

# 2012 4<sup>th</sup> Quarter Snap Shot - South Bay Industrial Market



Submarket*	Total Rentable Building SF	Average Quoted Lease Rate (NNN)	Vacancy Rate (Direct & Sublease)	YTD Net Absorption SF	SF Under Construction
Carson / Rancho D./ Compton	78,105,200	\$0.52	4.6%	3,132,100	0
El Segundo / Hawthorne/ LAX	30,600,200	\$0.73	1.6%	75,100	0
Gardena / 110 Corridor	31,544,600	\$0.45	1.7%	-62,700	0
Long Beach/ Harbor Cities	39,472,600	\$0.55	6.3%	-445,400	86,800 SF
Torrance	34,305,400	\$0.59	4.6%	-900	413,100 SF
<b>South Bay Summary</b>	<b>214,028,000</b>	<b>\$0.568</b>	<b>4.4%</b>	<b>2,698,200</b>	<b>499,900 SF</b>
<b>Change from Last Quarter</b>	<b>↑</b>	<b>↑</b>	<b>↓</b>	<b>↑</b>	<b>↓</b>



## Market Overview

The South Bay Industrial market ended 2012 with a total availability rate of 5.9%, a decrease from 6.5% in the third quarter. Total vacancy ended the quarter at 4.4%, a significant drop over the last quarter. Net absorption totaled a positive 925,600 square feet in Q4. Year-to-Date Net absorption has totaled a positive 2,698,200 square feet. Average rental rates ended the fourth quarter at \$0.568 PSF, an increase from \$0.55 over Q3. The Carson/Rancho Dominguez/ Compton submarket was the only one to provide new square footage to the market; over the last quarter 427,100 SF via new construction was delivered. The two buildings (216,400 SF & 210,700 SF) were recently finished and both located in the city of Carson.



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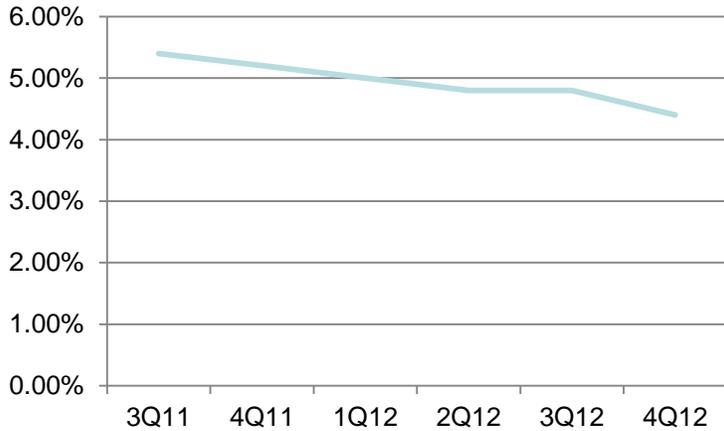
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## Vacancy

The total vacancy rate, including sublet space, decreased from 4.8% in Q3 to 4.4% year end 2012. The vacancy rate is down 80 basis points from 5.2% fourth quarter of 2011. The South Bay market has seen the vacancy rate stabilize over the previous ten quarters with gradual decreases due to the growing industrial demand. The resurgence in industrial demand has been primarily for quality class A space and investment activity.

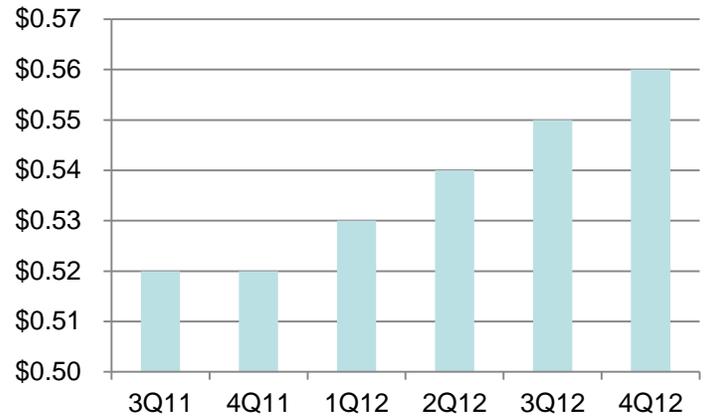
**Vacancy Rates**



## Lease Rates

According to the compiled averages, lease rates increased over the fourth quarter. The average rate in the South Bay market was \$0.56 NNN, the fifth quarter in a row with a \$0.01 increase. With market activity on the rise and total vacancy steadily decreasing, it's safe to assume that the South Bay can expect to see rates continue to climb. While lease rates are an accurate "trend" indicator, it's not a complete representation of the market. Each transaction is different and includes different Landlord motivations & concessions (i.e. free rent, tenant improvements, length of term, building condition, etc.).

**Average Lease Rates (NNN)**

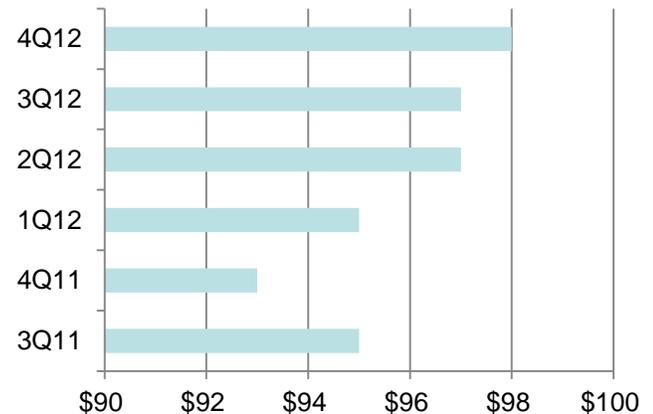
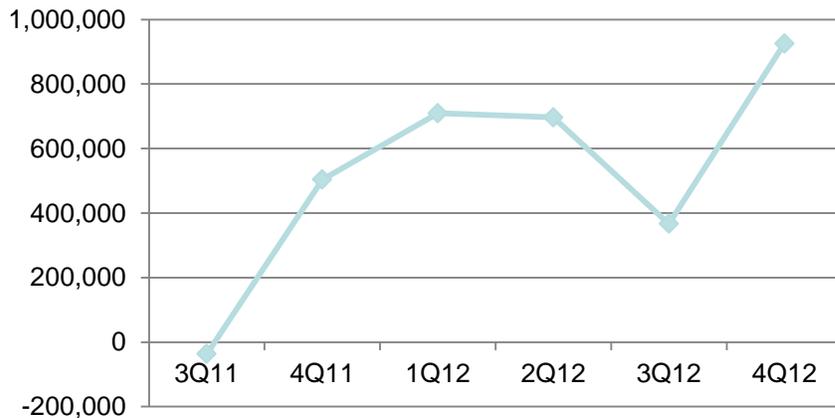


## Absorption

4Q12 continued the positive absorption trend from the previous quarter, totaling a positive 925,600 square feet. Comparatively, this was quite a significant increase over the last quarter which totaled 366,800 square feet. This continued positive absorption is a good indicator of a stabilizing market.

## Sales Activity

The average sale price for the South Bay during the last quarter of 2012 was \$98.00 PSF, a \$1.00 increase over the previous quarter. From a purchasing prospective, this is another indication for investors that the market is healthy and the price PSF is going to keep climbing. The chart below shows the PSF transactions of the different submarkets over the last quarter.



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