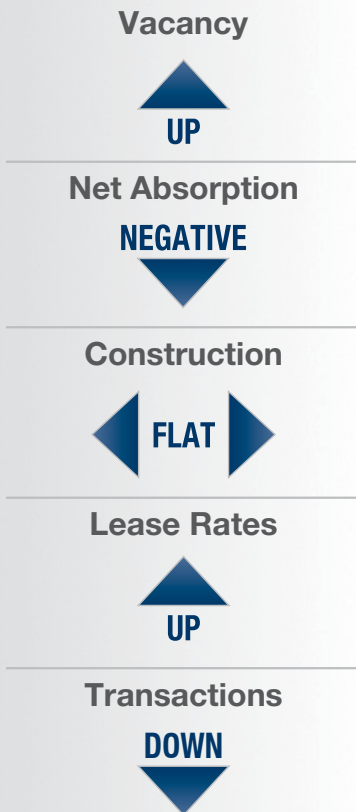




Industrial Market Report

Compared to the Previous Quarter:



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Market Highlights

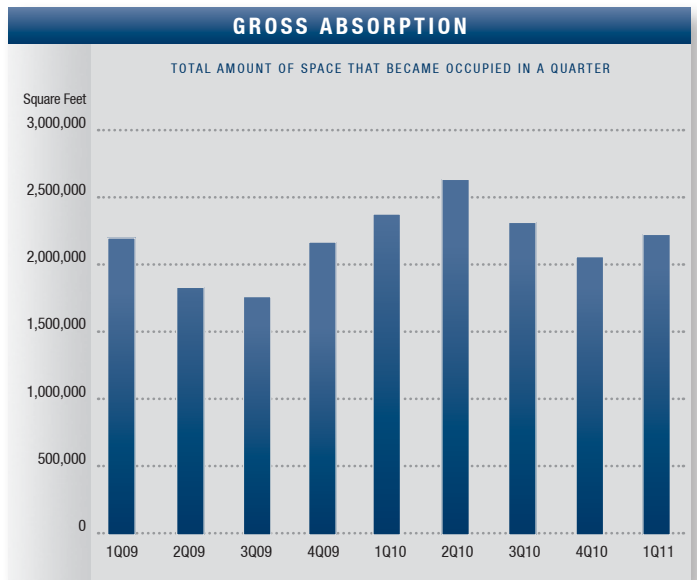
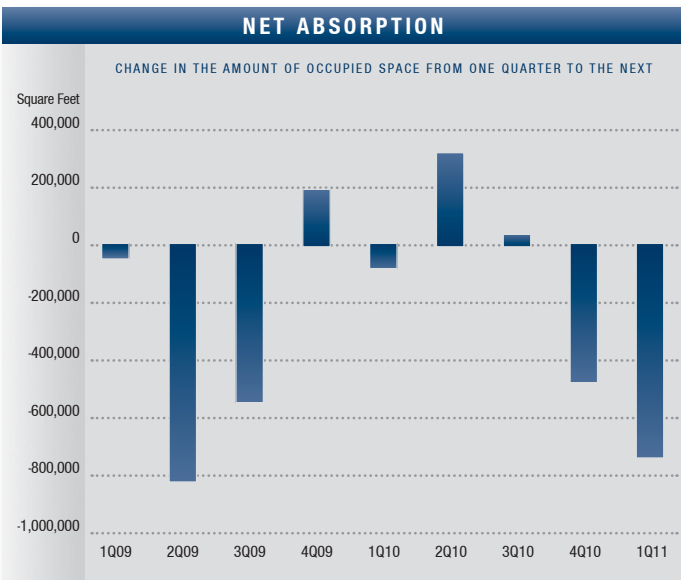
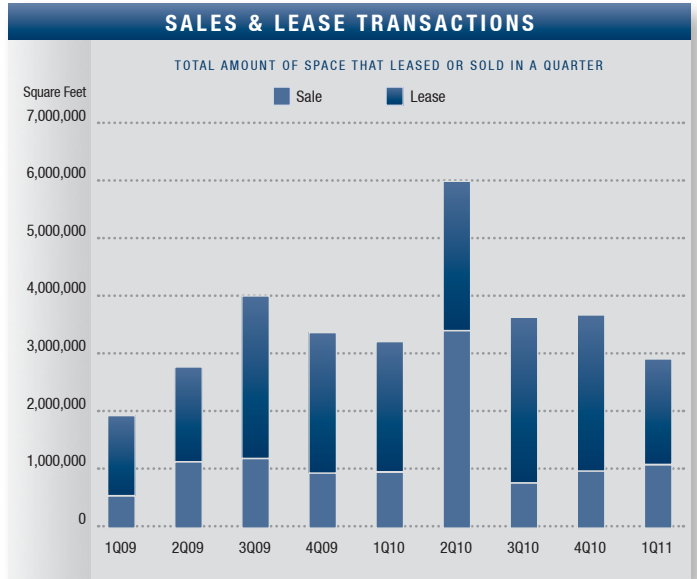
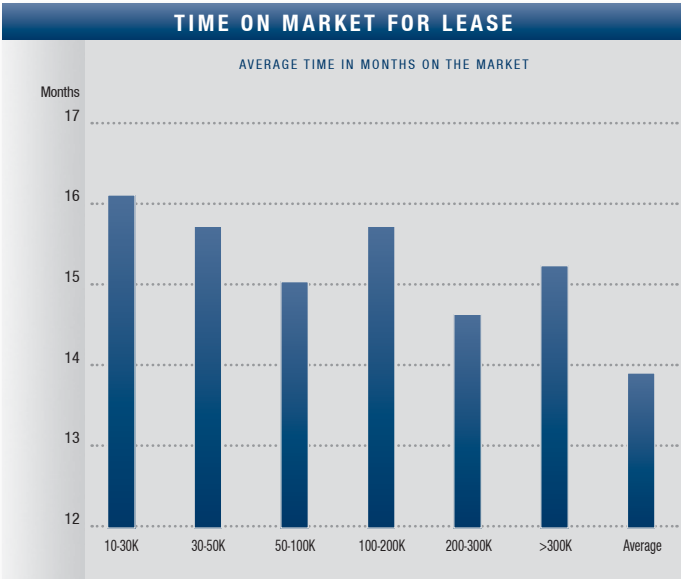
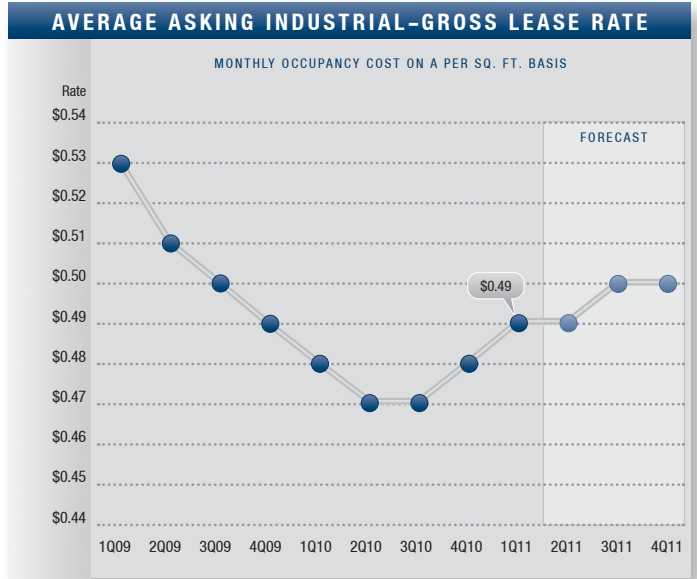
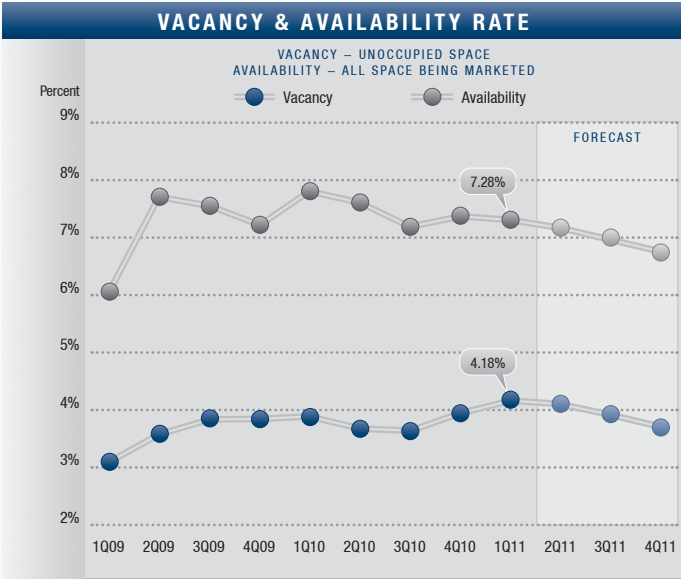
- Encouraging Numbers** - 2011's first quarter numbers were encouraging – a sign that recovery could be on the horizon. Availability showed indications of stabilization. Although demand was still weak by historical standards, the volume of transactions increased in the second quarter of 2010. With regard to sales transactions, the ask-bid gap narrowed, evident from the drop in asking prices and increase in buyer activity. While these are positive indications, stability will need to be sustained in coming quarters to be considered recovery.
- Construction** - There was only 37,640 square feet of industrial projects under construction in the Central Los Angeles industrial market in the first 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 4.18%, which is higher than 2010's first quarter rate of 3.81%. The Commerce and Vernon submarkets, which represent approximately two thirds of the Central Los Angeles industrial market, posted vacancy rates of 6.85% and 2.98%, respectively.
- Availability** - Direct/sublease space being marketed was 7.28% in the first quarter of 2011, lower than the previous quarter's rate of 7.38% and a 6.31% decrease from the 7.77% we saw in the first quarter of 2010. This 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 industrial-gross lease rate was \$.49 cents per square foot per month in the first quarter, one cent higher than the previous quarter's average asking rate and the same as 2010's first quarter asking rate.
- Absorption** - The Central Los Angeles industrial market posted 740,685 square feet of negative net absorption in the first quarter of 2011, giving the market an average of approximately 185,000 square feet of negative absorption

per quarter over the last five quarters. This negative absorption can be attributed to recent job losses; absorption will turn positive once job creation begins.

- Transaction Activity** - Leasing activity checked in at 1.8 million square feet – a decrease from the 2.3 million square feet seen in the first quarter of 2010. Sales activity showed a significant year-over-year increase, posting a total of 1.04 million square feet of activity compared to the 915,000 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 12.6% in February 2011, down from a revised 12.9% in January 2011 but above the 2010 estimate of 12.3%. This compares with an unadjusted unemployment rate of 12.2% for California and 8.9% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County gained 40,200 payroll jobs between February 2010 and February 2011 – 22,900 of which were in professional and business services. However, government showed a year-over-year loss of 21,000 jobs. Between January 2011 and February 2011, Los Angeles County employment increased overall by 44,800 jobs to reach a total of 3,780,000 jobs.
- Overall** - We are beginning to see a decrease in the amount of available space being added per quarter, as well as an increase in investment sales activity. With no new deliveries to apply 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. As unemployment rates drop and consumer confidence stabilizes, the Los Angeles Central industrial market will regain equilibrium.

LOS ANGELES CENTRAL MARKET OVERVIEW

	1Q2011	4Q2010	1Q2010	% Change vs. 1Q2010
Vacancy Rate	4.18%	3.89%	3.81%	9.71%
Availability Rate	7.28%	7.38%	7.77%	(6.31%)
Average Asking Lease Rate	\$0.49	\$0.48	\$0.48	2.08%
Sale & Lease Transactions	2,852,167	3,681,137	3,189,864	(10.59%)
Gross Absorption	2,209,382	2,051,674	2,369,206	(6.75%)
Net Absorption	(740,685)	(474,063)	(76,403)	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 1Q2011	Square Feet Available	Availability Rate 1Q2011	Average Asking Lease Rate	Net Absorption 1Q2011	Net Absorption 2011	Gross Absorption 1Q2011	Gross Absorption 2011
Commerce Submarket													
10,000 – 29,999	644	11,712,520	0	53,631	468,512	4.00%	968,093	8.27%	\$0.51	6,608	6,608	130,073	130,073
30,000 – 49,999	272	10,369,074	0	0	283,810	2.74%	942,170	9.09%	\$0.42	(73,817)	(73,817)	61,855	61,855
50,000 – 99,999	215	14,643,740	0	149,000	767,653	5.24%	1,264,124	8.63%	\$0.46	134,986	134,986	250,647	250,647
100,000 – 199,999	129	18,332,854	0	0	1,089,286	5.94%	1,826,446	9.96%	\$0.36	102,911	102,911	264,354	264,354
200,000 – 299,999	41	9,644,590	0	0	874,696	9.07%	978,503	10.15%	\$0.43	(325,749)	(325,749)	9,015	9,015
300,000 Plus	32	12,558,211	0	0	1,805,950	14.38%	1,756,162	13.98%	\$0.25	(327,809)	(327,809)	157,810	157,810
Total	1,333	77,260,989	0	202,631	5,289,907	6.85%	7,735,498	10.01%	\$0.41	(482,870)	(482,870)	873,754	873,754
Downtown Submarket													
10,000 – 29,999	1,610	26,868,286	0	50,732	786,511	2.93%	1,541,970	5.74%	\$0.68	(80,872)	(80,872)	231,080	231,080
30,000 – 49,999	388	14,669,845	0	33,993	732,124	4.99%	1,104,255	7.53%	\$0.55	(52,263)	(52,263)	148,644	148,644
50,000 – 99,999	323	21,626,412	0	0	705,044	3.26%	1,735,801	8.03%	\$0.52	101,300	101,300	192,942	192,942
100,000 – 199,999	88	11,174,755	0	0	316,769	2.83%	592,944	5.31%	\$0.43	(151,931)	(151,931)	44,107	44,107
200,000 – 299,999	11	2,790,650	0	0	81,645	2.93%	369,324	13.23%	\$0.30	0	0	0	0
300,000 Plus	14	8,392,949	0	0	1,500	0.02%	51,500	0.61%	\$0.00	0	0	0	0
Total	2,434	85,522,897	0	84,725	2,623,593	3.07%	5,395,794	6.31%	\$0.56	(183,766)	(183,766)	616,773	616,773
Vernon Submarket													
10,000 – 29,999	786	13,763,515	0	33,090	352,436	2.56%	869,973	6.32%	\$0.52	35,745	35,745	170,758	170,758
30,000 – 49,999	344	13,196,114	37,640	82,821	204,770	1.55%	812,055	6.15%	\$0.50	(39,376)	(39,376)	43,250	43,250
50,000 – 99,999	330	22,551,581	0	233,035	1,032,846	4.58%	1,642,237	7.28%	\$0.50	(78,577)	(78,577)	111,844	111,844
100,000 – 199,999	143	19,165,955	0	100,800	554,516	2.89%	1,144,521	5.97%	\$0.48	198,735	198,735	224,939	224,939
200,000 – 299,999	45	10,657,101	0	213,000	573,464	5.38%	919,720	8.63%	\$0.46	(190,576)	(190,576)	168,064	168,064
300,000 Plus	23	12,818,886	0	0	27,500	0.21%	27,500	0.21%	\$0.23	0	0	0	0
Total	1,671	92,153,152	37,640	662,746	2,745,532	2.98%	5,416,006	5.88%	\$0.49	(74,049)	(74,049)	718,855	718,855
LA Central Total													
10,000 – 29,999	3,040	52,344,321	0	137,453	1,607,459	3.07%	3,380,036	6.46%	\$0.59	(38,519)	(38,519)	531,911	531,911
30,000 – 49,999	1,004	38,235,033	37,640	116,814	1,220,704	3.19%	2,858,480	7.48%	\$0.49	(165,456)	(165,456)	253,749	253,749
50,000 – 99,999	868	58,821,733	0	382,035	2,505,543	4.26%	4,642,162	7.89%	\$0.46	157,709	157,709	555,433	555,433
100,000 – 199,999	360	48,673,564	0	100,800	1,960,571	4.03%	3,563,911	7.32%	\$0.41	149,715	149,715	533,400	533,400
200,000 – 299,999	97	23,092,341	0	213,000	1,529,805	6.62%	2,267,547	9.82%	\$0.44	(516,325)	(516,325)	177,079	177,079
300,000 Plus	69	33,770,046	0	0	1,834,950	5.43%	1,835,162	5.43%	\$0.24	(327,809)	(327,809)	157,810	157,810
Total	5,438	254,937,038	37,640	950,102	10,659,032	4.18%	18,547,298	7.28%	\$0.49	(740,685)	(740,685)	2,209,382	2,209,382

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
6905 Acco St.	Montebello	121,079	\$42.29	Ryzman Family Trust	Stewart Default Services
6330 Alameda St.	Huntington Park	90,000	\$27.78	Core European Equity Fund, LLC	Smith Family Trust
1474 N. Indiana St.	Los Angeles	74,896	\$46.73	174 Indiana, LLC	GAHA Fund I, LLC
1601 Perrino Pl.	Los Angeles	63,571	\$86.52	MXF Perrino, LLC	1601 Perrino, LLC
5651 W. 96th St.	Los Angeles	57,005	\$163.14	China Airlines, Ltd.	Aquila 8, LLC
3251 Leonis Blvd.	Vernon	44,460	\$67.59	Yang Family Trust	FFI Properties, Inc.

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
5804-5874 E. Slauson Ave.	City of Commerce	622,216	Mar-11	99 Cents Only	ING Clarion Partners, LLC
825 S. Vale Ave.	Montebello	401,033	Mar-11	Four Seasons General Merchandise	Montebello Industrial Building
2100 Yates Ave. – Renewal	Montebello	374,370	Mar-11	Amcor	Prologis
1501-1519 Greenwood Ave.	Montebello	246,181	Mar-11	Zenana	Prologis
4507 Maywood Ave.	Vernon	137,307	Feb-11	United Pacific Distributors	Prologis
5215 S. Boyle Ave.	Vernon	84,340	Feb-11	Entrada Collections	AMB Property Corporation

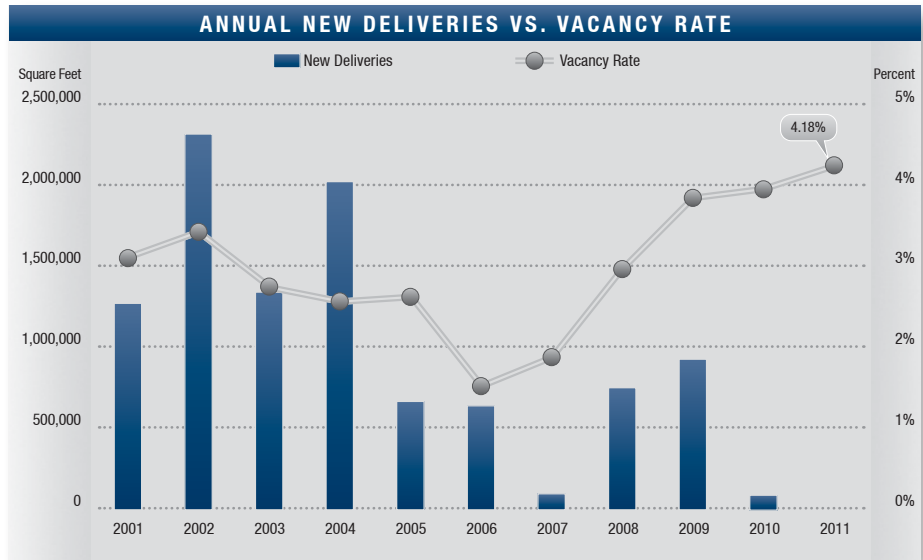
Product Type

MFG./DIST.

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

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