

# INDUSTRIAL MARKET REPORT

THIRD  
QUARTER  
2006

Compared to  
last quarter:

## VACANCY

DOWN



RECORD  
LOW

RECORD  
LOW

## AVAILABILITY

DOWN



## ABSORPTION



UP

## LEASE RATES



UP

RECORD  
HIGH

RECORD  
HIGH

## CONSTRUCTION



DOWN

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## MARKET HIGHLIGHTS

- ◆ Unemployment in the third quarter of 2006 in Los Angeles County is 5.1%, which is up 0.2% since the second quarter of 2006 and up 0.4% since the third quarter of 2005.
- ◆ According to Los Angeles County Economic Development Corporation it is estimated that Los Angeles County gained 20,100 non-farm jobs in 2005, and they are forecasting 52,800 new jobs with a 5.7% increase in total personal income for 2006.
- ◆ Total new construction added to the Mid-Counties Industrial market during 2006 thus far is 97,953 square feet. This decline is due to the lack of available land for development along with increasing construction and land costs.
- ◆ Currently there is 286,883 square feet of construction under way; this is down 10.92% from last year when there was 322,059 square feet under construction.
- ◆ Planned construction for this area is down compared to last year. Currently there is 343,128 square feet on the slate as being planned, compared to last year's figure of 779,495.
- ◆ The Industrial vacancy rate checked in at a low 3.03%. This represents an decrease in vacant space of 36% compared to this same time last year. This low rate will continue to put upward pressure on lease rates going forward.
- ◆ The Industrial availability rate checked in at 4.38%, which is 26.14% lower than it was a year ago when it was 5.93%. 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 an increase of 6% when compared to a year ago and a new record high.
- ◆ Net absorption for the Mid Counties this quarter posted a positive number of 1,313,790 square feet, the Mid Counties has a total of 1,576,212 square feet of positive absorption for 2006.
- ◆ Rental rates are expected to increase at moderate levels, 5% to 10%, in the short run and concessions will continue to lessen as the economy continues to improve.

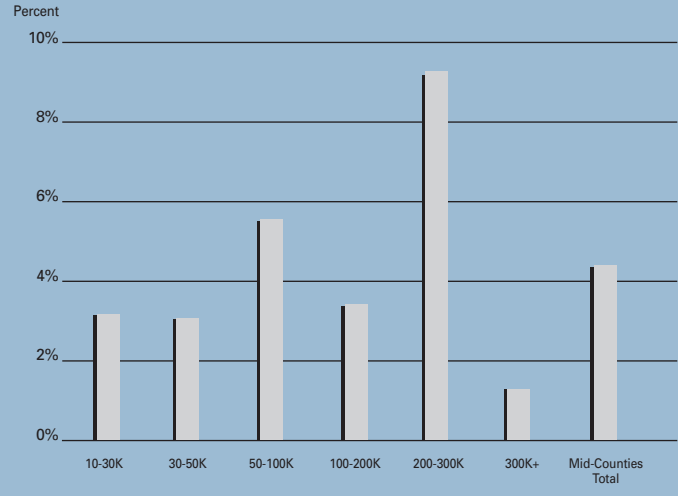
## MID-COUNTIES MARKET STATISTICS

	3Q2006	2Q2006	3Q2005	% CHANGE VS. 3Q05
Under Construction	286,883	360,315	322,059	-10.92%
Planned Construction	343,128	164,674	779,495	-55.98%
Vacancy	3.03%	4.47%	4.73%	-35.94%
Availability	4.38%	5.28%	5.93%	-26.14%
Pricing	\$0.53	\$0.52	\$0.50	6.00%
Net Absorption	1,313,790	308,280	1,172,765	12.03%
Gross Absorption	2,480,672	2,483,144	2,464,689	0.65%

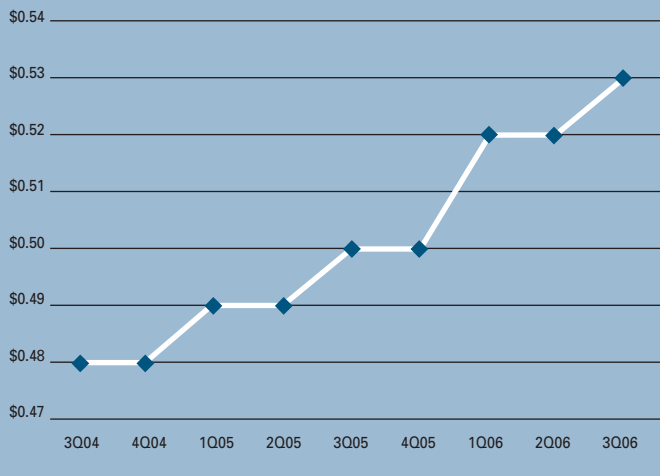
## VACANCY RATE



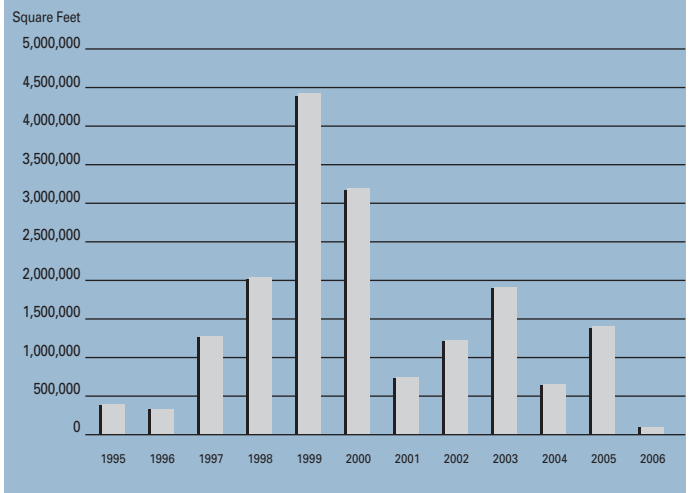
## AVAILABILITY RATE BY SIZE



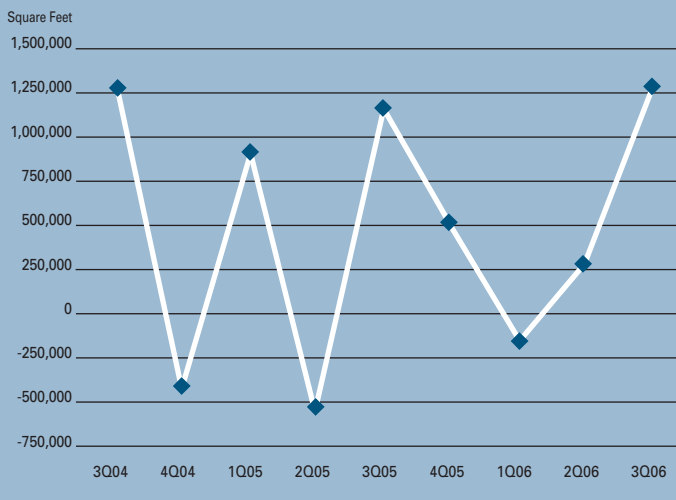
## AVERAGE ASKING TRIPLE NET LEASE RATE



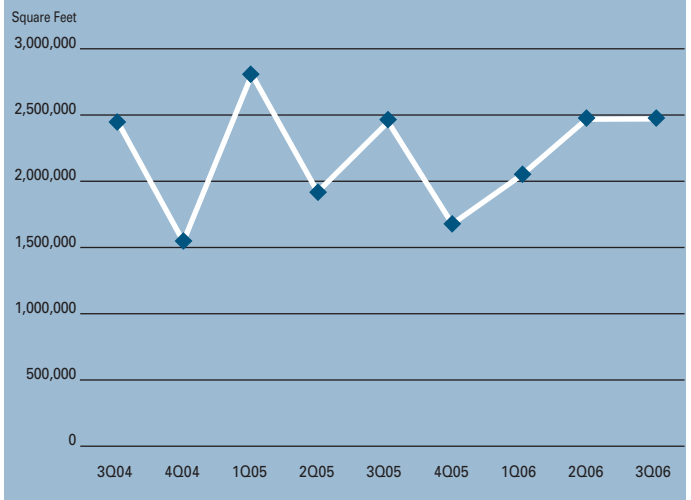
## ANNUAL INDUSTRIAL NEW CONSTRUCTION



## NET ABSORPTION



## GROSS ABSORPTION



# THIRD QUARTER 2006

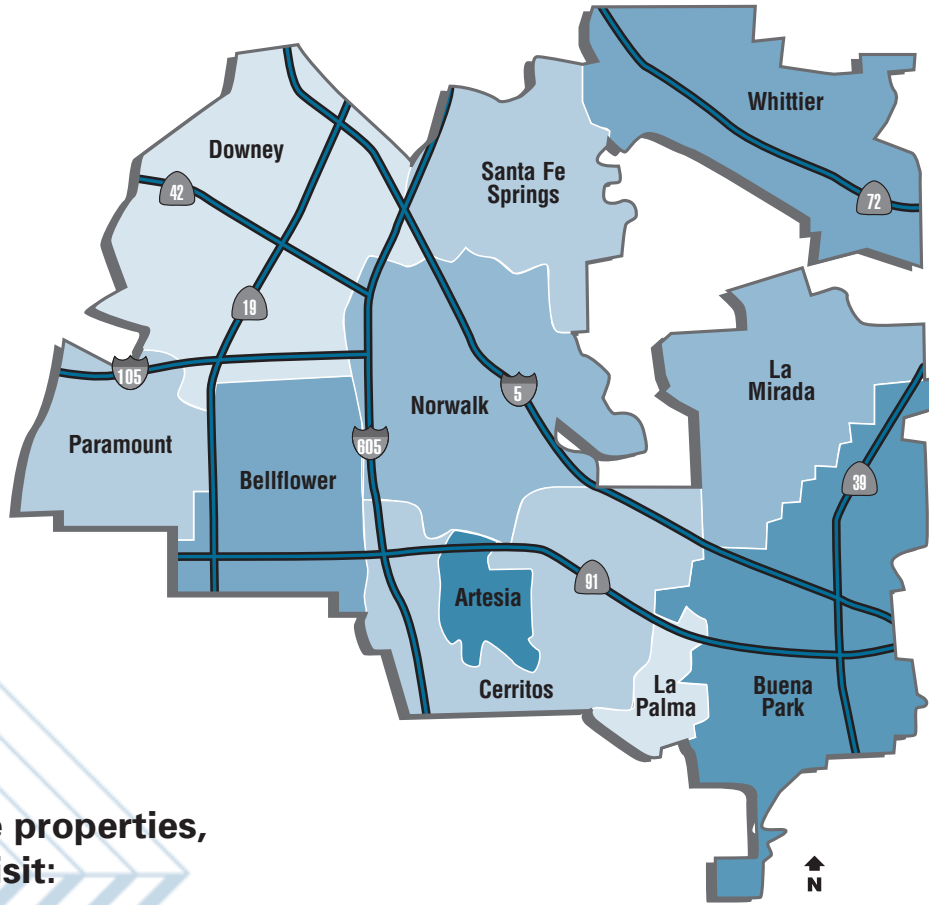
## MID-COUNTIES

	INVENTORY				VACANCY & RENT					ABSORPTION			
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2006	Square Feet Available	Availability Rate 3Q2006	Average Asking Lease Rate	Net Absorption 3Q2006	Net Absorption 2006	Net Absorption 2005	Net Absorption 2004
<b>Artesia / Cerritos</b>													
10,000 - 29,999	104	1,954,043	0	0	84,191	4.31%	106,389	5.44%	\$0.80	(19,340)	22,460	(24,774)	(16,582)
30,000 - 49,999	60	2,387,672	0	0	88,345	3.70%	128,613	5.39%	\$0.58	7,515	(21,585)	66,907	(53,406)
50,000 - 99,999	53	3,624,040	0	0	285,381	7.87%	491,804	13.57%	\$0.47	(125,135)	(278,447)	29,866	67,400
100,000 - 199,999	30	4,103,623	178,454	0	303,106	7.39%	244,154	5.95%	\$0.51	22,040	(44,343)	(321,250)	(86,242)
200,000 - 299,999	5	1,199,948	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
300,000+	1	320,000	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Artesia / Cerritos Total</b>	<b>253</b>	<b>13,589,326</b>	<b>178,454</b>	<b>0</b>	<b>761,023</b>	<b>5.60%</b>	<b>970,960</b>	<b>7.15%</b>	<b>\$0.52</b>	<b>(114,920)</b>	<b>(321,915)</b>	<b>(249,251)</b>	<b>(88,830)</b>
<b>Bellflower / Downey</b>													
10,000 - 29,999	103	1,773,422	0	0	35,618	2.01%	69,085	3.90%	\$0.60	1,872	(16,748)	45,036	2,771
30,000 - 49,999	20	772,940	0	0	6,265	0.81%	48,883	6.32%	\$0.65	35,035	46,986	(52,351)	36,186
50,000 - 99,999	13	903,640	0	0	40,095	4.44%	98,130	10.86%	\$0.44	(4,194)	12,960	(25,890)	49,617
100,000 - 199,999	6	810,152	0	0	0	0.00%	0	0.00%	\$0.00	0	147,560	(2,560)	0
200,000 - 299,999	2	528,153	0	0	0	0.00%	0	0.00%	\$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>145</b>	<b>5,104,012</b>	<b>0</b>	<b>0</b>	<b>81,978</b>	<b>1.61%</b>	<b>216,098</b>	<b>4.23%</b>	<b>\$0.00</b>	<b>32,713</b>	<b>190,758</b>	<b>(35,765)</b>	<b>88,574</b>
<b>Buena Park / La Palma</b>													
10,000 - 29,999	86	1,583,740	0	25,680	54,951	3.47%	57,243	3.61%	\$0.62	22,104	(26,954)	25,015	16,790
30,000 - 49,999	30	1,113,373	0	0	2,100	0.19%	300	0.03%	\$0.00	0	(1,200)	7,105	122,402
50,000 - 99,999	36	2,495,088	0	0	0	0.00%	0	0.00%	\$0.00	59,360	59,360	29,410	331,613
100,000 - 199,999	19	2,560,134	0	0	0	0.00%	0	0.00%	\$0.00	0	26,000	318,561	(215,086)
200,000 - 299,999	13	3,375,161	0	0	313,465	9.29%	238,270	7.06%	\$0.65	(267,373)	(58,265)	4,245	(209,526)
300,000+	9	4,866,644	0	0	6,500	0.13%	6,500	0.13%	\$0.00	0	(6,500)	0	(274,038)
<b>Buena Park / La Palma Total</b>	<b>193</b>	<b>15,994,140</b>	<b>0</b>	<b>25,680</b>	<b>377,016</b>	<b>2.36%</b>	<b>302,313</b>	<b>1.89%</b>	<b>\$0.57</b>	<b>(185,909)</b>	<b>(7,559)</b>	<b>384,336</b>	<b>(227,845)</b>
<b>La Mirada</b>													
10,000 - 29,999	60	1,071,173	0	0	17,416	1.63%	36,271	3.39%	\$0.62	(8,616)	(15,084)	27,453	(10,434)
30,000 - 49,999	35	1,322,896	0	0	93,026	7.03%	45,871	3.47%	\$0.50	80,640	(32,289)	(20,621)	73,984
50,000 - 99,999	39	2,711,495	0	0	132,340	4.88%	122,005	4.50%	\$0.48	(22,906)	106,269	32,425	62,646
100,000 - 199,999	25	3,237,864	0	0	217,477	6.72%	368,159	11.37%	\$0.49	138,013	146,396	(242,965)	4,097
200,000 - 299,999	15	3,451,471	0	0	497,250	14.41%	686,357	19.89%	\$0.48	329,598	(17,652)	(85,997)	(297,601)
300,000+	1	498,630	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	180,969
<b>La Mirada Total</b>	<b>175</b>	<b>12,293,529</b>	<b>0</b>	<b>0</b>	<b>957,509</b>	<b>7.79%</b>	<b>1,258,663</b>	<b>10.24%</b>	<b>\$0.49</b>	<b>516,729</b>	<b>187,640</b>	<b>(289,705)</b>	<b>13,661</b>
<b>Norwalk</b>													
10,000 - 29,999	31	556,759	0	0	64,637	11.61%	102,140	18.35%	\$0.65	26,040	(3,575)	51,805	(25,935)
30,000 - 49,999	6	238,985	0	0	35,200	14.73%	0	0.00%	\$0.00	0	7,826	0	4,974
50,000 - 99,999	13	874,657	0	0	71,994	8.23%	71,994	8.23%	\$0.00	0	(71,994)	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	216,268	(216,268)	0
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Norwalk Total</b>	<b>60</b>	<b>3,061,773</b>	<b>0</b>	<b>0</b>	<b>171,831</b>	<b>5.61%</b>	<b>174,134</b>	<b>5.69%</b>	<b>\$0.65</b>	<b>26,040</b>	<b>148,525</b>	<b>(164,463)</b>	<b>(20,961)</b>
<b>Paramount</b>													
10,000 - 29,999	228	3,895,409	0	0	56,320	1.45%	56,320	1.45%	\$0.58	48,016	34,436	65,710	(20,046)
30,000 - 49,999	44	1,672,481	0	0	66,965	4.00%	73,015	4.37%	\$0.00	(28,772)	(15,864)	22,363	(37,464)
50,000 - 99,999	21	1,550,661	0	0	0	0.00%	0	0.00%	\$0.00	0	0	20,280	(13,112)
100,000 - 199,999	6	890,869	0	0	0	0.00%	0	0.00%	\$0.00	0	1,250	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	323,008	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Paramount Total</b>	<b>302</b>	<b>8,845,996</b>	<b>0</b>	<b>0</b>	<b>123,285</b>	<b>1.39%</b>	<b>129,335</b>	<b>1.46%</b>	<b>\$0.58</b>	<b>19,244</b>	<b>19,822</b>	<b>108,353</b>	<b>(70,622)</b>
<b>Santa Fe Springs</b>													
10,000 - 29,999	584	10,037,764	0	0	227,937	2.27%	227,937	2.27%	\$0.54	162,977	197,579	289,879	80,982
30,000 - 49,999	173	6,749,393	36,725	43,277	74,723	1.11%	135,947	2.01%	\$0.60	92,751	(6,854)	312,499	162,678
50,000 - 99,999	138	9,508,019	50,090	95,717	256,608	2.70%	421,146	4.43%	\$0.53	94,344	(47,324)	245,062	(52,505)
100,000 - 199,999	83	10,925,880	338,701	0	123,278	1.13%	199,978	1.83%	\$0.49	94,708	385,851	1,071,232	736,018
200,000 - 299,999	24	5,967,832	200,068	0	174,387	2.92%	570,161	9.55%	\$0.57	268,536	141,515	116,077	7,240
300,000+	9	4,305,719	0	0	0	0.00%	136,198	3.16%	\$0.00	216,268	671,094	453,148	(669,416)
<b>Santa Fe Springs Total</b>	<b>1,011</b>	<b>47,494,607</b>	<b>625,584</b>	<b>138,994</b>	<b>856,933</b>	<b>1.80%</b>	<b>1,691,367</b>	<b>3.56%</b>	<b>\$0.56</b>	<b>929,584</b>	<b>1,341,861</b>	<b>2,487,897</b>	<b>264,997</b>
<b>Whittier</b>													
10,000 - 29,999	47	774,269	0	0	5,000	0.65%	15,707	2.03%	\$0.00	12,800	6,600	(11,600)	19,580
30,000 - 49,999	17	665,444	0	0	7,711	1.16%	7,711	1.16%	\$0.00	(1,791)	(7,711)	0	35,040
50,000 - 99,999	10	660,975	0	0	0	0.00%	63,500	9.61%	\$0.00	0	0	0	26,741
100,000 - 199,999	6	745,563	0	0	0	0.00%	0	0.00%	\$0.00	17,460	0	0	258,920
200,000 - 299,999	4	915,823	0	0	0	0.00%	0	0.00%	\$0.00	61,840	18,191	69,095	(87,286)
300,000+	0	0	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
<b>Whittier Total</b>	<b>84</b>	<b>3,762,074</b>	<b>0</b>	<b>0</b>	<b>12,711</b>	<b>0.34%</b>	<b>86,918</b>	<b>2.31%</b>	<b>\$0.00</b>	<b>90,309</b>	<b>17,080</b>	<b>57,495</b>	<b>252,995</b>
<b>Mid Counties Total</b>													
10,000 - 29,999	1,243	21,646,579	0	25,680	546,070	2.52%	671,092	3.10%	\$0.62	245,853	198,714	468,524	47,126
30,000 - 49,999	385	14,923,184	36,725	43,277	374,335	2.51%	440,340	2.95%	\$0.57	185,378	(30,691)	335,902	344,394
50,000 - 99,999	323	22,328,575	50,090	95,717	786,418	3.52%	1,268,579	5.68%	\$0.49	1,469	(219,176)	331,153	472,400
100,000 - 199,999	184	24,449,189	517,155	0	643,961	2.63%	812,291	3.32%	\$0.50	272,221	662,714	823,018	697,707
200,000 - 299,999	66	16,168,224	200,068	0	985,102	6.09%	1,494,788	9.25%	\$0.56	392,601	300,057	(112,848)	(587,173)
300,000+	22	10,629,706	0	0	6,500	0.06%	142,698	1.34%	\$0.00	216,268	664,594	453,148	(762,485)
<b>Total</b>	<b>2,223</b>	<b>110,145,457</b>	<b>804,038</b>	<b>164,674</b>	<b>3,342,286</b>	<b>3.03%</b>	<b>4,829,788</b>	<b>4.38%</b>	<b>\$0.53</b>	<b>1,313,790</b>	<b>1,576,212</b>	<b>2,298,897</b>	<b>211,969</b>



# INDUSTRIAL MARKET REPORT

THIRD QUARTER 2006



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