Southwest Riverside County

Retail Market Trends - First Quarter 2018

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Southwest Riverside County
Retail Market Trends
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By Submarket  Total SF  VACANCY %  NET Absorption  Under Const  ASKING RENT

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Total SF</th>
<th>Direct</th>
<th>Sublease</th>
<th>Total</th>
<th>Current</th>
<th>YTD</th>
<th>Total</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hemet</td>
<td>5,648,086</td>
<td>8.8%</td>
<td>0.0%</td>
<td>8.8%</td>
<td>(51,037)</td>
<td>(52,606)</td>
<td>13,120</td>
<td>$1.22</td>
</tr>
<tr>
<td>Lake Elsinore</td>
<td>3,322,182</td>
<td>8.2%</td>
<td>0.0%</td>
<td>8.2%</td>
<td>(13,495)</td>
<td>(11,452)</td>
<td>73,804</td>
<td>$1.44</td>
</tr>
<tr>
<td>Menifee</td>
<td>2,119,897</td>
<td>2.2%</td>
<td>0.0%</td>
<td>2.2%</td>
<td>1,303</td>
<td>88,805</td>
<td>72,000</td>
<td>$2.24</td>
</tr>
<tr>
<td>Murrieta</td>
<td>5,479,845</td>
<td>7.0%</td>
<td>0.6%</td>
<td>7.6%</td>
<td>10,010</td>
<td>45,022</td>
<td>0</td>
<td>$1.59</td>
</tr>
<tr>
<td>Perris</td>
<td>2,736,905</td>
<td>5.1%</td>
<td>0.3%</td>
<td>5.4%</td>
<td>(1,784)</td>
<td>15,095</td>
<td>0</td>
<td>$1.44</td>
</tr>
<tr>
<td>Romoland</td>
<td>19,110</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td>San Jacinto</td>
<td>1,457,739</td>
<td>6.7%</td>
<td>0.0%</td>
<td>6.7%</td>
<td>10,104</td>
<td>40,501</td>
<td>0</td>
<td>$1.23</td>
</tr>
<tr>
<td>Temecula</td>
<td>8,265,240</td>
<td>4.9%</td>
<td>0.0%</td>
<td>4.9%</td>
<td>(6,381)</td>
<td>95,526</td>
<td>93,095</td>
<td>$2.05</td>
</tr>
<tr>
<td>Wildomar</td>
<td>601,089</td>
<td>11.5%</td>
<td>0.0%</td>
<td>11.5%</td>
<td>(1,920)</td>
<td>20,979</td>
<td>0</td>
<td>$2.12</td>
</tr>
<tr>
<td>Winchester</td>
<td>23,538</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2,200</td>
<td>0</td>
<td>0</td>
<td>$1.72</td>
</tr>
<tr>
<td>Grand Total</td>
<td>29,889,745</td>
<td>6.4%</td>
<td>0.2%</td>
<td>6.6%</td>
<td>(51,000)</td>
<td>241,470</td>
<td>252,019</td>
<td>$1.57</td>
</tr>
</tbody>
</table>

Source: CoStar: Retail | Existing, Under Construction, and Under Renovation

The above information, while not guaranteed, has been secured from sources we believe to be reliable. Price, tenant mix, and availability subject to change without notice.
In the first quarter 2018 the vacancy rate increased to 6.4% (from 6.2% at the end of the fourth quarter of 2017). Net absorption was negative 51,000 square feet. Quoted rental rates increased to $1.57 per square foot per month (from $1.54 per square foot at the end of the fourth quarter 2017).

**NET ABSORPTION**
Retail net absorption decreased in Southwest Riverside County during the first quarter of 2018, with negative 51,000 square feet absorbed in the quarter. In the fourth quarter 2017, net absorption was positive 134,374; in the third quarter 2017, net absorption was positive 133,576 square feet; and in the second quarter 2017, absorption came in at positive 24,520 square feet.

**RENTAL RATES**
Average quoted asking rental rates in the Southwest Riverside County retail market increased in the first quarter 2018, ending the quarter at $1.57 per square foot. That is an increase over the fourth quarter 2017, which ended at $1.54 per square foot; and compares to $1.54 per square foot in the third quarter 2017; and $1.51 at the end of the second quarter 2017. This represents a 3.75% increase over the last four quarters.
INVENTORY & CONSTRUCTION
Since the end of the first quarter of 2017, a total of 240,014 square feet of retail space has been built in Southwest Riverside County. There were three buildings totalling 15,099 square feet delivered to the Southwest Riverside Retail Market in the first quarter of 2018:

• 45440 Pechanga Parkway, Temecula (Great Oak Marketplace at Pechanga Resort) - A 10,250 square foot retail storefront that delivered February 2018. Space is available for lease starting at 1,250 square feet.
• 736 Ramona Expressway, Perris - A 2,999 square foot fast food retail building. The building is 100% occupied by Carl’s Jr.
• 1555 S. San Jacinto Avenue, San Jacinto - A 1,850 square foot freestanding retail building. The building is 100% occupied by Starbucks. The property is available for sale as an investment.

There were nine buildings consisting of 252,019 square feet of retail space under construction at the end of the first quarter 2018:

• 29235 Central Avenue, Lake Elsinore (Lake Elsinore Marketplace) - A 3,500 square foot freestanding retail building that delivers April 2018. The building is 100% occupied by Popeyes.
• 33395 Old State Highway, Hemet - A 3,120 square foot retail building that delivers April 2018. The building is 100% occupied.
• 4602 W. Florida Avenue, Hemet (Florida Promenade - Major 2A) - A 10,000 square foot community center that delivers May 2018. Space is available for lease.
• Temecula Parkway, Temecula (Gateway to Temecula) - A 49,660 square foot retail building with restaurant space that delivers May 2018. Space is available for lease starting at 1,100 square feet.
• 100 NW Temecula Parkway, Temecula - A 37,000 square foot freestanding retail building that delivers May 2018. The building is 100% occupied by LA Fitness. The property is available for sale as an investment.
• Temecula Parkway, Temecula (Building B) - A 6,435 square foot retail building that delivers May 2018. Space is available for lease starting at 1,198 square feet.
• 24674 Collier Avenue, Lake Elsinore (Elsinore Central Marketplace) - A 66,000 square foot neighborhood center that delivers June 2018. The building is 100% occupied. Tenants include Marshall’s and Ulta Beauty.
• SWC Newport Road & Town Center Drive (Menifee Town Center) - A 72,000 square foot retail building that delivers December 2018. Space is available for lease starting at 2,300 square feet.
• 24674 Collier Avenue, Lake Elsinore (Elsinore Central Marketplace - Pad 1) - A 4,304 square foot retail fast food building within a neighborhood center that delivers June 2019. The building is 100% occupied by Panera.

Total retail inventory in the Southwest Riverside County market area amounted to 29,889,745 square feet in 2,375 buildings as of the end of the first quarter 2018.

UNEMPLOYMENT RATE IN COMPARISON

EMPLOYMENT AND INDUSTRY
Riverside County, has had a steady decline in the unemployment rate from 2013 through 2018. In February 2018 the unemployment rate in Riverside County was 4.6%. That compares to 5.3% at the end of both 2016 and 2017; 6.7% at the end of 2015; 8.2% at the end of 2014; and 9.9% at the end of 2013.

Since June 2009 (the end of the recession) Riverside, San Bernardino, and Ontario have added 308,200 jobs. The industries with the largest increase in jobs during this time frame are Health Care and Social Assistance (+62,400 jobs); Transportation and Utilities (+59,500 jobs); Leisure & Hospitality (+42,700 jobs); and Construction (+31,900). Conversely the Information and Mining & Logging sectors lost 3,200 and 300 jobs respectively during the same period.
PROJECTS OF THE QUARTER | SOUTHWEST RIVERSIDE COUNTY | FIRST QUARTER 2018

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WestMar Commercial Real Estate | 41623 Margarita Road, Suite 100, Temecula, CA 92591 | Ph: 951.491.6300 | www.WestMarCRE.com

**2.14± ACRES HARD CORNER**

**22825 Palomar Street, Wildomar**

2.14± acre signalized hard corner location
Sale Price: $1,800,000

Listed by: Scott Forest

**DIAMOND VALLEY CENTER**

**1105 S. State Street, Hemet**
Monument signage available.

606± to 900± square foot office suites available.
1,355± square foot retail suite available.

Listed by: Scott Forest

**MISSION PLAZA**

**1328-1418 Mission Road, Fallbrook**

1,200± to 1,950± square foot suites available.

Listed by: Mark Esbensen and Scott Forest

**PIAZZA D’ ORO**

**3400 Piazza De Oro Way, Oceanside**
The subject property consists of three retail condominiums located on the main entrance to the Piazza D’Oro mixed-use residential/commercial project. College, Palomar College, Children’s Hospital Medical Center, and many other employment centers. Piazza D’Oro Community consists of 221 upscale townhome units and maintains near full occupancy year-round.

2,694± square foot suites available.

Listed by: Scott Forest
PROMENADE FORMER RESTAURANT

40517 Margarita Road, Temecula
FOR LEASE: Former El Torito Restaurant. Situated in the “Restaurant Row” of the Promenade Mall Loop. Walking distance to Edward’s Theaters and Promenade Mall (Macy’s, JCPenney, Sears) and The Commons at Temecula Shopping Center (Nordstrom Rack, Cost Plus World Market, and Buy Buy. Adjacent 1.29± Acre Pad also available for ground lease.

7,380± fully fixtureized restaurant with 1,000± square foot of patio area and large bar area available.

Listed by: Scott Forest

WINCHESTER MEADOWS

40355 Winchester Road, Temecula
FOR LEASE: Planet Fitness Just Signed! Located at the major signalized intersection of Winchester Road and Margarita Road. Close proximity to I-15 freeway across from Temecula Promenade Mall, Nordstrom Rack, Lowes, WinCo, etc. Adjacent to Chaparral High School (3,216± students). Monument signage available.

1,200± square foot retail shop space available.

Listed by: Mark Esbensen and Scott Forest

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