



Industrial Market Report

Compared to 2009:

Vacancy



UP

Net Absorption

NEGATIVE



Availability

DOWN



Lease Rates

DOWN



Transactions



UP

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Market Highlights

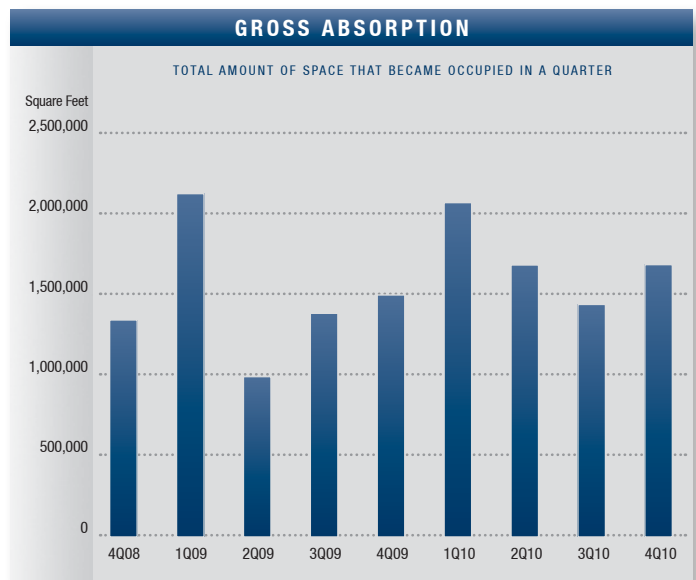
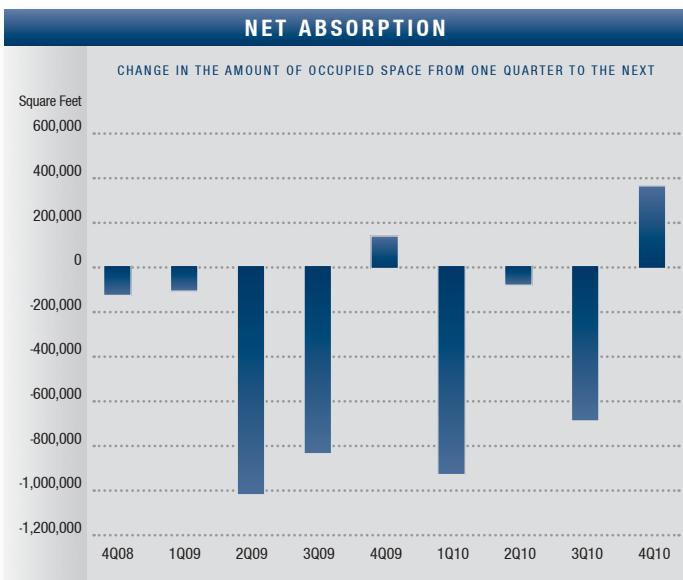
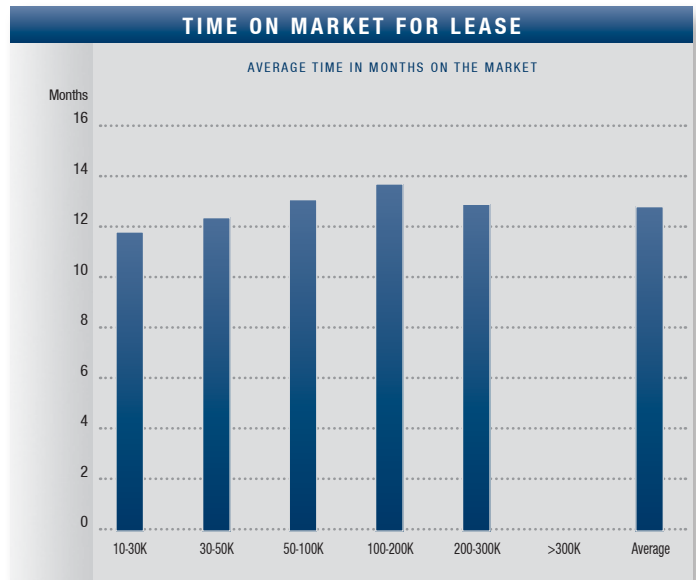
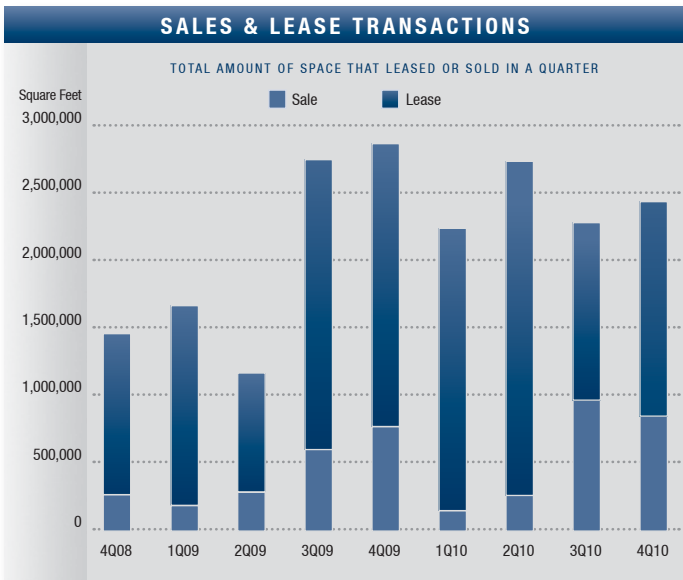
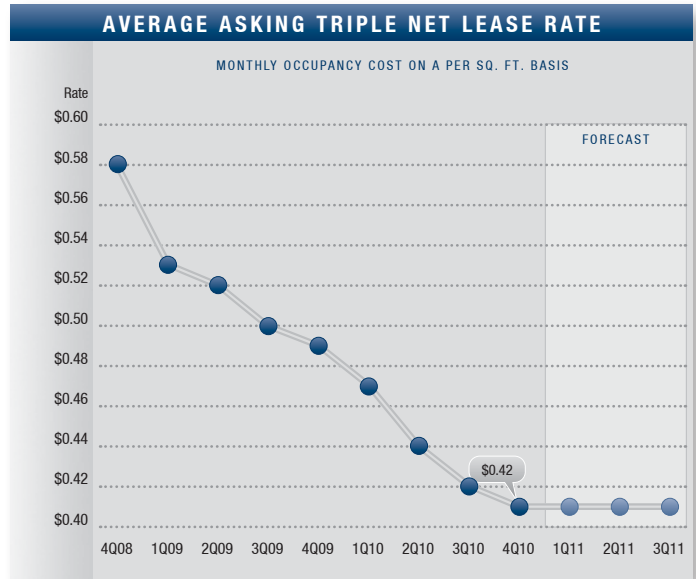
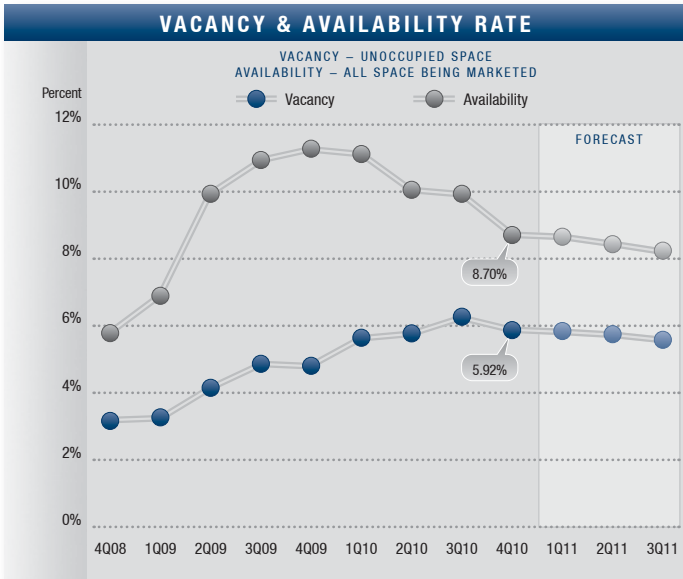
- Encouraging Numbers** - The numbers for 2010 appear to be encouraging, varying between positive and negative. This variance conveys stability, the first step towards recovery. In the fourth quarter, availability dropped, vacancy increased, and net absorption posted positive numbers for the last quarter of 2010. Although demand was still weak by historical standards, Labor Day marked the beginning of an increase in activity, as evidenced by an increase in transaction volume. 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 were no industrial projects under construction in the Mid-Countries in the fourth quarter of 2010, as a result of a lack of demand, shrinking availability of land, scarce financing, and rising construction costs.
- Vacancy** - Direct/sublease space (unoccupied) finished the year at 5.92%, less than 2010's third quarter rate of 6.24% but higher than the 2009 rate of 4.77%. The Santa Fe Springs submarket, which currently represents nearly half of all industrial buildings in the Mid-Countries, had a vacancy rate 5.50% during the fourth quarter.
- Availability** - Direct/sublease space being marketed was 8.7% at the end of 2010, significantly down from the 11.37% we saw this same quarter last year. This is a 23.48% decrease of new space being marketed when compared to the same quarter last year and lower than last quarter's rate of 9.96%.
- Lease Rates** - The average asking triple net lease rate was \$.42 cents per square foot per month for the fourth quarter of 2010. This is only one cent lower than the previous quarter and a decrease of 14.29% when compared to 2009's asking rate of \$.49.
- Absorption** - While net absorption posted a negative 1.3 million square feet for the Mid Counties for the year, we saw 364,000 square feet of positive absorption in the last

quarter of 2010. The negative absorption can be attributed to job losses in the first half of 2010; positive absorption can be attributed to the job creation that began in the latter half of 2010.

- Transaction Activity** - In the fourth quarter, leasing activity checked in at almost 1.6 million square feet. Sales activity showed an increase over last the previous two quarters of 2010, posting 1.8 million square feet of activity compared to the first half of 2010's 377,968 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 12.9% 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 marketed, as well as an increase in investment sales activity. Positive absorption has begun, 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 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. Once unemployment rates drop and consumer confidence stabilizes, the industrial market will recover.

MID COUNTIES MARKET OVERVIEW

	2010	2009	2008	% CHANGE vs. 2009
Vacancy Rate	5.92%	4.77%	3.13%	24.11%
Availability Rate	8.70%	11.37%	5.66%	(23.48%)
Average Asking Lease Rate	\$0.42	\$0.49	\$0.58	(14.29%)
Sale & Lease Transactions	9,647,692	8,378,929	7,276,691	15.14%
Gross Absorption	6,848,673	5,969,494	5,342,821	14.73%
Net Absorption	(1,337,759)	(1,819,807)	(11,112)	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
Artesia / Cerritos													
10,000 – 29,999	113	2,098,958	0	0	109,086	5.20%	139,158	6.63%	\$0.50	(10,909)	49,532	48,522	201,141
30,000 – 49,999	64	2,534,402	0	0	355,640	14.03%	466,659	18.41%	\$0.43	(87,119)	(154,698)	68,316	230,008
50,000 – 99,999	50	3,323,481	0	0	427,940	12.88%	444,671	13.38%	\$0.40	(47,693)	4,788	0	257,011
100,000 – 199,999	30	4,044,038	0	0	301,014	7.44%	910,203	22.51%	\$0.34	22,154	(114,691)	49,688	370,903
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	262	13,298,255	0	0	1,413,680	10.63%	2,180,691	16.40%	\$0.38	(123,567)	(215,069)	166,526	1,059,063
Bellflower / Downey													
10,000 – 29,999	122	2,061,040	0	0	85,275	4.14%	165,656	8.04%	\$0.70	7,443	(32,591)	12,243	34,021
30,000 – 49,999	19	729,967	0	0	1,740	0.24%	15,245	2.09%	\$0.49	12,530	33,319	12,530	47,589
50,000 – 99,999	17	1,161,967	0	0	176,788	15.22%	120,488	10.37%	\$0.00	(108,532)	(116,596)	0	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	0	0.00%	104,175	19.72%	\$0.00	104,175	0	104,175	104,175
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	263,803	4.54%	577,197	9.93%	\$0.31	15,616	(115,868)	128,948	215,773
Buena Park / La Palma													
10,000 – 29,999	91	1,645,177	0	0	100,297	6.10%	117,083	7.12%	\$0.52	21,083	19,402	60,516	133,789
30,000 – 49,999	31	1,175,390	0	0	68,096	5.79%	111,315	9.47%	\$0.45	28,760	54,904	45,761	164,844
50,000 – 99,999	40	2,760,580	0	0	145,405	5.27%	140,895	5.10%	\$0.35	67,350	(73,455)	67,350	142,114
100,000 – 199,999	19	2,560,074	0	0	170,608	6.66%	15,368	0.60%	\$0.00	(155,240)	(170,608)	0	0
200,000 – 299,999	12	3,122,650	0	0	375,566	12.03%	300,486	9.62%	\$0.59	0	(169,206)	0	0
300,000 Plus	8	4,159,629	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	425,892
Total	201	15,423,500	0	0	859,972	5.58%	685,147	4.44%	\$0.48	(38,047)	(338,963)	173,627	866,639
La Mirada													
10,000 – 29,999	64	1,163,737	0	0	24,888	2.14%	39,970	3.43%	\$0.65	(11,786)	47,234	2,880	83,174
30,000 – 49,999	35	1,352,718	0	0	4,000	0.30%	119,688	8.85%	\$0.54	26,850	3,500	26,850	31,150
50,000 – 99,999	43	3,071,682	0	0	347,984	11.33%	453,692	14.77%	\$0.36	135	(212,574)	66,779	188,879
100,000 – 199,999	25	3,322,531	0	0	412,140	12.40%	435,262	13.10%	\$0.43	(1,226)	(117,432)	11,760	172,246
200,000 – 299,999	14	3,287,227	0	0	60,783	1.85%	264,633	8.05%	\$0.37	0	(34,720)	0	26,063
300,000 Plus	2	934,359	0	0	0	0.00%	180,969	19.37%	\$0.54	0	0	0	0
Total	183	13,132,254	0	0	849,795	6.47%	1,494,214	11.38%	\$0.47	13,973	(313,992)	108,269	501,512
Norwalk													
10,000 – 29,999	34	578,882	0	0	26,483	4.57%	68,926	11.91%	\$0.49	(14,336)	(15,241)	6,786	9,954
30,000 – 49,999	7	283,787	0	0	20,660	7.28%	55,860	19.68%	\$0.46	0	0	0	0
50,000 – 99,999	12	807,476	0	0	128,564	15.92%	95,997	11.89%	\$0.44	(68,564)	(68,564)	0	0
100,000 – 199,999	9	1,175,104	0	0	0	0.00%	40,909	3.48%	\$0.00	0	63,253	0	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	63	3,061,517	0	0	175,707	5.74%	261,692	8.55%	\$0.46	(82,900)	(20,552)	6,786	73,207
Paramount													
10,000 – 29,999	216	3,764,670	0	0	150,040	3.99%	294,144	7.81%	\$0.00	7,996	45,329	38,778	320,509
30,000 – 49,999	45	1,703,547	0	0	25,315	1.49%	119,567	7.02%	\$0.00	(2,639)	48,921	10,951	113,446
50,000 – 99,999	20	1,453,987	0	0	15,294	1.05%	64,090	4.41%	\$0.00	0	14,607	0	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	0	0.00%	0	0.00%	\$0.55	27,062	35,065	27,062	126,752
300,000 Plus	1	551,897	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Total	292	9,234,088	0	0	190,649	2.06%	477,801	5.17%	\$0.65	32,419	143,922	76,791	583,602
Santa Fe Springs													
10,000 – 29,999	641	10,938,678	0	0	436,633	3.99%	710,767	6.50%	\$0.50	(35,616)	108,589	72,252	627,010
30,000 – 49,999	173	6,675,157	0	36,736	352,769	5.28%	466,464	6.99%	\$0.53	44,819	(17,043)	66,619	235,212
50,000 – 99,999	147	10,204,723	0	0	541,674	5.31%	563,464	5.52%	\$0.48	132,643	(96,404)	329,747	803,221
100,000 – 199,999	89	11,815,960	0	0	718,398	6.08%	954,338	8.08%	\$0.46	210,618	152,633	324,877	1,289,556
200,000 – 299,999	27	6,533,093	0	0	182,988	2.80%	1,122,709	17.18%	\$0.35	148,305	46,905	148,305	249,705
300,000 Plus	12	5,480,471	0	0	608,470	11.10%	196,940	3.59%	\$0.00	53,130	(471,140)	53,130	137,330
Total	1,089	51,648,082	0	36,736	2,840,932	5.50%	4,014,682	7.77%	\$0.47	553,899	(276,460)	994,930	3,342,034
Whittier													
10,000 – 29,999	89	1,443,424	0	0	37,282	2.58%	44,576	3.09%	\$0.00	12,242	20,240	24,168	61,984
30,000 – 49,999	20	772,973	0	0	20,959	2.71%	15,039	1.95%	\$0.00	(15,254)	(7,817)	0	11,222
50,000 – 99,999	15	965,248	0	0	0	0.00%	142,322	14.74%	\$0.39	0	0	0	0
100,000 – 199,999	5	626,855	0	0	10,200	1.63%	10,200	1.63%	\$0.00	(4,380)	2,820	0	17,400
200,000 – 299,999	4	854,358	0	0	216,020	25.28%	216,020	25.28%	\$0.29	0	(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	133	4,662,858	0	0	284,461	6.10%	428,157	9.18%	\$0.39	(7,392)	(200,777)	24,168	206,843
Mid Counties Total													
10,000 – 29,999	1,370	23,694,566	0	0	969,984	4.09%	1,580,280	6.67%	\$0.52	(23,883)	242,494	266,145	1,471,582
30,000 – 49,999	394	15,227,941	0	36,736	849,179	5.58%	1,369,837	9.00%	\$0.48	7,947	(38,914)	231,027	833,471
50,000 – 99,999	344	23,748,774	0	0	1,783,649	7.51%	2,025,619	8.53%	\$0.43	(24,661)	(548,198)	463,876	1,444,108
100,000 – 199,999	191	25,607,855	0	0	1,612,360	6.30%	2,537,913	9.91%	\$0.42	71,926	(184,025)	386,325	1,913,358
200,000 – 299,999	67	16,242,959	0	0	1,055,357	6.50%	2,228,023	13.72%	\$0.34	279,542	(337,976)	279,542	622,932
300,000 Plus	25	11,751,995	0	0	608,470	5.18%	377,909	3.22%	\$0.54	53,130	(471,140)	53,130	563,222
Total	2,391	116,274,090	0	36,736	6,878,999	5.92%	10,119,581	8.70%	\$0.42	364,001	(1,337,759)	1,680,045	6,848,673

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
12850 Midway Place	Cerritos	111,357	\$86.57	Prologis	Bechler Corporation
10810 & 10900 Painter Avenue	Santa Fe Springs	218,104	\$41.72	Overton Moore Properties	The T&K Thacker Trust
13131 166th Street	Cerritos	101,634	\$73.70	Midway International	Ha S & Hee S Chung
13503-13535 Pumice Street	Santa Fe Springs	81,736	\$75.00	China Pacific Foods, Inc.	Hedley Construction & Management
12222 Florence Ave. & 10840 Norwalk Blvd.	Santa Fe Springs	44,316	\$128.90	Oil Well Service Company	Century Steel Holdings, Inc.
6560 Caballero Boulevard	Buena Park	67,864	\$83.99	Abad Foam, Inc.	Roy Ulrich

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
9400 Santa Fe Springs Road	Santa Fe Springs	411,530	December 7th	New Breed Logistics	Birtcher Development & Investment Company
11130 Bloomfield Avenue	Santa Fe Springs	239,870	December 2nd	S&S/Americana Activewear	Alere Property Group, LLC
6101-6151 Knott Avenue – Renewal	Buena Park	196,332	April 21st	Easy Life Furniture	Prologis
6300 Valley View St. – Renewal	Buena Park	190,800	May 12th	Bekins Moving Solutions, Inc.	Prudential Real Estate Investors
13225 Marquardt Avenue – Renewal	Santa Fe Springs	174,047	August 25th	Consolidated Services, Inc. – RPM	Golden Springs Development Company
6700-6750 Artesia Blvd.	Buena Park	172,967	March 22nd	Solaris Paper	Prologis

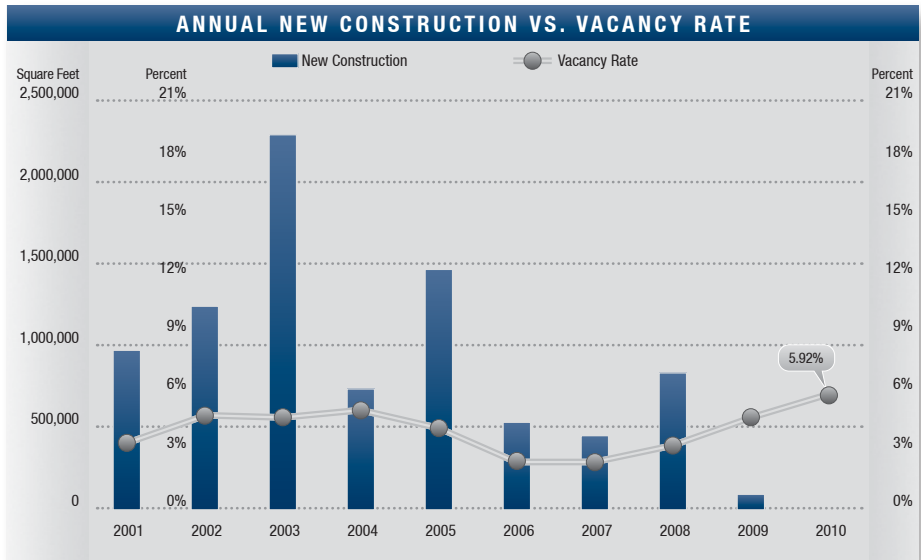
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