

South Bay Industrial Market Update

SOUTH BAY INDUSTRIAL SUBMARKETS SNAPSHOT

Submarket	Total Rentable Building SF	Average Quoted Lease Rate	Vacancy Rate (Availability)	YTD Net Absorption SF	SF Under Construction
Carson / Rancho Dominguez	81,659,057	\$0.511	7.4%	-825,728	0
El Segundo / Hawthorne	27,485,092	\$0.895	4.2%	12,357	0
Gardena / 110 Corridor	37,667,330	\$0.518	4.0%	-117,881	0
Long Beach Area	32,227,925	\$0.591	7.3%	-120,824	0
Lynwood / Paramount	14,701,968	\$0.491	3.1%	20,527	0
Torrance / Beach Cities	38,693,582	\$0.620	5.7%	-410,051	17,982
South Bay	232,434,954	\$0.575	5.89%	-1,441,600	17,982
Change from Last Quarter		↓	↓	↑	↔



REALTY ADVISORY GROUP, INC.

Greater Los Angeles
545 S. Figueroa Street, Ste. 1209
Los Angeles, CA 90017
T: (213) 892-8881 F: (213) 627-6526

Valencia/Santa Clarita Valley
28338 Constellation Road, Unit 950,
Valencia, CA 91355
T: (661) 702-8880 F: (661) 702-8882



Market Overview

The South Bay Industrial market ended the third quarter 2010 with a total availability rate of 6.8%, remaining relatively flat for the second straight quarter of 2010. This rate represented a .3% decrease over the previous quarter. Meanwhile net absorption totaled positive 704,738 square feet in the third quarter. Rental rates ended the third quarter at \$0.51 PSF, a decrease of 7.27% over the previous quarter of \$0.55 PSF. No buildings were delivered to the market in the quarter continuing the little-to-no development trend for the South Bay.

Vacancy

The Industrial vacancy rates for the major Markets, Carson / Long Beach, have remained steadily above 7%, while the rest of the market area has continued on a downward trend.

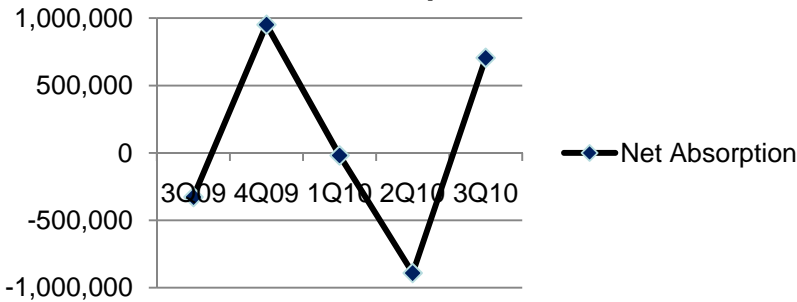
Vacancy Rates by Quarter



Absorption

Net absorption for the overall South Bay Industrial market was positive 704,738 square feet in the third quarter of 2010. That compares to negative 19,274 square feet in the first quarter of 2010 and the negative 891,796 square feet in the second quarter of 2010.

Net Absorption

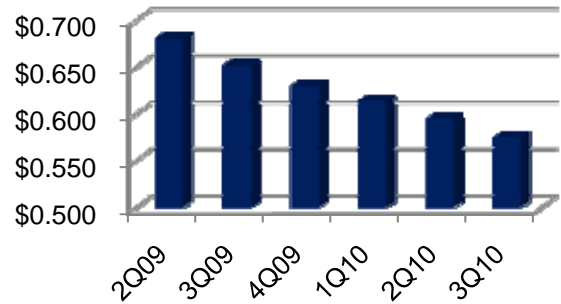


Deliveries & Construction

The number of facilities under construction has remained the same, as the only construction activity is that in Long Beach of only 17,982 square feet.

Lease Rates

The average asking rental rate for available Industrial space is down approximate \$.01-.02/SF from last quarter.



Sales Activity

There have been 22 sale transactions in the 3rd quarter, which is double that of the previous quarter. Prices have dropped causing transactions to increase, showing the volatile market may be on the upturn. Looking at a hypothetical 50,000 – 100,000 SF building, market prices have continued to decline as the average sale price range for the 3rd Quarter is approximately \$115-120/SF for 1st Generation Class A Space, about \$85-95/SF for 2nd Generation Class A/B space, and \$65-75 for 3rd Generation Class B/C space.

Featured Deals:



18620 Harmon Ave. Bldg 711, Carson, CA 90746

Lease commencement for this 199,077 SF portion of a larger 500,000 SF building begins June 1st for a 60 month term with 3 months early occupancy for tenant improvements. The base rental rate is \$0.56 NNN with a fixed mid term bump. The building is 32'CL with 20+ Dock High doors and was built in 2001.



17511 S Susana Rd, Rancho Dominguez, CA 90221

We assisted a client in purchasing this 30,125 square foot facility with 50% coverage for \$102 PSF. Features include 25' minimum ceilings, 7 dock high positions, and Freeway (91) Frontage. Our client is to use the building as a Corporate Headquarter for their Air Freight Business.