



Industrial Market Report

Compared to last quarter:

Vacancy



UP

Net Absorption

NEGATIVE



Availability

DOWN



Lease Rates

DOWN



Transactions

DOWN



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Market Highlights

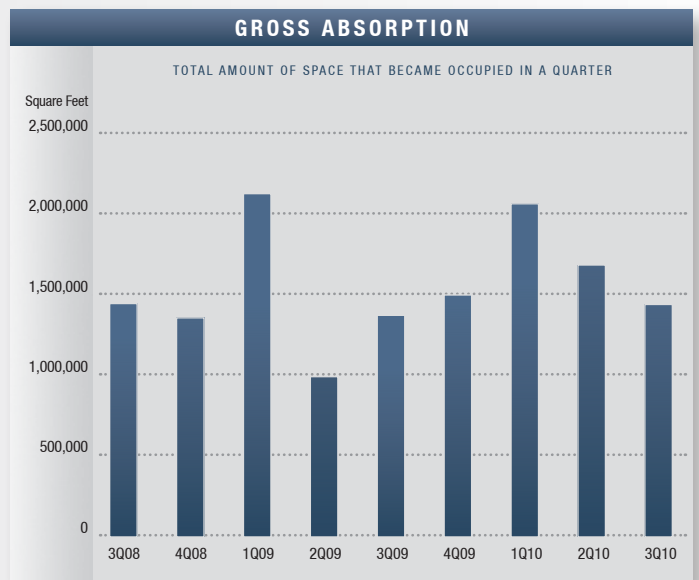
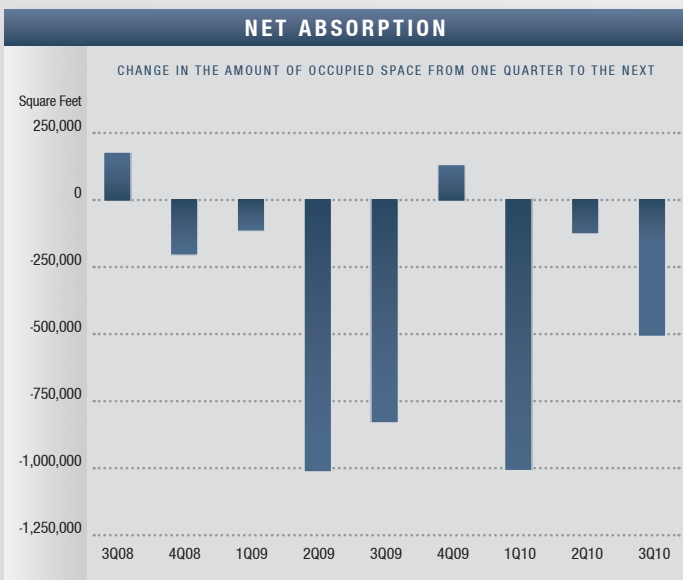
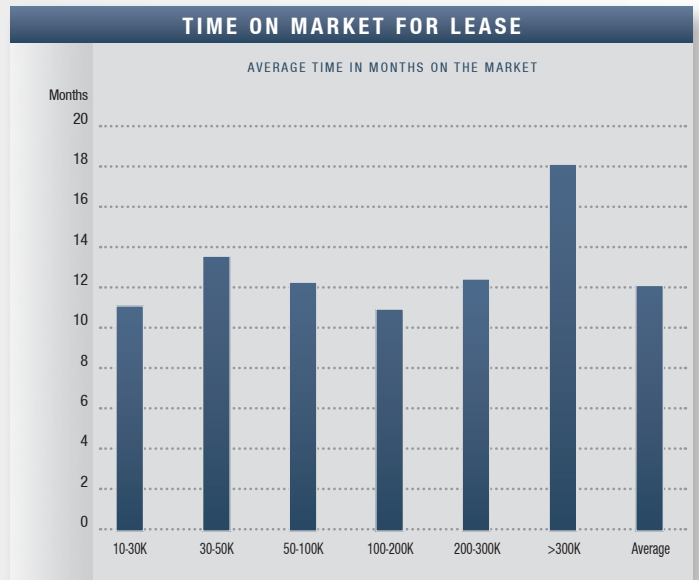
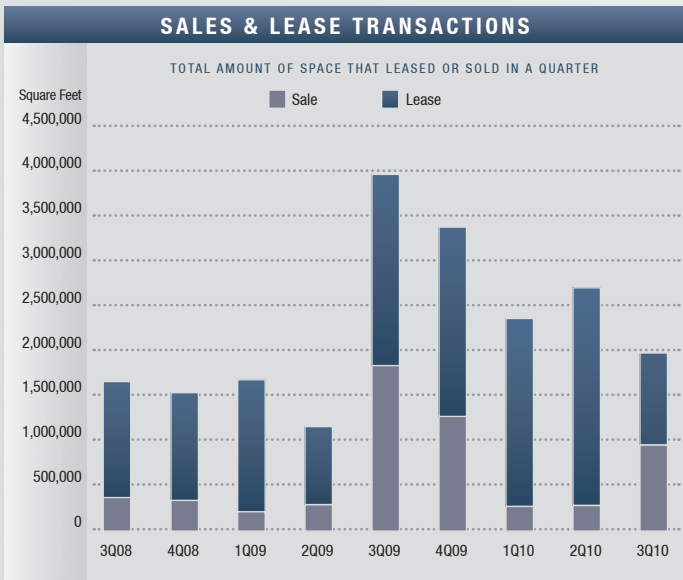
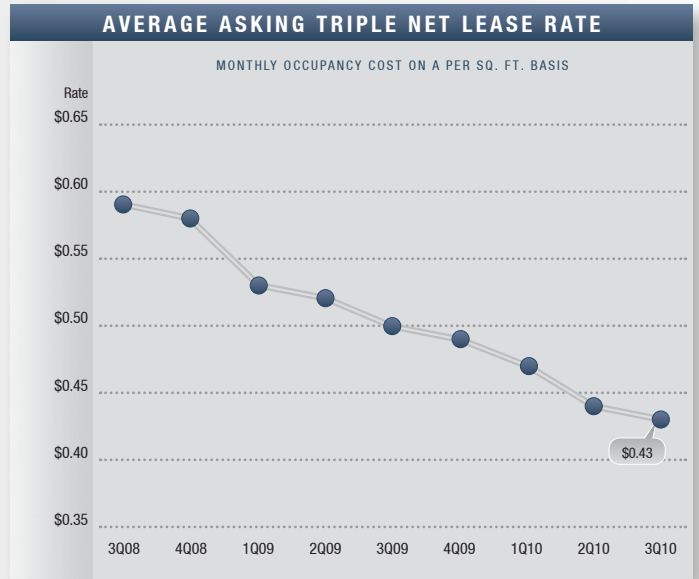
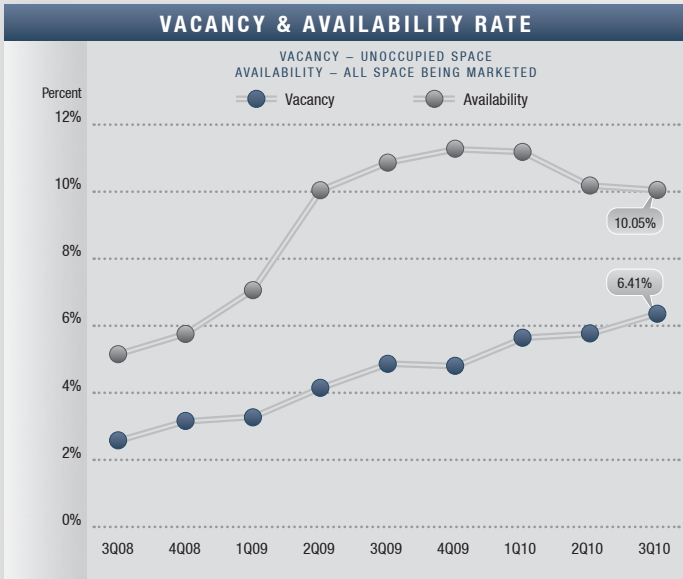
- **Encouraging Numbers** – The numbers this quarter appear to be encouraging again, varying between positive and negative — a sign that recovery could be on the horizon. Availability dropped, vacancy increased, and net absorption posted only a small negative number. Although demand is still weak by historical standards, the volume of transactions is increasing. With regard to sales transactions, the ask-bid gap seems to be narrowing, as evidenced by the drop in asking prices and increase in buyer activity. While these are positive indications, stability will need to be sustained in following quarters to be considered recovery.
- **Construction** – Currently, there are no industrial projects under construction in the Mid Counties, due to lack of demand. The limited 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 6.41%, which is higher than the year ago rate of 4.93%. The Santa Fe Springs submarket, which currently represents almost half of all industrial buildings in the Mid Counties, had a vacancy rate of 6.71% for third quarter of 2010.
- **Availability** – Direct/sublease space being marketed was 10.05% this quarter, down 8.3% from the 10.96% we saw this same quarter last year and lower than last quarter's rate of 10.13%.
- **Lease Rates** – The average asking triple net lease rate was \$.43 per square foot per month this quarter. This is a decrease of 14% when compared to last year's asking rate of \$.50 and one cent lower than last quarter.
- **Absorption** – Net absorption for the Mid Counties posted a negative 750,604 square feet for the third quarter of 2010, giving the industrial market an average of about 435,000 square feet of negative absorption for last four

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 this quarter at just over one million square feet. Sales activity showed an increase over last quarter, posting 938,016 square feet of activity compared to the second quarter's 261,451 square feet. 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 August 2010, up from a revised 12.4% in July 2010, and above the year ago estimate of 12.1%. This compares with an unadjusted unemployment rate of 12.4% for California and 9.6% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County lost 39,400 payroll jobs over the last twelve months — 22,600 in government and 13,300 in manufacturing. However, information showed a year over year gain of 20,800 jobs. Between July 2010 and August 2010, Los Angeles County employment declined by 12,800 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.

MID COUNTIES MARKET OVERVIEW

	3Q2010	2Q2010	3Q2009	% CHANGE vs. 3Q2009
Vacancy Rate	6.41%	5.77%	4.93%	30.02%
Availability Rate	10.05%	10.13%	10.96%	(8.30%)
Average Asking Lease Rate	\$0.43	\$0.44	\$0.50	(14.00%)
Sale & Lease Transactions	1,984,916	2,696,132	3,946,380	(49.70%)
Gross Absorption	1,426,140	1,684,287	1,370,653	4.05%
Net Absorption	(750,604)	(120,262)	(832,400)	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 3Q2010	Square Feet Available	Availability Rate 3Q2010	Average Asking Lease Rate	Net Absorption 3Q2010	Net Absorption 2010	Gross Absorption 3Q2010	Gross Absorption 2010
Artesia / Cerritos													
10,000 – 29,999	103	1,961,253	0	0	90,977	4.64%	79,838	4.07%	\$0.69	31,044	58,941	50,174	150,619
30,000 – 49,999	62	2,463,991	0	0	263,441	10.69%	433,146	17.58%	\$0.43	(60,904)	(73,279)	50,516	160,392
50,000 – 99,999	54	3,576,612	0	0	380,247	10.63%	517,249	14.46%	\$0.36	33,834	52,481	74,562	257,011
100,000 – 199,999	31	4,164,436	0	0	350,702	8.42%	737,617	17.71%	\$0.36	(114,846)	(164,379)	39,455	321,215
200,000 – 299,999	4	987,442	0	0	220,000	22.28%	220,000	22.28%	\$0.32	0	0	0	0
300,000 Plus	1	309,934	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Total	255	13,463,668	0	0	1,305,367	9.70%	1,987,850	14.76%	\$0.38	(110,872)	(126,236)	214,707	889,237
Bellflower / Downey													
10,000 – 29,999	122	2,061,040	0	0	92,718	4.50%	181,519	8.81%	\$0.53	(42,712)	(40,034)	3,100	21,778
30,000 – 49,999	19	729,967	0	0	14,270	1.95%	19,770	2.71%	\$0.49	13,525	20,789	15,265	35,059
50,000 – 99,999	17	1,161,597	0	0	68,256	5.88%	120,488	10.37%	\$0.48	10,080	(8,064)	10,080	29,988
100,000 – 199,999	7	1,017,074	0	0	0	0.00%	171,633	16.88%	\$0.00	0	0	0	0
200,000 – 299,999	2	528,153	0	0	104,175	19.72%	0	0.00%	\$0.00	(104,175)	(104,175)	0	0
300,000 Plus	1	315,705	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Total	168	5,813,536	0	0	279,419	4.81%	493,410	8.49%	\$0.31	(123,282)	(131,484)	28,445	86,825
Buena Park / La Palma													
10,000 – 29,999	86	1,559,659	0	0	121,380	7.78%	108,848	6.98%	\$0.57	(17,031)	(1,681)	18,470	73,273
30,000 – 49,999	31	1,175,389	0	0	96,856	8.24%	157,075	13.36%	\$0.50	39,837	26,144	42,283	119,083
50,000 – 99,999	40	2,767,622	0	0	212,755	7.69%	207,405	7.49%	\$0.35	5,200	(140,805)	5,200	74,764
100,000 – 199,999	19	2,560,074	0	0	90,368	3.53%	317,687	12.41%	\$0.00	0	(15,368)	0	0
200,000 – 299,999	12	3,122,650	0	0	375,566	12.03%	433,166	13.87%	\$0.39	(169,206)	(169,206)	0	0
300,000 Plus	9	4,535,029	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	425,892
Total	197	15,720,423	0	0	896,925	5.71%	1,224,181	7.79%	\$0.48	(141,200)	(300,916)	65,953	693,012
La Mirada													
10,000 – 29,999	65	1,186,487	0	0	28,573	2.41%	48,133	4.06%	\$0.65	19,520	59,020	21,860	80,294
30,000 – 49,999	33	1,263,385	0	0	26,250	2.08%	82,662	6.54%	\$0.56	(22,250)	(22,250)	4,000	4,000
50,000 – 99,999	43	3,071,682	0	0	348,119	11.33%	497,112	16.18%	\$0.36	(114,985)	(212,709)	6,930	122,100
100,000 – 199,999	25	3,319,984	0	0	482,914	14.55%	614,010	18.49%	\$0.47	30,972	(188,206)	79,692	160,486
200,000 – 299,999	14	3,287,227	0	0	60,783	1.85%	263,783	8.02%	\$0.37	26,063	(34,720)	26,063	26,063
300,000 Plus	2	934,359	0	0	0	0.00%	180,969	19.37%	\$0.54	0	0	0	0
Total	182	13,063,124	0	0	946,639	7.25%	1,686,669	12.91%	\$0.47	(60,680)	(398,865)	138,545	392,943
Norwalk													
10,000 – 29,999	33	565,157	0	0	12,147	2.15%	78,497	13.89%	\$0.49	(4,073)	(905)	0	3,168
30,000 – 49,999	6	253,561	0	0	28,660	11.30%	28,660	11.30%	\$0.48	0	0	0	0
50,000 – 99,999	12	807,476	0	0	60,000	7.43%	246,297	30.50%	\$0.44	0	0	0	0
100,000 – 199,999	9	1,175,104	0	0	0	0.00%	40,909	3.48%	\$0.00	63,253	63,253	63,253	63,253
200,000 – 299,999	1	216,268	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
Total	61	3,017,566	0	0	100,807	3.34%	394,363	13.07%	\$0.46	59,180	62,348	63,253	66,421
Paramount													
10,000 – 29,999	219	3,823,520	0	0	158,036	4.13%	330,018	8.63%	\$0.00	64,635	43,251	82,450	287,649
30,000 – 49,999	45	1,703,547	0	0	22,676	1.33%	117,527	6.90%	\$0.00	43,935	51,560	69,599	102,495
50,000 – 99,999	20	1,435,587	0	0	15,294	1.07%	72,378	5.04%	\$0.49	534	14,607	8,822	22,895
100,000 – 199,999	7	1,046,219	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
200,000 – 299,999	3	713,768	0	0	27,062	3.79%	27,062	3.79%	\$0.55	0	8,003	0	99,690
300,000 Plus	1	551,897	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Total	295	9,274,538	0	0	223,068	2.41%	546,985	5.90%	\$0.65	109,104	117,421	160,871	512,729
Santa Fe Springs													
10,000 – 29,999	635	10,857,793	0	0	401,017	3.69%	747,675	6.89%	\$0.52	56,620	143,205	165,016	553,658
30,000 – 49,999	176	6,808,629	0	36,736	453,744	6.66%	566,084	8.31%	\$0.53	877	(118,018)	63,706	168,593
50,000 – 99,999	147	10,204,917	0	0	692,007	6.78%	853,269	8.36%	\$0.46	(143,361)	(246,737)	96,412	473,474
100,000 – 199,999	89	11,837,668	0	0	929,016	7.85%	1,010,641	8.54%	\$0.48	(65,527)	(57,985)	422,532	964,679
200,000 – 299,999	27	6,533,093	0	0	331,293	5.07%	1,075,596	16.46%	\$0.43	(101,400)	(101,400)	0	101,400
300,000 Plus	12	5,480,471	0	0	661,600	12.07%	731,790	13.35%	\$0.00	0	(524,270)	0	84,200
Total	1,086	51,722,571	0	36,736	3,468,677	6.71%	4,985,055	9.64%	\$0.47	(252,791)	(905,205)	747,666	2,346,004
Whittier													
10,000 – 29,999	89	1,442,037	0	0	49,524	3.43%	45,444	3.15%	\$0.00	(6,303)	7,998	6,700	37,816
30,000 – 49,999	20	772,973	0	0	5,705	0.74%	17,465	2.26%	\$0.00	(1,920)	7,437	0	11,222
50,000 – 99,999	15	973,154	0	0	0	0.00%	142,322	14.62%	\$0.39	0	0	0	0
100,000 – 199,999	6	772,998	0	0	5,820	0.75%	5,820	0.75%	\$0.00	(5,820)	7,200	0	17,400
200,000 – 299,999	4	854,358	0	0	216,020	25.28%	216,020	25.28%	\$0.39	(216,020)	(216,020)	0	116,237
300,000 Plus	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Total	134	4,815,520	0	0	277,069	5.75%	427,071	8.87%	\$0.39	(230,063)	(193,385)	6,700	182,675
Mid Counties Total													
10,000 – 29,999	1,352	23,456,946	0	0	954,372	4.07%	1,619,972	6.91%	\$0.54	101,700	269,795	347,770	1,208,255
30,000 – 49,999	392	15,171,442	0	36,736	911,602	6.01%	1,424,129	9.39%	\$0.49	13,100	(107,617)	245,369	600,844
50,000 – 99,999	348	23,998,647	0	0	1,776,678	7.40%	2,656,520	11.07%	\$0.42	(208,698)	(541,227)	202,006	980,232
100,000 – 199,999	193	25,893,557	0	0	1,858,820	7.18%	2,898,317	11.19%	\$0.44	(91,968)	(355,485)	604,932	1,527,033
200,000 – 299,999	67	16,242,959	0	0	1,334,899	8.22%	2,235,627	13.76%	\$0.39	(564,738)	(617,518)	26,063	343,390
300,000 Plus	26	12,127,395	0	0	661,600	5.46%	912,759	7.53%	\$0.54	0	(524,270)	0	510,092
Total	2,378	116,890,946	0	36,736	7,497,971	6.41%	11,747,324	10.05%	\$0.43	(750,604)	(1,876,322)	1,426,140	5,169,846

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
13021 Arctic Cr. – Building A	Santa Fe Springs	32,006	\$108.00	GHI Group, LLC	Dodson LTD
6491 Caballero Blvd.	Buena Park	40,194	\$85.96	RJAN II, LLC	Crocket Container Corporation
8401 Page St.	Buena Park	48,200	\$70.02	VNT Property 1, LLC	AT&T
9911 Norwalk Blvd.	Santa Fe Springs	32,000	\$84.38	Norwalk Capital, LLC	Parts Expediting & Distribution Company
14821 Artesia Blvd.	La Mirada	80,883	\$37.09	Hager Pacific	Gannon Manufacturing Company, Inc.
16463–16465 Phoebe Ave.	La Mirada	24,929	\$88.01	Savitri, LLC	Vernon Lindblade

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
13225 Marquardt Ave., Unit Q2	Santa Fe Springs	174,047	August–10	RPM Transportation	Golden Springs Development
13225 Alondra Blvd.	Santa Fe Springs	135,360	July–10	Wholesale Tire	Vermont Anaheim Partners
5595 Fresca Dr. – Renewal	La Palma	75,000	June–10	The Shop @ Show Ready	GTI Management Company
11905 Regentview Ave.	Downey	56,300	September–10	West Coast Steel	Hager Regentview Partners, GP
12500 E. Slauson	Santa Fe Springs	53,130	September–10	Richard’s Foods	AMB Property Corporation
10715 Shoemaker Avenue	Santa Fe Springs	43,993	September–10	Jarrow Formulas	Bloomfield Commerce Center Corp.

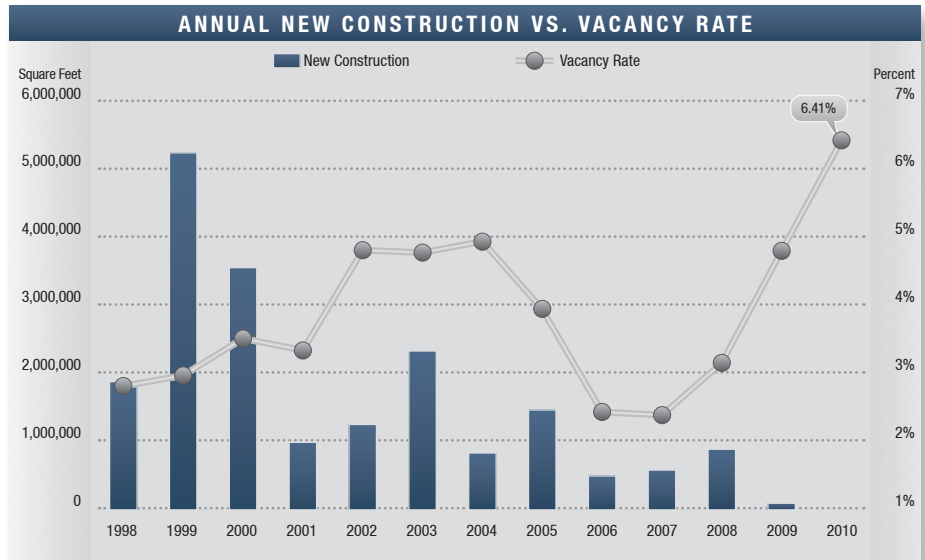
Product Type

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