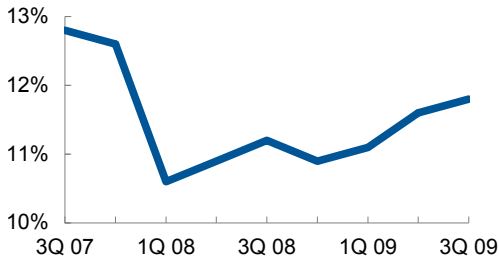
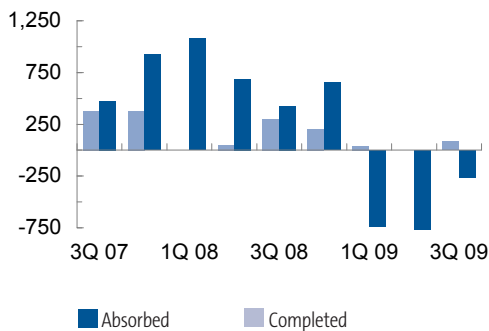


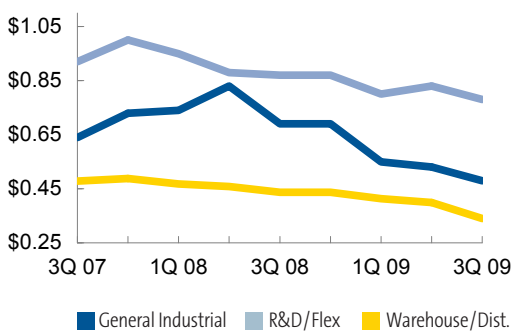
**Vacancy Rate**  
Quarterly



**Completions vs. Absorption**  
Quarterly (in Thousands of SF)



**Asking Rental Rates**  
Quarterly (\$/SF/Mth./Triple Net)



## Power Inn Welcomes Two New, Large Tenants

The Power Inn submarket thrived during the quarter, welcoming two large tenants and pushing vacancy in that submarket down 20 basis points. Nestle Waters' occupancy of their facility on Younger Creek was the big news of the quarter, bringing new jobs to the area as well as contributing to positive net absorption in the Power Inn submarket. Jarden Home Brands also contributed to the positive net absorption, occupying 182,000 square feet on Fruitridge Road.

Overall, the recession continued to take its toll on the Sacramento industrial market. Though net absorption was slightly improved from the previous quarter, even the aforementioned Power Inn deals could not stop the vacancy rate from climbing another 20 basis points to 11.8 percent. Increased vacancy and negative net absorption continued to be a theme across the majority of submarkets.

Regional unemployment increased slightly, to 12.0 percent at the end of August. The 10 basis point increase from last month represents a dramatic slowing in the growth of unemployment since the beginning of the year. This nominal increase coupled with a national decrease in new unemployment claims and other positive leading economic indicators has led several analysts to herald the month of September 2009 as the end of the recession. An official pronouncement will not, however, be made until next year when the complete cycle can be reviewed historically. Local unemployment was slightly lower than the state's 12.1 percent and significantly higher than the national rate of 9.6 percent at the end of August. State and federal government jobs both saw losses during the quarter, as did professional and business services and trade, transportation and utilities. Only education and health care jobs are on the rise.

### FORECAST

- Leasing remains flat, at best, as users wait for an indication that consumers are ready to resume purchasing, creating renewed demand for warehouse/logistics operations.
- Vacant construction completions cease to exert upward pressure on vacancy as speculative completions come to an end—the pipeline is now virtually empty.

### KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Liqui-Box Corp.*	Buzz Oates	Florin Perkins Center	42,750
Galleher Corporation*	Pomarec Company, LLC*	Commerce Business Park	11,694
Pacific Coast Auto Parts*	Nurter, LLC	3221 Monier Cir.	10,348

■ Leasing ■ Sales (R) = Renewal (S) = Sublease \*Indicates Transaction Represented by Grubb & Ellis

# Industrial Trends Report—Third Quarter 2009

## Sacramento, CA



**GRUBB & ELLIS**  
From Insight to Results

By Submarket	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		WH/Dist	R&D/Flex
Auburn, Lincoln, Roseville, Rockli	17,069,589	2,112,398	12.4%	50,397	(5,745)	43,100	\$0.39	\$1.03
Carmichael, Orangevale	1,438,699	79,240	5.5%	(11,143)	(10,416)	-	\$0.57	-
Downtown	11,121,427	1,047,189	9.4%	(139,796)	(193,804)	-	\$0.26	\$0.68
El Dorado Hills, Folsom	4,883,240	338,871	6.9%	(24,097)	(59,256)	-	\$0.51	\$0.93
Hwy 50 Corridor	12,484,123	1,288,277	10.3%	120	(252,820)	-	\$0.49	\$0.87
Mather	5,363,560	894,059	16.7%	(12,965)	(98,434)	-	\$0.38	\$0.63
McClellan	16,925,254	2,953,770	17.5%	36,313	(279,077)	-	\$0.36	\$0.81
Northgate - Natomas	15,654,220	2,309,886	14.8%	(117,861)	(252,114)	-	\$0.36	\$0.71
Power Inn - South Watt	24,402,721	2,704,552	11.1%	87,222	(223,781)	-	\$0.30	\$0.72
South Sacramento	8,245,265	707,141	8.6%	(34,366)	(94,049)	49,250	\$0.39	\$0.87
West Sacramento	18,025,214	1,088,527	6.0%	(68,948)	(44,068)	-	\$0.37	\$0.61
Woodland	12,929,015	1,982,586	15.3%	(21,966)	(256,860)	-	\$0.24	-
<b>Totals</b>	<b>148,542,327</b>	<b>17,506,496</b>	<b>11.8%</b>	<b>(257,090)</b>	<b>(1,770,424)</b>	<b>92,350</b>	<b>\$0.34</b>	<b>\$0.78</b>

By Property Type	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		WH/Dist	R&D/Flex
General Industrial	53,245,935	6,487,368	12.2%	(230,567)	(618,633)	-	\$0.48	
R&D/Flex	14,677,040	2,619,474	17.8%	58,694	(130,485)	-	\$0.78	
Warehouse/Distribution	80,619,352	8,399,654	10.4%	(85,217)	(1,021,306)	92,350	\$0.34	
<b>Totals</b>	<b>148,542,327</b>	<b>17,506,496</b>	<b>11.8%</b>	<b>(257,090)</b>	<b>(1,770,424)</b>	<b>92,350</b>	<b>\$0.45</b>	

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## INDUSTRIAL TERMS AND DEFINITIONS

**Inventory:** Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 20,000 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.