

RADIUS INSIGHT

First Quarter 2011

South Coast Vacancy

Arrows indicate change during Q1 2011

Office/R&D Vacancy

Santa Barbara 5.2% ▼

Goleta 11.2% ▼

Carpinteria 14.9% ▼

Industrial Vacancy

Santa Barbara 1.1% ▼

Goleta 5.7% ▼

Carpinteria 14.8% ▲

Retail Vacancy

Santa Barbara 1.9% ▼

First Quarter 2011 Leasing Overview

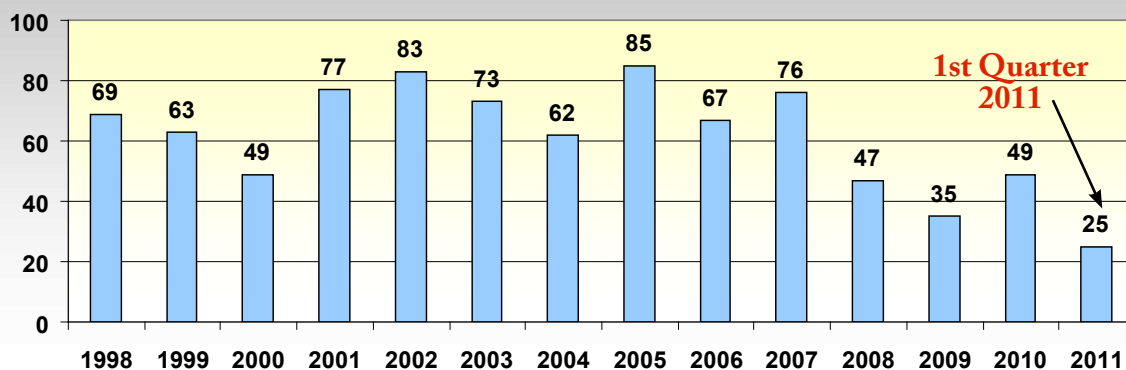
The South Coast lease market saw positive downward movement in vacancy rates across the board, with the exception of the Carpinteria industrial market. This is the first time in four years that all office indices saw a reduction in vacancy. Santa Barbara benefited from a number of new leases, subleases and renewals that took over 50,000 SF of office space off the market. Even more important, Goleta saw a 18% reduction in their vacancy rate through new office leases struck by local companies such as Yardi and Network Hardware Resale. These and others reduced the available square footage by over 100,000 square feet. Retail leasing was light in the first quarter, but this is typical due to the cyclical nature of that sector.

First Quarter 2011 Sales Market Overview

The first quarter of 2011 saw a robust market for sales including some high profile properties changing hands. The biggest news of the quarter was the sale of the La Entrada project to a Los Angeles area developer. Additionally, the sale of the Big Yellow House made headlines.

Activity in the South Coast market was strong with 25 sales of commercial properties during the first quarter (excluding apartments). This compares to 12 sales during the first quarter of 2010. If this pace can be maintained then 2011 will see the most sales since 2007.

South Santa Barbara County Commercial Sale Transactions (Excludes Apartments)

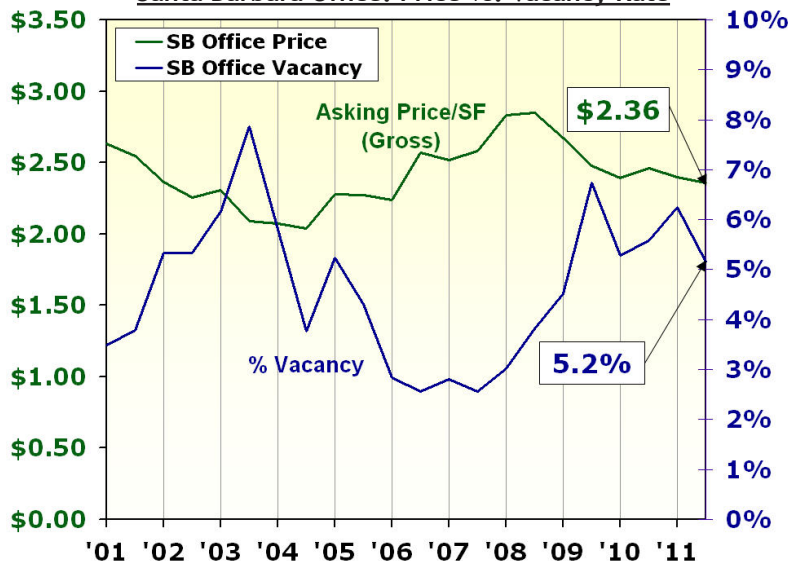


The average number of transactions over the last 13 years is **64** per year.

Santa Barbara Office Leasing

Santa Barbara's Office market saw very good movement during the first quarter of 2011. With over 50,000 SF of absorption the vacancy rate decreased from 6.2% to 5.2%. Additionally, there was a continuation of small office leasing bolstering the recovery of the overall market. As more small office users come back to the marketplace, the general attitude remains positive towards continued recovery. Lease rates continue to adjust slightly to try and remain competitive against lower asking rates in Goleta and Carpinteria. Achieved rates in Santa Barbara are averaging around \$.20/SF less than asking rates so there is still room to negotiate for tenants in the marketplace.

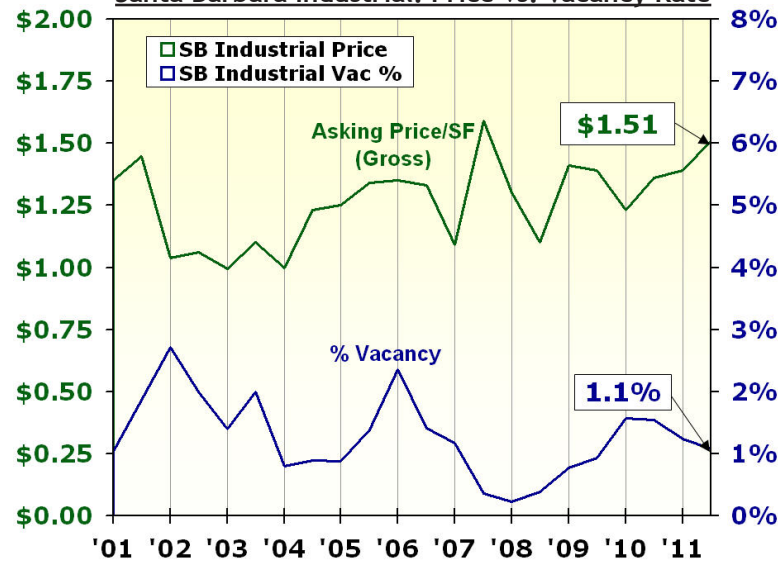
Santa Barbara Office: Price vs. Vacancy Rate



Santa Barbara Industrial Leasing

Santa Barbara's Industrial market showed good activity in the first quarter despite only a slight decrease in the vacancy rate from 1.2% to 1.1%. The reason behind this was renewals or extensions of leases for existing properties. There were less than five leases completed where new tenants were moving into an industrial property. This is not entirely a surprise as the supply of space has remained flat. The average asking rate rose slightly to \$1.51 per SF gross. This rate is artificially high as there are a couple of properties causing the average asking price to rise. The true asking rate is closer to \$1.25 per SF gross. Vacancy rates should remain stable throughout the next quarter with little anticipated activity to come.

Santa Barbara Industrial: Price vs. Vacancy Rate



LARGEST AVAILABLE OFFICE SPACES

ADDRESS	SIZE (SF)	VACATED BY
360 Olive Street	14,900 SF	ControlPoint
901 Olive Street	14,400 SF	SoftShare
10 E Yanonali Street	10,000 SF	Blue Casa
3757 State Street	9,400 SF	Multiple Tenants

LARGEST OFFICE SPACE LEASES Q1 2011

ADDRESS	SIZE (SF)	LEASED BY
610 Anacapa Street	31,000 SF	Antioch University
3660 State Street	11,900 SF	Wells Fargo
7 W Figueroa Street	7,200 SF	Underground Energy
121 Gray Avenue	5,300 SF	Outreach Systems, Inc.

LARGEST AVAILABLE INDUSTRIAL SPACES

ADDRESS	SIZE (SF)	VACATED BY
1 N Calle Cesar Chavez	15,300 SF	Murray Plumbing
820 Bond Avenue	7,500 SF	Profile Record Storage
131 Anacapa Street	6,600 SF	Multiple Tenants
137 Anacapa Street	3,200 SF	Multiple Tenants

LARGEST INDUSTRIAL LEASES Q1 2011

ADDRESS	SIZE (SF)	LEASED BY
415 N Salsipuedes	14,400 SF	Sonos, Inc.
1 N Calle Cesar Chavez	12,200 SF	Synergy Body Care 218
E Cota Street	4,600 SF	Aura Construction
125 N Nopal	3,300 SF	Augustine

Santa Barbara Retail Leasing

Santa Barbara's Retail sector saw only modest activity during the first quarter of 2011. This is not uncommon as the nature of retail is cyclical and the first quarter is typically slower. There are several new State Street vacancies but these are in the desirable blocks of downtown State so it is expected that there will be strong interest in leasing there. The vacancy rate is below 2% for the first time since 2009 but that could change depending on activity during the second quarter.

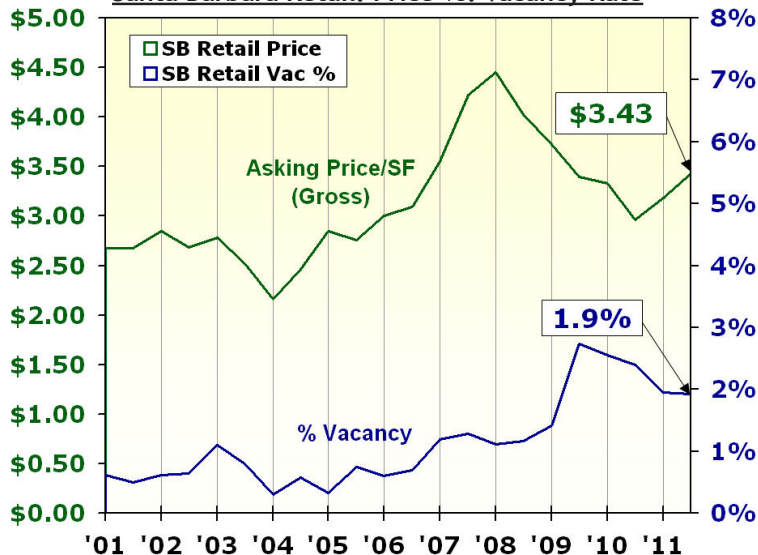
LARGEST AVAILABLE RETAIL SPACES

ADDRESS	SIZE (SF)	VACATED BY
314 State Street	23,000 SF	Multiple Tenants
424 State Street	16,900 SF	Pep Boys
1117 State Street	11,200 SF	Antica Rugs
34 W Carrillo Street	5,900 SF	Greyhound

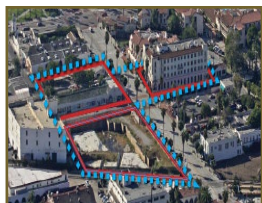
LARGEST RETAIL LEASES Q1 2011

ADDRESS	SIZE (SF)	LEASED BY
5184 Hollister Ave.	3,800 SF	Rent A Center
740 State (Basement)	3,500 SF	Spa
228 E Cota Street	2,000 SF	Physical Fitness
3617 State Street	1,500 SF	Bayside Watch

Santa Barbara Retail: Price vs. Vacancy Rate



SOUTH COAST HIGHLIGHT SALES - Q1 2011



35 State Street

Bldg. Size: 39,400 SF
Price: \$5,000,000



5266-5276 Hollister

Bldg. Size: 49,300 SF
Price: \$8,050,000



610 Anacapa Street

Bldg. Size: 36,800 SF
Price: \$11,500,000



136 State Street

Bldg. Size: 7,500 SF
Price: \$3,000,000

SOUTH COAST HIGHLIGHT LEASES - Q1 2011



6500 Hollister Avenue

Size: 36,700 SF
Tenant: Network Hardware



7 W Figueroa Street

Size: 7,200 SF
Tenant: Underground Energy



82 Coromar Drive

Size: 57,600 SF
Tenant: Network Hardware



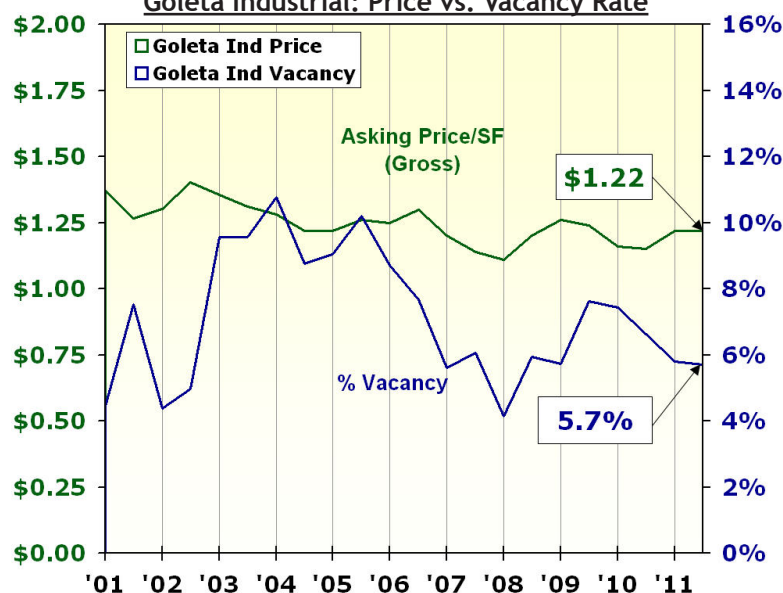
115 S La Cumbre Lane

Size: 4,700 SF
Tenant: Sabrient Systems

Goleta Industrial Leasing

The Goleta Industrial sector's vacancy rate dropped from 5.8% to 5.7% during the first quarter of 2011. The highlight lease was from Network Hardware, who leased approximately 58,000 SF at 82 Coromar Drive, a property that has been available for almost three years. There are currently a number of larger tenants in the market for larger space. If deals are consummated the vacancy rate could drop below 5.5% by the end of the second quarter.

Goleta Industrial: Price vs. Vacancy Rate



LARGEST AVAILABLE INDUSTRIAL SPACES

ADDRESS	SIZE (SF)	VACATED BY
6775 Hollister Ave.	81,300 SF	DuPont
30 S La Patera	33,000 SF	Multiple Tenants
6466 Hollister Ave.	20,900 SF	FedEx
26 Castilian Drive	20,400 SF	Network Hardware

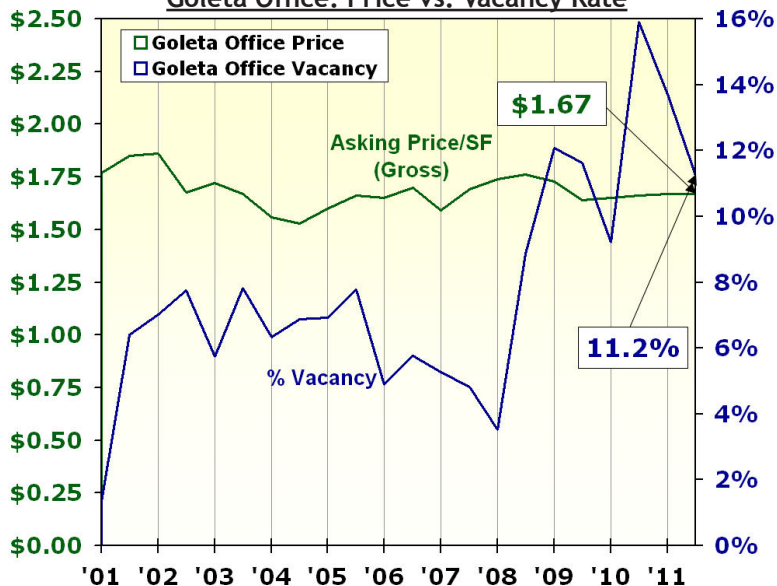
LARGEST INDUSTRIAL LEASES Q1 2011

ADDRESS	SIZE (SF)	LEASED BY
82 Coromar Drive	57,600 SF	Network Hardware
6487 Calle Real	2,900 SF	Territory Ahead, Inc.
5737 Thornwood Drive	2,000 SF	Advanced Vision

Goleta Office Leasing

The Goleta Office sector continued to improve through the first quarter of 2011 with an **18% decline** in the vacancy rate from **13.7% to 11.2%**. Goleta saw over 100,000 SF of office space lease during the first three months of this year. Growth from companies like Yardi, Network Hardware and Control Point helped fuel the expansion. This is the third straight quarter of decline in the vacancy rate and indicates a real recovery in one of the hardest hit sectors of the South Coast market. While the vacancy rate remains above the double digit level, the improvement in the market goes beyond statistics. One particular item of note is the small amount of medium size (2,000 SF to 4,000 SF) office inventory in Goleta. There are only a handful of properties in the Goleta market available currently (most of which would be classified as larger spaces - 10,000 SF+).

Goleta Office: Price vs. Vacancy Rate



LARGEST AVAILABLE OFFICE SPACES

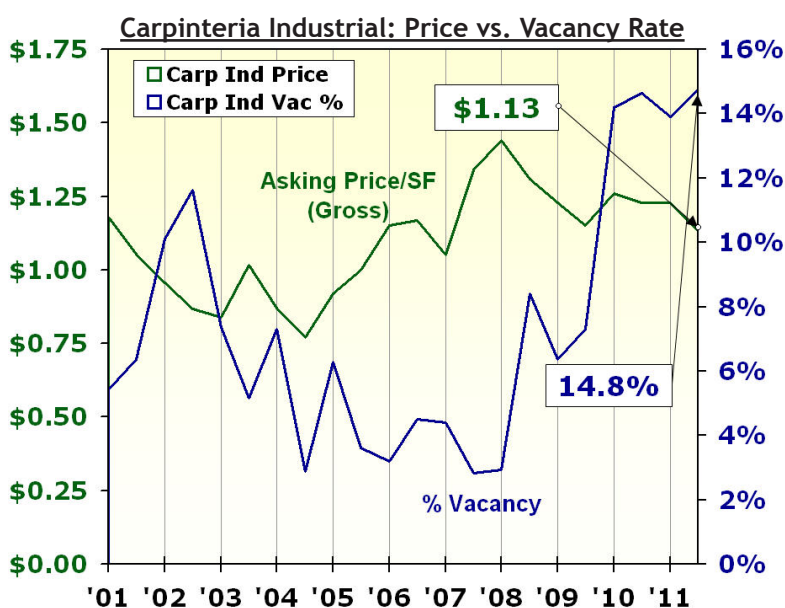
ADDRESS	SIZE (SF)	VACATED BY
7418 Hollister Ave.	86,300 SF	Raytheon
50 Castilian Drive	43,300 SF	Cottage Hospital
26 Castilian Drive	34,600 SF	Network Hardware
5385 Hollister Ave.	29,800 SF	Multiple Tenants

LARGEST OFFICE LEASES Q1 2011

ADDRESS	SIZE (SF)	LEASED BY
6500 Hollister Avenue	36,700 SF	Network Hardware
425 Pine Avenue	15,600 SF	Yardi Systems
110 Castilian Drive	14,200 SF	Control Point
120 Cremona Drive	12,900 SF	Deckers

Carpinteria Industrial Leasing

The Carpinteria Industrial sector was the only sector of the South Coast market that saw an increase in the vacancy rate for the first quarter of 2011 from 13.9% to 14.8%. There was no real activity in this sector during the quarter and it is not forecasted to be much different for the remainder of the year. The market continues to be stagnant due to the pull of the Ventura/Oxnard/Camarillo markets to the south and the Goleta market to the north.



LARGEST AVAILABLE INDUSTRIAL SPACES

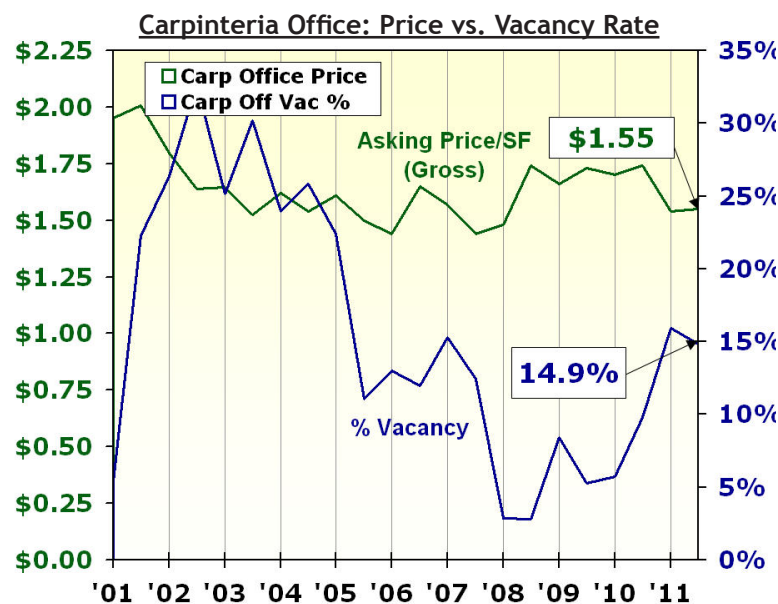
ADDRESS	SIZE (SF)	VACATED BY
1026 Cindy Lane	68,400 SF	Multiple Tenants
6382 Rose Lane	39,100 SF	Pacific Scientific
1015 Cindy Lane	19,400 SF	Helix
5045 6th Street	13,000 SF	

LARGEST INDUSTRIAL LEASES Q1 2011

ADDRESS	SIZE (SF)	LEASED BY
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Carpinteria Office Leasing

Carpinteria's Office sector saw a continuation of activity for lynda.com and few others as the only leases of note came from lynda.com continuing to expand at the South Coast Business Park. lynda.com added approximately 9,400 SF to its books. The asking rate for space in Carpinteria remains approximately \$1.55 per SF on a modified gross basis. This is still high compared to where it will have to be to compete against Santa Barbara and Goleta. Landlords have tried to be aggressive in their pricing by lowering Base Rents, but the property taxes end up forcing the overall rent closer to the \$1.50 per SF modified gross level. A few property owners have successfully achieved modifications to their property taxes based on new appraisals and that should help lower their bottom line.



LARGEST AVAILABLE OFFICE SPACES

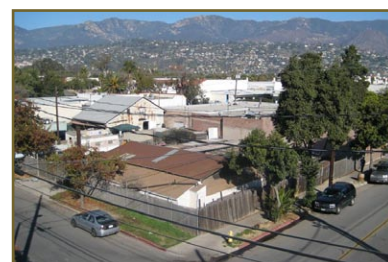
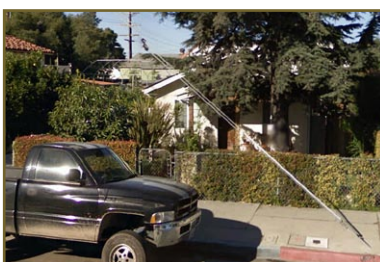
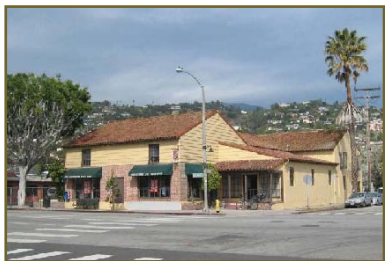
ADDRESS	SIZE (SF)	VACATED BY
5464 Carpinteria Ave	23,800 SF	Microsoft
4180 Via Real	16,100 SF	Multiple Tenants
6307 Carpinteria Ave.	9,900 SF	Clipper Windpower
1180 Eugenia	5,600 SF	Divecon, Inc.

LARGEST OFFICE SPACE LEASES Q1 2011

ADDRESS	SIZE (SF)	LEASED BY
6440 Via Real 5-8	4,600 SF	lynda.com
6450 Via Real 1-2	3,300 SF	lynda.com
6420 Via Real 5-6	2,500 SF	lynda.com
5464 Carpinteria Ave	2,100 SF	Atlas Legal Services

Radius Sold Properties 1st Quarter 2011

17 Commercial Sales out of a Total of 25 on the South Coast



Highlight Apartment Sales South Santa Barbara County

There seems to be an appetite in our area for larger properties up and down our central coast. The appeal to the south county still remains very strong as a blue chip investment. Prices seem to be stabilized and with the exceptional interest rates with the investors moving to bonds keeping rates at historic lows we have seen some slight price increases from the previous year. We also have more lenders in the market than previously with an ample amount of lenders for apartment properties

There were 5 sales of apartment in the South County and there are currently three more in escrow, we anticipate more closings in 2011 than in 2010. The year 2010 also exceeded the year 2009 in sales as we anticipate that we have seen the trough

Lompoc had two large apartment sales in the first quarter. Heritage Oaks Villas, a 101 unit complex sold for 11,500,000 in February of this year, and Laurel Townhomes, a 48 unit building sold

for \$4,650,000. We anticipate an increase in sales in the North County moving forward. These are the first two sales of apartments over 10 units in the Lompoc area in over two years, a positive sign and larger numbers. We are hopeful to see a trend of this in the North County

Due to the limited inventory of available rental units on the South Coast, landlords were still able to see slightly positive growth for rents year to date in 2010. With little, if any new rental units being developed, we are in an environment where too many people are chasing after too few available rentals, thus keeping our rents at a stable basis which makes the central coast so attractive to invest in plus folks that are losing their homes that need to stay in the area become renters

For more information on apartment properties please call Steve Golis or Dan McGregor

Highlight Apartment Sales 1st Qtr 2011



**Heritage Oaks Villas
Lompoc
101 Units
\$12,000,000**



**Laurel Townhomes
Lompoc
48 Units
\$4,650,000**



Radius Group Commercial Real Estate is the dominant full service commercial real estate brokerage firm on California's Central Coast. Our dedication to providing successful real estate solutions to client requirements is evidenced by our unparalleled results.

Our Reputation Says It All...Ask Anyone

Radius Group Commercial Real Estate 2011 Accomplishments

☞ Radius completed more sales and leases to date in 2011 than any other brokerage on the South Coast.

☞ Radius handled 17 commercial sales transactions in the first quarter of 2011. That represents 70% of all transactions year to date.

☞ Radius sold the largest office complex in Goleta in the first quarter of 2011.

☞ Radius has sold and leased more commercial property than any other company on the South Coast since 2002.

☞ Radius sold the last undeveloped corner on Coast Village Road in Montecito.

☞ What can we do for you in 2011?

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