Southern California

The Inland Region’s Emerging White-Collar Workforce and the expected Challenges & Opportunities
Office Vacancy Rates

Grubb & Ellis
Property Solutions Worldwide
Office Vacancy Rates by Market
Third Quarter 2007

Los Angeles
Inland Empire
Orange County
San Diego
U.S. Average
Office - Class A Asking Rent by Market (FSG)
Third Quarter 2007

Los Angeles
Inland Empire
Orange Co.
San Diego
U.S. Average
Office - % of Under Construction, by Market
Third Quarter 2007

- Inland Empire, 29.3%
- Los Angeles, 24.3%
- Orange County, 17.8%
- San Diego, 28.6%
Inland Empire Office Market
Competitive Base, Completed Inventory

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>3Q07</th>
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<tbody>
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<td>(square feet)</td>
<td>8,000,000</td>
<td>9,000,000</td>
<td>11,000,000</td>
<td>12,000,000</td>
<td>13,000,000</td>
<td>15,000,000</td>
<td>18,000,000</td>
<td>19,000,000</td>
<td>20,000,000</td>
<td>24,000,000</td>
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Inland Empire Office Market
Under Construction

(square feet)

1998 1999 2000 2001 2002 2003 2004 2005 2006 3Q07
Office Permit Valuations

*in millions*, Inland Empire

Source: Construction Industry Research Board
California Consumer Confidence

Sep-06  Dec  Mar  Jun  Sep-07

80.0  90.0  100.0  110.0  120.0  130.0
Inland Empire Office Market
Average Asking Lease Rates

1998
1999
2000
2001
2002
2003
2004
2005
2006
3Q07

$1.00
$1.20
$1.40
$1.60
$1.80
$2.00
$2.20

Class A
Class B
High Profile Office Developments
Inland Empire

Regency Tower
10-Story, 250,000 sq. ft.
Asking Rental Rate: $3.05 – 3.15 FSG
Completion: Summer 2009

Ontario Airport Towers
Potentially 500,000 sq. ft.
Asking Rental Rate: $2.65 FSG
Completion: 2008 (Phase I)
High Profile Office Developments
Inland Empire

Lakeshore Plaza
(1) 4-Story, (2) 6-Story Buildings
Total: 473,000 sq. ft.
Asking Rental Rate: $3.05 – 3.15 FSG
Completion: 2008 (Phase I)

Tri-City Corporate Centre
1.2 million sq. ft.
Mixed-Use Development
(6) Class “A” Office Towers;
(4) 2-Story Office Buildings;
(2) Single Story Buildings
High Profile Office Developments
Inland Empire

The Towers at Riverwalk
(2) 4-Story, Buildings (Final Phase)
Total: 200,000 sq. ft.
Completion: 2008
*Total Office Portion of Turner Riverwalk: 500,000 sq. ft.*

Intellicenter Riverside
Green Development
(1) 3 or 4-Story Building
Situated within the 1,000-acre, master planned, Meridian business park
Notable Tenant Move-Ins
2007

Just Mortgage Inc.
Rancho Cucamonga / Pre-Lease 60,000 sq. ft.

Kaiser Health Foundation Plan
Rancho Cucamonga / Pre-Lease 41,800 sq. ft.

David Evans & Associates, Inc.
Ontario / Sublease 25,960 sq. ft.
Notable Tenant Move-Ins
2007 (continued)

Co-Op Financial Services
Rancho Cucamonga / Pre-Lease  75,000 sq. ft.

Freemont Investment & Loan
Ontario / Pre-Lease  48,000 sq. ft.

Wells Fargo Home Mortgage
San Bernardino / BTS  230,728 sq. ft.
Educated Workers are Migrating Inland

Educated Workers are Migrating Inland

Source: John Husing, 2000 Census, 2005 American Community Survey
Professional, Scientific & Engineering Job Gains
Inland Empire

3rd Fastest Growing Sector in 2006:
Up 58.4% in 2 Years

Source: John Husing, CA Employment Development Department
White Collar Job Base & Number of Firms
Inland Empire, San Diego Co. & Orange Co., 2006 or 2007

- Inland Empire: 1,308,500 jobs, 87,509 firms
- San Diego County: 1,305,700 jobs, 91,639 firms
- Orange County: 1,523,800 jobs, 95,503 firms
Office Square Feet Per Job
Southern CA Areas, 2006

Source: John Husing, CA Employment Development Dept., CA Dept. of Finance
DILBERT

AS USUAL, I WORKED UNTIL MIDNIGHT LAST NIGHT, MOM.

WELL, AT LEAST YOU MADE SOME EXTRA MONEY.

I DON'T GET PAID FOR OVERTIME.

WELL, AT LEAST IT WAS IMPORTANT WORK.

NOT REALLY.

MY BOSS MADE ME CHANGE MY "POWER-POINT" SLIDES, BUT THE CHANGES MAKE THEM WORSE.

WELL, AT LEAST YOU'RE PREPARED FOR YOUR MEETING.

IT WAS CANCELED.

BUT THAT'S OKAY, BECAUSE THE PROJECT ISN'T FUNDED ANYWAY.

SO... YOU WORKED FOR FREE TO WORSEN A PRESENTATION FOR A MEETING THAT WON'T HAPPEN FOR A PROJECT THAT DOESN'T EXIST?

OH... YOU MUST BE A REAL ESTATE BROKER.

YUP.