Leasing momentum returns as net absorption rebounds

▶ 6.8% Availability Rate

▲ 31K SF Net Absorption (000s)

▼ 77K SF Completed (000s)

▲ $1.77 Avg. Asking Rent (NNN)

Note: Arrows indicate change from previous quarter.
Source: CBRE Econometric Advisors, Q2 2025.

MARKET HIGHLIGHTS

— The Inland Empire (IE) retail market maintained an availability rate of 6.8% in Q2 2025, unchanged from the previous quarter, signaling stabilization after a volatile start to the year.

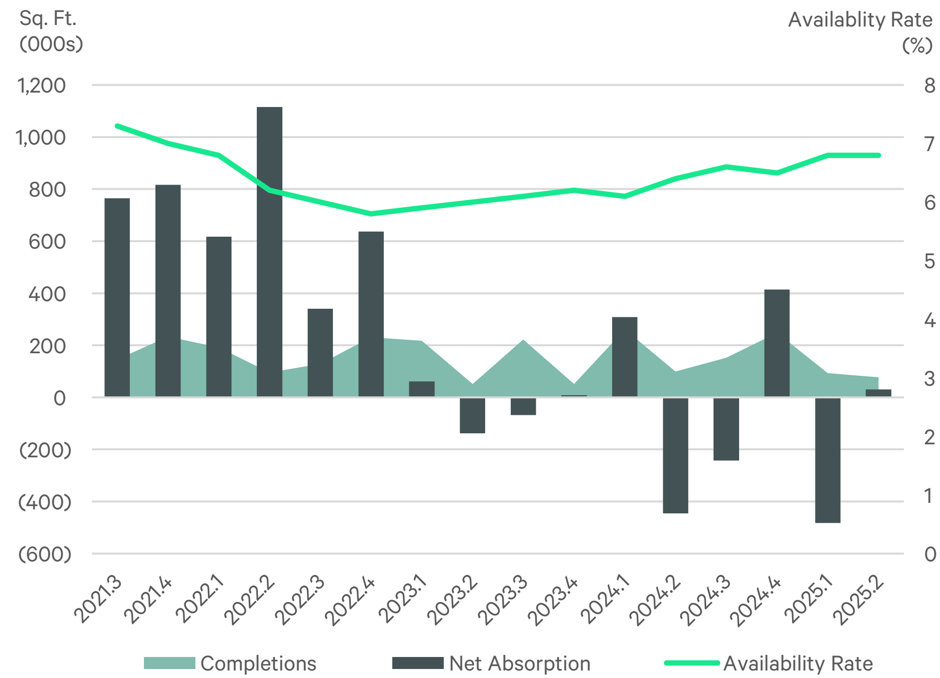
— Net absorption totaled 31,000 sq. ft in Q2 2025, reflecting a positive turnaround from the sharp decline of a revised 483,000 sq. ft of negative net absorption recorded in Q1 2025. The West End submarket led the charge, contributing over 400,000 sq. ft. of positive net absorption.

— Increased construction cost and market uncertainty continued to weigh on development activity as only 77,000 sq. ft. delivered in Q2 2025, compared to the revised 93,000 sq. ft. of space that delivered in Q1 2025.

— The overall asking rent rose to $1.77 NNN per. sq. ft in Q2 2025, up $0.05 from the previous quarter, as landlords regained pricing power in high-performing centers.

— The total retail investment sales in Q2 2025 amounted to $170.2 million, nearly doubling quarter-over-quarter. The renewed consumer confidence was fueled by steady population growth and rising consumer demand in the IE.

FIGURE 1: Completions, Net Absorption, and Availability Rate



Source: CBRE Econometric Advisors, Q2 2025.

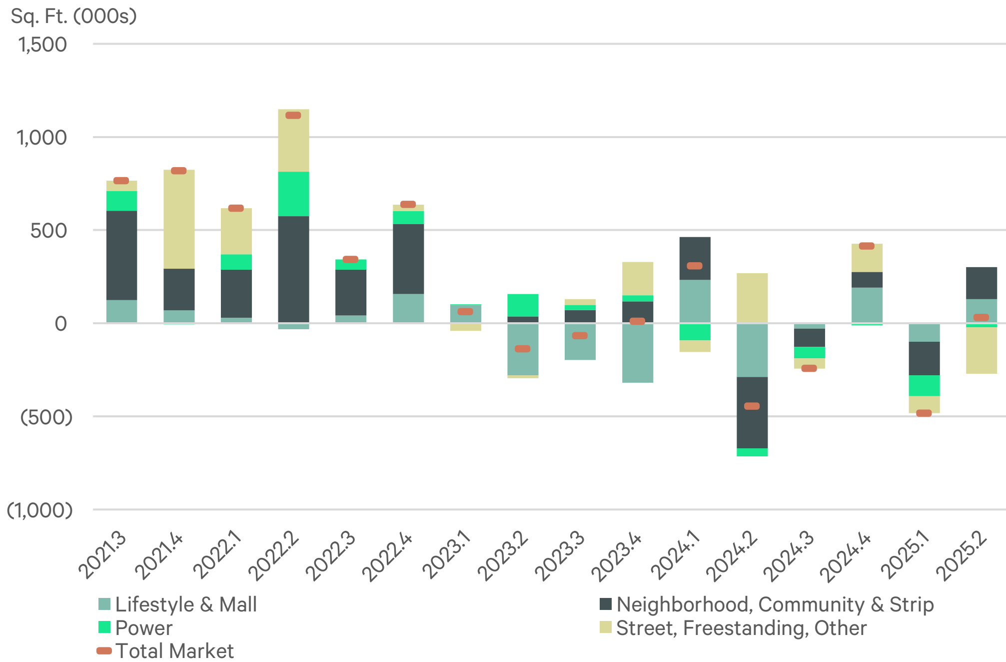
Market Overview

FIGURE 2: Market Statistics by Product Type

Market	Inventory (SF, 000s)	Availablity Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Lifestyle & Mall	12,223	8.9	130	-	$1.80
Neighborhood, Community & Strip	87,220	8.6	172	59	$1.68
Power	18,448	6.2	(22)	-	$2.55
Street, Freestanding, Other	60,997	4.0	(249)	18	-
Total Market	178,888	6.8	31	77	$1.77

Source: CBRE Econometric Advisors, Q2 2025.

FIGURE 3: Net Absorption by Center Type



Source: CBRE Econometric Advisors, Q2 2025.

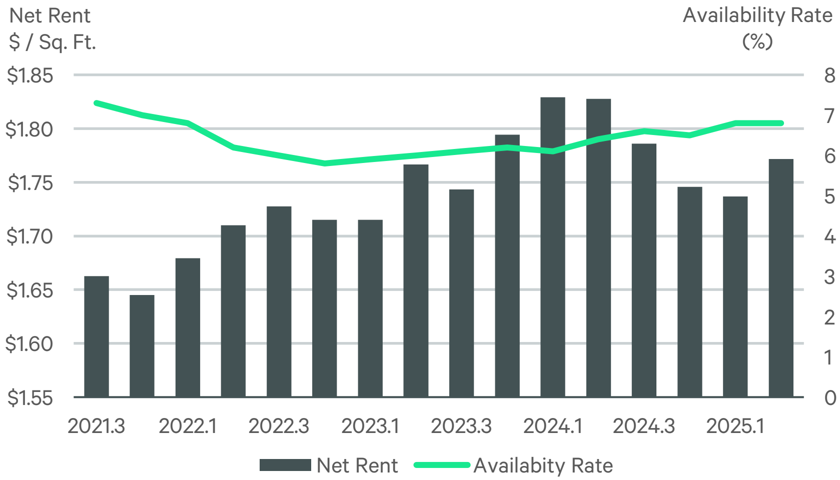
FIGURE 4: Market Statistics by Submarket

Market	Inventory (SF 000s)	Availability Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Total Market	178,888	6.8	31	77	$1.77
East End	71,898	6.8	(46)	46	$1.82
High Desert	16,818	7.4	52	-	$1.34
Low Desert	27,626	7.6	(120)	-	$1.75
Riverside Outlying	937	10.5	(3)	-	$1.17
San Bernardino Out	1,099	8.1	2	-	$1.50
South Riverside Co	17,344	6.9	(91)	11	$1.59
West End	43,166	6.0	237	20	$2.15

Source: CBRE Econometric Advisors, Q2 2025.

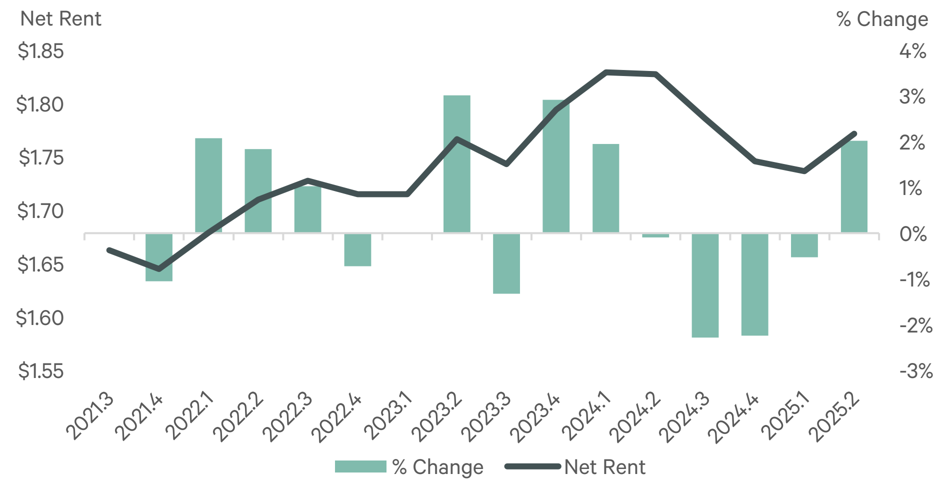
Asking Rents & Availablity

FIGURE 5: Net Asking Rent and Availability Rate



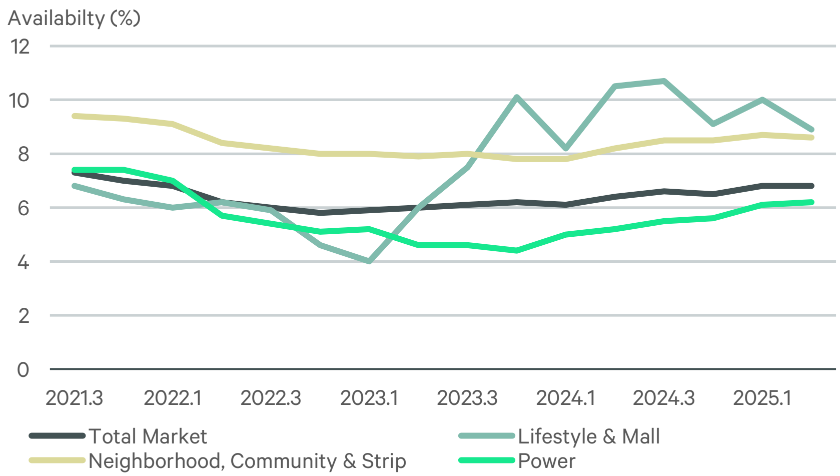
Source: CBRE Econometric Advisors, Q2 2025.

FIGURE 6: Net Rent and % Change



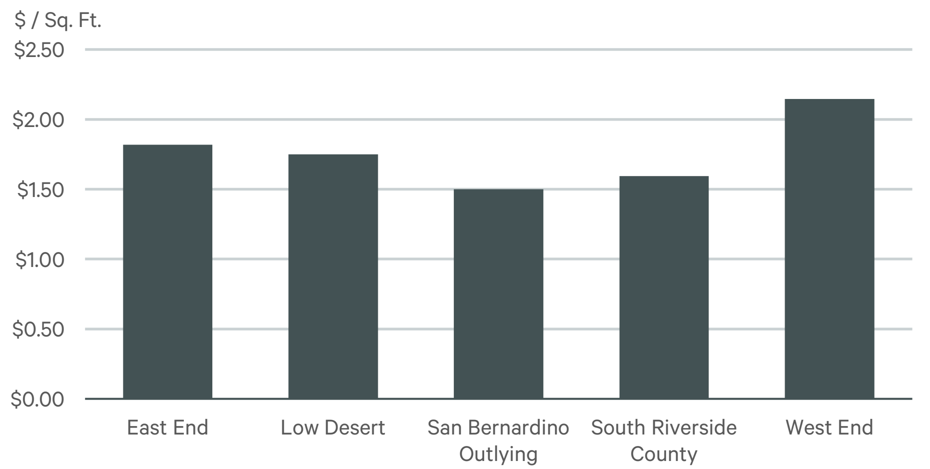
Source: CBRE Econometric Advisors, Q2 2025.

FIGURE 7: Availablity by Center Type



Source: CBRE Econometric Advisors, Q2 2025.

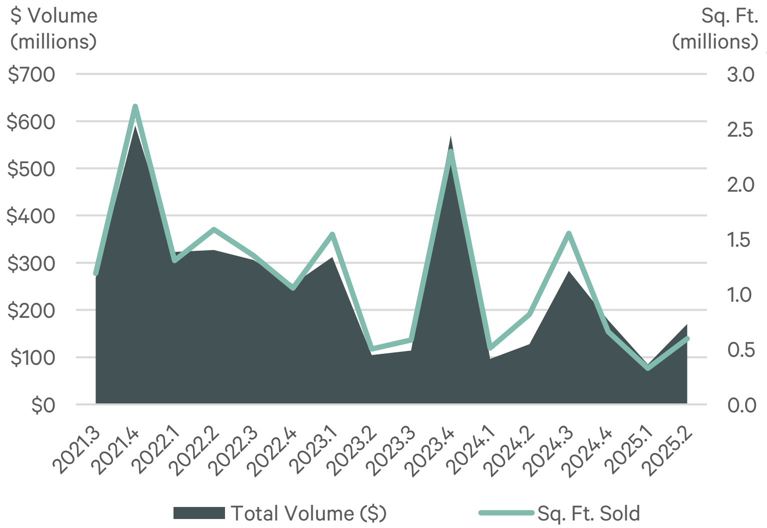
FIGURE 8: Top 5 Submarket by Net Rent



Source: CBRE Econometric Advisors, Q2 2025.

Investment Sales

FIGURE 9: Retail Investment Sale Volume



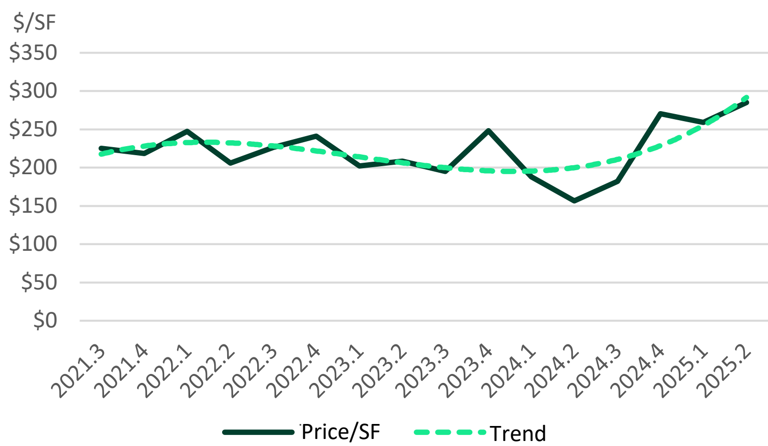
Source: MSCI Real Capital Analytics, Q2 2025.

FIGURE 11: Q2 2025 Sale Transactions

Buyer	Property Name	City	Building SF	Sale Price	Price / SF
TIAA-CREF	The Pavilion at La Quinta	La Quinta	166,100	$49,249,954	$297
TIAA-CREF	Bear Creek Village Center	Wildomar	80,318	$37,400,000	$318
Agree Realty Corp	fmr Rid Aid	Palm Desert	21,000	$6,446,000	$307
Undisclosed	14444 Atstar Drive	Victorville	86,628	$5,800,000	$67
Michael M Pelenghian	Los Compadres	Colton	47,090	$10,000,000	$212
Zhang Family Trust	Amazon Fresh	Fontana	40,100	$17,800,000	$444
Ashraf A Jaber	Harbor Freight & Fallas	Cathedral Ci	40,000	$4,300,000	$108
Amir & Nadia Real Estate LL(	3350 Vine Street	Riverside	30,000	$4,250,000	$142
JIS Holdings LLC	Crunch Fitness - Corona	Corona	17,956	$5,200,000	$290
Hemacinto Commonwealth C	Olive Tree Plaza	Murrieta	16,362	$6,526,364	$399
AB Magnolia AVE LLC	9741 Magnolia Ave	Riverside	13,000	$2,775,000	$213
Dayco Funding Corp	233 E State Street J	Redlands	9,345	$2,800,000	$300

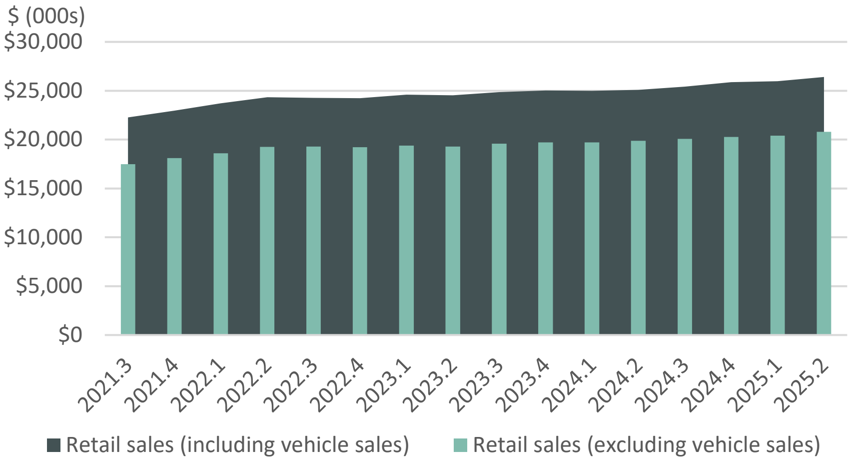
Source: MSCI Real Capital Analytics, Q2 2025.

FIGURE 10: Retail Investment Sale Price Per Sq. Ft.



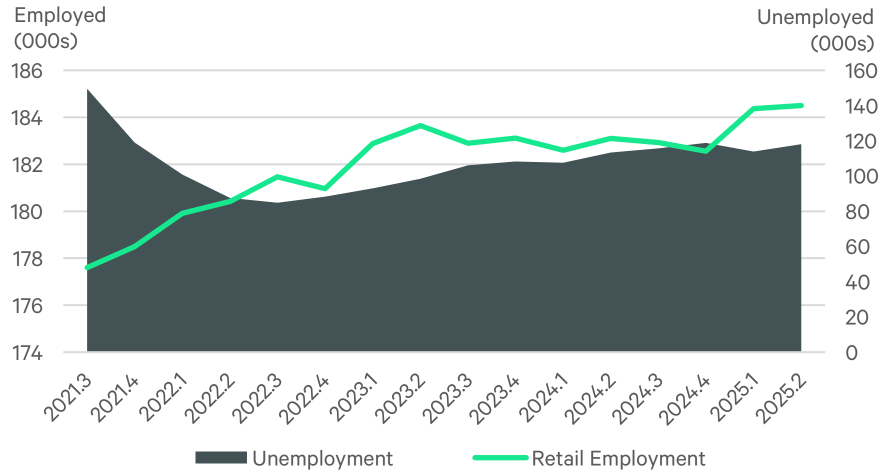
Economic Overview

FIGURE 12: Total Retail Sales



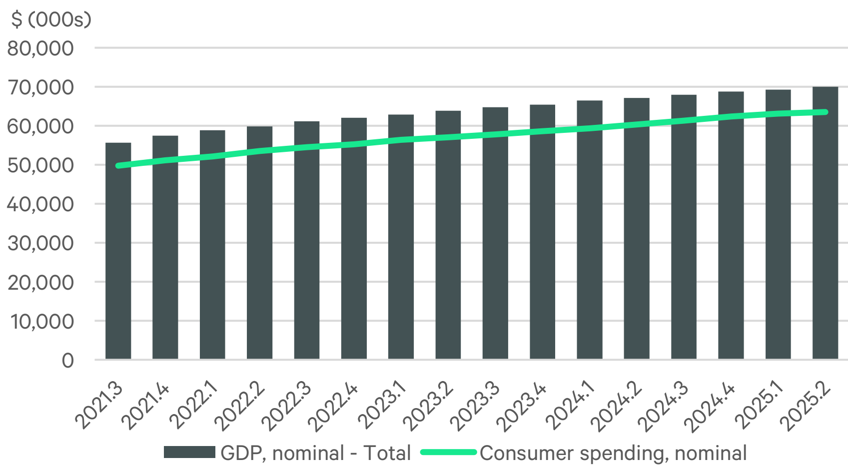
Source: Oxford Economics, Q2 2025.

FIGURE 13: Retail Employment vs. Unemployment



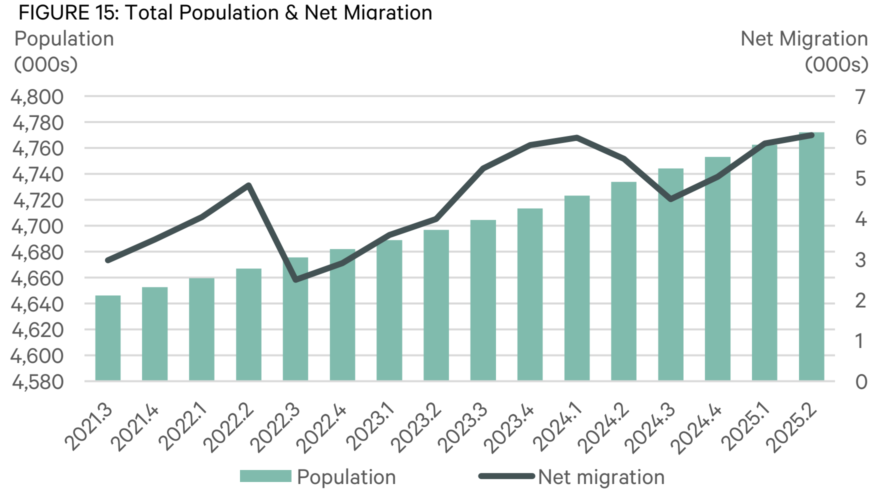
Source: Oxford Economics, Q2 2025.

FIGURE 14: GDP & Consumer Spending



Source: Oxford Economics, Q2 2025.

FIGURE 15: Total Population & Net Migration



Source: Oxford Economics, Q2 2025.

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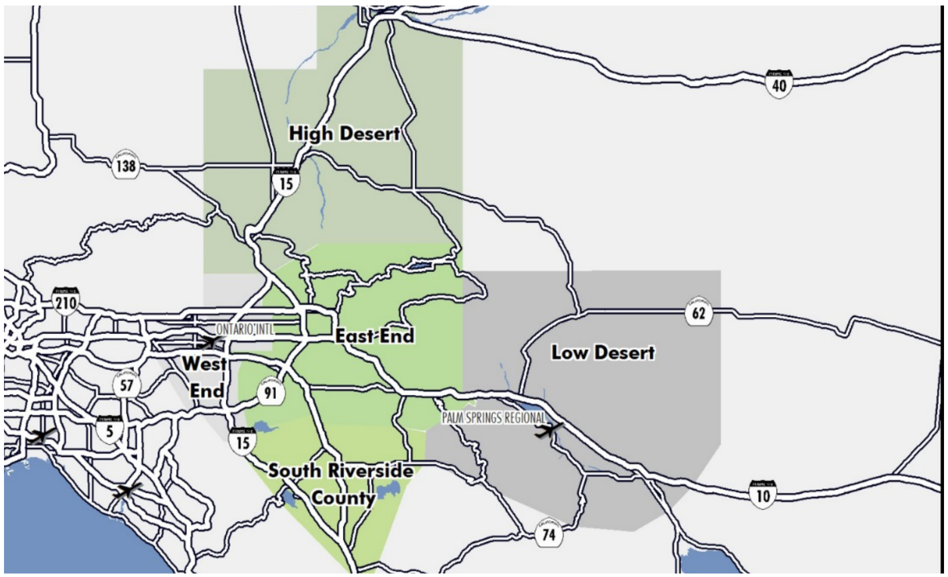

Retail Definitions

Neighborhood, community and strip centers are groupings of buildings where there is most often an anchor property (except strip). Neighborhood properties are the largest ranging from 125,000 to 400,000 sq. ft., followed by community at 30,000 to 125,000 sq. ft., and strip with 30,000 or less sq. ft.

Lifestyle are upscale national-chain specialty stores with dining and entertainment in an outdoor setting. Lifestyle centers range from 150,000 to 500,000 sq. ft. Malls, including both regional and super regional malls, can provide a wide range of goods and services. Regional malls are built around full-line department stores and usually range over 300,000 sq. ft. Super regional malls are usually over 750,000 sq. ft. with more department stores.

Power Centers are category-dominant anchors, including discount department stores, off-price stores, and wholesale clubs, with only a few small tenants. They range from 250,000 to 600,000 sq. ft. and have multiple anchors.

Freestanding Retail are single-tenant occupied retail buildings. All other variables may vary.

Market Definition

The Inland Empire market consists of the submarkets of Airport Area, Beaumont, Hemet, Chino, Chino Hills, Coachella Valley, Corona, Eastvale, Mojave River Valley, Moreno Valley, Perris, Redlands, Loma Linda, Riverside, San Bernardino, Twentynine Palms, Upland, Montclair.