



## Retail Market Report

Compared to 2012:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

FLAT

Transactions

UP

Deliveries

UP

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

[www.voitco.com](http://www.voitco.com)

Prepared by:

**Jerry J. Holdner, Jr.** — Lic.#01145748  
Vice President of Market Research  
e-mail: [jholdner@voitco.com](mailto:jholdner@voitco.com)

**Tony Tran**  
Market Research Analyst  
e-mail: [ttran@voitco.com](mailto:ttran@voitco.com)

VOIT Real Estate Services — Lic.#01333376

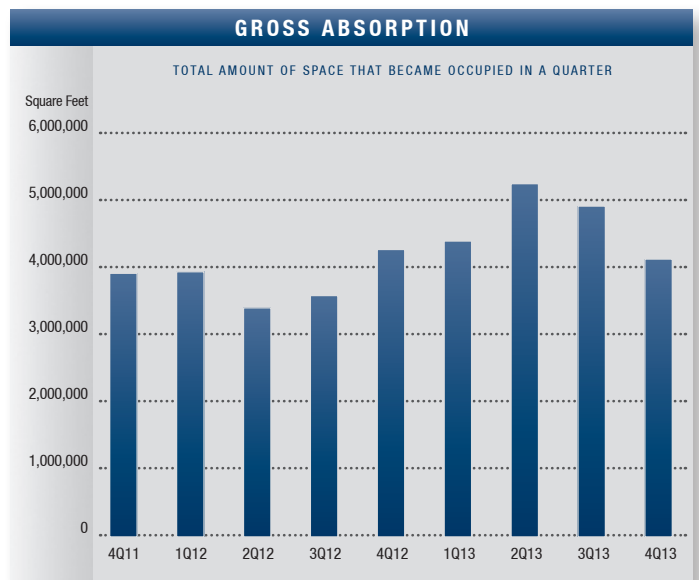
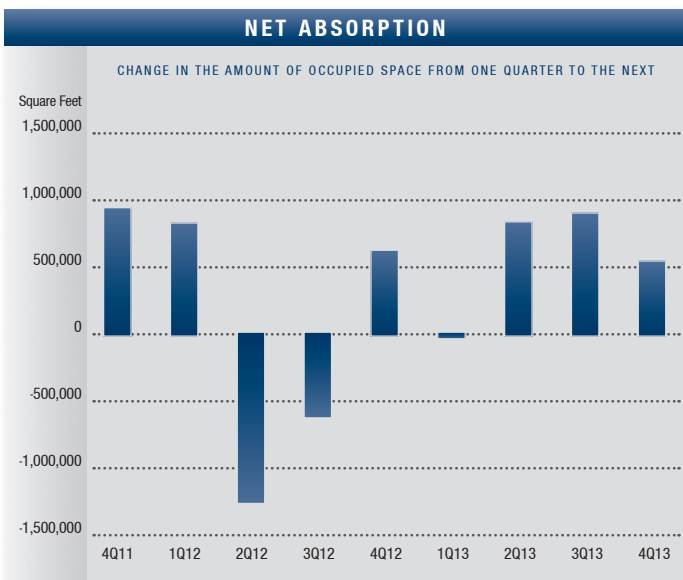
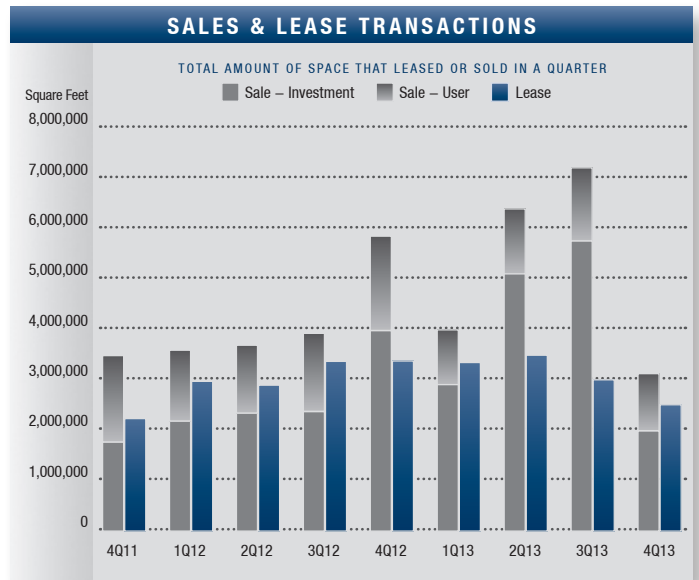
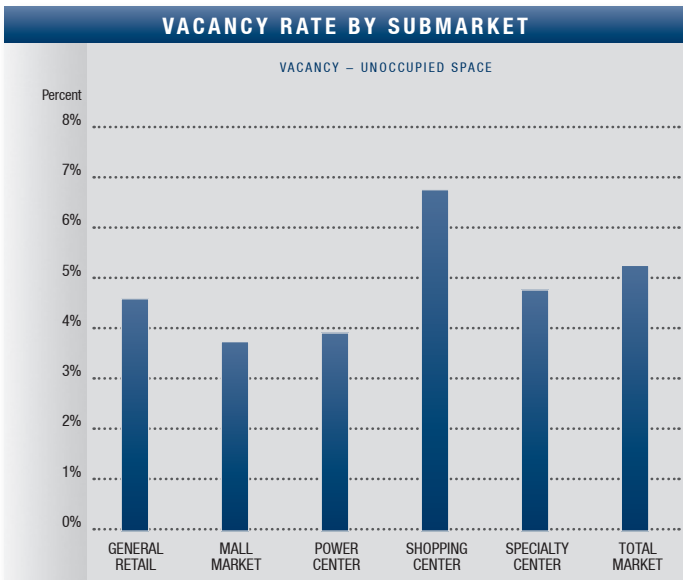
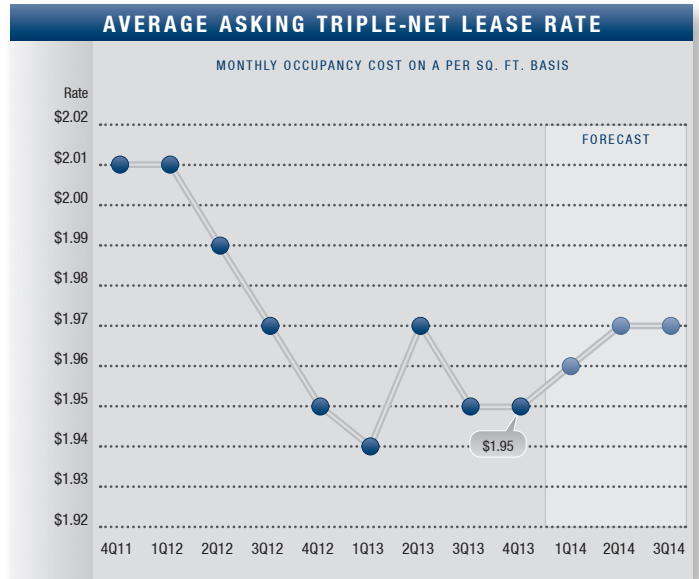
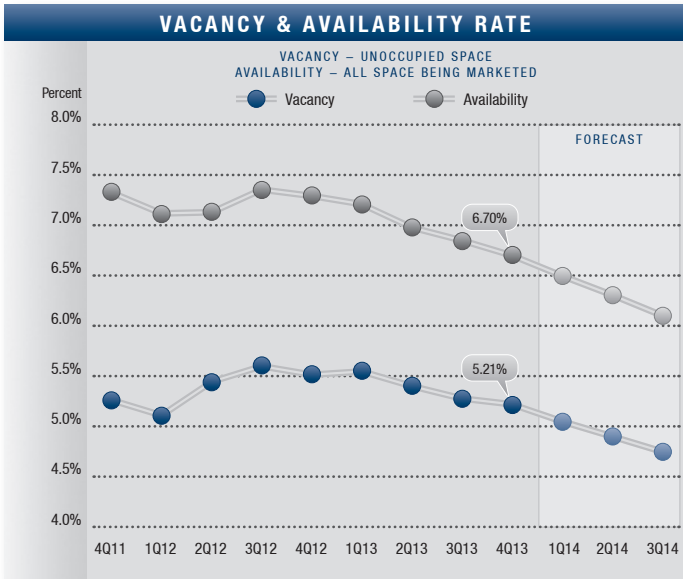
**CORFAC**  
International

### Market Highlights

- Encouraging Numbers** - The Los Angeles County retail market displayed a number of encouraging indicators in the last quarter of 2013. Vacancy and availability continued their gradual downward trends, dropping 5.6% and 8.0%, respectively, from the end of 2012. The market posted nearly 530,000 square feet of positive net absorption during the quarter, giving 2013 2.2 million square feet of positive absorption. While the market appears to be gaining its footing and moving in a positive direction, continued stability and growth will need to be sustained in coming quarters for the market to fully recover.
- Absorption** - The Los Angeles County retail market posted 529,000 square feet of positive net absorption in the fourth quarter, giving the market a total of 2.2 million square feet of positive absorption for 2013 compared to 440,000 square feet of negative absorption in 2012.
- Transaction Activity** - Leasing activity checked in at 2.4 million square feet in the final quarter of the year, giving 2013 a total of 12.1 million square feet leased compared to 2012's 12.3 million square feet. The market transacted 3.1 million square feet of sales in the fourth quarter, producing 20.5 million square feet sold for the year compared to 16.8 million square feet in 2012. Details of the largest transactions can be found on the back page of this report.
- Employment** - The unemployment rate in Los Angeles County was 9.5% in November 2013 — down from a revised 9.7% in October 2013 and below the previous year's estimate of 10.4%. This compares with an unadjusted unemployment rate of 8.3% for California and 6.6% for the nation during the same period. According to the State of California Employment Development Department, Los Angeles County saw a net increase of 23,000 payroll jobs from November 2012 to November 2013. The largest gains were 6,100 in educational and health services and 5,700 in trade, transportation, and utilities; Los Angeles County's largest loss was 2,000 manufacturing jobs during that same period.
- Overall** - Overall, we are seeing continued decreases in the amounts of vacant and available space. With few new deliveries in the pipeline to apply upward pressure on vacancy, the market should continue to improve. We foresee a continued increase in investment activity in the coming quarters. Lease rates are expected to continue to flatten out and begin to increase in 2014. We should also see an increase in leasing activity as many short-term deals come up for renewal. As job creation continues and consumer confidence stabilizes, the retail market will continue on its path to recovery.
- Construction** - There was almost 1.1 million square feet of retail space under construction in Los Angeles County in the fourth quarter of 2013, 412,000 of which was for shopping center space. The slowdown in construction has eased and will continue to ease the upward pressure on vacancy rates and the downward pressure on lease rates, as demand catches up to supply.
- Vacancy** - Direct / sublease space (unoccupied) finished the last quarter of the year at 5.21%, a decrease of 7 basis points from the previous quarter and 5.62% lower than 2012. Malls had the lowest vacancy rate at only 3.71%, while shopping centers had the highest at 6.75%.
- Availability** - Direct / sublease space being marketed was 6.70% at the end of 2013, a slight decrease from the previous quarter's rate of 6.84% and 59 basis points lower than the previous year's rate. Power centers displayed the lowest availability rates of all of the retail types, at 4.44%, while the Burbank / Glendale / Pasadena area displayed the lowest rate of all of the submarkets, at 4.39%.
- Lease Rates** - The average asking triple-net lease rate per month per square foot in the Los Angeles retail market was \$1.95 at the end of the fourth quarter of 2013, unchanged from the previous quarter, indicating that the market is stabilizing. We are forecasting that lease rates will begin to increase in 2014.

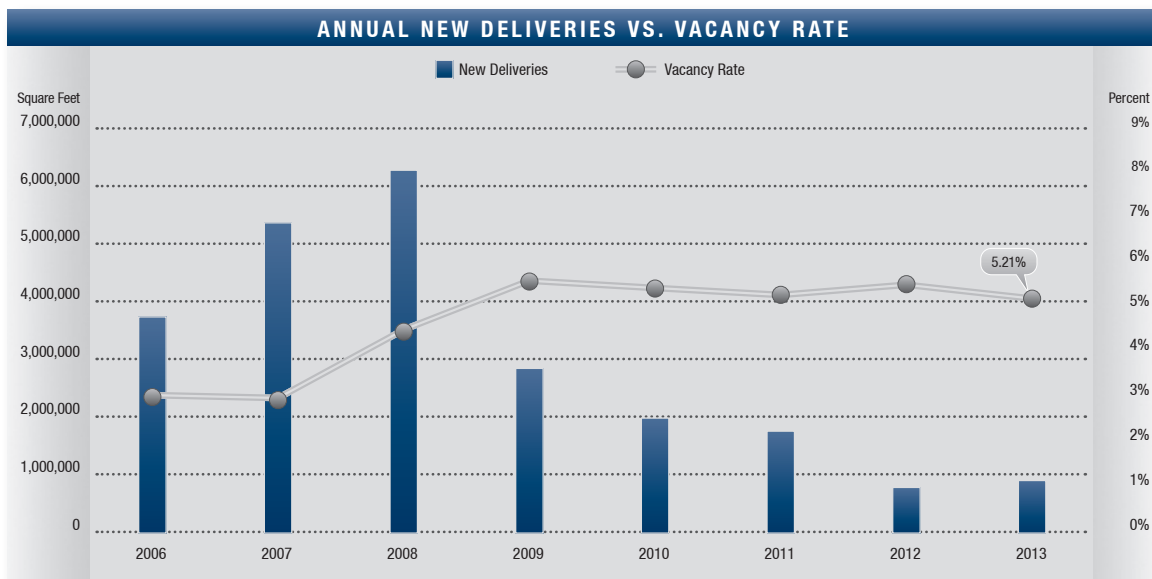
### RETAIL MARKET OVERVIEW

	2013	2012	2011	% of Change vs. 2012
Total Vacancy Rate	5.21%	5.52%	5.26%	(5.62%)
Availability Rate	6.70%	7.29%	7.34%	(8.09%)
Average Asking Lease Rate	\$1.95	\$1.95	\$2.01	0.00%
Sale & Lease Transactions	32,678,369	29,215,085	20,957,316	11.85%
Gross Absorption	18,608,342	15,128,921	14,909,089	23.00%
Net Absorption	2,224,237	(441,223)	2,371,505	N/A



	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U/C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 4Q2013	Square Feet Available	Availability Rate 4Q2013	Average Asking Lease Rate	Net Absorption 4Q2013	Net Absorption 2013	Gross Absorption 4Q2013	Gross Absorption 2013
<b>Los Angeles Market Total</b>													
Antelope Valley	1,101	15,566,726	16,800	1,957,120	1,172,543	7.53%	1,468,630	9.43%	\$1.14	(17,783)	60,374	52,911	359,305
Burbank / Glendale / Pasadena	6,241	50,955,937	10,500	140,215	1,821,789	3.58%	2,237,780	4.39%	\$2.52	334,090	427,099	599,805	1,878,553
Downtown	1,863	21,780,479	0	46,943	1,824,585	8.38%	2,159,364	9.91%	\$1.95	(469,930)	(648,012)	143,889	923,798
Mid-Cities	5,250	44,937,396	239,414	1,687,247	2,562,871	5.70%	3,519,288	7.83%	\$1.59	42,397	373,498	298,152	1,789,709
Mid-Wilshire	3,730	32,808,227	71,515	295,320	1,365,041	4.16%	1,817,533	5.54%	\$3.06	11,816	337,616	296,918	1,862,332
San Fernando Valley	4,442	48,184,397	26,328	1,232,274	2,511,672	5.21%	3,169,331	6.58%	\$1.83	14,786	228,848	475,757	2,180,914
San Gabriel Valley	5,294	59,814,725	176,092	810,823	3,481,976	5.82%	4,454,431	7.45%	\$1.55	143,924	679,332	587,365	2,719,571
Santa Clarita Valley	722	12,415,170	4,500	167,521	784,378	6.32%	972,496	7.83%	\$1.82	85,975	42,262	190,571	505,494
South Bay	6,489	65,314,010	53,277	737,865	2,805,762	4.30%	3,681,367	5.64%	\$1.92	254,634	261,967	593,806	2,446,309
Southeast LA	1,667	18,701,190	20,492	105,674	977,976	5.23%	1,215,059	6.50%	\$1.73	66,257	69,700	187,177	671,562
Ventura North	1,758	18,167,567	1,798	122,615	930,297	5.12%	1,295,838	7.13%	\$1.61	(25,338)	105,315	84,244	580,787
Ventura South	1,705	24,984,191	224,836	737,856	1,514,794	6.06%	1,753,089	7.02%	\$1.82	(12,665)	28,375	158,407	700,984
West LA	4,090	37,498,887	212,705	1,518,333	1,742,676	4.65%	2,484,763	6.63%	\$3.83	100,603	257,863	438,939	1,989,024
<b>Los Angeles Market Total</b>	<b>44,352</b>	<b>451,128,902</b>	<b>1,058,257</b>	<b>9,559,806</b>	<b>23,496,360</b>	<b>5.21%</b>	<b>30,228,969</b>	<b>6.70%</b>	<b>\$1.95</b>	<b>528,766</b>	<b>2,224,237</b>	<b>4,107,941</b>	<b>18,608,342</b>
General Retail	34,789	221,228,873	263,485	3,147,766	10,124,862	4.58%	13,811,399	6.24%	\$2.17	479,820	943,463	2,110,545	9,893,402
Mall Market	535	47,149,538	382,836	2,577,928	1,747,341	3.71%	2,170,361	4.60%	\$2.83	(222,100)	(9,709)	372,640	1,046,661
Power Center	478	21,662,948	0	0	832,744	3.84%	961,476	4.44%	\$1.57	(21,456)	202,547	143,028	623,073
Shopping Center	8,511	157,179,757	411,936	2,353,583	10,605,800	6.75%	13,090,346	8.33%	\$1.83	296,311	1,085,172	1,469,854	6,969,718
Specialty Center	39	3,907,786	0	1,480,529	185,613	4.75%	195,387	5.00%	\$1.18	(3,809)	2,764	11,874	75,488
<b>Los Angeles Market Total</b>	<b>44,352</b>	<b>451,128,902</b>	<b>1,058,257</b>	<b>9,559,806</b>	<b>23,496,360</b>	<b>5.21%</b>	<b>30,228,969</b>	<b>6.70%</b>	<b>\$1.95</b>	<b>528,766</b>	<b>2,224,237</b>	<b>4,107,941</b>	<b>18,608,342</b>

Lease rates are on a triple-net basis.



## MAJOR TRANSACTIONS OF 2013

## Sales Transactions

Property Address	Submarket	Square Feet	Sale Price Per SF	Buyer	Seller
515 S. Flower St. – 4 Properties	Downtown	2,853,726	\$300.66	CommonWealth Partners	CalSTRS
700 S. Flower St. – 3 Properties	Downtown	1,478,500	\$163.00	NREA-TRC 700, LLC	700 South Flower Plaza, LLC
8401 Fallbrook Ave. – 10 Properties	San Fernando Valley	988,688	\$92.34	BSREP West Hills Office Campus	MEPT West Hills, LLC
6801 Hollywood Blvd. – 2 Properties	Mid-Wilshire	723,605	\$196.45	H & H Retail Owner, LLC	CIM Group, LP
1101-1313 Los Angeles Ave. – 8 Properties	Ventura North	281,434	\$158.12	Mountaingate LL, LLC	Mountaingate Associates, LLC

## Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
102 Caruso Ave.	Burbank / Glendale / Pasadena	135,000	May-13	Nordstrom	Caruso Affiliated Holdings
2148 Glendale Galleria	Burbank / Glendale / Pasadena	115,000	Apr-13	Bloomingtondale's	Glendale I Mall Associates, LLC
3150 San Fernando Rd.	Burbank / Glendale / Pasadena	102,249	Jul-13	Goodwill	San Gabriel Valley Square
11507 S. Western Ave.	South Bay	78,962	Oct-13	Food 4 Less	Shields Housing Corporation
24640 Wiley Canyon Rd.	Santa Clarita Valley	65,000	Sep-13	Santa Clarita Athletic Club	Frank & Hilda Zeng

**General Retail:** Typically single-tenant freestanding general purpose commercial buildings with parking. Many single retail buildings fall into this use code, especially when they don't meet any of the more detailed use code descriptions.

**Mall:** Retail centers which provide shopping goods, general merchandise, apparel, furniture, and home furnishings in full depth and variety. Malls are generally built around one or more full-line department stores as the major drawing powers. However, some malls, such as lifestyle centers, lack major anchors and instead rely on trendier, upscale retail to draw business from nearby affluent neighborhoods.

**Power Center:** The center typically consists of several freestanding anchors and only a minimum amount of small specialty tenants. 250,000–600,000 SF and is dominated by several large anchors, including discount department stores, off-price stores, and warehouse clubs.

**Shopping Center:** Combination of the following retail types:

**Strip Center:** An attached row of stores or service outlets managed as a coherent retail entity. May be configured in a straight line, L, or U shape. On-site parking usually in front of stores.

**Neighborhood Center:** Centers providing convenience goods (food, drugs, etc.) and personal services (laundry, dry cleaning, etc.) for day-to-day needs of surrounding neighborhood. Generally 30,000–100,000 square feet in size.

**Community Center:** Centers offering a wider range of apparel and goods than community centers. Often anchored by supermarkets, super drugstores, or discount department stores. Usually configured in a straight line or L or U shape. Generally 100,000–350,000 square feet in size.

**Specialty Center:** Centers focused on a particular specialty or theme. Examples include Airport Retail (a center using an airport as its main draw), Outlet Center (a center of bigger chain stores often found in malls selling their own merchandise at a discount), and Theme/Festival Center (centers built around a unifying theme, often appealing most to tourists).

## SUBMARKETS

Antelope Valley  
Burbank / Glendale / Pasadena  
Downtown  
Mid-Cities  
Mid-Wilshire  
San Fernando Valley  
San Gabriel Valley  
Santa Clarita Valley  
South Bay  
Southeast LA  
Ventura North  
Ventura South  
West LA

## Please Contact Us for Further Information

Anaheim, CA  
714.978.7880

Commerce, CA  
323.558.5400

Inland Empire, CA  
909.545.8000

Irvine, CA  
949.851.5100

Las Vegas, NV  
702.734.4500

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

# Voit

REAL ESTATE SERVICES

101 Shipyard Way  
Newport Beach, CA 92663

949.644.8648  
www.voitco.com  
Lic.#01333376

Represented in 150 Markets  
Nationally & Internationally.

**CORFAC**  
International

This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net 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.