

Retail Market Snapshot

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The first quarter of 2012 started off slowly, primarily due to the hangover of holiday debt. During the later part of the first quarter, activity quickly recovered to a level comparable to what we were seeing at the end of 2011. Murrieta and Temecula continue to be the most active submarkets in Southwest Riverside County. Vacancy and rental rates have finally begun to level off as owners have adapted to the stagnant market and have become more open to short-term leases, to reduce the amount of immediate vacancy. New small business owners are becoming more optimistic about the economy and are looking to take advantage while rental rates are still low.

Small restaurant and other built-out spaces (offices, salons, etc.) continue to be the most sought after retail vacancies on the market. The unfortunate news for Temecula is the amount of large restaurant spaces that remain available and continue to become available. Currently there are eleven fully built-out restaurants that are 2,800 square feet or larger available in the Temecula trade area. These closed restaurants include household names such as Oggi's, Melting Pot, On The Border, Bob's Big Boy, Hooters, Seau's and others. A large hurdle we will face in the near future is being able to absorb these large restaurant opportunities, but the upside is the potential for new names and fresh concepts.

The long overdue start of the hospital on Temecula Parkway has proved helpful for commercial real estate as South Temecula was welcomed with news that Chipotle, Five Guys Burgers and Game Stop will be joining the Walmart anchored Redhawk Town Center. Additionally, financial institutions and medical and dental practices are coming to the area to take advantage of the high-income employees and professionals.

Forecast

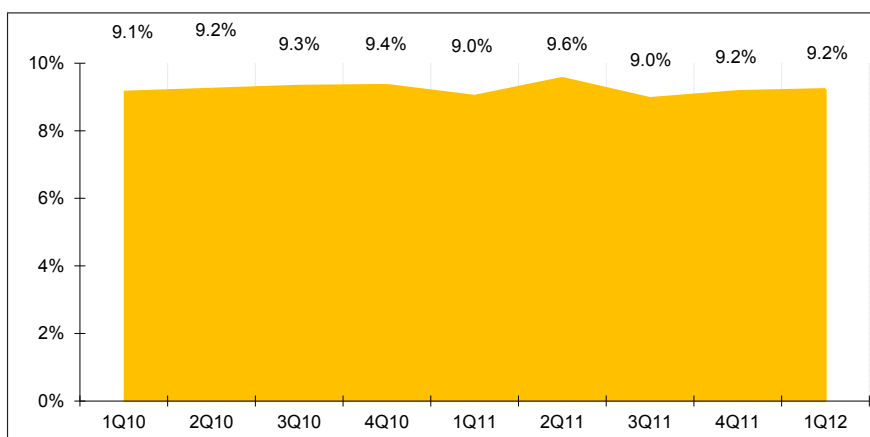
Significant road improvements that were stalled in 2011 are finally underway. On Interstate 15, the Cal Oaks/Kalmia and Clinton Keith Road interchanges are under construction and will provide much needed improvement to the east-west traffic patterns. On Interstate 215, the Clinton Keith bridge widening/interchange is complete and has resulted in a welcome increase of 25% retail sales in nearby shopping centers. Perhaps most significant is the widening of the I-215 freeway itself, a necessity for local commuters. Second and third quarters are traditionally those with the most activity. We look forward to vacancies continuing to decrease, but do not anticipate any large increase in rental rates in 2012.

Southwest Riverside County Retail Market Trends

is a newsletter published quarterly by Grubb & Ellis|WestMar. To obtain additional copies or other Grubb & Ellis|WestMar publications contact:

Jolanta Campion
Director of Research
jolanta.campion@cassidyurley.com

Grubb & Ellis|WestMar
41623 Margarita Road, Suite 100
Temecula, CA 92591
p | 951.491.6300 f | 951.491.6330
www.WestMarbre.com
Independently Owned and Operated



Retail Direct Vacancy Rate

All Center Types. Source: CoStar

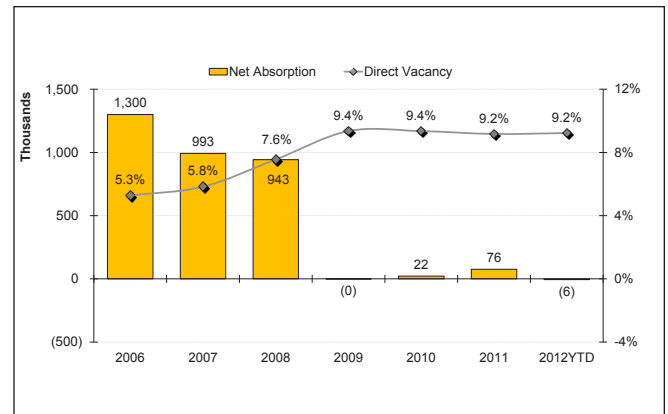
Retail Trends Report — First Quarter 2012 Southwest Riverside County, CA



	Current	Change from last		
		Qtr.	Year	Forecast
Direct Vacancy Rate	9.2%	↔	↓	↔
Net Absorption	5,809 SF	↓	↓	↔
Asking Rent	\$1.43 NNN	↑	↓	↔
Under Construction	67,892 SF	↔	↓	↔

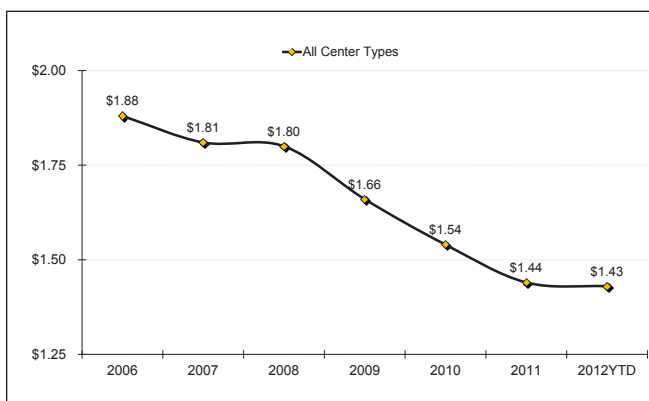
Market Trend Indicators

Southwest Riverside County; Source: CoStar



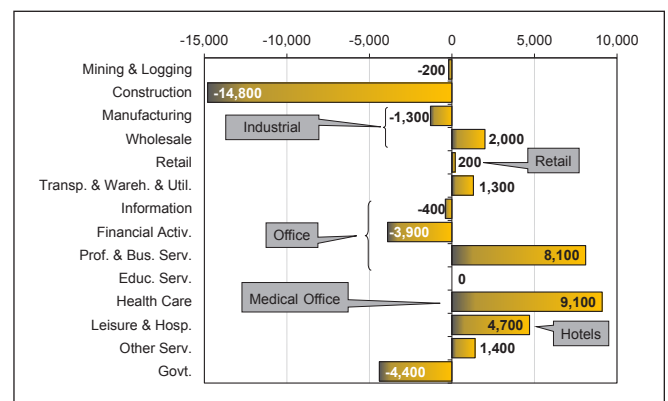
Annual Direct Net Absorption vs. Direct Vacancy

Southwest Riverside County; Source: CoStar



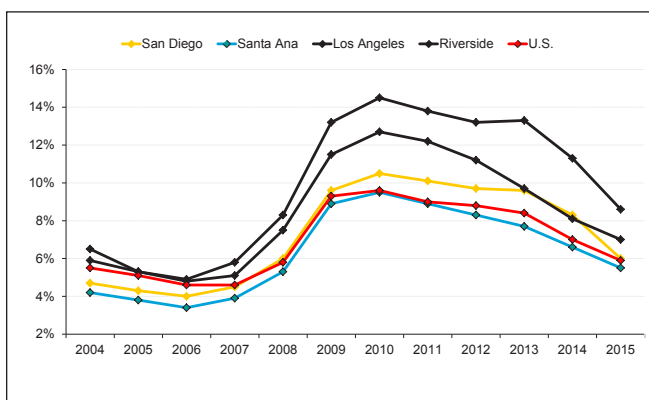
Total Weighted Average Monthly Asking Rent (NNN)

Southwest Riverside County; Source: CoStar



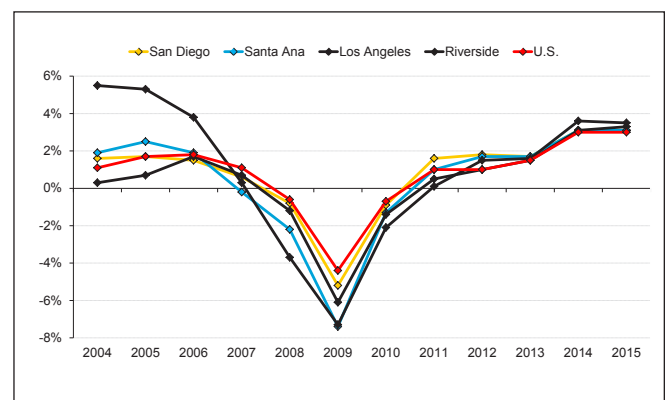
Net Change in Jobs by Industry Sector

In Riverside San Bernardino Ontario MSA
June 2009 (end of recession) - March 2012
Source: U.S. Dept. of Labor, Bureau of Labor Statistics Labor Dept.



Unemployment Rate in Comparison

Source: Moody's Economy.com www.economy.com
Précis METRO December 2011



Total Employment Annual Percentage Change

Source: Moody's Economy.com www.economy.com
Précis METRO December 2011

PROJECTS OF THE QUARTER



39520-39540 Murrieta Hot Springs Road, Murrueta, CA

This 12.3 acre shopping center is located at the southwest corner of Murrieta Hot Springs Road and Margarita Road. Co-tenants include: Fresh & Easy, White Lime Frozen Yogurt, Fantastic Sams, Subway, Arco, and Sonic Burgers. Suites are available for lease from 1,300 to a 12,700 square foot co-anchor end-cap position available. Excellent traffic counts of over 51,000 CPD on Murrieta Hot Springs and a population of over 90,000 within three miles.

Listed by Scott Forest, Janet Kramer, SCLS and Jason Michael



40573 Margarita Road, Temecula, CA

This 18,276± square foot shopping center is located adjacent to the Promenade Regional Mall of Temecula, at the signalized intersection of Margarita Road and N. General Kearny Road. Suites within Margarita Promenade are available for lease from 1,187 to 2,240 square feet. Co-tenants include: Chick-Fil-A, Island's Restaurant, Chipotle, Ryan Bros. Coffee, Flame Broiler and Verizon Wireless.

Listed by Scott Forest, Janet Kramer, SCLS and Jason Michael



18285 Collier Avenue, Lake Elsinore, CA

116,111 sf Target anchored retail shopping center. 700 – 1,800 sf available. National tenant mix. Located just west of the Highway 74 and I-15 interchange in the Lake Elsinore regional retail corridor. Features include 5.41/1,000 parking ratio. Other retailers in the center include Starbuck's Coffee, Subway, Verizon, Fantastic Sam's, GameStop, and Papa John's Pizza.

Listed by Scott Forest, Janet Kramer, SCLS and Jason Michael



SEC Jefferson Avenue & Kalmia Street, Murrieta, CA

Located at the signalized intersection of Jefferson Avenue and Kalmia Street, this 48,419± square foot mixed-use, neighborhood shopping center is scheduled for completion this summer. Directly across from Murrieta City Hall and Civic Center, this project is the first EB-5 funded project in the region. Retail spaces from 1,200 to 6,000 square feet and build-to-suit, drive-thru financial or restaurant space available. Asking \$1.50 psf NNN.

Listed by Scott Forest, Janet Kramer, SCLS and Jason Michael

RETAIL MARKET SNAPSHOT SOUTHWEST RIVERSIDE COUNTY FIRST QUARTER 2012

By Submarket	Total SF	VACANCY %			NET ABSORPTION		Under Construction SF	ASKING RENT (NNN)
		Direct	Sublease	Total	Current	YTD		Total Average
Hemet	5,237,696	10.8%	0.4%	11.2%	(4,439)	(4,439)	10,000	\$1.12
Lake Elsinore	3,479,626	8.8%	0.0%	8.8%	(30,951)	(30,951)	0	\$1.30
Menifee	1,778,707	4.5%	0.0%	4.5%	1,216	1,216	0	\$2.14
Murrieta	5,472,584	12.6%	0.0%	12.6%	(10,022)	(10,022)	32,900	\$1.43
Perris	2,230,830	2.6%	0.0%	2.6%	(6,473)	(6,473)	10,000	\$1.45
Romoland	14,007	0.0%	0.0%	0.0%	0	0	0	-
San Jacinto	1,428,830	6.9%	0.0%	6.9%	854	854	0	\$1.57
Temecula	8,426,200	9.2%	0.1%	9.3%	45,462	45,462	8,642	\$1.63
Wildomar	542,532	12.6%	0.0%	12.6%	(1,606)	(1,606)	6,350	\$1.50
Winchester	119,038	3.9%	0.0%	3.9%	150	150	0	\$1.25
GRAND TOTAL	28,730,050	9.2%	0.1%	9.3%	(5,809)	(5,809)	67,892	\$1.43

Source:  CoStar Group

RETAIL TERMS AND DEFINITIONS

Inventory: All Retail building types are included, including Community Center, Freestanding Retail, Neighborhood Center, Power Center, Regional Mall, Specialty Center and Unanchored Strip Center, in both single-tenant and multi-tenant buildings, including owner-occupied buildings.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory, under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that currently being paid for by a tenant but not

occupied by that tenant would be considered vacant space. Likewise space that has been leased but not yet occupied because of finish work being done would also be considered vacant space.

Sublease: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as a sublet space.

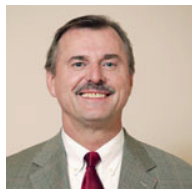
Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted net absorption excludes sublease space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in or weighting the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger

spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spas, multiplying the rental rate by that ration, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces. All rental rates reported in the CoStar Retail Report are calculated using Triple Net (NNN) rental rates.

* Data in this report has been gathered from third party sources and hasn't been independently verified by Grubb & Ellis|WestMar. Grubb & Ellis|WestMar makes no warranties or representation as to the completeness or accuracy thereof.

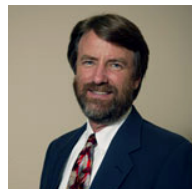
GRUBB & ELLIS|WESTMAR PROFESSIONALS



FRED GRIMES
CEO/Managing Director
951.491.6300
fgrimes@WestMarbre.com
CA Lic. 01525630



MARK ESBENSEN
CFO/Managing Director
951.491.6300
mesbensen@WestMarbre.com
CA Lic. 00713990



JIM NADAL
Office Division
951.491.6300
jnadal@WestMarbre.com
CA Lic. 01040679



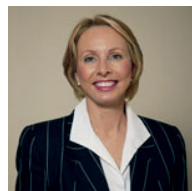
SCOTT FOREST
Retail Division
951.491.6300
sforest@WestMarbre.com
CA Lic. 01396577



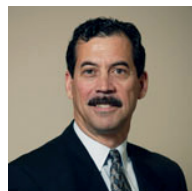
BOB KIRKPATRICK
Investment Division
951.491.6300
bkirkpatrick@WestMarbre.com
CA Lic. 00575633



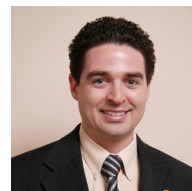
JANET KRAMER
Retail Division
951.491.6300
jkramer@WestMarbre.com
CA Lic. 01351570



LUANNE PALMER
Office Division
951.491.6321
lpalmer@WestMarbre.com
CA Lic. 01444893



JERRY PALMER
Investment Division
951.491.6322
jpalmer@WestMarbre.com
CA Lic. 01442207



CHRIS MASINO, SIOR
Industrial Division
951.491.6306
cmasino@WestMarbre.com
CA Lic. 01352110



JASON MICHAEL
Retail Division
951.491.6308
jmichael@WestMarbre.com
CA Lic. 01867288