

## Inland Empire Real Estate News

October 2016

By Mike Lin, Progressive Real Estate Partners



Sorry that I've taken longer than normal to get this latest newsletter out. I've been busy because my wife Jennifer and I just had a baby! Ethan was born on August 27th at 8 pounds, 5 oz, and 21 inches in length. Ethan is our first child and we couldn't be happier to welcome him into the world. Mom is doing well and Ethan is growing into a happy, chubby baby!

### National Retail News

#### Walgreens and Rite Aid delay merger; Sears announces closures; Discount retailers surge

In October, **Walgreens** announced an extension to its proposed merger with **Rite Aid**. The merger was originally expected to take place at the end of 2016, but is now expected to close in early 2017. The delay is due to the companies determining which stores would be closed after the merger. Up to 1,000 Walgreens or Rite Aid stores are expected to be closed. The new company will become the pharmacy chain with the most locations in the US, with 13,000 drugstores, topping the current #1, CVS, which has 9,700 stores.

**Sears**, the parent company of **Kmart**, recently announced that it would be closing 64 Kmart stores, including the store at 17099 Valley Blvd. in Fontana. Many analysts suspect that these closings put the company one step closer to liquidation. However, the company's CEO insists the company is on its way to improving its financial position with an online membership program called "Shop Your Way." As I had mentioned in prior newsletters, traditional bricks-and-mortar stores have been struggling to play catch-up to deal with Internet competition. But some retailers are doing well. Retailers that are succeeding include discounters such as **Ross Dress for Less** (and its lower-priced subsidiary, **dd's DISCOUNTS**), and **TJ Maxx**, whose stock prices have well outpaced the S&P 500 index in 2016. Their demographic still prefers to browse the racks looking for deals, and in many cases, their target shopper has not fully adopted the idea of shopping online. The strength of Ross and TJ Maxx make them strong, stabilized investment as tenants.

### Local Happenings: Keeping an Eye on the Inland Empire

Christopher Thornberg, PhD, of Beacon Economics, recently published an article that is bullish on the future of the Inland Empire. Although the IE doesn't often get the respect of its neighbors, LA and Orange Counties, there is a lot to get excited about regarding the future of our region! I will summarize the key points here, but for the full text of his article, check out <http://tinyurl.com/beaconecon2016>.

- The Inland Empire is one of the fastest growing economies in the United States, and is the 16<sup>th</sup> largest metropolitan area in the United States – smaller than Seattle but larger than San Diego, Denver, or Minneapolis.

- Job growth in the IE is strong! 80% of the employed residents work locally, while 20% commute toward coastal areas of Southern California. The local workforce has been growing 3% per year since 2011 – twice the national average, and faster than LA, SD, and Orange Counties.
- There have been many new manufacturing jobs added recently. Over the past 5 years, employment in manufacturing has grown by 2.8% per year – one of the fastest paces in the state.
- The CA Department of Finance projects that population growth in the IE will increase by 1.3MM people in the next 20 years – this is the same population that currently lives in the SF Bay Area!
- ***In conclusion, the IE is on a super growth trajectory, and is a great place to own real estate.***

**I'd love to hear your thoughts on this newsletter. Call or email me to let me know what you think!**

### Mike Lin's Featured Listings:



#### **Single tenant leased investment: ROSS Dress for Less/dd's DISCOUNTS in Ontario, CA (\$4,995,000)**

This is a single tenant leased investment to Ross Dress for Less, operating as dd's DISCOUNTS, with 6 years remaining on the original lease term. Ross is rated A- by Standard & Poor's. Priced at a 5.5% cap rate. Motivated Seller! Learn more at <http://tinyurl.com/ddsontario>



#### **Single tenant leased investment: Big 5 Sporting Goods in Victorville, CA (\$1,850,000) or Vallejo, CA (\$2,900,000)**

Big 5 just renewed their options in both locations for an additional 5 years. Big 5 reports sales and has a percentage rent provision to protect against inflation. The ground rent alone is worth more than the current lease. You'll wish that Big 5 vacates the premises! Visit <http://tinyurl.com/big5vallejo> or <http://tinyurl.com/big5victorville>



#### **Value-Add Shopping Center in Ontario, CA (\$3,200,000)**

This property occupies almost an entire city block in Ontario. At 64,000 sqft, it is priced to sell at only \$50/sqft. The property is 62% vacant, and is anchored by Secoya grocery market. Papa John's and Wells Fargo are the other tenants at this property. Pro-forma cap rate is 10.6%!

Learn more at <http://tinyurl.com/404Euclid>

### About me:



I specialize in representing buyers and sellers of retail investment properties, focusing primarily on the Western Inland Empire. Prior to commercial real estate brokerage, I worked as a full-time residential real estate investor, flipping houses in Orange County.

Originally from New Jersey, I have worked for multinational corporations such as Nestle PowerBar, Prudential, and Computer Sciences Corporation. I have a Bachelor of Science in Biomedical Engineering from Johns Hopkins University and an MBA from Duke University.

RETAIL PROPERTIES SOLD IN THE WESTERN INLAND EMPIRE IN 2016 OVER \$1.5MM

Address	City	Zip	Name/Property Type	Sale Status	Sale Price	Bldg SF	Price/SF	Cap Rate	Land Area (AC)	Sale Date
14088 Euclid Ave	Chino	91710	Chevron	Sold	\$ 3,800,000	3,113	\$ 1,220.69		1.32	3/1/2016
14165 Pipeline Ave	Chino	91710	Wendy's	Sold	\$ 3,550,000	3,617	\$ 981.48		1.02	4/11/2016
7055 Schaefer Ave	Chino	91710	Starbucks Pad to Stater Bros	Sold	\$ 3,153,000	3,900	\$ 808.46		0.46	5/19/2016
12358 S Central Ave	Chino	91710	Central Mobil	Sold	\$ 3,100,000	1,711	\$ 1,811.81		0.79	7/7/2016
12325 Mountain Ave	Chino	91710	Vacant former Carrow's restaurant	Sold	\$ 1,900,000	5,768	\$ 329.40		1.12	7/22/2016
12488 Central Ave	Chino	91710	Starbucks plus vacant space	Sold	\$ 2,200,000	5,513	\$ 399.06		0.44	8/22/2016
15880 Soquel Canyon Pky	Chino Hills	91709	Firestone Complete Auto Care	Sold	\$ 2,700,000	7,212	\$ 374.38		6.16	1/4/2016
14276 Schleisman Rd	Corona	92880	Prestige Preschool Academy	Sold	\$ 5,350,000	10,700	\$ 500.00	6.56%	1.5	2/29/2016
1187 E Magnolia Ave	Corona	92879	Former Kindercare; Vacant	Sold	\$ 2,100,000	8,949	\$ 234.66		0.95	6/10/2016
1002 W 6th St	Corona	92882	Strip Center	Sold	\$ 1,650,000	3,524	\$ 468.22		0.36	7/29/2016
4975 Mission Blvd	Montclair	91763	Vacant freestanding building	Sold	\$ 1,957,000	18,923	\$ 103.42		2.4	3/25/2016
5445-5467 Moreno St (2 Properties)	Montclair	91763	Montclair East Shopping Center	Sold	\$ 17,692,500	136,400	\$ 129.71		9.55	5/20/2016
5128-5182 N Montclair Plaza Ln (2 Properties)	Montclair	91763	Montclair Place North Plaza	Sold	\$ 17,973,356	82,303	\$ 218.38	6.28%	7.93	8/4/2016
9090 Central Ave	Montclair	91763	US Bank	Sold	\$ 5,410,434	4,171	\$ 1,297.16	4.62%	0.78	8/24/2016
5280 Holt Blvd	Montclair	91763	Former WSS Shoe Store	Sold	\$ 1,952,000	5,293	\$ 368.79		0.54	9/2/2016
9303-9407 Central Ave (3 Properties)	Montclair	91763	Strip Center with Starbucks, AT&T, Sleep Number	Sold	\$ 15,500,000	18,889	\$ 820.58		3.65	9/19/2016
960 6th St (3 Properties)	Norco	92860	Norco Country Center	Sold	\$ 10,150,000	37,785	\$ 268.63		4	6/23/2016
430 N Mountain Ave	Ontario	91762	99 Cent Only	Sold	\$ 1,800,000	22,400	\$ 80.36		1.54	2/16/2016
2500 S Grove Ave	Ontario	91761	Wells Fargo Bank	Sold	\$ 3,100,000	5,182	\$ 598.22	4%	0.57	4/15/2016
1261 S Grove Ave	Ontario	91761	Auto repair building	Sold	\$ 1,500,000	4,000	\$ 375.00		2.35	7/19/2016
1701 S Mountain Ave	Ontario	91762	Farmer's Market Grocery Store	Sold	\$ 1,800,000	9,651	\$ 186.51	7.58%	0.92	7/21/2016
1337 N Mountain Ave	Ontario	91762	Multi-tenant strip; Pad to Walmart	Sold	\$ 5,968,800	6,786	\$ 879.58	5.02%	1.05	8/17/2016
2403-2411 S Vineyard Ave (3 Properties)	Ontario	91761	Vineyard Village: Carl's Jr.	Sold	\$ 23,950,000	69,452	\$ 344.84		23.04	10/20/2016
1964 W Foothill Blvd	Upland	91786	Former Joey's BBQ Restaurant	Sold	\$ 1,525,000	4,392	\$ 347.22		0.37	1/26/2016
350-360 W Foothill Blvd (2 Properties)	Upland	91786	Redding Plaza: Strip Center with restaurants	Sold	\$ 5,250,000	18,677	\$ 281.09		1.69	2/3/2016
1028 N Mountain Ave (Part of Portfolio)	Upland	91786	Smart & Final Extra Center	Sold	\$ 13,000,000	49,968	\$ 260.17		1.64	6/1/2016
1042 N Mountain Ave	Upland	91786	Shops in Smart & Final Extra Center	Sold	\$ 3,900,000	9,167	\$ 425.44	5.48%	0.49	6/30/2016
685 W Foothill Blvd	Upland	91786	24 Fitness	Sold	\$ 6,000,000	33,350	\$ 179.91	6.7%	3.08	7/14/2016

These recently sold properties help to determine the value of other nearby properties.

To learn more about how these comps affect your property's value, or to receive a complimentary valuation of your property, please call me!

PROPERTIES CURRENTLY FOR SALE IN THE WESTERN INLAND EMPIRE (\$1.5MM+)

Address	City	Zip	Name	Sale Status	Asking Price	Bldg SF	Price Per SF	Cap Rate	Land Area (AC)	Days on Market
6989 Schaefer Ave (4 Properties)	Chino	91710	Stater Bros anchored center	Active	\$ 35,000,000		\$ 472.00	5.1%	16.21	162
2641-2681 Green River Rd (6 Properties)	Corona	92882	Ralphs anchored center	Active	\$ 34,800,000		\$ 307.33	5%	66	73
6989 Schaefer Ave	Chino	91710	Stater Bros supermarket	Active	\$ 20,067,000	44,275	\$ 453.24	4.5%	3.49	94
628 W Holt Blvd (6 Properties)	Ontario	91762	Shops to Stater Bros Ontario	Active	\$ 12,250,000		\$ 304.81		5.89	29
5282 W Mission Blvd	Ontario	91762	Freestanding Bar/Nightclub	Active	\$ 7,000,000	9,845	\$ 711.02		0.42	259
4431 Ontario Mills Pky (4 Properties)	Ontario	91764	Parkway Plaza near Ontario Mills	Active	\$ 6,459,000		\$ 215.59	7.22%	3.44	927
2240 Compton Ave	Corona	92881	Unocal 76 Gas Station	Active	\$ 6,000,000	3,566	\$ 1,682.56		1.06	100
1135 W 4th St (3 Properties)	Ontario	91762	Strip center, office, and pizza. Value Add	Active	\$ 5,900,000		\$ 324.28		2.91	375
6939 Schaefer Ave	Chino	91710	Shops to Stater Bros Chino	Active	\$ 5,897,000	13,077	\$ 450.94	5.5%	1.86	94
1945 E Riverside Dr (3 Properties)	Ontario	91761	Value-add center; 60% occupancy	Under Contract	\$ 5,850,000		\$ 123.16	2.12%	4.23	225
7041 Schaefer Ave	Chino	91710	Shops to Stater Bros Chino	Active	\$ 5,820,000	9,000	\$ 646.67	5.25%	10	95
1443 W 6th St (3 Properties)	Corona	92882	3-building Auto Plaza	Active	\$ 5,680,000		\$ 115.92	6.22%	8.7	38
3040 Chino Ave	Chino Hills	91709	Tutor Time	Active	\$ 5,000,000	11,300	\$ 442.48	7%	1	24
606 W Holt Blvd	Ontario	91762	Ross Dress for Less/dd's Discounts	Active	\$ 4,995,000	21,964	\$ 227.42	5.5%	1.96	144
4551 Mills Cir	Ontario	91764	Chevy's Fresh Mex	Active	\$ 4,228,570	7,197	\$ 587.55	5.25%	0.73	627
1182-1200 W 6th St	Norco	92860	Two strip centers	Active	\$ 4,000,000	8,811	\$ 453.98	6.23%	2.59	1339
7011 Schaefer Ave	Chino	91710	Shops to Stater Bros Chino	Active	\$ 3,517,000	7,800	\$ 450.90	5.25%	0.86	59
414-426 N Euclid Ave (2 Properties)	Ontario	91762	Street retail value-add center; 60% vacancy	Active	\$ 3,200,000		\$ 50.00	4%	0.24	52
1050 W 6th St	Corona	92882	Pacific Western Bank	Active	\$ 3,190,000	5,936	\$ 537.40	5.25%	0.65	302
2645 E Riverside Dr	Ontario	91761	Vacant former Fresh & Easy building	Active	\$ 3,135,000	13,500	\$ 232.22		1.14	435
4609-4611 Holt Blvd (2 Properties)	Montclair	91763	Retail/light manufacturing	Active	\$ 2,990,000		\$ 92.28	4.62%	2.2	715
668 W Holt Blvd	Ontario	91762	El Pollo Loco	Active	\$ 2,742,900	2,305	\$ 1,189.98	4%	0.37	107
5086-5110 Holt Blvd	Montclair	91763	Strip center	Active	\$ 2,590,000	17,461	\$ 148.33	4.85%	1.25	715
8660 S Central Ave	Montclair	91763	Central Park Plaza	Active	\$ 2,500,000	8,808	\$ 283.83		0.76	413
2896 Hamner Ave	Norco	92860	Carl's Jr	Active	\$ 2,380,954	2,474	\$ 962.39	4.2%	0.66	154
745 Franklin Ave (2 Properties)	Ontario	91764	Medical/retail near Ontario Mills	Active	\$ 2,300,000		\$ 241.01		1.13	3
1888 W 6th Rd	Corona	92882	Two-story retail/auto center	Active	\$ 2,200,000	20,535	\$ 107.13	5.03%	1.02	332
1099 E Foothill Blvd	Upland	91786	America's Tire Co	Active	\$ 2,000,000	8,155	\$ 245.25	6%	0.5	1
118-124 W Holt Blvd	Ontario	91762	4 unit center including pawn shop	Active	\$ 1,899,999	6,966	\$ 272.75		0.2	255
3140 Chino Ave	Chino Hills	91709	Taco Bell	Pending	\$ 1,882,000	6,923	\$ 271.85	4.25%	1.22	32
205-215 N Laurel Ave	Ontario	91762	Historic downtown Ontario multi-tenant	Active	\$ 1,850,000	19,000	\$ 97.37	5.18%	0.79	352
517-521 N Euclid Ave	Ontario	91762	Former Wachovia bank; street retail	Active	\$ 1,788,888	10,772	\$ 166.07		0.3	17
12564-12596 Central Ave (2 Retail Units)	Chino	91710	Retail condo units	Active	\$ 1,750,000		\$ 792.57	5.6%		28
606-644 E Francis St	Ontario	91761	Vacant former furniture store and grocery	Active	\$ 1,750,000	10,600	\$ 165.09		0.22	473
326 Adams Cir	Corona	92882	Pet Chalet	Active	\$ 1,650,000	8,000	\$ 206.25		0.66	772

If you are interested in buying any of these properties, or just want to know more about any of them, please call me!