



MARKET CHANGE

Compared to Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

UP

Transactions

UP

Deliveries

DOWN

To view available properties or electronic versions of current or past market reports, please visit:

www.voitco.com

Prepared by:

Jerry J. Holdner, Jr.
Vice President of Market Research
e-mail: jholdner@voitco.com

Rinku Mathew
Market Research Analyst
e-mail: rmathew@voitco.com
VOIT Real Estate Services

HIGHLIGHTS

- **Encouraging Numbers** - The Los Angeles industrial market continued to improve, posting a sub-3% vacancy rate for the second 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 eighth consecutive quarter, for a total of 19.58 million square feet.
- **Construction** - There was just over 1.6 million square feet of industrial projects under construction in Los Angeles at the close of the second quarter of 2015. In addition, over 1.5 million square feet of industrial space was delivered during the first two quarters of 2015, bringing the market's total inventory to above 719 million square feet.
- **Vacancy** - Direct/sublease space (unoccupied) finished the quarter at 2.75%. This is down from both the previous quarter and from 2014's second quarter rate of 3.42%, a significant drop of 19.59%.
- **Availability** - Direct/sublease space being marketed finished the second quarter of the year at 4.55%, down when compared to the previous quarter and a substantial decrease of just over 19% when compared to the same quarter of 2014.
- **Lease Rates** - The average asking lease rate came in at \$.67 per square foot per month, a three cent increase from last quarter and up eight cents compared to the \$.59 seen in the first quarter of 2014, a 13.56% annual increase.
- **Absorption** - The Los Angeles industrial market posted over 1.2 million square feet of positive net absorption this quarter, marking the eighth consecutive quarter of significant positive net absorption and giving the market an average of 2.44 million square feet per quarter over the last eight quarters.
- **Transaction Activity** - Leasing activity for the Los Angeles industrial market checked in at just over 7.6 million square feet this quarter, compared to 15.7 million in the second quarter of 2014. Total sold was over 5.6 million square feet this quarter, compared to the 4.6 million in the second quarter of 2014. The slowdown in transaction volume can be attributed to a lack of supply in the marketplace.
- **Employment** - The unemployment rate in Los Angeles County remained unchanged over the month at 7.6% in May 2015, from a revised 7.6% in April 2015 and below the previous year's estimate of 8.3%. This compares with an unadjusted unemployment rate of 6.4% for California and 5.5% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County saw a net increase of 100,500 payroll jobs from May 2014 to May 2015. Most sectors showed gains in employment; the largest gains were 30,100 in educational and health services and 20,800 in trade, transportation, and utilities during that same period. Los Angeles County's manufacturing sector suffered the biggest losses over the year — down 2,100 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

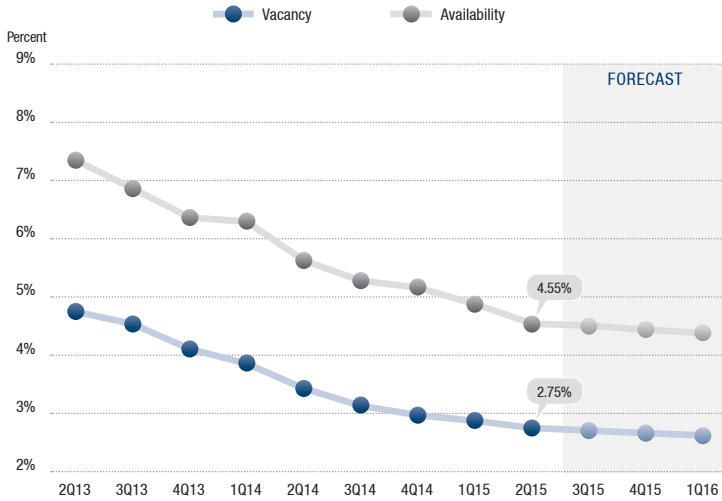
- **Construction** - While we foresee more development projects materializing in coming quarters, we expect land constraints to keep new supply well below demand growth over the next few years.
- **Employment** - We anticipate job growth of around 1.9%, or 79,500 jobs, in the Los Angeles area over the 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 2.60%, by the end of the first quarter of 2016.

OVERVIEW

	2Q15	1Q15	2Q14	% of Change vs. 2Q14
Total Vacancy Rate	2.75%	2.88%	3.42%	(19.59%)
Availability Rate	4.55%	4.87%	5.62%	(19.04%)
Average Asking Lease Rate	\$0.67	\$0.64	\$0.59	13.56%
Sale & Lease Transactions	13,309,620	13,291,812	20,406,948	(34.78%)
Gross Absorption	10,213,952	10,936,786	12,751,694	(19.90%)
Net Absorption	1,249,145	2,133,218	(460,956)	N/A

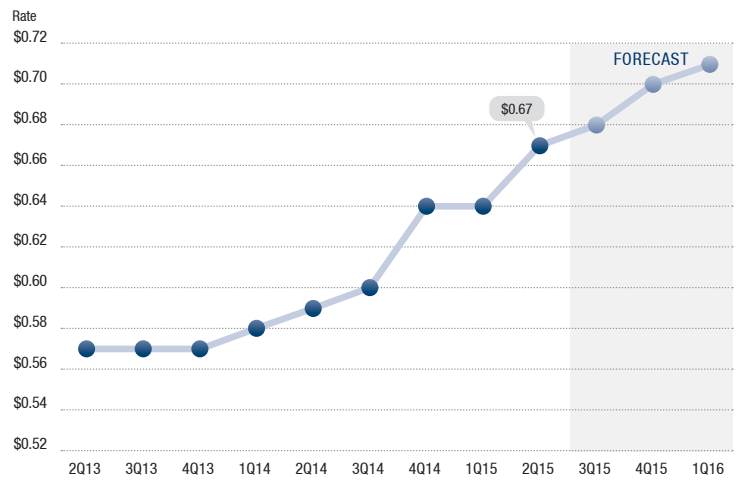
VACANCY & AVAILABILITY RATE

VACANCY – UNOCCUPIED SPACE | AVAILABILITY – ALL SPACE BEING MARKETED



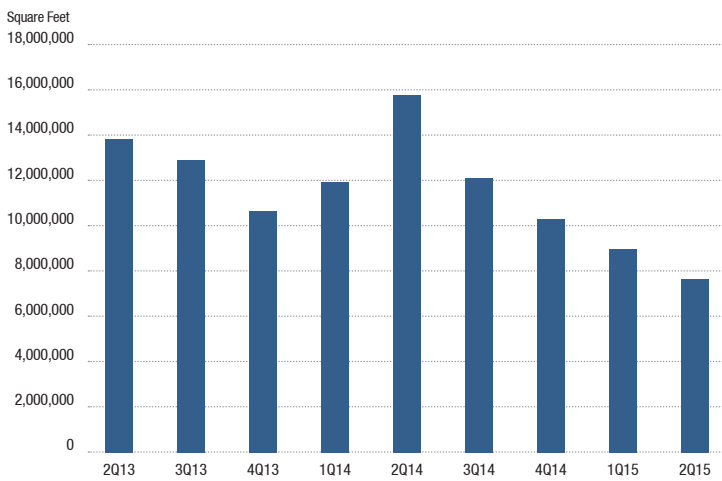
AVERAGE ASKING INDUSTRIAL-GROSS LEASE RATE

MONTHLY OCCUPANCY COST ON A PER SQ. FT. BASIS



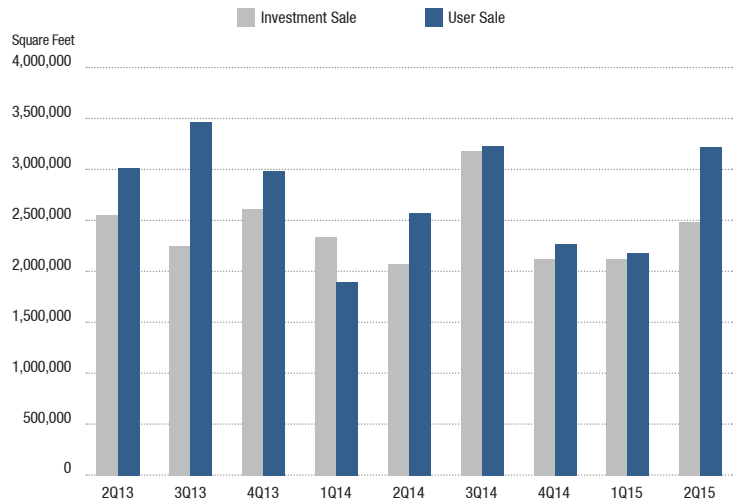
LEASE TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT LEASED IN A QUARTER



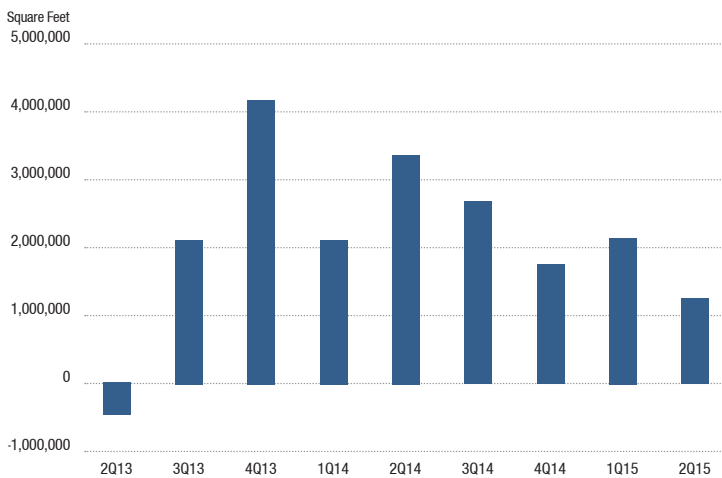
SALES TRANSACTIONS

TOTAL AMOUNT OF SPACE THAT SOLD IN A QUARTER



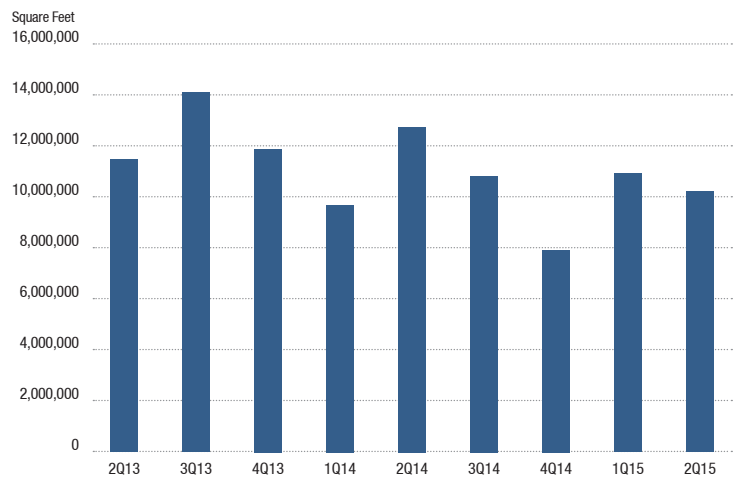
NET ABSORPTION

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 2Q2015	Square Feet Available	Availability Rate 2Q2015	Average Asking Lease Rate	Net Absorption 2Q2015	Net Absorption 2015	Gross Absorption 2Q2015	Gross Absorption 2015
Central													
Bell/Bell Gardens/Maywood	191	6,861,891	0	0	195,291	2.85%	393,077	5.73%	\$0.41	296,323	305,580	331,753	365,430
City of Commerce	733	45,172,448	0	460,364	1,583,704	3.51%	2,386,044	5.28%	\$0.55	(455,478)	327,486	724,939	1,980,782
Huntington Park/Cudahy	196	4,625,163	0	0	90,093	1.95%	256,903	5.55%	\$0.62	16,424	(13,459)	44,924	53,094
Downtown	5,110	134,330,444	115,000	1,192,224	4,547,044	3.38%	7,118,347	5.30%	\$0.79	(299,325)	(756,160)	1,421,881	2,378,149
Montebello/Monterey Park	302	11,489,796	0	0	89,609	0.78%	198,881	1.73%	\$0.75	17,813	35,613	127,686	168,948
Pico Rivera	197	9,746,384	0	0	3,675	0.04%	249,205	2.56%	\$0.49	15,476	418,894	21,516	471,482
South Gate	225	10,179,018	0	0	102,483	1.01%	122,877	1.21%	\$0.50	187,122	147,640	187,122	188,772
Vernon	733	39,623,811	188,816	282,213	726,521	1.83%	1,909,083	4.82%	\$0.61	138,317	243,878	693,155	1,230,370
Total	7,687	262,028,955	303,816	1,934,801	7,338,420	2.80%	12,634,417	4.82%	\$0.69	(83,328)	709,472	3,552,976	6,837,027
Mid Counties													
Artesia/Cerritos	276	13,040,206	0	0	361,105	2.77%	776,347	5.95%	\$0.58	24,885	58,525	242,904	463,337
Bellflower/Downey	196	5,548,905	0	0	116,520	2.10%	133,789	2.41%	\$0.61	9,460	23,662	128,091	208,825
Buena Park/La Palma	233	15,268,269	0	0	498,044	3.26%	945,961	6.20%	\$0.60	271,232	168,289	338,055	560,526
La Mirada	191	13,175,726	0	199,578	331,949	2.52%	885,158	6.72%	\$0.64	361,545	592,363	426,038	990,188
Norwalk	82	2,916,009	24,895	0	42,054	1.44%	83,334	2.86%	\$0.70	11,938	(6,722)	17,550	25,450
Paramount	368	8,630,993	0	0	181,837	2.11%	315,303	3.65%	\$0.77	23,877	3,414	64,160	115,606
Santa Fe Springs	1,320	50,992,052	0	1,403,484	1,119,487	2.20%	1,050,581	2.06%	\$0.72	617,374	306,622	1,032,879	1,864,072
Whittier	168	3,916,831	0	0	44,707	1.14%	246,181	6.29%	\$0.60	41,969	26,744	130,604	155,022
Total	2,834	113,488,991	24,895	1,603,062	2,695,703	2.38%	4,436,654	3.91%	\$0.65	1,362,280	1,173,897	2,380,281	4,383,026
San Gabriel Valley													
Alhambra	113	2,227,946	0	0	48,865	2.19%	65,640	2.95%	\$1.09	(7,100)	(11,865)	2,180	2,180
Arcadia/Temple City	133	1,982,066	0	205,000	70,184	3.54%	93,798	4.73%	\$0.82	(25,501)	(24,816)	10,170	31,375
Azusa	224	5,288,072	342,629	0	138,915	2.63%	172,959	3.27%	\$0.68	(35,957)	(51,913)	19,418	57,511
Baldwin Park	237	4,460,635	0	0	154,338	3.46%	162,031	3.63%	\$1.05	(23,171)	(65,380)	42,014	110,952
City of Industry/DB/HH/RH	1,076	70,044,001	362,180	1,195,916	1,550,022	2.21%	2,085,404	2.98%	\$0.68	534,577	951,357	1,085,693	2,373,479
Covina/West Covina	172	3,092,017	0	0	121,764	3.94%	139,114	4.50%	\$0.64	(99,314)	(97,564)	300	3,800
Duarte	72	1,794,839	0	0	64,205	3.58%	224,447	12.51%	\$0.73	(52,463)	(14,089)	11,331	67,767
El Monte	299	8,289,980	0	501,270	852,338	10.28%	932,799	11.25%	\$0.77	25,364	15,322	64,954	119,601
Irwindale	247	10,423,093	0	840,860	143,217	1.37%	144,368	1.39%	\$0.82	4,731	(17,558)	103,732	235,475
La Puente	95	2,015,339	25,300	12,650	136,653	6.78%	99,524	4.94%	\$0.66	(26,728)	(97,966)	3,728	34,467
La Verne/San Dimas/Glendora	315	6,620,070	0	50,000	255,726	3.86%	352,861	5.33%	\$0.45	52,183	148,505	81,576	205,401
Monrovia	201	3,303,538	0	0	94,671	2.87%	180,304	5.46%	\$0.84	(16,714)	(11,549)	4,726	27,817
Pomona/Claremont	650	18,793,592	494,850	427,580	301,371	1.60%	860,073	4.58%	\$0.57	176,985	103,503	303,718	319,506
Rosemead/San Gabriel	114	2,231,897	0	0	34,900	1.56%	147,789	6.62%	\$0.85	(26,900)	(29,707)	0	5,193
South El Monte	747	10,204,765	5,000	0	205,316	2.01%	238,345	2.34%	\$0.84	(19,619)	(79,740)	115,716	190,320
Walnut	200	6,841,335	0	0	197,810	2.89%	479,019	7.00%	\$0.96	(116,300)	112,182	354,266	742,315
Total	4,895	157,613,185	1,229,959	3,233,276	4,370,295	2.77%	6,378,475	4.05%	\$0.62	344,073	828,722	2,203,522	4,527,159
South Bay													
Carson	498	34,072,425	0	175,000	1,495,480	4.39%	1,943,545	5.70%	\$0.81	(294,120)	3,543	533,647	1,480,665
Compton	450	23,400,987	102,170	62,630	548,142	2.34%	1,031,162	4.41%	\$0.60	(107,240)	86,629	165,780	677,573
El Segundo	185	10,336,335	0	0	229,967	2.22%	332,213	3.21%	\$1.19	(7,039)	(931)	6,811	24,919
Gardena	1,163	27,615,876	0	0	720,212	2.61%	1,135,954	4.11%	\$0.59	(33,456)	(148,009)	268,487	514,947
Harbor City	81	1,661,913	0	0	62,903	3.78%	69,203	4.16%	\$0.65	(62,903)	40,913	0	103,816
Hawthorne	237	8,111,316	0	0	264,159	3.26%	428,902	5.29%	\$0.72	(60,620)	(75,746)	34,000	171,968
Inglewood	227	4,667,767	0	0	40,694	0.87%	140,441	3.01%	\$1.14	69,846	96,787	117,213	164,451
Lakewood/Hawaiian Gardens	24	615,614	0	0	6,282	1.02%	9,817	1.59%	\$0.00	0	0	0	0
Lawndale	25	221,709	0	0	4,875	2.20%	1,275	0.58%	\$1.25	(3,600)	(4,875)	0	0
Long Beach/Terminal Island	714	20,000,745	0	506,858	482,577	2.41%	732,566	3.66%	\$0.67	(65,608)	95,507	145,280	376,965
Lynwood	82	4,070,903	0	0	33,000	0.81%	106,444	2.61%	\$0.00	8,619	6,500	8,619	15,119
Rancho Dominguez	240	14,941,204	0	0	554,277	3.71%	915,636	6.13%	\$0.53	61,219	(18,142)	87,414	325,715
Redondo & Hermosa Beach	38	1,863,033	0	0	18,620	1.00%	0	0.00%	\$0.00	205	(14,025)	4,045	241,365
San Pedro	39	2,672,377	0	0	58,265	2.18%	58,265	2.18%	\$0.00	2,500	(4,300)	6,500	6,500
Signal Hill	183	3,285,997	0	0	92,950	2.83%	114,149	3.47%	\$0.95	12,516	6,135	30,222	38,749
Torrance	597	25,524,371	0	0	710,402	2.78%	2,227,923	8.73%	\$0.72	124,034	623,177	669,155	1,241,780
Wilmington	131	2,994,228	0	0	46,617	1.56%	50,456	1.69%	\$0.63	(18,233)	(22,885)	0	18,994
Total	4,914	186,056,800	102,170	744,488	5,369,422	2.89%	9,297,951	5.00%	\$0.68	(373,880)	670,278	2,077,173	5,403,526
Los Angeles Total	20,330	719,187,931	1,660,840	7,515,627	19,773,840	2.75%	32,747,497	4.55%	\$0.67	1,249,145	3,382,369	10,213,952	21,150,738
5,000-24,999	13,316	163,327,187	29,895	172,920	3,897,729	2.39%	6,821,239	4.18%	\$0.84	(80,982)	(589,115)	1,884,438	3,457,598
25,000-49,999	3,536	122,535,969	93,018	749,247	3,200,571	2.61%	5,643,268	4.61%	\$0.67	(375,916)	(178,932)	1,619,986	3,067,079
50,000-99,999	1,991	135,028,505	410,976	1,511,124	3,313,993	2.45%	6,913,786	5.12%	\$0.61	328,826	703,003	1,777,525	3,444,494
100,000-249,999	1,189	175,436,482	1,126,951	2,425,456	5,816,768	3.32%	8,572,860	4.89%	\$0.60	417,818	1,725,578	2,490,136	6,236,916
250,000-499,999	243	78,529,452	0	1,617,960	2,823,059	3.59%	2,894,830	3.69%	\$0.41	1,206,747	1,163,361	2,312,539	4,009,501
500,000 plus	55	44,330,336	0	1,038,920	721,720	1.63%	1,901,514	4.29%	\$0.69	(247,348)	558,474	129,328	935,150
Los Angeles Total	20,330	719,187,931	1,660,840	7,515,627	19,773,840	2.75%	32,747,497	4.55%	\$0.67	1,249,145	3,382,369	10,213,952	21,150,738

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
5510-5650 Grace Pl. – 2 Properties	Commerce	531,435	\$94.88	CenterPoint Properties	The Magellan Group, Inc.
2588 Industrial Way – 2 Properties	Lynwood	164,622	\$133.64	Rexford Industrial	LaBarbera Industry Way, LP
13827 Carmenita Rd.	Santa Fe Springs	208,432	\$92.64	Gupta Holdings, LLC	GFP Alliance Santa Fe Springs
3305 Bandini Blvd.	Vernon	137,436	\$133.85	Nature's Produce	Dedeaux Properties
14841 Don Julian Rd.	City of Industry	111,638	\$125.41	Bachmann Trust	Sun Hing Foods, Inc.

Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
13408-13210 Orden Dr.	Santa Fe Springs	454,826	Apr-2015	St. George Distribution	Golden Springs Development
381 Brea Canyon Rd.	City of Industry	298,050	May-2015	Quest Nutrition	Prologis
601 W. Carob St.	Compton	234,600	Jun-2015	Noble House Home Furnishings	AMB/NDP Local, LP
20435 E. Business Pkwy.	City of Industry	200,000	Apr-2015	Extra Express	Majestic Realty Co.
3737 S. Capitol Ave.	City of Industry	182,853	Apr-2015	Tracy Industries, Inc.	KLR Group, LLC

PRODUCT TYPE

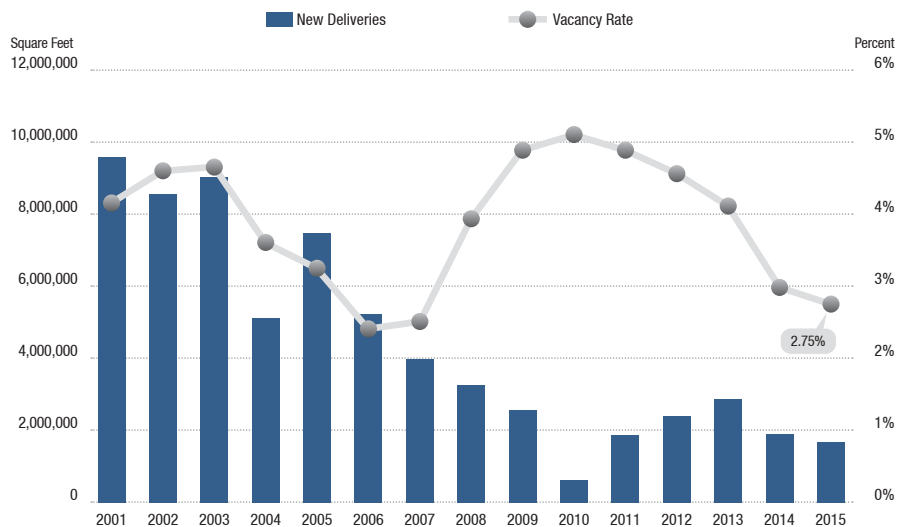
MFG./DIST.

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

To view available properties, please visit:

www.voitco.com

ANNUAL NEW DELIVERIES VS. VACANCY RATE



Please Contact Us for Further Information

101 Shipyard Way, Newport Beach, CA 92663 949.644.8648 Lic.#01333376 www.voitco.com



Anaheim, CA
714.978.7880

Inland Empire, CA
909.545.8000

Irvine, CA
949.851.5100

Las Vegas, NV
702.734.4500

Los Angeles, CA
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

Real People.
Real Solutions.®

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on an industrial-gross basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.

©2015 Voit Real Estate Services, Inc. Real People. Real Solutions.® is a registered trademark of Voit Real Estate Services.