



Appendix Q:

**Murrieta Office & Industrial  
Data Review Report**

# OFFICE AND INDUSTRIAL DATA REVIEW

Prepared for  
City of Murrieta  
General Plan Update

Prepared by  
Stanley R. Hoffman Associates, Inc.

November 25, 2009

## INTRODUCTION

The following report presents findings and conclusions from a review of the Industrial and Office segments of the commercial real estate market in the Inland Empire, including specific information regarding Southwest Riverside County and the city of Murrieta. The study involved an analysis of data obtained primarily from Costar Group, Inc., a provider of real estate information that maintains a national database of commercial properties. In addition, regional data were obtained from Grubb & Ellis, a commercial real estate brokerage firm.

Inland Empire is defined as the entire counties of Riverside and San Bernardino. For purposes of this analysis, Southwest Riverside County has been divided into four subareas, including: the city of Murrieta; the city of Temecula; an area along Interstate 15 running from Lake Elsinore south to the northern boundary of the city of Murrieta; and an area north of the northern edge of the city of Murrieta, running north to and including the city of Menifee along Interstate 215, and north along Highway 79 through French Valley to the Winchester area.

A number of commercial real estate terms are used throughout the report. They are defined by Costar Group as follows:

**Available Space:** The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

**Deliveries:** Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

**Existing Inventory:** The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

**Net Absorption:** The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

**Rentable Building Area:** (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation.

**Vacant Space:** Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available.

# INLAND EMPIRE

## INLAND EMPIRE OVERVIEW

- Inland Empire includes Riverside County and San Bernardino County, encompassing 485 square miles
- 4.2 million residents (2.1 million in Riverside County)
- By 2030, expect 7 million total residents; second fastest-growing area (behind Los Angeles County) in Southern California region
- Inland Empire lost over 76,000 non-farm jobs in past 12 months
- Unemployment rate currently 14.2%, versus 12.0% statewide
- Costar's comprehensive office property database (all office properties, regardless of size) shows that Southwest Riverside County (as defined in the following pages) contains 7.9% of total Inland Empire office space and 1.0% of total Inland Empire vacant office space
- Costar's industrial property database (all industrial properties, regardless of size) indicates that Southwest Riverside County contains 4.3% of total Inland Empire industrial space and 3.9% of total Inland Empire vacant industrial space
- According to Grubb & Ellis, which reports quarterly on commercial properties in market areas throughout Southern California (surveying office buildings of 20,000 square feet or larger and industrial properties of 10,000 square feet or larger), Inland Empire office and industrial rents are lowest of any Southern California region.
- Inland Empire is a significant factor in Southern California industrial development, but has only emerged in recent years as a location for office development
- The Inland Empire industrial market has been impacted far more than the office market in the current slowdown, in terms of vacancies and rental rates. As shown on the following tables, Inland Empire offers lower lease rates than any market in the region, while at the same time experiencing higher vacancy rates than any other area, both for Industrial and Office properties,

Southern California Office Market Summary by Area Third Quarter 2009					
	Inland Empire	Los Angeles County	Orange County	San Diego County	Totals/ Weighted Averages
<b>Total Square Feet</b>	27,455,544	189,628,548	86,210,904	71,864,453	375,159,449
<b>Vacant Square Feet</b>	6,476,443	29,519,994	16,696,282	15,550,492	68,243,211
<b>Vacancy Rate (Total)</b>	23.6%	15.6%	19.4%	21.6%	18.2%
<b>Net Absorption (YTD)</b>	(69,607)	(4,384,630)	(1,568,918)	(940,463)	(6,963,618)
<b>Under Construction SF</b>	493,684	1,522,978	82,042	358,462	2,457,166
<b>Asking Rent</b>					
<b>Class A</b>	\$2.17	\$3.06	\$2.50	\$2.87	\$2.83
<b>Class B</b>	\$1.63	\$2.26	\$2.01	\$2.25	\$2.15

Southern California Industrial Market Summary by Area Third Quarter 2009					
	Inland Empire	Los Angeles County	Orange County	San Diego County	Totals/ Weighted Averages
<b>Total Square Feet</b>	430,928,985	987,735,183	265,985,670	172,724,235	1,857,374,073
<b>Vacant Square Feet</b>	55,189,414	31,665,632	17,352,117	20,597,647	124,804,810
<b>Vacancy Rate (Total)</b>	12.8%	3.2%	6.5%	12.0%	6.7%
<b>Net Absorption (YTD)</b>	(6,414,027)	(7,745,956)	(3,029,385)	(3,319,143)	(20,508,511)
<b>Under Construction SF</b>	1,453,768	369,563	0	246,050	2,069,381
<b>Asking Rent</b>					
<b>WH/Dist</b>	\$0.32	\$0.48	\$0.58	\$0.66	\$0.47
<b>Flex</b>	\$0.64	\$0.86	\$1.05	\$1.27	\$0.87

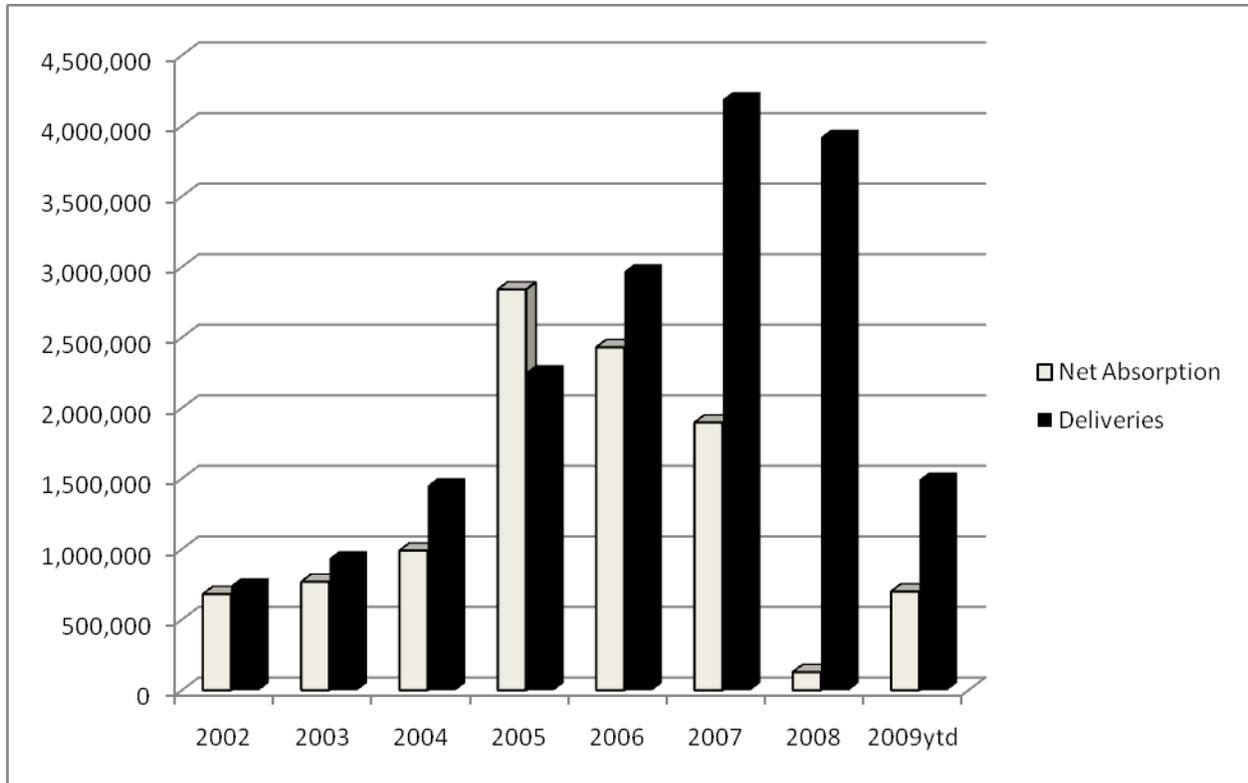
Sources: Grubb & Ellis, Stanley R. Hoffman Associates, Inc.

## Inland Empire Office Market-Third Quarter 2009

	Class A	Class B	Class C	Totals
<b>Existing Inventory</b>				
Buildings	125	3,137	2,022	5,284
Rentable Area (SF)	9,079,003	41,138,879	14,789,590	65,007,472
<b>Vacant Space</b>				
Square Feet	3,099,444	6,770,053	1,325,356	11,194,853
Vacancy Rate	34.1%	16.5%	9.0%	17.2%
<b>YTD Net Absorption (SF)</b>	197,142	593,871	-91,292	699,721
<b>YTD Deliveries (SF)</b>	573,702	918,507	0	1,492,209
<b>Under Construction (SF)</b>	192,078	195,773	0	387,851
<b>Quoted Rates (\$/SF/mo)</b>	\$2.32	\$1.79	\$1.36	\$1.87

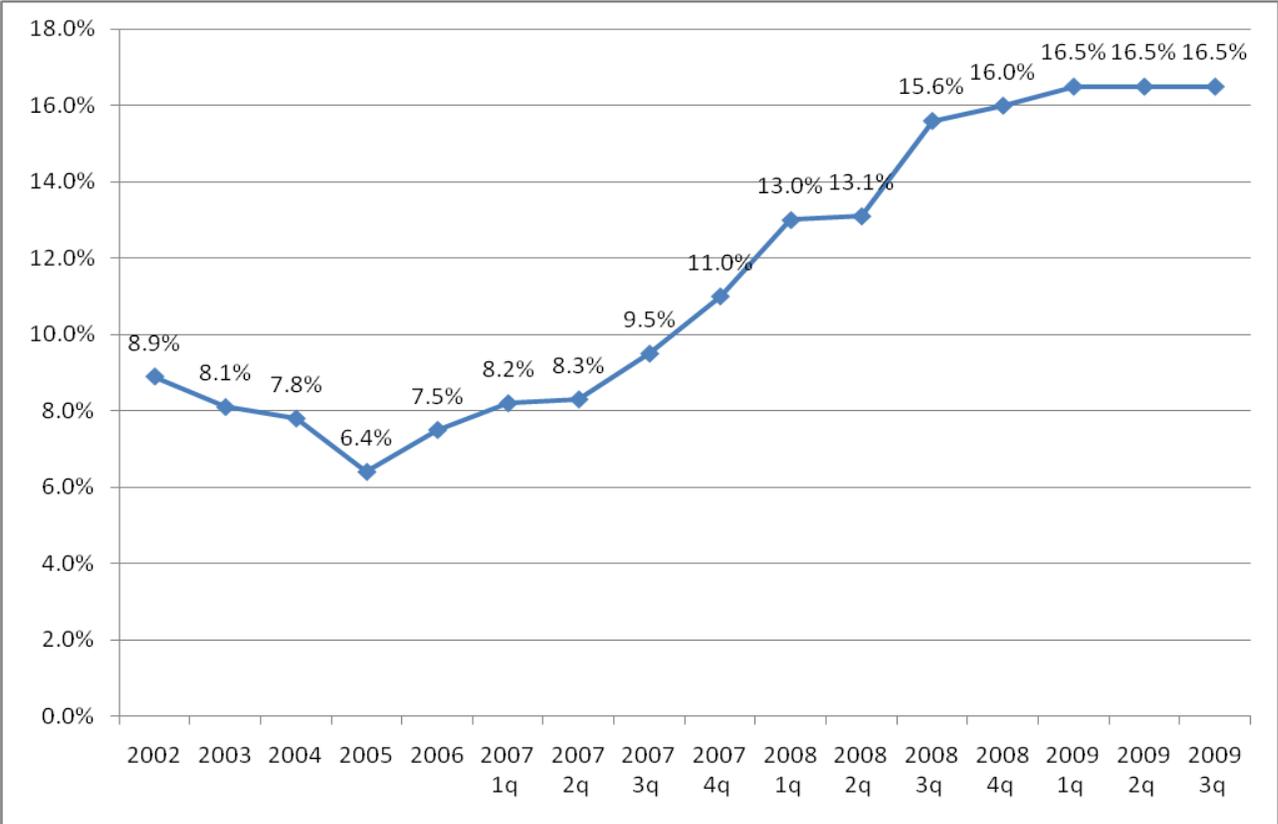
Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

## Office Absorption and Delivery History – Inland Empire



Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Office Vacancy Rate History – Inland Empire



Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

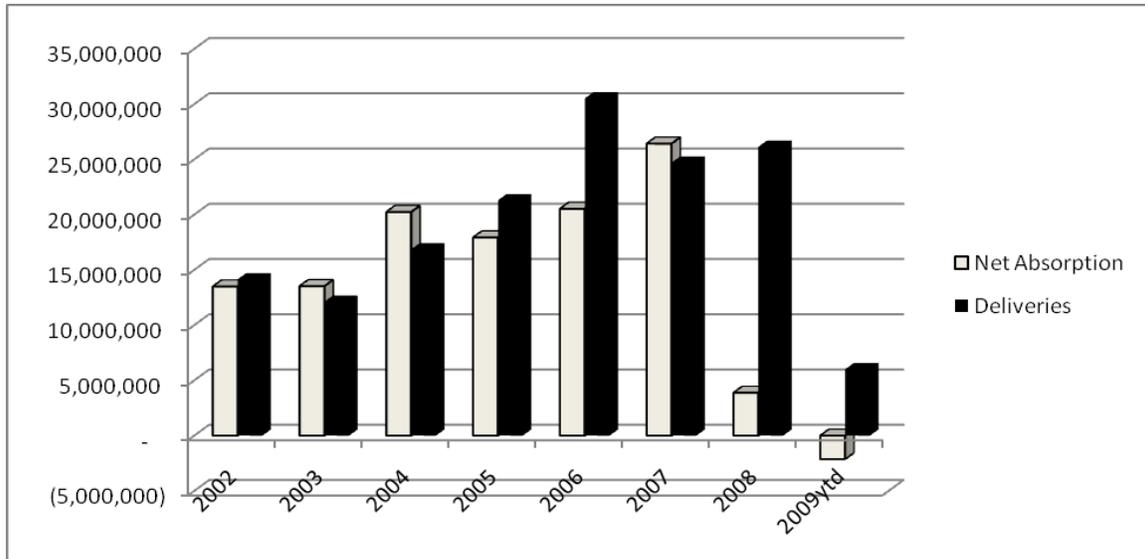
## Inland Empire Industrial Market-Third Quarter 2009

	Flex	Warehouse	Totals
<b>Existing Inventory</b>			
Buildings	898	11,208	12,106
Rentable Area (SF)	18,500,803	469,245,404	487,746,207
<b>Vacant Space</b>			
Square Feet	3,095,039	56,638,402	61,733,441
Vacancy Rate	16.7%	12.5%	12.7%
<b>YTD Net Absorption (SF)</b>	-237,548	-1,878,529	-2,116,077
<b>YTD Deliveries (SF)</b>	123,449	5,882,011	6,005,460
<b>Under Construction (SF)</b>	0	405,611	405,611
<b>Quoted Rates (\$/SF/mo)</b>	\$0.90	\$0.43	\$0.45

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Industrial Absorption and Delivery History

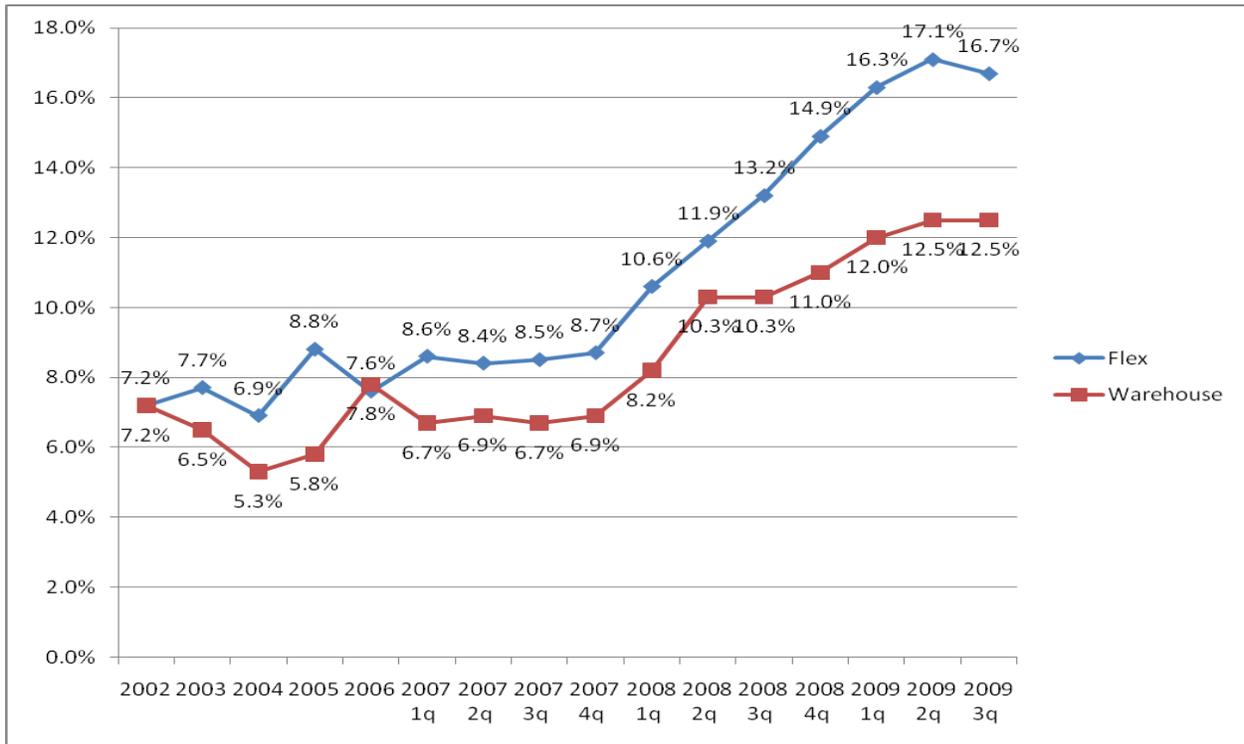
## Inland Empire



Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Industrial Vacancy Rate History

## Inland Empire



Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

## Recent Period Absorption Analysis Inland Empire

	Office		Industrial	
Period	Total Square Feet	Average per Quarter	Total Square Feet	Average per Quarter
2009 YTD (3 quarters)	699,721	233,240	-2,116,077	-705,359
2008 (4 quarters)	128,423	32,105	3,877,134	969,284
2007 (4 quarters)	1,896,969	474,242	26,430,933	6,607,733
11 quarter totals	2,725,113	247,738	28,191,990	2,562,908

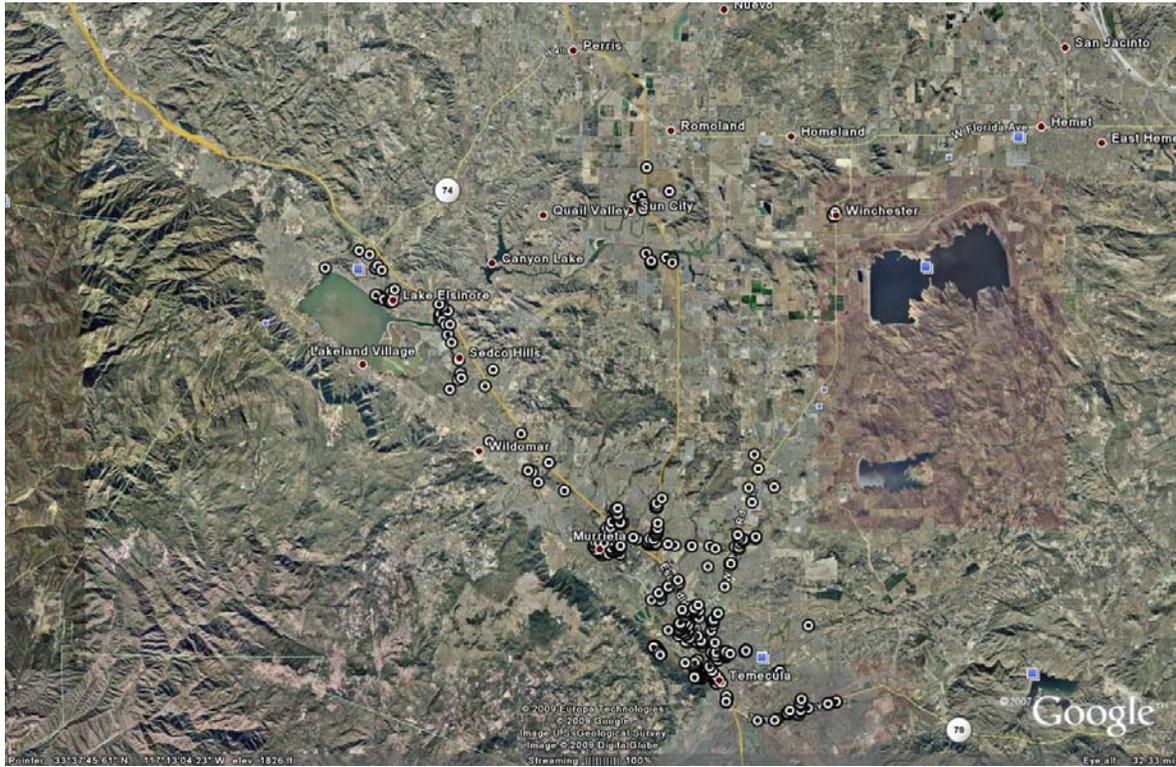
Source: Costar Group, Inc., Stanley R. Hoffman Associates

# SOUTHWEST RIVERSIDE COUNTY

## SOUTHWEST RIVERSIDE COUNTY OVERVIEW

- Includes areas between San Diego County line and Lake Elsinore on I-15, from Menifee south on I-215 to intersection with I-15, and from Winchester south on Highway 79 to intersection with I-15
- Includes cities of Murrieta, Temecula, Wildomar, and Lake Elsinore, and unincorporated communities such as French Valley, Winchester and surrounding areas
- Most significant concentrations of office buildings: city of Lake Elsinore along I-15 near Highway 74 and between I-15 and Lake Elsinore; city of Murrieta west of I-15, Highway 79 near Murrieta Hot Springs Road, and along I-215 near Golden Triangle; city of Temecula along I-15 (especially to the west near Rancho California Road) and along Highway 79
- Most significant concentrations of industrial buildings: city of Lake Elsinore near I-15; city of Murrieta west of I-15 and in Golden Triangle; city of Temecula along I-215 (especially to west) and east of I-15 near county line; French Valley along Highway 79

# Southwest Riverside County Office Buildings



## Southwest Riverside County Office Market by Area Third Quarter 2009

	Murrieta	Temecula	I-15 Corridor	I-215 & SR 79	Totals
<b>Existing Inventory</b>					
Buildings	106	182	44	19	351
Rentable Area (SF)	1,728,772	2,699,505	410,985	272,145	5,111,407
<b>Vacant Space</b>					
Square Feet	398,258	566,030	94,985	63,576	1,122,849
Vacancy Rate	23.0%	21.0%	23.1%	23.4%	22.0%
<b>YTD Net Absorption (SF)</b>	38,307	90,480	25,296	26,880	180,963
<b>YTD Deliveries (SF)</b>	57,961	44,845	23,434	32,958	159,198
<b>Under Construction (SF)</b>	0	0	0	0	0
<b>Quoted Rates (\$/SF/mo)</b>	\$1.84	\$1.59	\$2.04	\$2.12	\$1.60

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

## Southwest Riverside County Office Market by Class

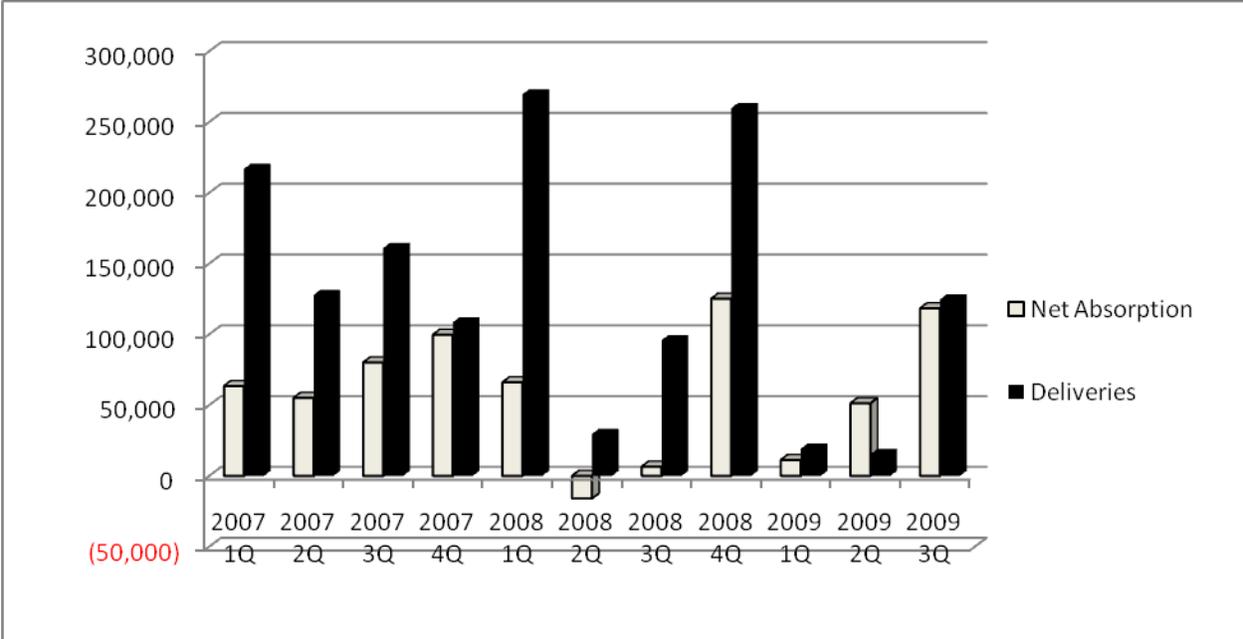
### Third Quarter 2009

	Class A	Class B	Class C	Totals
<b>Existing Inventory</b>				
Buildings	17	238	96	351
Rentable Area (SF)	924,749	3,479,210	707,448	5,111,407
<b>Vacant Space</b>				
Square Feet	315,016	727,893	79,940	1,122,849
Vacancy Rate	34.1%	20.9%	11.3%	22.0%
<b>Quoted Rates (\$/SF/mo)</b>	\$1.74	\$1.60	\$1.36	\$1.60

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Office Absorption and Delivery History

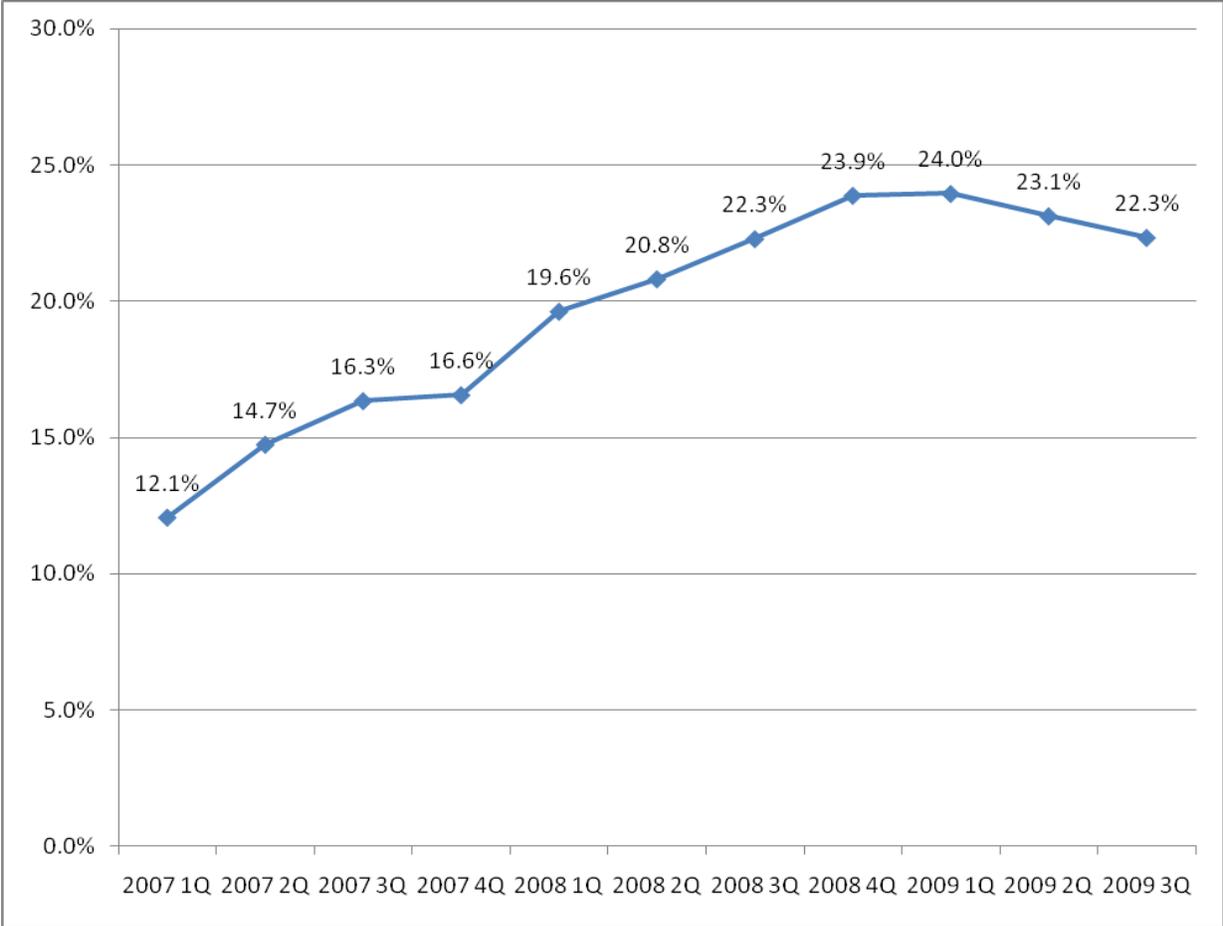
## Southwest Riverside County



Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

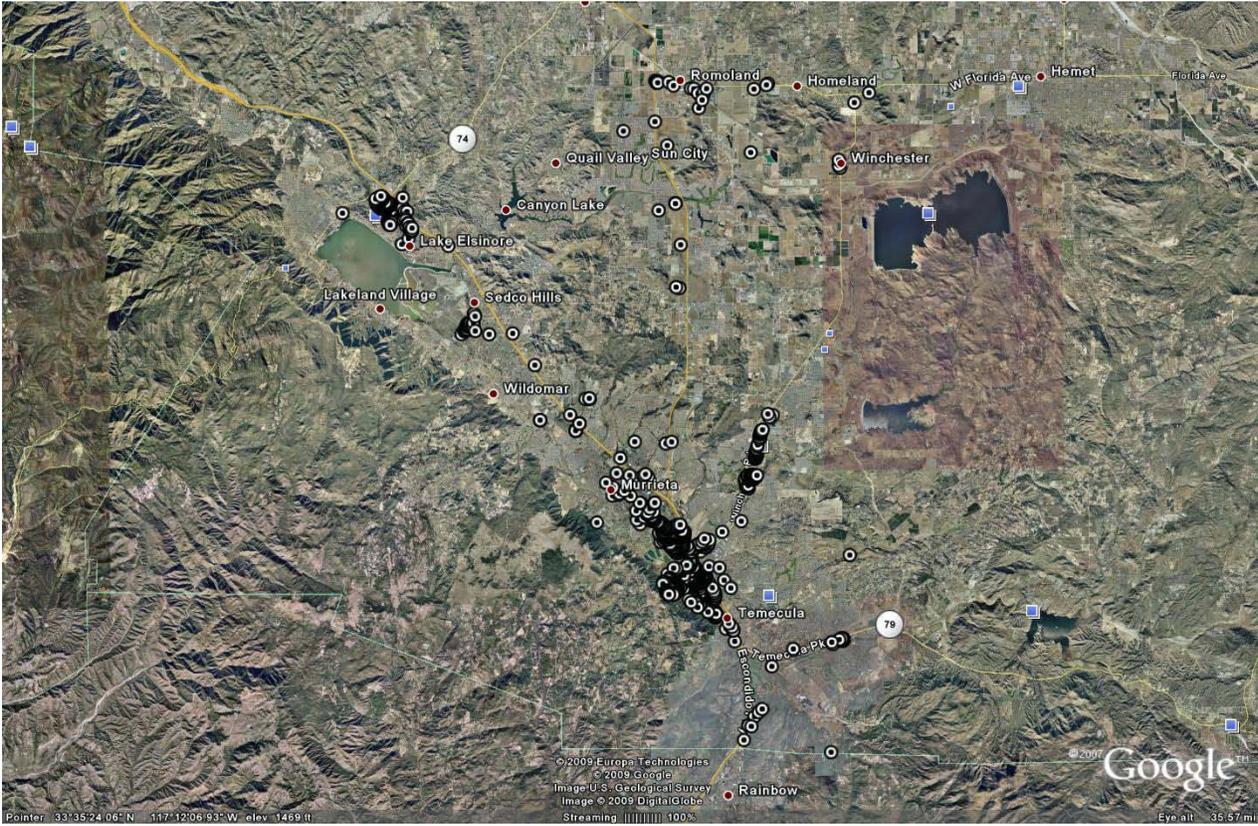
# Office Vacancy Rate History

## Southwest Riverside County



Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Southwest Riverside County Industrial Buildings



## Southwest Riverside County Industrial Market by Area

### Third Quarter 2009

	Murrieta	Temecula	I-15 Corridor	I-215 & SR 79	Total
<b>Existing Inventory</b>					
Buildings	416	422	180	26	1,044
Rentable Area (SF)	6,063,356	11,687,450	2,556,296	733,852	21,040,954
<b>Vacant Space</b>					
Square Feet	801,775	1,349,450	244,145	1,350	2,396,720
Vacancy Rate	13.2%	11.5%	9.6%	0.2%	11.4%
<b>YTD Net Absorption (SF)</b>	-105,952	-252,525	-69,902	4,650	-423,729
<b>YTD Deliveries (SF)</b>	0	0	9,200	0	9,200
<b>Under Construction (SF)</b>	0	0	0	0	0
<b>Quoted Rates (\$/SF/mo)</b>	\$0.81	\$0.58	\$0.74	na	\$0.71

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Southwest Riverside County Industrial Market by Type

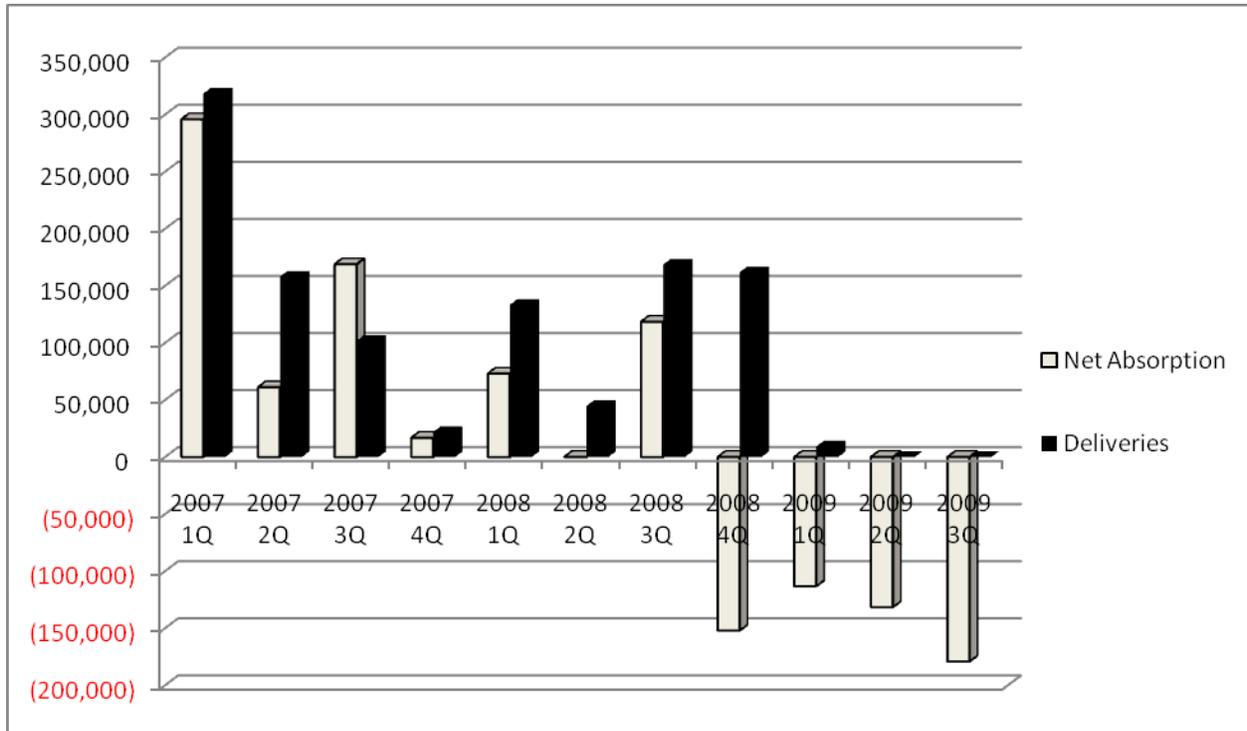
## Third Quarter 2009

	Flex	Warehouse	Total
<b>Existing Inventory</b>			
Buildings	120	924	1,044
Rentable Area (SF)	2,364,256	18,676,698	21,040,954
<b>Vacant Space</b>			
Square Feet	541,373	1,855,347	2,396,720
Vacancy Rate	22.9%	9.7%	11.4%
<b>Quoted Rates (\$/SF/mo)</b>	\$0.69	\$0.71	\$0.71

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Industrial Absorption and Delivery History

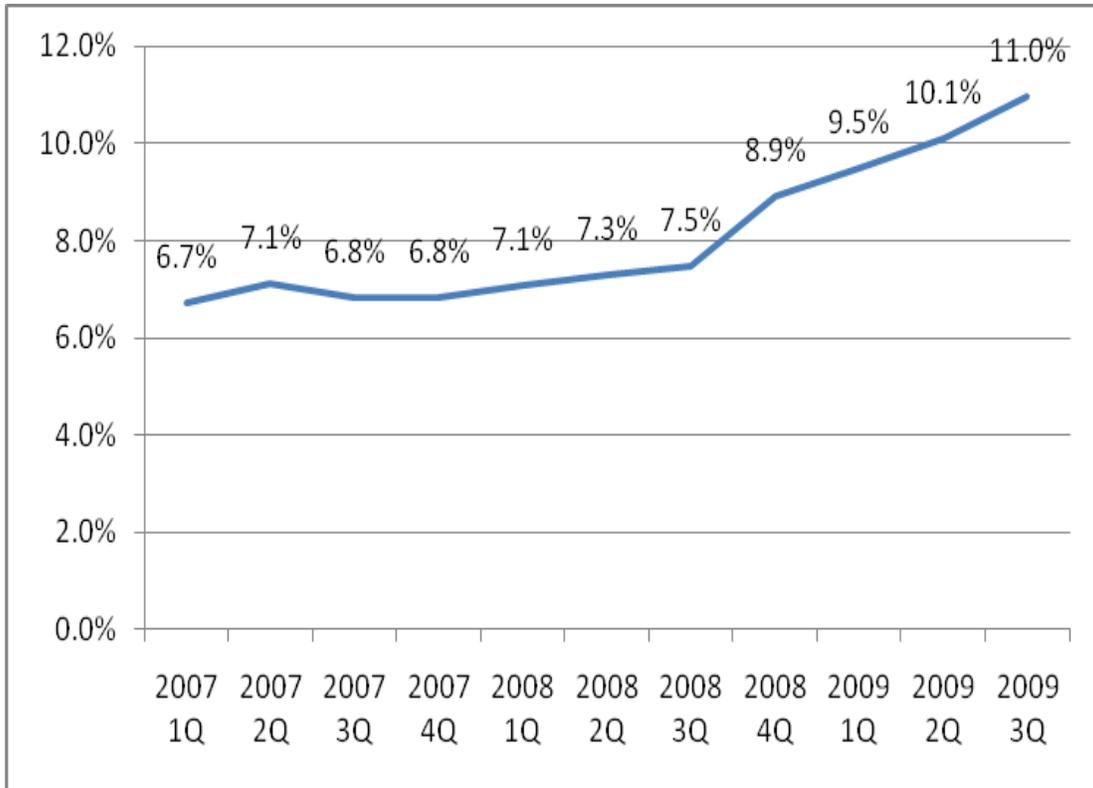
## Southwest Riverside County



Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Industrial Vacancy Rate History

## Southwest Riverside County



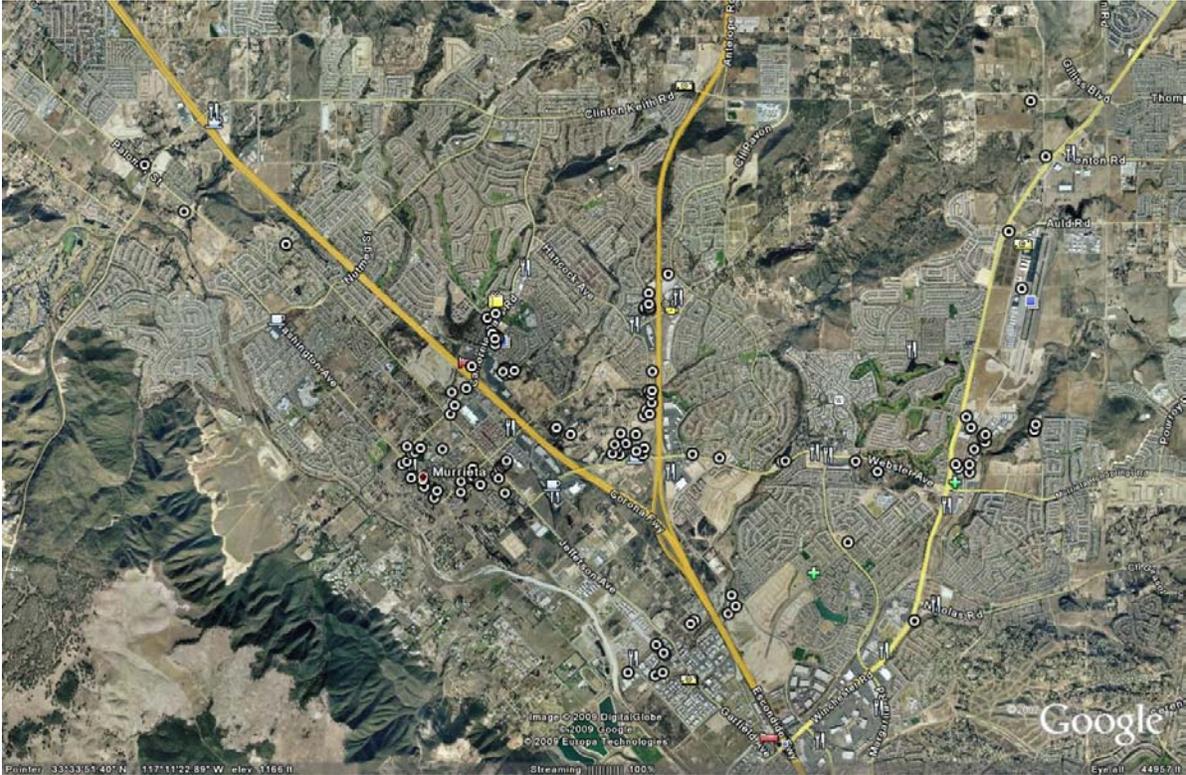
Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

## Recent Period Absorption Analysis Southwest Riverside County

	Office		Industrial	
Period	Total Square Feet	Average per Quarter	Total Square Feet	Average per Quarter
2009 YTD (3 quarters)	180,963	60,321	-423,729	-141,243
2008 (4 quarters)	181,857	45,464	39,696	9,924
2007 (4 quarters)	298,413	74,603	542,699	135,675
11 quarter totals	661,233	60,112	158,666	14,424

# CITY OF MURRIETA

# City of Murrieta Office Buildings - Existing



# City of Murrieta Office Market by Class

## Third Quarter 2009

	Class A	Class B	Class C	Totals
<b>Existing Inventory</b>				
Buildings	8	68	30	106
Rentable Area (SF)	404,701	1,184,617	139,454	1,728,772
<b>Vacant Space</b>				
Square Feet	144,045	246,881	7,332	398,258*
Vacancy Rate	35.6%	20.8%	12.4%	23.0%
<b>Quoted Rates (\$/SF/mo)</b>	\$1.90	\$1.59	\$0.95	\$1.63

\*Total available space of 457,801 square feet includes any space that is currently offered as available for lease, whether vacant, occupied, available for sublease, or available at a future date.

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

## City of Murrieta Office Market by Use Type

Third Quarter 2009

	General Office	Medical Office	Total
<b>Existing Inventory</b>			
Buildings	70	36	106
Rentable Area (SF)	1,028,167	700,605	1,728,772
<b>Vacant Space</b>			
Square Feet	287,927	110,331	398,258*
Vacancy Rate	28.0%	15.9%	23.0%
<b>Quoted Rates (\$/SF/mo)</b>	\$1.90	\$1.59	\$1.63

\*Total available office space of 457,801 square feet includes any space that is currently offered as available for lease, whether vacant, occupied, available for sublease, or available at a future date.

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

## City of Murrieta Office Rent\* Analysis Third Quarter 2009

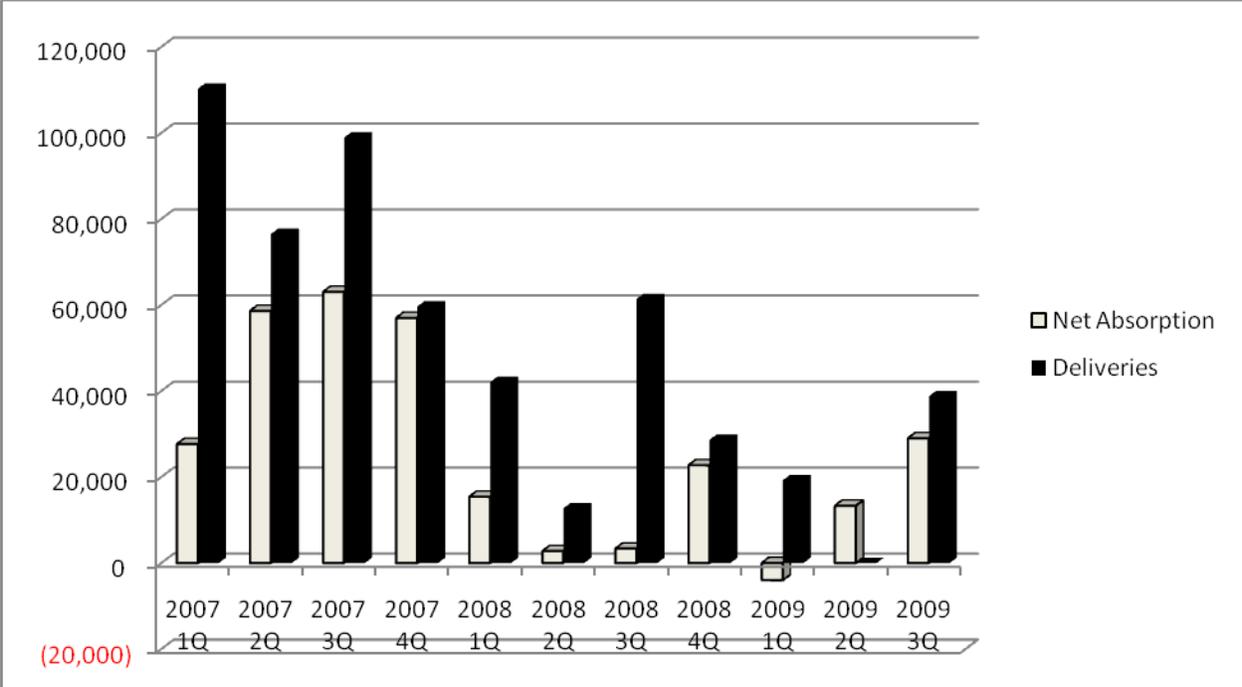
Building & Rent Type	Direct Spaces				Sublet Spaces				Total
	# Spaces	Min	Avg	Max	# Spaces	Min	Avg	Max	Avg
<b>Medical</b>									
Modified Gross	1	\$ 1.15	\$ 1.15	\$ 1.15	0	-	-	-	\$ 1.15
Triple Net	1	\$ 1.95	\$ 1.95	\$ 1.95	0	-	-	-	\$ 1.95
<b>Office/Medical</b>									
Full Service Gross	0	-	-	-	12	\$ 2.86	\$ 3.18	\$ 3.96	\$ 3.18
Modified Gross	3	\$ 1.10	\$ 1.21	\$ 1.50	0	-	-	-	\$ 1.21
Triple Net	13	\$ 1.40	\$ 1.58	\$ 2.00	0	-	-	-	\$ 1.58
<b>Office/Retail</b>									
Triple Net	2	\$ 0.95	\$ 0.95	\$ 0.95	0	-	-	-	\$ 0.95
<b>Office</b>									
Full Service Gross	13	\$ 1.00	\$ 1.86	\$ 5.39	0	-	-	-	\$ 1.86
Modified Gross	83	\$ 0.75	\$ 1.65	\$ 4.17	4	\$ 0.95	\$ 1.35	\$ 2.20	\$ 1.63
Negotiable	56	-	-	-	0	-	-	-	-
TBD	7	-	-	-	0	-	-	-	-
Triple Net	27	\$ 0.95	\$ 1.83	\$ 2.35	0	-	-	-	\$ 1.83

\*Numbers indicate asking face rent, without concessions, based on listings for lease. Rental rate data in other tables reflects terms of existing leases.

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Office Absorption and Delivery History

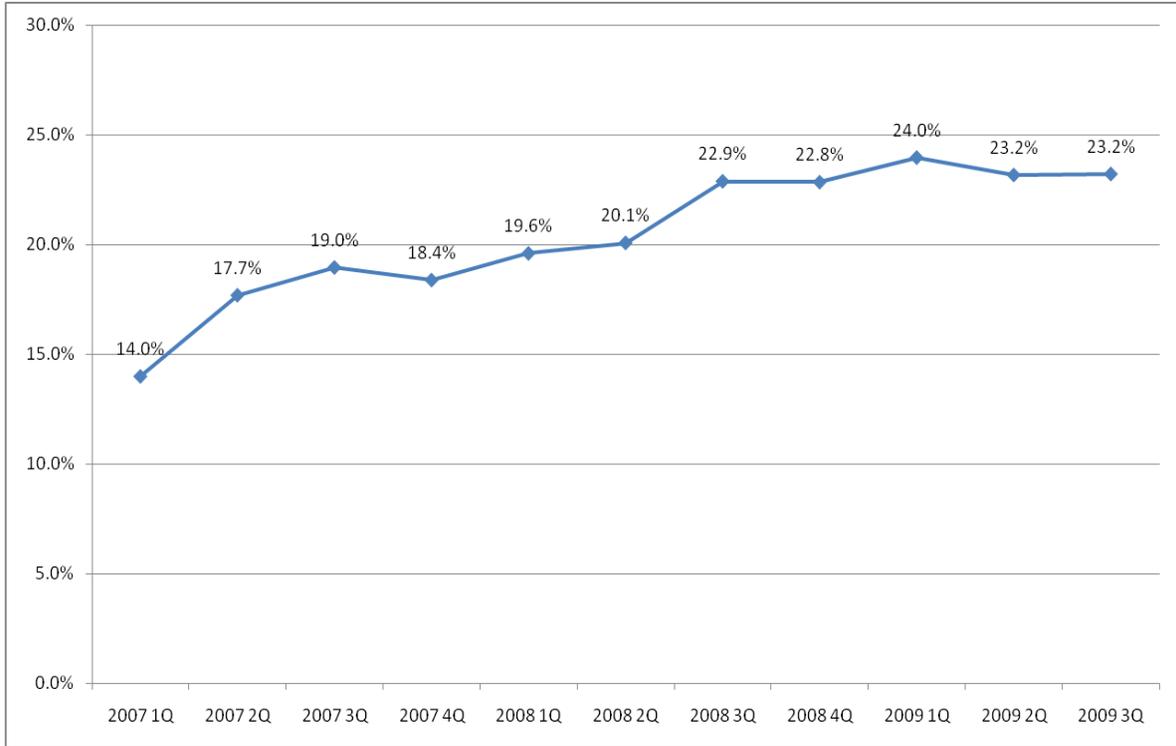
## City of Murrieta



Sources: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

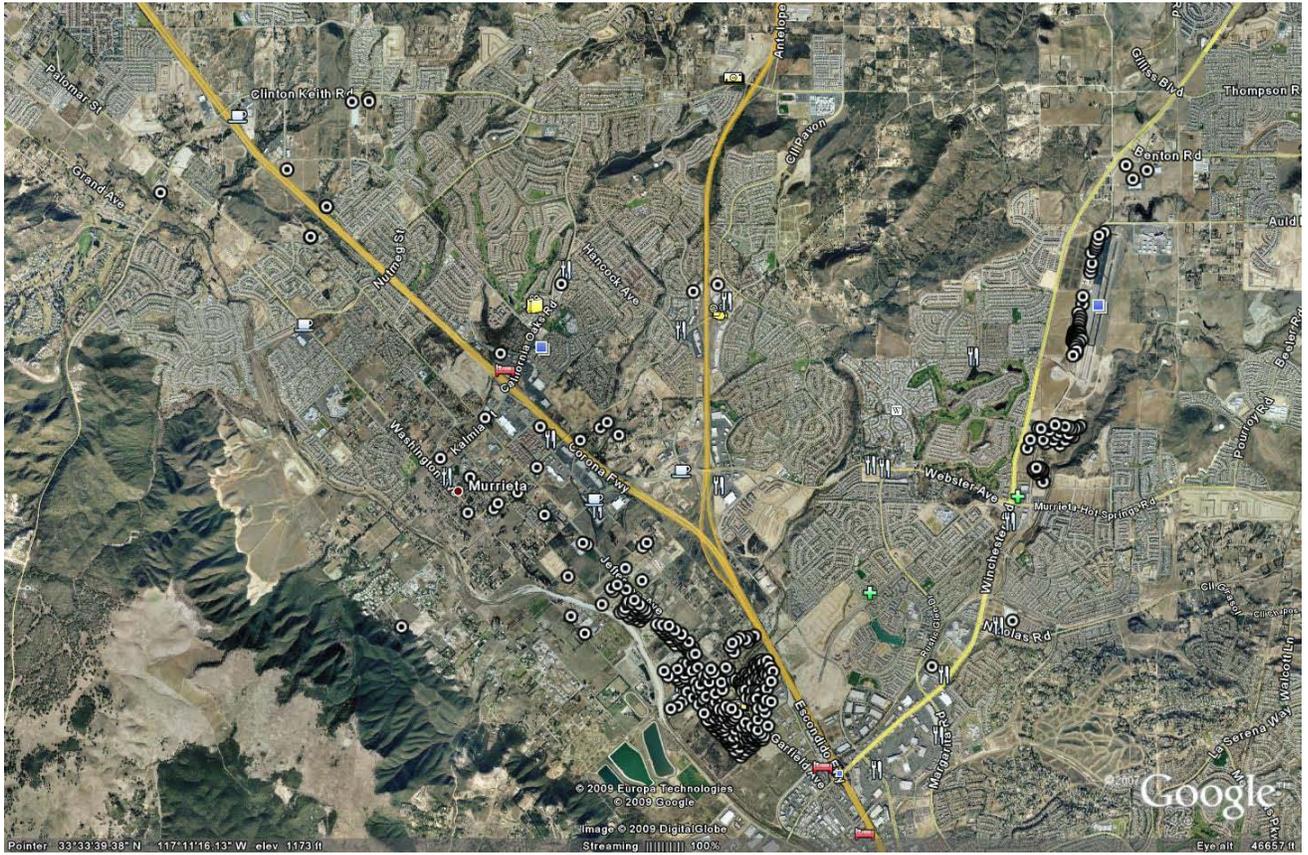
# Office Vacancy Rate History

## City of Murrieta



Sources: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# City of Murrieta Industrial Buildings - Existing



# City of Murrieta Industrial Market by Building Type

## Third Quarter 2009

	Flex	Warehouse	Total
<b>Existing Inventory</b>			
Buildings	74	342	416
Rentable Area (SF)	1,022,048	5,041,308	6,063,356
<b>Vacant Space</b>			
Square Feet	164,458	637,317	801,775*
Vacancy Rate	16.1%	12.6%	13.2%
<b>Quoted Rates (\$/SF/mo)</b>	\$0.80	\$0.73	\$0.74

\*Total available industrial space of 998,958 square feet includes any space that is currently offered as available for lease, whether vacant, occupied, available for sublease, or available at a future date.

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# City of Murrieta Industrial Rent\* Analysis

## Third Quarter 2009

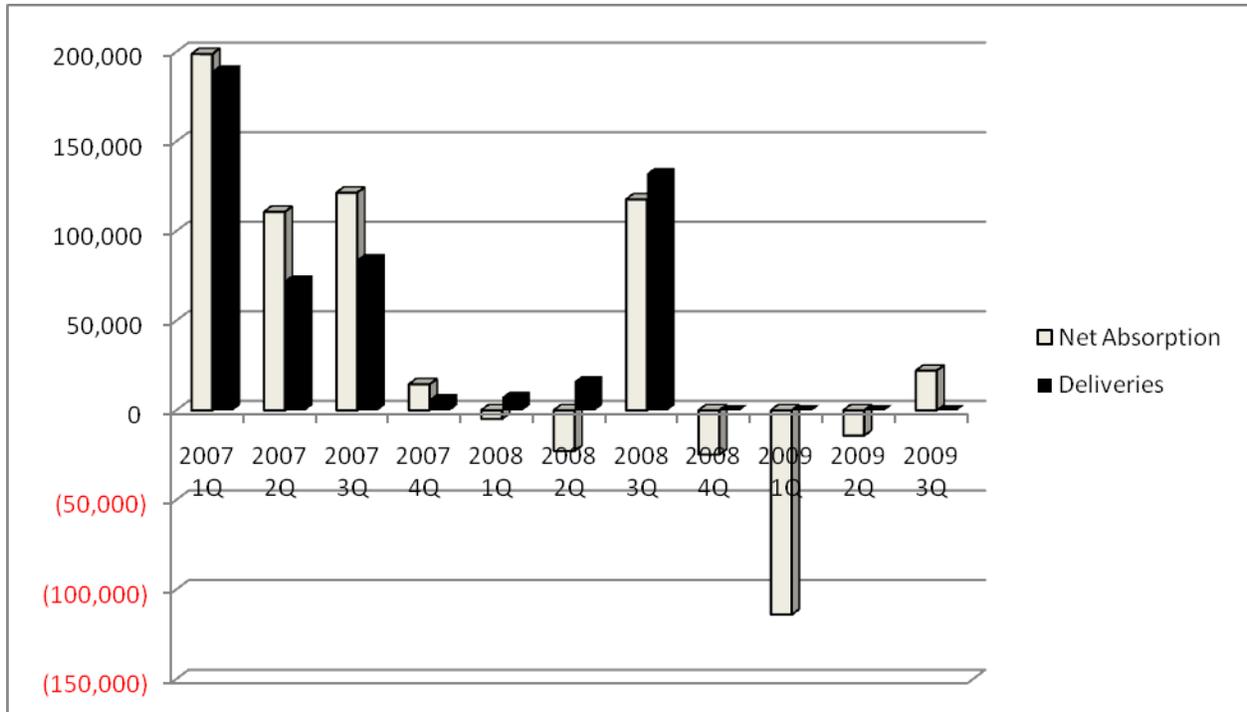
Building & Rent Type	Direct Spaces				Sublet Spaces				Total
	# Spaces	Min	Avg	Max	# Spaces	Min	Avg	Max	Avg
<b>Flex</b>									
Full Service Gross	1	\$ 0.65	\$ 0.65	\$ 0.65	0	-	-	-	\$ 0.65
Industrial Gross	2	\$ 0.80	\$ 0.90	\$ 1.00	0	-	-	-	\$ 0.90
Modified Gross	36	\$ 0.69	\$ 0.86	\$ 1.34	0	-	-	-	\$ 0.86
Negotiable	17	-	-	-	5	-	-	-	-
Triple Net	8	\$ 0.95	\$ 1.07	\$ 1.25	0	-	-	-	\$ 1.07
<b>Office</b>									
Full Service Gross	2	\$ 1.09	\$ 1.14	\$ 1.15	0	-	-	-	\$ 1.14
Modified Gross	53	\$ 0.65	\$ 1.00	\$ 1.75	1	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Plus Electric	2	\$ 0.75	\$ 0.77	\$ 0.80	0	-	-	-	\$ 0.77
Triple Net	7	\$ 0.58	\$ 0.87	\$ 1.35	0	-	-	-	\$ 0.87
<b>Retail</b>									
Modified Gross	4	\$ 0.95	\$ 1.31	\$ 1.50	0	-	-	-	\$ 1.31
Triple Net	1	\$ 1.35	\$ 1.35	\$ 1.35	0	-	-	-	\$ 1.35
<b>Warehouse</b>									
Full Service Gross	2	\$ 0.39	\$ 0.44	\$ 0.50	0	-	-	-	\$ 0.44
Industrial Gross	28	\$ 0.45	\$ 0.56	\$ 1.65	2	\$ 0.68	\$ 0.68	\$ 0.68	\$ 0.57
Modified Gross	82	\$ 0.39	\$ 0.66	\$ 1.50	3	\$ 0.45	\$ 0.52	\$ 0.60	\$ 0.65
Negotiable	26	-	-	-	0	-	-	-	-
TBD	3	-	-	-	0	-	-	-	-
Triple Net	19	\$ 0.32	\$ 0.52	\$ 0.95	3	\$ 0.44	\$ 0.48	\$ 0.49	\$ 0.51

\*Numbers indicate asking face rent, without concessions, based on listings for lease. Rental rate data in other tables reflects terms of existing leases.

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Industrial Absorption and Delivery History

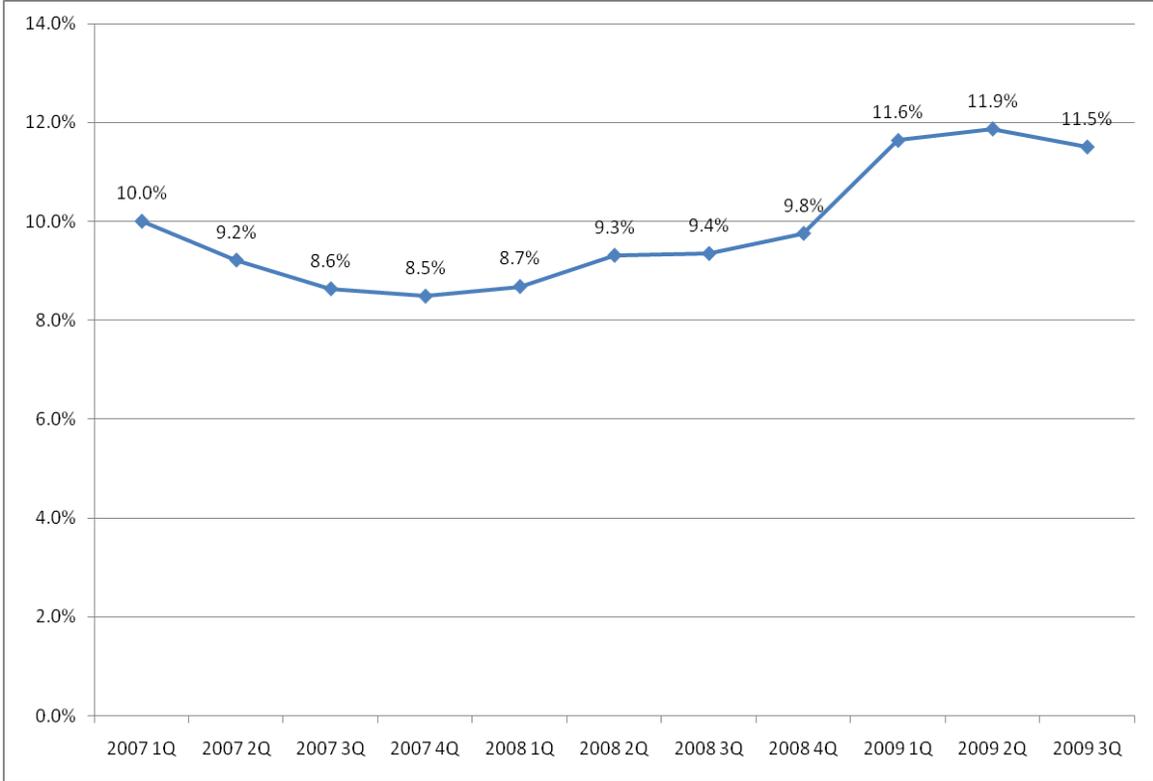
## City of Murrieta



Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Industrial Vacancy History

## City of Murrieta



Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

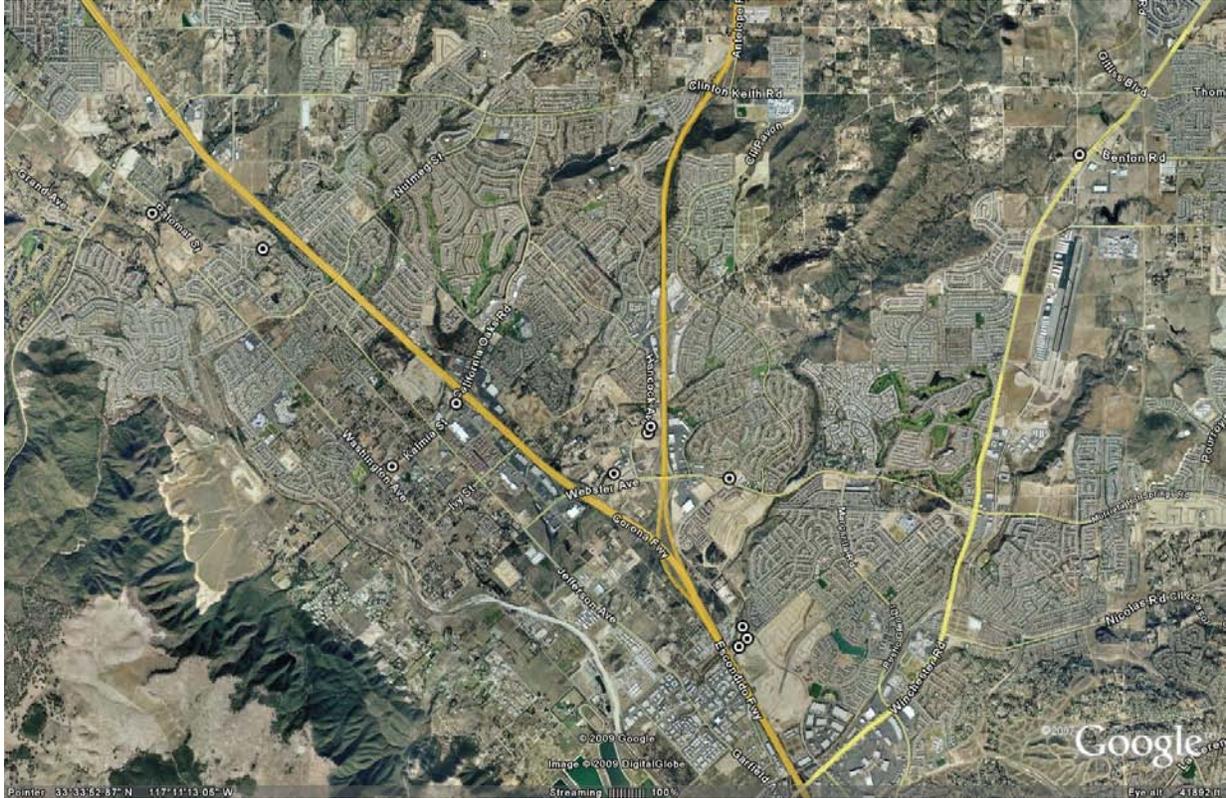
## Proposed Office Development – City of Murrieta

Building Address	Building Class	Rentable Building Area	Building Park	Developer Name	Number Of Stories
25230 Hancock Ave	A	78,000	Crossroads Corporate Center	Whitaker Investment Corporation	3
25250 Hancock Ave	A	39,018	Crossroads Corporate Center	Whitaker Investment Corporation	3
25480 Medical Center Dr	A	26,000	Murrieta Pointe II		2
23151 Palomar Rd	A	58,000	Palomar Office Center	Kal Pacific & Associates	2
Jackson Ave	B	80,322	Creekside Corporate Center	Truax Development	3
Jackson Ave	B	80,322	Creekside Corporate Center	Truax Development	3
Jackson Ave	B	80,322	Creekside Corporate Center	Truax Development	3
Jefferson Ave @ Murrieta Hot Springs	B	12,000		The Garrett Group	1
Kalmia St	B	47,817		Rossi Properties, Inc.	2
41864 Kalmia St	B	9,150			1
NEC Murrieta Hot Springs Rd	B	47,756	Springs Plaza		1
Winchester Rd	B	9,535	French Valley Crossings		1
<b>City Total</b>		<b>568,242</b>			

Source: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Proposed Office Development Locations

## City of Murrieta



# Proposed Industrial Development

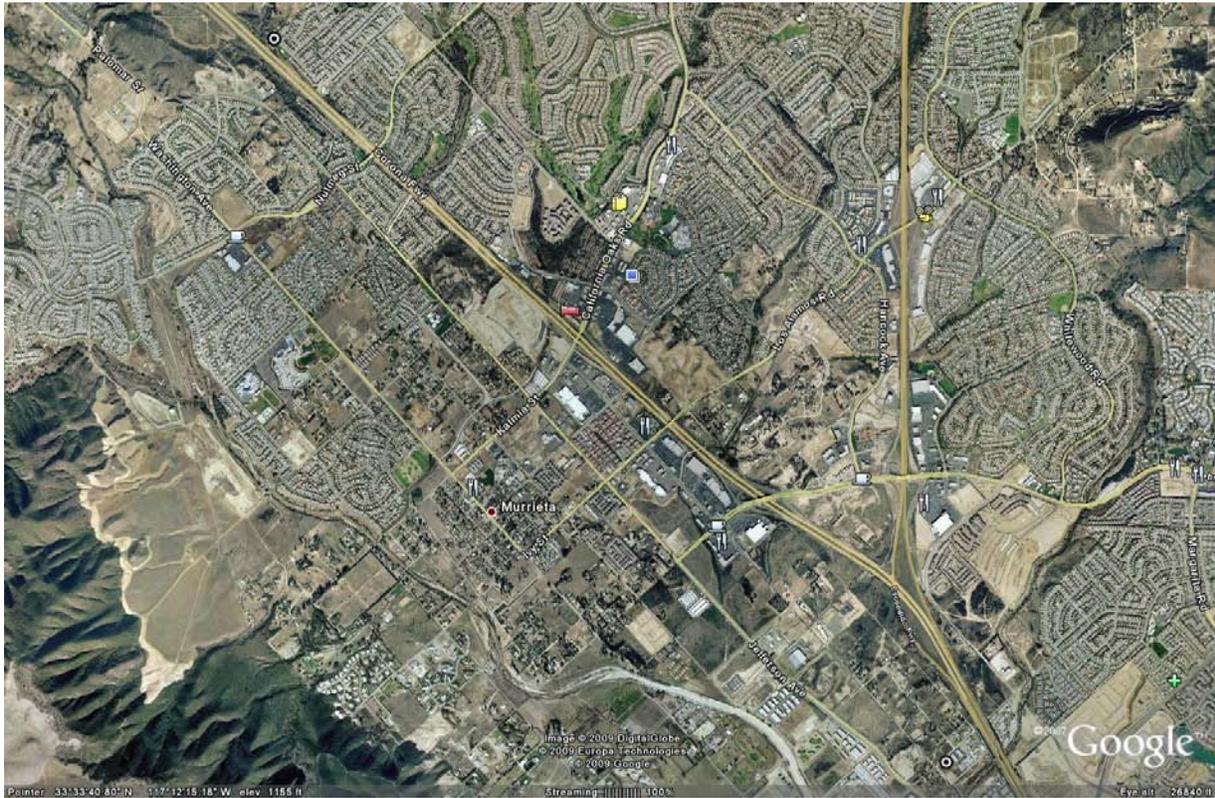
## City of Murrieta

Building Address	Building Class	Rentable Building Area	Building Park	Property Type	Secondary Type
41166 Elm St	B	17,622		Flex	
SW Jefferson Ave @ Fig St.	A	8,300	Jefferson Business Park	Industrial	Showroom
Madison Ave @ Golden Gate Circle	B	7,500	Madison & Golden Gate Business Park	Industrial	Distribution
Madison Ave @ Golden Gate Circle	B	7,500	Madison & Golden Gate Business Park	Industrial	Distribution
<b>City Total</b>		<b>40,922</b>			

Sources: Costar Group, Inc., Stanley R. Hoffman Associates, Inc.

# Proposed Industrial Development Locations

## City of Murrieta



## Recent Period Absorption Analysis City of Murrieta

	Office		Industrial	
Period	Total Square Feet	Average per Quarter	Total Square Feet	Average per Quarter
2009 YTD (3 quarters)	38,307	12,769	-105,952	-35,317
2008 (4 quarters)	44,253	11,063	65,599	16,400
2007 (4 quarters)	206,263	51,566	445,532	111,383
11 quarter totals	288,823	26,257	405,179	36,834

Source: Costar Group, Inc., Stanley R. Hoffman Associates

# Summary of Findings and Conclusions

## Office

- The overall Inland Empire market office slowed significantly in 2008, absorbing space at an average net rate of just 32,105 square feet per quarter (128,423 square feet over 12 months) compared to 474,242 square feet average per quarter (1,896,969 square feet over 12 months) in 2007. For the first 3 quarters of 2009, Inland Empire office absorption is averaging 233,240 per quarter (932,960 square feet annualized).
- Murrieta total office space of 1,728,772 square feet is 33.8% of total in Southwest Riverside County and 2.7% of total Inland Empire.
- Murrieta office space vacancy rate is 23.0%, compared to 22.0% for Southwest Riverside County and 17.2% for Inland Empire.
- Murrieta currently vacant office space of 398,258 square feet is 35.5% of total in Southwest Riverside County and 3.6% of total Inland Empire.
- Murrieta office inventory is 23.4% Class A, 68.5% Class B and 8.1% Class C.
- Medical office space is 40.5% of Murrieta office inventory; Medical office vacancy rate is 15.9%, compared to 28.0% for general office space.
- Currently proposed office development in Murrieta totals 568,242 square feet.
- In Murrieta, at the average rate of absorption experienced over the past 11 quarters (26,257 square feet average), currently available space (457,801 square feet) represents a 17 quarter (4 ¼ year) supply. At rate of absorption experienced in peak year of 2007 (51,566 square feet per quarter), current available space represents a 9 quarter (2 ¼ year) supply.
- As the Murrieta office market improves and evolves over future years, it will attract a growing proportion of professional, medical and technical employment, particular in buildings along major highway corridors and in the city's Golden Triangle area.

# Summary of Findings and Conclusions

## Industrial

- The overall Inland Empire market office dropped dramatically in 2008, absorbing space at an average net rate of just 969,284 square feet per quarter (3,877,134 square feet for 12 months) compared to 6,607,733 square feet average per quarter (26,430,933 square feet for 12 months) in 2007. For the first 3 quarters of 2009, Inland Empire office net absorption is averaging *negative* 705,309 per quarter (*negative* 2,821,236 square feet annualized).
- Murrieta total industrial space of 6,097,506 square feet is 28.8% of total in Southwest Riverside County and 1.2% of total Inland Empire.
- Murrieta industrial space vacancy rate is 10.8%, compared to 11.4% for Southwest Riverside County and 12.7% for Inland Empire.
- Murrieta currently vacant industrial space of 801,775 square feet is 33.5% of total in Southwest Riverside County and 1.3% of total Inland Empire.
- Murrieta industrial inventory is 83.1% warehouse/manufacturing and 16.9% flex.
- Currently proposed industrial development in Murrieta totals 40,922 square feet.
- In Murrieta, at the average rate of absorption experienced over the past 11 quarters (36,834 square feet average), currently available space (998,958 square feet) represents a 28 quarter (7 year) supply. At rate of absorption experienced in peak year of 2007 (111,383 square feet per quarter), current available space represents a 9 quarter (2 ¼ year) supply.
- As the Murrieta Industrial market improves and evolves over future years, it is well- positioned in both geographic and demographic terms to attract a range of Research & Development (R&D) and Light Industrial users.