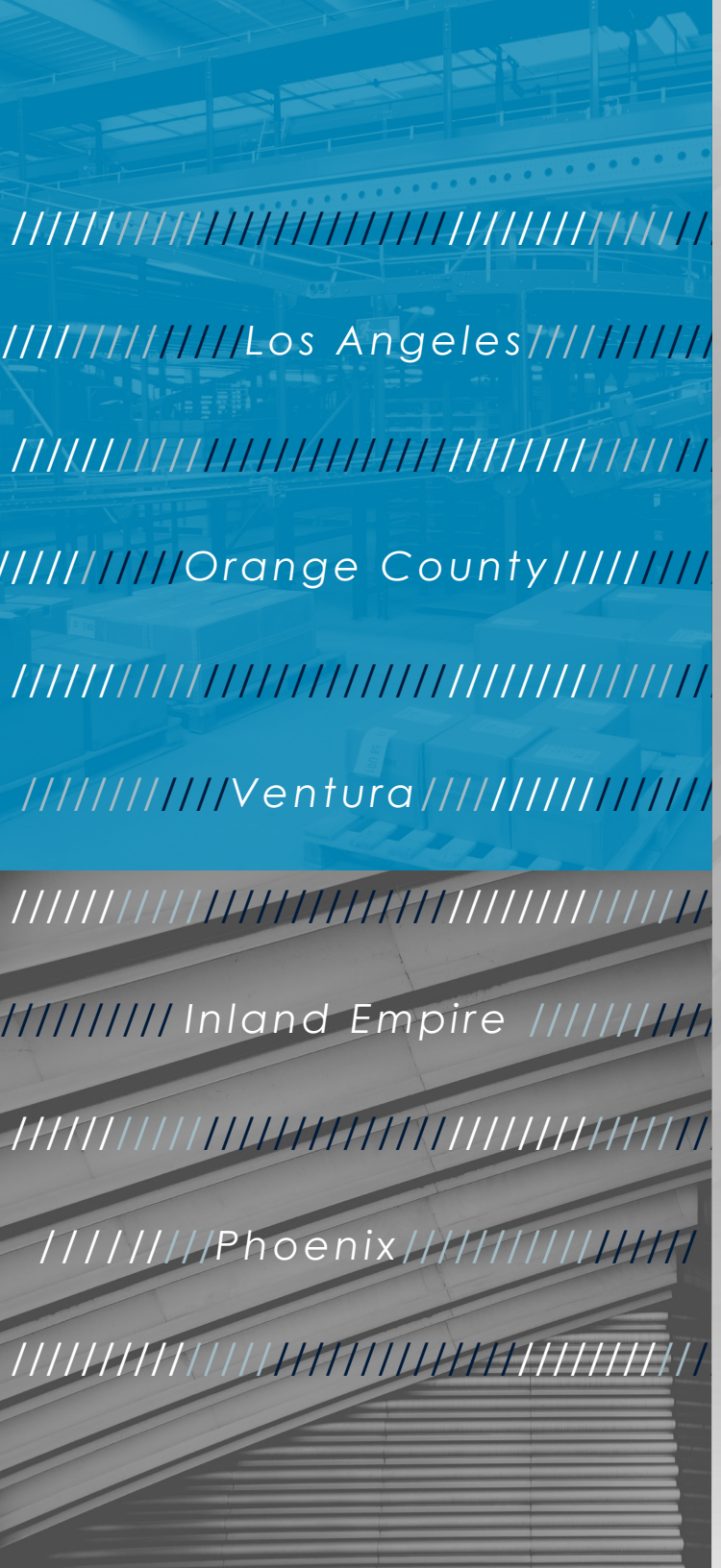

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Q1 | 2019 Market Report

Ventura County Industrial

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MARKET REPORT Q1

Industrial 2019 Ventura County

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MARKET ACTIVITY

Direct Vacancy ^ 2.6%	Net Absorption v -135,337 SF
Overall Vacancy ^ 2.8%	Gross Absorption ^ 492,624 SF
Under Construction v 159,049 SF	Rental Rates (NNN) v $0.73
Sale Price Change ^ 36.9%	Deal Volume ^ 41.9%

KEY TAKE AWAYS

MARKET

- **Vacancy Rate**: Increases for 3rd consecutive quarter.
- **Net Absorption**: Continues to be negative.
- **Gross Absorption**: Increased from low of Q4 2018
- **Sales**: Median sales prices PSF surged, driven by the portfolio sale of the Conejo Spectrum. This transaction accounted for 85% of the total volume that took place in Q1.

ECONOMIC OUTLOOK

- **Interest Rates**: The Fed is cutting its previously forecasted two (2) rate hikes in 2019 to zero (0) hikes amid fears of a slowing economy.
- **Trade**: U.S. talks with China are gaining optimism that a deal will be agreed to, boosting global trade.
- **Stock Market**: Indexes performed the best to start a year since 2013. Led by the NASDAQ gaining 16.5%.
- **Oil**: Crude Oil increased 26% in Q1 after a significant drop in Q4 2018.

ECONOMIC OUTLOOK

U.S. Employment v 3.8%	U6 Rate v 7.3%
Interest Rate v 4.1% (30 year fixed)	Changing GDP v 2.1%
Port Traffic Y/Y Δ ^ 7.4%	NYSE Performance ^ 13.6%
Inflation Change v +1.5%	10 Yr. - 2 Yr. Spread v 14 BPS

EXPERIENCE IN A CHANGING MARKET

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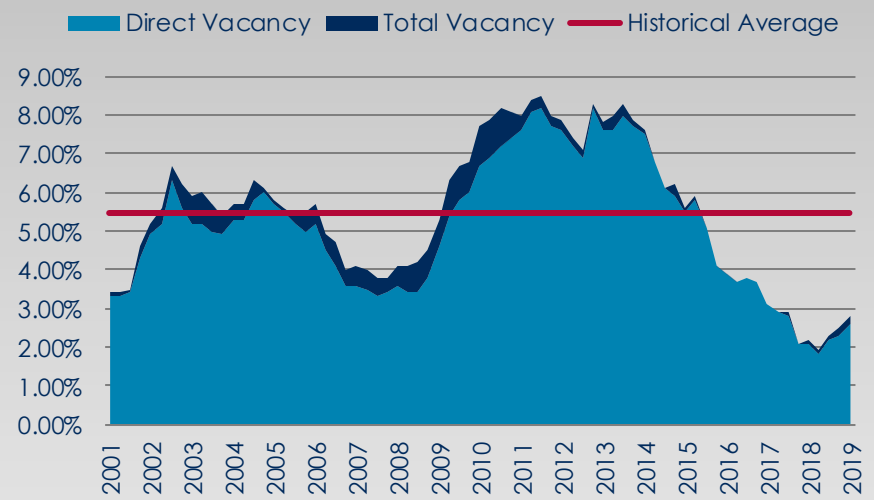
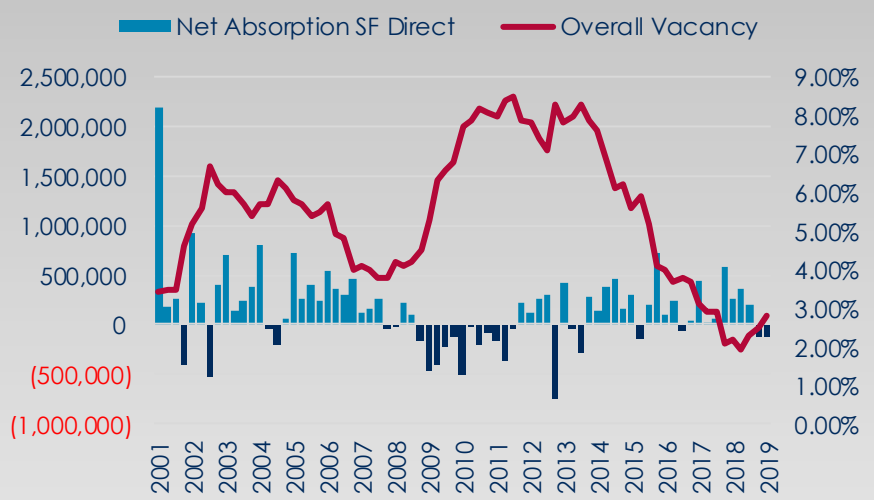
Q1 //////// Market Report

Ventura County | Industrial //// Q1 2019

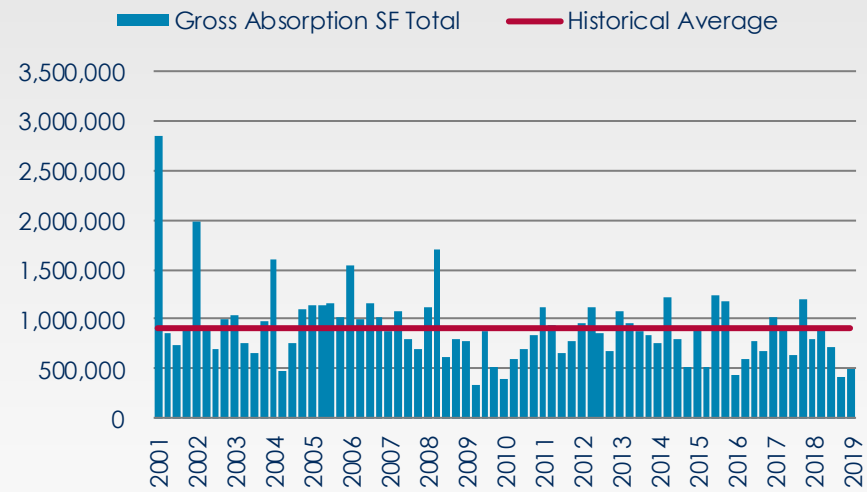
OVERALL VACANCY
Overall vacancy increases for 3rd straight quarter



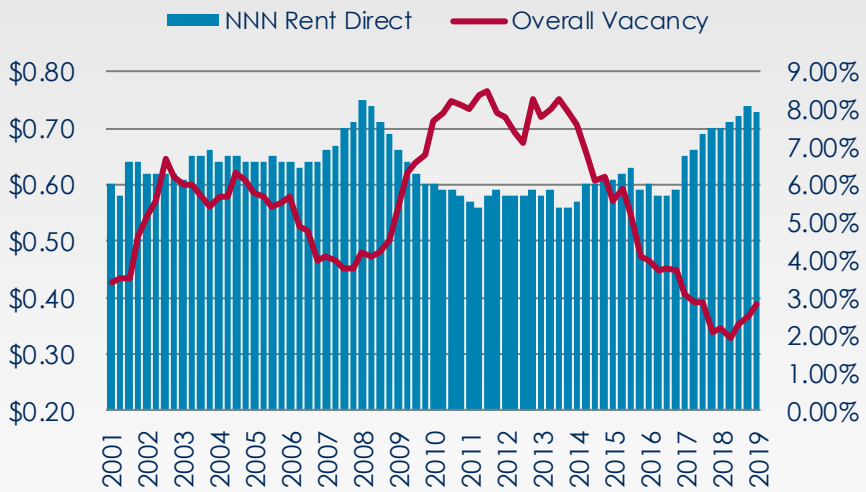
NET ABSORPTION CONTINUES TO BE NEGATIVE STARTING 2019



GROSS ABORPTION INCREASED FROM LOW IN Q4 2018



ASKING RENTS REMAIN NEAR ALL TIME HIGHS



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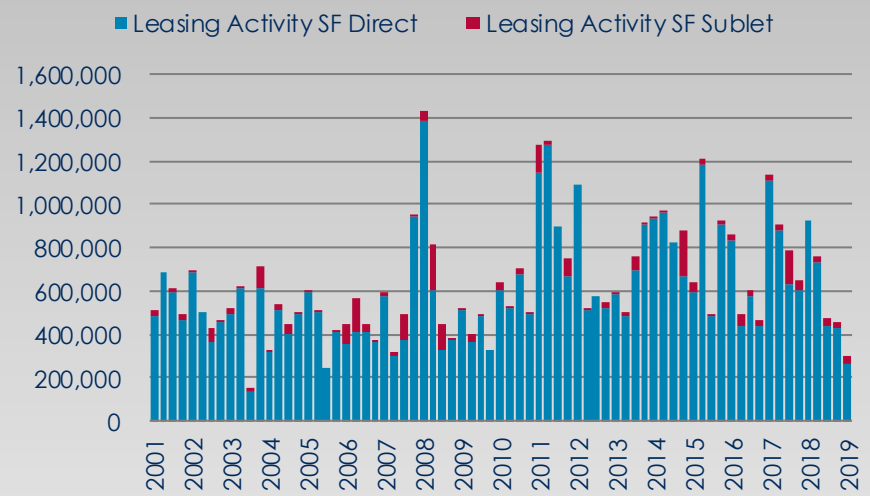
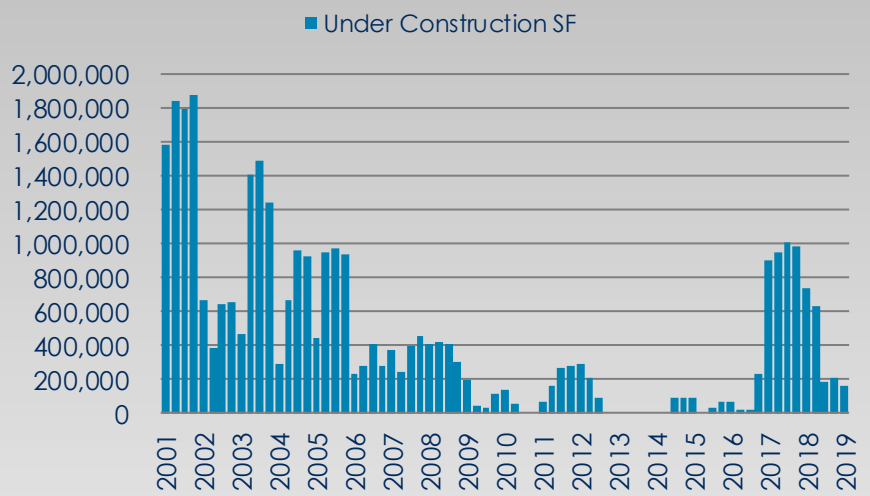
Q1 //////// Market Report

Ventura County | Industrial //// Q1 2019

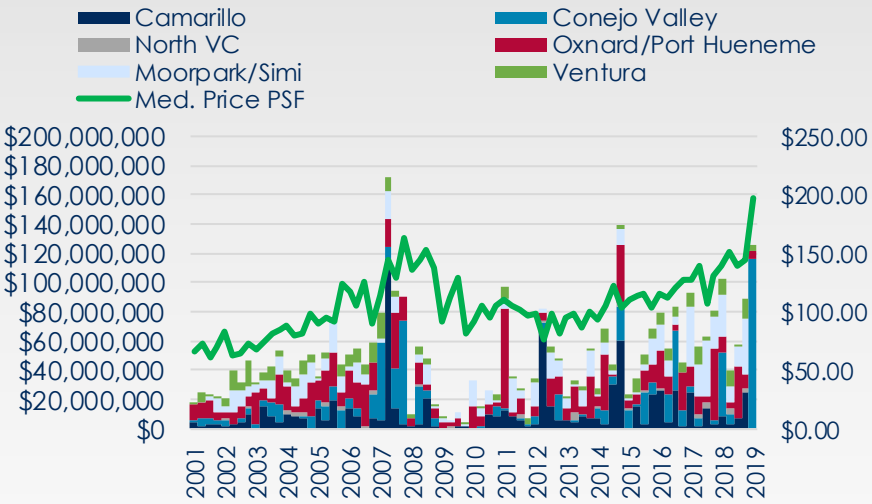
LEASING ACTIVITY DECLINES FOR 3RD STRAIGHT QUARTER

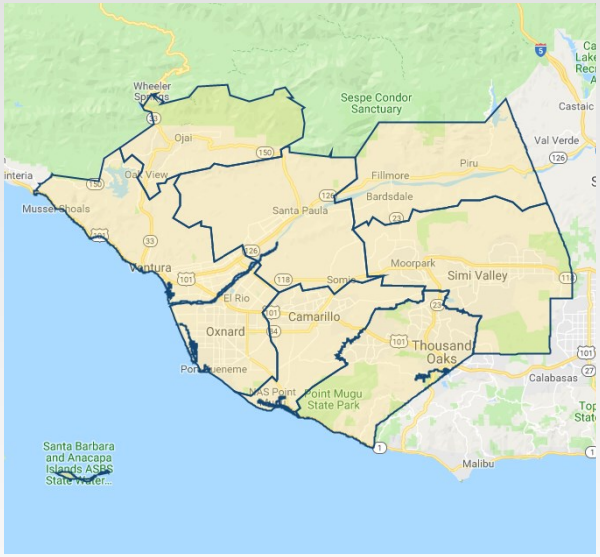


CONSTRUCTION ACTIVITY SLIGHTLY ABOVE 150K SF



SALE PRICES CONTINUE TO PUSH HISTORIC LEVELS





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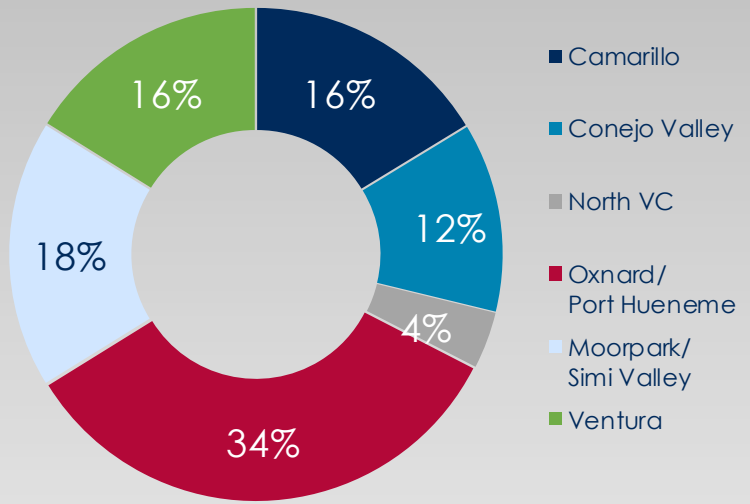
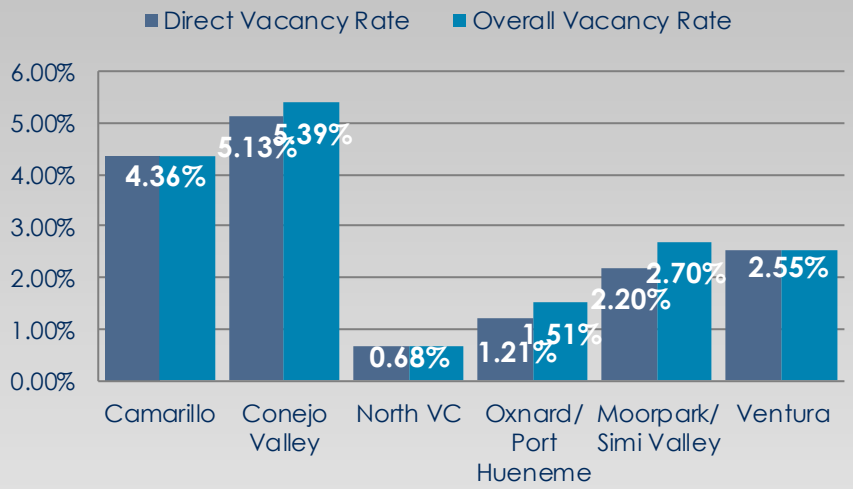
Q1 ///////// Market Report

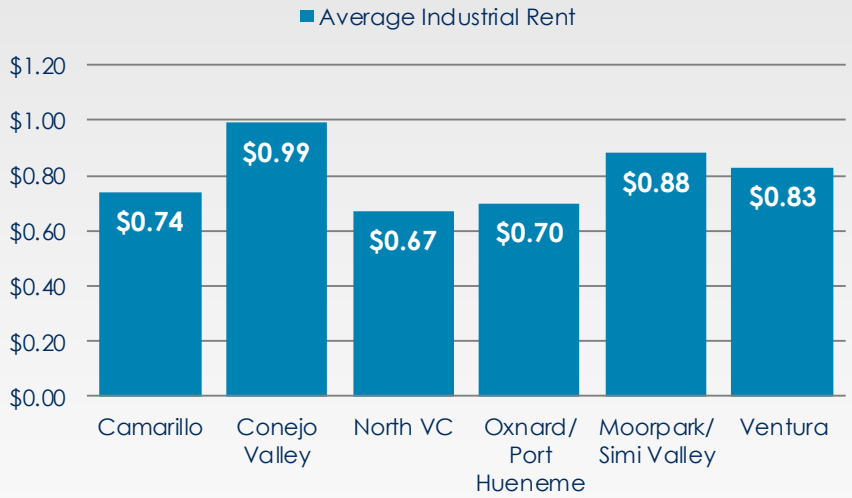
SQUARE FOOT BREAKDOWN– 69,844,757 SF MARKET SIZE



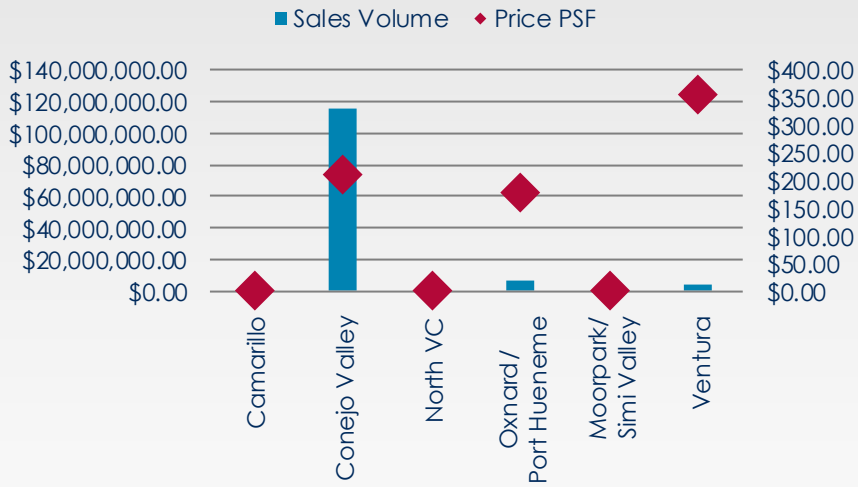
VACANCY BREAKDOWN



AVERAGE RENT PSF



VOLUME BREAKDOWN



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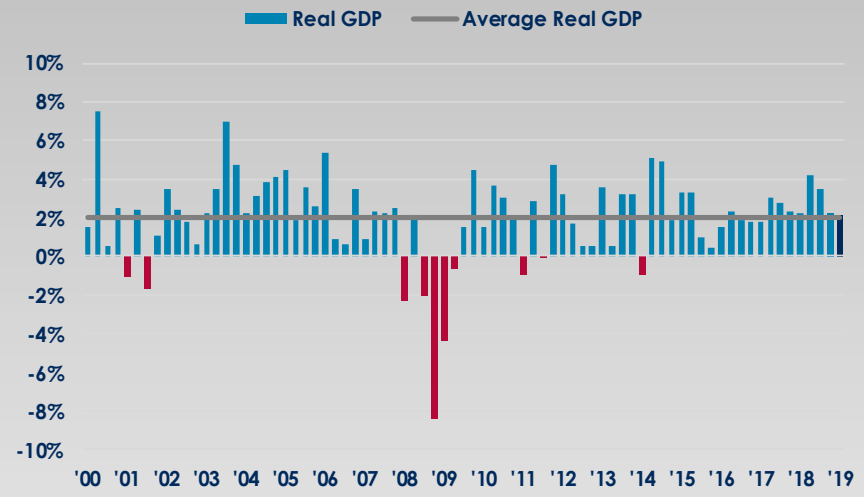
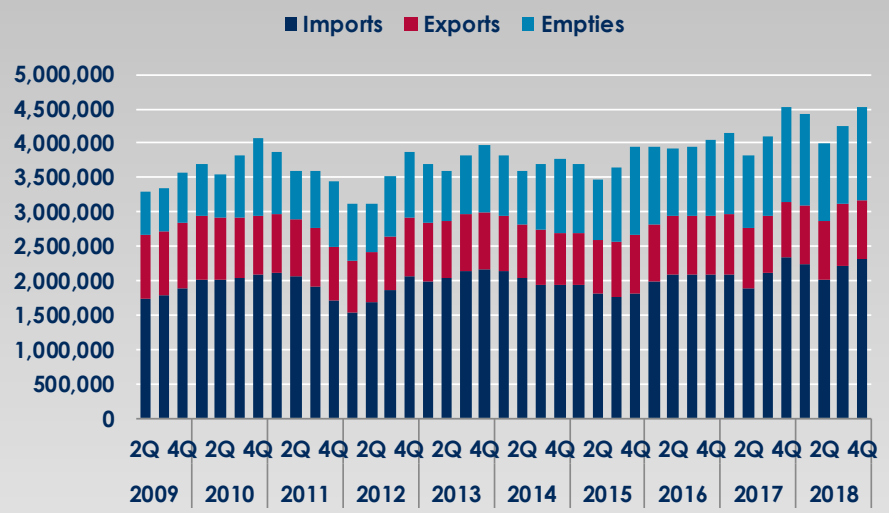
Q1

GDP REVISED DOWN IN Q4 TO 2.2%. Q1 ESTIMATE IS 2.1%

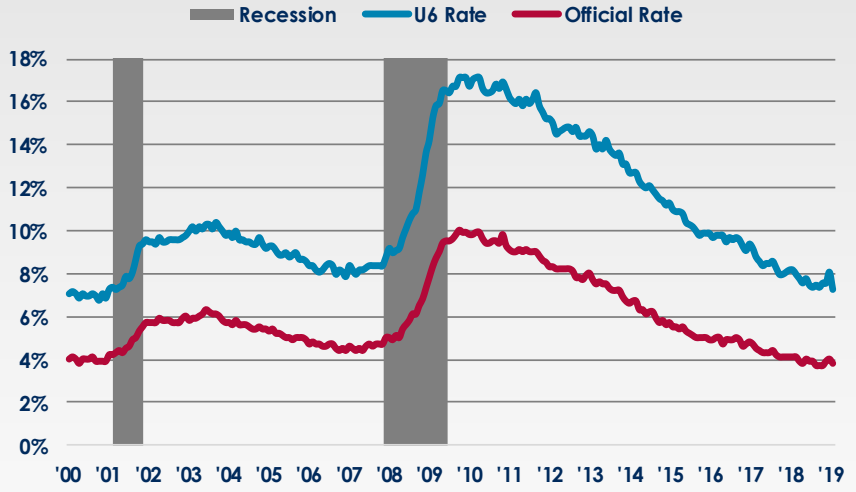


*2.1% for 1Q19 based on Fed Reserve Bank of Atlanta "GDP Now" Forecast

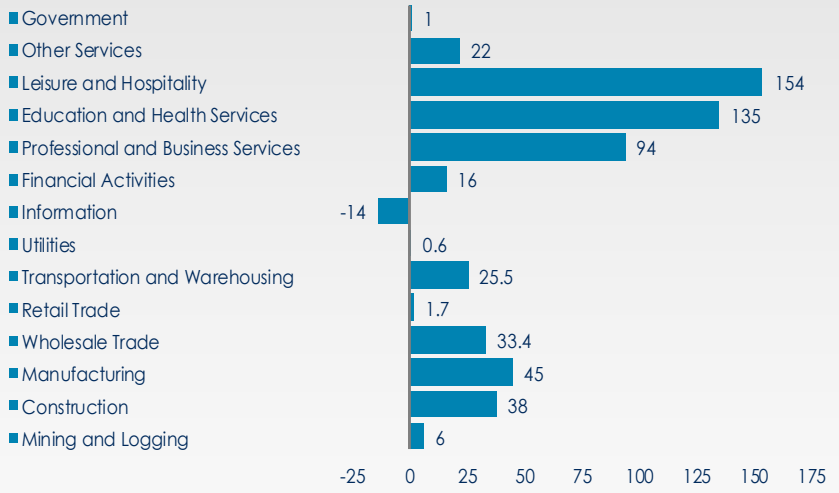
PORT ACTIVITY IS AT AN ALL-TIME HIGH



UNEMPLOYMENT CONTINUES DOWNWARD TREND



MOST INDUSTRY SECTORS CONTINUE TO SEE GROWTH



National Economic Overview //// Q1 2019

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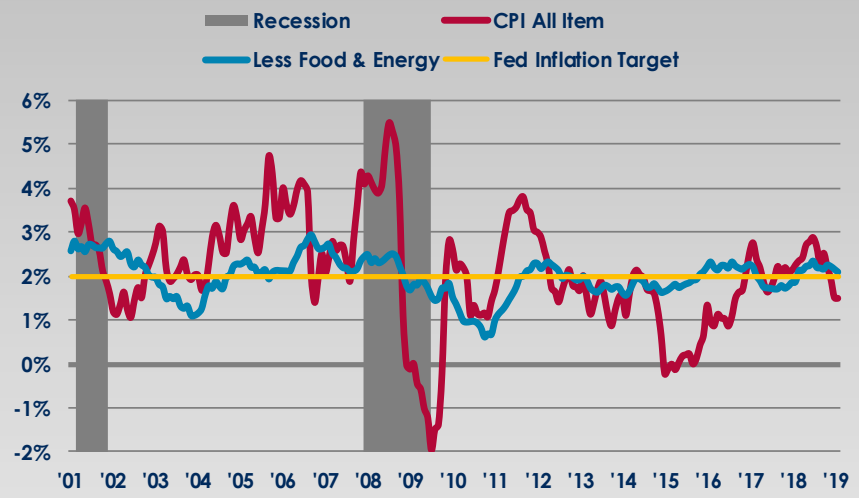
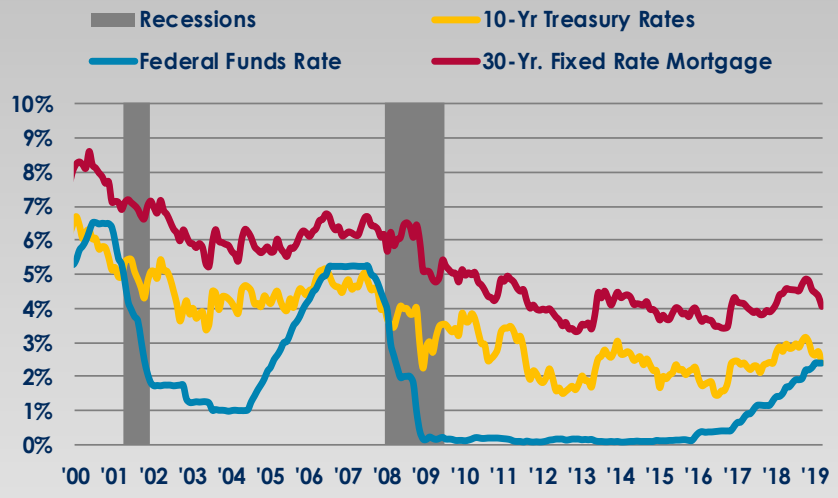
Q1

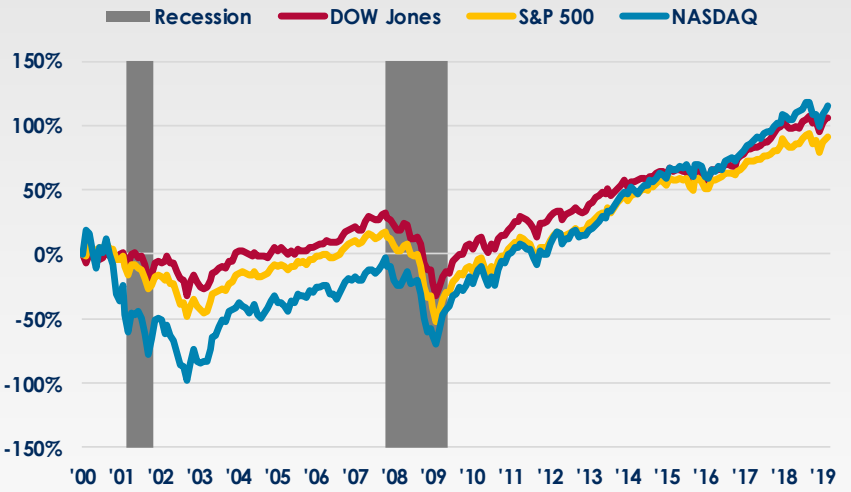
CPI DROPS BELOW 2% TARGET



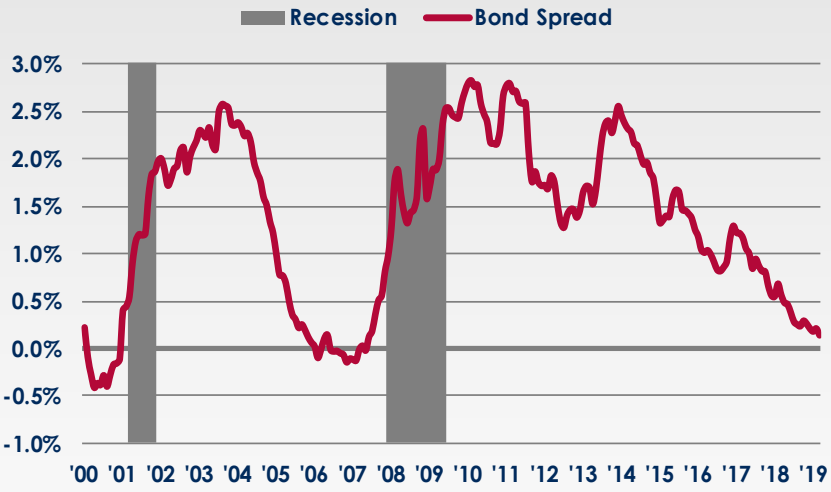
RATES ARE STARTING TO COMPRESS



NYSE INDEXES SEE STRONGEST GAINS TO START YEAR SINCE 2013



BOND SPREAD CONTINUES TO NARROW TO 14 BASIS POINTS



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Q1 ///////// Market Report

METHODOLOGY & TERMINOLOGY

Methodology
Industrial and flex (R & D) buildings that are 5,000 square feet and greater.

Direct Vacant SF
Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale directly from the landlord.

Total Vacant W/ Sublet SF
Space that is vacant and ready for occupancy by a user. The space is being offered for lease or sale by the landlord or for sublease by the current tenant.

Direct Vacancy Rate
Total vacant direct space (vacant space for lease or sale from the landlord or owner) divided by the total rentable square footage for existing buildings only.

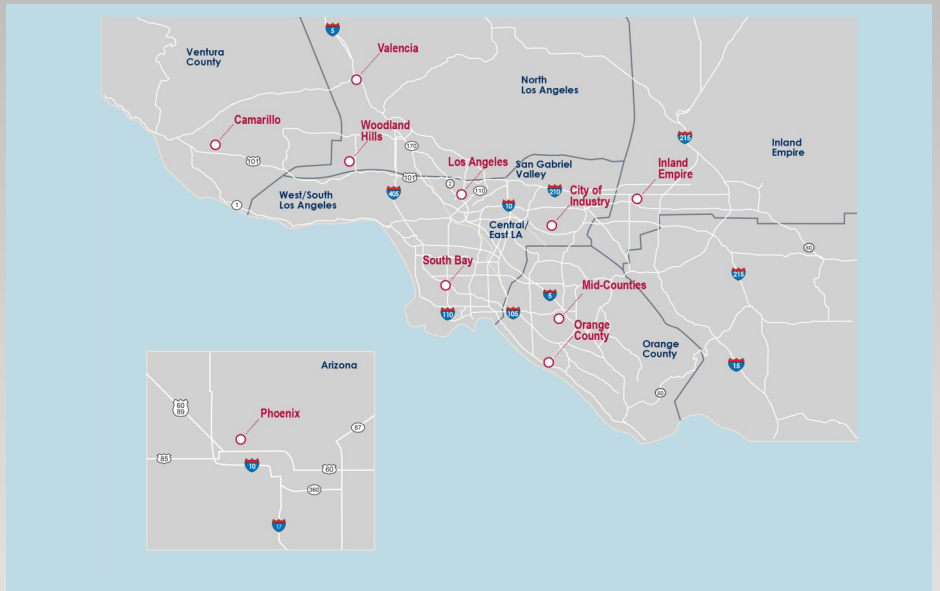
Vacancy W/ Sublet Rate
Total vacant direct space and sublease space divided by the total rentable square footage for existing buildings only.

Gross Absorption
The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time.

Net Absorption
The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move ins) and subtracting all the negative changes in occupancy (move outs).

Under Construction
Planned buildings for which construction has started but have not yet been granted a Certificate of Occupancy. Planned buildings are not included.

Completed in 2018
New buildings with original construction completed in the year 2018 and granted a Certificate of Occupancy. Renovated buildings are not included



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