

Q3
2007



*Private Firm.
Personalized Service.
Since 1957.*

THE HEGER REPORT

Serving Southern California for over 50 years.

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The Heger Company - Focused and Looking to The Future.

It is a pleasure to provide you with the 3rd Quarter edition of The Heger Report. Events in recent months have influenced industry opinions on the direction of the market. Turmoil in the credit and stock markets, concerns about the housing slowdown, rising gas prices and a dramatic increase in mortgage foreclosures have heightened speculation amongst analysts over an economy with questionable strength.

Focused to answer many of these questions, this edition of the Heger Report features a recap of recent economic trends along with insight as to where market experts feel our industry is heading. Our feature story takes a closer look at interest rates and their effect on the value of Commercial & Industrial Real Estate. You will also take a more personal look into the remarkable work of Bill Morrison, Senior Vice President, set to celebrate his 25th year with The Heger Company.

As we move through the second half of the year, I invite you to take a moment and evaluate for yourself some of the great work that has been accomplished by our sales agents and employees. Their efforts represent the true value our Company places on not just "the numbers" but the people with whom we are fortunate enough to work with - both present and future.

We recognize that we owe much to those who entrust us so generously with the handling of their real estate endeavors. We have promised personalized service and hard work delivered with integrity. As you read about our Company, our valued sales agents, employees and our many recent projects, I hope you will agree that we are keeping our promise.

Sincerely,

Robert G. Thornburgh
President Elect
CCIM, SIOR, CPM





SPOTLIGHT ON THE ECONOMY

America's Trade Deficit

America's Trade Deficit rose to its second highest level of the year in July. Primary factors contributing to the increase were the rising prices of crude oil and continued demand for products from overseas. So far this year, the overall deficit is running at an annual rate of \$709 Billion.

Unemployment & Job Growth

The Labor Department recently announced that the number of U.S. workers applying for unemployment benefits continues to fall, suggesting that the overall job market remains strong. The most recent seasonally adjusted unemployment rate was reported at 4.6% (July, 2007). The latest U.S. Labor Market Report, released by the Bureau of Labor Statistics (BLS) indicated that the U.S. employment situation continues to be reasonably good. Over the past three months, job growth in the U.S. increased by a net 406,000 workers (or about 135,000 per month). Interested in where unemployment rates have been for the previous years? Go to: www.bls.gov.

Federal Reserve Watch

The Federal Reserve, in concert with the European Central Bank, provided \$38 Billion of reserves and pledged further funds "as necessary," in an unprecedented move not seen since shortly after the Sept. 11, 2001 terrorist attacks. The European Central Bank loaned 61.05 Billion euros (\$83.6 Billion) after injecting a record amount in the prior days.

On August 10th, the Central banks in the U.S., Europe, Japan, Australia and Canada added approximately \$135.7 Billion to the banking system in an attempt to avert a crisis of confidence in global credit markets. Fed Chairman Ben S. Bernanke acknowledged in their statement that markets were "volatile" and risks to growth had increased.

Gross Domestic Product

In the last three years, GDP experienced a healthy and steady expansion, growing 3.5% between the period, 2003 and 2006. Estimations for GDP growth through 2007 is expected to go down, eventually reducing to approximately 2.2%.

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

The Heger Company - In The News

The Heger Company's Involvement in the LATC Increases.



Recognizing the importance of staying in tune with the various trends affecting the market, The Heger Company places a strong focus on maintaining active involvement within relevant organizations throughout Southern California. One of these critical groups is the Los Angeles Transportation Club (LATC).

The LATC was incorporated in 1924 as a non-profit corporation dedicated to providing transportation professionals, shippers and suppliers a forum to foster relationships, share ideas and solutions as well as promote the contributions that the industry offers to global commerce. Over the years, the LATC has raised tens of thousands of dollars for various charities, including the Leukemia & Lymphoma Society, Habitat for Humanity, the Boy Scouts of America, City of Hope, Ronald McDonald House and Hillview Acres as well as offering scholarships to hundreds of young people.

"The LATC is an extremely relevant organization both in terms of its membership's direct influence on the real estate market and positive impact in the transportation industry as a whole," says Robert G. Thornburgh, President Elect for The Heger Company. He adds, "We are proud to be a part of the LATC and look forward to remaining a supporter of the organization for many years to come."

In recent years, The Heger Company has become increasingly involved with the LATC, ranging from being a Corporate Sponsor to donating time to its Executive Board. Current LATC President, Mr. Jim DeMask adds, "...for years The Heger Company has been a well known and respected entity in the transportation community. In 2004, they formally joined our group and we have been a better organization for their involvement."

For more information on the Los Angeles Transportation Club and how you can become involved, go to www.latc.la or contact the organization directly at 562-856-9197.

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:

\$4,359,704 Lease

82,238 Square Foot Packaging Facility
12935 Leffingwell Road, Santa Fe Springs
Tom Holland and Robert Thornburgh of The Heger Company represented the Lessee of this Class A property.

\$5,450,000 Sale

8 unit multi-tenant retail property
287-297 S. Robertson Blvd., Beverly Hills
Tom Williams and Tom Holland of The Heger Company represented the Seller in the disposition of this rare retail property.

\$3,120,000 Sale

18,329 Square Foot Industrial Building
5150 Rancho Road, Huntington Beach
Joel Mostert of The Heger Company represented the Buyer of this 18,329 square foot, Class A industrial property.

\$2,423,100 Sale

14,466 Square Foot Industrial Property
734 San Julian Street, Los Angeles
Bill Joseph of The Heger Company represented both the Buyer and Seller of this multi-tenant industrial property.

\$4,500,000 Sale

56,880 Square Foot Multi-Tenant Property
4550-4560 Worth Street, Los Angeles
Trauger Ralston of The Heger Company represented the Buyer of this multi-tenant industrial property.

\$4,750,000 Sale

49,500 Square Foot Industrial Warehouse
6431 Florilla, Commerce
Bob Levenstein of The Heger Company represented the Buyer in this 49,500 square foot industrial building.

\$1,450,000 Sale

5,125 Square Foot Office Building
1010 W. Magnolia Blvd., Burbank
Robert An of The Heger Company represented the Seller of this two story office building in Burbank.

\$970,000 Sale

3,700 Square Foot Mixed-Use Property
1832-1838 East 42nd Street, Los Angeles
Joseph Wong of The Heger Company represented the Seller of this mixed-use warehouse and residential duplex property.

What is a Certified Property Manager (CPM®)?

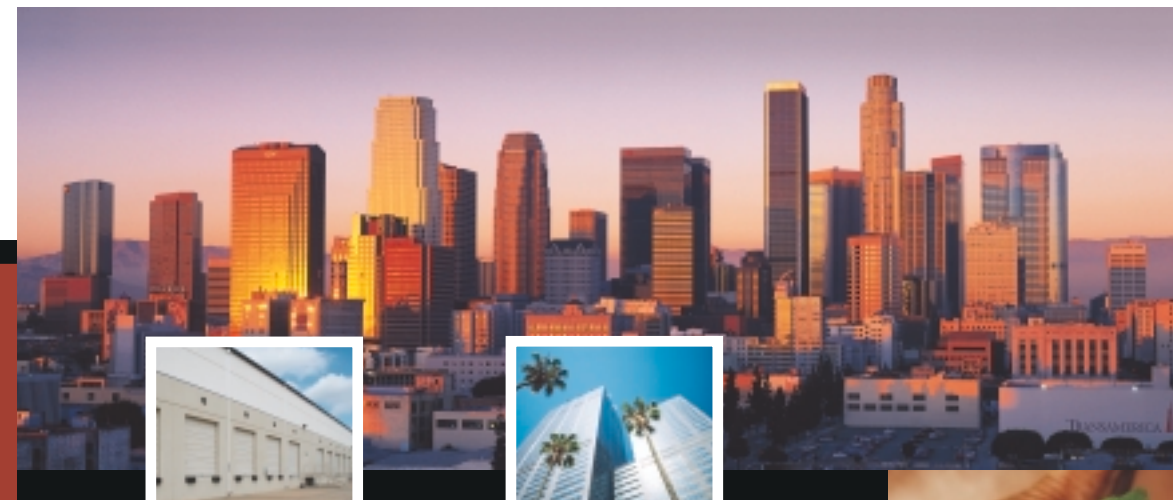
The Certified Property Manager (CPM®) is a highly respected professional designation earned through the Institute of Real Estate Management (IREM®), an affiliate of the National Association of Realtors.

The CPM® Designation is awarded to real estate managers who have met the Institutes rigorous requirements in the areas of professional education, examination and experience. CPM® Members must also abide by a rigorous Code of Professional Ethics that is strictly enforced by the Institute.

The Institute of Real Estate Management (IREM®) has been the source for education, resources, information and membership for real estate management professionals for over 70 years. Collectively, IREM Members manage more than 6.5 billion square feet of Commercial space and more than 11 million residential units, totaling over \$848.2 billion in real estate assets.

IREM Members are employed by some of the most prestigious real estate firms in the world and nearly 70% hold upper-level management positions. Due to their professionalism and vast experience, property owners and investors worldwide continually seek out the management services of IREM® Members.

The Heger Company is proud to be involved with IREM® and encourages individual members within its property management division to pursue the CPM® designation.



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.

Call Heger today for an initial consultation.

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

NEW ACCOUNTS

New Ownership Groups Enter Negotiations for Long Term Contracts

In recent months, four new ownership groups have entered into negotiations to transfer the professional management of their properties over to The Heger Company.

The projects include a freestanding industrial facility located in the City of Carson, two multi-tenant industrial parks located in the City of Paramount and one located in Van Nuys.

Although the transactions are near completion, a formal press release will not be released until such time the management accounts are fully integrated into Heger's care. The commencement date for these projects is October 1, 2007.

A special thanks is extended to these groups for entrusting their assets to The Heger Company.

Overseeing 5 million square feet of Commercial & Industrial property...and growing!

FEATURED PROPERTIES



**9292 9th Street
R. Cucamonga, CA 91730**

6,650 Square Feet
Newly Refurbished Unit
Contact: Robert Thornburgh
(310) 548-3344 ext. 136



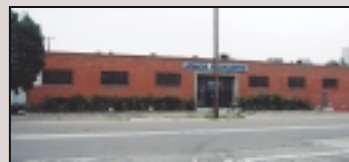
**1715 West 132nd Street
Gardena, CA 90249**

20,168 Square Feet
22' Clear, 6 Dock High
Contact: Joel Mostert
(323) 727-1144 ext. 129



**2701-2711 Garfield Avenue
Commerce, CA 90040**

14,625 Square Feet
Prime Commerce Location
Contact: Jeremiah Curry
(323) 727-1144 ext. 121



**1501 Los Palos Street
Los Angeles, CA 90023**

19,920 Square Feet
Close to Downtown Location
Contact: Tom Holland
(323) 727-1144 ext. 113

Heger Available Properties

INDUSTRIAL PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
11725 Goldring Road, Unit 7, Arcadia	1,500 SF	Lease	\$0.70 G	R. Thornburgh	136
8019 E. Slauson Avenue, Montebello	2,125 SF	Lease	\$1.35 G	W. Joseph	119
4345 Telegraph Road, Los Angeles	2,550 SF	Lease	\$0.849 G	T. Ralston	117
5300 E. Washington Blvd., Commerce	2,850 SF	Lease	\$1.052 G	J. Curry	121
5300 E. Washington Blvd., Commerce	2,850 SF	Sale	\$260.36	J. Curry	121
5600 E. Washington Blvd., Los Angeles	3,000 SF	Lease	\$1.10 G	R. Levenstein	133
5600 E. Washington Blvd., Los Angeles	3,000 SF	Sale	\$160.00	R. Levenstein	133
1503 W. 130th Street, Gardena	3,000 SF	Lease	\$0.75 G	E. Harkness	132
3369 E. Olympic Blvd., Los Angeles	3,038 SF	Lease	\$0.589 G	J. Curry	121
1460 Greenwood Avenue, Montebello	3,360 SF	Sale	\$154.76	J. Mostert	129
20917 Western Avenue, Torrance	3,650 SF	Lease	\$1.00 G	T. Holland	113
4345 Telegraph Road, Los Angeles	3,875 SF	Lease	\$0.993 G	T. Ralston	117
1515 Compton Avenue, Los Angeles	4,000 SF	Lease	\$0.70 G	S. Ktorza	134
5262 E. Washington Blvd., Commerce	4,032 SF	Sale	\$145.83	J. Hilands	122
2050 Long Beach Avenue, Los Angeles	4,977 SF	Lease	\$1.249 N	T. Holland	113
4169 Union Pacific Avenue, Los Angeles	5,004 SF	Sale	\$175.16	J. Curry	121
4462 E. Olympic Blvd., Los Angeles	5,063 SF	Sale	\$232.08	S. Ktorza	134
3612-3614 Arden Drive, El Monte	5,308 SF	Lease	\$0.753 G	J. Vargas	115
5533 Long Beach Avenue, Los Angeles	5,960 SF	Sale	\$113.26	T. Holland	113
7127 Telegraph Road, Unit 11, Montebello	6,257 SF	Lease	\$0.90 N	R. An	152
7127 Telegraph Road, Unit 11, Montebello	6,257 SF	Sale	\$179.00	R. An	152
2421 Yates Avenue, Commerce	6,597 SF	Lease	\$0.68 G	R. Levenstein	133
9292 9th Street, Unit 1, Rancho Cucamonga	6,650 SF	Lease	\$0.60 G	R. Thornburgh	136
3512 Fowler Street, Los Angeles	6,914 SF	Lease	\$0.65 G	J. Mostert	129
2505 Tweedy Blvd., South Gate	7,750 SF	Sale	\$200.00	T. Holland	113
4641 Hampton Street, Vernon	8,025 SF	Sale	\$146.42	J. Mostert	129
1245 E. Florence Avenue, Los Angeles	8,320 SF	Sale	\$105.29	T. Holland	113
1828 Conway Place, Los Angeles	8,750 SF	Lease	TBD	J. Curry	121
1828 Conway Place, Los Angeles	8,750 SF	Sale	\$400.00	J. Curry	121
7400 E. Slauson Avenue, Commerce	10,000 SF	Lease	\$0.75 G	R. Levenstein	133
2727 E. 46th Street, Vernon	10,693 SF	Lease	\$0.579 G	T. Holland	113
7875 Telegraph Road, Pico Rivera	10,970 SF	Lease	\$0.649 G	J. Mostert	129
3419 Fowler Street, Los Angeles	11,000 SF	Lease	\$0.45 G	J. Mostert	129
3431-3443 E. Olympic Blvd., Los Angeles	14,650 SF	Sale	\$102.39	T. Holland	113
6205 Randolph Street, Commerce	15,936 SF	Lease	\$0.548 N	T. Williams	137
2727 E. 46th Street, Vernon	16,476 SF	Lease	\$0.579 G	T. Holland	113
1501 Los Palos Street, Los Angeles	19,920 SF	Lease	\$0.53 G	T. Holland	113
1715 W. 132nd Street, Gardena	20,168 SF	Lease	\$0.65 G	J. Mostert	129
6140 Alcoa Avenue, Vernon	22,000 SF	Lease	\$0.761 N	T. Holland	113
2437 S. Eastern Avenue, Commerce	22,900 SF	Sale	\$130.00	W. Joseph	119
2727 E. 46th Street, Vernon	24,000 SF	Lease	\$0.58 G	T. Holland	113
16400 Garfield Avenue, Paramount	27,750 SF	Lease	\$0.612 N	J. Hilands	122
1734 Gage Road, Montebello	29,381 SF	Sale	\$139.00	R. An	152
2183 E. 11th Street, Los Angeles	50,000 SF	Sale	\$230.00	W. Morrison	130

OFFICE PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
4345 Telegraph Road, Los Angeles	1,325 SF	Lease	\$1.35	T. Ralston	117
5913 Pine Avenue	1,872 SF	Sale	\$305.56	J. Wong	168
1525 W. Chapman Avenue, Orange	1,380 SF	Lease	\$0.99	R. Thornburgh	136
643 W. 6th Street, San Pedro	2,105 SF	Lease	\$1.95	J. Mostert	129
8019 E. Slauson Avenue, Montebello	2,125 SF	Lease	\$1.35	W. Joseph	119
4420 E. Olympic Blvd., Los Angeles	2,444 SF	Lease	\$1.64	S. Ktorza	134
2585 Commerce Way, Commerce	3,750 SF	Lease	\$1.35	R. Levenstein	133
8019 E. Slauson Avenue, Montebello	4,000 SF	Sale	\$243.75	W. Joseph	119
7400 E. Slauson Avenue, Commerce	5,000 SF	Lease	\$1.35	R. Levenstein	133
1011 & 1017 Goodrich Blvd., Los Angeles	5,677 SF	Lease	\$1.25 G	R. Thornburgh	136
1011 & 1017 Goodrich Blvd., Los Angeles	5,677 SF	Sale	\$136.52	R. Thornburgh	136
920 Atlantic Avenue, Long Beach	8,200 SF	Lease	\$1.25 G	R. Thornburgh	136
920 Atlantic Avenue, Long Beach	8,200 SF	Sale	\$195.12	R. Thornburgh	136

RETAIL PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
643 W. 6th Street, San Pedro	2,105 SF	Lease	\$1.95	J. Mostert	129
8019 E. Slauson Avenue, Montebello	2,125 SF	Lease	\$1.35 G	W. Joseph	119
5300 E. Washington Blvd., Commerce	2,850 SF	Lease	\$1.052 G	J. Curry	121
5300 E. Washington Blvd., Commerce	2,850 SF	Sale	\$260.36	J. Curry	121
5600 E. Washington Blvd., Los Angeles	3,000 SF	Lease	\$1.10 G	R. Levenstein	133
5600 E. Washington Blvd., Los Angeles	3,000 SF	Sale	\$160.00	R. Levenstein	133
20917 Western Avenue, Torrance	3,650 SF	Lease	\$1.00 G	T. Holland	113
5262 E. Washington Blvd., Commerce	4,032 SF	Sale	\$145.83	J. Hilands	122
4169 Union Pacific Avenue, Los Angeles	5,004 SF	Sale	\$175.16	J. Curry	121
4462 E. Olympic Blvd., Los Angeles	5,063 SF	Sale	\$232.08	S. Ktorza	134
7127 Telegraph Road, Unit 11, Montebello	6,257 SF	Lease	\$0.90 N	R. An	152
7127 Telegraph Road, Unit 11, Montebello	6,257 SF	Sale	\$179.00	R. An	152
3431-3443 E. Olympic Blvd., Los Angeles	14,650 SF	Sale	\$102.39	T. Holland	113

LAND/OTHER PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
6140 Alcoa Avenue, Vernon	22,000 SF	Lease	\$0.76	R. Thornburgh	136
1245 E. Florence Avenue, Los Angeles	10,960 SF	Sale	\$79.93	T. Holland	113
4641 Hampton Street, Vernon	22,651 SF	Sale	\$51.87	J. Mostert	129
2505 Tweedy Blvd., South Gate	26,136 SF	Sale	\$59.31	T. Holland	113
15930 Illinois Avenue, Paramount	138,600 SF	Sale	\$29.94	J. Hilands	122

The proceeding is only a partial list of all Heger Available Properties. New listings are being added almost daily. Please call your market expert for a complete list of all available properties in your area.

FEATURED PROPERTIES



**6205 Randolph Street
Commerce, CA 90040**

15,936 Square Feet
Prime Distribution Space
Contact: Tom Williams
(323) 727-1144 ext. 137



**7127 Telegraph Rd., Unit 11
Montebello, CA 90640**

6,257 Square Feet
Brand New Building
Contact: Robert An
(323) 727-1144 ext. 152



**6140 Alcoa Avenue
Vernon, CA 90058**

22,000 Square Feet
Large 90,900 sf Yard Area
Contact: Tom Holland
(323) 727-1144 ext. 113



**2437 S. Eastern Avenue
Commerce, CA 90040**

22,900 Square Feet
Pride of Ownership Building
Contact: Bill Joseph
(323) 727-1144 ext. 119



Meet Bill Morrison - Celebrating 25 Years With Heger

Later this year, Bill Morrison, Senior Vice President, will celebrate his 25th Anniversary with The Heger Company. During this time, Bill has been recognized as the Company's "Broker of the Year" ten out of the last twelve years. His impeccable reputation, integrity, and creativity in working both within the real estate industry as well as with the local municipalities, have assisted him and his clients in completing some of the most complex and successful transactions.

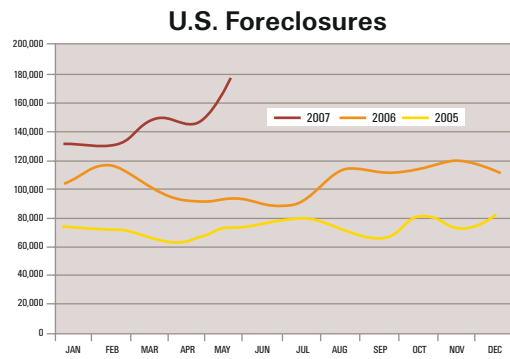
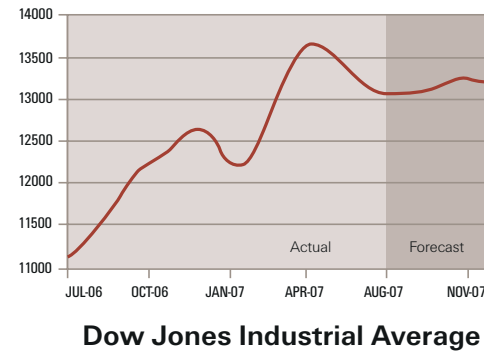
Bill's emphasis and area of expertise is in the Wholesale Produce Market, related Food industries and Rail Road related properties throughout the downtown Los Angeles and surrounding areas. Bill exclusively handles the leasing and sales of bays at the Los Angeles Wholesale Produce Market Warehouse for produce clients, which includes 9 recent sales in the Alameda Trade Center. Notable transactions include negotiating a 156,000 square foot lease for Olympic Produce, 55,000 square feet to Hellman Frozen Food, 25,000 square feet to Advantage Produce, and a 75,000 square foot facility to Davalan Sales.

He has a working knowledge of the local users, developers, tenants, companies, and City officials who make up the marketplace. Bill was also the primary agent for the Railroad in the following transactions: the acquisition of the former 7-Up Bottling Plant adjacent to the Alameda Corridor, the sale of the Downey Station Grounds to the City of Downey, the sale of the Pomona Station Grounds to the City of Pomona, the sale of five excess properties in El Monte to the City, Catholic Archdiocese, and commercial developers, the sale of the former Chatsworth and Covina Station Grounds and the sale of three Railroad properties in the Los Angeles mid-city area.

In his free time, Bill enjoys traveling, fishing and hiking. He and his wife, Bobbi reside in the San Gabriel Valley and also enjoy spending time with their family and friends.

Concern Grows with Changes in the Financial Markets.

One does not need to be a seasoned market analyst to understand that the last five years have been exceptional for the real estate market. Skyrocketing values coupled with low interest, easy money has fueled the market place. However, it would appear history has reminded us again that our markets are cyclical. With the present state of affairs in the financial world, it would appear that this same easy money is now on its way out as we enter a new phase of tightening credit, increased restrictions and a more cautious market.



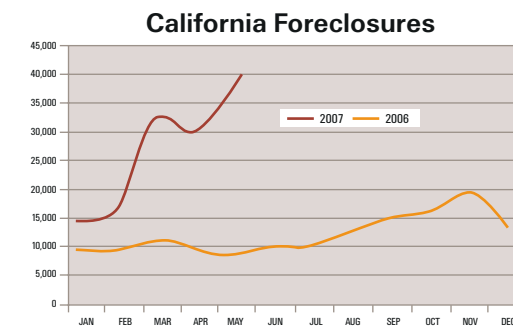
The Fallout

The meltdown within the United States sub prime mortgage sector continues to send ripples across the marketplace. The rapid decline of New Century Financial was a clear message of things to come. Several leading lenders have gone on the record, saying it would take at least two years to fix the portfolio of bad home loans in the U.S.

The rate of delinquencies, defined as borrowers who are at least 30 days behind on their pay-

ments, has continued to rise. Industry analysts will continue to watch these numbers closely because the delinquency rate is a signal for more serious problems down the road, including a default by borrowers who have simply gotten in over their heads. Unless those borrowers can renegotiate a new loan with more favorable terms, those defaults will likely become foreclosures.

Causing concern is the already high number of residential mortgages going into foreclosure, hitting record levels earlier this year with the biggest increases coming as no surprise in the sub prime market of borrowers with weaker credit histories. Foreclosure rates were highest in a handful of states where home prices and sales surged during the recent housing boom, including California, Florida, Nevada and Arizona.



Although the U.S. sub prime mortgage business now appears focused on reducing the prevalence of defaults plaguing the industry, it will be some time before we clearly understand the true impact on our economy. Lenders displaying a new-found caution with the tightening of loan standards and cutting ties to overly aggressive brokers is for many people, a case of too little, too late.

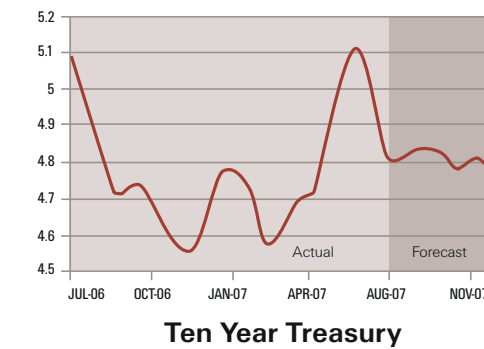
* The preceding data used to create the above foreclosure charts was obtained from various sources including: Realty Trac, efinance, The Los Angeles Times and Associated Press.

The Future of Short & Long Term Interest Rates

With the shake up in the market and tightening credit, many remain concerned about where interest rates are headed from here.

David Kohn, Regional Vice President with 1st Enterprise Bank states, "I believe the Federal Reserve will lower its discount rate by a quarter percent by year-end and probably another quarter percent over the first half of 2008....I believe Bernanke will look to stop the economy from sliding into a recession by making a few rate cuts. The whole sub-prime fallout will eventually have a negative effect on the economy over the next year. A good portion of California's economy is based on residential real estate (Residential Contractors, Title Companies, Mortgage Lenders, Escrow Companies, Appraisers, etc.). There have been a number of real estate related companies that recently announced layoffs and/or poor earnings results. This will also put downward pressure on the economy. To summarize, look for Prime to go from 8.25% to 7.75% by this time next year."

When people refer to long-term rates, they generally refer to the Ten Year Treasury Note. Over the past year the Ten Year Treasury has been anywhere between 4.75% and 5.25%. Kohn adds, "I look for the Ten Year Treasury to stay in this range with it possibly going as high as 5.50% by this time next year. It used to be that inflation expectations drove the ten year treasury yield. Now I think that demand from foreign investors has more of a direct effect on the yield. The Asian companies (China/Japan) purchase a significant portion of our ten year treasury notes. The United State's consumer is huge purchaser of Asian goods. It is in China/Japan's best interest to continue to purchase treasury notes (keeping rates low) so that our economy remains stable."



The Effect on Real Estate Values

Long-term rates directly affect long-term real estate investors and owner-users. While most industry experts foresee long-term rates edging up moderately this year, the general sense is few see this as having much of a negative effect on real estate values. Patrick McDonald, Senior Vice President with Del Mar Commercial Finance states, "Until we see long term interest rates rise to a point where buying power is truly affected, I expect real estate values to remain relatively steady." Tom Holland, Executive Vice President and a Principal with The Heger Company adds, "Although we have seen a slowdown in the overall activity within the marketplace, Commercial & Industrial property values have stabilized. We simply have not seen the types of dramatic price reductions that are so prevalent within the residential housing market. However, if more stringent underwriting standards and increasing interest rates continue, so in turn will peoples ability to leverage - this inevitably puts pressure on the borrower and property values."

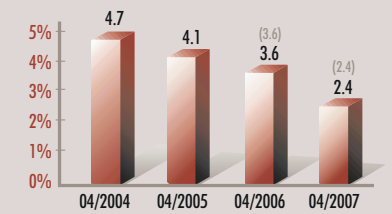
The outlook for real estate depends on a variety of factors, including the overall strength of the economy, the job market, the direction of future interest moves, and how well borrowers now facing delinquency can get back on their feet. The answer to these questions can of course only be answered by time. If you are considering a new real estate transaction involving financing, it's more important than ever to stay informed - explore your options and be sure work with an industry expert.

David Kohn is the Regional Vice President with 1st Enterprise Bank, which focuses solely on handling small and medium sized companies in southern California offering real estate construction, permanent real estate, working capital lines and equipment financing. David can be reached at either 213-430-7051 or 213-500-8018.

Patrick McDonald is the Senior Vice President at Del Mar Commercial Finance located in Cerritos. As a loan broker, Patrick specializes in all types of financing alternatives for both Users and Investors of Commercial & Industrial Real Estate. Patrick can be reached at either (323) 893-4111 or (562) 924-6767.

MARKET WATCH

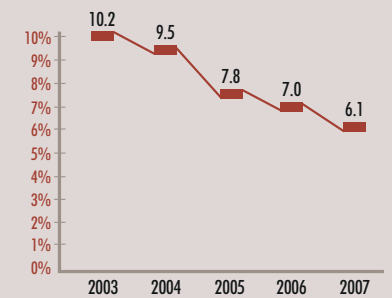
Industrial Vacancy Rates (Average)



Office Vacancy Rates (Average)



Retail Vacancy Rates (Average)



Sources/Ref: Market data derived from the American Industrial Real Estate Association, LoopNet, Smith Guide, Heger Annual Report and CoStar. For the Industry sector, property was defined as 10,000 square feet and larger. For Office and Retail sectors, property was defined as 5,000 square feet and larger. The preceding information has been averaged and takes into account the amount of physically vacant (unoccupied) property in relation to each market sectors inventory at each point in time. The Heger Company reserves the right to modify any and all information contained herein.

Marjorie Davis
President

Robert Thornburgh, CCIM, SIOR, CPM
President Elect

Thomas Holland, CCIM, SIOR
Executive Vice President

Bobbi Sue Morrison
Executive Vice President

Jack Heger
Founder

James Hilands, SIOR
Senior Vice President

William Morrison
Senior Vice President

Robert Levenstein
Senior Vice President

William Joseph
Senior Vice President

Robert An
Senior Vice President

John Bergstrom
Senior Vice President

Matthew Payne
Senior Vice President

Steve Putima
Senior Vice President

Jason Vargas
Vice President

Thomas Williams
Vice President

Joel Mostert
Senior Associate

Trauger Ralston
Senior Associate

Jeremiah Curry
Senior Associate

Stephan Ktorza
Senior Associate

Joseph Wong
Senior Associate

C. Elliot Harkness
Senior Property Manager

Eileen Hernandez
Executive Administrator

Lauren La Clair
Executive Assistant

Teresa Ruiz
Executive Assistant

Han Aye
Accountant

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Upcoming Topics - Q4 The Heger Report

- > Legal Corner Q&A
- > Meet the Heger Property Management Team
- > Calculating a Property's Rate of Return
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