



REAL ESTATE SERVICES

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**VOIT REPORTS POSITIVE NET ABSORPTION FOR THE TENTH
CONSECUTIVE QUARTER IN INLAND EMPIRE INDUSTRIAL MARKET**

- **Vacancy is down 22 percent from 2010.**
- **Construction of big buildings is underway.**

Inland Empire, Calif., (FEBRUARY 02, 2012) – In the fourth quarter of 2011, the Inland Empire industrial market displayed positive net absorption for the tenth consecutive quarter, posting 1.8 million square feet, for a total of 13.6 million square feet in all of 2011, according to the Fourth Quarter Market Report from **Voit Real Estate Services/CORFAC International**. The market demonstrated steady activity in Q4 2011, as vacancy dropped 22 percent below its 2010 rate and construction began on a number of large industrial properties, according to Walt Chenoweth, Executive Vice President of Voit's Inland Empire office.

“The demand for industrial space has picked up, and we are seeing renewed interest in sales transactions. In 2011, activity was higher in the first two quarters of the year than in Q3 and Q4, but that is likely due to the lack of available large industrial space in the marketplace,” said Chenoweth. “With construction now underway on big-

box industrial properties, we expect to see strong leasing activity for large blocks of space in 2012. We also anticipate that tenants will continue to sign longer-term leases as lease rates begin to rise. These are all positive indicators that the market is steadily recovering, and we expect to see continued stabilization as job growth occurs.”

Job growth is crucial to the recovery of the Inland Empire market, and the numbers are finally beginning to move in the right direction, according to Chenoweth. Unemployment steadily decreased in late 2011, and the LAEDC is predicting that 15,300 new jobs will be added in the Inland Empire area in 2012.

Vacancy is Down 22 Percent Year Over Year

Industrial vacancy rates finished the year at 7.4 percent, a 22 percent decrease from 2010. The lowest vacancy rate in the fourth quarter was found in the Western region of the Inland Empire, at 7.03 percent.

“Occupancy has remained positive in the Inland Empire industrial market, and with demand on the rise, we anticipate that vacancy rates will continue to decline in 2012, ending the year around 6 percent,” added Chenoweth.

Availability also decreased in 2011’s fourth quarter. Direct and sublease space being marketed in the Inland Empire was 11.9 percent at the end of Q4, lower than the previous year’s rate of 13.95 percent, reflecting a decrease of nearly 20 percent year over year.

Lease Rates Rising; Increasing Demand Drives Construction

In the third and fourth quarters of 2011, the average asking triple-net lease rate increased for the first time since the fourth quarter of 2007, ticking up a penny to \$.35 cents.

“The largest spikes in lease rates are being seen in large warehouse buildings, which is a direct result of the limited supply of product in large size ranges,” said Chenoweth. “As demand for these spaces rises, developers are beginning to respond with construction.”

At the end of 2011, there was 5.7 million square feet under construction in the Inland Empire industrial market, with several new projects breaking ground, most of which are for buildings over 400,000 square feet.

“The Inland Empire industrial market continues to improve in all areas, and as the unemployment rate drops and consumer confidence returns, we expect to see the market accelerate in 2012,” said Chenoweth.

About Voit Real Estate Services

Voit Real Estate Services is now a 10-office commercial real estate firm that, through its brokerage and asset services professionals working together, provides strategic property solutions tailored to clients' needs. An affiliate of CORFAC International, Voit combines 40 years of expertise in brokerage, investment advisory, financial analysis, market research, asset management, tenant advisory and property management services, Voit provides clients with forward looking strategies that create value for their assets and portfolios.

Voit is a privately held, debt-free firm that has successfully navigated numerous market cycles since 1971 and currently employs more than 250 people. Voit has owned, developed and managed over 50 million square feet of commercial real estate, participated in \$1.4 billion of construction projects and completed over \$36 billion in brokerage transaction volume. Further information is available at www.voitco.com.

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