

# LA North Industrial Update

4th 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	25,531,434	\$0.768	8.05%	-388,840	0
SCV/Palmdale/Lancaster	23,547,618	\$0.545	7.27%	-307,096	0
San Fernando Valley East	91,589,824	\$0.742	3.39%	-76,093	0
San Fernando Valley West	47,766,644	\$0.664	5.77%	-977,468	29,901
Ventura County	50,172,000	\$0.595	6.59%	-543,722	0
<b>Industrial Submarket Trends</b>	<b>238,607,520</b>	<b>\$0.663</b>	<b>5.42%</b>	<b>-2,293,219</b>	<b>29,901</b>
<b>Change from Last Quarter</b>		▼	▼	▼	▼
<b>Change from Last Year</b>		▼	▲	▲	▼



ID - 01301202

### LA North Office

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

### Downtown Office

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



## Market Overview

The entire Los Angeles Industrial market ended the fourth quarter 2010 with a vacancy rate of 5.1%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 1,097,373 square feet in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 3,244,742 square feet.

Rental rates ended the fourth quarter at \$0.58/sf, a decrease over the previous quarter. A total of four buildings delivered to the market in the quarter totaling 298,937 square feet, with 1,006,298 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 third quarter 2010 in terms of dollar volume compared to the second quarter of 2010.

In the third quarter, 80 industrial transactions closed with a total volume of \$349,969,970. The 80 buildings totaled 4,363,216 square feet and the average price per square foot equated to \$80.21 per square foot. That compares to 67 transactions totaling \$308,332,038 in the second quarter. The total square footage was 4,794,408 for an average price per square foot of \$64.31.

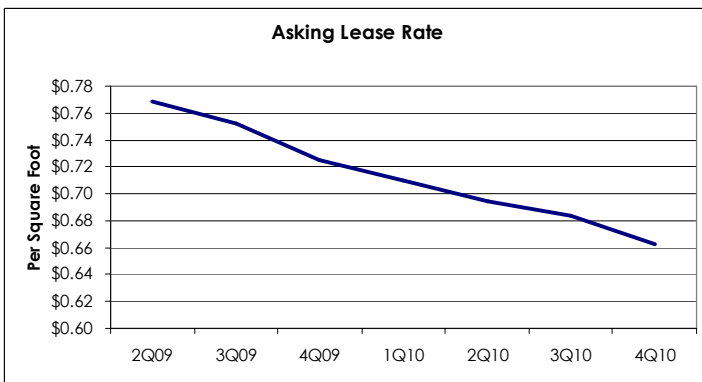
Total year-to-date industrial building sales activity in 2010 is up compared to the previous year. In the first nine months of 2010, the market saw 192 industrial sales transactions with a total volume of \$838,056,270. The price per square foot has averaged \$73.17 this year. In the first nine months of 2009, the market posted 112 transactions with a total volume of \$456,295,566. The price per square foot averaged \$85.18.

Cap rates have been higher in 2010, averaging 8.02%, compared to the first nine months of last year when they averaged 7.10%.



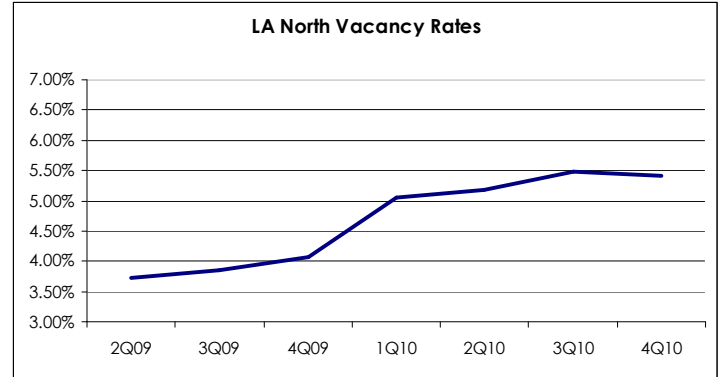
## Lease Rates

The average quoted asking rental rate for available Industrial space was \$0.663 per square foot per year at the end of the fourth quarter 2010 in the North Los Angeles market area. This represented a 3.0% decrease in quoted rental rates from the end of the second quarter 2010, when rents were reported at \$0.684 per square foot.



## Vacancy

The Industrial vacancy rate in the North Los Angeles market area **reduced** to 5.42% at the end of the fourth quarter 2010. The vacancy rate was 5.48% at the end of the third quarter 2010, 5.19% at the end of the second quarter 2010, and 5.06% at the end of the first quarter 2010.



## Absorption

Net absorption for the overall Los Angeles Industrial market was positive 1,097,373 square feet in the fourth quarter 2010. That compares to positive 125,630 square feet in the third quarter 2010, positive 48,935 square feet in the second quarter 2010, and negative (4,522,500) square feet in the first quarter 2010.



## Deliveries & Construction

During the fourth quarter 2010, four buildings totaling 298,937 square feet were completed in the Los Angeles market area. This compares to eight buildings totaling 188,097 square feet that were completed in the third quarter 2010, eight buildings totaling 183,135 square feet completed in the second quarter 2010, and 36,250 square feet in seven buildings completed in the first quarter 2010.

There were 1,006,298 square feet of Industrial space under construction at the end of the fourth quarter 2010.

The North Los Angeles Industrial Market Report is Prepared by:

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

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

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