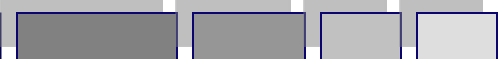


4th Quarter Snap Shot of South Bay Industrial Market



Submarket*	Total Rentable Building SF	Average Quoted Lease Rate	Vacancy Rate (Direct & Sublease)	YTD Net Absorption SF	SF Under Construction
Carson / Rancho Dominguez	77,457,500	\$0.48	8.6%	- 466,000	270,764 SF
El Segundo / Hawthorne/ LAX	30,600,200	\$0.73	2.6%	52,900	0
Gardena / 110 Corridor	31,544,600	\$0.56	3.6%	129,100	0
Long Beach Area	39,276,000	\$0.53	4.7%	87,300	0
Lynwood / Paramount	14,701,968	\$0.50	3.7%	-42,000	0
Torrance / Beach Cities	33,985,200	\$0.55	3.1%	-181,000	258,300 SF
South Bay Summary	227,565,468	\$0.556	4.38%	-419,700	529,064 SF
Change from Last Quarter		↓	↓	↓	↑



Market Overview

The South Bay Industrial market ended 2010 with a total availability rate of 8.3%, an increase from 6.8% in the third quarter. Net absorption totaled a positive 408,900 square feet in Q4. Although, Year-to-Date Net absorption has totaled a negative 419,700 square feet, average rental rates ended the fourth quarter at \$0.556 PSF, a decrease from \$0.575 over Q3. No buildings were delivered to the market in Q3 or Q4; however, there are two projects currently under way that will deliver 529,064 square feet of industrial products to the South Bay Market. One project managed by AMB (258,300 SF Building in Torrance) and the other by Prologis (270,764 SF building in Carson). It was recently announced that these two companies, two of the larger institutional owners in the South Bay/Country, will be combining their billion dollar portfolios.



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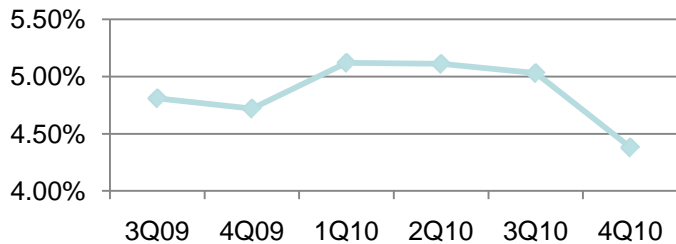
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Vacancy

The South Bay's average Vacancy Factor is just shy of 4.5%, falling from 5.03% from last quarter. One of the South Bay's largest submarkets (Carson, Rancho Dominguez, and Compton), has a Vacancy Factor of about 8.6% and is still the most active sub-market in the South Bay. The ports of Long Beach & Los Angeles have been the largest economic driver in the South, directly affecting the need for more square footage and correlating to a reduction in vacancy.

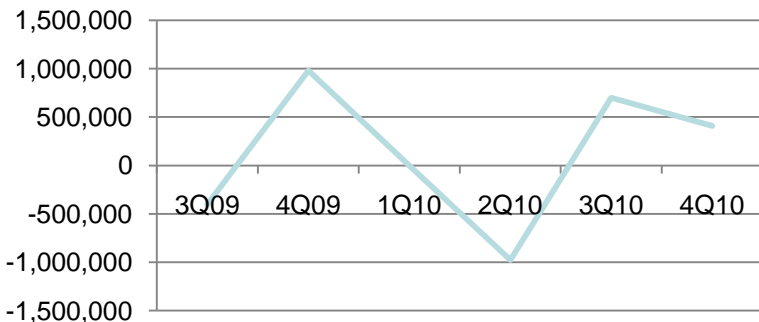
Vacancy Rates by Quarter



Absorption

4Q10 continued the positive absorption trend from the previous quarter, totaling a positive 408,900 square feet (approximately 300,000 SF less than 3Q10). This continued positive absorption is a good indicator of a stabilizing market.

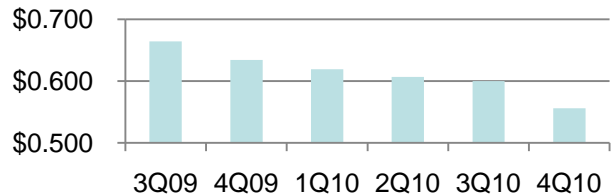
Net Absorption



Lease Rates

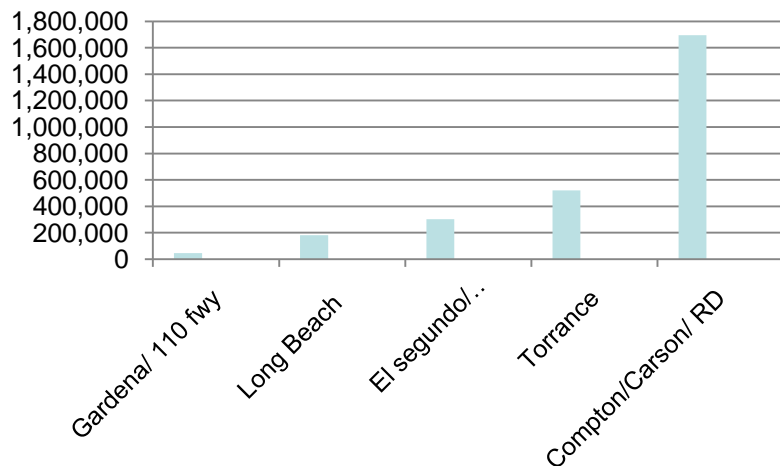
According to the compiled averages, lease rates decreased over the fourth quarter. With market activity on the rise and total vacancy steadily decreasing, it's safe to assume that the South Bay is close to realizing or has realized the bottom of the cycle. While lease rates are an accurate "trend" indicator, it's not a complete representation of the market. Each transaction is different and includes different Landlord motivations & concessions (i.e. free rent, tenant improvements, length of term, building condition, etc.).

Lease Rates



Sales Activity

The average sale price for the South Bay during the last quarter of 2010 was \$103.00 PSF, the same price as the previous quarter. From a purchasing prospective, this is another indication for investors that the market is close to bottoming out. The chart below shows the PSF transactions of the different submarkets over the last quarter.



Featured Deals: Both deals executed by Realty Advisory Group, Inc.



24760 S Main St., Carson, CA 90745

Realty Advisory Group, Inc. purchased this 231,008 SF building for one of our investors. The building includes 48 dock high doors and 5 ground level entrances. It was built in 1991 and has a clear height of 30 feet.



2751 El Presidio St., Carson, CA 90810

Realty Advisory Group, Inc. leased this building for a 5 year term at \$0.36 NNN with low Net to Gross fees. The deal included the demolition of approximately 9,000 SF of office with minor tenant improvements.

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