

Ventura County

Industrial Market Outlook 2Q 2019

MARKET OVERVIEW

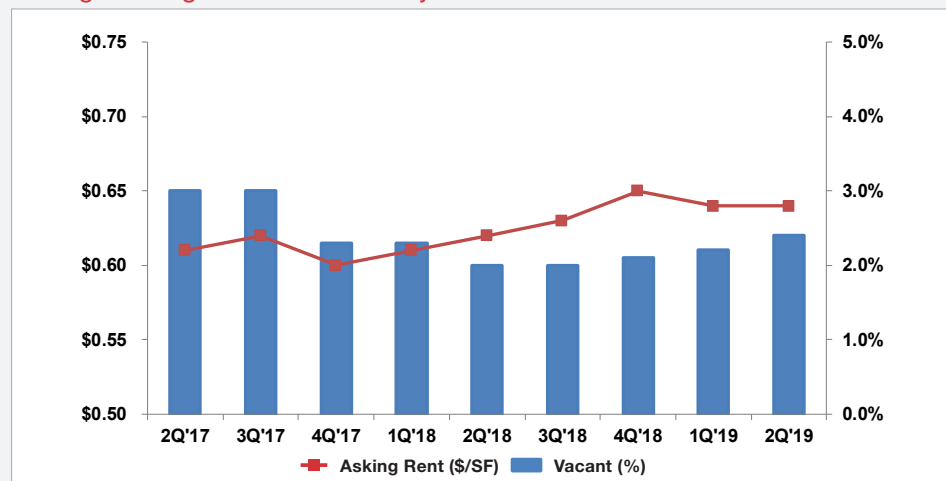
The Ventura County industrial market experienced a bump up in vacancy. The vacancy rate inched up 20 basis points over the quarter and 40 basis points from 2Q 2018 to 2.4%. While the average asking rent was unchanged from the prior quarter, it is up 3.2% year over year to \$0.64/SF NNN. The West submarket, which includes Port Hueneme and Oxnard, experienced the strongest leasing activity and rent growth. The average asking rent in the West submarket increased 7.9% year over year to \$0.68/SF, while leasing volume totaled more than 106,000 square feet, or slightly less than half of the total amount leased in the County. The 1.9% vacancy in the West submarket is 50 basis points below the County average.

Vacancy is low, rent is steady, and construction remains in check. There have not been any construction starts in 2019 and just one 24,518 square foot building has delivered so far. This building remains available for lease asking \$0.79/SF. Two buildings totaling 110,496 square feet remained under construction at the end of the quarter and are expected to be completed by mid-2020.

TRENDS TO WATCH

Ventura County is showing the characteristics of a tight market that has reached a peak: high asking rent, minimal available space and low transaction volume. Leasing activity in the first half of 2019, at 443,000 square feet, is down 56.1% from this time last year. A dearth of available space is causing companies to move operations out of Ventura County in search of functional space. Harbor Freight Tools was Camarillo's third largest employer with more than 550 workers ten years ago. This quarter, the company announced it would close its Camarillo distribution center and consolidate operations with its existing Moreno Valley facility, resulting in the loss of the remaining 51 jobs. In 2018, Harbor Freight was Moreno Valley's eighth largest employer, employing 788 workers. Lack of new construction will limit future growth for companies in Ventura County. Approximately 503,000 square feet of proposed construction, consisting mostly of small buildings under 50,000 square feet, will serve small, local tenants but offer no room for larger users to expand.

Average Asking Rent* and Vacancy Rate



MARKET OUTLOOK

Asking Rental Rates



Sale Prices



Availability/Vacancy Rates



Landlord Concessions



Sales/Leasing Volume



New Construction



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Market Statistics*

SUBMARKET	EXISTING TOTAL RBA (SF)	UNDER CONSTRUCTION (SF)	TOTAL AVAILABLE (%)	TOTAL VACANCY (%)	2Q19 LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	2Q19 SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT (\$/SF NNN)	AVERAGE SALE PRICE (\$/SF)
Central	13,361,989	110,496	13.1%	3.8%	55,450	210,511	86,340	106,746	\$0.63	\$102
North	11,163,501	0	2.2%	1.8%	53,477	80,719	70,887	170,439	\$0.62	\$154
West	22,874,820	0	3.3%	1.9%	106,657	151,409	42,325	124,802	\$0.68	\$155
Ventura County	47,400,310	110,496	5.8%	2.4%	215,584	442,639	199,552	401,987	\$0.64	\$130

Leasing

The pace of leasing activity in Ventura County slowed demonstrably in 2Q 2019. Lease volume totaled 218,584 square feet in 2Q 2019 for a total of 442,639 square feet leased year to date. This was 56.1% lower than the volume leased through the first half of 2018. The drop off in the leasing volume indicates a market that reached a peak, demonstrating tight market conditions including high asking rent, low available supply and measured demand. Quarterly leasing volume was strongest in the West submarket, including Oxnard and the Port of Hueneme, with 151,409 square feet leased in 2Q 2019. The asking rent was also highest in this submarket at \$0.68/SF. In one of the largest transactions of the quarter, Magnelan Energy leased a 46,455 square foot warehouse building in Oxnard at an asking rate of \$0.60/SF NNN. Magnelan Energy is expected to occupy the building in October.

Sales

Ventura County industrial sales activity remained low in 2Q 2019 but did not experience significant change from the prior quarter or the prior year. Volume by square footage totaled just under 200K square feet, down a negligible 1.4% from the prior quarter and steady over 2Q 2018. Dollar volume totaled \$23.7 million and the average sale price per square foot was \$130. The average cap rate on investment sales over \$2 million was 7.7%, suggesting that Ventura County industrial buildings may provide a higher value for investors when cap rates for industrial investment sales over \$2 million in Los Angeles County (4.4%), Orange County (4.3%) and the Inland Empire (5.3%) are much lower.

Select Lease Transactions

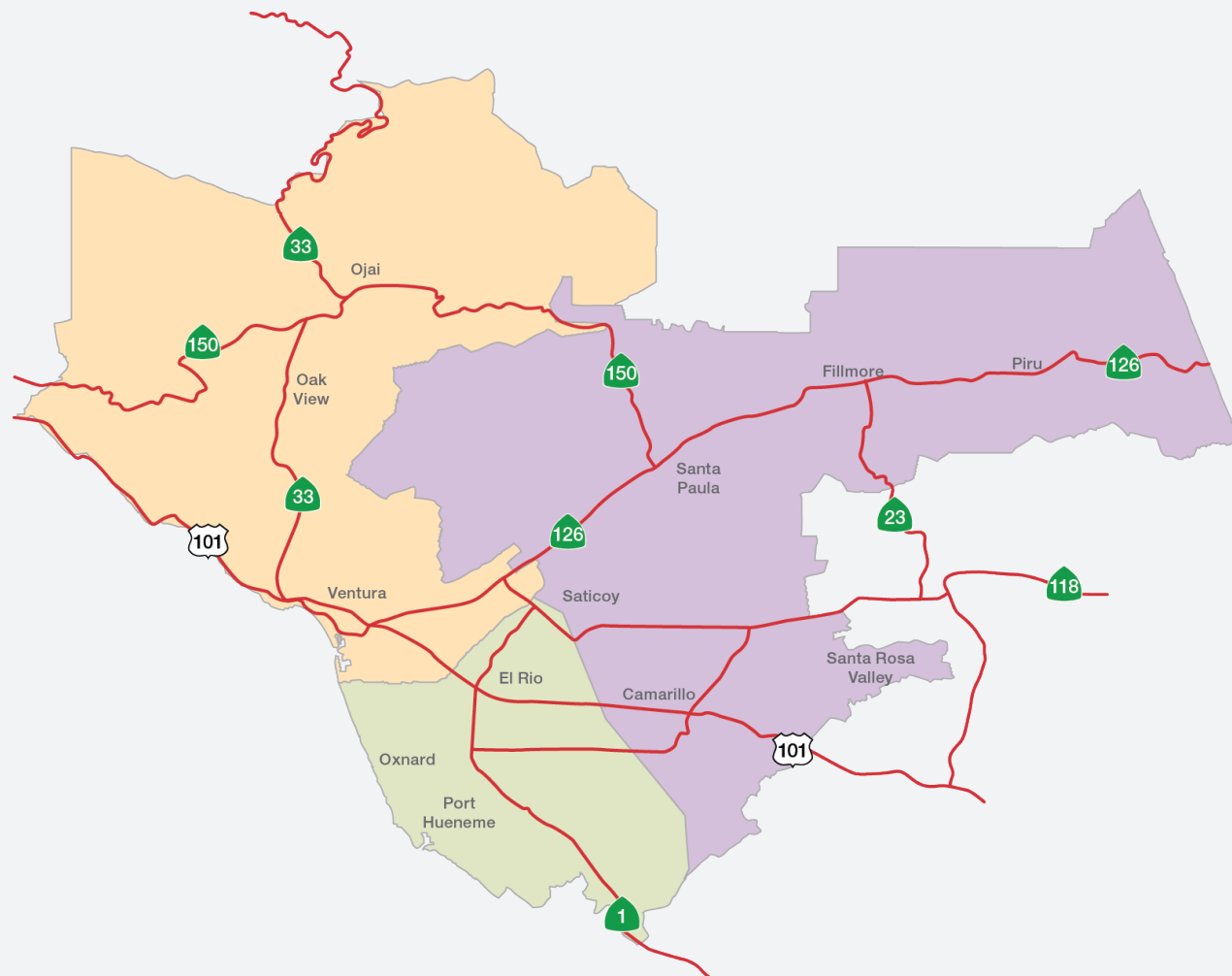
TENANT	ADDRESS	SUBMARKET	ASKING RENT \$/SF**	SQUARE FEET
Magnelan Energy	520 Graves Ave	West	\$0.60	46,455
Attollo Engineering	160 Camino Ruiz	Central	\$0.89	21,473
Yamit USA	3233 Mission Oaks Blvd	Central	\$0.85	13,260
Apria Healthcare	141 Bernouli Cir	West	\$0.77 IG	12,680
Culligan	3233 Mission Oaks Blvd	Central	\$0.85 MG	12,060

Select Sales Transactions

BUYER	ADDRESS	SUBMARKET	SALE PRICE \$/SF	SQUARE FEET
Coast United Advertising, Inc.	809 Calle Place	Central	\$101	65,240
Colourpop Cosmetics	1621 Emerson Ave	West	\$146	35,918
Morse Industrial Investments, LLC	1604 Morse Ave	North	\$126	22,302
Tan and Green	4117-4127 Calle Tesoro	Central	\$104	21,100
Strand Products Inc	2233 Knoll Dr	North	\$196	12,267

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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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Valencia, CA 91355
661.705.3550

Diamond Bar

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Diamond Bar, CA 91765
909.348.0600

Ventura County

Oxnard

300 Esplanade Dr., Ste. 1660
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Westlake Village

2555 Townsgate Rd., Ste. 320
Westlake Village, CA 91361
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Inland Empire

Ontario

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Coachella Valley

Palm Desert

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Palm Desert, CA 92211
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