

Los Angeles/ San Gabriel Valley Commercial Market Update

Industrial Market Update

The fourth 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 2.5% in the fourth quarter. The vacancy rate is estimated to be even lower in January of 2016 at 1.6%. New construction underway is estimated at 21.9 million square feet. However, much of this has already been leased or sold prior to completion. The average lease rate also increased in the fourth quarter averaging at \$0.72 per square foot (PSF) which is up from \$0.64 PSF from fourth quarter 2014. Lease rates are expected to continue to increase seven to ten percent over the next four quarters.

The San Gabriel Valley Industrial market continued promising signs from the last quarter of 2015. The vacancy rate decreased to 1.7% down from 2.8% in fourth quarter 2014. The average lease rate increased to \$0.75 PSF. The average rate for R&D/flex space is \$0.84 PSF. The availability rate is 2.7%. There is currently 1.2 million square feet under construction throughout the SGV with an estimated four million square feet planned for construction.

Office Market Update

The Los Angeles office market showed positive signs with vacancy rates decreasing and lease rates on an upward trend.

In This Issue

- Los Angeles/ SGV Commercial Market Update
- Repeal of Energy Law AB 1103
- Featured Property: Substantial Price Reduction

The overall vacancy rate was 15.1%. The average lease rate was \$2.65 PSF on a full service basis.

The San Gabriel Valley Office market also showed improvement with the vacancy rate falling to 13.8% down from 14.8% in the prior quarter. The availability rate was 14.52%. The average lease rate was \$2.13 PSF on a full service basis. There is currently approximately 47K square feet under construction and approximately 555K 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: CoStar

**Current SBA 504 Effective
Rate for
January 2016 is 4.8%**

Repeal of Energy Law AB 1103 & New AB 802 Law

AB 802 creates a new energy use disclosure program for the State of California, and replaces the existing law, Assembly Bill 1103 (AB 1103), which was codified in Public Resource Code Section 25402.10. The key implications of AB 802 on California real estate transactions are as follows.

AB 1103 will remain in effect until December 31, 2015, and until such time, the disclosure of building energy use shall continue to be required in connection with a sale, lease, finance, or refinance of an entire building. After January 1, 2016 it is no longer in effect. There will be no statewide

energy use disclosure requirement in 2016. In 2016, the California Energy Commission (CEC) will engage in a public process to develop regulations and establish a new reporting infrastructure for the new program which are expected to be in effect by January 1, 2017.

Source: AIR Commercial Real Estate

Featured Property: PRICE REDUCED!



501-503 S. Myrtle Ave. Monrovia

Price Reduced over \$500K!

Approx. 17,691 SF commercial building for sale. Possible for partial owner/user or investment.

Currently over 98.8% occupied with established tenants.

Many units leased below market rents-opportunity to realize an upside in current market rents.

Two retail spaces on the first floor- one available for an owner/user currently with a month to month tenant. Approximately 2,176-2,822 SF.

Call/email for pricing & brochure.



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