

# 26<sup>th</sup> City - County

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# Presentation

*“Looking Forward”*



Governments  
**SANBAG**  
Working Together

**SANBAG**

San Bernardino Associated Governments

**CresaPartners**  
THE TENANT'S ADVANTAGE

Presented by:

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# Introduction

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## CresaPartners Overview – Integrated Services

### Integrated Services

Since our inception CresaPartners has endeavored to provide value-added services to the corporate user. We have modeled our service offering after a robust corporate real estate department. As we have evolved from transaction managers to true corporate service providers, we have added the requisite service lines.

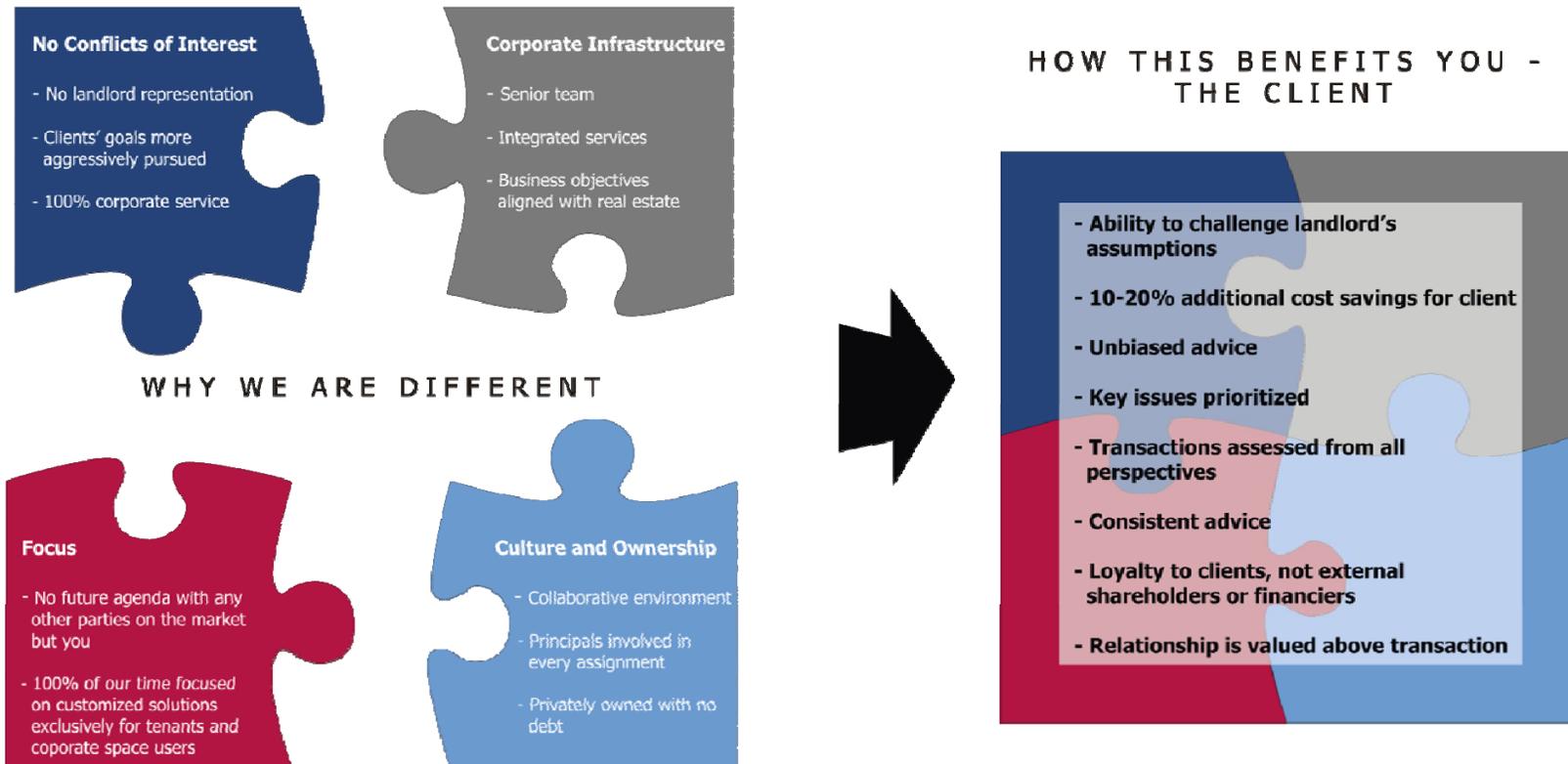
The graphic below provides a list of each of the service lines offered by CresaPartners. The key to the delivery of these services is that they are fully integrated within our firm and deployed under the direction of an account manager.



CresaPartners, along with our integrated service groups, represent over 50% of the Fortune 1000



## CresaPartners Overview - Differentiators



# Inland Empire Market

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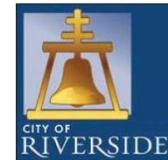


## Inland Empire – Market Overview

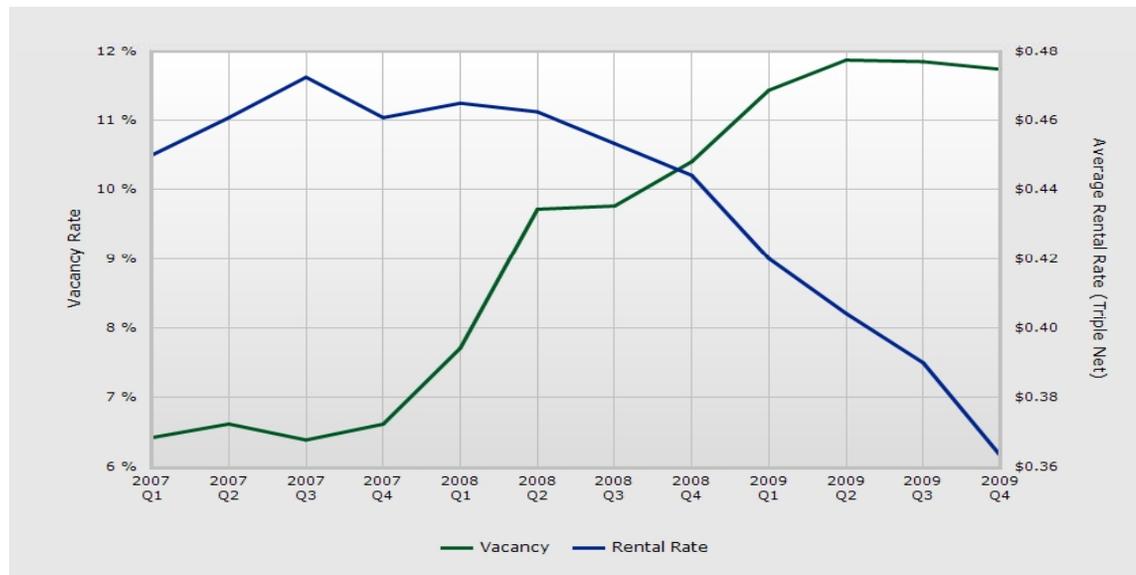
### INLAND EMPIRE MARKET

- Total Market Size: 486 million square feet
- Inland Empire Vacancy Rate: 11.5%
- Inland Empire East Vacancy rate: 14.4%
- Inland Empire West Vacancy Rate: 8.6%
- Vacancy rate equate to over 53 million square feet of vacant space and over 81 million square feet of total available space
- Average asking rate: \$0.35 NNN, down from \$0.39 NNN from Q1 2009

The real estate market went through substantial changes; it is a tenant's market. Over the course of the last 60 days, we have seen landlords increasing their concessions and reducing rental rates for tenants. We have also experienced landlords buying out existing leases to get tenants in their buildings and doing early renewals up to 18 months from the tenants lease expiration.



## Average Asking Rental Rates vs. Vacancy Rates



### West Inland Empire

- Total of 5,521 properties
- Over 36 million square feet available
- Average asking rate \$0.36 PSF/Mo. NNN

### East Inland Empire

- Total of 6,704 properties
- Over 45 million square feet available
- Average asking rate \$0.35 PSF/Mo. NNN

## The Supply Chain/Real Estate Connection



## The Foundation

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**SUPPLY CHAIN**



**REAL ESTATE**

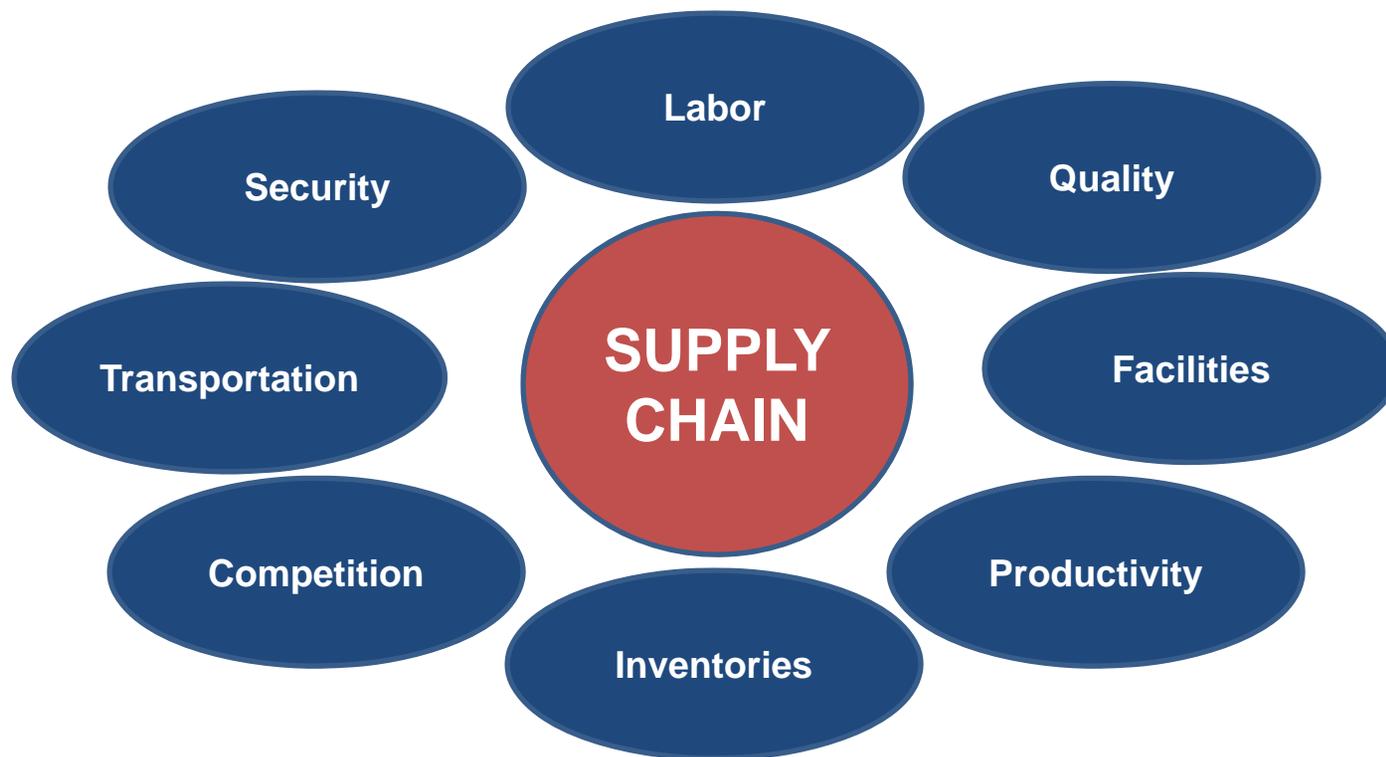
Real Estate is the FOUNDATION  
Business Processes Reside On.



## Maintaining the Chain

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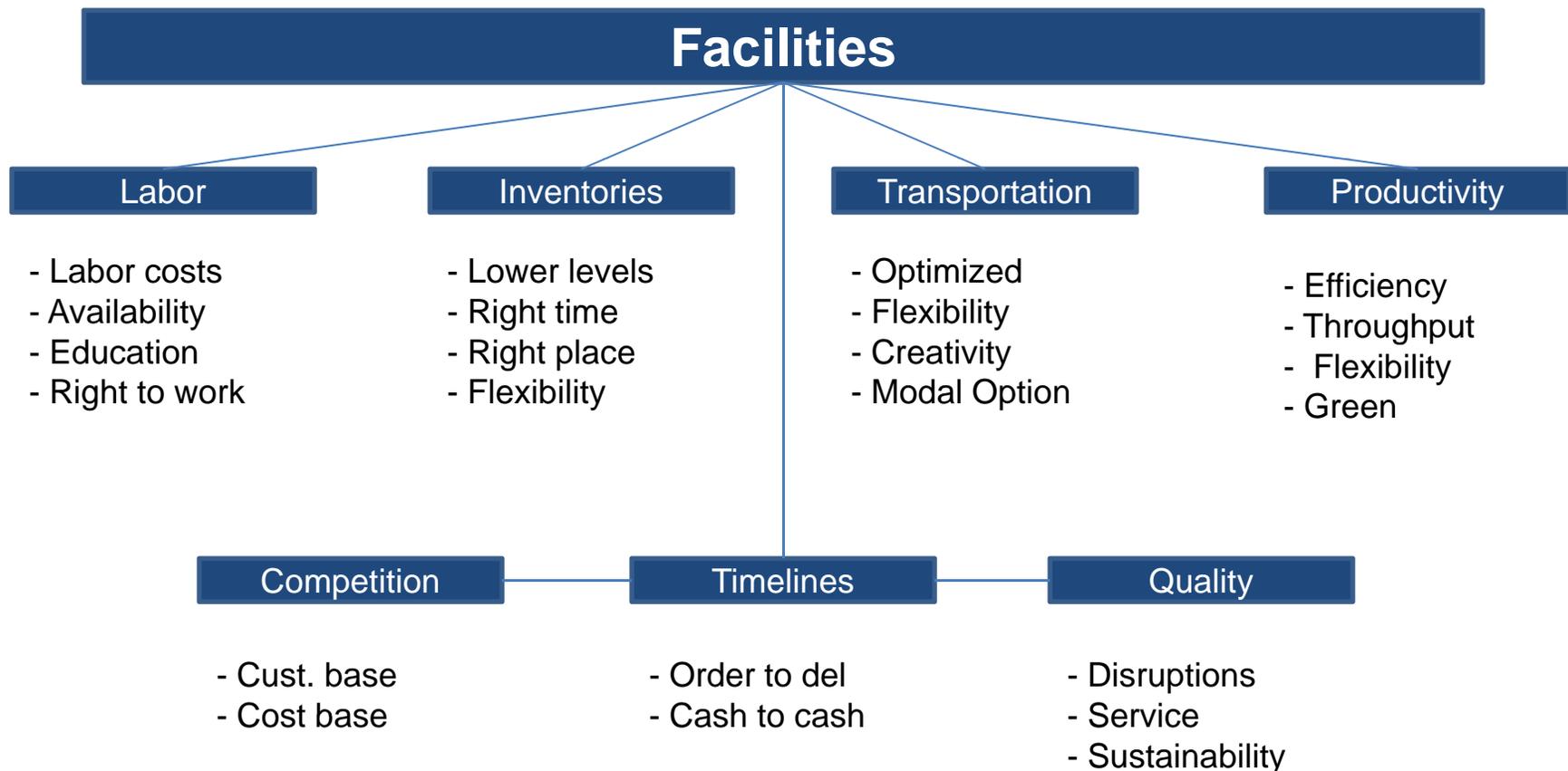
### Multiple Forces Affect the Efficiency of the Supply Chain



- Transportation and Inventories make up the majority of the monetary cost of the chain.

## Facilities Impact

The Correct Facilities Decision Impacts the Forces acting on the Supply Chain



## How We Help

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# CresaPartners Brings Real Estate Decisions and Supply Chain Execution Together

- Transportation and Network Analysis
- Labor Studies and Economic Incentives
- Warehousing and Material Handling
- Financing
- Real Estate Transactions

## CEO Business Concerns

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- CEO concerns are in a number of supply chain and real estate related areas,
  - Emerging low-cost *competition*
  - Energy costs
  - Potential protectionism as a barrier to trade
  - Climate change issues

### Location Concerns;

- Infrastructure issues-drive times
- Proximity to ports
- County and City incentives
- Labor costs
- Housing
- Utility costs

## Trends 2010 and beyond

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- Commercial real estate is directly related to job growth
- The Inland Empire continues to have flat population and job growth.
- Lower vacancy in the west versus east
- Very little new development occurring
- Lease rates should start to stabilize in the west in 2010
- Developer liquidity could be a concern for corporations in the Inland Empire
  - Tenant Improvement dollars
  - Refinancing-mortgage-backed securities
- Imports and exports are slowly increasing...helping the Inland Empire
- Corporations looking for incentives to stay in California

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