

Forecast for Industrial Market in 2015

The industrial market across the US shows no signs of slowing down in 2015 with 19 consecutive quarters of vacancy rates decreasing to its lowest national average in 14 years to 7.2%. Economists expect continued decrease in vacancy rates and rise in rents in conjunction with the forecast for GDP to grow by 3.5% this year. However, it may reach a plateau at the end of 2015 as construction catches up with demand.

GDP is considered a primary driver of demand for industrial space because its components -- online and brick-and-mortar consumer spending, business spending, homebuilding, exports and imports -- all generate activity in the warehouse and logistics market.

E-Commerce continues to be the driver of demand for industrial space in the US. Retailers require industrial centers in strategic locations to satisfy logistics of “omni-channel” distribution and fulfillment. Outdated distribution centers are a concern that many large retailers face. These centers do not support multiple distribution channels and will require updating or face obsolescence.

At year-end 2014, 130.5 million square feet was under way -- up from 100 million square feet at the beginning of the year, but still below the prior peak of 190.1 million square feet in third-quarter of 2007, during the development heydays of the prior cycle according to Newmark Grubb Knight Frank researcher.

Overall, it appears development has been much more stabilized and disciplined during this cycle compared prior to the recession. Therefore, with continued growth projected and construction remaining conservative, the outlook for 2015 appears promising for the industrial market.

Source: CoStar Advisor Newsletter 12/30/14

**Current SBA 504 Rate for
January 2015 is 4.6%**

In This Issue

- 2015 Forecast for the Industrial Market
- Other CCR Regulations affecting Commercial & Industrial Properties
- Featured Property: Price Reduction

Other CCR Regulations Affecting Commercial and Industrial Properties

While Title 24, the Building Standards Code of the California Code of Regulations [“CCR”], contains the regulations that govern the construction (and alteration and addition) of buildings, there are other titles of the CCR with which office, and especially industrial building owners and tenants should also be familiar. Other titles of the CCR Contain regulations ranging From environmental rules to

operational safety and storage requirements. For example, Title 19, the Public Safety Code, contains regulations related to emergency evacuation procedures and posted signage within certain buildings [19 CCR Ch 1 § 3.09]. Title 19 also contains regulations that govern the inspection, testing and maintenance of fire protection (e.g. fire sprinkler) systems and regulations that govern the storage and use of

certain hazardous materials. While office building regulations may already be familiar, industrial building regulations may be more specific and nebulous. Prospective owners or tenants should investigate regulations related to their intended use(s) prior to buying or leasing a property.

Source: Greg Korn, AIA, NFPA
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Featured Property: Price Reduction



Brand New Construction! 2,199 SF Office Building with onsite parking, corner location and Excellent curb appeal.

Built with upgraded features including TPO energy efficient roof, triple-pane windows, Two ADA-compliant restrooms, kitchen and wired for Data and Phone throughout.

Four private offices, bull-pen area, server room/storage closet.

Call for more information and pricing!

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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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