

* 100,000 SF Light Industrial Manufacturing Facility:
 a. 10% Office
 b. 2,500 KVA Electrical
 c. Block and Metal or Concrete Tilt Construction
 d. Standard Facility – Normal Operating Condition

REAL ESTATE

LABOR

TRANSPORTATION

CANADA

UNITED STATES

MEXICO

	*Industrial Facility Lease Rate: Low – High (\$/SF/NNV/Annual)	* Industrial Facility Construction Cost Shell: Low – High (\$ / SF)	Industrial Park Land Cost: Low – High (\$/Acre)	Number of Available Industrial Facilities >100,000 SF	Industrial Vacancy Rate: (%)	Unemployment Rate: (%)	Average Production-Line Salary Unskilled/Skilled (\$/Hour)	Rail Served Industrial Areas (%)	Distance to Closest Commercial Seaport (Miles)	Average Full Trailer (\$/Mile) Assumes 500 mile journey
<i>Source: NAI Canada (416) 233 5302</i>										
CALGARY	4.50 - 8.50	50.00 - 90.00	225,000 - 800,000	2	1.0	2.0	10.00/25.00	10	600	1.00
EDMONTON	4.50 - 8.00	55.00 - 90.00	275,000 - 650,000	2	1	3.3	12.65/21.15	10	700	2.00
MONTRÉAL	3.50 - 5.50	35.00 - 45.00	120,000 - 300,000	21	5.0	7.9	12.00/18.00	20	Port City	1.00
OTTAWA	5.00 - 8.00	50.00 - 75.00	150,000 - 350,000	3	7.4	5.2	N/A	10	60	1.00
TORONTO	4.00 - 9.00	50.00 - 80.00	325,000 - 700,000	96	6.0	7.8	12.00/18.00	30	Port City	1.00
VANCOUVER	3.50 - 7.00	45.00 - 55.00	250,000 - 650,000	4	1.5	4.9	10.00/18.00	>30	Port City	1.00
<i>Source: CoStar Group, Inc & NAI Global (619) 243.9274</i>										
ATLANTA	2.25 - 5.50	30.00 - 38.00	65,000 - 135,000	215	11.1	4.6	9.25/15.20	20	252	2.20
BALTIMORE	3.95 - 6.25	25.00 - 45.00	100,000 - 500,000	92	12.6	4.4	13.67/23.90	20	Port City	1.20 - 1.70
CHICAGO	2.00 - 5.75	38.00 - 43.00	130,680 - 400,000	385	10.2	4.7	7.82/16.61	21.71	800	1.81
CLEVELAND	1.95 - 4.50	30.00 - 40.00	70,000 - 150,000	90	8	5.1	10.86/18.34	>20	Port City	1.40 - 2.10
DALLAS/FT. WORTH	2.50 - 4.95	25.00 - 30.00	87,000 - 218,000	245	9.2	4.9	9.39/15.31	45	250	3.00 - 5.00
DENVER	2.75 - 5.50	45.00 - 65.00	80,000 - 217,000	40	6.9	4.4	13.25/24.74	20	1,100	1.45 - 1.80
DETROIT	2.25 - 5.50	30.00 - 50.00	130,680 - 304,920	169	11.6	7.0	11.00/32.00	10	Port City	1.55
HOUSTON	3.12 - 5.40	40.00 - 50.00	80,000 - 275,000	80	6.4	5.0	14.32/20.04	15	Port City	1.50
LOS ANGELES	5.40 - 12.93	32.00 - 45.00	538,808 - 638,808	97	2.6	4.6	12.34	8	1 - 35	1.31 - 1.70
MEMPHIS	1.43 - 4.10	27.00 - 32.00	65,000 - 95,000	89	15.6	6	11.58 / 16.10	15	729 river miles	3.70
MIAMI	4.00 - 10.25	65.00 - 82.00	435,600 - 653,400	27	4.3	3.80	14.00/32.00	4	Port City	1.50
NEW ORLEANS	2.75 - 5.00	28.50 - 37.00	130,000 - 575,000	3	5.5	8.2	10.00/21.00	50	Port City	2.00
NEW YORK	3.95 - 10.00	50.00 - 60.00	750,000 - 1,000,000	1	3.5	5.1	7.60/17.00	<10	Port City	1.50 - 3.00
NEWARK	3.95 - 10.00	45.00 - 55.00	150,000 - 300,000	6	6.1	6.3	9.34/19.78	40	Port City	2.00
PHILADELPHIA	4.25 - 7.44	50.00 - 70.00	130,000 - 250,000	31	11.7	4.7	9.60/21.36	15.0	Port City	N/A
PHOENIX	3.48 - 7.80	56.00 - 112.00	112,820 - 871,200	58	8	3.9	12.00/20.00	3.0	385	1.47 - 2.50
SAN FRANCISCO	3.00 - 6.60	50.00 - 200.00	435,000 - 1,000,000	5	4.2	4.6	8.42/28.53	>50	Port City	4.00 - 5.00
SEATTLE	3.00 - 16.20	40.00 - 60.00	250,000 - 420,000	54	5.8	5.1	8.95 / 22.60	5	Port City	2.25
ST. LOUIS	4.23 - 5.95	30.00 - 40.00	115,000 - 160,000	66	7.5	5.2	14.00/18.00	5	350; 5 Miles to Mississippi River	2.25
<i>Source: NAI Mexico (619) 243.9274</i>										
GUADALAJARA	4.40 - 5.35	22.00 - 27.00	160,000 - 400,000	9	10.0	3.0	1.75/2.50	10.0	160	1.05
JUAREZ	4.50 - 6.00	25.00 - 32.00	150,000 - 205,000	6	8.5	1.2	2.36/2.82	0.0	800	1.00
MATAMOROS	4.20 - 6.72	22.00 - 25.00	80,000 - 115,000	4	10.0	8.0	1.10/1.90	30.0	20	1.35 - 2.00
MEXICALI	3.36 - 4.56	22.00 - 25.00	101,300 - 265,000	2	6.5	4.0	1.80/2.55	40.0	180	1.00
MEXICO CITY	5.02 - 5.91	26.01 - 27.87	200,000 - 1,300,000	15	6.0	4.8	0.94/3.57	5.0	250	1.04 - 1.32
MONTERREY	4.20 - 5.50	22.00 - 30.00	89,030 - 485,618	8	4.0	3.0	1.70/2.65	30.0	360	1.00
NUEVO LAREDO	4.20 - 6.48	22.00 - 23.00	73,000 - 90,000	4	11.0	8.0	1.00/1.80	60.0	235	1.35 - 2.00
REYNOSA	4.20 - 6.48	22.00 - 23.00	77,000 - 125,000	15	6.0	3.0	1.00/1.90	0.0	82	1.35 - 2.00
TIJUANA	2.88 - 5.52	22.00 - 23.00	161,872 - 485,520	6	3.0	1.3	1.90/ 2.65	10.0	60	1.05

FOOTNOTES & COMMENTS:

All costs are reflected in US\$ amounts. Data was compiled in June 2007.

CoStar Group, Inc. (www.costar.com) provided the U.S. data.

The information for San Francisco includes the nine Bay-area counties of Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara, Marin, Solano, Napa and Sonoma.

This index is intended to provide a snapshot look at relative costs and rates across North America's key industrial markets. The creators of the index realize that actual costs and rates associated with specific manufacturing facilities will vary widely, given

the many variables at play from industry to industry and facility to facility.

With that in mind, several assumptions have been built into the model in order to standardize index content from market to market and category to category as much as possible. The real estate categories assume a 100,000-sq.-ft. (9,290-sq.-m.) light manufacturing facility, 10 percent of which is office space, and block-and-metal or concrete tilt construction.

Expert commentary from Linneman Associates (www.linnemanassociates.com), a real estate strategy and economic consulting firm, follows on page 498.

A version of this Index appears at www.siteselection.com and www.naiglobal.com.
 Source: Site Selection Magazine and NAI Global

The U.S. economy grew by 3.4 percent in 2006, and we expect 2007 and 2008 to register real GDP growth of 3.8 percent and roughly 4 percent, respectively. The household sector remains robust, with consumer spending rising in almost every category. Combined 2006 sales of autos (7.8 million) and light trucks (8.7 million) in the U.S. were 1.8 million above the 30-year average. Contrary to myth, the U.S. has never produced more automobiles than today. Detroit's problem is that they are not Fords, GMs, or Chryslers. Aggregate sector inventories relative to both sales and output are on trend, and are consistent with steady business expansion.

In comparison to six months ago, all Canadian market rents in our survey remain flat. In the U.S., the only markets that were flat over the past six months were Buffalo and New Orleans. All other U.S. markets experienced some change at the high end of their respective market rental rates. Atlanta, Chicago, Dallas/Ft. Worth, Detroit, Memphis, Miami, Newark, Philadelphia, Seattle, and St. Louis all registered rental rate increases in comparison to six months ago, while Baltimore, Cleveland, Denver, Houston, Los Angeles, New York, Phoenix, and San Francisco posted declines. In Mexico, Guadalajara and Mexico City registered rental rate changes over the last six months. In annual basis, industrial market rents in Guadalajara declined by about \$0.60 per square foot (psf), while the range of industrial rents in Mexico City tightened from \$3.40-\$3.60 psf in the fall of 2006 to \$4.20-\$5.50 psf today.

From a construction cost perspective, Mexican markets consistently offer lower costs (\$22-\$32 psf) in comparison to markets in Canada (\$32-\$80 psf) and the U.S. (most falling in the \$30-\$70 psf range). The highest and lowest construc-

Commentary

tion costs in Canada are Calgary (\$50-90 psf) and Montreal (\$35-45 psf), respectively. In the U.S. the lowest industrial construction costs can be found in Dallas/Forth Worth (\$25-\$30 psf) and the highest can be found in San Francisco (\$50-\$200 psf). Of all of the markets in our survey, only Matamoros posted a \$2-psf increase in industrial construction costs. All other markets exhibited no changes in construction costs in comparison to six months previous.

Land prices for industrial development remained flat across North America over the last six months, with two exceptions. In Denver, the low end of the pricing range increased from about \$45,000 to \$80,000 per acre, while the high end of its land pricing range remained flat. In contrast, reported land prices in Los Angeles declined significantly from \$1.3-\$1.8 million to about \$540,000-\$640,000 per acre. This is in significant contrast to our last survey (fall 2006), when our readers may recall that Canadian land prices increased significantly in Calgary, Edmonton, Ottawa, and Toronto, with the greatest increase being an incremental \$150,000 per acre

in Edmonton. That previous survey also revealed that land prices in Dallas-Ft. Worth, Los Angeles, and Phoenix land prices were also on the rise.

Using a 7-percent vacancy rate as a benchmark for a "balanced" industrial market, all Canadian markets in our survey meet this threshold, except Ottawa, which stands at 7.4 percent. In the U.S., industrial vacancy rates in Denver, Houston, Los Angeles, Miami, New Orleans, New York, Newark, San Francisco, and Seattle indicate supply and demand balance. Notably, Chicago fell out of balance from 6.2 percent six months ago to 10.2 percent today. The most improved — though still out of balance — U.S. markets were Atlanta (from 16.8 percent to 11.1 percent) and Memphis (from 18.4 percent to 15.6 percent). South of the border, Mexicali and Mexico City registered vacancy rate improvements of 150 and 250 basis points, respectively, over the past six months.

Both labor and transportation costs remained flat across the board in comparison to our fall 2006 survey. Labor costs are the main factor which makes the overall cost of doing business in Mexico significantly lower than its northern neighbors, although this is offset to some degree by lower labor efficiency levels. Similarly, many of the U.S. markets with higher transportation costs are port cities, while the Mexican markets are often hundreds of miles from the nearest port.

— *Linneman Associates*
www.linnemanassociates.com