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OFFICE DEMAND OF 15 TO 25 MILLION SQUARE FEET FORECASTED FOR

CITY OF ONTARIO; NEW STUDY CALLS ONTARIO SOUTHERN

CALIFORNIA'S NEXT METROPOLITAN HUB

- City Using Study as Strategic Planning Tool to Forecast Long Term Demand for Office Space
- Ontario already experiencing a building boom that will increase its current office base by 74 percent

JANUARY 2006 Ontario Calif. – Based on a recent econometric demand study, Southern California's Ontario is expected to realize 15 to 25 million square feet of new office space over the next 20 years in order to accommodate expected business and population growth. In comparison, this growth is greater than the current size of Phoenix's central business district, which accounts for 14.6 million square feet of space.

Even now, Ontario is experiencing an unprecedented building boom. The City will add approximately 2.3 million square feet of new office space over the next year, thanks to a number of significant speculative Class A office developments announced in recent months. According to CoStar Group, the new construction will increase Ontario's current office market base of 3.15 million square feet including 1.26 million square feet of Class A office, by 74 percent.

Information provided by the study completed by **Competitive Analytics, LLC** and current office construction further support experts belief that the City of Ontario is poised for robust growth positioning it as Southern California's next major metropolitan submarket.

"While the Inland Empire remains one of the fastest growing regions in the nation, the City of Ontario is positioned as a key driver in that growth representing the next urban center in this fast maturing region. We already have a significant workforce. The next influx of activity will come from Corporate America," said Mayor of Ontario Paul Leon. "That's why a study of this nature is so vital to planning for our future."

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Competitive Analytics investigated and identified 12 closely correlative demand driver factors connected to historical and forecasted growth of office space for a number of cities and submarkets within California, and specifically for the City of Ontario in order to calculate various office space demand scenarios for the next 20 years. Some of these factors include: non-farm jobs, professional jobs, population, growth of LA/Ontario International Airport, per capita personal income, taxable retail sales, housing unit permits issued and others.

Of the total scenarios studied, even moderate to semi-aggressive growth scenarios elicit a forecasted demand of approximately 15 million to more than 25 million square feet of new office space.

“These numbers should be of notice to Corporate America when determining future expansion and relocation plans. Through this analysis, companies can better understand the markets that are experiencing significant population and workforce growth,” said **David Savlowitz**, president, Competitive Analytics. Savlowitz has more than two decades of experience in market, strategic and financial analysis, computer modeling and economic analysis. He was former director of market research for The Irvine Company and a senior analyst with a Big-5 consulting firm before starting Competitive Analytics.

Growth Factors Impacting Ontario:

In recent years, Ontario has grown at an amazing rate in almost every category including population, per capita personal income, professional jobs, retail sales. Even passenger traffic and air cargo volumes at LA/Ontario International have been increasing steadily over the past 10 years.

Developers cite single digit vacancy rates, increasing rental rates and a surging economy as key drivers in the demand for speculative office space.

“The cost of housing and rental rates for office space are increasing significantly along the coastal communities. Ontario provides a better economic solution for both employees and executives,” said Greg Devereaux, city manager, City of Ontario. According to the City, bringing job centers closer to where people live is one of the best ways to solve current transportation issues.

“A study such as this further supports the ongoing demand for office growth. It makes sense that our local job market would grow as our population grows eliminating the ongoing need for our local residents to endure long commutes into coastal areas,” Devereaux added.

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About Ontario, California

Ontario is increasingly identified for the competitive advantages it provides to businesses that want to succeed in the global marketplace and for its growing importance to the state, national and international economies.

Just 35 miles from Los Angeles and uniquely positioned within the hub of Los Angeles, Orange, San Bernardino and Riverside Counties, the City of Ontario is the "economic engine" of one of the fastest growing regions in the United States. It features an exceptional pro-business environment, competitive commercial lease rates, technical amenities, a skilled and abundant work force, and an innovation corridor of fourteen colleges and universities.

As a major transportation hub, Ontario is home to LA-Ontario International Airport (ONT), the center of a rapidly developing freight movement system that includes the airport, two railroads, four major freeways and an expanding network of freight forwarders. ONT is one of the fastest growing and ambitious cargo airports outside the booming Asia-Pacific market and home to United Parcel Service's Western Regional Hub providing direct flights to China. In 2003, ONT was listed among six of the best cargo airports in the world by the leading international airport magazine, *Airport World*. Aero Ontario, LLC, a division of Aeroterm of Annapolis, MD, is investing \$142.9 million in an international air cargo center at ONT. The Ontario Foreign Trade Zone is also of significance to businesses involved in international trade. ONT is the second busiest air passenger facility, handling approximately 7 million people in 2004, and growing each year. ONT is projected to reach 30 million annual passengers by 2025. For more information, visit www.ontariocalifornia.us.

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