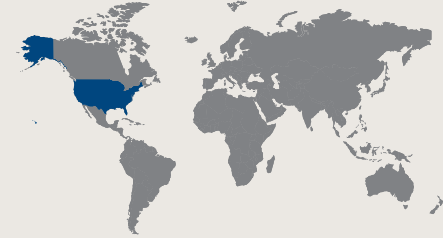


Market Research

OVERVIEW | FOURTH QUARTER | 2009



MARKET INDICATORS

OFFICE

	4Q 2009	1Q 2010*
VACANCY	↓	↔
NET ABSORPTION	↑	↔
CONSTRUCTION	↔	↔
RENTAL RATE	↔	↔



INDUSTRIAL

	4Q 2009	1Q 2010*
VACANCY	↓	↓
NET ABSORPTION	↑	↑
CONSTRUCTION	↔	↔
RENTAL RATE	↓	↔



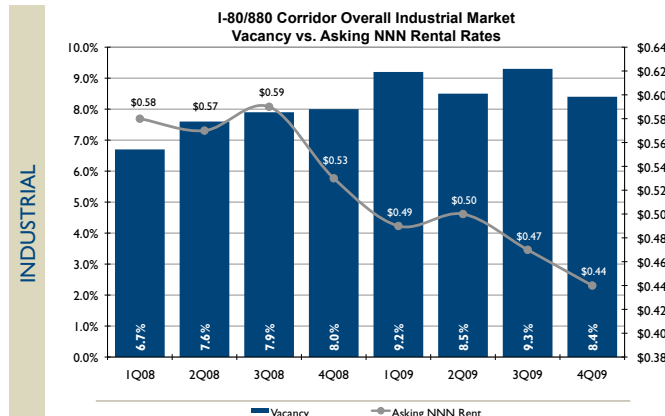
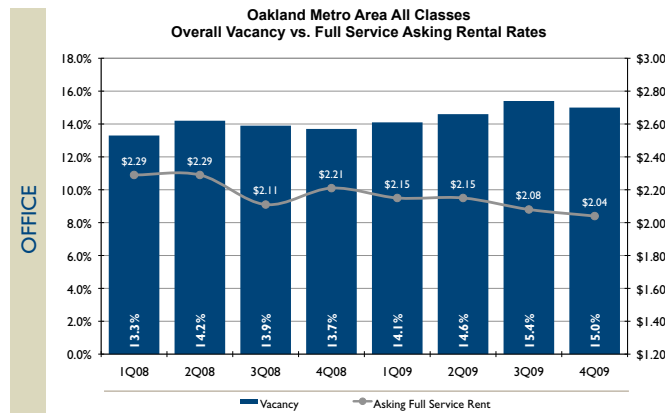
* PROJECTED

East Bay Overview

Net absorption in the Oakland Metro office market for the year was negative 599,944 square feet (sq. ft.) with the majority of that contraction taking place in Downtown Oakland (negative 288,043 sq. ft.). Perhaps the bright spot for the year is the fact that rents only dropped 7.8% when compared to the end of 2008 and closed the year at \$2.04 Full Service (FS) per square foot per month (psf/mo).

As a result of a few larger transactions at year-end, vacancy is down slightly from the previous quarter high of 9.3% in the I-880 Corridor industrial market. On a year-over-year basis, vacancy is up marginally (8.4% from 8.0% in the fourth quarter of 2008). Asking rates are down across the board at \$0.44 from \$0.47 Triple Net (NNN) psf/mo a quarter ago and \$0.53 NNN psf/mo a year ago. We expect the market vacancy to be flat to slightly off for 2010, with no significant rent growth until 2011.

VACANCY VS. RENTAL RATE



www.colliersparrish.com



Office Overview

Overall leasing activity in the Oakland Metropolitan market wound down to close out the year much as it started. Deal velocity was sparse, and there were very few tenant relocations. The majority of leasing activity was in the form of lease extensions or renewals. The overall vacancy rate across all submarkets and all product types is 15.0% compared to 13.2% at the end of last year. There was no new construction in the region so all of that change is reflected in the contraction of tenants throughout the market.

All things considered, the overall market is relatively healthy especially when compared to other markets in the Greater Bay Area. We attribute this primarily to a diverse employment market, relative stability with the primary employers in the region (Kaiser Permanente, Clorox, Pixar and Novartis as well as local, state and Federal government) and continued job creation evolving from and around new technologies and the University of California at Berkeley.

We do not anticipate a dramatic shift in any of the trends in the region during the first two quarters of 2010. Perhaps the one event that might impact overall market conditions will be the eventual repositioning of the Watergate complex in Emeryville. Hines defaulted on the note, and the lender is in the process of taking

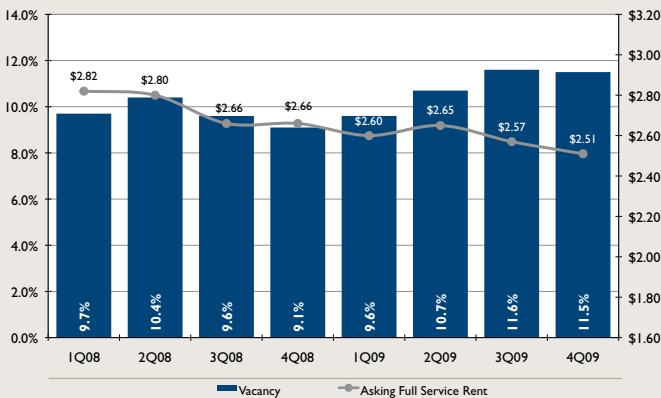
the assets. Historically the market leader in terms of rental rate, the Emeryville market has fallen behind Downtown Oakland; however once the Watergate assets are recapitalized we anticipate rents in Emeryville will adjust upward to at least the level of Downtown Oakland.

WATERGATE TOWERS - EMERYVILLE, CA



OFFICE MARKET VACANCY VS. ASKING FULL SERVICE RENTAL RATES CLASS A, CLASS B&C

Oakland Metro Area Class A Market
Overall Vacancy vs. Full Service Asking Rental Rates



Oakland Metro Area Class B/C Market
Overall Vacancy vs. Full Service Asking Rental Rates



Downtown Oakland

The Downtown Oakland office market, much like surrounding markets, saw an increase in vacancy and a decrease in rental rates over the course of the year. Class A vacancy has gone from 6.9% to 9.0% during that time period, though it has remained flat quarter over quarter, and Class B/C/Flex vacancy has gone from 15.9% to 17.5% for the year, also flat quarter over quarter. We expect Class B/C/Flex vacancy rates to increase over the next six months as the Bay Area News Group, now occupying approximately 62,000 sq. ft. in Tribune Tower, will not renew their lease. Correspondingly, rental rates have fallen, though they remain higher than in neighboring submarkets such as Emeryville, Jack London Square and the Oakland Airport. Class A rates have dropped from \$2.83 to \$2.68 FS psf/mo and Class B/C/Flex rates from \$2.00 to \$1.93 FS psf/mo year over year. We expect that rents will continue to drop over the next three months as vacancy decreases, flattening out in the second quarter of 2010.

There has been no investment or development activity. Leasing activity in 2009 for the overall Downtown Oakland market was approximately two-thirds of what it was the previous year. Most leases signed were renewals, and those new leases that were signed were predominantly tenants moving within the submarket. Like rental rates and vacancy, we expect leasing activity will remain much the same over the next two quarters.



MARKET ACTIVITY

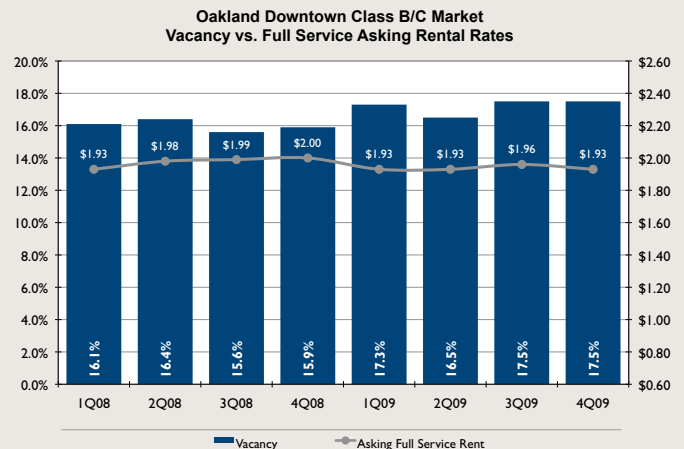
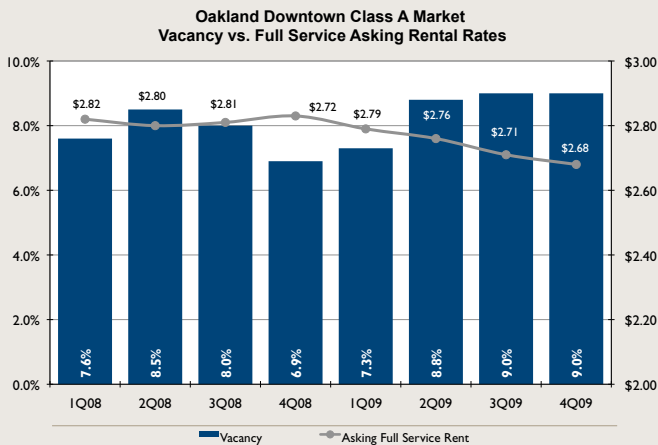
SIGNIFICANT FOURTH QUARTER TRANSACTIONS

SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
1300 Clay Street	12/4/09	14,996	Ben C. Gerwick, Inc.	Office
505 14th Street	12/14/09	14,089	Devry Institute	Office

OFFICE MARKET VACANCY VS. ASKING FULL SERVICE RENTAL RATES

CLASS A, CLASS B&C





Oakland Airport

Outside of one significant transaction, the Oakland Airport office market saw relatively minimal leasing activity during the fourth quarter. However, unlike most other local office markets, net absorption was encouragingly positive at 47,501 sq. ft. year-end 2009. The ITT Technical Institute’s five year, 20,000 sq. ft. sublease at 7901 Oakport Street, owned by the Brookmat Corporation, was largely responsible for this positive trend. The Class B/C/Flex market, therefore, saw a decrease in vacancy over the course of the year, going from 28.0% at the close of 2008 to 20.7% currently – anomalous both in this economy and compared to neighboring submarkets. Class A vacancy in the Airport market remained relatively flat, increasing from 24.3% to 24.5% in the same time period.

in addition to the proposed development of a retail strip mall just east of Interstate 880 on Hegenberger Road, are all positive signs for the area in the near future. Developer Dinesh Maniar’s proposed 160,000 sq. ft. retail center at 633 Hegenberger Road, the site of the former Home Base Store, already reportedly has several letters of intent from major retailers and is in the midst of lining up further tenants to anchor the project.

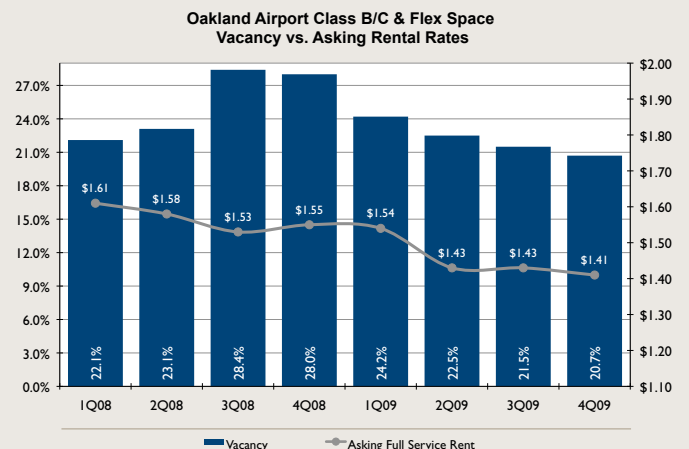
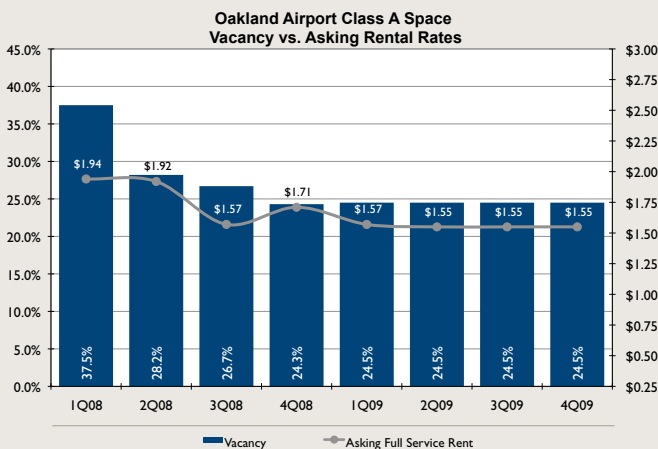
The owners of Avondale Toyota, an Arizona-based dealership, accounted for perhaps the most momentous transaction in the Airport submarket in the latter half of 2009 in its acquisition of the 189,000 square foot facility at 8181 Oakport Street. The acquisition of a large auto dealership,

MARKET ACTIVITY SIGNIFICANT FOURTH QUARTER TRANSACTIONS

SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
7901 Oakport Street	12/11/09	20,000	ITT Educational Services, Inc.	Office

OFFICE MARKET VACANCY VS. ASKING FULL SERVICE RENTAL RATES CLASS A, CLASS B&C/FLEX



Berkeley

Downtown Berkeley

Overall vacancy in the Downtown Berkeley office market has decreased over the course of the year, from 16.7% at the end of 2008 to 15.2% presently. Class A vacancy dropped from 16.7% to 13.7%, and Class B/C/Flex vacancy dropped from 16.7% to 16.1% in the same time period. However, asking rental rates also declined. Class A rates went from \$2.82 year-end 2008 to \$2.38 FS psf/mo this quarter and Class B/C/Flex rates from \$2.27 to \$2.06 FS psf/mo.

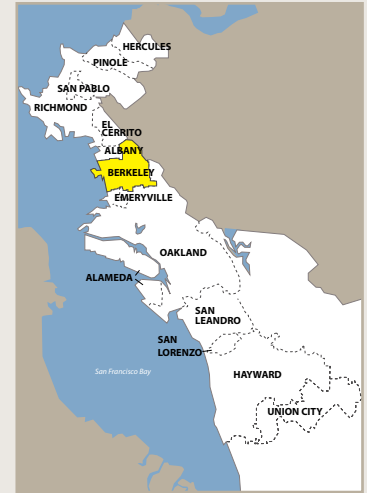
The majority of the larger blocks of space available have stayed on the market during the second half of the year. While smaller spaces (less than 3,000 sq.ft.) have slowly continued to lease, buildings such as 2020 Milvia continue to look for larger anchor office tenants. Smith Barney renewed their lease at 1995 University with the Regents of the University of California. At 17,522 sq.ft. and with a rent in the mid \$3.00 range, this lease creates a spike in our rent numbers for the quarter. Additionally, Newfield

Wireless subleased 6,068 sq.ft. from Apress at 2855 Telegraph Avenue for twenty-eight months.

West Berkeley

West Berkeley saw more leasing activity in the second half of the year, with WLC architects taking 11,800 sq.ft. for ten years at 2600 Tenth Street, Coyuchi, Inc taking 3,966 sq.ft. for three years at 2501 Ninth Street, and Forty Four taking 6,388 sq.ft. for sixty months at 1608 Fourth Street. The former Flint Ink site was picked up by Eddie Orton who plans on leasing the warehouses to incubator and light industrial tenants and finding an anchor tenant for the larger blocks of space.

Despite an increase in leasing activity, vacancy increased over the course of the year from 12.7% at year-end 2008 to 14.7% at the close of fourth quarter 2009. Correspondingly, asking rental rates dropped from \$2.26 to \$1.81 FS psf/mo in the same time period.



MARKET ACTIVITY

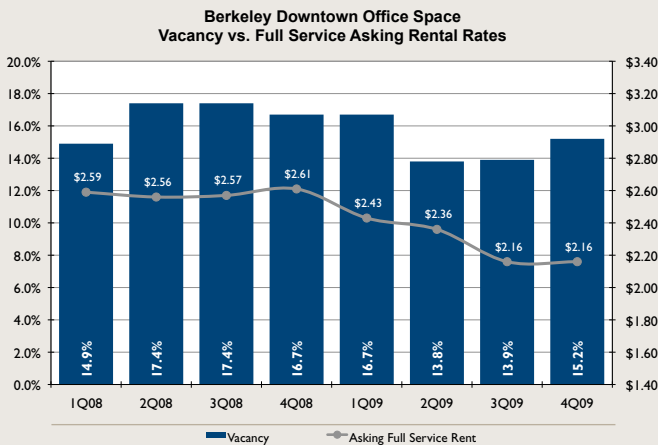
SIGNIFICANT FOURTH QUARTER TRANSACTIONS

SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
1995 University Avenue	10/22/09	17,522	Smith Barney	Office
1608 4th Street	11/4/09	6,388	Forty Four	Office
2855 Telegraph Avenue	12/15/09	6,068	Newfield Wireless	Office

OFFICE MARKET VACANCY VS. ASKING FULL SERVICE RENTAL RATES

DOWNTOWN BERKELEY AND WEST BERKELEY





Emeryville

Leasing activity in the Emeryville office market was the highest in the Oakland Metropolitan area at 267,191 sq. ft. for the year. This is 91.6% of the 291,721 sq. ft. leased during 2008, which is atypical in the current economy and in a market where overall leasing activity in 2009 is 69.8% of the previous year. Tenants from Oakland and Berkeley have sought out Emeryville for higher quality space at cheaper lease rates. Despite relatively high leasing activity, the market still had negative 103,135 sq. ft. of net absorption for the year. Vacancy in the Class A market has risen from 13.3% to 15.4% year over year, and Class B/C/Flex rates have risen from 10.7% to 13.7% in the same time period. The largest space to come back onto the market during the quarter was 24,037 sq. ft. at Watergate Tower III when NetSol, who did a deal eighteen months ago, defaulted on their lease.

compared to \$2.78 FS psf/mo a year ago, and Class B/C/Flex rents are down to \$1.75 FS psf/mo from \$2.00 FS psf/mo. Hines, who owns the largest asset in the market, Watergate Towers, defaulted on their note, and rates at the available spaces are driving rents down. We expect to see vacancy rates and asking rental rates to be flat through the first two quarters of 2010. Landlords will continue to work hard to keep tenants in this market.

Asking rental rates have dropped in Emeryville by 8.5% overall. Class A rates are at \$2.55 FS psf/mo

MARKET ACTIVITY

SIGNIFICANT FOURTH QUARTER TRANSACTIONS

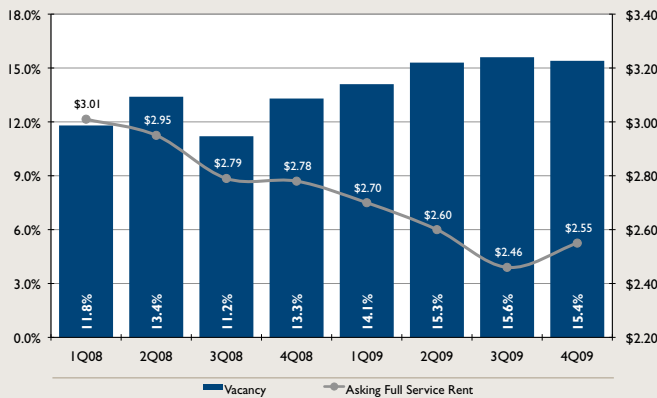
SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
6001 Shellmound Street	12/7/09	9,100	Random House	Office

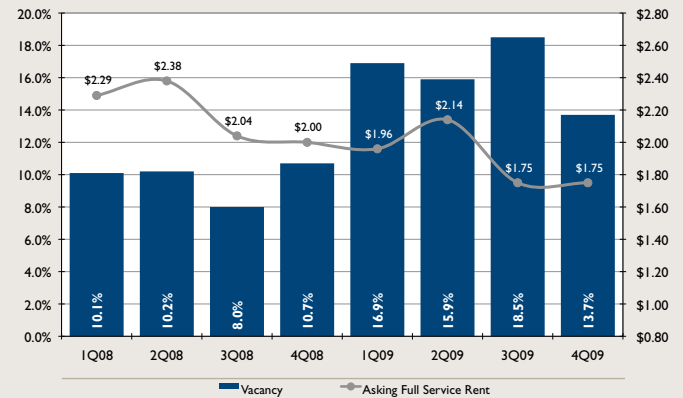
OFFICE MARKET VACANCY VS. ASKING FULL SERVICE RENTAL RATES

CLASS A, CLASS B&C/FLEX

Emeryville Class A Market
Vacancy vs. Full Service Asking Rental Rates



Emeryville Class B/C & Flex Market
Vacancy vs. Full Service Asking Rental Rates



Alameda

The Alameda office market experienced increasing vacancy throughout the course of 2009. Marina Village vacancy rose from 29.8% at the end of 2008 to 33.5% at the end of this quarter, a 12.4% change. Harbor Bay vacancy rose from 17.9% to 19.1%, a 6.7% change, in the same time period. Of this vacant space, 14.9% is sublease space as compared to 13.3% at year-end 2008. Vacancy and absorption continues to be better in Harbor Bay than Marina Village and will probably remain that way through the first quarter of 2010.

Alameda has the largest amount of lab space in the Oakland Metropolitan office market. Eight lab spaces are currently vacant, totaling 214,739 sq. ft. There are twenty spaces 18,000 sq. ft. or greater available, as compared with twenty-two at the midpoint of 2009. With rising vacancy and a soft market, rental rates have dropped. Current asking rental rates are \$1.92 FS psf/mo in Marina Village and \$1.89 FS psf/mo in Harbor Bay

as compared to \$2.27 and \$2.07 FS psf/mo a year ago. Combined leasing activity for 2009 in Alameda has been approximately one fifth of the total leasing activity of 2008. We expect market softness to continue during the first half of 2010.



MARKET ACTIVITY

SIGNIFICANT FOURTH QUARTER TRANSACTIONS

SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
1301 Marina Village Parkway	10/23/09	6,155	Elder Care National Alliance	Office

Marina Village Office/Flex Space
Vacancy vs. Full Service Asking Rental Rates



Harbor Bay Office/Flex Space
Vacancy vs. Full Service Asking Rental Rates



OFFICE MARKET STATISTICS
 FOURTH QUARTER 2009

EXISTING PROPERTIES			DIRECT VACANCY		SUBLEASE VACANCY		TOTAL VACANCY			NET ABSORPTION			CONSTRUCTION		RENT
CLASS	BLDGs	TOTAL INVENTORY SQUARE FEET	SQUARE FEET	RATE	SQUARE FEET	RATE	SQUARE FEET	RATE CURRENT QUARTER	RATE PRIOR QUARTER	OCCUPIED SF CURRENT QUARTER	CURRENT QUARTER	YEAR TO DATE	COMPLETED CURRENT QUARTER	UNDER CONSTR.	AVERAGE ASKING FULL SERVICE
SUBMARKETS															
CBD SECTION															
OAKLAND DT															
A	29	9,842,645	707,745	7.2%	176,762	1.8%	884,507	9.0%	9.0%	8,958,138	3,600	(202,684)	-	-	\$2.68
B/C & Flex	114	5,407,729	908,923	16.8%	35,647	0.7%	944,570	17.5%	17.5%	4,463,159	382	(85,359)	-	-	\$1.93
Total	143	15,250,374	1,616,668	10.6%	212,409	1.4%	1,829,077	12.0%	12.0%	13,421,297	3,982	(288,043)	-	-	\$2.29
OAKLAND JACK LONDON SQUARE															
A	4	355,600	123,283	34.7%	-	0.0%	123,283	34.7%	36.3%	232,317	5,726	(113,505)	-	-	\$2.95
B/C & Flex	41	1,416,649	193,736	13.7%	13,944	1.0%	207,680	14.7%	15.8%	1,208,969	16,533	9,277	-	62,000	\$1.54
Total	45	1,772,249	317,019	17.9%	13,944	0.8%	330,963	18.7%	19.9%	1,441,286	22,259	(104,228)	-	62,000	\$2.07
CBD TOTAL															
A	33	10,198,245	831,028	8.1%	176,762	1.7%	1,007,790	9.9%	10.0%	9,190,455	9,326	(316,189)	-	-	\$2.71
B/C & Flex	155	6,824,378	1,102,659	16.2%	49,591	0.7%	1,152,250	16.9%	17.1%	5,672,128	16,915	(76,082)	-	62,000	\$1.86
Total	188	17,022,623	1,933,687	11.4%	226,353	1.3%	2,160,040	12.7%	12.7%	14,862,583	26,241	(392,271)	-	62,000	\$2.26
SUBURBAN SECTION															
RICHMOND															
A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A
B/C & Flex	97	3,436,753	404,298	11.8%	13,057	0.4%	417,355	12.1%	12.3%	3,019,398	6,990	(64,427)	-	-	\$1.67
Total	97	3,436,753	404,298	11.8%	13,057	0.4%	417,355	12.1%	12.3%	3,019,398	6,990	(64,427)	-	-	\$1.67
BERKELEY DT															
A	9	558,882	72,180	12.9%	4,353	0.8%	76,533	13.7%	12.5%	482,349	(6,928)	17,055	-	-	\$2.38
B/C & Flex	28	974,473	157,082	16.1%	-	0.0%	157,082	16.1%	14.8%	817,391	(13,264)	6,127	-	-	\$2.06
Total	37	1,533,355	229,262	15.0%	4,353	0.3%	233,615	15.2%	13.9%	1,299,740	(20,192)	23,182	-	-	\$2.16
BERKELEY WEST															
A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A
B/C & Flex	40	1,454,998	192,455	13.2%	20,983	1.4%	213,438	14.7%	14.8%	1,241,560	2,090	(29,092)	-	-	\$1.81
Total	40	1,454,998	192,455	13.2%	20,983	1.4%	213,438	14.7%	14.8%	1,241,560	2,090	(29,092)	-	-	\$1.81
EMERYVILLE															
A	14	2,569,348	307,184	12.0%	87,947	3.4%	395,131	15.4%	15.6%	2,174,217	5,587	(52,954)	-	-	\$2.55
B/C & Flex	44	1,683,088	170,337	10.1%	59,973	3.6%	230,310	13.7%	18.5%	1,452,778	81,371	(50,181)	-	-	\$1.75
Total	58	4,252,436	477,521	11.2%	147,920	3.5%	625,441	14.7%	16.8%	3,626,995	86,958	(103,135)	-	-	\$2.26
ALAMEDA - MARINA VILLAGE															
A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A
B/C & Flex	55	1,671,320	479,938	28.7%	80,581	4.8%	560,519	33.5%	34.8%	1,110,801	21,471	(62,981)	-	-	\$1.92
Total	55	1,671,320	479,938	28.7%	80,581	4.8%	560,519	33.5%	34.8%	1,110,801	21,471	(62,981)	-	-	\$1.92
ALAMEDA - HARBOR BAY															
A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A
B/C & Flex	28	1,684,784	270,324	16.0%	50,692	3.0%	321,016	19.1%	19.6%	1,363,768	8,693	(18,721)	-	-	\$1.89
Total	28	1,684,784	270,324	16.0%	50,692	3.0%	321,016	19.1%	19.6%	1,363,768	8,693	(18,721)	-	-	\$1.89
OAKLAND AIRPORT															
A	3	453,697	105,877	23.3%	5,320	1.2%	111,197	24.5%	24.5%	342,500	-	(828)	-	-	\$1.55
B/C & Flex	32	1,389,507	279,861	20.1%	8,343	0.6%	288,204	20.7%	21.5%	1,101,303	11,227	48,329	-	-	\$1.41
Total	35	1,843,204	385,738	20.9%	13,663	0.7%	399,401	21.7%	22.3%	1,443,803	11,227	47,501	-	-	\$1.45
SUBURBAN TOTAL															
A	26	3,581,927	485,241	13.5%	97,620	2.7%	582,861	16.3%	16.2%	2,999,066	(1,341)	(36,727)	-	-	\$2.16
B/C & Flex	324	12,294,923	1,954,295	15.9%	233,629	1.9%	2,187,924	17.8%	18.8%	10,106,999	118,578	(170,946)	-	-	\$1.79
Total	350	15,876,850	2,439,536	15.4%	331,249	2.1%	2,770,785	17.5%	18.2%	13,106,065	117,237	(207,673)	-	-	\$1.87
MARKET TOTAL															
A	59	13,780,172	1,316,269	9.6%	274,382	2.0%	1,590,651	11.5%	11.6%	12,189,521	7,985	(352,916)	-	-	\$2.51
B/C & Flex	479	19,119,301	3,056,954	16.0%	283,220	1.5%	3,340,174	17.5%	18.2%	15,779,127	135,493	(247,028)	-	62,000	\$1.81
Total	538	32,899,473	4,373,223	13.3%	557,602	1.7%	4,930,825	15.0%	15.4%	27,968,648	143,478	(599,944)	-	62,000	\$2.04
QUARTERLY COMPARISON AND TOTALS															
Q4-09	538	32,899,473	4,373,223	13.3%	557,602	1.7%	4,930,825	15.0%	15.4%	27,968,648	143,478	(599,944)	-	62,000	\$2.04
Q3-09	538	32,899,473	4,474,620	13.6%	599,683	1.8%	5,074,303	15.4%	14.4%	27,825,170	(263,063)	(743,422)	-	62,000	\$2.08
Q2-09	538	32,899,473	4,312,860	13.1%	498,380	1.5%	4,811,240	14.4%	13.9%	28,088,233	(102,483)	(370,359)	110,000	62,000	\$2.15
Q1-09	537	32,543,873	4,128,136	12.7%	407,338	1.3%	4,535,474	13.9%	13.7%	28,008,399	(107,421)	(107,421)	-	172,000	\$2.15
Q4-08	537	32,789,473	4,076,194	12.4%	420,714	1.3%	4,496,908	13.7%	13.9%	28,292,565	15,266	55,098	-	172,000	\$2.21
Q3-08	537	32,789,473	4,163,226	12.7%	393,275	1.2%	4,556,501	13.9%	14.2%	28,232,972	16,485	(75,318)	-	172,000	\$2.11

Industrial Overview

The I-880 Corridor industrial market is feeling the effect of corporate consolidation, a weak job market, decrease in Port of Oakland volume, and overall economic malaise. As an urban infill market, the I-880 Corridor market has performed significantly better than the national average, with overall vacancy at 8.4% versus double digit industrial vacancy nationwide.

The government stimulus program has had one notable positive impact: user sales. Many users have taken advantage of SBA lending concessions to buy properties at historically attractive values with very attractive financing packages. The investment sale market, which was non-existent the second half of 2008, showed signs of life in 2009 with several notable transactions. We expect to see user sales continue to outpace investment sales in 2010. The SBA's concession programs have been extended and we expect users to continue to take advantage of the historically low cost financing and attractive property values. Investment sales will continue to see sporadic activity as conventional financing remains difficult to secure, and banks continue to hoard their capital due to increased reserve requirements and bank regulator control.

A significant market force that will play out in 2010 is the imminent NUMMI Plant closure in Fremont. The plant closure will affect not only the Fremont industrial market and workforce with closure and layoffs, but we will see a significant trickle-down effect on the industry

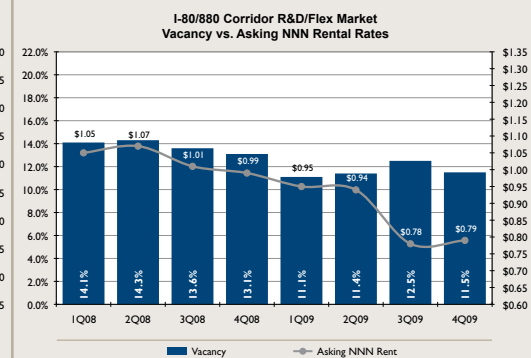
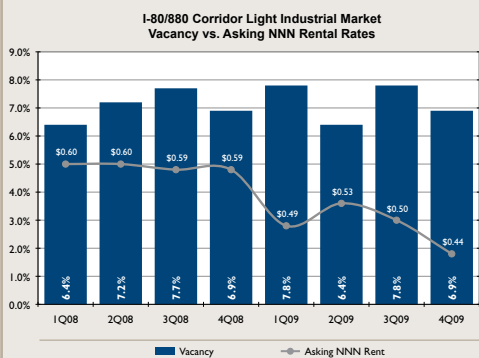
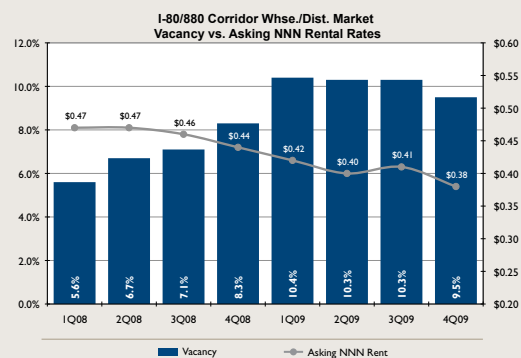
along the I-880 Corridor that has supported the plant since its opening in 1984. We expect to see many vendors and parts suppliers that support the NUMMI plant to scale down considerably or close their doors altogether in 2010. The effect on the I-880 Corridor market could be considerable and will represent a significant downward pressure on the market in 2010.

Although there are major challenges ahead in 2010 in terms of job losses and market forces, we will continue to see good market activity as several industries find the I-880 Corridor a vital supply and distribution hub for their businesses. With little or no development activity expected for several years to come, we expect the market to continue to be among the healthiest industrial markets in the country. The Port of Oakland will continue to be a vibrant distribution channel for U.S. and Asian goods and services. This fact, in conjunction with strong local small businesses, allows us to be cautiously optimistic about the I-880 market in 2010 compared to other markets nationwide.



INDUSTRIAL MARKET VACANCY VS. ASKING NNN RENTAL RATES

I-80/880 CORRIDOR WAREHOUSE, LIGHT INDUSTRIAL AND R&D/FLEX





Richmond

The Richmond industrial market fared 2009 relatively well compared to its neighboring submarkets. Overall vacancy decreased over the course of the year to end 2009 at 10.4% compared to 11.2% a year ago. Vacancies in both the light industrial market, which went from 19.3% to 15.7%, and R&D/flex market, which went from 10.4% to 9.6%, declined over the year. This was, in large part, due to several spaces being taken off the market. Warehouse/distribution rates, however, went from 2.3% to 4.5% in the same time period. Asking rents dropped significantly in both the light industrial and R&D/flex markets, from \$0.52 to \$0.39 NNN psf/mo and \$1.03 to \$0.89 NNN psf/mo, respectively. We expect that rents will remain relatively stable over the next six months and begin to increase mid-year 2010.

large deals done. Those new leases that were done were predominantly tenants relocating within the Richmond submarket, though a few migrated from the nearby Berkeley and Emeryville submarkets. We predict that activity will increase mid-year 2010. There are many investors looking for good deals, and Richmond has an abundance of opportunities in its land and attractively priced real estate. It is also one of the few areas in the East Bay with waterfront land available. When the market thaws, we should see both buyer/users and investors take advantage of these opportunities.

Gross absorption in Richmond was approximately a quarter of what it was in 2008. Most leases signed were renewals, and there were no new

MARKET ACTIVITY

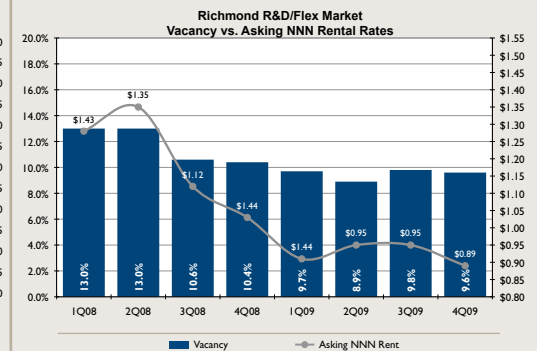
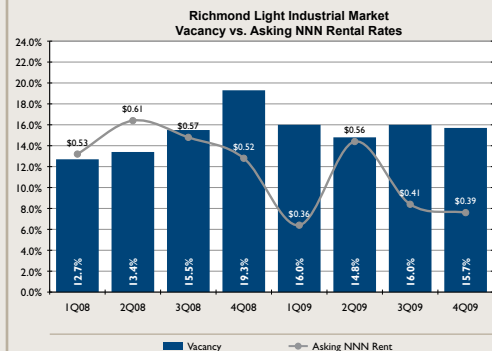
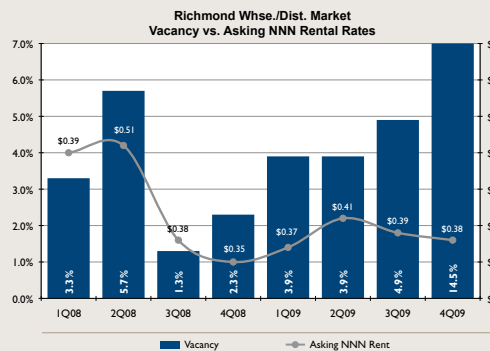
SIGNIFICANT FOURTH QUARTER TRANSACTIONS

SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
3200 Regatta Boulevard	11/22/09	149,828	Oakland Paper	Warehouse/Distribution
3200 Regatta Boulevard	11/30/09	57,800	Grace Bakery Company	Warehouse/Distribution

INDUSTRIAL MARKET VACANCY VS. ASKING NNN RENTAL RATES

WAREHOUSE, LIGHT INDUSTRIAL AND R&D/FLEX



Oakland

The Oakland industrial market has been slow. There were nearly no owners willing to sell in 2009, and very few banks wanted to foreclose on properties that had lost so much value. Most of the activity was in the leasing market. However, both landlords and tenants were cautious and preferred that lease transactions were done on a short-term basis. Landlords anticipated rising lease rates and market improvement, and tenants were uncertain about the future of their businesses. Light industrial vacancy rates rose modestly from 4.4% in the fourth quarter of 2008 to 5.2% in the fourth quarter of 2009. Warehouse vacancy rates went from 7.9% to 12.0%. As a result, both sectors experienced a decrease in average asking rental rates. Light industrial asking rates fell from \$0.54 to \$0.43 NNN psf/mo and warehouse asking rental rates fell from \$0.45 to \$0.40 NNN psf/mo year-over-year.

The only major lease transaction was done when Big Art, LLC leased 250,000 sq.ft. at the former American Steel facility. There were, however, several major properties put on the market in 2009: 300,000 sq.ft. at the A&B Auto property; 130,000 sq.ft. at the former Safeway soap facility; and 500,000 sq.ft. in the former Sunshine Biscuit building.

There has not been a noticeable increase in demand for industrial property; therefore, owners and tenants will continue waiting and watching before making any major decisions. There is concern that the large number of commercial loans coming due in 2010 and 2011 might cause a deluge of industrial property to hit the market, which could further drive down lease rates and sale prices. However, there are others who feel an improving economy and the reluctance of lenders to foreclose will prevent this from happening.



MARKET ACTIVITY

SIGNIFICANT FOURTH QUARTER TRANSACTIONS

SIGNIFICANT LEASES

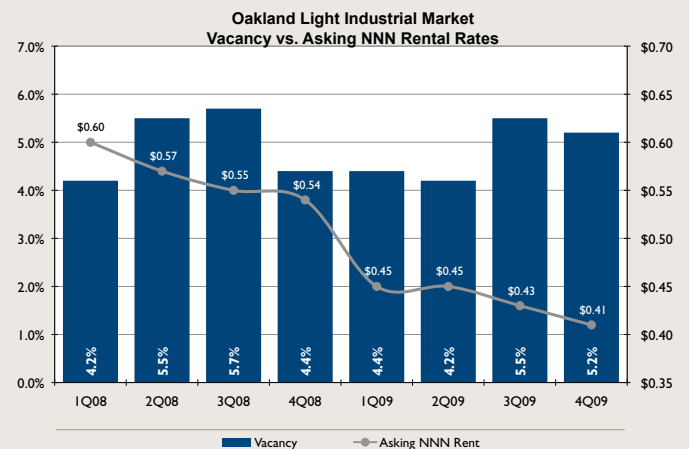
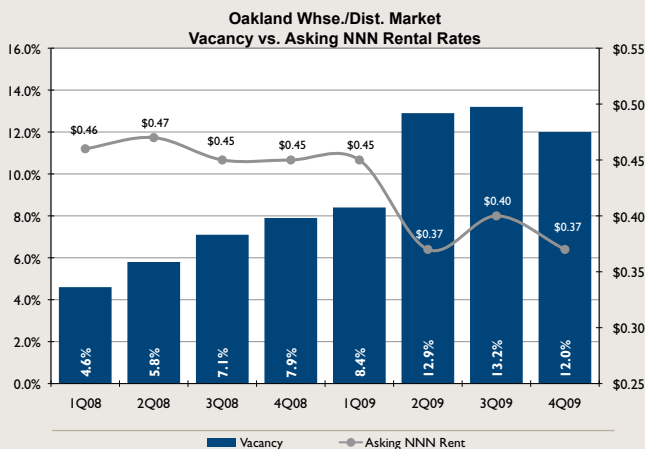
PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
745 85th Avenue	11/15/09	41,535	Agunsa Logistics	Warehouse/Distribution

SIGNIFICANT SALES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	BUYER	TYPE
3925 Alameda Avenue	12/22/09	48,000	Agribag	Light Industrial
1980 N. Loop Rd, Alameda	10/10/09	33,091	Semi-Freddi	Warehouse/Distribution
411 Pendleton Way	10/23/09	21,628	Gruendel, LLC	Light Industrial

INDUSTRIAL MARKET VACANCY VS. ASKING NNN RENTAL RATES

WAREHOUSE AND LIGHT INDUSTRIAL





San Leandro

The San Leandro industrial market ended the year with a positive 716,923 sq. ft. net absorption, the highest in the I-880 Corridor. All product types individually experienced positive net absorption. This year, the greatest vacancy decrease in any product type in this submarket was in the R&D/Flex market, which went from 9.1% at the end of 2008 to 5.1% currently. Light industrial product dropped from 8.9% to 7.8%, and warehouse/distribution product dropped from 8.6% to 4.7% over the same time period. We expect vacancy rates to continue to decrease slightly over the next six months as they have been doing for the past year.

Asking rental rates have dropped over the course of the year due to a lack of improvement in the market but have remained relatively flat for the past quarter. Landlords have been recognizing the need to lower rates to attract tenants in a

sluggish market, and tenants are experiencing more motivation to relocate because of this. The majority of leasing activity, much like in surrounding markets, was renewals. We expect that leasing activity will remain slow until hiring picks up. Asking rental rates have dropped from \$0.51 to \$0.42 NNN psf/mo for light industrial product, \$0.45 to \$0.37 NNN psf/mo for warehouse/distribution product, and \$0.87 to \$0.79 NNN psf/mo for R&D/flex product, year-over-year. Despite this decrease, San Leandro rents, on the whole, are still higher than most neighboring markets with the exception of Union City. Over the next six months, we expect rents to remain flat. Activity should slowly start to increase and normalize by late 2010.

MARKET ACTIVITY SIGNIFICANT FOURTH QUARTER TRANSACTIONS

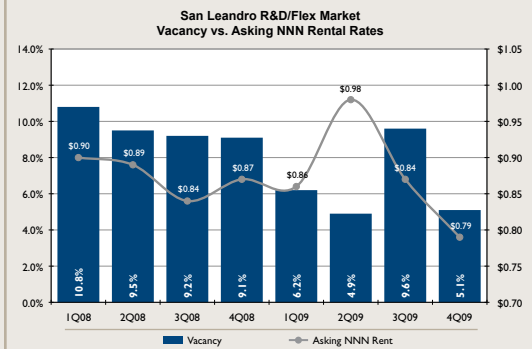
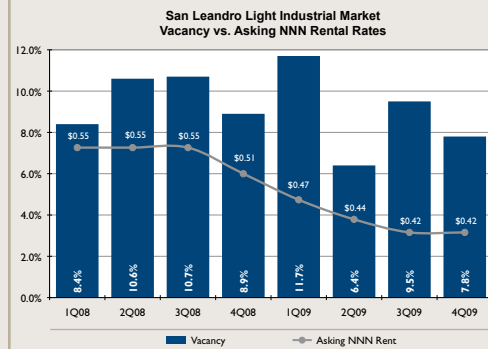
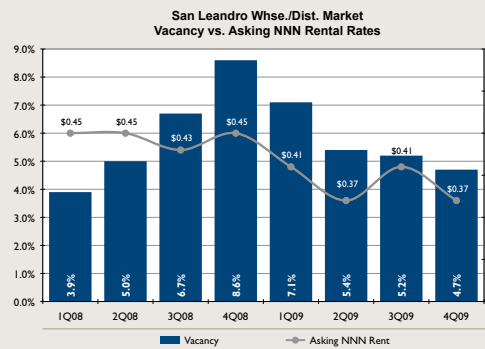
SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
1700 Fairway Drive	11/1/09	246,500	Simmons USA	Light Industrial
1937 Davis Street	11/15/09	84,391	Copier Networks	Light Industrial
1501 Doolittle Drive	10/29/09	61,827	New Haven Moving Equipment Co.	Warehouse/Distribution
2998 Alvarado Street	12/30/09	49,300	DHX	Light Industrial

SIGNIFICANT SALES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	BUYER	TYPE
2480-88 Baumann Avenue, San Lorenzo	12/21/09	121,686	Custom Freight Systems	Warehouse/Distribution

INDUSTRIAL MARKET VACANCY VS. ASKING NNN RENTAL RATES WAREHOUSE, LIGHT INDUSTRIAL AND R&D/FLEX



Hayward

The Hayward industrial market ended the year with a negative 1,004,131 sq. ft. net absorption. During 2009, its overall vacancy rate went from 8.5% to 10.9%. However, the vacancy rate has decreased from 11.9% to 10.9% quarter over quarter. Warehouse/distribution product experienced the greatest increase in vacancy in this submarket, rising from 9.1% at the end of 2008 to 13.4% at the end of 2009. There was a relatively slight increase in light industrial vacancy which went from 5.9% to 6.5%, and vacancy for R&D/flex product went from 15.1% to 15.0%, year-over-year. Underlying demand remains flat. We anticipate the vacancy rate will likely hold at or near its present level as no new significant vacancies are anticipated.

Asking rental rates have dropped for all product types. Light industrial rental rates fell from \$0.61

year-end 2008 to \$0.50 NNN psf/mo; warehouse/distribution rates from \$0.43 to \$0.38 NNN psf/mo; and R&D/flex from \$0.99 to \$0.68 NNN psf/mo. Rental rates will likely continue to test new lows as prospective tenants continue to test current market levels. Landlords are making a concerted effort to retain and attract tenants. The submarket continues to experience downward pressure on underlying rental rates for renewals and new transactions. Submarket lease concessions remain largely unchanged. Extended periods of free rent, full leasing commissions, bonus incentive programs, creative occupancy solutions and tenant improvement allowances remain the norm.



MARKET ACTIVITY

SIGNIFICANT FOURTH QUARTER TRANSACTIONS

SIGNIFICANT LEASES

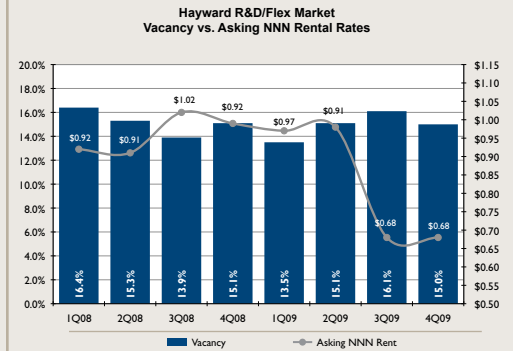
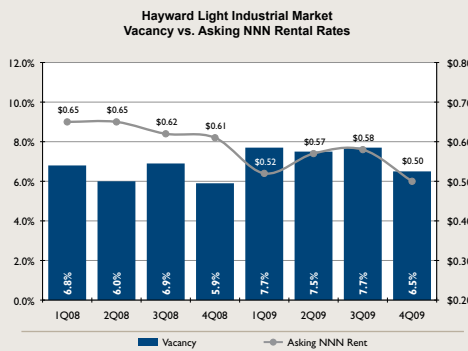
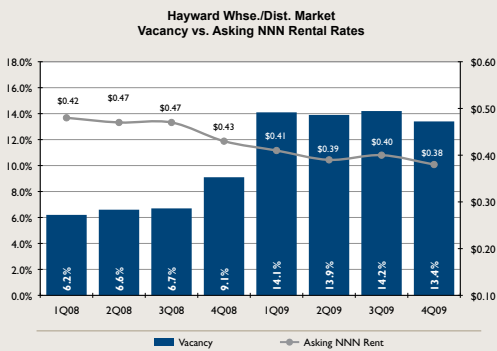
PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
22290 Hathaway Avenue	12/30/09	394,000	Dreamcourts	Warehouse/Distribution
31640-50 Hayman Street	10/16/09	56,500	American Admail Corp.	Light Industrial
3363 Arden Road	10/31/09	54,025	Peking	Warehouse/Distribution

SIGNIFICANT SALES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	BUYER	TYPE
20275 Mack Street	11/16/09	51,000	Huron Investments, LLC	Light Industrial
1787 Sabre Street	12/4/09	35,880	China Noodle	Light Industrial

INDUSTRIAL MARKET VACANCY VS. ASKING NNN RENTAL RATES

WAREHOUSE, LIGHT INDUSTRIAL AND R&D/FLEX





Union City

The overall vacancy rate in Union City has dropped one percentage point from 7.7% to 6.7% from the end of 2008 to 2009. In particular, the R&D/Flex market's vacancy has gone from 17.7% to 7.1% in the same time period due to a 71,000 sq. ft. sublease during the first quarter of 2009. Light industrial vacancy experienced the largest increase, rising from 4.9% to 6.3% year over year, while warehouse vacancy decreased from 9.6% to 7.1%. Asking rental rates have remained relatively flat during the fourth quarter. For the year, however, there has been downward pressure on rents, primarily as a result of the economy and the aggressive leasing stance of many landlords. Light industrial rates have dropped over the year from \$0.55 to \$0.50 NNN psf/mo, warehouse/distribution rates from \$0.47 to \$0.40 NNN psf/mo, and R&D/Flex rates from \$0.97 to \$0.96 NNN psf/mo. Vacancy rates and rents will begin to stabilize over the next six months; however, we do not expect to see meaningful rent growth until the fourth quarter of 2010. We expect a modest decline in vacancy as a few larger spaces are absorbed. There remain virtually no new development sites in Union City, and we do not see any new

construction or redevelopment in this market for the next twelve to twenty-four months.

Leasing and sales activity was down. However, many of the transactions completed were renewals or tenants realizing that the opportunity to expand or relocate was ideal with more motivated landlords and sellers. Most tenants signing deals were relocating or expanding from within the market or surrounding East Bay industrial markets. Interestingly, ethnic food companies seemed to be expanding while furniture and technology companies have been at the sidelines for most of 2009. We expect gross absorption to continue along the same trendline. However, we may continue to witness an upturn in the trend of tenants relocating from the Peninsula as they search for better quality buildings at good values. There are very few development sites available. The cost of new construction combined with the depressed rental rates has severely impacted any planned development or redevelopment for Union City and other surrounding markets.

MARKET ACTIVITY

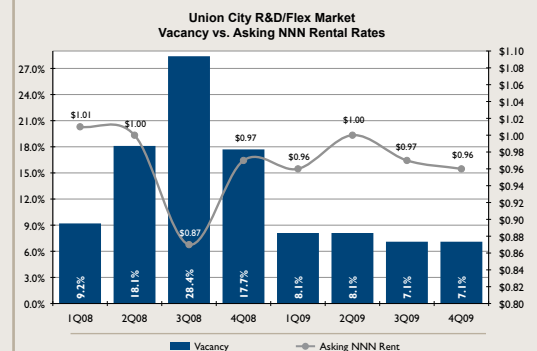
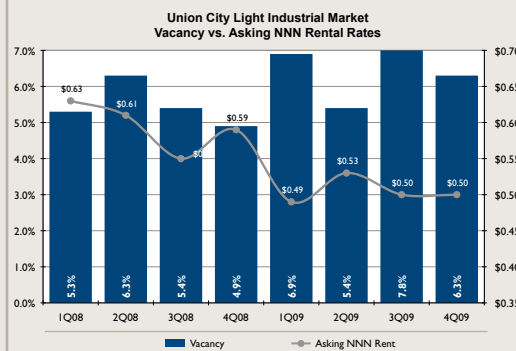
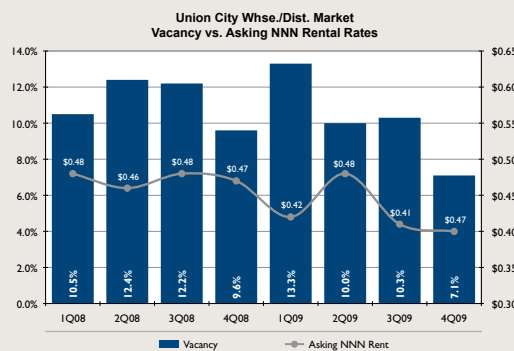
SIGNIFICANT FOURTH QUARTER TRANSACTIONS

SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
2877 Volpey Way	10/1/09	38,760	Sacramento Overnight	Warehouse/Distribution

INDUSTRIAL MARKET VACANCY VS. ASKING NNN RENTAL RATES

WAREHOUSE, LIGHT INDUSTRIAL AND R&D/FLEX



INDUSTRIAL MARKET STATISTICS

FOURTH QUARTER 2009

EXISTING PROPERTIES			DIRECT VACANCY		SUBLEASE VACANCY		TOTAL VACANCY			NET ABSORPTION			CONSTRUCTION		RENT
SUB-TYPE	BLDGS	TOTAL INVENTORY SQUARE FEET	SQUARE FEET	RATE	SQUARE FEET	RATE	SQUARE FEET	RATE CURRENT QUARTER	RATE PRIOR QUARTER	OCCUPIED SF CURRENT QUARTER	CURRENT QUARTER	YEAR TO DATE	COMPLETED CURRENT QUARTER	UNDER CONSTR.	NNN WTD. AVG. ASKING
SUBMARKETS															
RICHMOND															
Industrial	226	5,094,106	756,104	14.8%	45,225	0.9%	801,331	15.7%	16.9%	4,292,775	60,908	181,982	-	-	\$0.39
Warehouse	41	4,263,981	193,953	4.5%	0	0.0%	193,953	4.5%	4.9%	4,070,028	13,200	(94,830)	-	-	\$0.34
R&D/Flex	101	3,436,753	316,779	9.2%	12,257	0.4%	329,036	9.6%	9.8%	3,107,717	6,990	26,890	-	-	\$0.89
Total	368	12,794,840	1,266,838	9.9%	57,482	0.4%	1,324,320	10.4%	11.0%	11,470,520	81,098	114,042	-	-	\$0.51
OAKLAND															
Industrial	834	22,664,359	1,088,645	4.8%	45,191	0.2%	1,133,836	5.0%	5.5%	21,530,523	120,820	(144,961)	-	-	\$0.41
Warehouse	156	10,616,104	955,131	9.0%	321,854	3.0%	1,276,985	12.0%	13.2%	9,339,119	119,584	(438,659)	-	-	\$0.37
R&D/Flex	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A
Total	990	33,280,463	2,043,776	6.1%	367,045	1.1%	2,410,821	7.2%	8.0%	30,869,642	240,404	(583,620)	-	-	\$0.39
SAN LEANDRO															
Industrial	460	11,661,810	839,128	7.2%	74,606	0.6%	913,734	7.8%	9.5%	10,748,076	191,362	120,466	-	-	\$0.42
Warehouse	127	14,543,408	580,627	4.0%	104,000	0.7%	684,627	4.7%	5.2%	13,858,781	67,174	562,442	-	25,650	\$0.37
R&D/Flex	52	847,380	36,408	4.3%	6,401	0.8%	42,809	5.1%	9.6%	804,571	38,264	34,015	-	-	\$0.79
Total	639	27,052,598	1,456,163	5.4%	185,007	0.7%	1,641,170	6.1%	7.2%	25,411,428	296,800	716,923	-	25,650	\$0.41
HAYWARD															
Industrial	784	16,504,507	966,829	5.9%	103,446	0.6%	1,070,275	6.5%	7.7%	15,434,232	193,092	(92,724)	-	-	\$0.50
Warehouse	214	21,078,545	2,254,861	10.7%	580,132	2.8%	2,834,993	13.4%	14.2%	18,243,552	161,533	(916,574)	-	-	\$0.38
R&D/Flex	107	4,579,872	597,323	13.0%	89,080	1.9%	686,403	15.0%	16.1%	3,893,469	51,579	5,167	-	-	\$0.68
Total	1,105	42,162,924	3,819,013	9.1%	772,658	1.8%	4,591,671	10.9%	11.9%	37,571,253	406,204	(1,004,131)	-	-	\$0.45
UNION CITY															
Industrial	162	7,883,678	492,281	6.2%	7,458	0.1%	499,739	6.3%	6.4%	7,383,939	2,693	(110,578)	-	-	\$0.50
Warehouse	80	7,187,526	466,610	6.5%	42,935	0.6%	509,545	7.1%	8.4%	6,677,981	92,847	177,004	-	-	\$0.40
R&D/Flex	14	870,672	41,972	4.8%	20,000	2.3%	61,972	7.1%	7.1%	808,700	-	92,352	-	-	\$0.96
Total	256	15,941,876	1,000,863	6.3%	70,393	0.4%	1,071,256	6.7%	7.3%	14,870,620	95,540	158,778	-	-	\$0.48
MARKET TOTAL															
Industrial	2,466	63,808,460	4,142,989	6.5%	275,926	0.4%	4,418,915	6.9%	7.8%	59,389,545	568,875	(45,815)	-	-	\$0.50
Warehouse	618	57,689,564	4,451,182	7.7%	1,048,921	1.8%	5,500,103	9.5%	10.3%	52,189,461	454,338	(710,617)	-	25,650	\$0.38
R&D/Flex	274	9,734,677	992,482	10.2%	127,738	1.3%	1,120,220	11.5%	12.5%	8,614,457	96,833	158,424	-	-	\$0.76
Total	3,358	131,232,701	9,586,653	7.3%	1,452,585	1.1%	11,039,238	8.4%	9.3%	120,193,463	1,120,046	(598,008)	-	25,650	\$0.44
QUARTERLY COMPARISON AND TOTALS															
Q4-09	3,358	131,232,701	9,586,653	7.3%	1,452,585	1.1%	11,039,238	8.4%	9.3%	120,193,463	1,120,046	(598,008)	-	25,650	\$0.44
Q3-09	3,358	131,232,701	10,039,491	7.7%	2,119,793	1.6%	12,159,284	9.3%	8.5%	119,073,417	(966,662)	(1,718,054)	-	25,650	\$0.47
Q2-09	3,358	131,232,701	9,375,363	7.1%	1,817,259	1.4%	11,192,622	8.5%	9.2%	120,040,079	891,005	(751,392)	-	26,650	\$0.50
Q1-09	3,358	131,232,701	10,617,658	8.1%	1,465,969	1.1%	12,083,627	9.2%	8.0%	119,149,074	(1,642,397)	(1,642,397)	-	170,036	\$0.49
Q4-08	3,358	131,232,701	8,952,063	6.8%	1,489,167	1.1%	10,441,230	8.0%	7.9%	120,791,471	(127,873)	(1,668,173)	-	170,036	\$0.53
Q3-08	3,358	131,232,701	8,748,794	6.7%	1,564,563	1.2%	10,313,357	7.9%	7.5%	120,919,344	(376,746)	(2,309,380)	-	170,036	\$0.59

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294 OFFICES IN 61 COUNTRIES
ON 6 CONTINENTS

USA 94
Canada 22
Latin America 17
Asia Pacific 64
EMEA 97

\$48.1 billion in annual transaction
volume

1.1 billion square feet under
management
12,749 Professionals

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