

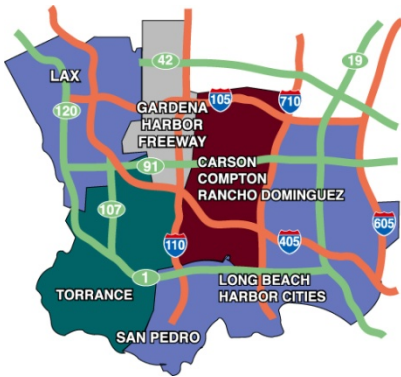


Market Report

South Bay Industrial Real Estate

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Market Description

The South Bay includes the cities of Carson, Compton, El Segundo, Gardena, Hawthorne, Los Angeles, Long Beach, Paramount, San Pedro, and Torrance.

The industrial sector includes about 219 million square feet of space over 10,000 SF in approximately 5100 buildings. The South Bay is a well diversified economy bordered by Los Angeles International Airport on the north and Ports of Long Beach and Los Angeles on the south.

Developers / Investors Bullish On Top End Of Market

Summary

The following information is derived from the American Commercial Real Estate Association – “AIR”, CCIM Institute, and other sources Weil Commercial deem reliable.

✓ Developers / investors view the South Bay as one the best sub-markets in the country with challenging barrier to entry .

✓ Lease & sale activity increased 10% from the same period last year.

✓ The vacancy rate decreased from 6.2% in 1st Qtr 2009 to 5.4% today, while deal lease rates slightly increased this past year for Class A & B product.

✓ Close to 900,000 square feet of mostly speculative space is under construction with pre-leasing occurring.

✓ User buyers are active, while availability of Class C product is ample.

✓ Property values will increase as less developable land is available for construction and the economy continues to improve.

Closings

• *New Construction:* 3PL Global Logistics leased 270,764 square feet from Watson Land Company for 7 years at 2211 E. Carson Street, Carson at .60 psf net effective.

• *Class B:* Aqua Sea Clothing purchased a 41,000 square foot building at 19060 Dominquez Street, Rancho Dominguez for \$108.00 psf. Time on market: 6 months.

• *Class C:* Ifurs leased for 3 years a 35,700 square foot building at 17818 S. Figueroa Street, Gardena for .38 psf gross. Time on market: 12 months.

Definitions

• *New Construction:* Completed last 12 months.

• *Class “A”:* Newer blds., min 28’ whse clear, and min 120’ truck access to dock.

• *Class “B”:* Close to “A” , min 22’ plus whse clearance with good truck loading .

• *Class “C”:* Older low min whse clear < 22’ with tight truck loading.

The Following Graphs Reflect Historical Vacancy Rates, Gross Absorption & Available Space By Class.

