

Industrial Market Trends Fresno/Visalia

Grubb & Ellis Research

First Quarter 2007



Visalia Industrial Market Added to Report

A recent survey of the Visalia Industrial market shows approximately 10 million square feet of completed space, another 114,500 square feet under construction and a 7.1 percent vacancy rate. Included in that vacant space is 550,000 square feet of recently completed, 30 foot clear height, tilt-up buildings ready to go for distribution and manufacturing. A recent addition to the Visalia Industrial Park is the 800,000 square foot Vanity Fair warehouse. Short on supply of buildings and land for sale, the City of Visalia is looking at annexing 480 acres for industrial development.

Short on supply, the City of Visalia may annex 480 acres for industrial development.

The overall vacancy rate for Fresno is 5.6 percent down 3.4 percent from the first quarter of 2006. Even though product is in short supply, asking rents seem to have reached a level of equilibrium with no significant increases in the last 12 months.

There seems to be no silver bullet for the shortage of developable land for future industrial use in Fresno or Visalia. However, there are many efforts underway, along the Highway 99 corridor to put together projects. The time and cost to provide services is another obvious challenge. These challenges are not exclusive to Central California. Similar issues are being experienced in other markets as well. Nationally, vacancy rates have been on a steady decrease and has dropped to its lowest level in five years.

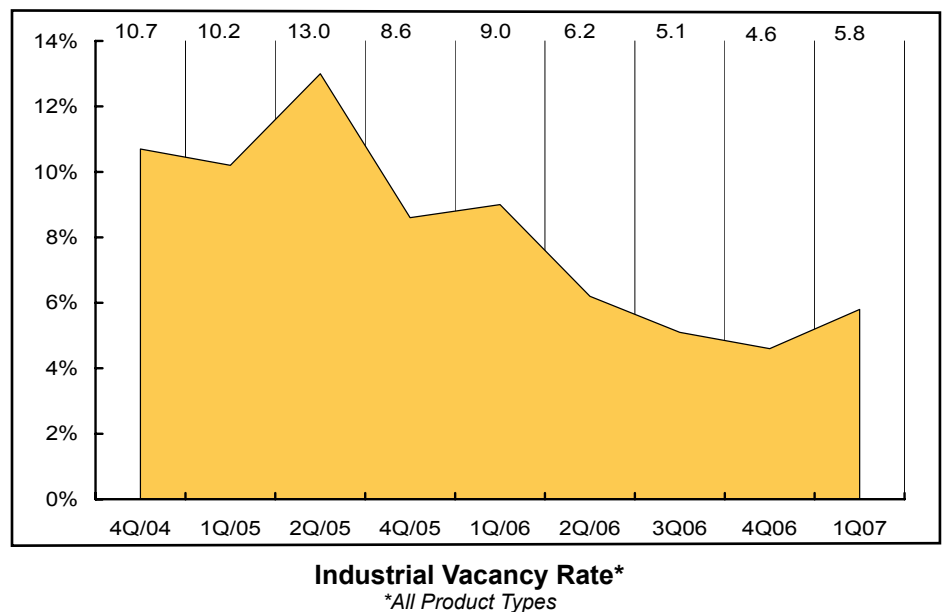
Fresno Industrial Market Trends is a newsletter published quarterly by Grubb & Ellis | Pearson Commercial. To obtain additional copies or other Grubb & Ellis | Pearson Commercial Publications, please contact:

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Industrial Market Snapshot Fresno/Visalia First Quarter 2007

| By Submarket (All Property Types) | Total (1) SF | Vacant (2) SF | Vacant % | Net Absorption | | Under Const.(3) SF | Asking Rent (4) | |
|--------------------------------------|-------------------|------------------|-------------|------------------|------------------|-----------------------|-----------------|---------------|
| | | | | Current | Year To Date | | WH/Dist | R&D/Flex |
| Northeast | 11,543,523 | 216,992 | 1.9% | (56,202) | (56,202) | - | \$0.28 | \$0.37 |
| Northwest | 7,651,052 | 219,413 | 2.9% | (33,430) | (33,430) | - | \$0.69 | \$0.42 |
| Southeast | 26,991,650 | 2,093,704 | 7.8% | (290,522) | (290,522) | - | \$0.27 | - |
| Southwest | 8,180,662 | 517,994 | 6.3% | (102,122) | (102,122) | 5,944 | \$0.29 | - |
| Visalia | 9,892,391 | 706,384 | 7.1% | 1,588,207 | 1,588,207 | 114,500 | \$0.31 | \$0.27 |
| Suburban Total | 64,259,278 | 3,754,487 | 5.8% | 1,105,931 | 1,105,931 | 120,444 | \$0.35 | \$0.29 |
| Totals | 64,259,278 | 3,754,487 | 5.8% | 1,105,931 | 1,105,931 | 120,444 | \$0.35 | \$0.29 |

| By Property Type (All Submarkets) | Asking Rent | | | | | | |
|--------------------------------------|-------------------|------------------|-------------|------------------|------------------|----------------|---------------|
| General Industrial | 27,404,130 | 2,801,588 | 10.2% | 1,068,030 | 1,068,030 | 120,444 | \$0.28 |
| Incubator | 10,615 | - | - | - | - | - | - |
| R&D/Flex | 716,985 | 59,750 | 8.3% | 1,378 | 1,378 | - | \$0.29 |
| Warehouse/Distribution | 36,127,548 | 893,149 | 2.5% | 36,523 | 36,523 | - | \$0.35 |
| Totals | 64,259,278 | 3,754,487 | 5.8% | 1,105,931 | 1,105,931 | 120,444 | \$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.

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Fresno Area Map By Submarket

