

Industrial Market Trends Fresno

Grubb & Ellis Research

Fourth Quarter 2008



Vacancy on the Rise is No Surprise

Beginning the year at 6.3 percent, vacancy ticked up each quarter to end the year at 7.4 percent.

However, compared to the same time last year, vacancy is up by only 30 basis points. Asking rents remain stable and are up slightly from last year.

Activity is slow in both leasing and sales. However, Real Capital Analytics reported that the Allen Group recently sold four buildings in Visalia totaling approximately 790,000 for \$35.2 million to a real estate development and investment firm based in Hawaii. Additionally, 236,350 square feet of sublease space was recently leased in the same area. The new tenant is Dairy America, Inc.

There are deals being made and buyers and tenants definitely have the upper hand. Investors are far more conservative and buyers are extremely cautious. Vulture funds are on the rise and are searching for distressed properties and any other opportunistic plays.

2009 looks to be a year of survival of the fittest. Fortunately, the San Joaquin Valley is bolstered by the agricultural economy. Businesses previously focused on servicing the construction industry are shifting to agriculture. The World Ag Expo, held every February in Tulare, is the world's largest agricultural exposition with 2.6 million square feet of exhibit space, over 1,600 exhibitors and an estimated 100,000 attendees. This Expo showcases equipment, supplies and services related to the international agriculture community.

Fresno Industrial Market Trends

is a newsletter published quarterly by Grubb & Ellis | Pearson Commercial. To obtain additional copies or other Grubb & Ellis | Pearson Commercial Publications, please contact:

Tammy Katuin

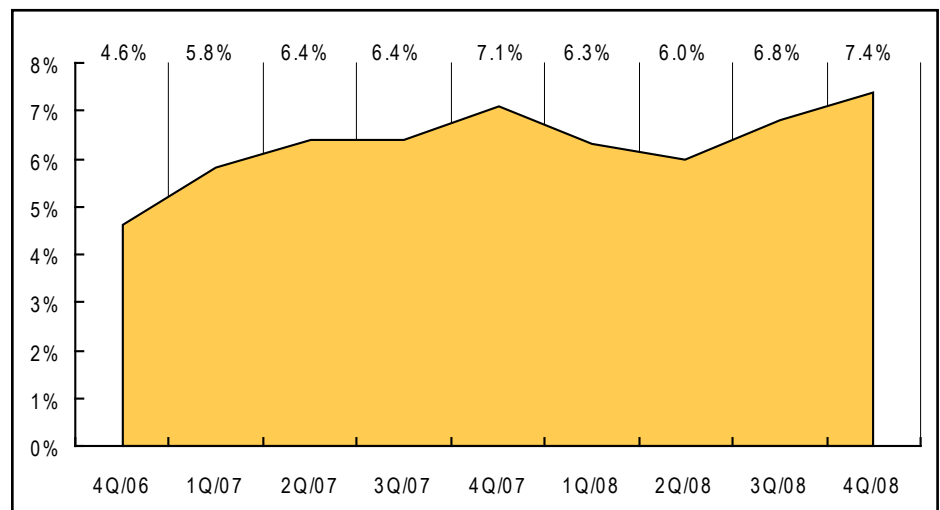
Director of Client Services
Research, Marketing & Information Systems
E-mail: tkatuin@pearsonrealty.com

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
Independently Owned and Operated



Industrial Vacancy Rate*

*All Product Types

Industrial Market Snapshot Fresno Fourth Quarter 2008

| 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 | 11,674,543 | 444,560 | 3.8% | 10,496 | (124,728) | 10,000 | \$0.33 | \$0.68 |
| Northwest | 7,600,564 | 417,160 | 5.5% | (26,756) | (101,132) | 104,128 | \$0.47 | \$0.86 |
| Southeast | 27,203,129 | 2,609,025 | 9.6% | (243,133) | (121,115) | - | \$0.41 | \$0.52 |
| Southwest | 8,168,653 | 552,671 | 6.8% | 48,220 | 51,398 | - | \$0.36 | \$0.67 |
| Suburban Total | 54,646,889 | 4,023,416 | 7.4% | (211,173) | (295,577) | 114,128 | \$0.40 | \$0.57 |
| Totals | 54,646,889 | 4,023,416 | 7.4% | (211,173) | (295,577) | 114,128 | \$0.40 | \$0.57 |

| By Property Type (All Submarkets) | | | | | | | Asking Rent | |
|--------------------------------------|-------------------|------------------|-------------|------------------|------------------|----------------|---------------|--|
| General Industrial | 18,746,548 | 1,968,279 | 10.5% | 25,607 | 388,062 | 114,128 | \$0.26 | |
| R&D/Flex | 893,599 | 247,720 | 27.7% | 8,200 | 20,155 | - | \$0.57 | |
| Warehouse/Distribution | 35,006,742 | 1,807,417 | 5.2% | (244,980) | (703,794) | - | \$0.40 | |
| Totals | 54,646,889 | 4,023,416 | 7.4% | (211,173) | (295,577) | 114,128 | \$0.34 | |

(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.

(5) R&D/Flex is defined as 30% or more office build-out used for back office, R&D/lab, light assembly or retail/showroom.

*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, CCIM
Vice President
Industrial Division
559.447.6256
esmith@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

