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PORT POWER

Thanks to increased activity at the **Ports** of LA and Long Beach, **Watson Land Co** has been leasing up a **storm** of industrial space (nearly 1.9M SF in the South Bay YTD), leasing and marketing VP **Lance Ryan** tells us.



Lance, here with with Watson's **Mike Bodlovich** and **Sandy Timmel**, says an uptick in **container traffic** at the ports has helped fuel big gains in the company's South Bay absorption and other landlords are seeing improvements in occupancy, too. But Watson controls about 20% of the South Bay inventory and has captured a larger share of the market, about **30% to 40%**. And the company's not done yet—it has a couple more leases in the works. It leased more than **650k SF** in two months (or nearly 11k SF per day, assuming they worked weekends). Including Inland Empire properties—where volume's up as well—Watson's leased a record **2.2M-plus SF** so far this year.



In an expansion at Watson Industrial Center, **Price Transfer** recently leased this 219k SF industrial facility (contiguous to four other buildings it already occupies) for a **customs exam center**. But contraband **salami** (two words we're sure we've never before written together) or designer knockoffs aren't its main target—Lance says it involves the inspection of incoming containers, a result of increased **homeland security**. In early 2010, “we reached historic lows in terms of **retail inventories**,” he tells us, causing increased imports as retailers moved to restock shelves. As the year went on, a surge in short-term leases became **long-term** arrangements. From that perspective, Lance says, multinational retailers and logistics companies handling their products forecast continued **economic growth**. But employment and its impact on the movement of goods is key. “We’re looking at this **holiday season** to see how that shakes out.”



Lance, middle, and Mike, second from right, aren't gearing to drill for **oil** now that gas has topped \$3.20/gallon in LA. They're paying tribute to the rescued **Chilean miners** at Watson's Halloween party. Lance says there's been a **flight to quality**, and part of that is location— companies involved in **supply chain** activities want to be closer to the port complex. But building **functionality and aesthetics** have also played a role. Five years ago, Watson launched a **renovation** program that included modern design elements, lighting retrofits, and LEED cert. That work has benefited leasing, Lance says. Oh, and here's a grabber: New **spec construction** planned at **Watson Corporate Center**, also in Carson. Watson's looking to permit a 220k SF, cross-dock building in **2011** so construction can start in the second half.