



RETAIL DEMAND AND OPPORTUNITY ANALYSIS

City of Menifee
Menifee, California
October 2019

CONTACT INFORMATION

This market analysis was prepared by Meyers Research, a market research and consulting firm specializing in the real estate industry. It has been commissioned by City of Menifee.

Tim Sullivan, Senior Managing Principal, reviewed all recommendations and conclusions. Shaun McCutcheon served as Project Director and oversaw the retail aspects of the study. Follow-up questions should be directed to Tim Sullivan at (858) 381-4381 or tsullivan@meyersllc.com.

OBJECTIVE

The objective of this analysis is to assess the market-based opportunity for additional retail uses in the City of Menifee. The scope of this assignment includes a demand and supply side analysis, commentary on existing and planned retail uses, market trends as well as economic, demographic and housing market indicators. The data used in this report was collected in September, 2019.

LIMITING CONDITIONS

The City of Menifee is responsible for representations about its development plans, marketing expectations and for disclosure of any significant information that might affect the ultimate realization of the projected results.

There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material.

We have no responsibility to update our report for events and circumstances occurring after the date of our report.

Payment of any and all of our fees and expenses is not in any way contingent upon any factor other than our providing services related to this report.

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Key Findings

Retail Demand and Opportunity Analysis, Menifee, California

Based on our research, including site visits, retail market trends, supply-demand factors and conversations with local commercial brokers, Menifee offers an opportunity for additional retail uses with a focus on general merchandise, building materials (home improvement), grocery, sporting goods/ hobby, restaurants, and lifestyle/ entertainment tenants. Factors that drive this opportunity include consumer spending that is escaping the local market (demand), major retailers that are missing from the local market (supply), and continued residential growth in Menifee. Key conclusions from the retail analysis are as follows:

- **Our demand analysis reveals approximately 1,144,000 square feet of additional supportable retail square feet in the City of Menifee, and over 2,822,000 square feet of additional supportable retail square feet in a larger 7-mile radius surrounding the center of Menifee currently. In five years, demand increases to 1,565,000 square feet of supportable retail in Menifee and 3,677,000 square feet of supportable retail in a larger 7 mile radius surrounding the center of Menifee.** Demand is evident in most retail subcategories, most notably in Other General Merchandise Stores, which can support approximately 128,716 square feet of new development currently and increasing to 159,293 square feet by 2024; Building Material & Supplies Dealers which can support approximately 113,234 square feet of new development currently and increasing to 162,030 square feet by 2024; and Grocery Stores, which can support approximately 86,813 square feet of new development currently and increasing to 145,720 square feet by 2024. In the 7-Mile Radius, 25 out of 26 categories are currently undersupplied, most notably in Other General Merchandise Stores, which can support approximately 323,800 square feet of new development currently and increasing to 381,678 square feet by 2024; Building Material & Supplies Dealers which can support approximately 319,550 square feet of new development currently and increasing to 414,744 square feet by 2024; and Grocery Stores, which can support approximately 223,314 square feet of new development currently and increasing to 268,493 square feet by 2024. **Other top categories in demand include Sporting Goods/ Hobby, Restaurants, Clothing and Furniture.**
- **Our supply-side analysis reveals several national retail brands and anchor tenants do not exist in Menifee currently.** Most retail categories have several anchor tenants that are not currently in Menifee, most notably in the Health/ Specialty Groceries, Movie Theaters and Entertainment, Housewares, Clothing, and Fitness categories. Categories that are well represented include traditional supermarkets and drug stores. **In total, there are 45 of these storefronts that exist in Menifee, and 84 that do not.** These missing stores equate to approximately 3,040,000 square feet of national brand retail tenants that are not present in Menifee, and of those, approximately 2,060,000 square feet could potentially locate in Menifee based on the number of missing stores and an average square foot estimate per store. This estimate is conservative as it does not consider locally owned retailers.
- **Traffic levels at several commercial sites in Menifee support additional retail centers.** Menifee is located along Interstate 215, a major north-south freeway with Average Daily Traffic Volume (ADTs) ranging from 72,000 to 85,000 within city limits per demographer ESRI (left image). Other major roads in Menifee include Newport Road (33,965 to 66,580 ADTs), McCall Blvd (18,607 to 32,750 ADTs) and Scott Road (up to 26,110 to 40,170 ADTs) according to The City of Menifee's 2019 Transportation and Traffic Report (right image). Typically, retail anchors prefer to locate at intersections with at least 20,000 vehicles per day, which is achieved by the current traffic levels at several major intersections in the City—traffic levels will only increase in the coming years as residential and commercial growth will bring additional ADTs.
- **An Auto Mall represents an interesting opportunity for commercial sites that front Interstate 215.** Currently, a total of \$181 million of annual expenditures on Motor Vehicles and Parts is being spent by Menifee residents, and *\$419 million is being spent by residents in a 7-mile radius.* Given that over 90% of Menifee residents commute to work, automobile purchases and maintenance are an important factor for local residents. It is our understanding that the City is currently conducting an auto dealership opportunity analysis.
- **Retail lease rates range from as low as \$1.35 per square foot per month for older shop space, to \$2.00 per square foot per month for larger junior anchor spaces to as high as \$4.25 per square foot per month for small shop space in new development.** Occupancy rates are relatively high in Menifee, as most major retail centers report occupancy of at least 98%, and several are at 100% occupied/ leased. Lease up activity among new retail centers is very positive: the Town Center Marketplace (2016) is fully leased, the Shoppes at the Lakes (2017) is fully leased, Menifee Lakes Plaza (2018) is 100% leased, and the planned Plaza at Menifee Town Center is *80% pre-leased prior to construction*, with a completion estimated for early 2021. See the Appendix for retail center project profiles.

Our demand analysis reveals approximately 1,114,000 square feet of additional supportable retail square feet in the City of Menifee, and over 2,822,000 square feet of additional supportable retail square feet in a 7-mile radius surrounding the center of Menifee currently. Demand is evident in most retail subcategories, most notably in Other General Merchandise Stores, which can support approximately 128,716 square feet of new development currently and increasing to 159,293 square feet by 2024; Building Material & Supplies Dealers which can support approximately 113,234 square feet of new development currently and increasing to 162,030 square feet by 2024; and Grocery Stores, which can support approximately 86,813 square feet of new development currently and increasing to 145,720 square feet by 2024. In the 7-Mile Radius, 25 out of 26 categories are currently undersupplied, most notably in Other General Merchandise Stores, which can support approximately 323,800 square feet of new development currently and increasing to 381,678 square feet by 2024; Building Material & Supplies Dealers which can support approximately 319,550 square feet of new development currently and increasing to 414,744 square feet by 2024; and Grocery Stores, which can support approximately 223,314 square feet of new development currently and increasing to 268,493 square feet by 2024. Other top categories in demand include Sporting Goods/ Hobby, Restaurants, Clothing and Furniture.

Total Retail Demand - City of Menifee (Primary Market Area)		
Category	2019	2024
	Supportable SF	Supportable SF
Other General Merchandise Stores	128,716	159,293
Bldg Material & Supplies Dealers	113,234	162,030
Grocery Stores	86,813	145,720
Sporting Goods/Hobby/Musical Instr	83,185	106,710
Restaurants/Other Eating Places	77,318	134,136
Clothing Stores	74,773	100,601
Fitness Centers*	73,155	83,485
Furniture Stores	65,789	79,427
Movie Theatres*	100,000	100,000
Home Furnishings Stores	55,376	68,638
Health & Personal Care Stores	48,042	77,800
Auto Parts, Accessories & Tire	32,379	47,570
Office Supplies, Stationery & Gifts	23,479	30,015
Jewelry, Luggage & Leather Goods	23,344	28,552
Other Miscellaneous Store Retailers	22,478	35,110
Specialty Food Stores	18,314	22,138
Book, Periodical & Music	16,855	20,114
Shoe Stores	15,799	20,094
Electronics & Appliance Stores	13,739	21,904
Beer, Wine & Liquor Stores	12,817	17,334
Used Merchandise Stores	10,759	13,730
Direct Selling Establishments	10,406	12,398
Florists	5,461	6,653
Special Food Services	4,288	5,105
Drinking Places - Alcoholic Beverages	3,172	4,146
Dept. Stores Excluding Leased Depts.	2,716	65,498
Lawn & Garden Equip & Supply	(7,612)	(2,790)
TOTAL	1,114,792	1,565,411

*Fitness Centers and Movie Theaters are non-traditional uses with a separate analysis.

Source: Meyers Research, ESRI, ULI













Total Retail Demand - 7-Mile Radius (Secondary Market Area)		
Category	2019	2024
	Supportable SF	Supportable SF
Other General Merchandise Stores	323,800	381,678
Bldg Material & Supplies Dealers	319,550	414,744
Grocery Stores	163,722	286,776
Sporting Goods/Hobby/Musical Instr	223,314	268,493
Restaurants/Other Eating Places	272,689	371,912
Clothing Stores	230,966	278,592
Furniture Stores	115,676	146,442
Home Furnishings Stores	136,010	162,078
Health & Personal Care Stores	172,335	225,796
Auto Parts, Accessories & Tire	88,821	118,181
Fitness Centers*	73,155	83,485
Office Supplies, Stationery & Gifts	57,531	70,302
Jewelry, Luggage & Leather Goods	56,920	67,164
Movie Theatres*	100,000	100,000
Other Miscellaneous Store Retailers	69,734	93,616
Specialty Food Stores	42,516	49,971
Book, Periodical & Music	38,976	45,458
Shoe Stores	41,946	50,317
Electronics & Appliance Stores	47,550	62,835
Beer, Wine & Liquor Stores	38,191	46,471
Used Merchandise Stores	25,869	31,782
Direct Selling Establishments	23,227	26,991
Florists	13,249	15,598
Special Food Services	9,921	11,613
Drinking Places - Alcoholic Beverages	4,869	7,084
Dept. Stores Excluding Leased Depts.	140,073	258,871
Lawn & Garden Equip & Supply	(8,062)	1,314
TOTAL	2,822,545	3,677,562

Source: Meyers Research, ESRI, ULI

SUPPLY SIDE ANALYSIS BY NATIONAL TENANTS & ANCHOR RETAILERS

Key Findings

The table below details the nationally known retail tenants that are present in Southern California, and are separated by those that currently exist in Menifee (in white), are planned to enter Menifee (in green), and do not exist in Menifee (in blue). Most retail categories have several anchor tenants that are not currently in Menifee, most notably in the Health/ Specialty Groceries, Movie Theaters and Entertainment, Housewares, Clothing, and Fitness categories. Categories that are well represented include traditional supermarkets and drug stores. In total, there are 45 of these storefronts that exist in Menifee, and 84 that do not. See the following page for an estimate of total square footage of these tenants that do not exist in Menifee.

Health/ Specialty Groceries		Supermarkets		General Merchandise, Drug Stores/ Personal Care		Home Improvements, Furniture		Movie Theatres & Entertainment		<div>Located in Perris, CA (Bordering Menifee)</div> <div> WinCo FOODS</div>
<div>          </div>	<div>      </div>	<div>  </div>	<div>              </div>	<div>      </div>	<div>           </div>					
Discount Grocery/ Other		Housewares & Clothing		Department Stores, Clothing		Sporting Goods, Pets, Toys, Hobby		Books, Electronics, Office		Fitness
<div>     </div>	<div>   </div>	<div>         </div>	<div>       </div>	<div>                  </div>	<div>        </div>	<div>          </div>	<div>         </div>			
Existing Anchors in Menifee		Anchors Not in Menifee		Planned/ Proposed Anchors						

Located in Perris, CA
(Bordering Menifee)

STORES MISSING FROM THE MARKET AND TOTAL SQUARE FOOTAGE OPPORTUNITY

Key Findings

There are approximately 3,040,000 square feet of national brand retail tenants that are not present in Menifee, and of those, approximately 2,060,000 could potentially locate in Menifee based on the number of missing stores and an average square foot estimate per store. Our Optimistic Scenario includes all missing storefronts from the previous page, and our Realistic Scenario excludes the stores that are unlikely to locate in Menifee such as select department stores (Nordstrom, Macy's, Bloomingdales), contracting retail chains (Sears, K Mart), and chains that prefer to locate in regional malls and/ or urban/ high income areas such as The Apple Store, The Container Store, Cinepolis, Ipic, and Equinox.

Supply-Side Analysis for National Retailers - <u>Optimistic Scenario</u>				
Category	No. of Existing Stores	No. of Missing Stores	Est. SF Per Store	Total Opportunity (SF)
Health/ Specialty Groceries	1	10	25,000	250,000
Supermarkets	7	3	50,000	150,000
Discount Grocery/ Other	4	6	25,000	150,000
General Merchandise	1	4	80,000	320,000
Drug Stores/ Personal Care	10	2	15,000	30,000
Home Improvements	2	1	100,000	100,000
Furniture	1	3	20,000	60,000
Movie Theatres & Entertainment	0	13	50,000	650,000
Housewares & Clothing Stores	5	8	30,000	240,000
Department Stores	2	5	100,000	500,000
Clothing	3	8	10,000	80,000
Sporting Goods, Pets, Toys, Hobby	2	7	30,000	210,000
Books, Electronics, Office	6	5	15,000	75,000
Fitness	1	9	25,000	225,000
TOTAL:	45	84		3,040,000

Supply-Side Analysis for National Retailers - <u>Realistic Scenario</u>				
Category	No. of Existing Stores	No. of Missing Stores	Est. SF Per Store	Total Opportunity (SF)
Health/ Specialty Groceries	1	8	25,000	200,000
Supermarkets	7	2	50,000	100,000
Discount Grocery/ Other	4	6	25,000	150,000
General Merchandise	1	3	80,000	240,000
Drug Stores/ Personal Care	10	0	15,000	0
Home Improvements	2	1	100,000	100,000
Furniture	1	3	20,000	60,000
Movie Theatres & Entertainment	0	7	50,000	350,000
Housewares & Clothing	5	7	30,000	210,000
Department Stores	2	1	100,000	100,000
Clothing	3	8	10,000	80,000
Sporting Goods, Pets, Toys, Hobby	2	7	30,000	210,000
Books, Electronics, Office	6	4	15,000	60,000
Fitness	1	8	25,000	200,000
TOTAL:	45	65		2,060,000

Source: Various Commercial Leasing Representatives

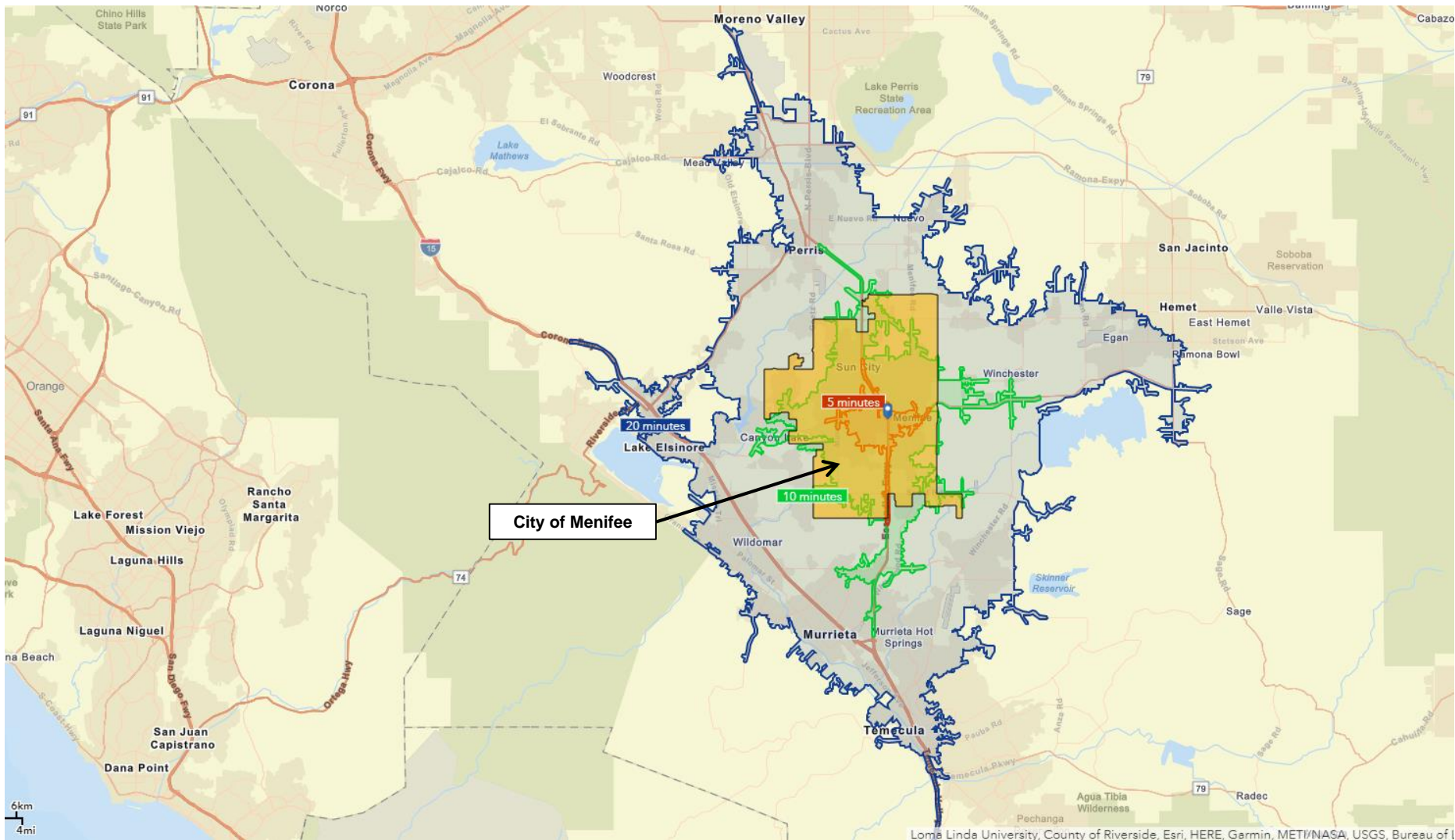
Location Overview

Retail Demand and Opportunity Analysis, Menifee, California

AREA COMMUTE TIMES

Location Overview

Menifee (in orange) is located in south Riverside County, within a 10 minute drive to Perris, a 20 minute drive to Murrieta and a 30 minute drive to Temecula, Hemet and Moreno Valley. This drive time origin is from the intersection of I-215 and Newport Road, which we consider the approximate center of Menifee.

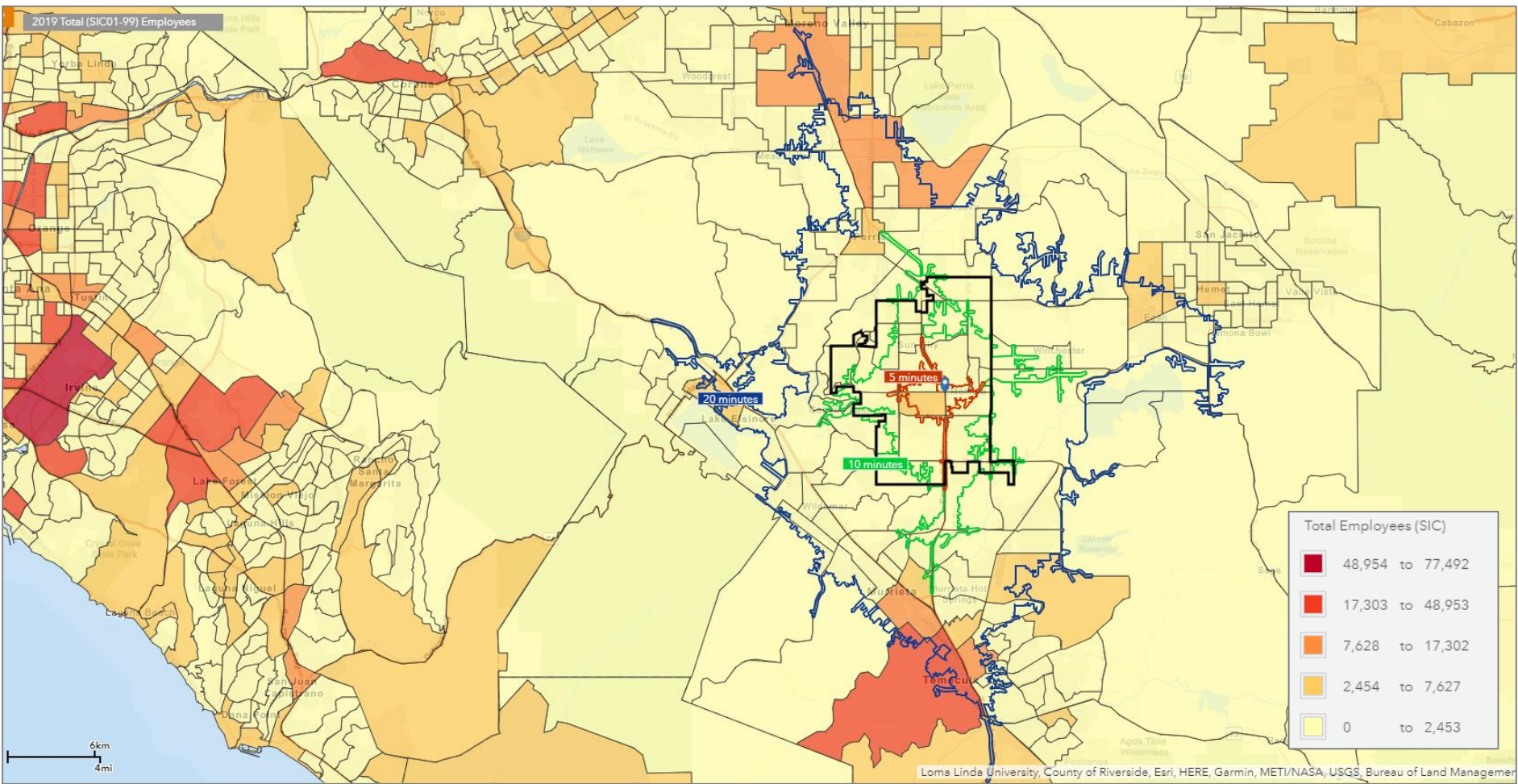


Source: ESRI

EMPLOYMENT CONCENTRAIONS

Location Overview

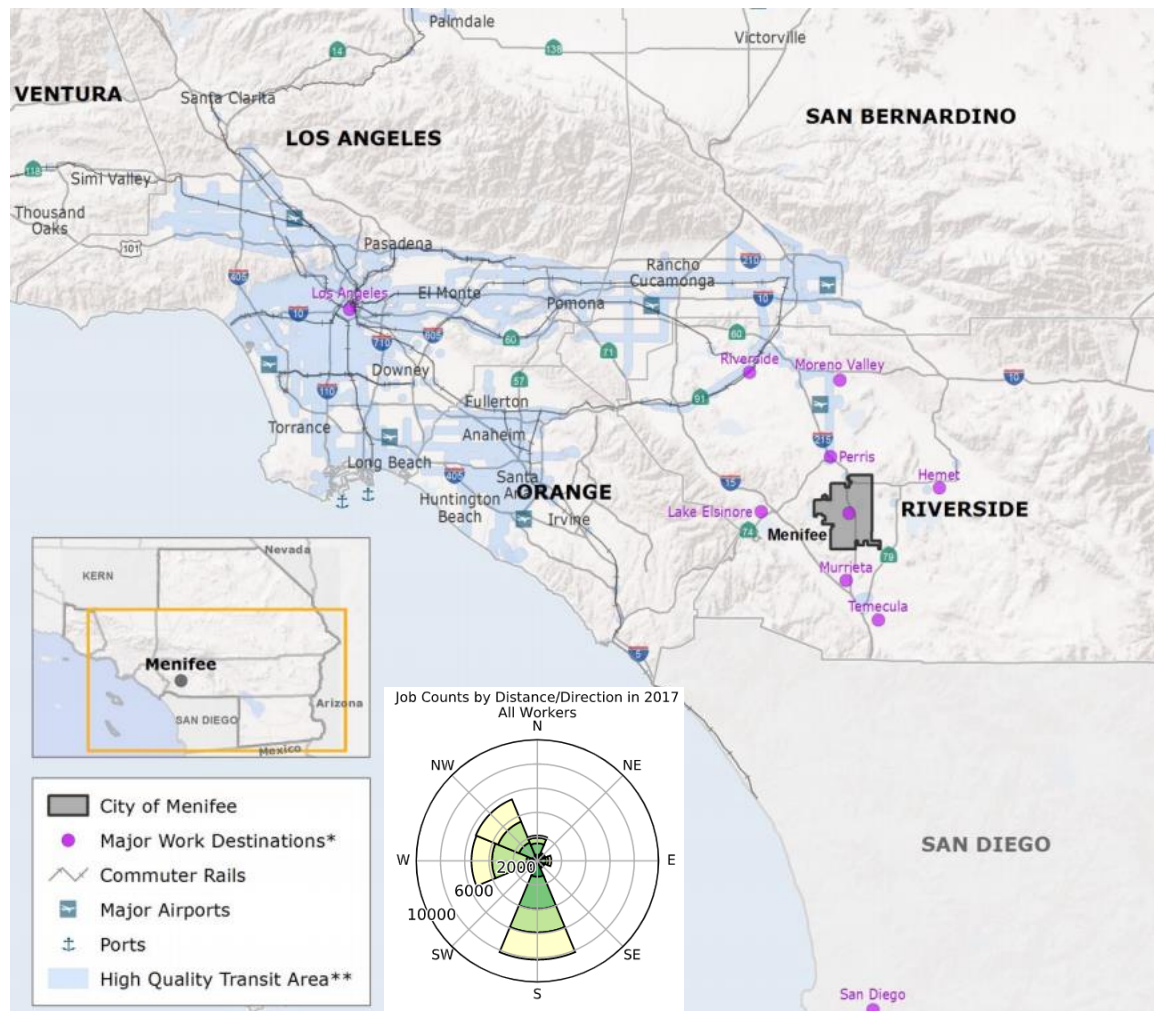
The employment base in Menifee is moderate compared to the rest of South Riverside County. The total employees in Menifee and surrounding areas is relatively low, as shown by the light yellow shading on the map below. There are moderate job levels in Murrieta/ Temecula to the south and Riverside to the north (in orange), but the most substantial employment concentrations are in Ontario to the north and Orange County to the west (Anaheim, Irvine and Santa Ana in particular).



RESIDENT COMMUTE PATTERNS TO EMPLOYMENT

Location Overview

The majority of Menifee residents commute to other parts of Southern California. Over 90% of Menifee residents commute to areas outside of the Menifee city limits, most notably to Temecula (9.4%), San Diego County (7.2%), and Murrieta (6.3%). These commuting patterns are important to consider for the retail demand opportunity in Menifee, since the majority of the workforce is spending the majority of their time away from the city.



Top 10 Places Where Menifee Residents Commute to Work: 2016

	Local Jurisdiction	Number of Commuters	Percent of Total Commuters
1.	Temecula	2,398	9.4 %
2.	Menifee	2,354	9.2 %
3.	San Diego County	1,840	7.2 %
4.	Murrieta	1,596	6.3 %
5.	Riverside	1,311	5.2 %
6.	Perris	815	3.2 %
7.	Los Angeles	792	3.1 %
8.	Lake Elsinore	716	2.8 %
9.	Hemet	647	2.5 %
10.	Moreno Valley	632	2.5 %
	All Other Destinations	12,351	48.5 %

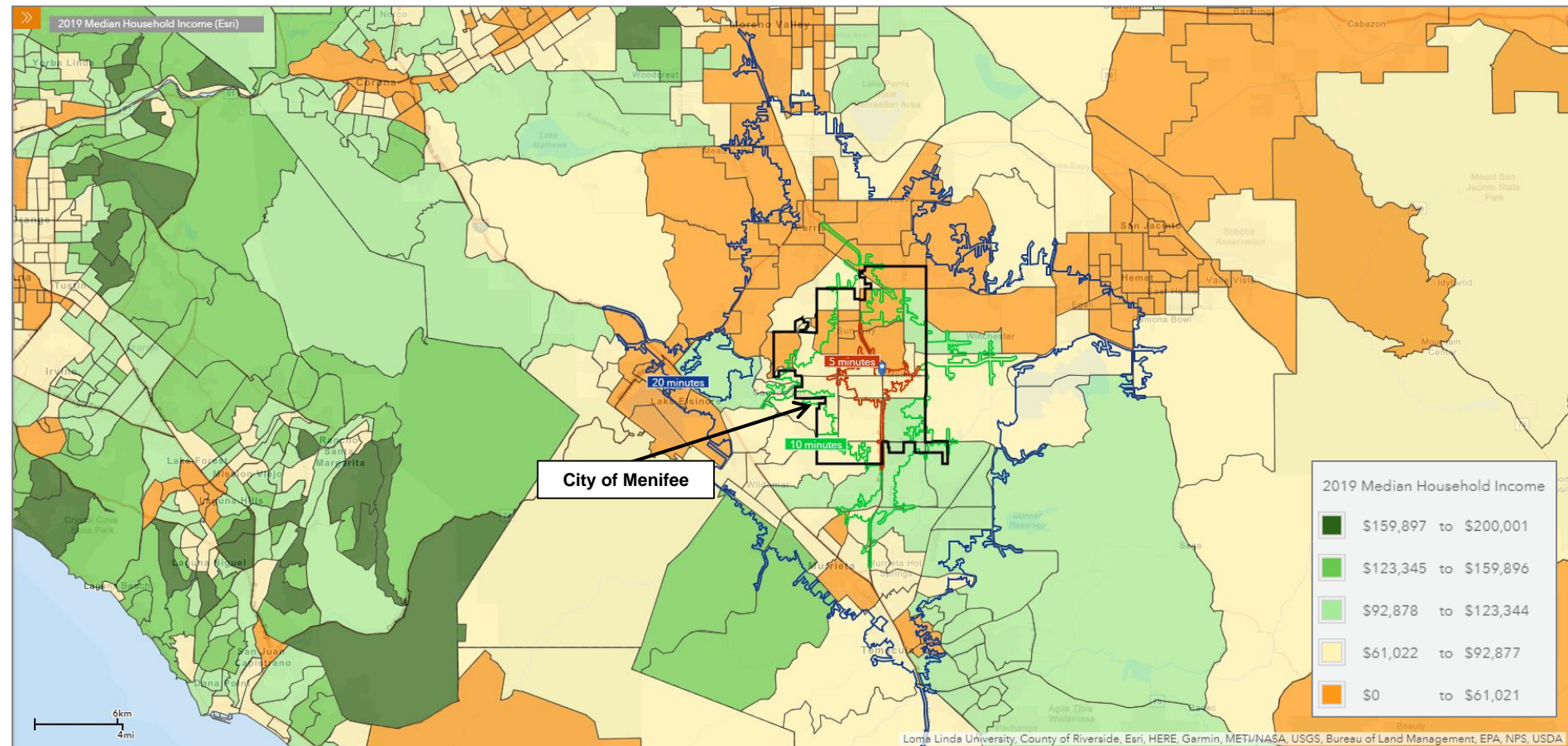
Jobs by Distance - Home Census Block to Work Census Block

	2017	
	Count	Share
Total Private Primary Jobs	24,600	100.0%
Less than 10 miles	4,425	18.0%
10 to 24 miles	6,023	24.5%
25 to 50 miles	7,583	30.8%
Greater than 50 miles	6,569	26.7%

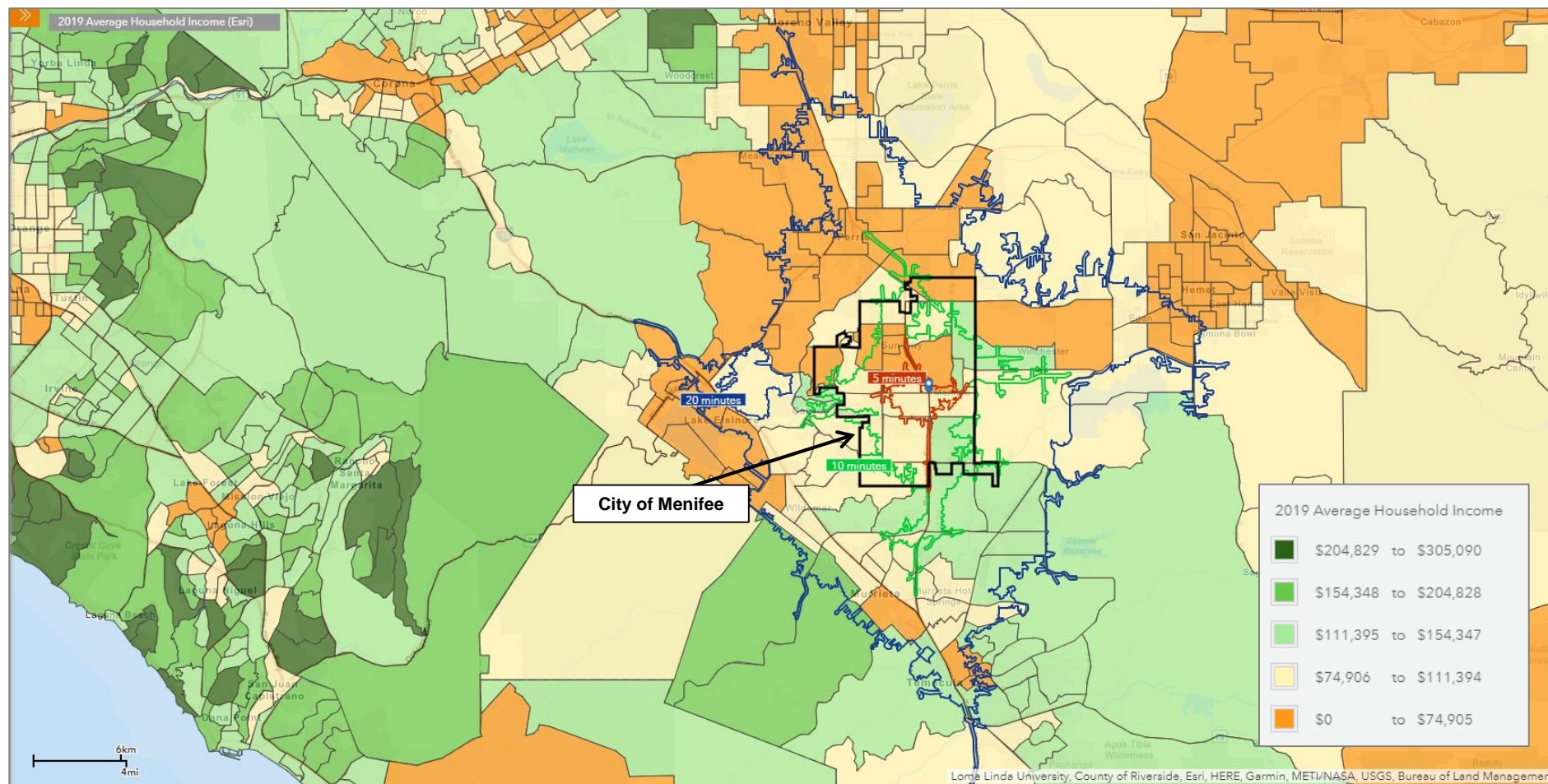
MEDIAN HOUSEHOLD INCOME HEAT MAP

Location Overview

Menifee's median household incomes vary depending on location within Menifee. The majority of Menifee has median household income in the \$61,022 to \$92,877 range, and **southern portions of Menifee and surrounding areas have median incomes that range from \$92,878 to \$123,344 (in light green).** These are incomes that are well above the Riverside County median income of \$66,131 and U.S. median income of \$62,856, indicating disposable income for retail goods and services.



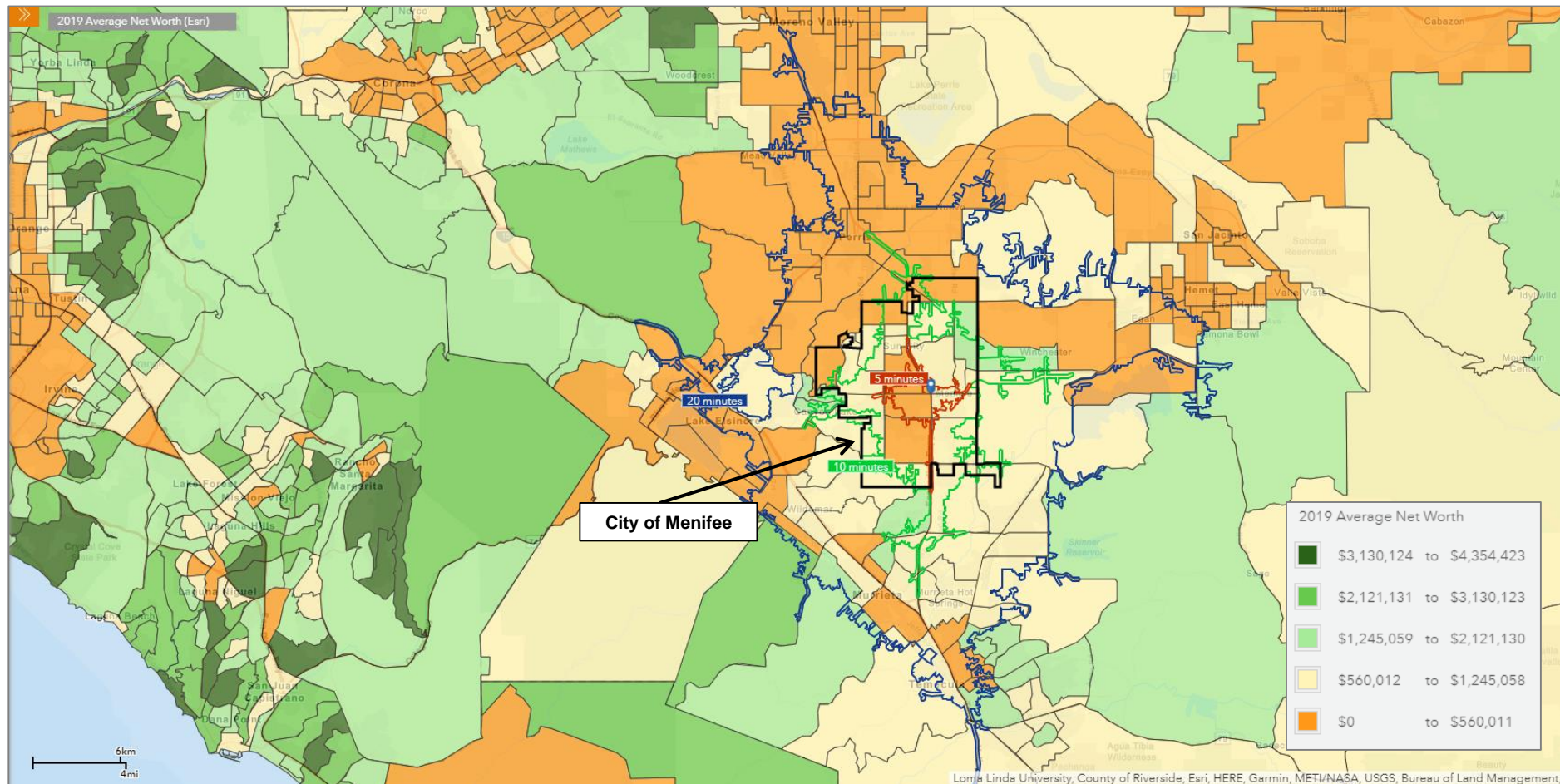
Menifee's average household incomes also vary depending on location within Menifee. Similar to the previous chart, average incomes are highest in areas to the south of Menifee (\$111,395 to \$154,347 range), and are lower to the north in the Sun City area. The majority of Menifee has average household income in the \$74,906 to \$111,394 range, indicating disposable income for retail goods and services.



NET WORTH HEAT MAP

Location Overview

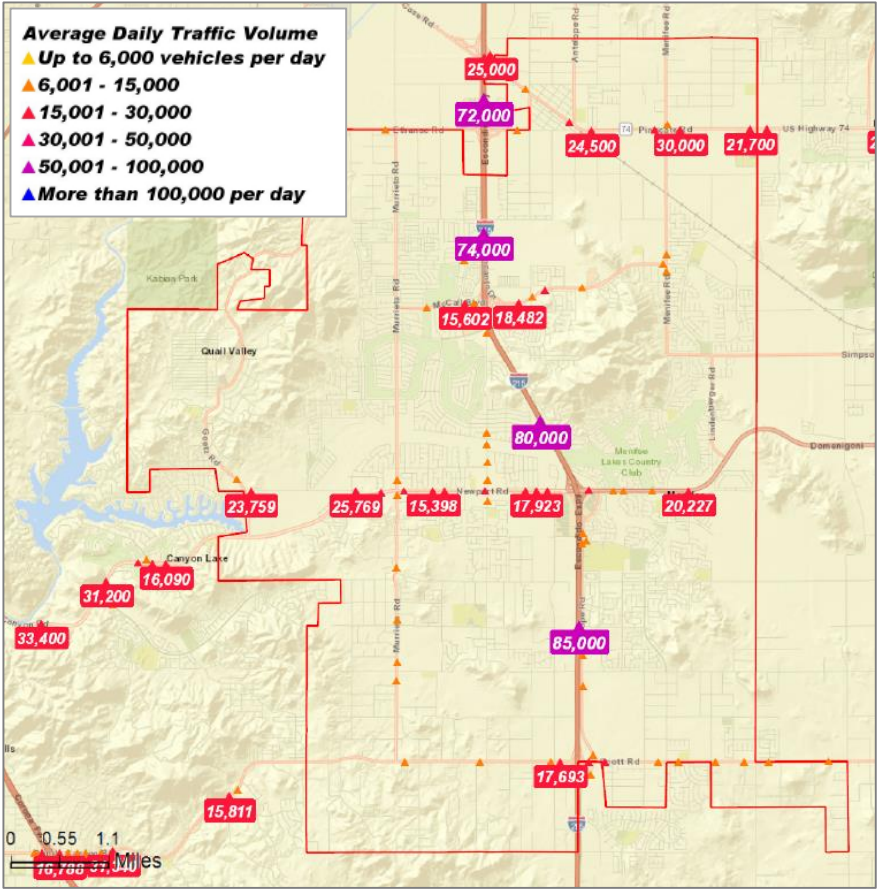
Net worth levels are mixed in Menifee and surrounding areas. This map illustrates 2019 average net worth by zip code in the region. Eastern areas of Menifee have moderate net worth levels (in tan), while areas north of Menifee and west of I-215 have low net worth levels (in orange). Areas to the south of Menifee and the western edge of Menifee have slightly higher average net worth levels (in light green).



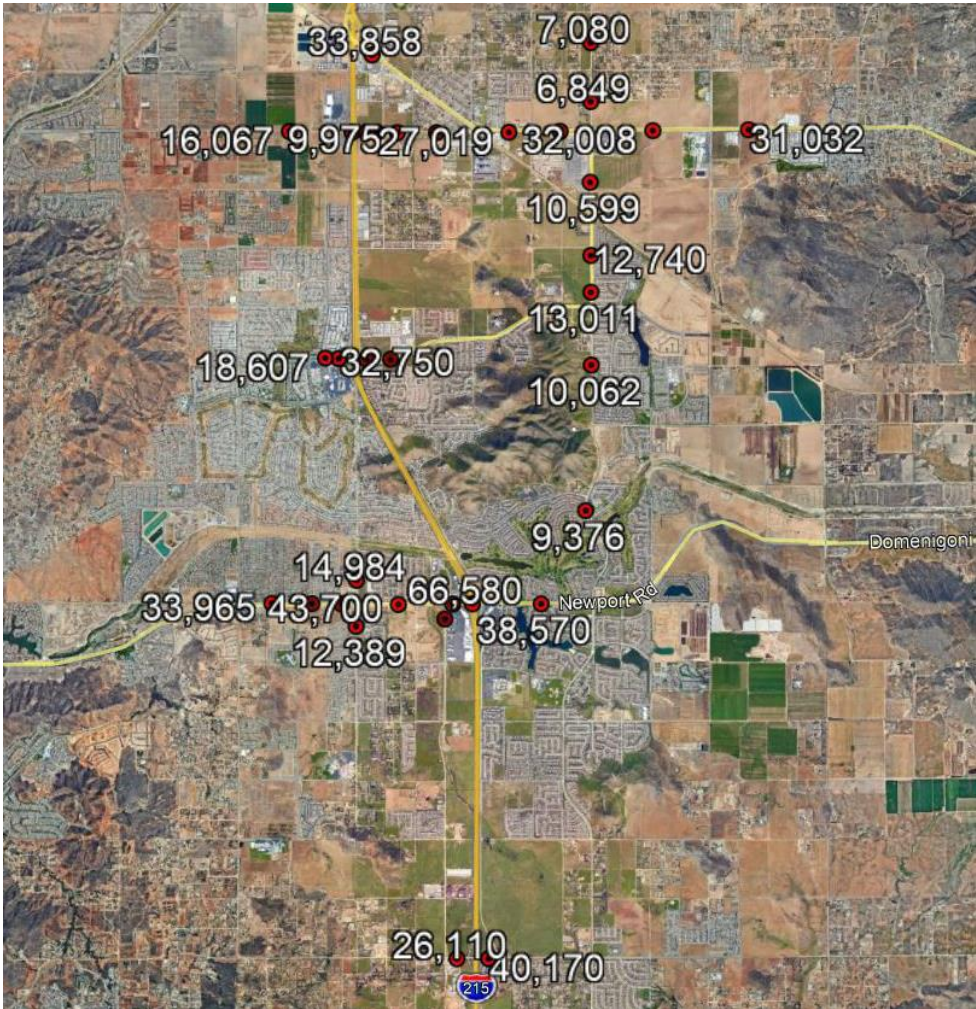
AVERAGE DAILY VEHICLE TRAFFIC

Location Overview

Menifee offers proximity to a freeway with high traffic volume and surface streets with strong traffic levels. Menifee is located along Interstate 215, a major north-south freeway with Average Daily Traffic Volume (ADTs) ranging from 72,000 to 85,000 within city limits per demographer ESRI (left image). Other major roads in Menifee include Newport Road (33,965 to 66,580 ADTs), McCall Blvd (18,607 to 32,750 ADTs) and Scott Road (up to 26,110 to 40,170 ADTs) according to The City of Menifee's 2019 Transportation and Traffic Report (right image). Typically, retail anchors prefer to locate at intersections with at least 20,000 vehicles per day, which is achieved by the current traffic levels at several major intersections in the City—traffic levels will only increase in the coming years as residential and commercial growth will bring additional ADTs.



Source: ESRI

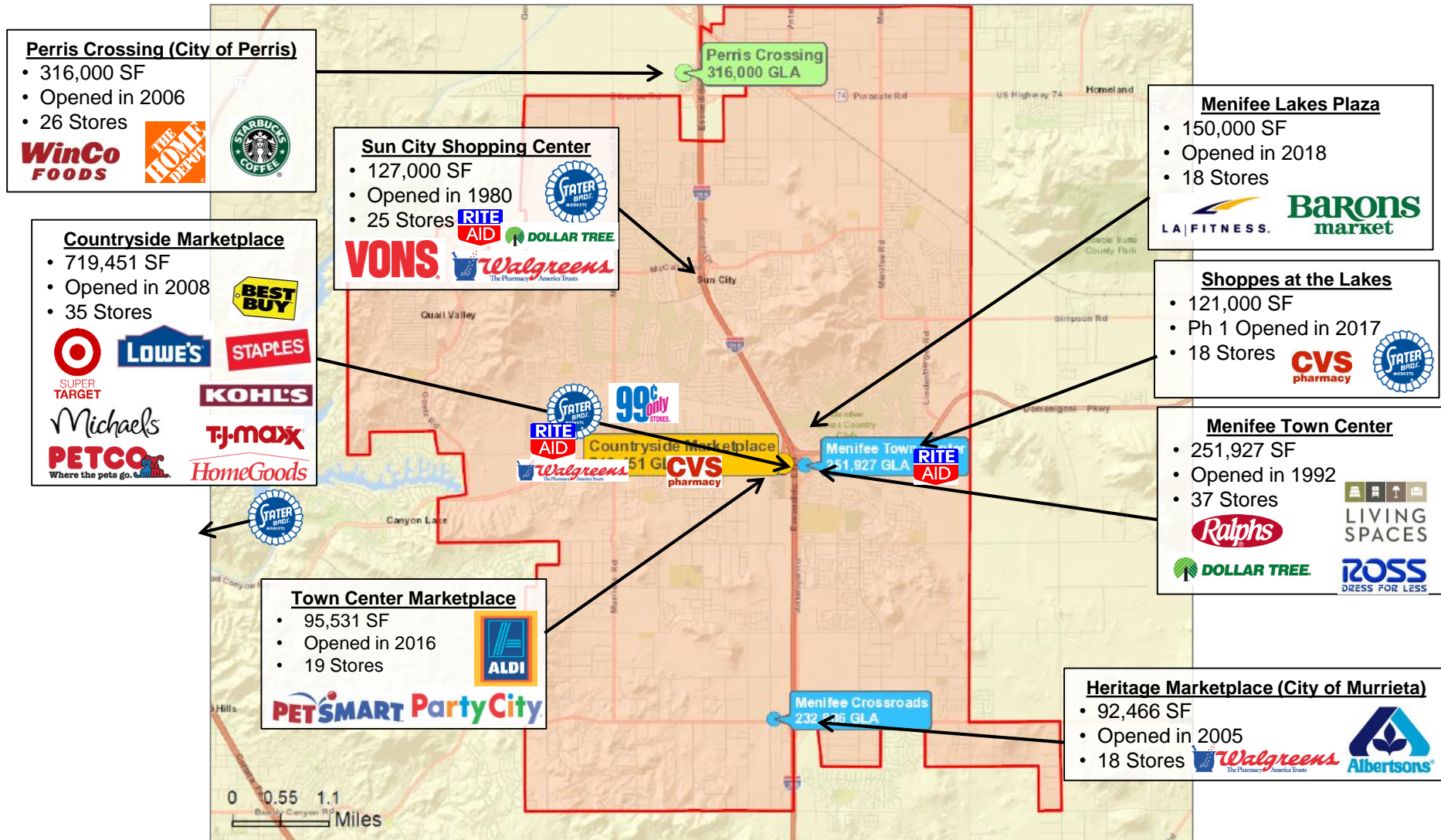


Source: Google Earth, City of Menifee

THE RETAIL LANDSCAPE IN MENIFEE (EXISTING)

Location Overview

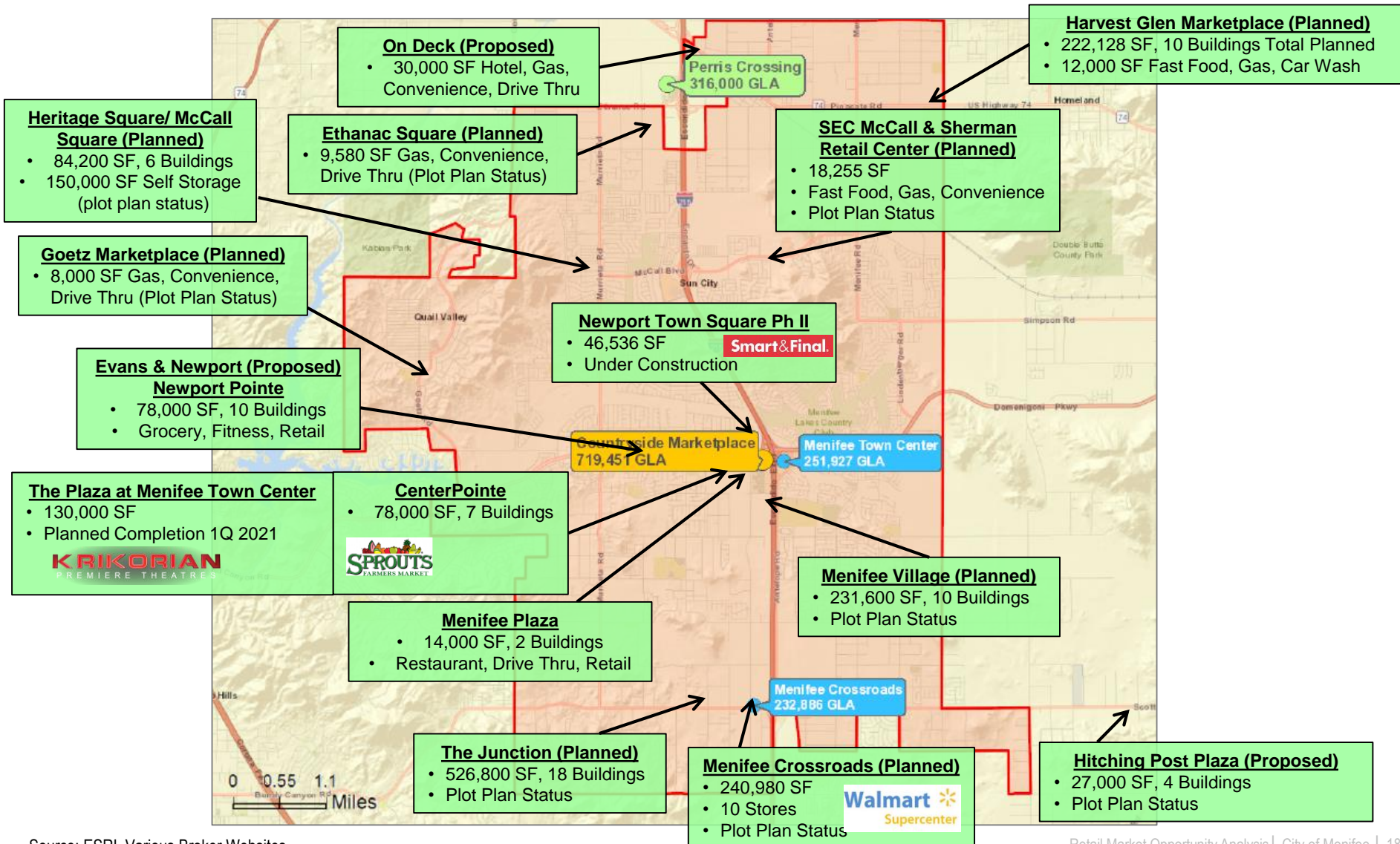
Menifee retail centers are characterized by several grocery store-anchored shopping centers and “big box” power centers. After several decades with limited retail options (primarily grocery, drug store and fast food), the retail landscape in Menifee is evolving. Countryside Marketplace and Town Center Marketplace offer several additional anchors and junior anchor stores, and Menifee Lakes Plaza offers specialty/ health food and fitness anchor tenants.



THE RETAIL LANDSCAPE IN MENIFEE (PLANNED AND PROPOSED)

Location Overview

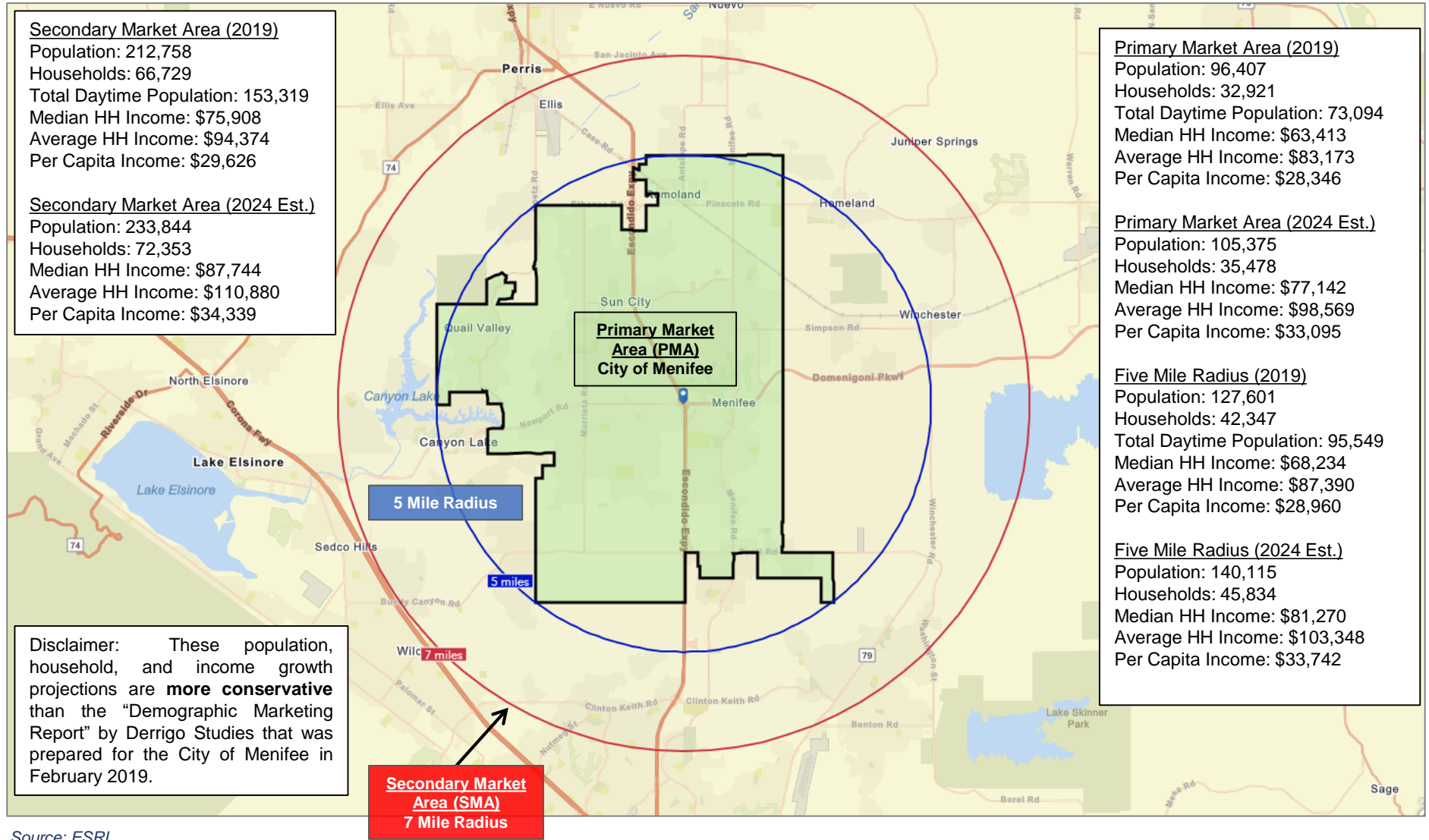
Planned retail centers in Menifee are characterized by grocery stores, entertainment uses, and several gas/ convenience centers. Going forward, future retail centers are planned to include entertainment uses, including the 100,000 square foot Krikorian 14 theater development, which will include a bowling alley and the largest movie theater screen in California.



Retail Demand Analysis

Retail Demand and Opportunity Analysis, Menifee, California

The Primary Market Area (PMA) and Secondary Market Areas (SMA) used for our Retail Demand Analysis are shown on the map below. The PMA is defined as the City of Menifee boundary (see the green shaded area below). A five mile radius is shown in blue, and the SMA defined as a 7.0 mile-radius from the approximate center of Menifee, which we have defined as the intersection of Interstate 215 and Newport Road (see the red circle below).



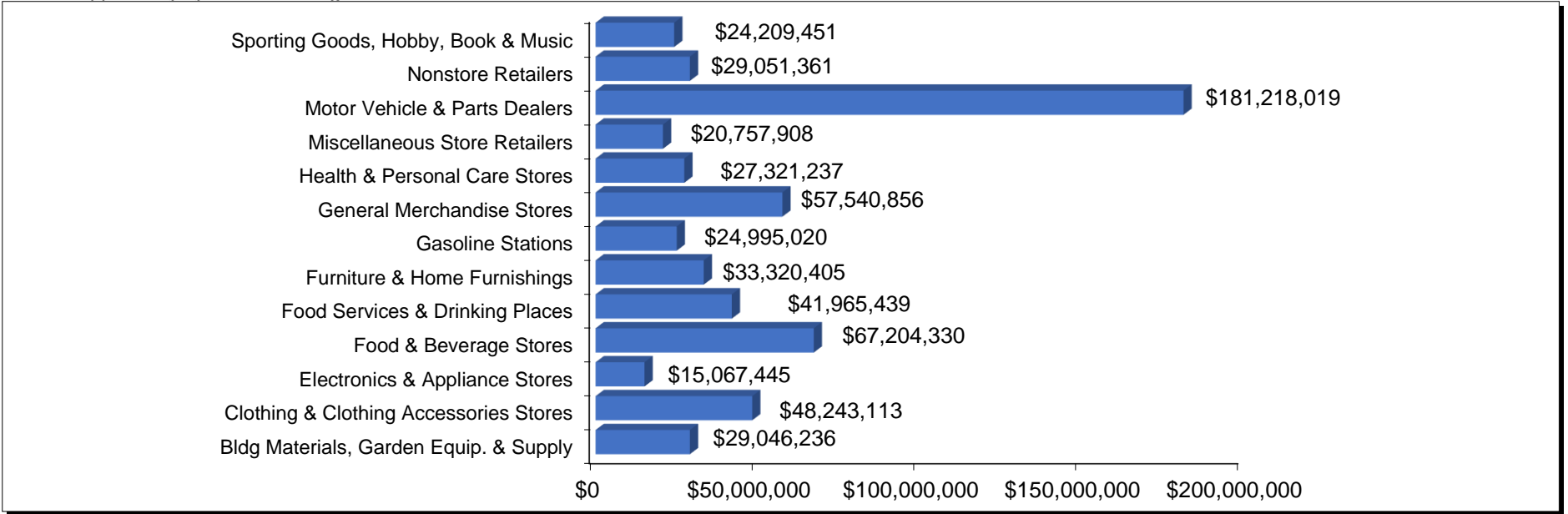
Source: ESRI

OPPORTUNITY TO CAPTURE RETAIL SALES BY SEGMENT – PRIMARY MARKET AREA (2019)

Retail Demand Analysis



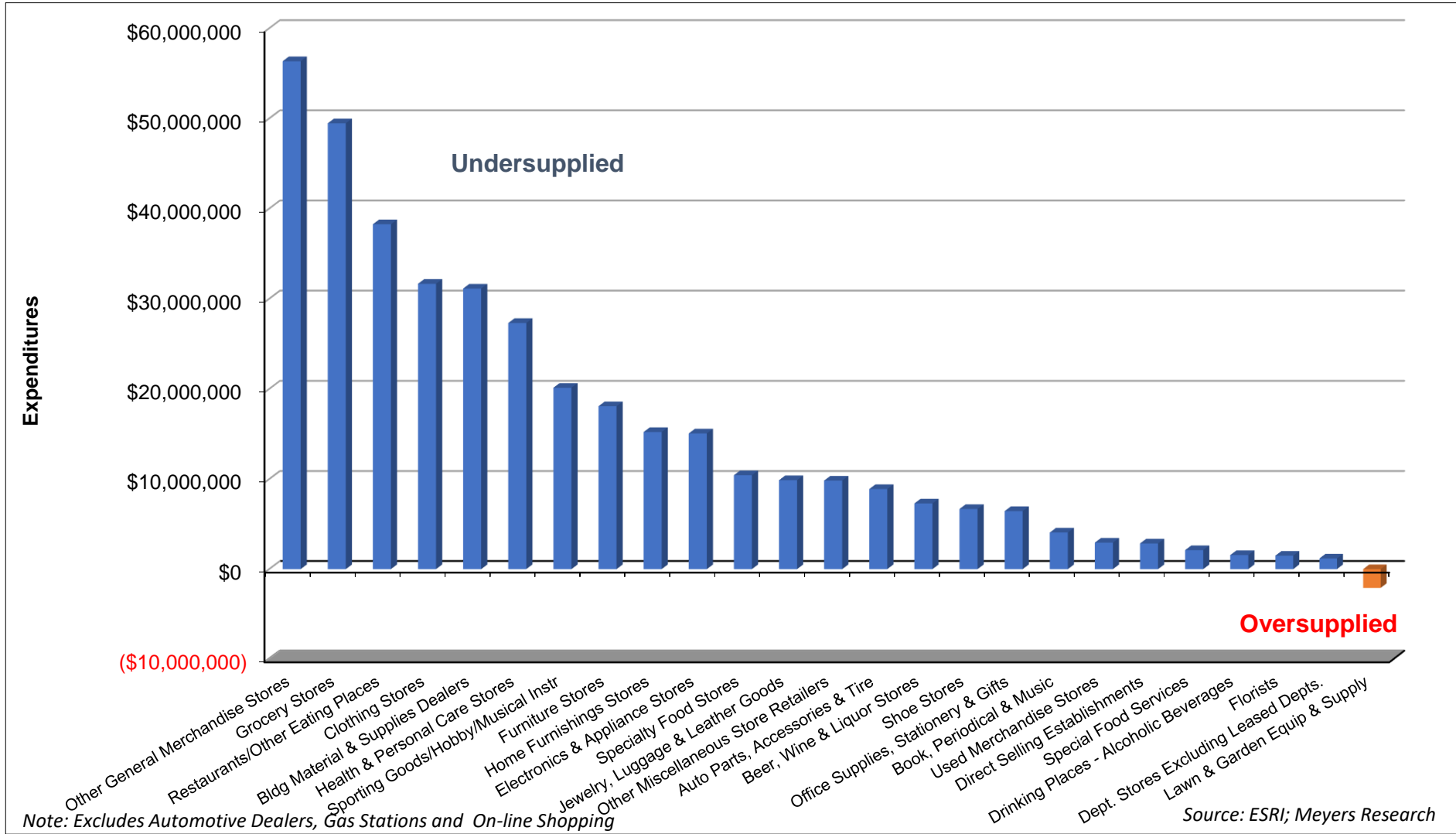
All major retail categories appear to be undersupplied in the City of Menifee (PMA). In the Primary Market Area model, the level of undersupply by category ranges from \$15 million for Electronics and Appliances to \$181 million for Motor Vehicle and Parts Dealers. This data appears to support a significant level of additional retail uses in a variety of categories. **The total annual leakage (difference in retail demand versus supply) is \$599.9 million currently.** See the following page for the detailed demand opportunity by retail subcategories.



Retail Categories	DEMAND	SUPPLY	LEAKAGE	
	Retail Expenditures by Area Residents	Retail Spending Within the Area	Difference \$	Difference %
Bldg Materials, Garden Equip. & Supply	\$63,839,897	\$34,793,661	\$29,046,236	45.5%
Clothing & Clothing Accessories Stores	\$71,245,679	\$23,002,566	\$48,243,113	67.7%
Electronics & Appliance Stores	\$37,886,528	\$22,819,083	\$15,067,445	39.8%
Food & Beverage Stores	\$163,054,831	\$95,850,501	\$67,204,330	41.2%
Food Services & Drinking Places	\$120,382,776	\$78,417,337	\$41,965,439	34.9%
Furniture & Home Furnishings	\$38,482,504	\$5,162,099	\$33,320,405	86.6%
Gasoline Stations	\$91,403,849	\$66,408,829	\$24,995,020	27.3%
General Merchandise Stores	\$169,058,336	\$111,517,480	\$57,540,856	34.0%
Health & Personal Care Stores	\$71,202,066	\$43,880,829	\$27,321,237	38.4%
Miscellaneous Store Retailers	\$38,084,905	\$17,326,997	\$20,757,908	54.5%
Motor Vehicle & Parts Dealers	\$215,066,751	\$33,848,732	\$181,218,019	84.3%
Nonstore Retailers	\$29,175,189	\$123,828	\$29,051,361	99.6%
Sporting Goods, Hobby, Book & Music	\$32,002,731	\$7,793,280	\$24,209,451	75.6%
Total	\$1,140,886,042	\$540,945,222	\$599,940,820	52.6%

Source: ESRI; Meyers Research

The chart below expands on the previous over- and under-supplied retail segments by looking at the current revenue for detailed retail subcategories in the Primary Market Area. There is undersupply in nearly every retail subcategory, with the exception of some slight oversupply in the Lawn & Garden Equipment and Supply subcategory. The top undersupplied subcategories are Other General Merchandise Stores, Grocery Stores, and Restaurants.

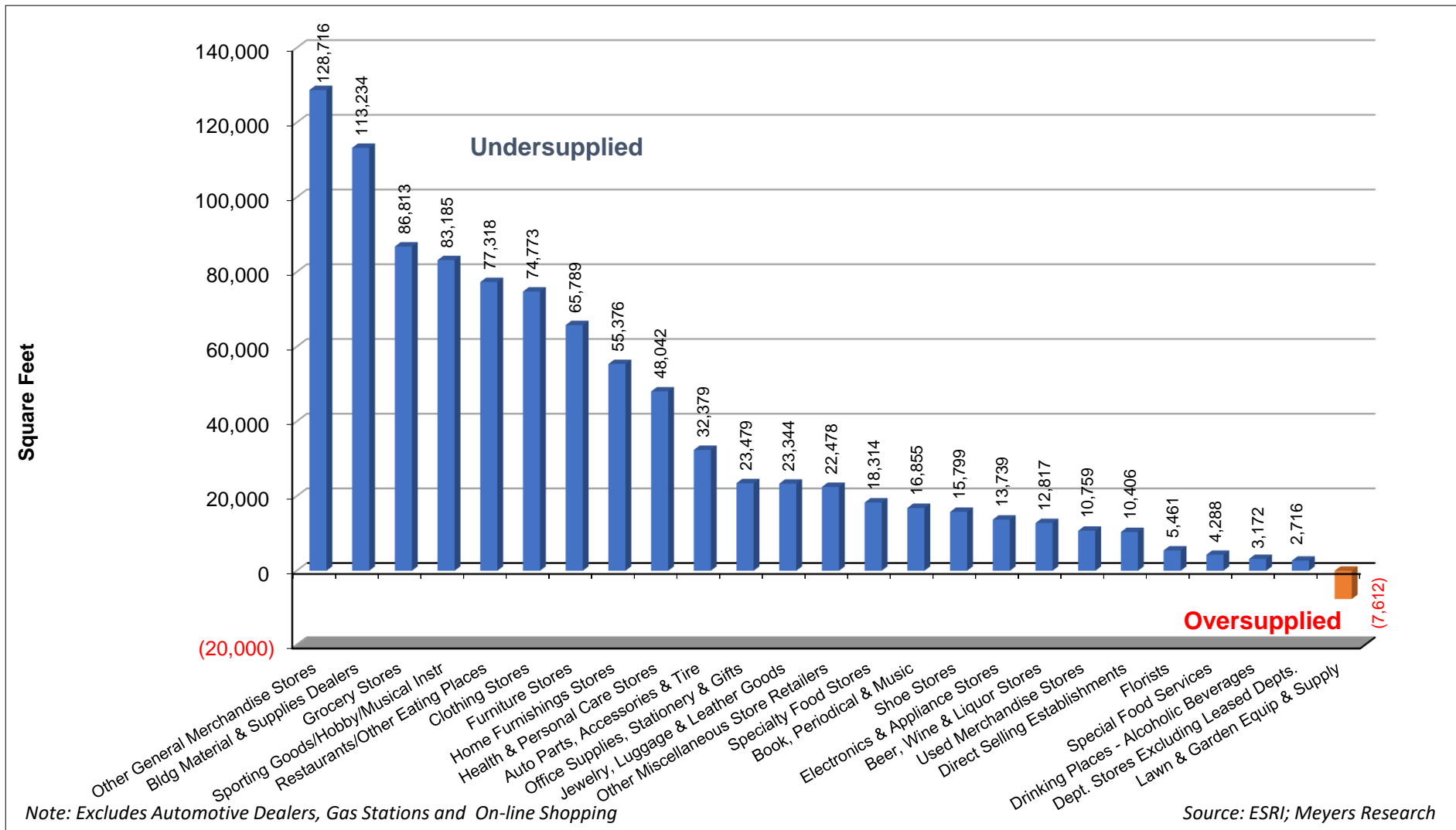


ADDITIONAL SUPPORTABLE SQUARE FEET BY RETAIL TYPE – PRIMARY MARKET AREA (2019)

Retail Demand Analysis



The current over- and under-supplied retail categories' revenues are translated into supportable square feet in the City of Menifee. The unmet expenditures in the top subcategories equate to approximately 128,700 square feet in additional Other General Merchandise, 113,200 square feet in Building Material and Supplies, 86,800 square feet of additional Grocery Stores, 83,185 square feet of Sporting Goods/ Hobby/ Musical Instruments and 77,318 square feet of Restaurants.

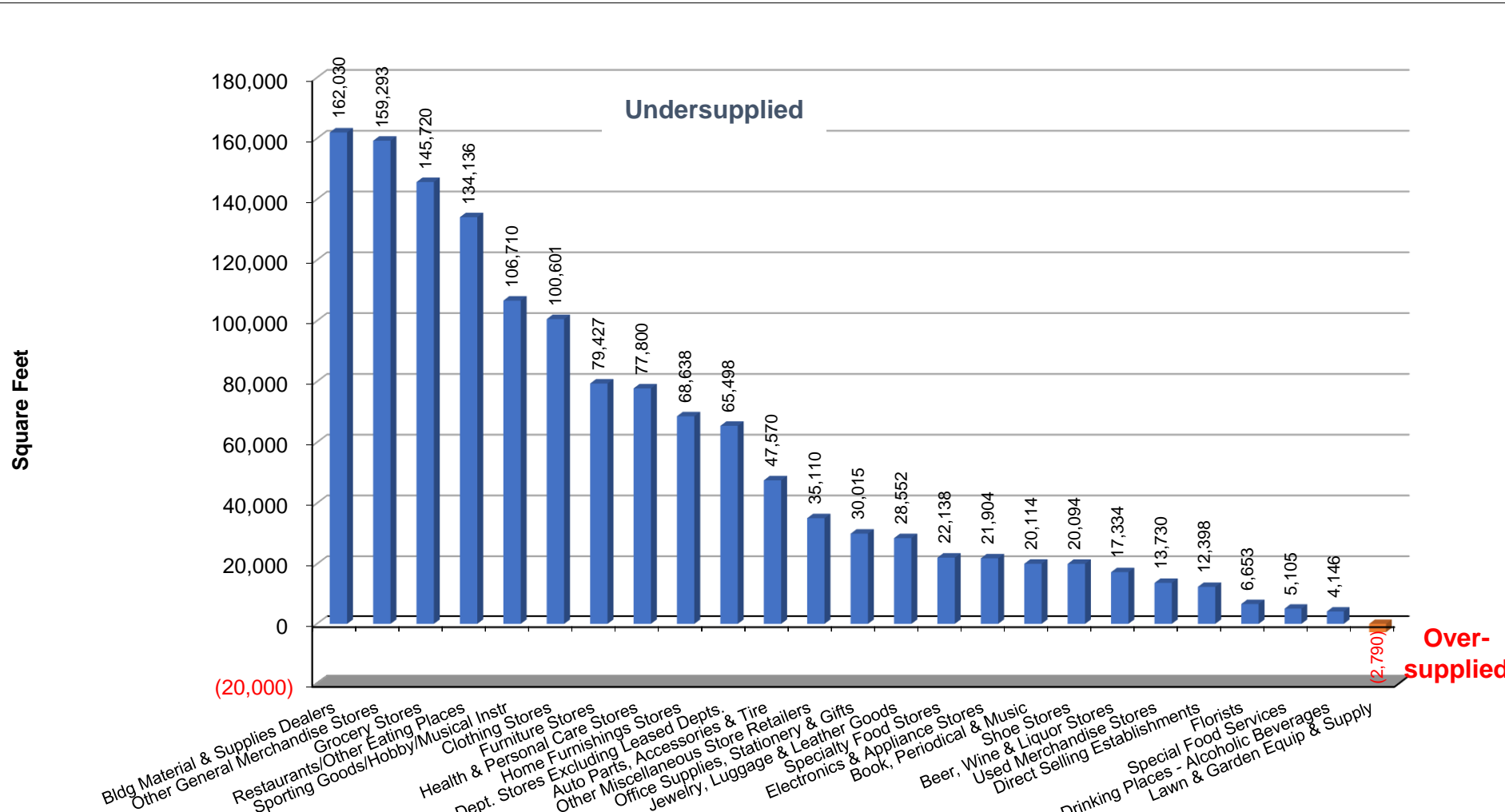


ADDITIONAL SUPPORTABLE SQUARE FEET BY RETAIL TYPE – PRIMARY MARKET AREA (2024)

Retail Demand Analysis



By 2024, additional demand from household growth in the Primary Market Area results in increased unmet demand of 80,000 square feet in nearly every retail subcategory. The unmet expenditures in the top subcategories increase to approximately 185,000 square feet in additional Other General Merchandise, 113,200 square feet in Building Material and Supplies, 106,800 square feet of Restaurants, and 86,800 square feet of additional Restaurant space.



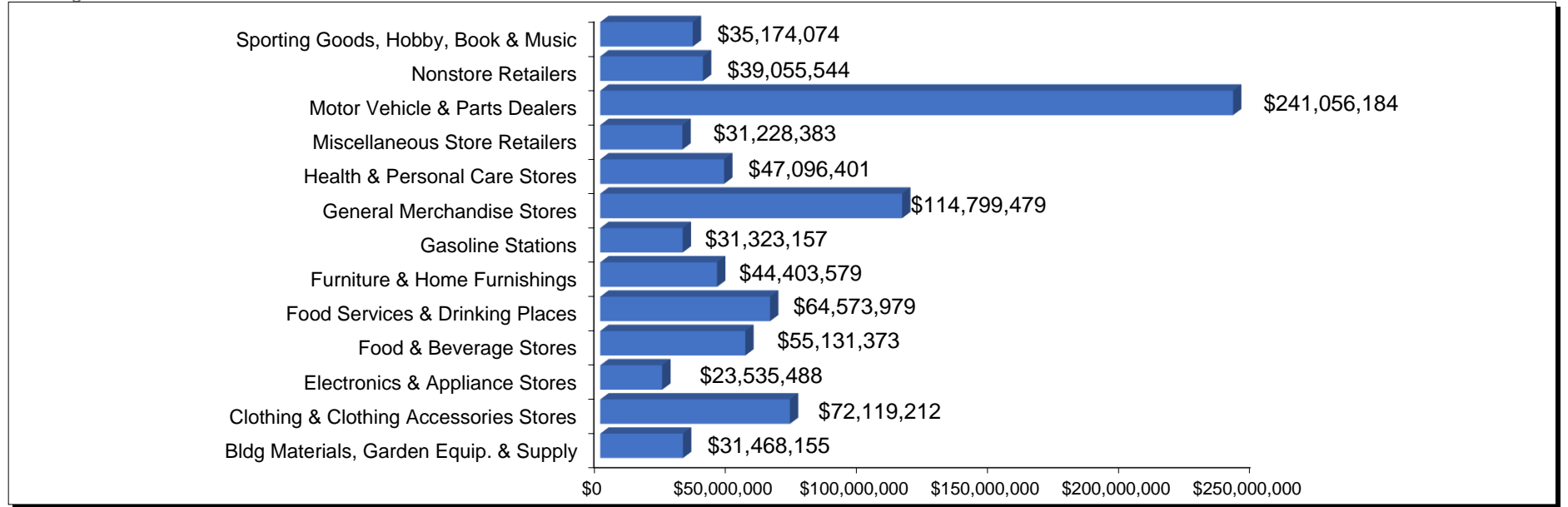
Note: Excludes Automotive Dealers, Gas Stations and On-line Shopping

Source: ESRI; Meyers Research

OPPORTUNITY TO CAPTURE RETAIL SALES BY SEGMENT – FIVE MILE RADIUS (2019)

Retail Demand Analysis

All major retail categories appear to be undersupplied in the five mile radius. In the five mile radius, the level of undersupply by category ranges from \$23 million for Electronics and Appliances to \$241 million for Motor Vehicle and Parts Dealers. **The total annual leakage (difference in retail demand versus supply) is \$830.9 million currently.** This data appears to support a significant level of additional retail uses in a variety of categories. See the following page for the detailed demand opportunity by retail subcategories.



Retail Categories	DEMAND	SUPPLY	LEAKAGE	
	Retail Expenditures by Area Residents	Retail Spending Within the Area	Difference \$	Difference %
Bldg Materials, Garden Equip. & Supply	\$86,299,870	\$54,831,715	\$31,468,155	36.5%
Clothing & Clothing Accessories Stores	\$96,292,047	\$24,172,835	\$72,119,212	74.9%
Electronics & Appliance Stores	\$51,027,824	\$27,492,336	\$23,535,488	46.1%
Food & Beverage Stores	\$218,448,869	\$163,317,496	\$55,131,373	25.2%
Food Services & Drinking Places	\$157,268,750	\$92,694,771	\$64,573,979	41.1%
Furniture & Home Furnishings	\$51,919,835	\$7,516,256	\$44,403,579	85.5%
Gasoline Stations	\$122,599,434	\$91,276,277	\$31,323,157	25.5%
General Merchandise Stores	\$227,312,707	\$112,513,228	\$114,799,479	50.5%
Health & Personal Care Stores	\$94,775,975	\$47,679,574	\$47,096,401	49.7%
Miscellaneous Store Retailers	\$51,105,045	\$19,876,662	\$31,228,383	61.1%
Motor Vehicle & Parts Dealers	\$289,363,191	\$48,307,007	\$241,056,184	83.3%
Nonstore Retailers	\$39,235,065	\$179,521	\$39,055,544	99.5%
Sporting Goods, Hobby, Book & Music	\$43,221,153	\$8,047,079	\$35,174,074	81.4%
Total	\$1,528,869,765	\$697,904,757	\$830,965,008	54.4%

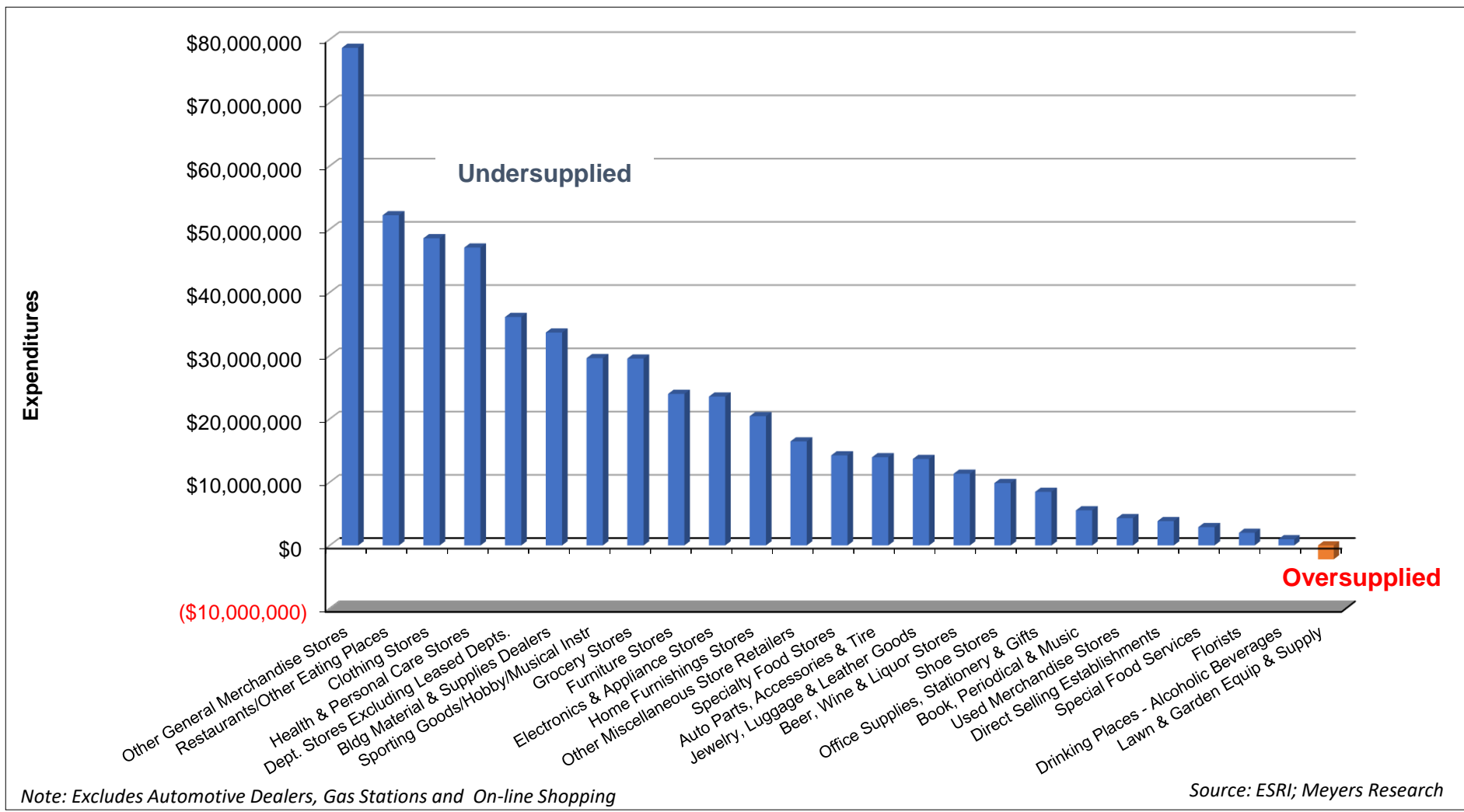
Source: ESRI; Meyers Research

ADDITIONAL SUPPORTABLE EXPENDITURES BY RETAIL TYPE – FIVE MILE RADIUS (2019)

Retail Demand Analysis



The chart below expands on the previous over- and under-supplied retail segments by looking at the current revenue for detailed retail subcategories in the five-mile radius. There is undersupply in nearly every retail subcategory, with the exception of some slight oversupply in the Lawn & Garden Equipment and Supply subcategory. The top undersupplied subcategories are Other General Merchandise Stores, Restaurants, Clothing, Health & Personal Care and Department Stores.



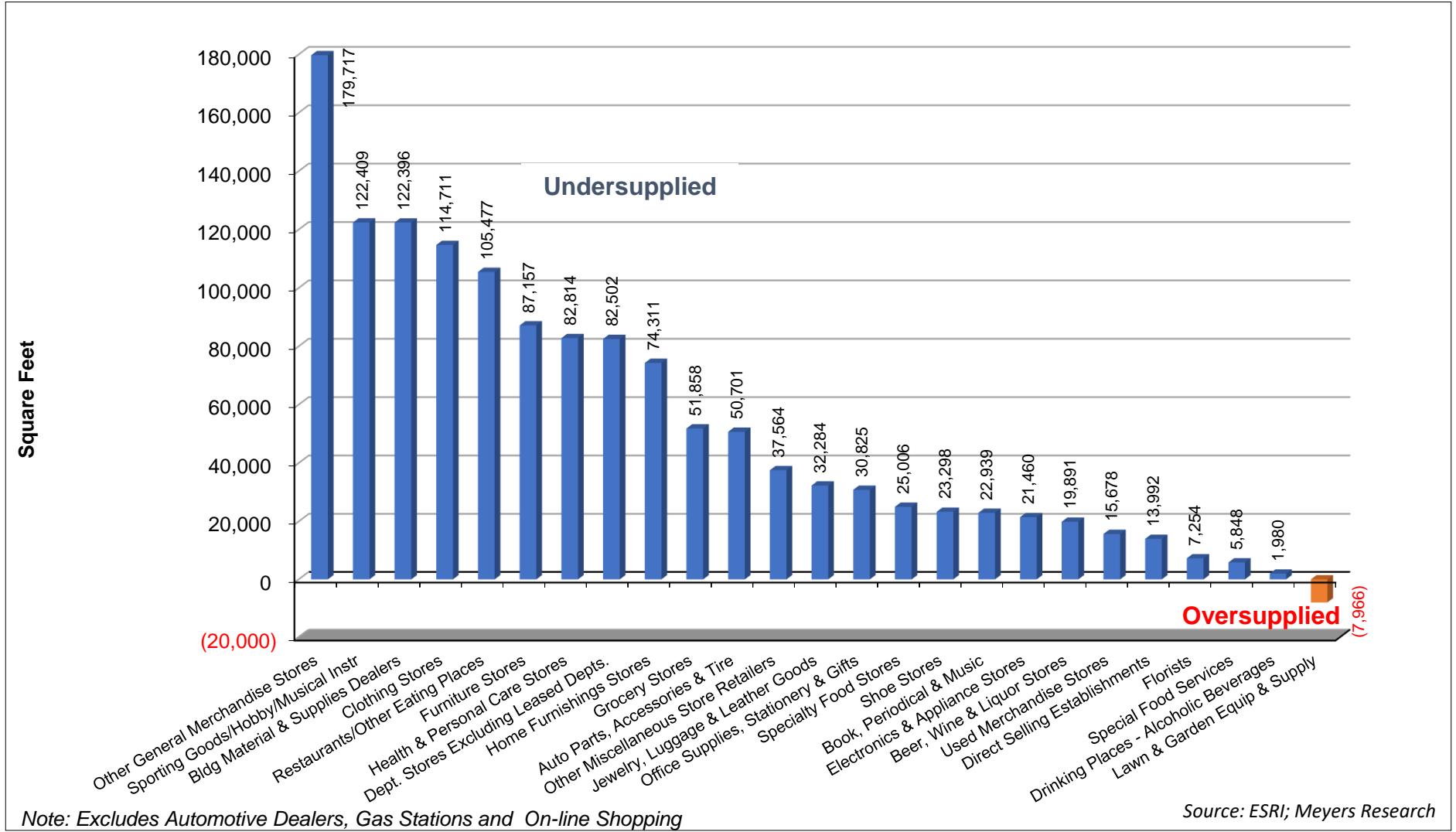
Note: Excludes Automotive Dealers, Gas Stations and On-line Shopping

Source: ESRI; Meyers Research

ADDITIONAL SUPPORTABLE SQUARE FEET BY RETAIL TYPE – FIVE MILE RADIUS (2019)

Retail Demand Analysis

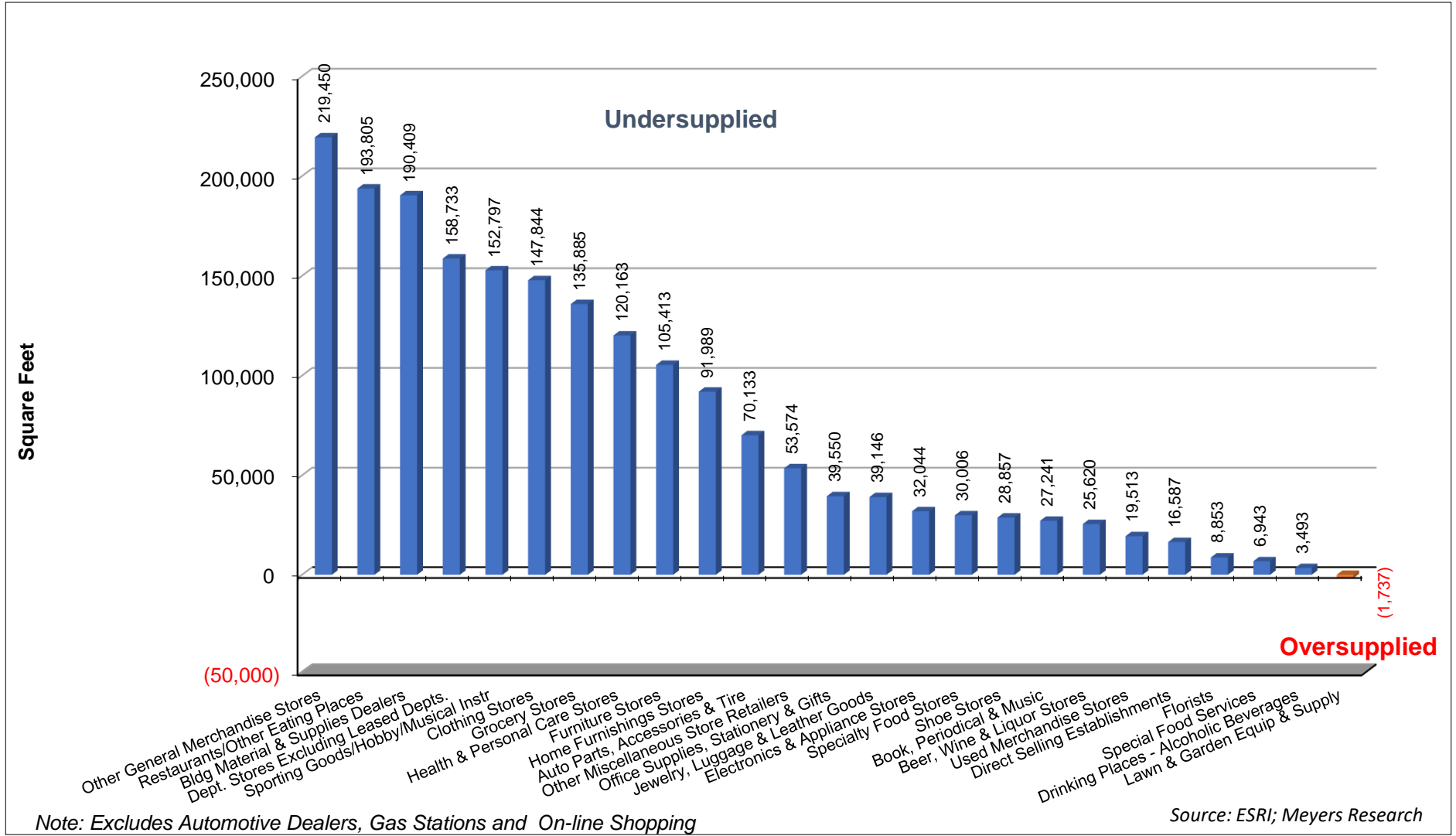
The current over- and under-supplied retail categories' revenues are translated into supportable square feet in the five-mile radius. The unmet expenditures in the top subcategories equate to approximately 179,000 square feet in additional Other General Merchandise, 122,000 square feet of Sporting Goods/ Hobby/ Musical Instruments, 122,000 square feet in Building Material and Supplies, 114,000 square feet in Clothing and 105,000 square feet of Restaurants.



ADDITIONAL SUPPORTABLE SQUARE FEET BY RETAIL TYPE – FIVE MILE RADIUS (2024)

Retail Demand Analysis

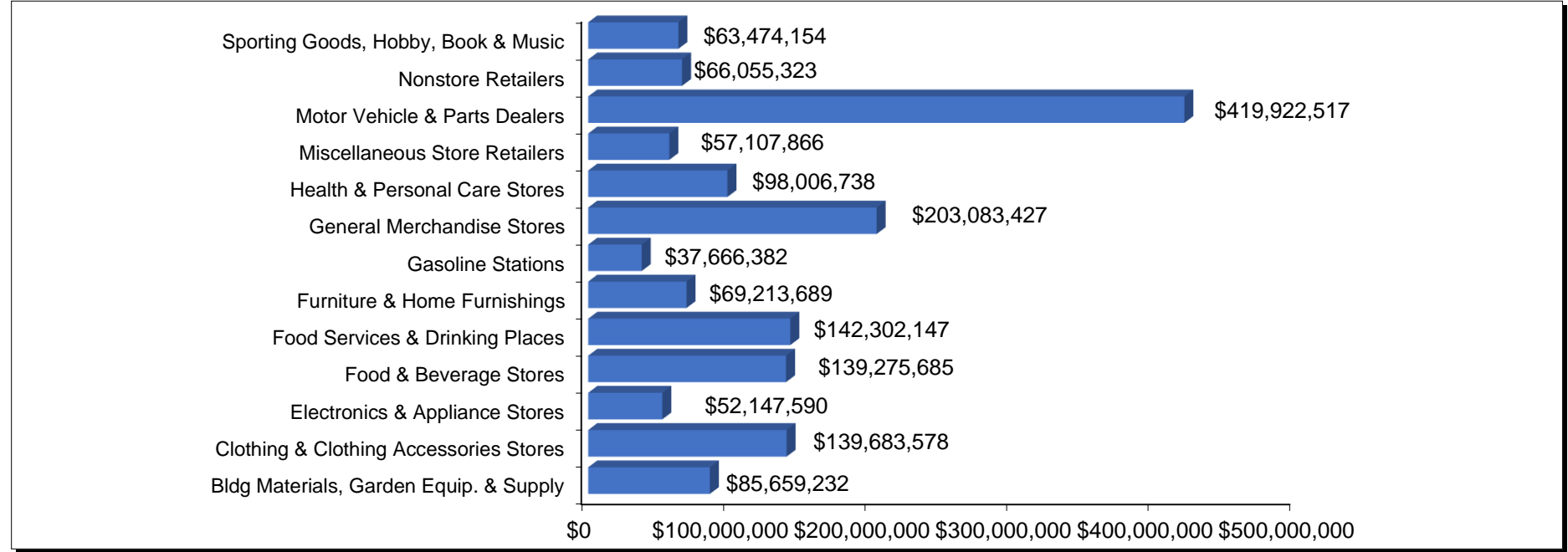
By 2024, additional demand from household growth in the five-mile radius results in increased unmet demand of in nearly every retail subcategory. The unmet expenditures in the top subcategories increase to approximately 219,000 square feet in additional Other General Merchandise, 193,000 square feet of Restaurants, 190,000 square feet in Building Material and Supplies, 158,000 square feet of Department Stores and 152,000 square feet of additional Sporting Goods/ Hobby/ Music space.



OPPORTUNITY TO CAPTURE RETAIL SALES BY SEGMENT – SECONDARY MARKET AREA (2019)

Retail Demand Analysis

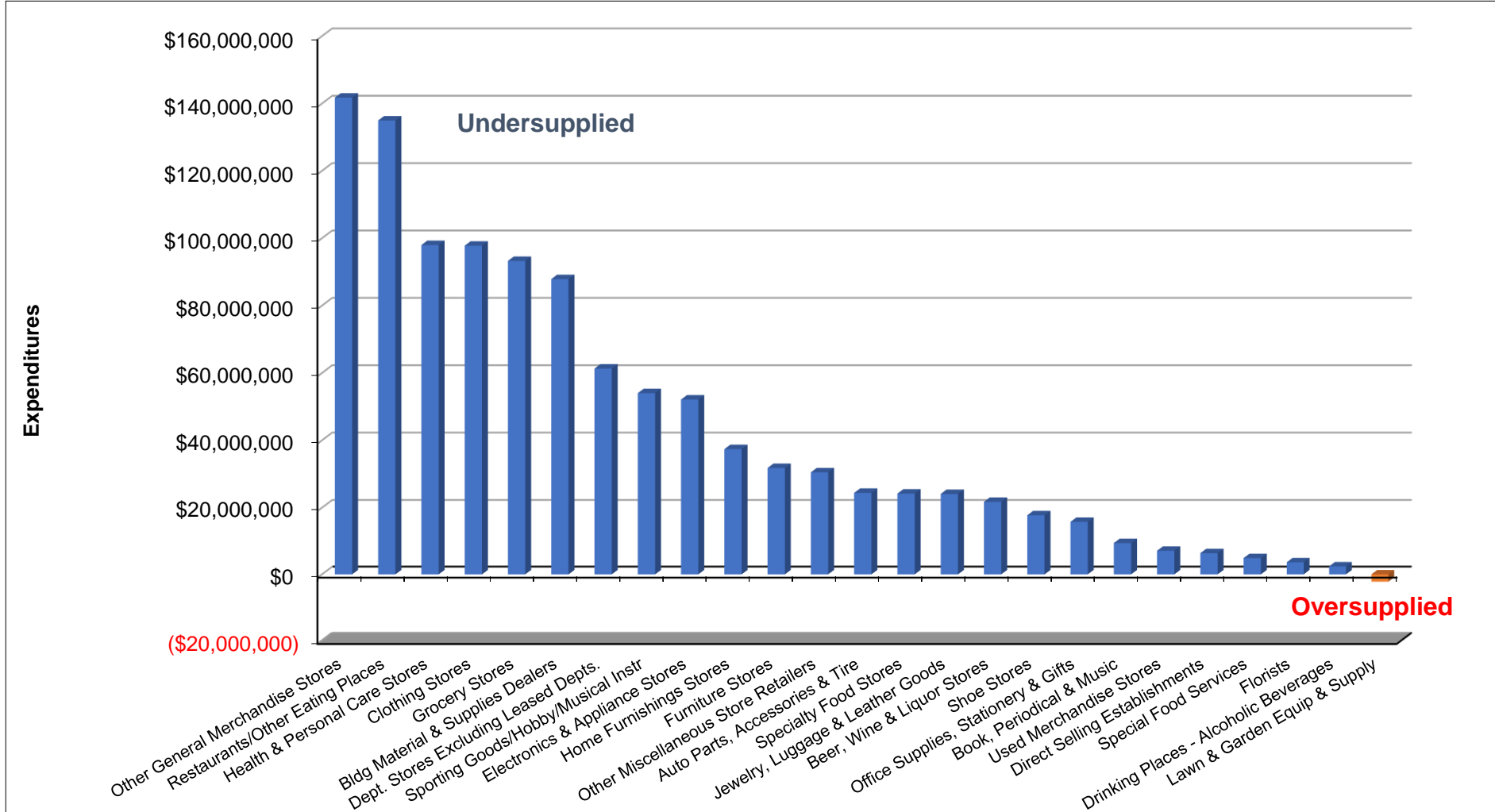
All retail categories currently appear undersupplied in the SMA—Motor Vehicles & Parts is the leading undersupplied category, with \$419 million in unmet demand, followed by General Merchandise with \$203 million in unmet demand. The total annual leakage (difference in retail demand versus supply) is \$1.573 billion currently.



Retail Categories	DEMAND	SUPPLY	LEAKAGE	
	Retail Expenditures by Area Residents	Retail Spending Within the Area	Difference \$	Difference %
Bldg Materials, Garden Equip. & Supply	\$148,436,642	\$62,777,410	\$85,659,232	57.7%
Clothing & Clothing Accessories Stores	\$166,124,966	\$26,441,388	\$139,683,578	84.1%
Electronics & Appliance Stores	\$87,372,249	\$35,224,659	\$52,147,590	59.7%
Food & Beverage Stores	\$371,621,432	\$232,345,747	\$139,275,685	37.5%
Food Services & Drinking Places	\$259,796,466	\$117,494,319	\$142,302,147	54.8%
Furniture & Home Furnishings	\$89,283,323	\$20,069,634	\$69,213,689	77.5%
Gasoline Stations	\$208,465,014	\$170,798,632	\$37,666,382	18.1%
General Merchandise Stores	\$388,879,743	\$185,796,316	\$203,083,427	52.2%
Health & Personal Care Stores	\$159,763,853	\$61,757,115	\$98,006,738	61.3%
Miscellaneous Store Retailers	\$87,144,454	\$30,036,588	\$57,107,866	65.5%
Motor Vehicle & Parts Dealers	\$495,257,398	\$75,334,881	\$419,922,517	84.8%
Nonstore Retailers	\$67,025,857	\$970,534	\$66,055,323	98.6%
Sporting Goods, Hobby, Book & Music	\$74,498,639	\$11,024,485	\$63,474,154	85.2%
Total	\$2,603,670,036	\$1,030,071,708	\$1,573,598,328	60.4%

Source: ESRI; Meyers Research

The chart below expands on the previous over- and under-supplied retail segments by looking at detailed retail subcategories in the 7-Mile Radius (Secondary Market Area). There is evidence of unmet demand in nearly every subcategory in the SMA, most notably in the Other General Merchandise, Restaurants, Health & Personal Care, and Clothing subcategories.



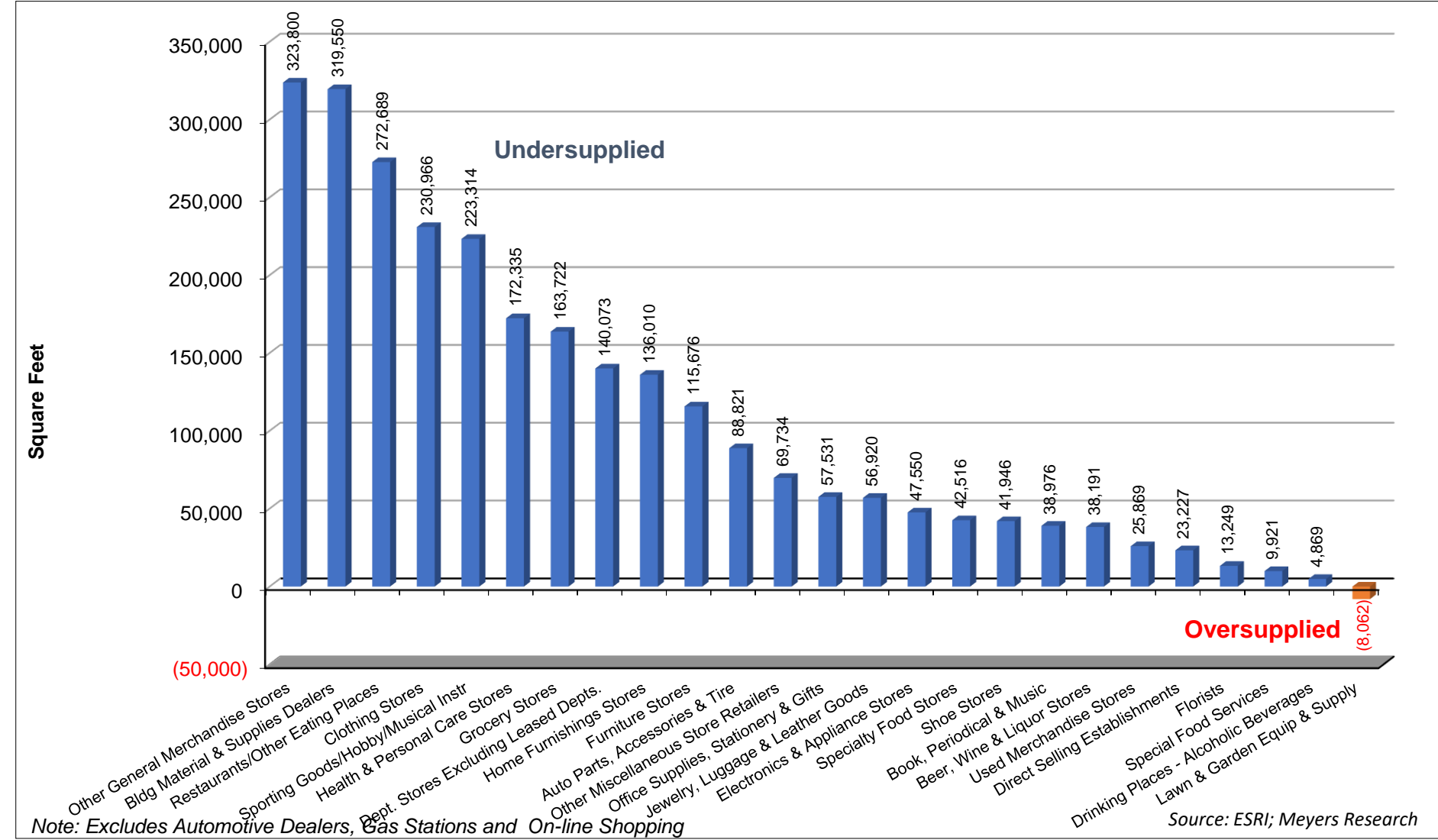
Note: Excludes Automotive Dealers, Gas Stations and On-line Shopping

Source: ESRI; Meyers Research

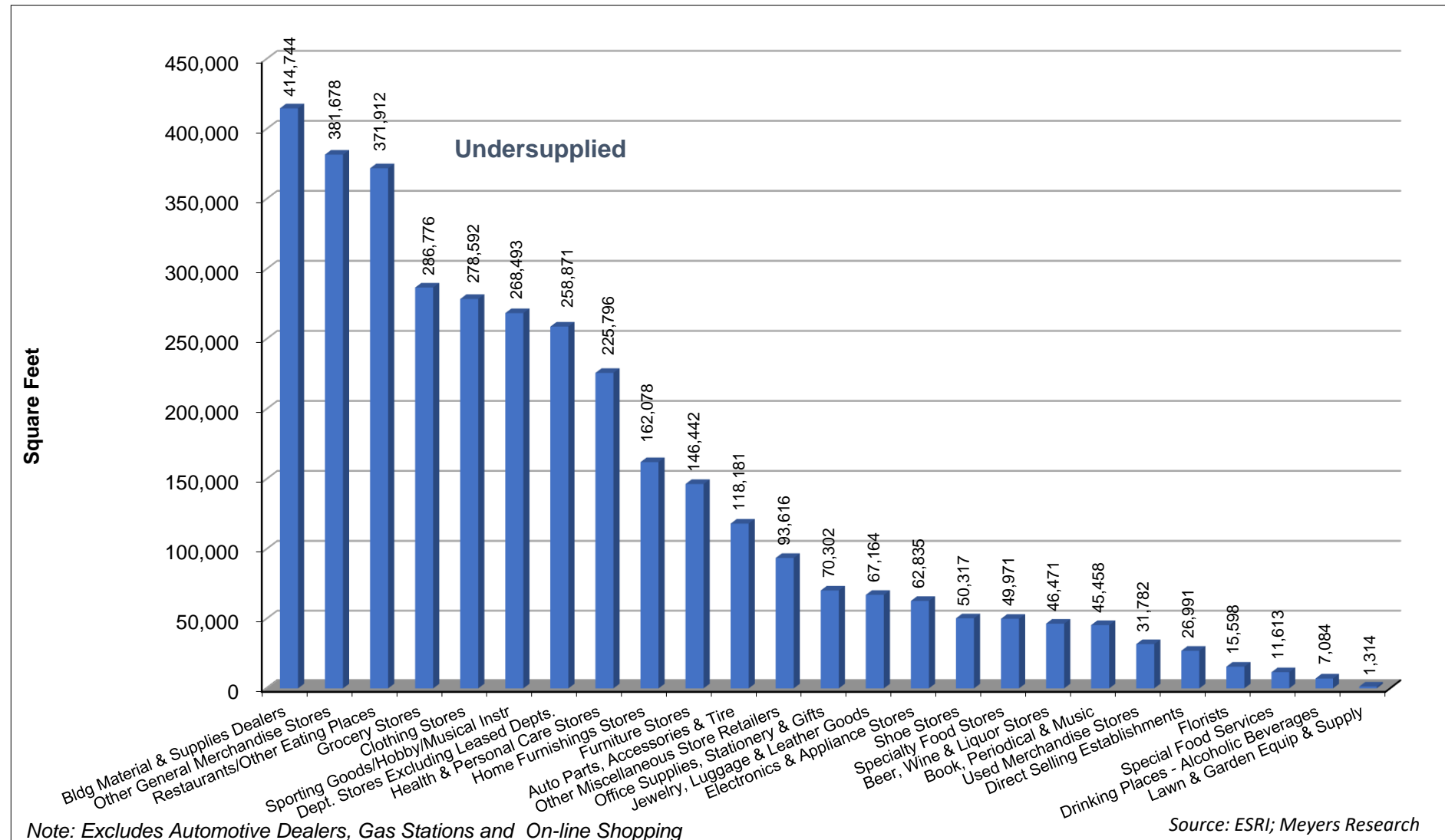
ADDITIONAL SUPPORTABLE SQUARE FEET BY RETAIL TYPE – SECONDARY MARKET AREA (2019)

Retail Demand Analysis

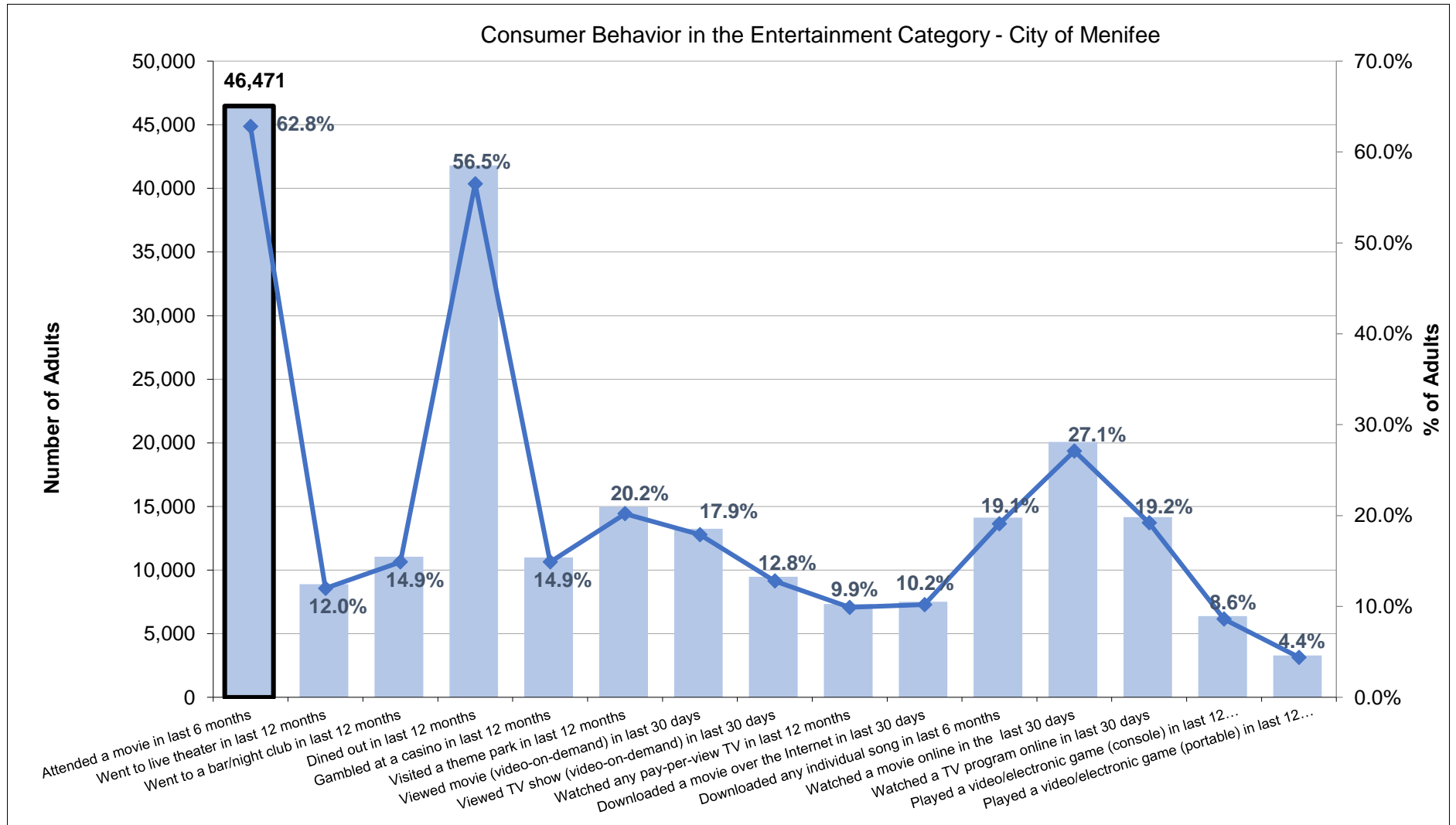
The chart below translates the current over- and under-supplied retail categories' revenues into supportable square feet in the Secondary Market Area. The subcategories with the most unmet demand in terms of supportable square feet include Other General Merchandise, Building Material & Supplies, and Restaurants among others. Lawn & Garden is the only subcategory that appears oversupplied in the SMA.



By 2024, additional demand from household growth in the Secondary Market Area results in additional unmet demand for all retail subcategories. Notable categories indicate demand for 414,000 square feet of Building Material & Supplies, 381,000 square feet of Other General Merchandise, and 371,000 square feet of Restaurants.



Dinner and/or a movie are common activities in the PMA. ESRI indicates that in the PMA, the greatest number of adults attended a movie within the past six months – the most common consumer behavior in the Entertainment category. The next highest was dining out, followed by a number of other behaviors. On a high level, this supports the concept of offering additional movie theaters in Menifee as well as a correlation to attending a movie and dining out.

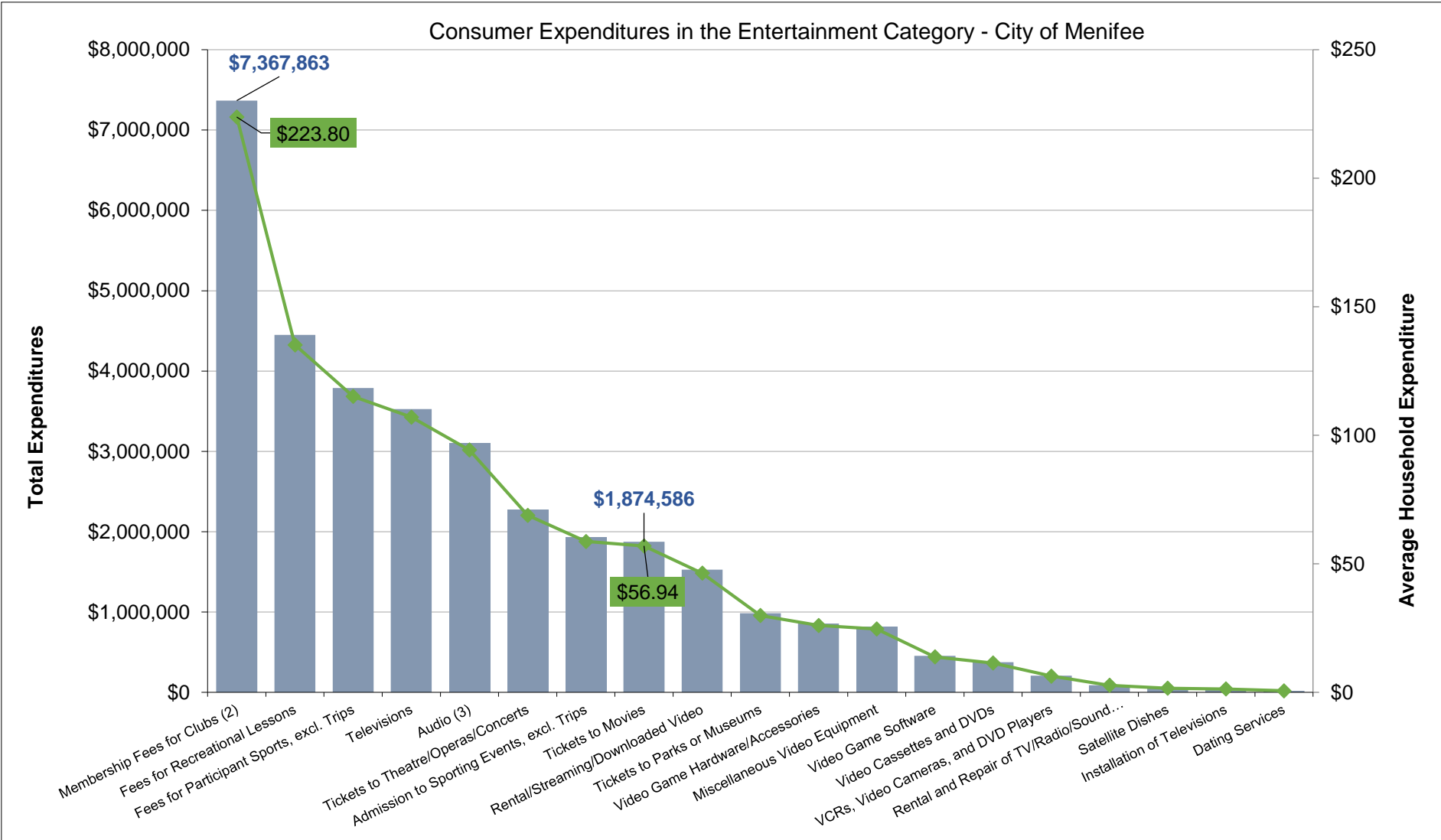


Source: ESRI (2018 Data); Meyers Research

CONSUMER EXPENDITURES IN THE ENTERTAINMENT CATEGORY (PMA)

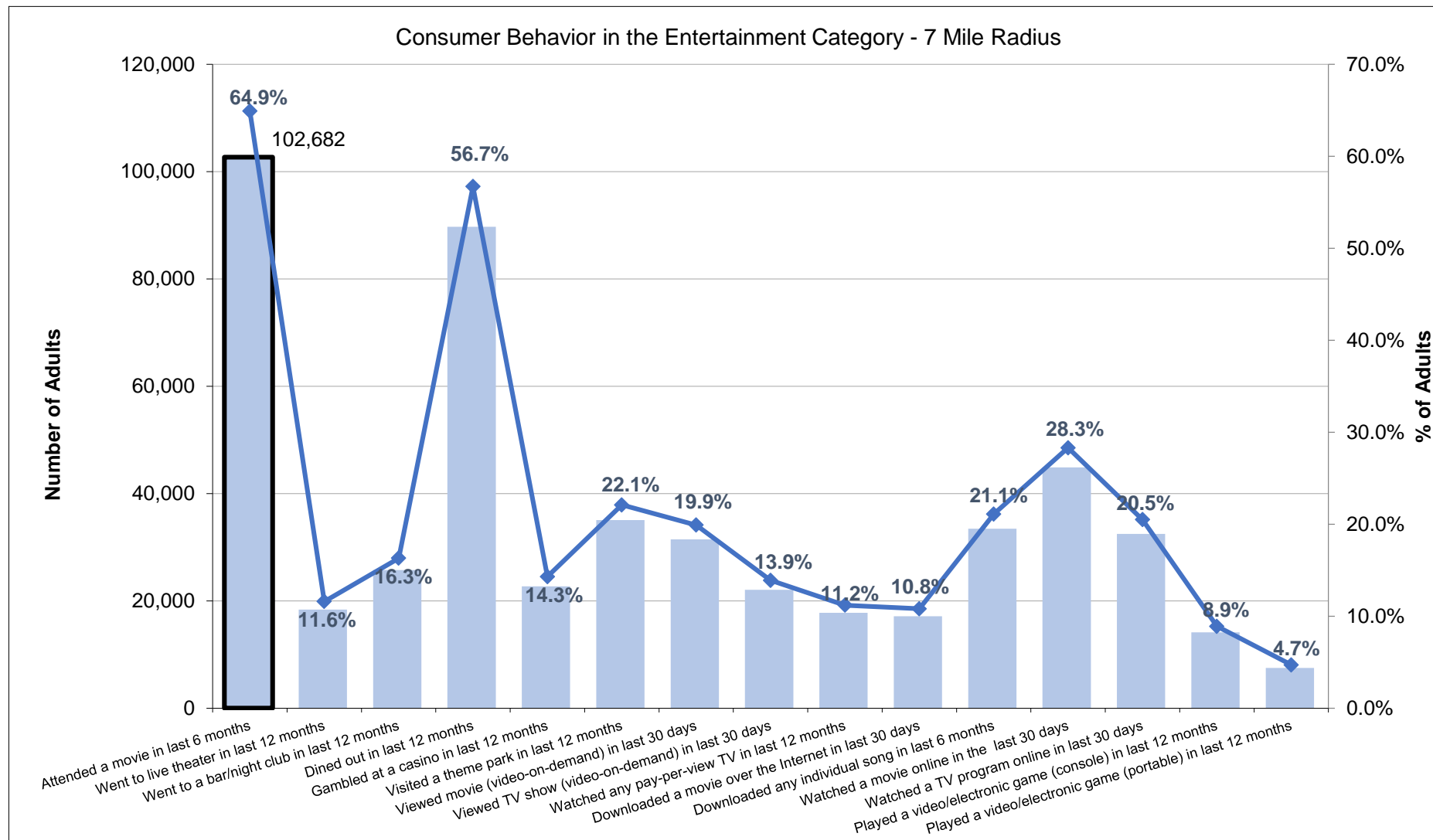
Movie Theater Analysis

Menifee residents spent an estimated \$1.874 million on tickets to movies in 2018 (\$56.94 per household). This represents the eighth largest expenditure amount out of 19 entertainment categories. Cable and Satellite purchases were the largest expenditure categories (not shown), followed by membership fees for clubs.



Source: ESRI (2018 Data); Meyers Research

Dinner and/or a movie are also common activities in the SMA. In the seven mile radius, the greatest number of adults attended a movie within the past six months, with over 102,000 adults in this category. This estimate of total moviegoers is conservative, as it does not include visitors or children under 18 years old.

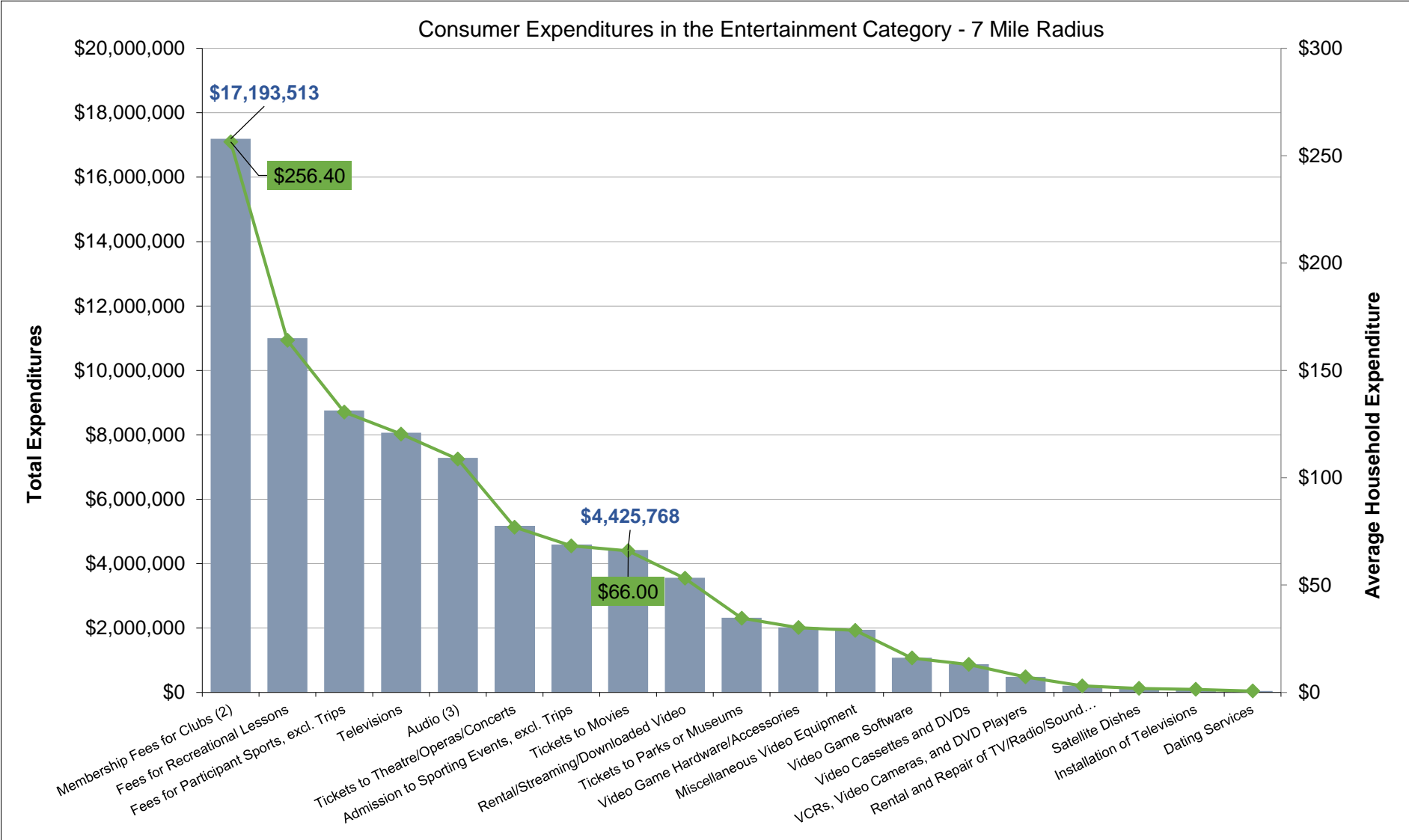


Source: ESRI (2018 Data); Meyers Research

CONSUMER EXPENDITURES IN THE ENTERTAINMENT CATEGORY (SMA)

Movie Theater Analysis

There are \$4.425 million annual revenues in tickets to movies in the seven mile radius (\$66.00 per household). Cable and Satellite purchases were by far the largest expenditure category (not shown), followed by membership fees for clubs.



Source: ESRI (2018 Data); Meyers Research

Our movie theater demand analysis examines the total annual spending for tickets to movies for the City of Menifee (PMA) and a 7-Mile Radius (SMA). It applies capture estimates for movie expenditures alone, as well as capture estimates for a potential theater in Menifee from these consumers. We also estimate concessions (food and beverages) demand and revenues. Generally, a multi screen movie theater can be considered viable/ profitable with annual revenues of \$3 million to \$4 million—currently, our demand analysis suggests a total of \$3.6 million in admission revenues and \$2.4 million in concession revenues, for **total movie theater revenues of \$6.0 million**. This may be conservative as it does not include increased movie theater spending beyond current levels, and potential movie-goers from outlying areas.

Movie Theater Demand Analysis and Revenue Estimates						
	2019	2020	2021	2022	2023	2024
Population - City of Menifee	96,407	98,201	99,994	101,788	103,581	105,375
Households - City of Menifee	32,921	33,432	33,944	34,455	34,967	35,478
Annual Spending on Tickets to Movies - City of Menifee	\$1,874,586	\$1,903,706	\$1,932,826	\$1,961,946	\$1,991,066	\$2,020,187
Annual HH Spending on Tickets to Movies - City of Menifee	\$56.94	\$56.94	\$56.94	\$56.94	\$56.94	\$56.94
Population (7 Mi. Radius, Excluding Menifee)	213,982	218,226	222,471	226,715	230,960	235,204
Households (7 Mi. Radius, Excluding Menifee)	67,057	68,188	69,319	70,450	71,581	72,712
Annual Spending on Admission to Movies - (7 Mi. Radius, Excluding Menifee)	\$2,551,182	\$2,594,211	\$2,637,240	\$2,680,269	\$2,723,297	\$2,766,326
Annual HH Spending on Admission to Movies - (7 Mi. Radius, Excluding Menifee)	\$38.04	\$38.04	\$38.04	\$38.04	\$38.04	\$38.04
Theater % Capture Estimate - City of Menifee 1/	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Theater % Capture Estimate - (7 Mi. Radius, Excluding Menifee) 2/	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Theater \$ Capture - City of Menifee	\$1,687,127	\$1,713,336	\$1,739,544	\$1,765,752	\$1,791,960	\$1,818,168
Theater \$ Capture - 7 Mi. Radius, Excluding Menifee	\$1,913,387	\$1,945,658	\$1,977,930	\$2,010,201	\$2,042,473	\$2,074,745
Total Movie Theater Admission Revenues	\$3,600,514	\$3,658,994	\$3,717,473	\$3,775,953	\$3,834,433	\$3,892,913
Average Ticket Price (2019 \$'s) /3	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
Annual Patrons	300,043	304,916	309,789	314,663	319,536	324,409
Average Food & Beverage Spending per Patron (2019 \$'s)	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
Total Snack Bar Revenues	\$2,400,343	\$2,439,329	\$2,478,316	\$2,517,302	\$2,556,289	\$2,595,275
Total Revenues (Admission + Food & Beverage)	\$6,000,857	\$6,098,323	\$6,195,789	\$6,293,255	\$6,390,722	\$6,488,188
Revenues per SF @ 100,000 SF Theater	\$60.01	\$60.98	\$61.96	\$62.93	\$63.91	\$64.88
Notes and Assumptions 1/ There are no movie theaters in the City of Menifee currently. We assume new movie theaters in Menifee would enjoy a 90% capture of Menifee resident demand. 2/ There are no movie theaters in the 7-Mile Radius currently. We assume new movie theaters in Menifee would enjoy a 75% capture of 7-Mile resident demand. 3/ The average movie ticket price in the US is \$9.11 as of Q1 2018 per the National Association of Theater Owners. We assume a new theater in Menifee would have a higher average ticket price due to new construction and a lower number of children and senior discount tickets than the national average. 4/ The average concession spending at movie theaters is \$4.46 per person (AMC 2015), though Millennials spend an average of \$19.40 according to Film Journal.com. We expect concession spending to be higher than the national average but lower than this Millennial estimate, which appears to be aggressive. This assumes that the theater serves traditional snack bar food as well as entrees and alcoholic beverages.						

Source: Meyers Research, ESRI

A new multiscreen movie theater is financially feasible currently, and would generate approximately \$6.0 million currently.

The table below considers resident expenditures for fitness membership fees and the opportunity to support additional fitness centers in Menifee. There are an estimated \$7.367 million spent in the PMA annually on Membership fees for social/ recreation/ civic clubs, which includes gym memberships. There is also an estimated \$1.384 million spent on these membership fees in the SMA (excluding the PMA, so as not to double count). We estimate that new fitness facilities could capture approximately 75% of existing residents' spending in the SMA (\$5.525 million), a conservative estimate considering there is only one major fitness center in the PMA (LA Fitness), and approximately 50% of SMA spending could be captured (\$692,375). Combined, this accounts for \$6.218 million in spending/ annual revenues—at \$85 per square foot revenue, this translates to **73,155 square feet of supportable fitness center space currently**. **By 2024, increased households and household spending translates into demand for 83,485 square feet of fitness center space**, at an estimated \$93.85 per square foot of revenue. For perspective, annual revenues at 24 Hour Fitness and LA Fitness are approximately \$85.00 on average.

Membership Fees for Social/Recreation/Civic Clubs & Subject Capture						
		PMA	SMA (Excl. PMA)	TOTAL (PMA + SMA)	Rev/ SF	Supportable SF
2019	Total Households	32,921	34,136			
2019	Average Amount Spent per Household	\$223.80	\$256.40			
2019	Total Spent Annually	\$7,367,720	\$1,384,751			
2019	% Capture in Menifee	75%	50%			
2019	Total Fitness Expenditures in Menifee	\$5,525,790	\$692,375	\$6,218,165	\$85.00	73,155
2024	Total Households	35,478	37,234			
2024	Average Amount Spent per Household	\$259.45	\$297.24			
2024	Total Spent Annually	\$9,204,609	\$1,862,746			
2024	% Capture at Subject Project	75%	50%			
2024	Total Fitness Expenditures in Menifee	\$6,903,457	\$931,373	\$7,834,830	\$93.85	83,485

Source: ESRI, US Census

For Perspective:

	Annual Revenues	Total Stores	Avg SF	Rev/ SF
24 Hour Fitness	\$1,300,000,000	433	35,000	\$85.78
LA Fitness	\$2,100,000,000	705	35,000	\$85.11
Equinox	\$1,000,000,000	135	25,000	\$296.30

Retail Market Trends

Retail Demand and Opportunity Analysis, Menifee, California

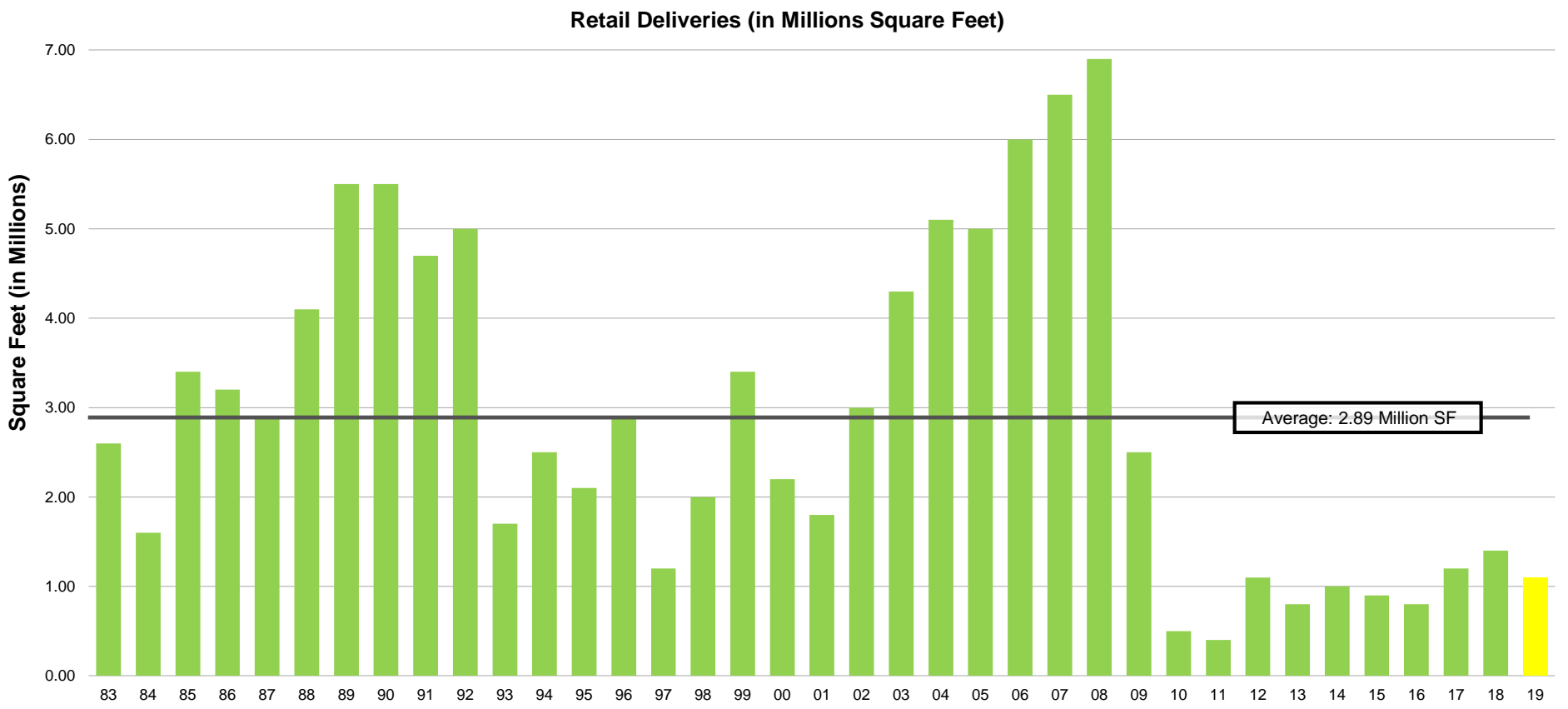
Retail Market Trends

A map of Southern California showing various regions numbered 1 through 9. Region 9 is highlighted with a yellow box and labeled 'Menifee'. The map includes major cities like San Bernardino, Riverside, Palm Springs, San Bernardino, and Temecula. It also shows natural features like the Colorado River, Mojave National Preserve, and Joshua Tree National Park. Major highways such as I-15, I-40, I-10, and SR-95 are marked.

INLAND EMPIRE RETAIL DELIVERIES ARE INCREASING BUT BELOW HISTORICAL LEVELS

Retail Market Trends

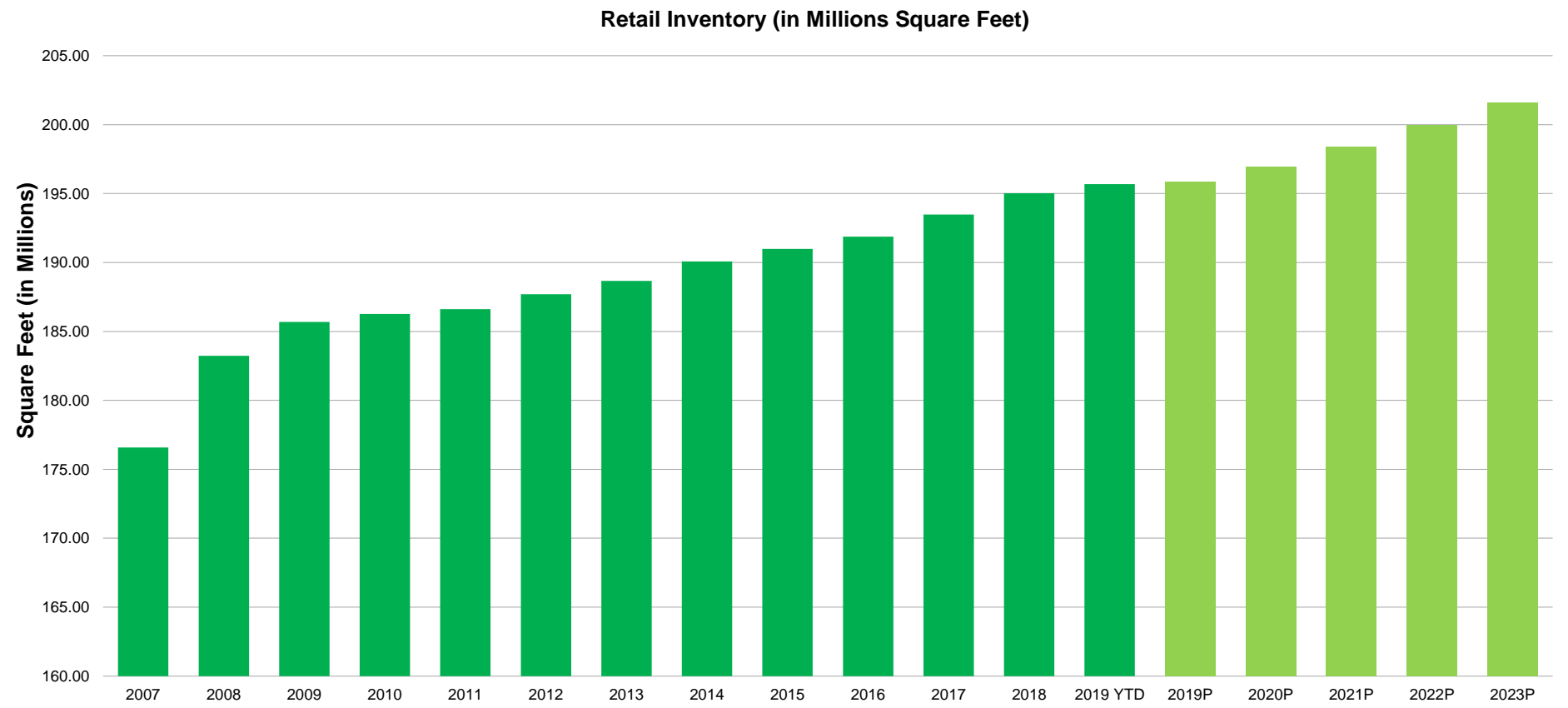
The new retail inventory in Inland Empire is below historical levels for a decade, at 920,000 square feet on average since 2010. This level of deliveries is well below the long term average of 2.89 million square feet, but is rebounding in recent years, at over one million square feet in 2017, 2018 and 2019 (projected).



Deliveries	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
Total Deliveries (Millions SF)	19	2.6	1.7	3.4	3.2	3.0	4.0	5.5	5.5	4.7	5.0	1.7	2.6	2.0	2.9	1.1	2.0	3.4	2.2	1.7	2.9	4.2	4.9	4.5	5.3	5.8	6.2	2.4	0.5	0.4	1.0	0.8	1.1	0.9	1.0	1.6	1.0
%Change	--	37%	-35%	100%	-6%	-6%	33%	38%	0%	-15%	6%	-66%	53%	-23%	45%	-62%	82%	70%	-35%	-23%	71%	45%	17%	-8%	18%	9%	7%	-61%	-79%	-20%	150%	-20%	38%	-18%	11%	60%	-38%

Source: CoStar

The Inland Empire MSA has experienced increased retail inventory growth over the past five years, with notable increases in 2017 and 2018 at over 1.5 million square feet of inventory growth in each year.



Inventory	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	2019P	2020P	2021P	2022P	2023P
Total Inventory (SF)	176,584,878	183,228,281	185,693,780	186,266,062	186,620,112	187,694,586	188,674,127	190,070,737	190,977,338	191,868,688	193,477,284	195,035,748	195,687,351	195,861,611	196,947,353	198,400,328	199,966,790	201,619,774
Inventory Change	--	6,643,403	2,465,499	572,282	354,050	1,074,474	979,541	1,396,610	906,601	891,350	1,608,596	1,558,464	651,603	174,260	1,085,742	1,452,975	1,566,462	1,652,984
% Change	--	3.8%	1.3%	0.3%	0.2%	0.6%	0.5%	0.7%	0.5%	0.5%	0.8%	0.8%	0.3%	0.1%	0.6%	0.7%	0.8%	0.8%

Source: CoStar

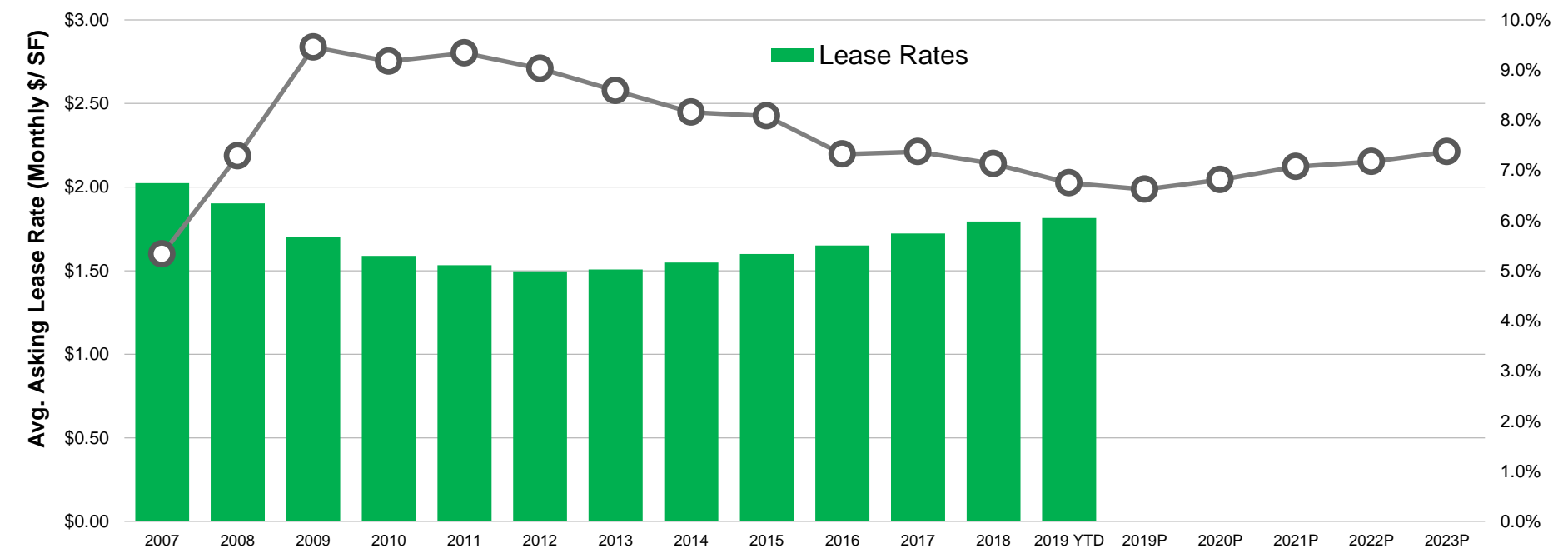
INLAND EMPIRE LEASE RATES ARE INCREASING, VACANCY DECREASING

Retail Market Trends



Average retail lease rates have increased recently in the Inland Empire, to a high of \$1.82 per square foot per month in the most recent quarter, the highest level since 2007. The vacancy rate is decreasing, to 6.8% as well--generally, retail vacancy rates at or below 5% represent strong and stable retail market conditions, and the Inland Empire is historically had slightly softer conditions in terms of vacancy. Vacancy rates are expected to increase to just over 7% in the coming years.

Retail Lease Rates and Vacancy Rates



Lease Rates	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	2019P	2020P	2021P	2022P	2023P
Lease Rate (\$/ SF/ l	\$2.02	\$1.90	\$1.70	\$1.59	\$1.53	\$1.50	\$1.51	\$1.55	\$1.60	\$1.65	\$1.72	\$1.79	\$1.82					
Lease Rate Change	--	(\$0.12)	(\$0.20)	(\$0.12)	(\$0.06)	(\$0.04)	\$0.01	\$0.04	\$0.05	\$0.05	\$0.07	\$0.07	\$0.02					
% Change	--	-6.0%	-10.4%	-6.8%	-3.5%	-2.3%	0.7%	2.8%	3.3%	3.2%	4.3%	4.2%	1.2%					

Vacancy Rates	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	2019P	2020P	2021P	2022P	2023P
Vacancy Rate	5.3%	7.3%	9.5%	9.2%	9.3%	9.0%	8.6%	8.2%	8.1%	7.3%	7.4%	7.1%	6.8%	6.6%	6.8%	7.1%	7.2%	7.4%
Vac. Rate Change	--	2.0%	2.2%	-0.3%	0.2%	-0.3%	-0.4%	-0.4%	-0.1%	-0.8%	0.0%	-0.2%	-0.4%	-0.1%	0.2%	0.3%	0.1%	0.2%
% Change	--	36.7%	29.8%	-2.9%	1.8%	-3.3%	-4.9%	-5.0%	-0.9%	-9.4%	0.7%	-3.3%	-5.4%	-1.9%	2.9%	3.8%	1.4%	2.7%

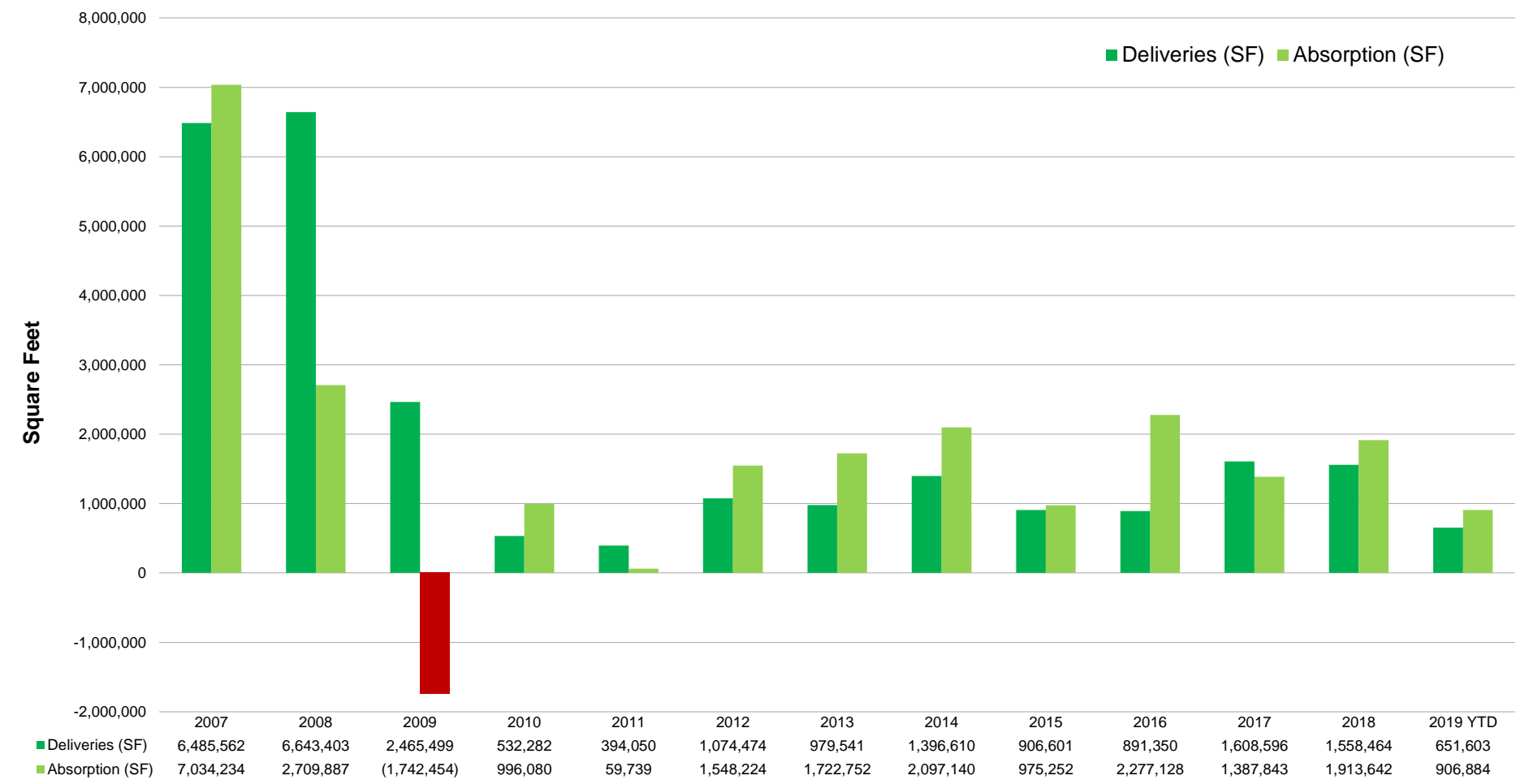
Source: CoStar

INLAND EMPIRE ABSORPTION VERSUS COMPLETED SPACE IS POSITIVE

Retail Market Trends

After negative net absorption in 2009, retail absorption has rebounded, with a total of 13.8 million square feet absorbed versus 9.9 million square feet delivered. This year to date has continued this trend with approximately 651,000 square feet delivered and 906,000 square feet of net absorption.

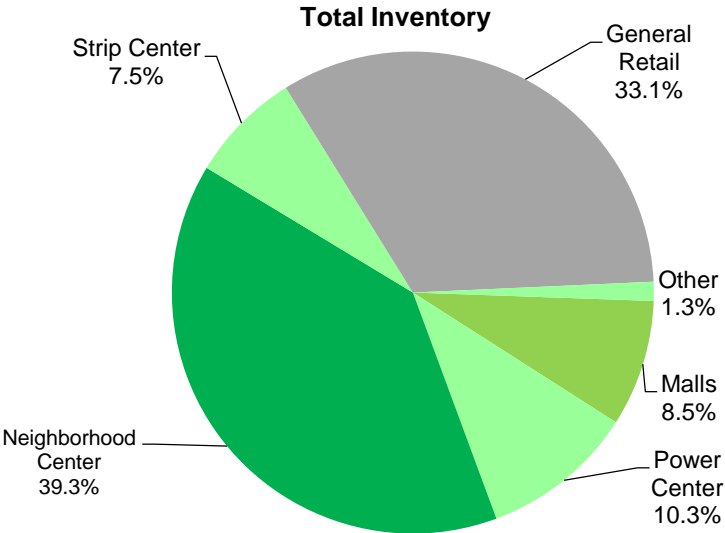
RETAIL MARKET ABSORPTION VS. COMPLETED SPACE



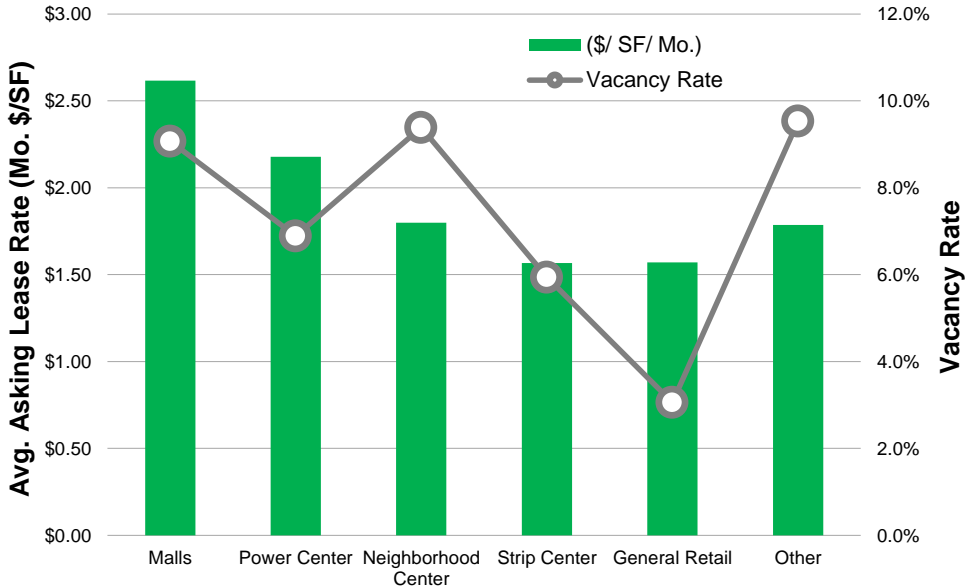
Source: CoStar

Neighborhood Centers dominate the Inland Empire retail market (39.3%), followed by Stand-alone general retail (33.1%). Malls command the highest average lease rates (\$2.62 per square foot) while general stand alone retail have the lowest vacancy rates (3.1% vacancy rate). Inland Empire is an active retail development market currently, with nearly 1.158 million square feet under construction, the much of which is in mall uses.

Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) YTD	Deliveries (SF) YTD	Under Construction (SF)	Asking Rent (\$/ SF/ Mo.)
Malls	16,617,508	1,507,805	9.1%	18,437	0	465,590	\$2.62
Power Center	20,190,015	1,390,263	6.9%	471,389	7,700	141,083	\$2.18
Neighborhood Center	76,890,729	7,220,388	9.4%	209,313	77,667	312,774	\$1.80
Strip Center	14,686,345	871,961	5.9%	217,007	33,752	77,020	\$1.57
General Retail	64,810,908	1,982,545	3.1%	34,746	144,417	162,503	\$1.57
Other	2,491,846	237,558	9.5%	(44,008)	0	0	\$1.79
TOTAL:	195,687,351	13,210,520	6.8%	906,884	263,536	1,158,970	\$1.82



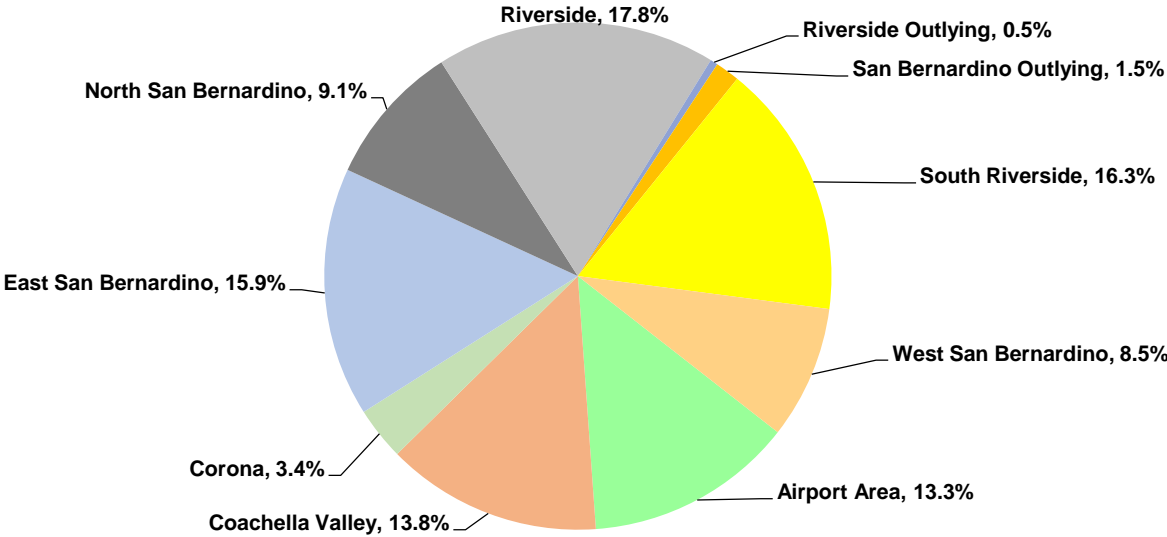
Source: Costar



The South Riverside submarket comprises a 16.3% share of the Inland Empire retail market, and the submarket conditions are stronger than the overall MSA in terms of lower vacancy rates (6.0%) and higher lease rates (\$1.92 per square foot per month). Retail development is occurring in the South Riverside submarket, with a total of 417,000 square feet of new deliveries and 77,000 square feet currently under construction.

Submarket	Total SF	Vacant SF	Vacancy Rate	2019 YTD Net Absorption (SF)	2019 YTD Deliveries (SF)	Under Construction (SF)	Avg. Asking Rent (\$/ SF/ Mo.)
Airport Area	25,938,000	1,223,477	4.7%	126,618	200,000	12,000	\$2.05
Coachella Valley	26,802,000	2,169,747	8.1%	(215,955)	43,000	399,000	\$1.80
Corona	6,583,000	301,512	4.6%	5,983	13,000	0	\$1.87
East San Bernardino	30,934,000	2,606,906	8.4%	698,397	418,000	87,000	\$1.46
North San Bernardino	17,691,000	1,382,345	7.8%	355,344	27,000	65,000	\$1.46
Riverside	34,733,000	2,266,894	6.5%	286,954	389,000	351,000	\$1.96
Riverside Outlying	942,000	105,540	11.2%	(25,429)	0	0	\$1.20
San Bernardino Outlying	3,006,000	172,738	5.7%	32,005	0	0	\$1.20
South Riverside	31,694,000	1,898,124	6.0%	375,496	417,000	77,000	\$1.92
West San Bernardino	16,521,000	1,051,335	6.4%	27,423	23,000	186,000	\$2.13
TOTAL:	194,844,000	13,178,618	6.8%	1,666,836	1,530,000	1,177,000	\$1.82

Total Inventory

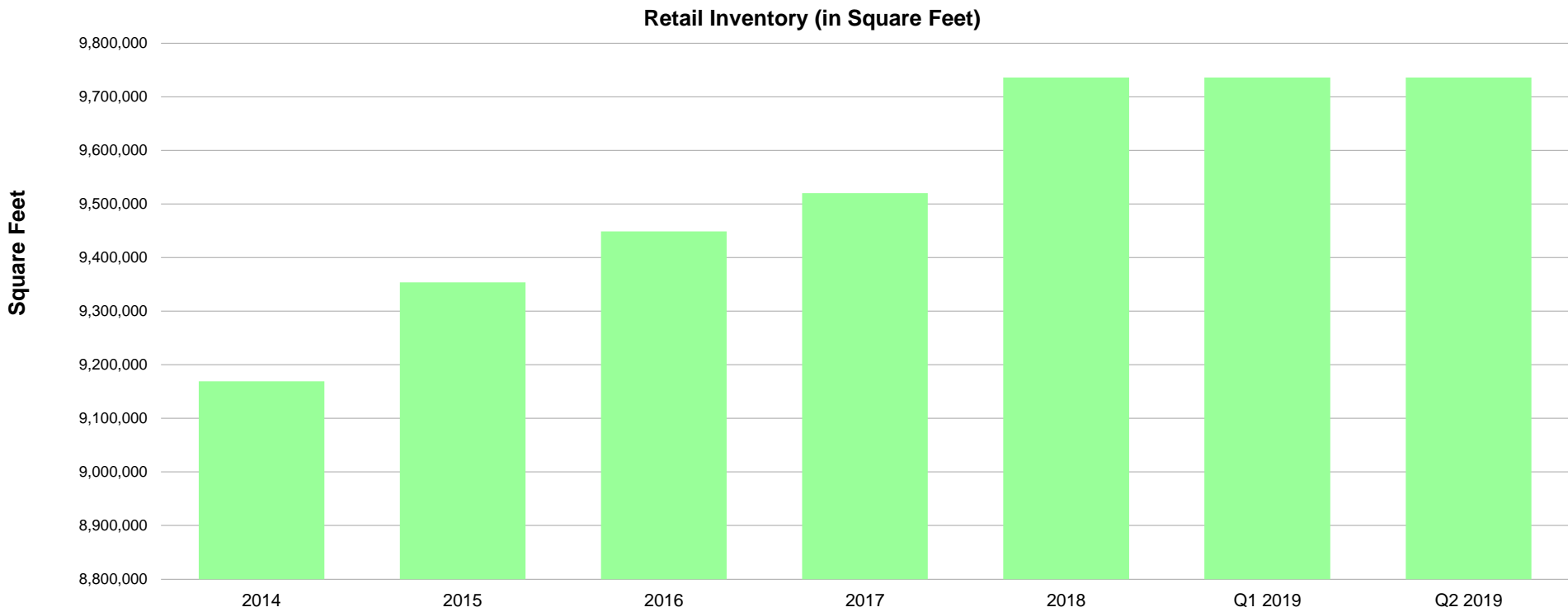


Source: Costar

SOUTH RIVERSIDE SUBMARKET RETAIL INVENTORY IS FLAT

Retail Market Trends

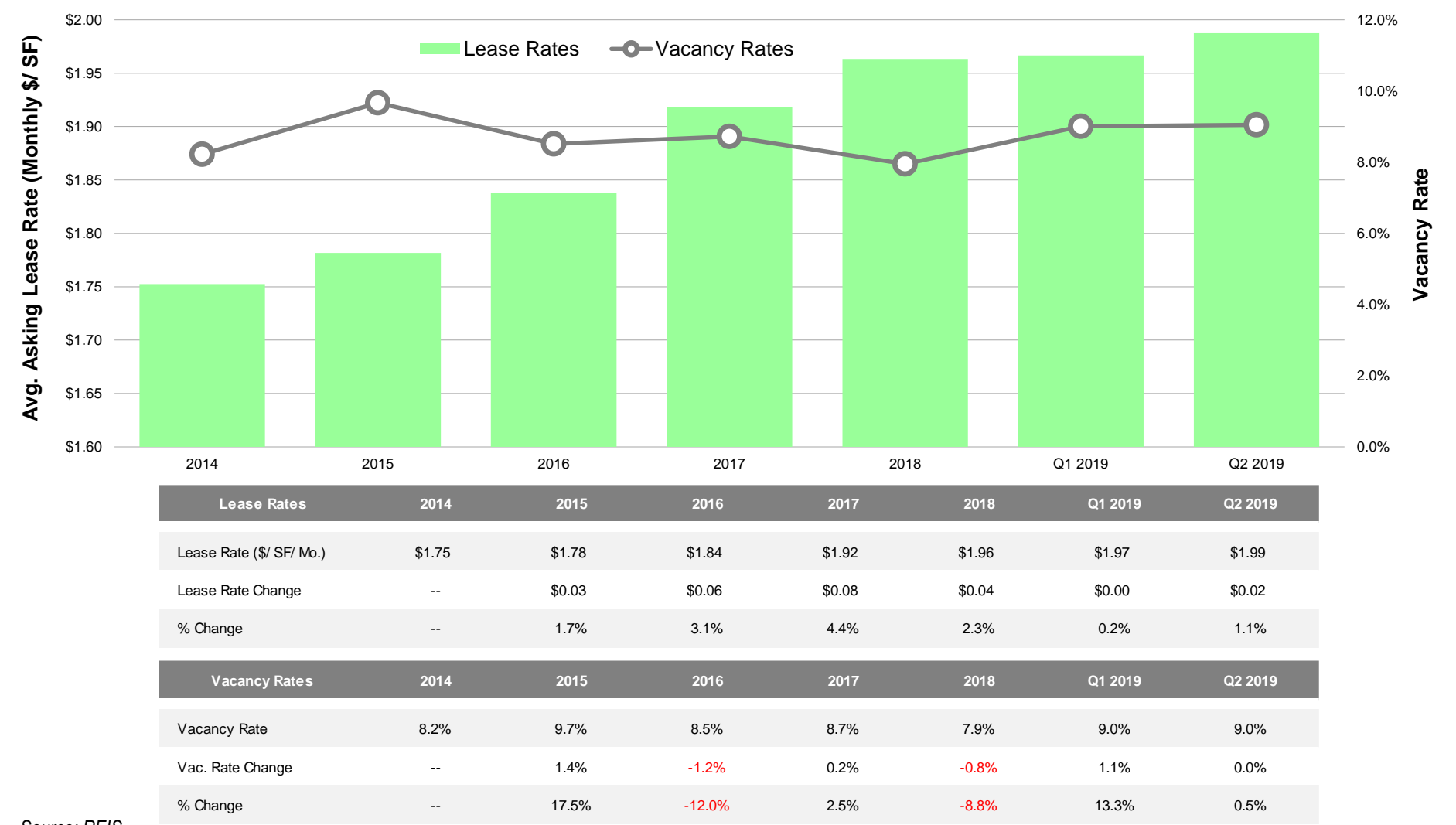
According to REIS, retail inventory in the South Riverside submarket has been increasing in recent years, with a total of 560,000 square feet over the past five years and strong inventory gains in 2018 in particular (216,000 square feet of additional space according to commercial market data provider REIS).



Inventory	2014	2015	2016	2017	2018	Q1 2019	Q2 2019
Total Inventory (SF)	9,169,000	9,354,000	9,449,000	9,520,000	9,736,000	9,736,000	9,736,000
Inventory Change	--	185,000	95,000	71,000	216,000	0	0
% Change	--	2.0%	1.0%	0.8%	2.3%	0.0%	0.0%

Source: REIS
Note: Includes Neighborhood and Community Shopping Centers only

Average retail lease rates have increased to +/- \$1.99 per square foot per month in the most recent quarter according to REIS. The vacancy rate has steadily declined to 9.0% in the most recent quarter from a high of 9.7% in 2015, which represents an improving retail market albeit with significant vacancies.



Source: REIS
 Note: Includes Neighborhood and Community Shopping Centers only

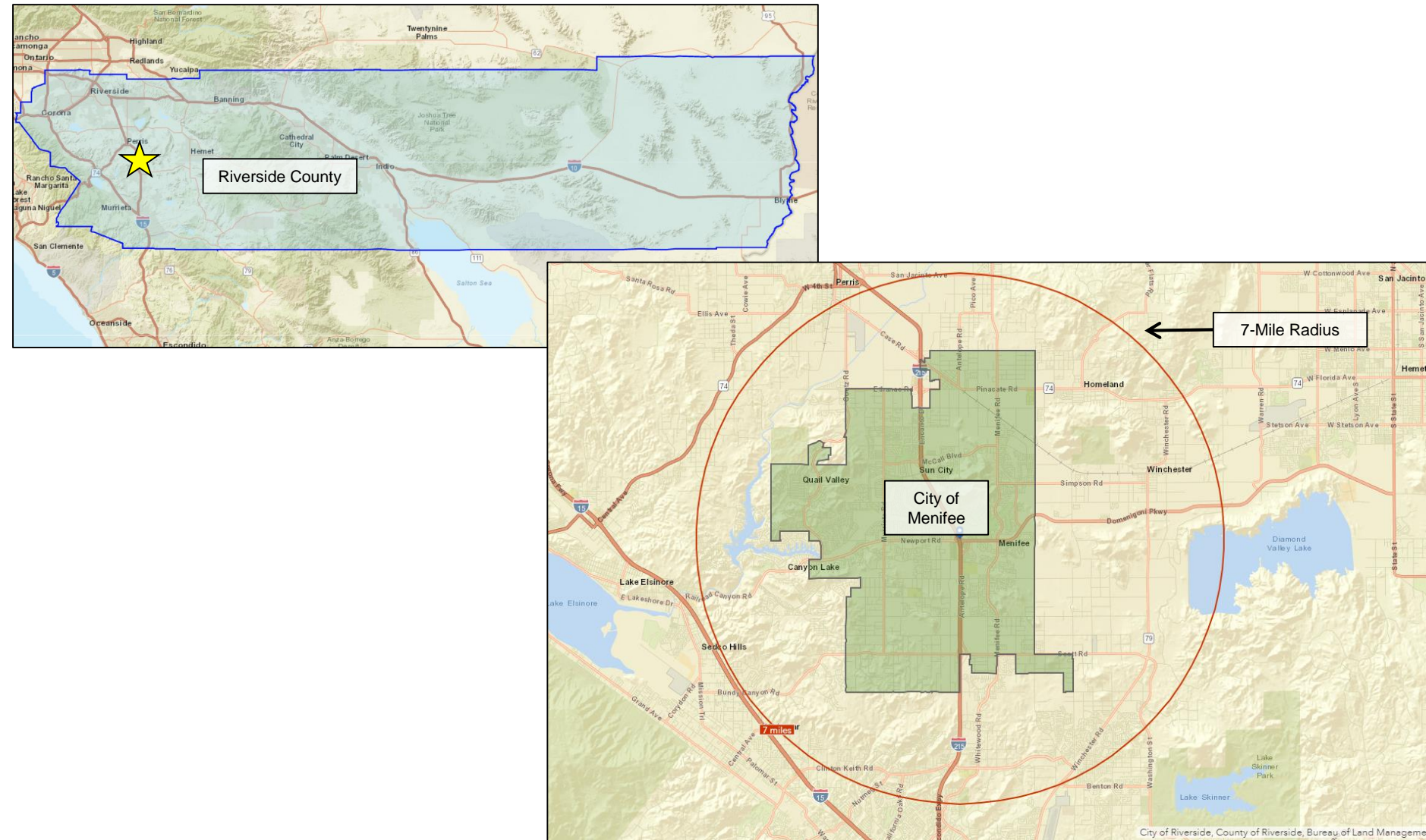
Demographic Overview

Retail Demand and Opportunity Analysis, Menifee, California

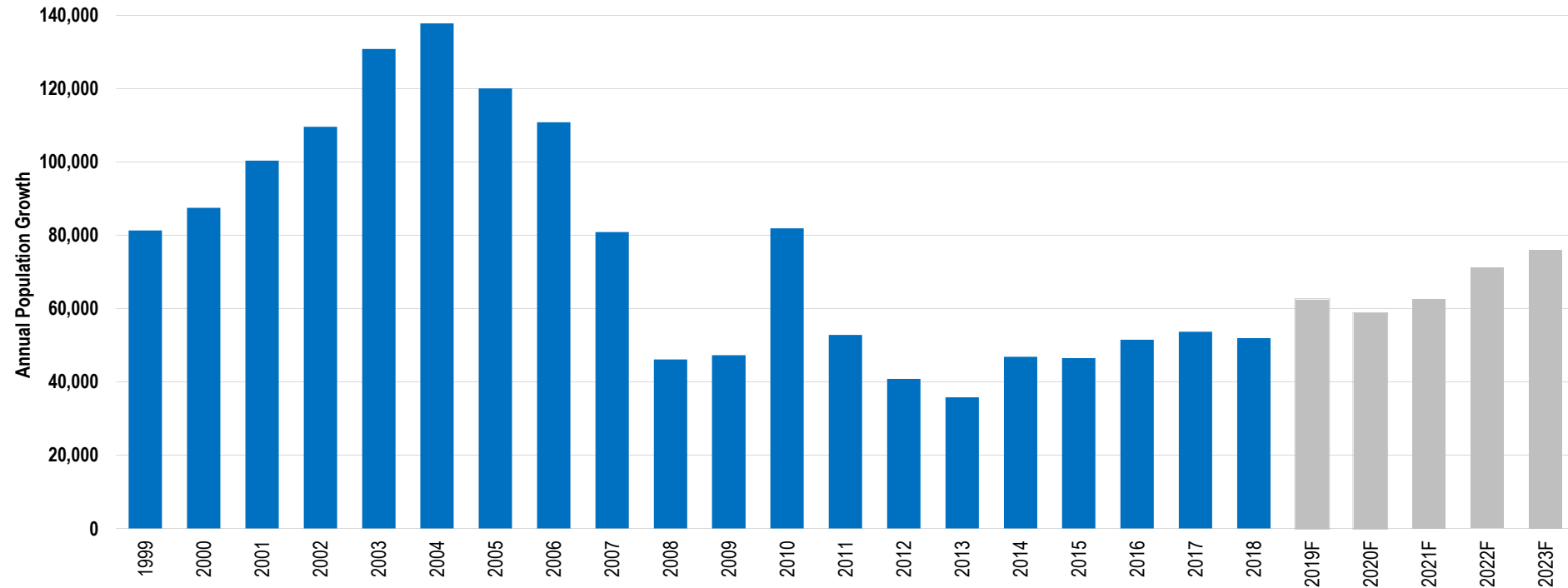
GEOGRAPHIES CONSIDERED FOR DEMOGRAPHIC ANALYSIS

Demographic Overview

This analysis estimates the demand for housing in the Riverside County, as well as two key subsections of the region: the city of Menifee and a 7-mile radius surrounding the approximate center of Menifee (I-215 and Newport Road).



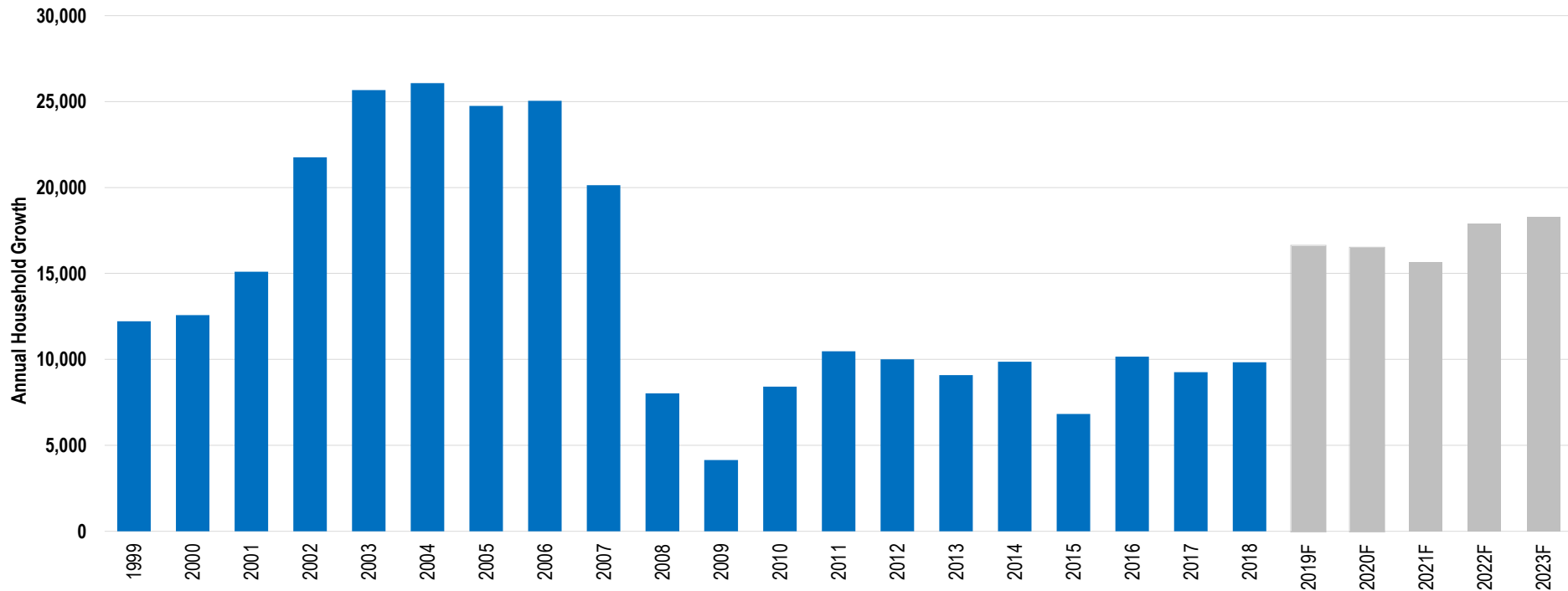
From 2011 through 2016, the number of new households added to Riverside County increased annually to peak at 21,880 new households in 2016, followed by slightly less growth in 2017 and 2018 (20,150 and 19,400 new households). Growth is projected to increase in 2019 and average +/-24,000 new households per year from 2019 through 2023 (2.3% annual growth).



Source: Moody's Analytics; U.S. Census Bureau (BOC)

Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Total Population	4,160,690	4,242,560	4,295,340	4,336,160	4,371,910	4,418,730	4,465,230	4,516,740	4,570,430	4,622,360	4,684,850	4,743,540	4,806,150	4,877,240	4,953,300
Prior Year Change	47,240	81,870	52,780	40,820	35,750	46,820	46,500	51,510	53,690	51,930	62,490	58,690	62,610	71,090	76,060
Annual % Change	1.1%	2.0%	1.2%	1.0%	0.8%	1.1%	1.1%	1.2%	1.2%	1.1%	1.4%	1.3%	1.3%	1.5%	1.6%

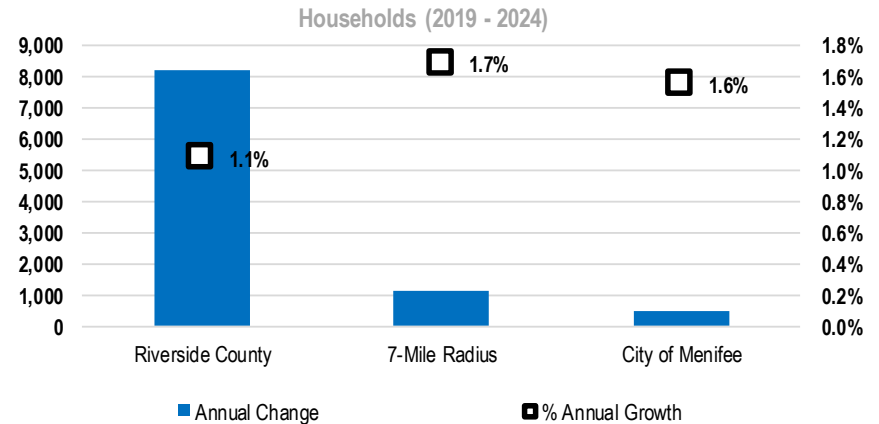
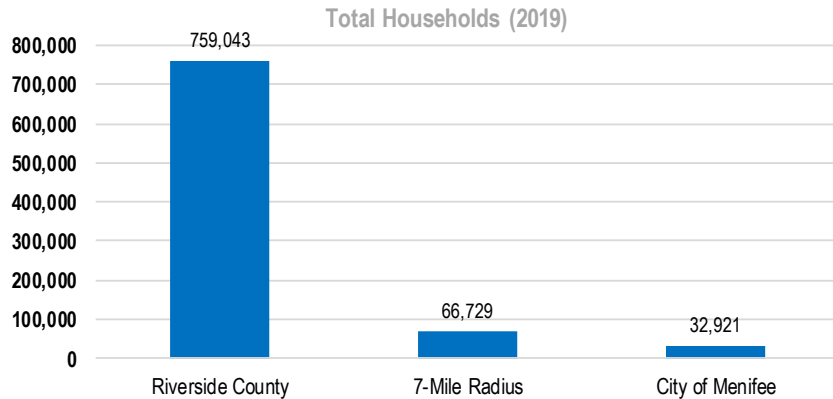
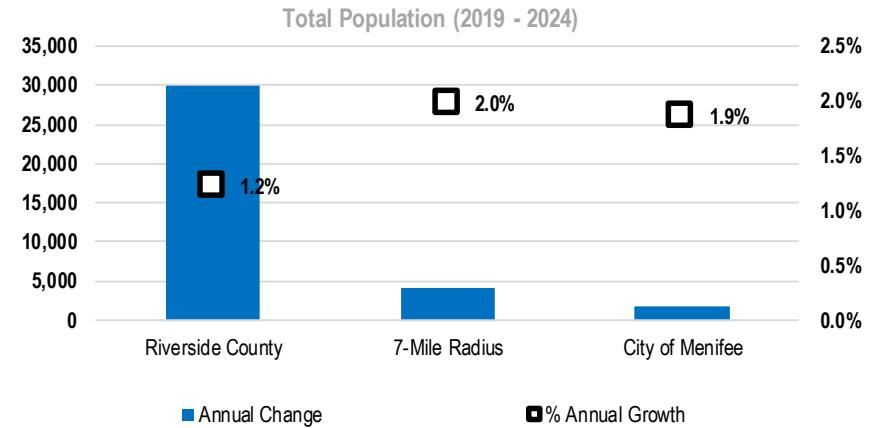
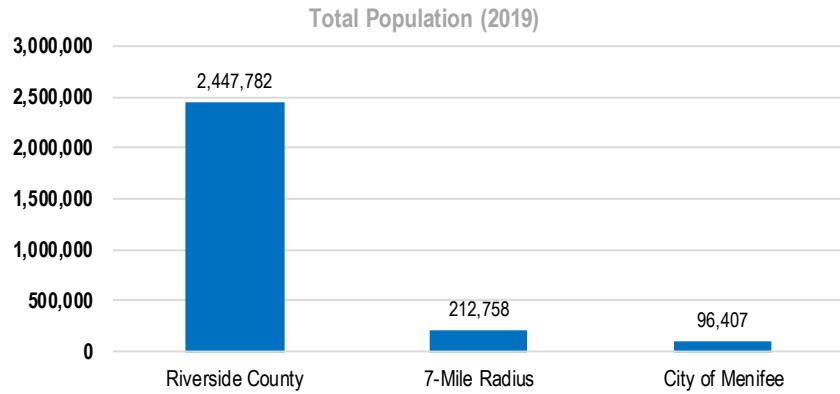
Household growth in Riverside County exceeded 1,900 new households annually from 2016 through 2018 (6,000 total new households). Growth is projected to increase to +/-2,300 new households per year from 2019 through 2023 (2.8% annual growth).



Source: Moody's Analytics; U.S. Census Bureau (BOC)

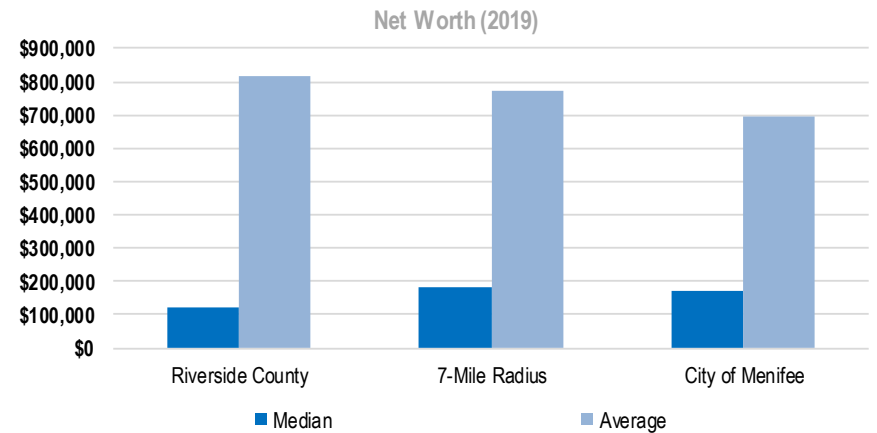
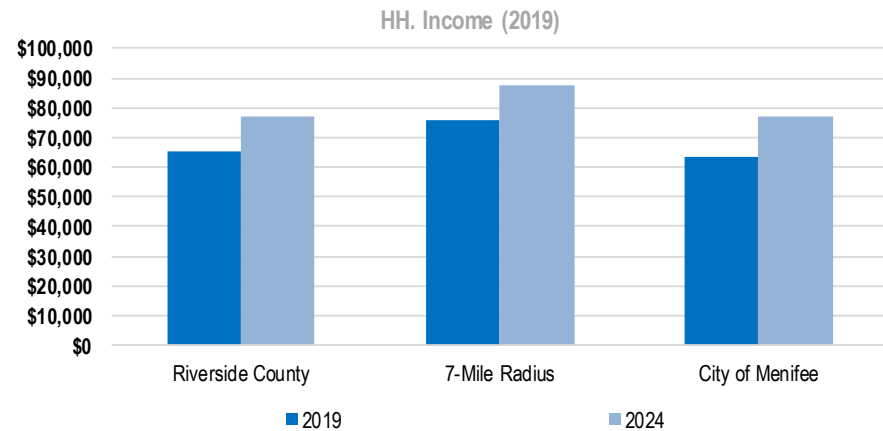
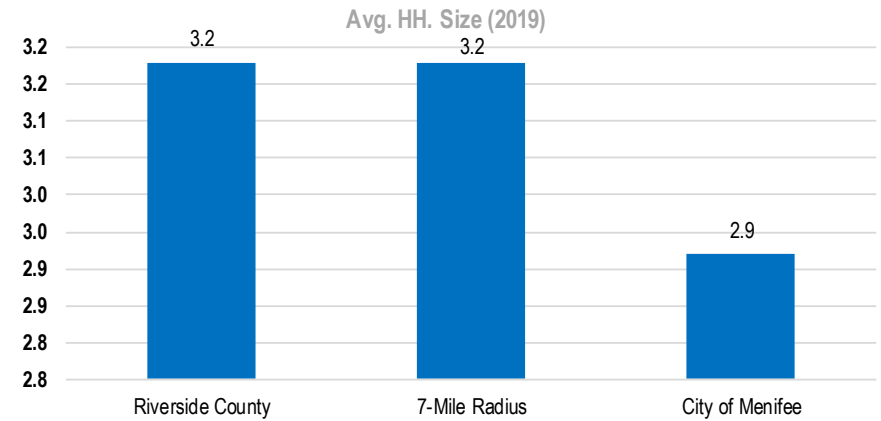
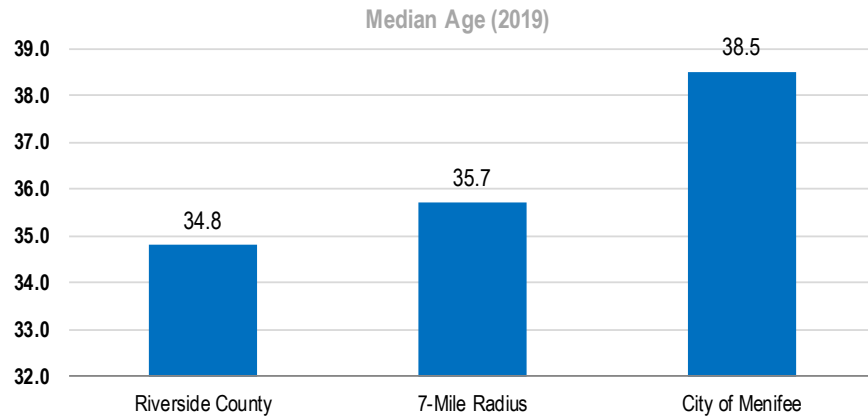
Riverside, CA County - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Total Households	682,460	690,870	701,340	711,340	720,430	730,300	737,120	747,280	756,530	766,360	782,960	799,450	815,110	833,020	851,310
Prior Year Change	4,140	8,410	10,470	10,000	9,090	9,870	6,820	10,160	9,250	9,830	16,600	16,490	15,660	17,910	18,290
Annual % Change	0.6%	1.2%	1.5%	1.4%	1.3%	1.4%	0.9%	1.4%	1.2%	1.3%	2.2%	2.1%	2.0%	2.2%	2.2%

The City of Menifee is poised for greater household growth than Riverside County, with 1.9% annual growth going forward though this may be conservative. A total of 8,195 new households are expected in Riverside County annually, and 511 new households within a Menifee annually, though this may be understated—Menifee has grown by approximately 900 households per year over the past two years, for an annual growth rate of approximately 3% to 4% according to the City of Menifee representatives.



Disclaimer: These population, household, and income growth projections are **more conservative** than the "Demographic Marketing Report" by Derrigo Studies that was prepared for the City of Menifee in February 2019.

The City of Menifee has a lower household size and a higher median age than Riverside County. The median age is higher in Menifee (38.5) versus the seven mile radius (35.7), and Riverside County (34.8). The average household size is 2.9 persons per household in the local area, indicating a concentration of couples and families in the local area. Incomes are slightly lower in Menifee (\$63,413) versus Riverside County (\$65,075) though they are projected to increase to over \$77,000 in both areas by 2024.



The top psychographic profiles are Boomburbs, Up and Coming Families and American Dreamers in Riverside County, which are family oriented segments with moderate incomes. The top psychographic profile in Menifee is “Up and Coming Families” followed by The Elders and Retirement Communities, which are family oriented segments as well as retiree residents. See the following pages for details on the top psychographic profiles in Menifee.

Riverside County																		
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	National Cluster Characteristics						Locally Adjusted Characteristics					
							Age	HH Size	HH Income	Net Worth	Home Value	HH %	Age	HH Size	HH Income	Net Worth	Home Value	HH %
1	1C: Boomburbs	Affluent Estates		62	84%	Single Family	33.7	3.2	\$111,200	\$348,600	\$353,200	1.7%	30.5	4.0	\$119,521	\$378,708	\$563,109	9.6%
2	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	31.2	3.1	\$67,700	\$114,000	\$201,200	2.4%	28.2	3.8	\$72,766	\$123,846	\$320,774	9.3%
3	7C: American Dreamers	Ethnic Enclaves	Married Couples	84	64%	Single Family	32.1	3.2	\$49,600	\$59,000	\$153,000	1.5%	29.0	3.9	\$53,312	\$64,096	\$243,929	7.5%
4	7B: Urban Villages	Ethnic Enclaves	Married Couples	86	70%	Single Family	33.6	3.8	\$58,900	\$114,300	\$279,400	1.1%	30.4	4.6	\$63,308	\$124,172	\$445,449	7.1%
5	4A: Soccer Moms	Family Landscapes	Married Couples	49	85%	Single Family	36.8	3.0	\$88,600	\$272,200	\$259,400	2.9%	33.3	3.6	\$95,230	\$295,710	\$413,563	5.0%
6	9C: The Elders	Senior Styles	Married Couples w/No Kids	21	82%	SF; High-Rises; Mob. Hm/Seas.	72.0	1.7	\$38,200	\$209,800	\$180,100	0.7%	65.1	2.1	\$41,059	\$227,920	\$287,134	4.6%
7	7D: Barrios Urbanos	Ethnic Enclaves	Married Couples	81	60%	Single Family	28.5	3.6	\$36,900	\$27,300	\$109,600	1.0%	25.8	4.4	\$39,661	\$29,658	\$174,736	4.4%
8	4B: Home Improvement	Family Landscapes	Married Couples	64	80%	Single Family	37.4	2.9	\$69,600	\$186,300	\$199,000	1.7%	33.8	3.5	\$74,808	\$202,391	\$317,267	3.9%
9	9A: Silver & Gold	Senior Styles	Married Couples w/No Kids	23	83%	Single Family/Seasonal	62.4	2.0	\$65,500	\$313,200	\$343,800	0.8%	56.4	2.5	\$70,402	\$340,251	\$548,122	3.7%
10	13B: Las Casas	Next Wave	Married Couples	86	35%	Single Family; Multi-Unit Rentals	28.0	4.1	\$37,200	\$14,500	\$242,000	0.7%	25.3	5.0	\$39,984	\$15,752	\$385,822	3.6%
7-Mile Radius																		
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	National Cluster Characteristics						Locally Adjusted Characteristics					
							Age	HH Size	HH Income	Net Worth	Home Value	HH %	Age	HH Size	HH Income	Net Worth	Home Value	HH %
1	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	31.2	3.1	\$67,700	\$114,000	\$201,200	2.4%	28.9	3.8	\$84,874	\$190,809	\$310,578	29.5%
2	1C: Boomburbs	Affluent Estates	Married Couples	62	84%	Single Family	33.7	3.2	\$111,200	\$348,600	\$353,200	1.7%	31.2	4.0	\$139,410	\$583,475	\$545,210	16.4%
3	9C: The Elders	Senior Styles	Married Couples w/No Kids	21	82%	SF; High-Rises; Mob. Hm/Seas.	72.0	1.7	\$38,200	\$209,800	\$180,100	0.7%	66.8	2.1	\$47,891	\$351,156	\$278,008	11.1%
4	4B: Home Improvement	Family Landscapes	Married Couples	64	80%	Single Family	37.4	2.9	\$69,600	\$186,300	\$199,000	1.7%	34.7	3.5	\$87,256	\$311,823	\$307,182	4.7%
5	4A: Soccer Moms	Family Landscapes	Married Couples	49	85%	Single Family	36.8	3.0	\$88,600	\$272,200	\$259,400	2.9%	34.1	3.6	\$111,076	\$455,599	\$400,417	4.3%
6	9E: Retirement Communities	Senior Styles	Singles	48	45%	Multi-Units; Single Family	52.8	1.9	\$36,900	\$43,500	\$175,900	1.2%	49.0	2.3	\$46,261	\$72,809	\$271,524	4.1%
7	7C: American Dreamers	Ethnic Enclaves	Married Couples	84	64%	Single Family	32.1	3.2	\$49,600	\$59,000	\$153,000	1.5%	29.8	3.9	\$62,183	\$98,752	\$236,175	3.5%
8	9D: Senior Escapes	Senior Styles	Married Couples w/No Kids	43	75%	SF; Mobile Homes/Seasonal	53.4	2.2	\$37,300	\$102,000	\$121,600	0.9%	49.5	2.7	\$46,762	\$170,724	\$187,705	3.5%
9	6A: Green Acres	Cozy Country Living	Married Couples	25	86%	Single Family	43.5	2.7	\$76,600	\$261,200	\$223,400	3.2%	40.3	3.3	\$96,032	\$437,188	\$344,847	2.8%
10	10D: Down the Road	Rustic Outposts	Married Couples	71	66%	Mobile Homes; Single Family	34.6	2.7	\$37,500	\$39,600	\$110,700	1.1%	32.1	3.4	\$47,013	\$66,281	\$170,880	2.3%
City of Menifee																		
Rank	Cluster	Lifestyle Group	Household Type	Diversity Index	Own vs. Rent	Preferred Housing	National Cluster Characteristics						Locally Adjusted Characteristics					
							Age	HH Size	HH Income	Net Worth	Home Value	HH %	Age	HH Size	HH Income	Net Worth	Home Value	HH %
1	7A: Up and Coming Families	Ethnic Enclaves	Married Couples	73	74%	Single Family	31.2	3.1	\$67,700	\$114,000	\$201,200	2.4%	31.2	3.5	\$70,903	\$175,492	\$287,949	30.0%
2	9C: The Elders	Senior Styles	Married Couples w/No Kids	21	82%	SF; High-Rises; Mob. Hm/Seas.	72.0	1.7	\$38,200	\$209,800	\$180,100	0.7%	72.0	1.9	\$40,008	\$322,967	\$257,751	22.4%
3	9E: Retirement Communities	Senior Styles	Singles	48	45%	Multi-Units; Single Family	52.8	1.9	\$36,900	\$43,500	\$175,900	1.2%	52.8	2.1	\$38,646	\$66,964	\$251,740	8.3%
4	1C: Boomburbs	Affluent Estates	Married Couples	62	84%	Single Family	33.7	3.2	\$111,200	\$348,600	\$353,200	1.7%	33.7	3.6	\$116,462	\$536,636	\$505,484	5.6%
5	4B: Home Improvement	Family Landscapes	Married Couples	64	80%	Single Family	37.4	2.9	\$69,600	\$186,300	\$199,000	1.7%	37.4	3.2	\$72,893	\$286,791	\$284,800	5.3%
6	8C: Bright Young Professional	Middle Ground	Married Couples	66	43%	Single Family; Multi-Units	32.6	2.4	\$53,900	\$35,700	\$193,900	2.2%	32.6	2.7	\$56,450	\$54,957	\$277,501	4.7%
7	6A: Green Acres	Cozy Country Living	Married Couples	25	86%	Single Family	43.5	2.7	\$76,600	\$261,200	\$223,400	3.2%	43.5	3.0	\$80,225	\$402,092	\$319,720	3.8%
8	7C: American Dreamers	Ethnic Enclaves	Married Couples	84	64%	Single Family	32.1	3.2	\$49,600	\$59,000	\$153,000	1.5%	32.1	3.6	\$51,947	\$90,825	\$218,967	3.7%
9	9D: Senior Escapes	Senior Styles	Married Couples w/No Kids	43	75%	SF; Mobile Homes/Seasonal	53.4	2.2	\$37,300	\$102,000	\$121,600	0.9%	53.4	2.5	\$39,065	\$157,019	\$174,029	3.4%
10	5E: Midlife Constants	GenXurban	Married Couples w/No Kids	35	73%	Single Family	46.5	2.3	\$48,000	\$121,800	\$155,800	2.5%	46.5	2.6	\$50,271	\$187,499	\$222,974	3.0%

WHO ARE WE?

Up and Coming Families is a market in transition—residents are younger and more mobile and ethnically diverse than the previous generation. They are ambitious, working hard to get ahead, and willing to take some risks to achieve their goals. The recession has impacted their financial well-being, but they are optimistic. Their homes are new; their families are young. And this is one of the fastest-growing markets in the country.



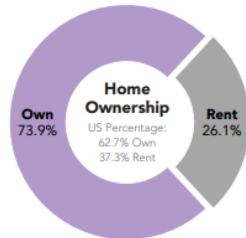
SOCIOECONOMIC TRAITS

- Education: 67% have some college education or degree(s).
- Hard-working labor force with a participation rate of 71% (Index 114) and low unemployment at 4.6% (Index 84).
- Most households (61%) have 2 or more workers.
- Careful shoppers, aware of prices, willing to shop around for the best deals and open to influence by others' opinions.
- Seek the latest and best in technology.
- Young families still feathering the nest and establishing their style.



Typical Housing:
Single Family

Median Value:
\$194,400
US Median: \$207,300

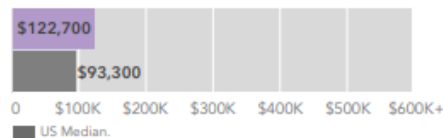


INCOME AND NET WORTH

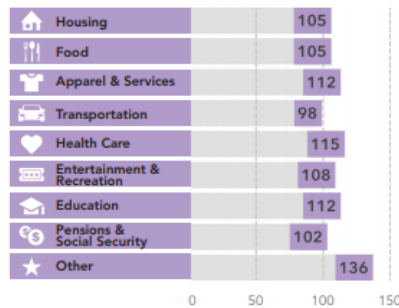
Median Household Income



Median Net Worth



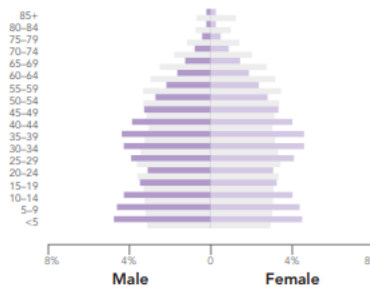
AVERAGE HOUSEHOLD BUDGET INDEX



AGE BY SEX (Eri data)

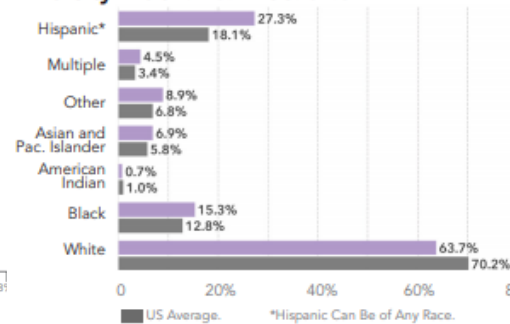
Median Age: 31.4 US: 38.2

■ Indicates US

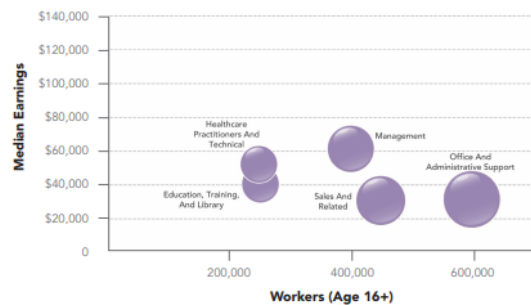


RACE AND ETHNICITY

Diversity Index: 73.9 US: 64.0



OCCUPATION BY EARNINGS





WHO ARE WE?

With a median age of 72.3 years, this is Tapestry Segmentation's oldest market. *The Elders* residents favor communities designed for senior or assisted living, primarily in warmer climates with seasonal populations. Most of these householders are homeowners, although their housing varies from mobile homes to single-family residences to high-rise apartments. These seniors are informed, independent, and involved.



OUR NEIGHBORHOOD

- Suburban periphery of metropolitan areas, primarily in the warmer climates of Florida or Arizona.
- 45% married couples without children; 44% single households; average household size, 1.68.
- Owner-occupied housing units; median home value of \$180,000 (Index 87).
- Housing mix of single-family homes (44%), town homes, and high-density apartment buildings in neighborhoods built from 1970 through 1989.
- Vacancy rates higher at 24%, due to the number of seasonal or vacation homes.
- Almost 60% of the population in group quarters on nursing home facilities.

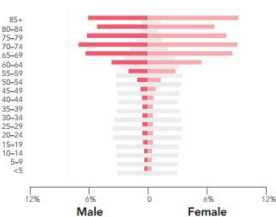
SOCIOECONOMIC TRAITS

- Predominantly retirees, *The Elders* has a low labor force participation rate of 22.4%.
- Those who are still in the labor force tend to be self-employed or part-timers, commonly in real estate, retail or the arts.
- Their income derives primarily from Social Security (80% of the households), retirement, or investments (almost half of the households). Less than 30% of the households draw wage/salary income.
- Median household income is lower than the US (Index 76), but median net worth is much higher (Index 269).
- These consumers have definite opinions about their spending, focusing on price, but not at the expense of quality. They prefer to use coupons and buy American and environmentally safe products.
- Cell phones are common but primarily used to make/receive calls.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GRK MRI.

AGE BY SEX (Est data)

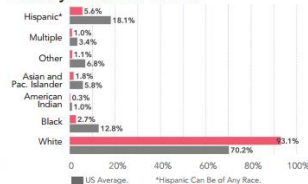
Median Age: **72.3** US: 38.2
■ Indicates US



RACE AND ETHNICITY (Est data)

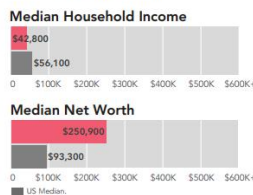
The Diversity Index summarizes racial and ethnic diversity. The index shows the likelihood that two persons, chosen at random from the same area, belong to different race or ethnic groups. The index ranges from 0 (no diversity) to 100 (complete diversity).

Diversity Index: **22.4** US: 64.0



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Esri.



MARKET PROFILE (Consumer preferences are estimated from data by GRK MRI)

- Vehicles are just a means of transportation, but their first choice is luxury sedans. Most of their cars are older (5+ years).
- They are connected via modems (cable or dial-up) on older PCs or notebooks. However, banking is commonly done in person; shopping is by phone or in person.
- Shopping includes apparel and exercise equipment.
- They are avid readers, with audio books and e-readers. Newspapers and magazines are staples for news and entertainment. Cable TV is also a must, primarily watching news or movie channels, but also golf, weather, and history channels.
- Residents are sociable seniors, partial to a variety of clubs and organizations and generous with their time and support.

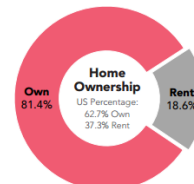
HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



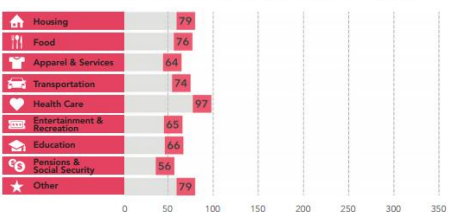
Typical Housing:
Single Family, High-Rises, Mobile Homes/Seasonal

Median Value:
\$180,000
US Median: \$207,300



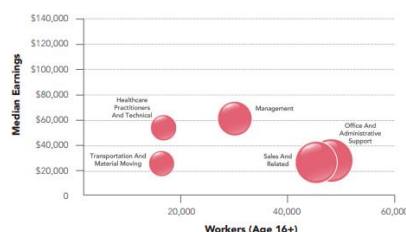
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



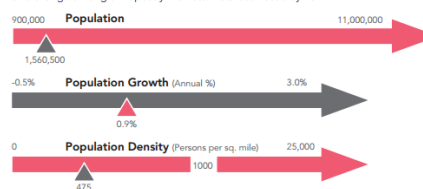
OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



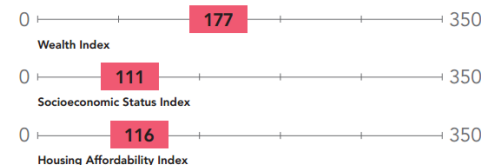
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



'RETIREMENT COMMUNITIES' RANKS 3rd IN MENIFEE

Demographic Overview



WHO ARE WE?

Retirement Communities neighborhoods are evenly distributed across the country. They combine single-family homes and independent living with apartments, assisted living, and continuous care nursing facilities. Over half of the housing units are in multiunit structures, and the majority of residents have a lease. This group enjoys watching cable TV and stays up-to-date with newspapers and magazines. Residents take pride in fiscal responsibility and keep a close eye on their finances. Although income and net worth are well below national averages, residents enjoy going to the movies, fishing, and taking vacations. While some residents enjoy cooking, many have paid their dues in the kitchen and would rather dine out.



OUR NEIGHBORHOOD

- Much of the housing was built in the 1970s and 1980s—a mix of single-family homes and large multiunit structures that function at various levels of senior care.
- Small household size; many residents have outlived their partners and live alone.
- Over half of the homes are renter occupied.
- Average rent is slightly below the US average.
- Nearly one in five households has no vehicle.

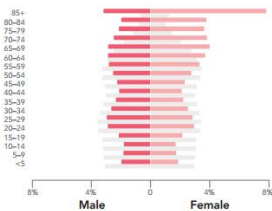
SOCIOECONOMIC TRAITS

- Brand loyal, this segment will spend a little more for their favorite brands, but most likely they will have a coupon.
- Frugal, they pay close attention to finances.
- They prefer reading magazines over interacting with computers.
- They are health conscious and prefer name brand drugs.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GRK MRL.

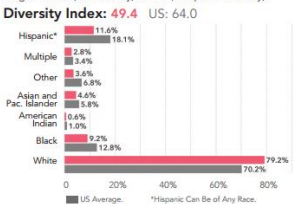
AGE BY SEX

Median Age: 53.9 US: 38.2
■ Indicates US



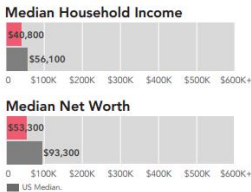
RACE AND ETHNICITY

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INCOME AND NET WORTH

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MARKET PROFILE

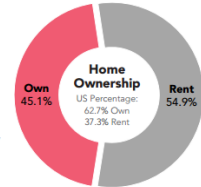
- (Consumer preferences are estimated from data by GRK MRL)
- Enjoy hard-cover books, book clubs, crossword puzzles, and Sudoku.
 - Contribute to political organizations and other groups.
 - Entertainment preferences: playing cards and reading books.
 - Prefer watching cable TV, including premium channels like HBO and Cinemax.
 - Like to travel—including visits to foreign countries.
 - Shop at diverse, large retail chains like Sears, Family Dollar, Target, and Walmart for convenience.

HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.

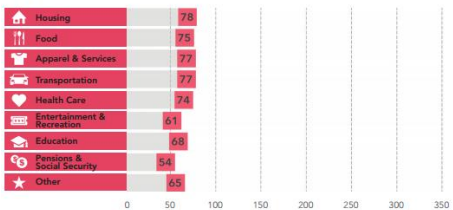


Typical Housing:
Multi-Units; Single Family
Average Rent:
\$1,013
US Average: \$1,038



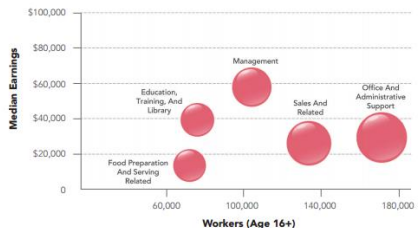
AVERAGE HOUSEHOLD BUDGET INDEX

The index compares the average amount spent in this market's household budgets for housing, food, apparel, etc., to the average amount spent by all US households. An index of 100 is average. An index of 120 shows that average spending by consumers in this market is 20 percent above the national average. Consumer expenditures are estimated by Esri.



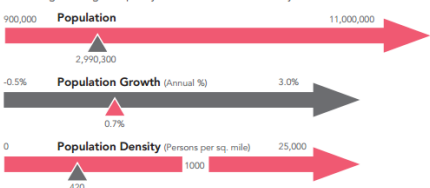
OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.





WHO ARE WE?

This is the new growth market, with a profile similar to the original: young professionals with families that have opted to trade up to the newest housing in the suburbs. The original Boomburbs neighborhoods began growing in the 1990s and continued through the peak of the housing boom. Most of those neighborhoods are fully developed now. This is an affluent market but with a higher proportion of mortgages. Rapid growth still distinguishes the Boomburbs neighborhoods, although the boom is more subdued now than it was 10 years ago. So is the housing market. Residents are well-educated professionals with a running start on prosperity.



OUR NEIGHBORHOOD

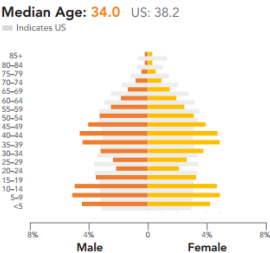
- Growth markets are in the suburban periphery of large metropolitan areas.
- Young families are married with children (Index 220); average household size is 3.25.
- Home ownership is 84% (Index 134), with the highest rate of mortgages, 71.5% (Index 173).
- Primarily single-family homes, in new neighborhoods, 66% built since 2000 (Index 441).
- Median home value is \$350,000 (Index 169).
- Lower housing vacancy rate at 3.7%.
- The cost of affordable new housing comes at the expense of one of the longest commutes to work, over 30 minutes average, including a disproportionate number (33.6%) commuting across county lines (Index 141).

SOCIOECONOMIC TRAITS

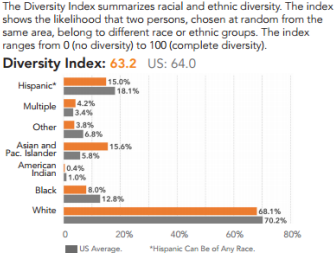
- Well educated young professionals, 55% are college graduates (Index 178).
- Unemployment is low at 3.3% (Index 61); high labor force participation at 71.3% (Index 114); most households have more than two workers (Index 124).
- Longer commute times from the suburban growth corridors have created more home workers (Index 156).
- They are well connected: own the latest devices and understand how to use them efficiently; biggest complaints—too many devices and too many intrusions on personal time.
- Financial planning is well under way for these professionals.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

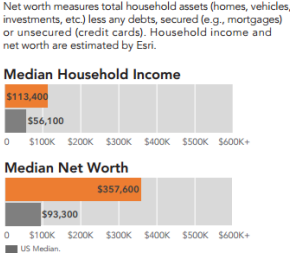
AGE BY SEX



RACE AND ETHNICITY



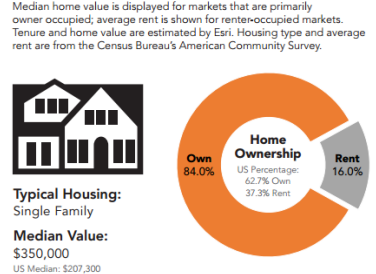
INCOME AND NET WORTH



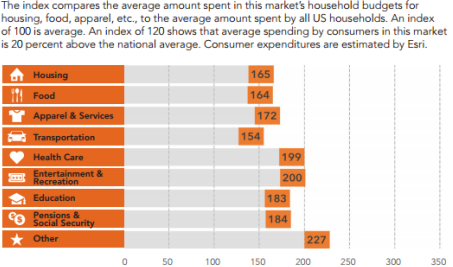
MARKET PROFILE

- Boomburbs residents prefer late model imports, primarily SUVs, and also luxury cars and minivans.
- This is one of the top markets for the latest in technology, from smartphones to tablets to Internet connectable televisions.
- Style matters in the Boomburbs, from personal appearance to their homes. These consumers are still furnishing their new homes and already remodeling.
- They like to garden but more often contract for home services.
- Physical fitness is a priority, including club memberships and home equipment.
- Leisure includes a range of activities from sports (hiking, bicycling, swimming, golf) to visits to theme parks or water parks.
- Residents are generous supporters of charitable organizations.

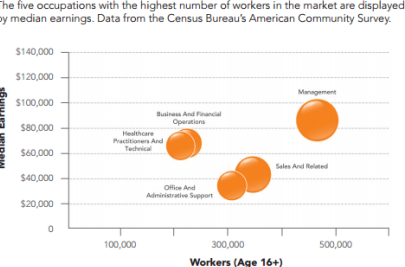
HOUSING



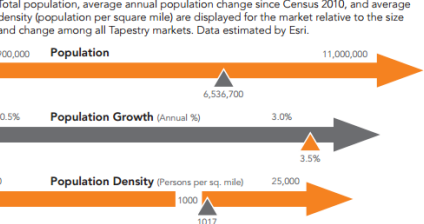
AVERAGE HOUSEHOLD BUDGET INDEX



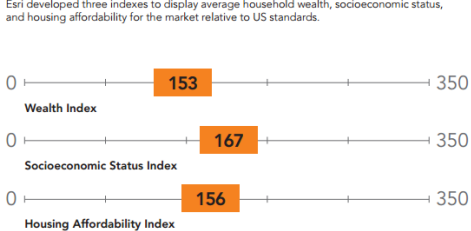
OCCUPATION BY EARNINGS



POPULATION CHARACTERISTICS



ESRI INDEXES



'HOME IMPROVEMENT' RANKS 5TH IN MENIFEE

Demographic Overview



WHO ARE WE?

Married-couple families occupy well over half of these suburban households. Most *Home Improvement* residences are single-family homes that are owner occupied, with only one-fifth of the households occupied by renters. Education and diversity levels are similar to the US as a whole. These families spend a lot of time on the go and therefore tend to eat out regularly. When at home, weekends are consumed with home improvement and remodeling projects.

OUR NEIGHBORHOOD

- These are low density suburban neighborhoods.
- Eight of every 10 homes are traditional single-family dwellings, owner occupied.
- Majority of the homes were built between 1970 and 2000.
- More than half of the households consist of married-couple families; another 12% include single-parent families.

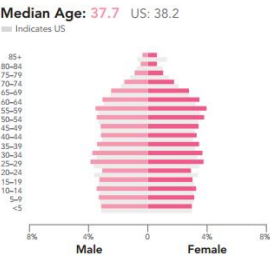
SOCIOECONOMIC TRAITS

- Higher participation in the labor force and lower unemployment than US levels; most households have 2+ workers.
- Cautious consumers that do their research before buying, they protect their investments.
- Typically spend 4-7 hours per week commuting, and, therefore, spend significant amounts on car maintenance (performed at a department store or auto repair chain store).
- They are paying off student loans and home mortgages.
- They spend heavily on eating out, at both fast-food and family restaurants.
- They like to work from home, when possible.



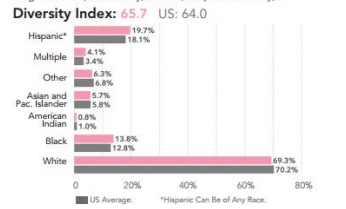
Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MR.

AGE BY SEX (Est date)



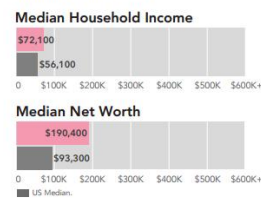
RACE AND ETHNICITY (Est date)

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INCOME AND NET WORTH

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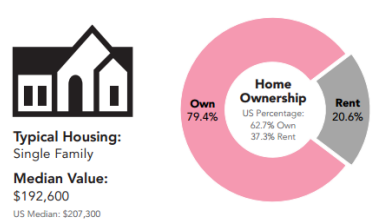


MARKET PROFILE (Consumer preferences are estimated from data by GfK MR)

- Enjoy working on home improvement projects and watching DIY networks.
- Make frequent trips to warehouse/club and home improvement stores in their minivan or SUV.
- Own a giant screen TV with fiber-optic connection and premium cable; rent DVDs from Redbox or Netflix.com.
- Very comfortable with new technology; embrace the convenience of completing tasks on a mobile device.
- Enjoy dining at Chili's, Chick-fil-A, and KFC.
- Frequently buy children's clothes and toys.

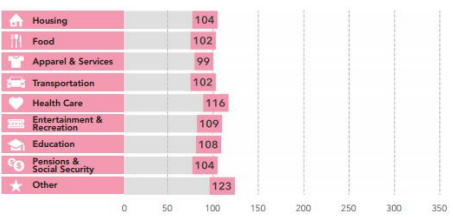
HOUSING

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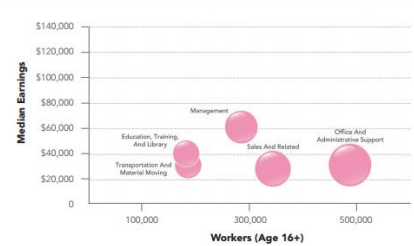
AVERAGE HOUSEHOLD BUDGET INDEX

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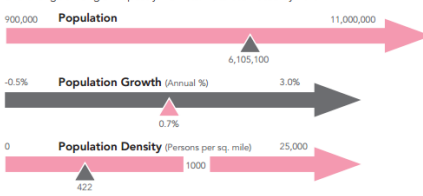
OCCUPATION BY EARNINGS

The five occupations with the highest number of workers in the market are displayed by median earnings. Data from the Census Bureau's American Community Survey.



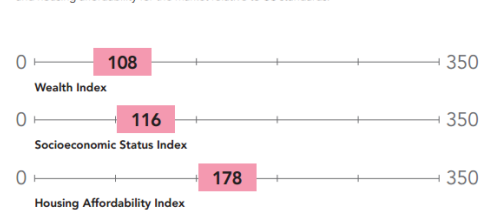
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



'BRIGHT YOUNG PROFESSIONALS' RANKS 6TH IN MENIFEE

Demographic Overview



WHO ARE WE?

Bright Young Professionals is a large market, primarily located in urban outskirts of large metropolitan areas. These communities are home to young, educated, working professionals. One out of three householders is under the age of 35. Slightly more diverse couples dominate this market, with more renters than homeowners. More than two-fifths of the households live in single-family homes; over a third live in 5+ unit buildings. Labor force participation is high, generally white-collar work, with a mix of food service and part-time jobs (among the college students). Median household income, median home value, and average rent are close to the US values. Residents of this segment are physically active and up on the latest technology.



OUR NEIGHBORHOOD

- Approximately 56% of the households rent; 44% own their homes.
- Household type is primarily couples, married (or unmarried), with above average concentrations of both single-parent (Index 125) and single-person (Index 115) households.
- Multiunit buildings or row housing make up 55% of the housing stock (row housing (Index 182), buildings with 5–19 units (Index 277)); 44% built 1980–99.
- Average rent is slightly higher than the US (Index 102).
- Lower vacancy rate is at 8.9%.

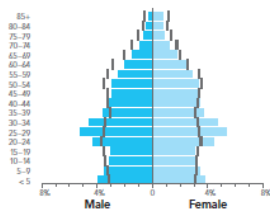
SOCIOECONOMIC TRAITS

- Education completed: 36% with some college or an associate's degree, 30% with a bachelor's degree or higher. Education in progress is 10% (Index 127).
- Unemployment rate is lower at 7.1%, and labor force participation rate of 73% is higher than the US rate.
- These consumers are up on the latest technology.
- They get most of their information from the Internet.
- Concern about the environment, impacts their purchasing decisions.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

AGE BY SEX

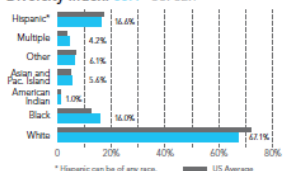
Median Age: 32.2 US: 37.6
I Indicates US



RACE AND ETHNICITY

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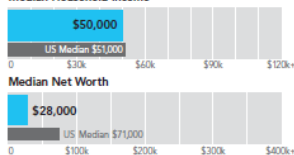
Diversity Index: 65.4 US: 62.1



INCOME AND NET WORTH

Net worth measures total household assets (homes, vehicles, investments, etc.) less any debts, secured (e.g., mortgages) or unsecured (credit cards). Household income and net worth are estimated by Eri.

Median Household Income



Median Net Worth



MARKET PROFILE

- Own US savings bonds.
- Own newer computers (desktop, laptop, or both), iPods, and 2+ TVs.
- Go online to do banking, access YouTube or Facebook, visit blogs, and play games.
- Use cell phones to text, redeem mobile coupons, listen to music, and check for news and financial information.
- Find leisure going to bars/clubs, attending concerts, going to the zoo, and renting DVDs from Redbox or Netflix.
- Read sports magazines and participate in a variety of sports, including backpacking, basketball, football, bowling, Pilates, weight lifting, and yoga.
- Eat out often at fast-food and family restaurants.

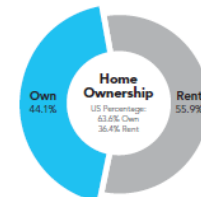
HOUSING

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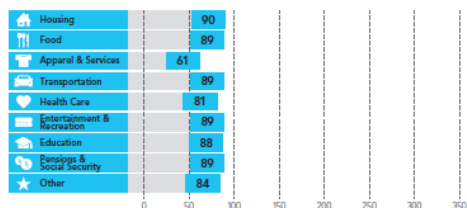
Typical Housing:
Single Family;
Multisuits

Average Rent:
\$1,000
US Average: \$990



AVERAGE HOUSEHOLD BUDGET INDEX

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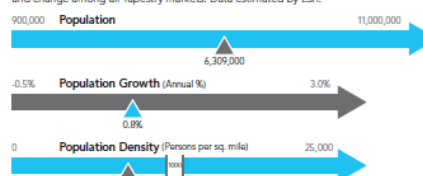
OCCUPATION BY EARNINGS

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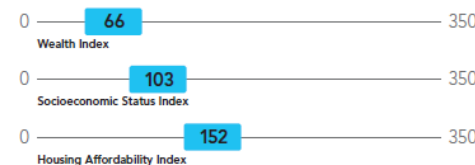
POPULATION CHARACTERISTICS

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ESRI INDEXES

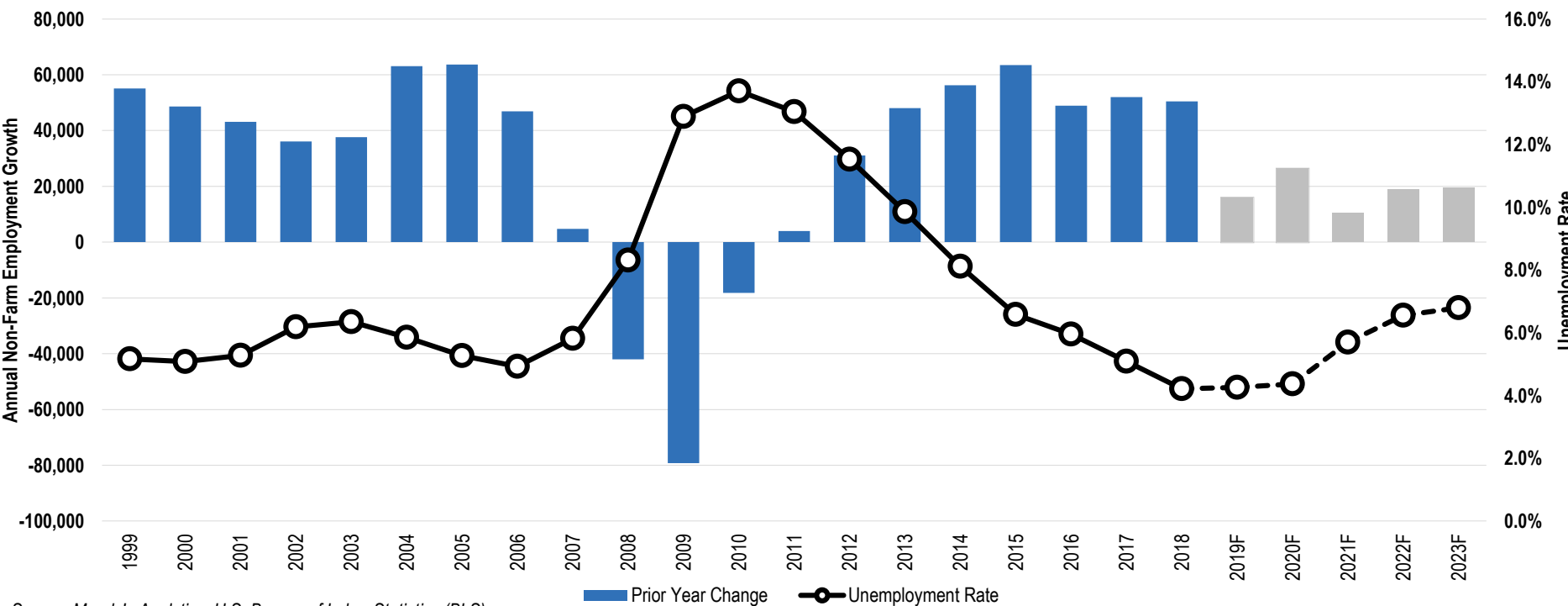
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Economic Overview

Retail Demand and Opportunity Analysis, Menifee, California

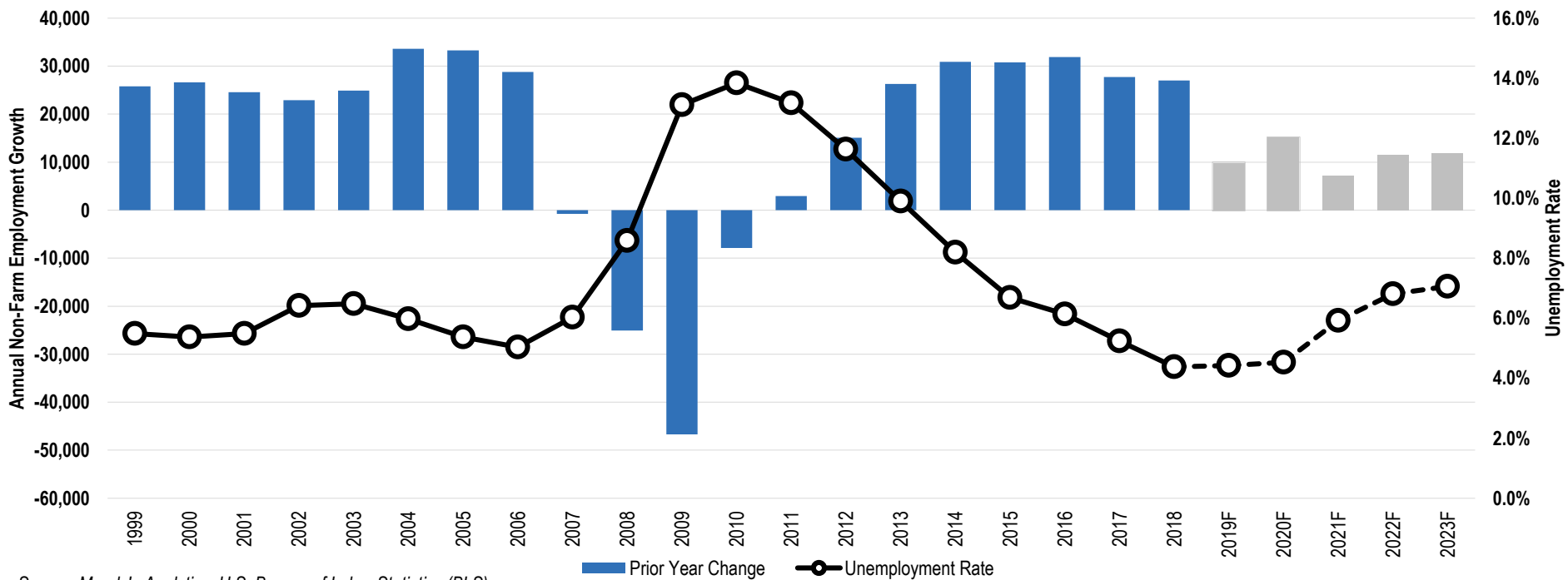
Employment growth is generally a good indicator for new home demand, and the Inland Empire has had eight consecutive years of positive growth totaling 350,000 jobs gained, a significant gain over the 139,000 jobs lost during 2008-2010; the unemployment rate is approximately 4.2% and is projected to remain at 4.4% in 2020. Economy.com projects job growth will remain positive over the next five years but decline to 10,460 net new jobs in 2021—this projection may be understated and is likely to be higher than this estimate.



Source: Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Non-Farm Employment	1,169,240	1,151,070	1,155,010	1,186,120	1,234,180	1,290,390	1,353,880	1,402,810	1,454,800	1,505,290	1,521,090	1,547,350	1,557,810	1,576,760	1,596,310
Prior Year Change	(79,250)	(18,170)	3,940	31,110	48,060	56,210	63,490	48,930	51,990	50,490	15,800	26,260	10,460	18,950	19,550
Annual % Change	-6.3%	-1.6%	0.3%	2.7%	4.1%	4.6%	4.9%	3.6%	3.7%	3.5%	1.0%	1.7%	0.7%	1.2%	1.2%
Unemployment Rate	12.9%	13.7%	13.0%	11.5%	9.9%	8.1%	6.6%	6.0%	5.1%	4.2%	4.3%	4.4%	5.7%	6.6%	6.8%

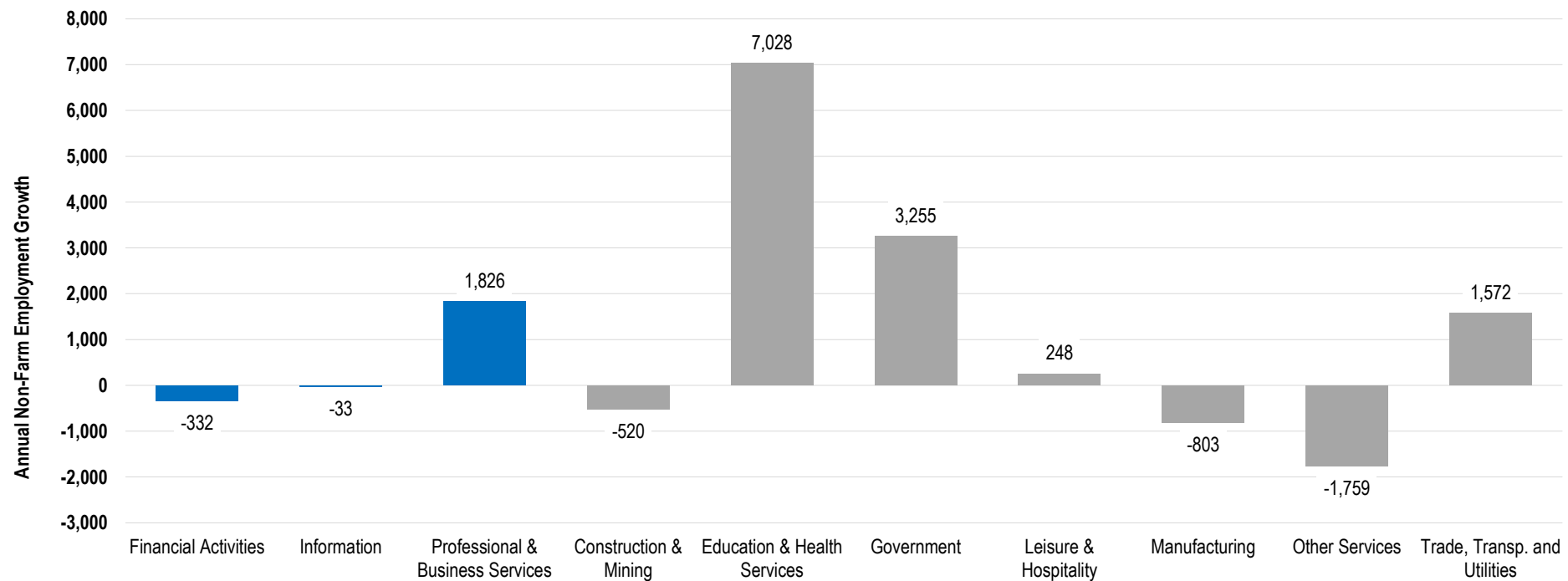
Riverside County job growth has been steady for seven consecutive years. After losing +/-80,000 jobs during the Great Recession of 2008 to 2010, the Riverside County job base quickly ramped back up and from 2013 to 2018 it exceeded its long-term average of +/-16,600 new jobs per year. Further, the unemployment rate is at a historical low for the County, at 4.4%. Economy.com expects continued positive job growth (albeit at a rather conservative rate) and stable unemployment to continue in this area through the foreseeable future which should have a positive impact on the housing market moving forward. Note: While Meyers Research does not expect 25,000 to 30,000 positions to be continually added each year, the Economy.com projections for the next five years appear overly conservative.



Source: Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

Riverside, CA County - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Non-Farm Employment	563,190	555,330	558,270	573,370	599,660	630,570	661,360	693,220	720,930	747,930	757,800	772,890	780,060	791,510	803,320
Prior Year Change	(46,720)	(7,860)	2,940	15,100	26,290	30,910	30,790	31,860	27,710	27,000	9,870	15,090	7,170	11,450	11,810
Annual % Change	-7.7%	-1.4%	0.5%	2.7%	4.6%	5.2%	4.9%	4.8%	4.0%	3.7%	1.3%	2.0%	0.9%	1.5%	1.5%
Unemployment Rate	13.1%	13.8%	13.2%	11.6%	9.9%	8.2%	6.7%	6.1%	5.2%	4.4%	4.4%	4.5%	5.9%	6.8%	7.1%

Employment growth has been positive for the majority of employment sectors over the past year. The strongest employment growth is in Education and Health Services sector with 7,028 new jobs over the past 12 months.



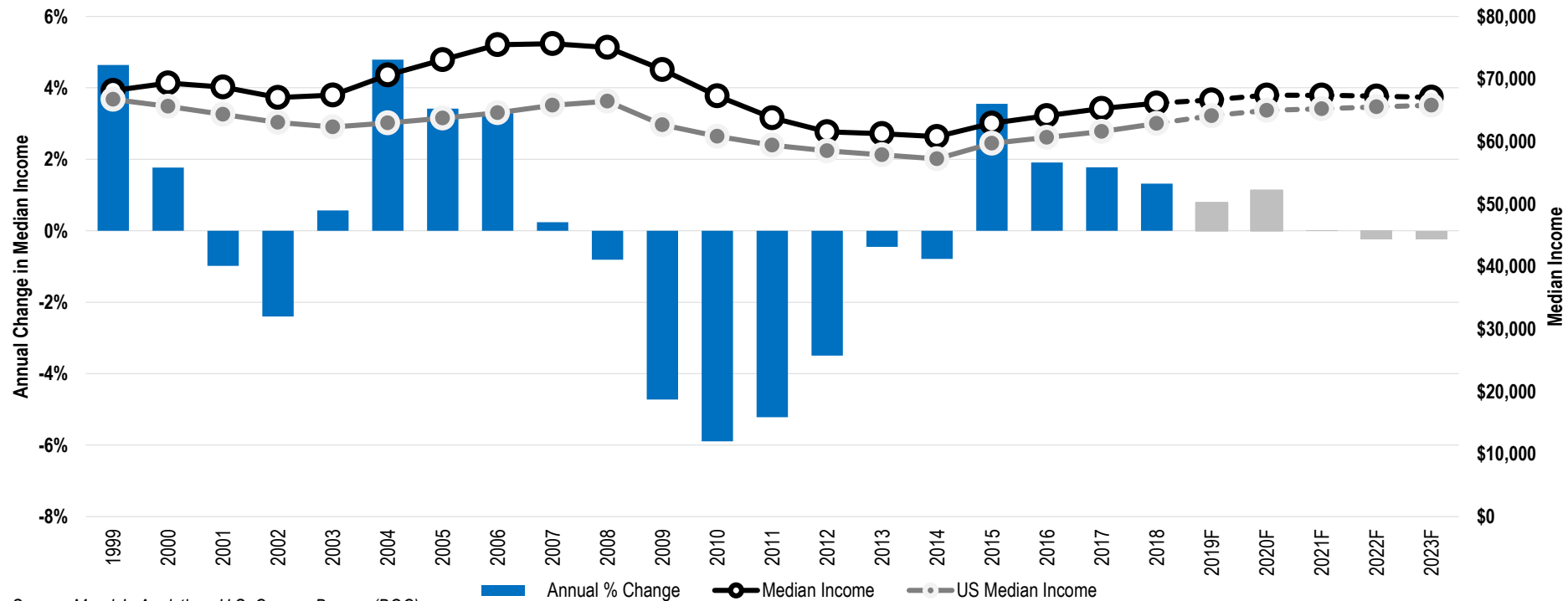
Source: Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

	Financial Activities	Information	Professional & Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month (May-2019)	43,388	11,144	152,653	104,873	247,187	260,942	170,534	100,764	44,045	380,585
Current Month (May-2018)	43,720	11,177	150,827	105,393	240,159	257,687	170,285	101,567	45,804	379,013
12-Month Change	-332	-33	1,826	-520	7,028	3,255	248	-803	-1,759	1,572

MEDIAN INCOME – RIVERSIDE COUNTY

Economic Overview

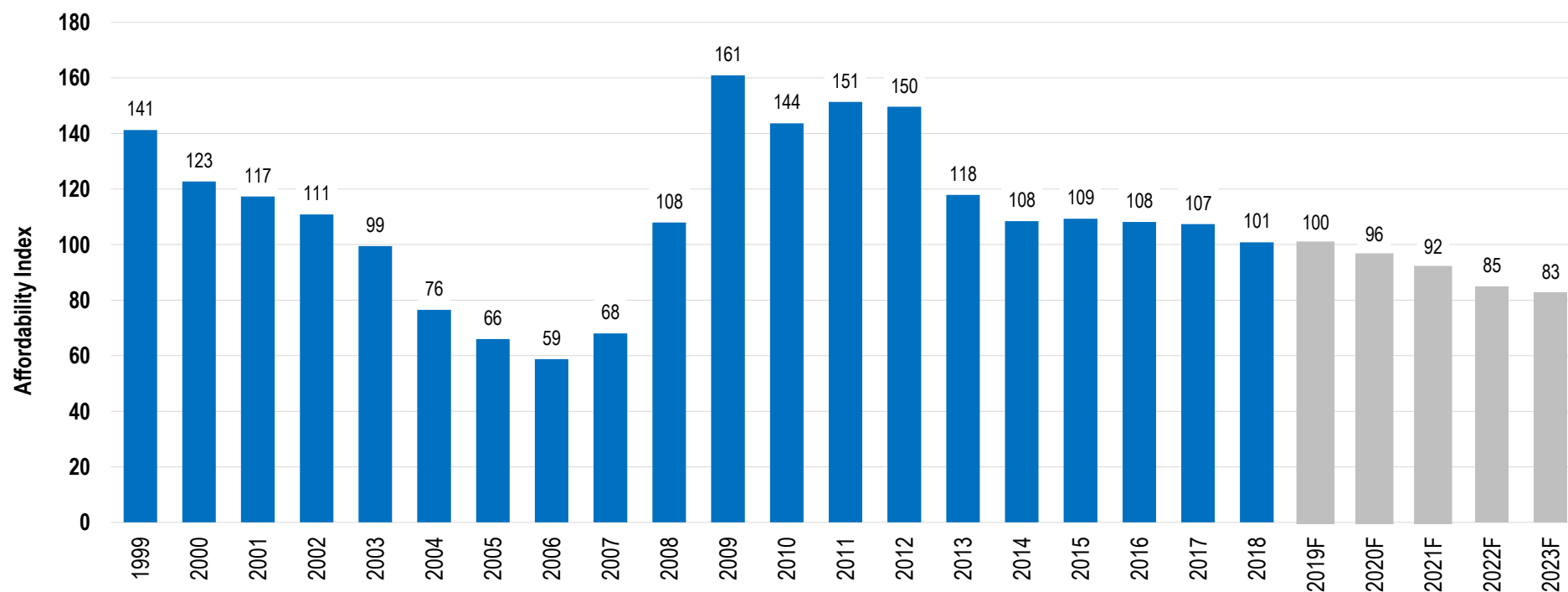
The median income in Riverside County is historically higher than the United States median income. Moody's forecasts relatively flat income growth in the MSA over the next five years.



Riverside, CA County - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Median Income	\$71,486	\$67,268	\$63,757	\$61,526	\$61,249	\$60,768	\$62,927	\$64,131	\$65,271	\$66,131	\$66,651	\$67,407	\$67,403	\$67,241	\$67,082
Annual % Change	-4.7%	-5.9%	-5.2%	-3.5%	-0.5%	-0.8%	3.6%	1.9%	1.8%	1.3%	0.8%	1.1%	0.0%	-0.2%	-0.2%
Median Income - United States	\$62,668	\$60,827	\$59,383	\$58,519	\$57,859	\$57,234	\$59,684	\$60,660	\$61,588	\$62,856	\$64,114	\$64,950	\$65,216	\$65,537	\$65,778
Annual % Change	-5.6%	-2.9%	-2.4%	-1.5%	-1.1%	-1.1%	4.3%	1.6%	1.5%	2.1%	2.0%	1.3%	0.4%	0.5%	0.4%

Source: Moody's Analytics

Riverside County and the City of Menifee will help combat the overall affordability issue in Southern California. Affordability reached its peak between 2009 and 2012 with steady annual decreases (as a result of steep price increases) thereafter. Current affordability remains over 100 which is comparable to where the MSA was in 2001 and 2008. For perspective, Los Angeles / Orange County is in the 60s and San Diego is currently in the 70s (very unaffordable). Economy.com forecasts that the affordability index could stay consistent through 2019 in the Inland Empire and Riverside County areas but with decreases coming in the mid term. Menifee remains one of the more affordable locations in the County. New home product often starts in the high \$300,000s to the high \$400,000s—these new home price points cannot be found for single-family product in any of the coastal counties.



Source: Moody's Analytics; National Association of Realtors (NAR) 2018 data

Riverside, CA County - Ten Year History

Moody's Analytics Five-Year Forecast

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Affordability Index	160.9	143.7	151.4	149.6	117.9	108.4	109.3	108.1	107.4	100.8	100.3	96.0	91.5	84.9	82.6

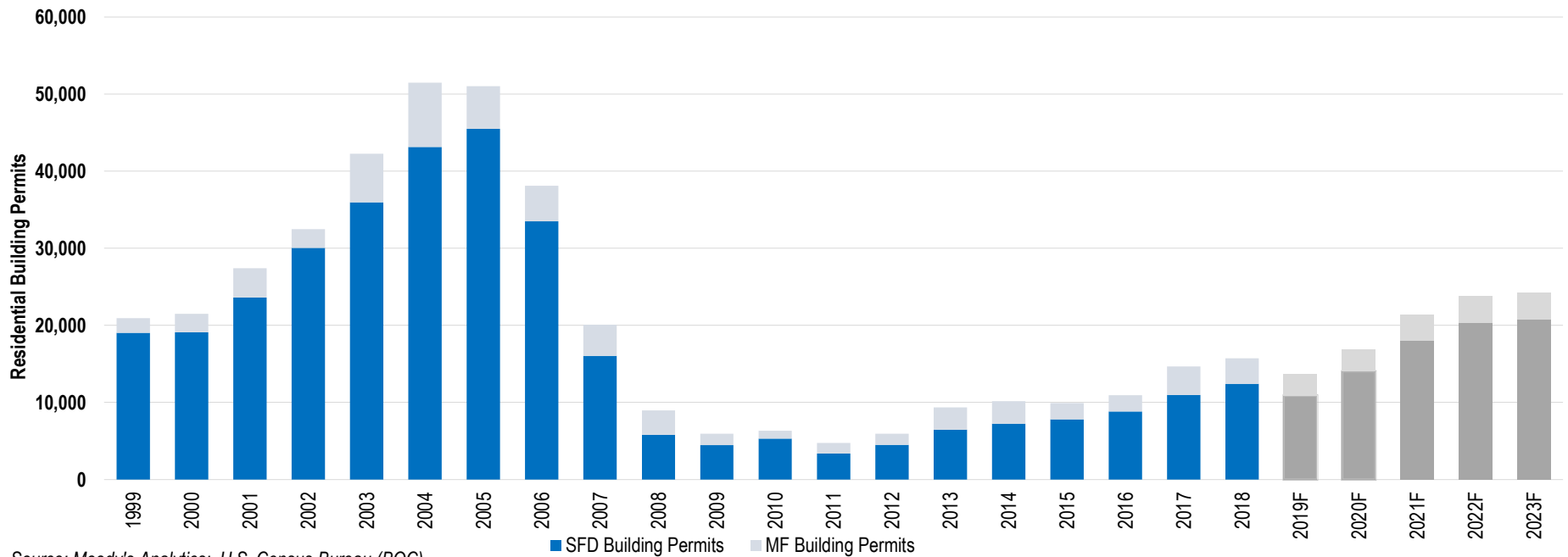
Housing Market Overview

Retail Demand and Opportunity Analysis, Menifee, California

SINGLE FAMILY HOME AND MULTIFAMILY BUILDING PERMITS – INLAND EMPIRE

Housing Market Overview

Single family and multifamily building permit levels have started to increase modestly in the Inland Empire, reaching over 15,000 permits in 2018 (the highest level in 11 years). This year is projected to decline to 13,700 total permits, driven by a 12.1% decrease in single family permits alongside a 14.5% decrease in multifamily permit activity. Economy.com projects total permits to increase to over 24,000 by 2023.



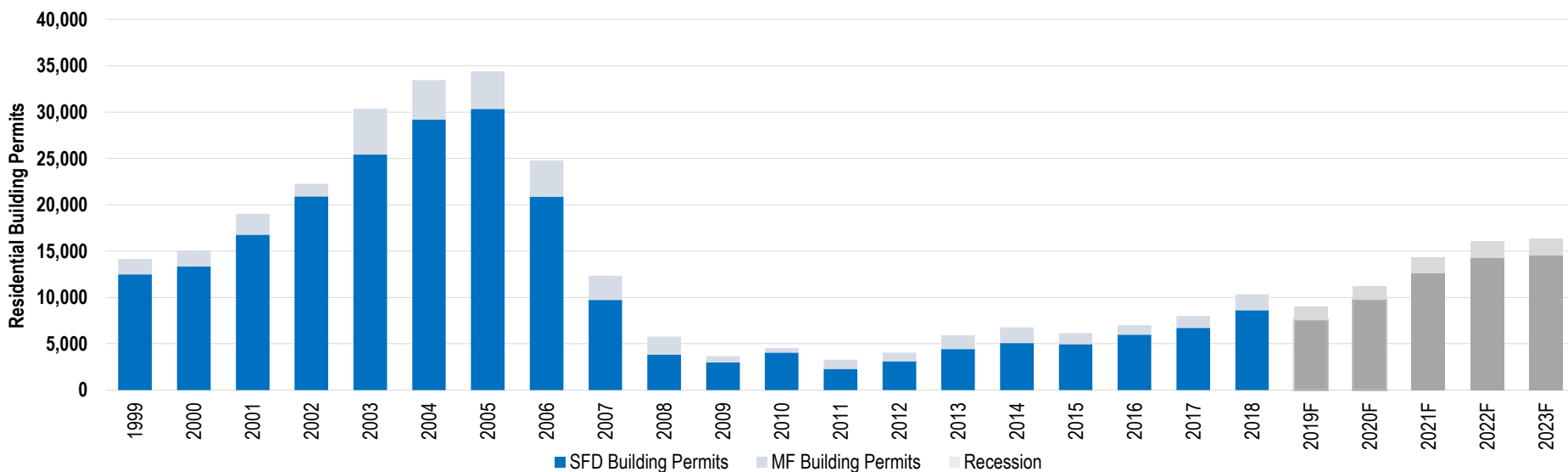
Source: Moody's Analytics; U.S. Census Bureau (BOC)

Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Ten Year History											Economy.com Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Total Building Permits	5,919	6,336	4,736	5,949	9,348	10,166	9,926	10,921	14,676	15,728	13,742	16,794	21,338	23,846	24,287
Annual % Change	-33.8%	7.0%	-25.3%	25.6%	57.1%	8.8%	-2.4%	10.0%	34.4%	7.2%	-12.6%	22.2%	27.1%	11.8%	1.8%
SFD Building Permits	4,471	5,287	3,378	4,488	6,472	7,222	7,816	8,837	10,955	12,405	10,900	14,024	18,032	20,379	20,818
Annual % Change	-22.9%	18.3%	-36.1%	32.9%	44.2%	11.6%	8.2%	13.1%	24.0%	13.2%	-12.1%	28.7%	28.6%	13.0%	2.2%
MF Building Permits	1,448	1,049	1,358	1,461	2,876	2,944	2,110	2,084	3,721	3,323	2,842	2,771	3,305	3,467	3,468
Annual % Change	-54.0%	-27.6%	29.5%	7.6%	96.9%	2.4%	-28.3%	-1.2%	78.6%	-10.7%	-14.5%	-2.5%	19.3%	4.9%	0.0%

RIVERSIDE COUNTY BUILDING PERMIT TRENDS

Housing Market Overview

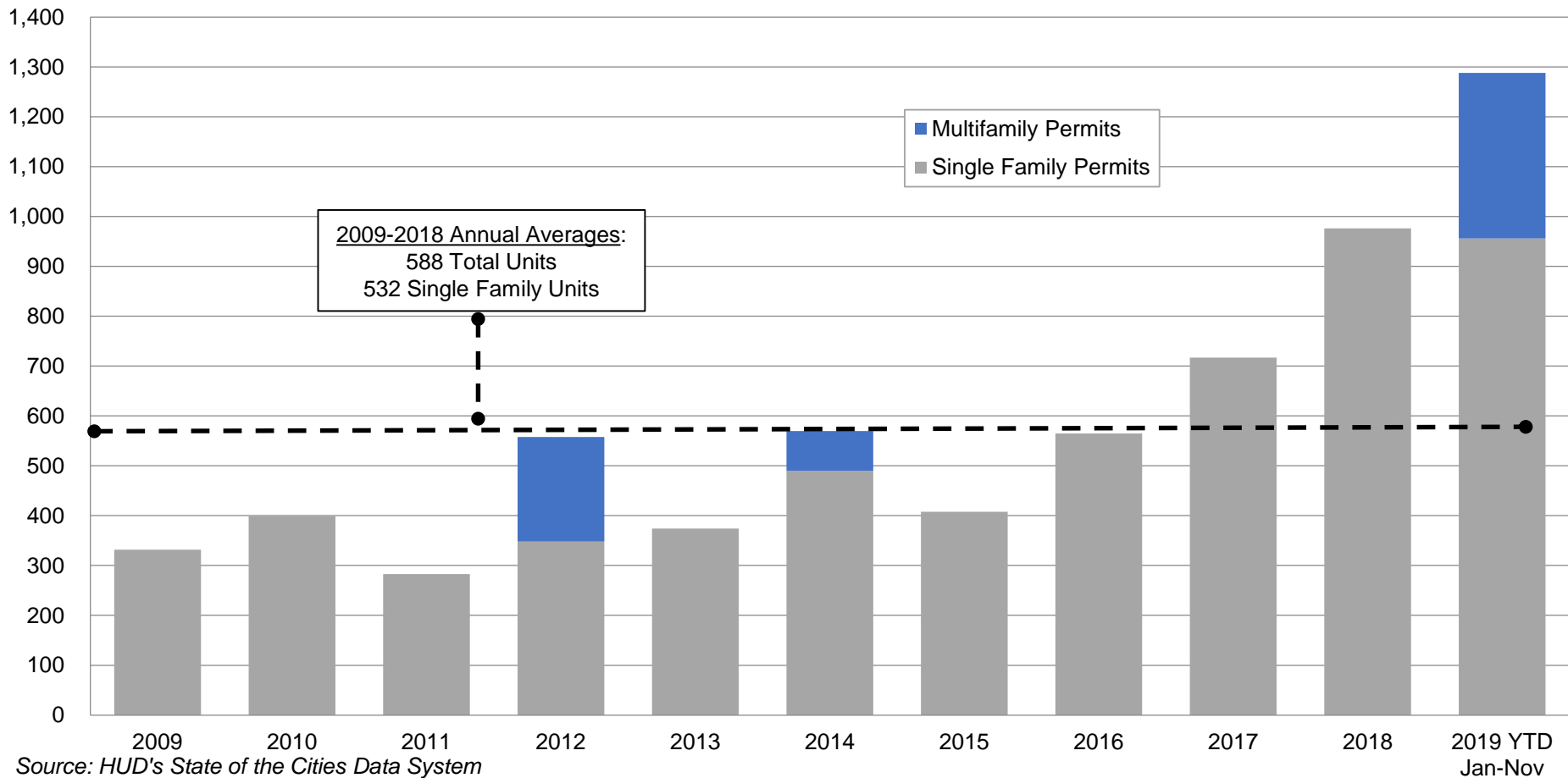
Riverside County residential building permits remain well below average. After falling to the lowest level on record in 2011, residential building permits in Riverside County have shown relatively consistent annual improvements with three years of annual increases from 2011 to 2014. 2015 dipped from 2014 but 2016 through 2018 all showed strong gains. Ten years after the Great Recession permit levels remain well below the historical average of +/-13,500 issued per year (1995 to 2018). Economy.com expects annual levels to remain between 9,000 and 16,000 permits each year from 2019 and 2023. While employment growth in the County is expected to mitigate, residential development opportunities in the coastal counties remain constrained forcing developers and buyers to look to inland locations in Riverside County for price relief. Menifee has become one of the County's go-to locations for value and quality of life at an affordable price and Menifee Valley should continue this expectation.



Source: Moody's Analytics; U.S. Census Bureau (BOC)

	Riverside, CA County - Ten Year History										Economy.com Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Total Building Permits	3,656	4,547	3,264	4,052	5,924	6,761	6,158	6,996	8,001	10,335	9,057	11,210	14,303	16,049	16,382
Annual % Change	-36.6%	24.4%	-28.2%	24.1%	46.2%	14.1%	-8.9%	13.6%	14.4%	29.2%	-12.4%	23.8%	27.6%	12.2%	2.1%
SFD Building Permits	2,990	4,027	2,275	3,107	4,432	5,074	4,934	5,987	6,703	8,613	7,580	9,767	12,577	14,235	14,563
Annual % Change	-21.7%	34.7%	-43.5%	36.6%	42.6%	14.5%	-2.8%	21.3%	12.0%	28.5%	-12.0%	28.8%	28.8%	13.2%	2.3%
MF Building Permits	666	520	989	945	1,492	1,687	1,224	1,009	1,298	1,722	1,477	1,443	1,726	1,814	1,819
Annual % Change	-65.7%	-21.9%	90.2%	-4.4%	57.9%	13.1%	-27.4%	-17.6%	28.6%	32.7%	-14.3%	-2.3%	19.6%	5.1%	0.3%

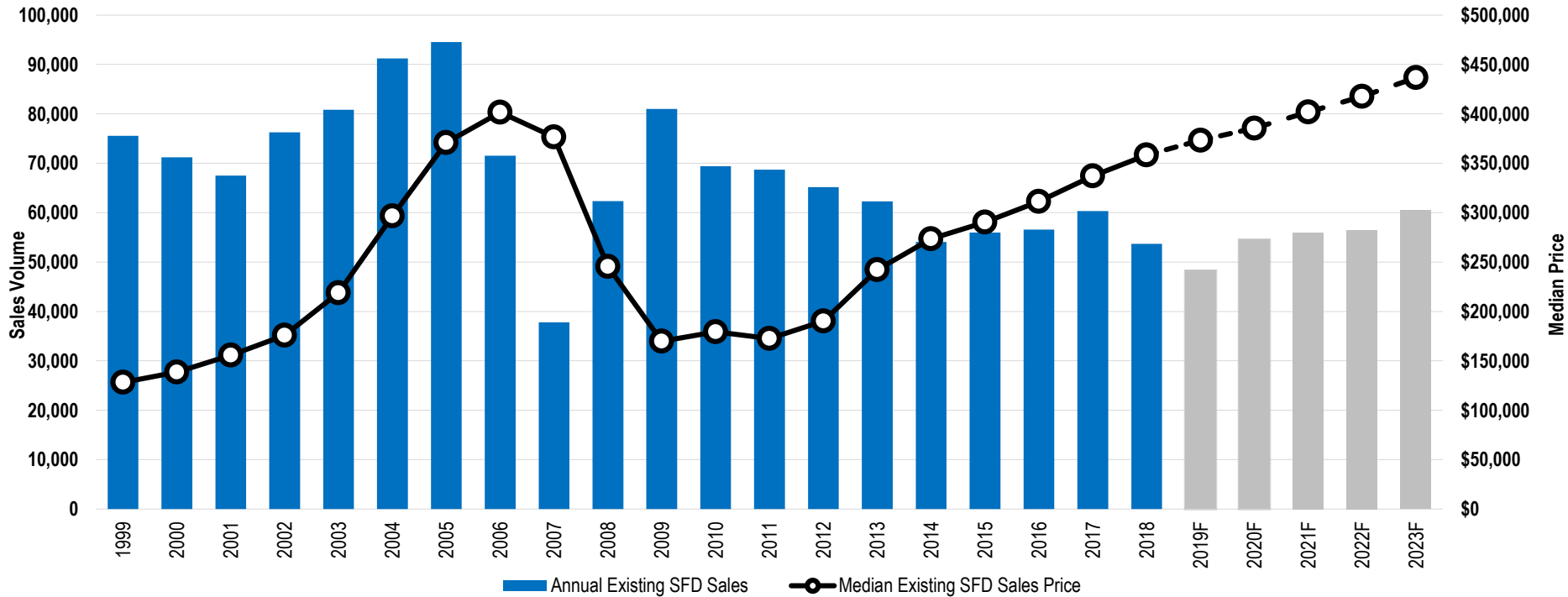
New home development in the City of Menifee has been prevalent over the past decade and it has become a go-to destination for move-downs and family buyers seeking value and quality of life. Since 2009, the average number of new residential building permits issued in the City of Menifee was 588 units per year with an **average of 1,100 permits over the past two years.** Menifee's market share continues to grow (16.6% of the County for the first 11 months of 2019) and with the coastal counties' prices out of reach and fringe areas like Corona, Temecula and Murrieta low on supply, growth in the City of Menifee should continue.

Residential Building Permit Issuance: City of Menifee

EXISTING HOME SALES AND PRICING – INLAND EMPIRE

Housing Market Overview

Existing home sales volume in the Inland Empire is trending downward while median prices have increased for seven consecutive years. Median pricing has experienced steady increases, with significant price gains in recent years of 8.3% in 2017 and 6.3% in 2018. Economy.com projects a 4.2% increase in existing home median price this year, followed by 3% to 4% increases going forward.



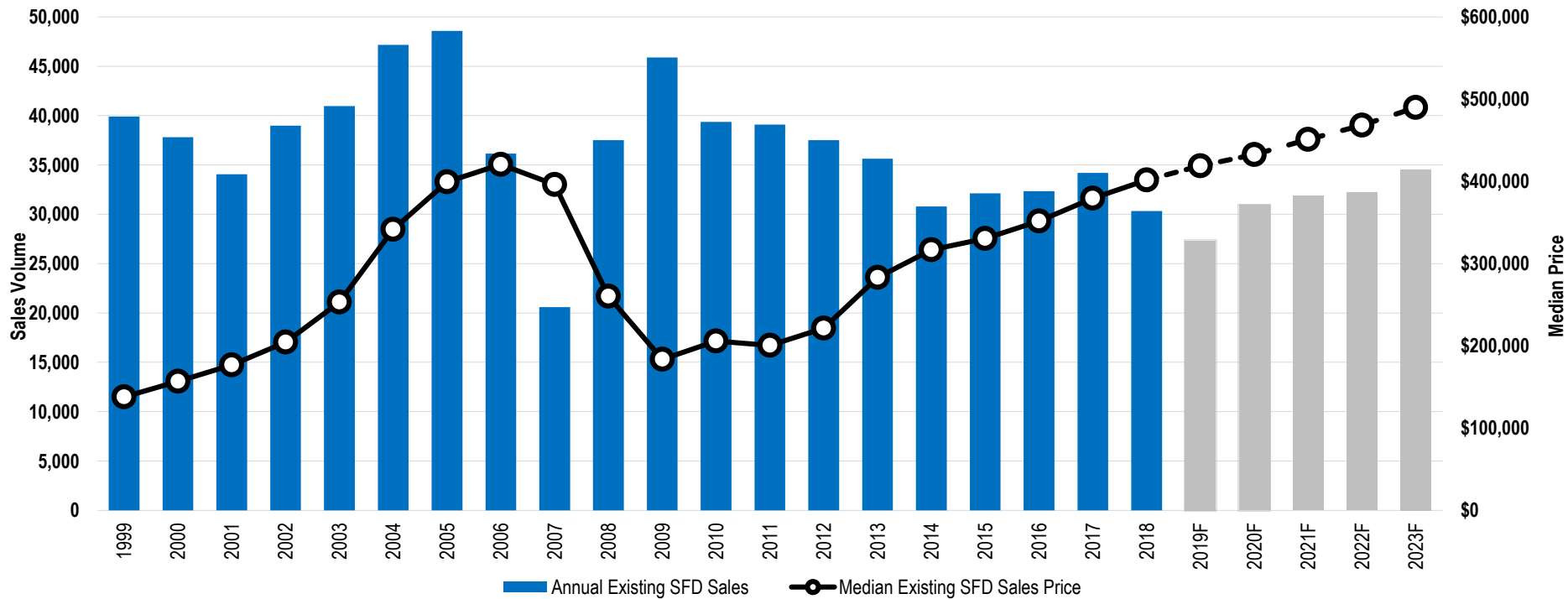
Source: Moody's Analytics; National Association of Realtors (NAR)

Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Ten Year History											Moody's Analytics Five-Year Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Annual Existing SFD Sales	80,980	69,390	68,690	65,160	62,270	54,040	55,980	56,580	60,340	53,660	48,270	54,480	55,990	56,470	60,430
Annual % Change	29.9%	-14.3%	-1.0%	-5.1%	-4.4%	-13.2%	3.6%	1.1%	6.6%	-11.1%	-10.0%	12.9%	2.8%	0.9%	7.0%
Median Existing SFD Sales Price	\$169,740	\$179,380	\$172,440	\$190,160	\$242,230	\$273,560	\$290,300	\$311,240	\$337,080	\$358,200	\$373,190	\$385,440	\$401,830	\$417,520	\$436,760
Annual % Change	-30.9%	5.7%	-3.9%	10.3%	27.4%	12.9%	6.1%	7.2%	8.3%	6.3%	4.2%	3.3%	4.3%	3.9%	4.6%

EXISTING HOME SALES AND PRICING – RIVERSIDE COUNTY

Housing Market Overview

In Riverside County, existing median prices have also increased for seven consecutive years. Like the Inland Empire overall, Riverside County median pricing experienced steady price gains of 7.8% in 2017 and 5.9% in 2018. Economy.com projects sales volume to moderate at +/- 30,000 per year with continued price appreciation through 2023 (3.3% to 4.6% growth per year).



Source: Moody's Analytics; National Association of Realtors (NAR)

Riverside, CA County - Ten Year History

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Existing SFD Sales	45,880	39,360	39,080	37,520	35,620	30,790	32,110	32,340	34,190	30,330
Annual % Change	22.3%	-14.2%	-0.7%	-4.0%	-5.1%	-13.6%	4.3%	0.7%	5.7%	-11.3%
Median Existing SFD Sales Price	\$183,420	\$205,790	\$200,630	\$221,380	\$283,220	\$316,840	\$330,410	\$351,760	\$379,340	\$401,660
Annual % Change	-29.5%	12.2%	-2.5%	10.3%	27.9%	11.9%	4.3%	6.5%	7.8%	5.9%

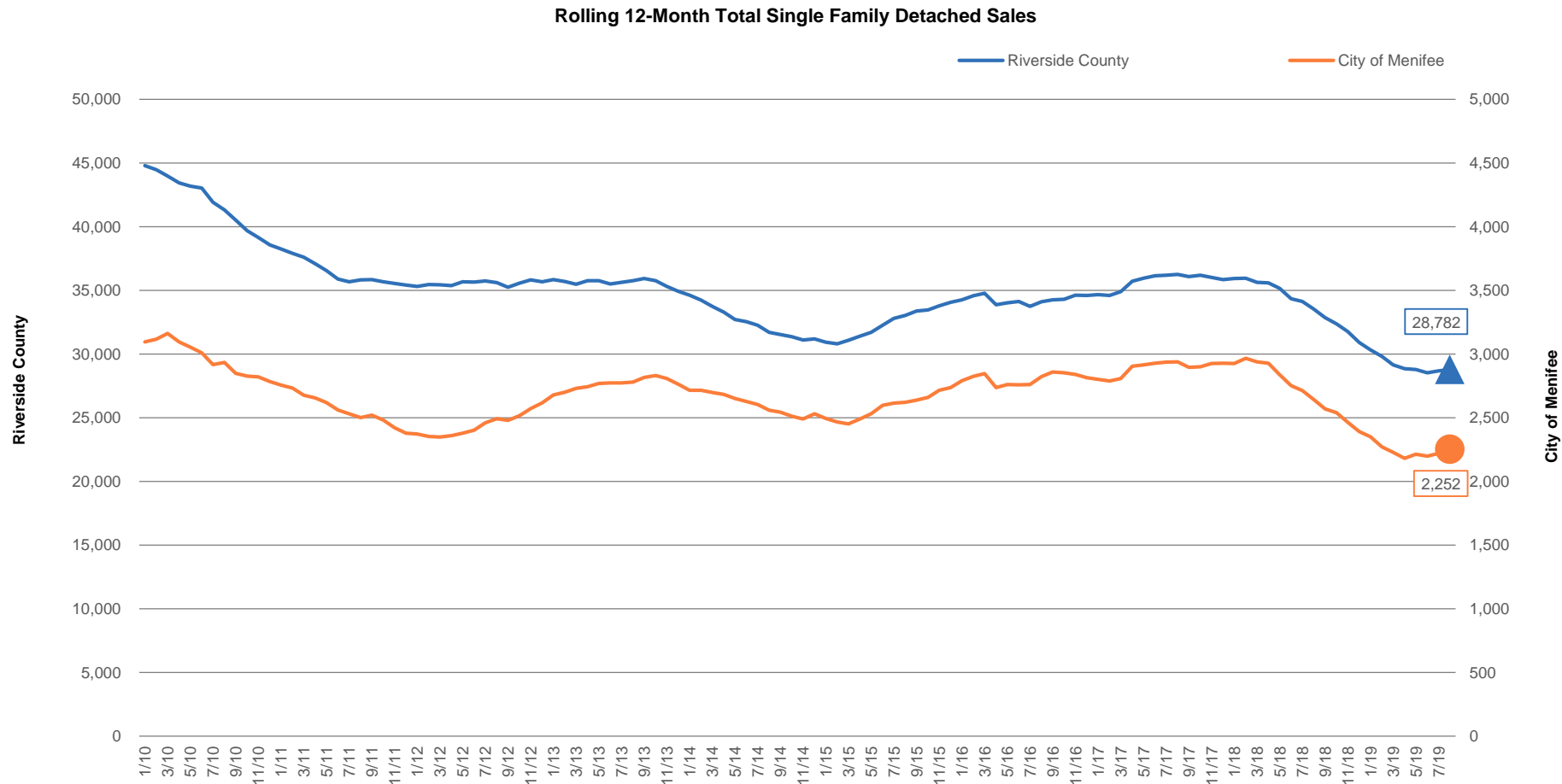
Moody's Analytics Five-Year Forecast

	2019F	2020F	2021F	2022F	2023F
Annual Existing SFD Sales	27,340	30,930	31,860	32,200	34,520
Annual % Change	-9.9%	13.1%	3.0%	1.1%	7.2%
Median Existing SFD Sales Price	\$418,890	\$432,700	\$450,910	\$468,310	\$489,890
Annual % Change	4.3%	3.3%	4.2%	3.9%	4.6%

SINGLE-FAMILY DETACHED SALE VOLUME: COUNTY VS. CITY

Housing Market Overview

The City of Menifee and Riverside County single family home sales (new and existing combined) have been trending downward, a function of rising prices, higher interest rates, declining foreclosures for sale and declining inventory overall in recent years.

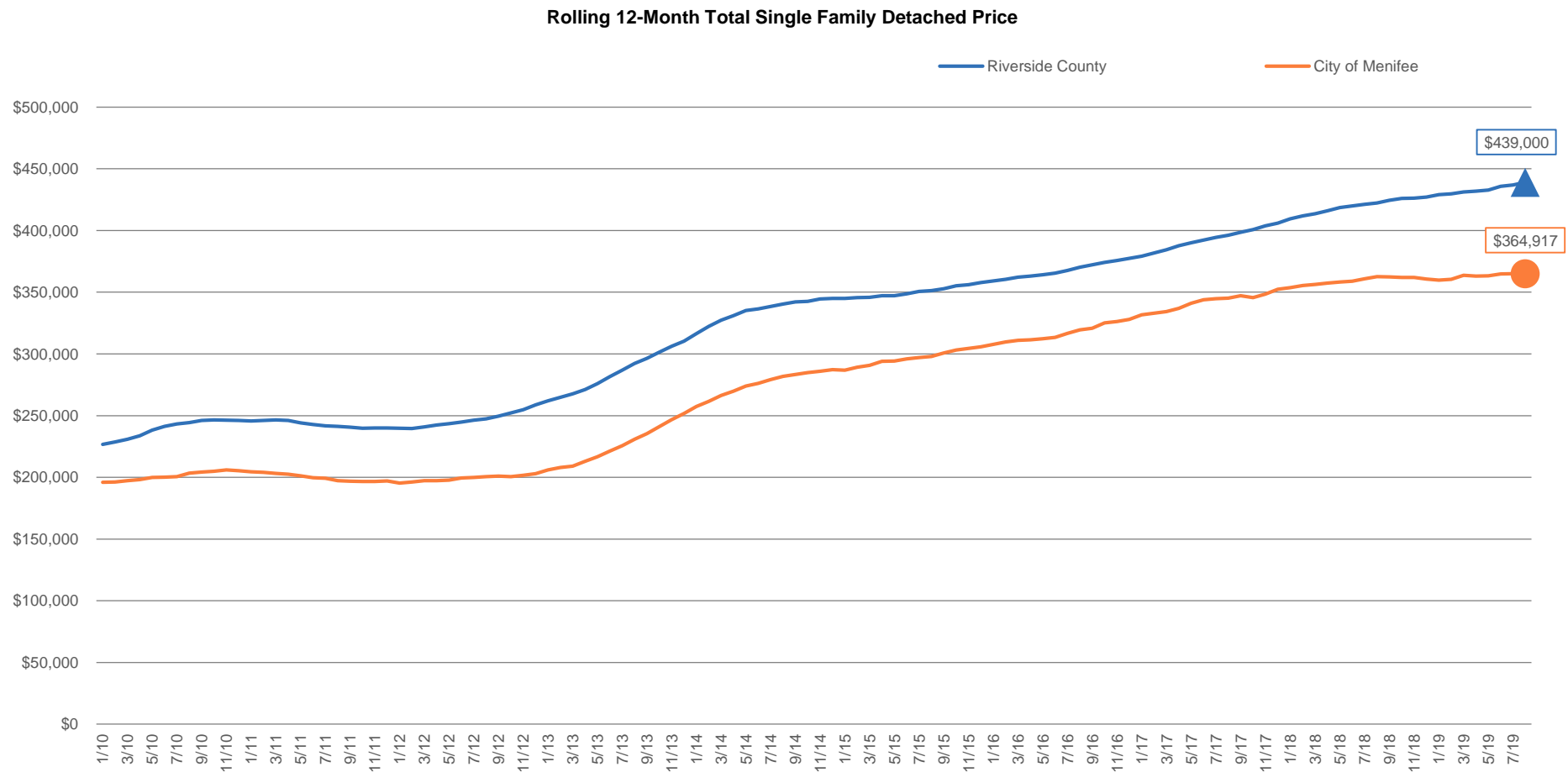


Source: Collateral Analytics

SINGLE-FAMILY DETACHED HOME PRICE: COUNTY VS. CITY

Housing Market Overview

The City of Menifee has historically been an area of price relief compared to greater Riverside County, further adding to the area's attraction. The overall pricing relationship between these areas stays true today as the City detached home prices are at a 16% discount to greater Riverside County. Pricing in both areas had increased notably from early 2013 through mid 2018 but over the past year prices, especially in the City, have mitigated. Although overall home prices appear to be flattening, price per square foot values continue to rise in Menifee and Riverside County, as shown on the following page.



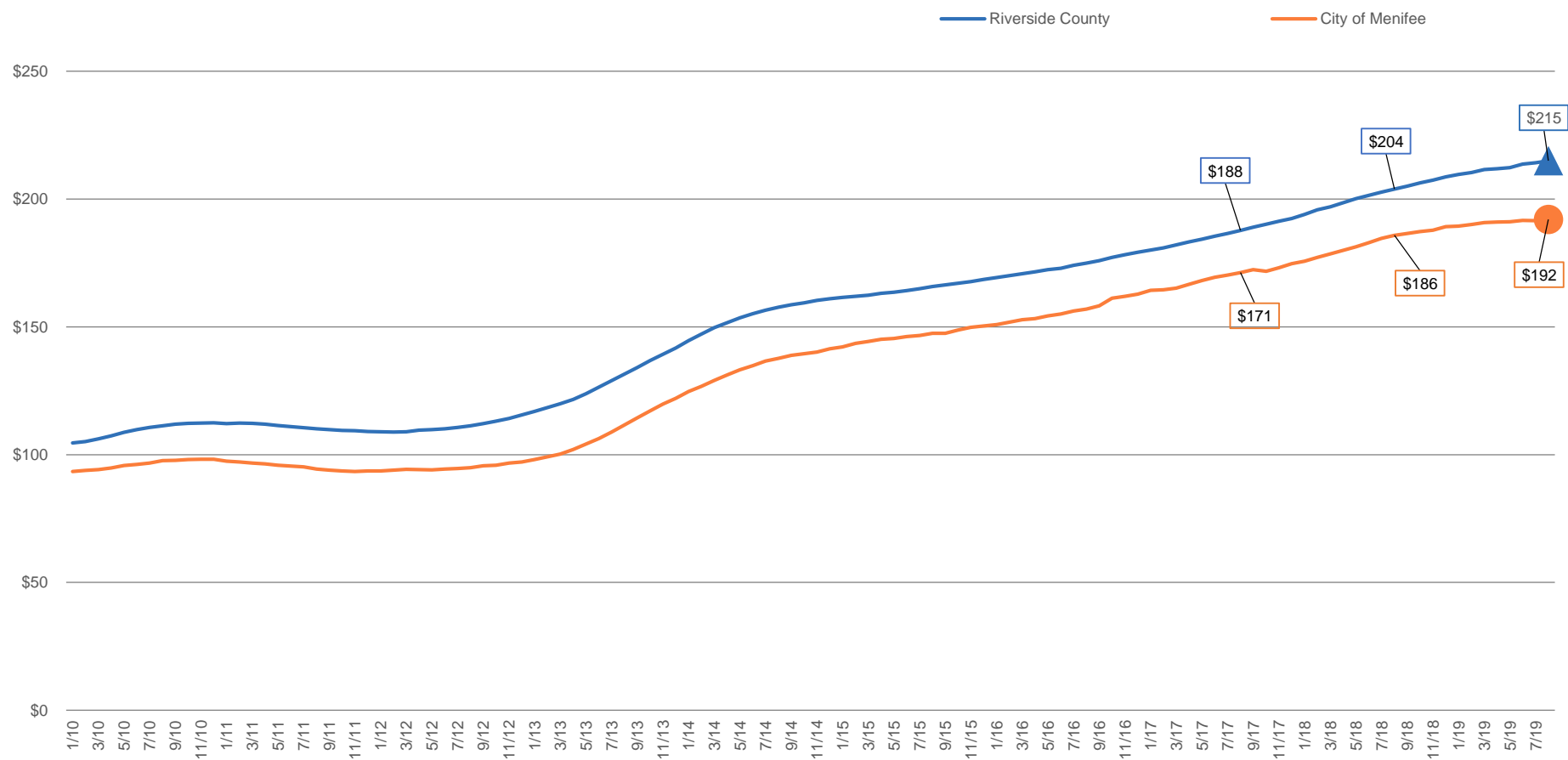
Source: Collateral Analytics

SINGLE-FAMILY DETACHED PRICE PER SQUARE FOOT: COUNTY VS. CITY

Housing Market Overview

Price per square foot values continue to rise in Menifee and Riverside County, reaching an average of \$215 per square foot in Riverside County and \$192 per square foot in Menifee. This represents a 14.5% increase in Riverside County and a 12.1% increase in Menifee over the past two years.

Rolling 12-Month Total Single Family Detached Price per Square Foot



Source: Collateral Analytics

Appendix

Retail Demand and Opportunity Analysis, Menifee, California

Countryside Marketplace is a 719,415 square foot power center located at the southwest corner of Newport Road and Interstate 215. The retail center is by far the largest shopping center in Menifee, with 35 total stores and several nationally known tenants including Super Target, Lowe's, Kohl's, Best Buy, and Michaels among others. Leasing representatives report that there is one space available comprising 3,048 square feet, for an overall occupancy rate of 99.58%. The center was completed in 2008.



Town Center Marketplace is a 95,531 square foot center at the southwest corner of Newport and Haun roads, just west of Countryside Marketplace. The center opened in 2016 and is fully leased. Anchor tenants include Aldi, Party City and Buffalo Wild Wings as well as several fast casual restaurant concepts and small shop space.



Menifee Town Center is a 251,927 square foot community center at the southeast corner of Newport Road and I-215. The center opened in 1992, and anchor tenants include Ralphs, Living Spaces, and Ross—a Target occupied the current Living Spaces building before relocating to Countryside Marketplace. Currently there are three small spaces for lease comprising 6,123 square feet (97.57% occupancy); asking lease rates range from \$3.00 to \$3.50 per square foot per month (NNN), with \$0.70 per month in expenses.



TENANT LIST

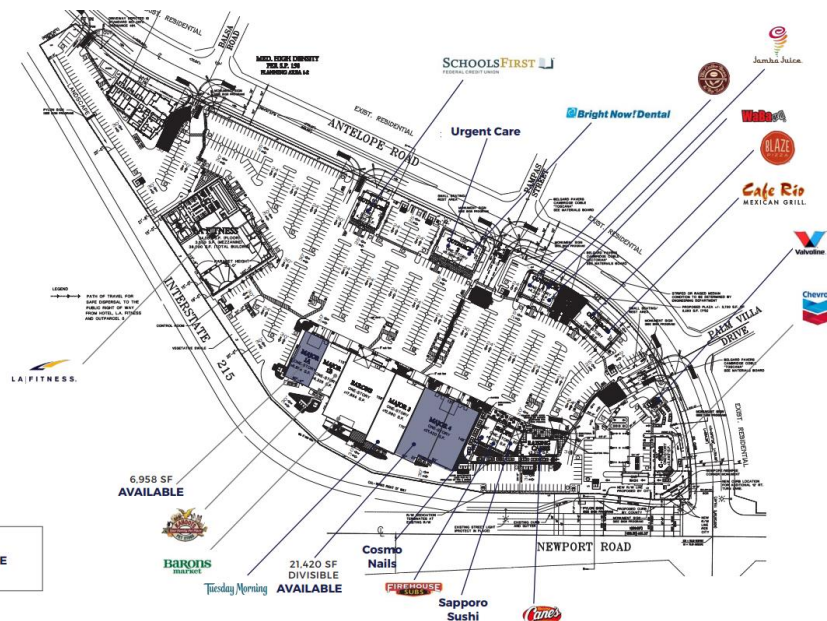
ADA	SUBWAY	1,200 SF	DOB	PUEBLO VALU MEXICAN FOOD	1,920 SF	DOL	MENIFEE CLEANERS	1,086 SF	EDF	ALMOND SHOE SHOP	1,400 SF
ADC	SUNNY NAILS	800 SF	DOD	LOCKING GOOD BEAUTY SUPPLY	1,080 SF	DOM	POSTAL ANNEX PLUS	1,186 SF	EDG	ADVANCE AMERICA	1,407 SF
ADE	BANIER SHOW	1,000 SF	DOE	HAIR BLOCK	960 SF	DDN	RANCHO PHYSICAL THERAPY	2,996 SF	EDH	PAPA JOHN'S	1,400 SF
AEG	MAGIC BROW	750 SF	DOF	GNC	1,080 SF	EOA	AUTO ZONE	5,400 SF	EDI	LLL REPTILE	1,410 SF
BDA	RAJAY'S MARKET	45,842 SF	DOD	METRO PCS	960 SF	EOE	MENIFEE LASER OPTOMETRY	1,410 SF	XDA	ROSS DRESS FOR LESS	30,119 SF
COA	DOLLAR TREE	8,000 SF	DOH	HEALTHY SMILES DENTISTRY	2,732 SF	EDD	RANCHO HUMANE SOCIETY	3,633 SF	XOC	BANK OF AMERICA	4,500 SF
DOA	PET PARLOR	960 SF	DOK	CATHAY CHINESE FOOD	1,200 SF				XOF	AVAILABLE OUTPARCEL (87,556sf)	



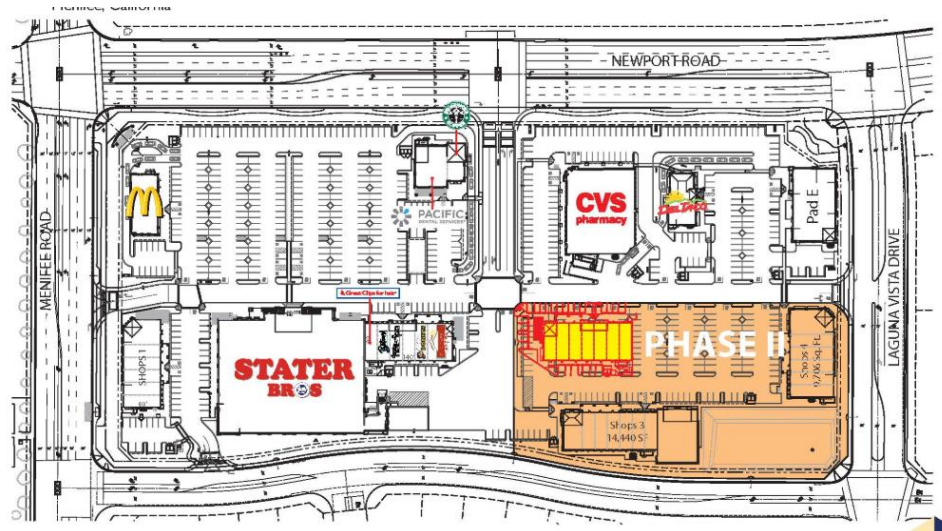
RETAIL PROJECT PROFILE – MENIFEE LAKES PLAZA

Appendix

Menifee Lakes Plaza is a recently completed center comprising 150,000 square feet at the northeast corner of Newport Road and I-215. The center opened in 2018, and anchor tenants include LA Fitness, Barons Market and Tuesday Morning. Currently there are two spaces for lease (6,958 and 21,420 square feet) comprising 28,378 square feet (81.08% occupancy); asking lease rates are \$2.00 per square foot per month (NNN), with \$0.65 per month in expenses.



Shoppes at the Lakes is a grocery anchored center at Newport and Menifee roads. The first phase of the center opened in 2017 with 79,800 square feet, and a second phase will bring the total center size to 121,000 square feet—timing for the second phase has not been determined. Anchor tenants include Stater Brothers and CVS. Currently there are no spaces available in the first phase (100% occupied); asking lease rates are \$3.35 to \$3.50 per square foot per month (NNN) when space is available, with \$1.25 per square foot per month in expenses.



Heritage Marketplace is a 92,466 square foot grocery anchored center at the southeast corner of Scott Road and Interstate 215, on the southern edge of Menifee (but with a Murrieta address). The center opened in 2005, and tenants include Albertsons (with a Sav-On pharmacy), as well as the UPS Store and It's a Grind coffee shop. Currently there is one small space for lease comprising 1,300 square feet (98.59% occupancy); the asking lease rate is \$2.95 per square foot per month (NNN).



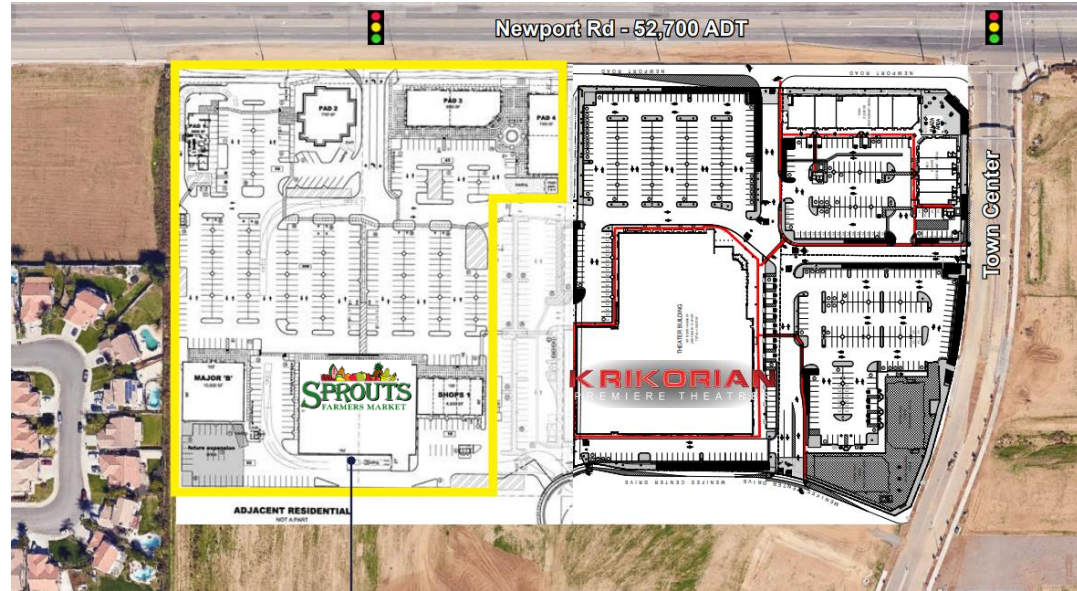
Sun City Shopping Center is a grocery anchored retail center located at Sun City Boulevard and McCall Blvd. in Sun City. The center opened in 1980, and tenants include Stater Brothers, Vons, and Rite Aid as well as several small shop spaces. Currently there are no vacant spaces (100% occupancy); the asking lease rates are \$1.35 per square foot per month (NNN) when shop space is available, with \$0.35 per square foot per month in expenses.



Perris Crossing is a 316,000 square foot power center located at Case Road and west of I-215 on the northern edge of Menifee (with a City of Perris address). The center opened in 2006, and tenants include WinCo Foods, Home Depot, and several fast food restaurants. Currently there are no vacant spaces (100% occupancy); the asking lease rates are \$2.50 to \$3.00 per square foot per month (NNN) when shop space is available.



CenterPoint and The Plaza at Menifee Town Center are two planned retail developments that are expected to break ground soon. The project comprises approximately 205,000 square feet of retail space, with anchors including a +/-30,000 square foot Sprouts market and a 110,000 square foot Krikorian Theatre, which will boast the largest movie screen in California. Other uses in the Krikorian Theater building include a full restaurant/ bar, gaming area, and 22 lane bowling alley. Leasing representatives report that **the retail space is 80% pre-leased before construction begins**, and the project is planned for completion in Spring 2021. Lease rates are at the top of the Market in Menifee, ranging from \$3.50 to \$4.00 per square foot per month on the west side of the center (near Sprouts) and \$4.00 to \$4.25 per square foot per month on the east side of the center (near the theater).



ID #	Project Reference	Name	Status	Description	Office SF
29	2014-091 / PM 36	Shoppes at the Lakes - Stater Brothers	C/F	Planning Case No. 2014-091 (Plot Plan) is a proposal for a 121,277 square foot commercial retail center consisting of ten (10) buildings on 14.04 acres. Development of the center is proposed in two phases (Phase I – 97,131 square feet maximum, Phase II – 24,146 square feet maximum). Phase I would consist of the majority of the site with Phase II including proposed Shops 3 and 4 located in the southeast portion of the site. All road improvements would be completed with Phase I along with all Phase I area on-site drive aisles and parking areas, excluding the minor drive aisles and parking areas located in Phase II that would be constructed in Phase II to serve Shops 3 and 4. Buildings would consist of a 45,112 square feet grocery store (Stater Bros.), four (4) Shops buildings totaling 40,946 square feet, and five (5) Pad buildings totaling 35,219 square feet. Within these buildings uses would include the grocery store (Stater Bros.), drive-thru fast food and coffee, pharmacy (CVS), restaurant and retail. Stater Brothers, CVS, Del Taco and Shops building open. Suites adjacent to Stater Brothers and Starbucks filled.	121,277
55	Previous Ref: PP 2010-022	The Junction (PacTen)	New (Revised)	Plot Plan No. 2010-022 is for the construction of a 526,800 square foot shopping center consisting of eighteen (18) buildings for future commercial and retail uses within a 50.28 gross acre site located north of Scott Road, east of Howard Way and west of Haun Road.	526,800
56	PP 2009-121	Walmart	U/F	<p>Plot Plan No. 2009-121 proposes the construction and operation of a shopping center totaling 240,980 sq. feet. The shopping center consists of the following:</p> <ul style="list-style-type: none"> • "Major" retail anchor (Walmart) totaling approximately 205,000 square feet, including outdoor garden center uses; <ul style="list-style-type: none"> o The Walmart is proposed to operate 24 hours a day o Walmart will offer groceries and general retail merchandise, including, but not limited to alcohol for off-site consumption, pool chemicals, petroleum products, pesticides, paint, and ammunition. o The garden center will include an exterior customer pick-up facility for prepaid bagged garden supplies, such as potting soil and mulch. o Includes five (5) signs affixed to the Walmart building: <ul style="list-style-type: none"> □ 8' x 37' 3" "Walmart" sign on the south elevation □ 3' 5 ½" x 29' 8 ½" "Market & Pharmacy" sign on the south elevation □ 3' 4" x 21' 9 ½" "Home & Living" sign on the south elevation □ 3' 5" x 22' 8" "Outdoor Living" sign on the south elevation □ 5' 6" x 8' "Walmart" sign on the west elevation • 3,200-square-foot fast food restaurant with drive-through; • 2,800-square-foot convenience store with 16-pump fueling station and a drive-through car wash; • 3,000-square-foot fast food restaurant with drive-through; • 6,500-square-foot high turnover sit-down restaurant; • 13,800 square feet of retail shops; • 6,680-square-foot automobile service and repair. 	240,980

PLANNED AND PROPOSED RETAIL DEVELOPMENTS IN MENIFEE (CONTINUED)

Appendix

ID #	Project Reference	Name	Status	Description	Retail SF
88	PP 2015-115	Menifee Village (Pechanga Dev Corp.)	U/E	<p>Planning Application Plot Plan No. 2015-115 proposes the development of a retail shopping center including ten (10) buildings totaling 231,600 sq. ft. on a 27.3 gross acre site. The following buildings are proposed:</p> <p>Bldg. A: 41,000 sq. ft. major retail Bldg. B: 50,000 sq. ft. major retail Bldg. C: 60,000 sq. ft. major retail Bldg. D: 20,000 sq. ft. major retail Bldg. E: 18,400 sq. ft. major retail Bldg. F: 15,200 sq. ft. Pharmacy with Drive-thru Bldg. G: 3,600 sq. ft. Financial (bank) Bldg. H: 7,400 sq. ft. Shops Bldg. I: 8,500 sq. ft. Shops Bldg. J: 7,500 sq. ft. Restaurant</p> <p>The project proposal includes 114,127 sq. ft. of landscaping and 1,275 parking spaces.</p> <p>The project site is located within the City of Menifee. The site is bounded as follows: Countryside Marketplace shopping center to the north; vacant land to the south, Interstate 215 to the east, and the Paloma Wash Channel and Santa Rosa Academy beyond to the west. The project site APNs are 360-110-012, -004, -005, -006, and -007. Met with project manager June of 2016 to discuss last set of plan revisions and future environmental review requirements. Have not heard back since.</p>	231,600
98	2016-110 CUP	Fast food		<p>Conditional Use Permit No. 2016-110 proposes a 2,400 square foot fast food restaurant on a 0.52-gross acre parcel located at 26820 McCall Boulevard. The fast food restaurant includes a drive-thru, 16 parking spaces, and 4,197 sq. ft. of onsite landscaping. A Pre-application Review (PAR 2015-246) was previously submitted for the proposal on November 10, 2015 and a Development Review Committee meeting took place with the Applicant and staff on December 10, 2015.</p>	2,400
101	PP 2016-124	McCall & Sherman Retail Center	C/E	<p>Plot Plan No. 2016-124 proposes an 18,255 sq. ft. retail center on 4.71 acres located on the southeast corner of McCall Boulevard and Sherman Road. The following buildings/uses are proposed:</p> <ol style="list-style-type: none"> 1. Conveniences Store – 2,900 sq. ft. 2. Fast Food with Drive-Thru – 3,000 sq. ft. 3. Carwash – 2,080 sq. ft. 4. 8-Pump Gas Station Canopy – 4,395 sq. ft. 5. Fast Food with Drive-Thru - 3,200 sq. ft. 6. Retail Store – 1,000 sq. ft. 7. 4-Pump Diesel Gasoline Canopy – 1,680 sq. ft. 	18,255
102	CUP 2016-130	Krikorian Theatre	C/F	<p>Conditional Use Permit No. 2016-130 proposes the construction and operation of a commercial center anchored by an approximately 114,392-sq. ft. Krikorian Premiere Theater containing twelve (12) theater auditoria on an 80,000 sq. ft. pad. The theater will include dining services, a 9,700-sq. ft. sports-themed restaurant/bar, 6,300-sq. ft. gaming area, 550-sq. ft. party room, and a twenty-two (22) lane bowling alley. The overall center will also include four (4) additional building pads. Sit-down and quick-serve restaurant, retail, and service retail uses will occupy these four (4) pads. All pad sizes are listed below including the Cinema:</p> <ul style="list-style-type: none"> • Cinema 80,000 square feet • Pad 1 7,000 square feet • Pad 2 7,000 square feet • Pad 3 8,600 square feet • Pad 4 12,500 square feet <p>The proposed uses require 1,015 parking spaces. The project proposes 553 onsite parking space. There are an additional 240 temporary offsite parking spaces proposed on APN 360-080-084 and 240 long-term offsite parking spaces proposed on APN 360-080-076. The project site is located on the southwest corner of Newport Road and Town Center Drive within the Menifee Town Center Specific Plan. The 10.18-net-acre site is located on Parcels 13, 14 and 15 of Parcel Map No. 36299-1 (APNs 360-080-077 through -079).</p>	114,392

PLANNED AND PROPOSED RETAIL DEVELOPMENTS IN MENIFEE (CONTINUED)

Appendix

ID #	Project Reference	Name	Status	Description	Retail SF
106	PP 22628 - EOT 2016-102 CUP 2017-225	Harvest Glen Marketplace	Approved	<p>Plot Plan No. 2017-225 is a major revision to approved Plot Plan No. 22628.</p> <p>Plot Plan No. 22628 was approved for the construction and operation of a neighborhood shopping center consisting of 10 buildings totaling 222,128 sq. ft. on 28.6 gross acres.</p> <p>The shopping center includes:</p> <ul style="list-style-type: none"> • Four (4) buildings for major tenants ranging in size from 69,000 sq. ft. to 24,100 sq. ft. (Major 4 also includes a garden center); • An 11,900 sq. ft. building for shops; • A 6,500 sq. ft. building for retail and/or restaurants; • A 6,400 sq. ft. building for retail and/or restaurants; • Two (2) buildings including drive thrus for fast food use (4,000 and 5,000 sq. ft.) • A 17,340 sq. ft. building for Pharmacy with drive-thru; • Five (5) gasoline fueling pumps associated with the Grocery Store (which will be located within Major 1); and, • 1,222 parking spaces. <p>The revision proposes major modifications to the design of the front portion of the site. Under the revision, the uses in the southeast corner of the site now include a gas station with a 4,967 sq. ft. convenience store and attached 1,082 sq. ft. quick serve restaurant, eight (8) fuel pumps under a 6,164 sq. ft. canopy, a 3,000 sq. ft. drive through car wash with outdoor vacuum stalls, and a 3,268 sq. ft. fast food restaurant with drive through. A large interim basin is proposed. The project modifies the driveway locations from what was previously proposed; specifically, a driveway has been added on Highway 74 and a driveway has been moved south on Briggs, closer to the intersection. The project proposes 77 parking spaces.</p> <p>The exhibits do not show how the revised development will impact the remainder of the shopping center approved under the original plot plan (PP22628).</p>	222,128
109	PAR 2016-154/ PP2017-021	Newport Town Square II	Approved	<p>Plot Plan No. 2017-021 proposes the construction and operation of a commercial center anchored by an approximately 29,536-sq. ft. Smart and Final Market (Major A) on an approximately 5.36 acre site. The center will also include a 17,000-sq. ft. retail building (Major B) and a pad for an 8,700-sq. ft. sit down restaurant (Pad 1). The project site is located on the northwest corner of Newport Road and Hawn Road within the New Hub Specific Plan (APNs 336-380-071). UNDER CONSTRUCTION</p>	55,236
115	CUP 2017-055	Goetz Road Gas and Retail	Approved	<p>Plot Plan No. 2017-056 proposes the development of a gas station and commercial center on 2 gross acres. The project proposal includes a 3,800 square foot convenience store, 1,152 sq. ft. carwash and gas station that includes four dual pumps along with a fueling canopy, and a 3,200 square foot fast food restaurant with drive-thru located on the corner of Goetz Road and Vista Way. A total of 51 parking spaces are proposed. Conditional Use Permit No. 2017-055 proposes the sale of beer and wine for off-premises consumption at the gas station convenience store. Tentative Parcel Map No. 2017-057 proposes the subdivision of the 2 acre site into two (2) commercial parcels (Schedule E subdivision). The project site is the location of the "Bailywick Mobile Home Park" (now abandoned) and it appears that some of the mobile homes/recreational vehicles still occupy the site. The CUP for the mobile home park was revoked by the City of Menifee in 2010.</p> <p>The project site is located within the City of Menifee. The site is bounded as follows: vacant property to the northwest, Goetz Road to the southwest, Vista Way to the southeast, and a residential property to the northeast. The project site APNs are 351-074-016 and 021.</p>	8,152
116	CUP 2017-060	Ethanac/Barnett Gas and Retail	Approved	<p>Planning Application No. 2017-061 PP propose the development of a gas station and commercial center on the southwest corner of Ethanac Road and Barnett Road. The project will consist of new development of the following: a 3,800 square foot convenience store, along with a fueling canopy that houses eight (8) dual pumps, a 2,080 square foot carwash and a 4,365 square foot restaurant with drive-thru.</p> <p>2017-060 CUP - The Applicant is proposing the sale of beer and wine at the convenience store.</p> <p>2017-062 PM - The Applicant is proposing to subdivide the 15.33 acre parcel into three parcels: Parcel 1 - .94 acres, Parcel 2 - 1.56 acres and Parcel 3 12.83 acres.</p> <p>The proposed development is to take place on Parcels 1 and 2. The site is bounded as follows: Ethanac Road to the north (northern City boundary), Barnett Road to the east (city boundary), vacant property to the south and a Riverside County Flood Control channel (Line A) to the west. The current APN is 331-060-027.</p>	10,245
126	PP 2017-217	McCall Blvd. and Sun City Blvd Jack in the Box	Built	<p>Planning Application Plot Plan No. 2017-217 proposes the demolition of an existing commercial building and existing site improvements (parking and landscaping) to be replaced by a new 2,742 sq. ft. Jack in the Box restaurant with a drive-thru and related improvements (including 27 parking stalls) on a 0.58 acre parcel. The project site is located within the City of Menifee. The site is bounded as follows: McCall Boulevard to the south, North Golf course to the north, Sun City Boulevard to the east and the North Golf Course parking lot to the west. The project site APN is 335-171-013.</p>	2,742

PLANNED AND PROPOSED RETAIL DEVELOPMENTS IN MENIFEE (CONTINUED)

Appendix

ID #	Project Reference	Name	Status	Description	Retail SF
134	2017-202 GPA, 2017-203 CZ, 2017-204 PM, 2017-205 CUP, 2017-206 PP, 2017-207 EA	Hitching Post Plaza	In Progress	<p>Plot Plan (PP) No. 2017-206 proposes a 27,000(+/-) square foot shopping center located on 3.88 acres. The proposed shopping center consist of three stand-alone retail commercial buildings and one gas station with a gas-island canopy and an attached carwash. The applicant is proposing two phases of the project; Phase I is consists of three buildings:</p> <ul style="list-style-type: none"> • Building A – a 14,143 square foot building for single or multi-tenant use; • Building B – a 3,828 square foot single-tenant stand-alone retail building; and • Building C – a 3,955 square foot single-tenant stand-alone retail building; and <p>Phase II consist if a 4,679 square gas station convenience store with an attached carwash and a detached gas-island canopy. The project site is an underdeveloped rural property that once existed as a small ranch and includes an existing vacant single-family dwelling and associated accessory structures. The project site is currently listed as 33111 Leon Road or approximately at the southwest corner of Scott Road and Leon Road (APN: 472-020-016).</p> <p>Conditional Use Permit (CUP) 2017-205 proposes allow for the sale of beer and wine for off-site consumption for the gas station convenience store located in proposed Phase II of the project.</p> <p>Parcel Map (PM) No. 2017-204 proposes Tentative Parcel Map 37353 for the purpose of right-of-way dedication for three existing roads/streets that are adjacent to the property. The existing site is a 3.88 single-lot parcel with frontage onto Scott Road (to the east), Leon Road (to the south) and Perrine Street (to the west). The parcel only shares one boundary with an adjacent residential lot. The parcel map is necessary because the development of the property into a retail shopping center will require the dedication of street rights-of-way. No additional lots will be created by the parcel map, which will result in a net site of 3.68 acres.</p> <p>Change of Zone (CZ) No. 2017-203 proposes a change to the City's official zoning map from the designation of Rural Residential (RR) 2 ½ to a designation of General Commercial (C-1/C-P) for the purpose of allowing the proposed shopping center. The current zone designation allows for residential uses on lots with a size of no less than 2.5 acres. Commercial uses within the current zone are limited to season fruit sales and minor agricultural uses. The proposed change to the zone designation would allow for the retail shopping center and proposed gas station.</p> <p>General Plan Amendment No. 2016-202 proposes an amendment to the General Plan changing the use of the property from Rural Residential (one dwelling unit per 2 acres) to General Commercial. The proposed General Plan amendment is necessary as part of the requested change to the official zoning map.</p>	27,000
138	PP 2018-023	Menifee Plaza	Approved	Proposes the construction and operation of two (2) buildings with restaurant and retail uses. Building 1 would include 7,500 sq. ft. of restaurant space and Building 2 would include 5,200 sq. ft. of restaurant space and 1,300 sq. ft. of retail space. The project proposes 134 onsite vehicle parking space. The project site is located on the southeast corner of Newport Road and Town Center Drive within the Menifee Town Center Specific Plan (APN 360-080-080 and a portion of 360-080-081).	14,000
146	2017-369/ 2018-300	Motte Country Plaza	In Progress	<p>Conditional Use Permit No. 2018-300 proposes the redevelopment of the Motte Country Plaza on 3.8 gross acres. The project will consist of the following:</p> <ul style="list-style-type: none"> • Relocation of the "Chinese Bistro" train car restaurant to the vacant space on the west side of the existing building containing U-Turn for Christ, U.S. Post Office, Curves, Nails Time and Nutri-Fruit. • New 8-dual pump (16-bay) gas station with 4,700 sq. ft. canopy. • New 3,838 sq. ft. convenience store, with attached 1,757 sq. ft. drive-thru restaurant and 600 sq. ft. office on the 2nd floor of the convenience store. • New 1,050 sq. ft. car wash. <p>Project Location: The site is located at the northwest corner of the intersection of State Highway 74 and Palomar Road within the City of Menifee (APNs 329-110-019). Access to the project site will be provided off of Highway 74 and Palomar Road.</p>	8,538
TOTAL SF:					1,603,745

COMPANY EXPERIENCE

Appendix

Meyers Research is a nation-wide research firm guiding real estate investors throughout the country. Our highly educated and experienced consulting staff believes in providing the highest quality service possible to our clients, which means completing the exact analysis they need. Based in Beverly Hills, we are home to over 140 experts in 10 offices across the country.

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- Financial Modeling
- Project & Product Positioning

Consumer and Product Strategy

- Consumer and Product Insights
- Tactical and Marketing Strategies
- Product Design Advisory
- Custom Consumer Research
- Customer Shop Research

Thank you!

This analysis was prepared by Meyers Research, LLC.