

The CoStar Industrial Report

Mid-Year 2016

Inland Empire 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.

Inland Empire Industrial Market



Overview

Inland Empire's Vacancy Decreases to 5.0% Net Absorption Positive 5,730,570 SF in the Quarter

The Inland Empire Industrial market ended the second quarter 2016 with a vacancy rate of 5.0%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 5,730,570 square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 1,731,513 square feet. Rental rates ended the second quarter at \$6.07, an increase over the previous quarter. A total of 20 buildings delivered to the market in the quarter totaling 4,994,406 square feet, with 19,032,211 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Inland Empire Industrial market was positive 5,730,570 square feet in the second quarter 2016. That compares to positive 2,334,772 square feet in the first quarter 2016, positive 6,008,781 square feet in the fourth quarter 2015, and positive 7,569,523 square feet in the third quarter 2015.

Tenants moving out of large blocks of space in 2016 include: Distribution Alternatives, Inc. moving out of (591,020) square feet at 9774 Calabash Ave, M. Block & Sons moving out of (553,963) square feet at 26597 San Bernardino Ave and LG Electronics USA moving out of (544,749) square feet at 9415 Kaiser Way.

Tenants moving into large blocks of space in 2016 include: General Mills moving into 1,133,382 square feet at Perris Valley Logistics Center, Amazon moving into 882,230 square feet at ProLogis Park Bldg 1, and Wayfair.com moving into 783,407 square feet at Duke Perris Logistics Center.

The Flex building market recorded net absorption of positive 139,423 square feet in the second quarter 2016, compared to negative (70,005) square feet in the first quarter 2016, positive 142,564 in the fourth quarter 2015, and positive 100,700 in the third quarter 2015.

The Warehouse building market recorded net absorption of positive 5,591,147 square feet in the second quarter 2016, compared to positive 2,404,777 square feet in the first quarter 2016, positive 5,866,217 in the fourth quarter 2015, and positive 7,468,823 in the third quarter 2015.

Vacancy

The Industrial vacancy rate in the Inland Empire market area decreased to 5.0% at the end of the second quarter 2016. The vacancy rate was 5.2% at the end of the first quarter 2016, 5.1% at the end of the fourth quarter 2015, and 5.2% at the end of the third quarter 2015.

Flex projects reported a vacancy rate of 6.4% at the end of the second quarter 2016, 7.3% at the end of the first quarter 2016, 6.8% at the end of the fourth quarter 2015, and 7.8% at the end of the third quarter 2015.

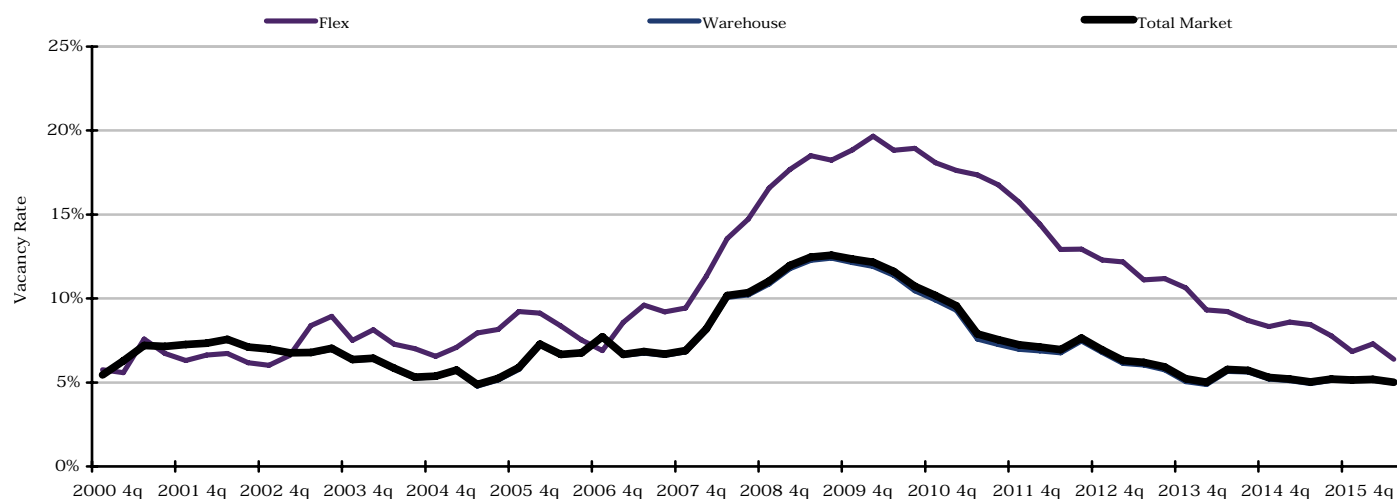
Warehouse projects reported a vacancy rate of 5.0% at the end of the second quarter 2016, and remained at 5.1% at the end of first quarter 2016 through the end of the third quarter 2015.

Largest Lease Signings

The largest lease signings occurring in 2016 included: the 1,244,874-square-foot lease signed by Wayfair, Inc. at Duke Perris Logistics Center in the Inland Empire East market; the

Vacancy Rates by Building Type

2000-2016



Source: CoStar Property®



1,102,639-square-foot deal signed by Amazon at Alliance California Gateway South - Bldg 3 in the Inland Empire East market; and the 1,033,192-square-foot lease also signed by Amazon at Goodman Commerce Eastvale - Building B in the Inland Empire East market.

Sublease Vacancy

The amount of vacant sublease space in the Inland Empire market increased to 1,731,513 square feet by the end of the second quarter 2016. There were 667,855 square feet at the end of the first quarter 2016, 427,338 square feet vacant at the end of the fourth quarter 2015, and 351,394 square feet at the end of the third quarter 2015.

Inland Empire's Flex projects reported vacant sublease space of 13,541 square feet at the end of second quarter 2016, up from the 11,605 square feet reported at the end of the first quarter 2016. There were 11,928 square feet of sublease space vacant at the end of the fourth quarter 2015, and 15,900 square feet at the end of the third quarter 2015.

Warehouse projects reported increased vacant sublease space from the first quarter 2016 to the second quarter 2016. Sublease vacancy went from 656,250 square feet to 1,717,972 square feet during that time. There were 415,410 square feet at the end of the fourth quarter 2015, and 335,494 square feet at the end of the third quarter 2015.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$6.07 per square foot per year at the end of the second quarter 2016 in the Inland Empire market area. This represented a 3.2% increase in quoted rental rates from the end of the first quarter 2016, when rents were reported at \$5.88 per square foot.

The average quoted rate within the Flex sector was \$11.68 per square foot at the end of the second quarter 2016, while Warehouse rates stood at \$5.82. At the end of the first quarter

2016, Flex rates were \$11.39 per square foot, and Warehouse rates were \$5.63.

Deliveries and Construction

During the second quarter 2016, 20 buildings totaling 4,994,406 square feet were completed in the Inland Empire market area. This compares to 14 buildings totaling 2,658,853 square feet that were completed in the first quarter 2016, 15 buildings totaling 6,030,518 square feet completed in the fourth quarter 2015, and 9,262,061 square feet in 19 buildings completed in the third quarter 2015.

There were 19,032,211 square feet of Industrial space under construction at the end of the second quarter 2016.

Some of the notable 2016 deliveries include: Perris Valley Logistics Center, a 1,133,382-square-foot facility that delivered in first quarter 2016 and is now 100% occupied, and Meredith International Centre - QVC, a 1,061,735-square-foot building that delivered in second quarter 2016 and is now 100% occupied.

The largest projects underway at the end of second quarter 2016 were Medline, a 1,170,880-square-foot building with 100% of its space pre-leased, and March Business Center - Bldg 1, a 1,103,003-square-foot facility.

Inventory

Total Industrial inventory in the Inland Empire market area amounted to 564,116,426 square feet in 12,844 buildings as of the end of the second quarter 2016. The Flex sector consisted of 15,254,144 square feet in 895 projects. The Warehouse sector consisted of 548,862,282 square feet in 11,949 buildings.

Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Inland Empire (California) industrial sales figures fell during the first quarter 2016 in terms of dollar volume compared to the fourth quarter of 2015.

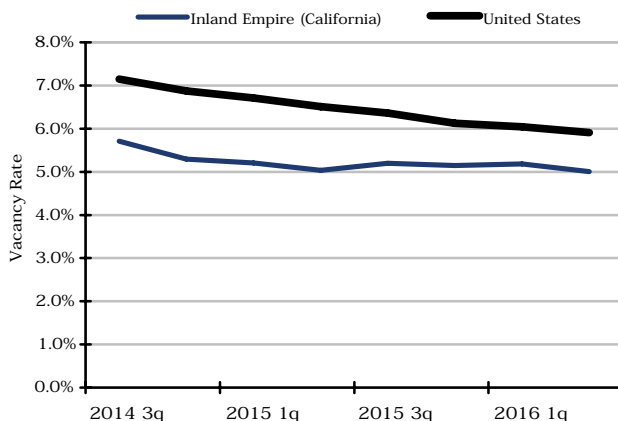
In the first quarter, 53 industrial transactions closed with a total volume of \$466,486,709. The 53 buildings totaled 4,320,675 square feet and the average price per square foot equated to \$107.97 per square foot. That compares to 45 transactions totaling \$484,134,600 in the fourth quarter. The total square footage was 5,059,439 for an average price per square foot of \$95.69.

Total year-to-date industrial building sales activity in 2016 is up compared to the previous year. In the first three months of 2016, the market saw 53 industrial sales transactions with a total volume of \$466,486,709. The price per square foot has averaged \$107.97 this year. In the first three months of 2015, the market posted 36 transactions with a total volume of \$314,359,250. The price per square foot averaged \$98.25.

Cap rates have been lower in 2016, averaging 6.22%, compared to the first three months of last year when they averaged 6.32%.

U.S. Vacancy Comparison

Past 8 Quarters



Source: CoStar Property®

Inland Empire Industrial Market



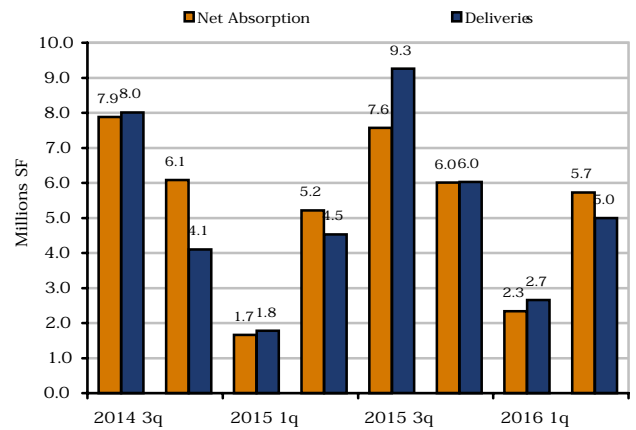
Overview

One of the largest transactions that has occurred within the last four quarters in the Inland Empire (California) market is the sale of 1001 Columbia Ave in Riverside. This 507,000-square-foot industrial building sold for \$105,000,000, or \$207.10 per square foot. The property sold on 2/24/2016, at a 5.90% cap rate.

Reports compiled by: Paula Bonner, Emily Chiu, Joyce Sisson, CoStar Research Managers; Patrick Ashton and Pamela Murray, CoStar Research Associates.

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
Inland Empire East	Coachella Valley Corona East San Bernardino Riverside South Riverside
Inland Empire West	Airport Area North San Bernardino West San Bernardino

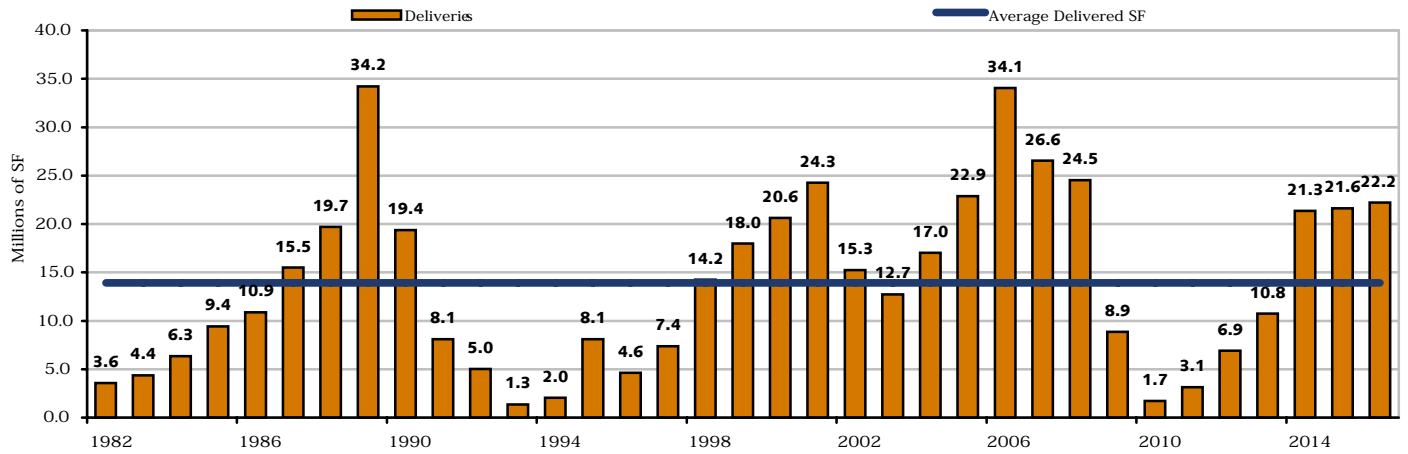
Inland Empire Industrial Market



Inventory & development

Historical Deliveries

1982 - 2016



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

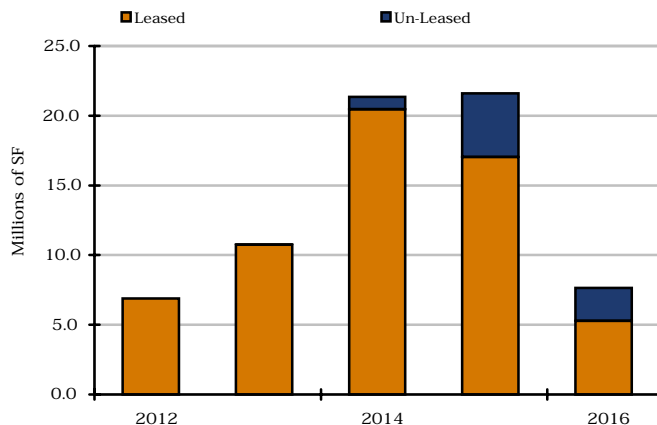
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Released SF	Released %	All Existing	U/C
Inland Empire East	36	10,714,152	2,982,192	27.8%	41,084	297,615
Inland Empire West	27	8,318,059	1,058,766	12.7%	47,375	308,076
Totals	63	19,032,211	4,040,958	21.2%	43,921	302,099

Source: CoStar Property®

Recent Deliveries

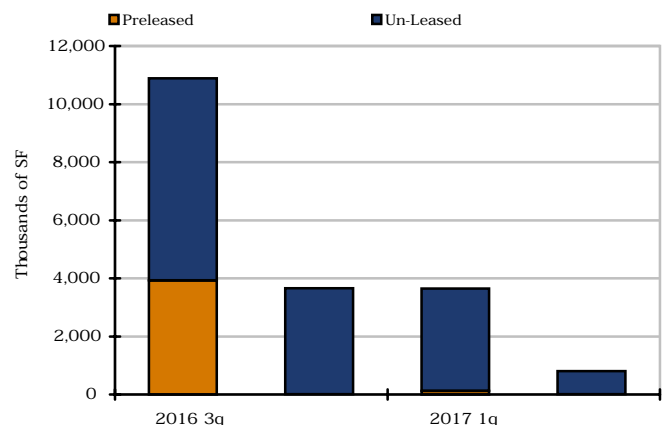
Leased & Un-Leased SF in Deliveries Since 2012



Source: CoStar Property®

Future Deliveries

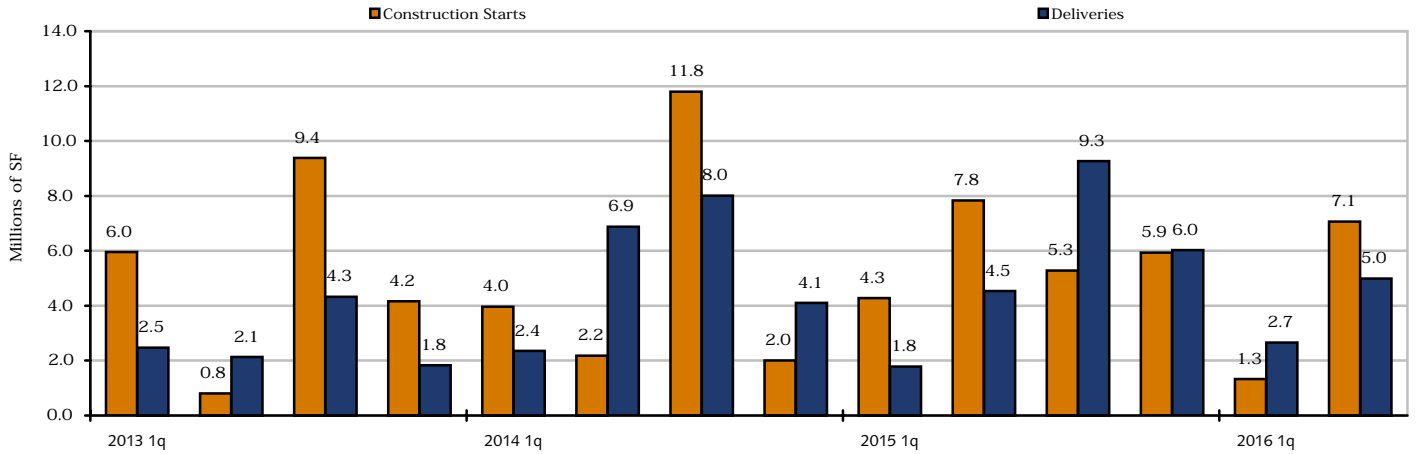
Preleased & Un-Leased SF in Properties Scheduled to Deliver



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	15	447,277	249,586	55.8%	\$8.18	314,991	132,286
50,000 SF - 99,999 SF	4	275,027	170,711	62.1%	\$6.00	184,316	90,711
100,000 SF - 249,999 SF	4	639,592	292,083	45.7%	\$0.00	504,409	135,183
250,000 SF - 499,999 SF	6	2,222,943	1,508,359	67.9%	\$0.00	1,808,923	414,020
>= 500,000 SF	5	4,068,420	3,060,184	75.2%	\$0.00	1,582,535	2,485,885

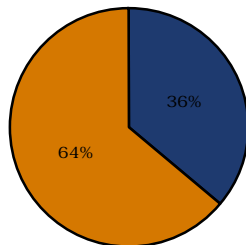
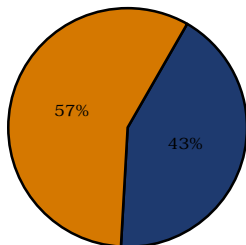
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2016 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

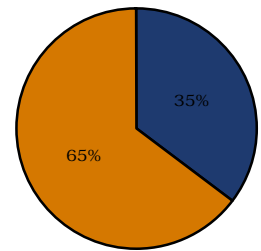
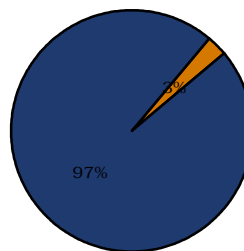
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

Inland Empire Industrial Market



Inventory & development

Select Year-to-Date Deliveries

Based on Project Square Footage

<p>1. Perris Valley Logistics Center</p> <p>Submarket: Inland Empire East Industrial Market RBA: 1,133,382 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2014 Deliv Date: First Quarter 2016 Leasing Co: Cushman & Wakefield Developer: Howard Industrial</p>	<p>2. Meredith International Centre - QVC</p> <p>Submarket: Inland Empire West Industrial Market RBA: 1,061,735 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: Vineyard Industrial II LLC Developer: Sares-Regis Group</p>	<p>3. I-210 Logistics Center II</p> <p>Submarket: Inland Empire East Industrial Market RBA: 758,940 Occupied: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: Lee & Associates CRE Developer: Panattoni Development Company</p>
<p>4. Prologis Redlands Distribution</p> <p>Submarket: Inland Empire East Industrial Market RBA: 593,563 Occupied: 57% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2015 Deliv Date: First Quarter 2016 Leasing Co: CBRE Developer: Prologis</p>	<p>5. 1401 Alder Ave-Niagara</p> <p>Submarket: Inland Empire East Industrial Market RBA: 520,800 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: Niagara Bottling Developer: Lewis Community Developers</p>	<p>6. 15801 Meridian Pky</p> <p>Submarket: Inland Empire East Industrial Market RBA: 486,000 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: Cushman & Wakefield Developer: Panattoni Development Company</p>
<p>7. 5151 E Philadelphia St</p> <p>Submarket: Inland Empire West Industrial Market RBA: 452,952 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: CBRE Developer: Trammell Crow Company</p>	<p>8. 255 S Waterman Ave</p> <p>Submarket: Inland Empire East Industrial Market RBA: 414,020 Occupied: 0% Quoted Rate: Negotiable Grnd Brk Date: Third Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: Lee & Associates CRE Developer: Hillwood Development Company</p>	<p>9. 15816 Santa Ana Ave</p> <p>Submarket: Inland Empire West Industrial Market RBA: 310,550 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: Lee & Associates CRE Developer: LBA Realty</p>
<p>10. 127 W Jurupa Ave</p> <p>Submarket: Inland Empire East Industrial Market RBA: 300,564 Occupied: 0% Quoted Rate: Negotiable Grnd Brk Date: Third Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: Lee & Associates CRE Developer: Alere Property Group LLC</p>	<p>11. 548 W Merrill Ave</p> <p>Submarket: Inland Empire East Industrial Market RBA: 258,857 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: First Quarter 2015 Deliv Date: First Quarter 2016 Leasing Co: CBRE Developer: Richard Dick & Associates</p>	<p>12. Excel Business Park</p> <p>Submarket: Inland Empire East Industrial Market RBA: 193,268 Occupied: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2015 Deliv Date: First Quarter 2016 Leasing Co: Strata Realty LLC Developer: Rexco Development</p>
<p>13. 9189 Utica Ave</p> <p>Submarket: Inland Empire West Industrial Market RBA: 156,900 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: Voit Real Estate Services Developer: Oakmont Industrial Group LLC</p>	<p>14. 2571 Sampson Ave</p> <p>Submarket: Inland Empire East Industrial Market RBA: 154,241 Occupied: 0% Quoted Rate: Negotiable Grnd Brk Date: Fourth Quarter 2015 Deliv Date: Second Quarter 2016 Leasing Co: Strata Realty LLC Developer: Rexco Development</p>	<p>15. 9560 Buffalo Ave</p> <p>Submarket: Inland Empire West Industrial Market RBA: 135,183 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: First Quarter 2015 Deliv Date: First Quarter 2016 Leasing Co: Voit Real Estate Services Developer: Commerce Construction Co., L.P.</p>



Inland Empire Industrial Market

Inventory & development

Select Top Under Construction Properties

Based on Project Square Footage

<p>1. Medline</p> <p>Submarket: Inland Empire East Industrial Market RBA: 1,170,880 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: Lewis Community Developers Developer: Lewis Community Developers</p>	<p>2. March Business Center - Bldg 1</p> <p>Submarket: Inland Empire East Industrial Market RBA: 1,103,003 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Fourth Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: Cushman & Wakefield Developer: Western Realco</p>	<p>3. Jurupa Ave</p> <p>Submarket: Inland Empire West Industrial Market RBA: 1,038,499 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: Lee & Associates CRE Developer: Alere Property Group LLC</p>
<p>4. Goodman Commerce Ctr Eastvale - Bldg B</p> <p>Submarket: Inland Empire East Industrial Market RBA: 1,033,192 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: JLL Developer: Goodman Birtcher North America</p>	<p>5. Goodman Commerce Ctr Eastvale - Bldg A</p> <p>Submarket: Inland Empire East Industrial Market RBA: 1,007,705 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: JLL Developer: Goodman Birtcher North America</p>	<p>6. DCT Jurupa Logistics Center</p> <p>Submarket: Inland Empire West Industrial Market RBA: 967,200 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: Lee & Associates CRE Developer: DCT Industrial Trust</p>
<p>7. Sierra Pacific Center - Phase II</p> <p>Submarket: Inland Empire West Industrial Market RBA: 751,024 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: Cushman & Wakefield Developer: Pacific Industrial</p>	<p>8. N Jurupa Ave</p> <p>Submarket: Inland Empire West Industrial Market RBA: 634,843 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: Lee & Associates CRE Developer: Alere Property Group LLC</p>	<p>9. Alder Distribution Center</p> <p>Submarket: Inland Empire East Industrial Market RBA: 630,200 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: Voit Real Estate Services Developer: Thrifty Oil Co.</p>
<p>10. Pacific Palm Center</p> <p>Submarket: Inland Empire East Industrial Market RBA: 624,627 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: CBRE Developer: Pacific Industrial</p>	<p>11. Redlands Logistics Center - Building 1</p> <p>Submarket: Inland Empire East Industrial Market RBA: 614,328 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Third Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: Colliers International Developer: Seefried Properties, Inc.</p>	<p>12. I-10 Redlands Logistics Center</p> <p>Submarket: Inland Empire East Industrial Market RBA: 601,287 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: Lee & Associates CRE Developer: TIAA</p>
<p>13. Stratford Ranch - Bldg 2</p> <p>Submarket: Inland Empire East Industrial Market RBA: 599,113 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2016 Deliv Date: Fourth Quarter 2016 Leasing Co: Lee & Associates CRE Developer: IDI Gazeley</p>	<p>14. Meredith International Centre - Bldg 6</p> <p>Submarket: Inland Empire West Industrial Market RBA: 573,266 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Fourth Quarter 2015 Deliv Date: Fourth Quarter 2016 Leasing Co: Lee & Associates CRE Developer: Sares-Regis Group</p>	<p>15. I-10 Redlands Logistics Center</p> <p>Submarket: Inland Empire East Industrial Market RBA: 500,602 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Second Quarter 2015 Deliv Date: Third Quarter 2016 Leasing Co: Lee & Associates CRE Developer: Hillwood</p>

Inland Empire Industrial Market



Figures at a Glance

Flex Market Statistics

Mid-Year 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Inland Empire East	551	9,391,711	605,689	613,010	6.5%	10,758	0	0	\$11.37
Inland Empire West	344	5,862,433	354,551	360,771	6.2%	58,660	0	0	\$12.08
Totals	895	15,254,144	960,240	973,781	6.4%	69,418	0	0	\$11.68

Source: CoStar Property®

Warehouse Market Statistics

Mid-Year 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Inland Empire East	6,502	280,376,559	16,041,810	17,231,604	6.1%	7,651,458	5,184,471	10,714,152	\$5.81
Inland Empire West	5,447	268,485,723	9,499,417	10,027,595	3.7%	344,466	2,468,788	8,318,059	\$5.83
Totals	11,949	548,862,282	25,541,227	27,259,199	5.0%	7,995,924	7,653,259	19,032,211	\$5.82

Source: CoStar Property®

Total Industrial Market Statistics

Mid-Year 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Inland Empire East	7,053	289,768,270	16,647,499	17,844,614	6.2%	7,662,216	5,184,471	10,714,152	\$6.06
Inland Empire West	5,791	274,348,156	9,853,968	10,388,366	3.8%	403,126	2,468,788	8,318,059	\$6.09
Totals	12,844	564,116,426	26,501,467	28,232,980	5.0%	8,065,342	7,653,259	19,032,211	\$6.07

Source: CoStar Property®



Inland Empire Industrial Market

Figures at a Glance

Flex Submarket Statistics

Mid-Year 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	194	3,740,473	289,466	295,686	7.9%	38,252	0	0	\$12.50
Coachella Valley	112	1,920,877	129,847	132,218	6.9%	1,893	0	0	\$9.14
Corona	66	1,112,745	75,368	80,318	7.2%	(34,167)	0	0	\$13.59
East San Bernardino	105	1,766,314	178,412	178,412	10.1%	13,699	0	0	\$12.32
North San Bernardino	40	472,894	23,618	23,618	5.0%	2,315	0	0	\$10.02
Riverside	152	2,568,459	139,334	139,334	5.4%	77,077	0	0	\$11.13
South Riverside	116	2,023,316	82,728	82,728	4.1%	(47,744)	0	0	\$11.28
West San Bernardino	110	1,649,066	41,467	41,467	2.5%	18,093	0	0	\$10.98
Totals	895	15,254,144	960,240	973,781	6.4%	69,418	0	0	\$11.68

Source: CoStar Property®

Warehouse Submarket Statistics

Mid-Year 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	2,972	197,355,631	7,265,678	7,776,998	3.9%	1,045,234	2,468,788	6,973,199	\$5.57
Coachella Valley	841	11,588,696	946,642	960,034	8.3%	80,884	0	0	\$8.09
Corona	924	28,655,756	1,740,315	1,740,315	6.1%	(83,555)	347,509	222,072	\$6.75
East San Bernardino	1,514	97,063,573	8,844,092	9,600,186	9.9%	4,879,778	2,846,744	4,455,394	\$4.41
North San Bernardino	877	17,723,999	618,546	618,546	3.5%	379,227	0	1,249,740	\$5.66
Riverside	1,839	104,457,932	3,761,764	4,178,077	4.0%	821,826	731,797	4,240,750	\$5.71
South Riverside	1,384	38,610,602	748,997	752,992	2.0%	1,952,525	1,258,421	1,795,936	\$7.82
West San Bernardino	1,598	53,406,093	1,615,193	1,632,051	3.1%	(1,079,995)	0	95,120	\$7.57
Totals	11,949	548,862,282	25,541,227	27,259,199	5.0%	7,995,924	7,653,259	19,032,211	\$5.82

Source: CoStar Property®

Total Industrial Submarket Statistics

Mid-Year 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	3,166	201,096,104	7,555,144	8,072,684	4.0%	1,083,486	2,468,788	6,973,199	\$5.85
Coachella Valley	953	13,509,573	1,076,489	1,092,252	8.1%	82,777	0	0	\$8.19
Corona	990	29,768,501	1,815,683	1,820,633	6.1%	(117,722)	347,509	222,072	\$6.95
East San Bernardino	1,619	98,829,887	9,022,504	9,778,598	9.9%	4,893,477	2,846,744	4,455,394	\$4.70
North San Bernardino	917	18,196,893	642,164	642,164	3.5%	381,542	0	1,249,740	\$5.84
Riverside	1,991	107,026,391	3,901,098	4,317,411	4.0%	898,903	731,797	4,240,750	\$5.90
South Riverside	1,500	40,633,918	831,725	835,720	2.1%	1,904,781	1,258,421	1,795,936	\$8.09
West San Bernardino	1,708	55,055,159	1,656,660	1,673,518	3.0%	(1,061,902)	0	95,120	\$7.74
Totals	12,844	564,116,426	26,501,467	28,232,980	5.0%	8,065,342	7,653,259	19,032,211	\$6.07

Source: CoStar Property®

Inland Empire Industrial Market



Figures at a Glance

Flex Market Statistics

Mid-Year 2016

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	
2016 2q	895	15,254,144	960,240	973,781	6.4%	139,423	0	0	0	0	\$11.68
2016 1q	895	15,254,144	1,101,599	1,113,204	7.3%	(70,005)	0	0	0	0	\$11.39
2015 4q	895	15,254,144	1,031,271	1,043,199	6.8%	142,564	0	0	0	0	\$11.23
2015 3q	895	15,254,144	1,169,863	1,185,763	7.8%	100,700	0	0	0	0	\$11.21
2015 2q	895	15,254,144	1,269,600	1,286,463	8.4%	23,559	0	0	0	0	\$11.08
2015 1q	895	15,254,144	1,292,794	1,310,022	8.6%	(39,427)	0	0	0	0	\$10.93
2014	895	15,254,144	1,257,492	1,270,595	8.3%	343,437	0	0	0	0	\$10.82
2013	896	15,261,624	1,616,069	1,621,512	10.6%	261,014	1	8,250	0	0	\$10.46
2012	895	15,253,374	1,868,822	1,874,276	12.3%	525,870	0	0	1	8,250	\$9.84
2011	895	15,253,374	2,232,077	2,400,146	15.7%	357,439	0	0	1	8,250	\$9.70
2010	895	15,253,374	2,593,749	2,757,585	18.1%	101,887	0	0	0	0	\$10.07
2009	896	15,270,974	2,696,433	2,877,072	18.8%	(174,228)	8	206,847	0	0	\$10.69
2008	888	15,064,127	2,285,304	2,495,997	16.6%	(458,573)	44	681,626	5	153,449	\$12.16
2007	844	14,382,501	1,288,277	1,355,798	9.4%	(18,333)	23	491,531	34	375,947	\$13.64
2006	822	14,011,456	924,363	966,420	6.9%	827,804	37	551,864	31	547,493	\$13.42
2005	785	13,459,592	1,221,069	1,242,360	9.2%	670,571	59	1,101,995	33	451,781	\$12.00

Source: CoStar Property®

Warehouse Market Statistics

Mid-Year 2016

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	
2016 2q	11,949	548,862,282	25,541,227	27,259,199	5.0%	5,591,147	20	4,994,406	63	19,032,211	\$5.82
2016 1q	11,929	543,867,876	27,199,690	27,855,940	5.1%	2,404,777	14	2,658,853	66	16,961,431	\$5.63
2015 4q	11,915	541,209,023	27,186,454	27,601,864	5.1%	5,866,217	15	6,030,518	65	18,287,867	\$5.54
2015 3q	11,900	535,178,505	27,102,069	27,437,563	5.1%	7,468,823	19	9,262,061	54	18,386,440	\$5.45
2015 2q	11,883	526,238,871	25,095,233	25,966,752	4.9%	5,194,730	16	4,530,965	52	22,368,206	\$5.33
2015 1q	11,867	521,707,906	25,897,693	26,630,517	5.1%	1,699,660	4	1,780,607	50	19,066,197	\$5.20
2014	11,865	520,456,743	26,574,851	27,079,014	5.2%	19,463,698	53	21,345,754	36	16,565,344	\$5.23
2013	11,814	499,152,188	24,994,693	25,238,157	5.1%	18,182,421	30	10,751,273	47	17,965,629	\$4.98
2012	11,788	488,857,321	32,115,287	33,125,711	6.8%	7,011,260	21	6,894,473	25	8,400,575	\$4.81
2011	11,770	482,400,383	32,941,855	33,680,033	7.0%	16,810,078	10	3,125,234	13	4,490,195	\$4.69
2010	11,764	479,445,896	45,265,267	47,535,624	9.9%	12,142,510	12	1,711,772	8	2,464,497	\$4.57
2009	11,754	477,737,699	55,609,439	57,969,937	12.1%	1,604,748	116	8,653,252	10	1,666,169	\$4.94
2008	11,638	469,084,447	49,402,245	50,921,433	10.9%	2,946,948	300	23,853,646	88	7,005,315	\$5.90
2007	11,343	445,578,263	29,194,827	30,362,197	6.8%	27,898,677	416	26,065,677	208	19,698,826	\$6.15
2006	10,935	419,867,795	30,091,730	32,550,406	7.8%	23,089,858	494	33,505,050	342	22,866,747	\$5.83
2005	10,445	386,548,668	20,825,108	22,321,137	5.8%	18,609,725	408	21,758,697	391	26,142,058	\$5.28

Source: CoStar Property®

Total Industrial Market Statistics

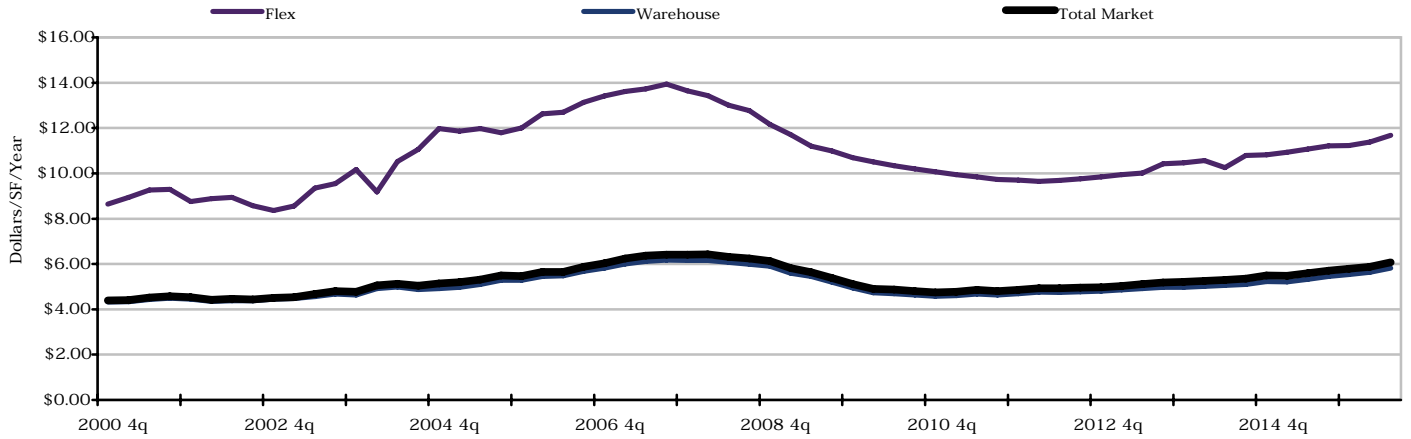
Mid-Year 2016

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	
2016 2q	12,844	564,116,426	26,501,467	28,232,980	5.0%	5,730,570	20	4,994,406	63	19,032,211	\$6.07
2016 1q	12,824	559,122,020	28,301,289	28,969,144	5.2%	2,334,772	14	2,658,853	66	16,961,431	\$5.88
2015 4q	12,810	556,463,167	28,217,725	28,645,063	5.1%	6,008,781	15	6,030,518	65	18,287,867	\$5.78
2015 3q	12,795	550,432,649	28,271,932	28,623,326	5.2%	7,569,523	19	9,262,061	54	18,386,440	\$5.71
2015 2q	12,778	541,493,015	26,364,833	27,253,215	5.0%	5,218,289	16	4,530,965	52	22,368,206	\$5.60
2015 1q	12,762	536,962,050	27,190,487	27,940,539	5.2%	1,660,233	4	1,780,607	50	19,066,197	\$5.48
2014	12,760	535,710,887	27,832,343	28,349,609	5.3%	19,807,135	53	21,345,754	36	16,565,344	\$5.49
2013	12,710	514,413,812	26,610,762	26,859,669	5.2%	18,443,435	31	10,759,523	47	17,965,629	\$5.21
2012	12,683	504,110,695	33,984,109	34,999,987	6.9%	7,537,130	21	6,894,473	26	8,408,825	\$4.97
2011	12,665	497,653,757	35,173,932	36,080,179	7.3%	17,167,517	10	3,125,234	14	4,498,445	\$4.86
2010	12,659	494,699,270	47,859,016	50,293,209	10.2%	12,244,397	12	1,711,772	8	2,464,497	\$4.74
2009	12,650	493,008,673	58,305,872	60,847,009	12.3%	1,430,520	124	8,860,099	10	1,666,169	\$5.12
2008	12,526	484,148,574	51,687,549	53,417,430	11.0%	2,488,375	344	24,535,272	93	7,158,764	\$6.13
2007	12,187	459,960,764	30,483,104	31,717,995	6.9%	27,880,344	439	26,557,208	242	20,074,773	\$6.42
2006	11,757	433,879,251	31,016,093	33,516,826	7.7%	23,917,662	531	34,056,914	373	23,414,240	\$6.03
2005	11,230	400,008,260	22,046,177	23,563,497	5.9%	19,280,296	467	22,860,692	424	26,593,839	\$5.47

Source: CoStar Property®

Historical Rental Rates

Based on Quoted Rental Rates



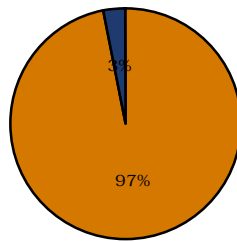
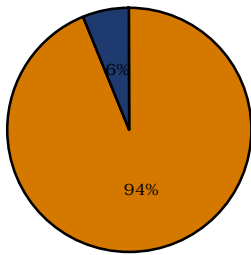
Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Inland Empire (California)

United States



Direct Sublet

Direct Sublet

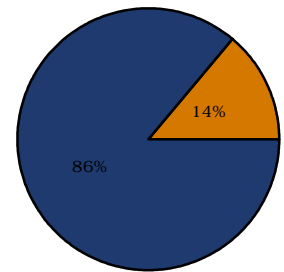
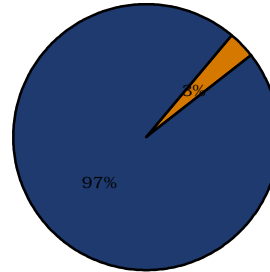
Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

Inland Empire (California)

United States



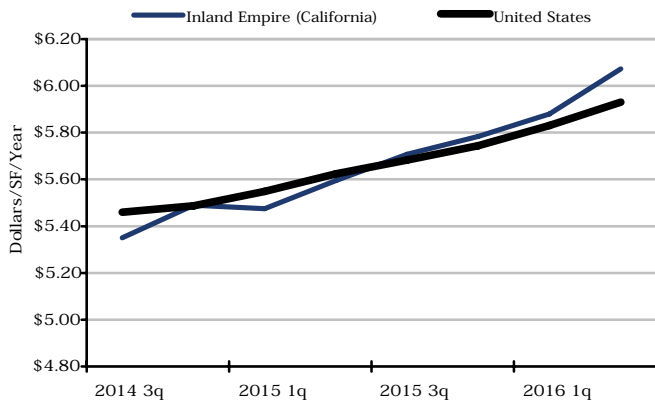
Flex Warehouse

Flex Warehouse

Source: CoStar Property®

U.S. Rental Rate Comparison

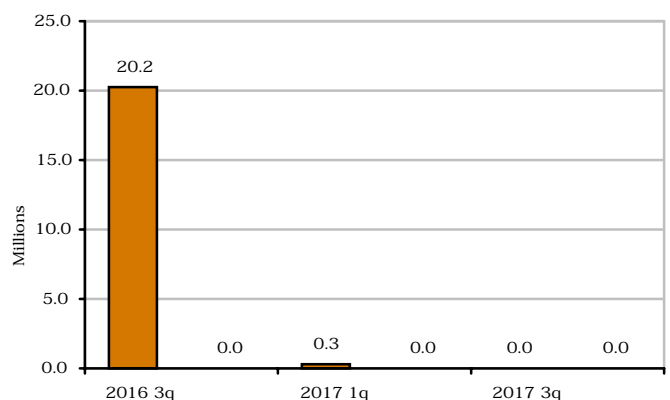
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space

Inland Empire Industrial Market



Leasing Activity

Select Top Industrial Leases Based on Leased Square Footage For Deals Signed in 2016

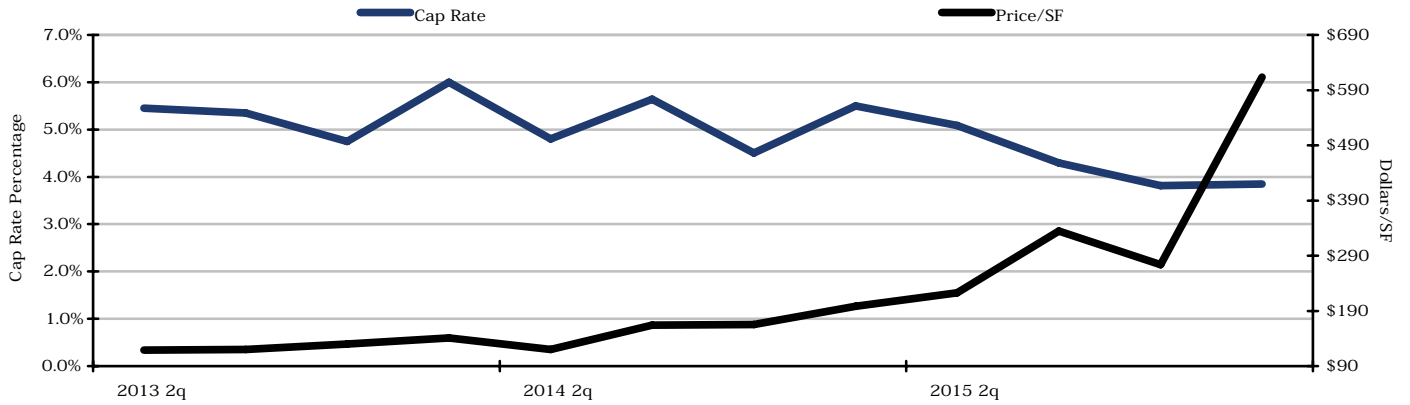
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 Duke Perris Logistics Center	South Riverside	1,244,874	2nd	Wayfair, Inc.	JLL	Duke Realty; Colliers International
2 AllianceCaliforniaGatewaySouth - Bldg3	East San Bernardino	1,102,639	1st	Amazon	N/A	Colliers International
3 Goodman Commerce Eastvale - Bldg B	Riverside	1,033,192	2nd	Amazon	Cushman & Wakefield	JLL
4 Majestic Spectrum South - Bldg 4&5	West San Bernardino	885,000	1st	Port Logistics	N/A	Majestic Realty Co.
5 Prologis Mission Distribution - Bldg 2	Airport Area	741,458	2nd	Noble House Home Furnishings LLC	Voit Real Estate Services	Prologis; Colliers International
6 Acco Airport Center - Bldg A	East San Bernardino	592,710	2nd	Kohler	CBRE	Colliers International; CBRE
7 Allesandro Business Center	Riverside	582,772	1st	Ascena Retail Group	JLL	C&W; Commercial Realty Advisors
8 Watson Commerce Center	East San Bernardino	553,963	1st	Mattel	N/A	JLL
9 Kaiser Commerce Center	Airport Area	544,717	1st	Bradshaw Industries	Voit Real Estate Services	CBRE
10 Meridian Logistics Center	Riverside	486,000	2nd	UPS	Lee & Associates	Cushman & Wakefield
11 Foothill Commerce Center	Airport Area	475,026	1st	Delta Children's Products	Cushman & Wakefield	Lee & Associates
12 CentrePointe South - Bldg 5	West San Bernardino	458,262	1st	3PL	Cushman & Wakefield	Cushman & Wakefield
13 Ontario Innovation Center	Airport Area	452,952	2nd	N/A	N/A	CBRE
14 9774 Calabash Ave	Airport Area	423,548	1st	OnTrac	Colliers International	JLL
15 Prologis Ontario Distribution	Airport Area	416,713	1st	NFI Industries, Inc.	Cushman & Wakefield	Prologis; CBRE
16 Baseline Logistics Center I	East San Bernardino	373,771	1st	Under Armour	JLL	Lee & Associates
17 Hemlock Logistics Center	Airport Area	351,386	1st	ACT Fulfillment	Lee & Associates	Colliers International
18 Prologis Redlands Distribution	East San Bernardino	341,280	1st	Munchkin	JLL	Prologis; CBRE
19 Sierra Business Park - Bldg 1	Airport Area	315,430	2nd	Sole Technology, Inc.	N/A	N/A
20 Carson Alliance Bldg 2	East San Bernardino	302,290	2nd	Fender	Cresa Orange County	JLL
21 Ontario Pacific Distribution - Phase I*	Airport Area	274,414	1st	Hubbell Lighting Inc.	CBRE	Direct Deal
22 RC Distribution Center III	Airport Area	234,414	1st	Zodiac Seats	Cresa Partners	Voit Real Estate Services
23 1235 E Quarry St*	Corona	232,000	2nd	Hand Air Express LLC	Lee & Associates	Cushman & Wakefield
24 1508 W Casmalia St	East San Bernardino	220,000	1st	Guitar Center	JLL	Lee & Associates
25 Southern California Logistics	North San Bernardino	211,000	1st	Arden Company	Voit Real Estate Services	Southern California Logistics
26 11875 Cabernet Dr*	Airport Area	198,900	2nd	Home Legend LLC	N/A	Colliers International; CBRE
27 Premier Vintage	Airport Area	192,000	2nd	N/A	N/A	Colliers International
28 First San Michele Logistics	Riverside	187,985	2nd	Wiseway Motor Freight, Inc.	Cushman & Wakefield	Colliers International
29 4162 Georgia Blvd	East San Bernardino	174,030	1st	D&W Fine Pack	N/A	N/A
30 127 W Jurupa Ave	East San Bernardino	162,820	2nd	Englewood Marketing Group West, Inc.	Lee & Associates	Lee & Associates
31 17825 Indian St	Riverside	160,795	1st	N/A	N/A	CBRE
32 Watson Industrial Park - Building 831	Airport Area	160,000	1st	Smart & Final	N/A	LAREM
33 13397 Marlay Ave*	Airport Area	157,008	1st	Kent H. Landsberg Company	Cushman & Wakefield	Colliers International; CBRE
34 9189 Utica Ave	Airport Area	156,900	2nd	N/A	N/A	Voit Real Estate Services
35 Fontana Commerce Center - Bldg 1	Airport Area	155,632	1st	Yankee Clipper Distribution	Cushman & Wakefield	Colliers International
36 California Palms Business Center - Bldg 6	East San Bernardino	151,484	2nd	N/A	N/A	Colliers International
37 13880 Monte Vista Ave	West San Bernardino	143,955	1st	Roadtex	Lee & Associates	Lee & Associates
38 3951 E Earlstone St	Airport Area	140,400	1st	N/A	CBRE	Cushman & Wakefield
39 Chino South Business Park - Bldg C	West San Bernardino	137,523	2nd	N/A	N/A	John Hancock Real Estate
40 12320 4th St	Airport Area	134,656	1st	On the Spot Trucking, Inc.	CBRE	CBRE

Source: CoStar Property®

* Renewal

The Optimist Sales Index

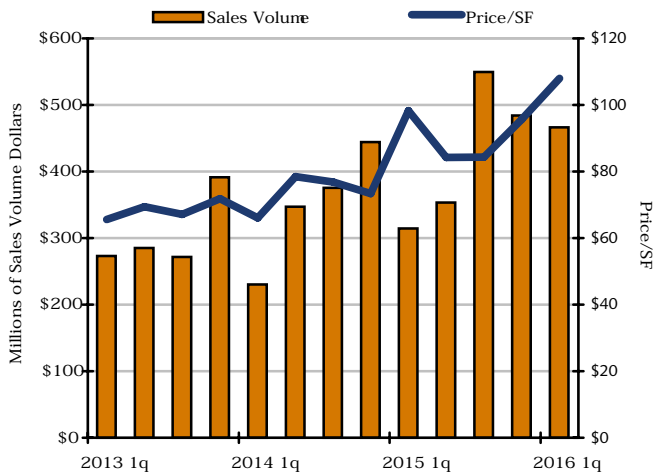
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



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

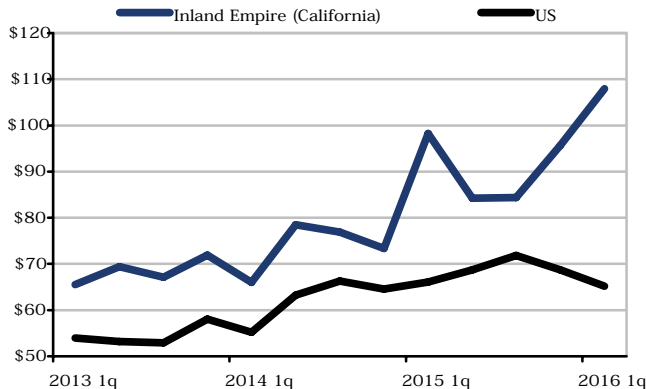
Based on Industrial Bldg Sales From April 2015 - March 2016

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	256	2,902,086	\$360,456,571	\$ 124.21	6.37%
25K-99K SF	84	3,945,419	\$412,363,064	\$ 104.52	6.12%
100K-249K SF	30	4,277,346	\$353,532,610	\$ 82.65	5.61%
>250K SF	24	10,599,181	\$935,114,134	\$ 88.23	5.01%

Source: CoStar COMPS®

U.S. Price/SF Comparison

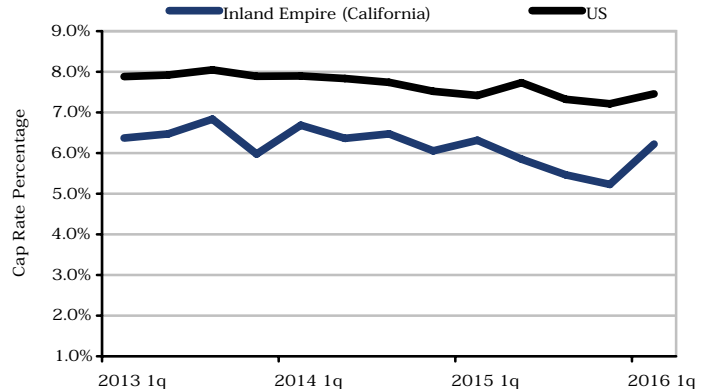
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

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



Source: CoStar COMPS®

Inland Empire Industrial Market



Sales Activity

Select Top Sales

Based on Sales from April 2015 Through June 2016

1. 1001 Columbia Ave



Riverside

Price: **\$105,000,000**
 Price/SF: **\$207.10**
 Cap Rate: **5.9%**
 RBA: **507,000**
 Date: **2/24/2016**
 Year Built: **2011**
 Buyer: **GE Asset Management**
 Seller: **Cole REIT Advisors III, LLC**

2. Redlands Logistics Center



Redlands

Price: **\$79,040,000**
 Price/SF: **\$78.00**
 Cap Rate: **N/A**
 RBA: **1,013,331**
 Date: **1/7/2016**
 Year Built: **2015**
 Buyer: **Ashley Furniture Industries, Inc.**
 Seller: **McShane Development Co.**

3. 11280 Riverside Dr



Jurupa Valley

Price: **\$65,000,000**
 Price/SF: **\$123.22**
 Cap Rate: **3.93%**
 RBA: **527,500**
 Date: **12/18/2015**
 Year Built: **1996**
 Buyer: **Costco**
 Seller: **TIAA**

4. Nestle USA West Coast Distribution



Mira Loma

Price: **\$64,750,670**
 Price/SF: **\$79.53**
 Cap Rate: **4.46%**
 RBA: **814,186**
 Date: **8/25/2015**
 Year Built: **1995**
 Buyer: **Bentall Kennedy**
 Seller: **MetLife**

5. Redlands Distribution Center



Redlands

Price: **\$54,029,000**
 Price/SF: **\$70.00**
 Cap Rate: **N/A**
 RBA: **771,839**
 Date: **7/24/2015**
 Year Built: **2015**
 Buyer: **Industrial Income Trust**
 Seller: **Hillwood**

6. 10700 Business Dr



Fontana

Price: **\$47,500,000**
 Price/SF: **\$91.56**
 Cap Rate: **N/A**
 RBA: **518,810**
 Date: **10/28/2015**
 Year Built: **1989**
 Buyer: **Cabot Properties, Inc.**
 Seller: **AEW Capital Management**

7. Jurupa Business Park - Bldg A



Fontana

Price: **\$43,500,000**
 Price/SF: **\$109.17**
 Cap Rate: **4.9%**
 RBA: **398,471**
 Date: **9/28/2015**
 Year Built: **2014**
 Buyer: **TIAA Investment Management**
 Seller: **Oakmont Industrial Group LLC**

8. Bellegrave Business Park



Mira Loma

Price: **\$41,700,000**
 Price/SF: **\$88.75**
 Cap Rate: **4.13%**
 RBA: **469,850**
 Date: **7/15/2015**
 Year Built: **2009**
 Buyer: **TA Realty**
 Seller: **Cornerstone Real Estate Advisers, LLC**

9. 2220 Almond Ave



Redlands

Price: **\$33,325,000**
 Price/SF: **\$80.91**
 Cap Rate: **5.4%**
 RBA: **411,879**
 Date: **12/10/2015**
 Year Built: **2007**
 Buyer: **Clarion Partners**
 Seller: **Bixby Land Company**



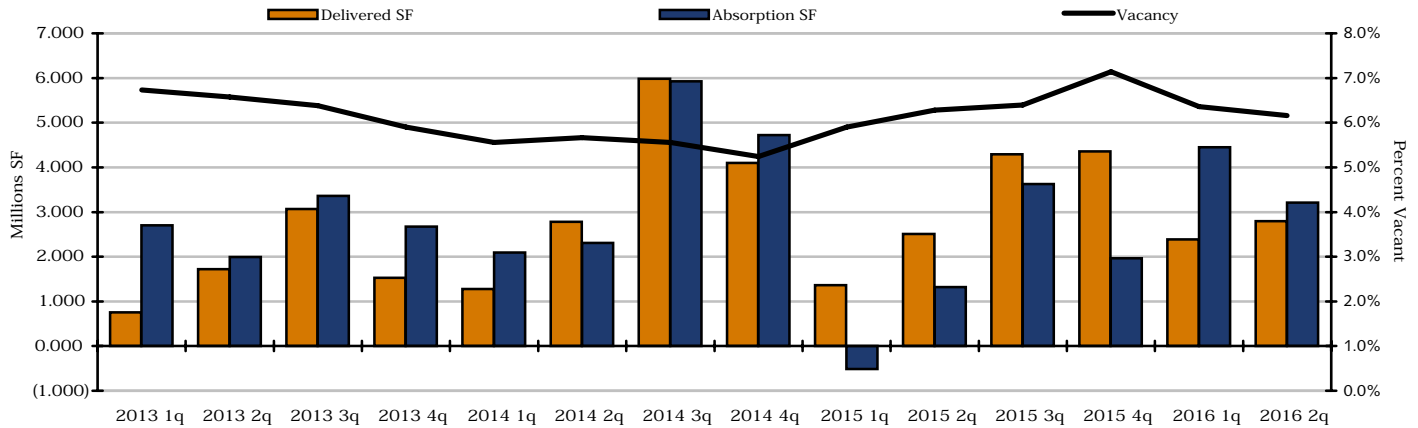
Inland Empire Industrial Market

Inland Empire East Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

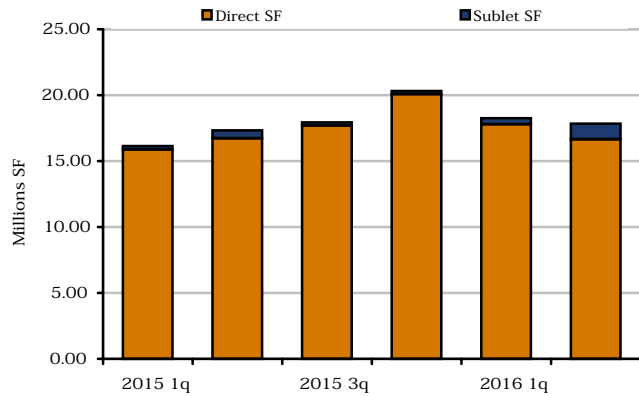
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

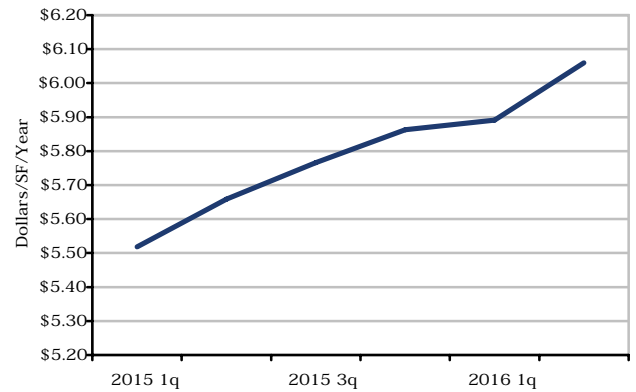
Historical Analysis, Flex and Warehouse



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	
2016 2q	7,053	289,768,270	17,844,614	6.2%	3,208,695	12	2,795,481	36	10,714,152	\$6.06
2016 1q	7,041	286,972,789	18,257,828	6.4%	4,453,521	10	2,388,990	42	11,411,254	\$5.89
2015 4q	7,031	284,583,799	20,322,359	7.1%	1,964,693	10	4,357,943	41	12,865,721	\$5.86
2015 3q	7,021	280,225,856	17,929,109	6.4%	3,627,699	10	4,295,696	37	13,803,695	\$5.77
2015 2q	7,012	276,000,844	17,331,796	6.3%	1,322,257	8	2,508,040	31	13,430,629	\$5.66
2015 1q	7,004	273,492,804	16,146,013	5.9%	(515,946)	3	1,363,967	26	10,204,502	\$5.52
2014 4q	7,001	272,128,837	14,266,100	5.2%	4,725,120	11	4,097,613	19	8,324,118	\$5.56
2014 3q	6,991	268,036,423	14,898,806	5.6%	5,929,206	11	5,980,081	25	11,173,913	\$5.44
2014 2q	6,980	262,056,342	14,847,931	5.7%	2,307,363	4	2,784,912	25	10,687,985	\$5.37
2014 1q	6,977	259,307,430	14,406,382	5.6%	2,096,358	3	1,279,960	25	11,713,910	\$5.35
2013 4q	6,974	258,027,470	15,222,780	5.9%	2,671,277	4	1,526,207	25	11,687,360	\$5.24
2013 3q	6,971	256,503,822	16,370,409	6.4%	3,361,763	8	3,070,634	21	10,777,505	\$5.28
2013 2q	6,963	253,433,188	16,661,538	6.6%	1,995,847	3	1,719,005	19	8,061,727	\$5.20
2013 1q	6,960	251,714,183	16,938,380	6.7%	2,699,902	2	752,682	20	9,420,925	\$5.11
2012 4q	6,959	251,036,248	18,960,347	7.6%	2,764,516	5	2,183,276	13	5,237,991	\$5.05
2012 3q	6,954	248,852,972	19,541,587	7.9%	432,974	3	2,274,943	13	4,576,526	\$5.04

Source: CoStar Property®

Inland Empire Industrial Market

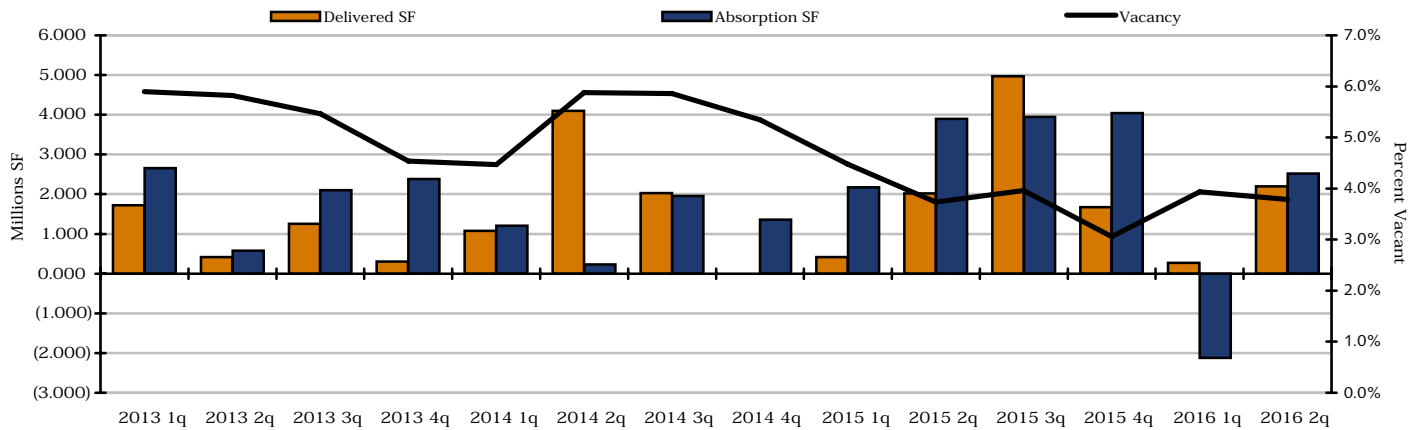


Inland Empire West Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

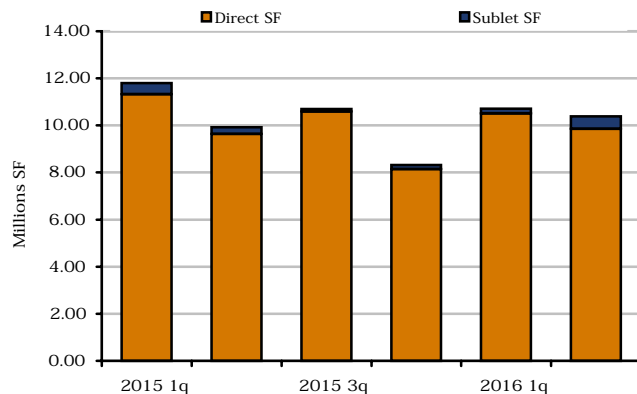
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

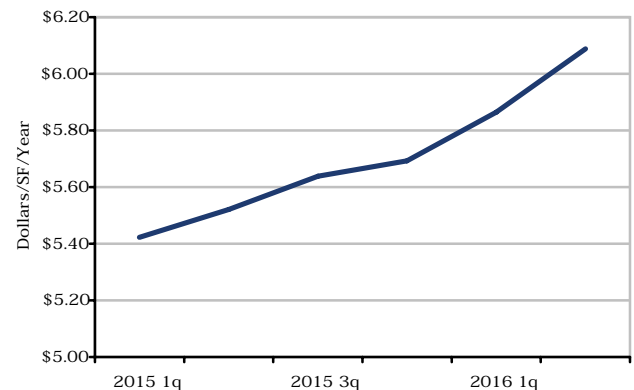
Historical Analysis, Flex and Warehouse



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	
2016 2q	5,791	274,348,156	10,388,366	3.8%	2,521,875	8	2,198,925	27	8,318,059	\$6.09
2016 1q	5,783	272,149,231	10,711,316	3.9%	(2,118,749)	4	269,863	24	5,550,177	\$5.86
2015 4q	5,779	271,879,368	8,322,704	3.1%	4,044,088	5	1,672,575	24	5,422,146	\$5.69
2015 3q	5,774	270,206,793	10,694,217	4.0%	3,941,824	9	4,966,365	17	4,582,745	\$5.64
2015 2q	5,766	265,492,171	9,921,419	3.7%	3,896,032	8	2,022,925	21	8,937,577	\$5.52
2015 1q	5,758	263,469,246	11,794,526	4.5%	2,176,179	1	416,640	24	8,861,695	\$5.42
2014 4q	5,759	263,582,050	14,083,509	5.3%	1,359,819	0	0	17	8,241,226	\$5.41
2014 3q	5,759	263,582,050	15,443,328	5.9%	1,954,671	5	2,029,990	14	7,485,723	\$5.25
2014 2q	5,754	261,552,060	15,368,009	5.9%	231,306	15	4,096,059	8	4,181,624	\$5.20
2014 1q	5,739	257,456,001	11,503,256	4.5%	1,203,292	4	1,077,139	22	7,861,043	\$5.15
2013 4q	5,736	256,386,342	11,636,889	4.5%	2,378,828	1	300,300	22	6,278,269	\$5.18
2013 3q	5,736	256,382,142	14,011,517	5.5%	2,101,922	4	1,257,931	16	4,849,945	\$5.07
2013 2q	5,732	255,124,211	14,855,508	5.8%	574,189	4	414,660	8	2,505,666	\$5.01
2013 1q	5,728	254,709,551	15,015,037	5.9%	2,659,707	5	1,718,104	10	2,474,956	\$4.96
2012 4q	5,724	253,074,447	16,039,640	6.3%	2,382,499	0	0	13	3,170,834	\$4.90
2012 3q	5,725	253,484,587	18,832,279	7.4%	(1,016,871)	7	816,236	12	2,766,104	\$4.87

Source: CoStar Property®