

Industrial Market Trends Fresno

Grubb & Ellis Research

First Quarter 2008



What's Ahead?

Despite the housing slump, construction related job losses and a fear of recession, the vacancy rate in Fresno remains low and demand for space keeps municipalities working to annex land suitable for industrial development. The Fresno area vacancy rate is equal to that of last quarter at 6.3 percent. Asking rents also remain stable with little change over the last 12 months.

A recent survey conducted by Grubb & Ellis|Pearson Commercial of the Fresno area industrial brokers yielded some interesting results.

Most of those surveyed were of the opinion that the industrial market would fare about the same as last year. Additionally, a clear majority believe that there will be new development of industrial buildings over the next six to 12 months. Rents should stay about the same over the next 12 months with tenants having the upper hand and landlords offering concessions. Sale prices for industrial buildings are expected to decrease during 2008.

Economic challenges most likely will keep leasing, sales and development activity in check through the remainder of the year. However, the Central Valley continues to be a desirable location to do business and is somewhat sheltered from economic impacts by its strong agricultural economy.

...the Central Valley continues to be a desirable place to do business...

Fresno Industrial Market Trends

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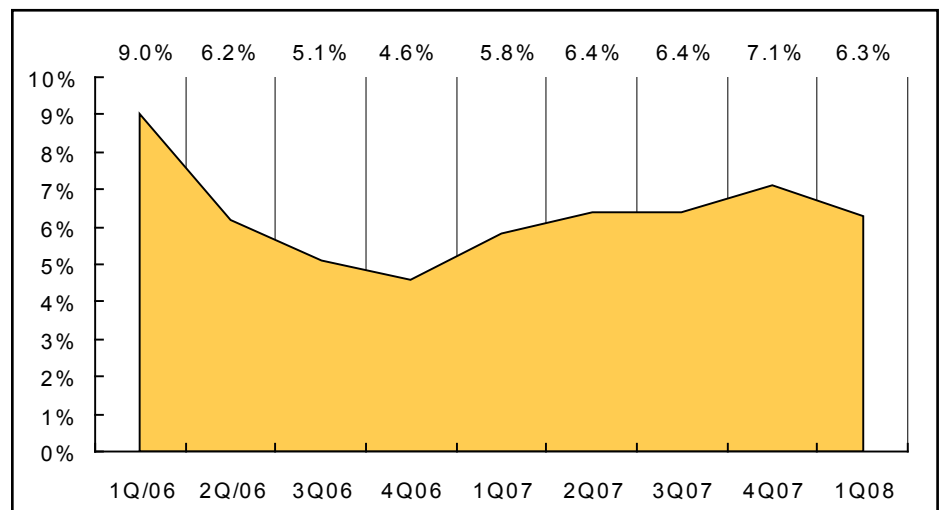
Tammy Katuin

Director of Client Services
Research, Marketing & Information Systems
E-mail: tkatuin@pearsonrealty.com

Grubb & Ellis | Pearson Commercial

FRESNO
7480 N. Palm Avenue, Suite 101
Fresno, CA 93711
559.432.6200
VISALIA
3447 S. Demaree
Visalia, CA 93277
559.732.7300

Internet: www.pearsonrealty.com
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Industrial Vacancy Rate*

*All Product Types

Industrial Market Snapshot Fresno First Quarter 2008

By Submarket (All Property Types)	Total (1)	Vacant (2)	Vacant %	Net Absorption		Under Const. (3)	Asking Rent (4)	
	SF	SF		Current Qtr	Year To Date	SF	WH/Dist	R&D/Flex
Northeast	11,676,503	460,111	3.9%	(138,319)	(138,319)	-	\$0.24	\$0.54
Northwest	7,683,937	337,916	4.4%	(35,535)	(35,535)	-	\$0.50	\$0.68
Southeast	26,964,148	1,982,836	7.4%	266,053	266,053	86,656	\$0.28	\$0.52
Southwest	8,172,076	638,464	7.8%	(30,972)	(30,972)	15,000	\$0.36	-
Suburban Total	54,496,664	3,419,327	6.3%	61,227	61,227	101,656	\$0.34	\$0.54
Totals	54,496,664	3,419,327	6.3%	61,227	61,227	101,656	\$0.34	\$0.54

By Property Type (All Submarkets)						Asking Rent		
General Industrial	18,565,786	1,945,664	10.5%	229,875	229,875	101,656	\$0.23	
R&D/Flex	893,599	257,675	28.8%	10,200	10,200	-	\$0.54	
Warehouse/Distribution	35,037,279	1,215,988	3.5%	(178,848)	(178,848)	-	\$0.34	
Totals	54,496,664	3,419,327	6.3%	61,227	61,227	101,656	\$0.30	

(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.

Grubb & Ellis Pearson Commercial Industrial Advisors

FRESNO

Lou Ginise, SIOR
Senior Vice President
Industrial Division
559.447.6232
lginise@pearsonrealty.com

Ron Stoltenberg
Vice President
Industrial Division
559.447.6227
rstoltenberg@pearsonrealty.com

Ethan Smith
Vice President
Industrial Division
559.447.6256
esmith@pearsonrealty.com

Joshua Francois
Vice President
Industrial Division
559.447.6261
jfrancois@pearsonrealty.com

Ross Parnagian
Sales Associate
Industrial Division
559.447.6228
rparnagian@pearsonrealty.com

William Thomas
Sales Associate
Industrial Division
559.447.6233
wthomas@pearsonrealty.com

Fresno Area Map By Submarket

