

Single Tenant Industrial

Investment Market Report: 2nd Quarter 2006

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Commentary

Over the past 12 months, investor interest drove single-tenant industrial sales volume to \$7.5 billion, up 50% year over year, which represents 18% of the total industrial market volume. The acquisition landscape for single-tenant industrial has remained strong with sellers achieving almost 95% of their asking price.

On a per-square-foot basis, pricing increased 11% versus 15% for multi-tenant industrial. Surprisingly, cap rates for single-tenant property fell 72 basis points to register 7.4%, a 50% greater decline than multi-tenant. For most other single-tenant niches (retail, office) investor appetite for value-add opportunities drove multi-tenant to a much more significant decline. The top 30% of assets continue to command pricing north of \$100 per square foot with sub-7% caps not uncommon.

Private buyers continue to be the primary acquirers of single-tenant industrial property, with many satisfying 1031 requirements. REITs and institutional/foreign investors continue to be significant net buyers mainly through large portfolio transactions. With pricing at record levels in numerous markets, users continue to be significantly net sellers of commercial real estate as many look to reallocate capital.

Summary Statistics

past 12 mos, > \$2.5 mil	Single	Multi
Sales Volume (\$mil)	\$7,817	\$41,072
1 year ago	\$4,659	\$28,876
percent change	68%	42%
Price Per Sq.ft.	\$66	\$67
1 year ago	\$61	\$58
percent change	9%	16%
Capitalization Rate	7.43%	7.36%
1 year ago	8.24%	8.00%
basis point change	-81	-65
% of asking price	94.6%	93.4%
1 year ago	94.0%	93.6%

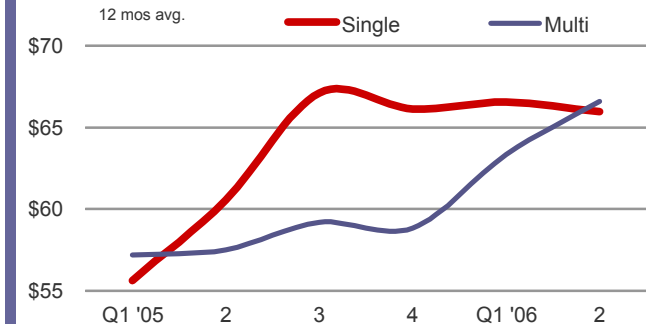
Prices by Age

past 12 mos, > \$5 mil	\$/Sq.ft.	Cap Rate
0-5 yrs	\$95	6.9%
6-15 yrs	\$94	7.5%
16-30 yrs	\$98	7.3%

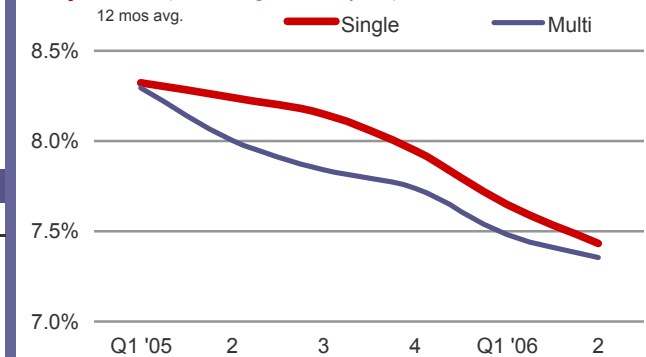
Pricing: Percentile Ranks

past 12 mos, > \$5 mil	\$/Sq.ft.	Cap Rate
top 10%	\$201	6.1%
	\$144	6.4%
top 30%	\$107	6.7%
median	\$71	7.0%
	\$58	7.3%
bottom 30%	\$49	7.7%
	\$40	8.1%
bottom 10%	\$32	9.0%

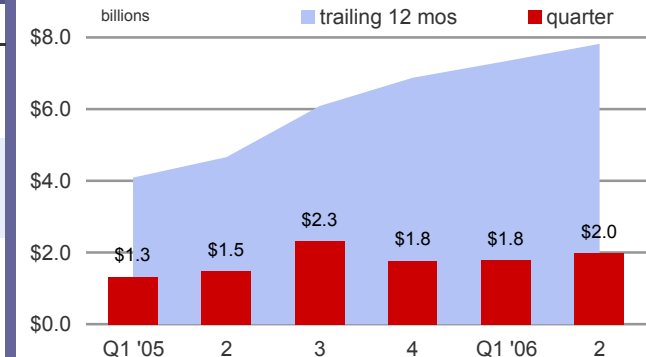
Price Per Sq.ft.



Cap Rate (unleveraged initial yield)

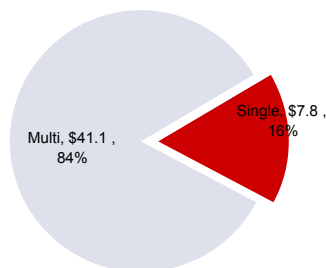


Sales Volume



Market Volume

\$48.9 billion
past 12 months





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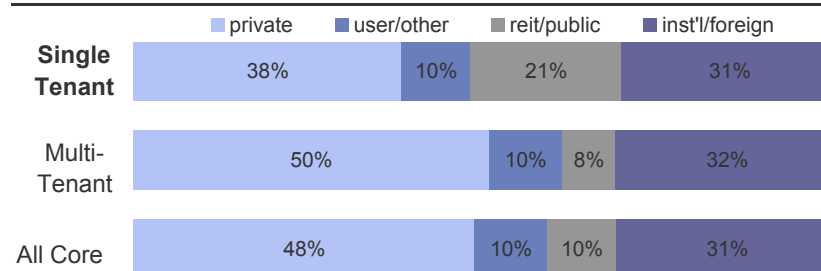
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Regions and Markets

past 12 mos	Single Tenant			Multi-Tenant		
	\$ mil	\$/Sq.ft.	cap	volume (mil)	\$/Sq.ft.	cap
Baltimore	\$147.4	\$82.5	6.4%	\$878.5	\$74.2	7.7%
DC MD burbs	\$513.2	\$234.0	8.1%	\$413.8	\$113.1	7.2%
Philadelphia	\$154.6	\$49.3	7.5%	\$380.2	\$62.2	7.4%
others	\$333.2	\$90.2	7.0%	\$1,200.5	\$91.8	7.6%
Mid-Atlantic	\$1,148.4	\$112.1	7.1%	\$2,872.9	\$86.6	7.6%
Chicago	\$444.0	\$65.7	7.9%	\$2,344.9	\$62.0	7.8%
Cleveland	\$55.8	\$46.4	9.1%	\$283.7	\$42.8	7.4%
Minneapolis	\$69.1	\$64.4	7.9%	\$633.8	\$58.7	7.8%
others	\$639.2	\$45.3	7.9%	\$5,926.6	\$54.3	7.7%
Midwest	\$1,208.0	\$52.2	8.0%	\$9,188.9	\$57.7	7.8%
Boston	\$330.4	\$88.6	7.0%	\$852.4	\$81.0	8.0%
Manhattan	\$145.5	\$903.4	-	\$267.1	\$562.1	-
No NJ	\$369.7	\$110.0	7.0%	\$1,116.6	\$78.8	7.4%
others	\$324.5	\$166.9	8.1%	\$1,893.8	\$163.0	7.3%
Northeast	\$1,170.1	\$162.9	7.9%	\$4,129.9	\$146.1	7.4%
Atlanta	\$198.4	\$63.8	7.7%	\$1,631.7	\$51.7	7.3%
Memphis	\$105.6	\$54.7	7.6%	\$222.1	\$57.3	7.8%
Miami	\$117.8	\$99.5	7.2%	\$780.0	\$89.3	6.7%
others	\$576.4	\$51.9	7.6%	\$4,202.1	\$73.6	7.4%
Southeast	\$998.1	\$57.7	7.7%	\$6,835.9	\$70.6	7.4%
Dallas	\$115.3	\$68.8	6.8%	\$1,748.2	\$60.5	7.4%
Houston	\$241.7	\$56.6	7.1%	\$441.9	\$64.8	8.3%
Phoenix	\$240.4	\$81.6	7.1%	\$911.0	\$103.8	7.2%
others	\$235.9	\$73.5	8.2%	\$1,106.2	\$71.4	7.8%
Southwest	\$833.3	\$72.3	7.3%	\$4,207.3	\$76.6	7.7%
Los Angeles	\$504.1	\$123.2	6.4%	\$3,048.4	\$113.6	6.3%
San Jose	\$319.9	\$207.1	7.9%	\$1,084.6	\$128.8	6.6%
Seattle	\$319.6	\$103.4	7.3%	\$926.0	\$113.0	7.2%
others	\$1,315.8	\$121.2	7.1%	\$6,918.9	\$127.2	7.0%
West	\$2,459.3	\$124.1	7.0%	\$11,977.9	\$122.6	6.8%

Buyer Composition

past 12 mos.; rounded; may not sum to 100%

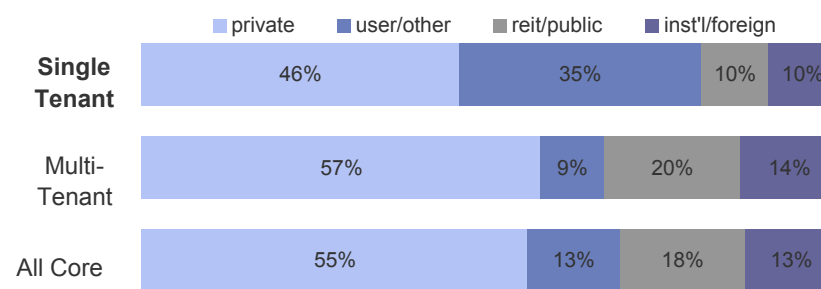


top buyers

	top buyers	top sellers
1	First Industrial	Human Genome Sciences Inc
2	BioMed Realty Trust	First Industrial
3	GE Capital	Preferred Freezer Services
4	Capmark Financial Group	Panattoni Development
5	Teacher's Insurance & Annuity(TIA)	Pacific Coast Capital Partners
6	UBS Realty	Liberty Property Trust
7	STAG Capital Partners	Cardinal Capital
8	RREEF Funds	Rockwell Automation
9	Capital Lease Funding (CapLease)	USAA Real Estate
10	JP Morgan Investment Mgmt	Verizon

Seller Composition

past 12 mos.; rounded; may not sum to 100%



Data believed to be accurate but not guaranteed; subject to future revision; based on properties & portfolios \$2.5 million and greater. © 2007 All Rights Reserved.
Cap rates: unleveraged initial yield from sales as well as refinancings.



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Recent Transactions

Date	Address	Location	Tenant	Yr Blt	Sq.ft.	Price	\$/Sq.ft.	Cap	Buyer
Jul-06	549 Rivera St	Riverside, CA	-	2004	65,880	\$4,480,000	\$68	-	Hummingbird Group
Jun-06	3600 N 29th Ave	Hollywood, FL	Sonic USA	1970	76,363	\$5,600,000	\$73	-	Progressive Casualty Insurance Comp
Jun-06	RECALL Corp HQ Bldg	Norcross, GA	Recall Corp	1978	66,800	\$9,800,000	\$147	7.4%	Neiss Real Estate & Management
Jun-06	8711 Westphalia Rd	Upper Marlboro, M	Mirant Mid Atlantic	1983	145,461	\$13,000,000	\$89	-	Church of the Rapture (Upper Marlbor
Jun-06	Pearson Distribution	Cranbury, NJ	Pearson Education	2001	886,748	\$95,700,000	\$108	8.3%	First Industrial
Jun-06	40750 County Center Dr	Temecula, CA	Tenison Envelope co	-	116,763	\$11,466,000	\$98	5.5%	Whittle Investors
Jun-06	Hollow Metal Express	Phoenix, AZ	-	1998	31,642	\$2,630,000	\$83	-	Mantra Real Estate Holdings LLC (Pho
Jun-06	3650 Seaport Blvd	West Sacramento,	Mac Caferri Gabions I	1981	20,600	\$3,300,000	\$160	-	Ramos Oil Company Inc
Jun-06	4258 Communications Dr	Norcross, GA	-	1981	57,000	\$2,550,000	\$45	-	Cobalt Capital
Jun-06	10675 N Lombard St	Portland, OR	Richards Homewares	1969	105,829	\$4,600,000	\$43	-	Richards Homewares Inc (Portland, Or)
Jun-06	Utica Converters	Utica, NY	Utica Converters	2004	96,300	\$4,380,450	\$45	7.8%	-
Jun-06	Shangri-La Corp HQ	Salem, OR	Shangri-La Corporatic	2001	53,890	\$3,940,078	\$73	9.0%	Shangri-La Corporation
Jun-06	60 Commercial St	Everett, MA	Coldwater Seafood	1975	129,350	\$8,800,000	\$68	-	Preferred Freezer Services (Ever)
Jun-06	406 Oak Pl	Port Orange, FL	Daytona Budweiser In	1979	38,274	\$2,850,000	\$74	-	Bradco Supply Corp
Jun-06	Uniek Inc	Waunakee, WI	Uniek, Inc.	1990	249,950	\$12,800,000	\$51	7.3%	543 East Limited Liability Company (Ne
Jun-06	Southwest Storage & Distrib	Phoenix, AZ	Southwest Storage &	1985	175,991	\$12,450,000	\$71	6.1%	SJW Land Co
Jun-06	Bartell Drugs HQ	Seattle, WA	Bartell Drugs	1969	104,786	\$8,900,000	\$85	-	Lorolive LLC (Seattle, Wa)
Jun-06	7460 N Lehigh Ave	Niles, IL	Johnson & Quin	1954	125,000	\$3,386,000	\$27	-	CenterPoint Properties
Jun-06	The Quikrete Companies	Tacoma, WA	Quikrete	1919	63,924	\$3,800,000	\$59	-	The Quikrete Companies Inc (Atlanta, C
Jun-06	70 Industrial Rd	Cumberland, RI	Alcoa Packaging	1982	58,604	\$3,200,000	\$55	-	Berkeley Acquisition Corporation (Cum
Jun-06	Bausch & Lomb Distrbution	Greenville, SC	Bausch & Lomb	1983	320,427	\$11,875,570	\$37	-	JFR Global Inc
Jun-06	931 S Matlack St	West Chester, PA	Communication Desig	1985	142,000	\$8,000,000	\$56	-	Berwind Property Group
Jun-06	FedEx Distribution Ctr	Bakersfield, CA	FedEx Kinkos	2006	38,219	\$5,259,422	\$138	6.0%	-
Jun-06	6982 S Quentin St	Englewood, CO	Koala Kare	1995	50,000	\$2,900,000	\$58	-	Koala Kare
Jun-06	6401 N Nob Hill Rd	Tamarac, FL	Toshiba	2005	46,538	\$7,500,000	\$161	-	6401 LLC (Miami, FL)
Jun-06	913 Old Philadelphia Rd	Aberdeen, MD	Pier 1 Imports	1990	635,000	\$36,032,000	\$57	6.0%	Hartz Mountain Industries
Jun-06	First Source Financial	Las Vegas, NV	First Source Financial	2006	27,456	\$2,646,220	\$96	-	Brian Lemper ()
Jun-06	1 Andrews Cir	Cleveland, OH	Cintas	1989	110,970	\$4,750,000	\$43	-	Cintas
Jun-06	Olsonite Facility	Newnan, GA	Olsonite Corp	1996	225,750	\$5,375,000	\$24	-	WY Newnan Holdings LLC
Jun-06	31-01 Vernon Blvd	Long Island City, N	Adirondack Direct	1900	100,000	\$22,000,000	\$220	-	TTW Realty LLC (Astoria, Ny)



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Jun-06	Resistance Technology	Vadnais Heights, MN	Resistance Technoloç	1989	35,276	\$2,650,000	\$75	-	MDSC Partners, LLP
Jun-06	32 Tesla	Irvine, CA	-	2001	17,000	\$3,500,000	\$206	-	B&C Select (Laguna Niguel, Ca)
Jun-06	511 Codisco Way	Sanford, FL	Coastline Distribution	1986	160,000	\$6,533,200	\$41	-	Sanford Partners LLC
Jun-06	Epson Bldg	Plainfield, IN	Epson America	2005	750,820	\$33,350,000	\$44	6.6%	Capri Capital Advisors
Jun-06	9001 SE Lawnfield Rd	Clackamas, OR	PJ Lisac & Associates	1982	26,088	\$4,029,739	\$154	-	Clackamas County Development Agen
Jun-06	154 Campanelli Dr	Middleboro, MA	NES Clothing Co	2000	257,810	\$19,100,000	\$74	-	Net Lease Properties
Jun-06	2820-2834 W Kelton Ln	Phoenix, AZ	Choice Education	1984	47,251	\$4,988,000	\$106	-	Choice Education & Development Corp
Jun-06	500 W Park Ln	Hampton, VA	NYK Logistics	1999	515,486	\$32,219,450	\$63	-	High Street Equity Advisors
Jun-06	FedEx Distribution Ctr	Cleveland, OH	FedEx Kinkos	1998	84,560	\$5,100,000	\$60	8.4%	-
Jun-06	50-58 Cypress Ln	Brisbane, CA	FedEx Kinkos	1968	35,700	\$2,982,236	\$84	-	Dividend Capital Trust
Jun-06	Bunzl USA	Philadelphia, PA	Bunzl USA	1978	217,560	\$9,500,000	\$44	-	Baker Properties
Jun-06	5534 Flotilla St	Los Angeles, CA	American Uniform Sal	1965	22,400	\$2,500,000	\$112	-	Harrow Investment LLC
Jun-06	100 Wesley St	South Hackensack	DHL	1982	51,000	\$4,900,000	\$96	-	Seagis Property Group
Jun-06	21325 Superior St	Chatsworth, CA	Home Décor	1977	98,000	\$9,360,500	\$96	-	Atlas Investments ()
Jun-06	Corning Inc	Corning, NY	Corning, Inc.	-	408,000	\$12,700,000	\$31	-	Lexington Corporate Properties Trust
Jun-06	10808 S 132nd St	Omaha, NE	Shopko	2000	535,000	\$18,700,000	\$35	-	Spirit Finance Corp
Jun-06	1717 Lawrence Dr	De Pere, WI	Shopko	1987	494,000	\$13,800,000	\$28	8.9%	Spirit Finance Corp
Jun-06	fmr Solectron	Durham, NC	Godfrey Group	1972	131,440	\$4,563,550	\$35	-	Godfrey Group
Jun-06	Via Del Campo Corporate Cl	San Diego, CA	General Atomics	1985	86,952	\$18,400,000	\$212	-	Sorrento West Properties Inc
Jun-06	1001 E Gowen Rd	Boise, ID	Shopko	1992	347,000	\$10,450,000	\$30	-	Spirit Finance Corp
Jun-06	GlaxoSmithKline Facility	Knoxville, TN	GlaxoSmithKline	1983	157,207	\$7,308,043	\$46	-	Fortis Property Group LLC
Jun-06	160 Corporate Ct	Meriden, CT	Bob's Stores	1987	221,000	\$5,720,000	\$26	-	Hampshire Cos
Jun-06	24 Stott Ave	Norwich, CT	Easter Seals	1981	59,250	\$2,600,000	\$44	-	Easter Seals Conn Inc (Norw)
Jun-06	700 Marine Dr	Rock Hill, SC	USC Solutions	-	198,400	\$5,800,000	\$29	-	STAG Capital Partners
May-06	37 S Maple St	Bellingham, MA	Bradford Novelty Co	1987	67,500	\$4,200,000	\$62	-	Bradley Realty Investment Group (Belli
May-06	S Milliken Ind Park - Bldg B	Ontario, CA	-	2005	27,200	\$3,192,079	\$117	-	Rodriguez Family Trust
May-06	40 Ranick Rd	Hauppauge, NY	Aladdin Transparent F	1970	35,800	\$3,060,000	\$85	-	Aladdin Transparent Packaging ()
May-06	Quantum Corp Bldgs	Colorado Springs, CO	Quantum Corp	1983	406,204	\$54,250,000	\$134	-	NorthStar Realty Finance Corp
May-06	Brandon Woods Distr Ctr	Baltimore, MD	Fila	1999	379,012	\$26,000,000	\$69	-	First Industrial
May-06	32 Leone Ln	Chester, NY	Amscan Co	1963	287,000	\$11,297,333	\$39	-	Heritage Management Co LLC