

# Industrial Market Update

3<sup>rd</sup> Quarter

2008

## LA COUNTY INDUSTRIAL SUBMARKETS SNAPSHOT

Los Angeles County Industrial Submarket	Total Building SF	Average Asking Lease Rate	Vacancy Rate	YTD Net Absorption SF	SF Under Construction
Commerce	84,410,583	\$0.565	3.80%	-1,368,021	184,600
Central LA	116,502,214	\$0.813	3.20%	-1,579,960	426,921
Conejo Valley	26,506,619	\$0.938	5.30%	-112,725	97,268
San Gabriel Valley	175,162,982	\$0.687	3.73%	-1,440,041	828,585
Mid-Counties	102,214,416	\$0.630	3.10%	18,344	67,360
SCV/Palmdale/Lancaster	24,116,782	\$0.749	5.70%	334,864	0
San Fernando Valley East	93,313,592	\$0.955	2.50%	-305,774	0
San Fernando Valley West	50,339,769	\$0.873	3.80%	-280,307	33,085
Vernon	92,299,441	\$0.628	2.60%	-168,854	0
<b>Industrial Submarket Trends</b>	<b>764,866,398</b>	<b>\$0.760</b>	<b>3.75%</b>	<b>-4,902,474</b>	<b>1,637,819</b>
<b>Change from Last Quarter</b>		▲	▲	▼	▼
<b>Change from Last Year</b>		▲	▲	▼	▼

\*Statistics compiled with the support of the CoStar Group



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## Market Overview

The Los Angeles Industrial market ended the third quarter 2008 with a vacancy rate of 3.6%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (2,203,599) square feet in the third quarter. Vacant sublease space increased in the quarter, ending the quarter at 4,661,536 square feet. Rental rates ended the third quarter at \$0.732, an increase over the previous quarter. A total of 21 buildings were delivered to the market in the quarter totaling 984,493 square feet, with 2,967,578 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 second quarter 2008 in terms of dollar volume compared to the first quarter of 2008.

In the second quarter, 79 industrial transactions closed with a total volume of \$465,129,410. The 79 buildings totaled 3,685,404 square feet and the average price per square foot equated to \$126.21 per square foot. That compares to 65 transactions totaling \$492,983,957 in the first quarter. The total square footage was 4,327,317 for an average price per square foot of \$113.92.

Total year-to-date industrial building sales activity in 2008 is down compared to the previous year. In the first six months of 2008, the market saw 144 industrial sales transactions with a total volume of \$958,113,367. The price per square foot has averaged \$119.57 this year. In the first six months of 2007, the market posted 235 transactions with a total volume of \$1,507,484,227. The price per square foot averaged \$114.98. Cap rates have been lower in 2008, averaging 5.55%, compared to the first six months of last year when they averaged 6.12%.



## Vacancy

The Industrial vacancy rate in the Los Angeles market area increased to 3.6% at the end of the third quarter 2008. The vacancy rate was 3.3% at the end of the second quarter 2008, 2.9% at the end of the first quarter 2008, and 2.7% at the end of the fourth quarter 2007.



## Deliveries and Construction

During the third quarter 2008, 21 buildings totaling 984,493 square feet were completed in the Los Angeles market area. This compares to 35 buildings totaling 812,723 square feet that were completed in the second quarter 2008, 14 buildings totaling 459,891 square feet completed in the first quarter 2008, and 1,908,552 square feet in 28 buildings completed in the fourth quarter 2007.

There were 2,967,578 square feet of Industrial space under construction at the end of the third quarter 2008.



## Lease Rates

The average quoted asking rental rate for available Industrial space was \$0.732 per square foot per year at the end of the third quarter 2008 in the Los Angeles market area. This represented a 0.7% increase in quoted rental rates from the end of the second quarter 2008, when rents were reported at \$0.726 per square foot.



## Absorption

Net absorption for the overall Los Angeles Industrial market was negative (2,203,599) square feet in the third quarter 2008. That compares to negative (4,201,132) square feet in the second quarter 2008, negative (1,736,622) square feet in the first quarter 2008, and positive 4,224,701 square feet in the fourth quarter 2007.

## Featured Listings:



28338 Constellation Road,  
Valencia, CA 91355

**Discovery Gateway  
Spectrum II**  
State of the Art Industrial  
Condo Project  
24' Clear Warehouse  
Located in the Enterprise  
Zone  
Ground Level Doors  
Units Ranging from  
3,000sf to 6,000sf  
For Lease or Purchase!



28259 Constellation Road,  
Valencia, CA 91355

**10,934 sf Prime End Unit**  
100% Ground Floor  
Footprint Area  
1,241sf of Office  
24' Clear Warehouse  
Located in the Enterprise  
Zone  
Ground Level & Dock  
High Positions  
For Lease Only

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