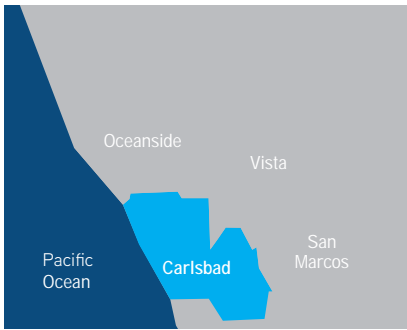


CARLSBAD

AT A GLANCE



OVERVIEW

This year is off to a slow start in Carlsbad with a meager 14,650 square feet of positive absorption in 1Q 2012. The overall vacancy rate for Industrial/R&D product sits at 14.41% with industrial product continuing to outperform R&D (12.51% and 16.17% respectively). There is no new construction underway or in the planned stage.

ACTIVITY

The limited activity in the leasing market was mostly concentrated in the 10,000 to 20,000 square foot segment with companies like Scratch Media and Iris International committing to space in Carlsbad. Renewals remain prevalent as current Landlords tend to have a leg up on the competition due to prohibitive moving and Tenant Improvements costs associated with a new location. Examples of this during 1Q 2012 are PODS who renewed in 64,541 SF and Luxtera who downsized and renewed in 32,510 SF. There were no significant sales transactions in 1Q 2012 in Carlsbad.

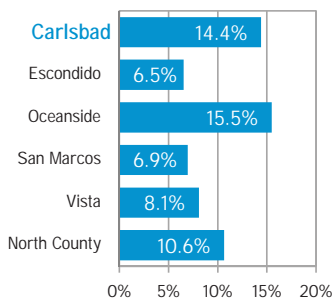
FORECAST

Investment sales appear to be on the rebound in Carlsbad with multiple large Industrial/R&D projects expected to trade hands in 2Q 2012. The remaining shortage of large blocks of contiguous, functional space above 75,000 SF suggests that companies with forward thinking and the desire to consolidate operations will continue to explore Build to Suit options. Overall activity and demand in the market appear to be up and supply is expected to diminish, meaning that Landlords should benefit from a slight uptick in rental rates with no new product in the pipeline.

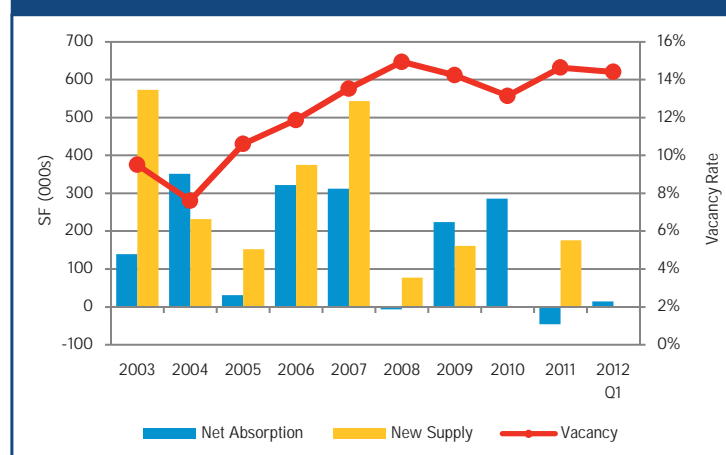
MARKET INDICATORS

	Q1 2012	Q2 2012 (forecast)
VACANCY	▲	▼
NET ABSORPTION	▲	▲
CONSTRUCTION	➡	➡
RENTAL RATE	➡	➡
LEASE CONCESSIONS	➡	➡

INDUSTRIAL/R&D VACANCY RATES Q1 2012



CARLSBAD HISTORICAL MARKET TRENDS





TRANSACTION ACTIVITY - Q1 2012

SALES ACTIVITY

#	PROPERTY NAME/ADDRESS	BUYER TYPE	SIZE (SF)	SALE PRICE	PRICE/SF
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There were no building sales larger than 15,000 SF during Q1

LEASING ACTIVITY

#	PROPERTY NAME/ADDRESS	TENANT NAME	SIZE (SF)	TERM	EFF RATE/SF
1	3254 GreyHawk Court	Scratch Media	12,835	48 months	\$0.91 MG
2	1891 Rutherford Road	Iris International	20,000	84 months	\$1.53 NNN
3	2320 Camino Vida Roble	Luxtera, Inc. (renewal)	32,510	43 months	\$0.98 NNN
4	2858 Loker Avenue	PODS	64,541	84 months	\$0.70 NNN



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