



Industrial Market Report

Compared to the Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

FLAT

Transactions

DOWN

Deliveries

UP

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Market Highlights

- Encouraging Numbers** - The Los Angeles industrial market continued on the path to recovery in the first quarter of 2012, posting a 4.67% vacancy rate. Both vacancy and availability remained stable compared to the previous quarter and are lower than the same quarter of 2011. With regard to sales transactions, the ask-bid gap narrowed, evident from the drop in asking prices and overall increase in buyer activity since 2009. Lease rates increased last year, and the market posted over 1.7 million square feet of positive absorption in the beginning of 2012. While these are positive indications, we are keeping a close eye on demand, which, being ultimately influenced by employment and overall economic stability, will need to be sustained in coming quarters for the Los Angeles industrial market to continue its pace of recovery.
- Construction** - There was just over 1.2 million square feet of industrial projects under construction in the Los Angeles industrial market in the first quarter of 2012. The slowdown in construction is a result of a lack of demand, scarce financing, and rising construction costs.
- Vacancy** - Direct/sublease space (unoccupied) finished the quarter at 4.67%, down from 2011's fourth quarter rate of 4.83% and below 2011's first quarter rate of 5.06%. This is a strong indication that the vacancy rate has stabilized.
- Availability** - Direct/sublease space being marketed was 8.31% in the first quarter of 2012, five basis points higher than the previous quarter's rate of 8.26% but a 1.19% decrease from the 8.41% we saw at the beginning of 2011. The overall decrease in space being marketed is a positive sign, as more space is coming off the market than going on the market.
- Lease Rates** - The average asking lease rate remained steady at \$.54 per square foot per month, unchanged from the previous three quarters but up one cent from the 2011's first quarter rate of \$.53, marking the first increase in the asking lease rates since the third quarter of 2008.
- Absorption** - The Los Angeles industrial market posted 1.7 million square feet of positive net absorption in the first

quarter of 2012, giving the market a total of approximately 5.2 million square feet of positive absorption over the last four quarters.

- Transaction Activity** - Leasing activity checked in at just over 7 million square feet for the first quarter of 2012 — a decrease from the 10.2 million square feet seen in the same quarter of 2011. Sales activity also showed year-over-year decrease, posting a total of 3.6 million square feet of activity this quarter compared to the 4.3 million square feet transacted in the first quarter of 2011. Details of the largest transactions can be found on the back page of this report.
- Employment** - The unemployment rate in Los Angeles County was 11.8% in February 2012, unchanged from a revised 11.8% in January 2012 and below the January 2011 estimate of 12.3%. This compares with an unadjusted unemployment rate of 10.9% for California and 8.3% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County displayed an overall net gain of 20,800 jobs between February 2011 and February 2012. The largest gains were 13,100 in professional and business services and 9,200 in educational & health services; however, Los Angeles County lost 7,200 government jobs during that same period.
- Overall** - We are seeing stabilization in vacancy and availability coupled with increases in net occupancy, which is contributing to an overall increase in average asking lease rates. With few new deliveries to apply more upward pressure on vacancy, the market should continue to stabilize. We expect to see an increase in investment activity in the coming quarters as lenders to dispose of distressed assets. We should also see an increase in leasing activity as many short-term deals come up for renewal. While these are certainly positive indicators, cautious optimism still prevails, as job creation will need to continue in order to drive the demand needed to sustain growth in the Los Angeles industrial market.

Prepared by:

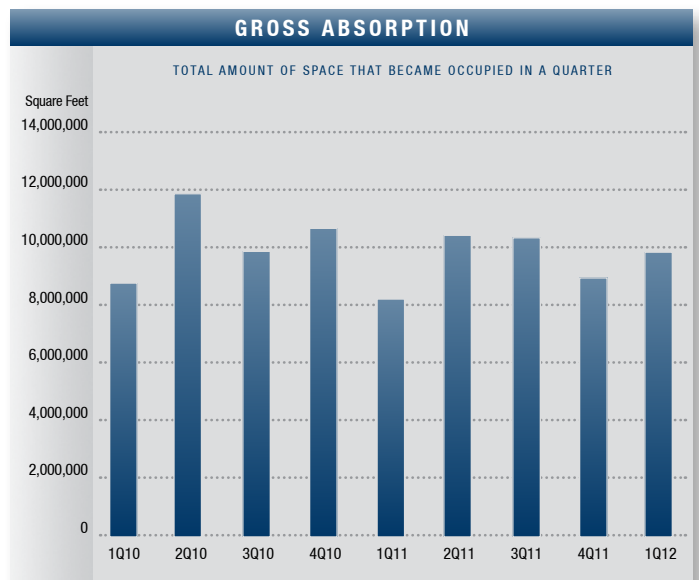
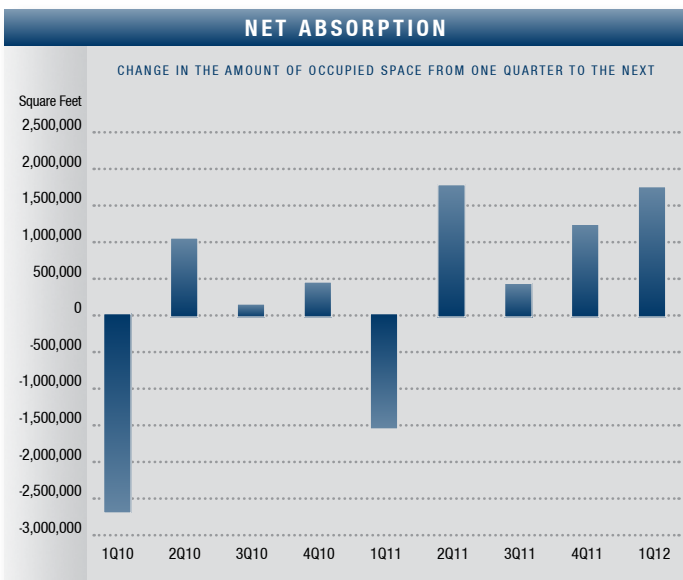
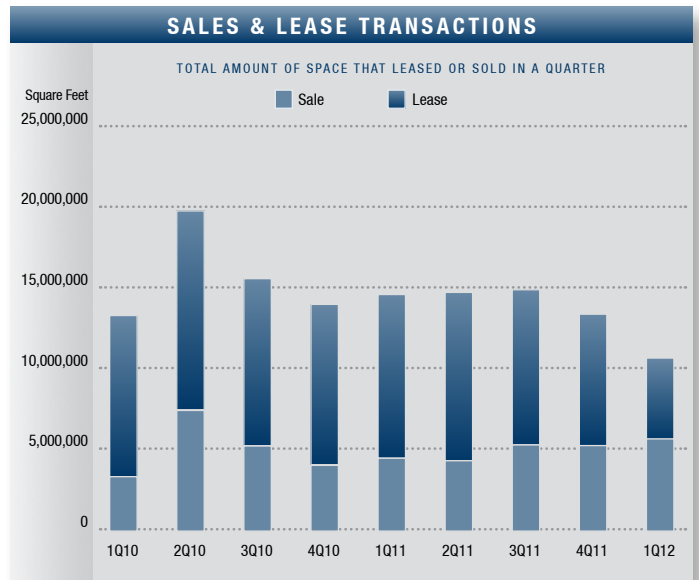
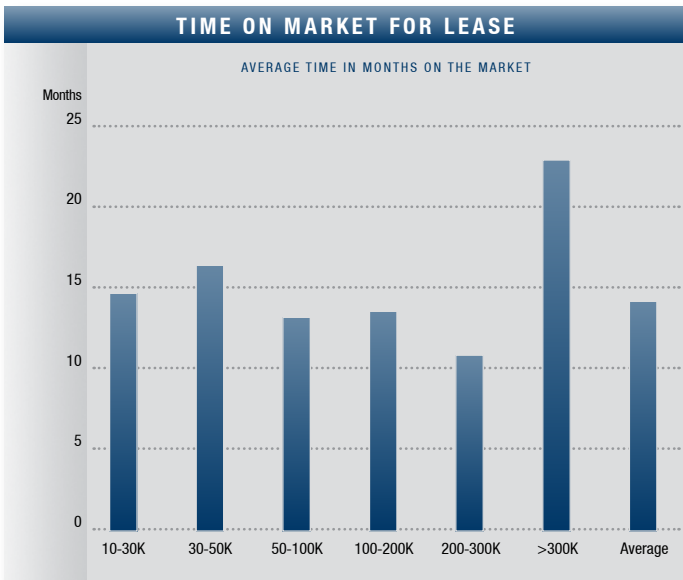
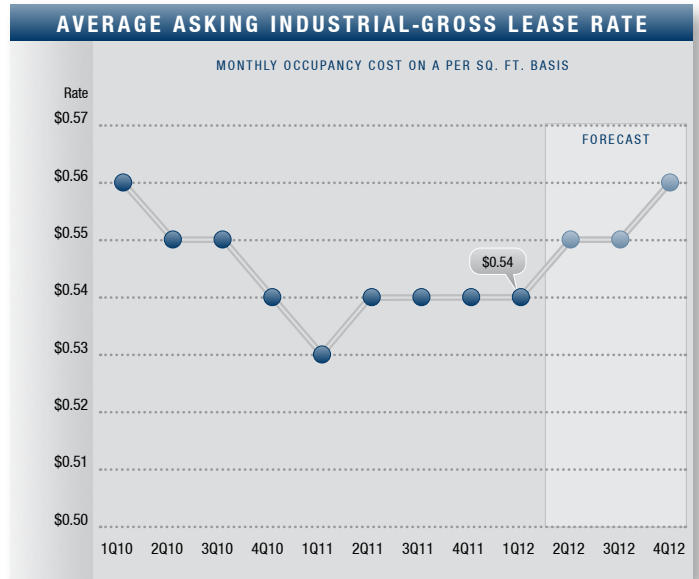
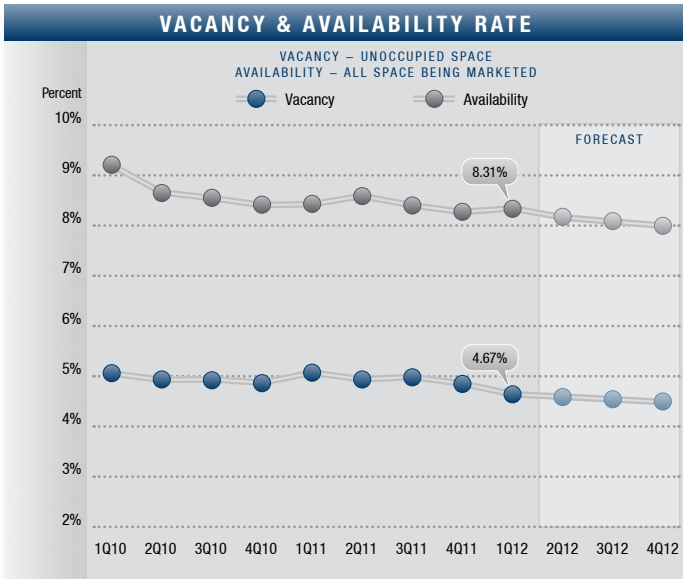
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GREATER LOS ANGELES MARKET OVERVIEW

	1Q12	4Q11	1Q11	% of Change vs. 1Q2011
Total Vacancy Rate	4.67%	4.83%	5.06%	(7.71%)
Availability Rate	8.31%	8.26%	8.41%	(1.19%)
Average Asking Lease Rate	\$0.54	\$0.54	\$0.53	1.89%
Sale & Lease Transactions	10,602,076	13,229,260	14,549,280	(27.13%)
Gross Absorption	9,801,940	8,988,419	8,135,871	20.48%
Net Absorption	1,731,262	1,228,984	(1,533,748)	N/A



	INVENTORY					VACANCY & LEASE RATES				ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2012	Square Feet Available	Availability Rate 1Q2012	Average Asking Lease Rate	Net Absorption 1Q2012	Net Absorption 2012	Gross Absorption 1Q2012	Gross Absorption 2012
Central													
Bell/Bell Gardens/Maywood	174	6,409,840	0	96,000	143,034	2.23%	585,239	9.13%	\$0.48	52,896	52,896	60,396	60,396
City of Commerce	675	42,236,244	0	0	1,910,041	4.52%	3,661,823	8.67%	\$0.46	305,389	305,389	714,951	714,951
Huntington Park/Cudahy	203	5,055,812	0	0	189,403	3.75%	497,475	9.84%	\$0.53	(13,498)	(13,498)	63,850	63,850
Los Angeles - Downtown	5,399	156,399,611	0	852,893	5,352,123	3.42%	10,504,052	6.72%	\$0.61	76,781	76,781	1,188,386	1,188,386
Montebello/Monterey Park	309	12,577,034	0	0	645,310	5.13%	997,879	7.93%	\$0.46	(80,458)	(80,458)	28,396	28,396
Pico Rivera	194	10,177,960	0	25,670	629,247	6.18%	958,143	9.41%	\$0.49	(182,031)	(182,031)	0	0
South Gate	232	11,235,373	0	80,000	462,050	4.11%	739,463	6.58%	\$0.46	216,233	216,233	223,297	223,297
Vernon	741	39,413,797	6,000	142,063	1,068,625	2.71%	2,901,496	7.36%	\$0.43	(292,707)	(292,707)	397,981	397,981
Total	7,927	283,505,671	6,000	1,196,626	10,399,833	3.67%	20,845,570	7.35%	\$0.53	82,605	82,605	2,677,257	2,677,257
Mid Counties													
Artesia/Cerritos	286	13,617,615	0	0	566,095	4.16%	1,026,299	7.54%	\$0.54	505,696	505,696	618,907	618,907
Bellflower/Downey	203	6,065,615	0	0	217,127	3.58%	340,080	5.61%	\$0.58	12,340	12,340	52,325	52,325
Buena Park/La Palma	245	15,656,305	0	0	306,569	1.96%	849,228	5.42%	\$0.54	193,766	193,766	242,553	242,553
La Mirada	189	12,834,255	0	0	1,430,681	11.15%	2,648,822	20.64%	\$0.42	(399,205)	(399,205)	113,074	113,074
Norwalk	80	2,989,188	0	0	173,522	5.80%	253,926	8.49%	\$0.59	8,000	8,000	10,083	10,083
Paramount	354	9,045,191	0	0	196,234	2.17%	511,310	5.65%	\$0.61	(67,862)	(67,862)	40,590	40,590
Santa Fe Springs	1,321	52,284,103	0	168,574	2,505,128	4.79%	3,749,609	7.17%	\$0.49	(191,052)	(191,052)	304,731	304,731
Whittier	196	5,031,320	0	0	294,352	5.85%	780,327	15.51%	\$0.42	(14,566)	(14,566)	13,094	13,094
Total	2,874	117,523,592	0	168,574	5,689,708	4.84%	10,159,601	8.64%	\$0.54	47,117	47,117	1,395,357	1,395,357
San Gabriel Valley													
Alhambra	113	2,789,073	0	0	19,983	0.72%	131,649	4.72%	\$0.39	20,700	20,700	20,700	20,700
Arcadia/Temple City	133	2,352,633	0	0	63,641	2.71%	189,994	8.08%	\$0.74	7,045	7,045	10,983	10,983
Azusa	221	5,920,411	0	0	105,992	1.79%	560,003	9.46%	\$0.51	51,647	51,647	54,647	54,647
Baldwin Park	243	4,727,600	0	0	179,155	3.79%	189,146	4.00%	\$0.59	28,434	28,434	71,004	71,004
City of Industry/DB/HH/RH	1,111	70,745,501	0	223,478	5,093,351	7.20%	7,154,891	10.11%	\$0.57	980,387	980,387	1,988,975	1,988,975
Covina/West Covina	183	3,721,320	0	0	72,544	1.95%	174,044	4.68%	\$0.63	56,946	56,946	77,222	77,222
Duarte	87	2,071,238	0	0	53,132	2.57%	184,772	8.92%	\$0.63	(1,170)	(1,170)	12,399	12,399
El Monte	269	7,959,486	0	468,575	621,561	7.81%	1,324,473	16.64%	\$0.35	(314)	(314)	115,861	115,861
Irwindale	239	10,700,395	74,051	967,500	539,774	5.04%	843,321	7.88%	\$0.71	70,735	70,735	153,311	153,311
La Puente	83	2,080,653	0	37,500	29,027	1.40%	64,587	3.10%	\$0.65	(1,943)	(1,943)	3,136	3,136
La Verne/San Dimas/Glendora	327	7,666,919	0	0	521,247	6.80%	932,142	12.16%	\$0.67	(46,156)	(46,156)	32,858	32,858
Monrovia	211	3,660,184	0	0	76,157	2.08%	246,281	6.73%	\$0.70	(11,586)	(11,586)	19,566	19,566
Pomona/Ciarament	637	18,187,114	0	489,035	1,323,263	7.28%	2,390,121	13.14%	\$0.47	214,682	214,682	449,099	449,099
Rosemead/San Gabriel	118	2,879,788	0	0	48,784	1.69%	168,435	5.85%	\$0.52	(30,934)	(30,934)	4,980	4,980
South El Monte	688	9,708,529	14,051	8,000	448,260	4.62%	643,227	6.63%	\$0.59	(53,886)	(53,886)	100,514	100,514
Walnut	209	7,284,168	0	0	268,960	3.69%	963,680	13.23%	\$0.79	(29,923)	(29,923)	27,128	27,128
Total	4,872	162,455,012	88,102	2,194,088	9,464,831	5.83%	16,160,766	9.95%	\$0.55	1,254,664	1,254,664	3,142,383	3,142,383
South Bay													
Carson	550	36,425,259	216,407	280,000	1,635,317	4.49%	2,462,730	6.76%	\$0.57	368,508	368,508	692,904	692,904
Compton	473	24,483,363	0	0	1,068,219	4.36%	2,910,545	11.89%	\$0.49	380,455	380,455	568,333	568,333
El Segundo	203	11,045,130	206,000	0	92,595	0.84%	215,824	1.95%	\$0.73	(31,349)	(31,349)	26,500	26,500
Gardena	1,174	28,689,993	0	58,495	1,379,346	4.81%	1,528,127	5.33%	\$0.56	(259,292)	(259,292)	288,387	288,387
Harbor City	85	1,850,515	0	0	37,163	2.01%	82,968	4.48%	\$0.53	16,300	16,300	16,300	16,300
Hawthorne	249	8,047,979	0	0	604,585	7.51%	1,145,133	14.23%	\$0.62	(120,029)	(120,029)	102,475	102,475
Inglewood	235	5,310,215	0	0	167,311	3.15%	272,825	5.14%	\$0.88	61,618	61,618	96,822	96,822
Lakewood/Hawaiian Gardens	20	746,410	0	0	23,473	3.14%	32,023	4.29%	\$0.00	500	500	500	500
Lawndale	26	356,558	0	0	5,800	1.63%	5,800	1.63%	\$1.10	0	0	0	0
Long Beach/Terminal Island	781	21,804,688	265,577	887,902	2,128,161	9.76%	2,605,808	11.95%	\$0.51	133,736	133,736	193,843	193,843
Lynwood	83	4,266,175	0	0	187,539	4.40%	339,377	7.96%	\$0.27	34,196	34,196	42,215	42,215
Rancho Dominguez	257	16,374,616	0	0	838,255	5.12%	1,458,863	8.91%	\$0.48	(64,289)	(64,289)	267,646	267,646
Redondo & Hermosa Beach	39	2,187,927	0	0	49,045	2.24%	43,645	1.99%	\$0.00	113,594	113,594	113,594	113,594
San Pedro	46	3,177,784	0	0	13,380	0.42%	57,390	1.81%	\$0.86	3,510	3,510	5,000	5,000
Signal Hill	189	3,322,442	78,000	0	92,871	2.80%	110,876	3.34%	\$0.87	4,115	4,115	41,643	41,643
Torrance	631	26,562,806	358,940	272,245	1,420,796	5.35%	2,600,163	9.79%	\$0.73	(56,182)	(56,182)	119,645	119,645
Wilmington	141	4,638,414	0	0	303,897	6.55%	357,617	7.71%	\$0.55	(238,515)	(238,515)	11,136	11,136
Total	5,182	199,290,274	1,124,924	1,498,642	10,047,753	5.04%	16,229,714	8.14%	\$0.55	346,876	346,876	2,586,943	2,586,943
Los Angeles Total	20,855	762,774,549	1,219,026	5,057,930	35,602,125	4.67%	63,395,651	8.31%	\$0.54	1,731,262	1,731,262	9,801,940	9,801,940
5,000-24,999	13,226	164,176,374	20,051	44,424	6,661,300	4.06%	11,844,444	7.21%	\$0.62	(184,628)	(184,628)	1,926,886	1,926,886
25,000-49,999	3,757	130,479,839	86,695	719,981	4,855,930	3.72%	9,397,232	7.20%	\$0.55	427,345	427,345	1,795,589	1,795,589
50,000-99,999	2,300	156,494,963	314,500	1,316,077	6,726,775	4.30%	12,793,217	8.17%	\$0.52	105,316	105,316	1,717,932	1,717,932
100,000-249,999	1,272	186,453,460	525,535	1,978,803	10,364,601	5.56%	19,420,305	10.42%	\$0.47	504,063	504,063	2,794,451	2,794,451
250,000-499,999	243	78,428,161	272,245	998,645	3,150,087	4.02%	5,172,893	6.60%	\$0.45	620,304	620,304	768,220	768,220
500,000 plus	57	46,741,752	0	0	3,843,432	8.22%	4,767,560	10.20%	\$0.55	258,862	258,862	798,862	798,862
Los Angeles Total	20,855	762,774,549	1,219,026	5,057,930	35,602,125	4.67%	63,395,651	8.31%	\$0.54	1,731,262	1,731,262	9,801,940	9,801,940

This survey consists of buildings greater than 5,000 square feet. Lease rates are on an industrial-gross basis.

RECENT TRANSACTIONS

Sales Transactions

Property Address	City	Square Feet	Sale Price	Buyer	Seller
6100-6108 Peachtree St.	Commerce	222,404	\$13,121,836	Zui Ryzman	Peachtree Commerce, LLC
13833 Freeway Dr.	Santa Fe Springs	196,000	\$14,893,164	Freeway Springs, LLC	Rocktenn CP, LLC
9306 Sorensen Ave.	Santa Fe Springs	182,334	\$10,462,892	Sorensen Industrial, LLC	United States Gypsum Company
15300 Marquardt Ave.	Santa Fe Springs	165,600	\$8,075,158	Freeway Springs, LLC	Rocktenn CP, LLC
6009-6041 S. Malt Ave.	Commerce	95,428	\$5,950,000	Zvi Rysman	Hill's Pet Nutrition
13260-13280 E. Amar Rd.	City of Industry	92,488	\$6,566,648	My & Ki Ent's, LLC	OMP Amar, LLC

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
5777 Smithway St. – Renewal	Commerce	273,000	Jan-12	Ernest Paper	5777 Smithway Commerce, LLC
2849 Ficus St.	Pomona	205,185	Feb-12	GPR Logistics	LBA Realty
2805 Reservoir St.	Pomona	157,296	Jan-12	Traveler's Choice Travelware	Northwestern Mutual Life Insurance
5233 Alcoa Ave.	Vernon	136,692	Feb-12	Guru Denim/True Religion	Guardian Life
11650 Burke St.	Santa Fe Springs	106,110	Feb-12	Johnson Wilshire	Kekropia Industries
16221 Arthur St.	Cerritos	60,780	Jan-12	American Non-Stop Labe Corporation	Barbaria Commercial Properties

Product Type

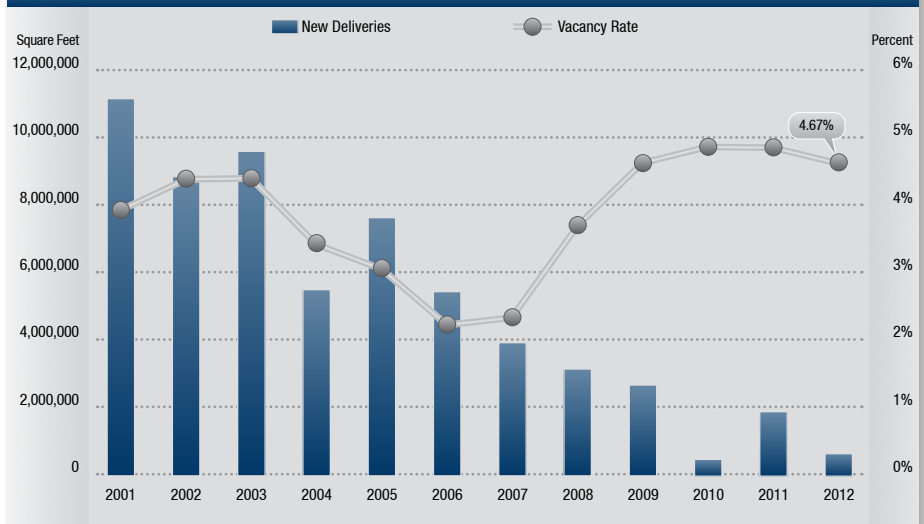
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