

North LA Industrial Update

2nd 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	26,500,445	\$0.862	6.11%	-585,100	0
SCV/Palmdale/Lancaster	24,055,546	\$0.700	5.70%	-237,887	27,534
San Fernando Valley East	94,323,143	\$0.856	2.84%	-732,388	22,391
San Fernando Valley West	50,144,571	\$0.758	2.81%	266,935	175,306
Ventura County	50,802,484	\$0.668	4.09%	-482,431	201,115
Industrial Submarket Trends	245,826,189	\$0.769	3.72%	-1,770,871	426,346
Change from Last Quarter		▼	▲	▼	▲
Change from Last Year		▼	▲	▼	▼



REALTY ADVISORY GROUP, INC.
YOUR REAL ESTATE TEAM

ID - 01301202

Greater Los Angeles

545 S. Figueroa Street, Ste. 1209
Los Angeles, CA 90017
T: (213) 627-3338 F: (213) 627-6526

Santa Clarita/San Fernando Valley

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



Market Overview

The entire Los Angeles Industrial market ended the second quarter 2009 with a vacancy rate of 4.8%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (4,026,935) square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 5,316,767 square feet.

Rental rates ended the second quarter at \$0.683/sf, a decrease over the previous quarter. A total of 18 buildings delivered to the market in the quarter totaling 1,094,817 square feet, with 771,086 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 first quarter 2009 in terms of dollar volume compared to the fourth quarter of 2008.

In the first quarter, 23 industrial transactions closed with a total volume of \$93,542,500. The 23 buildings totaled 901,462 square feet and the average price per square foot equated to \$104.97 per square foot. That compares to 36 transactions totaling \$201,044,383 in the fourth quarter. The total square footage was 1,753,954 for an average price per square foot of \$114.62.

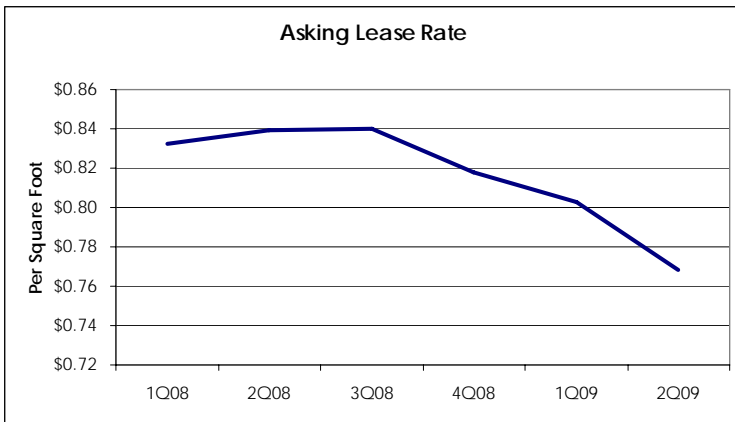
Total year-to-date industrial building sales activity in 2009 is down compared to the previous year. In the first 3 months of 2009, the market saw 23 industrial sales transactions with a total volume of \$93,542,500. The price per square foot has averaged \$104.97 this year. In the first three months of 2008, the market posted 61 transactions with a total volume of \$483,801.08. The price per square foot averaged \$109.73.

Cap rates have been higher in 2009, averaging 6.50%, compared to the first three months of last year when they averaged 5.40%.



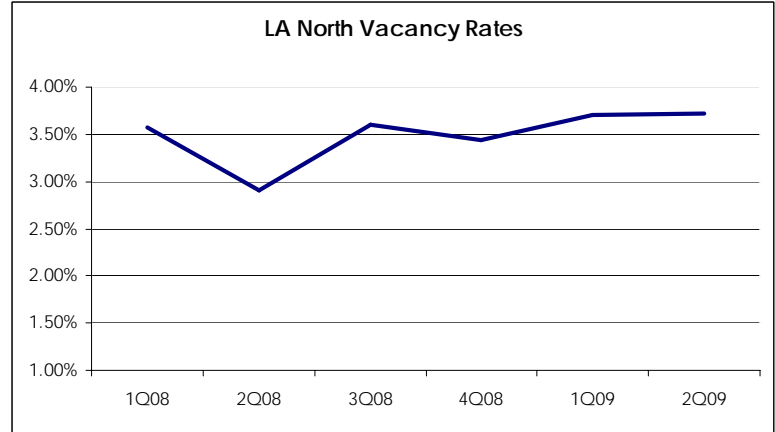
Lease Rates

The average quoted asking rental rate for available Industrial space was \$0.769 per square foot per year at the end of the 2nd quarter 2009 in the North Los Angeles market area. This represented a 4.3% decrease in quoted rental rates from the end of the first quarter 2009, when rents were reported at \$0.803 per square foot.



Vacancy

The Industrial vacancy rate in the North Los Angeles market area increased to 3.72% at the end of the second quarter 2009. The vacancy rate was 3.71% at the end of the first quarter 2009, 3.44% at the end of the fourth quarter 2008, and 3.60% at the end of the third quarter 2008.



Absorption

Net absorption for the overall Los Angeles Industrial market was negative (4,026,935) square feet in the second quarter 2009. That compares to negative (5,619,105) square feet in the first quarter 2009, negative (2,727,032) square feet in the fourth quarter 2008, and negative (1,596,259) square feet in the third quarter 2008.



Deliveries & Construction

During the second quarter 2009, 18 buildings totaling 1,094,817 square feet were completed in the Los Angeles market area. This compares to 30 buildings totaling 1,257,616 square feet that were completed in the first quarter 2009, 23 buildings totaling 984,178 square feet completed in the fourth quarter 2008, and 1,149,430 square feet in 25 buildings completed in the third quarter 2008.

There were 771,086 square feet of Industrial space under construction at the end of the second quarter 2009.

The North Los Angeles Industrial Market Report is Prepared by:

Jim Ebanks
Senior Director – ID 00880338
(661) 702-8880 x 12
jebanks@raginc.com

Andrew Starnes
Associate – ID 01799801
(661) 702-8880 x 10
starnes@raginc.com

Lauren Ebanks
Associate – ID 01820732
(661) 702-8880 x 18
lauren@raginc.com