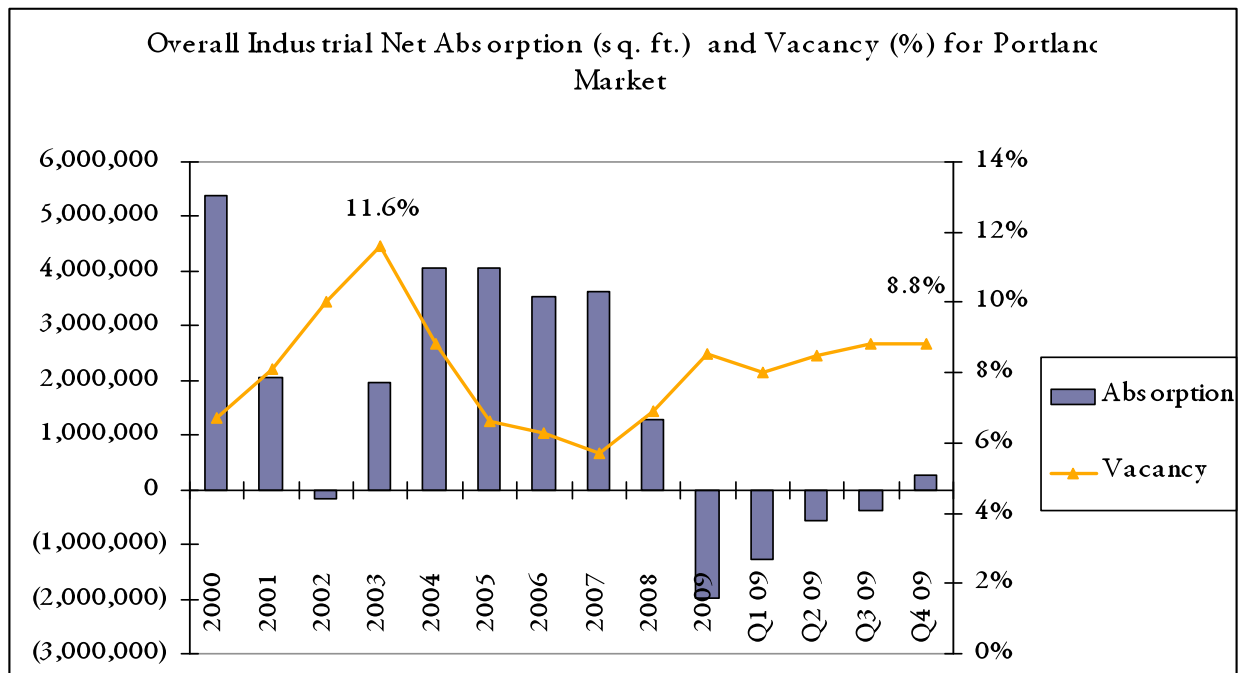


Portland Industrial Market

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In the fourth quarter of 2009, the Portland industrial market experienced positive net absorption for the first time since the second quarter of 2008. However, CB Richard Ellis' data from 2009 shows strong overall negative absorption for the year.¹ In 2009 there were just over 2.7 million square feet of negative net absorption, which is the worst annual performance since CB Richard Ellis has been compiling the data. Last year marked a 58.8% increase over the recession of 2001-2002 when 1.7 million square feet were given back to the market.



Source: Grubb & Ellis Industrial Trends Report- Fourth Quarter

Stable Vacancy Rate and Positive Net Absorption in Fourth Quarter

The market experienced a decrease in overall vacancy falling from 8.11% in the third quarter to 8.04% in the fourth according to CB Richard Ellis. In contrast, Grubb & Ellis reports that the vacancy rate was unchanged at 8.8%². The national vacancy rate rose to end the year at 10.6%. For the fourth consecutive quarter, the rate of vacancy increase declined nationally. The last four quarters have seen vacancy rate increases of 70, 60, 30 and 20 basis points respectively.³ Grubb & Ellis is forecasting that the industrial market should be one of the first, if not the first, commercial property type to bottom out and start toward recovery.

¹ "Market View", CB Richard Ellis, Fourth Quarter 2009

² "Industrial Trends Report", Grubb & Ellis, Fourth Quarter 2009

³ "U.S. Industrial Market First Look", Grubb & Ellis, January 22, 2009

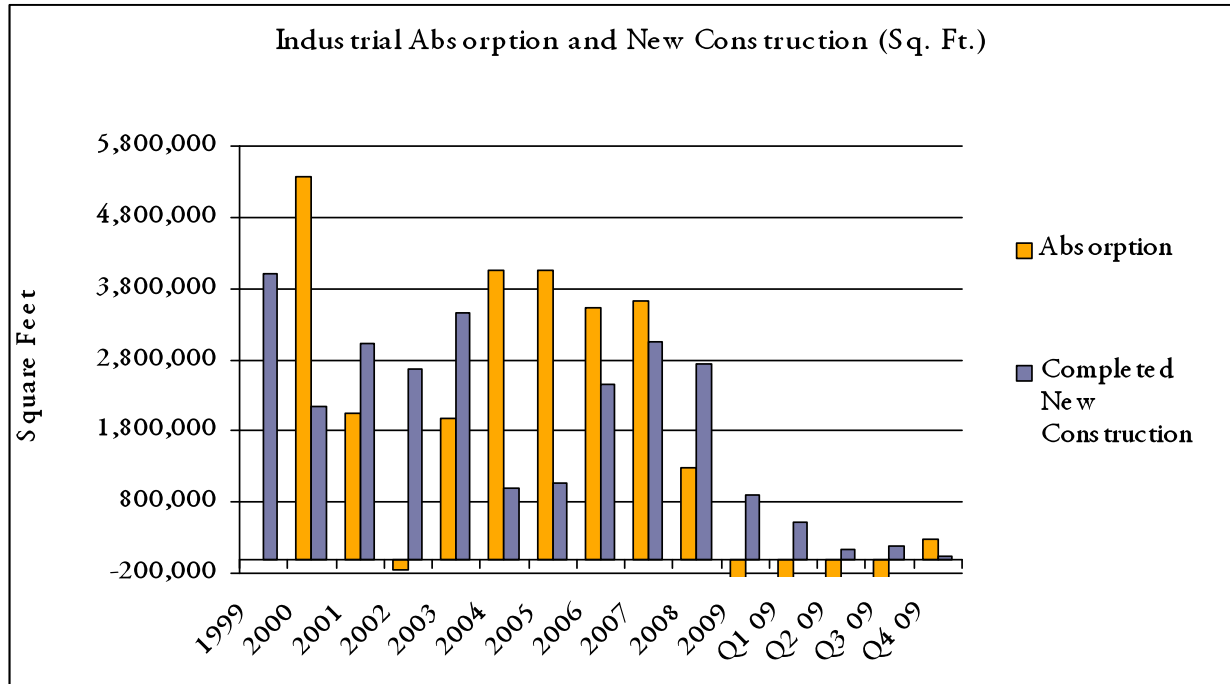
CB Richard Ellis reports that business parks continue to improve with a second straight quarter of declining vacancy rates coming in at 13.27%. Although the business park vacancy rate is still above average, it has made substantial improvement from the near 16% vacancy rate earlier in 2009.

INDUSTRIAL Q4-09	CB Richard Ellis	Cushman & Wakefield	Grubb & Ellis	Norris, Beggs & Simpson	Median
Market-wide Vacancy	8.0%	N/A	8.8%	14.9%	8.8%
Previous Quarter	8.1%	8.3%	8.8%	14.9%	8.6%
Fourth Quarter 2008	6.4%	6.2%	6.9%	12.1%	6.6%
Fourth Quarter 2007	5.2%	5.6%	6.7%	N/A	5.6%
Warehouse/Distribution	8.7%	N/A	N/A	N/A	8.7%
Previous Quarter	14.0%	8.8%	8.9%	N/A	8.9%
Fourth Quarter 2008	N/A	6.6%	7.0%	N/A	6.8%
Fourth Quarter 2007	N/A	5.3%	6.8%	N/A	6.1%
R&D/Flex Vacancy	11.6%	N/A	N/A	16.2%	13.9%
Previous Quarter	15.1%	10.0%	8.4%	15.7%	12.5%
Fourth Quarter 2008	N/A	9.4%	6.7%	13.2%	9.4%
Fourth Quarter 2007	N/A	6.3%	6.5%	N/A	6.4%
Asking Monthly Shell Rates	\$0.39	N/A	N/A	N/A	\$0.39
Previous Quarter	\$0.39	N/A	\$0.43	N/A	\$0.41
Fourth Quarter 2008	\$0.39	N/A	\$0.42	N/A	\$0.41
Fourth Quarter 2007	\$0.38	N/A	\$0.43	N/A	\$0.41
Asking Monthly Flex Rates	\$0.75 -\$1.00	N/A	N/A	N/A	\$0.88
Previous Quarter	N/A	N/A	\$0.79	N/A	\$0.79
Fourth Quarter 2008	\$0.85-\$1.05	N/A	\$0.81	N/A	\$0.81
Fourth Quarter 2007	\$0.85-\$1.05	N/A	\$0.82	N/A	\$0.82

Source: CB Richard Ellis, Cushman & Wakefield, Grubb & Ellis, Norris, Beggs & Simpson Quarterly Reports and Statistical Reports - Fourth Quarter 2009

Industrial construction tapered dramatically in 2009, adding only 615,504 square feet to the Portland market during the year. CB Richard Ellis reports that 80.4% of the speculative development added in 2009 remains vacant today. Only one building was delivered during the fourth quarter of 2009, which added only 46,500 square feet to the industrial inventory.

Currently, two buildings are under construction in the Portland industrial market: a 415,000 SF building for FedEx Ground and a 105,000 SF building for Morgan Distributing. Both are in the Northeast submarket. They are both build-to-suit and will not add large amounts of space that the market would have difficulty absorbing. There is currently no other new construction slated for 2010, which could signal a very slow year for new deliveries to the market.



Source: Grubb & Ellis Industrial Trends Report- Fourth Quarter

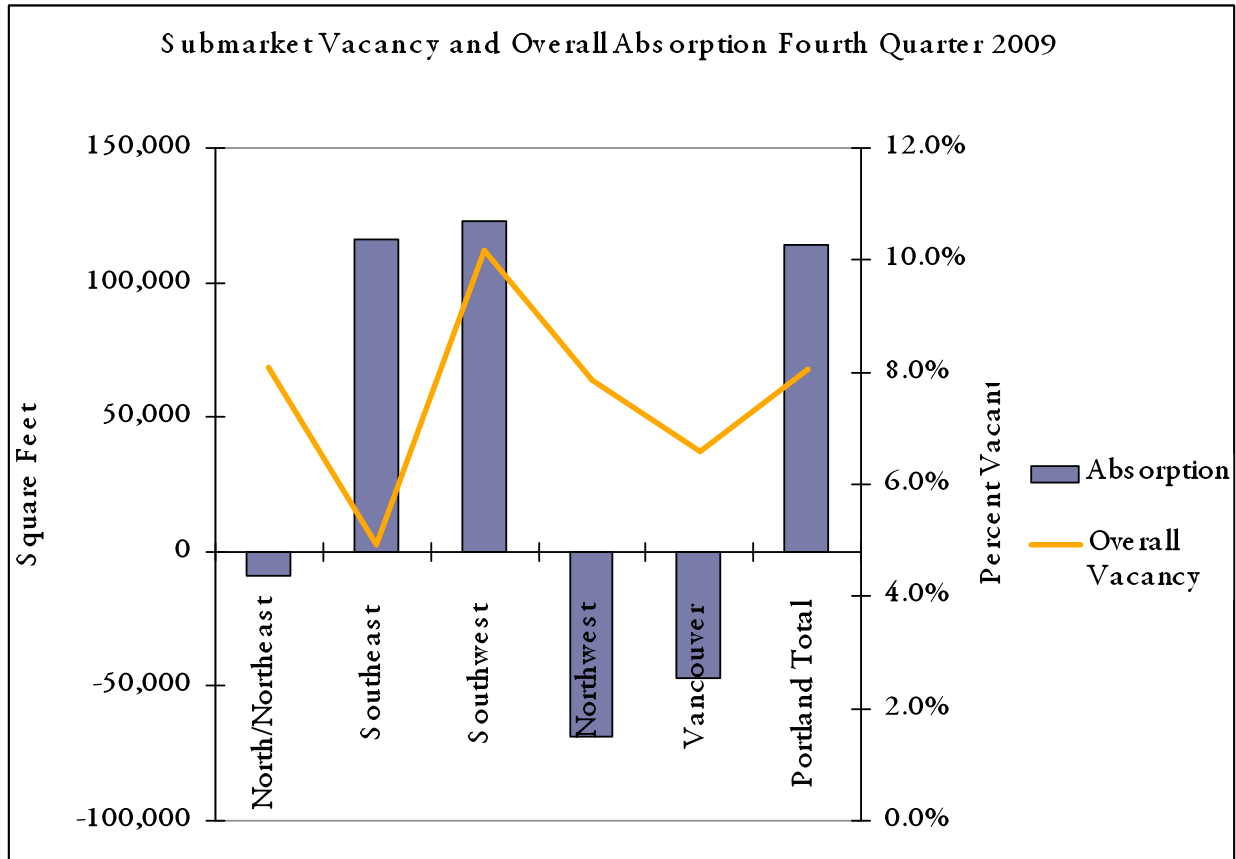
Almost non-existent construction, but positive absorption for first time in six quarters

Major Lease Transactions Q4 09

Industrial

Tenant	Property	(Sq. Ft.)	Submarket
MOR Furniture	Kelley Point Distribution Center	156,000	Portland
Ceva Logistics (renewal)	Alderwood Corporate Center	116,972	Portland
Medline Industries	Nike Distribution Center	109,000	Wilsonville
Bridgetown Natural Foods	Foster/205 Commerce Center	66,531	Portland
Rose City Printing & Packaging	Sandy Blvd Business Park	62,000	Portland
Total		510,503	

Source: CB Richard Ellis Quarterly Industrial Report



Source: CB Richard Ellis Quarterly Industrial Report

SE and SW submarket gains compensate for NW and Vancouver losses.

The Southeast and Southwest submarkets performed positively in the fourth quarter with respect to vacancy and overall net absorption. Over half the positive absorption in the Southeast is attributed to the Bridgetown Natural Foods' 66,531 SF lease at the Foster/205 Commerce Center and ETEC's sale of its Hillsboro plant to Allvia which accounts for 176,800 SF of absorption in the Southwest submarket.⁴ Allvia is a Sunnyvale, CA-based chip manufacturer which is currently acquiring the equipment to start chip production at the plant some time next year. Their plan is to operate both the Sunnyvale and Hillsboro facilities, but to eventually move all of the production volume to Hillsboro.

Carlisle Interconnect Technologies recently announced they will be closing their Vancouver cable manufacturing plant by June. Approximately 150 jobs will either be lost or relocated to one of the company's other three facilities in the United States.

Many industrial companies are feeling the effects of the economy, but others are expanding. Norris, Beggs & Simpson reported that in November SolarWorld completed its 210,000 SF facility that will house assembly lines which finish solar panels. Morgan Distributing purchased 11 acres at Riverside Parkway Corporate Center and is building a new 105,000 SF headquarters and distribution center that should be finished during the spring of 2010.

⁴ "Market View", CB Richard Ellis, Fourth Quarter 2009