Real People. Real Solutions.®

Greater Los Angeles | Fourth Quarter 2012



Industrial Market Report

Compared to 2011:

Vacancy



Net Absorption



Lease Rates



Transactions



Deliveries



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Prepared by:

Jerry J. Holdner, Jr. – Lic.#01145748 Vice President of Market Research e-mail: jholdner@voitco.com

Tony Tran

Market Research Analyst e-mail: ttran@voitco.com

VOIT Real Estate Services - Lic.#01333376

Market Highlights

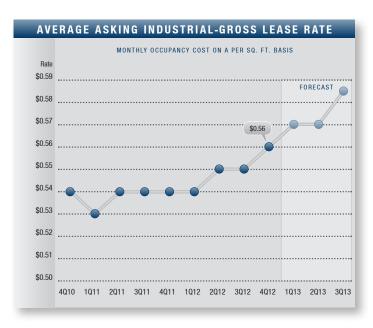
- Encouraging Numbers The Los Angeles industrial market continued on the path to recovery in 2012. Both vacancy and availability trended downward compared to the previous quarter and the same quarter of 2011. Lease rates increased in the second quarter of 2012 the first increase in years and increased again in the fourth quarter, indicating stability. While the market saw negative absorption in the third quarter of 2012, it still amassed over three million square feet of positive absorption for the year. While these are generally 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 almost a half million square feet
 of industrial projects under construction in Los Angeles in
 the fourth 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 year at 4.62%, down from the previous quarter and from 2011's fourth quarter rate of 4.73%. This is a strong indication that the vacancy rate has stabilized; we are forecasting that vacancy will continue its descent, ending 2013 at around 4%.
- Availability Direct/sublease space being marketed was 7.63% in the fourth quarter of 2012, forty-seven basis points lower than the previous quarter's rate of 8.10% and a 6.95% decrease from the 8.20% we saw in the fourth quarter of 2011. The overall decrease in space being marketed is a positive sign, as more space is coming off the market than is going onto the market.
- Lease Rates The average asking lease rate came in at \$.56 per square foot per month, one cent higher than the previous quarter's rate and up two cents from 2011's fourth quarter rate of \$.54 — 2012 marking the first increases in the asking lease rates since the second quarter of 2011.

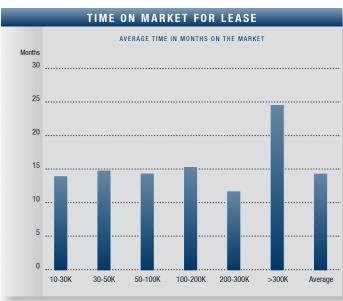
- Absorption The Los Angeles industrial market posted just over 3 million square feet of positive net absorption in 2012, giving the market a total of approximately 7.3 million square feet of positive absorption over the last seven quarters.
- Transaction Activity Leasing activity checked in at just over 38.5 million square feet for 2012 a slight decrease from the 40.3 million square feet seen in 2011. Sales activity showed an increase, posting a total of 24.7 million square feet of activity for 2012 compared to the 20.8 million square feet transacted in 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 10.2% in November 2012 down from a revised 10.5% in October 2012 and below the previous year's estimate of 12.1%. This compares with an unadjusted unemployment rate of 9.8% for California and 7.7% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County saw the largest year-over-year growth in more than ten years, a net increase of 68,100 payroll jobs from November 2011 to November 2012. The largest gains were 19,600 in professional & business services and 19,500 in leisure & hospitality trade; Los Angeles County's only loss was 9,100 government jobs during that same period.
- Overall We are seeing stabilization in vacancy and availability coupled with overall increases in net occupancy, which is contributing to the increases in average asking lease rates. With few new deliveries to apply more upward pressure on vacancy, the market should continue to improve. We expect to see an increase in investment activity in the coming quarters. 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.

GREATER	LOS AN	GELES N	ARKET O	VERVIEW
	2012	2011	2010	% of Change vs. 2011
Total Vacancy Rate	4.62%	4.73%	4.88%	(2.33%)
Availability Rate	7.63%	8.20%	8.44%	(6.95%)
Average Asking Lease Rate	\$0.56	\$0.54	\$0.54	3.70%
Sale & Lease Transactions	63,195,225	61,101,395	64,487,096	3.43%
Gross Absorption	43,382,846	38,554,954	40,935,021	12.52%
Net Absorption	3,064,292	2,906,103	(744,097)	N/A

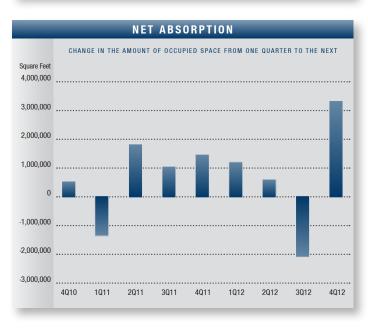
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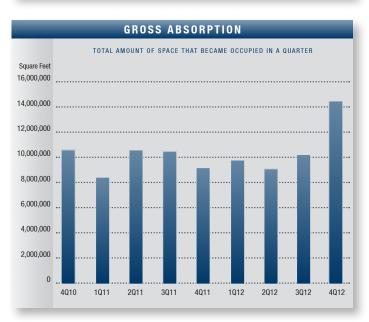












	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2012	Square Feet Available	Availability Rate 4Q2012	Average Asking Lease Rate	Net Absorption 4Q2012	Net Absorption 2012	Gross Absorption 4Q2012	Gross Absorption 2012
Central													
Bell/Bell Gardens/Maywood	183	6,273,454	0	101,823	371,135	5.92%	524,581	8.36%	\$0.62	12,608	(182,686)	55,618	156,498
City of Commerce	647	38,046,662	0	110,000	1,334,560	3.51%	2,231,573	5.87%	\$0.45	946,222	512,560	1,312,237	3,165,920
Huntington Park/Cudahy	206	4,981,307	8,000	0	244,999	4.92%	364,489	7.32%	\$0.45	(60,189)	(90,882)	64,900	172,775
Los Angeles - Downtown	5,400	154,215,206	86,772	1,567,198	5,147,586	3.34%	10,131,590	6.57%	\$0.62	542,097	(15,415)	4,058,018	7,635,829
Montebello/Monterey Park	315	12,600,240	0	0	368,417	2.92%	440,209	3.49%	\$0.48	261,893	162,319	332,371	575,291
Pico Rivera	196	10,062,066	18,111	0	565,974	5.62%	845,193	8.40%	\$0.49	14,175	(181,312)	135,155	386,208
South Gate	230	10,779,273	0	0	466,657	4.33%	623,231	5.78%	\$0.43	(12,017)	213,126	93,754	357,559
Vernon	738	39,322,416	0	314,382	1,359,974	3.46%	2,611,179	6.64%	\$0.45	140,408	(551,936)	491,863	1,724,000
Total	7,915	276,280,624	112,883	2,093,403	9,859,302	3.57%	17,772,045	6.43%	\$0.55	1,845,197	(134,226)	6,543,916	14,174,080
Mid Counties													
Artesia/Cerritos	287	13,605,119	0	0	689,485	5.07%	1,259,151	9.25%	\$0.62	(446)	248,062	234,428	1,112,578
Bellflower/Downey	206	6,153,595	0	0	291,148	4.73%	462,347	7.51%	\$0.60	(130,705)	(107,735)	8,513	148,810
Buena Park/La Palma	240	15,498,746	0	0	605,705	3.91%	973,468	6.28%	\$0.67	(4,763)	(105,370)	178,517	583,184
La Mirada	188	12,809,092	0	39,985	1,003,970	7.84%	2,368,847	18.49%	\$0.55	8,133	(20,394)	35,788	959,849
Norwalk	81	3,014,188	0	0	228,677	7.59%	406,547	13.49%	\$0.61	(72,164)	(47,155)	5,836	37,928
Paramount	368	9,137,834	0	0	352,887	3.86%	535,449	5.86%	\$0.65	(52,465)	(222,515)	98,538	259,598
Santa Fe Springs	1,316	51,443,418	0	318,911	2,346,155	4.56%	4,026,860	7.83%	\$0.55	226,096	27,670	716,059	2,352,757
Whittier	199	4,952,758	0	0	59,026	1.19%	250,880	5.07%	\$0.46	205,775	229,160	249,054	417,901
Total	2,885	116,614,750	0	358,896	5,577,053	4.78%	10,283,549	8.82%	\$0.60	179,461	1,723	1,526,733	5,872,605
San Gabriel Valley													
Alhambra	117	2,819,298	0	28,000	51,559	1.83%	101,059	3.58%	\$0.59	98,414	87,890	115,532	150,212
Arcadia/Temple City	137	2,393,159	0	20,000	84,198	3.52%	73,199	3.06%	\$0.76	16,347	(13,512)	30,930	63,690
Azusa	233	5,979,498	0	0	82,005	1.37%	477,118	7.98%	\$0.36	22,715	79,434	96,930	236,405
Baldwin Park	246	4,781,885	0	0	175,903	3.68%	168,581	3.53%	\$0.62	4,038	31,486	50,238	244,318
City of Industry/DB/HH/RH	1,098	69,987,546	264,900	595,409	4,716,615	6.74%	7,633,720	10.91%	\$0.58	610,785	1,197,525	1,472,136	6,636,411
Covina/West Covina	189	3,538,020	0	0	134,273	3.80%	231,484	6.54%	\$0.59	(11,266)	(4,935)	4,270	131,698
Duarte	87	2,018,654	0	0	121,134	6.00%	176,855	8.76%	\$0.65	(39,986)	(69,172)	17,850	84,825
El Monte	283	8,190,061	0	45,035	738,892	9.02%	904,208	11.04%	\$0.34	(291,272)	(464)	99,207	699,568
Irwindale	239	10,609,748	0	190,667	189,808	1.79%	491,083	4.63%	\$0.57	212,498	362,132	264,504	663,990
La Puente	88	2,141,998	0	54,785	130,876	6.11%	137,670	6.43%	\$0.60	(85,028)	(112,702)	60,258	99,169
La Verne/San Dimas/Glendora	331	7,772,149	0	590,492	497,950	6.41%	706,255	9.09%	\$0.63	(24,143)	(13,821)	102,330	298,103
Monrovia	207	3,451,058	0	0	72,111	2.09%	144,629	4.19%	\$0.89	49,664	(7,540)	112,454	207,786
Pomona/Claremont	637	18,400,105	0	403,190	916,415	4.98%	2,169,210	11.79%	\$0.46	77,911	571,814	217,863	1,255,460
Rosemead/San Gabriel	118	2,643,047	0	0	33,554	1.27%	165,604	6.27%	\$0.33	51,732	(13,204)	52,922	67,551
South El Monte	708	9,875,948	0	104,000	206,739	2.09%	397,794	4.03%	\$0.58	201,198	189,502	298,828	780,201
Walnut	206	6,503,784	0	0	128,381	1.97%	258,196	3.97%	\$0.66	46,449	110,656	102,274	337,313
Total	4,924	161,105,958	264,900	2,011,578	8,280,413	5.14%	14,236,665	8.84%	\$0.54	940,056	2,395,089	3,098,526	11,956,700
South Bay													
Carson	544	36,101,111	0	142,053	1,220,862	3.38%	2.701.704	7.48%	\$0.62	300.947	1,161,882	797.119	3,197,058
Compton	467	23,816,172	0	0	1,505,995	6.32%	1,878,159	7.89%	\$0.51	56,642	5,687	500,526	1,796,548
El Segundo	203	10,999,566	0	0	266,104	2.42%	405,418	3.69%	\$1.10	(500)	(741)	8,500	97,346
Gardena	1,190	28,630,575	0	106,026	1,206,267	4.21%	1,691,003	5.91%	\$0.61	(187,230)	(105,120)	257,267	1,459,096
Harbor City	88	1,876,501	0	0	28,569	1.52%	26,112	1.39%	\$0.69	(3,038)	27,894	8,733	56,239
Hawthorne	249	8,098,723	0	0	474,801	5.86%	967,539	11.95%	\$0.71	180,504	755	196,547	480,424
Inglewood	233	5,095,470	0	0	193,607	3.80%	231,262	4.54%	\$0.88	(1,085)	24,142	62,153	245,004
Lakewood/Hawaiian Gardens	21	752,485	0	25,000	23,473	3.12%	47,789	6.35%	\$0.69	0	500	22,973	23,473
Lawndale	27	323,854	0	0	5,855	1.81%	5,855	1.81%	\$1.00	1,450	(55)	2,900	8,800
Long Beach/Terminal Island	774	21,996,161	99,800	599,383	2,084,349	9.48%	2,301,881	10.46%	\$0.51	123,340	574,798	353,750	1,140,854
Lynwood	83	4,216,029	0	0	64,740	1.54%	136,226	3.23%	\$0.34	(23,221)	11,975	17,519	61,334
Rancho Dominguez	251	15,920,967	0	0	1,103,085	6.93%	1,246,633	7.83%	\$0.49	(64,562)	(264,319)	292,371	1,054,173
Redondo & Hermosa Beach	43	2,279,279	0	0	78,210	3.43%	105,660	4.64%	\$0.00	(38,201)	90,129	40,009	171,125
San Pedro	44	2,800,385	0	0	418,166	14.93%	468,666	16.74%	\$0.70	(2,422)	(399,994)	0	16,890
Signal Hill	188	3,421,686	0	0	95,463	2.79%	126,294	3.69%	\$0.77	38,393	147,502	74,041	298,108
Torrance	638	26,830,796	0	261,361	1,986,606	7.40%	2,581,549	9.62%	\$0.64	(59,516)	(271,876)	622,473	1,208,401
Wilmington	146	4,256,593	0	0	272,435	6.40%	133,942	3.15%	\$0.45	19,310	(201,453)	26,320	64,588
Total	5,189	197,416,353	99,800	1,133,823	11,028,587	5.59%	15,055,692	7.63%	\$0.57	340,811	801,706	3,283,201	11,379,461
os Angeles Total	20,913	751,417,685	477,583	5,597,700	34,745,355	4.62%	57,347,951	7.63%	\$0.56	3,305,525	3,064,292	14,452,376	43,382,846
5,000-24,999	13,428	166,146,474	26,111	54,959	6,530,977	3.93%	10,754,866	6.47%	\$0.66	677,884	(49,993)	3,318,638	9,629,446
	3,734	129,750,131	0	839,995	4,697,407	3.62%	8,577,243	6.61%	\$0.59	73,299	554,968	1,849,530	6,562,664
25.000-49.999	2,212	150,507,177	186,572	813,337	6,248,088	4.15%	9,880,813	6.57%	\$0.59	509,412	671,199	1,980,353	8,023,037
25,000-49,999 50,000-99,999				010,001	0,2 10,000	1.1070	0,000,010	0.01 /0	Ψ0.07	000,712	0,1,100	1,000,000	0,020,001
50,000-99,999				1 905 631	9 441 804	5 18%	16 775 006	9 21%	\$0.49	1 654 046	1 479 822	3 982 229	11 808 363
50,000-99,999 100,000-249,999	1,240	182,190,095	0	1,905,631 1.363.778	9,441,804 3.642.792	5.18% 4.63%	16,775,006 7.266.650	9.21% 9.23%	\$0.49 \$0.42	1,654,046 390.884	1,479,822 490,289	3,982,229 1.436.627	
50,000-99,999				1,905,631 1,363,778 620,000	9,441,804 3,642,792 4,184,287	5.18% 4.63% 9.49%	16,775,006 7,266,650 4,093,373	9.21% 9.23% 9.28%	\$0.49 \$0.42 \$0.49	1,654,046 390,884 0	1,479,822 490,289 (81,993)	3,982,229 1,436,627 1,884,999	11,808,363 3,219,764 4,139,572

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

GREATER LOS ANGELES / INDUSTRIAL MARKET REPORT / FOURTH QUARTER 2012

RECENT TRANSACTIONS								
Sales Transactions Property Address	City	Square Feet	Sale Price	Buyer	Seller			
17300 Marquardt Ave. – 23 Properties	Cerritos	857,973	\$97.32	TIAA-CREF	TA/Western, LLC			
5301-5305 Rivergrade Rd. – 2 Properties	Irwindale	661,429	\$65.77	LBA Realty	The Realty Associates Fund V, LP			
3300-3430 Garfield Ave. – 5 Properties	Commerce	545,299	\$96.09	Terreno Realty, LLC	Westcore Properties			
16501-16509 Trojan Way	La Mirada	497,620	\$127.00	Duke Realty, LP	McGranahan Carlson & Company			
500 Crenshaw Blvd.	Torrance	454,800	\$53.73	Cornerstone Real Estate Advisors	Xebec Realty Partners			
2120 E. University Dr. – 9 Properties	Compton	432,361	\$96.51	Alere Property Group, LLC	Prudential Real Estate Investors			
Lease Transactions	City	Square Foot	Transportion Data	Topant	Owner			

Lease Transactions Property Address	City	Square Feet	Transaction Date	Tenant	Owner
15930 Valley Blvd.	City of Industry	619,200	Aug-12	Amerifreight, Inc.	Fisch Properties, LP
20002 E. Business Pkwy.	City of Industry	500,000	Feb-12	Acme Furniture	Majestic Realty
5301-5305 Rivergrade Rd. – Renewal	Irwindale	486,406	0ct-12	Warnaco Group, Inc.	LBA Realty
5959 Randolph St.	Commerce	400,169	Jun-12	OnTrac	Western Realco
5777 Smithway St. – Renewal	Commerce	273,000	Jan-12	Ernest Paper	5777 Smithway Commerce, LLC

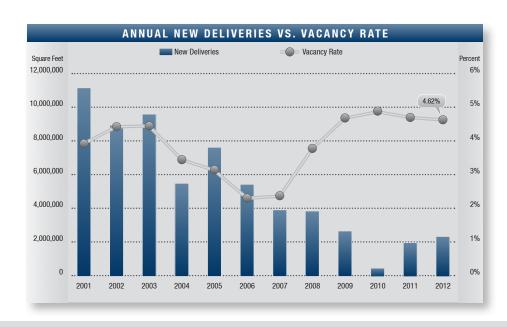
Product Type

MFG./DIST.

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