



4th Quarter Commercial Market Review

Industrial market

The San Gabriel Valley Industrial market experienced an added 1.4 million square feet of newly completed industrial space. This helped to increase leasing activity which has been slowed due to limited inventory. Industrial demand has remained positive throughout 2019 and is expected to remain strong in 2020. An estimated two million square feet is currently under construction. The vacancy rate has remained low at approximately 1.5 percent.

The greater Los Angeles Industrial market is the strongest industrial market in the nation. The market is primarily fueled by the Los Angeles and Long Beach port activity. The overall vacancy rate for the region has remained low at 1.3 percent. There is currently six million square feet under construction. The average lease rate in the region is \$0.93 on a NNN basis.

Office market

The San Gabriel Valley Office market had positive demand for the end of the year. The vacancy rate averaged at 10.2 percent for the last quarter. The San Gabriel Valley enjoyed the largest leasing activity in the county for the quarter. City of Hope expanded in Irwindale leasing 177,900 square feet. The average asking lease rate is \$2.46 per-square-foot.

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The greater Los Angeles office market has experienced increased activity mainly from technology and entertainment companies. Those industries generated 4.8 million square feet in leasing activity in the fourth quarter. The vacancy rate increased slightly due to new construction delivery averaging fourteen percent. The region currently has just over 4 million square feet under construction.

Source: CoStar and AIR

**Current SBA 504 25-Year Fixed
Effective Rate for
February 2020 3.46%**

Split Roll Tax on Ballot in November

California legislature has again placed the split roll tax initiative on the ballot again after previously failing to pass. Commercial property taxes are currently protected under prop 13 increasing only 2% annually. However, this bill would reassess all commercial properties and make property owners responsible for taxes based on current market value. It would also continue to reassess properties every three years.

If passed, this bill is expected to put many small business out of business due to the drastically high costs of doing business in California. It would not only affect property owners, it affects businesses who are tenants because many are under NNN leases which would pass the property tax increase to the tenants. That cost would likely then be passed along to consumers in a ripple effect. As businesses are affected, it will take a toll on jobs in the state as well.

Proponents of the bill state the funds will go to local governments and schools. However, other initiatives in the state have been said to do the same and never seem to end up where California promises. We keep increasing taxes in the state without actually fixing any of the over-spending. This is another band-aid to the larger problem of spending in the state and little oversight on the allocation of funds.

Source: Bisnow Newsletter 2/3/20

New Sale Listing: Industrial in Monrovia



First Time on the Market!

34K SF building situated on 1.75 acres of land. Zoned Manufacturing.

4-dock high and 4-grade level loading doors, over 2K AMP power, fire sprinklers and clean room built out.

Bonus storage buildings in rear not included in the square footage.

Please contact me for more information.

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Linda specializes in commercial and industrial sales and leasing throughout the San Gabriel Valley. She has extensive knowledge in 1031 exchange transactions, investment opportunities, and market analysis. Feel free to contact Linda with any questions or requests for information.

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