

CORONA-NORCO INDUSTRIAL MARKET

Manufacturing/Distribution

Third Quarter 2011 Report

Prepared By:



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Industrial Market

Corona/Norco

Area Maps & Terminology

Terminology

- Gross Absorption:**
 All lease and sale activity excluding: investments, options and renewals.

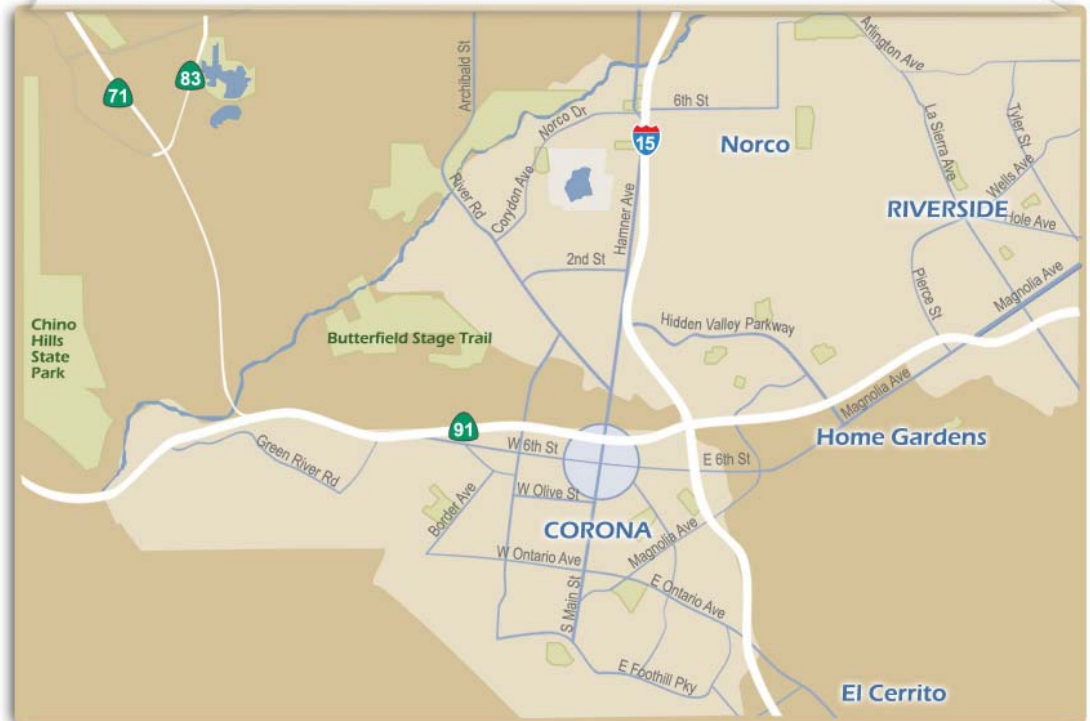
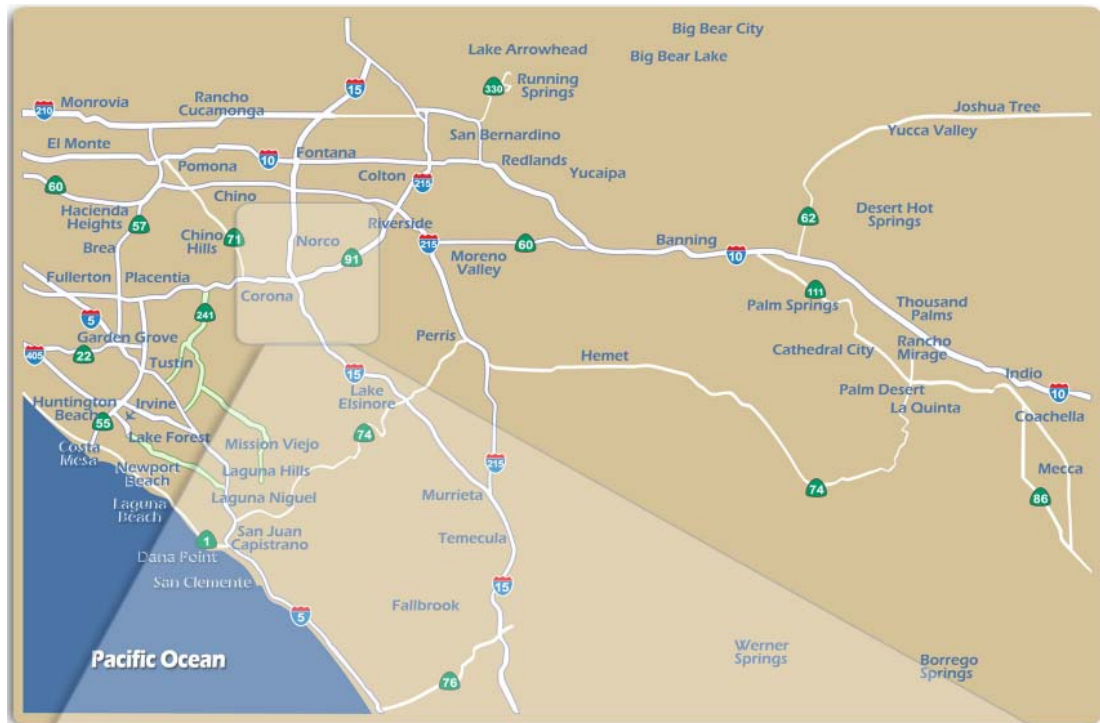
- Base:**
 Total square feet excluding: possible divisibility, planned buildings and build to suits.

- Availability Rate:**
 Total existing available square feet divided by the base square feet.

- Under Construction:**
 Buildings that are or have become under construction throughout the current quarter that are not yet complete.

- Submarket:**
 A trade area comprised of one or more cities. Submarkets in the Corona/Norco area are as follows:

- ◆ City of Corona
- ◆ City of Norco



Industrial Market

Corona/Norco

Third Quarter 2011 - At A Glance

2011 THIRD QUARTER

Absorption

Gross absorption for third quarter 2011 was 438,132 SF representing a 54% increase over the than the same period in 2010. The previous quarter's absorption was 861,143 SF . Total gross absorption for 2010 of 2,061,943 SF represents a 14.95% increase over 2009 and a 42.01% increase over 2008. As the Corona/Norco market continues its recovery, leasing and sales activity will remain strong for year-end 2011.

Total absorption for third quarter 2011 within the Corona/Norco market was represented by 357,267 SF of leasing activity and 80,865 SF of sales activity. Total absorption for 2010 was represented by 1,453,728 SF of leasing activity and 608,215 SF of sales activity.

Vacancy

Vacancy rates continued their downward trend in third quarter, declining to 6.14%, representing the 4th consecutive quarter of declining vacancy rates. The lowest vacancy rates were in the 100,000+ SF range, and the highest vacancy rates were found in the 10,000-24,999 SF range.

Rate Trend

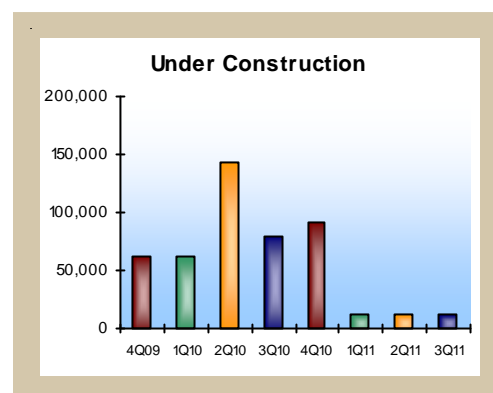
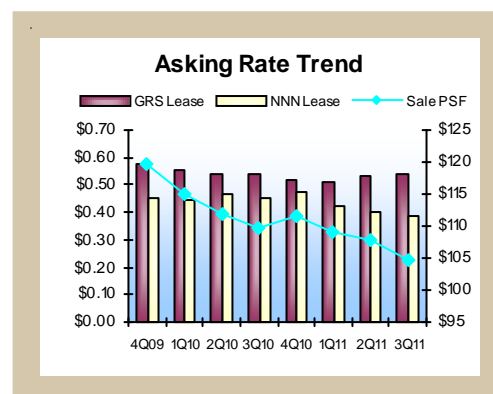
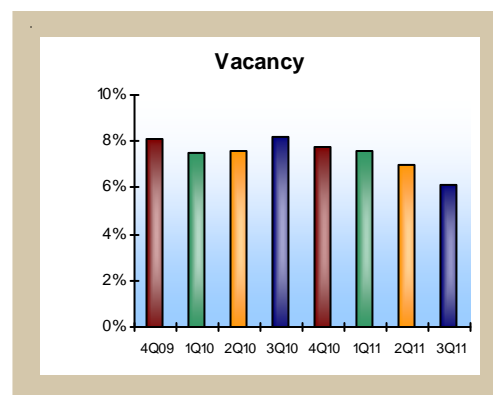
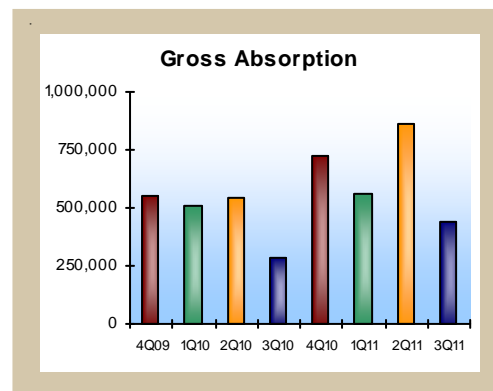
Asking sales prices per SF averaged \$104.68, decreasing 3% over second quarter 2011, and are down approximately 35% from their peak in 2007. Asking lease rates averaged \$0.54 GRS and \$0.39 NNN in third quarter 2011. Both asking sales prices and lease rates are expected to stabilize in 2011 and should show signs of recovery as the vacant space in the market continues to be absorbed.

The average asking NNN rates were \$0.42 per SF in the 5,000-9,999 SF range, \$0.41 per SF in the 10,000-24,999 SF range, \$0.43 per SF in the 25,000-49,999 SF range, \$0.33 per SF in the 50,000-99,999 SF range and \$0.31 per SF for the 100,000+ SF range.

The average asking GRS rates were \$0.58 per SF in the 5,000-9,999 SF range, \$0.54 per SF in the 10,000-24,999 SF range, \$0.44 per SF in the 25,000-49,999 SF range, \$0.36 per SF in the 50,000-99,999 SF range and \$0.27 per SF in the 100,000+ SF range.

Under Construction

The manufacturing/distribution base for the third quarter of 2011 represented 11,352 SF under construction in one building, part of a 5 building speculative project in South Corona. New construction will continue to be curbed throughout the remainder of 2011 as existing inventory continues to be absorbed.



Industrial Summary Report

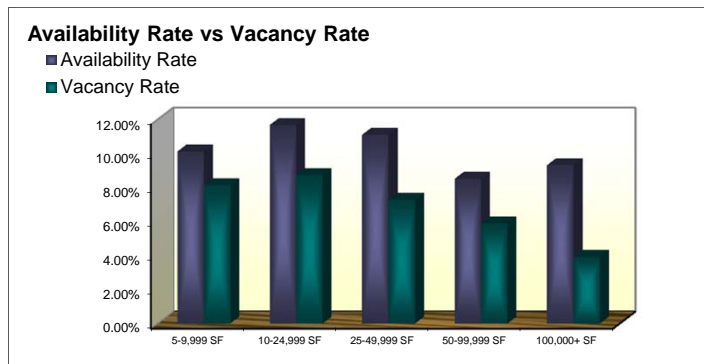
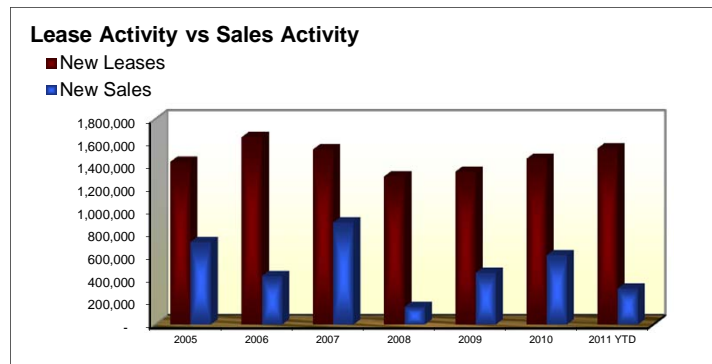
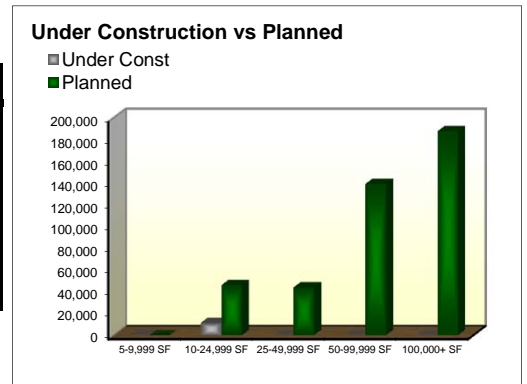
Corona/Norco Manufacturing/Distribution Third Quarter 2011 Market Summary



Size	Bldgs	Total SF	Available SF	Availability Rate	Vacant Available	Vacancy Rate	Gross Absorption*
5-9,999 SF	282	2,093,210	211,906	10.12%	170,271	8.13%	47,893
10-24,999 SF	331	5,149,083	601,342	11.68%	449,638	8.73%	123,320
25-49,999 SF	155	5,323,813	591,099	11.10%	387,411	7.28%	51,892
50-99,999 SF	101	6,953,030	591,855	8.51%	410,515	5.90%	52,000
100,000+ SF	53	9,988,597	930,691	9.32%	392,904	3.93%	163,027
Totals	922	29,507,733	2,926,893	9.92%	1,810,739	6.14%	438,132

Gross Absorption*	2005	2006	2007	2008	2009	2010	2011 YTD
New Leases	1,426,782	1,643,346	1,535,248	1,299,460	1,340,447	1,453,728	1,545,894
New Sales	724,192	424,945	895,078	152,534	453,383	608,215	314,850
Totals	2,150,974	2,068,291	2,430,326	1,451,994	1,793,830	2,061,943	1,860,744

Size	Under Const	Count	Planned	Count
5-9,999 SF	0	0	0	0
10-24,999 SF	11,352	1	46,056	4
25-49,999 SF	0	0	43,928	1
50-99,999 SF	0	0	139,336	2
100,000+ SF	0	0	187,788	1
Totals	11,352	1	417,108	8



Total available square feet includes available existing, under construction and vacant.



*Gross Absorption represents all activity excluding investments, lease options & renewals from 7/1/2011-9/30/2011.

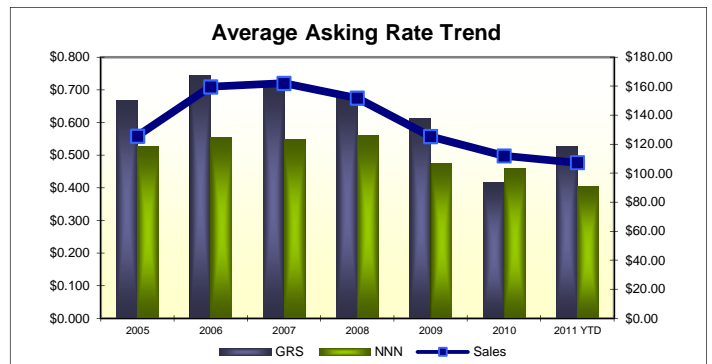
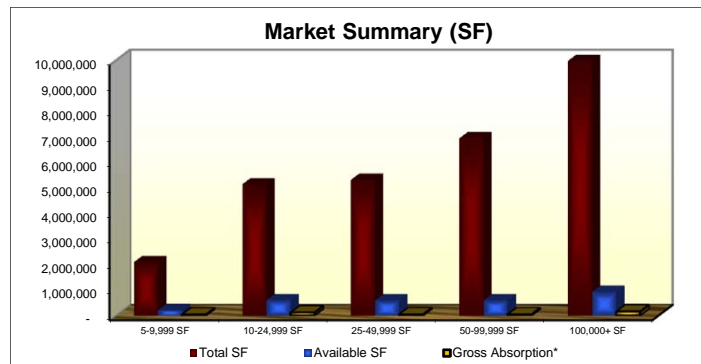
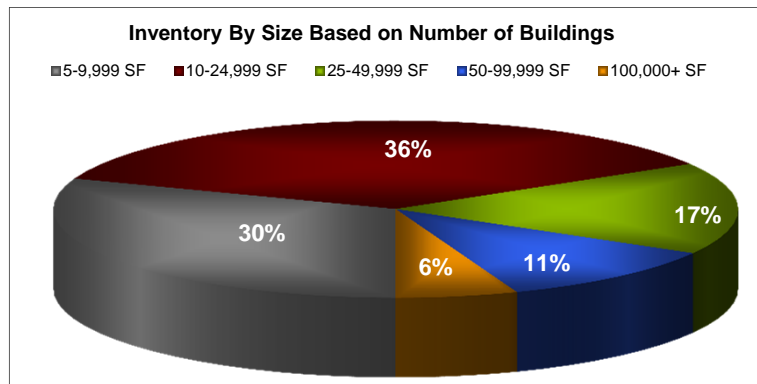
Industrial Summary Report

Corona/Norco Manufacturing/Distribution Third Quarter 2011 Rate Summary



Size	Bldgs	Total SF	Available SF	Availability Rate	Vacant Available	Vacancy Rate	Gross Absorption*
5-9,999 SF	282	2,093,210	211,906	10.12%	170,271	8.13%	47,893
10-24,999 SF	331	5,149,083	601,342	11.68%	449,638	8.73%	123,320
25-49,999 SF	155	5,323,813	591,099	11.10%	387,411	7.28%	51,892
50-99,999 SF	101	6,953,030	591,855	8.51%	410,515	5.90%	52,000
100,000+ SF	53	9,988,597	930,691	9.32%	392,904	3.93%	163,027
Totals	922	29,507,733	2,926,893	9.92%	1,810,739	6.14%	438,132

Avg. Asking Rates	2005	2006	2007	2008	2009	2010	2011 YTD
GRS	\$0.669	\$0.746	\$0.726	\$0.680	\$0.613	\$0.417	\$0.527
NNN	\$0.528	\$0.555	\$0.548	\$0.559	\$0.475	\$0.459	\$0.405
Sales	\$125.72	\$159.56	\$162.11	\$151.79	\$125.31	\$112.06	\$107.25



Total available square feet includes available existing, under construction and vacant.

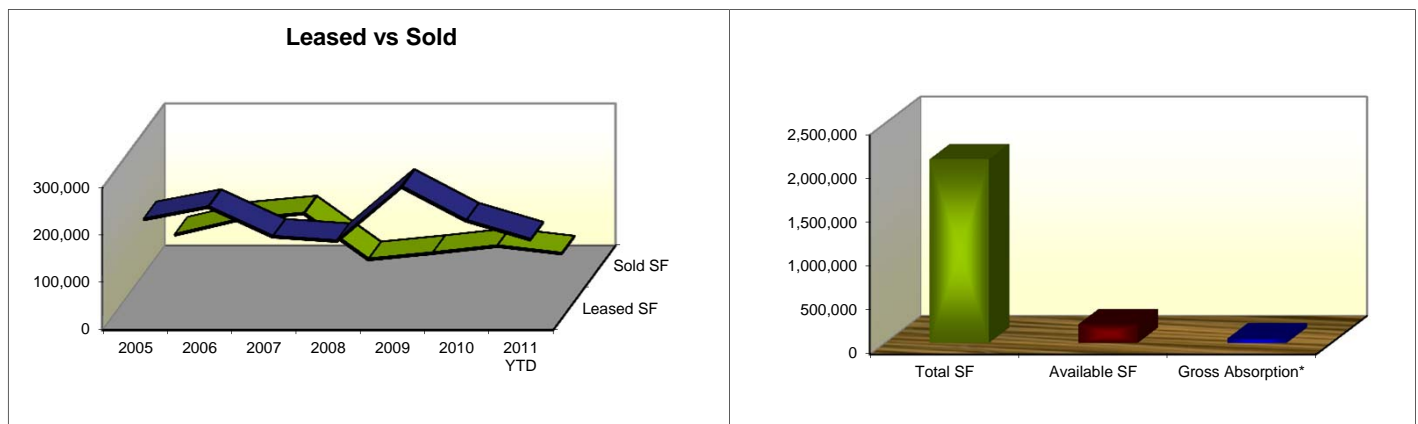
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Industrial Summary Report

Corona/Norco
 Manufacturing/Distribution
 Third Quarter 2011
5,000-9,999 SF



Size	Bldgs	Total SF	Available SF	Availability Rate	Vacant Available	Vacancy Rate	Gross Absorption*
5-9,999 SF	282	2,093,210	211,906	10.12%	170,271	8.13%	47,893



Absorption Figures*

	2005	2006	2007	2008	2009	2010	2011 YTD
Leased SF	206,990	232,953	170,293	160,846	275,492	204,144	164,034
Number Leases	27	31	25	21	36	28	23
Sold SF	85,044	117,062	129,916	32,798	46,169	61,051	45,107
Number Sales	10	15	18	4	6	7	5
Total SF	292,034	350,015	300,209	193,644	321,661	265,195	209,141

Current Average Asking Rates and Sales Prices

GRS	\$0.58
NNN	\$0.42
PSF	\$113.36

Current Average Actual Lease Rates and Sales Prices

GRS	\$0.49
NNN	N/A
PSF	\$82.82

Total available square feet includes available existing, under construction and vacant.

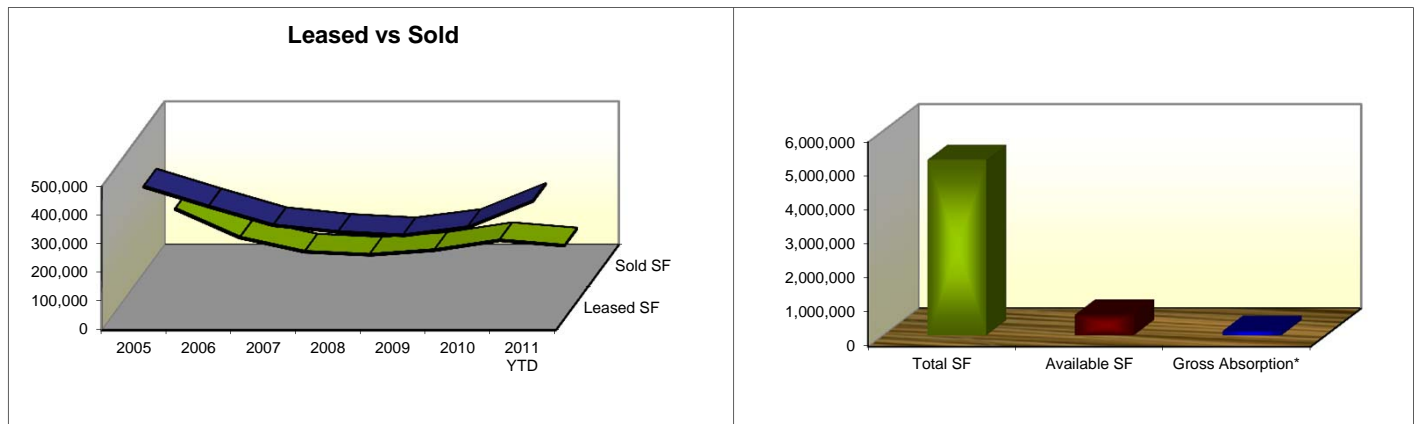
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Industrial Summary Report

Corona/Norco
 Manufacturing/Distribution
 Third Quarter 2011
10,000-24,999 SF



Size	Bldgs	Total SF	Available SF	Availability Rate	Vacant Available	Vacancy Rate	Gross Absorption*
10-24,999 SF	331	5,149,083	601,342	11.68%	449,638	8.73%	123,320



Absorption Figures*

	2005	2006	2007	2008	2009	2010	2011 YTD
Leased SF	455,700	386,523	320,801	297,491	285,384	314,123	405,579
Number Leases	32	26	22	20	20	22	25
Sold SF	229,046	128,844	79,210	68,827	85,031	119,152	100,644
Number Sales	14	8	6	5	6	7	6
Total SF	684,746	515,367	400,011	366,318	370,415	433,275	506,223

Current Average Asking Rates and Sales Prices

GRS	\$0.54
NNN	\$0.41
PSF	\$103.37

Current Average Actual Lease Rates and Sales Prices

GRS	\$0.46
NNN	N/A
PSF	\$84.92

Total available square feet includes available existing, under construction and vacant.

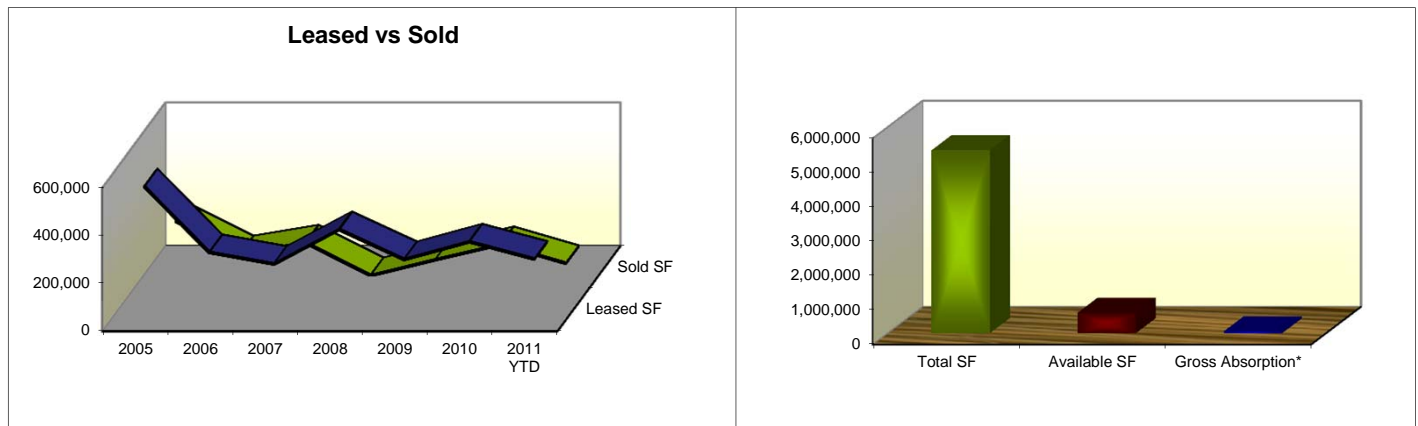
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Industrial Summary Report

Corona/Norco
 Manufacturing/Distribution
 Third Quarter 2011
25,000-49,999 SF



Size	Bldgs	Total SF	Available SF	Availability Rate	Vacant Available	Vacancy Rate	Gross Absorption*
25-49,999 SF	155	5,323,813	591,099	11.10%	387,411	7.28%	51,892



Absorption Figures*

	2005	2006	2007	2008	2009	2010	2011 YTD
Leased SF	552,750	276,133	226,962	371,631	246,165	320,331	247,993
Number Leases	17	8	7	10	8	9	7
Sold SF	227,650	91,739	137,115	0	66,836	130,228	51,225
Number Sales	7	3	4	0	2	4	2
Total SF	780,400	367,872	364,077	371,631	313,001	450,559	299,218

Current Average Asking Rates and Sales Prices

GRS	\$0.44
NNN	\$0.43
PSF	\$108.81

Current Average Actual Lease Rates and Sales Prices

GRS	\$0.39
NNN	N/A
PSF	\$52.00

Total available square feet includes available existing, under construction and vacant.

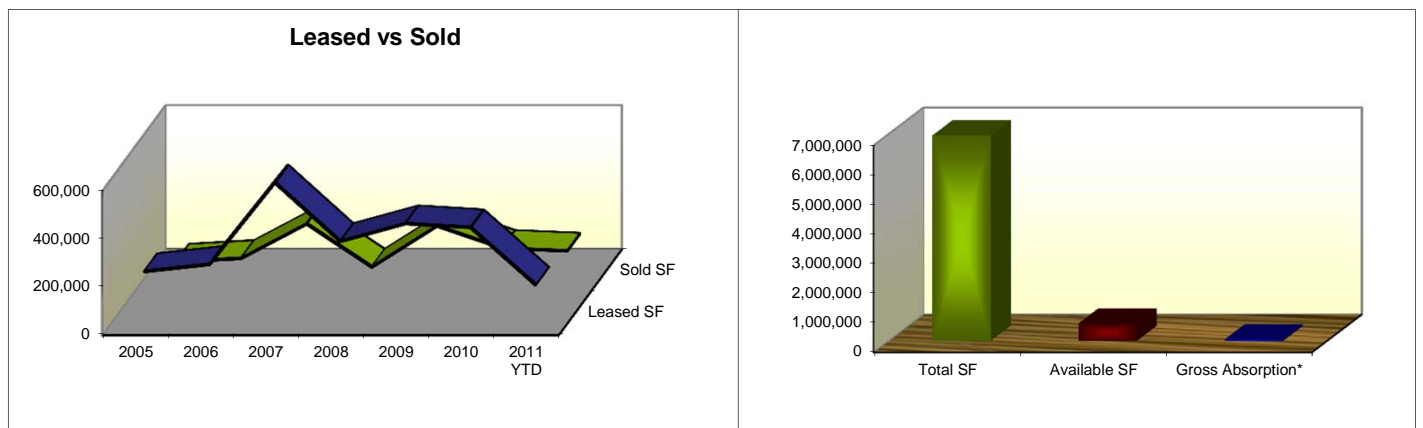
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Industrial Summary Report

Corona/Norco
 Manufacturing/Distribution
 Third Quarter 2011
50,000-99,999 SF



Size	Bldgs	Total SF	Available SF	Availability Rate	Vacant Available	Vacancy Rate	Gross Absorption*
50-99,999 SF	101	6,953,030	591,855	8.51%	410,515	5.90%	52,000



Absorption Figures*

	2005	2006	2007	2008	2009	2010	2011 YTD
Leased SF	211,342	241,022	581,600	336,492	410,768	394,489	155,459
Number Leases	4	4	8	4	7	6	3
Sold SF	71,700	87,300	230,667	50,909	221,743	129,334	117,874
Number Sales	1	1	3	1	3	2	2
Total SF	283,042	328,322	812,267	387,401	632,511	523,823	273,333

Current Average Asking Rates and Sales Prices

GRS	\$0.36
NNN	\$0.33
PSF	\$86.83

Current Average Actual Lease Rates and Sales Prices

GRS	\$0.35
NNN	N/A
PSF	N/A

Total available square feet includes available existing, under construction and vacant.

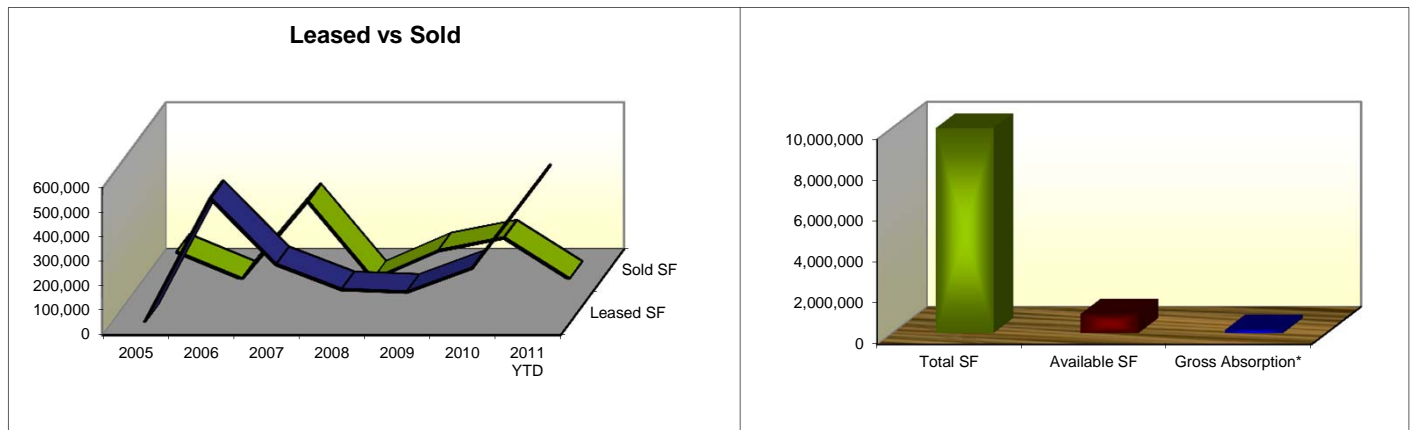
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Industrial Summary Report

Corona/Norco
 Manufacturing/Distribution
 Third Quarter 2011
100,000+ SF



Size	Bldgs	Total SF	Available SF	Availability Rate	Vacant Available	Vacancy Rate	Gross Absorption*
100,000+ SF	53	9,988,597	930,691	9.32%	392,904	3.93%	163,027



Absorption Figures*

	2005	2006	2007	2008	2009	2010	2011 YTD
Leased SF	0	506,715	235,592	133,000	122,638	220,641	572,829
Number Leases	0	2	2	1	1	2	2
Sold SF	110,752	0	318,170	0	115,983	168,450	0
Number Sales	1	0	2	0	1	1	0
Total SF	110,752	506,715	553,762	133,000	238,621	389,091	572,829

Current Average Asking Rates and Sales Prices

GRS	\$0.27
NNN	\$0.31
PSF	\$100.62

Current Average Actual Lease Rates and Sales Prices

GRS	\$0.32
NNN	N/A
PSF	N/A

Total available square feet includes available existing, under construction and vacant.

*Gross Absorption represents all activity excluding investments, lease options & renewals from 7/1/2011-9/30/2011.