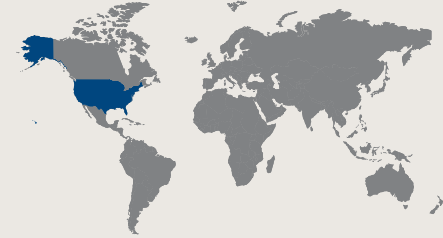


# Market Research

INDUSTRIAL | FIRST QUARTER | 2008



## MARKET INDICATORS

### INDUSTRIAL

IQ 2008    2Q 2008\*

VACANCY    ↑    ↓

NET ABSORPTION    ↓    ↑

CONSTRUCTION    ↔    ↓

RENTAL RATE    ↔    ↑

\* PROJECTED

## MARKET STATS

INDUSTRIAL INVENTORY    ±31,518,336

CURRENT VACANCY    ±9.9%

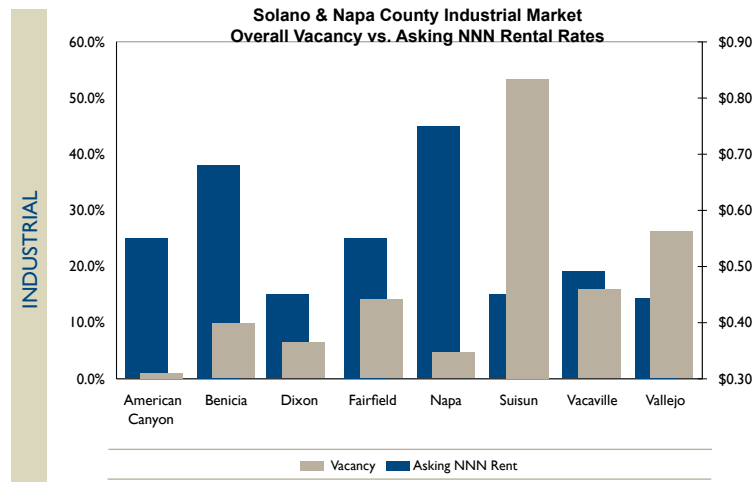
AVERAGE ASKING NNN RENTS    \$0.56 PSF

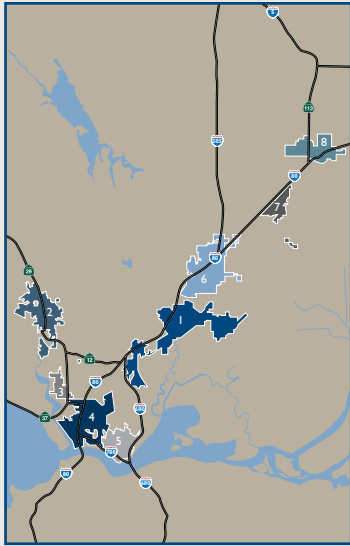
## Solano & Napa County Overview

Commercial real estate markets in both Solano and Napa Counties have fared much better compared to their residential counterpart since the beginning of the financial crisis. Though the commercial markets have remained relatively steady in the first quarter of 2008, industrial product is starting to experience the effects of the credit crunch and slowing economy. As industry leaders discuss ways to cut cost of production to alleviate financial woes, underperforming and “deadweight” facilities seem to be the first option on the chopping block. As a result, local net absorption has decreased slightly. As expected, when consumer confidence declines, consumer spending follows suit; in-turn production diminishes. Interest rates on commercial loans have remained moderately low; however, developers and companies are hesitant to build given the volatile conditions of the economy. In addition, spreads for asset backed commercial paper have widened, making credit virtually unobtainable for some companies.

Solano County’s central location, between the San Francisco Bay Area and Sacramento, makes it an ideal location for companies servicing Northern California. The region’s labor pool is abundant and affordable housing continues to attract new businesses. However, Solano County’s industrial market felt the effects of the nationwide slumping economy as net absorption fell slightly and overall

### VACANCY VS. RENTAL RATE





**SUBMARKET MAP KEY**

ID	SUBMARKET
1	Fairfield
2	Napa
3	American Canyon
4	Vallejo
5	Benicia
6	Vacaville
7	Davis
8	Dixon

vacancies ended the quarter at 12.4%. Contributing to the increase in vacancy is the 223,350 square feet of new industrial product completed in Fairfield and Benicia.

Napa County’s industrial market remains healthy with vacancies finishing the quarter at 4.4%. South Napa County is the hub of Napa’s wine industry, and as the wine industry grows, so does the requirement for industrial space. In south Napa County, ±330 acres of

industrial land has been purchased over the last three years by investors, developers and users.

Though Solano County vacancies were slightly up, rents remained steady. Average asking rents for the overall (Solano and Napa County) market were \$0.56 NNN psf/month and are estimated to increase in the coming quarters.



**MARKET ACTIVITY**  
SIGNIFICANT FIRST QUARTER TRANSACTIONS

**SIGNIFICANT LEASES**

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
840-A Eubanks Drive, Vacaville	3/17/2008	57,926	Dex Products	Industrial
840-D Eubanks Drive, Vacaville	3/13/2008	43,630	JAK Transfer, Inc.	Industrial
801 Chadbourne Road, Fairfield	2/27/2008	29,520	Freight Transport Systems	Industrial

## INDUSTRIAL MARKET STATISTICS

FIRST QUARTER 2008

EXISTING PROPERTIES			DIRECT VACANCY		SUBLEASE VACANCY		TOTAL VACANCY		NET ABSORPTION		CONSTRUCTION		RENT
SUB-TYPE	BLDGS	TOTAL INVENTORY SQUARE FEET	SQUARE FEET	RATE	SQUARE FEET	RATE	SQUARE FEET	RATE IQ-2008	IQ-2008	YEAR TO DATE	COMPLETIONS CURRENT QUARTER SF	UNDER CONSTRUCTION SF	AVERAGE ASKING NNN
<b>SUBMARKETS</b>													
<b>AMERICAN CANYON</b>													
INDUSTRIAL	16	494,395	-	0.0%	-	0.0%	0	0.0%	-	-	-	-	\$ 0.49
R&D/FLEX	6	108,881	3,115	2.9%	-	0.0%	3,115	2.9%	-	-	-	-	\$ 1.25
WAREHOUSE	16	2,603,232	21,545	0.8%	-	0.0%	21,545	0.8%	-	-	-	772,072	\$ 0.55
<b>TOTAL</b>	<b>38</b>	<b>3,206,508</b>	<b>24,660</b>	<b>0.8%</b>	<b>-</b>	<b>0.0%</b>	<b>24,660</b>	<b>0.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>772,072</b>	<b>\$ 0.56</b>
<b>BENICIA</b>													
INDUSTRIAL	71	4,113,607	488,240	11.9%	-	0.0%	488,240	11.9%	156,842	156,842	-	-	\$ 0.70
R&D/FLEX	8	484,514	34,142	7.0%	-	0.0%	34,142	7.0%	-	-	-	-	\$ 0.75
WAREHOUSE	23	2,289,816	135,742	5.9%	-	0.0%	135,742	5.9%	-	-	-	-	\$ 0.63
<b>TOTAL</b>	<b>102</b>	<b>6,887,937</b>	<b>658,124</b>	<b>9.6%</b>	<b>-</b>	<b>0.0%</b>	<b>658,124</b>	<b>9.6%</b>	<b>156,842</b>	<b>156,842</b>	<b>-</b>	<b>-</b>	<b>\$ 0.68</b>
<b>DIXON</b>													
INDUSTRIAL	40	1,113,845	48,044	4.3%	-	0.0%	48,044	4.3%	-	-	-	-	NA
R&D/FLEX	2	20,000	0	0.0%	-	0.0%	0	0.0%	-	-	-	-	NA
WAREHOUSE	5	1,293,620	108,120	8.4%	-	0.0%	108,120	8.4%	-	-	-	-	NA
<b>TOTAL</b>	<b>47</b>	<b>2,427,465</b>	<b>156,164</b>	<b>6.4%</b>	<b>-</b>	<b>0.0%</b>	<b>156,164</b>	<b>6.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>NA</b>
<b>FAIRFIELD</b>													
INDUSTRIAL	52	1,868,330	297,129	15.9%	25,700	1.4%	322,829	17.3%	47,972	47,972	-	-	\$ 0.75
R&D/FLEX	15	453,780	80,488	17.7%	-	0.0%	80,488	17.7%	3,200	3,200	-	-	\$ 0.68
WAREHOUSE	35	4,790,950	590,718	12.3%	-	0.0%	590,718	12.3%	-	-	-	57,385	\$ 0.47
<b>TOTAL</b>	<b>102</b>	<b>7,113,060</b>	<b>968,335</b>	<b>13.6%</b>	<b>25,700</b>	<b>0.4%</b>	<b>994,035</b>	<b>14.0%</b>	<b>51,172</b>	<b>51,172</b>	<b>-</b>	<b>57,385</b>	<b>\$ 0.56</b>
<b>NAPA</b>													
INDUSTRIAL	66	1,867,989	32,419	1.7%	-	0.0%	32,419	1.7%	-	-	-	-	\$ 0.53
R&D/FLEX	7	269,185	12,358	4.6%	-	0.0%	12,358	4.6%	-	-	-	-	\$ 1.23
WAREHOUSE	34	3,095,579	183,933	5.9%	-	0.0%	183,933	5.9%	-	-	-	-	\$ 0.86
<b>TOTAL</b>	<b>107</b>	<b>5,232,753</b>	<b>228,710</b>	<b>4.4%</b>	<b>-</b>	<b>0.0%</b>	<b>228,710</b>	<b>4.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 0.76</b>
<b>SUISUN</b>													
INDUSTRIAL	1	18,000	11,200	62.2%	-	0.0%	11,200	62.2%	-	-	-	-	\$ 0.80
R&D/FLEX	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
WAREHOUSE	1	7,000	2,140	30.6%	-	0.0%	2,140	30.6%	-	-	-	-	\$ 0.60
<b>TOTAL</b>	<b>2</b>	<b>25,000</b>	<b>13,340</b>	<b>53.4%</b>	<b>-</b>	<b>0.0%</b>	<b>13,340</b>	<b>53.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 0.70</b>
<b>VACAVILLE</b>													
INDUSTRIAL	48	2,356,436	283,770	12.0%	-	0.0%	283,770	12.0%	4,200	4,200	-	-	\$ 0.74
R&D/FLEX	3	80,846	9,934	12.3%	-	0.0%	9,934	12.3%	-	-	-	-	\$ 1.10
WAREHOUSE	16	3,603,801	627,912	17.4%	35,650	1.0%	663,562	18.4%	-	-	-	-	\$ 0.32
<b>TOTAL</b>	<b>67</b>	<b>6,041,083</b>	<b>921,616</b>	<b>15.3%</b>	<b>35,650</b>	<b>0.6%</b>	<b>957,266</b>	<b>15.8%</b>	<b>4,200</b>	<b>4,200</b>	<b>-</b>	<b>-</b>	<b>\$ 0.49</b>
<b>VALLEJO</b>													
INDUSTRIAL	1	169,013	0	0.0%	-	0.0%	0	0.0%	-	-	-	-	NA
R&D/FLEX	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
WAREHOUSE	2	58,021	58,021	100.0%	-	0.0%	58,021	100.0%	-	-	-	-	NA
<b>TOTAL</b>	<b>3</b>	<b>227,034</b>	<b>58,021</b>	<b>25.6%</b>	<b>-</b>	<b>0.0%</b>	<b>58,021</b>	<b>25.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>NA</b>
<b>MARKET TOTAL</b>													
INDUSTRIAL	295	12,001,615	1,160,802	9.7%	25,700	0.2%	1,186,502	9.9%	209,014	209,014	-	-	\$ 0.67
R&D/FLEX	41	1,417,206	140,037	9.9%	-	0.0%	140,037	9.9%	3,200	3,200	-	-	\$ 1.00
WAREHOUSE	132	17,742,019	1,728,131	9.7%	35,650	0.2%	1,763,781	9.9%	-	-	-	829,457	\$ 0.57
<b>TOTAL</b>	<b>468</b>	<b>31,160,840</b>	<b>3,028,970</b>	<b>9.7%</b>	<b>61,350</b>	<b>0.2%</b>	<b>3,090,320</b>	<b>9.9%</b>	<b>212,214</b>	<b>212,214</b>	<b>-</b>	<b>829,457</b>	<b>\$ 0.56</b>
<b>QUARTERLY TOTALS</b>													
Q1-08	468	31,160,840	3,028,970	9.7%	61,350	0.2%	3,090,320	9.9%	212,214	212,214	-	829,457	\$ 0.56

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293 OFFICES IN 61 COUNTRIES  
ON 6 CONTINENTS

USA 99  
Canada 19  
Latin America 18  
Asia Pacific 62  
EMEA 95

\$63.5 billion in annual transaction  
volume  
868 million square feet under  
management  
11,000 Professionals

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