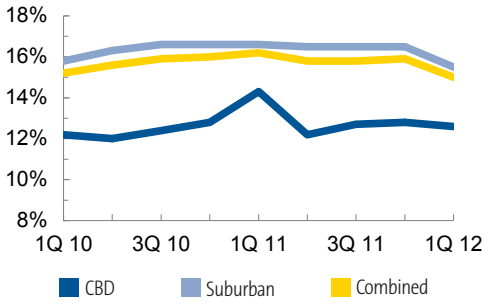
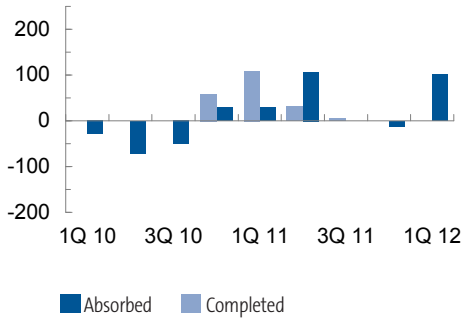
Office Trends Report—First Quarter 2012
Fresno, CA

GRUBB & ELLIS
Pearson Commercial

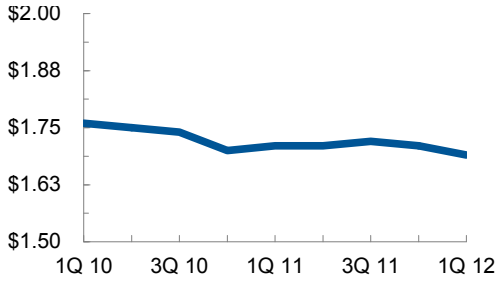
Vacancy Rate



Completions vs. Absorption
(in Thousands of SF)



Asking Rental Rates
($/SF/Mo. Full Service)



The First Signs of Life

Going into the first quarter of 2012 the prognosticators were forecasting increased momentum as a result of broker sentiment that activity had increased in the fourth quarter of 2011. As the first quarter came to a close it is clear the Fresno market has seen much more activity and net absorption surpassed the projections made in the 2012 Forecast Edition of the Office Trends Report for the quarter by 33 percent.

Much of this increased activity is a result of a number of large users striking deals within the first three months of 2012. Is that a result of the improved labor market or increased confidence in the Stock Market? Maybe, but after a couple years of stockpiling cash and waiting for the U.S. economy to improve, it seems there is enough confidence for corporate heads to capitalize on the optimism.

Six of the ten submarkets in Fresno benefited from the increased activity and posted decreases in vacancy. The biggest mover of the group was the Northwest submarket which posted a 5.5 percent drop in vacancy, a much needed sign of life for a submarket that had seen very little action in 2011. The Woodward, Palm Bluffs, and Northeast submarkets also saw reduced vacancy rates.

As a result of the continued momentum from 2011, the Fresno office market posted nearly a one percent drop in vacancy rates in the first quarter, the first significant drop in the last three years. This is all very good news for landlords as they are starving for positive feedback. It would not be surprising if tenants start seeing a decline in concessions and push back from landlords' reaction to increased activity. As vacancies start coming down and with no new construction on the horizon, tenants looking for steals may soon find out they have missed the boat.

FORECAST

- Leasing and sale activity will remain strong.
- Absorption will continue as tenants occupy more space.
- Lease rates will continue to stabilize.
- There will be a decrease in lease concessions as landlords capitalize on increased activity.

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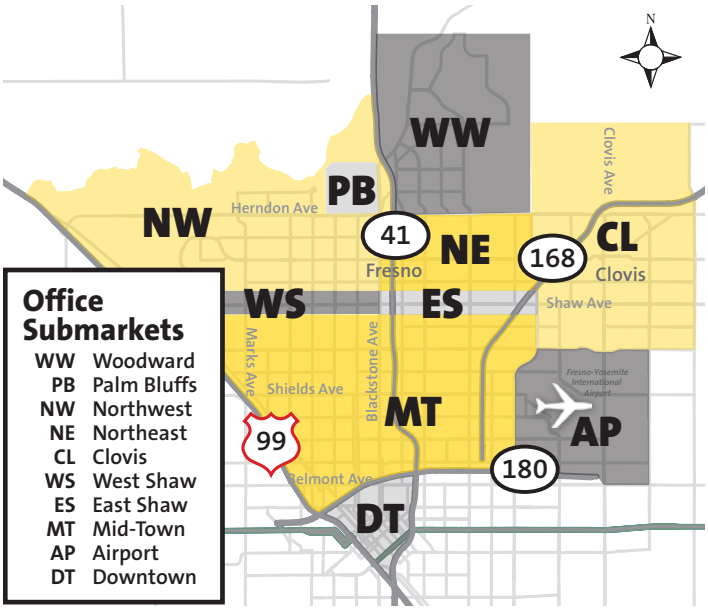
By Submarket	Total SF	Vacant SF	Vacant %	Available %	NET ABSORPTION Current Qtr	NET ABSORPTION Year To Date	Under Construction SF	ASKING RENT Class A	ASKING RENT Class B
Downtown	3,218,757	405,507	12.6%	13.2%	3,294	3,294	-	$2.33	$1.39
CBD Total	**3,218,757**	**405,507**	**12.6%**	**13.2%**	**3,294**	**3,294**	**-**	**$2.33**	**$1.39**
Airport	1,466,416	252,495	17.2%	19.4%	(34,932)	(34,932)	-	-	$1.17
Clovis	814,817	161,302	19.8%	20.3%	1,344	1,344	-	-	$1.78
East Shaw	1,403,622	282,034	20.1%	21.1%	(2,139)	(2,139)	-	-	$1.54
Midtown	2,386,611	201,466	8.4%	8.5%	(231)	(231)	-	-	$1.29
Northeast	1,139,048	164,064	14.4%	14.7%	928	928	-	$2.05	$1.62
Northwest	1,645,018	254,971	15.5%	14.8%	56,388	56,388	-	$2.15	$1.75
Palm Bluffs	1,673,359	312,194	18.7%	18.5%	20,090	20,090	-	$2.39	$2.00
West Shaw	1,672,874	303,354	18.1%	18.6%	333	333	-	-	$1.44
Woodward	3,526,295	512,227	14.5%	16.1%	56,156	56,156	10,669	$2.33	$1.94
Suburban Total	**15,728,060**	**2,444,107**	**15.5%**	**16.2%**	**97,937**	**97,937**	**10,669**	**$2.33**	**$1.67**
Totals	**18,946,817**	**2,849,614**	**15.0%**	**15.7%**	**101,231**	**101,231**	**10,669**	**$2.33**	**$1.65**

By Class							AVAILABLE FOR SUBLEASE CBD	AVAILABLE FOR SUBLEASE Suburban
Class A	2,754,841	404,634	14.7%	15.7%	60,926	60,926	-	-	12,642
Class B	11,920,996	1,986,709	16.7%	17.2%	43,481	43,481	10,669	63,233	69,317
Class C	4,244,318	454,501	10.7%	11.4%	(3,176)	(3,176)	-	-	2,910
Totals	**18,946,817**	**2,849,614**	**15.0%**	**15.7%**	**101,231**	**101,231**	**10,669**	**63,233**	**84,869**



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OFFICE TERMS AND DEFINITIONS

Total SF: Office inventory includes all multi-tenant and single tenant buildings at least 5,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

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. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted 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.*

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