

Economic Overview

According to the Bureau of Labor Statistics, the California unemployment rate dropped 0.6 percentage points from 6.7% in July 2016 to 6.1% in July 2017. Unemployment rate for the US was reported at 4.3% down from 4.9% over the same time period. The Oxnard-Thousand Oaks-Ventura metropolitan statistical area job creation totaled 8,700 over the past year. Industrial using jobs (industries include manufacturing, construction and trade transportation and utilities) increased by 500 jobs from July 2016 to July 2017.

Market Overview

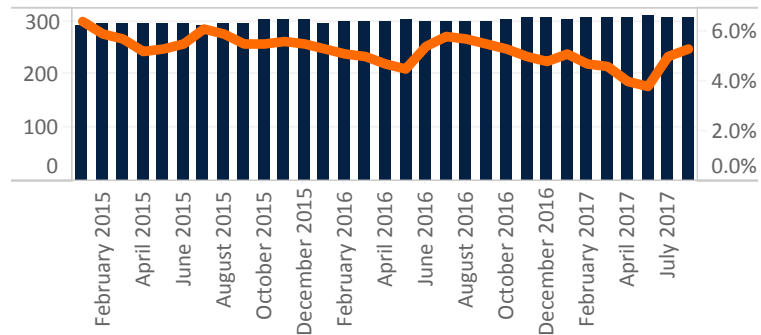
The Ventura County industrial tracked set consists of 1,812 buildings, 10,000 square feet (sf) and larger. The county is divided into 6 submarkets with a total inventory of 65.4 msf. Ventura County recorded 188,275 sf of negative net absorption during 3Q 2017, bringing year to date net absorption to 605,197 sf. The total vacancy rate increased from 2.6% in 2Q 2017 to 2.9% at the close of 3Q 2017. Total Available rates decreased 0.4 percentage points from 4.7% to 4.3% during the same time period. Weighted average asking rent closed out the quarter at \$0.72 NNN, up \$0.14 from a year ago.

Market Highlights

Ventura County continues to see healthy activity with strong leasing activity and increasing rental rates. Construction activity continues to flourish with 930,358 sf under development. The Moorpark/Simi Valley submarket recorded the largest net change in occupancy with 116,994 sf, lowering the submarkets vacancy rate to 1.9%. With a shortage of modern industrial buildings, the county will begin to catch some overflow of tenants from the San Fernando Valley due to the lack of expansion options throughout Greater Los Angeles.

Ventura County Employment

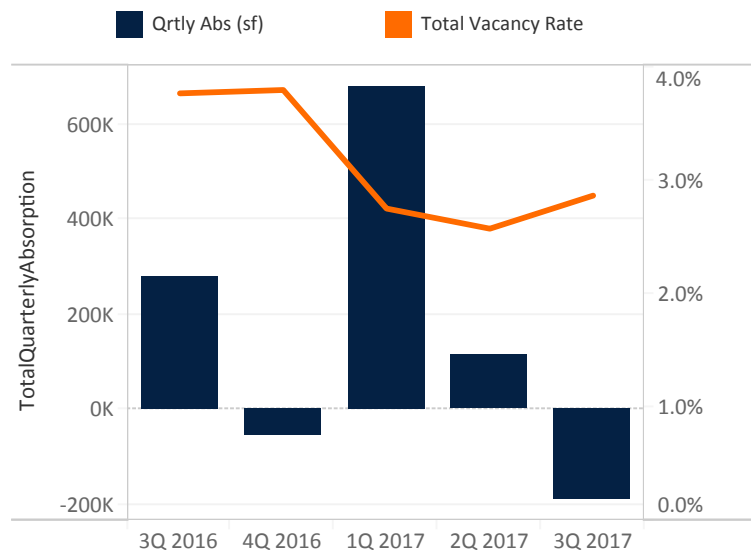
Source: BLS



Market Recap

Inventory (sf)	65,417,318
# of Bldgs	1,812
Qrtly Abs (sf)	-188,275
Total Avail Rate	4.3%
Total Vacancy Rate	2.9%
U/C Inventory (sf)	930,358
Delivered (sf)	
Weighted Average Asking Rate (NNN)	\$0.72

Absorption and Vacancy Rate



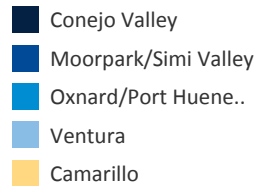
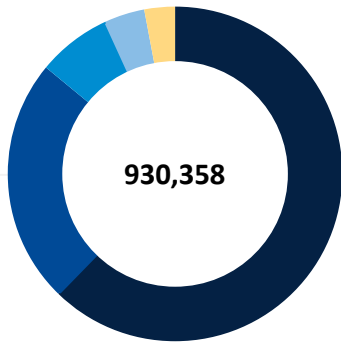
Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Flex	14,237,453	730,490	562,067	3.9%	113,858	29,867
Whse/Dist	51,179,865	2,071,703	1,316,606	2.6%	-302,133	575,330
Overall	65,417,318	2,802,193	1,878,673	2.9%	-188,275	605,197

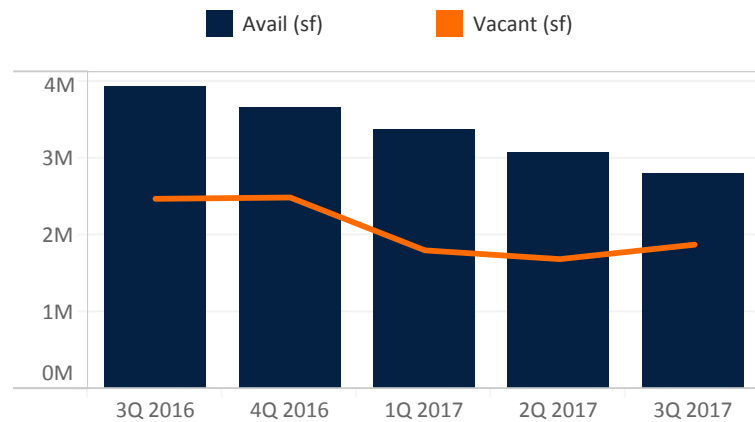
Overview by Market (Total)

Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Camarillo	Flex	3,587,721	277,336	198,349	5.5%	13,732	6,397
	Whse/Dist	6,876,969	551,767	529,111	7.7%	-184,760	-94,939
	Subtotal	10,464,690	829,103	727,460	7.0%	-171,028	-88,542
Conejo Valley	Flex	3,519,466	189,841	154,217	4.4%	-31,094	-62,695
	Whse/Dist	6,378,713	166,218	76,195	1.2%	-24,230	-27,248
	Subtotal	9,898,179	356,059	230,412	2.3%	-55,324	-89,943
Fillmore/Santa Paula	Flex	96,915	0	0	0.0%	0	0
	Whse/Dist	2,276,708	4,006	4,006	0.2%	3,356	3,356
	Subtotal	2,373,623	4,006	4,006	0.2%	3,356	3,356
Moorpark/Simi Valley	Flex	3,441,267	206,879	175,465	5.1%	130,258	92,370
	Whse/Dist	7,645,366	418,845	26,896	0.4%	-5,534	474,481
	Subtotal	11,086,633	625,724	202,361	1.8%	124,724	566,851
Oxnard/Port Hueneme	Flex	2,461,733	44,266	21,868	0.9%	2,520	-3,849
	Whse/Dist	19,834,907	634,037	405,122	2.0%	-14,536	212,812
	Subtotal	22,296,640	678,303	426,990	1.9%	-12,016	208,963
Ventura	Flex	1,130,351	12,168	12,168	1.1%	-1,558	-2,356
	Whse/Dist	8,167,202	296,830	275,276	3.4%	-76,429	6,868
	Subtotal	9,297,553	308,998	287,444	3.1%	-77,987	4,512
Overall		65,417,318	2,802,193	1,878,673	2.9%	-188,275	605,197

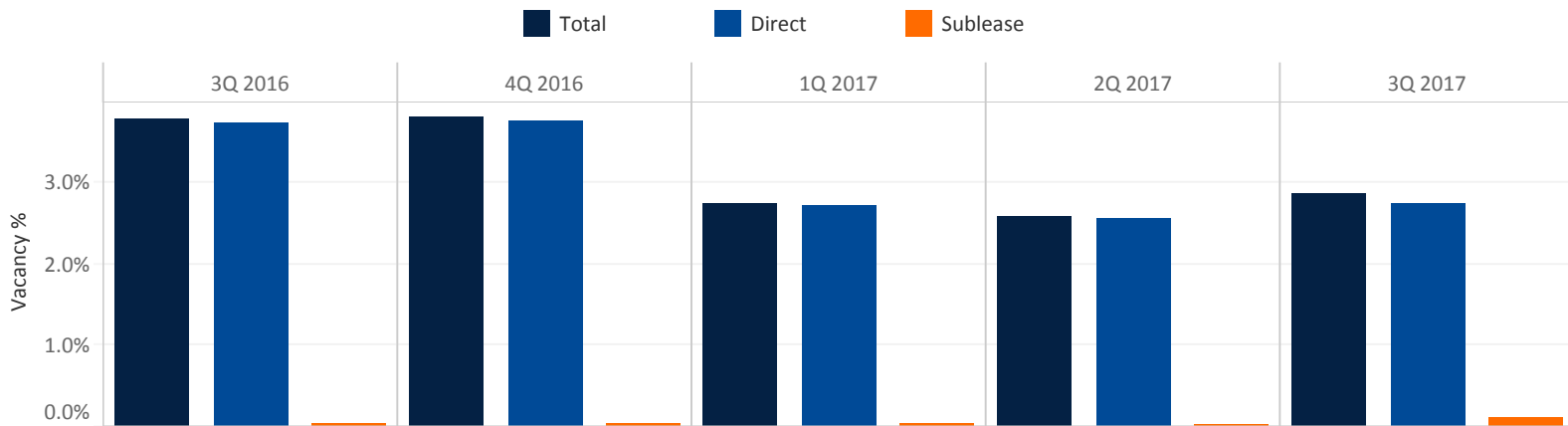
Construction by Market



Total Available and Vacant



Vacancy Rate



Overview by Specific Use (Direct)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Flex	14,237,453	683,531	552,751	3.9%	115,875	39,183
Whse/Dist	51,179,865	1,727,019	1,243,789	2.4%	-237,382	648,147
Overall	65,417,318	2,410,550	1,796,540	2.7%	-121,507	687,330

Overview by Specific Use (Sublease)

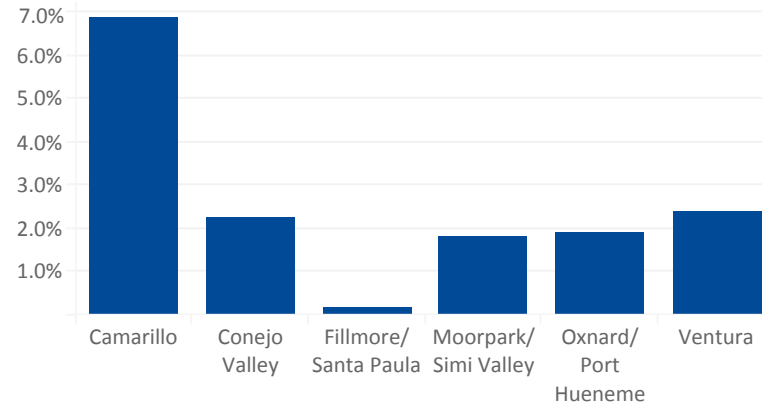
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Flex	14,237,453	46,959	9,316	0.1%	-2,017	-9,316
Whse/Dist	51,179,865	344,684	72,817	0.1%	-64,751	-72,817
Overall	65,417,318	391,643	82,133	0.1%	-66,768	-82,133

Direct Vacancy Rates

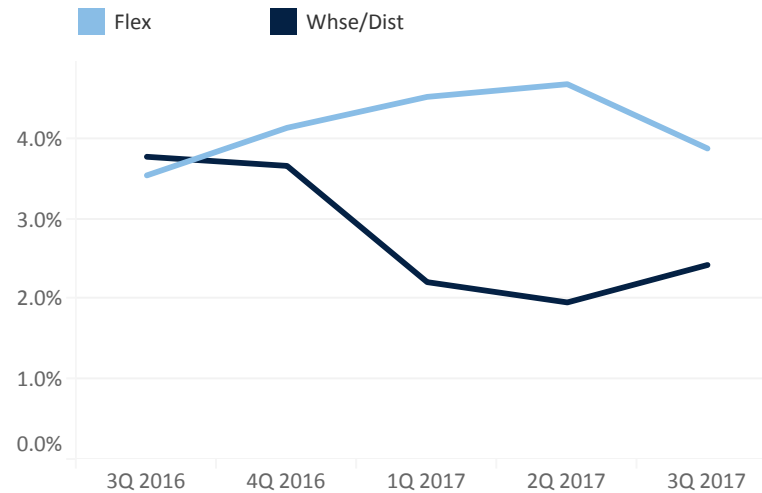
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017
Camarillo	Flex	5.7%	5.7%	5.5%	5.9%	5.5%
	Whse/Dist	6.8%	6.3%	4.3%	4.9%	7.6%
	Subtotal	6.5%	6.1%	4.7%	5.2%	6.9%
Conejo Valley	Flex	2.7%	2.6%	3.2%	3.3%	4.2%
	Whse/Dist	1.0%	0.8%	1.0%	0.8%	1.2%
	Subtotal	1.6%	1.4%	1.8%	1.7%	2.3%
Fillmore/Santa Paula	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	1.1%	0.7%	0.3%	0.3%	0.2%
	Subtotal	1.0%	0.6%	0.3%	0.3%	0.2%
Moorpark/Simi Valley	Flex	4.4%	7.8%	8.7%	8.9%	5.0%
	Whse/Dist	7.6%	6.5%	0.8%	0.3%	0.4%
	Subtotal	6.6%	6.9%	3.2%	2.9%	1.8%
Oxnard/Port Hueneme	Flex	1.4%	0.7%	0.8%	1.0%	0.9%
	Whse/Dist	3.0%	3.0%	2.4%	2.0%	2.0%
	Subtotal	2.8%	2.8%	2.2%	1.9%	1.9%
Ventura	Flex	1.7%	0.9%	1.4%	0.9%	1.1%
	Whse/Dist	2.4%	3.5%	3.0%	2.4%	2.6%
	Subtotal	2.4%	3.1%	2.8%	2.3%	2.4%
Overall		3.7%	3.8%	2.7%	2.6%	2.7%

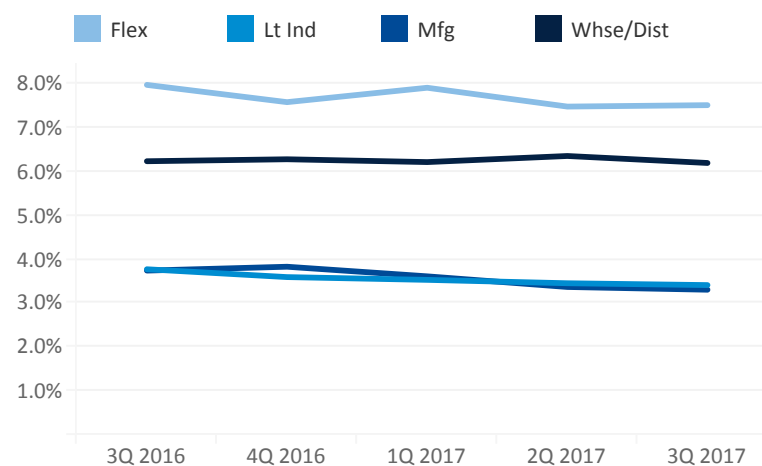
By Market



Ventura County By Specific Use



National by Specific Use

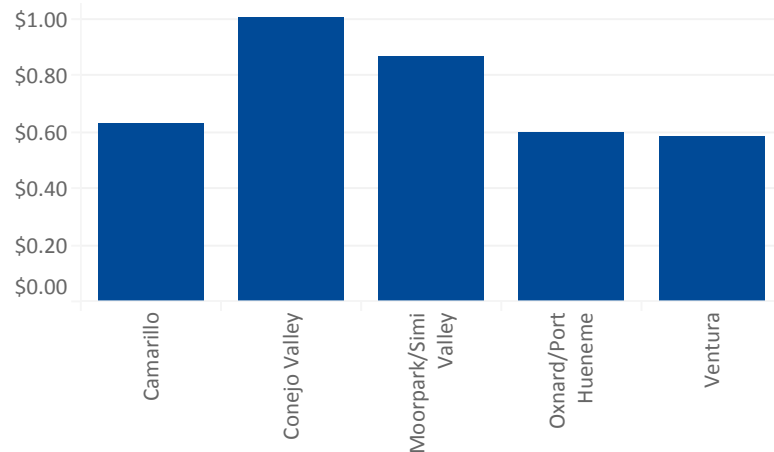


Direct Weighted Average Asking Rates (NNN)

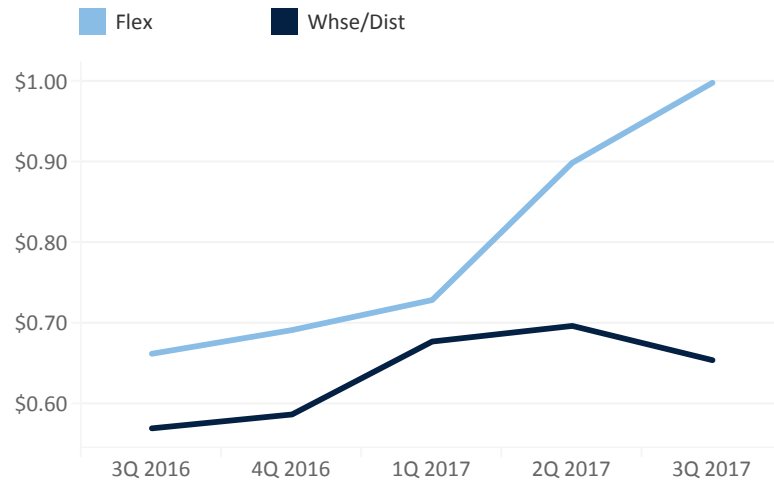
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017
Camarillo	Flex	\$0.51	\$0.51	\$0.50	\$0.64	\$0.80
	Whse/Dist	\$0.60	\$0.62	\$0.60	\$0.57	\$0.60
	Subtotal	\$0.57	\$0.58	\$0.55	\$0.60	\$0.63
Conejo Valley	Flex	\$1.33	\$1.09	\$1.09	\$1.14	\$1.08
	Whse/Dist	\$1.00	\$0.98	\$0.98	\$0.99	\$0.91
	Subtotal	\$1.13	\$1.03	\$1.02	\$1.07	\$1.00
Fillmore/Santa Paula	Flex	-	-	-	-	-
	Whse/Dist	-	-	-	-	-
	Subtotal	-	-	-	-	-
Moorpark/Simi Valley	Flex	\$0.72	\$0.70	\$0.80	\$0.78	-
	Whse/Dist	\$0.54	\$0.49	\$0.76	\$1.05	\$0.87
	Subtotal	\$0.55	\$0.54	\$0.79	\$0.78	\$0.87
Oxnard/Port Hueneme	Flex	-	-	-	-	-
	Whse/Dist	\$0.52	\$0.57	\$0.57	\$0.62	\$0.60
	Subtotal	\$0.52	\$0.57	\$0.57	\$0.62	\$0.60
Ventura	Flex	-	-	-	-	-
	Whse/Dist	\$0.54	\$0.55	\$0.55	\$0.54	\$0.59
	Subtotal	\$0.54	\$0.55	\$0.55	\$0.54	\$0.59
Overall		\$0.58	\$0.61	\$0.69	\$0.78	\$0.72

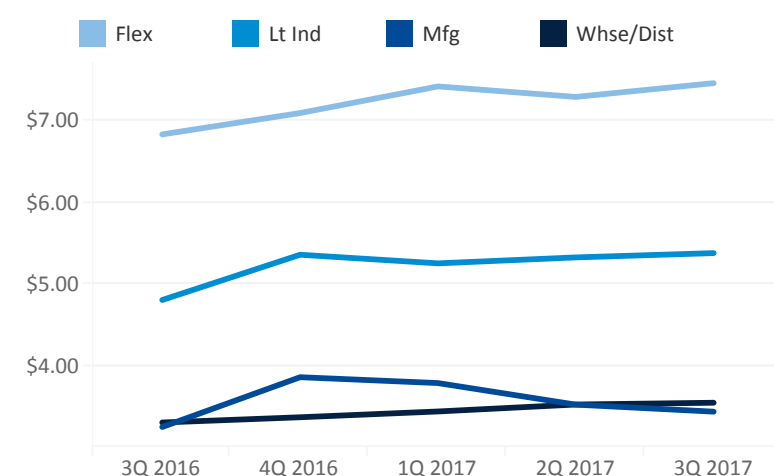
By Market



Ventura County by Specific Use

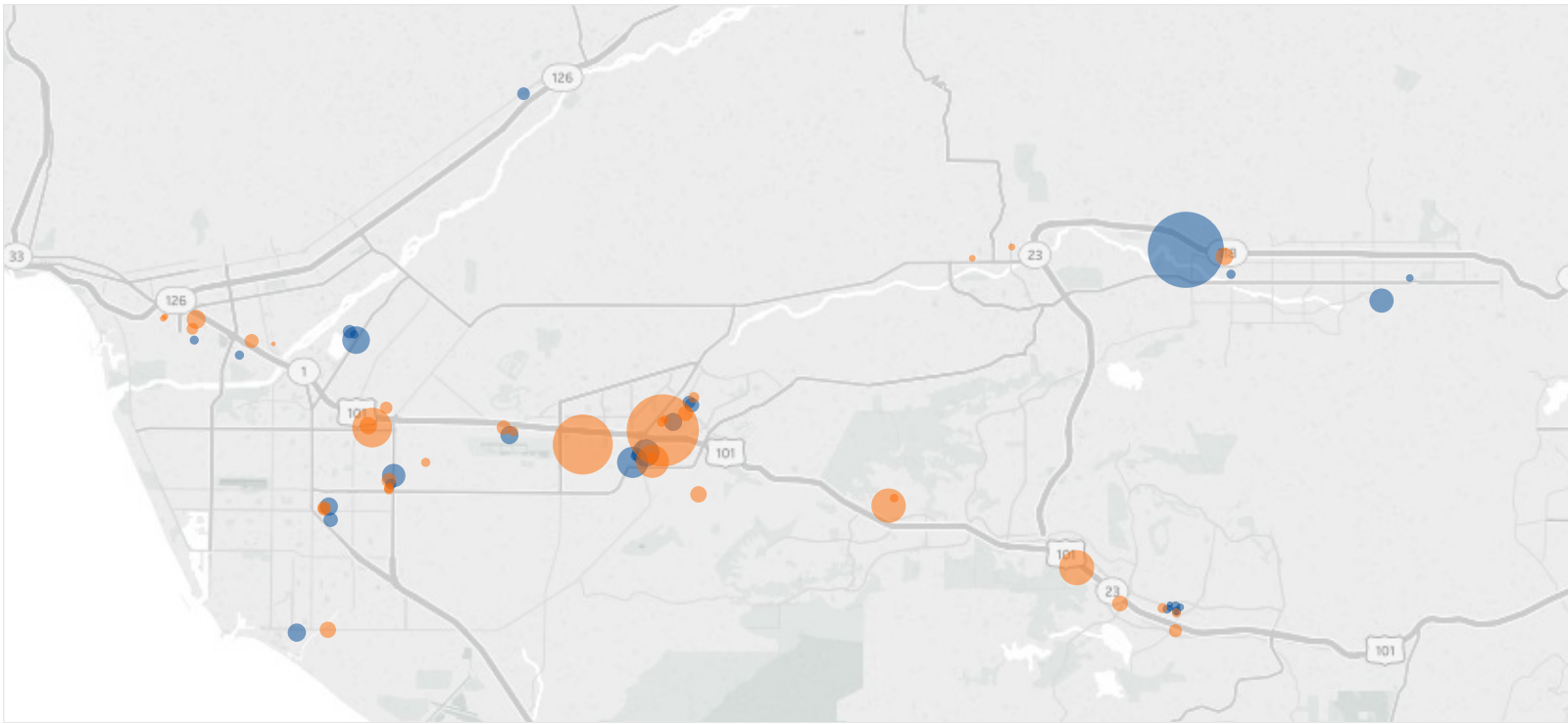


National by Specific Use



Absorption Map

■ Negative
 ■ Positive



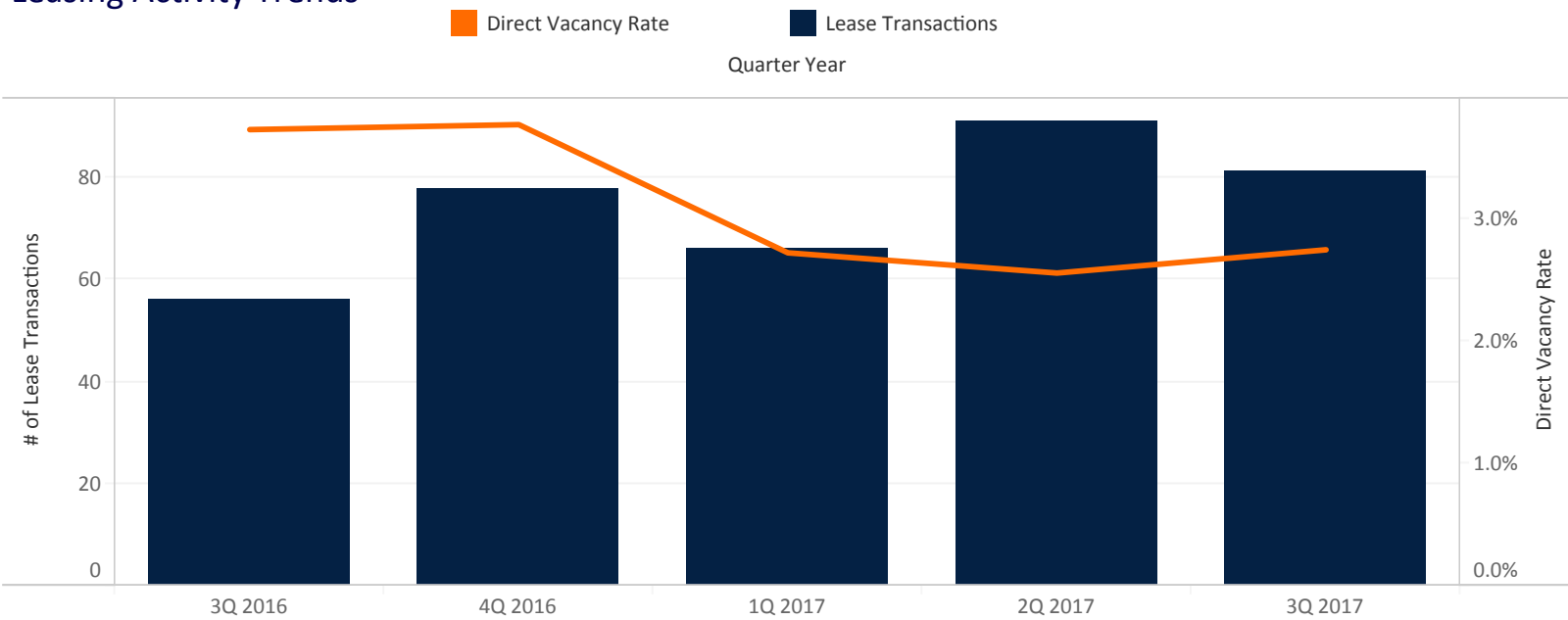
Largest Positives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
Simi Valley Business Center	Simi Valley Unified School District	Moorpark/Simi Valley	Flex	120,075
461 Calle San Pablo	Midnight Sun Products Company	Camarillo	Flex	20,214
162 Montgomery Ave	Undisclosed	Oxnard/Port Hueneme	Whse/Dist	15,785
Rexford Industrial Center Camarillo	Multiple tenants	Camarillo	Whse/Dist	15,672
4139 Guardian St	MSA Trading	Moorpark/Simi Valley	Flex	12,200

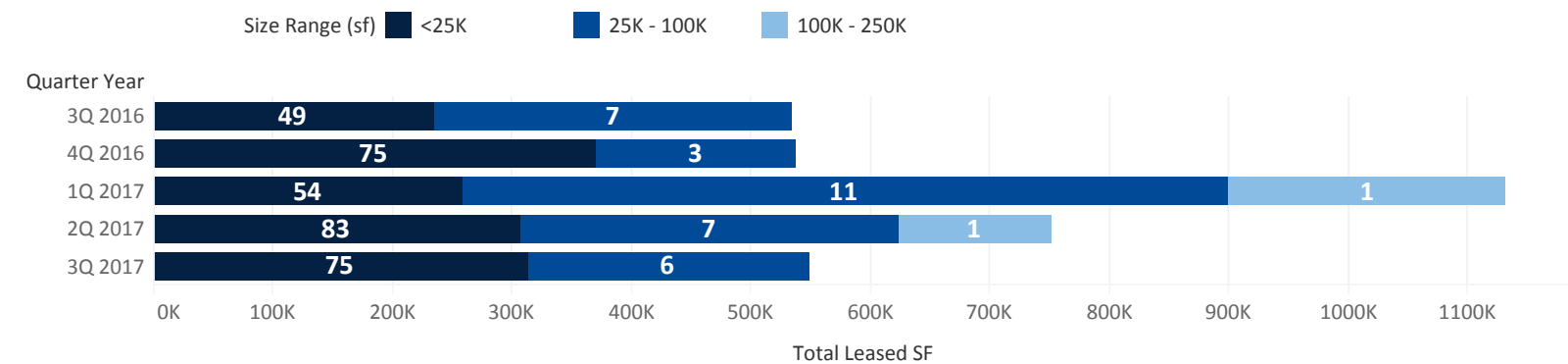
Largest Negatives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
Mission Oaks Corporate Center	Technicolor	Camarillo	Whse/Dist	-107,965
151 Factory Stores Dr	Ventura County Star	Camarillo	Whse/Dist	-74,786
2001-2021 Gonzales Rd	MGR Design International	Oxnard/Port Hueneme	Whse/Dist	-32,768
950 Lawrence Dr	Rotonix	Conejo Valley	Whse/Dist	-24,500
508 Constitution Ave	World Star Gymnastics	Camarillo	Whse/Dist	-22,645

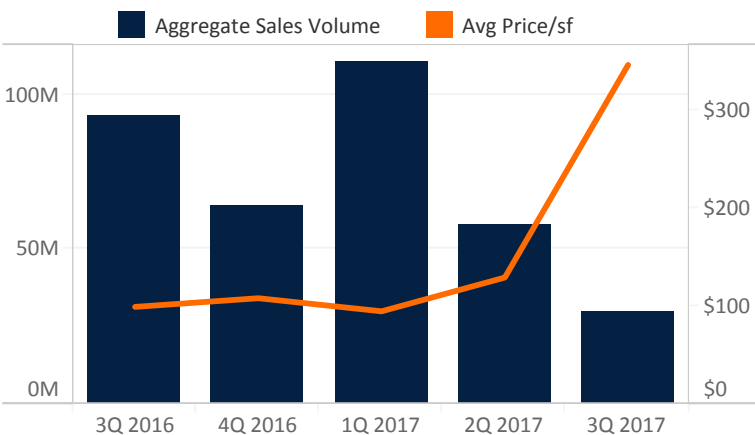
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
151 Factory Stores Dr	08/15/2017	Twenty Lake Holdings	\$8,025,000
405 Science Dr	08/31/2017	238 SOUTH MARIPOSA STREET LLC	\$7,000,000
McInnes Ranch Business Park	07/17/2017	Orlando Family Trust	\$2,800,000
4548-4560 Industrial St	07/07/2017	Raft F & Janet E Mchaddad	\$2,450,000
270 Quail Ct	08/11/2017	WINN FAMILY TRUST	\$1,900,000

Terminology

Term	Definition
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Inventory	The total square feet (sf) of all existing single and multi tenant industrial properties greater than 10,000 sf.
Net Absorption	The net change in physically occupied space from quarter to quarter, expressed in square feet.
Sublease (sf)	Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space.
Total Vacant (sf)	The total of all of the vacant square footage within a building, including both direct and sublease space.
Xceligent Partner	AIR CRE

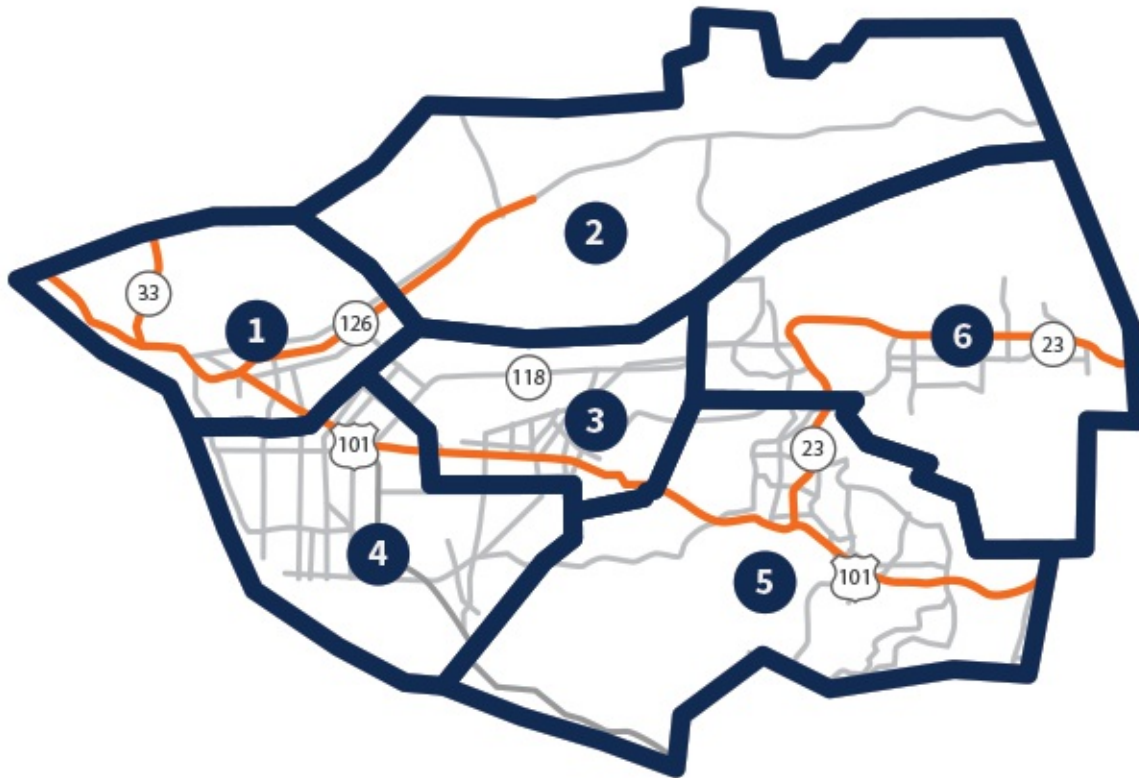
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1 Ventura

2 Fillmore / Santa Paula

3 Camarillo

4 Oxnard / Ort Hueneme

5 Conejo Valley

6 Moorpark / Simi Valley