

Market rebalances with a slow start in 2025

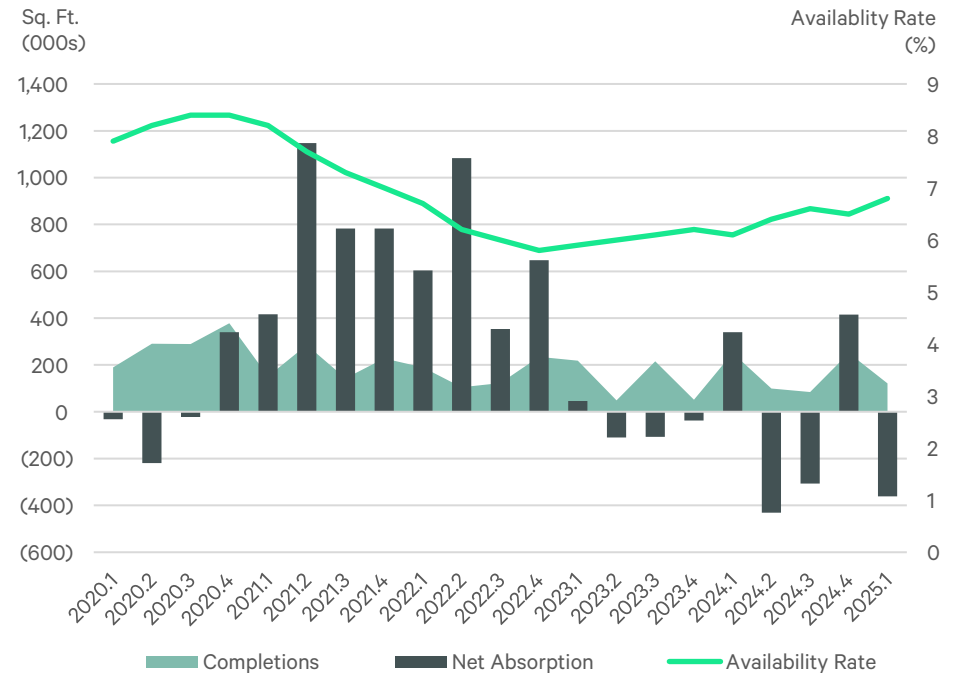
| | | | |
|-------------------|--------------------------|---------------------|------------------------|
| ▲ 6.8% | ▼ -361K | ▼ 121K | ▼ \$1.72 |
| Availability Rate | SF Net Absorption (000s) | SF Completed (000s) | Avg. Asking Rent (NNN) |

Note: Arrows indicate change from previous quarter.
 Source: CBRE Econometric Advisors, Q1 2025.

MARKET HIGHLIGHTS

- The Inland Empire retail market closed Q1 2025 with an availability rate of 6.8%, increasing 30 basis points (bps) from 6.5% in Q4 2024 as economic uncertainty temporarily reduced demand.
- The total retail sq. ft. absorbed in Q1 2025 was -361,000 sq. ft., compared to 415,000 sq. ft. in Q4 2024. Available retail space remained on the market for extended periods, eventually going vacant as new leasing activity slowed in 2025.
- Construction projects remained a highlight of the Inland Empire (IE) market as 121,000 sq. ft. of new retail space delivered in Q1 2025. Developers continued to see value in new projects as population growth and consumer spending underlined the need for new retail space in the market.
- The overall average net asking rent for retail in Inland Empire ended Q1 2025 at \$1.72, representing a -\$0.02 change from Q4 2024. The slight decline in asking rents in Q1 2025 marked the third consecutive quarter of falling rates as the IE market rebalanced following the significant rate growth in H1 2024.

FIGURE 1: Completions, Net Absorption, and Availability Rate



Source: CBRE Econometric Advisors, Q1 2025.

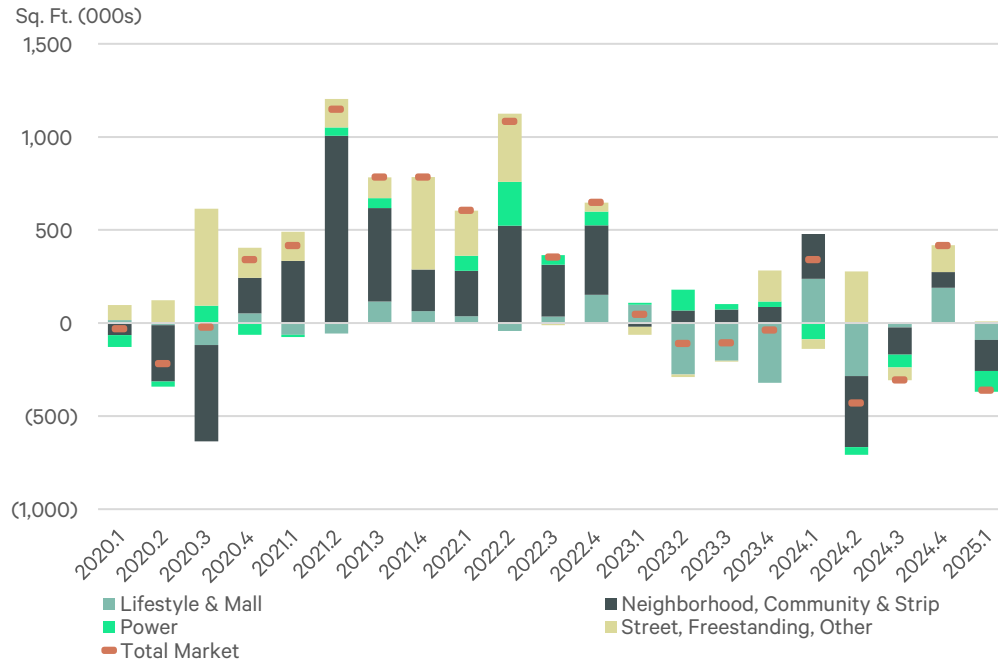
Market Overview

FIGURE 2: Market Statistics by Product Type

| Market | Inventory (SF, 000s) | Availability Rate (%) | Net Absorption (SF 000s) | Completions (SF 000s) | Net Rent |
|---------------------------------|----------------------|-----------------------|--------------------------|-----------------------|---------------|
| Lifestyle & Mall | 10,882 | 10.0 | (90) | - | \$1.80 |
| Neighborhood, Community & Strip | 86,896 | 8.7 | (167) | 73 | \$1.65 |
| Power | 18,295 | 6.1 | (113) | 3 | \$2.14 |
| Street, Freestanding, Other | 61,105 | 3.7 | 9 | 45 | - |
| Total Market | 177,178 | 6.8 | (361) | 121 | \$1.72 |

Source: CBRE Econometric Advisors, Q1 2025.

FIGURE 3: Net Absorption by Center Type



Source: CBRE Econometric Advisors, Q1 2025.

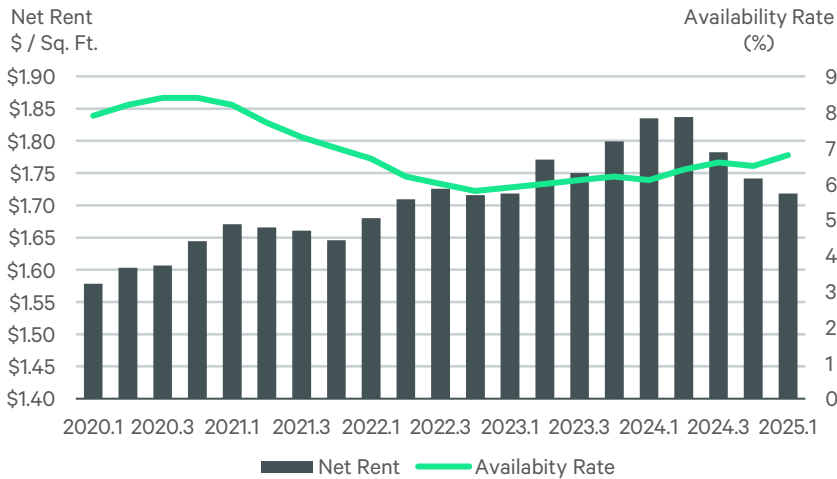
FIGURE 4: Market Statistics by Submarket

| Market | Inventory (SF 000s) | Availability Rate (%) | Net Absorption (SF 000s) | Completions (SF 000s) | Net Rent |
|--------------------|---------------------|-----------------------|--------------------------|-----------------------|----------|
| Total Market | 177,178 | 6.8 | (361) | 121 | \$1.72 |
| East End | 71,620 | 6.6 | (109) | 25 | \$1.75 |
| High Desert | 16,807 | 7.6 | (100) | 9 | \$1.21 |
| Low Desert | 27,584 | 7.1 | 62 | 37 | \$1.72 |
| Riverside Outlying | 935 | 10.3 | (7) | - | \$1.13 |
| San Bernardino Out | 1,099 | 8.5 | (15) | - | \$1.50 |
| South Riverside Co | 17,324 | 6.3 | (18) | - | \$1.61 |
| West End | 41,809 | 6.6 | (174) | 50 | \$2.12 |

Source: CBRE Econometric Advisors, Q1 2025.

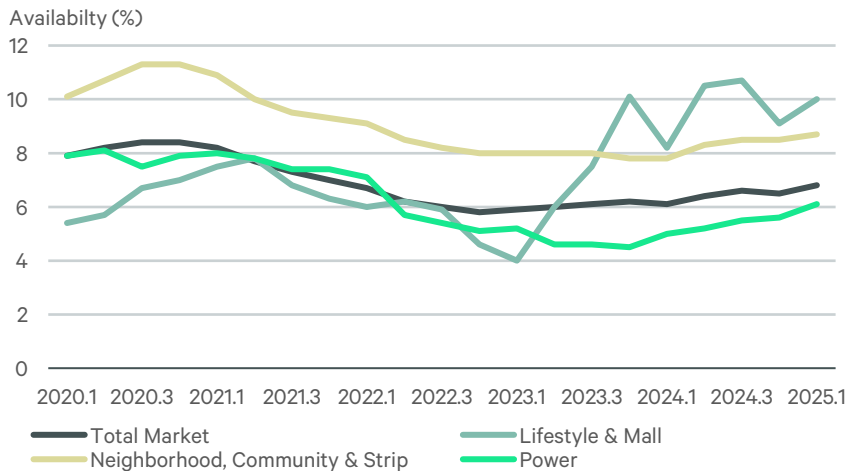
Asking Rents & Availability

FIGURE 5: Net Asking Rent and Availability Rate



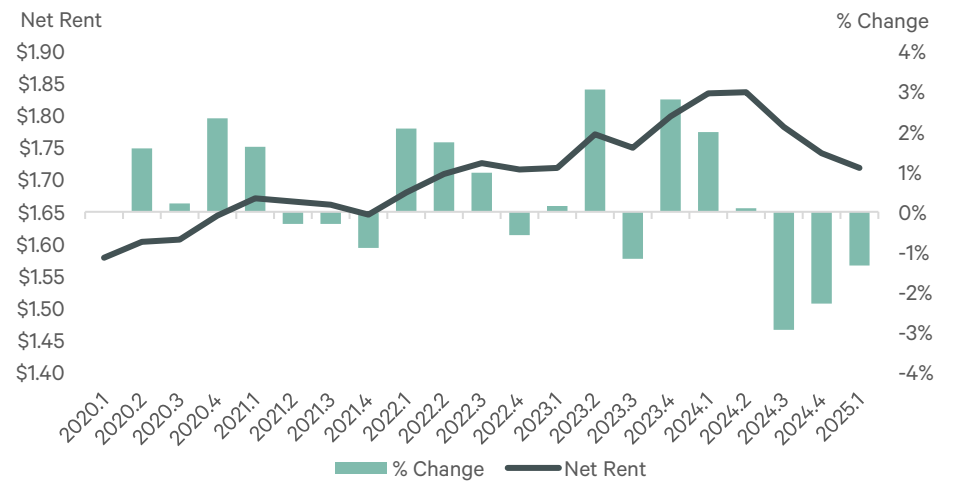
Source: CBRE Econometric Advisors, Q1 2025.

FIGURE 7: Availability by Center Type



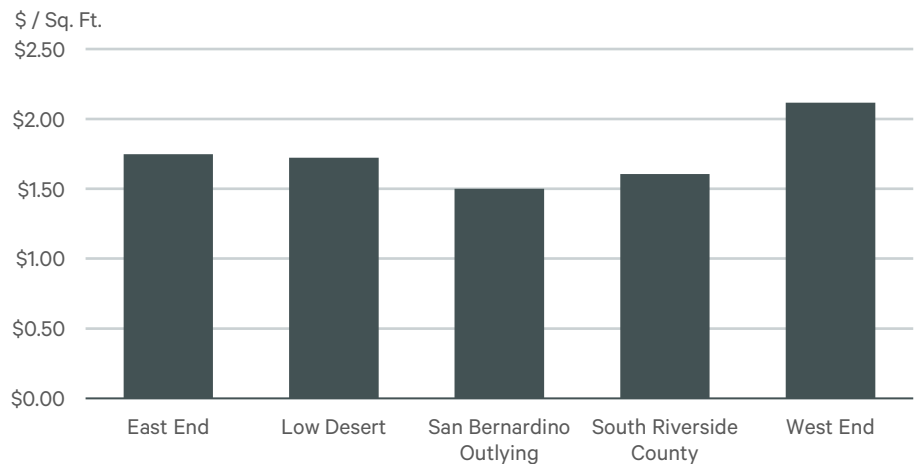
Source: CBRE Econometric Advisors, Q1 2025.

FIGURE 6: Net Rent and % Change



Source: CBRE Econometric Advisors, Q1 2025.

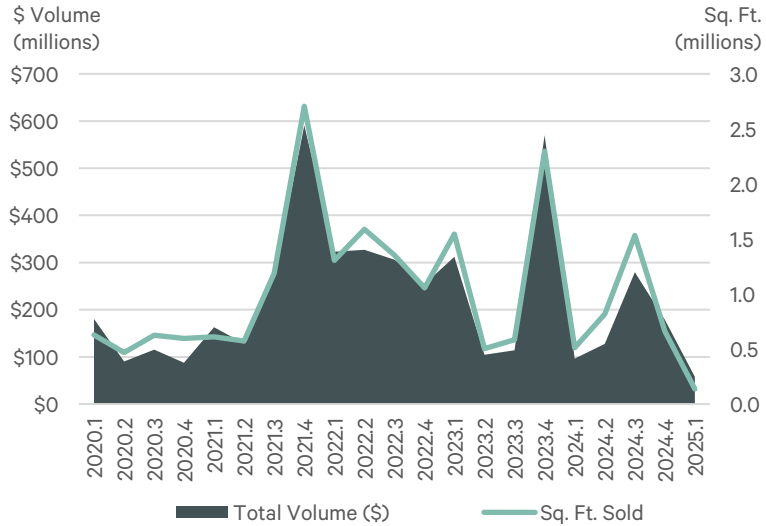
FIGURE 8: Top 5 Submarket by Net Rent



Source: CBRE Econometric Advisors, Q1 2025.

Investment Sales

FIGURE 9: Retail Investment Sale Volume



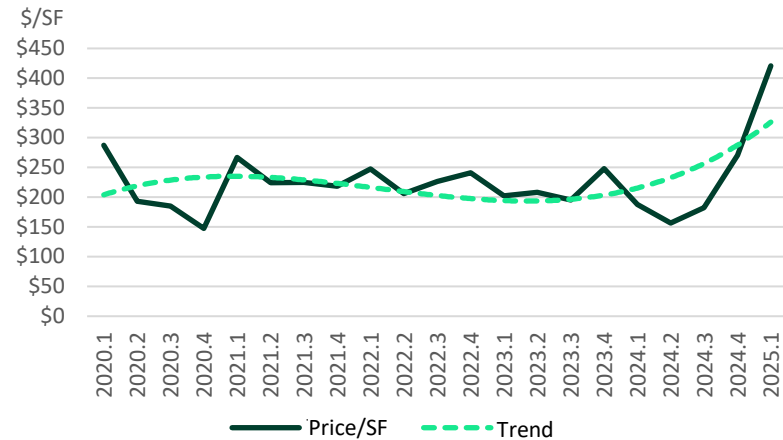
Source: MSCI Real Capital Analytics, Q1 2025.

FIGURE 11: Q1 2025 Sale Transactions

| Buyer | Property Name | City | Building SF | Sale Price | Price / SF |
|----------------------------|-----------------------------|--------------|-------------|-------------|------------|
| Agree Realty Corp | Ross Dress for Less | Highland | 19,972 | \$4,807,000 | \$241 |
| Macdonald Family Trust | Central/Magnolia Retail Ctr | Riverside | 17,556 | \$6,842,000 | \$390 |
| Jefferson Ave Temecula | 27315 Jefferson Avenue | Temecula | 17,075 | \$3,450,000 | \$202 |
| Trinity Tree | 82680 Showcase Pkwy | Indio | 16,945 | \$2,790,000 | \$165 |
| Agree Realty Corp | La-Z-Boy | San Bernard | 15,032 | \$3,745,000 | \$249 |
| Cardinal Green | Walgreens | Upland | 15,032 | \$2,820,000 | \$188 |
| Eppd LLC | 73670 El Paseo | Palm Desert | 10,000 | \$8,400,000 | \$840 |
| Song Ho & Kong Soon Lee LT | Buffalo Wild Wings | Menifee | 5,445 | \$2,850,000 | \$523 |
| Erik Vogt; Chad Vogt | 73730 El Paseo | Palm Desert | 5,400 | \$2,550,000 | \$472 |
| Undisclosed | 6200 Van Buren Blvd | Riverside | 5,005 | \$3,205,744 | \$641 |
| Undisclosed | 4210 East 4th Street | Ontario | 4,890 | \$5,000,000 | \$1,022 |
| Brand A & H Family Trust | 844 North Palm Canyon Dr | Palm Spring: | 3,500 | \$2,850,000 | \$814 |

Source: MSCI Real Capital Analytics, Q1 2025.

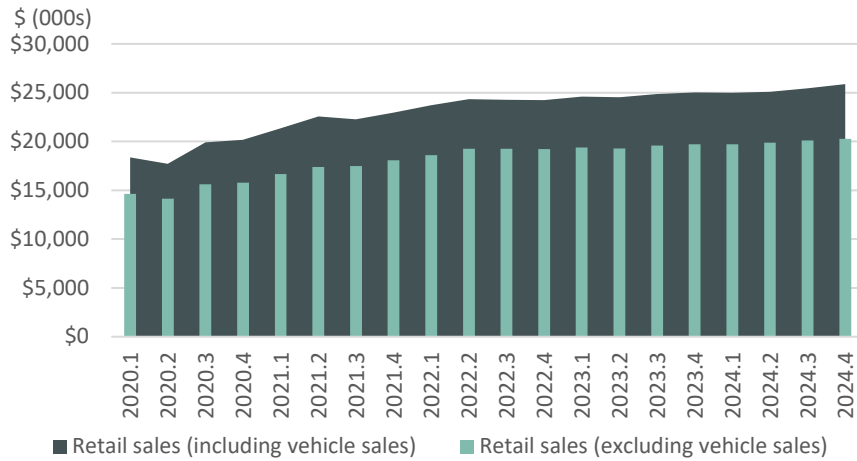
FIGURE 10: Retail Investment Sale Price Per Sq. Ft.



Source: MSCI Real Capital Analytics, Q1 2025.

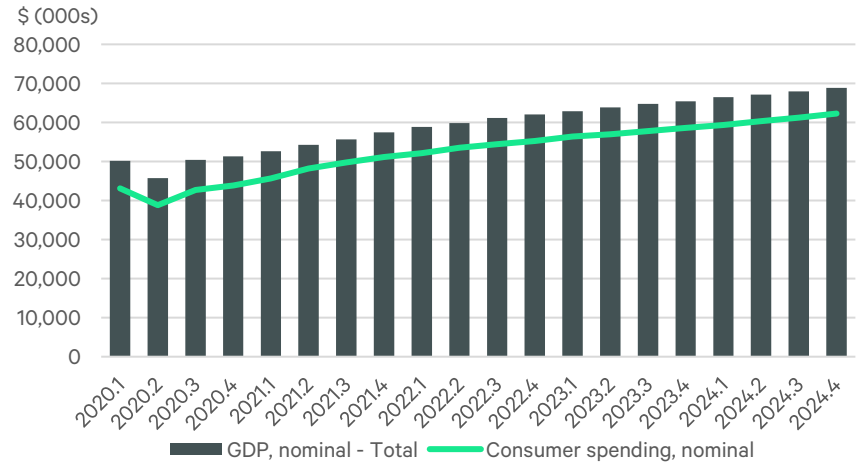
Economic Overview

FIGURE 12: Total Retail Sales



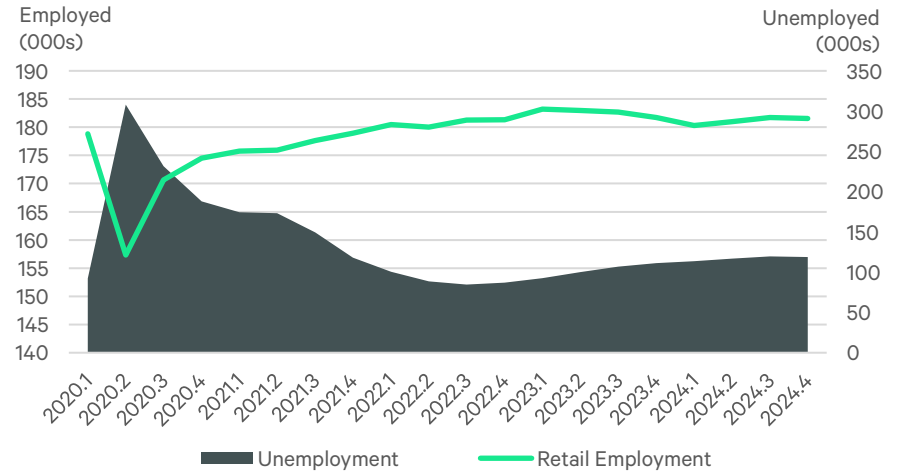
Source: Oxford Economics, Q1 2025.

FIGURE 14: GDP & Consumer Spending



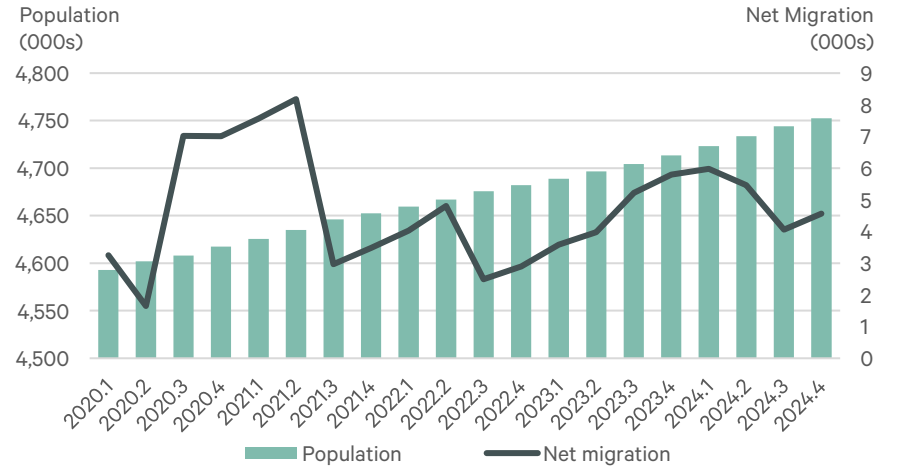
Source: Oxford Economics, Q1 2025.

FIGURE 13: Retail Employment vs. Unemployment



Source: Oxford Economics, Q1 2025.

FIGURE 15: Total Population & Net Migration



Source: Oxford Economics, Q1 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 Indianapolis market consists of Boone County, Brown County, Hamilton County, Hancock County, Hendricks County, Johnson County, Madison County, Marion County, Morgan County, Putnam County, Shelby County.

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