

Third Quarter Market Update

Industrial Market

The Los Angeles industrial market remains the tightest market in the country. All five sub-markets have historically low vacancy rates and little availability. This in turn is fueling fewer deals overall due to limited supply. Tenants are finding it extremely difficult to expand to larger spaces due to the low inventory levels. The overall vacancy rate in Los Angeles is 1.4%.

The largest deal in the San Gabriel Valley this quarter went to FedEx who moved into their new Arcadia distribution center. They leased 450,000 SF at the Arcadia Logistics Center.

The vacancy rate for the San Gabriel Valley is hovering at 1%. The average rent for warehouse space is \$0.82 PSF. Construction activity has increased throughout 2017 at moderate levels.

Port container traffic is up 6.9% from 2016, unemployment rates in California and Los Angeles specifically are down anticipating the industrial market to remain strong. Interest rates are expected to increase in 2018 which will affect the double-digit price growth. Rents are expected to continue to increase due to limited inventory by 4-6% in the coming year.

**Current SBA 504 Effective
Rate for
October 2017 lowered to
4.56%**

In This Issue

- Third Quarter Market Update
- Top Producers Panel at Santa Anita Race Track
- Just Listed- Retail Space with Freeway Visibility

Office Market

There is currently over 1.5M square feet of office under construction in the greater Los Angeles area. Throughout 2018, approximately 1.6M SF of office is expected to be delivered to the Downtown which still has a vacancy rate lingering at 18.2%. An estimated 3.3M SF is under renovation into creative offices throughout the great LA market. The majority of office space in downtown LA is occupied by industries that have been there for decades mainly legal, financial, insurance, oil and government services.

The San Gabriel Valley office market experienced a decrease in the vacancy rate falling 0.02% to 13.8%. There is currently 77K SF of office construction currently underway. The average rental rate is \$2.22 PSF.

Top Commercial Realty recently closed escrow representing the buyer, Foothill Unity Center, on the purchase of a 28,616 SF office building in Monrovia from World Vision.

Source: AIR Third Quarter Overview, CoStar

Top Producers Panel at Santa Anita Race Track

I was honored recently to speak at an event at the Santa Anita Race Track held by the Arcadia Association of Realtors. I was part of a panel including other Commercial Brokers including Bill Ukropina from Coldwell Banker, Bob Stover from NAI Capital and Dennis Sandoval of DAUM Commercial. We discussed what it takes to be successful in commercial real estate, what sets top producing

agents apart from the rest, what we see coming in 2018 and how we position ourselves to clients. The message I communicated to the audience was building trust with clients and always acting in their best interests. I also discussed the importance of knowing the market, developments that are underway and keeping well informed with the economy and aspects that affect commercial real estate such as tax reform.



Source: Arcadia Association of Realtors October 6, 2017 Santa Anita Race Track

Just Listed- Freeway Retail Space



6,622 SF retail space at 10 freeway and Azusa Ave on-ramp.

Freeway frontage with large monument sign visible to over 230K cars daily!

Open floor plan for large display area, rear loading area and ample parking.

Adjacent to West Covina car dealerships, McDonalds and Walmart.

Call for more information and pricing!

131 N Azusa Ave West Covina, CA 91791



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