

Net absorption swings positive as grocery and discount stores lead tenant activity

▼ 6.5%

Availability Rate

▲ 280K

SF Net Absorption (000s)

▼ 58K

SF Completed (000s)

▼ \$1.77

Avg. Asking Rent (NNN)

Note: Arrows indicate change from previous quarter.

Source: CBRE Econometric Advisors, Q4 2024.

MARKET HIGHLIGHTS

— Increased consumer confidence among retail shopping, and a positive retailer outlook allowed for a stronger demand quarter-over-quarter. Leading to a negative 1% decrease in availability rate quarter-over-quarter to 6.5% in Q4 2024.

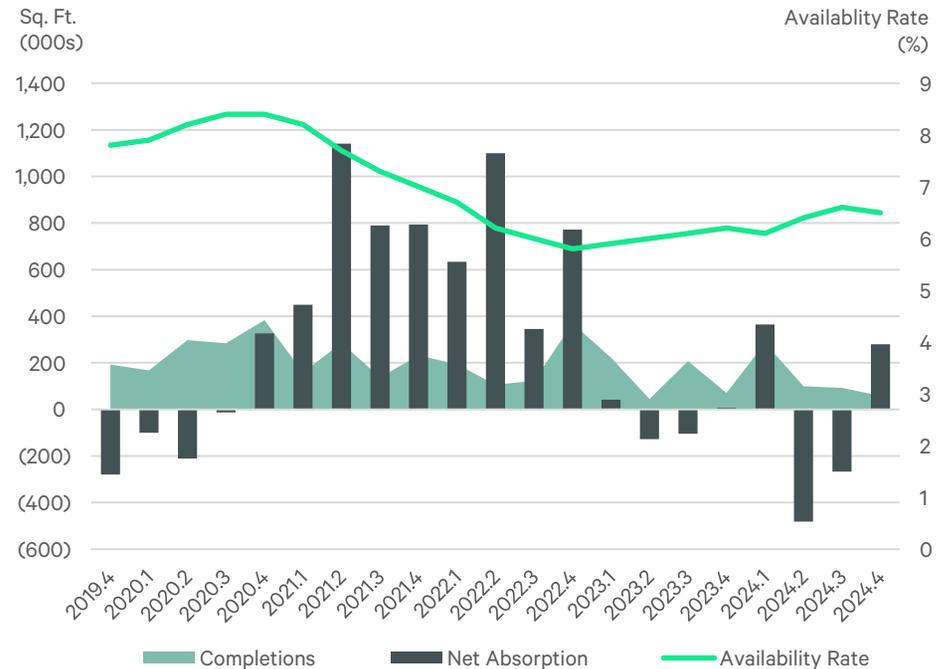
— The total net absorption in Q4 2024 was 280,000 sq. ft., compared to negative 267,000 sq. ft. in Q3 2024. The East End saw the largest space absorbed at 236,000 sq. ft. while the West End and Low Desert were the only submarkets with negative net absorption at negative 54,000 and negative 32,000 respectively.

— Increased construction costs in a volatile construction market decreased construction deliveries and starts quarter-over-quarter as retailers navigate their online and physical stores presence. There was 58,000 sq. ft. delivered in Q4 2024, compared to 93,000 sq. ft. in Q3 2024.

— Landlords offered deals to retailers to incentivize new leases, leading to the average NNN asking rate shrinking \$0.02 quarter-over-quarter from \$1.79 in Q3 2024 to \$1.77 in Q4 2024.

— Owners waited for a more stable market before making decisions on the future of their asset. The total retail investment sales in Q4 2024 amounted to \$120.6 million in total volume, compared to \$279.6 million in Q3 2024.

FIGURE 1: Completions, Net Absorption, and Availability Rate



Source: CBRE Econometric Advisors, Q4 2024.

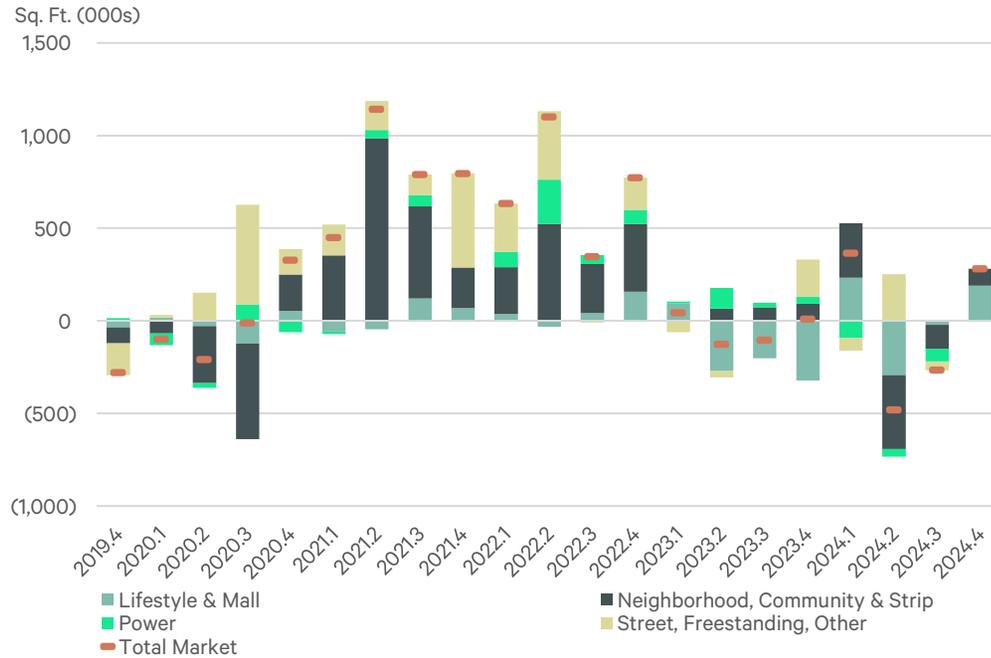
Market Overview

FIGURE 2: Market Statistics by Product Type

Market	Inventory (SF, 000s)	Availability Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Lifestyle & Mall	12,285	9.1	190	-	\$1.77
Neighborhood, Community & Strip	86,848	8.4	91	48	\$1.73
Power	18,805	5.6	(4)	-	\$2.16
Street, Freestanding, Other	61,407	3.6	3	10	-
Total Market	179,345	6.5	280	58	\$1.77

Source: CBRE Econometric Advisors, Q4 2024.

FIGURE 3: Net Absorption by Center Type



Source: CBRE Econometric Advisors, Q4 2024.

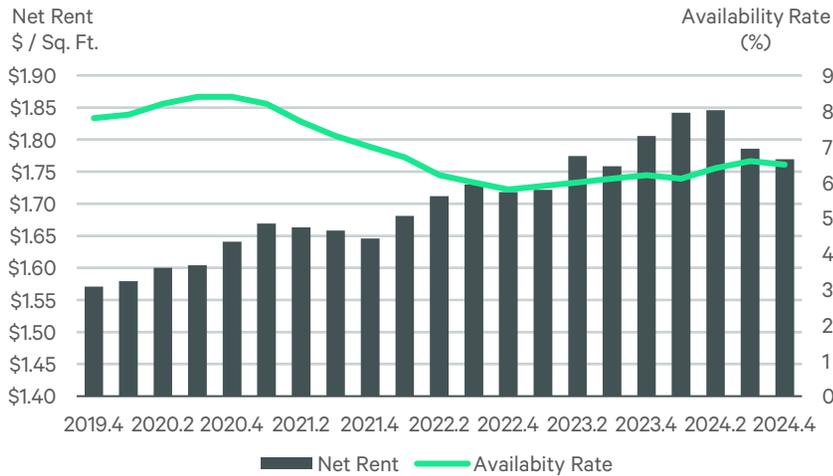
FIGURE 4: Market Statistics by Submarket

Market	Inventory (SF 000s)	Availability Rate (%)	Net Absorption (SF 000s)	Completions (SF 000s)	Net Rent
Total Market	179,345	6.5	280	58	\$1.77
East End	71,919	6.4	236	19	\$1.84
High Desert	16,775	7.0	42	-	\$1.18
Low Desert	28,193	7.2	(32)	-	\$1.67
Riverside Outlying	926	9.7	(1)	-	\$1.09
San Bernardino Out	1,104	7.2	27	-	\$1.50
South Riverside Co	17,329	6.1	62	39	\$1.59
West End	43,099	6.1	(54)	-	\$2.31

Source: CBRE Econometric Advisors, Q4 2024.

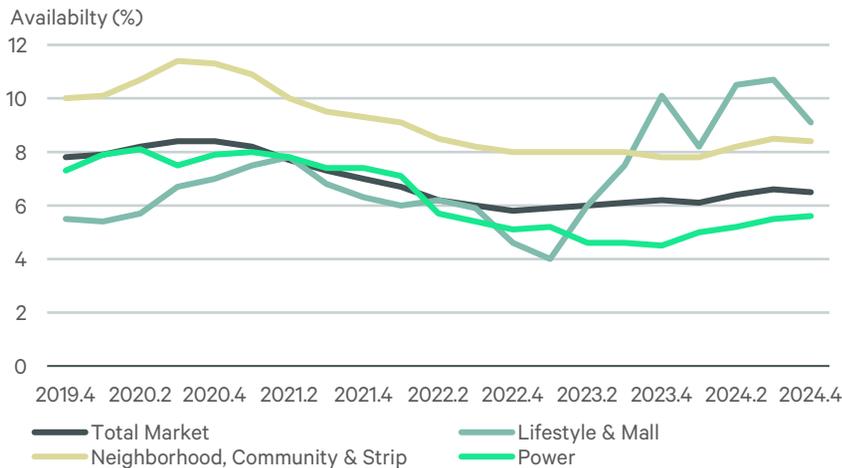
Asking Rents & Availability

FIGURE 5: Net Asking Rent and Availability Rate



Source: CBRE Econometric Advisors, Q4 2024.

FIGURE 7: Availability by Center Type



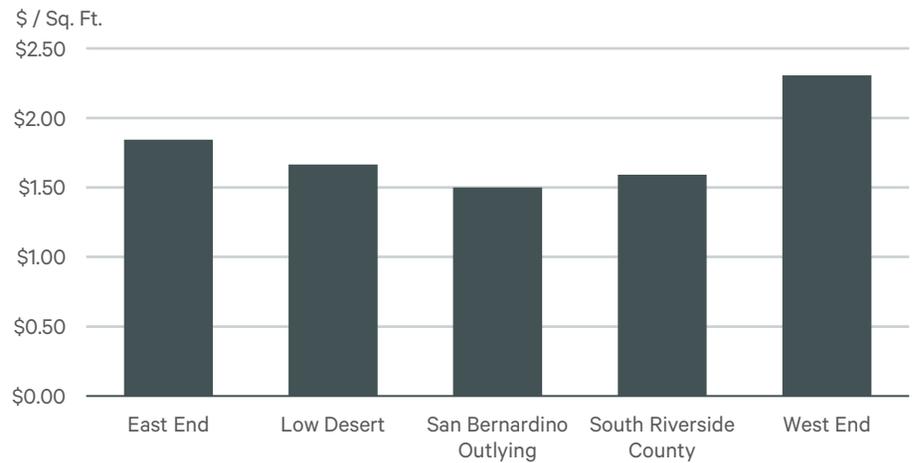
Source: CBRE Econometric Advisors, Q4 2024.

FIGURE 6: Net Rent and % Change



Source: CBRE Econometric Advisors, Q4 2024.

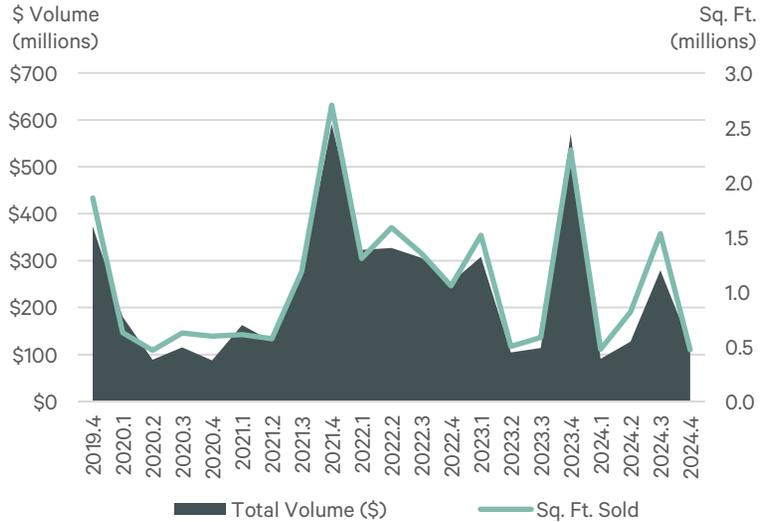
FIGURE 8: Top 5 Submarket by Net Rent



Source: CBRE Econometric Advisors, Q4 2024.

Investment Sales

FIGURE 9: Retail Investment Sale Volume



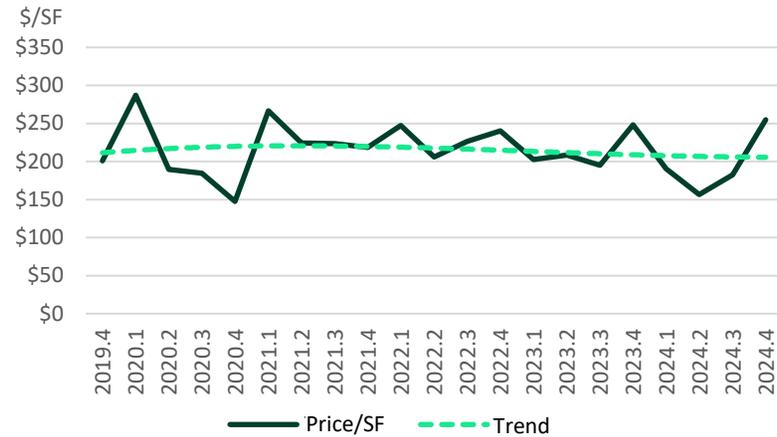
Source: MSCI Real Capital Analytics, Q4 2024.

FIGURE 11: Q4 2024 Sale Transactions

Buyer	Property Name	City	Building SF	Sale Price	Price / SF
Positive Investments	Civic Plaza	Hemet	128,388	\$11,500,000	\$90
Empire 1318 LLC	300 South Highland Springs	Banning	99,473	\$8,700,000	\$87
Estate of Robert A Wise	The Plaza at Silverhawk	Murrieta	90,755	\$27,221,500	\$300
Hamse LLC	Smart & Final	Temecula	29,372	\$11,500,000	\$392
William F Turner	Centerpoint Plaza	Yucaipa	27,627	\$10,800,000	\$391
	Citrus Landing	Riverside	25,916	\$20,787,500	\$802
	Rite Aid	Hemet	16,680	\$3,300,000	\$198
Hossein Yazdani	10064 Citrus Avenue	Fontana	22,868	\$9,900,000	\$433
Elie Sfeir	12748 Amargosa Road 7	Victorville	11,823	\$5,100,000	\$431
Kingwood Oaks Investment L	Post Office	Lake Elsinor	8,000	\$2,800,000	\$350
Foothill YJ LLC	Banderas Plaza	Rancho Cuc	6,508	\$6,220,000	\$956
WTH RE LLC	32965 Temecula Parkway	Temecula	5,300	\$2,725,000	\$514

Source: MSCI Real Capital Analytics, Q4 2024.

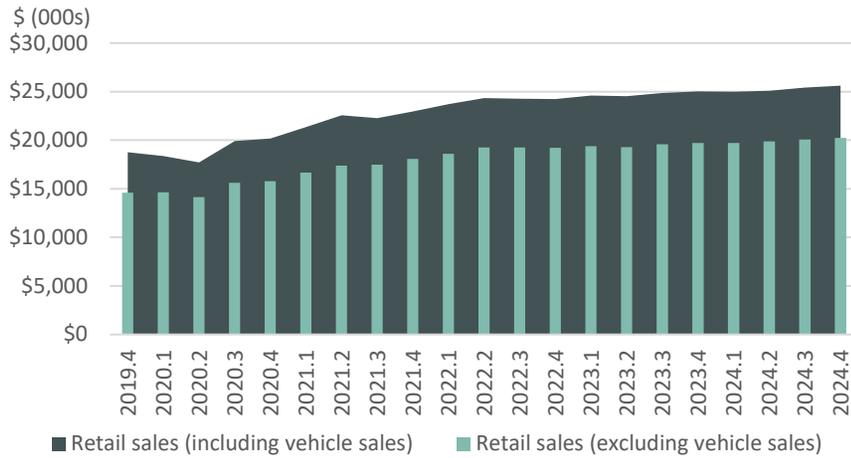
FIGURE 10: Retail Investment Sale Price Per Sq. Ft.



Source: MSCI Real Capital Analytics, Q4 2024.

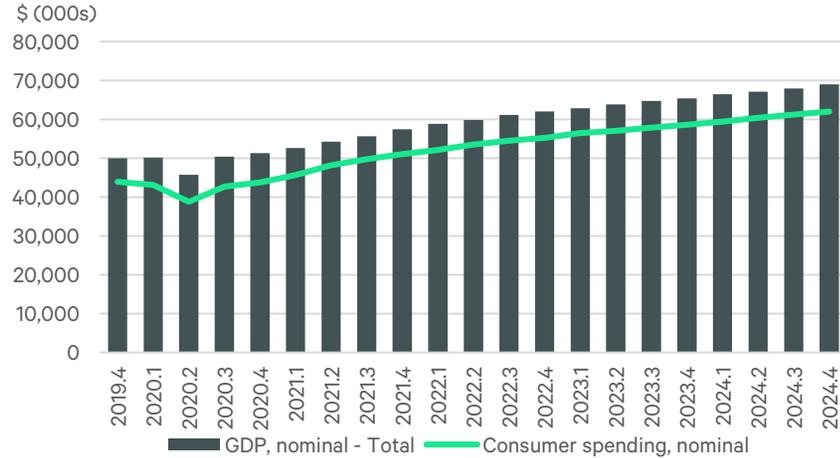
Economic Overview

FIGURE 12: Total Retail Sales



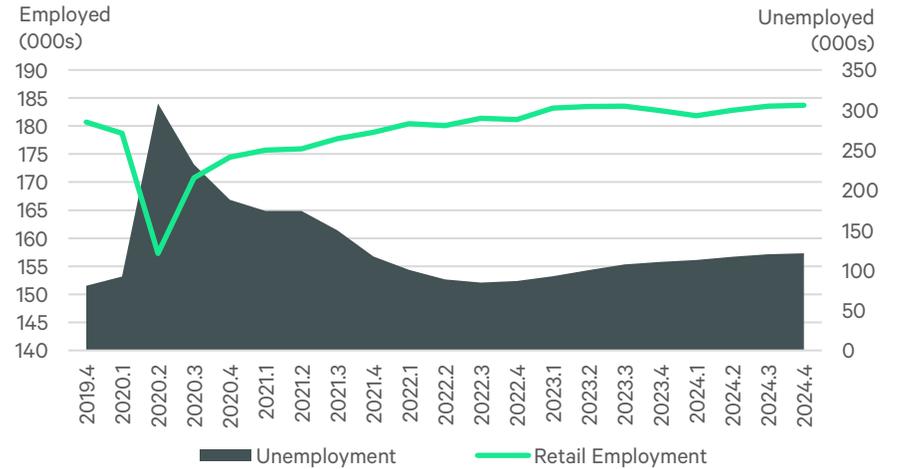
Source: Oxford Economics, Q4 2024.

FIGURE 14: GDP & Consumer Spending



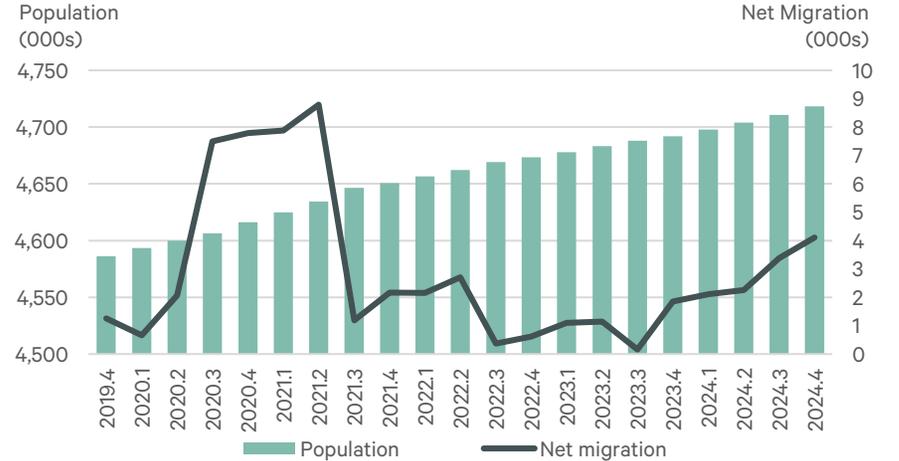
Source: Oxford Economics, Q4 2024.

FIGURE 13: Retail Employment vs. Unemployment



Source: Oxford Economics, Q4 2024.

FIGURE 15: Total Population & Net Migration



Source: Oxford Economics, Q4 2024.

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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 Standard

Beginning Q2 2024, CBRE has revised our market coverage for the Inland Empire quarterly Retail Figures report. This market area is larger than the area covered in previous CBRE Orange County Figures reports. Additionally, statistical metrics are based on data from CBRE Econometric Advisors. This statistical property data set differs from that used in the CBRE Inland Empire Retail Figures reports published prior to Q2 2024.

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