



Q2 TRENDS AT A GLANCE

	Change from prior quarter
Absorption	34,514 SF
Vacancy	-10 basis points (bps) to 2.9%
Leasing Activity	646,953 SF
Direct Lease Rate	-\$0.03 to \$0.65 PSF
Under Construction	855,340 SF
Completed Construction	0 SF
Industrial Buildings Sold	27
Median Sale Price	\$140 PSF
Unemployment Rate	
Ventura County:	3.8% (May)
California:	4.7% (May)
U.S.:	4.4% (June)



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Industrial Market Tightens Even More, and Asking Rates and Sale Prices Skyrocket as Demand Soars

Vacancies, already at record lows, declined another 10 basis points (bps) in Q2 ending the quarter at 2.9 percent, a level that the market has not seen in more than 10 years.

Although leasing activity weakened in the quarter, the first half activity was actually stronger than it had been in the comparable period a year ago. A total of 646,953 square feet were leased in Q2 bringing activity for the first half of the year to 1,683,640 square feet, somewhat better than the 1,416,522 square feet of gross leasing activity in the first half of 2016.

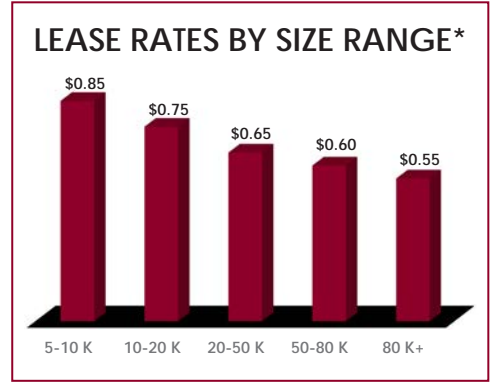
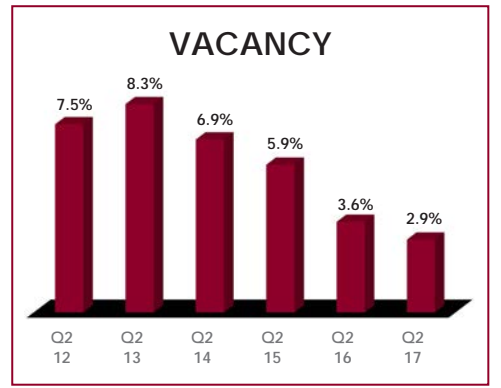
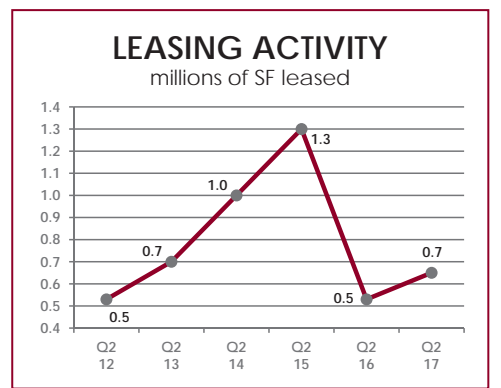
Absorption, though a weak 34,514 square feet of net leasing in the second quarter, actually was stronger in the first half of 2017 than in the first half of 2016. A total of 548,254 square feet was leased on a net basis in the first half of 2017 compared to 123,196 square feet in the first half of 2016.

With tenants actively vying for industrial space, landlords are pushing asking rates quite aggressively. The average NNN rate rose \$0.04 per square foot to \$0.72 per square foot in Q2, reflecting a year-over-year increase of 12.5 percent.

Similarly, buyers are competing for a very limited inventory of buildings for sale, and the demand is driving very hefty sale price increases. The median price of buildings sold in the second quarter was \$140 per square foot, up 11.1 percent compared to Q1 and a 45.8 percent increase year-over-year.

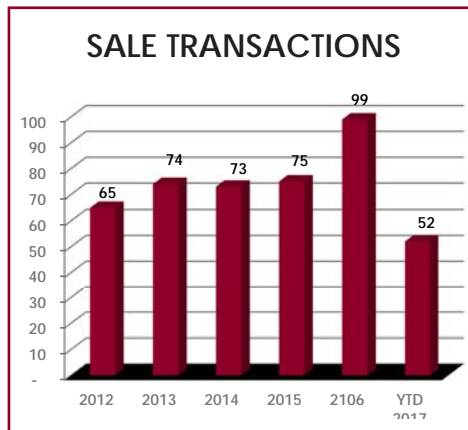
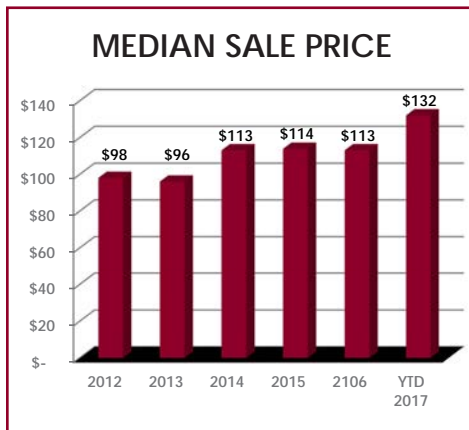
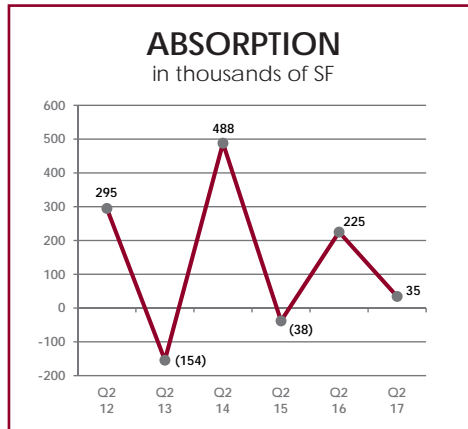
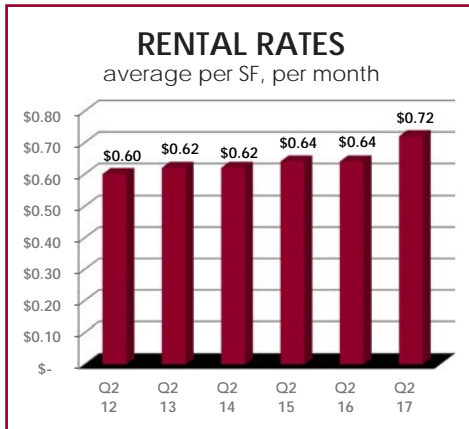
It should be noted that the current median is nonetheless short of the peak price of \$150 per square foot at the top of the last market cycle. However, in that year a total of 62 buildings traded, nearly as many as the 52 buildings that traded in the first half of 2017.

With demand outpacing supply, new construction in the region is seeing brisk activity. Conejo Vista, a master-planned business park in Thousand Oaks that is set to open



*Assumes NNN of min. \$0.14 PSF

in the fourth quarter of 2017, is already 40 percent sold, and in Moorpark, four units have sold in the first of Patriot Commerce Center's Phase 2 buildings due to be completed this month.



Median sale price and number of sale transactions excludes distressed sales and those where no price information was recorded.

Economy at a Glance

AVOCADOS: Avocado prices reached a record high at the end of April. A 22-pound box of Hass avocados cost \$27.89, more than double what it was a year earlier and the highest price in 19 years, according to a report in the Pacific Coast Business Times. The price hikes are due to hurricanes in Mexico.

MOVIES: Summer box office so far has been disappointing, according to a report in Variety. Domestic ticket sales are down 9 % from 2016. Hopes to save the season are resting with upcoming releases including “Dunkirk” and “Atomic Blonde”. Thus far, international ticket sales are up 2 % compared to 2016.

THOUSAND OAKS: The City of Thousand Oaks collected \$8.06 million in sales tax revenue in the fourth quarter of 2016, down just slightly (0.7 %) from the fourth quarter of 2015, according to a report in The Acorn. The categories of business and industry and building and construction saw the biggest declines – down 19 % and 6.3 % respectively. Taxes collected in the autos and transportation industry were up 7 % and restaurants and hotels rose 3 % in the same period.

MANUFACTURING: Manufacturing activity beat economist’s expectations in June. The Institute for Supply Management Index of domestic manufacturing activity rose to 57.8 from 54.9 in May. It was the highest level reached since August, 2014, the Wall Street Journal reported.

MARKET DEFINITIONS

RENTABLE AREA

Includes all Class A, B and C multi-tenant and single-tenant industrial buildings of 5,000 SF and greater. Excludes buildings under construction, planned or under renovation.

DIRECT VACANCY

Space in existing buildings that is not occupied and is available for direct lease.

TOTAL VACANCY

Space in existing buildings that is not occupied and is available for direct lease and/or sub-lease.

TOTAL NET ABSORPTION

The square feet leased after deducting space vacated.

DIRECT ASKING LEASE RATE

Calculated for direct available space using NNN rents. Rents are weighted by total square feet available for direct lease.

UNDER CONSTRUCTION

Buildings in the process of construction. A building is considered complete when issued a certificate of occupancy.

MEDIAN SALE PRICE

Based on actual prices of sold buildings as reported in public records and by CoStar. Includes all industrial buildings 5,000 SF and more sold at \$500,000 or more.

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Lee & Associates-LA North/Ventura, Inc. is a full service commercial brokerage company serving the San Fernando Valley, Conejo Valley, Simi Valley/Moorpark and Ventura County markets. Founded in 1994, Lee LA North/Ventura has grown to become one of the largest commercial brokerage companies in the Los Angeles North and Ventura regions with four offices and 45 agents.

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Submarkets	Total Inventory	Total Vacancy		Net Absorption		Construction			Asking NNN Rate
		Total SF	%	Q2 2017	YTD 2017	Underway Q2	Completed Q2	Completed YTD	
Agoura Hills / Westlake Village	3,218,383	92,990	2.9%	15,288	23,108	52,690	0	0	\$1.20
Calabasas	875,968	40,516	4.6%	2,450	(9,785)	0	0	0	\$1.25
Camarillo	11,497,177	439,525	3.8%	9,800	241,307	0	0	0	\$0.70
Fillmore / Santa Paula	2,392,852	55,362	2.3%	17,823	47,908	0	0	0	\$0.60
Newbury Park / Thousand Oaks	7,111,638	45,807	0.6%	(26,363)	306	582,132	0	0	\$0.90
Oxnard / Port Hueneme	23,476,620	639,837	2.7%	(3,271)	(11,446)	0	0	0	\$0.65
Simi Valley / Moorpark	12,118,296	387,093	3.2%	3,342	233,768	220,518	0	0	\$0.70
Ventura	11,220,742	365,453	3.3%	15,445	23,088	0	0	0	\$0.70
Total	71,911,676	2,066,583	2.9%	34,514	548,254	855,340	0	0	\$0.72

Q2 2017 LARGEST LEASES

Property Name/Address	Square Feet	Tenant	Type
2601 Camino Del Sol, Oxnard	127,511	Northrop Grumman	New
401 N. Rice Ave, Oxnard	75,899	Cool Pak, LLC	New
2505 E. Pleasant Valley Rd, Camarillo	39,636	International Paper Company	New
4656 Adohr Ln, Camarillo	25,870	Wild's Factory	New Short Term

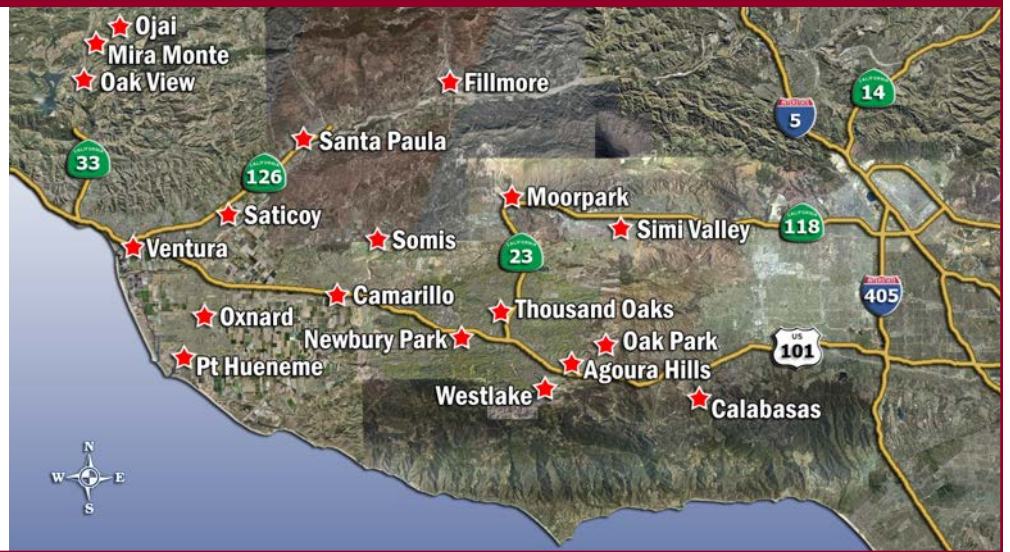
Q2 2017 LARGEST SALES

Property Address	Square Feet	Seller Buyer	Sale Price	PSF
Simi Freeway Commercial Center* 2390 Ward Ave, Simi Valley	138,700	Ward Industrial Park, LLC Rexford Industrial	\$16,500,000	\$118.96
5301 N. Ventura Ave, Ventura	68,000	RDKJV Campus, LLC Patagonia Works, Inc.	\$7,500,000	\$110.29
Sanport Business Center 2259 Ward Ave, Simi Valley	42,320 SF	Darin & Carolyn Kruse Living Trust Signal Parkway Bldg, LLC	\$5,600,000	\$132.33
5600 Everglades St, Ventura	34,124	John A. Wolhaupter 1341 Vanguard, LLC	\$4,892,500	\$143.37

*Denotes Lee & Associates Transaction

VENTURA COUNTY OFFICE SUBMARKETS

Agoura Hills/ Westlake Agoura Hills Oak Park Westlake Village	Newbury Park/ Thousand Oaks Oxnard/ Pt Hueneme Oxnard Pt Hueneme Saticoy
Calabasas	Ventura Mira Monte Oak View Ojai Ventura
Camarillo Camarillo Somis	
Fillmore/ Santa Paula	
Moorpark/Simi Valley	



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