



Retail Market Report

Compared to the Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

DOWN

Transactions

UP

Deliveries

DOWN

To view available properties or electronic versions of current or past market reports, please visit:

www.voitco.com

Prepared by:

Jerry J. Holdner, Jr. — Lic.#01145748
Vice President of Market Research
e-mail: jholdner@voitco.com

Carla Cuin
Market Research Assistant
e-mail: ccuin@voitco.com

VOIT Real Estate Services — Lic.#01333376

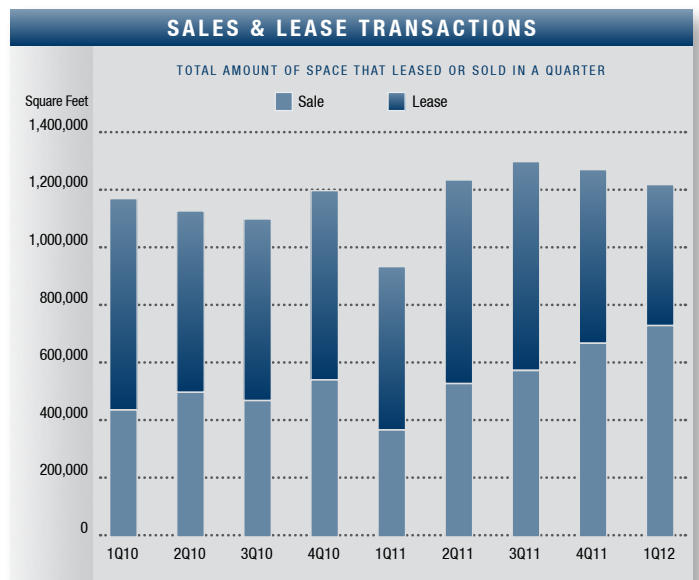
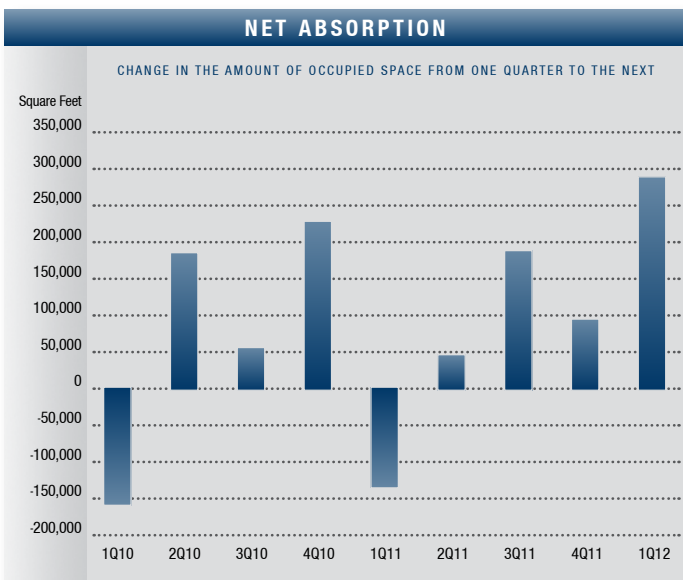
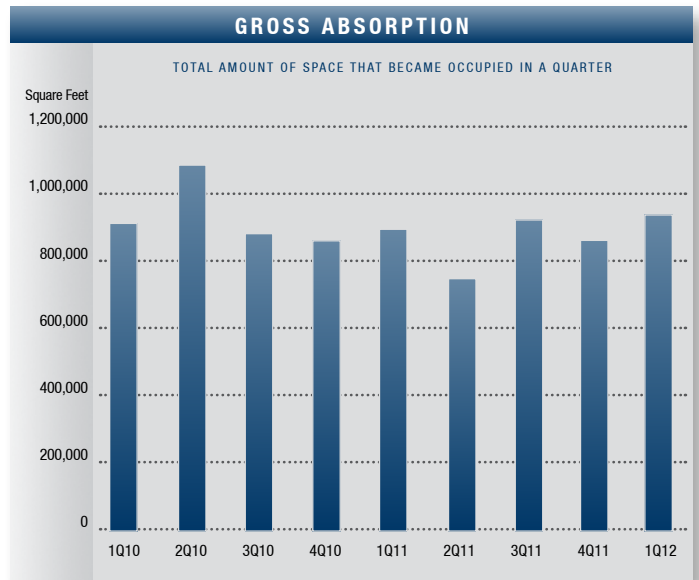
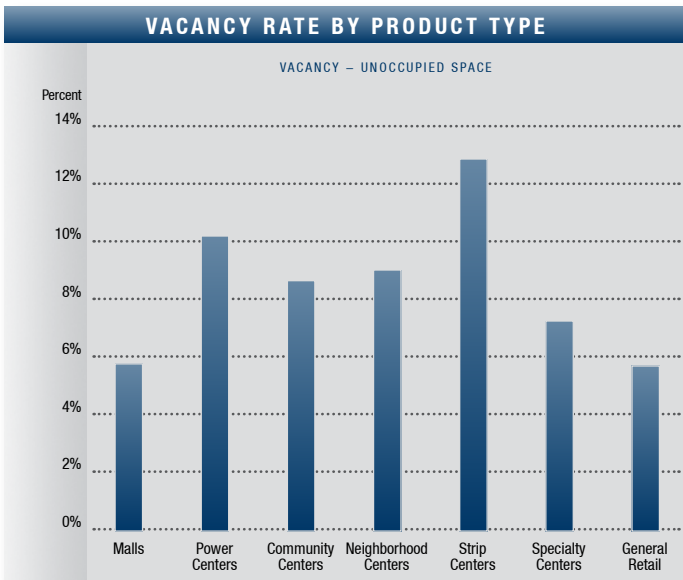
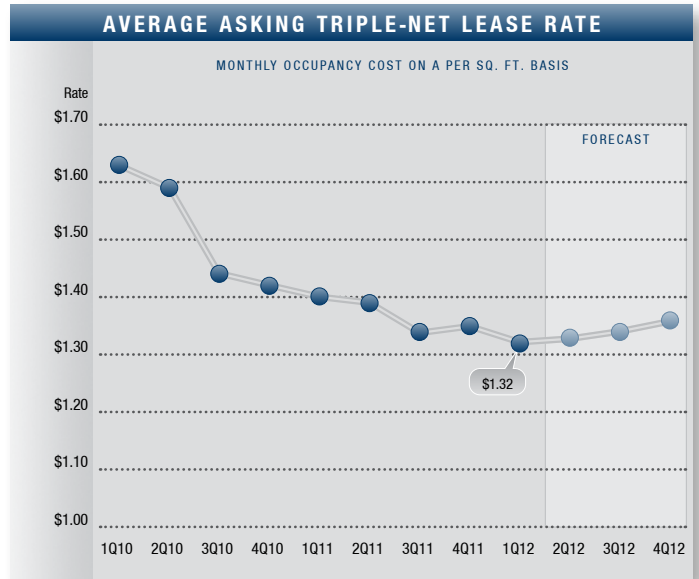
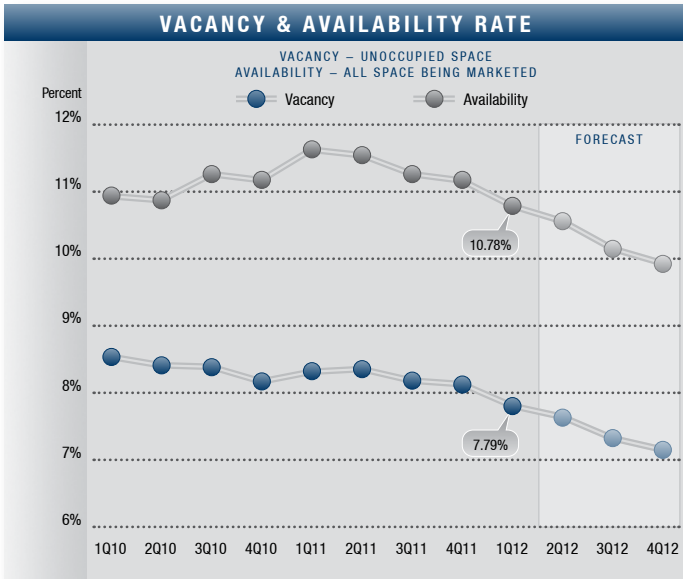


Market Highlights

- Mixed Indicators** - The Inland Empire Retail Market displayed mixed indicators in the first quarter of 2012. Vacancy and availability decreased from both the previous quarter and the previous year. The market posted almost 300,000 square feet of positive net absorption, while both square feet transacted and average asking triple-net lease rates decreased compared to previous quarters. While the market appears to be moving in an overall positive direction, continued stability and growth will need to be sustained in coming quarters to be considered recovery.
- Construction** - There was only 80,000 square feet of retail space under construction in the Inland Empire in the first quarter of 2012. The slowdown in construction has eased and will continue to ease the upward pressure on vacancy rates and the downward pressure on lease rates, as demand catches up to supply.
- Vacancy** - Direct/sublease space (unoccupied) finished the first quarter of 2012 at 7.79%, a decrease from the previous quarter and 6.37% lower than the same quarter of 2011. Malls had the lowest vacancy rate at only 5.65%, while Strip Centers had the highest at 10.14%.
- Availability** - Direct/sublease space being marketed was 10.78% at the end of the first quarter of 2012, a decrease from the previous quarter's rate of 11.04% and 90 basis points lower than the previous year's rate. Beaumont and Perris displayed the lowest rate of all of the markets checking in at 2.70% and 3.25% respectively.
- Lease Rates** - The average asking triple-net lease rate per month per square foot in Orange County was \$1.32 at the end of the first quarter, a decrease from the previous quarter's average asking rate of \$1.35. We are forecasting that lease rates will rise in 2012, ending the year at \$1.36.
- Absorption** - The Orange County retail market posted 297,712 square feet of positive net absorption in the first quarter of 2012.
- Transaction Activity** - Leasing activity checked in at 489,589 square feet in the first quarter, a decrease from both the previous quarter's figure of 606,873 square feet and 2011's 570,664 square feet. Sales activity increased, with the market transacting 726,799 square feet of sales in the first quarter of 2011 compared to 659,150 square feet in the fourth quarter of 2011 and 359,911 square feet in the first quarter of 2011. Overall, transaction activity increase over 30% from the same quarter last year. Details of the largest transactions can be found on the back page of this report.
- Employment** - The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 12.5% in February 2012, up from a revised 12.4% in January 2012 and below the year-ago estimate of 13.8%. This compares with an unadjusted unemployment rate of 11.4% for California and 8.7% for the nation during the same period. The unemployment rate was 12.6% for Riverside County and 12.3% in San Bernardino County. According to the State of California Employment Development Department, the Riverside-San Bernardino-Ontario MSA gained 14,900 payroll jobs from February 2011 to February 2012. The largest gains were 8,800 jobs in professional and business services and 4,300 jobs in leisure and hospitality. However, government lost 5,400 jobs. The LAEDC is forecasting that 15,300 new jobs will be added in the Inland Empire in 2012.
- Overall** - We are beginning to see a decrease in the amount of available space being added per quarter, as well as an increase in both lease and sales activity. With few new deliveries in the pipeline to apply upward pressure on vacancy, the market has begun to stabilize. We foresee a continued increase in investment activity in the coming quarters as lenders dispose of distressed assets. Lease rates have begun to increase and are expected to continue to firm up and increase in the rest of 2012. We should also see a continued increase in leasing activity as many short-term deals come up for renewal. As job creation continues and consumer confidence stabilizes, the retail market will continue to recover.

RETAIL MARKET OVERVIEW

	1Q12	4Q11	1Q11	% of Change vs. 1Q2011
TTotal Vacancy Rate	7.79%	8.14%	8.32%	(6.37%)
Availability Rate	10.78%	11.04%	11.68%	(7.71%)
Average Asking Lease Rate	\$1.32	\$1.35	\$1.40	(5.71%)
Sale & Lease Transactions	1,216,388	1,266,023	930,575	30.71%
Gross Absorption	942,440	855,806	895,666	5.22%
Net Absorption	297,712	95,372	(133,235)	N/A



	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U/C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2012	Square Feet Available	Availability Rate 1Q2012	Average Asking Lease Rate	Net Absorption 1Q2012	Net Absorption 2012	Gross Absorption 1Q2012	Gross Absorption 2012
East													
Banning	226	1,553,488	2,500	55,470	93,200	6.00%	121,626	7.83%	\$1.11	3,554	3,554	10,794	10,794
Beaumont	197	1,301,990	0	25,296	28,550	2.19%	35,150	2.70%	\$2.74	10,340	10,340	13,352	13,352
Bloomington	72	359,213	0	0	9,517	2.65%	34,436	9.59%	\$0.88	22,000	22,000	22,000	22,000
Colton	167	1,813,619	0	8,000	205,582	11.34%	364,294	20.09%	\$0.79	5,715	5,715	13,102	13,102
Corona	604	8,358,204	0	390,627	463,312	5.54%	755,166	9.04%	\$1.58	23,810	23,810	120,946	120,946
Grand Terrace	25	192,700	0	0	10,100	5.24%	10,100	5.24%	\$1.73	1,700	1,700	1,700	1,700
Highland	114	1,695,922	3,000	153,610	351,627	20.73%	377,980	22.29%	\$0.91	(2,298)	(2,298)	3,368	3,368
Loma Linda	28	365,246	0	13,235	33,117	9.07%	34,722	9.51%	\$1.07	(1,368)	(1,368)	0	0
Mira Loma	44	537,256	0	0	34,480	6.42%	34,480	6.42%	\$1.75	1,700	1,700	1,700	1,700
Moreno Valley	493	8,142,822	0	442,982	1,181,294	14.51%	1,402,271	17.22%	\$1.27	1,897	1,897	72,903	72,903
Norco	191	1,626,422	0	78,000	174,195	10.71%	191,449	11.77%	\$1.48	(11,745)	(11,745)	16,434	16,434
Perris	211	2,230,830	10,000	1,068,673	51,265	2.30%	72,405	3.25%	\$1.56	(6,473)	(6,473)	1,717	1,717
Redlands	293	4,649,504	0	102,883	263,203	5.66%	290,238	6.24%	\$1.44	10,081	10,081	20,914	20,914
Rialto	306	2,792,371	0	281,904	202,555	7.25%	307,727	11.02%	\$1.24	14,718	14,718	27,799	27,799
Riverside	1,766	18,578,221	28,456	406,064	939,959	5.06%	1,243,961	6.70%	\$1.51	17,971	17,971	142,576	142,576
San Bernardino	1,255	13,614,292	0	328,757	1,495,161	10.98%	2,218,899	16.30%	\$0.98	74,051	74,051	134,150	134,150
East Total	5,992	67,812,100	43,956	3,355,501	5,537,117	8.17%	7,494,904	11.05%	\$1.27	165,653	165,653	603,455	603,455
West													
Chino Hills	117	2,459,334	0	15,400	141,268	5.74%	172,414	7.01%	\$1.56	36,281	36,281	54,884	54,884
Chino	268	5,295,759	0	98,951	530,323	10.01%	570,682	10.78%	\$1.60	(12,605)	(12,605)	20,644	20,644
Fontana	674	7,410,885	31,350	246,472	405,373	5.47%	490,393	6.62%	\$1.46	28,135	28,135	62,045	62,045
Montclair	226	4,134,242	0	119,392	386,612	9.35%	743,014	17.97%	\$0.98	1,453	1,453	26,840	26,840
Ontario	756	10,136,052	0	496,614	621,712	6.13%	828,176	8.17%	\$1.40	8,542	8,542	31,334	31,334
Rancho Cucamonga	444	8,471,422	4,625	194,179	552,960	6.53%	902,997	10.66%	\$1.53	60,947	60,947	107,589	107,589
Upland	362	4,362,820	0	376,290	403,006	9.24%	666,484	15.28%	\$1.18	9,306	9,306	35,649	35,649
West Total	2,847	42,270,514	35,975	1,547,298	3,041,254	7.19%	4,374,160	10.35%	\$1.39	132,059	132,059	338,985	338,985
Inland Empire County Total	8,839	110,082,614	79,931	4,902,799	8,578,371	7.79%	11,869,064	10.78%	\$1.32	297,712	297,712	942,440	942,440
Malls	117	12,386,126	0	849,065	699,272	5.65%	1,282,937	10.36%	\$2.04	11,549	11,549	29,209	29,209
Power Centers	233	9,052,845	2,500	60,940	918,347	10.14%	1,123,183	12.41%	\$1.43	14,212	14,212	97,049	97,049
Community Centers	711	20,351,488	3,000	1,031,970	1,739,127	8.55%	2,519,471	12.38%	\$1.43	33,135	38,743	178,515	178,515
Neighborhood Centers	1,332	24,655,782	11,825	1,088,213	2,213,425	8.98%	2,633,388	10.68%	\$1.88	(71,269)	(71,269)	205,342	205,342
Strip Centers	818	7,813,204	0	558,990	1,000,842	12.81%	1,117,600	14.30%	\$1.39	53,752	53,752	142,212	142,212
Specialty Centers	12	259,138	0	15,400	18,601	7.18%	18,601	7.18%	\$1.25	4,618	4,618	4,618	4,618
General Retail	5,616	35,564,031	62,606	1,298,221	1,988,757	5.59%	3,173,884	8.92%	\$1.32	251,715	246,107	285,495	285,495
Inland Empire County Total	8,839	110,082,614	79,931	4,902,799	8,578,371	7.79%	11,869,064	10.78%	\$1.32	297,712	297,712	942,440	942,440

Lease rates are on a triple-net basis.

RECENT TRANSACTIONS

Sales Transactions

Property Address	Submarket	Square Feet	Sale Price PSF	Buyer	Seller
14574-14584 Baseline Ave. – 7 Properties	Fontana	87,793	\$205.60	TNP Strategic Retail Trust, Inc.	LHC Morningside Marketplace, LLC
2550 S. Archibald Ave. – 4 Properties	Ontario	44,053	\$167.98	Baldwin Park Plaza, LLC	Rolling of Ontario Associates, LP
12500 Day St.	Moreno Valley	40,000	\$196.25	Day Moreno Valley, LLC	Gateway Co., LLC
1411 Hamner Ave. – 2 Properties	Norco	12,835	\$389.56	Albert Agins	Real Estate Affiliates, Inc.

Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
23750 Alessandro Blvd.	Moreno Valley	40,000	12-Jan	N/A	Baldwin P B Prop
9041-9061 Central Ave.	Montclair	19,054	12-Mar	Marthena Home Furnishings, Inc.	Barry Staw
1138-1150 W. 6th	Corona	12,113	12-Mar	Family Dollar	Yns Shopping Plaza
7211-7233 Haven Ave.	Airport	10,200	12-Jan	Fitness 19	Lewis Retail Centers

SUBMARKETS

EAST

Banning, Beaumont, Bloomington, Colton, Corona, Grand Terrace, Highland, Loma Linda, Mira Loma, Moreno Valley, Norco, Perris, Redlands, Rialto, Riverside, San Bernardino

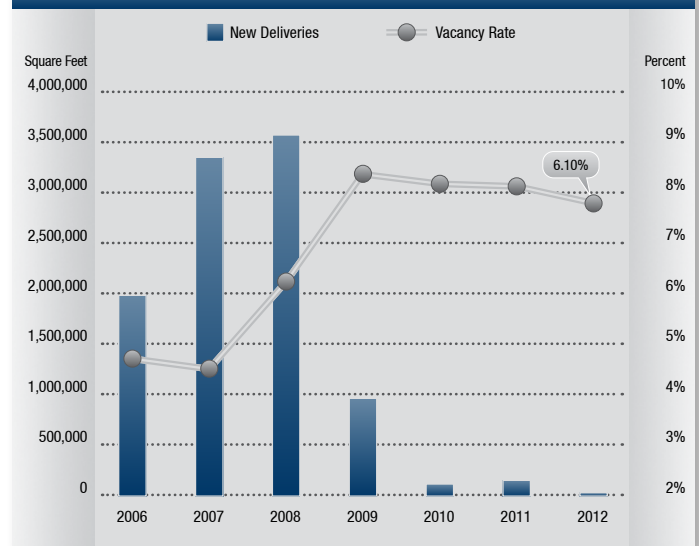
WEST

Chino Hills, Chino, Fontana, Montclair, Ontario, Rancho Cucamonga, Upland

To view available properties, please visit:

www.voitco.com

ANNUAL NEW DELIVERIES VS. VACANCY RATE



Please Contact Us for Further Information

Anaheim, CA
714.978.7880

Commerce, CA
323.201.4494

Inland Empire, CA
909.545.8000

Irvine, CA
949.851.5100

Las Vegas, NV
702.734.4500

Newport Beach, CA
949.644.8648

Phoenix, AZ
602.952.8648

Reno, NV
775.309.0782

Sacramento, CA
916.772.8648

San Diego, CA
858.453.0505

Voit

REAL ESTATE SERVICES

101 Shipyard Way
Newport Beach, CA 92663

949.644.8648
www.voitco.com
Lic.#01333376

Represented in 150 Markets
Nationally & Internationally.



This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.