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PAUL C. MARRA

October 6, 2005

Mr. Jerry Blum
Planning Director
City of Ontario
303 East B Street
Ontario, California 91764

Re: Updated Wal-Mart Memorandum

Dear Mr. Blum:

Enclosed is the updated Keyser Marston Associates, Inc. (KMA) draft memorandum dated August 8, 2005. KMA has made minor revisions to the implications and conclusions section. Please replace the previous version with this updated version.

We have enclosed only the memorandum text. The tables are unchanged.

Sincerely,

KEYSER MARSTON ASSOCIATES, INC.

James Rabe
Principal

cc: Barbara Paine

500 SOUTH GRAND AVENUE, SUITE 1480 ➢ LOS ANGELES, CALIFORNIA 90071 ➢ PHONE: 213 622 8095 ➢ FAX: 213 622 5204

WWW.KEYSERMARSTON.COM

0510009.ONT:JAR:gbd
17071.002.001

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

To: Mr. Jerry Blum, Planning Director
City of Ontario

From: Jim Rabe
Kevin Engstrom
Christianne Bradley

cc: Barbara Paine

Date: August 8, 2005

Subject: Super Wal-Mart Economic Impact Analysis

Pursuant to your request, Keyser Marston Associates, Inc. (KMA) reviewed the potential economic impact of the proposed Super Wal-Mart (Wal-Mart) on existing retailers in the City of Ontario (City). For the purposes of this analysis, KMA identified the major retail centers in the Ontario market area, reviewed the socio-economic character of the market area residents, estimated the current retail productivity levels in the market area, and then identified the potential impact on the existing establishments.

SITE OVERVIEW

The Wal-Mart site (Site) consists of approximately 15.4 acres of land located on the northwest corner of 5th Street and Mountain Avenue. The Site is located within the Main Street Commercial District of the Mountain Village Specific Plan and includes approximately 188,800 square feet of obsolete, vacant commercial/retail uses. These uses were developed during the 1980's, and include a former Target, Toys-R-Us and Food-4-Less. Existing adjacent land uses to the north include several small retailers (e.g. Hollywood Video, Leslie's Pool Supply), two fast food restaurants (Carl's Jr., Mary's Mexican Food), and a mid-rise office building. Single- and multi-family residences abut the Site to the south and east, and a Union 76 gas station is located on the southeast corner.

EXISTING AND PROPOSED RETAIL DEVELOPMENT

Existing Retail

To gain an understanding of the existing retail market, KMA identified a number of retail projects in the Ontario market area (Market Area).[1] The centers were obtained from the National Research Board's 2005 Shopping Center Directory, discussions with City staff, City Retail Tenant Guide (2004), and research conducted on the Internet.[2] The results of this research are shown in Figure 1, which depicts a number of existing neighborhood, community, regional and super-regional shopping centers with at least 75,000 square feet of gross building area. In addition, a brief description of the centers included in the analysis is provided in Table 1. While not comprehensive, the table indicates that there is at least 13.6 million square feet of retail space in the Market Area, with a significant share (3.7 million) located within the City.

Some of the significant centers in the City include:

1. **Ontario Mills**: The largest super-regional shopping center in the Market Area (1.5 million square feet) anchored by AMC Theatres, Bed, Bath & Beyond, Burlington Coat Factory, and JC Penney Outlet.

2. **The Marketplace at Ontario Center**: A 246,800 square foot community shopping center anchored by Sam's Wholesale Club and Staples.

3. **Ontario Gateway Center**: A 219,900 square foot community center anchored by Babies 'R' Us, Furniture Superstore and Toys 'R' Us.

These centers alone account for almost 2 million square feet of the 3.7 million identified in the City. All of these centers are in good condition and were built within the last 10 years.

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[1] Includes Ontario, Chino, Pomona, Montclair, Claremont, Upland and Rancho Cucamonga
[2] It is possible that the list of centers compiled by KMA is not inclusive of all the larger retail projects in the area.

Proposed Retail

KMA relied upon Loopnet [3] and a windshield survey of the Area to compile a listing of proposed retail centers within the City. In addition to the proposed Wal-Mart, there are five proposed centers over 75,000 square feet that are either under construction or development, as follows:

1. **Colony Court** – Mixed-use development planned at Milliken and Edison Avenue, consisting of approximately 250,000 square feet of retail space. Tenants have not yet been determined, and the center is not expected to open until 2007.

2. **Vineyard Pavilion** – 105,000 square foot shopping center located at the intersection of Vineyard Avenue and State Highway 60. Current tenants include Dairy Queen, Starbucks, Fast Wok, and Quizno's. Supermarket anchor to be announced in September of 2005, and construction is expected to commence in 2006.

3. **The Gateway at Mountain Village** – 92,000 square foot shopping center to be constructed at the northeast corner of 6th Street and Mountain Avenue. The center is currently fully leased.

4. **Mountain Village Entertainment Center** – Consists of approximately 85,000 square feet of retail space that is currently under construction at the northwest corner of 6th Street and Mountain Avenue. Primary anchor is Regal Cinemas 14.

5. **Auto Center Plaza** – 82,000 square foot retail plaza under construction at Jurupa Street and Interstate 15. Current tenants include Starbucks, Juice it Up and Jack in the Box.

[3] Loopnet is an information services provider to the commercial real estate industry, operating the largest commercial real estate listing service online.

SOCIO-ECONOMIC CHARACTERISTICS

Identifying the socio-economic character of the Market Area residents is necessary for the evaluation of potential market opportunities. Shown in Table 2 is a summary of the salient socio-economic characteristics for the Market Area around the intersection of North Mountain Avenue and West 6th Street. To provide a benchmark against which the Market Area residents can be measured, socio-economic characteristics for the City and San Bernardino (County) are also presented. The salient socio-economic characteristics are summarized below:

Population

1. The population density in the Market Area is moderate, with 22,900 persons in the immediate Market Area, increasing rapidly to 199,800 persons in the three-mile Market Area and 454,900 persons in the five-mile Market Area.

2. Given the moderate population densities, there are 7,400 households in the immediate Market Area and almost 58,200 in the three-mile Market Area.

Population Growth

Shown in Table 3 is the historic population growth from 2000 to 2005 for the cities of Ontario, Chino, Montclair, Upland, Rancho Cucamonga, Pomona, Claremont, San Bernardino County, and the State of California. These estimates are provided by the Southern California Association of Governments (SCAG) and Claritas. As shown in the table, Rancho Cucamonga experienced the largest growth in population (17%), which is higher than the County (12%), and almost twice as high as the State (7%). Comparatively, the least amount of growth occurred in Montclair (4%) and Claremont (8%). Ontario increased by only 8%, which was less than the County, but higher than the State.

Summarized in the table on the following page are the population growth projections for the 2005-2010 period, as provided by Claritas.

Projected Population Growth

	Change 2005-2010
One-Mile Ring	5.9%
Three-Mile Ring	6.8%
Five-Mile Ring	7.5%
Ten-Mile Ring	9.6%
City of Ontario	8.2%
San Bernardino County	11.0%

Source: Claritas

As shown in the above table, the County and the 10-mile Market Area are projected to experience the highest population growth rates over the projection period. Overall, the projected growth rate increases as you move further from Ontario into the surrounding cities.

Income

1. Per capita income levels in the Market Area are moderate. The immediate and two-mile market areas have per capita incomes of $17,300 and $16,000, respectively. These incomes are comparable to the County average ($18,800). The 10-mile Market Area has the highest per capita income of $21,900.

2. Average household incomes are moderate. The average is $52,200 within the immediate Market Area and $53,500 within the three-mile Market Area. Comparatively, the average household income in the City and County is still higher at $56,500 and $60,300, respectively. The 10-mile Market Area has the highest average household income ($73,400).

3. The income distributions indicate that there is a greater share of households earning less than $50,000 in the immediate and 3-mile Market Area (59%) than in the County (53%). The proportion of households earning in excess of $100,000 is significantly higher in the 10-mile Market Area (23%), as compared to the City (12%) and County (15%).

Demographic Characteristics

1. In general, the age distributions are consistent within the market areas, the City and the County.

2. The City exhibits the highest number of residents that did not complete high school (38%), as compared to only 25% within the immediate Market Area and 26% in the County.

3. The City has the highest proportion of residents with occupations in the production (manufacturing), labor and service-oriented industries (24%). The City also has the lowest percentage of residents in the professional and sales-related categories (48%), as compared to the immediate Market Area (57%) and County (56%).

Overall, the Market Area can be characterized as follows: moderately populated; a rapidly expanding population base; moderate income levels; and moderate education levels.

MARKET AREA PERFORMANCE

KMA evaluated the strength currently exhibited by retail uses within Ontario by comparing the performance of existing retail uses in the City to the performance of similar uses in the Market Area, County and State. This was done by reviewing the per capita and per permit retail sales in the various areas.

City, Region and Statewide Retail Sales
Per Capita Retail Sales

As shown in Table 4, the per capita retail sales in Ontario are significantly higher than the Market Area (with the exception of Montclair), the County and the State.[4] Montclair's unusually high per capita retail sales is most likely due to the combination of a relatively small population base and the presence of a large regional mall, Montclair Plaza. In addition, it should be noted that the sales generated by the Victoria Gardens Shopping Center is not included in this estimate as the center is too new. When the retail sales are broken down by category, the results can be summarized as follows:

1. Apparel Stores – The per capita sales in Ontario are significantly higher than the Market Area, and almost three to four times higher than the County and State averages.

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[4] KMA adjusted the general merchandise sales and food store sales to reflect that some goods are non-taxable.

2. General Merchandise Stores – Per capita general merchandise sales in Ontario are lower than the sales in the Market Area, and almost 40 percent lower than the County and State.

3. Specialty Stores - The per capita specialty store sales in Ontario are consistently higher than the Market Area, and almost twice as high as the County and State. This is most likely due to the sales generated by the specialty shops in the Ontario Mills.

4. Food Stores – The per capita food store sales in Ontario are higher than those of the Market Area, County and State.

5. Eating and Drinking Places – Eating and drinking places sales in Ontario are significantly higher than those of the Market Area, County and State.

6. Home Furnishing and Appliances - Per capita sales in this category are significantly higher in Ontario than the Market Area, County and State.

7. Building Materials and Farm Implements - These sales are very strong in the City, as they are almost twice as high as the County and State averages. The Market Area sales are also higher than the County and State.

8. Other Retail Stores - Other retail stores includes packaged liquor stores, second-hand merchandise, farm and garden supply stores and other miscellaneous retailers (e.g. motorcycles, boats, trailers, etcetera). The sales in Ontario are slightly higher than the Market Area, County and State.

The retail sales information suggests the following:

1. Regional serving uses:

   a. The City's general merchandise sales are low in the City. The sales in this category are lower than most of the other jurisdictions. It appears that both the City and regional residents are meeting their needs for these goods in Chino, Montclair or Rancho Cucamonga. This is most likely due to the presence of multiple Targets and Wal-Marts in these cities and the Montclair Plaza Shopping Center. To gain a better understanding of this section, KMA identified the per capita sales for the three establishment types that constitute the general merchandise sector. As shown in Table 5, the Market Area is generating significantly higher per capita sales in all three of the general merchandise establishment categories, as compared to the County and State.

b. The sales at lumber and building supply stores are significantly higher in Ontario, which is likely driven by the existence of key building supply retailers in the City.

c. The sales in home furnishings and appliance stores are significantly higher in the City, which is most likely due to the presence of home improvement stores.

d. The sales in "other retail stores" are generally higher in Ontario. It appears that the agricultural concerns active in the area are sufficiently meeting their needs in Ontario.

2. Community serving uses:

a. The sales data indicates that Ontario is generating healthy food store sales. Almost one third of the grocery stores in the Market Area are located in the northwest portion of Ontario.

b. The restaurant sales in Ontario are higher than the sales in the Market Area and County. There are several full-service restaurants located throughout the City and in Ontario Mills that continue to support healthy retail sales.

c. The significantly high sales generated by specialty stores in the City indicate that the specialty shops in the City (e.g. Ontario Mills) are attracting residents from the surrounding region.

Permit Activity

Table 6 identifies the total permits and taxable sales per permit for Ontario, the Market Area, the County and the State. As shown in Table 5, the taxable sales per permit for Ontario is higher than the Market Area for all of the categories except for general merchandise store sales.

Also shown in this table is the number of residents per permit for Ontario and the other jurisdictions. This information assists in evaluating whether a community is under- or over-stored. As is shown, the store to resident ratio in Ontario is higher than the County, but still comparable with the Market Area and State.

Some general conclusions can be drawn from the permit review:

1. Apparel Stores – The high sales per permit suggests that the apparel stores are significantly larger than typical for the Market Area and the State. As the number of residents per establishment is lower than the Market Area and the State, the sales volumes indicate the City is attracting sales from the greater region.

2. General Merchandise Stores – The lower sales per permit suggest the general merchandise stores are typically smaller than establishments in the Market Area and the State.

3. Food Stores - The data suggests there are more large food stores in the City compared to the State and region.

4. Eating and Drinking Places - The sales at eating and drinking establishments are generally higher than the Market Area, County and State. The number of residents per establishment is generally consistent with the region and State.

5. Home Furnishings and Appliances - There appears to be a significant number of smaller establishments of this type in the City that generate very healthy sales.

6. Building Materials and Farm Implements - There are more stores in the City when compared to the Market Area and the State, and these stores are generating significantly higher sales per establishment.

7. Specialty Stores – The density of specialty stores in the City is comparable to the Market Area and State. However, the sales per establishment is significantly higher.

8. Other Retail Stores - Overall, the City has a significant number of these stores and is generating healthy retail sales compared to the Market Area, County and State.

Broker Perspectives

KMA interviewed retail and commercial brokers and developers active in Ontario and the surrounding cities, and also consulted Loopnet and 2005 retail market reports for the

Inland Empire, which were published by CB Richard Ellis, NAI Capital and Grubb and Ellis. The results of these discussions and research are summarized below:

1. Typical rents for new commercial shop space (less than 4,000 sq.ft.) in the Market Area range from $2.25 - $3.50/sq.ft. NNN. Larger buildings that are at least 20,000 square feet typically exhibit rents ranging from $1.25 - $1.67/sq.ft. NNN.

2. Commercial rents for existing space in the Market Area range from $1.65 - $2.00/sq.ft. NNN. The $1.65 end of the range includes smaller, inline spaces, while more desirable endcap spaces can rent for $2.00 and higher.

3. The average asking lease rate in San Bernardino County ranges from $1.67 - $2.50/sq.ft. for neighborhood centers and from $3.00 - $6.00 for regional malls.

4. The average asking lease rate in the West End submarket [5] is $1.67/sq.ft. NNN., and the average vacancy rate is 6.5%.

5. Brokers have had no trouble securing tenants, and typically centers are fully leased before it is even built.

6. There is 4.5 million square feet of retail space under construction within the West End submarket.

7. The site at 6th and Mountain Avenue is a good location, but it is not necessarily the newest or most desirable area of Ontario, especially given that the immediate Market Area is built out.

Overall, the broker interviews and research indicates that the Market Area retail spaces are leasing at generally healthy rents, vacancy rates are low, and there is significant new construction occurring throughout the City and Market Area.

MARKET AREA IMPACT

Given the existing and proposed retail development in Ontario and the Market Area, the productivity of the existing retail in the City and the impressions of brokers active in the

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[5] Defined by CB Richard Ellis to include the cities of Chino Hills, Chino, Fontana, Montclair, Ontario, Rancho Cucamonga, and Upland.

area, KMA evaluated the potential demand for additional retail development in the City and Market Area.

Estimated Demand

To estimate potential retail demand in the City, KMA analyzed the California State Board of Equalization (SBE) 2003 Taxable Sales Data and the Federal Bureau of Labor Statistics (BLS) "Consumer Expenditure Survey" (CES) for 2003 to establish benchmarks of retail expenditures as a percentage of gross annual income. The results of this analysis are shown in Table 7.

KMA reviewed the CES for the West region. As shown in Table 6, KMA identified the share of income typically spent on retail goods in the West. This review indicates that in 2003, approximately 30% of the gross income of residents in the West is spent on retail goods and services typically found in neighborhood, community, regional and super-regional shopping centers.

To corroborate the potential expenditures based on the CES, KMA estimated the share of retail sales in San Bernardino County as a percent of income. To make this estimate, the retail sales in 2003 were adjusted for inflation to estimate current productivity levels in 2005, and compared to the aggregate income in the County during that year. After adjusting the general merchandise, drug store and food store sales, KMA found that the sales in the County were 37% of its gross income. As such, it appears that households in the County are spending a greater share of their income on retail goods, when compared to the Western region. Understanding this, KMA assumed the typical expenditures in the County will be generally consistent with the Market Area.

City Retail Potential- Existing

Shown in Tables 8 and 9 are estimates of the current retail surplus/leakage for the City. To conduct this analysis, KMA assumed an estimated 2005 population of 170,524 persons which is provided by Claritas. The retail sales in Ontario during 2005 are based on the sales recorded by the SBE in 2003. These sales were then adjusted for inflation to estimate the current productivity levels. Finally, the estimated retail potential for Ontario assumes the residents exhibit the same expenditure patterns as San Bernardino County, where the retail store sales total to 37% of the gross income.

Overall, it appears that the City is capturing more than its fair share of retail sales in all of the categories except for general merchandise stores. The City is leaking approximately

$54 million in sales in this category. Based on typical productivity levels, the City could support approximately 154,400 square feet of additional general merchandise stores. It also appears that the City is leaking approximately $3.7 million in household appliance dealer sales, and could possibly support additional retailers in this category as well.

City Retail Potential- Future

Shown in Tables 10 and 11 is a projection of the retail surplus/leakage for the City in 2010. Based on the City projections, the population in the Ontario sphere of influence is estimated at 184,400 persons. To conduct this analysis, the income levels of Ontario residents were adjusted for inflation. The KMA analysis identified that there appears to be a large amount of development potential for general merchandise stores. Assuming the same sales factor utilized above ($350) per square foot, the additional development would total 213,700 square feet. Overall, the surplus of other retail types would continue to exist.

Market Area Retail Potential - Existing and Future

In addition to evaluating the potential retail supported by City residents, KMA estimated the potential demand from the residents in the surrounding six cities which compose the Market Area.

Shown in Table 12 is a projection of the current retail surplus/leakage for the Market Area. Based on projections by Claritas, the population in the Market Area is estimated at 706,300 persons. To conduct this analysis, the income levels of the area's residents were adjusted for inflation. The KMA analysis identified the following establishment types that are potentially underrepresented in the Market Area, and would likely be incorporated into a traditional community or regional serving retail development.

1. Food Stores - There appears to be additional demand in the Market Area for 378,500 square feet of development.

2. Other Retail Stores - There appears to be demand for additional "other retail" stores, which include farm and garden supply stores, second-hand merchandise stores, fuel and ice dealers and trailer and camper stores. Overall, additional demand could exist for 92,200 square feet of this type of establishment.

Overall, the total supportable development equates to 470,700 square feet. It is important to note that while there is demand for general merchandise space within the City of Ontario, that demand is being met at locations outside of the City.

Also, shown in Table 12 is the estimated Market Area potential of Ontario establishments in 2010. As expected, there is significantly more demand for additional retail establishments, including general merchandise stores, food stores and other retail stores.

1. General Merchandise Stores - There appears to be additional demand in the Market Area for 143,500 square feet of retail development.

2. Food Stores - There appears to be demand for 830,800 square feet of food stores.

3. Other Retail Stores - There appears to be additional demand for 223,600 square feet of eating and drinking places in the City.

IMPLICATIONS AND CONCLUSIONS

The KMA analysis identified the following key issues regarding the potential economic impact of the proposed Wal-Mart:

1. There is a shortage of general merchandise space within the City, but that is not the case in the Market Area. By 2010, however, even the larger Market Area could have a shortage of general merchandise space.

2. There is an excess of food store space in the City and that is expected to continue in the future. On the other hand, there is a shortage of food store space in the Market Area.

Based on the KMA analysis, there are several conclusions that can be drawn First, the development of the project will reduce the leakage of general merchandise sales from the City. The development will cause a temporary over supply of general merchandise retail space in the Market Area (including an existing Wal-Mart) through 2010. By that time, projected population and income growth in the area will have generated sufficient demand to support the general merchandise portion of the store.

Second, the development of the project will increase the over supply of food store space within the City. The current over abundance of food store space in the City serves residents in the adjoining cities where there is a shortage of food store space. At the Market Area level, however, there is a substantial shortage of food store space. This shortage doubles from nearly 400,000 square feet to over 800,000 square feet in 2010. The proposed project will offset a portion of this shortage.

Overall, it does not appear that the proposed project will have a negative impact on existing retailers in the long-term. There will be a temporary over supply of general merchandise space through 2010. Projected growth in the area will create additional spending potential in the Market Area, which is likely to eliminate the over supply situation.

Limiting Conditions

1. The analysis contained in this document is based, in part, on data from secondary sources such as state and local government, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.

2. The analysis assumes that neither the local nor national economy will experience a major recession. If an unforeseen change occurs in the economy, the conclusions contained herein may no longer be valid.

3. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured.

4. Market feasibility is not equivalent to financial feasibility; other factors apart from the level of demand for a land use are of crucial importance in determining feasibility. These factors include the cost of acquiring sites, relocation burdens, traffic impacts, remediation of toxics (if any), and mitigation measures required through the approval process.

5. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity.

6. The analysis, opinions, recommendations and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.

TABLE 1

SHOPPING CENTERS > 75,000 SQ.FT. WITHIN MARKET AREA [1]
WALMART ECONOMIC IMPACT
ONTARIO, CA

No	Center Name	Type [2]	Location	City	State	Zip	SF	Anchors
1	Ontario Mills	SR	1 Mills Circle	Ontario	CA	91764	1,491,884	AMC Theatres (125,000 sf), Bed, Bath & Beyond (44,208), Burlington Coat Factory (79,989 sf), Dave & Buster's (59,275 sf), JCPenney Outlet (105,028 sf), Marshals (50,895 sf), T.J. Maxx (35,308 sf)
2	Montclair Plaza	SR	5060 Montclair Plaza Ln	Montclair	CA	91763	1,372,095	JCPenney (179,708 sf), Macy's (145,820 sf), Nordstrom (119,511 sf), Robinson's-May (183,301 sf), Sears (174,675 sf)
3	Colonies Crossroads	SR	I-210 & Campus Ave	Upland	CA	91786	1,000,000	Albertson's, Bed, Bath & Beyond, Chick's Sporting Goods, Home Depot, Kohl's, L.A. Fitness, Target
4	Terra Vista Town Center	R	10576 Foothill Blvd	Rancho Cucamonga	CA	91730	611,000	Bally's (35,000 sf), Home Design Furniture, Mervyn's (74,245 sf), Michaels, Ross (26,302 sf), Target (101,800 sf), Ultra Star Cinemas (24,430 sf)
5	Chino Town Square	R	5525-K Philadelphia St	Chino	CA	91710	525,751	DD's Discount (30,000 sf), Mervyn's (76,000 sf), Ross (30,730 sf), Sam's Club (100,575 sf), Target (112,062 sf)
6	Village at Indian Hill	R	1460 E Holt Blvd	Pomona	CA	91767	495,951	Indian Hill Cinema , Leroy Boys Home Thrift Store (31,880 sf)
7	Terra Vista Promenade	R	11884 Foothill Blvd	Rancho Cucamonga	CA	91730	472,398	Home Depot (165,755 sf)
8	Phillip Village Center	R	4-14 Village Loop Rd	Pomona	CA	91766	364,602	Albertson's (29,788 sf)
9	Foothill Crossing	R	SWC Foothill Blvd & I-15	Rancho Cucamonga	CA	91730	300,000	Sears (180,000 sf)
10	Mountain Square	C	250-420 S Mountain Ave	Upland	CA	91786	273,167	Home Depot (98,064 sf), Staples (24,133 sf), Vons (63,748 sf)
11	The Marketplace at Ontario Cent	C	951 W Milliken Ave	Ontario	CA	91764	246,756	Sam's Wholesale Club (132,083 sf), Staples (25,000 sf)
12	La Verne Towne Center	C	2462 Foothill Blvd	La Verne	CA	91750	231,376	Target (114,732 sf), Vons Supermarket (60,000 sf)
13	Town Center Square at Terra Vis	C	10930 Foothill Blvd	Rancho Cucamonga	CA	91730	224,733	Barnes & Noble (24,180 sf), Best Buy (57,514 sf), OfficeMax (36,347 sf), PetSmart (19,070 sf), Stein Mart (37,335 sf)
14	Masi Plaza	C	11871 Foothill Blvd	Rancho Cucamonga	CA	91730	220,000	Unknown
15	Ontario Gateway Center	C	4310-4490 Ontario Mills Pkwy	Ontario	CA	91764	219,926	Babies 'R' Us (37,430 sf), Furniture Superstore (23,500 sf), Golfsmith (24,000 sf), Jo-Ann Etc. (42,127 sf), Toys 'R' Us (48,000 sf)
16	Country Fair Shopping Center	C	12013 Central Ave	Chino	CA	91710	211,704	Albertson's (43,440 sf), Dollar Tree (25,060 sf), Petsmart (24,225 sf), Rite-Aid (21,400 sf)
17	Mountain Green Center	C	201-391 S Mountain Ave	Upland	CA	91786	203,756	Long's Drugs (25,000 sf), Mervyn's (77,000 sf), Michaels (22,900 sf)
18	Mountain Avenue Shopping Cen	C	1333 N Mountain Ave	Ontario	CA	91762	194,700	Food 4 Less, Target, Toys 'R' Us
19	Orchard Hardware Plaza	C	9080 Foothill Blvd	Rancho Cucamonga	CA	91730	169,500	Big Lots (18,831 sf), Orchard Supply Hardware (52,348 sf), RL Family Sports Center (35,907 sf)
20	Vineyard Freeway Center	C	1630 E 4th St	Ontario	CA	91764	163,762	Big Kmart (105,000 sf)
21	Ontario Plaza	C	1000 N Mountain Ave	Ontario	CA	91762	149,777	Albertson's (50,499 sf), Jo-Ann Fabrics (14,000 sf), Rite-Aid (17,254 sf)
22	Vineyard Village	C	2401-2455 S Vineyard Ave	Ontario	CA	91761	142,206	Pep Boys (20,364 sf), Sears Outlet (26,000 sf)
23	Chino Towne Promenade	C	5420 Philadelphia St	Chino	CA	91710	138,244	24-Hr Fitness (20,000 sf)
24	Terra Vista Village	C	7243 Haven Ave	Rancho Cucamonga	CA	91701	135,021	Long's Drugs (23,009 sf), Ralph's (36,660 sf)
25	Homecenter Ontario	C	735 Milliken Ave	Ontario	CA	91761	130,000	Levitz Furniture

TABLE 1

SHOPPING CENTERS > 75,000 SQ.FT. WITHIN MARKET AREA [1]
WALMART ECONOMIC IMPACT
ONTARIO, CA

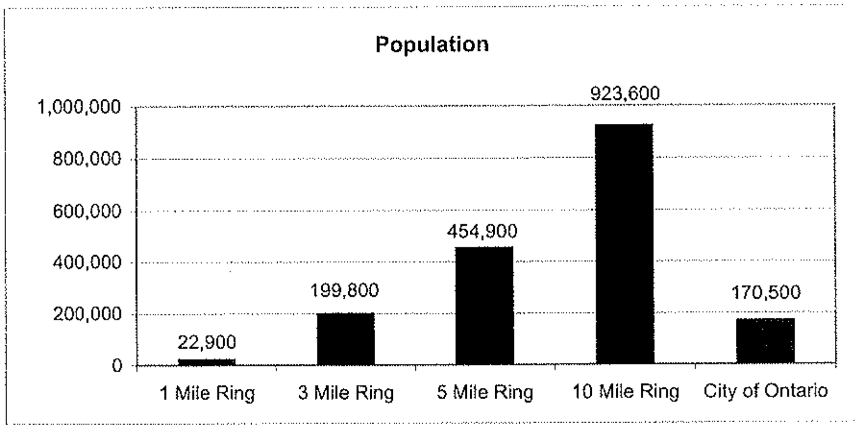
No	Center Name	Type [2]	Location	City	State	Zip	SF	Anchors
26	Montclair East	C	9137 Central Ave	Montclair	CA	91763	130,000	Office Depot (25,000 sf), Ross Dress 4 Less (24,000 sf), Sportmart (13,000 sf), Strouds (15,000 sf)
27	Haven Village	C	NEC Haven Ave & Highland Ave	Rancho Cucamonga	CA	91737	123,987	Unknown
28	Grove Plaza	C	Grove Avenue & Walnut St	Ontario	CA	91761	122,605	Albertson's, Sav-On, Kragen Auto, Wells Fargo
29	Foothill Square II	C	3180-3296 N Garey	Pomona	CA	91767	121,000	Albertson's (55,000 sf), Kragen Auto Parts
30	Upland Freeway Center	C	1348-1438 W 7th Street	Upland	CA	91786	116,029	Unknown
31	The Valley Center	C	602-782 E Arrow Highway	Pomona	CA	91767	116,000	Bargain Fair (18,000 sf)
32	Central Park Plaza	C	7369 Milliken Ave	Rancho Cucamonga	CA	91730	111,747	Ralph's Grocery (45,796 sf)
33	Kmart Plaza	C	8790 Central Ave	Montclair	CA	91763	109,700	Unknown
34	Pomona Center	C	1955 Indian Hill Blvd	Pomona	CA	91767	108,887	Big Lots (15,600 sf)
35	The Village at Ontario Center	C	1051 N Milliken Ave	Ontario	CA	91764	108,484	Kohl's (86,584 sf)
36	Pacific Plaza	C	2544-96 S Archibald Ave	Ontario	CA	91761	107,968	Unknown
37	Village Grove Square	C	1445 Foothill Blvd	Upland	CA	91786	107,000	Payless Shoesource (3,000 sf), Sav-On (8,400 sf)
38	Victoria Gateway Center	C	NWC Foothill Blvd & Day Creek Blvd	Rancho Cucamonga	CA	91730	105,757	Beverages & More (10,000 sf), Circuit City (33,862 sf), REI (23,524 sf)
39	Montclair Promenade	C	9015-9061 Central Ave	Montclair	CA	91763	105,543	Unknown
40	Vineyards Marketplace	C	11338-11438 Baseline Rd	Rancho Cucamonga	CA	91730	105,153	Albertson's (42,630 sf), Sav-On Drug (21,415 sf)
41	Sav-On Center	C	100 W Foothill Blvd	Upland	CA	91786	103,000	Sav-On Drug
42	Marshall's Montclair Promenade	C	9041-9065 Central Ave	Montclair	CA	91763	101,862	CompUSA (27,808 sf)
43	Claremont Shopping Center	C	436 Auto Center Dr	Claremont	CA	91711	101,344	Albertson's (47,000 sf)
44	Upland Square	C	829 W Foothill Blvd	Upland	CA	91786	101,064	Ralphs's Grocery
45	Foothill & Towne Center	C	663-675 E Foothill Blvd	Pomona	CA	91767	100,000	Sav-On Drug (40,000 sf), Staples (17,000 sf), Walgreens
46	Plaza Continental	C	3680 Inland Empire Blvd	Ontario	CA	91764	100,000	Unknown
47	Ontario Village Shopping Center	N	562-668 W Holt Blvd	Ontario	CA	91762	97,149	Big Lots (21,964 sf), Pic 'N Save Drugs, Stater Brothers (35,231 sf)
48	Big K-Mart Center	N	Walnut St & S Euclid Ave	Ontario	CA	91762	96,000	Big K-Mart, Carls Jr
49	Thomas Winery Plaza	N	7945 Vineyard Ave	Rancho Cucamonga	CA	91730	95,410	Unknown
50	Best Plaza	N	8950 Central Ave	Montclair	CA	91763	93,311	None
51	Fourth & Grove Center	N	East 4th Street & Grove Avenue	Ontario	CA	91764	93,170	Jax Market, Rent-A-Center
52	Outlet Expo Manufacturer's Plaz	N	1701 W Mission Blvd	Pomona	CA	91766	90,000	Unknown
53	Upland Center	N	1234-1248 W Foothill	Upland	CA	91786	90,000	Unknown
54	Driftwood Village	N	2254 S Euclid	Ontario	CA	91762	89,687	Food 4 Less Supermarket
55	Country Village Shopping Center	N	8718-8812 Carnelian Rd	Rancho Cucamonga	CA	91701	88,839	Stater Brothers Supermarket (25,565 sf)
56	Vineyard Plaza	N	East 4th Street & Vineyard Avenue	Ontario	CA	91764	88,451	Ralph's, Rite-Aid, Auto Zone
57	Foothill Village Shopping Center	N	9309-9359 Foothill Blvd	Rancho Cucamonga	CA	91730	87,414	Unknown
58	Day Creek Marketplace	N	SEC Baseline Rd & Day Creek Blvd	Rancho Cucamonga	CA	91701	84,000	Henry's Market (27,000 sf)
59	Archibald Rancho Town Center	N	2963 S Archibald Ave	Ontario	CA	91761	83,848	C.J.'s Market (37,444 sf)
60	Mountain Village Plaza	N	12881 Mountain Ave	Chino	CA	91710	82,424	Food 4 Less (32,124 sf)
61	The Chino Mall	N	12130-12204 Central Ave	Chino	CA	91710	82,120	Ralph's Grocery (32,250 sf), Sav-On (21,000 sf)
62	The Old School House	N	415 W Foothill Blvd	Claremont	CA	91711	79,000	Unknown
63	Pepper Tree Square	N	300 S Indian Hill Blvd	Claremont	CA	91711	78,000	Unknown
64	Montclair Entertainment Plaza	N	9345-9415 Monte Vista Ave	Montclair	CA	91763	75,686	AMC Theatres (18,000 sf)

Source: National Research Bureau, Shopping Center Directory Online (2005 ed.), City Retail Tenant Guide (2004), City staff
[1] The Market Area consists of the cities of Ontario, Chino, Pomona, Montclair, Claremont, Upland and Rancho Cucamonga.
[2] N - Neighborhood Center, C - Community Center, R - Regional Center, SR - Super Regional

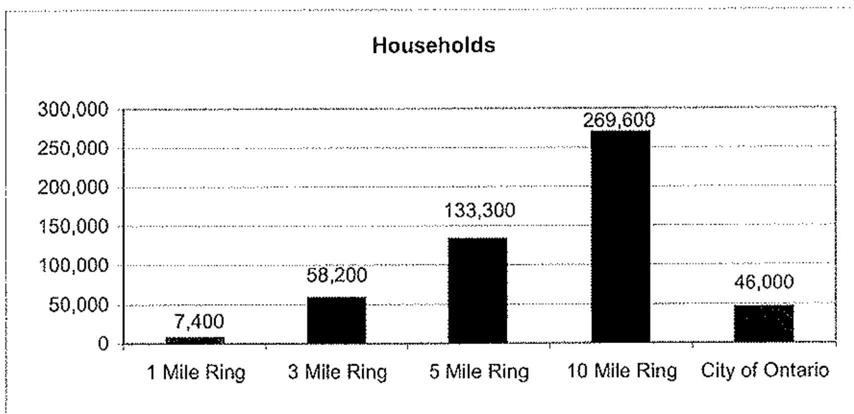
TABLE 2

2005 SOCIO-ECONOMIC CHARACTERISTICS
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

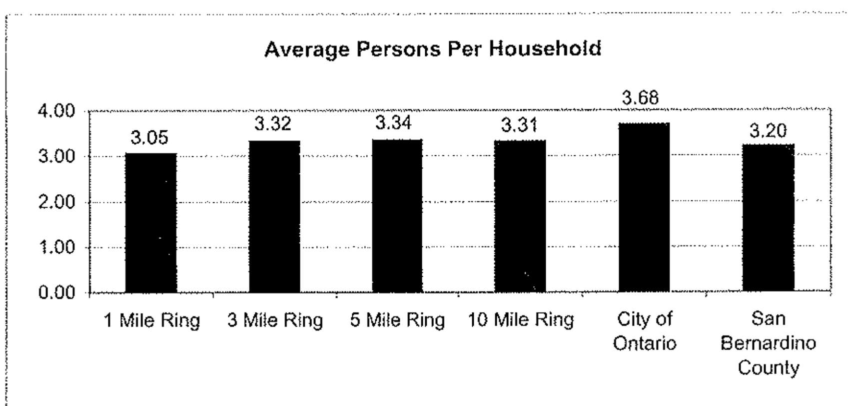
Population	
1 Mile Ring	22,900
3 Mile Ring	199,800
5 Mile Ring	454,900
10 Mile Ring	923,600
City of Ontario	170,500
San Bernardino County	1,909,900



Households	
1 Mile Ring	7,400
3 Mile Ring	58,200
5 Mile Ring	133,300
10 Mile Ring	269,600
City of Ontario	46,000
San Bernardino County	579,400



Average Persons per Hhold	
1 Mile Ring	3.05
3 Mile Ring	3.32
5 Mile Ring	3.34
10 Mile Ring	3.31
City of Ontario	3.68
San Bernardino County	3.20

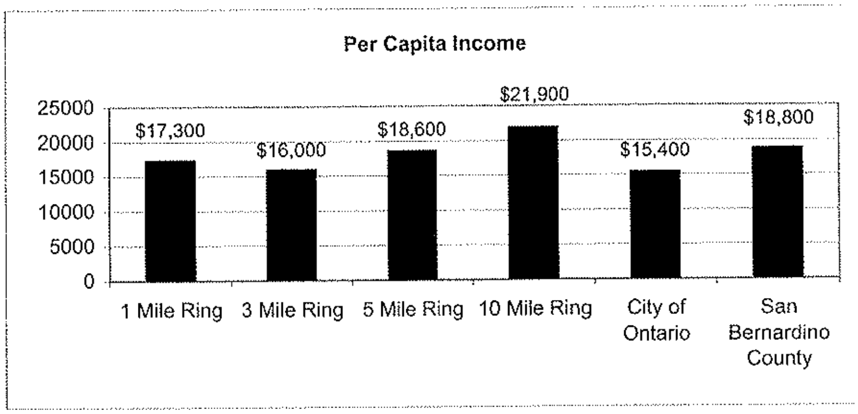


Source: Claritas National Decision Systems
Prepared by: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T2-Socio; 8/8/2005; cb

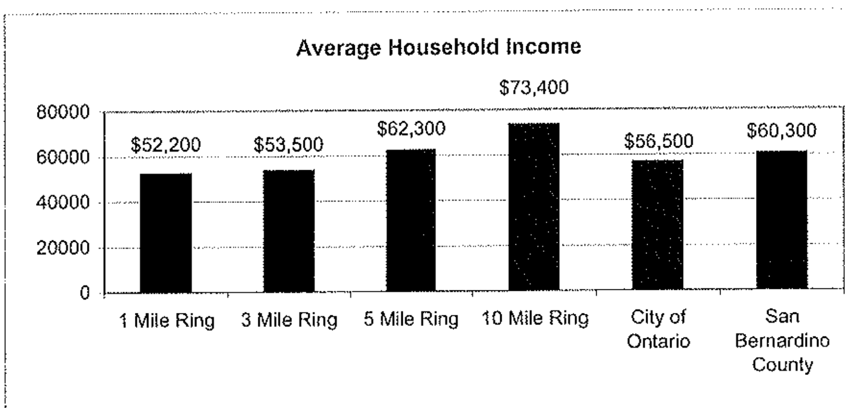
TABLE 2 (CONTINUED)

2005 SOCIO-ECONOMIC CHARACTERISTICS
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

Per Capita Income	
1 Mile Ring	$17,300
3 Mile Ring	$16,000
5 Mile Ring	$18,600
10 Mile Ring	$21,900
City of Ontario	$15,400
San Bernardino County	$18,800



Average Household Income	
1 Mile Ring	$52,200
3 Mile Ring	$53,500
5 Mile Ring	$62,300
10 Mile Ring	$73,400
City of Ontario	$56,500
San Bernardino County	$60,300



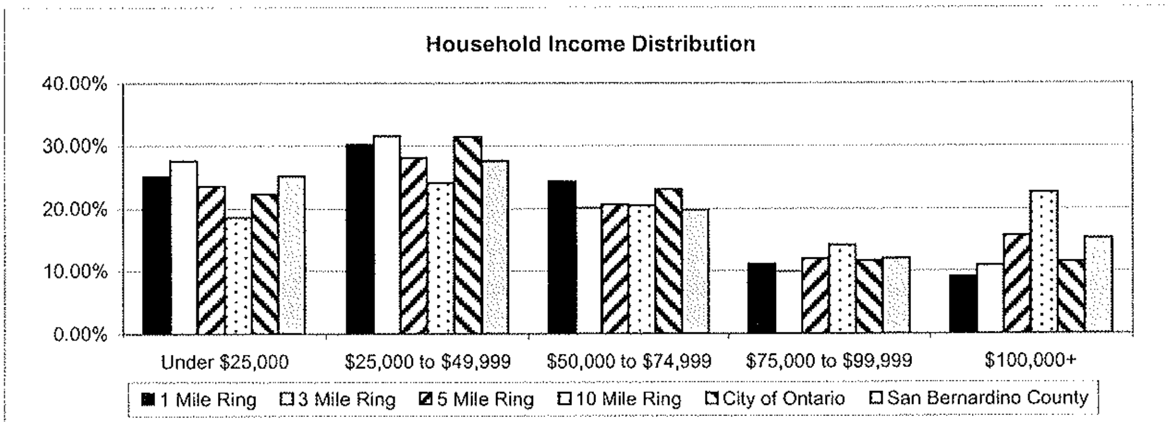
Source: Claritas National Decision Systems
Prepared by: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T2-Socio; 8/8/2005; cb

TABLE 2 (CONTINUED)

2005 SOCIO-ECONOMIC CHARACTERISTICS
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

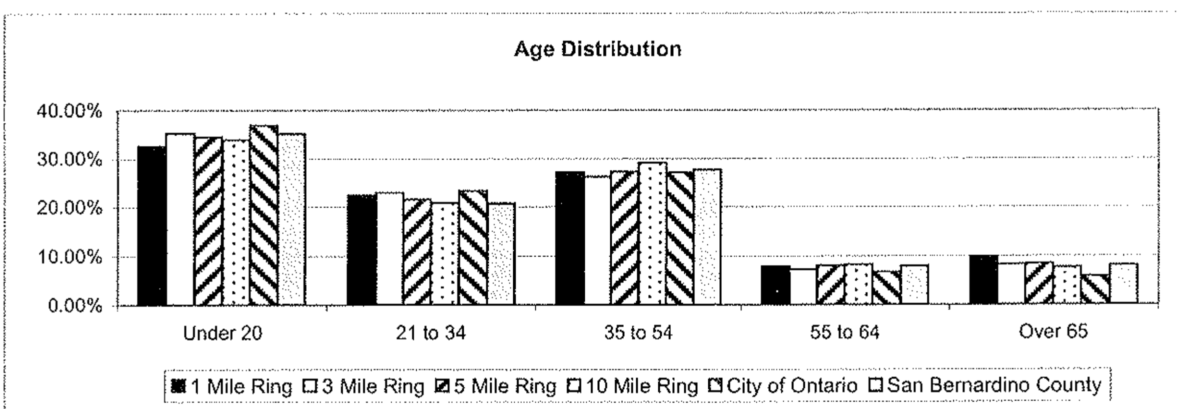
Household Income Distribution

	Under $25,000	$25,000 to $49,999	$50,000 to $74,999	$75,000 to $99,999	$100,000+
1 Mile Ring	25.20%	30.19%	24.34%	11.16%	9.10%
3 Mile Ring	27.63%	31.49%	20.16%	9.90%	10.82%
5 Mile Ring	23.64%	28.11%	20.66%	11.95%	15.64%
10 Mile Ring	18.58%	24.12%	20.53%	14.15%	22.61%
City of Ontario	22.38%	31.40%	23.07%	11.68%	11.47%
San Bernardino County	25.26%	27.65%	19.82%	12.01%	15.26%



Age Distribution

	Under 20	21 to 34	35 to 54	55 to 64	Over 65
1 Mile Ring	32.66%	22.41%	27.14%	7.84%	9.95%
3 Mile Ring	35.25%	22.94%	26.24%	7.28%	8.29%
5 Mile Ring	34.62%	21.59%	27.23%	8.05%	8.50%
10 Mile Ring	33.97%	20.90%	29.10%	8.31%	7.72%
City of Ontario	36.90%	23.32%	27.06%	6.81%	5.92%
San Bernardino County	35.18%	20.71%	27.69%	7.96%	8.17%



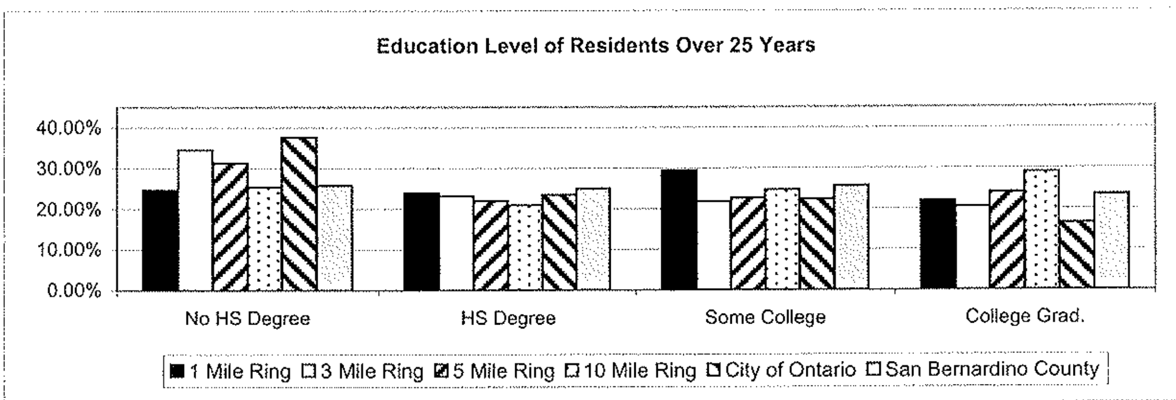
Source: Claritas National Decision Systems
Prepared by: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T2-Socio; 8/8/2005; cb

TABLE 2 (CONTINUED)

2005 SOCIO-ECONOMIC CHARACTERISTICS
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

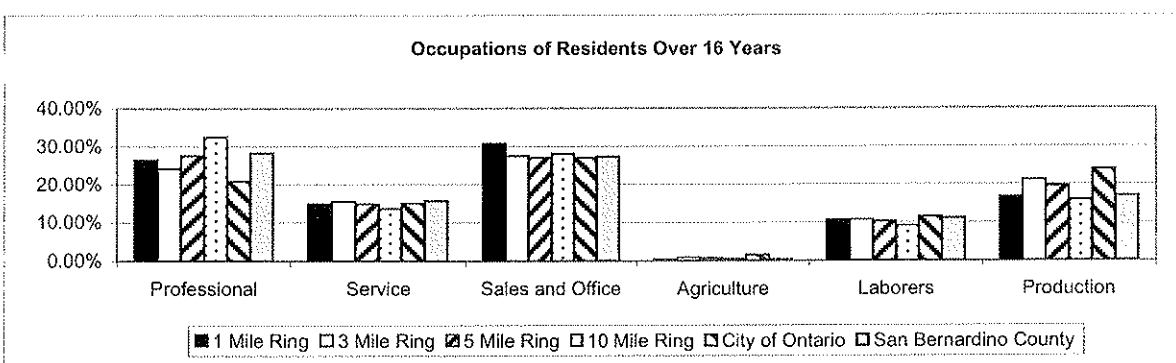
Education Levels of Population Over 25

	No HS Degree	HS Degree	Some College	College Grad.
1 Mile Ring	24.71%	24.00%	29.38%	21.92%
3 Mile Ring	34.46%	23.24%	21.77%	20.54%
5 Mile Ring	31.32%	22.10%	22.61%	23.98%
10 Mile Ring	25.44%	20.96%	24.68%	28.92%
City of Ontario	37.67%	23.48%	22.39%	16.46%
San Bernardino County	25.87%	25.01%	25.69%	23.43%



Occupations of Residents Over 16 Years

	Professional	Service	Sales and Office	Agriculture	Laborers	Production
1 Mile Ring	26.36%	14.96%	30.80%	0.47%	10.67%	16.74%
3 Mile Ring	24.17%	15.49%	27.53%	0.86%	10.77%	21.19%
5 Mile Ring	27.60%	14.87%	27.07%	0.72%	10.26%	19.49%
10 Mile Ring	32.55%	13.70%	28.17%	0.58%	9.06%	15.93%
City of Ontario	20.93%	15.10%	27.04%	1.52%	11.44%	23.97%
San Bernardino County	28.30%	15.73%	27.38%	0.46%	11.17%	16.97%



Source: Claritas National Decision Systems
Prepared by: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T2-Socio; 8/8/2005; cb

TABLE 3

HISTORIC POPULATION GROWTH
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

	2000 [1]	2005 [2]	% Change (2000-2005)	2010 [2]	% Change (2005-2010)
Ontario	158,007	171,154	8.3%	180,059	5.2%
Chino	67,168	75,097	11.8%	82,319	9.6%
Montclair	33,049	34,459	4.3%	34,709	0.7%
Upland	68,393	74,991	9.6%	80,143	6.9%
Rancho Cucamonga	127,743	149,527	17.1%	154,170	3.1%
Pomona	149,473	163,943	9.7%	176,040	7.4%
Claremont	33,998	36,677	7.9%	37,616	2.6%
Market Area	**637,831**	**705,848**	**10.7%**	**745,056**	**5.6%**
San Bernardino County	1,709,434	1,919,215	12.3%	2,059,420	7.3%
State of California	33,871,648	36,216,549	6.9%	38,656,963	6.7%

[1] Source: Claritas
[2] Source: SCAG, Forecasting Section Population Projections, http://www.scag.ca.gov/forecast/index.htm

Prepared by: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T3-PopGrowth; 8/8/2005; cb

TABLE 4

TOTAL & PER CAPITA SALES
ONTARIO, NEARBY CITIES, SAN BERNARDINO COUNTY AND CALIFORNIA
RETAIL MARKET OVERVIEW
SAN BERNARDINO COUNTY, CA

	Total Sales ($000s) 2003									
	Ontario	Chino	Montclair	Upland	Rancho Cucamonga	Pomona	Claremont	Market Area [1]	San Bernardino County	California
Apparel Stores	$208,611	$66,959	$76,758	$12,607	$16,216	$11,927	$3,569	$396,647	$654,465	$15,179,710
General Merchandise Stores [2]	163,543	219,459	$360,130	$108,949	$323,828	$70,556	$2,569	$1,249,034	2,924,522	56,056,281
Specialty Stores	531,758	157,924	$161,434	$68,414	$163,559	$75,913	$32,238	$1,191,240	2,010,974	45,191,191
Food Stores [2]	288,837	81,189	$34,549	$113,989	$234,726	$154,888	$50,894	$959,072	2,806,720	55,450,923
Eating & Drinking Places	252,951	96,127	$58,913	$64,118	$155,903	$96,637	$30,885	$755,534	1,689,834	40,049,699
Home Furnishing & Appliances	113,751	24,808	$42,499	$37,595	$39,072	$32,667	$2,206	$292,598	530,546	15,104,217
Building Material & Farm Imp.	247,483	78,981	$15,641	$98,811	$162,629	$103,181	$0	$706,726	1,549,631	30,693,755
Other Retail Stores	77,586	16,257	$46,071	$6,679	$9,513	$20,286	$2,361	$178,753	532,916	9,273,065
Retail Stores Total	$1,884,520	$741,704	$795,995	$511,162	$1,105,446	$566,055	$124,722	$5,729,604	$12,699,608	$266,998,841

	Per Capita Sales 2003									
Population	168,960	74,154	34,942	73,159	155,723	158,421	36,349	701,708	1,897,950	36,271,091
	Ontario	Chino	Montclair	Upland	Rancho Cucamonga	Pomona	Claremont	Market Area [1]	San Bernardino County	California
Apparel Stores	$1,235	$903	$2,197	$172	$104	$75	$98	$565	$345	$419
General Merchandise Stores	$968	$2,960	$10,307	$1,489	$2,080	$445	$71	$1,780	$1,541	$1,545
Specialty Stores	$3,147	$2,130	$4,620	$935	$1,050	$479	$887	$1,698	$1,060	$1,246
Food Stores	$1,709	$1,095	$989	$1,558	$1,507	$978	$1,400	$1,367	$1,479	$1,529
Eating & Drinking Places	$1,497	$1,296	$1,686	$876	$1,001	$610	$850	$1,077	$890	$1,104
Home Furnishing & Appliances	$673	$335	$1,216	$514	$251	$206	$61	$417	$280	$416
Building Material & Farm Imp.	$1,465	$1,065	$448	$1,351	$1,044	$651	$0	$1,007	$816	$846
Other Retail Stores	$459	$219	$1,318	$91	$61	$128	$65	$255	$281	$256
Retail Stores Total	$11,154	$10,002	$22,780	$6,987	$7,099	$3,573	$3,431	$8,165	$6,691	$7,361

Source: California State Board of Equalization; California State Department of Finance (population estimates as of 1/1/2004); KMA
[1] Includes the cities of Ontario, Chino, Montclair, Upland, Rancho Cucamonga, Pomona and Claremont.
[2] Assumes general merchandise sales are 90% taxable.
[3] Assumes food store sales are 35% taxable.

Prepared By: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T4-TaxSalesCapita; 8/8/2005; cb

TABLE 5

GENERAL MERCHANDISE SALES SUMMARY
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

Industry Code [1]	No. Permits	2003 Sales ($000s)	2003 Adjusted Sales [2]	2005 Sales [3]	2005 Per Capita Sales
MARKET AREA [4]					
5	37	$ 43,807	$ 46,112,632	$ 48,411,000	$ 68.54
7	76	$ 663,561	$ 698,485,263	$ 733,298,000	$1,038.23
9	125	$ 504,965	$ 531,542,105	$ 558,035,000	$ 790.09
SAN BERNARDINO COUNTY					
5	65	$ 90,398	$ 95,155,789	$ 99,898,000	$ 52.31
7	149	$ 1,175,256	$ 1,237,111,579	$ 1,298,770,000	$ 680.03
9	324	$ 1,237,172	$ 1,302,286,316	$ 1,367,193,000	$ 715.85
STATE OF CALIFORNIA					
5	1,434	$ 1,252,764	$ 1,318,698,947	$ 1,384,424,000	$ 38.23
7	2,854	$26,327,787	$ 27,713,460,000	$29,094,725,000	$ 803.35
9	5,643	$17,114,528	$ 18,015,292,632	$18,913,192,000	$ 522.23

Source: SBE; Bureau of Labor Statistics-CPI-U West Region; Claritas; KMA

[1] Code "05" includes variety store sales (e.g. five and ten cent stores, stores primarily dealing in sundries, stores retailing a variety of small wares & notions in a low-price range, drug stores not selling prescriptions). Code "07" includes department store sales, and code "09" includes general store sales.
[2] Assumes general merchandise sales are 95% taxable
[3] Sales in 2005 assume 2003 sales adjusted by the change in the CPI-U for the West Region during this period.
[4] Market Area includes the cities of Chino, Montclair, Upland, Rancho Cucamonga, Pomona, and Ontario. Claremont was excluded due to disclosure issues.

TABLE 6

TOTAL PERMITS & SALES PER PERMIT
ONTARIO, NEARBY CITIES, SAN BERNARDINO COUNTY AND CALIFORNI/
RETAIL MARKET OVERVIEW
SAN BERNARDINO COUNTY, CA

	Total Permits 2003									
	Ontario	Chino	Montclair	Upland	Rancho Cucamonga	Pomona	Claremont	Market Area [1]	San Bernardino County	California
Apparel Stores	220	70	169	62	69	214	32	836	1,622	36,328
General Merchandise Stores	65	33	40	29	45	80	9	301	740	14,385
Specialty Stores	842	280	437	424	552	1,134	193	3862	7,871	195,033
Food Stores	109	34	32	41	71	115	22	424	1,050	24,707
Eating & Drinking Places	322	150	102	151	244	311	73	1353	3,236	80,933
Home Furnishing & Appliances	161	42	70	70	86	144	14	587	1,206	30,603
Building Material & Farm Imp.	59	33	10	31	43	38	3	217	531	11,614
Other Retail Stores	117	40	57	29	37	85	10	375	1,095	20,725
Retail Stores Total	1,895	682	917	837	1,147	2,121	356	7,955	17,351	414,328

	Sales Per Permit 2003									
	Ontario	Chino	Montclair	Upland	Rancho Cucamonga	Pomona	Claremont	Market Area [1]	San Bernardino County	California
Apparel Stores	$948,232	$956,557	$454,189	$203,339	$235,014	$55,734	$111,531	$474,458	$403,493	$417,852
General Merchandise Stores	$2,516,046	$6,650,273	$9,003,250	$3,756,862	$7,196,178	$881,950	$285,444	$4,149,615	$3,952,056	$3,896,857
Specialty Stores	$631,542	$564,014	$369,414	$161,354	$296,303	$66,943	$167,036	$308,452	$255,492	$231,710
Food Stores	$2,649,881	$2,387,912	$1,079,656	$2,780,220	$3,306,000	$1,346,852	$2,313,364	$2,261,962	$2,673,067	$2,244,341
Eating & Drinking Places	$785,562	$640,847	$577,578	$424,623	$638,947	$310,730	$423,082	$558,414	$522,198	$494,850
Home Furnishing & Appliances	$706,528	$590,667	$607,129	$537,071	$454,326	$226,854	$157,571	$498,463	$439,922	$493,553
Building Material & Farm Imp.	$4,194,627	$2,393,364	$1,564,100	$3,187,452	$3,782,070	$2,715,289	$0	$3,256,802	$2,918,326	$2,642,824
Other Retail Stores	$663,128	$406,425	$808,263	$230,310	$257,108	$238,659	$236,100	$476,675	$486,681	$447,434
Retail Stores Average	$994,470	$1,087,543	$868,043	$610,707	$963,772	$266,881	$350,343	$720,252	$731,924	$644,414

Prepared By: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T6-TaxSalesPermit; 8/8/2005; cb

TABLE 6

TOTAL PERMITS & SALES PER PERMIT
ONTARIO, NEARBY CITIES, SAN BERNARDINO COUNTY AND CALIFORNI/
RETAIL MARKET OVERVIEW
SAN BERNARDINO COUNTY, CA

	Residents per Permit									
	2003									
Population	168,960	74,154	34,942	73,159	155,723	158,421	36,349	701,708	1,897,950	36,271,091
	Ontario	Chino	Montclair	Upland	Rancho Cucamonga	Pomona	Claremont	Market Area [1]	San Bernardino County	California
Apparel Stores	768	1,059	207	1,180	2,257	740	1,136	839	1,170	998
General Merchandise Stores	2,599	2,247	874	2,523	3,461	1,980	4,039	2,331	2,565	2,521
Specialty Stores	201	265	80	173	282	140	188	182	241	186
Food Stores	1,550	2,181	1,092	1,784	2,193	1,378	1,652	1,655	1,808	1,468
Eating & Drinking Places	525	494	343	484	638	509	498	519	587	448
Home Furnishing & Appliances	1,049	1,766	499	1,045	1,811	1,100	2,596	1,195	1,574	1,185
Building Material & Farm Imp.	2,864	2,247	3,494	2,360	3,621	4,169	12,116	3,234	3,574	3,123
Other Retail Stores	1,444	1,854	613	2,523	4,209	1,864	3,635	1,871	1,733	1,750
Retail Stores Total	89	109	38	87	136	75	102	88	109	88

Source: California State Board of Equalization; California State Department of Finance; KMA
[1] Includes the cities of Ontario, Chino, Montclair, Upland, Rancho Cucamonga, Pomona and Claremont.

Prepared By: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T6-TaxSalesPermit; 8/8/2005; cb

TABLE 7

ESTIMATED RETAIL POTENTIAL
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

Share of Income Spent on Retail Goods- Consumer Expenditure Survey - West Region (2003)

Consumer Unit Income Before Taxes	$52,506	
Expenditure Type	**Expenditure**	**Income Share**
Food at Home	$3,428	6.5%
Food away from Home	2,449	4.7%
Alcoholic Beverages	421	0.8%
Household Supplies and Operations	1,315	2.5%
Household Furnishings and Equipment	1,858	3.5%
Apparel and Services	1,834	3.5%
Entertainment[1]	2,494	4.7%
Personal care products	606	1.2%
Reading	146	0.3%
Tobacco & Smoking Supplies	224	0.4%
Miscellaneous	695	1.3%
Total	$15,470	
Retail Expenditures as Share of Income		**29.5%**

Share of Income Spent on Retail Goods in San Bernardino County - SBE & Census

Estimated Aggregate Income in 2005 ($000s)	$35,829,255	
Establishment Type	**2005 Sales ($000s)**	**Income Share**
Apparel Stores	$687,083	1.9%
General Merchandise Stores[2]	3,070,282	8.6%
Specialty Stores	2,111,202	5.9%
Food Stores[3]	2,946,609	8.2%
Eating & Drinking Places	1,774,057	5.0%
Home Furnishing & Appliances	556,989	1.6%
Building Material & Farm Imp.	1,626,866	4.5%
Other Retail Stores	559,477	1.6%
Retail Stores Total	$13,332,565	
Retail Expenditures as Share of Income		**37.2%**

1. Does not include fees and admissions.
2. Assumes general merchandise sales are 95% taxable and drug store sales are 65% taxable.
3. Assumes food store sales are 35% taxable.

TABLE 8

ESTIMATED MARKET POTENTIAL - EXISTING CONDITIONS
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

Population in City of Ontario (2005) [1]	170,524
Per Capita Income (2005) [1]	$15,447
Gross City of Ontario Income (2005)	$2,634,084,228

Establishment Type	Ontario Sales (2003)	Ontario Sales (2005)[2]	Ontario Potential (2005)	Surplus/ (Leakage)	Typical Productivity	Additional Development
Apparel Stores	$208,611,000	$219,008,000	$50,512,000	$168,496,000	NA	NA
General Merchandise Stores [3]	163,543,000	171,695,000	225,720,000	(54,025,000)	$350	154,400
Specialty Stores	531,758,000	558,261,000	155,211,000	403,050,000	NA	NA
Food Stores [4]	288,837,000	303,233,000	216,628,000	86,605,000	NA	NA
Eating & Drinking Places	252,951,000	265,558,000	130,425,000	135,133,000	NA	NA
Home Furnishing & Appliances	113,751,000	119,420,000	40,948,000	78,472,000	NA	NA
Building Material & Farm Imp.	247,483,000	259,818,000	119,604,000	140,214,000	NA	NA
Other Retail Stores	77,586,000	81,452,000	41,131,000	40,321,000	NA	NA
Retail Stores Total	$1,884,520,000	$1,978,445,000	$980,179,000	$998,266,000	NA	NA

Source: SBE; Burea of Labor Statistics-CPI-U West Region; Claritas; KMA

1. Based on estimates provided by the Claritas Data Systems.
2. Sales in 2005 assume 2003 sales adjusted by the change in the CPI-U for the West Region during this period.
3. Assumes general merchandise sales are 95% taxable and drug store sales are 65% taxable.
4. Assumes food store sales are 35% taxable.

Prepared by: Keyser Marston Associates, Inc.
Filename:FINAL Report Tables.bw;T8-OntarioPtl;8/8/2005;4:56 PM;cb

TABLE 9

BREAKDOWN OF KEY ESTABLISHMENT TYPES- EXISTING CONDITIONS
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

	Ontario Sales (2005)[1]	Ontario Potential (2005)	Surplus/ (Leakage)
Apparel Stores	**$219,008,000**	**$50,512,000**	**$168,496,000**
General Merchandise	144,132,000	203,340,000	(59,208,000)
Drug Stores	27,563,000	22,380,000	5,183,000
General Merchandise Total[2]	**$171,695,000**	**$225,720,000**	**($54,025,000)**
Gifts, Art goods & Novelties	5,922,000	5,018,000	904,000
Sporting Goods	12,452,000	9,899,000	2,553,000
Florists	3,174,000	2,627,000	547,000
Photographic Equipment & Supplies	# [4]	323,000	#
Musical instruments	# [4]	3,841,000	#
Stationery and Books	# [4]	15,497,000	#
Jewelery	15,089,000	6,234,000	8,855,000
Office, store and school supplies	# [4]	60,328,000	#
Other Specialties	521,624,000	51,444,000	470,180,000
Specialty Stores Total	**$558,261,000**	**$155,211,000**	**$403,050,000**
Food Stores[3]	**$303,233,000**	**$216,628,000**	**$86,605,000**
Eating places: No Liquor	141,648,000	79,610,000	62,038,000
Eating places: Beer and Wine	47,632,000	25,060,000	22,572,000
Eating and drinking: All Types of Liquor	76,278,000	25,755,000	50,523,000
Eating and Drinking Total	**$265,558,000**	**$130,425,000**	**$135,133,000**
Household and home furnishings	111,408,000	29,172,000	82,236,000
Household appliance dealers	8,012,000	11,776,000	(3,764,000)
Home Furnishings & Appliances	**$119,420,000**	**$40,948,000**	**$78,472,000**
Building Material & Farm Implements	**$259,818,000**	**$119,604,000**	**$140,214,000**
Other Retail Sales	**$81,452,000**	**$41,131,000**	**$40,321,000**
Retail Stores Total	**$1,978,445,000**	**$980,179,000**	**$998,266,000**

Source: SBE; Burea of Labor Statistics-CPI-U West Region; Claritas; KMA

1. Sales in 2005 assume 2003 sales adjusted by the change in the CPI-U for the West Region during this period.
2. Assumes general merchandise sales are 95% taxable and drug store sales are 65% taxable.
3. Assumes food store sales are 35% taxable.
4. Due to disclosure issues, sales for these categories were included in the "Other Specialties" category.

Prepared by: Keyser Marston Associates, Inc.
Filename:FINAL Report Tables.bw;T9-OntarioPtlBrkdwn;8/8/2005;4:56 PM;cb

TABLE 10

ESTIMATED MARKET POTENTIAL - FUTURE CONDITIONS
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

Population in City of Ontario (2010) [1]	184,446
Estimated Per Capita Income (2010) [2]	$17,000
Gross City of Ontario Income (2010)	$3,135,582,000

Establishment Type	Ontario Sales (2010) [3]	Ontario Potential (2010)	Surplus/ (Leakage)	Typical Productivity	Additional Development
Apparel Stores	$247,325,000	$60,130,000	$187,195,000	NA	NA
General Merchandise Stores [4]	$193,895,000	$268,694,000	($74,799,000)	$350	213,700
Specialty Stores	$630,443,000	$184,761,000	$445,682,000	NA	NA
Food Stores [5]	$342,441,000	$257,871,000	$84,570,000	NA	NA
Eating & Drinking Places	$299,894,000	$155,256,000	$144,638,000	NA	NA
Home Furnishing & Appliances	$134,861,000	$48,745,000	$86,116,000	NA	NA
Building Material & Farm Imp.	$293,412,000	$142,374,000	$151,038,000	NA	NA
Other Retail Stores	$91,984,000	$48,962,000	$43,022,000	NA	NA
Retail Stores Total	$2,234,255,000	$1,166,793,000	$1,067,462,000		213,700

Source: SBE; Burea of Labor Statistics-CPI-U West Region; Claritas; KMA

1. Based on estimates provided by the Claritas Data Systems.
2. Based on the 2000 Census, which has been adjusted by the CPI.
3. Sales in 2010 assume annual rate of change between 2003 and 2005 for the CPI-U West Region.
4. Assumes general merchandise sales are 95% taxable and drug store sales are 65% taxable.
5. Assumes food store sales are 35% taxable.

Prepared by: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T10-OntarioPtl-10; 25; cb

TABLE 11

BREAKDOWN OF KEY ESTABLISHMENT TYPES- FUTURE CONDITIONS
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

	Ontario Sales (2010)[1]	Ontario Potential (2010)	Surplus/ (Leakage)
Apparel Stores	**$247,325,000**	**$60,130,000**	**$187,195,000**
General Merchandise	$162,768,000	242,053,000	(79,285,000)
Drug Stores	$31,127,000	26,641,000	4,486,000
General Merchandise Total[2]	**$193,895,000**	**$268,694,000**	**($74,799,000)**
Gifts, Art goods & Novelties	$6,688,000	5,973,000	715,000
Sporting Goods	$14,062,000	11,784,000	2,278,000
Florists	$3,584,000	3,127,000	457,000
Photographic Equipment & Supplies	# [4]	385,000	#
Musical instruments	# [4]	4,572,000	#
Stationery and Books	# [4]	18,447,000	#
Jewelery	$17,040,000	7,421,000	9,619,000
Office, store and school supplies	# [4]	71,813,000	#
Other Specialties	$589,069,000	61,238,000	527,831,000
Specialty Stores Total	**$630,443,000**	**$184,761,000**	**$445,682,000**
Food Stores[3]	**$342,441,000**	**$257,871,000**	**$84,570,000**
Eating places: No Liquor	$159,963,000	94,767,000	65,196,000
Eating places: Beer and Wine	$53,791,000	29,831,000	23,960,000
Eating and drinking: All Types of Liquor	$86,141,000	30,659,000	55,482,000
Eating and Drinking Total	**$299,894,000**	**$155,256,000**	**$144,638,000**
Household and home furnishings	$125,813,000	34,726,000	91,087,000
Household appliance dealers	$9,048,000	14,018,000	(4,970,000)
Home Furnishings & Appliances	**$134,861,000**	**$48,745,000**	**$86,116,000**
Building Material & Farm Implements	**$293,412,000**	**$142,374,000**	**$151,038,000**
Other Retail Sales	**$91,984,000**	**$48,962,000**	**$43,022,000**
Retail Stores Total	**$2,234,255,000**	**$1,166,793,000**	**$1,067,462,000**

Source: SBE; Burea of Labor Statistics-CPI-U West Region; Claritas; KMA

1. Sales in 2005 assume 2003 sales adjusted by the change in the CPI-U for the West Region during this period.
2. Assumes general merchandise sales are 95% taxable and drug store sales are 65% taxable.
3. Assumes food store sales are 35% taxable.
4. Due to disclosure issues, sales for these categories were included in the "Other Specialties" category.

Prepared by: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T11-OntarioPtlBkdwn-10; 8/8/2005; cb

TABLE 12

ESTIMATED MARKET POTENTIAL - EXISTING CONDITIONS
ONTARIO SUPER WAL-MART ECONOMIC IMPACT ANALYSIS
SAN BERNARDINO COUNTY, CALIFORNIA

Market Area Penetration in 2005

Population in Market Area (2005) [1]	706,295
Per Capita Income (2005) [1]	$19,941
Gross Market Area Income (2005)	$14,084,228,595

Establishment Type	Market Area Sales (2003)	Market Area Sales (2005)[2]	Market Area Potential (2005)	Surplus/ (Leakage)	Typical Productivity	Additional Development
Apparel Stores	$396,647,000	$416,416,000	$270,089,000	$146,327,000	NA	NA
General Merchandise Stores [3]	1,249,034,000	$1,311,287,000	1,206,906,000	$104,381,000	NA	NA
Specialty Stores	1,191,240,000	$1,250,613,000	829,898,000	$420,715,000	NA	NA
Food Stores [4]	959,072,000	$1,006,873,000	1,158,291,000	($151,418,000)	$400	378,500
Eating & Drinking Places	755,534,000	$793,190,000	697,369,000	$95,821,000	NA	NA
Home Furnishing & Appliances	292,598,000	$307,182,000	218,949,000	$88,233,000	NA	NA
Building Material & Farm Imp.	706,726,000	$741,950,000	639,510,000	$102,440,000	NA	NA
Other Retail Stores	178,753,000	$187,661,000	219,926,000	($32,265,000)	$350	92,200
Total	$5,729,604,000	$6,015,172,000	$5,240,938,000	$774,234,000		470,700

Market Area Penetration in 2010

Population in Market Area (2010) [1]	776,832
Per Capita Income (2010) [1]	$23,000
Gross Market Area Income (2010)	$17,867,136,000

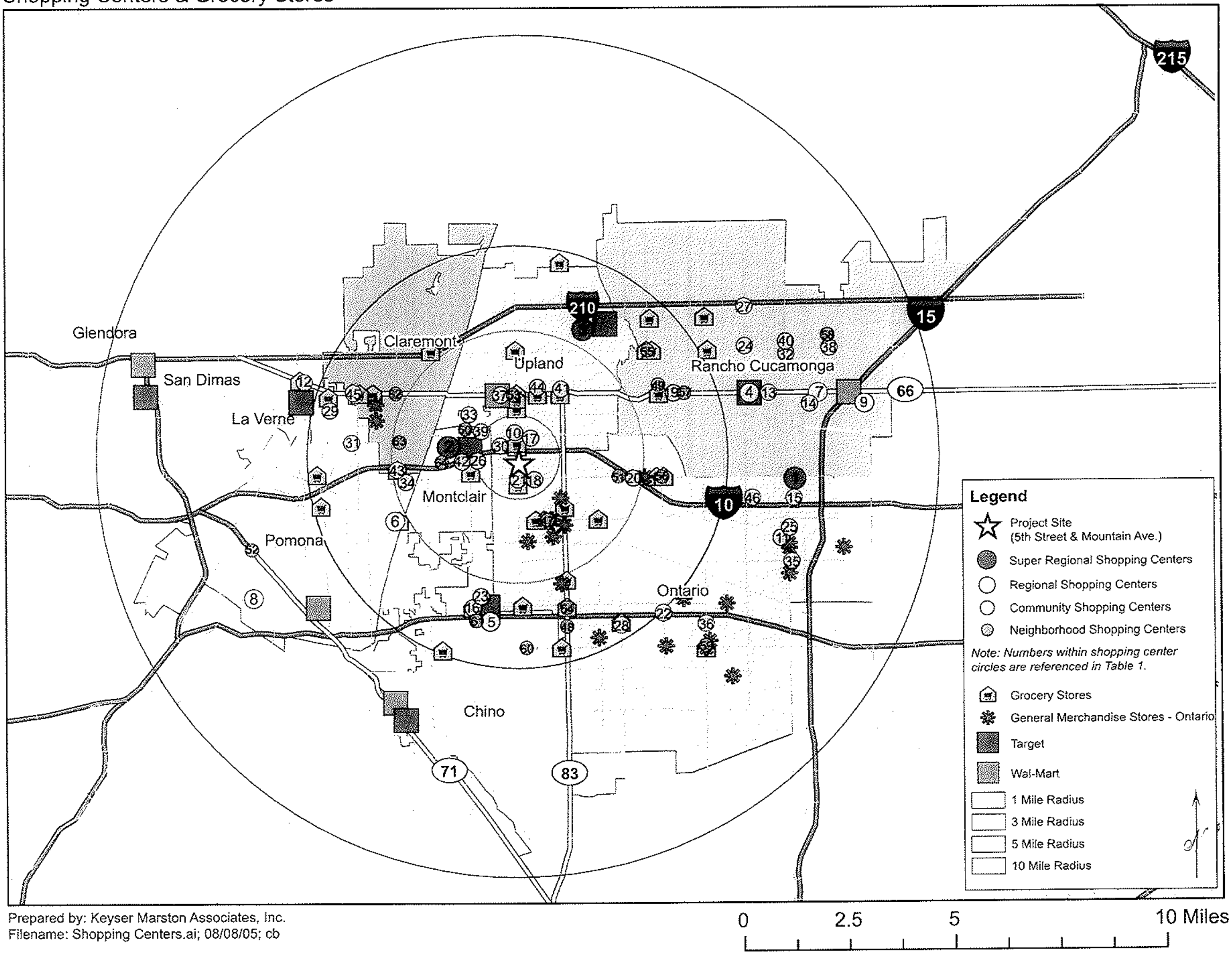
Establishment Type	Market Area Sales (2010)	Market Area Potential (2010)	Surplus/ (Leakage)	Typical Productivity	Additional Development
Apparel Stores	$470,258,000	$342,631,000	$127,627,000	NA	NA
General Merchandise Stores[4]	$1,480,834,000	$1,531,071,000	($50,237,000)	$350	143,500
Specialty Stores	$1,412,315,000	$1,052,803,000	$359,512,000	NA	NA
Food Stores[5]	$1,137,060,000	$1,469,399,000	($332,339,000)	$400	830,800
Eating & Drinking Places	$895,748,000	$884,677,000	$11,071,000	NA	NA
Home Furnishing & Appliances	$346,900,000	$277,756,000	$69,144,000	NA	NA
Building Material & Farm Imp.	$837,883,000	$811,277,000	$26,606,000	NA	NA
Other Retail Stores	$211,925,000	$278,997,000	($67,072,000)	$300	223,600
Total	$6,792,923,000	$6,648,611,000	$144,312,000		1,197,900

Source: SBE; Bureau of Labor Statistics-CPI-U West Region; 2000 Census; City of Ontario; KMA

1. Based on estimates and projections provided by Claritas for the combined cities of Ontario, Chino, Montclair, Upland, Rancho Cucamonga, Pomona and Claremont.
2. Sales in 2005 assume 2003 sales adjusted by the change in the CPI-U for the West Region during this period.
3. Assumes general merchandise sales are 95% taxable and drug store sales are 65% taxable.
4. Assumes food store sales are 35% taxable.

Prepared by: Keyser Marston Associates, Inc.
Filename: FINAL Report Tables.bw; T12-MarketPtl; 8/8/2005; cb

Figure 1
Shopping Centers & Grocery Stores



Prepared by: Keyser Marston Associates, Inc.
Filename: Shopping Centers.ai; 08/08/05; cb

CITY	TENANT NAME	NEAREST CROSS STREETS	REASON FOR LEAVING (IF KNOWN)	YEARS VACANT	REASON FOR LONG VACANCY	REPLACEMENT TENANT NAME/ LEASE SPACE OCCUPIED (S.F.)
Diamond Bar	Alpha Beta	Diamond Bar Blvd./ Cold Springs Lane	Ralphs bought out Alpha Beta	8	Ralphs kept lease on store after closure	Plans for a new asian ethnic market are being processed
Chino Hills	K-Mart	Chino Hills Pkwy.	One of the many stores closed after filing for Chapter 11	2		24-Hour Fitness 1/3 99 cents store 1/3 vacant 1/3 35,000 square feet
Chino Hills	**Vons**	Chino Hills Pkwy.	moved across street after Ralphs moved due to more SF	5		Vacant
Chino Hills	**Hughes**	Chino Ave/Peyton	bought out by another company	2		Ralphs
Chino	Von's	12375 Central Ave Central Ave and Walnut	Name change	0		Von's Pavillian
Chino	Von's Pavillian	12375 Central Ave Central Ave and Walnut	Store Closed	0		Pak n Save
Chino	Pak n Save	12375 Central Ave Central Ave and Walnut	Store Closed/ Under new ownership	10 months		Superior Supermarket (Opening Spring 2006)
Chino	Alpha Beta	12170 Central Ave Central Ave and Philadelphia (SWC)	Ralphs bought out Alpha Beta	0		Ralph's
Chino	Ralph's	12170 Central Ave Central Ave and Philadelphia (SWC)	Store Closed	3		99 Cent Only Store
Chino	Drug Emporium	12155 Central Ave Central Ave and Philadelphia (SEC)	Store Closed	2		Gigante Supermarket
Chino	Alpha Beta	12835 Mountain Ave Mountain Ave and Riverside	Ralphs bought out Alpha Beta			Ralph's
Upland	Pavillions	Mountain & I-10	Store Closed	5 months		Furniture Store
Upland	Ralphs	Foothill & San Antonio	Store Closed	7 months		Vacant
Upland	Luckys	San Antonio & Foothill	Purchased by Ralphs	6 months		Amar Grocery Store

CITY	TENANT NAME	NEAREST CROSS STREETS	REASON FOR LEAVING (IF KNOWN)	YEARS VACANT	REASON FOR LONG VACANCY	REPLACEMENT TENANT NAME/ LEASE SPACE OCCUPIED (S.F.)
Upland	Amar	San Antonio & Foothill		5		24 Hour Fitness will be located their soon
Upland	Vons	Euclid & Foothill		0		Grocery Outlet
Upland	Grocery Outlet	Euclid & Foothill		7		Marshalls
Rancho Cucamonga	**Ralphs**	19th & Carnelia	Store Closed	3	held lease until they sub-leased to Lucky Farms	Lucky Farms
Rancho Cucamonga	**Lucky Farms**	19th & Carnelia	Store Closed	2	Ralphs holding lease	Vacant
Rancho Cucamonga	**Ralphs**	Baseline & Archibald	Relocated to larger Store			99 cent store 32,000 SF
Rancho Cucamonga	**Lucky**	Haven & I-210	held lease	5	Held Lease	Vons
Ontario	Hughes	Archibald & Riverside	Ralphs bought out Hughes	0		Ralphs
Ontario	Alpha Beta	1850 S. Euclid Francis/Euclid	Ralphs bought out Alpha Beta	3 months		Plaza Furniture
Ontario	Plaza Furniture	1850 S. Euclid Francis/Euclid	Store Closed	2		La Canasta
Ontario	Vons	130 W G Street Euclid/G Street	Store Closed	2		Liborio Grocery Store

*** Source: Information gathered from other Agencies was provided by City Staff.**

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

To: Mr. Ryan J. Birdseye, Senior Associate
David Evans and Associates, Inc.

From: James Rabe
Kevin Engstrom
Christianne Bradley

Date: December 18, 2006

Subject: Wal-Mart Supercenter Vacancy Analysis

Pursuant to your request, Keyser Marston Associates, Inc. (KMA) evaluated the potential impact of the proposed Super Wal-Mart (Wal-Mart) on real estate holdings in the market area. Specifically, KMA evaluated the potential for closure of existing supermarkets and the reuse of such vacant space. This analysis involved the following:

- Reviewed and evaluated existing retail vacancies in the one-mile market area (Area) of the project.
- Researched and identified tenants who can occupy vacant food store space.
- Identified tenants who are not currently in the marketplace, and might be available for relocation to the Area.
- Identified food store locations in the larger market area that have closed and been replaced by other tenants.

BACKGROUND

KMA prepared two memorandum reports for the City of Ontario (City). In August of 2005, KMA analyzed the potential economic impact of the proposed Super Wal-Mart on existing establishments in the City. One of KMA's conclusions was that a Super Wal-

Mart would create a temporary over supply of general merchandise space within the larger market area (Ontario and nearby cities). Contrary to the larger market area, however, that oversupply would be eliminated by 2010. KMA indicated that the development of the center would reduce the leakage of general merchandise sales from the City. In essence, KMA found that the City was losing general merchandise sales to its neighbors.

With respect to food store sales, KMA found there was an excess of food store space in the City and that the excess of space was expected to continue in the future. KMA's September 30, 2005 memorandum addressed food store sales within two miles of the proposed project. That analysis also indicated an excess of food store space within the two-mile market area and that the development of a Super Wal-Mart would exacerbate the situation. Finally, KMA noted "if there are store closures, the vacated retail space is likely to be reused. The private owners of the space have an incentive to find replacement tenants in order to maintain income and cash flow."

The purpose of this analysis is to identify possible uses for potentially vacant food store space, as well as to evaluate the likelihood that this space will be occupied, based upon the presence of potential tenants and the retail vacancy levels in the Area.

MARKET AREA RETAIL

This review of the market area focuses on identifying existing retail centers in the market area and their vacancy rates.

Existing Retail Centers

To gain an understanding of retail vacancy levels, KMA identified 16 retail centers within the Area, including strip centers, neighborhood and community centers, and one freestanding retail building. The centers were obtained from the *National Research Board's 2006 Shopping Center Directory*, and verified by KMA's field survey. The locations of these centers are shown in Figure 1.

Retail Vacancies

Of these 16 retail centers, nine currently have vacancies. The vacancy rates range from 8% to 100% of the total square footage, as shown in Table 1. The remaining seven centers are fully occupied, and are listed below along with their total square footage:

No	Name	Bldg. SF
1	Unnamed Strip Center	13,000 sf
2	Unnamed Strip Center	27,000 sf
3	Ontario Plaza North	46,000 sf
4	Millers Outpost Village	60,700 sf
5	Mountain Village Entertainment Ctr.	85,000 sf
6	Mountain Green Shopping Ctr.	203,800 sf
7	Mountain Square Shopping Ctr.	273,200 sf
	TOTAL	708,700 sf

The KMA overview indicates there is approximately 1.1 million square feet of retail space within the Area, of which 80,500 square feet (7%) is vacant. This vacancy rate is slightly higher than the surrounding region, which is 5.3%, according to CB Richard Ellis (CBRE).[1] As defined by CBRE, the region would include the cities of Chino Hills, Chino, Fontana, Montclair, Ontario, Rancho Cucamonga, and Upland.

The majority of the vacancies are located in older, obsolescent strip centers. Within these centers, the building and parking lots are beginning to exhibit signs of deferred maintenance, especially when compared to the newer retail centers in the Area. Also, two of the buildings with high vacancy rates are primarily utilized for office or industrial uses, thus indicating they are not strong retail locations and are transitioning to alternative uses.

The vacancies are also relatively small spaces. There are two spaces available in the 12,000 to 14,000 square foot range. The remaining 18 vacant spaces appear to be 5,000 square feet and smaller. There are no food store sized vacancies in the Area (i.e. 25,000 square feet and larger).

REPLACEMENT RETAILERS

To gain an understanding of the potential reuse opportunities for a vacated food store, KMA identified the types of tenants best suited for this space and also considered their presence in the larger market area.

[1] Market view Inland Empire Retail Report, 3rd Quarter, 2006

Tenant Types

Based upon Internet research and KMA's knowledge of retailers' building requirements, ten tenant types that can occupy vacant food store space were identified. The tenants are listed by category in Table 2 and are summarized below. Tenants, such as 24-Hour Fitness and the 99 Cent Store, have recently reused food store space in the surrounding area.

- Athletic Clubs (24-Hour Fitness, Bally's, Curves)
- Clothing Stores (Marshalls, Ross Dress for Less, TJ Maxx)
- Entertainment-Related (Movie Theaters, Bowling Alleys, Skating Rinks)
- Fabric/Novelty Stores (Michael's, Jo-Ann's)
- Furniture/Home Furnishings (Pier 1 Imports, Cost Plus)
- Institutional Uses (School/district offices, Urgent Care)
- Pet Stores (Petco, Petsmart)
- Pharmacies (CVS, Rite-Aid, Walgreens)
- Sporting Good Stores (Big 5, Sport Chalet)
- Other Retail (99 Cent Only Store, Big Lots, Goodwill, Smart & Final)

Overall, this list should not be considered all-encompassing, but it does provide a reasonable indication of the likely retailers that could tenant this type of space.

Tenant Location

In order to identify the presence of these tenants in the marketplace, KMA mapped them within a 1, 3, 5 and 10-mile market area, as shown on Figures 2a through 2d. As shown in Figure 2a, six of the ten potential tenant types are located within the one-mile area, including a pharmacy, clothing store, movie theater, furniture store and two fabric/novelty stores. For the tenant types not represented in the one-mile market area, their nearest locations are as follows:

1) Sporting Good Store – 1.1 miles from the site

2) Athletic Club – 1.1 miles from the site

3) Institutional Use – 1.2 miles from the site

4) Pet Store – 1.2 miles from the site

REUSE EXAMPLES

Some of the potential tenants mentioned above have already reused food store space in the surrounding region. In September of 2005, the City conducted a survey of closed food stores within the larger market area, and indicated whether or not they had been replaced by other tenants. As shown in Table 3, KMA updated the City's survey to include all of the cities within a 7-mile radius,[2] and verified the information based on a field survey and conversations with realtors (Table 3). Only one of the 19 closed food stores (former Ralphs) remains vacant. The leasing agent indicated that they are actively looking for another tenant, but have been unable to fill the space due to a lack of suitable tenants. The remaining 18 food stores have been reused as follows:

Tenant Type	No. Stores	Tenant Names
Athletic Clubs	2	24-Hour Fitness
Clothing Store	1	Marshalls
Furniture/Home Furnishings	1	IR Furnishings
Institutional	1	Pomona Unified School District
Other Retail	2	Consignment Store, 99 Cent Store
Supermarkets	10	Vons, Ralphs, Gigante, La Canasta, Liborio, Food 4 Less
TOTAL	18	

[2] Chino Hills, Chino, Upland, Rancho Cucamonga, Ontario, and Pomona.

As the list above demonstrates, many of the food stores are re-tenanted by other food stores. This trend is consistent within other cities and counties in which KMA is presently active. In particular, many ethnic markets (e.g. Gigante, La Canasta, Northgate Gonzalez) or specialty food stores (e.g. Henry's Marketplace) are taking over these spaces.

Of the establishments listed above, the stores have spent between two months to seven years on the market. Typically, KMA finds that vacant food stores are filled with other uses, and if they are vacant for long periods, it is because the original market operator keeps the lease on the building.

IMPLICATIONS AND CONCLUSIONS

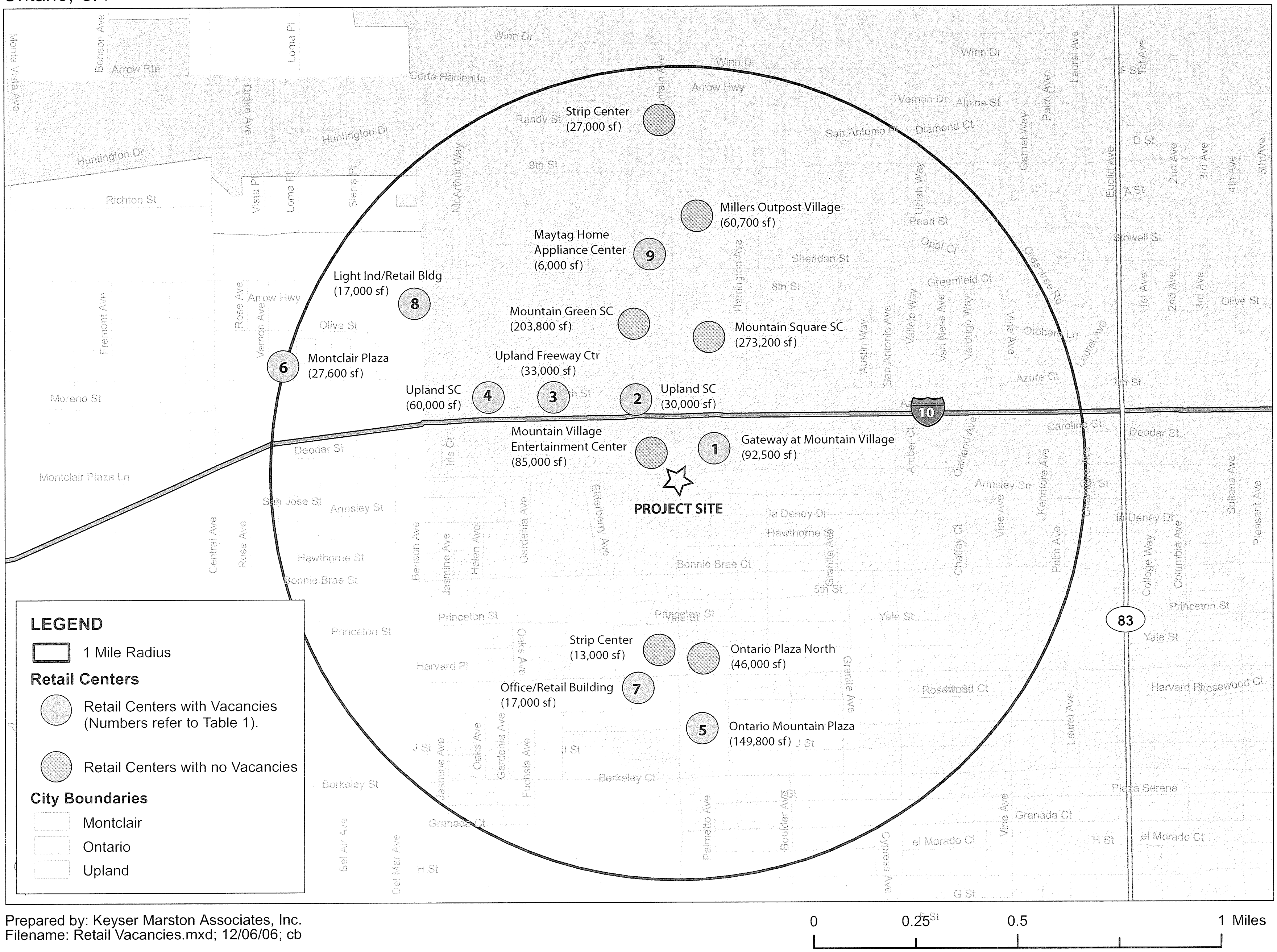
Based on the KMA analysis, the following conclusions can be drawn:

- The retail vacancy rate in the Area is relatively low, and most of the vacancies are located in older, outdated buildings or buildings in strip centers that are transitioning to other uses (industrial, office).

- In the event that there is a food store vacancy, there are several viable tenant types that can reuse the space. Of these, furniture/home furnishing stores, athletic clubs and consignment or discount stores appear to be the most likely re-tenanters of any vacated food stores.

Attachments

FIGURE 1
Retail Vacancies and Retail Centers within One Mile of 6th Street & Mountain Ave.
Ontario, CA



Prepared by: Keyser Marston Associates, Inc.
Filename: Retail Vacancies.mxd; 12/06/06; cb

TABLE 1

Retail Vacancies within One Mile of 6th Street & Mountain Ave.
Ontario, CA

No	Center Name	Address	City	Type	Bldg Size (sq. ft.)	Available Space (sq.ft.)	% Vacant	No. Shops	Year Built
1	Gateway at Mountain Village	1520 N Mountain Ave	Ontario	Neighborhood Center	92,500	10,800	12%	4	2006
2	Upland Shopping Center	1260 W 7th Street	Upland	Street Retail	30,000	2,400	8%	1	1980
3	Upland Freeway Center	1348-1438 W 7th St	Upland	Neighborhood Center	33,000	19,800	60%	4	1987
4	Upland Shopping Center	1410 W 7th Street	Upland	Community Center	60,000	12,800	21%	1	1980
5	Ontario Mountain Plaza	920-1050 N Mountain Ave	Ontario	Neighborhood Center	149,800	14,000	9%	1	n/a
6	Montclair Plaza	5470 Moreno Street	Montclair	Strip Center	27,600	3,200	12%	1	1982
7	Office/Retail Building	SW Corner of 4th & Mountain Ave	Ontario	Strip Center	17,000	5,700	34%	3	n/a
8	Light Ind/Retail Building	8900 Benson Ave	Montclair	Strip Center	17,000	5,800	34%	3	n/a
9	Maytag Home Appliance Center	141-161 N Mountain Ave	Upland	Retail Building	6,000	6,000	100%	2	1972
					VACANT SPACE	**80,500**		**20**	
					TOTAL RETAIL SPACE[1]	**1,141,600**			
					OVERALL VACANCY RATE	**7%**			

Source: Loopnet, 10/26/06, KMA Field survey
[1] Total square footage of all strip centers, neighborhood and community centers within 1 mile of the project site.

Prepared by: Keyser Marston Associates, Inc.
Filename: Retail Vacancies within 1 mile; Table2; 12/7/2006; cb

TABLE 2

Replacement Retailers
Ontario, CA

CATEGORY	NAME	ADDRESS	CITY
Athletic Clubs	24-Hour Fitness	2403 S Vineyard Ave	Ontario
Athletic Clubs	24-Hour Fitness	5420 Philadelphia St	Chino
Athletic Clubs	24-Hour Fitness	9790 Central Avenue	Montclair
Athletic Clubs	24-Hour Fitness	685 W Foothill Blvd	Upland
Athletic Clubs	24-Hour Fitness	11787 Foothill Blvd	Rancho Cucamonga
Athletic Clubs	24-Hour Fitness	4200 Chino Hills Pkwy	Chino Hills
Athletic Clubs	Bally's	9385 Monte Vista Ave	Montclair
Athletic Clubs	Bally's	10848 Foothill Blvd	Rancho Cucamonga
Athletic Clubs	Curves	3045 S Archibald Ave	Ontario
Athletic Clubs	Curves	7385 Milliken Ave	Rancho Cucamonga
Athletic Clubs	Curves	2203 S Mountain Ave	Ontario
Athletic Clubs	Curves	5370 Schaeffer	Chino
Athletic Clubs	Curves	96 W Foothill Blvd	Upland
Athletic Clubs	Curves	8865 Foothill Blvd	Rancho Cucamonga
Athletic Clubs	Curves	9509 Central Ave	Montclair
Clothing Stores	Marshalls	150 West Foothill Blvd	Upland
Clothing Stores	Marshalls	4377 Mills Circle	Ontario
Clothing Stores	Marshalls	3967 Grand Avenue	Chino
Clothing Stores	Marshalls	Foothill Blvd & Fruit St	La Verne
Clothing Stores	Ross Dress for Less	5501 Philadelphia St	Chino
Clothing Stores	Ross Dress for Less	5459 Moreno St	Montclair
Clothing Stores	Ross Dress for Less	10744 Foothill Blvd	Rancho Cucamonga
Clothing Stores	Ross Dress for Less	4032 Grand Ave	Chino
Clothing Stores	TJ Maxx	4757 Mills Circle	Ontario
Clothing Stores	TJ Maxx	4040 Grand Avenue	Chino
Entertainment Related	AMF Bowling Lanes	4666 Holt Blvd	Montclair
Entertainment Related	Brunswick Bowl	451 W Foothill Blvd	Upland
Entertainment Related	Brunswick Bowl	7930 Haven Ave	Rancho Cucamonga
Entertainment Related	AMC Ontario Mills	4549 Mills Circle	Ontario
Entertainment Related	Chino Spectrum Mktplc 12	3750 Grand Ave	Chino
Entertainment Related	Cinemark Movies 8	5546 Philadelphia St	Chino
Entertainment Related	Edwards La Verne Stadium 12	1950 Foothill Blvd	La Verne
Entertainment Related	Edwards Palace Stadium 22	4900 E 4th St	Ontario
Entertainment Related	Edwards Stadium 14	1575 N Mountain Ave	Ontario
Entertainment Related	Harkins Chino Hills 18	3100 Chino Ave	Chino Hills
Entertainment Related	Mission Tiki Drive-In	10798 Ramona Ave	Montclair
Entertainment Related	Terra Vista Cinema 6	10701 Town Center Drive	Rancho Cucamonga
Entertainment Related	California Roller Hockey	1150 E Foothill Blvd	Upland
Entertainment Related	Center Ice Skating Arena	201 S Plum Ave	Ontario
Entertainment Related	Ontaro Ice Skating Arena	1225 W Holt Blvd	Ontario
Entertainment Related	Roller City Plus	7209 East Ave	Fontana
Entertainment Related	Skate Express	12356 Central Ave	Chino
Fabric/Novelty Stores	H&H Embroidery	2101 S Hellman Ave	Ontario
Fabric/Novelty Stores	Jo-Ann's House of Fabrics	980 N Mountain Ave	Ontario
Fabric/Novelty Stores	Jo-Ann's House of Fabrics	5471 Philadelphia St	Chino
Fabric/Novelty Stores	Jo-Ann's House of Fabrics	4470 E Ontario Mills Parkway	Ontario
Fabric/Novelty Stores	Madeira Socal	1701 S Grove Ave	Ontario
Fabric/Novelty Stores	Michael's	357 S Mountain Ave	Upland
Fabric/Novelty Stores	Michael's	10788 Foothill Blvd	Rancho Cucamonga
Fabric/Novelty Stores	Michael's	4020 Grand Ave	Chino
Fabric/Novelty Stores	Michael's	1951 Foothill Blvd	La Verne

TABLE 2

Replacement Retailers
Ontario, CA

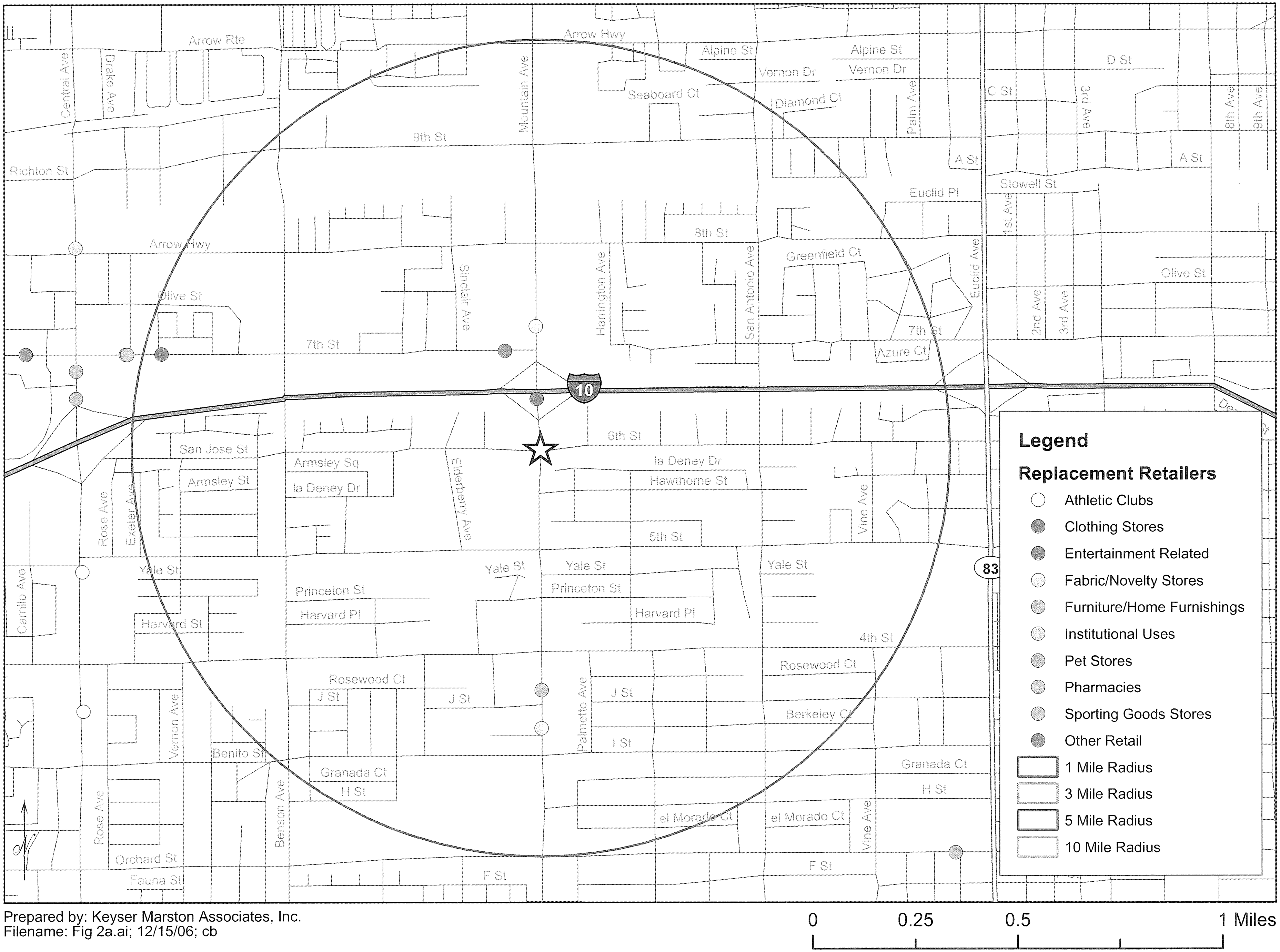
CATEGORY	NAME	ADDRESS	CITY
Furniture/Home Furnishings	Alex Furniture	1945 E Riverside Dr	Ontario
Furniture/Home Furnishings	American Furniture Store	1290 E Elm St	Ontario
Furniture/Home Furnishings	Amish Country Gazebos	739 E Francis St	Ontario
Furniture/Home Furnishings	B&I Home Decor	1655 E G St	Ontario
Furniture/Home Furnishings	Best Buy Furniture	404 N Euclid Ave	Ontario
Furniture/Home Furnishings	Buy-Rite Furniture Auction	2077 S Vineyard Ave	Ontario
Furniture/Home Furnishings	BV Furniture	1845 E 4th St	Ontario
Furniture/Home Furnishings	California Leather Craft	2232 S Vineyard Ave	Ontario
Furniture/Home Furnishings	Cambridge Home Gallery	735 N Milliken Ave	Ontario
Furniture/Home Furnishings	Chattel Distinctive Furnishing	4210 Inland Empire Blvd	Ontario
Furniture/Home Furnishings	Cherry Blossom Furniture	1718 S Grove Ave	Ontario
Furniture/Home Furnishings	Cost Plus	4421 Mills Cir	Ontario
Furniture/Home Furnishings	Cost Plus	4049 Grand Ave	Chino
Furniture/Home Furnishings	DSM Furniture	2428 S Sandpiper Pl	Ontario
Furniture/Home Furnishings	Ethan Allen	5001 S Plaza Lane	Montclair
Furniture/Home Furnishings	Furniture & Iron Art	2830 Old Brookside Rd	Ontario
Furniture/Home Furnishings	Furniture Dream	203 N Euclid St	Ontario
Furniture/Home Furnishings	Furniture Liquidators	2236 S Vineyard Ave	Ontario
Furniture/Home Furnishings	Furniture Outlet	511 N Euclid Ave	Ontario
Furniture/Home Furnishings	Furnitureland	1150 W Holt Blvd	Ontario
Furniture/Home Furnishings	Home Decor Factory	1477 E Cedar St	Ontario
Furniture/Home Furnishings	Homestyle	701 N Milliken Ave	Ontario
Furniture/Home Furnishings	Ideal Furniture	1345 W Holt Blvd	Ontario
Furniture/Home Furnishings	L&B Furniture	215 W B St	Ontario
Furniture/Home Furnishings	La Canasta Furnishings	1850 S Euclid Ave	Ontario
Furniture/Home Furnishings	Levitz	11640 Harrel St	Mira Loma
Furniture/Home Furnishings	Levitz	735 N Milliken Ave	Ontario
Furniture/Home Furnishings	M J Furniture Corp	3072 Inland Empire Blvd	Ontario
Furniture/Home Furnishings	Mike's Specialties	628 S Bon View Ave	Ontario
Furniture/Home Furnishings	Mission Furniture	635 N Euclid Ave	Ontario
Furniture/Home Furnishings	O W Lee Co	1822 E Francis St	Ontario
Furniture/Home Furnishings	Ontario Furniture	2220 S Vineyard Ave	Ontario
Furniture/Home Furnishings	Patio Creations	1721 S Balboa Ave	Ontario
Furniture/Home Furnishings	Pier 1 Imports	5440 Moreno St	Montclair
Furniture/Home Furnishings	Pier 1 Imports	10950 Foothill Blvd	Rancho Cucamonga
Furniture/Home Furnishings	Pier 1 Imports	3881 Grand Ave	Chino
Furniture/Home Furnishings	Providence Home	2232 S Vineyard Ave	Ontario
Furniture/Home Furnishings	S&L Furniture	2132 S Grove Ave	Ontario
Furniture/Home Furnishings	Stendmar	1615 Fremont Ct	Ontario
Furniture/Home Furnishings	Stylistics Mattresses & Waterbeds	1362 S Grove Ave	Ontario
Furniture/Home Furnishings	Su Casa Furniture	1310 W Holt Blvd	Ontario
Furniture/Home Furnishings	Thomasville Home Furnishings	735 N Milliken Ave	Ontario
Furniture/Home Furnishings	Times Furniture Inc	1410 E 7th St	Ontario
Furniture/Home Furnishings	USA Furniture	1640 E 4th St	Ontario
Furniture/Home Furnishings	Wickes Furniture	11750 4th St	Rancho Cucamonga
Institutional Uses	Sylvan Learning Center	12873 Mountain Ave	Chino
Institutional Uses	Sylvan Learning Center	7365 Carnelian St	Rancho Cucamonga
Institutional Uses	Sylvan Learning Center	11398 Kenyon Way	Alta Loma
Institutional Uses	Sylvan Learning Center	971 W Foothill Blvd	Claremont
Institutional Uses	Sylvan Learning Center	1241 Grand Ave	Diamond Bar
Institutional Uses	Urgent Care	4950 San Bernardino St	Montclair
Institutional Uses	Urgent Care	8891 Central Ave	Montclair
Institutional Uses	Urgent Care	9695 Baseline Rd	Rancho Cucamonga
Institutional Uses	Urgent Care	7777 Milliken Ave	Rancho Cucamonga

TABLE 2

Replacement Retailers
Ontario, CA

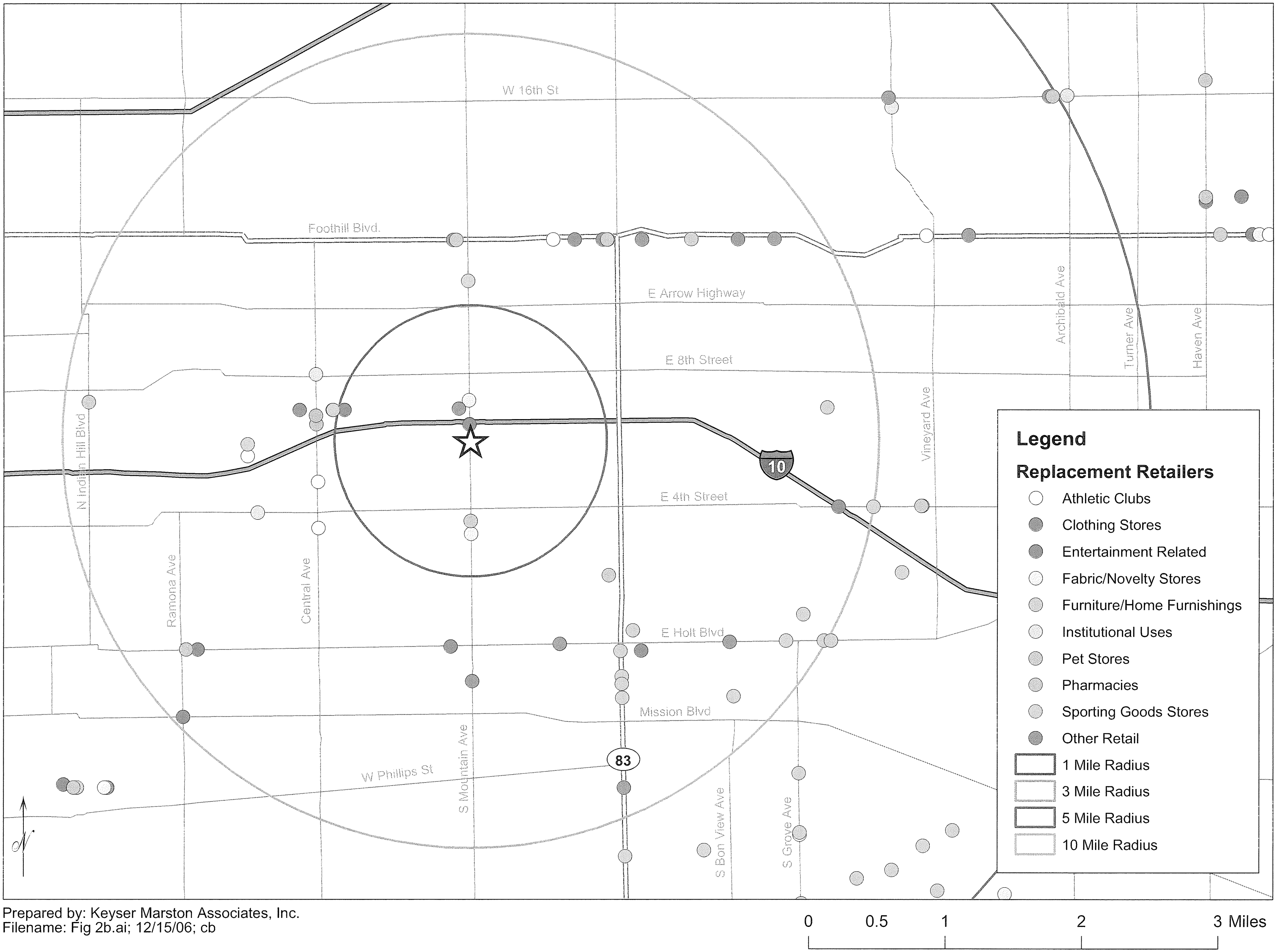
CATEGORY	NAME	ADDRESS	CITY
Pet Stores	Petco	9197-G Central Ave	Montclair
Pet Stores	Petco	9137 Central Ave	Montclair
Pet Stores	Petco	7221 Haven Ave	Alta Loma
Pet Stores	Petco	3820 Grand Ave	Chino
Pet Stores	Petco	101 E Foothill Blvd	Pomona
Pet Stores	Petsmart	11945 Central Ave	Chino
Pet Stores	Petsmart	10940 Foothill Blvd	Rancho Cucamonga
Pet Stores	Petsmart	1935 N Campus Ave	Upland
Pet Stores	Petsmart	13001 Peyton Dr	Chino Hills
Pharmacies	CVS	2238 South Euclid Avenue	Ontario
Pharmacies	CVS	2456 South Grove Ave	Ontario
Pharmacies	CVS	100 Foothill Blvd	Upland
Pharmacies	CVS	690 E Foothill Blvd	Upland
Pharmacies	CVS	12160 Central Ave	Chino
Pharmacies	CVS	4535 Holt Blvd	Montclair
Pharmacies	CVS	342 South Indian Hill Blvd	Claremont
Pharmacies	CVS	7911 Haven Ave	Rancho Cucamonga
Pharmacies	CVS	775 East Foothill Blvd	Pomona
Pharmacies	CVS	1485 S Garey Ave	Pomona
Pharmacies	CVS	150 W Willow St	Pomona
Pharmacies	CVS	13181 Peyton Drive	Chino Hills
Pharmacies	CVS	11428 Kenyon Way	Rancho Cucamonga
Pharmacies	Rite-Aid	1841 E 4th St	Ontario
Pharmacies	Rite-Aid	222 W G St	Ontario
Pharmacies	Rite-Aid	3000 S Archibald Ave	Ontario
Pharmacies	Rite-Aid	1050 N Mountain Ave	Ontario
Pharmacies	Rite-Aid	12059 Central Ave	Chino
Pharmacies	Rite-Aid	9650 Baseline Rd	Alta Loma
Pharmacies	Rite-Aid	8760 19th St	Alta Loma
Pharmacies	Rite-Aid	7339 Milliken Ave	Rancho Cucamonga
Pharmacies	Rite-Aid	611 E Holt Ave	Pomona
Pharmacies	Rite-Aid	4200 Chino Hills Pkwy	Chino Hills
Pharmacies	Rite-Aid	2059 S Garey Ave	Pomona
Pharmacies	Walgreens	2950 S Archibald Ave	Ontario
Pharmacies	Walgreens	12490 Central Ave	Chino
Pharmacies	Walgreens	1241 W Foothill Blvd	Upland
Pharmacies	Walgreens	6701 Carnelian St	Rancho Cucamonga
Pharmacies	Walgreens	6400 Haven Ave	Alta Loma
Pharmacies	Walgreens	495 E Holt Ave	Pomona
Pharmacies	Walgreens	795 E Foothill Blvd	Pomona
Sporting Goods Stores	Big 5	5250 Philadelphia St	Chino
Sporting Goods Stores	Big 5	587 Mountain Ave	Upland
Sporting Goods Stores	Big 5	10570 Foothill Blvd	Rancho Cucamonga
Sporting Goods Stores	Big 5	3975 Grand Avenue	Chino
Sporting Goods Stores	Big 5	696 West Holt	Pomona
Sporting Goods Stores	REI	12218 Foothill Blvd	Rancho Cucamonga
Sporting Goods Stores	Sport Chalet	13041 Peyton Dr	Chino Hills
Sporting Goods Stores	Sport Chalet	5057 S Plaza Lane	Montclair
Sporting Goods Stores	Sport Chalet	12449 Foothill Blvd	Rancho Cucamonga
Sporting Goods Stores	Sports Authority	5445 Moreno Ave	Montclair

FIGURE 2a
Replacement Retailers within 1 Mile
Ontario, CA



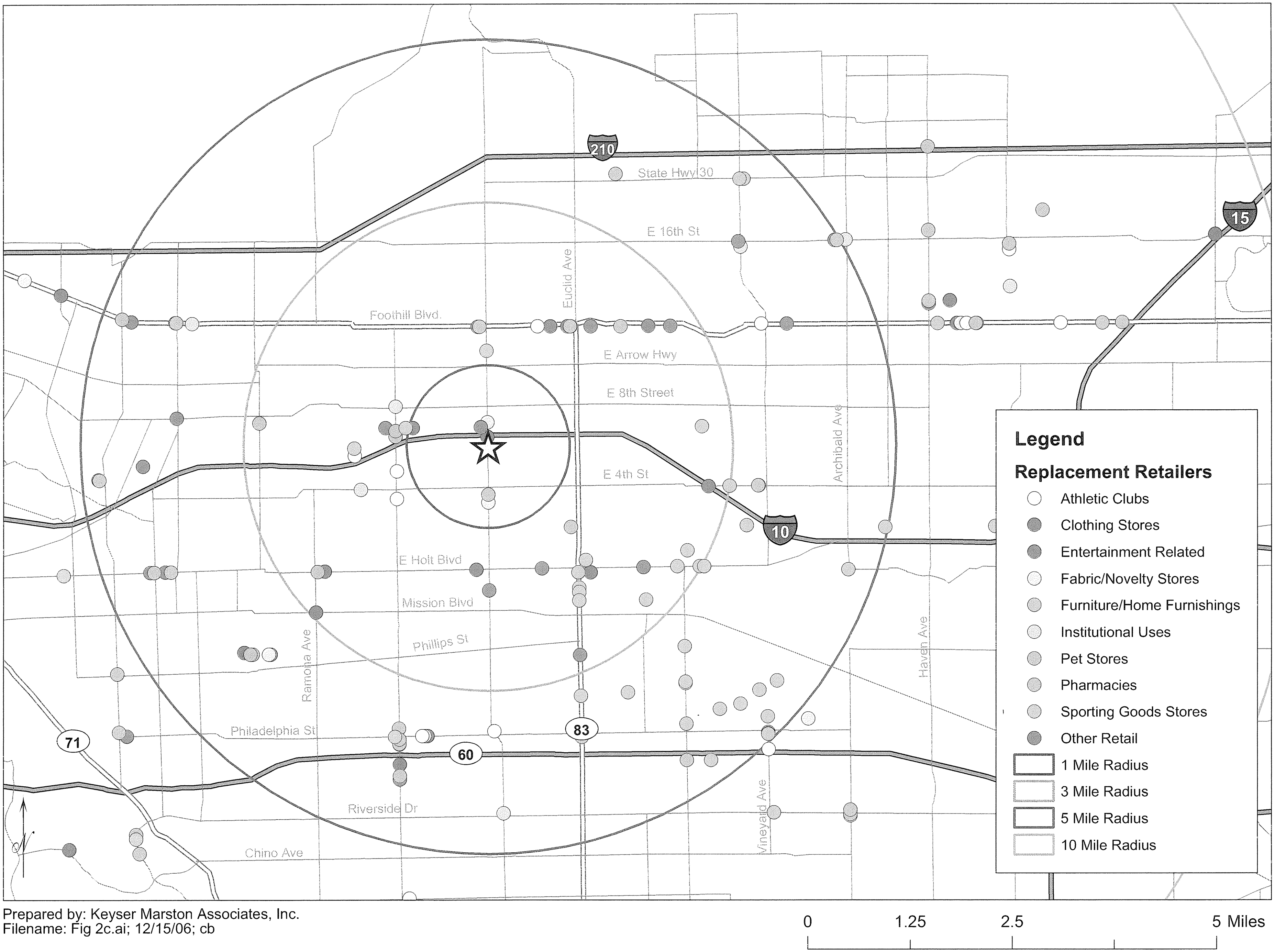
Prepared by: Keyser Marston Associates, Inc.
Filename: Fig 2a.ai; 12/15/06; cb

FIGURE 2b
Replacement Retailers within 3 Miles
Ontario, CA



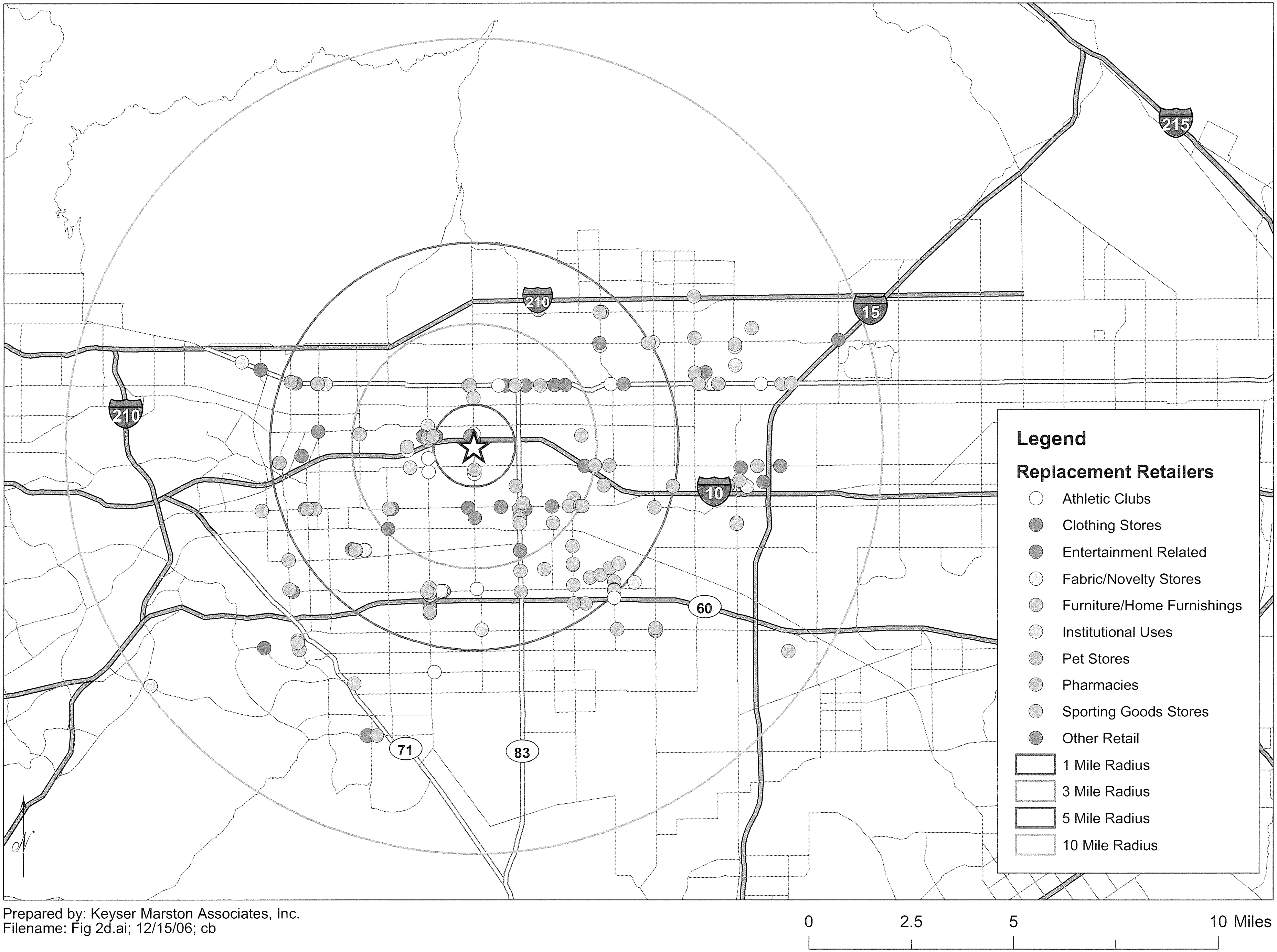
Prepared by: Keyser Marston Associates, Inc.
Filename: Fig 2b.ai; 12/15/06; cb

FIGURE 2c
Replacement Retailers within 5 Miles
Ontario, CA



Prepared by: Keyser Marston Associates, Inc.
Filename: Fig 2c.ai; 12/15/06; cb

FIGURE 2d
Replacement Retailers within 10 Miles
Ontario, CA



Prepared by: Keyser Marston Associates, Inc.
Filename: Fig 2d.ai; 12/15/06; cb

TABLE 3

Closed Supermarket Survey (Updated as of November 2006)
Ontario, CA

No	City	Tenant Name	Nearest Cross Streets	Reason for Leaving	Years Vacant	Reason for Long Vacancy	Replacement Tenant Name/Lease Space Occupied (S.F.)
1	Chino Hills	K-Mart	4200 Chino Hills Parkway	One of the many stores closed after filing for Chapter 11	2		24-Hour Fitness, 99 Cent Store
2	Chino Hills	Vons	4200 Chino Hills Parkway	moved across street after Ralphs moved, due to more SF	5		IR Furnishings
3	Chino Hills	Hughes	Chino Ave & Peyton Dr	bought out by another company	2		Ralphs
4	Chino	Vons	12375 Central Ave	Name Change	0		Vons Pavilion
	Chino	Vons Pavilion	12375 Central Ave	Store Closed	0		Pak N Save
	Chino	Pak N Save	12375 Central Ave	Store Closed/Under new ownership	10 months		Superior Supermarket
5	Chino	Alpha Beta	12170 Central Ave	Ralphs bought out Alpha Beta	0		Ralphs
	Chino	Ralph's	12170 Central Ave	Store Closed	3		99 Cent Only Store
6	Chino	Drug Emporium	12155 Central Ave	Store Closed	2		Gigante Supermarket
7	Chino	Alpha Beta	12835 Mountain Ave	Ralphs bought out Alpha Beta			Ralphs
8	Upland	Vons Pavilions	420 S Mountain Ave	Store Closed	5 months		ReMart (consignment store)
9	Upland	Ralphs	W Foothill Blvd & N San Antonio Ave	Store Closed / Sold in 1/13/04	7 months	33,350 sf	VACANT - Leasing agent actively looking for another tenant.
10	Upland	Luckys	785 W Foothill Blvd	Purchased by Ralphs	6 months		Amar Grocery Store
	Upland	Amar	785 W Foothill Blvd		5		24 Hour Fitness

Prepared by: Keyser Marston Associates, Inc.
Filename: Closed Supermarkets; Table; 12/7/2006; cb

TABLE 3

Closed Supermarket Survey (Updated as of November 2006)
Ontario, CA

No	City	Tenant Name	Nearest Cross Streets	Reason for Leaving	Years Vacant	Reason for Long Vacancy	Replacement Tenant Name/Lease Space Occupied (S.F.)
11	Upland	Vons	150 W Foothill Blvd		0		Grocery Outlet
	Upland	Grocery Outlet	150 W Foothill Blvd		7		Marshalls
12	Rancho Cucamonga	Ralphs	19th St & Carnelian St	Store Closed	3	held lease until they sub-leased to Lucky Farms	Lucky Farms
	Rancho Cucamonga	Lucky Farms	19th St & Carnelian St	Store Closed	2	Ralphs holding lease	As of 11/29, the space has been leased to another supermarket
13	Rancho Cucamonga	Ralphs	Base Line Rd & Archibald Ave	Relocated to larger store			99 Cent Store (32,000 sf)
14	Rancho Cucamonga	Lucky	Haven Ave & CA-210	held lease	5	Held Lease	Vons Pavilion
15	Ontario	Hughes	S Archibald Ave & E Riverside Dr	Ralphs bought out Hughes	0		Ralphs
16	Ontario	Alpha Beta	1850 S Euclid	Ralphs bought out Alpha Beta	3 months		Plaza Furniture
	Ontario	Plaza Furniture	1850 S Euclid	Store Closed	2		La Canasta
17	Ontario	Vons	130 W G St	Store Closed	2		Liborio Grocery Store
18	Pomona	Ralphs	1575 E Holt Ave	Store closed? Sold 6/29/99	9 months	43,696 sf	Food 4 Less
19	Pomona	Ralphs	1444 E Holt Ave	Store Closed? Sold 7/30/99		100,800 sf	Pomona Unified School District

Source: City of Ontario survey, 10/26/05, KMA windshield field survey 11/1/2006, Costar