

Single Tenant Industrial

Investment Market Report: 4th Quarter 2007

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Commentary

In 2007, single tenant industrial sales totaled \$11.4 billion, a 29% increase over 2006. Single tenant properties comprised 21% of an overall industrial market that posted \$55 billion in sales activity in 2007. Multi-tenant industrial sales volume increased a modest 4% over the year while single-tenant was buoyed by strong portfolio activity. The single tenant niche remains competitive with sellers achieving 92% of their asking price.

For the past year, single and multi-tenant industrial have averaged similar pricing on a per-square-foot basis as investors bid up multi-tenant prices sharply in 2006. On a per-square-foot basis, average pricing for single tenant industrial was up. Average cap rates for single and multi-tenant assets declined 35 and 18 bps, respectively. Regionally, the West recorded over \$3.0 billion in single tenant industrial sales and the Mid-Atlantic was the only region to record under \$1.0 billion in activity. Chicago was the top market nationwide with over \$900 million in sales activity.

Private investors, many satisfying 1031 requirements, comprised the largest buyer group and acquired over 60% of single-tenant industrial property on a dollar value basis. Real Estate Investment Trusts (REITs), while retracting in other sectors, have remained significant net buyers in this niche. Private investors, which includes developers, represent over 50% of the sellers in this marketplace.

Summary Statistics

	Single	Multi
past 12 mos, > \$2.5 mil		
Sales Volume (\$mil)	\$11,422	\$43,173
1 year ago	\$8,835	\$41,465
percent change	29%	4%
Price Per Sq.Ft.	\$74	\$72
1 year ago	\$68	\$69
percent change	9%	5%
Capitalization Rate	6.91%	7.05%
1 year ago	7.26%	7.22%
basis point change	-35	-18
% of asking price	92.4%	92.5%
1 year ago	92.7%	92.8%

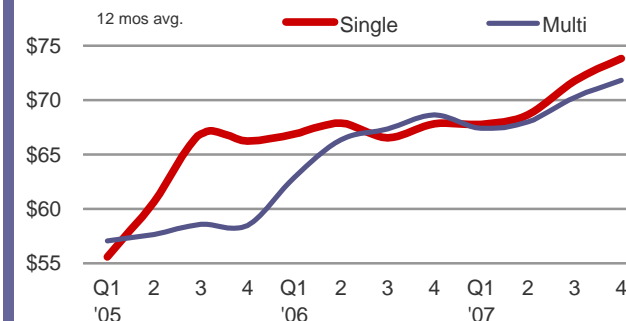
Prices by Age

past 12 mos, > \$5 mil	\$/Sq.Ft.	Cap Rate
0-5 yrs	\$116	6.7%
6-15 yrs	\$111	6.9%
16-30 yrs	\$122	6.8%

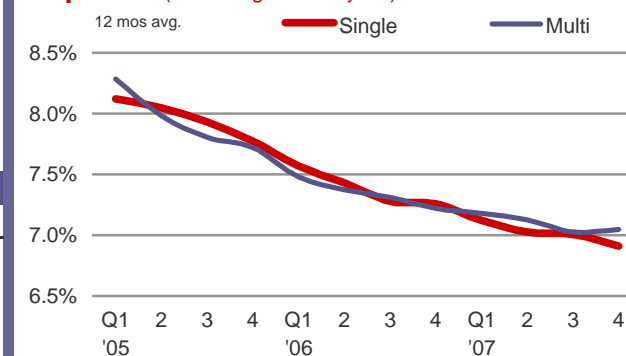
Pricing: Percentile Ranks

past 12 mos, > \$5 mil	\$/Sq.Ft.	Cap Rate
top 10%	\$224	5.7%
	\$156	6.0%
top 30%	\$130	6.3%
median	\$107	6.5%
	\$88	6.8%
	\$72	7.0%
bottom 30%	\$61	7.2%
	\$49	7.6%
bottom 10%	\$40	8.4%

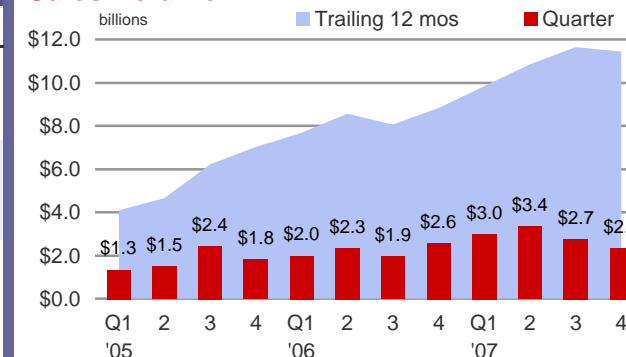
Price Per Sq.Ft.



Cap Rate (unleveraged initial yield)



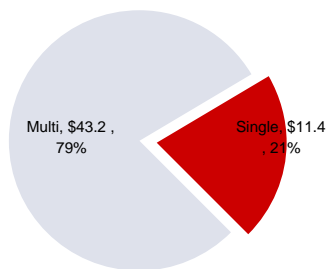
Sales Volume



Market Volume

\$54.60 billion

past 12 months





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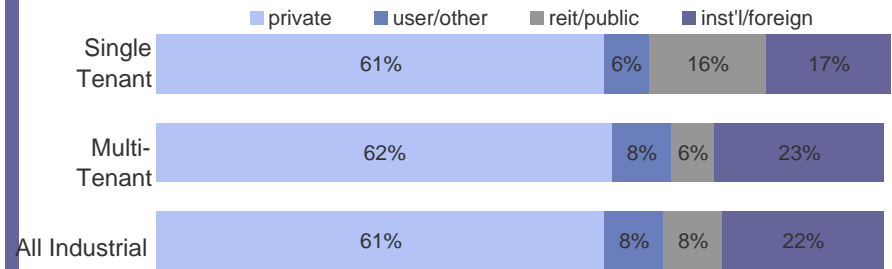
Regions and Markets

past 12 mos

	Single Tenant			Multi-Tenant		
	Volume (mil)	\$/Sq.Ft.	Cap	Volume (mil)	\$/Sq.Ft.	Cap
Baltimore	\$188.9	\$93.1	6.8%	\$472.3	\$71.8	6.8%
DC VA burbs	\$125.7	\$249.3	6.0%	\$304.2	\$131.6	7.0%
Eastern PA	\$120.5	\$55.1	6.6%	\$249.3	\$55.9	6.8%
others	\$562.0	\$80.6	7.5%	\$1,834.1	\$71.5	7.7%
Mid-Atlantic	\$997.1	\$104.3	7.1%	\$2,859.9	\$78.9	7.6%
Chicago	\$954.4	\$78.5	6.9%	\$2,198.0	\$72.5	6.9%
Detroit	\$284.4	\$79.9	8.6%	\$427.3	\$67.9	7.3%
Cleveland	\$165.3	\$74.4	7.4%	\$171.5	\$60.8	8.5%
others	\$1,340.3	\$59.4	7.5%	\$3,092.8	\$71.6	7.7%
Midwest	\$2,744.5	\$68.5	7.6%	\$5,889.6	\$71.3	7.6%
Boston	\$605.7	\$93.4	7.5%	\$949.1	\$92.8	7.8%
No NJ	\$384.3	\$87.0	6.4%	\$969.3	\$86.2	6.7%
NYC Boroughs	\$150.1	\$286.4	6.7%	\$540.9	\$240.8	6.0%
others	\$329.9	\$89.4	7.1%	\$1,194.1	\$171.7	6.8%
Northeast	\$1,470.0	\$129.7	7.1%	\$3,653.4	\$148.4	7.2%
Atlanta	\$238.0	\$51.7	6.9%	\$1,425.7	\$66.6	7.3%
Memphis	\$176.3	\$108.5	7.4%	\$371.4	\$57.6	8.1%
Orlando	\$147.3	\$72.4	6.9%	\$487.7	\$93.6	6.8%
others	\$1,264.5	\$84.8	7.0%	\$5,063.8	\$91.0	7.1%
Southeast	\$1,826.1	\$81.4	7.0%	\$7,348.6	\$85.2	7.3%
Dallas	\$292.9	\$93.7	6.9%	\$1,749.2	\$65.2	7.4%
Phoenix	\$289.6	\$138.4	6.7%	\$1,143.8	\$125.3	6.7%
Houston	\$181.8	\$100.1	6.9%	\$805.4	\$61.4	7.8%
others	\$315.3	\$79.8	7.3%	\$1,817.3	\$86.7	7.3%
Southwest	\$1,079.7	\$103.7	7.1%	\$5,515.7	\$87.8	7.3%
San Diego	\$398.2	\$206.9	6.2%	\$1,243.8	\$169.9	6.1%
Seattle	\$395.8	\$137.3	6.2%	\$1,351.4	\$151.4	6.7%
San Jose	\$375.0	\$169.8	5.6%	\$1,452.5	\$152.2	6.2%
others	\$1,889.1	\$133.6	6.2%	\$11,196.2	\$145.4	6.3%
West	\$3,058.0	\$145.1	6.2%	\$15,243.8	\$148.2	6.2%

Buyer Composition

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



Top Buyers

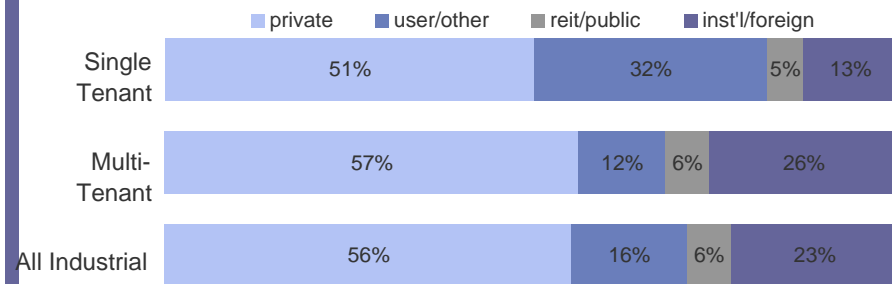
- Inland Real Estate
- Lexington Corporate Properties Tr
- Angelo Gordon
- Spirit Finance Corp
- STAG Capital Partners
- KBS REIT
- CapLease REIT
- AMB Property Corp
- Strategic Real Estate Advisors
- WP Carey

Top Sellers

- Lexington Corporate Properties
- New York State Common Retire
- Bradley Associates
- Panattoni Development
- First Industrial
- Cerberus Capital Mgtt
- 84 Lumber Co
- USAA Real Estate
- Sun Microsystems (CA)
- Equity Industrial Partners

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
Jan-08	Carlsbad Research Center	Carlsbad, CA	Reef	1990	52,260	\$15,280,000	\$292	-	RF Darwin LP (Santa Monica, CA)
Jan-08	4633 La Palma Ave	Anaheim, CA	Galleria Inc.	2002	281,548	\$38,000,000	\$135	5.1%	Galleria Inc (CA)
Jan-08	5961 Outfall Cir	Sacramento, CA	Barnett	2001	97,000	\$6,800,000	\$70	6.5%	Haleakala Ranch Co (Makawao, HI)
Jan-08	1531 NW 12th Ave	Pompano Beach, FL	FlexSol Packaging	1986	113,075	\$11,000,000	\$97	-	KTR Capital Partners
Jan-08	6500 Adelaide Ct	Lockbourne, OH	Anda Pharmaceutical	2002	354,676	\$14,500,000	\$41	-	Orix Real Estate Capital
Dec-07	Texstar Warehouse	Grand Prairie, TX	Texstar	1959	97,846	\$2,700,000	\$28	8.6%	Paul G Boschetti (San Francisco, CA)
Dec-07	9970 Cienega Rd	Hollister, CA	Interface Aviation Inc	1987	146,000	\$4,100,000	\$28	7.8%	1031 Exchange
Dec-07	590 Smith St	Farmingdale, NY	-	1964	28,740	\$3,362,580	\$117	-	590 Smith St LLC
Dec-07	Courtesy Mfg Co	Elk Grove Village, IL	Courtesy Mfg Co	1975	92,697	\$4,700,000	\$51	-	Serrano Associates LLC (Denver, CO)
Dec-07	34 Englehard Dr	Monroe Township, NJ	Berry Plastics	1980	203,000	\$13,600,000	\$67	-	ING Clarion Partners
Dec-07	Shaw Aero Design & Manufc	Naples, FL	Parker Aerospace	1999	131,997	\$20,565,000	\$156	7.2%	Fort Properties
Dec-07	Smurfit-Stone Container Ent	Hanover Park, IL	Smurfit-Stone Contain	1992	103,000	\$6,850,000	\$67	-	AMB Property Corp
Dec-07	Fiesta Tech Center	Gilbert, AZ	Fiesta 99 Seafood	1987	249,371	\$36,250,000	\$145	7.4%	Asset Management Consultants
Dec-07	Colonial Bank	Melbourne, FL	Colonial Bank	1998	5,248	\$2,906,400	\$554	-	CB-FL Vault Wickham Road Melbo (De
Dec-07	1500 Rahway Ave	Avenel, NJ	Maersk	1994	324,445	\$29,480,000	\$91	-	Pantheon Properties
Dec-07	Home Depot Distribution Ce	Winchester, VA	HomeDepot	2003	756,000	\$41,000,000	\$54	-	Equity Industrial Partners
Dec-07	Home Depot	Lathrop, CA	HomeDepot	-	101,695	\$11,250,000	\$111	-	Equity Industrial Partners
Dec-07	16101 Vallen Dr	Houston, TX	-	1992	175,000	\$12,975,000	\$74	-	Khoshbin Properties
Dec-07	7300 Oakley Industrial Blvd	Fairburn, GA	Sabare	1995	346,039	\$12,200,000	\$35	-	Exeter Properties Group
Dec-07	150 Callender Rd	Watertown, Ct	Shelter Logic	1969	198,800	\$7,014,125	\$35	-	Diamond Properties
Dec-07	Audi Testing Facility	Golden, CO	Volkswagen	2007	27,960	\$5,871,350	\$210	6.9%	Harold G Evans (Greeley, CO)
Dec-07	Metrix Logistics	Memphis, TN	-	1984	640,640	\$16,100,000	\$25	9.2%	Crown Realty & Development
Dec-07	40 Bearfoot Rd	Northborough, MA	Peterson Spring	1981	62,691	\$4,000,000	\$64	-	Campanelli Cos
Dec-07	Cooks Collision	Walnut Creek, CA	Cook's Collision	1956	16,200	\$5,300,000	\$327	5.4%	F D Wertheim 2002 Trust (San Francis
Dec-07	35301 SE Center St	Snoqualmie, WA	Phillips Oral Health C	1999	175,000	\$26,933,526	\$154	-	Phillips Oral Healthcare Inc (Snoqualmi
Dec-07	333 Turnbull Canyon Rd	Hacienda Heights, CA	Environ Con LLC	1962	128,228	\$12,309,888	\$96	-	Environ Con LLC (City Of Industry, CA)
Dec-07	5501-5549 Oberlin Dr	San Diego, CA	Dow Chemical	1984	96,289	\$18,610,000	\$193	-	Embarcadero Capital Partners
Dec-07	Suncrest Supply	Riviera Beach, FL	Suncrest Supply	2005	105,000	\$13,000,000	\$124	-	KTR Capital Partners
Dec-07	FedEx	San Jose, CA	FedEx Kinkos	1997	106,057	\$21,500,000	\$203	6.0%	Bixby Ranch Co
Dec-07	DocuSource Building	Morrisville, NC	DocuSource	1996	25,600	\$4,318,500	\$169	-	HP Slater Road LLC (Raleigh, NC)



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Dec-07	420 W Saint Paul Ave	Milwaukee, WI	Iron Mountain	-	125,000	\$2,800,000	\$22	-	Ace Industrial Properties Inc
Dec-07	FedEx	Mentor, OH	FedEx Kinkos	1991	14,440	\$2,900,000	\$201	-	Is Huebner Country LLC (Boca Raton,
Dec-07	Exel Logistics	Mechanicsburg, PA	Exel Logistics, Inc.	1986	507,634	\$24,500,000	\$48	-	Orix Real Estate Capital
Dec-07	Cosmetic Essence	Douglasville, PA	Cosmetic Essence Inc	1980	370,000	\$12,280,000	\$33	-	447 Old Swede Holdings LLC (Short H
Dec-07	Suntrust Bank	Annandale, VA	SunTrust Bank	1975	2,376	\$3,049,619	\$1,284	-	Inland Real Estate
Dec-07	Verizon Building	Southborough, MA	Verizon	1971	375,000	\$24,100,000	\$64	-	William S Zielinski (Boston, MA)
Dec-07	Benada Aluminum	Minneapolis, MN	Benada Aluminum	1964	89,735	\$3,500,000	\$39	-	Lcids LLC (Mendota Heights, MN)
Dec-07	1 Certified Dr	Hodgkins, IL	Certified Grocers	1977	951,000	\$68,500,000	\$72	-	Int'l Airport Centers
Dec-07	1946 E 46th St	Los Angeles, CA	Jensen Industries	1984	191,466	\$14,950,000	\$78	-	Rexford Industrial
Dec-07	AMB Loma Grande Distribut	Mira Loma, CA	Walmart Stores	2000	902,000	\$79,381,925	\$88	-	AMB Property Corp
Dec-07	217 Wrangler Dr	Coppell, TX	Charles Schwab	2000	115,000	\$15,500,000	\$135	-	Transpacific Development Company
Dec-07	Home Depot Inc	Romeoville, IL	Home Depot	2007	470,000	\$31,000,000	\$66	-	Dividend Capital Trust
Nov-07	5150 Convoy St	San Diego, CA	Cutting Corners Fabri	1970	21,600	\$4,991,667	\$231	-	Margaret's Cleaners (La Jolla, CA)
Nov-07	76 Sprayberry Rd	Newnan, GA	Rite Aid Drug	1961	298,895	\$4,950,000	\$17	7.4%	Force Sprayberry LLC (Beverly Hills, C
Nov-07	Cadence Design Systems	Chelmsford, MA	Cadence Design Syst	1985	100,000	\$13,664,384	\$137	-	Building Management Co
Nov-07	3155 Grissom Pkwy	Cocoa, FL	FedEx Kinkos	2006	89,101	\$10,450,000	\$117	-	Monmouth Real Estate
Nov-07	7790 Bavaria Rd	Twinsburg, OH	Atlas Steel Products C	1992	121,000	\$7,775,000	\$64	-	STAG Capital Partners
Nov-07	205 Concourse Dr	Santa Rosa, CA	Mesa Beverage Co	1991	83,786	\$11,250,000	\$134	-	Zapolski & Rudd
Nov-07	2300 Haffley Ave	National City, CA	WestAir Gases & Equ	1961	27,113	\$4,000,000	\$148	-	K&S Commercial Investments LLC
Nov-07	DBS Design Center	Sarasota, FL	DBS Desigh Center	1997	27,900	\$2,700,000	\$97	-	AAP Asset Holdings LLC (Sarasota, FL
Nov-07	1800 S Anderson Ave	Compton, CA	Aloha Freight Forwar	1970	83,527	\$10,766,667	\$129	-	Aloha Freight Forwarders (Compton, C
Nov-07	21000 E 32nd St	Aurora, CO	-	1984	112,730	\$3,050,000	\$27	-	21k Investments LLC (Aurora, CO)
Nov-07	Psion Teklogix Corporation	Hebron, KY	Psion Teklogix Corpor	2007	60,000	\$7,200,000	\$120	7.4%	Henderson Kustom, LLC
Nov-07	A W Mendenhall Co Inc	Elk Grove Village, IL	A w Mendenhall Co	1988	255,414	\$15,275,000	\$60	-	AMB Property Corp
Nov-07	2323 NW 82nd Ave	Miami, FL	AeroTurbine Inc	1994	149,000	\$19,478,750	\$131	-	BlackRock Realty
Nov-07	102 Sergeant Square Dr	Sergeant Bluff, IA	Stream International	1987	148,000	\$14,650,000	\$99	-	STAG Capital Partners
Nov-07	EJ Gaisser Bldg	Stamford, CT	EJ Gaisser Inc	1966	29,317	\$3,500,000	\$119	7.6%	1031 Exchange Clearing House Inc (N
Nov-07	Greenbriar Business Park	Nashville, TN	Caterpillar, Inc.	1987	207,143	\$13,044,764	\$63	7.5%	KBS REIT
Nov-07	525 Crossroads Pkwy	Bolingbrook, IL	Quantum Foods	2001	78,870	\$9,138,404	\$116	10.8%	Griffin Capital
Nov-07	SAIC, Inc	Vista, CA	SAIC	1990	120,221	\$28,000,000	\$233	6.0%	Helf Investments