

LA North Industrial Update

1st 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	25,152,356	\$0.703	9.15%	11,153	0
SCV/Palmdale/Lancaster	23,428,254	\$0.596	4.87%	351,971	0
San Fernando Valley East	89,429,564	\$0.740	3.32%	448,172	0
San Fernando Valley West	47,146,518	\$0.650	6.12%	27,455	0
Ventura County	49,495,485	\$0.570	5.50%	60,929	225,048
Industrial Submarket Trends	234,652,177	\$0.652	5.12%	899,680	225,048
Change from Last Quarter		▲	▼	▲	▲
Change from Last Year		▲	▼	▲	▲



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Market Overview

The LA North Industrial markets ended the first quarter 2012 with a vacancy rate of 5.12%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 899,680 square feet in the first quarter.

Rental rates ended the first quarter at \$0.65/sf, an increase over the previous quarter.

There was a total of 225,048 square feet of Industrial space under construction in the LA North markets at the end of the first quarter 2012.

Indications would point to a slow, but steady upward climb in the LA North Industrial markets.



Sales Activity – Greater LA

Tallying industrial building sales of 15,000 square feet or larger, Los Angeles industrial sales figures fell during the fourth quarter 2011 in terms of dollar volume compared to the third quarter of 2011.

In the fourth quarter, 93 industrial transactions closed with a total volume of \$460,625,871. The 93 buildings totaled 4,666,257 square feet and the average price per square foot equated to \$98.71 per square foot. That compares to 75 transactions totaling \$491,282,876 in the third quarter. The total square footage was 5,520,780 for an average price per square foot of \$88.99.

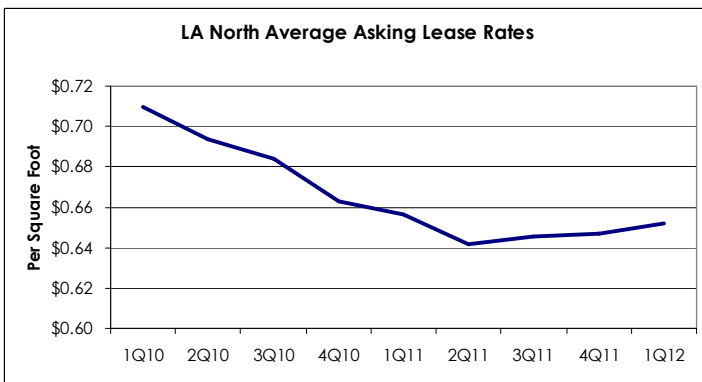
Total year-to-date industrial building sales activity in 2011 is up compared to the previous year. In the twelve months of 2011, the market saw 342 industrial sales transactions with a total volume of \$1,737,803,899. The price per square foot has averaged \$91.09 this year. In the twelve months of 2010, the market posted 282 transactions with a total volume of \$1,262,504,228. The price per square foot averaged \$76.63.

Cap rates have been lower in 2011, averaging 7.10%, compared to the twelve months of last year when they averaged 8.24%.



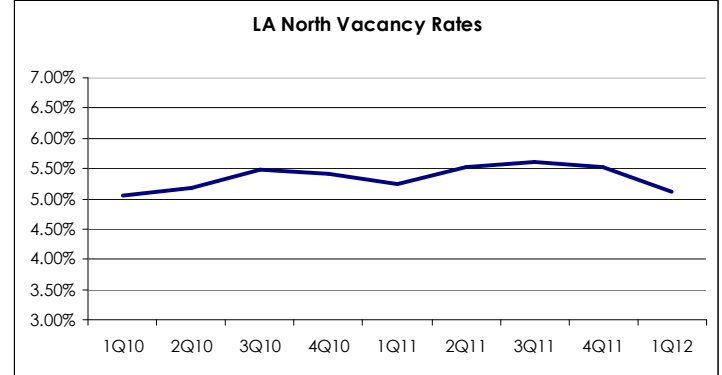
Lease Rates – LA North

The average quoted asking rental rate for available Industrial space was \$0.652 per square foot per year at the end of the first quarter 2012 in the North Los Angeles market area. This represented a 1.0% increase in quoted rental rates from the end of the fourth quarter 2011, when rents were reported at \$0.647 per square foot.



Vacancy – LA North

The Industrial vacancy rate in the LA North Industrial market area decreased to 5.12% at the end of the first quarter 2012. The vacancy rate was 5.52% at the end of the fourth quarter 2011, 5.62% at the end of the third quarter 2011, and 5.52% at the end of the second quarter 2011.



Absorption – Greater LA

Net absorption for the overall Los Angeles Industrial market was positive 1,801,491 square feet in the first quarter 2012. That compares to positive 1,534,898 square feet in the fourth quarter 2011, negative (385,929) square feet in the third quarter 2011, and positive 1,366,570 square feet in the second quarter 2011.



Deliveries & Construction – Greater LA

During the first quarter 2012, three buildings totaling 540,704 square feet were completed in the Los Angeles market area. This compares to three buildings totaling 138,653 square feet that were completed in the fourth quarter 2011, 10 buildings totaling 1,095,221 square feet completed in the third quarter 2011, and 587,081 square feet in three buildings completed in the second quarter 2011.

There were 1,266,062 square feet of Industrial space under construction at the end of the first quarter 2012.

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