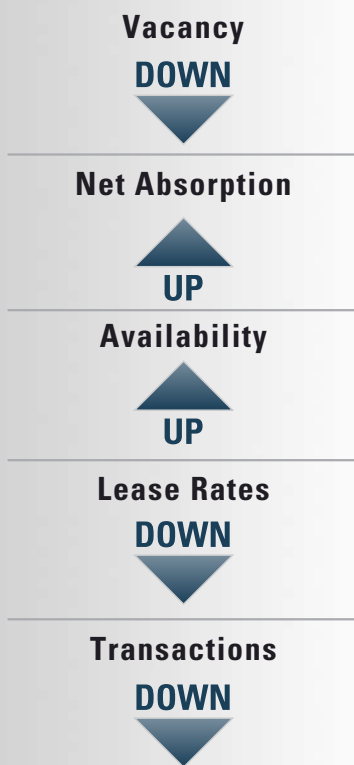




Voit
Real Estate Services

Industrial Market Report

Compared to last quarter:



Market Highlights

- Market Challenges** - Let's just say it's nice to have 2009 behind us as the Industrial market continues to struggle going into 2010. The primary concerns are as follows: increasing vacancy, tenant delinquencies, scarce financing (except SBA owner user), 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 last quarter of 2009. 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 to attempt to renegotiate loan terms with lenders.
- Transaction Activity** - Leasing activity checked in this quarter at 1.9 million square feet. This increase can be attributed to the recent trend of short term deals coupled with lease renegotiations. Sales activity showed a significant increase over the past two quarters, posting 951,360 square feet of activity in the fourth quarter, and 1.8 million square feet in the third quarter; demonstrating increased interest in Industrial properties changing hands. Details of the largest transactions can be found on the back page of this report.
- Unemployment** - The unemployment rate in Los Angeles County was 12.4% in November 2009, down from a revised 12.7% in October 2009, and above the year ago estimate of 8.9%. This compares with an unadjusted unemployment rate of 12.2% for California and 9.4% for the nation during the same period.
- Employment** - According to the State of California Employment Development Department, Los Angeles County lost 141,900 payroll jobs over the last twelve months - 37,400 in manufacturing and 27,000 in retail trade, transportation and utilities services. However, educational and health services showed a year over year gain of 7,600 jobs. Between October 2009 and November 2009, Los Angeles County gained 6,900 jobs.
- Overall** - We are starting to see a decrease in the amount of available space being added per quarter, as well as an increase in investment sales activity during the last half of 2009. In 2010, negative absorption will continue to slow, and with no new deliveries in the pipeline to put more upward pressure on vacancies, the market should stabilize. We foresee an increase in investment activity in the coming quarters as lenders begin to dispose of distressed assets. As 2009 came to a close, there was an increase in price-induced transactions, which will carry over into 2010. Lease rates are expected to remain soft for the near future, and concessions should continue to increase in the forms of free rent, relocation funds and tenant improvement allowances to incentivize tenants to act now. We should see an increase in leasing activity as many short term deals come up for renewal and as job creation begins in the second half of 2010. Once job creation turns positive and consumer confidence stabilizes, the Industrial market will turn positive.
- Construction** - Currently, there are no Industrial projects under construction in the Mid-Counties, due to lack of demand. The shrinking availability of land, combined with the high land prices, scarce financing and rising construction costs, has led to few projects being developed.
- Vacancy** - Direct/sublease space (unoccupied) finished the year at 5.02%, which is higher than it was a year ago when it was 3.29%. The Santa Fe Springs submarket has a lower vacancy rate coming in at 4.92%. The Santa Fe Springs submarket represents almost half of all Industrial buildings in the Mid-Counties.
- Availability** - Direct/sublease space being marketed was 11.39% this quarter, up from the 5.86% we saw this same quarter last year. This is almost double the amount of new space being marketed when compared to the same quarter last year.
- Lease Rates** - The average asking triple net lease rate is \$.49 cents per square foot per month this quarter. This is a decrease of 15.52% when compared to last year's asking rate of \$.59 and one cent lower than last quarter.
- Absorption** - Net absorption for the Mid Counties posted a positive 40,128 square feet for the fourth quarter of 2009, giving the Industrial market a total of almost 2 million square feet of negative absorption for the year.

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

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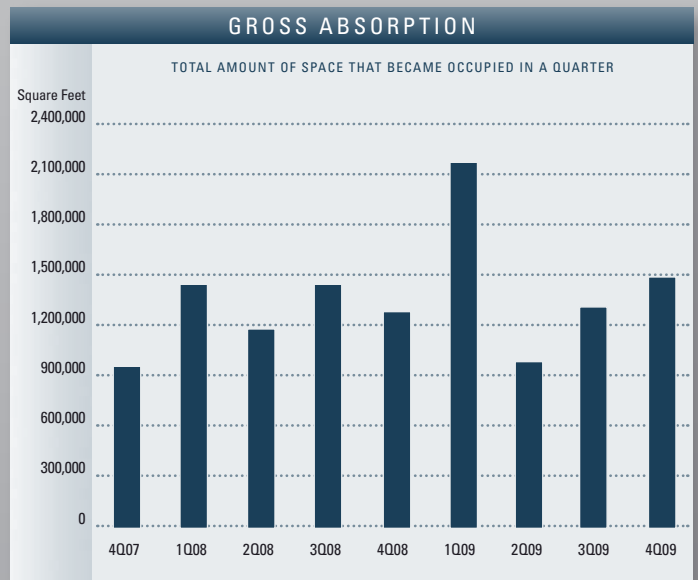
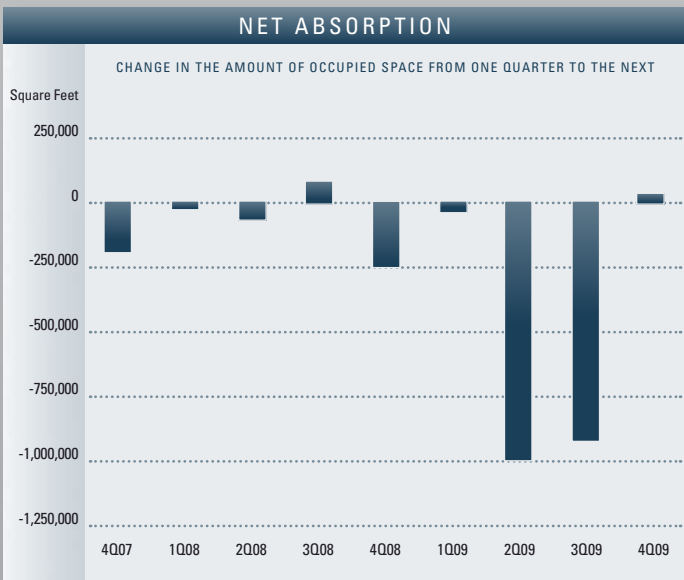
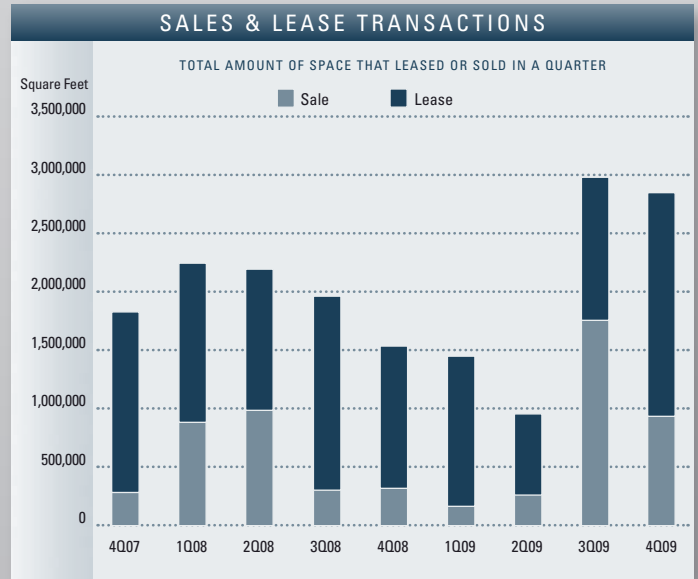
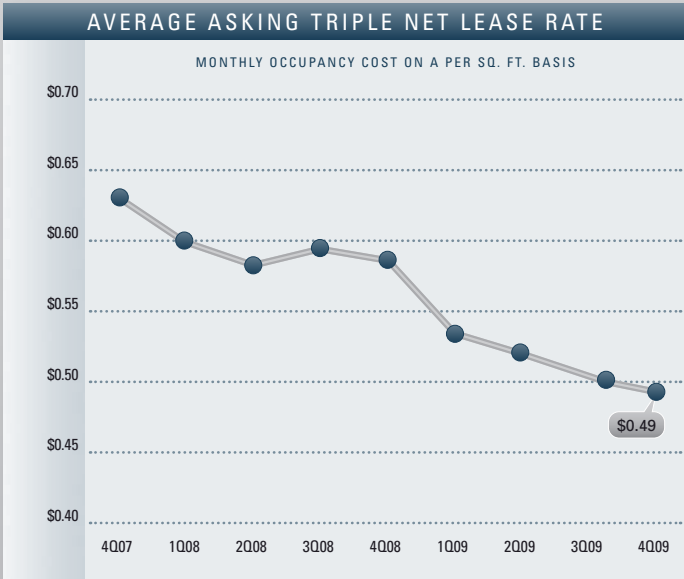
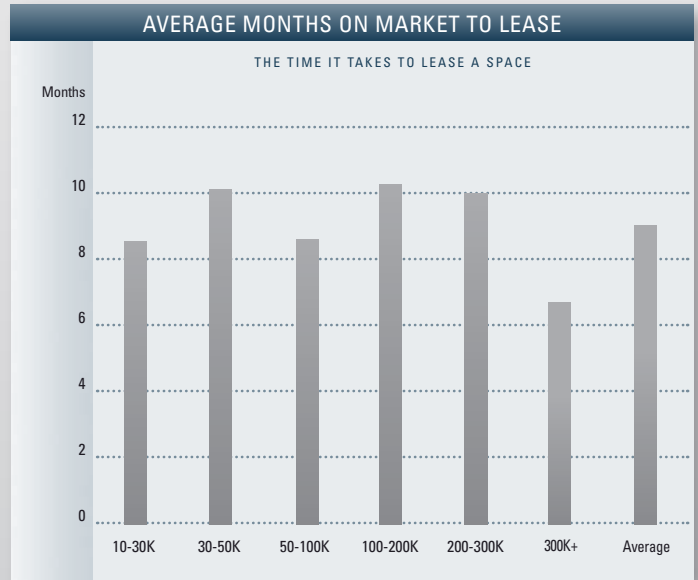
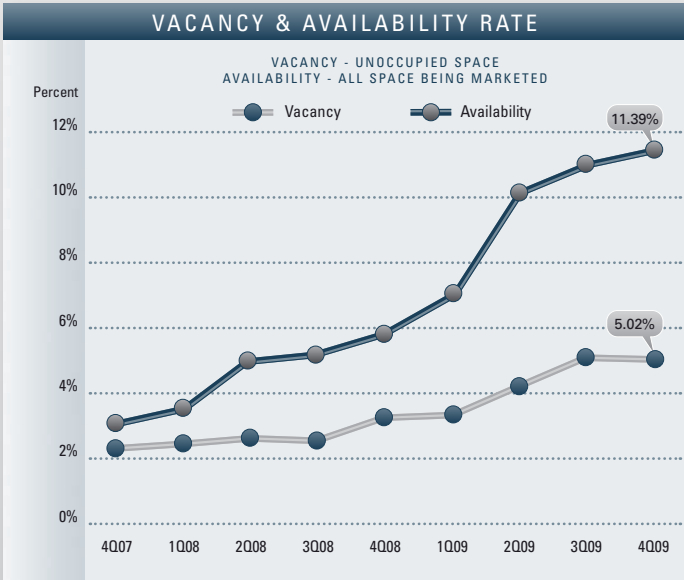
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MID COUNTIES MARKET OVERVIEW

	2009	2008	2007	% CHANGE VS. 2008
Inventory Added	89,057	824,462	552,419	-89.20%
Under Construction	0	89,057	824,462	-100.00%
Vacancy Rate	5.02%	3.29%	2.38%	52.58%
Availability Rate	11.39%	5.86%	3.00%	94.37%
Average Asking Lease Rate	\$0.49	\$0.58	\$0.60	-15.52%
Net Absorption	(1,952,896)	(261,107)	619,160	N/A
Gross Absorption	5,956,608	5,291,194	5,401,317	12.58%

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RECENT TRANSACTIONS

Sales Transactions

Property Address	City	Square Feet	Sale Price	Buyer	Seller
13950 Cerritos Corporate Dr. - 7 Properties	Cerritos	447,473	\$31,000,000	The Abbey Company	TIAA Realty, Inc.
6545 Caballero Blvd.	Buena Park	167,217	\$16,888,917	BP Westport Properties	Pacific Supply Company
9220-9268 Hall Road - 45 Industrial Condos	Downey	352,006	\$9,876,000	Rexford Industrial, LLC	GE Capital Commercial Finance
3955 Aragon Circle	Buena Park	101,000	\$7,250,000	City of Buena Park	US Union Tool, Inc.
17211 Valley View Ave.	Cerritos	100,000	\$6,943,674	Valley View Property Mgmt, LLC	Bixby Land Company

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
6565 Knott Ave.	Buena Park	626,304	December-09	Saddle Creek Corporation	Prudential Real Estate Investors
16012-16030 Authur St. - Renewal	Cerritos	290,000	March-09	Phoenix Warehouse of California	Walton CWCA Chatsworth 38, LLC
6700-6750 Artesia Blvd. - Sublease	Buena Park	274,088	August-09	Solaris Paper, Inc.	ProLogis
13950 Cerritos Corporate Drive - Renewal	Cerritos	152,996	September-09	TricorBraun	TIAA Realty, Inc.
12935 Imperial Hwy.	Santa Fe Springs	113,125	September-09	Philadelphia Gear Corp.	Accuride

Product Type

MFG./DIST.

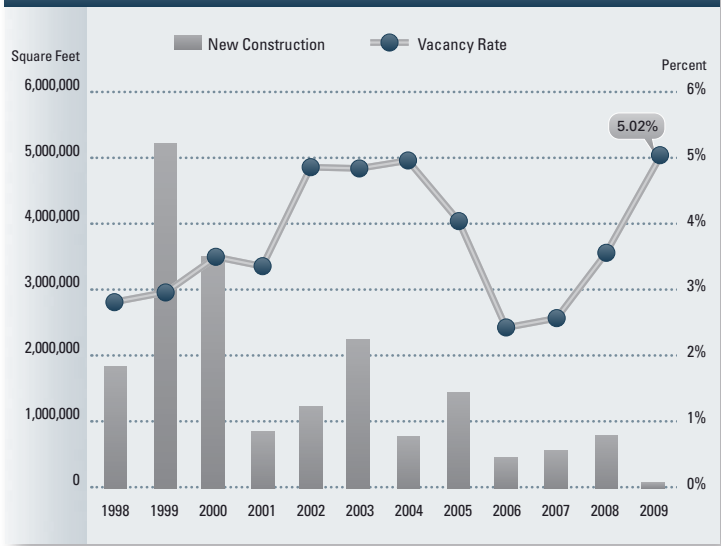
Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.



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