

The Puget Sound Industrial market ended the first quarter 2011 with a vacancy rate of 8.1% compared to 8.4% at the end of 4Q2010. This represented a positive absorption of 848,784. We anticipate a slow decrease in vacancies over the next two to three years. Rents should remain relatively flat into 2013.

TOTAL INDUSTRIAL MARKET STATISTICS

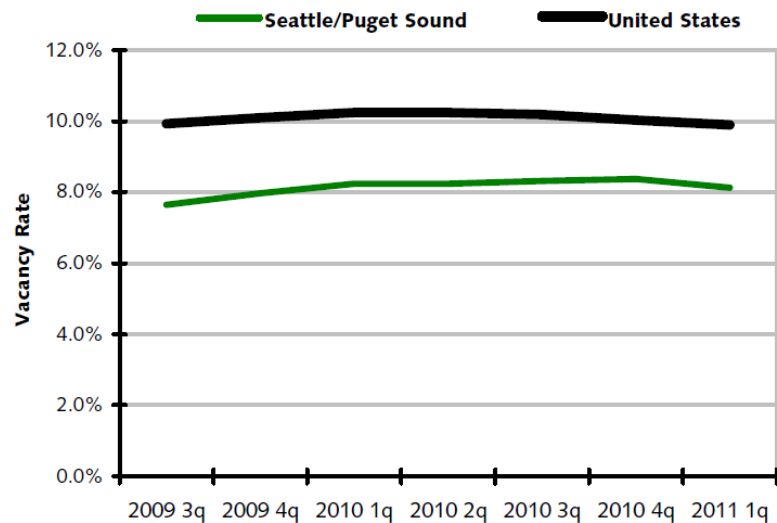
First Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Downtown Ind	2,064	54,200,949	3,135,597	3,206,140	5.9%	(67,782)	0	0	\$9.49
Eastside Ind	719	20,766,092	1,927,517	2,005,452	9.7%	(63,151)	0	0	\$11.37
Northend Ind	1,448	53,588,742	4,214,719	4,507,144	8.4%	(13,166)	0	8,820	\$8.14
Southend Ind	1,888	111,030,516	7,514,102	8,952,888	8.1%	715,542	0	0	\$5.64
Tacoma Ind	1,766	62,008,156	5,779,040	5,848,440	9.4%	277,341	137,028	0	\$5.27
Totals	7,885	301,594,455	22,570,975	24,520,064	8.1%	848,784	137,028	8,820	\$7.01

Source: CoStar Property®

U.S. VACANCY COMPARISON

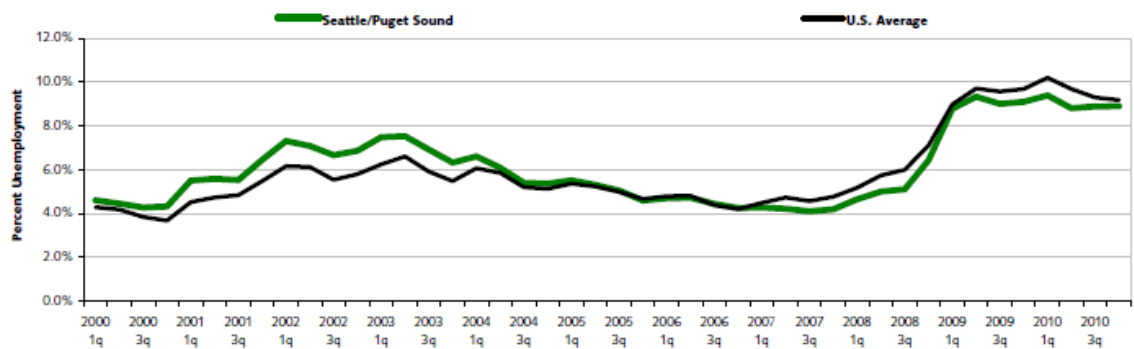
Past 7 Quarters



For the Puget Sound industrial market, especially in Kent Valley, the pace of recovery will be directly related to a decrease in unemployment rates and increased consumer spending. The unemployment rate in the Seattle/Puget Sound market is currently hovering around 9%.

The Puget Sound industrial market has generally lagged behind the national market during recessions and periods of economic recovery/expansion. However, due to a number of factors, both economic and geographic, recessionary periods experienced in the Puget Sound tend to be less severe when compared to other areas of the US.

HISTORICAL UNEMPLOYMENT RATES



Source: Department of Labor, Bureau of Labor Statistics

Despite a challenging leasing environment, investor appetite for stabilized industrial properties has increased considerably during the last two quarters. A large pool of investment money has been sitting on the sidelines and investment managers are eager to put this capital to work in the market.

Southend Flex Market Review:

Currently, the Seattle flex vacancy is 13.0%, compared with 12.8% at the end of 4Q2010; with Kent Valley flex vacancy sitting at 19.3% (increasing from 15.7% at the end of 2Q2010).

We anticipate that vacancies will flat line as companies continue to watch economic data, revenues and forecast future facility needs. There will continue to be pressure on rates as the result of slow user demand and fierce competition among landlords for credit users. Increased Landlord concessions (free rent, landlord tenant improvement allowances) are expected to continue into 2011. However, high quality projects that are well located will continue to attract credit users and should command more favorable rates. The good news for flex property owners is that as the economy begins to expand, there is greater

potential for rent growth as compared to core distribution product (generally when comparing flex properties to larger DC spaces greater than 30,000 SF).

FLEX MARKET STATISTICS

First Quarter 2011

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Downtown Ind	170	7,258,132	487,968	494,911	6.8%	27,463	0	0	\$18.30
Eastside Ind	295	8,414,395	1,023,433	1,061,616	12.6%	(5,857)	0	0	\$14.61
Northend Ind	228	7,505,097	992,258	1,147,935	15.3%	(5,567)	0	0	\$15.09
Southend Ind	209	6,004,654	1,042,607	1,157,283	19.3%	(88,533)	0	0	\$11.02
Tacoma Ind	87	1,590,020	150,741	150,741	9.5%	12,030	0	0	\$11.18
Totals	989	30,772,298	3,697,007	4,012,486	13.0%	(60,464)	0	0	\$14.36

Source: CoStar Property®