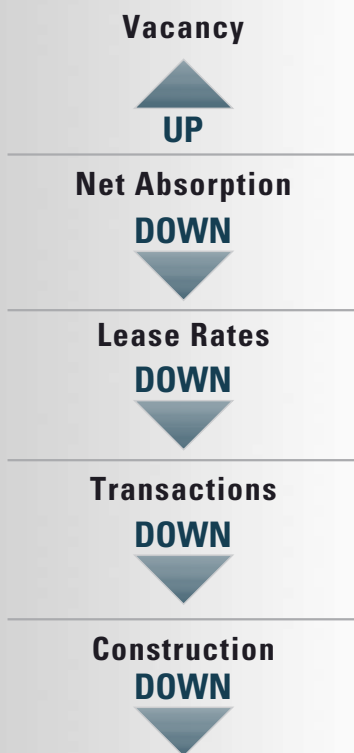




Voit
Real Estate Services

Industrial Market Report

Compared to last quarter:



Market Highlights

- ◆ **Market Challenges** - The Industrial market is facing challenges as the national recession continues. The primary concerns are as follows: increasing vacancy, tenant delinquencies, scarce financing, economic uncertainty and volatility, and the gap between "ask" and "bid" pricing between buyers and sellers. However, that gap appears to be diminishing, which is evident from some recent large sales that occurred in the past two quarters. Another challenge for the industrial market is a lack of tenant demand. The slow economic environment is forcing tenant contractions/consolidations and failures, which in turn has put upward pressure on vacancy and availability rates. This has led many tenants to request rent relief from landlords, and owners renegotiating loan terms with lenders.
- ◆ **Transaction Activity** - Leasing activity checked in this quarter at 3.7 million square feet. The average amount of leasing per quarter over the past nine quarters was 6.5 million square feet. Sales activity showed a decrease over last quarter, posting 1.6 million square feet of activity compared to the second quarter's 2.9 million square feet. Details of the largest transactions can be found on the back page of this report.
- ◆ **Construction** - During the first three quarters of 2009, 5.2 million square feet of new Industrial space was added to the Inland Empire. Currently, there is 447,436 square feet under construction in the Inland Empire. With the slowing economy, construction in this area has decreased by over 90% compared to the same quarter last year. This will put less upward pressure on the recent rise in vacancy and available space.
- ◆ **Unemployment** - The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 14.5% in August 2009, unchanged from a revised 14.5% in July 2009, and above the year ago estimate of 9.3%. This compares with an unadjusted unemployment rate of 12.1% for California and 9.6% for the nation during the same period. The unemployment rate was 15% for Riverside County and 13.9% in San Bernardino County.
- ◆ **Employment** - According to the State of California Employment Development Department, the Riverside-San Bernardino-Ontario MSA lost 71,800 payroll jobs over the last twelve months - the largest declines were 20,700 jobs in construction and 12,200 in retail trade, transportation and utilities services. However, educational and health services showed a year over year gain of 2,100 jobs. Between July 2009 and August 2009 the Riverside-San Bernardino-Ontario MSA only lost 2,900 jobs.
- ◆ **Vacancy** - Direct/sublease space (unoccupied) finished the quarter at 12.08%, which is higher than it was a year ago when it was 10.06%. The lowest vacancy rate in the area can be found in the Western region, coming in at 7.71%.
- ◆ **Overall** - The industrial market has not reached the bottom nor has it begun to improve, but we are starting to see a decrease in the amount of available space being added per quarter as well as a moderate increase in sales activity. Lease rates are expected to remain soft for the foreseeable future, and concessions should continue to increase in the forms of free rent, reduced parking fees, relocation funds and tenant improvement allowances to incentivize tenants to act now. We should see an increase in leasing activity as 2009 comes to an end from pent up demand. Once financial markets correct themselves and consumer confidence stabilizes, then the Industrial market will turn positive.
- ◆ **Availability** - Direct/sublease space being marketed was 16.53% this quarter, up from the 14.68% we saw this same quarter last year. This is an increase of 12.6% of new space being marketed when compared to the same quarter last year.
- ◆ **Lease Rates** - The average asking triple net lease rate is \$.35 cents per square foot per month this quarter. This is a decrease of 18.6% when compared to last year's asking rate of \$.43 and two cents lower than last quarter.
- ◆ **Absorption** - Net absorption for the Inland Empire posted a negative 100,078 square feet for the third quarter of 2009, giving the industrial market a total of 2.86 million square feet of negative absorption for the first three quarters of the year.

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

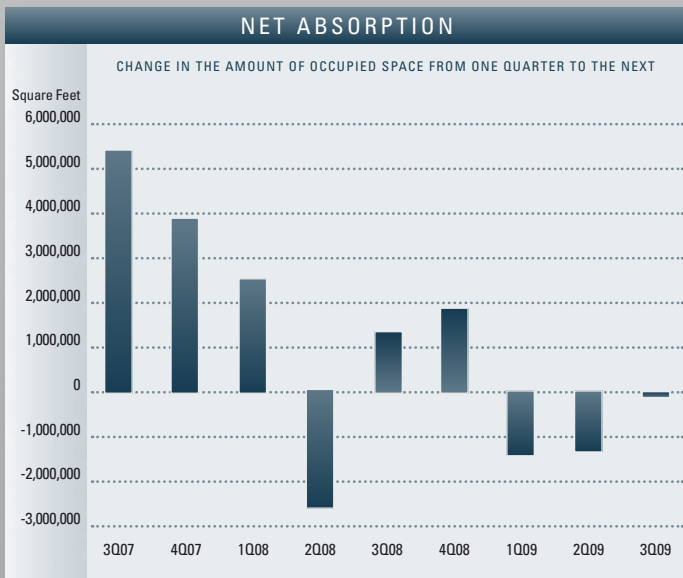
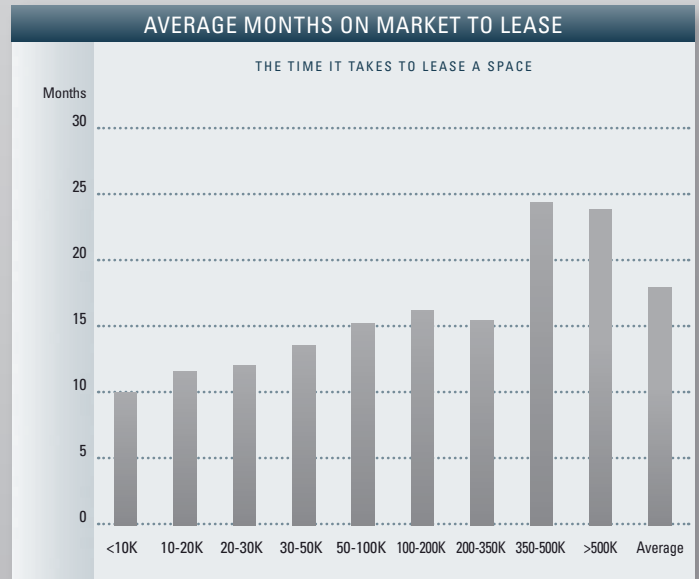
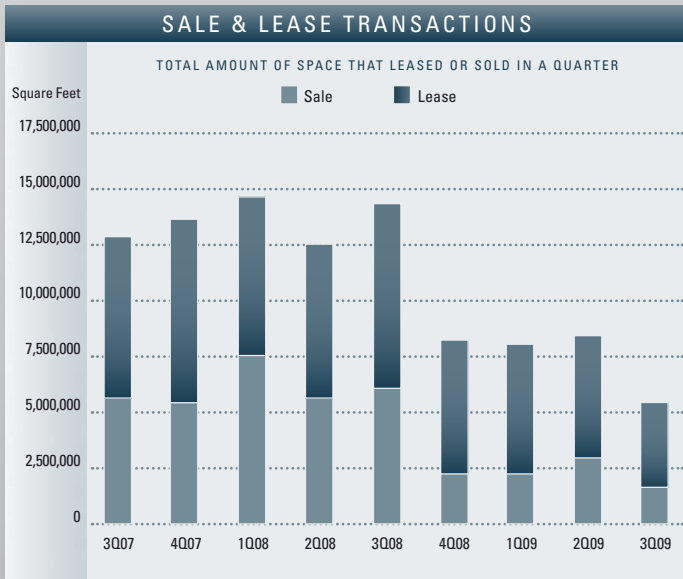
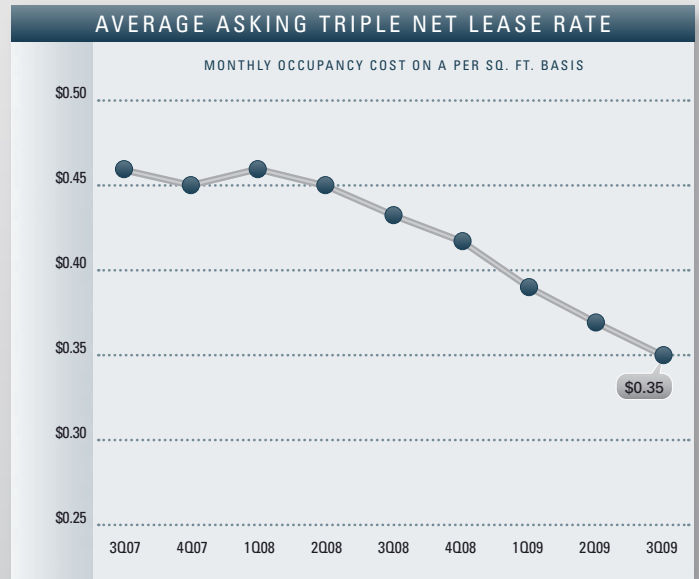
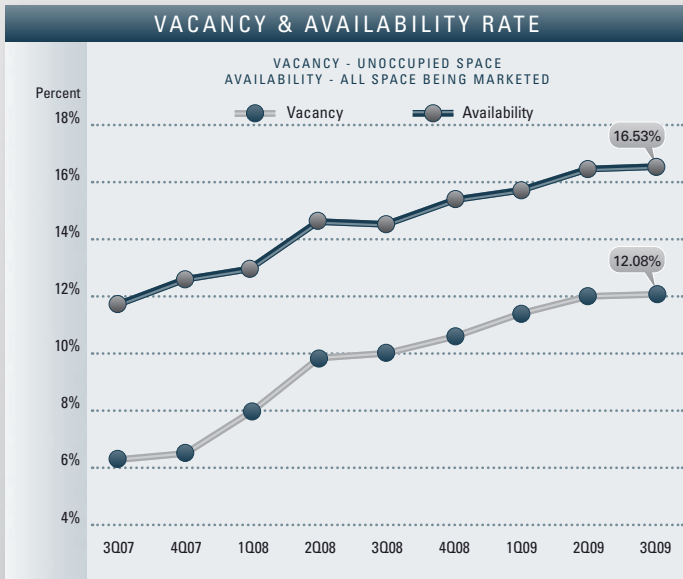
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INLAND EMPIRE MARKET OVERVIEW				
	3Q2009	2Q2009	3Q2008	% CHANGE VS. 3Q08
Under Construction	477,436	844,287	7,376,142	-93.53%
Vacancy Rate below 100K sf	9.93%	9.53%	7.00%	41.86%
Vacancy Rate above 100K sf	13.42%	13.52%	11.97%	12.11%
Total Vacancy Rate	12.08%	12.00%	10.06%	20.08%
Availability Rate	16.53%	16.36%	14.68%	12.60%
Average Asking Lease Rate	\$0.35	\$0.37	\$0.43	-18.60%
Sale & Lease Transactions	5,323,059	8,413,969	14,145,007	-62.37%
Net Absorption	(100,078)	(1,351,099)	1,407,372	N/A
Gross Absorption	5,790,058	6,871,496	9,085,870	-36.27%



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INVENTORY
VACANCY & LEASE RATES
ABSORPTION

	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2009	Square Feet Available	Availability Rate 3Q2009	Average Asking Lease Rate	Net Absorption 3Q2009	Net Absorption 2009	Gross Absorption 3Q2009	Gross Absorption 2009
North County													
Fontana	752	47,107,820	0	5,432,882	4,103,233	8.71%	6,161,466	13.08%	\$0.34	202,003	550,172	803,843	2,960,280
Mira Loma	232	33,856,641	56,813	878,598	4,473,770	13.21%	4,381,293	12.94%	\$0.36	(341,734)	(1,211,693)	297,772	867,352
Montclair	194	2,916,160	101,425	25,226	189,782	6.51%	342,173	11.73%	\$0.65	(10,389)	(35,976)	28,484	71,825
Ontario	1,497	98,029,083	0	2,730,143	9,654,454	9.85%	14,209,181	14.49%	\$0.36	(63,755)	(1,926,678)	1,358,638	4,092,182
Rancho Cucamonga	785	36,617,004	0	995,209	2,752,552	7.52%	3,977,340	10.86%	\$0.38	(394,833)	(523,023)	283,996	835,929
Upland	314	5,056,498	0	130,832	334,128	6.61%	585,774	11.58%	\$0.00	2,762	(63,304)	41,766	148,422
Less than 24,999	2,333	25,584,558	56,813	335,108	2,090,176	8.17%	2,946,975	11.52%	\$0.62	144,875	(201,566)	527,000	1,345,532
25,000-49,999	523	18,120,437	0	389,610	1,384,778	7.64%	2,410,125	13.30%	\$0.45	212,968	(21,551)	286,284	730,894
50,000-99,999	359	24,799,286	0	646,867	2,626,790	10.59%	3,445,662	13.89%	\$0.47	(332,748)	(747,312)	340,297	914,002
100,000 plus	559	155,078,925	101,425	8,821,305	15,406,175	9.93%	20,854,465	13.45%	\$0.34	(631,041)	(2,240,073)	1,660,918	5,985,562
North County Total	3,774	223,583,206	158,238	10,192,890	21,507,919	9.62%	29,657,227	13.26%	\$0.36	(605,946)	(3,210,502)	2,814,499	8,975,990
West County													
Chino Hills	6	112,970	0	0	12,756	11.29%	19,182	16.98%	\$0.00	0	(6,970)	0	0
Chino	908	38,690,965	0	1,781,861	2,871,995	7.42%	4,286,911	11.08%	\$0.41	(183,329)	(250,933)	229,225	1,624,455
Corona	962	29,397,367	302,220	1,112,355	2,386,743	8.12%	4,643,345	15.80%	\$0.39	(26,008)	(215,818)	367,639	1,196,542
Norco	79	1,062,784	0	0	71,852	6.76%	125,894	11.85%	\$0.00	(7,565)	7,688	23,757	49,748
Less than 24,999	1,360	14,361,600	0	324,372	1,119,036	7.79%	1,607,649	11.19%	\$0.70	(94,214)	(256,892)	249,935	659,313
25,000-49,999	289	10,900,391	80,582	236,919	775,052	7.68%	1,007,742	9.99%	\$0.43	(55,596)	(175,335)	146,183	270,990
50,000-99,999	159	10,855,151	53,188	639,240	1,102,080	10.15%	1,804,464	16.62%	\$0.45	(166,283)	(563,362)	19,458	348,752
100,000 plus	147	33,956,944	168,450	1,693,685	2,347,178	6.91%	4,655,477	13.71%	\$0.36	99,191	529,556	205,045	1,591,690
West County Total	1,955	69,264,086	302,220	2,894,216	5,343,346	7.71%	9,075,332	13.10%	\$0.40	(216,902)	(466,033)	620,621	2,870,745
East County													
Banning	68	1,237,086	0	2,277,332	108,796	8.79%	108,796	8.79%	\$0.54	(920)	7,287	12,231	34,013
Beaumont	80	2,608,694	0	2,782,431	633,245	24.27%	641,745	24.60%	\$0.00	(14,468)	53,498	0	89,383
Bloomington	77	1,450,817	0	0	50,001	3.45%	123,621	8.52%	\$0.00	18,301	(26,888)	19,117	19,117
Colton	171	8,492,913	0	1,436,060	783,087	9.22%	1,218,388	14.35%	\$0.30	39,444	398,134	89,094	655,670
Grand Terrace	13	465,688	0	0	27,530	5.91%	27,530	5.91%	\$0.00	4,140	(2,620)	4,140	4,140
Hemet	138	3,047,393	0	0	51,398	1.69%	78,944	2.59%	\$0.69	(606)	6,578	3,580	28,430
Highland	26	578,702	0	23,070	1,200	0.21%	8,700	1.50%	\$0.00	(1,200)	0	0	1,200
Loma Linda	20	250,460	0	0	60,662	24.22%	60,662	24.22%	\$0.38	0	(1,848)	0	9,670
Moreno Valley	83	9,428,970	0	10,484,045	2,127,919	22.57%	2,233,409	23.69%	\$0.37	293,712	123,766	425,191	846,765
Perris	185	11,276,414	0	19,344,239	1,188,009	10.54%	1,630,551	14.46%	\$0.25	27,409	136,071	45,409	289,664
Redlands	188	15,047,721	0	3,596,478	2,963,443	19.69%	4,598,262	30.56%	\$0.29	602,490	676,348	760,122	1,885,827
Rialto	170	13,341,662	0	1,309,124	3,701,155	27.74%	4,966,750	37.23%	\$0.35	4,829	(504,103)	54,240	295,523
Riverside	1,332	43,907,823	16,978	5,871,209	7,391,868	16.83%	9,829,258	22.39%	\$0.35	(248,797)	(398,501)	351,682	1,263,646
San Bernardino	680	29,741,726	0	4,335,305	6,919,538	23.27%	7,640,442	25.69%	\$0.33	255,949	802,997	372,386	1,329,386
San Jacinto	139	1,700,175	0	0	99,150	5.83%	110,850	6.52%	\$0.30	(67,850)	(56,640)	13,000	29,110
Yucaipa	21	392,259	0	0	8,100	2.06%	72,763	18.55%	\$0.00	(7,700)	(8,100)	0	0
Less than 24,999	2,440	22,886,062	16,978	654,699	2,292,607	10.02%	3,069,201	13.41%	\$0.56	287,140	59,442	553,346	1,170,704
25,000-49,999	411	14,417,776	0	667,327	2,147,777	14.90%	3,040,260	21.09%	\$0.45	(146,965)	(355,467)	242,786	796,340
50,000-99,999	272	18,779,043	0	1,346,301	1,981,203	10.55%	2,949,029	15.70%	\$0.34	(100,504)	31,258	79,218	651,303
100,000 plus	268	86,885,622	0	48,790,966	19,693,514	22.67%	24,292,181	27.96%	\$0.31	865,062	1,470,746	1,274,842	4,163,197
East County Total	3,391	142,968,503	16,978	51,459,293	26,115,101	18.27%	33,350,671	23.33%	\$0.33	904,733	1,205,979	2,150,192	6,781,544
South County													
Lake Elsinore	194	2,660,678	0	273,696	321,864	12.10%	399,000	15.00%	\$0.66	3,772	(62,958)	62,384	154,140
Murrieta	341	5,033,627	0	23,300	528,342	10.50%	769,418	15.29%	\$0.70	(1,641)	(108,580)	48,414	189,182
Temecula	378	10,370,012	0	0	973,856	9.39%	1,777,156	17.14%	\$0.53	(194,442)	(247,350)	83,600	246,594
Wildomar	15	608,551	0	13,342	120,090	19.73%	120,090	19.73%	\$0.00	10,348	29,165	10,348	45,414
Less than 24,999	762	7,757,642	0	134,400	920,171	11.86%	1,177,986	15.18%	\$0.67	(51,994)	(111,190)	135,015	399,017
25,000-49,999	94	3,314,497	0	56,906	560,121	16.90%	639,040	19.28%	\$0.57	(40,077)	(132,982)	59,023	175,193
50,000-99,999	46	3,085,639	0	0	285,579	9.26%	425,598	13.79%	\$0.45	10,708	(45,404)	10,708	43,471
100,000 plus	26	4,515,090	0	119,032	178,281	3.95%	823,040	18.23%	\$0.00	(100,600)	(100,147)	0	17,649
South County Total	928	18,672,868	0	310,338	1,944,152	10.41%	3,065,664	16.42%	\$0.57	(181,963)	(389,723)	204,746	635,330
Inland Empire Total	10,048	454,488,663	477,436	64,856,737	54,910,518	12.08%	75,148,894	16.53%	\$0.35	(100,078)	(2,860,279)	5,790,058	19,263,609
Inland Empire Totals													
Less than 9,999	3,748	22,031,127	60,289	491,422	1,570,466	7.13%	2,136,204	9.70%	\$0.72	152,227	93,386	471,730	1,140,925
10,000-19,999	2,522	34,769,103	27,573	872,175	3,671,852	10.56%	4,902,453	14.10%	\$0.65	(91,117)	(706,102)	636,929	1,675,768
20,000-29,999	1,026	24,702,979	42,965	600,221	2,543,410	10.30%	3,546,349	14.36%	\$0.47	242,675	(112,408)	544,725	1,268,671
30,000-49,999	916	35,029,754	260,336	1,134,878	3,503,990	10.00%	5,313,972	15.17%	\$0.45	(47,648)	(470,417)	546,188	1,462,619
50,000-99,999	836	57,519,119	347,688	2,403,190	5,995,652	10.42%	8,624,753	14.99%	\$0.40	(588,827)	(1,324,820)	449,681	1,957,528
100,000-199,999	523	71,605,136	105,436	5,043,989	9,143,109	12.77%	14,553,135	20.32%	\$0.35	(772,811)	(770,830)	606,852	3,128,810
200,000-349,999	227	59,312,722	0	5,325,193	6,617,022	11.16%	9,866,720	16.64%	\$0.30	339,880	352,513	1,012,328	3,506,982
350,000-499,999	129	53,092,487	0	12,446,082	9,724,014	18.32%	12,779,212	24.07%	\$0.32	(233,524)	(1,074,379)	622,539	1,394,883
500,000 plus	121	96,426,236	0	37,641,554	12,141,003	12.59%	13,426,096	13.92%	\$0.32	899,067	1,152,778	899,086	3,727,423
Total	10,048	454,488,663	844,287	65,958,704	54,910,518	12.08%	75,148,894	16.53%	\$0.35	(100,078)	(2,860,279)	5,790,058	19,263,609

Lease rates are on a triple net basis.

RECENT TRANSACTIONS

Sales Transactions

Property Address	City	Square Feet	Sale Price	Buyer	Seller
15889 Slover Ave	Fontana	290,650	\$18,600,000	Bally Development	Phelan Development Co
13949 Ramona Ave. - 8 Properties	Chino	112,621	\$14,700,000	Bollibokka Land Company	Master Development Corporation
2950 E. Philadelphia Street	Ontario	221,921	\$14,646,786	Myers Power Products	TA Associates Realty
10801 Jersey Blvd. - 2 Properties	Rancho Cucamonga	27,000	\$6,324,064	Dedeaux Properties LLC	AMB Property Corporation

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
3155 Universe Drive	Mira Loma	606,925	September-09	Act Fulfillment	ProLogis
13277 San Bernardino Ave.	Fontana	577,905	September-09	Ozburn Hessey Logistics	ProLogis
27223 Pioneer Ave.	Redlands	498,000	July-09	Continental Tire	ProLogis
1601 E. Cooley Drive	Colton	312,000	September-09	Ashley Furniture Industries	Overton Moore Properties

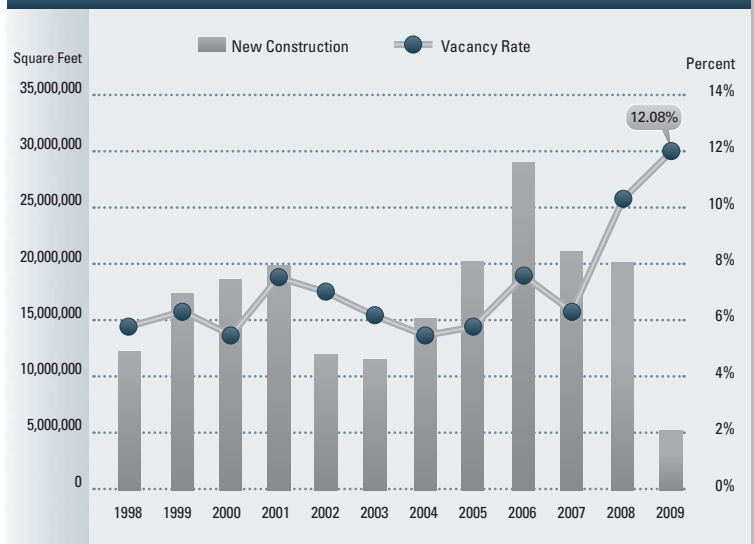
Product Type

MFG./DIST.

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



ANNUAL INDUSTRIAL NEW CONSTRUCTION VS. VACANCY RATE



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