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Southern California Market Update

Nick Frasco

Investment Sales

Voit Real Estate Services | Gallelli Investment Team

Tel: 858.458.3307

Fax: 858.453.1981

www.voitco.com

www.gallellivoitco.com

Broker License: #01819400

e-mail: nfrasco@voitco.com

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REAL ESTATE SERVICES



Southern California's leading full-service real estate company

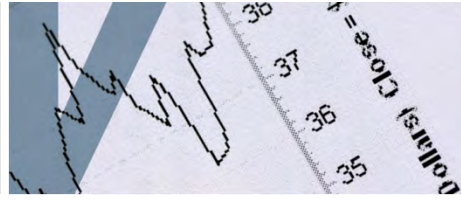
- Ten offices serving the southwestern region
- Over 230 selling professionals and staff members
- Leading market research & forecast trends

Services

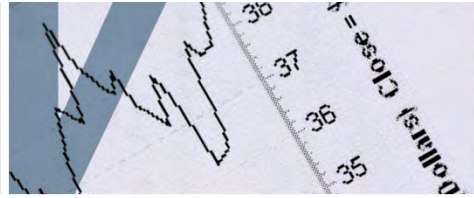
- Industrial brokerage
- Office brokerage
- Retail brokerage
- Investment brokerage
- Multi-Family brokerage
- Project management
- Asset management
- Development
- Distressed asset workouts
- Research & market trends
- Note sales
- Construction management

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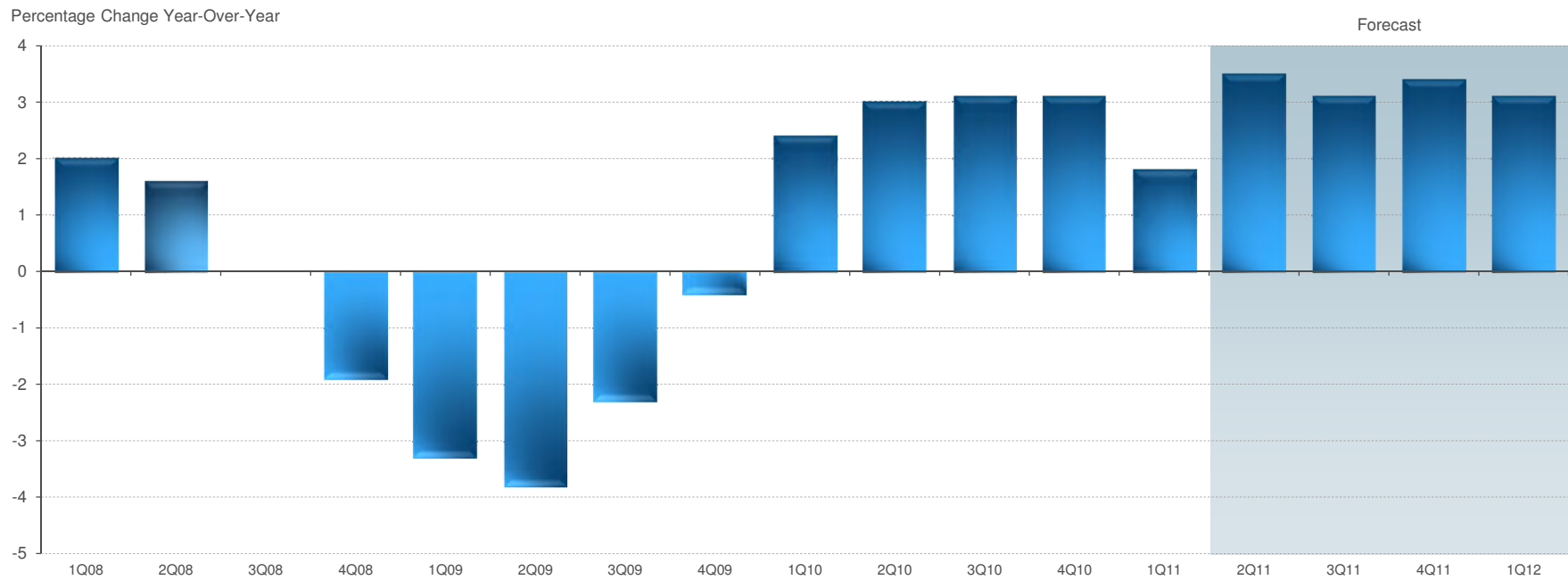


Economic Indicators



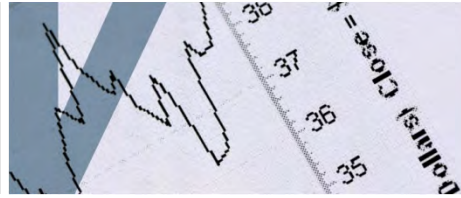
National

Real Gross Domestic Product



Source: Federal Reserve Bank of Philadelphia

Note: Chapman University is forecasting the following for 2011: 3.2% increase in Consumer Spending, 4% increase in Investments, 10.2% increase in Exports, 3.3% increase in GDP, 2.1% increase in Inflation, .25% increase in Short-Term Interest Rates and a 4% increase in Long-Term Interest Rates



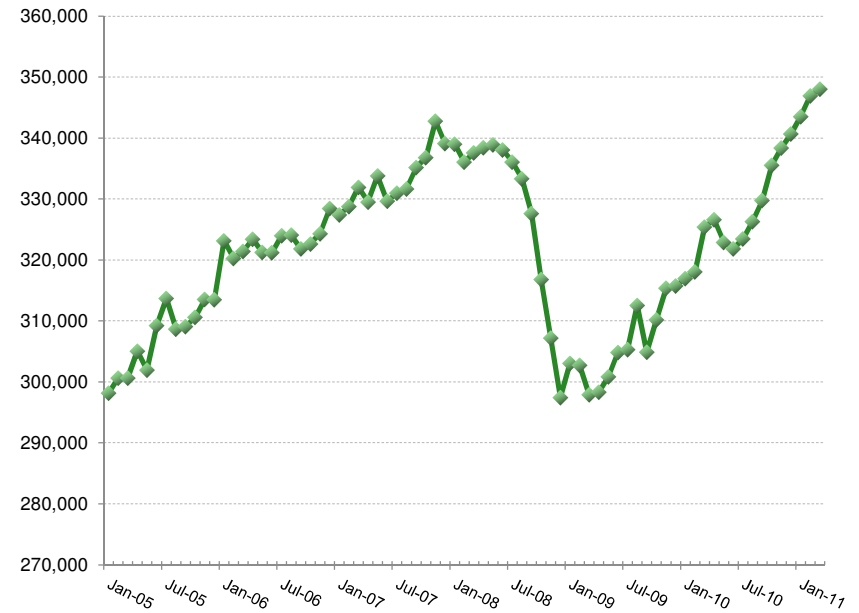
National

Consumer Confidence



Source: University of Michigan: Consumer Sentiment (UMCENT) (Index 1st Quarter 1966=100)

Retail Sales (Excluding Food Services)



Source: U.S. Department of Commerce: Census Bureau

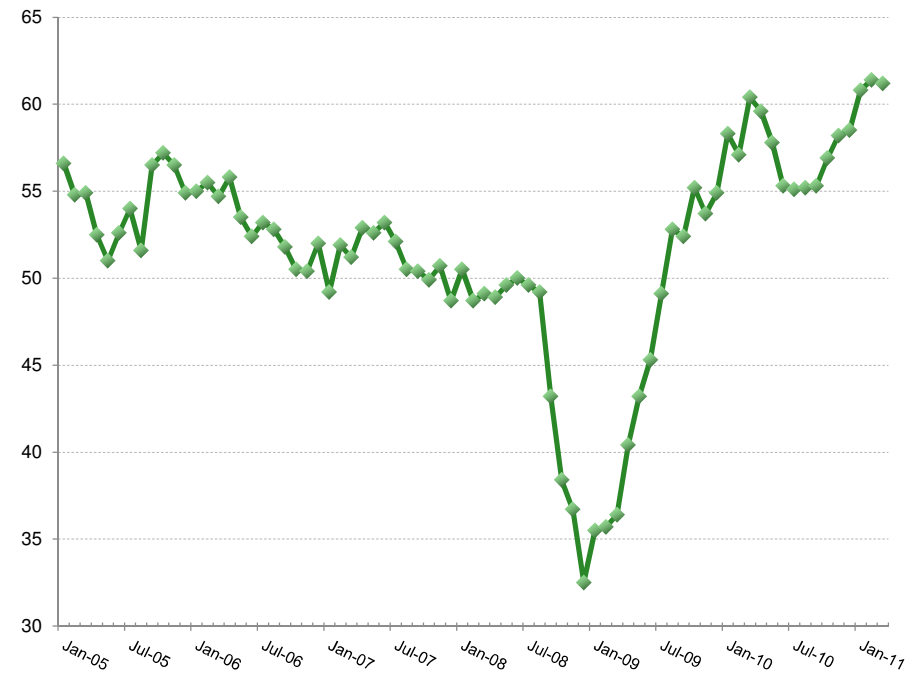


National

NMI Composite Index (Non-Manufacturing Index)



PMI Composite Index (Manufacturing Index)



Source: ISM – Institute for Supply Management

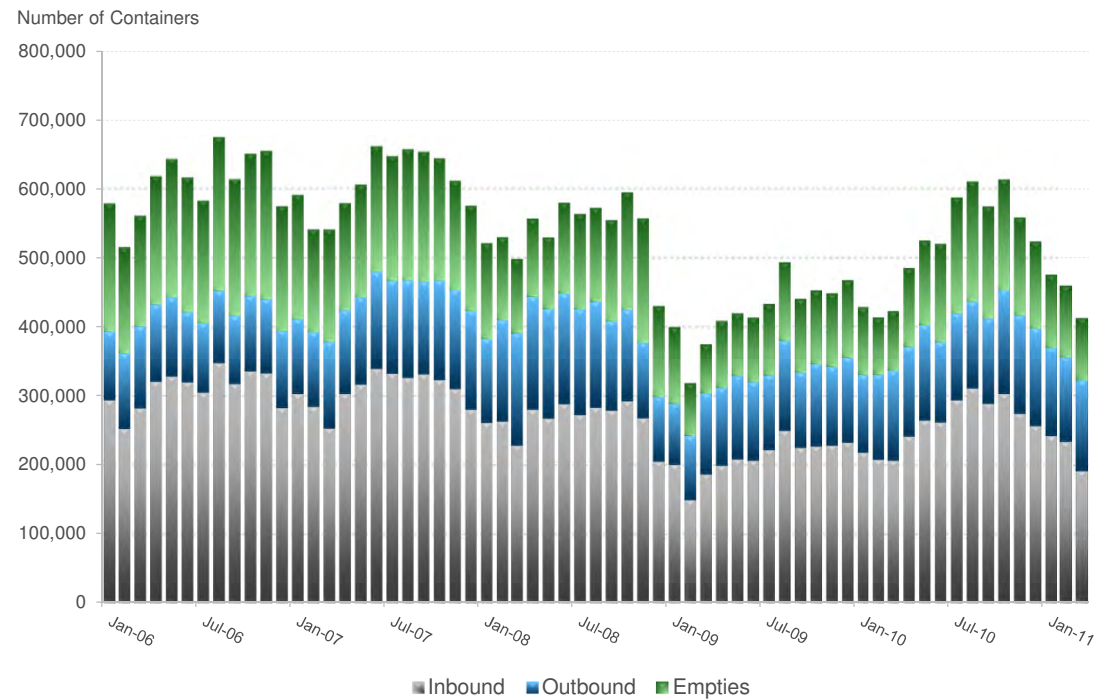
Note: A NMI reading above 50 percent indicates that the economy is generally expanding; below 50 percent that it is generally declining.

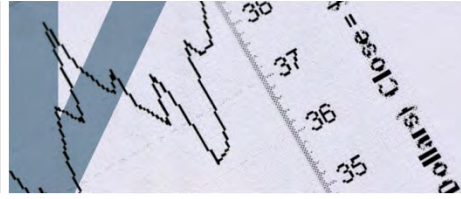


California



Port Traffic – Port of Long Beach

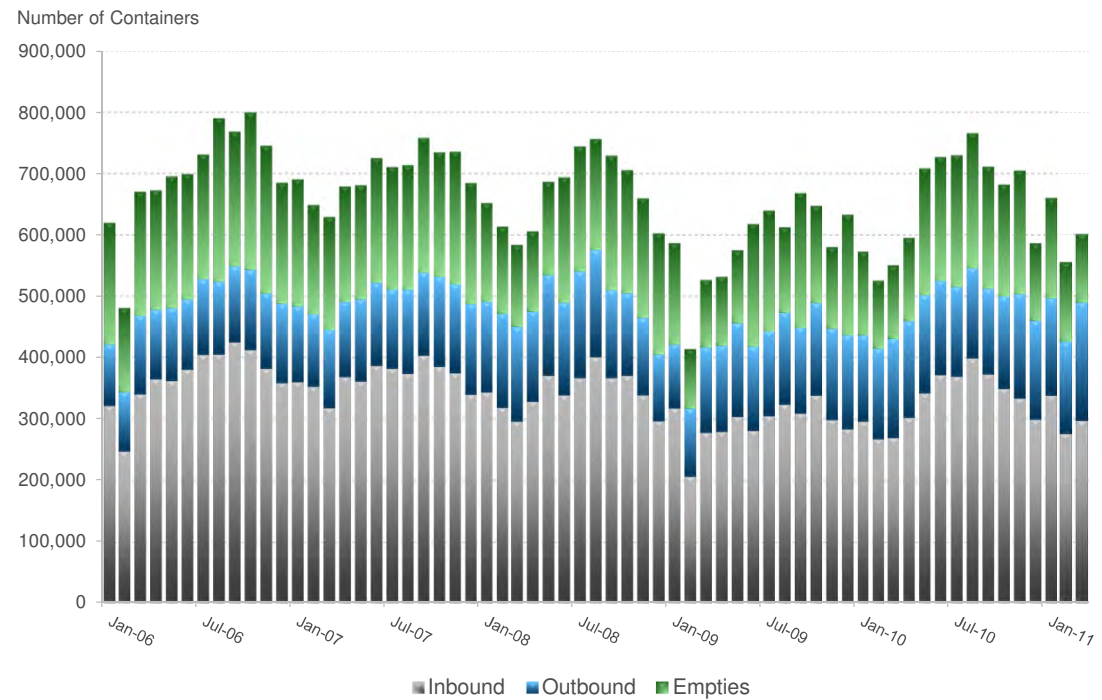


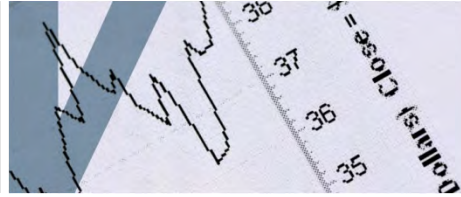


California



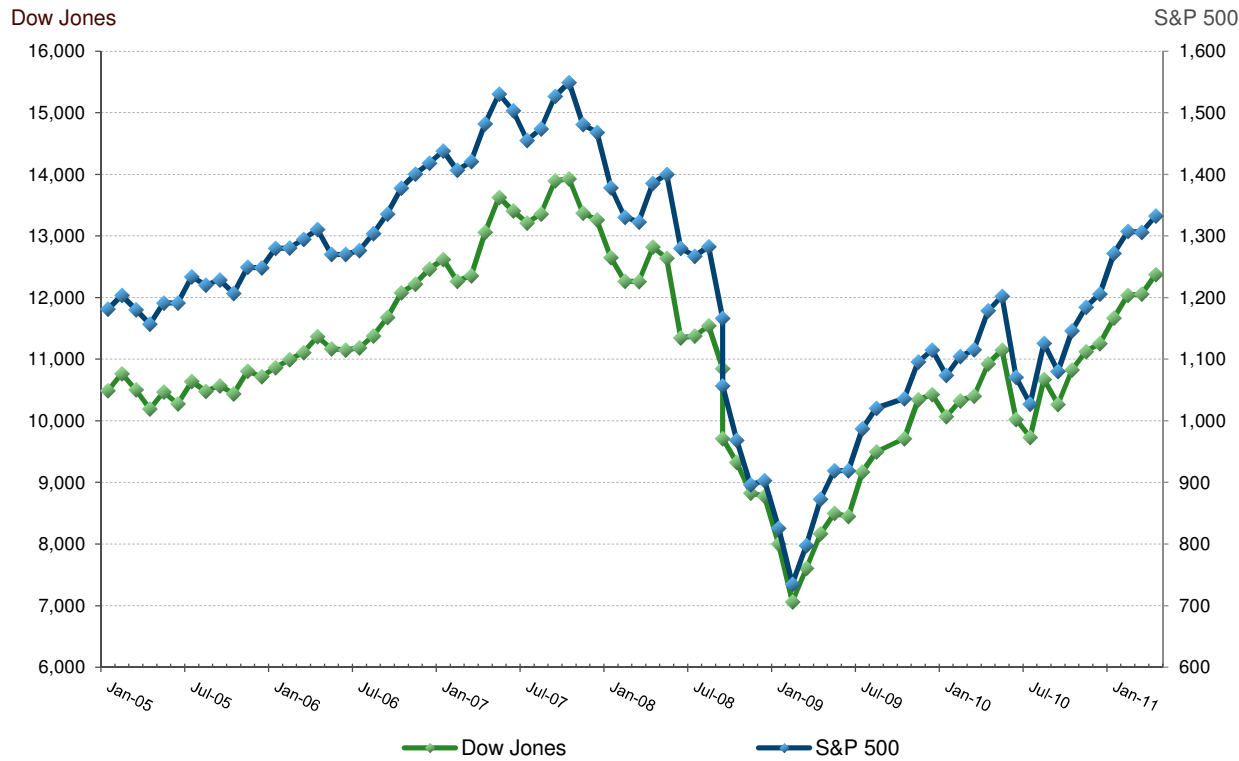
Port Traffic – Port of Los Angeles

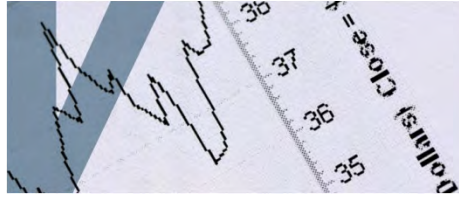




National

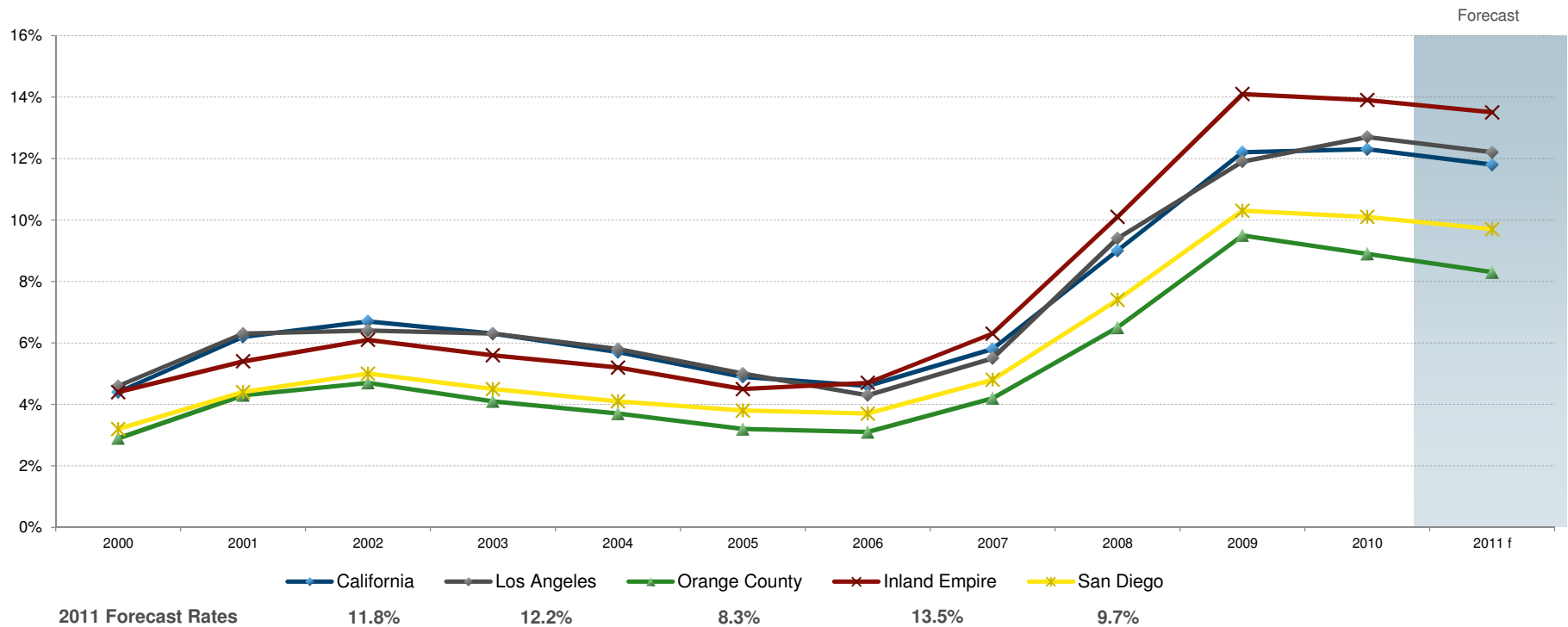
Stock Market – Dow Jones vs. S&P 500





Employment

Unemployment Rates



Source: State of California Employment Development Department



Southern California Office Market

First Quarter 2011 Report

*This survey consists of 6,468 buildings totaling 542,379,719 square feet, greater than 25,000 square feet in size

Los Angeles consists of 3,123 buildings totaling 313,908,471 square feet
Orange County consists of 1,510 buildings totaling 111,322,437 square feet
The Inland Empire consists of 664 buildings totaling 34,828,543 square feet
San Diego consists of 1,171 buildings totaling 82,320,268 square feet



Where are we now?

- The good news: General activity has picked up in all product types since September 2010.
- The bad news: We continue to have an imbalance of over supply of product vs. demand.
- Result:
 - Downward pressure on pricing will continue through the third/fourth quarter of 2011.
 - Quality product is being leased and purchased on a consistent basis.
 - Inferior product continues to languish.



What next?

- Fundamentals say slow recovery is in process.
- Policy choices and financial markets can alter the recovery substantially.
- Opportunity to purchase core and non-core assets.
- Distressed asset/REO and note sales will increase through the year.

What to do?

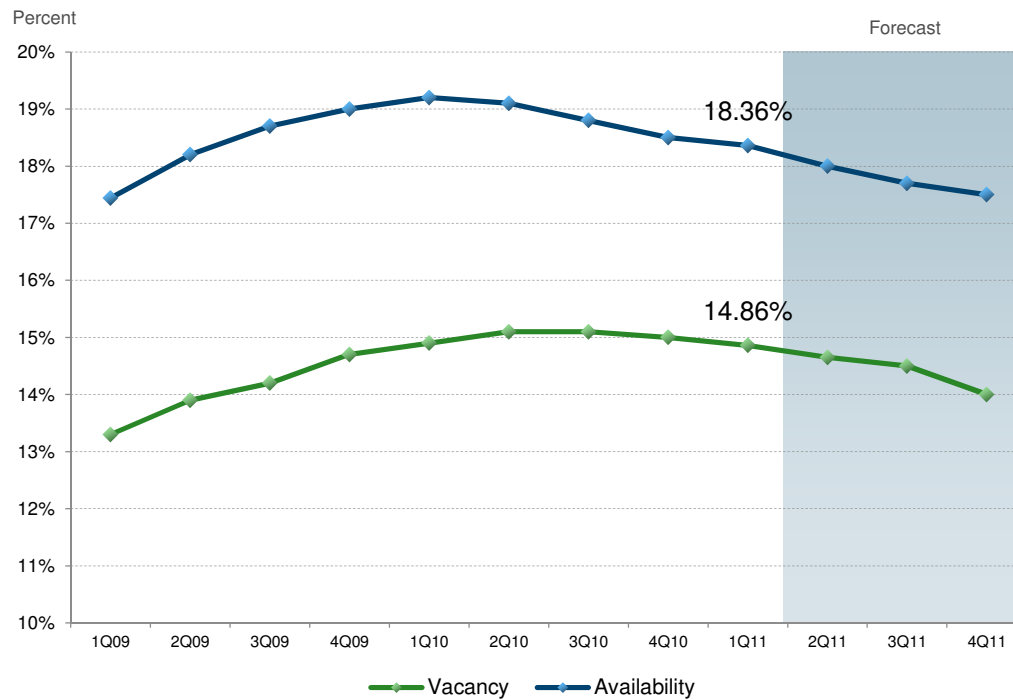
- Transition from Class B & C space to Class A & B space.
- Investors and users should look to acquire quality assets.
- Tenants should lock in longer term leases.





Market Overview

Vacancy vs. Availability

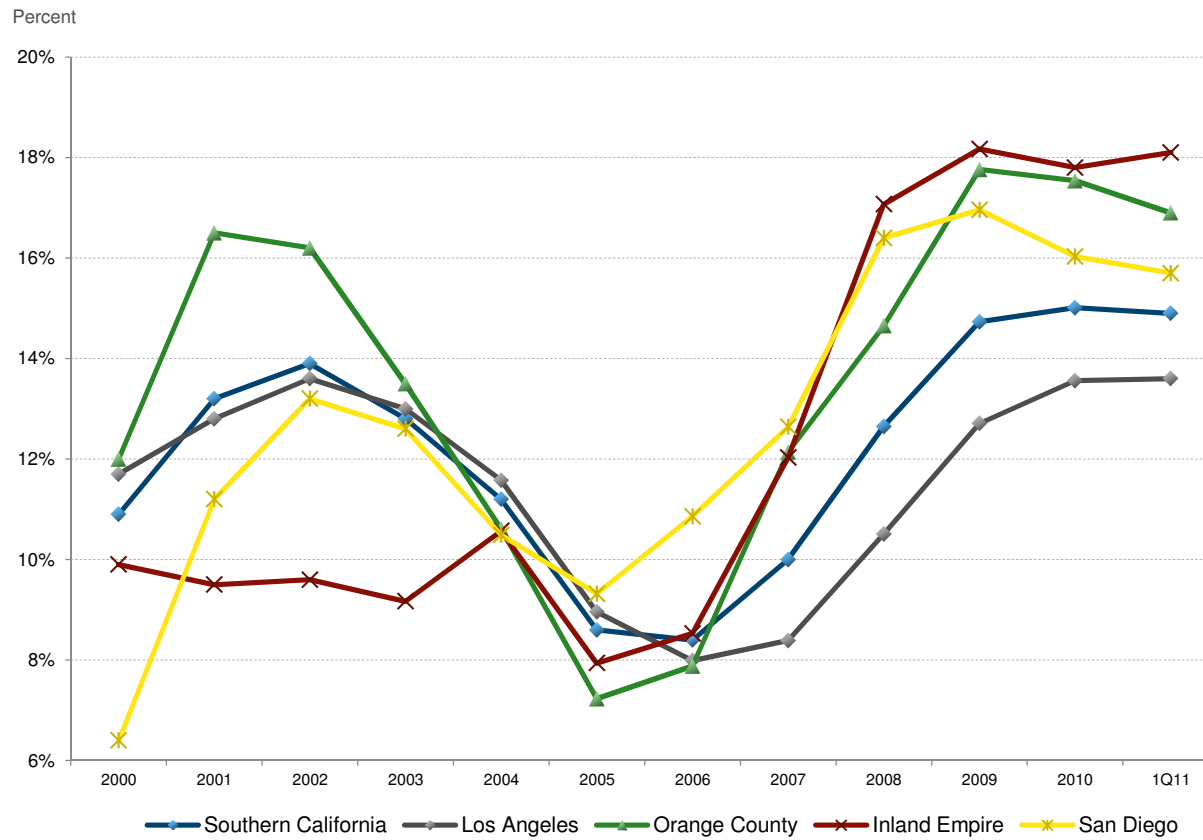


* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Market Overview

Vacancy by County



2011 Rates

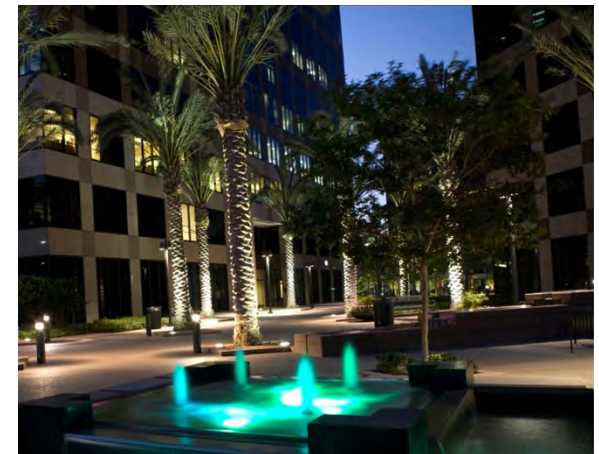
14.9%

13.6%

16.9%

18.1%

15.7%

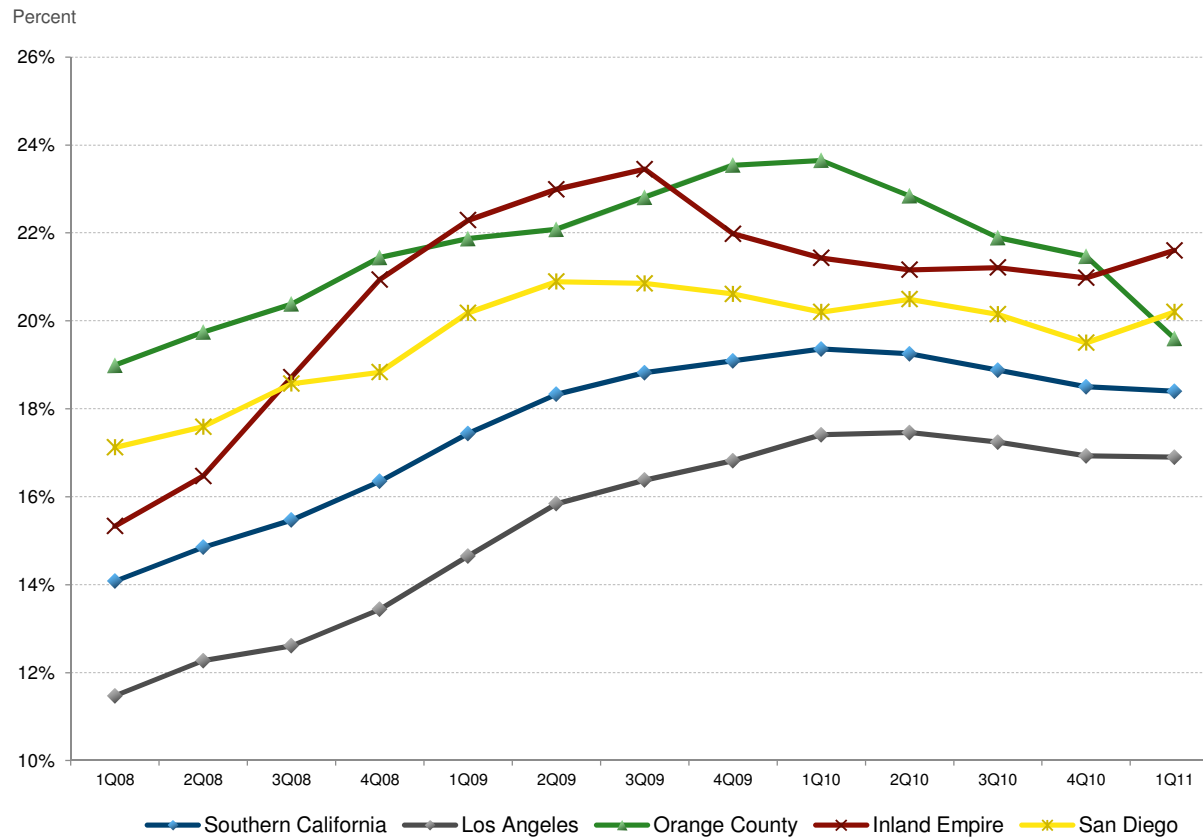


* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Market Overview

Availability by County



2011 Rates

18.4%

16.9%

19.6%

21.6%

20.2%



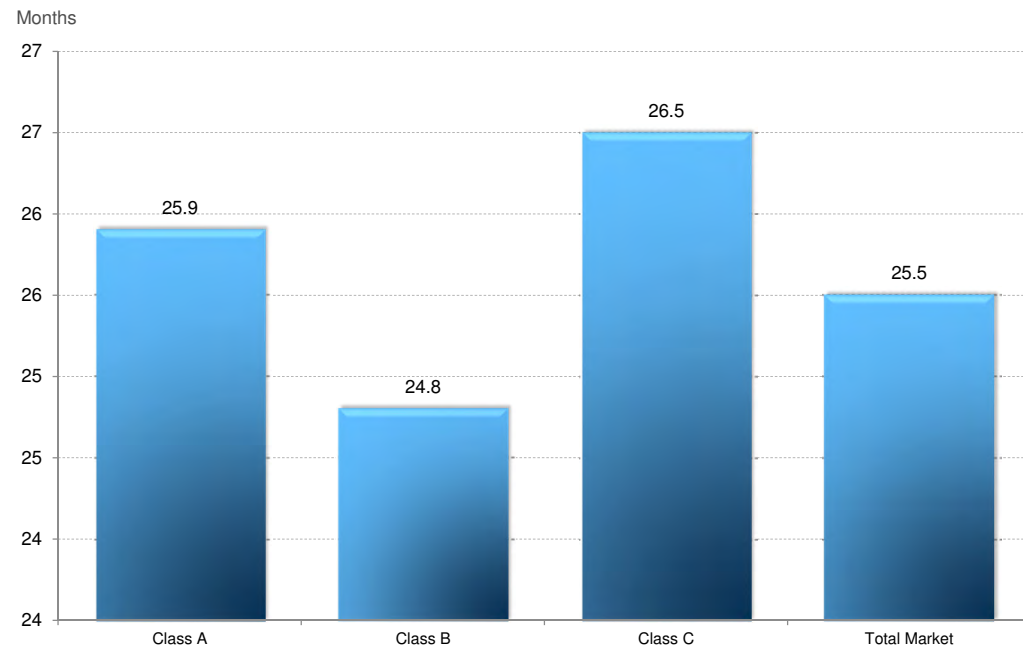
* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Market Overview



Average Time on the Market in Months

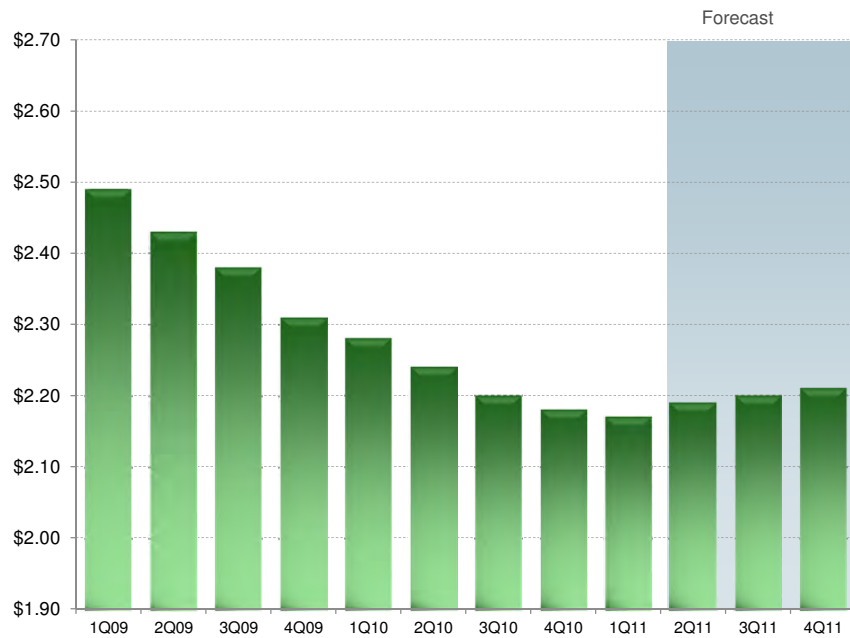


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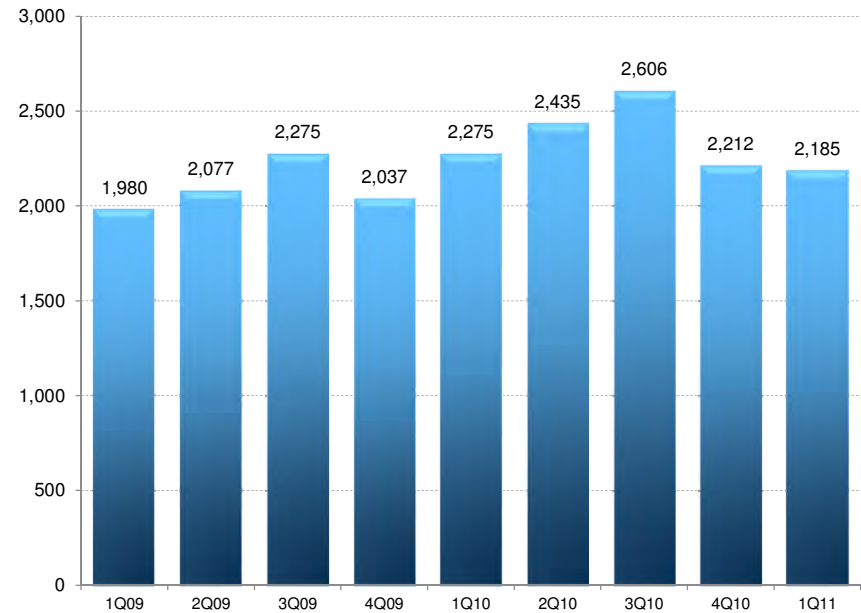


Leasing Market

Average Asking Full Service Gross Lease Rate



Number of Transactions

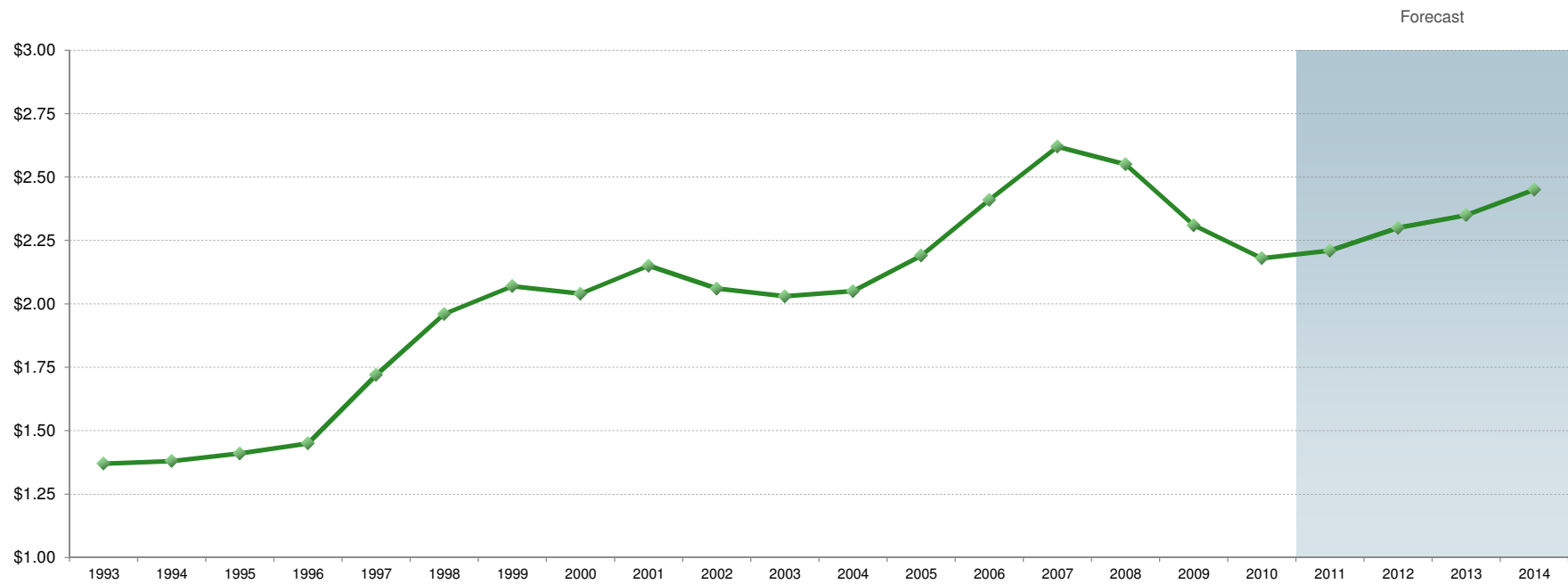


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Leasing Market

Forecasted Asking Full-Service Gross Lease Rate

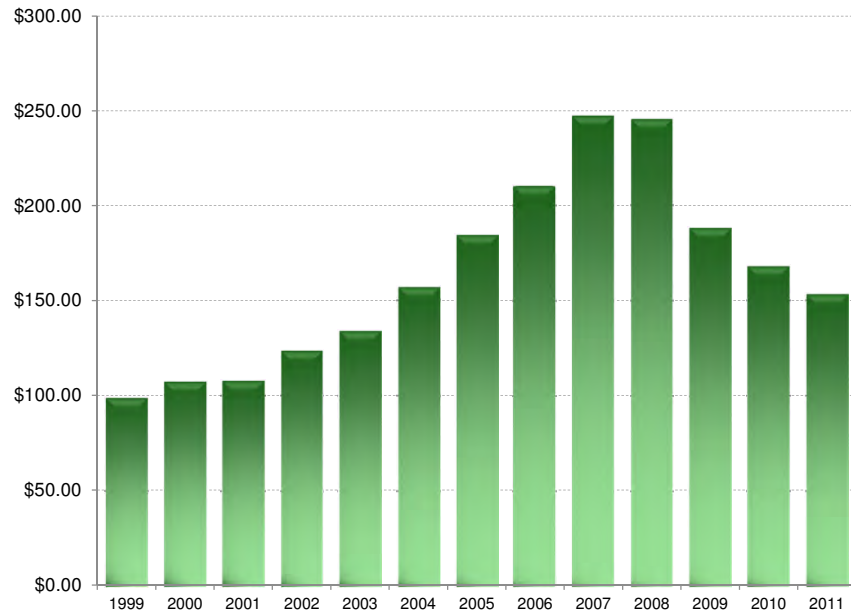


* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.

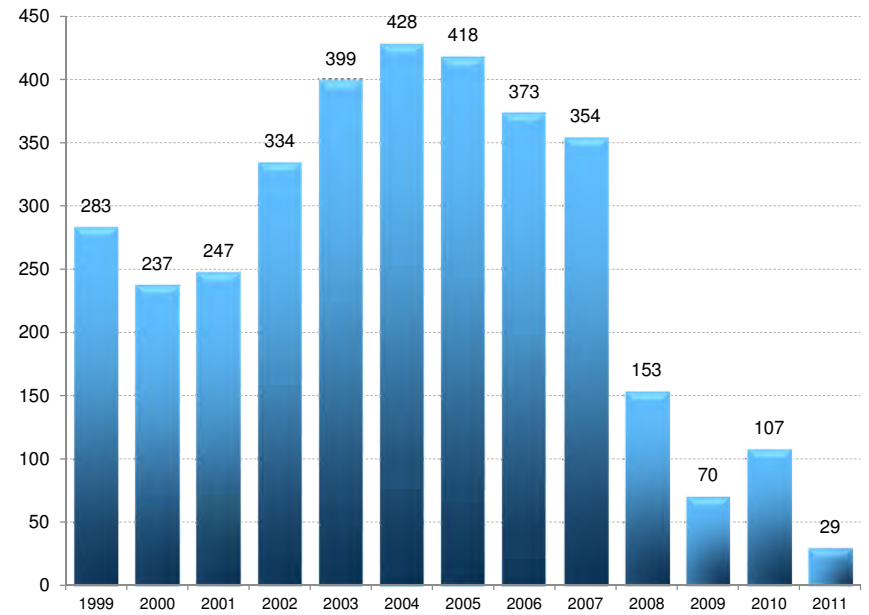


Sales Market

Median Sales Price per Square Foot



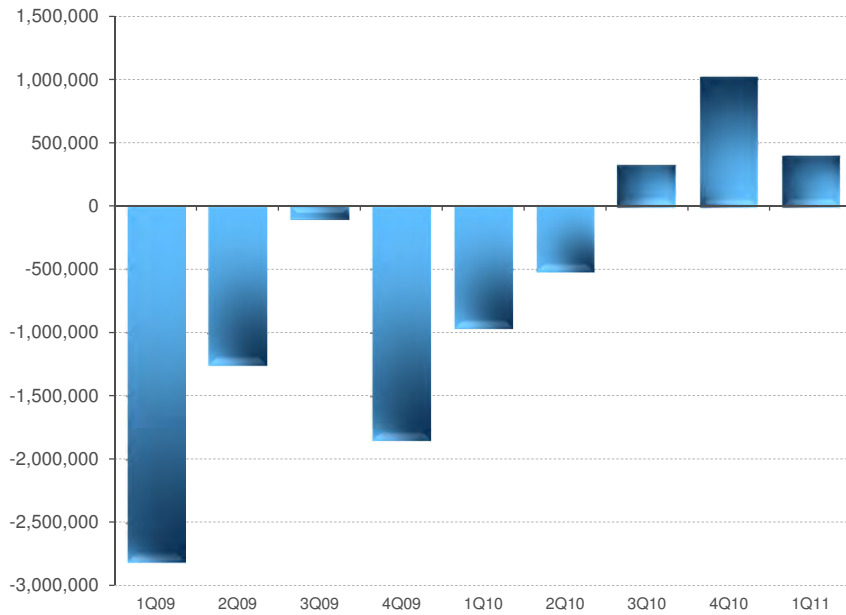
Number of Transactions



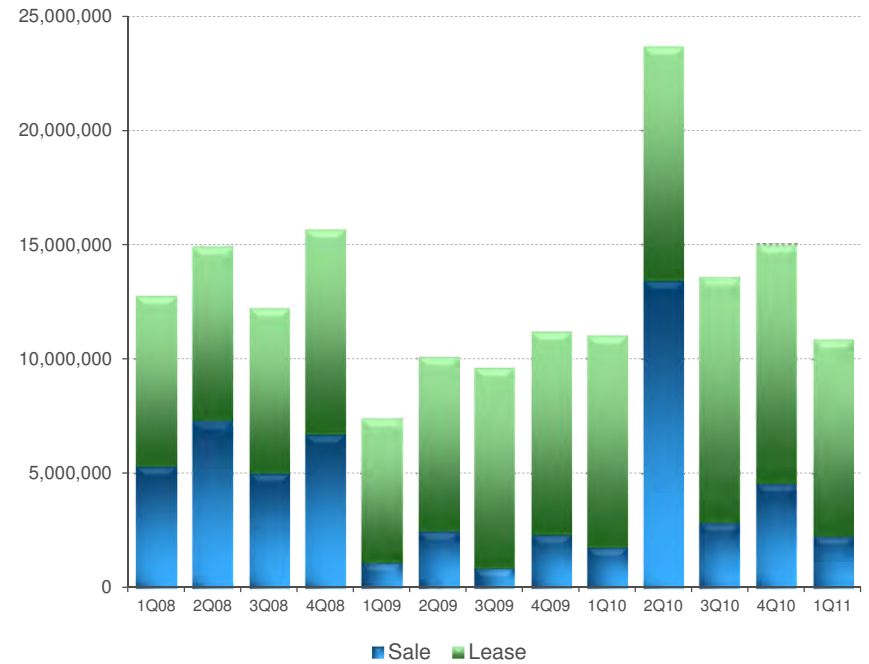
* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Net Absorption



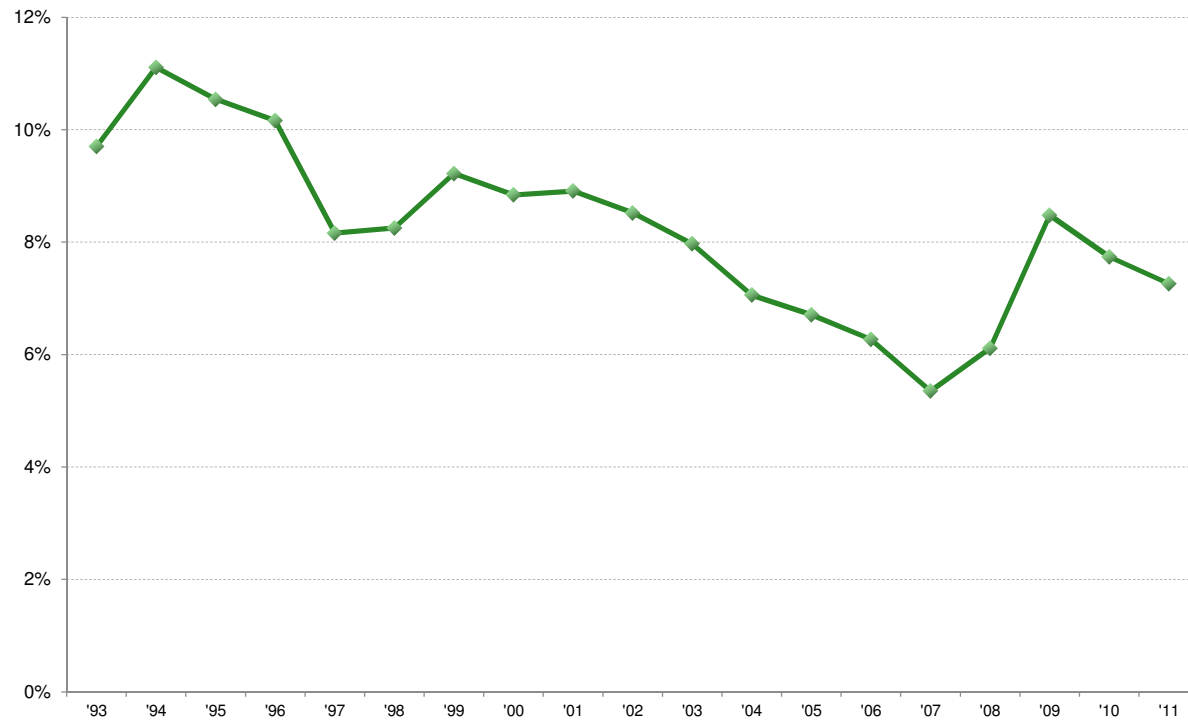
Transaction Activity



* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Capitalization Rates

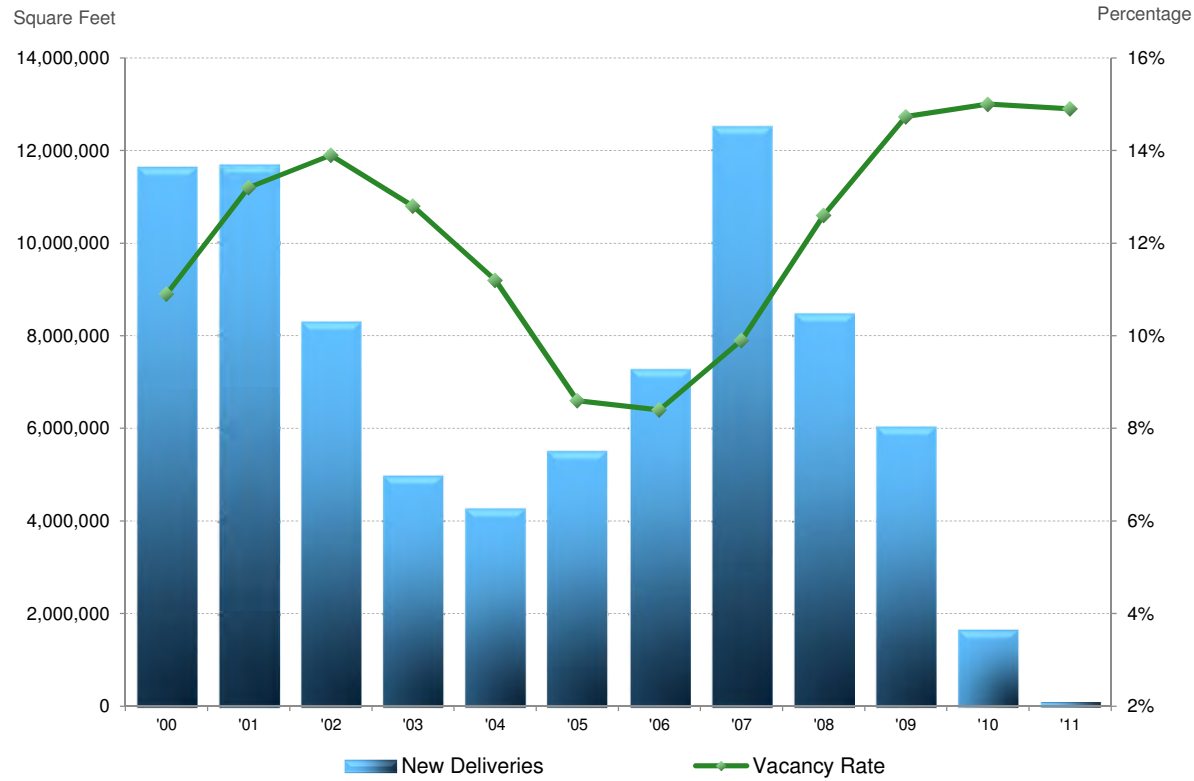


Note: Investments \$2 million and larger

* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Annual New Office Delivers vs. Vacancy Rate

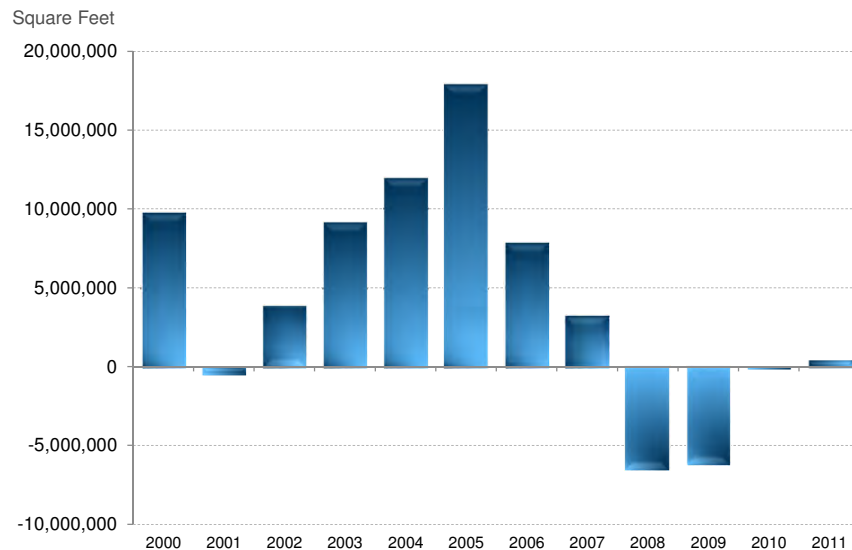




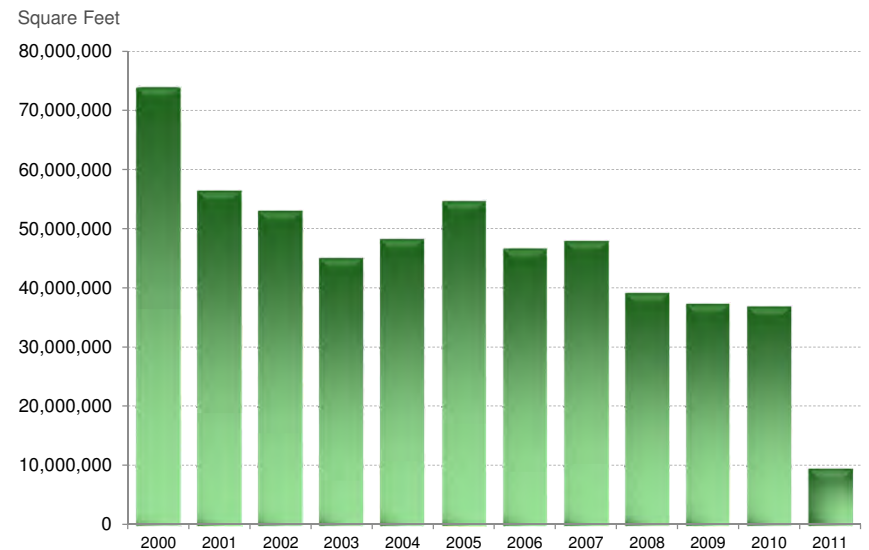
Market Statistics

	1Q 2011	4Q 2011	1Q 2010	% Change vs. 1Q 2010
Vacancy	14.86%	14.97%	13.35%	11.31%
Availability	18.36%	18.51%	17.41%	5.46%
Pricing	\$2.17	\$2.18	\$2.48	(12.50%)
Sale & Lease Transactions	10,857,703	14,976,350	11,013,072	(1.41%)
Gross Absorption	9,336,652	9,562,558	9,260,738	0.82%
Net Absorption	391,494	1,018,903	(2,808,254)	N/A

Annual Net Absorption



Annual Gross Absorption



* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Market Forecast through the 4th Quarter of 2011

Vacancy Rates	Vacancy rates will decrease slowly throughout the year and into 2012.
Availability Rates	Availability rates will decrease slowly throughout the year and into 2012.
Effective Lease Rates	Effective lease rates will stabilize by the fourth quarter of 2011. Lease concessions will decrease before lease rates begin to trend upward.
Sales Prices	User sale prices are finding their bottom.
Cap Rate	Core institutional stabilized assets will range between 7-8%. Everything else will be 8% and up.

2010 was a stabilizing year with market support indicators turning positive in 2011.

Recommendations

Leasing Market	Be aggressive on leasing. Flight to quality by tenants will continue. Recommend tenants sign long-term leases.
Sales Market	Keep trophy assets. Sell class “B” and “C” properties. Downward pricing pressure on class “B” and “C” properties will continue.



Southern California Industrial Market

First Quarter 2011 Report

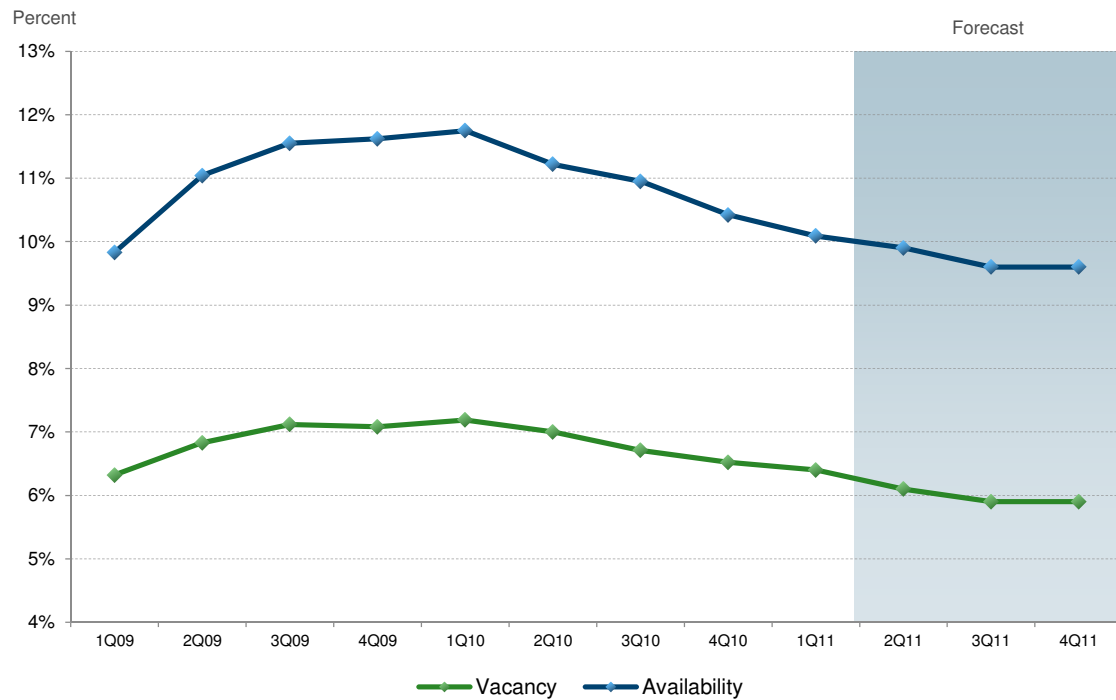
*This survey consists of 37,729 buildings totaling 1,726,899,083 square feet, greater than 10,000 square feet in size.

Los Angeles consists of 20,038 buildings totaling 877,619,009 square feet
Orange County consists of 6,365 buildings totaling 230,671,820 square feet
The Inland Empire consists of 7,212 buildings totaling 470,348,757 square feet
San Diego consists of 4,114 buildings totaling 148,259,497 square feet



Market Overview

Vacancy vs. Availability

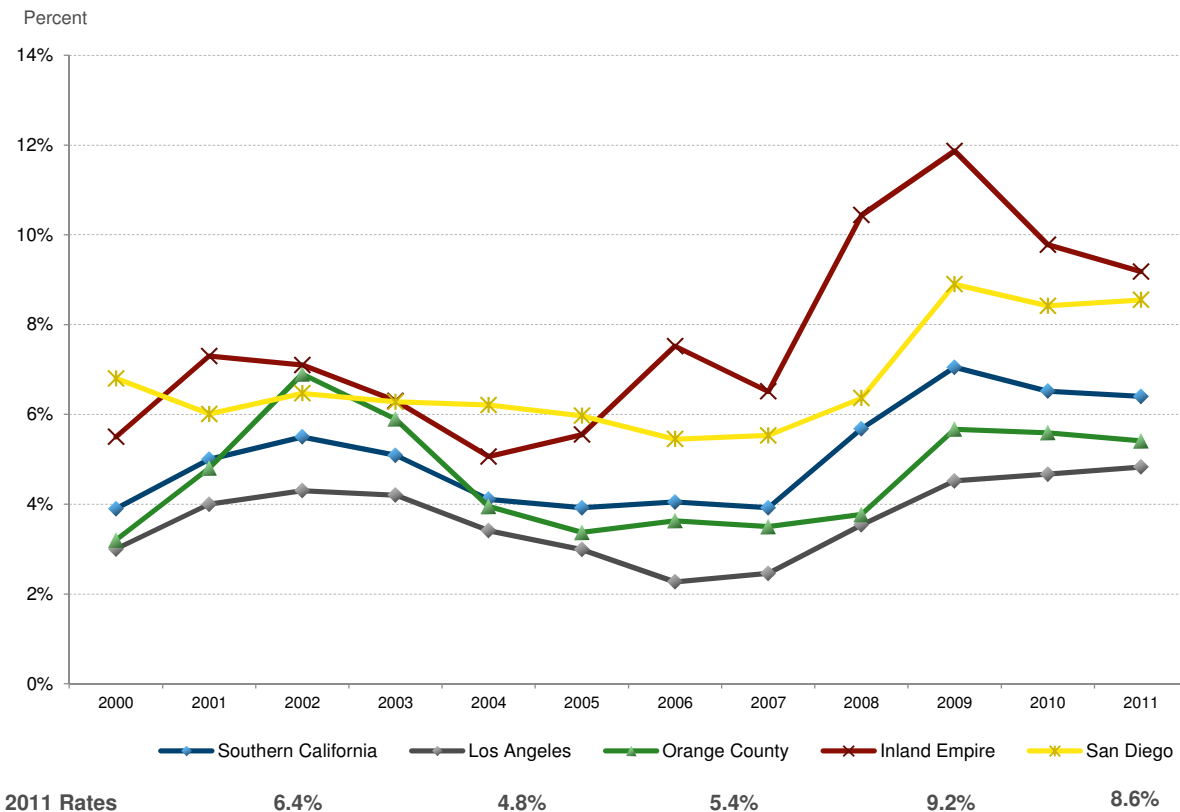


* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Market Overview

Vacancy by County

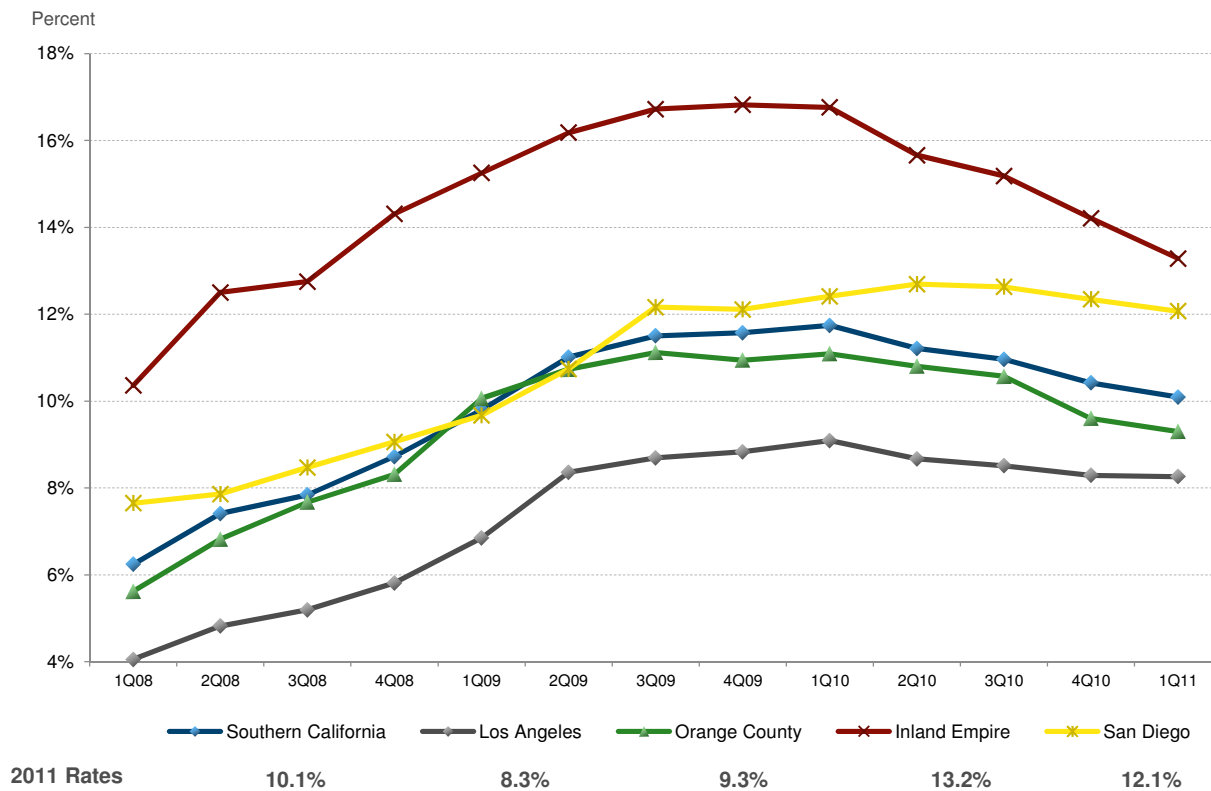


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Market Overview

Availability By County



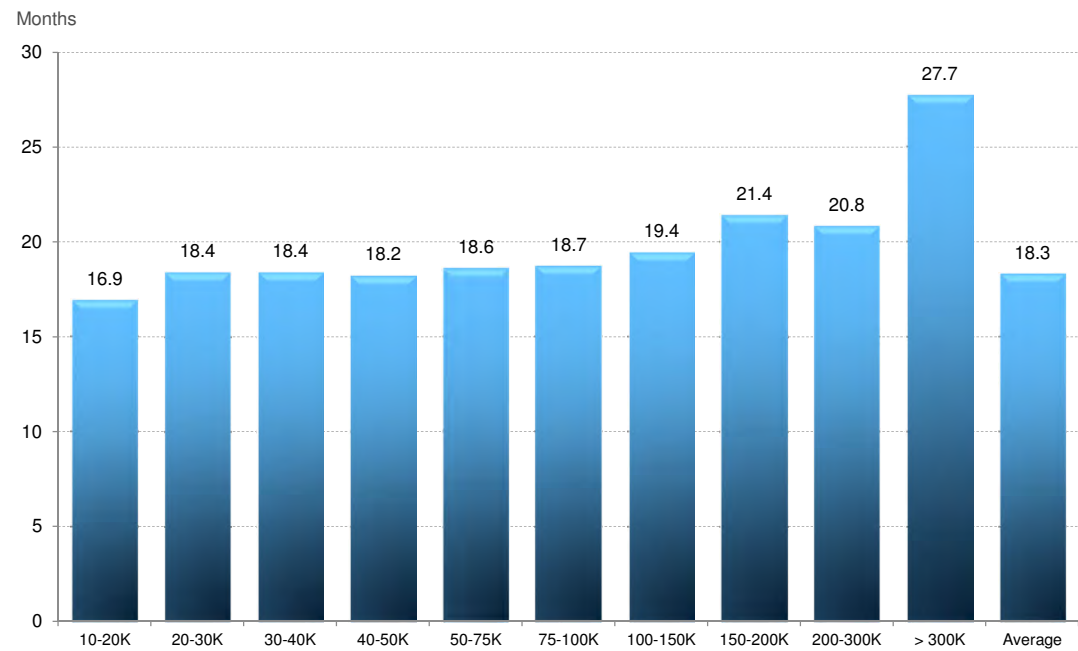
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Market Overview



Average Time on the Market in Months

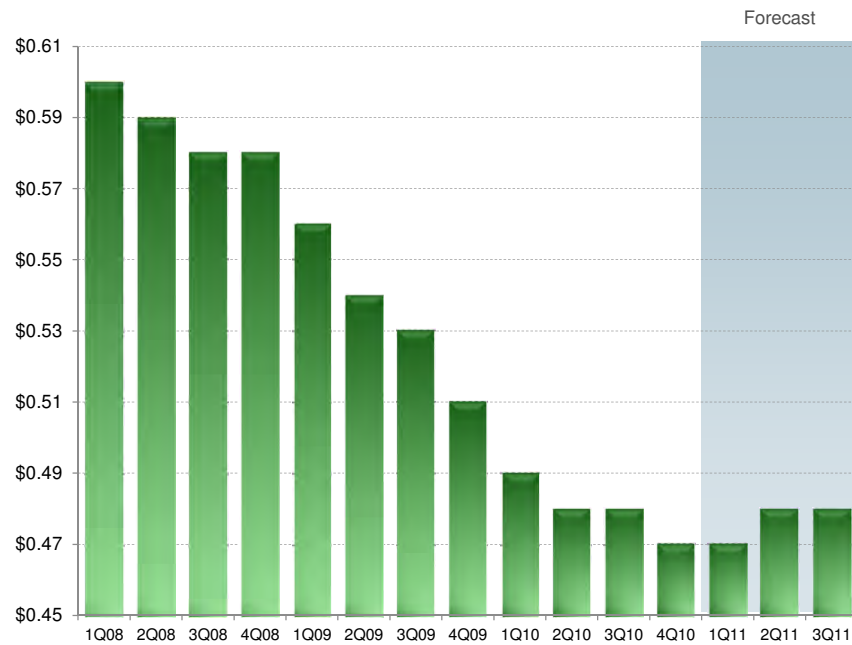


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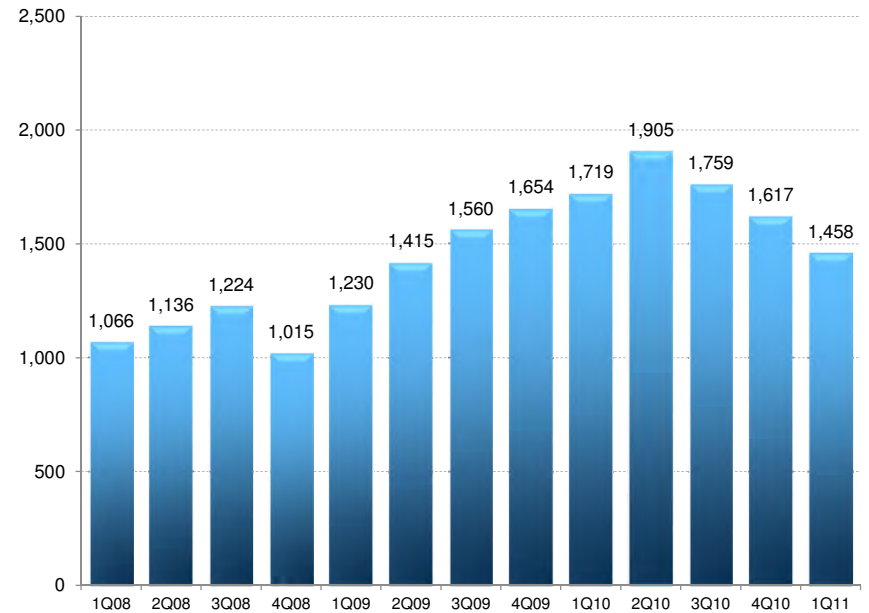


Leasing Market

Average Asking Triple-Net Lease Rate



Number of Transactions

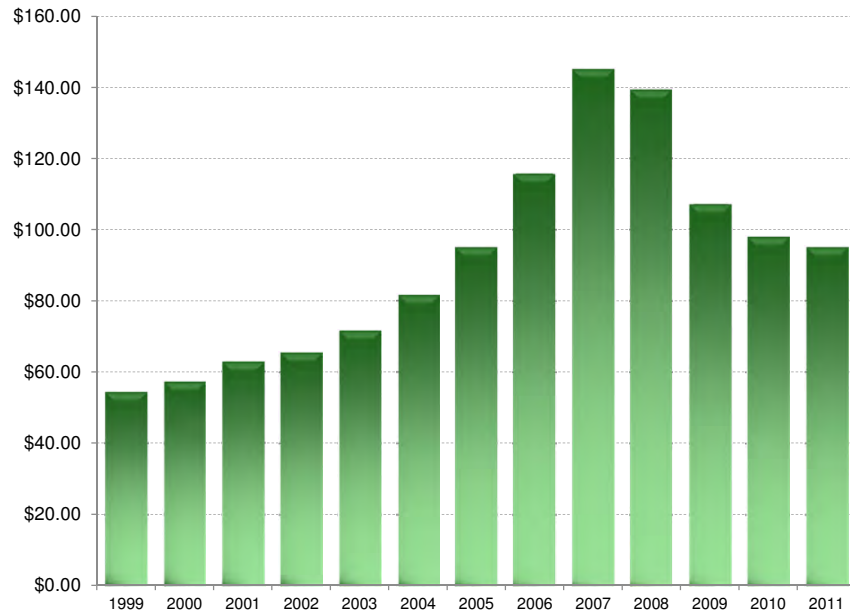


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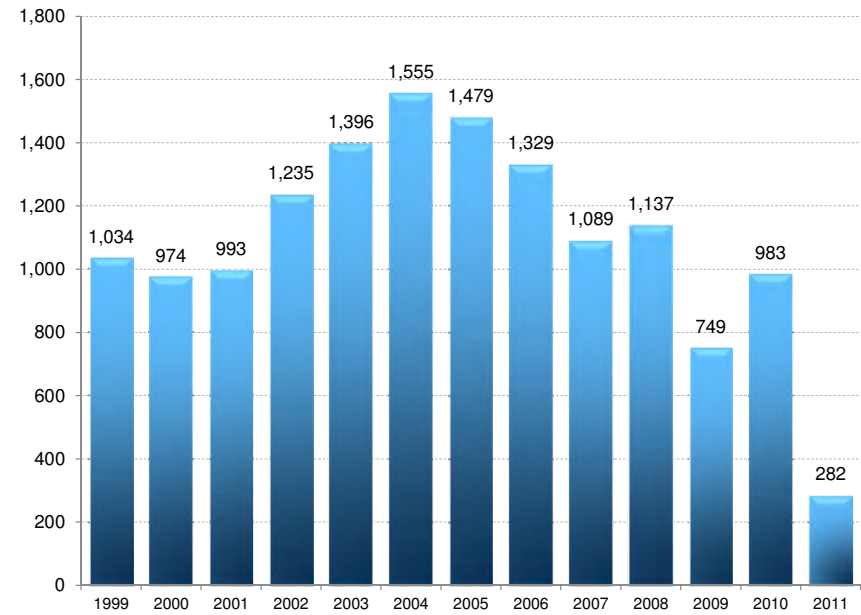


Sales Market

Median Sales Price per Square Foot



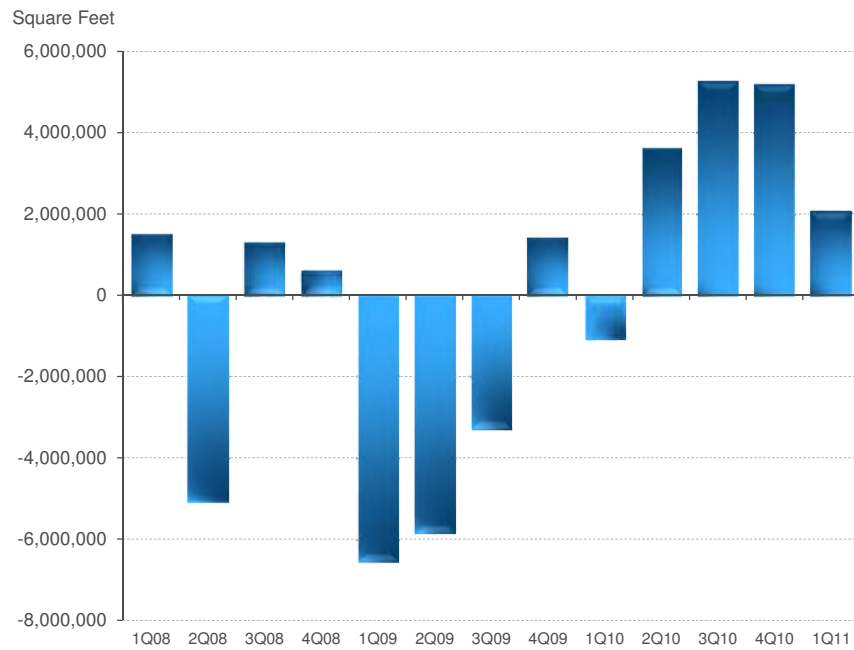
Number of Transactions



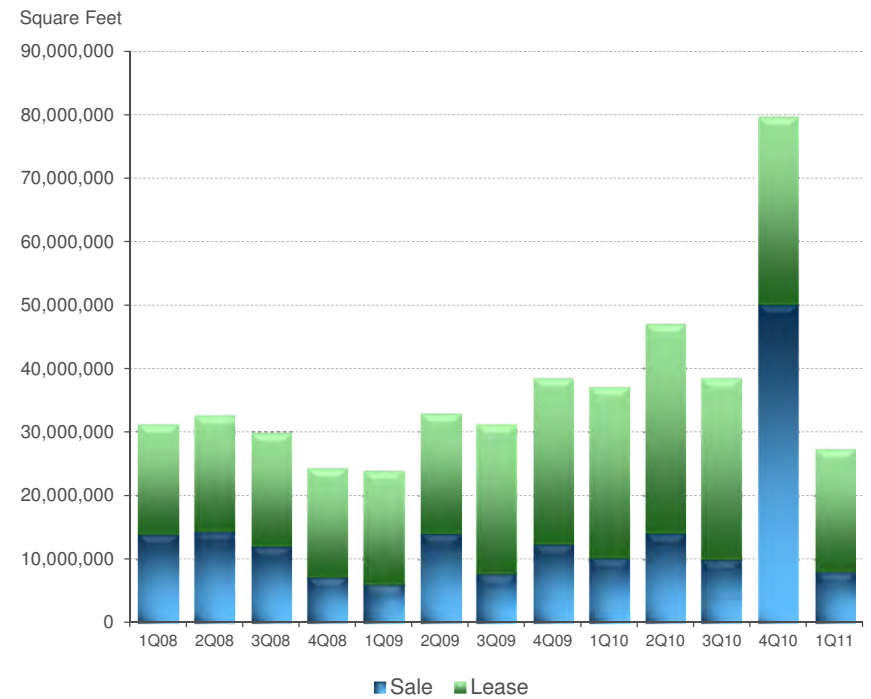
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Net Absorption



Transaction Activity



* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Capitalization Rates

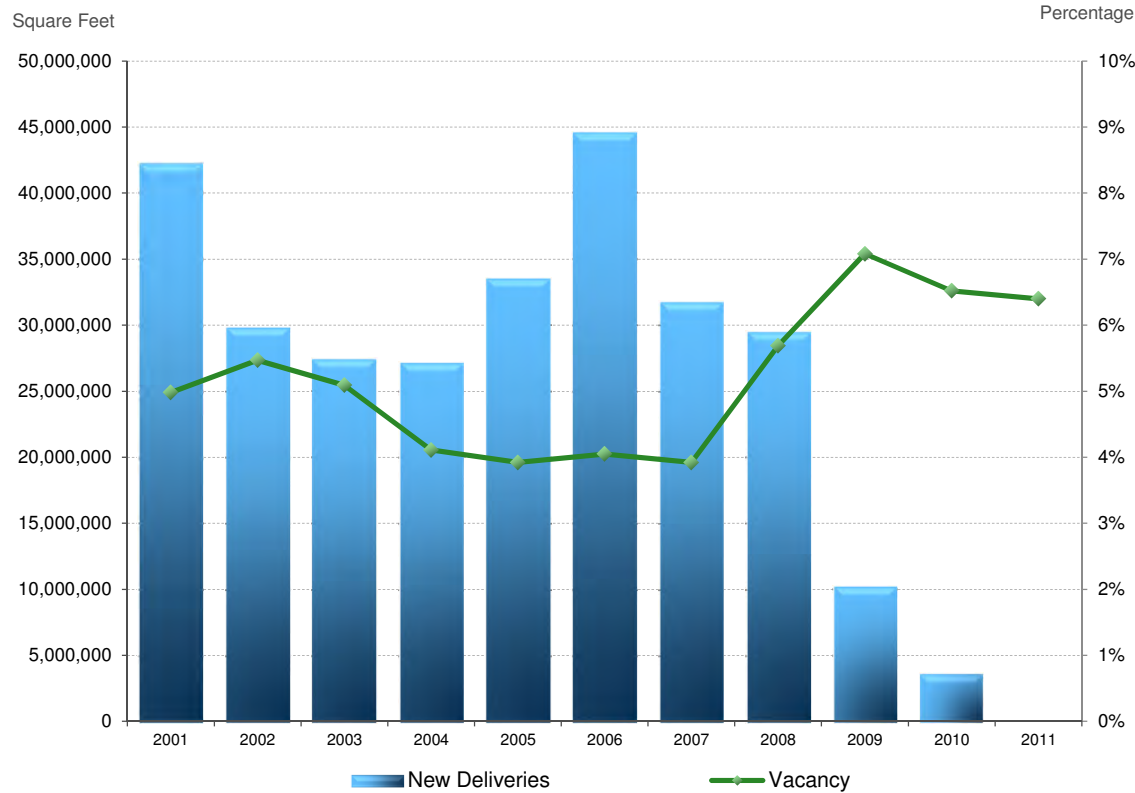


Note: Investments \$2 million and larger

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New Deliveries vs. Vacancy Rate



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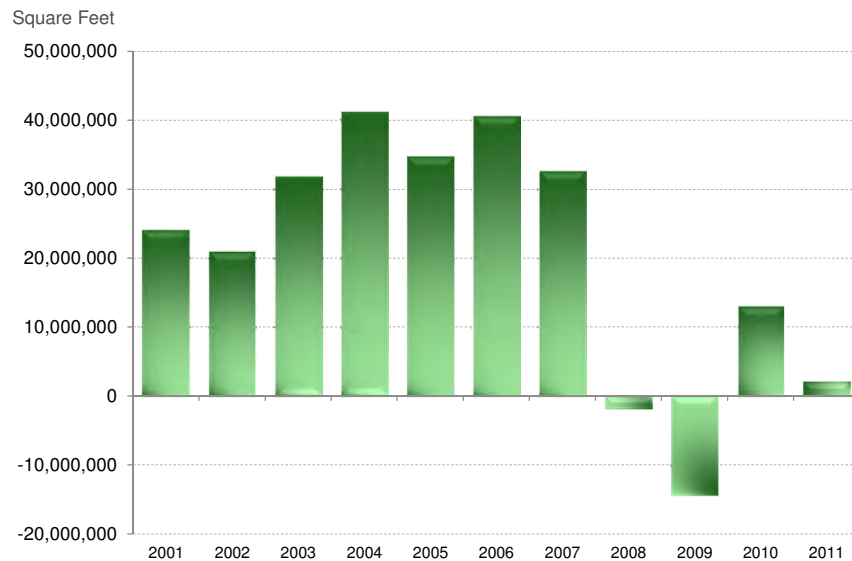
1st Quarter 2011 Report

SOUTHERN CALIFORNIA INDUSTRIAL MARKET

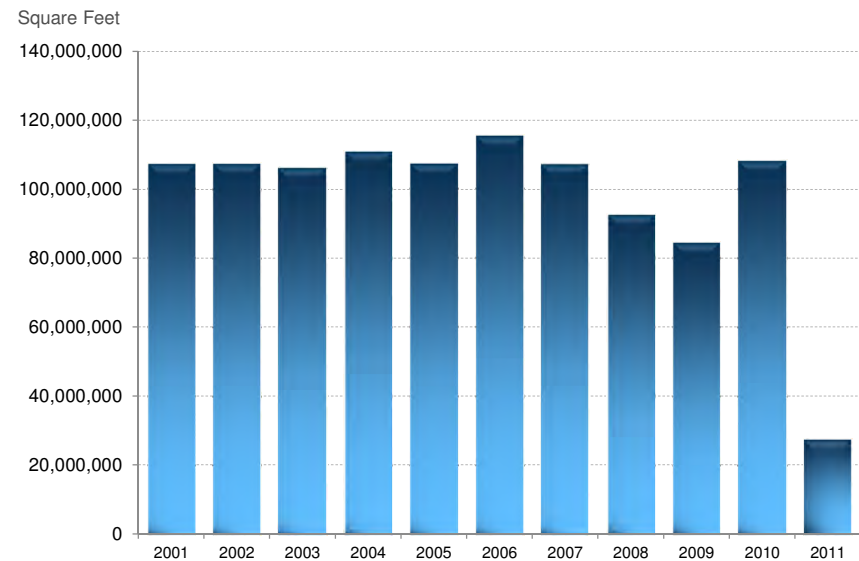
Market Statistics

	1Q 2011	4Q 2010	1Q 2010	% Change vs. 1Q 2010
Vacancy	6.40%	6.52%	7.19%	(10.99%)
Availability	10.09%	10.42%	11.75%	(14.13%)
Average Asking Lease Rate	\$0.47	\$0.47	\$0.49	(4.08%)
Sale & Lease Transactions	27,245,895	79,610,938	37,053,415	(26.47%)
Gross Absorption	27,154,321	29,614,294	23,423,118	15.93%
Net Absorption	2,058,471	5,179,316	(1,059,358)	N/A

Annual Net Absorption



Annual Gross Absorption



* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



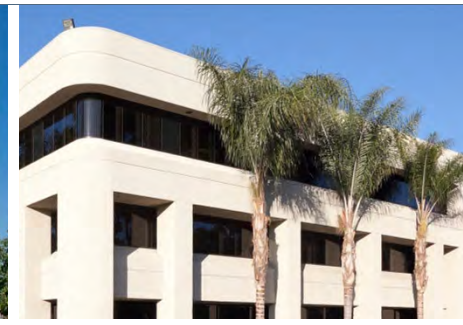
Market Forecast through the 4th Quarter of 2011

Vacancy Rates	Vacancy for quality product is very low. Inferior product remains difficult to lease or sell. Quality product will lease and sell. Inferior product will continue to languish.
Availability Rates	Availability will continue to trend downward.
Effective Lease Rates	Effective lease rates will stabilize by the third quarter of 2011. Lease concessions will decrease before lease rates begin to trend upward once again.
Sales Prices	User sale prices are finding their bottom.
Cap Rate	Core institutional stabilized assets will hover between 6.5-7.5%. Everything else will come in at 7.5% and up.

2010 was a stabilizing year with market support indicators turning positive in 2011.

Recommendations

Leasing Market	Be aggressive on leasing. Lease rates will decrease through early 2011 then stabilize by the third quarter. Recommend tenants sign five-year terms.
Sales Market	Keep trophy assets. Excellent opportunity for users to trade up for higher quality properties.



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San Diego County Market Update

Nick Frasco

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Tel: 858.458.3307

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www.voitco.com

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Broker License: #01819400

e-mail: nfrasco@voitco.com

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San Diego County's leading full-service real estate company

- Ten offices serving the southwestern region
- 116 selling professionals, supported by 114 staff members
- Leading market research & forecast trends

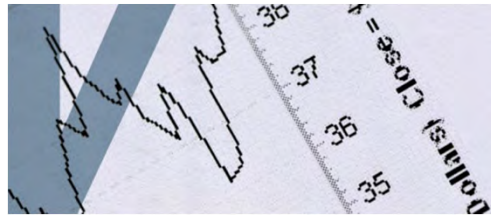
Services

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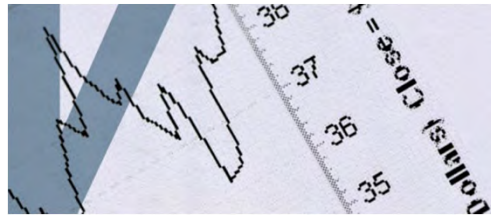


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REAL ESTATE SERVICES

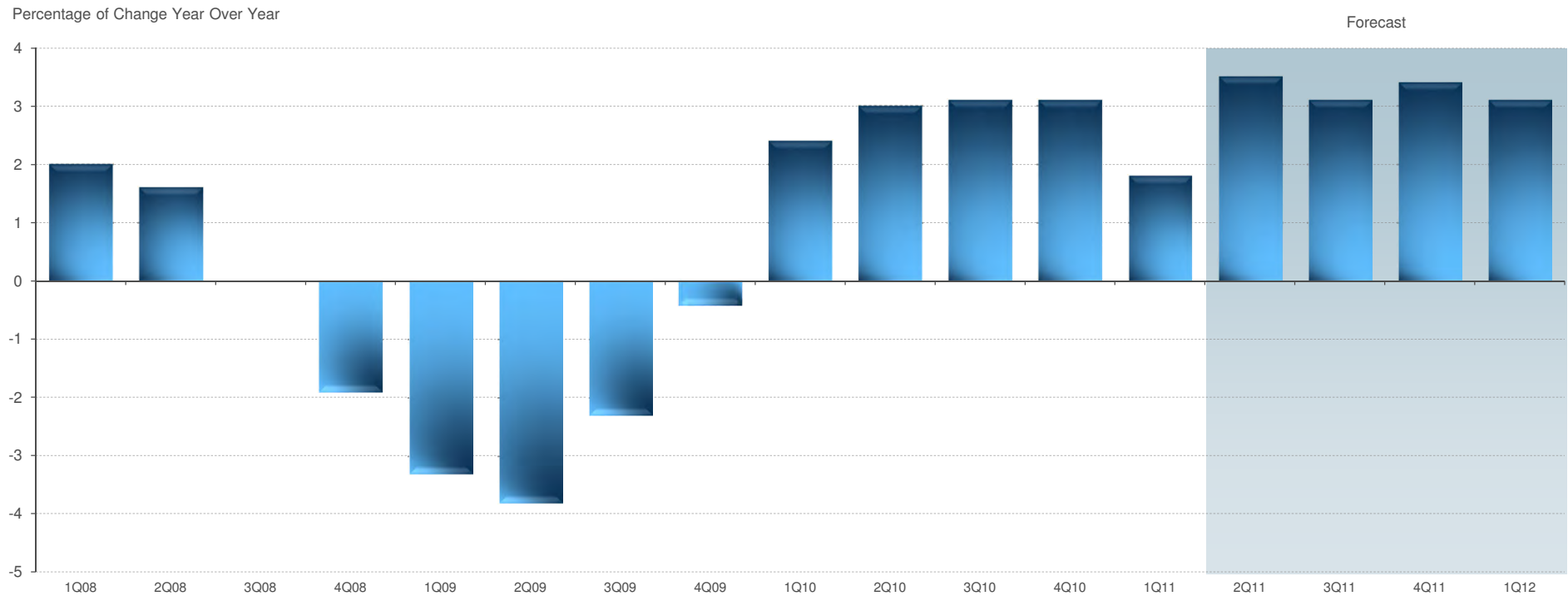


Economic Indicators



National

Real Gross Domestic Product



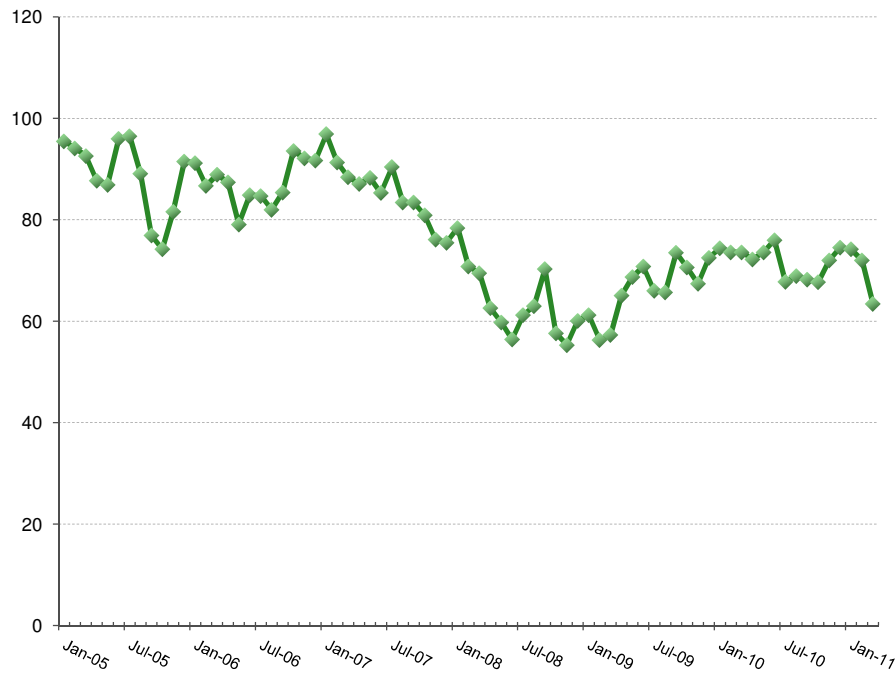
Source: Federal Reserve Bank of Philadelphia

Note: Chapman University is forecasting the following for 2011: 3.2% increase in Consumer Spending, 4% increase in Investments, 10.2% increase in Exports, 3.3% increase in GDP, 2.1% increase in Inflation, .25% increase in Short-Term Interest Rates and a 4% increase in Long-Term Interest Rates



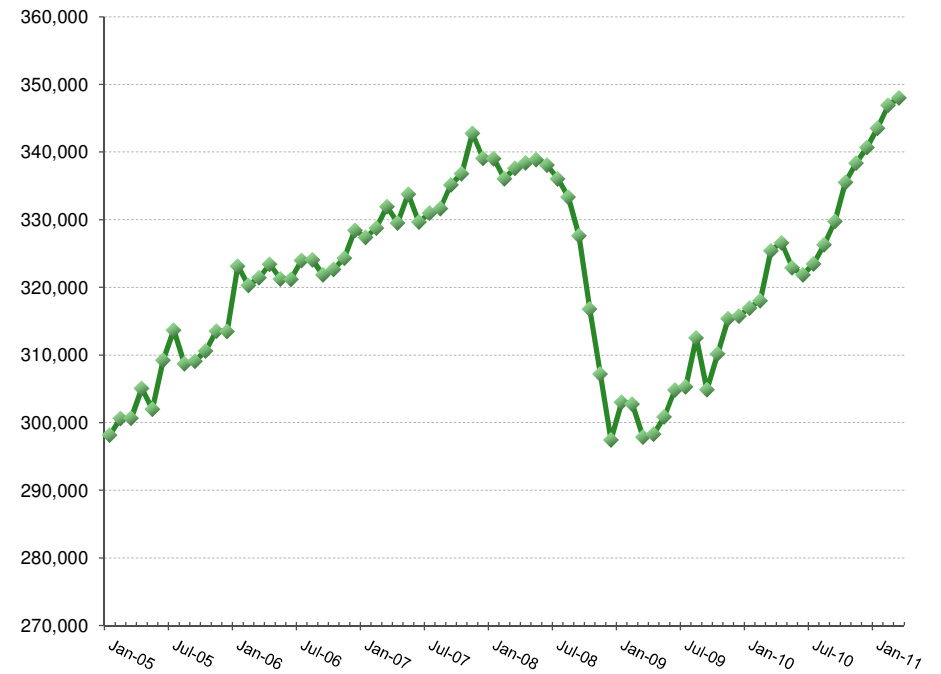
National

Consumer Confidence



Source: University of Michigan: Consumer Sentiment (UMCENT) (Index 1st Quarter 1966=100)

Retail Sales (Excluding Food Services)



Source: U.S. Department of Commerce: Census Bureau

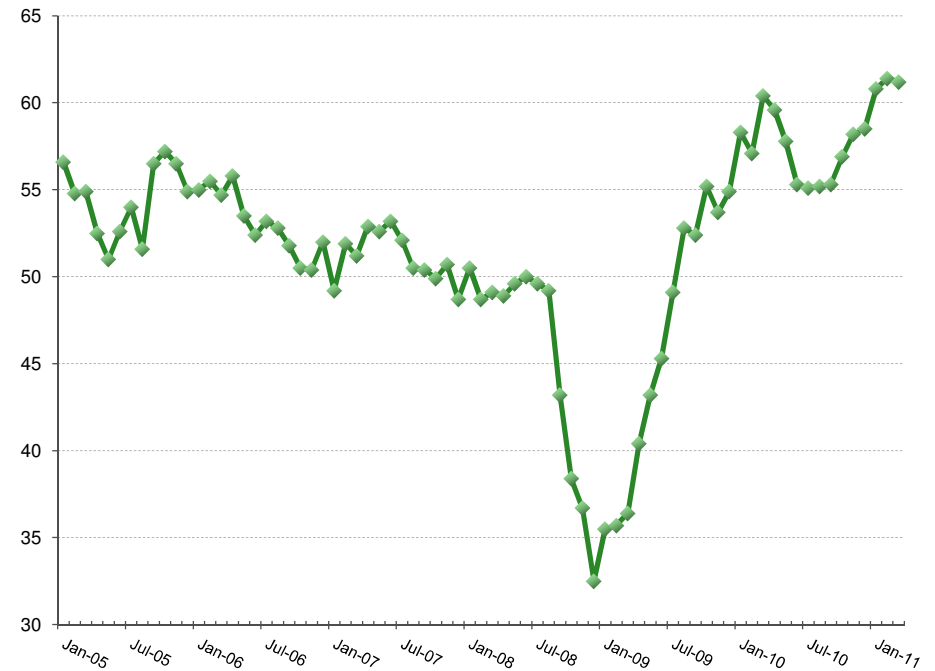


National

NMI Composite Index (Non-Manufacturing Index)

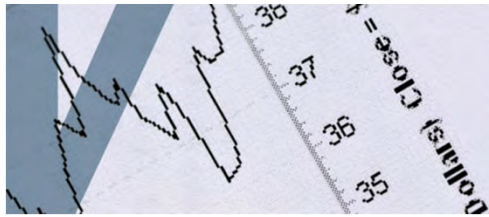


PMI Composite Index (Manufacturing Index)



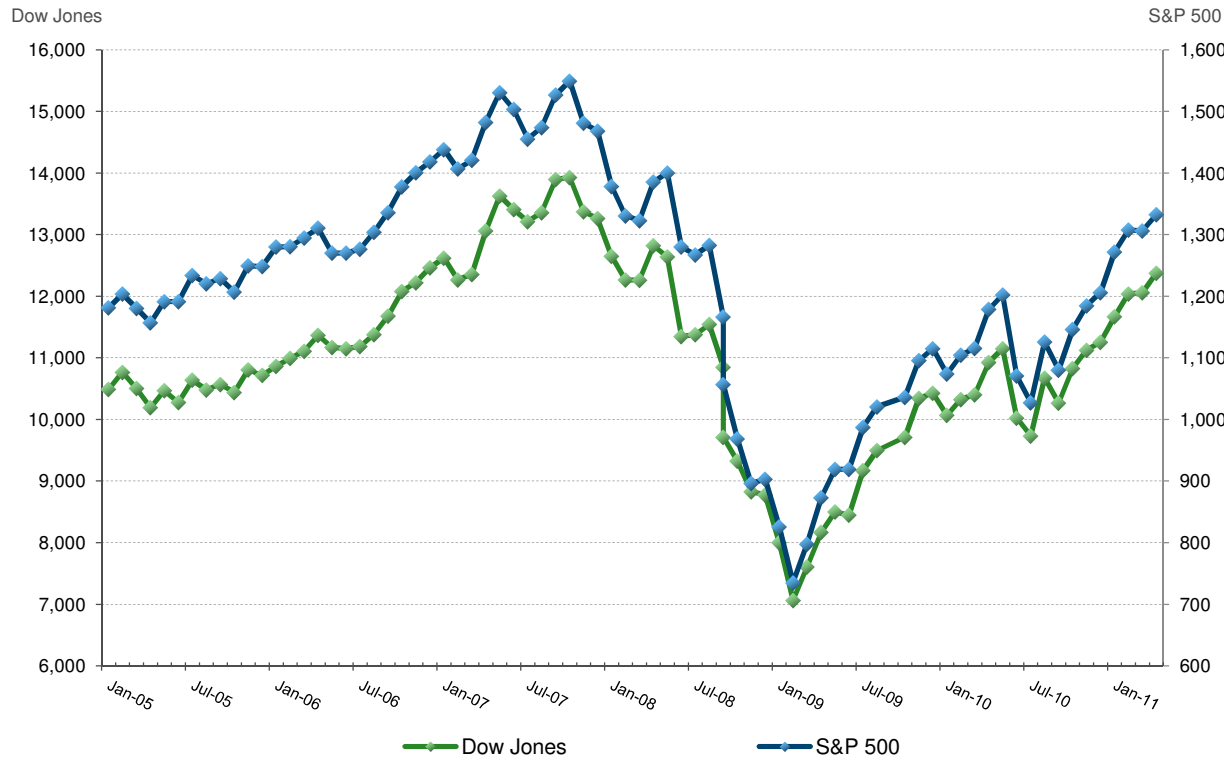
Source: ISM – Institute for Supply Management

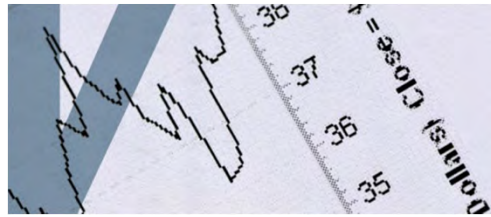
Note: A NMI reading above 50 percent indicates that the economy is generally expanding, below 50 percent that it is generally declining. The NMI was released for the first time beginning with the data for Jan 2008.



National

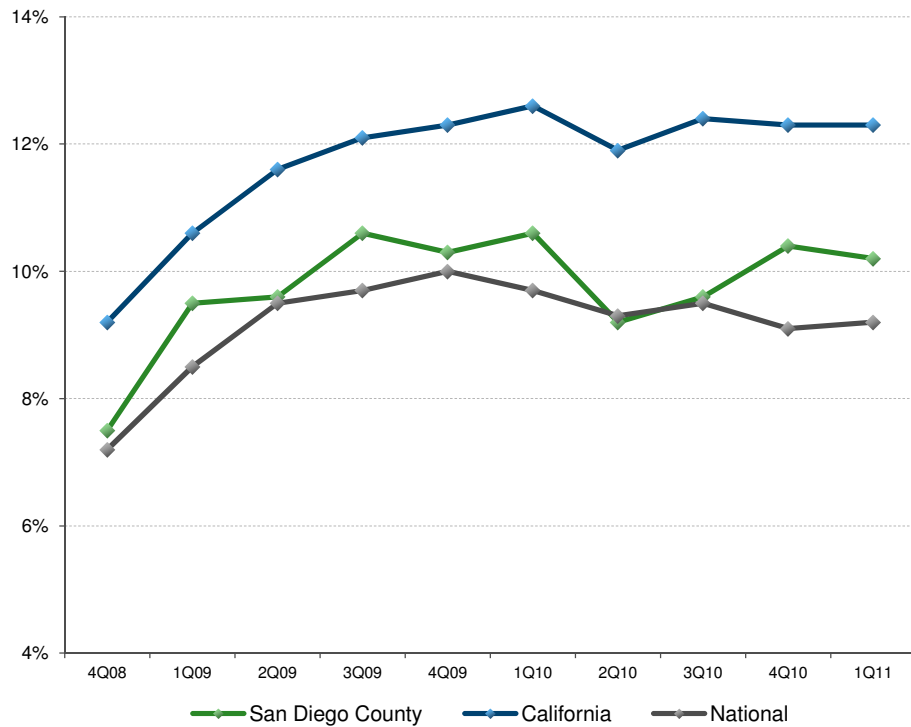
Stock Market – Dow Jones vs. S&P 500





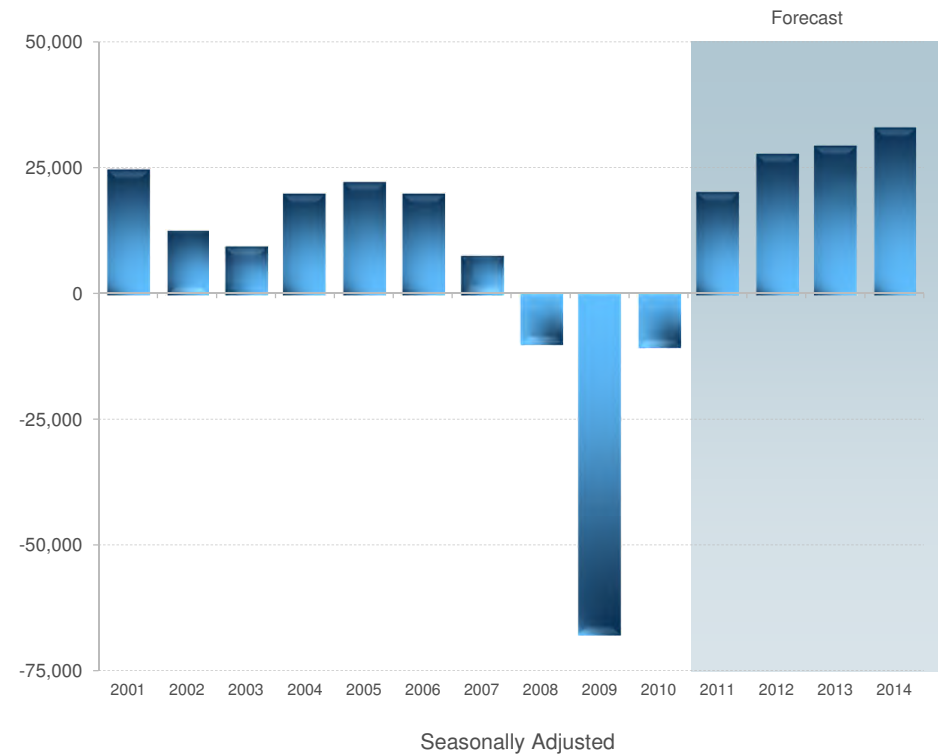
Employment

Unemployment

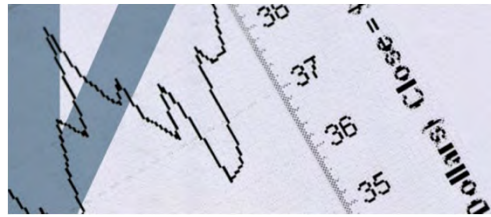


Source: State of California Employment Development Department

Annual Jobs Gained/Lost in San Diego County

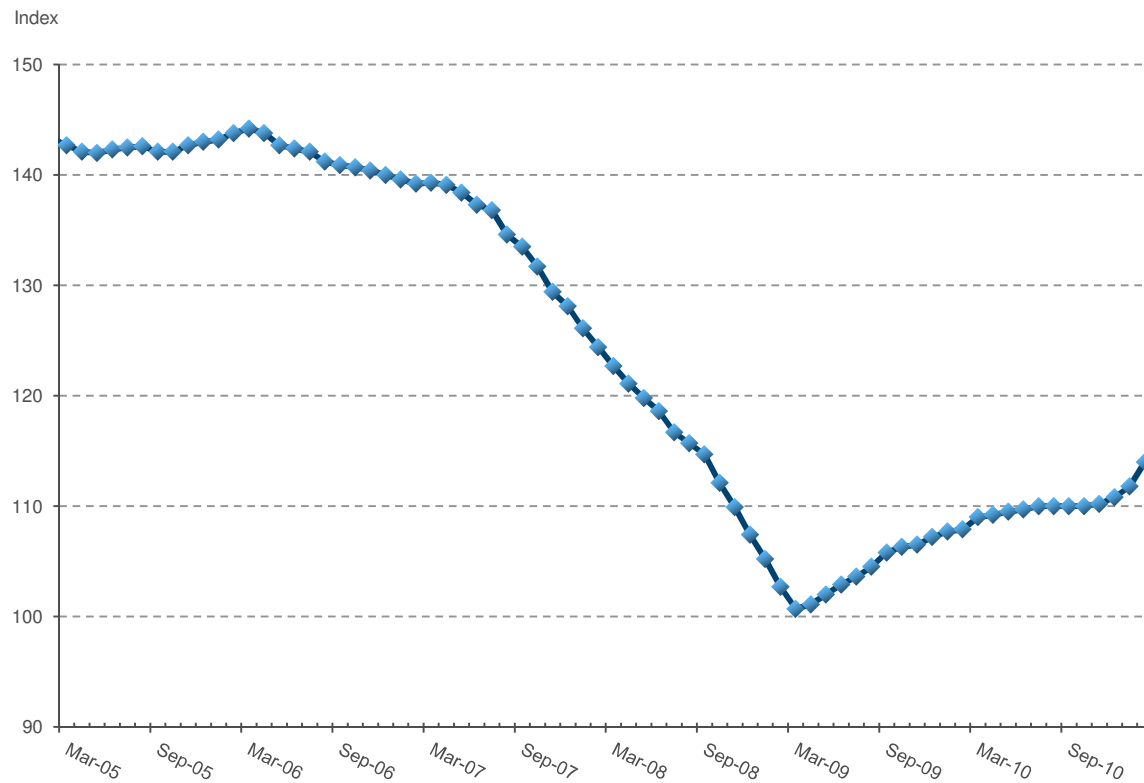


Source: California Employment Development Department. Estimates and Forecasts: LAEDC – July 2010



Local

USD Index of Leading Economic Indictors



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REAL ESTATE SERVICES



San Diego County Office Market

1st Quarter 2011 Report



Where are we now?

- The good news: The market is finding its bottom, and general activity has picked up since Labor Day of 2010 in all product types.
- The bad news: We continue to have an imbalance of over-supply of product vs. demand.
- Result: Downward pressure on pricing is beginning to ease up.



What next?

- Fundamentals say slow recovery is in process.
- Policy choices and financial markets can alter this substantially.
- Opportunity to purchase core and non-core assets.

What to do?

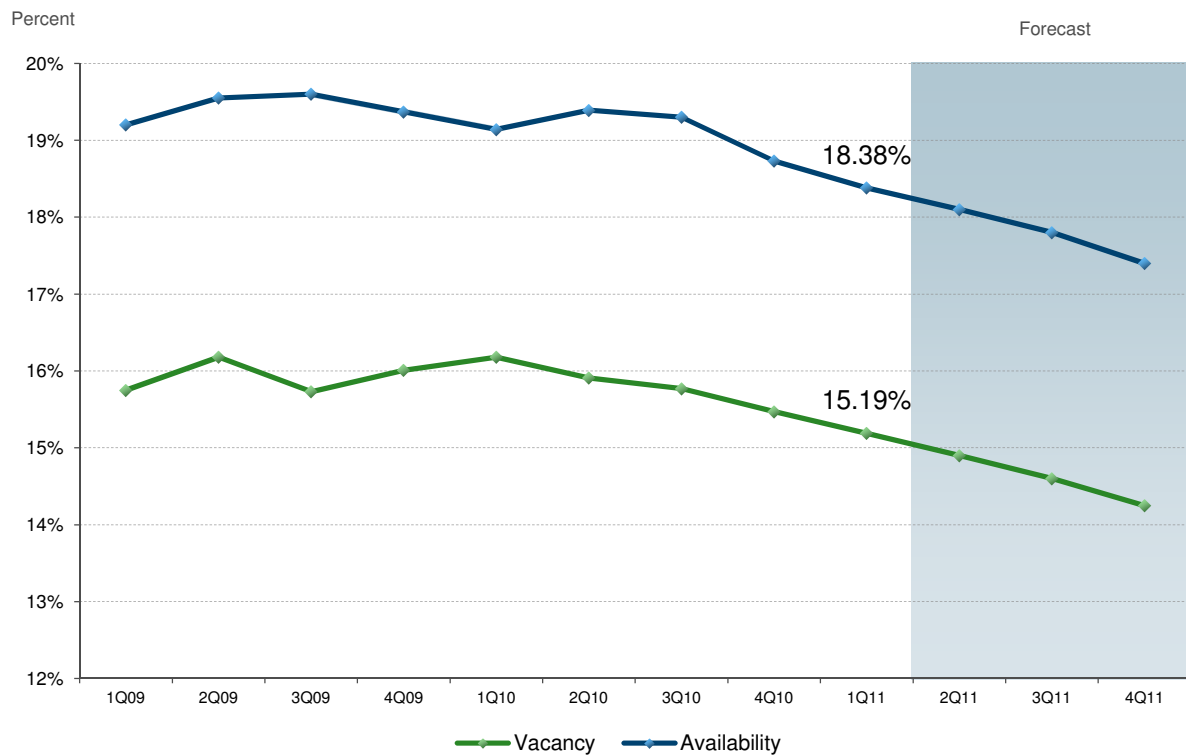
- The best advice: Continue to be aggressive to consummate transactions.
- Sell Class B & C product.
- Be on the look out for quarter-end and/or year-end distressed asset sale opportunities.





Market Overview

Vacancy vs. Availability



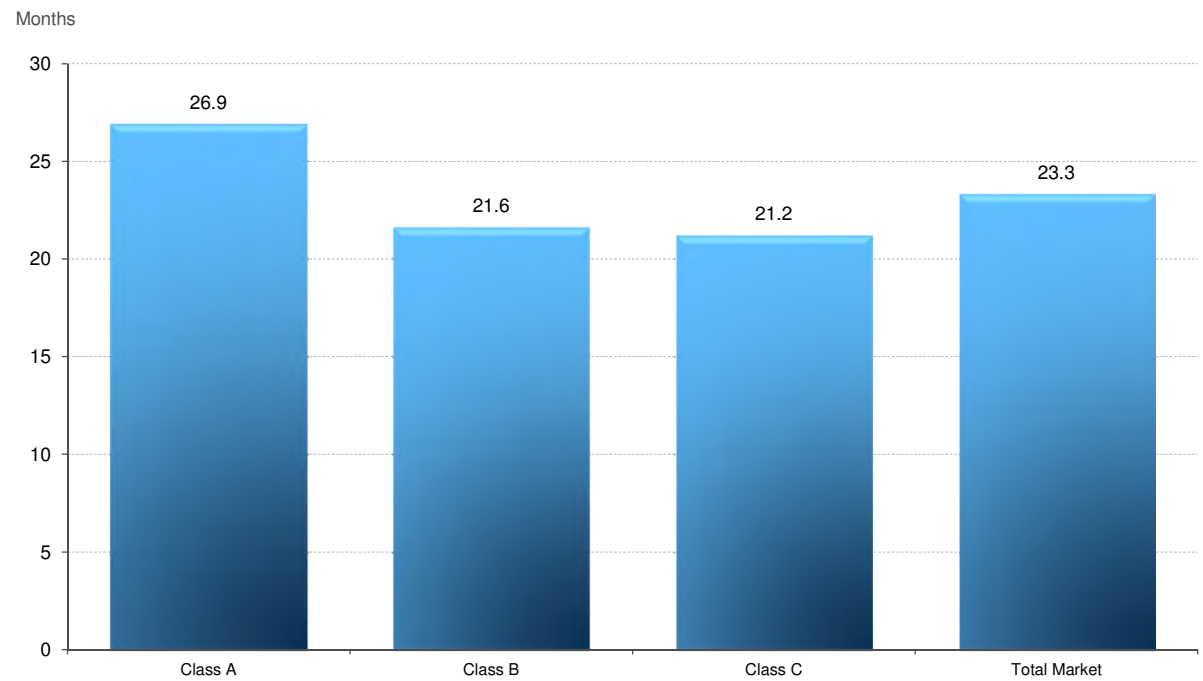
* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Market Overview



Average Time on the Market for Lease in Months

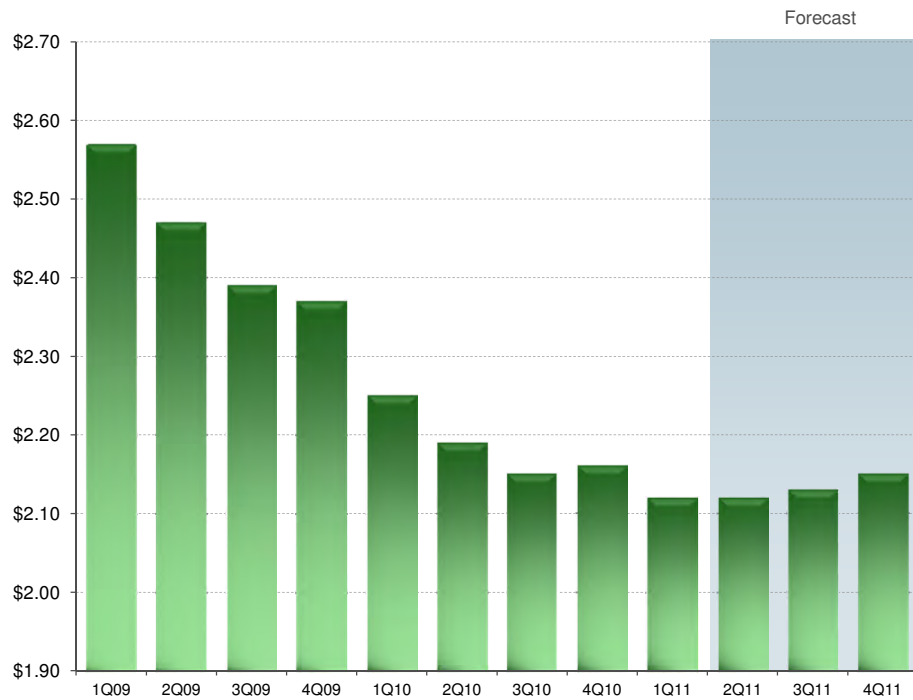


* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.

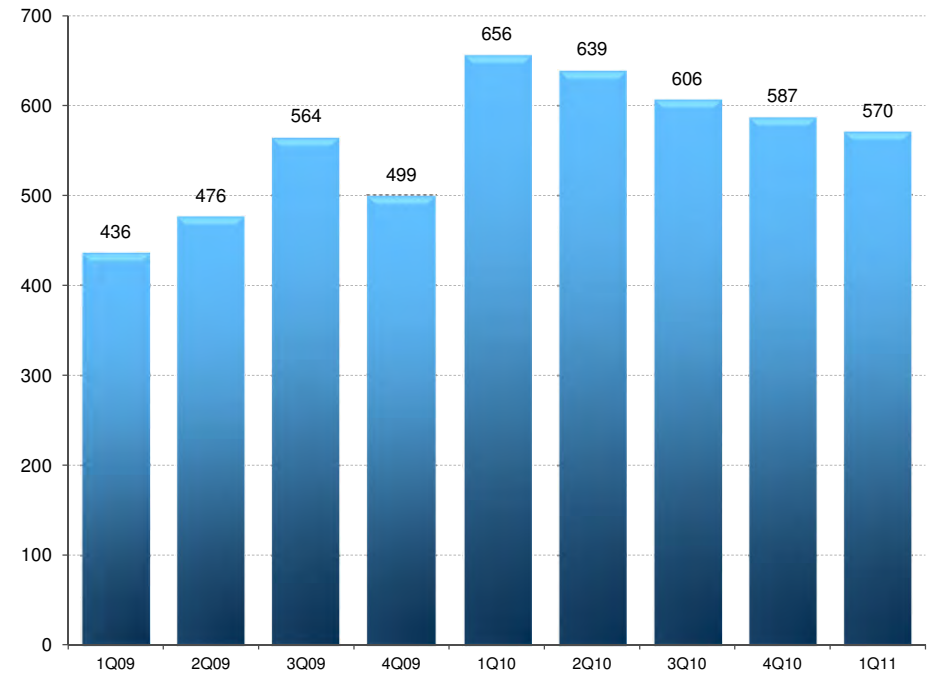


Leasing Market

Average Asking Full-Service Gross Lease Rate



Number of Transactions

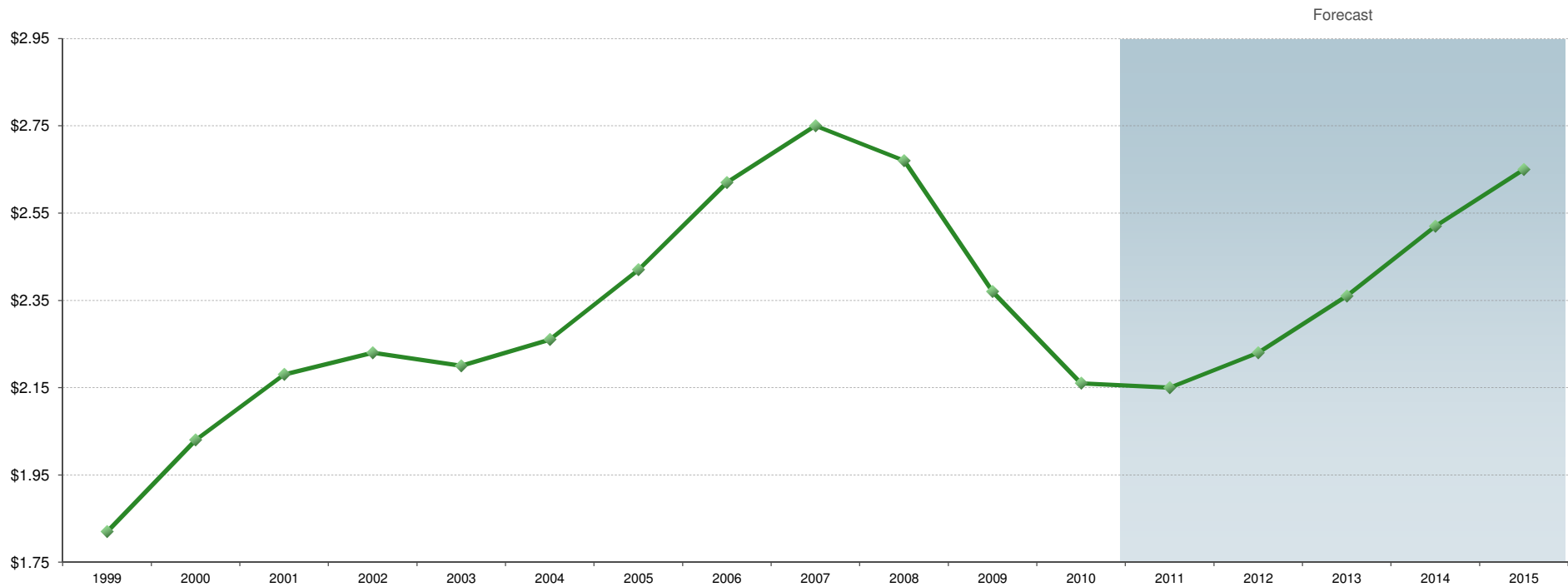


* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Leasing Market

Forecasted Average Asking Full-Service Gross Lease Rate

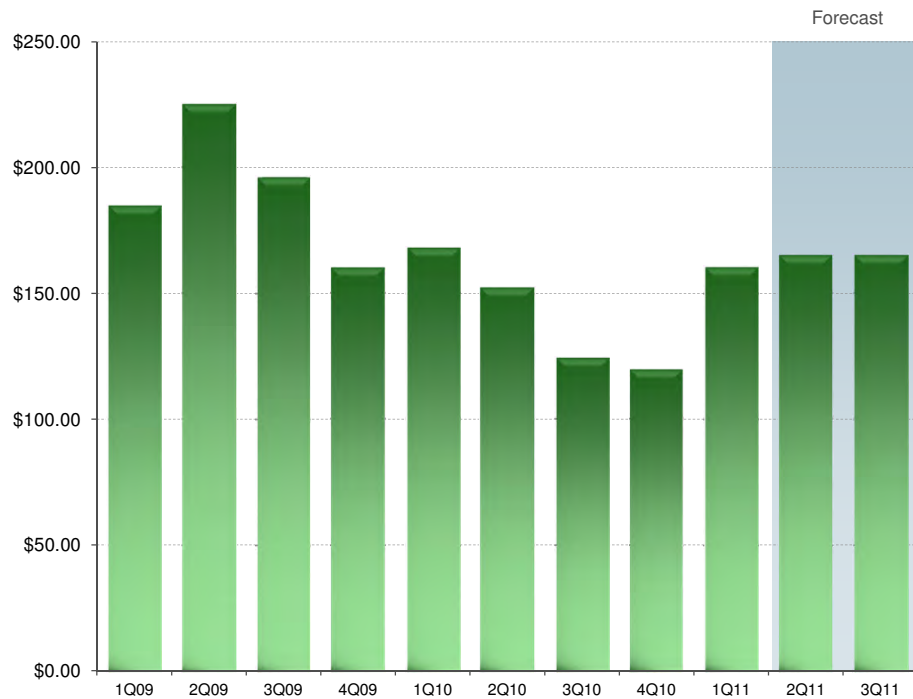


* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.

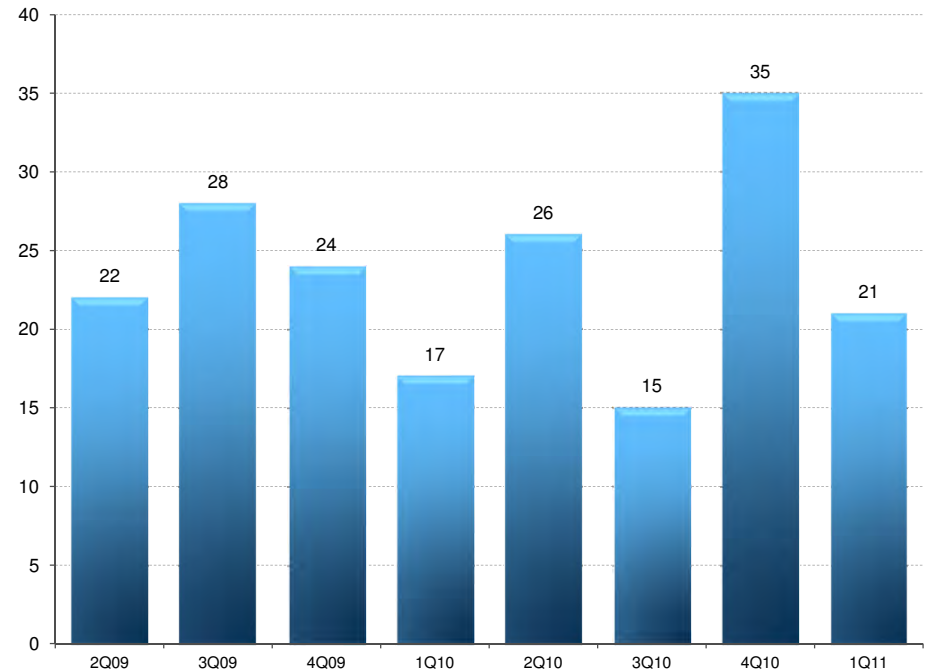


Sales Market

Median Sales Price per Square Foot



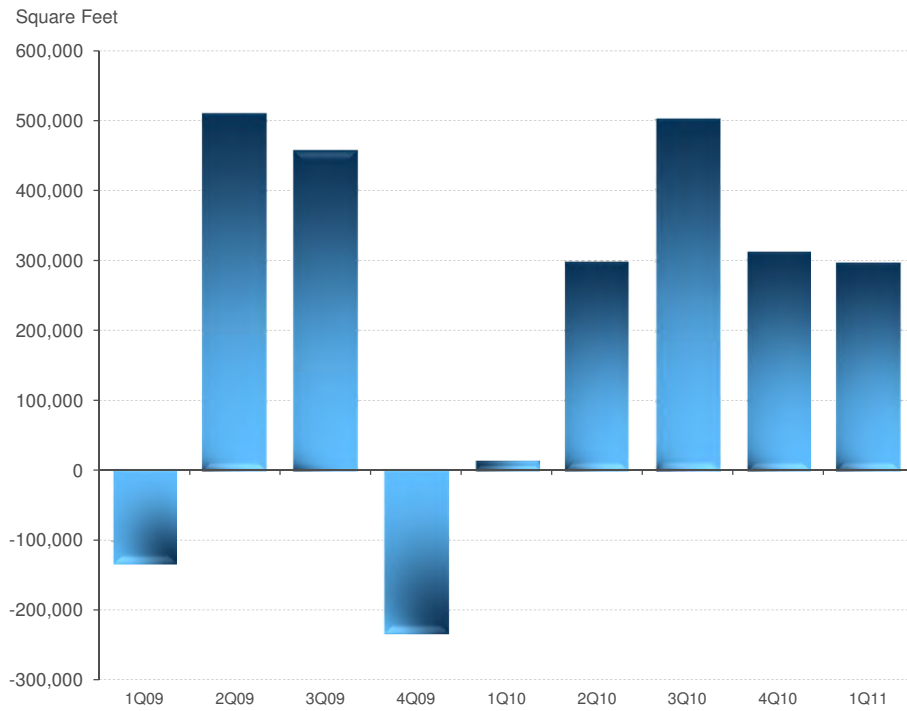
Number of Transactions



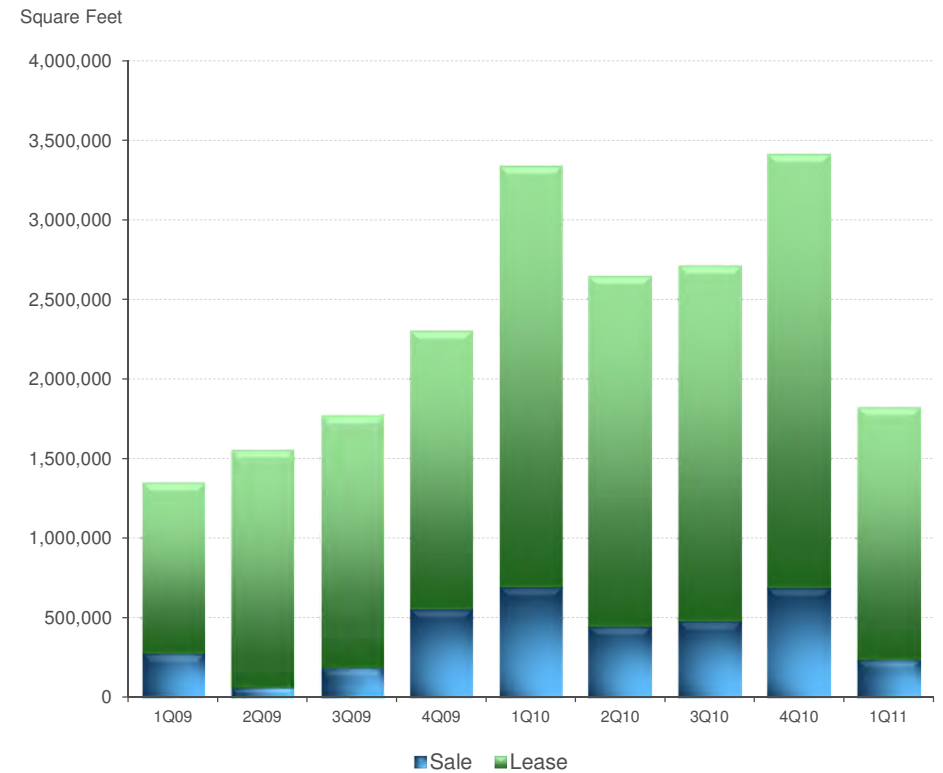
* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Net Absorption



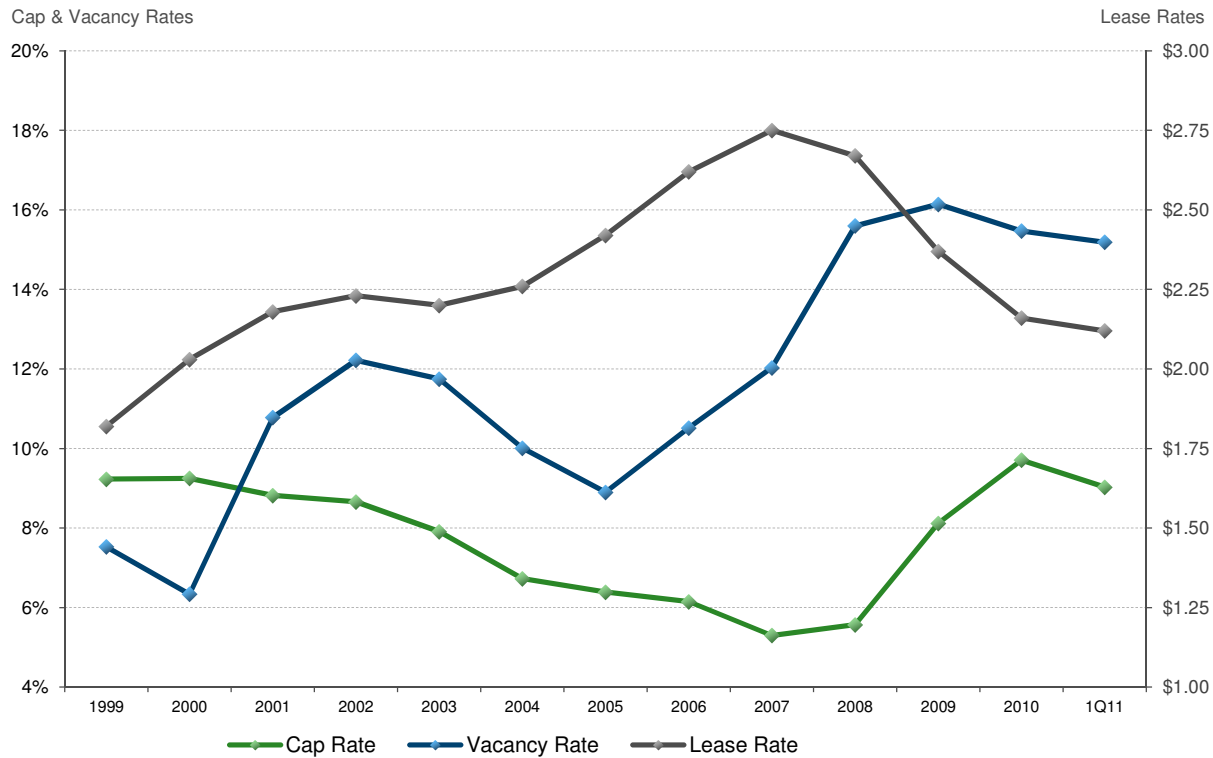
Transaction Activity



* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Lease, Capitalization & Vacancy Rates

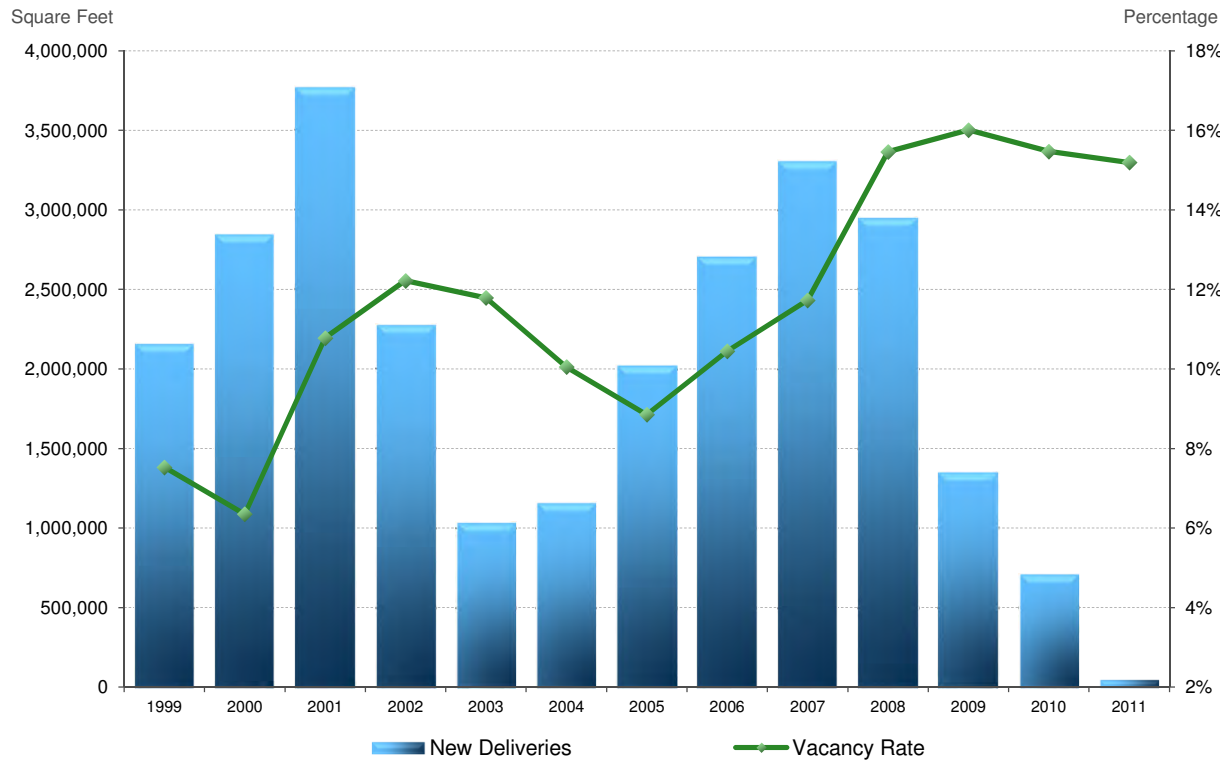


Note: Investments \$2 million and larger

* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Annual New Office Deliveries vs. Vacancy Rate

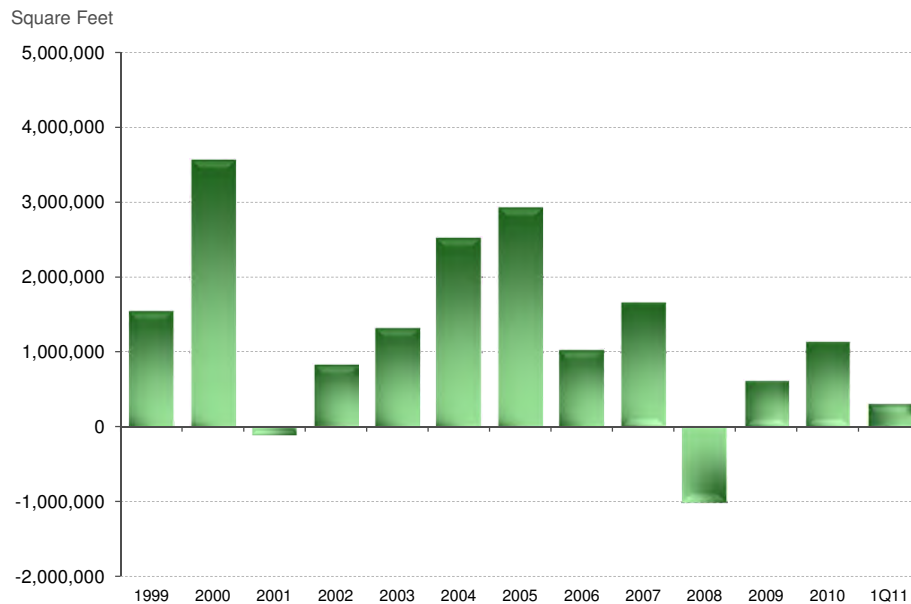




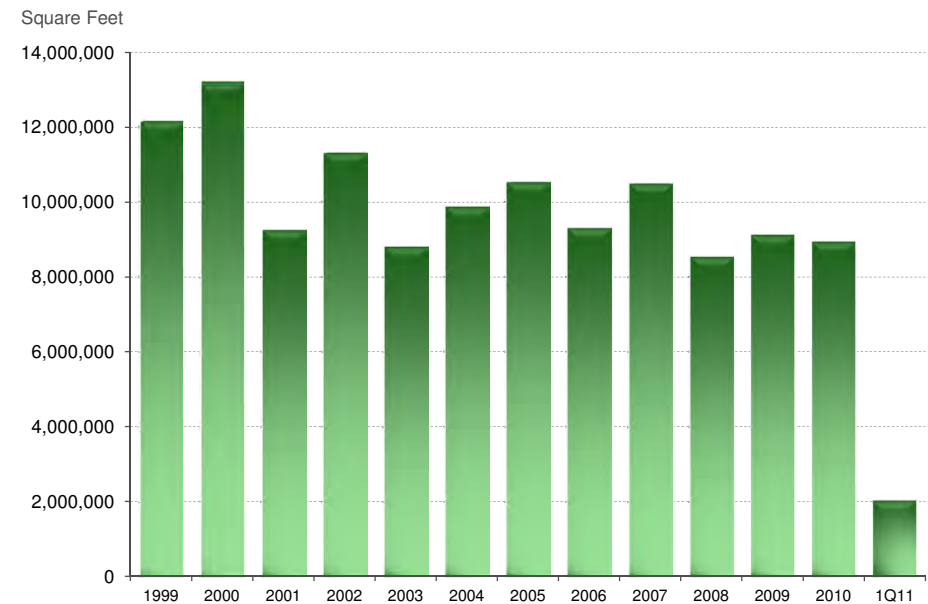
Market Statistics

	1Q 2011	4Q 2011	1Q 2010	% Change 1Q 2011 vs. 1Q 2010
Vacancy	15.19%	15.47%	16.18%	-6.12%
Availability	18.38%	18.73%	19.14%	-3.97%
Pricing	\$2.12	\$2.16	\$2.25	-5.78%
Sale & Lease Transactions	1,821,440	3,412,599	3,337,667	-45.43%
Gross Absorption	2,018,212	2,572,567	1,674,149	20.55%
Net Absorption	295,672	311,958	12,501	N/A

Annual Net Absorption



Annual Gross Absorption



* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Major Transactions of 1Q11

Sales Activity

Property Address	Submarket	Class	Square Feet	Sale Price per SF	Buyer	Seller
10300 Campus Point Dr.	UTC	B	451,564	\$251.35	Alexandria Real Estate Equities, Inc.	Veralliance Properties, Inc.
4570 Executive Dr.	UTC	A	125,219	\$507.11	Bio Med Realty Trust, Inc.	LMC Investment Company, LLC
2355-75 Northside Dr. – 3 Properties	Mission Valley	A	190,634	\$275.66	Kilroy Realty Corporation	MPG Office Trust, Inc.
10301-43 Meanley Dr.	Scripps Ranch	B	157,884	\$256.52	KBS REIT II, Inc.	Bank of America Corporation
11111 Rancho Bernardo Rd.	Rancho Bernardo	A	110,000	\$348.18	Palomar Community College District	Granum Partners
9242 & 9246 Lightwave Ave.	Kearny Mesa	A	128,500	\$249.03	Colony Realty Partners, LLC	LaSalle Investment Management

Leasing Activity

Property Address	Submarket	Class	Square Feet	Transaction Date	Tenant	Owner
9645 Scranton Rd. - Renewal/Expansion	Sorrento Mesa	B	96,000	Feb-11	Novatel Wireless	MPG Office Trust
3111 Camino Del Rio N	Mission Valley	A	32,503	Mar-11	Encore Capital Group	TIAA-CREF
7676 Hazard Center	Mission Valley	A	32,050	Jan-11	Kimball, Tirey & St John, LLP	7510 Hazard Center, LLC
10150 Meanley Dr.	Scripps Ranch	B	30,425	Feb-11	Paychecks International	PacVentures, Inc.
2231 Rutherford Rd.	Carlsbad	B	28,458	Feb-11	NTN Buzztime, Inc.	Kilroy Realty Corporation
525 B St.	Downtown	B	24,599	Jan-11	Social Security Administration	Hines

* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Market Forecast through the 4th Quarter of 2011

Vacancy Rates	Vacancy will decrease to below 14.5%.
Availability Rates	Availability will stabilize at approximately 18%.
Effective Lease Rates	Effective lease rates will continue to decline but at a slower pace.
Sales Prices	User sales prices will stabilize, but this will be dependent on continued low current interest rates.
Employment	68,800 jobs were lost in 2009 (all time high) and 9,000 jobs were lost in 2010. Positive job growth of 17,000 new jobs is being forecasted for 2011, according to the Los Angeles Economic Development Corporation.
Cap Rate	For core institutional stabilized assets, 7-8%. For everything else, 8% and up.

2010 has proved to be a stabilizing year with market support indicators turning positive in 2011.

Recommendations

Leasing Market	Be aggressive on leasing. Flight to quality for tenants will continue. Lease rates are still decreasing. Recommend signing 3-5 year terms.
Sales Market	Keep trophy assets. Sell Class “B” and “C” properties. Downward pricing pressure on Class “B” and “C” properties will continue.

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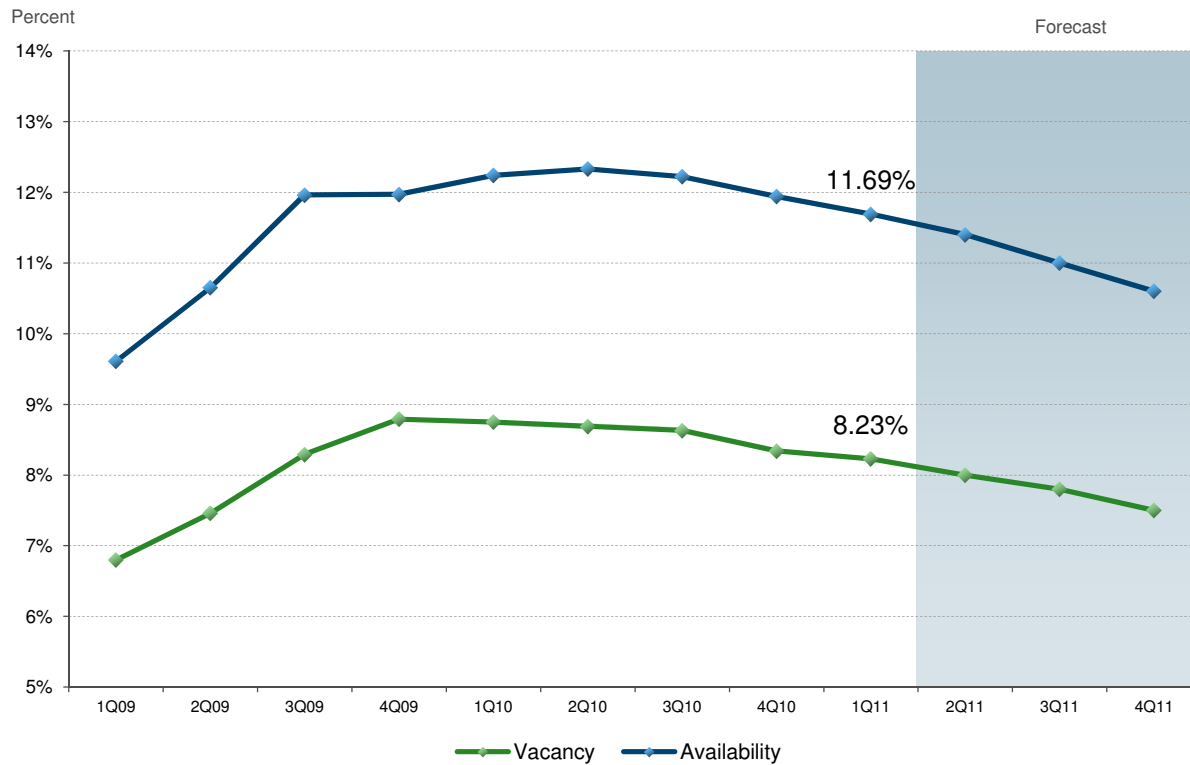
San Diego County Industrial Market

1st Quarter 2011 Report



Market Overview

Vacancy vs. Availability

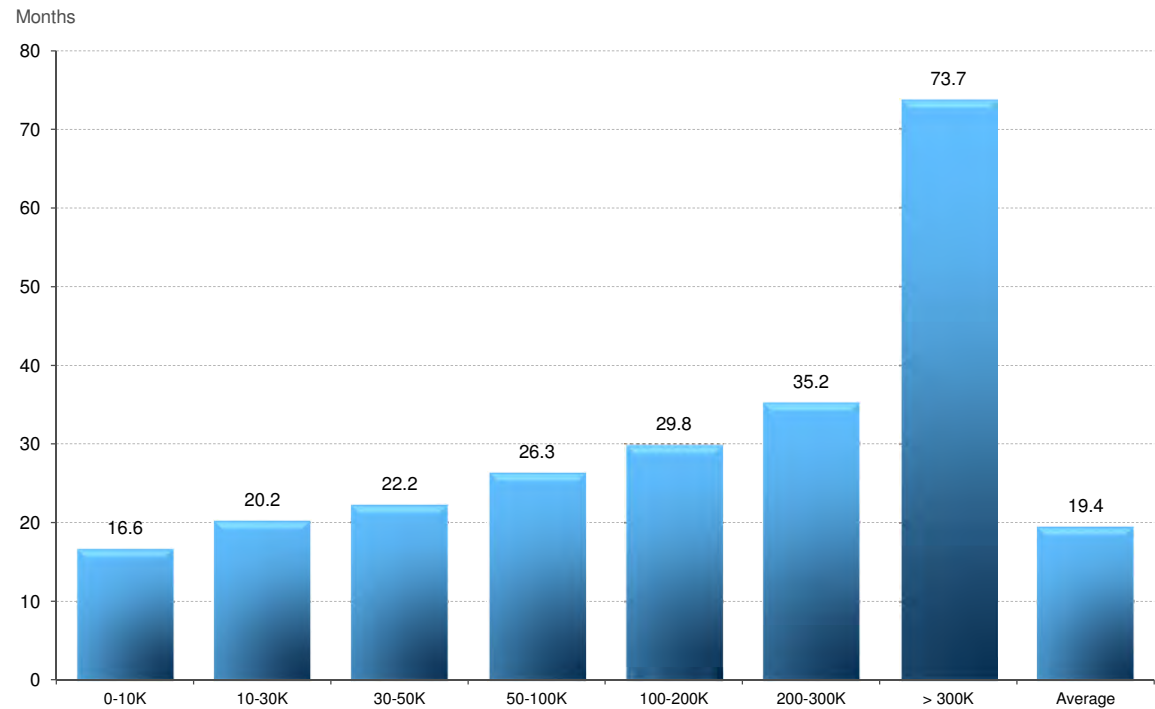




Market Overview



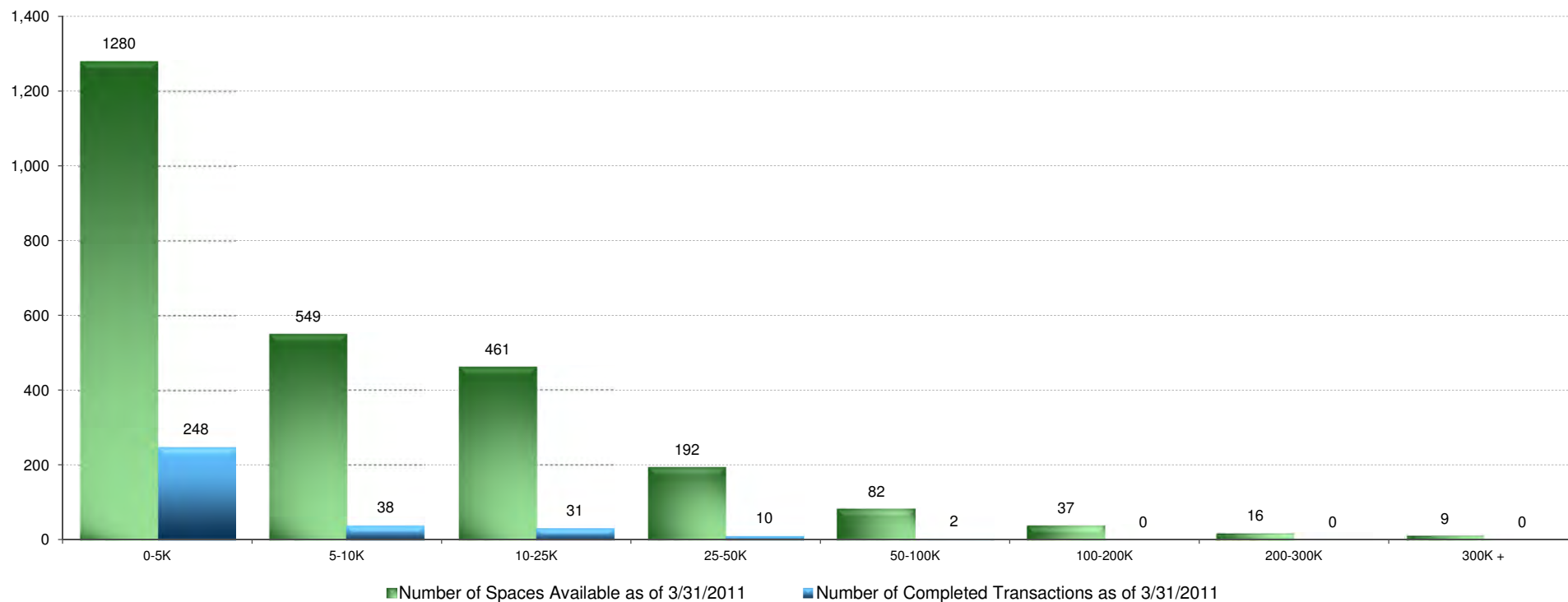
Average Time on the Market to Lease in Months





Market Overview

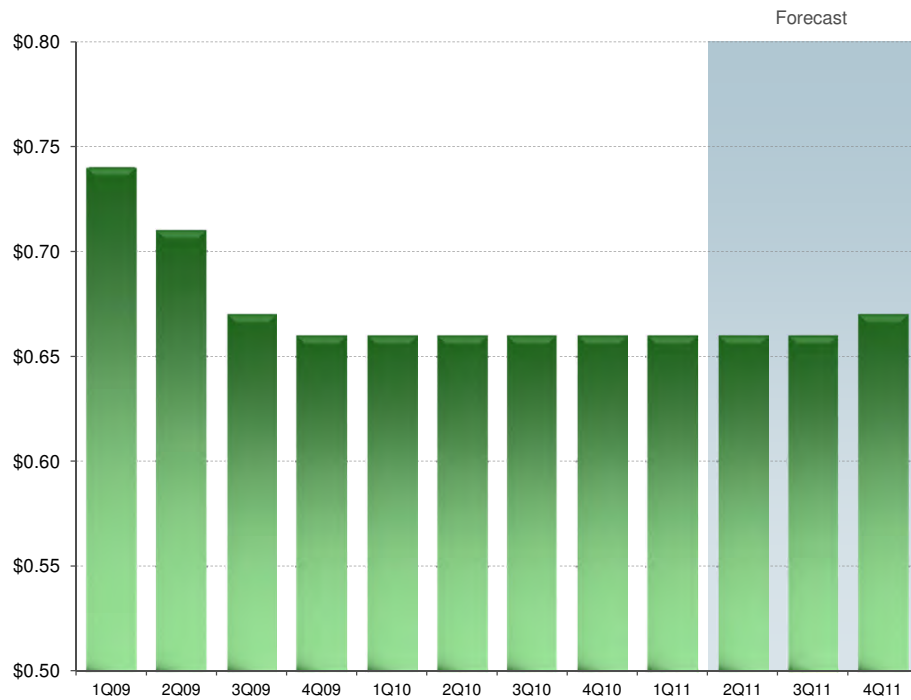
Number of Spaces Available vs. Number of Transactions by Size



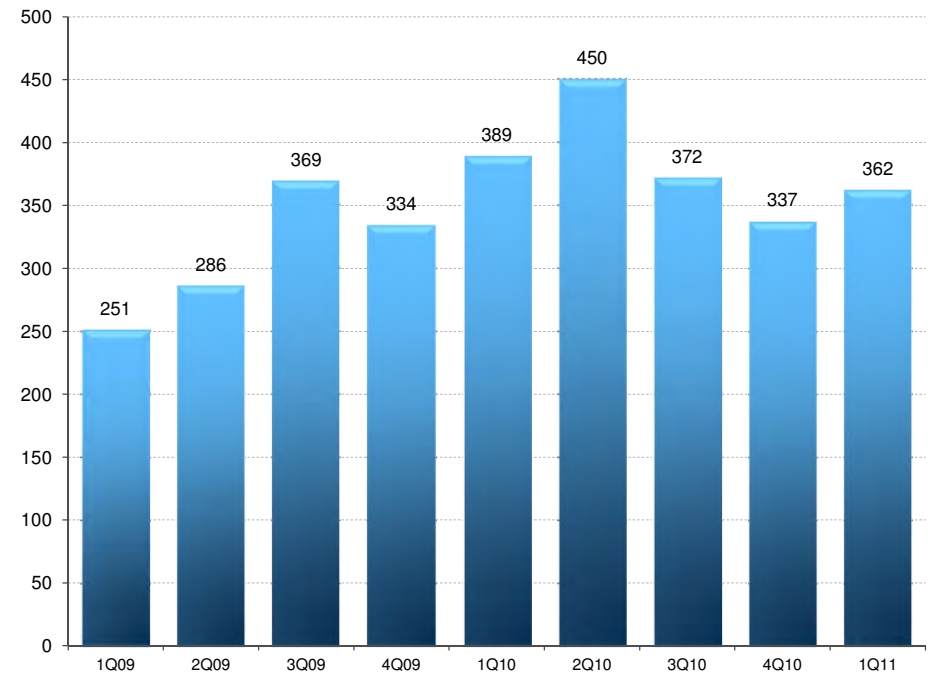


Leasing Market

Average Asking Triple-Net Lease Rate



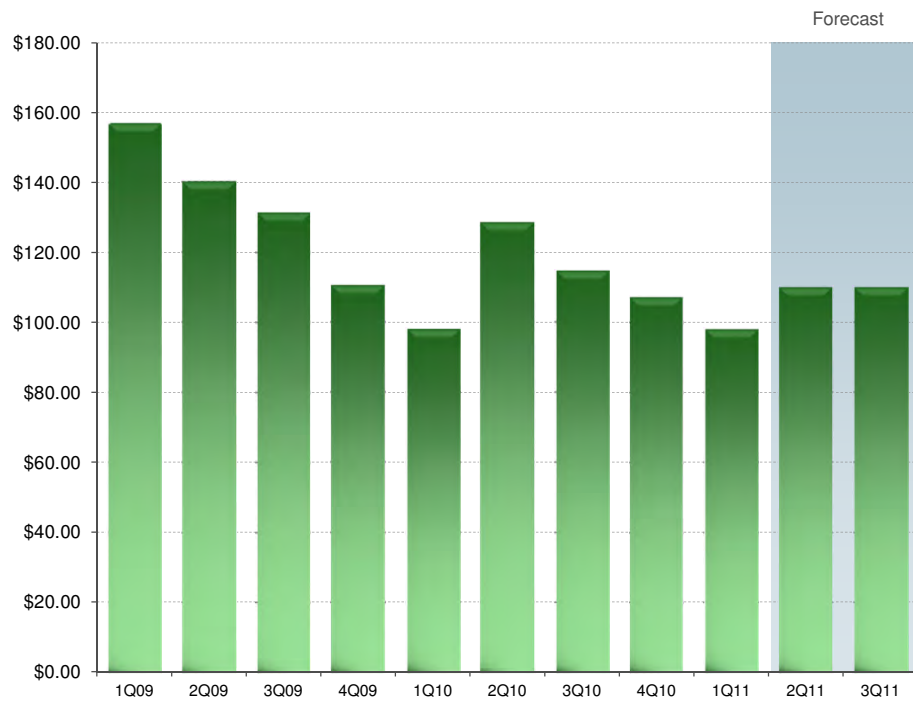
Number of Lease Transactions



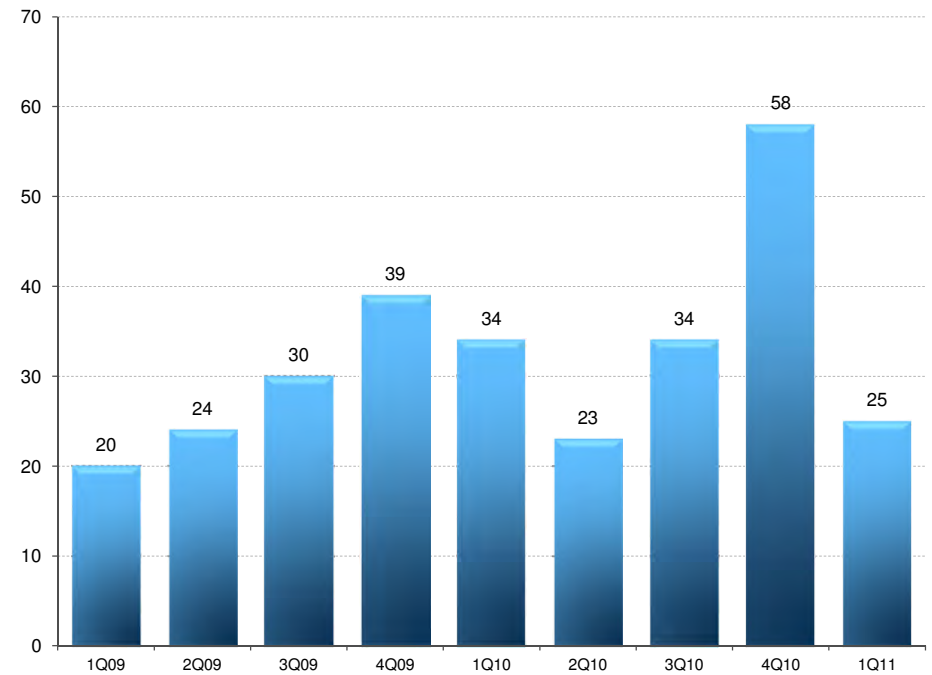


Sales Market

Median Sales Price per Square Foot

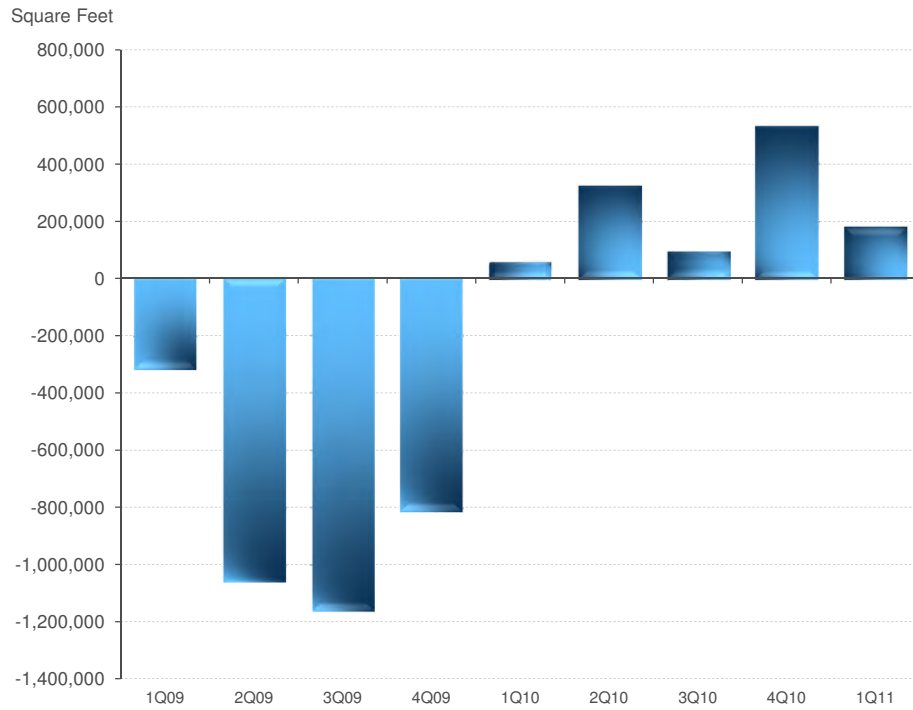


Number of Sale Transactions

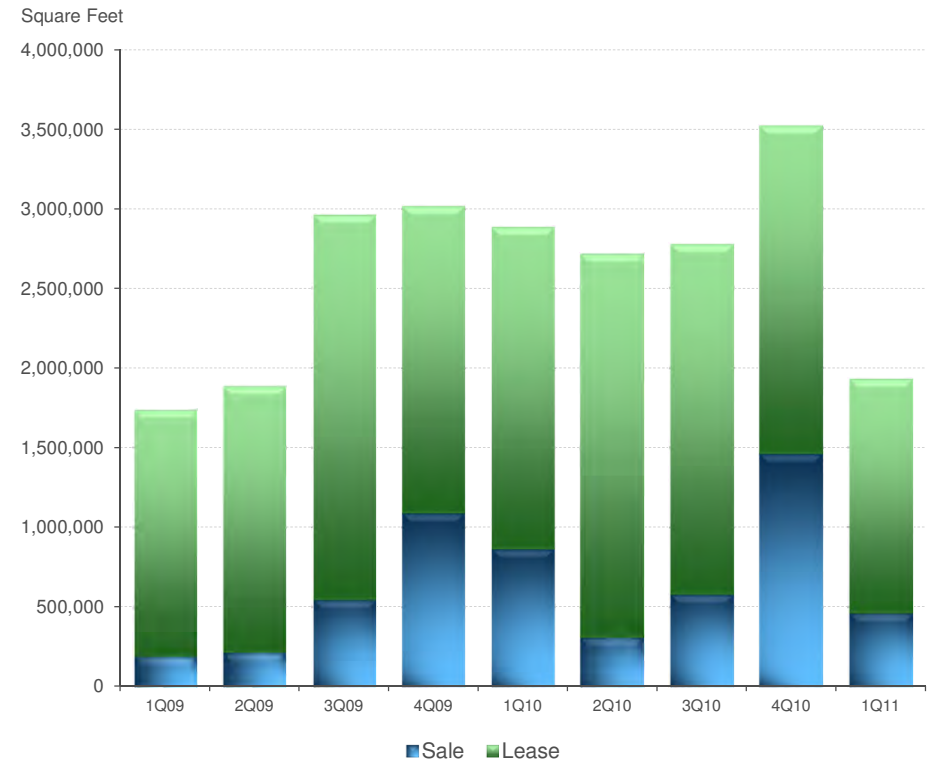




Net Absorption

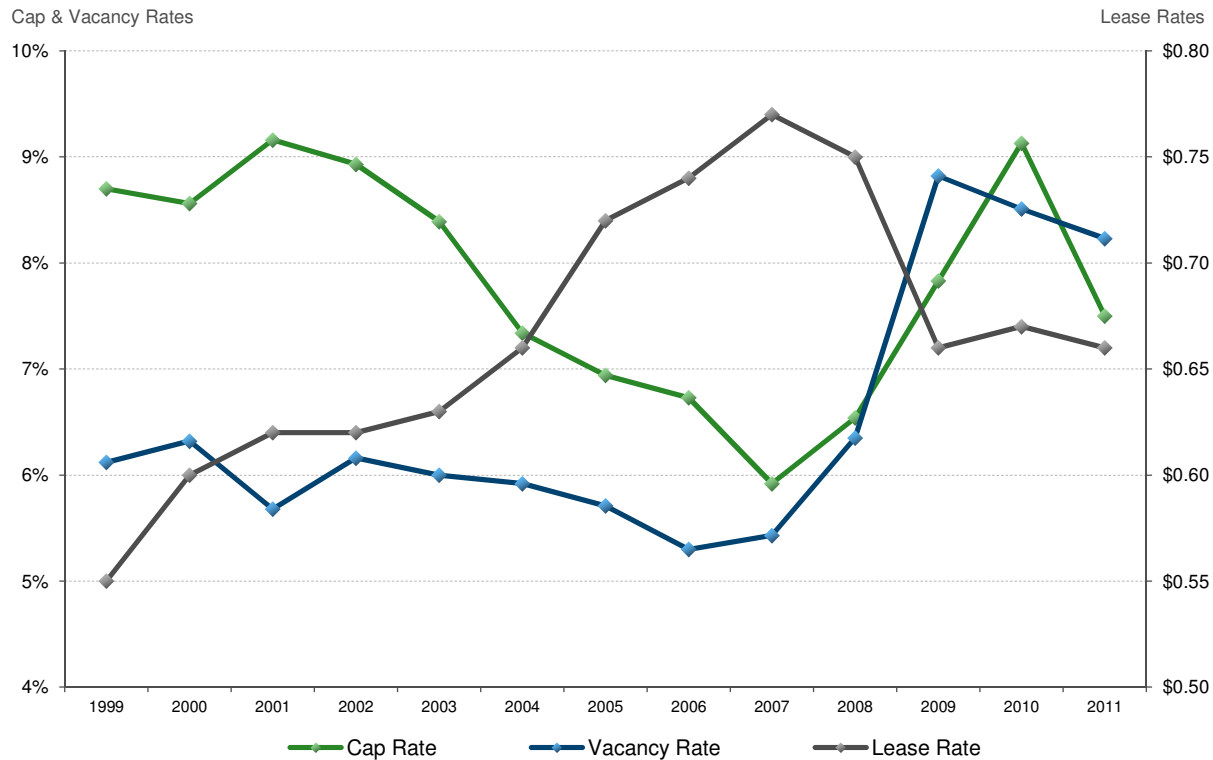


Transaction Activity





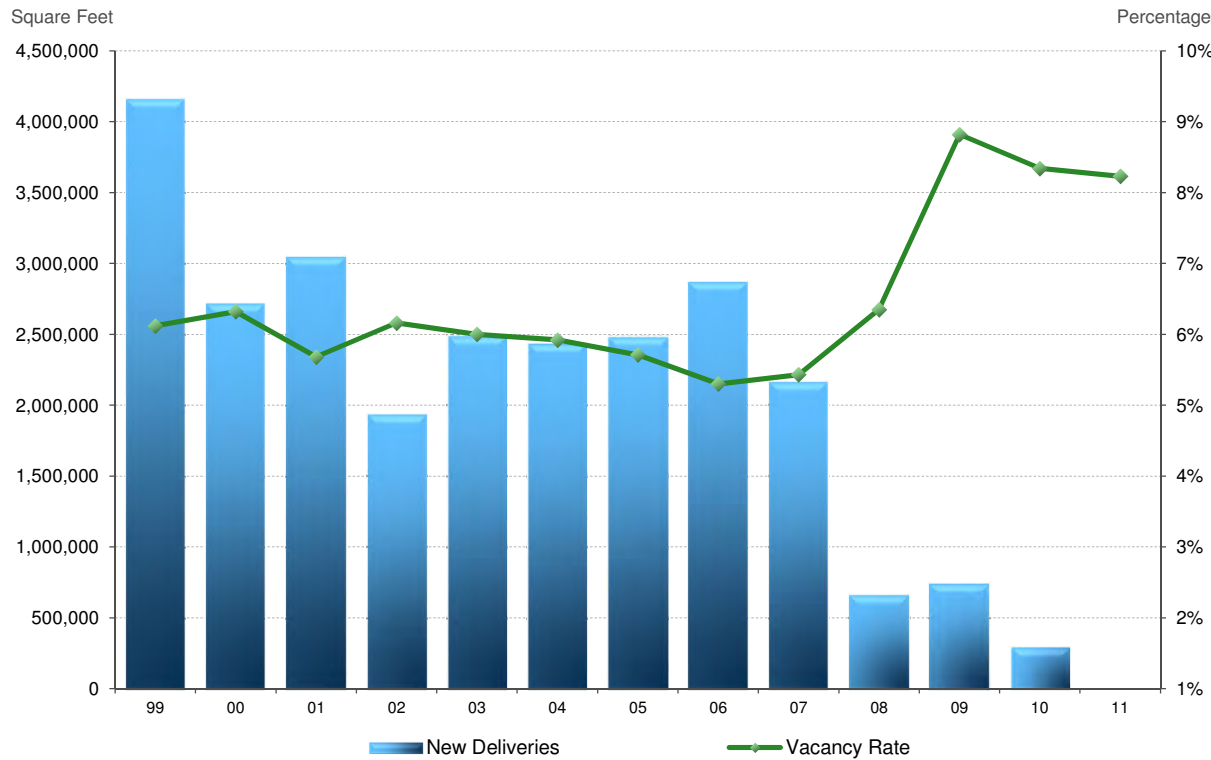
Lease, Capitalization & Vacancy Rates



Note: Investments \$2 million and larger



Annual New Industrial Deliveries vs. Vacancy Rate



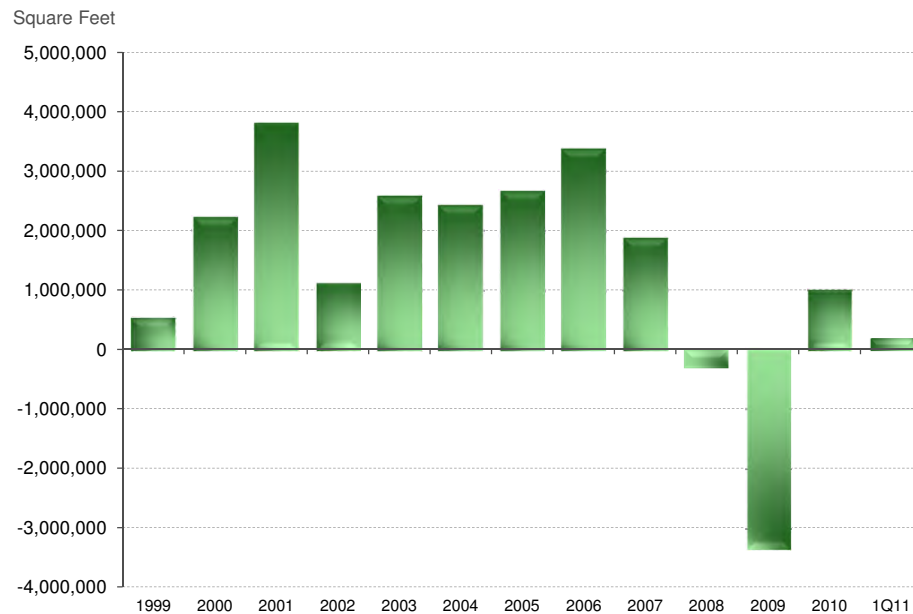
Note: Investments \$2 million and larger



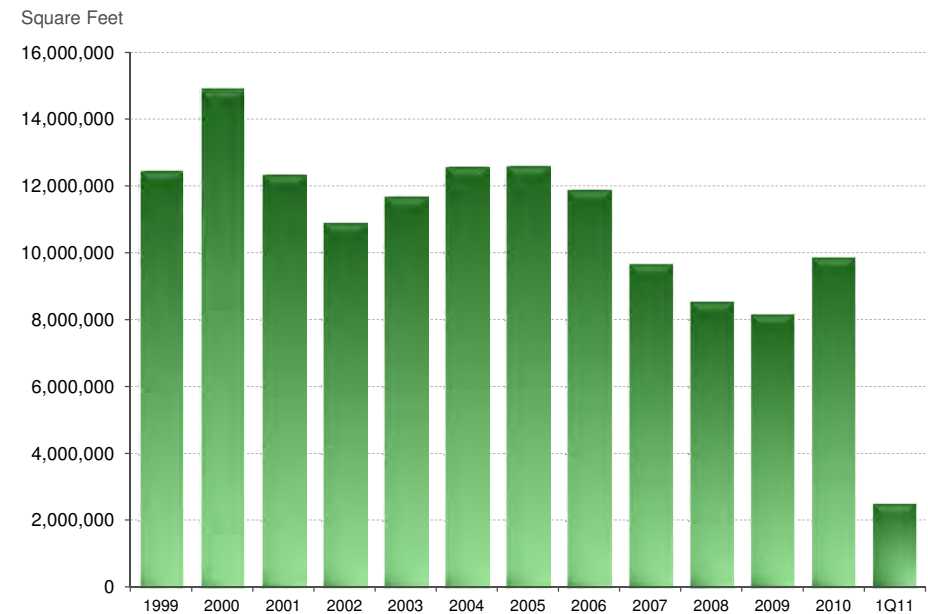
Market Statistics

	1Q 2011	4Q 2010	1Q 2010	% Change 1Q 2011 vs. 1Q 2010
Vacancy	8.23%	8.34%	8.75%	-5.94%
Availability	11.69%	11.94%	12.24%	-4.49%
Average Asking Lease Rate	\$0.66	\$0.66	\$0.66	0.00%
Sale & Lease Transactions	1,927,772	3,520,800	2,886,268	-33.21%
Gross Absorption	2,461,162	2,625,210	2,519,398	-2.31%
Net Absorption	178,028	530,774	57,366	N/A

Annual Net Absorption



Annual Gross Absorption





Major Transactions of the First Quarter of 2011

Sales Activity

Property Address	Submarket	Square Feet	Sale Price per SF	Buyer	Seller
4370 Jutland Dr.	PB/Rose Canyon/Morena	72,712	\$41.26	Fiedler Construction Corporation	Conner Family Trust
4055 Calle Platino	Oceanside	71,160	\$84.25	Southwest Greene International, Inc.	LBA Realty
1709 La Costa Meadows Dr.	San Marcos	67,718	\$93.77	NV Chartwell Investments, LP	Green Properties, Inc.
1390 Engineer St.	Vista	41,944	\$137.09	Preserved Treescapes International	Loyd H. Wells
8747 N. Magnolia Ave. - 2 Properties	Santee/Lakeside	35,715	\$71.40	Jerry Rudick	Security Business Bank of SD
1155 N. Johnson Ave. - 2 Properties	El Cajon	33,000	\$85.00	J & B Materials	Ramon & Norma Aguilar

Lease Activity

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
4665 North Ave.	Oceanside	93,000	Mar-11	N/A	WPA Development
2271 Cosmos Ct. - Renewal	Carlsbad	85,165	Feb-11	Philips Healthcare	Koch Trust
5785 Kearny Villa Rd.	Kearny Mesa	46,500	Mar-11	ScaleMatrix	KV Resources, LLC
7077 Consolidated Way	Mira Mesa/Miramar	45,600	Jan-11	OnTrac	7077 Associates
2251 Rutherford	Carlsbad	33,424	Feb-11	Northwood, LLC	Pacific Realty Investors



Market Forecast through the 4th Quarter of 2011

Vacancy Rates	Vacancy should stabilize around 7.5%.
Availability Rates	Availability will drop to less than 10.6%.
Effective Lease Rates	Effective lease rates will decline at a slower pace. Prices will bottom in 2011.
Sales Prices	Sales prices will stabilize in mid 2011.
Employment	68,800 jobs were lost in 2009 (all time high) and 9,000 jobs were lost in 2010. Positive job growth of 17,000 new jobs is being forecasted for 2011, according to the Los Angeles Economic Development Corporation.
Cap Rate	For core stabilized assets, 6.5-7%.

2010 has proved to be a stabilizing year with market support indicators turning positive in 2011.

Recommendations

Leasing Market	Be aggressive on leasing. Lease rates will continue to decrease through the beginning of 2011. Recommend signing 3-5 year terms.
Sales Market	Keep trophy assets. Excellent opportunity for users to trade up in quality.



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Orange County Market Update

Nick Frasco

Investment Sales

Voit Real Estate Services | Gallelli Investment Team

Tel: 858.458.3307

Fax: 858.453.1981

www.voitco.com

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Orange County's leading full-service real estate company

- Ten offices serving the southwestern region
- 116 selling professionals, supported by 114 staff members
- Leading market research & forecast trends

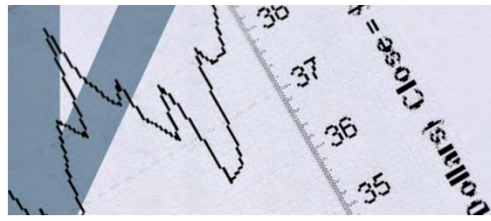
Services

- Industrial brokerage
- Office brokerage
- Retail brokerage
- Investment brokerage
- Project management
- Asset management
- Development
- Distressed asset workouts
- Research & market trends
- Note sales

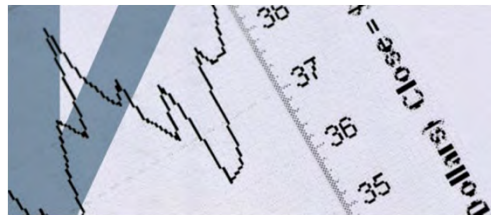


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REAL ESTATE SERVICES



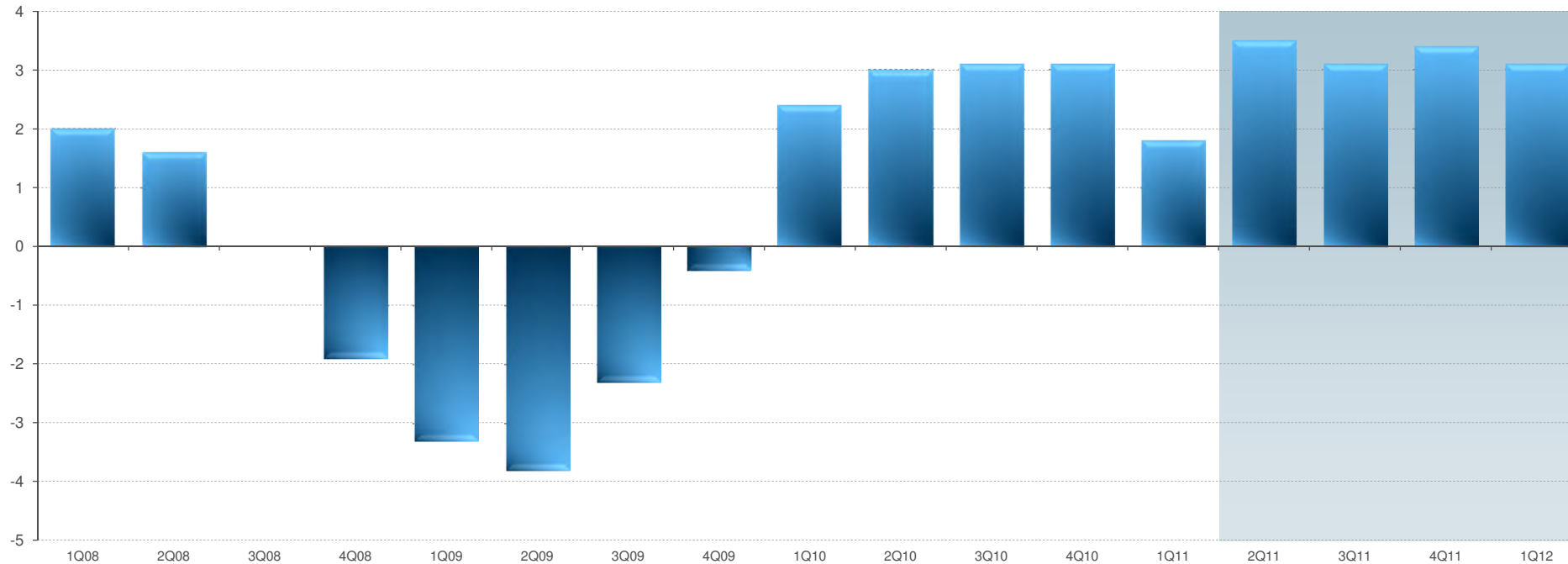
Economic Indicators



National

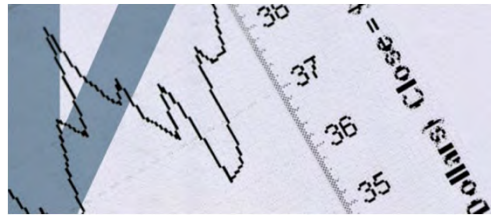
Real Gross Domestic Product

Percentage Change Year Over Year



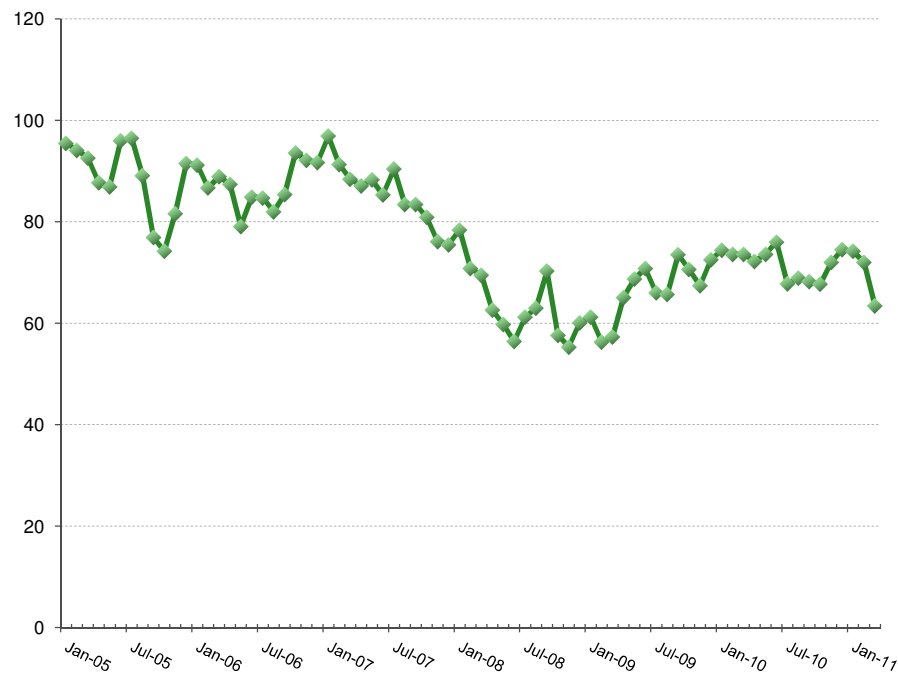
Source: Federal Reserve Bank of Philadelphia

Note: Chapman University is forecasting the following for 2011: 3.2% increase in Consumer Spending, 4% increase in Investments, 10.2% increase in Exports, 3.3% increase in GDP, 2.1% increase in Inflation, .25% increase in Short-Term Interest Rates and a 4% increase in Long-Term Interest Rates



National

Consumer Confidence



Source: University of Michigan: Consumer Sentiment (UMCENT) (Index 1st Quarter 1966=100)

Retail Sales (Excluding Food Services)



Source: U.S. Department of Commerce: Census Bureau

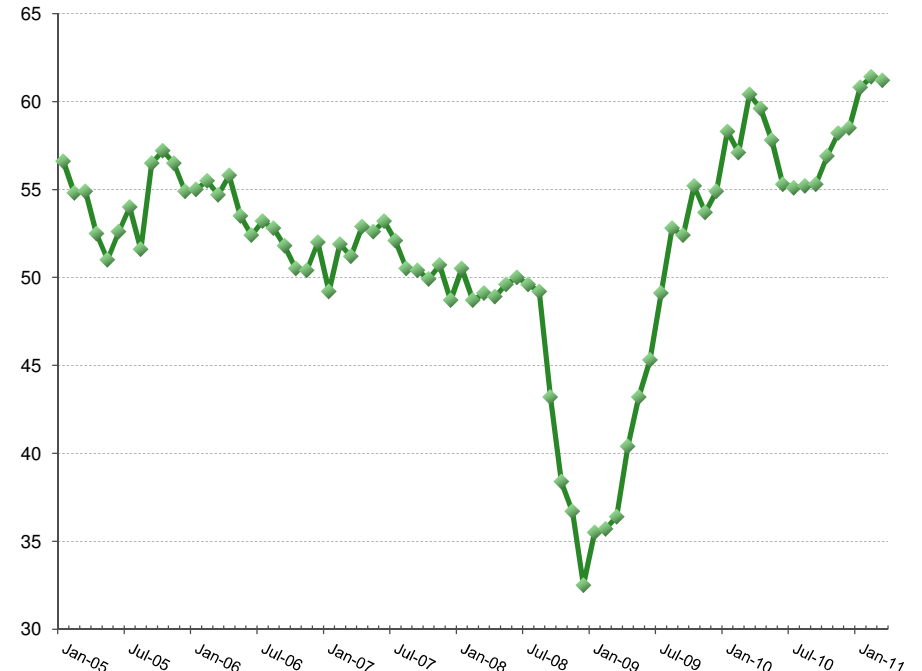


National

NMI Composite Index (Non-Manufacturing Index)

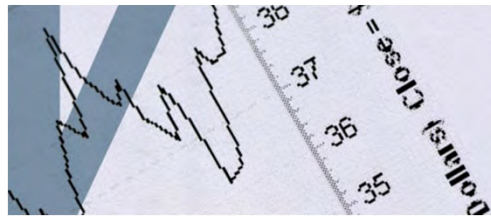


PMI Composite Index (Manufacturing Index)



Source: ISM – Institute for Supply Management

Note: A NMI reading above 50 percent indicates that the economy is generally expanding; below 50 percent indicates that it is generally declining.

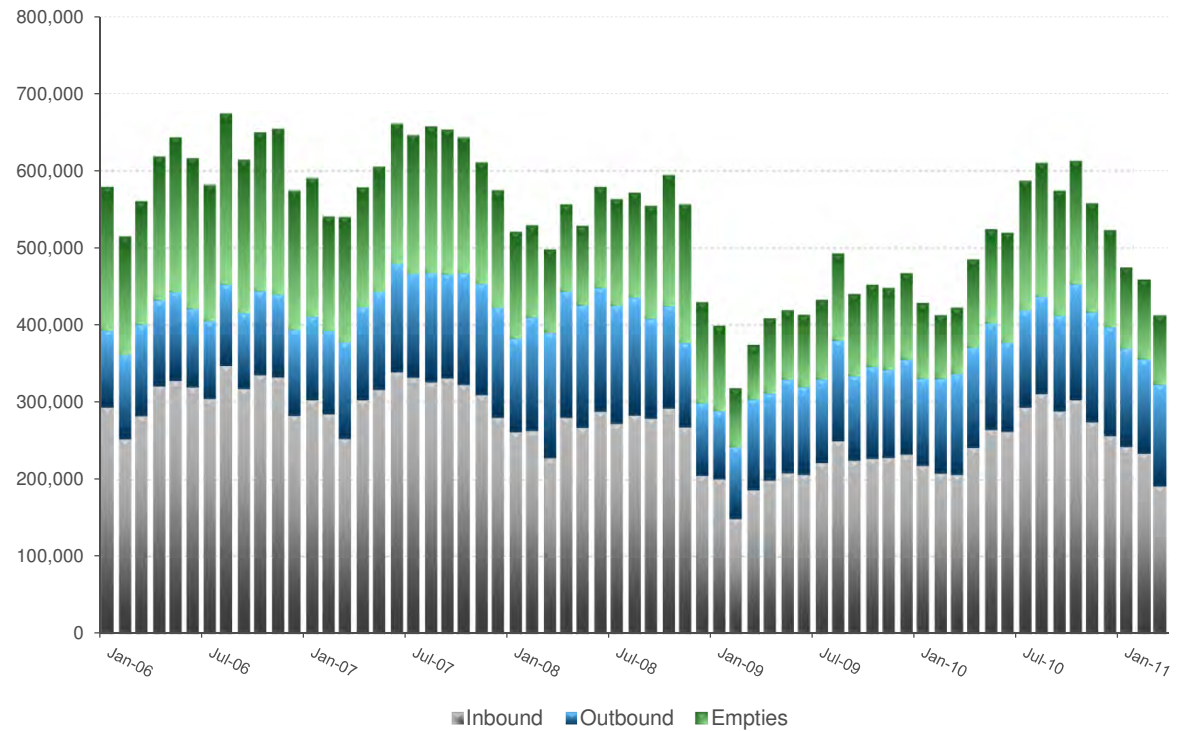


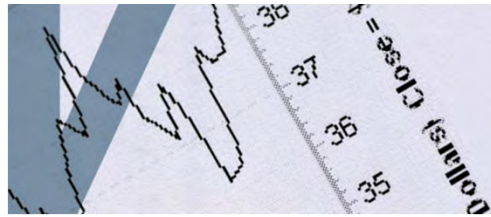
California



Port Traffic – Port of Long Beach

Number of Containers



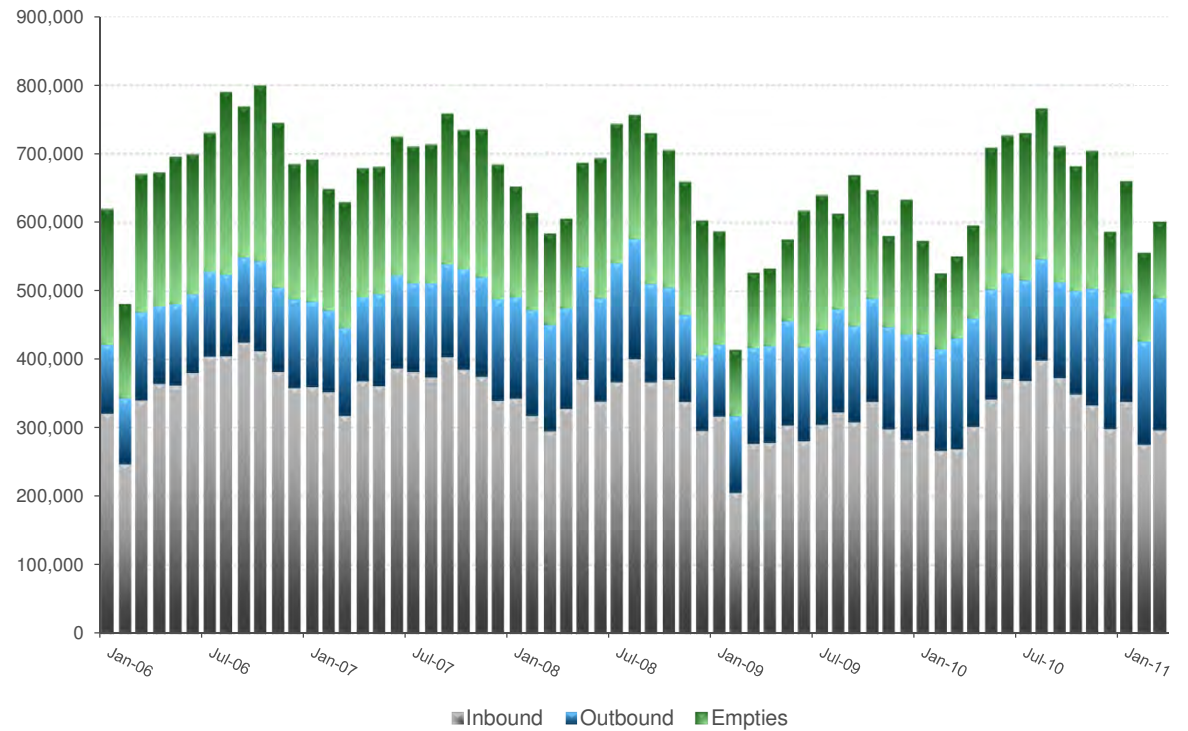


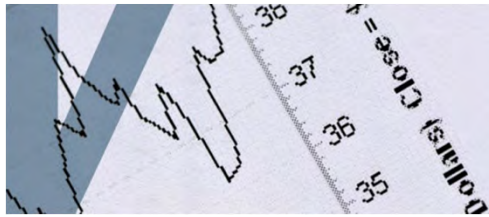
California



Port Traffic – Port of Los Angeles

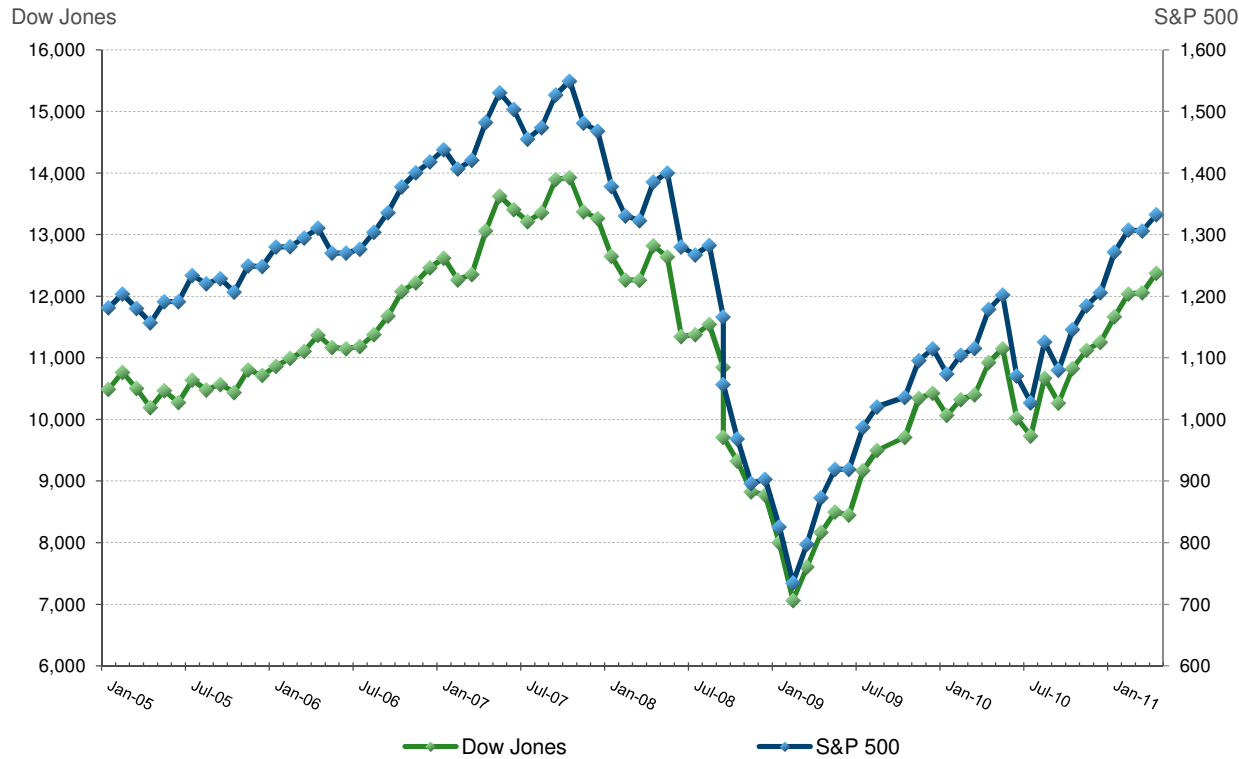
Number of Containers





National

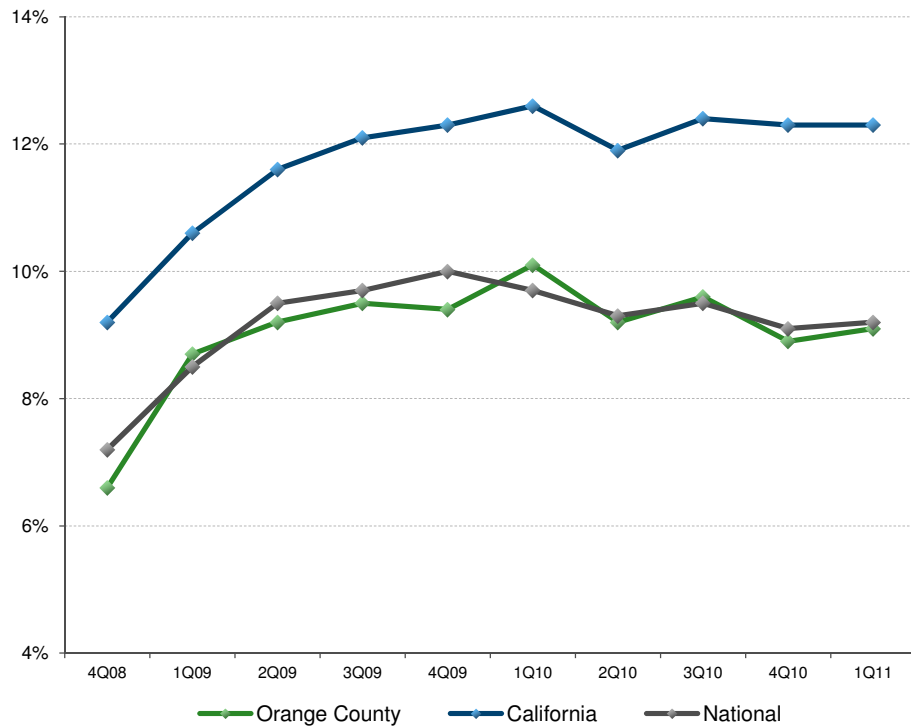
Stock Market – Dow Jones vs. S&P 500





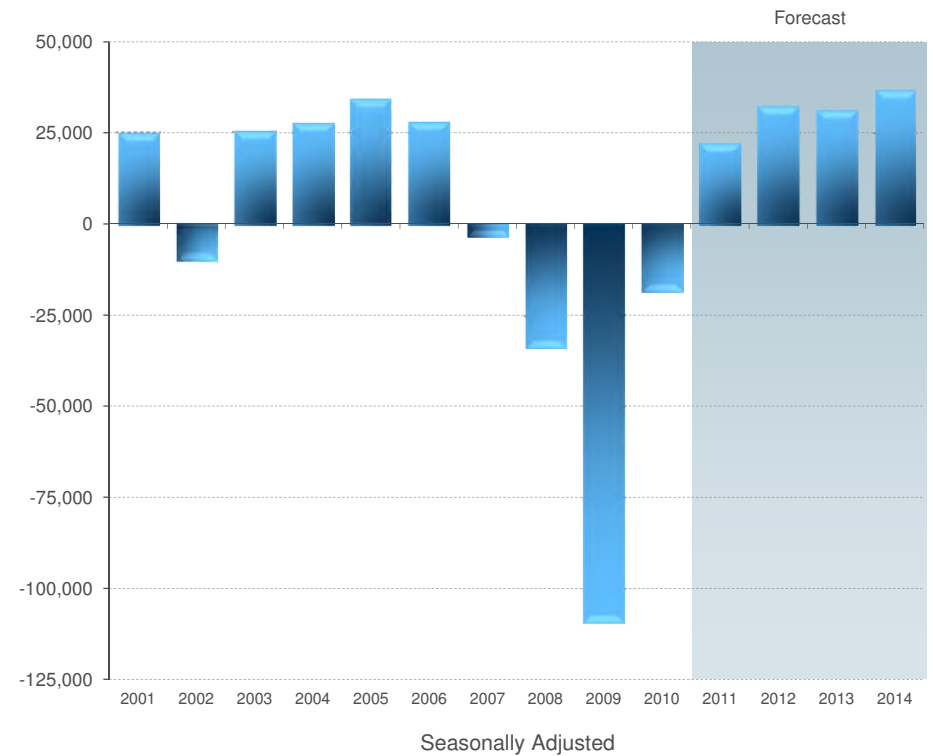
Employment

Unemployment



Source: State of California Employment Development Department

Annual Jobs Gained/Lost in Orange County



Source: California Employment Development Department. Estimates and Forecasts: LAEDC

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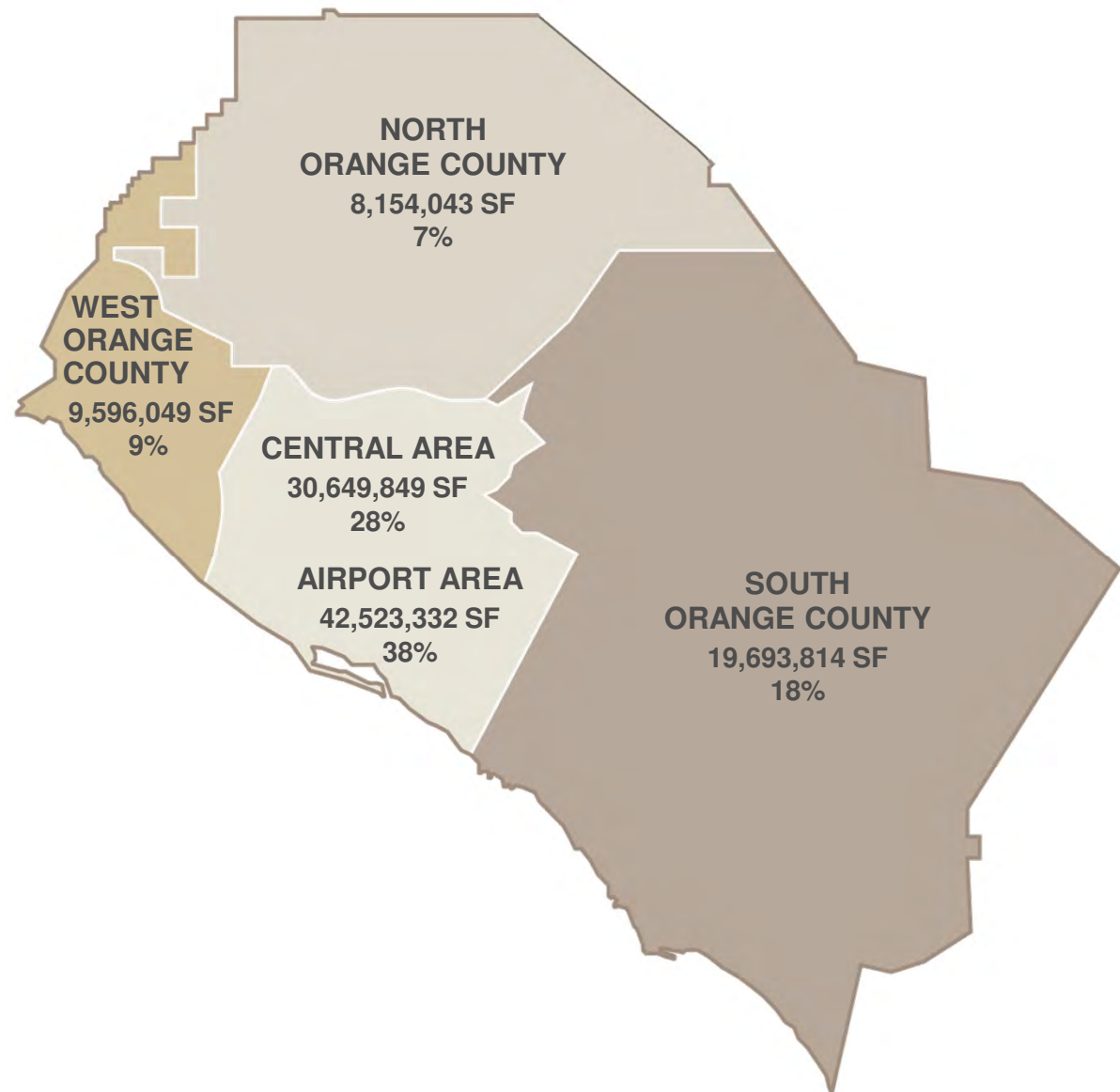


Orange County Office Market

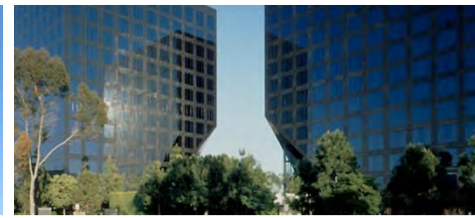
1st Quarter 2011 Report



Submarket Inventory

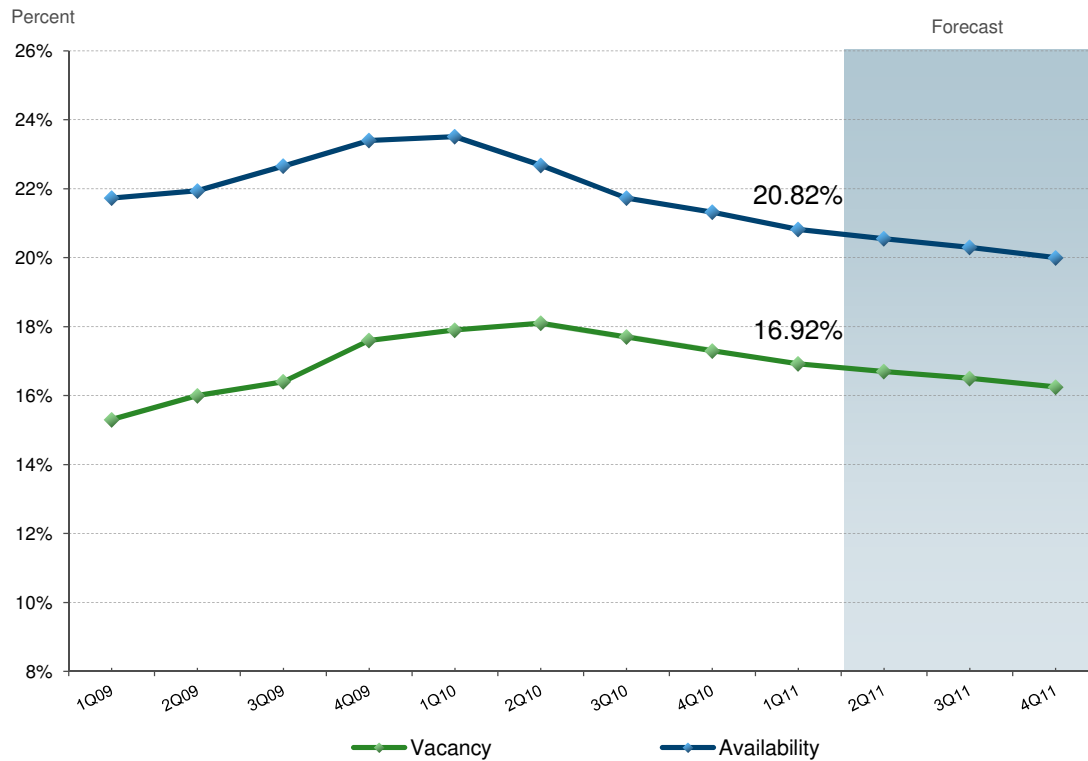


- 948 Square Miles
- 40 Miles of Coastline
- Population of 3.1 Million
- Total Inventory of 110,617,087 SF

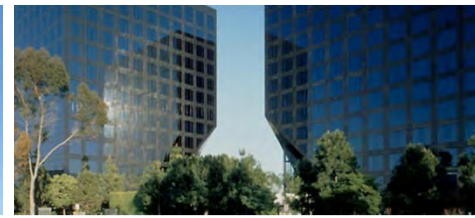


Market Overview

Vacancy vs. Availability



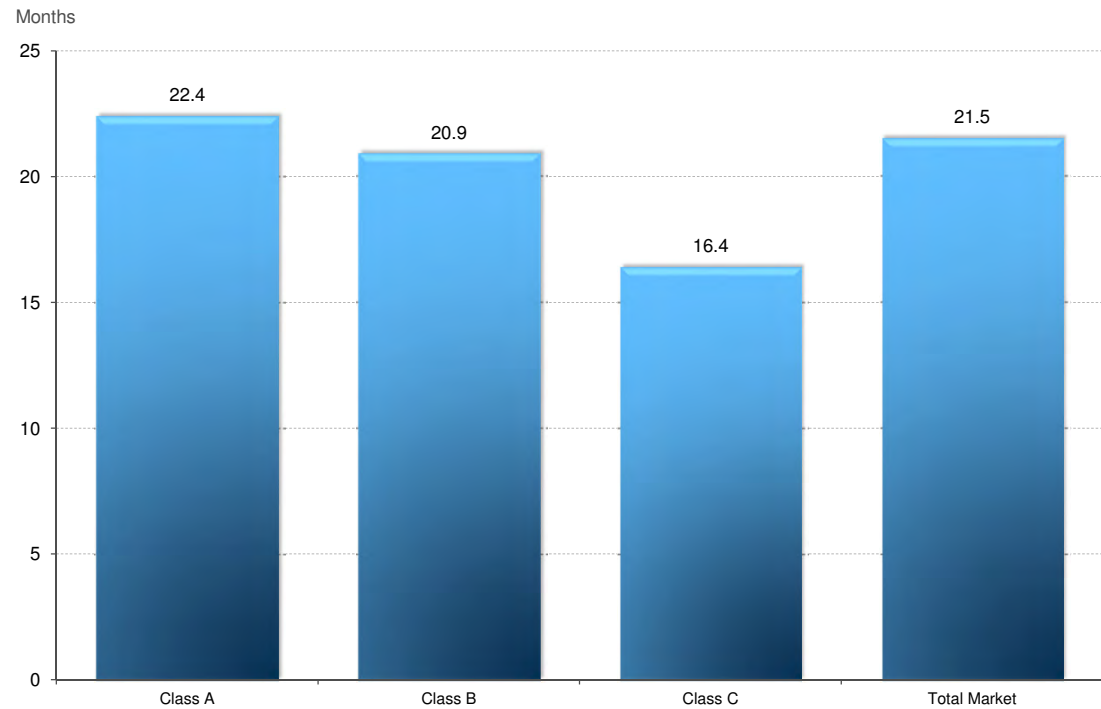
* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



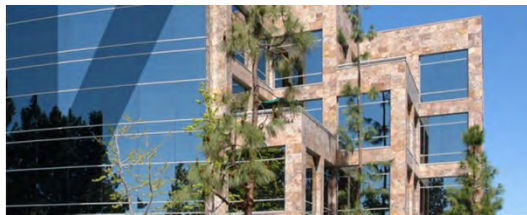
Market Overview



Average Time on the Market for Lease in Months

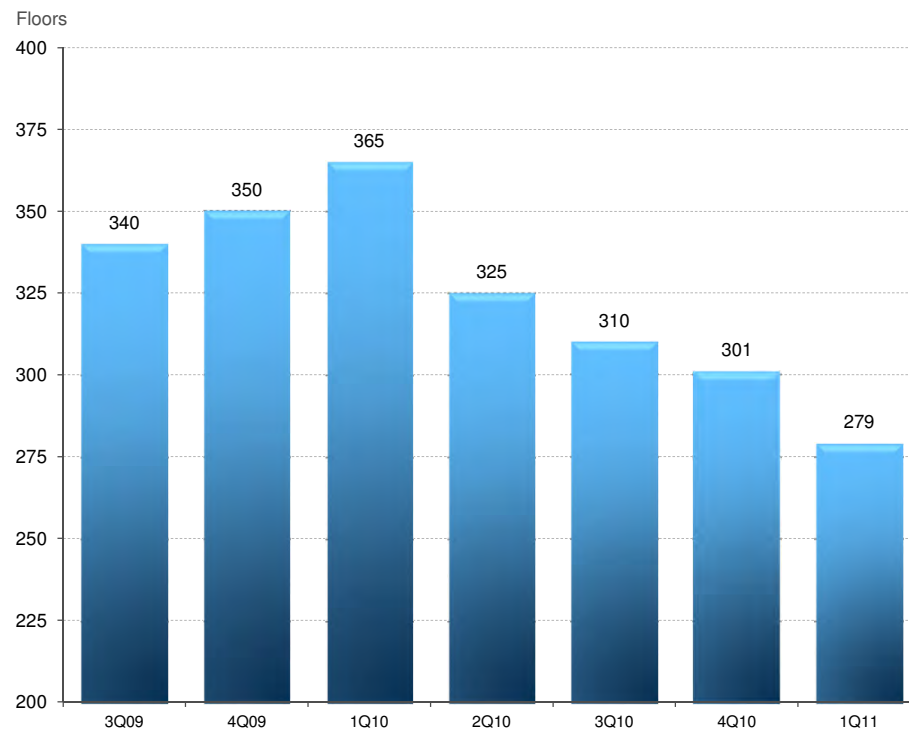
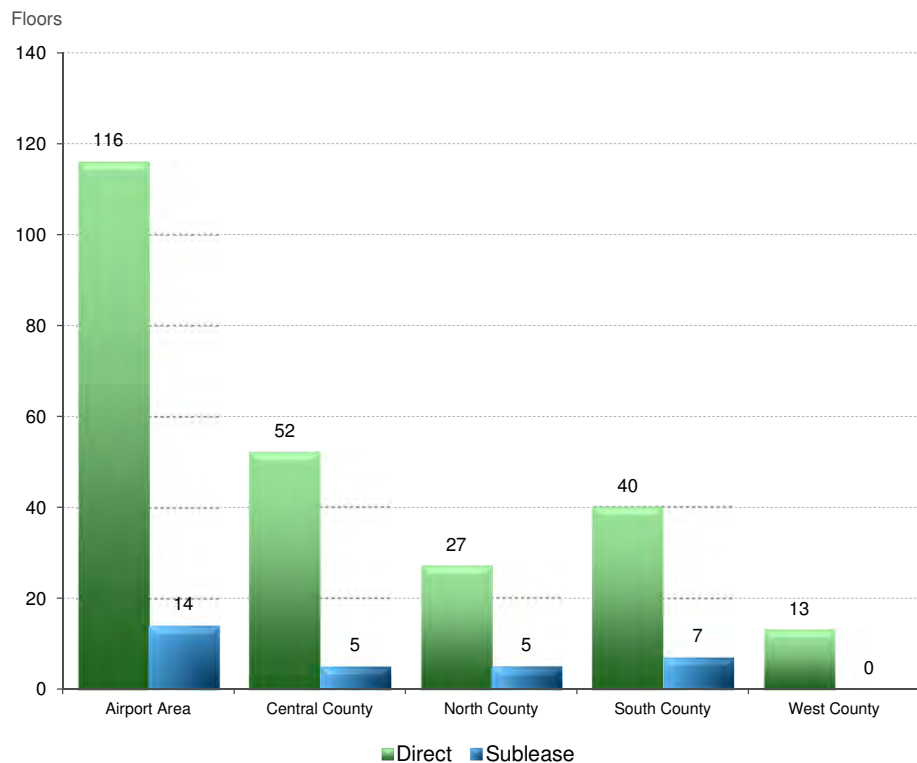


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Market Overview

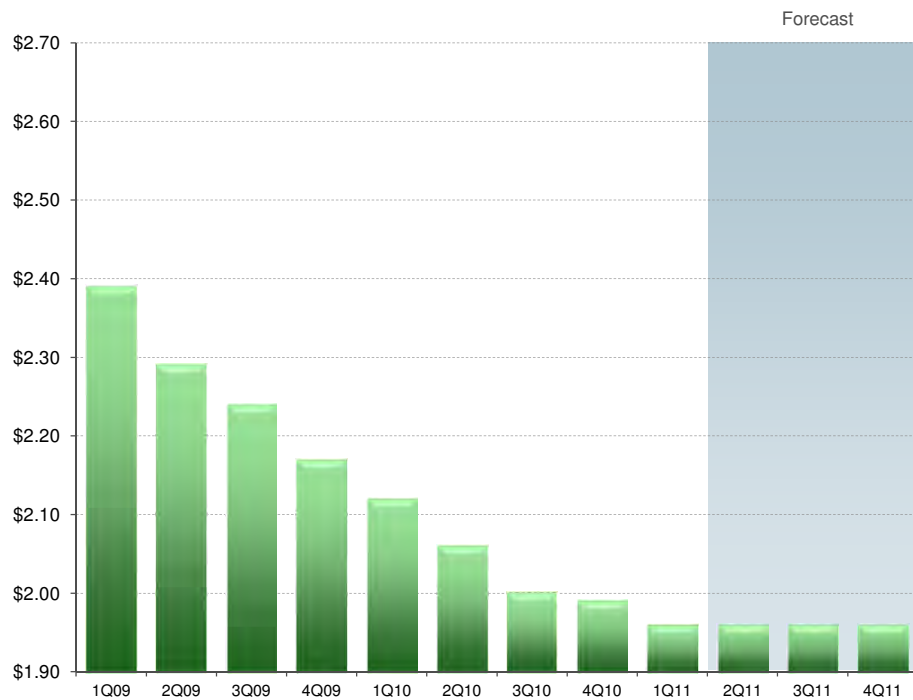
Number of Full Floors Available



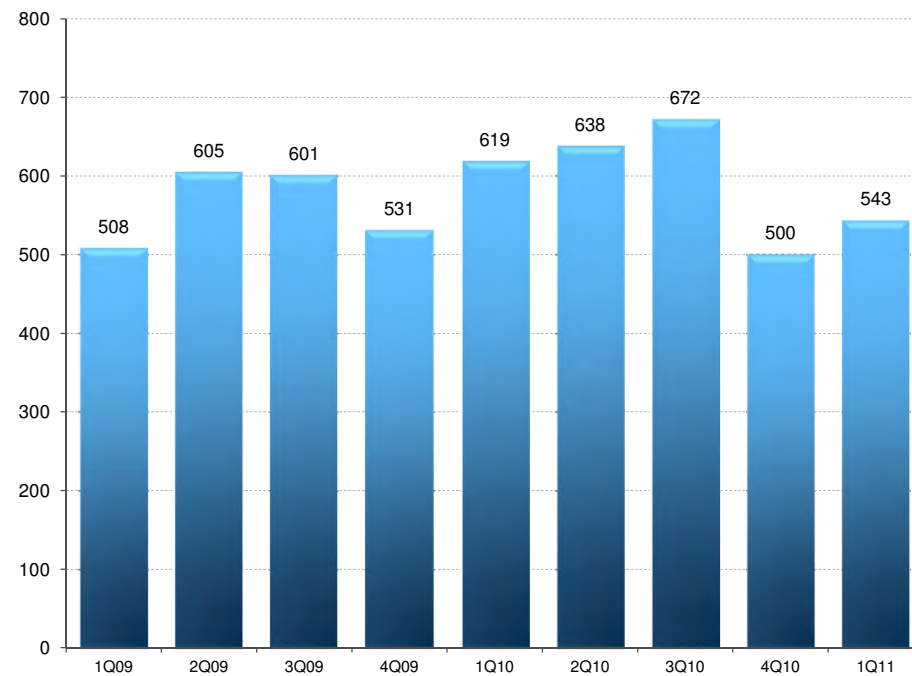


Leasing Market

Average Asking Full-Service Gross Lease Rate



Number of Transactions

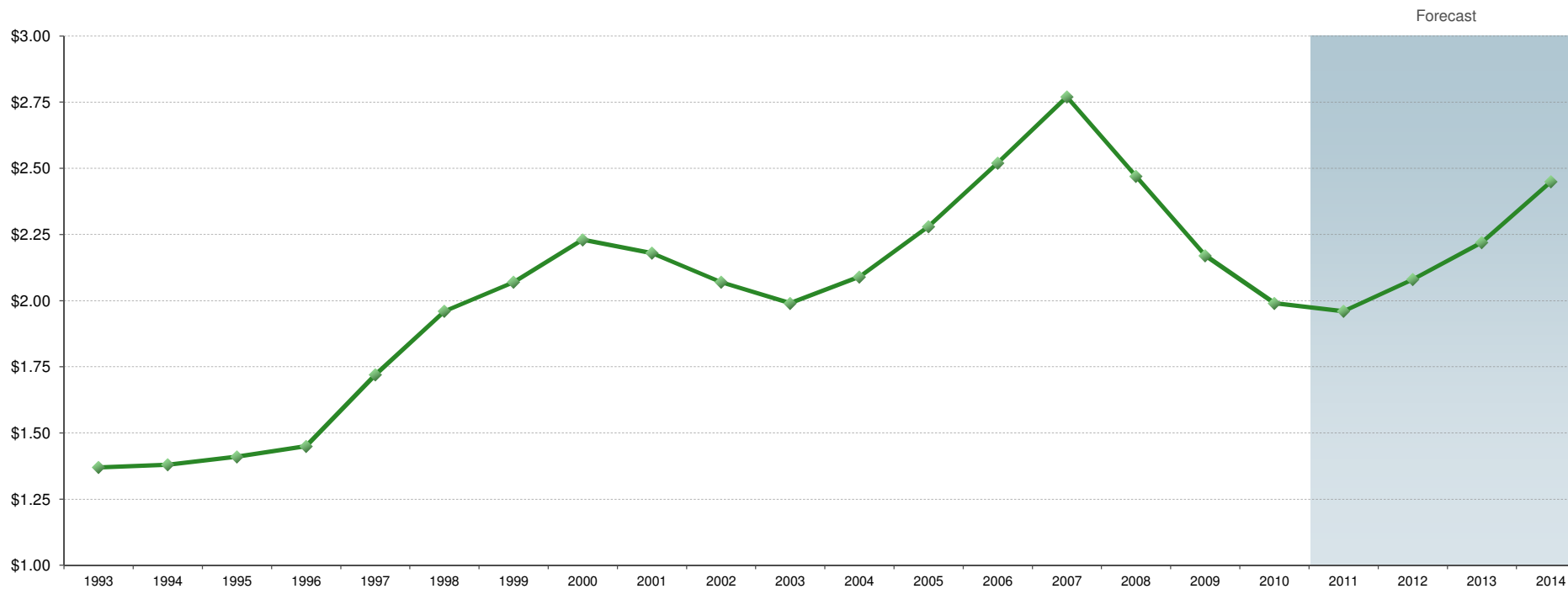


* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Leasing Market

Forecasted Asking Full-Service Gross Lease Rate

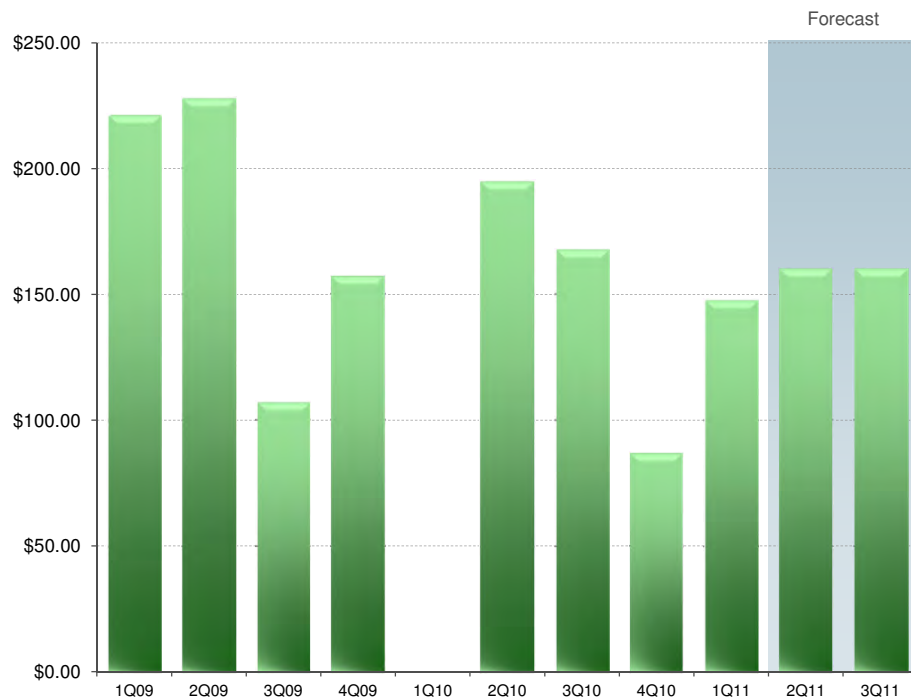


* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.

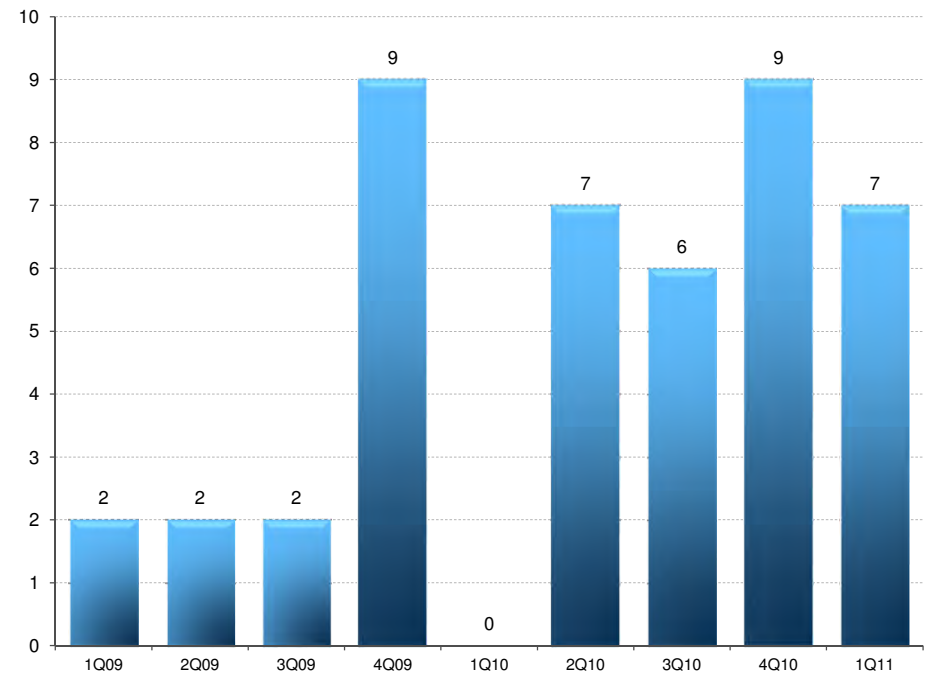


Sales Market

Median Sales Price per Square Foot



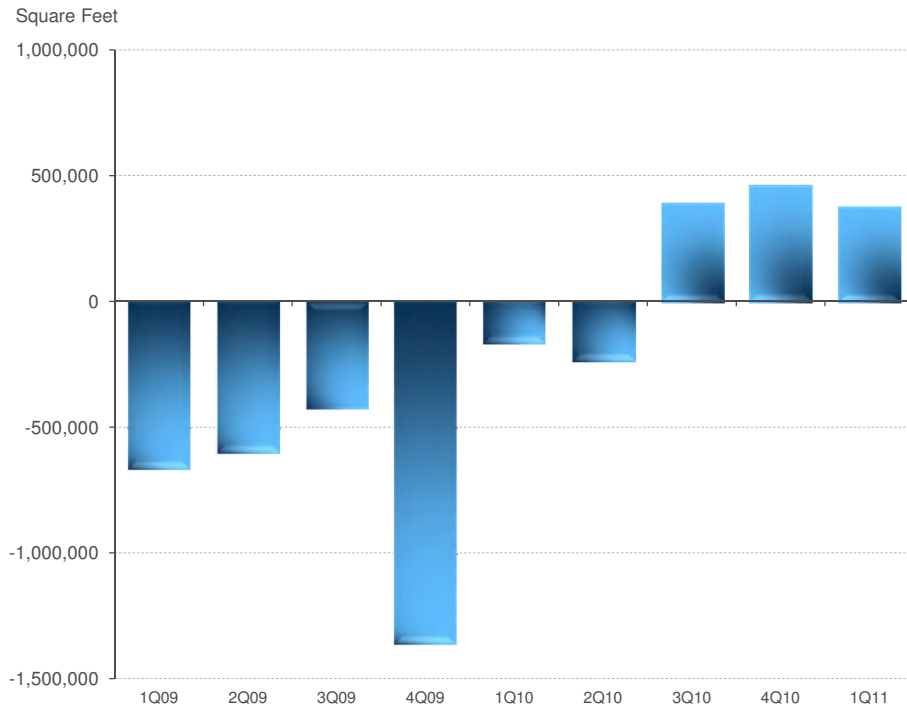
Number of Transactions



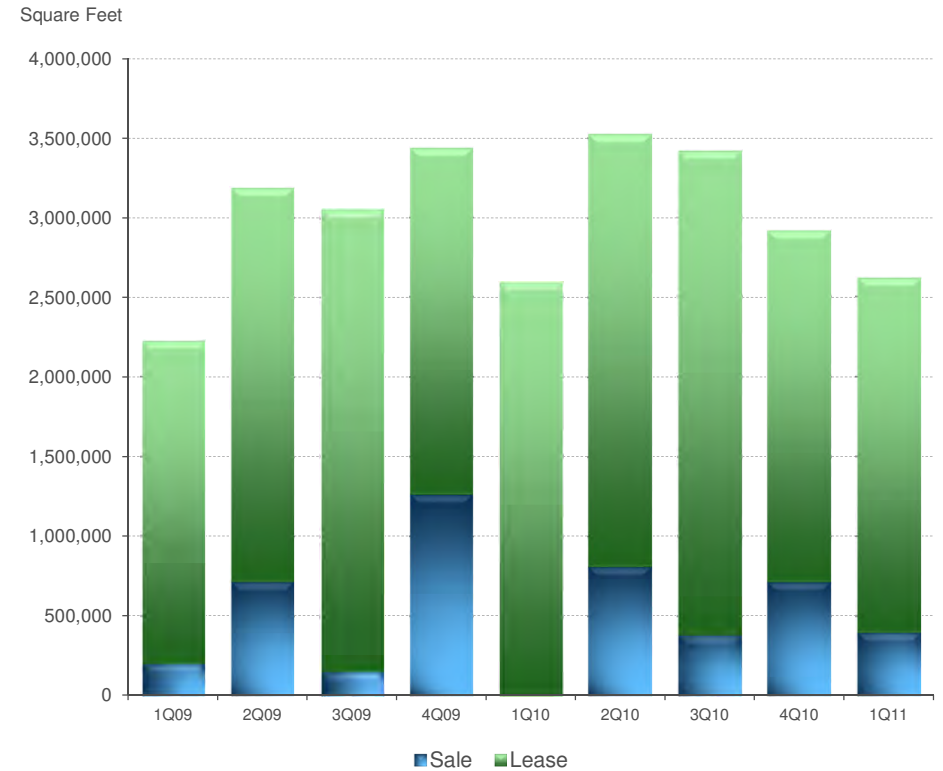
* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Net Absorption



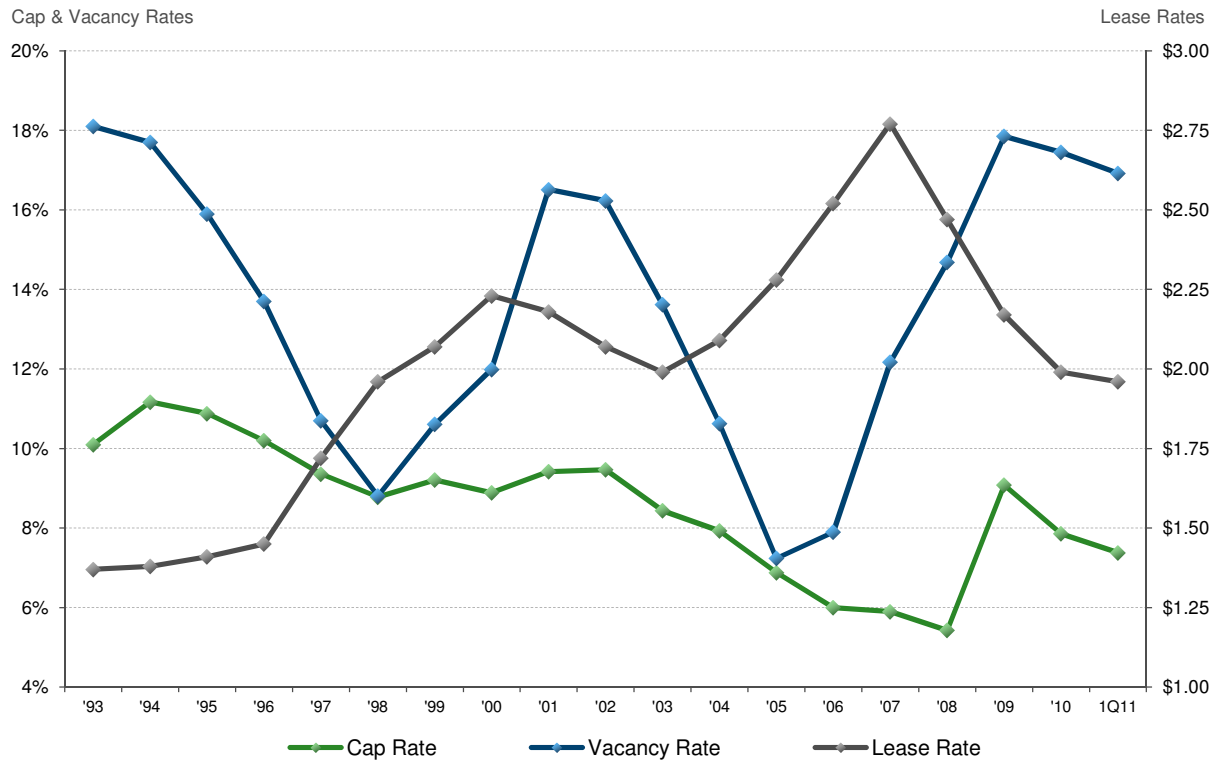
Transaction Activity



* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Lease, Capitalization & Vacancy Rates

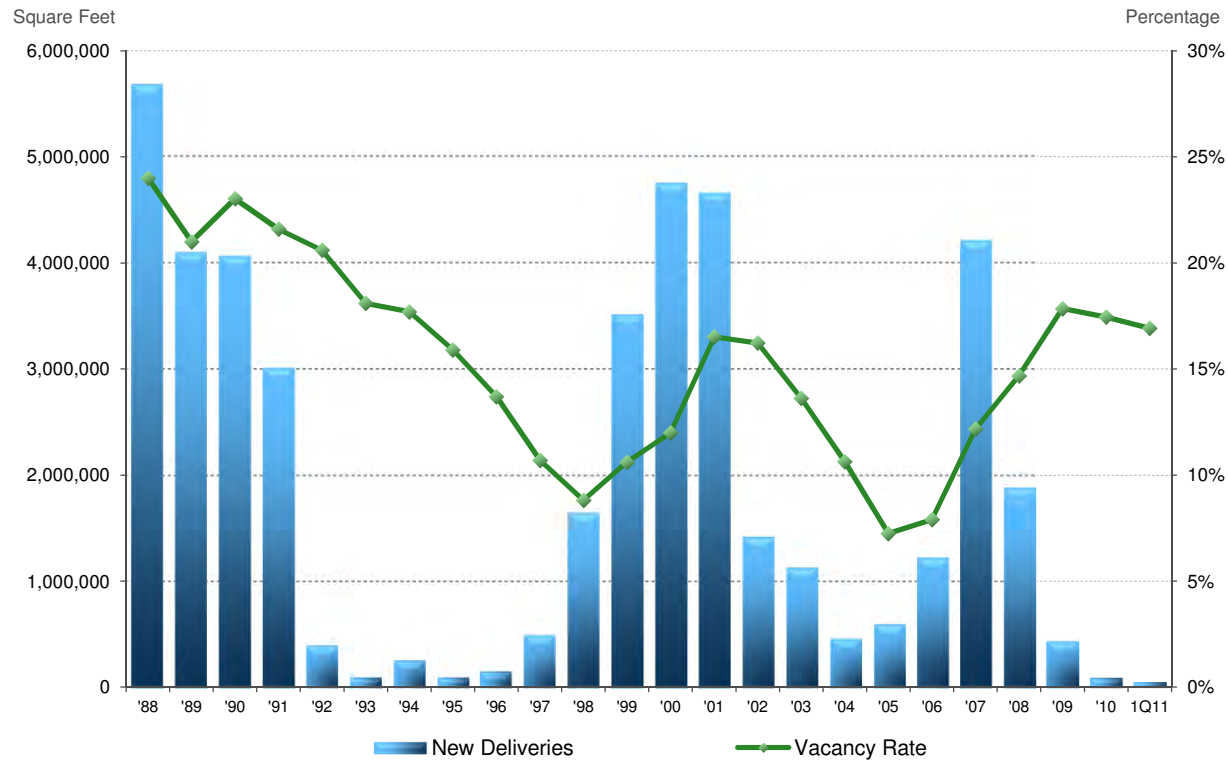


Note: Investments \$2 million and larger

* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Annual New Office Deliveries vs. Vacancy Rate





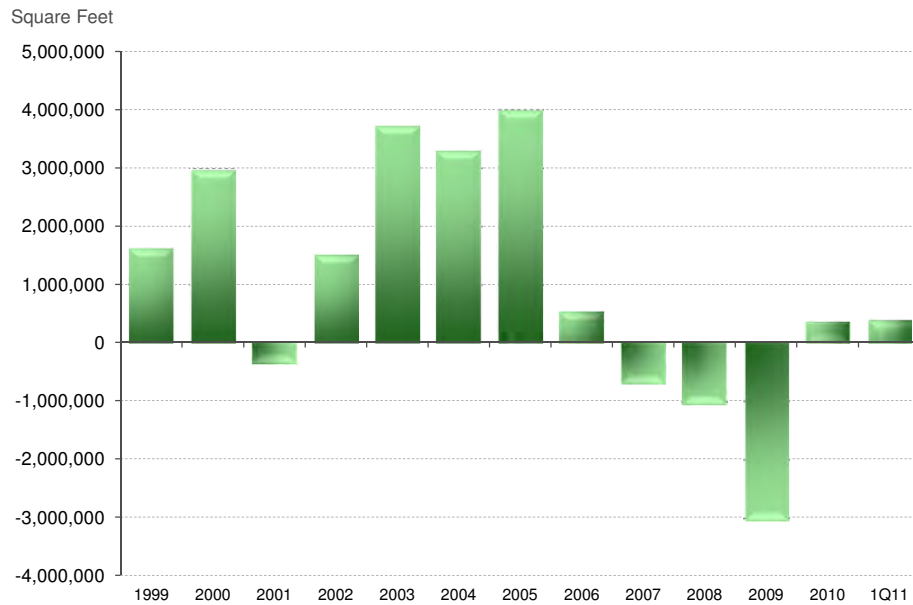
1st Quarter 2011 Report

ORANGE COUNTY OFFICE MARKET

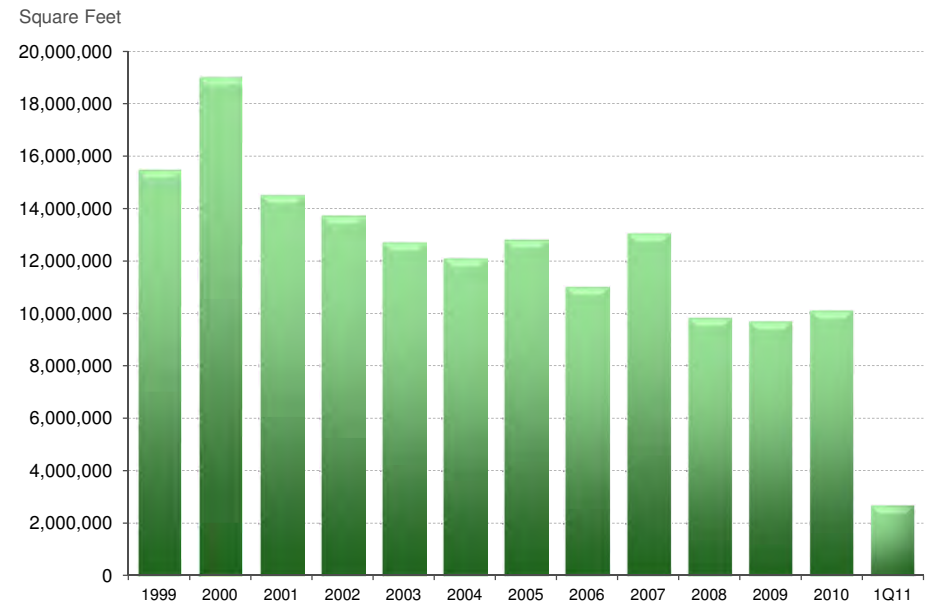
Market Statistics

	1Q 2011	4Q 2010	1Q 2010	% of Change vs. 1Q 2010
Vacancy	16.92%	17.30%	17.90%	-5.47%
Availability	20.82%	21.32%	23.51%	-11.44%
Pricing	\$1.96	\$1.99	\$2.12	-7.55%
Sale & Lease Transactions	2,618,304	2,916,907	2,592,790	0.98%
Gross Absorption	2,655,297	2,646,538	2,316,755	14.61%
Net Absorption	376,906	462,853	-166,410	N/A

Annual Net Absorption



Annual Gross Absorption



* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Recent Major Transactions

Sales Activity Since January 1st 2011

Property Address	Submarket	Class	Square Feet	Sale Price PSF	Buyer	Seller
3010-3030 Old Ranch Pkwy. - 3 Properties	West	A	280,613	\$231.64	AIG Global Investment Corporation	BibyBIT-Bixby Office Park, LLC
505 City Pkwy.	Central	A	204,710	\$147.53	Orange County Health Authority	AB-City Parkway, LLC
17300-17330 Red Hill Ave. - 3 Properties	Airport	A	180,037	\$161.10	AIG Global Investment Corporation	BibyBIT-Bixby Office Park, LLC
1201 Dove St.	Airport	A	82,007	\$219.49	AIG Global Investment Corporation	BibyBIT-Bixby Office Park, LLC
20532 El Toro Rd.	South	A	52,091	\$125.74	JP Morgan Chase 2004-CIBC8	MECG Investor #12 - Mission Viejo, LLC
35 Tesla	South	B	36,000	\$175.00	Owen Commercial, LLC	General Electric Cap Corporation

Lease Activity Since January 1st 2011

Property Address	Submarket	Class	Square Feet	Transaction Date	Tenant	Owner
3200 Park Center Dr.	Airport	A	147,712	Feb-11	Hyundai	The Irvine Company
26642-26672 Towne Centre Dr.	South	A	82,835	Mar-11	Loan Depot	Arden Realty, Inc.
18101 Von Karman Ave.	Airport	A	68,235	Feb-11	Epicor Software Corporation	Lakeshore Properties, LLC
17882 Von Karman Ave.	Airport	A	51,009	Jan-11	The Ayco Company	17885 Vok Karman, LP
1535 Scenic Ave.	Airport	A	55,706	Jan-11	Paychex North America	CJ Segerstrom & Son
19520 Jamboree Rd.	Airport	A	50,689	Jan-11	Edward Lifesciences	Scholle Center, LLC

* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Market Forecast through the 4th Quarter of 2011

Vacancy Rates	Vacancy will decrease to 16.25%.
Availability Rates	Availability will stabilize at approximately 20%.
Effective Lease Rates	Effective lease rates will continue to decline but at a much slower pace (approximately 3%-5%).
Sales Prices	User sales prices will stabilize, but this will be based on continued low interest rates.
Employment	109,500 jobs were lost in 2009 (all-time high). It is estimated that 18,060 jobs were lost in 2010, with 22,000 to be created in 2011 and 32,000 to be created in 2012.
Cap Rate	For core institutional stabilized assets, 7-8%. For everything else, 8% and up.

2010 proved to be a stabilizing year, with most market support indicators turning positive in 2011.

Recommendations

Leasing Market	Be aggressive on leasing. Tenant flight to quality will continue. Lease rates are still decreasing. Recommend signing 3-5 year terms.
Sales Market	Keep trophy assets. Sell Class "B" and "C" properties. Downward pricing pressure on Class "B" and "C" properties will continue.

Voit

REAL ESTATE SERVICES

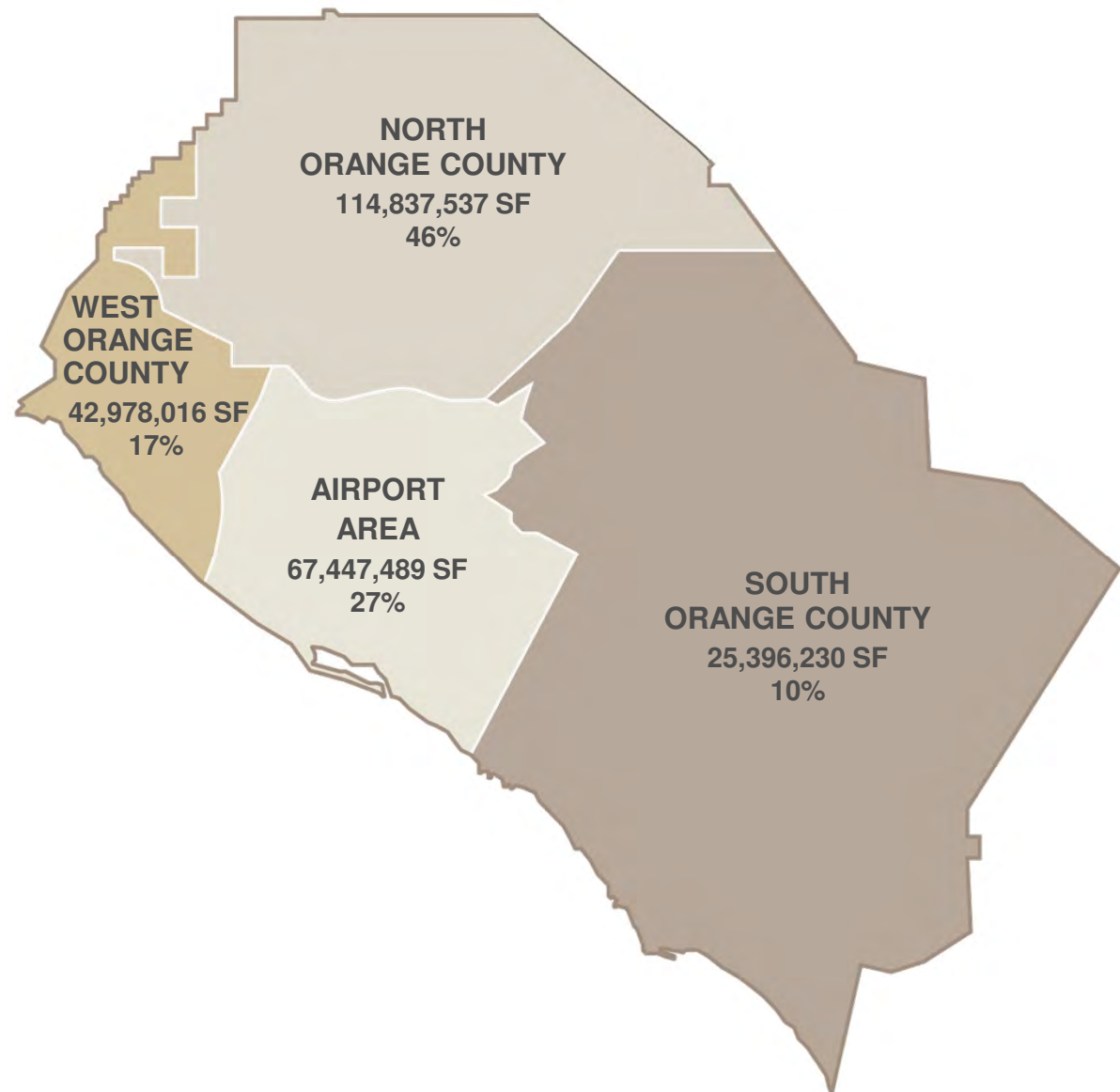


Orange County Industrial Market

1st Quarter 2011 Report



Submarket Inventory

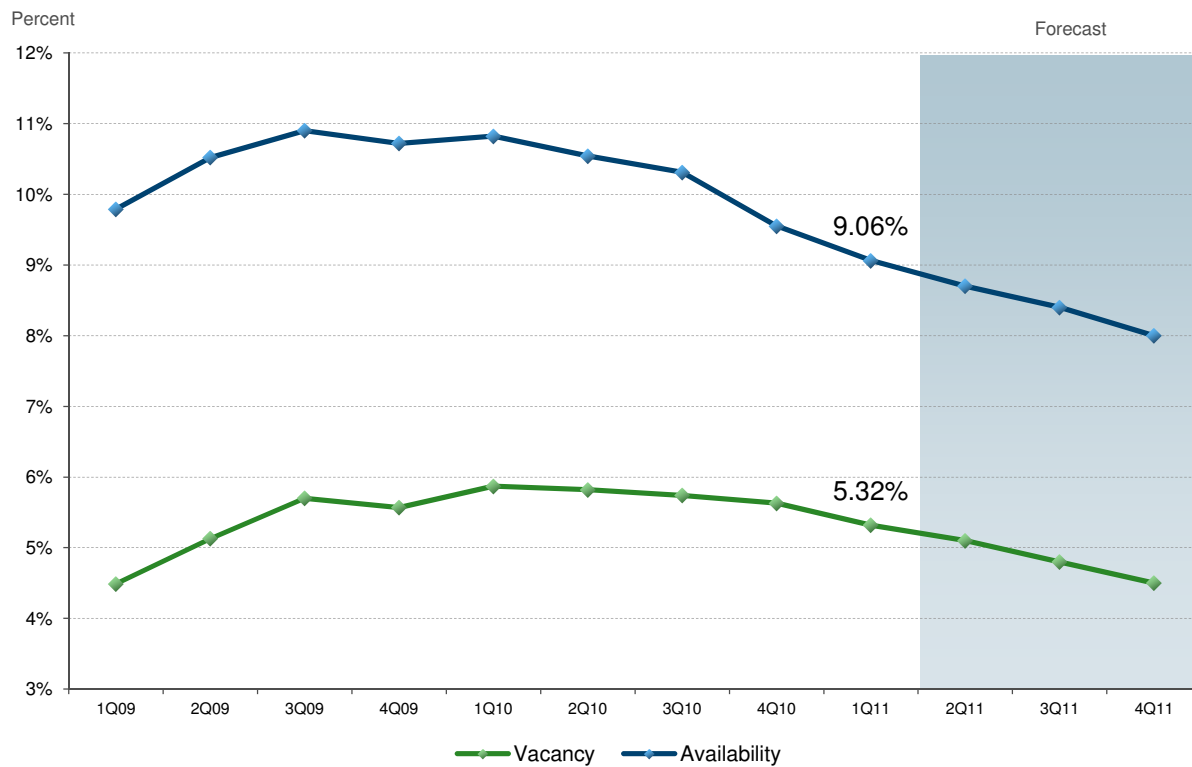


- 948 Square Miles
- 40 Miles of Coastline
- Population of 3.1 Million
- Total Inventory of 250,659,272 SF



Market Overview

Vacancy vs. Availability

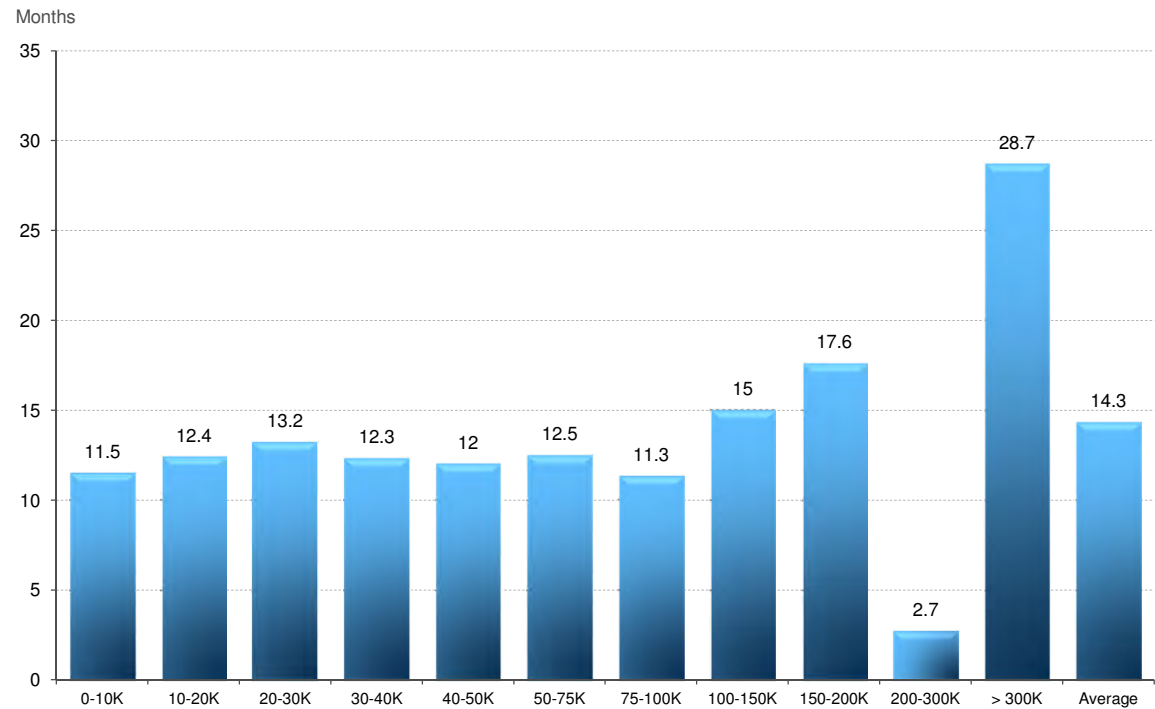




Market Overview



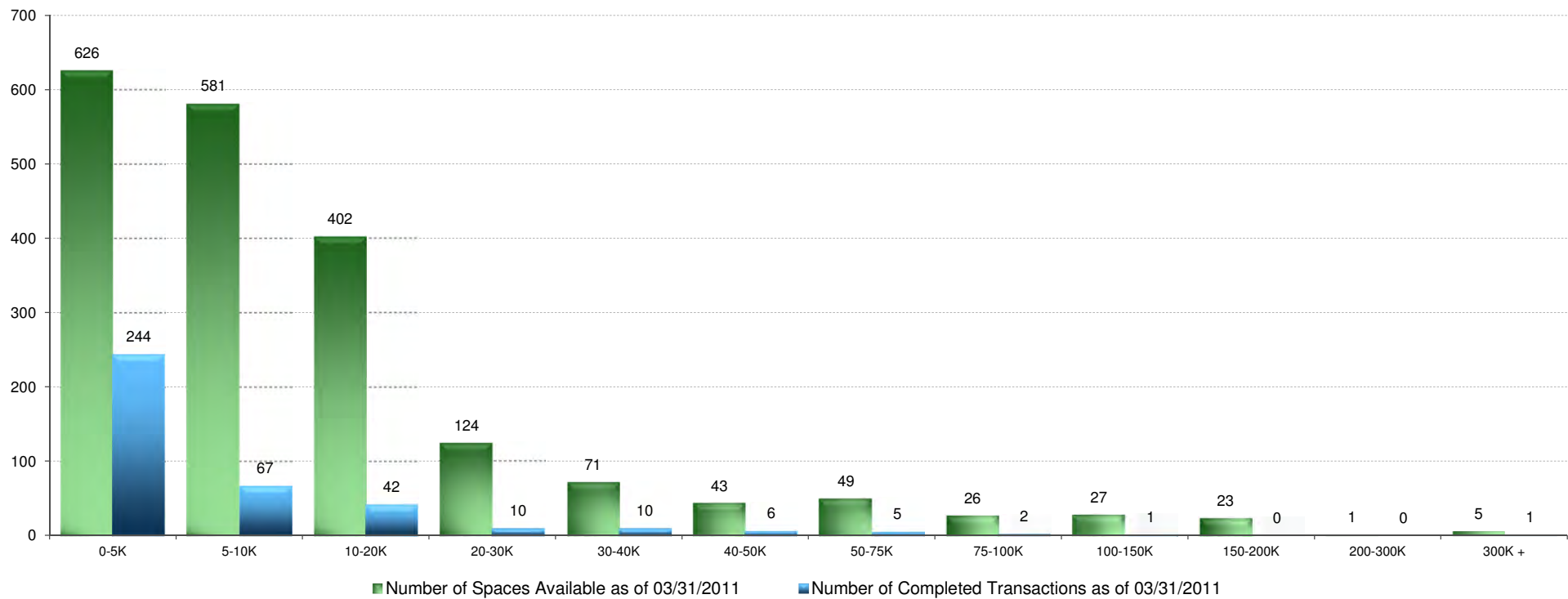
Average Time on the Market to Lease in Months





Market Overview

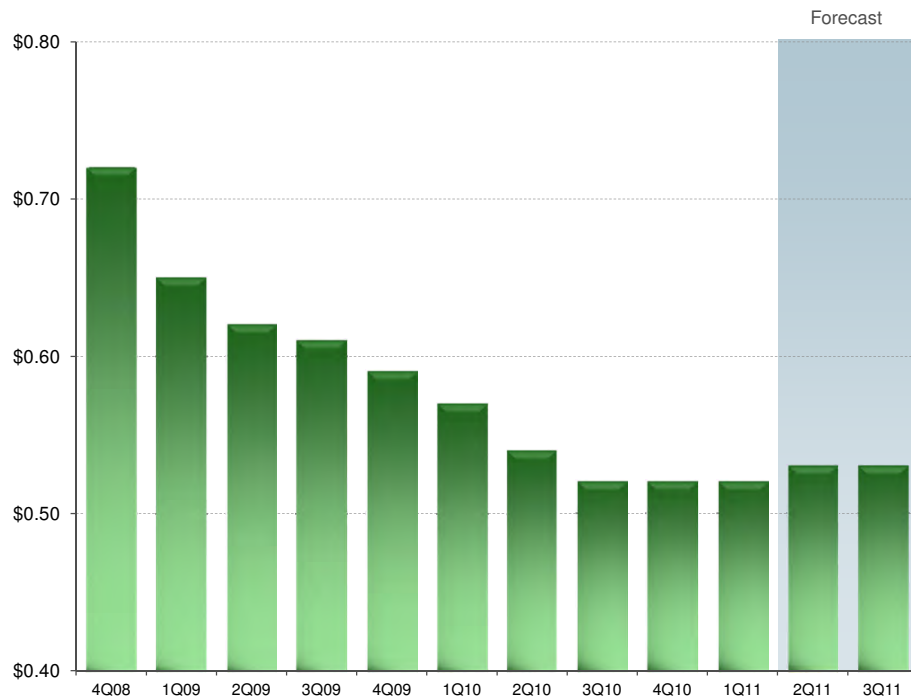
Number of Spaces Available vs. Number of Transactions by Size



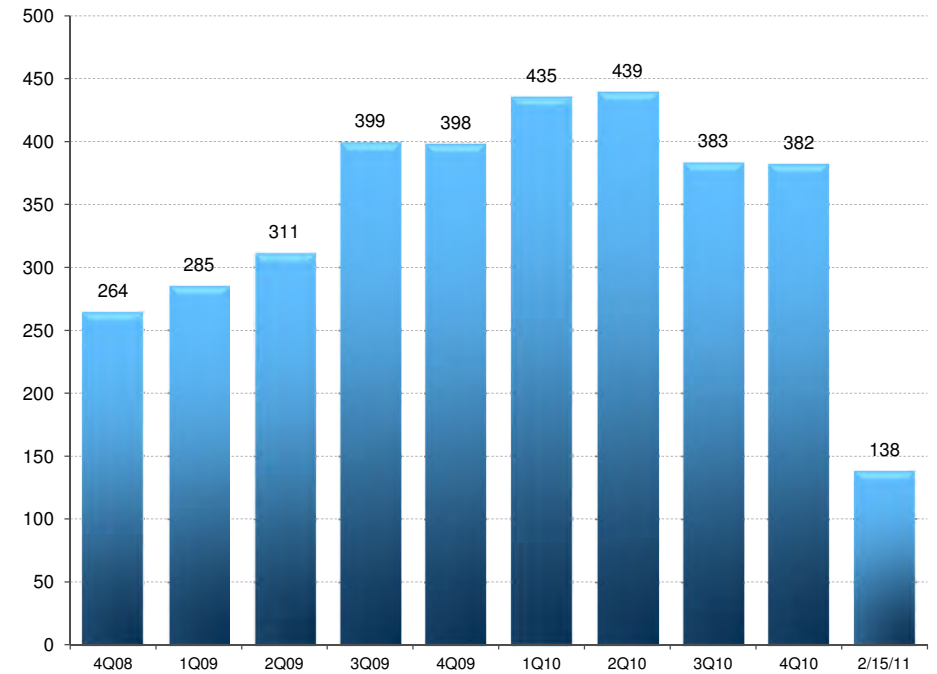


Leasing Market

Average Asking Triple-Net Lease Rate



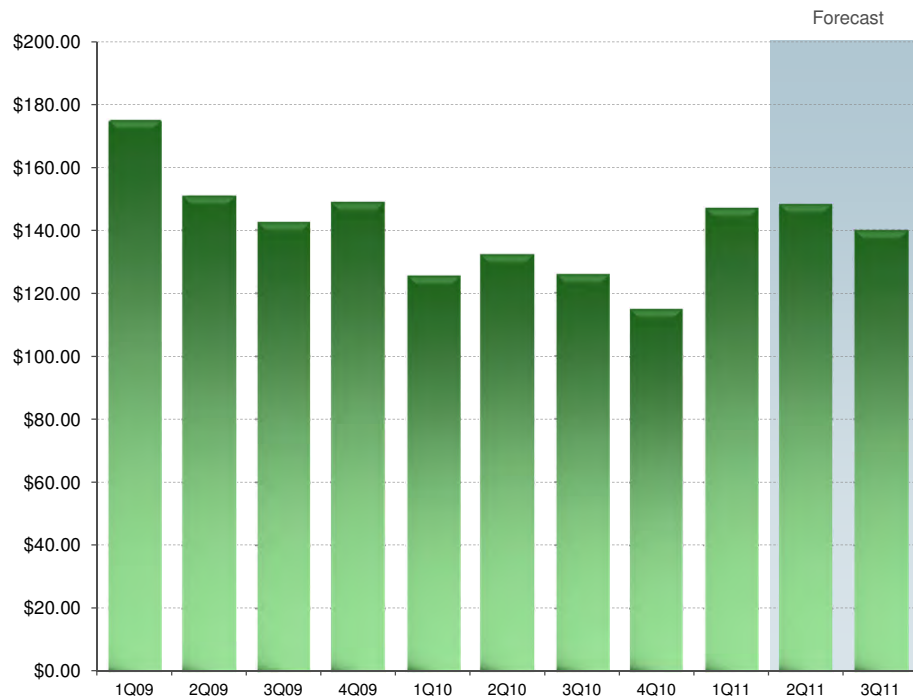
Number of Lease Transactions



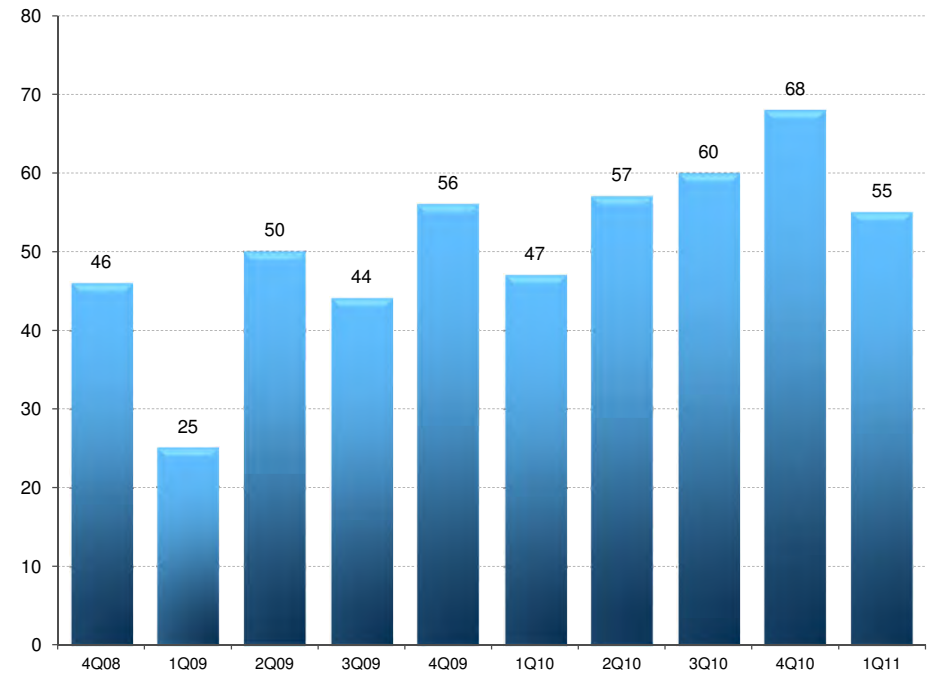


Sales Market

Median Sales Price per Square Foot

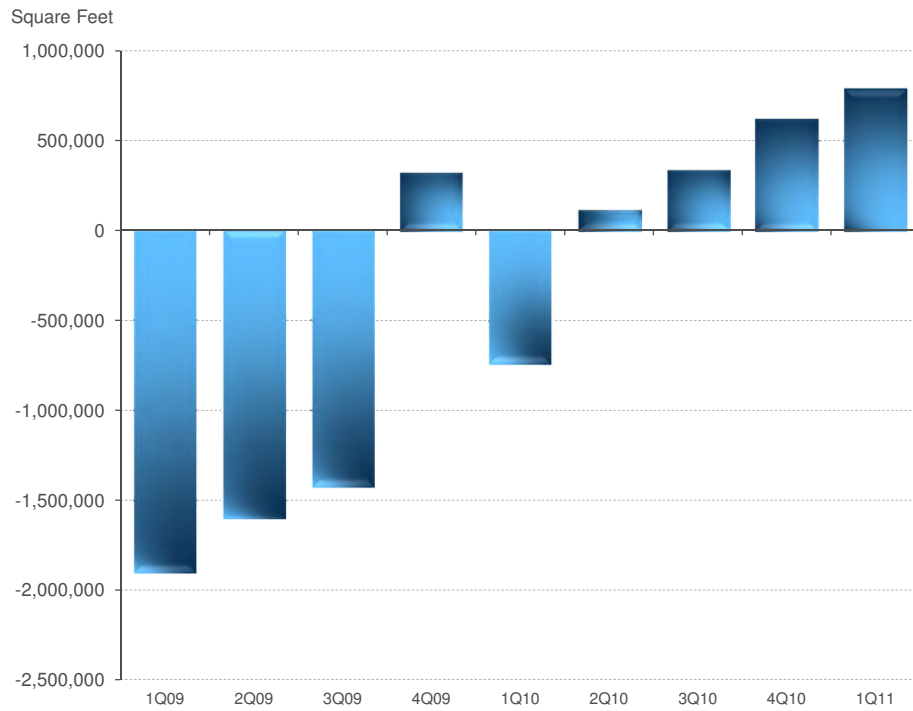


Number of Sale Transactions

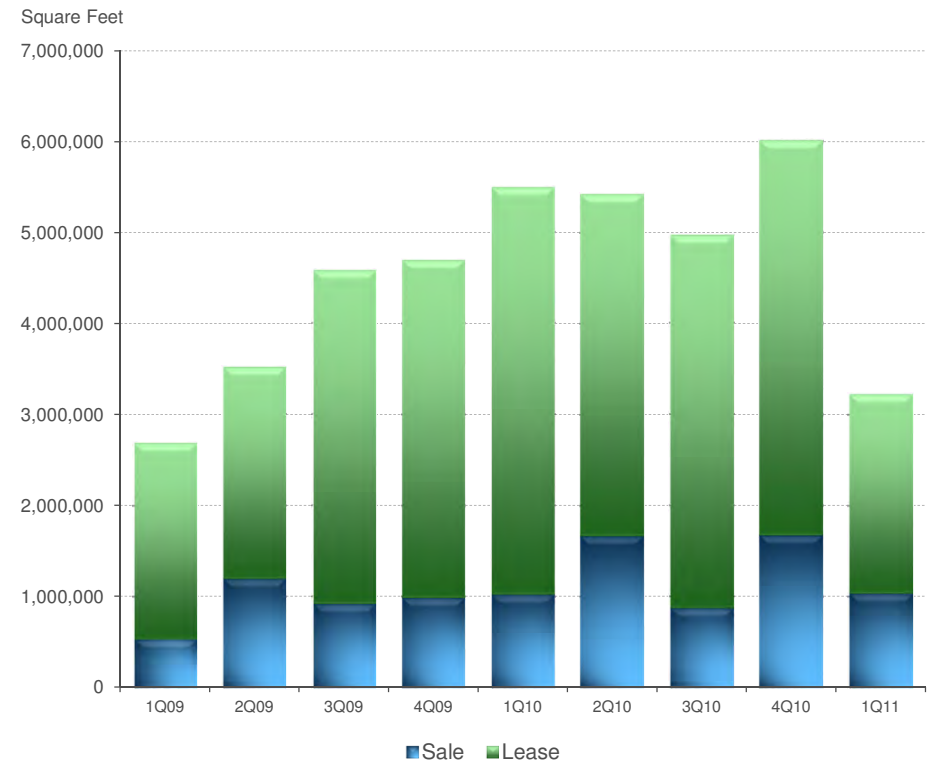




Net Absorption

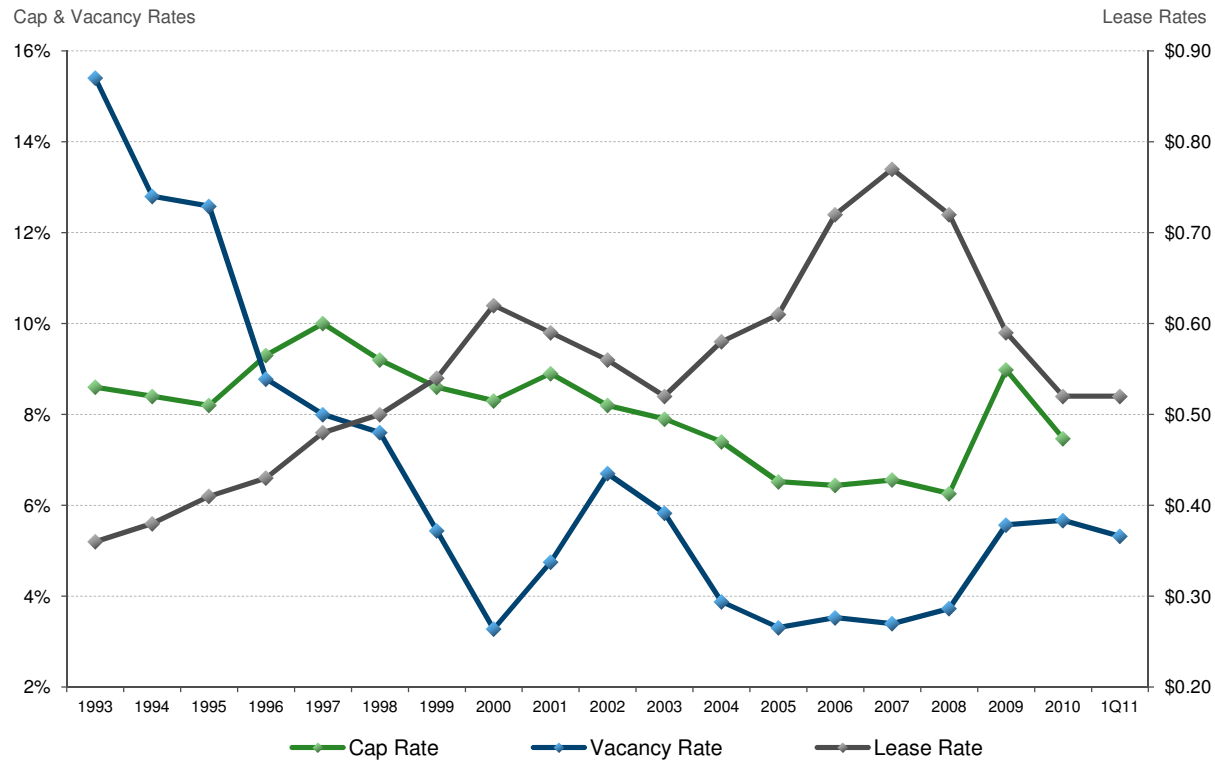


Transaction Activity





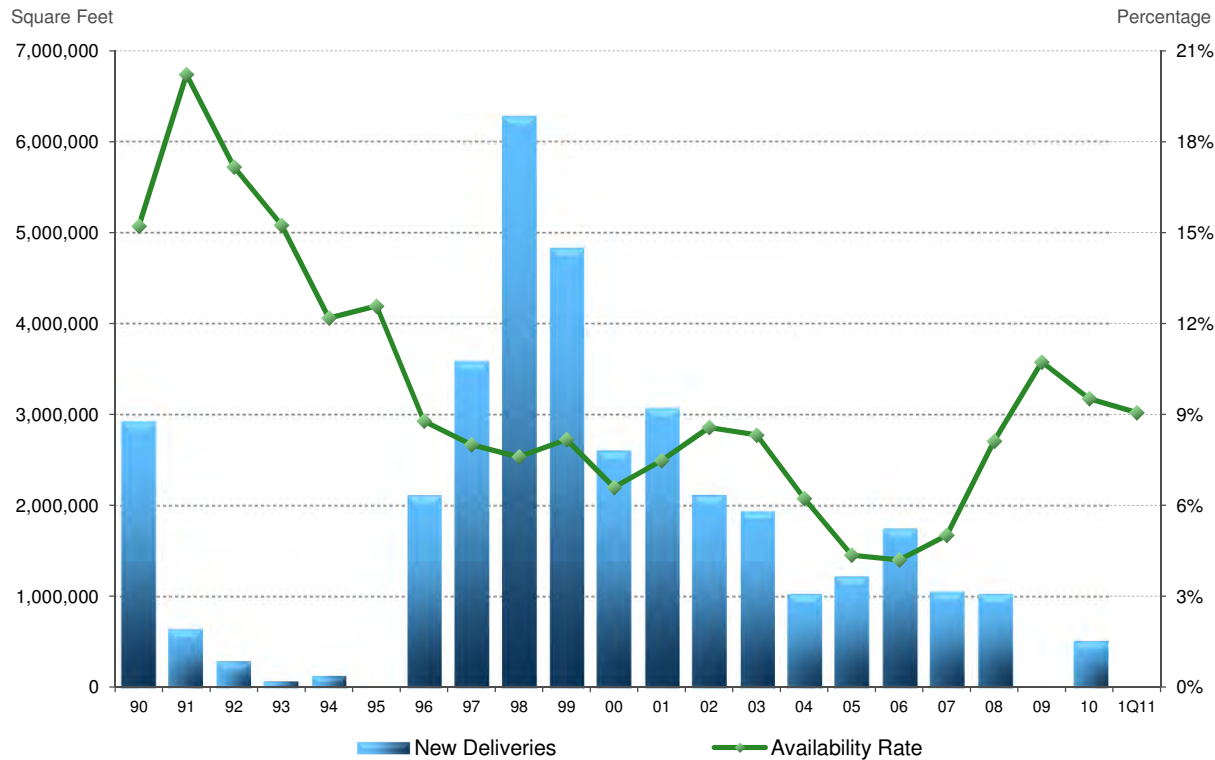
Lease, Capitalization & Vacancy Rates



Note: Investments \$2 million and larger



Annual New Industrial Deliveries vs. Availability Rate

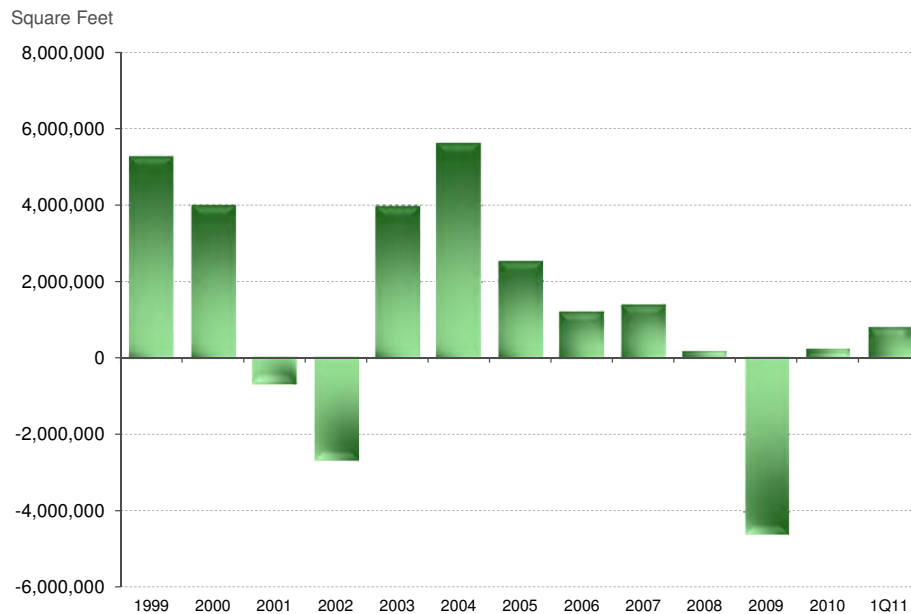




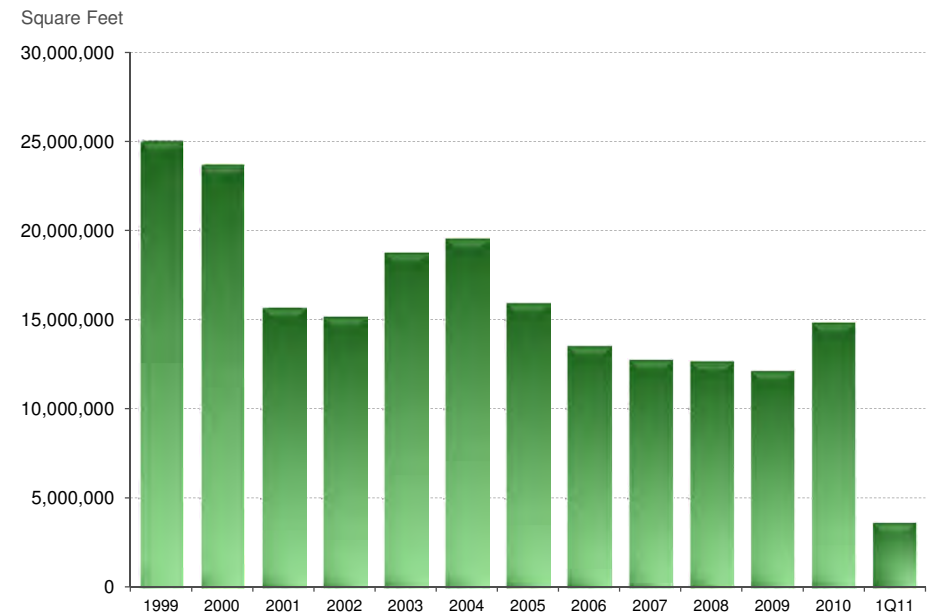
Market Statistics

	1Q 2011	4Q 2010	1Q 2010	% of Change vs. 1Q 2010
Vacancy	5.32%	5.63%	5.87%	-9.37%
Availability	9.06%	9.55%	10.82%	-16.27%
Average Asking Lease Rate	\$0.52	\$0.52	\$0.57	-8.77%
Sale & Lease Transactions	3,225,029	6,010,149	5,491,915	-41.28%
Gross Absorption	3,537,029	3,747,436	3,783,963	-6.50%
Net Absorption	789,128	622,353	737,021	N/A

Annual Net Absorption



Annual Gross Absorption





Major Transactions

Sales Activity Since January 1st 2011

Property Address	City	Square Feet	Sale Price	Buyer	Seller
2001 E. Dyer Rd.	Santa Ana	366,629	\$63.00	Alliance Commercial Partners JV Carval	California Real Estate Receiverships
5511 Skylab Rd.	Huntington Beach	80,049	\$118.75	Wave Equities	Morgan Skylab, LLC
1790 Apollo	Seal Beach	64,061	\$109.00	Thor Athletics, LLC	OMP Seal Beach, LLC
2249 S. Yale St.	Santa Ana	49,506	\$112.94	Orange County Water District	Aquatic
1545 Moonstone	Brea	32,897	\$100.58	Nail Harmony	Cohen Asset Management, Inc.
1221 E. Warner Ave.	Santa Ana	26,700	\$80.00	Balta Family Trust	Trident Chandelier

Lease Activity Since January 1st 2011

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
3454 E. Miraloma Ave.	Anaheim	300,000	Jan-11	Panasonic Corporation of North America	Panattoni Development Company
34 Parker - Sublease	Irvine Spectrum	110,000	Mar-11	Red Digital Cinema Camera	Scantron
6300 Katella Ave. - Renewal	Cypress	75,000	Feb-11	Mary Kay, Inc.	Cypress Land Company
566 Vanguard Way	Brea	72,275	Feb-11	Fulfillment Corporation of America	AMB Property Corporation
1801 E. Dyer Rd.	Santa Ana	66,914	Mar-11	Floor & Décor Outlets of America	Central California Lifestock
1231 N. Miller St.	Anaheim	64,018	Jan-11	Display Fabrications	Kilroy Realty, LP



Market Forecast through the 4th Quarter of 2011

Vacancy Rates	Vacancy will decrease to around 4.5%.
Availability Rates	Availability will drop to less than 8%.
Effective Lease Rates	Effective lease rates will decline at a slower pace. Prices will bottom in the third quarter of 2011.
Sales Prices	Sales prices on quality assets have stabilized.
Employment	109,500 jobs were lost in 2009 (all-time high). It is estimated that 18,060 jobs were lost in 2010, with 22,000 to be created in 2011 and 32,000 to be created in 2012.
Cap Rate	For core stabilized assets, 6.5-7%.

2010 has proved to be a stabilizing year, with most market support indicators turning positive in 2011.

Recommendations

Leasing Market	Be aggressive on leasing. Lease rates will decrease through early 2011. Recommend signing 3-5 year terms.
Sales Market	Keep trophy assets. Excellent opportunity for users to trade up in quality.