
PRESS RELEASE

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Contact: Paige Carratturo
Director of Marketing & Media Relations
REZA Investment Group
949-271-1167
paige@gowithreza.com

SOUTHERN CALIFORNIA PRICES CONTINUE TO INCREASE DESPITE A 15% DECREASE IN SALES VOLUME - THE OUTLOOK FOR 2005 COULDN'T BE BETTER

IRVINE, Calif., (January 6, 2005) - The retail market in Southern California continues its incredible run with double-digit increases in cost per square foot, while capitalization rates dropped more than one-half point in 2004. Simultaneously, the market experienced an overall drop in sales volume of approximately 15%.

“We are continuing to see a compression of cap rates, even though the transaction volume has noticeably decreased”, reports Reza Etedali, President of REZA Investment Group (RIG). He further notes, “This trend is not exclusive to California. Nationally, the trends are similar, although Southern California cap rates are still about one-half point lower than the national average, continuing to demonstrate the strength of the Southern California market.”

Although the overall sales volume for Southern California has decreased, the key markets of Los Angeles and Orange County experienced increases of 9% and 35%, respectively. “The continued strength, especially in OC can be attributed to the high demand for premium properties in premium locations, in addition to aging owners finally taking profits”, says Etedali.

LA and OC are nearly equal in the average price per square foot at \$213.16 for LA and \$214.54 for OC, which is slightly above the overall average cost per square foot of \$204.82, across Southern California. This represents a 12% increase overall in comparison to 2003.

What continues to drive the retail real estate market particularly in Southern California are low interest rates, strong overall retail performance and the lack of good investment alternatives. Investors finally see real estate as a viable alternative to the stock market, not just a diversifier. The S&P 500 returned 10.71% in 2004, while the retail sector of REIT stocks returned more than 3 times that amount at 32.2%. Overall, it was the 5th year that the REIT index beat the S&P 500.

“Our view is that the retail investment market will continue to experience pricing increases, however, the overall pace will slow, especially if we see a sudden rise in interest rates over the next year, although moderate interest rate hikes are not a great concern”, comments Etedali. As institutional groups continue to be under pressure to place capital in this market, and as inventory continues to tighten, sellers will continue to reap the benefits in one of the best seller’s markets we’ve seen in decades.

ABOUT RIG

REZA Investment Group (RIG), based in Irvine, California, is the premier retail investment advisory firm with a multi-billion dollar transaction track record. We focus all of our resources exclusively on shopping centers and retail investment properties. Our transaction history ranges from high profile malls to neighborhood shopping centers. Both our business model and transactions have been nationally recognized.

REZA Investment Group sets the standard for the industry and inspires others to be their best by raising the bar on client services and transaction management. We are long-term players that cultivate solid relationships built on a foundation of trust and integrity. We create the highest value for our clients by continually uncovering exceptional opportunities. For more information, please visit www.rezainvestmentgroup.com.