

Mid Counties Market Report

VOIT COMMERCIAL BROKERAGE

Compared to last quarter:



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Market Highlights

- ◆ The Industrial vacancy rate registered a low 3.58% this quarter. This represents an increase in vacant space over last year's rate of 2.58%. The Santa Fe Springs submarket has a lower vacancy rate of 2.48% 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 help keep lease rates at current levels going forward.
- ◆ The Industrial availability rate checked in at 5.95%, which is higher than last quarter's rate of 5.37% and higher than it was a year ago at 3.28%. 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 down one cent when compared to last quarter and down from last year's fourth quarter rate of .60 cents.
- ◆ During 2008, total new construction added to the Mid Counties Industrial market was 798,782 square feet. In the first quarter of 2009 we expect approximately another 67,360 square feet of new space to be completed.
- ◆ Currently there is one project under construction totaling 67,360 square feet, down from last year when there was 993,427 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 73,112 square feet on the slate as being planned with some other projects being discussed.
- ◆ Net absorption for the Mid Counties this quarter posted a negative number of 277,507 square feet, for a total of 427,630 square feet of negative absorption for 2008.
- ◆ According to the State of California Employment Development Department, Los Angeles County lost 20,400 payroll jobs over the last twelve months, most of which were in construction, trade, transportation, and utilities. However, between October 2008 and November 2008 Los Angeles County gained 5,000 jobs overall, most of the gains were in government, motion picture & sound recording sectors. Leisure, hospitality, manufacturing and construction recorded the largest month over month decline.
- ◆ The unemployment rate in Los Angeles County was 8.9% in November 2008, up from the revised 8.3% percent in October 2008, and above the year ago estimate of 5.3%. This compares with an unadjusted unemployment rate of 8.4 percent for California and 6.7 percent for the nation during the same period.
- ◆ Rental rates are expected to remain at current levels in the short run as the financial markets correct.
- ◆ 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

	2008	2007	2006	% CHANGE VS. 2007
Inventory Added	798,782	552,132	466,506	44.67%
Under Construction	67,360	993,427	512,073	-93.22%
Vacancy Rate	3.58%	2.58%	2.42%	38.76%
Availability Rate	5.95%	3.28%	3.84%	81.40%
Average Asking Lease Rate	\$0.58	\$0.60	\$0.55	-3.33%
Net Absorption	(427,630)	490,167	2,256,400	N/A
Gross Absorption	5,684,023	5,390,005	8,373,269	5.45%

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RECENT TRANSACTIONS

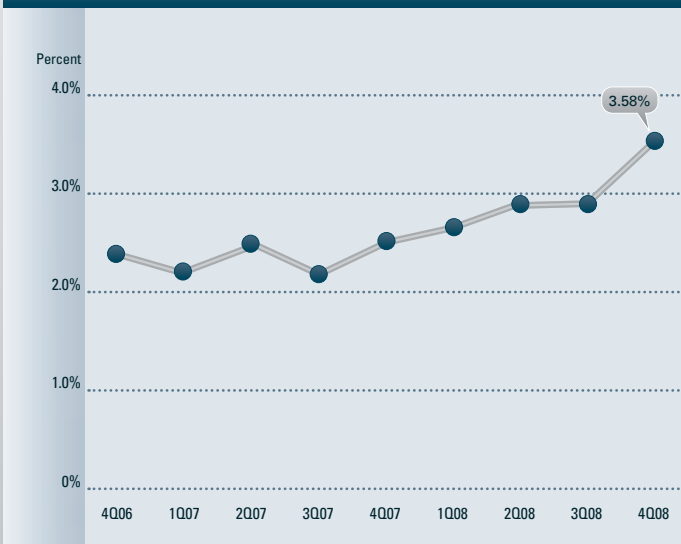
Sales Activity

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
6230-6246 Descanso Ave.	Buena Park	169,739	\$19,250,000	Pepsi Bottling Group	Granite Exchange Services
6250 Caballero Blvd.	Buena Park	143,760	\$15,597,960	Investco	6250 Caballero, LLC
13341 Cambridge Street	Santa Fe Springs	135,344	\$11,934,619	Thrifty Oil Company	Cenveo Corporation

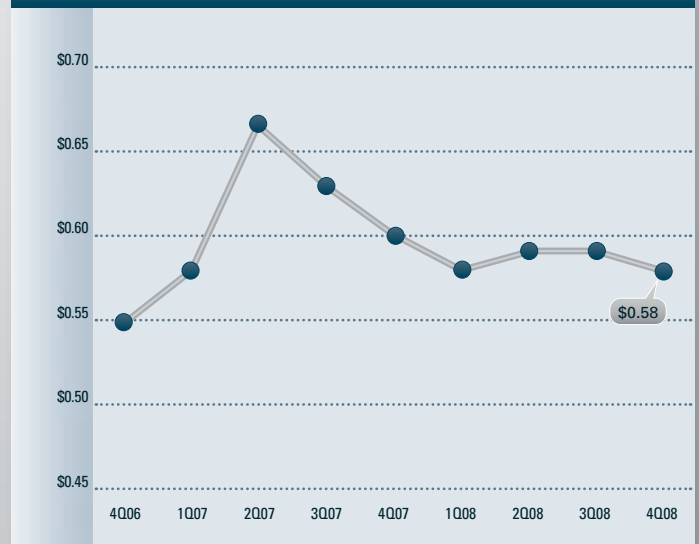
Lease Activity

Property Address	City	Square Feet	Transaction Date	Tenant	Owner
3735 Workman Mill Road	Whittier	260,911	February-08	Kuehne & Nagel	Southwest Carpenters Pension
6280 Artesia Blvd.	Buena Park	218,640	November-08	Exemplis Corporation	S H A Enterprises, Inc.
15910 Valley View	La Mirada	210,300	December-08	Faro Logistics Solutions, Inc.	Fritz Duda Company
15959 Piuma Ave.	Cerritos	178,454	May-08	Bunzl Distribution	Piuma Properties, Ltd.

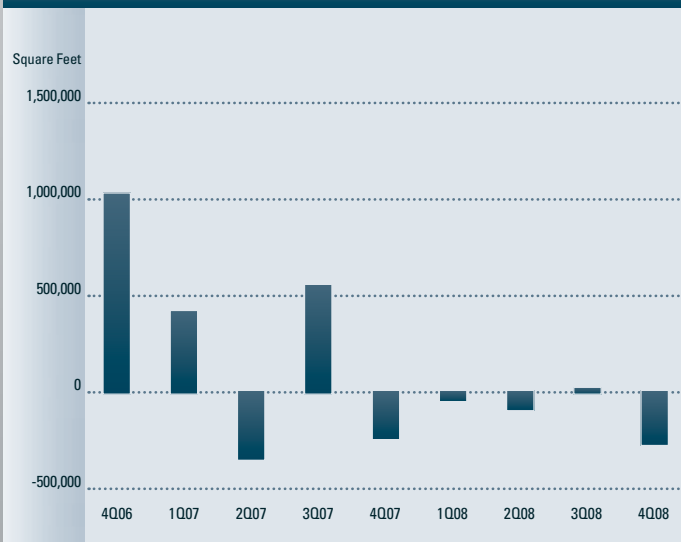
VACANCY RATE



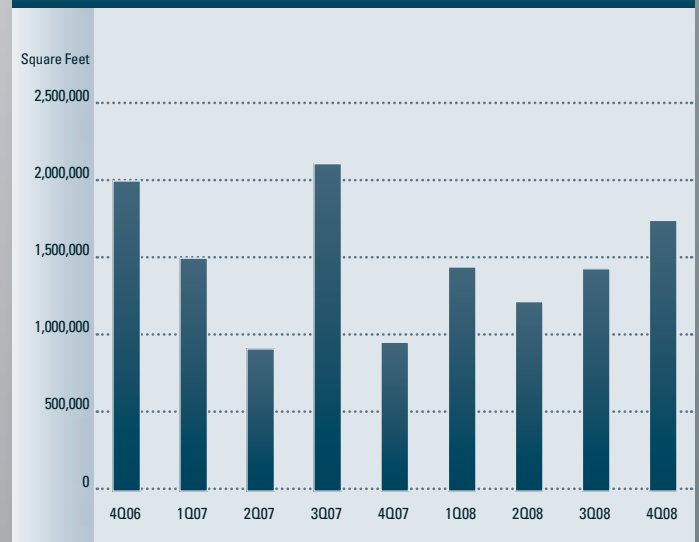
AVERAGE ASKING TRIPLE NET LEASE RATE



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 4Q2008	Square Feet Available	Availability Rate 4Q2008	Average Asking Lease Rate	Net Absorption 4Q2008	Net Absorption 2008	Gross Absorption 4Q2008	Gross Absorption 2008
Artesia / Cerritos													
10,000 - 29,999	109	2,074,804	0	0	140,997	6.80%	132,928	6.41%	\$0.65	(10,669)	(131,641)	14,238	63,268
30,000 - 49,999	65	2,571,740	0	0	174,702	6.79%	304,684	11.85%	\$0.56	19,176	60,874	71,334	373,654
50,000 - 99,999	55	3,620,954	0	0	414,223	11.44%	485,162	13.40%	\$0.53	(51,537)	(137,651)	43,762	165,609
100,000 - 199,999	33	4,532,074	0	0	292,358	6.45%	244,229	5.39%	\$0.53	(96,258)	141,236	0	553,094
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
Artesia / Cerritos Total	267	14,101,272	0	0	1,242,280	8.81%	1,387,003	9.84%	\$0.57	(139,288)	(287,182)	129,334	1,155,625
Bellflower / Downey													
10,000 - 29,999	113	1,897,588	0	0	28,384	1.50%	30,424	1.60%	\$0.00	0	(5,762)	0	50,606
30,000 - 49,999	17	663,202	0	0	21,904	3.30%	21,904	3.30%	\$0.68	(5,664)	(21,904)	0	44,355
50,000 - 99,999	15	1,022,748	0	0	8,064	0.79%	8,064	0.79%	\$0.00	0	33,786	0	109,285
100,000 - 199,999	8	1,104,861	0	0	0	0.00%	223,702	20.25%	\$0.50	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	156	5,532,257	0	0	58,352	1.05%	534,737	9.67%	\$0.68	(5,664)	199,829	0	397,955
Buena Park / La Palma													
10,000 - 29,999	81	1,480,035	0	0	27,920	1.89%	69,063	4.67%	\$0.00	(5,660)	(54)	41,581	85,709
30,000 - 49,999	29	1,097,323	0	36,376	6,600	0.60%	37,715	3.44%	\$0.69	0	6,000	0	44,320
50,000 - 99,999	41	2,859,425	0	0	75,080	2.63%	143,280	5.01%	\$0.00	28,851	(46,229)	28,851	69,773
100,000 - 199,999	19	2,560,134	0	0	75,000	2.93%	75,000	2.93%	\$0.00	(75,000)	(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	4,534,998	0	0	274,088	6.04%	0	0.00%	\$0.00	0	16,434	0	16,434
Buena Park / La Palma Total	191	15,654,672	0	36,376	458,688	2.93%	325,058	2.08%	\$0.69	(51,809)	(98,849)	289,072	509,876
La Mirada													
10,000 - 29,999	66	1,189,353	0	0	64,038	5.38%	74,038	6.23%	\$0.90	(28,139)	(34,538)	13,521	50,821
30,000 - 49,999	35	1,342,431	0	0	9,088	0.68%	21,688	1.62%	\$0.00	0	(9,088)	0	3,220
50,000 - 99,999	47	3,377,335	0	0	202,545	6.00%	333,166	9.86%	\$0.56	(99,740)	(16,553)	36,960	322,134
100,000 - 199,999	25	3,265,903	0	0	313,105	9.59%	699,164	21.41%	\$0.55	(150,459)	(150,459)	0	48,361
200,000 - 299,999	15	3,483,706	0	0	47,667	1.37%	47,667	1.37%	\$0.62	0	(47,667)	210,300	306,300
300,000+	2	935,369	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
La Mirada Total	190	13,594,097	0	0	636,443	4.68%	1,175,723	8.65%	\$0.56	(278,338)	(258,305)	260,781	730,836
Norwalk													
10,000 - 29,999	33	570,493	0	0	27,092	4.75%	67,422	11.82%	\$0.67	(8,512)	15,531	0	58,391
30,000 - 49,999	6	253,561	0	0	20,660	8.15%	20,660	8.15%	\$0.55	40,000	(20,660)	40,000	40,000
50,000 - 99,999	13	898,007	0	0	0	0.00%	143,802	16.01%	\$0.59	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	47,752	1.53%	231,884	7.45%	\$0.61	31,488	(5,129)	40,000	134,388
Paramount													
10,000 - 29,999	226	3,892,843	0	0	167,688	4.31%	248,296	6.38%	\$0.45	52,143	(96,354)	172,792	229,675
30,000 - 49,999	43	1,647,452	0	0	92,946	5.64%	136,021	8.26%	\$0.61	(69,840)	(82,146)	13,106	35,451
50,000 - 99,999	21	1,498,903	0	0	87,729	5.85%	87,729	5.85%	\$0.49	(79,471)	(87,729)	0	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	551,987	551,987	551,987	551,987
Paramount Total	299	8,995,532	0	0	348,363	3.87%	507,111	5.64%	\$0.54	454,819	285,758	737,885	820,227
Santa Fe Springs													
10,000 - 29,999	649	11,122,997	0	0	266,184	2.39%	438,918	3.95%	\$0.67	(76,698)	(37,960)	76,966	357,887
30,000 - 49,999	184	7,189,951	0	36,736	266,799	3.71%	385,907	5.37%	\$0.71	(99,780)	(18,006)	23,748	332,515
50,000 - 99,999	149	10,422,905	67,360	0	242,627	2.33%	488,570	4.69%	\$0.56	(25,496)	(18,092)	106,866	577,448
100,000 - 199,999	96	12,802,529	0	0	283,547	2.21%	972,225	7.59%	\$0.55	25,000	(153,840)	25,000	383,628
200,000 - 299,999	28	6,857,834	0	0	276,030	4.03%	518,241	7.56%	\$0.60	(148,305)	(183,882)	0	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	1,118	53,812,009	67,360	36,736	1,335,187	2.48%	2,803,861	5.21%	\$0.61	(325,279)	(275,382)	232,580	1,880,024
Whittier													
10,000 - 29,999	82	1,348,254	0	0	24,655	1.83%	27,655	2.05%	\$0.00	3,444	(22,045)	3,444	10,482
30,000 - 49,999	20	779,052	0	0	3,785	0.49%	3,785	0.49%	\$0.00	33,120	35,255	35,040	40,960
50,000 - 99,999	16	1,027,916	0	0	0	0.00%	0	0.00%	\$0.00	0	0	0	0
100,000 - 199,999	9	1,122,162	0	0	153,080	13.64%	153,080	13.64%	\$0.47	0	(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	132	5,403,304	0	0	181,520	3.36%	184,520	3.41%	\$0.47	36,564	11,630	38,484	55,092
Mid Counties Total													
10,000 - 29,999	1,359	23,576,367	0	0	746,958	3.17%	1,088,744	4.62%	\$0.64	(74,091)	(312,823)	322,542	906,839
30,000 - 49,999	399	15,544,712	0	73,112	596,484	3.84%	932,364	6.00%	\$0.62	(82,988)	(49,675)	183,228	914,475
50,000 - 99,999	357	24,728,193	67,360	0	1,030,268	4.17%	1,689,773	6.83%	\$0.56	(227,393)	(272,468)	216,439	1,283,360
100,000 - 199,999	205	27,453,636	0	0	1,117,090	4.07%	2,402,465	8.75%	\$0.54	(296,717)	(45,934)	25,000	1,257,442
200,000 - 299,999	69	16,839,972	0	0	543,697	3.23%	1,036,551	6.16%	\$0.59	(148,305)	(451,349)	428,940	617,288
300,000+	26	12,063,696	0	0	274,088	2.27%	0	0.00%	\$0.00	551,987	704,619	551,987	704,619
Total	2,415	120,206,576	67,360	73,112	4,308,585	3.58%	7,149,897	5.95%	\$0.58	(277,507)	(427,630)	1,728,136	5,684,023

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

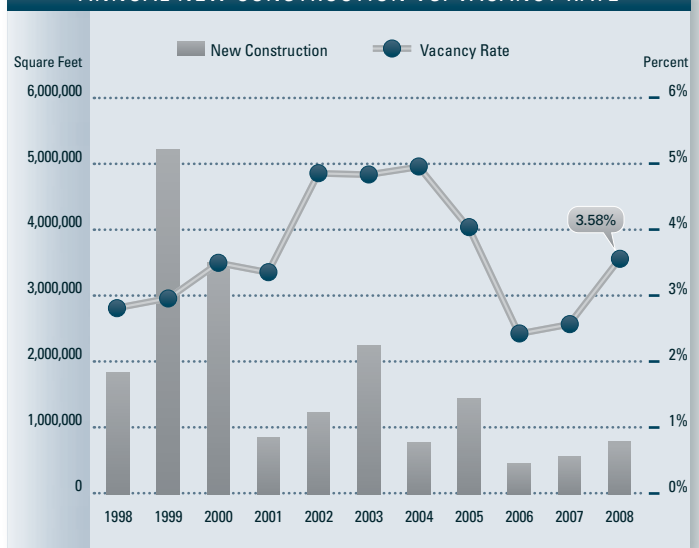
Property Address	City	Description	Square Feet	Estimate Delivery	Recorded Owner
9653 Santa Fe Springs Road	Santa Fe Springs	Class A Warehouse	67,360	February-09	Rexford Industrial

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
12600 Telegraph Road	Santa Fe Springs	Class A Warehouse	95,717	July-07	McGranahan Carlson & Company



ANNUAL NEW CONSTRUCTION VS. VACANCY RATE



For further information, please contact:

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