

The preparation of this report has been financed in part through grant funds from the United States Department of Transportation and the State of California Department of Conservation. In addition, the work upon which this publication is based was funded in part through a grant awarded by the Strategic Growth Council under Grant Number 3010-541, and the San Bernardino Associated Governments.

The content of this report reflect the views of the author who is responsible for the facts and accuracy of the data presented herein. The statement and conclusions of this report are those of the Consultant and not necessarily those of the Strategic Growth Council or of the State of California Department of Conservation, or its employees. In addition, the contents do not necessarily reflect the views of policies of SCAG or the San Bernardino Association of Governments (SANBAG). This report does not constitute a standard, specification or regulation. The Strategic Growth Council, the California Department of Conservation, SANBAG and SCAG make no warranties, express or implied, and assume no liability of the information contained in the succeeding text.

The Strategic Growth Council, Department of Conservation, SCAG and SANBAG shall not be responsible for the future use or adaption of the report.

Table of Contents

Introduction	4
Location, Context and Analysis Geographies	6
Demographics and Employment	13
Corridor Wide Demographics	13
Market Areas Demographics	27
Employment	52
Regional Real Estate Analysis	61
Residential	62
Retail	74
Office	79
Industrial	84
ARRIVE Market Areas Real Estate Analysis	88
Base Demand Analysis	171
Appendix	228

Introduction

The San Bernardino County Advanced Regional Rail Integrated Vision – East (ARRIVE) is a land use vision and strategy created to explore the possibility of transitioning the San Bernardino Metrolink line into a fully integrated transit-oriented development (TOD)/regional rail corridor.

Historically in San Bernardino County, development has occurred along the freeways and major arterials, rather than around the Metrolink commuter rail line. Establishing a new TOD corridor is an exciting opportunity to create economically viable development based on principles and ideas reflected in the Southern California Association of Governments' (SCAG) Sustainable Communities Strategy. The new TOD/regional rail corridor will improve mobility, link people with employment, commercial and residential centers, and establish well-designed, walkable communities with a mix of services near transit.

Located in the western part of the County, the ARRIVE Corridor is comprised of six market areas along the San Bernardino Metrolink line. These stations are located in the cities of Montclair, Upland, Rancho Cucamonga, Fontana, Rialto and San Bernardino.

HR&A Advisors was retained by SCAG and the San Bernardino Association of Governments (SANBAG) to work as part of a multi-disciplinary team led by Gruen Associates, to define an overall vision and implementation strategy for transitioning the Metrolink line in San Bernardino County into a TOD/regional rail corridor.

The engagement includes three key elements:

- 1) Base Existing Conditions and Market Analysis – The analysis evaluates the current context of the ARRIVE Corridor and identifies current opportunities and constraints.
- 2) ULI Technical Assistance Panel – Led by the Urban Land Institute (ULI), the focus of the panel is to recommend approaches to overcome barriers to development within the ARRIVE Corridor.
- 3) Implementation Recommendations – With inputs from the ULI Panel, the consulting team will develop implementation recommendations. HR&A's work will include financial feasibility as well as development strategies to help the San Bernardino Metrolink line reach its potential as a robust regional rail system.

Introduction

This report shares HR&A's initial Market Analysis findings. The Market Analysis report analyzes economic and market conditions along the six stations within the ARRIVE Corridor to establish an informed understanding of the development opportunities and challenges along the Corridor. The Market Analysis includes:

- **Demographics and Employment.** The report provides the demographic and socio-economic context for each station area and the larger market area.
- **Regional Real Estate Analysis.** The report reviews the ARRIVE Corridor's performance for key land uses—residential, retail, office, and industrial.
- **ARRIVE Market Areas Real Estate Analysis.** The report provides a detailed review of real estate performance in the Station and Market Areas by land use and also summarizes initial opportunities and constraints.
- **Base Demand Analysis.** The report provides an initial estimate of demand for each land use based on current transit and policy conditions. Estimates may be re-evaluated as current market barriers and transit limitations are addressed through the implementation phase.

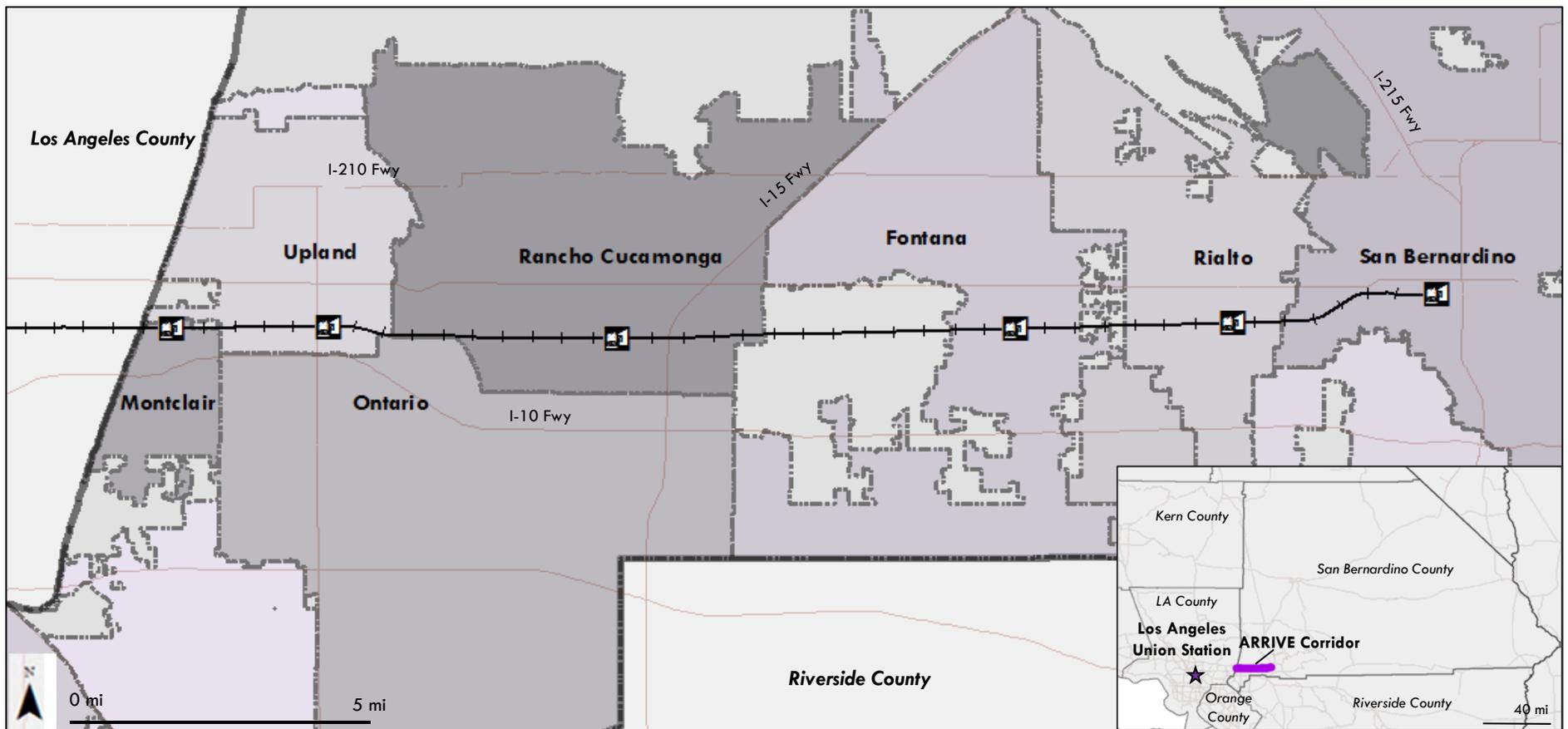
- **Appendix.** The report appendix is organized by land use and includes additional analysis and data that supplement report findings.

Location, Context and Analysis Geographies

The six cities within the SCAG ARRIVE Corridor are located in the western part of San Bernardino County, on the border of Los Angeles & Riverside Counties.

The six cities along the ARRIVE Corridor are: Montclair, Upland, Rancho Cucamonga, Fontana, Rialto and San Bernardino.

The western-most city, Montclair, is approximately 35 miles east of Downtown Los Angeles. San Bernardino, the eastern-most city is 60 miles east of Downtown LA.

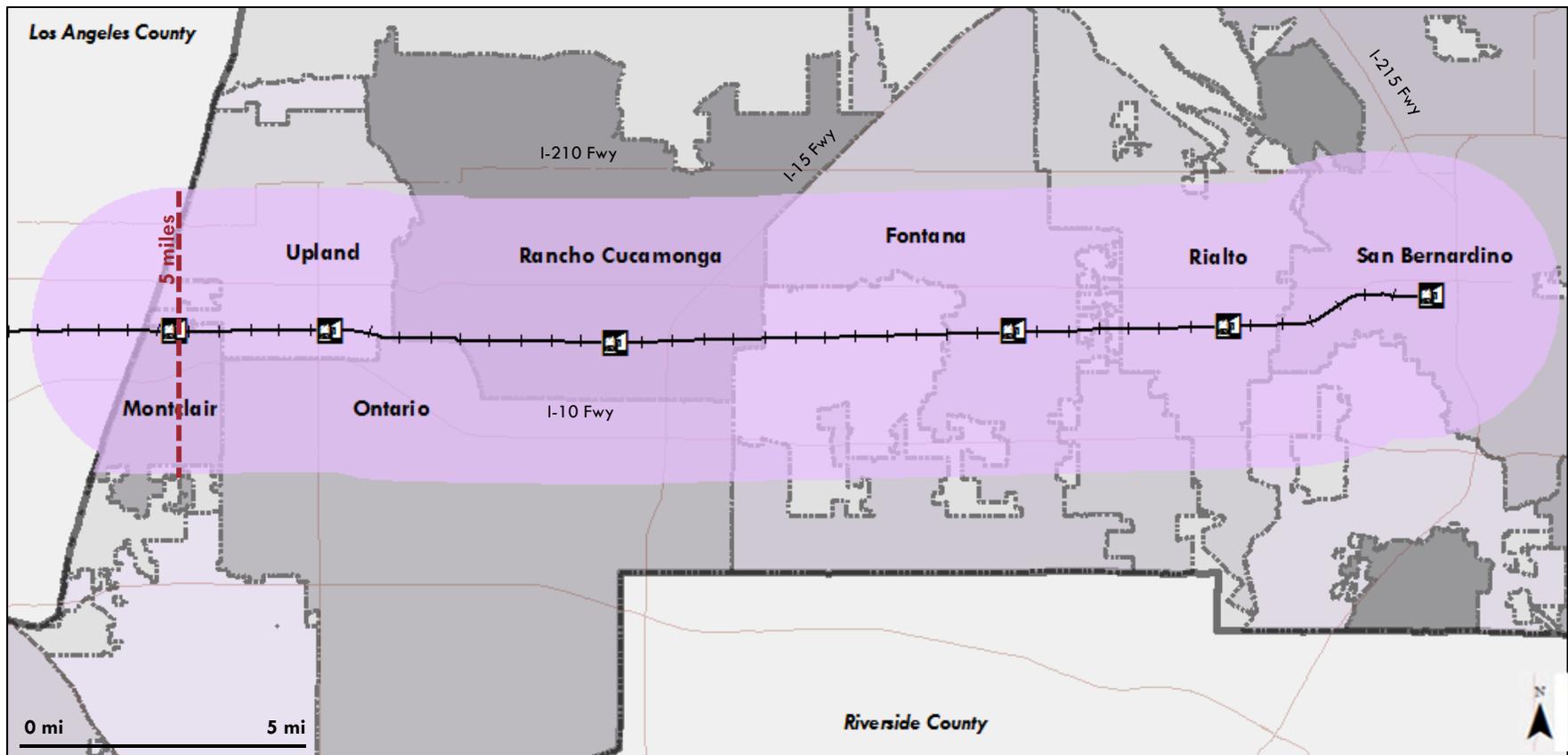


Source: ESRI

The ARRIVE Corridor is defined as a 2.5-mile buffer on each side of the San Bernardino County Metrolink line.

While the ARRIVE Corridor primarily covers the six identified cities, all of which are located in San Bernardino County, there is a small portion of Los Angeles County included in the Corridor west of Montclair. Additionally, a significant portion of the City of Ontario is included within the ARRIVE Corridor.

ARRIVE Corridor



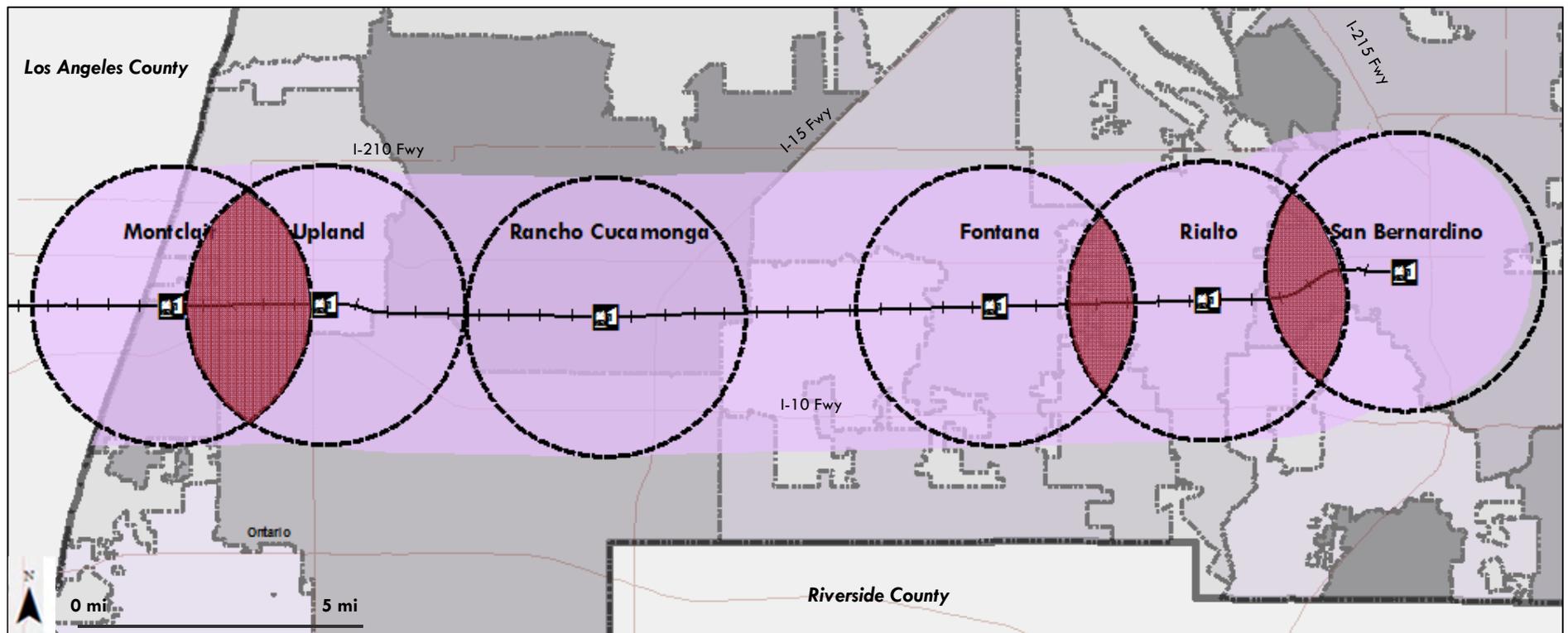
Source: ESRI

The station market areas are defined as a 2.5-mile radius from each City's Metrolink station, and referred to as the "2.5-Mile Market Areas."

A 2.5-Mile radius from each Metrolink station was selected as each station's Market Area. Given existing features, 2.5 miles represents the distance people are willing to travel to carry out their daily activities, and this market area is used to define the community characteristics around each station.

It should be noted that many of the 2.5-Mile Market Areas overlap with other stations' Market Areas. In the western part of the ARRIVE Corridor, the Montclair & Upland Station Areas have the greatest amount of overlap. On the eastern end of the Corridor, Rialto overlaps with both Fontana and San Bernardino.

2.5-Mile Market Areas



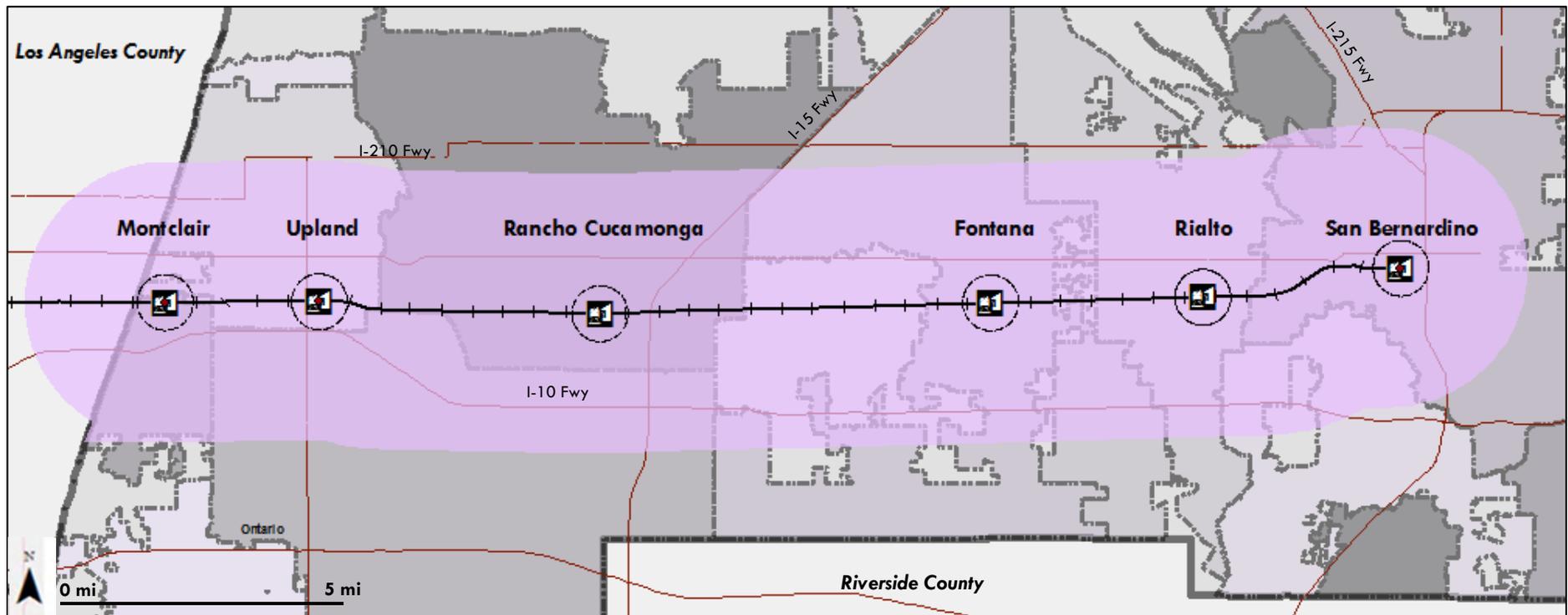
Source: ESRI

The “Half-Mile Station Area” represents the target for potential transit-oriented development (TOD).

The “Half-Mile Station Area” represents the distance people are willing to walk in order to carry out routine activities. This is also the area where future TOD will be potentially located.

Along the ARRIVE Corridor, the Half-Mile Station Areas are generally industrial in nature due to their close proximity to the rail line. Historically, residential and commercial development along the Corridor has been focused primarily along the freeways, rather than the Metrolink stations.

Half-Mile Station Areas



Source: ESRI

Cities along the ARRIVE Corridor are well-connected to Los Angeles, Riverside, Orange and Ventura Counties via public transportation.

The cities within the ARRIVE Corridor are all located along the San Bernardino Metrolink Line which travels east from LA's Union Station to San Bernardino's Santa Fe Station.

With planned infrastructure improvements and schedule changes, connectivity to other parts of the region is expected to increase within the ARRIVE Corridor cities.



Source: Metrolink

Metrolink System Map



San Bernardino Metrolink Line



Several existing and planned transportation projects within and near the ARRIVE Corridor will make the area even more accessible in upcoming years.

OmniTrans sbX Bus Rapid Transit



Source: OmniTrans

Gold Line Foothill Extension Phase 2B



Source: Metro

Redlands Passenger Rail Project



Source: SANBAG

West Valley Connector Bus Rapid Transit



Source: SANBAG

Demographics and Employment

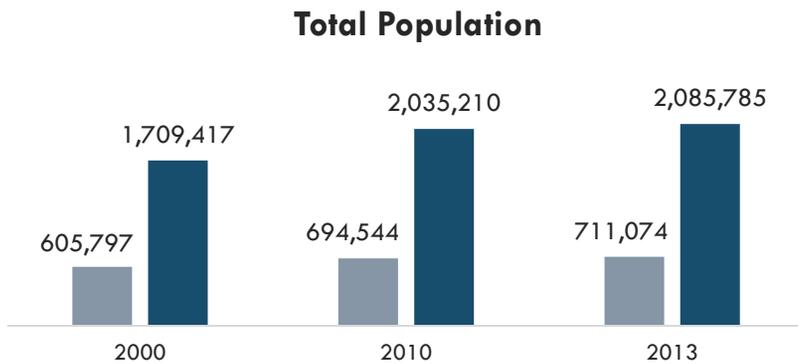
Corridor Wide Demographics

Market Areas Demographics

Employment

The ARRIVE Corridor includes approximately one third of the County's population and households.

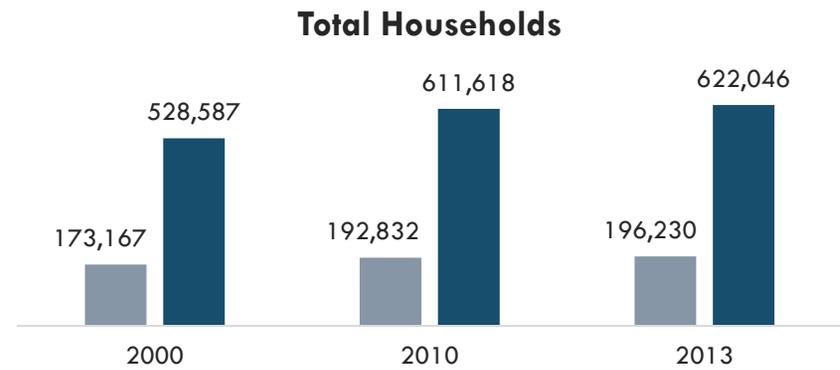
The total population in San Bernardino County in 2013 was approximately 2.1 million. Between 2000 and 2013, the population increased by over 20%.



Source: ESRI ■ ARRIVE Corridor ■ San Bernardino County

Within the ARRIVE Corridor, the total population in 2013 was 711,000. The ARRIVE Corridor is located in the more established portion of San Bernardino County and has a lower growth rate relative to the County. Between 2000 and 2013, the Corridor population grew by 15%, adding 105,000 new residents.

The total number of households in San Bernardino County in 2013 was approximately 622,000, an increase of 93,000 households since 2000.



Source: ESRI ■ ARRIVE Corridor ■ San Bernardino County

Within the ARRIVE Corridor, the total number of households was just over 196,000 in 2013, an increase of approximately 23,000 since 2000.

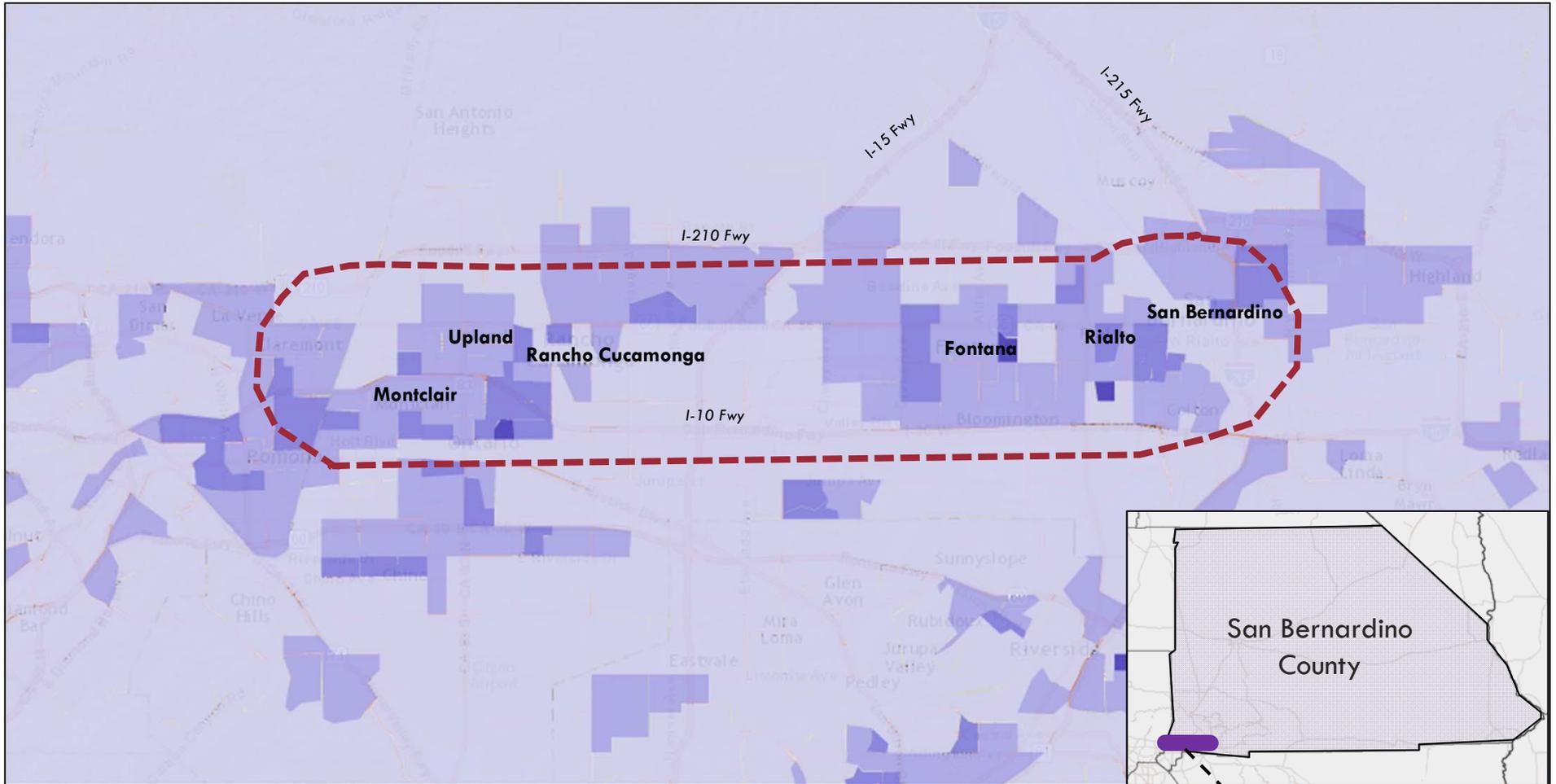
Compounded Annual Growth Rate: Population & Households (2000 – 2013)

	Population	Households
ARRIVE Corridor	1.24%	0.97%
San Bernardino County	1.54%	1.26%

Source: ESRI

Population density is distributed throughout the ARRIVE Corridor with concentrations around the I-10 and I-210 Freeways.

2014 Population per Square Mile

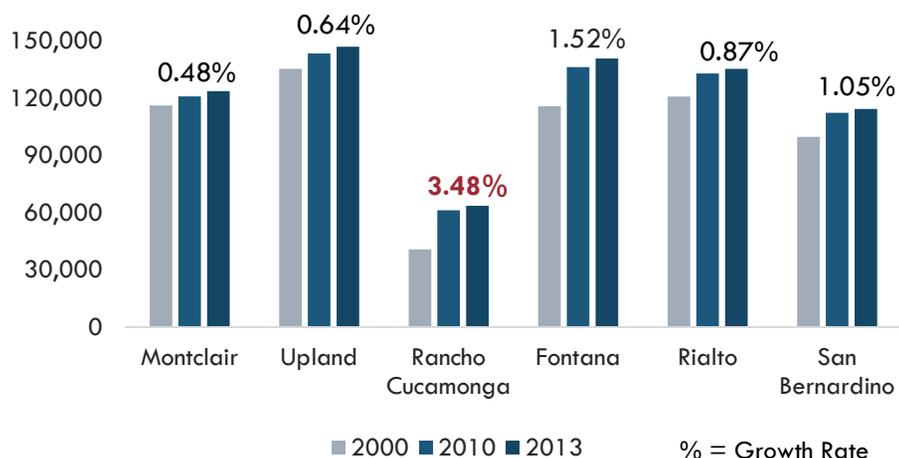


Source: ESRI, US Census 2005-2010 5-Year Estimates

ARRIVE Corridor

All 2.5-Mile Market Areas contain populations between 100,000 and 150,000 people, with the exception of Rancho Cucamonga, which has the lowest population, but the highest growth rate.

2.5-Mile Market Area Population & Growth Rate

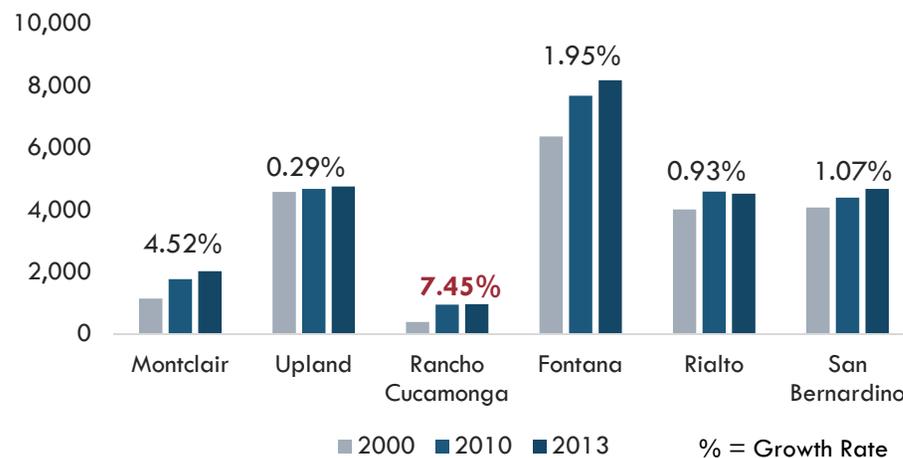


Source: ESRI

Upland's 2.5-Mile Market Area has the largest population (140,000), followed by Fontana & Rialto.

Although it has the lowest population, at 60,000, the Rancho Cucamonga 2.5-Mile Market Area experienced the fastest compounded annual growth rate from 2000 – 2013. The more established areas of Montclair & Upland had the lowest compound annual growth rates.

Half-Mile Station Area Population & Growth Rate



Source: ESRI

The Half-Mile Station Areas have populations that range between 1,000 and 8,000.

Fontana has the largest population (8,000) within a half-mile of the six Metrolink stations, and experienced nominal growth of almost 2,000 people between 2000 and 2013.

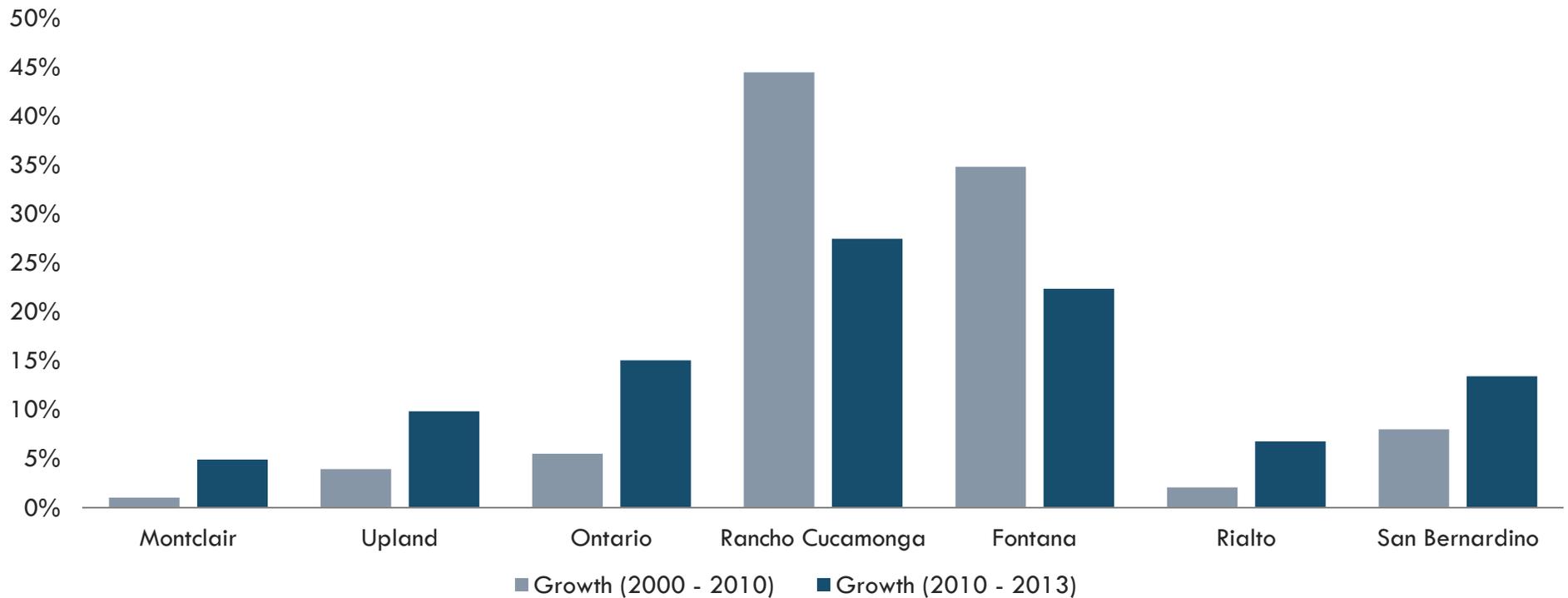
Although it has the smallest population, just under 1,000, the Rancho Cucamonga Half-Mile Station Area experienced a much higher compounded annual growth rate (7.45%) than other Station Areas.

Among the ARRIVE Corridor cities, Rancho Cucamonga had the highest growth rate across the last decade, but the growth wave is expected to move eastward.

Between 2000 and 2010, the cities of Rancho Cucamonga and Fontana, by far, made up the greatest percentage of growth in Corridor cities. Together they made up 75% of growth in all Corridor cities.

Between 2010 and 2013, growth in all cities was more even, with noticeable increases in growth in Rialto and San Bernardino. Whereas Rialto and San Bernardino made up 10% of growth between 2000 and 2010, they made up 20% between 2010 and 2013.

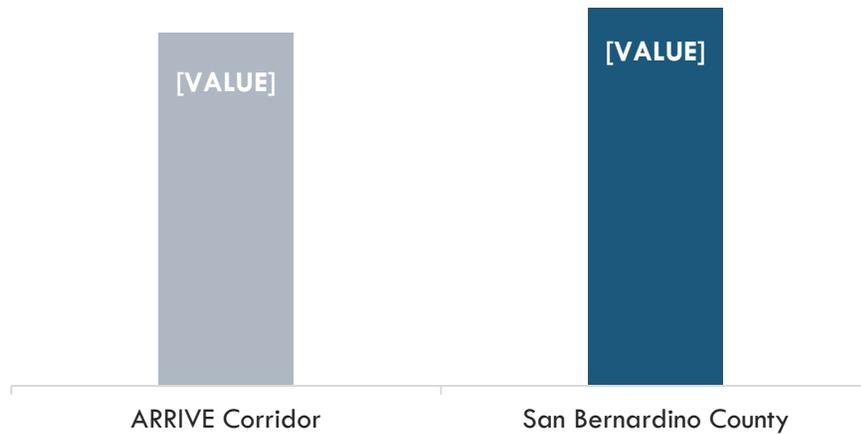
City Share of Corridor Household Growth (2000 – 2013)



Source: LEHD On the Map

Median household income within the ARRIVE Corridor is \$51,000. This is 6% lower than the County, and 17% lower than the state.

Median Household Income (2013)



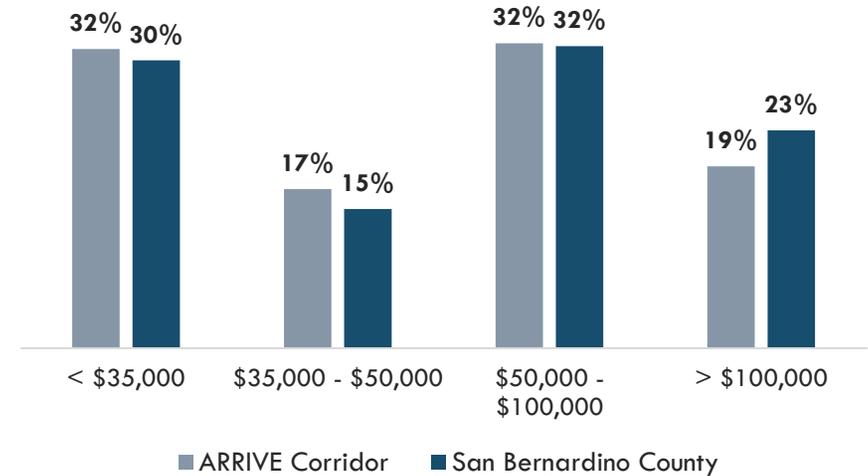
Source: ESRI

The Corridor's household income of \$51,000 is approximately 17% lower than the State of California's median household income of \$61,400.¹

In San Bernardino County, the average median household income is approximately \$55,000. This is 6% higher than the ARRIVE Corridor, but 10% lower than the State of California's median income.

¹ACS 2007-2012 5-Year Estimates

Household Income Distribution (2013)



Source: ESRI

Household income is spread evenly between the lowest income category, middle-income categories and the upper-middle income categories.

- ❖ 30% of households earn less than \$35,000 per year, suggesting that almost a third of households in both the County & Corridor are low-income in the State of California.
- ❖ Almost a third of households in both the County and Corridor earn between \$50,000 - \$100,000.

Median incomes generally decrease as one moves eastward, with the exception of the Rancho Cucamonga Market Area.

2.5-Mile Market Areas

Median incomes in most Market Areas are similar to that of the County and Corridor.

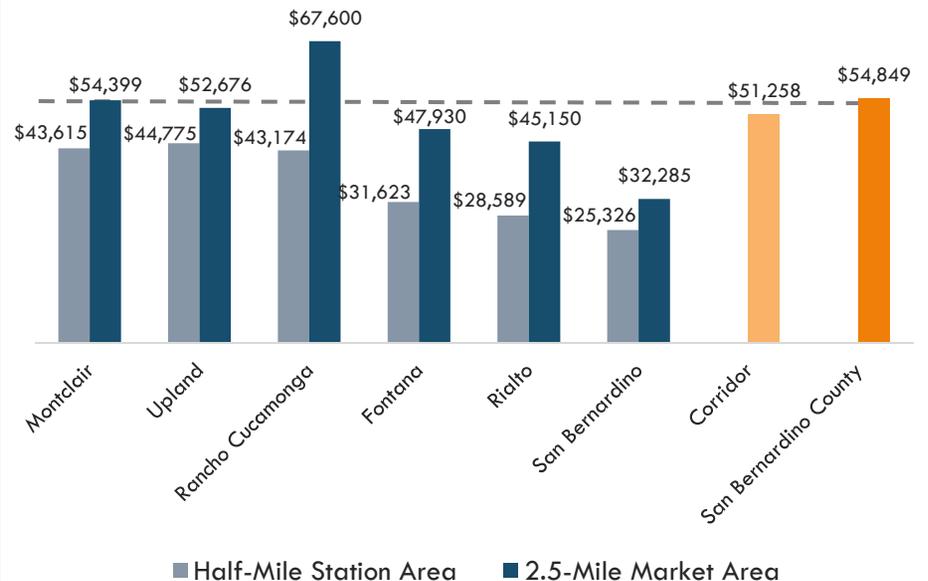
- ❖ The median household income in the Montclair, Upland, Fontana, and Rialto 2.5-Mile Market Areas are in line with the County average.
- ❖ The Rancho Cucamonga 2.5-Mile Market Area has the highest median household income of \$68,000. San Bernardino has the lowest median income of \$32,000, which is 42% below San Bernardino County.

Half-Mile Station Areas

Overall, median incomes in the Half-Mile Station Areas are much lower than the larger 2.5-Mile Market Areas.

- ❖ The Half-Mile Station Areas of Fontana, Rialto and San Bernardino have low median incomes, ranging from \$25,000 to \$31,000.
- ❖ Montclair, Upland and Rancho Cucamonga have median incomes of approximately \$44,000, substantially lower than their Market Areas, but given the lower persons per households in the Station Areas, in the range of lower-middle class incomes.

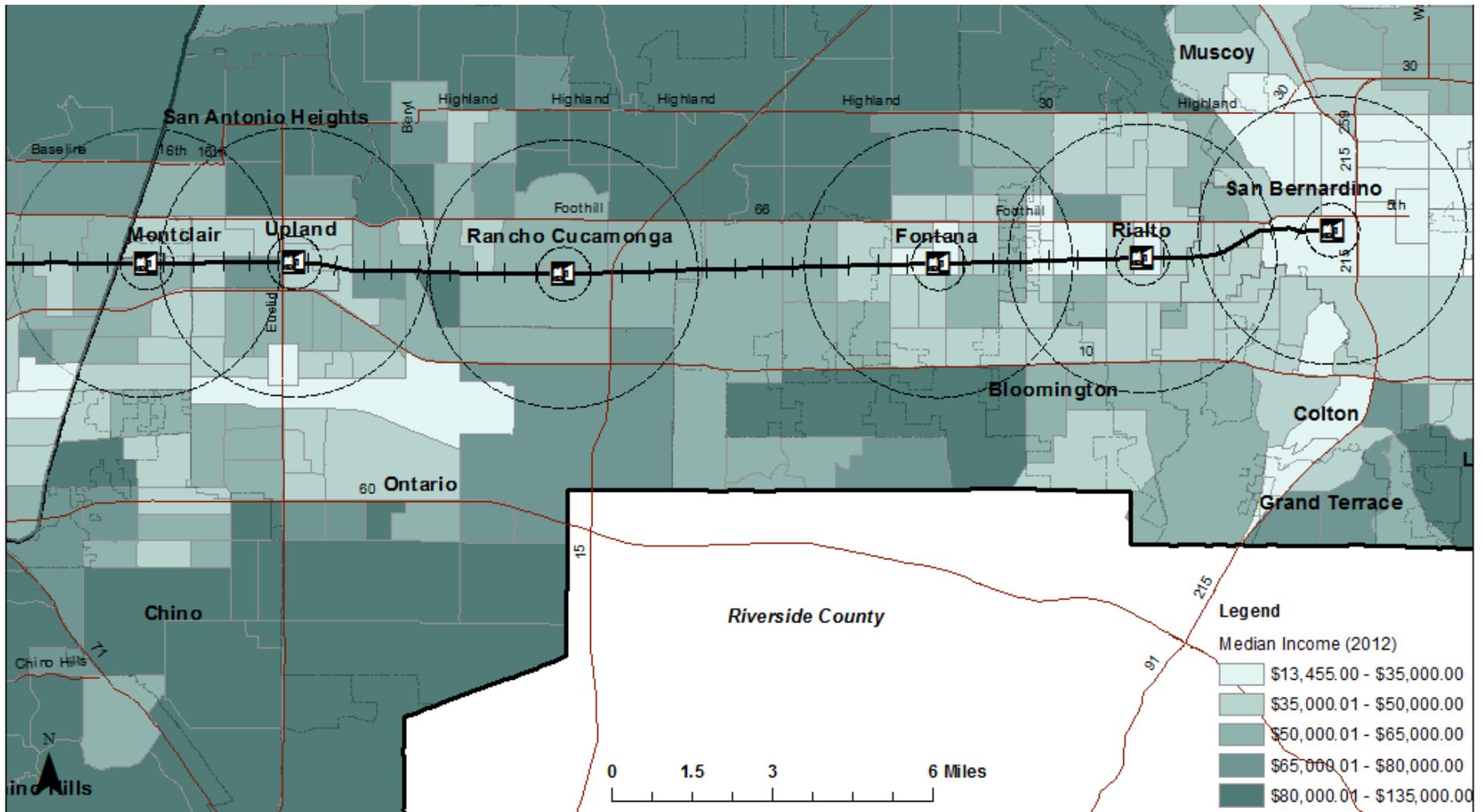
Median Household Income (2013)



Source: ESRI

Within the ARRIVE Corridor, median household incomes are generally between \$35,000 and \$65,000.

ARRIVE Corridor

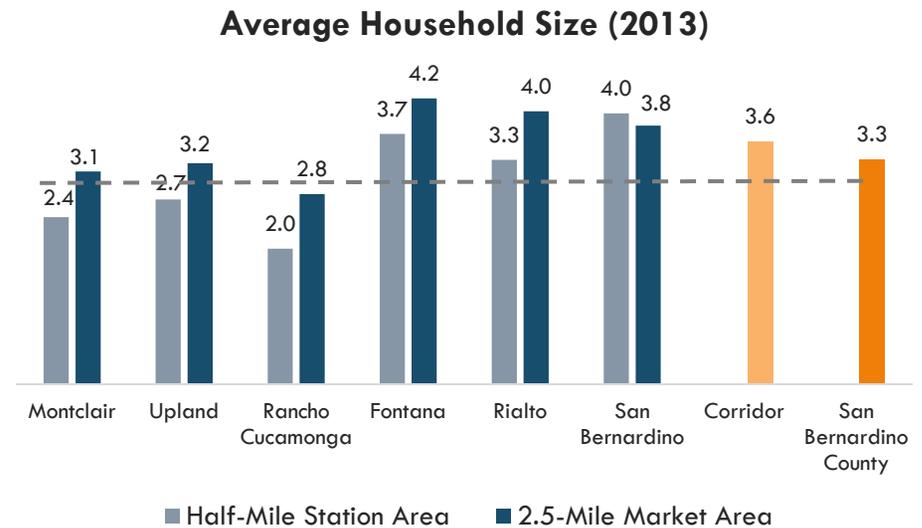


Source: ESRI, US Census 2007-2012 5-Year Estimates

Average household sizes tend to be larger in Fontana, Rialto and San Bernardino than in Montclair, Upland and Rancho Cucamonga.

The average household size in San Bernardino County is 3.3 persons. Along the ARRIVE Corridor, it is even greater at 3.6 persons per household, which is a relatively high average household size.

- ❖ The Half-Mile Station Areas and 2.5-Mile Market Areas of Montclair, Upland and Rancho Cucamonga have lower average household sizes than the Corridor and County.
- ❖ The Station and Market Areas of Fontana, Rialto and San Bernardino have average household sizes in line or higher than the Corridor and County.
- ❖ Within the 2.5-Mile Market Areas, Fontana has the highest average household size with an average of 4.2 persons per household, suggesting a large number of families residing in this area.

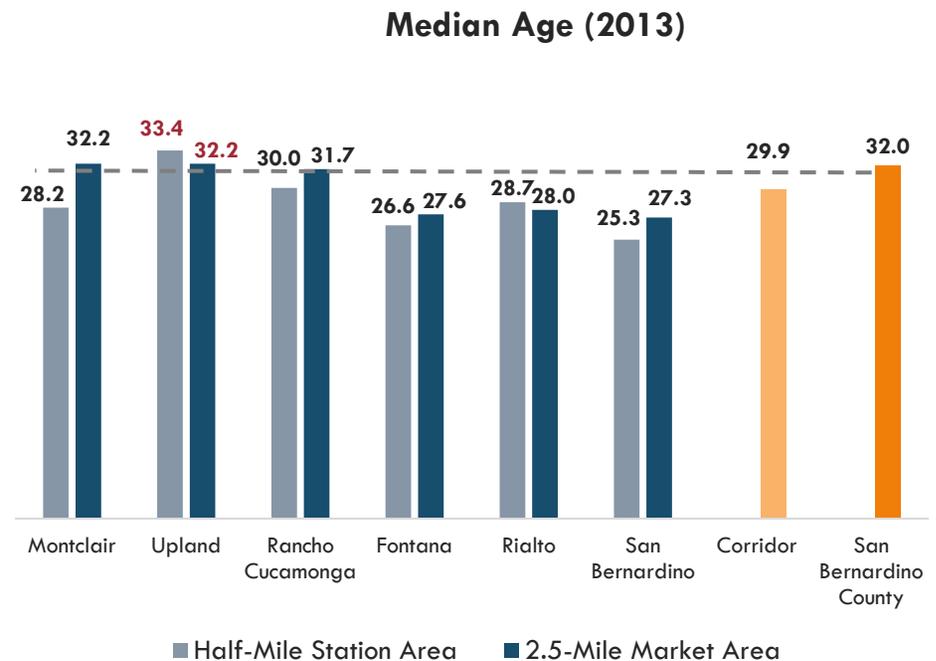


Source: ESRI

Most Half-Mile Station Areas and 2.5-Mile Market Areas within the ARRIVE Corridor have younger populations than the County as a whole.

San Bernardino County has a median age of 32.0, which is younger than the California average of 34.0. The ARRIVE Corridor is younger, with a median age of 29.9.

- ❖ Upland has the highest median age in both the Station (33.4) and Market Area (32.2).
- ❖ Within the Market and Station Areas, Fontana, Rialto and San Bernardino have relatively young populations.

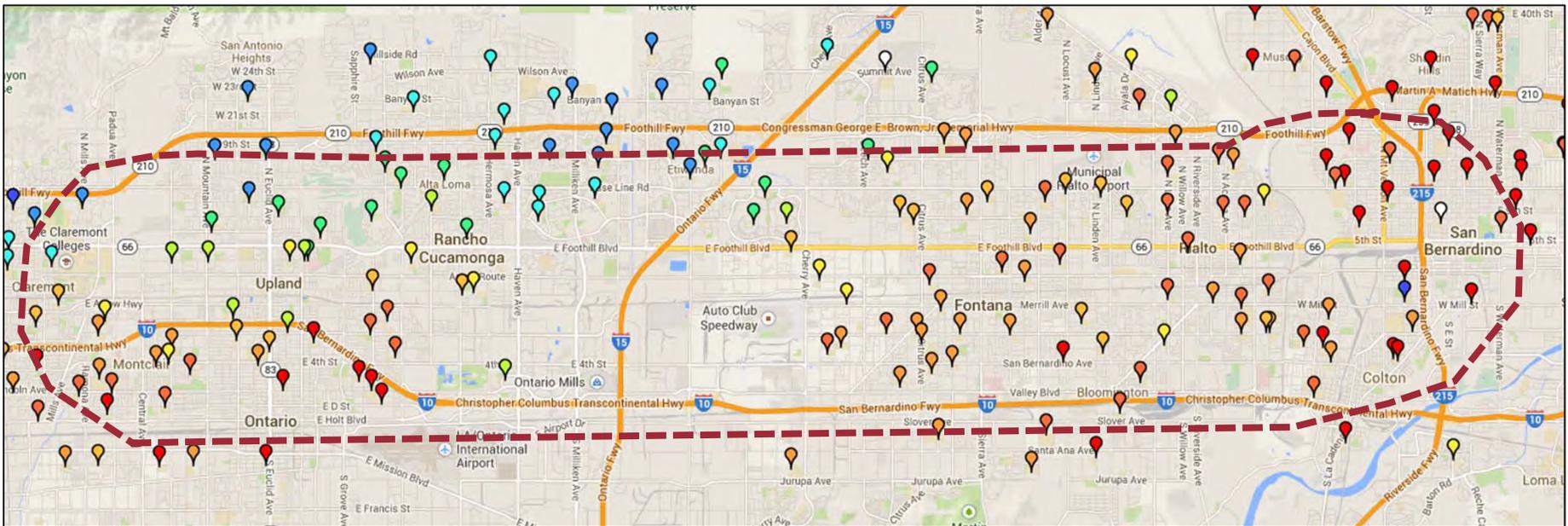


Source: ESRI

Few public schools within the ARRIVE Corridor received Academic Performance Index (API) scores higher than a 5 out of 10.

For many families, school quality strongly influences their residential location decisions. With the exception of the northern parts of Upland and Rancho Cucamonga, low API rankings within the Corridor could prove a challenge for attracting families to the area.

Elementary and Secondary Schools Academic Performance Index Map



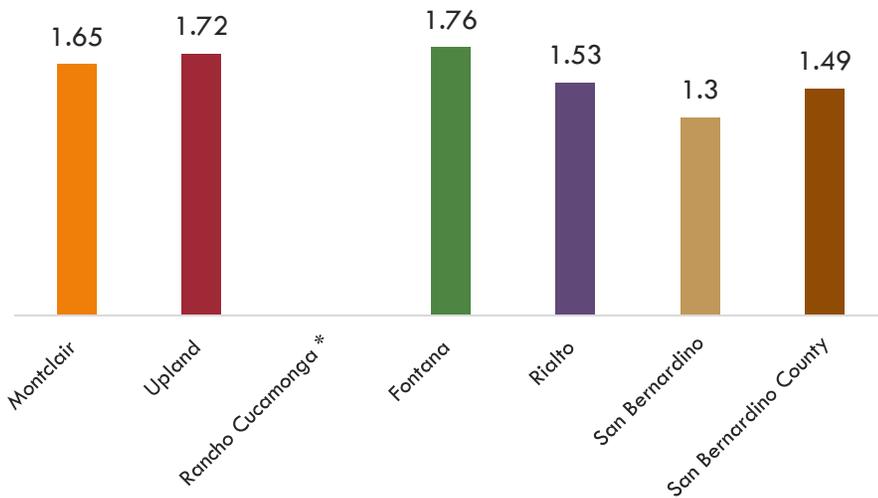
Source: California School Performance Maps



In the six Half-Mile Station Areas, all households own at least one vehicle on average.

Fontana has the highest number of vehicles per household at 1.76, whereas San Bernardino has the lowest at 1.3.

Average Number of Vehicles Available per Household (Half-Mile Station Areas)



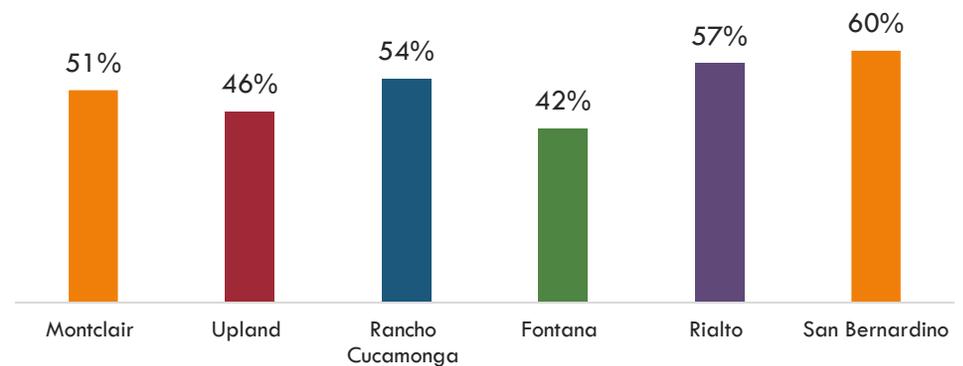
*Data not available for the Rancho Cucamonga Station Area.
 Source: Center for Transit Oriented Development, TOD Database, ACS 5-Year Estimates 2005-2009 & HR&A Advisors.

Only Upland and Fontana have a majority of households that own more than one vehicle.

San Bernardino and Rialto have the largest percentage of households with only 0 or 1 vehicles. Considering these communities have larger households per capita, access to vehicles is lower.

Rancho Cucamonga and Montclair have a fair amount of households with only 0 to 1 car, but these cities also have the lowest average household sizes.

Percent of Occupied Housing Units with 0 or 1 Vehicles Available (Half-Mile Station Areas)



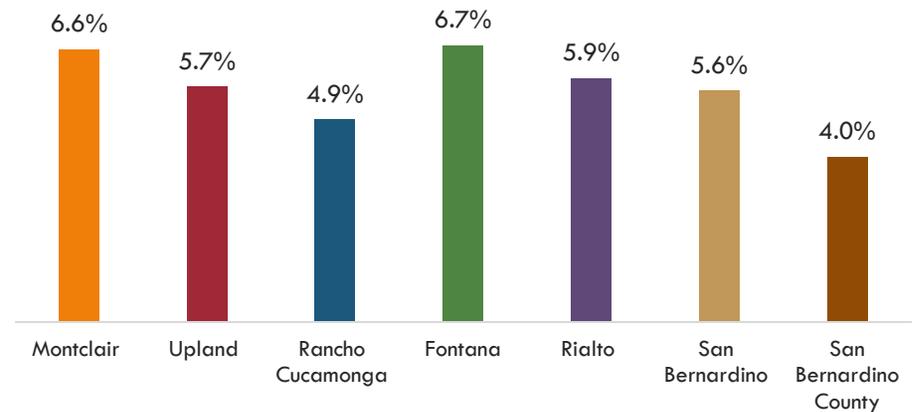
Source: Center for Transit Oriented Development, TOD Database, ACS 5-Year Estimates 2005-2009

Commuting by public transportation, bicycle or walking is fairly low across the Half-Mile Station Areas, but is higher than San Bernardino County as a whole.

The Fontana and Montclair Half-Mile Station Areas have the highest percentage of commuters who use public transportation, bicycle or walk to work across the ARRIVE Corridor at 6.7% and 6.6%, respectively.

The Rancho Cucamonga Half-Mile Station Area has the lowest percentage of workers who use public transportation, bicycle or walk to work at 4.9%.

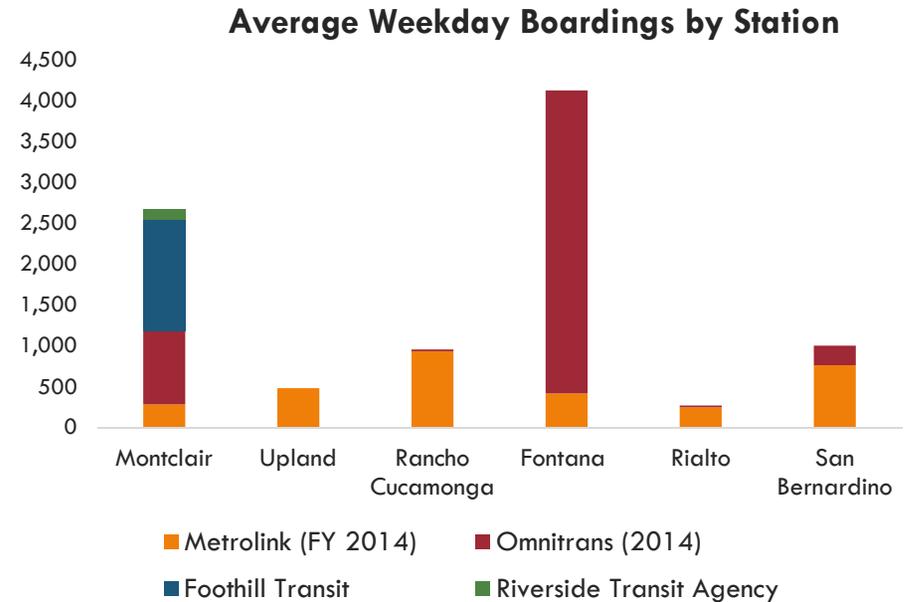
Percent of Workers Who Take Public Transportation, Bicycle or Walk to Work



Source: Center for Transit Oriented Development, TOD Database, ACS 5-Year Estimates 2005-2009, HR&A

Within the ARRIVE Corridor, Metrolink weekday ridership is highest at the Rancho Cucamonga and San Bernardino stations.

- ❖ **The San Bernardino Metrolink line, which services the ARRIVE Corridor carries 28% of all Metrolink riders.**
- ❖ Rancho Cucamonga has the highest Metrolink ridership within the Corridor, as well as within the Metrolink San Bernardino Line as a whole, with approximately 1,200 weekday boardings.
- ❖ Express trains run from the San Bernardino station to Union Station in Los Angeles, which helps explain the high ridership seen in San Bernardino. The express train runs about one hour and five minutes from San Bernardino to LA's Union Station, as opposed to an hour and a half for regular service trains.
- ❖ The Rialto and Montclair Metrolink stations have the lowest weekday Metrolink boardings at approximately 300 per day.
- ❖ Fontana and Montclair have the highest Omnitrans boardings amongst cities within the ARRIVE Corridor.



Source: Gruen Associates

Demographics and Employment

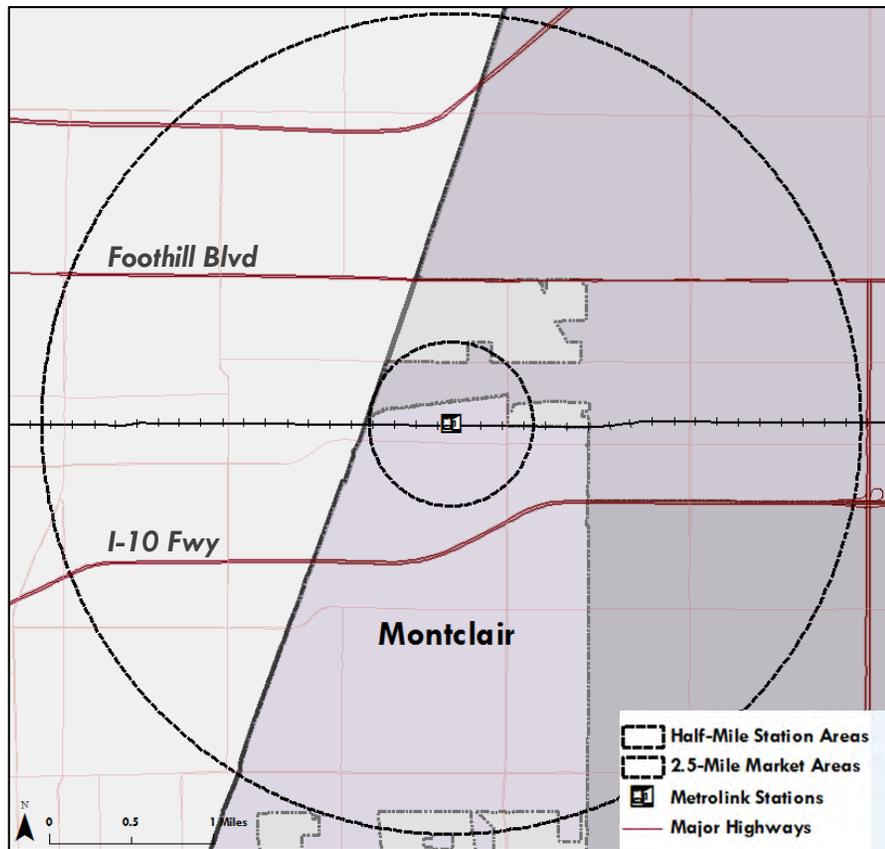
Corridor Wide Demographics

Market Areas Demographics

Employment

While the Montclair 2.5-Mile Market Area is the third most populated market area along the ARRIVE Corridor, the Montclair Half-Mile Station Area has limited housing.

Montclair Market Areas



Source: ESRI

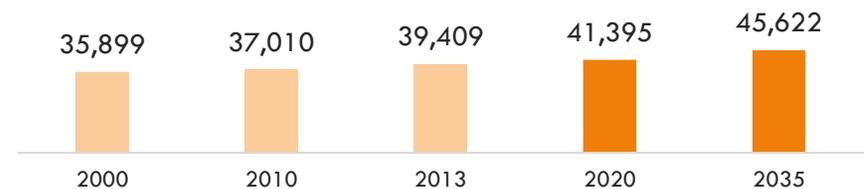
The Montclair Half-Mile Station Area is primarily a renter community, with lower median incomes than the 2.5-Mile Market Area and the City of Montclair as a whole.

The City of Montclair has a small geographic footprint, but there is a substantial population in the 2.5-Mile Market Area. Current projections show the 2.5-Mile Market Area is expected to grow by 6,200 persons in the next 20 years.

Category (2013)	Half-Mile Station Area	2.5-Mile Market Area	City of Montclair	San Bernardino County
Population	2,010	123,528	37,780	2,085,785
Households	822	39,409	9,755	622,046
Median Income	\$43,615	\$54,399	\$54,192	\$54,849

Source: ESRI

2.5-Mile Market Area Historical & Projected Growth



Source: ESRI, SCAG, HR&A

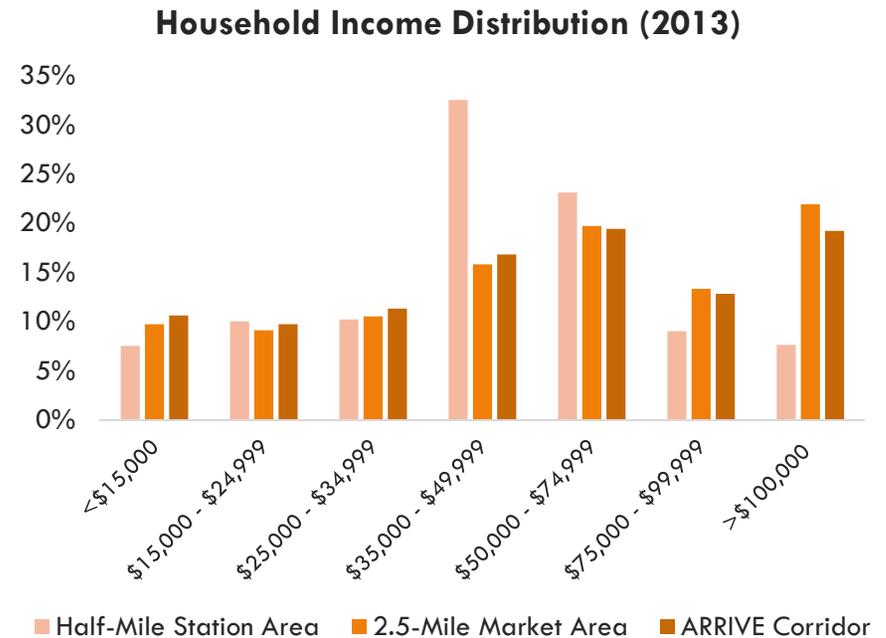
Almost 84% of the population within the Station Area are renters, the highest concentration of renters along the Corridor. Only 47% of households are renters within the larger Market Area.

Housing Tenure (2013)	Station Area	Market Area
Owner-Occupied	8.4%	47.7%
Renter-Occupied	83.8%	46.6%

Source: ESRI

The Montclair 2.5-Mile Market Area has a substantial share of households making over \$100,000, but a majority of households in the Montclair Half-Mile Station Area earn between \$35,000 and \$75,000.

- ❖ 22% of households in the 2.5-Mile Market Area earn over \$100,000, although only 8% of those within the Half-Mile Station Area earn this amount, suggesting that there are many wealthier households within the larger 2.5-Mile Market Area, but outside of the Station Area.
- ❖ A third of households in the Station Area earn between \$35,000 and \$50,000; almost a quarter earn between \$50,000 and \$75,000. The majority of those in the Station Area are low and upper-middle income households.
- ❖ While there are many high earners in Montclair, almost 30% of households in both the Station and Market Areas earn less than \$35,000 per year.



Source: ESRI

In Montclair, 2/3 of residents in the Half-Mile Station Area and 1/2 of residents within the 2.5-Mile Market Area are under 35 years old.

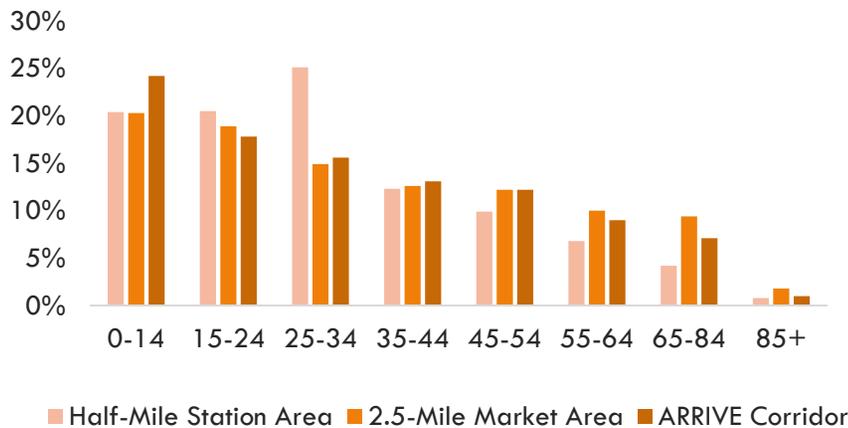
Age

Within the Half-Mile Station Area, two-thirds of the residents are under 35 years old, and 40% of residents are under 24. 25 to 34 year olds alone make up a quarter of the population.

In the larger 2.5-Mile Market Area, over half of residents are under 35, and 40% of residents are under 24.

The median age in the Half-Mile Station Area is 28.2, which is four years younger than the median age of the 2.5-Mile Market Area (32.2), and two years younger than the median age of the Corridor (29.9).

Age Distribution (2013)



Source: ESRI

Race & Ethnicity

The Montclair Half-Mile Station Area is 54% White, 45% Hispanic of any race and has relatively large Black (14%) and Asian (11%) populations. The larger 2.5-Mile Market Area is 55% White, and has a greater Hispanic population (54%), and lower Black (7%) and Asian (8%) populations than the Station Area.

Education

The Station Area is one of the most well-educated along the Corridor, as measured by the percentage of those with a Bachelor's degree or higher. Unlike most other Station Areas, it also has a higher percentage of those with college degrees than in the 2.5-Mile Market Area.

Resident Employment

44% of jobs held by residents in both the Station and Market Areas are professional, management or administrative jobs, which is a higher proportion than the Corridor (39%) and in line with the County (43%). Just over 20% hold service jobs in both the Half-Mile Station and 2.5-Mile Market Areas. Within blue collar industries, 6% and 7% of residents in the Station and Market Areas respectively are in the production sectors, while 6% and 8% are in the transportation sectors.

Montclair Demographic Summary

Category	Montclair		ARRIVE Corridor
	Station Area	Market Area	Corridor
Population (ESRI)			
2013	2,010	123,528	711,074
2010	1,755	120,822	694,544
2000	1,132	116,045	605,797
CAGR (2000-2013)	4.52%	0.48%	1.24%
Projected Population (SCAG)			
2020 (2012 Adopted Growth Forecast)		187,927	725,013
2035 (2012 Adopted Growth Forecast)		208,066	795,085
Number of Households			
2013	822	39,409	196,230
2010	710	37,010	192,832
2000	432	35,899	173,167
CAGR (2000-2013)	5.07%	0.72%	0.97%
Average Household Size (2013)			
	2.44	3.11	3.55
Projected Number of Households (SCAG)			
2020		56,579	207,400
2035		62,356	228,118
Median Household Income (2013)	\$43,615	\$54,399	\$51,258
Median Age (2013)	28.2	32.2	29.9
Race/Ethnicity (2013)			
White Alone	49.7%	57.9%	49.9%
Black Alone	14.3%	6.8%	9.0%
American Indian Alone	0.7%	1.0%	1.1%
Asian Alone	11.4%	8.3%	5.5%
Pacific Islander Alone	0.0%	0.2%	0.3%
Some Other Race Alone	17.7%	20.7%	29.2%
Two or More Races	6.1%	5.1%	5.0%
Hispanic Origin	45.3%	53.9%	65.5%

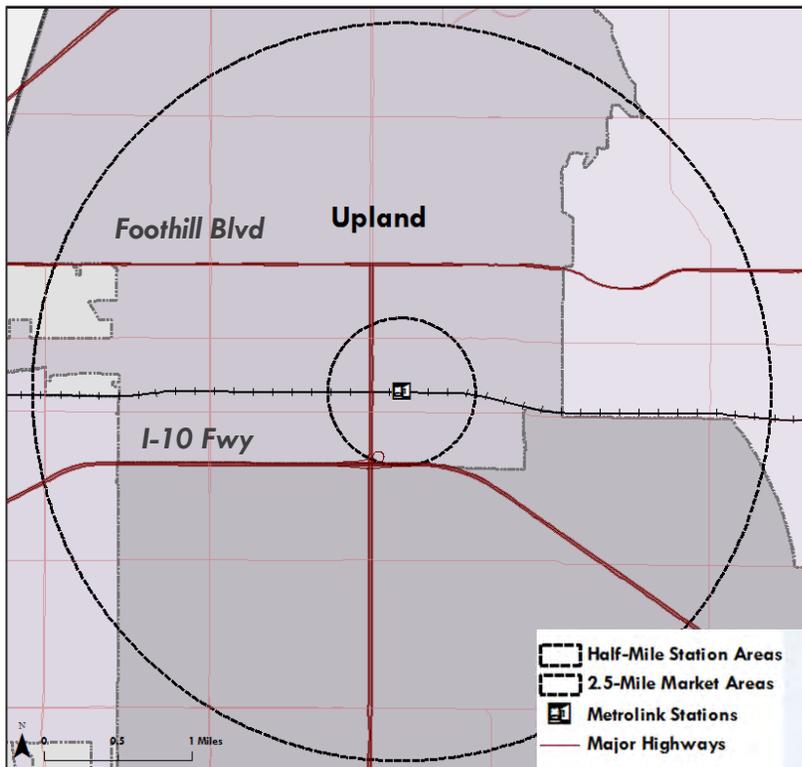
Sources: ESRI, SCAG

Category	Montclair		ARRIVE Corridor
	Station Area	Market Area	Corridor
Education Level (2013)			
Less than 9th Grade	6.5%	10.5%	14.6%
9th - 12th Grade, No Diploma	10.9%	10.2%	14.2%
High School Graduate	23.4%	23.2%	25.8%
Some College, No Degree	20.0%	23.1%	22.1%
Associate Degree	8.6%	7.7%	7.2%
Bachelor's Degree	21.2%	15.1%	10.7%
Graduate/Professional Degree	9.3%	10.3%	5.5%
2013 Employed Population 16+ by Occupation			
Total	824	52497	283,005
White Collar	56.6%	54.9%	49.9%
Management/Business/Financial	13.0%	9.8%	9.3%
Professional	22.5%	19.4%	14.1%
Sales	12.1%	10.6%	11.2%
Administrative Support	9.0%	15.1%	15.2%
Services	22.8%	21.5%	20.0%
Blue Collar	20.6%	23.6%	30.0%
Farming/Forestry/Fishing	3.9%	0.5%	0.6%
Construction/Extraction	2.8%	4.6%	5.8%
Installation/Maintenance/Repair	1.7%	3.7%	4.0%
Production	6.2%	6.9%	8.3%
Transportation/Material Moving	6.1%	7.9%	11.3%

In Upland, the population around the Half-Mile Station Area has a higher percentage of renters and residents with lower median incomes than in the 2.5-Mile Market Area and City of Upland as a whole.

The Upland Half-Mile Station Area has the largest population (4,700) within the ARRIVE Corridor Half-Mile Station Areas. The 2.5-Mile Market Area has the second highest population, 147,000, within the six Market Areas. Across the next 20 years, the 2.5-Mile Market Area is expected to add 5,400 households.

Upland Market Areas



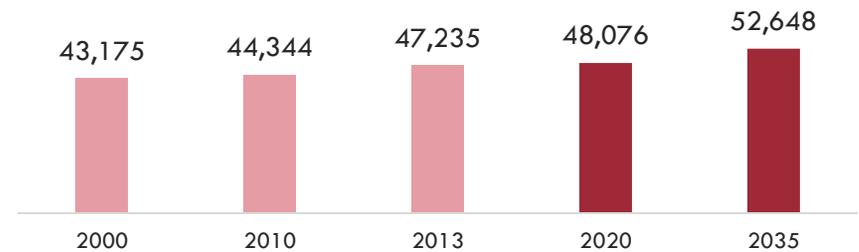
Source: ESRI

However, only 3% of the population and 4% of households within the Market Area live within the Station Area.

Category (2013)	Station Area	Market Area	City of Upland	San Bernardino County
Population	4,739	146,795	75,499	2,085,785
Households	1,745	47,235	26,286	622,046
Median Income	\$44,775	\$52,676	\$64,547	\$54,849

Source: ESRI

2.5-Mile Market Area Historical & Projected Growth



Source: SCAG, ESRI, HR&A

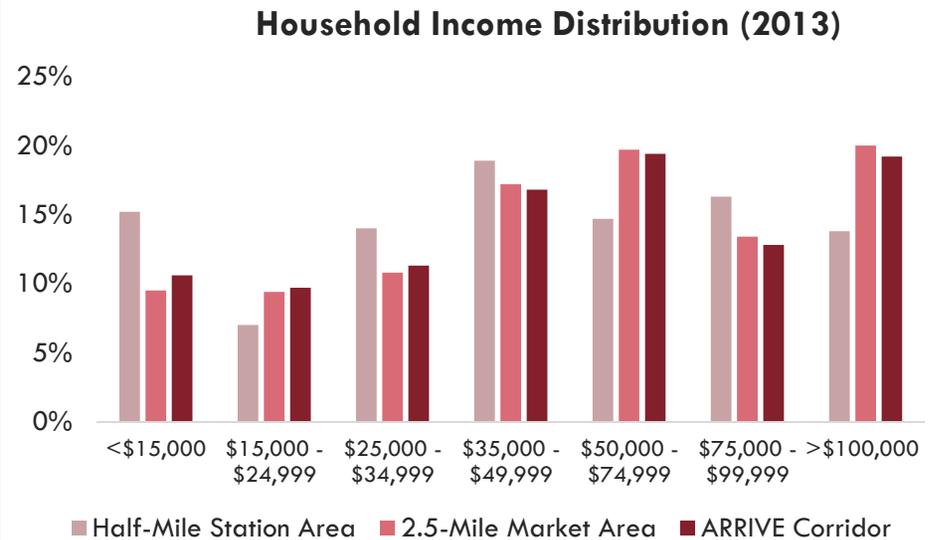
The Half-Mile Station Area consists of 56% renter-occupied, and 37% owner-occupied housing units. This is the highest percentage of owner-occupied housing in the Station Areas along the Corridor. Within the 2.5-Mile Market Area, housing tenure is more evenly split between owners and renters.

Housing Tenure (2013)	Station Area	Market Area
Owner-Occupied	36.5%	46.6%
Renter-Occupied	55.9%	47.2%

Source: ESRI

The Upland 2.5-Mile Market Area has a larger portion of households earning higher incomes than in the Half-Mile Station Area.

- ❖ 20% of those in the Upland 2.5-Mile Market Area and 14% of those in the Half-Mile Station Area earn over \$100,000, a relatively high income in San Bernardino County.
- ❖ However, 30% of households in the Market Area and almost 40% of those in the Station Area earn less than \$35,000.
- ❖ A majority of households earn between \$35,000 and \$100,00; 50% in the Station Area and 57% in the Market Area.



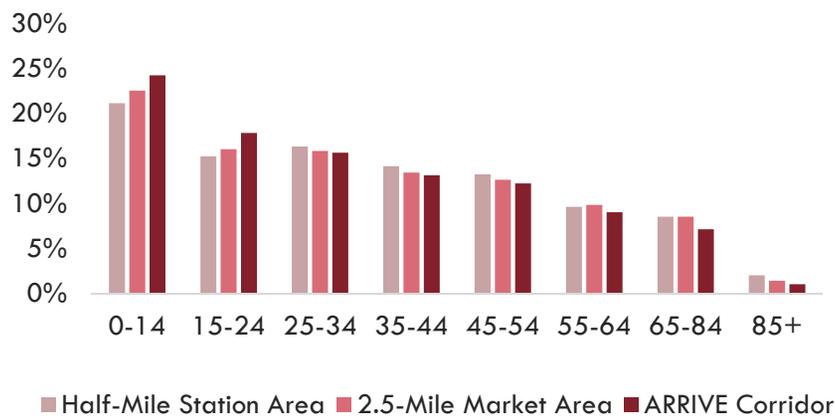
The Upland Half-Mile Station Area and 2.5-Mile Market Area have larger proportions of those under 35 years old than in older age categories.

Age

In Upland, the age distribution is similar in the Half-Mile and 2.5-Mile Market Areas, although the Market Area has a larger proportion of those under 24.

Upland has the oldest median age of the six Half-Mile Station Areas within the Corridor. The median age in the Station Area is 33.4, which is higher than both the 2.5-Mile Market Area (32.2) and the Corridor (29.9). The higher median age of the Station Area is due to the lower number of 0-16 year olds and greater share of those 85 years and older.

Age Distribution (2013)



Source: ESRI

Race & Ethnicity

55% of the Station Area and 61% of the Market Area population identify as Hispanic ethnicity of any race. A large number of residents in the Station Area (17%) and Market Area (26%) identify as “some other race alone.” Approximately 6% identify as Black in both the Station and Market Areas, while 5% identify as Asian.

Education

In both the Station and Market Areas, approximately half of the residents have a high school education or less. The larger 2.5-Mile Market Area has a higher proportion of those with an Associate’s degree or above (27%) compared to the Half-Mile Station Area (21%). Relative to other cities along the Corridor, only Montclair and Rancho Cucamonga have higher education levels in their 2.5-Mile Market Areas.

Resident Employment

43% of jobs held by residents in both the Station and Market Areas are professional, management or administrative jobs. Approximately 20% of people hold service jobs in both the Half-Mile and 2.5-Mile Market Areas. Within blue collar employment, 4% and 8% in the Station and Market Areas respectively work in production, and 7% and 9% work in transportation.

Upland Demographic Summary

Category	Upland		ARRIVE Corridor
	Station Area	Market Area	Corridor
Population (ESRI)			
2013	4,739	146,795	711,074
2010	4,661	143,317	694,544
2000	4,566	135,182	605,797
CAGR (2000-2013)	0.29%	0.64%	1.24%
Projected Population (SCAG)			
2020 (SCAG Table I-19)		192,755	725,013
2035 (2012 Adopted Growth Forecast)		207,317	795,085
Number of Households			
2013	1,745	47,235	196,230
2010	1,726	44,344	192,832
2000	1,740	43,175	173,167
CAGR (2000-2013)	0.02%	0.69%	0.97%
Average Household Size (2013)	2.70	3.23	3.55
Projected Number of Households (SCAG)			
2020		61,235	207,400
2035		67,058	228,118
Median Household Income (2013)	\$44,775	\$52,676	\$51,258
Median Age (2013)	33.4	32.2	29.9
Race/Ethnicity (2013)			
White Alone	66.3%	56.2%	49.9%
Black Alone	6.0%	6.4%	9.0%
American Indian Alone	0.8%	1.0%	1.1%
Asian Alone	4.7%	5.4%	5.5%
Pacific Islander Alone	0.3%	0.3%	0.3%
Some Other Race Alone	16.6%	25.5%	29.2%
Two or More Races	5.3%	5.2%	5.0%
Hispanic Origin	54.9%	60.7%	65.5%

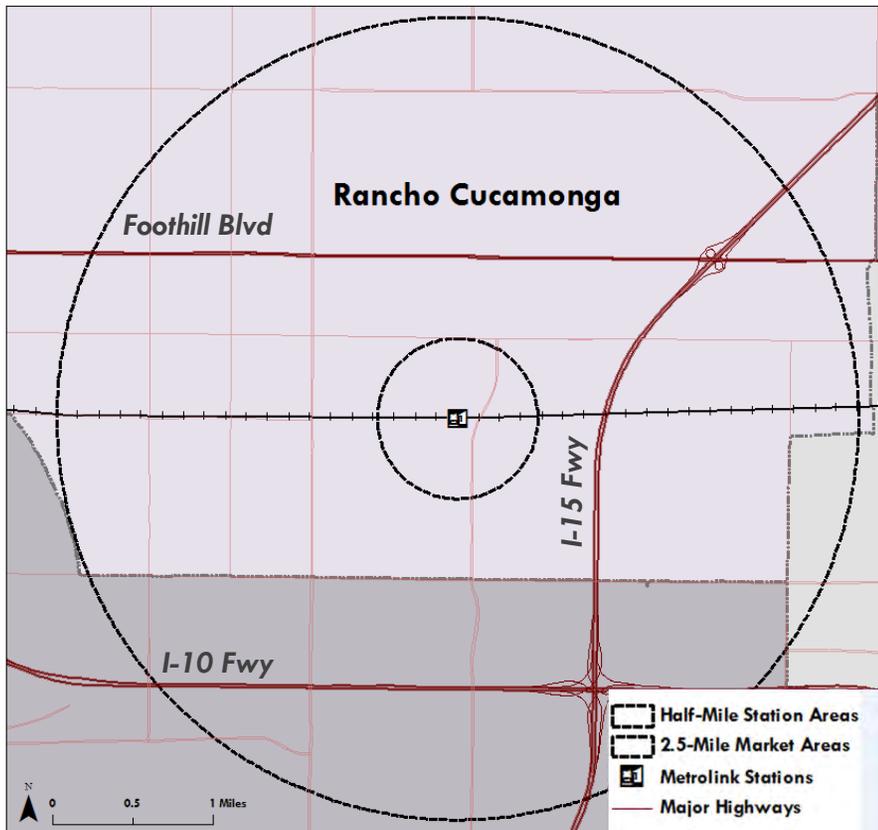
Category	Upland		ARRIVE Corridor
	Station Area	Market Area	Corridor
Education Level (2013)			
Less than 9th Grade	6.3%	12.5%	14.6%
9th - 12th Grade, No Diploma	10.9%	11.2%	14.2%
High School Graduate	29.9%	24.8%	25.8%
Some College, No Degree	31.4%	24.2%	22.1%
Associate Degree	6.4%	7.6%	7.2%
Bachelor's Degree	9.7%	13.1%	10.7%
Graduate/Professional Degree	5.4%	6.6%	5.5%
2013 Employed Population 16+ by Occupation			
Total	2,185	62,541	283,005
White Collar	57.8%	53.8%	49.9%
Management/Business/Financial	12.8%	10.7%	9.3%
Professional	13.8%	15.9%	14.1%
Sales	15.1%	11.2%	11.2%
Administrative Support	16.1%	16.1%	15.2%
Services	22.3%	20.1%	20.0%
Blue Collar	19.8%	26.2%	30.0%
Farming/Forestry/Fishing	0	0.4%	0.6%
Construction/Extraction	5.9%	4.8%	5.8%
Installation/Maintenance/Repair	3.1%	3.4%	4.0%
Production	3.5%	8.2%	8.3%
Transportation/Material Moving	7.3%	9.4%	11.3%

Sources: ESRI, SCAG

Rancho Cucamonga has the smallest population both within the Half-Mile Station Areas and 2.5-Mile Market Areas along the Corridor, due to the industrial nature of the area.

The Rancho Cucamonga Half-Mile Station Area has a renter population with a median income much lower than the Market Area and City as a whole. Only 1% of the population and 2% of households in the 2.5-Mile Market Areas are located within the Half-Mile Station Area.

Rancho Cucamonga Market Areas



Source: ESRI

Median income in the Station Area is \$43,000, \$25,000 less than the Market Area, and almost half of the City as a whole.

Category (2013)	Half-Mile Station Area	2.5-Mile Market Area	City of Rancho Cucamonga	San Bernardino County
Population	954	63,606	170,320	2,085,785
Households	481	21,817	55,673	622,046
Median Income	\$43,174	\$67,600	\$80,312	\$54,849

Source: ESRI

Over the next 20 years, the 2.5-Mile Market Area is expected to add 3,400 new households.

2.5-Mile Market Area Historical & Projected Growth



Source: SCAG, ESRI, HR&A

The Half-Mile Station Area is overwhelmingly renter-occupied, 84%, compared to the 2.5-Mile Market Area where just over 55% of housing units are renter-occupied.

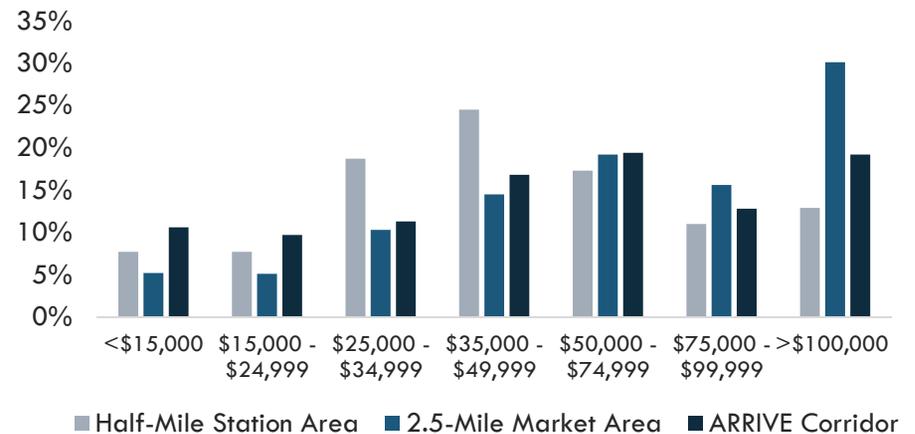
Housing Tenure (2013)	Station Area	Market Area
Owner-Occupied	7%	38%
Renter-Occupied	84%	55%

Source: ESRI

In the Rancho Cucamonga 2.5-Mile Market Area, almost half of households earn over \$75,000 per year.

- ❖ The Rancho Cucamonga 2.5-Mile Market Area has the highest median household income within the ARRIVE Corridor.
- ❖ 30% of households within the 2.5-Mile Market Area earn over \$100,000, compared to 13% in the Half-Mile Station Area and 20% in the ARRIVE Corridor.
- ❖ However, over 30% of households within the Station Area earn less than \$35,000, compared to 20% in the larger 2.5-Mile Market Area.
- ❖ The largest proportion of households in the 2.5-Mile Market Area earn incomes over \$100,000. In the Half-Mile Station Area, the largest proportion of households, 25%, earn between \$35,000 - \$50,000.

Household Income Distribution (2013)



Source: ESRI

Rancho Cucamonga has the highest share of residents with the greatest level of education, as well as the largest share of those employed in white collar jobs along the ARRIVE Corridor.

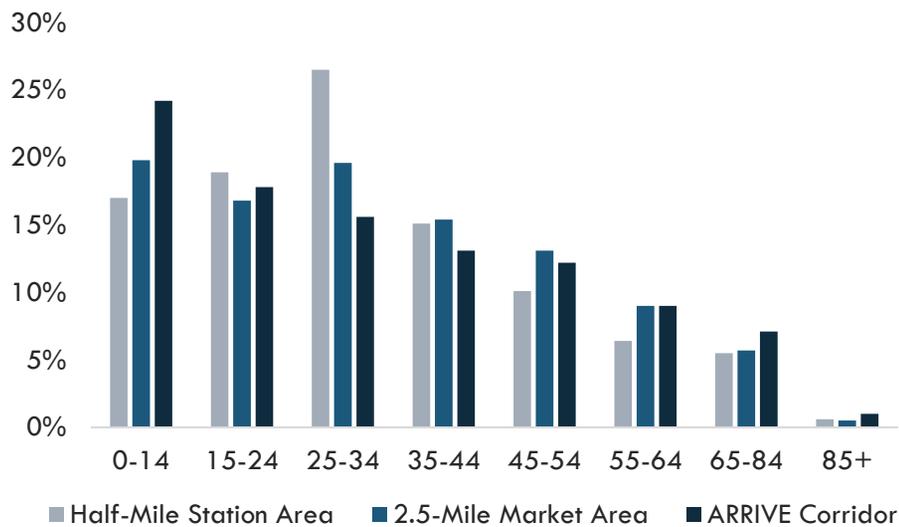
Age

The Half-Mile Station Area and 2.5-Mile Market Area have substantial populations in the younger age categories.

Approximately two-thirds of the Station Area and almost 60% of the Market Area population are under 35.

The median age in the Station Area is 30.0 which is almost five years younger than the median age for the Market Area (34.9).

Age Distribution (2013)



Source: ESRI

Race & Ethnicity

Both the Half-Mile Station Area and 2.5-Mile Market Area in Rancho Cucamonga are predominantly White. However both areas have a sizeable Hispanic population (42%). The Black population is 16% within the Station Area and 13% in the Market Area, and the Asian population is 11% in the Station Area and 12% in the Market Area.

Education

In both the Station and Market Areas, 30% of the residents have a Bachelor's degree or higher, which is the highest along the ARRIVE Corridor. 30% in the Station and Market Areas have only a high school degree or less.

Resident Employment

Half of the residents within the 2.5-Mile Market Area work in professional, management or administrative jobs, compared to 44% in the Half-Mile Station Area. Just over 20% of residents in the Station Area work in the service sector, compared to 16% within the larger Market Area. Rancho Cucamonga has the lowest percentage of blue collar workers within the ARRIVE Corridor. 5% in both the Station and Market Areas work in production, and 4% in the Station Area, and 7% of the Market Area work in transportation.

Rancho Cucamonga Demographic Summary

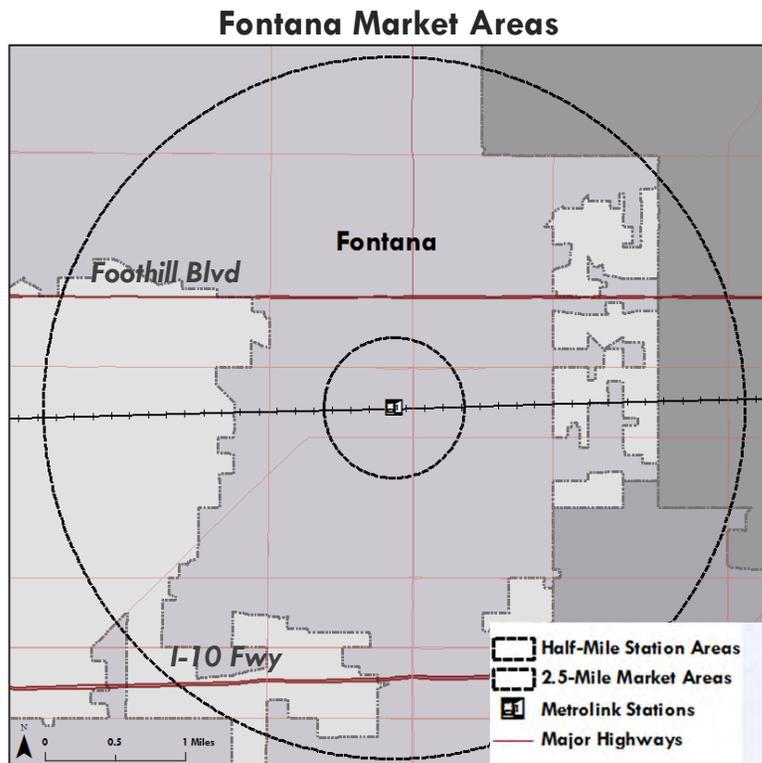
Category	Rancho Cucamonga		ARRIVE Corridor
	Station Area	Market Area	Corridor
Population (ESRI)			
2013	954	63,606	711,074
2010	937	61,249	694,544
2000	375	40,749	605,797
CAGR (2000-2013)	7.45%	3.48%	1.24%
Projected Population (SCAG)			
2020 (2012 Adopted Growth Forecast)		107,505	725,013
2035 (2012 Adopted Growth Forecast)		109,953	795,085
Number of Households			
2013	481	21,817	196,230
2010	475	21,124	192,832
2000	157	12,882	173,167
CAGR (2000-2013)	8.99%	4.14%	0.97%
Average Household Size (2013)	1.98	2.78	3.55
Projected Number of Households (SCAG)			
2020		7,699	207,400
2035		38,845	228,118
Median Household Income (2013)	\$43,174	\$67,600	\$51,258
Median Age (2013)	30.0	31.7	29.9
White Alone	42.5%	50.8%	49.9%
Black Alone	15.6%	13.3%	9.0%
American Indian Alone	0.7%	0.8%	1.1%
Asian Alone	11.4%	12.2%	5.5%
Pacific Islander Alone	0.6%	0.4%	0.3%
Some Other Race Alone	23.3%	16.5%	29.2%
Two or More Races	5.9%	6.0%	5.0%
Hispanic Origin	42.2%	41.3%	65.5%

Category	Rancho Cucamonga		ARRIVE Corridor
	Station Area	Market Area	Corridor
Education Level (2013)			
Less than 9th Grade	6.5%	4.2%	14.6%
9th - 12th Grade, No Diploma	8.5%	7.5%	14.2%
High School Graduate	16.7%	20.7%	25.8%
Some College, No Degree	27.3%	29.3%	22.1%
Associate Degree	6.5%	9.6%	7.2%
Bachelor's Degree	22.9%	19.6%	10.7%
Graduate/Professional Degree	11.6%	9.1%	5.5%
2013 Employed Population 16+ by Occupation			
Total	551	31,539	283,005
White Collar	64.1%	66.5%	49.9%
Management/Business/Financial	7.6%	14.1%	9.3%
Professional	18.5%	21.3%	14.1%
Sales	20.1%	15.7%	11.2%
Administrative Support	17.8%	15.4%	15.2%
Services	22.0%	15.5%	20.0%
Blue Collar	14.0%	18.0%	30.0%
Farming/Forestry/Fishing	0.2%	0.1%	0.6%
Construction/Extraction	2.9%	4.0%	5.8%
Installation/Maintenance/Repair	2.0%	1.9%	4.0%
Production	4.7%	5.2%	8.3%
Transportation/Material Moving	4.2%	6.8%	11.3%

Sources: ESRI, SCAG

The Fontana Half-Mile Station Area has the largest population along the ARRIVE Corridor, and the second largest population within the 2.5-Mile Market Area.

Fontana's Half-Mile Station Area is characterized by a high percentage of renters with lower median household incomes than the 2.5-Mile Market Area and City as a whole.



Source: ESRI

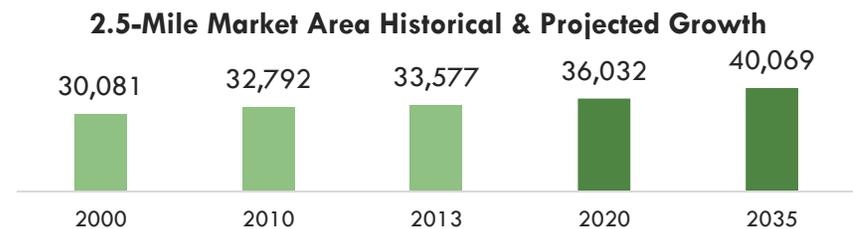
6% of the Market Area population and 7% of Market Area households are located within the Station Area, which is high relative to the other Station Areas under study.

The median income is low in the Half-Mile Station Area (\$32,000). It is \$16,000 less than in the 2.5-Mile Market Area and approximately half of the City's as a whole. Median incomes are higher in areas of Fontana beyond the 2.5-Mile Market Area.

Category (2013)	Half-Mile Station Area	2.5-Mile Market Area	City of Fontana	San Bernardino County
Population	8,156	140,612	201,914	2,085,785
Households	2,216	33,577	50,166	622,046
Median Income	\$31,623	\$47,930	\$61,862	\$54,849

Source: ESRI

The 2.5-Mile Market Area is expected to add 6,500 households over the next 20 years.



Source: SCAG, ESRI, HR&A

Three out of four housing units within the Half-Mile Station Area are renter-occupied compared to only 42% within the 2.5-Mile Market Area.

Housing Tenure (2013)	Station Area	Market Area
Owner-Occupied	19%	51%
Renter-Occupied	74%	42%

Source: ESRI

The Fontana 2.5-Mile Market Area is largely moderate income. However, the majority of households in the Half-Mile Station Area are low-income.

- ❖ 54% of households in the 2.5-Mile Market Area earn between \$35,000 and \$100,000, suggesting the greater Fontana Market Area is largely a moderate income community.
- ❖ However, 56% of households within the Half-Mile Station Area and 34% of households in the 2.5-Mile Market Area earn less than \$35,000 per year. It should be noted that there were recent additions of senior and affordable housing developments in the Half-Mile Station Area that contribute to this concentration of low-income households.
- ❖ The largest proportion of households in the 2.5-Mile Market Area (23%) earn between \$50,000 - \$75,000. The largest proportion of households in the Half-Mile Station Area (24%) earn between \$25,000 and \$35,000.

Household Income Distribution (2013)



Source: ESRI

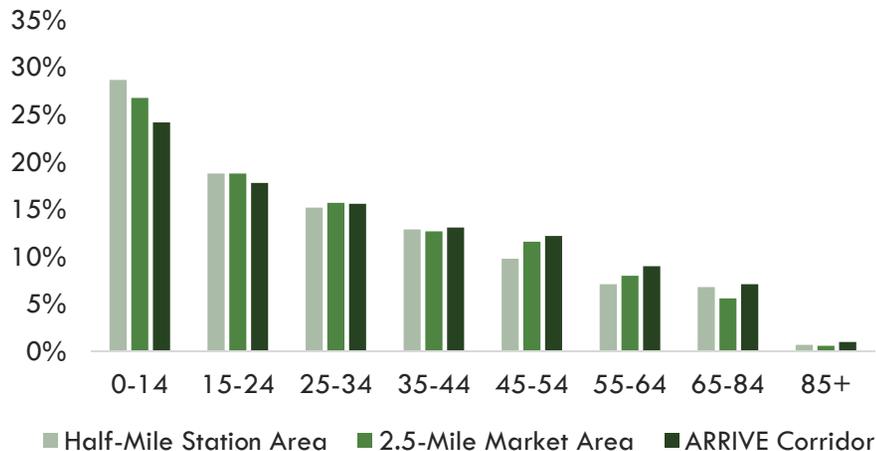
In the Fontana Half-Mile Station Area, residents are younger on average than in the 2.5-Mile Market Area and the Corridor.

Age

In Fontana, the age distribution is fairly similar in the Half-Mile Station and 2.5-Mile Market Areas.

The median age in the Half-Mile Station Area is fairly young, at 26.6, which is lower than both the Market Area (27.6) and the Corridor (29.9). More than a quarter of the population in the Station Area is under 14 years of age.

Age Distribution (2013)



Source: ESRI

Race & Ethnicity

The Fontana Half-Mile Station and 2.5-Mile Market Areas have a similar racial composition. A significant proportion of the population is Hispanic of any race; over 80% of residents are of Hispanic origin in both areas. Substantial other categories include White, approximately 47% in each area, and 38% that identify as two or more races in each area.

Education

In both the Station and Market Areas, less than 15% of the population has an Associate's degree or higher. Almost half of those in the Station Area have a high school education or less, compared to just under 40% for the Market Area.

Resident Employment

Fontana has the largest percentages of production and transportation jobs along the Corridor. The production and transportation industries provide 11% and 21% of jobs respectively, within the Half-Mile Station Area, and 10% and 17% of jobs within the 2.5-Mile Market Area. Approximately 30% of residents in the Market Area and 20% of those in the Station Area hold professional, management or administrative jobs, while 20% in both areas work in the service sector.

Fontana Demographic Summary

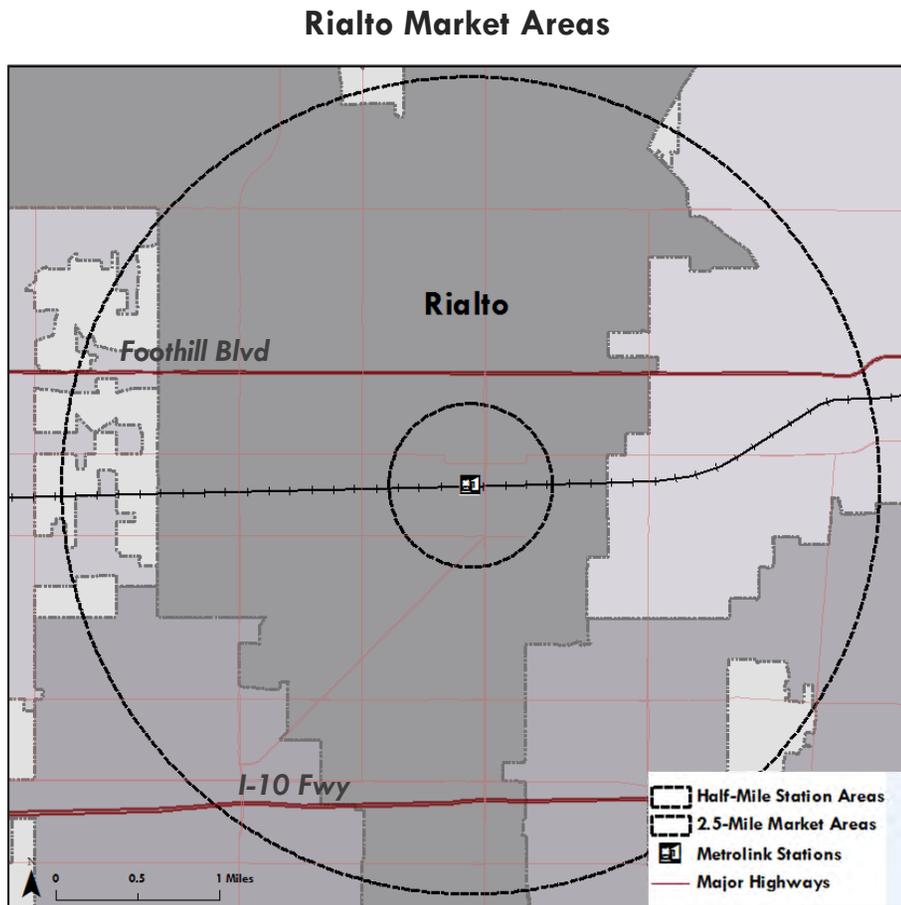
Category	Fontana		ARRIVE Corridor
	Station Area	Market Area	Corridor
Population (ESRI)			
2013	8,156	140,612	711,074
2010	7,660	136,113	694,544
2000	6,349	115,637	605,797
CAGR (2000-2013)	1.95%	1.52%	1.24%
Projected Population (SCAG)			
2020 (2012 Adopted Growth Forecast)		211,281	725,013
2035 (2012 Adopted Growth Forecast)		235,495	795,085
Number of Households			
2013	2,216	33,577	196,230
2010	2,088	32,792	192,832
2000	1,806	30,081	173,167
CAGR (2000-2013)	1.59%	0.85%	0.97%
Average Household Size (2013)	3.66	4.18	3.55
Projected Number of Households (SCAG)			
2020		52,783	207,400
2035		58,697	228,118
Median Household Income (2013)	\$31,623	\$47,930	\$51,258
Median Age (2013)	26.6	27.6	29.9
White Alone	46.9%	46.7%	49.9%
Black Alone	7.2%	6.6%	9.0%
American Indian Alone	1.1%	1.2%	1.1%
Asian Alone	1.3%	2.5%	5.5%
Pacific Islander Alone	0.2%	0.3%	0.3%
Some Other Race Alone	38.2%	38.0%	29.2%
Two or More Races	5.2%	4.7%	5.0%
Hispanic Origin	83.2%	79.6%	65.5%

Sources: ESRI, SCAG

Category	Fontana		ARRIVE Corridor
	Station Area	Market Area	Corridor
Education Level (2013)			
Less than 9th Grade	23.2%	20.5%	14.6%
9th - 12th Grade, No Diploma	25.1%	17.6%	14.2%
High School Graduate	23.3%	27.5%	25.8%
Some College, No Degree	16.6%	19.9%	22.1%
Associate Degree	6.1%	5.9%	7.2%
Bachelor's Degree	4.7%	6.8%	10.7%
Graduate/Professional Degree	1.1%	1.9%	5.5%
2013 Employed Population 16+ by Occupation			
Total	2,903	52,964	283,005
White Collar	33.5%	39.9%	49.9%
Management/Business/ Financial	3.1%	6.0%	9.3%
Professional	5.4%	9.1%	14.1%
Sales	11.9%	8.8%	11.2%
Administrative Support Services	13.0%	16.0%	15.2%
Services	21.7%	20.7%	20.0%
Blue Collar	44.8%	39.4%	30.0%
Farming/Forestry/Fishing	1.4%	0.9%	0.6%
Construction/Extraction	5.9%	6.3%	5.8%
Installation/Maintenance/ Repair	5.6%	5.3%	4.0%
Production	10.6%	10.4%	8.3%
Transportation/Material Moving	21.3%	16.6%	11.3%

Rialto's population in both the Half-Mile Station Area and 2.5-Mile Market Area is average for the ARRIVE Corridor.

3% of the 2.5-Mile Market Area's population and 4% of households are located within the Half-Mile Station Area.



Source: ESRI

While the City of Rialto's median income is in line with the County's, the 2.5-Mile Market Area's is 20% lower and the Half-Mile Station Area's is almost 50% lower than the County.

Category (2013)	Half-Mile Station Area	2.5-Mile Market Area	City of Rialto	San Bernardino County
Population	4,510	135,220	201,914	2,085,785
Households	1,373	33,711	50,166	622,046
Median Income	\$28,589	\$45,150	\$50,057	\$54,849

Source: ESRI

The 2.5-Mile Market Area is expected to add 7,300 households in the next 20 years.



Source: SCAG, ESRI, HR&A

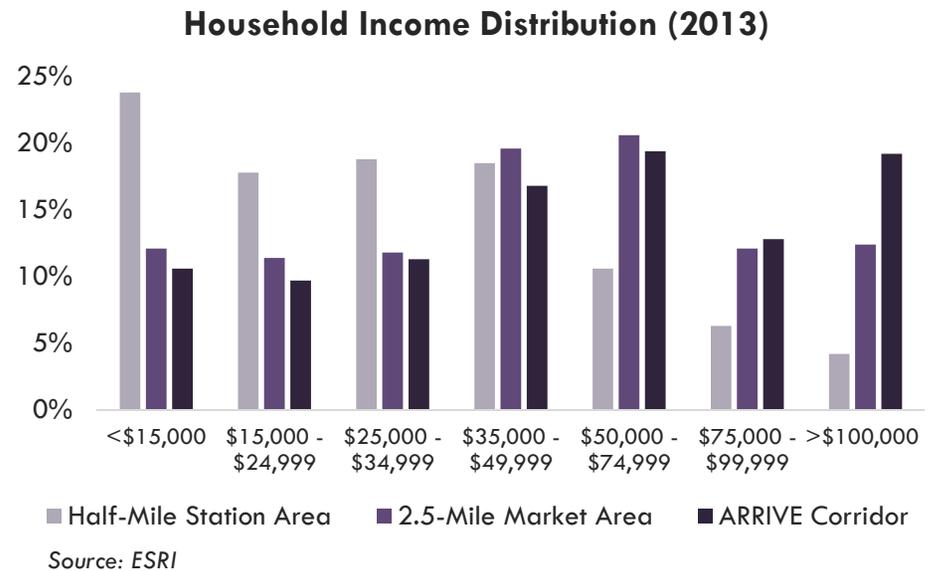
The Rialto 2.5-Mile Market Area has the greatest share of owner-occupied units within the ARRIVE Corridor. However, there is a substantially higher concentration of renter-occupied units in the Half-Mile Station Area relative to the Market Area.

Housing Tenure (2013)	Station Area	Market Area
Owner-Occupied	27%	55%
Renter-Occupied	61%	36%

Source: ESRI

Households in the Rialto 2.5-Mile Market Area are primarily moderate income, but the majority of residents in the Half-Mile Station Area are low-income.

- ❖ 53% of households in the 2.5-Mile Market Area earn between \$35,000 and \$100,000. A quarter of the Market Area population earns over \$75,000, compared to just 10% in the Half-Mile Station Area.
- ❖ 60% of households in the Half-Mile Station Area earn \$35,000 per year or less compared to 36% of those within the 2.5-Mile Market Area.
- ❖ Within the Half-Mile Station Area, the largest proportion of households earn under \$15,000 (24%). In the Market Area, the largest proportion of households earn between \$50,000 - \$75,000 (21%).



The Rialto Half-Mile Station Area has a greater share of residents on the ends of the age spectrum, younger than 25, and older than 65. The 2.5-Mile Market Area is somewhat younger than the Corridor.

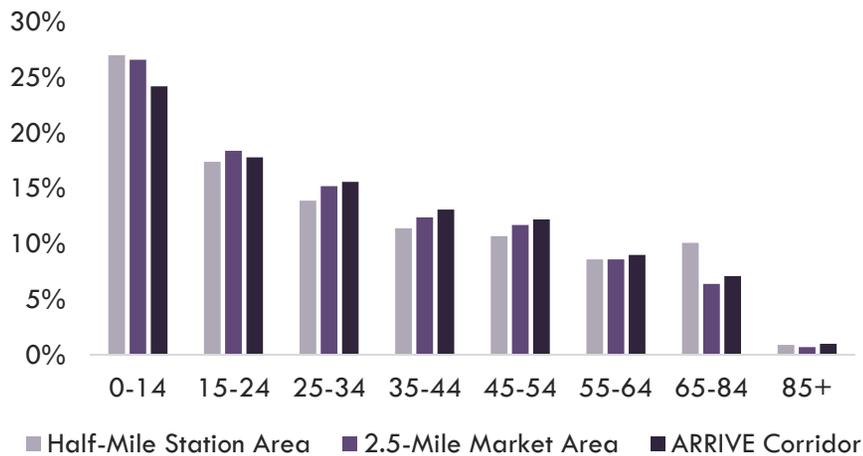
Age

In both the 2.5-Mile Market Area and Half-Mile Station Area, 45% of residents are under 24, and more than a quarter of the population is under 14 years of age.

Over 10% of those in the Station Area are over 65, compared to 7% for the Market Area.

The median age in the Half-Mile Station Area is 28.7, which is slightly higher than the 2.5-Mile Market Area (28.0), and younger than the Corridor (29.9)

Age Distribution (2013)



Source: ESRI

Race & Ethnicity

The Rialto Half-Mile Station Area and 2.5-Mile Market Area have a similar racial composition. Approximately 75% of residents are of Hispanic origin of any race, in both areas. 48% in the Station Area and 44% in the Market Area identify as White alone, and 14% in the Station Area and 12% in the Market Area identify as Black. Less than 3% in each area identify as Asian.

Education

In the Half-Mile Station Area, three quarters of residents have a high school degree or less. The same is true for two thirds of the Market Area population. Only 4% of those in the Station Area and 7% of those in the Market Area have a Bachelor's degree or higher, which is low compared to the other Market Areas within the Corridor.

Resident Employment

30% of residents in both the 2.5-Mile Market Area and Half-Mile Station Area hold professional, management or administrative jobs. Similar to the rest of the Corridor, 20% in both areas work in the service sector. Within blue collar employment sectors, the largest sectors are production (13% in the Station Area, 10% in the Market Area) and transportation (17% in the Station Area, and 16% in the Market Area).

Rialto Demographic Summary

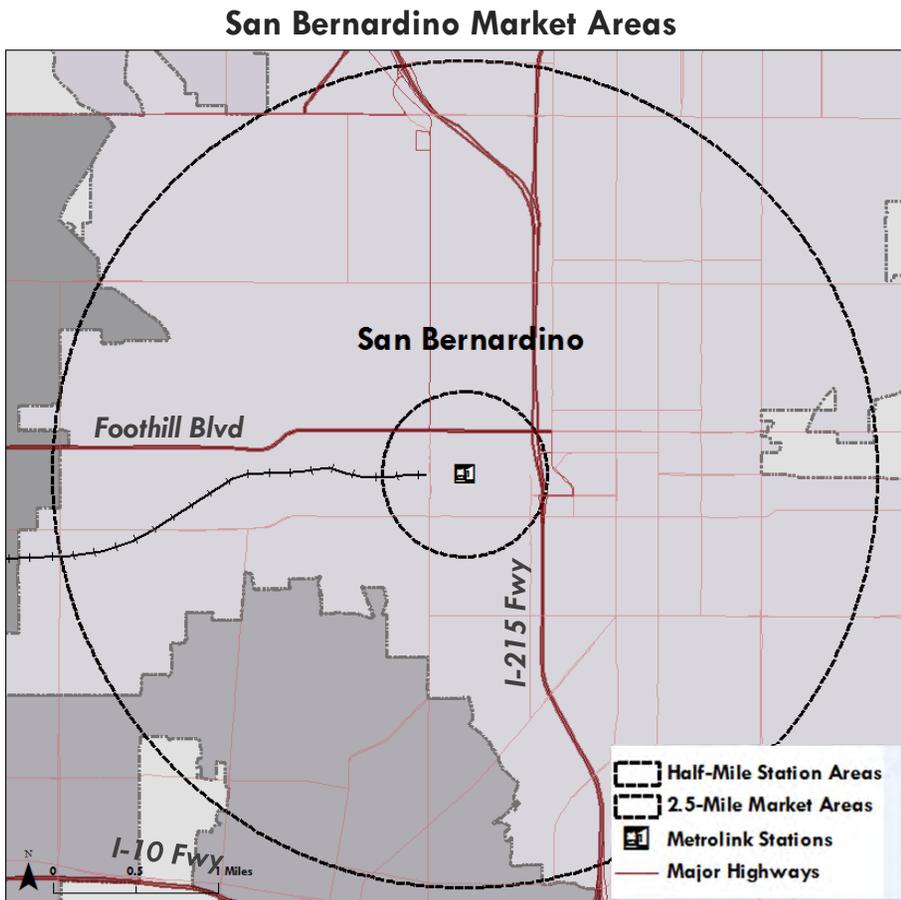
Category	Rialto		ARRIVE Corridor
	Station Area	Market Area	Corridor
Population (ESRI)			
2013	4,510	135,220	711,074
2010	4,573	132,801	694,544
2000	4,000	120,750	605,797
CAGR (2000-2013)	0.93%	0.87%	1.24%
Projected Population (SCAG)			
2020 (2012 Adopted Growth Forecast)		178,210	725,013
2035 (2012 Adopted Growth Forecast)		198,463	795,085
Number of Households			
2013	1,373	33,711	196,230
2010	1,401	33,381	192,832
2000	1,347	32,386	173,167
CAGR (2000-2013)	0.15%	0.31%	0.97%
Average Household Size (2013)	3.28	3.99	3.55
Projected Number of Households (SCAG)			
2020		46,193	207,400
2035		52,101	228,118
Median Household Income (2013)	\$28,589	\$45,150	\$51,258
Median Age (2013)	28.7	28.0	29.9
Race/Ethnicity (2013)			
White Alone	47.9%	44.3%	49.9%
Black Alone	13.7%	12.1%	9.0%
American Indian Alone	1.3%	1.2%	1.1%
Asian Alone	1.2%	2.3%	5.5%
Pacific Islander Alone	0.2%	0.4%	0.3%
Some Other Race Alone	31.0%	35.2%	29.2%
Two or More Races	4.7%	4.7%	5.0%
Hispanic Origin	74.7%	75.1%	65.5%

Sources: ESRI, SCAG

Category	Rialto		ARRIVE Corridor
	Station Area	Market Area	Corridor
Education Level (2013)			
Less than 9th Grade	22.6%	18.1%	14.6%
9th - 12th Grade, No Diploma	23.3%	18.4%	14.2%
High School Graduate	27.7%	29.7%	25.8%
Some College, No Degree	19.9%	20.0%	22.1%
Associate Degree	3.0%	6.5%	7.2%
Bachelor's Degree	2.6%	5.2%	10.7%
Graduate/Professional Degree	1.0%	2.0%	5.5%
2013 Employed Population 16+ by Occupation			
Total	1,435	49,454	283,005
White Collar	36.6%	40.8%	49.9%
Management/Business/Financial	7.5%	6.8%	9.3%
Professional	5.2%	8.7%	14.1%
Sales	8.1%	10.9%	11.2%
Administrative Support	15.9%	14.3%	15.2%
Services	20.5%	21.8%	20.0%
Blue Collar	42.8%	37.4%	30.0%
Farming/Forestry/Fishing	0.7%	0.3%	0.6%
Construction/Extraction	7.9%	6.7%	5.8%
Installation/Maintenance/Repair	4.6%	4.5%	4.0%
Production	12.7%	10.2%	8.3%
Transportation/Material Moving	16.9%	15.7%	11.3%

The San Bernardino Half-Mile Station Area and 2.5-Mile Market Area have fairly average populations relative to other ARRIVE Corridor Market Areas. San Bernardino has the lowest median income across the six market areas.

4% of both the 2.5-Mile Market Area's population and households are located within the Half-Mile Station Area.



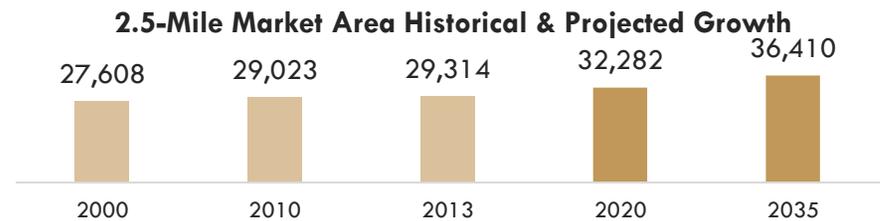
Source: ESRI

Households in the Half-Mile Station Area and 2.5-Mile Market Area are generally low-income. The median household income for both the Station and Market Areas is under \$35,000, and the Station Area median income is only \$25,000, which is the lowest across the six Station Areas.

Category (2013)	Station Area	Market Area	City of San Bernardino	San Bernardino County
Population	4,663	114,242	101,149	2,085,785
Households	1,147	29,314	25,521	622,046
Median Income	\$25,326	\$32,285	\$50,057	\$54,849

Source: ESRI

The 2.5-Mile Market Area is expected to add 7,100 persons over the next 20 years.



Source: SCAG, ESRI, HR&A

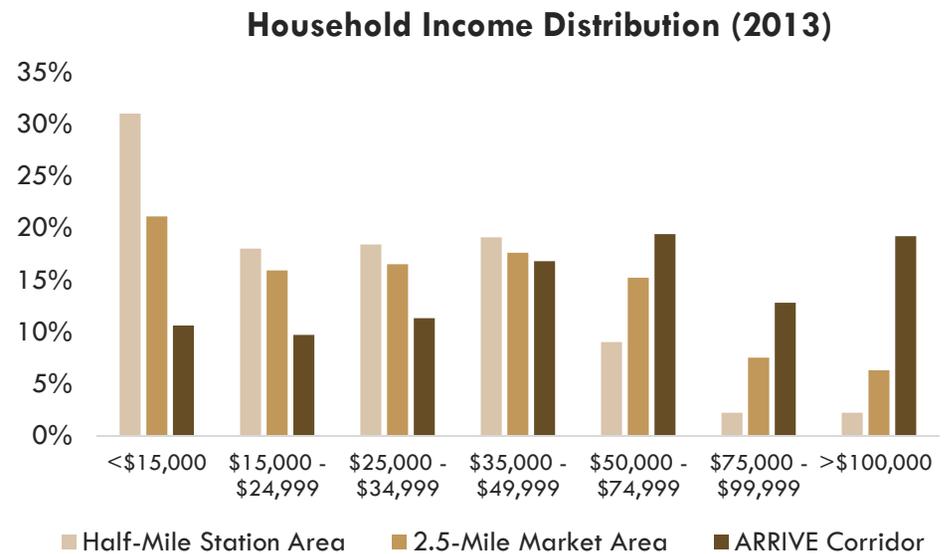
Similar to other ARRIVE Corridor markets, the Half-Mile Station Area has a greater number of renters compared to the 2.5-Mile Market Area.

Housing Tenure (2013)	Station Area	Market Area
Owner-Occupied	29%	49%
Renter-Occupied	57%	44%

Source: ESRI

The San Bernardino Half-Mile Station Area and 2.5-Mile Market Area have the highest percentage of those earning less than \$15,000 along the Corridor.

- ❖ Almost 70% of households within the Half-Mile Station Area and 50% of those within the 2.5-Mile Market Area are low-income, earning less than \$35,000 per year.
- ❖ Only 6% in the Market Area and 2% in the Station Area earn more than \$100,000 per year.
- ❖ The highest proportion of households in the Half-Mile Station Area (31%) live in poverty, earning less than \$15,000 per year. Within the 2.5-Mile Market Area, the highest proportion of households (19%) earn between \$35,000 and \$50,000.



Source: ESRI

The San Bernardino Half-Mile Station Area has the youngest median age of the six Station Areas across the ARRIVE Corridor. Both the Station Area and 2.5-Mile Market Areas have the highest percentage of residents under 25.

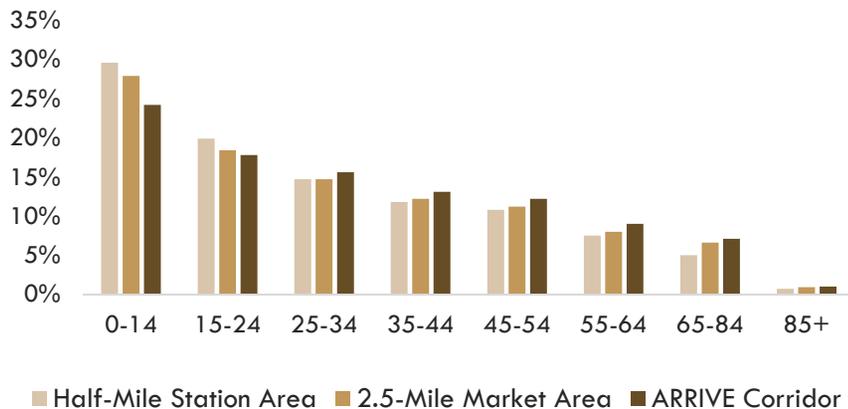
Age

The age distribution in the San Bernardino Half-Mile Station Area is similar to that of the 2.5-Mile Market Area, with a slightly higher percentage of those under 24 in the Station Area.

The median age in the Half-Mile Station Area is 25.3 which is two years younger than the 2.5-Mile Market Area (28.7) and more than four years younger than the Corridor (29.9).

Almost 30% of residents in the Station Area and over 25% in the Market area are under 14 years of age.

Age Distribution (2013)



Source: ESRI

Race & Ethnicity

89% of the Half-Mile Station Area and 77% of the 2.5-Mile Market Area populations are of Hispanic origin. This is the highest concentration of any race/ethnicity among Station Areas within the ARRIVE Corridor.

Education

49% of those in the Half-Mile Station Area and 42% in the 2.5-Mile Market Area have less than a high school education. Less than 3% in the Station Area and 6% in the Market Area have a Bachelor's degree or higher, which is the lowest rate along the Corridor.

Resident Employment

Approximately 24% of residents in the Half-Mile Station Area and 29% in the 2.5-Mile Market Area hold professional, management or administrative jobs. 22% in the Station Area and 24% in the Market Area hold jobs in the service sector. Of blue collar jobs, 19% in the Station Area and 13% in the Market Area work in the transportation sector, while 11% in the Station Area and 10% work in production. In the Half-Mile Station Area, Transportation is the highest resident employing industry, while Services is the greatest category in the 2.5-Mile Market Area.

San Bernardino Demographic Summary

Category	San Bernardino		ARRIVE Corridor
	Station Area	Market Area	Corridor
Population (ESRI)			
2013	4,663	114,242	711,074
2010	4,379	112,206	694,544
2000	4,063	99,676	605,797
CAGR (2000-2013)	1.07%	1.05%	1.24%
Projected Population (SCAG)			
2020 (2012 Adopted Growth Forecast)		203,444	725,013
2035 (2012 Adopted Growth Forecast)		226,946	795,085
Number of Households			
2013	1,147	29,314	196,230
2010	1,085	29,023	192,832
2000	1,065	27,608	173,167
CAGR (2000-2013)	0.57%	0.46%	0.97%
Average Household Size (2013)	3.96	3.78	3.55
Projected Number of Households (SCAG)			
2020		55,415	207,400
2035		62,502	228,118
Median Household Income (2013)	\$25,326	\$32,285	\$51,258
Median Age (2013)	25.3	27.3	29.9
White Alone	51.0%	42.4%	49.9%
Black Alone	5.0%	12.0%	9.0%
American Indian Alone	0.8%	1.5%	1.1%
Asian Alone	0.8%	2.1%	5.5%
Pacific Islander Alone	0.1%	0.4%	0.3%
Some Other Race Alone	38.5%	36.9%	29.2%
Two or More Races	3.9%	4.6%	5.0%
Hispanic Origin	88.8%	77.2%	65.5%

Category	San Bernardino		ARRIVE Corridor
	Station Area	Market Area	Corridor
Education Level (2013)			
Less than 9th Grade	28.4%	20.5%	14.6%
9th - 12th Grade, No Diploma	20.8%	21.9%	14.2%
High School Graduate	31.0%	28.9%	25.8%
Some College, No Degree	13.8%	17.0%	22.1%
Associate Degree	3.4%	5.8%	7.2%
Bachelor's Degree	2.2%	4.4%	10.7%
Graduate/Professional Degree	0.3%	1.5%	5.5%
2013 Employed Population 16+ by Occupation			
Total	1,177	35,300	283,005
White Collar	31.8%	39.4%	49.9%
Management/Business/Financial	4.0%	5.6%	9.3%
Professional	7.6%	9.0%	14.1%
Sales	8.1%	10.3%	11.2%
Administrative Support	12.1%	14.5%	15.2%
Services	21.6%	23.6%	20.0%
Blue Collar	46.4%	37.0%	30.0%
Farming/Forestry/Fishing	2.9%	1.5%	0.6%
Construction/Extraction	7.8%	8.6%	5.8%
Installation/Maintenance/Repair	5.7%	4.0%	4.0%
Production	11.0%	9.6%	8.3%
Transportation/Material Moving	19.0%	13.5%	11.3%

Sources: ESRI, SCAG

Demographics and Employment

Corridor Wide Demographics

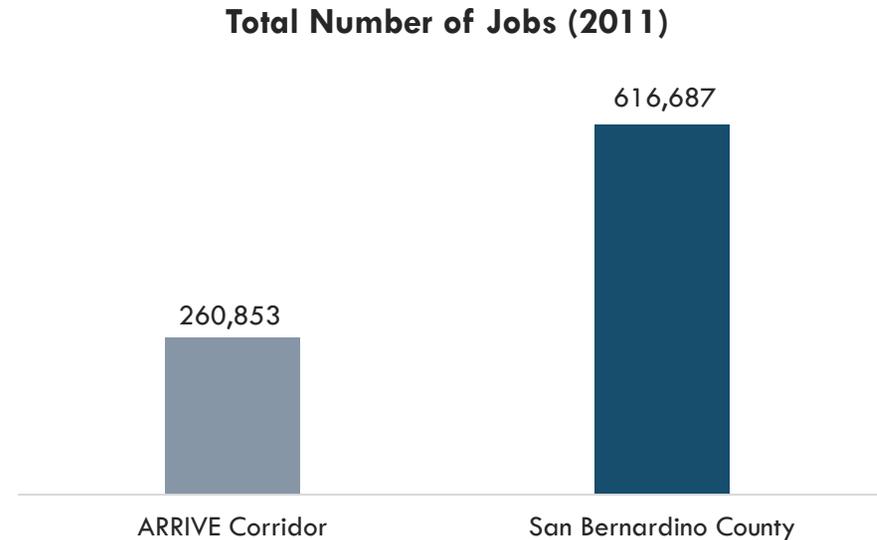
Market Areas Demographics

Employment

42% of jobs within San Bernardino County are located within the ARRIVE Corridor.

In 2011, San Bernardino County provided approximately 617,000 jobs.

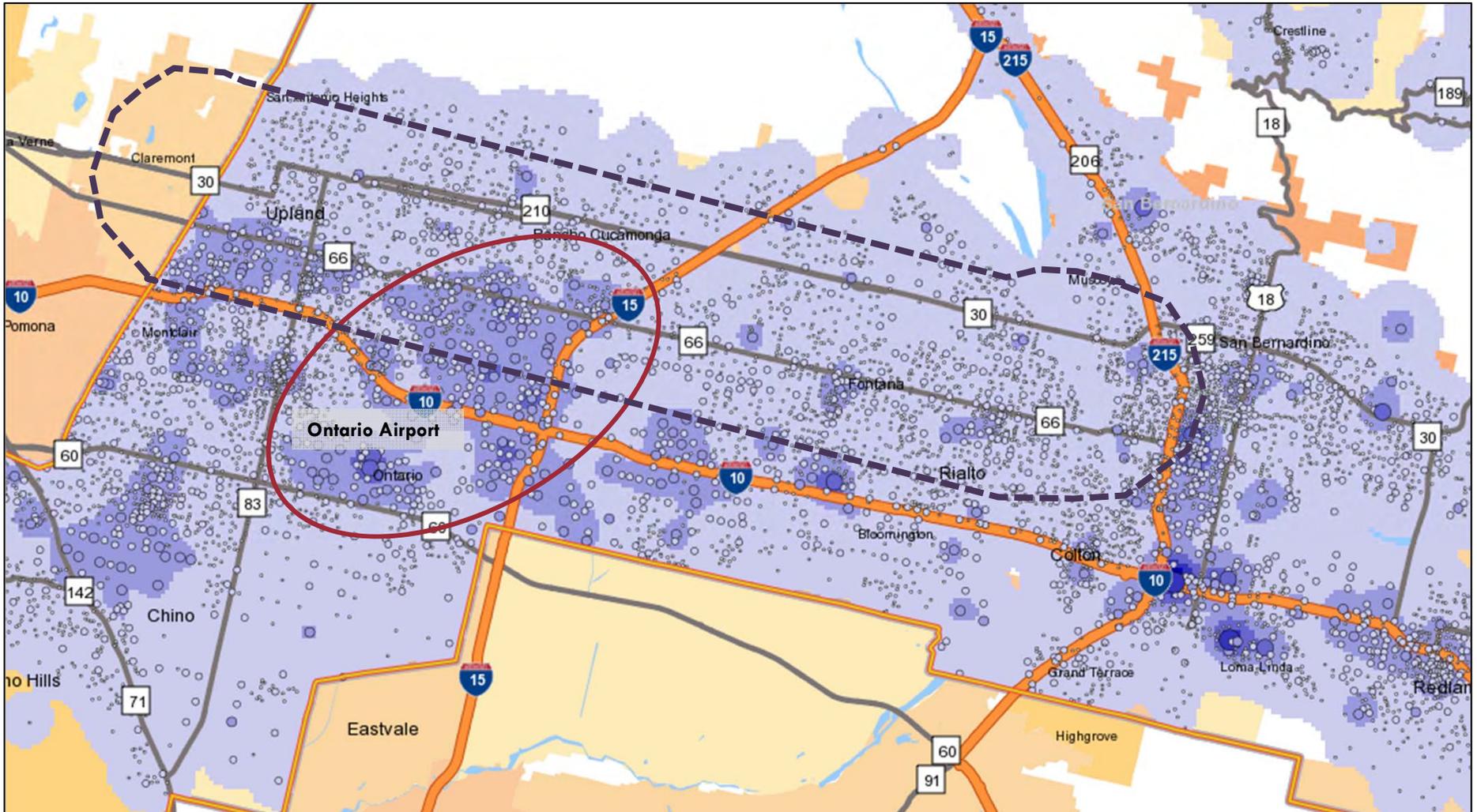
261,000 (42%) of jobs in San Bernardino County are located within the ARRIVE Corridor. The ARRIVE Corridor has a greater share of jobs than share of population within San Bernardino County, 42% and 30%, respectively.



Source: LEHD On the Map

Job density is greatest within the Ontario Airport/I-15 Corridor area.

Job Density in the ARRIVE Corridor

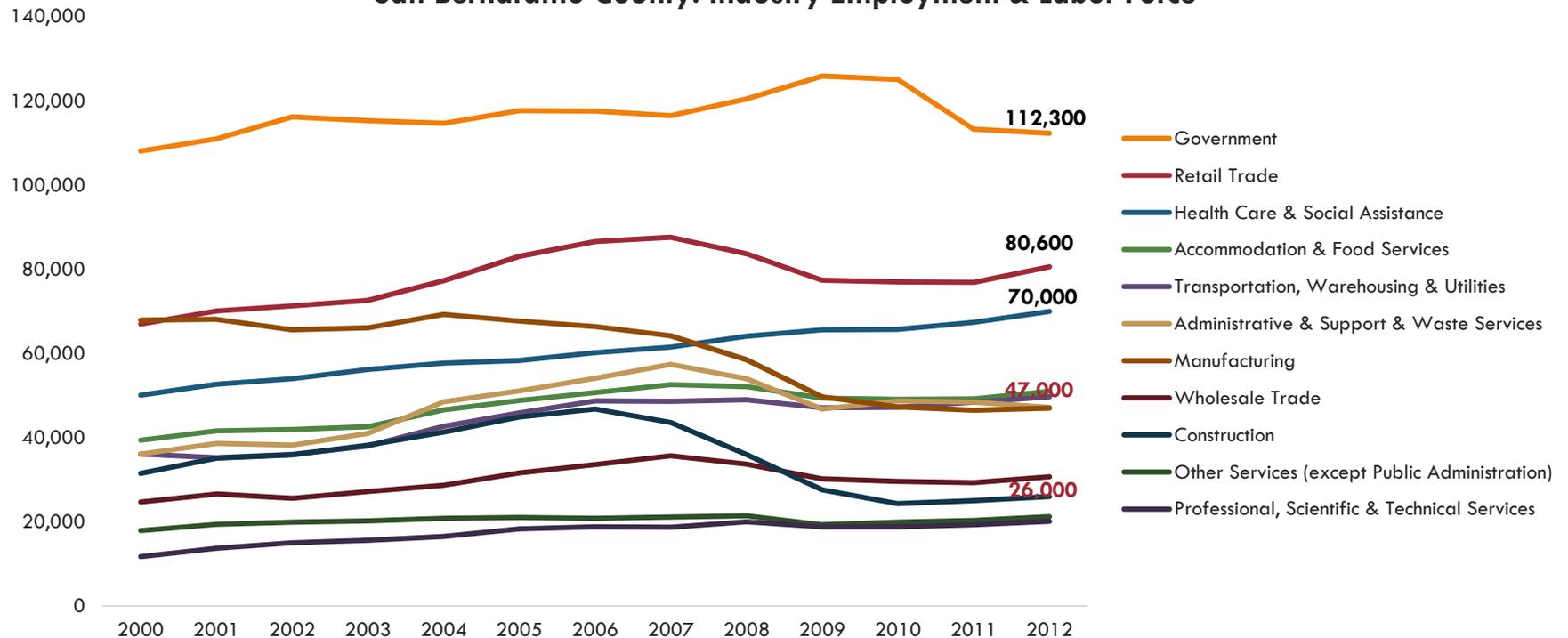


Source: LEHD on the Map, 2011 Estimates

Since 2000, the largest industry employer in San Bernardino County has consistently been Government, followed by Retail Trade and Health Care & Social Assistance.

- ❖ In 2012, the Government provided 112,300 jobs, Retail Trade provided 80,600 jobs and Health Care & Social Assistance provided 70,000 jobs.
- ❖ Professional, Scientific & Technical Services experienced the highest compounded growth rate of 5% from 2000-2012, while Transportation, Warehousing & Utilities and Health Care & Social Assistance were the second fastest growing industries with 3% annual growth rates.
- ❖ Construction and Manufacturing jobs experienced the most significant decreases in number of jobs after the recession.

San Bernardino County: Industry Employment & Labor Force

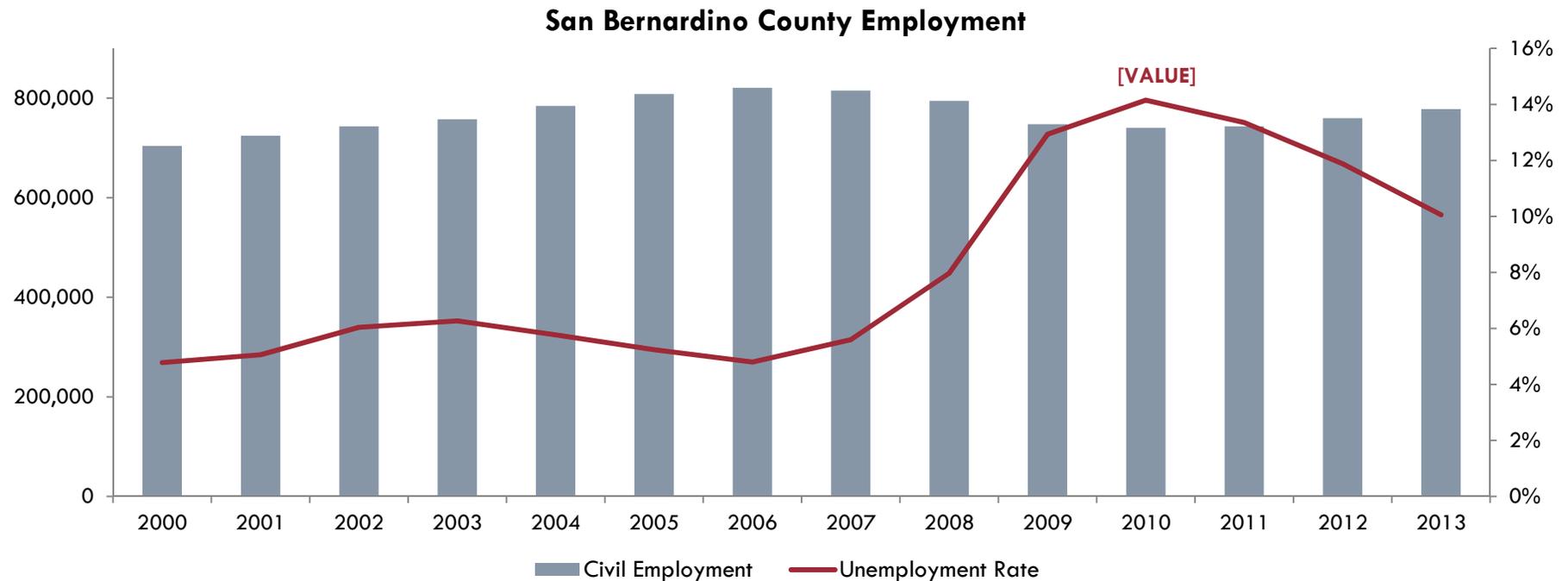


Source: California EDD

The unemployment rate for San Bernardino County residents increased during the recession in 2007 and peaked at 14% in 2010. Since 2010, the unemployment rate has dropped, but is still higher than pre-2007 levels.

Year	Number of Jobs	San Bernardino County Unemployment Rate	California Unemployment Rate
2000	704,000	4.8%	4.9%
2007	815,100	5.6%	5.4%
2010	740,400	14.2%	12.4%
2013	778,100	10.1%	8.9%

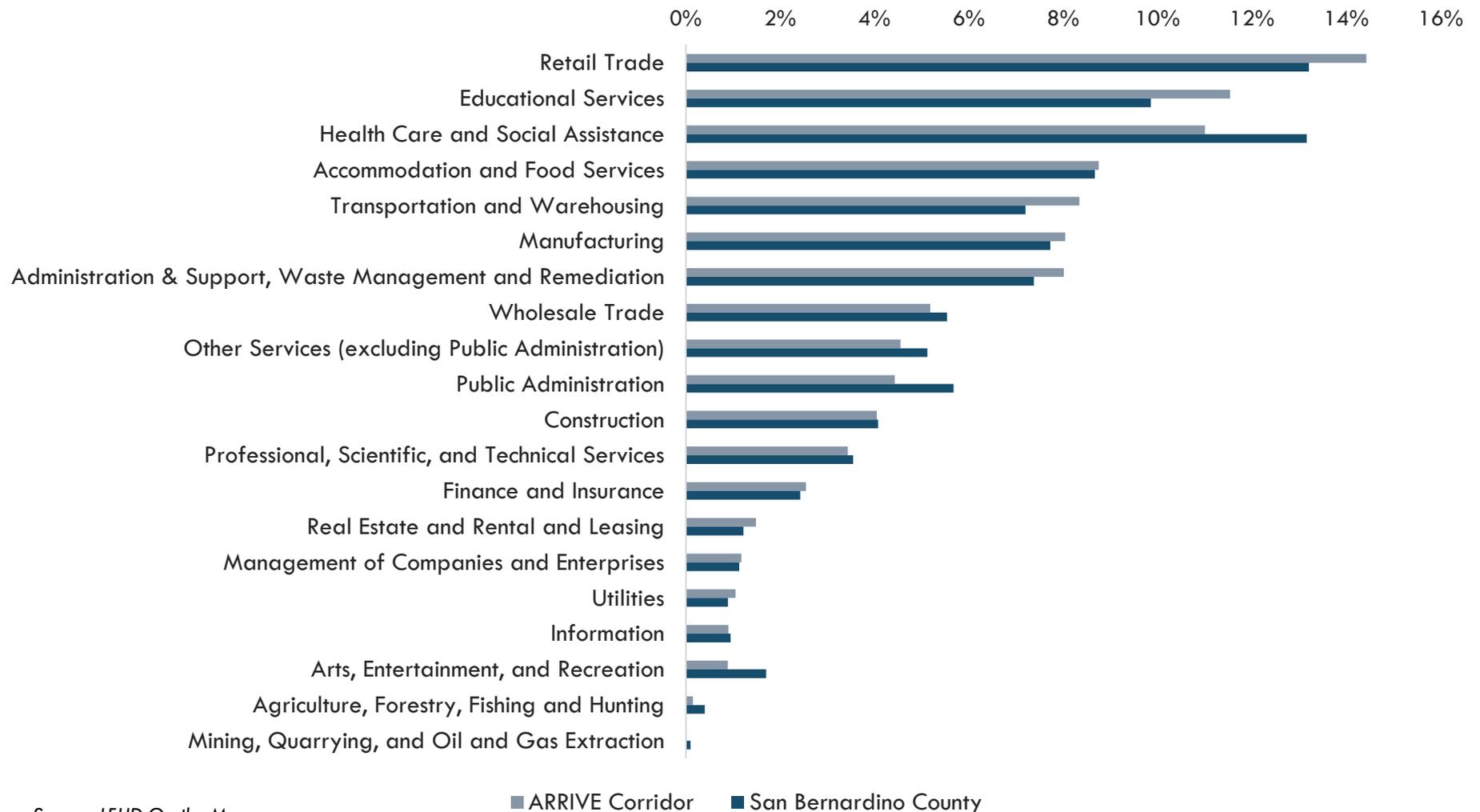
Source: California EDD



Source: California EDD

Within the ARRIVE Corridor, the Retail Trade, Educational Services and Health Care & Social Assistance sectors provide the greatest number of jobs.

Percent of Total Jobs by Industry: Corridor & County Comparison (2011)



Source: LEHD On the Map

As a percentage of total jobs by sector in the County, the Real Estate, Utilities and Educational Services sectors have high concentrations within the ARRIVE Corridor.

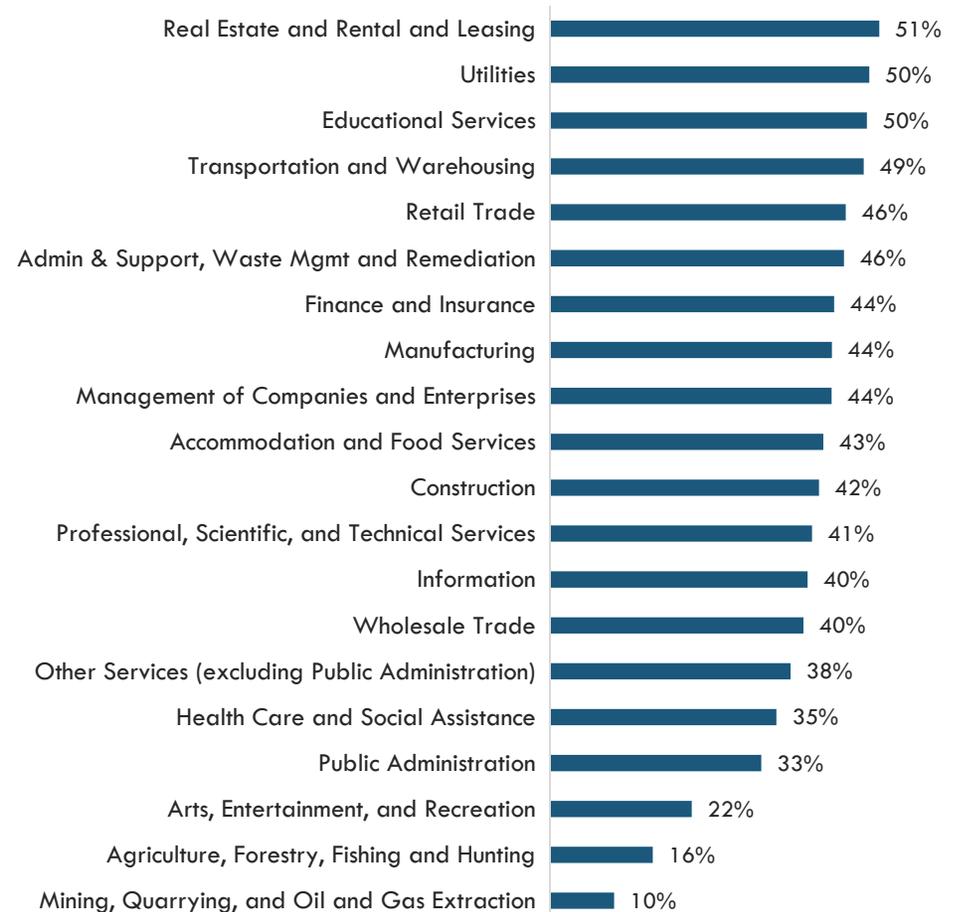
Largest Industry Sector Shares of the ARRIVE Corridor relative to the County:

- Real Estate and Rental and Leasing (51%)
- Utilities (50%)
- Educational Services (50%)
- Transportation and Warehousing (49%)

Smallest Industry Sector Shares of the ARRIVE Corridor relative to the County:

- Mining, Quarrying, and Oil and Gas Extraction (10%)
- Agriculture, Forestry, Fishing and Hunting (16%)
- Arts, Entertainment and Recreation (22%)
- Public Administration (33%)

ARRIVE Corridor Jobs as a Percentage of County Jobs (2011)

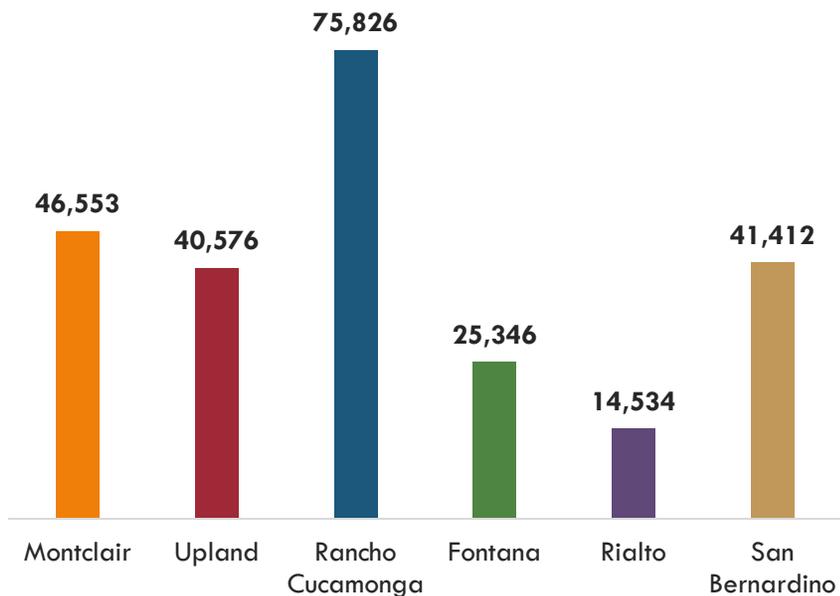


Source: LEHD

The Rancho Cucamonga Half-Mile Station Area and 2.5-Mile Market Area both have the greatest number of jobs across the ARRIVE Corridor.

Within the 2.5-Mile Market Areas, Rancho Cucamonga provides the most jobs at 76,000, which is almost 30,000 higher than the next highest Market Area, Montclair, with 47,000 jobs. The Rialto 2.5-Mile Market Area provides the least number of jobs at 15,000.

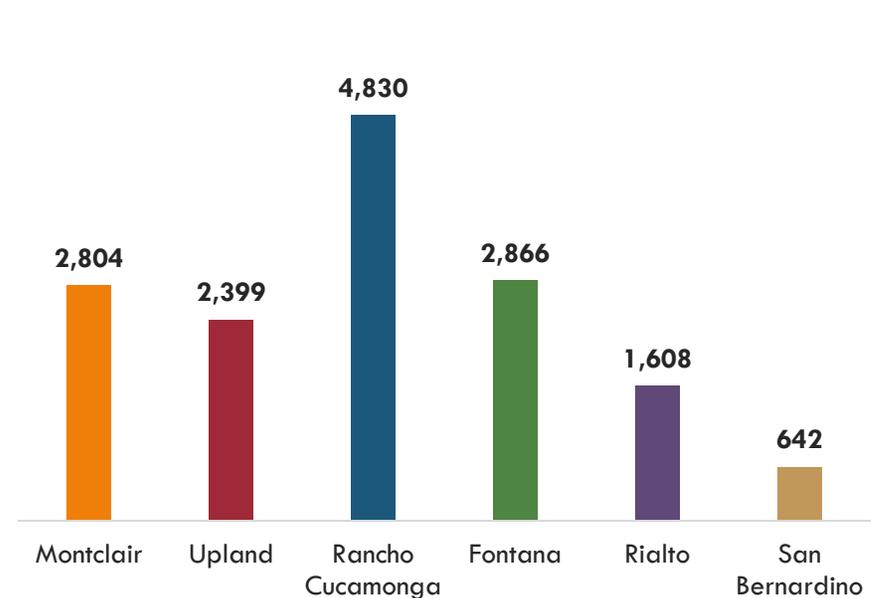
Total Jobs: 2.5-Mile Market Area (2011)



Source: LEHD

Within the Half-Mile Station Areas, Rancho Cucamonga also provides the most jobs at 5,000, which is more than 2,000 higher than the next highest Station Area, Montclair with 3,000 jobs. Despite the amount of commercial land in the immediate vicinity, the San Bernardino Half-Mile Station Area provides the least number of jobs, at only 642.

Total Jobs: Half-Mile Station Area (2011)



Source: LEHD

Conclusions

- ❖ Relative to the 2.5-Mile Market Areas, **the Half-Mile Station Areas are generally younger, have smaller household sizes, and a greater number of renters.**
 - ❖ The number of existing **low-income households in the Station Areas** could be a potential barrier to future development.
 - ❖ Overall, there are **limited households in the Station Areas**, likely due to the fact that they are relatively commercial compared to the larger 2.5-Mile Market Areas.
 - ❖ Montclair and Rancho Cucamonga are both regional retail destinations, yet they do not have the largest populations within the 2.5-Mile Market Areas. This suggests **people in this region seek the amenities found in these communities and are currently driving further to reach destination retail.**
 - ❖ Income distribution in the 2.5-Mile Market Areas and Half-Mile Station Areas vary across the Corridor **with incomes generally decreasing from west to east.**
- ❖ Rancho Cucamonga is an outlier in terms of household, population and income growth. **Rancho Cucamonga experienced the fastest compounded annual growth across the last ten years.** As land in Rancho Cucamonga is absorbed, household and income growth will spillover into Fontana and Rialto.
 - ❖ The higher growth rates within the Half-Mile Station Areas in **Rancho Cucamonga, Montclair and Fontana suggest there may be interest in residential uses.**
 - ❖ Development in the Corridor could **capture jobs within the highest growing sectors in the County including professional, scientific, & technical services, and health care & social assistance.** The County as a whole is adding jobs, and the unemployment rate is decreasing, a trend which will help the ARRIVE Corridor capture jobs within these growing industry sectors.

Real Estate Analysis

Regional Overview

Real Estate Analysis: Regional Residential Overview

As a growing county, San Bernardino's residential market was substantially negatively impacted by the Great Recession and is only now beginning to recover.

The Great Recession was closely tied to the housing crisis which led to a decline in housing prices across the nation. The Inland Empire counties have the most available developable land in Southern California. Fueled by a growing economy and the creative mortgage products that were available, housing prices began to grow in Southern California between 2000 and 2007 and, as shown by building permit data, a significant amount of housing was developed within both San Bernardino and Riverside County.

The Inland Empire housing market is affordable compared to neighboring Los Angeles and Orange Counties. Historically, residents employed in these counties settled in the Inland Empire, moving further out until they could find a home they could afford and still manage the commute to work.

As the economy contracted and housing prices began to decrease, both San Bernardino and Riverside Counties were left with a number of homes "underwater," i.e. with mortgages higher than the value of the home, as well as a large inventory of unsold homes. Many "underwater" properties fell into foreclosure and as a result, there were a significant number of bank-owned properties.

In the past couple of years, employment has begun to bounce back and the economy is improving. In result, foreclosure rates have improved, the inventory of available homes is nearly absorbed, and developers are starting to build again in San Bernardino County.

To better understand these dynamics, the regional residential section of this report reviews:

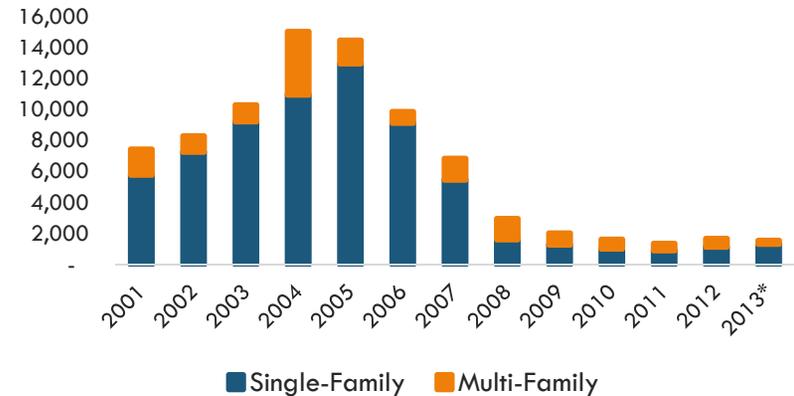
- ❖ Historical trends in residential development through an analysis of building permits
- ❖ Trends in foreclosure data to understand the current market
- ❖ Current for-sale home performance
- ❖ Current rental home performance

For-sale residential is evaluated **for each city** within the ARRIVE Corridor using Dataquick real estate sales data. Rental-residential is evaluated using proprietary apartment lease and inventory data from REIS **based on apartment submarkets**.

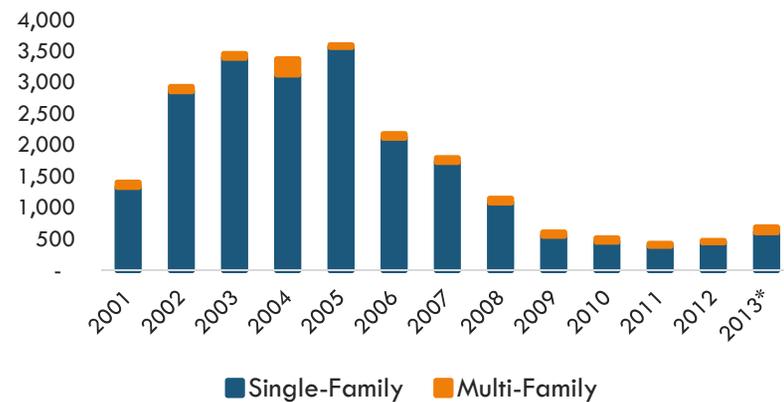
In San Bernardino County and the ARRIVE Corridor, the number of building permits increased substantially between 2001 to 2005, and fell sharply starting in 2006. Permitted units were overwhelmingly single family.

- ❖ Between 2001 and 2007, there were 72,000 residential building permits in San Bernardino County.
- ❖ ARRIVE Corridor cities made up approximately 25% of the County's permits.
- ❖ Since 2007, only 11,000 permits have been added in the County. 3,800 are located within ARRIVE Corridor cities (32%), suggesting that ARRIVE Corridor cities are bouncing back more quickly than the County as a whole.
- ❖ Between 2000 and 2013, multi-family units made up 4% of all housing unit permits in the ARRIVE Corridor cities.

Building Permits: San Bernardino County



Building Permits: ARRIVE Corridor Cities



Source: RAND State Statistics, US Census

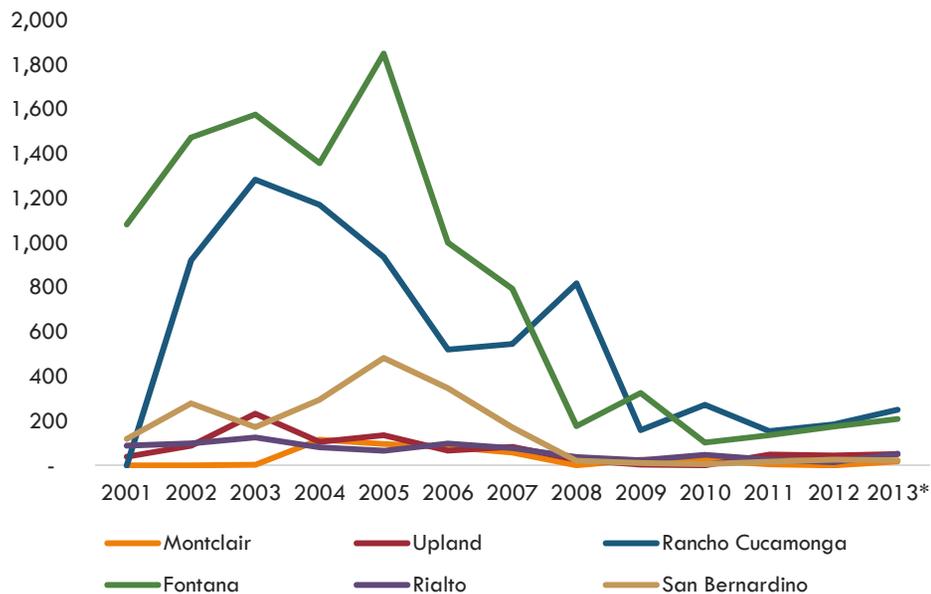
Note: 2013 data is through October 2013

Note: For 2013, San Bernardino County permits are the total of all cities in the County, and do not include unincorporated areas

Pre-recession, San Bernardino County was a frontier of Southern California growth. The economy is just starting to recover.

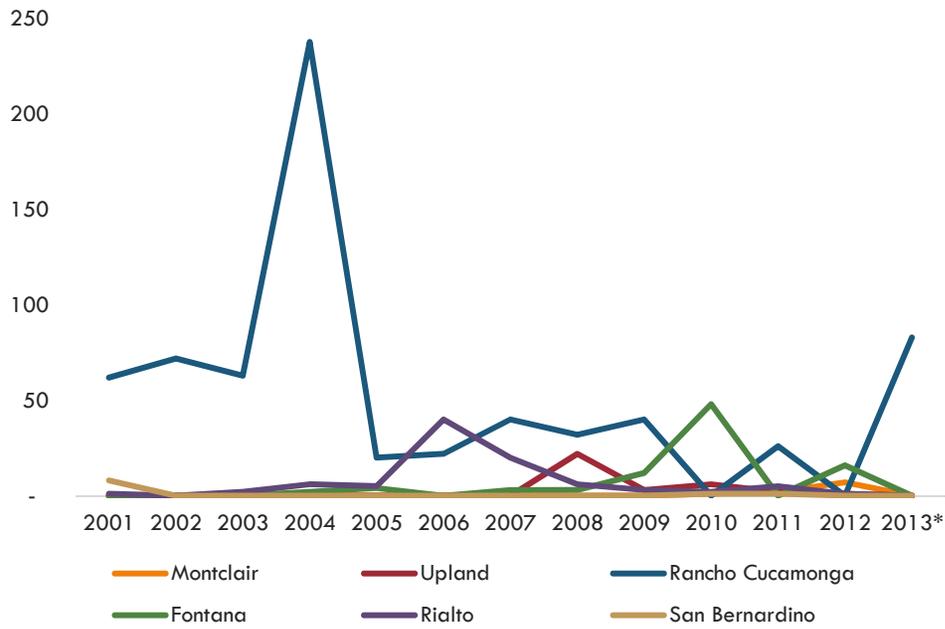
- Rialto and Rancho Cucamonga have consistently received the most single family home residential permits since 2001, even though the number dropped dramatically after 2005.

Residential Building Permits: Single-Family Homes



- Rancho Cucamonga received by far the highest number of multi-family residential building permits prior to peaking at 238 in 2005. Throughout the recession, this number fell drastically. However, as of 2013, multi-family permits are beginning to increase again.

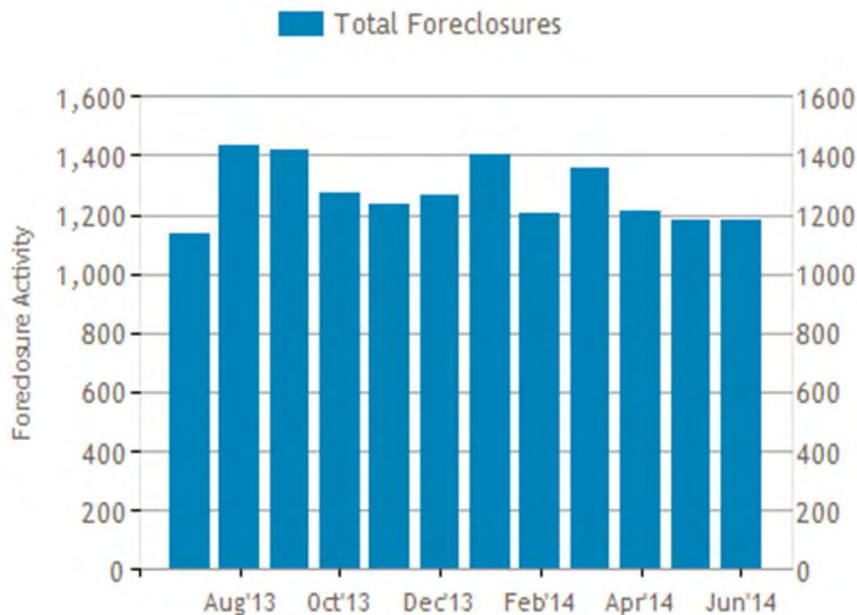
Residential Building Permits: Multi-Family



Source: RAND State Statistics, US Census
 *2013 data is through October 2013
 Note: The geography for this data is by city. For 2013, San Bernardino County permits are the total of all cities in the County, and do not include unincorporated areas.

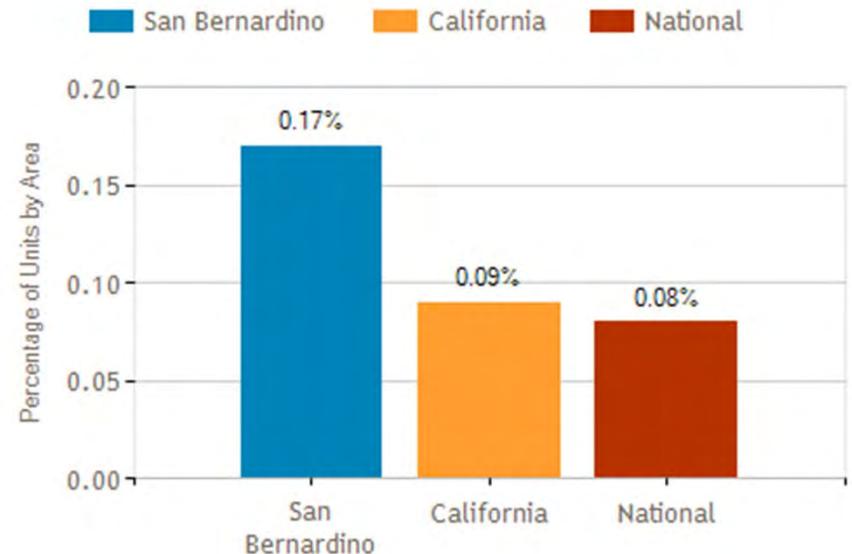
San Bernardino County continues to experience a foreclosure rate approximately twice the California and national averages.

- ❖ Since August 2013, the number of foreclosures has hovered around 1,200 homes per two-month period.



Source: RealtyTrac

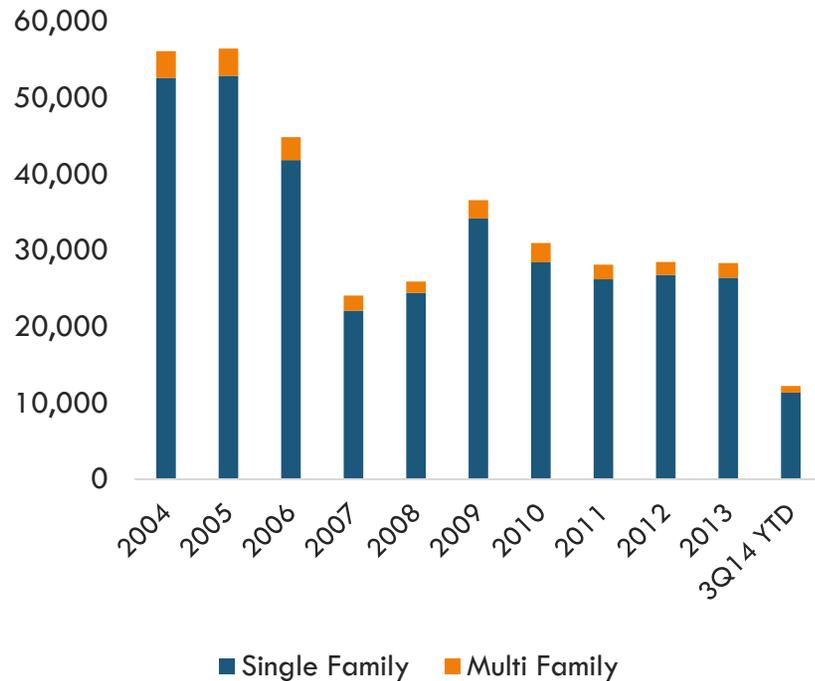
- ❖ As of June 2014, 0.17% of units by area in San Bernardino County are foreclosures.
- ❖ The share of foreclosures in San Bernardino County is approximately double the California and national average which are 0.09% and 0.08%, respectively.



Source: RealtyTrac

52,000 new homes were sold in San Bernardino County in the last 10 years.
 80% of homes in San Bernardino County were sold between 2004 and 2008.

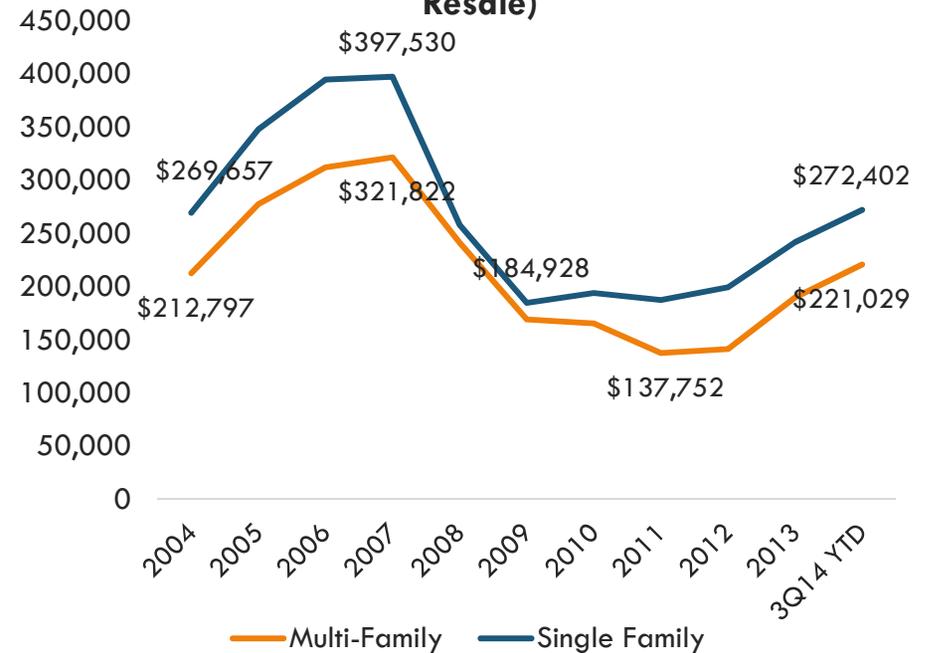
San Bernardino County Single Family and Multi-Family Sales



Source: DataQuick

Average home prices for both single family homes and multi-family units peaked in 2007, and dropped significantly between 2009 and 2012. Prices have been rising since 2012.

San Bernardino County Single Family and Multi Family Home Sale Pricing (New and Resale)

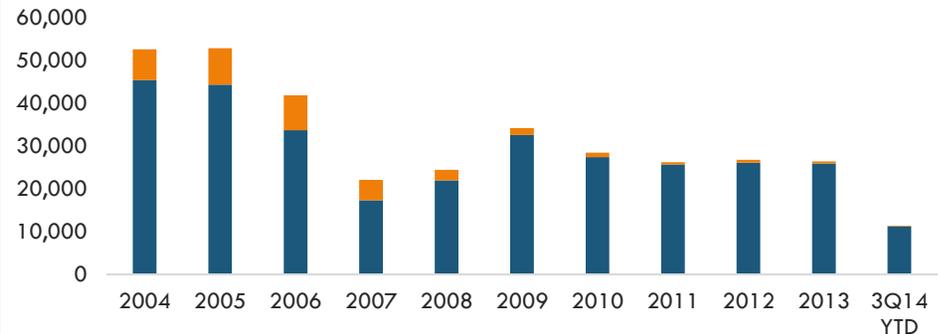


Source: DataQuick

In San Bernardino County, new construction single family prices have fallen, and are almost at the same level as single family resale prices.

- ❖ The County experienced larger proportions of new sales from 2004-2008 relative to existing property resales, which dropped to small proportions after 2010. Between 2008 and today there were 6,900 single family home sales, compared to 4,800 in 2007 alone.
- ❖ Existing home sales have remained relatively flat since 2007, with an average of 24,000 units sold annually during 2007-2013, compared to an average of 41,000 sold during 2004-2006.
- ❖ Average prices for new single family housing peaked in 2007 at \$479,000 and have declined by almost 44% to their current level of \$273,000.
- ❖ Average prices for existing single family resales peaked in 2006 at \$377,000 and are currently almost the same as new construction prices at \$272,000.
- ❖ A slight uptick in resale prices and flat new-home prices indicate that market may improve over the next five years as existing inventories are absorbed and demand slowly increases.

San Bernardino County Single-Family Home Sales Pricing



Source: DataQuick

San Bernardino County Single-Family Home Sales Pricing

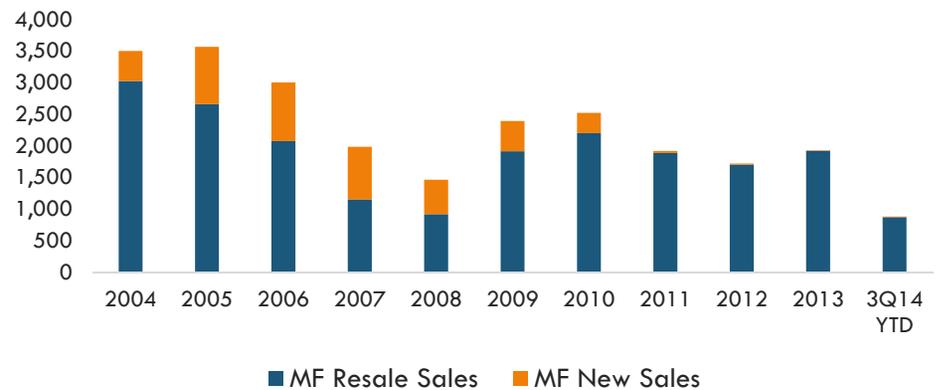


Source: DataQuick

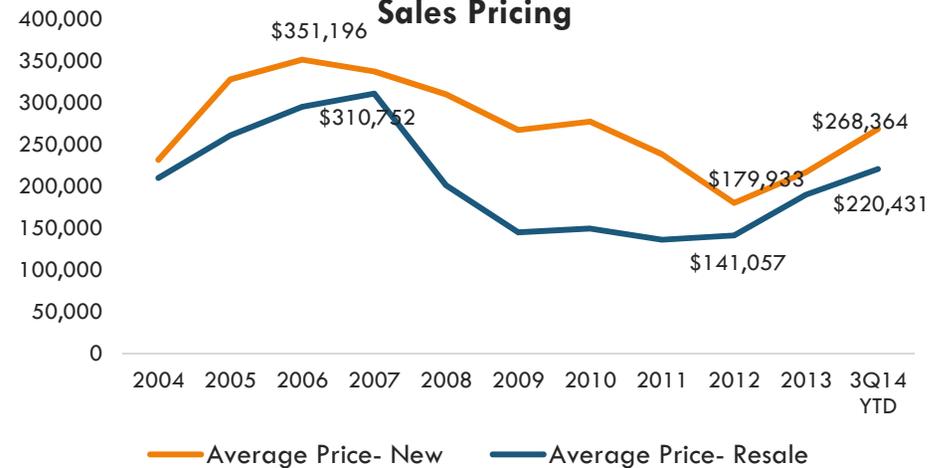
Across San Bernardino County, for-sale multi-family residential properties make up 11% of total new residential sales, and 6% of total residential resales.

- ❖ New multi-family inventory (condominiums and townhouses) has declined to 32 or less units per year since 2011, relative to over 900 units at its peak in 2006.
- ❖ New multi-family home sales have continued to decline since 2007 and are down to very limited amounts post-2010.
- ❖ Prices for multi-family residential units are on the rise, and almost reaching levels of average single family residential prices in San Bernardino County, as supply is constrained by depleting stock and lack of new inventory.
- ❖ Average prices for new multi-family housing peaked in 2006 at \$351,000 and dropped to a low in 2012 at \$180,000, but the current average sales price is up to \$268,000.
- ❖ Average prices for existing multi-family resales bottomed out in 2012 at \$141,000, but have shown significant increases in 2013 and 2014.

San Bernardino County Multi-Family Home Sales Pricing



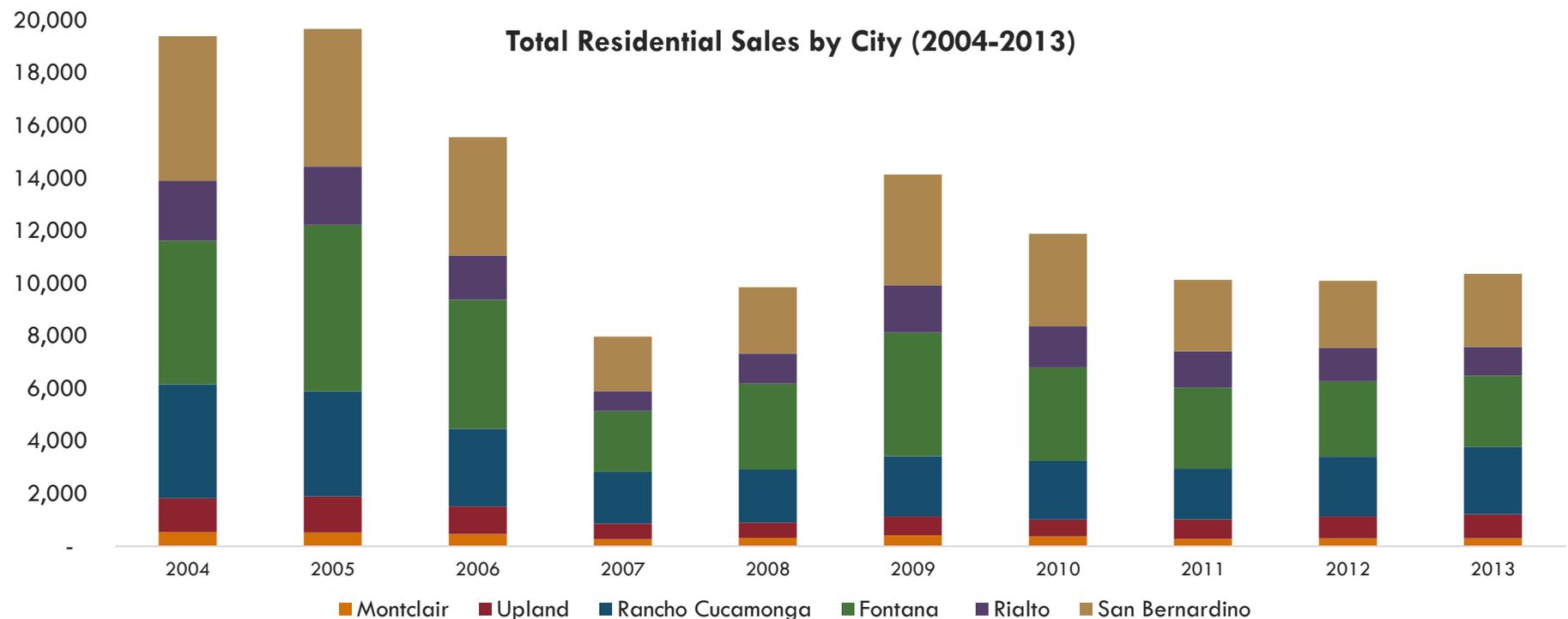
San Bernardino County Multi-Family Home Sales Pricing



In the ARRIVE Corridor cities, residential sales followed a similar pattern to the County.

Since 2004, sales in the cities of Fontana and San Bernardino have each contributed around 30% to the total residential sales within the six ARRIVE Corridor cities. City of Rancho Cucamonga sales has contributed 20%.

It should be noted that total resale and new home sales volume is directly related to the geographic size of the city. Fontana is 42 square miles (sq mi), and San Bernardino is 60 sq mi, relative to Montclair which is only 5.5 sq mi and Upland, which is 16 sq mi. The easterly communities experienced greater sales by virtue of the scale of inventory and available developable land.



Note: The geography for residential sales data is by city.

Source: DataQuick

Along the ARRIVE Corridor, average single family residential prices vary relative to the County average. However, average multi-family prices are generally below the County average.

Single-Family Pricing

- ❖ In single family sales, the Upland and Rancho Cucamonga have higher average new and resale sales prices than San Bernardino County's. Rialto and the City of San Bernardino have lower average prices than the County, while Fontana's prices are in line with the County's.

Multi-Family Pricing

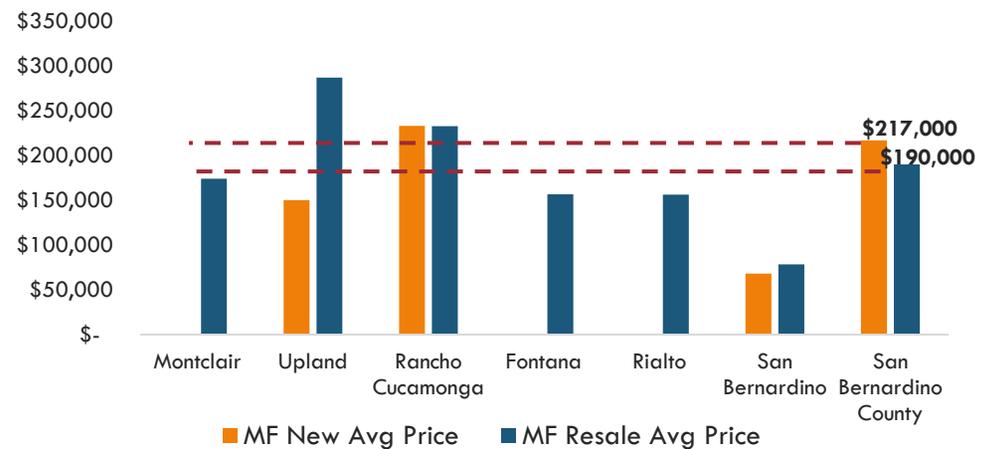
- ❖ Rancho Cucamonga has the highest new multi-family average prices, followed by Upland.
- ❖ Although the City of San Bernardino has had a high number of new multi-family sales relative to other cities along the Corridor over the past ten years, average new and resale prices are the lowest along the Corridor. New multi-family developments are primarily planned north of the I-210 and east of the I-215, where there is plenty of affordable land.

Single Family Average Price (2013)



Source: DataQuick

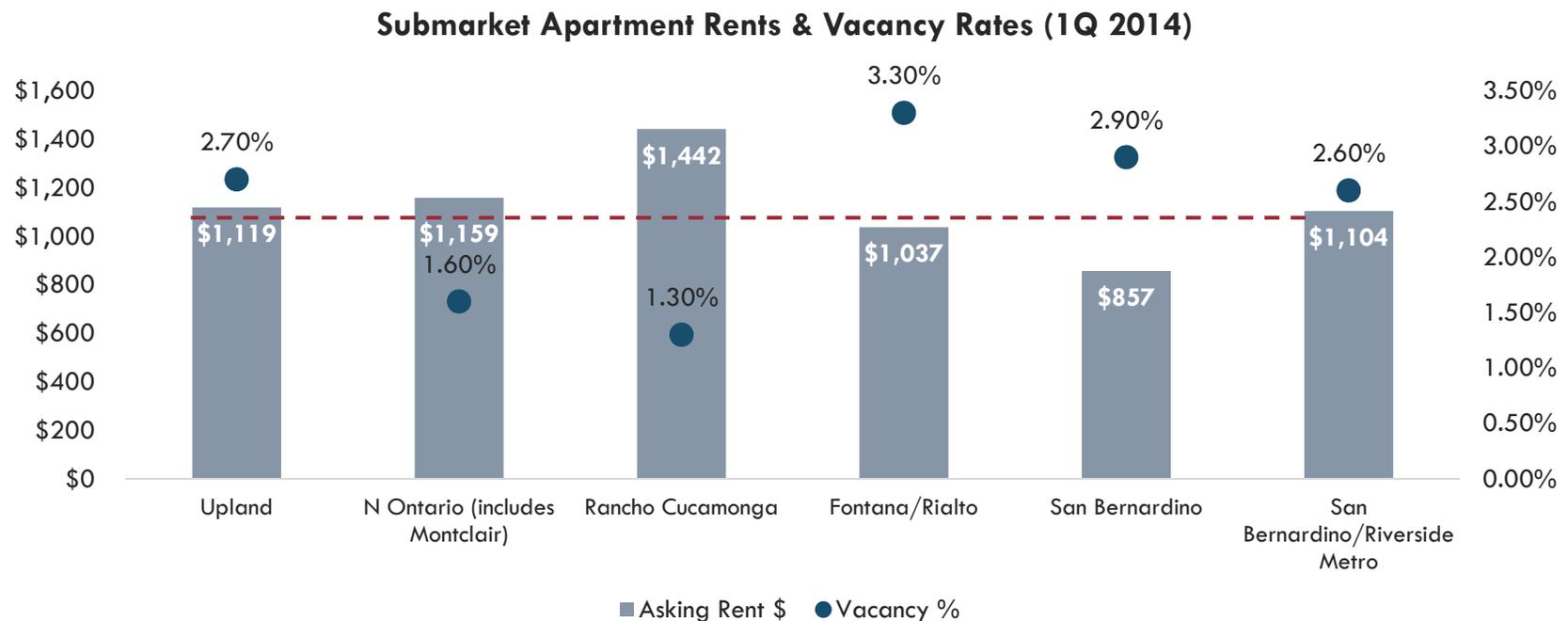
Multi-Family Average Price (2013)



Note: There were no new multi-family residential sales in Montclair, Fontana or Rialto in 2013.
Source: DataQuick

Within the ARRIVE Corridor, rents are generally in line with that of the San Bernardino/Riverside Metro of \$1,100, and vacancy rates are fairly low.

- ❖ The average rental rate in the San Bernardino/Riverside Metro area is \$1,100. Amongst the six cities, Upland, Montclair and Fontana have rates near the San Bernardino/Riverside Metro average. Rancho Cucamonga is 30% higher than the average, and San Bernardino is lowest, at 78% of the County's average rate.
- ❖ The average vacancy rate in the San Bernardino/Riverside Metro area is 2.6%. This super-low apartment vacancy may be a temporary result of the recession. With the wave of foreclosures, former homeowners have been pushed into the rental market.



Note: The geography for residential rental data is by submarkets pre-determined by REIS. Submarket data is compared to the San Bernardino/Riverside Metro average which includes 16 submarkets within San Bernardino and Riverside Counties.

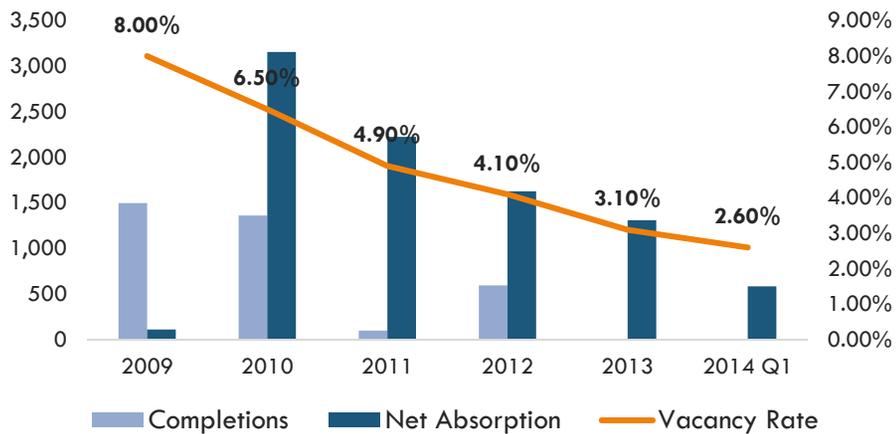
Source: REIS Q1 2014

Since 2009, net absorption of rental units has been positive and vacancy rates have declined substantially in the San Bernardino/Riverside Metro area.

- ❖ Although currently declining, net absorption was consistently positive from 2009 to 2014.
- ❖ The current vacancy rate of 2.6% is significantly lower than it was in 2009, at 8%.
- ❖ As the economy improves and more households consider homeownership, apartment vacancy rates may grow.

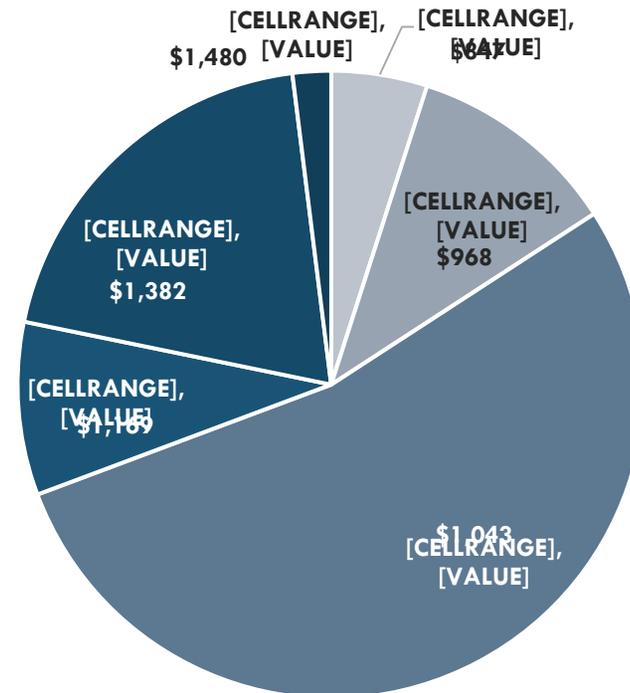
- ❖ There is a \$630 price premium on units built after 2009 compared to units built before 1970.
- ❖ While the average rent is \$1,104, buildings constructed since 2009 achieve an average price of \$1,480.

**San Bernardino/Riverside Metro Area:
Construction, Absorption & Vacancy**



Source: REIS Q1 2014

Inventory by Building Age & Average Rent (1Q 2014)



Source: REIS Q1 2014

Real Estate Analysis: Regional Retail Overview

The County's retail real estate was hit particularly hard during the recession, due to a substantial drop in consumer spending.

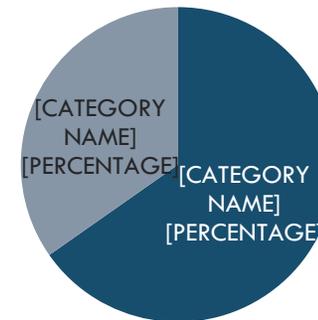
The Inland Empire had higher levels of unemployment relative to other Southern California counties during the recession. Layoffs, reductions in hours, as well as the contraction in home equity all contributed to a substantial drop in consumer spending in the Inland Empire.

San Bernardino County has 90 million square feet of retail space. The majority of this space, 59 million square feet, is located in shopping centers.

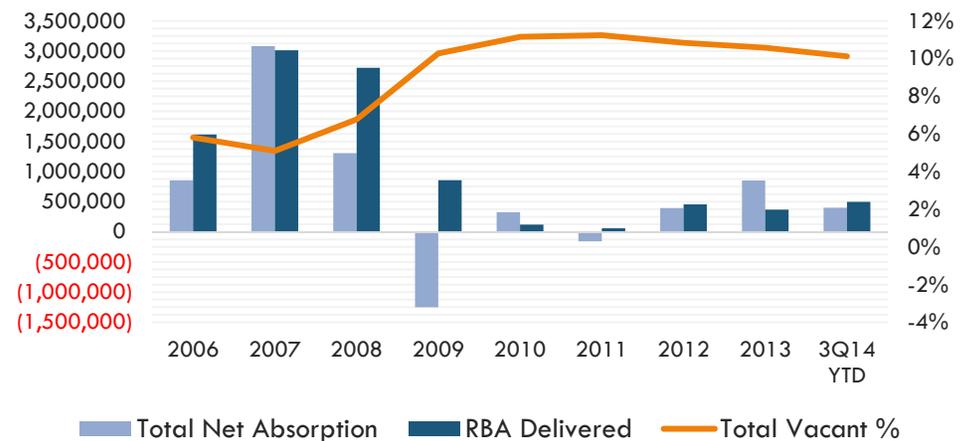
As San Bernardino County grew, it added 9.7 million square feet of shopping center retail between 2006 and 2014, primarily before 2009. Significant deliveries to the market in 2008 were not fully absorbed and vacancy doubled from the 5% range to the 10% range. **Vacancy rates remain substantially higher than pre-recession levels and have only improved slightly.**

Between 2006 and 2008 shopping center net absorption, a measure of space occupied less space vacated, was 5.2 million SF. However, 1 million square feet of retail was vacated on a net basis in 2009 alone, and this space has only been absorbed this year.

Distribution of Retail In Shopping Centers and Outside of Shopping Centers (2014)



San Bernardino County: Shopping Center Retail



Source: CoStar and HR&A

When considering only major shopping centers, such as super-regional, regional, lifestyle and power centers, the ARRIVE Corridor includes 52 percent of centers in San Bernardino County.

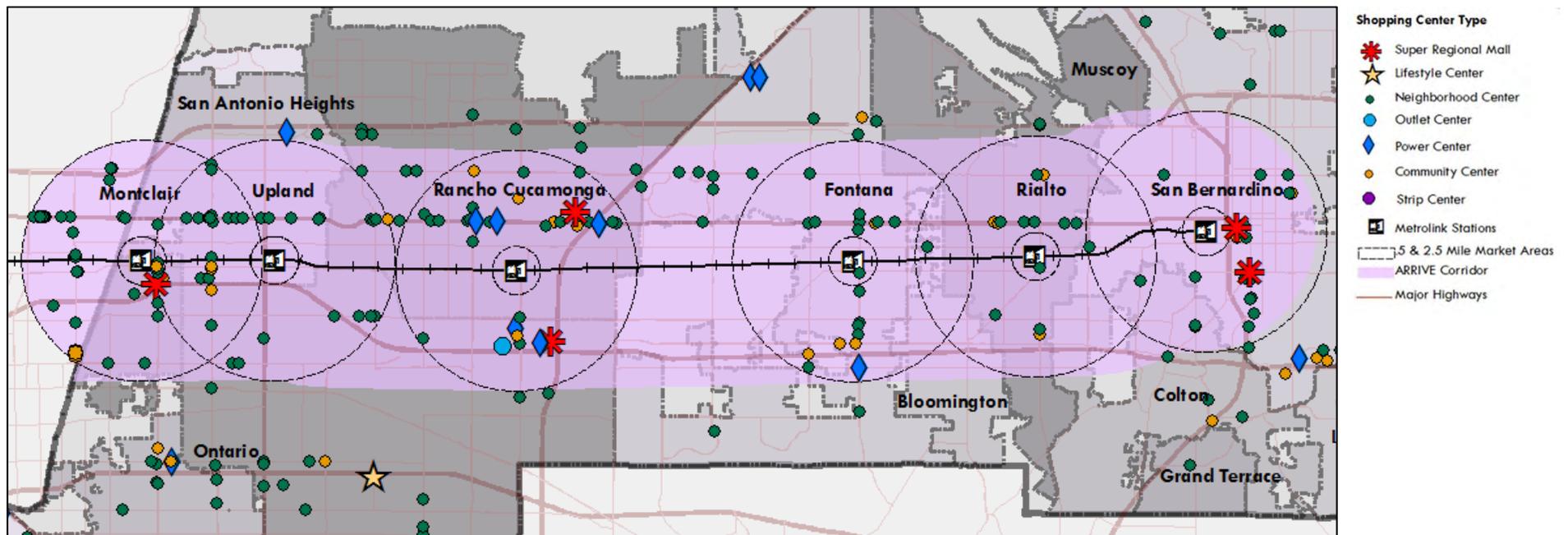
The ARRIVE Corridor has a total of 41 million SF of retail. Approximately 65% of this retail, 26 million SF, is located in shopping centers.

Including all shopping centers (such as neighborhood and community), the **ARRIVE Corridor includes 45% of the County's shopping center retail**, which is higher than the Corridor's share of population.

When considering only major shopping centers, such as super-regional, regional, lifestyle and power centers, **the ARRIVE Corridor includes 52% of major shopping centers within the County.**

The share of major shopping centers in the ARRIVE Corridor reflect the corridor's importance as a retail destination.

Shopping Center Retail in the ARRIVE Corridor



Source: CoStar and HR&A

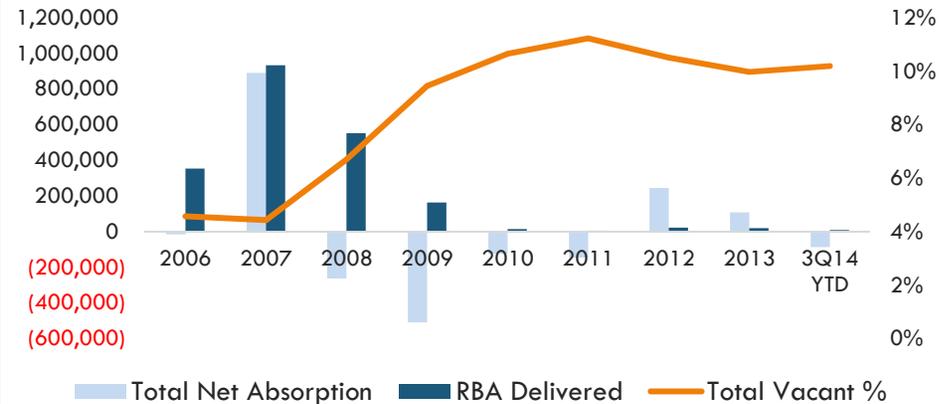
In the ARRIVE Corridor, shopping center retail has generally followed County trends. However, the Corridor's performance was further challenged due to deliveries in 2006-2009.

With 26 million SF of shopping center retail space, the **ARRIVE Corridor represents 45% of total shopping center retail space within San Bernardino County.**

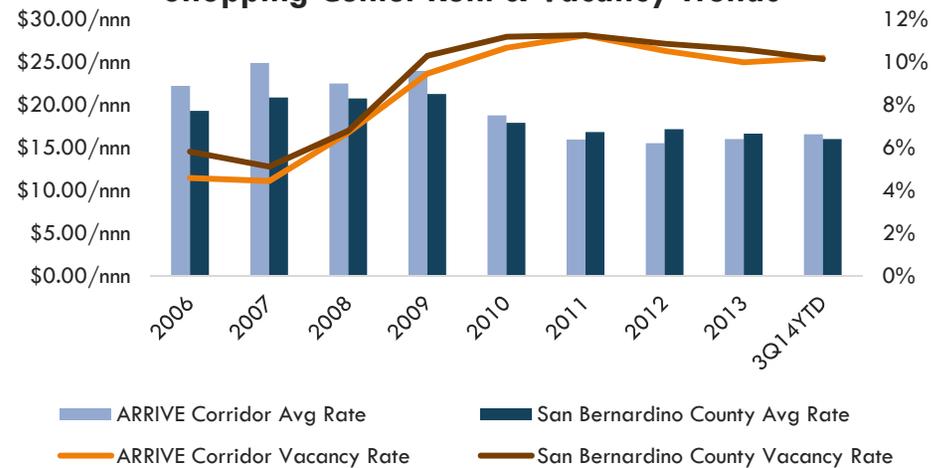
New shopping center retail developments located within the ARRIVE Corridor accounted for approximately 21% of new shopping center retail space within the County, 2.1 million SF since 2006.

- ❖ 2 million SF of Rentable Building Area (RBA) was delivered between 2006 and 2009, likely due to projects already far along in planning and construction by the time of the recession. Since 2009, only 70,000 SF of shopping center retail RBA has been added along the Corridor.
- ❖ With the exception of the years 2011-2013, lease rates in the ARRIVE Corridor have been higher than the County average since 2006. However, they have fallen by 23% since their peak in 2007, at \$24.80, to \$16.50 in 3Q14 YTD.

ARRIVE Corridor Shopping Center Retail: Absorption & Vacancy



Shopping Center Rent & Vacancy Trends

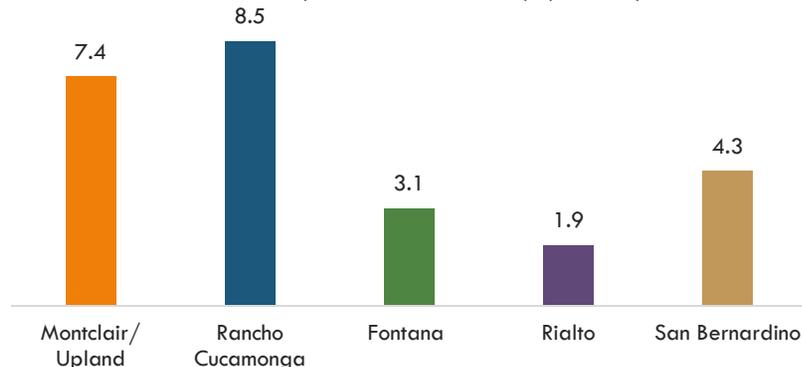


Source: CoStar and HR&A

The Rancho Cucamonga 2.5-Mile Market Area has the greatest amount of shopping center retail, and also demands the highest rental rate along the ARRIVE Corridor.

- ❖ Rancho Cucamonga, Montclair and Upland feature the greatest amount of rentable buildable area (RBA) along the ARRIVE Corridor. These three market areas include super-regional malls which result in the large amount of RBA.
- ❖ Rancho Cucamonga and Fontana have similarly high occupancy rates, around 94%, despite their differences in total RBA and rental rates.
- ❖ Vacancy rates are highest in San Bernardino at 17.5%, which includes the almost empty Carousel Mall.

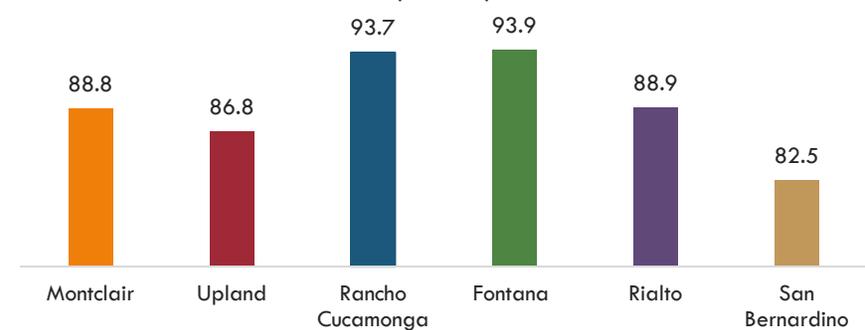
Shopping Center Retail Rentable Building Area (Millions of SF) (2014) *



*Note: The Montclair and Upland 2.5-Mile retail markets have a substantial share of overlap so they have been combined for purposes of this analysis. The Montclair 2.5-Mile Market Area alone has 6.2M SF, and the Upland 2.5-Mile Market Area alone has 4.6M SF of shopping center retail.

Source: CoStar

Shopping Center Retail Occupancy Rate (%) (2014)



Source: CoStar

Shopping Center Retail Average Rental Rate (2014)



Source: CoStar

Real Estate Analysis: Regional Office Overview

Historically, San Bernardino was not a major Southern California employment center, but the strength of the office market is growing.

The Inland Empire was historically a smaller employment center relative to Los Angeles and Orange Counties, with many of its residents commuting to these counties for work. However, with the significant population growth that occurred in the Inland Empire since 2000, San Bernardino has become a major center of industry.

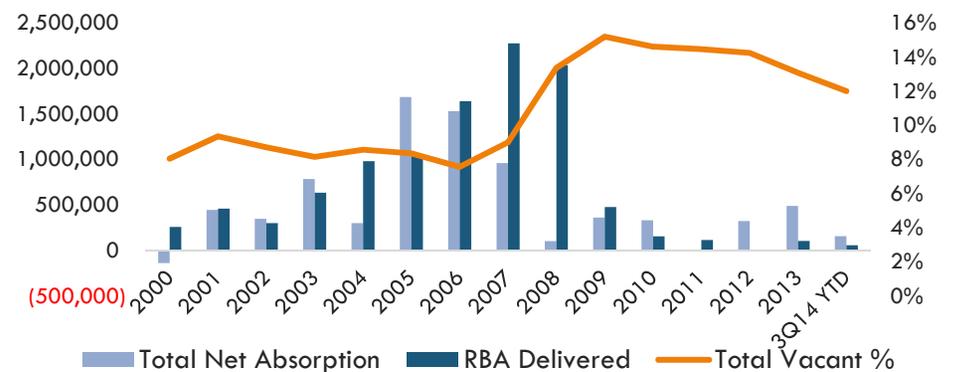
With all the residential growth in the Inland Empire, the San Bernardino economy was hit particularly hard by the housing crisis and subsequent recession. The economy and office market have slowly begun recovering.

Given the projected population and economic growth in the Inland Empire, the office market is expected to improve.

There is currently approximately 37.8 million SF of office space within San Bernardino County. **Over last 10 years, the County's office inventory has grown by 36%, adding 10 million square feet of office space, almost all of it, 9.3 million, between 2000 and 2008.**

- ❖ Office space delivered in 2007 and 2008, as the recession took hold, outpaced absorption, contributing to the increase in vacancy from 9% to 13% to a peak of 15.2% in 2009.
- ❖ Between 2000 and 2008, rental rates grew 51% from \$15.12/SF to their peak of \$22.91/SF. Leasing rates have continued to decrease from their peak in 2008.
- ❖ It should be noted that while office market vacancies increased during the recession, there were no years with negative net absorption (when more tenants vacate space than occupy space) in San Bernardino County which did occur in Los Angeles & Orange Counties.

San Bernardino County: Office Absorption & Vacancy



Source: CoStar and HR&A

Similar to the County, offices were overbuilt in the ARRIVE Corridor at the start of the recession and vacancies are still very high.

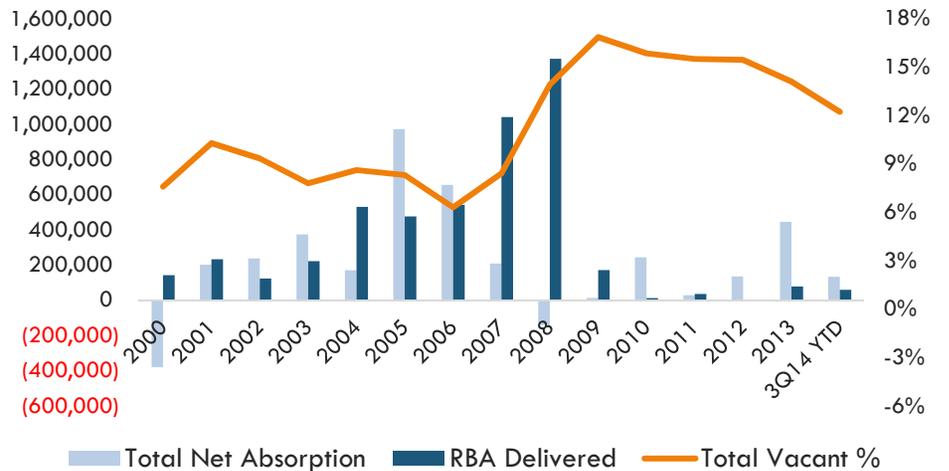
With 20.7 million SF of office space, the **ARRIVE Corridor represents 55% of office space within San Bernardino County.**

In 2014, new office developments in the ARRIVE Corridor accounted for approximately 48% of the new space within the County, 5 million square feet.

ARRIVE Corridor office real estate has followed a similar pattern to the County as a whole:

- ❖ Absorption was strong pre-2008, but tenants vacated space and the area was overbuilt between 2007 and 2008. This increased vacancies from 6% in 2006 to 17% in 2009.
- ❖ However, there was negative absorption in the ARRIVE Corridor market in 2008, and the market has been slow to absorb vacant space.
- ❖ With the addition of large amounts of new office space in 2007 and 2008, lease rates in the ARRIVE Corridor were similar to the County between 2009 and 2014. As high vacancies persist in the ARRIVE Corridor, lease rates have fallen in line with the County's.

ARRIVE Corridor: Office Absorption & Vacancy



ARRIVE Corridor: Office Lease Rates

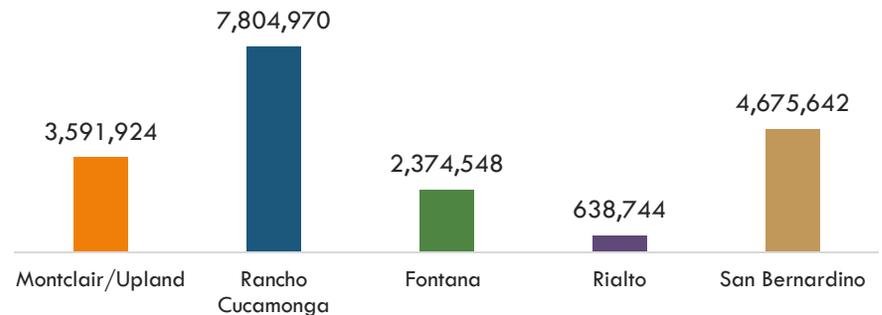


Source: CoStar and HR&A

The 20.7 million SF of office space in the ARRIVE Corridor is concentrated in Rancho Cucamonga and San Bernardino, but can also be found in more established cities.

- ❖ The Rancho Cucamonga 2.5-Mile Market Area, which encompasses the majority of the Ontario Airport business parks has the most significant amount of office space in the Corridor.
- ❖ The San Bernardino 2.5-Mile Market Area encompasses a portion of Downtown San Bernardino. The portion of Downtown San Bernardino within the Market Area is the second greatest concentration of office space within the ARRIVE Corridor.
- ❖ The Montclair and Upland 2.5-Mile Market Areas have substantial overlap and are therefore presented as one Market Area. The two market areas share approximately 1.7M SF of office space.

**Total Office Rentable Building Area (SF)
(2014)**



Note: The Montclair and Upland 2.5-Mile office markets have a substantial share of overlap so they have been combined for purposes of this analysis. The Montclair 2.5-Mile Market Area alone has 2.6M SF, and the Upland 2.5-Mile Market Area alone has 2.9M SF of office space.

Source: CoStar and HR&A

ARRIVE Corridor Office Properties



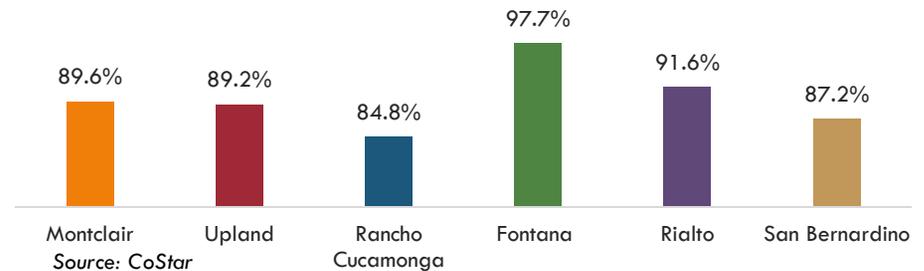
Source: CoStar

The 2.5-Mile Market Areas with the greatest amount of office space have the highest vacancy rates.

Market Areas with smaller amounts of rentable space, Montclair, Upland, Fontana, and Rialto, have fairly high occupancy, with rates hovering around 90%. However, the areas with the greatest amount of space, Rancho Cucamonga and San Bernardino, have high vacancy rates.

- ❖ With the greatest amount of space, Rancho Cucamonga, has the highest vacancy rate at 15.2%. Rancho Cucamonga had the most space added within the last decade, including a substantial amount of space (25.6% of total RBA), at the start of the recession, 2007 & 2008. This major addition of space created a 10 point increase in the vacancy rate and this space is still being absorbed.
- ❖ San Bernardino has the second highest inventory and vacancy rate. The high vacancy rate in San Bernardino, which has not added new office space since 2008, is a reflection of businesses vacating the area. Fontana has the smallest office inventory and it's office space is close to fully occupied.
- ❖ It is interesting to note that while Rancho Cucamonga has the highest amount of office space by far, office space in Upland and Montclair achieves somewhat lower, but relatively comparable lease rates.

Office Occupancy Rate (2014)



Office Average Rental Rate (per SF) (2014)



2.5-Mile Market Area	5 Year Total (2014 - 2009)	
	RBA Delivered	Total Net Absorption
Montclair	205,377	(107,673)
Upland	180,403	(87,528)
Rancho Cucamonga	3,528,721	1,104,573
Fontana	79,096	32,585
Rialto	2,242	35
San Bernardino	125,014	(176,211)
<i>San Bernardino County</i>	<i>8,462,540</i>	<i>1,676,300</i>

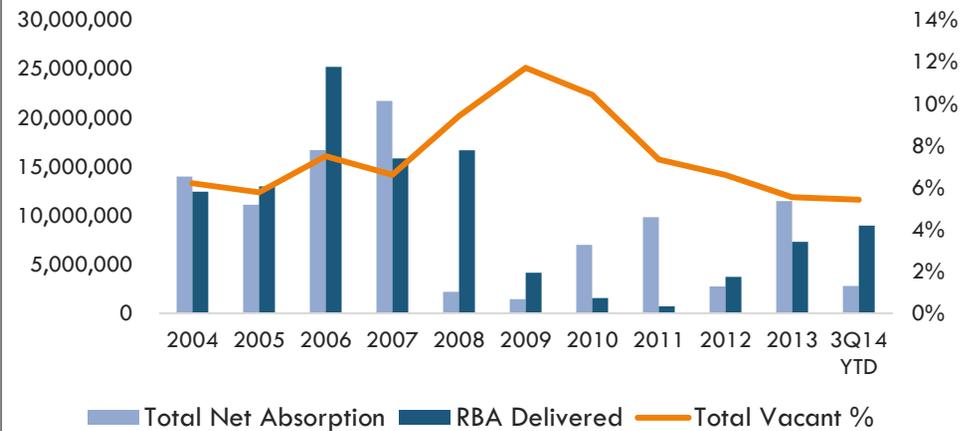
Source: CoStar

Real Estate Analysis: Regional Industrial Overview

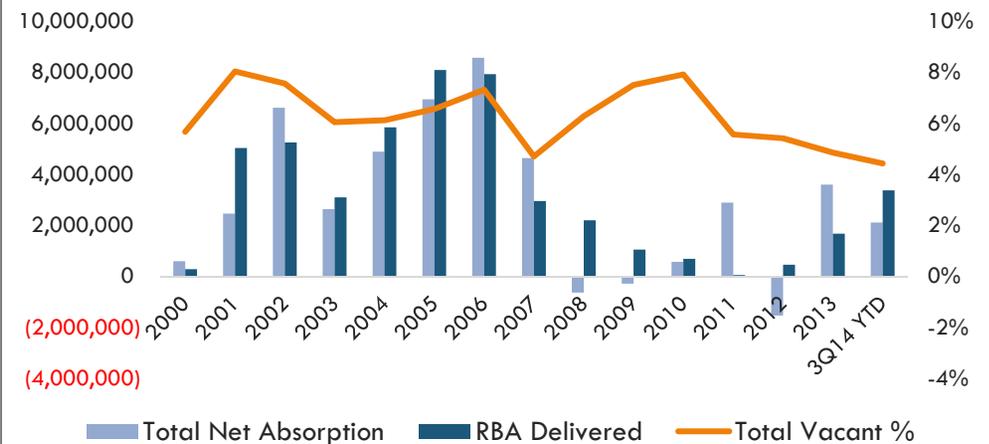
Due to the proximity of the Ports of Los Angeles and Long Beach, as well as the affordability of land for industrial development, San Bernardino County is a very strong industrial market.

- ❖ San Bernardino County has a total of 337 million square feet of industrial space.
- ❖ While leasing dropped after the recession was in full swing in 2008, net absorption remained positive and began to grow within two years. **With the extended global recession impacting imports and exports throughout the world, absorption of industrial space has not returned to the 2007 high, but has remained positive and is growing.**
- ❖ **With 124 million square feet, the ARRIVE Corridor makes up 37% of the County's industrial inventory.** Industrial space in the Corridor has a lower vacancy rate and slightly higher lease rate than the County.
- ❖ Vacancy is a low 5.4% in the County and is an even lower 4.4% in the ARRIVE Corridor. Vacancy rates in both the ARRIVE Corridor and the County are well below the US average of 8%. In 3Q14 YTD, lease rates in the Corridor average \$4.61/SF, relative to \$4.57/SF in the County.

San Bernardino County: Industrial Absorption and Vacancy



ARRIVE Corridor: Industrial Absorption & Vacancy

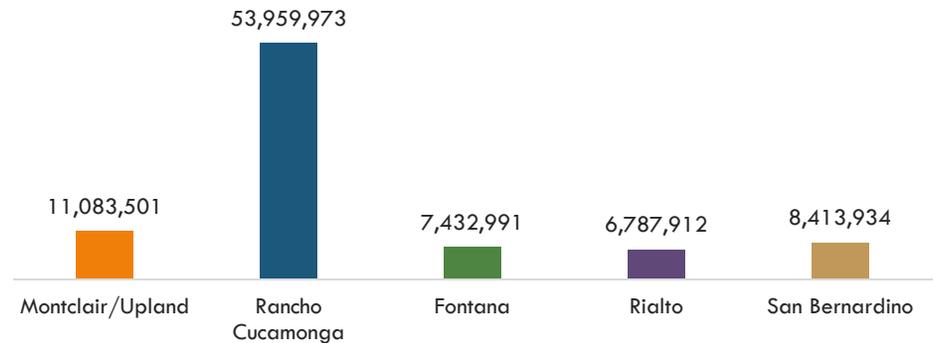


Source: CoStar and HR&A

The ARRIVE Corridor industrial inventory is concentrated around the Ontario Airport/I-15 Corridor.

- ❖ The bulk of industrial property is concentrated in the Rancho Cucamonga 2.5-Mile Market Area which includes portions of the City of Ontario including the Ontario Airport.
- ❖ The Montclair/Upland 2.5-Mile Market Area, followed by the San Bernardino and Fontana Market Areas have the next largest amount of industrial space within the ARRIVE Corridor.

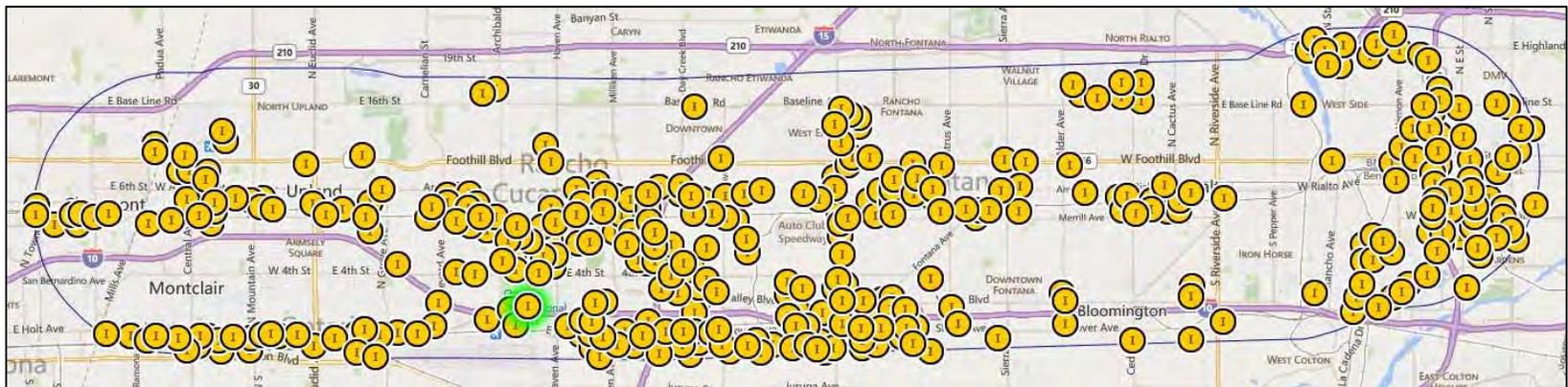
Industrial Inventory by 2.5-Mile Market Area (SF) (2014)



Note: The Montclair and Upland 2.5-Mile industrial markets have significant overlap and have been combined for this analysis. The Montclair 2.5-Mile Market Area alone has 7.2M SF, and the Upland 2.5-Mile Market Area alone has 7.4M SF of office space.

Source: CoStar and HR&A

ARRIVE Corridor Industrial Properties

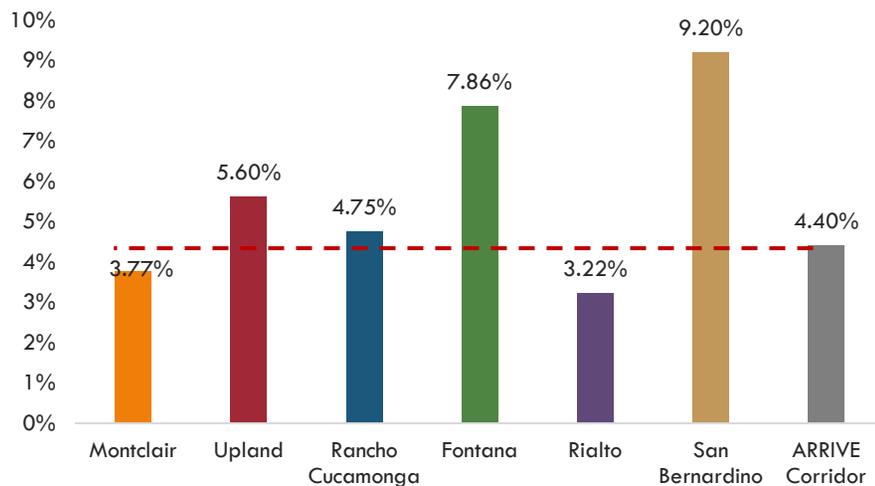


Source: CoStar

Rancho Cucamonga sets the average market performance in the Corridor. Montclair and Upland have similar vacancy rates to the Corridor but much higher lease rates.

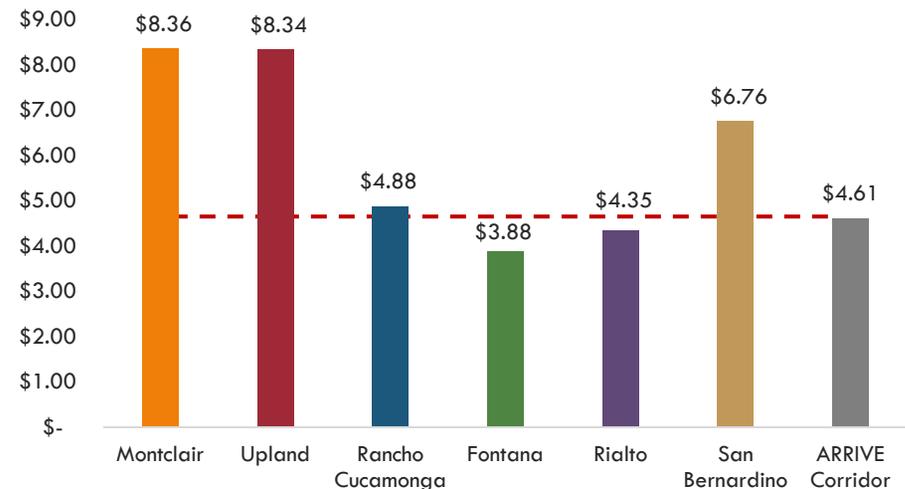
- ❖ Rancho Cucamonga has a low industrial vacancy rate of approximately 5%.
- ❖ The San Bernardino 2.5-Mile Market Area, which has the second greatest amount of industrial space, has a vacancy rate approximately double Rancho Cucamonga's.
- ❖ Fontana's vacancy rate is also higher than average, which may speak to older industrial facilities in both cities.

Industrial Vacancy Rate (2014)



- ❖ Montclair and Upland have fairly high industrial lease rates.
- ❖ Higher Montclair and Upland lease rates may be a reflection of industrial properties being used for flex showroom and office-type uses.
- ❖ San Bernardino's higher than average lease rate may reflect proximity to the BNSF Intermodal Station.

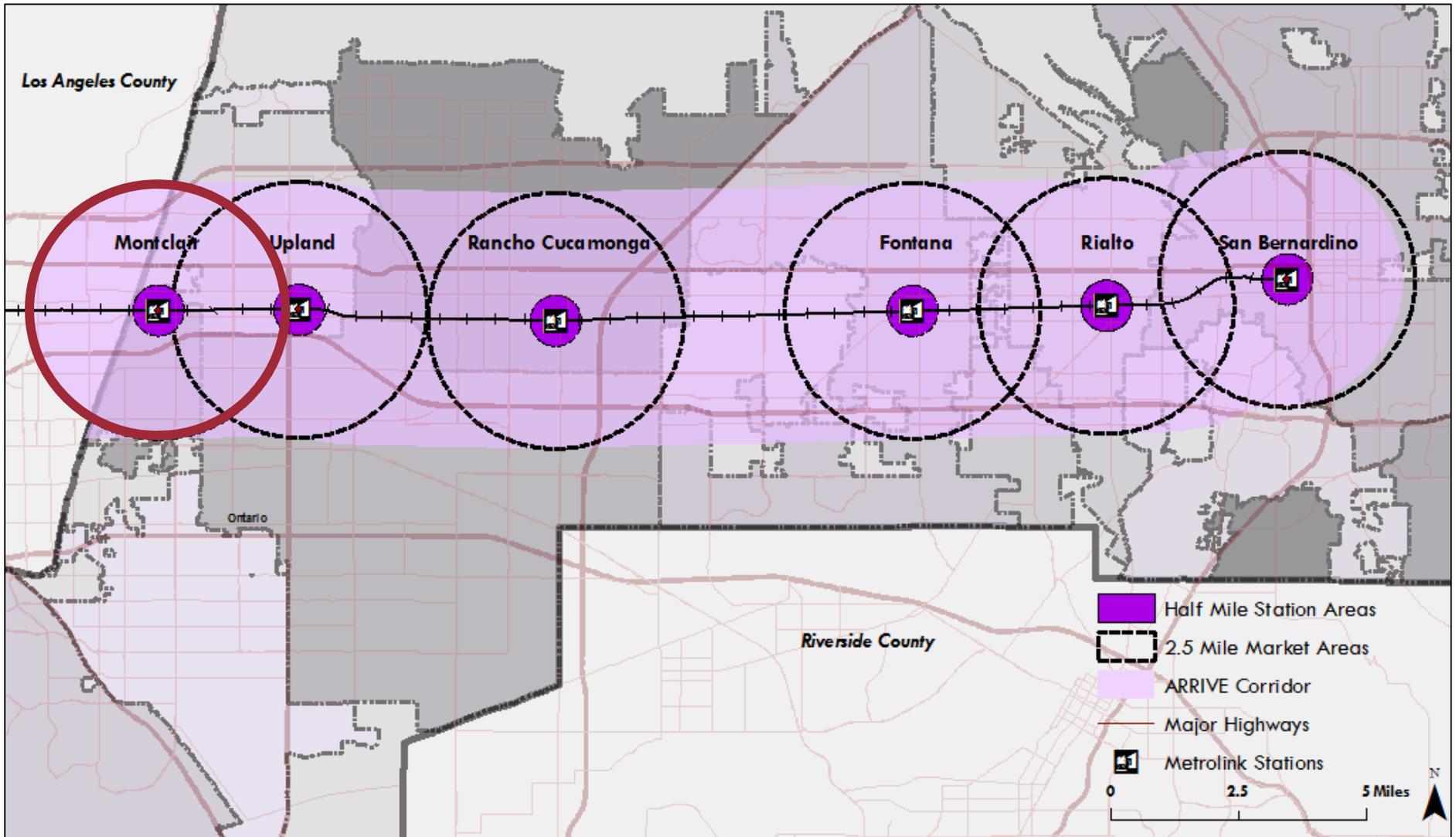
Industrial Average Lease Rate (2014)



Source: CoStar and HR&A

Real Estate Analysis: ARRIVE Corridor Half-Mile and 2.5-Mile Market Areas

Montclair



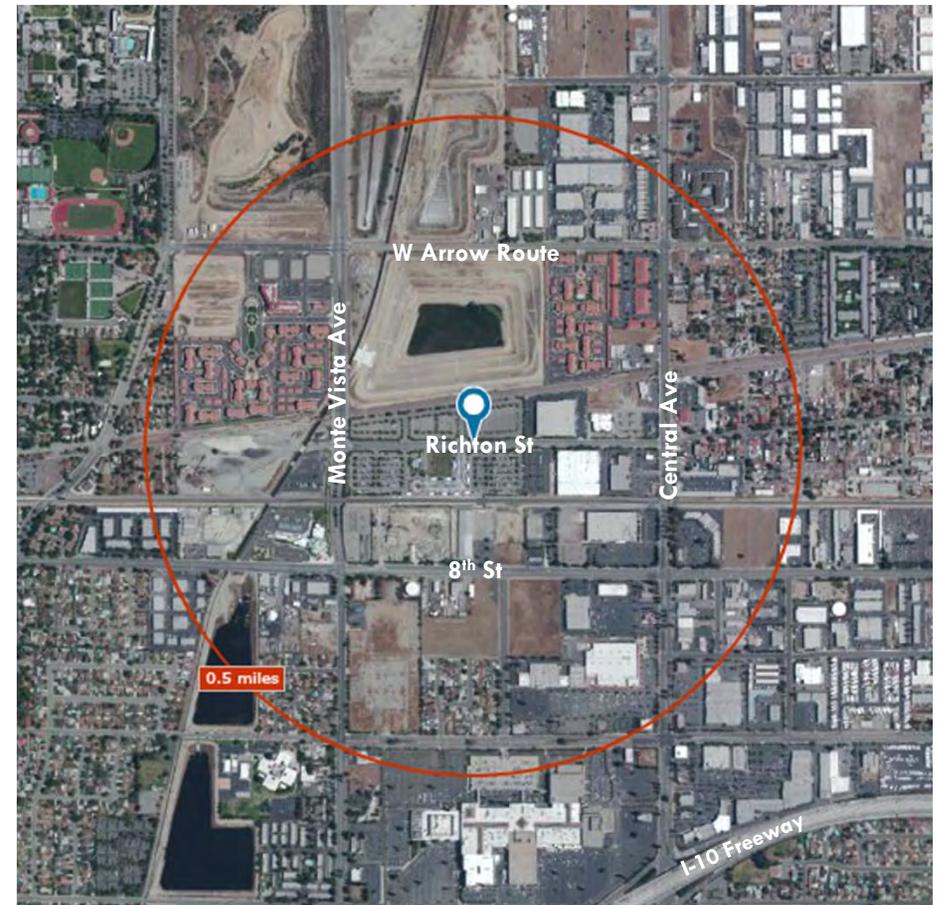
The Montclair Half-Mile Station Area is characterized by surface parking, vacant land, and commercial and industrial uses.

- ❖ Much of the surrounding land adjacent to the Station is occupied by surface parking and vacant land.
- ❖ The Montclair Station also serves other transportation lines including OmniTrans and Foothill Transit. The station features 14 bus bays.



Source: HDR Metrolink San Bernardino Line Infrastructure Improvement Strategic Study, June 2014.

Montclair Half-Mile Station Area



Source: ESRI

The City of Montclair has developed a TOD plan, the North Montclair Downtown Specific Plan, that establishes a dense downtown.

The North Montclair Downtown Specific Plan (NMDSP) envisions an overall connection between the Transit Center and Montclair Plaza, which is just over a 1/2 mile south of the Station. The plan includes a “pedestrian-first” mixed-use area.

The Town Center areas within the NMDSP allow five-story mixed-use buildings. Proposed buildings include ground floor retail, two levels of stacked flats topped by two-story townhouses with rooftop terraces, and underground parking. This zone is expected to yield a maximum of 40-60 units/acre (net).

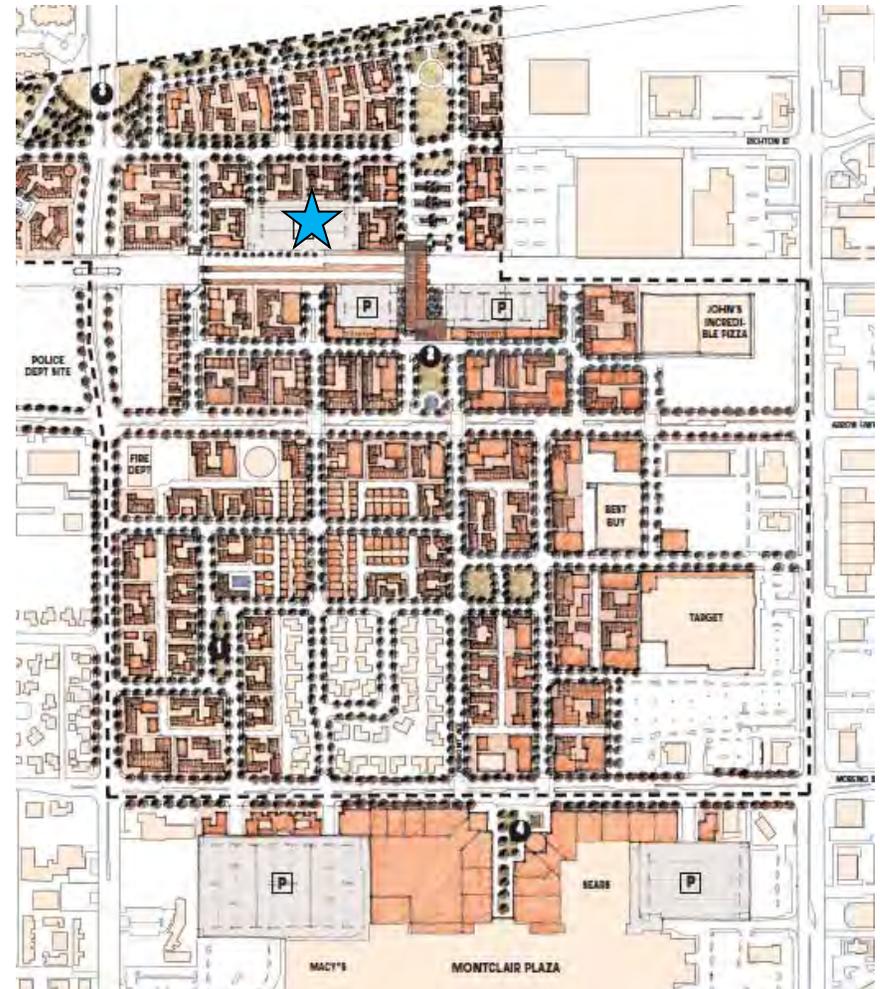
The Corridor Residential areas of the NMDSP permit up to 30-50 dwelling units/acre. Allowable building height will be 3-4 stories, depending on the setbacks.



Rendering of new proposed pedestrian-friendly street north of Moreno St and east of Monte Vista Ave.

Source: North Montclair Downtown Specific Plan

North Montclair Specific Plan Design Concept



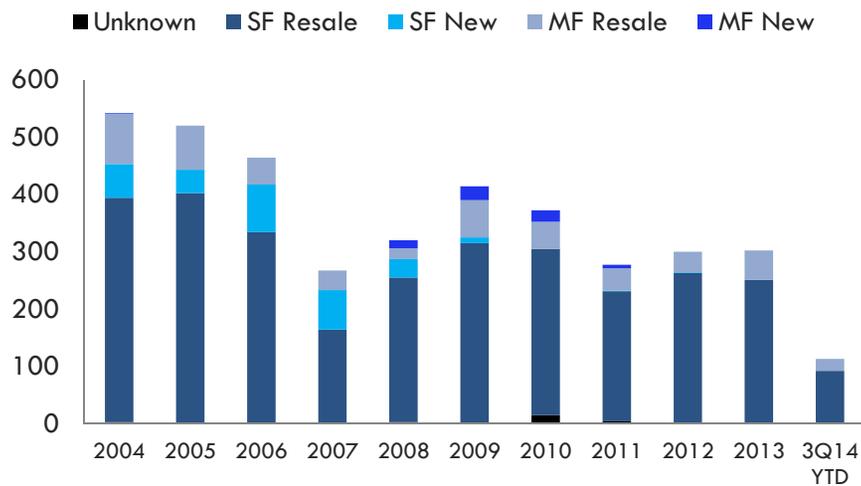
★ Montclair Metrolink Station

With a small geographic footprint, the City of Montclair had fewer home sales than most of the ARRIVE Corridor cities, and achieves a lower for-sale price point than other nearby cities.

Montclair represents 3% of new single family home sales and 3% of new multi-family home sales in the ARRIVE Corridor between 2004 and 2013. However, sales of new residential properties have virtually halted since 2009.

New single family home sales prices peaked at almost \$598,000 in 2007 while resale prices peaked in 2006 at \$449,000.

**Montclair Annual Home Sales
Single Family (SF) and Multi Family (MF)**



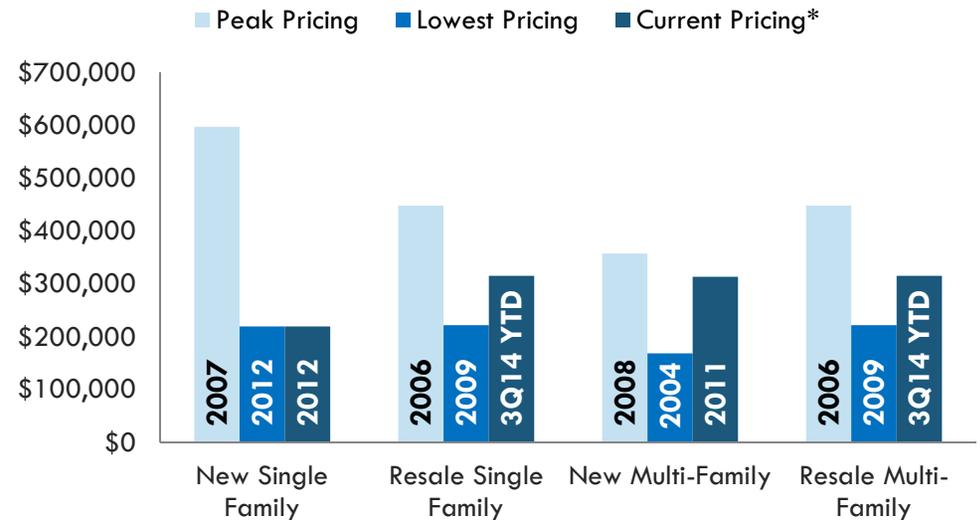
Source: DataQuick

Single-family resale and new home prices fell sharply during the recession, decreasing 50 to 60% between their highest and lowest points.

Only 64 new multi-family units have been sold in the Montclair market since 2004.

New multi-family residential prices peaked in 2008 at \$358,000, and were lowest in 2004 at \$169,000.

Montclair Home Pricing Highlights

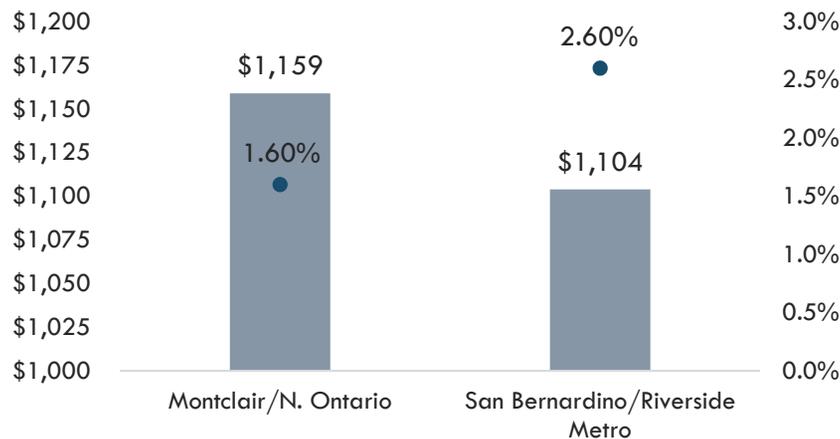


* Most current pricing available
Source: DataQuick

While average residential rental rents in Montclair are about \$1,160, there are new luxury developments in the vicinity that command higher rents.

Average rental residential rates in the Montclair/North Ontario submarket are about \$50 higher than the San Bernardino/Riverside Metro area as a whole.

**Montclair/N. Ontario Rental Residential:
Rent & Vacancy (1Q 2014)**



Source: REIS Q1 2014

There are several new apartment buildings near the Montclair Metrolink station that provide greater amenities and command higher than average rents.

Rancho Monte Vista Apartment Homes



240 Units

Asking Rent:
\$1,404 - \$1,724

Note: Rancho Monte Vista is located within the Upland city boundaries, however it is within the Montclair 2.5-Mile Market Area.

Park Central Apartments

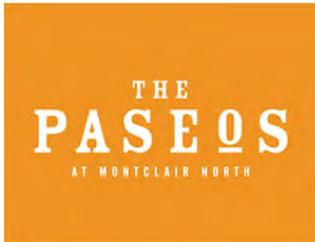


128 Units

Asking Rent:
\$1,325 - \$1,937

Source: Rent.com

The Paseos at Montclair is a new luxury rental residential development in the Montclair Half-Mile Station Area.



The Paseos at Montclair is a new luxury apartment and townhome residential development approximately a half-mile away from the Montclair Metrolink Station.

- ❖ Marketing materials promote proximity to the Montclair Metrolink station, Ontario Airport and Montclair Plaza, as well as walkability of the area and “car-free weekends.”
- ❖ Unit Mix
 - Studios: \$1,390-\$1,425
 - 1bd: \$1,490 - \$2,000
 - 2bd: \$1,695 - \$1,800
 - 2bd townhome: \$1,961 - \$2,253
 - 3bd townhome: \$2,350 - \$2,455
- ❖ Sizes range from 540 SF to 1,400 SF



Outdoor Pathway



Interior

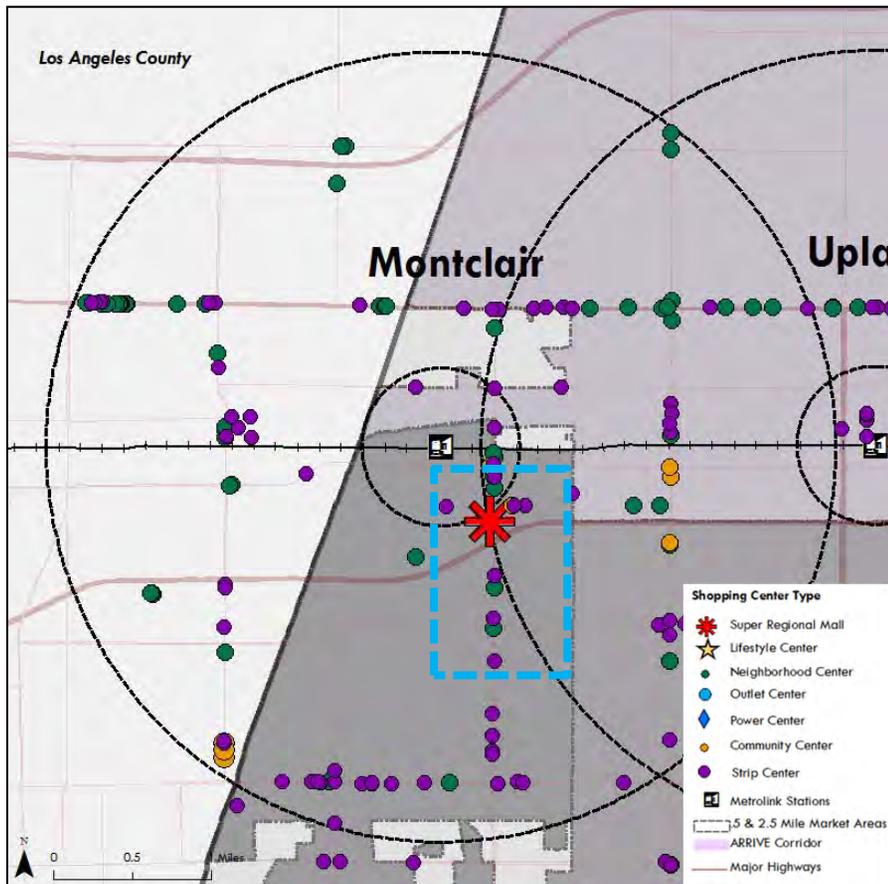


Outdoor Patio & Pool

Sources: Paseosliving.com, City of Montclair, Rentcafe.com

Montclair is a key regional retail destination within the ARRIVE Corridor, but retail performance has declined as Montclair’s older centers compete with new regional shopping centers.

Montclair Retail Shopping Centers



Montclair Commercial Core¹

¹The Montclair commercial core is defined as Arrow Highway to the north, Benito Street to the south, Monte Vista Avenue to the west, and Benson Avenue to the east.

Sources: ESRI, CoStar

Due to its proximity to the Montclair Metrolink Station, and future enhanced connections, we expanded our review of retail performance in the Half-Mile Station Area to the major Montclair commercial core, which spans from Arrow Highway to the north, Benito Street to the south, Monte Vista Avenue, to the west, and Benson Avenue to the east.

There is 6.2 million SF of shopping center retail within the 2.5-Mile Market Area. Within the Montclair commercial core, there is 2.4 million SF of shopping center retail. It should be noted that the Montclair and Upland 2.5-Mile Market Areas substantially overlap.

Just over a half-mile from the Montclair Metrolink station is the well-established Montclair Plaza super-regional mall which includes anchor tenants such as Nordstrom and Macy’s.



Montclair Plaza Mall

In the Montclair 2.5-Mile Market Area, shopping center retail is primarily located in neighborhood centers. With a few exceptions, most centers are more than 20 years old and have not been renovated in the last 15 years.

The Montclair Plaza super-regional mall and two of the largest community centers within the 2.5-Mile Market Area are located within Montclair’s commercial core. One community center, Central Plaza, is located within the Half-Mile Montclair Station Area.

Outside of Montclair Plaza, retail in the 2.5-Mile Market Area can be characterized as community/regional big box developments.



College Park Shopping Center (Built in 2009)

Montclair 2.5-Mile Market Area Shopping Centers

Center Name	Anchor Tenants	Center RBA/GLA	Year Built/ Renovated	Within Half-Mile or Commercial Core
Super-Regional Mall				
Montclair Plaza	JCPenney, Sears, Target, Nordstrom	1,535,042	1968/1997	Commercial Core
Community Center				
Mountain Square	Home Depot, Staples	271,867	1985/2002	Commercial Core
Montclair East Shopping Center	Sports Authority, PETCO	224,571	1971	Commercial Core
Mountain Green Center	Kohl's, CVS Pharmacy, Michaels, Trader Joe's	208,006	1977	
Central Plaza	Rabi's Café, Sam's Liquor, Salon	92,000	1986	Half-Mile Station Area
Mountain Village Retail Center	Edwards Cinema	87,385	1999	
36 Neighborhood Centers		2,671,439		
66 Strip Centers		973,977		

Source: CoStar

In the Montclair commercial core, vacancies doubled during the recession and are still high.

The total inventory of RBA in the Montclair commercial core is 2.4 million SF. No new RBA has been delivered over the past 8 years.

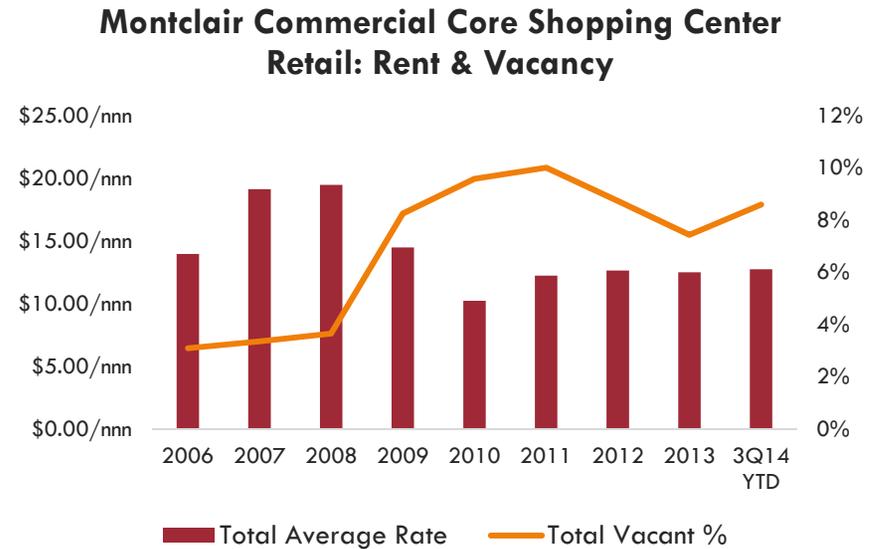
Absorption has been negative in four of the last eight years. The most RBA was lost, -154,000 SF, in 2009.



Source: CoStar

The average current shopping center retail rent is currently \$12.70/SF, triple net. Rents peaked at almost \$20/SF in 2008, and fell to \$10/SF in 2010. Rents have improved only slightly since 2010.

Vacancy is currently at 9%, which is slightly lower than its peak in 2011 of 10%.



Source: CoStar

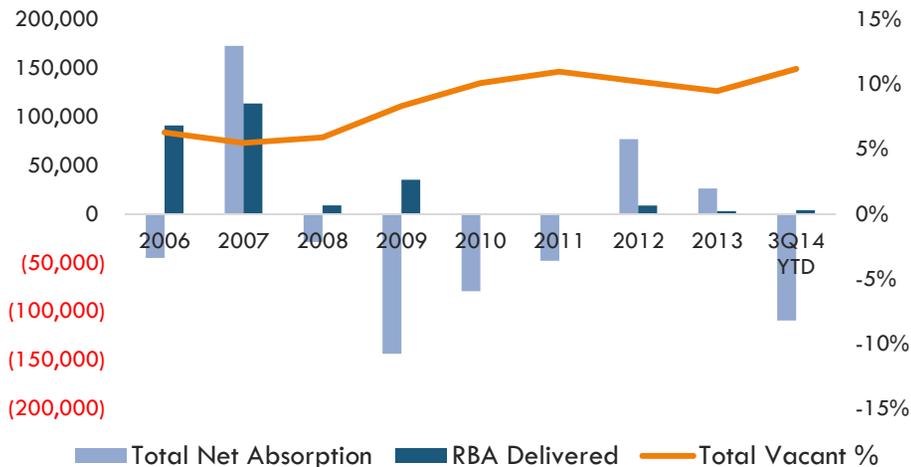
In the Montclair 2.5-Mile Market Area, new shopping center retail was delivered over the past three years, although vacancy is the highest it has been over the last eight years.

As of 3Q14 YTD, the Montclair 2.5-Mile Market Area has a total inventory of 6.2 million SF of shopping center retail.

There is significant overlap in the Montclair and Upland 2.5-Mile Market Areas (4.8M SF) that crosses city boundaries. Within the City of Montclair alone, there is only 3 million SF of shopping center RBA (See Appendix for further details).

Over the past eight years, the most RBA was delivered in 2006 and 2007, and total net absorption was highest in 2007.

Montclair 2.5-Mile Market Area: Retail in a Shopping Center: Absorption & Vacancy

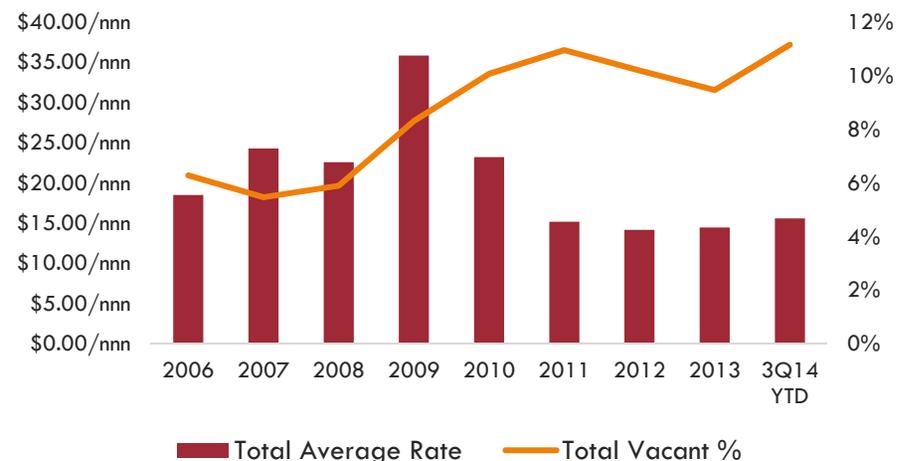


Source: CoStar

The average current retail rent is \$15.60/SF, triple net, which is lower than previous rents seen in 2006 through 2010, but higher than the average rent in 2013, which was \$14.50/SF.

Vacancy in the 2.5-Mile Market Area is currently at 11%, which is the highest it has been over the last eight years. Overall, both rents and vacancy are slowly improving.

Montclair 2.5-Mile Market Area: Retail in a Shopping Center: Rent & Vacancy



Source: CoStar

In the Montclair 2.5-Mile Market Area, office clusters exist along main arterials. Office properties within the Half-Mile Station Area are Class B & C.

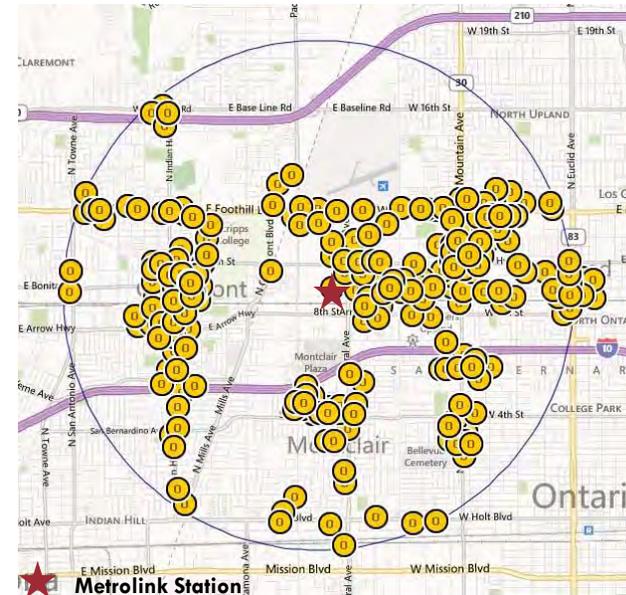
Within 2.5 miles of the Montclair Metrolink station, there are clusters of office, especially along the main roads of Indian Hill Road, Mountain Avenue, Euclid Avenue, and Foothill Boulevard.

Due to the close proximity to other cities, some of these office clusters are in Claremont, Ontario and Upland.



Central Village Building Park, includes Class B&C office properties

Montclair 2.5-Mile Market Area Office Properties



Source: CoStar



Two-story office building along Arrow Route

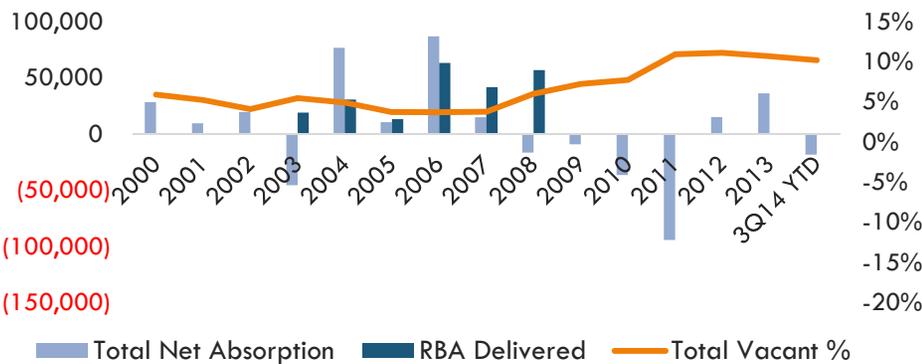
The small Montclair 2.5-Mile Market Area office market is recovering from the recession, but the market performed well before the recession, and is improving.

There is significant overlap between the office 2.5-Mile Market Areas of Montclair and Upland. Of the 2.6M SF of office space in Montclair, 1.8M of it overlaps with the Upland 2.5-Mile Market Area. (See Appendix for further details).

Within the City of Montclair boundaries alone, there is 326,000 SF of office RBA. The Montclair 2.5-Mile Market Area also includes a 714,000 SF cluster of office property that is within the City of Claremont.

Over the past eight years 224,000 SF of RBA was delivered in the Montclair 2.5-Mile Market Areas. Between 2008-2011, there was a negative absorption of -124,300 SF, and vacancy doubled.

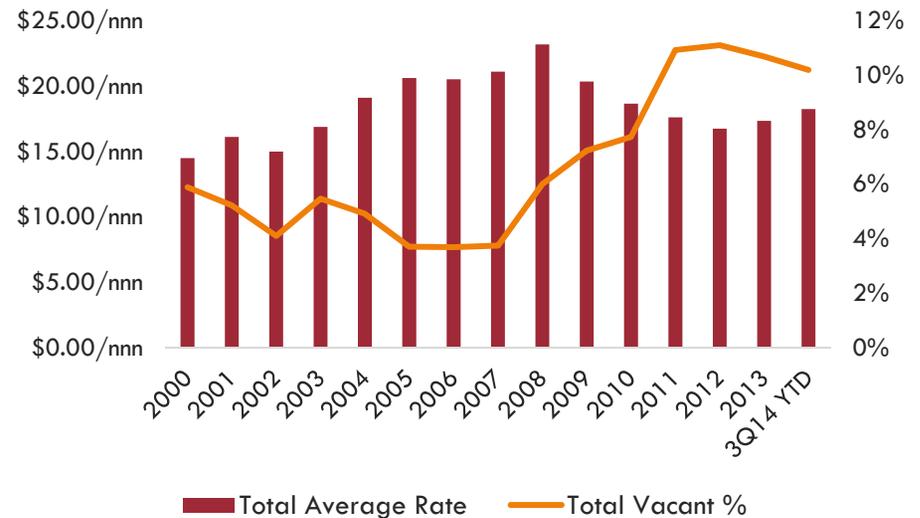
**Montclair 2.5-Mile Market Area:
Office Absorption & Vacancy**



Source: CoStar

Office rents steadily increased from 2002-2008, and peaked at \$23.20/SF, triple net. After the recession, rents dropped and have leveled out to above pre-recession levels. Currently, office rents in the 2.5-Mile Market Area are approximately \$18.20/SF with a vacancy rate of 10%.

**Montclair 2.5-Mile Market Area:
Office Rent & Vacancy**



Source: CoStar

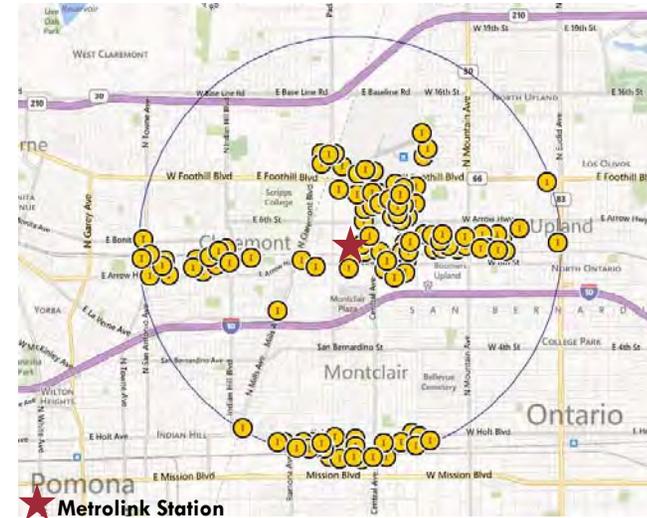
The Montclair 2.5-Mile Market Area has several clusters of industrial land uses along major arterials.

Within the 2.5-Mile Montclair Market Area, there are a number of industrial clusters, primarily along Central Avenue in Montclair, as well as along West Holt Boulevard to the south of the station near the borders of Pomona and Ontario.



BNI Headquarters, Industrial Property

Montclair 2.5-Mile Market Area Industrial Properties



Source: CoStar



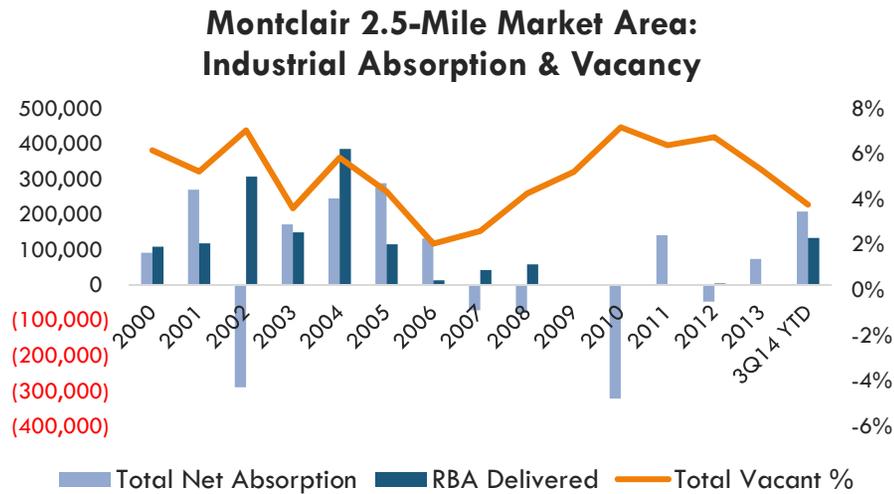
Metrolink Business Park, Industrial Property

The Montclair 2.5-Mile Market Area has 7.2 million square feet of industrial space, and average rental rates are approximately \$8.40 per square foot.

There is significant overlap between the industrial 2.5-Mile Market Areas of Montclair and Upland. Of the 7.2M SF of industrial space in Montclair, 3.5M of it overlaps with the Upland 2.5-Mile Market Area. Within the city boundaries of Montclair alone, there is 3.3M SF of industrial space (See Appendix for further details).

As of 3Q14 YTD, the 2.5-Mile Market Area had a low vacancy rate of 4%. 133,000 SF of RBA was delivered in the most recent quarter.

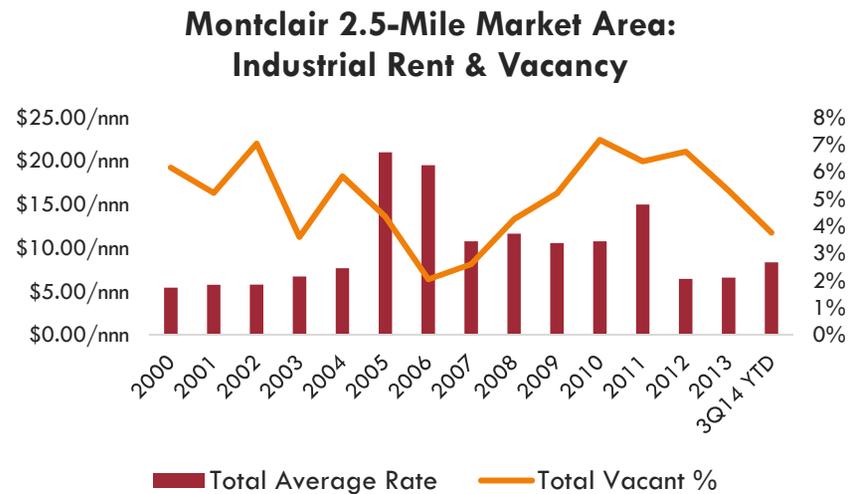
Since 2000, the industrial market saw the most drastic negative absorption in 2002 and 2010.



Source: CoStar

Currently, average industrial rates are \$8.40/SF, triple net, and the vacancy rate is 4%, which is much lower than the past six years. Industrial in the municipality of Montclair performs better. As of 2012, rents in the City of Montclair were \$10.90/SF and vacancy was 2% in 3Q14 YTD.

Average industrial rental rates have been relatively low in the 2.5-Mile Market Area, with the exception of 2005 and 2006, where average rates were approximately \$20.30/SF. This could be due to new buildings constructed in the few years prior to this.



Source: CoStar

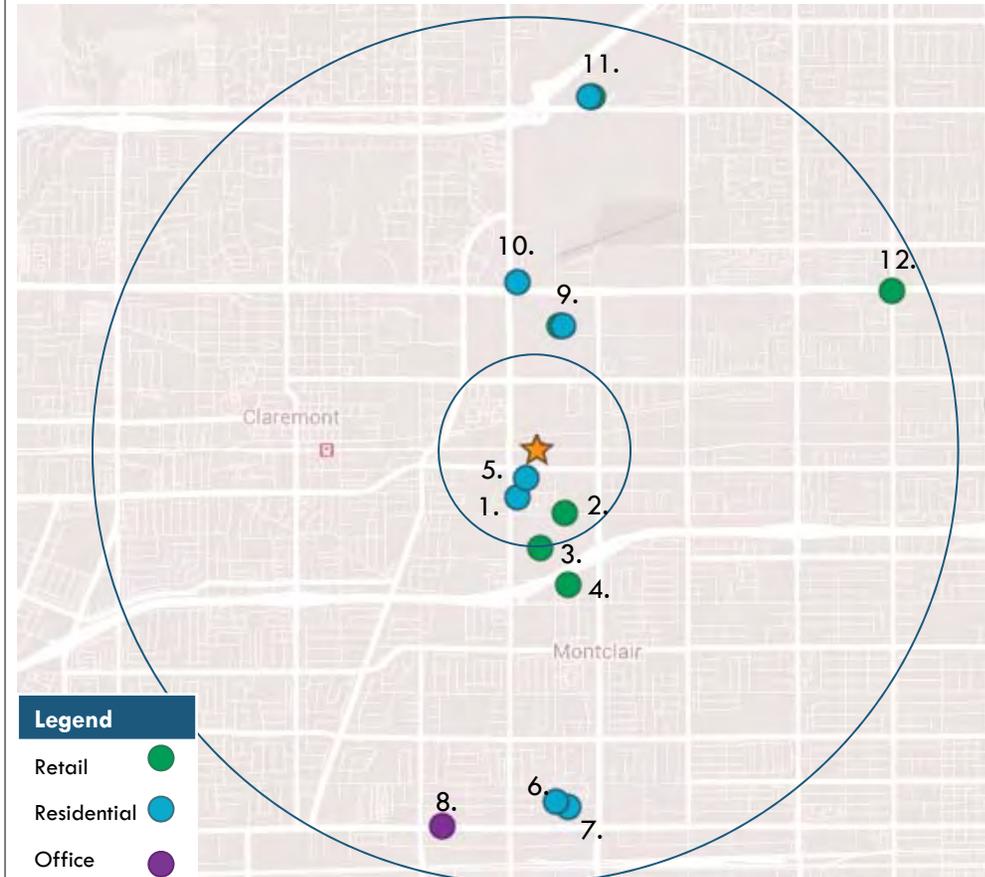
Recent, planned & proposed projects in the Montclair 2.5-Mile Market Area include new mixed-use communities, office space, a grocery store and a gym, among others.

Recent, Planned & Proposed Projects List

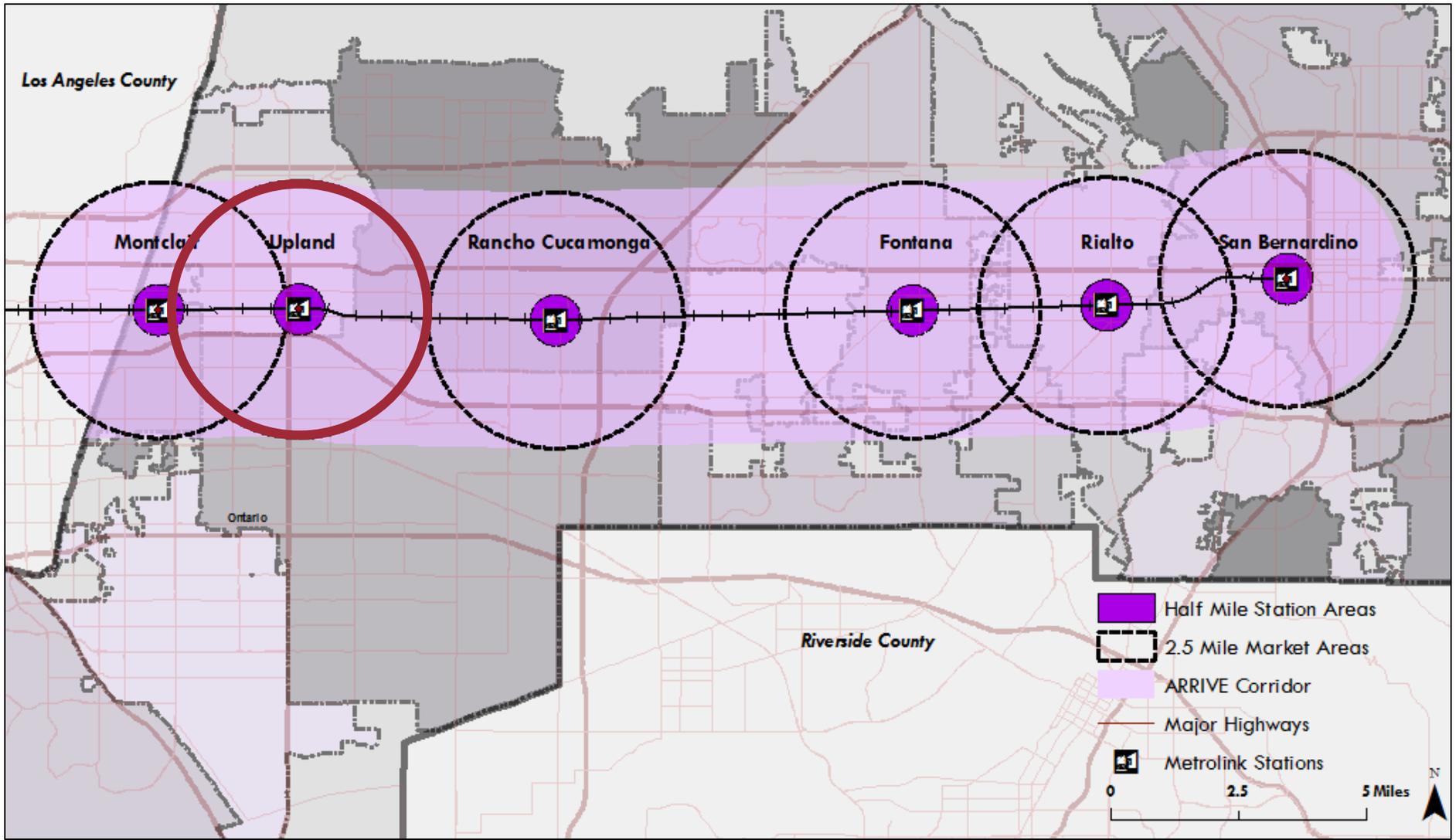
Number	Project	Size	Description
1.	The Paseos at Montclair North	385 units	Residential TOD community (Built)
2.	Gold's Gym	40,000 SF	Large gym across Montclair Plaza
3.	Montclair Plaza		Redevelopment of super-regional retail shopping center
4.	Metro Honda	23,000 SF	Expansion of existing Honda dealership
5.	Arrow Station	129 units	Residential TOD community
6.	Condo Development	5 units	Multi-family development
7.	Duplex Development	2 units	One duplex development
8.	Office Building	40,000 SF	Proposed office building
9.	Upland Crossing (Upland)	27,500 SF & 365 units	Planned mixed-use development
10.	Harvest at Upland (Upland)	300 units	Community development consisting of single family units
11.	Parkview 2015 (Upland)	100,000 SF & 373 units	Mixed-use community development
12.	Sprouts Farmers Market	24,000 SF	Retail Grocery Store (Built)

Sources: City of Montclair, City of Upland, 2013 San Bernardino County Business Growth Opportunities, Inland Valley Daily Bulletin 2014, ESRI.

Map of Recent, Planned & Proposed Projects



Upland



The Upland Half-Mile Station Area is located in its historic Downtown. The area also includes a diverse mix of residential, commercial and limited industrial land uses.

The Upland Half-Mile Station Area features several residential developments, commercial activity and some industrial uses.

The Metrolink station is 1/2 mile from the I-10 Freeway, making it accessible to commuters. It is also in close proximity to Euclid Avenue to the east and Arrow Highway to the north.

Upland is an established city, with limited vacant or available land. However, there is currently a six-acre vacant parcel immediately south of the Station Area.



Upland Metrolink Station

Upland Half-Mile Station Area



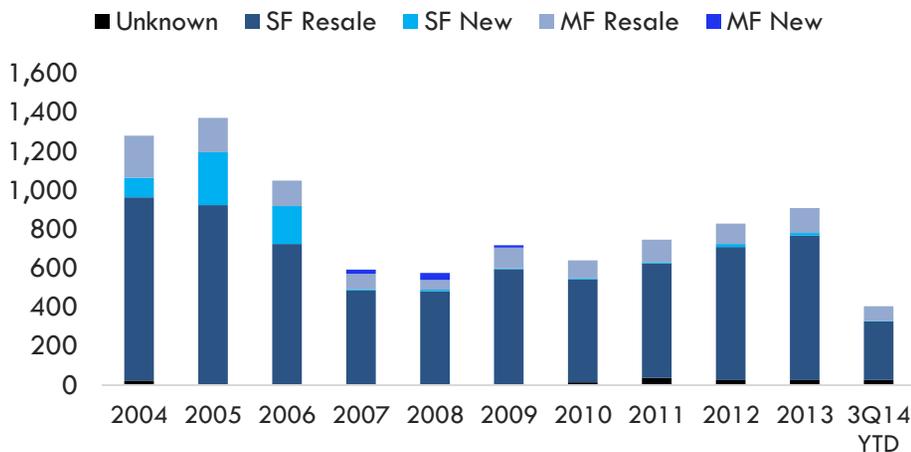
Source: ESRI

Though Upland has a limited number of overall residential sales, it has the highest residential prices among all the ARRIVE Corridor cities.

Upland represents 6% of new single family home sales and 3% of new multi-family home sales within the ARRIVE Corridor since 2004. New single family sales have slightly increased, however there has only been one new multi-family sale since 2009.

Single family residential sales volumes have slowly increased since 2008 and are approaching 2006 levels, however this is comprised largely of resales as opposed to new home sales

Upland Annual Homes Sales: Single Family (SF) & Multi-Family (MF)



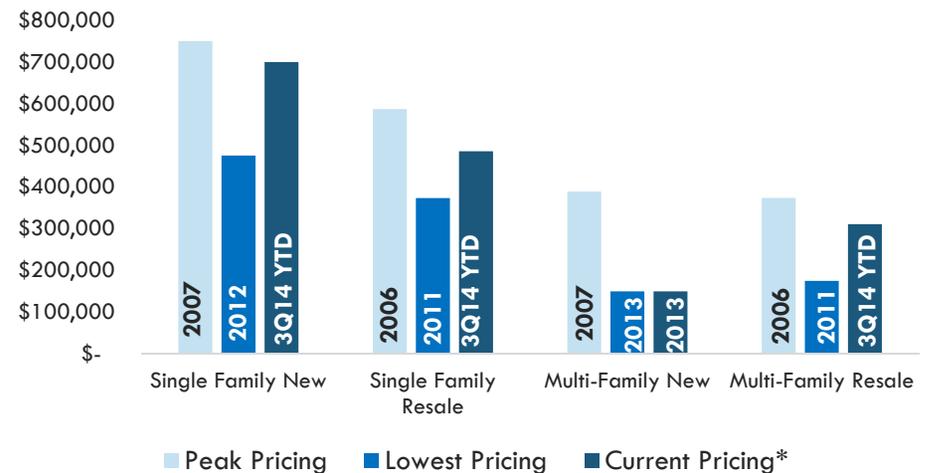
Source: DataQuick

New construction single family residences have held a consistent price premium over resale properties. However, this gap neared closing in 2013, when average new and resale prices only had a \$1,000 difference.

New single family home sales prices peaked at \$751,000 in 2007, and fell to their lowest level in 2012 to \$476,000 – \$275,000 less than their peak in 2007.

Overall, Upland experienced the lowest decline in prices after the recession.

Upland Home Pricing Highlights



* Most current pricing available

Source: DataQuick

Upland currently has five active single family subdivision projects.

Upland New Home Subdivisions

Housing Type	Project Name	Closing Price Range
Single Family	Bella Tierra	N/A
Single Family	Fairhaven	\$714,000 - \$716,000
Single Family	Standard Pacific Homes at College Park	\$522,000 - \$614,500
Single Family	*Unknown or Custom Home	\$499,500 - \$540,000
Single Family	*Unknown or Custom Home	\$578,000 - \$589,000

Source: Hanley Wood Market Intelligence

Bella Tierra by Crestwood Communities

- ❖ 44 one- & two-story single family new homes
- ❖ 4-5 bedrooms
- ❖ 2,600 – 3,400 square feet
- ❖ Prices start in the \$600,000s



Source: Trulia



Source: Standard Pacific Homes

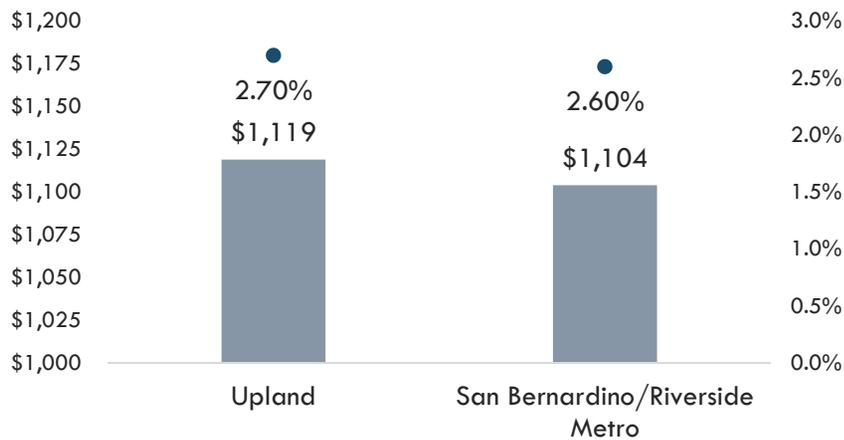
Standard Pacific Homes at College Park

- ❖ Courtyard style homes
- ❖ 3-4 bedrooms
- ❖ 1,700 to 2,100 square feet
- ❖ Prices start in the \$530,000s
- ❖ Amenities: Swimming pool, BBQ
- ❖ Spanish, Italian and Santa Barbara style architecture

The Upland rental residential submarket has a low vacancy rate similar to the San Bernardino/Riverside Metro area. The rental stock includes new luxury apartments, as well as older apartment developments.

The Upland rental residential market has similar rents and vacancy rates to that of the larger San Bernardino/Riverside Metro area.

Upland Rental Residential: Rent & Vacancy (Q1 2014)



Source: REIS Q1 2014

The Upland rental market includes some new luxury residential units, as well as older and more modest apartment complexes.

College Park Apartment Homes



448 units

Asking Rent:
\$1,429 - \$1,790

Amber Pines Apartments

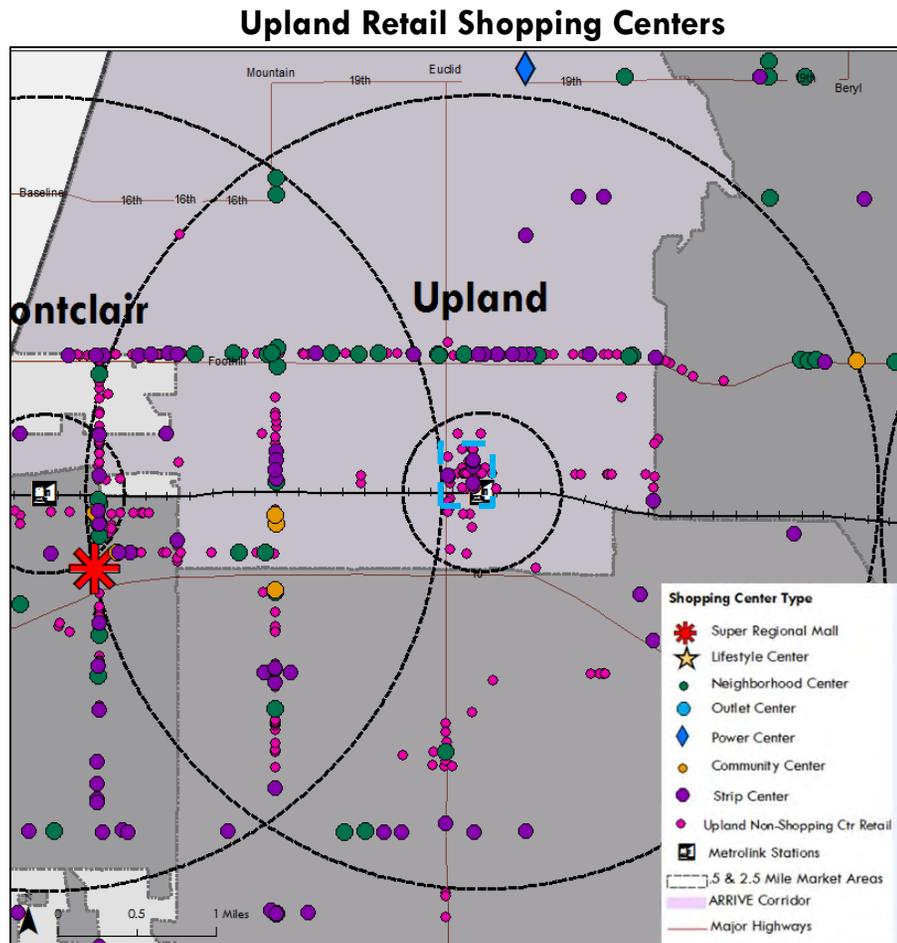


22 units

Asking Rent:
\$895-\$1,365

Source: Rent.com

Downtown Upland has a unique historic character, and provides a pedestrian friendly shopping environment.



Downtown Upland¹

¹Downtown Upland is defined as Arrow Highway to the north, A Street to the south, Euclid Avenue to the west, and 3rd Avenue to the east.

Sources: ESRI, CoStar



Downtown Upland



Gazebo in Downtown Upland

The Upland Half-Mile Station Area retail is characterized by stand-alone retail in the Historic Downtown neighborhood and older neighborhood shopping centers.

There is 177,000 SF of stand-alone retail in Downtown Upland. Historically, vacancy rates have been between 1.5-5%, suggesting a strong retail market. However, currently the vacancy rate is 9%.

Retail buildings in Downtown Upland are generally one to two stories and have smaller storefronts of approximately 1,000 – 5,000 SF, with some exceptions. The oldest buildings were constructed in 1900, and the newest ones in the 1980s.

The majority of businesses in Downtown Upland are services, including health and legal. Miscellaneous retail and eating and drinking establishments also have a strong presence.



Historic Downtown Upland



Caffè Allegro Restaurant, Downtown Upland

Upland 2.5-Mile Market Area shopping center retail is primarily located within neighborhood centers, and five community centers.

Upland 2.5-Mile Market Area Shopping Centers

Center Name	Anchor Tenants	Center RBA/GLA (SF)	Year Built/Renovated	Within Half-Mile Station Area
Community Center				
Orchard Plaza	Orchard Supply Hardware, Big Lots, Factory 2-U	186,670	1981	
Montclair East Shopping Center	Sports Authority, PETCO	224,571	1971	
Mountain Village Retail Center	Edwards Cinema	87,385	1999	
Mountain Green Center	Kohl's, CVS Pharmacy, Michaels, Trader Joe's	208,006	1977	
Mountain Square	Home Depot, Staples	271,867	1985/2002	
35 Neighborhood Centers		2,929,689		
52 Strip Centers		685,736		

Source: CoStar



Mountain Square Shopping Center

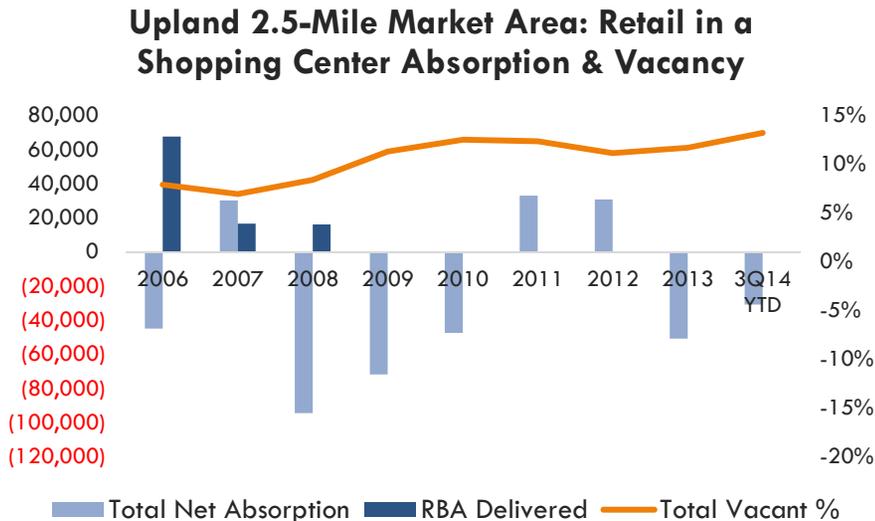


Mountain Green Shopping Center

Shopping center retail in the Upland 2.5-Mile Market Area is older and has been struggling since the recession.

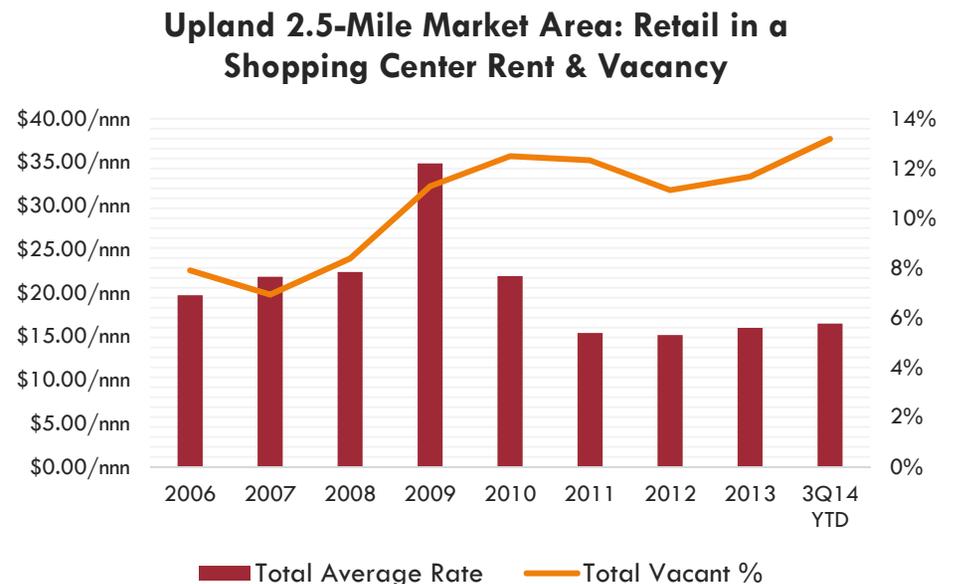
There is 6.2 million SF of shopping center retail in the Upland 2.5-Mile Market Area. However, it should be noted that there is significant overlap (4.8M SF) with the Montclair 2.5-Mile Market Area. Within the municipal boundaries of Upland alone, there is 3.4 million SF of shopping center RBA (See Appendix for further details).

In the Upland 2.5-Mile Market Area, net absorption was negative after the recession, 2008-2010, and became positive in 2011 and 2012. It has been negative in five out of eight years since 2006, and there has been negative absorption thus far in 2014.



Source: CoStar

Rents in the Upland 2.5-Mile Market Area consistently rose beginning in 2006 and peaked in 2009, lagging slightly behind the recession. With the exception of 2009, retail lease rates averaged approximately \$22.40/SF, triple net, and fell to a low of \$15.10/SF in 2012. Shopping center retail rents have dropped to half of their previous levels, from \$34.90/SF at the peak in 2009 to \$16.50/SF in 3Q14 YTD.



Source: CoStar

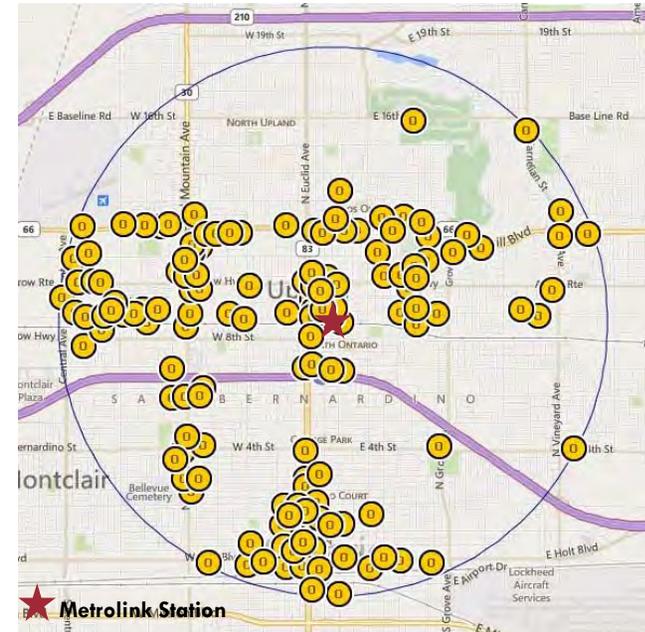
Within the Upland 2.5-Mile Market Area, office properties are overwhelmingly Class B & C, and approximately 80% were built before 1990.

Within the Upland 2.5-Mile Market Area, there are numerous office properties, especially on Mountain Avenue and Euclid Avenue as well as East Foothill Boulevard, and Arrow Highway. Many properties are located within two to three level business parks.



Stewart Plaza, Class B&C Office Properties

Upland 2.5-Mile Market Area Office Properties



Source: CoStar



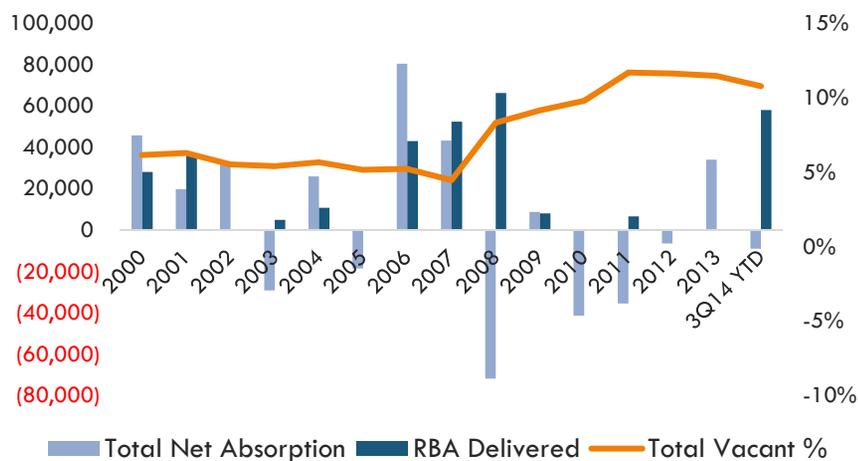
Wells Fargo Center, Class B Office Property

The 2.5-Mile Upland Market Area has an inventory of 2.8 million SF of office space. Pre-recession, Upland's office market was performing well. The market was impacted by the recession but is gradually improving.

There is significant overlap between the 2.5-Mile Market Areas of Upland and Montclair. Of the 2.9M SF of office space in the Upland 2.5-Mile Market Area, 1.8M of it overlaps with the Montclair 2.5-Mile Market Area. (See Appendix for further details). However, within Upland's city boundaries, there is 2.1M SF of office property, suggesting a sizeable office market.

The Upland 2.5-Mile Market Area experienced consistent delivery of new office RBA in 10 of the last 14 years, totaling 314,000 SF.

**Upland 2.5-Mile Market Area:
Office Absorption & Vacancy**

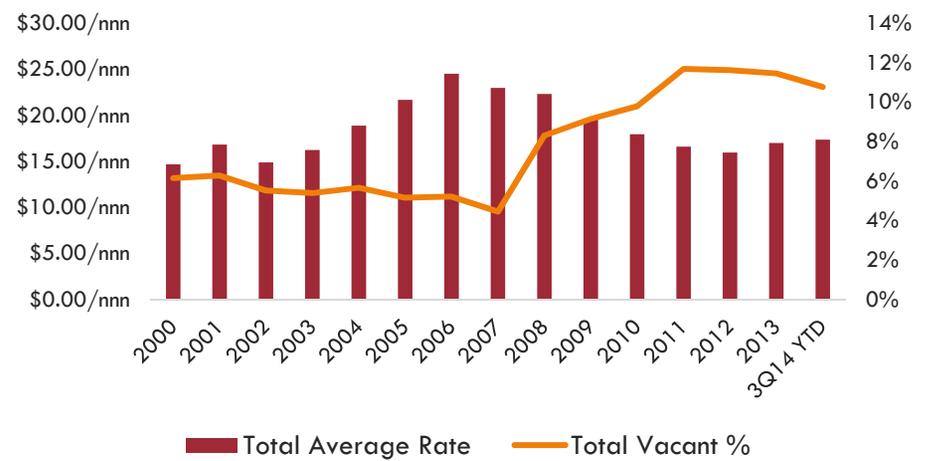


Source: CoStar

Office rents steadily rose after 2000, and peaked at \$24.50 in 2006. Since then, rents declined through 2012, and have slightly increased since 2013.

Vacancy rates were at a low of 5% pre-recession, but doubled between 2007 and 2013, and are starting to improve.

**Upland 2.5-Mile Market Area:
Office Rents & Vacancy**

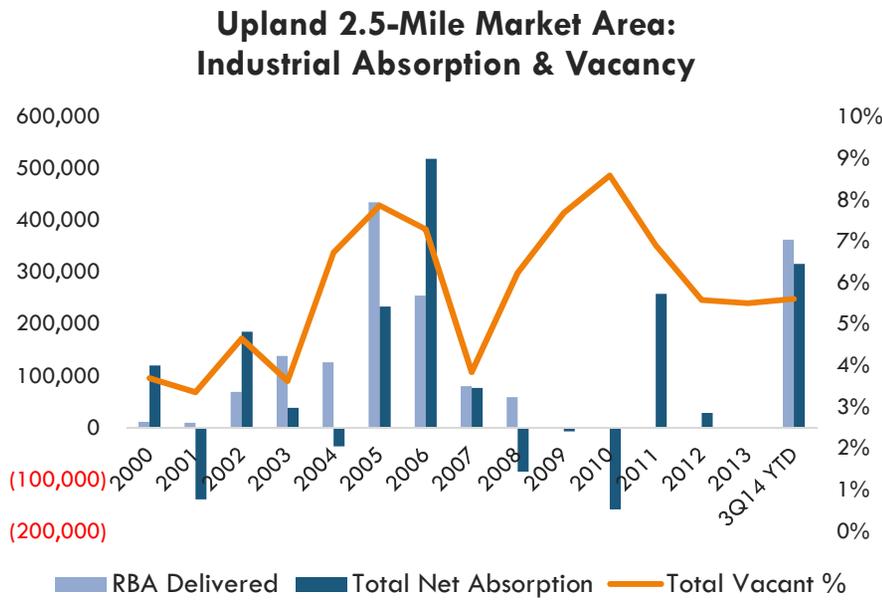


Source: CoStar

The Upland 2.5-Mile Market Area has a large inventory of industrial space, and has seen new space delivered in 10 of the last 14 years.

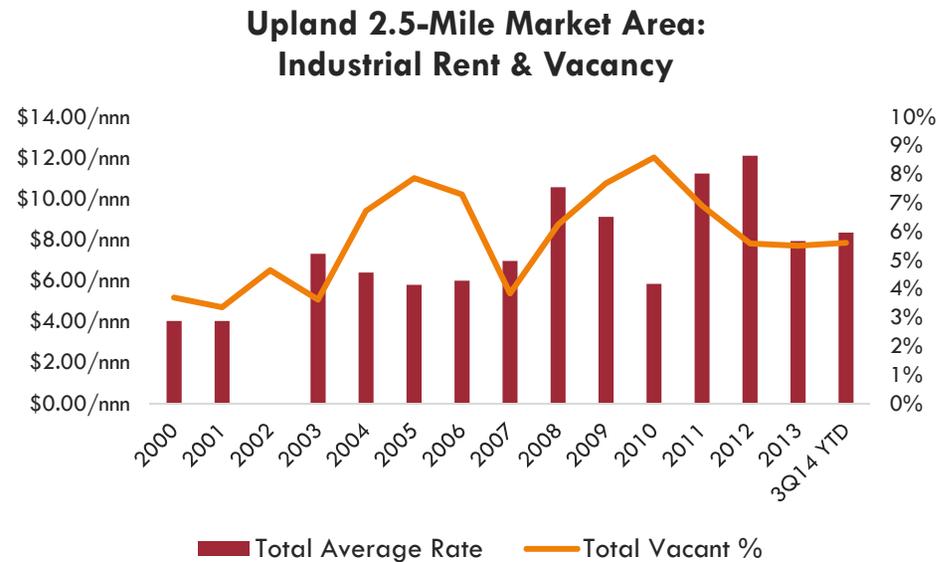
There is 7.4 million SF of industrial space in the Upland 2.5-Mile Market Area. However, 3.5 million SF of it overlaps with the Montclair 2.5-Mile Market Area. Within the city boundaries of Upland, there is 4.4 million SF of industrial space (See Appendix for further details).

In the 2.5-Mile Market Area, new industrial square footage has been added in 10 of the last 14 years, and net absorption has been positive in 10 of the past 14 years.



Since 2000, rents have fluctuated, reaching a peak of \$12.10/SF, triple net in 2012. Average rents in the Upland 2.5-Mile Market Area are currently \$8.30 per SF.

The vacancy rate is currently 6%, which is down from a peak in 2010, when the rate reached 9%.

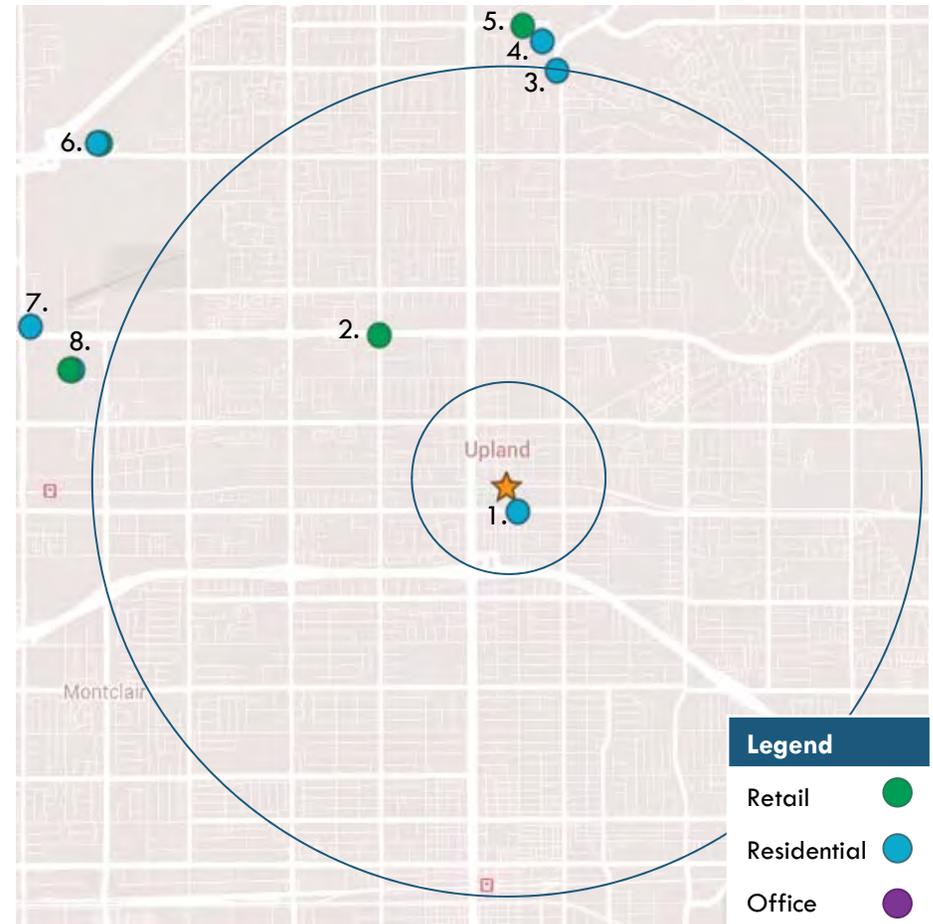


In Upland, recent planned & proposed projects are primarily just outside of the 2.5-Mile Market Area, with the exception of two new residential developments and an upscale grocery store.

Recent, Planned & Proposed Projects List

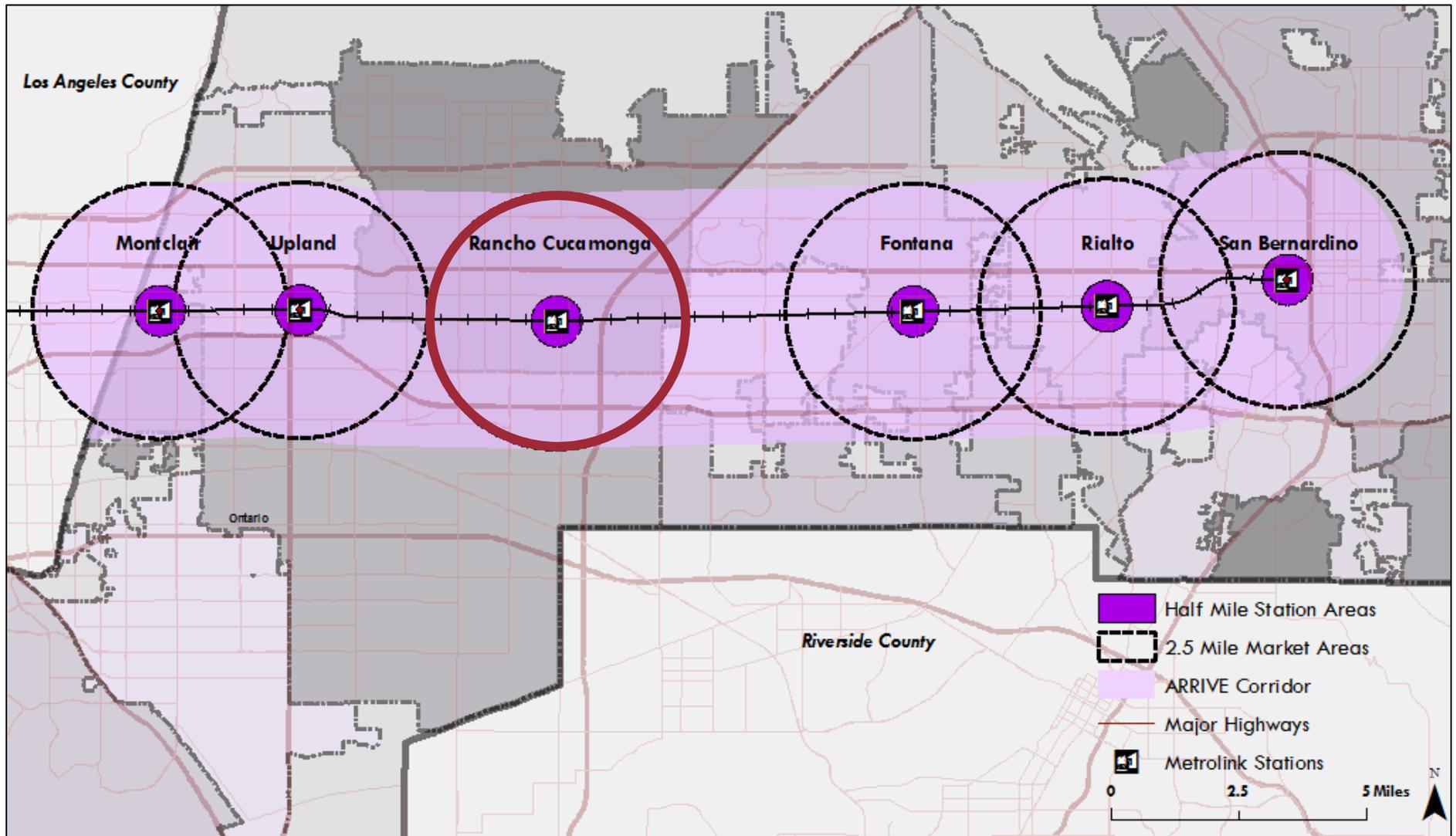
Number	Project	Size	Description
1.	William Lyon Homes	209 units	9.5-acre development to include duplexes, townhomes, and condos
2.	Sprouts Farmers Market	24,000 SF	Sprouts Farmers Market grocery store (Built)
3.	Magnolia Heights	97 units	Development of single family homes
4.	Montrose Project	42 units	Development of single family homes
5.	Upland Marketplace	80,390 SF	7.65-acre site near another major retail center
6.	Parkview 2015	373 units	Mixed-use community development
6.	Parkview 2015	100,000 SF	Mixed-use community development
7.	Harvest at Upland	300 units	Development of single family homes, recreational amenities, public gardens, and club house
8.	Upland Crossing	365 units	Mixed-use development
8.	Upland Crossing	27,500 SF	Mixed-use development

Map of Recent, Planned & Proposed Projects



Sources: City of Upland, 2013 San Bernardino County Business Growth Opportunities, Inland Valley Daily Bulletin, 2014, ESRI.

Rancho Cucamonga



The Empire Lakes golf course and industrial land uses are major elements of the Rancho Cucamonga Half-Mile Station Area.

The Rancho Cucamonga Metrolink Station is centrally located off of Milliken Avenue, and near the intersection of the I-10 and I-15 freeways. It is just over a mile north of the Ontario Airport.

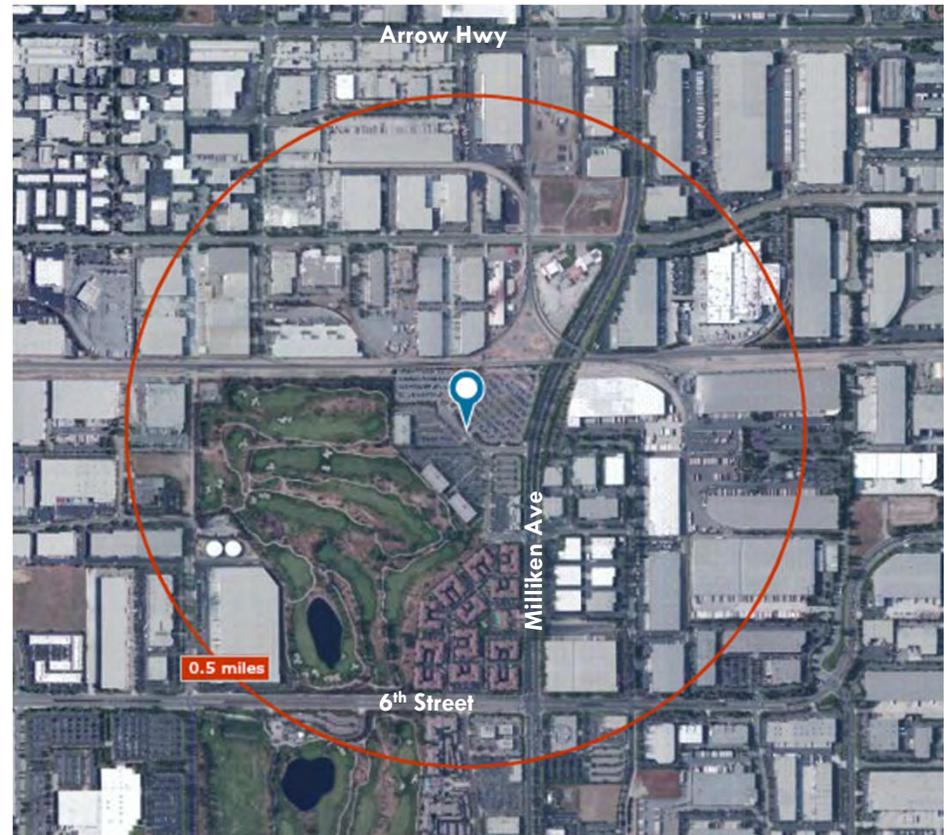
Adjacent to the station are surface parking lots. The area is primarily auto-oriented and is characterized by a “superblock” development pattern that can be limiting for pedestrian uses.

The Station lies within the boundaries of the Industrial Area Specific Plan Sub-Area 18. The mixed-use designation of this area intends to provide commercial, office and recreation uses.



Rancho Cucamonga Metrolink Station

Rancho Cucamonga Half-Mile Station Area



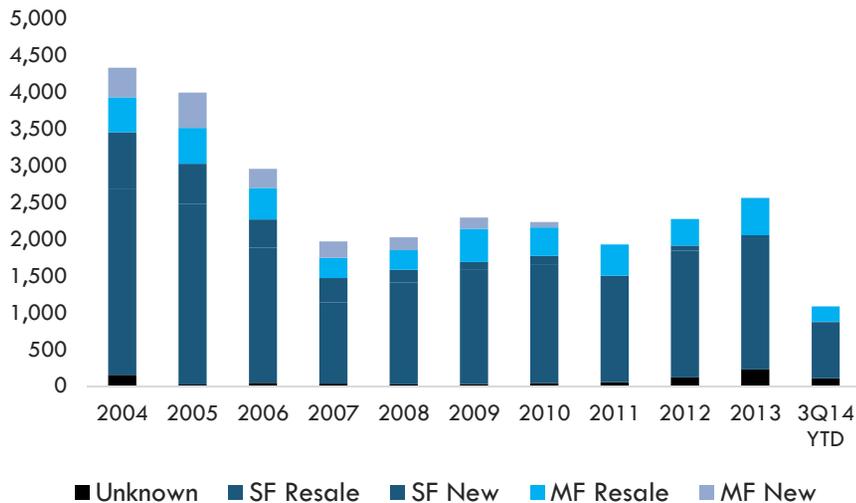
Source: ESRI

Since 2004, Rancho Cucamonga produced a significant number of the new residential sales within the ARRIVE Corridor. Currently, it commands the second highest average sales price for new single family homes.

Rancho Cucamonga represents 25% of new single family home sales and 72% of new multi-family home sales within the ARRIVE Corridor since 2004. Currently, new single family sales in Rancho Cucamonga are declining, however they are still the highest along the Corridor.

Between 2004-2008, Rancho Cucamonga consistently produced two-thirds of the multi-family housing within the ARRIVE Corridor. Since 2004, 1,770 new multi-family units have been sold.

Rancho Cucamonga Annual Home Sales: Single Family (SF) & Multi-Family (MF)



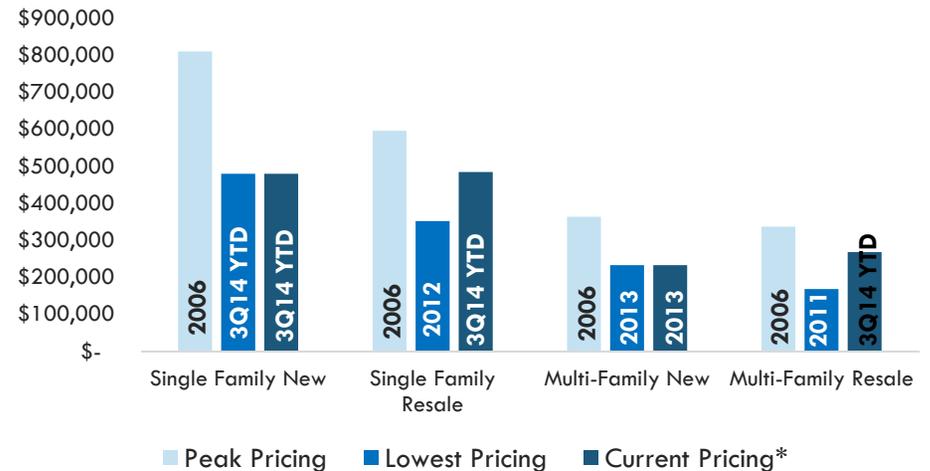
Source: DataQuick

Rancho Cucamonga commands the second highest average sales prices for new single family homes across the ARRIVE Corridor. Resale prices for single family homes are often higher than those of new homes along other parts of the Corridor.

Average new single family prices were highest in 2006 at \$809,000, and are currently their lowest at \$480,000, 60% of their peak price.

Currently, single family new and resale prices are very similar.

Rancho Cucamonga Home Pricing Highlights



* Most current pricing available

Source: DataQuick

Rancho Cucamonga currently has 11 active single family subdivision projects and two active multi-family projects.

Housing Type	Project Name	Price Range
Attached	Pacific Trails By D.R. Horton	\$342,500 - \$395,500
Attached	*Unknown Or Custom Home	\$360,000 - \$430,000
Single	Andalusia	\$840,000 - \$952,500
Single	Gardens @ Harvest	\$480,000 - \$492,000
Single	Ironwood Estates	\$665,000 - \$800,000
Single	Orchards @ Harvest	\$466,000
Single	Pasadera @ Rancho Etiwanda Estates	\$700,000 - \$807,000
Single	Stable Falls	\$496,500 - \$698,000
Single	Vintage Creek	\$617,500 - \$876,500
Single	Whispering Ranch	\$664,500 - \$836,000
Single	*Unknown Or Custom Home	\$1,748,000
Single	*Unknown Or Custom Home	\$657,000
Single	*Unknown Or Custom Home	\$473,500 - \$700,000

Source: Hanley Wood Market Intelligence

Single Family: Stable Falls by Lennar Homes



- ❖ 4-5 bedrooms
- ❖ 2,300 – 4,000 square feet
- ❖ Prices start in the low \$600,000s

Multi-Family: Pacific Trails by D.R. Horton



- ❖ 2-3 bedrooms townhomes
- ❖ 1,800-2,100 square feet
- ❖ Prices start at \$364,000

Rancho Cucamonga commands the highest residential rental rates and has the lowest vacancy within the ARRIVE Corridor.

Residential rental vacancy rates in Rancho Cucamonga are very low at 1.3%, and asking rent is highest among the ARRIVE Corridor submarkets at \$1,442. This rate is \$300 higher than the San Bernardino/Riverside Metro area average, and \$280 higher than Montclair, which is the next highest.

Submarket	Asking Rent \$	Vacancy %
Rancho Cucamonga	\$1,442	1.3%
San Bernardino/Riverside Metro	\$1,104	2.6%

Source: REIS Q1 2014

Homecoming at Terra Vista is part of a master planned community in Rancho Cucamonga developed by Lewis Apartment Communities located north of Foothill Boulevard, just west of the I-215. The gated community features townhomes, villas and apartments with amenities including a clubhouse, community room, workout room and pool.

❖ Unit Mix

1bd: \$1,497 - \$1,743

2bd: \$1,702 - \$2,611

3bd: \$2,220 - \$2,942

❖ Sizes range from 730 – 1,700 SF

Homecoming [at Terra Vista]



Homecoming Exterior



Model Living Room Unit

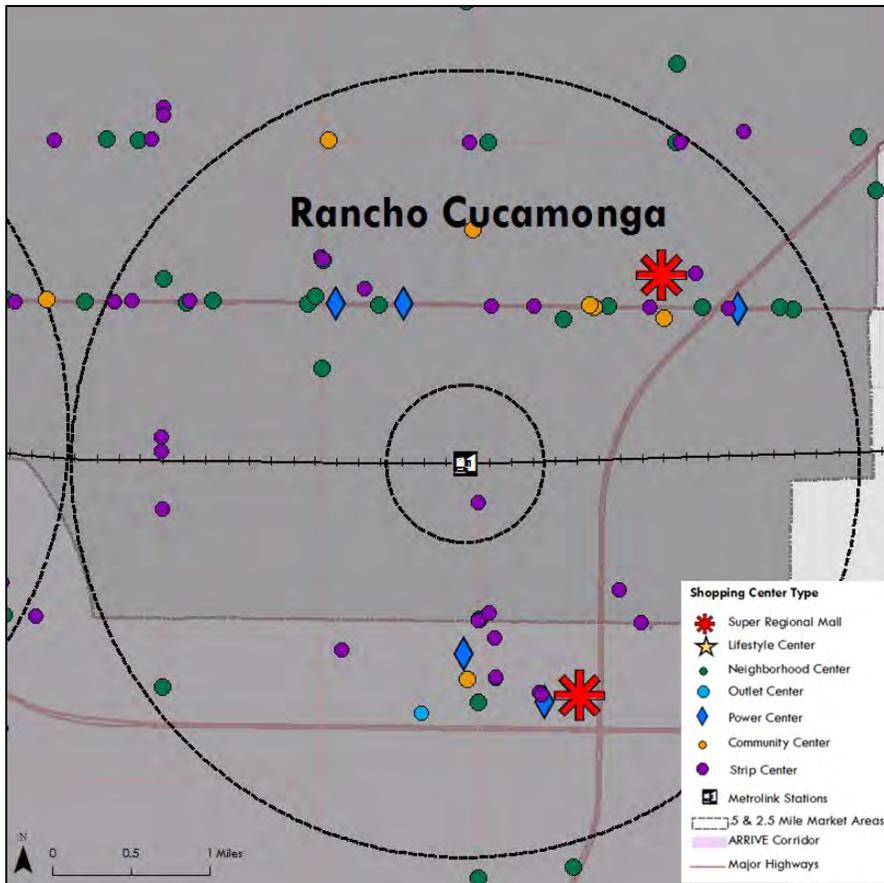


Outdoor Patio and Pool

Source: Lewis Apartment Communities

The 2.5-Mile Rancho Cucamonga Market Area features the greatest amount of variety in shopping center retail along the ARRIVE Corridor, including two super-regional malls.

Rancho Cucamonga Retail Shopping Centers



Source: ESRI, CoStar



Victoria Gardens Super-Regional Mall



Ontario Mills Super-Regional Mall

In the Rancho Cucamonga 2.5-Mile Market Area, there is a variety of shopping center retail.

There is 8.5 million SF of shopping center retail and 1.5 million SF of non-shopping center retail in the 2.5-Mile Market Area.

The Rancho Cucamonga 2.5-Mile Market Area features two super-regional malls, five power centers, an outlet center and six community centers, among others. It should be noted that the Rancho Cucamonga 2.5-Mile Market Area overlaps with the City of Ontario, and 60% of the shopping center retail is actually located within Ontario city boundaries.

Of the shopping centers, only one (Fairway Village) is located within the Half-Mile Station Area; it is a strip center with 13,000 SF of RBA.



Fairway Village, Strip Center



Rancho Cucamonga Village Shopping Center



Terra Vista Shopping Center

3.5 million SF of shopping center retail in the Rancho Cucamonga 2.5-Mile Market Area is located within super-regional malls, and 1.9 million SF is located within power centers.

Rancho Cucamonga 2.5-Mile Market Area Retail

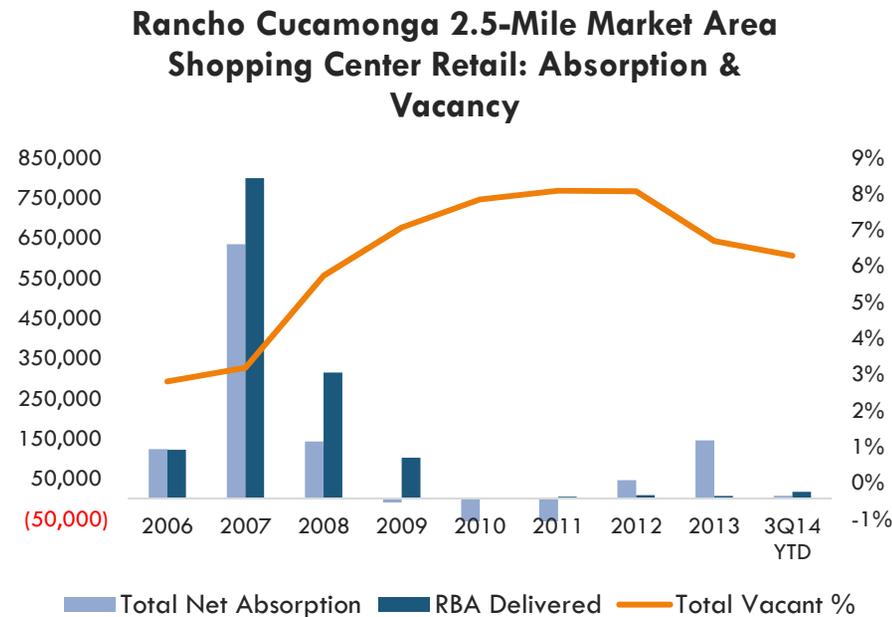
Center Name	Anchor Tenants	Center RBA/GLA (SF)	Year Built/ Renovated	Within Half-Mile Station Area
Super-Regional Mall				
Ontario Mills	Off 5th, Burlington Coat Factory, Bed Bath & Beyond, Dave & Buster's, Marshalls, Nordstrom Rack	1,611,454	1996/2002	
Victoria Gardens	Macy's, JCPenney, Bass Pro Shops, Victoria Gardens Cultural Center	1,871,002	2004	
Power Center				
Foothill Marketplace-Rancho Cucamonga	Living Spaces Furniture LLC, Walmart, Food 4 Less, Warehouse Furniture Outlet, Guitar Center	557,668	1985/1999	
Ontario Gateway Center	Toys"R"Us, Babies "R" Us, Jo-Ann Stores	222,836	1999	
Piemonte at Ontario Center	Target, DSW	357,704	2007	
Terra Vista Town Center	Target, Ross Dress for Less, HomeGoods, UltraStar, Michaels, LA Fitness	599,492	1990/2011	
Town Center Square	OfficeMax, Stein Mart, Barnes & Noble, PetSmart	209,363	1987	
Outlet Center				
Plaza Continental		149,476	1989	
6 Community Centers		1,112,273		
19 Neighborhood Centers		1,107,164		
28 Strip Centers		518,951		

Source: CoStar

The Rancho Cucamonga retail market was very strong pre-recession. Although the market was impacted by the recession, it is still performing quite well.

In 2007, the start of the recession, Rancho Cucamonga saw a significant amount of RBA delivered while absorption began to slow. Retail center space continued to be delivered until 2009.

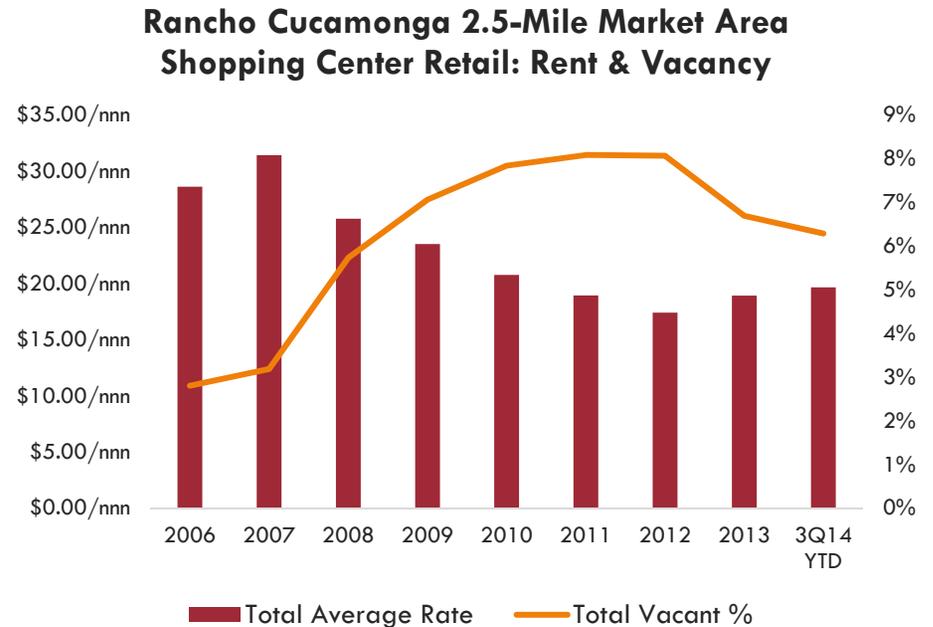
While there were two years of negative absorption in 2010 and 2011, Rancho Cucamonga's retail performance was strong given the economic conditions in the Inland Empire.



Source: CoStar

As of 3Q14 YTD, average rents for retail in a shopping center are approximately \$19.70/SF, triple net. Prices fell from approximately \$31.40/SF to a low of \$17.50/SF in 2012.

The vacancy rate is currently 6%, which is the lowest it has been since 2008. Vacancy rates peaked at 8% in 2012 during the recession, but have improved along with the market.



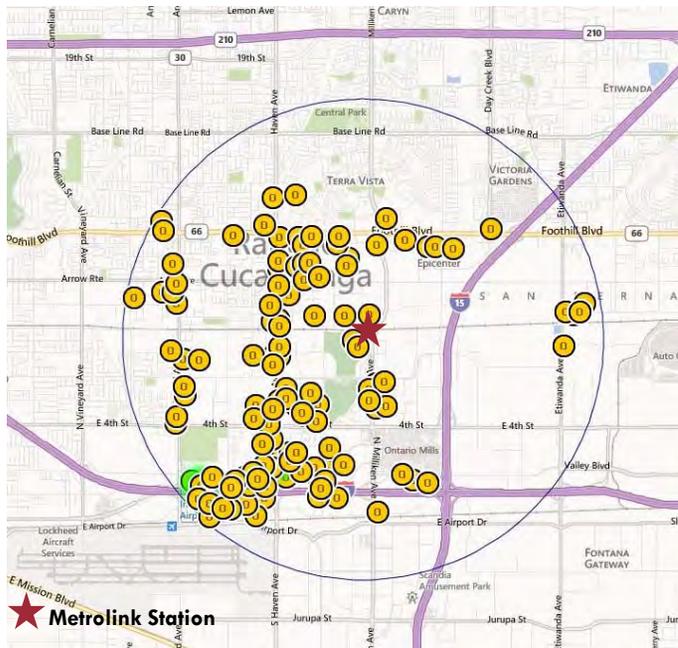
Source: CoStar

The Rancho Cucamonga 2.5-Mile Market Area has numerous office properties, including major employment offices in the Ontario Center and Ontario Airport area.

The Rancho Cucamonga 2.5-Mile Market Area features clusters of office properties along Haven Avenue, and the I-10 Freeway south of the Metrolink Station.

While the 2.5-Mile Market Area features many Class A office properties, within the Half-Mile Station Area, all office is Class B&C.

Rancho Cucamonga 2.5-Mile Market Area Office Properties



Source: CoStar



City Center Office Building, Class A



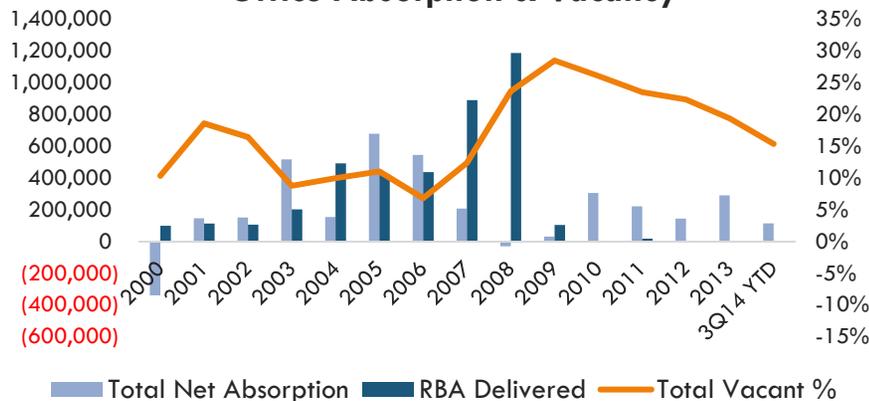
Milliken Corporate Center, Class B

The 2.5-Mile Rancho Cucamonga Market Area had a strong office market pre-recession, but the market was overbuilt at the beginning of the recession.

The Rancho Cucamonga 2.5-Mile Market Area has a total inventory of 7.8M SF of office space. Rancho Cucamonga had a positive net absorption for the past ten years. The total RBA delivered increased from 2000 and peaked in 2008 with a high of 1.2 million square feet. In 2014, net absorption was 114,000 square feet.

There have not been any years with a greater number of spaces vacated than leased. However, the market was overbuilt in 2007 and 2008. Between 2004 and 2006, 1.3M SF of space was delivered and 1.4M SF was absorbed. In 2007 and 2008, 2.1M SF of space was delivered to market, an increase of 51%, while absorption fell to its lowest levels in ten years.

**Rancho Cucamonga 2.5-Mile Market Area:
Office Absorption & Vacancy**



Source: CoStar

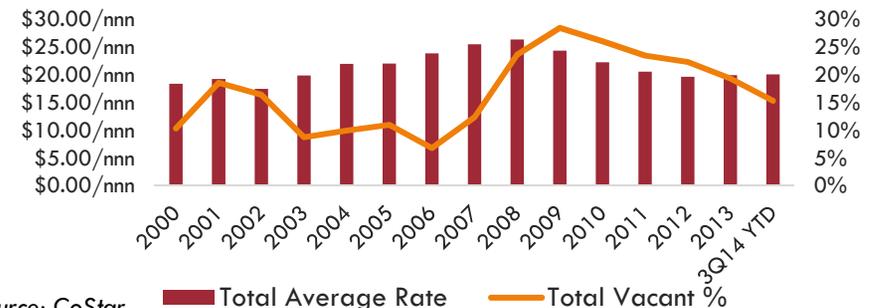
Average office rents in the 2.5-Mile Market Area are approximately \$20.10/SF, triple net, with Class A office achieving rents almost \$9/SF more than Class C office space. Relative to other uses, rental rates have remained fairly stable. Office rents have consistently been above \$15/SF since 2000.

Office Class	Total RBA	Average Rent
A	2,654,787	\$23.55
B	5,463,634	\$18.76
C	617,090	\$14.70

Source: CoStar

The vacancy rate averaged 9% between 2003 and 2006, until it jumped in 2007 with the oversupply of new space and peaked at a very high 28% in 2009. Vacancies have steadily declined as the oversupply of office is being absorbed, but is still high, at 15%.

**Rancho Cucamonga 2.5-Mile Market Area:
Office Rents & Vacancy**



Source: CoStar

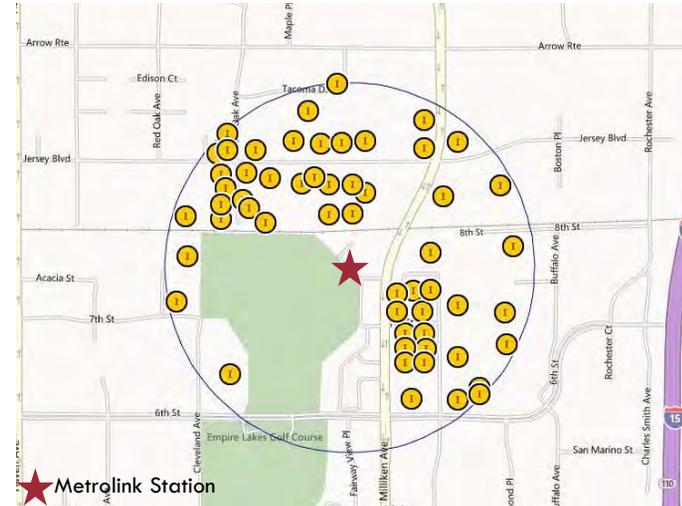
The Rancho Cucamonga Half-Mile Station Area is a hub for industrial properties.

The Rancho Cucamonga Half-Mile Station Area includes the most industrial properties out of the six Station Areas within the ARRIVE Corridor. The location is conveniently just west of the I-15 freeway, and just north of the I-10 freeway, providing easy access for logistics and distribution.



Ryder Integrated Logistics Industrial Property

Rancho Cucamonga Half-Mile Station Area Industrial Properties



Source: CoStar

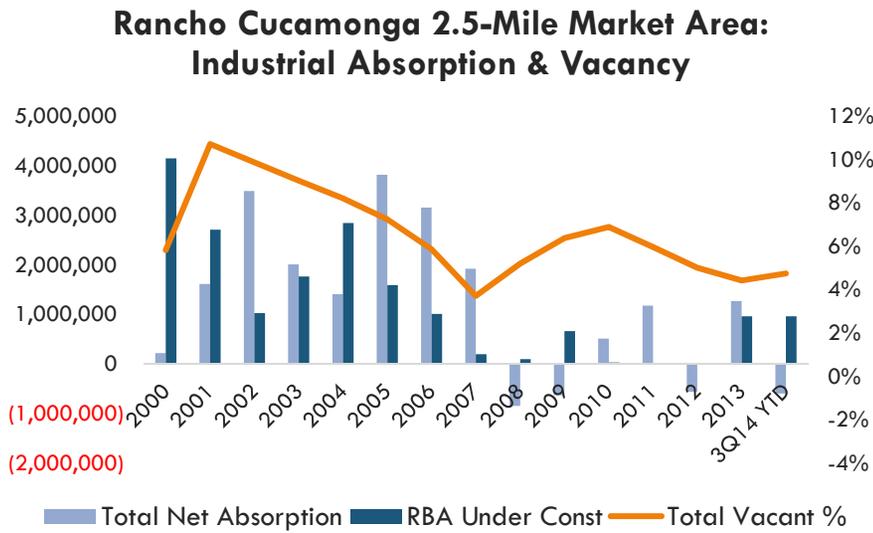


Mission Foods Industrial Property

The Rancho Cucamonga 2.5-Mile Market Area has the most industrial square footage along the ARRIVE Corridor.

There is currently 54 million SF of industrial RBA in the Rancho Cucamonga 2.5-Mile Market Area, which is by far the highest amongst the ARRIVE Corridor cities. The Rancho Cucamonga Half-Mile Station Area features 5 million SF of industrial RBA, which is the highest amongst Station Areas along the ARRIVE Corridor.

Since 2000, new industrial RBA was delivered in the Rancho Cucamonga 2.5-Mile Market Area every year except for 2012. Absorption has been positive for 11 of the past 14 years.

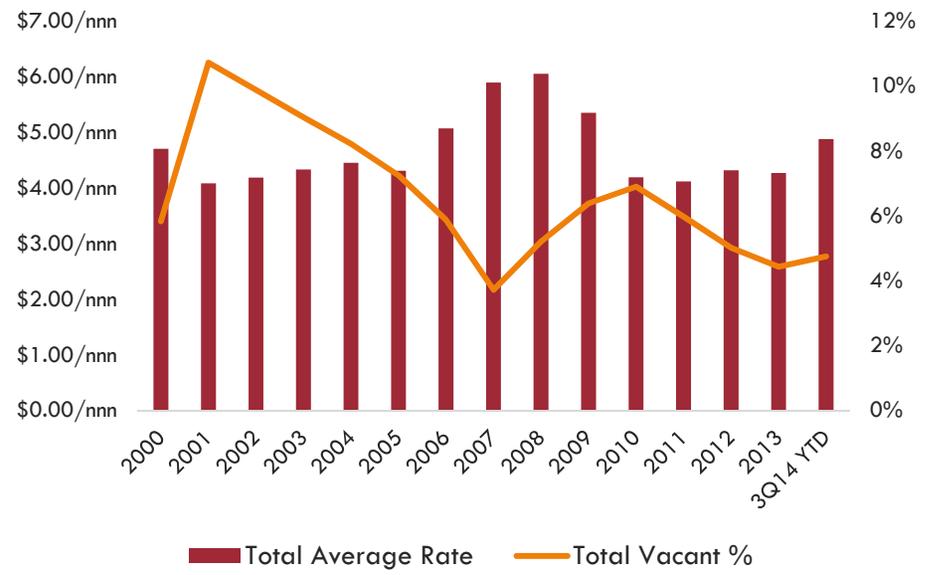


Source: CoStar

Industrial rents grew leading up to their peak of \$6.10/SF in 2008, but have declined since then. However, rental rates have grown since 2013. As of 3Q14 YTD, average rents for industrial properties are \$4.90/SF, triple net.

Vacancy rates were highest in 2001 at 11%, and have generally declined since this time to their current rate of 5%.

Rancho Cucamonga 2.5-Mile Market Area: Industrial Rents & Vacancy



Source: CoStar

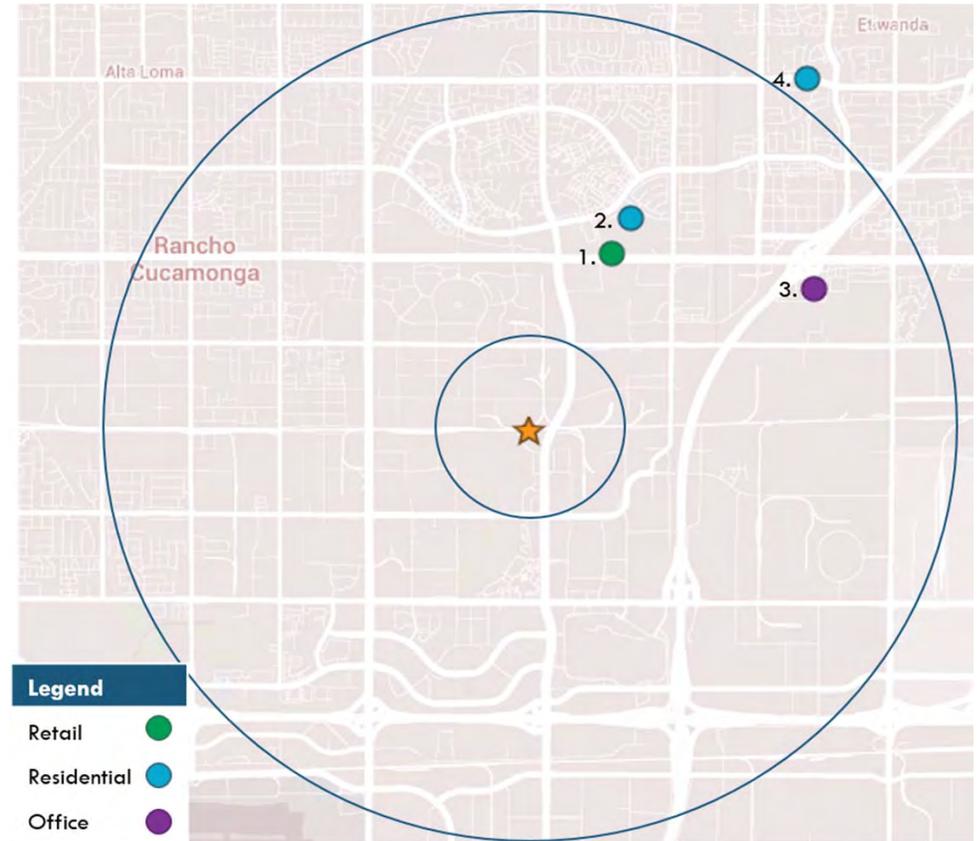
In the Rancho Cucamonga 2.5-Mile Market Area, there are two new planned retail developments and one mixed-use development. A residential development is planned just outside of the Market Area.

Recent, Planned & Proposed Projects List

Number	Project	Size	Description
1.	Walmart Center	189,000 SF	Walmart Center (Planned)
2.	The Enclave at Homecoming Terra Vista	306 units	New rental residential development (Built)
3.	Walmart Area Project	58,120 SF	Development around existing Walmart store
4.	Pacific Trails DR Horton	64 units	For sale multi-family units (Built)

Sources: City of Rancho Cucamonga, 2013 San Bernardino County Business Growth Opportunities, Lewis Apartment Communities, ESRI.

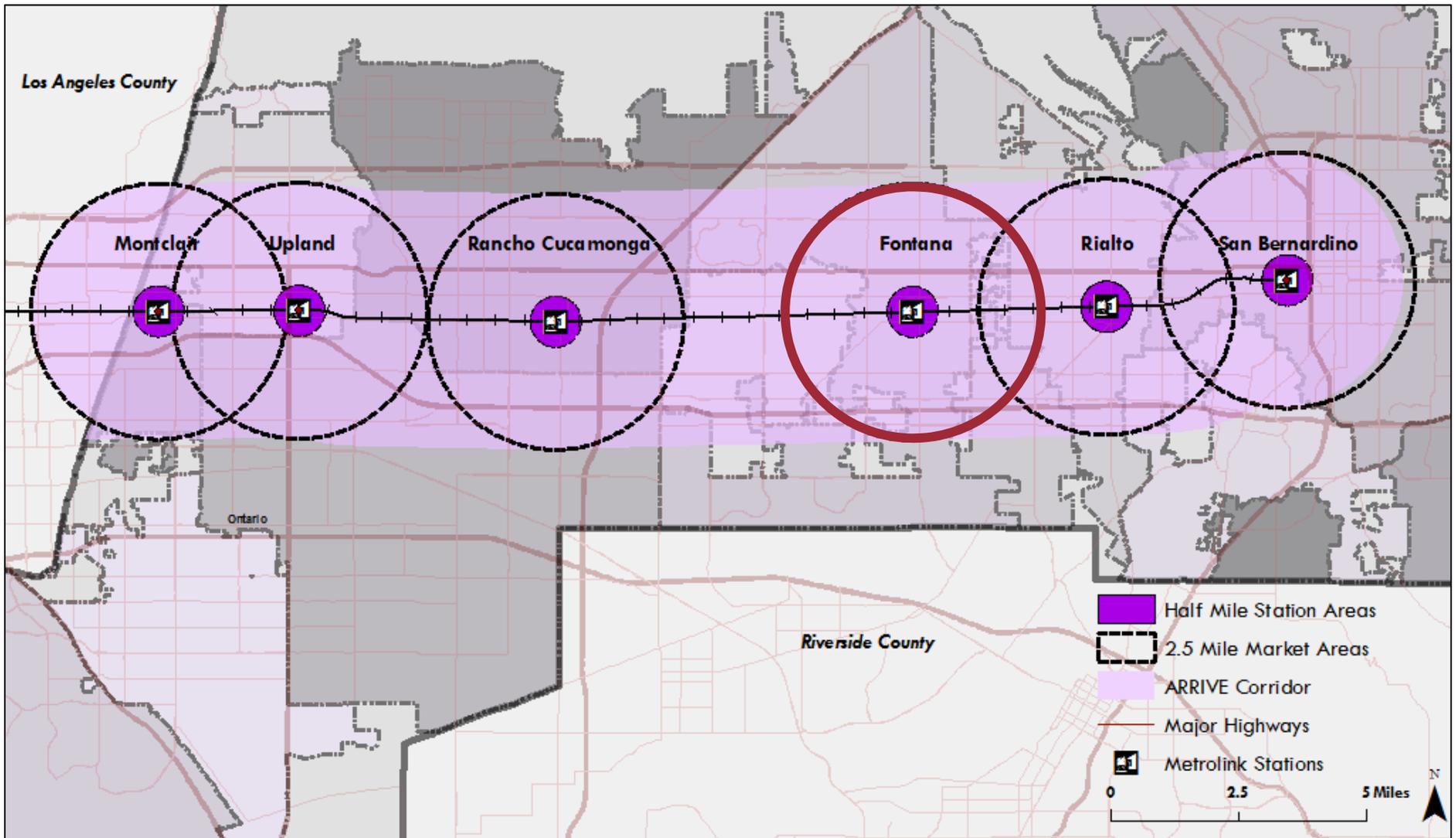
Map of Recent, Planned & Proposed Projects



Legend

- Retail ●
- Residential ●
- Office ●

Fontana



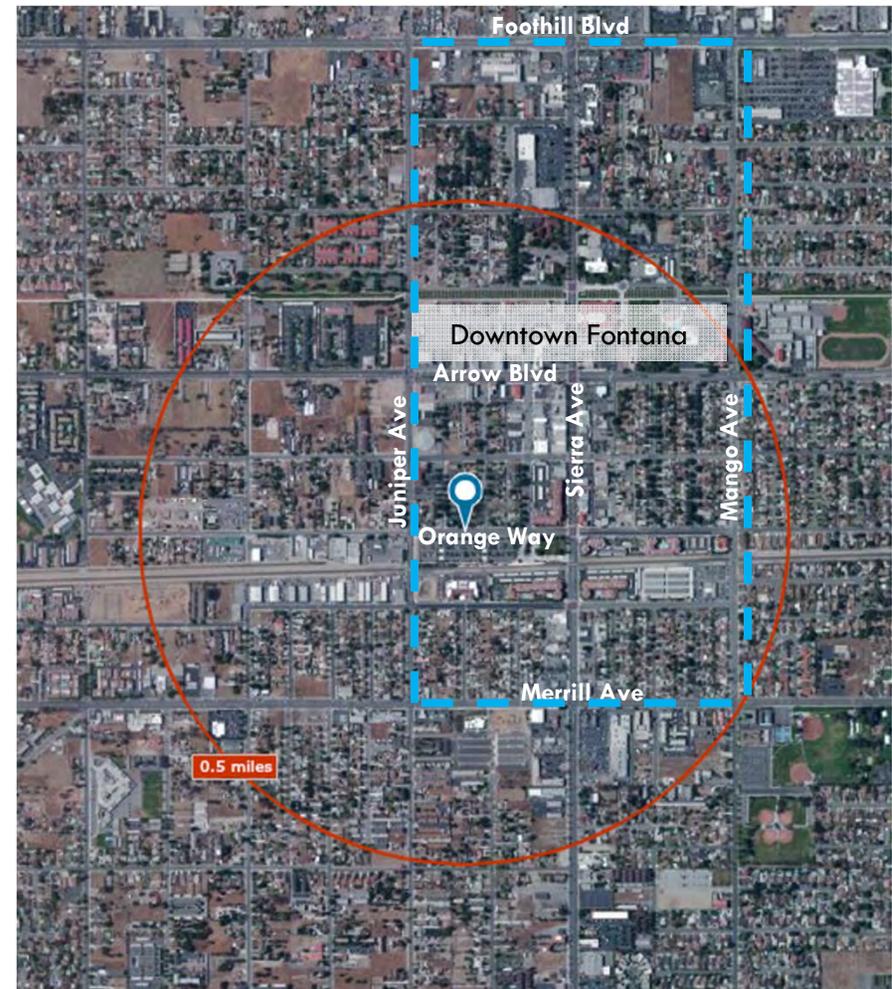
The Fontana Half-Mile Station Area is characterized by commercial, civic and residential land uses.

- ❖ The Fontana Metrolink Station is located approximately two miles north of the I-10 freeway, and west of Sierra Avenue.
- ❖ Most of historic Downtown Fontana is located within the Half-Mile Station Area. The City envisions the Downtown Fontana commercial core to become a destination within the City.
- ❖ The Fontana campus of Chaffey College is within the Fontana Half-Mile Station Area.



Fontana Metrolink Station

Fontana Half-Mile Station Area



Source: ESRI

In eight of the past ten years, Fontana has seen the highest number of total residential sales among the ARRIVE Corridor cities.

Fontana represents 49% of all new single family home sales and 9% of new multi-family home sales within the ARRIVE Corridor since 2004.

Single family new and resale residential sales volumes have also been decreasing since 2009. Multi-family new and resale residential sales have been on the decline since 2010, slightly behind the trend for single family sales.

**Fontana Annual Home Sales:
Single Family (SF) & Multi-Family (MF)**



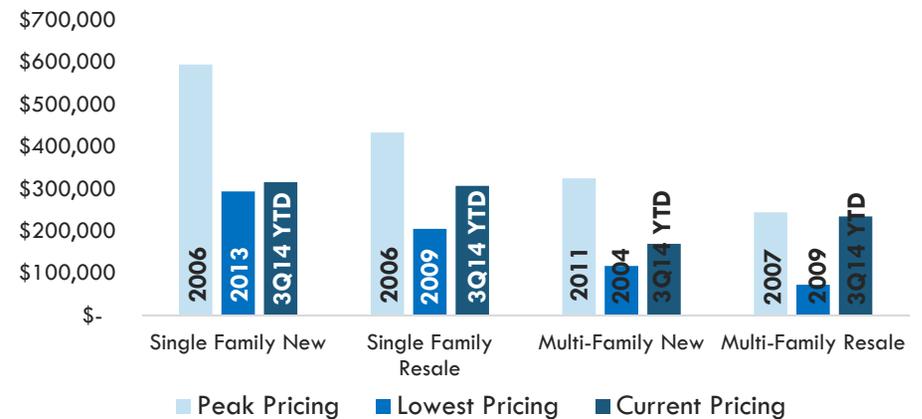
Source: DataQuick

New construction single family residences have held a consistent price premium over resale properties. However, this gap neared closing in 2013, when average new and resale prices only had a \$1,000 difference.

New single family home sales prices peaked at \$595,000 in 2006, and fell to half of this level by 2013 to \$294,00. Current new multi-family sales prices are approximately 50% of their peak price of \$325,000 in 2011.

Average prices as of 3Q14 YTD for all residential types, with the exception of new multi-family, are higher than 2013 prices.

Fontana Home Pricing Highlights



* Most current pricing available

Source: DataQuick

Fontana currently has 13 active single family residential projects.

Fontana currently has several active single family residential projects with prices ranging from the high \$200,000s to the mid \$600,000s.

Housing Type	Project Name	Price Range
Single Family	Aberdeen	\$391,500 - \$489,000
Single Family	Citrus Grove	\$523,500
Single Family	Melinda Place	\$325,000 - \$335,000
Single Family	Morgan Run By Meritage	\$488,500 - \$516,000
Single Family	Mulberry Heights	\$343,000 - \$385,000
Single Family	Randall Crossings	\$270,000 - \$279,000
Single Family	Renaissance @ Avellino	\$570,000 - \$627,000
Single Family	Renaissance @ Citrus Heights	\$470,000 - \$645,000
Single Family	Vista Paseo	\$402,500 - \$443,500
Single Family	*Unknown Or Custom Home	\$323,500
Single Family	*Unknown Or Custom Home	\$426,500 - \$459,500
Single Family	*Unknown Or Custom Home	\$500,000 - \$534,000
Single Family	*Unknown Or Custom Home	\$407,000

Source: Hanley Wood Market Intelligence

Morgan Run by Meritage Homes



- ❖ 4-5 bedrooms
- ❖ 3,300 – 3,900 square feet
- ❖ Prices start in the mid \$400,000s

Vista Paseo by Lennar

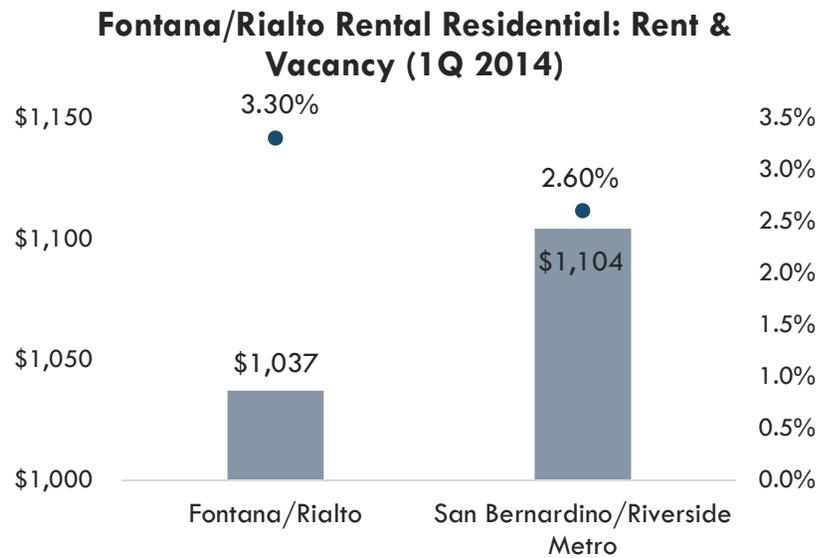


- ❖ 3-4 bedrooms
- ❖ 1,900-2,800 square feet
- ❖ Prices start in the high \$300,000s

The Fontana/Rialto residential rental submarket has the highest vacancy and second lowest average rental rate across the ARRIVE Corridor.

Although the vacancy rate is the highest along the ARRIVE Corridor, 3.3% is still an average vacancy rate for rental properties.

Average rental rates are below the San Bernardino/Riverside Metro average rate by approximately \$40.



Source: REIS Q1 2014

Fontana has few new residential apartment complexes; most are modest and aging complexes.

Ironwood Luxury Apartments



Source: Rentironwood.com

46 units

Asking Rent:
\$995 - \$1,250

Colony Ridge Apartments



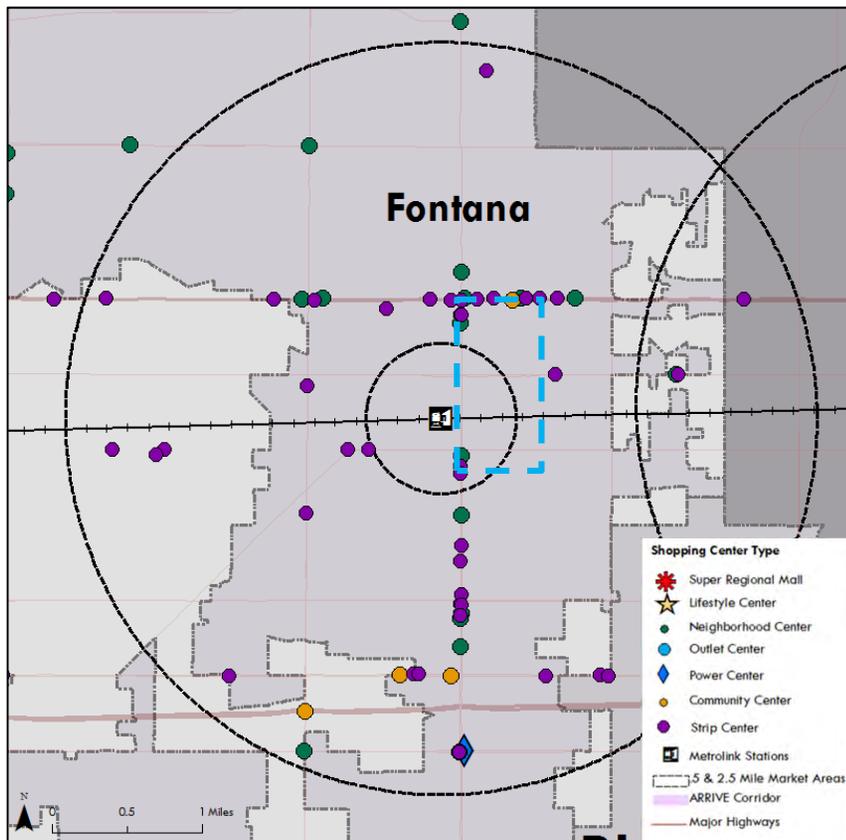
Source: Colonyridgfontana.com

91 units

Asking Rent:
\$875-\$1,100

Other than retail in Downtown Fontana, shopping center retail primarily consists of strip and neighborhood centers, with some big box community centers within the 2.5-Mile Market Area.

Fontana Retail Shopping Centers



Source: ESRI, CoStar



Downtown Fontana¹

¹Downtown Fontana is defined as the area between Foothill Boulevard to the north, Merrill Avenue to the south, Jupiter Avenue to the west, and Mango Avenue to the east.

The Fontana 2.5-Mile Market Area features one power center, five community centers, 17 neighborhood centers and 40 strip centers. The most shopping center retail space is located within the five community centers.

Fontana 2.5-Mile Market Area Shopping Center Retail

Center Name	Anchor Tenants	Center RBA/GLA (SF)	Year Built/Renovated	Half-Mile Station Area/Downtown
Power Center				
Palm Court	Target, Ross Dress for Less, T.J. Maxx	424,240	1980/2012	
Community Center				
Fontana Square	Walmart	186,110	1992	Downtown Fontana
Renaissance Center	Food 4 Less, Citi Trends	193,934	1989	
Home Depot Center	Home Depot, 99¢ Only Stores	145,572	1999	
Inland Empire Center	Cardenas, Toys"R"Us	347,225	1971	
Vineyard Valley Shopping Center	Kmart, Food 4 Less, Big Lots	291,347	1983/1992	
17 Neighborhood Centers		1,141,112		
40 Strip Centers		546,824		

Source: CoStar

Many of Fontana's shopping centers are located on Foothill Boulevard near the I-210 to the north of the Metrolink station, and on Sierra Boulevard and Valley Boulevard near the I-10 to the south of the Station.

Downtown Fontana retail is performing fairly well; rents have increased and vacancy has decreased even through the recent recession.

On it's own, Downtown Fontana has a strong retail market for stand-alone establishments outside of a shopping center. Since 2007, the vacancy rate has primarily been under 3%, and is currently at 1.8%.

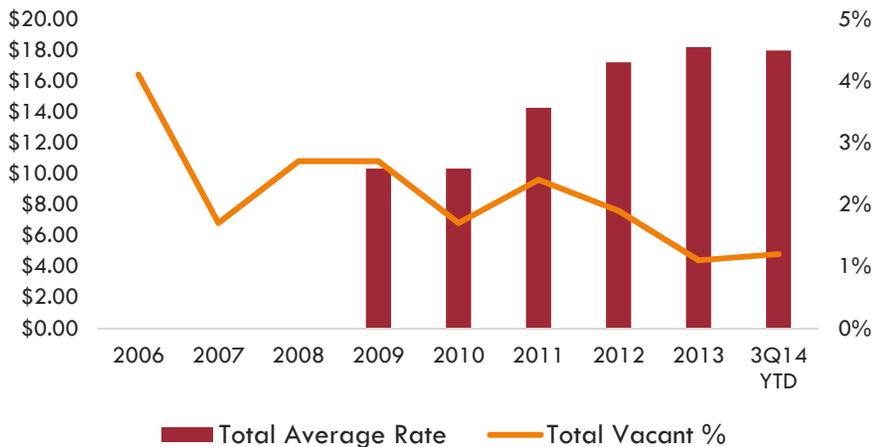
Rents in the Downtown area have increased over the past 8 years. They are currently \$18.00/SF, triple net, which is competitive with those in the larger 2.5-Mile Market Area. Rents are up 75% relative to their rate of just over \$10.30/SF in 2009.

There is currently 325,000 SF of retail RBA in the Downtown Fontana area. Since 2006, only 5,800 SF of new RBA was added to the Downtown Fontana retail inventory.

A majority of retail buildings in the Downtown area are older buildings whose sizes generally range from 500 to 5,000 SF and average about 3,000 SF.

Health services and eating and drinking establishments are prominent businesses in the Downtown area.

Downtown Fontana Retail Rent & Vacancy



Note: No data available for 2006-2008 rental rates.
Source: CoStar

Downtown Fontana Retail: 3Q14 YTD

# Bldgs	Total RBA	Total Vacant %	Total Vacant Available SF	Total Average Rate
99	325,304	1.80%	5,781	\$17.96/nnn

Source: CoStar

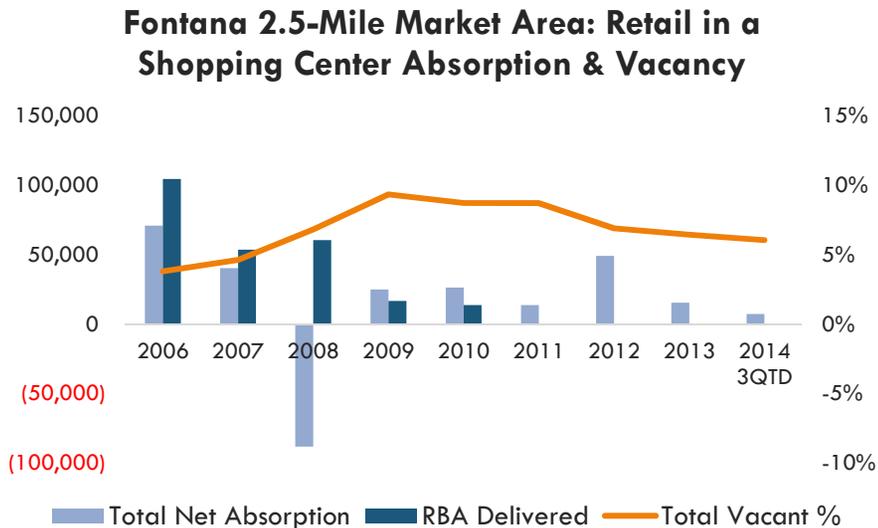


Downtown Fontana Retail

Fontana retail in the 2.5-Mile Market Area is also performing fairly well.

The Fontana 2.5-Mile Market Area has 3.1 million square feet of shopping center retail RBA. With the exception of 2008, each year since 2006 has seen positive net absorption for shopping center retail.

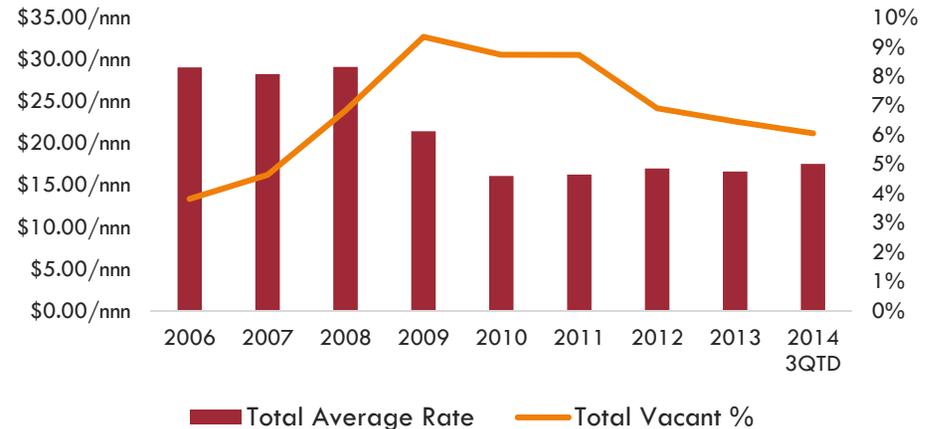
Between 2006 and 2010, 250,000 SF of RBA was delivered. No new RBA has been delivered since 2010.



Source: CoStar

Positive absorption has moved vacancies from their peak of 9% in 2008 to a current rate of 6%. As of 3Q14 YTD, average rents for retail in a shopping center are approximately \$17.60/SF, triple net.

Fontana 2.5-Mile Market Area: Retail in a Shopping Center Rent & Vacancy



Source: CoStar

The Fontana 2.5-Mile Market Area features over two million square feet of office space.

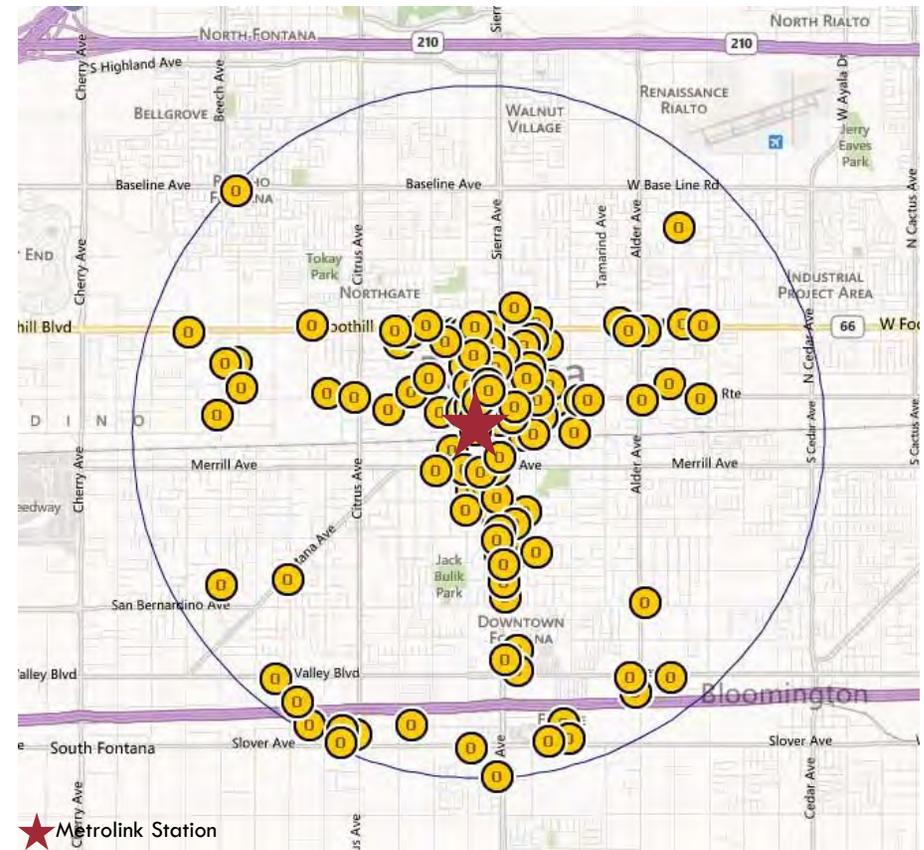
Office properties in the Fontana 2.5-Mile Market Area are primarily clustered along Sierra Avenue between Foothill Boulevard and the I-10 freeway.

All office property within the Half-Mile Station Area is Class B&C. Only four out of 39 properties in the Half-Mile Station Area were built after 2000.



Fontana Professional Center, Class C Property

Fontana 2.5-Mile Market Area Office Properties



★ Metrolink Station

Source: CoStar

The Fontana 2.5-Mile Market Area has a total inventory of 2.4 million SF of office property.

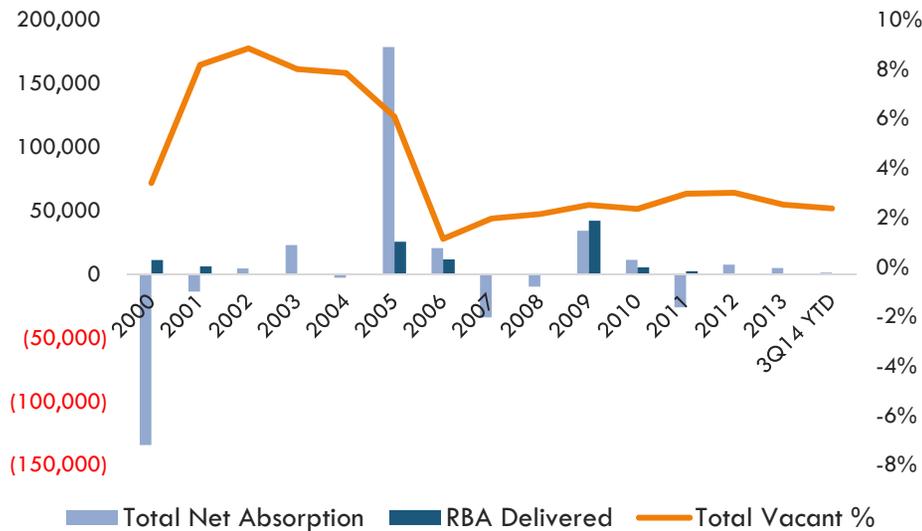
Fontana is a fairly small office market. Across the last 10 years, a total of 100,000 SF has been delivered to the market.

Absorption has generally been positive, even through the recession. Approximately 64,000 SF has been absorbed since 2000, accounting for the major net vacation of space in 2000 and the absorption in 2005.

As of 3Q14 YTD, the office rental rate is \$15.60/SF, triple net. The current vacancy rate is very low, at 2%.

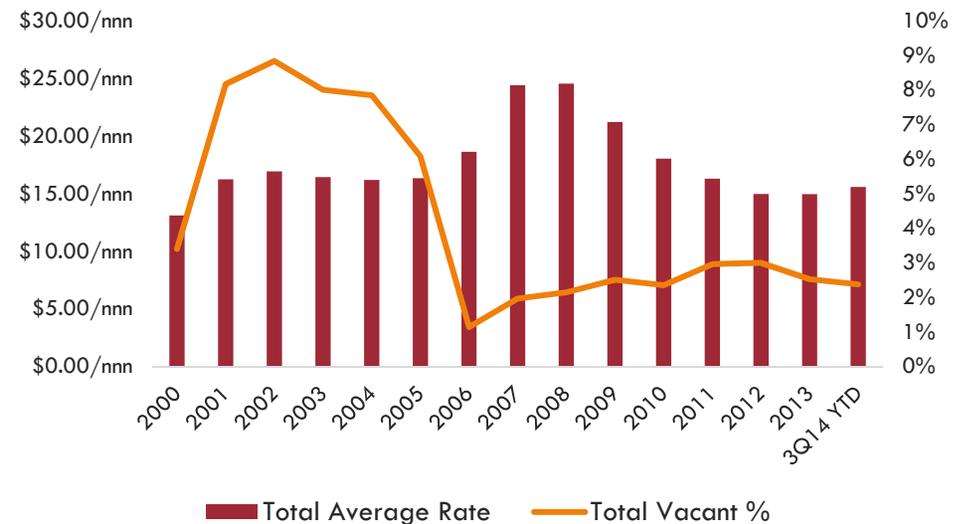
With the major lease in 2005, vacancies fell substantially. The vacancy rate declined from 6% to 1%, and rents continue to increase in the Fontana 2.5-Mile Market Area.

**Fontana 2.5-Mile Market Area:
Office Absorption & Vacancy**



Source: CoStar

**Fontana 2.5-Mile Market Area:
Office Rent & Vacancy**



Source: CoStar

The Fontana Half-Mile Station Area has a few clusters of warehouse and industrial properties.

The Fontana Half-Mile Station Area industrial properties are located near Ceres Avenue between Cypress Avenue and Jupiter Avenue, and near Downtown Fontana.

Major industrial properties in the area include auto repair shops, paint supply stores and an ice warehouse facility.

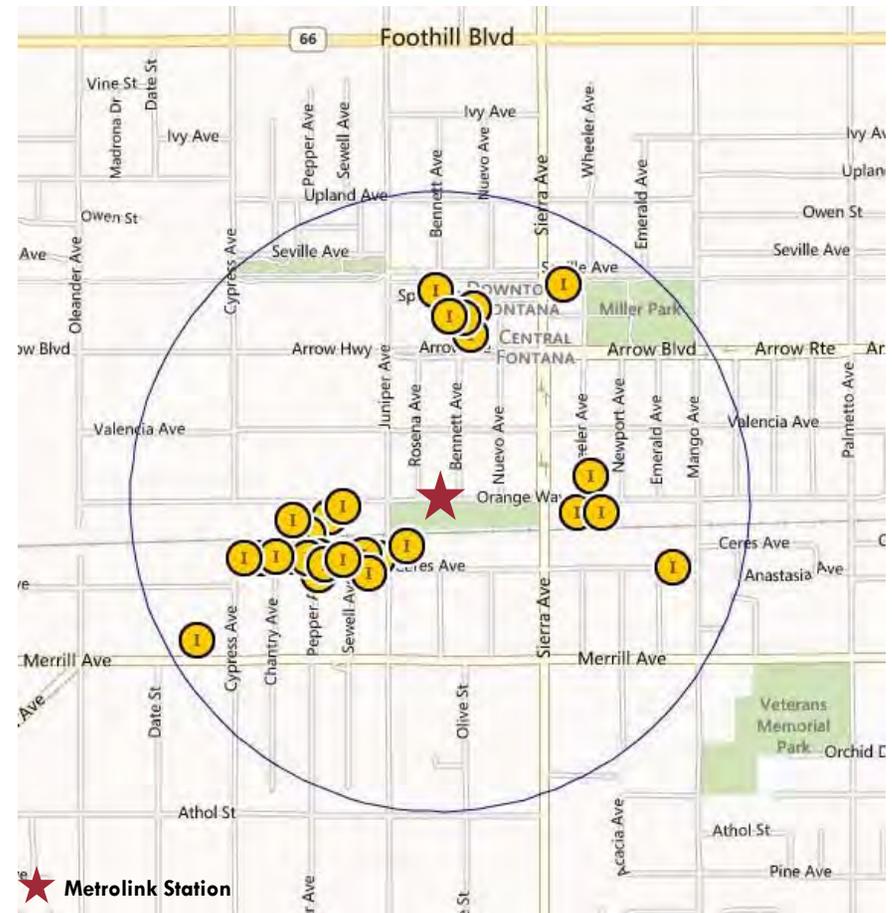


AT&T Industrial Property



Auto Repair Property

Fontana Half-Mile Station Area Industrial Properties



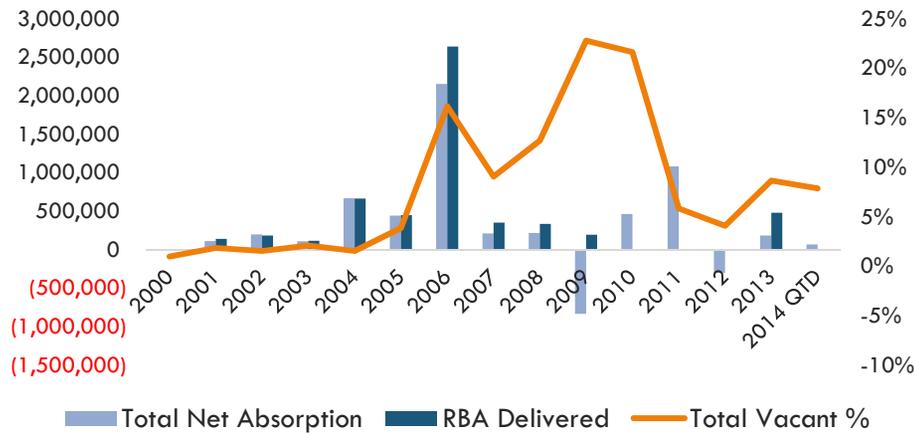
Source: CoStar

The Fontana 2.5-Mile Market Area includes 7.4 million SF of industrial space.

Small amounts of new industrial space were delivered in the Fontana 2.5-Mile Market Area in the majority of years since 2000, with the most RBA delivered in 2006.

Net absorption of has been generally positive, with the exception of 2009 and 2012.

**Fontana 2.5-Mile Market Area:
Industrial Absorption & Vacancy**

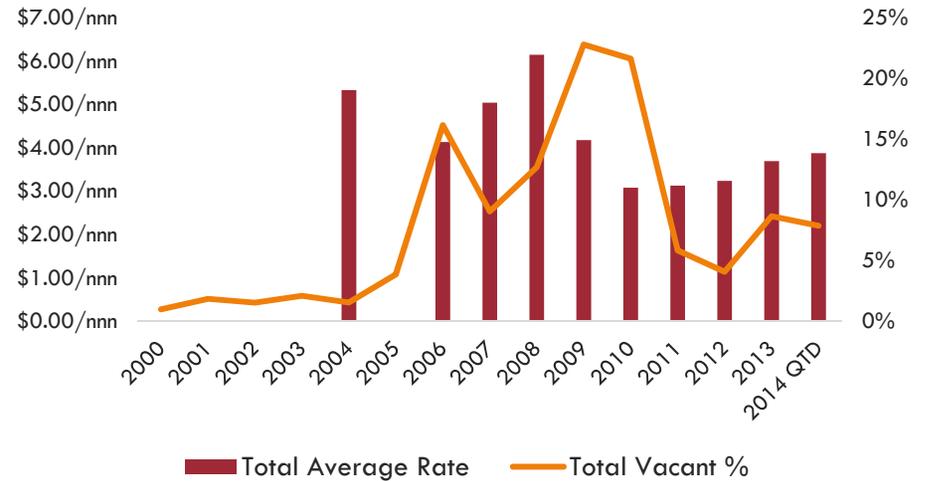


Source: CoStar

Vacancy rates have fluctuated from 4% to 23% since 2004. With the negative absorption in 2009, vacancy rates jumped to a peak of 23%, but have improved and are currently 8%.

Industrial rents peaked at \$6.10/SF, triple net in 2008, and have declined since then. Rental rates have steadily risen since 2010 to their current level of \$3.90/SF.

**Fontana 2.5-Mile Market Area:
Industrial Rent & Vacancy**



Note: No average rate data available for 2000-2003.

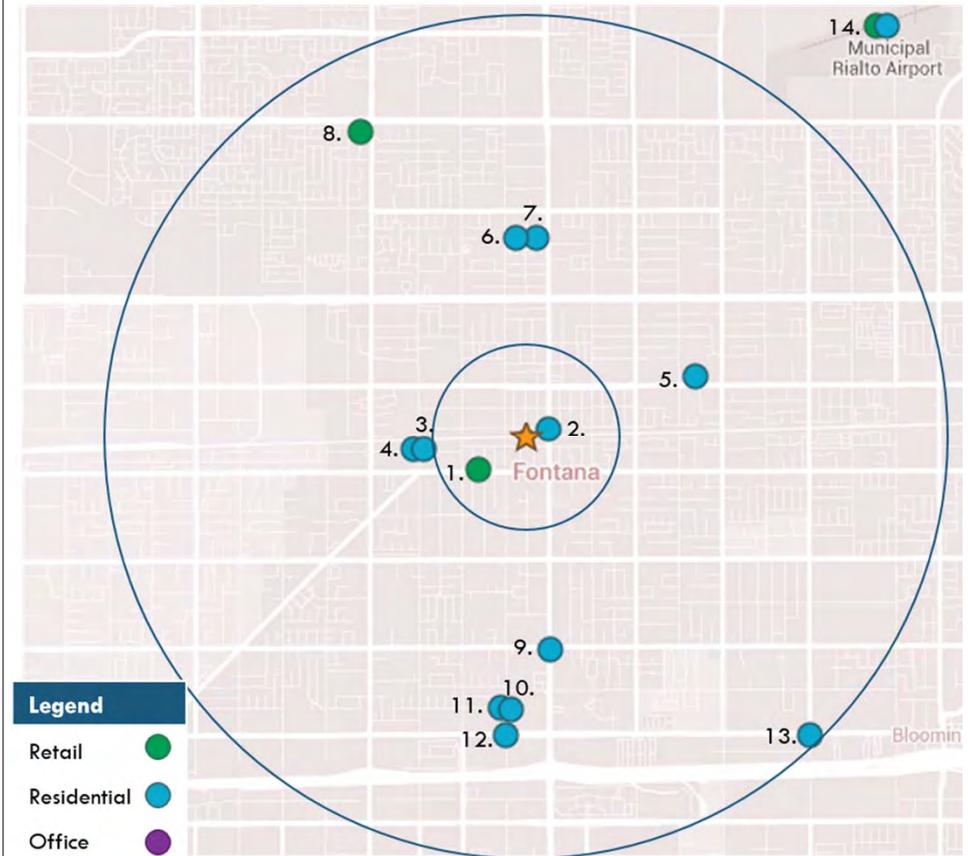
Source: CoStar

Within the Fontana Half-Mile Station Area, there is a recent new senior affordable housing development and a planned office building. There are several new affordable housing developments within the 2.5-Mile Market Area.

Recent, Planned & Proposed Projects List

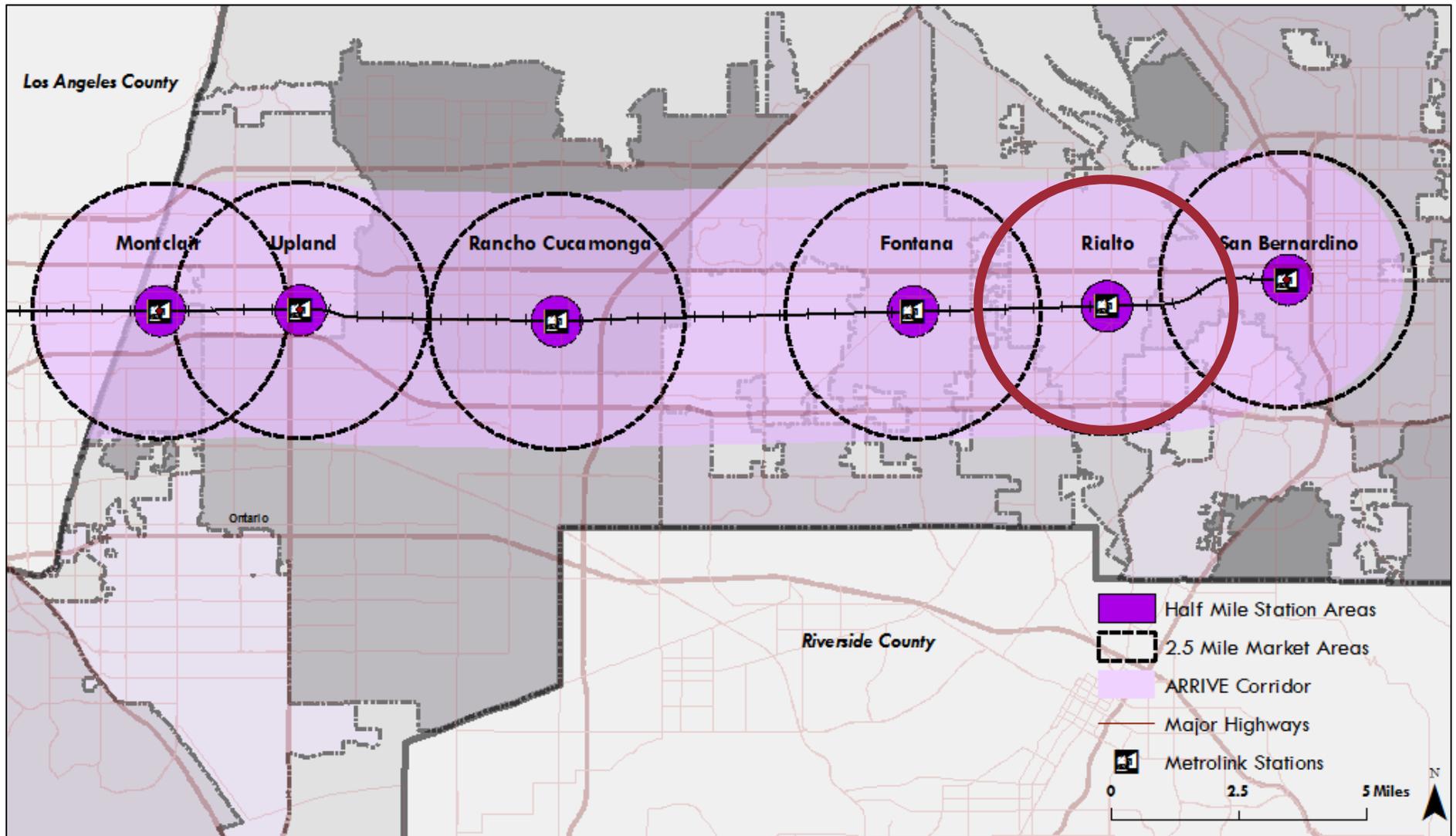
#	Project	Size	Description
1.	Perla Dental	1,877 SF	Planned dentist office
2.	Plaza at Sierra	90 units	Senior affordable housing (built)
3.	Ceres Court Apartments	20 units	1 of 3 affordable housing developments (built)
4.	Ceres Way Apartments	60 units	1 of 3 affordable housing developments (built)
5.	Arrow Blvd Condominiums	32 units	Planned residential condominium development
6.	Sierna Apartments	55 units	Planned low-income apartments
7.	Toscana Apartments	52 units	Low-income housing (built)
8.	Baseline Plaza	35,000 SF	Retail grocery built, adding additional retail
9.	Monterey Villas	100 units	Planned apartment community
10.	Piazza Senior Apartments	60 units	Low-income senior housing (built)
11.	Minerva Manor	86 units	Low-income senior housing
12.	Paseo Verde Apartments Phase III	46 units	Affordable townhome apartments adding to previous phases (built)
13.	Bloomington Affordable Housing Community	190 units	Affordable housing development will be built in 2 phases
14.	Airport Redevelopment (Rialto)		Large scale mixed-used redevelopment of the Rialto Airport

Map of Recent, Planned & Proposed Projects



Sources: City of Fontana, 2013 San Bernardino County Business Growth Opportunities, San Bernardino County Economic Development Agency, ESRI.

Rialto



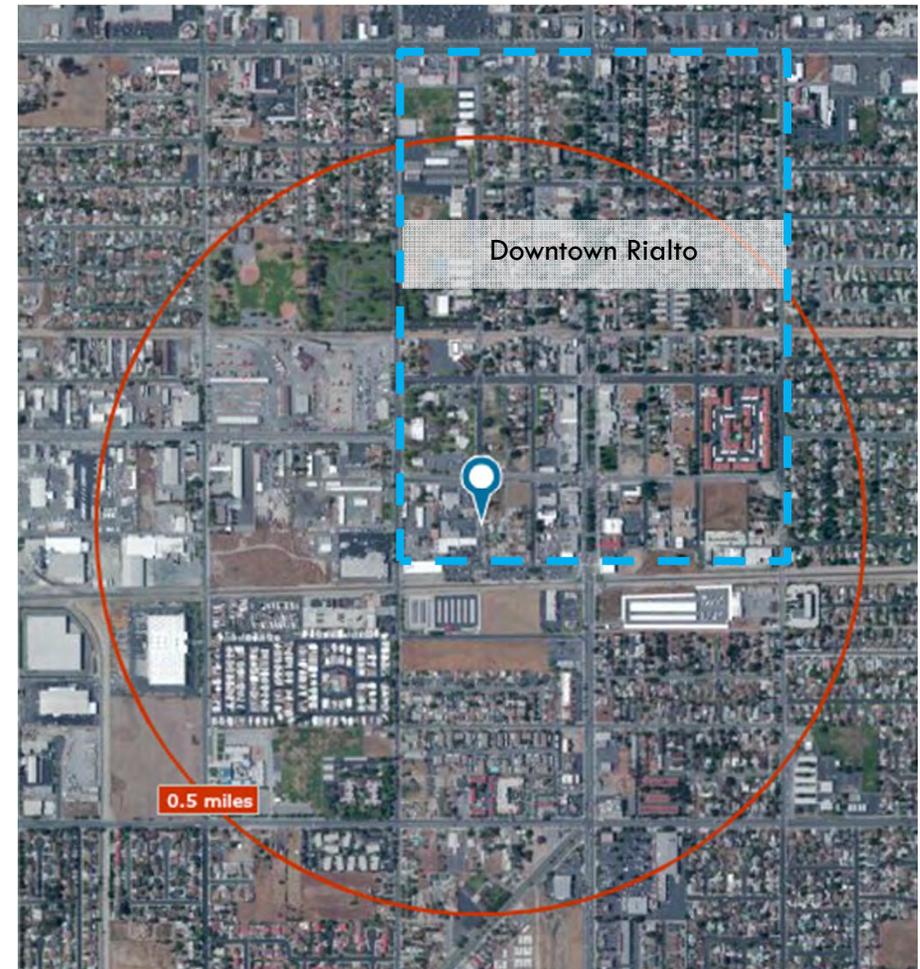
The Rialto Half-Mile Station Area is characterized by a revitalized commercial district, civic uses, residential neighborhoods and a number of vacant parcels.

- ❖ The Rialto Metrolink station is located just west of Riverside Avenue approximately two miles north of the I-10 freeway.
- ❖ The Metrolink station is included within the boundaries of the Downtown Specific Plan. Rialto's General Plan identifies a "Downtown Rialto Development Opportunity Area" that seeks to link the Metrolink transit services with the with a lively "Main Street" city center via a pedestrian-friendly environment.



Rialto Metrolink Station

Rialto Half-Mile Station Area

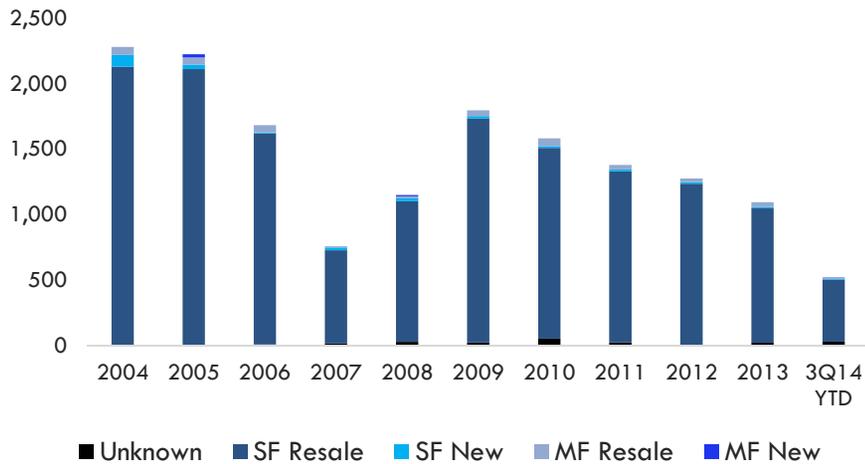


Source: ESRI

Rialto represents only a small portion of new single family and multi-family residential development within the Corridor, but a much higher proportion of existing residential resales.

- ❖ Rialto represents only 2% of all new single family home sales and 1% of new multi-family home sales within the ARRIVE Corridor since 2004.
- ❖ However Rialto represents 12% of all new and resale residential sales within the ARRIVE Corridor.
- ❖ Sales of all residential housing types have been on the decline in Rialto since 2010.

Rialto Annual Home Sales: Single Family (SF) & Multi-Family (MF)



Source: DataQuick

- ❖ New single family residential sales prices are currently \$290,000, 64% of what they were at their peak of \$450,000 in 2006.
- ❖ In 2013, average prices for resale homes were actually slightly higher than average prices for new single family homes.

Rialto Home Pricing Highlights



* Most current pricing available

Source: DataQuick

Rialto has seven active new single family residential subdivision projects, and one new multi-family project.

Housing Type	Project Name	Price Range
Single Family	Bloomington Lane By Frontier Communities	\$261,000 - \$283,000
Single Family	Maple Heights	\$309,500
Single Family	Maple Heights II By Frontier Communities	\$315,000 - \$341,000
Single Family	Mulberry Heights	\$394,500
Single Family	Renaissance	\$329,000
Single Family	Sage @ Rosena Ranch	\$304,000 - \$313,500
Attached	*Unknown Or Custom Home	\$296,000
Single Family	*Unknown Or Custom Home	\$261,000 - \$287,000

Source: Hanley Wood Market Intelligence

Maple Heights II by Frontier Homes



- ❖ 4-6 bedrooms
- ❖ 2,200-2,500 square feet
- ❖ Prices start in the low \$300,000s



Bloomington Lane Rialto is a new single family community developed by Frontier Communities less than a mile south of the Rialto Metrolink Station, just off Bloomington Avenue.



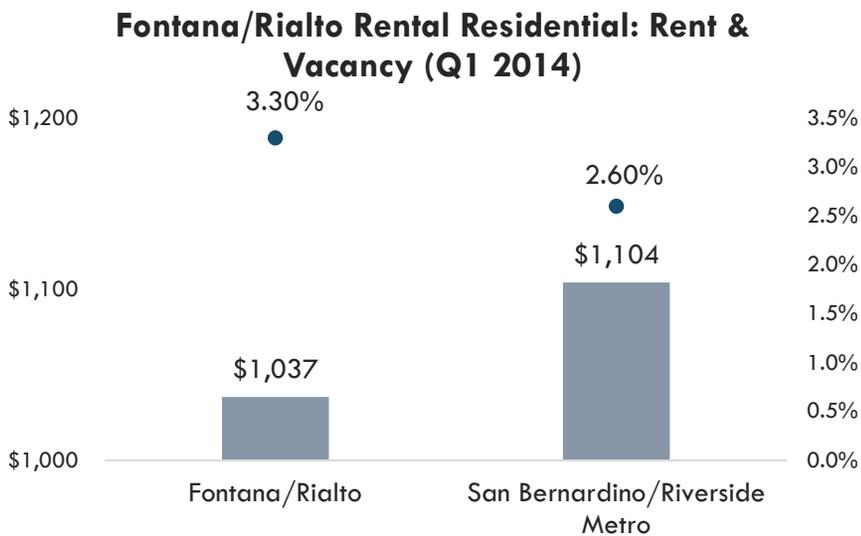
Bloomington Lane Rialto

- ❖ Includes 35 single family homes
- ❖ Price Range: \$261,000 - \$283,000
- ❖ Up to 4 bedrooms, 2.5 baths
- ❖ Size: 1,900 – 2,100 SF

Source: Frontier Communities, Trulia

Residential apartment complexes in Rialto are primarily older buildings with few luxury amenities relative to other cities along the ARRIVE Corridor.

- ❖ Although the vacancy rate is the highest along the ARRIVE Corridor, 3.3% is still low.
- ❖ Average rental rates are below the San Bernardino/Riverside Metro average rate by \$40.



Source: REIS Q1 2014

Club Royale Apartments



334 units

Asking Rent:
\$752 - \$1,310

Riverside Palms Apartments



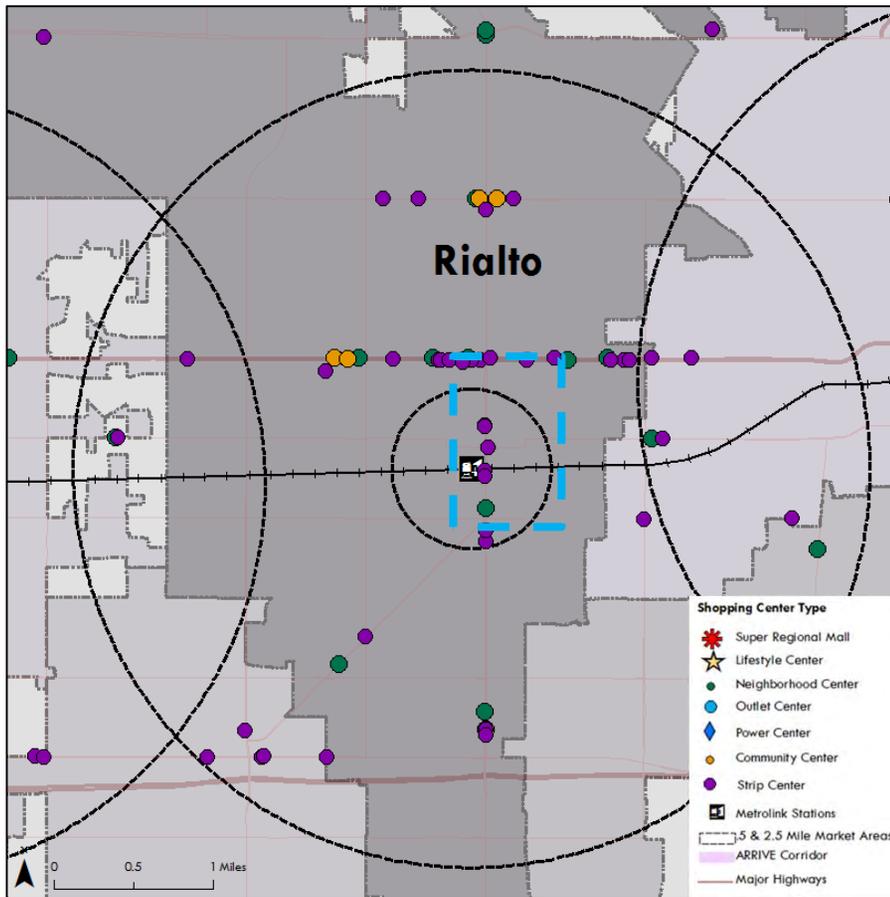
38 units

Asking Rent:
\$1,225 - \$1,375

Source: Rent.com

Retail in the Rialto 2.5-Mile Market Area is characterized by downtown retail as well as a number of neighborhood and community serving shopping centers.

Rialto Retail Shopping Centers



Source: ESRI, CoStar



¹Downtown Rialto is defined as Foothill Boulevard to the north, Allen Street to the south, Willow Avenue to the west, and Sycamore Avenue to the east.

Downtown Rialto has a pleasant streetscape and interesting façade design. However, the area is located about two miles from major freeways and current points of activity in Fontana. While the Downtown area is charming, it is less convenient than other parts of the city.



Downtown Rialto

Within the 2.5-Mile Rialto Market Area, retail is characterized by neighborhood and community shopping centers anchored primarily by big box retail and grocery stores.



Renaissance Center

Downtown Rialto is a walkable area that includes clustered retail with low vacancies.

There is 185,000 SF of retail RBA in Downtown Rialto. 2,100 SF of new retail RBA has been added since 2006.

Downtown Rialto retail spaces are generally between 900 and 6,000 SF, and the average size is 3,300 SF. Most buildings were built before 1960.

Downtown Rialto Retail Performance

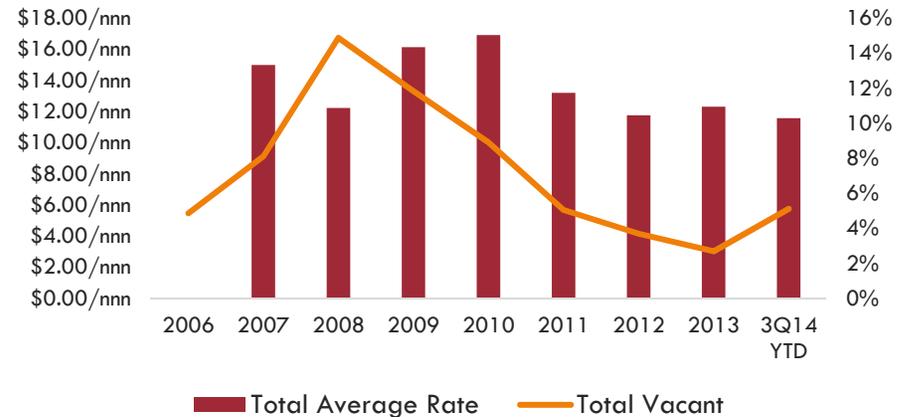
Period	# Bldgs	Total RBA	Total Vacant %	Total Vacant Available SF	Total Net Absorption	Total Average Rate
2014 QTD	55	184,770	5.1%	9,434	(6,100)	\$11.58/nnn

Source: CoStar



Downtown Rialto Clock Tower

Downtown Rialto Retail Rent & Vacancy



Note: No average rate data available for 2006.

Source: CoStar

Vacancy is currently a strong 5%. Vacancies are low relative to the past 8 years.

Downtown Rialto rents were highest in 2009 and 2010, and have fluctuated slightly around \$12/SF, triple net, over the past 2 years. Currently, rents range from \$9.60 to \$12.60.

Other services and health services are among the most prominent businesses in Downtown Rialto, followed by eating and drinking establishments and miscellaneous retail.

Within Rialto's 2.5-Mile Market Area, there is 1.9 million SF of shopping center retail, located primarily in neighborhood centers.

Within the Rialto 2.5-Mile Market Area, there are several shopping centers including five community centers, 12 neighborhood centers and 41 strip centers. The largest of the shopping centers is the Renaissance Center, which has 194,000 SF. The majority of shopping center space, 830,000 SF, is located within neighborhood centers.

Rialto 2.5-Mile Market Area Shopping Center Retail

Center Name	Anchor Tenants	Center RBA/GLA	Year Built/Renovated	Half-Mile Station Area/Downtown
Community Center				
Renaissance Center	Food 4 Less,Citi Trends	193,934	1989	
Home Depot Center	Home Depot,99¢ Only Stores	145,572	1999	
Rialto Shopping Center	Walmart Neighborhood Market, 99¢ Only Stores	138,036	1984	
North Rialto Shopping Center	Fallas Paredes, Stater Bros., Walgreens	119,196	1957	
Rialto Marketplace	Walmart			
Neighborhood Centers				
Five Points Plaza	Rite Aid	148,575	1985	Half-Mile Station Area/ Downtown
N/A	Superior Grocers	112,516	1991	
Rialto Square	RadioShack	95,694	1963	
Foothill Acacia Plaza	Stater Bros.,Pep Boys	92,412	1991	
Rancho Vista Shopping Center	Stater Bros.	73,816	1965	
Rialto Value Center	Walmart	70,797	1991/2002	
N/A	Stater Bros.	63,586	1976	
Foothill Marketplace	Family Dollar	53,286	1988	
Rialto Town Center	AutoZone	46,633	1985	
Tudor Plaza	Walgreens	36,466	2005	
N/A	Stater Bros.	29,120	1979	
East Rialto Avenue Center	El Toro Market	5,194	2002	
41 Strip Centers		520,681		

Source: CoStar

The shopping center market in Rialto's 2.5-Mile Market Area is small, and was struck hard by the recession.

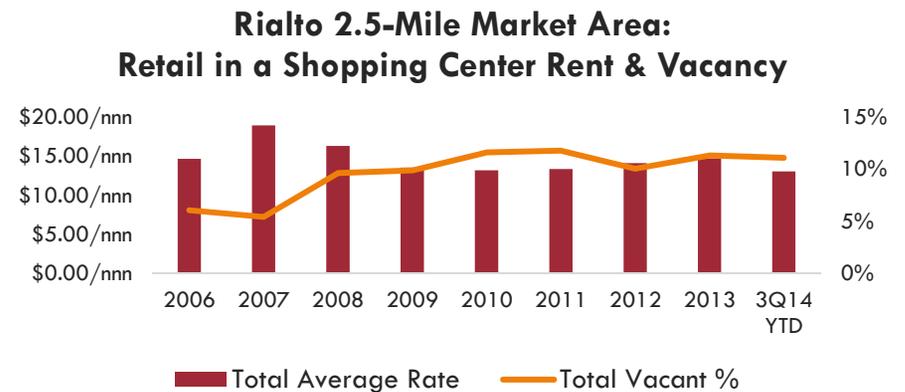
In 2006, even before the recession, the Rialto 2.5-Mile Market Area had a negative year of absorption. Between 2008 & 2014, the Market Area saw additional negative absorption of -84,000 SF.

Limited new RBA has been delivered to the market since 2006.



As of 3Q14 YTD, average rent for retail in a shopping center is approximately \$13.10/SF, triple net.

The vacancy rate is currently 11%, which is relatively high. Vacancy rates were approximately 6% in 2006 and 2007, and have been rising since then.



The Rialto 2.5-Mile Market Area has an additional 1.3 million SF of retail outside of a shopping center which is performing better than shopping center retail. Rents are currently at \$14.40/SF, and vacancy is low, at 3%. New RBA was delivered in 2012 and 2013.

The Rialto 2.5-Mile Market Area has clusters of office near the Metrolink Station and Downtown, but overall, Rialto is a small office market.

The primary clusters of office occur in the Downtown Rialto area, along Riverside Avenue, just north of Merrill Avenue. Within the smaller Half-Mile Station Area, 78% of office property is Class C and the rest is Class B.

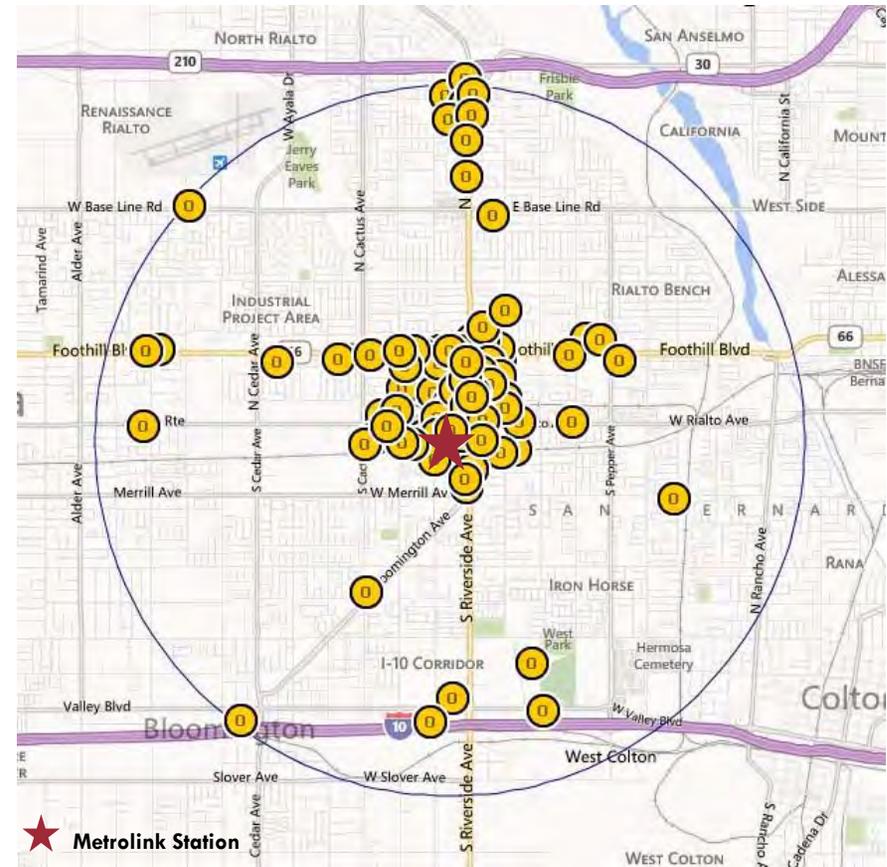


Rialto Glass Office Complex



Rialto Office Property & Chamber of Commerce

Rialto 2.5-Mile Market Area Office Properties

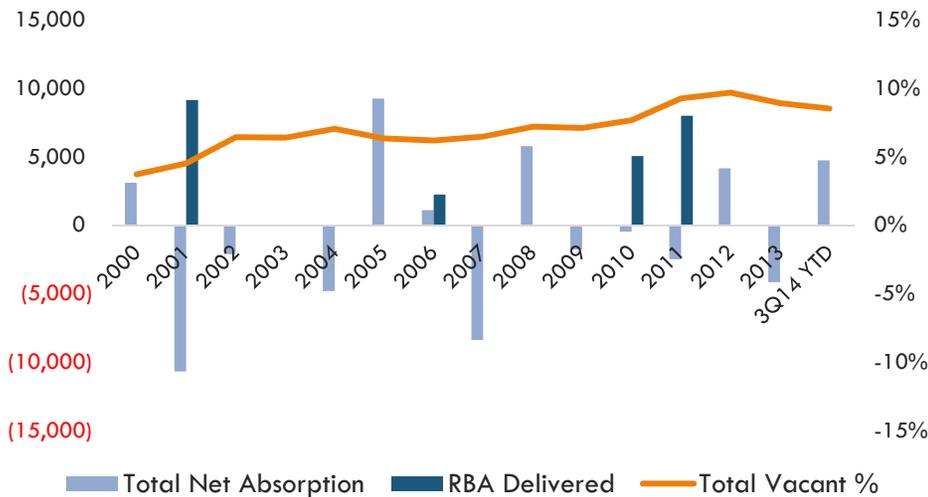


Source: CoStar

The Rialto 2.5-Mile Market Area has a total inventory of 640,000 SF of office space, which is among the lowest along the ARRIVE Corridor, but the office market is performing relatively well.

Given its small size, net absorption has fluctuated significantly since 2000. Some office space was added to the market between 2010 and 2011, which increased the vacancy rate, but that space is slowly being absorbed.

**Rialto 2.5-Mile Market Area:
Office Absorption & Vacancy**



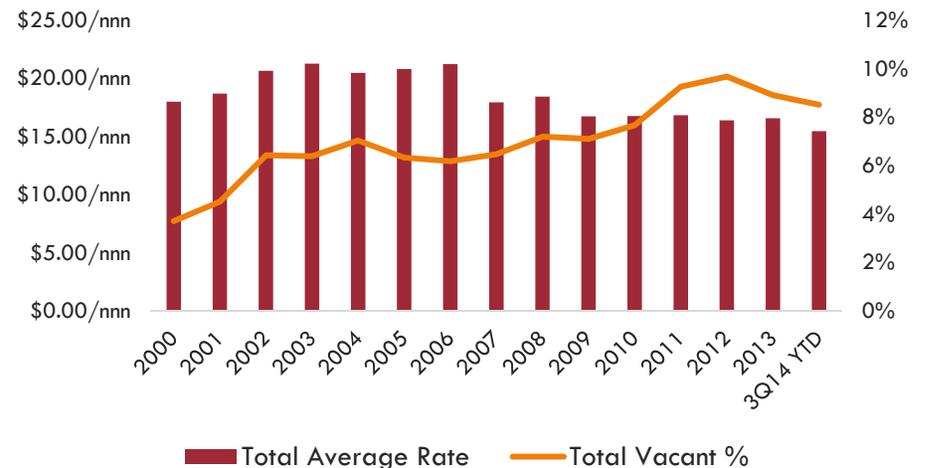
Source: CoStar

Absorption is trending in the right direction and the Rialto office market will likely improve.

As of 3Q14 YTD, average rents for retail in a shopping center are approximately \$15.50/SF, triple net, which is the lowest rents have been since 2000.

The vacancy rate is currently at 8.5%, which is the lowest it has been since 2011, but still high relative to years prior to 2010.

**Rialto 2.5-Mile Market Area:
Office Rent & Vacancy**

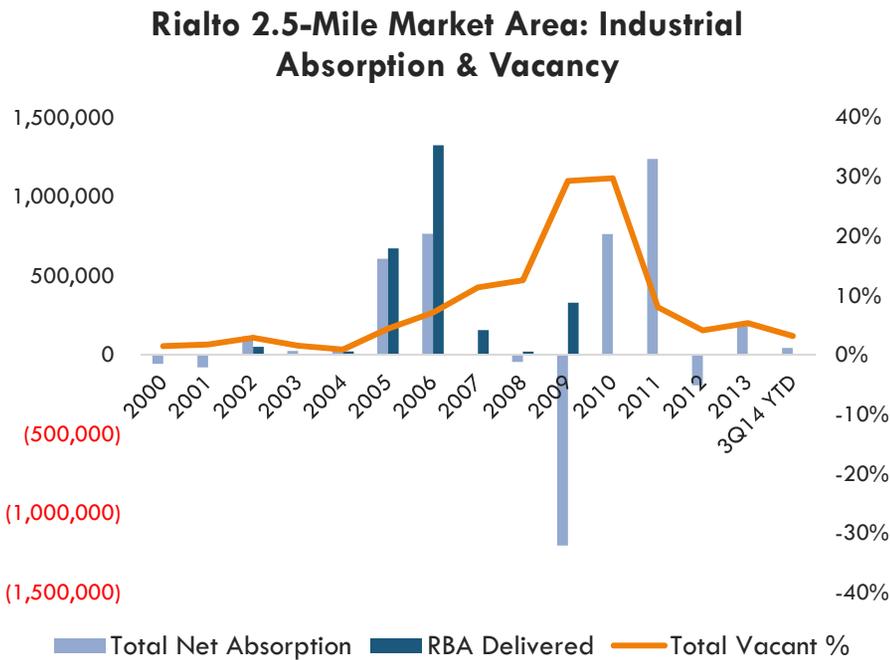


Source: CoStar

The Rialto 2.5-Mile Market Area has a significant amount of industrial space, 6.7 million square feet. Performance has almost recovered since the recession.

Since 2000, a total of 2.6 million SF of industrial space has been delivered to the market, 77% between 2005 and 2006.

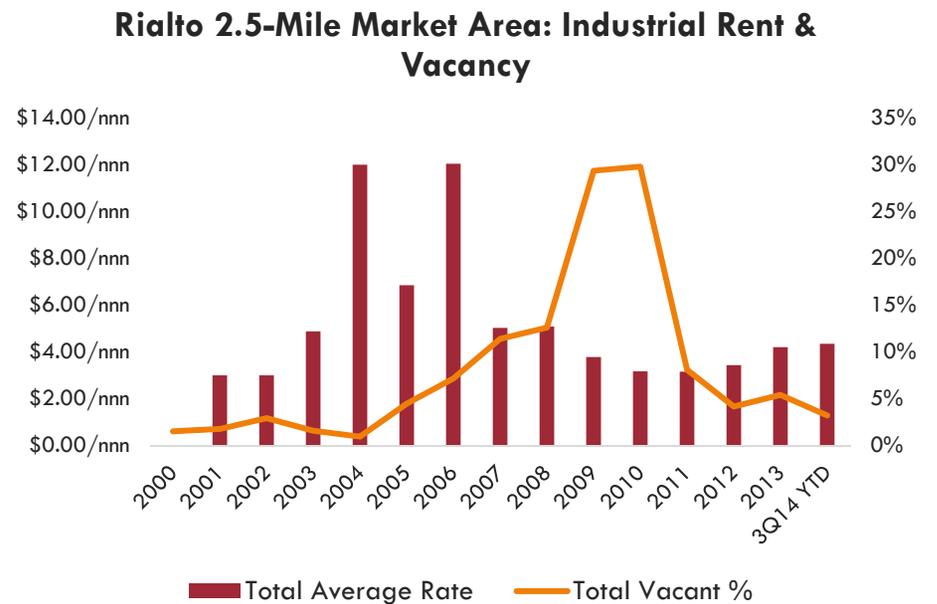
There was a significant amount of space vacated on a net basis in 2009, lagging the recession, but absorption has been fairly positive since 2010.



Source: CoStar

Industrial rents in the Rialto 2.5-Mile Market Area are currently \$4.40/SF, triple net, and have dropped significantly since their peak in 2004 and 2006 at \$12.00/SF. Rents have been on the rise since 2010.

Vacancy rates spiked due to the large vacation of space in 2009, but the space was reabsorbed and vacancies are back down to a very low 3%.



Source: CoStar

The Rialto Half-Mile Station Area has industrial properties just north of the rail line, as well as to the west of the station.

The primary clusters of industrial space are located south of Downtown Rialto along Rialto Avenue, and to the west of the station along Lilac Avenue.

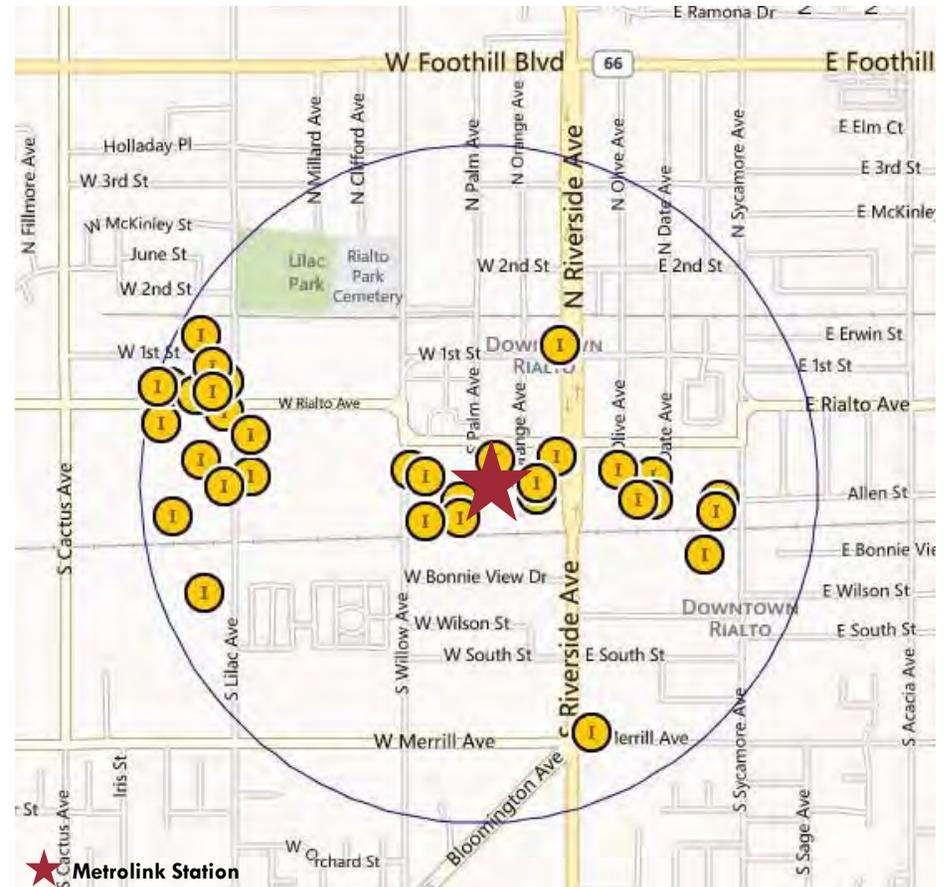


Haulotte Group Industrial Property



Central Alarm Industrial Property

Rialto Half-Mile Industrial Properties



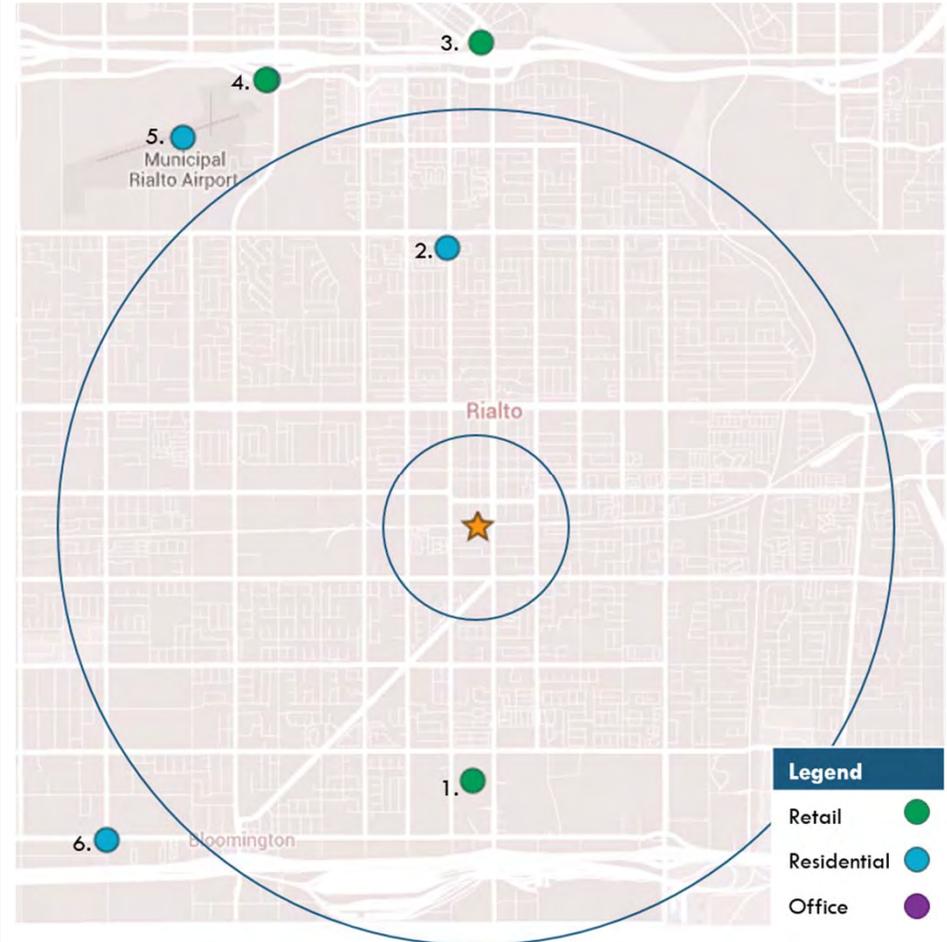
Source: CoStar

In the Rialto 2.5-Mile Market Area, there is one planned retail project. Other planned & proposed projects nearby include mixed-use products near the airport, retail and an affordable housing development.

Recent, Planned & Proposed Projects List

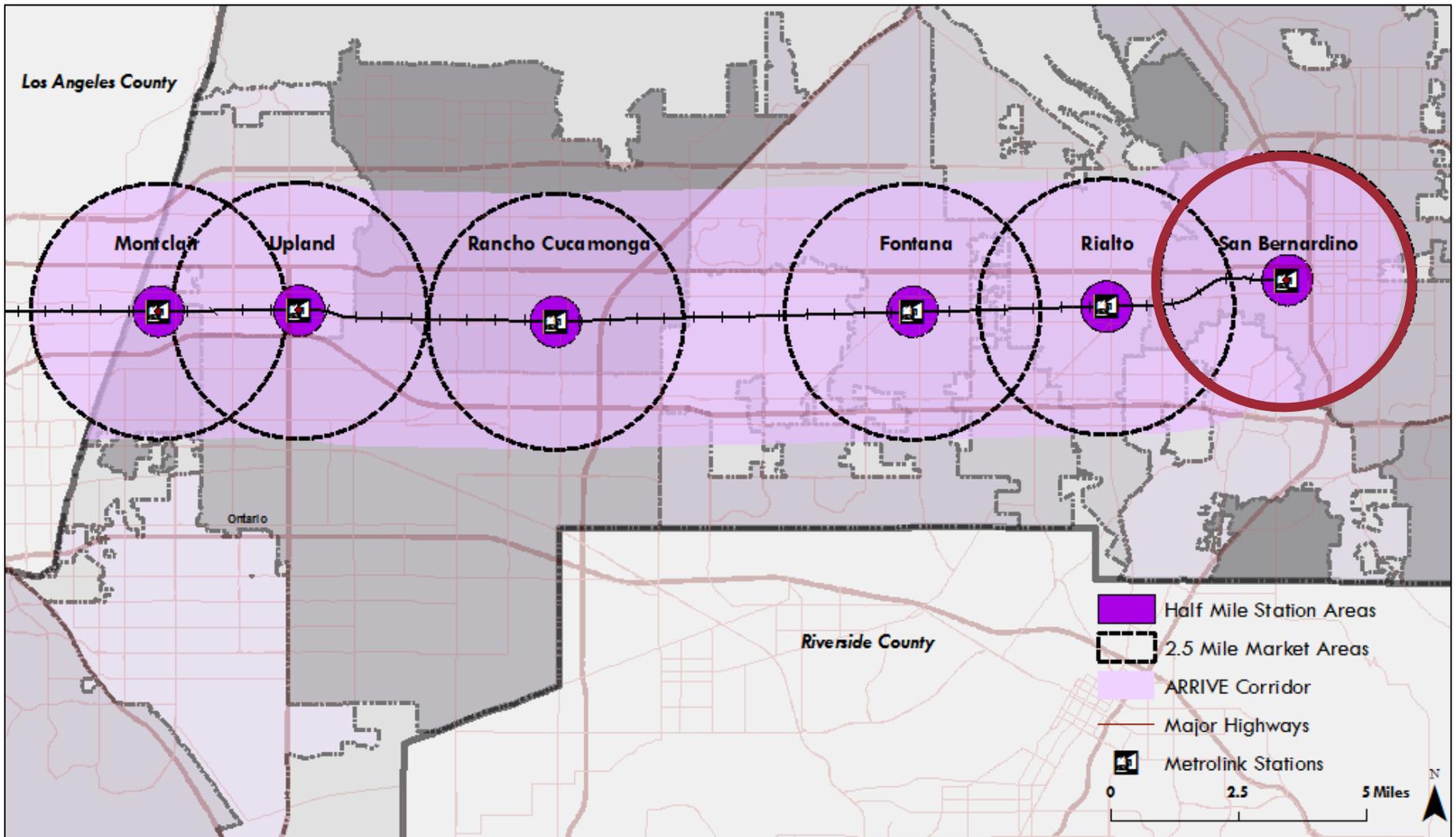
Number	Project	Size	Description
1.	Rialto Gateway	240,000 SF	Development to include new Walmart Supercenter and Lowes.
2.	Park Place	30 units	Low income apartments
3.	Restaurant Pads	77,850	Redevelopment of old fire station site
4.	Renaissance Marketplace	674,000	Development includes anchor Target and additional retail
5.	Rialto Airport Redevelopment	1,667 units	Large scale mixed use redevelopment of Rialto Airport
6.	Bloomington Affordable Housing Community (Fontana)	190 units	Affordable housing development will be built in 2 phases, beginning Fall 2014

Map of Recent, Planned & Proposed Projects



Sources: City of Rialto, 2013 San Bernardino County Business Growth Opportunities, ESRI

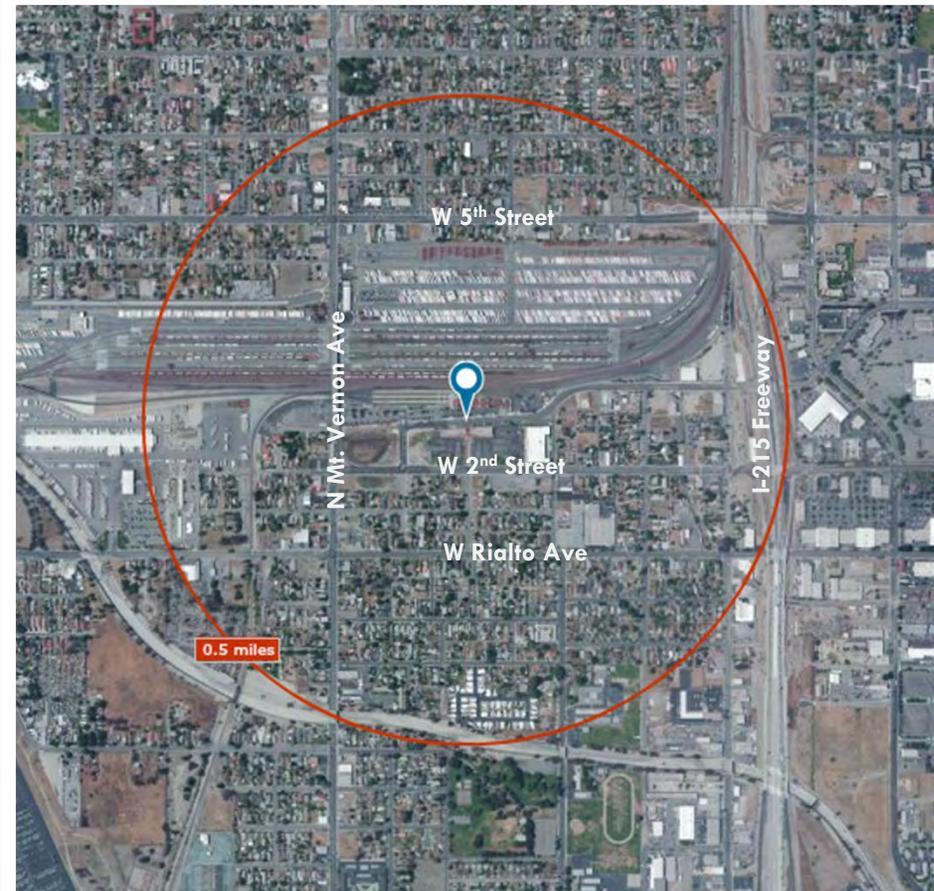
San Bernardino



The San Bernardino Metrolink Station Area includes a major BNSF intermodal center and industrial uses, as well as residential uses.

- ❖ The San Bernardino Metrolink Station is located within the historic mission revival style Santa Fe Depot. The station is in good condition with many amenities for passengers and ample parking. There is a walkable street network providing pedestrians access to surrounding residential communities and commercial amenities.
- ❖ There are a number of vacant and underutilized lots surrounding the Metrolink station.
- ❖ Immediately across the street from the Station is a grocery center (anchored by Superior Grocer), but otherwise south of the station is residential.
- ❖ The 168-acre BNSF Intermodal Yard that operates 24/7 is located just north of the San Bernardino Metrolink station.

San Bernardino Half-Mile Station Area



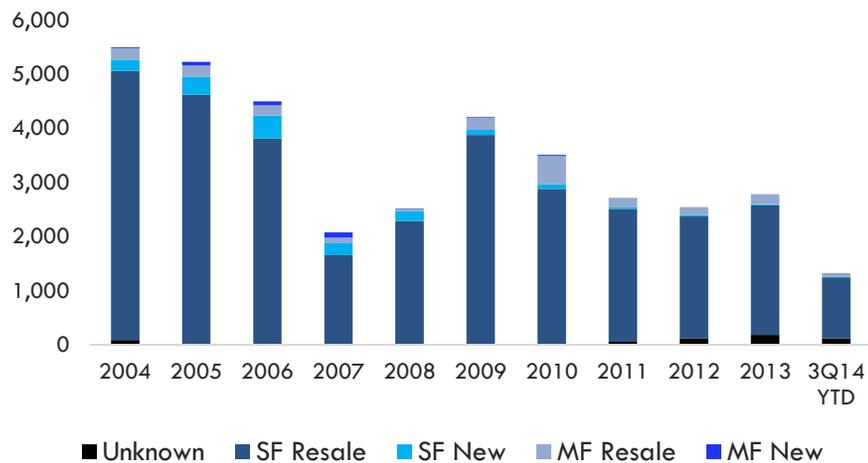
Source: ESRI

Behind Fontana, San Bernardino saw the second highest total residential sales over the last 10 years. Current prices for new single family and multi-family residential are the lowest they have been since 2004.

San Bernardino represents 28% of all residential sales within the ARRIVE Corridor including, 15% of all new single family home sales and 12% of new multi-family home sales since 2004.

New single family residential sales have declined since 2006, and only one new multi-family residential sale occurred in the last three years.

**San Bernardino Home Sales:
Single Family (SF) & Multi-Family (MF)**



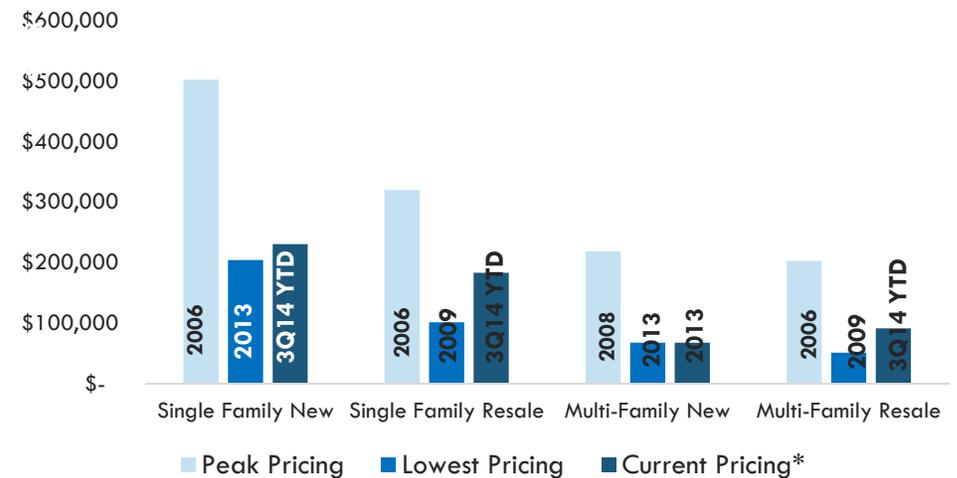
Source: DataQuick

New single family and multi-family residential sales are currently at their lowest prices seen over the last 10 years.

New single family residential average prices are \$205,000, 40% of their peak of \$502,000 in 2006.

The price gap between new construction sales and existing property resales closed over recent years, and is currently just over \$50,000.

San Bernardino Home Pricing Highlights



* Most current pricing available

Source: DataQuick

The City of San Bernardino has ten active new single family residential subdivisions.

The active new residential subdivisions are generally located on the outer edges of the City, most of which are north of the I-210 or east of the I-215 freeway.

Housing Type	Project Name	Price Range
Single Family	Aster @ Rosena Ranch	\$310,000 - \$413,000
Single Family	Chaparral @ Rosena Ranch	\$390,500 - \$435,500
Single Family	Cypress @ Rosena Ranch	\$384,500 - \$421,000
Single Family	Montelena By Frontier Homes	\$132,250 - \$276,500
Single Family	Rosena Ranch	\$398,000 - \$441,500
Single Family	Sage @ Rosena Ranch	\$297,500 - \$368,000
Single Family	Sycamore @ Rosena Ranch	\$386,000 - \$523,500
Single Family	Trails, The @ Pine Avenue	\$261,000
Single Family	*Unknown Or Custom Home	\$336,000 - \$527,000
Single Family	*Unknown Or Custom Home	\$407,500 - \$559,000

Source: Hanley Wood Market Intelligence

Aster at Rosena Ranch by Lennar



- ❖ 3-4 bedrooms
- ❖ 1,900-2,600 square feet
- ❖ Prices start in the mid \$300,000s

The Trails at Pine Avenue by Frontier Communities



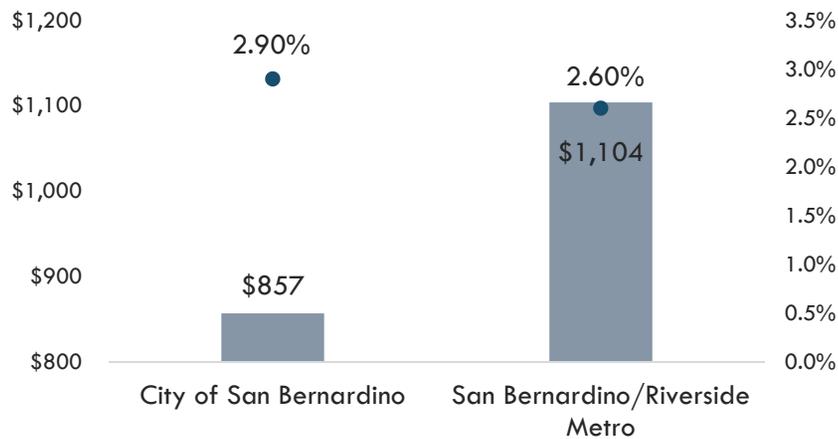
- ❖ 39 single family homes
- ❖ Up to 6 bedrooms
- ❖ 2,700-3,200 square feet
- ❖ Starting from the low \$400,000s

Rental residential in the city of San Bernardino consists of older apartment buildings with the lowest average rental rates across the ARRIVE Corridor.

The city of San Bernardino's apartment submarket has the lowest average rental rates across the ARRIVE Corridor at \$860. This rate is about \$250 less than the San Bernardino/Riverside Metro average.

The vacancy rate in the city of San Bernardino submarket is still relatively low at 2.9%.

**San Bernardino Rental Residential:
Rent & Vacancy (1Q 2014)**



Source: REIS Q1 2014

Apartments in San Bernardino are generally older, and consist of one and two-story buildings.

Creekside Apartment Homes



304 Units

Asking Rent:
\$727 - \$1,508

Post Village Green



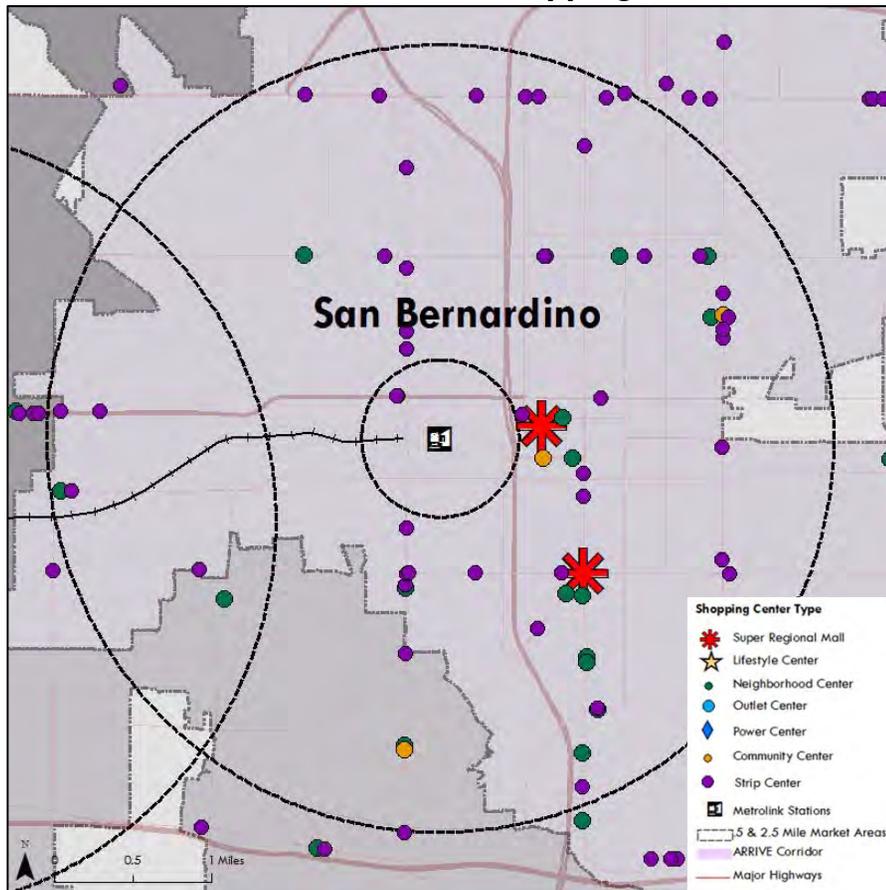
184 Units

Asking Rent:
\$829 - \$954

Source: Rent.com

The San Bernardino 2.5-Mile Market Area includes a regional serving retail market.

San Bernardino Retail Shopping Centers



Source: ESRI, CoStar

The City of San Bernardino retail market includes large regional shopping centers such as the Inland Center Mall and Carousel Mall that serve the greater Inland Empire markets, as well as other neighborhood and community shopping centers. The Carousel Mall has been largely unoccupied for the last 5 to 10 years.



Inland Center Mall



Carousel Mall

While there is a large group of shopping centers just outside of the Half-Mile Station Area, the I-215 freeway is a significant barrier. The Metrolink Station relates better to areas north and south.

The San Bernardino 2.5-Mile Market Area supplies regional shopping centers for residents and visitors, as well as community, neighborhood and strip centers.

The San Bernardino 2.5-Mile Market Area includes two super-regional malls, three community centers, 14 neighborhood centers and 41 strip centers. Shopping center retail RBA is located primarily within the two super-regional malls, and the 15 neighborhood centers.

San Bernardino 2.5-Mile Market Area Shopping Center Retail

Center Name	Anchor Tenants	Center RBA/GLA (SF)	Year Built/Renovated	Within Half-Mile Station Area
Super-Regional Mall				
Carousel Mall		1,186,792	1927/2000	
Inland Center Mall	Macy's, Sears	991,339	1966/2004	
Community Center				
Marshall Plaza	Marshalls	256,698	1981	
Plaza Las Glorias	Cardenas, Dollar Tree, Rite Aid	149,836	1960/1992	
Waterman Ave. Shopping Center	99¢ Only Stores	146,615	1969/1989	
15 Neighborhood Centers		1,269,456		
41 Strip Centers		504,967		

Source: CoStar



Plaza Las Glorias Shopping Center



Strip Center located at 5th Ave & Mt. Vernon Ave

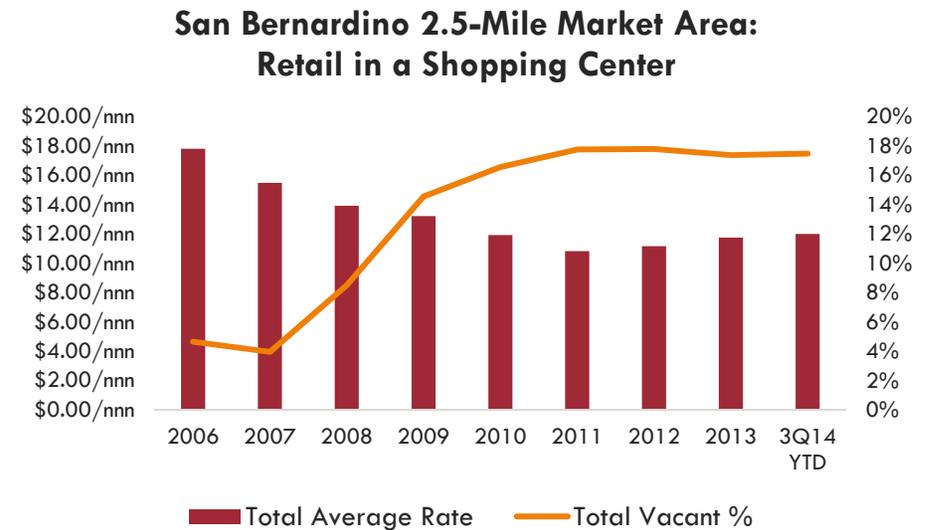
The San Bernardino 2.5-Mile Market Area has struggled since the recession. The Market Area currently has 4.3 million square feet of retail shopping center space.

There has been substantial negative absorption in the San Bernardino 2.5-Mile Market Area over the last eight years. Absorption was positive in 2007, but since then, 492,000 SF has been vacated in the market on a cumulative basis. Little new space has been added since 2008.



Rents peaked in 2006 at \$17.80/SF, and declined to a low of \$10.80/SF in 2011. Since then, rents have slowly increased. Average rents for retail in a shopping center are approximately \$12.00/SF, triple net.

The vacancy rate is currently high at 17.5%. In 2007, vacancy was as low as 4%, however it sharply increased during the recession and has not improved much in recent years.



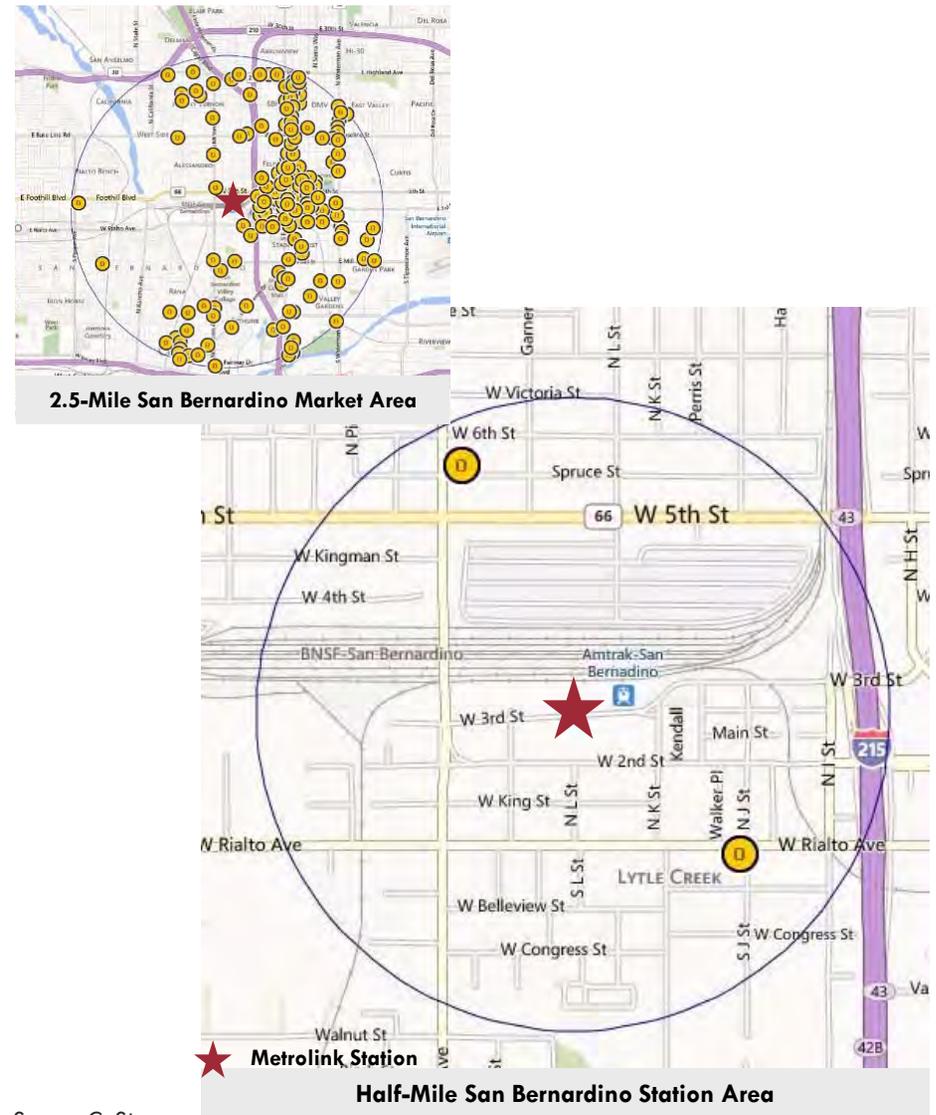
The San Bernardino 2.5-Mile Market Area includes a sizeable share of the Downtown San Bernardino office market just east of the I-215. However, only two office properties are within the Half-Mile Station Area.

The majority of office property near the San Bernardino Station occurs in the larger 2.5-Mile Market Area to the north, south and east of the Station, with a large cluster in Downtown San Bernardino, near the intersection of N E Street and 5th Street east of the I-215 freeway.

The two office properties within the Half-Mile Station Area total 7,200 square feet of RBA.



Class C Office Property within the Half-Mile Station Area



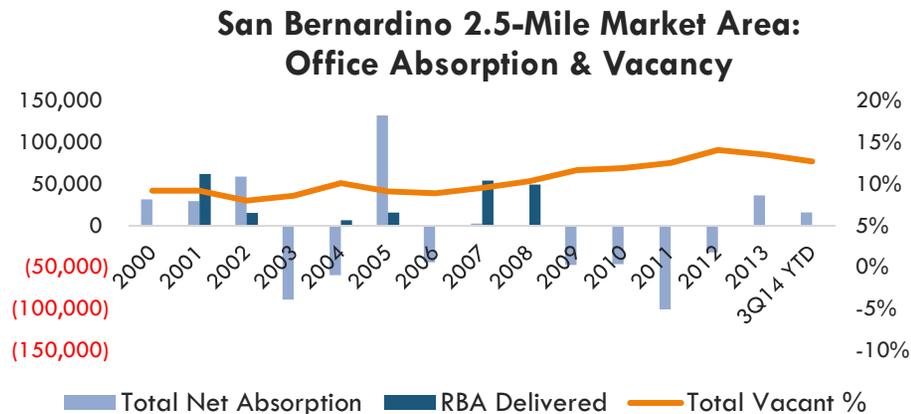
Source: CoStar

Even before the recession, performance of the San Bernardino office market was only fair. The market began to improve with the housing boom.

The San Bernardino 2.5-Mile Market Area has an inventory of 4.7 million square feet of RBA. Over the past eight years, total net absorption has variably been negative and positive. As of 3Q14 YTD, total net absorption is 16,000 square feet.

New RBA was delivered in six of the past eight years. The most RBA was delivered in 2001 at 62,000 square feet. No new RBA has been delivered so far in 3Q14 YTD.

Since 2000, 115,020 SF of office space has been vacated in the 2.5-Mile Market Area on a net basis, the bulk of which occurred between 2009 and 2012. Across the last two years, more space has been absorbed and the market is improving.

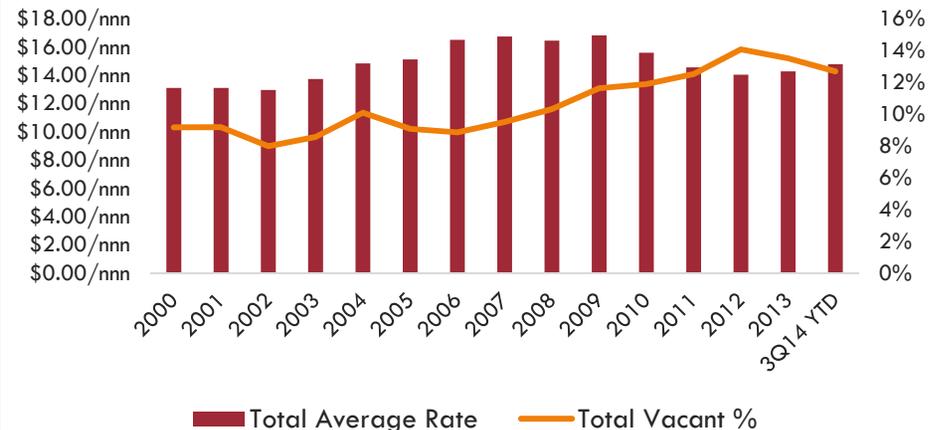


Source: CoStar

At the peak of the market, rents hovered around \$17/SF per SF between 2006 and 2009, and have since declined. As of 3Q14 YTD, average rents for office properties are approximately \$14.80/SF.

The vacancy rate is currently 13%. Before the recession, the lowest vacancy rate was seen in 2002 at 8%, but it rose to 14% in 2012. Vacancy rates have declined across the last two years.

San Bernardino 2.5-Mile Market Area: Office Rent & Vacancy



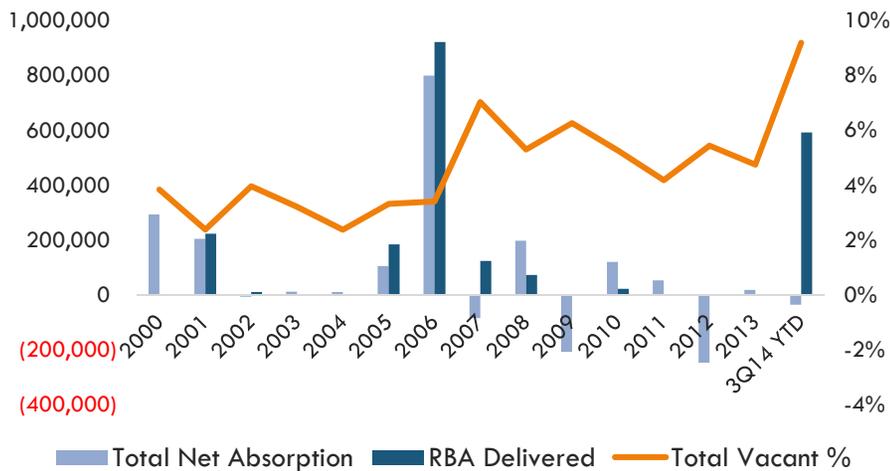
Source: CoStar

The industrial market is fairly strong in the San Bernardino 2.5-Mile Market Area.

Within the 2.5-Mile Market Area, there is a total of 8.4 million SF of industrial RBA. Net absorption was positive in 10 of the last 14 years. There were four years with net space vacated, but absorption has quickly followed these negative periods.

Since 2000, a total of 2.1 million SF was added to the market including a new 592,000 SF logistics facility designed to accommodate high-volume and high-speed logistics that sold for \$34.4 million earlier this year.¹

San Bernardino 2.5-Mile Market Area: Industrial Absorption & Vacancy



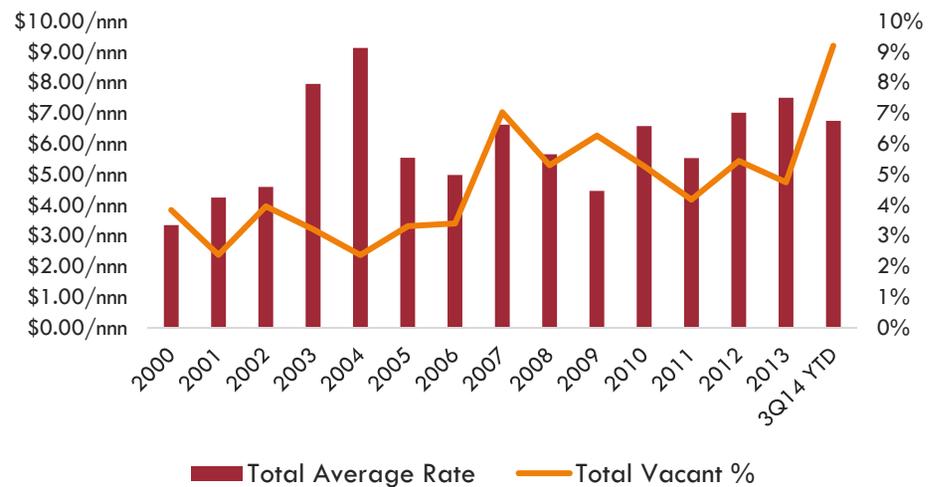
Source: CoStar

¹ "San Bernardino Logistics Center Sells for \$34.4 Million." Colliers.com

As of 3Q14 YTD, average rents for industrial properties are approximately \$6.70/SF, triple net. Rents have fluctuated since 2000, reaching a high in 2004 of \$9.10/SF and a low in 2000 at \$3.40/SF.

With the recent delivery of 593,000 SF, vacancies are currently at a high of 9%, but have been at a low 4% on average since 2000, even between 2008 and 2012. Vacancy rates are likely to decrease as the new space is absorbed.

San Bernardino 2.5-Mile Market Area: Industrial Rents & Vacancy



Source: CoStar

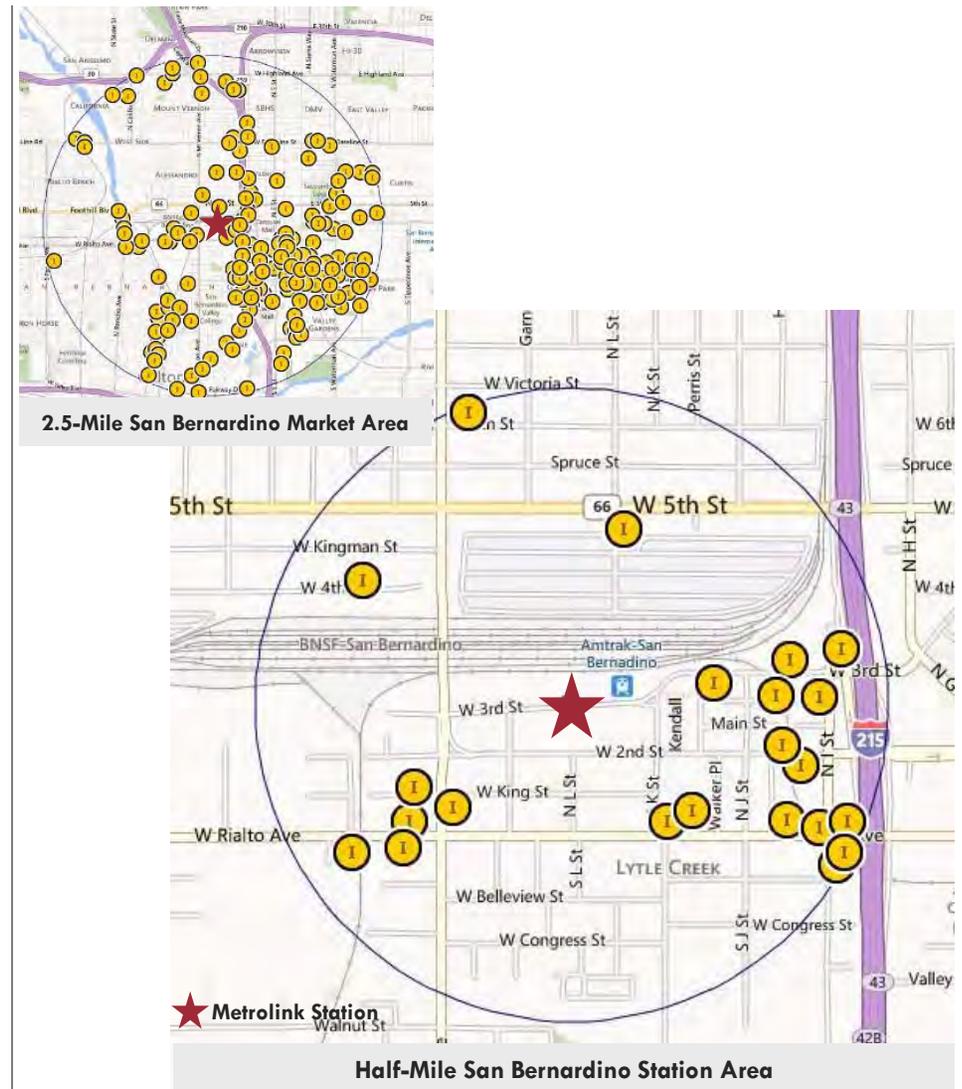
Within the San Bernardino Half-Mile Station Area, there are a few industrial properties, with a cluster near the I-215 freeway.

In the Half-Mile Station Area, there is only 275,000 square feet of industrial RBA. Large industrial properties in the Half-Mile Station Area include a 168-acre BNSF Railway intermodal yard and a 3.7-acre grain printing and finishing company, Decoboard.

The 2.5-Mile Market Area is accessible by the I-215 Freeway to the west, the I-210 freeway to the north and the I-10 freeway to the south. The area's strong accessibility makes it ideal for trucking and shipping uses.



BNSF Intermodal Yard



Source: CoStar

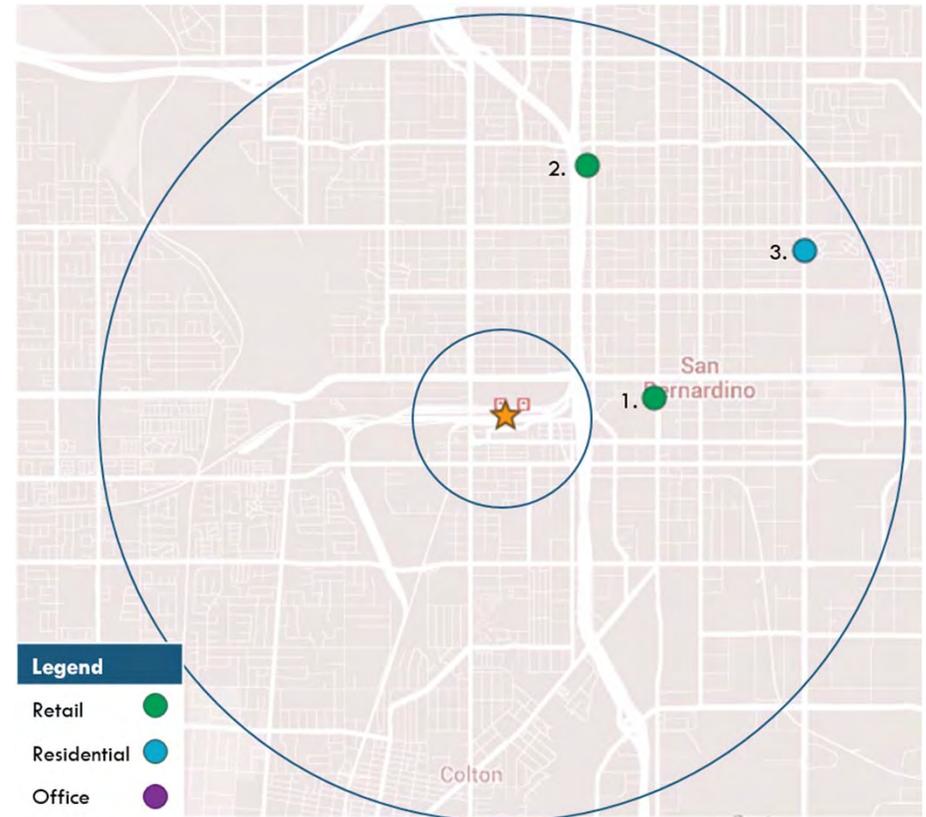
Within the San Bernardino 2.5-Mile Market Area, there are two planned or proposed retail developments.

Recent, Planned & Proposed Projects List

Number	Project	Size	Description
1.	Hopkins Site		Proposed commercial development site
2.	Theater Square		Specialty retail adjacent to California Theater of the Performing Arts and new movie theater
3.	Waterman Gardens	337 units	Planned low-income apartment community

Sources: City of San Bernardino, 2013 San Bernardino County Business Growth Opportunities, ESRI.

Map of Recent, Planned & Proposed Projects

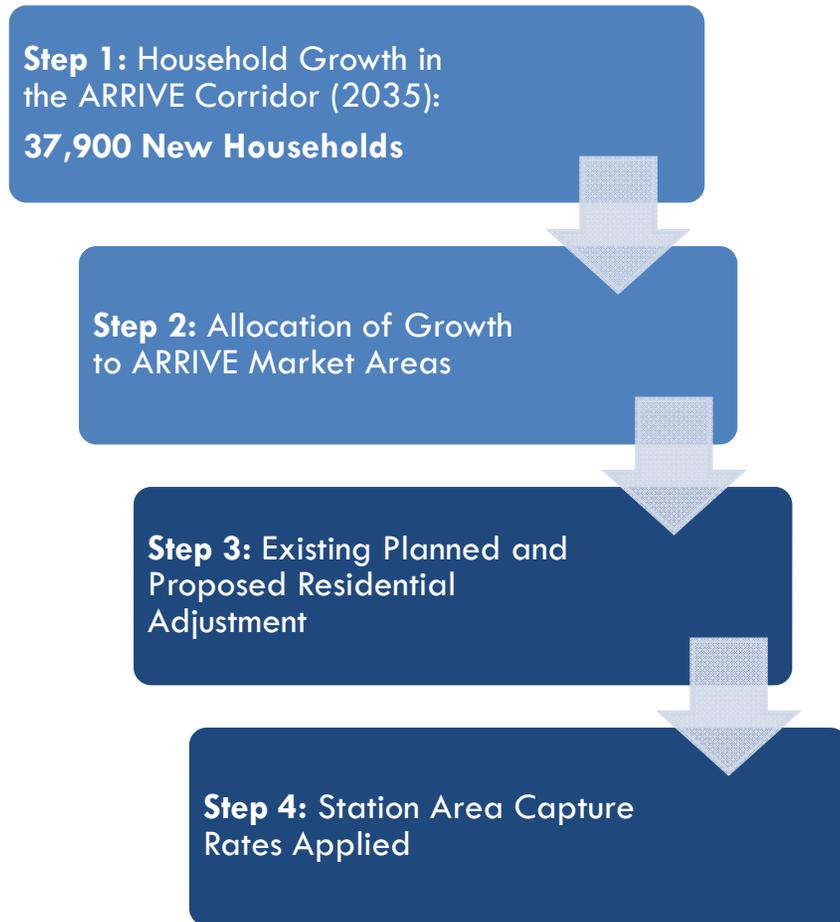


Base Demand Analysis

Demand Methodology

Market Areas Demand Analysis

Residential demand in each Half-Mile Station Area is derived based on projected household growth in the ARRIVE Corridor.



Regional

- ❖ Household growth in the ARRIVE Corridor is based on SCAG 2035 Projections.
- ❖ Anticipated growth in the Corridor is distributed based on ratios of ARRIVE Corridor cities' historical household growth, but are adjusted based on future expectation of growth, including weight for key developing areas, i.e. the "next boom area."

Market Areas

- ❖ Once projected growth is allocated to each city, estimates are adjusted to account for planned and proposed residential units in the 2.5-Mile Market Area.
- ❖ Station area capture rates are then applied to the estimate.

The easterly ARRIVE Market Areas, as well as Montclair, are expected to capture more growth while Rancho Cucamonga slows down as it becomes fully established.

Projected ARRIVE Corridor Growth

Projected SCAG Households	2008	2020	2035
ARRIVE Corridor	190,226	207,400	228,118
Est. Household Growth		2014-2020	2020-2035
ARRIVE Corridor		8,587	20,718

Allocation of ARRIVE Corridor Household Growth

Geography	Historical City HH Fair Share* (2000 - 2010)	Historical City HH Fair Share* (2010 - 2013)	Model Share* ('14 - '20)	2014-2020	Model Share* ('20 - '35)	2020-2035	Cumulative 2014-2035
Corridor				8,587		20,718	
Montclair	1%	5%	10%	859	10%	2,072	3,355
Upland	4%	10%	8%	687	6%	1,243	2,777
Rancho Cucamonga	44%	27%	27%	2,318	20%	4,144	8,823
Fontana	35%	22%	24%	2,061	20%	4,144	8,126
Rialto	2%	7%	10%	859	18%	3,729	5,172
San Bernardino	8%	13%	13%	1,116	16%	3,315	5,586
Total	94%	85%	92%	7,900	90%	18,646	33,839

*The distribution between cities and model market shares do not add to 100% because of growth expected in Ontario.

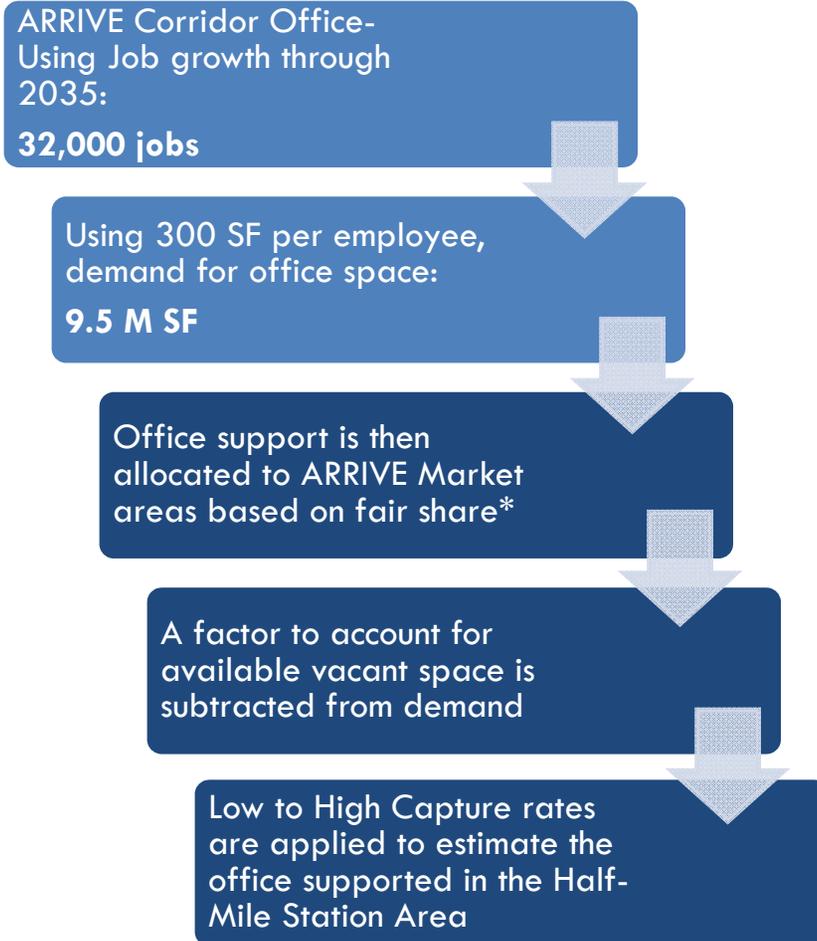
Source: SCAG, US Census, HR&A Advisors

Retail demand includes demand from (1) the Recapture of Leakage and (2) Future resident spending. Retail was evaluated based on a 2-mile retail market area.



- ❖ Retail Leakage is an estimate of how much resident spending occurs outside of a geographic area, i.e. residents of Montclair who make their purchases in Upland. Typically there is an amount of retail leakage that can be attracted back to a community if residents are provided with attractive retail choices, “Recapture of Leakage.”
- ❖ Future demand quantifies the amount of retail supported by new residents based on average retail spending per household.
- ❖ ***Planned and proposed square feet are subtracted from projected leakage and future retail demand to get net figures.***
- ❖ Retail demand is the total of Recapture of Leakage and future retail demand supported by projected residents.

Office demand is estimated based on projected growth of office-using employment in the ARRIVE Corridor.



Regional

- ❖ There is significant employment growth expected in the ARRIVE Corridor. Job growth is estimated based on historical information and Employment Development Department County Forecasts.
- ❖ Each employee supports an estimated 300 SF of space.

Market Area

- ❖ Allocation of office support is based on fair share of employment among ARRIVE Corridor cities.
- ❖ Current vacancies may reduce the office amount demanded as new businesses fill these spaces first.
- ❖ Capture rates are based on the commercial nature of the station area and existing share of office space.

* Fair share is based on the percent of office using jobs along the Corridor in each market area.

Source: U.S. Census, LEHD OnTheMap, HR&A Advisors

Health care and Social Assistance, Professional Scientific and Technical Services, and Administration and Support are expected to be the highest growth office-using industries.

Cumulative Projected Office Employment	2014	2020	2025	2035	Cumulative (2014 - 2035)
Agriculture, Forestry, Fishing and Hunting	15	10	7	4	0
Mining, Quarrying, and Oil and Gas Extraction	3	3	2	2	0
Utilities	593	698	800	1,050	458
Construction	2,036	2,226	2,398	2,784	747
Manufacturing	1,818	1,486	1,256	898	0
Wholesale Trade	2,093	2,367	2,622	3,218	1,125
Retail Trade	3,682	4,082	4,449	5,284	1,602
Transportation and Warehousing	2,298	2,750	3,195	4,311	2,013
Information	1,226	1,008	857	618	0
Finance and Insurance	6,546	6,825	7,068	7,579	1,033
Real Estate and Rental and Leasing	3,341	3,456	3,555	3,761	420
Professional, Scientific, and Technical Services	8,675	10,172	11,614	15,142	6,467
Management of Companies and Enterprises	2,992	3,095	3,185	3,371	379
Administration & Support, Waste Management and Remediation	15,610	16,965	18,183	20,887	5,276
Educational Services	4,371	4,685	4,964	5,572	1,201
Health Care and Social Assistance	12,479	14,339	16,100	20,295	7,816
Arts, Entertainment, and Recreation	287	286	286	284	0
Accommodation and Food Services	205	232	256	313	108
Other Services (excluding Public Administration)	1,511	1,672	1,820	2,154	643
Public Administration	1,307	1,775	2,290	3,812	2,505
Total Office Employment	71,088	78,133	84,906	101,340	31,794

Source: Census OnTheMap, HR&A Advisors

Industrial demand is estimated based on projected growth of industrial-using employment in the ARRIVE Corridor.

Step 1: ARRIVE Corridor Industrial-Using Job growth through 2035:

32,000 jobs

Step 2: Industrial support is then allocated to ARRIVE Market areas based on fair share

Step 3: Using 900 SF per employee, demand for office space:

28 M SF

Step 4: A factor to account for available vacant space is subtracted from demand

Step 5: Low to High Capture rates are applied to estimate the industrial space supported in the Half-Mile Station Area

- ❖ As mentioned in the Office Demand, there is significant employment growth expected in the ARRIVE Corridor. Job growth is estimated based on historical information and Employment Development Department County Forecasts. Industrial-using jobs are estimated by industry.
- ❖ Allocation of industrial employees is based on fair share of employment among ARRIVE Corridor cities.
- ❖ Each industrial employee supports an estimated 900 SF of space. This benchmark is used to translate jobs into SF demanded.
- ❖ Current vacancies may reduce the industrial amount demanded as new businesses fill these spaces first.
- ❖ Capture rates are based on the commercial nature of the station and existing share of industrial space.

Key ARRIVE Corridor industrial-using job industries include Transportation and Warehousing, followed by Wholesale Trade, and Construction.

Cumulative Projected Industrial Employment	2014	2020	2025	2035	Cumulative Change (2014 - 2035)
Agriculture, Forestry, Fishing and Hunting	119	81	59	31	0
Mining, Quarrying, and Oil and Gas Extraction	15	13	12	10	0
Utilities	1,185	1,396	1,600	2,101	916
Construction	6,108	6,679	7,195	8,351	2,242
Manufacturing	16,359	13,374	11,308	8,083	0
Wholesale Trade	12,557	14,199	15,731	19,308	6,752
Retail Trade	3,682	4,082	4,449	5,284	1,602
Transportation and Warehousing	18,382	22,002	25,558	34,487	16,106
Information	409	336	286	206	0
Finance and Insurance	0	0	0	0	0
Real Estate and Rental and Leasing	371	384	395	418	47
Professional, Scientific, and Technical Services	457	535	611	797	340
Management of Companies and Enterprises	0	0	0	0	0
Administration & Support, Waste Management and Remediation	3,903	4,241	4,546	5,222	1,319
Educational Services	0	0	0	0	0
Health Care and Social Assistance	1,387	1,593	1,789	2,255	868
Arts, Entertainment, and Recreation	96	95	95	95	0
Accommodation and Food Services	1,026	1,158	1,280	1,565	538
Other Services (excluding Public Administration)	504	557	607	718	214
Public Administration	131	177	229	381	251
Total Office Employment	66,689	70,905	75,749	89,311	31,195

Source: Census OnTheMap, HR&A Advisors

Base Demand Analysis

Demand Methodology

Market Areas Demand Analysis

Based on current projections of residents and employee growth forecasts, the ARRIVE Corridor will add almost 30,000 households and 32,000 new employees between now and 2035.

Estimated ARRIVE Corridor Growth	
Land Use	Cumulative Growth (2014-2035)
Residential	29,305 households
Office	9.5 million SF
Industrial	28 million SF
Retail	N/A

Source: SCAG, ESRI, LEHD OntheMap, HR&A

Note: These figures represent growth without adjusting for current vacancy and pipeline. Corridor-wide retail growth is not applicable as it is tied to capture in the local market areas.

The Montclair Half-Mile Station Area is anticipated to capture a significant portion of potential residential demand within the 2.5-Mile Market Area.

- ❖ The Montclair 2.5-Mile Market Area is expected to capture 10% of the ARRIVE Corridor’s growth. This is double the City’s historic capture in the past few years.
- ❖ Projected new growth is reduced by currently planned and proposed projects, including the 129-unit Arrow Station and 60% of two major Upland projects that are within the Montclair 2.5-Mile Market Area.
- ❖ It should be noted that new investments in Montclair such as the Montclair Plaza and ongoing development of the North Montclair Specific Plan may make it possible for the area to capture a greater share of the Corridor’s projected growth.

Montclair Residential Demand		2014-2020	2020-2035	Cumulative 2014-2035	TOTAL HH at Build out in Station Area
Montclair 2.5-Mile Projected Residential Growth		859	2,072	2,931	
<i>Planned and Proposed</i>		306	266	572	
Montclair Demand less Planned and Proposed		553	1,806	2,359	
Low	40%	221	722	943	2,337
Moderate	50%	276	903	1,179	2,573
High	80%	442	1,445	1,887	3,281

Source: HR&A Advisors

Planned and proposed retail in Montclair is likely to absorb the retail demanded by new residents in the half and larger 2-mile areas between 2014 and 2020. However, the 2-mile area is expected to support a net of 235k SF.

Future Montclair Resident Retail Demand									
Retail Goods	Montclair Half-Mile (Spending)		1/2 to 2 Mile (Spending)*		Sales PSF	Montclair Half-Mile (SF)		1/2 to 2 Mile (SF)*	
	2014	2020	2014	2020		2014	2020	2014	2020
Convenience Goods									
Grocery Stores	\$388,436	\$617,342	\$3,856,464	\$17,882,390	\$475	818	1,300	8,119	37,647
Specialty Food Stores	\$16,063	\$25,530	\$159,481	\$739,512	\$340	47	75	469	2,175
Beer, Wine & Liquor Stores	\$404,499	\$642,872	\$4,015,945	\$18,621,902	\$350	1,156	1,837	11,474	53,205
General Merchandise Stores	\$24,273	\$38,578	\$240,990	\$1,117,471	\$450	54	86	536	2,483
Limited-Service Eating Places	\$354,142	\$562,839	\$3,515,985	\$16,303,593	\$400	885	1,407	8,790	40,759
Drinking Places - Alcoholic Beverages	\$115,551	\$183,646	\$1,147,217	\$5,319,633	\$400	289	459	2,868	13,299
Health & Personal Care Stores	\$6,920	\$10,998	\$68,705	\$318,586	\$375	18	29	183	850
Miscellaneous Store Retailers	\$192,989	\$306,718	\$1,916,032	\$8,884,625	\$300	643	1,022	6,387	29,615
Comparison Goods									
Bldg Materials, Garden Equip. & Supply Stores	\$71,742	\$114,019	\$712,266	\$3,302,769	\$300	239	240	2,374	11,009
Furniture & Home Furnishings Stores	\$54,598	\$86,772	\$542,054	\$2,513,501	\$300	182	255	1,807	8,378
Electronics & Appliance Stores	\$60,627	\$96,355	\$601,918	\$2,791,088	\$350	173	275	1,720	7,975
Clothing & Clothing Accessories Stores	\$160,293	\$254,754	\$1,591,416	\$7,379,381	\$375	427	566	4,244	19,678
Sporting Goods, Hobby, Book & Music Stores	\$60,161	\$95,613	\$597,286	\$2,769,609	\$250	241	239	2,389	11,078
Full-Service Restaurants	\$126,138	\$200,471	\$1,252,319	\$5,806,994	\$400	315	501	3,131	14,517
Special Food Services	\$13,446	\$21,369	\$133,491	\$618,998	\$300	45	57	445	2,063
TOTAL	\$2,049,878	\$3,257,877	\$20,351,570	\$94,370,051		5,533	8,349	54,935	254,734
Planned and Proposed						5,533	8,349	54,935	19,643
NET SUPPORTABLE SQUARE FEET						0	0	0	235,090

* Note: The 1/2 to 2-mile residential demand is combined for the Montclair & Upland retail market areas due to significant overlap within the two geographies.

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

There is very little current leakage occurring in the Montclair and Upland combined 2-mile retail market area. Any leakage will likely be absorbed by new planned and proposed retail.

Retail Leakage from Current 2 Mile Montclair/Upland Residents							
Retail Goods	Current Resident Spending Potential	-	Current Area Retail Sales	=	Leakage	Sales PSF	Leakage SF
Convenience Goods							
Grocery Stores	\$195,054,077		\$227,201,165		\$0	\$475	0
Specialty Food Stores	\$8,066,305		\$10,654,355		\$0	\$340	0
Beer, Wine & Liquor Stores	\$12,188,929		\$13,998,477		\$0	\$350	0
General Merchandise Stores	\$177,833,184		\$505,678,063		\$0	\$450	0
Limited-Service Eating Places	\$58,024,463		\$101,040,797		\$0	\$400	0
Drinking Places - Alcoholic Beverages	\$3,475,014		\$7,500,957		\$0	\$400	0
Health & Personal Care Stores	\$96,909,993		\$89,626,871		\$7,283,122	\$375	19,422
Miscellaneous Store Retailers	\$36,333,305		\$142,915,895		\$0	\$300	0
Comparison Goods							
Bldg Materials, Garden Equip. & Supply Stores	\$36,025,308		\$49,097,041		\$0	\$300	0
Furniture & Home Furnishings Stores	\$27,416,280		\$33,421,642		\$0	\$300	0
Electronics & Appliance Stores	\$30,444,091		\$66,866,475		\$0	\$350	0
Clothing & Clothing Accessories Stores	\$80,491,388		\$147,529,027		\$0	\$375	0
Sporting Goods, Hobby, Book & Music Stores	\$30,209,802		\$45,306,421		\$0	\$250	0
Full-Service Restaurants	\$63,340,405		\$95,326,404		\$0	\$400	0
Special Food Services	\$6,751,786		\$5,579,551		\$1,172,235	\$300	3,907
TOTAL	\$862,564,330		\$1,541,743,141		\$8,455,357		23,329
Planned and Proposed							23,329
NET SUPPORTABLE SQUARE FEET							0

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

While only a limited amount of new demand is supported in the Montclair Station Area, it should be noted that this is net new demand and does not quantify opportunity for redeveloped properties.

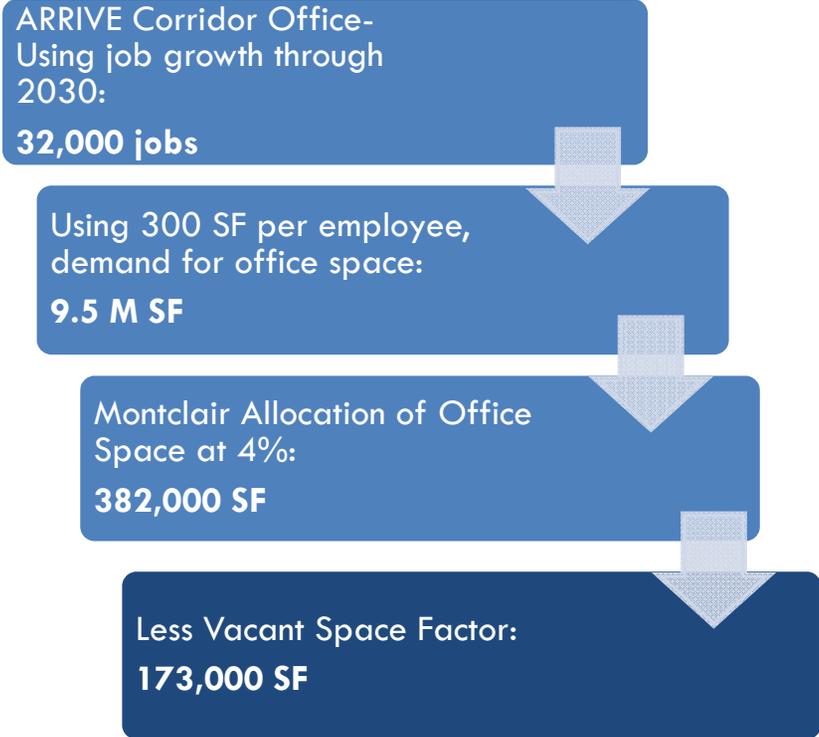
- ❖ The Montclair and Upland 2-Mile retail area already includes an extensive amount of retail, much of it aging.
- ❖ There are several shopping centers that are likely to be redeveloped into mixed use centers.
- ❖ Better functioning redeveloped retail may generate additional rail trips and will help increase the vitality of the Station Area.

Montclair Half-Mile Station Area Retail Summary Demand

	Recapture of Leakage	Future		Total
		2014-2020	2020-2035	
1/2 to 2 Mile Market Area				
Est. Net Future Residential Demand (SF)		-	235,090	
Capture of 2-Mile Future Demand		45%	45%	
2-Mile Future Demand (SF)		-	105,791	
Station Area Capture		65%	65%	
2-Mile Future Demand with Site Capture (SF)		-	68,764	
Total Supportable SF	-	-	68,764	68,764

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

Montclair Office Demand Analysis



Station Area Capture		
25% Capture: 43,000 SF	40% Capture: 69,000 SF	60% Capture: 104,000 SF

- ❖ The location of the Half-Mile Station Area in Montclair’s commercial core positions the Station Area to capture a strong share of new office demand within the 2.5-Mile Market area.

Source: Census OnTheMap, HR&A Advisors

Montclair’s industrial capture rate reflect the limited amount of space for commercial uses in the area.

Montclair Industrial Demand

	Capture Rate	Change '14 - '20	Change '20 - '25	Change '25 - '35	Cum. Change (2014 - 2035)
Industrial Square Feet per Employee		900	900	900	900
Montclair Fair Share Capture of Jobs	4%	293	280	677	1,249
Montclair Supportable SF		263,592	251,734	609,016	1,124,342
Less Current Vacant Office Space ¹		<u>96,575</u>	<u>80,479</u>	<u>32,192</u>	<u>209,246</u>
Net Supportable SF		167,017	171,255	576,824	915,096
Low Station Area Capture	3%	5,011	5,138	17,305	27,453
Medium Station Area Capture	5%	8,351	8,563	28,841	45,755
High Station Area Capture	7%	11,691	11,988	40,378	64,057

Source: US Census LEHD Data, CA EDD Forecasts, HR&A Advisors

¹ Assumes that 50% of existing vacant space is market-competitive and leasable and that 25% of that existing vacant space is absorbed by 2020, 50% is absorbed by 2025, and 60% is absorbed by 2035.

Montclair Demand Summary

Land Use	Current Recapture	2014-2020	2020-2035	Total *
Residential		200 - 400 units	700 - 1,400 units	900 - 1,900 units
Office		0 SF	44k - 107k SF	44k - 107k SF
Retail		0 SF	69k SF	69k SF
Industrial		5k - 12k SF	22k - 52k SF	27k - 64k SF

* May not add due to rounding

Montclair Opportunities and Constraints

Opportunities

- ❖ Regionally identified as an important retail destination, but existing developments are aging and in need of reinvestment.
- ❖ CIM Group's repositioning (and reinvestment) of the Montclair Plaza can be a significant catalyst.
- ❖ NMDSP provides a cohesive vision for the future transformation of the area, with policy measures to implement.
- ❖ The Gold Line Extension IIB could provide significantly enhanced transit services
- ❖ Potential to be repositioned with a greater mix of entertainment and recreation uses with a regional draw.
- ❖ Current vacant properties will likely be developed with relatively dense product. There are a number of larger shopping centers with large parking lots that, in the mid to long term (10 -15 years), have the potential to be developed at even higher density (FAR of 2.5 or more).
- ❖ Could likely support additional suburban office in the mid to long term.

Constraints

- ❖ Market limitations to achieving significant density on some of the near term opportunities. This is likely to change in the mid to long term and needs careful consideration as the area transitions.
- ❖ Funding has not yet been allocated for the Gold Line extension.
- ❖ Most properties are not publicly held and would require incentives for private development, especially in the absence of Tax Increment Financing (TIF).



Shopping Center with Large Parking Lots

The demand analysis estimates that the Upland Half-Mile Station Area households will double in size.

- ❖ The Upland 2.5-Mile Market Area is expected to capture between 6% and 8% of the ARRIVE Corridor’s growth.
- ❖ Upland planned and proposed projects includes the 202-unit William Lyons Project on 9.5 acres. However, we have assumed this parcel is still available for development and have excluded these planned units from the planned and proposed.
- ❖ Planned and proposed projects include Magnolia Heights. There are other planned and proposed projects in Upland, but they are located beyond the 2.5-Mile Market Area.
- ❖ The low end capture rate reflects the vacant land still available in the north eastern portions of the 2.5-Mile Market Area, while the high end capture rate reflects a concentration of new development within the Half-Mile Station Area.

Upland Residential Demand		2014-2020	2020-2035	Cumulative 2014-2035	TOTAL HH at Build out in Station Area
Upland 2.5-Mile Projected Residential Growth		687	1,243	1,930	
<i>Planned and Proposed</i>		97	0	97	
Upland Demand less Planned and Proposed		590	1,243	1,833	
Low	30%	206	373	579	2,421
Moderate	40%	275	497	772	2,614
High	60%	412	746	1,158	3,000

Source: HR&A Advisors

With no planned and proposed in the Half-Mile Station Area, Upland is expected to capture residential demand between 2014 and 2020 as well as between 2020 and 2035.

Future Upland Resident Retail Demand									
Retail Goods	Upland Half-Mile (Spending)		1/2 to 2 Mile (Spending)*		Sales PSF	Upland Half-Mile (SF)		1/2 to 2 Mile (SF)*	
	2014	2020	2014	2020		2014	2020	2014	2020
Convenience Goods									
Grocery Stores	\$123,954	\$955,429	\$3,856,464	\$17,882,390	\$475	190	2,011	8,119	37,647
Specialty Food Stores	\$5,126	\$39,511	\$159,481	\$739,512	\$340	8	116	469	2,175
Beer, Wine & Liquor Stores	\$7,746	\$994,940	\$4,015,945	\$18,621,902	\$350	12	2,843	11,474	53,205
General Merchandise Stores	\$113,011	\$59,705	\$240,990	\$1,117,471	\$450	215	133	536	2,483
Limited-Service Eating Places	\$36,874	\$871,076	\$3,515,985	\$16,303,593	\$400	52	2,178	8,790	40,759
Drinking Places - Alcoholic Beverages	\$2,208	\$284,220	\$1,147,217	\$5,319,633	\$400	5	711	2,868	13,299
Health & Personal Care Stores	\$61,585	\$17,022	\$68,705	\$318,586	\$375	85	45	183	850
Miscellaneous Store Retailers	\$23,089	\$474,692	\$1,916,032	\$8,884,625	\$300	88	1,582	6,387	29,615
Comparison Goods									
Bldg Materials, Garden Equip. & Supply Stores	\$22,894	\$176,462	\$712,266	\$3,302,769	\$300	76	371	2,374	11,009
Furniture & Home Furnishings Stores	\$17,423	\$134,293	\$542,054	\$2,513,501	\$300	58	395	1,807	8,378
Electronics & Appliance Stores	\$19,347	\$149,124	\$601,918	\$2,791,088	\$350	55	426	1,720	7,975
Clothing & Clothing Accessories Stores	\$51,151	\$394,269	\$1,591,416	\$7,379,381	\$375	136	876	4,244	19,678
Sporting Goods, Hobby, Book & Music Stores	\$19,198	\$147,976	\$597,286	\$2,769,609	\$250	77	370	2,389	11,078
Full-Service Restaurants	\$40,252	\$310,259	\$1,252,319	\$5,806,994	\$400	101	776	3,131	14,517
Special Food Services	\$4,291	\$33,072	\$133,491	\$618,998	\$300	14	88	445	2,063
TOTAL	\$548,148	\$5,042,049	\$20,351,570	\$94,370,051		1,173	12,921	54,935	254,734
Planned and Proposed						0	0	54,935	19,643
NET SUPPORTABLE SQUARE FEET						1,173	12,921	0	235,090

* Note: The 1/2 to 2-mile residential demand is combined for the Montclair & Upland retail market areas due to significant overlap within the two geographies.

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

The Upland Station Area will support a small amount of additional retail, likely store front retail in the Downtown area.

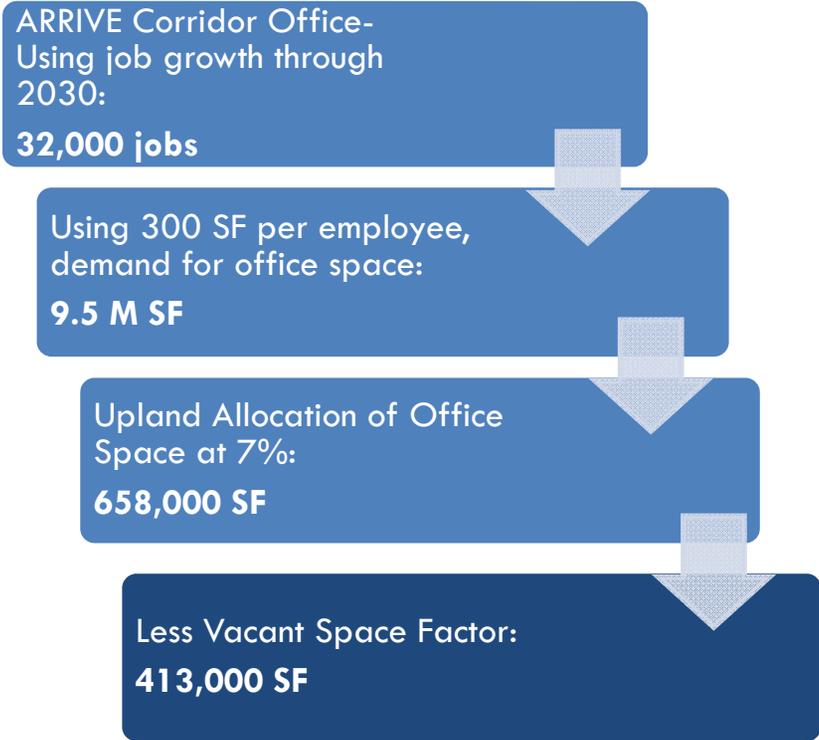
- ❖ As mentioned previously, the Montclair and Upland 2-Mile retail area includes an extensive amount of retail. The demand numbers below do not quantify the redevelopment of existing properties.

Upland Half-Mile Station Area Retail Summary Demand

	Current Recapture	Future		Total
		2014-2020	2020-2035	
Future Demand				
Half-Mile Market Area				
Est. Net Future Residential Demand (SF)		1,173	12,921	
Capture of Half-Mile Future Demand		80%	80%	
Capture of Half-Mile Future Demand (SF)		938	10,337	
1/2 to 2 Mile Market Area				
Est. Net Future Residential Demand (SF)		-	235,090	
Capture of 2-Mile Future Demand		45%	45%	
2-Mile Future Demand (SF)		-	105,791	
Station Area Capture		30%	30%	
2-Mile Future Demand with Site Capture (SF)		-	31,737	
Total Supportable SF	-	938	42,074	43,013

Source: 2011 Retail Maxim Sales PSF

Upland Office Demand Analysis



Station Area Capture		
15% Capture: 62,000 SF	20% Capture: 83,000 SF	30% Capture: 124,000 SF

- ❖ Upland has a strong suburban office market, concentrated on major arterials in the city.
- ❖ The Half-Mile Station Area will compete with other office concentrations in the city, but amenities within Downtown Upland may interest small office users.

Source: Census OnTheMap, HR&A Advisors

Upland has demand for industrial uses, but sites for industrial demand in the Station Area are limited.

Upland Industrial Demand

	Capture Rate	Change '14 - '20	Change '20 - '25	Change '25 - '35	Cum. Change (2014 - 2035)
Industrial Square Feet per Employee		900	900	900	900
Upland Fair Share Capture	7%	505	482	1,167	2,154
Upland Supportable SF		454,397	433,956	1,049,861	1,938,214
Less Current Vacant Office Space ¹		<u>109,229</u>	<u>91,024</u>	<u>36,410</u>	<u>236,663</u>
Net Supportable SF		345,168	342,932	1,013,451	1,701,552
Low Station Area Capture	3%	10,355	10,288	30,404	51,047
Medium Station Area Capture	5%	17,258	17,147	50,673	85,078
High Station Area Capture	7%	24,162	24,005	70,942	119,109

Source: US Census LEHD Data, CA EDD Forecasts, HR&A Advisors

¹ Assumes that 50% of existing vacant space is market-competitive and leasable and that 25% of that existing vacant space is absorbed by 2020, 50% is absorbed by 2025, and 60% is absorbed by 2035.

Upland Demand Summary

Land Use	Current Recapture	2014-2020	2020-2035	Total *
Residential		200 - 400 units	400 - 700 units	600 - 1,200 units
Office		7k - 13k SF	55k - 111k SF	62k - 124k SF
Retail		940 SF	42k SF	43k SF
Industrial		10k - 24k SF	41k - 95k SF	51k - 119k SF

* May not add due to rounding

Upland Opportunities and Challenges

Opportunities

- ❖ Presence of a walkable downtown district within close proximity of the station.
- ❖ With the highest single family and multi-family prices within the ARRIVE Corridor, Upland is clearly a desirable residential location.
- ❖ The market can support residential mixed-use in the near to mid-term.
- ❖ Industrial properties to the east of Downtown present potential redevelopment opportunities.
- ❖ Upland has a small concentration of suburban offices that could be supplemented in the long term, as the market grows and current occupancies improve.
- ❖ There is a vacant 9.5-acre property just south of the Station Area that has potential for TOD development. (It should be noted that there are current plans for a mid-density 209 residential unit development on the site.)

Challenges

- ❖ There is limited available land within the Half-Mile Station Area.
- ❖ Historic Downtown Upland faces strong competition from Montclair and other new destinations, and could benefit from a stronger, more diverse mix of tenants.



Historic Downtown Upland Gateway



Upland Industrial Property

The Rancho Cucamonga Half-Mile Station Area is expected to capture the most residential demand within the ARRIVE Corridor.

- ❖ The Rancho Cucamonga 2.5-Mile Market Area is expected to capture 27% of the ARRIVE Corridor’s growth between 2014 and 2020 and 20% between 2020 and 2035 as available land is built out.
- ❖ The planned and proposed square footage does not include the Empire Lakes Lewis redevelopment.
- ❖ The low capture rates reflect the fact that there is still substantial vacant available land throughout Rancho Cucamonga that will compete with the Station Area. The high capture rate reflects the assumption that Empire Lakes Golf Course is available for development.

Rancho Cucamonga Residential Demand		2014-2020	2020-2035	Cumulative 2014-2035	TOTAL HH at Build out in Station Area
Rancho Cucamonga 2.5-Mile Projected Residential Growth		2,318	4,144	6,462	
<i>Planned and Proposed</i>				0	
Rancho Demand less Planned and Proposed		2,318	4,144	6,462	
Low	20%	464	829	1,292	1,773
Moderate	40%	927	1,657	2,585	3,066
High	60%	1,391	2,486	3,877	4,358

Source: HR&A Advisors

Given the commercial nature of Rancho Cucamonga, we evaluate retail demand from both residents and workers. Due to the additional workers, there is a strong amount of existing leakage.

Retail Leakage from Current 2 Mile Residents and Workers							
Retail Goods	Current Resident and Worker Spending Potential	-	Current Area Retail Sales	=	Leakage	Sales PSF	Leakage SF
Convenience Goods							
Grocery Stores	\$134,292,481		\$43,505,672		\$90,786,809	\$475	191,130
Specialty Food Stores	\$2,579,586		\$17,129,554		\$0	\$340	0
Beer, Wine & Liquor Stores	\$4,045,096		\$2,478,110		\$1,566,986	\$350	4,477
General Merchandise Stores	\$139,290,178		\$380,904,773		\$0	\$450	0
Limited-Service Eating Places	\$71,750,930		\$40,306,409		\$31,444,521	\$400	78,611
Drinking Places - Alcoholic Beverages	\$17,721,759		\$2,734,311		\$14,987,448	\$400	37,469
Health & Personal Care Stores	\$100,153,689		\$47,769,837		\$52,383,852	\$375	139,690
Miscellaneous Store Retailers	\$81,662,322		\$66,084,709		\$15,577,613	\$300	51,925
Comparison Goods							
Bldg Materials, Garden Equip. & Supply Stores	\$9,224,662		\$37,593,784		\$0	\$300	0
Furniture & Home Furnishings Stores	\$8,866,960		\$76,576,163		\$0	\$300	0
Electronics & Appliance Stores	\$64,116,212		\$54,855,849		\$9,260,363	\$350	26,458
Clothing & Clothing Accessories Stores	\$64,757,566		\$276,069,452		\$0	\$375	0
Sporting Goods, Hobby, Book & Music Stores	\$21,381,356		\$28,089,023		\$0	\$250	0
Full-Service Restaurants	\$64,364,977		\$102,333,089		\$0	\$400	0
Special Food Services	\$1,964,735		\$4,422,740		\$0	\$300	0
TOTAL	\$786,172,509		\$1,180,853,475		\$216,007,593		529,761
Planned and Proposed							151,200
NET SUPPORTABLE SQUARE FEET							378,561

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

Future resident and worker spending, based on current spending per household and per employee, will also support additional retail square footage in Rancho Cucamonga.

Retail Goods	Rancho Cucamonga Future Retail Demand												
	Residential				Worker		Sales PSF	Residential				Worker	
	Half-Mile (Spending)		1/2 to 2 Mile (Spending)		2-Mile (Spending)			Half-Mile (SF)		1/2 to 2 Mile (SF)		2-Mile (SF)	
	2014	2020	2014	2020	2014	2020		2014	2020	2014	2020	2004	2020
Convenience Goods													
Grocery Stores	\$136,631	\$1,053,138	\$2,009,208	\$8,530,656	\$1,970,855	\$10,309,573	\$475	216	2,287	14,266	2,481	\$4,149	\$21,704
Specialty Food Stores	\$5,672	\$43,716	\$83,402	\$354,106	\$0	\$0	\$340	9	131	819	142	\$0	\$0
Beer, Wine & Liquor Stores	\$8,220	\$1,096,854	\$2,092,609	\$8,884,761	\$0	\$0	\$350	14	3,231	20,157	3,506	\$0	\$0
General Merchandise Stores	\$123,184	\$63,360	\$120,880	\$513,231	\$2,219,805	\$11,611,835	\$450	251	155	970	169	\$4,933	\$25,804
Limited-Service Eating Places	\$40,674	\$949,495	\$1,811,474	\$7,691,124	\$1,452,209	\$7,596,527	\$400	60	2,541	15,854	2,757	\$3,631	\$18,991
Drinking Places - Alcoholic Beverages	\$2,308	\$313,513	\$598,129	\$2,539,526	\$456,408	\$2,387,480	\$400	6	825	5,146	895	\$1,141	\$5,969
Health & Personal Care Stores	\$64,958	\$17,788	\$33,937	\$144,091	\$1,929,363	\$8,356,180	\$375	93	54	336	58	\$5,145	\$22,283
Miscellaneous Store Retailers	\$24,329	\$500,690	\$955,230	\$4,055,699	\$1,929,363	\$10,092,529	\$300	100	1,739	10,851	1,887	\$6,431	\$33,642
Comparison Goods													
Bldg Materials, Garden Equip. & Supply Stores	\$23,102	\$178,070	\$339,726	\$8,530,656	\$0	\$0	\$300	69	532	3,318	577	\$ -	\$ -
Furniture & Home Furnishings Stores	\$18,029	\$138,964	\$265,120	\$354,106	\$0	\$0	\$300	66	511	3,189	555	\$ -	\$ -
Electronics & Appliance Stores	\$20,858	\$160,768	\$306,718	\$8,884,761	\$1,493,700	\$7,813,571	\$350	64	491	3,063	533	\$ 4,268	\$ 22,324
Clothing & Clothing Accessories Stores	\$54,054	\$416,647	\$794,891	\$513,231	\$1,058,038	\$5,534,613	\$375	158	1,217	7,590	1,320	\$ 2,821	\$ 14,759
Sporting Goods, Hobby, Book & Music Stores	\$20,458	\$157,691	\$300,848	\$7,691,124	\$311,188	\$1,627,827	\$250	91	698	4,356	758	\$ 1,245	\$ 6,511
Full-Service Restaurants	\$43,598	\$336,052	\$641,131	\$2,539,526	\$1,203,259	\$6,294,265	\$400	116	896	5,589	972	\$ 3,008	\$ 15,736
Special Food Services	\$40,674	\$313,513	\$598,129	\$144,091	\$0	\$0	\$300	15	113	707	123	\$ -	\$ -
TOTAL	\$626,749	\$5,740,259	\$10,951,434	\$61,370,687	\$14,024,188	\$71,624,400		1,328	15,420	96,210	16,734	36,772	187,724
Planned and Proposed								0	0	0	0	0	0
NET SUPPORTABLE SQUARE FEET								1,328	15,420	96,210	16,734	36,772	187,724

Source: ESRI, SCAG Household Projections, 2011 Retail Maxim Sales PSF

Demand in the Rancho Cucamonga Station area is primarily supported by future residential and worker spending dollars.

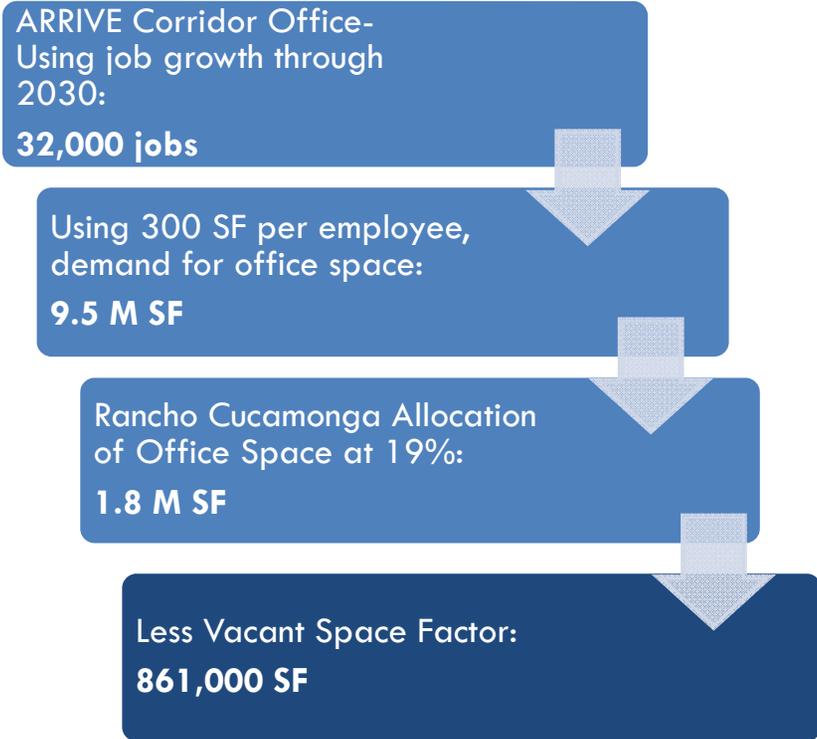
- ❖ Given the wide variety of retail options in the 2-Mile retail market, a conservative capture rate is anticipated for the site.
- ❖ However, retail capture may be higher for retail proposed within the Empire Lakes redevelopment depending on the scale of residential included in the project.

Rancho Cucamonga Half-Mile Station Area Retail Summary Demand

	Current	Future		Total
		2014-2020	2020-2035	
Recapture of Leakage				
Existing Net 2 Mile Leakage	378,561			
Recapture of 2-Mile Current Leakage	70%			
Recapture of 2-Mile Current Leakage (SF)	264,992			
Station Area Leakage Recapture Rate	15%			
Station Area Leakage Recapture (SF)	39,748.90			
Future Demand				
Half-Mile Market				
Est. Net Future Residential Demand (SF)		1,328	15,420	
Capture of Half-Mile Future Demand		95%	95%	
Capture of Half-Mile Future Demand (SF)		1,262	14,649	
1/2 to 2 Mile Market				
Est. Net Future Residential Demand (SF)		96,210	16,734	
Station Area Capture		15%	15%	
2-Mile Future Demand with Site Capture (SF)		14,432	2,510	
Future Worker Demand				
Est. Net Future Worker Demand		36,772	187,724	
Capture of 2-Mile Future Worker Demand		15%	15%	
2-Mile Future Demand with Site Capture (SF)		5,516	28,159	
TOTAL SUPPORTABLE SF	39,749	21,209	45,318	106,276

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

Rancho Cucamonga Office Demand Analysis



Station Area Capture		
7% Capture: 60,000 SF	10% Capture: 86,000 SF	15% Capture: 129,000 SF

Source: Census OnTheMap, HR&A Advisors

- ❖ Given transit and freeway access, as well as the area’s location near the Ontario Airport and I-15 Corridor, the Rancho Cucamonga Half-Mile Area is a good location for office uses.
- ❖ As shown, there is strong projected demand for office space within the Rancho Cucamonga 2.5-Mile Market area.
- ❖ However, there is a significant amount of available vacant space in the market that is likely to fill first.
- ❖ Additionally, the Rancho Cucamonga Half-mile station area is located in close proximity and will compete with major office locations in the Ontario Center and Rancho Cucamonga.

Rancho Cucamonga has very strong demand for industrial uses. However, aside from land that may be available in the Empire Lakes redevelopment, there is limited vacant land in the Half-Mile for these uses.

Rancho Cucamonga Industrial Demand

	Capture Rate	Change '14 - '20	Change '20 - '25	Change '25 - '35	Cum. Change (2014 - 2035)
Industrial Square Feet per Employee		900	900	900	900
Rancho Cucamonga Fair Share Capture of Jobs	19%	1,393	1,330	3,218	5,941
Rancho Cucamonga Supportable SF		1,253,499	1,197,112	2,896,147	5,346,757
Less Current Vacant Office Space ¹		<u>645,920</u>	<u>538,266</u>	<u>215,307</u>	<u>1,399,492</u>
Net Supportable SF		607,579	658,846	2,680,840	3,947,265
Low Station Area Capture	5%	30,379	32,942	134,042	197,363
Medium Station Area Capture	7%	42,531	46,119	187,659	276,309
High Station Area Capture	10%	60,758	65,885	268,084	394,727

Source: US Census LEHD Data, CA EDD Forecasts, HR&A Advisors

¹ Assumes that 50% of existing vacant space is market-competitive and leasable and that 25% of that existing vacant space is absorbed by 2020, 50% is absorbed by 2025, and 60% is absorbed by 2035.

Rancho Cucamonga Demand Summary

Land Use	Current Recapture	2014-2020	2020-2035	Total *
Residential		500 - 1,400 units	800 - 2,500 units	1,300 - 3,900 units
Office		0 SF	60k - 130k SF	60k - 130k SF
Retail	40k SF	21k SF	45k SF	106k SF
Industrial		30k - 61k SF	167k - 334K SF	197k - 395k SF

* May not add due to rounding

Rancho Cucamonga Opportunities and Challenges

Opportunities

- ❖ The Rancho Cucamonga station is located in the midst of a significant concentration of office and industrial employment as well as within relatively close proximity to the Ontario Airport and other regional retail destinations. Enhancing secondary, multi-modal connections will be an important success factor.
- ❖ Rancho Cucamonga is already identified in the region as a highly desirable residential community.
- ❖ Redevelopment of the Empire Lakes golf course presents significant opportunities to catalyze viable TOD with a diverse mix of new residential development. Design considerations should include strong connections to the Metrolink Station.
- ❖ Industrial uses directly across the street from the station are older and may be repositioned to destination urban dining and retail uses.

Challenges

- ❖ Almost all of the supportable new development will be absorbed by the Empire Lakes Redevelopment project and new development may not occur until the Empire Lakes is absorbed.
- ❖ There is a significant amount of retail in the competitive market area that will compete with new developments in the Half-Mile Station Area.



Empire Lakes Golf Course

The Fontana Half-Mile Station Area is expected to capture the second highest amount of future residential demand, just after Rancho Cucamonga.

- ❖ The Fontana 2.5-Mile Market Area is expected to capture between 20% and 24% of the ARRIVE Corridor’s growth.
- ❖ Capture rates reflect competition from vacant land available for development around the City, and limited existing infill opportunities within the Station Area.
- ❖ Planned and proposed projects include several planned apartment rentals—including market-rate, senior, and affordable properties—and assumes that 40% are developed.

Fontana Residential Demand		2014-2020	2020-2035	Cumulative 2014-2035	TOTAL HH at Build out in Station Area
Fontana 2.5-Mile Projected Residential Growth		2,061	4,144	6,204	
<i>Planned and Proposed (40%)</i>		44	66	110	
Fontana Demand less Planned and Proposed		2,017	4,078	6,094	
Low	10%	202	408	609	2,935
Moderate	15%	303	612	914	3,240
High	25%	504	1,019	1,524	3,850

Source: HR&A Advisors

A substantial amount of Fontana residents' spending is currently made in other communities, i.e. high leakage.

	Retail Leakage from Current 2 Mile Residents						
Retail Goods	Current Resident Spending Potential	-	Current Area Retail Sales	=	Leakage	Sales PSF	Leakage SF
Convenience Goods							
Grocery Stores	\$91,042,478		\$69,853,252		\$21,189,226	\$475	44,609
Specialty Food Stores	\$3,779,152		\$2,457,473		\$1,321,679	\$340	3,887
Beer, Wine & Liquor Stores	\$5,477,400		\$7,842,235		\$0	\$350	0
General Merchandise Stores	\$82,082,667		\$84,668,745		\$0	\$450	0
Limited-Service Eating Places	\$27,102,807		\$64,330,061		\$0	\$400	0
Drinking Places - Alcoholic Beverages	\$1,537,792		\$1,692,532		\$0	\$400	0
Health & Personal Care Stores	\$43,284,000		\$82,327,968		\$0	\$375	0
Miscellaneous Store Retailers	\$16,211,526		\$5,245,992		\$10,965,534	\$300	36,552
Comparison Goods							
Bldg Materials, Garden Equip. & Supply Stores	\$15,393,900		\$1,564,963		\$13,828,937	\$300	46,096
Furniture & Home Furnishings Stores	\$12,013,294		\$6,112,922		\$5,900,372	\$300	19,668
Electronics & Appliance Stores	\$13,898,206		\$4,984,648		\$8,913,558	\$350	25,467
Clothing & Clothing Accessories Stores	\$36,018,577		\$17,492,756		\$18,525,821	\$375	49,402
Sporting Goods, Hobby, Book & Music Stores	\$13,632,201		\$21,212,393		\$0	\$250	0
Full-Service Restaurants	\$29,051,311		\$21,203,328		\$7,847,983	\$400	19,620
Special Food Services	\$27,102,807		\$133,945		\$26,968,862	\$300	89,896
TOTAL	\$417,628,118		\$391,123,213		\$115,461,972		335,198
Less Planned and Proposed							36,877
NET SUPPORTABLE SQUARE FEET							298,321

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

Future resident spending in Fontana, based on current per household spending, will also support additional retail square footage.

Retail Goods	Future Resident Retail Demand								
	Half-Mile (Spending)		1/2 to 2 Mile (Spending)		Sales PSF	Half-Mile (SF)		1/2 to 2 Mile (SF)	
	2014	2020	2014	2020		2014	2020	2014	2020
Convenience Goods									
Grocery Stores	\$136,631	\$1,053,138	\$2,009,208	\$8,530,656	\$475	210	2,217	4,230	17,959
Specialty Food Stores	\$5,672	\$43,716	\$83,402	\$354,106	\$340	8	129	245	1,041
Beer, Wine & Liquor Stores	\$8,220	\$1,096,854	\$2,092,609	\$8,884,761	\$350	13	3,134	5,979	25,385
General Merchandise Stores	\$123,184	\$63,360	\$120,880	\$513,231	\$450	235	141	269	1,141
Limited-Service Eating Places	\$40,674	\$949,495	\$1,811,474	\$7,691,124	\$400	57	2,374	4,529	19,228
Drinking Places - Alcoholic Beverages	\$2,308	\$313,513	\$598,129	\$2,539,526	\$400	5	784	1,495	6,349
Health & Personal Care Stores	\$64,958	\$17,788	\$33,937	\$144,091	\$375	90	47	90	384
Miscellaneous Store Retailers	\$24,329	\$500,690	\$955,230	\$4,055,699	\$300	93	1,669	3,184	13,519
Comparison Goods									
Bldg Mtrls, Garden Equip. & Supply Stores	\$23,102	\$178,070	\$339,726	\$8,530,656	\$300	77	594	1,132	28,436
Furniture & Home Furnishings Stores	\$18,029	\$138,964	\$265,120	\$354,106	\$300	60	463	884	1,180
Electronics & Appliance Stores	\$20,858	\$160,768	\$306,718	\$8,884,761	\$350	60	459	876	25,385
Clothing & Clothing Accessories Stores	\$54,054	\$416,647	\$794,891	\$513,231	\$375	144	1,111	2,120	1,369
Sporting Goods, Hobby, Book & Music Stores	\$20,458	\$157,691	\$300,848	\$7,691,124	\$250	82	631	1,203	30,764
Full-Service Restaurants	\$43,598	\$336,052	\$641,131	\$2,539,526	\$400	109	840	1,603	6,349
Special Food Services	\$40,674	\$313,513	\$598,129	\$144,091	\$300	136	1,045	1,994	480
TOTAL	\$626,749	\$5,740,259	\$10,951,434	\$61,370,687		1,378	15,637	29,834	178,969
Planned and Proposed						0	0	0	0
NET SUPPORTABLE SQUARE FEET						1,378	15,637	29,834	178,969

Source: ESRI, SCAG Household Projections, 2011 Retail Maxim Sales PSF

Demand in the Fontana Station area is primarily supported by the recapture of current resident dollars.

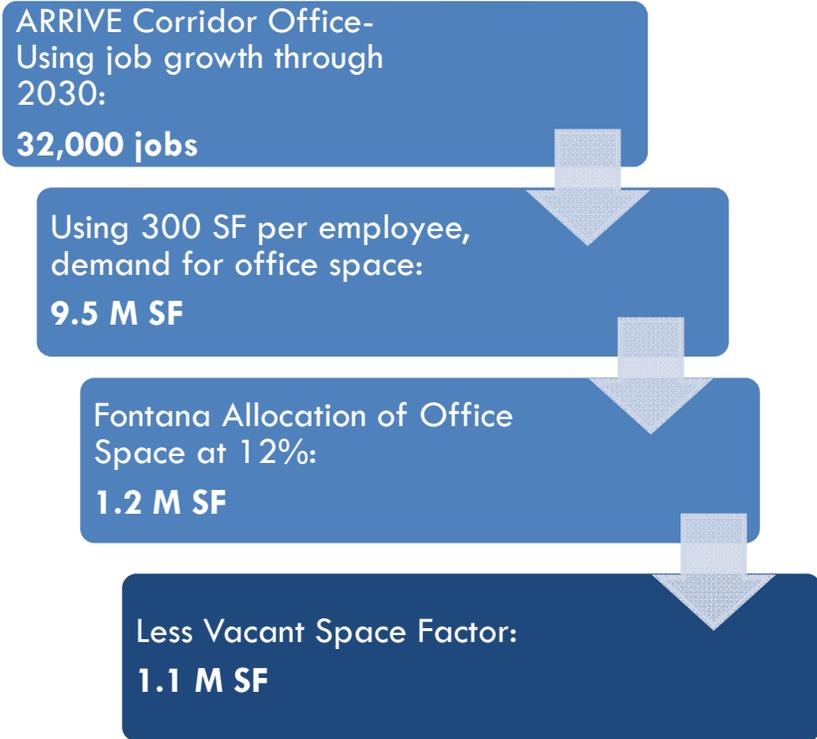
- ❖ Fontana residents are likely shopping in the Rancho Cucamonga 2-Mile Retail Market Area. There is an opportunity to capture a certain percentage of this spending in the Half-Mile Station Area
- ❖ Strong household growth in the Fontana Market area also supports additional retail support.

Fontana Half-Mile Station Area Retail Summary Demand

	Recapture of Leakage	Future		Total
		2014-2020	2020-2035	
Recapture of Leakage				
Existing Net 2 Mile Leakage	298,321			
Recapture of 2-Mile Current Leakage	70%			
Recapture of 2-Mile Current Leakage (SF)	234,639			
Station Area Leakage Recapture Rate	20%			
Station Area Leakage Recapture (SF)	46,928			
Future Demand				
Half-Mile Market				
Est. Net Future Residential Demand (SF)		1,378	15,637	
Capture of Half-Mile Future Demand		80%	80%	
Capture of Half-Mile Future Demand (SF)		1,102	12,510	
1/2 to 2 Mile Market				
Est. Net Future Residential Demand (SF)		29,834	178,969	
Station Area Capture		15%	15%	
2-Mile Future Demand with Site Capture (SF)		4,475	26,845	
TOTAL SUPPORTABLE SF	46,928	5,577	39,355	91,860

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

Fontana Office Demand Analysis



Station Area Capture		
5% Capture: 56,000 SF	8% Capture: 90,000 SF	10% Capture: 113,000 SF

Source: Census OnTheMap, HR&A Advisors

- ❖ Fontana is expected to capture a strong share of the Corridor’s office growth.
- ❖ The Half-Mile Station Area will compete with other commercial areas in Fontana, such as those closer to the Kaiser Hospital and locations closer to the I-210 freeway, but still supports a number of small-scale office uses.

Fontana's capture rates reflect limited space available for industrial within the Station Area.

Fontana Industrial Demand

	Capture Rate	Change '14 - '20	Change '20 - '25	Change '25 - '35	Cum. Change (2014 - 2035)
Industrial Square Feet per Employee		900	900	900	900
Fontana Fair Share Capture of Jobs	12%	901	861	2,082	3,844
Fontana Supportable SF		811,081	774,596	1,873,962	3,459,639
Less Current Vacant Office Space ¹		<u>219,158</u>	<u>182,632</u>	<u>73,053</u>	<u>474,843</u>
Net Supportable SF		591,923	591,964	1,800,910	2,984,796
Low Station Area Capture	1%	5,919	5,920	18,009	29,848
Medium Station Area Capture	2%	11,838	11,839	36,018	59,696
High Station Area Capture	3%	17,758	17,759	54,027	89,544

Source: US Census LEHD Data, CA EDD Forecasts, HR&A Advisors

¹ Assumes that 50% of existing vacant space is market-competitive and leasable and that 25% of that existing vacant space is absorbed by 2020, 50% is absorbed by 2025, and 60% is absorbed by 2035.

Fontana Demand Summary

Land Use	Current Recapture	2014-2020	2020-2035	Total *
Residential		200 - 500 units	400 - 1,000 units	600 - 1,500 units
Office		12k - 25k SF	43k-87k SF	56k - 113k SF
Retail	47k SF	6k SF	40k SF	92k SF
Industrial		6k - 18k SF	24k - 72k SF	30k - 90k SF

* May not add due to rounding

Fontana Opportunities and Challenges

Opportunities

- ❖ Fontana is the next major area of growth along the ARRIVE Corridor. As land becomes increasingly scarce in the westerly cities, there will be greater opportunity to locate new growth closer to the station areas.
- ❖ There is potential for infill development opportunities with increasing density once the city's current available vacant land is absorbed.
- ❖ Existing precedent for high density residential in the area through recently developed senior housing located within close proximity of the station.
- ❖ Throughout the city, retail and office uses are performing fairly well. However, much of the retail is located outside of the Half-Mile Station Area.

Challenges

- ❖ The demise of Redevelopment and Tax Increment Financing has made it challenging for the city to continue to invest in its Downtown and move forward with denser mixed-use development.
- ❖ The current focus of growth in Fontana is close the I-210 freeway.
- ❖ Current real estate price points are lower than nearby cities.



Vacant Land in Fontana

The Rialto Half-Mile Station Area is expected to capture a greater share of Corridor growth in future years.

- ❖ The Rialto 2.5-Mile Market Area is expected to capture between 10% and 18% of the ARRIVE Corridor’s growth.
- ❖ The Corridor capture is projected to grow as residential growth moves eastward along the Corridor.
- ❖ Planned and proposed units include the 20-unit low-income Park Place apartment project and units from the Rialto Airport redevelopment. The Rialto Airport redevelopment is a major project just beyond the 2.5-Mile Market area.

Rialto Residential Demand		2014-2020	2020-2035	Cumulative 2014-2035	TOTAL HH at Build out in Station Area
Rialto 2.5-Mile Projected Residential Growth		859	3,729	4,588	
<i>Planned and Proposed (60% assumed developed)</i>			1,000	1,000	
Rialto Demand less Planned and Proposed		859	2,729	3,588	
Low	15%	129	409	538	1,911
Moderate	20%	172	546	718	2,091
High	25%	215	682	897	2,270

Source: HR&A Advisors

A large share of Rialto's residents' spending is going outside of the area, resulting in large leakage. However, some of this will be captured by the new Walmart development.

Retail Goods	Retail Leakage from Current 2 Mile Residents						
	Current Resident Spending Potential	-	Current Area Retail Sales	=	Leakage	Sales PSF	Leakage SF
Convenience Goods							
Grocery Stores	\$94,520,045		\$65,768,542		\$28,751,503	\$475	60,529
Specialty Food Stores	\$3,915,970		\$3,451,030		\$464,940	\$340	1,367
Beer, Wine & Liquor Stores	\$5,745,944		\$6,200,216		\$0	\$350	0
General Merchandise Stores	\$85,888,163		\$68,614,876		\$17,273,287	\$450	38,385
Limited-Service Eating Places	\$28,233,099		\$53,899,040		\$0	\$400	0
Drinking Places - Alcoholic Beverages	\$1,580,088		\$1,327,834		\$252,254	\$400	631
Health & Personal Care Stores	\$46,065,462		\$41,882,670		\$4,182,792	\$375	11,154
Miscellaneous Store Retailers	\$17,348,567		\$5,560,618		\$11,787,949	\$300	39,293
Comparison Goods							
Bldg Materials, Garden Equip. & Supply Stores	\$17,125,007		\$19,161,699		\$0	\$300	0
Furniture & Home Furnishings Stores	\$12,814,148		\$2,745,382		\$10,068,766	\$300	33,563
Electronics & Appliance Stores	\$14,741,535		\$3,008,726		\$11,732,809	\$350	33,522
Clothing & Clothing Accessories Stores	\$37,741,531		\$9,970,934		\$27,770,597	\$375	74,055
Sporting Goods, Hobby, Book & Music Stores	\$14,327,738		\$31,993,344		\$0	\$250	0
Full-Service Restaurants	\$30,323,345		\$6,331,673		\$23,991,672	\$400	59,979
Special Food Services	\$28,233,099		\$583,458		\$27,649,641	\$300	92,165
TOTAL	\$438,603,741		\$320,500,042		\$163,926,210		444,644
Planned and Proposed							240,000
NET SUPPORTABLE SQUARE FEET							204,644

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

Strong future growth in the larger Rialto 2-Mile retail market will support substantial new retail space.

Retail Goods	Future Resident Retail Demand								
	Half-Mile (Spending)		1/2 to 2 Mile (Spending)		Sales PSF	Half-Mile (SF)		1/2 to 2 Mile (SF)	
	2014	2020	2014	2020		2014	2020	2014	2020
Convenience Goods									
Grocery Stores	\$88,133	\$679,323	\$4,759,270	\$11,807,647	\$475	135	1,430	10,020	24,858
Specialty Food Stores	\$3,651	\$28,144	\$197,177	\$489,191	\$340	5	83	580	1,439
Beer, Wine & Liquor Stores	\$91,785	\$707,468	\$4,956,447	\$12,296,838	\$350	141	2,021	14,161	35,134
General Merchandise Stores	\$5,358	\$41,297	\$289,320	\$717,796	\$450	10	92	643	1,595
Limited-Service Eating Places	\$80,085	\$617,285	\$4,324,638	\$10,729,334	\$400	113	1,543	10,812	26,823
Drinking Places - Alcoholic Beverages	\$26,325	\$202,914	\$1,421,592	\$3,526,939	\$400	61	507	3,554	8,817
Health & Personal Care Stores	\$1,473	\$11,356	\$79,561	\$197,388	\$375	2	30	212	526
Miscellaneous Store Retailers	\$42,953	\$331,076	\$2,319,487	\$5,754,596	\$300	163	1,104	7,732	19,182
Comparison Goods									
Bldg Materials, Garden Equip. & Supply Stores	\$15,968	\$123,079	\$862,278	\$2,139,293	\$300	53	410	2,874	7,131
Furniture & Home Furnishings Stores	\$11,948	\$92,096	\$645,218	\$1,600,771	\$300	40	307	2,151	5,336
Electronics & Appliance Stores	\$13,745	\$105,949	\$742,265	\$1,841,544	\$350	39	303	2,121	5,262
Clothing & Clothing Accessories Stores	\$35,191	\$271,252	\$1,900,360	\$4,714,753	\$375	94	723	5,068	12,573
Sporting Goods, Hobby, Book & Music Stores	\$13,360	\$102,975	\$721,430	\$1,789,852	\$250	53	412	2,886	7,159
Full-Service Restaurants	\$28,274	\$217,936	\$1,526,840	\$3,788,057	\$400	71	545	3,817	9,470
Special Food Services	\$26,325	\$202,914	\$1,421,592	\$3,526,939	\$300	88	676	4,739	11,756
TOTAL	\$484,575	\$3,735,064	\$26,167,474	\$64,920,939		1,070	10,187	71,368	177,062
Planned and Proposed						0	0	0	0
NET SUPPORTABLE SQUARE FEET						1,070	10,187	71,368	177,062

Source: ESRI, SCAG Household Projections, 2011 Retail Maxim Sales PSF

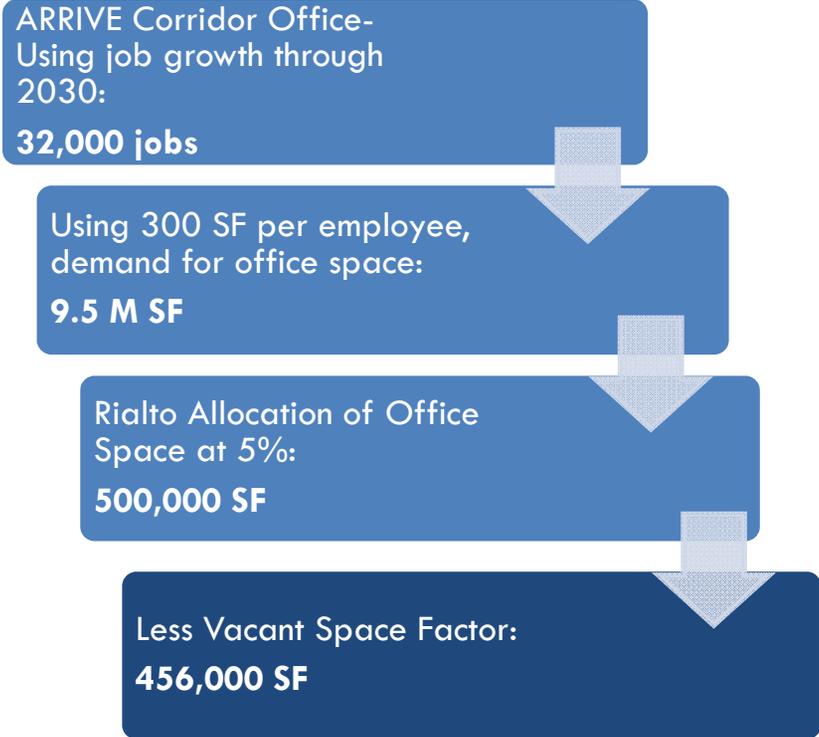
There is strong demand for retail in the 2-Mile retail market area, but the Station Area will compete with newly developed areas near the I-210.

Rialto Half-Mile Station Area Retail Summary Demand

	Recapture of Leakage	Future		Total
		2014-2020	2020-2035	
Recapture of Leakage				
Existing Net 2 Mile Leakage	204,644			
Recapture of 2-Mile Current Leakage Rate	80%			
Recapture of 2-Mile Current Leakage (SF)	163,716			
Station Area Leakage Recapture Rate	20%			
Station Area Leakage Recapture (SF)	32,743			
Future Demand				
Half-Mile Market				
Est. Net Future Residential Demand (SF)		1,070	10,187	
Capture of Half-Mile Future Demand		95%	95%	
Capture of Half-Mile Future Demand (SF)		1,016	9,677	
1/2 to 2 Mile Market				
Est. Net Future Residential Demand (SF)		71,368	177,062	
Capture of 2-Mile Future Demand		20%	20%	
2-Mile Future Demand (SF)		14,274	35,412	
Total Supportable SF	32,743	15,290	45,090	93,123

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

Rialto Office Demand Analysis



Station Area Capture		
20% Capture: 91,000 SF	25% Capture: 114,000 SF	30% Capture: 137,000 SF

- ❖ The Rialto Half-Mile Station Area is well suited to capture a strong share of projected office demand.

Source: Census OnTheMap, HR&A Advisors

Rialto has a well functioning industrial market and a limited share can be supported on the outer edges of the Station Area.

Rialto Industrial Demand

	Capture Rate	Change '14 - '20	Change '20 - '25	Change '25 - '35	Cum. Change (2014 - 2035)
Industrial Square Feet per Employee		900	900	900	900
Rialto Fair Share Capture of Jobs	5%	383	366	885	1,634
Rialto Supportable SF		344,760	329,252	796,551	1,470,563
Less Current Vacant Office Space ¹		<u>80,666</u>	<u>67,221</u>	<u>26,889</u>	<u>174,775</u>
Net Supportable SF		264,095	262,030	769,663	1,295,787
Low Station Area Capture	5%	13,205	13,102	38,483	64,789
Medium Station Area Capture	7%	18,487	18,342	53,876	90,705
High Station Area Capture	10%	26,409	26,203	76,966	129,579

Source: US Census LEHD Data, CA EDD Forecasts, HR&A Advisors

¹ Assumes that 50% of existing vacant space is market-competitive and leasable and that 25% of that existing vacant space is absorbed by 2020, 50% is absorbed by 2025, and 60% is absorbed by 2035.

Rialto Demand Summary

Land Use	Current Recapture	2014-2020	2020-2035	Total *
Residential		100 - 200 units	400 - 700 units	500 - 900 units
Office		20k - 30k SF	71k - 107k SF	91K - 137k SF
Retail	33k SF	15k SF	45k SF	93k SF
Industrial		13k - 26k SF	52k - 103k SF	65k - 130K SF

* May not add due to rounding

Rialto Opportunities and Challenges

Opportunities

- ❖ Downtown Rialto has the charm and available land to support a dynamic mixed-use environment.
- ❖ As Rancho Cucamonga and Fontana become fully developed there will be greater interest in development opportunities within Rialto, which still has vacant available infill properties available.



Rialto Market Night

Challenges

- ❖ Rialto is perceived to be isolated from growth areas, with relatively lower home prices.
- ❖ The Rialto market will improve as San Bernardino employment centers grow stronger.
- ❖ Constrained public funding sources.



Vacant Land in Rialto

The San Bernardino 2.5-Mile Market Area is expected to capture growing shares of ARRIVE Corridor household growth in future years, but limited growth is expected in the Half-Mile Station Area.

- ❖ The San Bernardino 2.5-Mile Market Area is expected to capture between 13% and 16% of the ARRIVE Corridor’s growth.
- ❖ The Planned and proposed units in this analysis include 60% of the low-income Waterman development.
- ❖ Capture rates are expected to be low in the Half-Mile area due to environmental limitations for new residential units within the Station Area.

San Bernardino Residential Demand		2014-2020	2020-2035	Cumulative 2014-2035	TOTAL HH at Build out in Station Area
San Bernardino 2.5-Mile Projected Residential Growth		1,116	3,315	4,431	
<i>Planned and Proposed (60%)</i>			202	202	
San Bernadino Demand less Planned and Proposed		1,116	3,113	4,229	
Low	5%	56	156	211	1,560
Moderate	7%	78	218	296	1,645
High	10%	112	311	423	1,772

Source: HR&A Advisors

Residents in the San Bernardino 2-Mile retail market are supporting retail outside of the area that may be recaptured.

Retail Leakage from Current 2 Mile Residents							
Retail Goods	Current Resident Spending Potential	-	Current Area Retail Sales	=	Leakage	Sales PSF	Leakage SF
Convenience Goods							
Grocery Stores	\$52,646,878		\$84,628,464		\$0	\$475	0
Specialty Food Stores	\$2,176,890		\$3,532,246		\$0	\$340	0
Beer, Wine & Liquor Stores	\$3,148,412		\$12,688,604		\$0	\$350	0
General Merchandise Stores	\$47,704,711		\$42,616,184		\$5,088,527	\$450	11,308
Limited-Service Eating Places	\$15,523,124		\$31,906,312		\$0	\$400	0
Drinking Places - Alcoholic Beverages	\$848,271		\$3,044,763		\$0	\$400	0
Health & Personal Care Stores	\$25,435,294		\$22,600,765		\$2,834,529	\$375	7,559
Miscellaneous Store Retailers	\$9,536,919		\$19,652,422		\$0	\$300	0
Comparison Goods							
Bldg Materials, Garden Equip. & Supply Stores	\$8,186,392		\$1,876,439		\$6,309,953	\$300	21,033
Furniture & Home Furnishings Stores	\$6,906,077		\$12,715,789		\$0	\$300	0
Electronics & Appliance Stores	\$7,956,574		\$6,128,800		\$1,827,774	\$350	5,222
Clothing & Clothing Accessories Stores	\$20,538,357		\$41,004,375		\$0	\$375	0
Sporting Goods, Hobby, Book & Music Stores	\$7,620,767		\$3,050,535		\$4,570,232	\$250	18,281
Full-Service Restaurants	\$16,542,775		\$19,658,626		\$0	\$400	0
Special Food Services	\$15,523,124		\$1,239,329		\$14,283,795	\$300	47,613
TOTAL	\$240,294,565		\$306,343,653		\$34,914,810		111,016
Planned and Proposed							0
NET SUPPORTABLE SQUARE FEET							111,016

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

Future San Bernardino Half-Mile Station Area residents support a very limited amount of retail, but residents in the greater 2-Mile area will support a fair amount of new retail.

Retail Goods	Future Resident Retail Demand								
	Half-Mile (Spending)		1/2 to 2 Mile (Spending)		Sales PSF	Half-Mile (SF)		1/2 to 2 Mile (SF)	
	2014	2020	2014	2020		2014	2020	2014	2020
Convenience Goods									
Grocery Stores	\$57,427	\$18,303	\$3,199,130	\$7,399,954	\$475	88	39	6,735	15,579
Specialty Food Stores	\$2,375	\$18,303	\$132,280	\$305,980	\$340	3	54	389	900
Beer, Wine & Liquor Stores	\$3,434	\$460,946	\$3,331,410	\$7,705,934	\$350	5	1,317	9,518	22,017
General Merchandise Stores	\$52,036	\$26,471	\$191,316	\$442,535	\$450	99	59	425	983
Limited-Service Eating Places	\$16,933	\$401,091	\$2,898,815	\$6,705,292	\$400	24	1,003	7,247	16,763
Drinking Places - Alcoholic Beverages	\$925	\$130,515	\$943,275	\$2,181,903	\$400	2	326	2,358	5,455
Health & Personal Care Stores	\$27,745	\$7,132	\$51,546	\$119,232	\$375	38	19	137	318
Miscellaneous Store Retailers	\$10,403	\$213,854	\$1,545,596	\$3,575,141	\$300	40	713	5,152	11,917
Comparison Goods									
Bldg Materials, Garden Equip. & Supply Stores	\$8,930	\$68,829	\$497,453	\$1,150,665	\$300	30	229	1,658	3,836
Furniture & Home Furnishings Stores	\$7,533	\$58,065	\$419,653	\$970,706	\$300	25	194	1,399	3,236
Electronics & Appliance Stores	\$8,679	\$66,897	\$483,488	\$1,118,362	\$350	25	191	1,381	3,195
Clothing & Clothing Accessories Stores	\$22,403	\$172,682	\$1,248,030	\$2,886,836	\$375	60	460	3,328	7,698
Sporting Goods, Hobby, Book & Music Stores	\$8,313	\$64,074	\$463,082	\$1,071,162	\$250	33	256	1,852	4,285
Full-Service Restaurants	\$18,045	\$139,088	\$1,005,235	\$2,325,224	\$400	45	348	2,513	5,813
Special Food Services	\$16,933	\$130,515	\$943,275	\$2,181,903	\$300	56	435	3,144	7,273
TOTAL	\$262,113	\$1,976,765	\$17,353,584	\$40,140,830		574	5,643	47,238	109,268
Planned and Proposed						0	0	0	0
NET SUPPORTABLE SQUARE FEET						574	5,643	47,238	109,268

Source: ESRI, SCAG Household Projections, 2011 Retail Maxim Sales PSF

The San Bernardino Half-Mile Station Area must compete with retail east of the I-215 and is projected to capture the smallest amount of retail of the ARRIVE market areas.

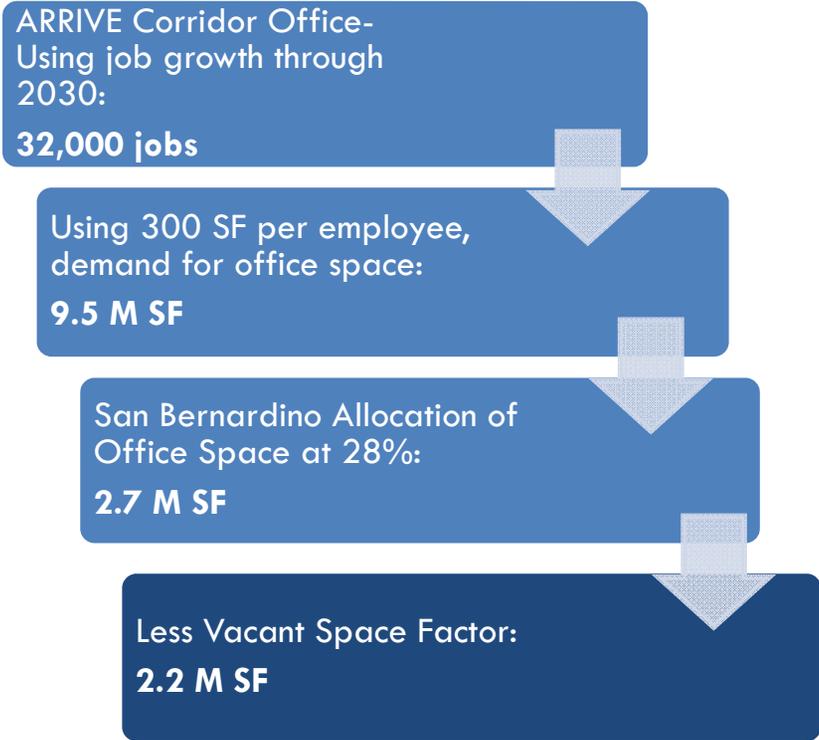
- ❖ A limited amount of new residents are expected in the Half-Mile area. Thus, recapture of leakage makes up the greatest share of retail demand.

San Bernardino Half-Mile Station Area Retail Summary Demand

	Recapture of Leakage	Future		Total
		2014-2020	2020-2035	
Recapture of Leakage				
Existing Net 2 Mile Leakage	111,016			
Recapture of 2-Mile Current Leakage	70%			
Recapture of 2-Mile Current Leakage (SF)	77,711			
Station Area Leakage Recapture Rate	20%			
Station Area Leakage Recapture (SF)	15,542			
Future Demand				
Half-Mile Market				
Est. Net Future Residential Demand (SF)		574	5,643	
Capture of Half-Mile Future Demand		95%	95%	
Capture of Half-Mile Future Demand (SF)		546	5,361	
1/2 Mile to 2 Mile Market				
Est. Net Future Residential Demand (SF)		47,238	109,268	
Station Area Capture		10%	10%	
2-Mile Future Demand with Site Capture (SF)		4,724	10,927	
Total Supportable SF	15,542	5,269	16,287	37,099

Source: ESRI, 2011 Retail Maxim Sales PSF, HR&A

San Bernardino Office Demand Analysis



Station Area Capture		
0% Capture: 0 SF	1% Capture: 22,000 SF	2% Capture: 44,000 SF

Source: Census OnTheMap, HR&A Advisors

- ❖ The San Bernardino 2.5-Mile Market is expected to capture the highest amount of employment growth in the ARRIVE Corridor across the next 30 years.
- ❖ However, the bulk of this growth will be funneled to Downtown San Bernardino.
- ❖ There is a very limited amount of office space located to the east of the I-215 in the San Bernardino Half-Mile area.
- ❖ The area is likely to capture some, but a limited amount of new office demand.

San Bernardino has strong industrial demand. The location of the BNSF intermodal center is also a benefit for companies looking to locate within the Station Area.

San Bernardino Industrial Demand

	Capture Rate	Change '14 - '20	Change '20 - '25	Change '25 - '35	Cum. Change (2014 - 2035)
Industrial Square Feet per Employee		900	900	900	900
San Bernardino Fair Share Capture of Jobs	28%	2,056	1,963	4,749	8,768
San Bernardino Supportable SF		1,850,054	1,766,832	4,274,458	7,891,345
Less Current Vacant Office Space ¹		<u>286,888</u>	<u>239,073</u>	<u>95,629</u>	<u>621,590</u>
Net Supportable SF		1,563,167	1,527,759	4,178,829	7,269,755
Low Station Area Capture	3%	46,895	45,833	125,365	218,093
Medium Station Area Capture	5%	78,158	76,388	208,941	363,488
High Station Area Capture	7%	109,422	106,943	292,518	508,883

Source: US Census LEHD Data, CA EDD Forecasts, HR&A Advisors

¹ Assumes that 50% of existing vacant space is market-competitive and leasable and that 25% of that existing vacant space is absorbed by 2020, 50% is absorbed by 2025, and 60% is absorbed by 2035.

San Bernardino Demand Summary

Land Use	Current Recapture	2014-2020	2020-2035	Total *
Residential		60 - 100 units	150 - 300 units	200 - 400 units
Office		0 - 9k SF	0 - 36k SF	0 - 44k SF
Retail	16k SF	5k SF	16k SF	37k SF
Industrial		47k - 109k SF	171k - 399k SF	218k - 509k SF

* May not add due to rounding

San Bernardino Opportunities and Challenges

Opportunities

- ❖ There are numerous vacant parcels available for development.
- ❖ The San Bernardino Valley College within the Half-Mile Station Area may be a good connection to make to the station area. There may be potential for training sites connected to the college.
- ❖ The BNSF intermodal station may be a draw for certain industrial users, including domestic manufacturers.
- ❖ Public realm and connectivity improvements are planned to create safer connections between the neighborhoods bifurcated by rail activities and improved access to the station.



San Bernardino Valley College

Challenges

- ❖ The City's focus is on developing Downtown San Bernardino and leveraging the future convergence of multi-modal transit with the future downtown San Bernardino Metrolink station.
- ❖ There are economically distressed neighborhoods in the Station Area.
- ❖ San Bernardino has especially challenged local market conditions, with a slow post-recession recovery.
- ❖ Rail activities and resultant environmental quality are a challenge for adjacent uses.



Santa Fe Depot Railyard

Appendix

Retail

Office

Industrial

Cities of Montclair & Upland: Shopping Center Retail Comparison

There is a 4.8M SF overlap of shopping center retail between the 2.5-Mile Market Areas of Montclair and Upland. In order to better understand the differences between each city's shopping center retail, this slide presents the performance of retail within each of the city's boundaries.

Although the City of Upland is geographically larger than the City of Montclair, both have comparable amounts of total shopping center RBA, just over 3M SF, demonstrating the concentration of retail in Montclair. Overall, the shopping center retail within the municipal boundaries of the City of Upland generally performs better than in the City of Montclair in terms of average rental rates and net absorption. The City of Upland has higher lease rates than Montclair and had a greater amount of retail space delivered to market and absorbed across the last 8 years. Between 2006 and 2Q 2014, average lease rates were approximately \$10 higher in Upland relative to Montclair.

City of Montclair

Period	# Bldgs	Total RBA	Total Vacant %	Total Vacant Available SF	Total Net Absorption	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Total Average Rate
2006	107	3,000,837	4.4%	123,289	(51,122)	1	6,808	0	0	\$14.67/nnn
2007	107	3,000,837	4.3%	125,611	24,941	0	0	0	0	\$16.68/nnn
2008	108	3,009,645	4.0%	115,108	6,821	1	8,808	1	18,186	\$18.04/nnn
2009	109	3,027,831	8.4%	251,733	(146,071)	1	18,186	0	0	\$15.13/nnn
2010	109	3,027,831	10.3%	306,998	(29,724)	0	0	0	0	\$11.03/nnn
2011	109	3,027,831	11.5%	343,699	(44,276)	0	0	0	0	\$12.33/nnn
2012	109	3,027,831	11.4%	327,746	9,484	0	0	0	0	\$12.11/nnn
2013	109	3,027,831	9.8%	295,378	61,412	0	0	0	0	\$12.07/nnn
2014 QTD	109	3,027,831	10.1%	301,138	(21,008)	0	0	0	0	\$12.75/nnn

City of Upland

Period	# Bldgs	Total RBA	Total Vacant %	Total Vacant Available SF	Total Net Absorption	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Total Average Rate
2006	158	3,067,429	9.7%	269,568	(100,017)	4	57,500	6	101,121	\$26.28/nnn
2007	166	3,185,046	6.4%	172,838	238,574	8	117,617	3	18,419	\$24.53/nnn
2008	168	3,191,046	7.6%	242,590	(70,247)	2	6,000	3	30,580	\$23.63/nnn
2009	171	3,221,626	9.0%	280,242	40,083	3	30,580	0	0	\$45.64/nnn
2010	171	3,221,626	10.8%	345,710	(85,610)	0	0	0	0	\$27.19/nnn
2011	171	3,221,626	11.5%	366,718	5,175	0	0	0	0	\$16.40/nnn
2012	171	3,221,626	11.1%	347,063	1,897	0	0	2	165,760	\$16.01/nnn
2013	174	3,390,386	11.3%	361,961	129,019	3	168,760	0	0	\$16.99/nnn
2014 QTD	174	3,390,386	11.5%	376,909	9,037	1	4,000	1	4,000	\$17.18/nnn

Source: CoStar

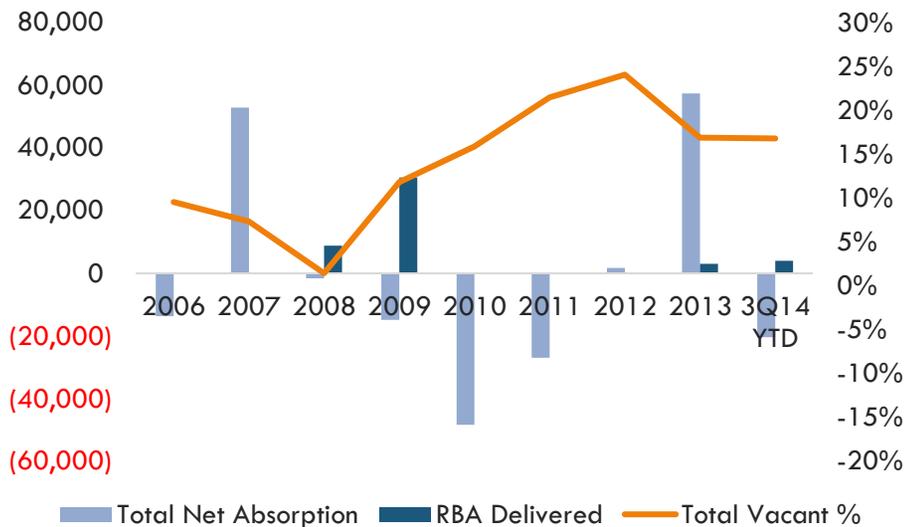
In the Montclair Half-Mile Station Area, new RBA of retail in a shopping center was delivered in 2013 and 2014 although vacancy rates remained relatively high at 17%.

So far in 3Q14 YTD, the total inventory of RBA in the Montclair Station Area was 561,000 SF and the total net absorption was 20,370.

Over the past 8 years, the most RBA was delivered in 2008 and 2009, and total net absorption was highest in 2007 and 2013.

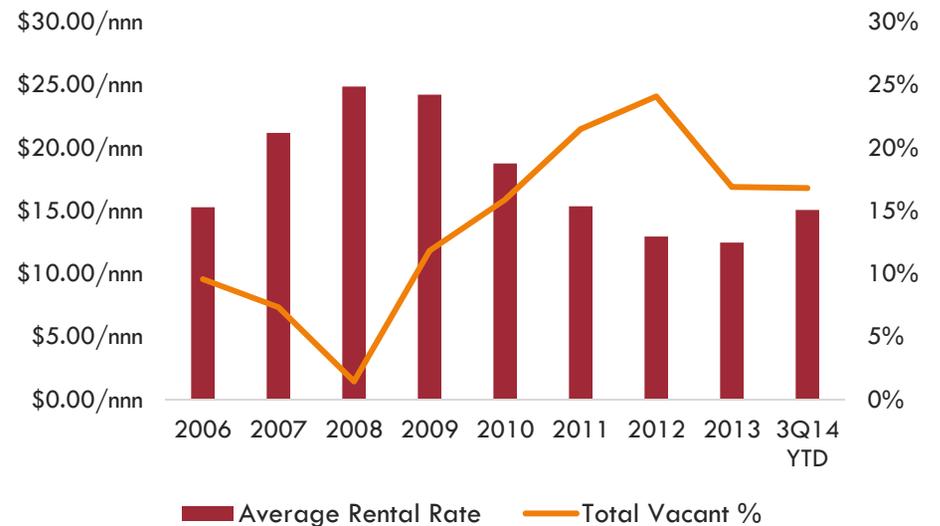
The average current retail rent for 2014 QTD within shopping centers is currently \$15.05/SF, which is lower than previous rents seen in 2008, but higher than the average rent for 2013. Vacancy is currently at 17%, or 94,000SF which is lower than the peak in 2012, but the significantly higher than the low in 2008.

Montclair Station Area Retail in a Shopping Center: Absorption & Vacancy



Source: CoStar

Montclair Station Area Retail in a Shopping Center: Rent & Vacancy



Source: CoStar

So far in 3Q14 YTD, the total inventory of retail RBA not in a shopping center in the Montclair Half-Mile Station Area was 234,000 SF and the total net absorption was 8,600.

So far in 2014 QTD, the total inventory of retail RBA not in a shopping center in the Montclair Station Area was 234,000 SF and the total net absorption was 8,600.

Over the past 8 years, no RBA has been delivered or even under construction within a half-mile of the Station Area.

Net absorption has fluctuated since 2006, with 2011 being the strongest year at 25,000 SF and 2010 the weakest at -18,000.

Currently, average retail rents not in a shopping center are \$9.65 per SF, and the vacancy rate is very low, at 4%.

Average rents for retail not in a shopping center dropped approximately \$7 per SF between 2009 at \$11 per SF and 2010 at \$18 per SF. The vacancy rate spiked in 2010 along with the drop in rents reaching 11.5%.

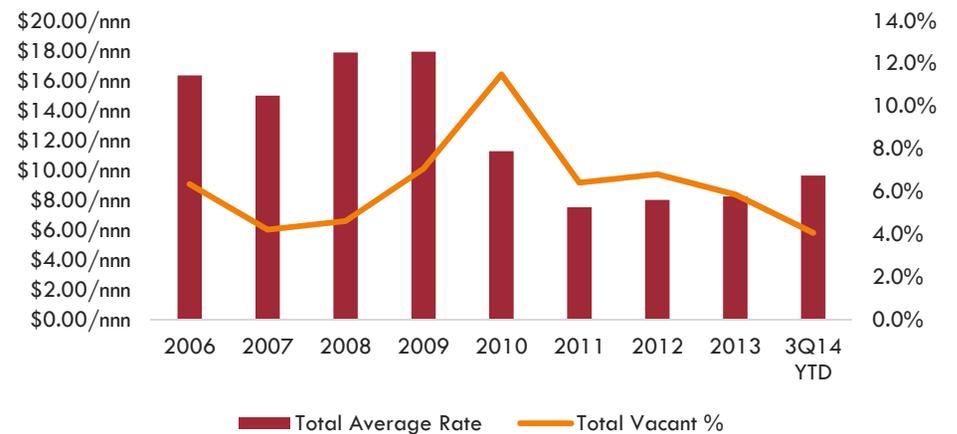
Rents have steadily been rising, and vacancy has been decreasing since 2011.

Montclair Station Area Retail not in a Shopping Center: Absorption & Vacancy



Source: CoStar

Montclair Station Area Retail not in a Shopping Center: Rent & Vacancy

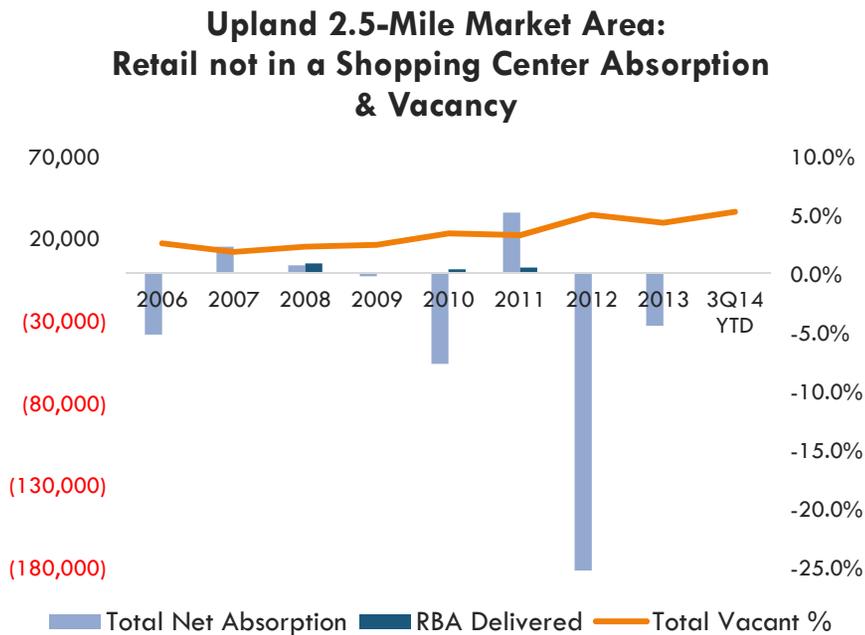


Source: CoStar

There are approximately two million square feet of retail RBA not in a shopping center within the Upland Half-Mile Station Area.

The Upland market area experienced the lowest net absorption in 2012, at -189,000 SF, which is the lowest absorption by far since 2006.

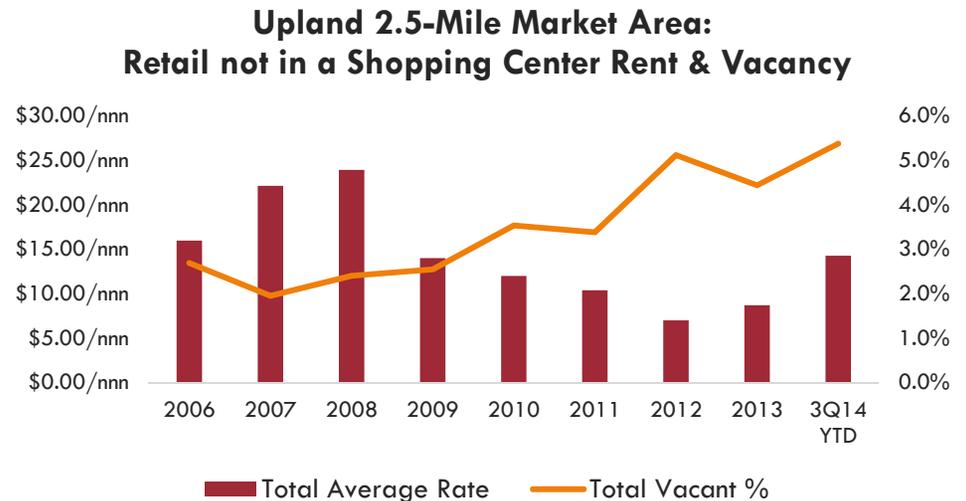
Since 2006, the vacancy rate has been consistently low overall, but on the rise. As of 2014 QTD, vacancy of retail not in a shopping center is at its highest at 5.4%, which is still relatively low.



Source: CoStar

Average rents for retail outside of a shopping center within the 2.5-Mile radius are currently \$14/SF, which is about \$2 per SF lower than retail in a shopping center in this area.

Beginning in 2006, average rents rose and peaked in 2008 at \$24/SF. Since 2008, rents dropped dramatically, to a low in 2012 of \$7/SF, and are currently rising again.



Source: CoStar

The Rancho Cucamonga 2.5-Mile Market Area has an inventory of 1.5 million square feet of retail RBA not in a shopping center.

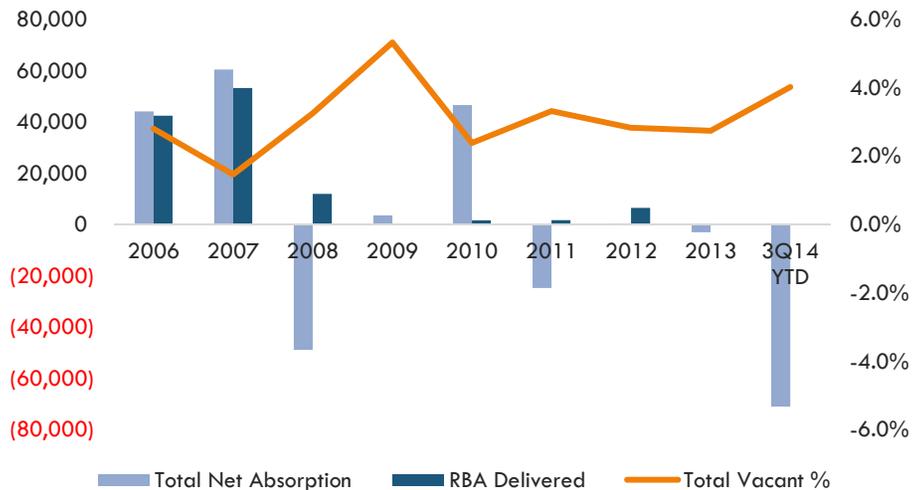
Non-shopping center retail RBA was strong during 2006 and 2007 leading up to the recession, and has declined dramatically since then.

Net absorption is currently at a low of -70,000 SF, the lowest absorption experienced since 2006.

As of 3Q14 YTD, the average rental rate for retail not in a shopping center is \$19 per square foot, which is the second lowest it has been over the past eight years.

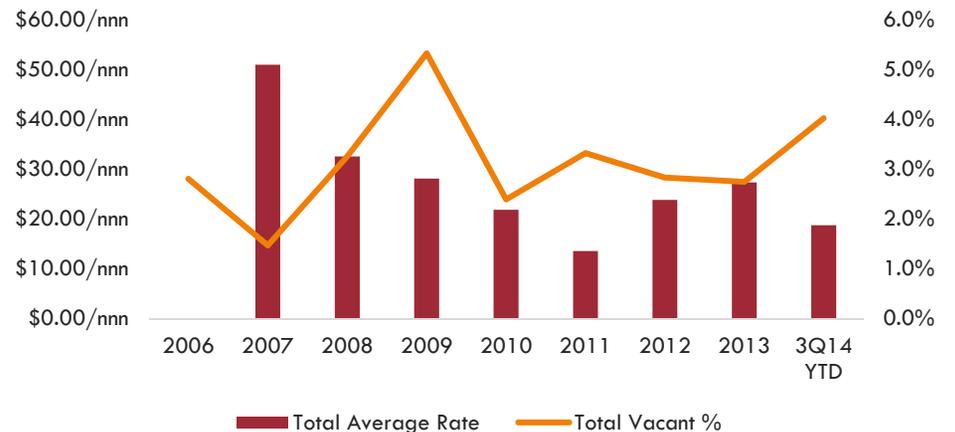
However, vacancy is low, at 4%. Over this time period, vacancy has remained relatively low, only barely reaching above 5% in 2009, likely due to the effects of the economic downturn.

Rancho Cucamonga 2.5-Mile Market Area Retail not in a Shopping Center: Absorption & Vacancy



Source: CoStar

Rancho Cucamonga 2.5-Mile Market Area Retail not in a Shopping Center: Rent & Vacancy



Note: No rental rate data was available for 2006.

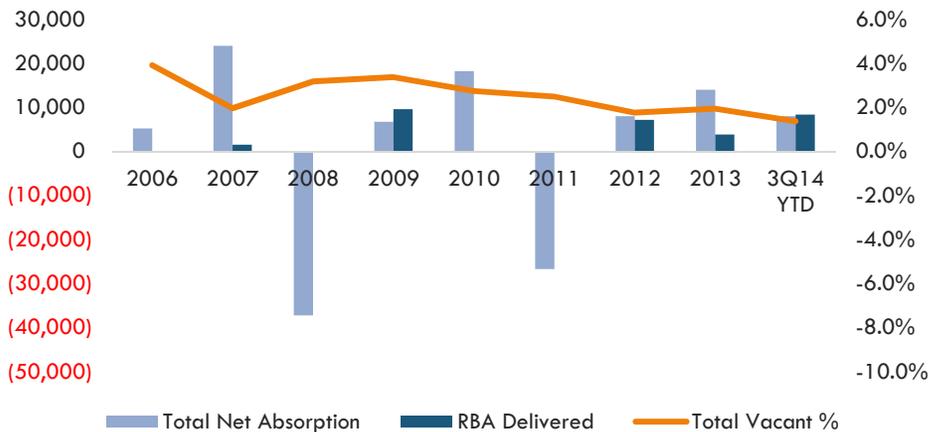
Source: CoStar

The Fontana 2.5-Mile Market Area has an inventory of 1.5 million square feet of retail not in a shopping center.

Net absorption has fluctuated since 2006, with the highest square footage absorbed in 2007 at 24,000 square feet, and the lowest the next year in 2008 at -37,000 square feet. 8,000 square feet have been absorbed in 3Q14 YTD.

Small amounts of RBA have been delivered over the years, most recently with 8,000 square feet in 3Q14 YTD.

Fontana 2.5-Mile Market Area Retail not in a Shopping Center: Absorption & Vacancy

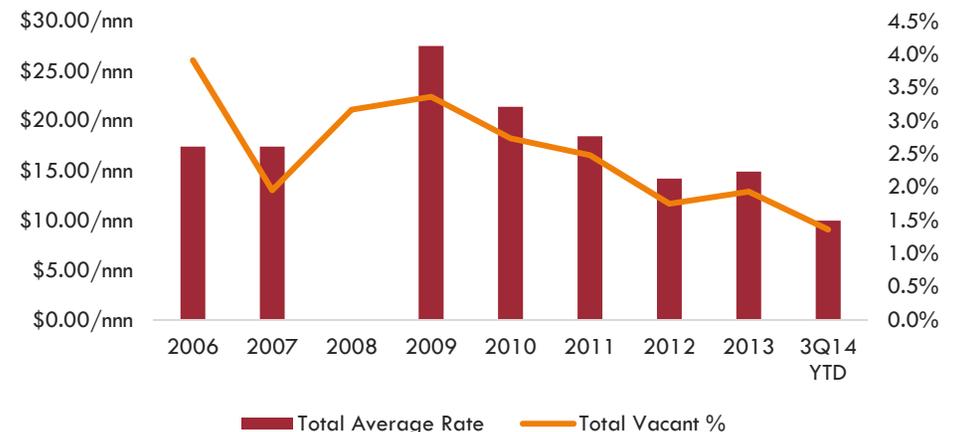


Source: CoStar

As of 3Q14 YTD, average rents for retail in a shopping center are approximately \$10/SF.

The vacancy rate is currently just above 1%, which is very low, and suggests a demand for more RBA of retail outside of a shopping center in Fontana.

Fontana 2.5-Mile Market Area Retail not in a Shopping Center: Rent & Vacancy



Note: No rental rate data is available for 2008.

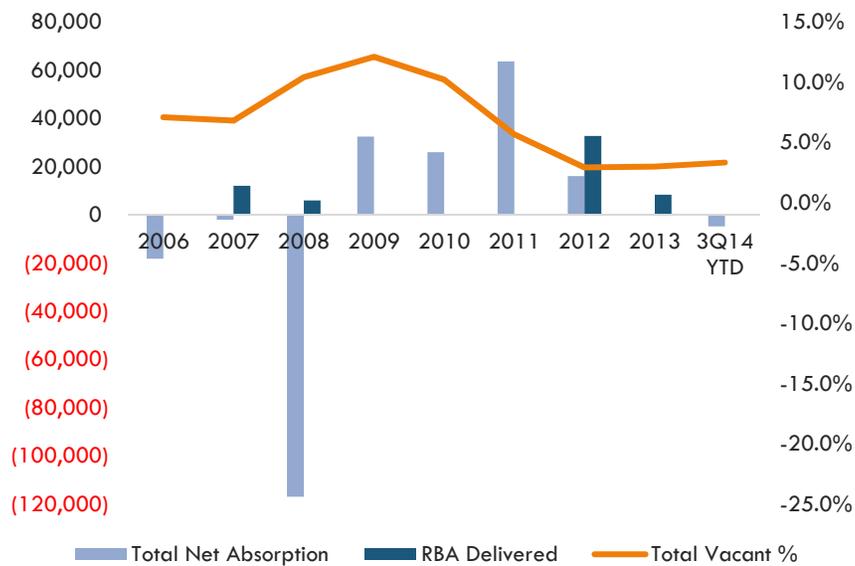
Source: CoStar

For retail outside of a shopping center, the Rialto 2.5-Mile Market Area has a total inventory of 1.3 million square feet.

In 3Q14 YTD, the Rialto Market Area experienced a net absorption of -5,000 square feet, and no new RBA was delivered.

Since 2006, the most drastic negative absorption was seen in 2008 at -117,000 square feet. 2012 delivered the most new RBA at 33,000 square feet.

Rialto 2.5-Mile Market Area: Retail not in a Shopping Center Absorption & Vacancy

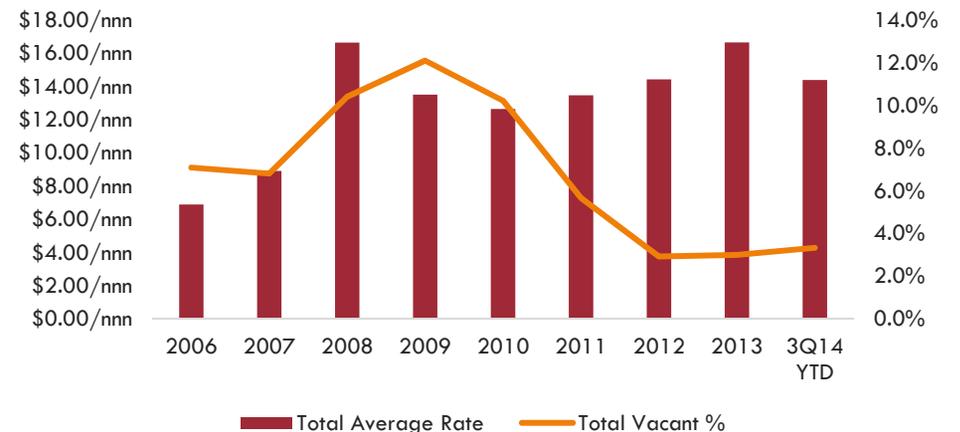


Source: CoStar

As of 3Q14 YTD, average rents for retail in a shopping center are approximately \$14/SF. Only 3 of the past 8 years commanded higher rents than this.

The vacancy rate is currently low, at 3%. Vacancy rates were about average in 2006 and 2007 at 6%, and have been rising since then. Vacancy peaked in 2009 at 12% and had declined since then. The rate has been steadily around 3% since 2012.

Rialto 2.5-Mile Market Area: Retail not in a Shopping Center Rent & Vacancy



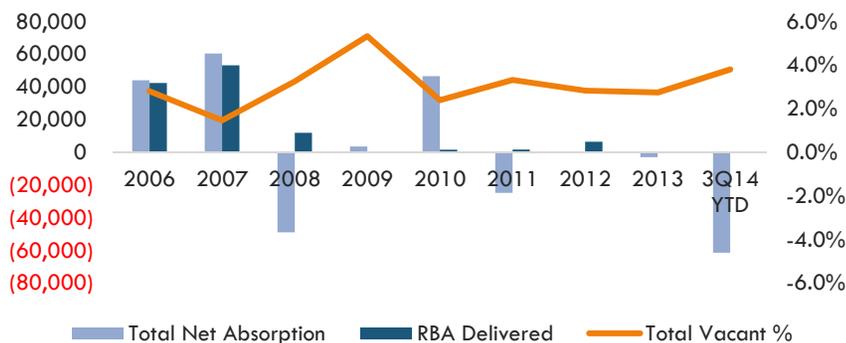
Source: CoStar

The 2.5-Mile San Bernardino Market Area has 1.5 million square feet of retail RBA outside of a shopping center.

Since 2006, total net absorption has fluctuated between negative and positive. As of 3Q14 YTD, total net absorption is -61,000 square feet.

New RBA was delivered in six of the past eight years. The most RBA was delivered in 2007 at 53,000 square feet. No new square footage has been delivered so far in 3Q14 YTD.

**San Bernardino 2.5-Mile Market Area:
Retail not in a Shopping Center Absorption
& Vacancy**

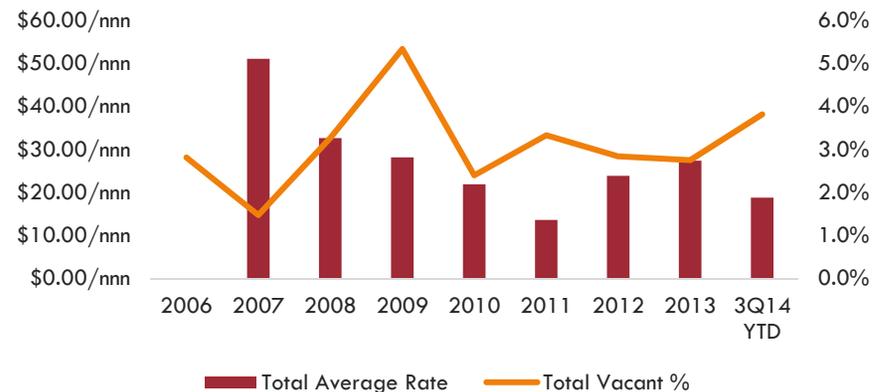


Source: CoStar

As of 3Q14 YTD, average rents for retail in a shopping center are approximately \$19/SF which is relatively high. Rents peaked at a high of \$51/SF per SF in 2007, and hit a low of \$14/SF per SF in 2011.

The vacancy rate is currently very low at 4%. Since 2006, the rate varied from a low of 1.5% in 2007, to a high of 5.3% in 2009, which is still relatively low.

**San Bernardino 2.5-Mile Market Area Retail
not in a Shopping Center: Rent & Vacancy**



Note: No rental data available for 2006.

Source: CoStar

Appendix

Retail

Office

Industrial

Cities of Montclair & Upland: Office Comparison

There is a 1.8M SF overlap of office property between the 2.5-Mile Market Areas of Montclair and Upland. In order to better understand the differences between each city's office market, this slide presents the office performance within each of the city's boundaries.

The City of Upland has 2.1M SF of office space, significantly more than Montclair which only has 326,000 SF within its city boundaries.

Since 2000, rents have generally been higher in the City of Upland, however average rates in Montclair are currently higher in 3Q14 YTD. Vacancy rates in the City of Upland have been higher than the City of Montclair since 2008.

City of Montclair

Period	# Bldgs	Total RBA	Total Vacant %	Total Vacant Available SF	Total Net Absorption	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Total Average Rate
2000	32	313,383	11.0%	32,378	4,186	0	0	0	0	\$12.58/nnn
2001	32	313,383	8.5%	26,685	900	0	0	0	0	\$12.60/nnn
2002	32	313,383	8.5%	26,577	1,400	0	0	0	0	\$13.33/nnn
2003	32	313,383	8.9%	27,310	(5,100)	0	0	0	0	\$15.52/nnn
2004	32	313,383	6.1%	18,548	18,870	0	0	0	0	\$15.29/nnn
2005	31	310,883	2.1%	5,488	2,415	0	0	1	25,000	\$27.26/nnn
2006	32	335,883	1.9%	6,275	24,700	1	25,000	0	0	\$27.53/nnn
2007	32	335,883	9.1%	30,701	(22,675)	0	0	0	0	\$14.08/nnn
2008	32	335,883	8.5%	28,647	2,859	0	0	0	0	\$14.53/nnn
2009	32	335,883	6.3%	20,826	10,388	0	0	0	0	\$16.44/nnn
2010	31	329,122	4.8%	14,452	(9,602)	0	0	0	0	\$15.93/nnn
2011	30	326,187	9.2%	30,003	(17,523)	0	0	0	0	\$16.57/nnn
2012	30	326,187	7.7%	25,100	9,316	0	0	0	0	\$15.98/nnn
2013	30	326,187	7.0%	22,720	1,697	0	0	0	0	\$17.01/nnn
3Q14 YTD	30	326,187	8.4%	24,585	(5,574)	0	0	0	0	\$18.32/nnn

City of Upland

Period	# Bldgs	Total RBA	Total Vacant %	Total Vacant Available SF	Total Net Absorption	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Total Average Rate
2000	206	1,931,817	7.0%	132,070	7,136	1	6,242	1	36,142	\$15.80/nnn
2001	207	1,967,959	5.6%	104,219	50,431	1	36,142	0	0	\$17.06/nnn
2002	207	1,967,959	4.3%	83,579	29,002	0	0	0	0	\$16.35/nnn
2003	208	1,972,909	5.7%	108,293	(49,509)	1	4,950	3	10,771	\$16.88/nnn
2004	211	1,983,680	5.5%	100,997	34,665	3	10,771	0	0	\$18.72/nnn
2005	211	1,983,680	4.1%	75,883	(3,836)	0	0	2	45,883	\$21.88/nnn
2006	210	1,978,943	4.6%	88,287	9,835	1	4,763	2	52,370	\$26.50/nnn
2007	211	2,029,313	5.4%	107,791	19,585	2	52,370	3	51,206	\$24.79/nnn
2008	214	2,080,519	8.5%	173,345	(8,676)	3	51,206	0	0	\$23.32/nnn
2009	214	2,083,284	9.2%	190,128	(5,565)	1	4,965	0	0	\$20.28/nnn
2010	214	2,083,284	8.9%	182,584	(1,182)	0	0	0	0	\$18.75/nnn
2011	214	2,083,284	11.9%	246,017	(70,431)	0	0	0	0	\$16.98/nnn
2012	214	2,083,284	12.2%	252,395	4,564	0	0	0	0	\$16.34/nnn
2013	214	2,083,284	11.9%	245,087	24,771	0	0	0	0	\$17.44/nnn
3Q14 YTD	214	2,083,284	11.5%	237,969	(10,773)	0	0	0	0	\$17.77/nnn

Source: CoStar

Appendix

Retail

Office

Industrial

Cities of Montclair & Upland: Industrial Comparison

There is a 3.5M SF overlap of office property between the 2.5-Mile Market Areas of Montclair and Upland. In order to better understand the differences between each city's industrial market, this slide presents the industrial performance within each of the city's boundaries.

The City of Upland has 4.4M SF of industrial property, over 1M SF more than the City of Montclair which has 3.3M SF of industrial property.

The most recent average rental rates for the City of Montclair (2012) were \$11/SF, which is \$1 lower than the City of Upland's rate that year (\$12). However, currently, industrial rents in the City of Upland have declined.

The City of Montclair currently has a much lower vacancy rate, 2%, than the City of Upland, 6%.

City of Montclair

Period	# Bldgs	Total RBA	Total Vacant %	Total Vacant Available SF	Total Net Absorption	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Total Average Rate
2000	176	2,323,916	2.3%	53,870	51,770	0	0	5	109,202	\$6.11/nnn
2001	181	2,433,118	4.2%	75,338	74,409	5	109,202	5	105,734	\$5.94/nnn
2002	192	2,619,609	6.8%	137,187	103,449	11	186,491	5	147,740	\$5.86/nnn
2003	206	2,904,584	5.7%	129,394	257,308	14	284,975	10	207,984	\$6.77/nnn
2004	218	3,139,301	6.7%	180,092	233,416	12	234,717	3	42,163	\$7.75/nnn
2005	222	3,184,789	4.4%	111,366	156,712	4	45,488	1	11,999	\$21.00/nnn
2006	223	3,196,788	2.3%	57,611	15,730	1	11,999	0	0	\$19.53/nnn
2007	224	3,200,065	3.3%	103,441	(37,074)	1	3,277	1	15,679	\$11.11/nnn
2008	227	3,258,801	4.0%	125,824	6,946	3	58,736	0	0	\$12.47/nnn
2009	226	3,255,524	6.6%	203,571	(49,457)	0	0	0	0	\$9.57/nnn
2010	225	3,253,149	7.5%	228,842	(50,109)	0	0	0	0	\$6.24/nnn
2011	222	3,204,120	5.2%	157,764	63,552	0	0	1	4,822	\$9.48/nnn
2012	223	3,208,942	3.9%	115,679	20,898	1	4,822	0	0	\$10.91/nnn
2013	223	3,208,942	3.2%	96,259	65,624	0	0	1	98,508	#DIV/0!
3Q14 YTD	224	3,307,450	2.1%	64,929	98,209	1	98,508	0	0	#DIV/0!

City of Upland			Total Vacant %	Total Vacant Available SF	Total Net Absorption	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Total Average Rate
2000	318	3,801,559	4.9%	171,324	77,342	5	108,892	1	9,148	\$4.20/nnn
2001	319	3,810,707	4.5%	154,135	22,913	1	9,148	7	166,794	\$5.31/nnn
2002	326	3,977,501	5.3%	181,062	198,641	7	166,794	9	63,101	\$5.84/nnn
2003	341	4,065,500	2.8%	105,027	110,331	15	87,999	16	230,355	\$5.52/nnn
2004	357	4,295,855	6.0%	221,986	139,148	16	230,355	8	70,010	\$7.38/nnn
2005	365	4,365,865	4.9%	199,846	48,800	8	70,010	0	0	#DIV/0!
2006	365	4,368,185	3.7%	142,747	103,038	1	13,910	0	0	\$7.97/nnn
2007	366	4,374,014	2.8%	111,411	35,928	2	20,329	0	0	\$12.10/nnn
2008	366	4,374,014	6.0%	259,929	(173,212)	0	0	0	0	\$12.94/nnn
2009	366	4,374,014	7.7%	324,112	(31,303)	0	0	0	0	\$12.28/nnn
2010	364	4,347,191	8.8%	371,171	(102,581)	0	0	0	0	\$11.70/nnn
2011	364	4,347,191	7.5%	319,246	96,521	0	0	0	0	\$17.91/nnn
2012	364	4,347,191	7.2%	296,813	29,444	0	0	0	0	\$12.10/nnn
2013	364	4,347,191	6.8%	285,982	(21,236)	0	0	1	35,110	\$7.67/nnn
3Q14 YTD	365	4,382,301	6.3%	263,623	52,111	1	35,110	0	0	\$8.12/nnn

Source: CoStar