

Ventura County

Industrial Market Outlook Q3 2022

MARKET OVERVIEW

Ventura County's industrial market loosened up in the third quarter of 2022, as vacant space saw a 26.6 percent increase from Q2 2022. While the vacancy rate increased 30 basis points from last year it remained at an extremely low 1.3 percent. The average asking rent increased 1.2 percent year over year to \$0.85 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 2,172,180 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 additional 30 percent of completed construction was also leased.

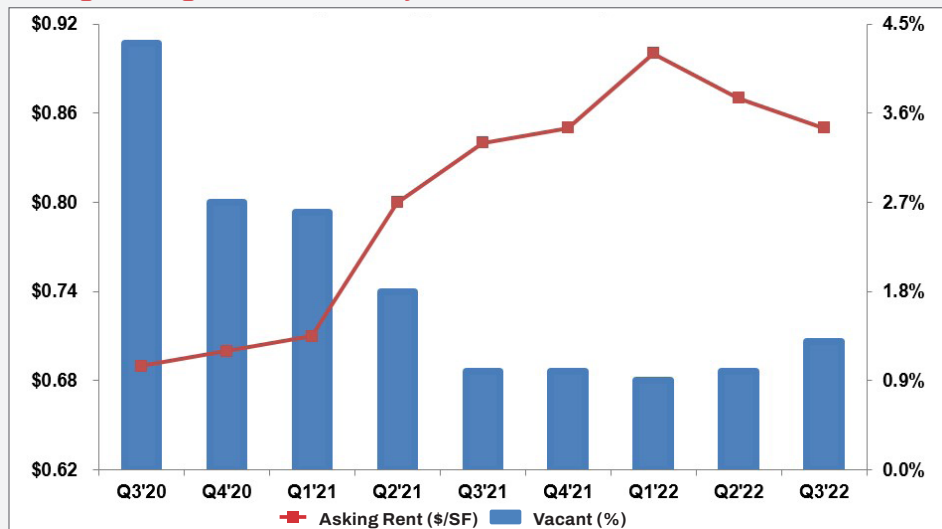
With 661,405 square feet of leasing volume year to date, 637,309 square feet of vacant space, and zero space under construction Q3 showed industrial development not keeping pace with demand. Construction has not kept up, as the pandemic accelerated ecommerce and boosted demand for last mile distribution 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 hold 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. Year to date Central Ventura County experienced a 61.8 percent drop in leasing volume from 2021 as the vacancy rate registered a low 1.9 percent as of Q3. North Ventura leasing volume dropped off 49.9 percent with a 1-percent vacancy rate. The same happened in the West region with a 25.6 percent year over year decrease in leasing volume and a vacancy rate of 2.8 percent. Overall, in the third quarter of 2022, Ventura County experienced a 47.9 percent drop in lease 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 purchase industrial space to control occupancy cost will weigh the impact of rising interest rates to their bottom line. Square footage sold decreased 64.9 percent year over year, as the cost of borrowing squeezed sale activity. With the average sale price up 50.5 percent year over year, sale prices will feel the effect of rising interest rates. Constrained construction and pressure from users to lease versus buy remain a driving force behind pricing 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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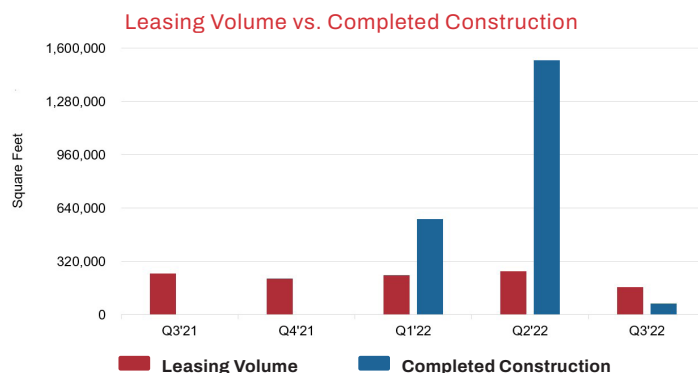
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Market Statistics*

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	13,489,415	0	1.9%	1.6%	34,319	133,643	26,102	123,292	\$0.99	\$306
North	11,045,704	0	1.0%	0.7%	41,409	186,644	21,033	213,293	\$0.67	\$210
West	25,034,946	0	2.8%	1.4%	88,579	341,118	170,280	602,936	\$0.81	\$246
Ventura County	49,570,065	0	2.2%	1.3%	164,307	661,405	217,415	939,521	\$0.85	\$173

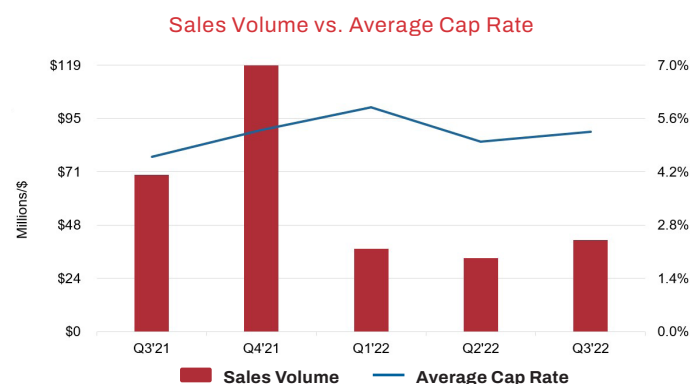
Leasing Trends

Lease volume per quarter followed a steady trend, averaging 395,183 square feet over the past five quarters. Construction has been limited to build-to-suits in the market. Amazon's 1.5M square foot fulfillment center was completed in Q2 2022. Construction continues to be constrained in the region, limiting the availability of industrial space on the market.



Sales

Sales volume totaled \$40,847,500 year to date in 2022, down 41.7 percent from 2021 year to date figures. The average cap rate on investment sales increased 25 basis points from the previous quarter, rising slightly from the third quarter of 2021 to 5.25 percent.



Select Lease Transactions

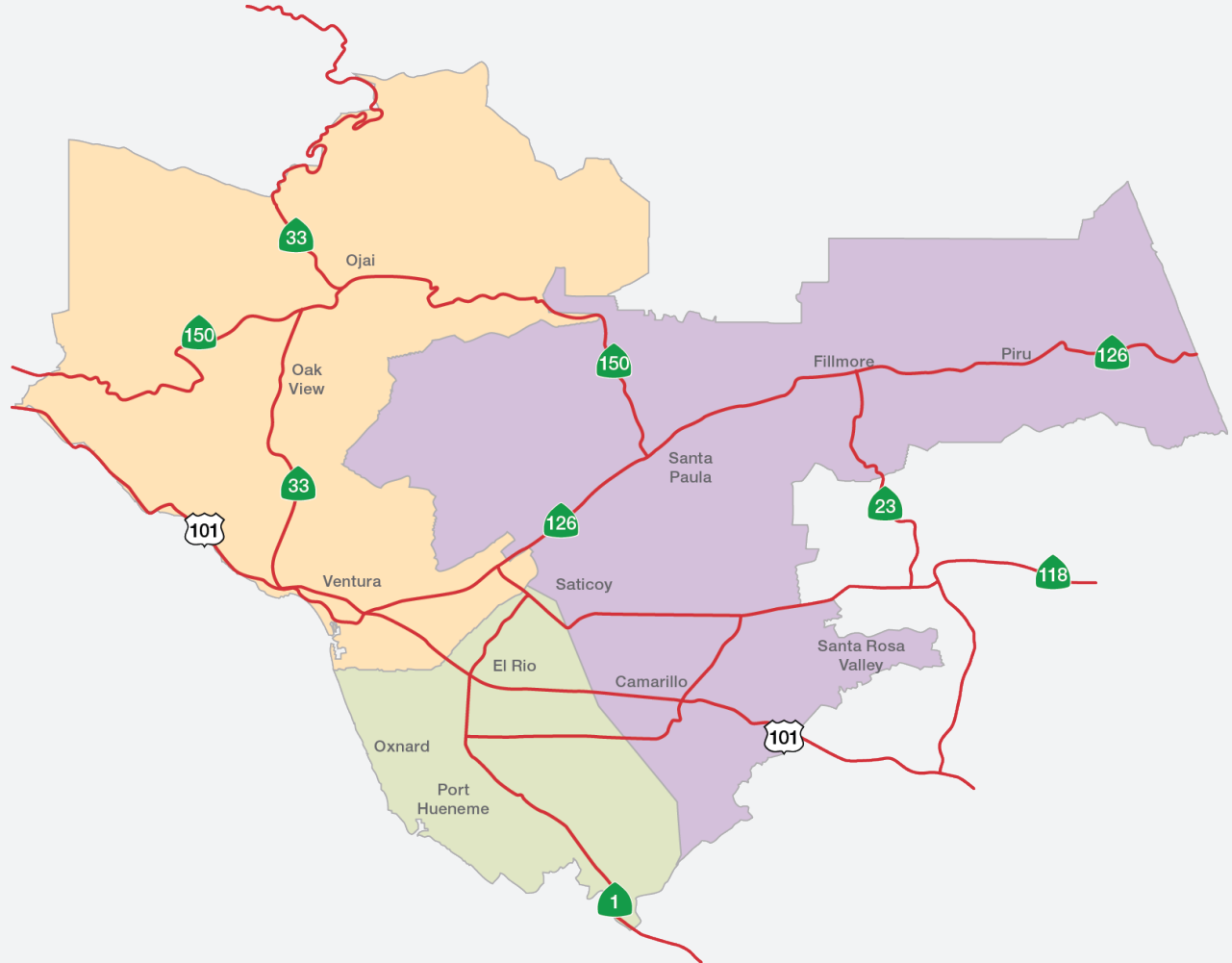
ADDRESS	CITY	SUBMARKET	SIZE SF
1680 Universe Cir	Oxnard	West	29,000
924 Via Alondra	Camarillo	West	17,750
530 E 3rd St	Oxnard	West	15,400
5120-5126 Ralston St	Ventura	North	14,400
1250 Commercial Ave	Oxnard	West	13,175

Select Sales Transactions

ADDRESS	CITY	SUBMARKET	SIZE SF
2640 Sturgis Rd	Oxnard	West	63,000
1700 Emerson Ave	Oxnard	West	27,325
20 N Aviator St	Camarillo	Central	17,541
1501-1521 Palma Dr	Ventura	North	14,783
220 Bernoulli Cir	Oxnard	West	14,189

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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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Industrial Market Outlook Q3 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