

L.A. Mid Counties Industrial Update

2nd Quarter

2013

L.A. MID COUNTIES INDUSTRIAL SUBMARKETS SNAPSHOT

Southeast Los Angeles Industrial Submarket	Total Building SF	Average Asking Lease Rate	Vacancy Rate	YTD Net Absorption SF
Cerritos	13,463,385	\$0.459	4.32%	-556,137
Downey	7,337,530	\$0.499	3.00%	-32,167
La Mirada	13,491,417	\$0.465	4.69%	335,310
Norwalk/Bellflower	7,187,742	\$0.535	4.00%	-96,092
Santa Fe Springs	48,670,526	\$0.480	3.10%	17,973
Mid Counties Submarkets Summary	90,150,600	\$0.488	3.82%	-331,113
Change from Last Quarter		▼	▼	▶
Change from Last Year		▲	▼	▲



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Market Overview

The L.A. Mid Counties industrial markets ended the second quarter 2013 with an industrial demand that was relatively flat, showing only 52,500 SF of net absorption. As the industrial market tightened over the past two years, sales and leasing activity has followed at a moderate pace.

Rental rates remain unchanged over the previous quarter at \$0.48 PSF NNN, but have still slowly risen over the past two years.

To help the currently tight market, six (6) projects totaling 899,100 square feet, are under construction and set to be delivered in the following quarters. This new space will put upward pressure on asking rental rates.

*Statistics compiled with the support of the CoStar Group. While the information herein has been obtained from sources we deem reliable, no representation or warranty of any kind is made with respect to its accuracy, completeness or suitability for use in any transaction.

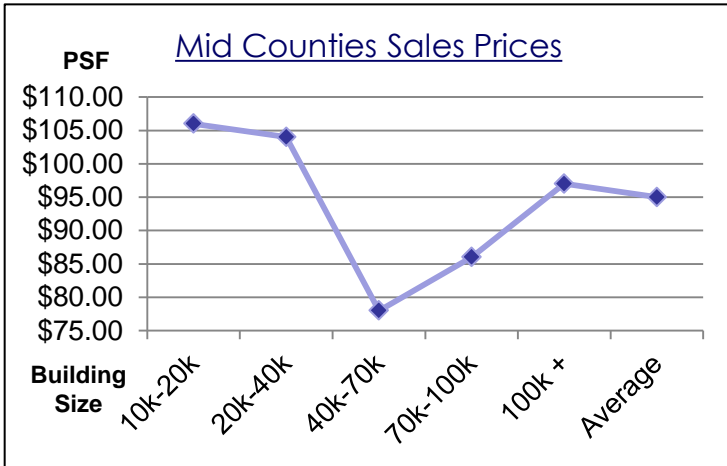
*Flex Space not included



Sales Activity – Mid Counties

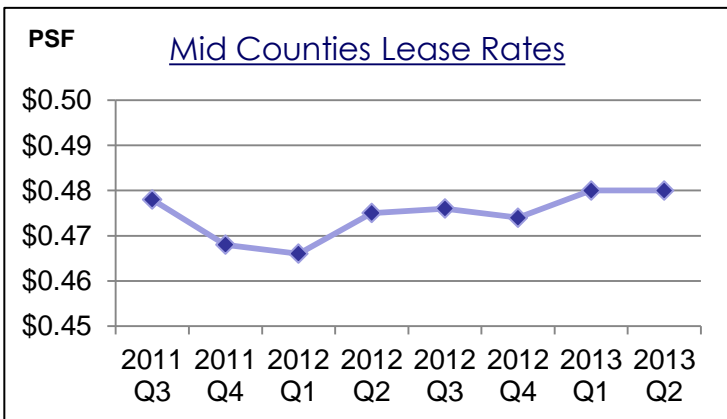
Sales activity picked up in the second quarter with ten (10) reported transactions. Still up \$13 since the fourth quarter of 2011, there is still serious demand, but the average asking sales price after the second quarter of 2013 remains at \$95 per square foot.

The largest sale this quarter is attributed to Prime Wire which purchased a 199,900 SF building in Cerritos for \$16.5 million or \$82.50 PSF.



Lease Rates – Mid Counties

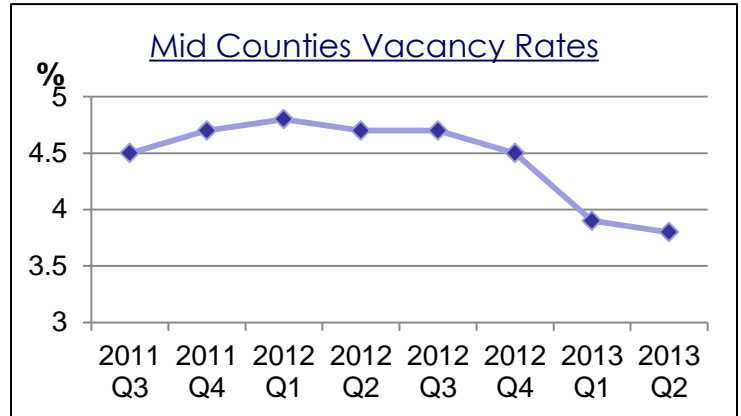
The average quoted asking rental rate for available warehouse industrial space was \$0.48 per square foot (PSF-NNN) at the end of the second quarter 2013 in the L.A. Mid Counties market region. Rates remain relatively flat as tenants receive fewer concessions than in previous quarters, but new construction will put upward pressure on asking rental rates.



Vacancy – Mid Counties

Due to a lack of large leases and sales, the vacancy rate remained relatively flat at 3.8%. With the lowest vacancy, 1.4%, being buildings 10,000-20,000 SF, we see higher vacancy in 100,000+ SF buildings with an average of 5.35%.

New construction to be delivered within the next eighteen (18) months could increase the vacancy rate by over 1%.



Absorption – Mid Counties

Net absorption for the L.A. Mid Counties industrial market was positive 52,500 square feet in the second quarter of 2013. Even with buildings 100,000+ SF posting negative absorption, we still see a small, but positive net absorption. This proves demand continues to stay strong for tenants in smaller industrial space.



Deliveries & Construction – Mid Counties

The Mid Counties currently has 899,100 square feet of industrial space under construction in the second quarter of 2013. With space limited it looks as though future development will consist of creative industrial parcel assemblages or rehab of under-utilized, less functional, existing buildings.

Please visit our website www.raginc.com for additional market reports and information on how Realty Advisory Group, Inc. can service your next real estate move.

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