

Mid Counties Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:



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Market Highlights

- ◆ The Industrial vacancy rate registered a low 3.84% this quarter. This represents an increase in vacant space over last year's rate of 2.67%. The Santa Fe Springs submarket has a lower vacancy rate of 3.45% 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.
- ◆ The Industrial availability rate checked in at 6.94%, which is higher than last quarter's rate of 5.95% and double the amount that was available a year ago when the rate was 3.47%. This includes vacant space, sublease space and occupied space that is being marketed.
- ◆ The average asking triple net lease rate is .53 cents per square foot per month this quarter. This is down five cents when compared to last quarter and down from last year's first quarter rate of .58 cents, a decrease of 8.62%. Rental rates are expected to remain soft in the short run as the financial markets correct.
- ◆ Currently there are two projects under construction totaling 89,057 square feet, which should be completed in the second quarter of 2009; this is down from last year when there was 870,103 square feet under construction. The Paramount Distribution Center project, which consists of 551,897 square feet, comprised the largest portion of what was under construction a year ago. 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 led to few mid-size buildings and distribution centers being developed in this infill market.
- ◆ Planned construction for this area is lower than this same time last year. Currently there is only 36,376 square feet on the slate as being planned with some other projects being discussed.
- ◆ The level of activity registered at just over 1 million square feet for the first quarter of 2009. This is lower than the level of absorption we saw in 2008, when we averaged of 2.2

million square feet per quarter; this recent drop in activity is mostly a result of hesitancy in the marketplace from the continuous stream of negative news in a wide area of topics. The recent lack of activity can be tied to the credit crunch as well, which means we could see an increase in activity in the second half of 2009 from pent up demand, once financial markets correct themselves and as consumer confidence increases. We are just starting to see signs of this. The final outcome hinges on how the recession progresses and how quickly credit eases up.

- ◆ Net absorption for the Mid Counties this quarter posted a negative number of 423,085 square feet. This is a direct result of the general slowdown of the US economic environment.
- ◆ According to the State of California Employment Development Department, Los Angeles County lost 130,000 payroll jobs over the last twelve months, most of which were in retail trade, transportation, and utilities. However, between January 2009 and February 2009 Los Angeles County gained 13,400 jobs overall, most of the gains being in education and health services & information sectors. Retail trade, transportation, and utilities & manufacturing recorded the largest month over month decline.
- ◆ The unemployment rate in Los Angeles County was 10.9% in February 2009, up from the revised 10.4% in January 2009, and above the year ago estimate of 6.1%. This compares with an unadjusted unemployment rate of 10.5% for California and 8.1% for the nation during the same period.
- ◆ Looking ahead into 2009, the industrial market will exhibit many similar characteristics to the past few quarters. 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

	1Q2009	4Q2008	1Q2008	% CHANGE VS. 1Q08
Under Construction	89,057	89,057	870,103	-89.76%
Planned Construction	36,376	73,112	53,581	-32.11%
Vacancy	3.84%	3.49%	2.67%	43.82%
Availability	6.94%	5.95%	3.47%	100.00%
Avg. Ask Lease Rate	\$0.53	\$0.58	\$0.58	-8.62%
Sale & Lease Transactions	1,041,581	1,451,385	2,336,616	-55.42%
Net Absorption	-423,085	-252,742	-29,472	N/A
Gross Absorption	1,883,690	1,299,106	1,411,334	33.47%

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RECENT TRANSACTIONS

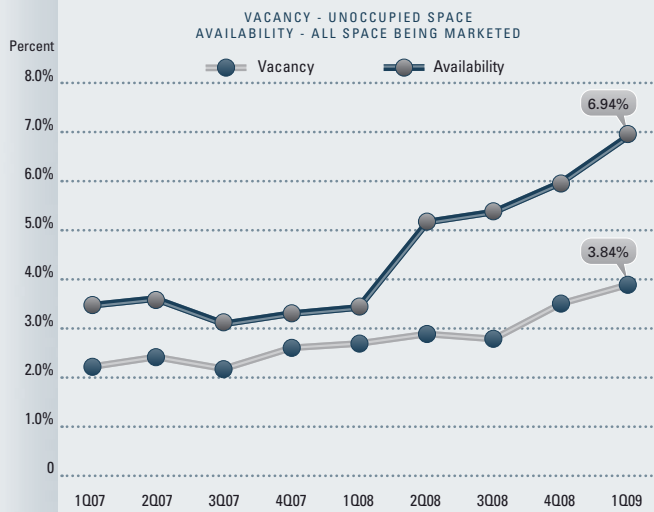
Sales Transactions

Property Address	City	Square Feet	Sale Price	Buyer	Seller
12401 Woodruff Ave.	Downey	35,892	\$3,600,000	LBSW LLC	Diloreto Center LLC
9720-9746 Norwalk	Santa Fe Springs	23,313	\$3,650,000	N/A	AMB Property LP
16502 Marquardt	Cerritos	22,022	\$3,320,000	Micheal Burge	Harrison Family Trust
15645 Clanton Circle	Santa Fe Springs	17,350	\$2,619,500	Clanton 15645 LLC	Fulbright Family trust

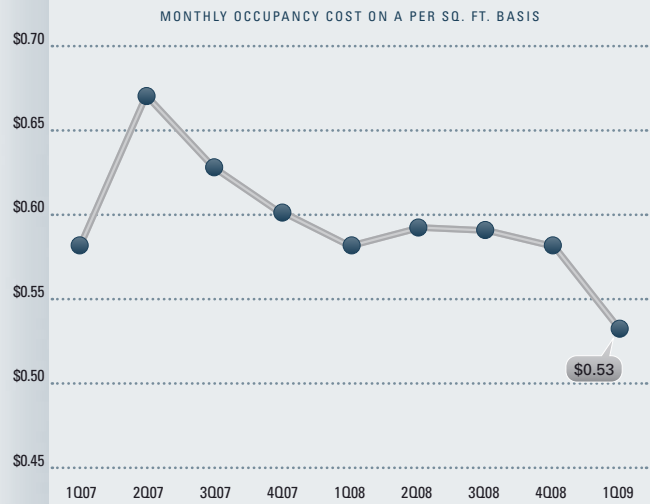
Lease Transactions

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
15130 Northam Street	La Mirada	112,152	February-09	KSDS Enterprises, Inc.	International Airport Centers LLC
12910 Mulberry Drive	Whittier	96,758	March-09	Perfect fit Industries	R & A Gilbert & Associates
16201-16255 Commerce Way	Cerritos	71,712	February-09	ATV, Inc.	Walton CWCA O'Donnell Cerritos
13125 Midway Place	Cerritos	53,176	January-09	Lincoln Electric	AK Coral Cay Trust

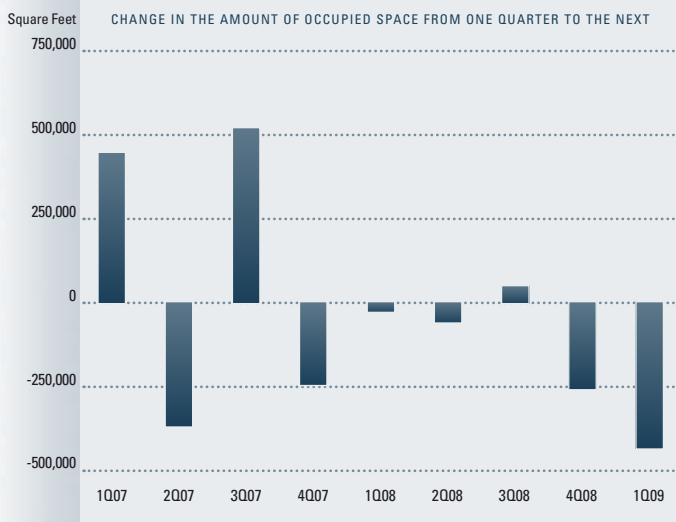
VACANCY & AVAILABILITY RATE



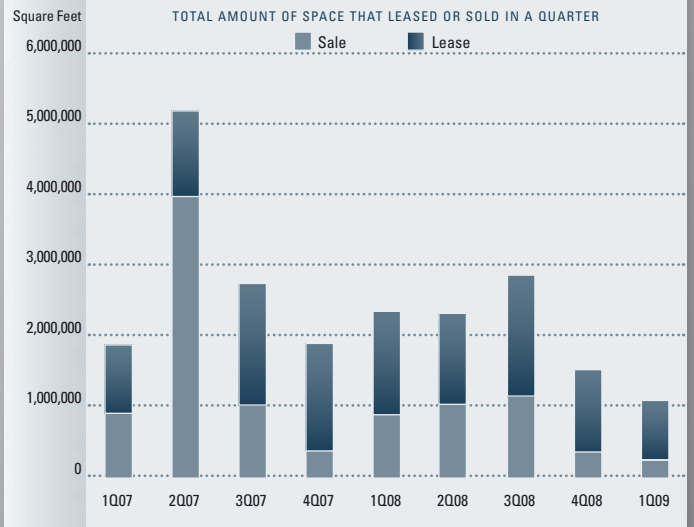
AVERAGE ASKING TRIPLE NET LEASE RATE



NET ABSORPTION



SALE AND LEASE TRANSACTIONS



INVENTORY					VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U/C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 1Q2009	Square Feet Available	Availability Rate 1Q2009	Average Asking Lease Rate	Net Absorption 1Q2009	Net Absorption 2008	Gross Absorption 1Q2009	Gross Absorption 2008
Artesia / Cerritos													
10,000 - 29,999	108	2,048,536	0	0	106,837	5.22%	97,459	4.76%	\$0.61	34,160	(131,641)	39,020	63,268
30,000 - 49,999	64	2,524,208	0	0	208,465	8.26%	281,641	11.16%	\$0.56	(79,531)	60,874	0	373,654
50,000 - 99,999	55	3,621,562	0	0	435,510	12.03%	541,906	14.96%	\$0.55	(21,287)	(137,651)	91,672	165,609
100,000 - 199,999	33	4,532,074	0	0	235,555	5.20%	363,555	8.02%	\$0.49	8,674	141,236	48,129	553,094
200,000 - 299,999	4	991,766	0	0	220,000	22.18%	220,000	22.18%	\$0.45	0	(220,000)	0	0
300,000+	1	309,934	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Artesia / Cerritos Total	265	14,028,080	0	0	1,206,367	8.60%	1,504,561	10.73%	\$0.57	(57,984)	(287,182)	178,821	1,155,625
Bellflower / Downey													
10,000 - 29,999	116	1,942,640	0	0	48,814	2.51%	72,444	3.73%	\$0.00	(17,930)	(5,762)	23,617	50,606
30,000 - 49,999	18	699,094	0	0	38,627	5.53%	40,367	5.77%	\$0.68	(16,723)	(21,904)	0	44,355
50,000 - 99,999	15	1,022,748	0	0	8,064	0.79%	48,348	4.73%	\$0.62	0	33,786	8,064	109,285
100,000 - 199,999	8	1,104,861	0	0	0	0.00%	232,164	21.01%	\$0.00	0	193,709	0	193,709
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	160	5,613,201	0	0	95,505	1.70%	643,966	11.47%	\$0.68	(34,653)	199,829	31,681	397,955
Buena Park / La Palma													
10,000 - 29,999	81	1,485,715	0	0	51,256	3.45%	80,611	5.43%	\$0.69	(23,336)	(54)	700	85,709
30,000 - 49,999	31	1,156,488	0	36,376	6,000	0.52%	128,408	11.10%	\$0.56	600	6,000	600	44,320
50,000 - 99,999	41	2,859,425	0	0	75,080	2.63%	210,630	7.37%	\$0.49	0	(46,229)	0	69,773
100,000 - 199,999	19	2,560,134	0	0	75,000	2.93%	75,000	2.93%	\$0.00	0	(75,000)	0	75,000
200,000 - 299,999	12	3,122,757	0	0	0	0.00%	0	0.00%	\$0.00	0	0	218,640	218,640
300,000+	9	4,528,044	0	0	274,088	6.05%	935,488	20.66%	\$0.48	0	16,434	0	16,434
Buena Park / La Palma Total	193	15,712,563	0	36,376	481,424	3.06%	1,430,137	9.10%	\$0.69	(22,736)	(98,849)	219,940	509,876
La Mirada													
10,000 - 29,999	67	1,216,885	0	0	107,659	8.85%	99,086	8.14%	\$0.80	(43,621)	(34,538)	3,200	50,821
30,000 - 49,999	34	1,300,855	0	0	0	0.00%	88,136	6.78%	\$0.65	9,088	(9,088)	9,088	3,220
50,000 - 99,999	46	3,321,235	0	0	80,603	2.43%	294,913	8.88%	\$0.49	121,942	(16,553)	187,038	322,134
100,000 - 199,999	25	3,265,903	0	0	446,469	13.67%	346,714	10.62%	\$0.49	(133,364)	(150,459)	20,000	48,361
200,000 - 299,999	15	3,483,706	0	0	26,996	0.77%	26,996	0.77%	\$0.55	20,671	(47,667)	20,671	306,300
300,000+	2	935,369	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
La Mirada Total	189	13,523,953	0	0	661,727	4.89%	855,845	6.33%	\$0.56	(25,284)	(258,305)	239,997	730,836
Norwalk													
10,000 - 29,999	33	570,493	0	0	7,648	1.34%	62,154	10.89%	\$0.63	19,444	15,531	21,172	58,391
30,000 - 49,999	6	253,561	0	0	20,660	8.15%	20,660	8.15%	\$0.55	0	(20,660)	0	40,000
50,000 - 99,999	13	898,007	0	0	0	0.00%	143,802	16.01%	\$0.49	0	0	0	35,997
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	0	0
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Norwalk Total	62	3,113,433	0	0	28,308	0.91%	226,616	7.28%	\$0.61	19,444	(5,129)	21,172	134,388
Paramount													
10,000 - 29,999	225	3,879,458	0	0	146,124	3.77%	278,193	7.17%	\$0.67	21,564	(96,354)	58,713	229,675
30,000 - 49,999	44	1,682,123	0	0	99,002	5.89%	139,832	8.31%	\$0.63	(6,056)	(82,146)	6,106	35,451
50,000 - 99,999	21	1,498,903	0	0	66,270	4.42%	80,281	5.36%	\$0.49	21,459	(87,729)	21,459	3,114
100,000 - 199,999	6	890,869	0	0	0	0.00%	35,065	3.94%	\$0.65	0	0	0	0
200,000 - 299,999	2	513,568	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000+	1	551,897	0	0	0	0.00%	0	0.00%	\$0.00	0	551,897	551,897	551,897
Paramount Total	299	9,016,818	0	0	311,396	3.45%	533,371	5.92%	\$0.54	36,967	285,668	638,175	820,137
Santa Fe Springs													
10,000 - 29,999	647	11,057,365	0	0	366,878	3.32%	636,744	5.76%	\$0.69	(102,854)	(37,960)	57,598	357,887
30,000 - 49,999	182	7,116,364	21,697	0	280,026	3.93%	485,048	6.82%	\$0.65	(11,067)	(18,006)	26,854	332,515
50,000 - 99,999	151	10,551,550	67,360	0	454,358	4.31%	594,299	5.63%	\$0.58	(234,537)	(18,092)	50,727	577,448
100,000 - 199,999	96	12,835,794	0	0	396,672	3.09%	1,082,812	8.44%	\$0.49	(113,125)	(153,840)	0	383,628
200,000 - 299,999	28	6,857,834	0	0	148,305	2.16%	249,705	3.64%	\$0.58	127,725	(183,882)	396,261	92,348
300,000+	12	5,415,793	0	0	0	0.00%	0	0.00%	\$0.00	0	136,198	0	136,198
Santa Fe Springs Total	1,116	53,834,700	89,057	0	1,646,239	3.06%	3,048,608	5.66%	\$0.61	(333,858)	(275,382)	531,440	1,880,024
Whittier													
10,000 - 29,999	82	1,349,042	0	0	17,158	1.27%	30,265	2.24%	\$0.00	7,497	(22,045)	20,599	10,482
30,000 - 49,999	20	779,052	0	0	8,832	1.13%	8,832	1.13%	\$0.00	(5,047)	35,255	1,865	40,960
50,000 - 99,999	15	963,682	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
100,000 - 199,999	9	1,122,162	0	0	160,511	14.30%	63,522	5.66%	\$0.39	(7,431)	(1,580)	0	3,650
200,000 - 299,999	5	1,125,920	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
Whittier Total	131	5,339,858	0	0	186,501	3.49%	102,619	1.92%	\$0.47	(4,981)	11,630	22,464	55,092
Mid Counties Total													
10,000 - 29,999	1,359	23,550,134	0	0	852,374	3.62%	1,356,956	5.76%	\$0.68	(105,076)	(312,823)	224,619	906,839
30,000 - 49,999	399	15,511,745	21,697	36,376	661,612	4.27%	1,192,924	7.69%	\$0.62	(108,736)	(49,675)	44,513	914,475
50,000 - 99,999	357	24,737,112	67,360	0	1,119,885	4.53%	1,914,179	7.74%	\$0.56	(112,423)	(272,468)	358,960	1,283,360
100,000 - 199,999	205	27,486,901	0	0	1,314,207	4.78%	2,198,832	8.00%	\$0.49	(245,246)	(45,934)	68,129	1,257,442
200,000 - 299,999	69	16,839,972	0	0	395,301	2.35%	747,344	4.44%	\$0.50	148,396	(451,349)	635,572	617,288
300,000+	26	12,056,742	0	0	274,088	2.27%	935,488	7.76%	\$0.48	0	704,529	551,897	704,529
Total	2,415	120,182,606	89,057	36,376	4,617,467	3.84%	8,345,723	6.94%	\$0.53	(423,085)	(427,720)	1,883,690	5,683,933

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

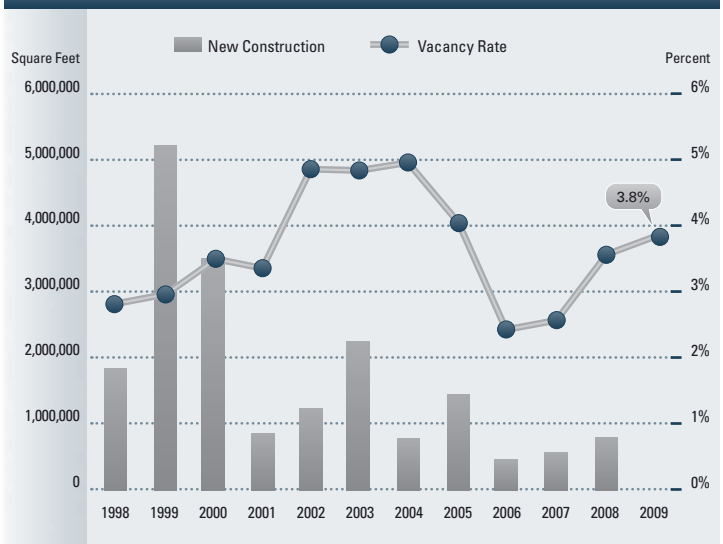
Property Address	City	Description	Square Feet	Estimate Delivery	Recorded Owner
9653 Santa Fe Springs Road	Santa Fe Springs	Class A Warehouse	67,360	April-09	RIF - Santa Fe Springs LLC
9641 Santa Fe Springs Road	Santa Fe Springs	Class A Warehouse	21,697	April-09	RIF - Santa Fe Springs LLC

Recent Deliveries

Property Address	City	Description	Square Feet	Date Delivered	Recorded Owner
14900 Garfield Ave	Paramount	Class A Distribution	551,897	October-08	Birtcher Development
9220-9268 Hall Road	Downey	Class B MFG Condos	193,709	April-08	Shaw Properties
15959 Piuma Ave	Cerritos	Class A Warehouse	178,454	December-07	Piuma Properties, LLC



ANNUAL NEW CONSTRUCTION VS. VACANCY RATE



For further information, please contact:

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