



RADIUS INSIGHT

First Quarter 2009

South Coast Vacancy

Arrows indicate change during Q1 2009

Office/R&D Vacancy

Santa Barbara 5.7% ▲

Goleta 12.9% ▲

Carpinteria 4.8% ▼

Industrial Vacancy

Santa Barbara 1.0% ▲

Goleta 6.1% ▲

Carpinteria 6.2% ▼

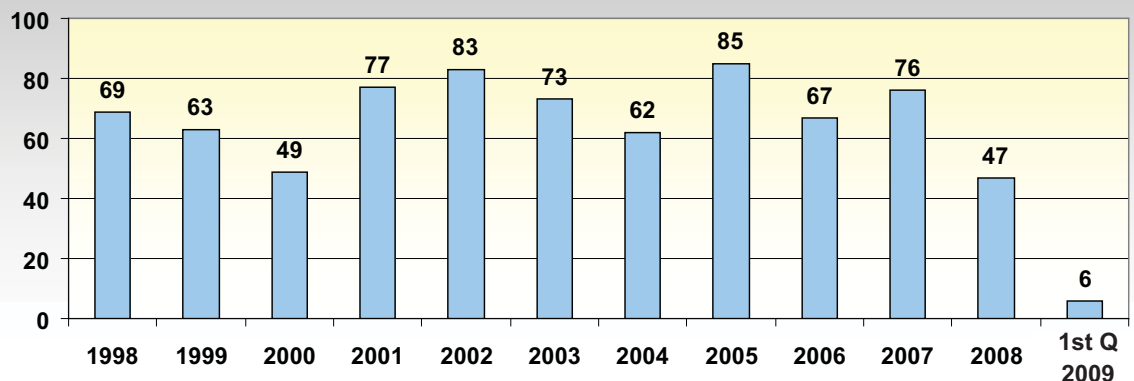
Retail Vacancy

Santa Barbara 2.3% ▲

2009 First Quarter Commercial Vacancy and Sales Market Overview

The most telling statistic from the 1st Quarter of 2009 was the lack of completed sale transactions. The dramatic decline of both the stock market and credit markets beginning in September of 2008 were contributing factors as very few properties went into escrow in the fourth quarter of 2008 and subsequently only six properties closed escrow in the first quarter of 2009. The most dramatic shift in vacancy rates during the first quarter took place in the Santa Barbara office market as the vacancy rate increased to 5.7%. In general lease rates continued to fall during the first quarter of 2009 and look for that trend to continue in the second quarter. Look for owner/users to begin taking advantage of favorable interest rates on SBA loans. SBA loans enable owner/users to purchase property with less than 20% down.

South Santa Barbara County Commercial Sale Transactions (Excludes Apartments)



The average number of transactions over the last 11 years is **68** per year.

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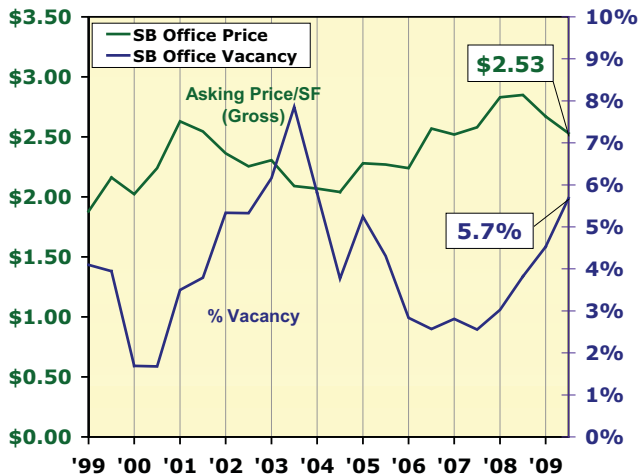


Paul Gamberdella

Santa Barbara Office Leasing

Over the last 12 months we have seen the office vacancy rate increase by 96%. Normally, that might cause a panic among landlords. It is true that available office space has almost doubled in only 12 months but a vacancy level of 5.7% would be considered low given that most markets in California have anywhere from 15% to 30% vacancy. Over that same amount of time, asking rates have only fallen an average of 6%. While the sublease market has grown, it is still less than a third of the overall market.

Santa Barbara Office: Price vs. Vacancy Rate



LARGEST AVAILABLE OFFICE SPACES

ADDRESS	SIZE (SF)	VACATED BY
3780 State Street	15,400 SF	Multiple Tenants
1903 State Street	9,300 SF	ReMax
614 Santa Barbara St.	8,000 SF	Giatti
10 E. Figueroa St.	8,000 SF	SAIC

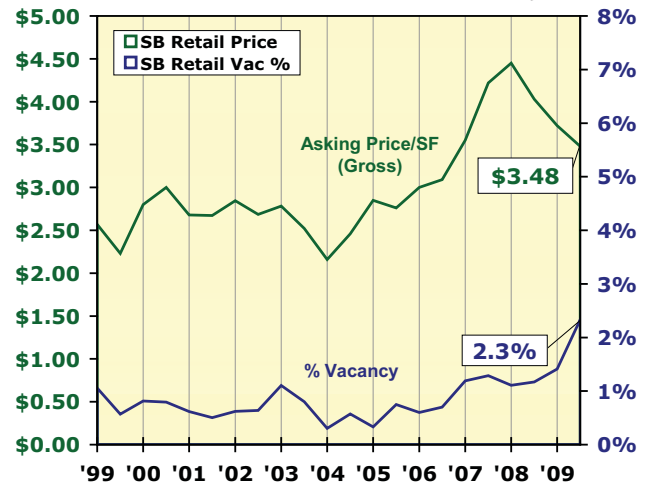
LARGEST OFFICE SPACE LEASE DEALS

ADDRESS	SIZE (SF)	LEASED BY
1435 Anacapa Street	4,800 SF	Sabrient Systems
3902 State Street	4,100 SF	Tremblay Financial
3891 State Street	3,300 SF	Sea Entertainment LLC
1096 Coast Village Road	2,900 SF	Laguna Pacific

Santa Barbara Retail Leasing

Due to the limited amount of retail space in Santa Barbara, even during this economic downturn we have seen vacancy rates remain below 3%. Look for vacancy rates to approach 3% by the end of the year with lease rates decreasing by another 10% down to 2006 levels. The largest retail lease in Santa Barbara in the 1st quarter was by India House at 418 State Street for 5,772 square feet. Experienced retailers nearing the end of their leases will see this as a time to lock in lower lease rates. This will also be a great time for local retailers to procure space that previously had been dominated by national retailers.

Santa Barbara Retail: Price vs. Vacancy Rate



LARGEST AVAILABLE RETAIL SPACES

ADDRESS	SIZE (SF)	VACATED BY
1025 Santa Barbara St	15,000 SF	Haywards Furnishings
127 W Canon Perdido	12,300 SF	Opportunity Shop
1119 State Street	11,500 SF	Antica Rugs
530 State Street	11,400 SF	SB Consignment

LARGEST RETAIL LEASE DEALS

ADDRESS	SIZE (SF)	LEASED BY
418 State Street	5,800 SF	India House
528 Anacapa Street	3,400 SF	Wheelhouse, LLC
216 E Cota Street	3,000 SF	Presidio Fencing
3987 State Street	3,000 SF	Saigon Inn & Out

Santa Barbara Industrial Leasing

The strongest market we track remains the Santa Barbara Industrial market with a vacancy rate of only 1%. Despite the low current vacancy, with few industrial tenants in the market for new space coupled with the likely reality of increased industrial vacancy we expect to see downward pressure on industrial lease rates through the remainder of the year.

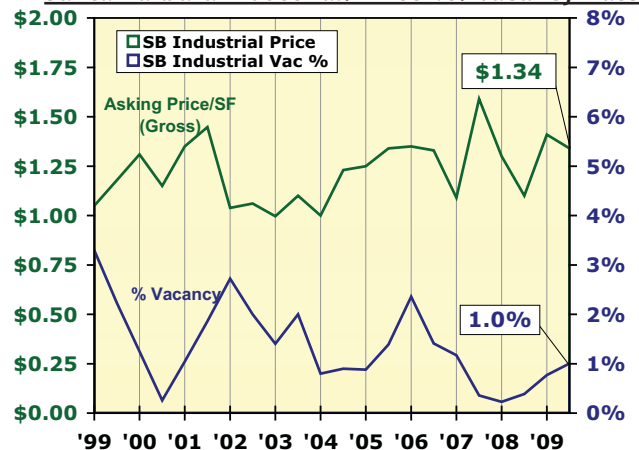
LARGEST AVAILABLE INDUSTRIAL SPACES

ADDRESS	SIZE (SF)	VACATED BY
436 E Gutierrez Street	11,500 SF	Brazil Baroque
820 Bond Avenue	7,500 SF	Profile Record Storage
1 N. CCC, Suite 9	6,700 SF	Door 9 Studios
615 E Gutierrez Street	3,500 SF	SB Auto Connection

LARGEST INDUSTRIAL LEASE DEALS

ADDRESS	SIZE (SF)	LEASED BY
726 Cacique Street	7,100 SF	PJ Milligan
511 E Gutierrez	1,300 SF	Atlantis Aquariums

Santa Barbara Industrial: Price vs. Vacancy Rate

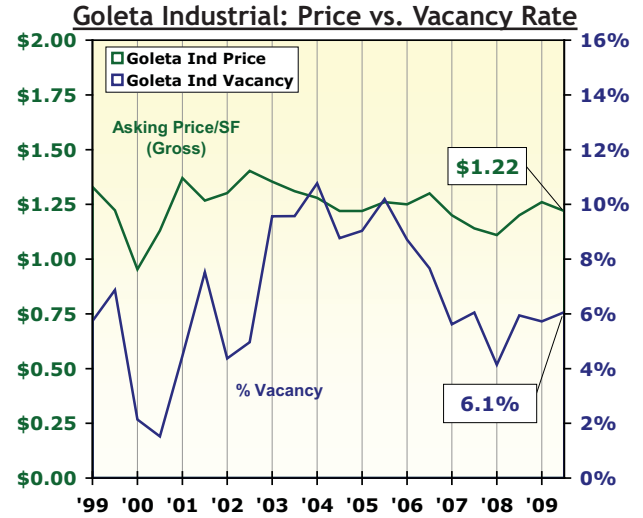
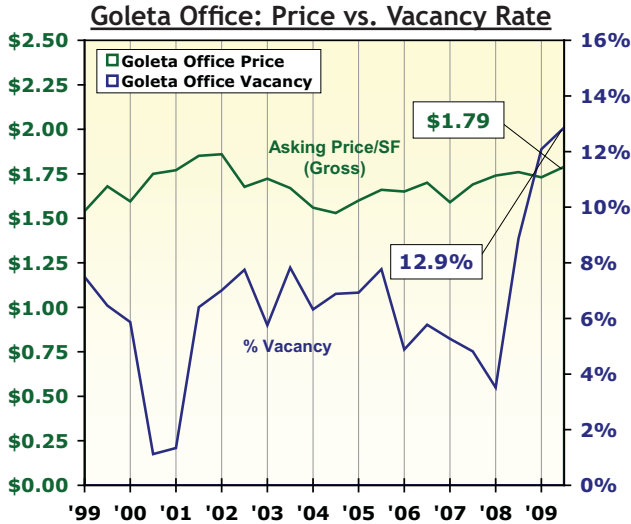


Goleta Office Leasing

The high end Goleta office market has remained relatively strong while lower quality office space has seen little activity. Vacancy has continued to increase to 12.9% and lease rates have softened approximately 5% from the last quarter due to the strength of the high end market. The largest lease of the first quarter was 20,500 square feet in a brand new class "A" office building at 420 S. Fairview. There are 2 large leases currently being negotiated in Goleta that should make a dent in the vacancy over the next two quarters.

Goleta Industrial Leasing

At a current vacancy rate of 6.1%, the Goleta industrial market has very low vacancy relative to other markets. The average gross asking rates have remained at around \$1.20/SF over the last 8 years. However, as is the case with Santa Barbara industrial space the lack of industrial activity will likely lead to downward pressure on Goleta industrial lease rates. During the 1st quarter of 2009 two large industrial land leases were completed at 5353 Overpass (2 acres of paved yard and a 6,400 square foot building) and 153 Aero Camino (1 acre of paved yard and a 3,500 square foot building).



LARGEST AVAILABLE OFFICE SPACES		
ADDRESS	SIZE (SF)	VACATED BY
7418 Hollister Ave.	86,300 SF	Raytheon
5385 Hollister Ave.	46,900 SF	Multiple Tenants
6330 Hollister Ave.	43,900 SF	Bargain Network
6550 Hollister Ave.	37,700 SF	UCSB

LARGEST OFFICE SPACE LEASE DEALS		
ADDRESS	SIZE (SF)	LEASED BY
420 S Fairview Ave.	20,500 SF	Tecolote Research
5540 Ekwill Drive	14,000 SF	National Security Tech.
6860 Cortona Street	12,400 SF	GE Infrastructure
7000 Hollister Ave.	8,100 SF	SB Channels

LARGEST AVAILABLE INDUSTRIAL SPACES		
ADDRESS	SIZE (SF)	VACATED BY
6775 Hollister Ave.	81,300 SF	DuPont
82 Coromar Dr.	39,000 SF	Nexxus
30 S La Patera	32,200 SF	MapLink
5760 Thornwood Dr.	20,000 SF	Moss Motors

LARGEST INDUSTRIAL SPACE LEASE DEALS		
ADDRESS	SIZE (SF)	LEASED BY
99 Aero Camino	25,900 SF	Dakar
163 Aero Camino	16,500 SF	Kidde Spectrum
5353 Overpass Rd.	6,400 SF	
153 Aero Camino	3,500 SF	Kidde Spectrum

SOUTH COAST HIGHLIGHT SALES



614-618 E. Haley St.
 Bldg. Size: 3,366 SF
 Sale Price: \$1,225,000



28 Nopalitos Way
 Land Size: 6,534 SF
 Sale Price: \$650,000

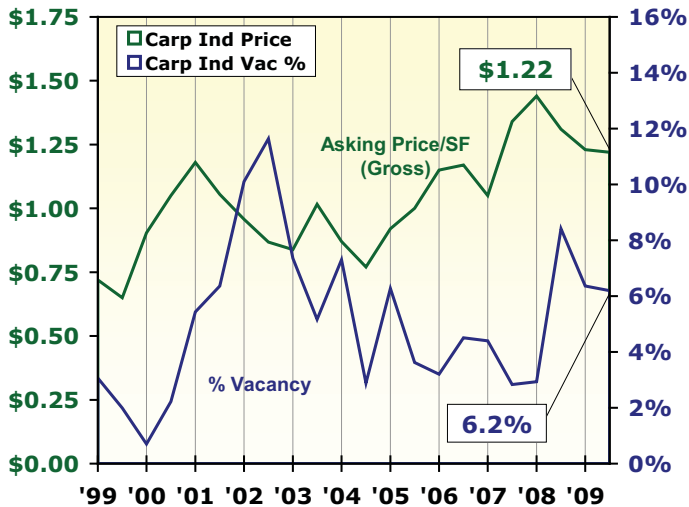


1601 State St.
 El Prado Inn: 68 Rooms
 Sale Price: \$14,000,000

Carpinteria Industrial Leasing

The Carpinteria industrial market has nearly the same vacancy rates and lease rates as Goleta at 6.2% and \$1.22/SF Gross respectively. Look for lease rates to decrease and for vacancy rates to increase in 2009 as a number of tenants opt not to renew their existing leases.

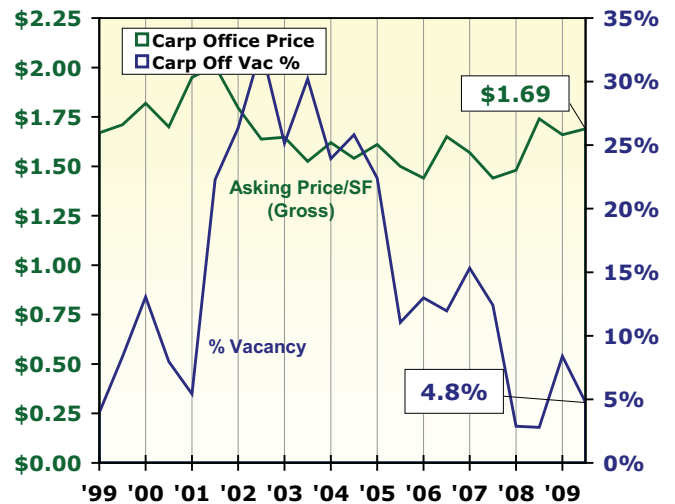
Carpinteria Industrial: Price vs. Vacancy Rate



Carpinteria Office Leasing

Carpinteria office vacancy decreased in the 1st quarter of 2009 falling from 8.4% down to 4.8%. With some of the Carpinteria office tenants downsizing their labor force, look for vacancy rates to increase in 2009. The only Carpinteria office lease in first quarter was a 15,404 square foot sublease at 6410 Via Real to lynda.com.

Carpinteria Office: Price vs. Vacancy Rate



LARGEST AVAILABLE INDUSTRIAL SPACES

ADDRESS	SIZE (SF)	VACATED BY
1026 Cindy Ln.	26,700 SF	Multiple Tenants
5690 Casitas Pass Rd.	16,000 SF	Multiple Tenants
1115 Mark Avenue	11,400 SF	ABN Technology
6383 Rose Lane B	8,200 SF	International Aerospace

LARGEST INDUSTRIAL LEASE DEALS

ADDRESS	SIZE (SF)	LEASED BY
555 Maple Avenue	3,900 SF	Table Top Studio
1005 Cindy Lane	2,800 SF	4Sameday Transport

LARGEST AVAILABLE OFFICE SPACES

ADDRESS	SIZE (SF)	VACATED BY
6410 Via Real	11,200 SF	Titan
6460 Via Real	2,600 SF	Sportwall
1110 Eugenia Pl.	2,400 SF	Kelly Computing
6440 Via Real	2,300 SF	Serafina

LARGEST OFFICE SPACE LEASE DEALS

ADDRESS	SIZE (SF)	LEASED BY
6410 Via Real	15,400 SF	Lynda.com

SOUTH COAST HIGHLIGHT LEASES



420 S. Fairview Ave.

Bldg. Size: 20,500 SF
Tenant: Tecolote



418 State St.

Bldg. Size: 5,800 SF
Tenant: India House



6410 Via Real

Bldg. Size: 15,400 SF
Tenant: lynda.com



1435 Anacapa St.

Bldg. Size: 4,780 SF
Tenant: Sabrient Systems