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San Diego County Mid-Quarter Update

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Investment Sales

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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

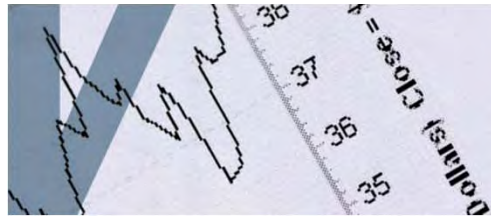
Services

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

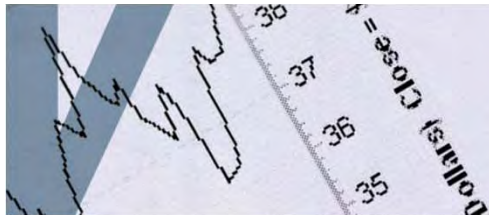


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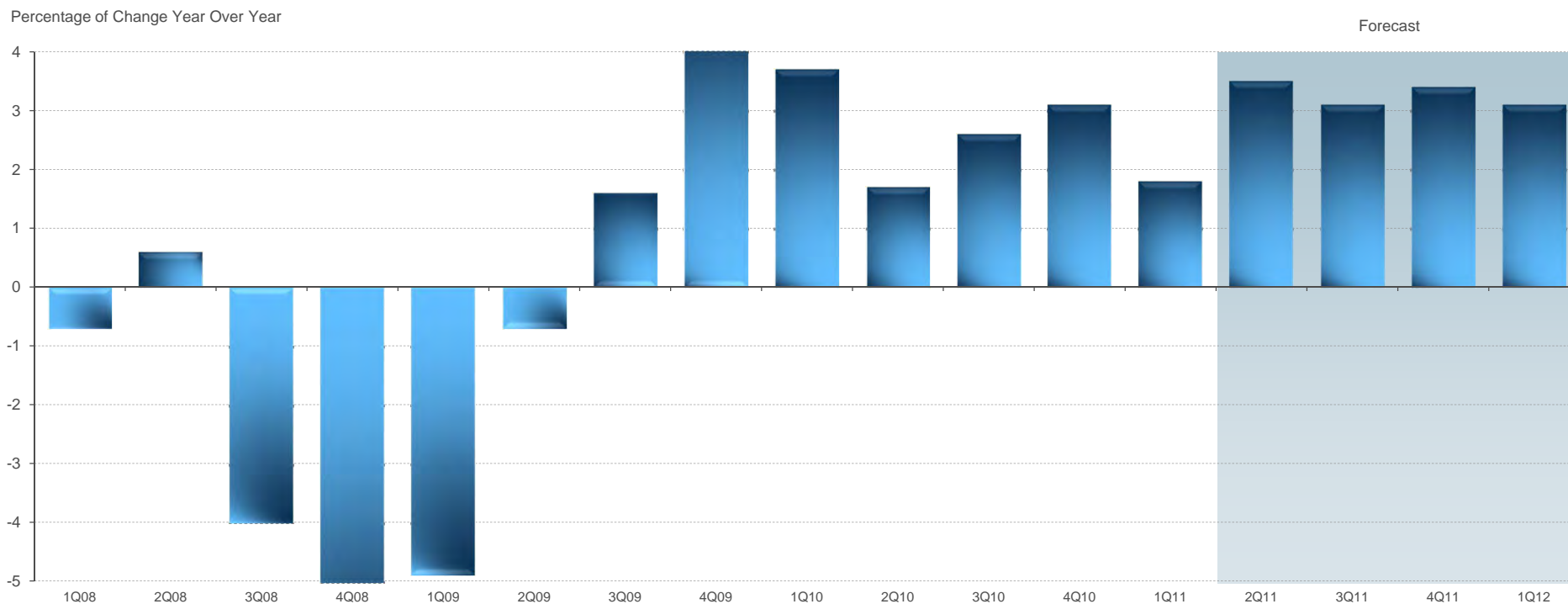


Economic Indicators



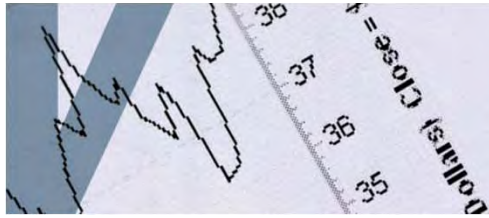
National

Real Gross Domestic Product



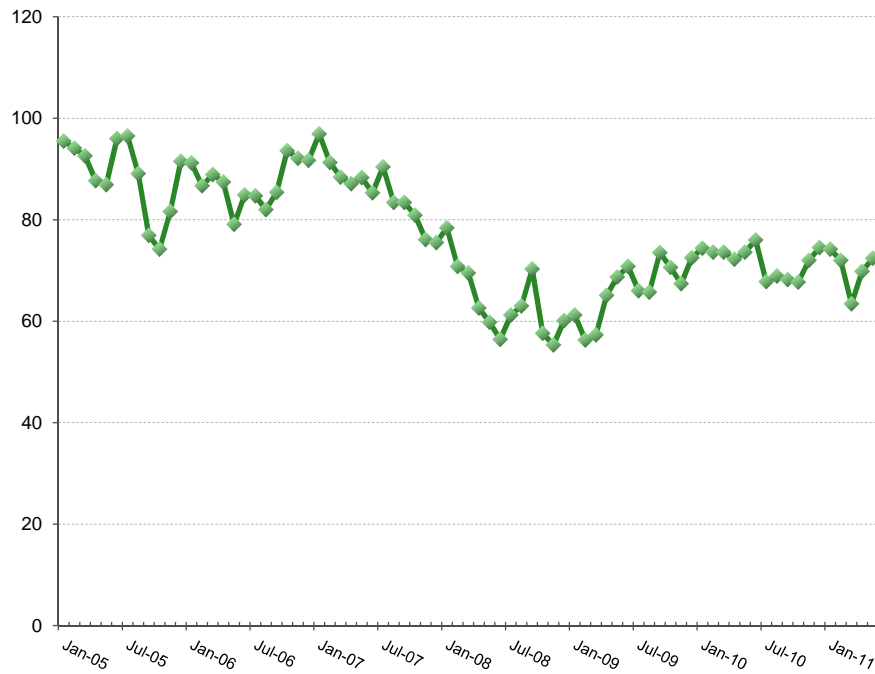
Source U.S. Department of Commerce, Bureau of Economic Analysis

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



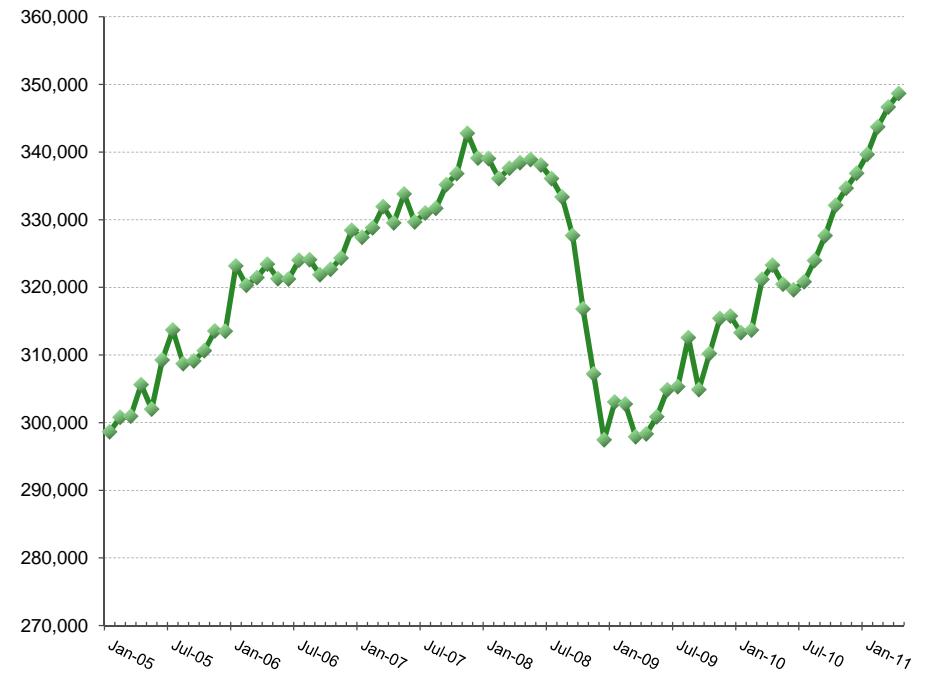
National

Consumer Confidence

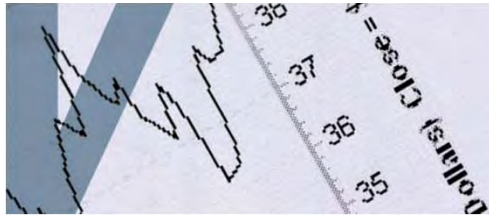


Source: University of Michigan: Consumer Sentiment (UMCENT) (Index 1st Quarter 1966=100)

Retail Sales (Excluding Food Services)



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

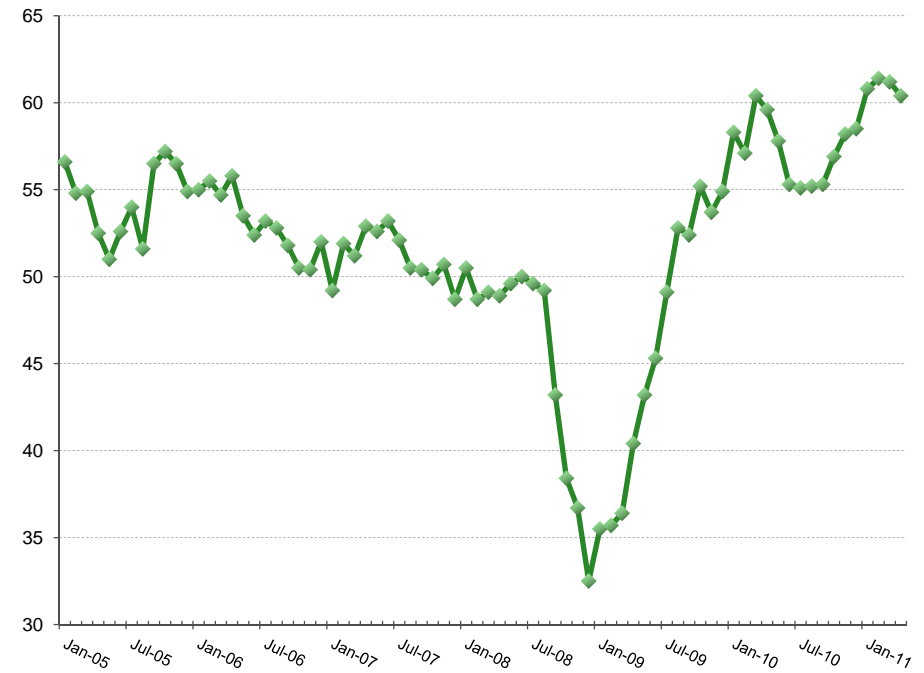


National

NMI Composite Index (Non-Manufacturing Index)

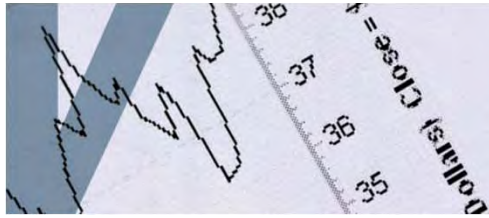


PMI Composite Index (Manufacturing Index)



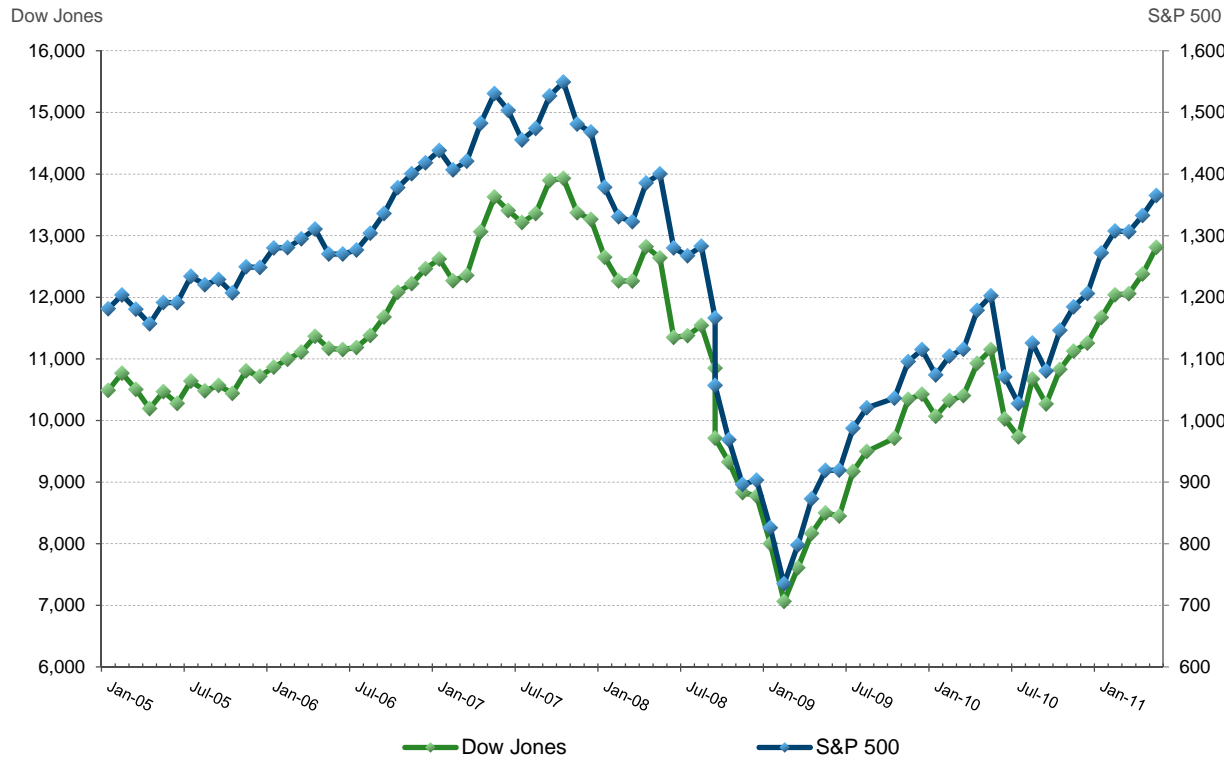
Source: ISM – Institute for Supply Management

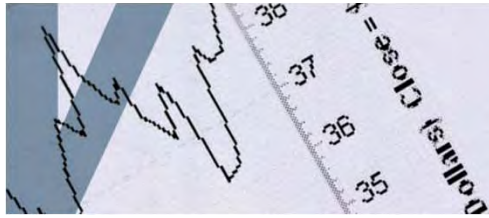
Note: A NMI reading above 50 percent indicates that the economy is generally expanding, below 50 percent that it is generally declining. The NMI was released for the first time beginning with the data for Jan 2008.



National

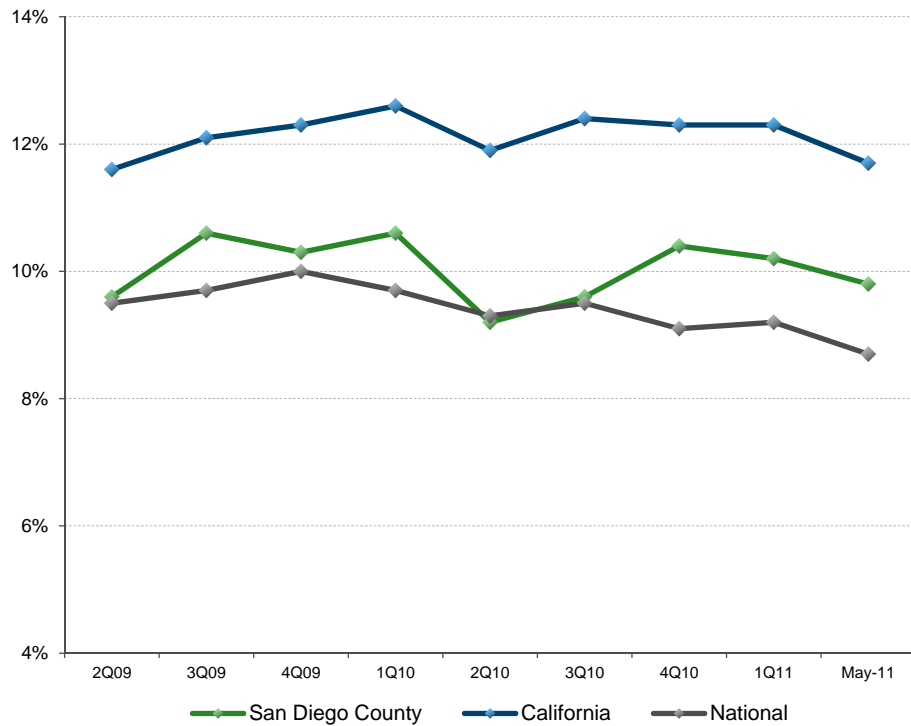
Stock Market – Dow Jones vs. S&P 500





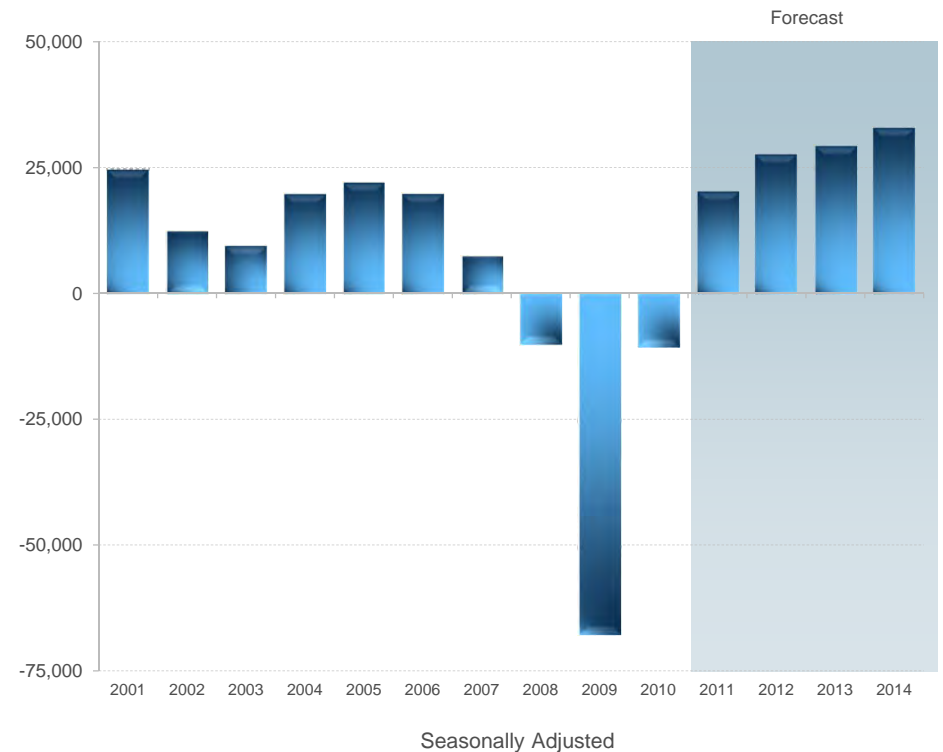
Employment

Unemployment

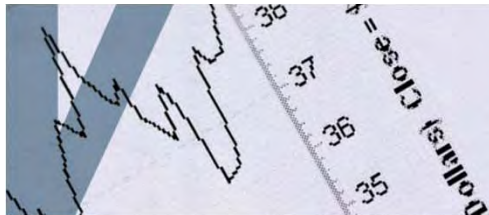


Source: State of California Employment Development Department

Annual Jobs Gained/Lost in San Diego County

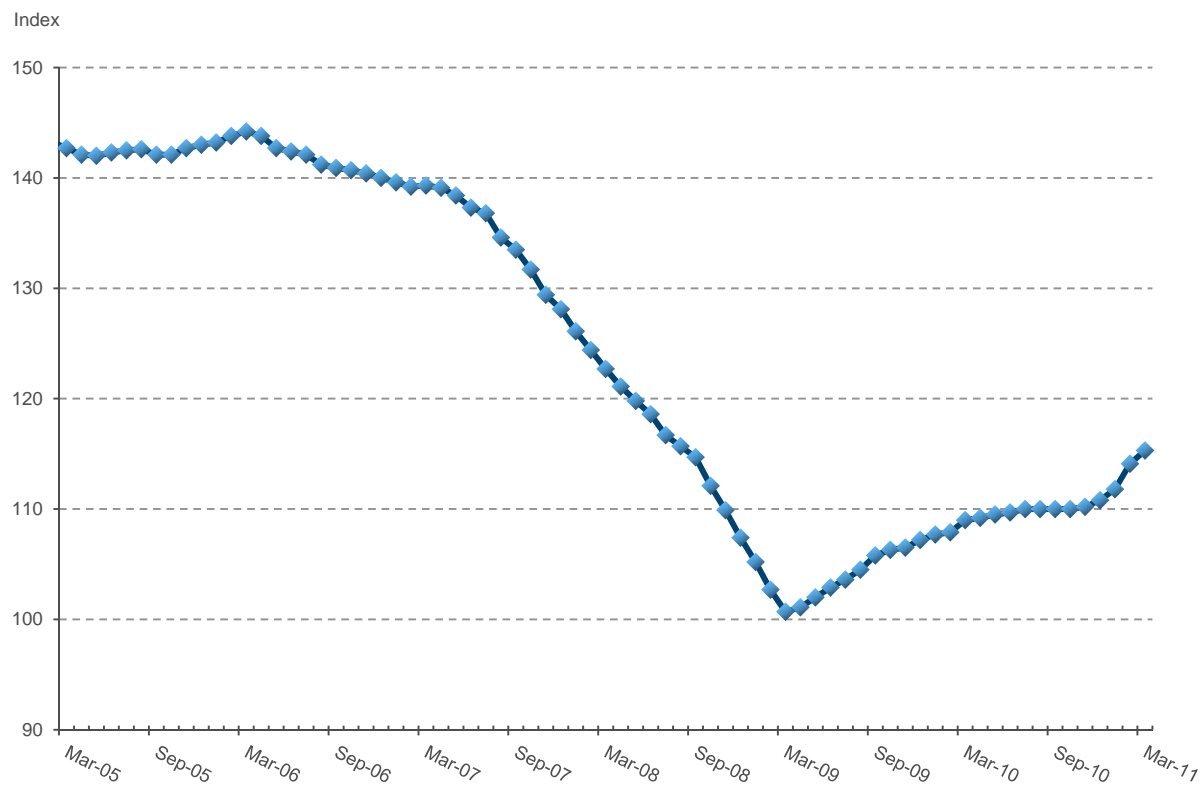


Source: California Employment Development Department. Estimates and Forecasts: LAEDC – February 11



Local

USD Index of Leading Economic Indictors



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San Diego County Office Market

Mid-2nd 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?

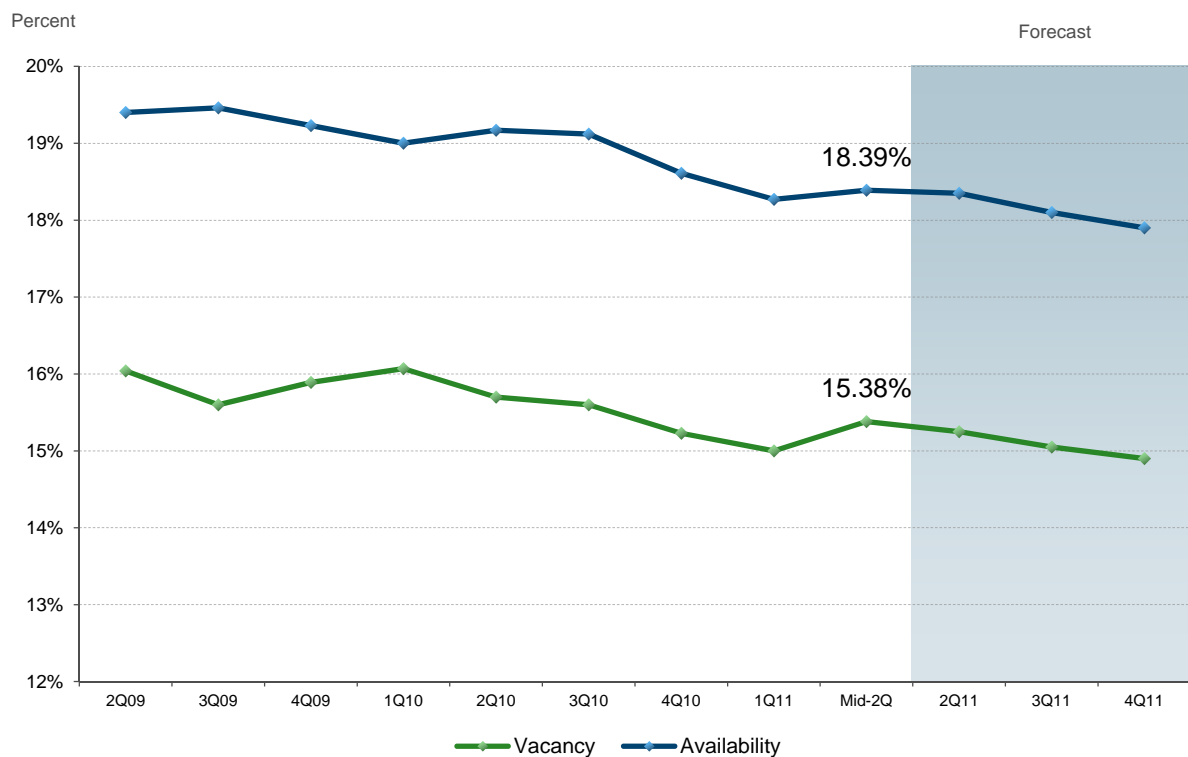
- The best advice: Continue to be aggressive to consummate transactions.
- Sell Class B & C product.
- Be on the look out for quarter-end and/or year-end distressed asset sale opportunities.





Market Overview

Vacancy vs. Availability



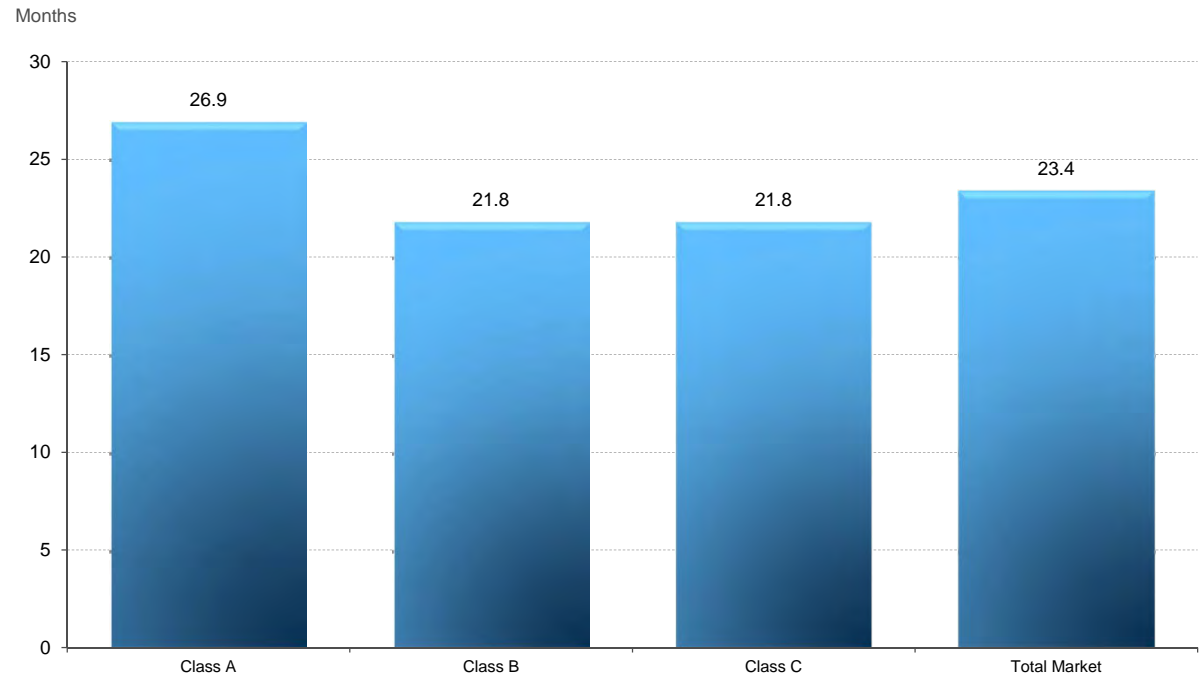
* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Market Overview



Average Time on the Market for Lease in Months

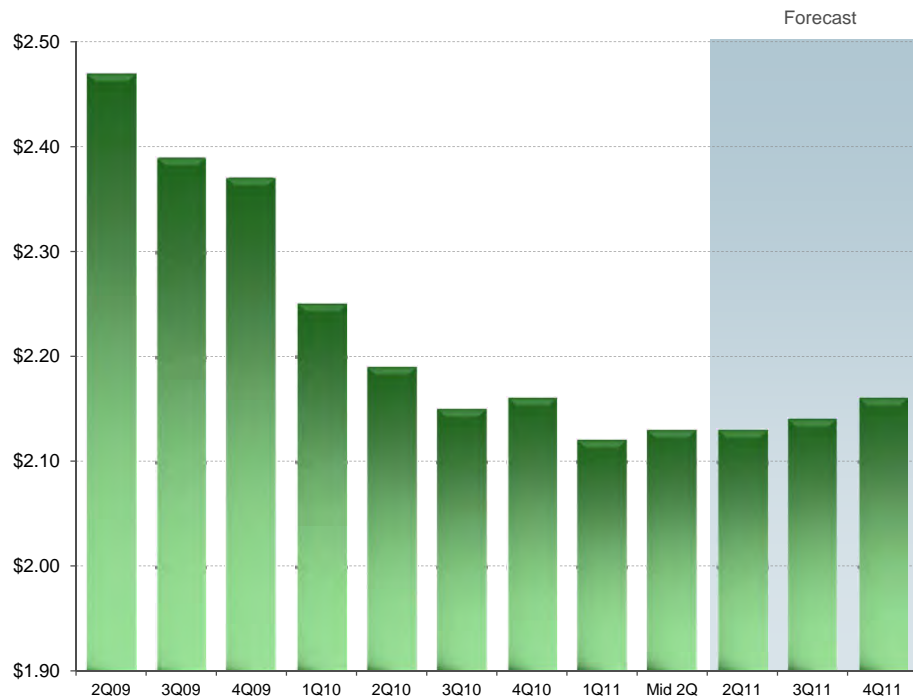


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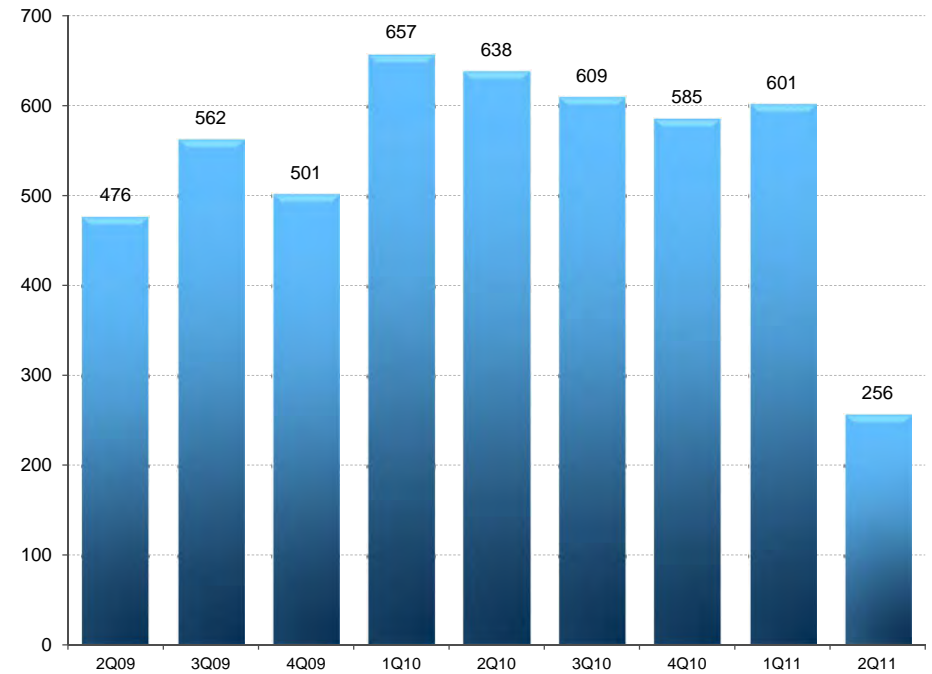


Leasing Market

Average Asking Full-Service Gross Lease Rate



Number of Transactions

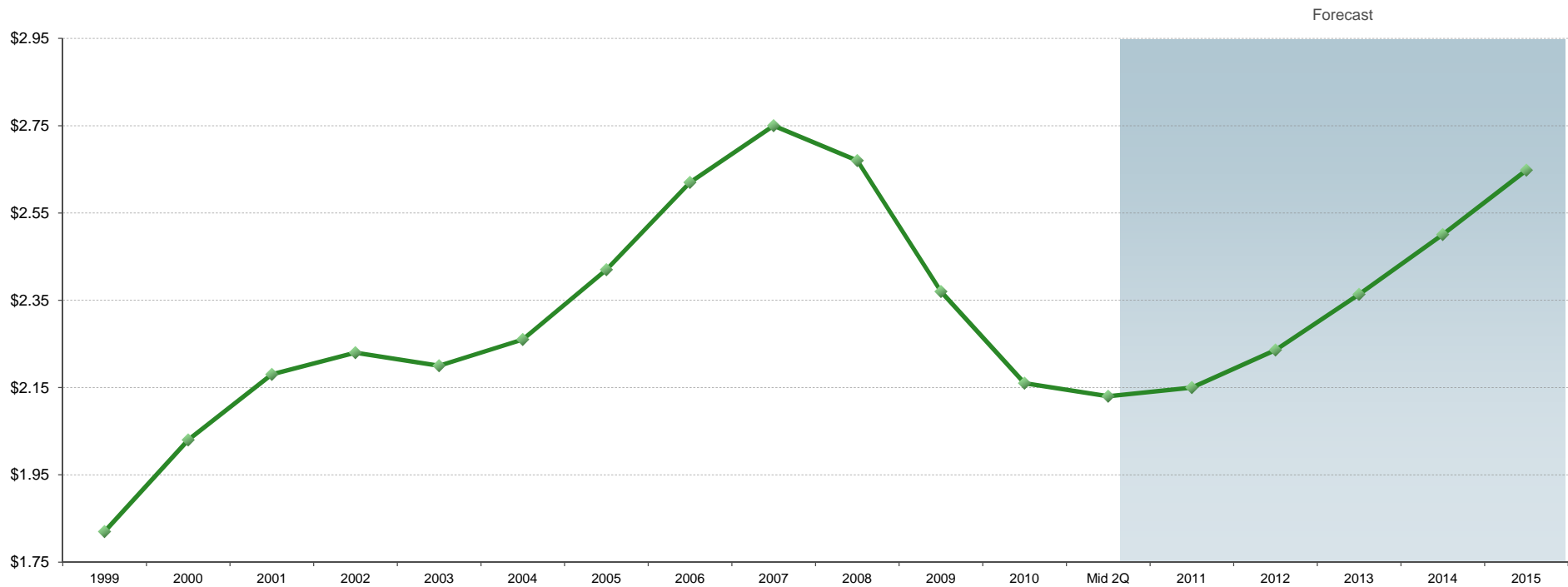


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Leasing Market

Forecasted Average Asking Full-Service Gross Lease Rate

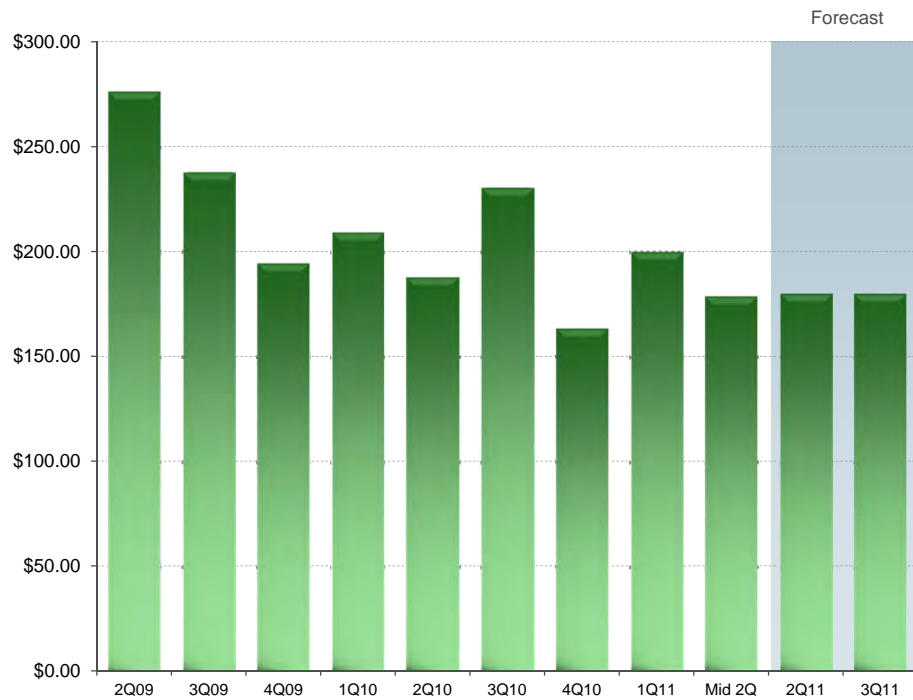


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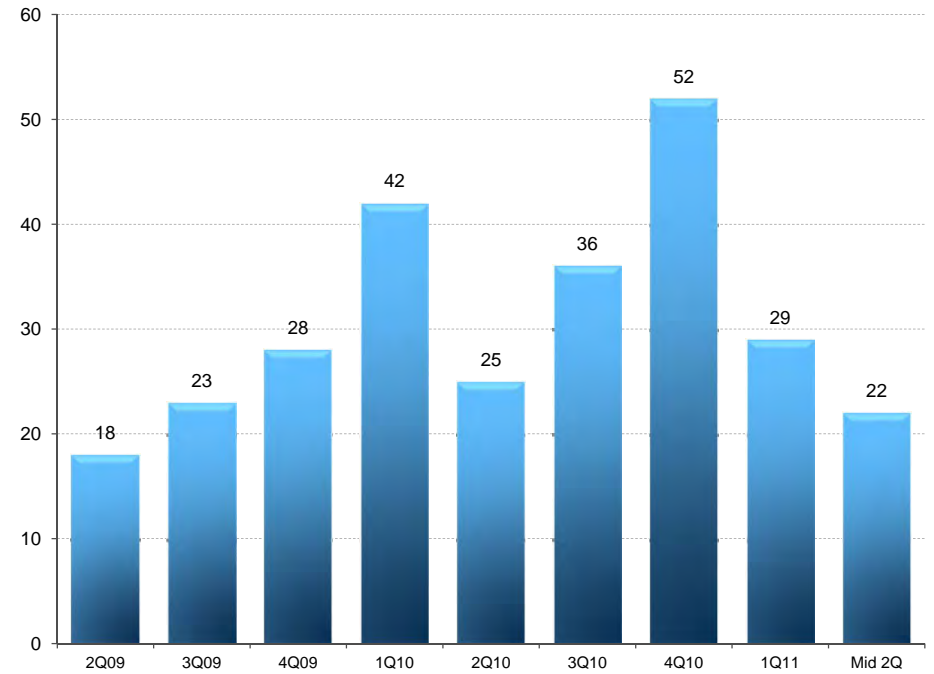


Sales Market

Median Sales Price per Square Foot



Number of Transactions



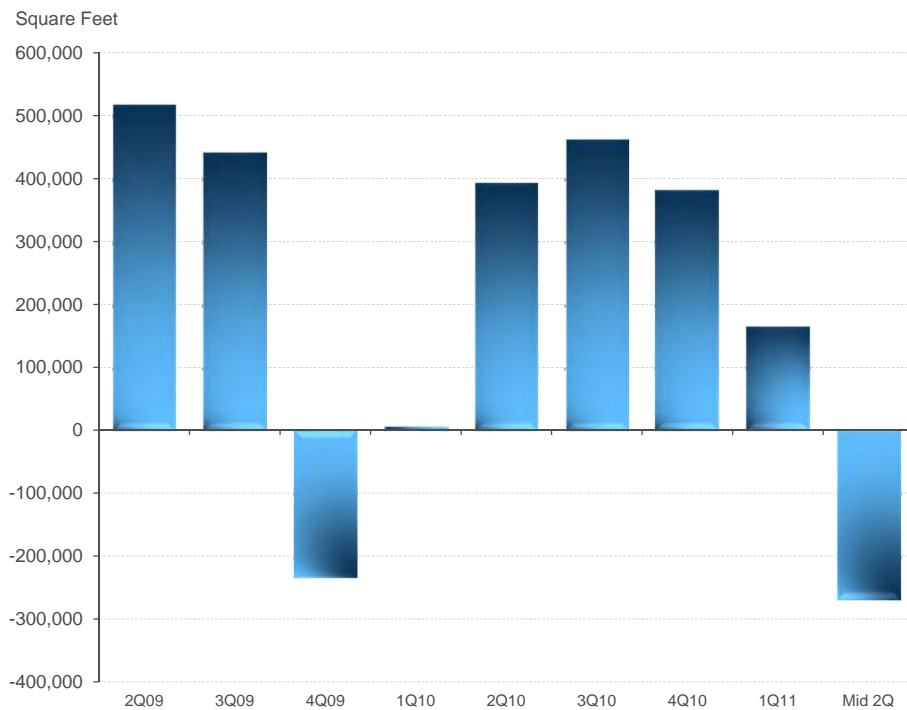
* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



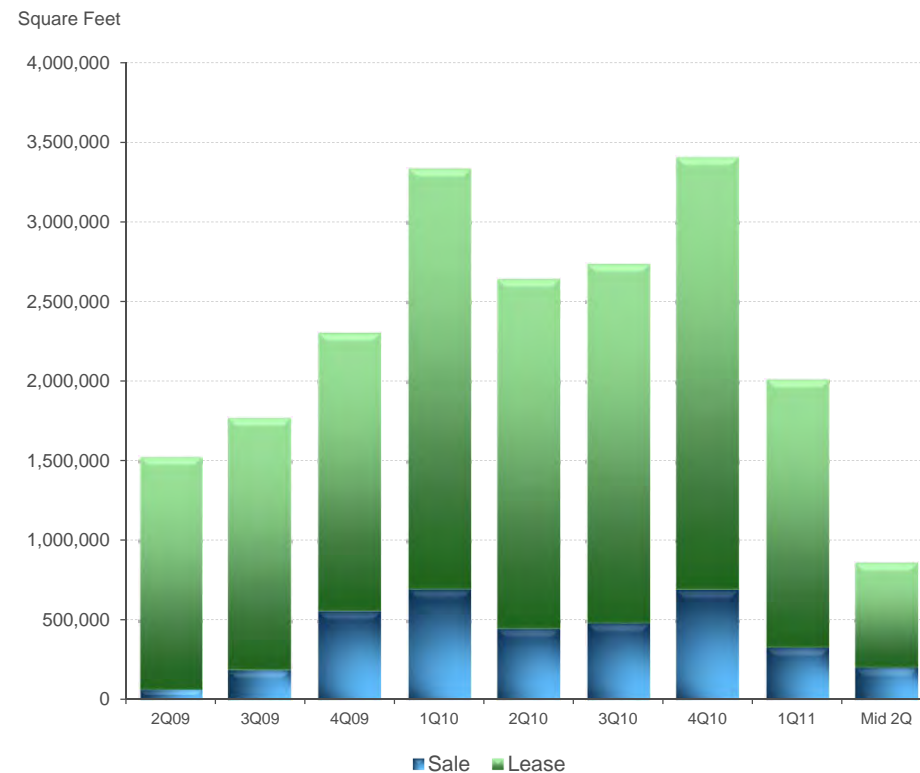
Mid-2nd Quarter 2011 Report

SAN DIEGO COUNTY OFFICE MARKET

Net Absorption



Transaction Activity



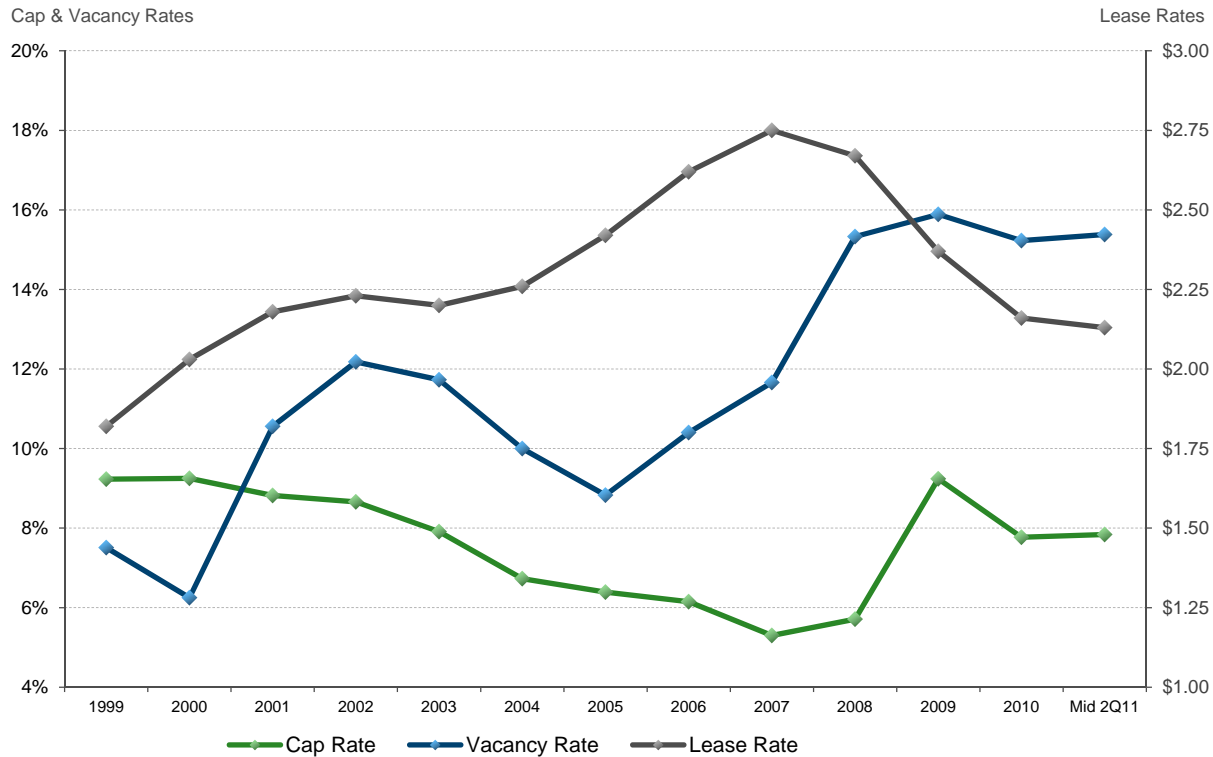
* This survey consists of properties 10,000 square feet and larger, representing both single and multi-tenant buildings.



Mid-2nd Quarter 2011 Report

SAN DIEGO COUNTY OFFICE MARKET

Lease, Capitalization & Vacancy Rates

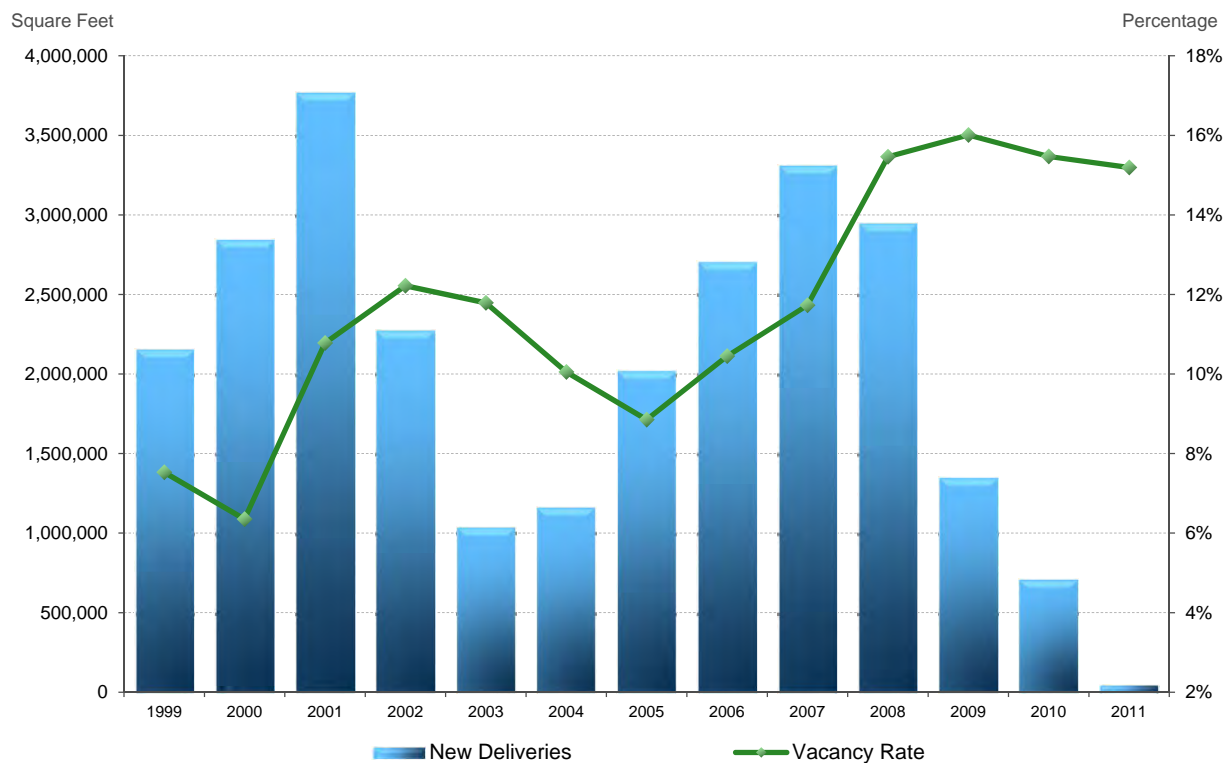


Note: Investments \$2 million and larger

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Annual New Office Deliveries vs. Vacancy Rate





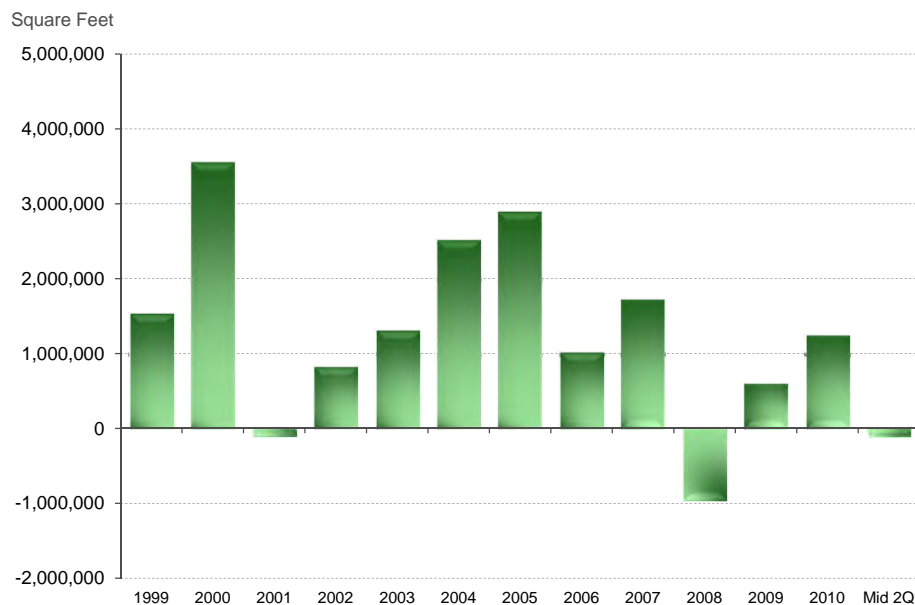
Mid-2nd Quarter 2011 Report

SAN DIEGO COUNTY OFFICE MARKET

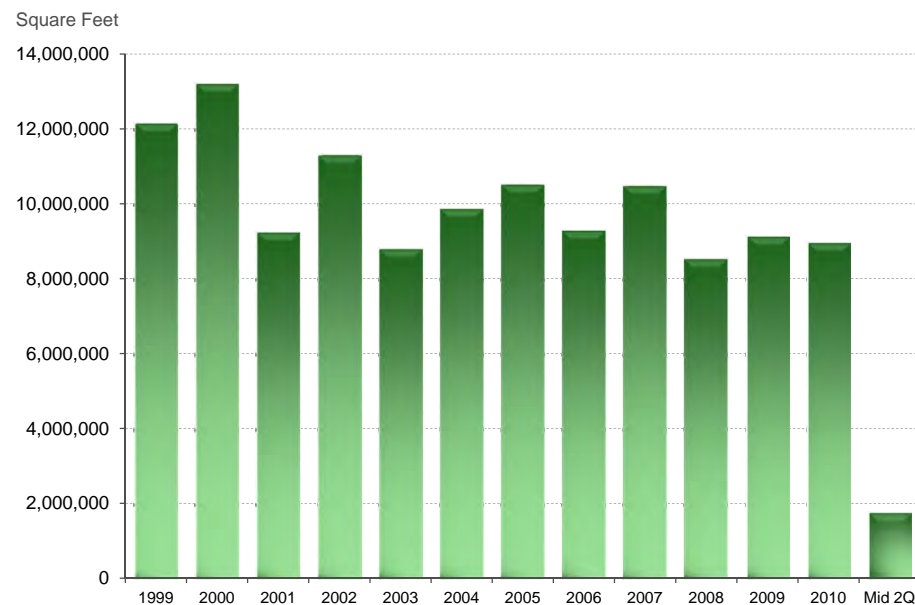
Market Statistics

	Mid 2Q 2011	1Q 2011	2Q 2010	% Change Mid 2 Q 11 vs. 2 Q 10
Vacancy	15.38%	15.10%	15.70%	-2.04%
Availability	18.39%	18.27%	19.17%	-4.07%
Pricing	\$2.13	\$2.12	\$2.19	-2.74%
Sale & Lease Transactions	855,564	2,008,193	2,642,189	N/A
Gross Absorption	1,502,898	1,971,469	2,361,025	N/A
Net Absorption	-269,622	164,167	392,613	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 the Second Quarter of 2011

Sales Activity

Property Address	Submarket	Class	Square Feet	Sale Price per SF	Buyer	Seller
2175 Salk Ave..	Carlsbad	A	79,289	\$454.04	Ventana Real LLC	Rio San Diego Plaza li Master
1000 Aviara Pky.	Carlsbad	A	75,177	\$182.24	Wasatch Commercial Management	Kelly Corporate Center IIC, LLC
1335 J St. – 5 Properties	Downtown	B	36,188	\$193.43	Career Lofts – SD, LLC	14 th & K Investors LLC
2308 E. 6 th St. – 2 Properties	National City	B	29,717	\$83.29	Southern California Development Corp of VOA, Inc.	Valley View Sanitarium & Rest Home
9740 Appaloosa Rd.	Scripps Ranch	C	14,773	\$88.00	Pearl & Herschel LLC	Sandra Ann Mastellos
4451-4453 30 th St.	Uptown East	C	10,674	\$117.29	Baras Living Trust	Mostafa Panah

Leasing Activity

Property Address	Submarket	Class	Square Feet	Transaction Date	Tenant	Owner
9305 Lightwave Ave.	Kearny Mesa	B	30,448	May-11	SDG&E	LBA Realty Fund III-Company I, LLC
10620 Treena St.	Scripps Ranch	A	23,386	May-11	Barnhart Balfour Beatty	Cush Enterprises Inc.
5910 Pacific Center Blvd.	Sorrento Mesa	B	22,870	Apr-11	Charlotte Russe	The Realty Associates Fund VIII LP
750 B St.	Downtown	A	19,904	May-11	N/A	The Irvine Company
3241-3247 Mission Village Dr.	Kearny Mesa	C	14,470	May-11	The Rock Church	Gleich Real Estate
8899 University Center Ln.	UTC	A	13,577	Apr-11	U C S D	Falcon Real Estate Investment Co.

* 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 15%.
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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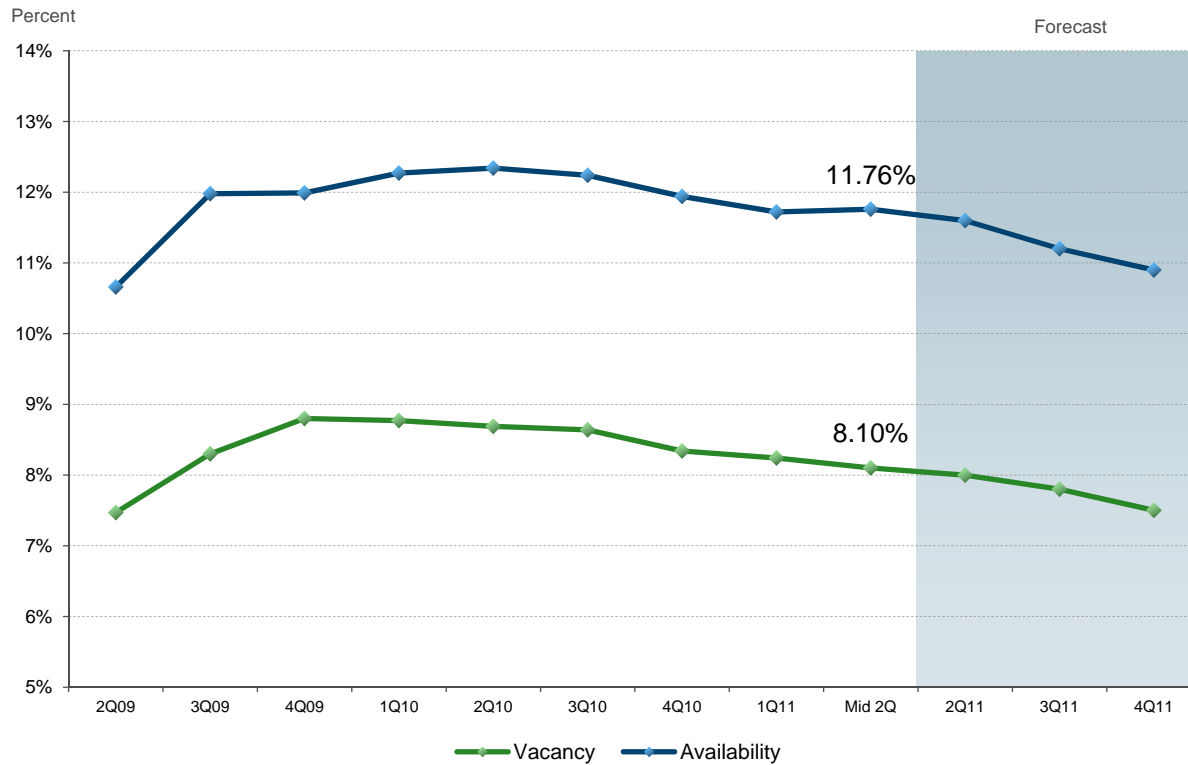
San Diego County Industrial Market

Mid-2nd Quarter 2011 Report



Market Overview

Vacancy vs. Availability

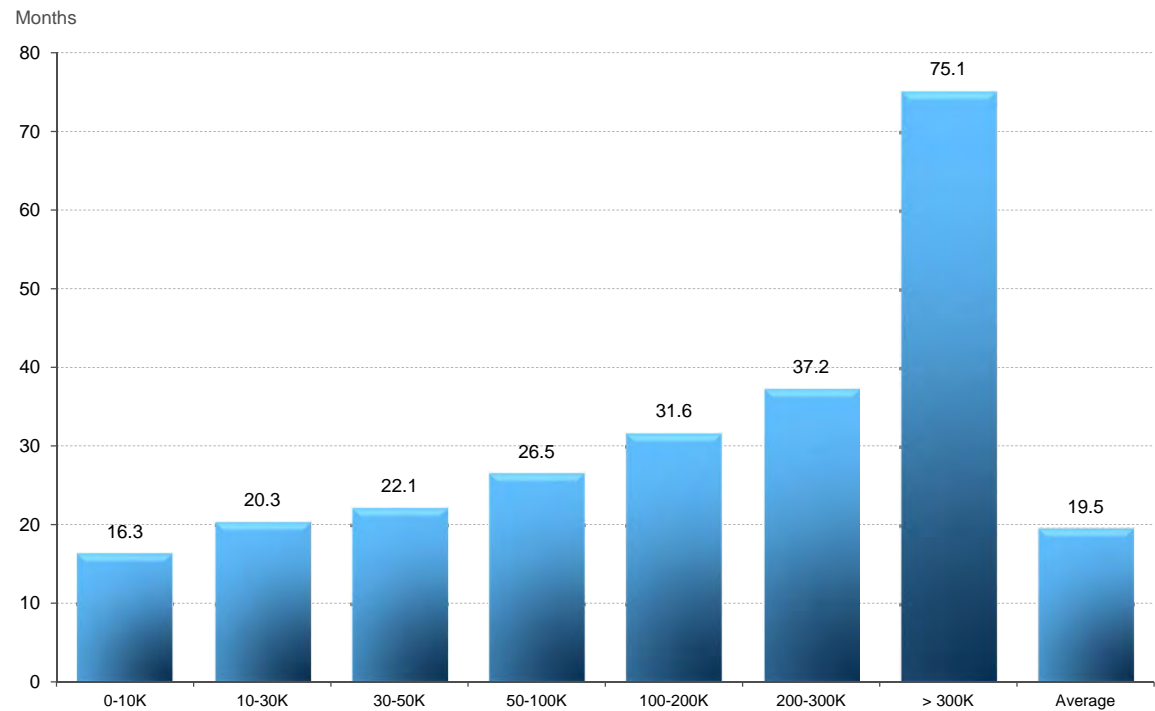




Market Overview



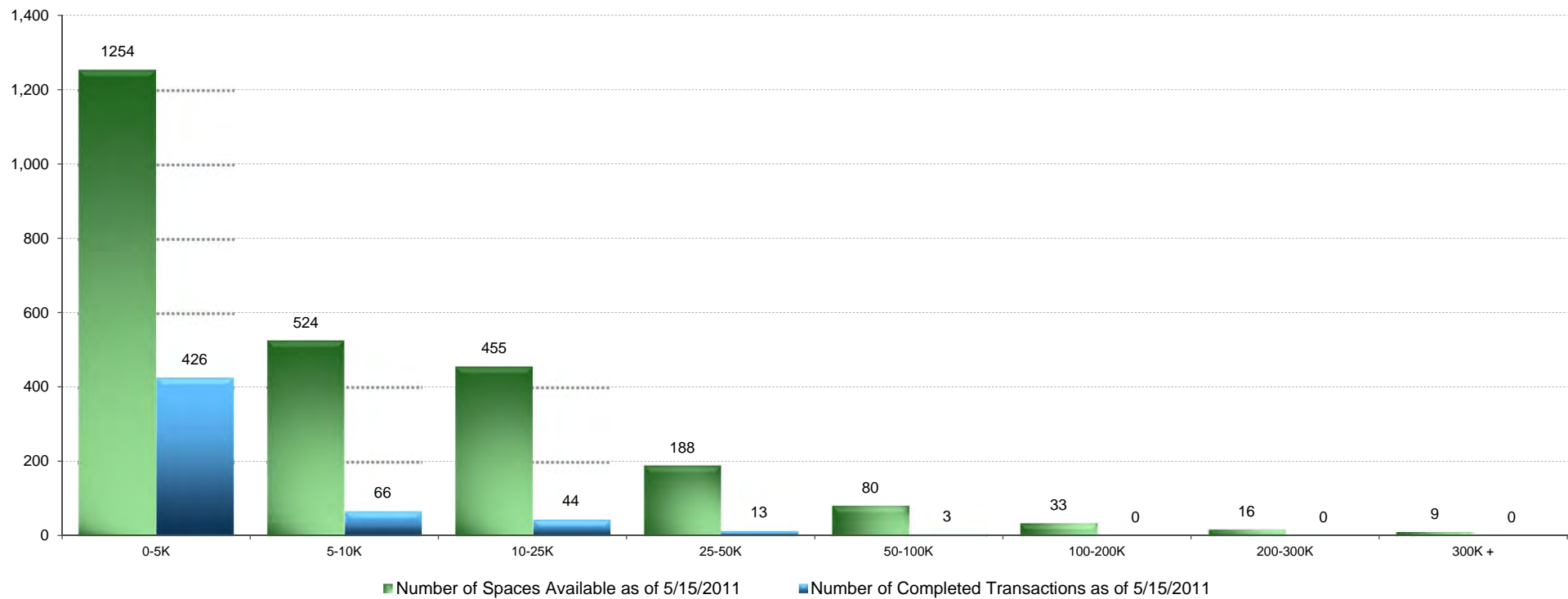
Average Time on the Market to Lease in Months





Market Overview

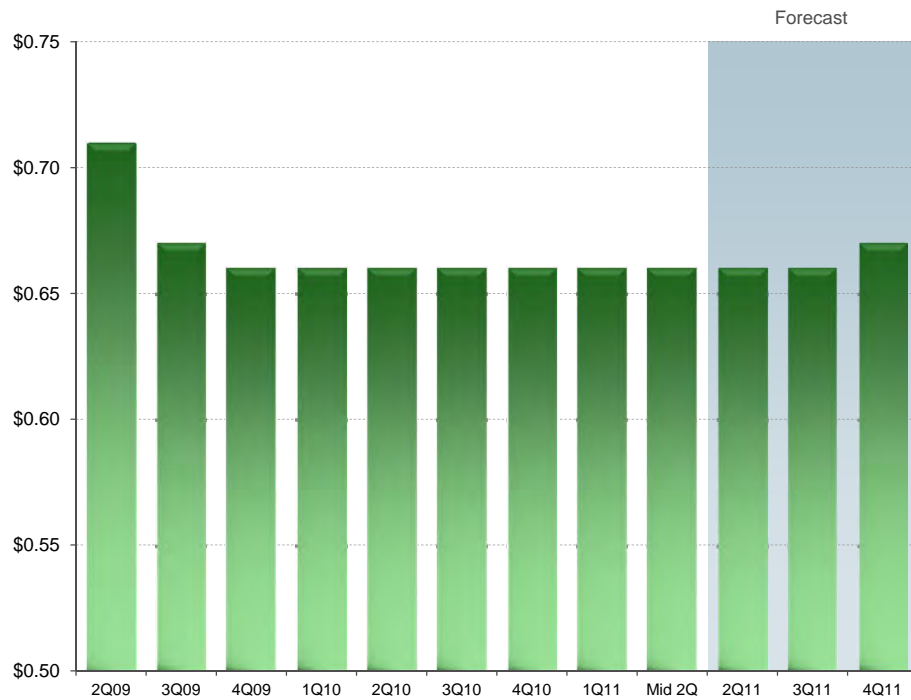
Number of Spaces Available vs. Number of Transactions by Size



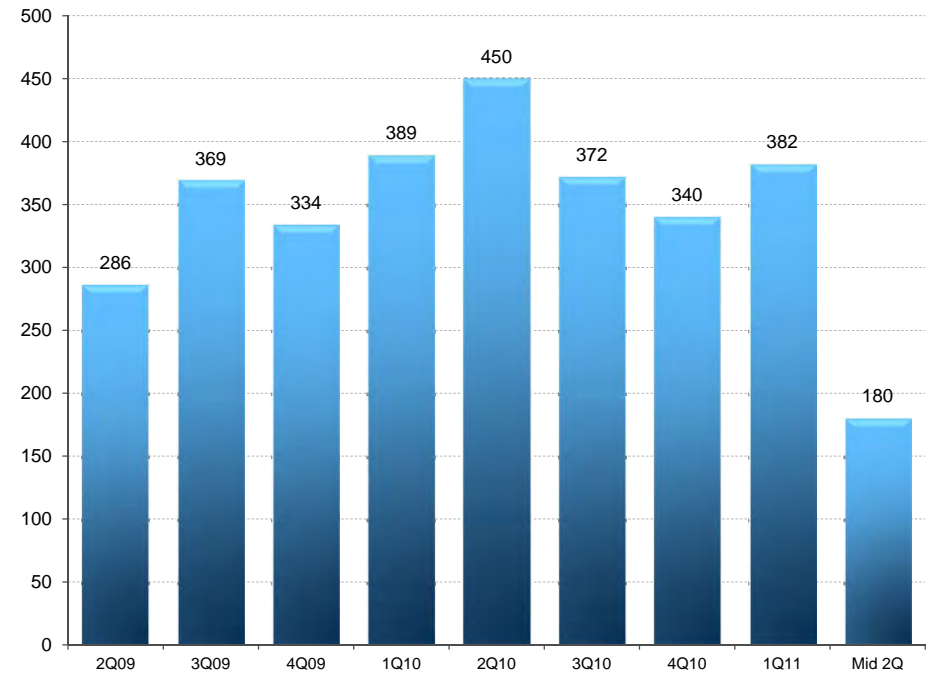


Leasing Market

Average Asking Triple-Net Lease Rate



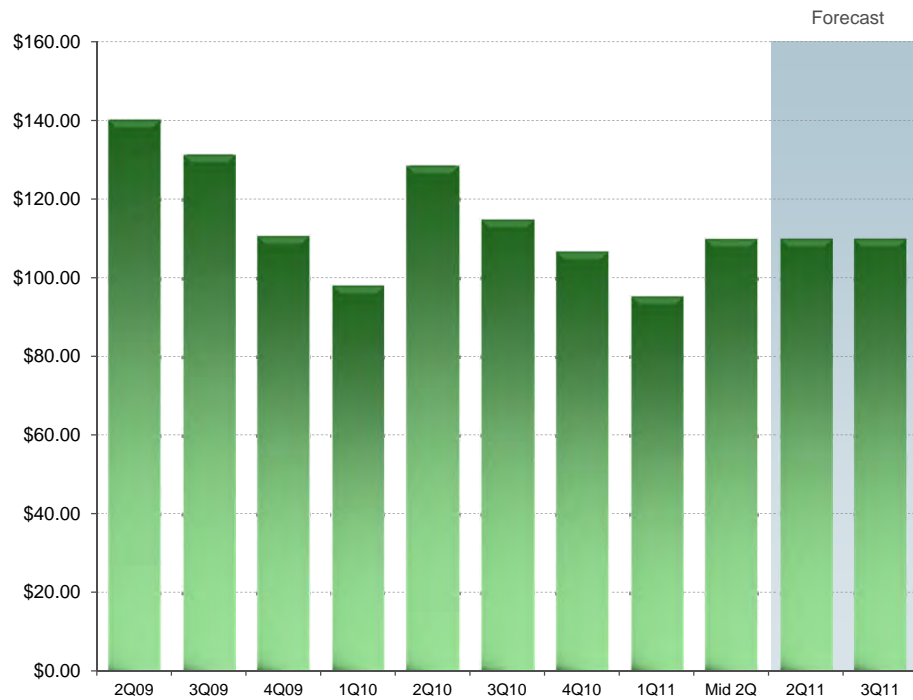
Number of Lease Transactions



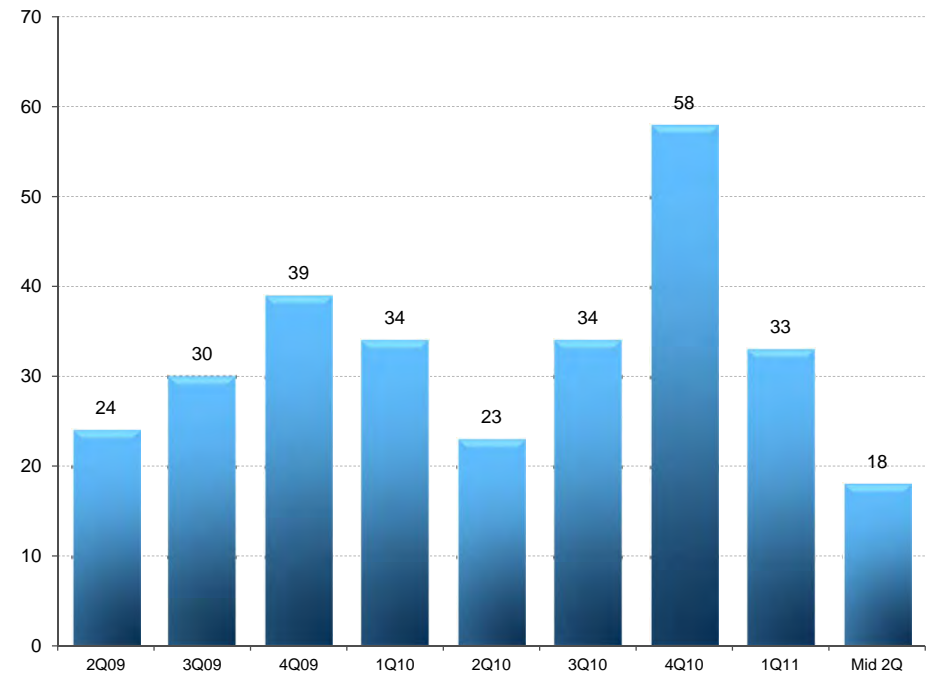


Sales Market

Median Sales Price per Square Foot

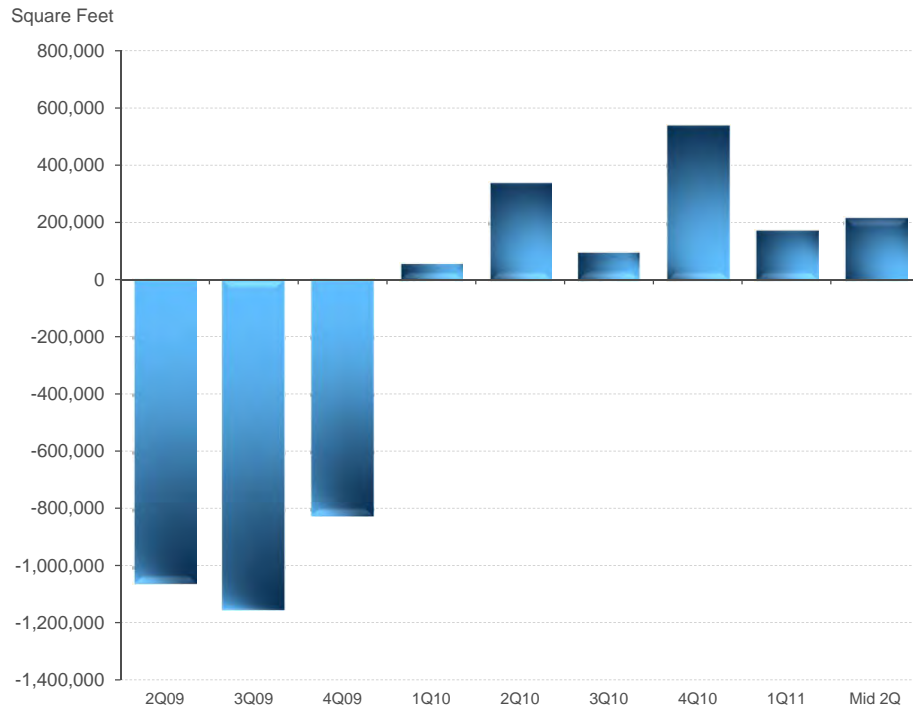


Number of Sale Transactions

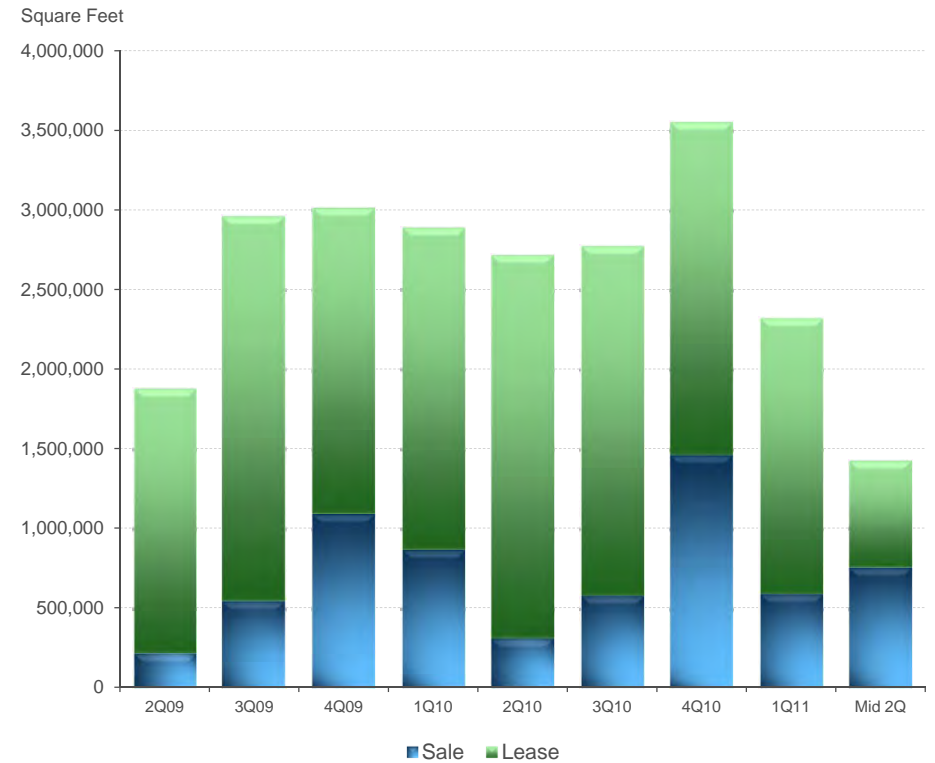




Net Absorption

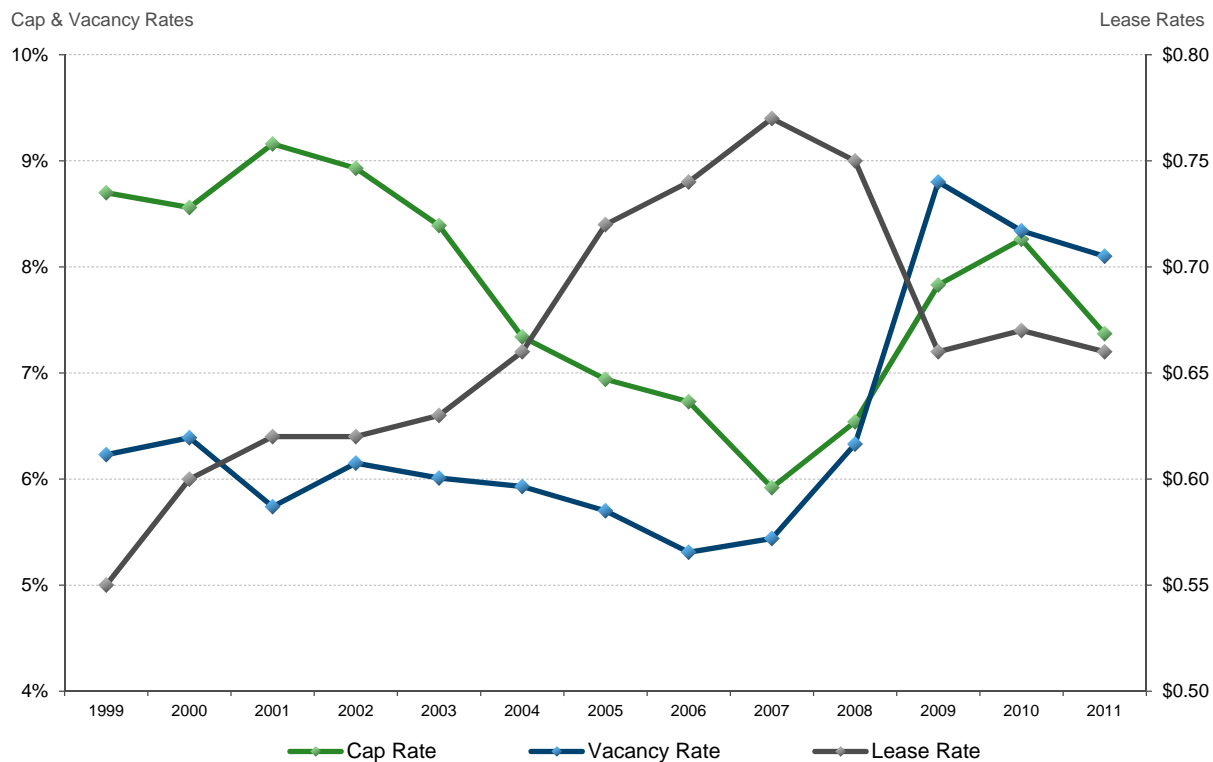


Transaction Activity





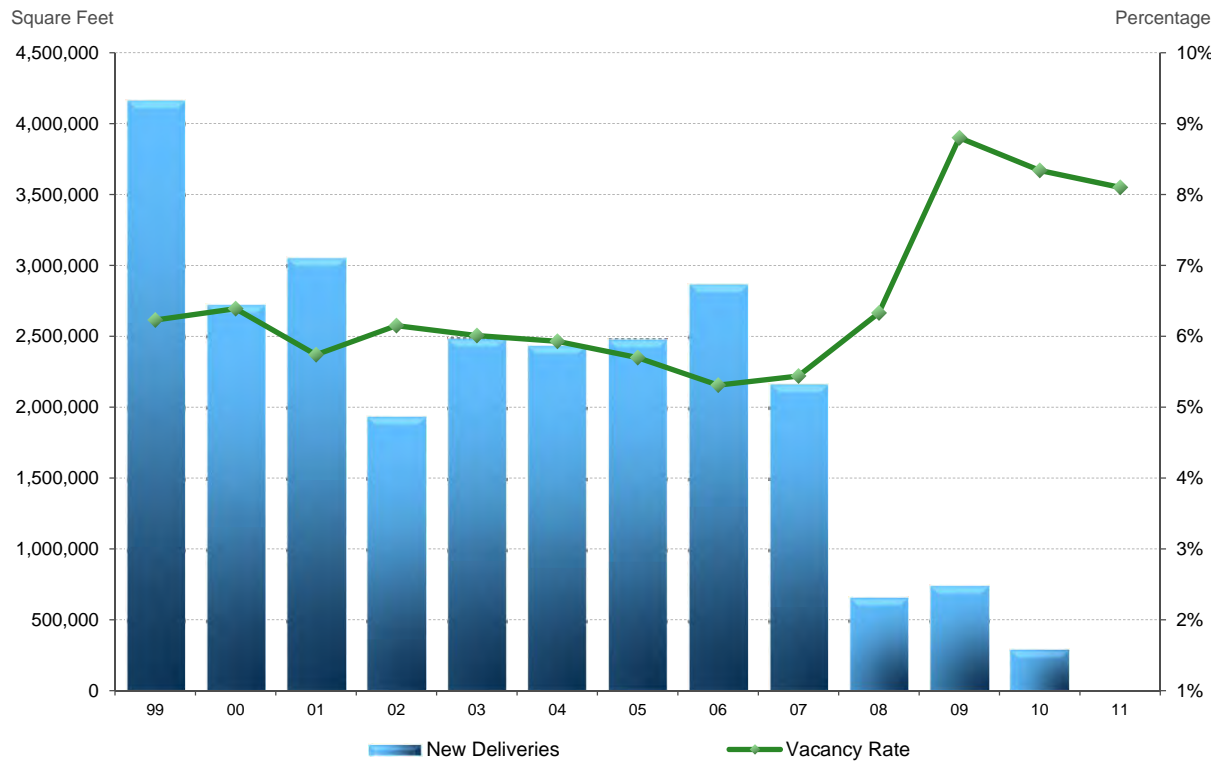
Lease, Capitalization & Vacancy Rates



Note: Investments \$2 million and larger



Annual New Industrial Deliveries vs. Vacancy Rate



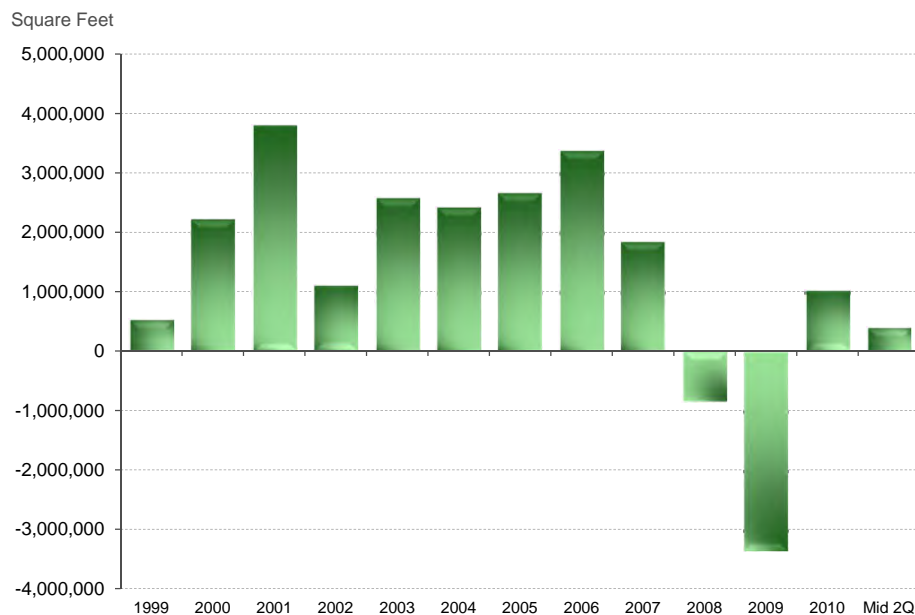
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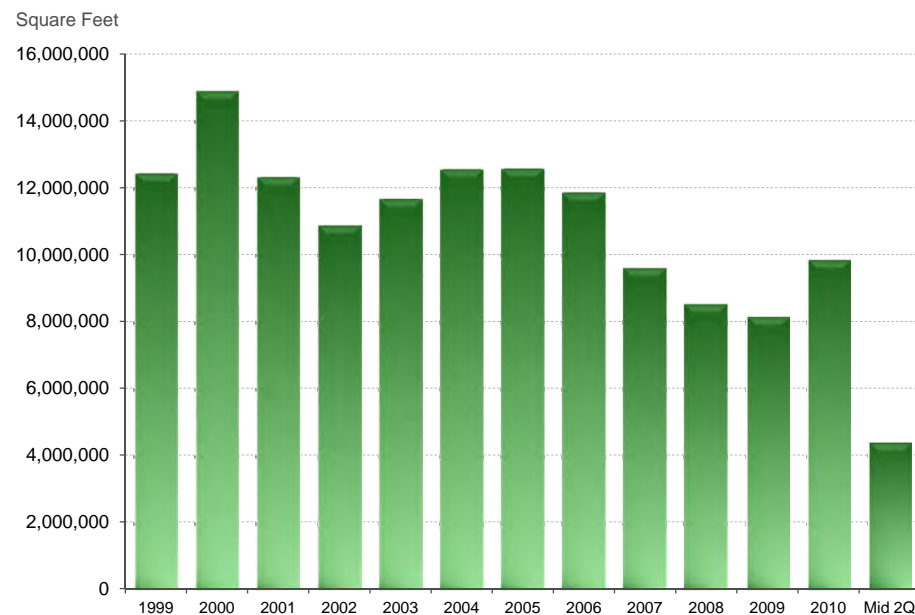
Market Statistics

	Mid 2Q 2011	1Q 2011	2Q 2010	% Change Mid 2 Q 11 vs. 2 Q 10
Vacancy	8.10%	8.24%	8.69%	-6.79%
Availability	11.76%	11.72%	12.34%	-4.70%
Average Asking Lease Rate	\$0.66	\$0.66	\$0.66	0.00%
Sale & Lease Transactions	1,420,499	2,322,021	2,718,302	N/A
Gross Absorption	1,896,567	2,465,762	2,349,716	N/A
Net Absorption	214,886	170,748	336,832	N/A

Annual Net Absorption



Annual Gross Absorption





Major Transactions of the Second 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	Lloyd H. Wells
8747 N. Magnolia Ave. - 2 Properties	Santee/Lakeside	35,715	\$71.40	Jerry Rudick	Secuirty 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
10150 Meanley Dr.	Scripps Mirmar	30,425	Apr-11	Paychex	PV Meanley, LLC
13691 Danielson St.	Poway	29,185	Apr-11	SAIC	Invesco
2655 Vista Pacific Dr.	Ocean Hills	29,142	Apr-11	Enviremedial Services Inc.	GG Greene Enterprises
2607 Island View Way	Vista	24,122	Apr-11	V V I Partners, LP	Seven Sixty, Inc.
13880 Stowe Dr.	Poway	21,100	Apr-11	Projector Doctor	BJG Group



Market Forecast through the 4th Quarter of 2011

Vacancy Rates	Vacancy should stabilize around 7.5%.
Availability Rates	Availability will drop to less than 11%.
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 Mid-Quarter Update

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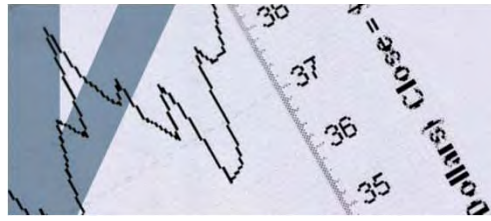
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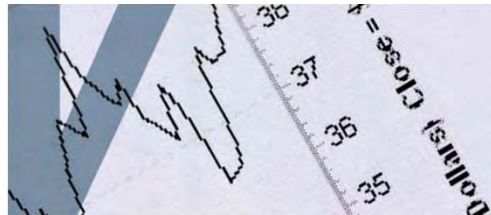


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REAL ESTATE SERVICES



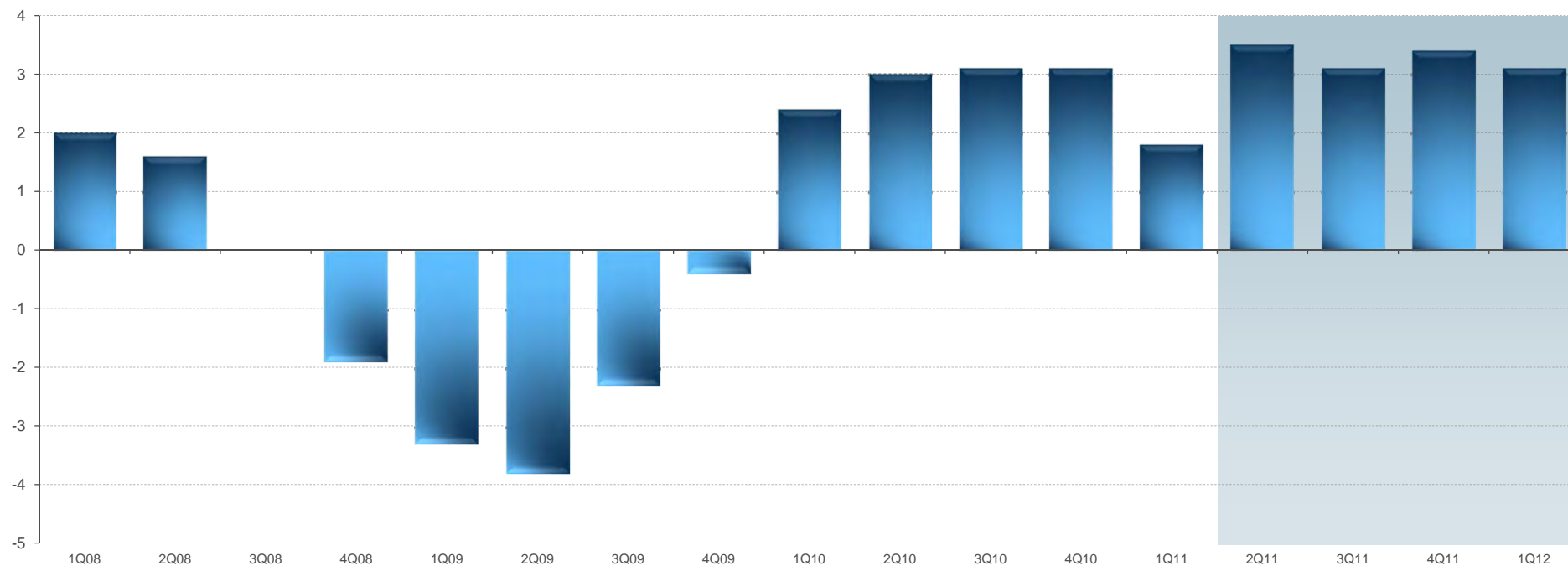
Economic Indicators



National

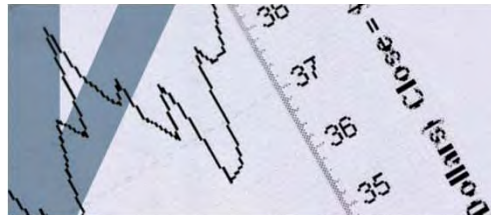
Real Gross Domestic Product

Percentage Change Year Over Year



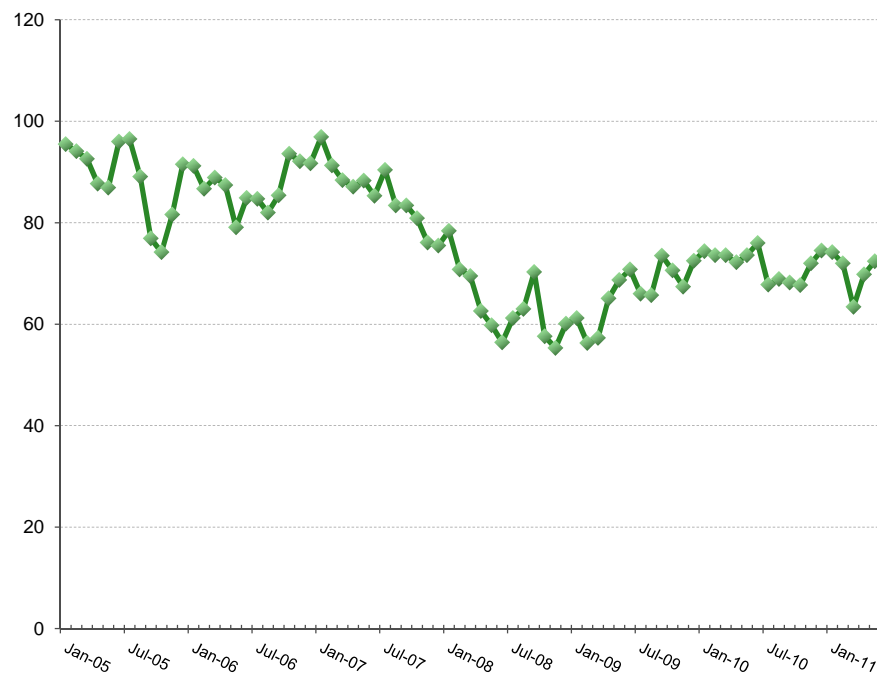
Source: Federal Reserve Bank of Philadelphia

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

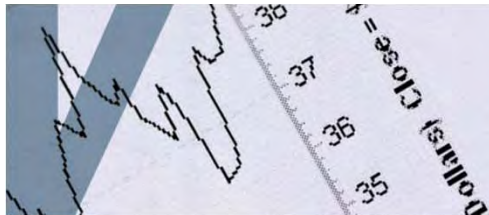


Source: University of Michigan: Consumer Sentiment (UMCENT) (Index 1st Quarter 1966=100)

Retail Sales (Excluding Food Services)



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

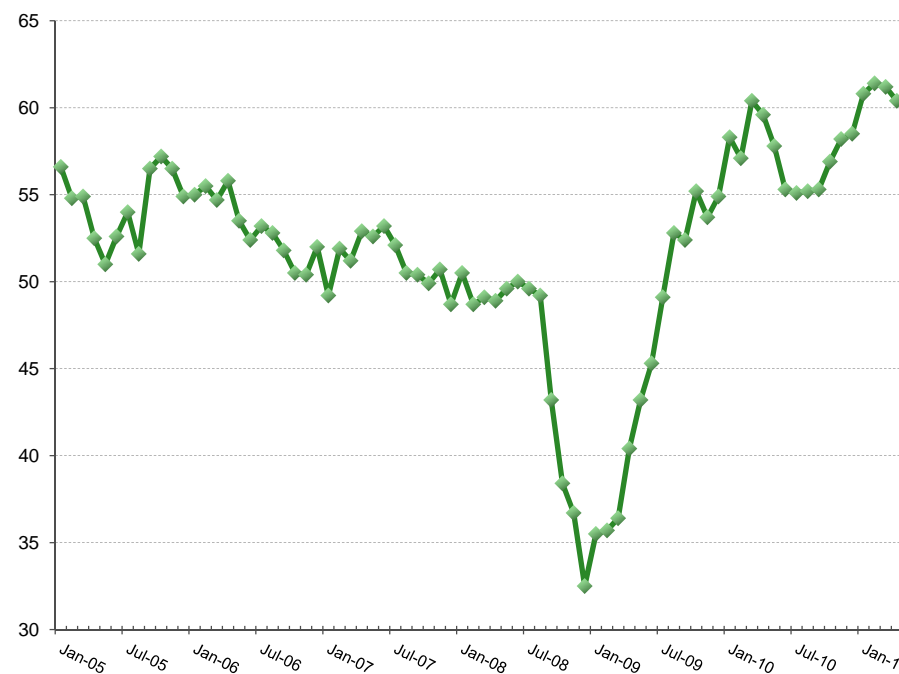


National

NMI Composite Index (Non-Manufacturing Index)

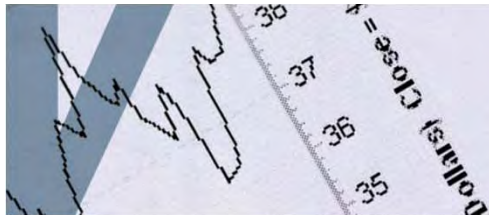


PMI Composite Index (Manufacturing Index)



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.

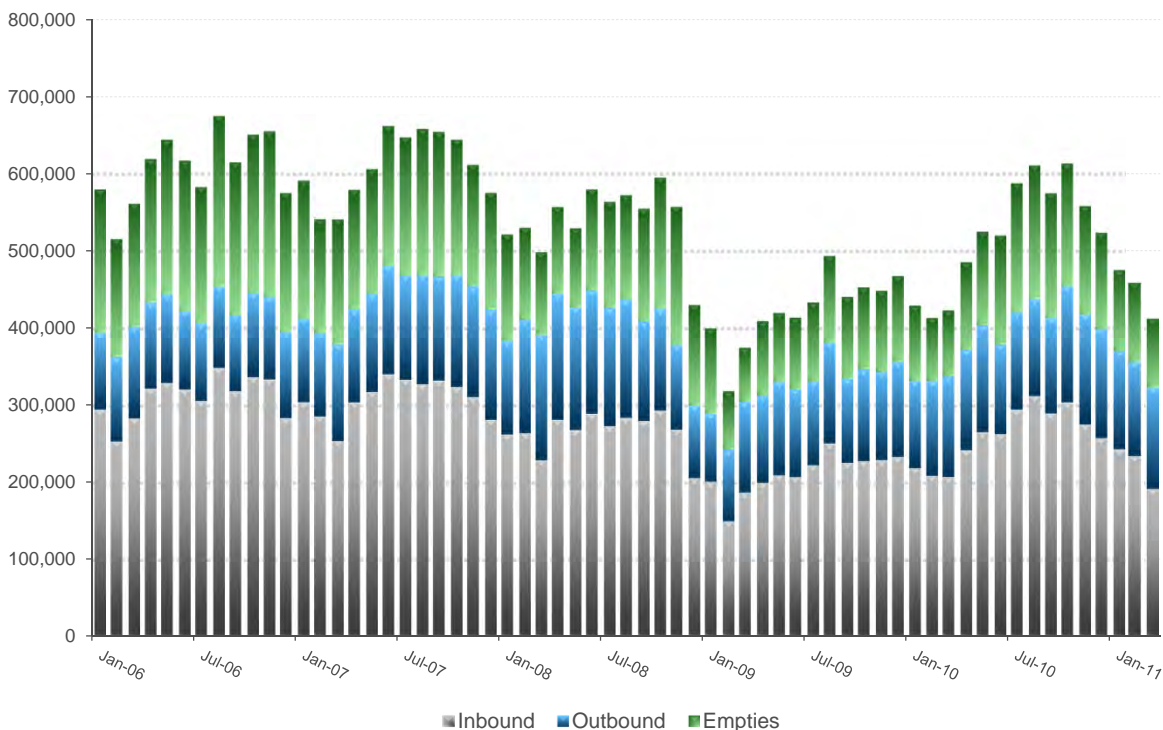


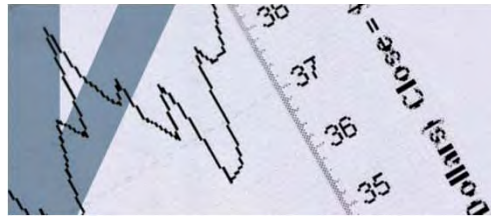
California



Port Traffic – Port of Long Beach

Number of Containers



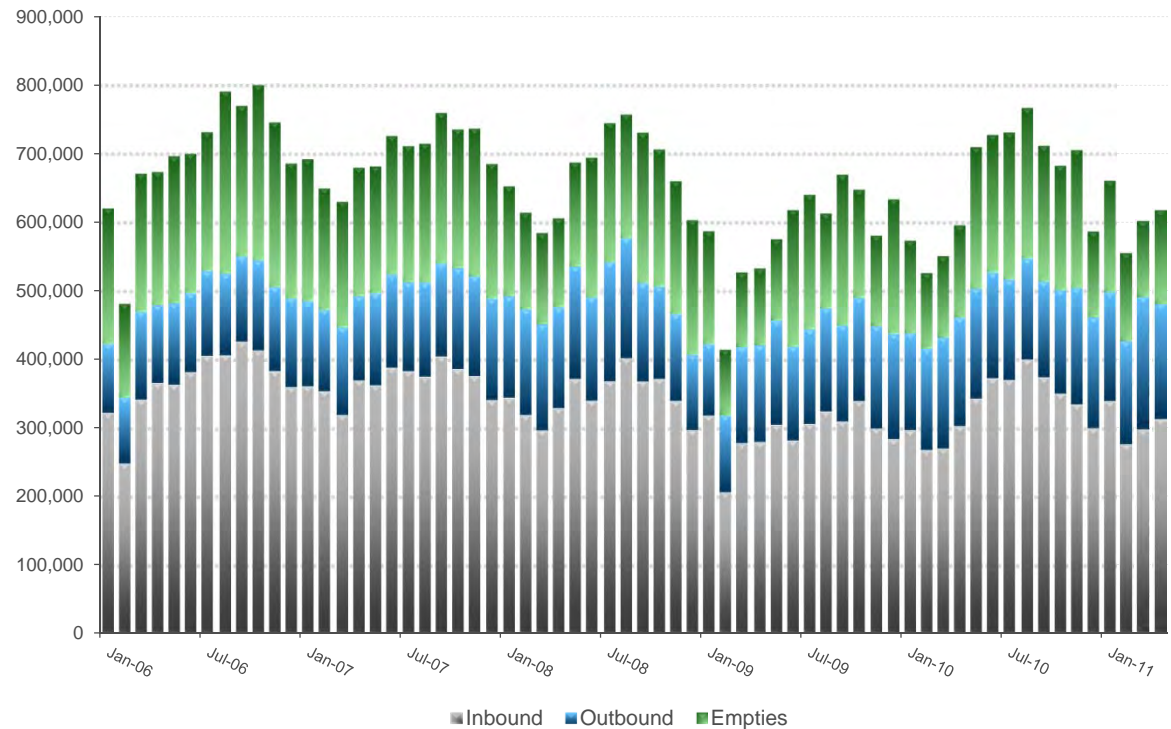


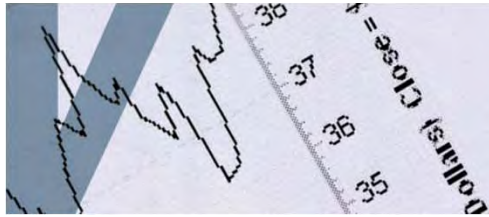
California



Port Traffic – Port of Los Angeles

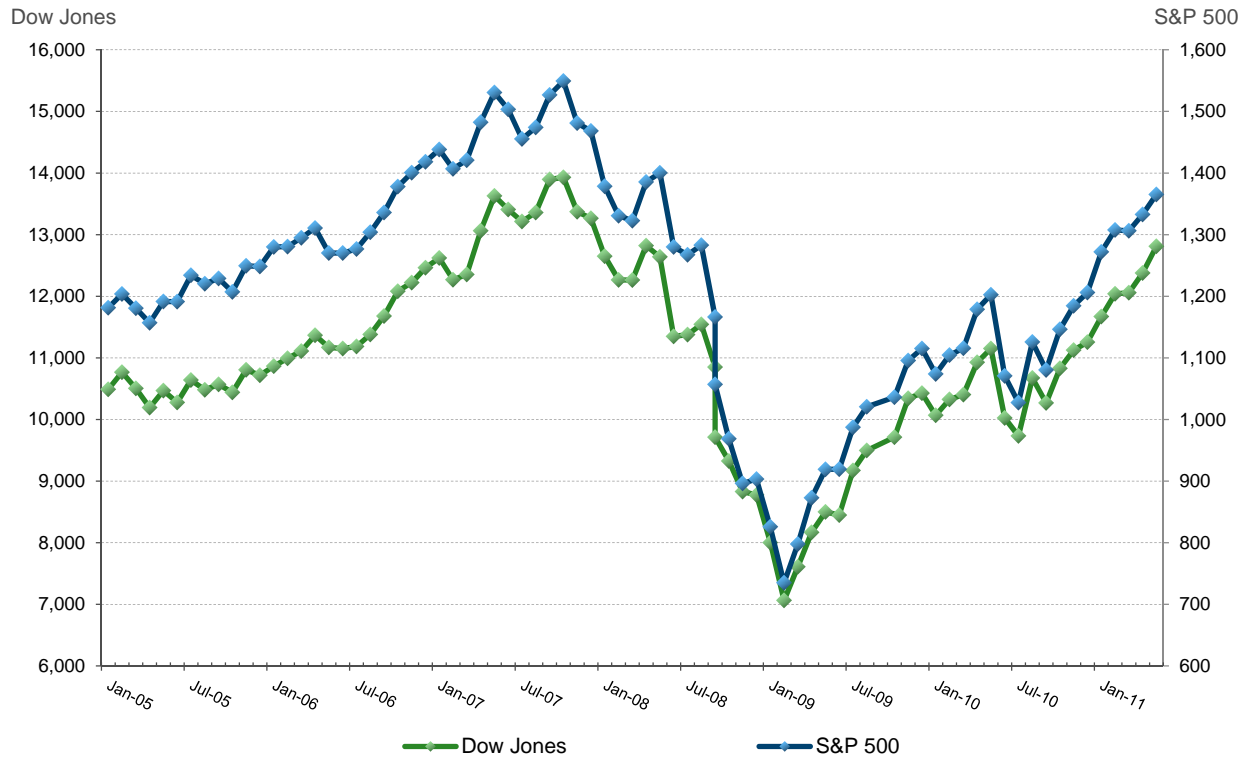
Number of Containers

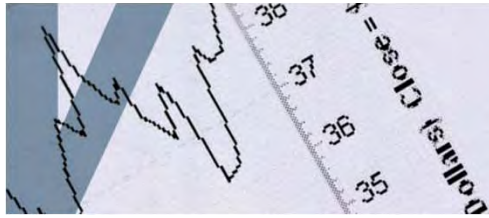




National

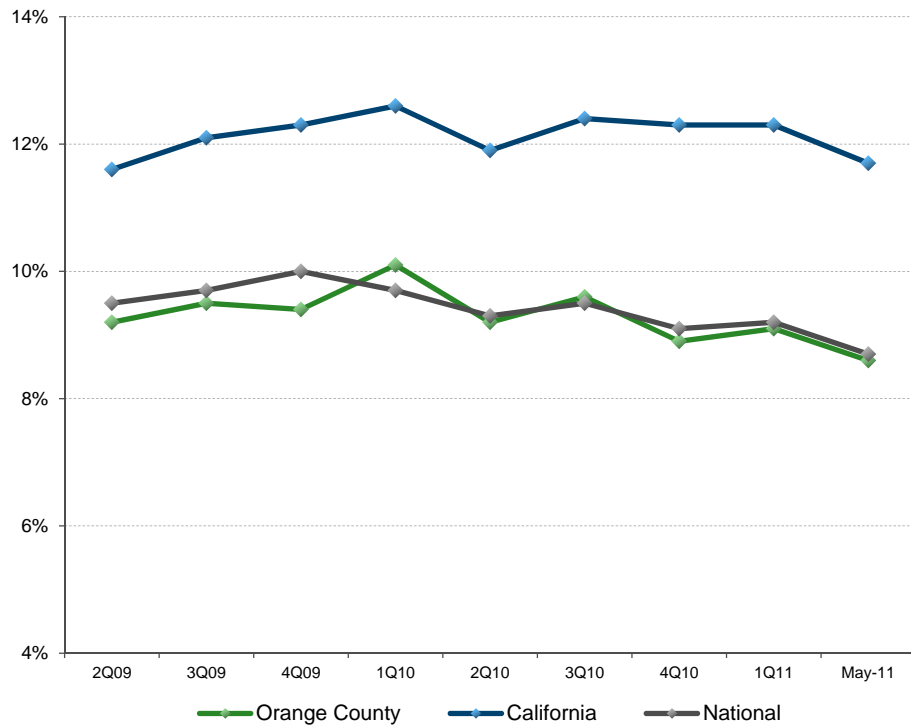
Stock Market – Dow Jones vs. S&P 500





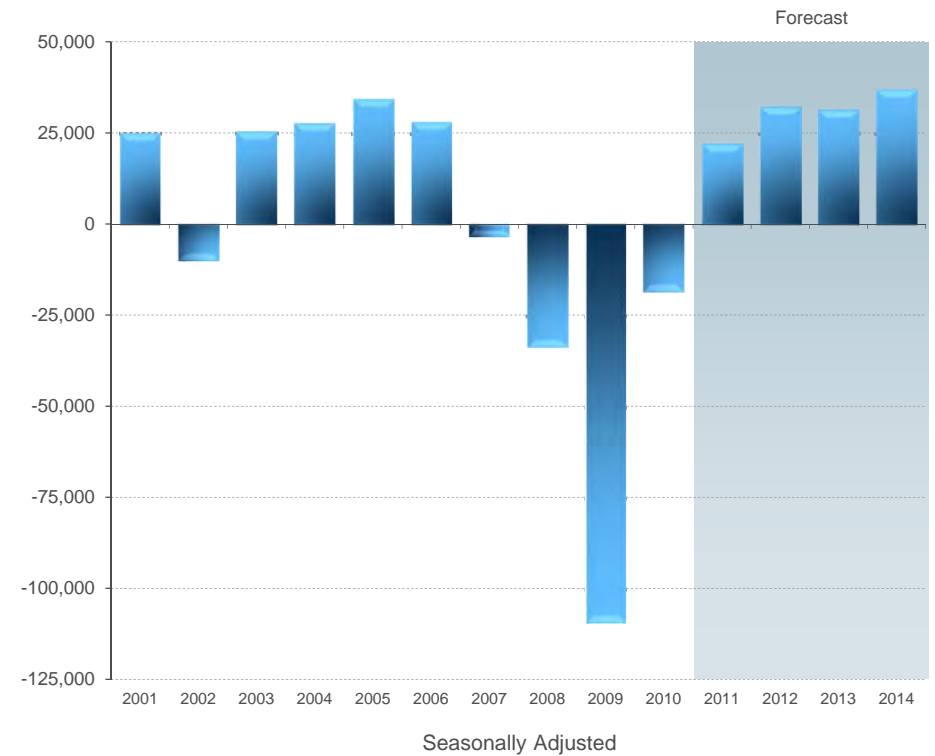
Employment

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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REAL ESTATE SERVICES

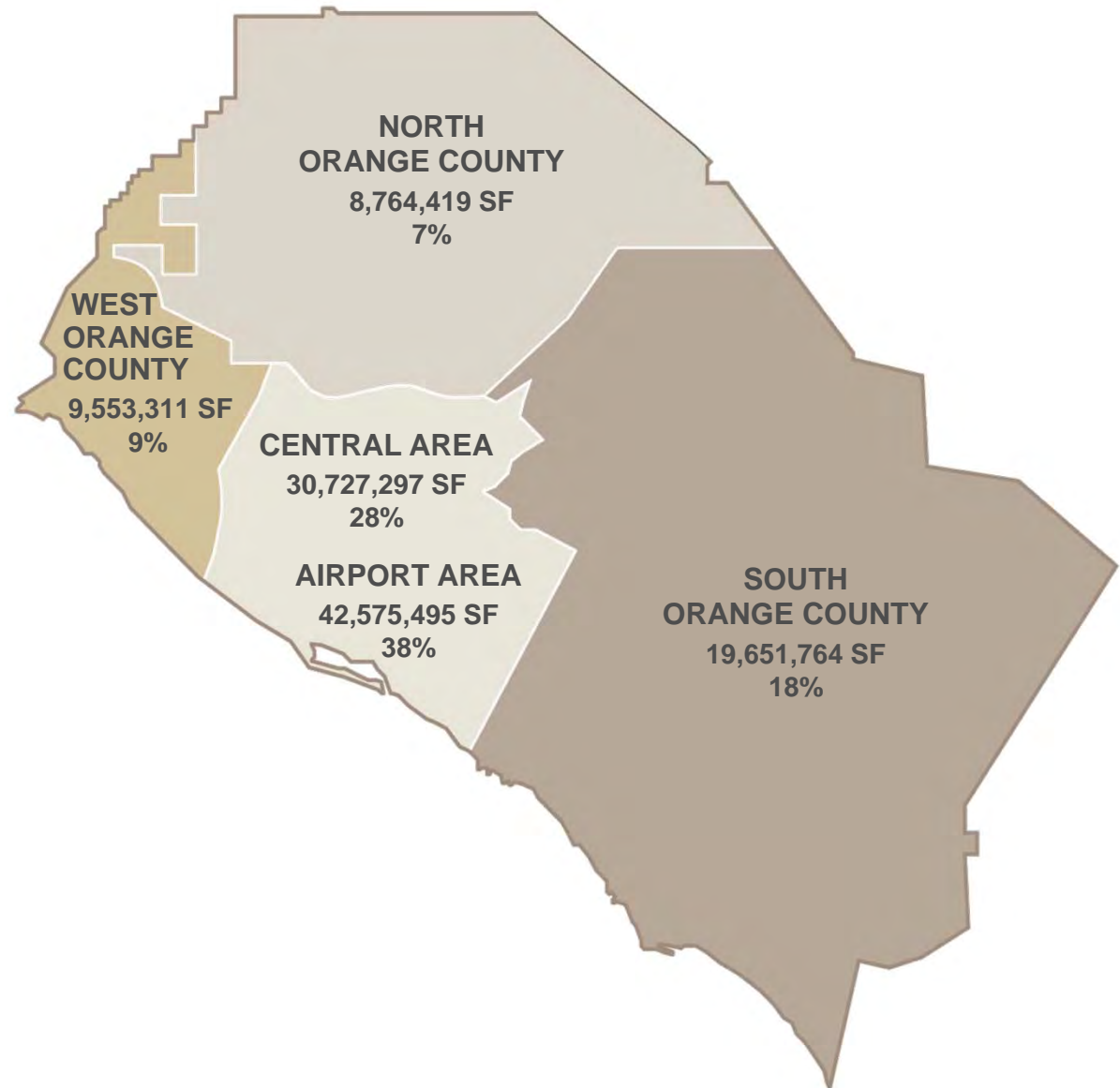


Orange County Office Market

Mid-2nd Quarter 2011 Report



Submarket Inventory

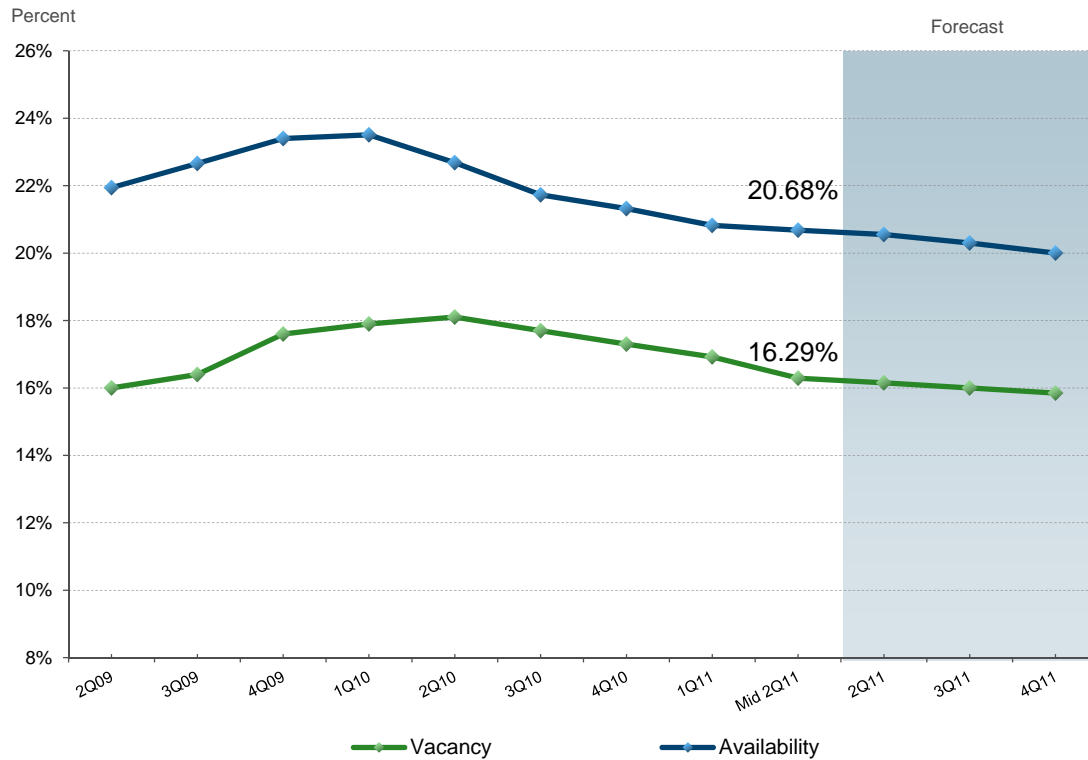


- 948 Square Miles
- 40 Miles of Coastline
- Population of 3.1 Million
- Total Inventory of 111,272,286 SF



Market Overview

Vacancy vs. Availability



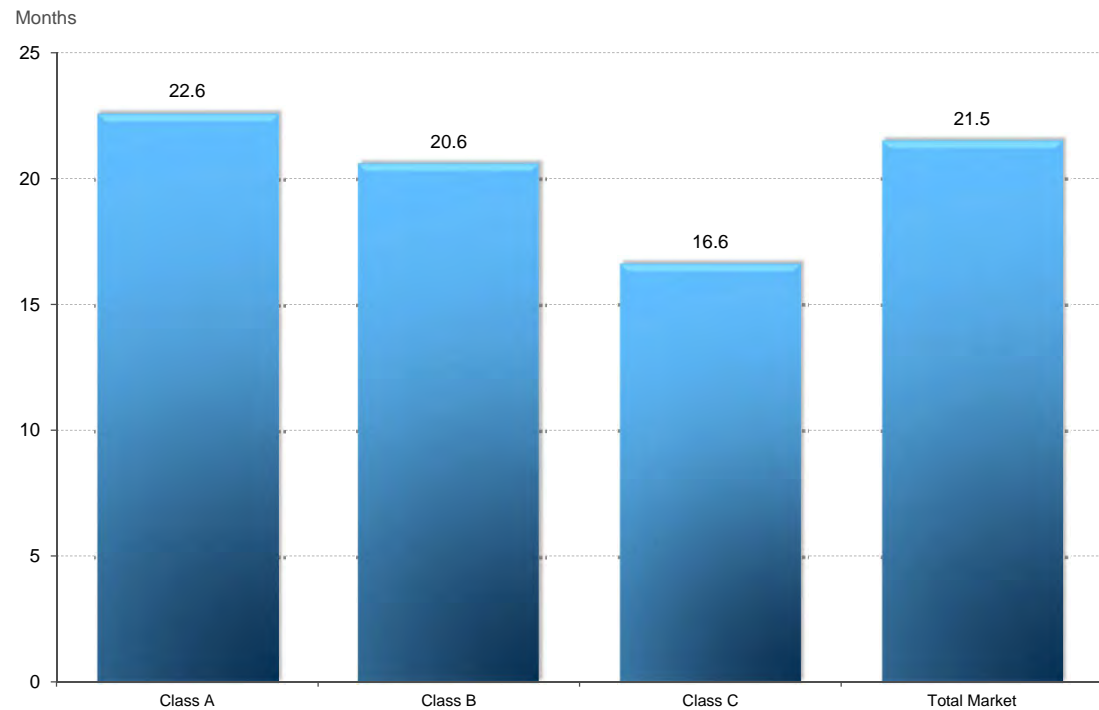
* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Market Overview



Average Time on the Market for Lease in Months

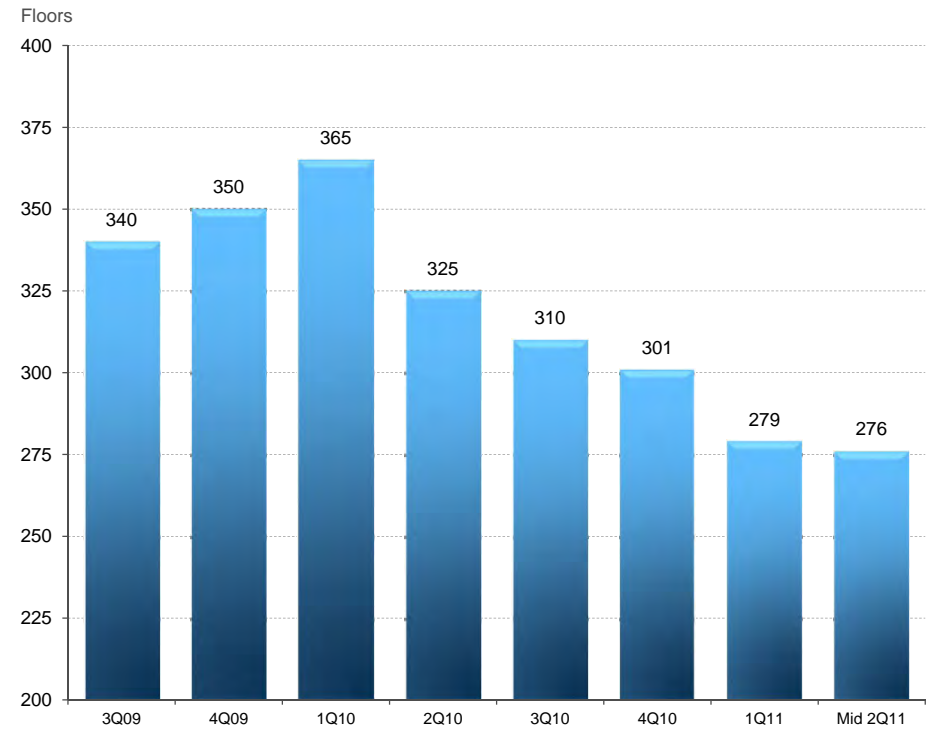
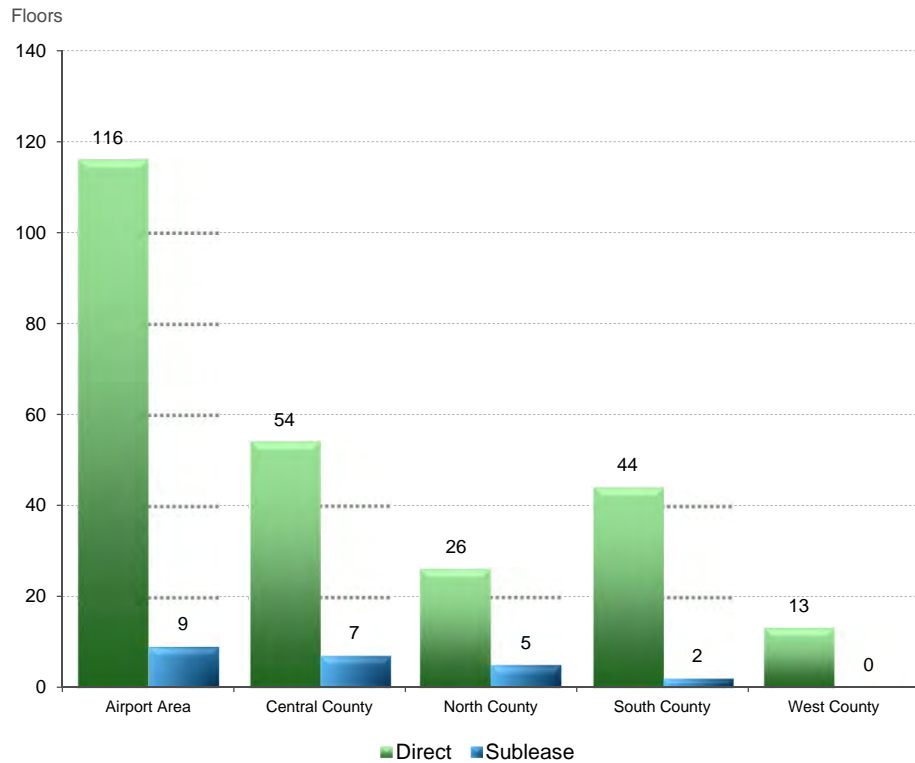


* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Market Overview

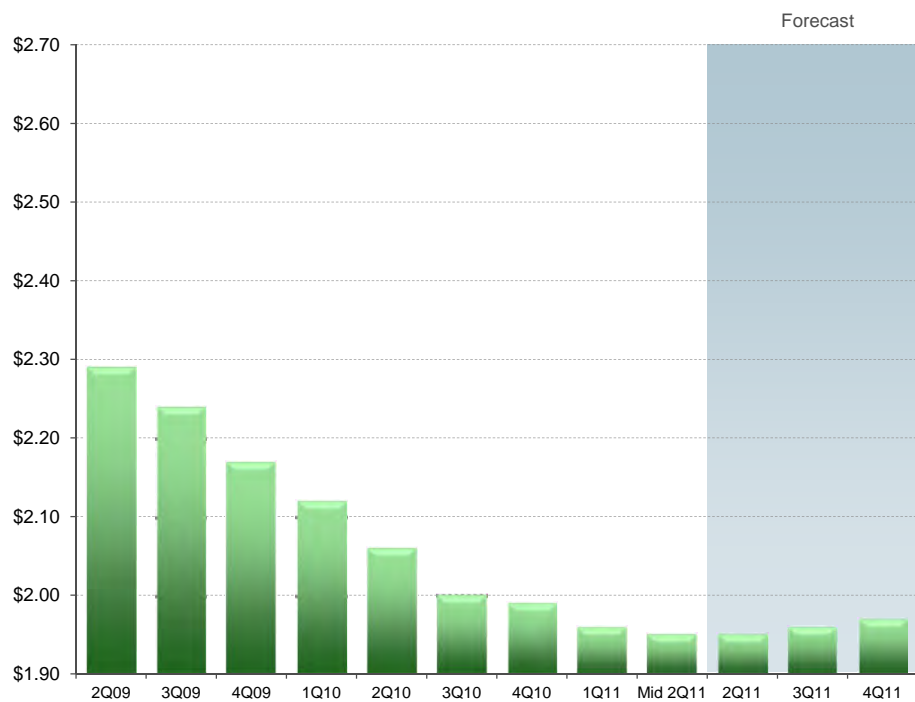
Number of Full Floors Available



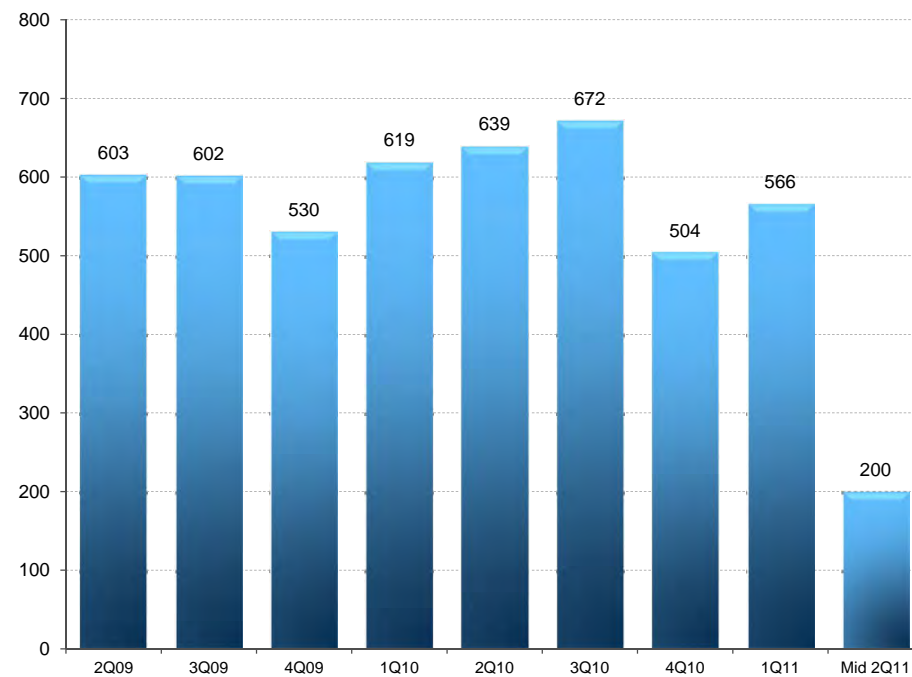


Leasing Market

Average Asking Full-Service Gross Lease Rate



Number of Transactions

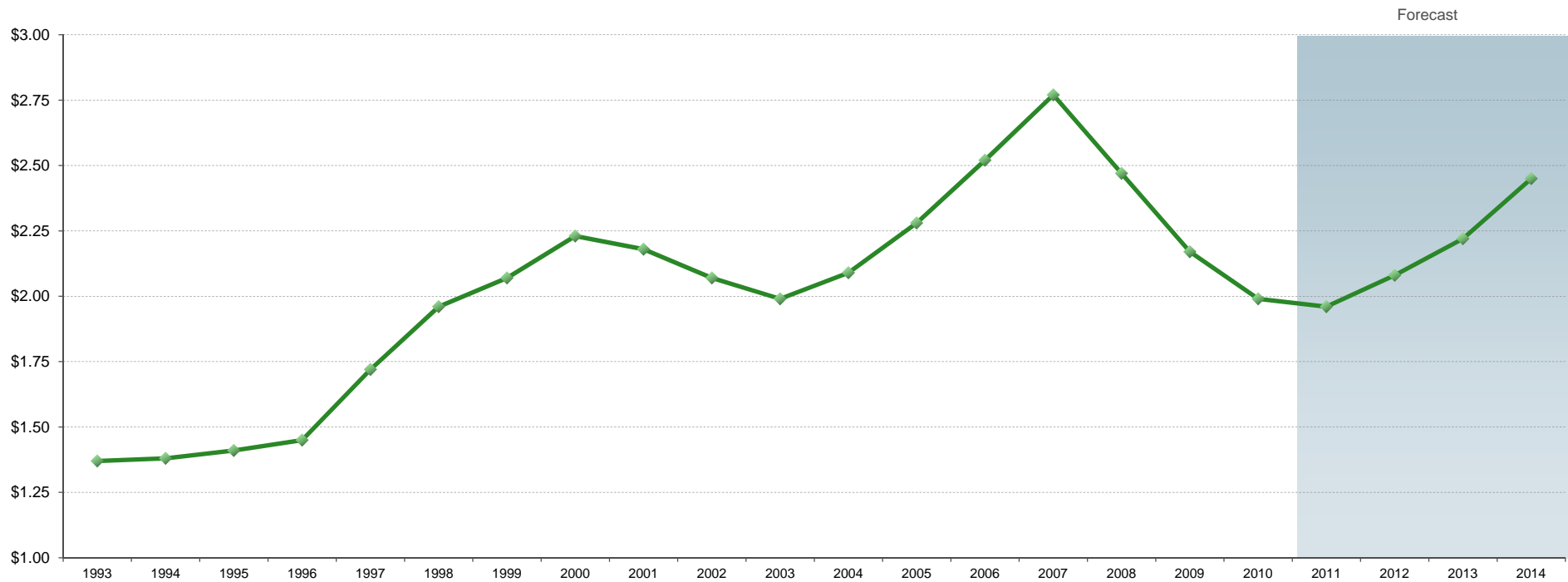


* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Leasing Market

Forecasted Asking Full-Service Gross Lease Rate

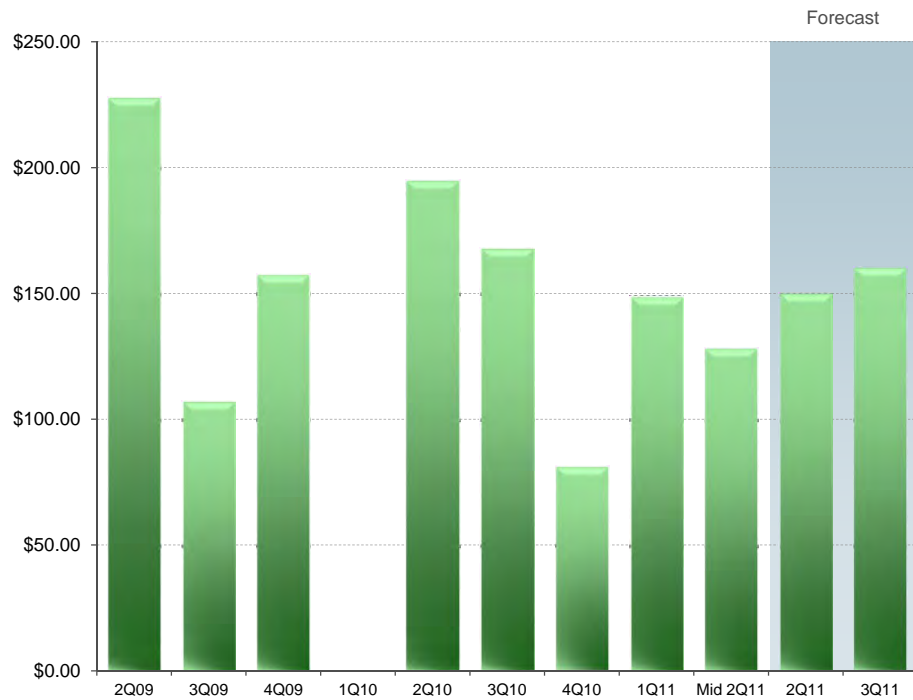


* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.

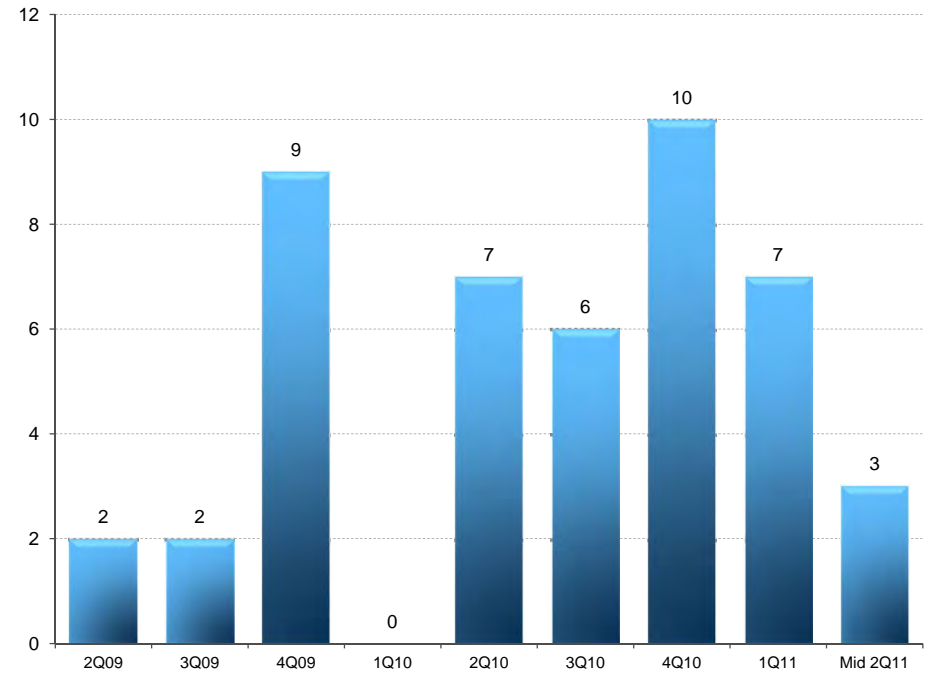


Sales Market

Median Sales Price per Square Foot



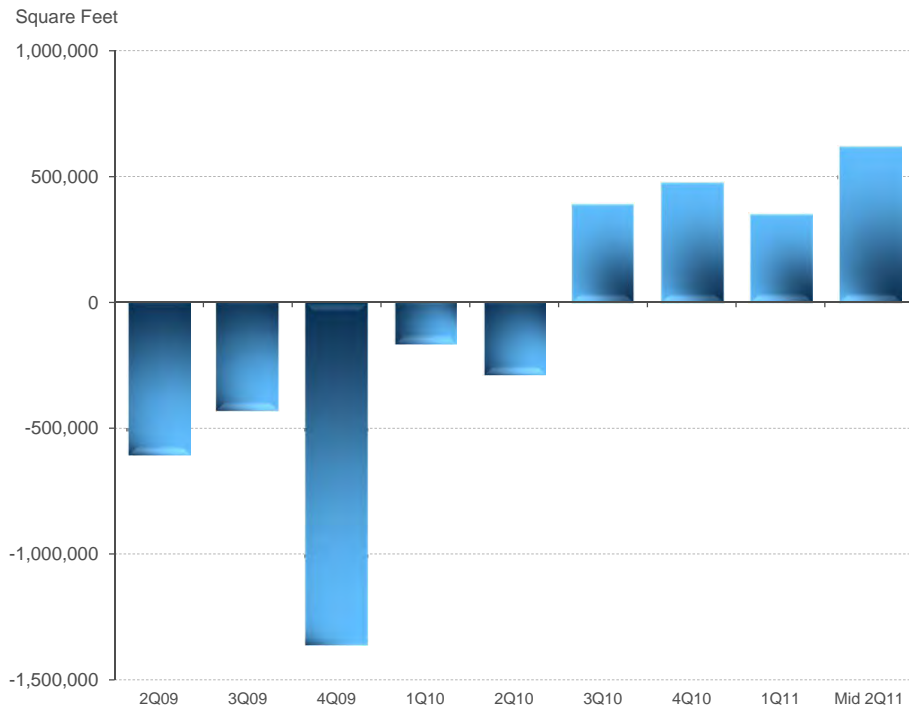
Number of Transactions



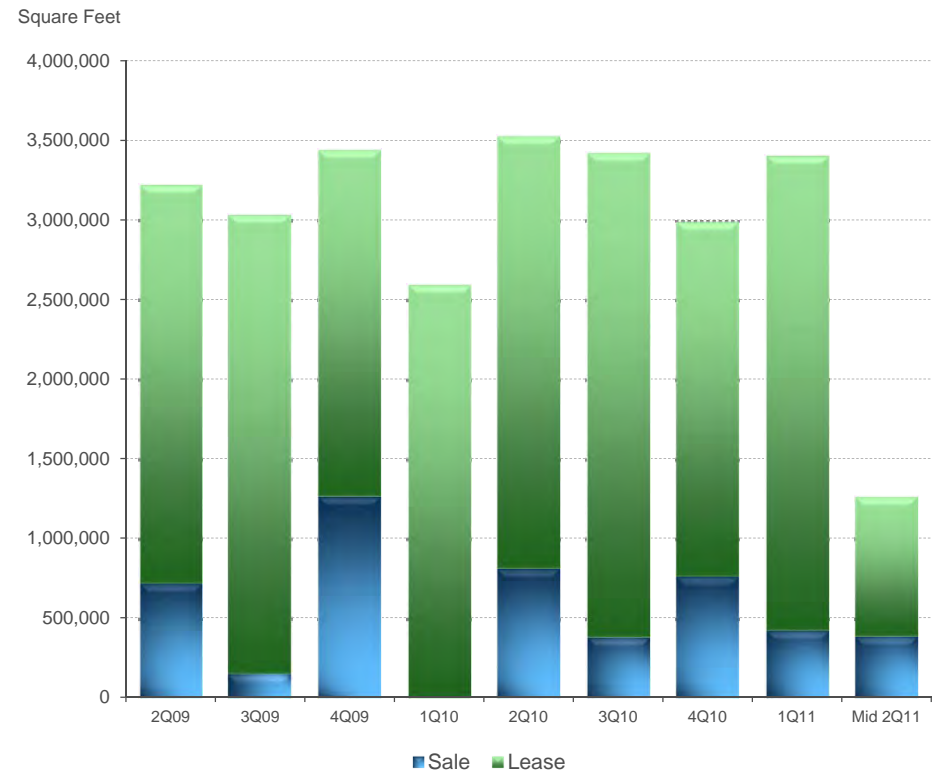
* This survey consists of properties 25,000 square feet and larger, representing both single and multi-tenant buildings.



Net Absorption



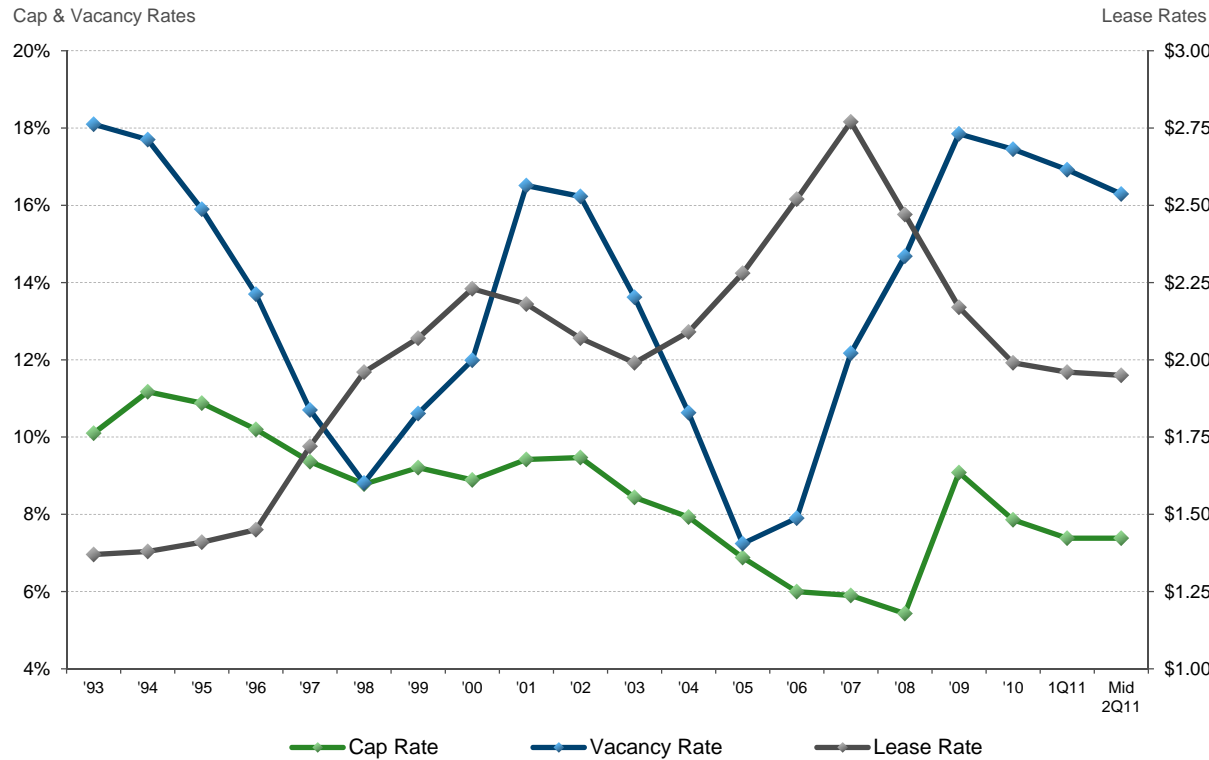
Transaction Activity



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



Lease, Capitalization & Vacancy Rates

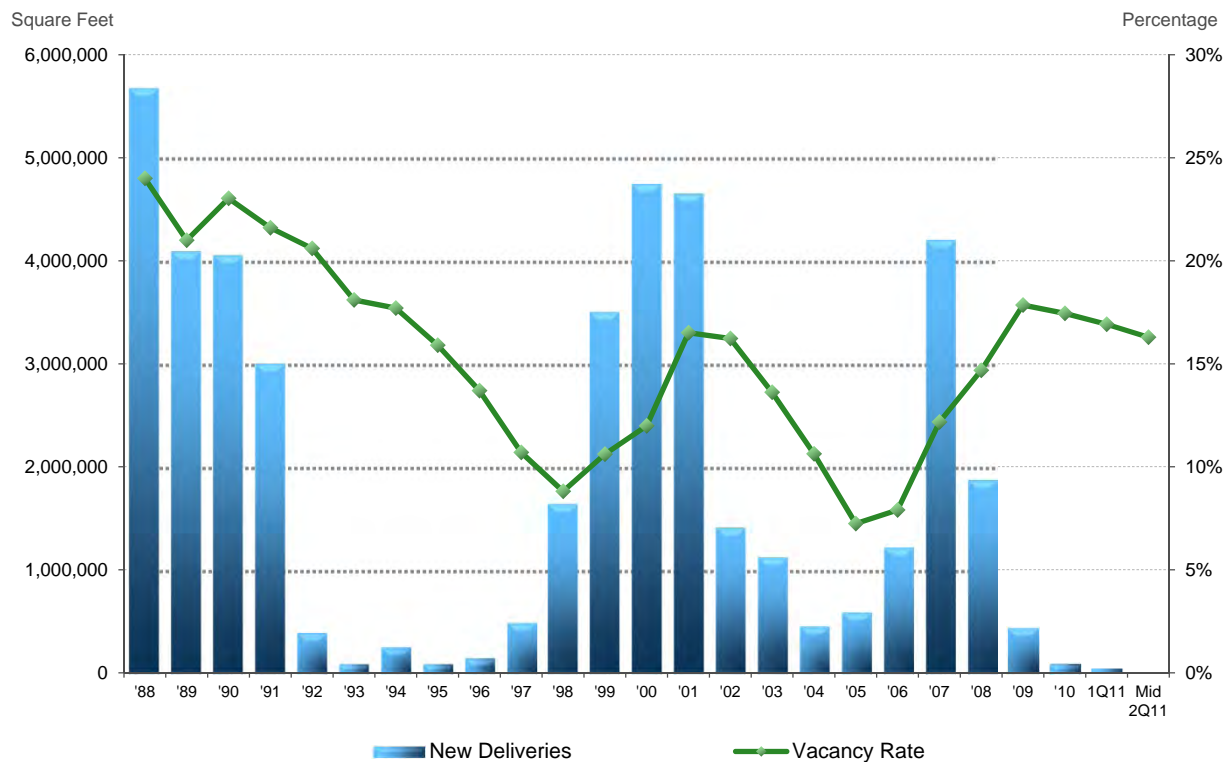


Note: Investments \$2 million and larger

* 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





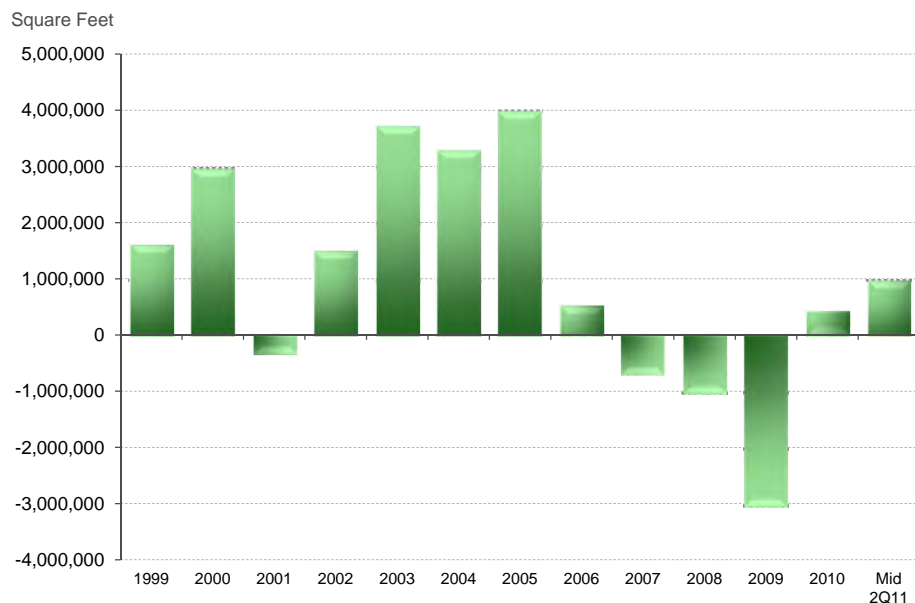
Mid-2nd Quarter 2011 Report

ORANGE COUNTY OFFICE MARKET

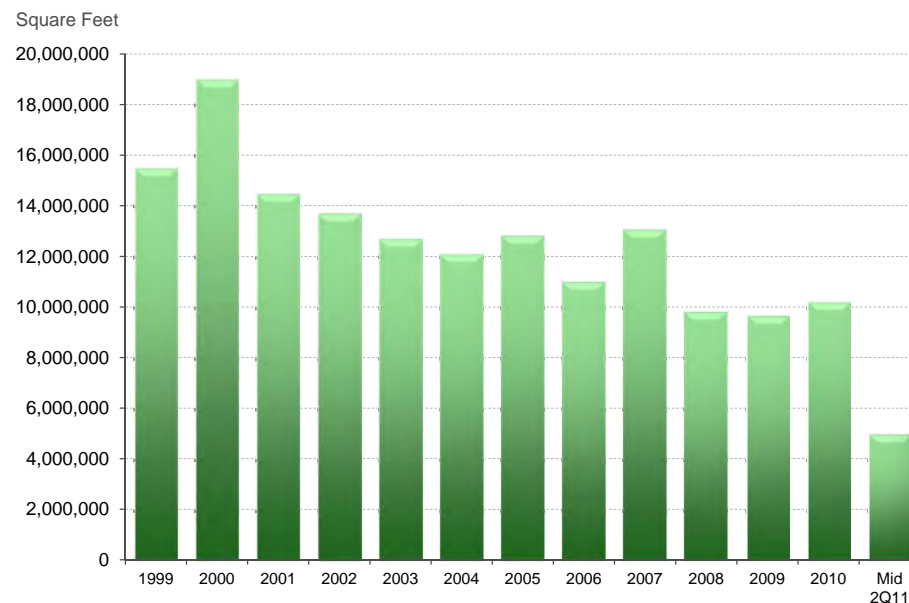
Market Statistics

	Mid 2 Q 2011	1Q 2011	2Q 2010	% of Change vs. 2Q 2010
Vacancy	16.29%	16.92%	17.90%	-8.99%
Availability	20.68%	20.82%	22.51%	-8.13%
Pricing	\$1.95	\$1.96	\$2.06	-5.34%
Sale & Lease Transactions	1,258,539	3,400,397	3,528,753	-64.33%
Gross Absorption	2,272,393	2,683,580	2,276,803	14.61%
Net Absorption	611,680	351,760	-285,828	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

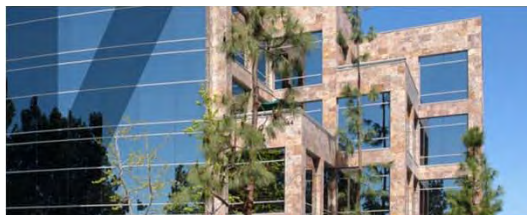
Sales Activity Since April 1st 2011

Property Address	Submarket	Class	Square Feet	Sale Price PSF	Buyer	Seller
3370 E. Miraloma Ave.	North	B	392,298	\$50.98	3370 Miraloma Avenue, LLC	La Palma/Miller Owner, LLC
4 Hutton Centre Dr.	Airport	A	210,041	\$176.16	Lakeside Partners, LLC	Legacy Partners II Santa Ana
1063 McGaw Ave.	Airport	B	56,741	\$128.21	1063 McGaw, LLC	LW McGaw, LP

Lease Activity Since April 1st 2011

Property Address	Submarket	Class	Square Feet	Transaction Date	Tenant	Owner
1800 E Imperial Hwy.	North	A	77,828	Apr-11	VPI Pet Insurance	Cigna Investments, LLC
210 Commerce	Airport	B	44,705	Apr-11	Hyundai Capital	The Irvine Company
3121 Michelson Dr. - Expansion	Airport	A	26,756	Apr-11	US Bank	LBA Realty
120 Vantis	South	A	24,546	May-11	Sunstone Hotel Group	Shea Properties
2121 Alton Pkwy. - Expansion	Airport	B	22,393	Apr-11	The Ayn Rand Institute	Arden Realty LP
65 Enterprise	South	A	18,295	May-11	Gaikai	RREEF

* 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 below 16%.
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.

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Orange County Industrial Market

Mid-2nd Quarter 2011 Report



Submarket Inventory

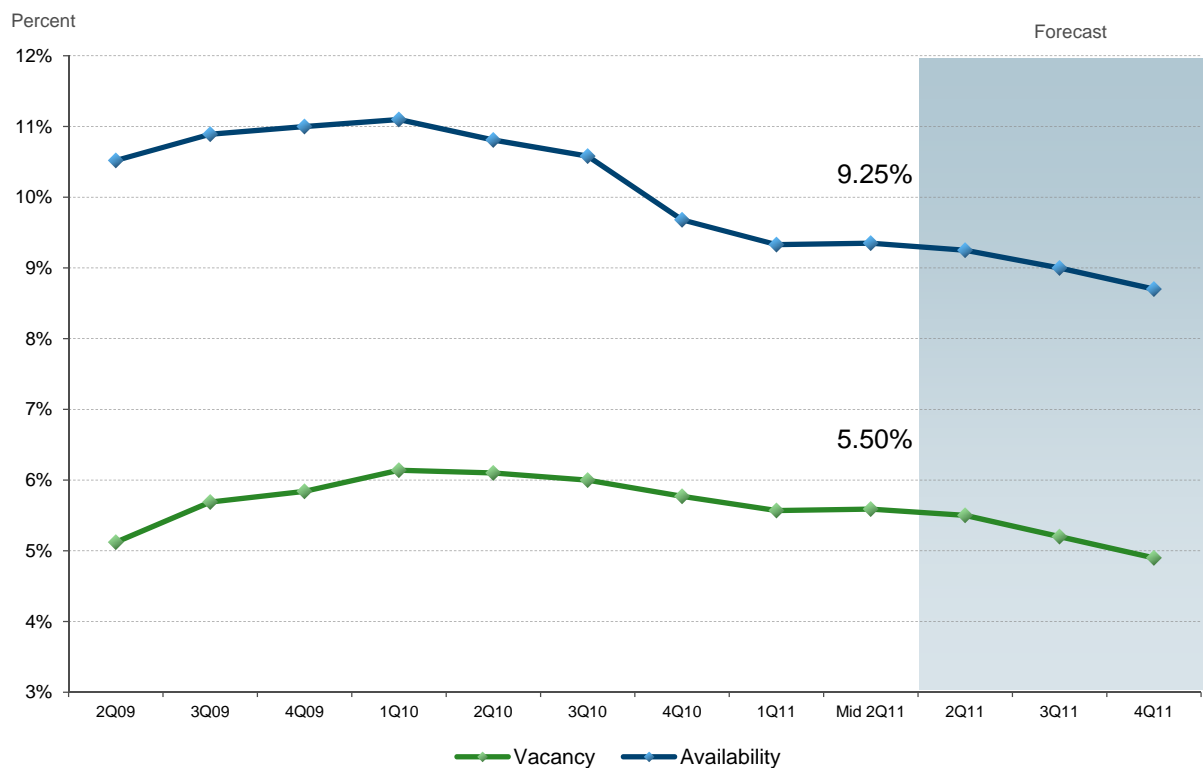


- 948 Square Miles
- 40 Miles of Coastline
- Population of 3.1 Million
- Total Inventory of 250,637,262 SF



Market Overview

Vacancy vs. Availability

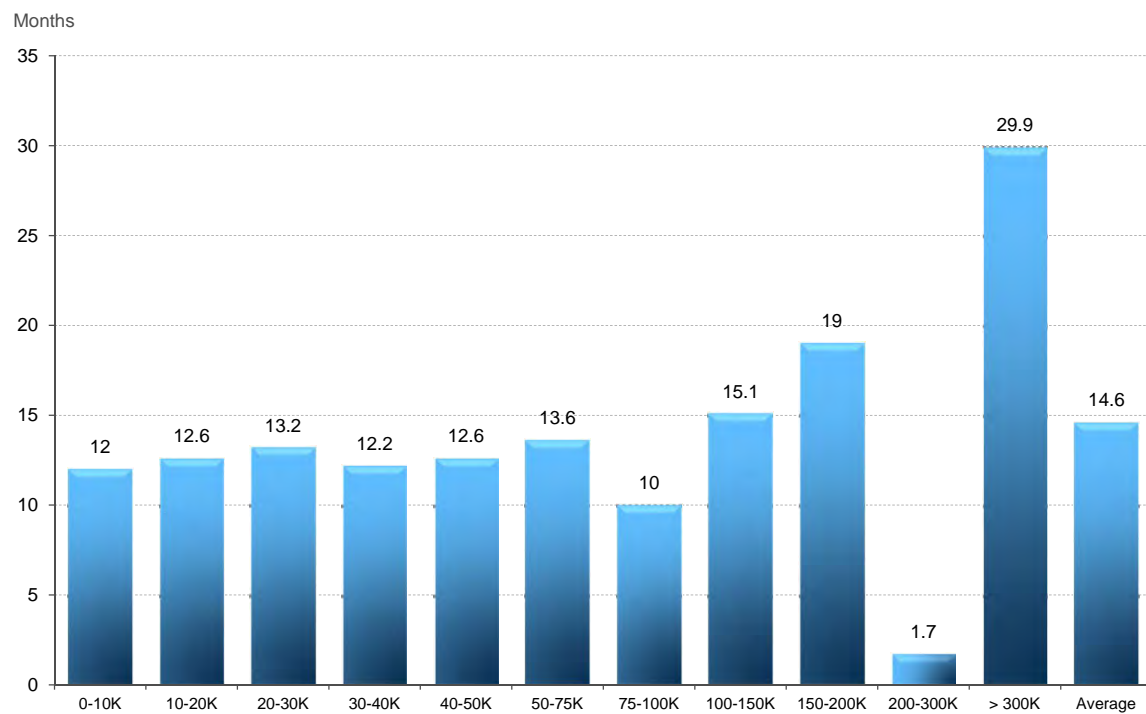




Market Overview



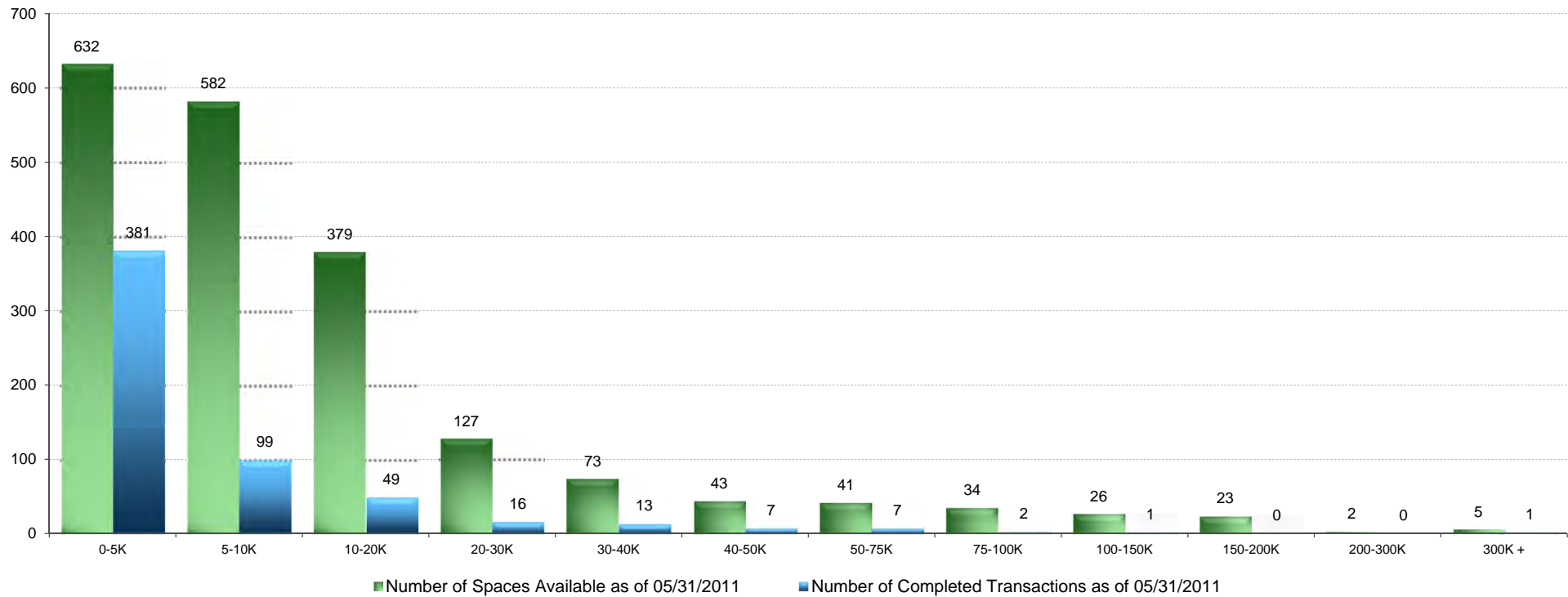
Average Time on the Market to Lease in Months





Market Overview

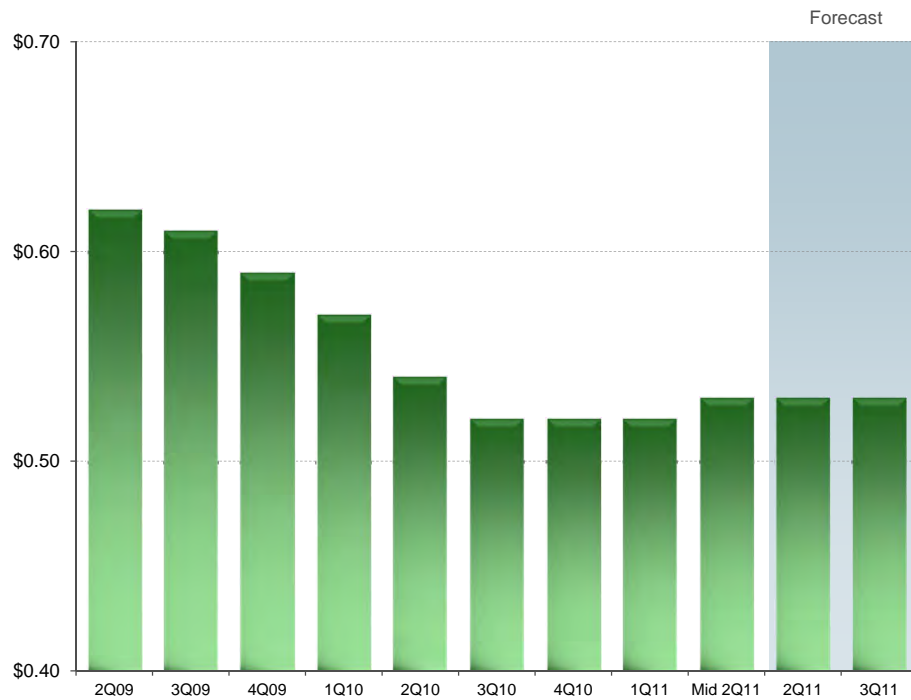
Number of Spaces Available vs. Number of Transactions by Size



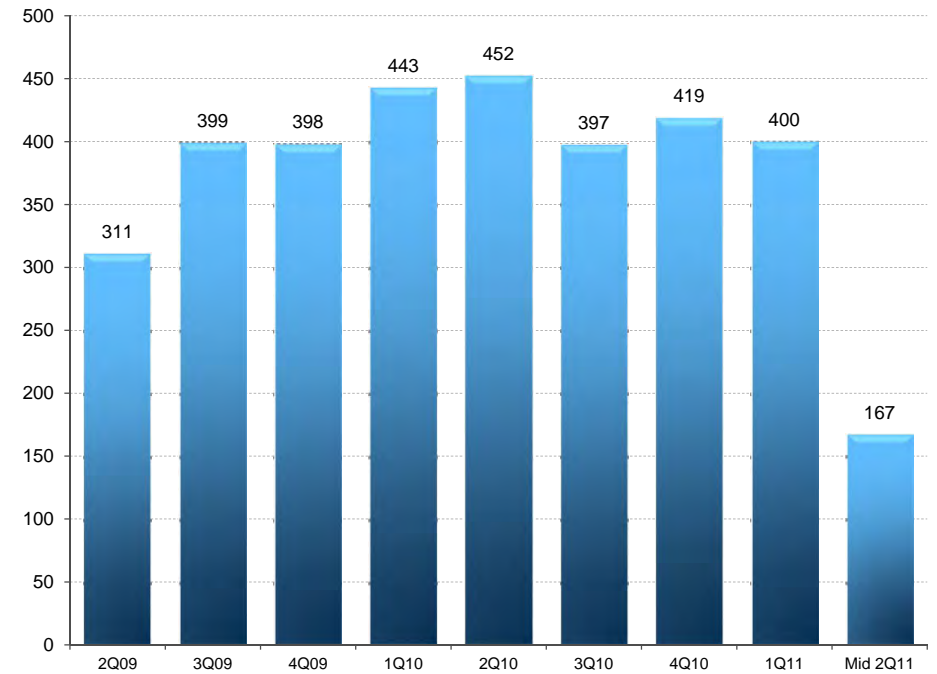


Leasing Market

Average Asking Triple-Net Lease Rate



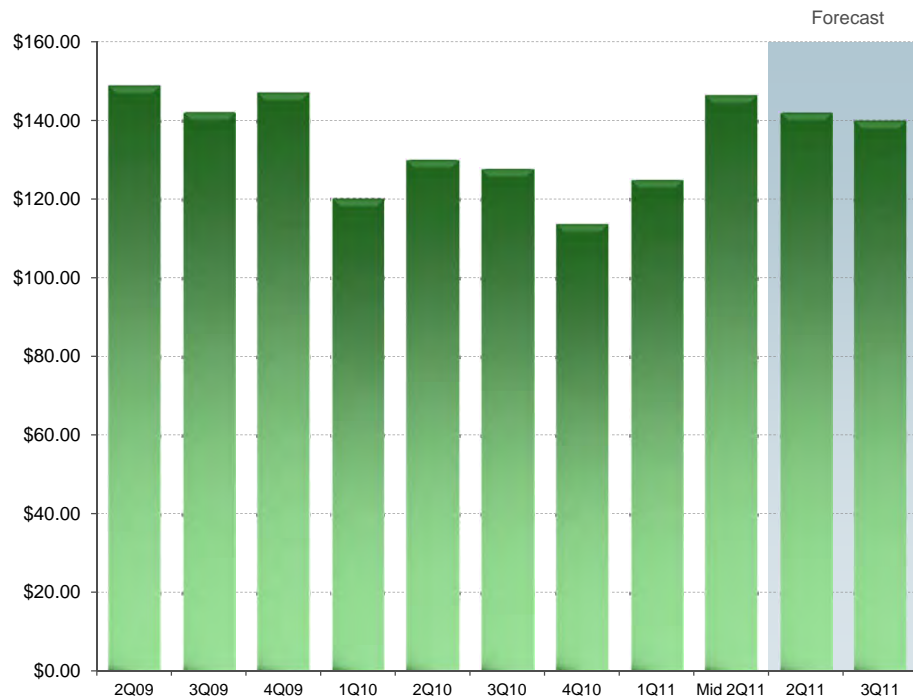
Number of Lease Transactions



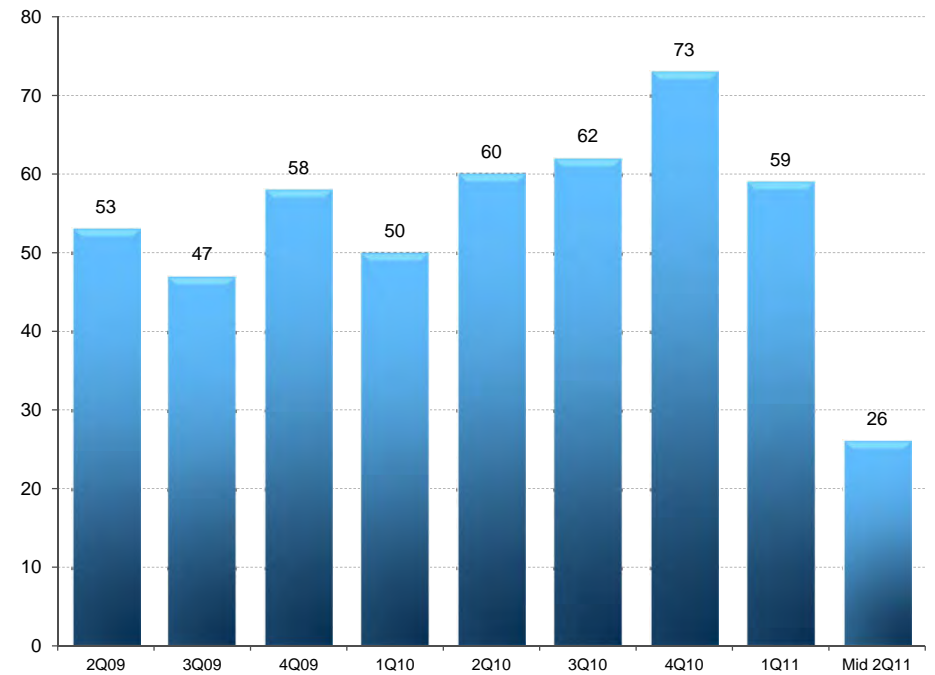


Sales Market

Median Sales Price per Square Foot

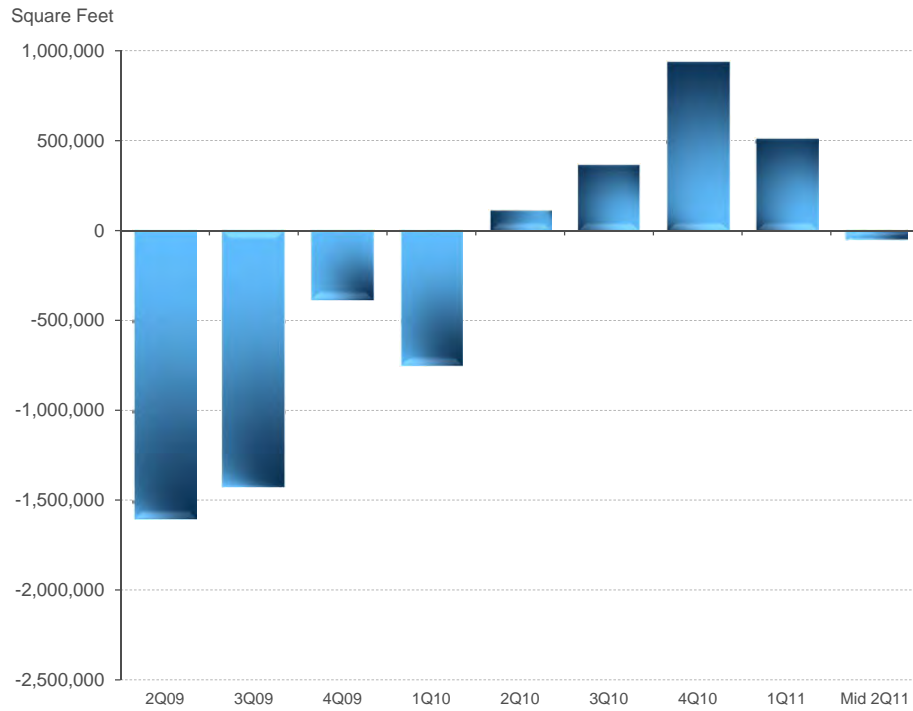


Number of Sale Transactions

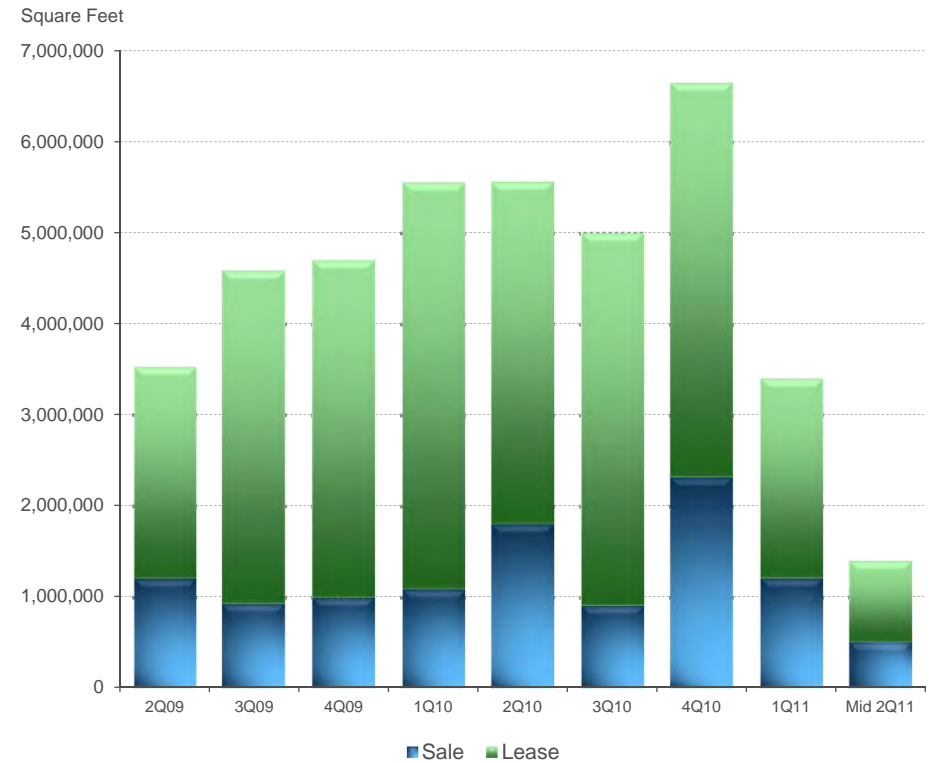




Net Absorption

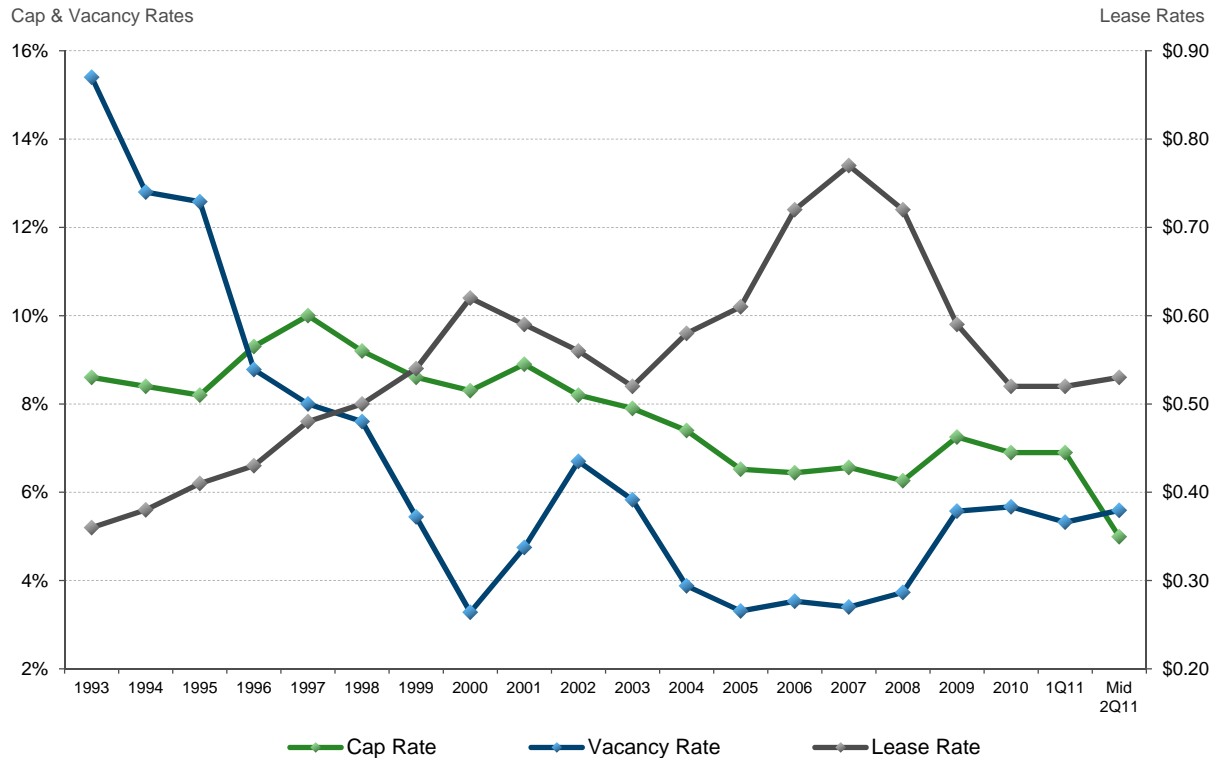


Transaction Activity





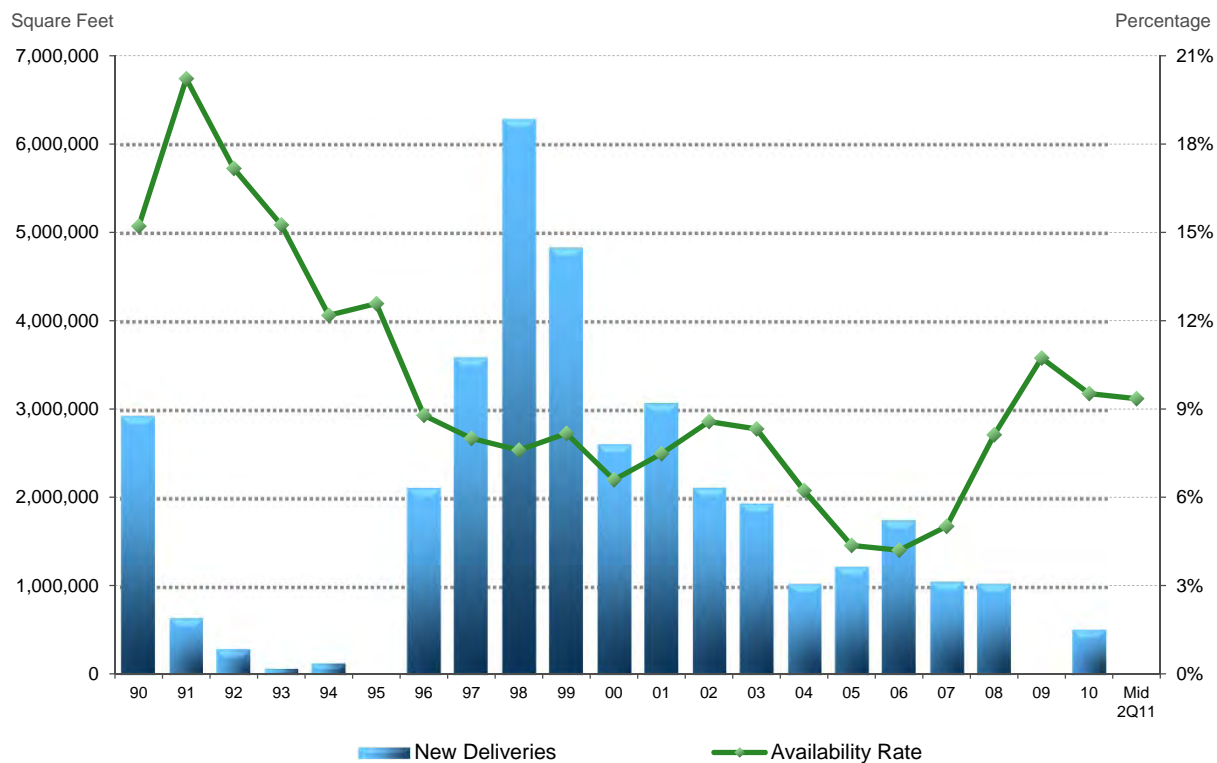
Lease, Capitalization & Vacancy Rates



Note: Investments \$2 million and larger



Annual New Industrial Deliveries vs. Availability Rate

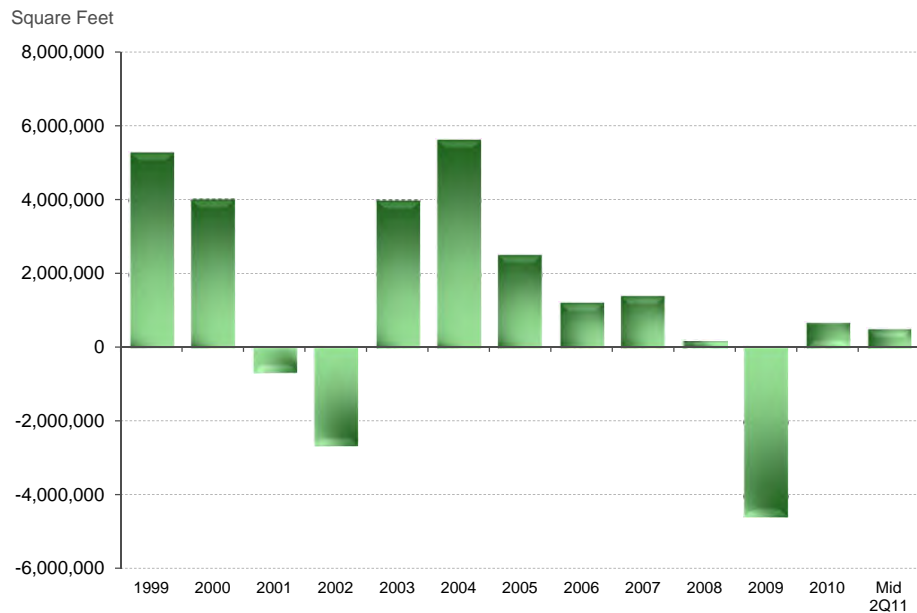




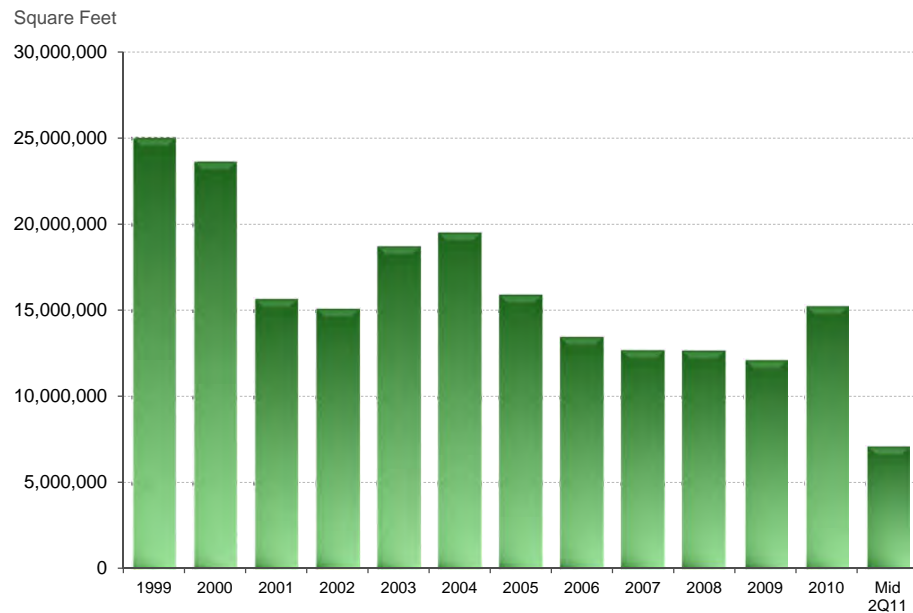
Market Statistics

	Mid 2Q 2011	1Q 2011	2Q 2010	% of Change vs. 2Q 2010
Vacancy	5.59%	5.57%	6.10%	-8.36%
Availability	9.35%	9.33%	10.81%	-13.51%
Average Asking Lease Rate	\$0.53	\$0.52	\$0.54	-1.85%
Sale & Lease Transactions	1,388,277	3,657,431	5,566,893	-75.06%
Gross Absorption	3,391,280	3,589,669	3,260,255	4.02%
Net Absorption	(48,886)	512,458	111,209	N/A

Annual Net Absorption



Annual Gross Absorption





Major Transactions

Sales Activity Since April 1st 2011

Property Address	City	Square Feet	Sale Price	Buyer	Seller
1039-1045 E. 4th St.	Santa Ana	46,417	\$69.00	Manser Family Trust	Premier Commercial Bank
7390 Lincoln Way	Garden Grove	41,184	\$110.00	Southland Industries	TA Associates
3712 Cerritos Ave.	Los Alamitos	27,511	\$66.34	Orea Enterprises, Inc.	Cowboy & Company
14262 Franklin Ave.	Tustin	24,814	\$153.95	Corporate Office Interiors	H&H Properties
2 Doppler	Irvine Spectrum	18,403	\$183.83	RHEON USA	W.W. Grainger, Inc.
11 Chrysler	Irvine Spectrum	16,335	\$147.78	BCM	First American Trust

Lease Activity Since April 1st 2011

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
701 Burning Tree Rd.	Fullerton	112,944	Apr-11	eCosway	RREEF America, LLC
1800 E. Dyer Rd.	Santa Ana	101,760	Apr-11	Contractor's Warehouse	The Irvine Company
1425 S. Acacia St.	Fullerton	66,890	Apr-11	Aerolift	Walton CWCA Acacia 60, LLC
18250 Euclid St.	Fountain Valley	62,838	Apr-11	Hyundai Motor America	Safell MacAdams
15365 Barranca Pkwy. - Renewal	Irvine Spectrum	53,600	May-11	Fisher Paykel Healthcare	Bixby Land Company
1580 Sunflower Ave.	Costa Mesa	51,900	May-11	Alfred's Picture Frames	CJ Segarstrom & Son



Market Forecast through the 4th Quarter of 2011

Vacancy Rates	Vacancy will decrease to around 5%.
Availability Rates	Availability will drop to less than 8.75%.
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.



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Inland Empire Mid-Quarter Update

Nick Frasco

Investment Sales

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The Inland Empire's leading full-service real estate company

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

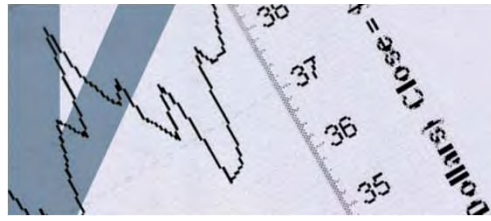
Services

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

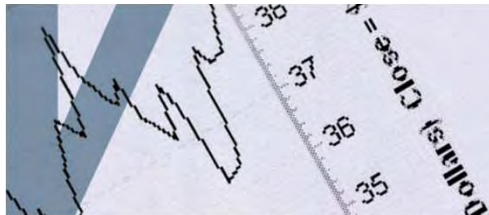


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REAL ESTATE SERVICES



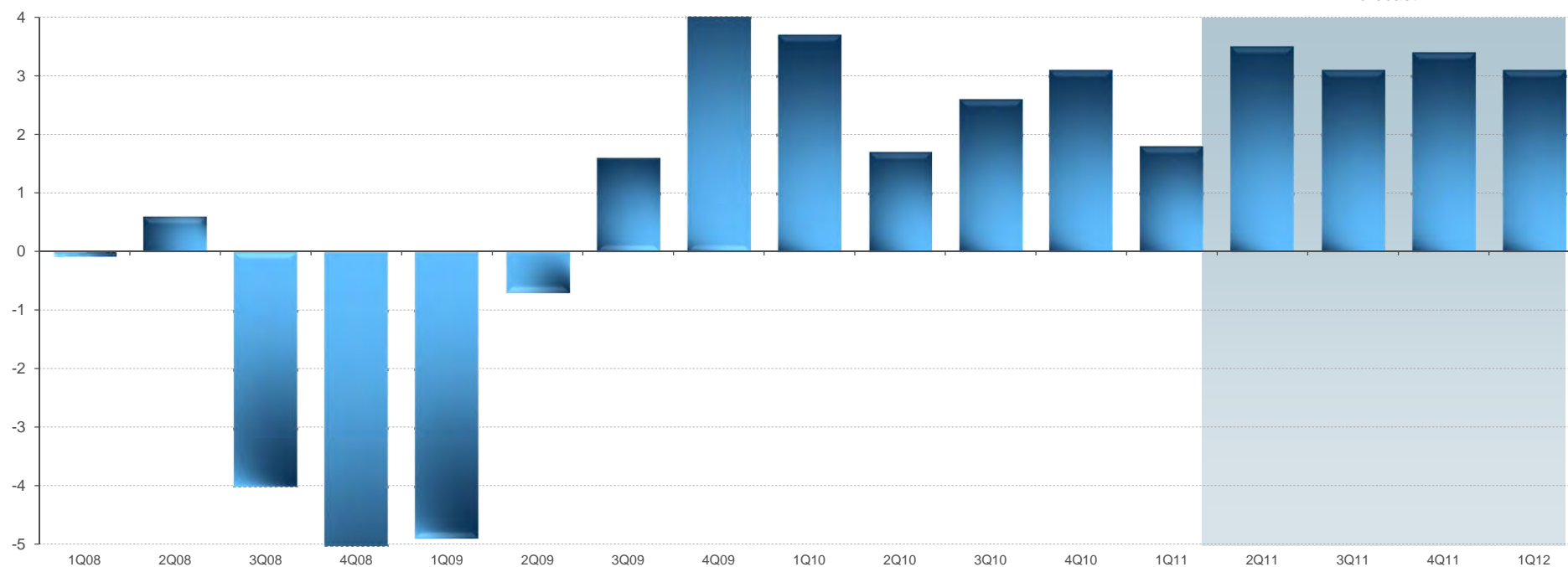
Economic Indicators



National

Real Gross Domestic Product

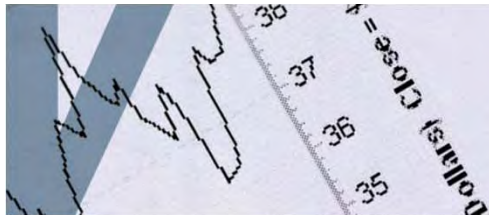
Percentage Change Year Over Year



Forecast

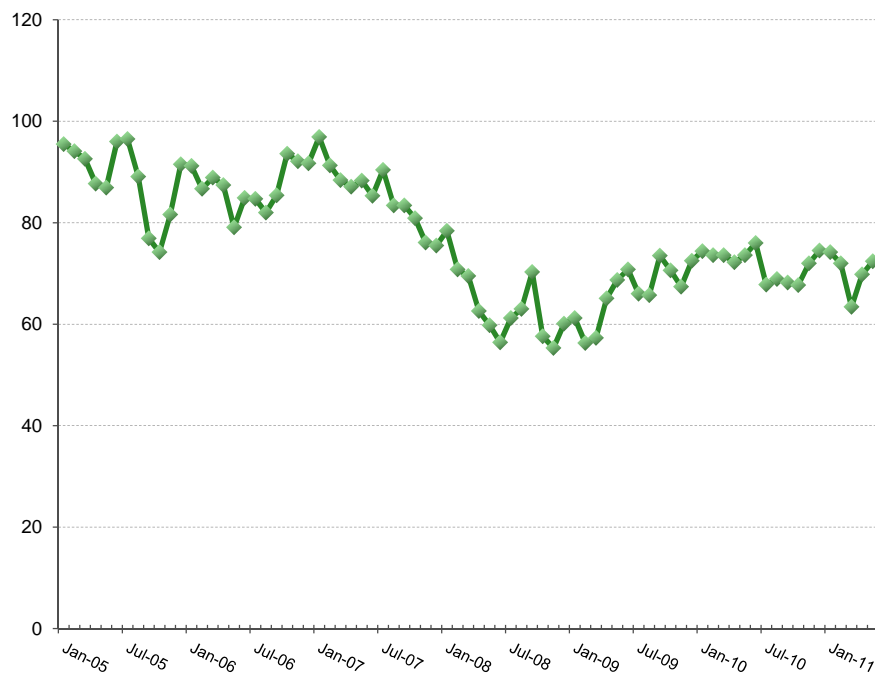
Source: Federal Reserve Bank of Philadelphia

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

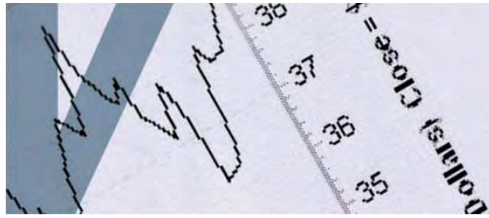


Source: University of Michigan: Consumer Sentiment (UMCENT) (Index 1st Quarter 1966=100)

Retail Sales (Excluding Food Services)



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



National

NMI Composite Index (Non-Manufacturing Index)

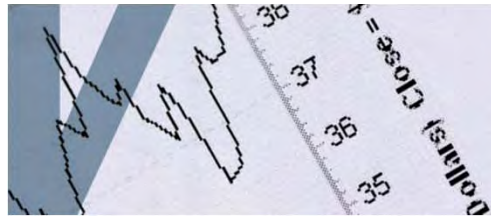


PMI Composite Index (Manufacturing Index)



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.

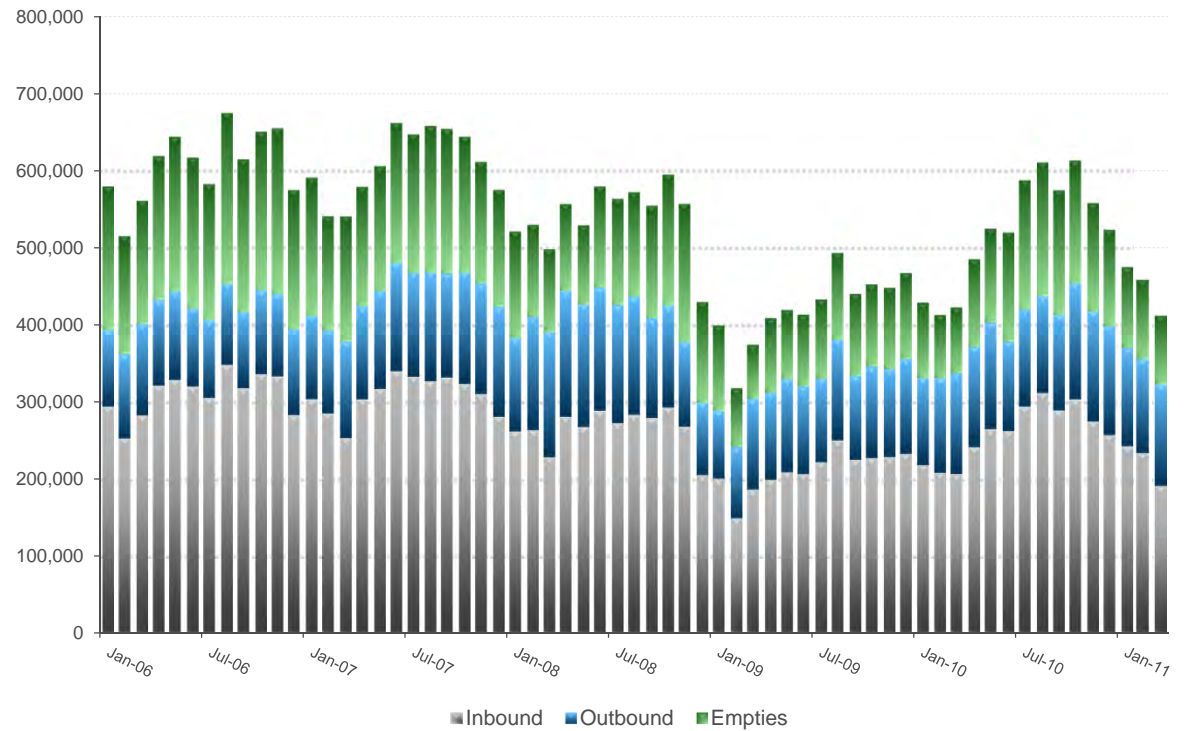


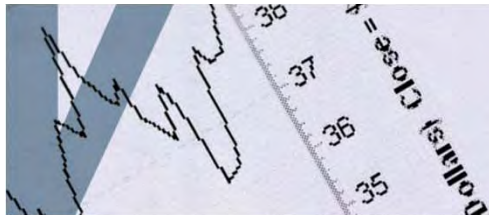
California



Port Traffic – Port of Long Beach

Number of Containers

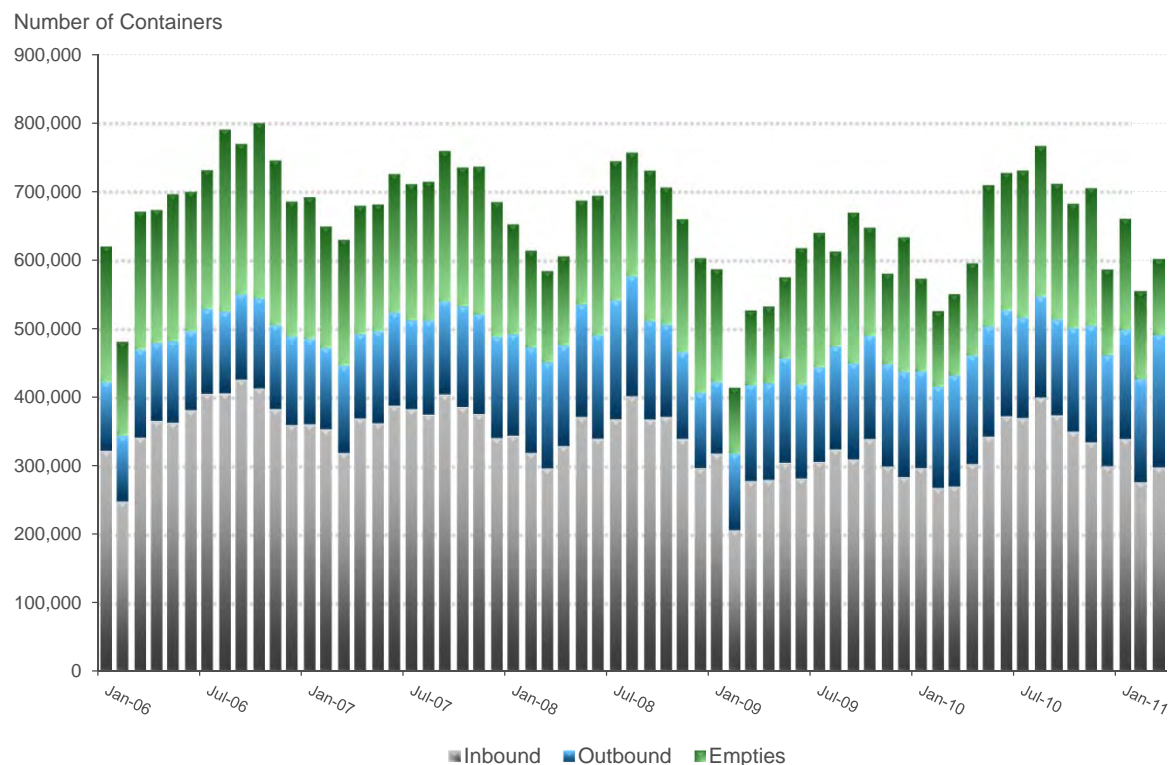


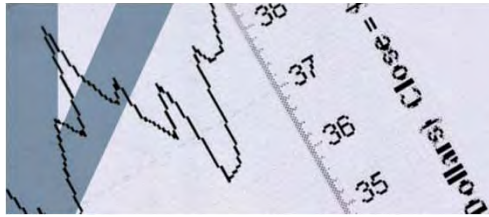


California



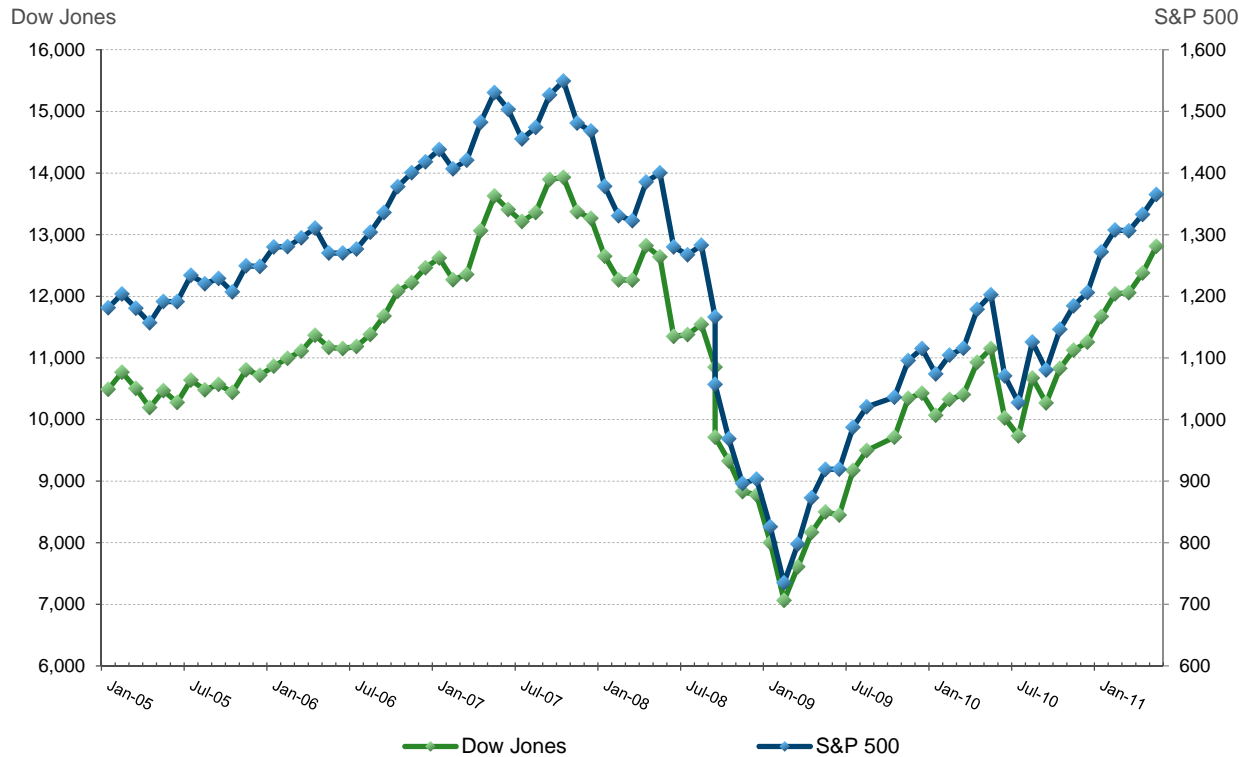
Port Traffic – Port of Los Angeles

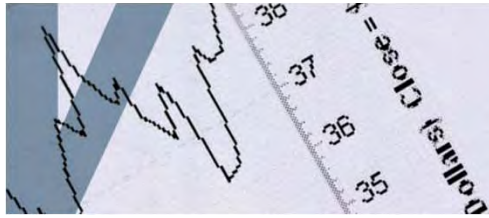




National

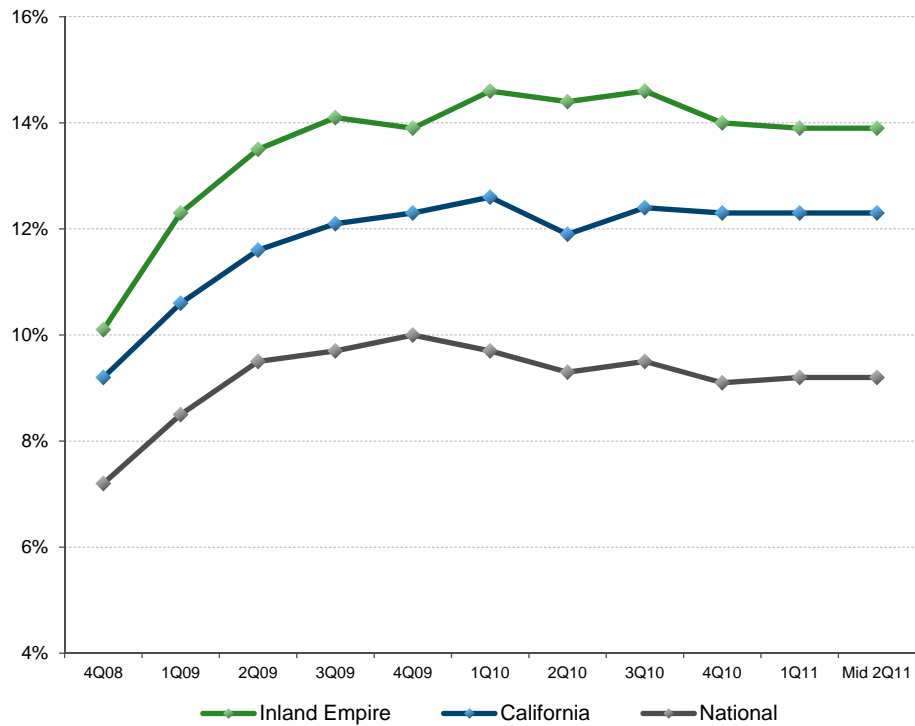
Stock Market – Dow Jones vs. S&P 500





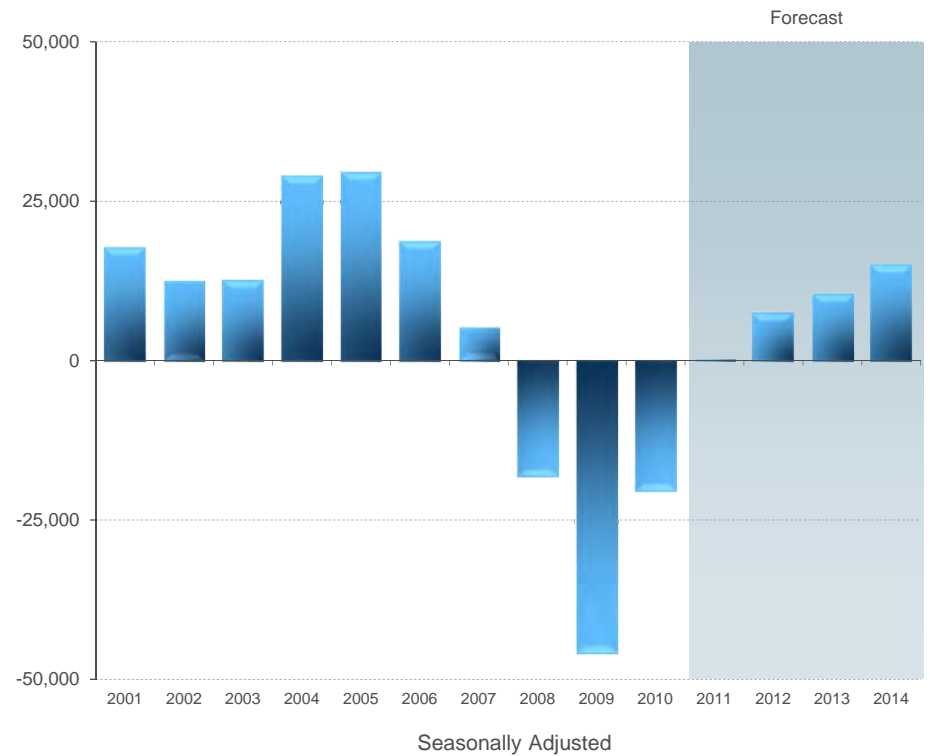
Employment

Unemployment



Source: State of California Employment Development Department

Annual Jobs Gained/Lost in the Inland Empire



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

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Inland Empire Industrial Market

Mid-2nd Quarter 2011 Report



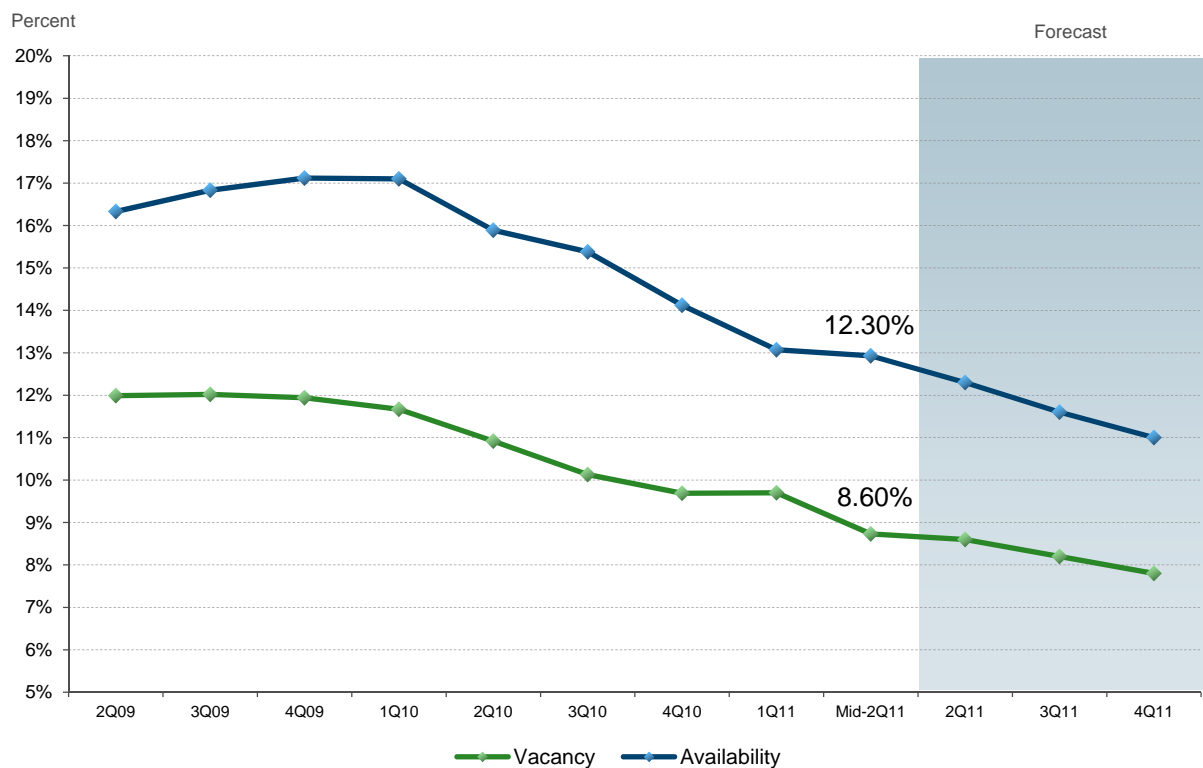
Submarket Inventory

- 948 Square Miles
- 40 Miles of Coastline
- Population of 3.1 Million
- Total Inventory of 434,049,367 SF



Market Overview

Vacancy vs. Availability

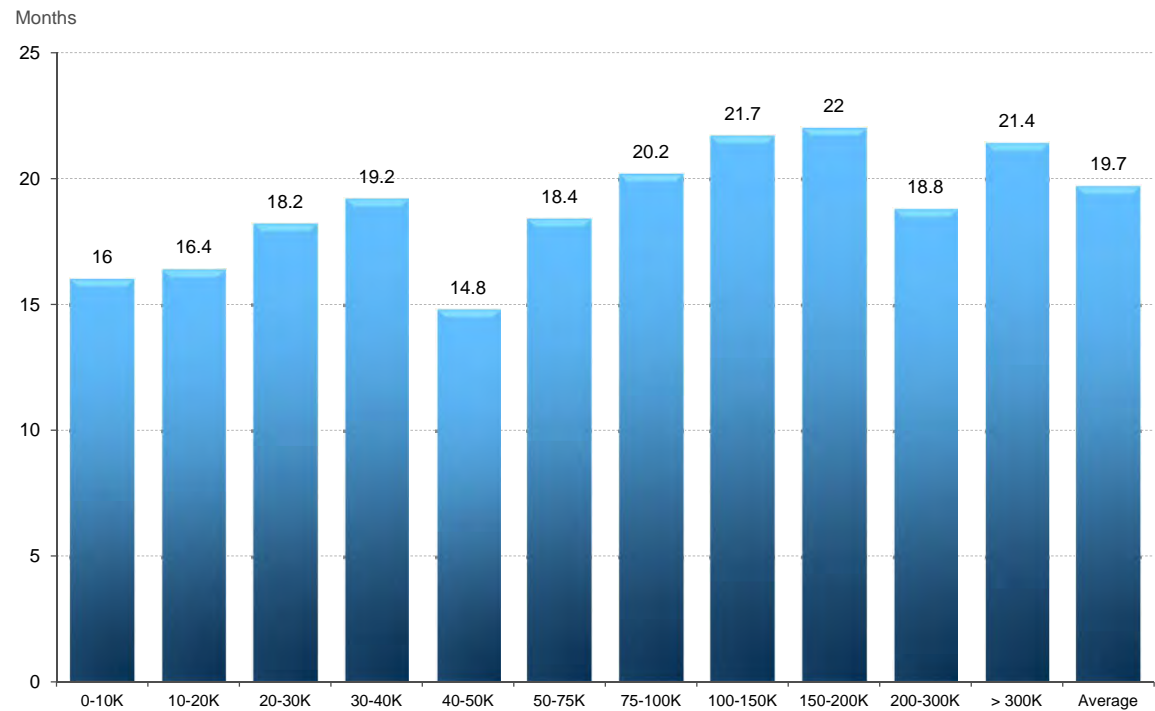




Market Overview



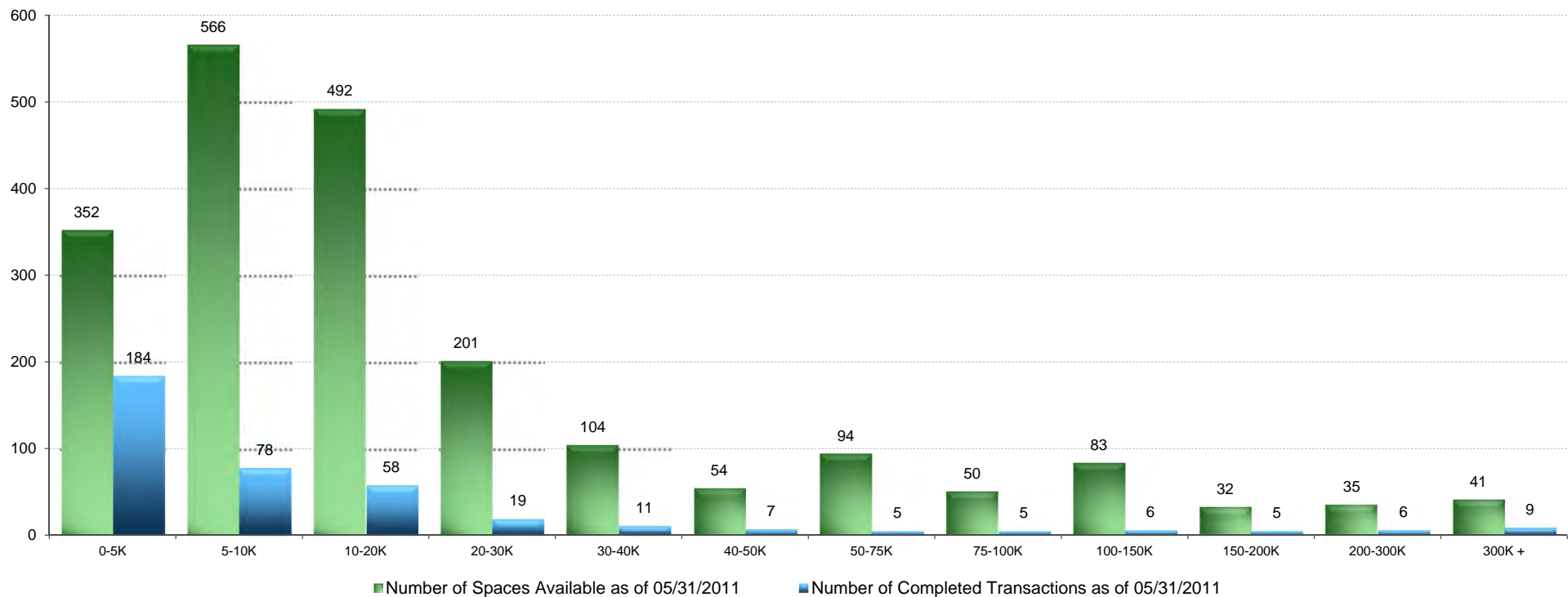
Average Time on the Market to Lease in Months





Market Overview

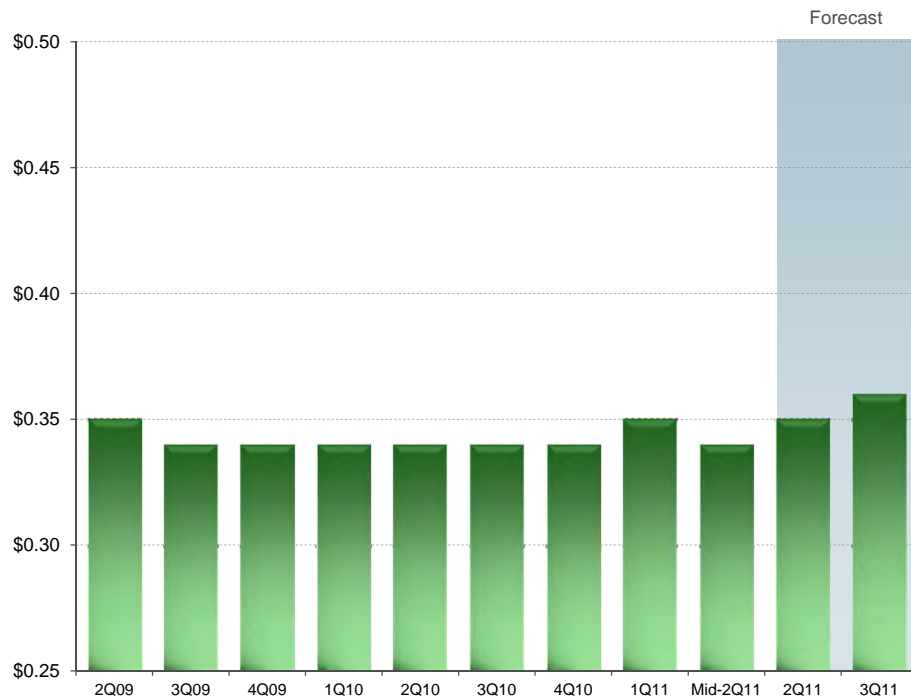
Number of Spaces Available vs. Number of Transactions by Size



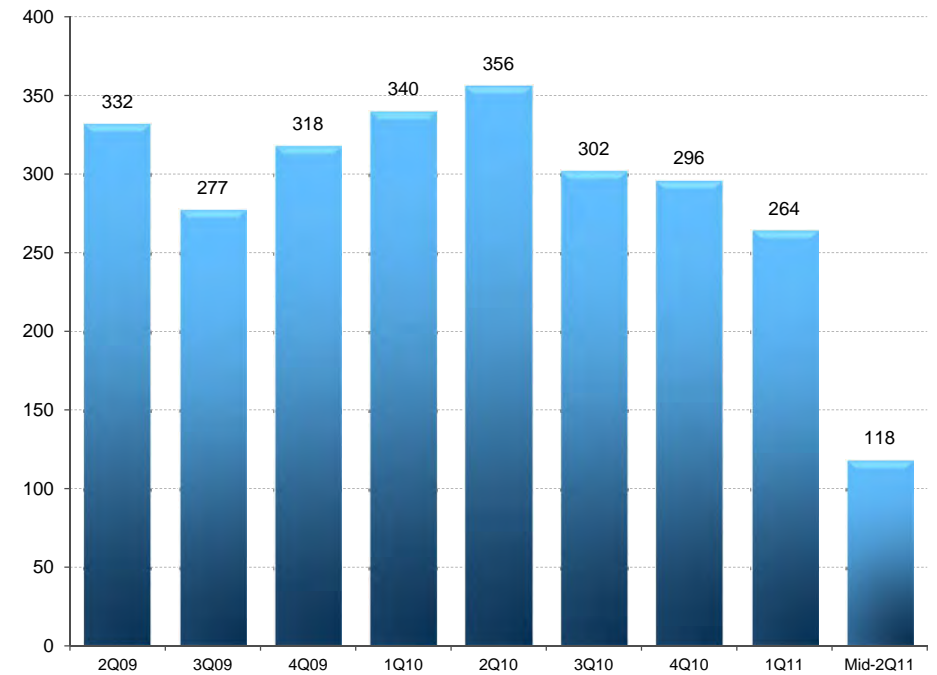


Leasing Market

Average Asking Triple-Net Lease Rate



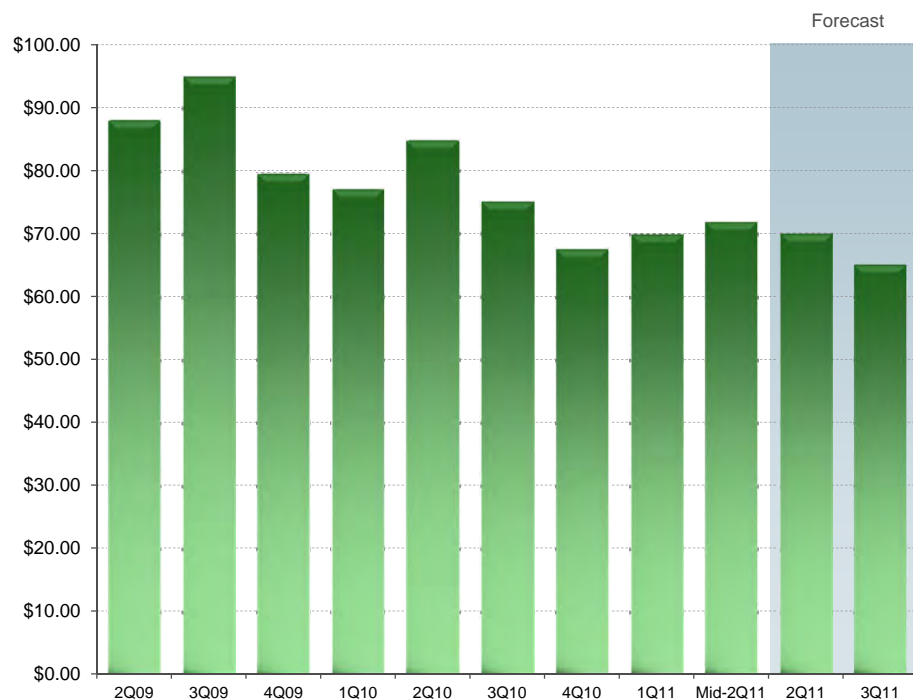
Number of Lease Transactions



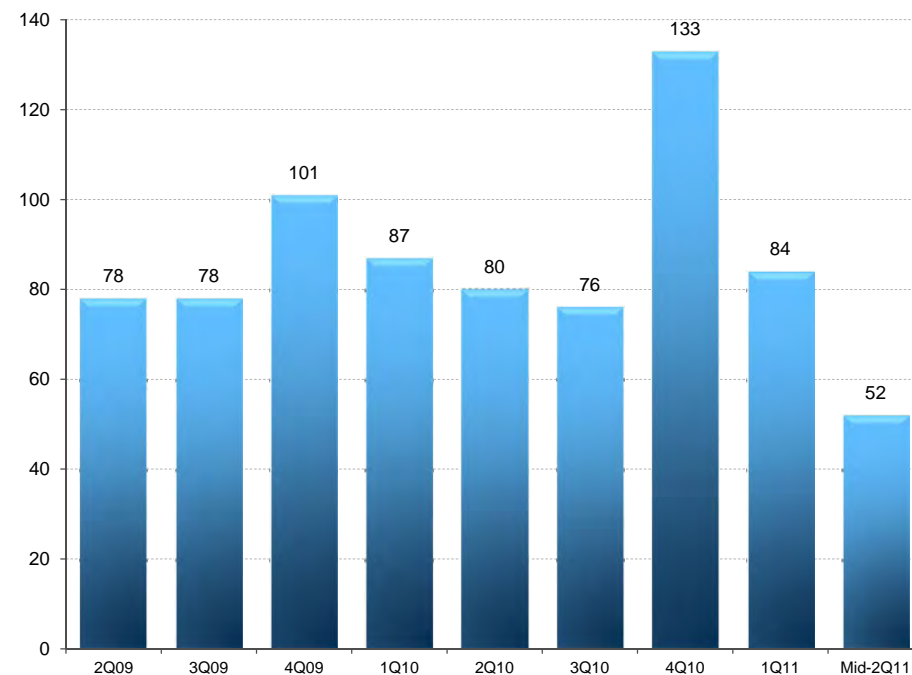


Sales Market

Median Sales Price per Square Foot

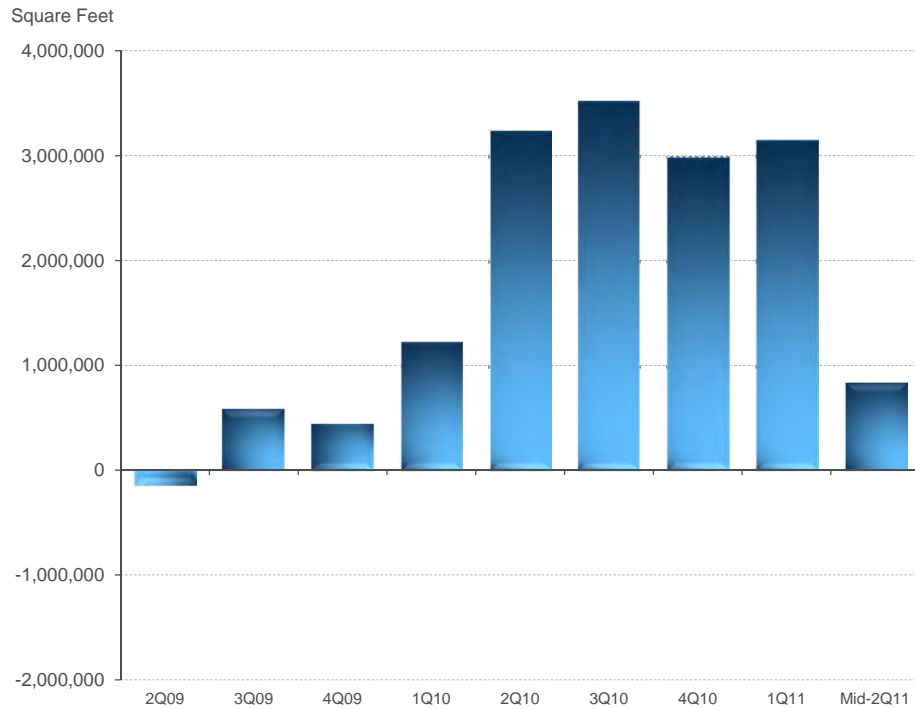


Number of Sale Transactions

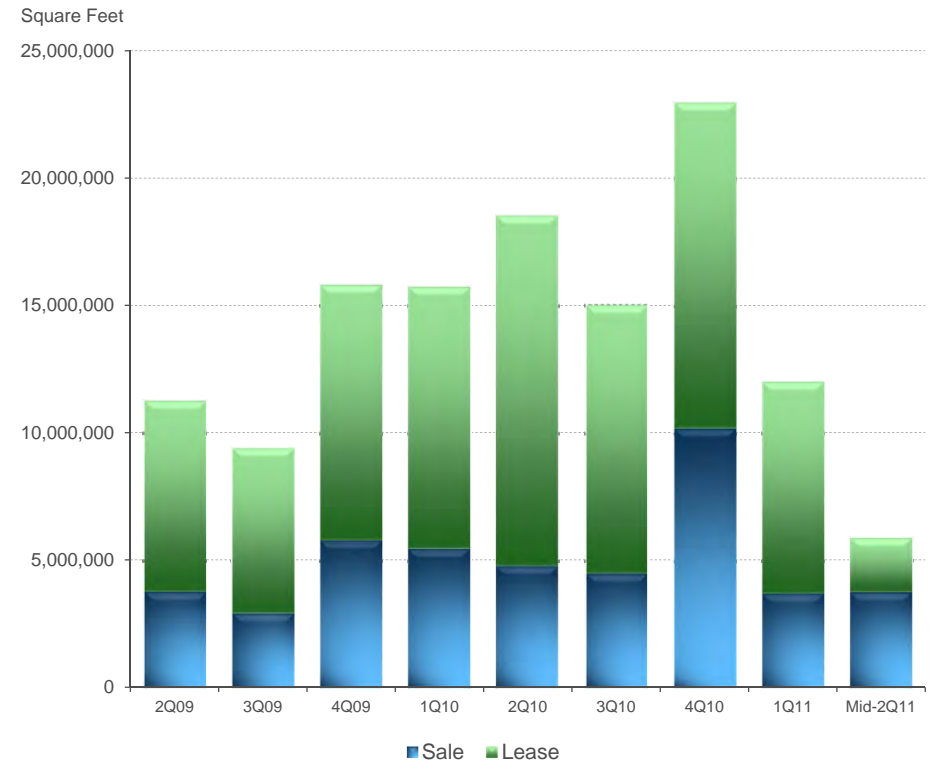




Net Absorption

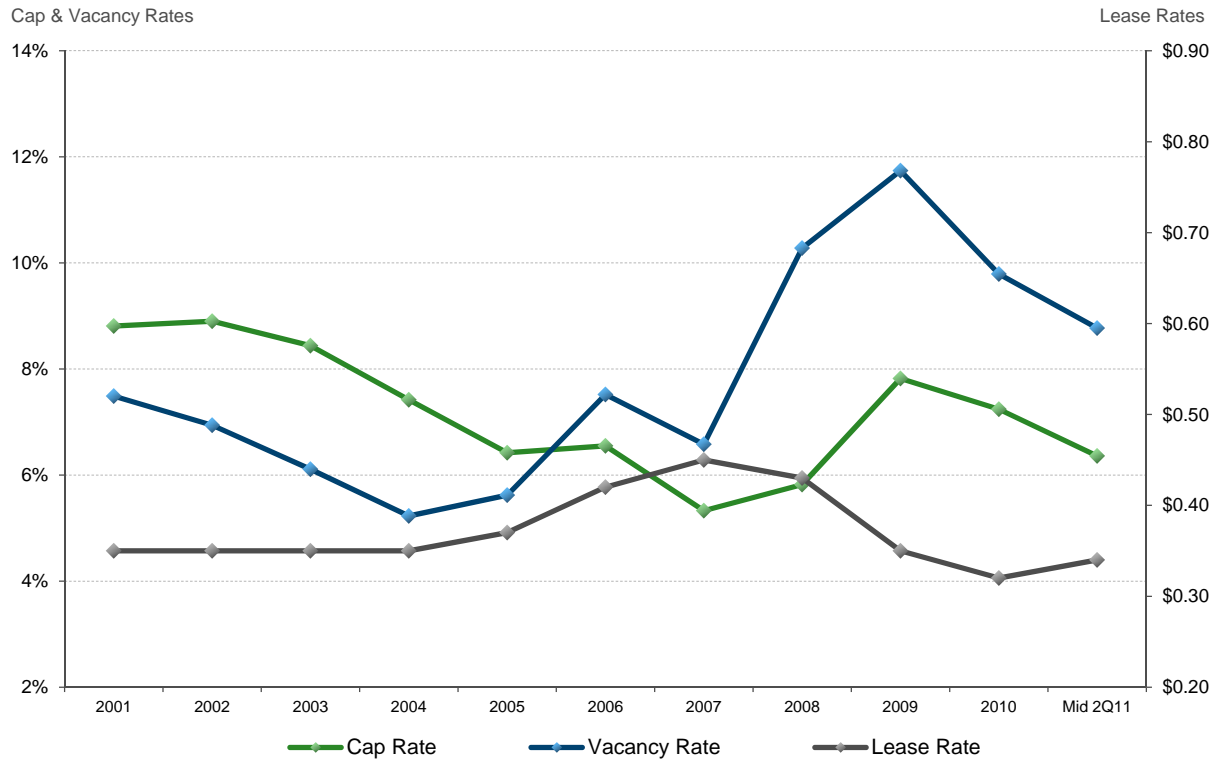


Transaction Activity





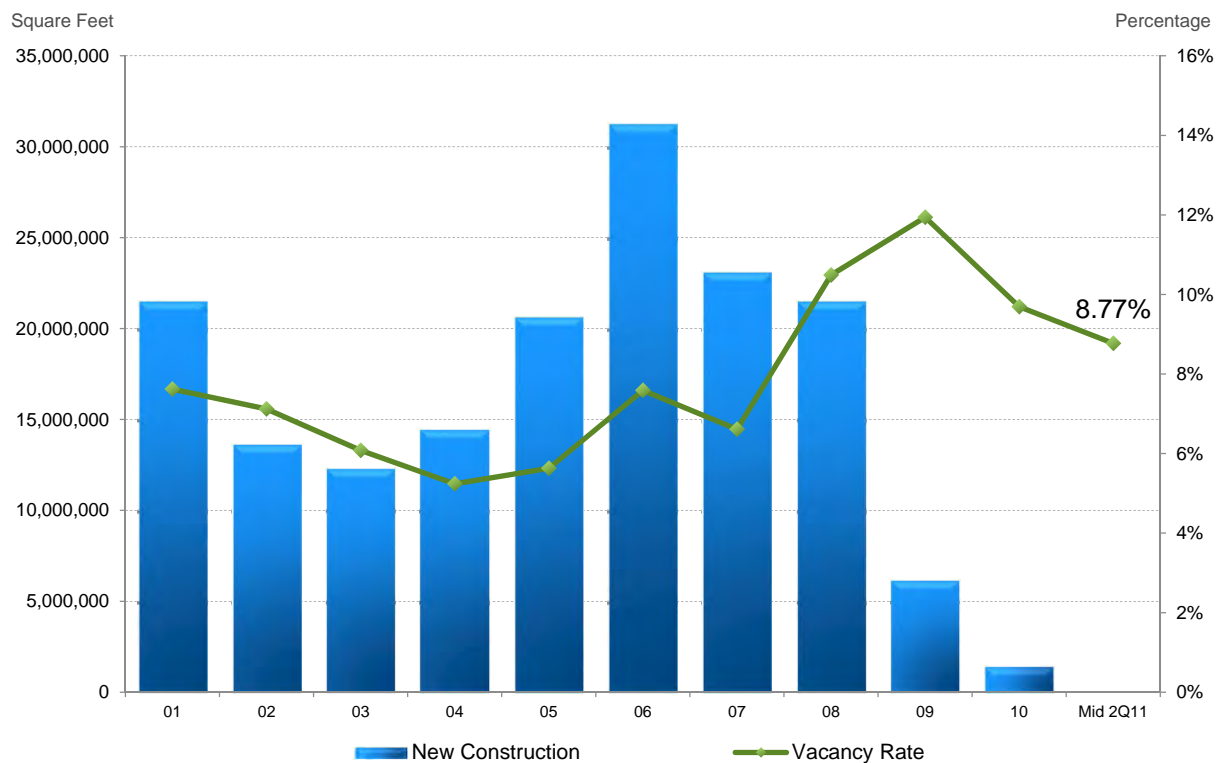
Lease, Capitalization & Vacancy Rates



Note: Investments \$2 million and larger



Annual New Industrial Deliveries vs. Availability Rate

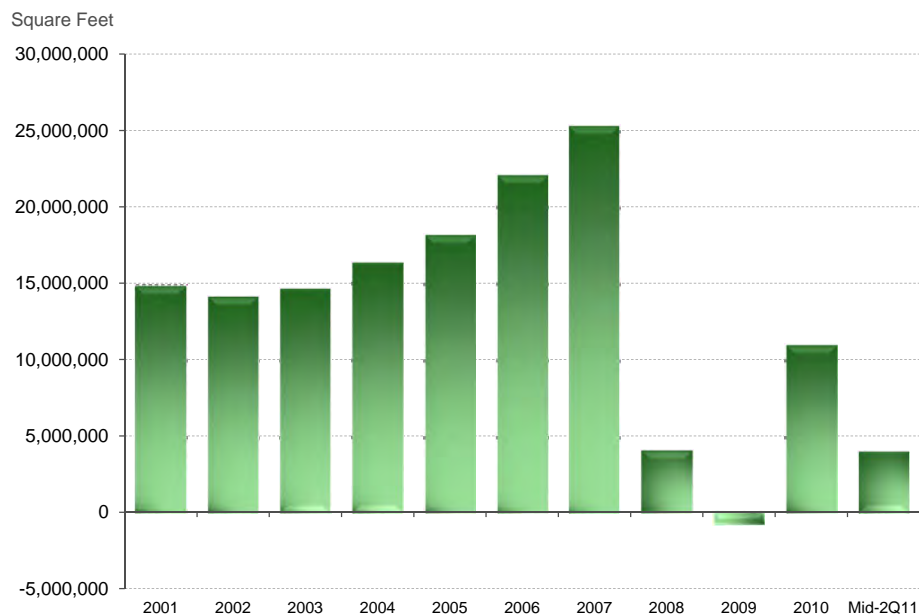




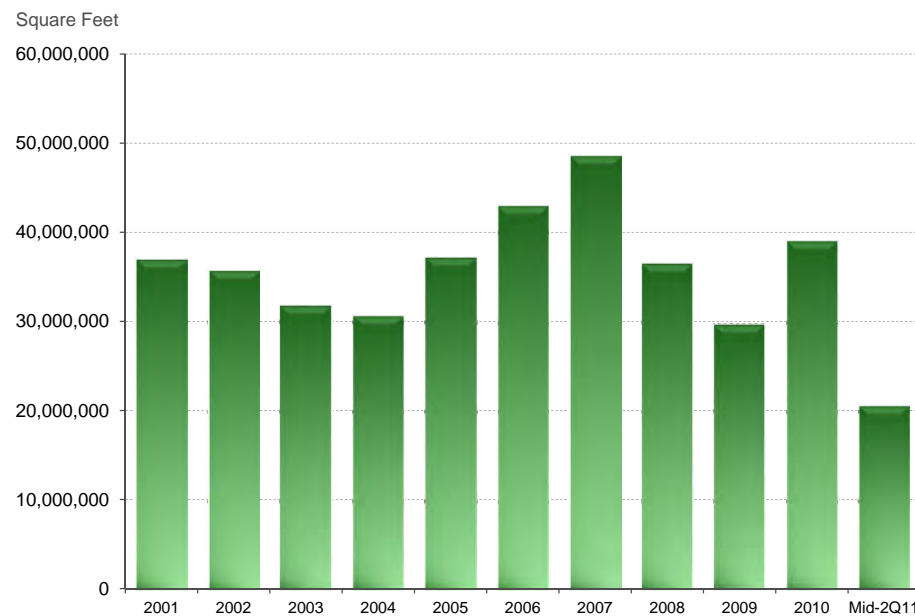
Market Statistics

	Mid 2Q 2011	1Q 2011	2Q 2010	% of Change vs. 2Q 2010
Vacancy	8.73%	8.97%	10.92%	-20.05%
Availability	12.93%	13.07%	15.89%	-18.63%
Average Asking Lease Rate	\$0.33	\$0.32	\$0.33	0.00%
Sale & Lease Transactions	5,795,396	11,765,721	18,360,505	-68.44%
Gross Absorption	8,650,383	11,862,089	10,706,378	-19.86%
Net Absorption	833,587	3,144,502	3,238,647	N/A

Annual Net Absorption



Annual Gross Absorption





Major Transactions

Sales Activity Since April 1st 2011

Property Address	City	Square Feet	Sale Price	Buyer	Seller
3994-3996 S. Riverside Ave.	Rialto	1,396,495	\$51.75	CB Richard Ellis Investors	GI Partners – CalPERS
7776 Tippe Canoe Ave.	San Bernardino	609,499	\$47.00	KTR Capital	Hillwood Investment Properties
1680 Eastridge Ave.	Riverside	449,040	\$45.65	Ross Store, Inc.	CB Richard Ellis Investors
927 E. 9 th St.	San Bernardino	415,825	\$47.00	KTR Capital	Hillwood Investment Properties
1671 Champagne Ave.	Ontario	385,966	\$44.04	CT Realty	RGR Development Corp.
2240 E. Locust Ct.	Ontario	57,017	\$74.01	Family, LLC	RSI Locust Partners

Lease Activity Since April 1st 2011

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
3996 S Riverside Ave.	Rialto	599,654	May-11	Razor USA	CB Richard Ellis Investors
3655 E. Philadelphia St.	Ontario	408,252	Apr-11	Distribution Alternatives	ProLogis
11190 White Birch Dr.	Rancho Cucamonga	201,305	Apr-11	3PL Worldwide, Inc.	Delphinidae/White Birch
13170 Marlay Ave.	Fontana	94,803	Apr-11	Schutz Container Systems, Inc.	Marlay Partners, LLC
1600 S. Champagne Ave.	Ontario	56,961	May-11		Yale Investments, LLC
4880 S. Felspar St	Riverside	40,000	Apr-11		Benson Cleon E.



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.



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Los Angeles County Mid-Quarter Update

Nick Frasco

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Los Angeles 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

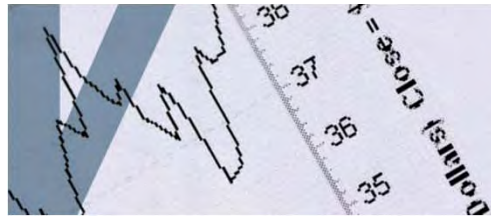
Services

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

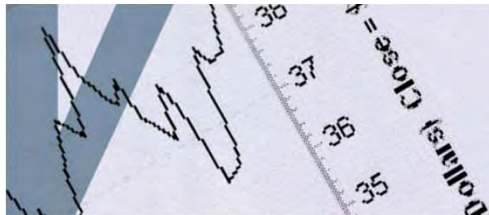


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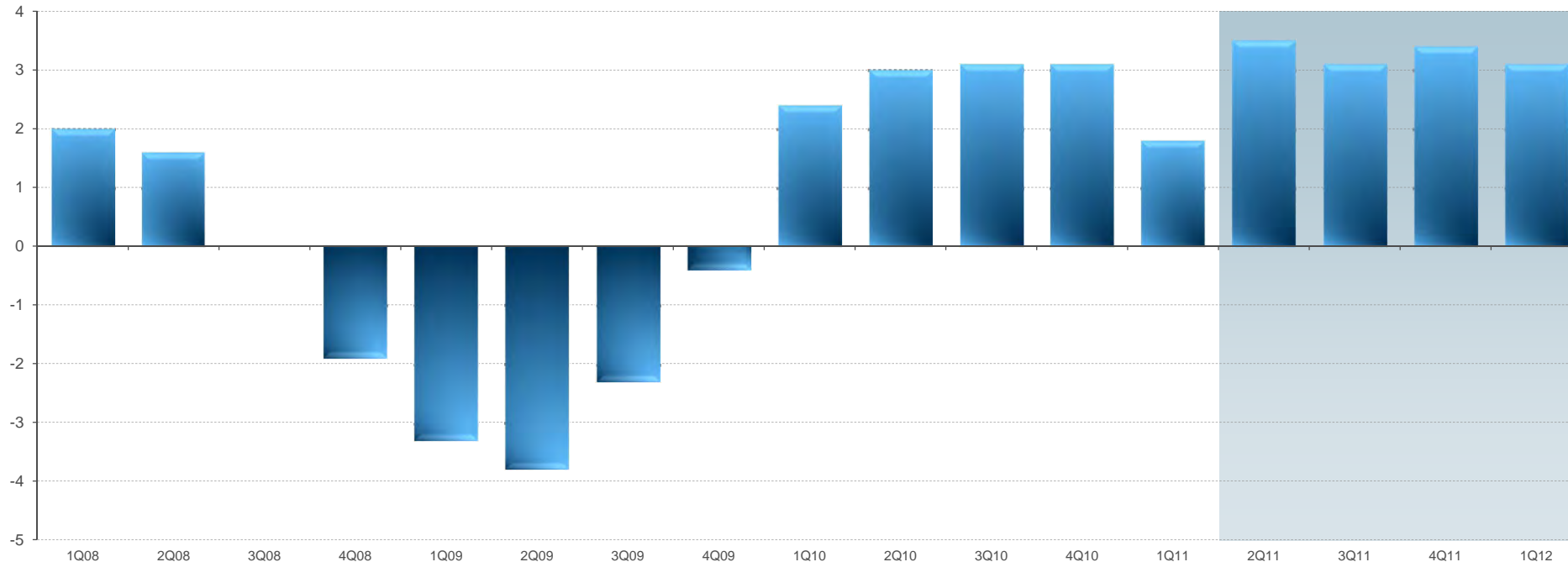
Economic Indicators



National

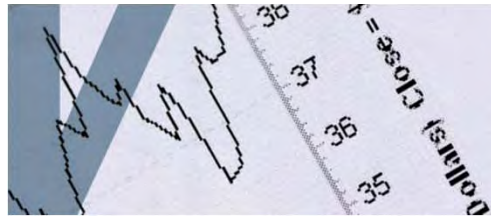
Real Gross Domestic Product

Percentage Change Year Over Year



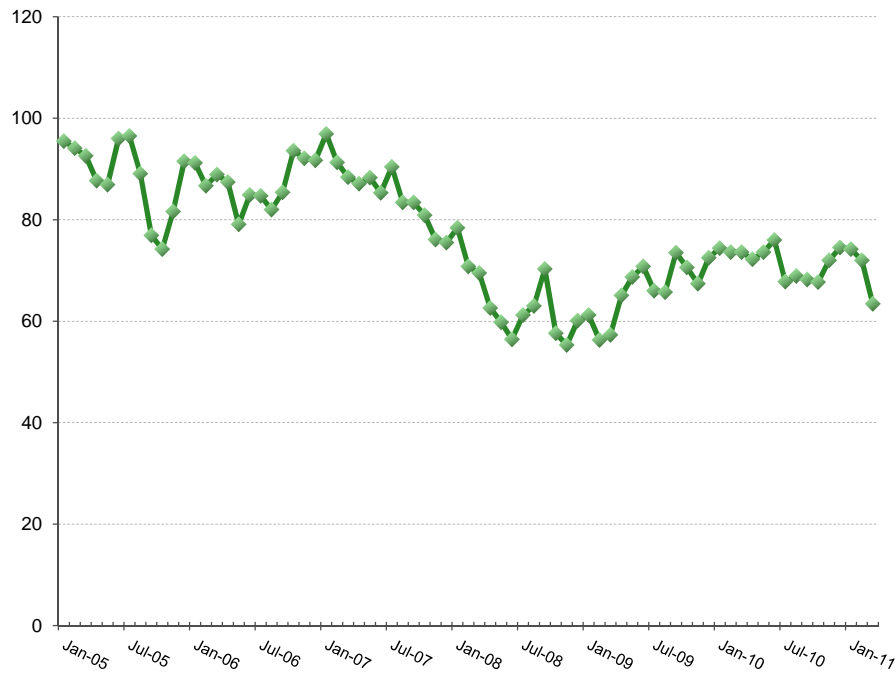
Source: Federal Reserve Bank of Philadelphia

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

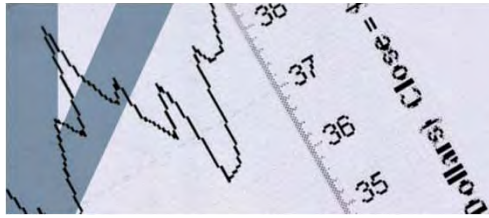


Source: University of Michigan: Consumer Sentiment (UMCENT) (Index 1st Quarter 1966=100)

Retail Sales (Excluding Food Services)



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

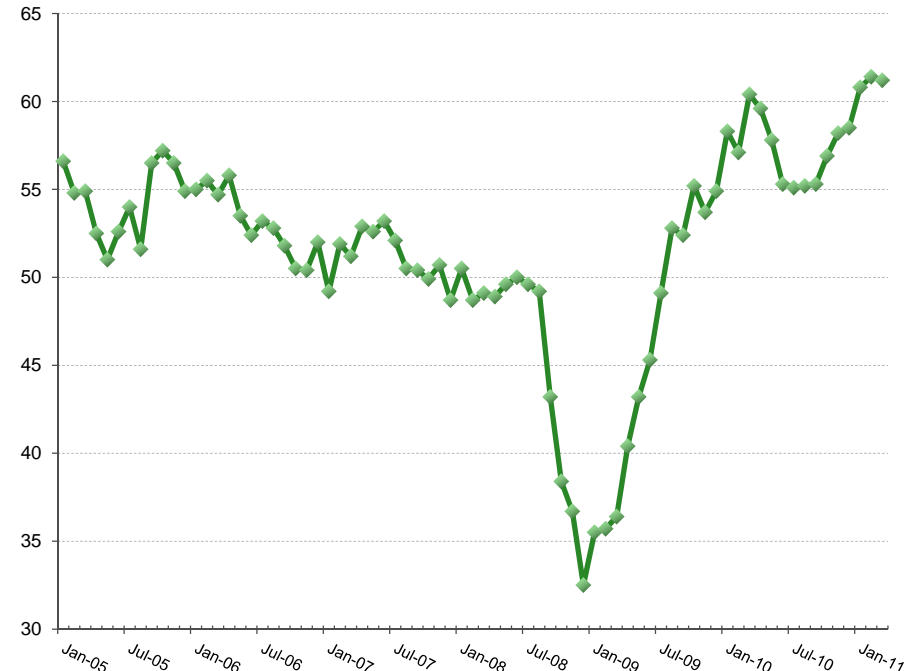


National

NMI Composite Index (Non-Manufacturing Index)

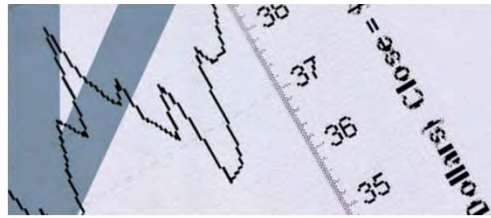


PMI Composite Index (Manufacturing Index)



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.

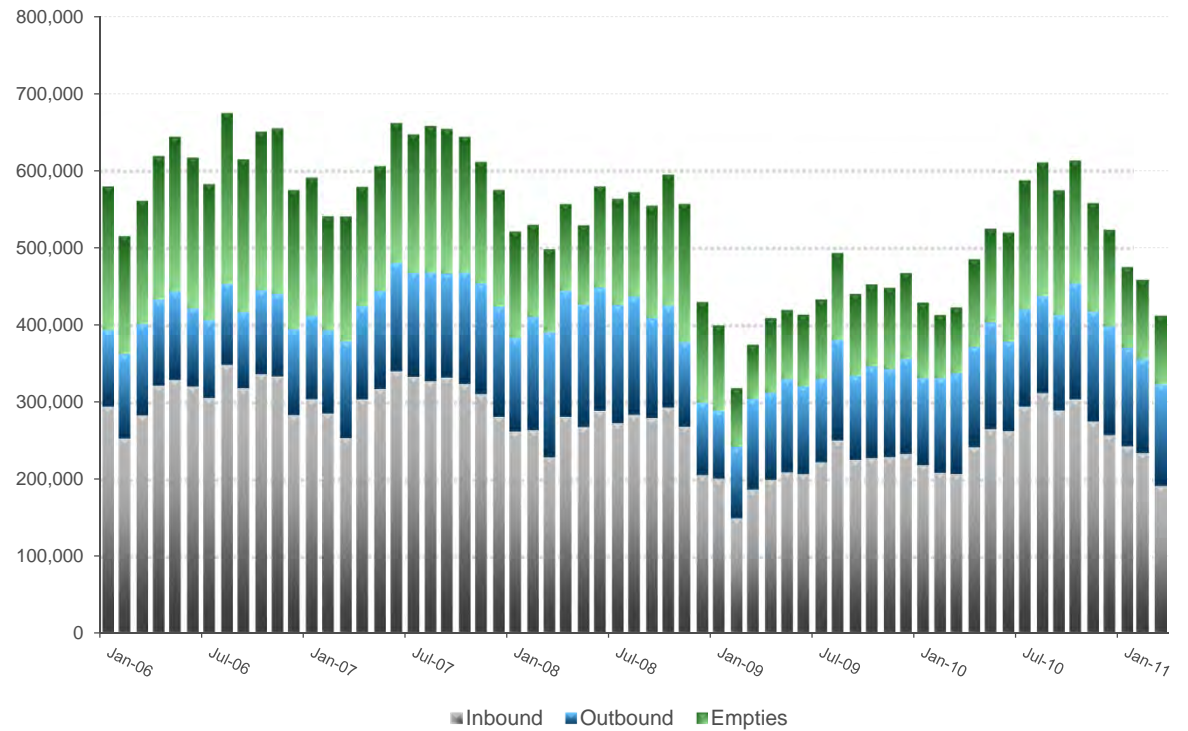


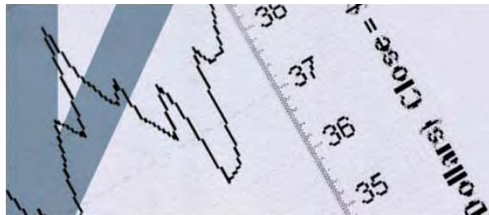
California



Port Traffic – Port of Long Beach

Number of Containers



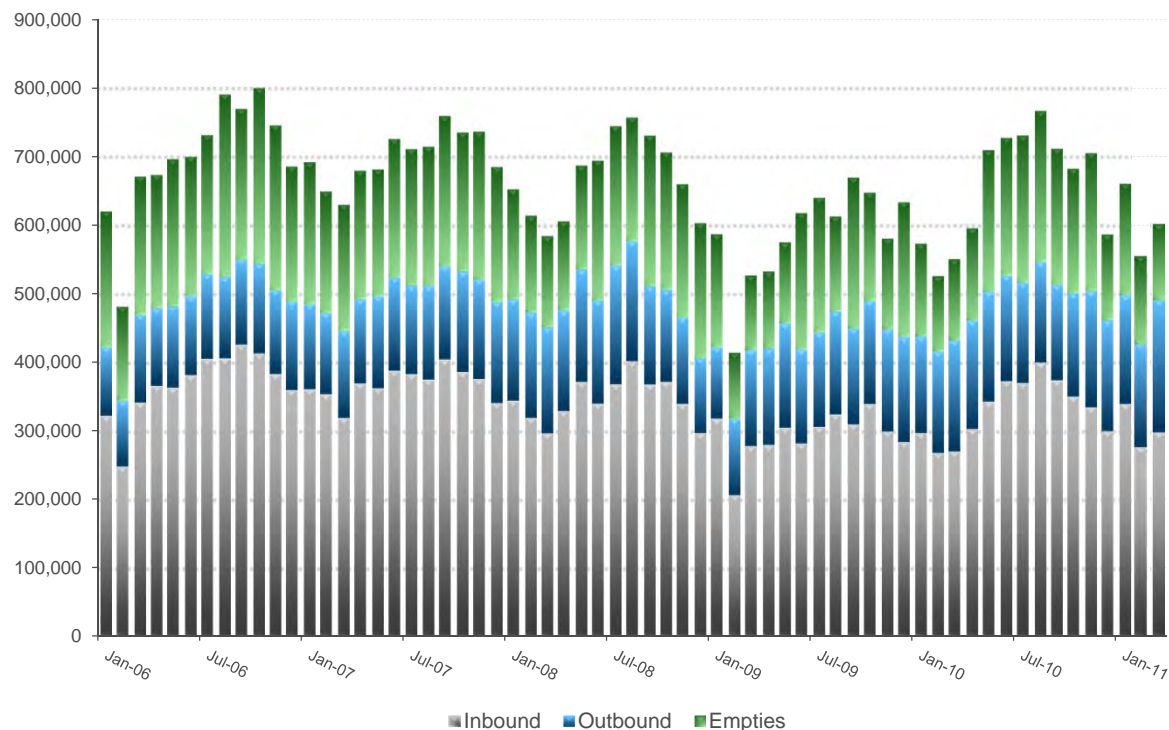


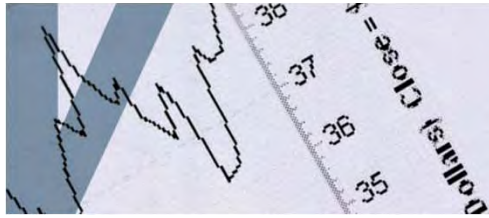
California



Port Traffic – Port of Los Angeles

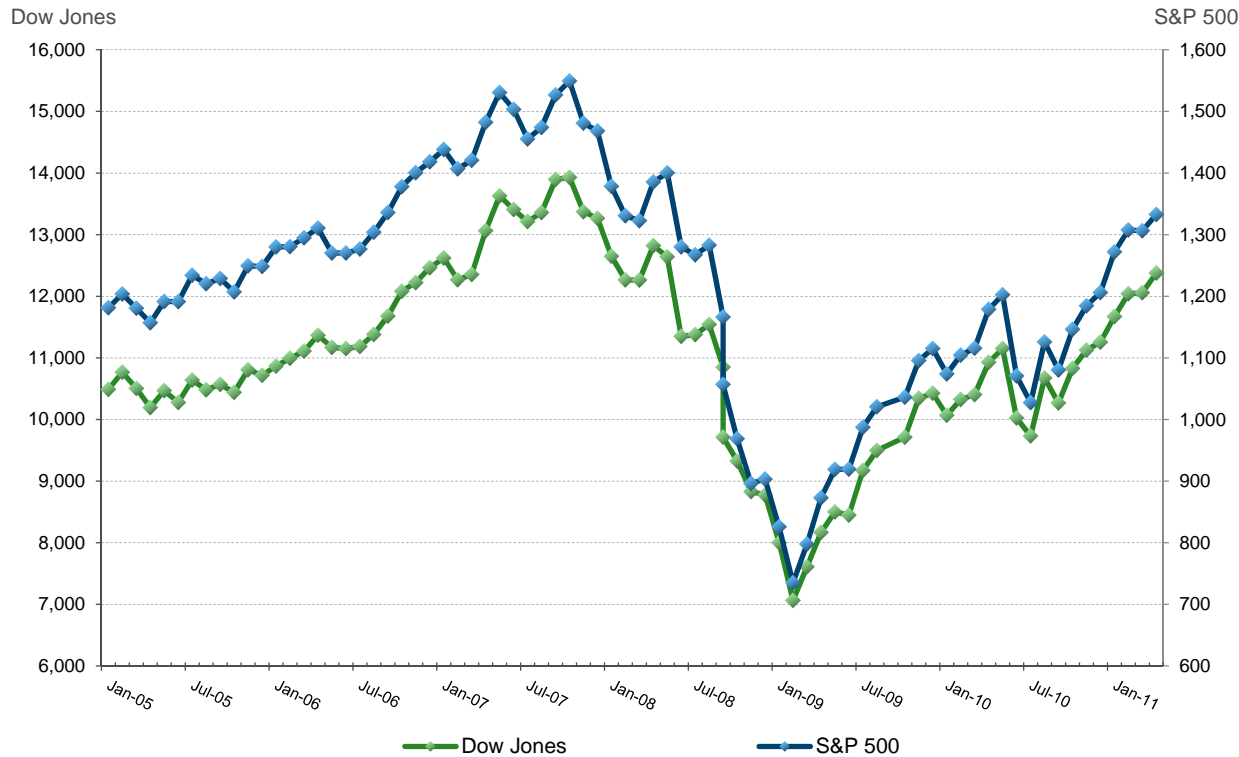
Number of Containers

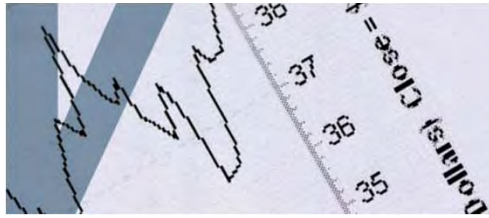




National

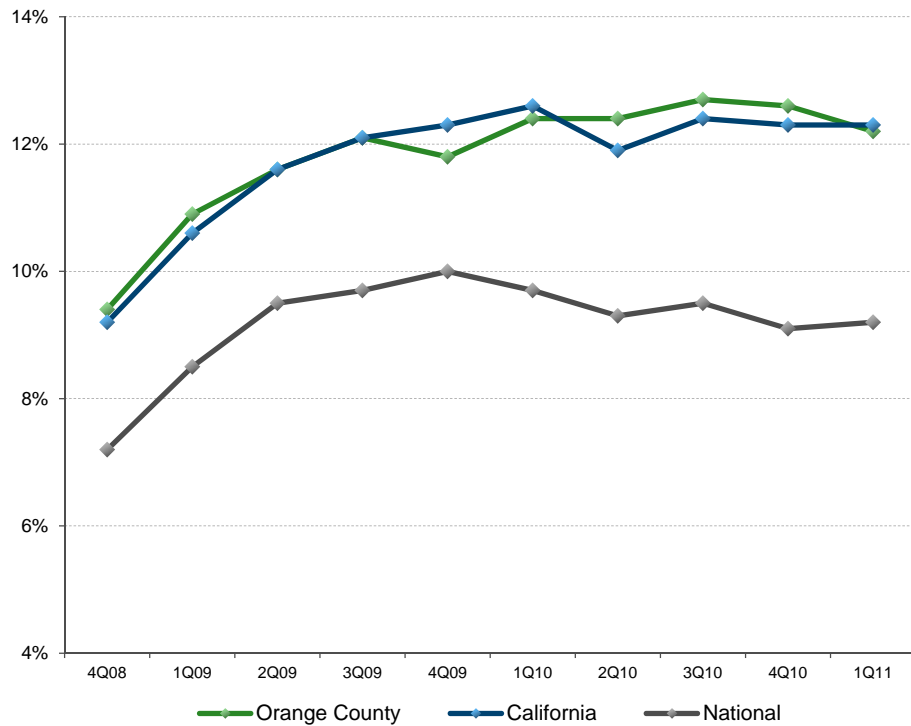
Stock Market – Dow Jones vs. S&P 500





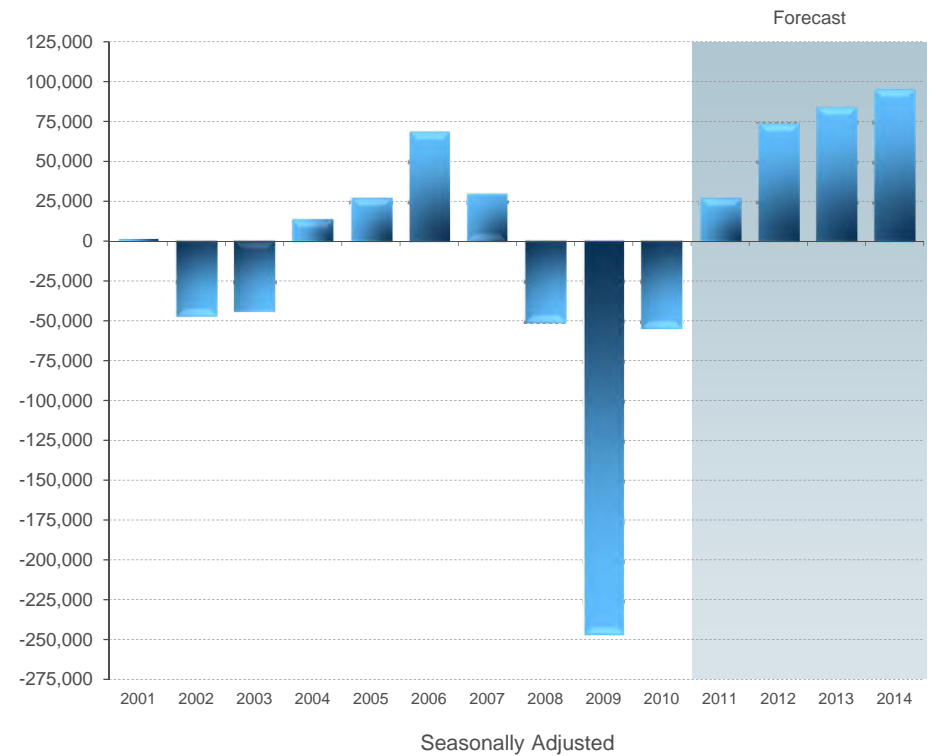
Employment

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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Los Angeles County Industrial Market

Mid-2nd Quarter 2011 Report



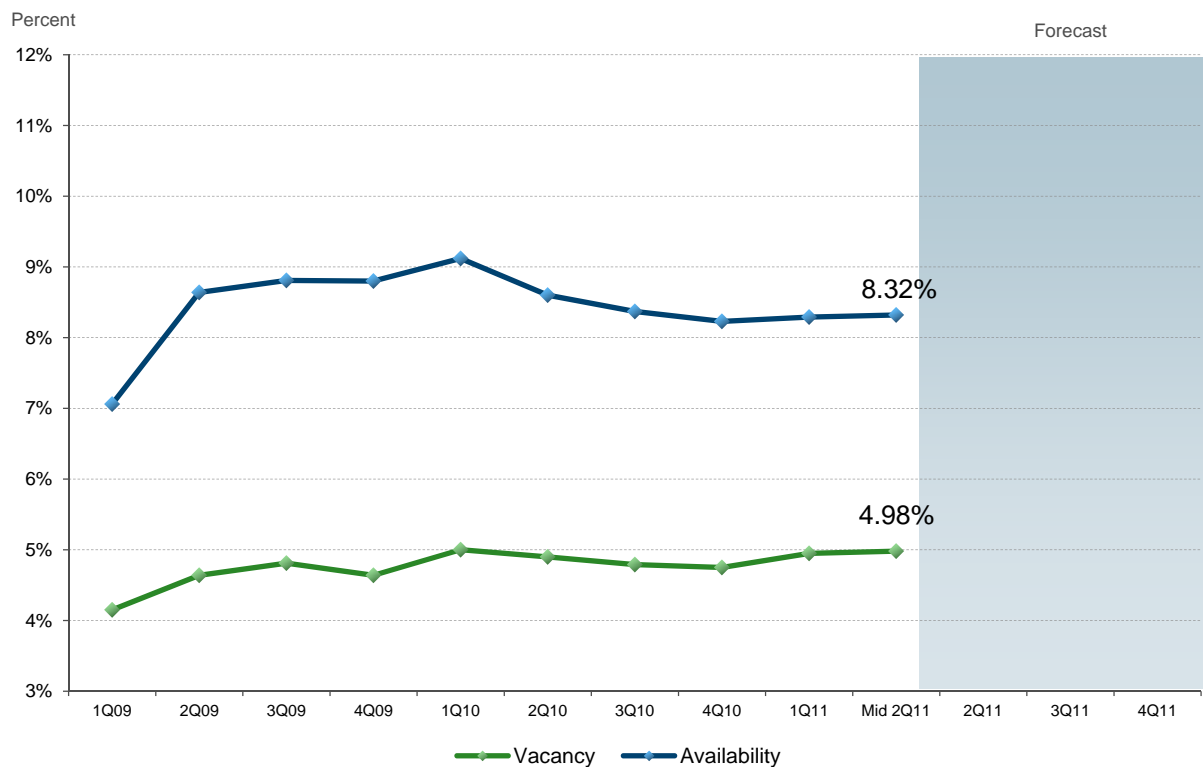
Submarket Inventory

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



Market Overview

Vacancy vs. Availability

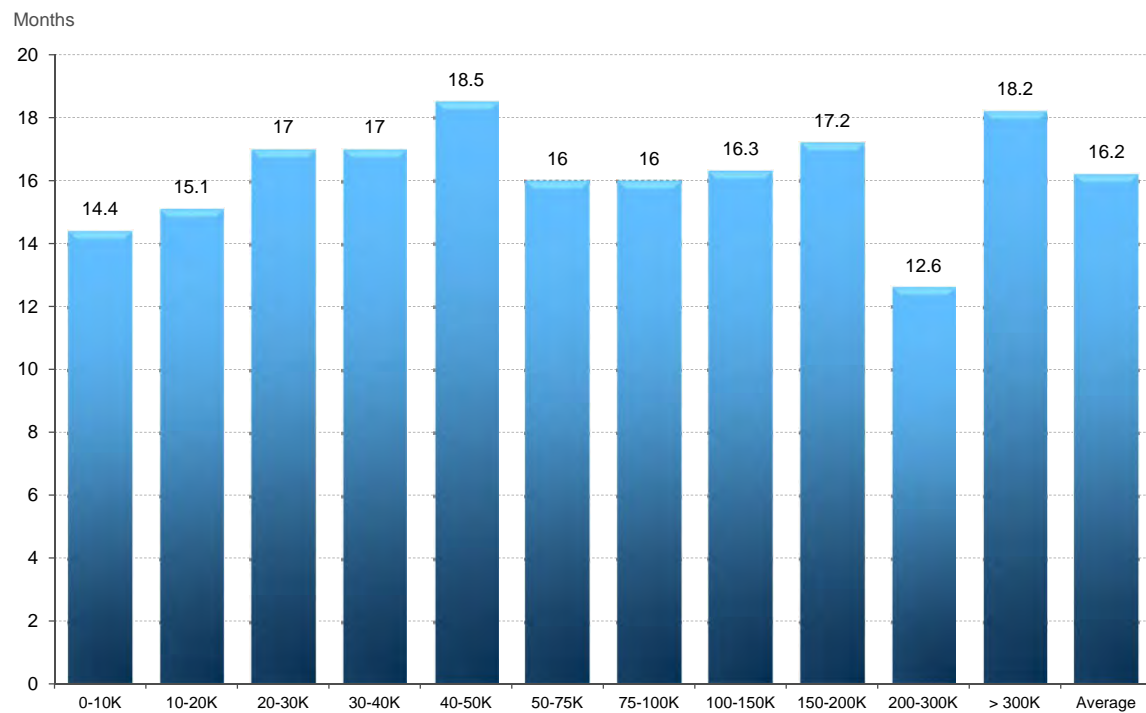




Market Overview



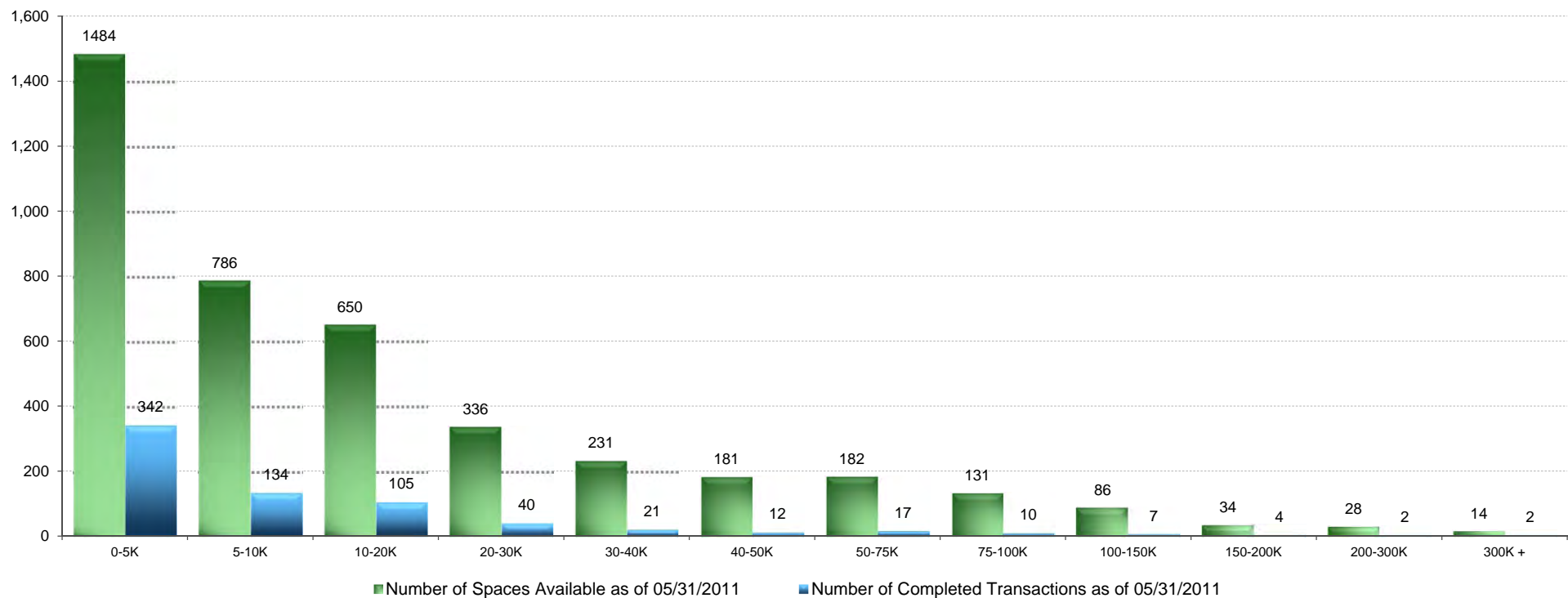
Average Time on the Market to Lease in Months





Market Overview

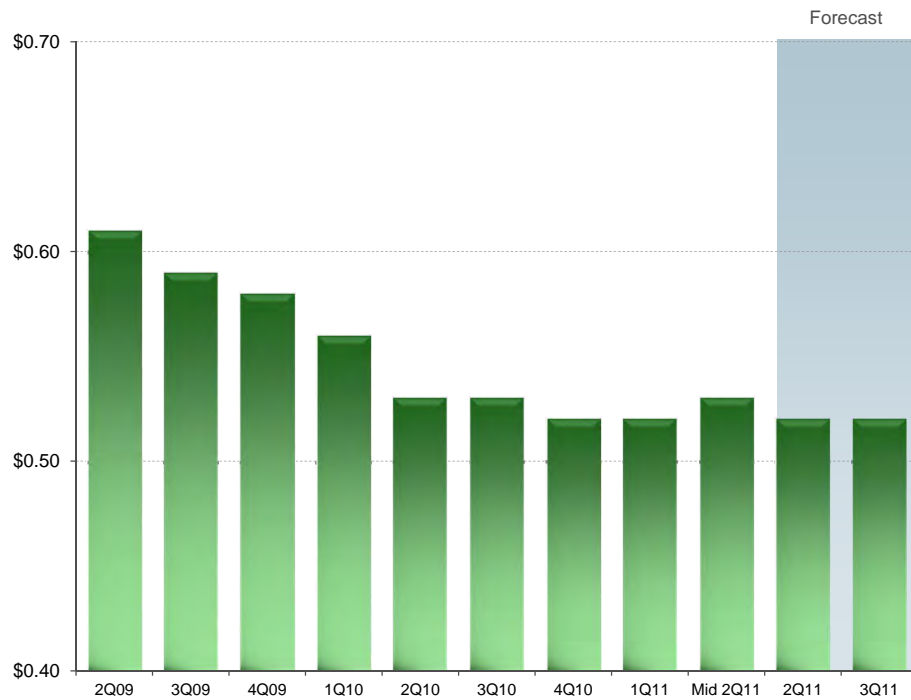
Number of Spaces Available vs. Number of Transactions by Size



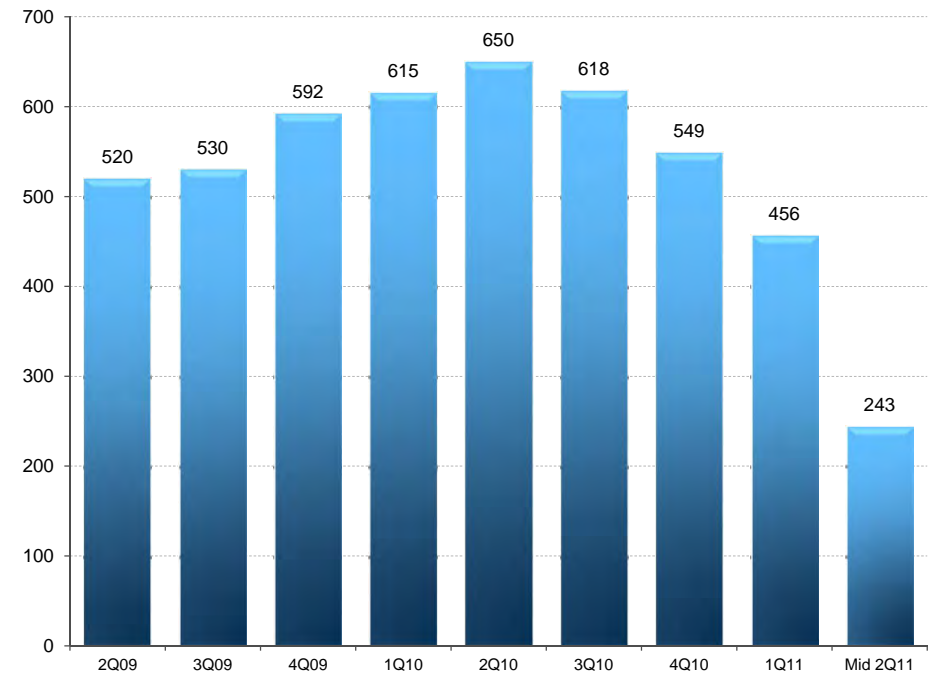


Leasing Market

Average Asking Industrial-Gross Lease Rate



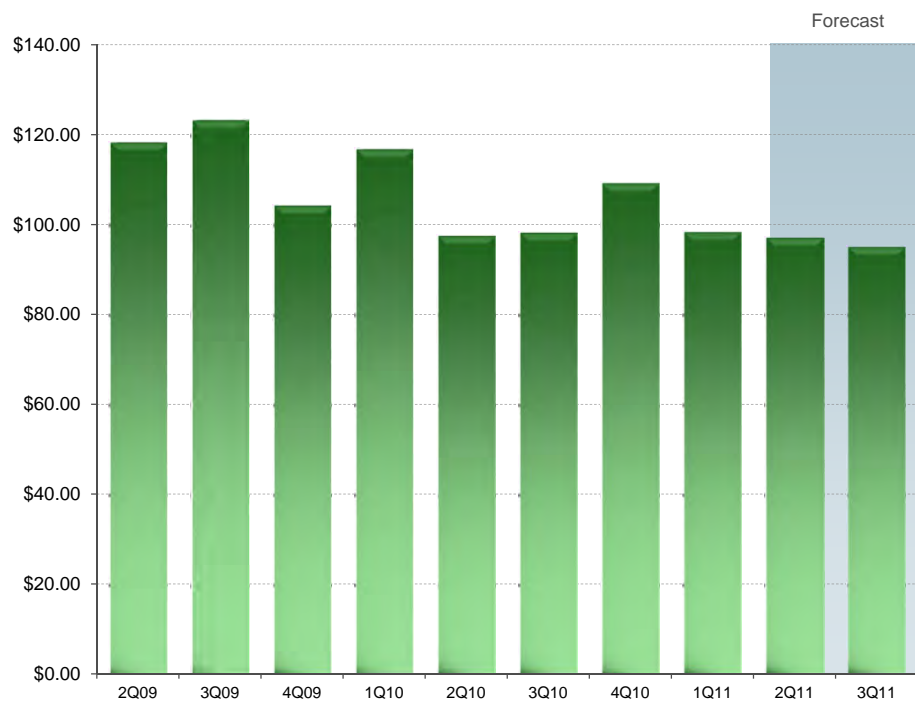
Number of Lease Transactions



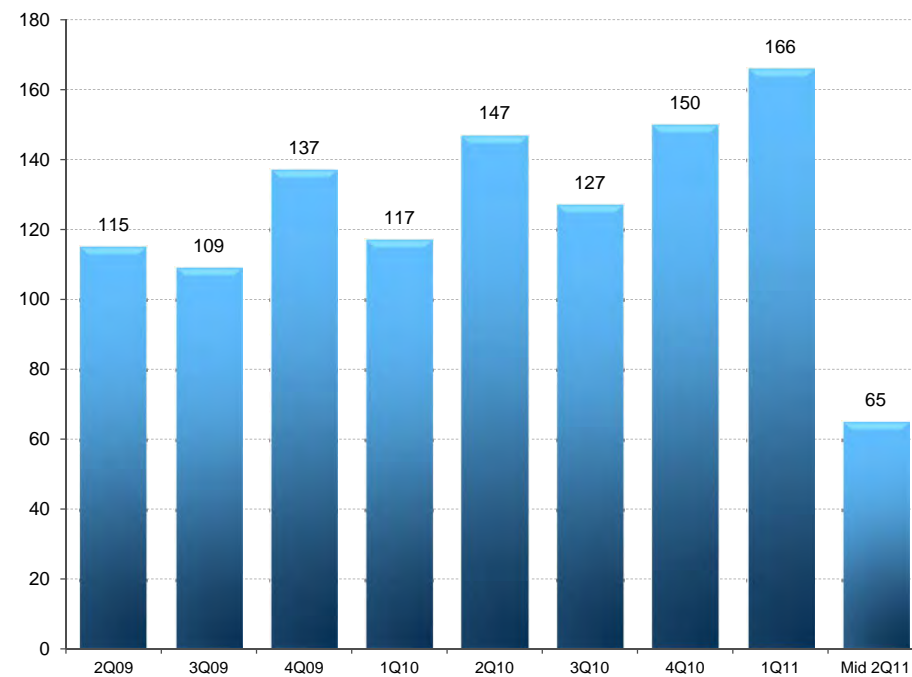


Sales Market

Median Sales Price per Square Foot

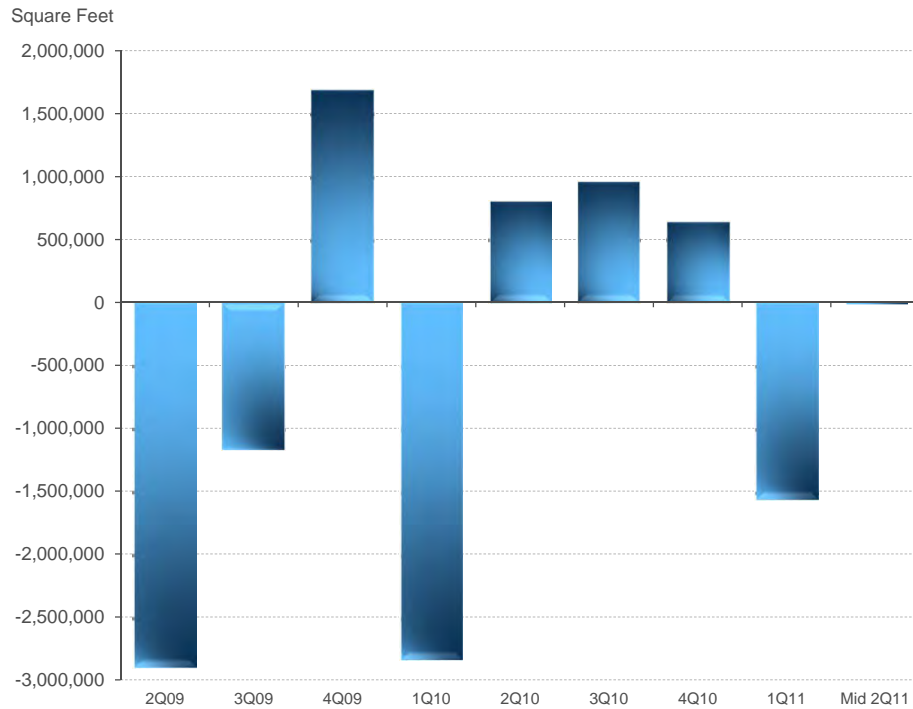


Number of Sale Transactions

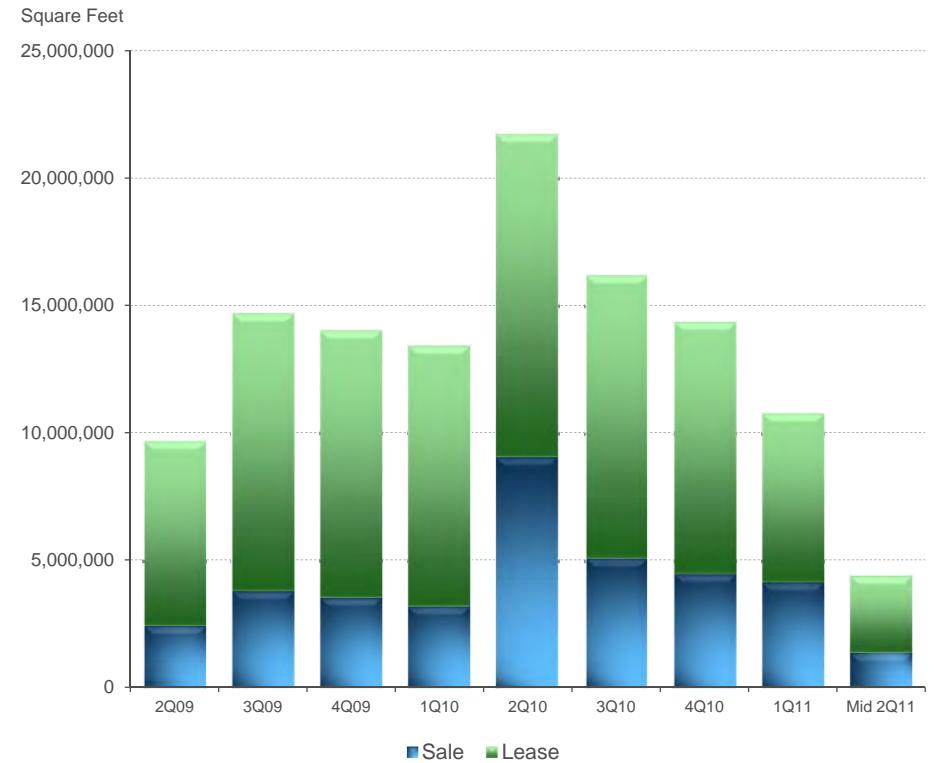




Net Absorption

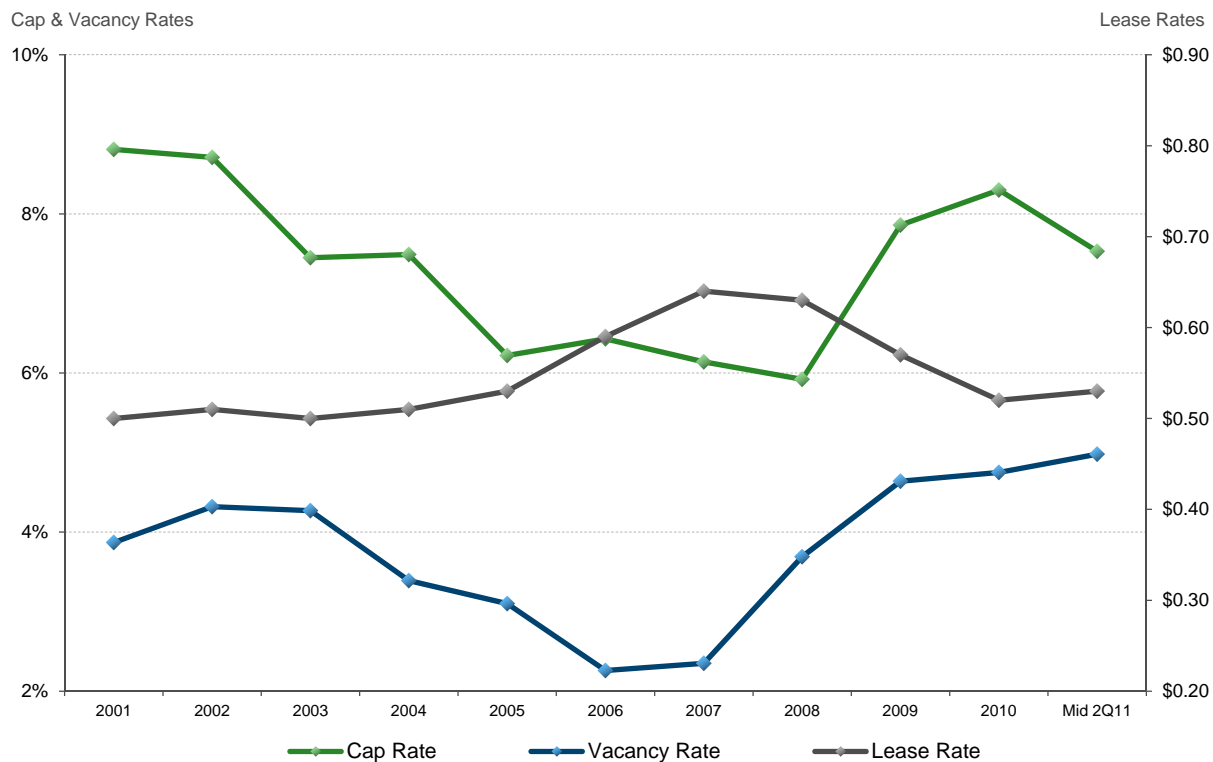


Transaction Activity





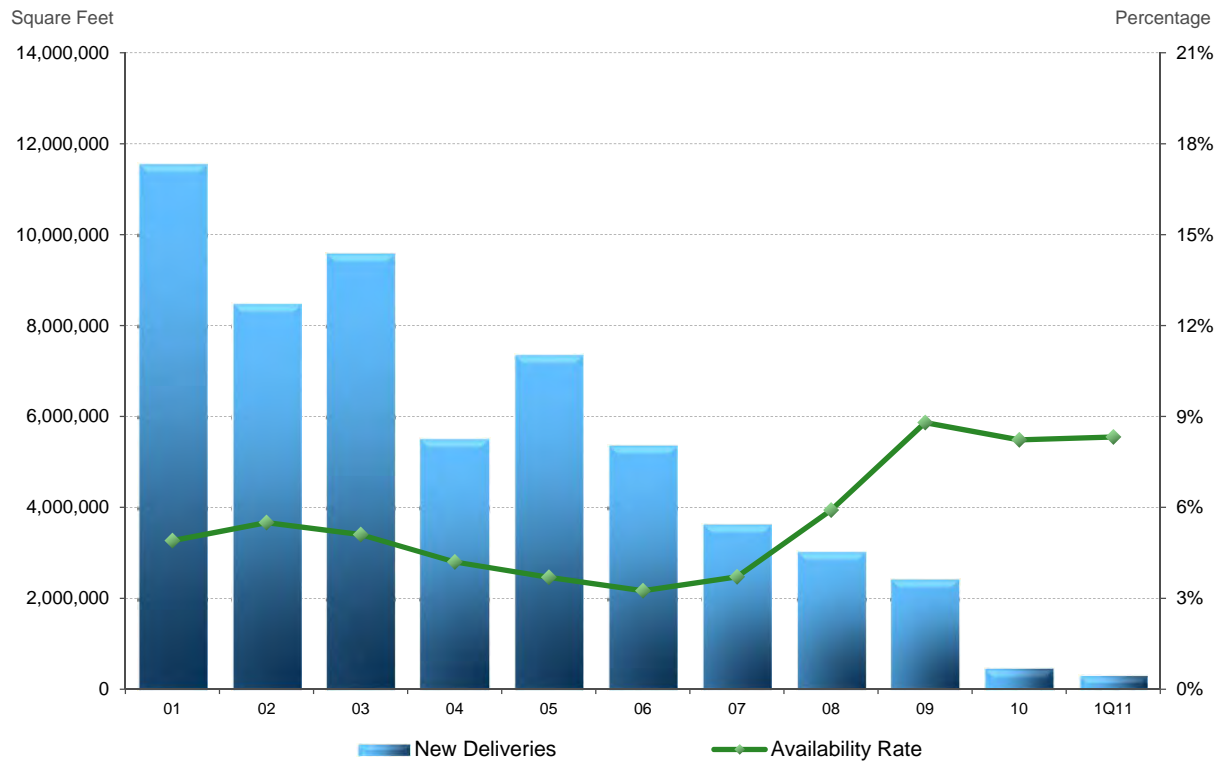
Lease, Capitalization & Vacancy Rates



Note: Investments \$2 million and larger



Annual New Industrial Deliveries vs. Availability Rate

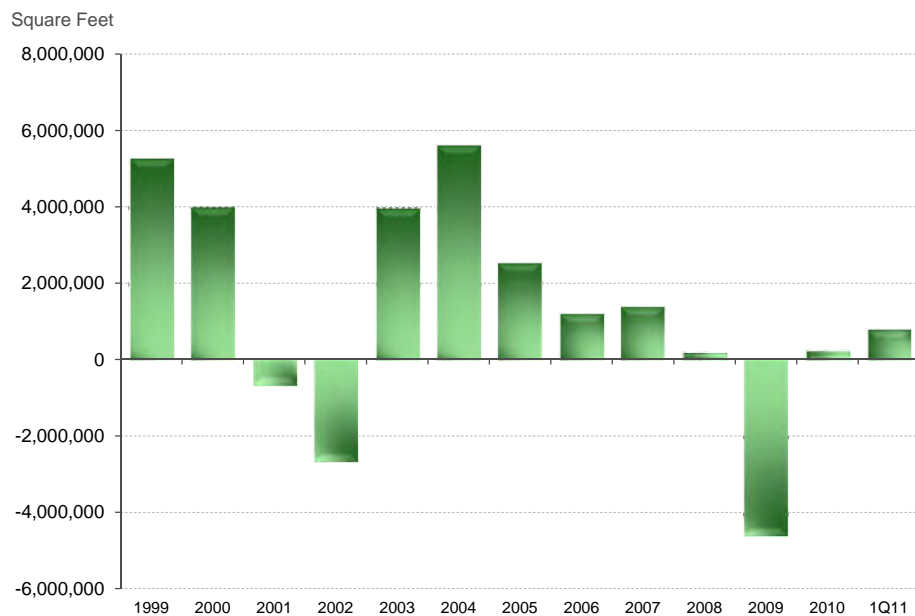




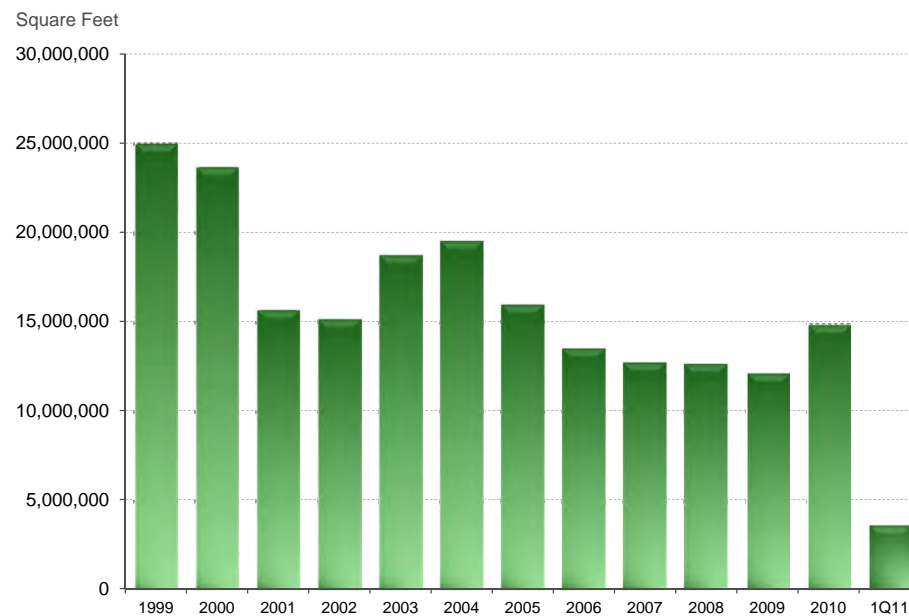
Market Statistics

	Mid 2Q 2011	1Q 2010	2Q 2010	% of Change vs. 2Q 2010
Vacancy	4.98%	4.95%	4.90%	1.63%
Availability	8.32%	8.29%	8.60%	-3.26%
Average Asking Lease Rate	\$0.53	\$0.52	\$0.53	0.00%
Sale & Lease Transactions	4,377,320	10,772,117	21,712,248	N/A
Gross Absorption	7,729,110	8,345,366	11,545,530	N/A
Net Absorption	(10,579)	(1,560,924)	(2,839,384)	N/A

Annual Net Absorption



Annual Gross Absorption





Major Transactions

Sales Activity Since April 1st 2011

Property Address	City	Square Feet	Sale Price	Buyer	Seller
3777 Workman Mill Rd.	Whittier	613,375	\$80.00	KTR	Carpenters So. Cal Admin. Corp.
1737-1745 E. 7 th St.	Los Angeles	100,000	\$38.00	Linear City, LLC	Bayview Loan Servicing LLC
8190 Byron Rd.	Whittier	72,281	\$65.81	DCT Industrial	Glenn Hitomi
3400 Medford St.	Los Angeles	63,036	\$44.82	Lusive Décor	Lautman Family
4916-4930 Santa Anita Ave.	El Monte	43,936	\$66.01	Group II Azusa Properties Ltd.	Robert S. Longo Trust

Lease Activity Since April 1st 2011

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
825 S. Vail Ave.	Montebello	401,033	Apr-11	Four Seasons	Goldrich & Kest
16930 Valley View Ave.	La Mirada	125,000	Apr-11	CHP Enterprises. Inc.	16930 LLC
649 S. 7 th . Ave.	City of Industry	63,249	Apr-11	Royal West	Prologis
1215 W. Washington Blvd	Montebello	54,648	Apr-11		Del Monico Investments Inc.
13845 Artesia Blvd.	Cerritos	45,768	Apr-11	Olea Kiosks, Inc.	TA Associates
5440 W San Fernando Rd.	Los Angeles	41,217	Apr-11		Shahin Bandai



Market Forecast through the 4th Quarter of 2011

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