

Ventura County

Industrial Market Outlook 1Q 2017

MARKET OVERVIEW

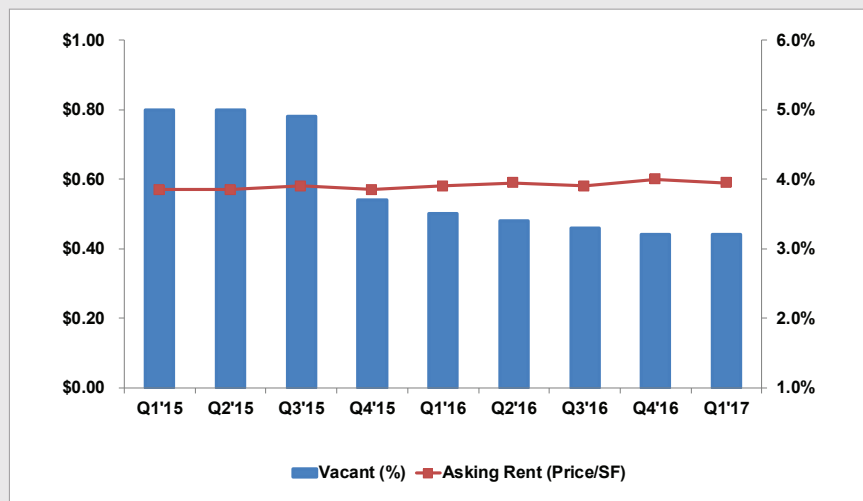
The Ventura County industrial market remained consistent in the first quarter of 2017. After a lull in new construction for the past three quarters, there is currently one project underway in Ventura County. A 54,000 square foot industrial building is being built in Camarillo near the Camarillo Outlets. It is expected to be available for sale or lease in September. The vacancy rate in Ventura County registered 3.2%, unchanged from the previous quarter and down 20 basis points from last year. The availability rate was 5.6%, the lowest it has been since 2008. Asking rents increased 1.7% over the past year to \$0.59/SF and is just \$0.02/SF shy of the peak reached in the previous cycle in 2008. Sales volume has seen a healthy increase over the past year with more transactions, indicating continued demand to purchase industrial product. Over the past year, Ventura County has seen steady improvement in employment growth, which is up 2.8% from February 2016 to February 2017. This represents a net gain of 8,400 jobs.

TRENDS TO WATCH

The Ventura County industrial market is expected to remain steady in the industrial market in 2017. With only one project under construction, the vacancy rate is not likely to increase due to new supply. Demand for industrial space will continue to be driven by companies branching out from the tight San Fernando Valley industrial market, which has a vacancy of 1.6%. The investment and sale market is expected to remain strong this year. Investment and development opportunities are available in Ventura County due to its less expensive and more easily available land, compared to surrounding regions. Developers could be motivated to break ground on one of 13 proposed projects as rents continue to rise.

Average Asking Rent and Vacancy Rate

All Unit Sizes



Source: NAI Capital Research, CoStar

MARKET OUTLOOK

Asking Rental Rates



Sale Prices



Availability/Vacancy Rates



Landlord Concessions



Sales/Leasing Volume



New Construction



NAI Capital Research
www.naicapital.com

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Market Statistics

SUBMARKET	EXISTING TOTAL RBA (SF)	UNDER CONSTRUCTION (SF)	TOTAL AVAILABLE (%)	TOTAL VACANCY (%)	1Q17 LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	1Q17 SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT \$/PSF NNN	AVERAGE SALE PRICE \$/PSF
North	11,143,835	0	5.7%	3.3%	82,345	82,345	86,320	86,320	\$0.57	\$150
West	22,907,663	0	5.3%	3.0%	92,211	92,211	108,015	108,015	\$0.61	\$140
Central	13,398,795	54,253	6.1%	3.5%	195,221	195,221	604,655	604,655	\$0.58	\$105
Total	47,450,293	54,253	5.6%	3.2%	369,777	369,777	798,990	798,990	\$0.59	\$121

RBA includes industrial buildings of all sizes. Rents reflect buildings of at least 10,000 square feet.

Leasing

Thirty four lease deals were signed in the first quarter, down from 60 in the first quarter of 2016. There was a similar decline in lease volume, falling 38.5% from a year ago to 370,000. Average asking rents increased only slightly over the year, rising 1.7% from \$0.58/SF to \$0.59/SF. This rate is only \$0.02 below the peak reached in 2008. Landsberg Orora, a packaging and supply company, leased an entire 93,398 square foot warehouse/distribution property in Camarillo at an asking rate of \$0.65/SF. Pratt Industries, a 100% recycled paper and packaging company, leased 64,800 square feet of warehouse/distribution space in Oxnard at \$0.45/SF.

Sales

Sale volume showed a dramatic increase this quarter, totaling 798,990 square feet. Sales volume doubled the total sold last quarter and is up 24.2% from a year ago, which are significant measures for a market of this size. The average size of buildings sold increased 38.6%, going from 22,178 square feet to 30,730 this quarter. The average sale price for industrial space was \$121/SF this quarter, for an increase of 13.5% over the year while cap rates averaged 5.6%. In one of the largest sales transactions this quarter, Victor and Susan Schaff purchased an 113,000 square foot warehouse in Camarillo for \$114/SF with a 6.9% cap rate. Westfalia Fruit, an international tropical fruit supplier, purchased a 49,564 square foot manufacturing building in Oxnard for \$121/SF, which it will occupy as an owner/user.

Select Lease Transactions:

TENANT	ADDRESS	SUBMARKET	ASKING RENT \$/PSF*	SQUARE FEET
Landsberg	701 W Ventura Blvd	Central	\$0.65	93,398
Pratt Industries	2325 Statham Blvd	West	\$0.45 IG	64,800
Patina	6205 Ventura Blvd	North	\$0.65	51,237
Hanson Lab Furniture	741-747 Calle Plano	Central	\$0.59	33,720
Drum Workshop	2151 Trabajo Dr	West	\$.73 IG	36,999

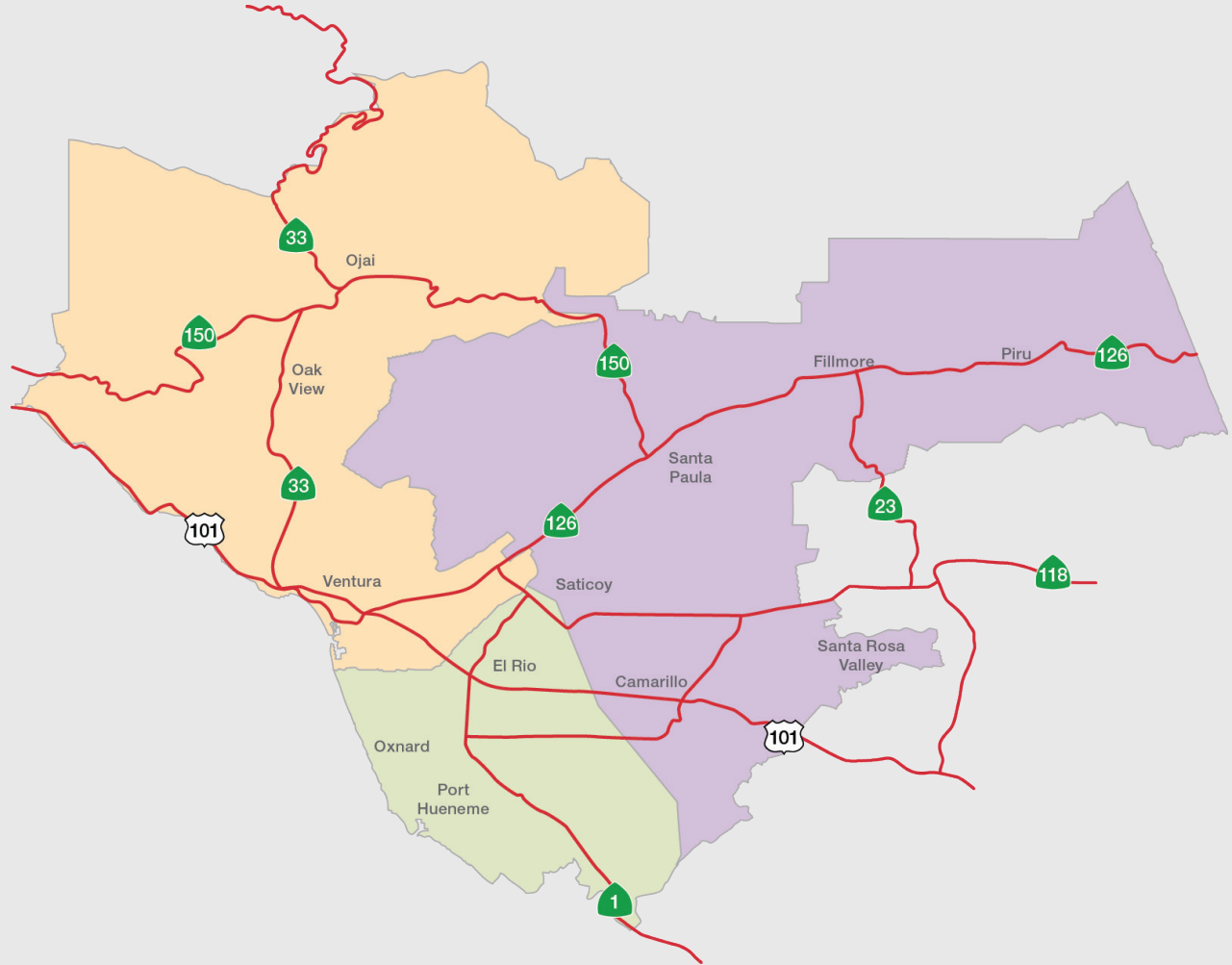
*All rents are NNN unless otherwise stated

Select Sales Transactions:

BUYER	ADDRESS	SUBMARKET	SALE PRICE \$/PSF	SQUARE FEET
Victor W & Susan M Schaff	750 W Ventura Blvd	Central	\$114	113,000
Majco Inc	809 Calle Plano	Central	\$77	65,240
Westfalia Fruit	1901 Eastman Ave	West	\$121	49,564
Mission Christian Church	5353 Walker St	North	\$180	25,000
Mary Tigmo Trust	2128 Knoll Dr	North	\$121	14,850

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○ **North**

- Ojai
- Oak View
- Ventura

○ **West**

- Oxnard
- Port Hueneme
- El Rio

○ **Central**

- Camarillo
- Fillmore
- Piru
- Santa Paula
- Santa Rosa Valley
- Saticoy

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Commercial Real Estate Services, Worldwide.

NAI Capital Research

J.C. Casillas

Vice President

Research, Marketing and Communications

jasillas@naicapital.com

Jillian Olivas

Research and Communications Assistant

jolivas@naicapital.com

Kevin de Bree

Research Analyst

kdebree@naicapital.com

NAI Capital Southern California Office Locations

Headquarters

Encino

16001 Ventura Blvd., Ste. 200
Encino, CA 91436
(818) 905-2400

Los Angeles County

Commerce

500 Citadel Dr., Ste. 100
Los Angeles, CA 90040
(323) 201-3600

Diamond Bar

21660 E. Copley Dr., Ste. 320
Diamond Bar, CA 91765
(909) 348-0600

Pasadena

225 S. Lake Ave., Ste. 1170
Pasadena, CA 91101
(626) 564-4800

Torrance

970 W. 190th St. Dr., Ste. 100
Torrance, CA 90502
(310) 532-9080

Valencia

27451 Tourney Rd., Ste. 200
Valencia, CA 91355
(661) 705-3550

West Los Angeles

11835 Olympic Blvd., Ste. 700E
Los Angeles, CA 90064
(310) 440-8500

Ventura County

Oxnard

300 Esplanade Dr., Ste. 1660
Oxnard, CA 93036
(805) 278-1400

Westlake Village

2555 Townsgate Rd., Ste. 320
Westlake Village, CA 91361
(805) 446-2400

Simi Valley

2655 First St., Ste. 250
Simi Valley, CA 93065
(805) 522-7132

Orange County

Irvine

1920 Main St., Ste. 100
Irvine, CA 92614
(949) 854-6600

San Clemente

120 1/2 South El Camino Real,
Ste. 210
San Clemente, CA 92674
(949) 874-0415

Inland Empire

Ontario

800 N. Haven Dr., Ste. 400
Ontario, CA 91764
(909) 945-2339

Temecula

27720 Jefferson Ave., Ste. 330
Temecula, CA 92590
(951) 491-7590

Victorville

13911 Park Avenue, Ste. 206
Victorville, CA 92392
(760) 780-4200

Coachella Valley

Palm Desert

75-410 Gerald Ford Dr., Ste. 200
Palm Desert, CA 92211
(760) 346-1566

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