

Ventura County

Industrial Market Outlook 2Q 2017

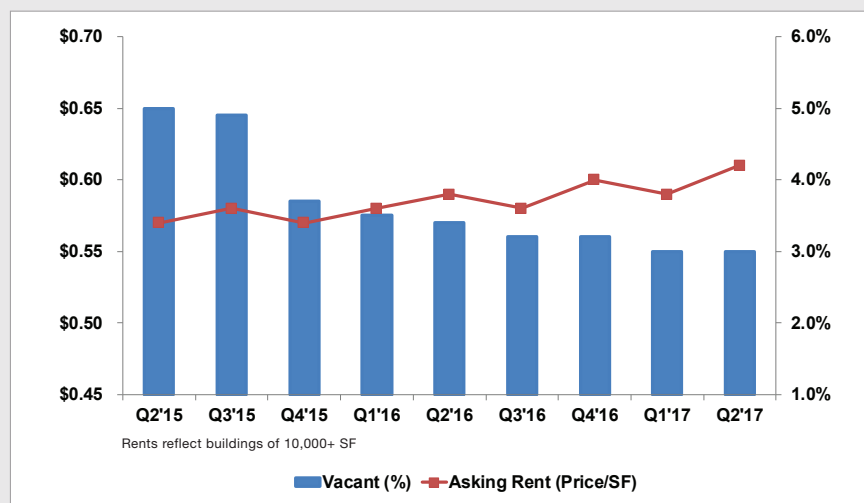
MARKET OVERVIEW

The Ventura County industrial market vacancy rate held steady this quarter, while the average asking rent saw an uptick. Average rents increased 3.4% over the past year to \$0.61/SF, returning to the peak asking rate for the first time since 2008. The vacancy rate in Ventura County registered 3.0%, unchanged from the previous quarter and down 40 basis points from this time last year. Availability was 5.0% this quarter, the lowest rate on record. Midway through the year leasing volume is up compared to 2016 while sale volume is down. Construction has lagged in Ventura County in recent quarters, but there are currently two buildings under construction totaling 81,662 square feet. Demand is driven by a strong economy as well as cargo volume from the ports including the Port of Los Angeles, the Port of Long Beach and Port of Hueneme. In the first five months of 2017, more than 6.5 million TEUs have filtered through Los Angeles and Long Beach. Meanwhile, the latest statistics available show that the Port of Hueneme saw an 11% increase in fresh fruit imports from February 2016 to February 2017.

TRENDS TO WATCH

The Ventura County industrial market is expected to remain steady throughout 2017. Tight land-use restrictions in Ventura County present additional challenges for industrial development. The two projects currently under construction will add a minimal supply to the market when complete. The first is a 24,409 square foot industrial distribution building located at 3823 Mission Oaks Boulevard in Camarillo. It is expected to deliver in November 2017 and has not yet been leased, but is asking \$0.90/SF. The second project is a 54,253 square foot building also being built in Camarillo and is scheduled to deliver early 2018. The building includes 1,500 square feet of mezzanine office space and is available for lease or sale at an undisclosed price.

Average Asking Rent and Vacancy Rate



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

Ventura County

Industrial Market Outlook 2Q 2017

Market Statistics

SUBMARKET	EXISTING TOTAL RBA (SF)	UNDER CONSTRUCTION (SF)	TOTAL AVAILABLE (%)	TOTAL VACANCY (%)	2Q17 LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	2Q17 SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT \$/PSF NNN	AVERAGE SALE PRICE \$/PSF
North	11,147,571	0	4.9%	3.2%	68,999	203,879	166,216	252,536	\$0.63	\$125
West	22,935,492	0	3.6%	2.8%	300,076	542,435	95,885	213,679	\$0.62	\$128
Central	13,346,354	81,662	7.4%	3.2%	125,560	334,751	23,688	344,020	\$0.58	\$144
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

Lease volume totaled nearly 500,000 square feet this quarter for a grand total of 1.1 million square feet year to date. This represents an increase of 12.3% from the midyear volume in 2016. Average asking rents returned to the prior peak, rising 3.4% from \$0.59/SF to \$0.61/SF. This quarter, aerospace giant Northrop Grumman leased the entire 127,511 square foot manufacturing building located at 2601 Camino Del Sol in Oxnard. This space is directly across the street from one of their current operations and was leased at an asking rate of \$0.63/SF. Meanwhile, CoolPak, a prior tenant at 2601 Camino Del Sol, moved into a 75,899 square foot manufacturing building in Oxnard with an asking rate of \$0.58/SF.

Sales

Sales of industrial properties slowed down in Ventura County this quarter, totaling just over 285,000 square feet. Sale prices averaged \$128/SF, about steady from last quarter and up 10.5% from last year. The year to date volume is 810,000 square feet, which is a 40.4% decline from the first half of last year. However, there were significant sales that took place during the second quarter. Outdoors clothing and accessory producer, Patagonia, purchased the former space of The Brooks Institute, which abruptly closed in August of last year and had been sitting unoccupied. The 68,000 square foot property that includes a mix of office, warehouse and post production space sold in May for \$110/SF. Patagonia plans to use the space to expand its Ventura headquarters.

Select Lease Transactions:

TENANT	ADDRESS	SUBMARKET	ASKING RENT \$/PSF*	SQUARE FEET
Northrop Grumman	2601 Camino Del Sol	West	\$0.63	127,511
CoolPak LLC	401 N Rice Ave	West	\$0.58	75,899
International Paper Company	2505 E Pleasant Valley Rd	Central	\$0.65	39,636
Unlisted	4656 Adhor Ln	Central	\$0.75 IG	25,870
Unlisted	3815 Doris Ave	West	\$0.78 MG	21,300

*All rents are NNN unless otherwise stated

Select Sales Transactions:

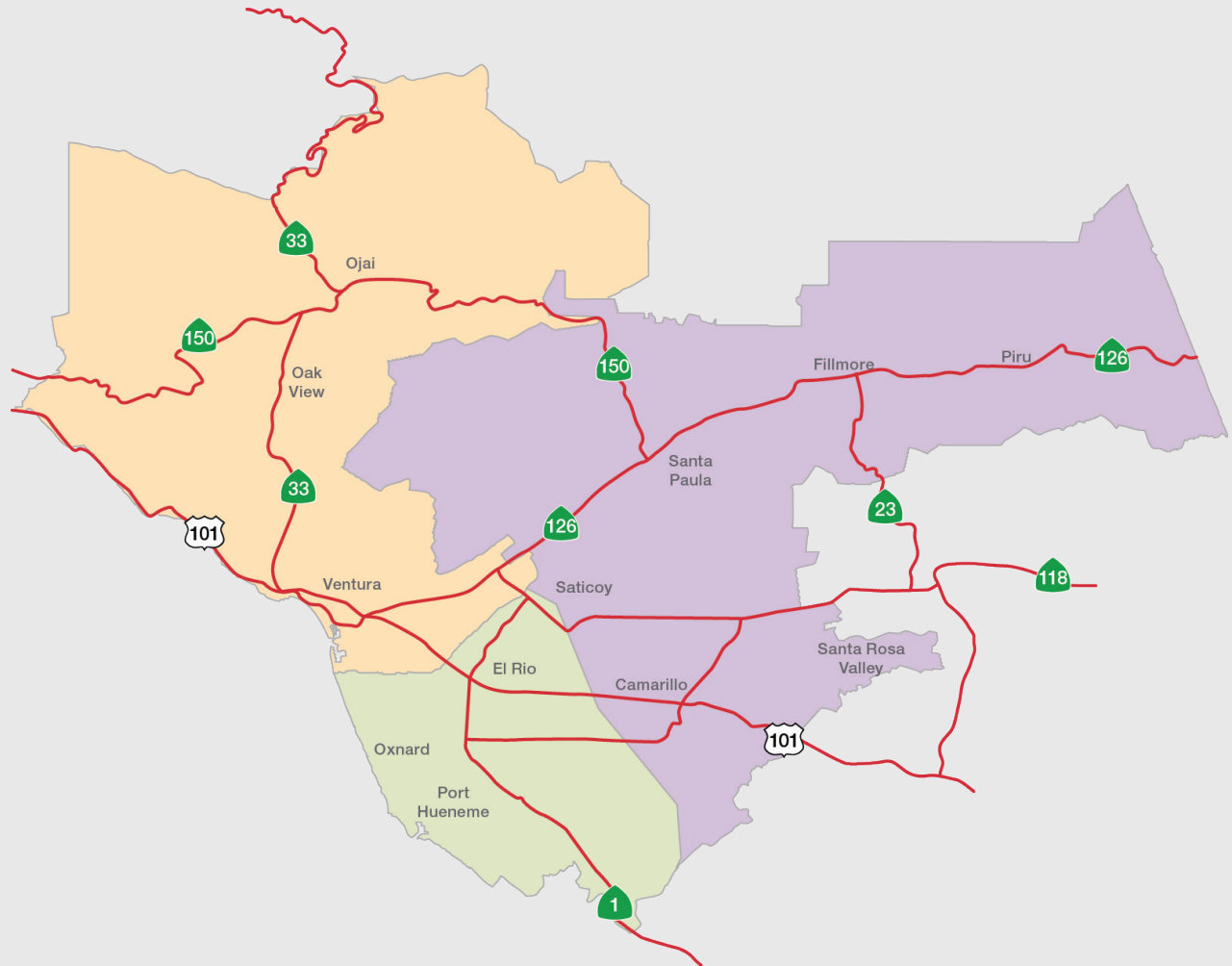
BUYER	ADDRESS	SUBMARKET	SALE PRICE \$/PSF	SQUARE FEET
Patagonia Works Inc	5301 N Ventura Ave	North	\$110	68,000
John Nelson	5600 Everglades St	North	\$143	34,124
Addison Pools	360 Bernoulli Cir	West	\$116	13,765
Jumealle Properties LLC	1620 Fiske Pl	West	\$136	10,626
Vineyard Trust	300 Irving Dr	West	\$140	9,675

Ventura County

Industrial Market Outlook 2Q 2017



Commercial Real Estate Services, Worldwide.



North

- Ojai
- Oak View
- Ventura

West

- Oxnard
- Port Hueneme
- El Rio

Central

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

Ventura County

Industrial Market Outlook 2Q 2017



Commercial Real Estate Services, Worldwide.

NAI Capital Research

J.C. Casillas

Vice President

Research, Marketing and Communications

jcasillas@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

Downtown LA

601 S. Figueroa St., Ste 3825
Los Angeles, CA 90017
(213) 632-7700

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

No warranty, express or implied, is made as to the accuracy of the information contained herein. This information is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and is subject to any special listing conditions imposed by our principals. Cooperating brokers, buyers, tenants and other parties who receive this document should not rely on it, but should use it as a starting point of analysis, and should independently confirm the accuracy of the information contained herein through a due diligence review of the books, records, files and documents that constitute reliable sources of the information described herein. NAI Capital CA BRE #01990696

Realizing Potential.
Delivering Results.