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Senior Vice President  
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Vice President  
Jason Vargas  
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Thomas Williams  
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Joseph Wong  
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Executive Vice President  
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Senior Associate  
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Associate  
Dustin Byington  
Associate  
Brad Giles  
Associate  
Eileen Hernandez  
Executive Administrator  
Lauren La Clair  
Executive Assistant  
Teresa Ruiz  
Executive Assistant  
Irma Nunez  
Executive Assistant  
Han Aye  
Accountant



**Q2-08 - PREVIEW**

**Upcoming Topics - Q2 The Heger Report**

- > Legal Corner Q&A
- > Meet Robert An, Senior Vice President
- > Land Evaluation Analysis
- > And More!

*Call Heger today for an initial consultation.*

Los Angeles Office  
(323) 727-1144  
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(310) 548-3344

**Q1**  
2008

*Private Firm.  
Personalized Service.  
Since 1957.*



**THE HEGER  
REPORT**

*Serving Southern California for over 50 years.*

**Fundamentals Sustain the Commercial & Industrial Real Estate Market.**

Over the last decade the Southern California Commercial & Industrial Real Estate market has basked in the sun, enjoying double digit returns and unprecedented demand. However, both local and global economic events over the last year have left many experts questioning how long the industry can continue to sustain itself. Media speculation of a looming recession, turmoil in the credit and stock markets, concerns about the state of the housing market, steadily rising gas prices and diminishing consumer confidence have only heightened speculation about the long term prognosis for our industry.

While these issues certainly play an influential role in the valuation of real estate, one can not ignore the resilient nature of the Commercial & Industrial market. Vacancy rates continue to remain uncharacteristically low, trend lines for rents are positive and demand for functional space seems at least for the time being to be holding steady. Other positive influential factors include the long term growth forecast at the World Ports of Los Angeles and Long Beach and a diverse business economy which still lays claim to holding one of the largest manufacturing sectors in the nation.

This edition of The Heger Report endeavors to take a closer look at many of these issues and equip real estate investors and tenants alike with better insight as to where most market experts feel our industry is heading.

Our feature story takes an inside look at interest rates, debt coverage ratios and their effect on the value of real estate. The "In The News" section provides you with and update on a number of events that have occurred at Heger, including some of our most recently completed transactions. While our extensive available properties summary provides you with the most up to date information on lease and sales opportunities within your area.

As you read about our Company, our valued sales agents, employees and our many recent projects, I remain confident you will find that The Heger Company continues to set the standard for excellence within our industry.

Sincerely,

Robert G. Thornburgh  
President Elect  
CCIM, SIOR, CPM

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The Heger Company is proud to be affiliated with the following organizations either through individual or corporate involvement.



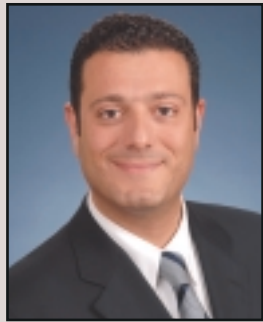
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The Heger Company 5657 East Washington Blvd. Los Angeles, California 90040 www.thc-us.com



**STEPHAN KTORZA**  
Senior Associate

Stephan M. Ktorza joined The Heger Company in 2006 as a Senior Associate by way of Paris, France. With over 12 years of experience, Stephan has had the distinction of successfully selling and leasing real estate in both Los Angeles and abroad in Europe.

Stephan began his career in 1993 after graduating from the University of Cergy Pontoise in Paris, where he earned a Bachelor of Arts degree in Economics. He joined BNP Paribas Lease Group in 1994, serving as a Financial Leasing Officer in financing the investments of capital goods leased by major businesses.

In 1998, Stephan joined Kaufman & Broad's European branch office in Paris as a Senior Sales Associate. At K&B, he spearheaded the brokerage activities in several cities -Paris, Lyon, Marseille and Bordeaux. During his five year tenure there, Stephan consistently achieved the highest levels of performance, receiving numerous awards.

Finally in 2004, Stephan decided to make a long time dream a reality by relocating to Los Angeles, California to begin his real estate career. After successfully becoming a Real Estate Broker, Stephan had the good fortune of joining The Heger Company in 2006. Since joining Heger, Stephan has represented various tenants and landlords in the leasing, disposition and acquisition of industrial and commercial properties.

Stephan focuses exclusively on business in the Downtown Los Angeles, East Los Angeles & City of Commerce, areas where he commands superior knowledge of the marketplace. Stephan's ability to understand the implications of a transaction for all parties involved enables him to develop effective negotiating strategies and value-added opportunities on behalf of his clients and their real estate portfolios.

His extensive background is uniquely suited to his continued philosophy of aggressively pursuing business opportunities via face-to-face contact with the business community.

He is active in the community as a member of the Jewish Federation of Greater Los Angeles- Real Estate and Construction Division, and the French American Chamber of Commerce.

**CONTACT INFORMATION:**

Telephone: (323) 727-1144, ext. 134  
Fax: (323) 727-9198  
Email: sk@thc-us.com

## The Heger Company - In The News

### Honors & Awards - Heger Recognizes Sales Team at Annual Awards Banquet.

On February 22nd, 2008, The Heger Company held its Annual Awards Banquet at the Rio Hondo Country Club in Downey. The following individuals were recognized for their professionalism, dedication to the industry and outstanding performance in 2007:

**Broker of the Year** Robert G. Thornburgh

**Circle of Excellence** Tom Holland  
Bill Joseph  
Robert An

**Century Club** William Morrison  
Trauger Ralston  
Joseph Wong  
Jim Hilands  
Robert Levenstein



### Heger Lends Support to 14th Annual Real Estate Forecast.

The Heger Company was a recent sponsor at the co hosted IREM/BOMA 14th Annual Forecast Breakfast on January 15th, 2008. The event was held at the Dorothy Chandler Pavilion and featured industry experts, Jack Kyser, Chief Economist with the Los Angeles Economic Development Corporation & Jim Young, Co-founder & CEO of Realcomm to name a few.

## Notable Completed Projects and Transactions

Following highlights only a few of the many transactions completed by The Heger Company in recent months. For a complete list of sale and lease comparables in your area, please do not hesitate to contact our office:

**\$5,501,625 Sale**  
16,800 Square Foot Industrial Building  
3345 E. Slauson Avenue, Vernon  
Bill Joseph represented the Buyer,  
Jose Gonzalez, in this transaction.

**\$930,000 Lease**  
37,495 Square Foot Industrial Building  
1747 North Tyler Avenue, South El Monte  
Steve Putima represented the Lessor and  
Lessee in this transaction.

**\$927,180 Lease**  
22,000 Square Foot Industrial Building  
6140 Alcoa Avenue, Vernon  
Thomas A. Holland & Robert G. Thornburgh  
represented the Lessor in this transaction.

**\$2,000,000 (Approx.) Sale**  
16,800 Square Foot Multi-Tenant Industrial Building  
1242, 1244 & 1246 Santa Anita Ave., S. El Monte  
Joseph Wong represented the Buyers  
in leased investment transaction.

**\$1,050,000 Lease**  
37,674 Square Foot Multi-Tenant Industrial Building  
7875 Telegraph Road, Pico Rivera  
Robert An and Joel Mostert represented the  
Lessor and Lessee in this transaction.

**\$839,345 Sale**  
18,495 Square Foot Land Site  
2188 Firestone Blvd., Los Angeles  
William O. Morrison represented the  
Buyer, CMI Inc. in this transaction.

### Heger Welcomes New Sales Associates, Hak Chung and Brad Giles

Heger is proud to announce the recent hiring of Hak Chung and Brad Giles as the newest members of its Sales Division.

Mr. Chung holds a Masters of Fine Arts in Film Production from USC. He is fluent in Korean and English and his primary focus is the Southern California Korean/American real estate market specializing in the sale and leasing of industrial & commercial properties. As Vice President with The Heger Company, Mr. Chung associates his success to his belief in cultivating lifelong business relationships.



**Brad Giles**

Mr. Giles holds a Bachelors degree from Loyola Marymount University, majoring in Sociology, with a minor in Business Administration. Initially being trained in high-end storefront retail, and later, industrial & commercial real estate, today he specializes in offering sales and leasing services throughout the Greater Los Angeles area, working with both owner users and investors.



**Hak Chung**

### New Accounts Commit to Long Term Relationship with Heger

In recent months, three new ownership groups assigned the professional management of their properties over to The Heger Company. On behalf of the entire property management team, we extend our very special thanks to these individuals for entrusting us with the care of their buildings.

One of these properties, the Santa Anita Business Center, features a twenty (20) unit multi tenant industrial park located on Santa Anita Avenue in the City of South El Monte. The project is set to undergo and extensive renovation within the next ninety days which The Heger Company will be overseeing from start to finish.



### Interested in Property Management Services?

If you have considered looking into property management services and did not know where to start, The Heger Company has been assisting owners within Southern California for over 50 years. At present, we are responsible for over 5 million square feet of commercial and industrial properties.

Growing at a steady and calculated pace allows us to maintain our focus on placing client needs first. For this reason and more, we continue to gain new clients time and time again, but more importantly, we transform these clients into long lasting relationships.

Call us today for a confidential review of your property.

*Call Heger today for an initial consultation.*  
Los Angeles Office (323) 727-1144  
South Bay Office (310) 548-3344

## PROVIDE US WITH YOUR FEEDBACK



Over the last year we have expanded the format of The Heger Report to provide clients like yourself the most up to date information available on the Commercial & Industrial Real Estate market.

Our newest edition features an expanded tip in page to better encompass our extensive list of property offerings.

Adopting a mindset of continual improvement, we would like to hear from you. Whether you are a frequent reader of The Heger Report or receiving it for the very first time, your feedback is critical to us.

Please let us know how we are doing. Contact us with your suggestion at :

**The Heger Company**  
c/o Robert Thornburgh  
Email: rt@thc-us.com  
**(323) 727-1144, ext. 136**

# Heger Available Properties

## INDUSTRIAL PROPERTIES

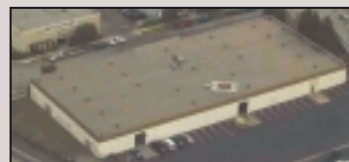
### FEATURED PROPERTIES



**18601 S. Susana Road**  
**Rancho Dominguez, CA 90221**  
 99,944 Square Feet  
 Available For Sale  
 Immaculate Corporate Image Facility  
 8 Dock High Loading Positions  
 Contact: Robert G. Thornburgh  
 (310) 548-3344 ext. 136



**6251 Bandini Blvd.**  
**Commerce, CA 90040**  
 32,605 Square Feet  
 Available For Sublease  
 Class A Industrial Facility, 3 Dock High  
 Loading Position/24' Clearance  
 Contact: Hak Chung  
 (323) 727-1144 ext. 142



**17501 S. Denver Ave.**  
**Los Angeles, CA 90248**  
 27,750 Square Feet  
 Available For Lease  
 Rare Building with Freeway Frontage  
 Concrete Tilt-Up Construction/18' Clearance  
 Contact: Tom Holland  
 (323) 727-1144 ext. 113

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
629 N. Avalon Blvd., Wilmington	750 SF	Lease	\$2.00 G	J. Mostert	129
11725 Goldring Road, Unit 7, Arcadia	1,000 SF	Lease	\$0.85 G	J. Vargas	115
3938 Baldwin Ave., El Monte	1,598 SF	Sale	\$438.05	J. Wong	168
1242 Santa Anita Ave., S. El Monte	1,680 SF	Lease	\$1.10 G	T. Holland	113
8019 E. Slauson Ave., Montebello	2,125 SF	Lease	\$0.998 G	W. Joseph	119
742 San Julian Street, Los Angeles	2,500 SF	Sale	\$795.60	J. Mostert	129
7112-7116 Marcelle St., Paramount	2,960 SF	Lease	\$0.85 G	R. Thornburgh	136
14706 Whittier Blvd., Whittier	2,970 SF	Lease	\$1.749 N	T. Holland	113
12911 S. Halldale Ave., Gardena	3,200 SF	Lease	\$0.75 G	E. Harkness	132
3485 Union Pacific Ave., Los Angeles	3,666 SF	Sale	\$160.12	W. Joseph	119
3250 Mines Ave., Los Angeles	3,912 SF	Sale	\$217.28	J. Wong	168
8019 E. Slauson Ave., Montebello	4,000 SF	Sale	\$243.75	W. Joseph	119
20803 Higgins Court, Torrance	4,043 SF	Lease	\$1.10 G	T. Holland	113
5262 E. Washington Blvd., Commerce	4,127 SF	Lease	\$0.848 G	J. Hilands	122
3008 E. Olympic Blvd., Los Angeles	4,500 SF	Investment	\$132.22	E. Harkness	132
2645 Merced Ave., El Monte	4,560 SF	Lease	\$0.85 G	J. Wong	168
2645 Merced Ave., El Monte	4,560 SF	Sale	\$174.34	J. Wong	168
952 Dominguez Ave., Wilmington	4,860 SF	Lease	\$0.60 G	J. Mostert	129
952 Dominguez Ave., Wilmington	4,860 SF	Sale	\$129.63	J. Mostert	129
2050 Long Beach Ave., Los Angeles	4,977 SF	Lease	\$1.249 N	T. Holland	113
3200 Bandini Blvd., Vernon	5,000 SF	Lease	\$0.85 G	S. Ktorza	134
14980 Hilton Drive, Fontana	5,000 SF	Lease	\$0.79 G	R. An	152
7112-7116 Marcelle St., Paramount	5,040 SF	Lease	\$0.85 G	R. Thornburgh	136
2850 E. Vernon Ave., Vernon	5,300 SF	Lease	\$0.80 G	J. Mostert	129
774 Towne Ave., Los Angeles	5,400 SF	Sale	\$250.00	W. Morrison	130
777 Allen Street, San Bernardino	5,407 SF	Lease	\$0.64 N	T. Ralston	117
3427 E. Olympic Blvd., Los Angeles	5,440 SF	Lease	\$0.85 G	S. Ktorza	134
5649 E. Washington Blvd., Commerce	5,507 SF	Lease	\$0.798 G	R. Levenstein	133
3423-3427 E. Olympic Blvd., Los Angeles	5,670 SF	Lease	\$0.85 G	S. Ktorza	134
3113 S. Grand Ave., Los Angeles	6,000 SF	Sale	\$188.33	W. Morrison	130
7127 Telegraph Rd., Unit 11, Montebello	6,257 SF	Sale	\$183.79	R. An	152
1028-1040 Lomita Blvd., Harbor City	6,360 SF	Sale	\$188.68	J. Mostert	129
4537 Huntington Dr. S., Los Angeles	6,750 SF	Lease	\$0.518 G	J. Wong	168
6811 Salt Lake Ave., Bell	6,811 SF	Lease	\$0.587 G	J. Wong	168
6811 Salt Lake Ave., Bell	6,811 SF	Sale	\$92.50 G	J. Wong	168
4471 Dunham Street, Los Angeles	7,250 SF	Sale	\$158.90	W. Joseph	119
2505 Tweedy Blvd., South Gate	7,750 SF	Sale	\$200.00	T. Ralston	117
3016-3020 Olympic Blvd., Los Angeles	8,000 SF	Sale	\$130.00	W. Morrison	130
7112-7116 Marcelle St., Paramount	8,000 SF	Sale	\$150.00	R. Thornburgh	136
6181-6191 South Eastern Ave., Bell Gardens	8,200 SF	Lease	\$0.68	J. Wong	168
3135 E. 12th Street, Los Angeles	8,600 SF	Lease	\$0.75 G	R. Thornburgh	136
6520 Alameda Street, Huntington Park	9,167 SF	Sale	\$125.45	W. Joseph	119
1828-1830 Belcroft Ave., South El Monte	9,947 SF	Sale	\$135.72	J. Vargas	115
7400 E. Slauson Ave., Commerce	10,000 SF	Lease	\$0.75 G	R. Levenstein	133

## The Impact of The Current Credit Crunch.

### Overview

What a difference a year makes. "Where did all the money go" seems to be one of the most prevailing questions asked by real estate industry experts. 2007 highlighted a year where almost anyone could locate financing. Twelve short months later, 2008 places us in the middle of a credit crunch phenomenon that affects the Commercial & Industrial Real Estate market on local and global level.

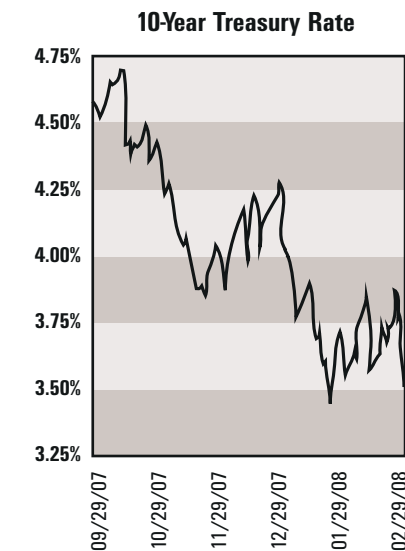
This quarters' guest writer and consultant, Patrick McDonald, President of Del Mar Commercial Finance presents the following condensed recap on what the Owner User as well as Investor will be facing in the coming months.

### Owner-User

The owner-user lending market has received a positive jolt with the most recent slash of interest rates. Users can now get into a building with 10% down and have a blended rate under 6%. This presents an enormous benefit for a business owner who is looking for a place to park his business. Owner-user loan requests have increased in January and the industry in general has picked up from a very stagnant level at the end of 2007. I anticipate continued activity as long as these rates stay at their current levels.

### Investor

To say that the investor lending market is shaky would be the understatement of the year. Traditionally, most major banks and lending institutions lend off the 10 year treasury. Four months ago it was at 4.70% and investors could still locate relatively good deals. Since then, the 10 year treasury has dropped more than 100 basis points and at the time of this publication, is currently at 3.54%. The effect of this change is lenders no longer use their normal spreads tied to the treasury. They either establish floors (ex. 6%) or they continue increasing their spreads to mitigate potential risk.



### Key Rate Summary

	Today	1 Month Ago	3 Months Ago	1 Year Ago
<b>10-Year Treasury Note</b>	<b>3.51%</b>	<b>3.68%</b>	<b>3.94%</b>	<b>4.55%</b>

Now more than ever, lenders want to make sure that a property will cash flow by itself - regardless of borrower net worth, liquidity, or experience. This means a more extensive underwriting process and usually an extra set of eyes for 'official approval.' With the prognosis of a continued slow-down in the US economy there is some good news for the qualified investor; there will more than likely be an increase in deals on the market and low rates to take them down.

Patrick McDonald can be reached at 323.893.4111 or via email: pmcdonald@dmcfinance.com.

## UNDERSTANDING DEBT COVERAGE RATIO (DCR)

Prior to the sub prime fallout, many lenders when analyzing income producing (investment) properties would look past the property's current operating income. The focus was more on its gross potential income when assessing how much to ultimately loan on the property. As a direct result of this analysis, our industry witnessed an abundance of capital in the market place with lenders aggressively pursuing deals resulting in capitalization rates as low as 4 to 5% in certain areas.

Today, lenders are relying heavily on Debt Coverage Ratios and a property's net annual income at the point of purchase to determine an appropriate loan amount.

The DCR is a rate established by the lenders based on market conditions and determines how much of the net annual income must be dedicated to the mortgage payment. While investors are still free to purchase a property with 5% cap rate, they should expect the following in terms of financing:

<b>Purchase Price:</b>	<b>\$1,000,000</b>
<b>Cap Rate:</b>	<b>5%</b>
<b>Net Annual Income:</b>	<b>\$50,000 (\$4,166 per month)</b>
<b>DCR:</b>	<b>1.2</b>

If you divide the net monthly income (\$4,166 per month) in the preceding example by the DCR rate of 1.2 you get \$3,471. This figure represents the mortgage payment and ultimately determines the loan amount that the lender will loan on property.

Interest rates at the time of this publication for investment properties are averaging 6.5% based on a 30 year amortization. If your mortgage payment is \$3,471 per month this supports a loan amount of \$549,149.

This loan amount of \$549,149 is 55% of the \$1 million purchase price (LTV) which is much lower than the 70 - 80% Loan to Values (LTV's) seen prior to the much publicized sub prime fallout. When you subtract the net annual income (\$50,000) above from the annual debt service (\$41,652) and divide this amount by the needed down payment (\$450,851) you net a cash on cash return of 1.8%.

These same lower LTV's are contributing to a slow down in activity amongst investment properties. The net effect of these changes is we are beginning to see cap rates push higher into the 6.5 - 7.0% range.

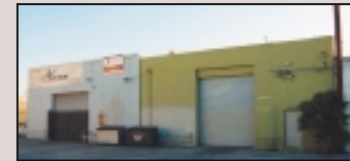
INDUSTRIAL PROPERTIES (CONTINUED)

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
4740 E. Olympic Blvd., Los Angeles	10,211 SF	Lease	\$0.479 G	J. Mostert	129
2030-2034 Imperial St., Los Angeles	10,322 SF	Sale	\$144.45	W. Joseph	119
2183 E. 11th Street, Los Angeles	50,000 SF	Sale	\$230.00	W. Morrison	130
2727 E. 46th Street, Vernon	10,693 SF	Lease	\$0.569 G	T. Holland	113
777 Allen Street, San Bernardino	10,815 SF	Lease	\$0.60 G	T. Ralston	117
3423-3427 E. Olympic Blvd., Los Angeles	11,100 SF	Lease	\$0.85 G	S. Ktorza	134
2716 Medford Street, Los Angeles	15,000 SF	Sale	\$113.33	T. Williams	137
748 S. Alameda St., Bldg. B, Los Angeles	15,238 SF	Lease	\$1.443 G	W. Morrison	130
2727 E. 46th Street, Vernon	16,476 SF	Lease	\$0.569 G	T. Holland	113
777 S. Mission Road, Los Angeles	21,066 SF	Lease	\$0.949 G	W. Morrison	130
791 S. Mission Road, Los Angeles	21,123 SF	Lease	\$0.95 G	W. Morrison	130
2856 E. Pico Blvd., Los Angeles	21,770 SF	Lease	\$0.482 G	J. Vargas	115
7530 Jackson Street, Paramont	22,550 SF	Lease	\$0.482 G	J. Hilands	122
791 S. Mission Road, Los Angeles	24,436 SF	Lease	\$0.95 G	W. Morrison	130
2727 E. 46th Street, Vernon	27,169 SF	Lease	\$0.569 G	T. Holland	113
17501 S. Denver Ave., Los Angeles	27,750 SF	Lease	\$0.645 G	T. Holland	113
9292 9th St., Unit 1, Rancho Cucamonga	30,750 SF	Lease	\$0.449 G	R. Thornburgh	136
6251 Bandini Blvd., Commerce	32,605 SF	Lease	\$0.597 N	R. An	152
791 S. Mission Road, Los Angeles	45,559 SF	Lease	\$0.95 G	W. Morrison	130
18601 S. Susana Rd., Rancho Dominguez	99,944 SF	Sale	\$140.00	R. Thornburgh	136

OFFICE PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
5801 & 5817 E. Washington Blvd., Commerce	1,160 SF	Lease	\$1.25 G	E. Harkness	132
1525 W. Chapman Ave., Orange	1,380 SF	Lease	\$0.99 G	R. Thornburgh	136
5913 Pine Ave., Maywood	1,872 SF	Sale	\$264.42	J. Wong	168
4345 Telegraph Road, Los Angeles	2,000 SF	Lease	\$0.65 G	T. Ralston	117
8019 E. Slauson Ave., Montebello	2,125 SF	Lease	\$0.988	W. Joseph	119
7177 Telegraph Road, Montebello	2,400 SF	Lease	\$0.875 N	J. Wong	168
2585 Commerce Way, Commerce	3,750 SF	Lease	\$1.35 G	R. Levenstein	133
8019 E. Slauson Ave., Montebello	4,000 SF	Sale	\$243.75	W. Joseph	119
7875 Telegraph Road, Pico Rivera	4,326 SF	Lease	\$0.80 G	R. An	152
7400 E. Slauson Ave., Commerce	5,000 SF	Lease	\$1.35 G	R. Levenstein	133
3427 E. Olympic Blvd., Los Angeles	5,440 SF	Lease	\$1.05 G	S. Ktorza	134
3423 E. Olympic Blvd., Los Angeles	5,670 SF	Lease	\$1.049 G	S. Ktorza	134
920 Atlantic Ave., Long Beach	8,200 SF	Lease	\$1.25 G	R. Thornburgh	136
920 Atlantic Ave., Long Beach	8,200 SF	Sale	\$195.12	R. Thornburgh	136
3423-3427 E. Olympic Blvd., Los Angeles	11,100 SF	Lease	\$1.049 G	S. Ktorza	134

FEATURED PROPERTIES



2030-2034 Imperial Street  
Los Angeles, CA 90021

10,322 Square Feet  
Available For Sale  
Close to Downtown Location  
Divisible Building/Newly Remodeled  
Contact: Bill Joseph  
(323) 727-1144 ext. 119



777-791 S. Mission Road  
Los Angeles, CA 90023

66,625 Square Feet  
Available For Lease  
Class A Building - New Construction  
Various Unit Sizes Available  
Contact: Bill Morrison  
(323) 727-1144 ext. 130



9292 9th Street  
Rancho Cucamonga, CA 91730

25,000 or 30,750 Square Feet  
Available For Lease  
Ready For Immediate Occupancy  
2 Dock High Loading Positions  
Contact: Robert Thornburgh  
(310) 548-3344 ext. 136

RETAIL PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
629 N. Avalon Blvd., Units B&C, Wilmington	750 SF	Lease	\$2.00 G	J. Mostert	129
1525 W. Chapman Ave., Orange	1,380 SF	Lease	\$0.99 G	R. Thornburgh	136
8019 E. Slauson Ave., Montebello	2,125 SF	Lease	\$0.988 G	W. Joseph	119
8019 E. Slauson Ave., Montebello	2,125 SF	Lease	\$1.35 G	W. Joseph	119
742 San Julian Street, Los Angeles	2,500 SF	Sale	\$795.60	J. Mostert	129
14706 Whittier Blvd., Whittier	2,970 SF	Lease	\$1.749 N	T. Holland	113
2585 Commerce Way, Commerce	3,750 SF	Lease	\$1.35 G	R. Levenstein	133
735 E. Manchester Ave., Los Angeles	4,008 SF	Sale	\$49.90	S. Ktorza	134
5262 E. Washington Blvd., Commerce	4,032 SF	Sale	\$145.83	J. Hilands	122
7127 Telegraph Rd., Unit 11, Montebello	6,257 SF	Sale	\$183.79	R. An	152
7127 Telegraph Rd., Unit 11, Montebello	6,257 SF	Lease	\$0.90 N	R. An	152
1028-1040 Lomita Blvd., Harbor City	6,360 SF	Sale	\$188.68	J. Mostert	129
920 Atlantic Ave., Long Beach	8,200 SF	Sale	\$195.12	R. Thornburgh	136
4743 E. Olympic Blvd., Los Angeles	20,125 SF	Lease	\$0.347	J. Wong	168

LAND/OTHER PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
537 Stanford Ave., Los Angeles	2,750 SF	Lease	\$0.458 G	J. Wong	168
735 E. Manchester Ave., Los Angeles	4,008 SF	Sale	\$49.90	S. Ktorza	134
1277 Velasco Street, Los Angeles	6,926 SF	Lease	\$0.249 G	W. Joseph	119
1277 Velasco Street, Los Angeles	6,926 SF	Sale	\$39.70	W. Joseph	119
4743 E. Olympic Blvd., Los Angeles	20,125 SF	Lease	\$0.347	J. Wong	168
2505 Tweedy Blvd., South Gate	26,136 SF	Sale	\$59.31	T. Ralston	117
15930 Illinois Ave., Paramont	138,600 SF	Sale	\$29.94	J. Hilands	122
540 Santa Fe Ave., Los Angeles	149,865 SF	Sale	\$85.00	W. Morrison	130
727 Turnbull Canyon Rd., Industry	246,985 SF	Sale	\$48.59	T. Holland	113

CREATING LONG LASTING RELATIONSHIPS

Did you look through our summary of available property listings and not see what you are looking for? If so, please give one of our agents a call for the most up to date availability summary.

The Heger Company has served the needs of thousands of Landlords and Tenants alike for over 50 years, successfully assisting both parties in the negotiation of purchase and sale agreements as well as new leases.

If you are an Owner, regardless of the size, location or special features of your building, for years we have been designing specialized marketing plans that maximize your property's exposure to tenants and buyers. The highest quality, in depth marketing, aggressive strategies all delivered with a proactive mind-set of getting the job done.

If you are a Tenant seeking a new lease, we match each property to your specific needs. Our office, through consistent updates will insure you are kept up to date on every available property that comes to the market.

Find out why clients come to back to Heger time and time again - Unparalleled work ethic and dedication towards solving your real estate needs.

Call Heger today for an initial consultation.

Los Angeles Office (323) 727-1144

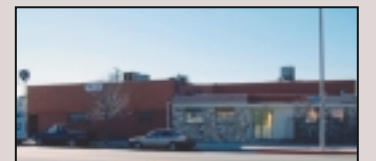
South Bay Office (310) 548-3344

FEATURED PROPERTIES



2716 Medford Street  
Los Angeles, CA 90063

15,000 Square Feet  
Available For Sale  
Clear-span Warehouse/Large Yard  
Easy Access to Freeways  
Contact: Tom Williams  
(323) 727-1144 ext. 137



4740 E. Olympic Blvd.  
Los Angeles, CA 90022

10,211 Square Feet  
Available For Lease  
Major Boulevard Exposure  
Retail Potential/5 & 710 Freeway Access  
Contact: Joel Mostert  
(323) 727-1144 ext. 129



7530 Jackson Street  
Paramount, CA 90723

22,550 Square Feet  
Available For Lease  
Expansive Yard Area  
Close Freeway Access  
Contact: Jim Hilands  
(323) 727-1144 ext. 122

## MARKET WATCH- SPOTLIGHT ON THE ECONOMY

Many events in the last quarter have caused consumers and businesses alike to take a closer look at economic indicators. The following spotlights some of these:

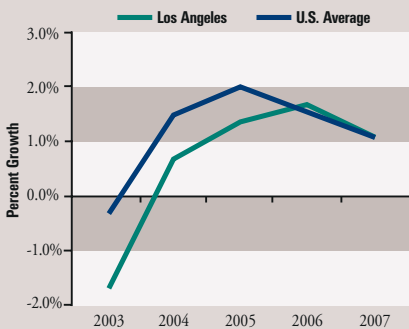
### Transportation & International Trade

The "Los Angeles Customs District" (which includes the ports of Long Beach, Los Angeles, Hueneme and the Los Angeles International Airport) remains the nations largest based upon value of two way trade. Last figures reported totaled \$293.9 billion compared with \$267.5 billion for second place New York.

### Employment Growth Snapshot

The U.S. Labor Market lost 63,000 jobs in February of 2008. This is the largest loss in nearly 5 years according to the Bureau of Labor and Statistics and came as a surprise to many economists, most predicting little to no change.

### TOTAL EMPLOYMENT GROWTH Total Number of Jobs Added Per Year



### Interest Rate Forecast

The following recaps current interest rates in comparison to where things were one year ago:

	Today	One Year Ago
Fed Funds Target	3.00%	5.25%
1-Month LIBOR	3.11%	5.32%
3-Month LIBOR	3.06%	5.35%
2-year Treasury Note	1.69%	4.61%
5-year Treasury Note	2.53%	4.50%
10-year Treasury Note	3.51%	4.55%
30-year Treasury Note	4.43%	4.68%

## The Market By The Numbers

### General Market Overview

Moving through the 1st Quarter of 2008, no one is short of opinions as to where the Southern California Commercial & Industrial Real Estate Market may be headed.

Most industry experts agree that the Southern California market is slowing down. Similarities on what lies ahead stop there. The problems that plagued the residential housing downturn and subsequent credit crunch have unfortunately overflowed into the Commercial & Industrial marketplace. This section of The Heger Report takes a closer look at factual data - not speculation. The truth as they say is in "the numbers" and what assumptions we can ultimately draw from them.

The following chart recaps the most current statistics for the office, industrial and retail sectors:

### GENERAL MARKET STATISTICS

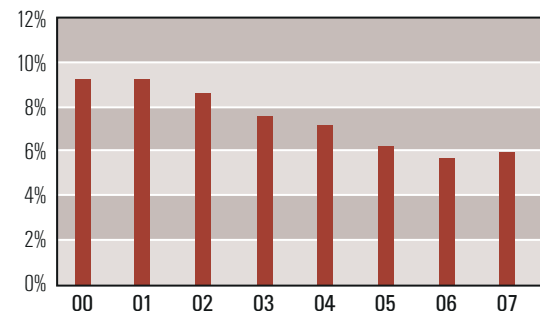
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total GLA	Direct SF	Total SF	Vac%				
Retail	15,620	129,652,717	3,773,262	4,026,748	3.1%	2,591,093	1,016,276	3,158,809	33.76
Industrial	31,071	1,010,307,692	27,110,632	29,697,812	2.9%	(3,407,490)	2,756,625	3,899,977	8.11
Office	13,969	408,613,752	28,882,721	32,201,558	7.9%	498,783	3,260,382	7,684,956	30.97

Source: CoStar. The preceding information is a summary of market data for the primary regions in Southern California including Downtown Los Angeles, San Fernando Valley, San Gabriel Valley, South Bay, Ventura, Mid Cities, West Los Angeles and Mid Wilshire.

### Sales Activity

Overall sales transaction volume has gone down for Buyers of office, industrial and retail property types. Buyers and Sellers continue to be at odds over where pricing should ultimately be. The over-heated situation within the financial sector has influenced sales both for owner users and investors alike. Economic concerns coupled with a limited supply of functional space have also played a large part behind this slowdown. At the same time, the mood is not entirely negative. Pricing adjustments have opened doors for both owner occupants and investors seeking value added opportunities. Market pressure has already had an effect on capitalization rates where in certain markets; we have seen them increase by 25 to 50 basis points. However, expect these opportunities to be limited and financing being the primary, influencing factor in the transaction.

### AVERAGE CAP RATES FOR LA COUNTY Southern California Retail

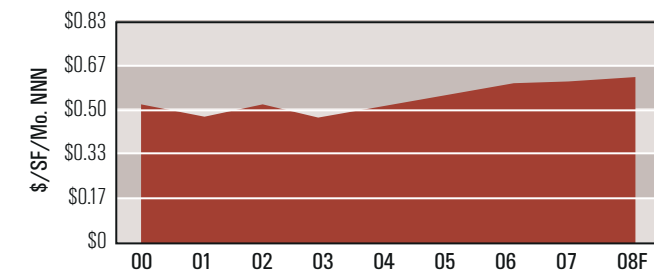


■ Los Angeles  
\* Industrial buildings over 10,000 square feet  
Source: CoStar

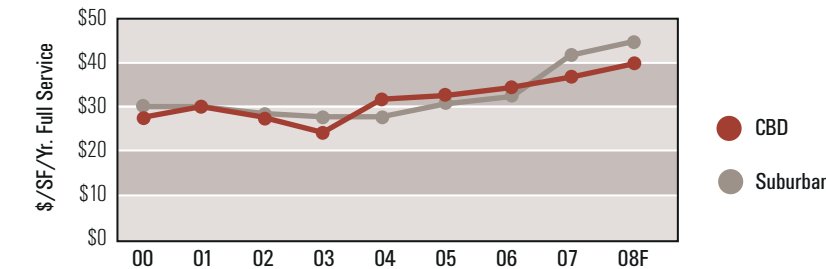
### Leasing & Vacancy Rates

With continued demand and relatively low vacancy, the resulting effect over the last year has been the rise in both office and industrial lease rates. These increases are beginning to level off while Retail vacancy experienced a slight increase from the prior quarter. As economic growth slows and the pace for leasing activity declines, the increased use of landlord concessions (ex. free rent) could become more prevalent. However, with the scarcity of land and the inability of new construction to keep pace with demand, the long term prognosis for rental rates through 2008 is good for landlords while presenting a challenge for tenants seeking functional space at yesterday's pricing.

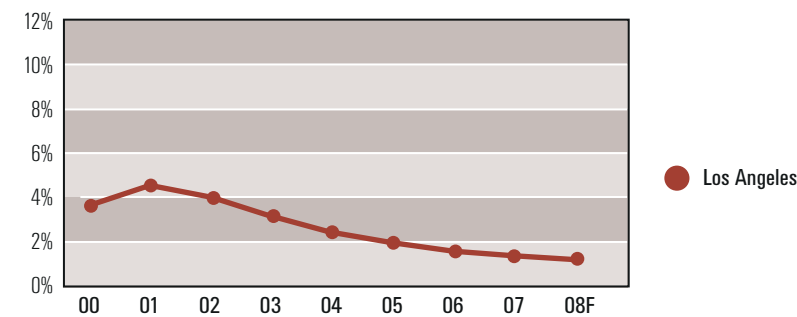
### ASKING RENTAL RATES FOR LA COUNTY Warehouse/Distribution Space, Year-End



### CLASS A ASKING RENTAL RATES FOR LA COUNTY Year-End



### VACANCY RATE FOR LA COUNTY Industrial Market



Source: Costar. Preceding information presents an average cap rate for industrial, office and retail investment properties sold in the Greater Southern California, Los Angeles region.

### Review

In review, what do these numbers tell us? No one of course likes to be the bearer of bad news. However, an economy with questionable strength has put pressure on both the individual consumer and business world influencing how they distribute their income.

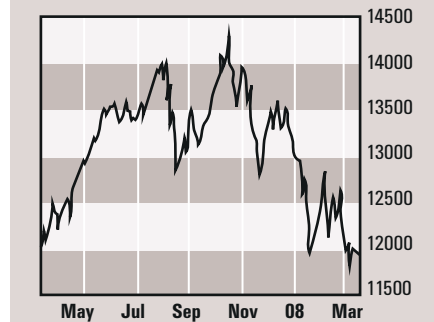
Whether the information is justified or not, one can not ignore the continual, negative bombardment by the media - rising gas prices, a housing market in disarray and the mere suggestion of a recession have caused many people to pull back on capital intensive strategies, adopting a more conservative approach until the market presents a semblance of recovery and balance. In laymen's terms, deals are being completed but at a lesser rate with many people opting to sit on the sidelines with a "wait and see" mindset.

Multiple factors will ultimately influence the New Year for Commercial & Industrial Real Estate. A heightened awareness to risk along with real and perceived changes in pricing continues to be the primary topics of discussion amongst industry experts.

However, the sky is not falling. The foundational structure which has supported real estate for the last century remains fundamentally sound. The more likely scenario for the next twelve to eighteen months will continue to be one of a slow correction along with a negligible change in demand - both in the sale and leasing markets for all property types.

### Manufacturing

Despite media speculation that nearly all manufacturing has moved across U.S. borders, Los Angeles remains the largest "manufacturing center" in the nation with over 470,000 workers directly involved in these activities. The largest components of this industry are: apparel with 60,000 jobs and transportation products with 51,900 jobs.



### Dow Jones Industrial - Stock Watch

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

### Los Angeles County Population Growth

The Los Angeles County covers over 4,752 square miles. Its growing population of over 10,300,000 people would make the county the equivalent to the eighth largest state in the Nation, direction behind Ohio. The growth of the Los Angeles County continues to be driven by the numerous quality of life options available to its residents.

Sources: The preceding economic information was compiled from a number of difference sources including the U.S. Census, The Los Angeles Economic Development Corporation (LAEDC), the Commerce Department, U.S. Labor Department, Bloomberg News, Associated Press, The Kiplinger Letter, Federal Reserve, and the Los Angeles Times.