

North LA Industrial Update

1st Quarter

2009

NORTH LOS ANGELES 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	26,466,636	\$0.893	6.97%	-490,667	143,323
SCV/Palmdale/Lancaster	23,908,939	\$0.774	4.84%	-52,028	43,070
San Fernando Valley East	94,662,631	\$0.883	2.79%	-418,830	0
San Fernando Valley West	50,426,022	\$0.791	3.17%	121,337	190,240
Ventura County	51,080,806	\$0.673	3.72%	-68,732	33,332
Industrial Submarket Trends	246,545,034	\$0.803	3.71%	-908,920	409,965
Change from Last Quarter		▼	▲	▼	▲
Change from Last Year		▼	▲	▼	▼



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Market Overview

The entire Los Angeles Industrial market ended the first quarter 2009 with a vacancy rate of 4.4%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (5,829,045) square feet in the first quarter. Vacant sublease space increased in the quarter, ending the quarter at 5,317,159 square feet.

Rental rates ended the first quarter at \$0.695/sf, a decrease over the previous quarter. A total of 27 buildings delivered to the market in the quarter totaling 1,109,215 square feet, with 1,282,378 square feet still under construction at the end of the quarter.



Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Los Angeles industrial sales figures fell during the fourth quarter 2008 in terms of dollar volume compared to the third quarter of 2008.

In the fourth quarter, 66 industrial transactions closed with a total volume of \$210,746,868. The 66 buildings totaled 3,314,502 square feet and the average price per square foot equated to \$114.45 per square foot. That compares to 92 transactions totaling \$606,847,999 in the third quarter. The total square footage was 6,288,207 for an average price per square foot of \$104.76.

Total year-to-date industrial building sales activity in 2008 is down compared to the previous year. In the twelve months of 2008, the market saw 348 industrial sales transactions with a total volume of \$2,020,182,623. The price per square foot has averaged \$116.84 this year. In the twelve months of 2007, the market posted 526 transactions with a total volume of \$3,015,730,165. The price per square foot averaged \$119.70.

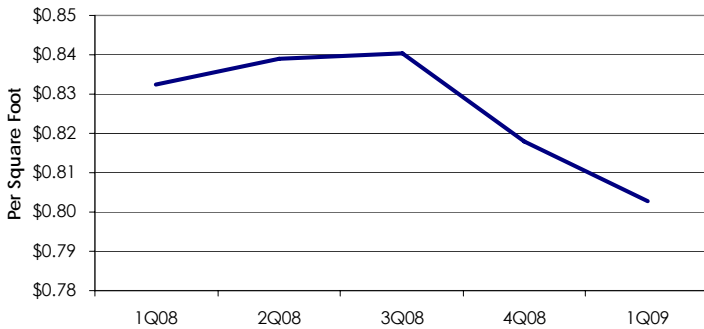
Cap rates have been higher in 2008, averaging 6.05%, compared to the twelve months of last year when they averaged 6.00%.



Lease Rates

The average quoted asking rental rate for available Industrial space was \$0.803 per square foot per year at the end of the first quarter 2009 in the North Los Angeles market area. This represented a 1.9% decrease in quoted rental rates from the end of the fourth quarter 2008, when rents were reported at \$0.818 per square foot.

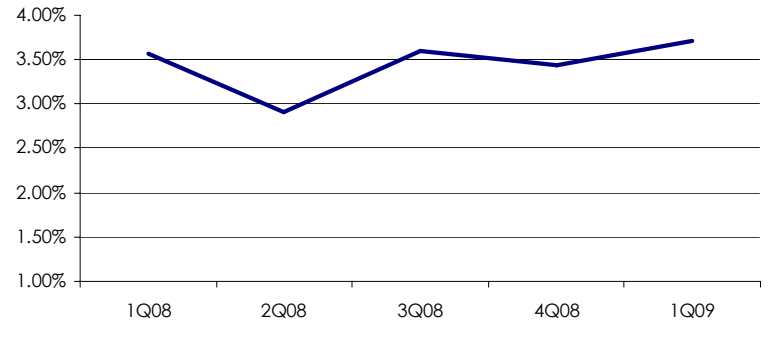
Asking Lease Rate



Vacancy

The Industrial vacancy rate in the North Los Angeles market area increased to 3.71% at the end of the first quarter 2009. The vacancy rate was 3.44% at the end of the fourth quarter 2008, 3.60% at the end of the third quarter 2008, and 2.90% at the end of the second quarter 2008.

LA North Vacancy Rates



Absorption

Net absorption for the overall Los Angeles Industrial market was negative (5,829,045) square feet in the first quarter 2009. That compares to negative (2,727,032) square feet in the fourth quarter 2008, negative (1,917,476) square feet in the third quarter 2008, and negative (3,638,017) square feet in the second quarter 2008.



Deliveries & Construction

During the first quarter 2009, 27 buildings totaling 1,109,215 square feet were completed in the Los Angeles market area. This compares to 17 buildings totaling 866,320 square feet that were completed in the fourth quarter 2008, 25 buildings totaling 1,198,919 square feet completed in the third quarter 2008, and 38 buildings completed in the second quarter 2008.

There were 1,282,378 square feet of Industrial space under construction at the end of the first quarter 2009.

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