

Real People. Real Solutions.™



# **Industrial Market Report**

Compared to last quarter:

Vacancy DOWN

**Net Absorption** 



**Lease Rates** 



**Transactions** 



Construction



To view available properties, electronic versions of current or past market reports, please visit:

www.voitco.com

Prepared by:

Jerry J. Holdner, Jr. – Lic.#01145748 Vice President of Market Research VOIT Real Estate Services – Lic.#01333376

e-mail: jholdner@voitco.com



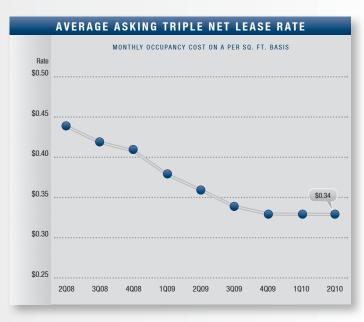
### Market Highlights

- Encouraging Numbers The numbers this quarter appear to be encouraging for the first time since the first quarter of 2008 — a sign that recovery could be on the horizon. Availability dropped, vacancy dropped, and net absorption posted positive numbers. With regards to sales transactions, the ask-bid gap seems to be narrowing, evident from the drop in asking prices. While these are positive indications, stability will need to be sustained in following quarters to be considered recovery.
- Construction Currently, there is 2,631,280 square feet under construction in the Inland Empire. It appears that a couple of new projects broke ground this quarter in the Inland Empire — 1.8 million square feet in Moreno Valley & 667,000 square feet in Ontario.
- Vacancy Direct/sublease space (unoccupied) finished the quarter at 10.83%, which is lower than last quarter's rate of 11.67%, as well as the year-ago rate of 11.83%. The lowest vacancy rate in the area can be found in the Western region, coming in at 7.77%.
- Availability Direct/sublease space being marketed was 15.86% — lower than last quarter's 17% and lower than the 16.35% we saw this same quarter last year. This is a 3% decrease of new space being marketed year-over-year.
- Lease Rates The average asking triple net lease rate is \$.34 cents per square foot per month this quarter. This is the same as last quarter's but a decrease of 8.11% when compared to last year's asking rate of \$.37.
- Absorption Net absorption for the Inland Empire posted a positive 3,812,631 square feet for the second quarter of 2010, giving the industrial market a total of over 4.5 million square feet of positive absorption for the year. The last time we had over three million square feet of positive absorption was in the first quarter of 2008.

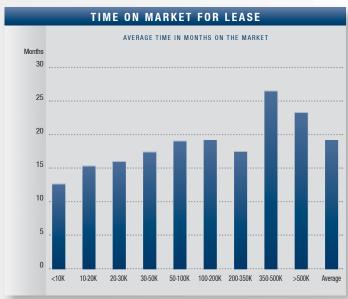
- ◆ Transaction Activity Leasing activity checked in this quarter at 7.2 million square feet, compared to last quarter's 6.2 million square feet. This increase can be attributed to the recent trend of short-term deals coupled with lease renegotiations. Sales activity showed a 9.09% decrease over the same quarter last year, posting 3 million square feet of activity compared to 3.3 million square feet in the second quarter of 2009. Details of the largest transactions can be found on the back page of this report.
- Unemployment The unemployment rate in the Riverside-San Bernardino—Ontario MSA was 13.9% in May 2010, down from a revised 14.2% in April 2010 and above the year ago estimate of 12.7%. This compares with an unadjusted unemployment rate of 11.9% for California and 9.3% for the nation during the same period. The unemployment rate was 14% for Riverside County and 13.8% in San Bernardino County. According to the State of California Employment Development Department, the Riverside-San Bernardino-Ontario MSA lost 35,200 payroll jobs over the last twelve months. The largest declines were 11,700 jobs in construction and 7,600 in trade, transportation and utilities services. However, educational and health services showed a year-over-year gain of 200 jobs.
- Overall We are beginning to see a decrease in the amount of available space being added per quarter. Absorption has turned positive, and with few new deliveries to put more upward pressure on vacancies, the market should continue to stabilize. We expect to see an increase in investment activity in the coming quarters as lenders begin to dispose of distressed assets. We should also see an increase in leasing activity as many short-term deals come up for renewal and as job creation occurs. Once unemployment rates drop and consumer confidence stabilizes, the Industrial market will recover.

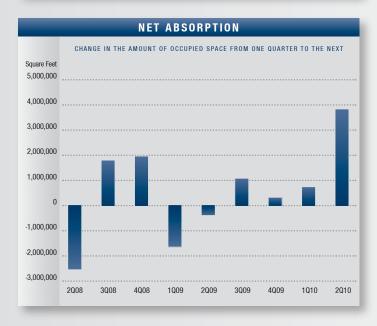
IND	USTRIAL	MARKE	TOVERVI	E W
	2Q2010	1Q2010	2Q2009	% CHANGE vs. 2Q2009
Vacancy Rate below 100K SF	8.85%	9.47%	9.45%	(6.35%)
Vacancy Rate above 100K SF	12.08%	13.06%	13.32%	(9.31%)
Total Vacancy Rate	10.83%	11.67%	11.83%	(8.45%)
Availability Rate	15.86%	17.00%	16.35%	(3.00%)
Average Asking Lease Rate	\$0.34	\$0.34	\$0.37	(8.11%)
Sale & Lease Transactions	10,238,225	10,932,973	11,119,188	(7.92%)
Gross Absorption	10,605,447	6,920,011	8,251,270	28.53%
Net Absorption	3,812,631	728,673	(363,650)	N/A

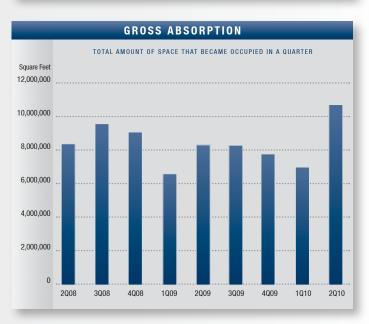












	INVENTORY			V	VACANCY & LEASE RATES				ABSORPTION				
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 202010	Square Feet Available	Availability Rate 202010	Average Asking Lease Rate	Net Absorption 2Q2010	Net Absorption 2010	Gross Absorption 2Q2010	Gross Absorption 2010
North	Diugo	oquare reet	070	i iuiiiiou	Vacant	242010	Avuilubic	202010	Louise Hute	242010	2010	242010	2010
Fontana	761	47,669,620	0	5,220,777	4,060,909	8.52%	6,331,677	13.28%	\$0.31	(528,178)	(118,010)	884,061	1,627,766
Mira Loma	229	32,478,599	0	1,125,535	2,745,877	8.45%	4,515,977	13.90%	\$0.34	(64,487)	66,195	390,066	771,326
Montclair	205	3,211,628	101,425	25,226	232,359	7.23%	358,434	11.16%	\$0.00	(372)	(26,378)	26,562	65,617
Ontario	1,487	97,041,572	667,000	1,134,724	9,632,292	9.93%	16,590,965	17.10%	\$0.34	(489,546)	(146,311)	1,806,435	3,738,813
Rancho Cucamonga	781	37,215,953	0	723,716	2,324,985	6.25%	3,513,155	9.44%	\$0.34	1,022,954	375,641	1,399,605	1,708,676
Upland	320	5,088,889	0	130,832	409,764	8.05%	685,694	13.47%	\$0.80	(63,369)	(87,284)	29,058	78,802
Less than 24,999	2,354	25,821,762	0	240,233	2,007,215	7.77%	2,999,841	11.62%	\$0.54	70,268	43,329	426,333	919,824
25,000–49,999	519	18,006,365	0	343,910	1,396,022	7.75%	2,302,167	12.79%	\$0.44	140,475	169,520	341,189	612,870
50,000–99,999 100,000 plus	355 555	24,568,250 154,309,884	768,425	641,869 7,134,798	2,598,516 13,404,433	10.58% 8.69%	3,764,717 22,929,177	15.32% 14.86%	\$0.45 \$0.31	(6,905) (326,836)	(85,557) (63,439)	330,269 3,437,996	600,755 5,857,551
North Total	3,783	222,706,261	768,425	8,360,810	19,406,186	8.71%	31,995,902	14.37%	\$0.33	(122,998)	63,853	4,535,787	7,991,000
	3,703	222,700,201	700,423	0,300,010	19,400,100	0.7 170	31,990,902	14.37 70	φυ.33	(122,990)	03,033	4,000,707	7,991,000
West									*				
Chino Hills	6	112,970	0	0	4,740	4.20%	15,774	13.96%	\$0.00	2,230	2,230	2,230	2,230
Chino	910	38,386,157	0	3,122,484	2,775,908	7.23%	5,204,706	13.56%	\$0.36	(103,143)	(467,706)	317,867	887,619
Corona	971	29,678,572	38,255	1,127,355	2,543,713	8.57%	4,237,422	14.28%	\$0.41	158,776	171,420	545,416	1,196,143
Norco	1 270	1,241,614	0	220.272	71,271	5.74%	406,445	32.74%	\$0.51	(8,098)	7,280	9,992	27,042
Less than 24,999 25,000–49,999	1,370 289	14,525,538	28 255	339,372	1,035,211	7.13% 6.05%	1,621,339	11.16% 11.12%	\$0.63 \$0.50	144,587	27,312	309,323	602,368
50,000–49,999 50,000–99,999	161	10,116,706 10,877,249	38,255 0	237,487 639,240	612,360 641,555	5.90%	1,125,216 1,154,035	10.61%	\$0.50 \$0.46	105,100 135,741	124,627 124,437	129,223 213,046	280,651 614,510
100,000 plus	147	33,899,820	0	3.033.740	3,106,506	9.16%	5,963,757	17.59%	\$0.46	(335,663)	(563,152)	223,913	615,505
				, ,						, , ,	,		
West Total	1,967	69,419,313	38,255	4,249,839	5,395,632	7.77%	9,864,347	14.21%	\$0.39	49,765	(286,776)	875,505	2,113,034
East													
Banning	67	1,246,031	0	2,277,332	117,075	9.40%	120,675	9.68%	\$0.59	(29,719)	(38,334)	0	3,600
Beaumont	80	2,597,186	0	2,782,431	633,889	24.41%	657,657	25.32%	\$0.00	6,500	14,867	6,500	14,867
Bloomington	81	1,939,012	0	0	93,329	4.81%	161,414	8.32%	\$0.00	12,100	12,100	22,100	61,709
Colton	180	6,577,517	0	1,436,060	784,983	11.93%	885,516	13.46%	\$0.40	35,548	69,868	83,008	139,408
Grand Terrace	13	492,254	0	0	29,706	6.03%	29,706	6.03%	\$0.00	2,400	6,764	2,400	10,600
Hemet	139	2,646,968	0	0 02 070	69,600	2.63%	104,396	3.94%	\$0.55	(2,610)	(13,266)	7,350	11,358
Highland Loma Linda	27 20	503,719 250,460	0	23,070 0	5,000 62,490	0.99% 24.95%	12,500 62,490	2.48% 24.95%	\$0.80 \$0.31	(1,800)	(700)	0	1,200 0
Moreno Valley	83	9,500,010	1,800,000	10,236,932	2,060,692	21.69%	1,900,702	20.01%	\$0.36	(1,828) 309,441	(1,848) 305,581	420,094	420,094
Perris	191	11,385,657	0	20,356,996	823,277	7.23%	1,138,556	10.00%	\$0.25	302,087	125,037	306,254	309,004
Redlands	191	15,927,273	0	3,440,489	2,367,866	14.87%	4,213,291	26.45%	\$0.26	863,068	660,704	887,249	999,597
Rialto	170	13,082,955	0	1,309,124	3,470,038	26.52%	4,594,503	35.12%	\$0.30	134,604	124,812	160,848	178,388
Riverside	1,357	44,783,350	0	5,351,209	6,949,280	15.52%	7,878,445	17.59%	\$0.34	739,221	1,171,242	1,157,226	1,842,310
San Bernardino	681	29,369,902	0	4,273,902	4,688,436	15.96%	5,578,014	18.99%	\$0.29	1,679,170	1,754,498	1,888,939	2,214,955
San Jacinto	139	1,694,916	0	0	131,200	7.74%	137,500	8.11%	\$0.67	(11,100)	(14,050)	4,400	13,700
Yucaipa	21	392,259	0	0	8,100	2.06%	8,100	2.06%	\$0.00	0	0	0	0
Less than 24,999	2,475	23,113,466	0	595,059	2,224,160	9.62%	2,914,995	12.61%	\$0.55	60,827	30,651	382,007	708,431
25,000-49,999	415	14,616,250	0	592,247	2,060,354	14.10%	2,834,481	19.39%	\$0.40	8,461	(19,119)	196,779	296,632
50,000-99,999	282	19,312,787	0	1,507,328	1,263,954	6.54%	1,987,080	10.29%	\$0.34	553,664	681,334	644,752	841,862
100,000 plus	268	85,346,966	1,800,000	48,792,911	16,746,493	19.62%	19,746,909	23.14%	\$0.29	3,414,130	3,484,409	3,722,830	4,373,865
East Total	3,440	142,389,469	1,800,000	51,487,545	22,294,961	15.66%	27,483,465	19.30%	\$0.30	4,037,082	4,177,275	4,946,368	6,220,790
South													
Lake Elsinore	197	2,689,607	0	140,874	334,177	12.42%	356,427	13.25%	\$0.65	(72,961)	(23,278)	37,876	92,739
Murrieta	344	5,097,679	24,600	7,500	571,862	11.22%	704,452	13.82%	\$0.49	(11,969)	195	84,411	164,525
Temecula	373	10,923,024	0	0	1,022,549	9.36%	1,449,300	13.27%	\$0.54	(66,288)	587,820	125,500	921,175
Wildomar	15	617,313	0	13,342	139,693	22.63%	139,693	22.63%	\$0.00	0	22,195	0	22,195
Less than 24,999	758	7,686,701	24,600	104,810	846,741	11.02%	1,032,433	13.43%	\$0.59	(103,999)	(59,543)	124,696	298,131
25,000-49,999	98	3,415,611	0	56,906	571,223	16.72%	701,836	20.55%	\$0.56	(18,183)	7,056	59,314	107,674
50,000-99,999	47	3,174,982	0	0	248,246	7.82%	269,663	8.49%	\$0.00	4,169	56,735	61,417	175,400
100,000 plus	26	5,050,329	0	0	402,071	7.96%	645,940	12.79%	\$0.46	(33,205)	582,684	2,360	619,429
South Total	929	19,327,623	24,600	161,716	2,068,281	10.70%	2,649,872	13.71%	\$0.45	(151,218)	586,932	247,787	1,200,634
Inland Empire Total	10,119	453,842,666	2,631,280	64,259,910	49,165,060	10.83%	71,993,586	15.86%	\$0.34	3,812,631	4,541,284	10,605,447	17,525,458
Less than 9,999	3,780	22,119,784	0	218,267	1,530,360	6.92%	2,260,661	10.22%	\$0.77	27,039	(129,731)	366,871	666,815
10,000–19,999	2,550	35,168,350	0	733,224	3,324,637	9.45%	4,419,182	12.57%	\$0.77	139,968	156,796	763,581	1,532,831
20,000–29,999	1,029	24,824,382	24,600	630,923	2,518,334	10.14%	3,684,268	14.84%	\$0.44	56,224	96,632	248,655	672,912
30,000-49,999	919	35,189,883	38,255	927,610	3,591,079	10.20%	5,168,197	14.69%	\$0.42	184,305	200,116	589,757	954,023
50,000-99,999	845	57,933,268	0	2,788,437	4,752,271	8.20%	7,175,495	12.39%	\$0.41	686,669	776,969	1,249,484	2,232,527
100,000-199,999	519	70,923,374	101,425	4,420,566	8,761,657	12.35%	13,157,308	18.55%	\$0.35	1,132,121	1,220,070	2,197,229	3,782,595
200,000-349,999	227	59,323,099	0	5,162,287	7,494,394	12.63%	11,715,827	19.75%	\$0.41	(1,035,937)	(762,423)	1,223,654	1,926,138
350,000-499,999	130	53,623,762	0	11,681,274	7,543,386	14.07%	10,181,889	18.99%	\$0.27	1,832,566	1,672,744	1,910,126	2,514,277
500,000 plus	120	94,736,764	2,467,000	37,697,322	9,648,942	10.19%	14,230,759	15.02%	\$0.30	789,676	1,310,111	2,056,090	3,243,340
000,000 pido													

Lease rates are on a triple net basis.

**Square Feet** 

City

Riverside

. reperty rimmicos	,				•	
12400 Riverside Dr.	Mira Loma	397,631	\$22,555,000	\$43.00	12400 Riverside, LLC	Mira Loma West, Inc.
1251 S. Rockefeller Ave.	Ontario	264,717	\$10,721,038	\$40.50	Chinese Laundry	Arrow Electronics, Inc.
3090 Grapevine St. – 2 Properties	Mira Loma	85,613	\$5,725,797	\$66.88	Pro-Com Home Products, Inc.	Grapevine & Philadelphia, LLC
13470 Philadelphia Ave.	Fontana	90,250	\$5,100,000	\$56.51	Crown Cedar, Inc.	INVESTCO
3285 N. Locust Ave.	Rialto	101,343	\$4,875,000	\$48.10	NetREIT	Professional Business Bank
1410 Brown Ave.	Riverside	74,659	\$4,500,000	\$60.27	Liberty World Trade	Washington Mutual
Lanca Turnanations						
Lease Transactions						
Property Address	City	Squar	e Feet Tra	nsaction Date	Tenant	Owner
	<b>City</b> Mira Loma	•	e Feet Tra	nsaction Date June-10	<b>Tenant</b> N/A	Owner TIAA-CREF
Property Address	•	886				
Property Address 11640 Harrell St.	Mira Loma	886 725	,055	June-10	N/A	TIAA-CREF
Property Address 11640 Harrell St. 1505 Haven Ave. – Renewal	Mira Loma Ontario	886 725 a 650	,055 ,000	June-10 June-10	N/A Target Distribution	TIAA-CREF Majestic/Northwestern Mutual Life
Property Address  11640 Harrell St.  1505 Haven Ave. – Renewal  11900 Riverside Dr. – Renewal	Mira Loma Ontario Rancho Cucamong	886 725 a 650 467	,055 ,000 ,451	June–10 June–10 April–10	N/A Target Distribution Walmart	TIAA-CREF Majestic/Northwestern Mutual Life TIAA-CREF

RECENT TRANSACTIONS

Sale Price Sale Price Per SF Buyer

## **Product Type**

6255 Sycamore Canyon Blvd.

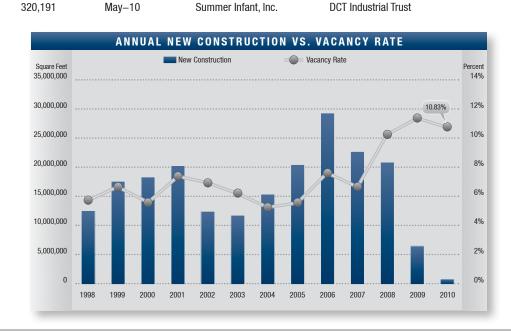
Sales Transactions
Property Address

#### MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

To view available properties, please visit:

www.voitco.com



### Please Contact Us for Further Information

Anaheim, CA 714.978.7880	Sacramento, CA 916.772.8648
Irvine, CA	San Diego, CA
949.851.5100	858.453.0505
Los Angeles, CA	Las Vegas, NV
818.593.6330	702.734.4500
Newport Beach, CA	Phoenix, AZ
949.644.8648	602.300.3648



Seller

101 Shipyard Way Newport Beach, CA 92663 949.644.8648 www.voitco.com Lic.#01333376

Represented in 150 Markets Nationally & Internationally.



This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.