

LA North Industrial Update

3rd Quarter

2010

LA NORTH 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	25,667,292	\$0.810	8.37%	-388,840	52,356
SCV/Palmdale/Lancaster	23,684,813	\$0.554	7.58%	-328,604	0
San Fernando Valley East	91,956,444	\$0.748	3.43%	-15,534	0
San Fernando Valley West	47,839,663	\$0.701	5.32%	-775,917	29,901
Ventura County	50,183,768	\$0.608	6.91%	-744,011	0
Industrial Submarket Trends	239,331,980	\$0.684	5.48%	-2,252,906	82,257
Change from Last Quarter		▼	▲	▲	▲
Change from Last Year		▼	▲	▲	▼



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Market Overview

The entire Los Angeles Industrial market ended the third quarter 2010 with a vacancy rate of 5.3%. The vacancy rate was up over the previous quarter, with net absorption totaling negative 339,538 square feet in the third quarter. Vacant sublease space increased in the quarter, ending the quarter at 4,103,801 square feet.

Los Angeles Industrial rental rates ended the third quarter at \$0.590, a decrease over the previous quarter. A total of 10 buildings delivered to the market in the quarter totaling 113,097 square feet, with 311,731 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 rose during the second quarter 2010 in terms of dollar volume compared to the first quarter of 2010.

In the second quarter, 64 industrial transactions closed with a total volume of \$300,407,038. The 64 buildings totaled 4,645,699 square feet and the average price per square foot equated to \$64.66 per square foot. That compares to 46 transactions totaling \$180,324,262 in the first quarter. The total square footage was 2,311,001 for an average price per square foot of \$78.03.

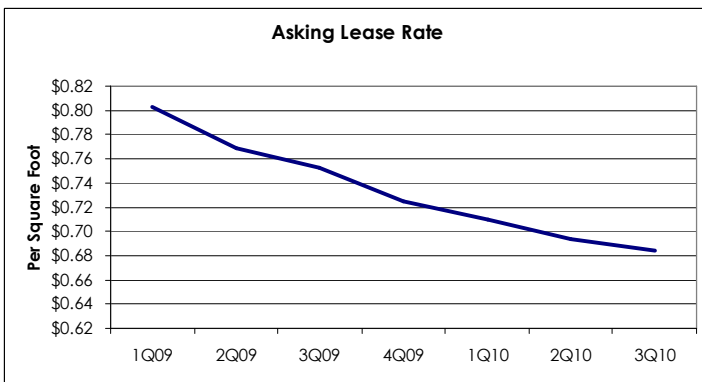
Total year-to-date industrial building sales activity in 2010 is up compared to the previous year. In the first six months of 2010, the market saw 110 industrial sales transactions with a total volume of \$480,731,300. The price per square foot has averaged \$69.10 this year. In the first six months of 2009, the market posted 67 transactions with a total volume of \$280,443,766. The price per square foot averaged \$90.19.

Cap rates have been higher in 2010, averaging 7.93%, compared to the first six months of last year when they averaged 6.87%.



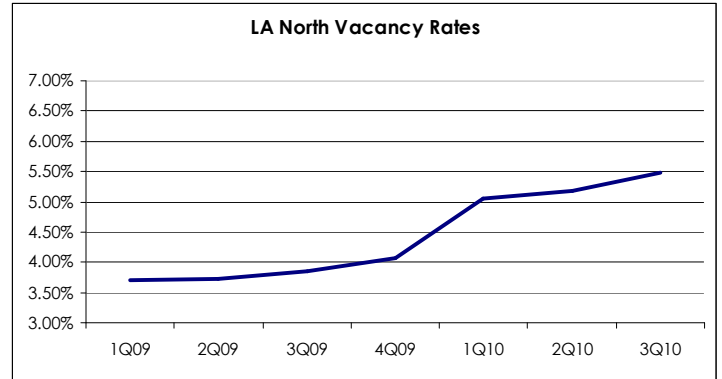
Lease Rates

The average quoted asking rental rate for available Industrial space was \$0.684 per square foot per year at the end of the third quarter 2010 in the North Los Angeles market area. This represented a 1.0% decrease in quoted rental rates from the end of the second quarter 2010, when rents were reported at \$0.694 per square foot.



Vacancy

The Industrial vacancy rate in the North Los Angeles market area increased to 5.48% at the end of the third quarter 2010. The vacancy rate was 5.19% at the end of the second quarter 2010, 5.06% at the end of the first quarter 2010, and 4.08% at the end of the fourth quarter 2009.



Absorption

Net absorption for the overall Los Angeles Industrial market was negative (339,598) square feet in the third quarter 2010. That compares to negative (180,018) square feet in the second quarter 2010, negative (4,467,834) square feet in the first quarter 2010, and positive 760,879 square feet in the fourth quarter 2009.



Deliveries & Construction

During the third quarter 2010, seven buildings totaling 113,097 square feet were completed in the Los Angeles market area. This compares to eight buildings totaling 147,665 square feet that were completed in the second quarter 2010, five buildings totaling 24,400 square feet completed in the first quarter 2010, and 748,859 square feet in 18 buildings completed in the fourth quarter 2009.

There were 311,731 square feet of Industrial space under construction at the end of the third quarter 2010.

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