UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2011

OR

¨ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Commission File Number 001-33201

DCT INDUSTRIAL TRUST INC.

(Exact name of registrant as specified in its charter)

Maryland	**82-0538520**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
518 Seventeenth Street, Suite 800	
Denver, Colorado	**80202**
(Address of principal executive offices)	**(Zip Code)**

(303) 597-2400

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of July 28, 2011, 246,173,090 shares of common stock of DCT Industrial Trust Inc., par value $0.01 per share, were outstanding.

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except share information)

	June 30, 2011 (unaudited)	December 31, 2010
ASSETS		
Land	$ 594,070	$ 567,152
Buildings and improvements	2,412,161	2,343,835
Intangible lease assets	90,963	93,497
Construction in progress	28,088	32,952
Total investment in properties	**3,125,282**	**3,037,436**
Less accumulated depreciation and amortization	(584,716)	(528,705)
Net investment in properties	**2,540,566**	**2,508,731**
Investments in and advances to unconsolidated joint ventures	137,287	138,455
Net investment in real estate	**2,677,853**	**2,647,186**
Cash and cash equivalents	8,080	17,330
Notes receivable	1,138	1,222
Deferred loan costs, net	8,048	5,883
Straight-line rent and other receivables, net of allowance for doubtful accounts of $2,449 and $2,088, respectively	39,383	33,278
Other assets, net	14,039	14,990
Total assets	**$ 2,748,541**	**$ 2,719,889**
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 33,117	$ 38,354
Distributions payable	19,021	17,458
Tenant prepaids and security deposits	21,398	20,759
Other liabilities	14,907	12,373
Intangible lease liability, net	18,163	18,748
Line of credit	96,000	51,000
Senior unsecured notes	710,000	735,000
Mortgage notes	376,664	425,359
Total liabilities	**1,289,270**	**1,319,051**
Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, none outstanding		
Shares-in-trust, $0.01 par value, 100,000,000 shares authorized, none outstanding		
Common stock, $0.01 par value, 350,000,000 shares authorized 245,551,842 and 222,946,676 shares issued and outstanding as of June 30, 2011 and December 31, 2010, respectively	2,455	2,229
Additional paid-in capital	2,015,127	1,898,289
Distributions in excess of earnings	(740,548)	(689,127)
Accumulated other comprehensive loss	(17,752)	(15,289)

Total stockholders equity	**1,259,282**	**1,196,102**
Noncontrolling interests	199,989	204,736
Total equity	**1,459,271**	**1,400,838**
Total liabilities and equity	**$ 2,748,541**	**$ 2,719,889**

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(unaudited, in thousands, except per share information)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
REVENUES:				
Rental revenues	$ 63,264	$ 58,366	$ 125,598	$ 116,148
Institutional capital management and other fees	1,129	1,038	2,148	2,005
Total revenues	**64,393**	**59,404**	**127,746**	**118,153**
OPERATING EXPENSES:				
Rental expenses	8,887	8,007	17,582	16,595
Real estate taxes	9,068	9,218	18,507	18,349
Real estate related depreciation and amortization	32,298	28,948	63,441	57,228
General and administrative	7,063	6,362	14,119	12,394
Impairment losses		4,556		4,556
Casualty gains	(1,244)		(1,244)	
Total operating expenses	**56,072**	**57,091**	**112,405**	**109,122**
Operating income	**8,321**	**2,313**	**15,341**	**9,031**
OTHER INCOME AND EXPENSE:				
Equity in loss of unconsolidated joint ventures, net	(1,126)	(349)	(2,483)	(907)
Impairment losses on investments in unconsolidated joint ventures	(1,934)		(1,934)	
Loss on business combinations				(395)
Interest expense	(14,768)	(13,225)	(30,279)	(25,988)
Interest and other income (expense)	14	353	99	(115)
Income tax expense and other taxes	(121)	(582)	(161)	(820)
Loss from continuing operations	**(9,614)**	**(11,490)**	**(19,417)**	**(19,194)**
Income (loss) from discontinued operations	79	(628)	37	(1,160)
Loss before gain on dispositions of real estate interests	**(9,535)**	**(12,118)**	**(19,380)**	**(20,354)**
Gain on dispositions of real estate interests				16
Consolidated net loss of DCT Industrial Trust Inc.	**(9,535)**	**(12,118)**	**(19,380)**	**(20,338)**
Net loss attributable to noncontrolling interests	1,060	1,387	2,369	2,383
Net loss attributable to common stockholders	**$ (8,475)**	**$ (10,731)**	**$ (17,011)**	**$ (17,955)**
EARNINGS PER COMMON SHARE BASIC AND DILUTED:				
Loss from continuing operations	$ (0.04)	$ (0.05)	$ (0.07)	$ (0.08)
Income (loss) from discontinued operations	0.00	0.00	0.00	(0.01)
Net loss attributable to common stockholders	$ (0.04)	$ (0.05)	$ (0.07)	$ (0.09)

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic and diluted	245,413	210,841	239,261	209,602
AMOUNTS ATTRIBUTABLE TO COMMON STOCKHOLDERS:				
Loss from continuing operations	$ (8,546)	$ (10,173)	$ (17,044)	$ (16,927)
Income (loss) from discontinued operations	71	(558)	33	(1,028)
Net loss attributable to common stockholders	$ (8,475)	$ (10,731)	$ (17,011)	$ (17,955)
Distributions declared per common share	$ 0.07	$ 0.07	$ 0.14	$ 0.14

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders Equity,

Comprehensive Income (Loss) and Noncontrolling Interests

For the Six Months Ended June 30, 2011

(unaudited, in thousands)

	DCT Industrial Trust Inc. and Subsidiaries						
		Common Stock				Accumulated Other Compre-hensive	
	Total Equity	Shares	Amount	Additional Paid-in Capital	Distributions In Excess of Earnings	Loss	Non-controlling Interests
Balance at December 31, 2010	**$ 1,400,838**	**222,947**	**$ 2,229**	**$ 1,898,289**	**$ (689,127)**	**$ (15,289)**	**$ 204,736**
Comprehensive income (loss):							
Net loss	(19,380)				(17,011)		(2,369)
Net unrealized loss on cash flow hedging derivatives	(3,128)					(2,829)	(299)
Realized gains related to hedging activities	129					117	12
Amortization of cash flow hedging derivatives	468					423	45
Allocation of interests						(174)	174
Comprehensive loss	(21,911)				(17,011)	(2,463)	(2,437)
Issuance of common stock, net of offering costs	111,588	21,850	219	111,369			
Issuance of common stock, stock-based compensation plans	(20)	135	1	(21)			
Amortization of stock-based compensation	2,664			898			1,766
Distributions to common stockholders and noncontrolling interests	(38,258)				(34,410)		(3,848)
Partner contributions to noncontrolling interests	4,457						4,457
Redemptions of noncontrolling interests	(87)	620	6	4,592			(4,685)
Balance at June 30, 2011	**$ 1,459,271**	**245,552**	**$ 2,455**	**$ 2,015,127**	**$ (740,548)**	**$ (17,752)**	**$ 199,989**

The accompanying notes are an integral part of these Consolidated Financial Statements.

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(unaudited, in thousands)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
OPERATING ACTIVITIES:		
Consolidated net loss of DCT Industrial Trust Inc.	**$ (19,380)**	**$ (20,338)**
Adjustments to reconcile consolidated net loss of DCT Industrial Trust Inc. to net cash provided by operating activities:		
Real estate related depreciation and amortization	63,441	57,776
Distributions of earnings from unconsolidated joint ventures	1,528	1,439
Equity in loss of unconsolidated joint ventures, net	2,483	907
Stock-based compensation	2,664	2,348
Impairment losses	1,934	4,743
Casualty gains	(1,244)	
Straight - line rent	(5,253)	(2,785)
Other	1,785	4,152
Changes in operating assets and liabilities:		
Other receivables and other assets	1,716	2,786
Accounts payable, accrued expenses and other liabilities	(260)	(7,169)
Net cash provided by operating activities	**49,414**	**43,859**
INVESTING ACTIVITIES:		
Real estate acquisitions	(64,148)	(7,242)
Capital expenditures and development activities	(30,916)	(23,951)
Increase of deferred acquisition costs and deposits	(1,695)	(212)
Proceeds from dispositions of real estate investments, net		571
Investments in unconsolidated joint ventures	(4,946)	(662)
Repayment of notes receivable	84	1,641
Insurance proceeds from casualty reimbursement for capital expenditures	3,760	
Other investing activities	(573)	3,168
Net cash used in investing activities	**(98,434)**	**(26,687)**
FINANCING ACTIVITIES:		
Proceeds from senior unsecured revolving line of credit	150,000	223,000
Repayments of senior unsecured revolving line of credit	(105,000)	(223,000)
Proceeds from senior unsecured debt		210,000
Repayments of senior unsecured debt	(25,000)	(100,000)
Proceeds from mortgage notes		123,000
Principal payments on mortgage notes	(51,762)	(223,375)
Increase of deferred loan costs	(3,454)	(760)
Issuance of common stock	111,931	9,071
Offering costs for issuance of common stock and OP Units	(343)	(505)
Redemption of OP units	(87)	(407)
Distributions to common stockholders	(32,832)	(29,298)
Distributions to noncontrolling interests	(3,739)	(3,985)
Contributions from noncontrolling interests	56	196

Net cash provided by (used in) financing activities		**39,770**		**(16,063)**
NET INCEASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(9,250)**		**1,109**
CASH AND CASH EQUIVALENTS, beginning of period		**17,330**		**19,120**
CASH AND CASH EQUIVALENTS, end of period	**$**	**8,080**	**$**	**20,229**
Supplemental Disclosures of Cash Flow Information				
Cash paid for interest, net of capitalized interest	$	29,960	$	24,675
Supplemental Disclosures of Non-Cash Activities				
Retirement of fully amortized intangible lease assets, net	$	6,292	$	17,756
Redemptions of OP Units settled in shares of common stock	$	4,598	$	13,331
Assumption of mortgage notes in connection with real estate acquired	$	3,875	$	8,786
Contributions of real estate from noncontrolling interests	$	4,401	$	

The accompanying notes are an integral part of these Consolidated Financial Statements.

DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Unaudited)

Note 1 Organization

DCT Industrial Trust Inc. is a leading industrial real estate company that owns, operates and develops high-quality bulk distribution and light industrial properties in high-volume distribution markets in the U.S. and Mexico. As used herein, DCT Industrial Trust, DCT, the Company, we, our and us refer to DCT Industrial Trust Inc. and its consolidated subsidiaries and partnerships except where the context otherwise requires. We were formed as a Maryland corporation in April 2002 and have elected to be treated as a real estate investment trust (REIT) for United States (U.S.) federal income tax purposes. We are structured as an umbrella partnership REIT under which substantially all of our current and future business is, and will be, conducted through a majority owned and controlled subsidiary, DCT Industrial Operating Partnership LP (the operating partnership), a Delaware limited partnership, for which DCT Industrial Trust Inc. is the sole general partner. We own our properties through our operating partnership and its subsidiaries. As of June 30, 2011, we owned approximately 91% of the outstanding equity interests in our operating partnership.

As of June 30, 2011, the Company owned interests in, managed or had under development approximately 77.8 million square feet of properties leased to more than 860 customers, including:

- 58.9 million square feet comprising 406 consolidated properties owned in our operating portfolio which was 88.6% occupied;

- 14.6 million square feet comprising 45 unconsolidated and managed properties with an occupancy of 91.9% and one managed-only property on behalf of three institutional capital management joint venture partners;

- 3.9 million square feet comprising ten unconsolidated buildings with two of our unconsolidated joint venture partners; and

- 0.4 million square feet comprising two consolidated properties in redevelopment.

Note 2 Summary of Significant Accounting Policies

Interim Financial Information

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited Consolidated Financial Statements include all adjustments, consisting of normal recurring items, necessary for their fair presentation in conformity with GAAP. Interim results are not necessarily indicative of results for a full year. The information included in this Form 10-Q should be read in conjunction with our audited Consolidated Financial Statements as of December 31, 2010 and related notes thereto as filed on Form 10-K on February 25, 2011.

Basis of Presentation

The accompanying Consolidated Financial Statements include the financial position, results of operations and cash flows of the Company, its wholly-owned qualified REIT and taxable REIT subsidiaries, the operating partnership and its consolidated joint ventures, in which it has a controlling interest. Third-party equity interests in the operating partnership and consolidated joint ventures are reflected as noncontrolling interests in the Consolidated Financial Statements. We also have noncontrolling partnership interests in unconsolidated institutional capital management and other joint ventures, which are accounted for under the equity method. All significant intercompany amounts have been eliminated.

Principles of Consolidation

We hold interests in both consolidated and unconsolidated joint ventures. All joint ventures over which we have financial and operating control, and variable interest entities (VIE s) in which we have determined that we are the primary beneficiary, are included in the Consolidated Financial Statements. We use the equity method of accounting for joint ventures over which we do not have a controlling interest or where we do not exercise significant control over major operating and management decisions but where we exercise significant influence and include our share of earnings or losses of these joint ventures in our consolidated net loss.

We analyze our joint ventures in accordance with GAAP to determine whether they are VIE s and, if so, whether we are the primary beneficiary. Our judgment with respect to our level of influence or control over an entity and whether we are the primary beneficiary of a VIE involves consideration of various factors including the form of our ownership interest, our representation on the entity s board of directors, the size of our investment (including loans) and our ability to participate in major decisions. Our ability to correctly assess our influence or control over an entity affects the presentation of these investments in the Consolidated Financial Statements and, consequently, our financial position and results of operations.

Reclassifications

Certain items in our Consolidated Financial Statements for 2010 have been reclassified to conform to the 2011 presentation.

Use of Estimates

The preparation of the Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capitalization of Costs

We capitalize costs directly related to the development, predevelopment, redevelopment or improvement of our investment in real estate, referred to as development projects and other activities included within this paragraph. Costs associated with our development projects are capitalized as incurred. If the project is abandoned, these costs are expensed during the period in which the project is abandoned. Costs considered for capitalization include, but are not limited to, construction costs, interest, real estate taxes, insurance and leasing costs, if appropriate. We capitalize indirect costs such as personnel, office, and administrative expenses that are directly related to our development projects based on an estimate of the time spent on the development activities. Interest is capitalized based on actual capital expenditures from the period when development or redevelopment commences until the asset is ready for its intended use, at the weighted average borrowing rates during the period. Costs incurred for maintaining and repairing our properties, which do not extend their useful lives, are expensed as incurred.

We also capitalize interest on qualifying investments in unconsolidated joint ventures. Interest is capitalized based on the average capital invested in a venture during the period when development or predevelopment begins until planned principle operations commence, at the weighted average borrowing rates during the period.

Discontinued Operations

We classify certain properties and related assets and liabilities as held for sale when certain criteria are met. At such time, the respective assets and liabilities are presented separately on our Consolidated Balance Sheets. We include liabilities related to assets held for sale that will be transferred in the transaction in Liabilities related to assets held for sale. Assets held for sale are reported at the lower of carrying value or estimated fair value less estimated costs to sell. The operating results of such properties are presented in Income (loss) from discontinued operations in current periods and all comparable periods presented. Depreciation is not recorded on properties held for sale; however, depreciation expense recorded prior to classification as held for sale is included in Income (loss) from discontinued operations. Gains on sales of real estate assets are recognized if the specific transaction terms and any continuing involvement in the form of management or financial assistance meet the various sale recognition criteria as defined by GAAP. If the criteria are not met, we defer the gain until such time that the criteria for sale recognition have been met. Net gains on sales and any impairment losses associated with assets held for sale are presented in Income (loss) from discontinued operations when recognized.

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Fair Value

The Financial Accounting Standards Board (FASB) issued guidance related to accounting for fair value measurements which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the exit price or price at which an asset (in its highest and best use) would be sold or liability assumed by an informed market participant in a transaction that is not distressed and is executed in the most advantageous market. This guidance provides a framework of how to determine such measurements on reported balances which are required or permitted to be measured at fair value under existing accounting pronouncements and emphasizes that fair value is a market-based rather than an entity-specific measurement. Therefore, our fair value measurement is determined based on the assumptions that market participants would use to price the asset or liability. As a basis for considering market participant assumptions in fair value measurements, this guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity s own assumptions about market participant assumptions based on the best information available in the circumstances (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals, and the contracted sales price for assets held for sale. Level 3 inputs are unobservable inputs for the asset or liability that are typically based on management s own assumptions, as there is little, if any, related observable market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Investment in Properties

We record the assets, liabilities and noncontrolling interests associated with property acquisitions which qualify as business combinations at their respective acquisition-date fair values which are derived using a market, income or replacement cost approach, or a combination thereof. Acquisition-related costs associated with business combinations are expensed as incurred. As defined by GAAP, a business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or other economic benefits directly to investors or other owners, members, or participants. We do not consider acquisitions of land or unoccupied buildings to be business combinations. Rather, these transactions are treated as asset acquisitions and recorded at cost.

The fair value of identifiable tangible assets such as land, building, building and land improvements and tenant improvements is determined on an as-if-vacant basis. Management considers Level 3 inputs such as the replacement cost of such assets, appraisals, property condition reports, market data and other related information in determining the fair value of the tangible assets. The difference between the fair value and the face value of debt assumed in connection with an acquisition is recorded as a premium or discount and amortized to Interest expense over the life of the debt assumed. The valuation of assumed liabilities is based on the current market rate for similar liabilities. The recorded fair value of intangible lease assets includes Level 3 inputs and represents the value associated with in-place leases which include leasing commissions, legal and other costs, as well as an intangible asset or liability resulting from in-place leases being above or below the market rental rates over the lease term on the date of the acquisition. Intangible lease assets or liabilities are amortized over the reasonably assured lease term of the remaining in-place leases as an adjustment to Rental revenues or Real estate related depreciation and amortization depending on the nature of the intangible.

We have certain properties which we have acquired or removed from service with the intention to redevelop the property. Buildings under redevelopment require significant construction activities prior to being placed back into service. We generally do not depreciate properties classified as redevelopment until the date that the redevelopment properties are ready for their intended use.

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Real estate, including land, building, building and land improvements, tenant improvements, leasehold improvements, leasing costs and intangible lease assets and liabilities are stated at historical cost less accumulated depreciation and amortization, unless circumstances indicate that the cost cannot be recovered, in which case, the carrying value of the property is reduced to estimated fair value.

Depreciation and Useful Lives of Real Estate Assets

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the related assets or liabilities. Our ability to assess the useful lives of our real estate assets accurately is critical to the determination of the appropriate amount of depreciation and amortization expense recorded and the carrying values of the underlying assets. Any change to the estimated depreciable lives of these assets would have an impact on the depreciation and amortization expense we recognize.

The following table reflects the standard depreciable lives typically used to compute depreciation and amortization. However, such depreciable lives may be different based on the estimated useful life of such assets or liabilities. The carrying value of assets sold or retired and the related accumulated depreciation and/or amortization is derecognized and the resulting gain or loss, if any, is recorded during the period in which such sale or retirement occurs.

Description	Standard Depreciable Life
Land	Not depreciated
Building	20 40 years
Building and land improvements	5 20 years
Tenant improvements	Shorter of lease term or useful life
Leasehold improvements	5 20 years
Leasing costs	Lease term
Other intangible lease assets	Average term of leases for property
Above/below market rent assets/liabilities	Reasonably assured lease term

Depreciation is not recorded on real estate assets currently held for sale or contribution, in pre-development, or being developed or redeveloped until the building is substantially completed and ready for its intended use, not later than one year from cessation of major construction activity.

Impairment of Properties

Investments in properties classified as held for use are carried at cost and evaluated for impairment at least annually and when events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable. Examples of such changes in circumstances include the point at which we deem a building to be held for sale, our intended hold period changes, or when a building remains vacant significantly longer than expected. For investments in properties that we intend to hold long-term, the recoverability is based on the estimated future undiscounted cash flows. If the asset carrying value is not supported on an undiscounted cash flow basis, the amount of impairment is measured as the difference between the carrying value and the fair value of the asset and is reflected in Impairment losses on the Consolidated Statements of Operations. The determination of fair value of real estate assets to be held for use is derived using the discounted cash flow method and involves a number of management assumptions relating to future economic events that could materially affect the determination of the ultimate value, and therefore, the carrying amounts of our real estate. Such assumptions are Level 3 inputs and include, but are not limited to, projected vacancy rates, rental rates, property operating expenses and capital expenditures. The capitalization rate is also a significant driving factor in determining the property valuation and requires management s judgment of factors such as market knowledge, historical experience, lease terms, tenant financial strength, economy, demographics, environment, property location, visibility, age, physical condition and expected return requirements, among other things. The aforementioned factors are taken as a whole by management in determining the valuation of investment property. The valuation is sensitive to the actual results of any of these uncertain factors, either individually or taken as a whole. Should the actual results differ from management s estimates, the valuation could be negatively affected and may result in additional impairments recorded in the Consolidated Financial Statements.

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Investments in properties classified as held for sale are measured at the lower of their carrying amount or fair value (typically, the contracted sales price, a Level 2 input) less estimated costs to sell. Impairment of assets held for sale is a component of Income (loss) from discontinued operations in the Consolidated Statements of Operations and is further detailed in Note 12 Discontinued Operations and Assets Held for Sale.

Investments in and Advances to Unconsolidated Joint Ventures

We account for our investments in and advances to unconsolidated joint ventures under the equity method because we exercise significant influence over, but do not control, these entities. Under the equity method, these investments (including advances to joint ventures) are initially recorded at cost and are subsequently adjusted to reflect our proportionate share of net earnings or losses of each of the joint ventures, distributions received, contributions made and certain other adjustments, as appropriate. Such investments are included in Investments in and advances to unconsolidated joint ventures in our Consolidated Balance Sheets. Distributions from these investments that are related to earnings from operations are included as operating activities and distributions that are related to capital transactions are included as investing activities in our Consolidated Statements of Cash Flows.

Investment properties that are contributed to unconsolidated joint ventures are not considered discontinued operations due to our continuing involvement through maintaining an ownership interest in these investment properties and continuing to act as manager of the assets. We recognize any gains from the contribution of investment properties into an unconsolidated joint venture if the recognition criteria have been met and the cash received is not required to be reinvested. Such gains are recognized to the extent of the outside ownership interest in the joint venture in our Consolidated Statements of Operations under the heading of Gain on dispositions of real estate interests. Any gain related to the remaining proceeds reduces our basis in the investment in the unconsolidated joint venture, and is recognized into earnings over the weighted average life of the related property s real estate assets. We recognize our proportionate share of the ongoing earnings or losses of each unconsolidated joint venture in Equity in loss of unconsolidated joint ventures, net in our Consolidated Statements of Operations.

We evaluate our investments in unconsolidated entities for impairment whenever events or changes in circumstances indicate that there may be an other-than-temporary decline in value. To do so, we calculate the estimated fair value of the investment using a market, income or replacement cost approach, or combination thereof. The amount of impairment recognized, if any, would be the excess of the investment s carrying amount over its estimated fair value. We consider various factors to determine if a decline in the value of the investment is other-than-temporary. These factors are Level 2 and 3 inputs and include but are not limited to, age of the venture, our intent and ability to retain our investment in the entity, the financial condition and long-term prospects of the entity, expected term of the investment and the relationships with the other joint venture partners and its lenders. If we believe that the decline in the fair value is temporary, no impairment is recorded. The aforementioned factors are taken as a whole by management in determining the valuation of our investment property. Should the actual results differ from management s estimates, the valuation could be negatively affected and may result in a negative impact on the Consolidated Financial Statements.

DCT currently has a 50% ownership interest in an unconsolidated joint venture consisting of four buildings referred to as IDI/DCT. In June 2011, the joint venture entered into a sales agreement with a third-party to sell one of the buildings. The sale is expected to close in the third quarter of 2011. As a result, we evaluated the fair value of our investment in the joint venture. We determined that our investment s carrying value was in excess of its estimated fair value and recognized an impairment of approximately $1.9 million which is included in Impairment losses on unconsolidated joint ventures in our Consolidated Statements of Operations.

Derivative Instruments and Hedging Activities

We record derivatives at fair value which are presented on a gross basis in Other Assets or Other Liabilities in our Consolidated Balance Sheets. Accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the designation of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge.

Currently, we use interest rate swaps to manage certain interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties.

As of June 30, 2011, all hedges were designated as cash flow hedges. For derivatives designated as cash flow hedges, the effective portion of the changes in the fair value of the derivative is initially reported in Accumulated other comprehensive loss in our Consolidated Statements of Stockholders Equity, Accumulated Other Comprehensive Income (Loss) and Noncontrolling Interests (i.e., not included in earnings) and subsequently reclassified into earnings when the hedged transaction affects earnings or the hedging relationship is no longer effective at which time the ineffective portion of the derivative s changes in fair value is recognized directly into earnings. We assess the effectiveness of each hedging relationship whenever financial statements are issued or earnings are reported and at least every three months. We do not use derivatives for trading or speculative purposes.

Our objective in using derivatives is to manage our exposure to interest rate volatility associated with our forecasted debt issuances including refinancing of our fixed-rate debt and certain variable rate borrowings. To accomplish this objective, we primarily use treasury locks, forward-starting swaps and interest rate swaps as part of our cash flow hedging strategy. These derivatives are designed to mitigate the risk of future interest rate fluctuations by providing a future fixed interest rate for a limited, pre-determined period of time.

Our agreements with each of our derivative counterparties contain provisions where if we default on the underlying indebtedness, including defaults where repayment of the indebtedness has not been accelerated by the lender, then we could also be declared in default on our derivative obligations. We also have agreements with our derivative counterparties that incorporate the loan covenant provisions of our indebtedness with lender affiliates of the derivative counterparties. Failure to comply with the loan covenant provisions would cause us to be in default on any derivative instrument obligations covered by the agreements.

Revenue Recognition

We record rental revenues on a straight-line basis under which contractual rent increases are recognized evenly over the full lease term. Certain properties have leases that provide for tenant occupancy during periods where no rent is due or where minimum rent payments change during the term of the lease. Accordingly, we record receivables from tenants that we expect to collect over the remaining lease term rather than currently, which are recorded as a straight-line rent receivable. When we acquire a property, the terms of existing leases are considered to commence as of the acquisition date for the purposes of this calculation. The total increase to Rental revenues due to straight-line rent adjustments was approximately $2.2 million and $5.3 million, respectively, for the three and six months ended June 30, 2011 and an increase of approximately $1.5 million and $2.9 million, respectively, for the same periods in 2010.

Tenant recovery income includes payments and amounts due from tenants pursuant to their leases for real estate taxes, insurance and other recoverable property operating expenses and is recognized as Rental revenues during the same period the related expenses are incurred. Tenant recovery income recognized as Rental revenues was approximately $12.2 million and $23.9 million, for the three and six months ended June 30, 2011, respectively, and approximately $11.0 million and $22.7 million, for the same periods in 2010, respectively.

We maintain an allowance for estimated losses that may result from the inability of our tenants to make required payments. If a tenant fails to make contractual payments beyond any allowance, we may recognize additional bad debt expense in future periods equal to the net outstanding balances. As of June 30, 2011 and December 31, 2010, our allowance for doubtful accounts was approximately $2.4 million and $2.1 million, respectively.

In connection with property acquisitions qualifying as business combinations, we may acquire leases with rental rates above or below the market rental rates. Such differences are recorded as an intangible lease asset or liability and amortized to Rental revenues over the reasonably assured term of the related leases. The unamortized balances of these assets and liabilities associated with the early termination of leases are fully amortized to their respective revenue line items in our Consolidated Statements of Operations over the shorter of the expected life of such assets and liabilities or the remaining lease term. The total net impact to Rental revenues due to the amortization of above and below market rents was an increase of approximately $0.1 million and $0.2 million for the three and six months ended June 30, 2011, respectively, and a decrease of approximately $0.1 million and $0.2 million for the same periods in 2010, respectively.

Early lease termination fees are recorded in Rental revenues on a straight-line basis over the estimated remaining contractual lease term or upon collection if collection is not assured.

We earn revenues from asset management fees, acquisition fees, property management fees and fees for other services pursuant to joint venture and other agreements. These are included in our Consolidated Statements of Operations in Institutional capital management and other fees. We recognize revenues from asset management fees, acquisition fees, property management fees and fees for other services when the related fees are earned and are realized or realizable.

Stock-Based Compensation

On October 10, 2006, we established the Long-Term Incentive Plan, as amended, to grant restricted stock, stock options and other awards to our personnel and directors. Awards granted under this plan are measured at fair value on the grant date and amortized to compensation expense on a straight-line basis over the service period during which the awards fully vest. Such expense is included in General and administrative expense in our Consolidated Statements of Operations. Options issued under the Long-Term Incentive Plan are valued using the Black-Scholes option pricing model, which relies on assumptions we make related to the expected term of the options, volatility, dividend yield, and risk free interest rate.

New Accounting Standards

During the second quarter of 2011, the FASB issued Accounting Standards Update No. 2011- 04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, which generally aligns the principles for fair value measurements and the related disclosure requirements under US GAAP and International Financial Reporting Standards (IFRS). This standard requires new disclosures, with a particular focus on Level 3 measurements, including; quantitative information about the significant unobservable inputs used for all Level 3 measurements; qualitative discussion about the sensitivity of recurring Level 3 measurements to changes in the unobservable inputs disclosed, including the interrelationship between inputs and a description of the company s valuation processes. This standard also requires disclosure of any transfers between Levels 1 and 2 of the fair value hierarchy; information about when the current use of a non-financial asset measured at fair value differs from its highest and best use and the hierarchy classification for items whose fair value is not recorded on the balance sheet but is disclosed in the notes. This standard is effective for interim and annual periods beginning after December 15, 2011. Early application is not permitted. We plan to adopt this standard during the first quarter of 2012 and are currently evaluating the application of this standard and its effect on our Consolidated Financial Statements.

Also during the second quarter of 2011, the FASB issued Accounting Standards Update No. 2011-05, Presentation of Comprehensive Income, which eliminates the option to report other comprehensive income and its components in the statement of changes in stockholders equity. Entities will have the option to present the components of net income and other comprehensive income either in a single continuous statement or in two separate but consecutive statements. This standard requires retrospective application and is effective for interim and annual periods beginning after December 15, 2011. Early application is permitted. We plan to adopt this standard during the first quarter of 2012 and are in the process of determining which form we will apply for reporting comprehensive income and its components, as we currently report them in the Consolidated Statements of Stockholders Equity.

Note 3 - Investment in Properties

Our consolidated investment in properties consist of operating properties, redevelopment properties, properties under development and properties in pre-development including land held for future development or other purposes. The following table provides our historical cost of our investment in properties (in thousands).

	June 30, 2011	December 31, 2010
Operating properties	$ 3,087,901	$ 2,954,754
Properties under redevelopment	13,340	3,316
Properties under development		55,698
Properties in pre-development, including land held	24,041	23,668
Total Investment in Properties	**3,125,282**	**3,037,436**
Less accumulated depreciation and amortization	(584,716)	(528,705)
Net Investment in Properties	**$ 2,540,566**	**$ 2,508,731**

Acquisition Activity

During the six months ended June 30, 2011, we acquired seven buildings comprising 1,143,000 square feet and controlling ownership interests in three buildings totaling 364,000 square feet. These properties are located in the Southern California, New Jersey, Miami, Orlando, Chicago and Phoenix markets. These properties and ownership interests were acquired from unrelated third parties, except as disclosed in Note 9 Related Party Transactions for a total purchase price of approximately $63.7 million using borrowings under our senior unsecured revolving credit facility and existing cash balances, including those from our equity offering. We have consolidated the three properties in which we acquired controlling interests and, as a result, we recorded $73.5 million on our balance sheet, in the aggregate, for these three properties and the seven other properties that we acquired during the six months ended June 30, 2011. This amount included $9.8 million attributable to the noncontrolling interests share of these three properties.

During the six months ended June 30, 2010, we acquired one bulk distribution facility located in the New Jersey market comprised of approximately 0.2 million square feet for a total purchase price of approximately $9.5 million using existing cash balances and borrowings under our senior unsecured revolving credit facility. During the same period we also acquired a 19.3 acre land parcel through our 8th and Vineyard joint venture for a purchase price of approximately $4.7 million. See Note 9 Related Party Transactions, for further detail on this transaction.

Disposition Activity

We have not made any dispositions during the six months ended June 30, 2011. During the second quarter of 2010, we sold one 15,000 square foot operating property located in the Cincinnati market to an unrelated third party for total gross proceeds of approximately $0.6 million. Prior to the sale closing, we recorded an impairment loss on the property of approximately $0.2 million, which represented the difference between the carrying value of the asset sold and its fair value net of sales costs and is reflected in Income (loss) from discontinued operations in the Consolidated Financial Statements.

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Intangible Lease Assets and Liabilities

Aggregate amortization expense for intangible lease assets recognized in connection with property acquisitions (excluding assets and liabilities related to above and below market rents; see Note 2 - Summary of Significant Accounting Policies for additional information) was approximately $3.0 million and $6.0 million for the three and six months ended June 30, 2011 and approximately $3.2 million and $6.7 million for the three and six months ended June 30, 2010, respectively. Our intangible lease assets included the following as of June 30, 2011 and December 31, 2010 (in thousands).

	June 30, 2011			December 31, 2010		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Other intangible lease assets	$ 81,098	$ (42,119)	$ 38,979	$ 83,394	$ (42,168)	$ 41,226
Above market rent	$ 9,865	$ (7,358)	$ 2,507	$ 10,103	$ (6,955)	$ 3,148
Below market rent	$ (25,255)	$ 7,092	$ (18,163)	$ (25,043)	$ 6,295	$ (18,748)

The following table describes the estimated net amortization of such intangible assets and liabilities for the next five years and thereafter. In addition, the table describes the net impact on rental revenues due to the amortization of above and below market rents for the next five years and thereafter (in thousands).

For the Period Ended December 31,	Estimated Net Amortization of Lease Intangible Assets	Estimated Net (Increase) to Rental Revenues Related to Above and Below Market Rents
Remainder of 2011	$ 5,519	$ (260)
2012	8,525	(405)
2013	5,291	(914)
2014	3,994	(748)
2015	2,878	(575)
Thereafter	12,772	(12,754)
Total	$ 38,979	$ (15,656)

Casualty Events

In February 2011, a storm caused significant damage to one of our properties in our Nashville market. As of the first quarter 2011, the total amount of damages was not known, however the property was insured in an amount for storms which we believed was sufficient to cover any losses. In April 2011, we received an initial payment from the tenant of approximately $5.0 million for damages related to this casualty. During the second quarter of 2011, our cost of repairing the total damages was estimated to be approximately $5.0 million based upon inspections by third party consultants and clean-up costs already incurred. Necessary repairs have commenced to the property. As the recoveries received for damages were in excess of the sum of our incurred losses of approximately $3.8 million for clean-up costs and the net book value write-off of the damaged property, and all contingencies relating to the casualty have been resolved, we recorded a casualty gain of approximately $1.2 million during the quarter which is included in Casualty gains in the Consolidated Statements of Operations.

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Note 4 - Investments in and Advances to Unconsolidated Joint Ventures

We enter into joint ventures primarily for purposes of developing industrial real estate and to establish commingled investment vehicles with institutional partners. Our investments in these joint ventures are included in Investments in and advances to unconsolidated joint ventures in our Consolidated Balance Sheets. The following table summarizes our unconsolidated joint ventures as of June 30, 2011 and December 31, 2010 (dollars in thousands).

Unconsolidated Joint Ventures	DCT Ownership Percentage as of June 30, 2011	Number of Buildings	Unconsolidated Net Equity Investment as of June 30, 2011	Unconsolidated Net Equity Investment as of December 31, 2010
Institutional Joint Ventures:				
DCT/SPF Industrial Operating LLC	20%	14	$ 46,285	$ 47,243
TRT-DCT Venture I	4.4%	14	612	774
TRT-DCT Venture II	11.4%	6	2,621	2,437
TRT-DCT Venture III	10%	5	1,524	1,594
DCT Fund I LLC	20%	6	38	376
Total Institutional Joint Ventures		45	51,080	52,424
Other:				
Stirling Capital Investments (SCLA)[(1)]	50%	6	44,573	45,313
IDI/DCT[(2)]	50%	4	38,650	37,721
IDI/DCT Buford, LLC (land only)	75%		2,984	2,997
Total Other		10	86,207	86,031
Total		55	$ 137,287	$ 138,455

(1) Although we contributed 100% of the initial cash equity capital required by the venture, our partners retain certain participation rights in the venture s available cash flows.

(2) See discussion of impairment recorded on our investment in this unconsolidated joint venture during the second quarter of 2011 in Note 2- Summary of Significant Accounting Policies

Guarantees

There are no lines of credit or side agreements related to, or between, our unconsolidated joint ventures and us, and there are no derivative financial instruments between our unconsolidated joint ventures and us. In addition, we believe we have no material exposure to financial guarantees.

Note 5 Financial Instruments and Hedging Activities

Fair Value of Financial Instruments

As of June 30, 2011 and December 31, 2010, the fair values of cash and cash equivalents, restricted cash held in escrow, accounts receivable and accounts payable approximated their carrying values because of the short-term nature of these instruments. The estimated fair values of other financial instruments subject to fair value disclosures were determined based on available market information and valuation methodologies appropriate for these purposes. Considerable judgment and a high degree of subjectivity are involved in developing these estimates. Our estimates may differ from the actual amounts that we could realize upon disposition. The following table summarizes these financial instruments as of June 30, 2011 and December 31, 2010 (in thousands).

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	Balances as of June 30, 2011		Balances as of December 31, 2010	
	Carrying Amounts	Estimated Fair Value	Carrying Amounts	Estimated Fair Value
Notes receivable[(1)]	$ 1,138	$ 1,161	$ 1,222	$ 1,423
Borrowings[(1)]:				
Senior unsecured revolving credit facility	$ 96,000	96,000	$ 51,000	$ 51,000
Fixed rate debt[(2)]	$ 886,427	$ 969,431	$ 935,122	$ 977,258
Variable rate debt	$ 200,237	$ 199,448	$ 225,237	$ 224,304
Interest rate contracts:				
Interest rate swap[(3)]	$ (13,237)	$ (13,237)	$ (10,109)	$ (10,109)

(1) The fair values of our notes receivable and borrowings were estimated using a discounted cash flow methodology. Credit spreads and market interest rates used to determine the fair value of these instruments are based on unobservable Level 3 inputs which management has determined to be its best estimate of current market values.

(2) The carrying amount of our fixed rate debt includes premiums and discounts as a result of the difference between the fair value and face value of debt assumed in connection with our acquisition activities.

(3) The fair value of our interest rate swap is determined using the market standard methodology of netting the discounted future fixed cash flows and the discounted expected variable cash flows based on an expectation of future interest rates derived from Level 2 observable market interest rate curves. We also incorporate a credit valuation adjustment, which is derived using unobservable Level 3 inputs, to appropriately reflect both our nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurement. For further discussion on the fair value of our interest rate swap, see Note 2 - Significant Accounting Policies.

The following table displays a reconciliation of liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the six months ended June 30, 2011 and 2010. During the same periods, we had no assets measured at fair value on a recurring basis. The table also displays gains and losses due to changes in fair value, including both realized and unrealized, recognized in the Consolidated Statements of Operations for Level 3 liabilities. When assets and liabilities are transferred between levels, we recognize the transfer at the beginning of the period (in thousands).

	During the Six Months Ended June 30,	
	2011	2010
Level 3 Liabilities:		
Interest Rate Swaps:		
Beginning balance at January 1	$ (10,109)	$ (4,070)
Net unrealized losses included in accumulated other comprehensive loss	(3,128)	(8,515)
Realized losses recognized in interest expense		1,319
Ending balance at June 30	$ (13,237)	$ (11,266)

Hedging Activities

To manage interest rate risk for variable rate debt and issuances of fixed rate debt, we primarily use treasury locks and interest rate swaps as part of our cash flow hedging strategy. These derivatives are designed to mitigate the risk of future interest rate increases by providing a fixed interest rate for a limited, pre-determined period of time. During 2011, such derivatives have been used to hedge the variability in existing and future interest expense associated with existing variable rate borrowings and forecasted issuances of debt, which may include the issuances of new debt, as well as refinancing of existing debt upon maturity.

On a recurring basis, we measure our derivatives at fair value, which was a gross liability of approximately $13.2 million and $10.1 million as of June 30, 2011 and December 31, 2010, respectively. These amounts are included in Other Liabilities in our Consolidated Balance Sheets. The fair value of these derivatives was determined using Level 2 and 3 inputs. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in Accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings and is recorded as Interest and other income in our Consolidated Statements of Operations. During the three and six months ended June 30, 2011 and 2010, we recognized no ineffectiveness.

As of June 30, 2011, we had one forward-starting swap in place to hedge the variability of cash flows associated with forecasted issuances of debt. This derivative has a notional value of $90.0 million, a LIBOR-based swap strike rate of 5.43%, an effective date of June 2012 and a maturity date of September 2012. The associated counterparty is PNC Bank, NA.

During the three and six months ended June 30, 2011, we recorded approximately $3.7 million and $3.1 million of net unrealized losses, respectively, including the noncontrolling interests portions of $0.4 million and $0.3 million, respectively, in Accumulated other comprehensive loss as a result of the change in fair value of our outstanding hedges during the periods. During the three and six months ended June 30, 2010, we recorded $7.3 million and $8.6 million of net unrealized losses, respectively, including the noncontrolling interests portions of $0.8 million and $1.0 million, respectively.

As of June 30, 2011 and December 31, 2010, the Accumulated other comprehensive loss balances pertaining to the hedges were losses of approximately $19.6 million and $17.0 million, respectively, including the noncontrolling interests portion. Amounts reported in Accumulated other comprehensive loss related to derivatives will be amortized to Interest expense as interest payments are made on our current debt and anticipated debt issuances. During the next 12 months, we estimate that approximately $1.0 million will be reclassified from Accumulated other comprehensive loss to Interest expense resulting in an increase in such expense.

Note 6 Outstanding Indebtedness

As of June 30, 2011, our outstanding indebtedness of approximately $1.2 billion consisted of mortgage notes, senior unsecured notes and an outstanding balance on our senior unsecured revolving credit facility, excluding approximately $62.2 million representing our proportionate share of non-recourse debt associated with unconsolidated joint ventures. As of December 31, 2010, our outstanding indebtedness of approximately $1.2 billion consisted of mortgage notes, senior unsecured notes and an outstanding balance on our senior unsecured revolving credit facility, excluding approximately $62.3 million representing our proportionate share of non-recourse debt associated with unconsolidated joint ventures.

As of June 30, 2011, the gross book value of our consolidated properties was approximately $3.1 billion and the gross book value of all properties securing our mortgage debt was approximately $0.9 billion. As of December 31, 2010, the gross book value of our consolidated properties was approximately $3.0 billion and the gross book value of all properties securing our mortgage debt was approximately $1.0 billion. Our debt has various covenants with which we were in compliance as of June 30, 2011 and December 31, 2010.

Debt Payoffs and Refinancing

During the six months ended June 30, 2011, we retired $47.1 million of maturing mortgage notes which were repaid using proceeds from the Company s senior unsecured revolving credit facility.

In April 2011, we refinanced $50.0 million of maturing senior unsecured notes. The new fixed-rate notes bear interest of 5.43%, mature in April 2010 and require quarterly interest payments.

On June 3, 2011, we entered into a term loan agreement with a syndicate of 12 banks, pursuant to which we borrowed $175.0 million through a senior unsecured loan. The term loan is scheduled to mature on June 3, 2015 and may be prepaid in whole or in part at any time. The term loan agreement provides for a variable interest rate based on either the base rate under the agreement or LIBOR, at our election, plus a margin that is initially based on our leverage ratio. The margins on base rate loans initially may range from 0.80% to 1.65% per annum, and the margins on LIBOR-based loans may range from 1.80% to 2.65% per annum. This loan agreement has various covenants with which we are in compliance as of June 30, 2011. We used the term loan, together with proceeds from a draw under our senior unsecured revolving credit facility, to repay our unsecured term loan that was scheduled to mature on June 6, 2011.

On August 1, 2011 we issued $225.0 million of new fixed rate, senior unsecured notes through a private placement. These senior unsecured notes have a weighted average maturity of 8.5 years and a weighted average interest rate of 4.93%. The notes have maturities of 5, 7, 8, 10, 11 or 12 years. Proceeds from these notes were used to pay down borrowings under our senior unsecured revolving credit facility with the remainder expected to be used to pay down expiring mortgage notes and for general corporate purposes.

Line of Credit

As of June 30, 2011 and December 31, 2010, we had $96.0 million and $51.0 million outstanding on our senior unsecured revolving credit facility, respectively.

On June 3, 2011 we entered in an amendment to extend the maturity date of our $300.0 million senior unsecured revolving credit facility from August 19, 2013 until June 3, 2015. This amendment also increased the number of banks included on the facility from nine to twelve and reduced the interest rate payable to either 0.65% to 1.35% over prime or 1.65% to 2.35% over LIBOR, per annum at our election, depending upon the Company s leverage ratio. The amendment also provides us the ability, from time to time, to extend the size of the facility by up to an additional $200.0 million, to a total of $500.0 million, subject to receipt of lender commitments and other conditions. We incurred a total of approximately $2.1 million in fees paid to the creditor and third-party costs which have been deferred and will be amortized over the life of the new credit facility. Proceeds from draws on the line have been used to pay off mortgage notes and senior unsecured notes as they became due, to finance our property acquisitions and for general corporate purposes including payment of distributions. See Note 3 Investment in Properties for further detail related to our property acquisitions.

Note 7 Noncontrolling Interests

Noncontrolling interests are the portion of equity, or net assets, in a subsidiary not attributable, directly or indirectly, to a parent. Our noncontrolling interests primarily represent limited partnership interests in the operating partnership and equity interests held by third-party partners in consolidated real estate joint ventures, as discussed in Note 9 Related Party Transactions. Noncontrolling interests representing interests in the operating partnership include preferred shares in our Mexico REIT and OP Units which are classified as permanent equity in accordance with GAAP, both of which are included in Noncontrolling interests in the Consolidated Balance Sheets.

The following table illustrates the noncontrolling interests share of consolidated net loss during the three and six months ended June 30, 2011 and 2010 (in thousands).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Noncontrolling interests share of loss from continuing operations	$ 1,068	$ 1,317	$ 2,373	$ 2,251
Noncontrolling interests share of (income) loss from discontinued operations	(8)	70	(4)	132
Net loss attributable to noncontrolling interests	$ 1,060	$ 1,387	$ 2,369	$ 2,383

OP Units

As of June 30, 2011 and December 31, 2010, we owned approximately 91% and 90%, respectively, of the outstanding equity interests in the operating partnership. Upon redemption by the unitholder, we have the option of redeeming the units of limited partnership interest in our operating partnership (OP Units) with cash or with shares of our common stock on a one-for-one basis, subject to adjustment.

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During the three months ended June 30, 2011, 0.3 million OP Units were redeemed for approximately $53,000 in cash and 0.3 million shares of common stock. During the six months ended June 30, 2011, 0.6 million OP Units were redeemed for approximately $53,000 in cash and 0.6 million shares of common stock. During the three months ended June 30, 2010, 0.6 million OP Units were redeemed for approximately $0.1 million in cash and 0.6 million shares of common stock. During the six months ended June 30, 2010, 1.6 million OP Units were redeemed for approximately $0.4 million in cash and 1.5 million shares of common stock.

As of June 30, 2011, there was a total of 24.4 million OP Units outstanding and redeemable, with a redemption value of approximately $128.0 million based on the closing price of our common stock on June 30, 2011. As of December 31, 2010, 25.0 million OP Units were outstanding and redeemable with a redemption value of approximately $132.9 million based on the closing price of our common stock on December 31, 2010.

LTIP Units

We may grant limited partnership interests in the operating partnership called LTIP Units. LTIP Units, which we grant either as free-standing awards or together with other awards under the Long-Term Incentive Plan, as amended, are valued by reference to the value of our common stock, and are subject to such conditions and restrictions as our compensation committee may determine, including continued employment or service, computation of financial metrics and achievement of pre-established performance goals and objectives. LTIP Units typically vest ratably over a period of four to five years depending on the grant. Vested LTIP Units can be converted to OP Units on a one-for-one basis.

During the three months ended June 30, 2011, approximately 62,000 LTIP units were granted to a senior executive, which vest over a five year period. The total fair value of the LTIPs was approximately $0.3 million at the date of grant which was determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 68% and a risk-free interest rate of 1.84%. Additionally, during the six months ended June 30, 2011, approximately 0.4 million additional LTIP units were granted to certain senior executives, which vest 25% annually over four years. The total fair value of these LTIPs was approximately $2.0 million at the date of grant which was determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 67% and a risk-free interest rate of 2.18%. As of June 30, 2011, approximately 2.0 million LTIP units were outstanding of which 0.5 million were vested.

During the six months ended June 30, 2010, approximately 0.6 million LTIP units were granted to certain senior executives, which vest over either a four or five year period with a total fair value of $3.0 million at the date of grant as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using volatility factors of 61% and 62% and risk-free interest rates of 2.39% and 2.55%. During each of the three months ended June 30, 2011 and 2010, 0.1 million vested LTIP Units were converted into 0.1 million OP units. As of December 31, 2010, approximately 1.6 million LTIP units were outstanding of which 0.3 million were vested.

Note 8 Stockholders Equity

Common Stock

As of June 30, 2011, approximately 245.6 million shares of common stock were issued and outstanding.

On February 18, 2011, we issued 21.9 million shares of common stock in a public offering at a price of $5.35 per share for net proceeds of $111.9 million.

On March 23, 2010, we registered a continuous equity offering program. Pursuant to this offering, we may sell up to 20 million shares of common stock from time-to-time through March 23, 2013 in at-the-market offerings or certain other transactions. We intend to use the proceeds from any sale of shares for general corporate purposes, which may include funding acquisitions and repaying debt. During the three and six months ended June 30, 2011 we did not issue shares of common stock through this offering. During the three months and six months ended June 31, 2010, we issued approximately 1.1 million and 1.7 million shares of common stock through this offering, respectively.

During the three and six months ended June 30, 2011, we issued approximately 0.3 million and 0.6 million shares of common stock, respectively, related to the redemption of OP Units (see additional information in Note 7 - Noncontrolling Interests above), and approximately 22,000 and 0.1 million shares of common stock, respectively, related to vested shares of restricted stock, phantom shares and stock option exercises. During the three and six months ended June 30, 2010, we issued approximately 0.6 million and 1.5 million shares of common stock, respectively, in connection with redemptions of OP Units, and approximately 22,000 and 0.1 million shares of common stock related to vested shares of restricted stock, phantom shares and stock option exercises, respectively.

The net proceeds from the sales of our securities were transferred to our operating partnership for a number of OP Units equal to the shares of common stock sold in our public offerings, including the offerings noted above.

Equity-Based Compensation

Restricted Stock

Holders of restricted stock have voting rights and rights to receive dividends. Restricted stock may not be sold, assigned, transferred, pledged or otherwise disposed of and is subject to a risk of forfeiture prior to the expiration of the applicable vesting period. The restricted stock fair value on the date of grant is amortized on a straight-line basis as stock-based compensation expense over the service period during which term the stock fully vests. Restricted stock typically vests ratably over a period of four or five years, depending on the grant. During the three and six months ended June 30, 2011, we granted approximately 5,000 shares and 0.2 million shares, respectively, of restricted stock to certain officers and employees at the weighted-average fair market value of $5.13 and $5.54 per share, respectively. During the three and six months ended June 30, 2010, we granted approximately 12,000 shares and 0.2 million shares, respectively, of restricted stock to certain officers and employees at the weighted-average fair market value of $5.25 and $4.66 per share, respectively.

Stock Options

During the three months ended June 30, 2011, we did not grant any options. During the six months ended June 30, 2011, we granted approximately 0.4 million stock options at the weighted-average exercise price of $5.55 per share, respectively, which generally vest 25% annually over four years. The fair value of the aforementioned grant adjusted for estimated forfeitures totaled approximately $0.7 million and is amortized over the service period. During the three and six months ended June 30, 2010, we granted approximately 9,000 and 0.5 million stock options, respectively, at the weighted-average exercise price of $5.25 and $4.58 per share, respectively, which generally vest 25% annually over four years. The fair value of the aforementioned grants adjusted for estimated forfeitures totaled approximately $12,000 and $0.7 million, respectively and is amortized over the service period.

Phantom Stock

During the three months ended June 30, 2011 and 2010, we granted approximately 48,000 and 46,000 shares of phantom stock, respectively, which vest after one year. The fair value of the aforementioned grants totaled approximately $0.3 million and $0.2 million, respectively and is amortized over the service period.

Note 9 Related Party Transactions

8th and Vineyard Consolidated Joint Venture

In May 2010 we entered into the 8th and Vineyard joint venture with Iowa Investments, LLC, an entity owned by one of our executives, to purchase 19.3 acres of land held for development in Southern California. Pursuant to the joint venture agreement, we will first receive a return of all capital along with a preferred return. Thereafter, Iowa Investments, LLC will receive a return of all capital along with a promoted interest. The land parcel acquired by 8th and Vineyard was purchased from an entity in which the same executive had a minority ownership. The total acquisition price of $4.7 million was determined to be at fair value.

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Southern California Consolidated Ventures

We entered into four agreements, two in December 2010 and two in January 2011, whereby we acquired a weighted average ownership interest, based on square feet, of approximately 48.4% in five bulk industrial buildings located in the Southern California market. Entities controlled by one of our executives have a weighted average ownership in these properties of approximately 43.7%, based on square feet, and the remaining 7.9% ownership is held by a third party. Each venture partner will earn returns in accordance with their ownership interests. DCT has controlling rights including management of the operations of the properties and we have consolidated the properties in accordance with GAAP and accounted for the transactions as business combinations. The total acquisition price of $46.3 million was determined to be at fair value.

Note 10 Earnings per Share

We use the two-class method of computing earnings per common share which is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. Under the two-class method, earnings per common share are computed by dividing the sum of distributed earnings to common stockholders and undistributed earnings allocated to common stockholders by the weighted average number of common shares outstanding for the period.

A participating security is defined by GAAP as an unvested share-based payment award containing non-forfeitable rights to dividends and must be included in the computation of earnings per share pursuant to the two-class method. Nonvested restricted stock and LTIP units are considered participating securities as these share-based awards contain non-forfeitable rights to dividends irrespective of whether the awards ultimately vest or expire.

The following tables set forth the computation of basic and diluted earnings per common share for the three and six months ended June 30, 2011 and 2010 (in thousands, except per share amounts).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Earnings per share Basic and Diluted	**2011**	**2010**	**2011**	**2010**
Numerator				
Loss from continuing operations attributable to common stockholders	$ (8,546)	$ (10,173)	$ (17,044)	$ (16,927)
Less: Distributed and undistributed earnings allocated to participating securities	(127)	(125)	(244)	(239)
Numerator for adjusted loss from continuing operations attributable to common stockholders	(8,673)	(10,298)	(17,288)	(17,166)
Numerator for income (loss) from discontinued operations attributable to common stockholders	71	(558)	33	(1,028)
Adjusted net loss attributable to common stockholders	$ (8,602)	$ (10,856)	$ (17,255)	$ (18,194)
Denominator				
Weighted average common shares outstanding basic and diluted	245,413	210,841	239,261	209,602
Earnings per Common Share Basic and Diluted				
Loss from continuing operations	$ (0.04)	$ (0.05)	$ (0.07)	$ (0.08)
Income (loss) from discontinued operations	0.00	0.00	0.00	(0.01)
Net loss attributable to common stockholders	$ (0.04)	$ (0.05)	$ (0.07)	$ (0.09)

Potentially Dilutive Shares

For the three and six months ended June 30, 2011, we have excluded from diluted earnings per share the weighted average common share equivalents related to approximately 6.0 million and 5.9 million stock options and phantom stock, respectively, because their effect would be anti-dilutive. For the three and six months ended June 30, 2010, we have excluded from diluted earnings per share the weighted average common share equivalents related to approximately 3.9 million and 3.8 million stock options and phantom stock, respectively, because their effect would be anti-dilutive.

Note 11 Segment Information

The Company is regionally organized with managing directors overseeing each region. Our management measures operating performance and allocates resources by region rather than by individual operating property. We manage our operations based on four operating segments and have aggregated our operations into two reportable segments (East and West) in accordance with GAAP. Management considers rental revenues and property net operating income aggregated by segment to be the appropriate way to analyze performance. The following segment disclosures exclude the results from discontinued operations. Certain reclassifications have been made to prior year results to conform to the current year presentation, primarily related to the movement of certain markets from the East region to the West region.

The following table sets forth the rental revenues and property net operating income of our segments in continuing operations for the three and six months ended June 30, 2011 and 2010 (in thousands).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Rental Revenues:				
East	$ 23,633	$ 20,304	$ 46,586	$ 40,776
West	39,578	37,171	78,959	73,547
Total	$ 63,211	$ 57,475	$ 125,545	$ 114,323
Property NOI[1]:				
East	$ 17,255	$ 14,788	$ 33,747	$ 29,493
West	28,049	26,336	55,797	51,692
Total	$ 45,304	$ 41,124	$ 89,544	$ 81,185

(1) Property net operating income (property NOI) is defined as rental revenues, including reimbursements, less rental expenses and real estate taxes, which excludes depreciation, amortization, impairment, general and administrative expenses and interest expense. We consider property NOI to be an appropriate supplemental performance measure because property NOI reflects the operating performance of our properties and excludes certain items that are not considered to be controllable in connection with the management of the property such as depreciation, amortization, impairment, general and administrative expenses, and interest expense. However, property NOI should not be viewed as an alternative measure of our financial performance since it excludes expenses which could materially impact our results of operations. Further, our property NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating property NOI. Therefore, we believe net income (loss) attributable to common stockholders, as defined by GAAP, to be the most appropriate measure to evaluate our overall financial performance.

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The following table is a reconciliation of our segment rental revenues to our reported consolidated total revenues for the three and six months ended June 30, 2011 and 2010 (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Total rental revenues from operating properties in continuing operations	$ 63,211	$ 57,475	$ 125,545	$ 114,323
Rental revenues from development and redevelopment properties	53	891	53	1,825
Rental revenues	63,264	58,366	125,598	116,148
Institutional capital management and other fees	1,129	1,038	2,148	2,005
Total revenues	$ 64,393	$ 59,404	$ 127,746	$ 118,153

The following table is a reconciliation of our property NOI to our reported Loss from continuing operations for the three and six months ended June 30, 2011 and 2010 (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Property NOI	$ 45,304	$ 41,124	$ 89,544	$ 81,185
NOI from development and redevelopment properties	5	17	(35)	19
Total property NOI	45,309	41,141	89,509	81,204
Institutional capital management and other fees	1,129	1,038	2,148	2,005
Real estate related depreciation and amortization	(32,298)	(28,948)	(63,441)	(57,228)
Impairment losses		(4,556)		(4,556)
Casualty gains	1,244		1,244	
General and administrative	(7,063)	(6,362)	(14,119)	(12,394)
Equity in loss of unconsolidated joint ventures, net	(1,126)	(349)	(2,483)	(907)
Impairment losses on investments in unconsolidated joint ventures	(1,934)		(1,934)	
Loss on business combinations				(395)
Interest expense	(14,768)	(13,225)	(30,279)	(25,988)
Interest and other income (expense)	14	353	99	(115)
Income tax expense and other taxes	(121)	(582)	(161)	(820)
Loss from continuing operations	$ (9,614)	$ (11,490)	$ (19,417)	$ (19,194)

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The following table reflects our total assets, net of accumulated depreciation and amortization, by segment, as of June 30, 2011 and December 31, 2010 (in thousands).

	June 30, 2011	December 31, 2010
Segments:		
East assets	$ 963,571	$ 914,277
West assets	1,588,115	1,559,891
Total segment net assets	2,551,686	2,474,168
Non-segment assets:		
Development and redevelopment assets	13,320	56,666
Properties in pre-development, including land held	24,041	23,668
Non-segment cash and cash equivalents	6,682	15,176
Other non-segment assets [(1)]	152,812	150,211
Total assets	$ 2,748,541	$ 2,719,889

(1) Other non-segment assets primarily consists of corporate assets including investments in and advances to unconsolidated joint ventures, notes receivable, deferred loan costs, straight-line rent and other receivables and other assets.

Included in the West operating segment rental revenues for the three and six months ended June 30, 2011 was approximately $1.7 million and $3.4 million, respectively, attributable to the Mexico operations. Included in the West operating segment rental revenues for the three and six months ended June 30, 2010 was approximately $1.2 million and $2.4 million, respectively, attributable to the Mexico operations. Included in the West operating segment net assets as of June 30, 2011 and December 31, 2010 was approximately $76.7 million and $72.1 million, respectively, attributable to the Mexico operations.

Note 12 Discontinued Operations and Assets Held for Sale

We report results of operations from real estate assets that meet the definition of a component of an entity and have been sold, or meet the criteria to be classified as held for sale, as discontinued operations. During the three and six months ended June 30, 2011, we had no property dispositions. During the year ended December 31, 2010, we sold eight operating properties to unrelated third parties. One of the properties sold was in the West operating segment and one was in the East operating segment, together totaling approximately 0.2 million square feet, and resulted in gains of approximately $2.1 million. Of the remaining six properties sold, five were in the East operating segment and one was in the West operating segment, together totaling 0.3 million square feet, which resulted in impairment charges of $3.5 million.

For the three and six months ended June 30, 2010, loss from discontinued operations includes the results of operations for properties prior to the date of sale. We included all results of these discontinued operations in a separate component of income in our Consolidated Statements of Operations under the heading Income (loss) from discontinued operations. This treatment resulted in certain reclassifications of financial statement amounts for the three and six months ended June 30, 2010. For further details of our policy on discontinued operations, impairment of assets held for sale and related fair value measurements, see Note 2 Summary of Significant Accounting Policies.

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The following table summarizes the components of loss from discontinued operations for the three and six months ended June 30, 2011 and 2010 (in thousands).

	000000000	000000000	000000000	000000000
	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010