



Industrial Market Report

Compared to 2009:



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Prepared by:

Jerry J. Holdner, Jr. – Lic.#01145748

Vice President of Market Research

VOIT Real Estate Services – Lic.#01333376

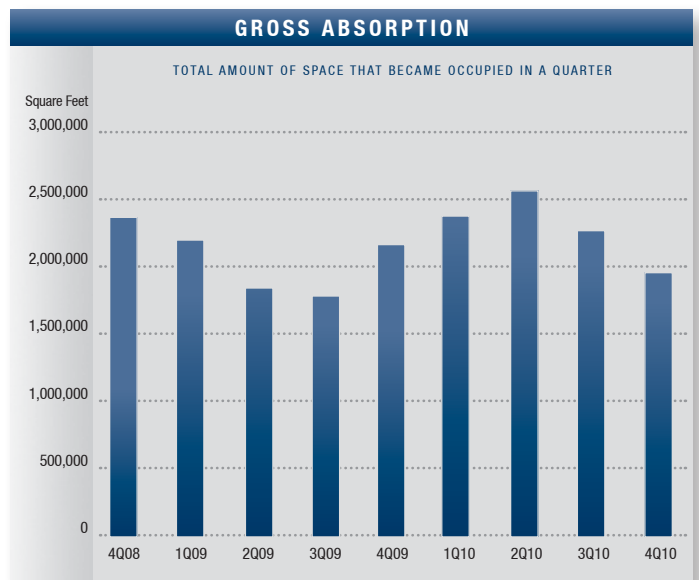
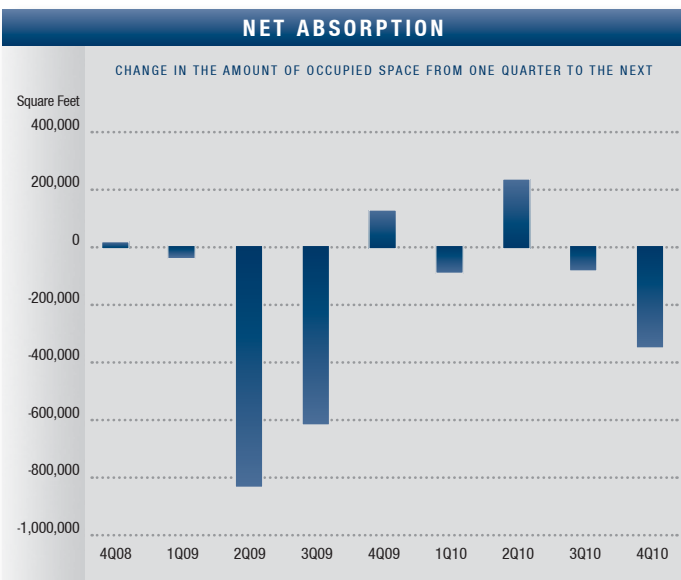
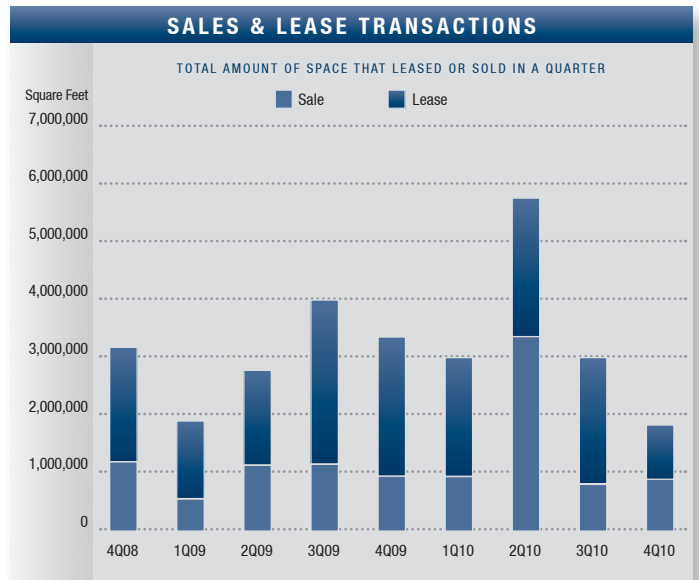
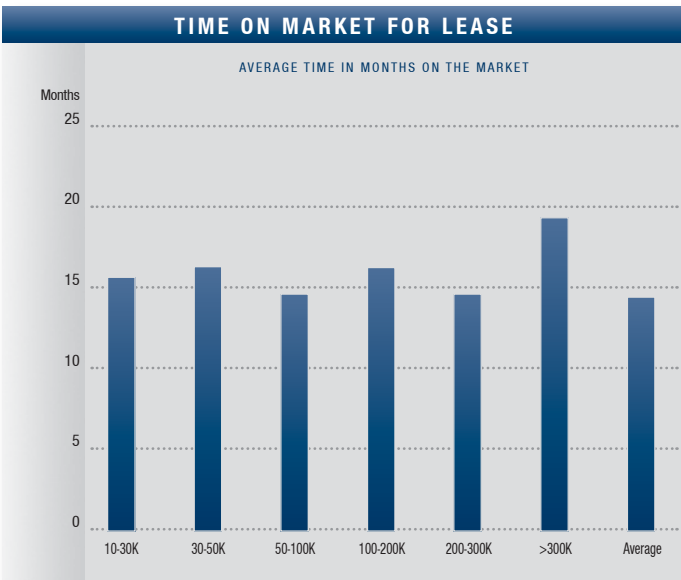
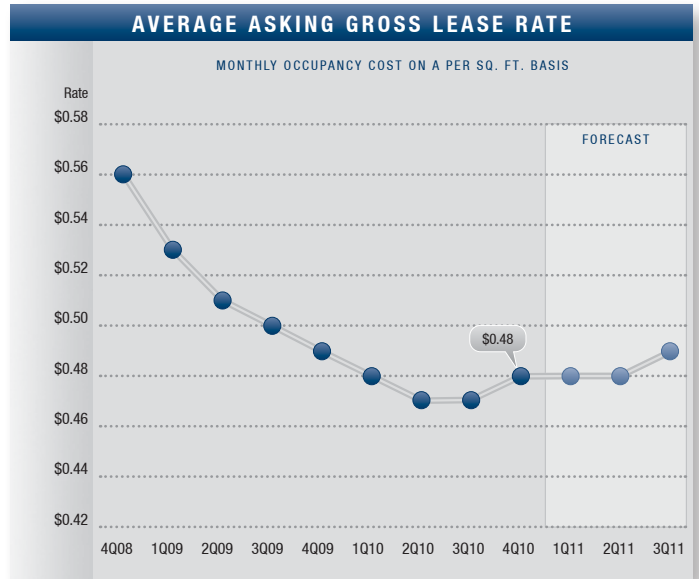
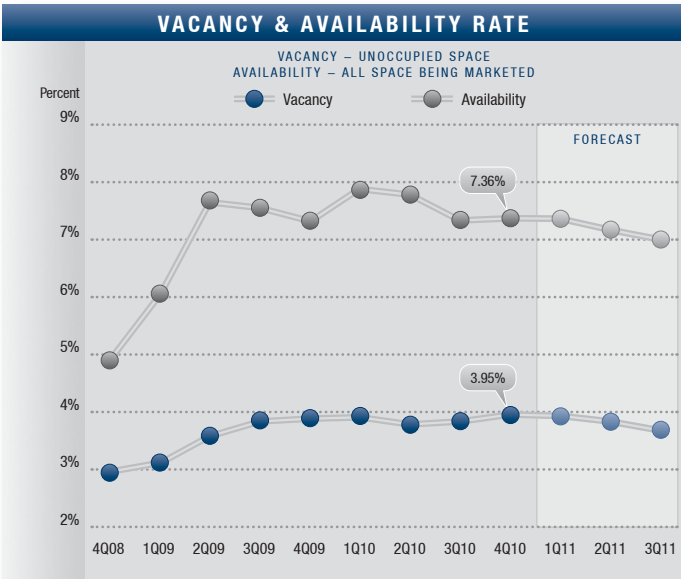
e-mail: jholdner@voitco.com

Market Highlights

- Bottoming Out?** - The numbers were encouraging — a sign that recovery could be on the horizon. Availability and vacancy showed signs of stabilization, and net absorption posted a small negative number. Although demand was still weak by historical standards, the volume of transactions increased in 2010. With regards 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 fourth quarter of 2010. 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 year at 3.95%, which is about the same as it was a year ago when it was 3.84%. The Commerce and Vernon submarkets, which represent approximately two thirds of the Central Los Angeles Industrial market, posted a vacancy rate of 6.36% and 2.92% respectively.
- Availability** - Direct/sublease space being marketed was 7.36% in the fourth quarter, lower than the previous quarter's rate of 7.33% and a 0.68% increase from the 7.31% we saw in 2009.
- Lease Rates** - The average asking triple net lease rate was \$.48 cents per square foot per month at the end of 2010. This is one cent higher than the third quarter's average asking rate and a decrease of 2.04% when compared to 2009's asking rate of \$.49.
- Absorption** - Net absorption for Central Los Angeles posted a negative 286,388 square feet for 2010, giving the industrial market an average of about 31,938 square feet of negative absorption per quarter for 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 7.57 million square feet for 2010. This increase can be attributed to the recent trend of short-term deals coupled with lease renegotiations. Sales activity showed a significant increase over 2009, posting a total of 5.9 million square feet of activity compared to the 3.6 million square feet transacted in 2009. Details of the largest transactions can be found on the back page of this report.
- Employment** - The unemployment rate in Los Angeles County was 12.9% in November 2010, up from a revised 12.6% in October 2010, and was above the 2009 estimate of 12.3%. This compares with an unadjusted unemployment rate of 12.4% for California and 9.8% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County lost 14,900 payroll jobs between November 2009 and November 2010 — 16,200 in government and 9,500 in manufacturing. However, information showed a year-over-year gain of 17,600 jobs. Between October 2010 and November 2010, Los Angeles County employment increased by 16,500 jobs to reach a total of 3,790,500 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. Negative absorption is slowing, and with no new deliveries to put more upward pressure on vacancies, 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 Industrial market will recover.

LOS ANGELES CENTRAL MARKET OVERVIEW

	2010	2009	2008	% CHANGE vs. 2009
Vacancy Rate	3.95%	3.84%	2.96%	2.86%
Availability Rate	7.36%	7.31%	4.93%	0.68%
Average Asking Lease Rate	\$0.48	\$0.49	\$0.56	(2.04%)
Sale & Lease Transactions	13,483,017	11,938,233	11,765,836	12.94%
Gross Absorption	9,134,582	7,995,143	8,143,653	14.25%
Net Absorption	(286,388)	(1,366,130)	(2,003,567)	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 4Q2010	Square Feet Available	Availability Rate 4Q2010	Average Asking Lease Rate	Net Absorption 4Q2010	Net Absorption 2010	Gross Absorption 4Q2010	Gross Absorption 2010
Commerce Submarket													
10,000 – 29,999	643	11,673,073	0	53,631	487,187	4.17%	947,343	8.12%	\$0.51	(1,528)	(143,995)	74,511	400,981
30,000 – 49,999	271	10,326,571	0	0	219,555	2.13%	761,405	7.37%	\$0.44	50,236	231,730	95,830	494,295
50,000 – 99,999	218	14,854,816	0	149,000	902,639	6.08%	1,122,588	7.56%	\$0.38	(144,178)	(238,586)	167,775	777,865
100,000 – 199,999	129	18,332,854	0	0	1,290,120	7.04%	1,891,923	10.32%	\$0.36	152,222	(304,744)	321,592	876,908
200,000 – 299,999	40	9,346,250	0	0	548,947	5.87%	1,208,502	12.93%	\$0.42	39,800	55,048	39,800	381,906
300,000+	32	12,501,590	0	0	1,453,841	11.63%	1,995,493	15.96%	\$0.41	(401,033)	(802,209)	0	2,556
Total	1,333	77,035,154	0	202,631	4,902,289	6.36%	7,927,254	10.29%	\$0.42	(304,481)	(1,202,756)	699,508	2,934,511
Downtown Submarket													
10,000 – 29,999	1,611	26,895,142	0	50,732	736,529	2.74%	1,437,471	5.34%	\$0.69	97,506	107,137	277,381	1,042,081
30,000 – 49,999	388	14,706,754	0	33,993	711,311	4.84%	1,198,326	8.15%	\$0.53	(37,480)	(54,325)	100,268	622,207
50,000 – 99,999	330	22,023,702	0	0	816,344	3.71%	1,620,035	7.36%	\$0.51	50,955	(76,357)	235,841	566,612
100,000 – 199,999	87	11,071,898	0	0	164,838	1.49%	512,615	4.63%	\$0.35	46,502	112,042	59,550	242,005
200,000 – 299,999	12	3,040,650	0	0	81,645	2.69%	369,324	12.15%	\$0.30	(9,160)	239,840	0	249,000
300,000+	15	8,792,949	0	0	1,500	0.02%	41,500	0.47%	\$0.00	0	1,000	0	1,000
Total	2,443	86,531,095	0	84,725	2,512,167	2.90%	5,179,271	5.99%	\$0.55	148,323	329,337	673,040	2,722,905
Vernon Submarket													
10,000 – 29,999	792	13,848,468	0	33,090	388,181	2.80%	917,991	6.63%	\$0.53	(63,344)	70,287	85,269	735,169
30,000 – 49,999	346	13,266,927	37,640	82,821	185,665	1.40%	785,666	5.92%	\$0.47	69,928	16,480	180,099	458,151
50,000 – 99,999	334	22,817,034	0	233,035	949,969	4.16%	1,923,701	8.43%	\$0.49	175,400	398,359	218,636	1,278,892
100,000 – 199,999	144	19,166,480	0	100,800	753,251	3.93%	1,256,301	6.55%	\$0.47	(341,777)	25,355	80,768	748,371
200,000 – 299,999	48	11,346,735	0	213,000	420,369	3.70%	880,741	7.76%	\$0.44	(34,572)	104,050	4,367	256,583
300,000+	23	12,818,886	0	0	27,500	0.21%	27,500	0.21%	\$0.23	0	(27,500)	0	0
Total	1,687	93,264,530	37,640	662,746	2,724,935	2.92%	5,791,900	6.21%	\$0.48	(194,365)	587,031	569,139	3,477,166
LA Central Total													
10,000 – 29,999	3,046	52,416,683	0	137,453	1,611,897	3.08%	3,302,805	6.30%	\$0.59	32,634	33,429	437,161	2,178,231
30,000 – 49,999	1,005	38,300,252	37,640	116,814	1,116,531	2.92%	2,745,397	7.17%	\$0.49	82,684	193,885	376,197	1,574,653
50,000 – 99,999	882	59,695,552	0	382,035	2,668,952	4.47%	4,666,324	7.82%	\$0.46	82,177	83,416	622,252	2,623,369
100,000 – 199,999	360	48,571,232	0	100,800	2,208,209	4.55%	3,660,839	7.54%	\$0.40	(143,053)	(167,347)	461,910	1,867,284
200,000 – 299,999	100	23,733,635	0	213,000	1,050,961	4.43%	2,458,567	10.36%	\$0.43	(3,932)	398,938	44,167	887,489
300,000+	70	34,113,425	0	0	1,482,841	4.35%	2,064,493	6.05%	\$0.41	(401,033)	(828,709)	0	3,556
Total	5,463	256,830,779	37,640	950,102	10,139,391	3.95%	18,898,425	7.36%	\$0.48	(350,523)	(286,388)	1,941,687	9,134,582

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
8457-8467 S Eastern Avenue – 3 Properties	Bell Gardens	263,402	\$58.85	Industrial Income Trust	Realty Associates Fund V, LP
1151-1155 S. Boyle Avenue	Los Angeles	108,000	\$136.57	Y.M.I. Jeanswear, Inc.	Dynamic Builders, Inc.
5215 S. Boyle Avenue – 4 Properties	Vernon	441,702	\$29.43	AMB Property Corporation	TriMas Corporation
306-330 N. Avenue 21 – 4 Properties	Los Angeles	98,504	\$126.90	Os Young-nak Presbyterian	Meruelo Maddux Properties, Inc.
4050 E. 26th Street – 3 Properties	Los Angeles	244,292	\$50.96	Rehrig Properties CA, LLC	Vernon Industrial Park, LLC
5000-5050 Pacific Boulevard – 4 Properties	Vernon	282,184	\$38.98	Xebec Realty Partners	Barry-Wehmiller Companies, Inc.

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
1444 S Alameda Street –Renewal	Los Angeles	354,809	August-10	GUESS?, Inc.	1444 Partners LTD
2929 E. 54th Street – Renewal	Vernon	216,949	Apr-10	Aerojet	AMB Property Corporation
5500 E Slauson Avenue	City of Commerce	139,857	July-10	Carrini, Inc.	AMB Property Corporation
6250-6270 Boyle Avenue	Vernon	133,444	September-10	Mirage Bottling	First Industrial Realty Trust, Inc.
3359 E. 50th Street	Vernon	131,752	May-10	Ambiance Apparel	In Y Noh
5000-5050 Pacific Boulevard	Vernon	128,951	July-10	Angelus Sanitary Can Company	Xebec Realty Partners

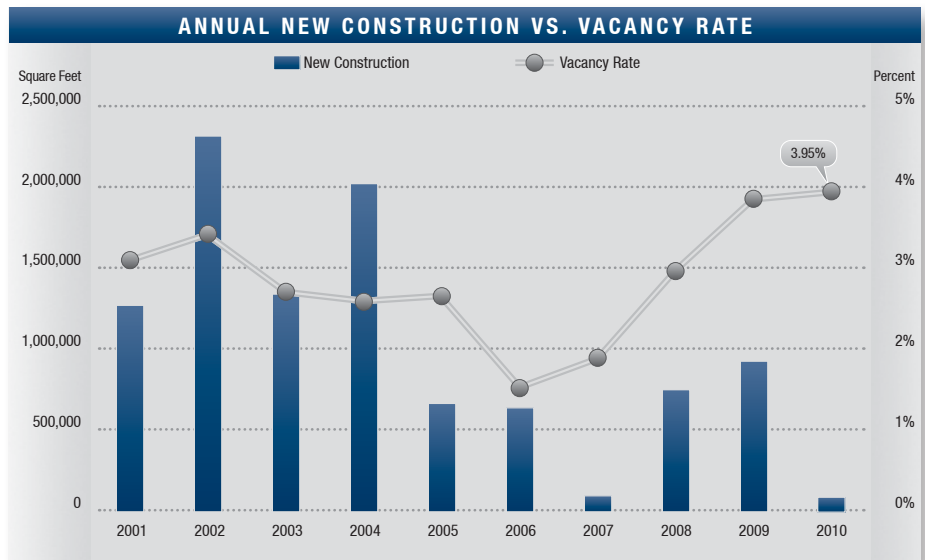
Product Type

MFG./DIST.

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

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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.