

# LOS ANGELES BUSINESS JOURNAL

July 21 – 27, 2008

## Asking Rents Inch Up, Vacancies Spike in Slow Market

### *REAL ESTATE QUARTERLY – L.A. COUNTY*

By DANIEL MILLER

LOS ANGELES BUSINESS JOURNAL STAFF

#### **Industrial demand**

In comparison to a rough office market, the county's industrial scene is showing signs of resiliency. The vacancy rate was up slightly to 1.8 percent from 1.6 percent in the first quarter.

A fundamental lack of developable space means the market has remained very tight, but the market also is being boosted by rising energy costs.

In submarkets further from the Port of Los Angeles, like the San Gabriel Valley and the Inland Empire, vacancies were up. But in the Mid-Cities area, which includes Norwalk, Paramount and Cerritos, the vacancy rate was 1.3 percent – down from 1.4 percent last quarter and 2.4 percent a year ago.

“Given higher energy and transportation costs, location for industrial tenants had become more important than ever,” said Michael Frankel, chief financial officer of Los Angeles-based industrial developer Rexford Industrial LLC. “You are seeing a reduced price advantage to going out to the Inland Empire.”

Frankel said that of Rexford's 1.09 million-square-foot leasable industrial portfolio in the county, only 45,374 is vacant. In the last six months his firm has leased 125,669 square feet of space.

“We have had a robust six-month period,” he said.