

Industrial Market Update

Los Angeles County

4th Quarter 2009

LOS ANGELES COUNTY INDUSTRIAL SUBMARKETS SNAPSHOT

| Submarket | Total Building SF | Average Asking Lease Rate | Vacancy Rate | YTD Net Absorption SF | SF Under Construction |
|------------------------------|--------------------|---------------------------|--------------|-----------------------|-----------------------|
| Commerce | 82,393,597 | \$0.484 | 4.92% | -215,199 | 0 |
| Vernon | 89,672,321 | \$0.494 | 3.80% | -1,198,872 | 0 |
| Central LA | 114,328,545 | \$0.736 | 3.60% | -404,914 | 0 |
| Mid-Counties | 99,492,008 | \$0.527 | 5.25% | -1,443,042 | 0 |
| San Gabriel Valley | 176,718,736 | \$0.551 | 5.86% | -1,992,529 | 29,168 |
| San Fernando Valley | 142,677,763 | \$0.781 | 3.49% | -927,823 | 72,119 |
| South Bay | 237,948,352 | \$0.630 | 5.10% | -1,235,268 | 18,112 |
| Westside | 23,092,780 | \$1.451 | 5.98% | -188,556 | 0 |
| Los Angeles County | 966,324,102 | \$0.634 | 4.72% | -7,606,203 | 119,399 |
| Change from Last Qtr. | | ↓ | ↓ | ↑ | ↓ |
| Change from Last Year | | ↓ | ↑ | ↑ | ↓ |



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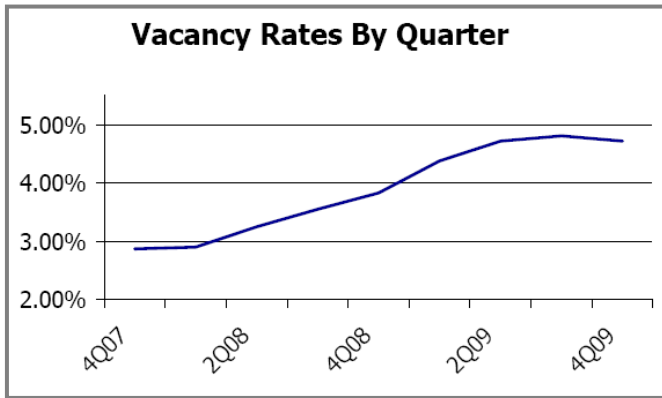
Market Overview

The Los Angeles Industrial market ended the fourth quarter 2009 with a vacancy rate of 4.72%. The vacancy rate was down 1.9% over the previous quarter, with net absorption totaling positive 151,949 square feet in the third quarter. Vacant sublease space decreased in the quarter, ending the quarter at 4,519,272 square feet. Rental rates ended the fourth quarter at \$0.634, a decrease of 4.5% over the previous quarter. A total of sixteen buildings were delivered to the market in the quarter totaling 717,222 square feet, with 119,399 square feet still under construction at the end of the quarter.



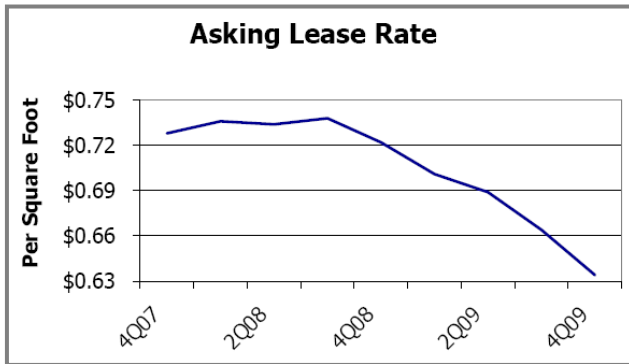
Vacancy

The Industrial vacancy rate in the Los Angeles market area decreased for the first time since Q4 of '07 to 4.72%.



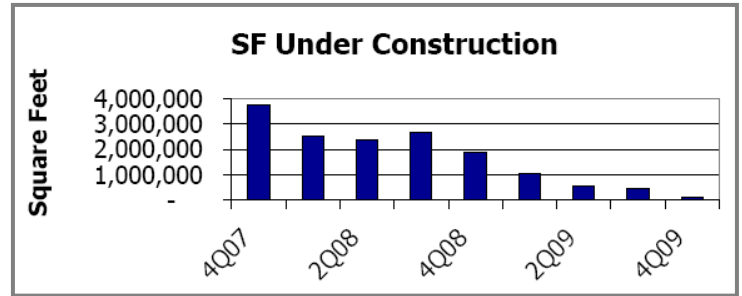
Lease Rates

The average quoted asking rental rate for available Industrial space is down 12.2% from the same time last year.



Deliveries & Construction

The building square footage under construction has declined by 94% since the 4th quarter of 2008.



Absorption

Net absorption for the overall Los Angeles Industrial market was positive 151,949 square feet in the fourth quarter of 2009. That compares to negative 1,241,038 square feet in the third quarter, negative 3,587,525 square feet in the second quarter and negative 3,890,637 square feet in the first quarter of 2009.



Sales Activity

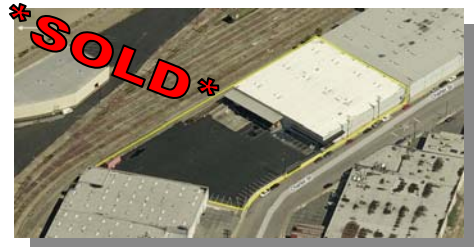
Tallying industrial building sales of 15,000 square feet or larger, Los Angeles industrial sales figures fell 12.2% in terms of value in the third quarter of 2009 and remained flat in terms of deal volume in comparison to the second quarter of 2009. In the third quarter, 43 industrial transactions closed with an average sale price of \$75.02. Cap rates have continued higher in 2009, averaging 7.10%, compared to the first nine months of last year when they averaged 5.98%.

Featured Deals:



6130 E Sheila St, Commerce, CA 90040

We assisted our client in their lease of this 184,772 square foot facility in November. This new construction has 30' ceilings, 20 dock high doors and Class "A" office space. This lease transaction was the largest (SF) lease signed in 2009 in the LA Central Industrial market.



4265 Charter St, Vernon, CA 90058

We sold this 34,777 square foot distribution and manufacturing facility in December. This property featured eight DH positions, 17' + ceilings, the ability for rail service and a large fenced yard.