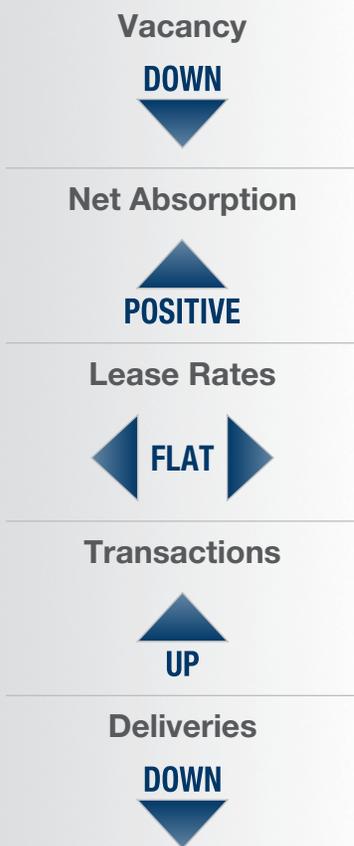




## Industrial Market Report

Compared to the Previous Quarter:



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### Market Highlights

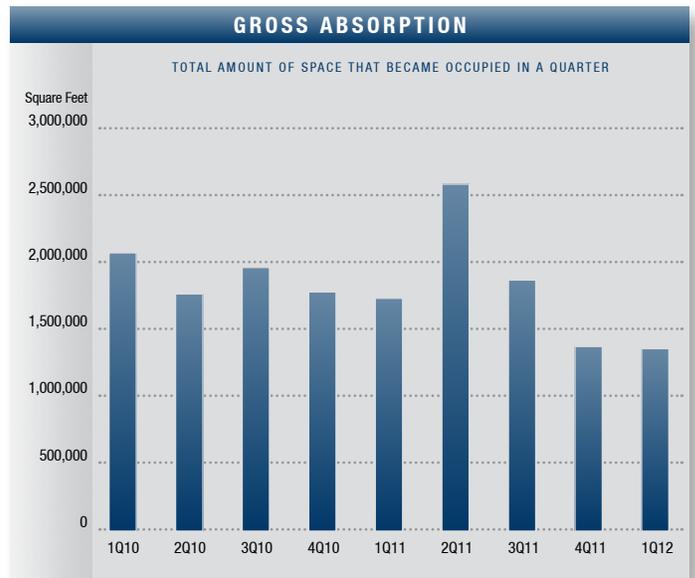
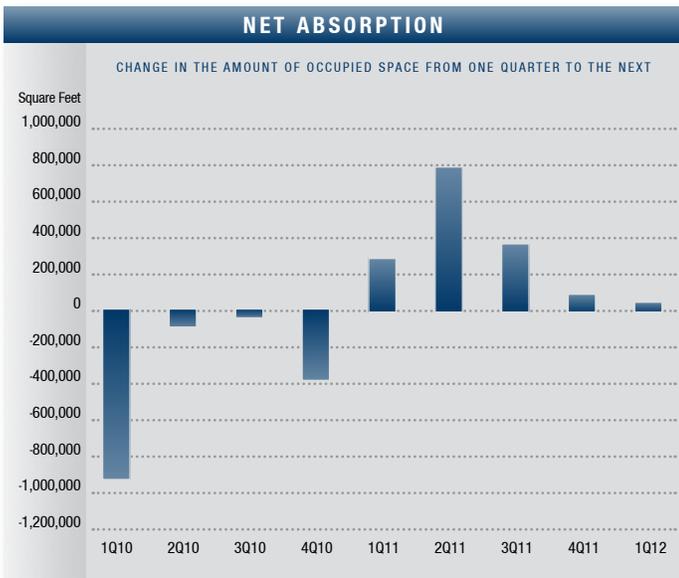
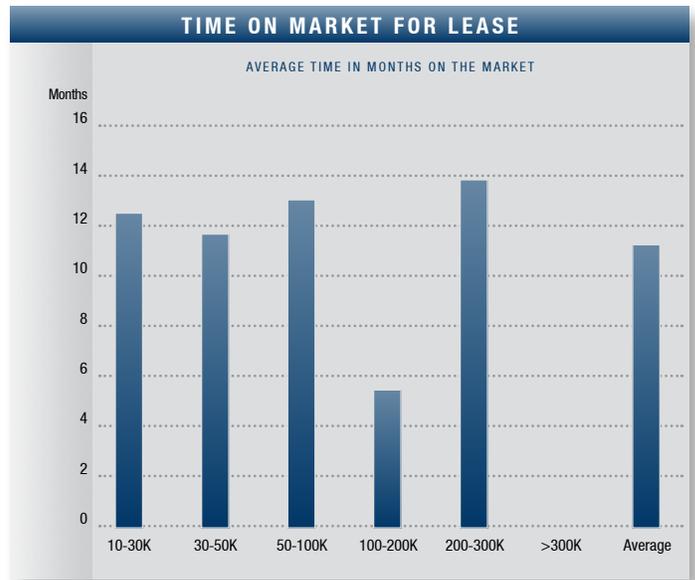
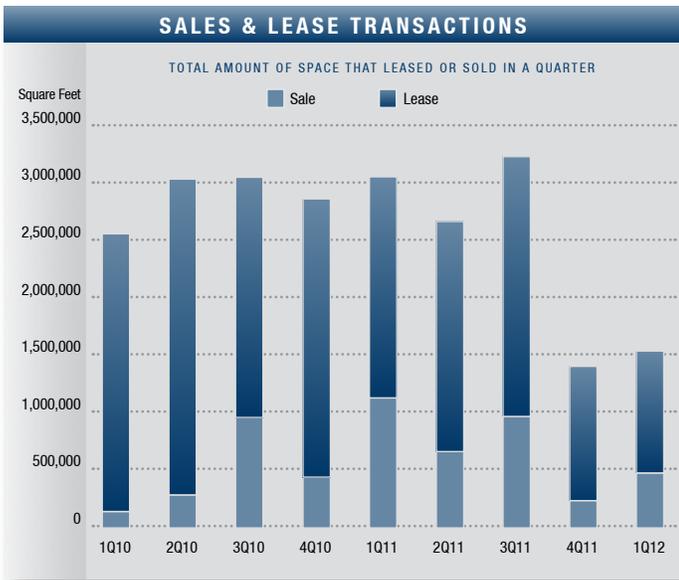
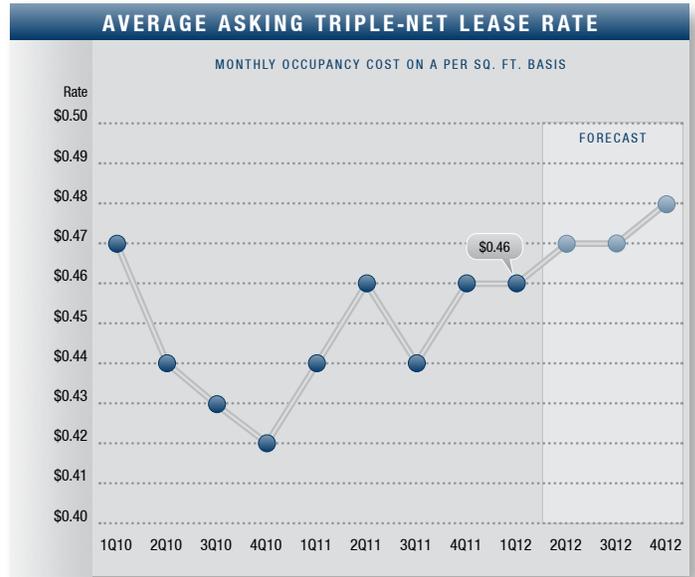
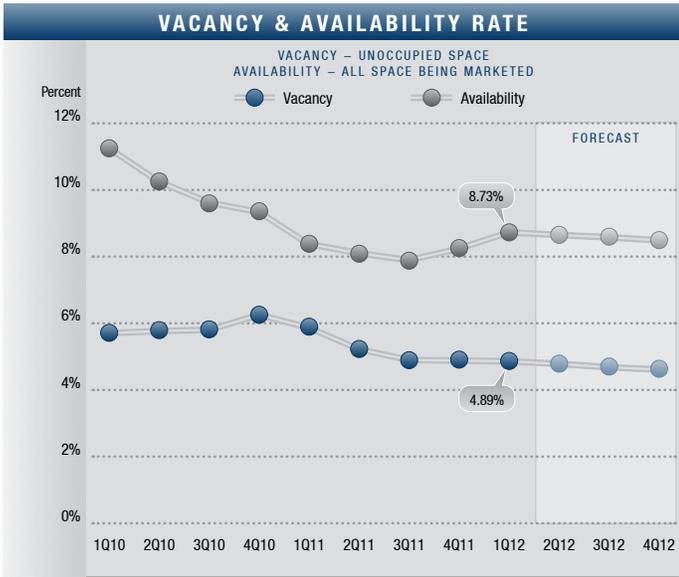
- Encouraging Numbers** - The Mid-Countries industrial market conveyed more promise of recovery at the start of 2012. Vacancy displayed a year-over-year decrease of over 17%, and net absorption posted a positive number for the fifth consecutive quarter. Demand picked up, with Labor Day of 2010 marking the beginning of a renewed interest in sales transactions, and tenants began signing longer lease commitments. While these are positive indications, stability and job growth will need to be sustained in coming quarters to be considered recovery.
- Construction** - There was nothing under construction in the Mid-Countries during the first quarter of 2012. A lack of demand, shrinking availability of land, scarce financing, and rising construction costs have led to few projects being developed.
- Vacancy** - Direct/sublease space (unoccupied) finished the quarter at 4.89%, a little lower than the previous quarter's rate of 4.93% and 17.12% lower than 2011's first quarter rate of 5.90%. The Santa Fe Springs submarket, which currently represents nearly half of all industrial buildings in the Mid-Countries, had a vacancy rate of 4.83% at the end of the quarter.
- Availability** - Direct/sublease space being marketed was 8.73% at the end of the first quarter of 2012, up 4.3% from the 8.37% we saw in the same quarter of 2011 but still displaying one of the lowest availability rates seen in the Mid-Countries industrial market in three years.
- Lease Rates** - The average asking triple-net lease rate was \$.46 cents per square foot per month in the first quarter of 2012, the same as the previous quarter and two cents higher than in the first quarter of 2011. We are forecasting that lease rates will continue to rise, ending this year at around \$.48.
- Absorption** - The Mid-Countries industrial market posted 44,195 square feet of positive absorption for the first

quarter of 2012, giving the market a total of over 1.5 million square feet over the past five quarters and constituting the strongest trend of positive net absorption seen since 2006.

- Transaction Activity** - Leasing activity for the first quarter of 2012 checked in at just over 1 million square feet, a decrease from the prior year's figure of 2 million square feet. Sales activity decreased as well, posting almost a half million square feet for the first quarter compared to the 1.1 million square feet we saw in the first quarter of 2011. This slowdown is largely due to a lack of supply in some size ranges. Details of the largest transactions can be found on the back page of this report.
- Employment** - The unemployment rate in Los Angeles County was 11.8% in February 2012, unchanged from a revised 11.8% in January 2012 and below the 2011 estimate of 12.3%. This compares with an unadjusted unemployment rate of 10.9% for California and 8.3% 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 20,800 jobs between February 2011 and February 2012. The largest gains were 13,100 in professional and business services and 9,200 in educational & health services; however, Los Angeles County lost 7,200 government jobs during that same period.
- Overall** - We are seeing a continued decrease in the amount of vacant space, as well as an increase in investment sales activity. Positive absorption has continued, lease rates are beginning to rise, and with no new deliveries in the pipeline to apply upward pressure on vacancy, the market should continue to stabilize. We expect to see a continued increase in investment activity in the coming quarters as lenders continue 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 industrial market will continue to recover.

### MID COUNTIES MARKET OVERVIEW

	1Q12	4Q11	1Q11	% of Change vs. 1Q2011
Total Vacancy Rate	4.89%	4.93%	5.90%	(17.12%)
Availability Rate	8.73%	8.15%	8.37%	4.30%
Average Asking Lease Rate	\$0.46	\$0.46	\$0.44	4.55%
Sale & Lease Transactions	1,510,445	1,397,802	3,099,135	(51.26%)
Gross Absorption	1,349,697	1,365,425	1,717,933	(21.43%)
Net Absorption	44,195	80,807	227,258	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 1Q2012	Square Feet Available	Availability Rate 1Q2012	Average Asking Lease Rate	Net Absorption 1Q2012	Net Absorption 2012	Gross Absorption 1Q2012	Gross Absorption 2012
<b>Artesia / Cerritos</b>													
10,000–29,999	114	2,106,334	0	0	121,115	5.75%	182,086	8.64%	\$0.55	9,564	9,564	45,669	45,669
30,000–49,999	58	2,302,883	0	0	130,753	5.68%	218,112	9.47%	\$0.48	35,827	35,827	52,453	52,453
50,000–99,999	51	3,391,746	0	0	242,186	7.14%	448,683	13.23%	\$0.45	62,468	62,468	112,730	112,730
100,000–199,999	28	3,774,958	0	0	65,791	1.74%	156,485	4.15%	\$0.42	396,137	396,137	406,355	406,355
200,000–299,999	6	1,531,772	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000 Plus	1	309,934	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Total</b>	<b>258</b>	<b>13,417,627</b>	<b>0</b>	<b>0</b>	<b>559,845</b>	<b>4.17%</b>	<b>1,005,366</b>	<b>7.49%</b>	<b>\$0.46</b>	<b>503,996</b>	<b>503,996</b>	<b>617,207</b>	<b>617,207</b>
<b>Bellflower / Downey</b>													
10,000–29,999	121	2,047,186	0	0	75,073	3.67%	118,710	5.80%	\$0.00	(15,740)	(15,740)	24,245	24,245
30,000–49,999	17	645,189	0	0	5,806	0.90%	13,811	2.14%	\$0.68	0	0	0	0
50,000–99,999	18	1,253,667	0	0	52,232	4.17%	114,930	9.17%	\$0.00	19,908	19,908	19,908	19,908
100,000–199,999	7	1,019,441	0	0	84,016	8.24%	87,629	8.60%	\$0.00	7,672	7,672	7,672	7,672
200,000–299,999	2	512,771	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000 Plus	1	337,000	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Total</b>	<b>166</b>	<b>5,815,254</b>	<b>0</b>	<b>0</b>	<b>217,127</b>	<b>3.73%</b>	<b>335,080</b>	<b>5.76%</b>	<b>\$0.68</b>	<b>11,840</b>	<b>11,840</b>	<b>51,825</b>	<b>51,825</b>
<b>Buena Park / La Palma</b>													
10,000–29,999	92	1,656,895	0	0	128,211	7.74%	225,611	13.62%	\$0.51	(25,096)	(25,096)	21,373	21,373
30,000–49,999	32	1,208,923	0	0	43,983	3.64%	87,202	7.21%	\$0.00	(850)	(850)	0	0
50,000–99,999	36	2,402,409	0	0	0	0.00%	60,600	2.52%	\$0.00	84,800	84,800	84,800	84,800
100,000–199,999	21	2,771,960	0	0	125,977	4.54%	125,244	4.52%	\$0.00	0	0	0	0
200,000–299,999	12	3,132,419	0	0	0	0.00%	169,206	5.40%	\$0.54	131,280	131,280	131,280	131,280
300,000 Plus	8	4,159,629	0	0	0	0.00%	172,967	4.16%	\$0.52	0	0	0	0
<b>Total</b>	<b>201</b>	<b>15,332,235</b>	<b>0</b>	<b>0</b>	<b>298,171</b>	<b>1.94%</b>	<b>840,830</b>	<b>5.48%</b>	<b>\$0.52</b>	<b>190,134</b>	<b>190,134</b>	<b>237,453</b>	<b>237,453</b>
<b>La Mirada</b>													
10,000–29,999	61	1,085,970	0	0	61,191	5.63%	40,620	3.74%	\$0.59	(39,161)	(39,161)	5,410	5,410
30,000–49,999	34	1,300,163	0	0	76,551	5.89%	116,163	8.93%	\$0.51	2,500	2,500	40,800	40,800
50,000–99,999	43	3,080,424	0	0	259,008	8.41%	320,054	10.39%	\$0.48	(7,159)	(7,159)	0	0
100,000–199,999	24	3,262,780	0	0	695,931	21.33%	719,413	22.05%	\$0.46	(364,785)	(364,785)	57,464	57,464
200,000–299,999	13	3,074,036	0	263,900	338,000	11.00%	1,450,578	47.19%	\$0.47	0	0	0	0
300,000 Plus	2	934,359	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Total</b>	<b>177</b>	<b>12,737,732</b>	<b>0</b>	<b>263,900</b>	<b>1,430,681</b>	<b>11.23%</b>	<b>2,646,828</b>	<b>20.78%</b>	<b>\$0.47</b>	<b>(408,605)</b>	<b>(408,605)</b>	<b>103,674</b>	<b>103,674</b>
<b>Norwalk</b>													
10,000–29,999	36	604,301	0	0	54,159	8.96%	104,434	17.28%	\$0.55	0	0	2,083	2,083
30,000–49,999	8	313,916	0	0	0	0.00%	30,129	9.60%	\$0.00	0	0	0	0
50,000–99,999	12	792,439	0	0	113,527	14.33%	113,527	14.33%	\$0.75	0	0	0	0
100,000–199,999	9	1,165,739	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
200,000–299,999	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000 Plus	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Total</b>	<b>65</b>	<b>2,876,395</b>	<b>0</b>	<b>0</b>	<b>167,686</b>	<b>5.83%</b>	<b>248,090</b>	<b>8.63%</b>	<b>\$0.73</b>	<b>0</b>	<b>0</b>	<b>2,083</b>	<b>2,083</b>
<b>Paramount</b>													
10,000–29,999	211	3,698,610	0	0	149,640	4.05%	215,138	5.82%	\$0.00	(45,601)	(45,601)	34,490	34,490
30,000–49,999	43	1,634,405	0	0	19,200	1.17%	77,375	4.73%	\$0.00	(7,340)	(7,340)	6,100	6,100
50,000–99,999	20	1,459,856	0	0	0	0.00%	121,474	8.32%	\$0.68	0	0	0	0
100,000–199,999	4	479,546	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
200,000–299,999	3	713,768	0	0	0	0.00%	49,429	6.93%	\$0.55	0	0	0	0
300,000 Plus	1	551,897	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Total</b>	<b>282</b>	<b>8,538,082</b>	<b>0</b>	<b>0</b>	<b>168,840</b>	<b>1.98%</b>	<b>463,416</b>	<b>5.43%</b>	<b>\$0.55</b>	<b>(52,941)</b>	<b>(52,941)</b>	<b>40,590</b>	<b>40,590</b>
<b>Santa Fe Springs</b>													
10,000–29,999	642	10,909,822	0	0	439,337	4.03%	792,777	7.27%	\$0.48	10,887	10,887	145,858	145,858
30,000–49,999	170	6,581,992	0	117,905	275,470	4.19%	536,326	8.15%	\$0.54	8,764	8,764	77,093	77,093
50,000–99,999	137	9,526,850	0	50,669	409,093	4.29%	708,485	7.44%	\$0.44	(79,081)	(79,081)	37,660	37,660
100,000–199,999	85	11,179,108	0	0	369,398	3.30%	282,319	2.53%	\$0.38	23,160	23,160	23,160	23,160
200,000–299,999	26	6,257,451	0	0	745,579	11.92%	1,120,484	17.91%	\$0.39	(155,793)	(155,793)	0	0
300,000 Plus	13	5,985,975	0	633,739	198,654	3.32%	198,654	3.32%	\$0.44	0	0	0	0
<b>Total</b>	<b>1,073</b>	<b>50,441,198</b>	<b>0</b>	<b>802,313</b>	<b>2,437,531</b>	<b>4.83%</b>	<b>3,639,045</b>	<b>7.21%</b>	<b>\$0.44</b>	<b>(192,063)</b>	<b>(192,063)</b>	<b>283,771</b>	<b>283,771</b>
<b>Whittier</b>													
10,000–29,999	88	1,413,400	0	0	55,382	3.92%	87,027	6.16%	\$0.00	(15,286)	(15,286)	4,074	4,074
30,000–49,999	19	718,562	0	0	8,200	1.14%	4,200	0.58%	\$0.00	1,940	1,940	3,840	3,840
50,000–99,999	18	1,169,990	0	0	0	0.00%	110,195	9.42%	\$0.00	0	0	0	0
100,000–199,999	5	627,465	0	0	0	0.00%	338,543	53.95%	\$0.00	5,180	5,180	5,180	5,180
200,000–299,999	3	643,703	0	0	215,462	33.47%	215,462	33.47%	\$0.29	0	0	0	0
300,000 Plus	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Total</b>	<b>133</b>	<b>4,573,120</b>	<b>0</b>	<b>0</b>	<b>279,044</b>	<b>6.10%</b>	<b>755,427</b>	<b>16.52%</b>	<b>\$0.29</b>	<b>(8,166)</b>	<b>(8,166)</b>	<b>13,094</b>	<b>13,094</b>
<b>Mid Counties Total</b>													
10,000–29,999	1,365	23,522,518	0	0	1,084,108	4.61%	1,766,403	7.51%	\$0.50	(120,433)	(120,433)	283,202	283,202
30,000–49,999	381	14,706,033	0	117,905	559,963	3.81%	1,083,318	7.37%	\$0.51	40,841	40,841	180,286	180,286
50,000–99,999	335	23,077,381	0	50,669	1,076,046	4.66%	1,997,948	8.66%	\$0.48	80,936	80,936	255,098	255,098
100,000–199,999	183	24,280,997	0	0	1,341,113	5.52%	1,709,633	7.04%	\$0.45	67,364	67,364	499,831	499,831
200,000–299,999	65	15,865,920	0	263,900	1,299,041	8.19%	3,005,159	18.94%	\$0.44	(24,513)	(24,513)	131,280	131,280
300,000 Plus	26	12,278,794	0	633,739	198,654	1.62%	371,621	3.03%	\$0.48	0	0	0	0
<b>Total</b>	<b>2,355</b>	<b>113,731,643</b>	<b>0</b>	<b>1,066,213</b>	<b>5,558,925</b>	<b>4.89%</b>	<b>9,934,082</b>	<b>8.73%</b>	<b>\$0.46</b>	<b>44,195</b>	<b>44,195</b>	<b>1,349,697</b>	<b>1,349,697</b>

This survey consists of properties 10,000 square feet and larger in size, representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis.

RECENT TRANSACTIONS

Sales Transactions

Property Address	City	Square Feet	Sale Price	Buyer	Seller
13833 Freeway Dr.	Santa Fe Springs	196,000	\$14,893,164	Freeway Springs, LLC	Rocktenn CP, LLC
9306 Sorensen Ave.	Santa Fe Springs	182,334	\$10,462,892	Sorensen Industrial, LLC	United State Gypsum Company
15300 Marquardt Ave.	Santa Fe Springs	165,600	\$8,075,158	Freeway Springs, LLC	Rocktenn CP, LLC
7225 Orangethorpe Ave.	Buena Park	84,800	\$4,150,000	SDI Real Property Investors	Cadbury Schweppes Bottling Group
7650 Stage Rd.	Buena Park	50,600	\$3,339,600	Nisim & Alin Barak Family Trust	Stage Road Partners
5650 Knott Ave.	Buena Park	46,110	\$3,037,500	Toyota Lift	Gene P. & Catherine Bauman

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
6711 Valley View St. – Renewal	La Palma	160,800	Mar-12	Iron Mountain	DEXUS SoCal, LLC
5911 Fresca Dr.	La Palma	131,280	Jan-12	Travelers Club Luggage, Inc.	DESUS SoCal, LLC
5600 Knott Ave.	Buena Park	110,609	Feb-12	Rock Tenn	Crown Associates
11650 Burke St.	Santa Fe Springs	106,110	Mar-12	Johnson Wilshire	Kekropia, Inc.
16221 Arthur St.	Cerritos	60,780	Jan-12	American Non-Stop Labe Corp.	Barbaria Commercial Properties
16150 Heron Ave. – Expansion	La Mirada	57,464	Jan-12	E.T. Horn Company	Mirada Enterprises, Ltd.

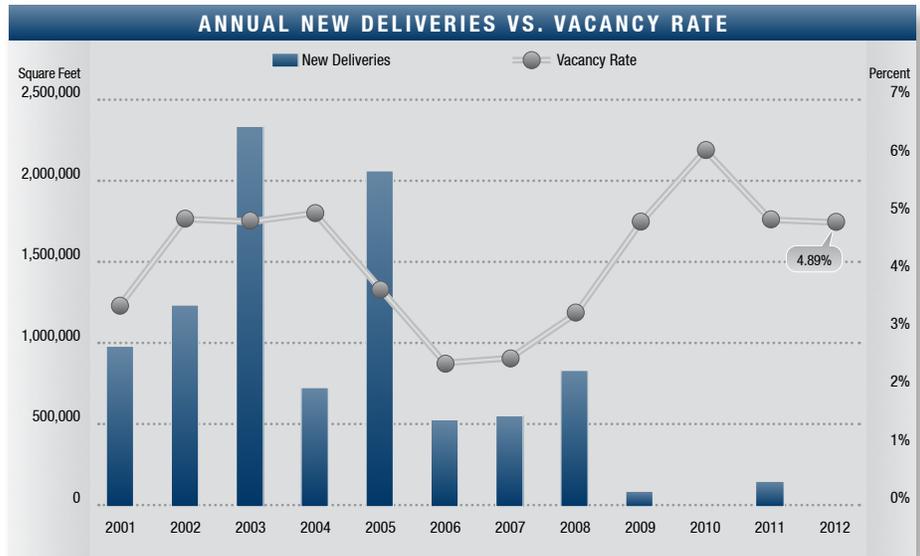
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