Inland Empire Market Trends and
and
Key Market Indictors

Retail Leasing

What's driving demand, rents, and re-tenanting across the IE

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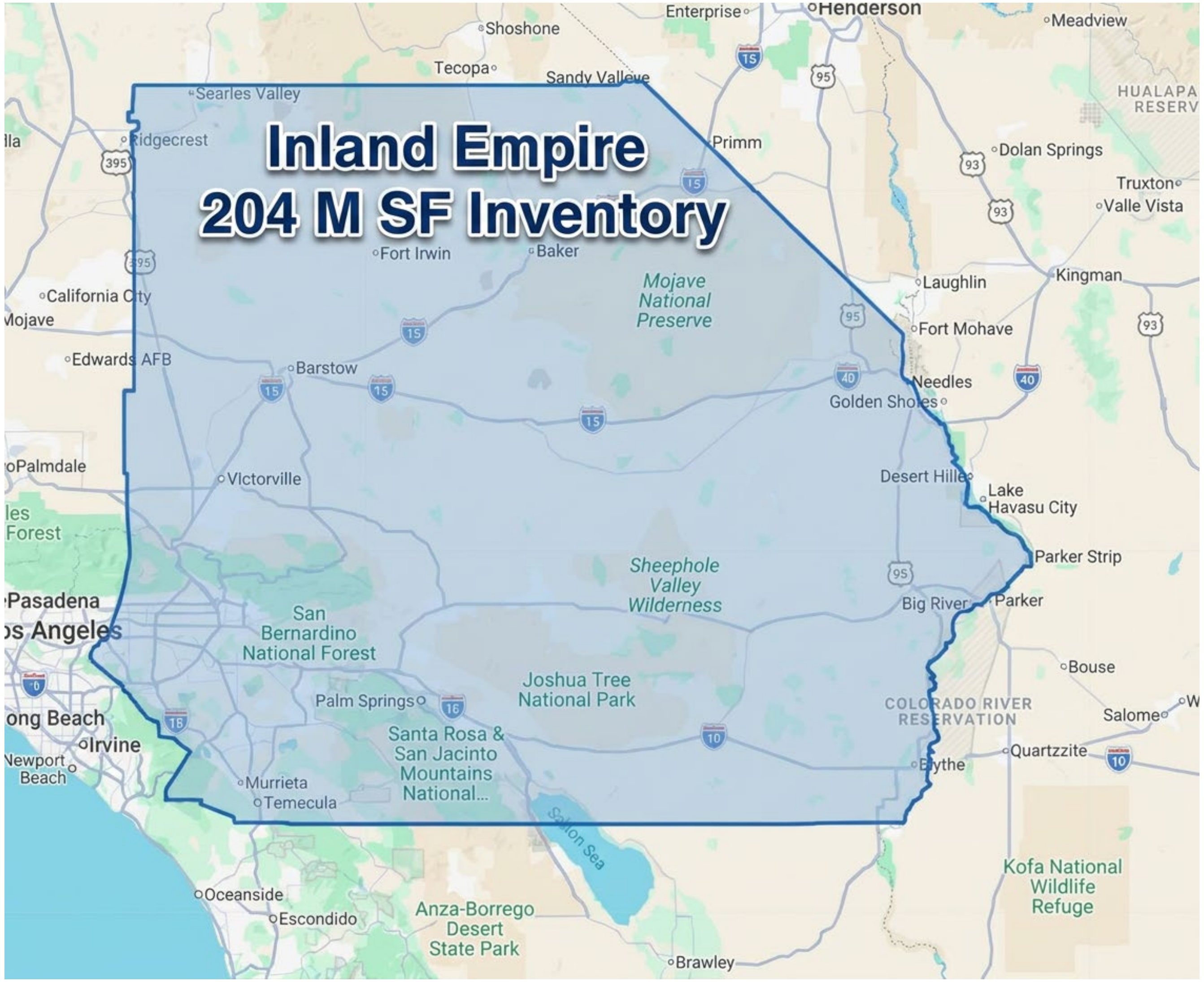
Roxanne (Roxy) Klein
Senior Vice President, Retail Leasing & Sales

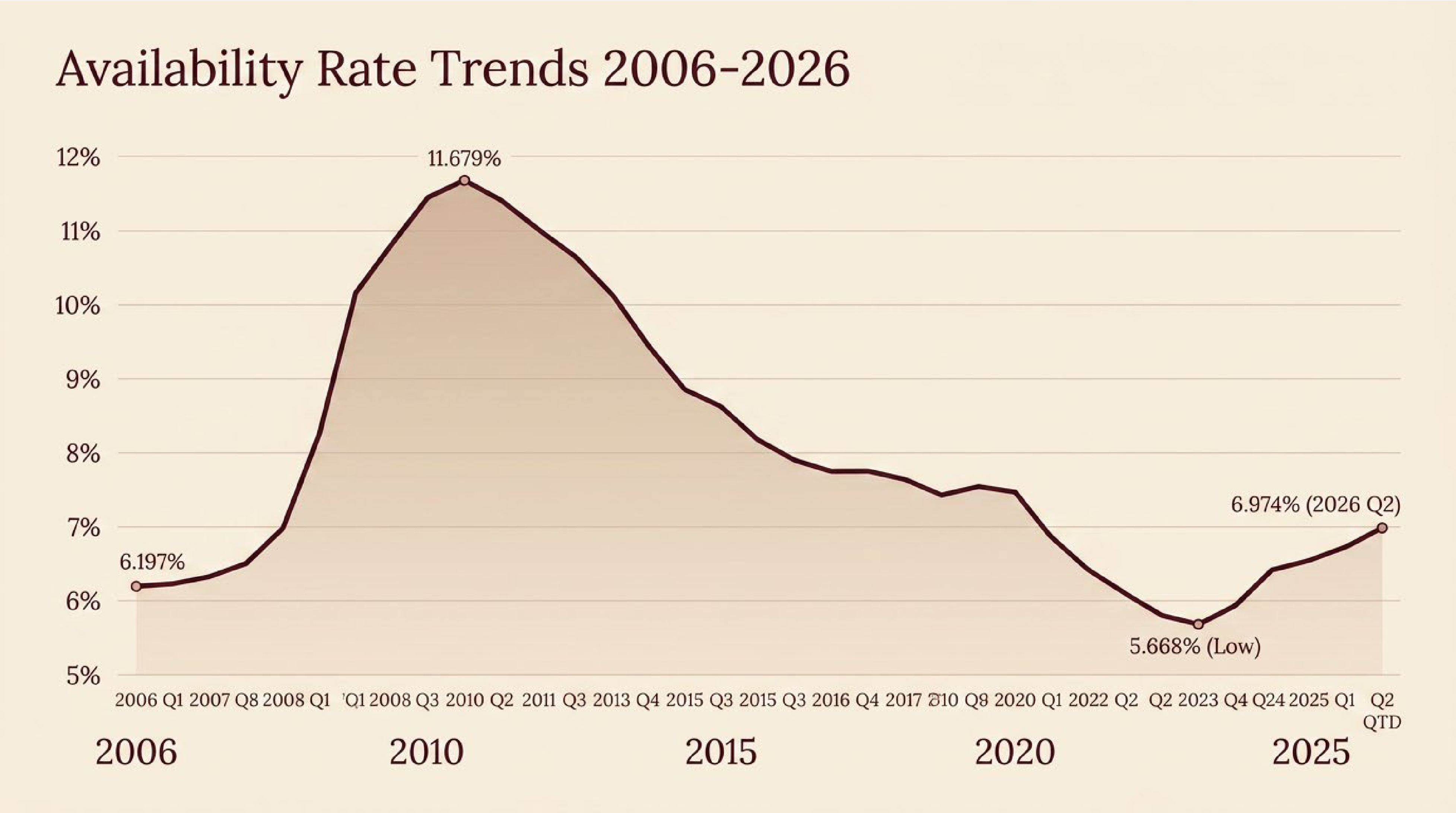
Inland Empire: Retail Inventory



Available retail space in the Inland Empire measures 14.3 million SF

Source: CoStar Inland Empire Retail

Inland Empire Retail Availability Rate

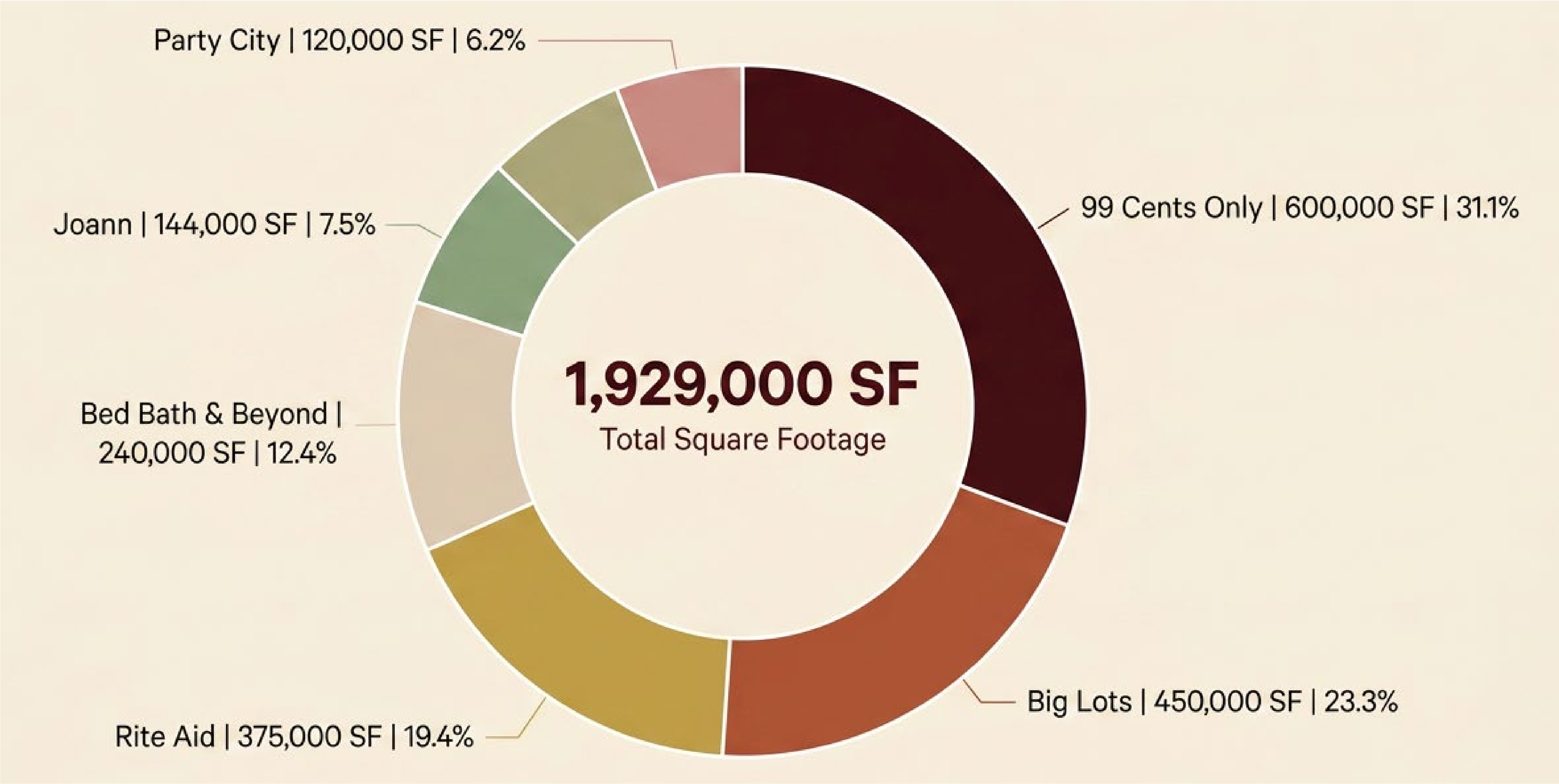


Source: CoStar Inland Empire Retail

Inland Empire Retail Vacancy Rate Analysis

Source: CoStar Inland Empire Retail

The Bankruptcy Big Box Effect: Nearly 2 Million SF Returned to the Inland Empire Market



Source: CoStar Analytics

Who's Signing Big and Jr Box Leases in the Inland Empire?

Analyzing the shift in tenant demand across the Inland Empire

FILLING BOXES

Experiential Entertainment
Kidsplay, Trampoline, High end bowling alleys

Fitness Anchors
Value and premium formats

Grocery / Daily Needs
Essential retail and convenience

Medical & Wellness
Healthcare and wellness services

Food & Beverage
Restaurants, cafes, and dining

SPROUTS FARMERS MARKET

savers SHOP. REUSE. REIMAGINE.

Habitat Health with KAISER PERMANENTE

AltaMed

Burlington

DOLLAR TREE

ATUNUS

HomeGoods

Market Insight

Leasing is now led by use cases that deliver social, active, and family experiences. Things you can't do online. The shift from traditional retail to experiential and service-based tenants is reshaping the IE retail landscape.

Source: CoStar Analytics

Experiential Retail Spotlight: Largest 2025 Leases

Major entertainment and fitness operators driving demand

Round1 Bowling & Arcade

78,000 SF

Mall of Victor Valley

2025 · Entertainment

City of Moreno Valley + Lighthouse Immersive Studios

75,000 SF

Moreno Valley Mall Town Circle (former Sears, 10-year term)

2025 · Museum

SkyZone Trampoline Park

50,000 SF

Moreno Valley Mall Town Circle

2025 · Fitness

Airtopia

50,000 SF

Highland Avenue Plaza

2025 · Entertainment

Launch Family Entertainment

35,000 SF

Temecula Town Center

2025 · Family

Entertainment operators took **5 of the top leases** in 2025 — averaging **57,600 SF** each.

Source: CoStar Analytics

Fitness

How fitness operators are reshaping retail leasing

Key 2025 Deals

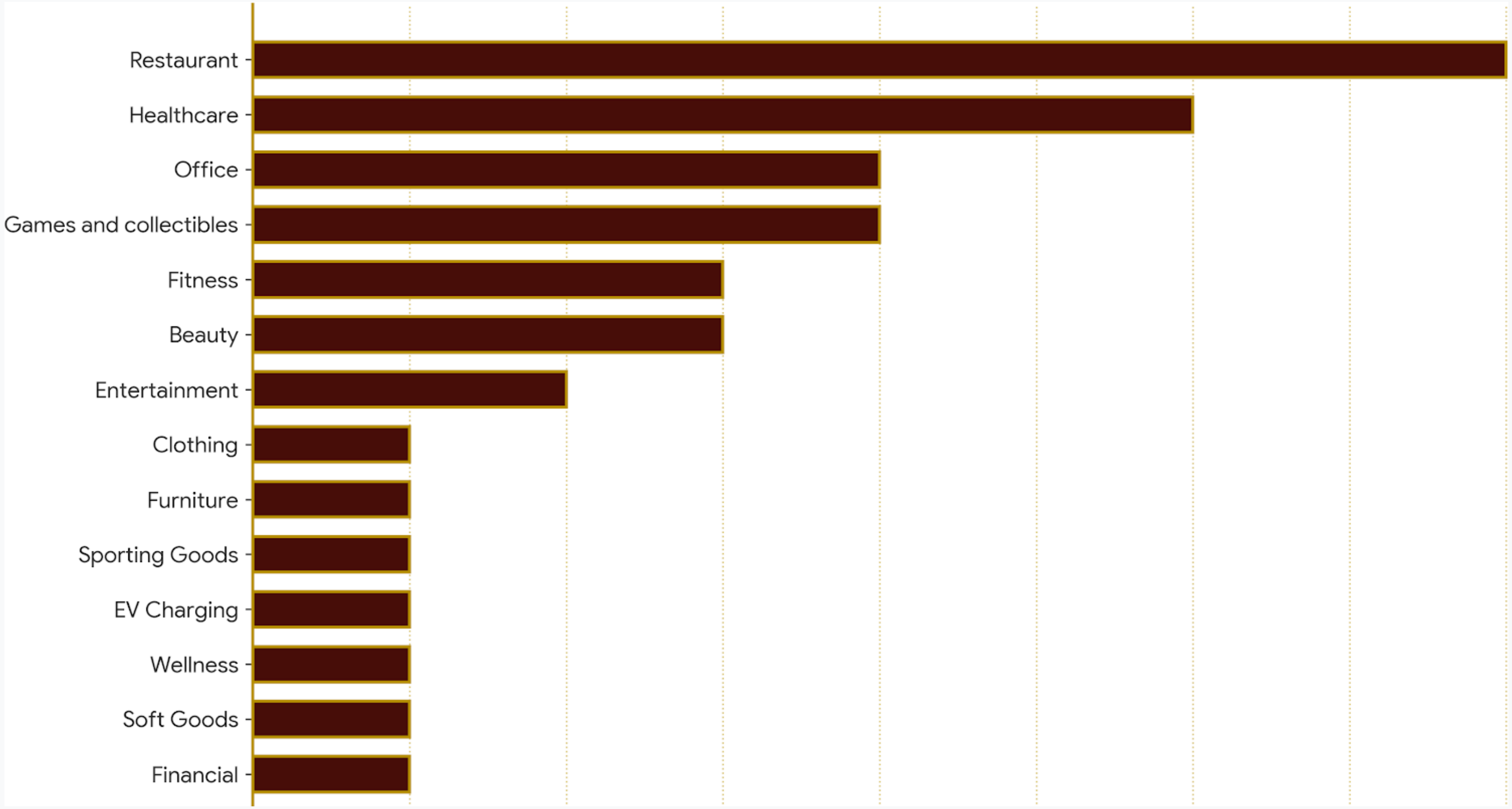
- **EoS Fitness** — **31K-45K SF**
  Multiple leases across the region
- **Crunch Fitness** — **31K-45K SF**
  Multiple leases, 31K-45K SF per location

Fitness operators drove ~300K SF of new leasing in the IE in 2025

Pair fitness anchors with complementary F&B, health services, and daily-needs tenants to maximize center performance.

Source: CoStar Analytics

Progressive Real Estate Partners (1st five months of 2026 lease use highlights)



Restaurants, health care, and office uses were very active in the first half of 2026 in the shopping centers Progressive Real Estate Partners leases. Additional popular uses of new leases include game shops, fitness, beauty, and entertainment.

Source: Internal Deal Tracking

Inland Empire Retail Market Average Asking Rents PSF (Per CoStar)

Source: CoStar Inland Empire Retail

What Most Retail Tenants Want

Key Site Selection Criteria for Today's Retail Tenants

Signalized Intersection

Direct access at or near a signalized corner. Tenants require ingress/egress and high visibility from the intersection. Corner locations command premium rents and faster lease-up.

Street Front Visibility

Unobstructed visibility from the primary arterial. Tenants want their storefront, and signage highly visible.

Signage Opportunities

Prominent pylon, monument, and building-mounted signage rights. National tenants require approved sign programs with clear height, size, and illumination allowances.

High Traffic Counts

Minimum thresholds typically 25,000 CPD on primary frontage road.

Grocery-Anchored Center

Proven co-tenancy with a grocer drives consistent daily traffic (3–5x weekly visit frequency). Many tenants prioritize or require grocer co-tenancy in site selection.

Meeting these 5 criteria is the fastest path to attracting national and regional credit tenants — and commanding top-of-market rents in the IE.

Not All Retail Space Is Priced Equally

How Location, Co-Tenancy, and Improvements Drive Retail Rents

Rent Drivers: What Commands a Premium

HIGHER RENT →

END CAP LOCATION

Corner and end-cap units command 10–20% premium over inline. Maximum visibility, two points of ingress, and wraparound signage rights.

GROCERY-ANCHORED CENTER

Standard grocer anchor drives consistent foot traffic and supports premium inline rents vs. non-anchored strip centers.

PREMIUM GROCERY ANCHOR

Whole Foods, Sprouts, Trader Joe's, or Erewhon-anchored centers command the highest rents in the market — affluent, high-frequency shoppers.

BEST VISIBILITY / SIGNAGE

Street-front, signalized corner, pylon position. Tenants pay more when customers can find them without effort.

OPTIMAL SIZE RANGE

Spaces in the 1,200–3,000 SF range are the most sought-after. Highest demand = highest rents. Oversized or undersized spaces lease slower and price lower.

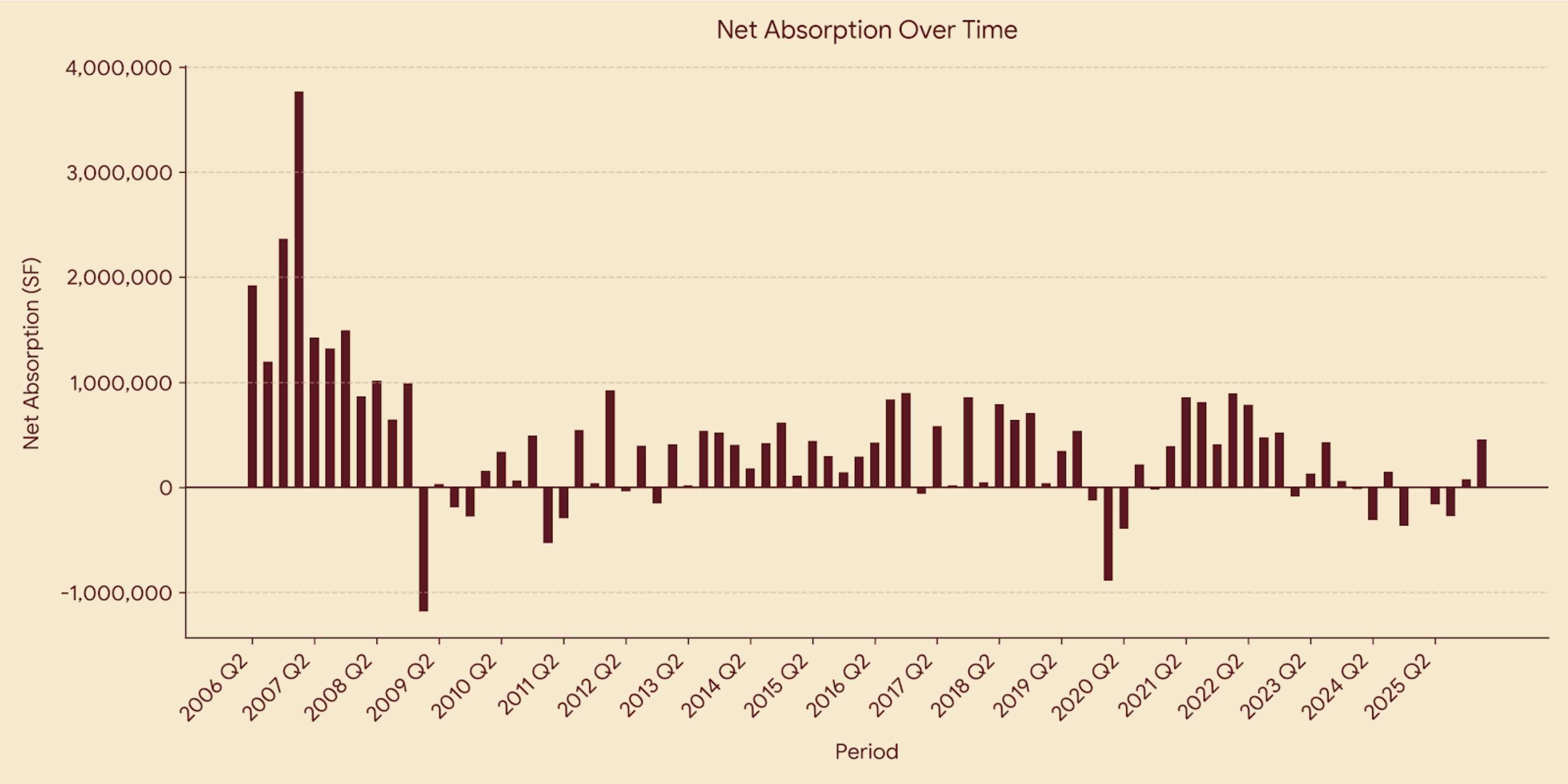
EXISTING IMPROVEMENTS

Second-generation space with valuable build-out commands significant premium. Tenants avoid $100–$300/SF in construction costs.

Most Valuable Existing Improvements

- 🍽️ Restaurant Build-Out (GI + Hood)
- 🏃 Walk-In Cooler/Freezer
- 🫧 Grease Interceptor (GI)
- 🦷 2nd Gen Dental (Plumbing + Rooms)
- 🚪 Spaces with Private Rooms
- 🔧 Vented Hood Systems

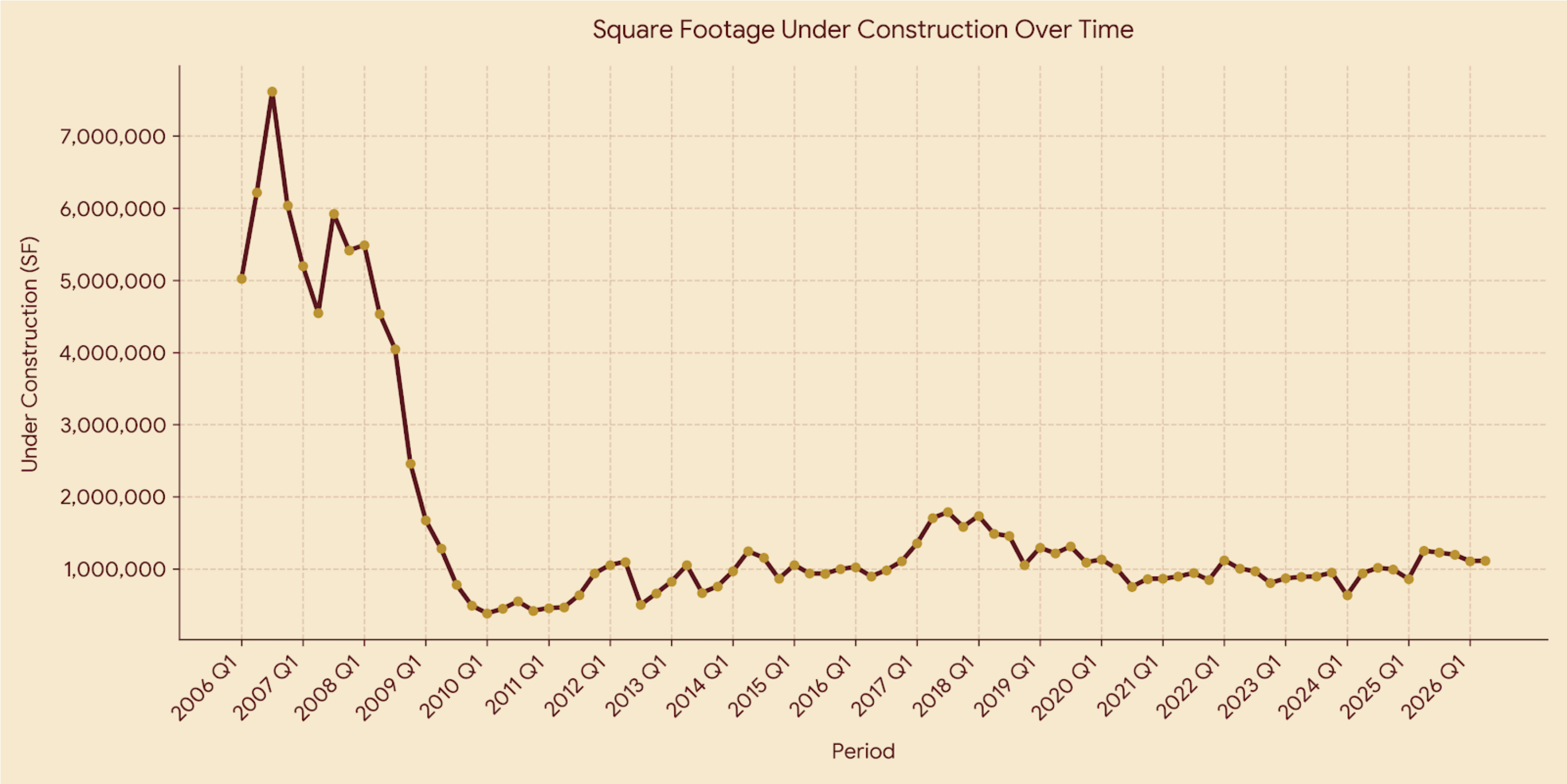
Inland Empire Retail Net Absorption



+333,000 SF Net Absorption

Positive for 2nd consecutive quarter; demand absorbing supply

New Retail Developments: Under Construction in the Inland Empire



New Development: Pre-Leased / BTS

Limited Pipeline preleased or build-to-suit

Inland Empire Construction Pipeline: What's Coming to Market

55
Buildings Under Construction

1,135,152 SF
Total Pipeline

206,043 SF
Largest Project: The Ranch at Model Colony

Active Projects & Pipeline Distribution

54 additional buildings totaling ~929K SF

The Ranch at Model Colony

206,043 SF

Largest active project in the pipeline

Located in growth corridor

Additional Projects

~929K SF

54 buildings across the IE region

Concentrated in high-growth areas

New supply is measured and targeted concentrated in high-growth corridors.

Source: CoStar Analytics

Interesting Retail News

Dollar Tree partnering with Door Dash to use its more then 9,000 stores as delivery hubs.

Dine Brands is looking to extend the dual-brand concept (IHOP /Applebees) through its existing and new franchisees, as part of plans to expand those double-branded locations from the 43 currently operating to reach about 80 by year's end

Dairy Queen is offering **$150,000 cash** to franchisees who open a new freestanding DQ Grill & Chill restaurant and open it on schedule.

If the franchisee opens additional freestanding locations within 18 months, Dairy Queen will pay **$200,000 per additional store**.

The program applies to qualifying franchise agreements approved in the U.S. and Canada through the end of 2026

Source: CoStar and Restaurant news

Thank you!

For questions, or to get my opinion on a lease rate
Please contact me at:

Call or Text: (909) 576-4259
roxy@progressiverep.com

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Roxanne (Roxy) Klein
Senior Vice President, Retail Leasing & Sales

Inland Empire Market Trends

Retail Investment Sales

GREG BEDELL, CCIM
SVP & Managing Director

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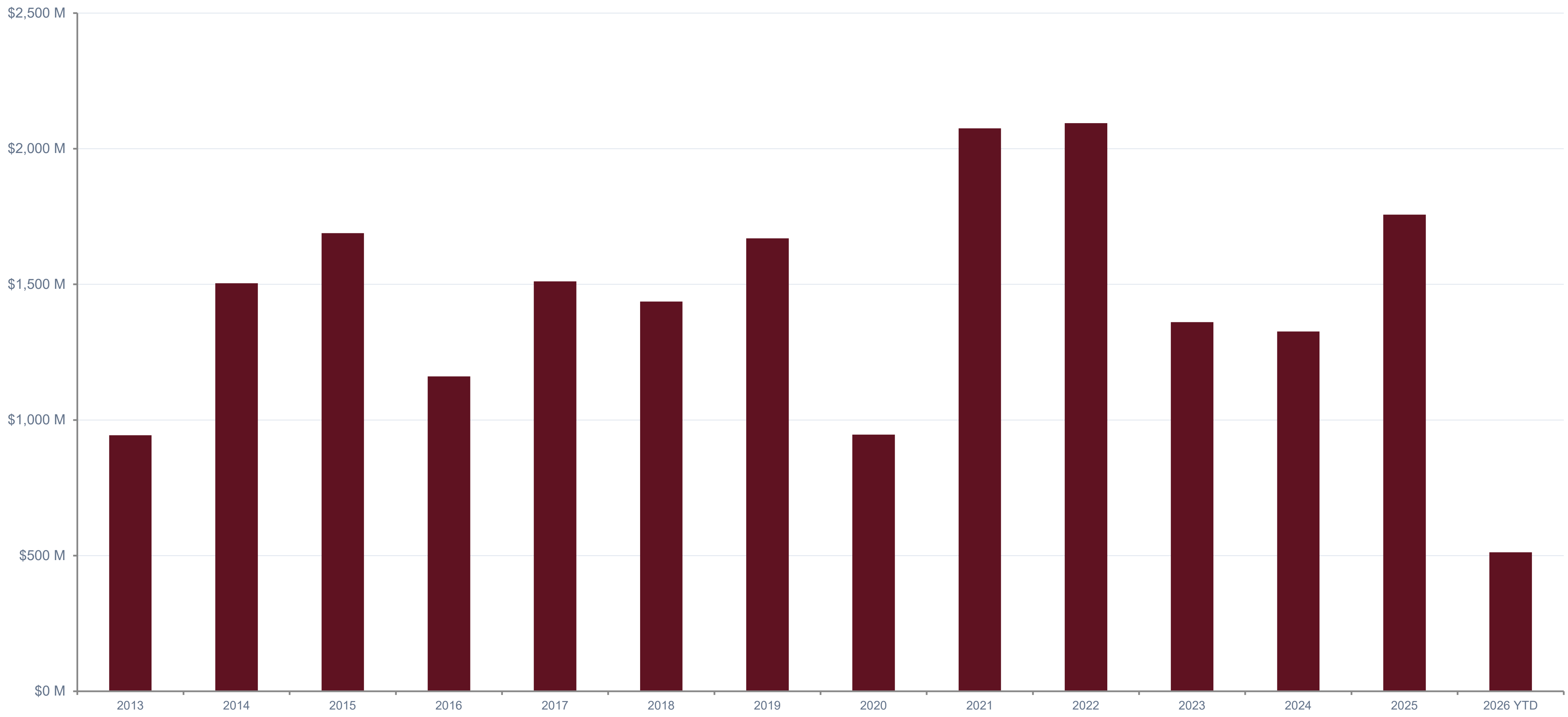
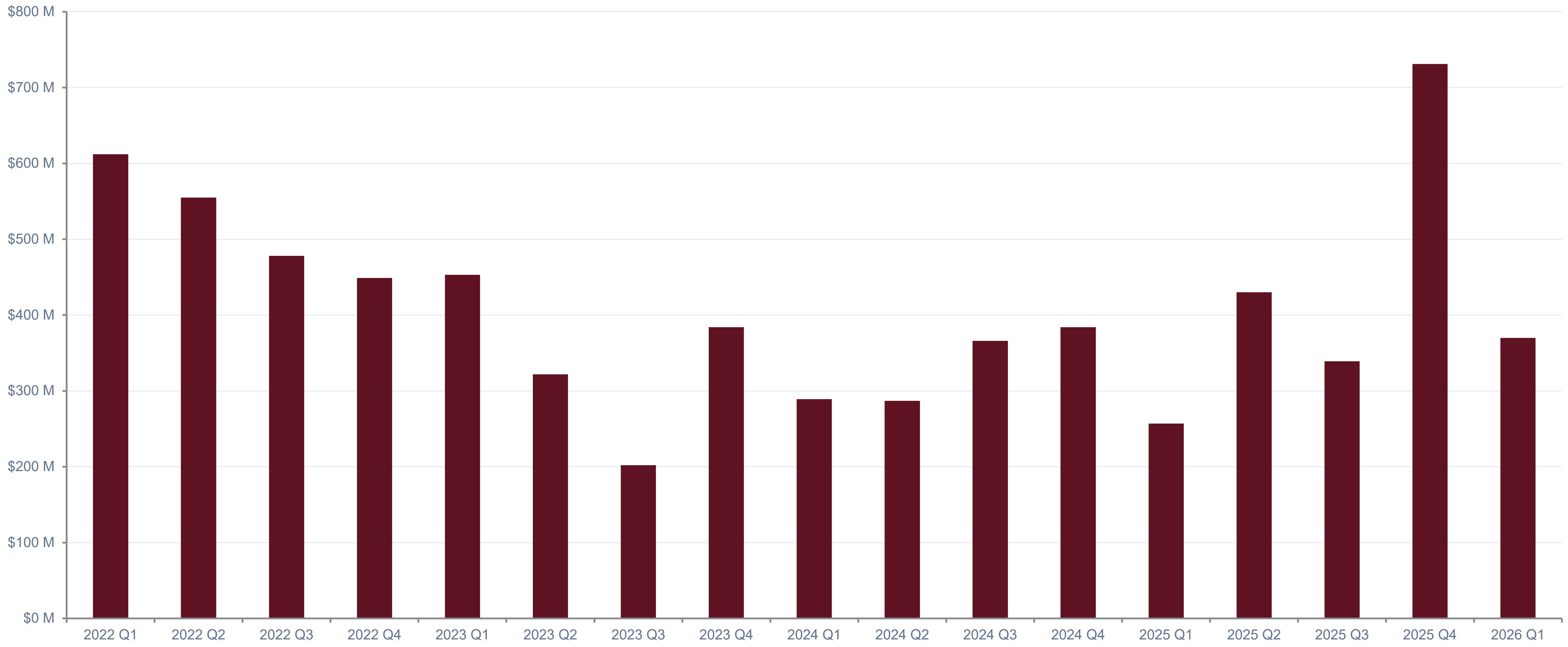
Total Retail Sales Volume - Annual



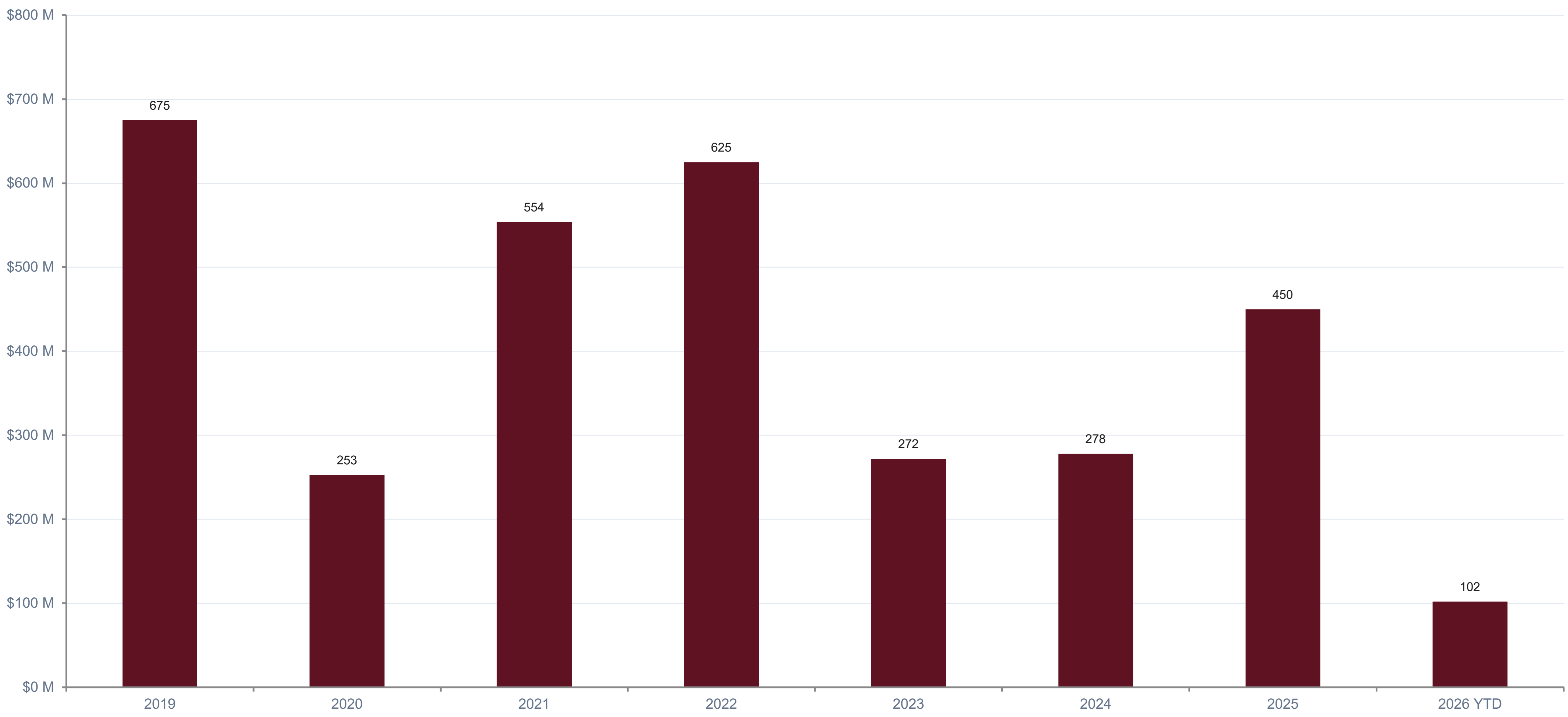
Source: CoStar Analytics

Quarterly Sales Volume — All Retail (2022–2026 YTD)

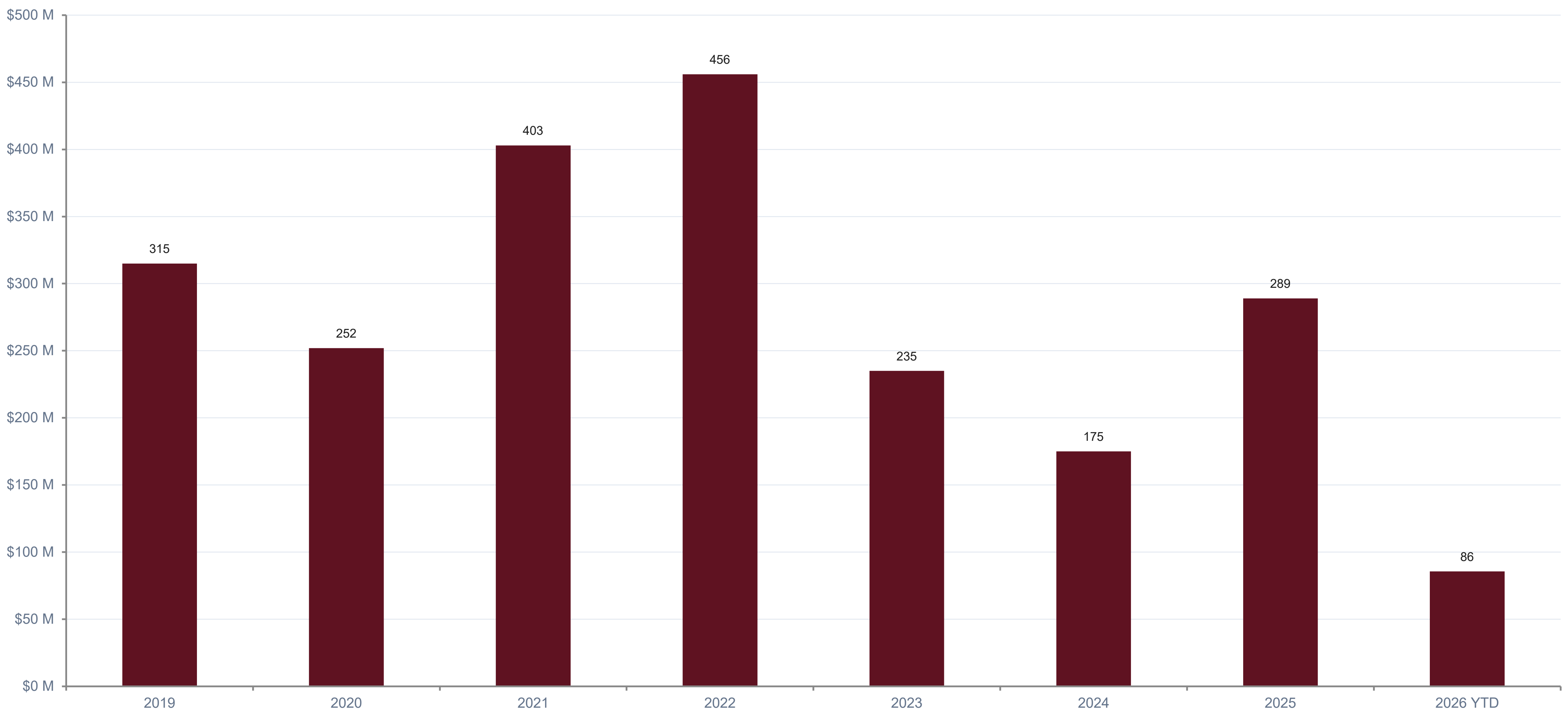


Source: CoStar Analytics

Sales Volume — Multi-Tenant (2018–2026 YTD) – Investment Sales Only

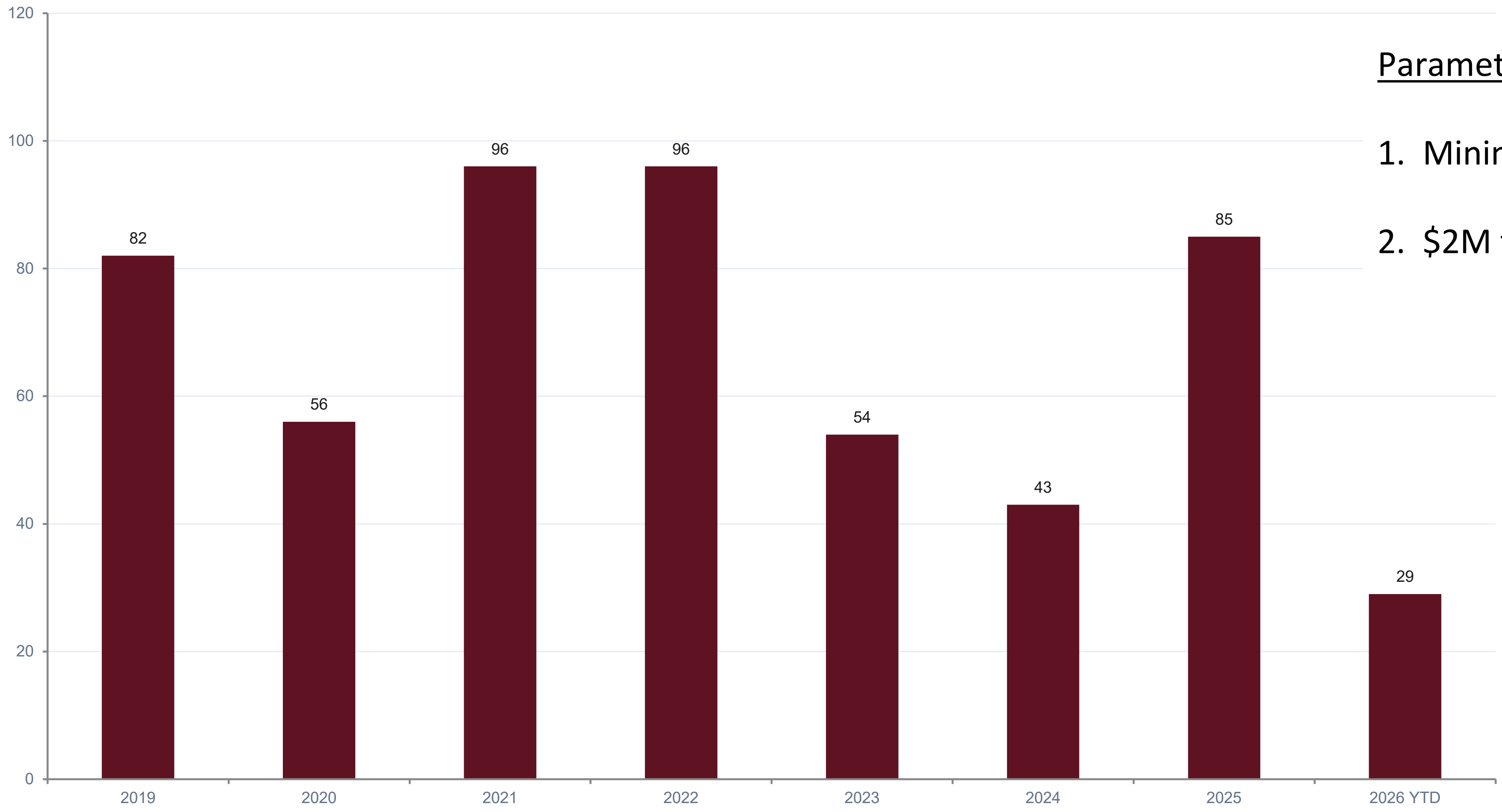


Sales Volume — Single-Tenant (2018–2026 YTD) – Investment Sales Only



Source: CoStar Analytics

Number of Transactions — $2M to $5M (2016–2026)

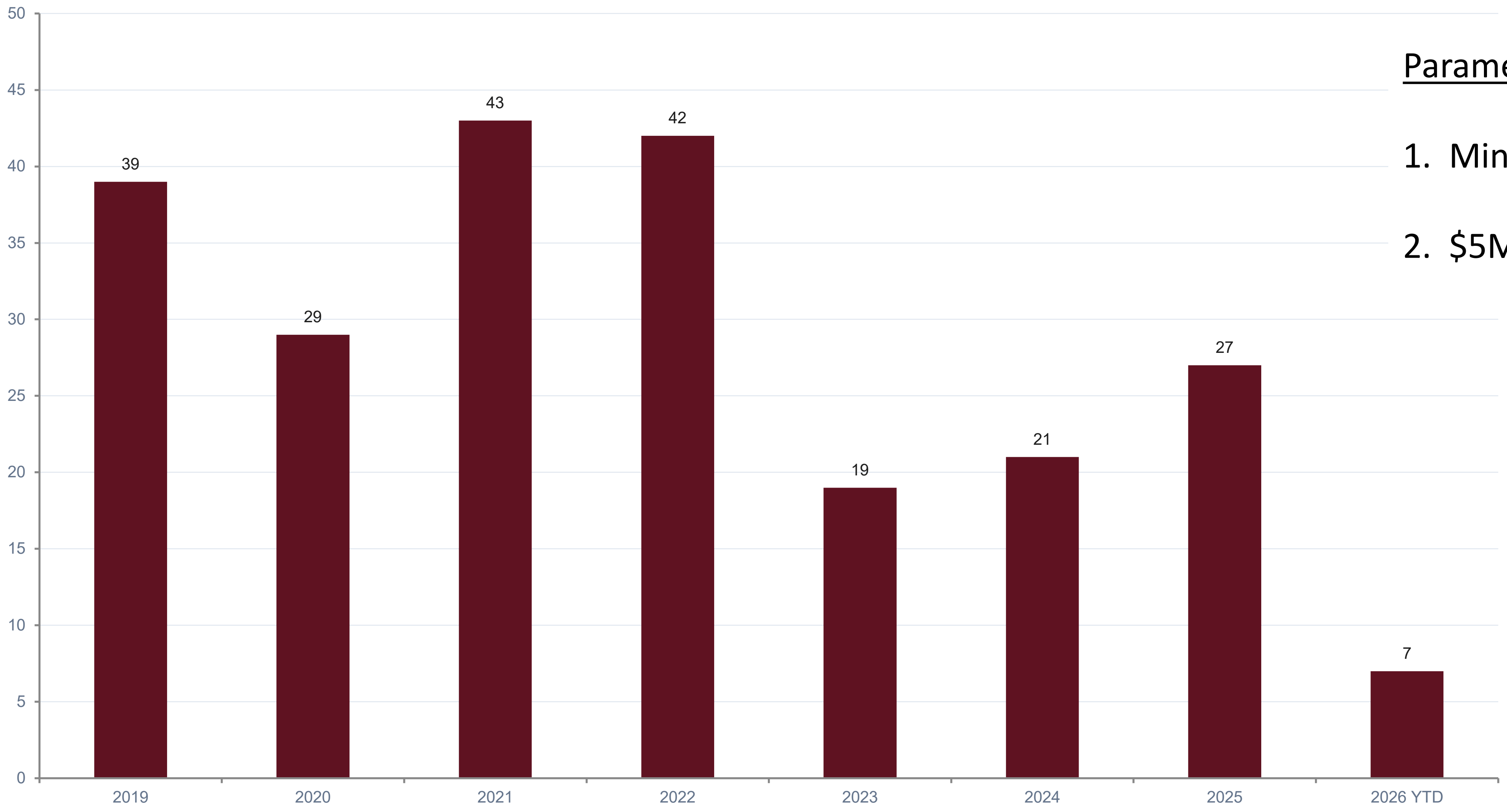


Parameters:

1. Minimum 3% Cap Rate
2. $2M to $5M

Source: CoStar Analytics

Number of Transactions — $5M to $15M (2016–2026)



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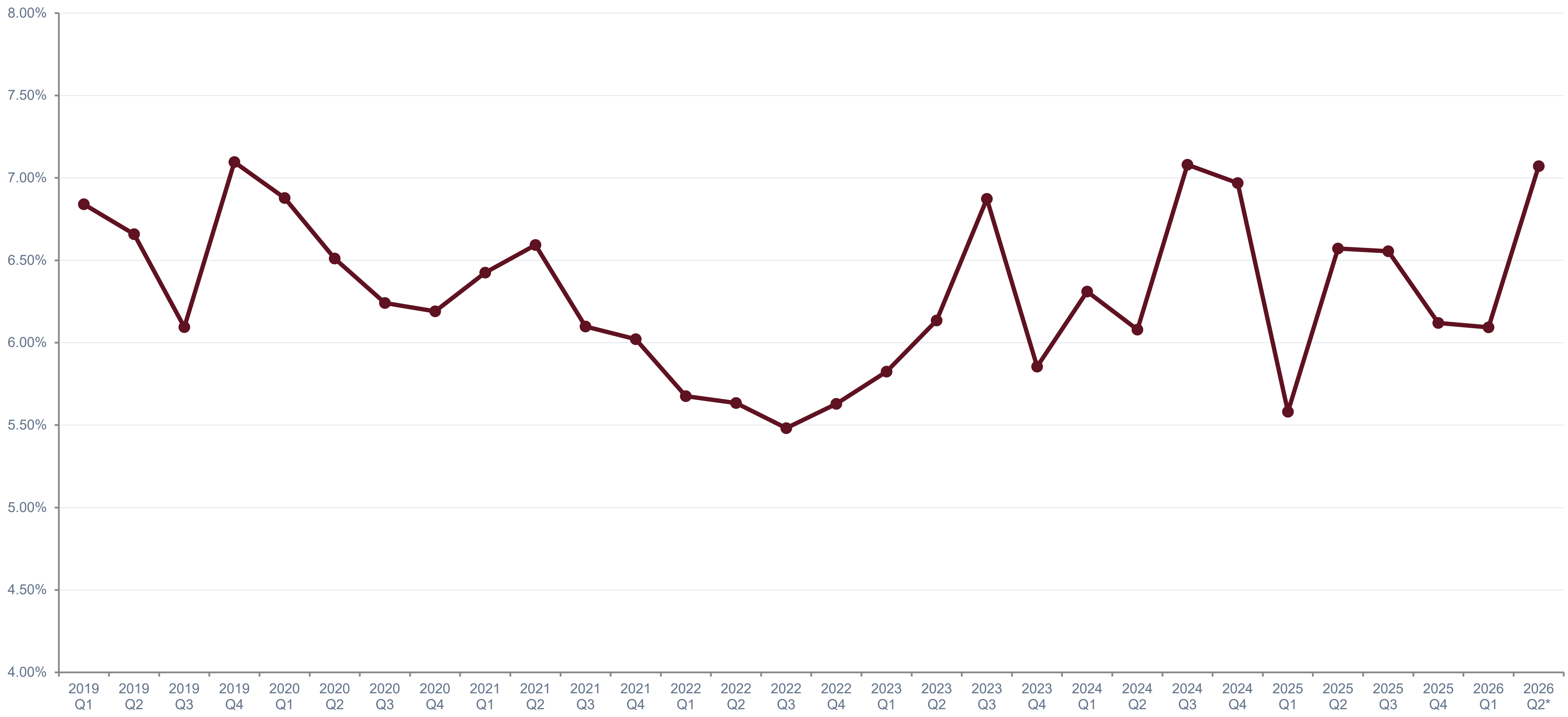
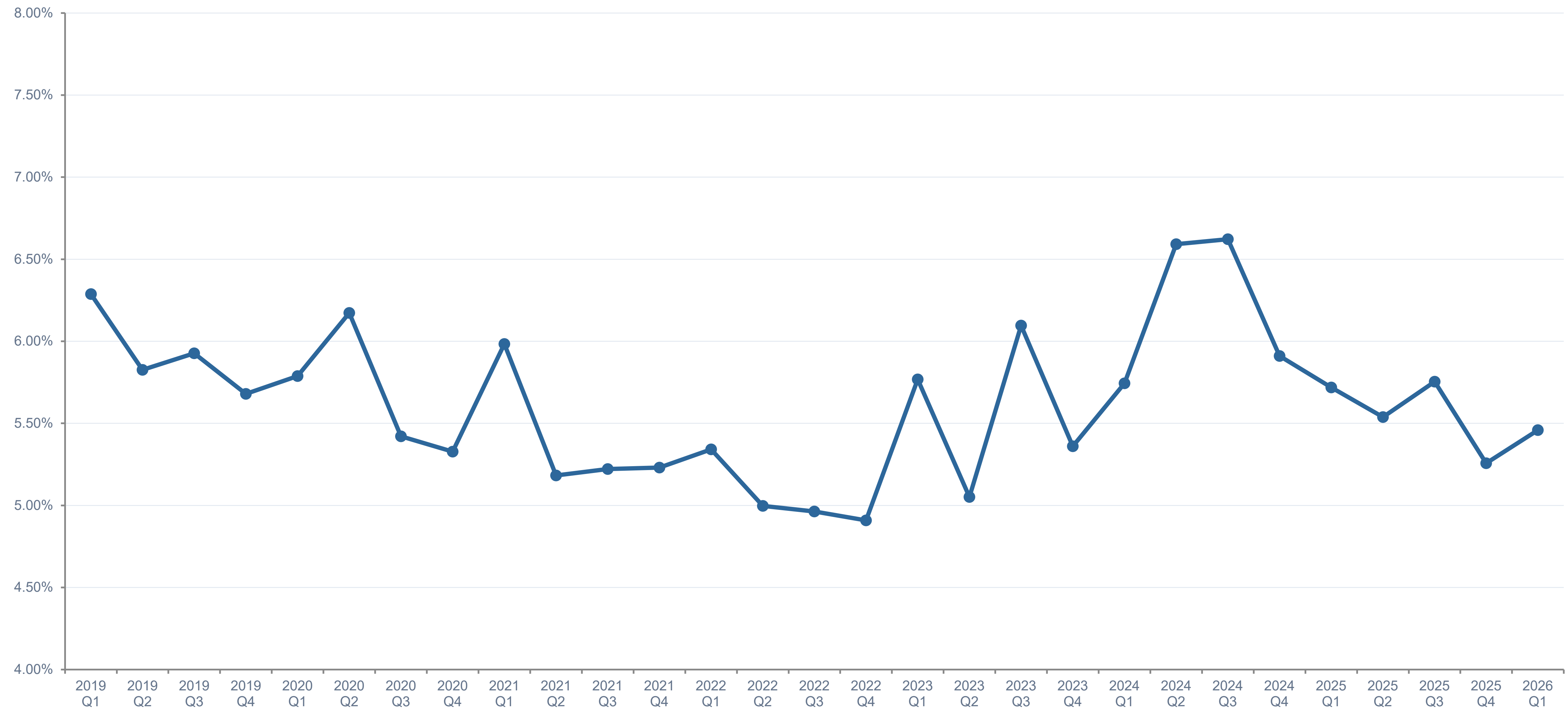
Source: CoStar Analytics

Cap Rates — Multi-Tenant (2019–2026)

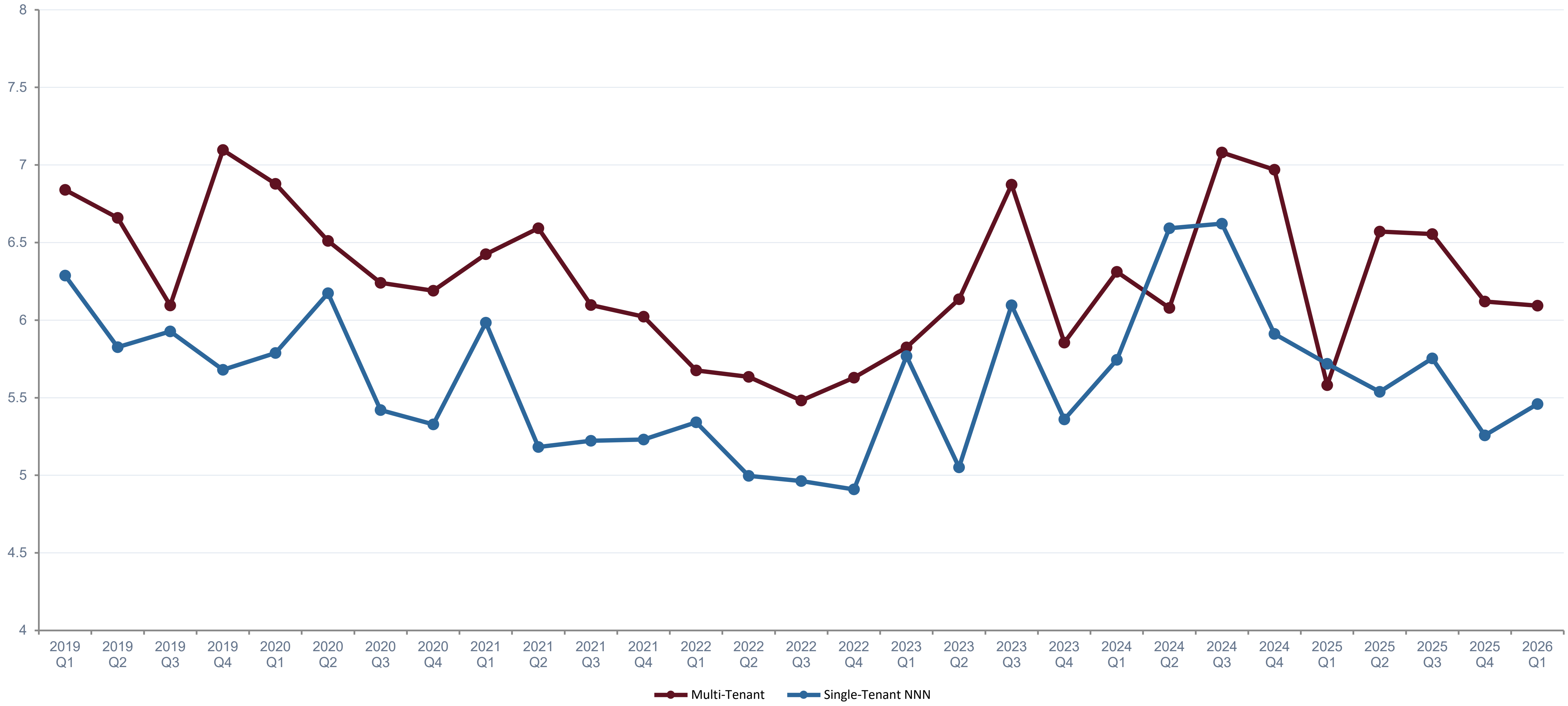


Source: CoStar Analytics

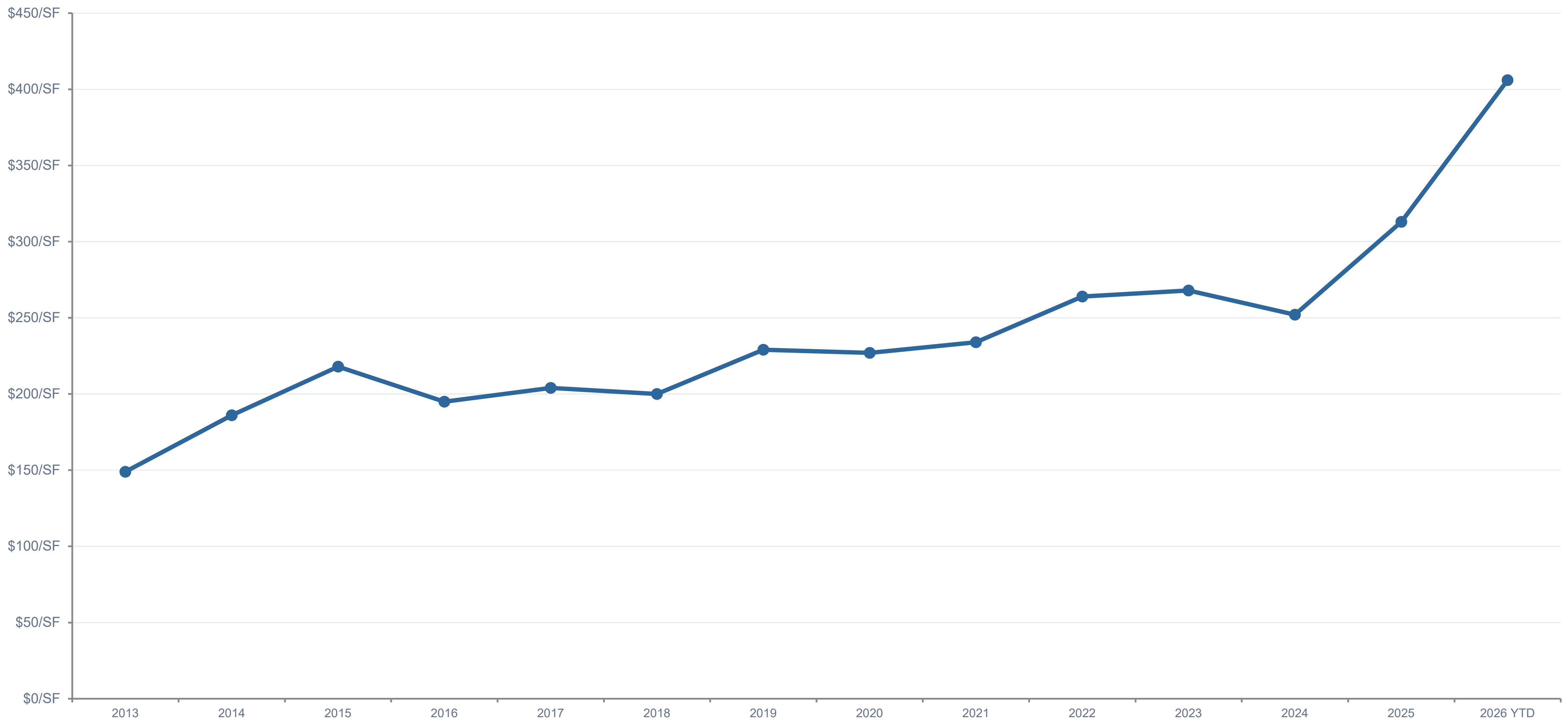
Cap Rates — Single-Tenant (2019–2026)



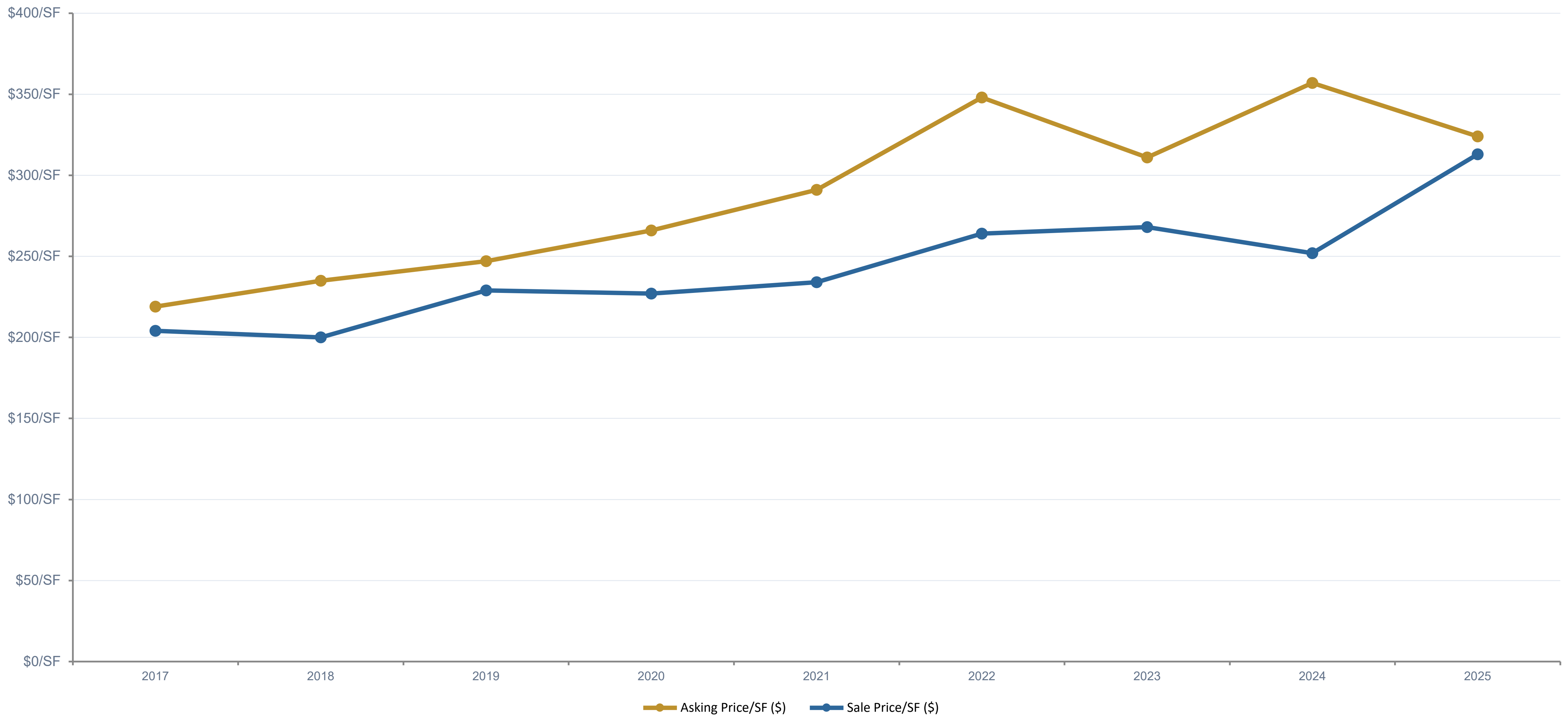
Cap Rates — Single-Tenant NNN vs. Multi-Tenant (2019–2026)



Sale Price Per Square Foot

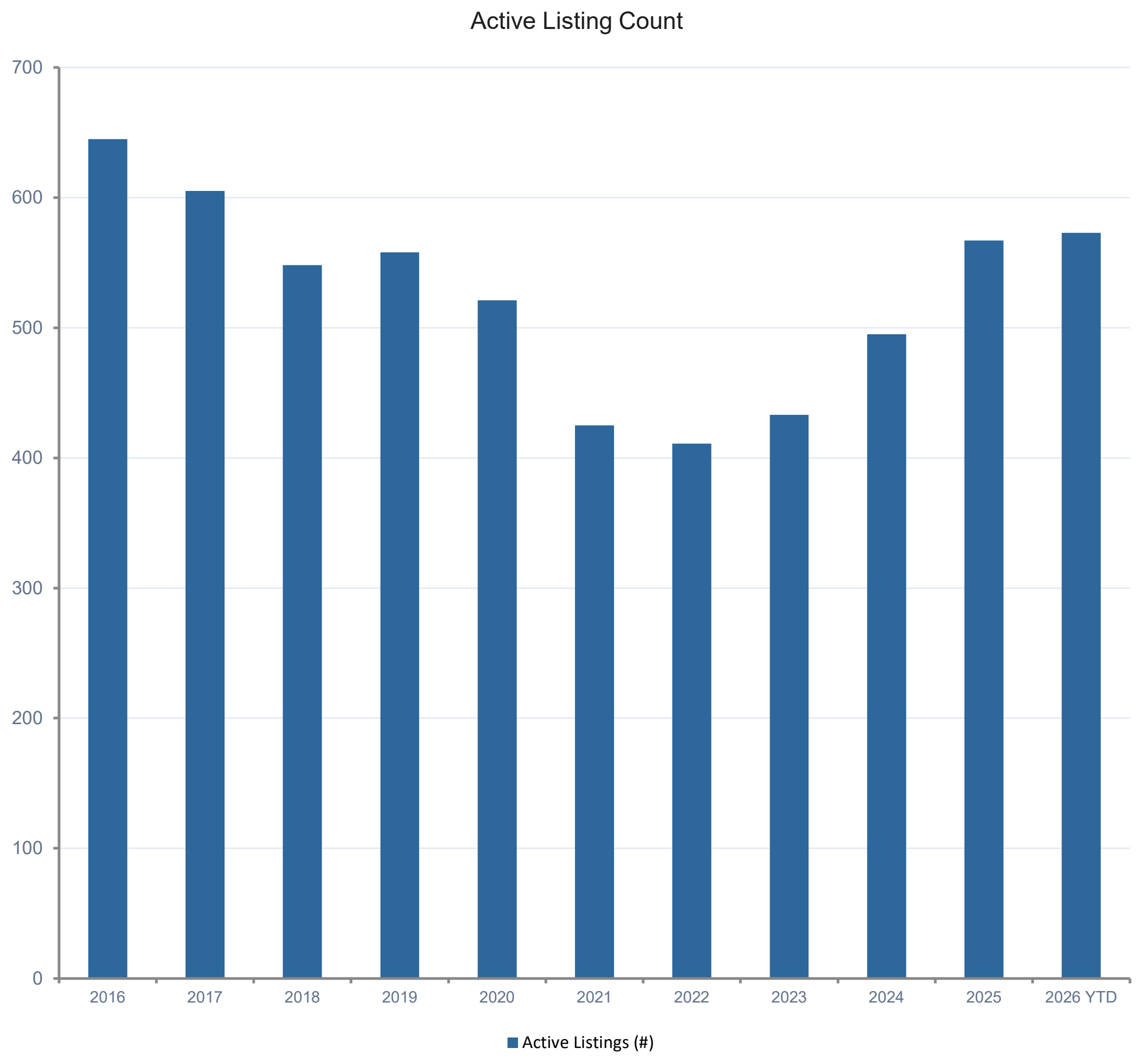


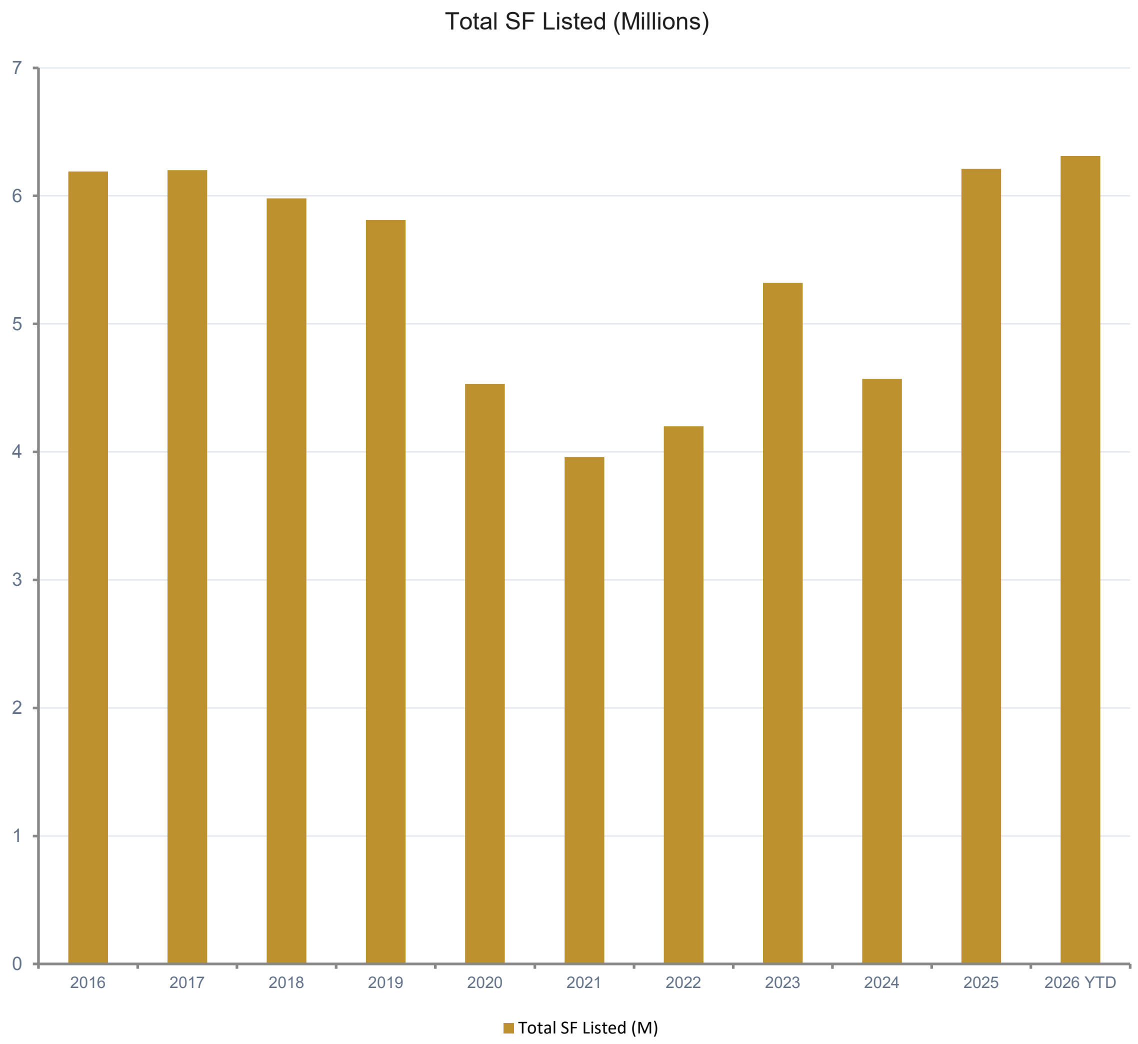
Bid-Ask Gap – Sale Price/SF



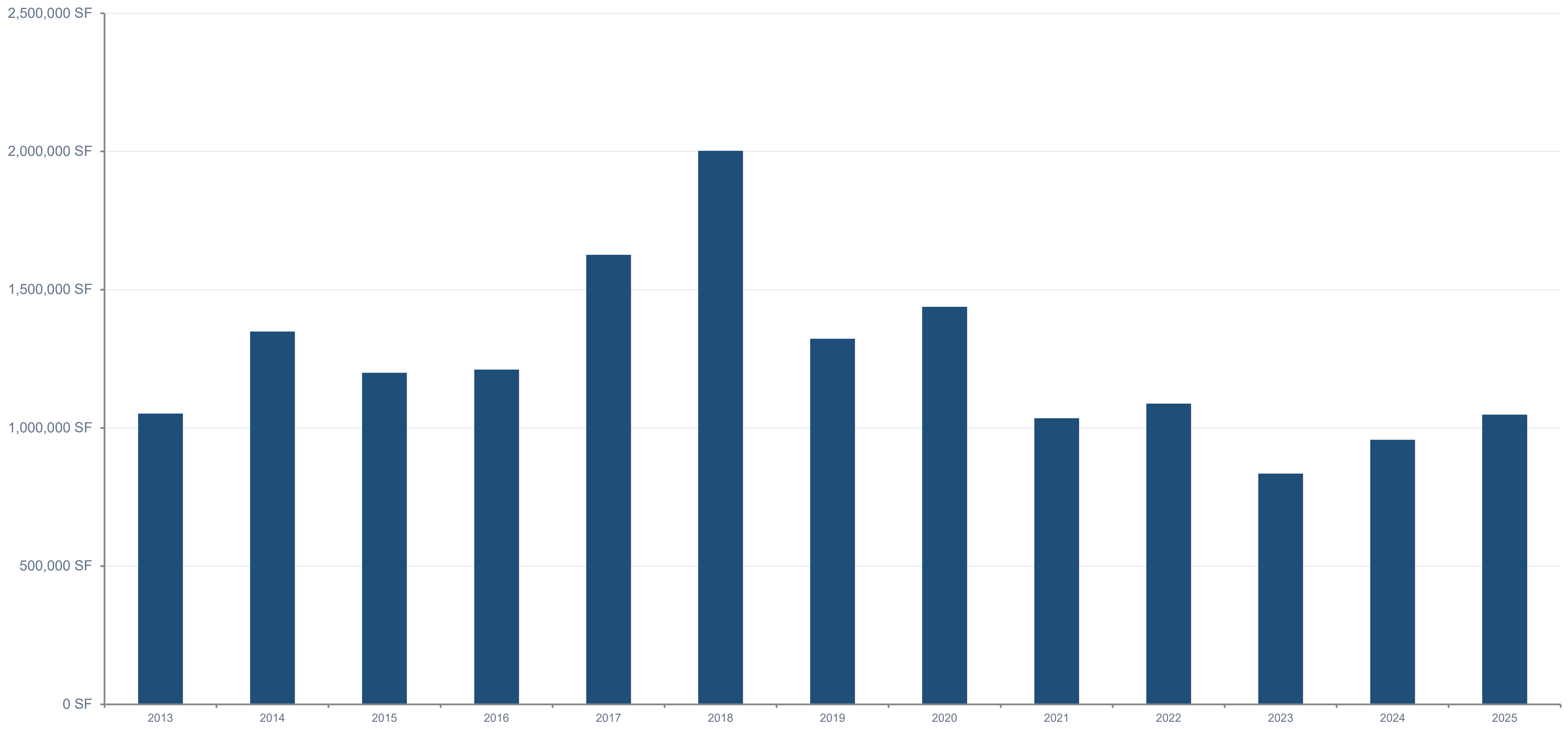
Source: CoStar Analytics

Listing Inventory Rising



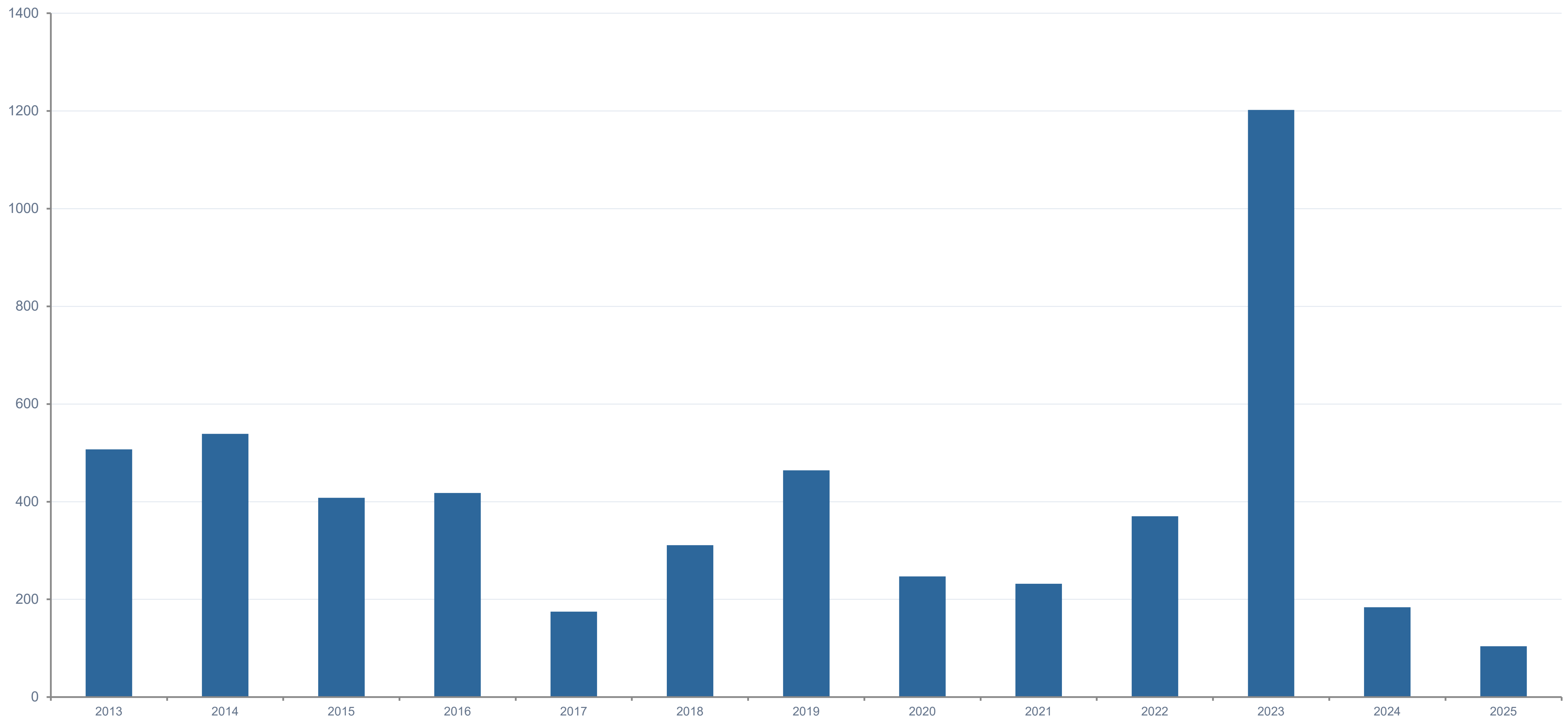


Limited New Construction



Source: CoStar Analytics

Demolitions



Source: CoStar Analytics

Takeaways

1. **The IE retail investment sales market is no longer correcting — it is stabilizing.**
2. **Volume is recovering, but not evenly.** Single-tenant and smaller private-buyer deals are more liquid; larger leveraged deals remain more selective. Buyer underwriting remains strict.
3. **Cap rates are useful, but messy.** Asset quality, location, credit, lease term(s), replaceability of rent(s), price range, and buyer pool matter more than the market average.
4. **Price-per-square-foot trends require context.** Rising PSF is partly a mix-shift toward higher-quality NNN and drive-thru assets, not pure market appreciation.
5. **Limited new supply supports the long-term retail story.** With constrained construction and modest demolition, existing well-located retail should remain valuable and the potential for rent appreciation is high. But we must continue to monitor rising NNN costs.

Source: CoStar Analytics | Internal Analysis

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