

Industrial Market Update

Los Angeles County

1st Quarter 2009

LOS ANGELES COUNTY INDUSTRIAL SUBMARKETS SNAPSHOT

Submarket	Total Building SF	Average Asking Lease Rate	Vacancy Rate	YTD Net Absorption SF	SF Under Construction
Commerce	84,036,121	\$0.558	4.29%	216,722	0
Vernon	90,139,059	\$0.570	3.21%	-631,016	0
Central LA	116,861,066	\$0.795	3.87%	-746,288	0
Mid-Counties	101,794,394	\$0.609	3.98%	-358,659	89,057
San Gabriel Valley	179,568,052	\$0.618	6.15%	-2,659,090	315,664
San Fernando Valley	145,088,653	\$0.851	2.92%	-297,493	190,240
South Bay	242,247,824	\$0.681	4.79%	-794,013	467,692
Westside	23,029,027	\$1.562	4.58%	52,219	0
Los Angeles County	982,764,196	\$0.701	4.38%	-5,217,618	1,062,653
Change from Last Quarter		↓	↑	↓	↓
Change from Last Year		↓	↑	↓	↓



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Market Overview

The Los Angeles Industrial market ended the first quarter 2009 with a vacancy rate of 3.83%. The vacancy rate was up 14.9% over the previous quarter, with net absorption totaling negative 5,217,618 square feet in the first quarter. Vacant sublease space increased in the quarter, ending the quarter at 4,721,554 square feet. Rental rates ended the fourth quarter at \$0.701, a decrease of 2.9% over the previous quarter. A total of 27 buildings were delivered to the market in the quarter totaling 1,109,215 square feet, with 1,062,653 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 28% during the fourth quarter 2008 in terms of the number of transactions and 65% in terms of total sale dollars, 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 for 2008 was down 33% in terms of total sale dollars when compared to the previous year.

Cap rates have been relatively stable in 2008, averaging 5.97%, compared to the first nine months of last year when they averaged 6.02%, but given a number of recent transactions in the first quarter of 2009, Cap rates will be on the rise.



Vacancy

The Industrial vacancy rate in the Los Angeles market area increased to 4.38% at the end of the first quarter 2009. The vacancy rate was 3.83% at the end of the fourth quarter 2008, 3.55% at the end of the third quarter 2008 and 3.25% at the end of 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 in the third quarter 2008, and 38 buildings totaling 856,371 square feet that were completed in the second quarter 2008.

There were 1,062,653 square feet of Industrial space under construction at the end of the first quarter 2009.



Lease Rates

The average quoted asking rental rate for available Industrial space was \$0.701 per square foot per month at the end of the first quarter 2009. This represented a 2.9% decrease in quoted rental rates from the end of the fourth quarter 2008, when rents were reported at \$0.722 per square foot.



Absorption

Net absorption for the overall Los Angeles Industrial market was negative 5,217,618 square feet in the first quarter of 2009. That compares to 2,649,343 square feet in the fourth quarter of 2008, negative 1,573,332 square feet in the third quarter 2008 and negative 4,054,987 square feet in the second quarter 2008.

Featured Deals:



150 W Jefferson Blvd., Los Angeles, CA 90007

We assisted our client, KB Investment Properties, in leasing this 38,500 square foot facility. Located two miles from LA Live/Staples Center in downtown Los Angeles, the facility features 8,640 square feet of high image office space as well as gated parking and loading areas.



1601 W Mission Blvd., #106, Pomona, CA 91766

We are marketing this 241,000 square foot distribution and manufacturing space for sublease. This property has been recently refurbished and features include a 20' minimum clearance, 4,986 square feet of office space, 25 DH positions, 1,000 Amps of power and a high exposure location with immediate access to the Chino Valley (71) Freeway.