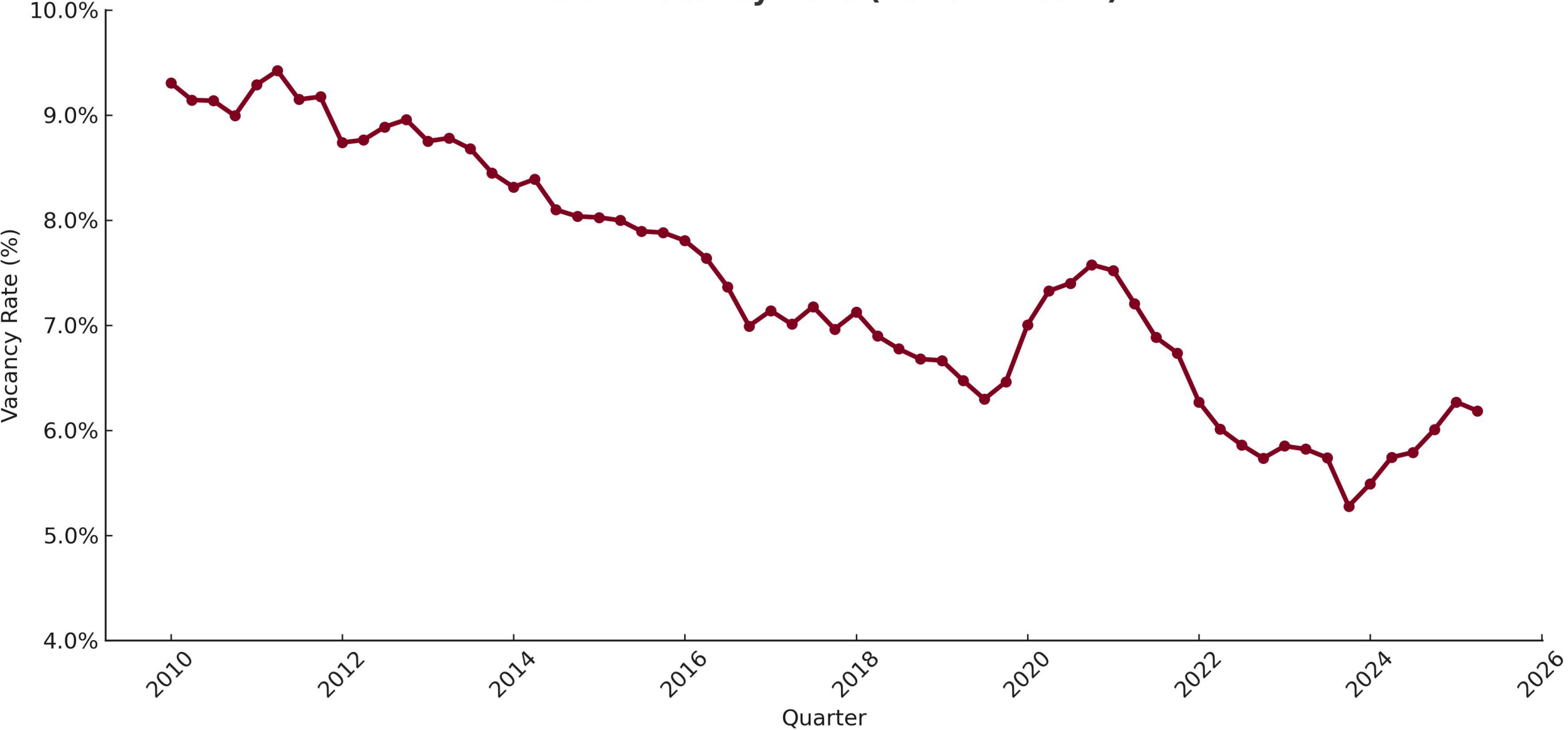
Retail Leasing Activity (Annual Totals, 2010-2025)



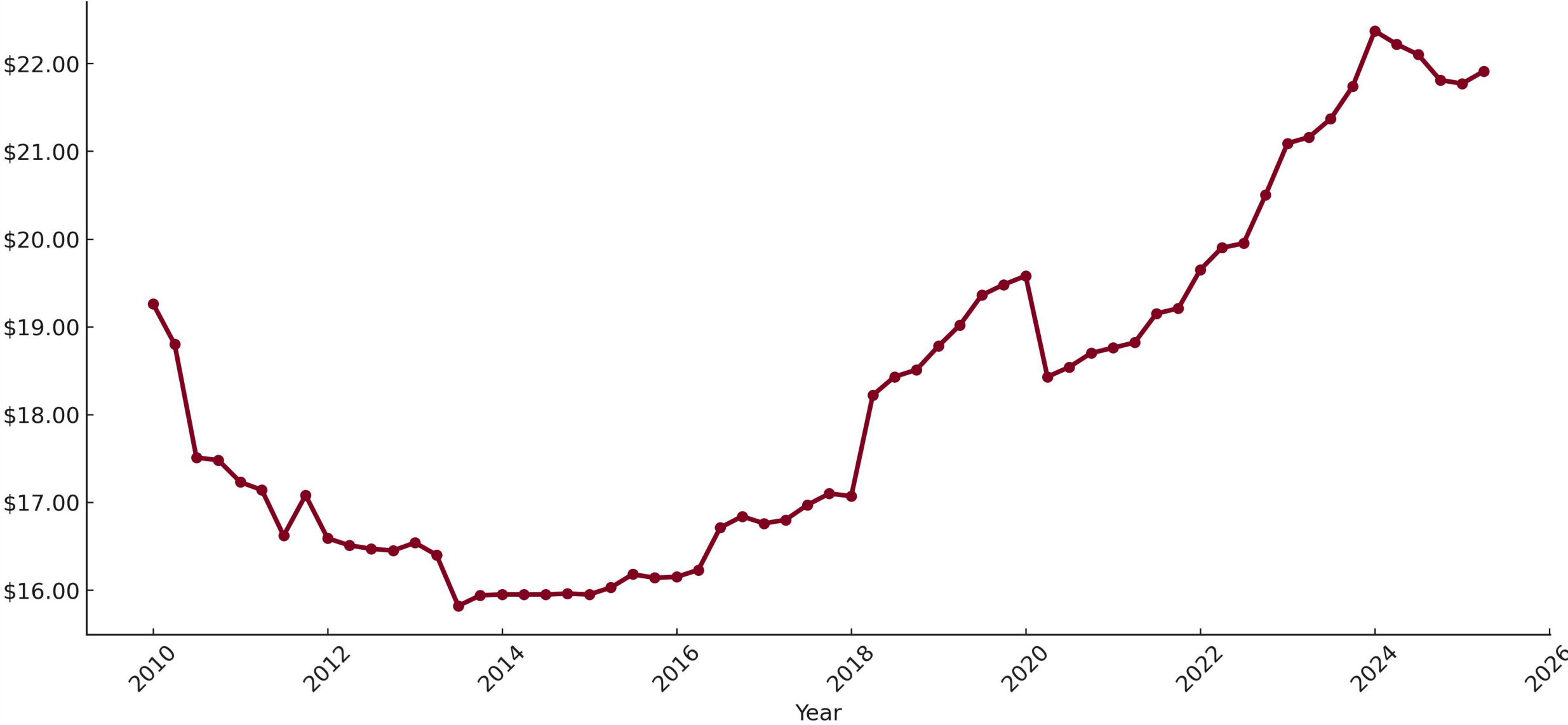
Retail Net Absorption (Annual, 2010-Present)



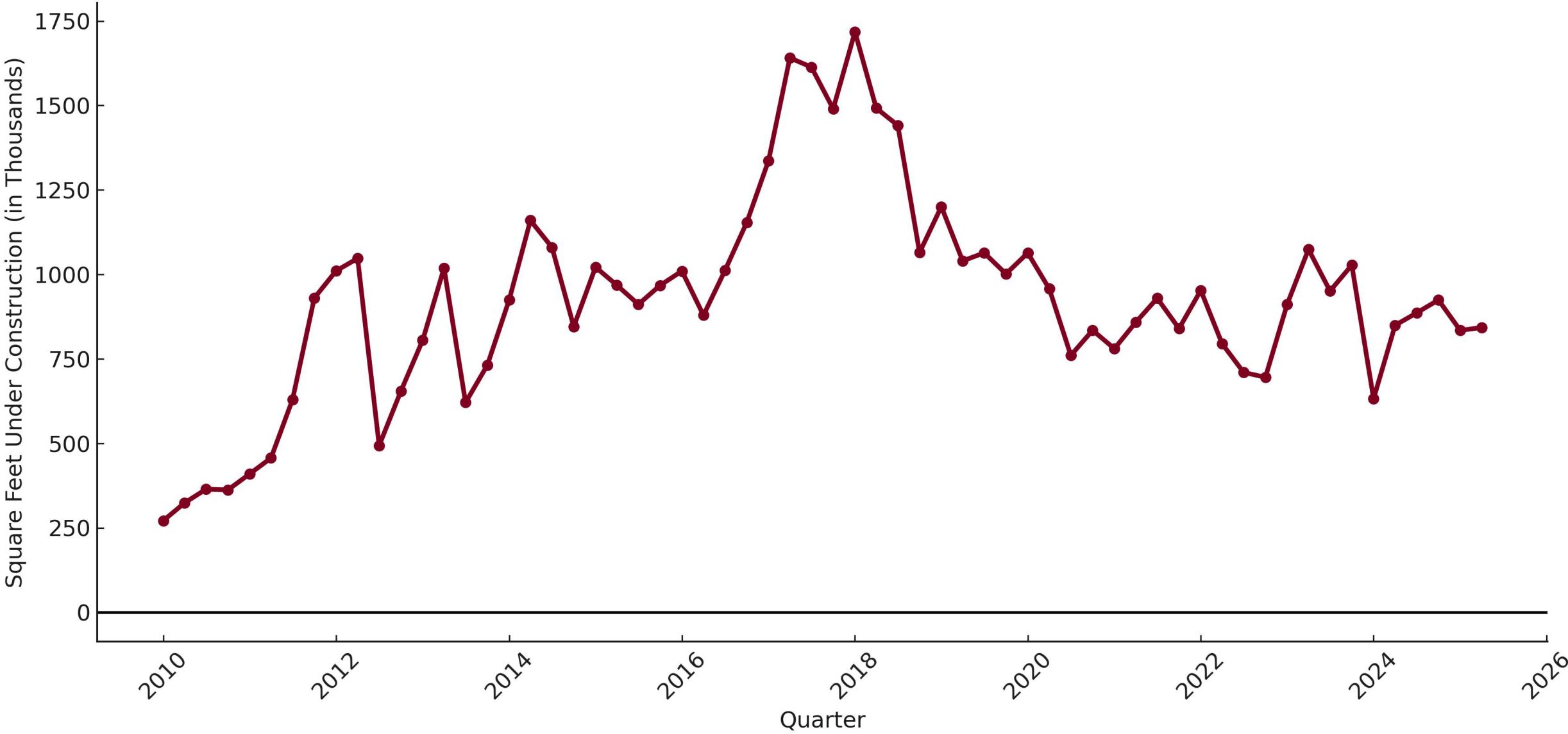
Retail Vacancy Rate (2010-Present)



Retail Direct Rent Per SF (2010-Present)



Retail Space Under Construction (Quarterly, 2010-Present)



What's Really Happening

Medium to Large Retail Spaces are Substantially
Impacting the Vacancy Rate

RITE AID

BIG LOTS

JOANN
FABRICS

WALGREENS

99¢ ONLY

What's Really Happening

<4%

Actual vacancy rate for shop
space in anchored centers

12.6M

Square feet of vacancy amongst
3,322 spaces

322 Spaces

15,000+ SF spaces with 5.5M square feet available
10% of spaces account for 44% of vacancy

What's Really Happening

Market Reality Check

Decreased leasing activity may not reflect a decrease in **demand**, but instead a decrease in **desirable space**

Development Challenge

Development is not occurring because it is **too expensive to develop**

The multi-tenant retail center may be like the **16 unit apartment building**
— **can't be built anymore**



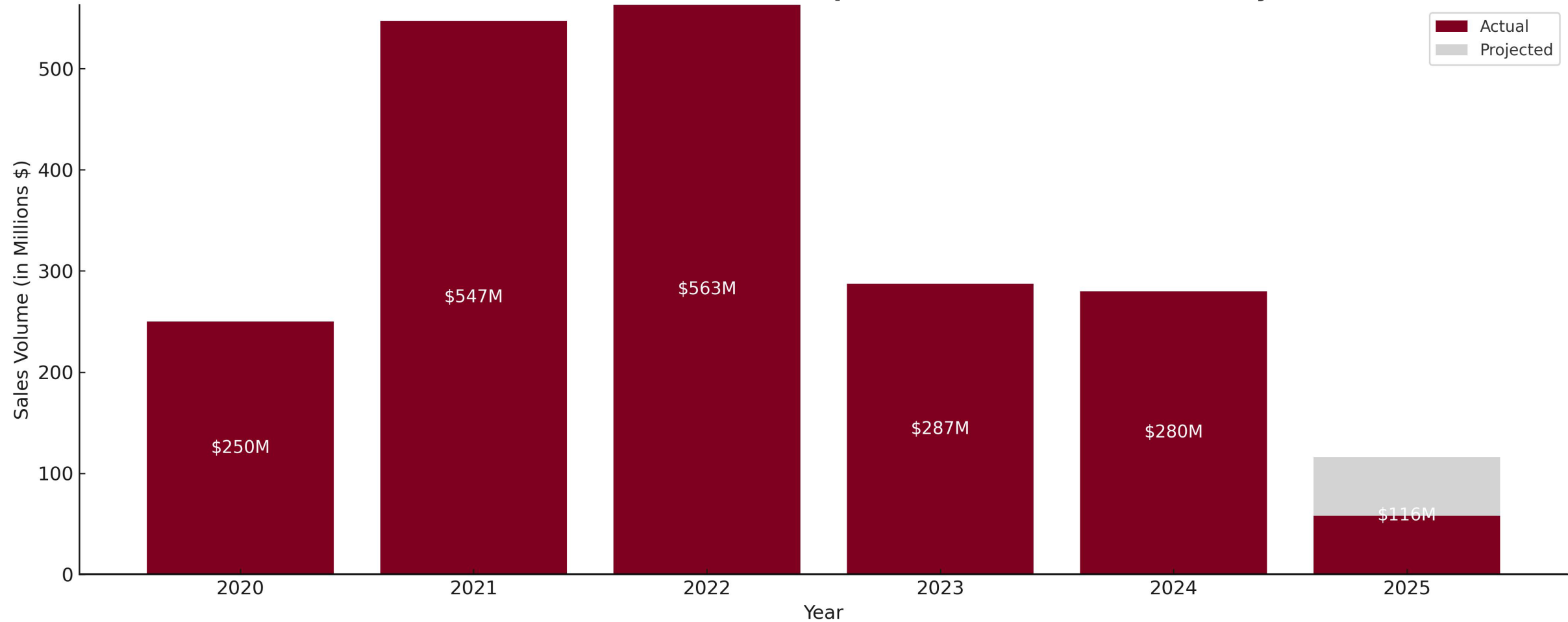
Sales Data

Inland Empire Overview

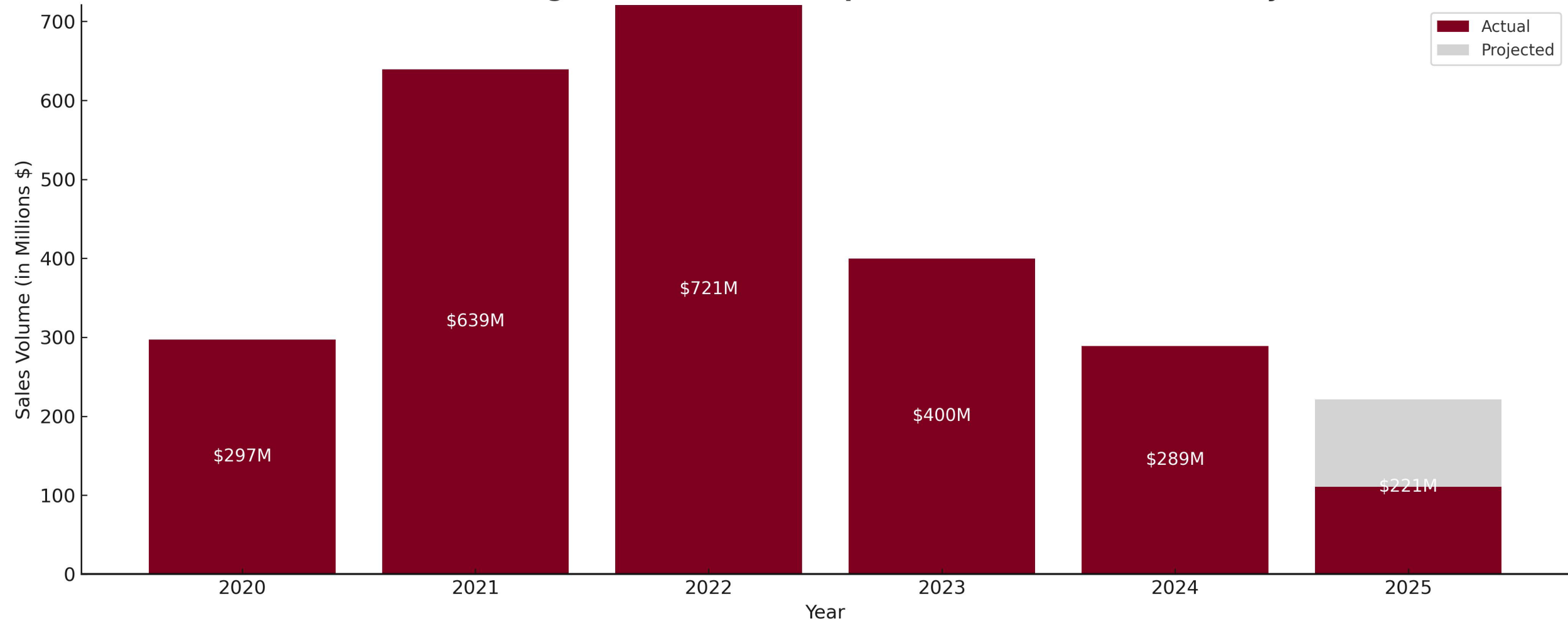
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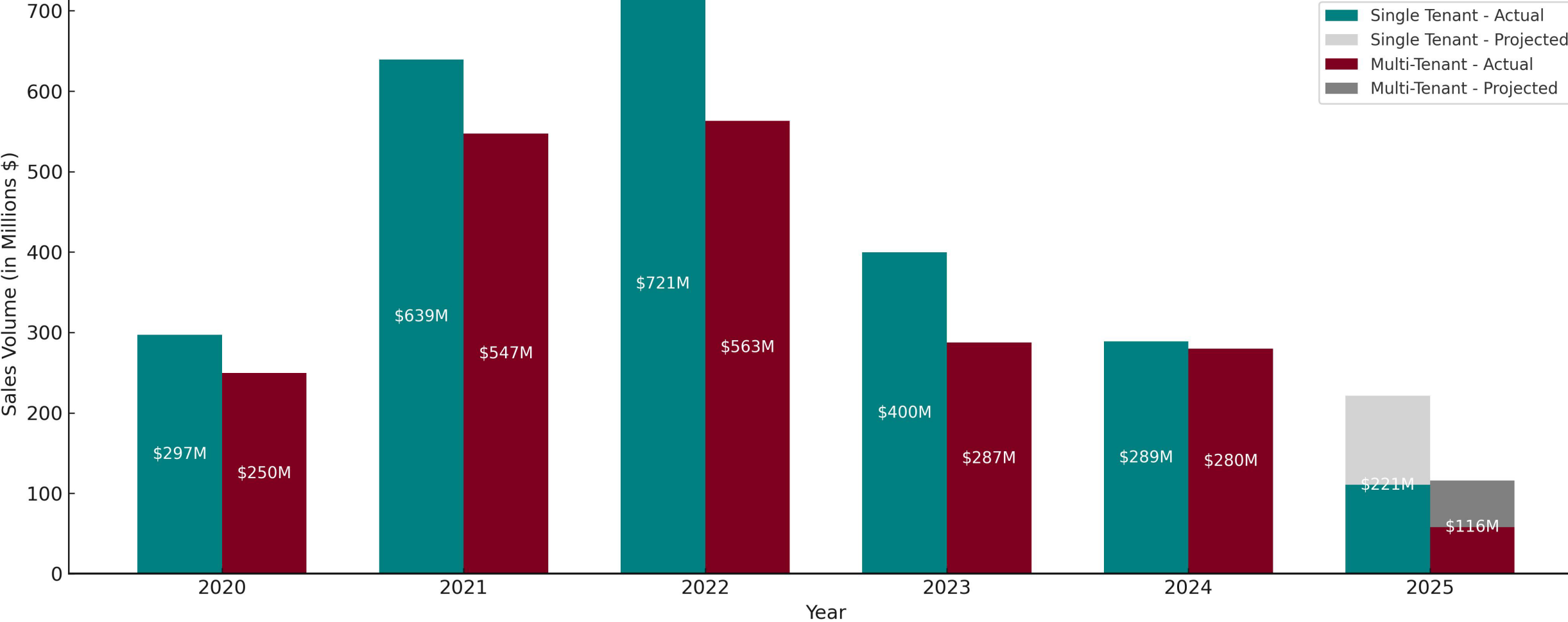
Sales Volume - Multi-Tenant Retail Properties (2019-2025 YTD + Projected)



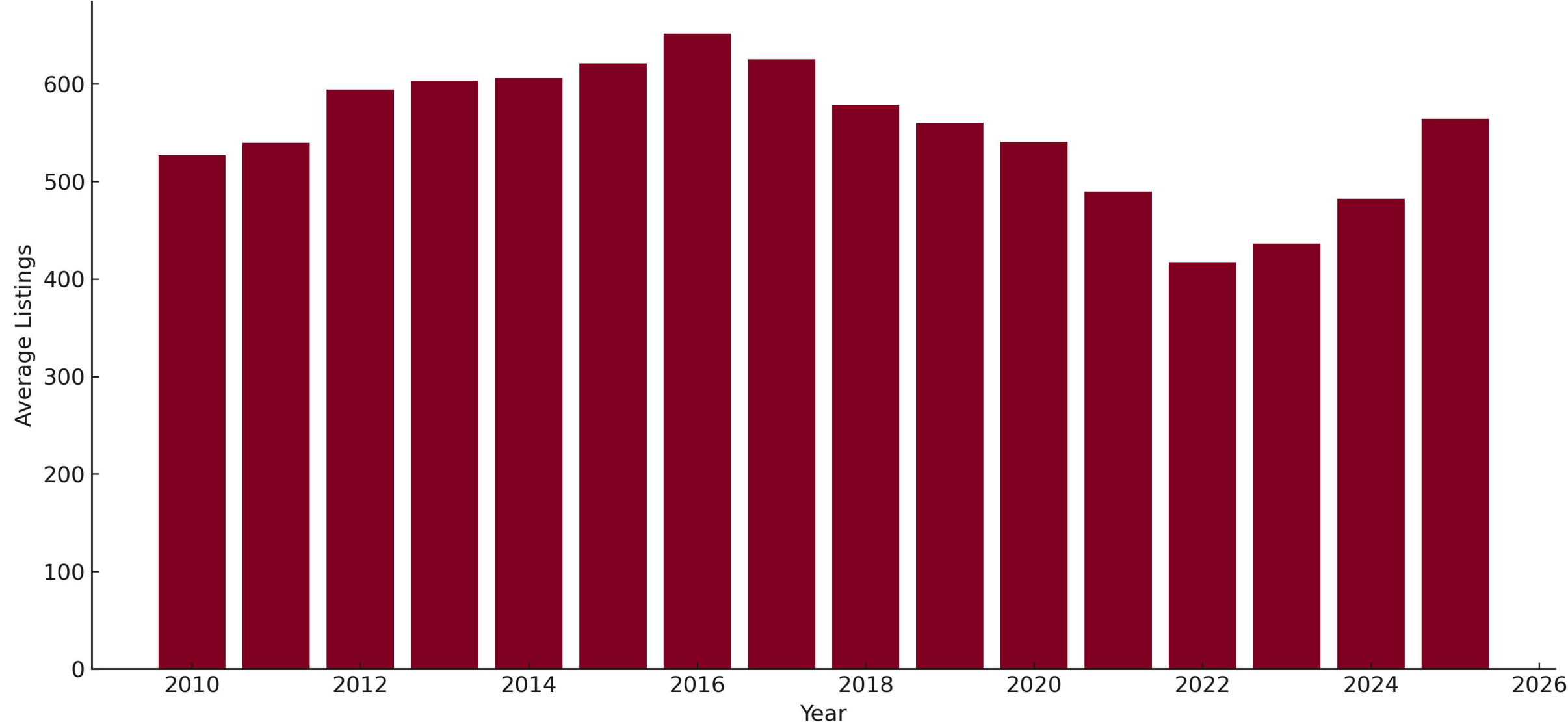
Sales Volume - Single Tenant Retail Properties (2019-2025 YTD + Projected)



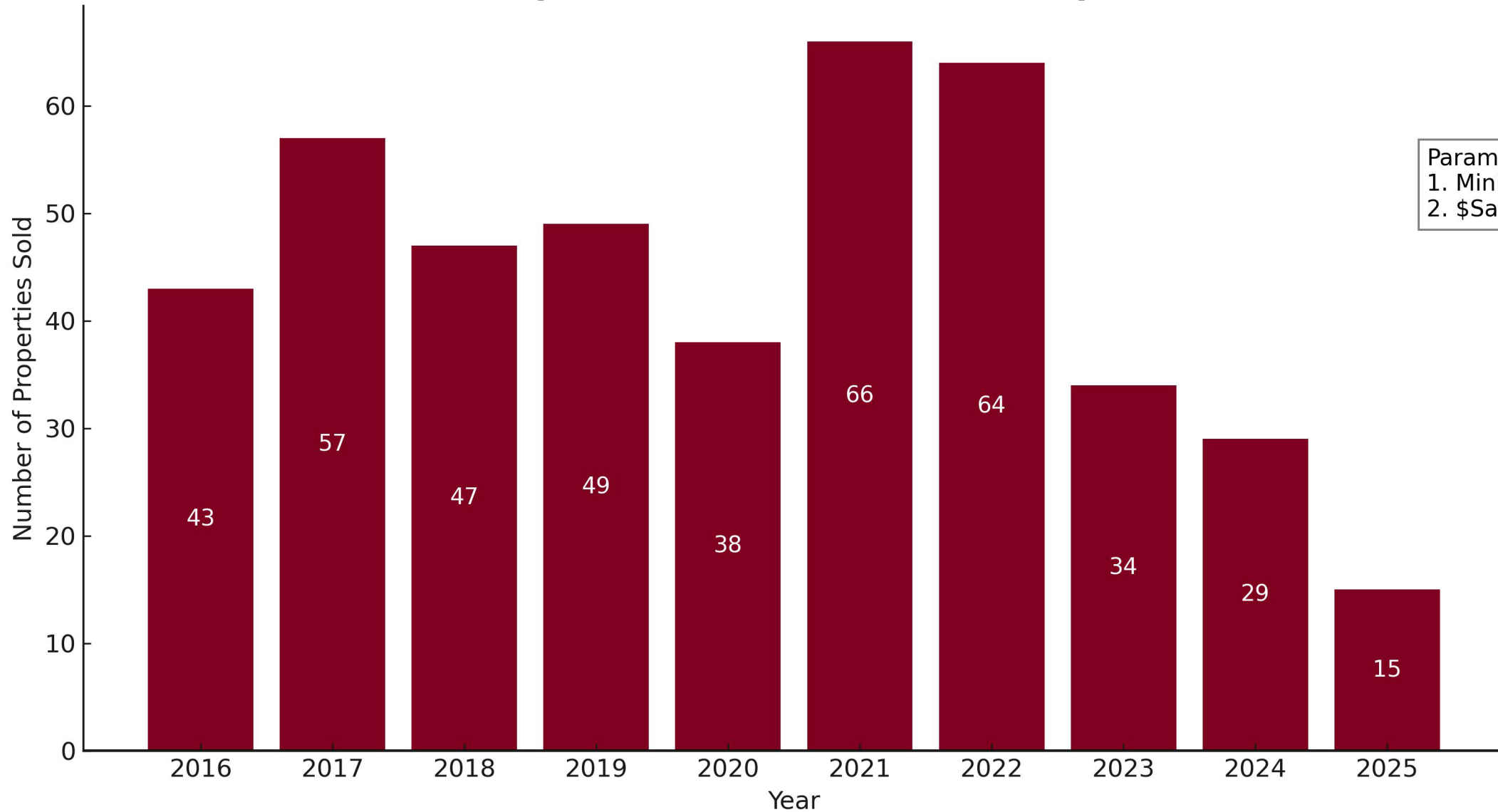
Sales Volume - Single vs. Multi-Tenant Retail Properties (2019-2025)



Retail Property Listings (Annual Average, 2010-Present)

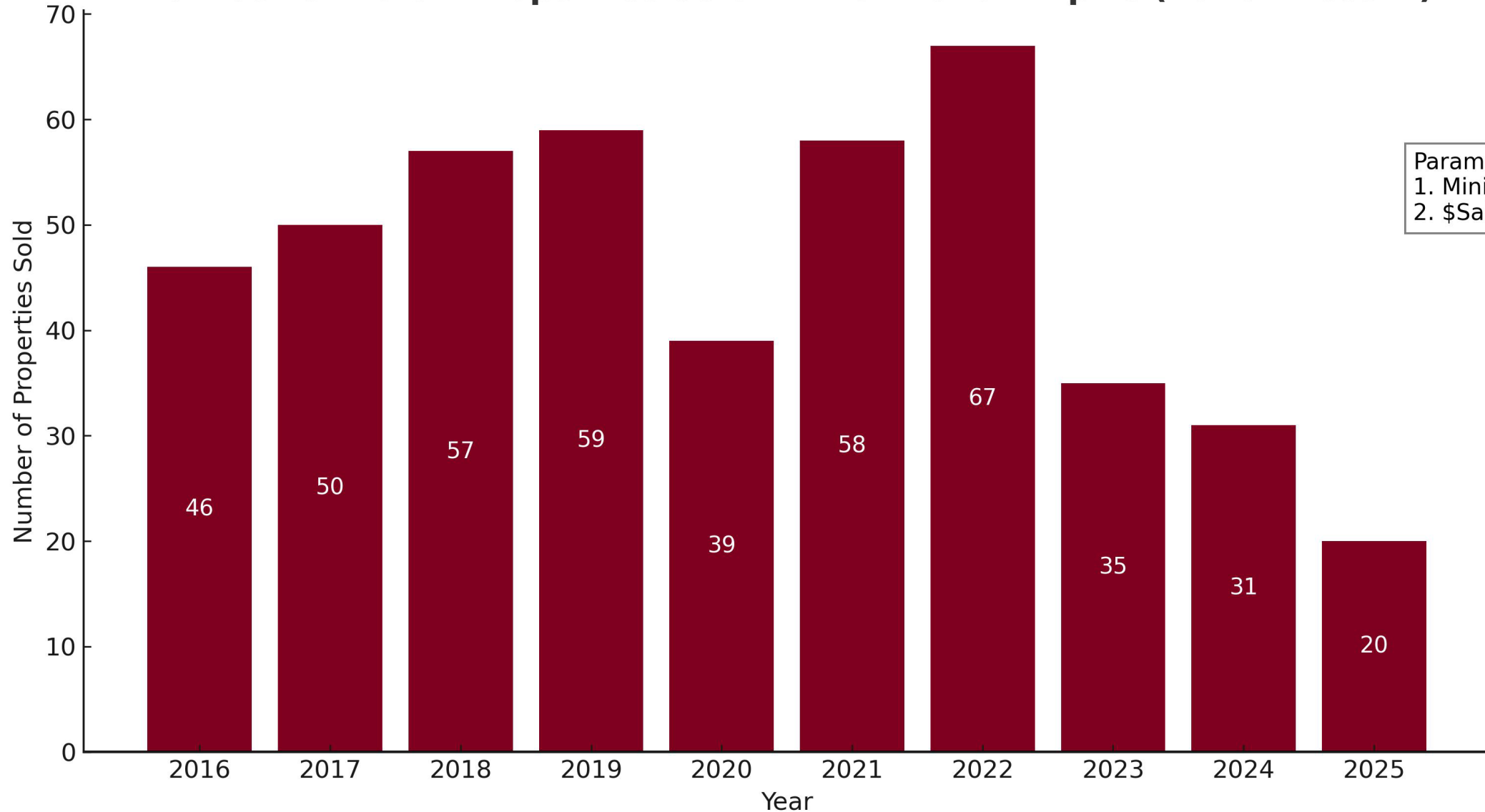


Number of Retail Properties Sold in the Inland Empire (2016-Present)



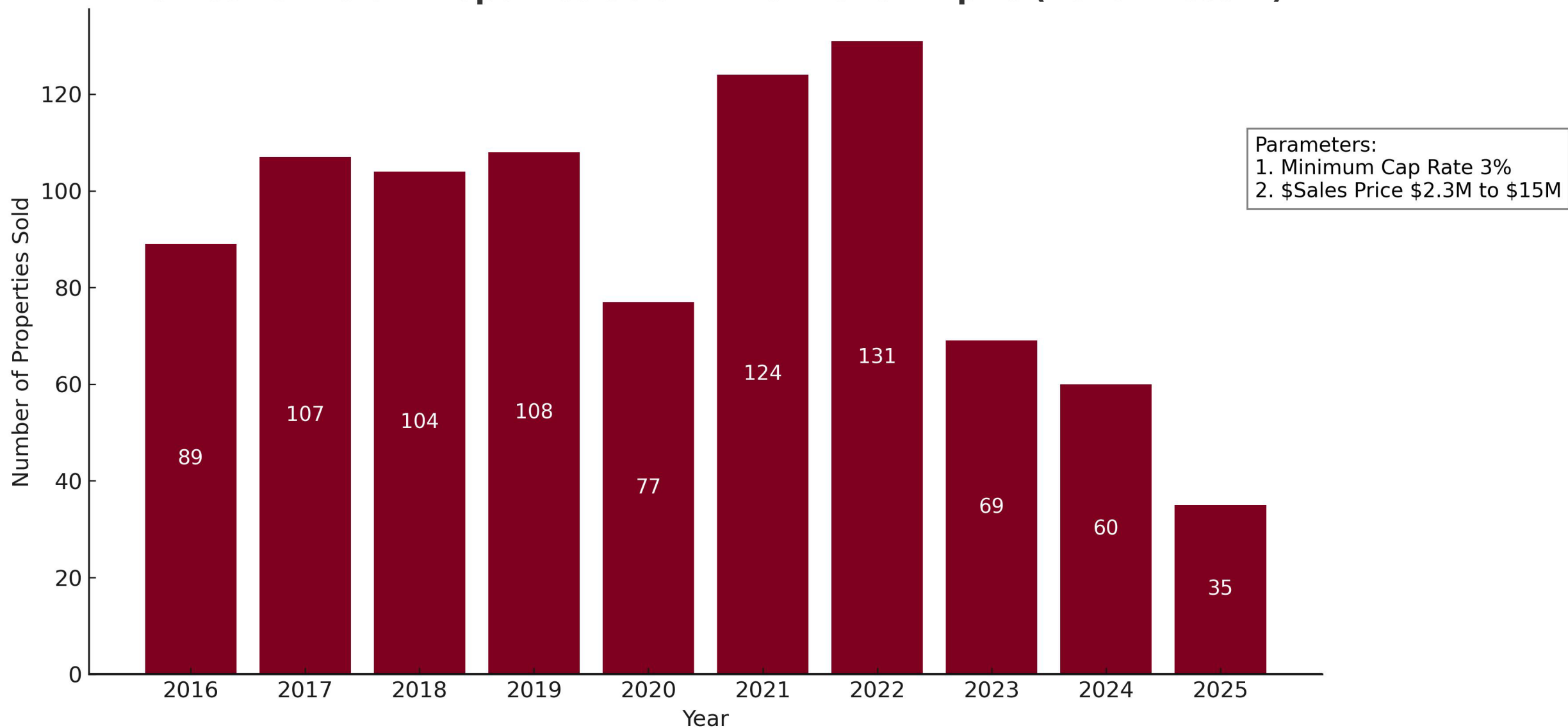
Parameters:
1. Minimum Cap Rate 3%
2. \$Sales Price \$4M to \$15M

Number of Retail Properties Sold in the Inland Empire (2016-Present)

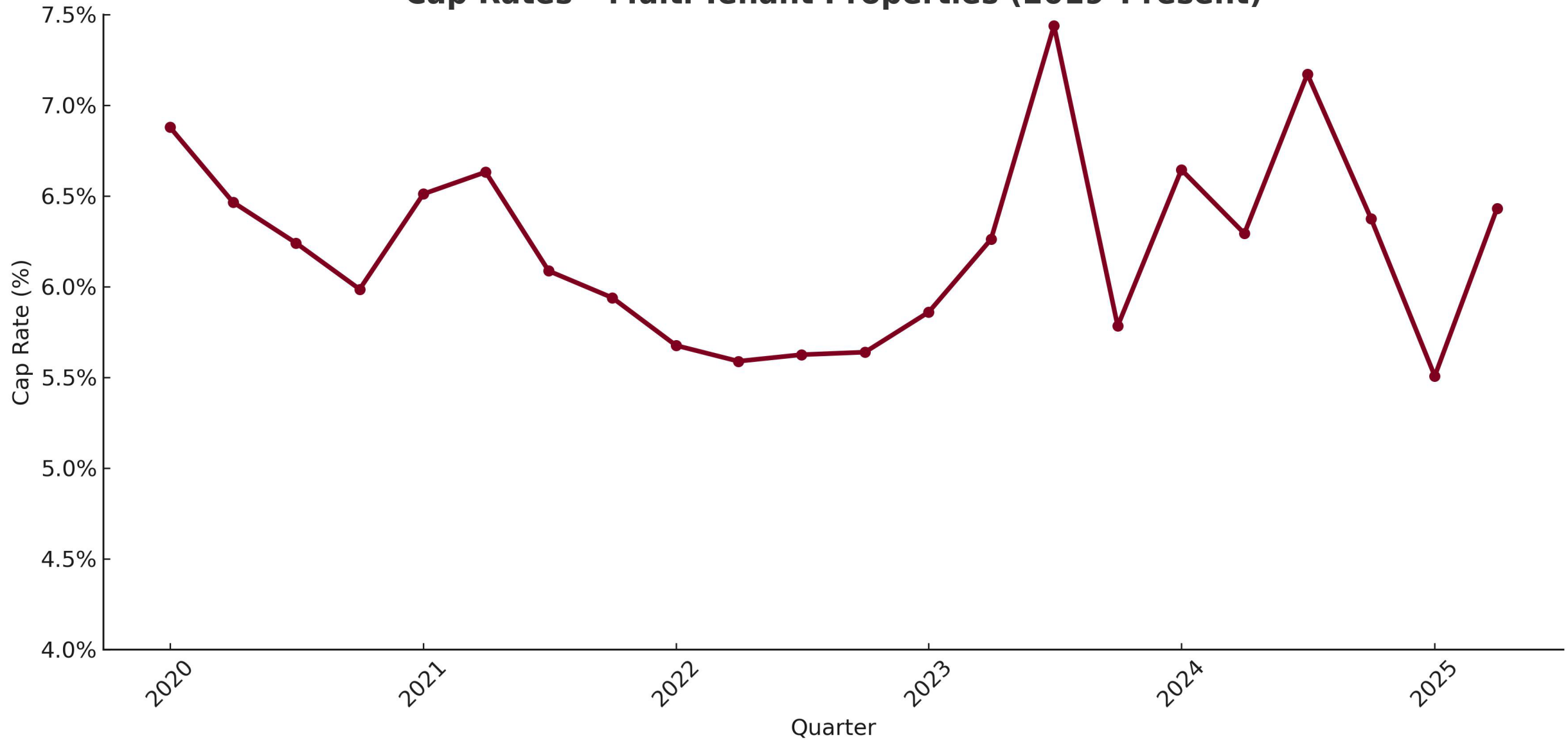


Parameters:
1. Minimum Cap Rate 3%
2. \$Sales Price \$2.3M to \$4M

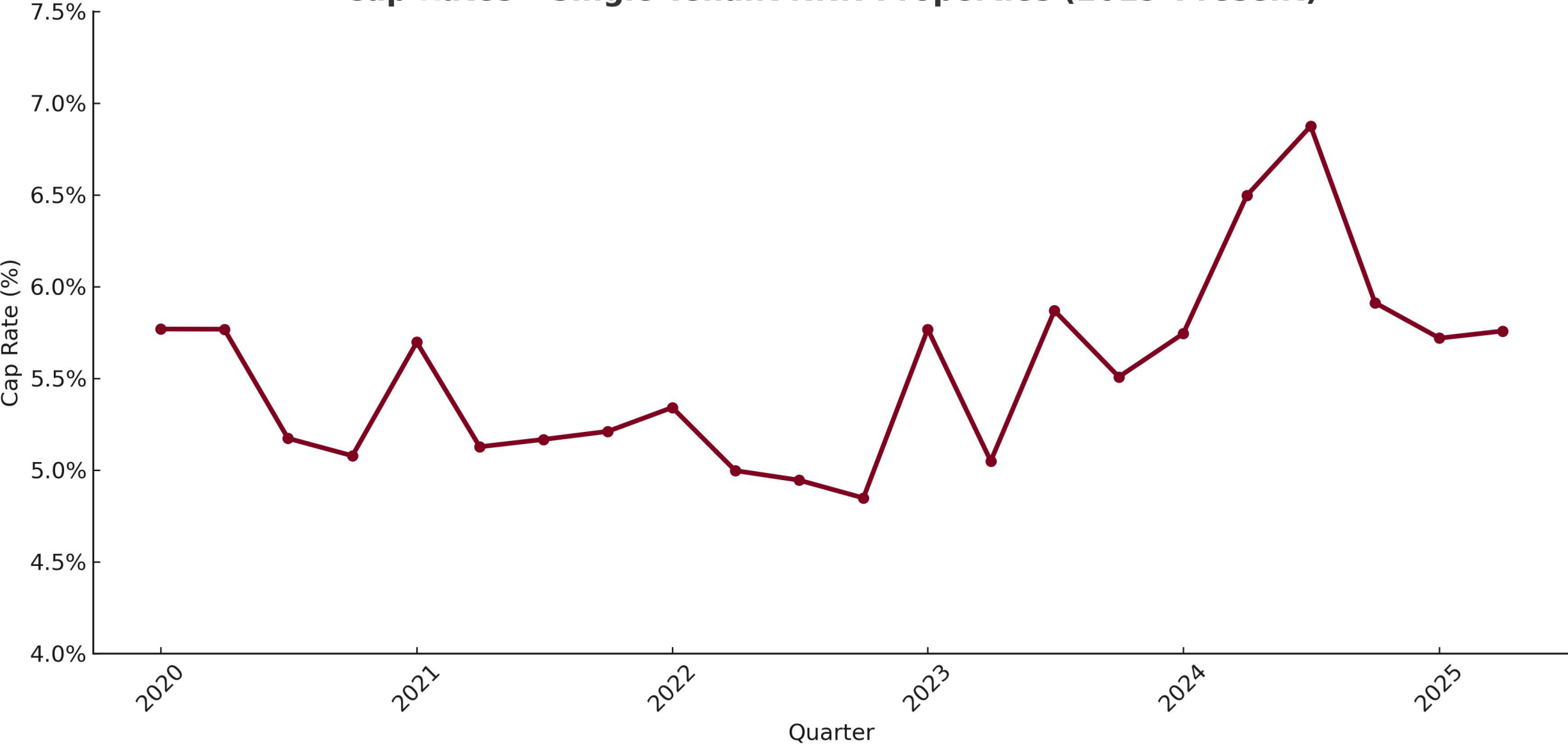
Number of Retail Properties Sold in the Inland Empire (2016-Present)



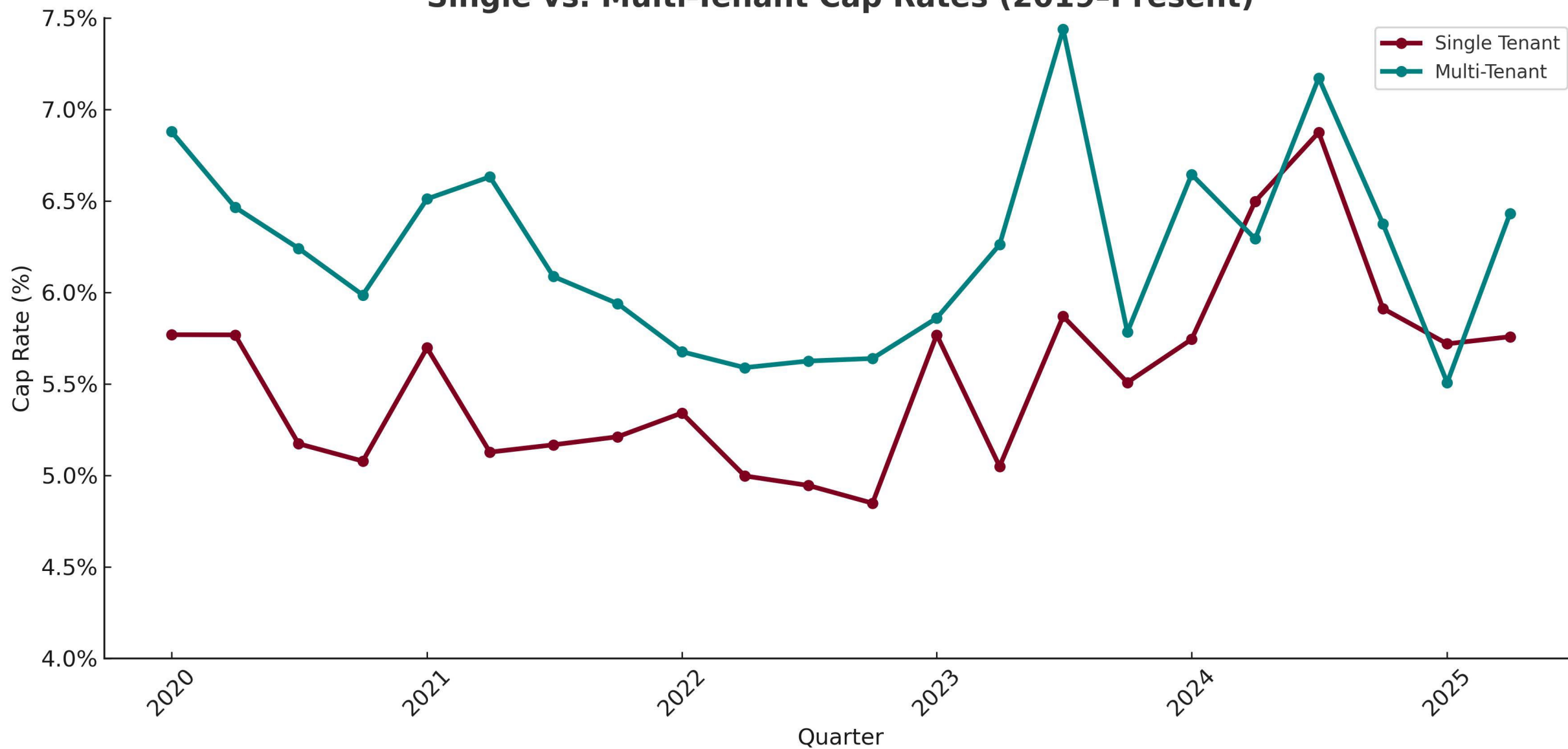
Cap Rates - Multi-Tenant Properties (2019-Present)



Cap Rates - Single Tenant NNN Properties (2019-Present)



Single vs. Multi-Tenant Cap Rates (2019-Present)



Retail Investment Sales Market

Investment activity has diminished with far fewer active buyers than in the past



Leverage Issues

Inability to get positive leverage on most retail investment properties



California Hesitancy

Investors' apprehension to invest in California



Market Timing

Concern over buying at the top of the market

This is particularly relevant to **multi-tenant investments**

Retail Investment Sales Market

Strong demand for quality single tenant properties



Low Risk Investment



Depreciation Benefits

All Cash Investors

Dominating sub-\$5M transactions

1031 Investors

Active but not market-dominant

Most transactions under \$5M are all cash purchases

Retail Investment Sales Market

Multi-Tenant Properties

Older properties requiring

7%+

cap rates to attract investor
attention

Under \$5M Market

Dominated by



all cash transactions

Sellers Becoming More Realistic

Many seem to have **forgotten about the values of 2021 and 2022** and are adjusting expectations to current market conditions

Questions

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