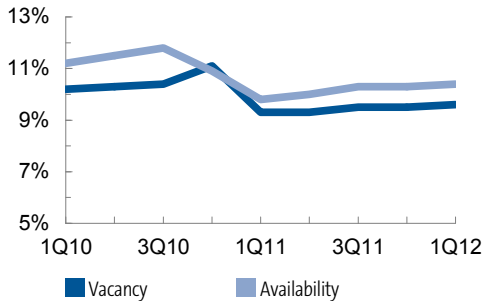
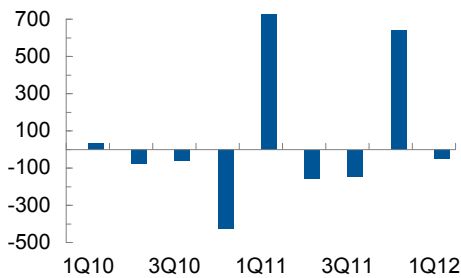


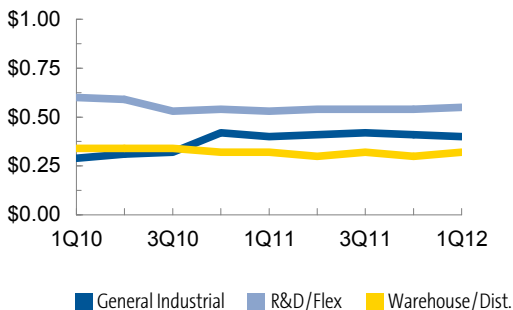
### Vacancy & Availability Rates



### Absorption (in Thousands of SF)



### Asking Rental Rates (\$/SF/Mo./Triple Net)



## As The Market Turns

Several Springs ago the term “green shoots” was being used by the commercial real estate industry in hopes that the downturn was over. Looking back, it is clear that with the exception of trophy, Class “A” properties in core markets (think NYC, San Francisco, LA, Boston and Chicago) the downturn was ongoing and even accelerating in many secondary and tertiary markets. Since late 2008, optimists have sought out data and forecasts that indicated the worst was over. For the most part, these supposed leading indicators and prognosticators have been wrong.

As 2011 ended it appears that the Fresno industrial market may be coming back to life. Activity across most product types has increased even though the vacancy rate has not decreased. Overall, the phone is ringing more often, which means prospects are actively searching for property. Of course, not all calls result in a lease, sale or listing; but the more calls the better the odds of making a deal!

As previously noted, new construction has been nonexistent since 2008, so the overall inventory has been stable. Generally, as demand increases and supply decreases, prices rise. In certain segments of the industrial market this is happening. Specifically, small (under 20,000 square feet) light industrial buildings are becoming scarcer with a vacancy rate of only 7.7 percent. These buildings attract local, small businesses and many new ventures that need to lease their first space. A year ago, rents for these types of buildings were still declining and there were many buildings available. Today, rental rates have stabilized and may increase if demand continues to grow.

Sales to owner/users have also accelerated over the last few quarters as business owners recognize that values have probably hit the bottom. Again, small- to medium-sized (under 40,000 square feet) light industrial properties are in greater demand than at anytime in the last few years. However, locating quality medium-sized properties remains a challenge.

Real concerns exist about the strength of the recovery in the industrial market. Financing can still be a daunting hurdle and owners of Class “B” and “C” properties may still find it difficult to attract tenants or buyers without being aggressive on their rental rates or sale prices. It appears sustained job growth in more than a few sectors (Ag, food processing and logistics) must exist for the industrial market to truly recover and grow.

### FORECAST

- Rental rates for small buildings will increase.
- Sales prices for most properties have stabilized.
- Developers will speculatively build in 2013.

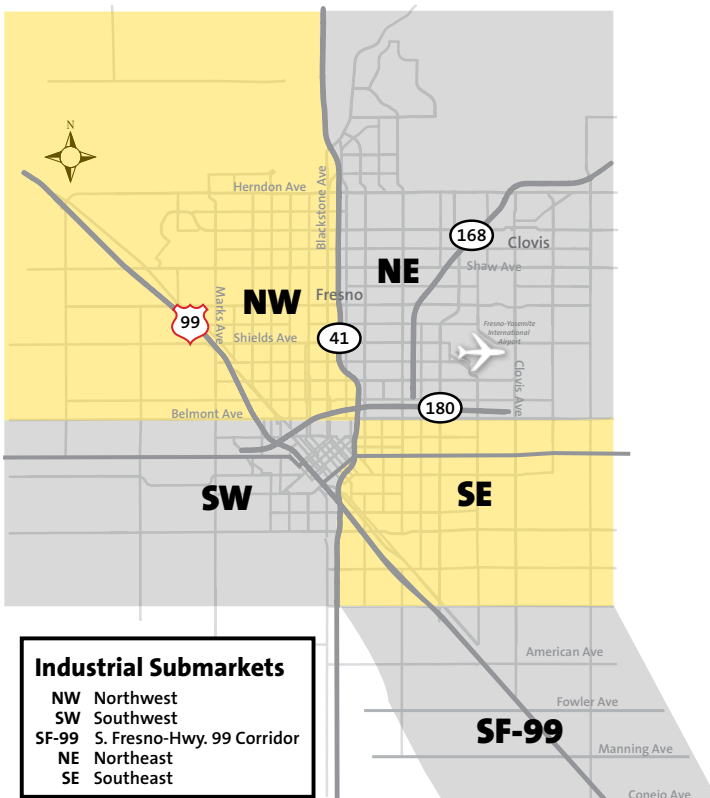
# Industrial Trends Report—First Quarter 2012

## Fresno, CA



By Submarket	Total SF	Vacant SF	Vacancy %	Available %	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current Qtr	Year To Date		WH/Dist	R&D/Flex
Northeast	13,348,177	811,509	6.1%	6.5%	6,479	6,479	-	\$0.38	\$0.48
Northwest	8,973,775	1,095,547	12.2%	12.6%	9,411	9,411	-	\$0.40	\$0.64
S. Fresno-Hwy.99 Corridor	5,130,162	577,083	11.2%	11.2%	28,600	28,600	-	-	-
Southeast	29,343,581	2,921,297	10.0%	11.0%	9,096	9,096	-	\$0.28	\$0.52
Southwest	7,477,224	792,169	10.6%	11.4%	(104,129)	(104,129)	-	\$0.28	-
<b>Totals</b>	<b>64,272,919</b>	<b>6,197,605</b>	<b>9.6%</b>	<b>10.4%</b>	<b>(50,543)</b>	<b>(50,543)</b>	-	<b>\$0.31</b>	<b>\$0.55</b>

By Property Type	Total SF	Vacant SF	Vacancy %	Available %	Current Qtr	Year To Date	Under Construction SF	ASKING RENT
General Industrial	27,803,489	2,655,602	9.6%	10.5%	(84,433)	(84,433)	-	\$0.40
R&D/Flex	1,095,355	297,829	27.2%	27.2%	24,988	24,988	-	\$0.55
Warehouse/Distribution	35,374,075	3,244,174	9.2%	9.8%	8,902	8,902	-	\$0.31
<b>Totals</b>	<b>64,272,919</b>	<b>6,197,605</b>	<b>9.6%</b>	<b>10.4%</b>	<b>(50,543)</b>	<b>(50,543)</b>	-	<b>\$0.35</b>



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## INDUSTRIAL TERMS AND DEFINITIONS

**Total SF:** Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 4,800 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.*

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