

Industrial Market Update

Los Angeles County

2nd Quarter 2010

LOS ANGELES COUNTY INDUSTRIAL SUBMARKETS SNAPSHOT

Submarket	Total Building SF	Average Asking Lease Rate	Vacancy Rate	YTD Net Absorption SF	SF Under Construction
Commerce	81,339,233	\$0.464	5.28%	-563,175	0
Vernon	87,630,430	\$0.478	3.29%	393,105	0
Central LA	108,695,950	\$0.702	3.26%	463,861	0
Mid-Counties	99,344,439	\$0.498	6.26%	-1,124,897	0
San Gabriel Valley	174,340,246	\$0.536	5.45%	-214,013	260,463
San Fernando Valley	140,220,483	\$0.747	4.16%	-887,368	36,339
South Bay	234,275,131	\$0.595	6.19%	-2,146,338	27,103
Westside	23,046,071	\$1.439	7.28%	-303,532	0
Los Angeles County	948,891,983	\$0.607	5.11%	-4,382,357	323,905
Change from Last Qtr.		↓	↓	↓	↑
Change from Last Year		↓	↑	↓	↓



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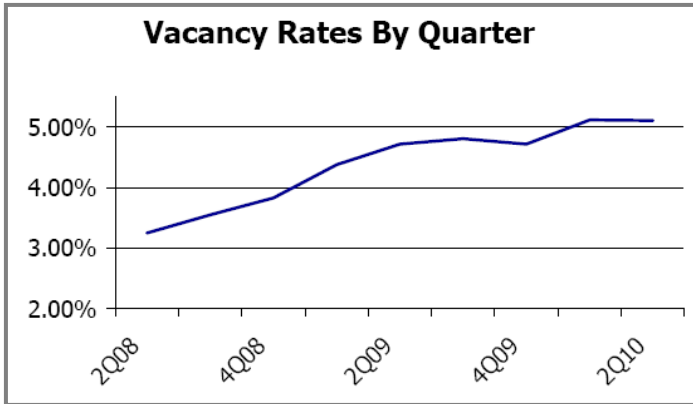
Market Overview

The Los Angeles Industrial market ended the second quarter 2010 with a vacancy rate of 5.11%, remaining relatively flat from the first quarter of 2010. This rate represented a decrease of 0.2% over the previous quarter. Meanwhile net absorption totaled negative 738,482 square feet in the second quarter. Vacant sublease space decreased in the quarter, ending at 3,660,431 square feet. Rental rates ended the second quarter at \$0.607, a decrease of 2.1% over the previous quarter. A total of ten buildings were delivered to the market in the quarter totaling 187,704 square feet, with 361,357 square feet still under construction at the end of the quarter.



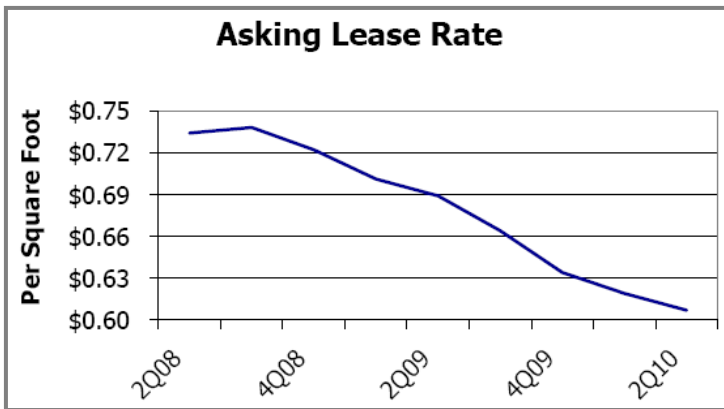
Vacancy

The Industrial vacancy rate in the Los Angeles market area remained relatively flat with a current rate of 5.11%.



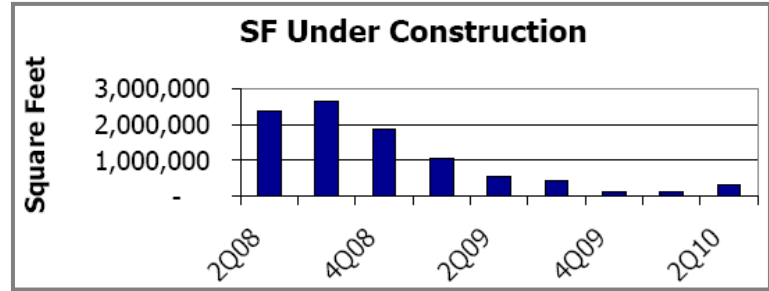
Lease Rates

The average quoted asking rental rate for available Industrial space decreased for the 7th straight quarter.



Deliveries & Construction

The building square footage under construction has declined by 86% since the 2nd quarter of 2008.



Absorption

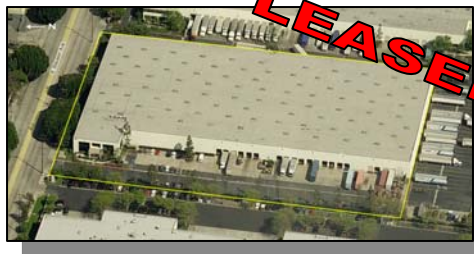
Net absorption for the overall Los Angeles Industrial market was negative 738,482 square feet in the second quarter of 2010. That compares to negative 4,303,000 square feet in the first quarter of 2010, positive 740,117 square feet in the fourth quarter of 2009 and negative 990,246 square feet in the third quarter of 2009.



Sales Activity

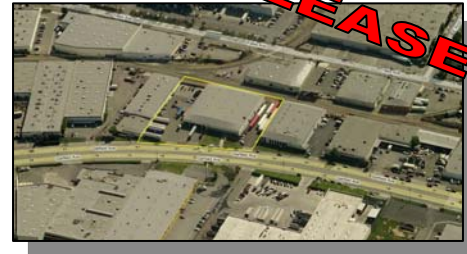
Tallying industrial building sales of 15,000 square feet or larger, Los Angeles industrial sales figures fell in the first quarter of 2010 by 31% in terms of deal volume and 3.8% in terms of average sale price when compared to the fourth quarter of 2009. However, when comparing closed transactions in the first three months of 2010 with the same period of 2009, sale volume has increased by 42%. Cap rates have continued higher in 2010, averaging 8.38%, compared to the first three months of 2009 when they averaged 6.50%.

Featured Deals:



5500 E Slauson Ave, Commerce, CA

We assisted our client in their expansion into this 139,857 SF facility. We secured a five year commitment with the owner, AMB Corporation, at this recently renovated property that is now in like new condition. The location is ideal for distribution as it features 24' ceilings, 20 DH doors and a private fenced yard.



2100 Garfield Ave, Commerce, CA

We represented both the landlord and tenant in a five year lease transaction at this 33,123 SF, high exposure location. Property features included 18' ceilings, 22 DH doors and an oversized parcel of 2.04 Acres.