

San Fernando Valley

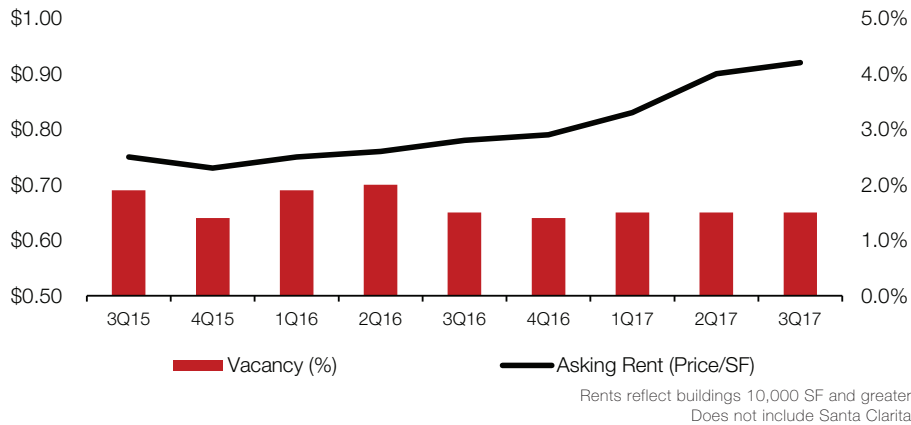
Industrial Market Trends 3Q 2017



Rent Growth Shows No Signs of Slowing Down

Vacancy remains low at 1.5%

Asking Rent and Vacancy

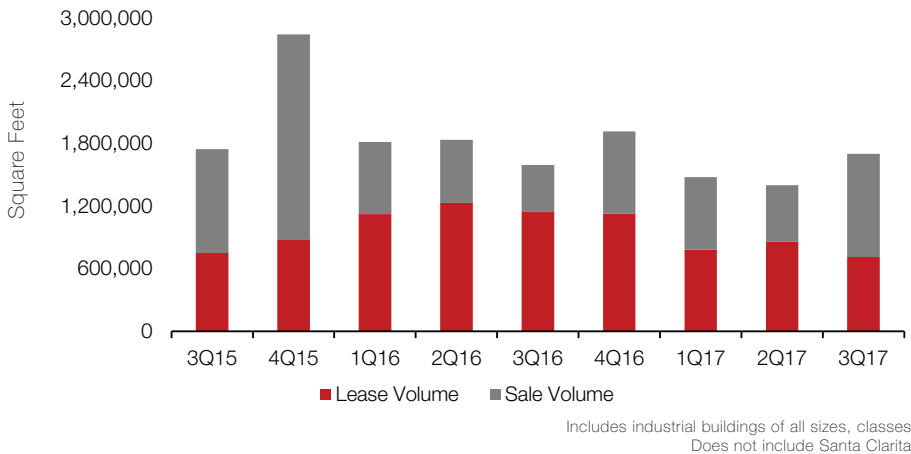


Industrial product in the San Fernando Valley is one of the most in demand products in Southern California. The vacancy rate registered at 1.5%, steady over the prior quarter and the prior year. This razor thin vacancy rate is one of the lowest ever, illustrating the strong demand and tight supply that characterizes the San Fernando Valley industrial market.

There seems to be no ceiling for rents in the San Fernando Valley's industrial market. The dynamics of high demand and low supply continued pushing asking rents past the previous high levels. The average asking rent hit \$0.92/SF this quarter, up 2.2% from last quarter and 18.0% from last year. Rents surpassed the peak reached in 2008 by 22.7%.

Minimal available inventory is keeping lease volume low while sale prices climb due to high demand. Leasing volume totaled just over 710,000 square feet in the third quarter, down 37.9% from this time last year. Average sale price grew 12.5% from last year to \$188/SF. Rising sale prices incentivize owners to sell, with volume more than doubling from a year ago to 989,000 square feet.

Lease and Sale Volume



Market Trends

Total Inventory	106,674,054		
	3Q17	2Q16	3Q16
Asking Rent (Price/SF)	\$0.92	\$0.90	\$0.78
Vacancy Rate (%)	1.5%	1.5%	1.5%
Lease Volume (SF)	710,152	861,061	1,143,794
Sale Volume (SF)	989,084	538,824	447,132
Under Construction (SF)	361,038	361,038	13,600
Deliveries (SF)	0	3,600	0

The Santa Clarita Valley represents a viable option for users looking for industrial space in the Greater San Fernando Valley area. The availability of industrial space in Santa Clarita is higher at 8.3% compared to just 2.8% in the San Fernando Valley. Tenants also enjoy a 31.4% discount on the average asking rent in Santa Clarita, making it an attractive alternative for those unable to find suitable industrial space.

SOURCE: NAI Capital Research, CoStar

Market Statistics

Submarket	Total RBA (SF)	Under Const. (SF)	Total Available (%)	Total Vacant (%)	3Q17 Lease Vol. (SF)	YTD Lease Vol. (SF)	3Q17 Sales Vol. (SF)	YTD Sales Vol. (SF)	Average Asking Rent \$/NNN	Average Sale Price/SF
Central SFV	19,323,003	0	1.6%	1.0%	138,909	306,488	52,103	241,157	\$0.94	\$187
East SFV	59,327,189	361,038	2.4%	1.1%	456,956	1,309,089	836,371	1,710,772	\$1.03	\$188
West SFV	28,023,862	0	4.4%	2.6%	114,287	744,495	100,610	267,555	\$0.78	\$188
TOTAL	106,674,054	361,038	2.8%	1.5%	710,152	2,360,072	989,084	2,219,484	\$0.92	\$188
Santa Clarita Valley	20,310,472	46,778	8.3%	5.2%	158,231	759,349	212,468	772,751	\$0.70	\$150

RBA includes industrial buildings of all sizes. Rents reflect buildings of 10,000+ SF.

Select Lease Transactions

Tenant	Address	Square Feet	Lease Rate
Scenic Express	9380 San Fernando Rd, Sun Valley	53,597	\$0.69/SF
ESAB	14300-14320 Arminta St, Van Nuys	52,801	\$0.80/SF
Mega Goods Inc.	28650 Braxton Ave, Valencia	52,260	\$0.61/SF

Select Sales Transactions

Buyer	Seller	Address	Square Feet	Sale Price/SF	Sale Price
Sharon Cohen	Penwood Real Estate Investment Management	12222-12228 Sherman Way, North Hollywood	48,204	\$210	\$10,125,000
Stanford-Hopkins Props LLC	Gervasi Enterprises	25158 Avenue Stanford, Valencia	44,548	\$129	\$5,746,692
Clear Image Printing Co.	Intertex Properties	12744 San Fernando Rd, Sylmar	39,000	\$130	\$5,100,000

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