



Industrial Market Report

Compared to 2011:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

UP

Transactions

UP

Deliveries

UP

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

www.voitco.com

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

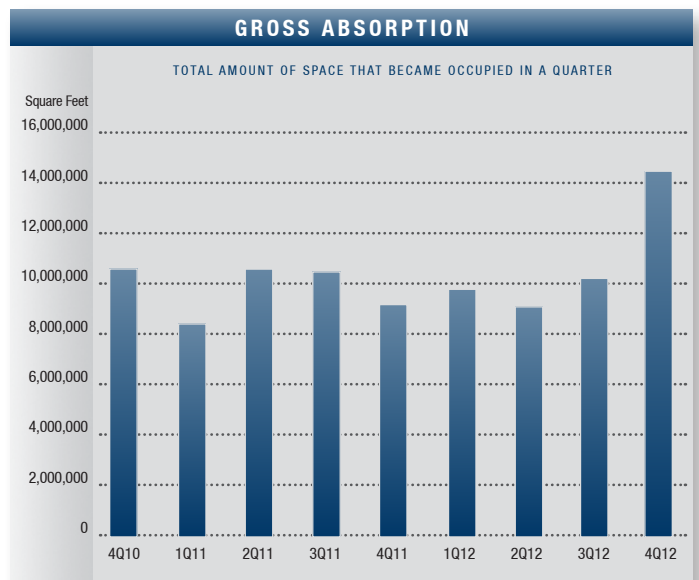
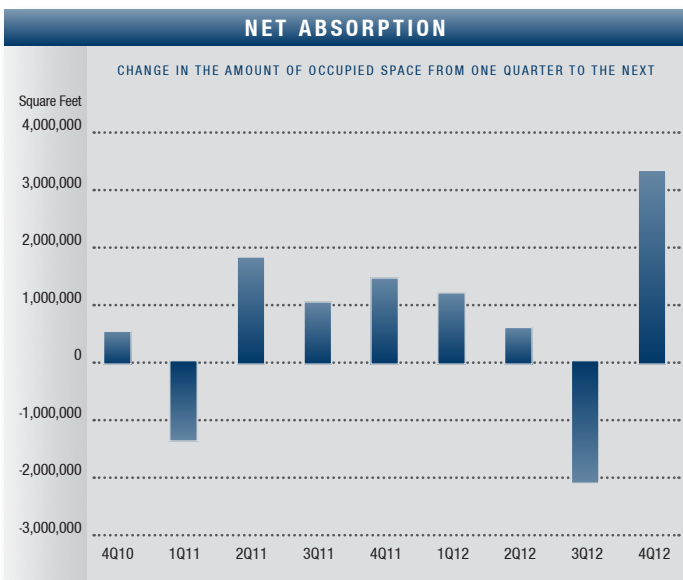
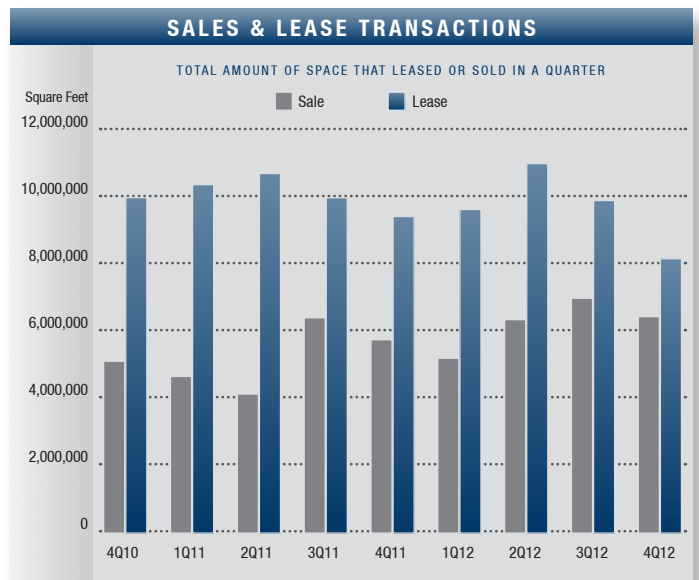
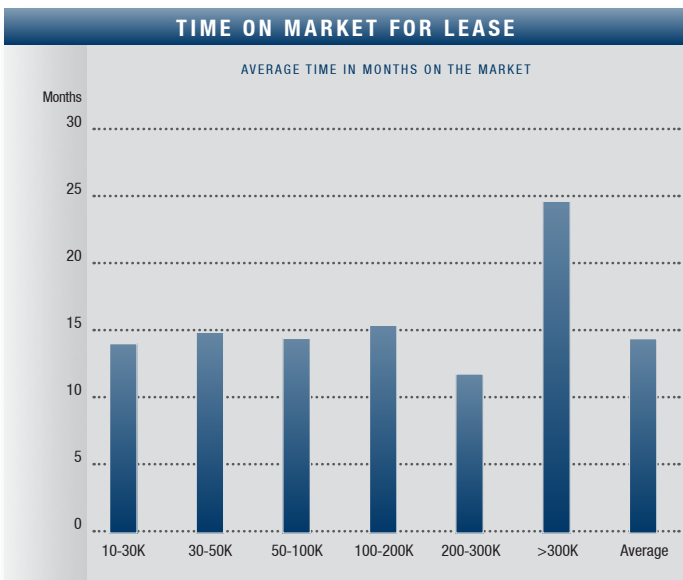
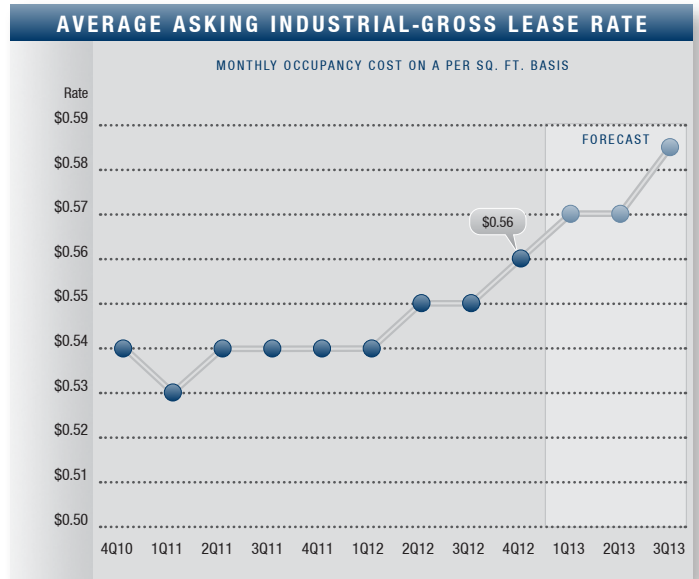
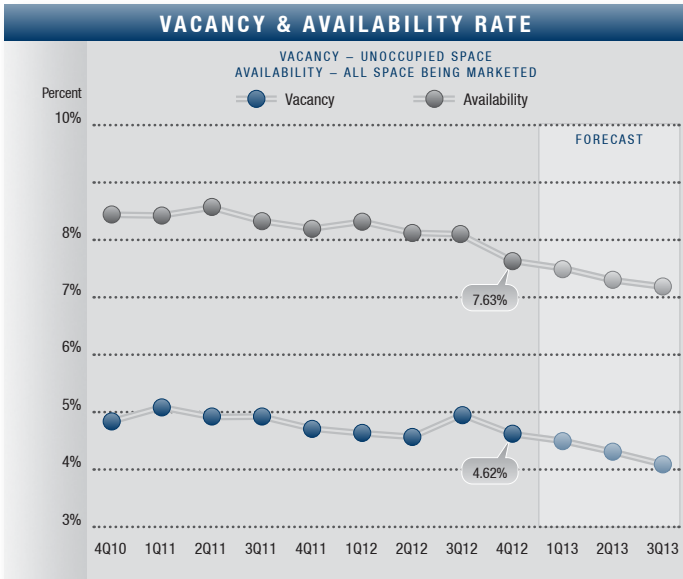
VOIT Real Estate Services — Lic.#01333376

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.
- 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.
- 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.
- 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 ANGELES MARKET OVERVIEW

	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



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

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	Oct-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

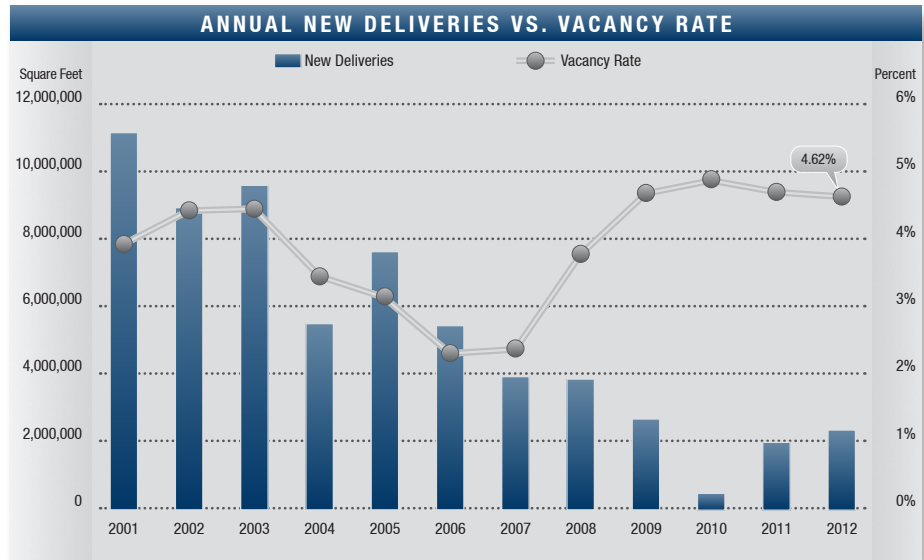
Product Type

MFG./DIST.

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.