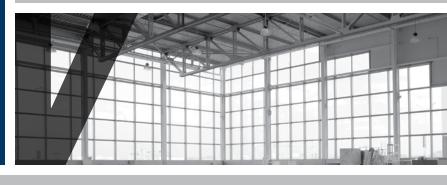
Voit REAL ESTATE SERVICES

Real People. Real Solutions.®



Industrial Market Report

Market Highlights

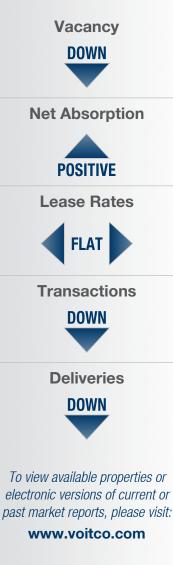
- **Stability** The Phoenix industrial market conveyed more promise of stabilization in the third quarter of 2012. Both vacancy and availability continued their downward trend and displayed near double-digit percentage drops compared to the third quarter of 2011, and net absorption saw positive growth of over half a million square feet. Demand stayed healthy with almost 5 million square feet sold or leased in the third quarter. While these are positive indications, stability and job growth will be needed in coming quarters to continue to bolster a recovery.
- Construction There was 3,751,000 square feet of industrial construction underway at the end of the third quarter, an encouraging sign, but still below construction levels seen during the market's peak in the second half of 2007. Most of this construction occurred in the Southeast submarket.
- Vacancy Direct/sublease space (unoccupied) decreased to 11.09% from 2012's second quarter rate of 11.24% and displayed a significant drop of almost 12% from 2011's third quarter, making these the lowest rates seen since the third quarter of 2008. The Northeast market posted the lowest rate in the county at 7.06%.
- Availability Direct/sublease space being marketed was 13.41% at the end the third quarter, a significant decrease when compared to the 14.80% rate of the same quarter of 2011 and the lowest rate seen in the last 3 years.
- Lease Rates The average asking-triple net lease rate was \$.44 cents per square foot per month for the third quarter, the same as the previous quarter's rate and equal to 2011's third quarter's rate, indicating stability. The record high for asking lease rates, \$.59, was recorded in the first quarter of 2007.
- **Absorption -** The Phoenix industrial market posted 551,006 square feet of positive absorption in the third

quarter of 2012, producing a total of nearly 14 million square feet of positive absorption over ten consecutive quarters.

- Transaction Activity Leasing activity checked in at 2.3 million square feet for the Phoenix industrial market in third quarter 2012, a rather dramatic drop from 2011's third quarter figure of 6.9 million square feet. Sales activity showed an increase from the previous quarter, posting 2.6 million square feet of activity as compared to the second quarter's 2.1 million square feet, and was also slightly higher than the previous year's third quarter figure of 2.3 million square feet. Details of the largest transactions can be found on the back page of this report.
- Unemployment The unemployment rate in the Phoenix-Mesa-Glendale Metropolitan area was 7.4% in August 2012, a healthy decrease from the January rate of 7.9%. Sectors with strong job growth include trade, transportation, utilities driven by retail trade, and professional and business services — largely in the administrative and support services area. In addition, the beleaguered construction industry made substantial strides over the past 12 months, with the addition of 4,500 jobs, while the financial activities sector gained traction, aided by JPMorgan Chase's addition of 1,100 to local staff.
- Overall We are seeing a continued decrease in available and vacant space and a subsequent increase in net occupancy, which is contributing to an increase in asking lease rates. We anticipate that lease rates will begin to rise during the first half of 2013. While this is certainly a positive, cautious optimism still prevails, as job creation will need to continue in order to drive the demand needed to sustain growth in the Phoenix industrial market.

	INDUSTRIAL	MARKE	T OVERVI	EW
	3Q12	2Q12	3Q11	% of Change vs. 3Q11
Total Vacancy Rate	11.09%	11.24%	12.60%	(11.98%)
Availability Rate	13.41%	13.92%	14.80%	(9.39%)
Average Asking Lease R	ate \$0.44	\$0.44	\$0.44	0.00%
Sale & Lease Transactio	ns 4,949,707	5,767,656	9,229,610	(46.37%)
Gross Absorption	4,115,456	4,754,208	4,753,847	(13.43%)
Net Absorption	551,006	2,351,480	1,694,100	N/A

Compared to the Previous Quarter:



Prepared by:

Jerry J. Holdner, Jr. – Lic.#01145748 Vice President of Market Research e-mail: jholdner@voitco.com Jon Rappa – Lic.#SA636968000

Market Research Analyst e-mail: jrappa@voitco.com VOIT Real Estate Services – Lic.#C0638277000

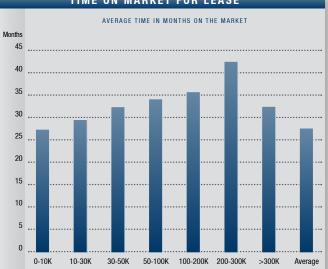
PHOENIX / INDUSTRIAL MARKET REPORT / THIRD QUARTER 2012

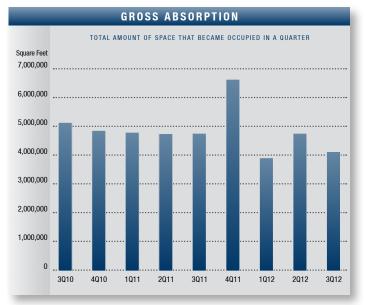




NET ABSORPTION CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT Square Feet 3,000,000 2,500,000 2,000,000 1,500,000 1.000.000 500,000 0 -500,000 3Q10 4Q10 1011 2011 3011 4Q11 1012 2012 3012







TIME ON MARKET FOR LEASE

Voit REAL ESTATE SERVICES

Voit REAL ESTATE SERVICES

	INVENTORY			VACANCY & LEASE RATES				ABSORPTION					
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2012	Square Feet Available	Availability Rate 3Q2012	Average Asking Lease Rate	Net Absorption 3Q2012	Net Absorption 2012	Gross Absorption 3Q2012	Gross Absorption 2012
Airport Area													
North Airport	295	11,164,247	0	12,000	1,705,021	15.27%	1,717,456	15.38%	\$0.43	108,357	86,901	148,796	384,653
South Airport North of Roeser	313	10,317,098	0	30,000	1,192,439	11.56%	1,434,061	13.90%	\$0.41	124,362	345,819	274,433	728,279
South Airport South of Roeser	121	4,037,551	0	0	581,377	14.40%	682,801	16.91%	\$0.60	(105,775)	(102,469)	28,199	84,575
SC North of Salt River	365	13,882,800	0	0	1,799,503	12.96%	2,051,372	14.78%	\$0.44	96,614	360,968	189,487	559,057
SC South of Salt River General Industrial	54 296	1,631,933 12,069,204	0	0	69,343 1,143,088	4.25% 9.47%	119,640 1,436,499	7.33% 11.90%	\$0.39 \$0.52	0 112,985	(4,082) 215,470	0 136,670	23,800 315,828
Warehouse / Distribution	852	28,964,425	0	42,000	4,204,595	9.47%	4,568,831	15.77%	\$0.52	112,985	471,667	504,245	1,464,536
Airport Area Total	1,148	41,033,629	0	42,000	5,347,683	13.03%	6,005,330	14.64%	\$0.45	223,558	687,137	640,915	1,780,364
Vortheast	1,110	11,000,020	Ū	12,000	0,011,000	10.0070	0,000,000	11.0170	ψ0.10	220,000	001,101	010,010	1,100,001
	101	1 500 070	0	00.000	77.001	1 710/	00 554	4 500/	0 0 F0	10,100	10 500	04.400	70.007
Central Phoenix	121 252	4,563,672 5,402,428	0	20,000 0	77,901 693,715	1.71% 12.84%	69,551 842,786	1.52% 15.60%	\$0.58 \$0.69	16,130 64,515	42,526 105,479	24,480 144,413	76,937
Scottsdale Airpark Scottsdale / Salt River	252 97	4,873,074	0	50,000	275,668	5.66%	390,518	8.01%	\$0.09	(8,410)	(44,201)	8,850	364,682 55,629
General Industrial	168	8,430,909	0	50,000	268,063	3.18%	281,562	3.34%	\$0.68	(23,679)	45,037	17,372	148,029
Warehouse / Distribution	302	6,408,265	0	20,000	779,221	12.16%	1,021,293	15.94%	\$0.69	95,914	58,767	160,371	349,219
Northeast Total	470	14,839,174	0	70,000	1,047,284	7.06%	1,302,855	8.78%	\$0.69	72,235	103,804	177,743	497,248
Vorthwest													
Deer Valley / Pinnacle Park	418	12,933,691	0	212,177	1,068,154	8.26%	1,589,714	12.29%	\$0.62	124,008	468,939	222,868	899,018
Glendale	418 96	5,637,849	600,000	2,147,615	447,862	8.26% 7.94%	619,940	12.29%	\$0.62 \$0.53	(1,140)	468,939 76,461	222,868	133,85
Grand Avenue	306	13,779,284	000,000	546,090	981,671	7.12%	1,279,106	9.28%	\$0.35	133,495	287,774	163,350	450,64
North Glendale / Sun City	92	4,074,129	0	69,241	655,531	16.09%	740,232	18.17%	\$0.53	41,255	107,774	59,367	201,10
North Black Canyon	123	3,607,876	0	0	232,239	6.44%	474,722	13.16%	\$0.48	(22,787)	93,916	23,770	188,15
West Phoenix North of Thomas Road	257	6,740,143	0	0	780,006	11.57%	901,830	13.38%	\$0.18	(55,068)	(123,637)	23,013	162,61
West Phoenix South of Thomas Road	223	6,433,284	0	0	463,901	7.21%	566,333	8.80%	\$0.27	79,029	43,512	102,736	238,079
General Industrial	511	21,054,967	0	521,821	1,158,901	5.50%	1,648,640	7.83%	\$0.56	172,875	217,734	229,327	532,62
Warehouse / Distribution	1,004	32,151,289	600,000	2,453,302	3,470,463	10.79%	4,523,237	14.07%	\$0.47	125,917	737,005	390,607	1,740,843
Northwest Total	1,515	53,206,256	600,000	2,975,123	4,629,364	8.70%	6,171,877	11.60%	\$2.96	298,792	954,739	619,934	2,273,468
Pinal County													
Pinal County	138	7,437,730	0	739,500	566,276	7.61%	768,494	10.33%	\$0.33	17,410	(68,876)	32,900	73,253
General Industrial	78	4,521,790	0	20,000	117,562	2.60%	241,488	5.34%	\$0.32	19,100	(34,047)	21,500	21,500
Warehouse / Distribution	60	2,915,940	0	719,500	448,714	15.39%	527,006	18.07%	\$0.33	(1,690)	(34,829)	11,400	51,753
Pinal County Total	138	7,437,730	0	739,500	566,276	7.61%	768,494	10.33%	\$0.33	17,410	(68,876)	32,900	73,253
Southeast													
Chandler Airport	47	2,002,602	0	756,721	173,179	8.65%	209,972	10.48%	\$0.70	(5,699)	39,079	12,035	71,400
Chandler	261	15,306,909	1,635,000	16,534	1,262,308	8.25%	1,713,957	11.20%	\$0.66	(2,811)	8,414	141,387	362,77
Chandler North/Gilbert	458	14,677,105	1,200,000	1,101,515	2,407,396	16.40%	2,677,391	18.24%	\$0.52	(9,704)	295,748	273,216	937,922
Falcon Fld/Apache Junction	122	5,322,717	0	0	403,448	7.58%	494,605	9.29%	\$0.59	37,156	77,663	50,007	178,39
Mesa	206	7,138,555	0	0	755,644	10.59%	792,137	11.10%	\$0.61	28,943	305,938	117,444	602,903
Tempe East	187	5,643,136	0	0	425,049	7.53%	634,600	11.25%	\$0.84	12,871	5,631	69,960	216,106
Tempe Northwest	230	8,684,746	0	0	1,151,592	13.26%	1,449,107	16.69%	\$0.63	106,746	(104,552)	232,448	454,377
Tempe Southwest	437	18,168,283	316,000	160,000	1,615,106	8.89%	2,268,352	12.49%	\$0.43	56,035	111,988	316,830	816,220
General Industrial Warehouse / Distribution	627	34,780,139	2,835,000	313,294	2,355,177 5,838,545	6.77%	3,028,562	8.71%	\$0.61	(100,388)	(201,617)	205,125	642,745
Southeast Total	1,321 1,948	42,163,914 76,944,053	316,000 3,151,000	1,721,476 2,034,770	5,636,545 8,193,722	13.85% 10.65%	7,211,559 10,240,121	17.10% 13.31%	\$0.52 \$0.55	323,925 223,537	941,526 739,909	1,008,202 1,213,327	2,997,354 3,640,099
	1,940	70,944,033	3,131,000	2,034,770	0,193,722	10.05 %	10,240,121	13.3170	φ0.JJ	223,337	139,909	1,213,321	3,040,095
Southwest													
Goodyear	96	8,684,932	0	9,741,194	1,802,821	20.76%	1,943,915	22.38%	\$0.43	14,833	44,198	23,819	77,564
Southwest North of Buckeye Road	543	30,607,002	0	965,400	3,224,423	10.53%	4,310,076	14.08%	\$0.31	410,269	303,810	748,178	1,900,394
Southwest South of Buckeye Road	188	13,480,445	0	3,621,544	1,966,167	14.59%	2,497,903	18.53%	\$0.30	(88,209)	55,287	81,518	337,98
Tolleson General Industrial	179 298	27,650,025 17,800,112	0	1,456,633 2,630,300	3,599,634 2,880,005	13.02% 16.18%	3,484,117 3,270,627	12.60% 18.37%	\$0.37 \$0.41	(621,419) 112,235	28,175 236 457	577,122 265,356	2,161,42 675,73
Warehouse / Distribution	298 708	62,622,292	0	2,630,300	2,880,005	12.32%	3,270,627 8,965,384	14.32%	\$0.41 \$0.32	(396,761)	236,457 195,013	1,165,281	3,801,62
Southwest Total	1,006	80,422,404	0	15,784,771	10,593,045	13.17%	12,236,011	15.21%	\$0.32	(284,526)	431,470	1,430,637	4,477,362
	,	,,		, ,	,		,,			,/	.,2	, .,	,,
General Industrial	1,978	98,657,121	2,835,000	3,535,415	7,922,796	8.03%	9,907,378	10.04%	\$0.52	293,128	479,034	875,350	2,336,46
Warehouse / Distribution	4,247	175,226,125	916,000	18,110,749	22,454,578	12.81%	26,817,310	15.30%	\$0.42	257,878	2,369,149	3,240,106	10,405,32
hoenix Total	6,225	273,883,246	3,751,000	21,646,164	30,377,374	11.09%	36,724,688	13.41%	\$0.44	551,006	2,848,183	4,115,456	12,741,79
10.000.00.000	0.010	04 040 505		005 200	7 400 000	11.000	0.000.005	11000	60 5 1	107.001	000 000	1 000 170	0.070.00
10,000-29,999	3,819	64,812,565	0	835,982	7,183,900	11.08%	9,083,665	14.02%	\$0.51	427,694	960,982	1,266,479	3,870,90
30,000-49,999	1,059	40,546,340	0	781,024	4,858,568	11.98%	6,062,568	14.95%	\$0.49	255,190	488,666	725,594	1,920,12
50,000-99,999 100,000-199,999	848 334	58,435,138 44,036,206	0 316.000	874,689 2,371,139	6,224,794 6,540,785	10.65% 14.85%	7,980,149 7,789,457	13.66% 17.69%	\$0.47 \$0.42	561,199	514,365 135,612	1,162,971 228,321	2,427,31
200,000-299,999	334 85	20,421,186	316,000 285,000	2,371,139 953,031	2,536,499	12.42%	2,866,403	14.04%	\$0.42 \$0.34	(388,200) 288,208	135,612	732,091	1,165,25
300,000+	80	45,631,811	3,150,000	15,830,299	3,032,828	6.65%	2,942,446	6.45%	\$0.34	(593,085)	631,512	132,091	2,081,29
300,000+		,,	, -,	, -,=-3	, _,0		,,		=-	, ,/	.,	2	,,=0

This survey consists of buildings greater than 10,000 square feet. Lease rates are on a triple-net basis.

PHOENIX / INDUSTRIAL MARKET REPORT / THIRD QUARTER 2012

Aug-12

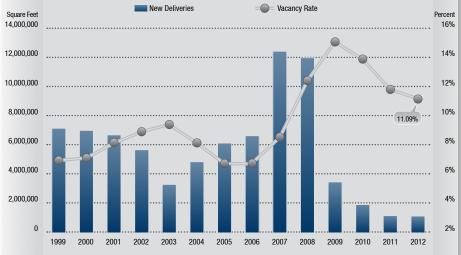
N/A

Product Type

8435 N. 90th St.

MFG./DIST. Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space. ANNUAL NEW DELIVERIES VS. VACANCY RATE

MainSprings Capital Group



To view available properties, please visit:

www.voitco.com

Please Contact Us for Further Information

Scottsdale/Salt River

49,625

Anaheim, CA 714.978.7880	Newport Beach, CA 949.644.8648
Commerce, CA 323.201.4494	Phoenix, AZ 602.952.8648
Inland Empire, CA 909.545.8000	Reno, NV 775.309.0782
Irvine, CA 949.851.5100	Sacramento, CA 916.772.8648
Las Vegas, NV 702.734.4500	San Diego, CA 858.453.0505

101 Shipyard Way Newport Beach, CA 92663

949.644.8648 www.voitco.com Lic.#01333376

Vnit

REAL ESTATE SERVICES

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net 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.

©2012 Voit Real Estate Services, Inc. Real People. Real Solutions.[®] is a registered trademark of Voit Real Estate Services.