

Real People. Real Solutions.®



Industrial Market Report

Compared to 2010:

Vacancy



Net Absorption



Lease Rates



Transactions



Deliveries



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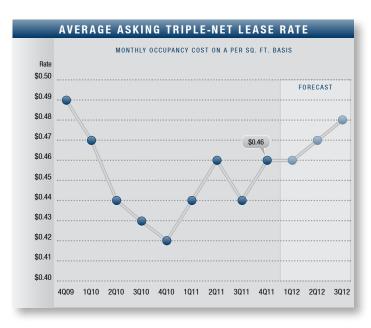
Market Highlights

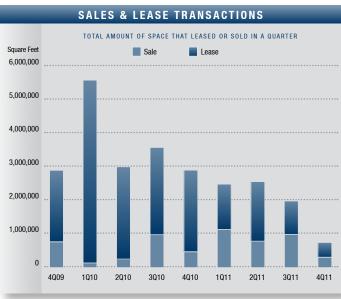
- Encouraging Numbers The Mid-Counties industrial
 market conveyed more promise of recovery at the end
 of 2011. Vacancy displayed a year-over-year decrease of
 over 16%, availability rates continued to trend downward,
 and net absorption posted a positive number for the fourth
 consecutive quarter. 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 just 168,574 square feet, all in Santa Fe Springs, under construction in the Mid-Counties during the fourth quarter of 2011. 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 year at 4.96%, a little higher than the previous quarter's rate of 4.84% but 16.07% lower than 2010's fourth quarter rate of 5.91%. The Santa Fe Springs submarket, which currently represents nearly half of all industrial buildings in the Mid-Counties, had a vacancy rate of 4.19% at the end of the fourth quarter.
- Availability Direct/sublease space being marketed was 8.44% at the end of the fourth quarter of 2011, down over 8.76% from the 9.25% we saw in the same quarter of 2010 and displaying the lowest availability rate seen in the Mid-Counties industrial market in three years.
- Lease Rates The average asking triple-net lease rate was \$.46 cents per square foot per month in the fourth quarter of 2011, two cents higher than the previous quarter and four cents higher than in the fourth quarter of 2010. We are forecasting that lease rates will continue to rise, ending the year at \$.50.
- Absorption The Mid-Counties industrial market posted 1.3 million square feet of positive absorption for 2011, making

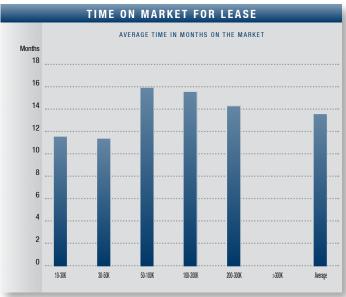
- up for the 1.2 million square feet of negative absorption in 2010 and constituting the strongest trend of positive net absorption seen since 2006.
- Transaction Activity Leasing activity for 2011 checked in at 4.6 million square feet, a decrease from the prior year's figure of 13.3 million square feet. Sales activity increased, posting 3 million square feet for 2011 compared to the 1.7 million square feet we saw in 2010. Details of the largest transactions for 2011 can be found on the back page of this report.
- Employment The unemployment rate in Los Angeles County was 11.9% in November 2011, down from a revised 12.2% in October 2011 and below the 2010 estimate of 13%. This compares with an unadjusted unemployment rate of 10.9% for California and 8.2% 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 12,500 jobs between November 2010 and November 2011. The largest gains were 9,800 in educational & health services and 6,600 in information; however, Los Angeles County lost 5,100 government jobs during that same period.
- Overall We are seeing a decrease in the amount of available space being marketed, as well as an increase in investment sales activity. Positive absorption has begun and lease rate are beginning to rise, and with little 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.

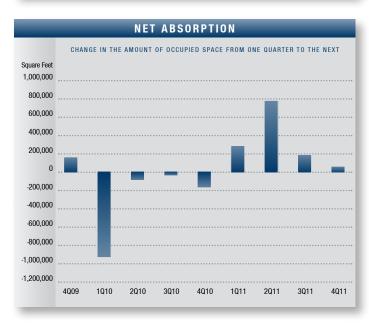
MID	COUNTIE	S MARK	ET OVERV	I E W	
	2011	2010	2009	% of Change vs. 2010	
Total Vacancy Rate	4.96%	5.91%	4.85%	(16.07%)	
Availability Rate	8.44%	9.25%	11.55%	(8.76%)	
Average Asking Lease Rate	\$0.46	\$0.42	\$0.49	9.52%	
Sale & Lease Transactions	7,635,446	14,950,890	8,190,432	(48.93%)	
Gross Absorption	7,686,667	7,548,494	5,947,195	1.83%	
Net Absorption	1,299,356	(1,214,487)	(1,697,521)	N/A	

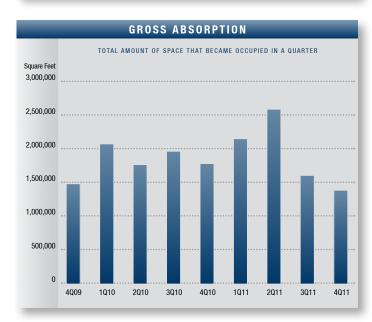












	INVENTORY					VACANCY & LEASE RATES					ABSOF	RPTION	
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2011	Square Feet Available	Availability Rate 4Q2011	Average Asking Lease Rate	Net Absorption 4Q2011	Net Absorption 2011	Gross Absorption 402011	Gross Absorption 2011
Artesia / Cerritos	J	•											
10.000-29.999	114	2,105,369	0	0	130,679	6.21%	146,140	6.94%	\$0.62	16,873	(24,868)	31,773	115,404
30,000-49,999	58	2,302,883	0	0	166,580	7.23%	236,039	10.25%	\$0.46	43,407	114,528	45,161	258,100
50,000-99,999	51	3,391,519	0	0	304,654	8.98%	500,854	14.77%	\$0.41	48,023	191,850	48,023	436,652
100,000-199,999	28	3,774,958	0	0	351,455	9.31%	338,134	8.96%	\$0.43	(197,198)	(188,448)	18,144	211,79
200,000-299,999	6	1,531,772	0	0	0	0.00%	0	0.00%	\$0.00	0	220,000	0	220,00
300,000 Plus	1	309,934	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	
Total	258	13,416,435	0	0	953,368	7.11%	1,221,167	9.10%	\$0.45	(88,895)	313,062	143,101	1,241,95
Bellflower / Downey													
10,000-29,999	121	2,047,186	0	0	89,530	4.37%	136,369	6.66%	\$0.00	(3,000)	25,942	1,700	101,03
30,000-49,999	17	645,189	0	0	5,806	0.90%	20,076	3.11%	\$0.68	0	(4,066)	7,240	27,44
50,000-99,999	18	1,253,667	0	0	72,140	5.75%	75,272	6.00%	\$0.00	0	52,416	0	113,25
100,000-199,999	7	1,019,099	0	0	91,688	9.00%	95,680	9.39%	\$0.00	7,226	2,932	7,226	15,74
200,000-299,999	2	512,771	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	
300,000 Plus	1	337,000	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	
Total	166	5,814,912	0	0	259,164	4.46%	327,397	5.63%	\$0.68	4,226	77,224	16,166	257,47
Buena Park / La Palma													
10,000-29,999	92	1,656,895	0	0	118,120	7.13%	192,470	11.62%	\$0.51	(6,755)	(2,818)	35,667	90,99
30,000-49,999	31	1,177,621	0	0	43,133	3.66%	86,352	7.33%	\$0.48	3,867	22,517	47,000	65,65
50,000-99,999	37	2,499,741	0	0	84,800	3.39%	145,400	5.82%	\$0.00	0	60,605	0	66,51
100,000-199,999	20	2,669,743	0	0	125,977	4.72%	125,977	4.72%	\$0.00	0	44,631	0	155,24
200,000-299,999	12	3,119,870	0	0	300,486	9.63%	300,486	9.63%	\$0.54	0	75,080	0	447,16
300,000 Plus	8	4,159,629	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	
Total	200	15,283,499	0	0	672,516	4.40%	850,685	5.57%	\$0.53	(2,888)	200,015	82,667	825,55
La Mirada													
10,000-29,999	61	1,090,230	0	0	22,030	2.02%	134,103	12.30%	\$0.59	6,751	2,858	15,367	36,13
30,000-49,999	34	1,307,163	0	0	79,051	6.05%	154,463	11.82%	\$0.50	(28,939)	(75,051)	10,000	62,07
50,000-99,999	43	3,079,765	0	0	251,849	8.18%	334,096	10.85%	\$0.44	59,768	53,478	59,768	246,29
100,000-199,999	24	3,262,780	0	0	331,146	10.15%	567,395	17.39%	\$0.50	7,184	80,994	119,336	324,24
200,000–299,999	14	3,295,451	0	0	338,000	10.26%	992,074	30.10%	\$0.54	(338,000)	(277,217)	0	60,78
300,000 Plus	2	934,359	0	0	0	0.00%	0	0.00%	\$0.00	Ó	Ó	0	180,96
Total	178	12,969,748	0	0	1,022,076	7.88%	2,182,131	16.82%	\$0.48	(293,236)	(214,938)	204,471	910,50
Norwalk													
	26	604 201	0	0	54,159	0.00%	106 661	17 CEN	ድር ድር	2 100	(24.022)	2 100	40.60
10,000–29,999 30,000–49,999	36 8	604,301 313,916	0	0	04,109	8.96% 0.00%	106,661 30,129	17.65% 9.60%	\$0.55 \$0.00	2,100 0	(34,022) 20,660	2,100 0	42,62 55,86
50,000-49,999	12	792,439	0	0	113,527	14.33%	149,524	18.87%	\$0.00	0	(53,527)	0	33,00
100,000-199,999	9	1,165,739	0	0	0	0.00%	149,324	0.00%	\$0.73	0	5,100	0	46,00
200,000-299,999	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0,100	0	40,00
300,000 Plus	0	0	0	0	0	0.00%	Ū	0.00%	\$0.00	0	0	0	
Total	65	2,876,395	0	0	167,686	5.83%	286,314	9.95%	\$0.73	2,100	(61,789)	2,100	144,49
Paramount		, ,			,		,		•	,	(, ,	,	,
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10,000-29,999	210	3,680,207	0	0	104,039	2.83%	185,852	5.05%	\$0.00	9,057	41,901	43,111	247,439
30,000-49,999	43	1,634,405	0	0	11,860	0.73%	69,130	4.23%	\$0.00	(11,860)	4,755	5,000	30,79
50,000-99,999	20	1,459,856	0	0	0	0.00%	121,474	8.32%	\$0.00	9,333	15,294	9,333 0	24,62
100,000–199,999 200,000–299,999	7	987,488 713,768	0	0	0	0.00% 0.00%	0	0.00% 0.00%	\$0.00 \$0.00	0	0	0	
300.000 Plus	1	551,897	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	
Total	284	9,027,621	0	0	115,899	1.28%	376,456	4.17%	\$0.00	6,530	61,950	57,444	302,86
	LUT	3,021,021		-	. 10,000	1.2070	57 0, 100	1.1770	40.00	0,000	01,000	דדד, וט	332,00
Santa Fe Springs													
10,000-29,999	642	10,898,794	0	0	497,503	4.56%	919,185	8.43%	\$0.48	(57,935)	(46,621)	94,086	487,32
30,000-49,999	169	6,545,276	0	117,905	328,102	5.01%	582,684	8.90%	\$0.57	28,734	16,848	44,142	282,93
50,000-99,999	138	9,587,652	0	50,669	330,012	3.44%	583,800	6.09%	\$0.45	32,790	239,186	242,280	674,94
100,000-199,999	88	11,651,774	0	0	392,558	3.37%	673,086	5.78%	\$0.48	80,385	369,354	118,104	781,43
200,000–299,999	25	6,107,353	0	0	369,936	6.06%	961,484	15.74%	\$0.39	340,654	(186,948)	340,654	743,89
300,000 Plus	12	5,677,867	0	100 574	198,654	3.50%	198,654	3.50%	\$0.44	(1,714)	479,816	0	893,06
Total	1,074	50,468,716	0	168,574	2,116,765	4.19%	3,918,893	7.76%	\$0.45	422,914	871,635	839,266	3,863,59
Whittier													
10,000-29,999	91	1,476,180	0	0	40,096	2.72%	95,872	6.49%	\$0.00	(15,686)	34,212	10,838	89,77
30,000-49,999	19	729,356	0	0	7,840	1.07%	7,840	1.07%	\$0.49	1,692	13,119	3,612	22,05
50,000-99,999	18	1,169,990	0	0	0	0.00%	70,041	5.99%	\$0.00	0	0	0	
100,000-199,999	5	626,855	0	0	110,820	17.68%	110,820	17.68%	\$0.00	0	5,020	0	10,20
200,000-299,999	3	643,703	0	0	215,462	33.47%	215,462	33.47%	\$0.29	18,036	(154)	18,190	18,19
300,000 Plus	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	
Total	136	4,646,084	0	0	374,218	8.05%	500,035	10.76%	\$0.29	4,042	52,197	32,640	140,22
Mid Counties Total													
10,000-29,999	1,367	23,559,162	0	0	1,056,156	4.48%	1,916,652	8.14%	\$0.50	(48,595)	(3,416)	234,642	1,210,72
30,000-49,999	379	14,655,809	0	117,905	642,372	4.38%	1,186,713	8.10%	\$0.52	36,901	113,310	162,155	804,91
50,000-49,999	337	23,234,629	0	50,669	1,156,982	4.98%	1,980,461	8.52%	\$0.49	149,914	559,302	359,404	1,562,28
100,000-199,999	188	25,158,436	0	0	1,403,644	5.58%	1,911,092	7.60%	\$0.48	(102,403)	319,583	262,810	1,544,67
200,000-299,999	65	15,924,688	0	0	1,223,884	7.69%	2,469,506	15.51%	\$0.43	20,690	(169,239)	358,844	1,490,03
300,000 Plus	25	11,970,686	0	0	198,654	1.66%	198,654	1.66%	\$0.44	(1,714)	479,816	0	1,074,02
	2,361	114,503,410	0	168,574	5,681,692	4.96%	9,663,078	8.44%	\$0.46	54,793	1,299,356	1,377,855	7,686,66

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.

LARGEST TRANSACTIONS OF 2011								
Sales Transactions Property Address	City	Square Feet	Sale Price Per SF	Buyer	Seller			
18021 Valley View Ave.	Cerritos	309,934	\$129.22	The Estate of James Campbell	TA Associates			
5911-5915 Fresca Dr.	La Palma	292,080	\$62.65	Dexus Acquirer, LLC	Fresca Industrial Park, LP			
14501 Artesia Blvd.	La Mirada	277,564	\$94.57	Dexus Socal, LLC	LBA Realty Fund-Holding Co. II			
12252 Whittier Blvd.	Whittier	161,000	\$70.50	Sohnen Enterprises, Inc.	Leggett & Platt, Inc.			
13226 Alondra Blvd.	Cerritos	128,000	\$82.50	Achem Industry America, Inc.	Scope Properties, LLC			
14100 Vine PI.	Cerritos	121,232	\$63.00	Fairmont Designs	Domtar Paper			
Lease Transactions								
Property Address	City	Square Feet	Transaction Date	Tenant	Owner			
3777 Workman Mill Rd.	Whittier	613,375	Aug-11	Michael Kors	KTR Capital Partners			
6400 Valley View St. – Renewal	Buena Park	238,270	Jun-12	Quaker Sales	ProLogis			
15927 Distribution Way – Expansion	Cerritos	220,000	Feb-12	Phoenix Warehouse	WCV Commercial			
16509 Trojan Way	La Mirada	180,969	Sep-12	Cotton ON	MC&C			
13227 Orden Dr.	Santa Fe Springs	171,826	Jul-11	American Tire Distribution	Golden Springs Development Co.			
14911 Valley View Ave.	Santa Fe Springs	155,408	Feb-12	Faro Services	Morgan Stanley Real Estate Advisor			

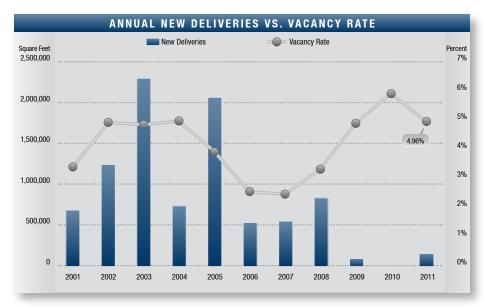
Product Type

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