



QUICK STATS

Current Quarter

Direct Vacancy	5.1%
Overall Vacancy	5.3%
Lease Rate NNN	\$0.57
Gross Absorption	9,203,744 SF
Under Construction	16,310,563 SF

MARKET TRENDS

Change from Last	Quarter	Year
Overall Vacancy	↑	↑
Rental Rates	↑	↑
Gross Absorption	↓	↓
Under Construction	↓	↓

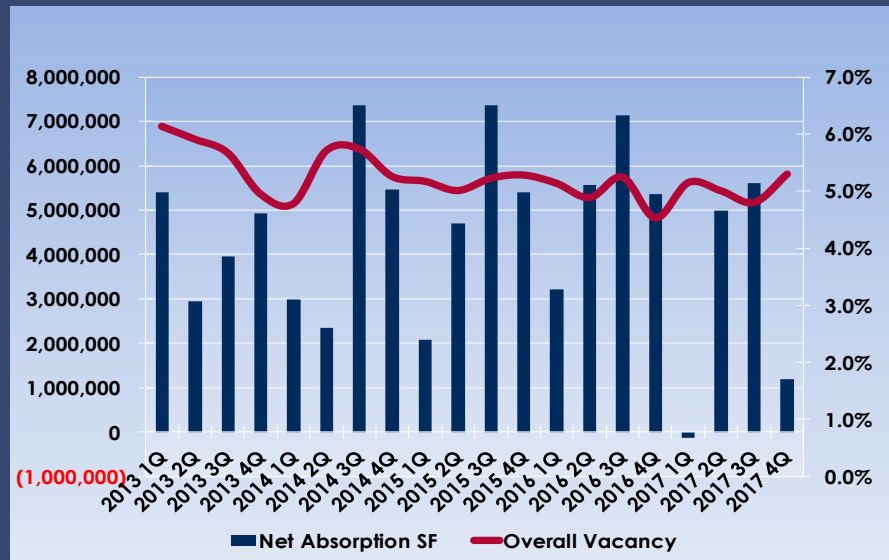
ECONOMIC STATS

	Current Month	Previous Year
	Dec. '17	Dec. '16
Unemployment Rate (MSA)	4.1%	5.1%
Change in # Of Jobs (MSA)	+5,300	+49,800
% Change for Jobs (MSA)	+0.4%	+3.4%

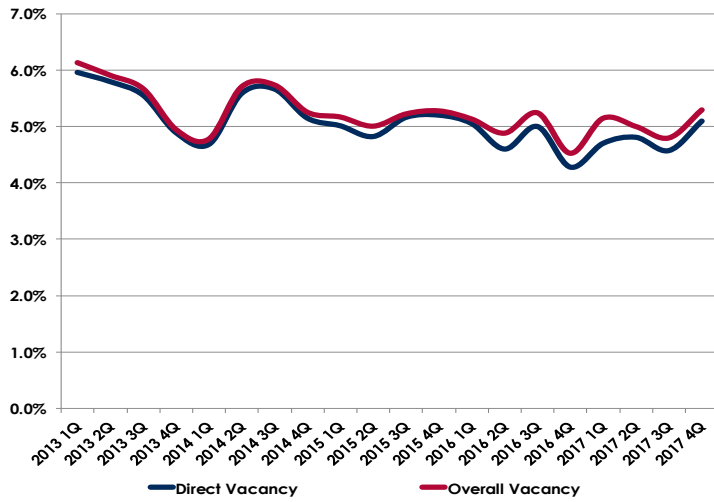
SUMMARY & OUTLOOK

The Inland Empire industrial market witnessed vacancy rates increase during the quarter, moving from 4.8% to 5.3%. Average asking rents in the market increased 7.6%, year over year, moving from \$0.53nnn to \$0.57nnn. Gross absorption finished the quarter with 9.2 million square feet, while net absorption finished the quarter with a gain of 1.2 million square feet of occupied space. Under construction activity decreased during the quarter with 16.3 million square feet currently underway, as the market delivered 17.8 million square feet of new space for the year. The labor market continues to see improvement as unemployment rates have declined from 5.1% to 4.1%, year over year, and is now below California (4.2%) and slightly above the U.S (3.9%). Big-box industrial continues to lead the way for growth in this market. Since the 1st quarter of 2013, buildings 100,000 sf and larger have seen vacancy decline from 6.5% to 6.4% (absorbing +79.3 million sf), while buildings under 20,000 have witnessed vacancy decrease from 5.5% to 3.7% (absorbing +2.2 million sf) and buildings 20,000 to 99,999 square feet have seen vacancy decline from 5.5% to 3.7% (absorbing +6.5 million sf). Demand for industrial space will continue to be driven by domestic and global consumption levels. In 2017, the Los Angeles and Long Beach Port container traffic recorded its highest container total ever with 16.89 million TEU's, up 8% from 2016 totals and 7% higher than its second highest year during 2006. The investment and sale market for industrial real estate in the Inland Empire remains strong with median prices posting double-digit annual increases over the past three years and finished 2017, up another 6.2% and remains at its highest level since 2008. The capital markets remain solid with plenty of liquidity, but we do expect interest rates to rise in the coming year. We expect to see continued growth in the coming quarters, with vacancy levels remaining in the 4% to 6% range, as the large supply of new construction being delivered will likely exceed or remain near equilibrium with net absorption rates in the coming quarters. The Inland Empire industrial market remains one of the most vibrant growth markets in the United States.

VACANCY & NET ABSORPTION

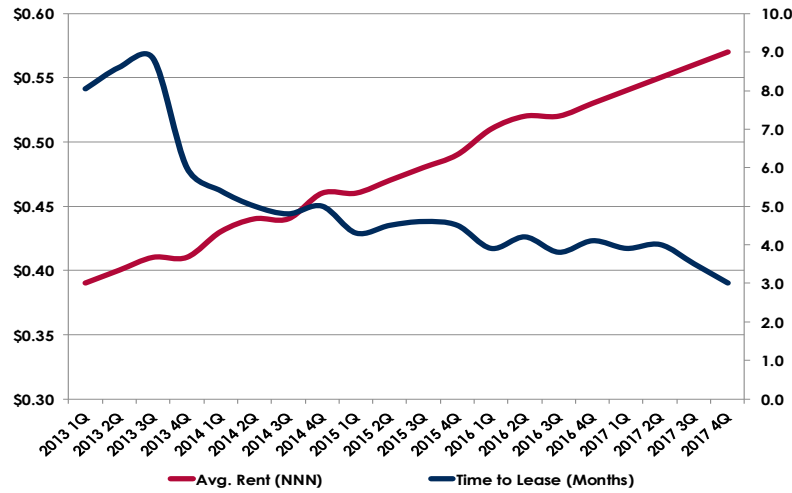


VACANCY



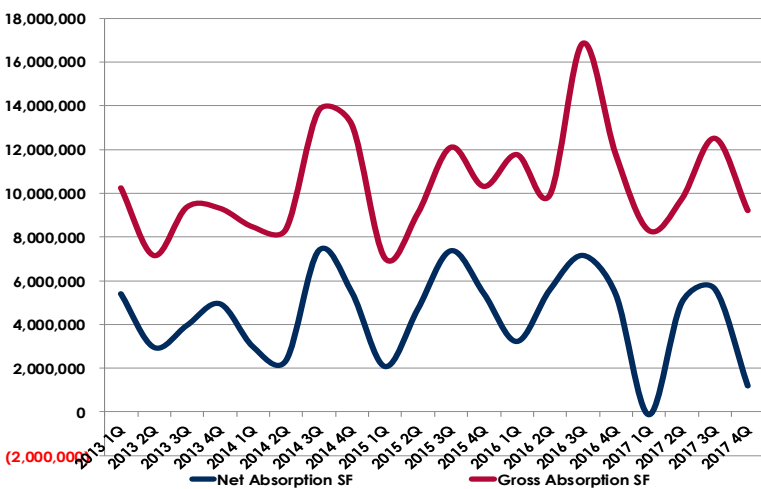
Overall vacancy rates (including sublease space) increased during the quarter, moving from 4.8% to 5.3%. The West Inland Empire submarket finished the quarter with an overall vacancy rate of 3.8%, followed by the East Inland Empire submarket which finished at 7.7%. Since the fourth quarter of 2016, overall vacancy rates have increased from 4.5% to 5.3%, and remain just above its 5-year average of 5.2%. With new construction being delivered in large quantities, we expect vacancy levels to remain in the 4% to 6% range, as we move into the coming quarters.

RENTAL RATES & TIME ON THE MARKET



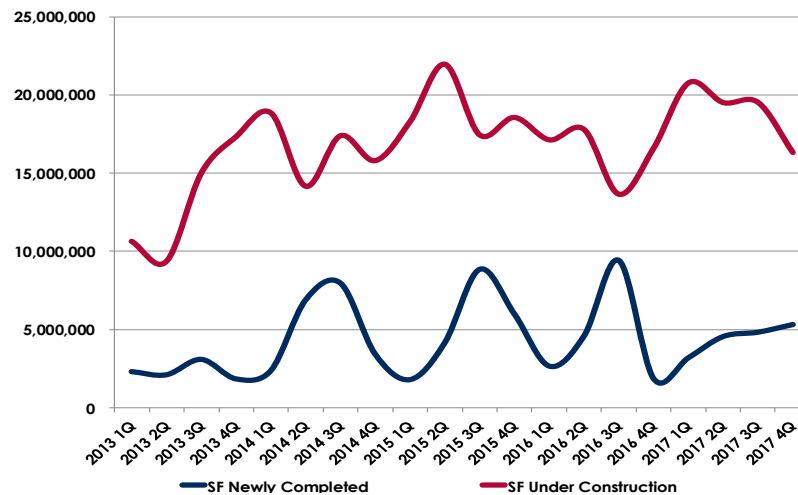
Standard industrial asking rents increased 7.6%, year over year, moving from \$0.53nnn to \$0.57nnn. The West Inland Empire submarket finished the quarter with an average asking rate of \$0.60nnn, followed by the East Inland Empire submarket at \$0.55nnn. During the quarter overall average asking rents increased 1.8%, moving from \$0.56nnn to \$0.57nnn. The median time to lease edged lower from 3.5 months to 3.0 months during the quarter. We expect rents to continue to trend higher in the coming quarters, as demand still remains strong.

ABSORPTION



Gross absorption totaled 9.2 million square feet for the quarter, down 26% from the previous quarter, and lower by 22% compared to a year ago. Net absorption finished the quarter in positive territory with a gain of 1.2 million square feet and gained 11.7 million square feet for the year. In 2016, the market gained 21.3 million square feet, after gaining 19.5 million square feet during 2015, +18.1 million square feet in 2014, and a gain of 17.2 million square feet in 2013. Overall activity and demand levels still remain among the highest in Southern California, and the market has recorded positive net absorption in 19 of the past 20 quarters, absorbing +87.9 million square feet during that period.

CONSTRUCTION ACTIVITY

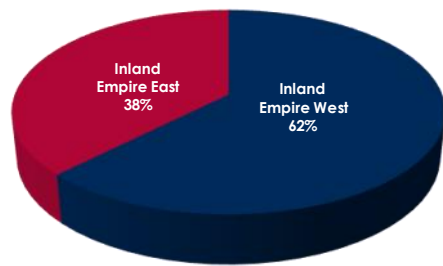
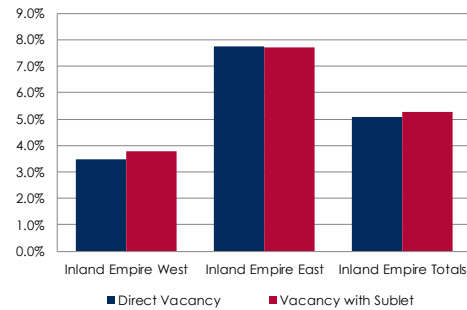


Under construction activity moved lower during the quarter with 16.3 million square feet currently underway, as the market delivered 17.8 million square feet of new space for the year. In 2016, the market delivered 18.5 million square feet of new space, after adding 20.7 million square feet in 2015, 20.6 million square feet in 2014, and 9.3 million square feet during 2013. During the past five years, new deliveries have averaged 17.4 million square feet, annually. We expect new construction levels to remain at similar levels as we head into the first half of 2018. Among the space currently under construction, only 27% of the new space has been pre-leased or is committed.

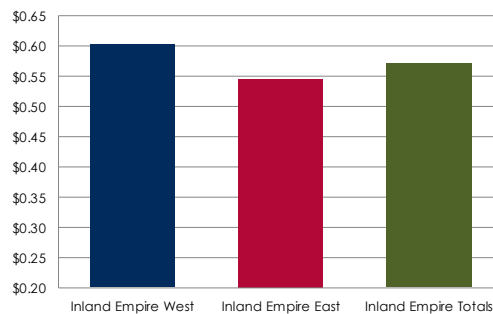
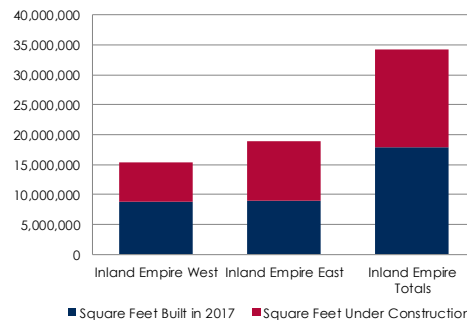


MARKET SNAPSHOT

SUBMARKETS	Total Inventory Square Footage	Direct Vacant Square Footage	Direct Vacancy Rate	Total Vacant w/ Sublet Square Footage	Vacancy with Sublet Rate
Chino	48,290,979	1,755,476	3.6%	1,755,476	3.6%
Fontana	61,861,381	4,066,265	6.6%	4,066,265	6.6%
Mira Loma/Jurupa Valley	30,592,879	335,605	1.1%	849,109	2.8%
Montclair / Upland	8,446,700	378,287	4.5%	378,287	4.5%
Ontario	108,008,635	2,803,173	2.6%	2,842,710	2.6%
Rancho Cucamonga	48,481,464	1,071,387	2.2%	1,262,037	2.6%
Rialto	22,658,498	1,046,173	4.6%	1,257,154	5.5%
Inland Empire West	328,340,536	11,456,366	3.5%	12,411,038	3.8%
Colton	9,381,945	1,061,377	11.3%	1,087,861	11.6%
Corona / Norco	32,670,634	2,051,553	6.3%	2,077,275	6.4%
Moreno Valley	21,874,527	1,680,576	7.7%	1,680,576	7.7%
Perris	21,919,797	1,215,352	5.5%	861,322	3.9%
Redlands	28,043,884	3,964,448	14.1%	4,059,270	14.5%
Riverside	46,365,456	3,045,265	6.6%	3,104,690	6.7%
San Bernardino	37,330,426	2,259,360	6.1%	2,359,150	6.3%
Inland Empire East	197,586,669	15,277,931	7.7%	15,230,144	7.7%
Inland Empire Totals	525,927,205	26,734,297	5.1%	27,641,182	5.3%

Industrial Market Inventory

Industrial Vacancy Rates


SUBMARKETS	Average Industrial Rent	Square Feet Built in 2017	Square Feet Under Construction	Gross Absorption Square Feet Current Quarter
Chino	\$0.65	1,788,134	1,735,994	1,160,662
Fontana	\$0.58	4,324,876	472,514	631,473
Mira Loma/Jurupa Valley	\$0.57	278,903	0	443,124
Montclair / Upland	\$0.65	88,338	16,900	192,168
Ontario	\$0.62	2,258,708	725,088	2,039,146
Rancho Cucamonga	\$0.60	90,047	318,230	877,633
Rialto	\$0.57	0	3,196,038	240,557
Inland Empire West	\$0.60	8,829,006	6,464,764	5,584,763
Colton	\$0.46	922,614	0	52,047
Corona / Norco	\$0.67	487,902	247,890	349,978
Moreno Valley	\$0.50	1,002,745	2,299,577	3,772
Perris	\$0.48	3,067,205	2,249,780	710,238
Redlands	\$0.54	1,076,725	156,323	1,317,255
Riverside	\$0.56	1,042,683	2,960,513	933,633
San Bernardino	\$0.54	1,415,376	1,931,716	252,058
Inland Empire East	\$0.55	9,015,250	9,845,799	3,618,981
Inland Empire Totals	\$0.57	17,844,256	16,310,563	9,203,744

Industrial Rental Rates

New Construction Activity


SOUTHERN CALIFORNIA INDUSTRIAL SALES TREND ANALYSIS

TOTAL SALES TRANSACTIONS										
Market	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
LA County	909	523	709	1,043	1,442	1,195	1,346	1,590	1,409	1,723
Orange County	216	163	210	278	445	399	350	435	470	501
Inland Empire	389	293	288	383	560	570	594	679	646	848
Ventura County	65	59	53	83	92	100	109	111	137	131
Totals	1,579	1,038	1,260	1,787	2,539	2,264	2,399	2,815	2,662	3,203

TOTAL TRANSACTION DOLLAR VALUE (MILLIONS)										
Bldg. SF	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
LA County	\$2,090.7	\$855.0	\$1,238.9	\$1,564.7	\$2,145.2	\$2,031.2	\$2,297.7	\$3,255.2	\$2,947.6	\$3,406.7
Orange County	\$525.4	\$268.7	\$425.3	\$622.4	\$646.1	\$856.6	\$960.6	\$907.3	\$1,269.3	\$1,137.4
Inland Empire	\$1,315.6	\$610.1	\$879.4	\$1,002.2	\$904.1	\$1,289.8	\$1,488.8	\$1,571.0	\$1,396.4	\$1,944.0
Ventura County	\$109.0	\$41.7	\$103.4	\$106.0	\$191.3	\$117.5	\$217.8	\$152.9	\$198.4	\$221.2
Totals	\$4,040.7	\$1,775.5	\$2,647.0	\$3,295.3	\$3,886.7	\$4,295.1	\$4,965.0	\$5,886.3	\$5,811.7	\$6,709.3

TOTAL SQUARE FEET SOLD										
Bldg. SF	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
LA County	21,054,775	12,702,239	22,111,368	21,441,991	32,187,470	23,536,520	23,690,595	32,079,793	23,877,886	29,429,804
Orange County	3,876,845	3,227,465	4,642,255	6,932,955	9,112,749	9,451,638	9,421,962	8,901,899	8,791,707	8,915,804
Inland Empire	20,003,636	12,127,851	19,912,668	18,246,026	18,677,764	23,322,756	22,993,923	21,780,640	15,601,710	20,829,822
Ventura County	1,334,814	446,275	1,217,138	1,386,321	3,496,396	1,669,355	3,123,237	1,850,294	2,709,797	2,767,523
Totals	46,270,070	28,503,830	47,883,429	48,007,293	63,474,379	57,980,269	59,229,717	64,612,626	50,981,100	61,942,953

AVERAGE PRICE / SF										
Bldg. SF	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
LA County	\$119.13	\$93.17	\$72.12	\$97.74	\$96.81	\$101.18	\$114.27	\$131.77	\$151.36	\$157.36
Orange County	\$157.90	\$124.68	\$102.72	\$102.64	\$110.04	\$108.89	\$129.56	\$152.20	\$163.78	\$169.95
Inland Empire	\$83.14	\$54.88	\$53.35	\$62.40	\$66.74	\$70.91	\$73.69	\$90.36	\$103.75	\$116.00
Ventura County	\$132.16	\$130.65	\$92.43	\$101.31	\$68.76	\$84.30	\$93.17	\$105.72	\$100.23	\$107.39
Averages	\$107.20	\$81.04	\$67.79	\$85.12	\$88.31	\$89.78	\$99.83	\$119.88	\$136.21	\$143.03

MEDIAN PRICE / SQUARE FOOT										
Bldg. SF	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
LA County	\$140.98	\$115.93	\$103.97	\$107.96	\$108.36	\$114.10	\$127.19	\$142.00	\$158.46	\$177.59
Orange County	\$190.78	\$150.00	\$126.25	\$125.04	\$126.06	\$136.89	\$145.00	\$169.00	\$179.67	\$203.87
Inland Empire	\$123.55	\$86.85	\$75.66	\$70.64	\$72.62	\$76.33	\$88.42	\$100.00	\$118.01	\$125.38
Ventura County	\$151.19	\$159.57	\$114.43	\$104.09	\$99.77	\$97.10	\$113.66	\$124.70	\$122.33	\$140.46
Median Average	\$137.91	\$108.10	\$94.62	\$96.13	\$99.91	\$102.13	\$114.26	\$131.07	\$147.82	\$162.16

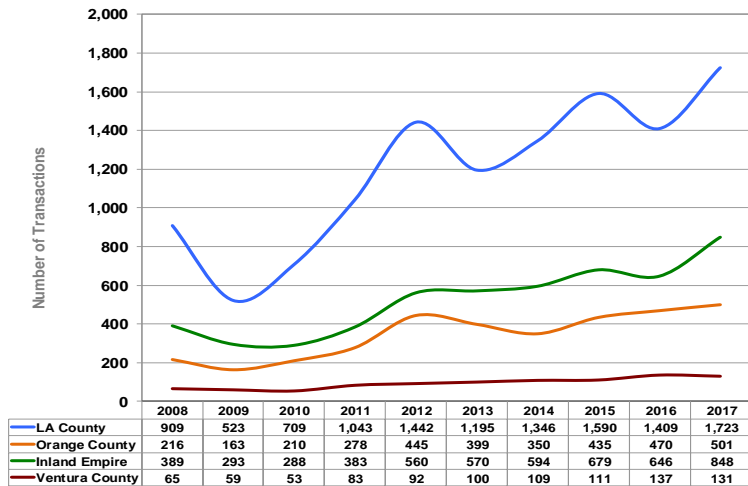
MEDIAN \$ PSF INCREASE										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	
LA County	-17.8%	-10.3%	3.8%	0.4%	5.3%	11.5%	11.6%	11.6%	12.1%	
Orange County	-21.4%	-15.8%	-1.0%	0.8%	8.6%	5.9%	16.6%	6.3%	13.5%	
Inland Empire	-29.7%	-12.9%	-6.6%	2.8%	5.1%	15.8%	13.1%	18.0%	6.2%	
Ventura County	5.5%	-28.3%	-9.0%	-4.2%	-2.7%	17.1%	9.7%	-1.9%	14.8%	
Totals	-21.6%	-12.5%	1.6%	3.9%	2.2%	11.9%	14.7%	12.8%	9.7%	

The following information has been obtained from sources deemed reliable. While we do not doubt its accuracy, we make no warranty or representation about it. This report contains verified arms-length transactions, but excludes all portfolio sales.

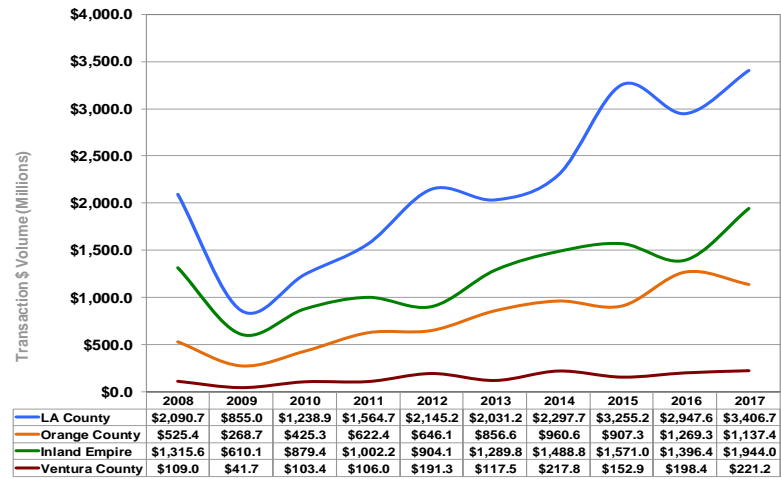


SOUTHERN CALIFORNIA INDUSTRIAL SALES TREND ANALYSIS

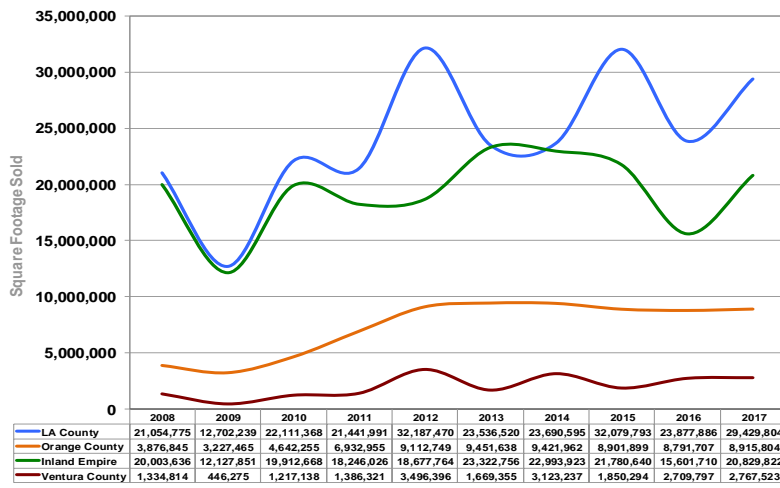
Number of Transactions



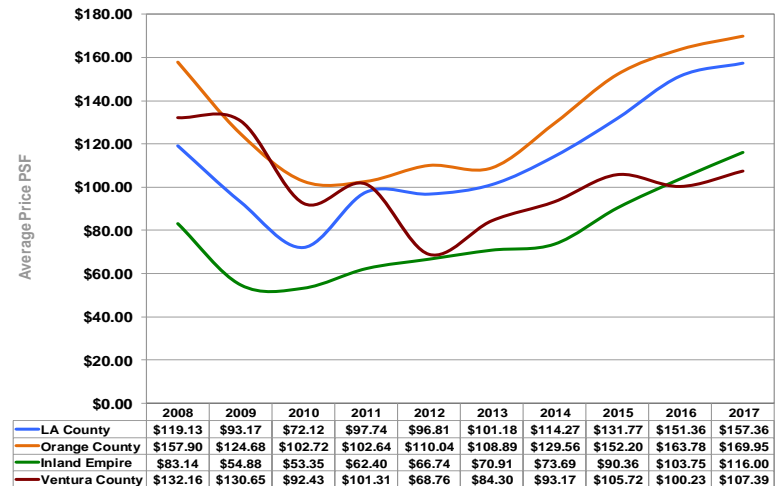
Transaction Volume \$



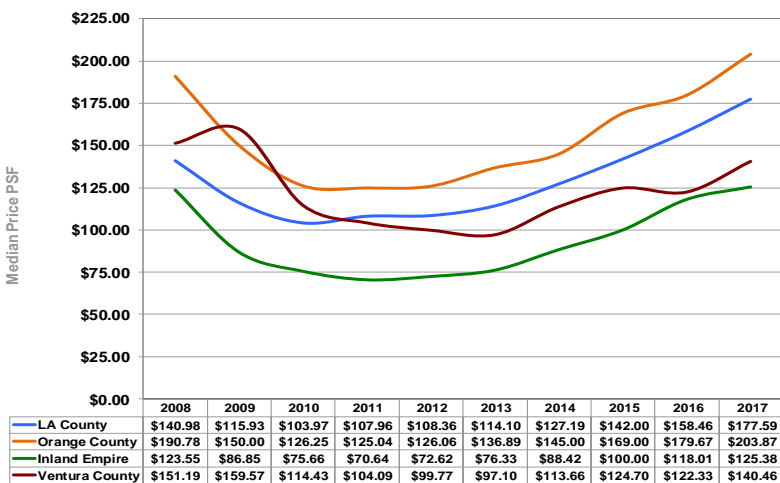
Square Footage Sold



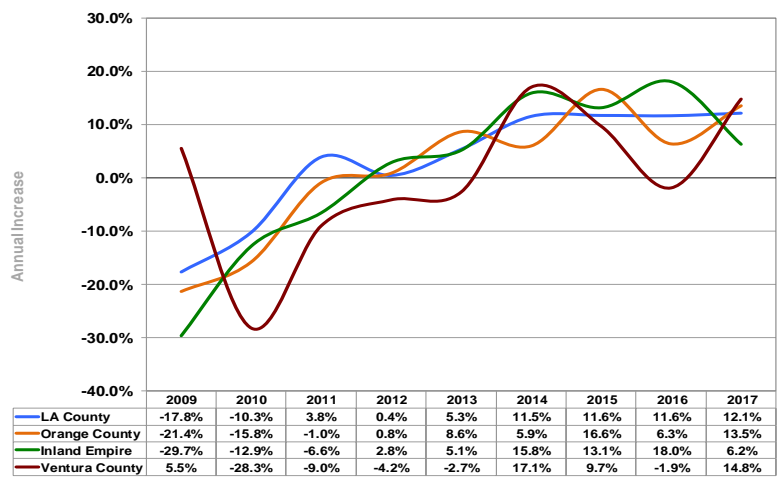
Average Price PSF



Median Price PSF



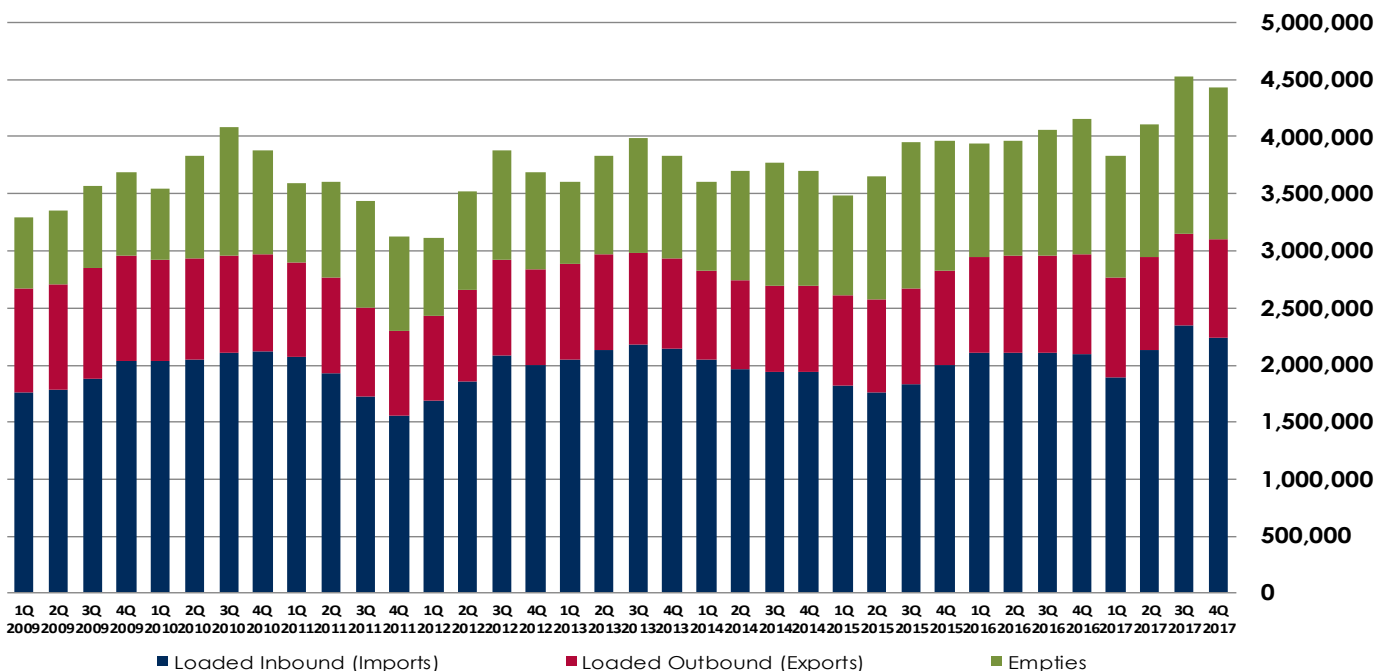
% Change Median Price PSF



PORTS OF LONG BEACH & LOS ANGELES HISTORICAL CONTAINER STATS & TRENDS

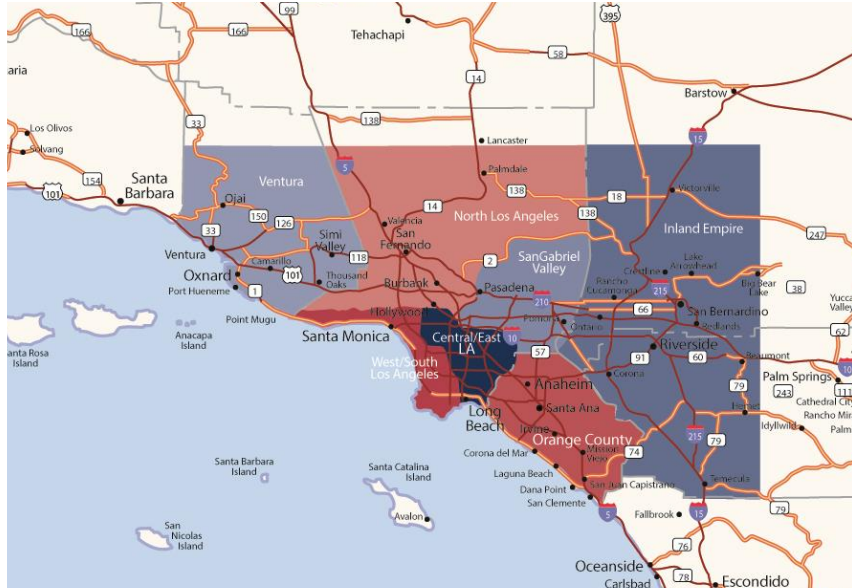
Quarter & Year	Loaded Inbound (Imports)	Loaded Outbound (Exports)	Total Loaded	Empties	Total Containers	% Change (Prior Qtr.)	% Change (Prior Yr.)	% Change (Prior 2 Yrs.)
4Q 2017	2,236,512	864,951	3,101,463	1,329,531	4,430,994	-2.0%	6.7%	14.3%
3Q 2017	2,339,073	811,292	3,150,365	1,372,386	4,522,752	10.1%	11.4%	6.0%
2Q 2017	2,117,463	826,178	2,943,641	1,163,392	4,107,033	7.3%	7.4%	5.0%
1Q 2017	1,886,230	868,029	2,754,259	1,072,668	3,826,927	-7.9%	6.5%	10.1%
4Q 2016	2,087,498	879,267	2,966,765	1,186,955	4,153,720	2.3%	7.1%	12.4%
3Q 2016	2,099,200	853,033	2,952,233	1,107,223	4,059,456	6.1%	-4.8%	7.6%
2Q 2016	2,096,446	856,215	2,818,094	1,007,246	3,825,340	6.5%	-2.2%	3.4%
1Q 2016	2,094,859	845,044	2,598,231	995,207	3,593,438	-7.3%	3.4%	-0.1%
4Q 2015	1,991,444	826,650	2,736,450	1,140,516	3,876,965	-9.1%	4.9%	1.4%
3Q 2015	1,817,161	844,562	2,661,724	1,284,213	4,265,623	9.0%	13.0%	7.1%
2Q 2015	1,754,371	812,980	2,567,351	1,082,394	3,913,298	12.6%	5.8%	2.1%
1Q 2015	1,809,180	789,051	2,598,231	878,445	3,476,676	-5.9%	-3.4%	-3.3%
4Q 2014	1,931,724	759,835	2,691,559	1,004,845	3,696,404	-2.0%	-3.4%	0.3%
3Q 2014	1,928,187	757,074	2,685,261	1,088,280	3,773,541	2.0%	-5.2%	-2.8%
2Q 2014	1,949,084	787,366	2,736,450	963,609	3,700,059	2.8%	-3.4%	5.1%
1Q 2014	2,037,574	779,934	2,817,508	780,456	3,597,965	-5.9%	0.1%	15.5%
4Q 2013	2,138,563	795,898	2,934,461	890,168	3,824,629	-3.9%	3.8%	22.6%
3Q 2013	2,168,507	812,903	2,981,410	1,000,308	3,981,718	3.9%	2.6%	16.0%
2Q 2013	2,128,504	834,750	2,963,254	868,882	3,832,136	6.6%	8.9%	6.5%
1Q 2013	2,038,181	840,821	2,879,003	716,573	3,595,576	-2.4%	15.5%	0.2%

**Ports of Long Beach & Los Angeles Historical Container Stats
Container Trade in TEUs***



MARKET REPORT OVERVIEW

SOUTHERN CALIFORNIA MARKET MAP



DAUM OFFICES

LOS ANGELES, CALIFORNIA

801 S. Figueroa Street, Suite 600
Los Angeles, CA 90017
213-626-9101

LOS ANGELES NORTH, CALIFORNIA

21820 Burbank Boulevard, Suite 201
Woodland Hills, CA 91367
818-887-3600

SANTA CLARITA VALLEY, CALIFORNIA

28494 Westinghouse Place, Suite 312
Valencia, CA 91355
661-705-2299

SAN GABRIEL VALLEY, CALIFORNIA

13181 Crossroads Pkwy. N, Suite 100
City of Industry, CA 91746
562-695-7244

SOUTH BAY, CALIFORNIA

1025 W. 190th Street, Suite 420
Gardena, CA 90248
310-538-6700

MID-COUNTIES, CALIFORNIA

13810 Cerritos Corporate Drive, Suite C
Cerritos, CA 90703
562-207-3300

ORANGE COUNTY, CALIFORNIA

4400 MacArthur Boulevard, Suite 950
Newport Beach, CA 92660
949-724-1900

VENTURA & SANTA BARBARA, CALIFORNIA

751 Daily Drive, Suite 105
Camarillo, CA 93010
805-987-8866

INLAND EMPIRE, CALIFORNIA

3595 E. Inland Empire Boulevard, Bldg. 5
Ontario, CA 91764
909-980-1234

PHOENIX ARIZONA

1702 E. Highland Avenue, Suite 120
Phoenix, AZ 85016
602-957-7300

The information contained in this report has been obtained from sources deemed reliable and has incorporated fourth-party data which has not been independently verified by DAUM. While we do not doubt its accuracy, DAUM makes no guarantee or warranty as to its completeness or accuracy. Due to the dynamic (constantly changing) database which DAUM uses to compile and analyze markets contained in this report, previously published statistics may vary from the data published in this report. Statistics and data have been revised to reflect changes in the following categories: existing buildings being verified and added to the database, new or revised occupancy information gathered, new construction being added to the inventory, building demolitions and renovations, as well as other factors that would necessitate revisions to the data and the properties surveyed. This methodology allows us to present the most current and up-to-date information, trend analysis and comparative statistics for this report.

METHODOLOGY & TERMINOLOGY

Methodology

Industrial and flex (R & D) buildings that are 5,000 square feet and greater.

Direct Vacant SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

Total Vacant W/ Sublet SF

Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

Direct Vacancy Rate

Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

Vacancy W/ Sublet Rate

Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

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.

Net Absorption

The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

Under Construction

Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

Completed in 2017

New buildings with original construction completed in the year 2017 and granted a Certificate of Occupancy. Renovated buildings are not included.

