



MARKET CHANGE

Compared to Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

FLAT

Transactions

DOWN

Deliveries

UP

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HIGHLIGHTS

- **Encouraging Numbers** - The Los Angeles industrial market continued to improve, posting a sub-3% vacancy rate for the first quarter of 2015. Both vacancy and availability displayed significant drops, and lease rates continued to increase from the previous year. Net absorption was positive for the seventh consecutive quarter, for a total of 17.9 million square feet.
- **Construction** - There was just over 1.5 million square feet of industrial projects under construction in Los Angeles at the close of the first quarter of 2015. In addition, over 1.1 million square feet of industrial space was delivered during the first quarter of 2015, bringing the market's total inventory to above 718 million square feet.
- **Vacancy** - Direct/sublease space (unoccupied) finished the quarter at 2.88%. This is down from both the previous quarter and from 2014's first quarter rate of 3.84%, a significant drop of 25.0%.
- **Availability** - Direct/sublease space being marketed finished the first quarter of the year at 4.8%, down when compared to the previous quarter and a substantial decrease of just over 23.93% when compared to the same quarter of 2014.
- **Lease Rates** - The average asking lease rate came in at \$.64 per square foot per month, unchanged from last quarter and up six cents compared to the \$.58 seen in the first quarter of 2014, a 10.34% annual increase.
- **Absorption** - The Los Angeles industrial market posted over two million square feet of positive net absorption this quarter, marking the seventh consecutive quarter of significant positive net absorption and giving the market an average of 2.56 million square feet per quarter over the last seven quarters.
- **Transaction Activity** - Leasing activity for the Los Angeles industrial market checked in at just over 7.1 million square

feet this quarter, compared to 11.9 million in the first quarter of 2014. Total sold was almost four million square feet this quarter, compared to the 4.2 million in the first quarter of 2014. The slowdown in transaction volume can be attributed to a lack of supply in the marketplace. This statistic can have some lag time in being reported, so look for this quarter's figures to end up somewhat higher in future reports. Details of the largest transactions can be found on the back page of this report.

- **Employment** - The unemployment rate in Los Angeles County was 7.8% in February 2015, from a revised 7.9% in January 2015 and below the previous year's estimate of 8.7%. This compares with an unadjusted unemployment rate of 6.8% for California and 5.8% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County saw a net increase of 101,100 payroll jobs from February 2014 to February 2015. Most sectors showed gains in employment; the largest gains were 27,400 in educational and health services and 19,600 in trade, transportation, and utilities during that same period. Los Angeles County's manufacturing sector suffered the biggest losses over the year — down 3,500 jobs.
- **Overall** - We are seeing significant drops in vacancy and availability coupled with overall increases in net occupancy, even with new product being delivered. As we progress into 2015, positive absorption and higher occupancy costs should continue. A lack of product available for lease or sale in some size ranges is causing an increase in prices and a drop in transaction volume. With comparatively few new deliveries to apply more upward pressure on vacancy, the market should continue to improve.

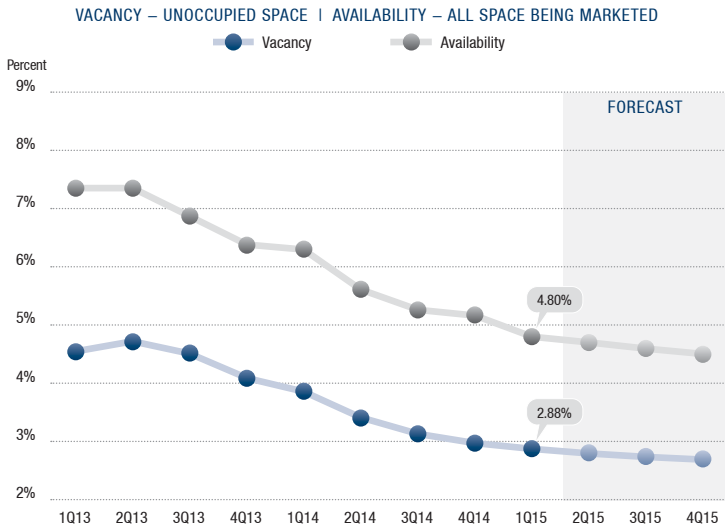
FORECAST

- **Construction** - While we foresee more development projects materializing in coming quarters, we expect land constraints to keep new supply well below demand growth over the next few years.
- **Employment** - We anticipate job growth of around 1.9%, or 79,500 jobs, in the Los Angeles area over the year. Look for industries like technology and entertainment to outperform sectors that are dependent upon population gains in coming years.
- **Lease Rates** - Expect average asking lease rates to increase by 5% to 8% over the next four quarters.
- **Vacancy** - We anticipate vacancy rates continuing to descend in coming quarters, dropping by 20 basis points, to around 2.70%, by the end of the fourth quarter of 2015.

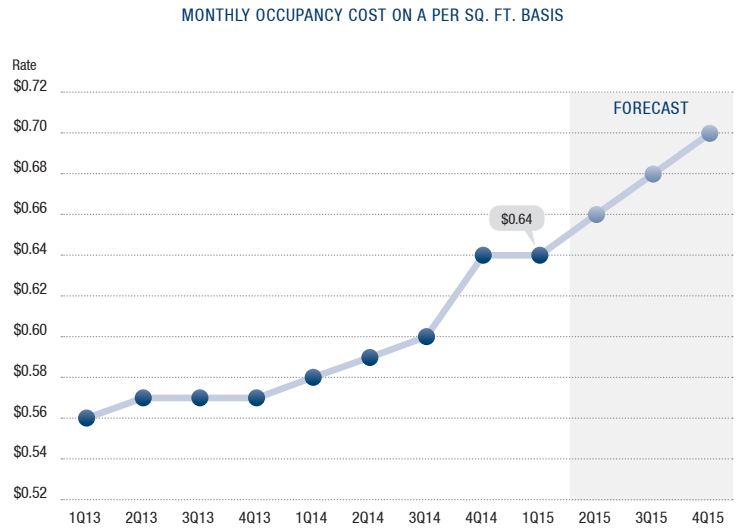
OVERVIEW

	1Q15	4Q14	1Q14	% of Change vs. 1Q14
Total Vacancy Rate	2.88%	2.98%	3.84%	(25.00%)
Availability Rate	4.80%	5.16%	6.31%	(23.93%)
Average Asking Lease Rate	\$0.64	\$0.64	\$0.58	10.34%
Sale & Lease Transactions	11,126,187	13,877,949	16,140,081	(31.06%)
Gross Absorption	10,880,624	7,859,473	9,665,897	12.57%
Net Absorption	2,024,035	1,629,375	2,095,815	N/A

VACANCY & AVAILABILITY RATE

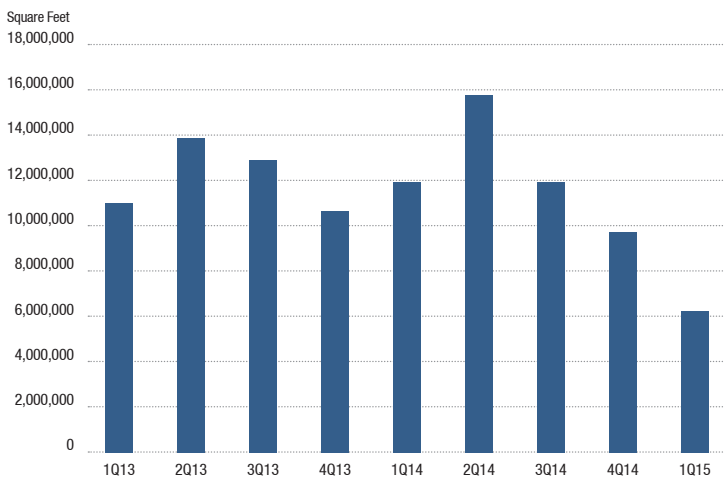


AVERAGE ASKING INDUSTRIAL-GROSS LEASE RATE



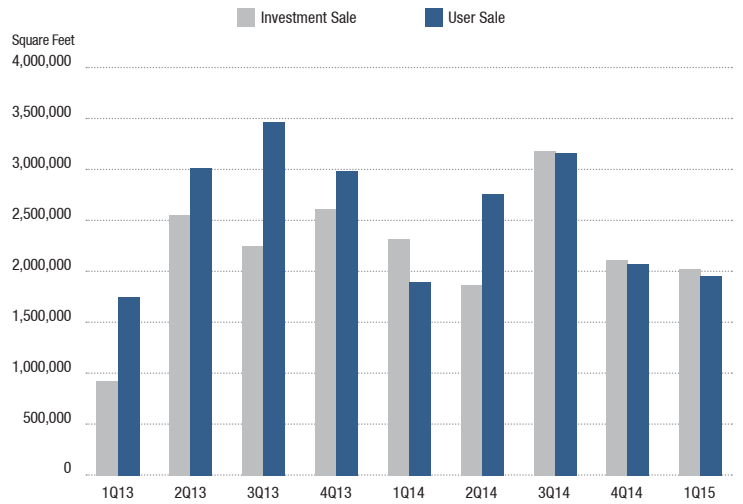
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



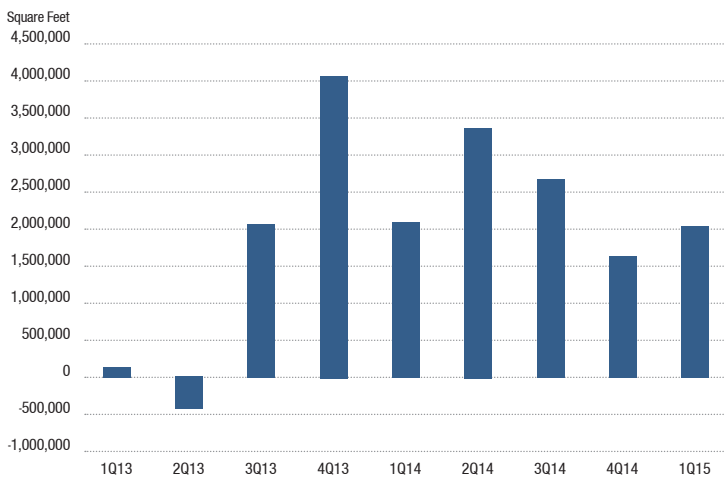
SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



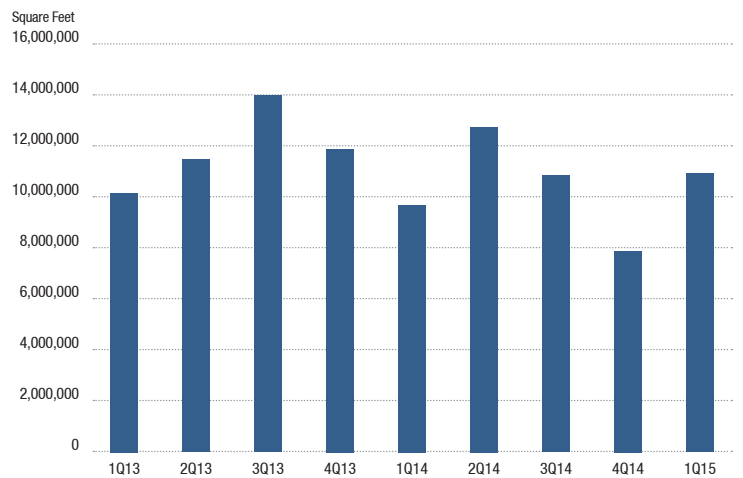
NET ABSORPTION

CHANGE IN THE AMOUNT OF OCCUPIED SPACE FROM ONE QUARTER TO THE NEXT



GROSS ABSORPTION

TOTAL AMOUNT OF SPACE THAT BECAME OCCUPIED IN A QUARTER



	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2015	Square Feet Available	Availability Rate 1Q2015	Average Asking Lease Rate	Net Absorption 1Q2015	Net Absorption 2014	Gross Absorption 1Q2015	Gross Absorption 2014
Central													
Bell/Bell Gardens/Maywood	190	6,809,294	0	0	491,614	7.22%	384,720	5.65%	\$0.51	9,257	508,488	33,677	1,041,295
City of Commerce	731	45,176,156	140,509	450,106	1,078,176	2.39%	2,155,992	4.77%	\$0.53	709,888	980,978	1,273,726	3,172,710
Huntington Park/Cudahy	197	4,633,945	0	111,000	106,517	2.30%	154,447	3.33%	\$0.57	(29,883)	33,697	8,170	87,114
Downtown	5,111	134,179,228	142,436	152,924	4,121,648	3.07%	7,578,561	5.65%	\$0.73	(563,485)	364,337	804,124	4,604,268
Montebello/Monterey Park	303	11,515,687	0	0	107,422	0.93%	224,232	1.95%	\$0.62	17,800	215,763	41,262	559,541
Pico Rivera	198	9,774,787	0	0	19,151	0.20%	330,349	3.38%	\$0.52	403,418	(28,37)	449,966	490,464
South Gate	225	10,180,141	0	0	290,228	2.85%	130,312	1.28%	\$0.52	(39,482)	(17,581)	1,650	252,312
Vernon	732	39,609,218	0	281,444	840,158	2.12%	1,873,599	4.73%	\$0.61	133,111	205,757	537,215	1,482,454
Total	7,687	261,878,456	282,945	995,474	7,054,914	2.69%	12,832,212	4.90%	\$0.65	640,624	2,262,602	3,149,790	11,690,158
Mid Counties													
Artesia/Cerritos	276	13,039,614	0	0	386,326	2.96%	626,802	4.81%	\$0.63	33,304	479,447	256,069	1,496,728
Bellflower/Downey	195	5,540,405	0	0	125,980	2.27%	232,763	4.20%	\$0.61	14,202	(25,815)	80,734	287,558
Buena Park/La Palma	233	15,267,938	0	0	769,276	5.04%	1,124,922	7.37%	\$0.59	(101,943)	(99,276)	222,471	960,687
La Mirada	191	13,173,721	0	199,578	644,053	4.89%	950,733	7.22%	\$0.59	280,259	(48,785)	564,150	1,599,201
Norwalk	83	2,922,740	24,895	0	53,992	1.85%	99,823	3.42%	\$0.70	(18,660)	289,498	7,900	361,048
Paramount	366	8,614,471	0	0	215,714	2.50%	325,609	3.78%	\$0.69	(20,463)	(17,544)	51,446	250,941
Santa Fe Springs	1,319	50,970,882	0	183,444	1,768,672	3.47%	1,596,226	3.13%	\$0.68	(316,563)	851,239	857,693	2,541,662
Whittier	167	3,909,290	0	0	86,676	2.22%	344,850	8.82%	\$0.61	(15,225)	289,092	24,418	572,441
Total	2,830	113,439,061	24,895	383,022	4,050,689	3.57%	5,301,728	4.67%	\$0.63	(145,089)	1,717,856	2,064,881	8,070,266
San Gabriel Valley													
Alhambra	112	2,218,320	0	0	41,765	1.88%	57,212	2.58%	\$1.00	(4,765)	26,090	0	37,959
Arcadia/Temple City	133	1,983,639	0	205,000	46,183	2.33%	114,020	5.75%	\$0.83	(815)	18,213	21,205	68,898
Azusa	223	5,277,711	267,351	75,278	102,458	1.94%	183,735	3.48%	\$0.60	(15,956)	(1,023)	38,093	116,969
Baldwin Park	237	4,460,635	0	0	131,167	2.94%	166,195	3.73%	\$0.74	(42,209)	102,483	68,938	281,817
City of Industry/DB/HH/RH	1,078	70,173,326	362,180	1,194,372	1,869,839	2.66%	2,425,915	3.46%	\$0.72	525,912	273,918	1,310,386	4,887,697
Covina/West Covina	172	3,090,625	0	0	22,450	0.73%	96,758	3.13%	\$0.67	1,750	69,756	3,500	153,578
Duarte	72	1,793,972	0	0	11,742	0.65%	185,075	10.32%	\$0.86	38,374	(12,404)	56,436	72,890
El Monte	298	8,238,773	14,987	500,000	871,505	10.58%	992,044	12.04%	\$0.35	(13,387)	64,426	56,447	308,635
Irwindale	247	10,418,290	0	840,860	147,948	1.42%	170,346	1.64%	\$0.72	(22,289)	(69,856)	131,743	178,545
La Puente	95	2,015,339	0	12,650	109,925	5.45%	155,984	7.74%	\$0.79	(71,238)	32,724	30,739	97,273
La Verne/San Dimas/Glendora	314	6,563,653	72,639	50,000	235,270	3.58%	388,499	5.92%	\$0.47	96,322	46,696	123,825	301,301
Monrovia	200	3,295,559	0	0	77,457	2.35%	141,349	4.29%	\$0.61	5,165	(37,377)	23,091	26,796
Pomona/Claremont	650	18,755,595	494,850	0	467,941	2.49%	772,939	4.12%	\$0.57	(63,067)	527,856	15,788	1,178,125
Rosemead/San Gabriel	115	2,380,393	0	0	0	0.00%	107,719	4.53%	\$0.84	5,193	25,721	5,193	38,905
South El Monte	744	10,153,193	5,000	0	204,367	2.01%	259,791	2.56%	\$0.80	(79,797)	104,829	68,005	517,965
Walnut	198	6,601,471	0	0	83,518	1.27%	891,137	13.50%	\$0.68	225,974	46,689	388,049	263,429
Total	4,888	157,420,494	1,217,007	2,878,160	4,423,535	2.81%	7,108,718	4.52%	\$0.62	585,167	1,218,741	2,341,438	8,530,782
South Bay													
Carson	499	34,189,920	0	175,000	1,232,711	3.61%	1,840,101	5.38%	\$0.82	189,746	484,524	947,018	3,451,708
Compton	449	23,265,209	0	62,630	440,902	1.90%	1,103,324	4.74%	\$0.55	193,869	823,816	511,793	1,295,083
El Segundo	186	10,347,337	0	0	231,036	2.23%	409,201	3.95%	\$1.19	(6,000)	47,386	6,000	164,515
Gardena	1,164	27,477,684	0	0	698,059	2.54%	1,334,581	4.86%	\$0.59	(9,553)	163,957	256,730	1,349,165
Harbor City	81	1,665,958	0	0	0	0.00%	0	0.00%	\$0.00	103,816	(90,816)	103,816	29,515
Hawthorne	237	8,111,267	0	0	298,159	3.68%	421,267	5.19%	\$0.68	(109,746)	215,409	137,968	425,455
Inglewood	226	4,663,167	0	0	108,340	2.32%	199,073	4.27%	\$1.18	26,941	20,119	47,238	317,533
Lakewood/Hawaiian Gardens	24	615,614	0	0	6,282	1.02%	9,817	1.59%	\$0.00	0	(5,782)	0	5,199
Lawndale	25	221,709	0	0	1,275	0.58%	1,275	0.58%	\$1.25	(1,275)	2,500	0	2,500
Long Beach/Terminal Island	714	20,022,941	0	479,047	461,732	2.31%	604,582	3.02%	\$0.68	161,115	1,286,476	231,685	1,813,291
Lynwood	82	4,070,903	0	0	41,619	1.02%	99,877	2.45%	\$0.52	(2,119)	(5,500)	6,500	362,254
Rancho Dominguez	240	14,941,204	0	0	615,496	4.12%	971,422	6.50%	\$0.50	(79,361)	532,125	238,301	1,312,456
Redondo & Hermosa Beach	38	1,863,033	0	0	18,825	1.01%	18,825	1.01%	\$0.00	(14,230)	73,404	237,320	80,924
San Pedro	38	2,665,877	0	0	58,265	2.19%	58,265	2.19%	\$0.00	(6,500)	350,699	0	368,663
Signal Hill	182	3,255,875	0	0	105,466	3.24%	128,686	3.95%	\$0.85	(6,381)	(16,636)	8,527	158,831
Torrance	598	25,558,230	0	0	825,916	3.23%	2,004,089	7.84%	\$0.70	507,663	722,911	572,625	1,591,193
Wilmington	131	2,994,228	0	0	28,384	0.95%	77,895	2.60%	\$0.86	(4,652)	106,545	18,994	160,476
Total	4,914	185,930,156	0	716,677	5,172,467	2.78%	9,282,280	4.99%	\$0.65	943,333	4,711,137	3,324,515	12,888,761
Los Angeles Total	20,319	718,668,167	1,524,847	4,973,333	20,701,605	2.88%	34,524,938	4.80%	\$0.64	2,024,035	9,910,336	10,880,624	41,179,967
5,000-24,999	13,314	163,570,382	44,882	172,920	4,081,698	2.50%	7,268,709	4.44%	\$0.78	(518,579)	1,321,991	1,591,526	7,858,450
25,000-49,999	3,533	122,472,970	72,639	666,069	2,773,636	2.26%	5,249,021	4.29%	\$0.64	175,987	1,201,418	1,433,093	6,450,653
50,000-99,999	1,988	134,876,711	132,349	606,922	3,738,714	2.77%	7,196,818	5.34%	\$0.60	371,702	2,134,084	1,700,405	8,391,903
100,000-249,999	1,188	175,480,022	1,274,977	2,213,519	5,718,511	3.26%	9,110,493	5.19%	\$0.59	1,354,452	2,715,866	3,652,816	11,449,974
250,000-499,999	241	77,991,596	0	813,903	3,914,674	5.02%	4,450,428	5.71%	\$0.47	(165,349)	238,448	1,567,634	3,748,622
500,000 plus	55	44,276,486	0	500,000	474,372	1.07%	1,249,469	2.82%	\$0.60	805,822	2,298,529	935,150	3,280,365
Los Angeles Total	20,319	718,668,167	1,524,847	4,973,333	20,701,605	2.88%	34,524,938	4.80%	\$0.64	2,024,035	9,910,336	10,880,624	41,179,967

This survey consists of buildings greater than 5,000 square feet. Lease rates are on an industrial-gross basis.

MAJOR TRANSACTIONS

Sales Transactions

Property Address	City	Square Feet	Sale Price Per SF	Buyer	Seller
16301-16341 Carmenita Rd. – 7 Properties	Cerritos	395,177	\$111.01	Alere Property Group, LLC	CBRE Global Investors
5151 Commerce Dr. – 4 Properties	Baldwin Park	189,868	\$123.98	LBA Realty	Sares-Regis Group
9545 San Fernando Rd.	Sun Valley	168,000	\$136.00	Prologis	Mid-West Portfolio Corporation
9401 De Soto Ave.	Chatsworth	153,984	\$91.57	Rexford Industrial	9401 De Soto, LLC
12907 Imperial Hwy.	Santa Fe Springs	101,800	\$119.84	Rexford Industrial	Laro Properties, LP

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
11811-11831 E. Florence Ave.	Santa Fe Springs	288,000	Feb-2015	O'Neil Logistics	Westcore Properties
20275 E. Business Pkwy.	City of Industry	250,000	Feb-2015	AAE Global Express	Majestic Realty
13833-15300 Freeway Dr.	Santa Fe Springs	233,211	Feb-2015	Acorn Paper	Thrifty Oil Company
510-455 Cheryl Ln.	City of Industry	230,992	Feb-2015	Forever Link International	Prologis
901 E. 223rd St.	Carson	221,050	Mar-2015	Floor & Décor	Watson Land Company

PRODUCT TYPE

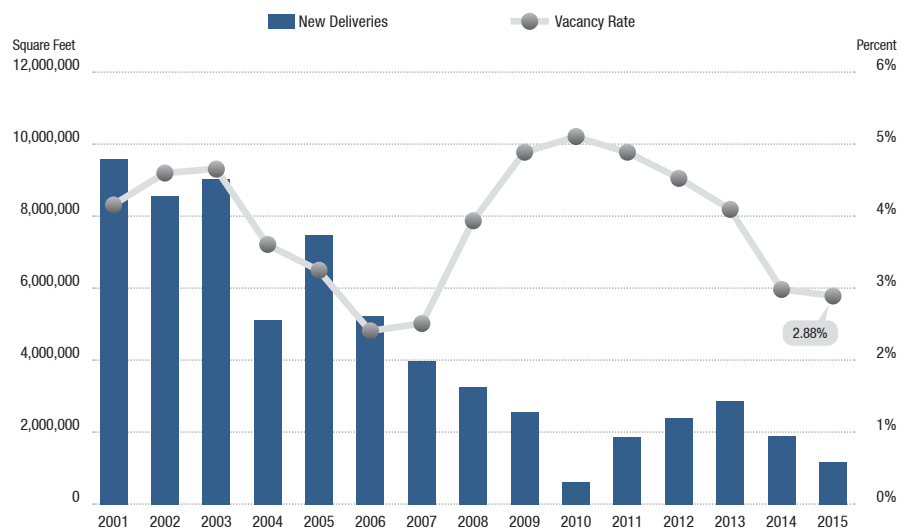
MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

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ANNUAL NEW DELIVERIES VS. VACANCY RATE



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702.734.4500

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424.329.7500

Newport Beach, CA
949.644.8648

Phoenix, AZ
602.952.8648

Reno, NV
775.771.9955

Sacramento, CA
916.772.8648

San Diego, CA
858.453.0505

San Jose, CA
408.885.9110

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