



Q4 TRENDS AT A GLANCE

	Change from prior quarter
Absorption	639,258 SF
Vacancy	-80 basis points (bps) to 2.4%
Leasing Activity	636,053 SF
Direct Lease Rate	Unchanged at \$0.73 PSF
Under Construction	829,571 SF
Completed Construction	72,239 SF
Industrial Buildings Sold	17
Median Sale Price	\$178 PSF
Unemployment Rate	
	Ventura County: 3.8% (Nov)
	California: 4.6% (Nov)
	U.S.: 4.1% (Nov)



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Nearly 1 Million SF of Industrial Space Absorbed in 2017 Dropping Vacancy Levels to 2.4 Percent

The big story in Ventura County is less about the quarter's results and more about the full year. Nearly 1 million square feet of space was absorbed in 2017 leading to an 80 basis point (bps) drop in the vacancy rate by the end of the year.

In the fourth quarter, vacancy levels broke 3 percent for the first time in over 10 years and the current 2.4 percent vacancy rate set a new record for the market.

Although lease rates remained unchanged versus the prior quarter at \$0.73 per square foot, rates have risen 14 percent over the year as supply has dwindled. Average asking rates are just \$0.03 per square foot below the record set prior to the recession.

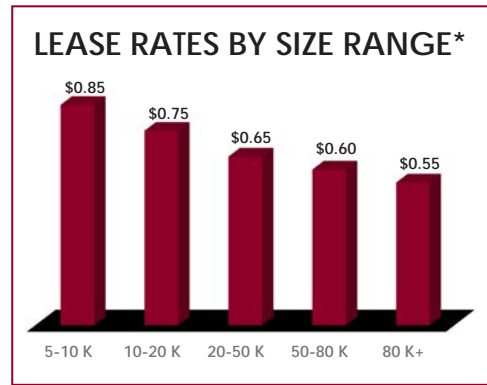
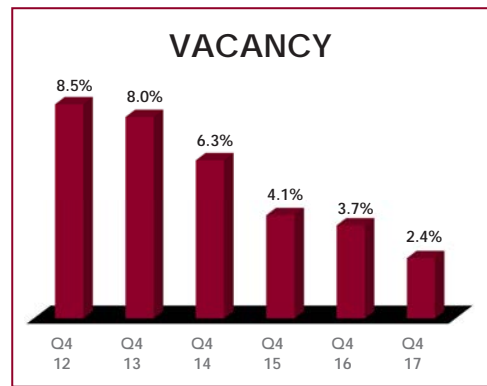
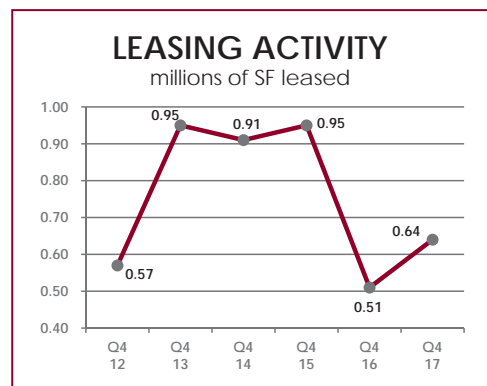
A total of 639,258 square feet of net space was absorbed in the fourth quarter, compared with negative 71,402 square feet of absorption in Q3 and just 27,646 square feet of net space absorbed in the year-ago period. The fourth and first quarters of 2017 were the main contributors to the full year performance.

It is unclear whether the Ventura County industrial market is mirroring what is occurring in Los Angeles or benefiting from its neighbor's tight market. Tenants in Los Angeles submarkets are being forced to look outside the Valley floor in order to expand, and some are choosing to relocate to Ventura County and Santa Clarita Valley.

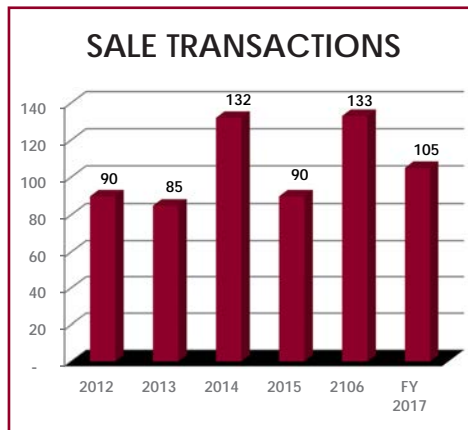
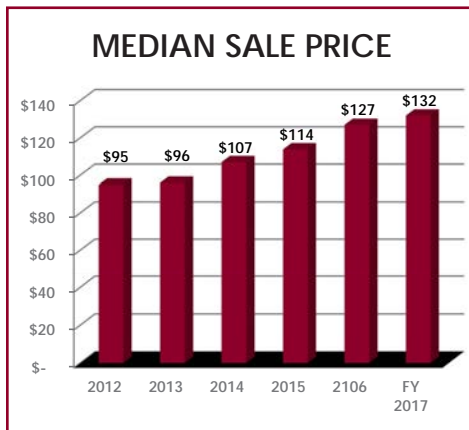
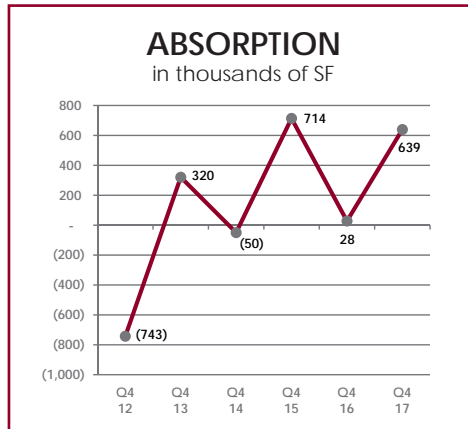
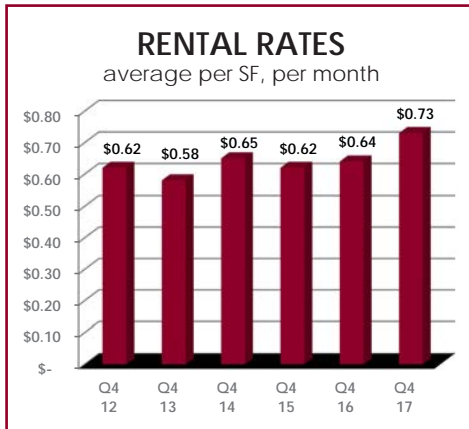
On the flip side, the supply constraints seem to be impacting the sales sector. A total of 105 buildings changed hands in 2017 compared with 133 buildings traded in 2016. The result appears to be slower growth in sale prices than has been experienced in neighboring Los Angeles.

Year over year, the median sale price of industrial buildings rose 4 percent to \$132 per square foot in 2017. Pricing is still well off of pre-recession highs of \$150 per square foot.

The fourth quarter saw a jump in median sale prices of more than 50 percent to \$178



*Assumes NNN of min. \$0.14 PSF per square foot. However, just 17 sales took place in the quarter compared to 31 sales in Q3 when the median price was \$113 per square foot.



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

Economy at a Glance

COLD STORAGE: Blackstone (NYSE:BX) will make a majority equity investment into Cloverleaf Cold Storage alongside the existing family shareholders, who will continue to operate the business post-closing, the companies said. Family-owned Cloverleaf, based in Sioux City, is recapitalizing to prepare for future growth. Cold storage has emerged as a critical sector as groceries and other retailers move to compete with Amazon in the delivery business. Cloverleaf currently operates a network of 19 warehouses across the country.

GIFTING: When 1,000 students with student loan debt were polled about what they wanted for Christmas, 71 percent said they'd rather get a payment toward that debt than an Apple iPhoneX; 80 percent preferred a loan payment over Super Bowl tickets and 76 percent preferred it over an ounce of marijuana. The poll was conducted by LendEDU, which noted that student loan debtors collectively owe \$1.4 trillion.

TAXES: The tax reform legislation allows for a one-time repatriation of overseas cash and Bank of America Merrill Lynch asked 302 U.S. companies how they intend to spend the estimated \$2.5 trillion stashed overseas. Sixty-five percent of the companies said they would use it to pay down debt which, with three more interest rate hikes expected, would save them billions in interest expense, Business Insider 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	%	Q4 2017	FY 2017	Underway Q4 2017	Completed 2017 Q4	Completed FY	
Agoura Hills / Westlake Village	3,206,018	62,340	1.9%	43,729	60,706	52,690	0	0	\$1.20
Calabasas	851,508	60,688	7.1%	14,966	(22,380)	0	0	0	\$1.25
Camarillo	11,419,415	465,076	4.1%	75,949	266,134	82,364	0	0	\$0.70
Fillmore / Santa Paula	2,423,268	65,884	2.7%	3,997	37,386	0	0	0	\$0.60
Newbury Park / Thousand Oaks	7,023,822	57,130	0.8%	(18,556)	(98,717)	582,132	0	0	\$0.90
Oxnard / Port Hueneme	23,510,938	400,218	1.7%	261,141	17,459	0	0	0	\$0.65
Simi Valley / Moorpark	12,262,477	193,826	1.6%	241,185	582,675	68,749	72,239	151,991	\$0.70
Ventura	11,223,266	393,195	3.5%	(8,942)	(65,168)	43,636	0	0	\$0.70
Total	71,920,712	1,698,357	2.4%	639,258	973,309	829,571	72,239	151,991	\$0.73

Q4 2017 LARGEST LEASES

Property Name/Address	Square Feet	Tenant	Type
2220-2260 Camino Del Sol, Oxnard	41,076	N/A	New
620 Graves Ave, Oxnard	34,000	N/A	New
2001-2021 E. Gonzales Rd, Oxnard*	32,768	AK Racing America, Inc.	New
950 Lawrence Dr, Thousand Oaks	24,500	N/A	New

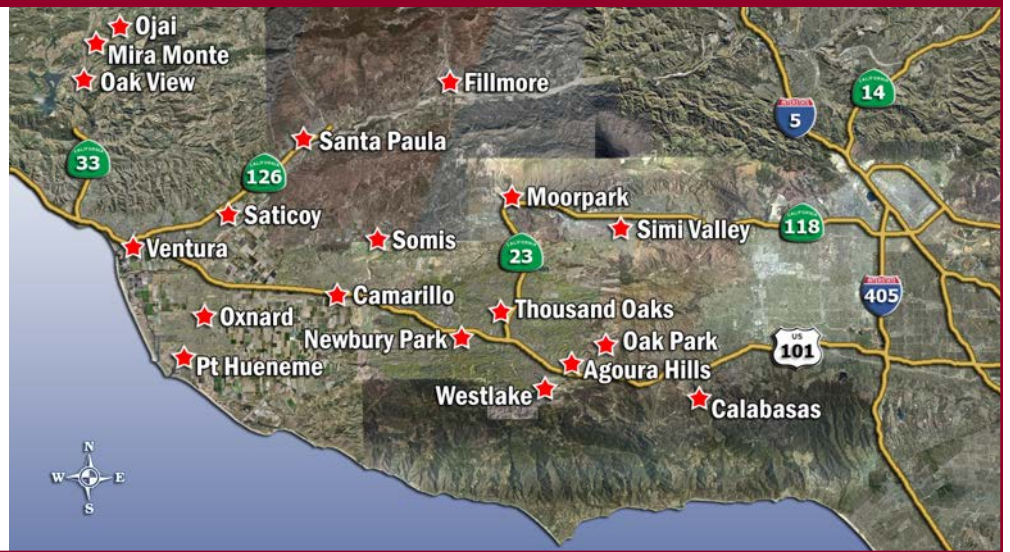
Q4 2017 LARGEST SALES

Property Address	Square Feet	Seller Buyer	Sale Price	PSF
5137, 5155 Claretton Dr, Agoura Hills	41,499 2 Buildings	Majestic Asset Management ANJAC Fashion Buildings	\$10,250,000	\$247
31280 Oak Crest Dr, Westlake Village	27,632	31280 Oakcrest Drive, LLC Royal Properties, LLC	\$7,000,000	\$253
Del Norte Industrial Park 1000-1020 Del Norte Blvd, Oxnard	46,392	S&S 1000 Del Norte, LLC 1240 Palmetto, LLD	\$5,750,000	\$124
Thousand Oaks Industrial Center 2517 Azurite Circle, Newbury Park	21,102	Chase Azurite Investors, LLC NCRH Holdings, LLC	\$3,495,000	\$166

*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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