



# Mid Counties Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:

**Vacancy**



**UP**

**Avilability**



**UP**

**Absorption**



**UP**

**Lease Rates**



**UP**

**Construction**



**DOWN**

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## Market Highlights

- ◆ The Industrial vacancy rate registered a low 2.86% this quarter, the record low being 1.89% back in the first quarter of 2007. This represents an increase in vacant space over last year's rate of 2.16% compared to this same time last year. The Santa Fe Springs submarket has a lower vacancy rate of 1.46% 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 5.15%, which is higher than last quarter's rate of 3.47% and higher than it was a year ago when it was 3.56. This includes vacant space, sublease space and occupied space that is being marketed.
- ◆ The average asking triple net lease rate is .59 cents per square foot per month this quarter. This is up one cent from last quarter and down from last year's record high rate of .67.
- ◆ During 2007, total new construction added to the Mid Counties Industrial market was 356,934 square feet, and 250,846 square feet has been added to the Mid Counties during the first half 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 two quarters we expect approximately 550,000 square feet of new space to be completed.
- ◆ Currently there are two projects under construction totaling 619,257 square feet, up from last year when there was 365,488 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 led 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 62,416 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 115,082 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 6,800 payroll jobs over the last twelve months, most of which were in financial activities, information and manufacturing. However, between April 2008 and May 2008 Los Angeles County gained 3,200 jobs in trade, transportation, utilities, motion pictures, leisure and hospitality sectors.
- ◆ The unemployment rate in Los Angeles County was 6.7% in May 2008, up from the revised 5.9% percent in April 2008, and above the year ago estimate of 4.9%. This compares with an unadjusted unemployment rate of 6.5 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 nonfarm 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 into the second half of 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

	2Q2008	1Q2008	2Q2007	% CHANGE VS. 2007
Under Construction	619,257	870,103	365,488	69.43%
Planned Construction	62,416	53,581	25,680	143.05%
Vacancy	2.86%	2.57%	2.16%	32.41%
Availability	5.15%	3.47%	3.56%	44.66%
Pricing	\$0.59	\$0.58	\$0.67	-11.94%
Net Absorption	115,082	-164,935	-503,237	-122.87%
Gross Absorption	1,179,343	1,490,790	831,786	41.78%

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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
6250 Caballero Blvd.	Buena Park	143,760	\$15,597,960	Investco	6250 Caballero, LLC
11919 Smith Ave.	Santa Fe Springs	85,912	\$9,229,678	JAWW, LLC	CSIP WR SFS, LLC
13231 Lakeland Road	Santa Fe Springs	45,770	\$7,100,000	Community Development SFS	Olsen Homes

Lease Activity

Property Address	City	Square Feet	Transaction Date	Buyer	Seller
3735 Workman Mill Road	Whittier	260,911	February-08	Kuehne & Nagel	Southwest Carpenters Pension
15959 Piuma Ave.	Cerritos	178,454	May-08	Bunzl Distribution	Piuma Properties, Ltd.
17817 Valley View Ave.	Cerritos	146,640	June-08	Marathon	Adma Associates LP
13833-13861 Borate Street	Santa Fe Springs	106,000	June-08	ARNS Transportation	B & R Investments

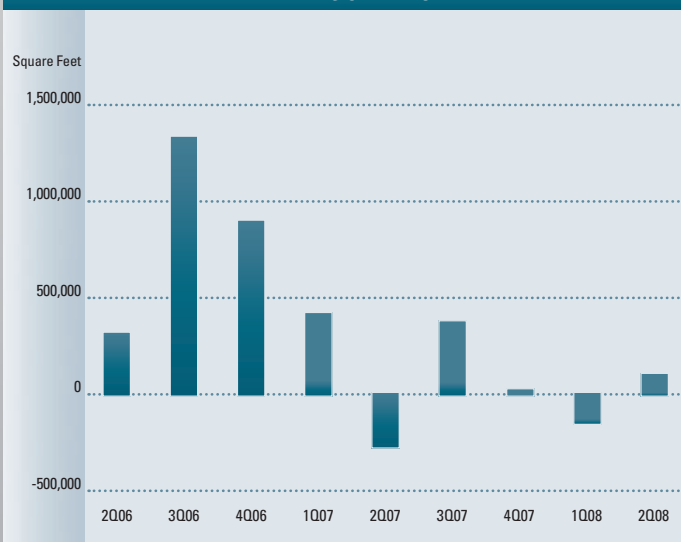
VACANCY RATE



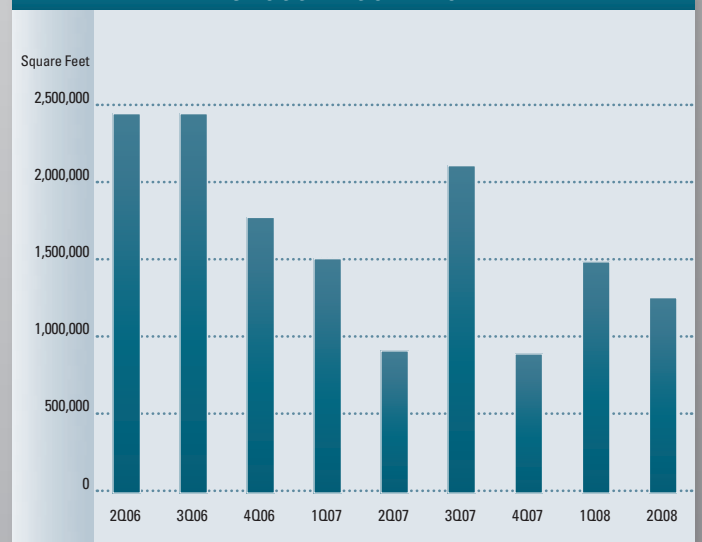
AVERAGE ASKING TRIPLE NET LEASE RATE



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 2Q2008	Square Feet Available	Availability Rate 2Q2008	Average Asking Lease Rate	Net Absorption 2Q2008	Net Absorption 2008	Net Absorption 2007	Net Absorption 2006
<b>Artesia / Cerritos</b>													
10,000 - 29,999	109	2,080,980	0	0	70,135	3.37%	140,768	6.76%	\$0.77	(55,583)	(60,779)	63,479	36,116
30,000 - 49,999	67	2,646,746	0	0	191,240	7.23%	356,133	13.46%	\$0.60	41,727	49,073	(168,537)	152,936
50,000 - 99,999	56	3,724,273	0	0	296,966	7.97%	539,010	14.47%	\$0.58	33,129	(20,394)	(7,044)	(247,194)
100,000 - 199,999	32	4,391,884	0	0	433,594	9.87%	236,500	5.38%	\$0.57	0	0	149,712	551
200,000 - 299,999	4	991,766	0	0	220,000	22.18%	220,000	22.18%	\$0.55	0	(220,000)	0	0
300,000+	1	309,934	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Artesia / Cerritos Total</b>	<b>269</b>	<b>14,145,583</b>	<b>0</b>	<b>0</b>	<b>1,211,935</b>	<b>8.57%</b>	<b>1,492,411</b>	<b>10.55%</b>	<b>\$0.57</b>	<b>19,273</b>	<b>(252,100)</b>	<b>37,610</b>	<b>(57,591)</b>
<b>Bellflower / Downey</b>													
10,000 - 29,999	110	1,861,282	0	0	41,884	2.25%	58,725	3.16%	\$0.00	(26,284)	(19,262)	6,251	(2,603)
30,000 - 49,999	17	663,202	0	0	51,595	7.78%	12,904	1.95%	\$0.68	(51,595)	(51,595)	13,505	39,746
50,000 - 99,999	14	971,678	0	0	0	0.00%	0	0.00%	\$0.00	20,880	41,850	650	11,055
100,000 - 199,999	7	978,861	0	0	0	0.00%	193,709	19.79%	\$0.00	193,709	193,709	0	147,560
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
<b>Bellflower / Downey Total</b>	<b>151</b>	<b>5,318,881</b>	<b>0</b>	<b>0</b>	<b>93,479</b>	<b>1.76%</b>	<b>515,981</b>	<b>9.70%</b>	<b>\$0.68</b>	<b>136,710</b>	<b>164,702</b>	<b>20,406</b>	<b>195,758</b>
<b>Buena Park / La Palma</b>													
10,000 - 29,999	81	1,480,035	0	25,680	16,488	1.11%	79,656	5.38%	\$0.65	13,161	11,378	12,709	(11,078)
30,000 - 49,999	28	1,053,900	0	0	50,920	4.83%	43,715	4.15%	\$0.00	(38,320)	(38,320)	(5,900)	(6,400)
50,000 - 99,999	41	2,859,425	0	0	144,853	5.07%	293,673	10.27%	\$0.00	(116,002)	(116,002)	(28,851)	19,360
100,000 - 199,999	19	2,560,134	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	26,000
200,000 - 299,999	12	3,121,452	0	0	0	0.00%	0	0.00%	\$0.00	0	0	340,392	(85,642)
300,000+	9	4,534,998	0	0	290,522	6.41%	21,434	0.47%	\$0.00	0	0	(290,522)	0
<b>Buena Park / La Palma Total</b>	<b>190</b>	<b>15,609,944</b>	<b>0</b>	<b>25,680</b>	<b>502,783</b>	<b>3.22%</b>	<b>438,478</b>	<b>2.81%</b>	<b>\$0.65</b>	<b>(141,161)</b>	<b>(142,944)</b>	<b>27,828</b>	<b>(57,760)</b>
<b>La Mirada</b>													
10,000 - 29,999	64	1,140,974	0	0	9,000	0.79%	32,520	2.85%	\$0.00	28,300	20,500	7,500	(4,068)
30,000 - 49,999	36	1,377,431	0	0	0	0.00%	0	0.00%	\$0.00	0	0	78,620	(17,883)
50,000 - 99,999	47	3,374,404	0	0	125,652	3.72%	294,798	8.74%	\$0.57	63,102	60,340	(65,994)	118,609
100,000 - 199,999	25	3,247,258	0	0	162,646	5.01%	330,343	10.17%	\$0.62	0	0	79,013	263,873
200,000 - 299,999	15	3,483,706	0	0	0	0.00%	0	0.00%	\$0.00	0	0	462,033	17,565
300,000+	2	935,369	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>La Mirada Total</b>	<b>189</b>	<b>13,559,142</b>	<b>0</b>	<b>0</b>	<b>297,298</b>	<b>2.19%</b>	<b>657,661</b>	<b>4.85%</b>	<b>\$0.60</b>	<b>91,402</b>	<b>80,840</b>	<b>561,172</b>	<b>378,096</b>
<b>Norwalk</b>													
10,000 - 29,999	32	557,501	0	0	1,440	0.26%	60,548	10.86%	\$0.66	43,511	41,183	21,658	(16,253)
30,000 - 49,999	7	286,018	0	0	40,000	13.99%	20,660	7.22%	\$0.55	(40,000)	(40,000)	600	43,026
50,000 - 99,999	13	904,895	0	0	35,997	3.98%	83,802	9.26%	\$0.00	(35,997)	(35,997)	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	0	216,268
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Norwalk Total</b>	<b>62</b>	<b>3,139,786</b>	<b>0</b>	<b>0</b>	<b>77,437</b>	<b>2.47%</b>	<b>165,010</b>	<b>5.26%</b>	<b>\$0.62</b>	<b>(32,486)</b>	<b>(34,814)</b>	<b>22,258</b>	<b>243,041</b>
<b>Paramount</b>													
10,000 - 29,999	224	3,845,320	0	0	195,116	5.07%	299,195	7.78%	\$0.53	(88,995)	(112,982)	(40,819)	37,951
30,000 - 49,999	40	1,538,548	0	0	19,760	1.28%	36,166	2.35%	\$0.69	(19,760)	(19,760)	500	51,101
50,000 - 99,999	20	1,425,921	0	0	3,114	0.22%	62,854	4.41%	\$0.00	(3,114)	(3,114)	0	0
100,000 - 199,999	6	890,869	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	1,250
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
<b>Paramount Total</b>	<b>292</b>	<b>8,214,226</b>	<b>551,897</b>	<b>0</b>	<b>217,990</b>	<b>2.65%</b>	<b>398,215</b>	<b>4.85%</b>	<b>\$0.54</b>	<b>(111,869)</b>	<b>(135,856)</b>	<b>(40,319)</b>	<b>90,302</b>
<b>Santa Fe Springs</b>													
10,000 - 29,999	644	11,046,373	0	0	253,672	2.30%	358,200	3.24%	\$0.67	17,987	(25,448)	(135,630)	311,324
30,000 - 49,999	186	7,267,762	0	36,736	199,173	2.74%	272,468	3.75%	\$0.80	12,774	67,558	(106,767)	41,695
50,000 - 99,999	154	10,770,920	67,360	0	191,635	1.78%	384,945	3.57%	\$0.58	50,558	36,861	306,197	(12,383)
100,000 - 199,999	95	12,554,455	0	0	143,063	1.14%	724,468	5.77%	\$0.56	7,240	(13,356)	(94,734)	436,851
200,000 - 299,999	28	6,858,556	0	0	0	0.00%	396,261	5.78%	\$0.00	92,348	92,348	23,755	31,365
300,000+	12	5,415,793	0	0	0	0.00%	0	0.00%	\$0.00	0	136,198	0	671,094
<b>Santa Fe Springs Total</b>	<b>1,119</b>	<b>53,913,859</b>	<b>67,360</b>	<b>36,736</b>	<b>787,543</b>	<b>1.46%</b>	<b>2,136,342</b>	<b>3.96%</b>	<b>\$0.61</b>	<b>180,907</b>	<b>294,161</b>	<b>(7,179)</b>	<b>1,479,946</b>
<b>Whittier</b>													
10,000 - 29,999	82	1,320,421	0	0	24,799	1.88%	44,199	3.35%	\$0.00	(20,599)	(20,747)	40,788	(24,240)
30,000 - 49,999	19	732,854	0	0	36,905	5.04%	36,905	5.04%	\$0.00	(1,865)	2,135	(28,897)	(9,343)
50,000 - 99,999	16	1,027,916	0	0	0	0.00%	0	0.00%	\$0.00	0	0	3,200	0
100,000 - 199,999	9	1,122,162	0	0	156,730	13.97%	258,720	23.06%	\$0.52	(5,230)	(5,230)	(146,700)	0
200,000 - 299,999	5	1,125,920	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	18,191
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Whittier Total</b>	<b>131</b>	<b>5,329,273</b>	<b>0</b>	<b>0</b>	<b>218,434</b>	<b>4.10%</b>	<b>339,824</b>	<b>6.38%</b>	<b>\$0.52</b>	<b>(27,694)</b>	<b>(23,842)</b>	<b>(131,609)</b>	<b>(15,392)</b>
<b>Mid Counties Total</b>													
10,000 - 29,999	1,346	23,332,886	0	25,680	612,534	2.63%	1,073,811	4.60%	\$0.64	(88,502)	(166,157)	(24,064)	327,149
30,000 - 49,999	400	15,566,461	0	36,736	589,593	3.79%	778,951	5.00%	\$0.69	(97,039)	(30,909)	(216,876)	294,878
50,000 - 99,999	361	25,059,432	67,360	0	798,217	3.19%	1,659,082	6.62%	\$0.58	12,556	(36,456)	208,158	(110,553)
100,000 - 199,999	202	26,920,727	0	0	896,033	3.33%	1,743,740	6.48%	\$0.57	195,719	175,123	(12,709)	876,085
200,000 - 299,999	69	16,839,389	0	0	220,000	1.31%	866,904	5.15%	\$0.56	92,348	(127,652)	826,180	197,747
300,000+	25	11,511,799	551,897	0	290,522	2.52%	21,434	0.19%	\$0.00	0	136,198	(290,522)	671,094
<b>Total</b>	<b>2,403</b>	<b>119,230,694</b>	<b>619,257</b>	<b>62,416</b>	<b>3,406,899</b>	<b>2.86%</b>	<b>6,143,922</b>	<b>5.15%</b>	<b>\$0.59</b>	<b>115,082</b>	<b>(49,853)</b>	<b>490,167</b>	<b>2,256,400</b>

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

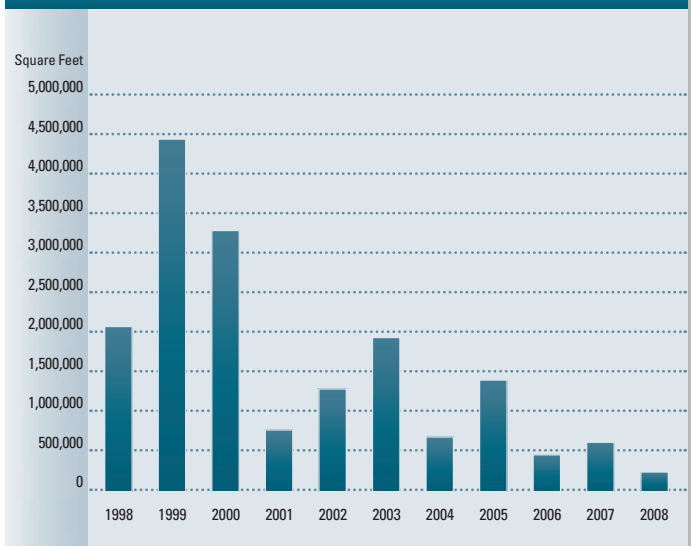
Property Address	City	Description	Square Feet	Estimate Delivery	Recorded Owner
14900 Garfield Ave	Paramount	Class A Distribution	551,897	September-08	Birtcher Development
9653 Santa Fe Springs Road	Santa Fe Springs	Class A Warehouse	67,360	January-09	Rexford

Recent Deliveries

Property Address	City	Description	Square Feet	Date Delivered	Recorded Owner
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
12600 Telegraph Road	Santa Fe Springs	Class A Warehouse	95,717	July-07	McGranahan Carlson & Company
12979 Sandoval St	Santa Fe Springs	Class A Manufacturing	57,137	February-08	Rockview Daires



ANNUAL INDUSTRIAL NEW CONSTRUCTION



For further information, please contact:

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