

LA North Industrial Update

4th Quarter

2012

LA NORTH INDUSTRIAL SUBMARKETS SNAPSHOT

North Los Angeles Industrial Submarket	Total Building SF	Average Asking Lease Rate	Vacancy Rate	YTD Net Absorption SF	SF Under Construction
Conejo Valley	24,627,376	\$0.698	8.34%	295,050	0
SCV/Palmdale/Lancaster	22,948,719	\$0.616	5.62%	203,273	15,000
San Fernando Valley East	86,240,841	\$0.735	3.47%	619,124	230,000
San Fernando Valley West	46,453,070	\$0.659	6.68%	-384,643	0
Ventura County	49,857,876	\$0.601	6.91%	-412,917	0
LA North Submarkets Summary	230,127,882	\$0.662	5.60%	319,887	245,000
Change from Last Quarter		▲	▲	▲	▼
Change from Last Year		▲	▼	▲	▲



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Market Overview

The LA North Industrial markets ended the fourth quarter 2012 with a vacancy rate of 5.60%. The vacancy rate was up slightly over the previous quarter, with net absorption totaling positive 319,887 square feet in the fourth quarter.

Rental rates ended the second quarter at \$0.66/sf, which was a negligible increase in reported rates. This did, however, help to confirm a stabilizing trend.

There are also three significant industrial projects slated for development in the Santa Clarita Valley: Gateway V, Sterling Gateway and Needham Ranch.



Sales Activity – Greater LA

Tallying industrial building sales of 15,000 square feet or larger, Los Angeles industrial sales figures rose during the third quarter 2012 in terms of dollar volume compared to the second quarter of 2012.

In the third quarter, 106 industrial transactions closed with a total volume of \$604,547,380. The 106 buildings totaled 6,685,410 square feet and the average price per square foot equated to \$90.43 per square foot. That compares to 87 transactions totaling \$505,159,862 in the second quarter. The total square footage was 6,191,606 for an average price per square foot of \$81.59.

Total year-to-date industrial building sales activity in 2012 is up compared to the previous year. In the first nine months of 2012, the market saw 295 industrial sales transactions with a total volume of \$1,498,230,122. The price per square foot has averaged \$83.77 this year. In the first nine months of 2011, the market posted 258 transactions with a total volume of \$1,331,002,983. The price per square foot averaged \$89.06.

Cap rates have been higher in 2012, averaging 7.82%, compared to the first nine months of last year when they averaged 7.29%.



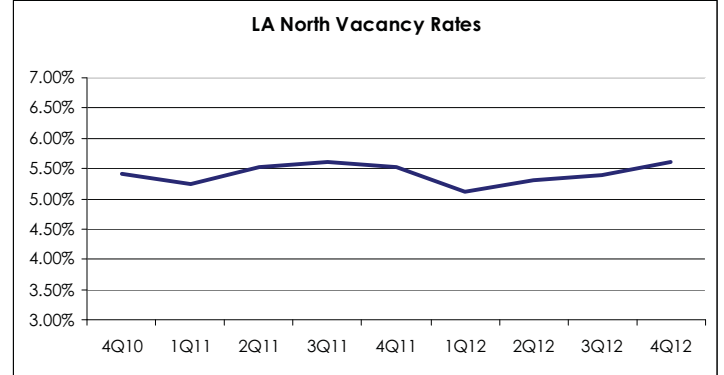
Lease Rates – LA North

The average quoted asking rental rate for available Industrial space was \$0.662 per square foot per year at the end of the fourth quarter 2012 in the North Los Angeles market area. This represented a negligible increase in quoted rental rates from the end of the third quarter 2012, when rents were reported at \$0.661 per square foot.



Vacancy – LA North

The Industrial vacancy rate in the LA North Industrial market area increased slightly to 5.60% at the end of the fourth quarter 2012. The vacancy rate was 5.39% at the end of the third quarter 2012, 5.30% at the end of the second quarter 2012, and 5.12% at the end of the first quarter 2012.



Absorption – Greater LA

Net absorption for the overall Los Angeles Industrial market was positive 2,938,136 square feet in the fourth quarter 2012. That compares to negative (2,325,566) square feet in the third quarter 2012, positive 420,792 square feet in the second quarter 2012, and positive 1,750,415 square feet in the first quarter 2012.



Deliveries & Construction – Greater LA

During the fourth quarter 2012, 12 buildings totaling 1,457,796 square feet were completed in the Los Angeles market area. This compares to 13 buildings totaling 790,559 square feet that were completed in the third quarter 2012, five buildings totaling 287,807 square feet completed in the second quarter 2012, and 543,104 square feet in four buildings completed in the first quarter 2012.

There were 484,539 square feet of Industrial space under construction at the end of the fourth quarter 2012.

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