

High Desert Market in Recovery Mode After Hitting Rock Bottom

The Antelope Valley industrial market had a relatively fair quarter, recovering from an abysmal second quarter.

About 11,700 square feet came off the market, compared with the 129,100 square feet put back on the market in the second quarter. Vacancy dropped a marginal two tenths of a point to 6.4 percent, according to data from **Colliers International**.

Major deals included two sales of self-storage facilities. In July, Stor Stuff, a 63,600-square-foot self-storage building was sold to **BC Real Estate** of Los Angeles for \$2.6 million. The property, which features storage units of up to 300 square feet, was sold by a private trust. It was constructed in 1987.

And in August, **American Self Storage** of Santa Barbara bought the 78,630-square-foot Palmdale Self Storage for \$5.78 million from **Palmdale Storage LLC** of Fairfield. The property, built in 2005, contains 626 self-storage units and was 84 percent leased at the time of the sale.

Harvey Holloway, owner and broker at **Coldwell Banker Commercial Valley Realty** in Lancaster, said the market is competitive.

"There's enough product out there and tenants have different choices," he said. "Rents are pretty good too."

Indeed, with industrial rents flat at 45 cents a square foot, the Antelope Valley only trails the Santa Clarita Valley in cheap industrial land. But even with the stronger second quarter, the industrial market has had a weak year, putting 86,600 square feet back on to the market.

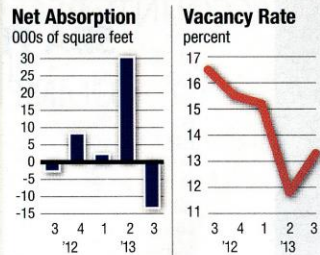
Other movement in the area comes on the retail front.

Dennis Marciniak, vice president in the Woodland Hills office of **DAUM Commercial Real Estate Services**, said that an oversupply of available retail space in the submarket has made it more of a renter's mar-

ANTELOPE VALLEY

OFFICE MARKET AT A GLANCE

INVENTORY	.881,900 square feet
UNDER CONSTRUCTION	0
CLASS A ASKING RENTS	\$.171



ket compared to other submarkets.

"We find that phenomenon more strongly in the Antelope Valley than other areas," said Marciniak.

In a large retail deal for the submarket, **StarPoint Properties LLC** of Beverly Hills acquired two Lancaster retail parcels from **World Premier Investments Inc.** of Newport Beach for \$5.3 million. The 20,251-square-foot property sale includes a 15,251-square-foot CVS Pharmacy and a 5,000-square-foot Hollywood Video. The retail spaces at 44430 Challenger Way and 1023 E Avenue J were built in 2000.

The largest commercial sale of the quarter was **Canyon Capital Realty Advisors LLC** scooping up multi-family housing unit the Fountains in Palmdale for \$25 million. **Federal Home Loan Mortgage Corp.** of

Main Events

► The largest commercial sale of the year in the Antelope Valley closed in July when **Canyon Capital Realty Advisors LLC** of Los Angeles bought The Fountains. The 336-unit apartment building at 38300 30th St. was purchased from **Federal Home Loan Mortgage Corp.** of McLean, Va, for \$25 million. The complex built in 1986 was 85 percent occupied. The purchase is part of Canyon Capital's joint venture with Citibank to support work force housing in underserved communities. It was the venture's first investment.

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Palmdale: The Fountains.

Angeles in July for \$2.6 million. The property, which features a storage units up to 300 square feet, was sold by a private trust. The building was constructed in 1987.

► **American Self Storage** of Santa Barbara bought the 78,630-square-foot Palmdale Self Storage in August for \$5.78 million from **Palmdale Storage LLC** of Fairfield. The transaction represents the quarter's largest non-multifamily sale in the market. Palmdale Self Storage was built in 2005 and contains 626 units. It was 84 percent leased.

McLean, VA., sold the 336-unit building. **Jesús Henao**, vice president at the Encino office of **NAI Capital Inc.**, said there is limited availability in the Antelope Valley, making the Fountains a highly desirable building.

"What's built up there is built, there's not too much construction going out there," he said. "There's nothing in neighboring cities either."

As for the renters of these multifamily units, Henao said commuters are looking to pay cheaper rent for one- or two-bedroom apartments, absorbing a 45 minute average commute to the San Fernando Valley. He

added that about 60 percent of these renters have jobs in the Valley, most of which are blue collar.

After a strong second quarter, the Antelope Valley office market dipped in the third, producing its weakest period in a year.

Vacancy shot up a point and a half to 13.3 percent, while 13,400 square feet were put back on the market.

Nonetheless, asking rents in the area shot up nearly 30 cents to \$1.71 a square foot, the lowest rate in the greater Valley region.

— *Jacqueline Mejia*