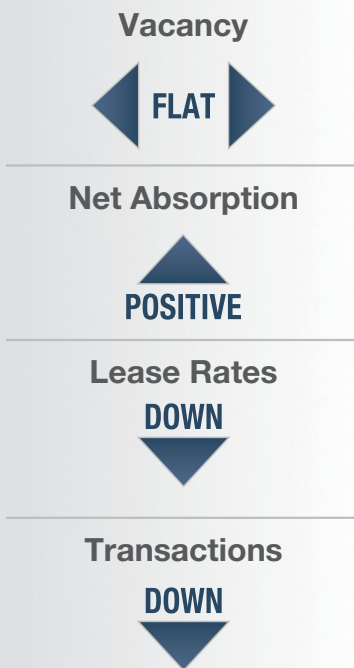




Retail Market Report

Compared to last quarter:



To view available properties or electronic versions of current or past market reports, please visit:

www.voidco.com

Prepared by:

Jerry J. Holdner, Jr. – Lic.#01145748

Vice President of Market Research

VOIT Real Estate Services – Lic.#01333376

e-mail: jholdner@voitco.com

Market Highlights

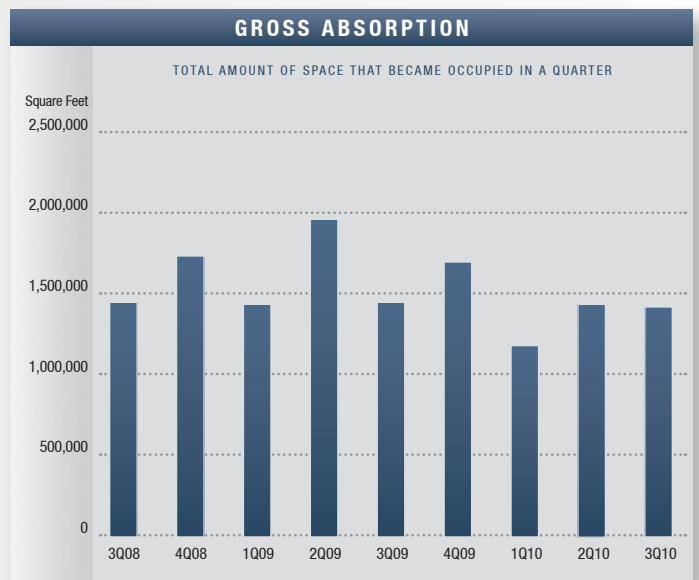
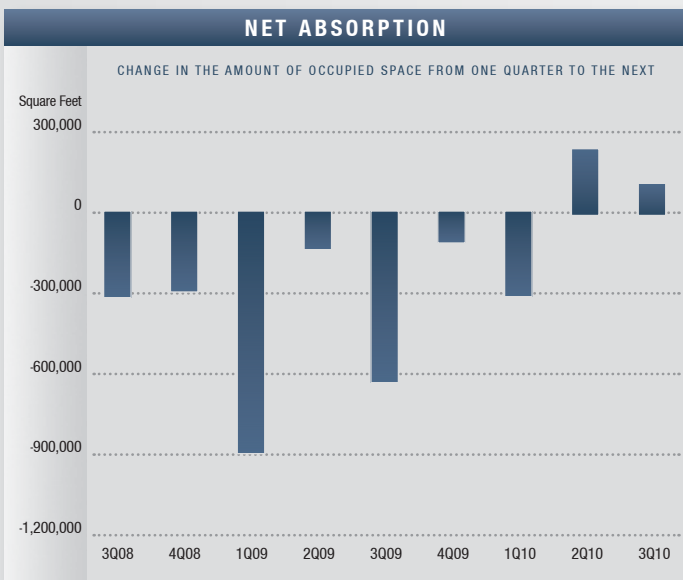
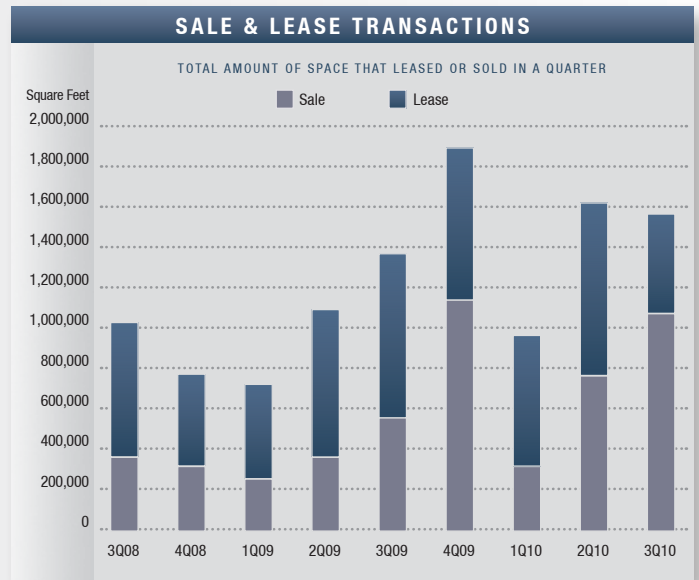
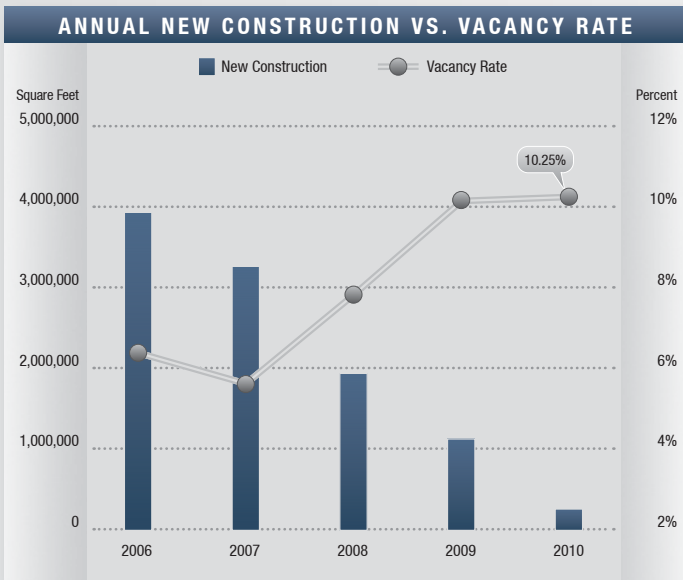
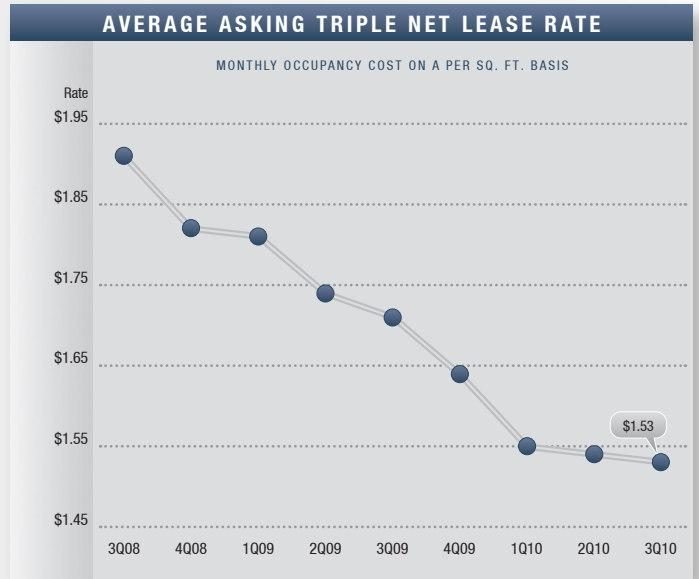
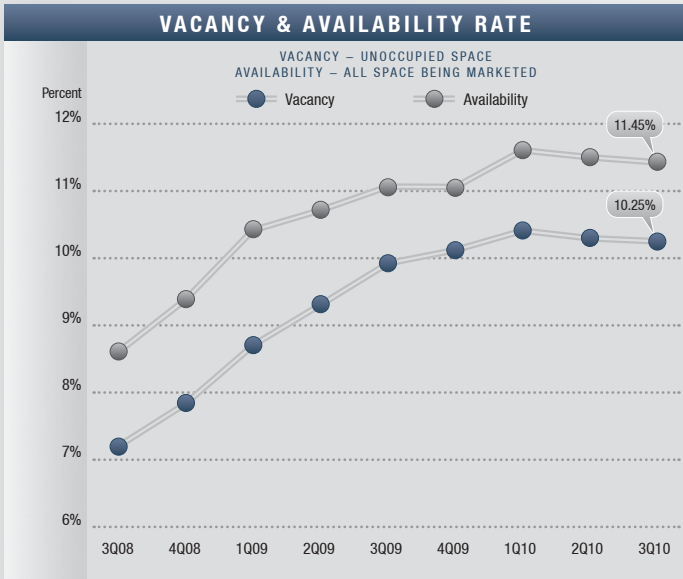
- **Encouraging Numbers** – The numbers this quarter are encouraging — a sign that recovery could be on the horizon. Vacancy, availability and net absorption all showed signs of stabilization posting statistically insignificant changes compared to the previous quarter. With regard to sales transactions, the ask-bid gap seems to be narrowing, as evidenced by the drop in asking prices. While these are positive indications, stability will need to be sustained in following quarters to be considered recovery.
- **Construction** – Currently, there is no retail construction underway. The shrinking availability of land, scarce financing and rising construction costs, has led to few projects being developed.
- **Vacancy** – Direct/sublease space (unoccupied) finished the quarter at 10.25%, an increase over last year's rate of 9.97%. The vacancy in Roseville/Rocklin, the largest submarket in Sacramento, came in at 12.49%.
- **Availability** – Direct/sublease space being marketed was 11.45% this quarter, up from the 11.04% we saw this same quarter last year. This is an increase of 3.71% of new space being marketed when compared to the same quarter last year.
- **Lease Rates** – The average asking Triple Net lease rate per month per foot in Sacramento was \$1.53 — a 10.53% decrease over last year's rate of \$1.71 and the same as last quarter's rate. The record high rate of \$1.96 was established in the fourth quarter of 2007.
- **Absorption** – Net absorption for the county posted a positive 104,039 square feet for the third quarter of 2010; for the past 5 quarters the retail market has been averaging approximately 70,000 square feet of positive absorption.
- **Transaction Activity** – Leasing activity checked in this quarter at 475,834 square feet, a decrease over last quarter's figure of 845,084 square feet. The average

square footage leased per quarter over the past five quarters is 690,000 square feet. Sales activity showed an increase, posting 1,086,271 square feet of activity compared to the 567,844 square feet we saw this same quarter last year.

- **Employment** – The unemployment rate in Sacramento-Arden-Arcade-Roseville Metropolitan area (MSA) was 12.4% in August 2010, down from a revised 12.7% in July 2010 and above the year-ago estimate of 11.6%. The unemployment rate was 11.9% in El Dorado, 11.5% in Placer, 12.8% in Sacramento and 11.6% in Yolo Counties. This compares with an unadjusted unemployment rate of 12.4% for California and 9.5% for the nation during the same period. According to the State of California Employment Development Department, the Sacramento MSA lost 25,900 payroll jobs over the last twelve months — 6,100 in construction and 4,600 in professional & business services. Between July 2010 and August 2010 the Sacramento MSA lost 3,200 jobs overall.
- **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. Positive absorption is the big story, and with few new deliveries in the pipeline to put more upward pressure on vacancies, the market is beginning to stabilize. We foresee a further increase in investment activity in the coming quarters as lenders begin to dispose of distressed assets. Lease rates are expected to remain soft for the near future, and concessions in the forms of free rent, reduced parking fees, relocation funds and tenant improvement allowances should continue to increase to motivate tenants to immediate action. We should see an increase in leasing activity as many short-term deals come up for renewal and as job creation begins going into 2011. Once employment turns positive and consumer confidence stabilizes, the retail market will regain equilibrium.

RETAIL MARKET OVERVIEW

	3Q2010	2Q2010	3Q2009	% CHANGE vs. 3Q2009
Vacancy Rate	10.25%	10.29%	9.97%	2.81%
Availability Rate	11.45%	11.50%	11.04%	3.71%
Average Asking Lease Rate	\$1.53	\$1.54	\$1.71	(10.53%)
Sale & Lease Transactions	1,562,105	1,601,476	1,367,756	14.21%
Gross Absorption	1,403,121	1,426,987	1,432,499	(2.05%)
Net Absorption	104,039	239,174	(650,018)	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
Sacramento County													
Arden/Watt/Howe	950	11,402,768	0	0	1,068,126	9.37%	1,264,559	11.09%	\$2.13	53,902	12,640	110,098	278,297
Auburn/Loomis	307	3,131,332	0	0	288,821	9.22%	296,884	9.48%	\$1.40	24,262	30,229	51,950	138,176
Benicia	131	861,730	0	0	28,242	3.28%	28,730	3.33%	\$1.45	17,123	3,901	20,114	22,749
Carmichael	236	2,448,091	0	0	315,464	12.89%	347,930	14.21%	\$0.63	(16,963)	(64,649)	22,086	53,580
Davis	114	1,539,889	0	0	151,850	9.86%	110,925	7.20%	\$1.72	(25,989)	(16,800)	10,049	33,712
Downtown/Midtown/E Sacramento	856	9,362,728	0	0	393,969	4.21%	427,711	4.57%	\$1.44	(16,614)	(29,133)	40,090	150,007
El Dorado	253	3,571,623	0	0	330,895	9.26%	357,331	10.00%	\$1.95	(1,504)	44,268	53,073	182,444
Elk Grove	289	5,219,487	0	0	650,401	12.46%	682,357	13.07%	\$1.73	27,626	76,709	70,551	205,118
Fairfield	284	5,426,044	0	0	391,160	7.21%	554,312	10.22%	\$1.42	82,960	188,377	103,703	258,010
Folsom	246	5,573,251	0	0	450,491	8.08%	495,254	8.89%	\$1.87	8,328	(8,158)	86,612	135,735
Highway 50	279	4,630,178	0	0	812,116	17.54%	890,831	19.24%	\$1.35	(8,008)	(49,663)	31,679	96,044
Lincoln	170	1,599,866	0	0	189,625	11.85%	188,625	11.79%	\$1.95	(7,941)	1,559	3,108	54,431
Natomas	245	4,267,161	0	0	433,587	10.16%	443,742	10.40%	\$1.87	14,743	(141,966)	42,622	114,587
Orangevale/Citrus Heights	516	8,123,001	0	0	939,249	11.56%	1,014,862	12.49%	\$1.51	63,016	77,160	123,369	366,388
Outer El Dorado	205	2,151,600	0	0	181,902	8.45%	201,066	9.34%	\$1.88	(6,980)	(16,594)	21,212	50,168
Outer Placer	138	1,024,036	0	0	20,549	2.01%	45,080	4.40%	\$1.01	7,240	2,241	7,240	13,390
Outer Sacramento	101	867,968	0	0	40,735	4.69%	58,343	6.72%	\$1.62	9,175	2,696	12,850	30,531
Outer Sutter	238	4,041,462	0	0	285,134	7.06%	345,422	8.55%	\$1.41	(32,771)	(104,393)	33,579	75,176
Outer Yolo	24	187,328	0	0	11,000	5.87%	11,000	5.87%	\$0.00	0	(3,620)	0	0
Rio Linda/North Highlands	419	5,318,077	0	0	549,120	10.33%	622,959	11.71%	\$1.30	2,465	44,285	37,542	193,375
Roseville/Rocklin	764	14,119,398	0	0	1,763,055	12.49%	1,945,187	13.78%	\$1.72	65,582	66,268	245,586	496,448
South Sacramento	909	10,913,381	0	0	1,668,232	15.29%	1,739,181	15.94%	\$1.43	(98,183)	(6,982)	79,565	461,899
Vacaville	498	6,907,942	0	0	545,537	7.90%	739,436	10.70%	\$1.27	1,621	34,877	78,353	243,259
Vallejo	656	5,788,600	0	0	606,779	10.48%	731,135	12.63%	\$1.15	(35,641)	(55,464)	46,542	101,085
West Sacramento	114	2,146,928	0	0	159,519	7.43%	164,987	7.68%	\$1.70	1,203	32,253	10,861	75,675
Woodland	167	3,124,973	0	0	388,540	12.43%	434,477	13.90%	\$1.71	(1,960)	(20,830)	54,841	141,719
Yuba	111	1,659,441	0	0	191,586	11.55%	216,478	13.05%	\$0.85	(22,653)	(60,750)	5,846	30,035
Sacramento County Total	9,220	125,408,283	0	0	12,855,684	10.25%	14,358,804	11.45%	\$1.53	104,039	38,461	1,403,121	4,002,038

Lease rates are on a triple net basis.

RECENT TRANSACTIONS

Sale Transactions

Property Address	Submarket	Square Feet	Sale Price Per SF	Tenant	Owner
8810 Calvine Rd.	South Sacramento	89,887	\$238.97	Inland Diversified Real Estate Trust	Petrovich Development Company
5065 Quinn Rd.	Vacaville	37,914	\$263.75	National Retail Properties, Inc.	Oppidan Investment Company
2449 Fulton Ave. – 2 Properties	Arden/Watt/Howe	72,698	\$103.17	Kuni Automotive	The Daugherty Trust
1401 Blue Oaks Blvd. – 15 Properties	Roseville	79,942	\$90.07	Gemperle Farms	Bank of the West
840 El Camino Ave. – Walgreen’s	Arden/Watt/Howe	14,500	\$344.83	Navico Inc.	Interra-Vision Development Partners

Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
6241-6253 Sunrise Blvd.	Orangevale/Citrus Hts	26,534	Aug-10	Institute of Technology-Culinary Arts	Patterson Family Trust
6029-6085 Greenback Ln.	Orangevale/Citrus Hts	15,141	Sep-10	MVP Sports Unlimited	Mayfair Joint Venture, LLC
7290-7298 Franklin Blvd.	South Sacramento	13,000	Aug-10	Discovery Furniture	Sabby Investment Company, Inc.
6956-7074 Sunrise Blvd.	Orangevale/Citrus Hts	11,900	Jul-10	Planet Fitness	Red Mountain Retail Group, Inc.
9500 Micron Ave.	Highway 50	9,845	Sep-10	Results Physical Therapy	Fite Development Company

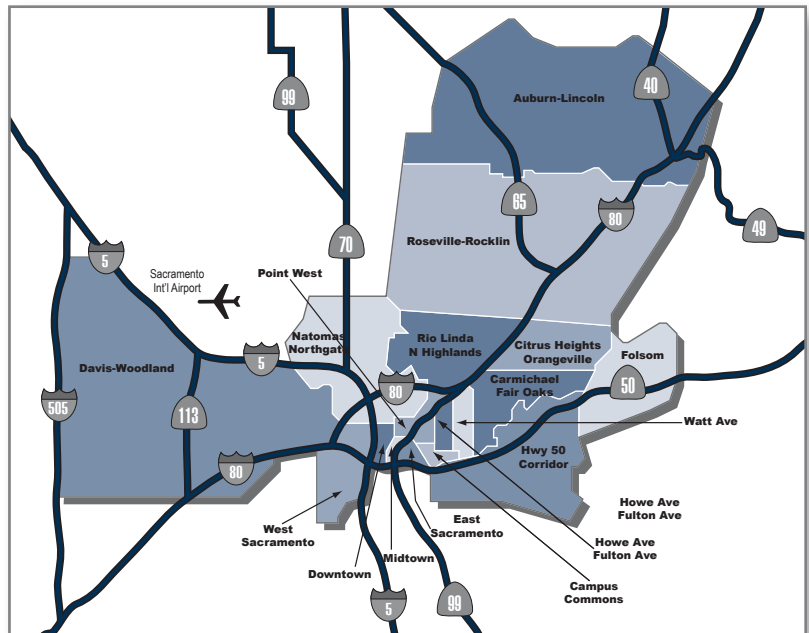
Product Type

MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

To view available properties, please visit:

www.voitco.com



Please Contact Us for Further Information

Anaheim, CA
714.978.7880

Commerce, CA
714.935.2311

Irvine, CA
949.851.5100

Las Vegas, NV
702.734.4500

Los Angeles, CA
818.593.6330

Newport Beach, CA
949.644.8648

Phoenix, AZ
602.952.8648

Sacramento, CA
916.772.8648

San Diego, CA
858.453.0505

Voit

REAL ESTATE SERVICES

101 Shipyard Way
Newport Beach, CA 92663

949.644.8648
www.voitco.com
Lic.#01333376

Represented in 150 Markets
Nationally & Internationally.



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.