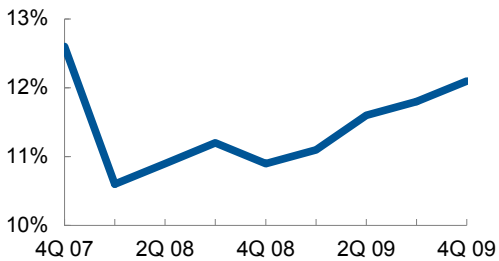


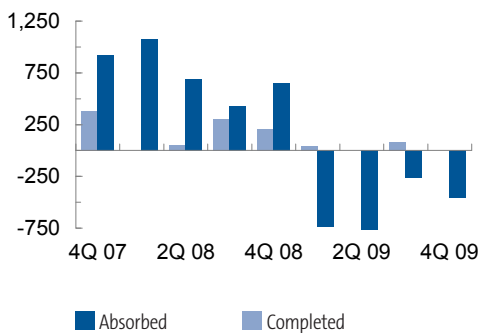
Vacancy Rate

Quarterly



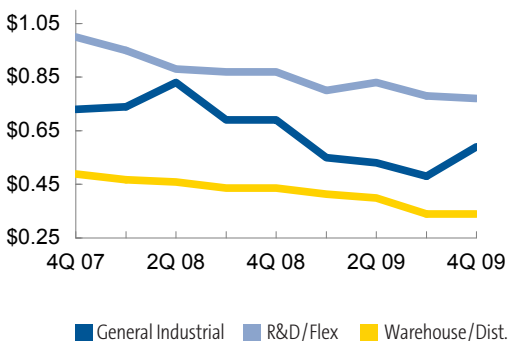
Completions vs. Absorption

Quarterly (in Thousands of SF)



Asking Rental Rates

Quarterly (\$/SF/Mo./Triple Net)



Market Activity Still Slow

Activity among Sacramento's industrial tenants remained slow during the final quarter of 2009, resulting in just over 450,000 square feet of negative net absorption. During 2009, over two million square feet of negative net absorption was recorded, affecting virtually every submarket and property type. The large amount of negative net absorption recorded in 2009 was vastly different from the positive 650,000 square feet recorded in 2008. Suggesting that regional industrial users held on as long as possible through the initial year of the recession, ultimately downsizing or altogether closing their operations only when the gravity and duration of the economic downturn forced them to do so. Only the Roseville/Rocklin and Downtown submarkets posted positive net absorption and slight decreases in vacancy this quarter. The El Dorado Hills/Folsom submarket also had positive absorption, however, the total was not large enough to effect the vacancy rate in the submarket, which remained unchanged from the previous quarter.

While negative net absorption is never welcome, it does appear that the worst is over, now. The construction pipeline is virtually empty, which means that new speculative completions will not be a source of upward pressure on vacancy in 2010. Almost all of the construction that remains on the horizon is owner-built or build-to-suit projects. Further, local employment analysts are suggesting that the amount of people being employed by temporary employment agencies as well as the federal productivity rate of currently employed full-time workers are both leading indicators of impending hiring. In other words, even if the region should not experience positive job growth immediately in 2010, it looks like the bulk of job losses are behind us.

FORECAST

- Construction will continue to remain light with very few new projects coming out of ground in 2010.
- Decision makers appear ready to move forward with standard-term leases and longer-term commitments.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Nor-Cal Beverage Co.	Buzz Oates	3010 Ramco St.	130,000
PWR International, Inc.*	Central Valley Ltd. Liability Co.	8671 Younger Creek Dr.	25,200
Gemco Minerals, Inc.*	Auzerais Investments, Inc.	5860 88th St.	24,000

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

Industrial Trends Report—Fourth 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, Rocklin	17,073,829	2,096,361	12.3%	20,277	14,532	43,100	\$0.43	\$0.92
Carmichael, Orangevale	1,438,699	80,923	5.6%	(1,683)	(12,099)	-	\$0.64	-
Downtown	11,101,707	1,005,253	9.1%	35,016	(158,788)	-	\$0.24	\$0.62
El Dorado Hills, Folsom	4,883,240	334,658	6.9%	4,213	(55,043)	-	\$0.53	\$1.13
Hwy 50 Corridor	12,478,781	1,393,330	11.2%	(110,395)	(363,215)	-	\$0.49	\$0.85
Mather	5,420,560	969,740	17.9%	(65,871)	(164,305)	-	\$0.38	\$0.59
McClellan	16,925,254	3,050,299	18.0%	(96,529)	(375,606)	-	\$0.41	\$0.81
Northgate - Natomas	15,654,074	2,344,784	15.0%	(35,044)	(287,158)	-	\$0.32	\$0.69
Power Inn - South Watt	24,402,721	2,762,229	11.3%	(57,677)	(281,458)	-	\$0.30	\$0.73
South Sacramento	8,245,065	725,617	8.8%	(18,676)	(112,725)	-	\$0.51	\$1.31
West Sacramento	18,025,214	1,161,224	6.4%	(93,297)	(116,765)	-	\$0.36	\$0.62
Woodland	12,929,015	2,021,645	15.6%	(39,059)	(295,919)	-	\$0.18	-
Totals	148,578,159	17,946,063	12.1%	(458,725)	(2,208,549)	43,100	\$0.34	\$0.77

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	53,295,233	6,686,773	12.5%	(190,897)	(809,530)	-	\$0.59	
R&D/Flex	14,670,494	2,619,216	17.9%	(20,488)	(130,373)	-	\$0.77	
Warehouse/Distribution	80,612,432	8,640,074	10.7%	(247,340)	(1,268,646)	43,100	\$0.34	
Totals	148,578,159	17,946,063	12.1%	(458,725)	(2,208,549)	43,100	\$0.48	

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INDUSTRIAL TERMS AND DEFINITIONS

Inventory: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 10,000 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.