

Industrial Market Trends Fresno/Visalia

Grubb & Ellis Research

Third Quarter 2007



Tight Market Continues

Despite the slow down in residential construction, the industrial market has yet to feel the effects. Demand for space under 10,000 square feet, typical for a construction related user, has slowed, but vacancy remains flat at 6.4 percent for Fresno and Visalia combined. Asking rents have also held steady year-to-date.

Several industrial projects are in the planning stages, but developers are reluctant to start construction without tenants ready to move in upon completion. Currently, very little space is under construction, keeping vacancy rates in check. The vacancy rate for Fresno alone is 6 percent and Visalia is at 8.5 percent.

There seems to be heightened demand for mid-sized buildings in the 20,000 to 60,000 square foot range. A recent sale of a 40,000 square foot warehouse on 5 acres in Tulare to Serrano's Furniture Store Inc. is a prime example. With limited industrial land available for sale in the 5 plus acre range that is suitable for this type of building, land prices continue to escalate.

Unique to the Central Valley, are cold storage and packing facilities along with cotton gins, warehouses and industrial zoned land set in rural areas. A number of facilities are currently on the market for sale with non agricultural users looking at purchasing and converting the properties. These facilities often include large high quality buildings, suitable for conversion, at attractive prices. Some are rail served and are priced at levels that allow for demolition and reconstruction.

...heightened demand for mid-sized buildings...

Fresno Industrial Market Trends

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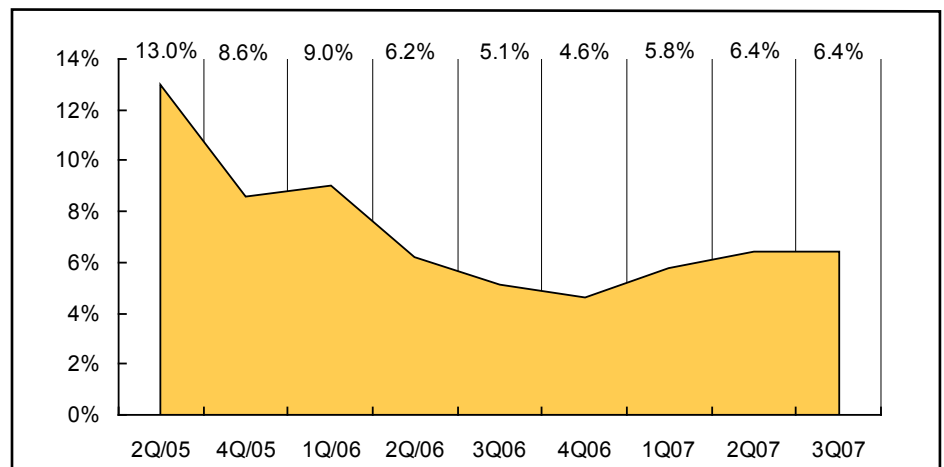
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Industrial Vacancy Rate*

*All Product Types

Industrial Market Snapshot Fresno/Visalia Third Quarter 2007

By Submarket (All Property Types)	Total (1) SF	Vacant (2) SF	Vacant %	Net Absorption		Under Const. (3) SF	Asking Rent (4)	
				Current Qtr	Year To Date		WH/Dist	R&D/Flex
Northeast	11,586,888	244,865	2.1%	21,230	(59,170)	50,000	\$0.32	\$0.54
Northwest	7,641,052	279,932	3.7%	79	(93,949)	-	\$0.43	\$0.75
Southeast	26,951,616	2,229,400	8.3%	22,180	(399,558)	-	\$0.28	\$0.52
Southwest	8,180,662	525,235	6.4%	(52,968)	(109,363)	5,944	\$0.37	-
Visalia	9,831,415	830,825	8.5%	(741)	1,499,566	109,500	\$0.33	\$0.75
Suburban Total	64,191,633	4,110,257	6.4%	(10,220)	837,526	165,444	\$0.32	\$0.55
Totals	64,191,633	4,110,257	6.4%	(10,220)	837,526	165,444	\$0.32	\$0.55

By Property Type (All Submarkets)	Total	Vacant	Vacant %	Current Qtr	Year To Date	Under Const.	Asking Rent	
							WH/Dist	R&D/Flex
General Industrial	26,200,844	2,123,113	8.1%	7,200	1,365,157	130,444	\$0.27	
R&D/Flex	873,599	247,150	28.3%	-	(7,369)	35,000	\$0.55	
Warehouse/Distribution	37,117,190	1,739,994	4.7%	(17,420)	(520,262)	-	\$0.32	
Totals	64,191,633	4,110,257	6.4%	(10,220)	837,526	165,444	\$0.31	

(1) Inventory includes multi-tenant and single tenant buildings with at least 5,000 sq. ft.

(2) Vacant space includes both vacant direct and vacant sublease space.

(3) Space under construction includes speculative and build-to-suit for lease projects.

(4) Asking rates are per square foot per month, triple net. Rates for each building are weighted by the amount of available space within the building.

*Grubb & Ellis statistics are audited annually and may result in revisions previously reported quarterly and final year-end figures.

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Fresno Area Map By Submarket

