

# Industrial Market Trends Visalia/Tulare

Grubb & Ellis Research

Third Quarter 2008



## Little Activity in the South Valley Market

*Tenant's thinking of making a move could take advantage of some of the best opportunities to come along in quite some time.*

Even though the third quarter vacancy rate is up 20 basis points from last quarter at 8.9 percent it is well within the norm for the market. Asking rates remain stable with no perceivable change over the last 12 months. With little in the construction pipeline vacancy rates should hold firm through the next year.

Year-to-date lease activity falls short of that of the same period for 2006 and 2007. A wait and see attitude seems to have settled on industrial users as well as developers throughout the Central Valley. Fresno, to the north, is experiencing much the same with stable market conditions and decreased activity.

On the bright side, tenants thinking of making a move could take advantage of some of the best opportunities to come along in quite some time. Landlords with vacant space are competing for tenants and rent concessions are in play.

Out of the 10 buildings with more than 100,000 contiguous square feet available for lease in the Fresno and Visalia market places, five of them are in Visalia. These buildings are perfectly suited and situated for distribution centers. Visalia's central location, midway between Los Angeles and San Francisco, allows for overnight ground delivery to all of California.

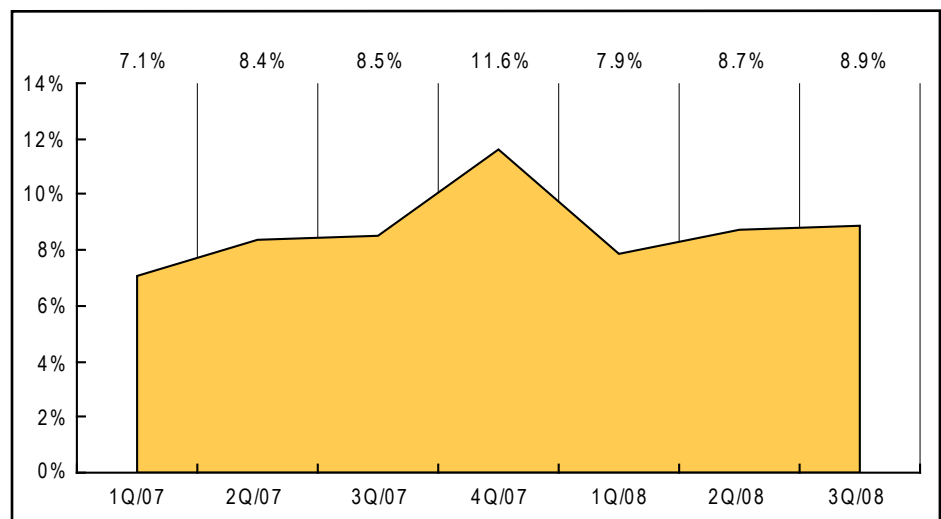
### Visalia-Tulare Industrial Market Trends

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Industrial Vacancy Rate\*

\*All Product Types

## Industrial Market Snapshot Visalia/Tulare Third 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
Tulare	3,417,826	51,890	1.5%	0	80,640	20,000	\$0.50	\$0.70
Visalia	9,845,779	1,129,129	11.5%	(236,375)	(277,623)	370,290	\$0.29	-
<b>Suburban Total</b>	<b>13,263,605</b>	<b>1,181,019</b>	<b>8.9%</b>	<b>(236,375)</b>	<b>(196,983)</b>	<b>390,290</b>	<b>\$0.29</b>	<b>\$0.70</b>
<b>Totals</b>	<b>13,263,605</b>	<b>1,181,019</b>	<b>8.9%</b>	<b>(236,375)</b>	<b>(196,983)</b>	<b>390,290</b>	<b>\$0.29</b>	<b>\$0.70</b>

By Property Type (All Submarkets)	Total	Vacant	Vacant %	Net Absorption		Under Const.	Asking Rent	
				Current Qtr	Year To Date		WH/Dist	R&D/Flex
General Industrial	2,763,106	-	-	-	80,640	80,000	-	-
R&D/Flex	659,407	14,000	2.1%	-	-	-	\$0.70	-
Warehouse/Distribution	9,841,092	1,167,019	11.9%	(236,375)	(277,623)	310,290	\$0.29	-
<b>Totals</b>	<b>13,263,605</b>	<b>1,181,019</b>	<b>8.9%</b>	<b>(236,375)</b>	<b>(196,983)</b>	<b>390,290</b>	<b>\$0.30</b>	<b>\$0.70</b>

(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.

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