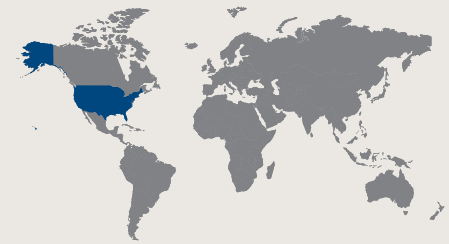


Market Research

INDUSTRIAL | FIRST QUARTER | 2010



MARKET INDICATORS

	IQ 2010	2Q 2010*
VACANCY	↑	↓
NET ABSORPTION	↓	↑
CONSTRUCTION	↔	↔
RENTAL RATE	↑	↔

* PROJECTED

I-80/880 Corridor • Industrial Overview

The Oakland Metropolitan Industrial market appears to have stabilized, setting the foundation for a slow but steady recovery. The significant decrease in rents witnessed in the previous twelve to eighteen months has leveled off in correlation with an accelerating amount of gross absorption going into the second quarter of 2010.

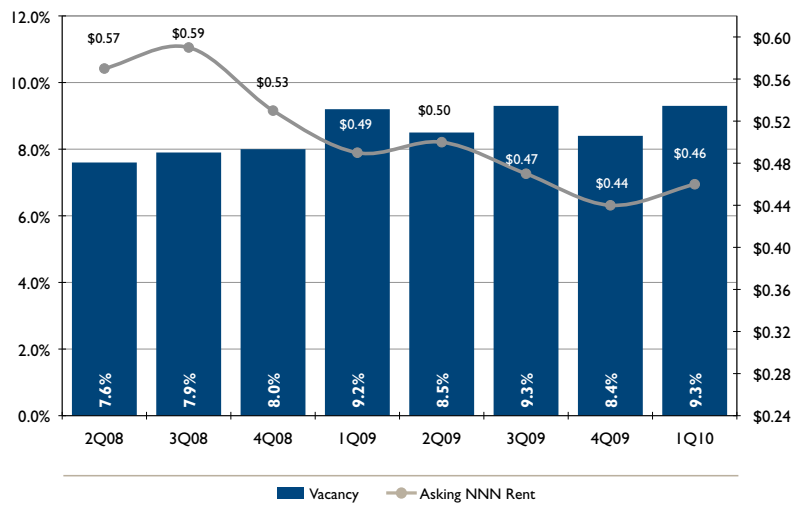
Although the overall vacancy rate increased from 8.4% at the end of 2009 to 9.4% at the end of the first quarter in 2010, we anticipate that this increase will be short-lived; there is significant new activity in both leasing and user-sales. The vacancy increase is primarily attributed to several larger buildings that have become available this quarter such as: the 197,546 square feet (sq.ft.) Chronicle facility in Union City; the 151,545 sq.ft. Hayman Street Industrial Complex at 31902 Hayman Street in Hayward; and a 132,463 sq.ft. warehouse at 725 85th Avenue in Oakland.

The R&D/Flex sector of the market continues to be hit hardest by the overall economic downturn with vacancy rates that have climbed to 14.5% from 11.4% over the course of the quarter. Industrial and warehouse/distribution vacancy rates have stabilized at 8.0% and 10.1%, respectively, in the same time period.

The market experienced an overall negative net absorption of 1.3 million sq.ft.—significantly better than the negative 1.7 million sq.ft. recorded during the same period a year ago. In addition, gross absorption for the quarter more than doubled to 1.2 million square feet compared to the first quarter of 2009.

VACANCY VS. RENTAL RATE

I-80/880 Corridor Overall Industrial Market
Overall Vacancy vs. Asking NNN Rental Rates





Due to increased demand, overall average asking rental rates for industrial property edged up slightly from \$0.44 to \$0.46 Triple Net (NNN) per square foot per month (psf/mo) quarter over quarter and is flat year over year. We anticipate that there will continue to be upward pressure on rental rates throughout the year with the notable exception of the R&D/Flex sector.

According to California's Employment Development Department, unemployment rates in Alameda County have increased to 13.2% in January 2010 from 12.2% in December 2009 and 10.3% as of January 2009. Along with this trend, we anticipate that the R&D/Flex sector will continue to experience softening values until there is notable job creation and absorption of existing available inventory. However, there has been some significant leasing activity this quarter in the industrial and warehouse/distribution

sectors. Exel Logistics renewed their 100,800 sq.ft. lease at 7200-7240 Edgewater Drive in Oakland, and Coast Aluminum leased 101,700 sq.ft. at 30551 Huntwood Avenue in Hayward.

Tenant activity will continue to improve into the second quarter of 2010, and we anticipate that owner/user activity will remain strong as many companies take advantage of depressed lease and sale values. For example, ePoly Star, Inc. purchased 62,000 sq.ft. from Lowenberg Corporation at 2081-2099 Burroughs Avenue in San Leandro, and Sun Lee Brands acquired 130,215 sq.ft. at 2274-2282 Davis Court in Hayward from Prologis.

The Oakland Metropolitan Industrial market, with its central location and proximity to all major transportation systems will continue to improve as overall global economic engines resume around the world.

MARKET ACTIVITY
SIGNIFICANT FIRST QUARTER TRANSACTIONS

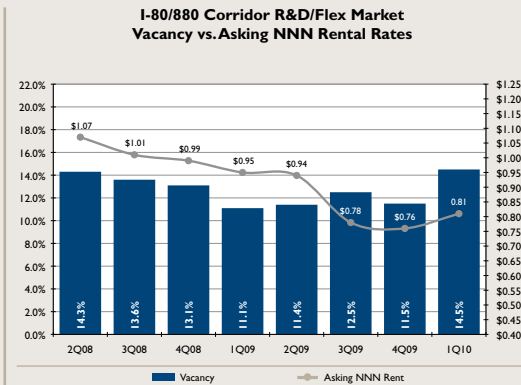
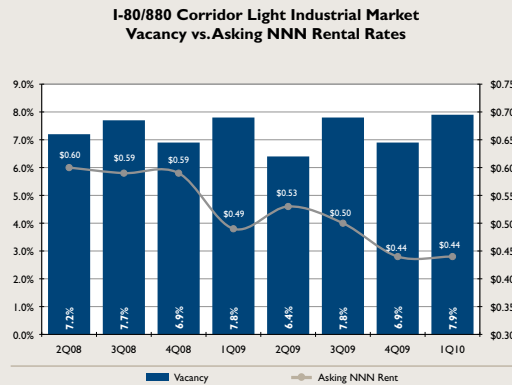
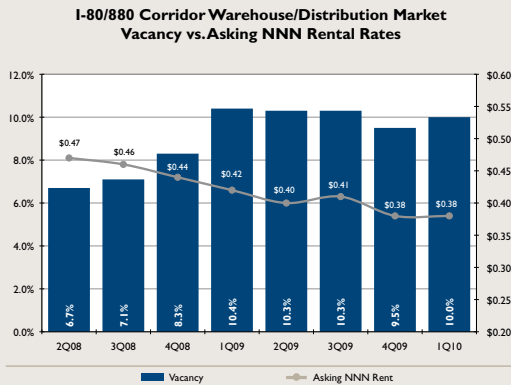
SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
31281 Wiegman Road, Hayward	1/2010	115,000	Friant Associates	Warehouse/Distribution
30551 Huntwood Avenue, Hayward	3/2010	101,700	Coast Aluminum	Warehouse/Distribution
7200-40 Edgewater Drive, Oakland	2/2010	100,800	Exel Logistics, Inc.	Warehouse/Distribution

SIGNIFICANT SALES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	BUYER	TYPE
2274-82 Davis Court, Hayward	2/2010	130,215	Sun Lee Brands	Warehouse/Distribution
25101 Clawiter Road, Hayward	2/2010	100,376	Lalsel, LLC	Industrial
2081-99 Burroughs Avenue, San Leandro	3/2010	62,000	ePoly Star, Inc.	Warehouse/Distribution

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



INDUSTRIAL MARKET STATISTICS

FIRST QUARTER 2010

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	813,136	16.0%	45,225	0.9%	858,361	16.9%	15.7%	4,235,745	(57,030)	(57,030)	-	-	\$0.39
Warehouse	41	4,263,981	193,953	4.5%	-	0.0%	193,953	4.5%	4.5%	4,070,028	-	-	-	-	\$0.28
R&D/Flex	101	3,436,753	336,049	9.8%	12,257	0.4%	348,306	10.1%	9.6%	3,088,447	(19,270)	(19,270)	-	-	\$0.95
Total	368	12,794,840	1,343,138	10.5%	57,482	0.4%	1,400,620	10.9%	10.4%	11,394,220	(76,300)	(76,300)	-	-	\$0.51
OAKLAND															
Industrial	834	22,664,359	1,146,645	5.1%	31,700	0.1%	1,178,345	5.2%	5.0%	21,486,014	(44,509)	(44,509)	-	-	\$0.40
Warehouse	156	10,616,104	860,524	8.1%	321,854	3.0%	1,182,378	11.1%	12.0%	9,433,726	94,607	94,607	-	-	\$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	2,007,169	6.0%	353,554	1.1%	2,360,723	7.1%	7.2%	30,919,740	50,098	50,098	-	-	\$0.38
SAN LEANDRO															
Industrial	460	11,661,810	1,134,640	9.7%	10,360	0.1%	1,145,000	9.8%	7.8%	10,516,810	(231,266)	(231,266)	-	-	\$0.42
Warehouse	127	14,543,408	592,784	4.1%	76,840	0.5%	669,624	4.6%	4.7%	13,873,784	15,003	15,003	-	25,650	\$0.38
R&D/Flex	52	847,380	30,971	3.7%	6,401	0.8%	37,372	4.4%	5.1%	810,008	5,437	5,437	-	-	\$0.78
Total	639	27,052,598	1,758,395	6.5%	93,601	0.3%	1,851,996	6.8%	6.1%	25,200,602	(210,826)	(210,826)	-	25,650	\$0.41
HAYWARD															
Industrial	784	16,504,507	1,247,300	7.6%	119,696	0.7%	1,366,996	8.3%	6.5%	15,137,511	(296,721)	(296,721)	-	-	\$0.48
Warehouse	214	21,078,545	2,300,300	10.9%	440,302	2.1%	2,740,602	13.0%	13.4%	18,337,943	94,391	94,391	-	-	\$0.40
R&D/Flex	107	4,579,872	849,444	18.5%	108,675	2.4%	958,119	20.9%	15.0%	3,621,753	(271,716)	(271,716)	-	-	\$0.76
Total	1,105	42,162,924	4,397,044	10.4%	668,673	1.6%	5,065,717	12.0%	10.9%	37,097,207	(474,046)	(474,046)	-	-	\$0.49
UNION CITY															
Industrial	162	7,883,678	510,321	6.5%	7,458	0.1%	517,779	6.6%	6.3%	7,365,899	(18,040)	(18,040)	-	-	\$0.44
Warehouse	80	7,187,526	783,002	10.9%	214,648	3.0%	997,650	13.9%	7.1%	6,189,876	(488,105)	(488,105)	-	-	\$0.36
R&D/Flex	14	870,672	43,592	5.0%	20,000	2.3%	63,592	7.3%	7.1%	807,080	(1,620)	(1,620)	-	-	\$0.89
Total	256	15,941,876	1,336,915	8.4%	242,106	1.5%	1,579,021	9.9%	6.7%	14,362,855	(507,765)	(507,765)	-	-	\$0.41
MARKET TOTAL															
Industrial	2,466	63,808,460	4,852,042	7.6%	214,439	0.3%	5,066,481	7.9%	6.9%	58,741,979	(647,566)	(647,566)	-	-	\$0.44
Warehouse	618	57,689,564	4,730,563	8.2%	1,053,644	1.8%	5,784,207	10.0%	9.5%	51,905,357	(284,104)	(284,104)	-	25,650	\$0.38
R&D/Flex	274	9,734,677	1,260,056	12.9%	147,333	1.5%	1,407,389	14.5%	11.5%	8,327,288	(287,169)	(287,169)	-	-	\$0.81
Total	3,358	131,232,701	10,842,661	8.3%	1,415,416	1.1%	12,258,077	9.3%	8.4%	118,974,624	(1,218,839)	(1,218,839)	-	25,650	\$0.45
QUARTERLY COMPARISON AND TOTALS															
Q1-10	3,358	131,232,701	10,842,661	8.3%	1,415,416	1.1%	12,258,077	9.3%	8.4%	118,974,624	(1,218,839)	(1,218,839)	-	25,650	\$0.45
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

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\$48.1 billion in annual transaction
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