



RADIUS INSIGHT

Second Quarter 2009

South Coast Vacancy

Arrows indicate change during Q2 2009

Office/R&D Vacancy

Santa Barbara 6.7% ▲

Goleta 11.6% ▼

Carpinteria 5.3% ▲

Industrial Vacancy

Santa Barbara 0.9% ▼

Goleta 7.6% ▲

Carpinteria 7.3% ▲

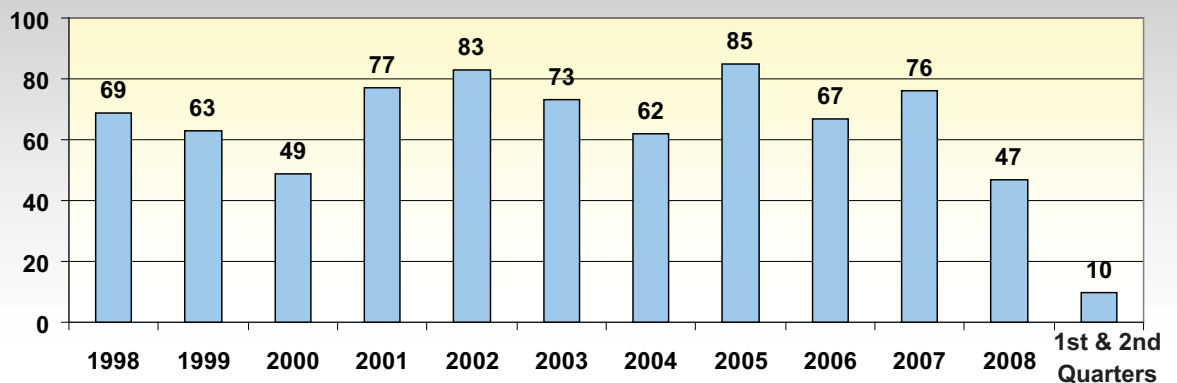
Retail Vacancy

Santa Barbara 2.7% ▲

2009 Second Quarter Commercial Vacancy and Sales Market Overview

The commercial (office, R&D and retail) sales market continued to limp along through the 2nd quarter of 2009. The 1st quarter finished with only 6 commercial sales, the 2nd quarter witnessed only 4 bringing the grand total to 10 for 2009. This production level is well off the pace of 47 total commercial sales for 2008 which unfortunately was the lowest total SB County had witnessed since 2000. Despite the low total of closed commercial sale transactions year to date, there has been noticeable buyer activity with regards to buyers making offers to purchase where previously such activity was nonexistent. There could be a few surprises in store for the 3rd quarter if a couple of deals currently under contract come to fruition. However, expect the current trend of approximately 5 commercial sales per quarter to continue through the end of the year.

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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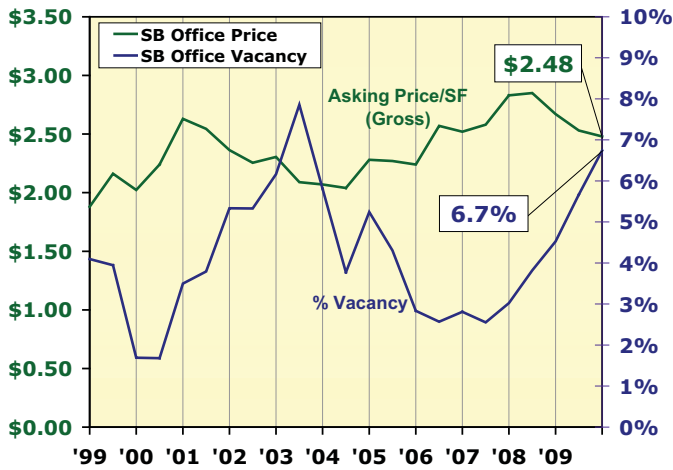


Gene Deering

Santa Barbara Office Leasing

The Santa Barbara office market has seen the vacancy rate steadily rise for the last two years. During the course of this ascent the vacancy rate has increased from 2.8% to 6.7%. While there are a number of larger office spaces on the market, 90 of the 120 office vacancies in Santa Barbara are less than 3,000 square feet. Look for the vacancy rate to increase slightly throughout the rest of 2009 which will result in the continued softening in lease rates.

Santa Barbara Office: Price vs. Vacancy Rate



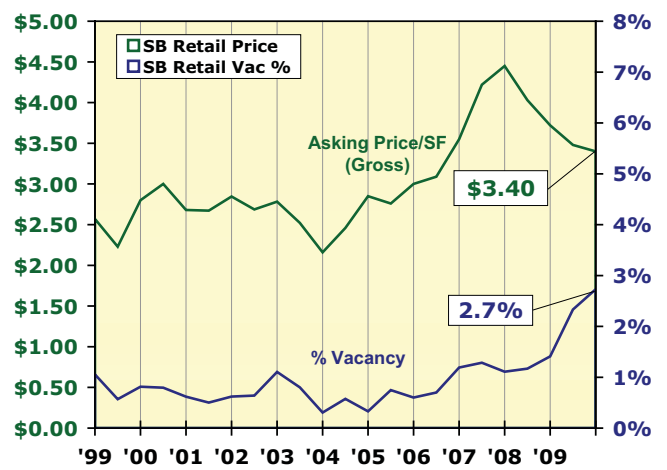
LARGEST AVAILABLE OFFICE SPACES		
ADDRESS	SIZE (SF)	VACATED BY
3780 State Street	15,400 SF	Multiple Tenants
819 Reddick Street	9,500 SF	Multiprobe, Inc.
1903 State Street	9,200 SF	ReMax
614 Santa Barbara St.	8,000 SF	Giatti

LARGEST OFFICE SPACE LEASE DEALS		
ADDRESS	SIZE (SF)	LEASED BY
530 E Montecito Street	28,400 SF	ValueClick, Inc.
1 N Calle Cesar Chavez	9,600 SF	Good Management
1033 Anacapa Street	4,700 SF	Cogi, Inc.
111 E Arellaga Street	4,400 SF	Family Therapy Institute

Santa Barbara Retail Leasing

The most dramatic price change we have seen recently has taken place in the Santa Barbara retail market. Prices have decreased from \$4.45 Gross in January of 2008 to \$3.40 Gross as of July 2009 (a 24% decline). As is the case in the Santa Barbara office leasing sector, look for rates to continue to fall and vacancies to continue to rise throughout the rest of 2009. Despite the bad news on the retail vacancy and lease rate front, this increase in vacancy has enabled local tenants like Fueled Sports, Valhalla Elite Training, and Word of Life to move into prime locations which would have previously been snapped up by national tenants.

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
1119 State Street	11,500 SF	Antica Rugs
3042 State Street	10,900 SF	Thomasville Furnishings
610 Anacapa Street	8,900 SF	Cafe Gliss

LARGEST RETAIL LEASE DEALS		
ADDRESS	SIZE (SF)	LEASED BY
530 State Street	11,400 SF	Fueled Sports
1722 State Street	7,500 SF	Valhalla Elite Training
210 W Carrillo Street	6,000 SF	Word of Life, SB
741 Chapala Street	3,000 SF	

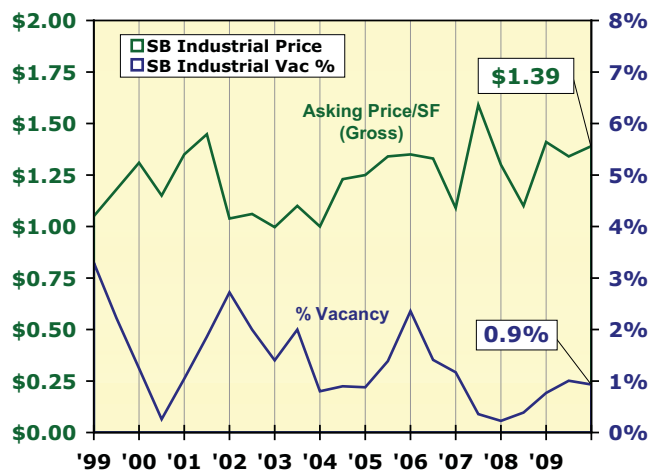
Santa Barbara Industrial Leasing

The Santa Barbara industrial market continues to be the most resilient market on the South Coast. With the limited amount of industrial space we have not seen any softening regarding pricing or vacancy rates.

LARGEST AVAILABLE INDUSTRIAL SPACES		
ADDRESS	SIZE (SF)	VACATED BY
619 E Montecito Street	9,600 SF	Mission Linen
820 Bond Avenue	7,500 SF	Profile Record Storage
1 N. CCC, Suite 9	6,700 SF	Door 9 Studios
122 Santa Barbara Street	4,000 SF	

LARGEST INDUSTRIAL LEASE DEALS		
ADDRESS	SIZE (SF)	LEASED BY
436 E Gutierrez Street	11,500 SF	Haagen Printing
1 N. Calle Cesar Chavez	8,200 SF	SB Dance Arts

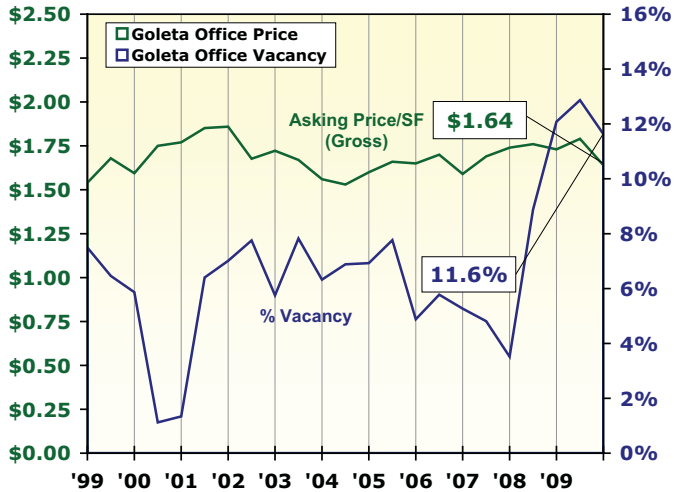
Santa Barbara Industrial: Price vs. Vacancy Rate



Goleta Office Leasing

The Goleta office market vacancy decreased slightly in the second quarter of 2009. The former Bargain Network space (43,900 SF) came off the market and three large office leases (26,200 SF, 14,000 SF, and 12,000 SF) all helped reduce vacancy in this sector to below 12%.

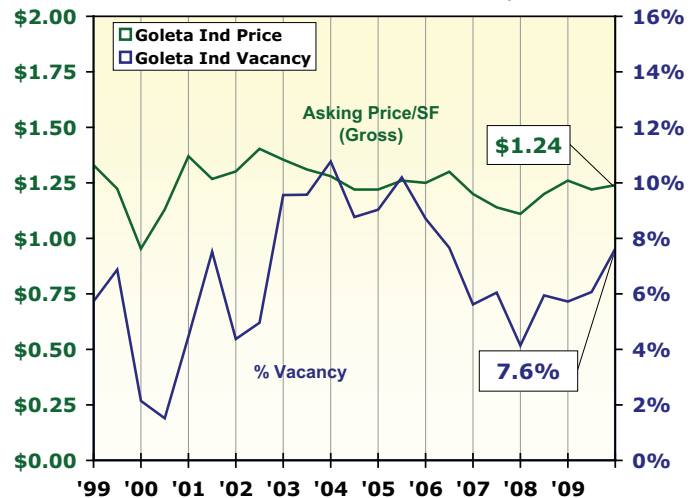
Goleta Office: Price vs. Vacancy Rate



Goleta Industrial Leasing

There was very little leasing activity in this sector during the second quarter of 2009. In fact, the only deal of note was the 9,900 square foot lease to ACRA Enterprises. As expected, vacancy in the industrial sector of Goleta continued to increase rising from 6.1% at the end of Q1 2009 to 7.6%. Look for this limited activity to lead to higher Goleta industrial vacancy rates and lower Goleta industrial lease rates throughout the remainder of 2009.

Goleta Industrial: Price vs. Vacancy Rate



LARGEST AVAILABLE OFFICE SPACES

ADDRESS	SIZE (SF)	VACATED BY
7418 Hollister Ave.	86,300 SF	Raytheon
5385 Hollister Ave.	46,900 SF	Multiple Tenants
6550 Hollister Ave.	37,700 SF	UCSB
120 Cremona Drive	34,000 SF	Multiple Tenants

LARGEST OFFICE SPACE LEASE DEALS

ADDRESS	SIZE (SF)	LEASED BY
454 S Patterson Ave.	26,200 SF	Cottage Hospital
5540 Ekwill Drive	14,000 SF	National Security Tech.
1351 Holiday Hill	12,000 SF	J.D. Business Solutions
6769 Hollister Ave.	7,200 SF	Sientra

LARGEST AVAILABLE INDUSTRIAL SPACES

ADDRESS	SIZE (SF)	VACATED BY
6775 Hollister Ave.	81,300 SF	DuPont
30 S La Patera	56,000 SF	Multiple Tenants
82 Coromar Dr.	53,000 SF	Nexus
6868 Cortona Dr.	11,000 SF	ProFile Records

LARGEST INDUSTRIAL SPACE LEASE DEALS

ADDRESS	SIZE (SF)	LEASED BY
5760 Thornwood	9,900 SF	ACRA Enterprises

SOUTH COAST HIGHLIGHT SALES



2233 Oak Park

Bldg. Size: 7,625 SF
 Sale Price: \$5,500,000
 (\$721/SF)



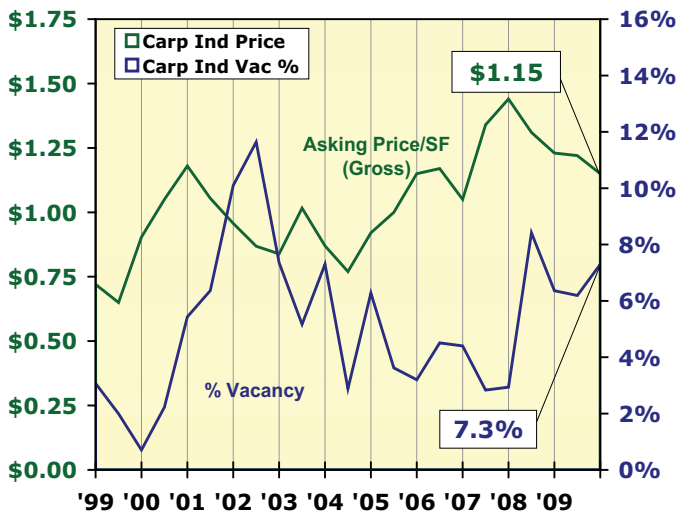
108 Aero Camino

Land Size: 94,525 SF
 Sale Price: \$3,006,000
 (\$32/SF)

Carpinteria Industrial Leasing

The Carpinteria industrial market saw vacancy increase and prices decrease in the second quarter of 2009. In a market segment characterized by its consistent sub 5% vacancy rate since 2005, vacancy clicked up to 7.3%. With vacancy trending upward, it's no surprise that Carpinteria industrial lease rates have been trending downward. Look for vacancies to continue to rise and lease rates to fall slightly during the third and fourth quarter of 2009.

Carpinteria Industrial: 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.	13,000 SF	Multiple Tenants
1115 Mark Avenue	11,400 SF	ABN Technology
6383 Rose Lane B	8,200 SF	International Aerospace

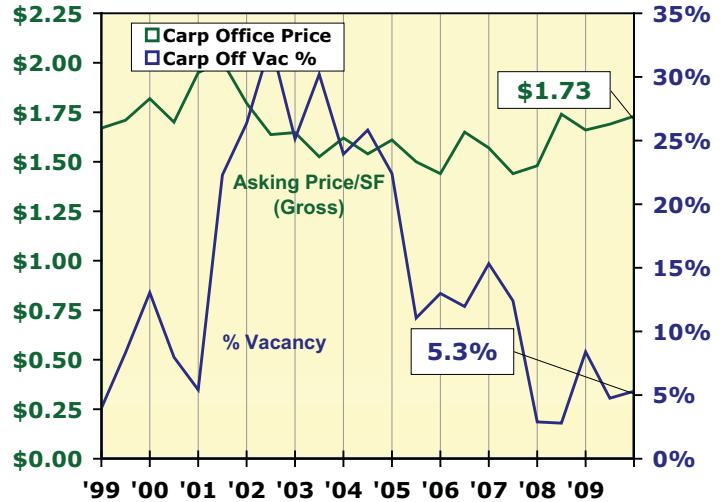
LARGEST INDUSTRIAL LEASE DEALS

ADDRESS	SIZE (SF)	LEASED BY
1010 Cindy Lane	4,500 SF	Biosphere Industries
516 Palm Ave.	1,400 SF	Dentax Limited

Carpinteria Office Leasing

Carpinteria's office vacancy clicked up slightly from 4.8% last quarter to 5.3% this quarter. With a fair amount of Carpinteria office space set to come to the market next quarter, expect the familiar theme of rising vacancy and decreasing lease rates in this market sector. One of the bright spots on the Carpinteria commercial scene has been the activity of Lynda.com who leased 15,400 SF of office space at 6410 Via Real.

Carpinteria Office: Price vs. Vacancy Rate



LARGEST AVAILABLE OFFICE SPACES

ADDRESS	SIZE (SF)	VACATED BY
6410 Via Real	11,000 SF	Titan
5030 Carpinteria Ave.	2,700 SF	Multiple Tenants
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



530 E. Montecito Street

Bldg. Size: 28,350 SF
Tenant: ValueClick



454 S. Patterson

Bldg. Size: 26,201 SF
Tenant: Cottage Hospital



530 State Street

Bldg. Size: 11,420 SF
Tenant: Fueled Sports



6410 Via Real

Bldg. Size: 15,404 SF
Tenant: lynda.com