

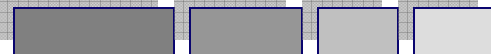
LA Industrial Market Update

4th 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
Central LA	116,627,717	\$0.826	3.00%	-1,381,940	426,921
Commerce	84,228,572	\$0.573	4.60%	-1,899,100	0
Conejo Valley	26,817,575	\$0.868	5.50%	-212,948	143,323
San Gabriel Valley	175,462,226	\$0.669	4.60%	-3,009,647	726,812
Mid-Counties	102,084,012	\$0.626	3.70%	-635,557	67,360
SCV/Palmdale/Lancaster	24,031,015	\$0.765	4.70%	560,925	43,070
San Fernando Valley East	94,808,772	\$0.910	2.40%	-265,697	34,336
San Fernando Valley West	50,231,308	\$0.853	3.70%	-240,793	14,934
Vernon	91,160,700	\$0.586	2.50%	-177,820	0
Industrial Submarket Trends	765,451,897	\$0.742	3.86%	-7,262,577	1,456,756
Change from Last Quarter		▼	▲	▼	▼
Change from Last Year		▲	▲	▼	▼



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Market Overview

The Los Angeles Industrial market ended the fourth quarter 2008 with a vacancy rate of 3.9%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (3,182,663) square feet in the fourth quarter. Vacant sublease space increased in the quarter, ending the quarter at 4,965,675 square feet. Rental rates ended the fourth quarter at \$0.712, a decrease over the previous quarter. A total of 16 buildings were delivered to the market in the quarter totaling 800,003 square feet, with 2,216,235 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 2008 in terms of dollar volume compared to the second quarter of 2008.

In the third quarter, 72 industrial transactions closed with a total volume of \$548,758,565. The 72 buildings totaled 4,692,409 square feet and the average price per square foot equated to \$116.95 per square foot. That compares to 88 transactions totaling \$523,756,064 in the second quarter. The total square footage was 4,186,288 for an average price per square foot of \$125.11.

Total year-to-date industrial building sales activity in 2008 is down compared to the previous year. In the first nine months of 2008, the market saw 232 industrial sales transactions with a total volume of \$1,629,968,876. The price per square foot has averaged \$119.47 this year. In the first nine months of 2007, the market posted 305 transactions with a total volume of \$1,926,351,681. The price per square foot averaged \$116.00. Cap rates have been lower in 2008, averaging 5.97%, compared to the first nine months of last year when they averaged 6.02%.



Vacancy

The Industrial vacancy rate in the Los Angeles market area increased to 3.9% at the end of the fourth quarter 2008. The vacancy rate was 3.5% at the end of the third quarter 2008, 3.3% at the end of the second quarter 2008, and 2.8% at the end of the first quarter 2008.



Deliveries & Construction

During the fourth quarter 2008, 16 buildings totaling 800,003 square feet were completed in the Los Angeles market area. This compares to 22 buildings totaling 1,169,030 square feet that were completed in the third quarter 2008, 37 buildings totaling 849,127 square feet completed in the second quarter 2008, and 455,930 square feet in 14 buildings completed in the first quarter 2008.

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 lease rate for available Industrial space was \$0.712 per square foot at the end of the fourth quarter 2008 in the Los Angeles market area. This represented a 1.6% decrease in quoted lease rates from the end of the third quarter 2008, when lease rates were reported at \$0.724 per square foot.



Absorption

Net absorption for the overall Los Angeles Industrial market was negative (3,182,663) square feet in the fourth quarter 2008. That compares to negative (1,573,332) square feet in the third quarter 2008, negative (4,054,987) square feet in the second quarter 2008, and negative (1,709,306) square feet in the first quarter 2008.

Featured Listings:



50,688 sf
\$0.39/sf NNN
DH/GL Loading
Heavy Power
Divisible to 25,344
@ \$0.42/sf NNN

28106 Avenue Crocker
Valencia, CA 91355



10,017 sf
Lease: \$0.89/sf NNN
Purchase: \$1,890,000.00
100% HVAC Throughout
Entire Warehouse
Free Standing Building

1026 Griswold Avenue
San Fernando, CA 91340

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