



Industrial Market Report

Compared to the Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

FLAT

Transactions

DOWN

Deliveries

DOWN

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

www.voitco.com

Market Highlights

- Market Status** - Sacramento's industrial market's recovery appears to be underway with a great second quarter of 2013. Vacancy decreased into the 11% range for the first time since 2009, and positive net absorption was over 1 million square feet for the first time since 2008. While these figures are remarkable and exciting during this stage of recovery, employment gains and overall economic stability in the region will need to be sustained for the Sacramento industrial market to continue to recover.
- Construction** - During the second quarter, there was only one industrial building under construction in the Sacramento market and that was a 90,649 square foot FedEx building in Roseville. There were no buildings delivered during the second quarter; however there was one 70,000 distribution facility delivered in West Sacramento during the first quarter. The slowdown or non-existence in construction will continue to force the downward pressure on vacancy and the upward pressure on lease rates going forward.
- Vacancy** - Total vacancy came in at 11.74%, a decrease of 68 basis points compared to the previous quarter. Within the major submarkets, the McClellan area remained high at 19.85%, while the NE Sacramento and the West Sacramento areas came in at a solid 8.38% and 9.21%, respectively.
- Availability** - The rate of available space being marketed was 16.71% at the close of the second quarter, an increase of 57 basis points from the previous quarter. The McClellan submarket remained high at 24.81%, while the NE Sacramento submarket had the lowest rate in the region at 11.08%.
- Lease Rates** - The average asking triple-net lease rate was \$0.35 per square foot per month at the end of the second quarter. This is the same rate as the previous quarter and one year ago. Asking rates have stabilized; we expect possible increases coming in late 2013.
- Absorption** - The Sacramento industrial market recorded 1,153,753 square feet of positive net absorption in second quarter. Within the major submarkets, the Natomas/Northgate submarket had 300,892 square feet of positive net absorption, while the Roseville/Rocklin

submarket posted 72,727 square feet of negative net absorption.

- Transaction Activity** - The total volume of industrial lease and sale transaction activity was about 2 million square feet for second quarter. The second and third quarters of 2011 withstanding, the market has averaged about 2.5 million square feet per quarter over the past couple of years. This statistic does have some lag time to post final numbers, so look for the second quarter to reach over 2.5 million in finality. Details of the largest transactions for the second quarter of 2013 can be found on the back page of this report.
- Employment** - The unemployment rate in the Sacramento-Arden Arcade-Roseville MSA was 7.8 percent in May 2013, down from a revised 8.2 percent in April 2013, and below the year-ago estimate of 10.3 percent. This compares with an unadjusted unemployment rate of 8.1 percent for California and 7.3 percent for the nation during the same period. According to the State of California Employment Development Department, the Sacramento-Arden Arcade-Roseville MSA saw a net increase of 4,900 payroll jobs from April 2013 to May 2013. The largest gains were 1,400 jobs in professional and business services and 700 jobs in leisure and hospitality. The government picked up 600 jobs over the past month with 200 of those within the local government.
- Overall** - Owners can begin to breathe easier, as rent losses are over. Demand for warehouse space in Sacramento is improving and will continue to turn around as homebuilding picks up again and as local incomes start to rise. Buying for occupancy or purchasing fully leased, single-tenant assets seems to be the popular investment choice currently, as fully leased, performing assets are just the kind of safe-haven investment that buyers are looking for in secondary markets such as Sacramento. Despite the fact that Sacramento is not a major manufacturing center — which limits demand potential — the metro is a local distribution center and its population growth bodes very well for the future. While the downturn was painful, the tide is turning and the outlook for the foreseeable future is favorable.

Prepared by:

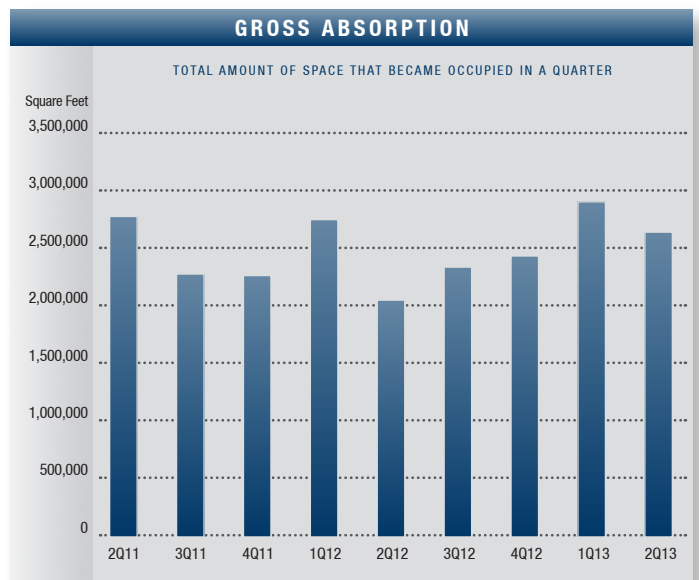
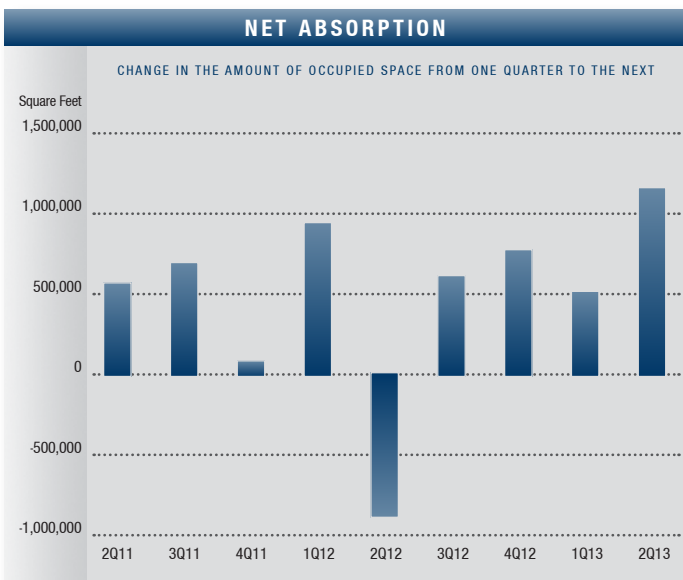
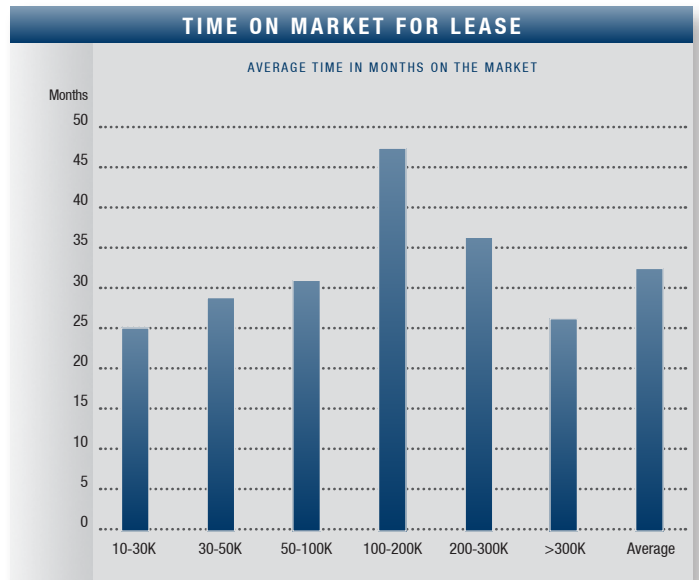
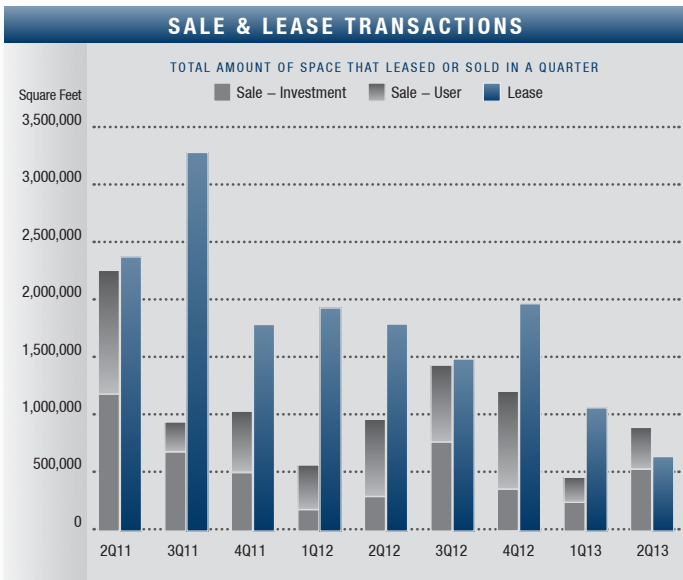
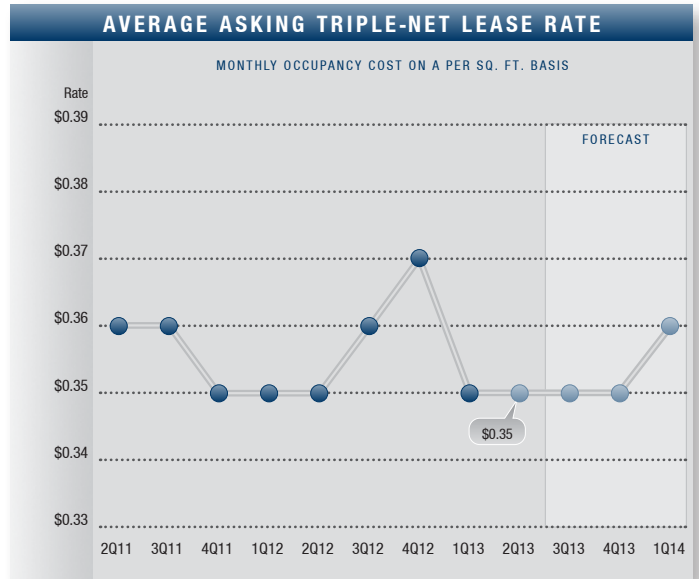
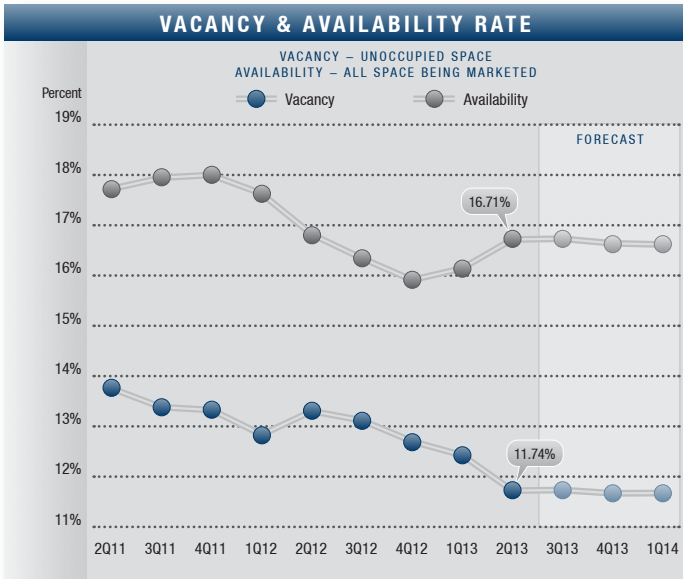
Jerry J. Holdner, Jr. — Lic.#01145748
 Vice President of Market Research
 e-mail: jholdner@voitco.com

Tyler Boyd — Lic.#01927167
 Market Research Analyst
 e-mail: tboyd@voitco.com

VOIT Real Estate Services — Lic.#01333376

INDUSTRIAL MARKET OVERVIEW

	2Q13	1Q13	2Q12	% of Change vs. 2Q12
Vacancy Rate	11.74%	12.42%	13.35%	(12.06%)
Availability Rate	16.71%	16.14%	16.80%	(0.54%)
Average Asking Lease Rate	\$0.35	\$0.35	\$0.35	0.00%
Sale & Lease Transactions	2,011,797	1,981,502	2,731,299	(26.34%)
Gross Absorption	2,636,972	2,898,605	2,038,498	29.36%
Net Absorption	1,153,753	508,660	(894,212)	N/A

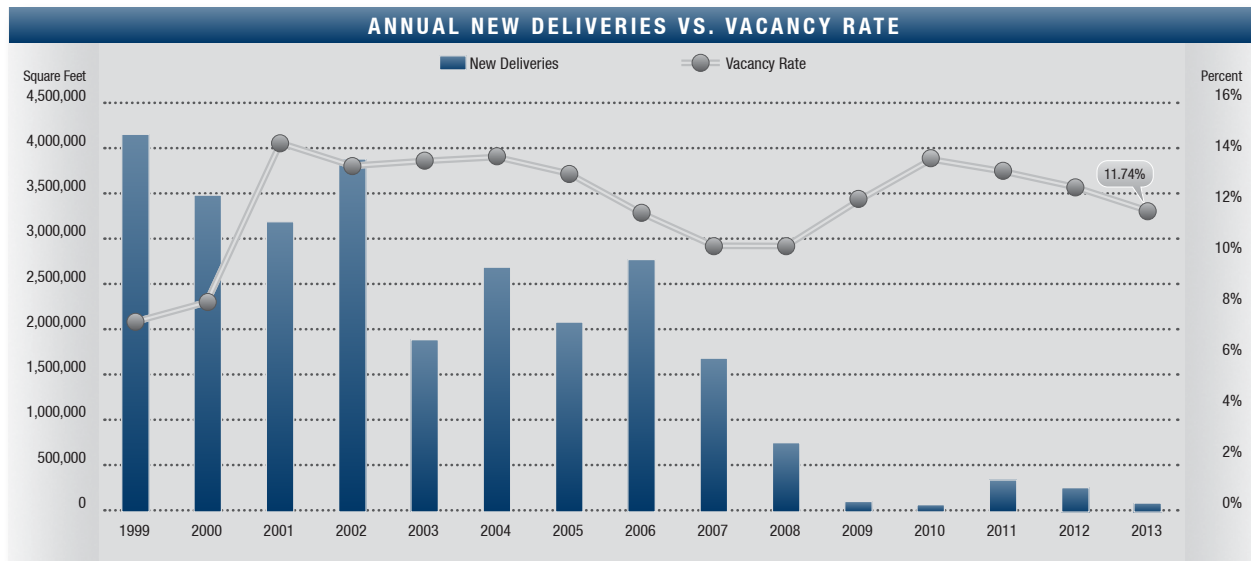


	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 2Q2013	Square Feet Available	Availability Rate 2Q2013	Average Asking Lease Rate	Net Absorption 2Q2013	Net Absorption 2013	Gross Absorption 2Q2013	Gross Absorption 2013

Sacramento Market

Auburn/Newcastle	84	2,230,750	0	0	192,946	8.65%	353,175	15.83%	\$0.52	(4,715)	(11,515)	0	26,270
Benicia	154	8,011,451	0	0	740,156	9.24%	1,484,912	18.53%	\$0.56	158,695	429,031	206,610	507,146
Davis/Woodland	190	16,479,287	0	15,040	2,750,900	16.69%	3,491,216	21.19%	\$0.26	(7,699)	(233,369)	62,589	123,325
Downtown	91	2,757,562	0	17,200	165,833	6.01%	181,833	6.59%	\$0.61	(1,600)	(1,600)	0	10,000
East Sacramento	25	594,674	0	0	100,376	16.88%	122,376	20.58%	\$0.62	13,000	19,000	13,000	19,000
Elk Grove/Laguna	103	4,989,737	0	29,450	544,209	10.91%	659,593	13.22%	\$0.39	67,214	73,240	115,499	161,670
Fairfield	157	12,131,986	0	1,176,336	576,535	4.75%	1,076,421	8.87%	\$0.38	(2,240)	120,082	9,600	153,977
Folsom/El Dorado	99	2,792,652	0	0	169,955	6.09%	236,119	8.46%	\$0.73	62,468	62,421	87,808	144,304
Marysville/Yuba City	135	5,724,680	0	0	519,770	9.08%	686,447	11.99%	\$0.37	(12,094)	(6,301)	5,732	28,557
Mather	125	3,757,064	0	70,393	608,847	16.21%	675,158	17.97%	\$0.39	28,288	(47,195)	71,559	109,391
McClellan	291	13,760,448	0	192,326	2,731,870	19.85%	3,414,409	24.81%	\$0.42	219,154	309,386	555,047	1,450,088
Natomas/Northgate	200	11,632,483	0	629,394	1,634,297	14.05%	2,106,144	18.11%	\$0.39	300,892	408,345	362,101	550,530
NE Sacramento	194	4,967,532	0	0	416,517	8.38%	550,222	11.08%	\$0.38	54,139	(36,812)	62,995	126,151
Outer El Dorado County	7	172,560	0	0	0	0.00%	12,000	6.95%	\$0.00	0	0	0	0
Outer Placer County	2	20,705	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Outer Sacramento County	2	36,000	0	0	0	0.00%	10,000	27.78%	\$0.00	0	0	0	0
Outer Sutter County	2	141,040	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Outer Yolo County	4	131,056	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Outer Yuba County	4	178,387	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Power Inn	558	24,293,483	0	972,441	2,431,800	10.01%	3,919,901	16.14%	\$0.32	63,320	49,878	289,081	514,496
Richards	90	4,164,628	0	0	273,336	6.56%	310,507	7.46%	\$0.45	42,892	57,134	87,961	104,417
Roseville/Rocklin	273	15,725,736	90,649	484,773	2,734,485	17.39%	3,090,770	19.65%	\$0.38	(72,727)	(15,522)	92,119	353,881
South Sacramento	124	4,016,576	0	0	124,025	3.09%	1,736,928	43.24%	\$0.45	42,577	35,343	53,540	64,376
Sunrise	331	9,335,866	0	0	897,981	9.62%	1,279,206	13.70%	\$0.43	24,174	99,809	85,450	284,683
Vacaville	151	9,836,928	0	1,211,311	698,313	7.10%	1,196,971	12.17%	\$0.44	94,580	292,450	105,330	343,355
Vallejo	107	5,153,500	0	14,000	1,227,666	23.82%	1,223,861	23.75%	\$0.31	(27,034)	(26,234)	46,854	48,254
West Sacramento	308	15,647,963	0	30,000	1,441,431	9.21%	2,041,051	13.04%	\$0.38	110,469	84,842	324,097	411,706
Sacramento Market Total	3,811	178,684,734	90,649	4,842,664	20,981,248	11.74%	29,859,220	16.71%	\$0.35	1,153,753	1,662,413	2,636,972	5,535,577
10,000-29,999	2,291	38,402,133	0	586,768	3,393,830	8.84%	4,485,723	11.68%	\$0.49	134,702	197,041	582,020	1,082,668
30,000-49,999	603	22,918,690	0	219,918	2,718,806	11.86%	3,450,815	15.06%	\$0.42	25,437	(8,734)	302,534	650,657
50,000-99,999	544	36,445,572	90,649	418,596	4,561,281	12.52%	5,775,626	15.85%	\$0.39	216,954	306,169	619,830	1,026,854
100,000-199,999	234	30,514,541	0	1,644,843	3,726,936	12.21%	5,473,473	17.94%	\$0.33	358,660	777,969	489,306	1,180,997
200,000-299,999	83	20,010,381	0	750,461	2,709,974	13.54%	3,976,111	19.87%	\$0.28	153,000	45,370	193,000	193,000
300,000 Plus	56	30,393,417	0	1,222,078	3,870,421	12.73%	6,697,472	22.04%	\$0.29	265,000	344,598	450,282	1,401,401
Sacramento Market Total	3,811	178,684,734	90,649	4,842,664	20,981,248	11.74%	29,859,220	16.71%	\$0.35	1,153,753	1,662,413	2,636,972	5,535,577

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



RECENT TRANSACTIONS

Sale Transactions

Property Address	Submarket	Square Feet	Sale Price Per SF	Buyer	Seller
2700 Maxwell Way	Fairfield	86,960	\$71.30	S & S Supplies & Solutions	Harry T Arnold Trust
8388 Rovana Cir.	Power Inn	72,000	\$41.67	Carmel River Stables, LLC	Westcore Properties
1235 Fee Dr.	NE Sacramento	33,386	\$67.39	TUFF SHED, Inc.	1235 Fee Drive, LLC
6924-6940 Tremont Rd.	Vacaville	21,212	\$87.21	Grace Abounds, LLC	Lynch Trust
4500 Beloit Dr.	McClellan	30,864	\$55.08	ServiceMaster	Gibson Family Trust

Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
1741 Aviation Blvd.	Roseville / Rocklin	115,815	Jun-13	N/A	Buzz Oates Companies
2019 E. Monte Vista Ave.	Vacaville	69,000	May-13	DEX Products, Inc.	2019 East Monte Vista, LLC
11370 Sunrise Park Dr.	Sunrise	46,682	May-13	N/A	Carrington & Seed Trust
3434 52nd Ave.	South Sacramento	44,920	Apr-13	AC Square, Inc.	Tesco Controls, Inc.
840 N. 10th St.	Richards	43,561	Apr-13	RL Liquidators	Massie & Company

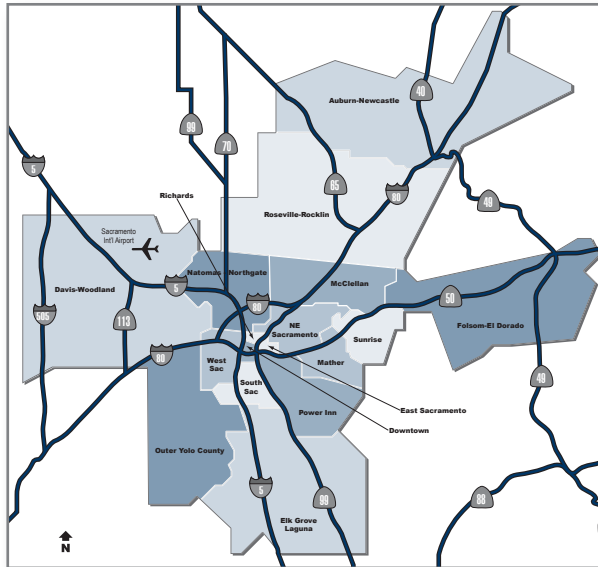
Product Type

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
323.558.5400

Inland Empire, CA
909.545.8000

Irvine, CA
949.851.5100

Las Vegas, NV
702.734.4500

Newport Beach, CA
949.644.8648

Phoenix, AZ
602.952.8648

Reno, NV
775.309.0782

Sacramento, CA
916.772.8648

San Diego, CA
858.453.0505



REAL ESTATE SERVICES

101 Shipyard Way
Newport Beach, CA 92663

949.644.8648
www.voitco.com
Lic.#01333376

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.