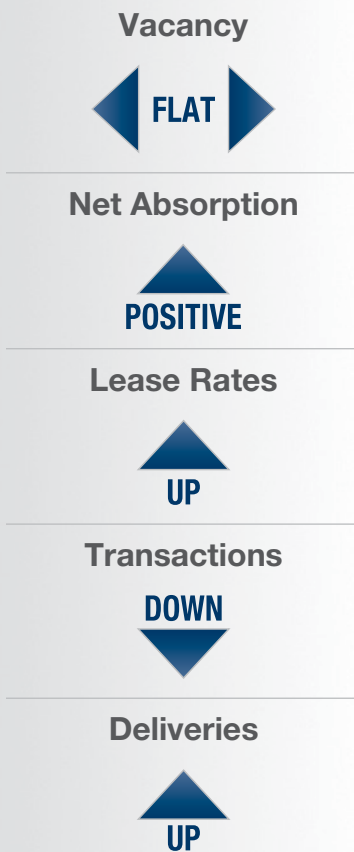




Industrial Market Report

Compared to the Previous Quarter:



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Market Highlights

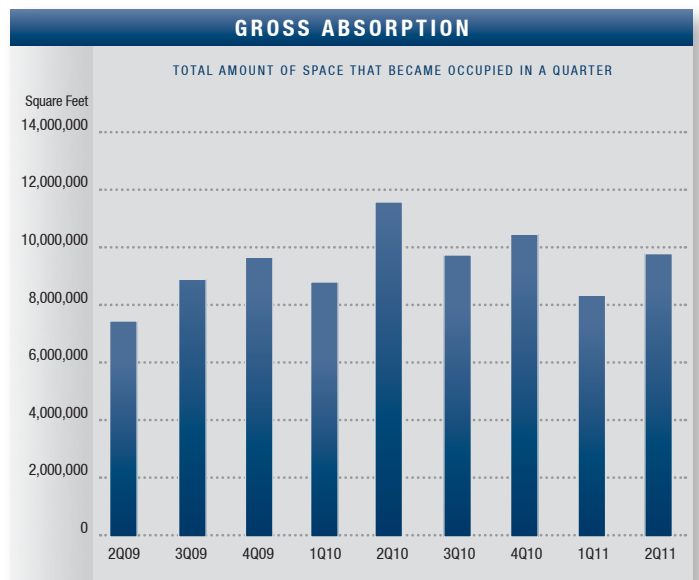
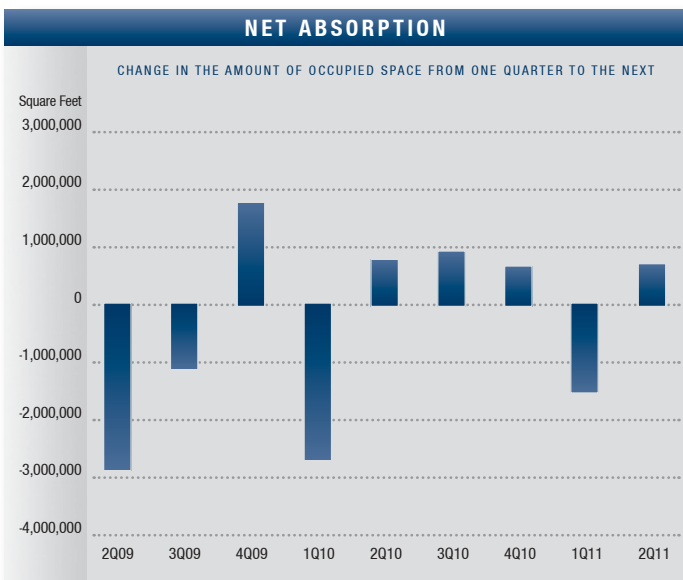
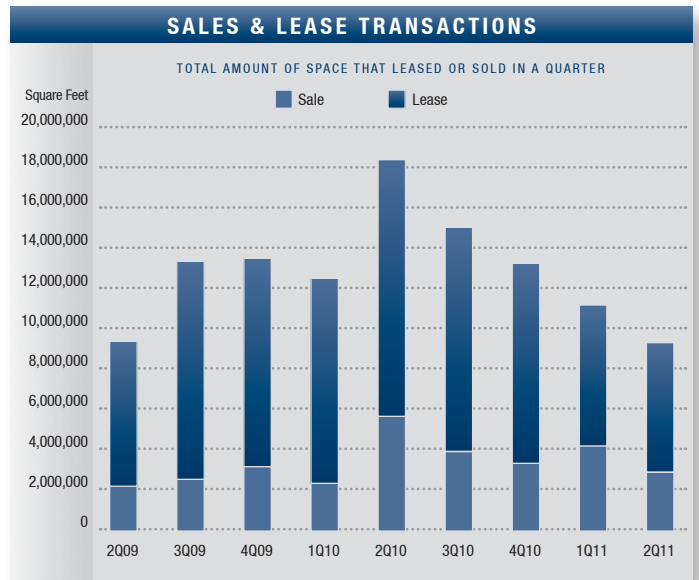
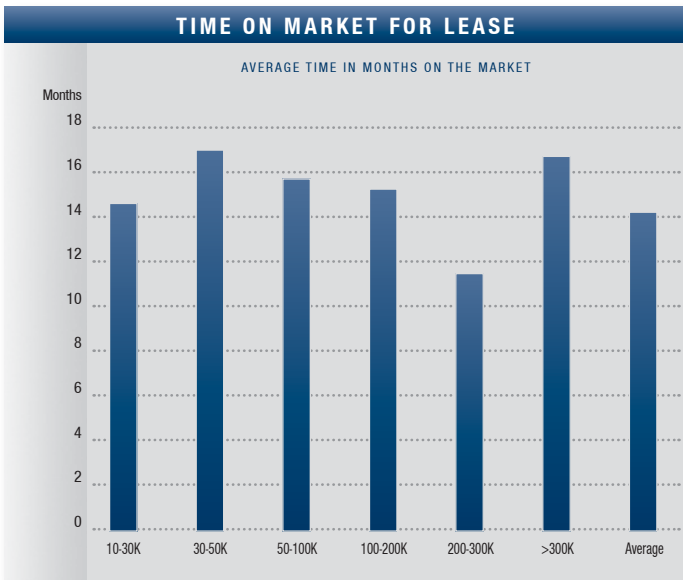
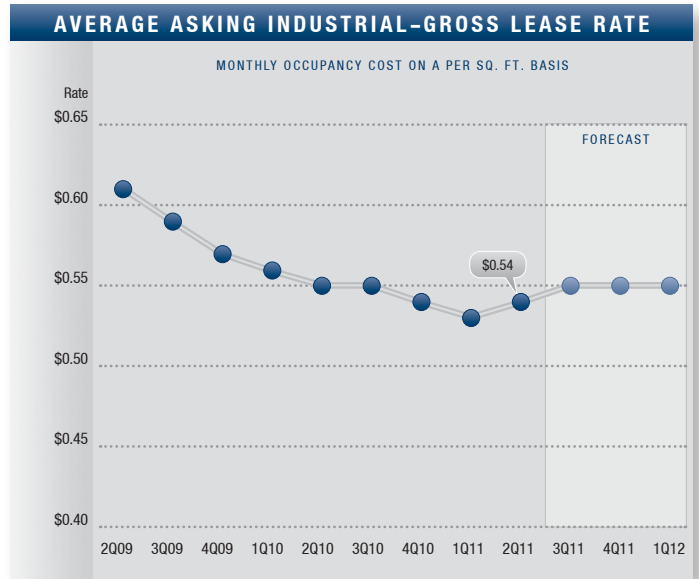
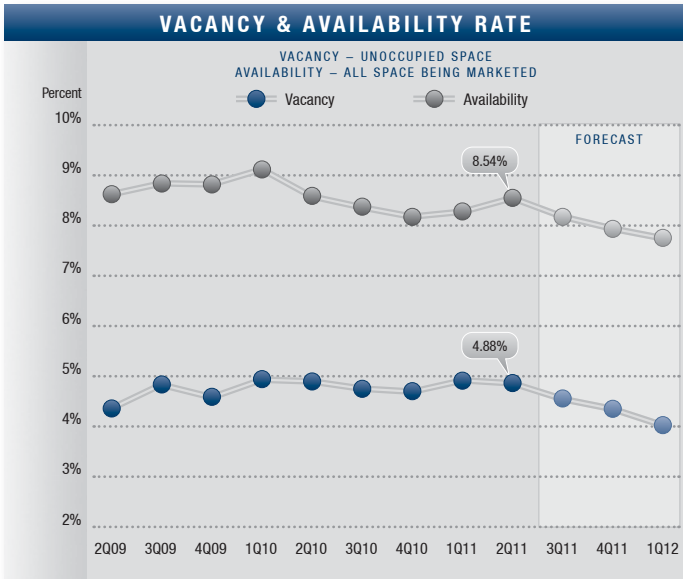
- Bottoming Out?** - 2011's second quarter numbers were encouraging — a sign that recovery could be on the horizon. Vacancy and availability showed indications of stabilization. With regard to sales transactions, the ask-bid gap narrowed, evident from the drop in asking prices and overall increase in buyer activity since 2009. While these are positive indications, stability will need to be sustained in coming quarters to be considered recovery.
- Construction** - There was only 1,750,000 square feet of industrial projects under construction in the Los Angeles industrial market in the second quarter of 2011. The slowdown in construction is a result of a lack of demand, high prices, scarce financing, and rising construction costs.
- Vacancy** - Direct/sublease space (unoccupied) finished the quarter at 4.88%, nearly the same as 2010's second quarter rate of 4.87% and last quarter's rate of 4.91%. This is a strong indication that the vacancy rate has stabilized.
- Availability** - Direct/sublease space being marketed was 8.54% in the second quarter of 2011, slightly higher than the previous quarter's rate of 8.26% and a .47% decrease from the 8.58% we saw in the second quarter of 2010. 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 triple-net lease rate was \$.54 cents per square foot per month in the second quarter, one cent higher than the previous quarter's average asking rate and one cent lower than the 2010's second quarter asking rate.
- Absorption** - The Los Angeles industrial market posted 686,556 square feet of positive absorption in the second quarter of 2011, giving the market an average of approximately 750,000 square feet of positive absorption over the last four quarters. This positive absorption can be

attributed to recent job gains; absorption will continue its upward trend as job creation continues.

- Transaction Activity** - Leasing activity checked in at 6.4 million square feet — a decrease from the 12.6 million square feet seen in the second quarter of 2010. Sales activity also showed year-over-year decrease, posting a total of 2.8 million square feet of activity compared to the 5.6 million square feet transacted in 2010. Details of the largest transactions can be found on the back page of this report.
- Employment** - The unemployment rate in Los Angeles County was 11.9% in May 2011, down from a revised 12% in April 2011 and below the 2010 estimate of 12.5%. This compares with an unadjusted unemployment rate of 11.7% for California and 9.1% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County displayed an overall net loss of 10,600 jobs between May 2010 and May 2011, ending with a total of 3,788,800 jobs. While the county saw the largest annual addition, of 17,900 jobs, from May 2010 to May 2011, government recorded a loss of 26,000 jobs, the largest decrease during that period.
- Overall** - Though we saw a slight increase in availability in the second quarter, we still predict a continued overall downward trend in availability. With few new deliveries to put 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 begin to dispose of distressed assets. We should also see an increase in leasing activity as many short-term deals come up for renewal and as job creation occurs. Once unemployment rates drop and consumer confidence stabilizes, the Los Angeles Central industrial market will regain equilibrium.

GREATER LOS ANGELES MARKET OVERVIEW

	2Q2011	1Q2011	2Q2010	% Change vs. 2Q2010
Total Vacancy Rate	4.88%	4.91%	4.87%	0.21%
Availability Rate	8.54%	8.26%	8.58%	(0.47%)
Average Asking Lease Rate	\$0.54	\$0.53	\$0.55	(1.82%)
Sale & Lease Transactions	9,189,319	11,020,755	18,296,351	(49.78%)
Gross Absorption	9,728,618	8,347,066	11,526,830	(15.60%)
Net Absorption	686,556	(1,554,664)	794,468	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 2Q2011	Square Feet Available	Availability Rate 2Q2011	Average Asking Lease Rate	Net Absorption 2Q2011	Net Absorption 2011	Gross Absorption 2Q2011	Gross Absorption 2011
Central													
Bell/Bell Gardens/Maywood	177	6,887,137	0	149,000	248,275	3.60%	641,760	9.32%	\$0.38	(17,310)	(94,831)	2,710	98,465
City of Commerce	718	43,207,595	0	650,000	2,632,899	6.09%	4,303,434	9.96%	\$0.39	522,968	32,095	1,099,520	1,537,278
Huntington Park/Cudahy	198	4,917,002	0	0	201,505	4.10%	417,355	8.49%	\$0.49	2,800	46,190	69,050	122,120
Los Angeles (Downtown)	5,380	159,522,190	62,248	715,393	5,346,844	3.35%	11,377,206	7.13%	\$0.60	139,176	66,089	1,140,773	2,723,962
Montebello/Monterey Park	295	12,743,739	0	0	1,013,259	7.95%	900,055	7.06%	\$0.47	(238,007)	(219,992)	298,594	418,910
Pico Rivera	193	10,237,269	0	25,670	518,680	5.07%	1,131,824	11.06%	\$0.46	187,789	65,676	244,329	328,945
South Gate	244	12,001,444	0	80,000	694,548	5.79%	998,475	8.32%	\$0.48	0	(190,837)	0	29,255
Vernon	777	41,715,428	0	407,000	1,221,120	2.93%	2,588,797	6.21%	\$0.44	(96,058)	(262,301)	415,408	557,268
Total	7,982	291,231,804	62,248	2,027,063	11,877,130	4.08%	22,358,906	7.68%	\$0.52	501,358	(557,911)	3,270,384	5,816,203
Mid Counties													
Artesia/Cerritos	285	13,298,715	0	0	992,293	7.46%	1,790,805	13.47%	\$0.40	138,976	429,685	299,265	902,164
Bellflower/Downey	204	6,056,948	0	0	322,580	5.33%	415,086	6.85%	\$0.52	(44,064)	(15,889)	48,964	145,667
Buena Park/La Palma	242	15,605,964	0	0	652,145	4.18%	1,033,238	6.62%	\$0.58	181,455	225,488	620,998	680,500
La Mirada	190	13,029,382	0	0	607,535	4.66%	1,595,678	12.25%	\$0.48	43,117	199,603	236,890	453,445
Norwalk	79	2,971,568	0	0	255,786	8.61%	229,757	7.73%	\$0.65	(83,648)	(142,149)	47,148	56,097
Paramount	358	9,585,474	0	0	187,611	1.96%	497,201	5.19%	\$0.62	(16,426)	(3,562)	58,054	140,449
Santa Fe Springs	1,327	53,040,445	106,110	74,718	2,586,659	4.88%	3,430,431	6.47%	\$0.44	581,711	363,622	1,341,092	2,414,872
Whittier	196	5,165,622	0	0	297,687	5.76%	377,435	7.31%	\$0.66	(13,340)	6,532	26,002	56,593
Total	2,881	118,754,118	106,110	74,718	5,902,296	4.97%	9,369,631	7.89%	\$0.54	787,781	1,063,330	2,678,413	4,849,787
San Gabriel Valley													
Alhambra	115	3,030,464	0	0	67,954	2.24%	209,593	6.92%	\$0.47	(4,651)	(1,927)	9,530	14,305
Arcadia/Temple City	130	2,196,510	0	0	126,496	5.76%	222,963	10.15%	\$0.67	(9,253)	(7,909)	13,867	23,637
Azusa	224	6,826,349	0	0	106,965	1.57%	540,071	7.91%	\$0.66	18,812	(24,551)	38,177	44,377
Baldwin Park	222	4,744,962	0	0	210,425	4.43%	307,613	6.48%	\$0.58	39,145	50,962	101,477	166,426
City of Industry/DB/HH/RH	1,112	72,465,891	45,000	458,228	3,970,080	5.48%	7,451,129	10.28%	\$0.56	(536,177)	(757,444)	602,839	1,435,374
Covina/West Covina	185	3,715,868	0	0	122,854	3.31%	226,592	6.10%	\$0.56	14,476	9,200	27,878	46,506
Duarte	78	1,861,031	0	0	70,775	3.80%	143,034	7.69%	\$0.58	(21,994)	(31,877)	3,606	12,383
El Monte	266	7,715,225	0	669,635	287,118	3.72%	865,436	11.22%	\$0.60	(69,098)	(30,359)	65,854	217,544
Irwindale	236	9,795,436	656,000	80,000	479,862	4.90%	606,462	6.19%	\$0.57	(22,314)	(33,271)	117,552	160,678
La Puente	72	1,584,792	0	0	18,572	1.17%	135,941	8.58%	\$0.55	(15,372)	(3,657)	1,672	13,387
La Verne/San Dimas/Glendora	337	7,548,891	0	0	477,671	6.33%	810,432	10.74%	\$0.63	558	(21,873)	44,286	75,482
Monrovia	214	4,395,226	0	0	112,810	2.57%	156,796	3.57%	\$0.73	2,960	10,306	34,328	48,224
Pomona/Claremont	638	19,270,305	5,400	489,035	1,233,193	6.40%	2,552,540	13.25%	\$0.50	(105,352)	(70,419)	162,772	356,735
Rosemead/San Gabriel	112	2,689,706	0	0	17,364	0.65%	116,038	4.31%	\$0.49	39,168	93,727	92,624	151,461
South El Monte	671	9,598,986	31,295	0	559,106	5.82%	836,806	8.72%	\$0.59	67,490	38,675	214,812	290,043
Walnut	198	7,380,345	0	0	557,906	7.56%	312,591	4.24%	\$0.64	(19,357)	(36,941)	40,415	77,519
Total	4,810	164,819,987	737,695	1,696,898	8,419,151	5.11%	15,494,037	9.40%	\$0.57	(620,959)	(817,358)	1,571,689	3,134,081
South Bay													
Carson	578	37,525,662	224,560	50,000	2,598,490	6.92%	3,405,558	9.08%	\$0.50	(282,229)	(320,737)	466,813	1,176,252
Compton	479	24,723,635	0	0	1,313,073	5.31%	2,516,990	10.18%	\$0.54	479,408	97,896	553,254	763,881
El Segundo	207	11,087,145	0	0	266,870	2.41%	288,427	2.60%	\$0.83	(70,045)	(67,035)	7,500	56,600
Gardena	1,195	29,487,277	0	51,000	1,223,486	4.15%	2,385,393	8.09%	\$0.61	66,433	(57,911)	384,207	590,228
Harbor City	86	1,890,671	0	0	56,311	2.98%	233,992	12.38%	\$0.46	39,852	38,362	84,261	103,771
Hawthorne	242	7,721,347	100,000	0	726,156	9.40%	1,309,309	16.96%	\$0.63	(150,014)	(196,161)	46,944	145,228
Inglewood	237	5,322,570	0	0	216,863	4.07%	428,812	8.06%	\$0.83	(10,650)	(21,027)	24,607	109,156
Lakewood/Hawaiian Gardens	19	690,822	0	0	500	0.07%	51,449	7.45%	\$0.55	0	0	0	0
Lawndale	27	385,358	0	0	8,300	2.15%	8,300	2.15%	\$1.15	0	(4,350)	0	0
Long Beach/Terminal Island	792	22,285,067	415,271	209,160	2,238,731	10.05%	2,929,296	13.14%	\$0.50	(121,081)	(128,144)	88,835	156,787
Lynwood	80	4,061,847	0	0	74,715	1.84%	235,302	5.79%	\$0.32	12,250	13,750	36,250	37,750
Rancho Dominguez	267	17,005,799	0	0	1,206,358	7.09%	1,828,571	10.75%	\$0.50	(37,462)	88,623	183,947	533,797
Redondo & Hermosa Beach	34	2,085,167	0	0	147,307	7.06%	147,307	7.06%	\$0.73	0	(8,620)	0	0
San Pedro	48	3,130,874	0	0	25,400	0.81%	60,900	1.95%	\$0.55	0	500	0	500
Signal Hill	191	3,363,498	12,480	0	131,943	3.92%	117,317	3.49%	\$0.85	(63,999)	(62,935)	29,461	69,679
Torrance	641	28,282,626	86,695	258,286	1,505,835	5.32%	3,017,388	10.67%	\$0.54	130,552	17,305	276,692	472,101
Wilmington	149	4,907,073	0	0	77,912	1.59%	346,283	7.06%	\$0.59	25,361	54,315	25,361	59,883
Total	5,272	203,956,438	839,006	568,446	11,818,250	5.79%	19,310,594	9.47%	\$0.54	18,376	(556,169)	2,208,132	4,275,613
LA Central Total													
5,000–24,999	13,109	163,926,431	17,880	23,924	7,161,145	4.37%	12,543,066	7.65%	\$0.63	(423,608)	(618,007)	1,849,752	3,658,894
25,000–49,999	3,858	134,157,444	225,238	461,879	6,211,480	4.63%	11,236,510	8.38%	\$0.57	(383,972)	(614,402)	1,364,764	2,561,244
50,000–99,999	2,366	161,387,408	0	814,644	8,132,118	5.04%	13,928,702	8.63%	\$0.49	(219,896)	227,427	1,704,594	3,659,566
100,000–249,999	1,301	190,842,007	330,849	534,832	10,185,990	5.34%	17,659,862	9.25%	\$0.47	875,749	43,556	3,084,921	5,659,069
250,000–499,999	253	81,318,750	515,092	1,881,846	4,464,938	5.49%	7,019,167	8.63%	\$0.50	19,315	(525,956)	654,118	902,612
500,000 plus	58	47,130,307	656,000	650,000	1,861,156	3.95%	4,145,861	8.80%	\$0.48	818,968	619,274	1,070,469	1,634,299
Total	20,945	778,762,347	1,745,059	4,367,125	38,016,827	4.88%	66,533,168	8.54%	\$0.54	686,556	(868,108)	9,728,618	18,075,684

This survey consists of buildings greater than 10,000 square feet. Lease rates are on an industrial-gross basis.

RECENT TRANSACTIONS

Sales Transactions

Property Address	City	Square Feet	Sale Price Per SF	Buyer	Seller
3777 Workman Mill Rd.	Whittier	613,375	\$80.00	KTR	Carpenters So. Cal Admin. Corp.
29011 Commerce Center Dr.	Valencia	165,141	\$77.51	Valencia Industrial Center, LLC	Waikiki Marc, LLC
345 N. Baldwin Park Blvd. – 3 Properties	City of Industry	155,679	\$52.72	AREV, LLC	CAL/AZ Portfolio No. 1, LLC
13226 Alondra Blvd.	Cerritos	128,000	\$82.50	Achem Industry America, Inc.	Scope Properties, LLC
14741-14773 Carmenita Rd. – 3 Properties	Norwalk	105,442	\$83.93	Carmenita Square Business Park, LLC	Rov V, LLC
1737-1747 E. 7th St.	Los Angeles	100,000	\$38.00	Seventh Diamond, LLC	IB Property Holdings, LLC

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
825 S. Vail Ave.	Montebello	401,033	Apr-11	Four Seasons	Goldrich & Kest
2220 E. Carson St.	Carson	302,400	May-11	AZ West	Watson Land Company
20275 Business Pky.	Walnut	250,000	May-11	N/A	Majestic Realty Company
250 W. Apra St. – Renewal	Compton	149,654	Apr-11	NRT	PRI Bell Tech Industrial CA, LLC
16930 Valley View Ave.	La Mirada	125,000	Apr-11	CHP Enterprises	16930, LLC
19301 E. Walnut Dr.	City of Industry	120,000	May-11	Carryland Company, Inc.	Majestic Realty Company

Product Type

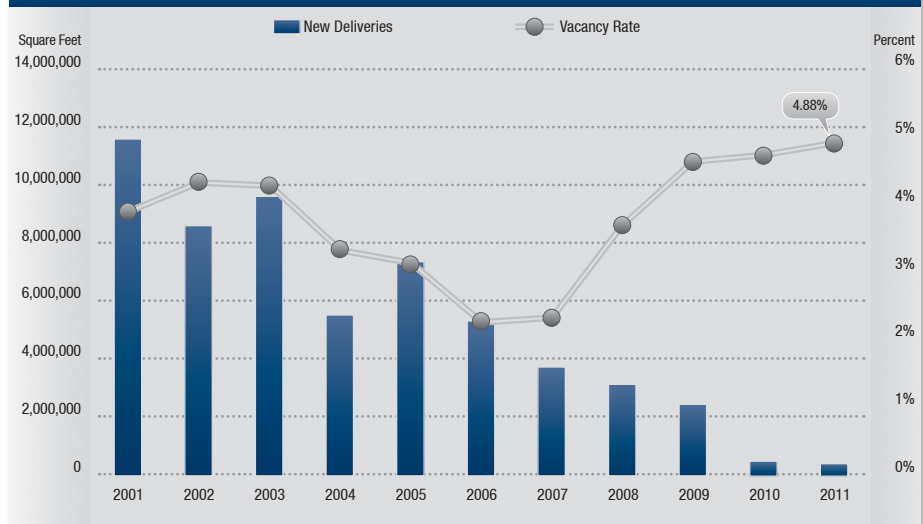
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