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Associate
Eileen Hernandez
Executive Administrator
Lauren La Clair
Executive Assistant
Teresa Ruiz
Executive Assistant
Irma Nunez
Executive Assistant
Han Aye
Accountant

P8



Q1-08 - SNEAK PEAK

Upcoming Topics - Q1 The Heger Report

- > The L.A. Market "By The Numbers"
- > Meet Stephan Ktorza, Senior Associate
- > Legal Corner Q&A
- > And More!

Call Heger today for an initial consultation.

Los Angeles Office
(323) 727-1144

South Bay Office
(310) 548-3344

Q4
2007

*Private Firm.
Personalized Service.
Since 1957.*



THE HEGER REPORT

Serving Southern California for over 50 years.

Merry Christmas, Happy Hanukkah & Seasons Greetings from Everyone at The Heger Company.

Whether you are ready for it or not, the Holiday Season is now upon us. Each year around this time, our mindset and focus naturally starts to shift more towards family and friends and our gratitude for the many blessings in our lives.

If we were to meet today, I would want to share with you my thanks and appreciation to our clients who remain so faithful year after year, to our dedicated employees who work tirelessly day in and day out, and our amazing group of sales agents whose passion for this industry is evident in every transaction they complete. It is these same individuals who provide me true perspective and inspiration. Each person is equally distinctive and it is this collective group of wonderful people who make this Company and our Community so unique.

This 4th Quarter Edition of the Heger Report is a direct result of all these individuals' efforts. You will see from the various articles, recently completed transactions, expanded format to our website, increased listings and newest property management accounts that everyone has been hard at work.

I pray during this Holiday Season that your blessings will be abundant, your days filled with joy and laughter, that your time with family and friends will be cherished and that new doors of opportunity will continue to be opened - both personally and professionally.

Happy Holidays from everyone at The Heger Company!

Sincerely,

Robert G. Thornburgh
President Elect
CCIM, SIOR, CPM

IN THIS ISSUE

P2
The Heger Company
- In The News

P3
Heger Partners with Industry
Leader Har-Bro Inc.

P4/5
Available Property Listings

P6/7
Southern California Market Update
and Meet Jim H. Hilands

P8
Company Directory

Although The Heger Company makes every effort to ensure the accuracy and reliability of the information contained within this report, Heger makes no guarantee, representation or warranty in regards to the quality, accuracy or timeliness of the information presented.

5657 East Washington Blvd.
Los Angeles, California 90040

www.thc-us.com

THE HEGER COMPANY
Commercial & Industrial Real Estate Since 1957



THE HEGER COMPANY
Commercial & Industrial Real Estate Since 1957

THE HEGER COMPANY
1957 - 2007

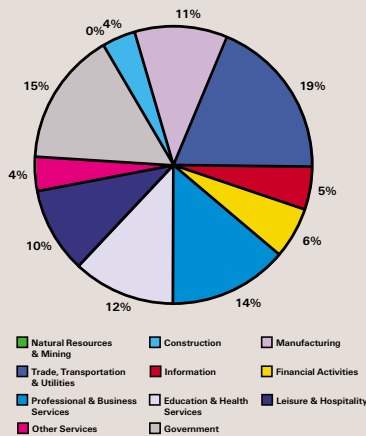
MARKET WATCH-
SPOTLIGHT ON
THE ECONOMY

Transportation

The transportation industry continues to fight to keep up with industry demand while satisfying a changing social climate. Exporters and importers can expect a lot of extra paperwork within the next few years with the impending Global Trade Exchange program. This will require shippers to better describe cargo in transit along with the names of interim carriers and storage. Expect to see a continued rise in ocean carrier rates. The trucking and rail industries rates should be modest despite continued fuel surcharges.

Employment Growth Snapshot

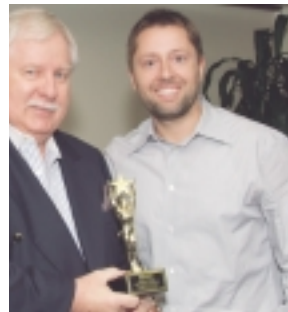
Percent of Total Employment by Industry



Imports & Exports

Steady gains in exports continue in the face of local economic concerns. Expanding faster than imports, it is expected that exports will represent half of the approximately 2% growth that is forecasted. This is up from a previous one quarter gain and is the first time since 1995 that exports have made a positive contribution to the annual gross domestic product.

The Heger Company - In The News



Heger Recognized as Company of the Year.

Heger was recognized as "The Company of the Year" on Saturday, November 10, 2007 by the Los Angeles Transportation Club (LATC) at its Annual Officer Installation Dinner. Heger was selected out of nearly 200 Companies, for its involvement and support of the LATC over the last year. For more information on the LATC or the event, go to the Club website at www.latc.la.

Tom Holland Assumes Role as CCIM Board Member.

Tom Holland, Executive Vice President and principal with The Heger Company recently assumed the role of Board Member within the CCIM Los Angeles Chapter. Tom's new role expands on his previous duties and involvement. CCIM (Certified Commercial Investment Member) is a national organization consisting of an elite corps of 8,600 professionals across North America and more than 30 countries.



A Certified Commercial Investment Member is a recognized expert in the disciplines of commercial and investment real estate. Recognized for its preeminence within the industry, the CCIM curriculum represents the core knowledge expected of commercial investment practitioners, regardless of the diversity of specializations within the industry. For more information on CCIM, visit their website at www.ccim.com.

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:

\$1,010,000 Lease
27,750 Square Foot Industrial Building
16400 Garfield Ave., Paramount
James Hilands & Matt Payne represented the ownership in the long term lease of this newly remodeled industrial building.

\$1,500,000 Lease
39,840 Square Foot Industrial Building
3730 Union Pacific, Los Angeles
Tom Holland & Robert Thornburgh represented the Landlord and Bill Joseph represented the Tenant in this long-term lease transaction.

\$5,500,000 Sale
42,634 Square Foot Industrial Building
2325 Raymer Avenue, Fullerton
Robert An represented Sonette, Inc., the Buyer, of this Class A freestanding industrial building in Fullerton.

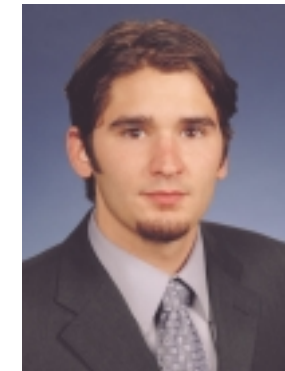
\$900,000 Sale
20,500 Square Foot Industrial Building
1532 Fishburn Avenue, Los Angeles
Joseph Wong represented both the Buyer and Seller of this freestanding industrial building located in Los Angeles.

\$4,958,834 Lease
105,958 Square Foot Produce Facility
5325 - 5335 S. Soto Street, Vernon
William Morrison represented the Lessee, Melissa's Produce. Jim Hilands and Robert Levenstein represented the Landlord.

\$1,190,000 Sale
46,803 Square Foot Land Site
4301 Temple City Blvd., El Monte
William Morrison represented both the Seller, Union Pacific Railroad and CMI, Inc., the Buyer, in this rare infill land site.

Heger Welcomes New Sales Associate, Dustin Byington.

Heger is proud to announce the hiring of Dustin Byington as its newest Sales Associate. Dustin recently moved from the Seattle area where he previously worked in the residential real estate industry. Prior to establishing a career in real estate, he worked in the related field of construction management. As an industrial real estate advisor, Dustin works with both owners and tenants alike throughout the greater Los Angeles market.



Company Website Format Expanded.

Heger is pleased to announce the recent expanded format of its website. The upgraded features include an exciting new look, an increased and more user friendly Available Properties page, Directory and expanded News Room. To see the newest changes or learn more about The Heger Company, go to www.thc-us.com.



Heger Partners with Industry Leader Har-Bro, Inc. for Emergency Services.

The Heger Company is pleased to announce its recent alliance with Har-Bro General Contractors for disaster and other emergency related services. After extensive research, Har-Bro was selected due to its proven track record, dedication to customer satisfaction, integrity, excellence and team work - all traits that The Heger Company also prides itself in providing its own clientele.

Since 1961, Har-Bro has restored damaged properties due to fire, water, wind, earthquake, vehicle damage, poor construction or other causes. Har-Bro President, James D. Franklin states, "We are extremely excited about this opportunity to work with The Heger Company. They are a proven leader within the Southern California Brokerage & Property Management industry and we look forward to assisting them and their clients for many years to come."

Although emergency services are something no one hopes to need, it is of critical importance to The Heger Company to ensure our Property Management Division has a system designed to handle every conceivable scenario affecting our clients - from the most simple repair to a complete restoration.

Robert G. Thornburgh, President Elect of The Heger Company comments, "We are very pleased to partner with Har-Bro. Their 24 hour, emergency service provides an extensive and highly reliable network that will provide for immediate response to any situation should it ever be required."

For more information on Har-Bro, view their website at www.harbro.com.

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.

Population Trends

The U.S. Census Bureau has forecasted that the United States population aged 65 and older is set to double in the next 25 years. In its most recent report, it was suggested that by 2030, nearly 1 out of 5 Americans will be 65 and older having a significant impact on our society. The report also noted that Florida, Pennsylvania and West Virginia have the highest percentage of people ages 65 and older.

Interest Rate Forecast

	07/Q3	07/Q4	08/Q1	08/Q2
Fed Funds Rate	4.88	4.57	4.5	4.5
Labor 3 mo (US)	5.44	5.0	4.97	4.97
Treasury (10yr)	4.73	4.43	4.47	4.57
Prime Rate	8.18	7.58	7.5	7.5
Mortgage 30 Yr.	6.56	6.3	6.34	6.44

Residential Housing Update

Federal Reserve policy makers and economists continue to express concern that the housing slump and credit-market losses may lead to a recession.

Home prices fell in one third of U.S. cities last quarter as stricter lending standards caused a 14 percent decline in sales nationwide. Prices dropped in 54 of 150 metropolitan areas in the third quarter and the median sales price dropped 2 percent nationwide, the National Association of Realtors (N.A.R.) said in a recent report released in late November.

Declines in sales and prices signal the housing slump that began in 2006 may extend into its third year, matching the slowdown 18 years ago that ended in the 1991 recession. It is estimated that the housing decline will reduce gross domestic product growth to 2.1 percent in 2007 from 2.9 percent a year ago.

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, U.S. Labor Department, Bloomberg News, Associated Press, The Kiplinger Letter, Federal Reserve and the Los Angeles Times.

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

FEATURED PROPERTIES



9292 9th Street
Rancho Cucamonga, CA 91730

30,750 Square Feet
Immediate Occupancy
Contact: Robert Thornburgh
(310) 548-3344 ext. 136



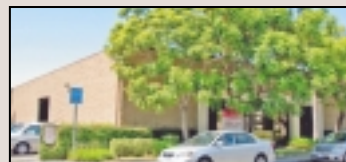
7112 & 7116 Marcelle St.
Paramount, CA 90723

8,000 Square Feet
For Sale or For Lease
Contact: Robert Thornburgh
(310) 548-3344 ext. 136



1503 W. 130th Street
Gardena, CA 90249

3,000 Square Feet
Newly Refurbished Unit
Contact: Elliot Harkness
(323) 727-1144 ext. 132



20803 Higgins Court
Torrance, CA 90501

4,043 Square Feet
Prime Torrance Location
Contact: Tom Holland
(323) 727-1144 ext. 113

Heger Available Properties

INDUSTRIAL PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
1503 W. 130th Street, Gardena	3,000 SF	Lease	\$0.75 G	E. Harkness	132
5262 E. Washington Blvd., Commerce	3,047 SF	Sale	\$144.08	J. Hilands	122
14980 Hilton Drive, Fontana	3,570 SF	Lease	\$0.889 G	R. An	152
20917 Western Avenue, Torrance	3,650 SF	Lease	\$1.00 G	T. Holland	113
18516 S. Broadway Street, Carson	4,000 SF	Lease	\$0.85 G	R. Thornburgh	136
1515 Compton Ave., Los Angeles	4,000 SF	Lease	\$0.60 G	S. Ktorza	134
20803 Higgins Court, Torrance	4,043 SF	Lease	\$1.10 G	T. Holland	113
2645 Merced Ave., El Monte	4,560 SF	Sale	\$158.99	J. Wong	168
3008 E. Olympic Blvd., Los Angeles	4,500 SF	Sale	\$132.22	E. Harkness	132
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 G	T. Holland	113
7116 Marcelle Street, Paramount	5,040 SF	Lease	\$0.85 G	R. Thornburgh	136
600 E. 8th Street, Los Angeles	5,062 SF	Sale	\$592.26	J. Mostert	129
2850 E. Vernon Ave., Vernon	5,300 SF	Lease	\$0.95 G	J. Mostert	129
5645 Washington Blvd., Commerce	5,400 SF	Lease	\$0.72 G	R. Levenstein	133
2402 Seaman Ave., South El Monte	5,600 SF	Lease	\$0.696 G	J. Wong	168
5533 Long Beach Ave., Los Angeles	5,960 SF	Sale	\$113.26	T. Ralston	117
2533 E. 28th Street, Vernon	6,146 SF	Lease	\$0.849 G	R. An	152
7127 Telegraph Road, Unit 11, Montebello	6,257 SF	Sale	\$179.00	R. An	152
3700 Santa Fe Ave., Vernon	6,970 SF	Sale	\$358.68	S. Ktorza	134
2505 Tweedy Blvd., South Gate	7,750 SF	Sale	\$200.00	T. Ralston	117
7112 & 7116 Marcelle St., Paramount	8,000 SF	Sale	\$150.00	R. Thornburgh	136
5921 E. Sheila Street, Commerce	8,000 SF	Lease	\$0.687 G	S. Ktorza	134
4641 Hampton Street, Vernon	8,025 SF	Sale	\$146.42	J. Mostert	129
1828 Conway Place, Los Angeles	8,750 SF	Sale	\$400.00	J. Curry	121
6520 Alameda Street, Alameda	9,167 SF	Sale	\$130.90	W. Joseph	119
7400 E. Slauson Ave., 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
777 Allen Street, San Bernardino	10,815 SF	Lease	\$0.64 G	T. Ralston	117
7875 Telegraph Road, Pico Rivera	10,970 SF	Lease	\$0.649 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
4949 District Blvd., Vernon	17,808 SF	Lease	\$0.69 G	J. Curry	121
1515 Los Palos, Los Angeles	19,920 SF	Lease	\$0.52 G	T. Holland	113
777 S. Mission Road, Los Angeles	21,066 SF	Lease	\$0.949 G	W. Morrison	130
791 S. Mission Rd., Unit B, Los Angeles	21,123 SF	Lease	\$0.95 G	W. Morrison	130
6140 Alcoa Avenue, Vernon	22,000 SF	Lease	\$0.761 N	T. Holland	113
2437 S. Eastern Ave., Commerce	22,900 SF	Sale	\$130.00	W. Joseph	119
4368 District Blvd., Vernon	24,000 SF	Lease	\$0.40 G	J. Curry	121
791 S. Mission Rd., Unit A, Los Angeles	24,436 SF	Lease	\$0.95 G	W. Morrison	130
2727 E. 46th Street, Vernon	27,169 SF	Lease	\$0.58 G	T. Holland	113
9292 9th St., Unit 1, Rancho Cucamonga	30,750 SF	Lease	\$0.449 G	R. Thornburgh	136
2300 Garfield Ave., Commerce	40,000 SF	Lease	\$0.55 G	J. Wong	168

OFFICE/RETAIL PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
1525 W. Chapman Avenue, Orange	1,380 SF	Lease	\$0.99 G	R. Thornburgh	136
5913 Pine Avenue, 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 Avenue, Montebello	2,125 SF	Lease	\$1.10	W. Joseph	119
7177 Telegraph Road, Montebello	2,400 SF	Lease	\$0.875 N	J. Wong	168
4420 E. Olympic Blvd., Los Angeles	2,444 SF	Lease	\$1.636 G	S. Ktorza	134
4687 E. Olympic Blvd., Los Angeles	2,520 SF	Lease	\$1.19	J. Wong	168
2585 Commerce Way, Commerce	3,750 SF	Lease	\$1.35 G	R. Levenstein	133
7400 E. Slauson Ave., Commerce	5,000 SF	Lease	\$1.35	R. Levenstein	133
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

LAND/OTHER PROPERTIES

Location	Size	Sale/Lease	Asking Price	Listing Agent	Ext.
4641 Telegraph Road, Los Angeles	4,391 SF	Sale	\$71.74	J. Vargas	115
1210 S. Arizona Ave., Los Angeles	5,767 SF	Lease	\$0.433	J. Wong	168
600 East 8th Street, Los Angeles	10,454 SF	Sale	\$286.78	J. Mostert	129
2505 Tweedy Blvd., South Gate	26,136 SF	Sale	\$59.31	T. Ralston	117
15930 Illinois Avenue, Paramount	138,600 SF	Sale	\$29.94	J. Hilands	122
540 Santa Fe Ave., Los Angeles	149,865 SF	Sale	\$85.00	W. Morrison	130

NEW PROJECT UNDER DEVELOPMENT

The Heger Company is pleased to announce its representation of the ownership in the development of their 88,169 square foot landsite located just east of Downtown Los Angeles at 777-791 Mission Road.

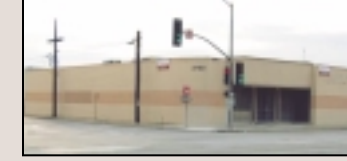
Mr. Bill Morrison, Senior Vice President, is overseeing the marketing of the entire project currently under construction. The property will feature a 66,625 square foot tilt-up building with fifteen dock-hi loading positions and 26' of minimum clearance in the warehouse. The building is divisible into three (3) units. There is already one lease proposal in for a portion of the project.

For more information on this unique opportunity, please contact Mr. Morrison directly at: (213) 300-5139.



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



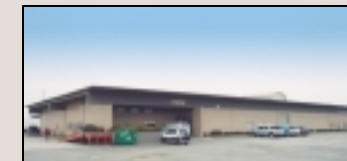
3700 Santa Fe Avenue
Vernon, CA 90058

6,970 Square Feet
Major Street Frontage
Contact: Stephan Ktorza
(323) 727-1144 ext. 134



7400 E. Slauson Avenue
Commerce, CA 90040

10,000 Square Feet
Month to Month
Contact: Bob Levenstein
(323) 727-1144 ext. 133



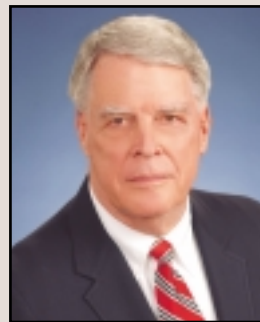
7875 Telegraph Road
Pico Rivera, CA 90660

10,970 Square Feet
Large Yard Area
Contact: Joel Mostert
(323) 727-1144 ext. 129



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

66,625 Square Feet
Class A Building
Contact: Bill Morrison
(323) 727-1144 ext. 130



Meet Jim H. Hilands - Celebrating 50 Years With Heger

Jim Hilands, Senior Vice President, is set to celebrate his 50th Anniversary with The Heger Company.

He received his Bachelor's Degree in Business Management and Economics from the University of Oregon and his Real Estate License from the State of California. As an active sales agent since 1958, there can be little argument that he has seen nearly everything when it comes to the negotiation of Industrial Real Estate sales and leases. Tom Holland, Executive Vice President, and principal with The Heger Company adds, "I could not imagine what our office would be like without Jim - he is truly one of a kind."

Jim's long lasting reputation and experience in the industry speaks for itself. He has represented numerous clients in appealing Los Angeles County Real Property Tax Assessments. He has processed Industrial Land Subdivisions and other types of Land Divisions. James has also participated in the development of Industrial Sites in Los Angeles, Orange and San Bernardino Counties. He has provided preliminary designs and function studies for the rehabilitation of over 2,000,000 square feet of functionally obsolete industrial buildings.

He is a member of the National Association of Realtors, the Society of Industrial and Office Realtors, the Rotary Club of Vernon and the City Club of San Marino.

Jim resides in San Marino with his wife Lucy. He has two children, Kristin & Mark along with two granddaughters.

Southern California Market Update

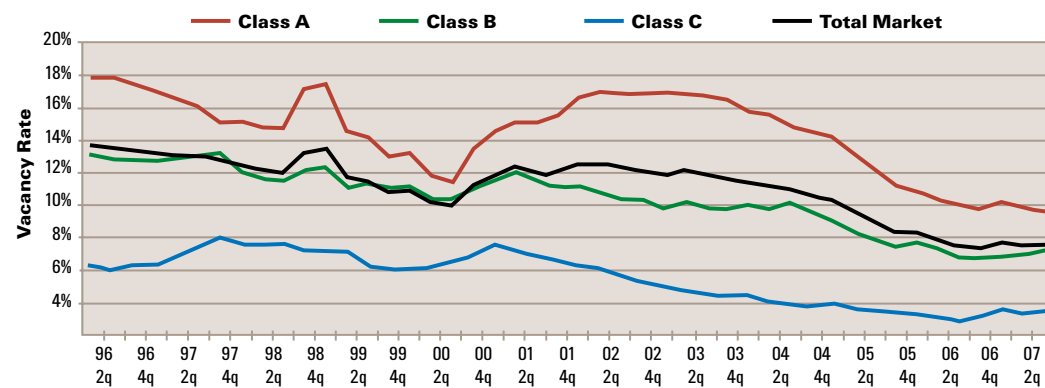
Overview

As we come to the end of 2007, few can argue that this was not an interesting year for the Southern California Real Estate Market. What started out as a relatively optimistic outlook quickly turned to one of caution with widespread speculation about the economy's true strength, the short and long term effects of the residential housing correction, the Fed's attempts to stay off inflation and the resulting general "wait and see" attitude by many consumers.

Despite these concerns, overall the local market continues to advance. Both the Industrial and Office sectors have shown resiliency with continued demand, record low vacancy and steadily rising lease rates. The Investment sector has faced new challenges with the recent tightening of money, forcing many investors to take a much harder look at the projected returns. Retail space could be the most closely watched part of our industry in the coming months - if frightened consumers decide to stay away from the malls, we could see a severe effect on our economy.

Office

Overall demand for office space at all class levels has remained healthy. With little new construction in the foreseeable future, vacancy rates continue to decline while rents advance upwards. Users of office space across the greater Los Angeles market will be faced with making a choice between paying the new increase in rates, reducing usable space or seeking less expensive alternatives in outer lying markets.

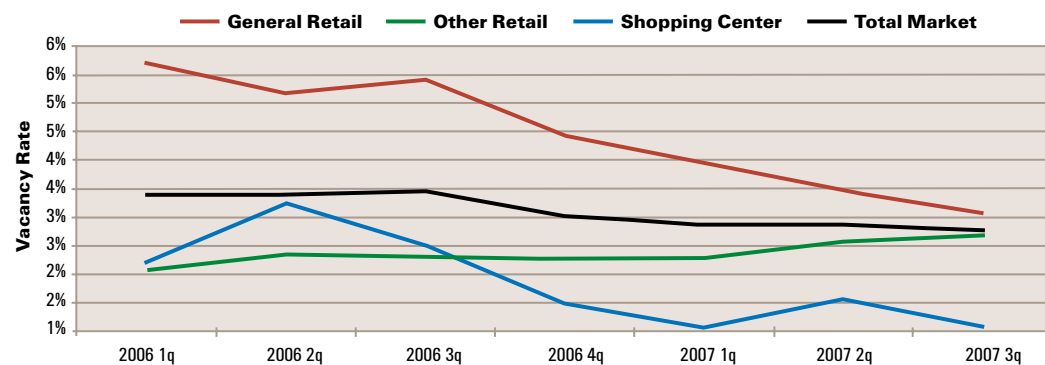


Source: CoStar Property®

However, eventually landlords will be forced to make their own decision as to just how much additional cost they can push onto their tenants. With large blocks of office properties being sold in the last year, additional pressure has been added in an effort to increase the rate of return for these very same projects. The bottom line is that we will not witness a softening in office lease rates for some time.

Industrial

With the continued growth at the Long Beach and Los Angeles ports, the industrial market across Los Angeles and Southern California continues to thrive. A limited amount of useable land, few new development projects on the horizon and historically low vacancy rates are driving the market.



Source: CoStar Property®

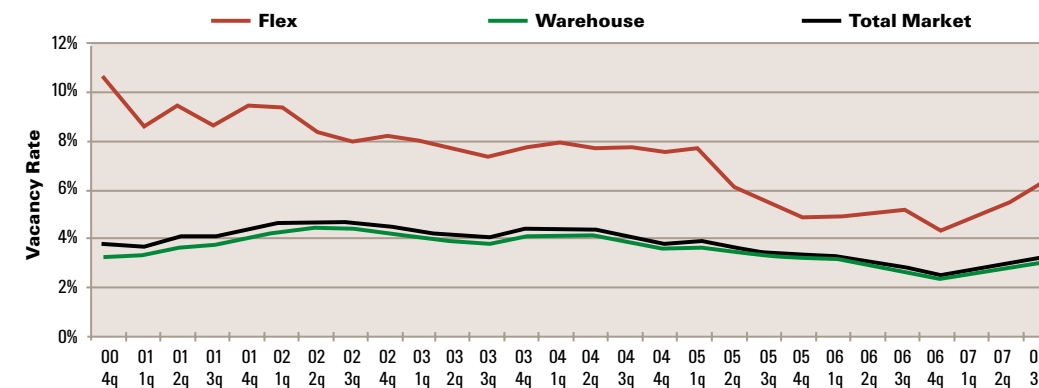
Ironically, this same growth and the reduced amount of availabilities within the marketplace have forced many to either stay put at their existing location or seek solutions in alternative areas such as the Inland Empire.

With continued demand and low vacancy, the resulting effect has been the rise in lease rates with many submarkets experiencing dramatic double digit increases over the last twenty four months.

The long term prognosis for the industrial sector is very good for landlords. Tenants and those looking to purchase their own building will face the challenges surrounding a market with a limited supply of functional space.

Retail

An economy with questionable strength coupled with a housing market still struggling to regain balance have put pressure on the consumer and how they distribute their disposable income. Despite many influential economic factors, job growth continues to remain strong as does absorption of retail space across Southern California.



Source: CoStar Property®

Retail demand has not slowed down and the many mixed use projects presently under construction supports this trend. With the continued growth of our local population and scarce opportunities available for new development, most industry experts see a positive trend line for retail sales and leasing. However, consumer spending in the coming Holiday season will prove a good test for the industry and the economy as a whole.

Review

Many factors will ultimately influence the next year in real estate. A heightened sensitivity and awareness to risk, real and perceived changes in pricing along with concern of a looming recession continue to be the primary topics of discussion amongst industry experts.

However, pending a major catastrophe, the more likely scenario for the next twelve to eighteen months will be one of a slow correction and a negligible change in demand - both in the sale and leasing markets for all property types.

If you are planning on making any real estate decisions in the coming year, we are strongly recommending to our clients that they make early plan assessments, as much as six months in advance before making a decision.

For a complete list of all available properties, recent comps, a free broker's opinion of value or more specific information on any real estate matter, please contact our office directly.

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

CALCULATING A PROPERTY'S TRUE RETURN

For the past 50 years The Heger Company has assisted investors in acquiring income producing properties. Many investors evaluate a property's investment value based on a single year's income (Direct Capitalization). The Heger Company can provide the needed information to convert future benefits (i.e. increased rents & property appreciation) into a present value (Yield Capitalization). More specifically, provide accurate projections to calculate a property's true Internal Rate of Return (IRR).

For example:

In 1997, an investor purchased a 25,000 SF industrial building located in the City of Commerce for \$47.75 PSF (average asking rate for the year) or \$1,193,750. At the time the property was leased for ten year NNN lease with rent annual adjustments in accordance with Fair Market Value.

Year	FMV	Cap Rate	FMV Sale Basis
1997	\$0.31 PSF NNN	7.8%	\$47.75 PSF
98'-06'	Data not shown	n/a	n/a
2007	\$0.44 PSF NNN	11%	\$114.40 PSF

In 2007, the same investor sold the property 10 years later at Fair Market Value (\$114.40 PSF) or \$2,714,000 including closing costs.

Taking into consideration what the property was purchased for together with the ten years of increased income including what the property sold for 10 years later this investor achieved an *Internal Rate of Return of 14.77%*. The overall rate of return is almost twice what the investor would have calculated day one.

Let us know if we can assist you with any of your future real estate investment needs. Please also consult with your accountant about the various benefits of real estate ownership.