



QUICK STATS

	Current Quarter
Direct Vacancy	5.0%
Overall Vacancy	5.2%
Lease Rate NNN	\$0.58
Gross Absorption	11,162,364 SF
Under Construction	18,833,242 SF

MARKET TRENDS

Change from Last	Quarter	Year
Overall Vacancy	⬇️	⬇️
Rental Rates	⬆️	⬆️
Gross Absorption	⬆️	⬆️
Under Construction	⬆️	⬇️

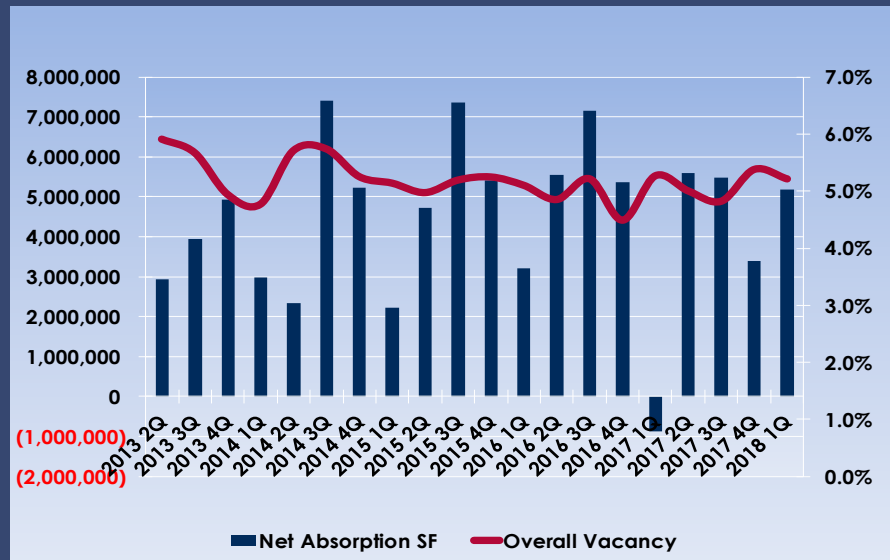
ECONOMIC STATS

	Current Month	Previous Year
	Mar. '18	Mar. '17
Unemployment Rate (MSA)	4.1%	5.4%
Change in # Of Jobs (MSA)	+1,600	+45,900
% Change for Jobs (MSA)	+0.1%	+3.2%

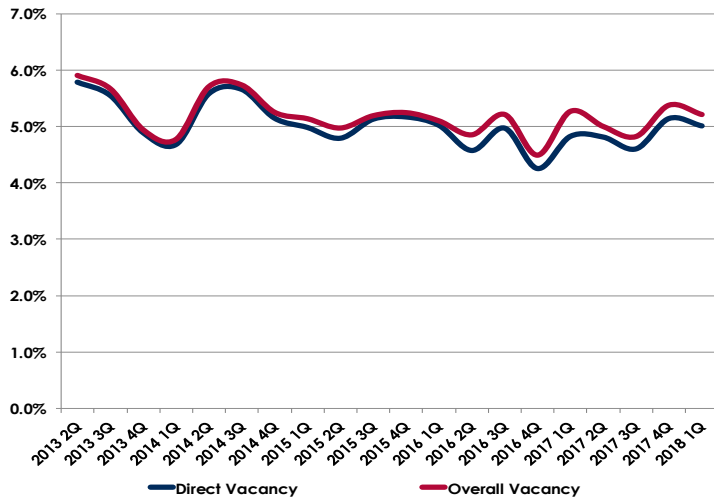
SUMMARY & OUTLOOK

The Inland Empire industrial market witnessed vacancy rates decrease during the quarter, moving from 5.4% to 5.2%. Average asking rents in the market increased 7.4%, year over year, moving from \$0.54nnn to \$0.58nnn. Gross absorption finished the quarter with 11.2 million square feet, while net absorption finished the quarter with a gain of 5.2 million square feet of occupied space. Under construction activity increased during the quarter with 18.8 million square feet currently underway, as the market delivered 4.3 million square feet of new space. Unemployment rates have declined from 5.4% to 4.1%, year over year, and are below California (4.2%) and equal to the U.S (4.1%). 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 6.1% (absorbing +85.8 million sf), while buildings under 20,000 have witnessed vacancy decrease from 5.6% to 2.3% (absorbing +2.1 million sf) and buildings 20,000 to 99,999 square feet have seen vacancy decline from 5.5% to 3.5% (absorbing +7.1 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 and 7% higher than its second highest year during 2006. During the first quarter, total TEU's totaled more than 4.0 million, which is up 4.7% from 1Q 2017 and 11.5% compared to 1Q 2016. The investment and sale market for industrial real estate in the Inland Empire remains strong with 2017 recording its highest transaction volume ever at \$2.1 billion, while median prices are rapidly approaching the all-time high levels seen back in 2007. The capital markets remain solid with plenty of liquidity, but we do expect interest rates to rise further in the coming year, which is expected to slow the current pace of price growth. 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

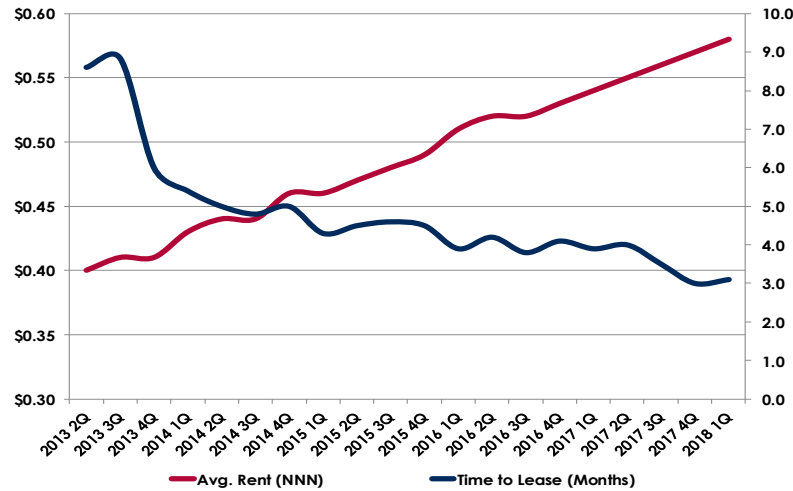


VACANCY



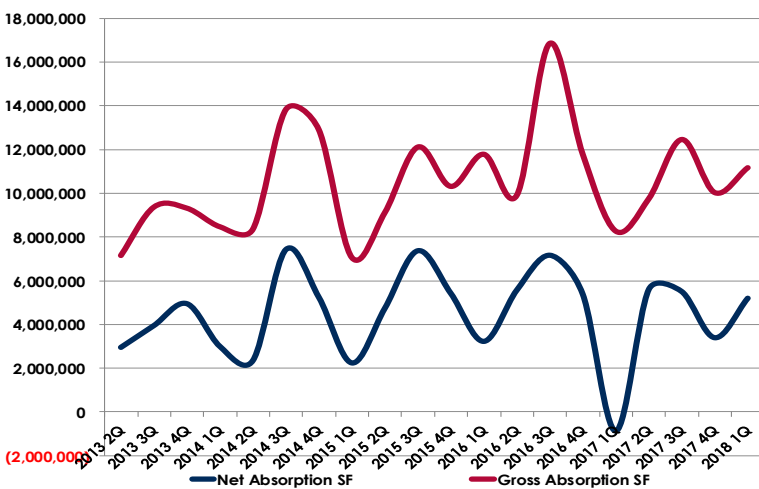
Overall vacancy rates (including sublease space) decreased during the quarter, moving from 5.4% to 5.2%. The West Inland Empire submarket finished the quarter with an overall vacancy rate of 3.7%, followed by the East Inland Empire submarket which finished at 7.6%. Since the first quarter of 2017, overall vacancy rates have decreased from 5.3% to 5.2%, and is now equal to 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 through 2018.

RENTAL RATES & TIME ON THE MARKET



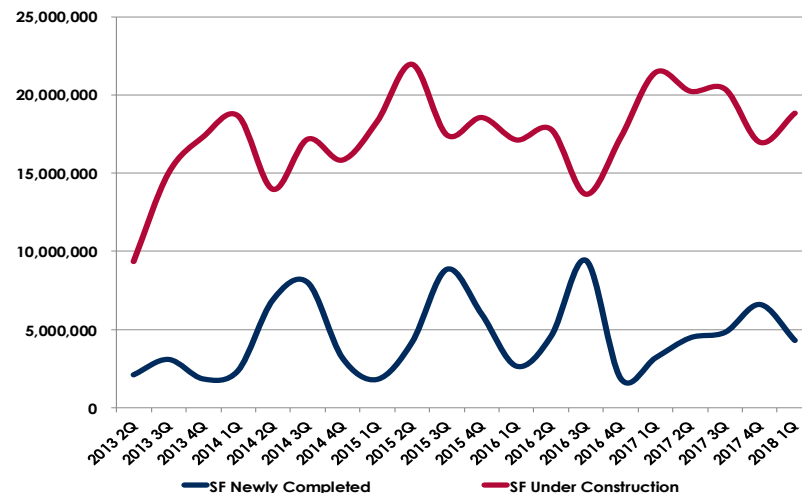
Standard industrial asking rents increased 7.4%, year over year, moving from \$0.54nnn to \$0.58nnn. The West Inland Empire submarket finished the quarter with an average asking rate of \$0.61nnn, followed by the East Inland Empire submarket at \$0.55nnn. During the quarter overall average asking rents increased 1.8%, moving from \$0.57nnn to \$0.58nnn. The median time to lease edged higher from 3.0 months to 3.1 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 11.1 million square feet for the quarter, up 11% from the previous quarter, and higher by 35% compared to a year ago. Net absorption finished the quarter in positive territory with a gain of 5.2 million square feet, after gaining 13.6 million square feet during 2017. In 2016, the market gained 21.3 million square feet, after gaining 19.7 million square feet during 2015, and +18.0 million square feet in 2014. Overall activity and demand levels still remain the highest in Southern California, and the market has recorded positive net absorption in 19 of the past 20 quarters, absorbing +89.6 million square feet during that period.

CONSTRUCTION ACTIVITY



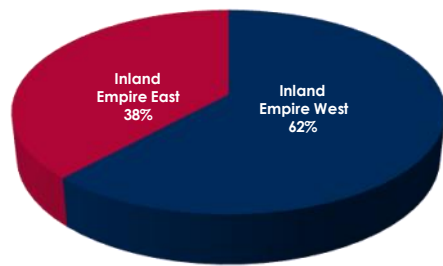
Under construction activity moved higher during the quarter with 18.8 million square feet currently underway, as the market delivered 4.3 million square feet of new space. In 2017, the market delivered 19.1 million square feet of new space, after adding 18.5 million square feet in 2016, 20.8 million square feet in 2015, and 20.4 million square feet during 2014. During the past five years, new deliveries have averaged 18.0 million square feet, annually. We expect new construction levels to remain at similar levels as we move through the first half of 2018. Among the space currently under construction, only 25% of the new space has been pre-leased or is committed.



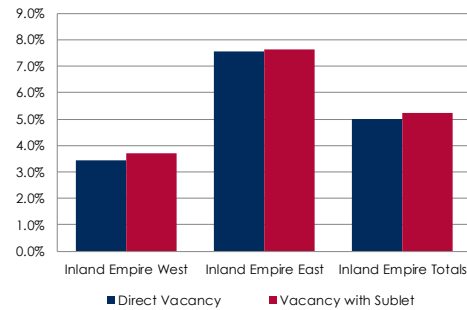
MARKET SNAPSHOT

SUBMARKETS	Total Inventory Square Footage	Direct Vacant Square Footage	Direct Vacancy Rate	Total Vacant w/ Sublet Square Footage	Vacancy with Sublet Rate
Chino	48,473,543	1,485,047	3.1%	1,542,347	3.2%
Fontana	62,060,811	3,981,048	6.4%	3,981,048	6.4%
Mira Loma/Jurupa Valley	30,800,448	253,905	0.8%	361,905	1.2%
Montclair / Upland	8,535,176	365,709	4.3%	365,709	4.3%
Ontario	108,766,588	2,732,935	2.5%	3,277,655	3.0%
Rancho Cucamonga	40,669,137	1,320,908	3.2%	1,512,001	3.7%
Rialto	25,459,477	1,044,094	4.1%	1,044,094	4.1%
Inland Empire West	324,765,180	11,183,646	3.4%	12,084,759	3.7%
Colton	9,391,345	875,279	9.3%	901,763	9.6%
Corona / Norco	32,620,906	1,239,942	3.8%	1,261,366	3.9%
Moreno Valley	21,872,439	1,477,392	6.8%	1,477,392	6.8%
Perris	22,628,271	1,008,173	4.5%	1,008,173	4.5%
Redlands	28,034,792	3,765,745	13.4%	3,833,694	13.7%
Riverside	47,908,172	4,189,138	8.7%	4,236,940	8.8%
San Bernardino	38,038,436	2,583,102	6.8%	2,583,102	6.8%
Inland Empire East	200,494,361	15,138,771	7.6%	15,302,430	7.6%
Inland Empire Totals	525,259,541	26,322,417	5.0%	27,387,189	5.2%

Industrial Market Inventory

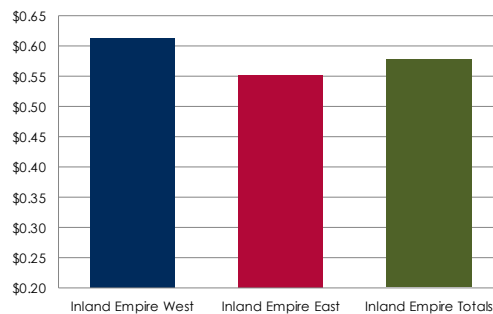


Industrial Vacancy Rates

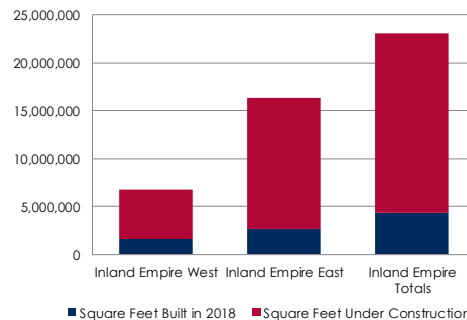


SUBMARKETS	Average Industrial Rent	Square Feet Built in 2018	Square Feet Under Construction	Gross Absorption Square Feet Current Quarter
Chino	\$0.66	0	1,735,994	795,235
Fontana	\$0.59	225,260	668,227	1,076,439
Mira Loma/Jurupa Valley	\$0.58	0	291,785	560,165
Montclair / Upland	\$0.65	0	0	141,067
Ontario	\$0.64	368,530	416,263	1,618,957
Rancho Cucamonga	\$0.60	215,700	950,783	611,885
Rialto	\$0.58	796,000	1,084,693	1,342,371
Inland Empire West	\$0.61	1,605,490	5,147,745	6,146,119
Colton	\$0.48	0	808,500	330,534
Corona / Norco	\$0.69	56,148	365,577	1,162,664
Moreno Valley	\$0.51	0	4,310,547	747,611
Perris	\$0.49	753,230	3,465,598	1,115,057
Redlands	\$0.55	156,323	0	342,336
Riverside	\$0.57	1,088,847	3,005,429	749,840
San Bernardino	\$0.54	631,192	1,729,846	568,203
Inland Empire East	\$0.55	2,685,740	13,685,497	5,016,245
Inland Empire Totals	\$0.58	4,291,230	18,833,242	11,162,364

Industrial Rental Rates



New Construction Activity



SOUTHERN CALIFORNIA INDUSTRIAL SALES TREND ANALYSIS

TOTAL SALES TRANSACTIONS										
Market	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-1Q
LA County	523	707	1,041	1,441	1,192	1,345	1,588	1,411	1,737	345
Orange County	163	210	278	444	398	352	434	470	499	81
Inland Empire	293	291	384	561	572	595	680	648	860	203
Ventura County	59	53	83	92	100	109	111	137	139	26
Totals	1,038	1,261	1,786	2,538	2,262	2,401	2,813	2,666	3,235	655

TOTAL TRANSACTION DOLLAR VALUE (MILLIONS)										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-1Q
LA County	\$855.0	\$1,233.0	\$1,564.3	\$2,148.3	\$2,026.4	\$2,294.6	\$3,249.7	\$2,972.5	\$3,382.2	\$894.9
Orange County	\$268.7	\$425.3	\$622.4	\$645.3	\$855.7	\$990.0	\$902.4	\$1,272.5	\$1,040.4	\$202.3
Inland Empire	\$610.1	\$879.4	\$1,002.4	\$904.1	\$1,290.5	\$1,489.1	\$1,571.4	\$1,379.3	\$2,085.8	\$604.1
Ventura County	\$41.7	\$103.4	\$106.0	\$191.3	\$117.5	\$217.8	\$152.9	\$198.4	\$278.6	\$36.8
Totals	\$1,775.6	\$2,641.1	\$3,295.1	\$3,889.0	\$4,290.1	\$4,991.5	\$5,876.3	\$5,822.6	\$6,787.0	\$1,738.2

TOTAL SQUARE FEET SOLD										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-1Q
LA County	12,703,481	22,032,240	21,444,563	32,216,500	23,465,916	23,685,269	32,047,255	24,078,061	29,484,391	6,100,846
Orange County	3,225,065	4,642,255	6,869,519	9,098,656	9,447,199	9,680,754	8,832,263	8,798,221	7,977,322	1,392,318
Inland Empire	12,141,059	19,977,228	18,249,496	18,681,029	23,367,310	22,991,913	21,755,554	15,705,756	21,563,346	6,452,228
Ventura County	446,275	1,217,138	1,386,321	3,495,113	1,669,355	3,123,408	1,850,294	2,713,314	3,037,380	431,806
Totals	28,515,880	47,868,861	47,949,899	63,491,298	57,949,780	59,481,344	64,485,366	51,295,352	62,062,439	14,377,198

AVERAGE PRICE / SF										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-1Q
LA County	\$93.16	\$72.10	\$97.72	\$96.73	\$101.10	\$114.14	\$131.78	\$151.17	\$158.43	\$190.43
Orange County	\$124.68	\$102.72	\$102.64	\$110.16	\$108.83	\$129.30	\$152.54	\$163.75	\$178.09	\$173.90
Inland Empire	\$54.82	\$53.35	\$62.40	\$66.74	\$70.72	\$73.69	\$90.51	\$101.80	\$112.83	\$119.82
Ventura County	\$130.65	\$92.43	\$101.31	\$68.67	\$84.30	\$93.16	\$105.72	\$100.08	\$109.77	\$99.37
Averages	\$80.99	\$67.76	\$85.09	\$88.29	\$89.63	\$99.87	\$119.95	\$135.51	\$142.73	\$154.41

MEDIAN PRICE / SQUARE FOOT										
Bldg. SF	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018-1Q
LA County	\$115.93	\$104.13	\$107.90	\$108.00	\$114.00	\$127.08	\$142.00	\$158.37	\$177.59	\$194.03
Orange County	\$150.00	\$126.25	\$125.04	\$126.00	\$136.95	\$144.07	\$169.00	\$179.67	\$204.54	\$220.01
Inland Empire	\$86.85	\$75.29	\$70.82	\$72.62	\$76.33	\$88.46	\$100.00	\$117.86	\$125.38	\$132.76
Ventura County	\$159.57	\$114.43	\$104.09	\$99.77	\$97.10	\$113.66	\$124.70	\$126.33	\$135.57	\$143.01
Median Average	\$108.08	\$94.50	\$96.13	\$99.72	\$102.06	\$114.21	\$131.03	\$147.93	\$160.86	\$167.52

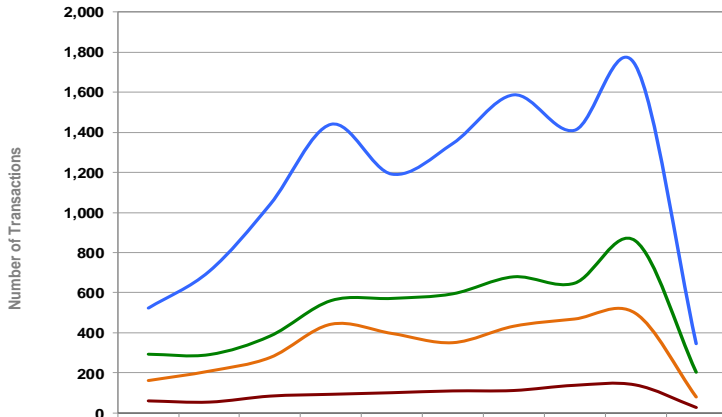
MEDIAN \$ PSF INCREASE										
Bldg. SF	2010	2011	2012	2013	2014	2015	2016	2017	2018-1Q	
LA County	-10.2%	3.6%	0.1%	5.6%	11.5%	11.7%	11.5%	12.1%	9.3%	
Orange County	-15.8%	-1.0%	0.8%	8.7%	5.2%	17.3%	6.3%	13.8%	7.6%	
Inland Empire	-13.3%	-5.9%	2.5%	5.1%	15.9%	13.0%	17.9%	6.4%	5.9%	
Ventura County	-28.3%	-9.0%	-4.2%	-2.7%	17.1%	9.7%	1.3%	7.3%	5.5%	
Totals	-12.6%	1.7%	3.7%	2.4%	11.9%	14.7%	12.9%	8.7%	4.1%	

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.

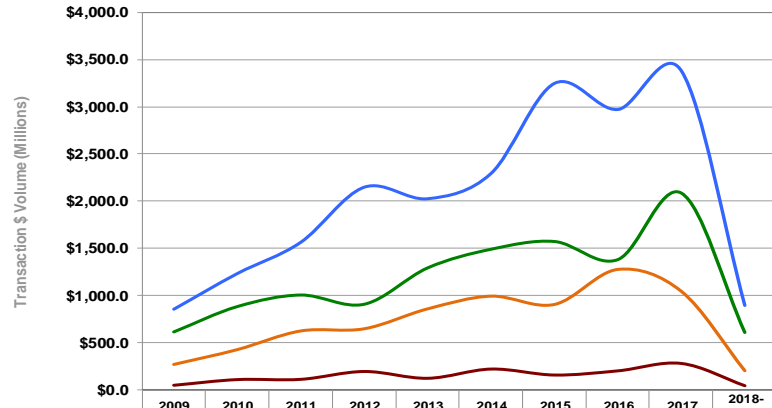


SOUTHERN CALIFORNIA INDUSTRIAL SALES TREND ANALYSIS

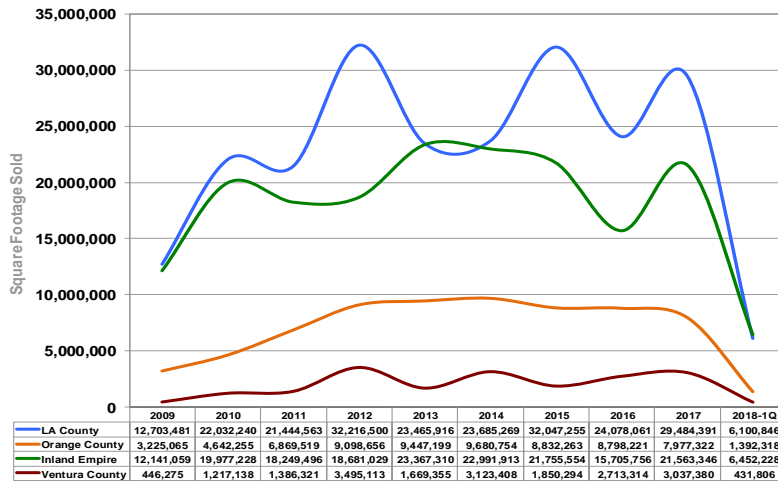
Number of Transactions



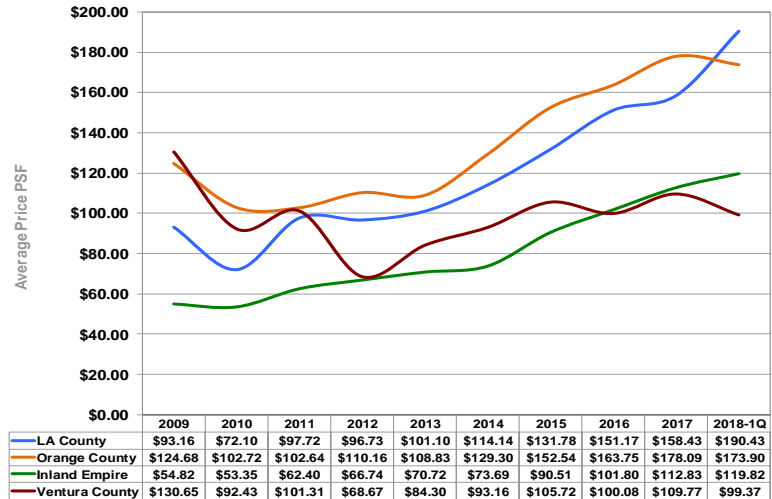
Transaction Volume \$



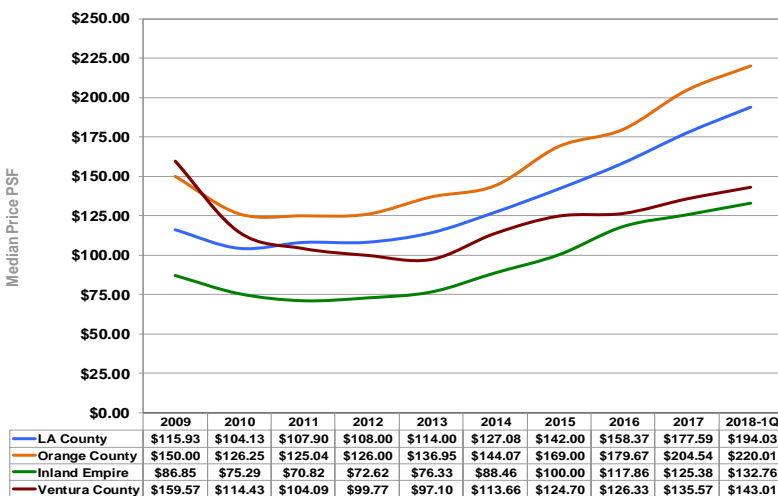
Square Footage Sold



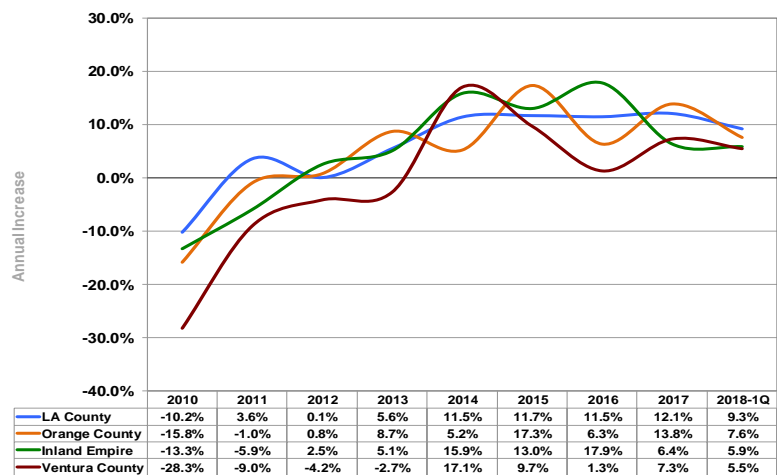
Average Price PSF



Median Price PSF



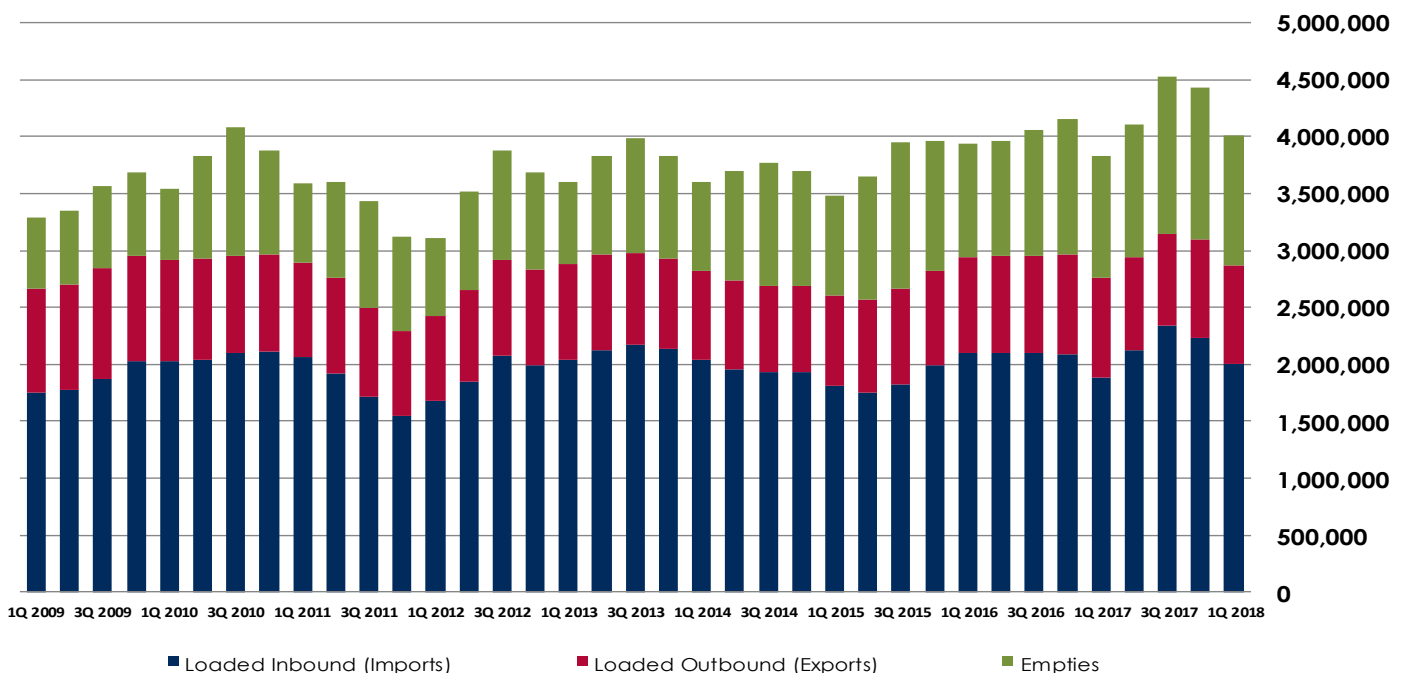
% Change Median Price PSF



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

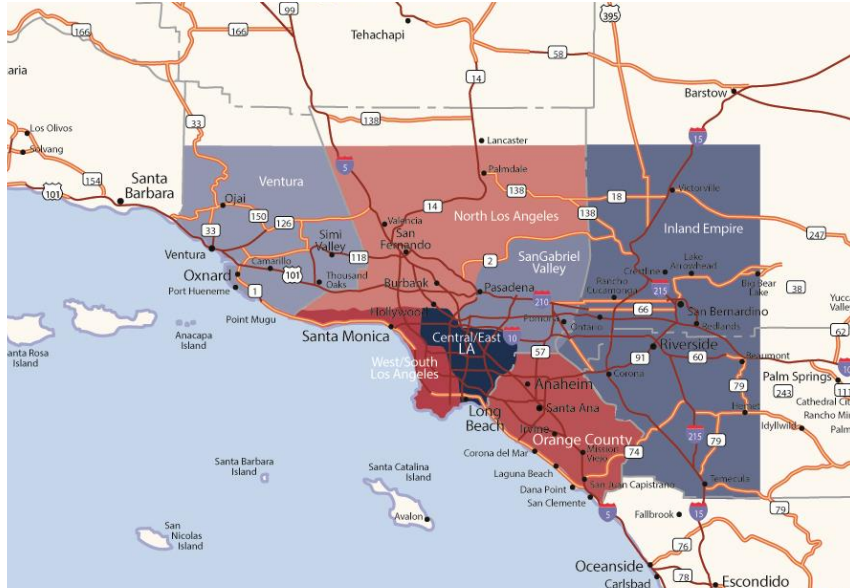
Quarter & Year	Loaded Inbound (Imports)	Loaded Outbound (Exports)	Total Loaded	Emplies	Total Containers	% Change (Prior Qtr.)	% Change (Prior Yr.)	% Change (Prior 2 Yrs.)
1Q 2018	2,005,109	865,171	2,870,280	1,136,253	4,006,533	-9.6%	4.7%	11.5%
4Q 2017	2,236,512	864,951	3,101,463	1,329,531	4,430,994	-2.0%	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

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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 2018

New buildings with original construction completed in the year 2018 and granted a Certificate of Occupancy. Renovated buildings are not included.

