

The CoStar Industrial Report

Mid-Year 2015

Orange County Industrial Market



CoStarTM
The knowledge market

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Methodology

The CoStar Industrial Report calculates Industrial statistics using CoStar Group's base of existing, under construction and under renovation Industrial buildings in each given metropolitan area. All Industrial building types are included, including warehouse, flex/research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 80.7 billion square feet of coverage in 3.5 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property. The quoted rental rate is exclusive of the expense pass through associated with the rent.

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CoStar Group, Inc.

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Terms & Definitions

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certi-

cate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different

tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

Orange County's Vacancy Decreases to 3.4% Net Absorption Positive 1,410,561 SF in the Quarter

The Orange County Industrial market ended the second quarter 2015 with a vacancy rate of 3.4%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 1,410,561 square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 353,935 square feet. Rental rates ended the second quarter at \$9.34, an increase over the previous quarter. A total of four buildings delivered to the market in the quarter totaling 408,310 square feet, with 852,224 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Orange County Industrial market was positive 1,410,561 square feet in the second quarter 2015. That compares to negative (344,985) square feet in the first quarter 2015, negative (31,694) square feet in the fourth quarter 2014, and positive 1,660,790 square feet in the third quarter 2014.

Tenants moving into large blocks of space in 2015 include: iLad Logistics moving into 164,129 square feet at Cypress Distribution Center - Bldg 1, Prompt Apparel LA moving into 163,232 square feet at 14000 E 183rd St, and Engineered Floors, LLC moving into 127,375 square feet at 675 S Placentia Ave.

The Flex building market recorded net absorption of positive 84,441 square feet in the second quarter 2015, compared to negative (199,348) square feet in the first quarter 2015, positive 372,091 in the fourth quarter 2014, and positive 150,226 in the third quarter 2014.

The Warehouse building market recorded net absorption of positive 1,326,120 square feet in the second quarter 2015

compared to negative (145,637) square feet in the first quarter 2015, negative (403,785) in the fourth quarter 2014, and positive 1,510,564 in the third quarter 2014.

Vacancy

The Industrial vacancy rate in the Orange County market area decreased to 3.4% at the end of the second quarter 2015. The vacancy rate was 3.8% at the end of the first quarter 2015, 3.8% at the end of the fourth quarter 2014, and 3.6% at the end of the third quarter 2014.

Flex projects reported a vacancy rate of 4.8% at the end of the second quarter 2015, 5.0% at the end of the first quarter 2015, 4.7% at the end of the fourth quarter 2014, and 5.4% at the end of the third quarter 2014.

Warehouse projects reported a vacancy rate of 3.0% at the end of the second quarter 2015, 3.4% at the end of first quarter 2015, 3.5% at the end of the fourth quarter 2014, and 3.1% at the end of the third quarter 2014.

Largest Lease Signings

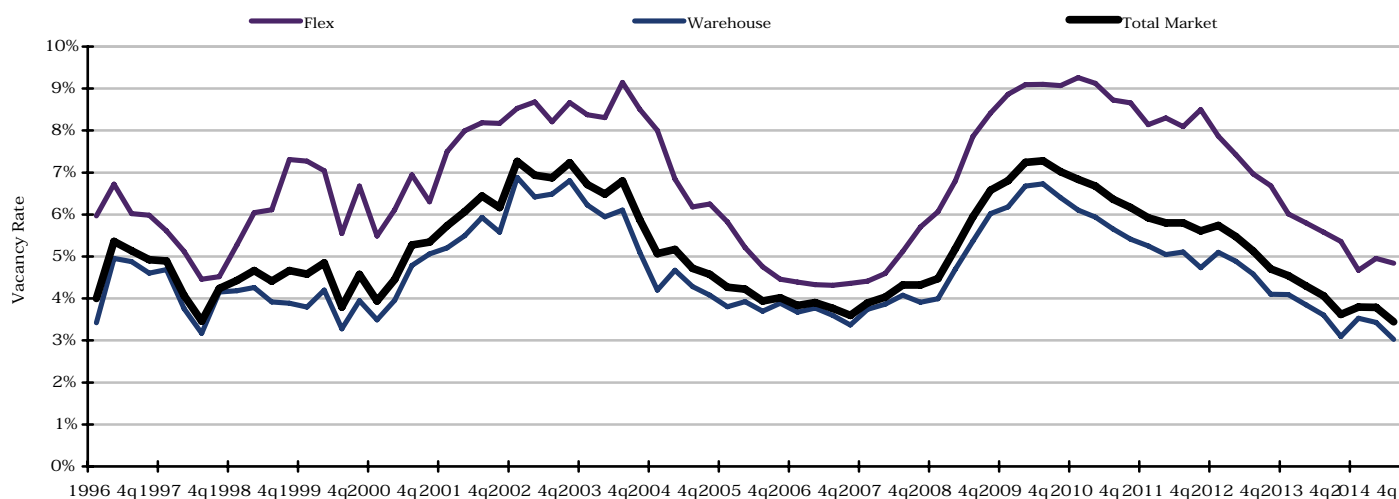
The largest lease signings occurring in 2015 included: the 234,763-square-foot lease signed by iLad Logistics at Cypress Distribution Center - Bldg 2 in the West County market; the 163,232-square-foot deal signed by Prompt Apparel LA at 14000 E 183rd St in the West County market; and the 124,894-square-foot lease signed by Earth Friendly Products at 11150 Hope St in the West County market.

Sublease Vacancy

The amount of vacant sublease space in the Orange County market increased to 353,935 square feet by the end of

Vacancy Rates by Building Type

1996-2015



Source: CoStar Property®

the second quarter 2015, from 324,983 square feet at the end of the first quarter 2015. There was 533,440 square feet vacant at the end of the fourth quarter 2014 and 380,304 square feet at the end of the third quarter 2014.

Orange County’s Flex projects reported vacant sublease space of 108,165 square feet at the end of second quarter 2015, down from the 111,599 square feet reported at the end of the first quarter 2015. There were 179,796 square feet of sublease space vacant at the end of the fourth quarter 2014, and 121,322 square feet at the end of the third quarter 2014.

Warehouse projects reported increased vacant sublease space from the first quarter 2015 to the second quarter 2015. Sublease vacancy went from 213,384 square feet to 245,770 square feet during that time. There was 353,644 square feet at the end of the fourth quarter 2014, and 258,982 square feet at the end of the third quarter 2014.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$9.34 per square foot per year at the end of the second quarter 2015 in the Orange County market area. This represented a 2.3% increase in quoted rental rates from the end of the first quarter 2015, when rents were reported at \$9.13 per square foot.

The average quoted rate within the Flex sector was \$12.74 per square foot at the end of the second quarter 2015, while Warehouse rates stood at \$8.12. At the end of the first quarter 2015, Flex rates were \$12.40 per square foot, and Warehouse rates were \$8.00.

Deliveries and Construction

During the second quarter 2015, four buildings totaling 408,310 square feet were completed in the Orange County market area. This compares to 0 buildings that were completed in the first quarter 2015, four buildings totaling 625,950 square feet completed in the fourth quarter 2014, and 339,445 square

feet in five buildings completed in the third quarter 2014.

There were 630,229 square feet of Industrial space under construction at the end of the second quarter 2015.

Some of the notable 2015 deliveries include: Saturn/Nasa Business Park - Bldg 3, a 154,916-square-foot facility that delivered in second quarter 2015 and is now 100% occupied, and Saturn/Nasa Business Park - Bldg 1, a 107,942-square-foot building that delivered in second quarter 2015 and is now 100% occupied.

The largest projects underway at the end of second quarter 2015 were Anaheim Concourse - Phase III - Bldg D, a 132,506-square-foot facility that is 0% pre-leased, and Anaheim Concourse - Phase III - Bldg F, a 106,904-square-foot facility that is 0% pre-leased.

Inventory

Total Industrial inventory in the Orange County market area amounted to 301,981,419 square feet in 12,589 buildings as of the end of the second quarter 2015. The Flex sector consisted of 69,879,485 square feet in 3,244 projects. The Warehouse sector consisted of 232,101,934 square feet in 9,345 buildings. Within the Industrial market there were 1,836 owner-occupied buildings accounting for 63,935,305 square feet of Industrial space.

Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Orange County (California) industrial sales figures rose during the first quarter 2015 in terms of dollar volume compared to the fourth quarter of 2014.

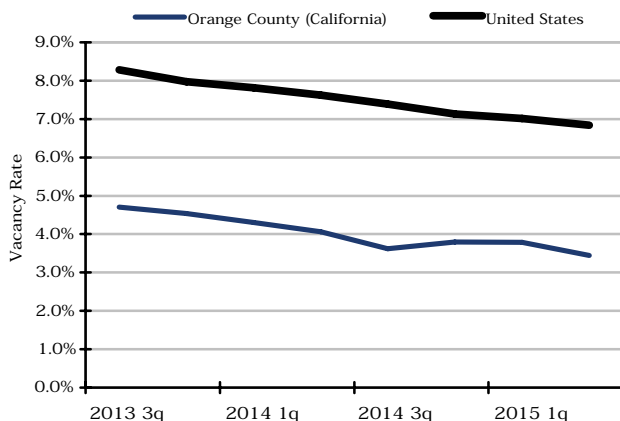
In the first quarter, 44 industrial transactions closed with a total volume of \$300,406,014. The 44 buildings totaled 2,094,281 square feet and the average price per square foot equated to \$143.44 per square foot. That compares to 29 transactions totaling \$267,160,376 in the fourth quarter. The total square footage was 1,997,508 for an average price per square foot of \$133.75.

Total year-to-date industrial building sales activity in 2015 is up compared to the previous year. In the first three months of 2015, the market saw 44 industrial sales transactions with a total volume of \$300,406,014. The price per square foot has averaged \$143.44 this year. In the first three months of 2014, the market posted 26 transactions with a total volume of \$133,654,026. The price per square foot averaged \$115.96.

Cap rates have been lower in 2015, averaging 5.30%, compared to the first three months of last year when they averaged 5.49%.

U.S. Vacancy Comparison

Past 8 Quarters



Source: CoStar Property®

Orange County Industrial Market



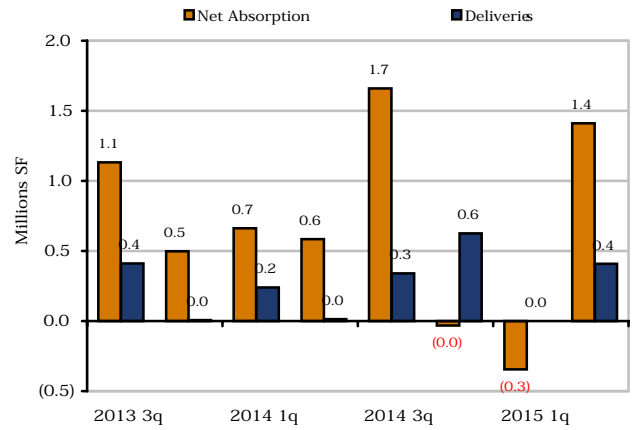
Overview

One of the largest transactions that has occurred within the last four quarters in the Orange County (California) market is the sale of 52 Discovery in Irvine. This 213,400-square-foot industrial building sold for \$56,000,000, or \$262.42 per square foot. The property sold on 5/12/2014.

Reports compiled by: Jan Rasmussen, CoStar Senior Research Manager and Jim Naderer, Senior Research Associate.

Absorption & Deliveries

Past 8 Quarters



Source: CoStar Property®

CoStar Submarket Clusters & Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters	Submarkets
Airport Area Ind	Costa Mesa Ind Fountain Valley Ind Irvine Ind Newport Beach Ind Santa Ana Ind Tustin Ind
North County Ind	Anaheim Ind Brea/La Habra Ind Buena Park Ind Fullerton Complex Ind Fullerton Ind Orange Ind Placentia/Yorba Linda Ind
South County Ind	Irvine Spectrum Ind Laguna Hills/Aliso Viejo Ind Laguna Niguel/Laguna Beach Ind Lake Forest/Foothill Ranch/RSM Ind Mission Viejo Ind San Juan Cap/S Clemente/Dana Point Ind
West County Ind	Cypress Ind Garden Grove Ind Huntington Beach Ind La Palma Ind Los Alamitos/Stanton Ind Seal Beach Ind Westminster Ind

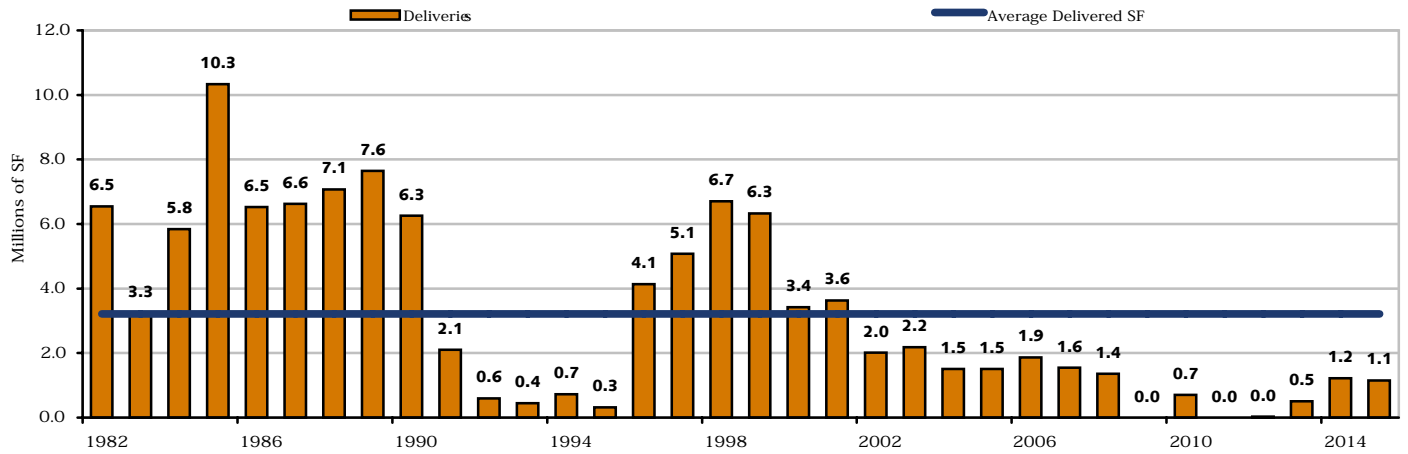
Orange County Industrial Market



Inventory & development

Historical Deliveries

1982 - 2015



Source: CoStar Property® * Future deliveries based on current under construction buildings.

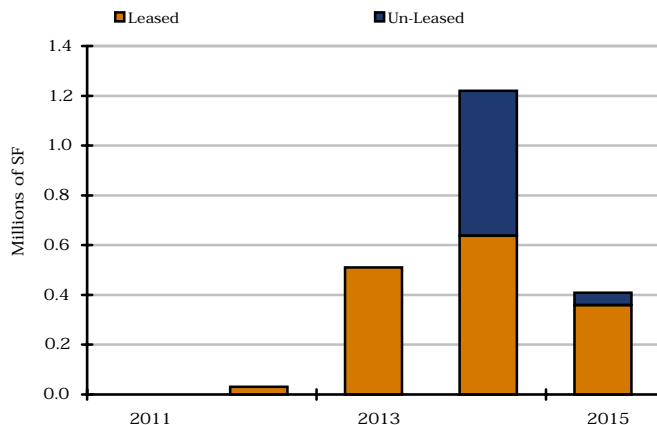
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
North County Ind	6	490,355	150,775	30.7%	25,991	81,726
Airport Area Ind	1	221,995	221,995	100.0%	21,746	221,995
West County Ind	1	94,572	0	0.0%	23,166	94,572
South County Ind	2	45,302	0	0.0%	24,347	22,651
Totals	10	852,224	372,770	43.7%	23,988	85,222

Source: CoStar Property®

Recent Deliveries

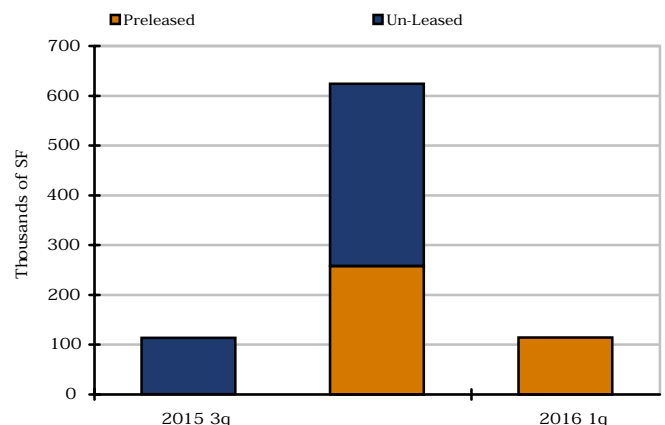
Leased & Un-Leased SF in Deliveries Since 2011



Source: CoStar Property®

Future Deliveries

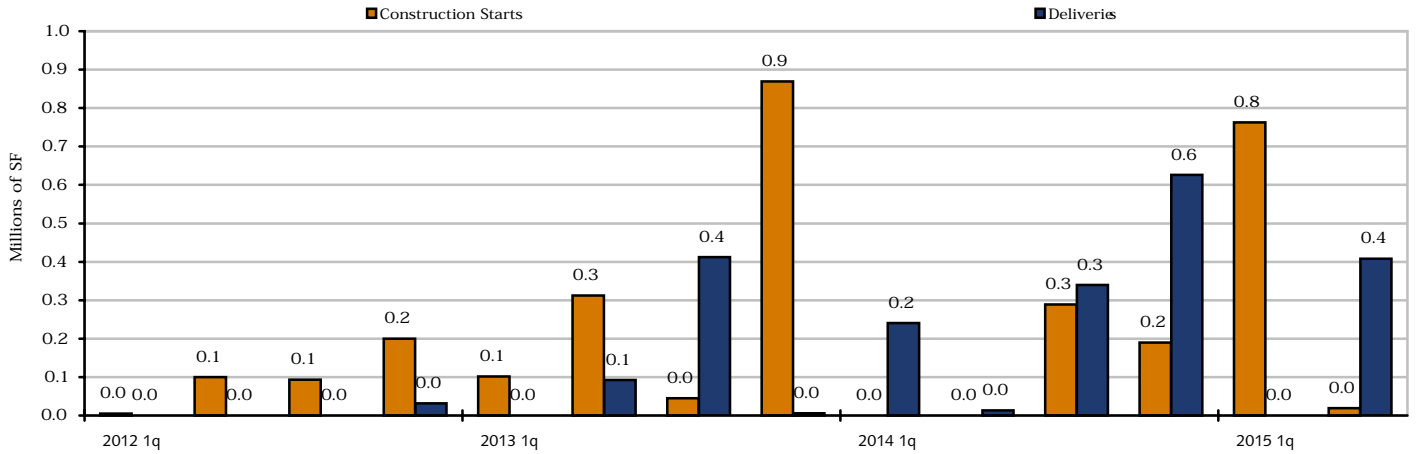
Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	0	0	0	0.0%	\$0.00	0	0
50,000 SF - 99,999 SF	2	145,452	95,270	65.5%	\$0.00	145,452	0
100,000 SF - 249,999 SF	2	262,858	262,858	100.0%	\$0.00	262,858	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

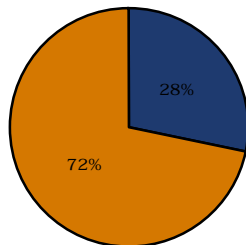
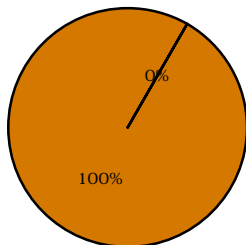
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2015 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

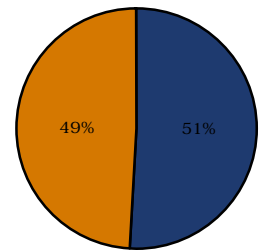
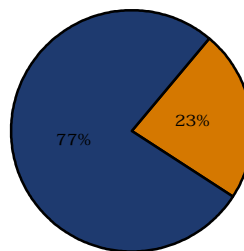
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

Orange County Industrial Market



Inventory & development

Select Year-to-Date Deliveries

Based on Project Square Footage

1. 3172 Nasa St Submarket: North County Industrial Market RBA: 154,916 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: Second Quarter 2015 Leasing Co: CBRE Developer: Western Realco	2. 408 Saturn St Submarket: North County Industrial Market RBA: 107,942 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: Second Quarter 2015 Leasing Co: CBRE Developer: Western Realco	3. 415 Saturn St Submarket: North County Industrial Market RBA: 95,270 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2014 Deliv Date: Second Quarter 2015 Leasing Co: CBRE Developer: Western Realco
4. 17322 Gothard St Submarket: West County Industrial Market RBA: 50,182 Occupied: 0% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2015 Deliv Date: Second Quarter 2015 Leasing Co: CBRE Developer: Shea Properties		

Select Top Under Construction Properties

Based on Project Square Footage

1. 3335 E La Palma Ave Submarket: North County Industrial Market RBA: 132,506 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2015 Deliv Date: Fourth Quarter 2015 Leasing Co: CBRE Developer: Panattoni Development Company	2. 1153 N Ocean Circle Submarket: North County Industrial Market RBA: 106,904 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2015 Deliv Date: Fourth Quarter 2015 Leasing Co: CBRE Developer: Panattoni Development Company	3. 1151 N Ocean Circle Submarket: North County Industrial Market RBA: 100,170 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2015 Deliv Date: Fourth Quarter 2015 Leasing Co: CBRE Developer: Panattoni Development Company
4. 17332 Gothard St Submarket: West County Industrial Market RBA: 94,572 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Fourth Quarter 2014 Deliv Date: Third Quarter 2015 Leasing Co: CBRE Developer: Shea Properties	5. 3325 E La Palma Ave Submarket: North County Industrial Market RBA: 66,602 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: First Quarter 2015 Deliv Date: First Quarter 2016 Leasing Co: CBRE Developer: Panattoni Development Company	6. 3321 E La Palma Ave Submarket: North County Industrial Market RBA: 48,088 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: First Quarter 2015 Deliv Date: First Quarter 2016 Leasing Co: CBRE Developer: Panattoni Development Company
7. 3199 E La Palma Ave Submarket: North County Industrial Market RBA: 36,085 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: First Quarter 2015 Deliv Date: Fourth Quarter 2015 Leasing Co: CBRE Developer: Panattoni Development Company	8. 16450 Scientific Way Submarket: South County Industrial Market RBA: 26,382 Preleased: 0% Quoted Rate: \$19.50 Grnd Brk Date: Third Quarter 2014 Deliv Date: Fourth Quarter 2015 Leasing Co: Voit Real Estate Services Developer: N/A	9. 75 Doppler Submarket: South County Industrial Market RBA: 18,920 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2015 Deliv Date: Third Quarter 2015 Leasing Co: Lee & Associates Developer: N/A



Orange County Industrial Market

Figures at a Glance

Flex Market Statistics

Mid-Year 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area Ind	1,136	23,193,236	1,046,767	1,055,184	4.5%	55,890	0	0	\$12.73
North County Ind	775	15,714,915	523,537	541,927	3.4%	(70,024)	0	0	\$11.12
South County Ind	906	21,090,216	1,321,622	1,402,980	6.7%	(137,462)	0	18,920	\$13.63
West County Ind	427	9,881,118	379,514	379,514	3.8%	36,689	0	0	\$11.54
Totals	3,244	69,879,485	3,271,440	3,379,605	4.8%	(114,907)	0	18,920	\$12.74

Source: CoStar Property®

Warehouse Market Statistics

Mid-Year 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area Ind	2,666	59,486,748	1,301,491	1,347,607	2.3%	461,227	0	221,995	\$8.28
North County Ind	4,018	108,859,655	3,655,737	3,745,785	3.4%	567,813	358,128	490,355	\$7.63
South County Ind	958	24,293,442	851,679	900,972	3.7%	(89,976)	0	26,382	\$9.83
West County Ind	1,703	39,462,089	976,672	1,036,985	2.6%	241,419	50,182	94,572	\$7.81
Totals	9,345	232,101,934	6,785,579	7,031,349	3.0%	1,180,483	408,310	833,304	\$8.12

Source: CoStar Property®

Total Industrial Market Statistics

Mid-Year 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area Ind	3,802	82,679,984	2,348,258	2,402,791	2.9%	517,117	0	221,995	\$9.50
North County Ind	4,793	124,574,570	4,179,274	4,287,712	3.4%	497,789	358,128	490,355	\$8.09
South County Ind	1,864	45,383,658	2,173,301	2,303,952	5.1%	(227,438)	0	45,302	\$11.97
West County Ind	2,130	49,343,207	1,356,186	1,416,499	2.9%	278,108	50,182	94,572	\$8.38
Totals	12,589	301,981,419	10,057,019	10,410,954	3.4%	1,065,576	408,310	852,224	\$9.34

Source: CoStar Property®

Orange County Industrial Market



Figures at a Glance

Flex Submarket Statistics

Mid-Year 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Anaheim Ind	294	6,104,587	189,503	201,435	3.3%	(14,736)	0	0	\$11.34
Brea/La Habra Ind	92	1,865,338	92,784	99,242	5.3%	(57,236)	0	0	\$13.15
Buena Park Ind	55	1,088,582	34,120	34,120	3.1%	(5,221)	0	0	\$11.73
Costa Mesa Ind	372	5,399,491	149,368	152,062	2.8%	25,783	0	0	\$15.67
Cypress Ind	70	2,928,861	132,570	132,570	4.5%	39,568	0	0	\$11.82
Fountain Valley Ind	54	1,496,898	20,209	20,209	1.4%	892	0	0	\$11.86
Fullerton Complex Ind	0	0	0	0	0.0%	0	0	0	\$0.00
Fullerton Ind	73	1,769,507	50,149	50,149	2.8%	2,357	0	0	\$9.30
Garden Grove Ind	88	1,865,612	62,659	62,659	3.4%	15,155	0	0	\$10.19
Huntington Beach Ind	173	3,310,671	128,392	128,392	3.9%	(20,920)	0	0	\$10.66
Irvine Ind	289	6,802,891	362,950	366,173	5.4%	(48,686)	0	0	\$12.66
Irvine Spectrum Ind	365	10,994,163	546,651	582,764	5.3%	(88,851)	0	18,920	\$14.07
La Palma Ind	1	85,000	0	0	0.0%	0	0	0	\$0.00
Laguna Hills/Aliso Viejo Ind	113	2,507,278	125,477	126,894	5.1%	(34,311)	0	0	\$13.27
Laguna Nguel/Laguna Beach Ind	24	454,848	1,998	1,998	0.4%	12,138	0	0	\$17.79
Lake Forest/Foothill Ranch Ind	236	3,948,984	221,292	226,892	5.7%	(33,480)	0	0	\$12.35
Los Alamitos/Stanton Ind	71	1,168,628	43,593	43,593	3.7%	3,226	0	0	\$13.89
Mission Viejo Ind	39	914,766	330,582	330,582	36.1%	(11,806)	0	0	\$12.12
Newport Beach Ind	23	523,123	572	572	0.1%	8,441	0	0	\$21.21
Orange Ind	151	2,596,977	64,134	64,134	2.5%	17,758	0	0	\$10.64
Placentia/Yorba Linda Ind	110	2,289,924	92,847	92,847	4.1%	(12,946)	0	0	\$9.67
San Juan Cap/S Clemente/Anaheim Ind	129	2,270,177	95,622	133,850	5.9%	18,848	0	0	\$15.26
Santa Ana Ind	259	5,464,316	171,254	173,754	3.2%	17,566	0	0	\$11.92
Seal Beach Ind	0	0	0	0	0.0%	0	0	0	\$0.00
Tustin Ind	139	3,506,517	342,414	342,414	9.8%	51,894	0	0	\$10.93
Westminster Ind	24	522,346	12,300	12,300	2.4%	(340)	0	0	\$11.65
Totals	3,244	69,879,485	3,271,440	3,379,605	4.8%	(114,907)	0	18,920	\$12.74

Source: CoStar Property®

Warehouse Submarket Statistics

Mid-Year 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Anaheim Ind	1,822	44,307,896	1,452,603	1,503,971	3.4%	281,834	0	490,355	\$7.99
Brea/La Habra Ind	525	14,952,152	151,996	151,996	1.0%	536,898	358,128	0	\$7.48
Buena Park Ind	231	13,493,862	570,446	570,446	4.2%	96,887	0	0	\$6.30
Costa Mesa Ind	423	7,654,283	190,320	211,583	2.8%	36,072	0	0	\$9.85
Cypress Ind	97	3,934,306	321,446	321,446	8.2%	7,947	0	0	\$7.82
Fountain Valley Ind	184	3,703,496	10,097	10,097	0.3%	2,776	0	0	\$8.56
Fullerton Complex Ind	1	18,551	0	0	0.0%	0	0	0	\$9.60
Fullerton Ind	436	17,480,704	1,258,934	1,273,055	7.3%	(397,918)	0	0	\$7.09
Garden Grove Ind	480	12,142,398	290,081	290,081	2.4%	163,870	0	0	\$7.36
Huntington Beach Ind	673	14,068,697	357,161	393,507	2.8%	(69,390)	50,182	94,572	\$8.62
Irvine Ind	328	12,799,105	512,169	521,669	4.1%	(59,144)	0	0	\$8.34
Irvine Spectrum Ind	205	9,093,660	294,341	294,341	3.2%	50,278	0	26,382	\$9.27
La Palma Ind	16	1,774,689	0	0	0.0%	0	0	0	\$6.70
Laguna Hills/Aliso Viejo Ind	95	1,818,425	47,428	47,428	2.6%	14,855	0	0	\$12.37
Laguna Nguel/Laguna Beach Ind	41	427,715	6,560	6,560	1.5%	0	0	0	\$0.00
Lake Forest/Foothill Ranch Ind	363	9,406,013	447,143	460,282	4.9%	(168,570)	0	0	\$9.53
Los Alamitos/Stanton Ind	268	4,161,052	6,659	12,659	0.3%	156,204	0	0	\$8.19
Mission Viejo Ind	36	565,324	3,800	3,800	0.7%	16,254	0	0	\$13.02
Newport Beach Ind	39	437,514	6,753	6,753	1.5%	(6,753)	0	0	\$16.28
Orange Ind	734	13,632,343	169,173	183,813	1.3%	27,804	0	0	\$8.85
Placentia/Yorba Linda Ind	269	4,974,147	52,585	62,504	1.3%	22,308	0	0	\$8.81
San Juan Cap/S Clemente/Anaheim Ind	218	2,982,305	52,407	88,561	3.0%	(2,793)	0	0	\$11.68
Santa Ana Ind	1,573	30,304,783	467,653	483,006	1.6%	350,126	0	221,995	\$7.89
Seal Beach Ind	17	988,339	0	0	0.0%	0	0	0	\$8.76
Tustin Ind	119	4,587,567	114,499	114,499	2.5%	138,150	0	0	\$7.72
Westminster Ind	152	2,392,608	1,325	19,292	0.8%	(17,212)	0	0	\$9.17
Totals	9,345	232,101,934	6,785,579	7,031,349	3.0%	1,180,483	408,310	833,304	\$8.12

Source: CoStar Property®



Orange County Industrial Market

Figures at a Glance

Total Industrial Submarket Statistics

Mid-Year 2015

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Anaheim Ind	2,116	50,412,483	1,642,106	1,705,406	3.4%	267,098	0	490,355	\$8.53
Brea/La Habra Ind	617	16,817,490	244,780	251,238	1.5%	479,662	358,128	0	\$8.02
Buena Park Ind	286	14,582,444	604,566	604,566	4.1%	91,666	0	0	\$6.47
Costa Mesa Ind	795	13,053,774	339,688	363,645	2.8%	61,855	0	0	\$12.08
Cypress Ind	167	6,863,167	454,016	454,016	6.6%	47,515	0	0	\$9.00
Fountain Valley Ind	238	5,200,394	30,306	30,306	0.6%	3,668	0	0	\$8.98
Fullerton Complex Ind	1	18,551	0	0	0.0%	0	0	0	\$9.60
Fullerton Ind	509	19,250,211	1,309,083	1,323,204	6.9%	(395,561)	0	0	\$7.28
Garden Grove Ind	568	14,008,010	352,740	352,740	2.5%	179,025	0	0	\$7.65
Huntington Beach Ind	846	17,379,368	485,553	521,899	3.0%	(90,310)	50,182	94,572	\$8.82
Irvine Ind	617	19,601,996	875,119	887,842	4.5%	(107,830)	0	0	\$9.80
Irvine Spectrum Ind	570	20,087,823	840,992	877,105	4.4%	(38,573)	0	45,302	\$12.40
La Palma Ind	17	1,859,689	0	0	0.0%	0	0	0	\$6.70
Laguna Hills/Aliso Viejo Ind	208	4,325,703	172,905	174,322	4.0%	(19,456)	0	0	\$12.96
Laguna Nguel/Laguna Beach	65	882,563	8,558	8,558	1.0%	12,138	0	0	\$17.79
Lake Forest/Foothill Ranch/RS	599	13,354,997	668,435	687,174	5.1%	(202,050)	0	0	\$10.28
Los Alamitos/Stanton Ind	339	5,329,680	50,252	56,252	1.1%	159,430	0	0	\$9.98
Mission Viejo Ind	75	1,480,090	334,382	334,382	22.6%	4,448	0	0	\$12.16
Newport Beach Ind	62	960,637	7,325	7,325	0.8%	1,688	0	0	\$18.97
Orange Ind	885	16,229,320	233,307	247,947	1.5%	45,562	0	0	\$9.12
Placentia/Yorba Linda Ind	379	7,264,071	145,432	155,351	2.1%	9,362	0	0	\$9.13
San Juan Cap/S Clemente/Da	347	5,252,482	148,029	222,411	4.2%	16,055	0	0	\$13.70
Santa Ana Ind	1,832	35,769,099	638,907	656,760	1.8%	367,692	0	221,995	\$8.42
Seal Beach Ind	17	988,339	0	0	0.0%	0	0	0	\$8.76
Tustin Ind	258	8,094,084	456,913	456,913	5.6%	190,044	0	0	\$9.23
Westminster Ind	176	2,914,954	13,625	31,592	1.1%	(17,552)	0	0	\$9.46
Totals	12,589	301,981,419	10,057,019	10,410,954	3.4%	1,065,576	408,310	852,224	\$9.34

Source: CoStar Property®

Orange County Industrial Market



Figures at a Glance

Flex Market Statistics

Mid-Year 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2015 2q	3,244	69,879,485	3,271,440	3,379,605	4.8%	84,441	0	0	1	18,920	\$12.74
2015 1q	3,244	69,879,485	3,352,447	3,464,046	5.0%	(199,348)	0	0	0	0	\$12.40
2014 4q	3,244	69,879,485	3,084,902	3,264,698	4.7%	372,091	0	0	0	0	\$12.13
2014 3q	3,245	69,995,485	3,631,467	3,752,789	5.4%	150,226	0	0	0	0	\$11.95
2014 2q	3,245	69,995,485	3,737,595	3,903,015	5.6%	169,991	1	13,530	0	0	\$11.88
2014 1q	3,244	69,981,955	3,975,544	4,059,476	5.8%	180,241	1	31,098	1	13,530	\$11.82
2013	3,243	69,950,857	4,152,477	4,208,619	6.0%	1,302,261	1	9,000	2	44,628	\$11.63
2012	3,242	69,941,857	5,410,387	5,501,880	7.9%	192,733	0	0	1	9,000	\$11.00
2011	3,242	69,941,857	5,621,995	5,694,613	8.1%	783,805	0	0	1	9,000	\$10.97
2010	3,242	69,941,857	6,236,722	6,478,418	9.3%	(276,988)	0	0	0	0	\$11.33
2009	3,242	69,941,857	5,910,771	6,201,430	8.9%	(1,957,884)	0	0	0	0	\$12.42
2008	3,242	69,941,857	3,988,035	4,243,546	6.1%	(830,652)	15	340,001	0	0	\$14.52
2007	3,227	69,601,856	2,807,842	3,072,893	4.4%	522,246	30	564,065	8	157,500	\$15.13
2006	3,197	69,037,791	2,750,674	3,031,074	4.4%	1,350,557	21	493,863	22	391,272	\$14.06
2005	3,186	68,653,362	3,773,956	3,997,202	5.8%	1,758,114	34	367,118	25	571,583	\$12.80
2004	3,154	68,369,735	4,915,988	5,471,689	8.0%	802,920	39	598,606	34	320,400	\$11.73

Source: CoStar Property®

Warehouse Market Statistics

Mid-Year 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2015 2q	9,345	232,101,934	6,785,579	7,031,349	3.0%	1,326,120	4	408,310	9	833,304	\$8.12
2015 1q	9,341	231,693,624	7,735,775	7,949,159	3.4%	(145,637)	0	0	13	1,241,614	\$8.00
2014 4q	9,344	232,078,653	7,834,907	8,188,551	3.5%	(403,785)	4	625,950	5	479,082	\$7.93
2014 3q	9,341	231,459,703	6,906,834	7,165,816	3.1%	1,510,564	5	339,445	7	915,190	\$7.85
2014 2q	9,336	231,120,258	8,126,812	8,336,935	3.6%	413,622	0	0	9	965,395	\$7.76
2014 1q	9,337	231,264,962	8,699,482	8,895,261	3.8%	482,598	1	209,715	9	965,395	\$7.73
2013	9,339	231,357,605	9,322,399	9,470,502	4.1%	2,202,721	6	501,078	10	1,175,110	\$7.69
2012	9,340	231,483,138	11,499,788	11,798,756	5.1%	(54,327)	2	31,225	4	393,078	\$7.25
2011	9,341	231,923,666	11,810,050	12,184,957	5.3%	1,615,527	0	0	1	26,000	\$7.11
2010	9,345	232,313,550	13,611,638	14,190,368	6.1%	360,329	6	701,161	0	0	\$6.89
2009	9,340	232,112,389	13,498,964	14,349,536	6.2%	(5,080,790)	0	0	2	196,500	\$7.67
2008	9,340	232,112,389	8,514,632	9,268,746	4.0%	(168,274)	51	1,019,835	1	184,000	\$9.02
2007	9,294	231,682,211	7,911,349	8,670,294	3.7%	373,184	56	987,243	50	1,171,147	\$9.22
2006	9,242	231,126,553	7,751,741	8,487,820	3.7%	874,633	48	1,375,416	57	1,167,760	\$8.32
2005	9,198	230,541,022	7,932,620	8,776,922	3.8%	1,740,802	85	1,135,397	49	1,073,302	\$7.69
2004	9,118	229,667,585	8,763,254	9,644,287	4.2%	5,472,148	49	911,771	78	1,029,508	\$6.85

Source: CoStar Property®

Total Industrial Market Statistics

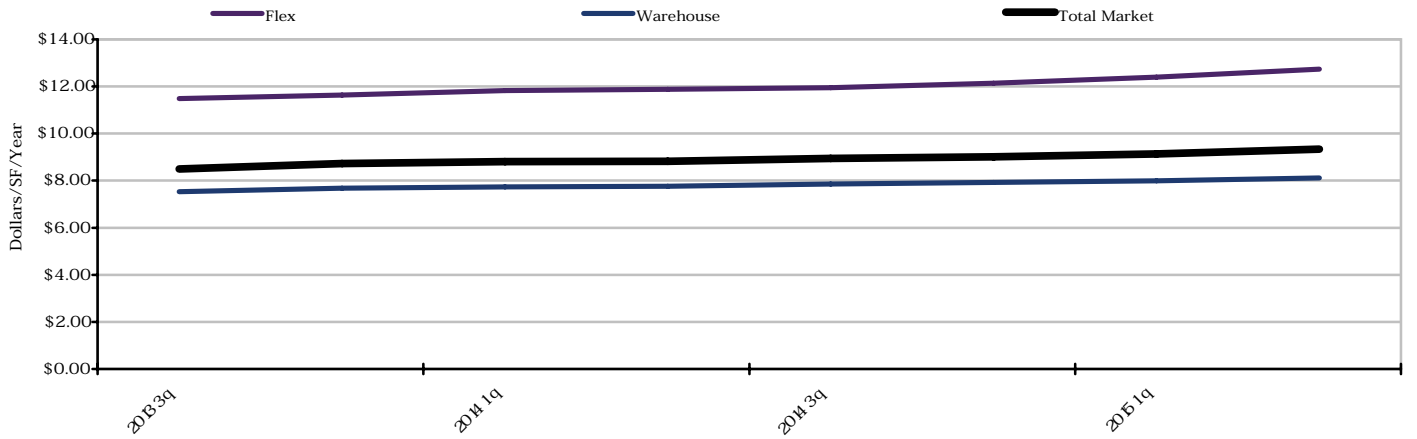
Mid-Year 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2015 2q	12,589	301,981,419	10,057,019	10,410,954	3.4%	1,410,561	4	408,310	10	852,224	\$9.34
2015 1q	12,585	301,573,109	11,088,222	11,413,205	3.8%	(344,985)	0	0	13	1,241,614	\$9.13
2014 4q	12,588	301,958,138	10,919,809	11,453,249	3.8%	(31,694)	4	625,950	5	479,082	\$9.01
2014 3q	12,586	301,455,188	10,538,301	10,918,605	3.6%	1,660,790	5	339,445	7	915,190	\$8.94
2014 2q	12,581	301,115,743	11,864,407	12,239,950	4.1%	583,613	1	13,530	9	965,395	\$8.82
2014 1q	12,581	301,246,917	12,675,026	12,954,737	4.3%	662,839	2	240,813	10	978,925	\$8.81
2013	12,582	301,308,462	13,474,876	13,679,121	4.5%	3,504,982	7	510,078	12	1,219,738	\$8.73
2012	12,582	301,424,995	16,910,175	17,300,636	5.7%	138,406	2	31,225	5	402,078	\$8.08
2011	12,583	301,865,523	17,432,045	17,879,570	5.9%	2,399,332	0	0	2	35,000	\$8.04
2010	12,587	302,255,407	19,848,360	20,668,786	6.8%	83,341	6	701,161	0	0	\$7.82
2009	12,582	302,054,246	19,409,735	20,550,966	6.8%	(7,038,674)	0	0	2	196,500	\$8.65
2008	12,582	302,054,246	12,502,667	13,512,292	4.5%	(998,926)	66	1,359,836	1	184,000	\$10.24
2007	12,521	301,284,067	10,719,191	11,743,187	3.9%	895,430	86	1,551,308	58	1,328,647	\$10.40
2006	12,439	300,164,344	10,502,415	11,518,894	3.8%	2,225,190	69	1,869,279	79	1,559,032	\$9.84
2005	12,384	299,194,384	11,706,576	12,774,124	4.3%	3,498,916	119	1,502,515	74	1,644,885	\$9.16
2004	12,272	298,037,320	13,679,242	15,115,976	5.1%	6,275,068	88	1,510,377	112	1,349,908	\$8.37

Source: CoStar Property®

Historical Rental Rates

Based on Quoted Rental Rates

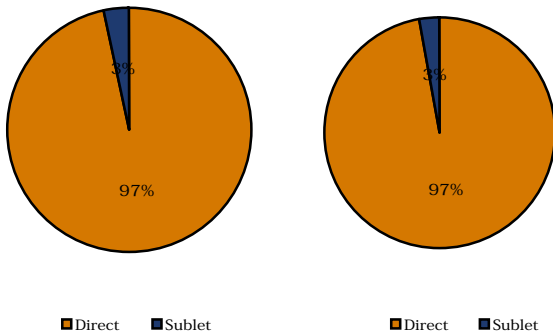


Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Orange County (California) United States

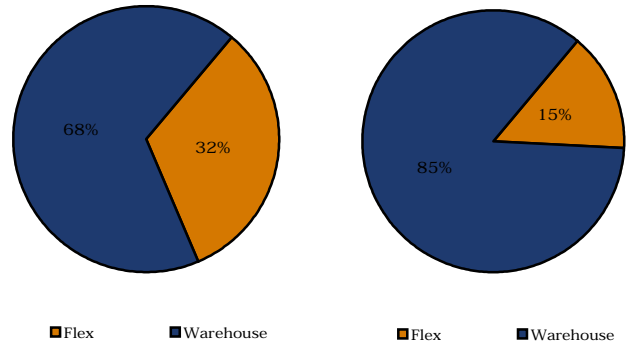


Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

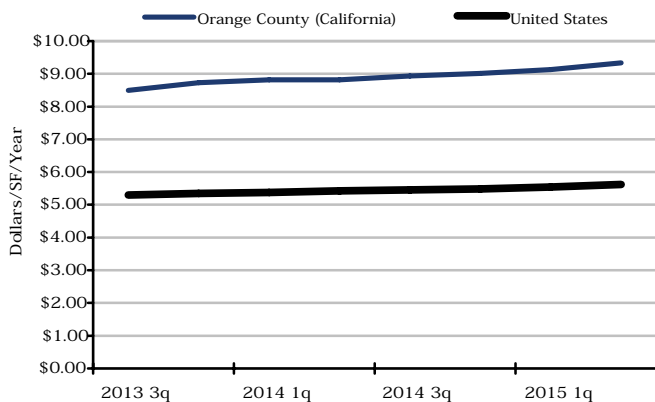
Orange County (California) United States



Source: CoStar Property®

U.S. Rental Rate Comparison

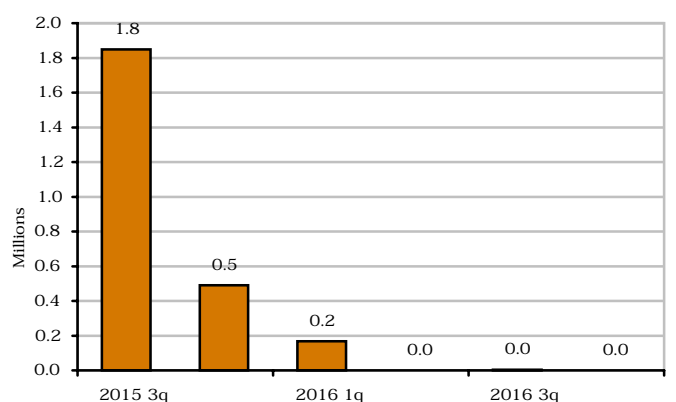
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space

Orange County Industrial Market



Leasing Activity

Select Top Industrial Leases Based on Leased Square Footage For Deals Signed in 2015

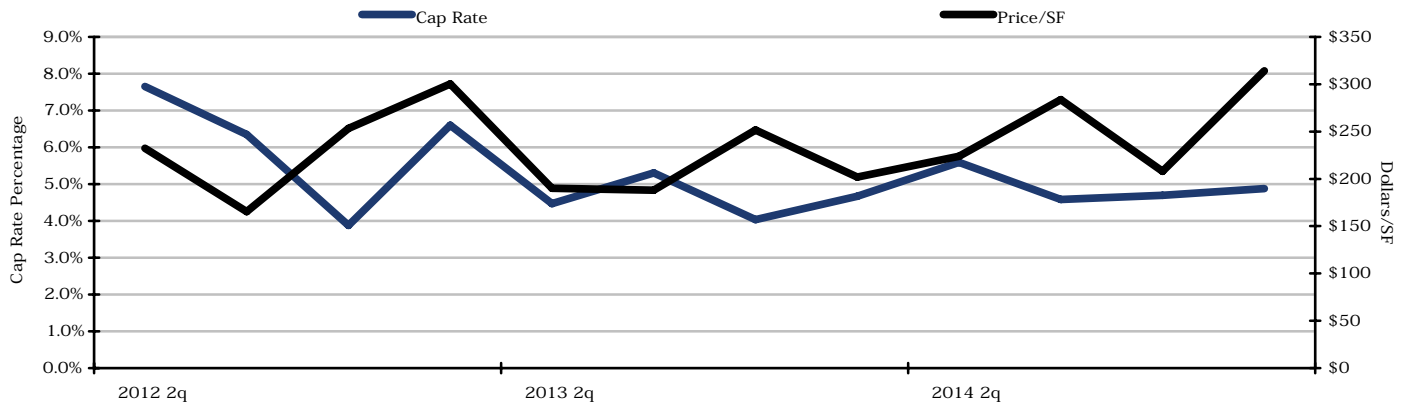
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	6101 Knott Ave	Buena Park Ind	272,548	2nd	N/A	N/A	CBRE
2	6550 Katella Ave*	Cypress Ind	234,763	1st	iLad Logistics	Newmark Grubb Knight Frank	Cushman & Wakefield, Inc.
3	14000 E183rd St	La Palma Ind	163,232	1st	Prompt Apparel LA	N/A	Inco Commercial Brokers
4	10681 Calle Lee	Los Alamitos/Stanton Ind	134,186	1st	N/A	N/A	CBRE
5	2811 S Harbor Blvd	Santa Ana Ind	126,796	1st	Robinson Pharma	CBRE	Lee & Associates
6	11150 Hope St	Cypress Ind	124,894	1st	Earth Friendly Products	N/A	CBRE
7	5600 Argosy Circle	Huntington Beach Ind	104,678	1st	CSM Fitness Equipment	N/A	CBRE
8	20 Icon	Lake Forest/Foothill Ranc	102,299	2nd	Cox Communications	CBRE	Voit Real Estate Services; Industri
9	9 Holland St	Irvine Spectrum Ind	92,801	1st	Pinnacle Exhibits	Lee & Associates	CBRE
10	701 S Sally Pl*	Fullerton Ind	85,172	2nd	Inmar CLS	DAUM Commercial Real Estate Service	CBRE
11	6545-6549 Caballero Blvd	Buena Park Ind	83,938	1st	N/A	N/A	LAREM
12	2650 Orbiter St	Brea/La Habra Ind	80,744	2nd	N/A	N/A	Dunn Property Group
13	5600 Argosy Circle	Huntington Beach Ind	80,000	1st	Milen	JLL	Voit Real Estate Services
14	1206 N Miller St - Anaheim Concourse	Anaheim Ind	77,753	1st	JiaHerb, LLC	N/A	CBRE
15	580 N Gilbert St - Fullerton Crossroads*	Fullerton Ind	75,090	2nd	Ultra Wheel Company, Inc.	N/A	Cushman & Wakefield, Inc.
16	5600 Knott Ave*	Buena Park Ind	73,147	1st	Magic Messenger, Inc.	N/A	Lee & Associates
17	392 W Walnut Ave	Fullerton Ind	70,972	2nd	Generci Freezer Co	N/A	Lee & Associates
18	3995 E La Palma Ave*	Anaheim Ind	68,862	2nd	Walker Brothers Machinery	N/A	CBRE
19	17822 Gillette Ave	Irvine Ind	68,000	1st	N/A	N/A	Mohr Partners, Inc.
20	7150 Village Dr - Village Business Park	Buena Park Ind	67,290	1st	N/A	CBRE	CBRE
21	450 Delta Ave	Brea/La Habra Ind	62,650	1st	Win-dor, Inc.	N/A	Voit Real Estate Services
22	500 Burning Tree Rd	Fullerton Ind	61,726	1st	Sunrise Produce Company	CBRE	JLL
23	16700 Red Hill Ave	Irvine Ind	60,000	1st	N/A	N/A	Voit Real Estate Services
24	17731 Cowan*	Irvine Ind	57,890	2nd	Professional Reprographics	N/A	Lee & Associates
25	4 Cromwell - Bake Technology Park*	Irvine Spectrum Ind	56,900	1st	BIOLASE Technology, Inc.	CBRE	The Irvine Company
26	5065 E Hunter Ave	Anaheim Ind	55,830	1st	Discount Dance Supply	DAUM Commercial Real Estate Service	Lee & Associates
27	15541 Mosher Ave	Tustin Ind	53,842	2nd	Provenza Floors	Lee & Associates	Lee & Associates; CBRE
28	3030 Airway Ave*	Costa Mesa Ind	52,588	2nd	Rip Curl	CBRE	Lincoln Property Company
29	1580 Sunflower Ave*	Costa Mesa Ind	51,900	1st	Alfreds Picture Frames	N/A	CJ Segerstrom & Sons
30	2672 Dow Ave	Tustin Ind	48,668	1st	Meridian Graphics	N/A	CBRE
31	2401 Pullman St	Santa Ana Ind	45,411	1st	Del Amo Motorsports	N/A	Lee & Associates
32	15041 Bake Pky*	Irvine Spectrum Ind	44,253	2nd	AREO	The Saywitz Company	CBRE
33	2652 McGaw Ave*	Irvine Ind	43,476	2nd	Mirion Technologies (GDS) Inc.	N/A	CBRE
34	901 E Cerritos Ave	Anaheim Ind	42,300	2nd	N/A	N/A	DAUM Commercial Real Estate Service
35	15551 Del Amo Ave	Tustin Ind	40,205	2nd	Kosakora	Eberle Company	Cushman & Wakefield, Inc.
36	190 W Crowther Ave	Placentia/Yorba Linda Ind	40,000	1st	JJ Cores	The Saywitz Company	Colliers International
37	12622 Monarch St	Garden Grove Ind	40,000	1st	N/A	N/A	CBRE
38	14600 Hoover St*	Westminster Ind	39,813	2nd	Intertrade Industries Ltd.	Lee & Associates	JLL
39	10803 Hope St	Cypress Ind	38,672	1st	N/A	N/A	CBRE
40	2660 Barranca Pky	Irvine Ind	38,655	1st	N/A	N/A	CBRE

Source: CoStar Property®

* Renewal

The Optimist Sales Index

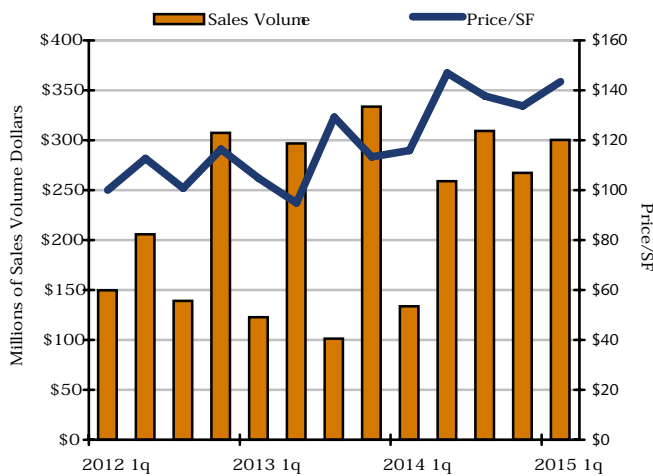
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

Sales Volume & Price

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Sales Analysis by Building Size

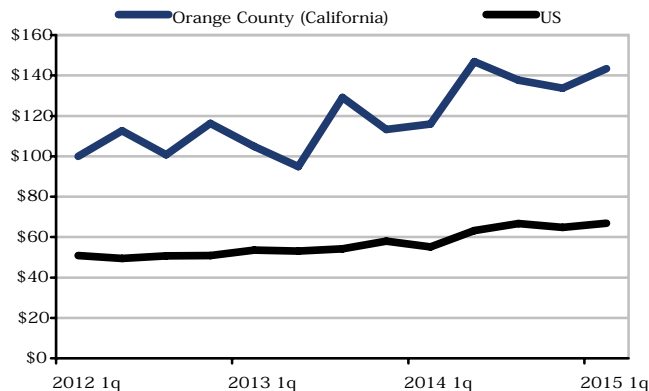
Based on Industrial Bldg Sales From April 2014 - March 2015

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	248	2,405,103	\$413,413,543	\$ 171.89	5.56%
25K-99K SF	54	2,634,117	\$338,572,156	\$ 128.53	6.17%
100K-249K SF	18	2,709,016	\$379,621,325	\$ 140.13	5.50%
>250K SF	6	1,871,097	\$281,900,000	\$ 150.66	4.20%

Source: CoStar COMPS®

U.S. Price/SF Comparison

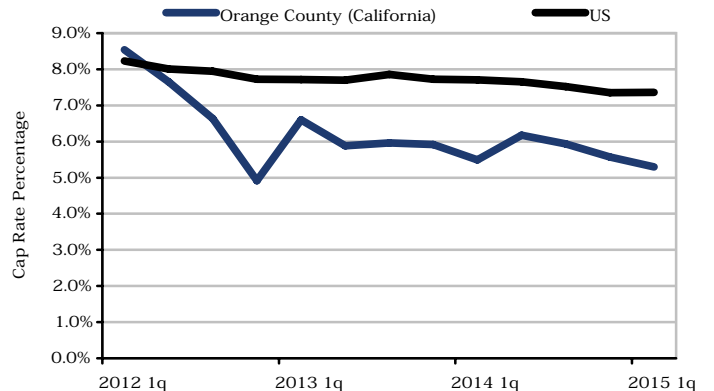
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Orange County Industrial Market



Sales Activity

Select Top Sales

Based on Sales from April 2014 Through June 2015

1. 52 Discovery



Irvine

Price: **\$56,000,000**
 Price/SF: **\$262.42**
 Cap Rate: **N/A**
 RBA: **213,400**
 Date: **5/12/2014**
 Year Built: **1998**
 Buyer: **Masimo Corporation**
 Seller: **Nikken, Inc.**

2. 458-486 E Lambert Rd



Fullerton

Price: **\$55,000,000**
 Price/SF: **\$135.38**
 Cap Rate: **4.2%**
 RBA: **406,261**
 Date: **12/23/2014**
 Year Built: **1974**
 Buyer: **LaSalle Investment Management**
 Seller: **Clarion Partners**

3. 2060 N Batavia St



Orange

Price: **\$45,000,000**
 Price/SF: **\$180.00**
 Cap Rate: **N/A**
 RBA: **250,000**
 Date: **12/17/2014**
 Year Built: **1965**
 Buyer: **Prologis**
 Seller: **FXI**

4. 9950 Jeronimo Rd



Irvine

Price: **\$44,250,000**
 Price/SF: **\$168.60**
 Cap Rate: **N/A**
 RBA: **262,463**
 Date: **3/27/2015**
 Year Built: **1985**
 Buyer: **Bixby Land Company**
 Seller: **Kawasaki Motors Corp, U.S.A.**

5. 601 S Acacia Ave



Fullerton

Price: **\$42,750,000**
 Price/SF: **\$96.93**
 Cap Rate: **N/A**
 RBA: **441,020**
 Date: **7/31/2014**
 Year Built: **1985**
 Buyer: **PSP Management LP**
 Seller: **Yokohama Tire Corporation**

6. 29947 Avenida De Las Banderas



Rancho Santa Margarita

Price: **\$37,000,000**
 Price/SF: **\$123.33**
 Cap Rate: **N/A**
 RBA: **300,000**
 Date: **6/5/2015**
 Year Built: **1986**
 Buyer: **Applied Medical Resources Corp**
 Seller: **Cox Communications, Inc.**

7. 2201 E Cerritos Ave



Anaheim

Price: **\$27,262,950**
 Price/SF: **\$130.00**
 Cap Rate: **N/A**
 RBA: **209,715**
 Date: **4/1/2014**
 Year Built: **2014**
 Buyer: **Regal Logistics**
 Seller: **Western Realco**

8. 17000 Red Hill Ave



Irvine

Price: **\$26,500,000**
 Price/SF: **\$224.41**
 Cap Rate: **6.2%**
 RBA: **118,086**
 Date: **8/14/2014**
 Year Built: **1969**
 Buyer: **Menlo Equities**
 Seller: **Pacific Dental Services**

9. 16700 Red Hill Ave



Irvine

Price: **\$23,000,000**
 Price/SF: **\$125.68**
 Cap Rate: **N/A**
 RBA: **183,009**
 Date: **12/30/2014**
 Year Built: **1968**
 Buyer: **Public Storage, Inc.**
 Seller: **Penwood Real Estate**



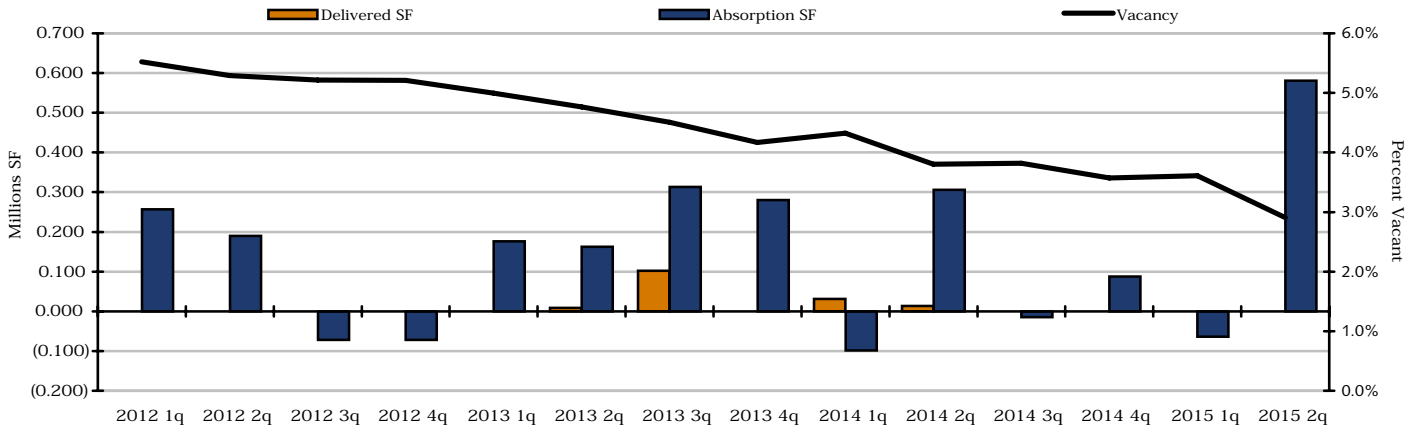
Orange County Industrial Market

Airport Area Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

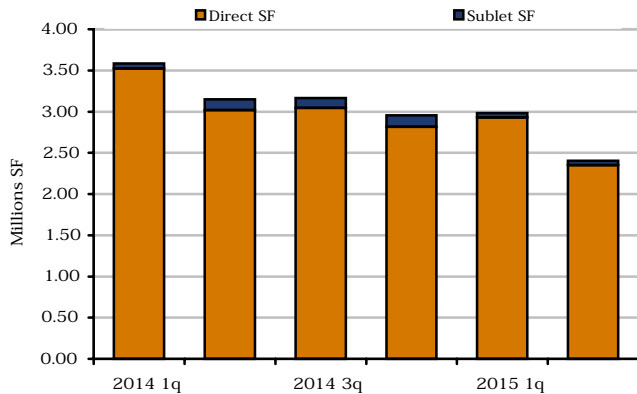
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

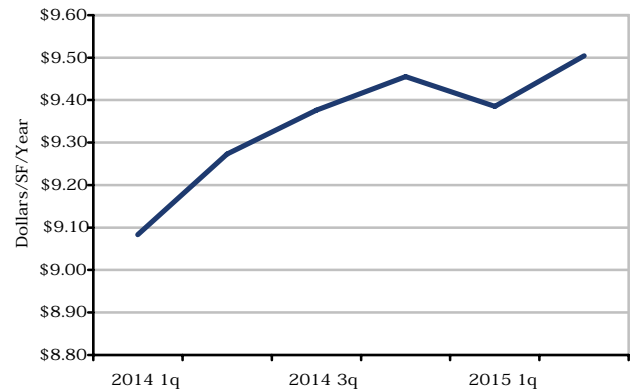
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	3,802	82,679,984	2,402,791	2.9%	580,960	0	0	1	221,995	\$9.50
2015 1q	3,802	82,679,984	2,983,751	3.6%	(63,843)	0	0	1	221,995	\$9.39
2014 4q	3,804	82,713,614	2,953,538	3.6%	87,263	0	0	0	0	\$9.46
2014 3q	3,806	82,836,614	3,163,801	3.8%	(14,698)	0	0	0	0	\$9.38
2014 2q	3,806	82,836,614	3,149,103	3.8%	305,727	1	13,530	0	0	\$9.27
2014 1q	3,806	82,967,788	3,586,004	4.3%	(98,700)	1	31,098	1	13,530	\$9.08
2013 4q	3,805	82,936,690	3,456,206	4.2%	280,471	0	0	2	44,628	\$9.02
2013 3q	3,805	82,936,690	3,736,677	4.5%	313,073	1	101,800	2	44,628	\$8.77
2013 2q	3,804	82,834,890	3,947,950	4.8%	162,267	1	9,000	1	101,800	\$8.84
2013 1q	3,804	82,866,378	4,141,705	5.0%	176,303	0	0	2	110,800	\$8.66
2012 4q	3,804	82,866,378	4,318,008	5.2%	(71,495)	0	0	1	9,000	\$8.48
2012 3q	3,805	82,947,978	4,328,113	5.2%	(71,808)	0	0	1	9,000	\$8.43
2012 2q	3,806	83,087,364	4,395,691	5.3%	190,332	0	0	1	9,000	\$8.18
2012 1q	3,806	83,087,364	4,586,023	5.5%	256,974	0	0	1	9,000	\$8.25
2011 4q	3,806	83,087,364	4,842,997	5.8%	470,998	0	0	1	9,000	\$8.29
2011 3q	3,808	83,459,822	5,686,453	6.8%	302,288	0	0	0	0	\$8.25

Source: CoStar Property®

Orange County Industrial Market

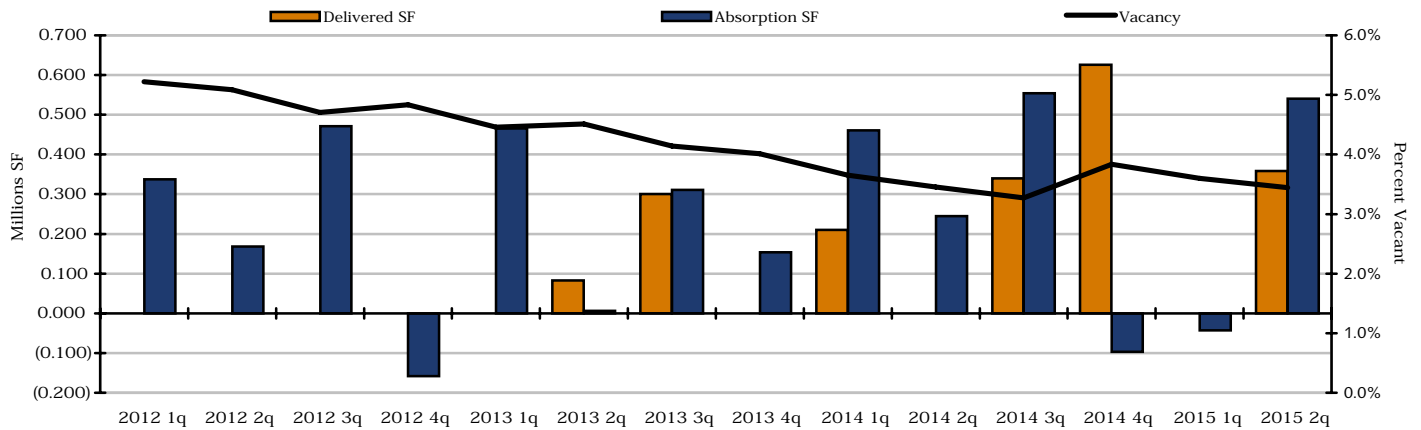


North County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

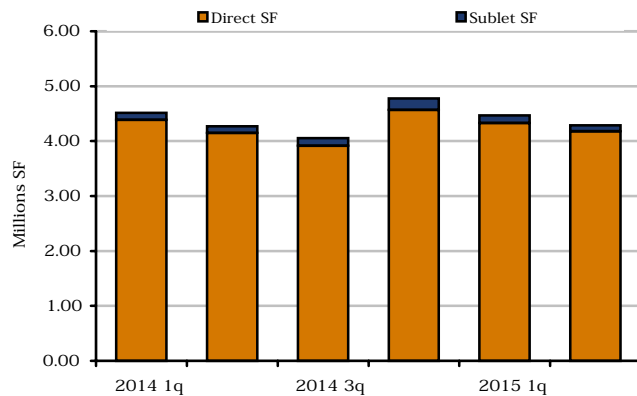
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

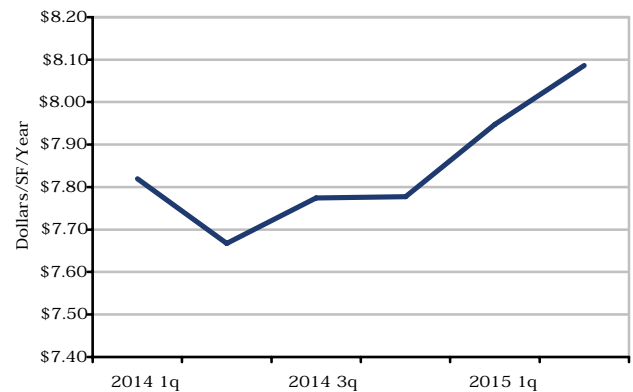
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	4,793	124,574,570	4,287,712	3.4%	540,569	3	358,128	6	490,355	\$8.09
2015 1q	4,790	124,216,442	4,470,153	3.6%	(42,780)	0	0	9	848,483	\$7.95
2014 4q	4,791	124,567,841	4,778,772	3.8%	(97,008)	4	625,950	3	358,128	\$7.78
2014 3q	4,787	123,941,891	4,055,814	3.3%	554,235	5	339,445	6	888,808	\$7.77
2014 2q	4,782	123,602,446	4,270,604	3.5%	244,970	0	0	9	965,395	\$7.67
2014 1q	4,782	123,602,446	4,515,574	3.7%	460,908	1	209,715	9	965,395	\$7.82
2013 4q	4,783	123,588,235	4,962,271	4.0%	154,103	0	0	10	1,175,110	\$7.77
2013 3q	4,783	123,588,235	5,116,374	4.1%	310,983	2	300,000	2	306,123	\$7.58
2013 2q	4,785	123,745,956	5,585,078	4.5%	6,561	1	83,078	4	606,123	\$7.34
2013 1q	4,785	123,666,093	5,511,776	4.5%	465,558	0	0	3	383,078	\$7.22
2012 4q	4,785	123,666,093	5,977,334	4.8%	(158,334)	0	0	3	383,078	\$7.04
2012 3q	4,785	123,666,093	5,819,000	4.7%	470,835	0	0	2	183,078	\$7.00
2012 2q	4,785	123,666,093	6,289,835	5.1%	168,215	0	0	1	100,000	\$6.92
2012 1q	4,785	123,666,093	6,458,050	5.2%	337,334	0	0	0	0	\$7.00
2011 4q	4,785	123,666,093	6,795,384	5.5%	(199,494)	0	0	0	0	\$7.01
2011 3q	4,785	123,666,093	6,595,890	5.3%	585,582	0	0	0	0	\$6.88

Source: CoStar Property®



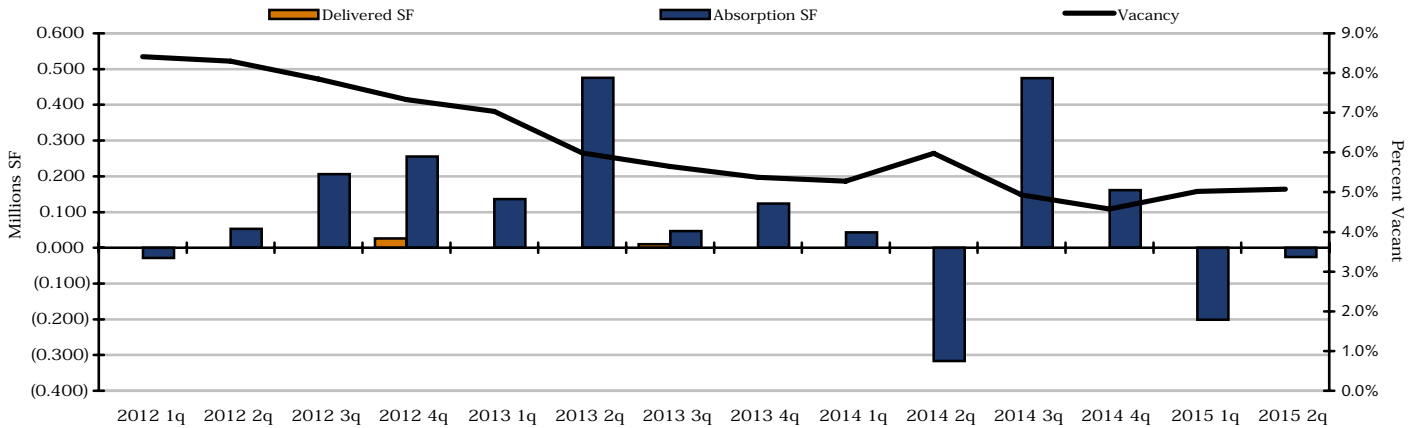
Orange County Industrial Market

South County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

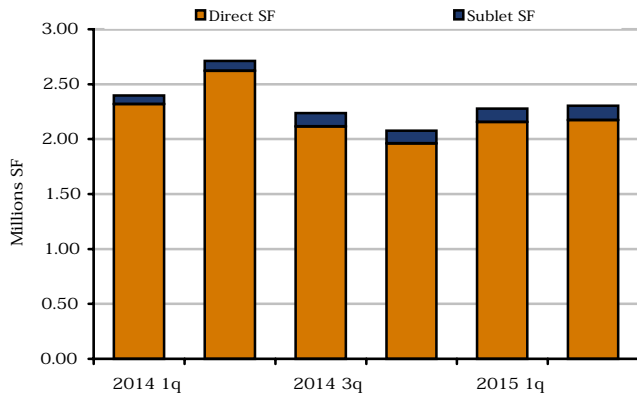
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

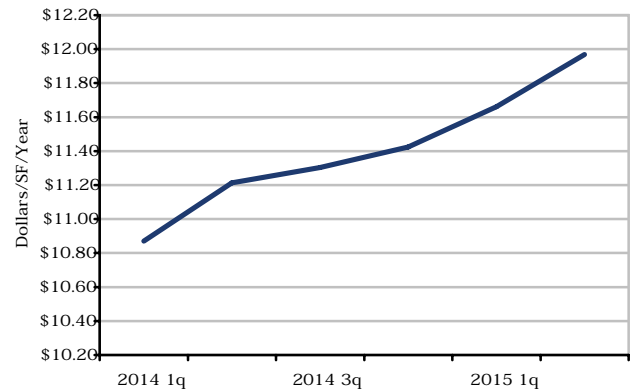
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	1,864	45,383,658	2,303,952	5.1%	(26,211)	0	0	2	45,302	\$11.97
2015 1q	1,864	45,383,658	2,277,741	5.0%	(201,227)	0	0	1	26,382	\$11.66
2014 4q	1,864	45,383,658	2,076,514	4.6%	161,720	0	0	1	26,382	\$11.42
2014 3q	1,864	45,383,658	2,238,234	4.9%	474,271	0	0	1	26,382	\$11.30
2014 2q	1,864	45,383,658	2,712,505	6.0%	(316,321)	0	0	0	0	\$11.21
2014 1q	1,864	45,383,658	2,396,184	5.3%	42,917	0	0	0	0	\$10.87
2013 4q	1,864	45,383,658	2,439,101	5.4%	123,974	0	0	0	0	\$10.68
2013 3q	1,864	45,383,658	2,563,075	5.6%	47,144	1	10,000	0	0	\$10.45
2013 2q	1,864	45,498,845	2,725,406	6.0%	475,942	0	0	1	10,000	\$10.32
2013 1q	1,864	45,498,845	3,201,348	7.0%	136,410	0	0	1	10,000	\$10.15
2012 4q	1,864	45,498,845	3,337,758	7.3%	255,419	1	26,000	1	10,000	\$9.99
2012 3q	1,863	45,472,845	3,567,177	7.8%	205,754	0	0	2	36,000	\$9.93
2012 2q	1,863	45,472,845	3,772,931	8.3%	53,425	0	0	1	26,000	\$9.94
2012 1q	1,863	45,472,845	3,826,356	8.4%	(28,049)	0	0	1	26,000	\$9.88
2011 4q	1,863	45,472,845	3,798,307	8.4%	258,523	0	0	1	26,000	\$9.79
2011 3q	1,863	45,472,845	4,056,830	8.9%	(300,675)	0	0	1	26,000	\$9.86

Source: CoStar Property®

Orange County Industrial Market

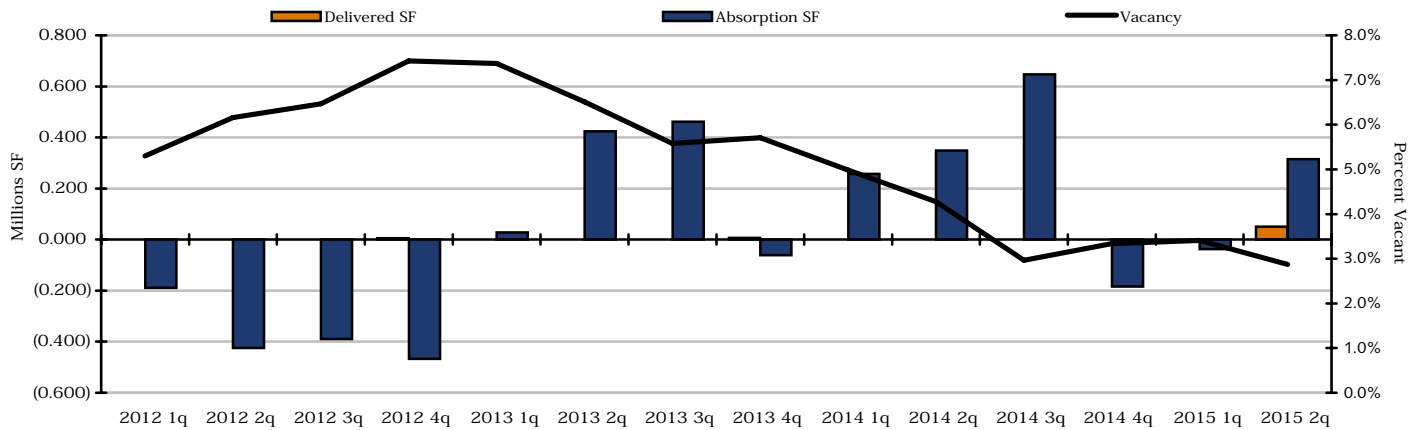


West County Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

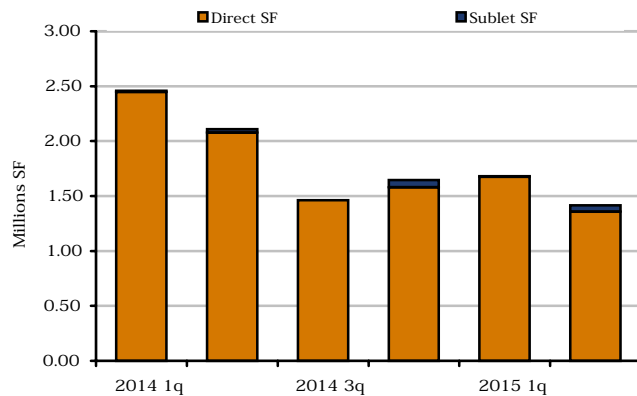
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

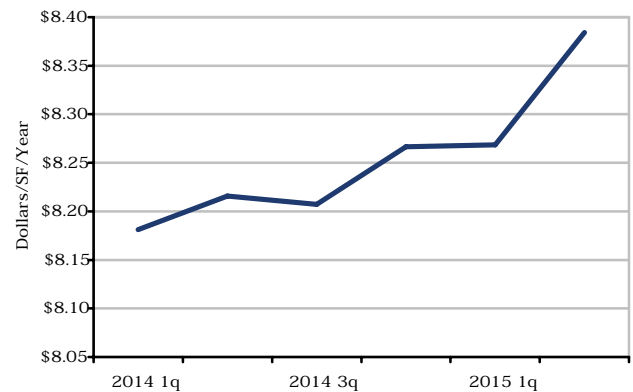
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2015 2q	2,130	49,343,207	1,416,499	2.9%	315,243	1	50,182	1	94,572	\$8.38
2015 1q	2,129	49,293,025	1,681,560	3.4%	(37,135)	0	0	2	144,754	\$8.27
2014 4q	2,129	49,293,025	1,644,425	3.3%	(183,669)	0	0	1	94,572	\$8.27
2014 3q	2,129	49,293,025	1,460,756	3.0%	646,982	0	0	0	0	\$8.21
2014 2q	2,129	49,293,025	2,107,738	4.3%	349,237	0	0	0	0	\$8.22
2014 1q	2,129	49,293,025	2,456,975	5.0%	257,714	0	0	0	0	\$8.18
2013 4q	2,130	49,399,879	2,821,543	5.7%	(61,104)	1	6,200	0	0	\$7.99
2013 3q	2,129	49,393,679	2,754,239	5.6%	461,263	0	0	1	6,200	\$7.77
2013 2q	2,129	49,393,679	3,215,502	6.5%	423,514	0	0	1	6,200	\$7.80
2013 1q	2,129	49,393,679	3,639,016	7.4%	28,520	0	0	0	0	\$7.71
2012 4q	2,129	49,393,679	3,667,536	7.4%	(466,733)	1	5,225	0	0	\$7.61
2012 3q	2,128	49,388,454	3,195,578	6.5%	(389,608)	0	0	1	5,225	\$7.56
2012 2q	2,129	49,639,221	3,056,737	6.2%	(424,747)	0	0	1	5,225	\$7.31
2012 1q	2,129	49,639,221	2,631,990	5.3%	(189,108)	0	0	1	5,225	\$7.48
2011 4q	2,129	49,639,221	2,442,882	4.9%	(155,640)	0	0	0	0	\$7.45
2011 3q	2,129	49,639,221	2,287,242	4.6%	32,450	0	0	0	0	\$7.29

Source: CoStar Property®