North American Industrial Location Index

* 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		
	*Industrial Facility Lease Rate: Low – High ($/SF/NNN/ Annual)	*Industrial Facility Construction Cost Shell: Low – High ($/SF)	Industrial Park Land Cost: Low – High ($/Acre)	Number of Available Industrial Facilities >100.000	Industrial Vacancy Rate: (%)	Unemployment Rate: (%)	Average Production-Line Salary Unskilled/Skilled ($/Hour)	Rail Served Industrial Areas (%)	Distance to Closest Commercial Seaport (Miles)	Average Full Trailer ($/Mile) Assumes 500-mile journey**
CANADA	*Source: NAI Commercial Canada (604) 691-6643*									
CALGARY	6.50 – 14.00	60.00 – 90.00	350,000 – 1,000,000	6	1.2	4.3	12.00 – 30.00	10	600	1
EDMONTON	7.00 – 10.25	60.00 – 95.00	425,000 – 850,000	4	1.1	3.8	15.27 – 18.63	10	700	2.25
MONTRÉAL	4.50 – 6.50	40.00 – 65.00	120,000 – 450,000	19	4.5	7.9	12.00 – 18.00	20	Port City	1
OTTAWA	6.00 – 9.00	55.00 – 80.00	200,000 – 400,000	1	4.3	4.3	25.60	10	60	1
TORONTO	4.00 – 9.00	65.00 – 90.00	325,000 – 1,000,000	35	5.4	6	12.00 – 18.00	30	Port City	1.8
VANCOUVER	5.00 – 9.00	55.00 – 90.00	500,000 – 1,200,000	10	1.5	4.9	12.00 – 20.00	>30	Port City	1
UNITED STATES	*Source: NAI Members (619) 243-9274*									
ATLANTA	2.25 – 5.50	30.00 – 38.00	65,000 – 135,000	181	11.4	5	13.75 – 19.18	20	248	2.20
BALTIMORE	3.95 – 6.50	30.00 – 50.00	200,000 – 800,000	75	10.4	3.8	13.67 – 23.90	20	Port City	1.46 - 2.10
CHICAGO	2.75 – 4.50	32.00 – 45.00	150,000 – 480,000	317	6	5.4	13.12 – 23.56	17.7	800	2.19
CLEVELAND	1.95 – 4.50	30.00 – 40.00	70,000 – 150,000	100	8	5.5	10.86 – 18.34	>20	Port City	2.25 -3.25
DALLAS/FT. WORTH	3.88 – 5.73	25.00 – 30.00	87,000 – 218,000	130	9.2	4.1	9.39 – 15.31	9.5	300	3.00 - 5.00
DENVER	3.00 – 4.00	50.00 – 70.00	80,000 – 217,000	37	8.1	4.4	9.25 – 17.25	20	1,100	2.25
DETROIT	2.50 – 5.00	30.00 – 50.00	100,000 – 250,000	149	12.3	7.7	10.00 – 30.00	10	Port City	1.75
HOUSTON	4.10 – 6.40	40.00 – 50.00	130,680 – 275,000	96	6.4	3.8	14.32 – 20.04	15	Port City	1.64
LOS ANGELES	5.88 – 17.40	45.00 – 60.00	653,400 – 1,524,600	239	3.2	6.2	26.55	8	Port City	1.31 - 1.70
MEMPHIS	2.00 – 3.15	27.00 – 35.00	65,000 – 95,000	82	16.4	5.2	11.58 – 16.10	15	729 river miles	2.10 - 2.35
MIAMI	6.00 – 9.50	65.00 – 82.00	405,600 – 635,000	29	6.2	3.8	14.00 – 32.00	4	Port City	1.50
NEW ORLEANS	2.75 – 5.00	35.00 – 50.00	130,000 – 575,000	11	8	3.8	10.50 – 24.00	50	Port City	4.20
NEW YORK	6.00 – 15.00	75.00 –150.00	750,000 – 5,000,000	37	5.2	5.1	10.00 – 34.00	<10	Port City	4.00 - 7.00
NEWARK	3.50 – 9.50	50.00 – 60.00	150,000 – 300,000	5	7.2	5	9.34 – 19.78	40	Port City	2.0
PHILADELPHIA	1.75 – 6.50	50.00 – 90.00	60,000 – 250,000	22	9.3	4.7	7.00 – 21.36	15	Port City	2.25 - 2.50
PHOENIX	5.64 – 15.00	40.00 – 75.00	152,460 – 871,200	98	8.7	3.5	7.56 – 21.89	3	385	1.70 - 2.55
SAN FRANCISCO	1.20 – 16.20	75.00 –200.00	435,000 – 3,500,000	13	5.4	4.8	8.42 – 28.53	>50	Port City	4.00 - 5.00
SEATTLE	3.60 – 16.20	45.00 – 65.00	330,000 – 480,000	37	4.5	5.3	8.65 – 24.28	5	Port City	2.25
ST. LOUIS	3.61 – 9.33	30.00 – 40.00	115,000 – 160,000	30	7.4	5.7	14.00 – 18.00	5	350	2.25
MEXICO	*Source: NAI Mexico (619) 243-9274*									
GUADALAJARA	5.04 – 5.52	22.00 – 27.00	160,000 – 728,280	6	7	3	1.75 – 2.50	10	200	1
JUAREZ	3.50 – 6.00	25.00 – 32.00	150,000 – 546,000	13	5	1.2	2.36 – 2.82	5	800	1
MATAMOROS	4.32 – 5.76	30.00 – 44.00	121,380 – 141,610	3	10	8	180	30	20	1.35 - 2.00
MEXICALI	3.36 – 5.16	25.00 – 28.00	101,300 – 265,000	3	5.8	4	1.85 – 2.62	40	180	1
MEXICO CITY	4.50 – 6.00	28.00 – 32.00	240,000 – 1,500,000	9	6.3	5.3	3.20 – 3.30	5	250	1.04 - 1.32
MONTERREY	3.50 – 6.60	22.00 – 32.00	200,000 – 550,000	12	7	3	1.50 – 2.65	30	360	1
NUEVO LAREDO	4.40 – 6.48	22.00 – 28.00	77,000 – 100,000	6	11	8	1.35 – 2.00	60	146	1.35 - 2.00
REYNOSA	4.20 – 6.40	22.00 – 32.00	90,000 – 125,000	14	5	5	1.35 – 2.00	0	51	1.35 - 2.00
TIJUANA	4.32 – 6.36	22.00 – 32.00	242,809 – 546,321	20	6	2.6	1.90 – 2.65	10	60	1.05
SAN LUIS POTOSI	4.68 – 5.04	20.86 – 26.05	99,099 – 116,087	7	9	2	3.39 – 5.36	70	273	1.28

FOOTNOTES & COMMENTS

All costs are reflected in US$ amounts. Data was compiled in June 2008.

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.

Commentary from Gary Swedback, President of NAI Mexico, follows on page 671.

A version of this Index appears at *www.siteselection.com*, *www.naimexico.com* and *www.naiglobal.com*.

Source: *Site Selection* Magazine and NAI Members

**The $-per-mile truck transportation costs, and other transportation costs are subject to rapid increases due to the cost of fuel. The averages were submitted in early June, and the ranges will cover most increases. Please call or e-mail for the latest figures: *scalette@naimexico.com*.

COMMENTARY

Forecasts for U.S. economic growth were recently revised from February 2008's estimate of 2.7 percent to 1.6 percent at midyear. Current forecasts for 2009 have also been revised to 2.2 percent.

The U.S. real estate sector feels the impact of the slowing economy through the psychological aspect of the downturn. New corporate investments — and leasing demand — are both impacted as some corporations are sitting on the sidelines observing markets and waiting for the U.S. election results.

As of June 2008, the U.S. slowdown has not significantly impacted growth in Mexico's economy or industrial real estate markets. The economy "south of the border" is expected to grow at an annual average rate of 3.1 percent from 2008 to 2012. Except for Nuevo Laredo, most Mexican markets registered slight increases in rental rates from mid-year 2007-2008. Several markets like Tijuana and Reynosa have experienced significant new construction which will flatten lease rates and ensure "tenant's markets" through 2009.

In comparison to June 2007, all major Canadian markets (except for Toronto), experienced increases in annual industrial lease rates — rising on average by $1.65/sq. ft.

In the U.S., the only markets that remained unchanged were Atlanta, Cleveland and New Orleans. At midyear 2008, markets with the largest year-over-year increases at the high end range included Los Angeles, San Francisco and New York — with an average annual $6.35/sq. ft. rise. Industrial rate decreases of 15 percent or more are projected for the second half of 2008 in many U.S. markets.

From June 2007-2008, land prices for industrial development increased in 67 percent of the North American markets surveyed. Canadian markets with the highest and lowest land prices can be found in Vancouver and Montréal, respectively. In the U.S., industrial land values in Atlanta, Cleveland, Dallas/Ft. Worth, Denver, Memphis, Newark, New Orleans and St. Louis remained flat. The highest increases in land acquisition prices were found in Los Angeles, New York and San Francisco.

Vacancy rates in all Canada markets are below seven percent, reflecting a health balance between supply and leasing. Montréal, Ottawa and Toronto increased occupancies during the last 12 months.

Vacancy rates in several U.S. markets indicate supply and demand are out of balance. Increasing high-vacancy rates are found in Detroit, Atlanta and Memphis. Markets with slowing activity, but balanced rates, include Chicago, Houston, Los Angeles, Miami, New York, San Francisco and Seattle. Generally Mexican markets have traditionally maintained less than 10 percent vacancy. Currrently overbuilt markets in Mexico are Tijuana, Reynosa and San Luis Potosi. These markets will provide more aggressive leasing packages to corporate users during the balance of 2008-2009.

The final impact of rising labor prices and escalating transportation costs remains to be seen during 2008. However, the consensus is that escalated fuel prices will significantly impact new investment decisions for operations and supply chain management. These decisions will impact site selection throughout North American as well as operations linked to the Pacific Rim and Europe during 2008-2009.

— Gary Swedback, President NAI Mexico