



Industrial Market Report

Compared to 2010:

Vacancy



Net Absorption



Lease Rates



Transactions



Deliveries



To view available properties or electronic versions of current or past market reports, please visit:

www.voitco.com

Market Highlights

- Encouraging Numbers** - The Los Angeles industrial market continued its path to recovery in the fourth quarter of 2011, posting a modest sub 5% vacancy rate. Both vacancy and availability remained stable compared to the previous quarter and compared to the same quarter of 2010. 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, as sales activity increased every quarter over the last four quarters. Lease rates began to increase, and the market posted over one million square feet of positive absorption in 2011. While these are positive indicators, 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.
- Absorption** - The Los Angeles industrial market posted one million square feet of positive net absorption in the fourth quarter of 2011, giving the market a total of approximately 1.17 million square feet of positive absorption for 2011.
- Transaction Activity** - Leasing activity checked in at just over 30 million square feet for 2011—a decrease from the 43.7 million square feet seen in 2010. Sales activity also showed year-over-year decrease, posting a total of 27.8 million square feet of activity compared to the 50 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 November 2011, down from a revised 12.2% in October 2011 and below the 2010 estimate of 13%. This compares with an unadjusted unemployment rate of 10.9% for California and 8.2% 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 12,500 jobs between November 2010 and November 2011. The largest gains were 9,800 in educational & health services and 6,600 in information; however, Los Angeles County lost 5,100 government jobs during that same period.
- Overall** - We are seeing stabilization in vacancy and availability levels 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.
- Construction** - There was just under 800,000 square feet of industrial projects under construction in the Los Angeles industrial market in the fourth quarter of 2011. 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 year at 4.91%, nearly the same as 2010's fourth quarter rate of 4.88% and below 2011's third quarter rate of 5.05%. This is a strong indication that the vacancy rate has stabilized.
- Availability** - Direct/sublease space being marketed was 8.40% in the fourth quarter of 2011, lower than the previous quarter's rate of 8.46% and a .24% decrease from the 8.42% we saw at the end 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 lease rate remained steady at \$.54 per square foot per month, unchanged from the previous two quarters but up one cent from the third quarter rate of \$.53, marking the first increases in the asking lease rates since the third quarter of 2008.

GREATER LOS ANGELES MARKET OVERVIEW

	2011	2010	2009	% of Change vs. 2010
Total Vacancy Rate	4.91%	4.88%	4.71%	0.61%
Availability Rate	8.40%	8.42%	8.96%	(0.24%)
Average Asking Lease Rate	\$0.54	\$0.54	\$0.57	0.00%
Sale & Lease Transactions	58,179,534	93,811,131	49,057,994	(37.98%)
Gross Absorption	37,593,097	40,947,512	33,866,880	(8.19%)
Net Absorption	1,171,308	(885,118)	(5,111,404)	N/A

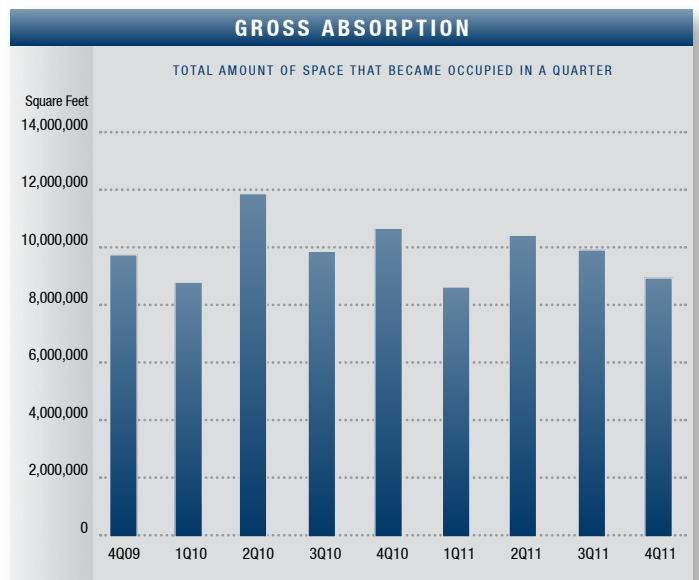
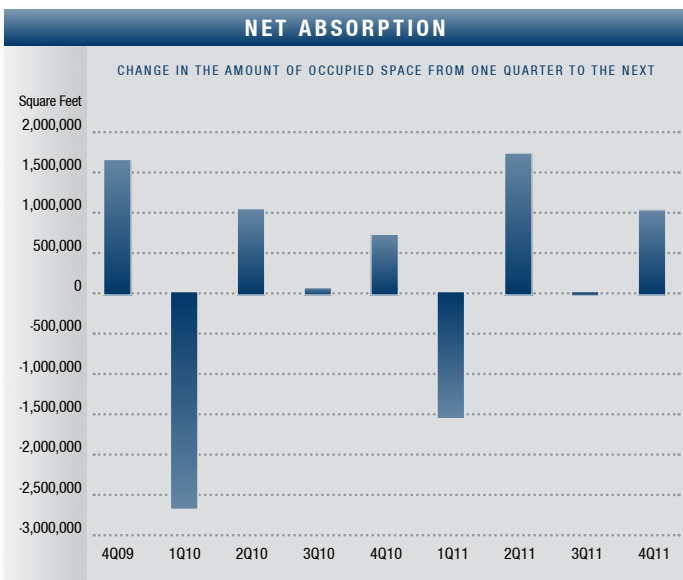
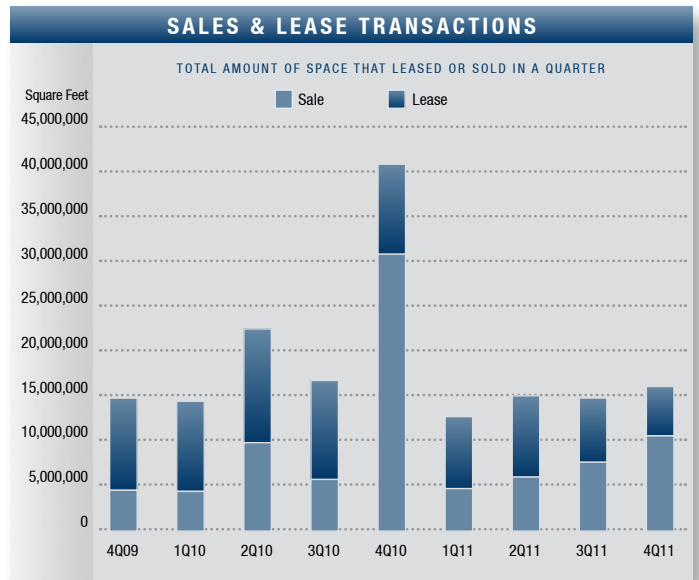
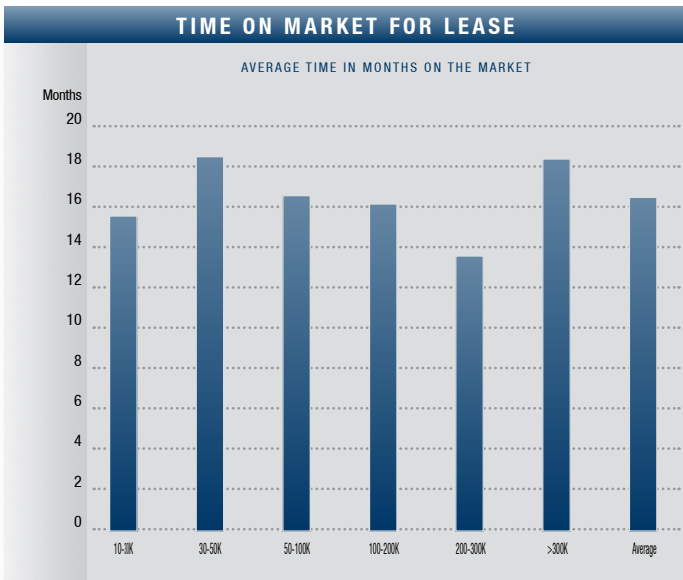
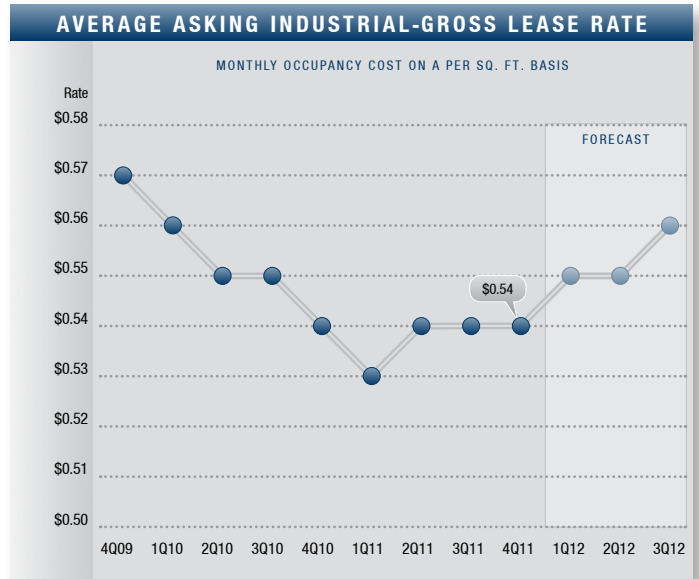
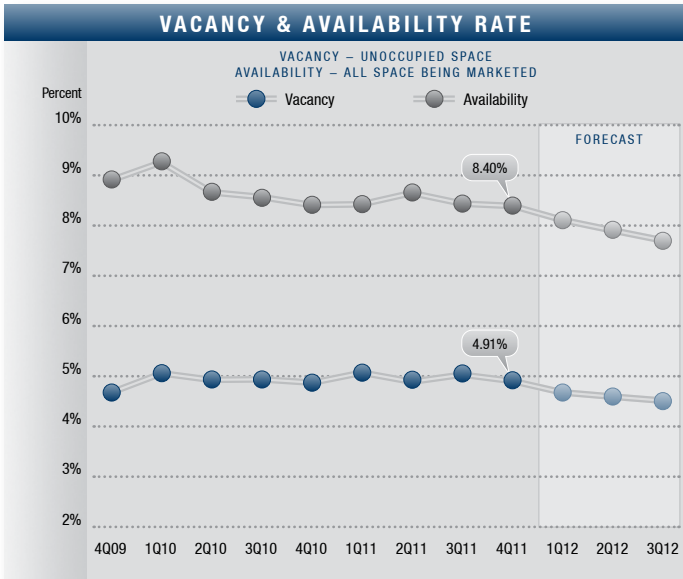
Prepared by:

Jerry J. Holdner, Jr. — Lic.#01145748

Vice President of Market Research

VOIT Real Estate Services — Lic.#01333376

e-mail: jholdner@voitco.com



	INVENTORY					VACANCY & LEASE RATES				ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2011	Square Feet Available	Availability Rate 4Q2011	Average Asking Lease Rate	Net Absorption 4Q2011	Net Absorption 2011	Gross Absorption 4Q2011	Gross Absorption 2011
Central													
Bell/Bell Gardens/Maywood	174	6,414,051	0	96,000	197,555	3.08%	558,738	8.71%	\$0.47	53,948	(42,486)	105,044	255,406
City of Commerce	676	42,344,661	0	0	2,214,232	5.23%	3,191,878	7.54%	\$0.48	220,144	580,377	518,564	2,741,060
Huntington Park/Cudahy	201	4,991,342	0	0	184,943	3.71%	533,222	10.68%	\$0.41	1,160	85,790	2,160	182,720
Los Angeles - Downtown	5,328	156,691,598	15,556	852,893	5,724,968	3.65%	10,059,618	6.42%	\$0.60	(59,567)	(29,733)	1,433,263	6,174,633
Montebello/Monterey Park	307	12,558,721	0	0	562,856	4.48%	1,077,519	8.58%	\$0.39	(4,001)	229,515	111,830	1,166,895
Pico Rivera	194	10,096,283	0	25,670	447,216	4.43%	918,523	9.10%	\$0.49	208,976	(33,760)	275,722	663,229
South Gate	242	11,652,532	0	80,000	678,283	5.82%	742,913	6.38%	\$0.46	34,885	(170,772)	110,485	145,640
Vernon	738	39,313,311	6,000	142,063	907,458	2.31%	2,962,741	7.54%	\$0.45	247,908	111,061	513,865	1,554,029
Total	7,860	284,062,499	21,556	1,196,626	10,917,511	3.84%	20,045,152	7.06%	\$0.52	703,453	729,992	3,070,933	12,883,612
Mid Counties													
Artesia/Cerritos	286	13,616,244	0	0	869,074	6.38%	1,116,730	8.20%	\$0.54	(88,605)	315,687	149,641	1,262,127
Bellflower/Downey	202	6,057,882	0	0	257,984	4.26%	329,397	5.44%	\$0.57	8,226	77,724	20,166	261,975
Buena Park/La Palma	244	15,612,454	0	0	684,546	4.38%	918,091	5.88%	\$0.52	(6,990)	205,646	85,495	850,046
La Mirada	189	12,844,856	0	0	1,035,476	8.06%	2,418,940	18.83%	\$0.41	(292,036)	(224,338)	205,671	914,103
Norwalk	80	2,989,188	0	0	173,522	5.80%	292,150	9.77%	\$0.61	155	(67,885)	2,100	148,346
Paramount	354	9,524,030	0	0	128,372	1.35%	413,629	4.34%	\$0.62	3,257	56,177	57,444	313,400
Santa Fe Springs	1,321	52,301,940	0	168,574	2,168,780	4.15%	3,973,510	7.60%	\$0.56	400,922	861,009	848,294	3,960,623
Whittier	198	5,095,845	0	0	387,326	7.60%	494,401	9.70%	\$0.47	10,454	63,759	45,510	175,544
Total	2,874	118,042,439	0	168,574	5,705,080	4.83%	9,956,848	8.43%	\$0.54	35,383	1,287,779	1,414,321	7,886,164
San Gabriel Valley													
Alhambra	112	2,769,073	0	0	40,683	1.47%	163,249	5.90%	\$0.45	(6,449)	25,344	2,051	65,736
Arcadia/Temple City	134	2,375,889	0	0	90,742	3.82%	168,765	7.10%	\$0.69	9,514	27,945	22,215	80,962
Azusa	223	5,944,284	0	0	160,639	2.70%	442,280	7.44%	\$0.58	(36,287)	(71,534)	6,820	144,889
Baldwin Park	242	4,719,600	0	0	202,069	4.28%	232,271	4.92%	\$0.60	42,214	8,302	48,049	189,043
City of Industry/DB/HH/RH	1,100	71,672,741	300,000	223,478	5,535,256	7.72%	8,241,127	11.50%	\$0.53	(660,556)	(1,640,175)	748,309	3,198,294
Covina/West Covina	186	3,712,709	0	0	99,056	2.67%	143,232	3.86%	\$0.63	(3,641)	2,564	11	57,317
Duarte	87	2,071,238	0	0	47,776	2.31%	189,592	9.15%	\$0.62	16,864	(6,764)	36,749	69,832
El Monte	267	7,896,764	80,102	476,575	613,628	7.77%	1,288,957	16.32%	\$0.37	45,521	(193,261)	77,318	386,301
Irwindale	238	10,683,209	0	967,500	674,938	6.32%	690,860	6.47%	\$0.70	(13,601)	546,178	67,013	1,092,813
La Puente	82	2,029,735	0	37,500	38,012	1.87%	122,669	6.04%	\$0.62	8,068	(17,897)	24,096	69,350
La Verne/San Dimas/Glendora	323	7,641,245	0	0	541,811	7.09%	845,275	11.06%	\$0.63	(15,658)	(54,059)	26,393	123,596
Monrovia	210	3,674,917	0	0	63,271	1.72%	132,727	3.61%	\$0.74	24,619	48,545	31,958	119,030
Pomona/Ciarament	641	18,524,788	0	489,035	1,459,537	7.88%	2,960,551	15.98%	\$0.45	(457,332)	(417,133)	258,726	840,410
Rosemead/San Gabriel	118	2,879,788	0	0	50,190	1.74%	185,181	6.43%	\$0.56	14	95,041	3,870	164,751
South El Monte	687	9,718,195	0	0	413,049	4.25%	825,279	8.49%	\$0.60	66,932	91,174	160,641	290,907
Walnut	216	7,619,134	0	0	237,928	3.12%	1,029,771	13.52%	\$0.64	305,160	287,759	341,904	494,329
Total	4,866	163,933,309	380,102	2,194,088	10,268,585	6.26%	17,661,786	10.77%	\$0.53	(674,618)	(1,267,971)	1,856,123	7,387,560
South Bay													
Carson	555	36,506,275	224,560	280,000	1,830,756	5.01%	2,973,303	8.14%	\$0.57	201,112	502,508	754,641	2,901,482
Compton	472	24,363,275	0	0	1,442,593	5.92%	2,443,908	10.03%	\$0.49	(49,911)	(133,185)	120,558	1,174,791
El Segundo	204	11,270,442	0	0	291,646	2.59%	410,574	3.64%	\$0.96	(856)	(86,531)	38,500	148,394
Gardena	1,178	28,890,532	0	58,495	1,243,790	4.31%	1,978,457	6.85%	\$0.64	118,415	(33,227)	300,525	1,078,191
Harbor City	85	1,844,904	0	0	53,463	2.90%	120,281	6.52%	\$0.49	1,500	41,710	12,860	120,979
Hawthorne	247	8,007,859	0	0	446,031	5.57%	1,001,532	12.51%	\$0.58	147,924	126,583	188,235	570,117
Inglewood	235	5,310,215	0	0	219,643	4.14%	433,717	8.17%	\$0.78	61,703	(32,393)	116,840	275,574
Lakewood/Hawaiian Gardens	19	693,207	0	0	23,473	3.39%	32,023	4.62%	\$0.00	0	(22,973)	11,760	11,760
Lawndale	26	356,558	0	0	5,800	1.63%	5,800	1.63%	\$1.10	0	(1,850)	0	2,500
Long Beach/Terminal Island	784	22,071,944	0	887,902	2,215,543	10.04%	2,529,274	11.46%	\$0.50	(47,040)	(19,614)	120,307	509,599
Lynwood	81	4,241,951	0	0	220,735	5.20%	372,573	8.78%	\$0.25	0	(132,770)	0	37,250
Rancho Dominguez	258	16,395,728	0	0	692,660	4.22%	1,282,270	7.82%	\$0.55	204,151	510,738	411,464	1,168,187
Redondo & Hermosa Beach	35	2,109,825	0	0	151,057	7.16%	39,437	1.87%	\$0.00	3,050	(12,370)	3,050	3,050
San Pedro	46	3,177,784	0	0	16,890	0.53%	62,390	1.96%	\$0.86	12,710	12,710	14,200	14,200
Signal Hill	189	3,307,362	78,000	0	111,926	3.38%	137,644	4.16%	\$0.86	20,142	(27,978)	29,714	144,455
Torrance	633	27,351,720	86,695	272,245	1,739,312	6.36%	2,542,996	9.30%	\$0.72	261,233	(335,295)	365,714	1,190,359
Wilmingon	140	4,630,762	0	0	65,382	1.41%	327,627	7.08%	\$0.62	1,910	65,445	10,710	84,873
Total	5,187	200,530,343	389,255	1,498,642	10,770,700	5.37%	16,693,806	8.32%	\$0.56	936,043	421,508	2,499,078	9,435,761
Los Angeles Total	20,787	766,568,590	790,913	5,057,930	37,661,876	4.91%	64,357,592	8.40%	\$0.54	1,000,261	1,171,308	8,840,455	37,593,097
5,000-24,999	13,113	163,336,386	27,607	44,424	6,746,284	4.13%	12,070,635	7.39%	\$0.62	135,810	104,618	1,844,696	7,874,982
25,000-49,999	3,765	130,804,209	86,695	719,981	5,432,846	4.15%	9,962,922	7.62%	\$0.55	441,886	176,785	1,660,239	5,803,295
50,000-99,999	2,323	158,221,571	152,051	1,316,077	6,651,158	4.20%	12,682,464	8.02%	\$0.52	857,395	1,318,719	2,117,530	7,581,838
100,000-249,999	1,282	187,762,974	0	1,978,803	11,012,139	5.86%	18,960,307	10.10%	\$0.46	143,506	(244,911)	2,063,186	9,938,315
250,000-499,999	247	79,702,929	524,560	998,645	3,766,017	4.73%	5,538,168	6.95%	\$0.46	610,806	89,861	1,057,155	3,922,119
500,000 plus	57	46,740,521	0	0	4,053,432	8.67%	5,143,096	11.00%	\$0.49	(1,189,142)	(273,764)	97,649	2,472,548
Los Angeles Total	20,787	766,568,590	790,913	5,057,930	37,661,876	4.91%	64,357,592	8.40%	\$0.54	1,000,261	1,171,308	8,840,455	37,593,097

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 Per SF	Buyer	Seller
3777 Workman Mill	Whittier	613,375	\$81.52	KTR South Bay II, LLC	CPT / SC Title Holding Corp
13031 W. Jefferson Blvd. – 2 Properties	Los Angeles	380,000	\$115.00	Playa Jefferson Partners, LLC	ATC Realty Sixteen, Inc.
2700 E. Imperial Hwy.	Lynwood	323,374	\$117.51	Duke Realty	La Salle Investment
18021 Valley View Ave.	Cerritos	309,934	\$129.00	The Estate of James Campbell	TA Associates
2011 N. Soto St.	Los Angeles	283,177	\$48.38	USC Health Sciences	Hathaway Ent's, Inc.
14501 Artesia Blvd.	La Mirada	277,564	\$94.57	Dexus Socal, LLC	LBA Realty Fund-Holding Co. II

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
5804 E. Slauson Ave.	Commerce	622,216	11-Mar	99 Cent Only	ING Clarion
3777 Workman Mill Rd.	Whittier	613,375	11-Aug	Michael Kors	KTR Capital Partners
825 S. Vail Ave.	Montebello	401,033	11-Apr	Four Seasons	Goldrich & Kest
2100 Yates Ave	Montebello	374,370	11-Mar	Amcor	ProLogis
108 Mayo Ave.	City of Industry	325,650	11-Jan	South Bay Transportation	Majestic Realty
318 Brea Canyon Rd.	City of Industry	325,000	11-Sep	Hills Pet Nutrition	Majestic Realty

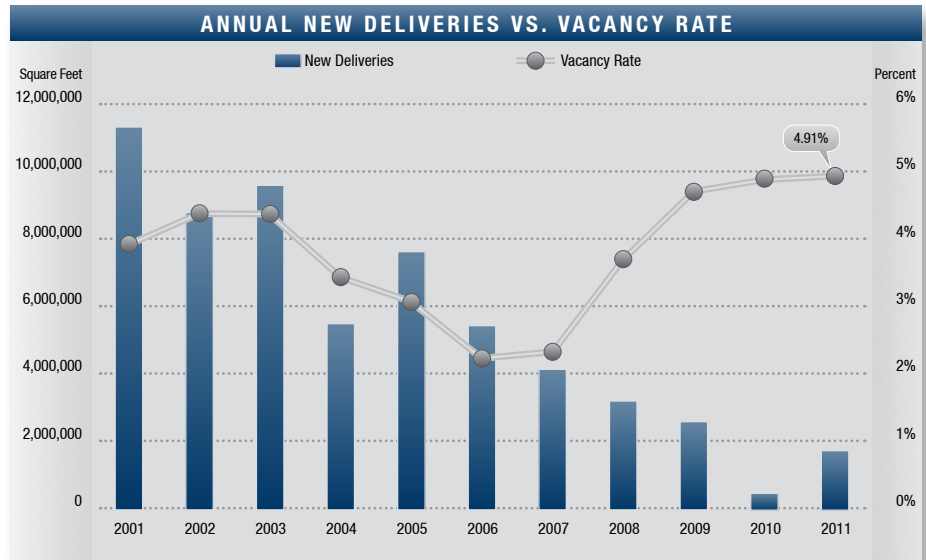
Product Type

MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

To view available properties, please visit:

www.voitco.com



Please Contact Us for Further Information

Anaheim, CA
714.978.7880

Commerce, CA
323.201.4494

Inland Empire, CA
909.545.8000

Irvine, CA
949.851.5100

Las Vegas, NV
702.734.4500

Newport Beach, CA
949.644.8648

Phoenix, AZ
602.952.8648

Reno, NV
775.309.0782

Sacramento, CA
916.772.8648

San Diego, CA
858.453.0505



REAL ESTATE SERVICES

101 Shipyard Way
Newport Beach, CA 92663

949.644.8648
www.voitco.com
Lic. #01333376

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on an industrial-gross basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.