

First Quarter Industrial and Office Market Updates

San Gabriel Valley/Los Angeles Industrial Market

The first quarter of 2015 posted encouraging numbers with vacancy rates continuing to drop. The overall vacancy rate for the industrial market throughout Los Angeles County fell to 2.88%. Availability also showed a decreased to 4.8%. There is currently 1.5 million square feet under construction and 1.1 million square feet was delivered to the market in the first quarter. The average lease rate is \$0.64 PSF. Lease rates are expected to continue to increase five to eight percent over the next four quarters.

The San Gabriel Valley Industrial market continued promising signs from the last quarter of 2014. The vacancy rate decreased to 2.8%. The average lease rate also saw a modest increase to \$0.62 PSF. The average rate for R&D/flex space is \$0.81 PSF. The availability rate is 4.52%. There is currently 1.2 million square feet under construction throughout the SGV with an estimated 2.8 million square feet planned for construction.

San Gabriel Valley/Los Angeles Office Market

The Los Angeles office market showed positive signs with vacancy rates decreasing and lease rates on an upward trend. The overall vacancy rate was 12.9% with a 16.68% availability rate. The average lease rate was \$2.51 PSF on a full service basis.

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The San Gabriel Valley Office market also showed improvement with the vacancy rate falling to 10.57%. The availability rate was 14.52%. The average lease rate was \$2.06 PSF on a full service basis. There is currently 213K square feet under construction and approximately 630K square feet planned for construction.

Office lease rates are expected to continue to increase two to four percent over the next four quarters. The vacancy rate is expected to continue a downward trend with industries such as technology and entertainment fueling the market for creative office spaces.

Source: Source: Costar Newsletter and VOIT Market Research Report

**Current SBA 504 Rate for
May 2015 is 4.60-4.95%**

Strong Demand for Industrial Market Investment throughout US

Investment in the light industrial market throughout the US is posting top dollar deal volumes. Specifically on industrial investment portfolios with companies like Blackstone selling \$8.1 billion to GIC in the first quarter of 2015. There was a whopping \$20 billion of industrial properties sold in the first quarter. Prologis also has agreed to a deal for \$5.9 billion for 60 million square feet of which two-

Thirds is located in California. Warehouse and industrial sales increased thirty-eight percent in the first three months of the year compared to the first quarter of 2014. Foreign investment is fueling the market along with REITs and other institutional buyers. Analysts with CoStar do not expect to see any slow down with prices and rents continuing upward trends and growth throughout the industrial

Sector. The overall vacancy rate for the US Industrial market fell in the first quarter to 6.7% which is lower than any point in the previous cycle. According to CoStar, industrial rents are rising at more than five times the historical average of 1%, with last year's growth rate of 4.8% and increasing to 5.2% year over year in the first quarter of 2015. This trend is expected to continue thru 2015.

Source: CoStar Newsletter May 13, 2015

Featured Property: JUST SOLD!



431 W. Chestnut Ave Monrovia, CA 91016

Approx 3,486 SF Industrial Buildings situated on 14,375 SF of land.

Located in North Light Industrial Area of Monrovia blocks to Old Town.

Large fenced yard, alley access, improved offices and maintenance building with drive through grade doors.

Please contact me if you would like information on market availabilities or a Broker price opinion for your property.

Represented Buyer

Linda Vidov-Elkaim (CA Broker Lic. #1715788)

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.



Top Commercial Realty

100 W. Lemon Ave Suite 101 Monrovia, CA 91016
O: 626.358.8287 C: 626.399.3715 F: 626.605.5003
E-Mail: Linda@TopComRealty.com • www.TopComRealty.com