

Mid Counties Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

Vacancy



UP

Avilability



UP

Absorption



UP

Lease Rates



DOWN

Construction



DOWN

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Market Highlights

- ◆ The Industrial vacancy rate registered a low 2.57% this quarter, the record low being 1.89% back in the first quarter of 2007. This represents an increase in vacant space of over 36% compared to this same time last year. The Santa Fe Springs submarket has a lower vacancy rate of 1.59% this quarter and is the largest of all the submarkets in the Mid Counties, it represents almost half of the Industrial buildings in the Mid Counties. These low rates will continue to put upward pressure on lease rates going forward.
- ◆ The Industrial availability rate checked in at 3.47%, which is higher than last quarter's rate of 2.78% and the same as it was a year ago. This includes vacant space, sublease space and occupied space that is being marketed.
- ◆ The average asking triple net lease rate is .58 cents per square foot per month this quarter. This is the same as it was when compared to a year ago.
- ◆ During 2007, total new construction added to the Mid Counties Industrial market was 356,934 square feet, and nothing has been added to the Mid Counties as of the first quarter of 2008. This decline is due to the lack of available land for development along with increasing construction and land costs. Although, during the next three quarters we expect approximately 870,000 square feet of new space to be completed.
- ◆ Currently there is 870,103 square feet of construction underway, up from last year when there was 572,604 square feet under construction. The Paramount Distribution Center project, which consists of 551,897 square feet comprises the largest portion.
- ◆ The shrinking availability of land is only allowing for the development of primarily small, for-sale industrial buildings. This lack of available land, coupled with the high land prices and rising construction costs, has lead to few mid-size buildings and distribution centers being developed in this infill market.
- ◆ Planned construction for this area is higher than this same time last year. Currently there is only 53,581 square feet, on the slate as being planned with some other projects being discussed.
- ◆ Net absorption for the Mid Counties this quarter posted a positive number of 159,497 square feet, after a total of 490,167 square feet of positive absorption in 2007.
- ◆ According to the State of California Employment Development Department, Los Angeles County lost 15,100 payroll jobs over the last twelve months, most of which were in financial services. However, between January 2008 and February 2008 Los Angeles County gained 30,400 jobs, mostly in information, education and health services sectors.
- ◆ The unemployment rate in Los Angeles County was 5.3% in February 2008, down from the revised 5.7% percent in January 2008, but above the year ago estimate of 4.7%. This compares with an unadjusted unemployment rate of 6.1 percent for California and 5.2 percent for the nation during the same period.
- ◆ According to Los Angeles County Economic Development Corporation, it is estimated that Los Angeles County will gain 29,900 non-farm jobs with a 5.6% increase in total personal income in 2008, and they are forecasting 51,500 new jobs for 2009.
- ◆ Rental rates are expected to remain at current levels or increase at low to moderate levels, 1% to 3%, in the short run as the financial markets correct.
- ◆ Looking ahead in 2008, the industrial market will exhibit many similar characteristics of 2007. Limited opportunities for new development will open with land and sales prices remaining high. Multi-tenant, manufacturing and distribution buildings will probably not undergo development, as few large land parcels will become available. Industrial buildings for both sale and lease will remain viable options for those looking to enter the Mid-Counties Industrial market.

MID COUNTIES MARKET OVERVIEW

	1Q2008	4Q2007	1Q2007	% CHANGE VS. 1Q07
Under Construction	870,103	993,427	572,604	51.96%
Planned Construction	53,581	25,680	25,680	108.65%
Vacancy	2.57%	1.90%	1.89%	35.98%
Availability	3.47%	2.78%	3.47%	0.00%
Pricing	\$0.58	\$0.60	\$0.58	0.00%
Net Absorption	159,497	24,153	242,164	-34.14%
Gross Absorption	1,489,790	882,443	1,184,467	25.78%

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RECENT TRANSACTIONS

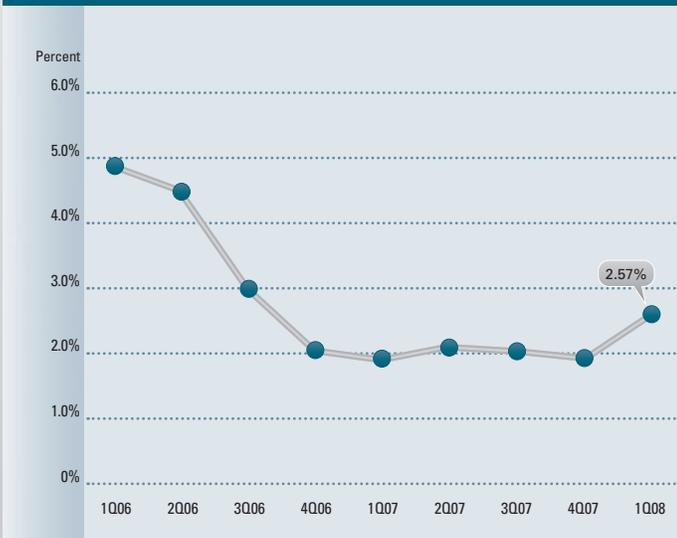
Sales Activity

Property Address	City	Square Feet	Sale Price	Buyer	Seller
9400 Santa Fe Springs Road	Santa Fe Springs	608,220	\$68,035,572	Birtcher Development	Northwestern Mutual
13043 E 166th	Cerritos	24,144	\$4,164,840	Wang Family Trust	Cerritos Spectrum LLC
16463 Phoebe	La Mirada	24,929	\$3,465,131	Marilyn Lindblade	Sharon Nickell
12468 Putnam Street	Whittier	13,412	\$3,000,000	Rippy Properties LLC	Bolaster Properties GP

Lease Activity

Property Address	City	Square Feet	Transaction Date	Buyer	Seller
17211 Valley View	Cerritos	100,000	January-08	Rambo & Associates	Bixby Land Company
12825 Carmenita Road	Santa Fe Springs	92,348	February-08	TA Chen International, Inc.	Golden Springs Development Company
9939 Norwalk	Santa Fe Springs	89,499	March-08	Raymon Handling Solutions	Alan Ziman
5901 Marlin Circle	La Palma	75,000	March-08	IOS	Gilbert Family

VACANCY RATE



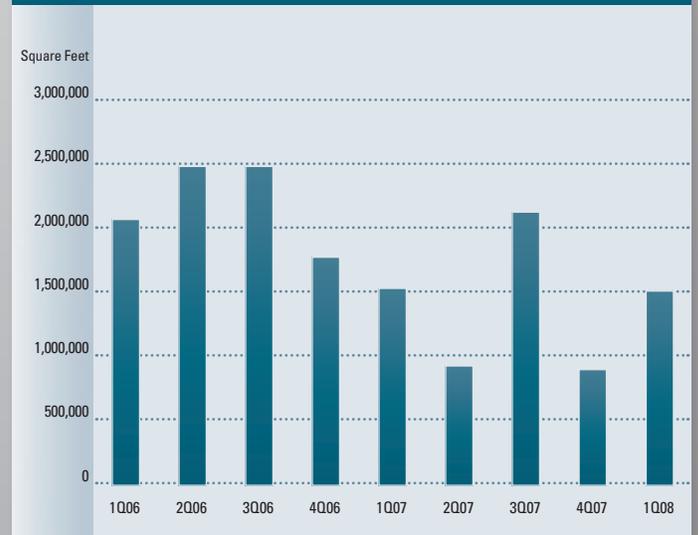
AVERAGE ASKING TRIPLE NET LEASE RATE



NET ABSORPTION



GROSS ABSORPTION



INVENTORY					VACANCY & LEASE RATES					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2008	Square Feet Available	Availability Rate 1Q2008	Average Asking Lease Rate	Net Absorption 1Q2008	Net Absorption 2007	Net Absorption 2006	Net Absorption 2005
Artesia / Cerritos													
10,000 - 29,999	107	2,039,250	0	0	14,552	0.71%	86,385	4.24%	\$0.68	(5,196)	63,479	36,116	(24,774)
30,000 - 49,999	66	2,606,296	0	0	232,967	8.94%	220,611	8.46%	\$0.55	7,346	(168,537)	152,936	66,907
50,000 - 99,999	58	3,939,101	0	0	330,095	8.38%	468,400	11.89%	\$0.57	(53,523)	(7,044)	(247,194)	29,866
100,000 - 199,999	32	4,391,884	0	0	286,954	6.53%	286,954	6.53%	\$0.54	0	149,712	551	(321,250)
200,000 - 299,999	5	1,199,948	0	0	220,000	18.33%	220,000	18.33%	\$0.55	(220,000)	0	0	0
300,000+	1	309,934	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Artesia / Cerritos Total	269	14,486,413	0	0	1,084,568	7.49%	1,282,350	8.85%	\$0.54	(271,373)	37,610	(57,591)	(249,251)
Bellflower / Downey													
10,000 - 29,999	110	1,861,282	0	0	15,600	0.84%	61,809	3.32%	\$0.00	7,022	6,251	(2,603)	45,036
30,000 - 49,999	17	663,202	0	0	0	0.00%	44,355	6.69%	\$0.00	0	13,505	39,746	(52,351)
50,000 - 99,999	14	971,678	0	0	20,880	2.15%	0	0.00%	\$0.00	20,470	650	11,055	(25,890)
100,000 - 199,999	6	785,152	193,709	0	0	0.00%	0	0.00%	\$0.00	0	0	147,560	(2,560)
200,000 - 299,999	2	528,153	0	0	0	0.00%	250,643	47.46%	\$0.00	0	0	0	0
300,000+	1	315,705	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Bellflower / Downey Total	150	5,125,172	193,709	0	36,480	0.71%	356,807	6.96%	\$0.70	27,492	20,406	195,758	(35,765)
Buena Park / La Palma													
10,000 - 29,999	84	1,531,939	0	0	29,649	1.94%	47,699	3.11%	\$0.00	(1,783)	12,709	(11,078)	25,015
30,000 - 49,999	29	1,083,900	0	25,680	12,600	1.16%	82,035	7.57%	\$0.00	0	(5,900)	(6,400)	7,105
50,000 - 99,999	37	2,572,684	0	0	28,851	1.12%	38,851	1.51%	\$0.00	0	(28,851)	19,360	29,410
100,000 - 199,999	19	2,560,134	0	0	0	0.00%	75,000	2.93%	\$0.52	0	0	26,000	318,561
200,000 - 299,999	13	3,381,452	0	0	0	0.00%	0	0.00%	\$0.00	0	340,392	(85,642)	4,245
300,000+	9	4,866,644	0	0	290,522	5.97%	16,434	0.34%	\$0.00	0	(290,522)	0	0
Buena Park / La Palma Total	191	15,996,753	0	25,680	361,622	2.26%	260,019	1.63%	\$0.52	(1,783)	27,828	(57,760)	384,336
La Mirada													
10,000 - 29,999	65	1,165,974	0	0	37,300	3.20%	36,579	3.14%	\$0.00	(9,000)	7,500	(4,068)	27,453
30,000 - 49,999	36	1,383,538	0	0	0	0.00%	0	0.00%	\$0.00	0	78,620	(17,883)	(20,621)
50,000 - 99,999	46	3,303,604	0	0	188,754	5.71%	105,726	3.20%	\$0.66	(2,762)	(65,994)	118,609	32,425
100,000 - 199,999	24	3,205,730	0	0	162,646	5.07%	162,646	5.07%	\$0.62	0	79,013	263,873	(242,965)
200,000 - 299,999	16	3,712,831	0	0	0	0.00%	0	0.00%	\$0.00	0	462,033	17,565	(85,997)
300,000+	2	935,369	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
La Mirada Total	189	13,707,046	0	0	388,700	2.84%	304,951	2.22%	\$0.59	(11,762)	561,172	378,096	(289,705)
Norwalk													
10,000 - 29,999	31	546,605	0	27,901	44,951	8.22%	40,528	7.41%	\$0.67	(2,328)	21,658	(16,253)	51,805
30,000 - 49,999	8	321,178	0	0	0	0.00%	40,000	12.45%	\$0.55	0	600	43,026	0
50,000 - 99,999	13	889,657	0	0	0	0.00%	35,997	4.05%	\$0.65	0	0	0	0
100,000 - 199,999	9	1,175,104	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
200,000 - 299,999	1	216,268	0	0	0	0.00%	0	0.00%	\$0.00	0	0	216,268	(216,268)
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Norwalk Total	62	3,148,812	0	27,901	44,951	1.43%	116,525	3.70%	\$0.85	(2,328)	22,258	243,041	(164,463)
Paramount													
10,000 - 29,999	220	3,788,699	0	0	106,121	2.80%	127,806	3.37%	\$0.88	(24,487)	(40,819)	37,951	65,710
30,000 - 49,999	42	1,609,226	0	0	0	0.00%	0	0.00%	\$0.00	0	500	51,101	22,363
50,000 - 99,999	18	1,303,112	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	20,280
100,000 - 199,999	6	890,869	0	0	0	0.00%	0	0.00%	\$0.00	0	0	1,250	0
200,000 - 299,999	2	513,568	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000+	0	0	551,897	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Paramount Total	288	8,105,474	551,897	0	106,121	1.31%	127,806	1.58%	\$0.69	(24,487)	(40,319)	90,302	108,353
Santa Fe Springs													
10,000 - 29,999	640	11,018,509	0	0	251,667	2.28%	397,473	3.61%	\$0.73	(113,035)	(135,630)	311,324	289,879
30,000 - 49,999	185	7,228,994	0	0	216,843	3.00%	180,423	2.50%	\$0.74	31,839	(106,767)	41,695	312,499
50,000 - 99,999	156	10,893,331	57,137	0	113,213	1.04%	222,308	2.04%	\$0.64	38,530	306,197	(12,383)	245,062
100,000 - 199,999	93	12,269,274	0	0	227,384	1.85%	187,915	1.53%	\$0.64	13,918	(94,734)	436,851	1,071,232
200,000 - 299,999	27	6,629,431	0	0	168,434	2.54%	168,434	2.54%	\$0.00	82,238	23,755	31,365	116,077
300,000+	12	5,415,573	0	0	0	0.00%	0	0.00%	\$0.00	136,198	0	671,094	453,148
Santa Fe Springs Total	1,113	53,455,112	57,137	0	977,541	1.83%	1,156,553	2.16%	\$0.69	189,688	(7,179)	1,479,946	2,487,897
Whittier													
10,000 - 29,999	84	1,337,800	0	0	4,200	0.31%	5,802	0.43%	\$0.00	(148)	40,788	(24,240)	(11,600)
30,000 - 49,999	19	732,854	0	0	35,040	4.78%	35,040	4.78%	\$0.00	4,000	(28,897)	(9,343)	0
50,000 - 99,999	15	974,702	0	0	0	0.00%	0	0.00%	\$0.00	0	3,200	0	0
100,000 - 199,999	9	1,120,582	0	0	151,500	13.52%	257,140	22.95%	\$0.52	0	(146,700)	0	0
200,000 - 299,999	5	1,125,920	0	0	0	0.00%	0	0.00%	\$0.00	0	0	18,191	69,095
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Whittier Total	132	5,291,858	0	0	190,740	3.60%	297,982	5.63%	\$0.52	3,852	(131,609)	(15,392)	57,495
Mid Counties Total													
10,000 - 29,999	1,338	23,220,392	0	27,901	449,426	1.94%	723,202	3.11%	\$0.67	(79,355)	(24,064)	327,149	468,524
30,000 - 49,999	404	15,705,249	0	25,680	467,108	2.97%	651,166	4.15%	\$0.66	66,130	(216,876)	294,878	335,902
50,000 - 99,999	357	24,829,335	124,497	0	690,695	2.78%	962,899	3.88%	\$0.59	11,009	208,158	(110,553)	331,153
100,000 - 199,999	199	26,563,806	193,709	0	857,403	3.23%	1,319,375	4.97%	\$0.56	77,081	(12,709)	876,085	823,018
200,000 - 299,999	71	17,307,571	0	0	312,348	1.80%	470,643	2.72%	\$0.55	(51,566)	826,180	197,747	(112,848)
300,000+	25	11,843,445	551,897	0	290,522	2.45%	16,434	0.14%	\$0.00	136,198	(290,522)	671,094	453,148
Total	2,394	119,469,798	870,103	53,581	3,067,502	2.57%	4,143,719	3.47%	\$0.58	159,497	490,167	2,256,400	2,298,897

This survey consists of properties 10,000 square feet and larger in size, representing both single tenant and multi-tenant buildings. The lease rates are based on a triple net basis.

CONSTRUCTION UPDATE

Under Construction

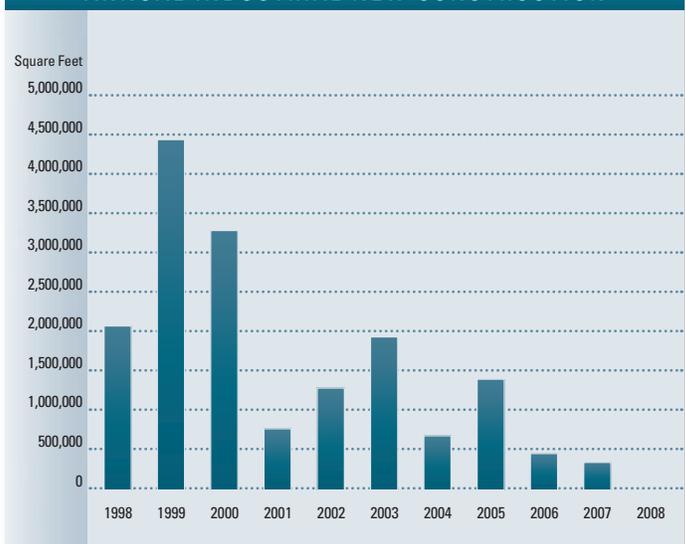
Property Address	City	Description	Square Feet	Estimate Delivery	Recorded Owner
14900 Garfield Ave	Paramount	Class A Distribution	551,897	September-08	Birtcher Development
Hall Road	Downey	Class B MFG Condos	193,709	March-08	Shaw Properties
12979 Sandoval St	Santa Fe Springs	Class A Manufacturing	57,137	June-08	Rockview Daires
9653 Santa Fe Springs Road	Santa Fe Springs	Class A Warehouse	67,360	April-08	Rexford

Recent Deliveries

Property Address	City	Description	Square Feet	Date Delivered	Recorded Owner
15959 Piuma Ave	Cerritos	Class A Warehouse	178,454	December-07	Piuma Properties, LLC
12600 Telegraph Road	Santa Fe Springs	Class A Warehouse	95,717	July-07	McGranahan Carlson & Company
12895 Telegraph Road	Santa Fe Springs	ClassB Warehouse	55,088	January-07	FeLyBy Associates, LLC
12855 Telegraph Road	Santa Fe Springs	ClassB Warehouse	52,722	February-07	Telegraph Springs, LLC



ANNUAL INDUSTRIAL NEW CONSTRUCTION



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This survey consists of properties 10,000 square feet and larger in size, 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 Commercial Brokerage use only, and cannot legally be reproduced without prior written consent from the management of Voit Commercial Brokerage.