



# Valbridge

PROPERTY ADVISORS



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## INDUSTRIAL

## 2014

# EXPENSE GUIDELINE

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## **2014 PENNER INDUSTRIAL EXPENSE GUIDE - PRICE: \$100.00**

Dear Client,

We have once again compiled the *Penner Expense Guide* for industrial properties. The *Penner Expense Guide* utilizes actual expense data from properties throughout Southern California. Presented on the next page is a pie chart and summary of business park expense data categorized on a per square foot basis. This format helps to form guideline parameters for individual expense categories. Shown on the page following the summary are the 10 expense comparables that make up this survey. The business park survey indicates an overall expense range of **\$2.33** to **\$5.01** per square foot with a mean of **\$3.39** and a median of **\$3.52**. As a percentage of income, expenses in this survey comprised roughly **36%** of collected income. Following this section is single tenant industrial expense data. The single tenant industrial survey indicates an overall expense range of **\$0.58** to **\$1.75** per square foot with a mean of **\$1.39** and a median of **\$1.55**.

Other sections in this guide include a detailed description of each expense category, classifications of investor criteria, a description of each industrial building type, photos of industrial construction, lease structure definitions, the history of industrial development, and how to measure an industrial building.

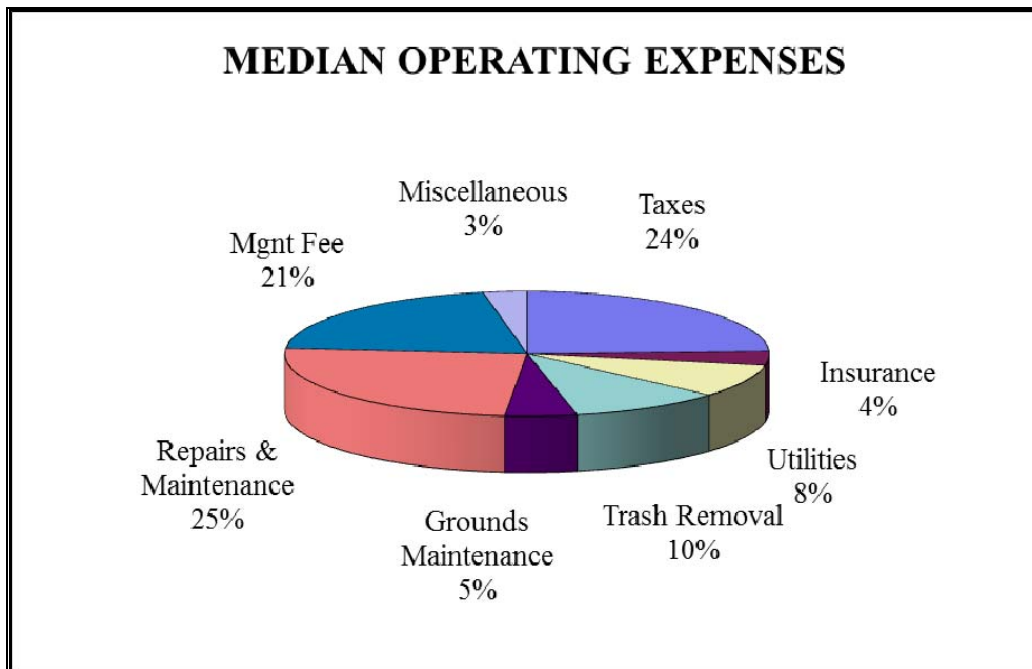
I hope the *Penner Expense Guide* will be useful in your projection of budgeted or pro-forma expenses and I welcome your comments. As of March 2013, Penner & Associates, Inc. has become part of [Valbridge Property Advisors](#), which is presently the third largest appraisal and consulting firm in the United States, with 63 offices nationwide. If I can be of service to you in the future, please do not hesitate to call or email.

Very truly yours,

A handwritten signature in blue ink that reads 'John D. Penner'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

John D. Penner, MAI  
Senior Managing Director  
jpenner@valbridge.com

### Business Park Expense Category Percentages



### 2014 Survey Statistics (Annual)

Expense Category	Range - Low	Range - High	Average	Median	Std Dev
Taxes	\$0.45	\$1.14	<b>\$0.80</b>	<b>\$0.79</b>	\$0.24
Insurance	\$0.09	\$0.22	<b>\$0.14</b>	<b>\$0.12</b>	\$0.05
Utilities	\$0.18	\$0.49	<b>\$0.29</b>	<b>\$0.28</b>	\$0.09
Trash Removal	\$0.16	\$0.69	<b>\$0.37</b>	<b>\$0.33</b>	\$0.15
Grounds Maintenance	\$0.06	\$0.36	<b>\$0.18</b>	<b>\$0.16</b>	\$0.10
Repairs & Maintenance	\$0.38	\$1.37	<b>\$0.80</b>	<b>\$0.81</b>	\$0.29
Management Fee	\$0.40	\$1.02	<b>\$0.69</b>	<b>\$0.67</b>	\$0.18
Miscellaneous	\$0.00	\$0.39	<b>\$0.14</b>	<b>\$0.10</b>	\$0.13
Reserves	\$0.00	\$0.00	<b>\$0.00</b>	<b>\$0.00</b>	\$0.00
<b>Totals:</b>	<b>\$2.33</b>	<b>\$5.01</b>	<b>\$3.39</b>	<b>\$3.52</b>	<b>\$0.85</b>
Expenses As % of EGI	30.6%	50.2%	<b>37.8%</b>	<b>34.4%</b>	7.1%
Management Fee	4.2%	11.2%	<b>7.8%</b>	<b>7.9%</b>	1.9%
Non-Operating Expenses:					
Commissions	\$0.00	\$0.37	<b>\$0.16</b>	<b>\$0.17</b>	\$0.13

## 2014 MULTI-TENANT BUSINESS PARKS Summary of Survey Expense Comparables (Annual)

Expense No:	1	2	3	4	5	6	7	8	9	10
Location	Laguna Hills	Fountain Valley	Ontario	Anaheim	Fullerton	Riverside	Santa Fe Springs	La Habra	Glendora	Yorba Linda
Year Built	1979	1987	1988	1971	1973	1980	1989	1974	1977	1989
Project Size	94,257 SF	142,392 SF	38,900 SF	122,722 SF	205,500 SF	143,500 SF	79,500 SF	110,500 SF	119,100 SF	247,000 SF
Expense Category	P.S.F.	P.S.F.	P.S.F.	P.S.F.	P.S.F.	P.S.F.	P.S.F.	P.S.F.	P.S.F.	P.S.F.
Taxes	\$0.82	\$1.09	\$0.46	\$0.87	\$0.76	\$0.45	\$0.63	\$1.14	\$0.65	\$1.08
Insurance	\$0.20	\$0.22	\$0.09	\$0.20	\$0.12	\$0.09	\$0.12	\$0.12	\$0.09	\$0.13
Utilities	\$0.29	\$0.20	\$0.49	\$0.31	\$0.24	\$0.26	\$0.31	\$0.41	\$0.18	\$0.22
Trash Removal	\$0.16	\$0.69	\$0.26	\$0.29	\$0.42	\$0.37	\$0.43	\$0.53	\$0.26	\$0.27
Grounds Maintenance	\$0.35	\$0.36	\$0.09	\$0.16	\$0.08	\$0.15	\$0.17	\$0.20	\$0.06	\$0.13
Repairs & Maintenance	\$0.70	\$0.95	\$0.47	\$0.92	\$1.04	\$0.38	\$1.03	\$1.37	\$0.60	\$0.57
Management Fee	\$0.76	\$1.02	\$0.54	\$0.60	\$0.80	\$0.55	\$0.74	\$0.88	\$0.60	\$0.40
Miscellaneous	\$0.39	\$0.01	\$0.00	\$0.17	\$0.12	\$0.08	\$0.09	\$0.36	\$0.03	\$0.10
Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Totals:</b>	<b>\$3.67</b>	<b>\$4.54</b>	<b>\$2.40</b>	<b>\$3.52</b>	<b>\$3.58</b>	<b>\$2.33</b>	<b>\$3.52</b>	<b>\$5.01</b>	<b>\$2.47</b>	<b>\$2.90</b>
Expenses As % of EGI	31.6%	49.6%	35.2%	50.2%	44.7%	33.5%	36.0%	33.5%	32.6%	30.6%

Definitions for each expense category are presented within this report and have been applied in the same manner to each expense comparable (apples to apples). This survey represents ten multi-tenant industrial projects that are conforming in nature and operation. Our current survey reflects business parks ranging in size from 39,000 to 247,000 square feet. The units in these complexes are generally incubator size in nature; ranging from 1,000 to 2,500 square feet. The projects had ages ranging from 1971 to 1989 and generally contained stabilized occupancies of 90% to 100%. The square footage utilized for this study is the rentable area of the project. It is noted that unit preparation costs are reflected in the repairs and maintenance category.