

Industrial Market Update

Los Angeles County

4th Quarter 2010

LOS ANGELES COUNTY INDUSTRIAL SUBMARKETS SNAPSHOT

Submarket	Total Building SF	Average Asking Lease Rate	Vacancy Rate	YTD Net Absorption SF	SF Under Construction
Commerce	80,302,964	\$0.438	6.21%	-1,273,699	0
Vernon	87,525,418	\$0.479	2.69%	710,202	37,640
Central LA	105,802,945	\$0.675	3.09%	699,470	0
Mid-Counties	98,826,245	\$0.485	6.37%	-1,246,197	0
San Gabriel Valley	174,198,175	\$0.537	4.79%	1,181,241	667,993
San Fernando Valley	139,356,468	\$0.715	4.21%	-1,053,561	29,901
South Bay	231,073,480	\$0.578	5.56%	-844,472	270,764
Westside	22,699,212	\$1.414	6.62%	-268,781	0
Los Angeles County	939,784,907	\$0.591	4.84%	-2,095,797	1,006,298
Change from Last Qtr.		↓	↓	↑	↑
Change from Last Year		↓	↑	↑	↑



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Market Overview

The Los Angeles Industrial market ended the fourth quarter 2010 with a vacancy rate of 4.84%, which represents a decrease of 3.8% from the previous quarter. Meanwhile net absorption totaled positive 1,436,243 square feet in the fourth quarter. Vacant sublease space decreased by 19.8% in the quarter, ending at 2,614,371 square feet. Rental rates ended the fourth quarter at \$0.591 PSF, a decrease of 1.5% over the previous quarter. A total of four buildings were delivered to the market in the quarter totaling 298,937 square feet, with 1,006,298 square feet under construction at the end of the quarter a big part of which is the 656,000 square foot facility that Huy Fong Foods is building in the City of Irwindale.



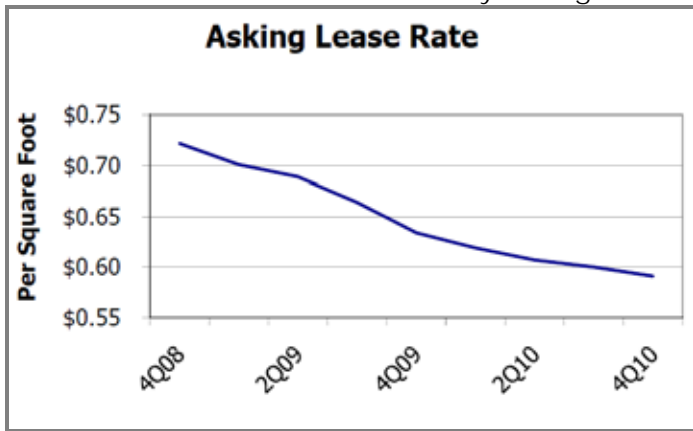
Vacancy

The Industrial vacancy rate in the Los Angeles market area decreased for the third straight quarter.



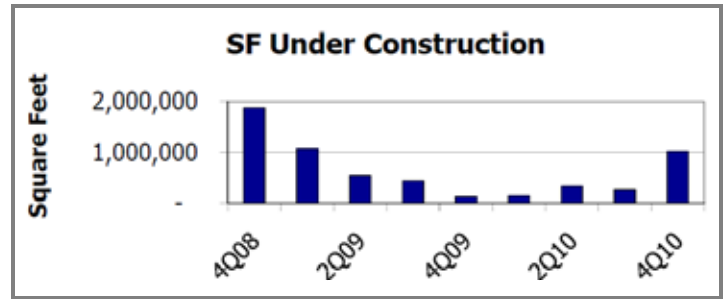
Lease Rates

The average quoted asking rental rate for available Industrial space decreased for the 9th straight quarter and are at levels last seen five years ago.



Deliveries & Construction

The building square footage under construction rose above 1M square feet for the first time since the first quarter of 2009.



Absorption

Net absorption for the overall Los Angeles Industrial market was positive 1,436,243 square feet in the fourth quarter of 2010. That marks the third consecutive quarter of positive absorption.



Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Los Angeles industrial sales figures rose in the third quarter of 2010 by 19% in terms of deal volume and 25% in terms of average sale price to \$80.21 PSF when compared to the second quarter of 2010. When comparing closed transactions in the first nine months of 2010 with the same period of 2009, sale volume has increased by 71%. Cap rates have continued higher in 2010, averaging 8.02%, compared to the first nine months of 2009 when they averaged 7.10%.

Featured Deals:



LEASED

11850 Riverside Dr, Mira Loma, CA

We assisted our client in their long term lease of this 656,611 SF distribution facility. The DC was built in 2000 and features 30' ceilings, 96 DH doors and trailer parking for 132 containers.



SOLD



181 S Larch Ave, Rialto, CA

We assisted our client in acquiring this 247,226 SF distribution facility. The property was completed in 2008 and had yet to be occupied. Features included 30' ceilings, 32 DH doors and trailer parking for 57 containers.