

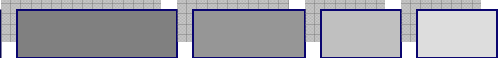
# LA North Industrial Update

4<sup>th</sup> 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	25,941,000	\$0.823	5.58%	-470,203	0
SCV/Palmdale/Lancaster	23,771,141	\$0.622	6.07%	-276,761	0
San Fernando Valley East	93,109,087	\$0.794	3.29%	-1,046,465	27,018
San Fernando Valley West	49,568,676	\$0.755	3.06%	118,642	45,101
Ventura County	50,761,323	\$0.630	4.81%	-700,813	63,321
<b>Industrial Submarket Trends</b>	<b>243,151,227</b>	<b>\$0.725</b>	<b>4.08%</b>	<b>-2,375,600</b>	<b>135,440</b>
<b>Change from Last Quarter</b>		▼	▲	▼	▼
<b>Change from Last Year</b>		▼	▲	▼	▼



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## Market Overview

The entire Los Angeles Industrial market ended the fourth quarter 2009 with a vacancy rate of 4.9%. The vacancy rate was up over the previous quarter, with net absorption totaling positive 151,949 square feet in the fourth quarter. Vacant sublease space increased in the quarter, ending the quarter at 5,211,882 square feet.

Los Angeles Industrial rental rates ended the fourth quarter at \$0.620, a decrease over the previous quarter. A total of 16 buildings delivered to the market in the quarter totaling 717,222 square feet, with 206,856 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 third quarter 2009 in terms of dollar volume compared to the second quarter of 2009.

In the third quarter, 43 industrial transactions closed with a total volume of \$169,264,759. The 43 buildings totaled 2,256,401 square feet and the average price per square foot equated to \$75.02 per square foot. That compares to 43 transactions totaling \$171,072,768 in the second quarter. The total square footage was 2,002,993 for an average price per square foot of \$85.41.

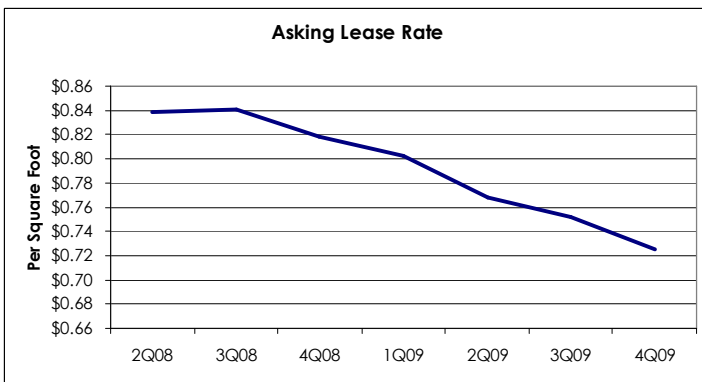
Total year-to-date industrial building sales activity in 2009 is down compared to the previous year. In the first nine months of 2009, the market saw 109 industrial sales transactions with a total volume of \$440,741,850. The price per square foot has averaged \$84.23 this year. In the first nine months of 2008, the market posted 229 transactions with a total volume of \$1,574,149,827. The price per square foot averaged \$117.31.

Cap rates have been higher in 2009, averaging 7.10%, compared to the first nine months of last year when they averaged 5.98%.



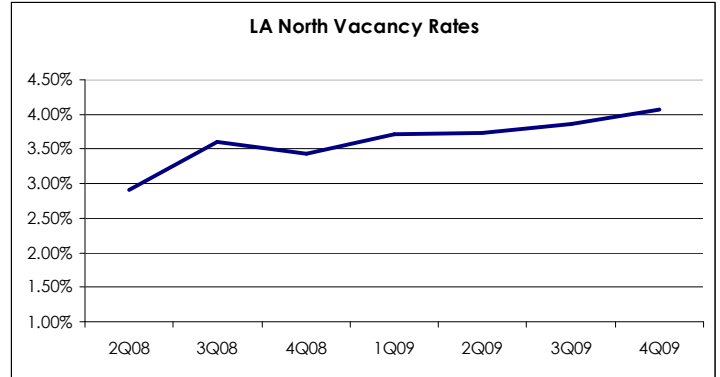
## Lease Rates

The average quoted asking rental rate for available Industrial space was \$0.725 per square foot per year at the end of the fourth quarter 2009 in the North Los Angeles market area. This represented a 4.0% decrease in quoted rental rates from the end of the third quarter 2009, when rents were reported at \$0.752 per square foot.



## Vacancy

The Industrial vacancy rate in the North Los Angeles market area increased to 4.08% at the end of the fourth quarter 2009. The vacancy rate was 3.86% at the end of the third quarter 2009, 3.72% at the end of the second quarter 2009, and 3.71% at the end of the first quarter 2009.



## Absorption

Net absorption for the overall Los Angeles Industrial market was positive 151,949 square feet in the fourth quarter 2009. That compares to negative (1,306,613) square feet in the third quarter 2009, negative (3,860,528) square feet in the second quarter 2009, and negative (4,355,910) square feet in the first quarter 2009.



## Deliveries & Construction

During the fourth quarter 2009, 16 buildings totaling 717,222 square feet were completed in the Los Angeles market area. This compares to seven buildings totaling 201,622 square feet that were completed in the third quarter 2009, 16 buildings totaling 953,516 square feet completed in the second quarter 2009, and 1,060,975 square feet in 28 buildings completed in the first quarter 2009.

There were 206,856 square feet of Industrial space under construction at the end of the fourth quarter 2009.

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