

MarketPulse 2011

Integra Realty Resources – Los Angeles

Q3 Report — Los Angeles, CA



Continuing uncertainty during Third Quarter 2011 from the ongoing EU debt crisis, mixed performance from Wall Street, and California budget shortfalls have scaled back expectations of the pace of recovery in Los Angeles. State tax collections since the start of FY2011 have fallen \$1.5B behind projections, and more spending cuts will be necessary. The ICSC has forecast a below-average national holiday shopping season, reflected in decreased traffic at the Ports of Long Beach and Los Angeles in July and August, when retailers begin shipping holiday merchandise. Meanwhile, the Los Angeles real estate market remains soft. High vacancy persists in the office sector, in part due to an increase in the LA County unemployment rate and a decrease in household income. Nevertheless, there is some optimism for growth in the technology and media sectors, positive indications from an increase in retail leasing activity and a rise in industrial rents, and a few strong investment purchases in the local office market.

LA Area Vital Signs

OFFICE			
	Avg Rental Rate – \$/SF/Mo	\$2.30 FSG	▲
	Vacancy Rate	12.3%	↔
	Inventory — SF	395,000,000	↔
	Q Net Absorption — SF	530,000	▲
	Under Construction — SF	1,100,000	▼
	Capitalization Rate	7.0%	↔
MULTI-FAMILY			
	Avg Monthly Rent	\$1,408	▲
	Vacancy Rate	4.2%	▼
	Inventory — Units	761,000	▲
	Q Net Absorption — Units	1,800	▲
	Completions — Units	190	▲
	Capitalization Rate	5.25%	↔
RETAIL			
	Avg Rental Rate – \$/SF/Mo	\$2.10 NNN	▼
	Vacancy Rate	4.7%	↔
	Inventory — SF	392,000,000	▲
	Q Net Absorption — SF	200,000	↔
	Under Construction — SF	280,000	▼
	Capitalization Rate	7.25%	↔
INDUSTRIAL			
	Avg Rental Rate – \$/SF/Mo	\$0.58 NNN	▲
	Vacancy Rate	5.0%	▲
	Inventory — SF	1,013,000,000	▲
	Q Net Absorption — SF	-360,000	▼
	Under Construction — SF	1,200,000	▼
	Capitalization Rate	6.75%	↔

DEMOGRAPHICS

Population

LA County	9.82 million
Annual	.30% ▼

Unemployment Rate

LA County	12.6%	▲
California	11.9%	▲
United States	8.5%	▼

Avg Household Income

LA County	\$75,982	▼
California	\$79,465	▼
United States	\$68,259	▼

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