

Ventura County

Industrial Market Outlook Q2 2022

MARKET OVERVIEW

Ventura County's industrial market loosened up in the second quarter of 2022, as vacant space saw a 15.2 percent increase from Q1 2022. Still, the vacancy rate remained 80 basis points below last year at an extremely low 1 percent. The average asking rent increased 8.7 percent year over year to \$0.87 a square foot triple net. Since 2020, there has been limited construction added to the supply of industrial space. As the economy picked up post-pandemic demand for warehouse distribution space depleted the existing inventory, sending rent soaring. With record low vacancy, sparse development began to crop up in the region as 2,103,530 square feet of completed construction was added to the inventory year over year. Amazon's fulfillment center in Oxnard represented about 70 percent of the newly completed construction. The other 30 percent of completed construction was also leased.

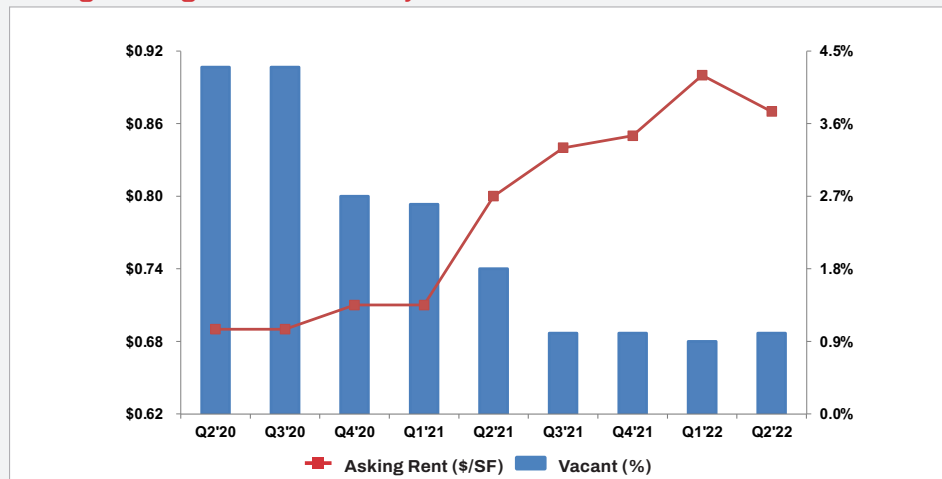
With 490,698 square feet of leasing volume year to date and vacant space at 518,741, the first half of 2022 shows industrial development is not keeping pace with continued demand. Construction has not kept up, as the pandemic accelerated ecommerce and boosted demand for last mile distribution facilities, the need remains constrained for large state of the art warehouse distribution facilities.

TRENDS TO WATCH

The absence of speculative construction in the market will continue to drive up rent and sale prices. Businesses looking for large state of the art facilities in Ventura County will need to pursue built to suit opportunities. Development has not kept up with rising demand for warehouse distribution space. While Central Ventura County experienced an 83.8 percent drop in leasing volume from 2021, in the West submarket leasing volume dropped off 54.6 percent while the vacancy rate there plunged to virtually zero at nineteenthths of a percent. The same happened in the North region with a 67.6 percent year over year decrease in leasing volume and the vacancy rate dropping to 0.7 percent. Overall, in the first half 2022, Ventura County experienced a 69.4 percent drop in leasing volume from 2021. As developers continue to observe the pressure of pent-up demand depleting industrial space and bidding up pricing, they'll be motivated move forward with speculative construction and redevelopment opportunities.

Tenants looking to secure space, control occupancy cost, will drive sales activity. Square footage sold decreased 36.2 percent year over year, as industrial buildings for sale remained in high demand and in short supply. With the average sale price up 8 percent year over year, sale prices will feel the effect of rising interest rates. Constrained construction and pressure from users to lease or buy remain a driving force behind elevated prices for warehouse distribution space in Ventura County.

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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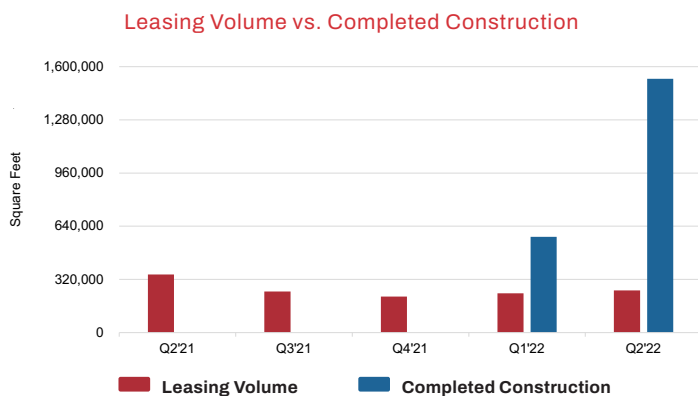
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Market Statistics*

SUBMARKET	EXISTING TOTAL RBA (SF)	UNDER CONSTRUCTION (SF)	TOTAL AVAILABLE (%)	TOTAL VACANCY (%)	LEASING VOLUME (SF)	YTD LEASING VOLUME (SF)	SALES VOLUME (SF)	YTD SALES VOLUME (SF)	AVERAGE ASKING RENT (\$/SF NNN)	AVERAGE SALE PRICE (\$/SF)
Central	13,480,437	0	1.6%	1.6%	34,156	99,324	57,804	84,995	\$1.01	\$185
North	10,985,912	0	0.5%	0.7%	64,863	145,235	20,879	173,839	\$0.85	\$142
West	25,434,101	68,650	4.1%	0.9%	154,671	246,139	122,668	143,206	\$0.80	\$210
Ventura County	49,900,450	68,650	2.6%	1.0%	253,690	490,698	201,351	402,040	\$0.87	\$191

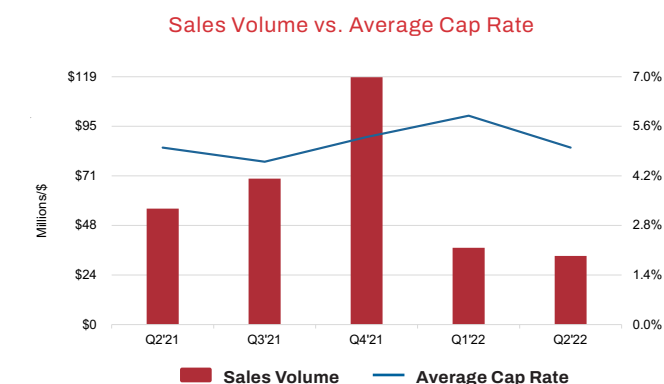
Leasing Trends

Leasing volume, on a downward trend, totaled 1,304,642 square feet over the past five quarters. While limited completed construction has been added to the market it has been leased. Construction continues to be constrained in the region, limiting the availability of industrial space on the market.



Sales

Sales volume totaled \$69,852,866 year to date in 2022, down 80.9 percent from 2021 year to date figures. The average cap rate on investment sales decreased 90 basis points from the previous quarter, remaining flat from the second quarter of 2021 at 5.0 percent.



Select Lease Transactions

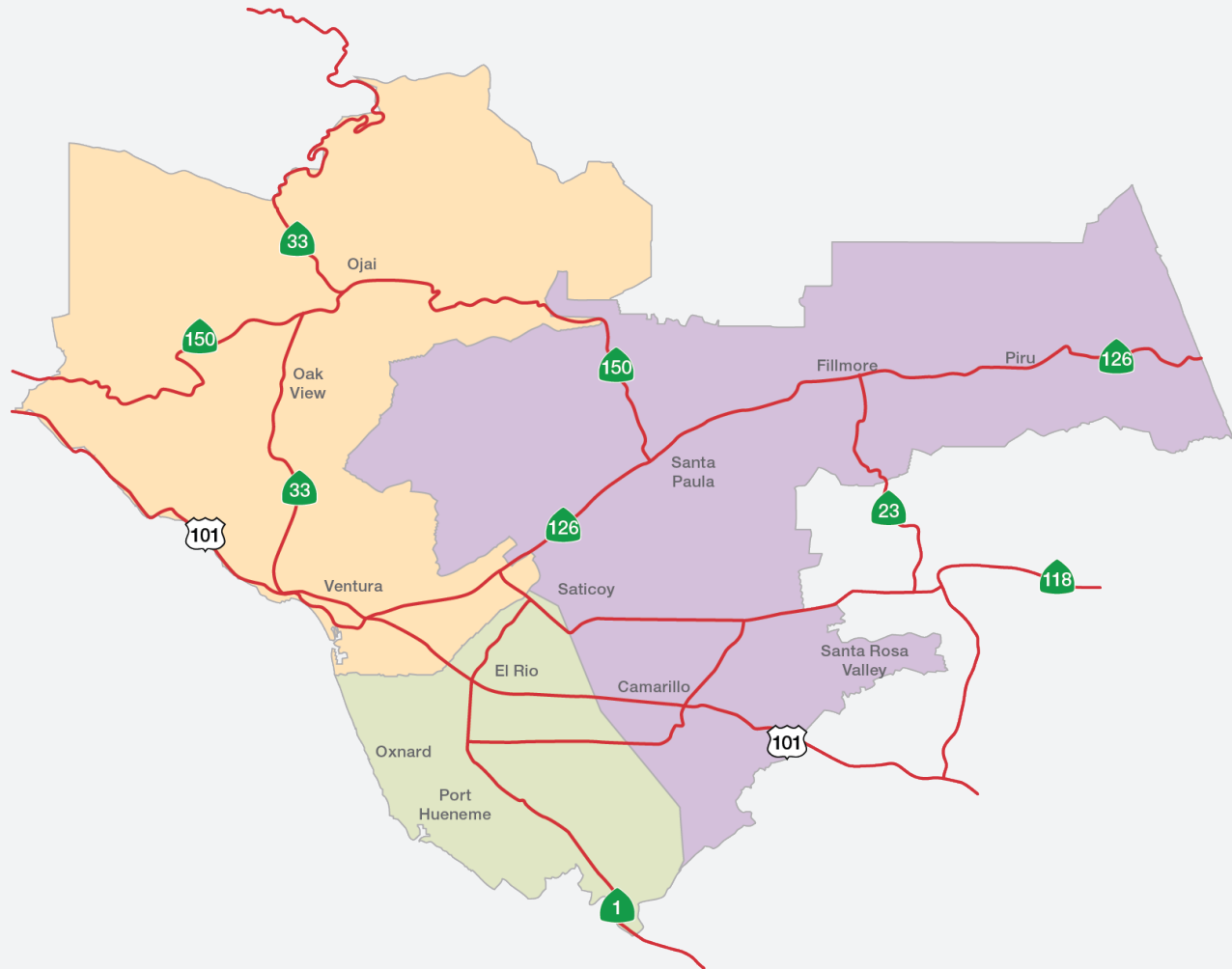
ADDRESS	CITY	SUBMARKET	SIZE SF
500 N Elevar St	Oxnard	West	68,650
2433 Eastman Ave	Ventura	West	30,000
930 Via Alondra	Camarillo	Central	17,804
1740 Jones Way	Oxnard	West	17,576
631 Richmond Ave	Oxnard	West	12,000

Select Sales Transactions

ADDRESS	CITY	SUBMARKET	SIZE SF
906 & 1000 Factory Ln: 2 Industrial Properties Sold	Oxnard	West	54,352
201 S Hallock Dr	Santa Paula	Central	40,000
280 W Lewis St	Ventura	North	18,198
930 Via Alondra	Camarillo	Central	17,804
1630-1648 Callens Rd	Ventura	North	17,500

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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

Ventura County

Industrial Market Outlook Q2 2022



NAI Capital Commercial Southern California Office Locations

Headquarters

15821 Ventura Blvd., Ste. 320
Los Angeles, CA 91436
818.905.2400

Los Angeles County

Downtown LA

707 Wilshire Blvd., Ste. 5125
Los Angeles, CA 90017
213.632.7700

West Los Angeles

11835 Olympic Blvd., Ste. 700E
Los Angeles, CA 90064
310.440.8500

Torrance

970 W. 190th St., Ste. 100
Torrance, CA 90502
310.532.9080

Pasadena

225 S. Lake Ave., Ste. 1170
Pasadena, CA 91101
626.564.4800

Valencia

25060 Avenue Stanford., Ste. 165
Valencia, CA 91355
661.705.3550

Diamond Bar

21660 E. Copley Dr., Ste. 320
Diamond Bar, CA 91765
909.348.0600

Ventura County

Oxnard

300 Esplanade Dr., Ste. 470
Oxnard, CA 93036
805.278.1400

Westlake Village

2555 Townsgate Rd., Ste. 320
Westlake Village, CA 91361
805.446.2400

Inland Empire

Ontario

800 N. Haven Dr., Ste. 400
Ontario, CA 91764
909.945.2339

Victorville

13911 Park Ave., Ste. 206
Victorville, CA 92392
760.780.4200

Orange County

Irvine

1920 Main St., Ste. 100
Irvine, CA 92614
949.854.6600

Coachella Valley

Palm Desert

75-410 Gerald Ford Dr., Ste. 200
Palm Desert, CA 92211
760.346.1566