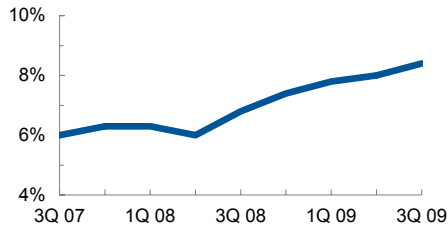


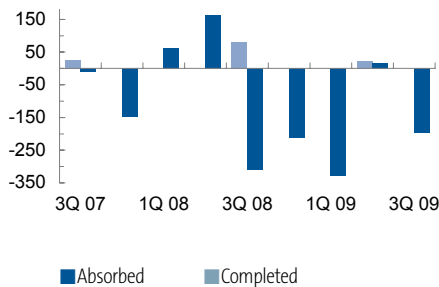
Vacancy Rate

Quarterly



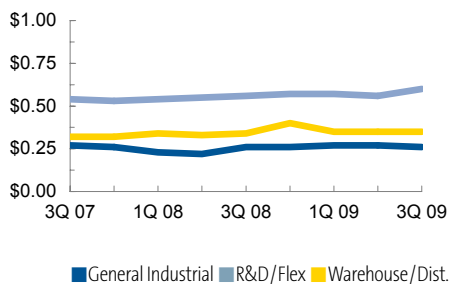
Completions vs. Absorption

Quarterly (in Thousands of SF)



Asking Rental Rates

Quarterly (\$/SF/Mo. Triple Net)



What Happens Next?

Vacancy rates have increased. Landlords seem to be more flexible. Most property owners recognize that a return to 2007 values is not in the cards. Potential buyers are making their way back into the market, but questions remain.

As the year has progressed the overall vacancy rate increased for the sixth consecutive quarter to 8.4 percent. Additionally, the number of properties available for lease or sub-lease increased significantly. The imbalance between demand and supply has impacted effective rents – positively from the perspective of a tenant looking for new space or renewing or extending their lease and negatively from the perspective of landlords who must make aggressive proposals to secure deals. Anecdotal evidence suggests that tenants are able to demand increased tenant improvement allowances, free rent, shorter lease terms, and lower rent increases or flat rents over the lease term. However, some product types such as large logistics spaces, manufacturing space, rail-served properties, and small dock-high suites, remain in relatively short supply and are not experiencing the same significant downward pressure on values.

Very few sales have recently and sellers and buyers remain in a standoff. Many buyers perceive prices to be too high and at the precipice of a long downward slide and many sellers feel that their asking price reflects the true value of the property. Additionally, it is very clear that securing acceptable financing is extremely difficult for most buyers. While interest rates may not be the impediment, other loan terms, including mandatory recourse, variable rates, larger down payments, and more scrutiny of buyers' financials are keeping many prospective buyers on the sidelines. Finally, investment sales of industrial buildings (stabilized or value-add) have been nonexistent as most local income-producing properties are not overly leveraged or are controlled by entities that typically have long-term ownership objectives.

Will deal velocity continue to increase? Will tenants be willing to relocate? Will sellers become motivated? Can buyers get financing? How will bank-owned real estate impact overall pricing? All these questions remain to be answered.

FORECAST

- More buildings will become available and the vacancy rate will rise.
- Owner-user sales will increase, but sale prices will decrease.
- Bank-owned properties will come to market.
- Little to no new construction over the next several quarters.

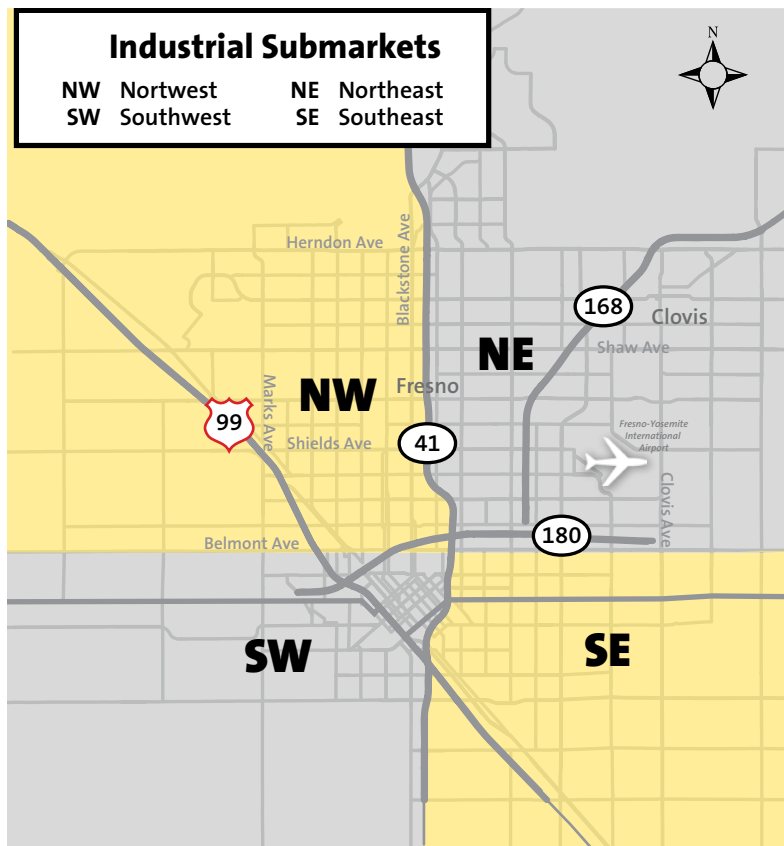
Industrial Trends Report— Third Quarter 2009

Fresno, CA



By Submarket	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		WH/Dist	R&D/Flex
Northeast	11,707,385	537,826	4.6%	(12,750)	(60,424)	-	\$0.32	\$0.65
Northwest	7,646,720	522,034	6.8%	(43,392)	(68,718)	-	\$0.43	\$0.86
Southeast	27,208,280	2,901,571	10.7%	(126,047)	(313,164)	-	\$0.34	\$0.52
Southwest	8,179,067	625,435	7.6%	(13,384)	(62,350)	-	\$0.36	-
Totals	54,741,452	4,586,866	8.4%	(195,573)	(504,656)	-	\$0.35	\$0.60

By Property Type	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION		Under Construction SF	ASKING RENT
				Current	Year To Date		
General Industrial	18,859,658	2,155,302	11.4%	(3,860)	(83,913)	-	\$0.26
R&D/Flex	893,386	251,902	28.2%	(8,000)	(4,395)	-	\$0.60
Warehouse/Distribution	34,988,408	2,179,662	6.2%	(183,713)	(416,348)	-	\$0.35
Totals	54,741,452	4,586,866	8.4%	(195,573)	(504,656)	-	\$0.33



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INDUSTRIAL TERMS AND DEFINITIONS

Inventory: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 5,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country, and dollars per square foot per month in areas of California and selected other markets. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

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