

industrial

Q2 2010 Market Analysis

Improvement continues but clouds still looming

The Ventura County industrial real estate sector saw significant improvement in absorption in the second quarter of the year although leasing velocity fell off somewhat from the first quarter.

Direct absorption levels improved to negative 31,200 square feet, compared with negative 267,300 square feet in the first quarter of the year.

Approximately 390,000 square feet of industrial space was leased in 82 deals in the quarter, compared with about 437,000 square feet of lease deals in Q1.

With continuing improvement in leasing activity, the needle on vacancy rates and rents in the region moved only slightly. Vacancies rose another one-tenth of a percentage point to 4.8 percent and rents declined by another penny to an average of \$0.58 per square foot.

Since falling more than 26 percent from their peak in Q1 2008, rents have fluctuated between \$0.58 and \$0.59 since the fourth quarter of 2009.

Oxnard and Camarillo both led the market in terms of leasing velocity with 122,304 square feet of industrial space leased in Oxnard and 120,322 square feet leased in Camarillo in Q2.

The activity drove Camarillo's absorp-

tion levels into positive territory with the submarket registering 7,900 more square feet leased than was vacated in the quarter. Oxnard registered negative 21,000 square feet of absorption.

Four submarkets in the region registered positive absorption while four saw negative absorption levels with Simi Valley turning in the weakest performance — negative 127,600 square feet of absorption.

As has been the case in other parts of Southern California, building sales activity has improved markedly. Q2 saw 28 sale transactions compared to 5 sales in Q1 and 3 transactions in Q2 2009.

Building values have definitely re-set in the region, falling from \$152 per square foot in the first half of 2009 to a current median price of \$86.10 per square foot, and the new pricing is clearly drawing buyers into the market.

At the same time, the effects of layoffs that occurred at major employers such as Countrywide are lingering in the region. As of June, the jobless rate in Ventura County was 10.6 percent. Forest City Enterprises, developers of Simi Valley Town Center recently put the shopping mall up for sale with a 14 percent vacancy rate, home sales

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Economy at a Glance

- **Strawberries:** Agriculture accounted for nearly all the new job growth in Ventura County in April — 2,800 new jobs. Spring harvest was cited as the reason.
- **Businesses:** The number of small and mid-sized businesses sold in Ventura County in April declined by 58 percent to 25 compared to April, 2009, according to a report in the *Ventura County Star* that cited statistics from Biz-Ben.com. The decline was attributed to continuing concerns about the economy and tightening of small business loans.
- **Entrepreneurs:** Since opening in 2009, the city of Ventura's new economic incubator now houses 12 businesses.
- **Channel Islands:** Annual spending related to CSU Channel Islands totaled \$135.5 million, generating a \$240.5 million impact on the California economy, according to a report from the Office of the Chancellor of the California State University System. The impact sustains more than 1,200 jobs in the region, the report said.

MARKET TRENDS: CHANGE FROM PREVIOUS QUARTER



ASKING RENTS
\$0.58



DIRECT VACANCY
4.8%



NET ABSORPTION
(31,200) SF




CONSTRUCTION
110,800 SF

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are still depressed, and while the ports of Los Angeles and Long Beach turned out a record performance in the current quarter, the Port of Hueneme has not fared as well. The port, which depends on the auto

industry for much of its business, reported a loss of \$1.2 million for its fiscal year ended June 30, and another \$2.3 million loss is anticipated in 2011.

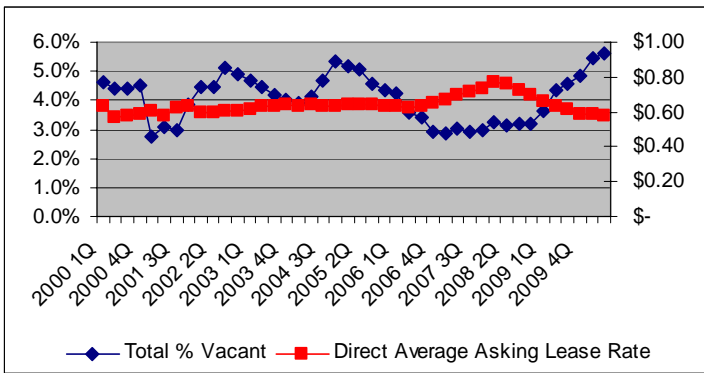
These fundamentals prompted the

Los Angeles County Economic Development Corp (LAEDC) to write in its mid-year economic overview, "Unfortunately, there won't be much relief for the Ventura County economy until late in 2010." 

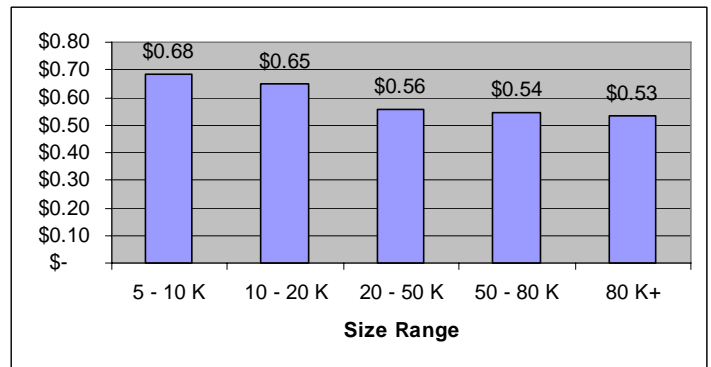
Ventura County Industrial Trends: Period Ending June 30, 2010

Submarket	# Buildings	RSF	Direct Vacant SF	Total Vacant SF	Direct Vacant %	Total Vacant %	Direct Net Absorption	Total Net Absorption	Direct Asking Lease Rates	Sublet Asking Lease Rate	SF Under Construction
Agoura Hills / Westlake Village	44	1,254,100	40,300	40,300	3.2%	3.2%	18,900	18,900	\$1.03	\$0.80	-
Calabasas	8	259,800	1,600	1,600	0.6%	0.6%	(1,600)	(1,600)	\$1.10	\$0.90	-
Camarillo	321	10,858,300	598,300	801,000	5.5%	7.4%	7,900	7,900	\$0.54	\$0.57	-
Fillmore / Santa Paula	104	2,896,100	133,400	133,400	4.6%	4.6%	15,300	15,300	\$0.50	\$0.41	-
Newbury Park / Thousand Oaks	224	7,420,400	329,100	329,100	4.4%	4.4%	(300)	(300)	\$0.71	\$0.60	-
Oxnard /											
Port Hueneme	732	24,917,500	1,102,200	1,298,200	4.4%	5.2%	(10,800)	(21,000)	\$0.58	\$0.57	-
Simi Valley / Moorpark	383	12,283,600	783,600	939,000	6.4%	7.6%	(131,100)	(127,600)	\$0.54	\$0.66	97,500
Ventura	547	11,883,500	478,800	506,300	4.0%	4.3%	70,500	64,700	\$0.57	\$0.70	13,300
Total	2,363	71,773,300	3,467,300	4,048,900	4.8%	5.6%	(31,200)	(43,700)	\$0.58	\$0.60	110,800

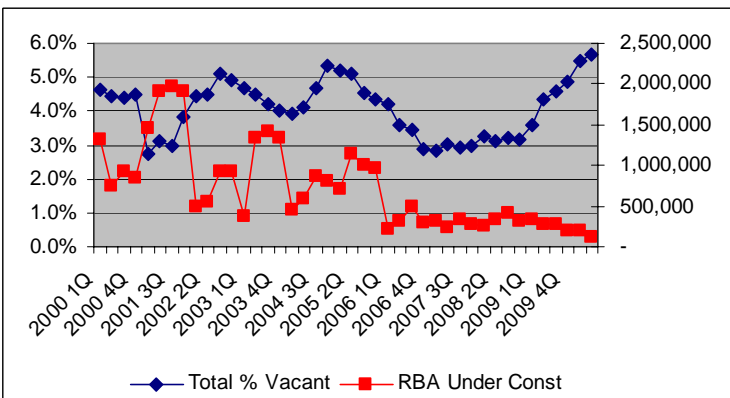
VACANCY VS. ASKING LEASE RATE



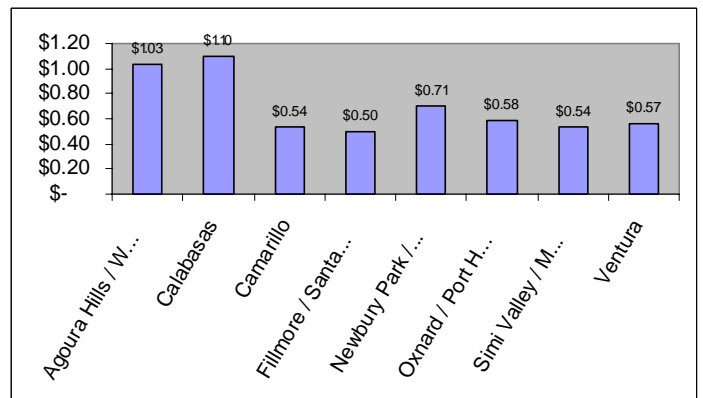
ASKING LEASE RATES BY SIZE RANGE



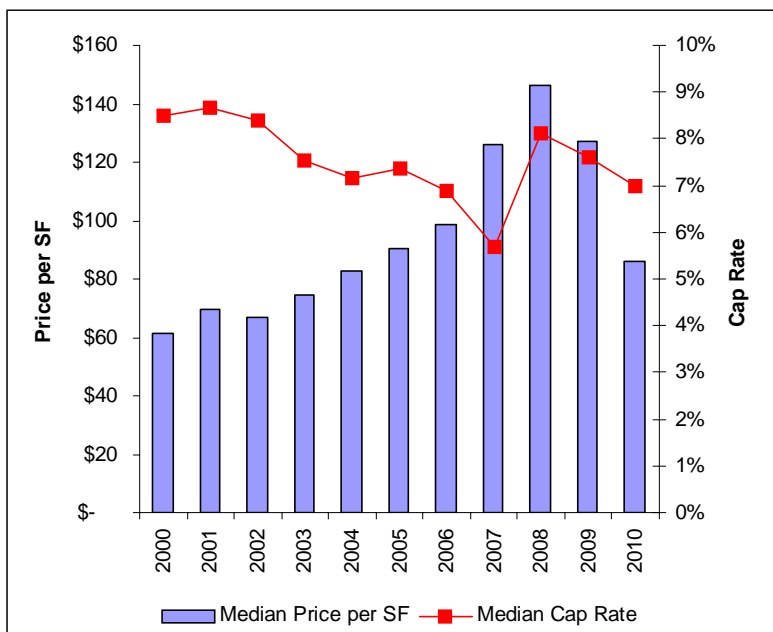
VACANCY VS. CONSTRUCTION



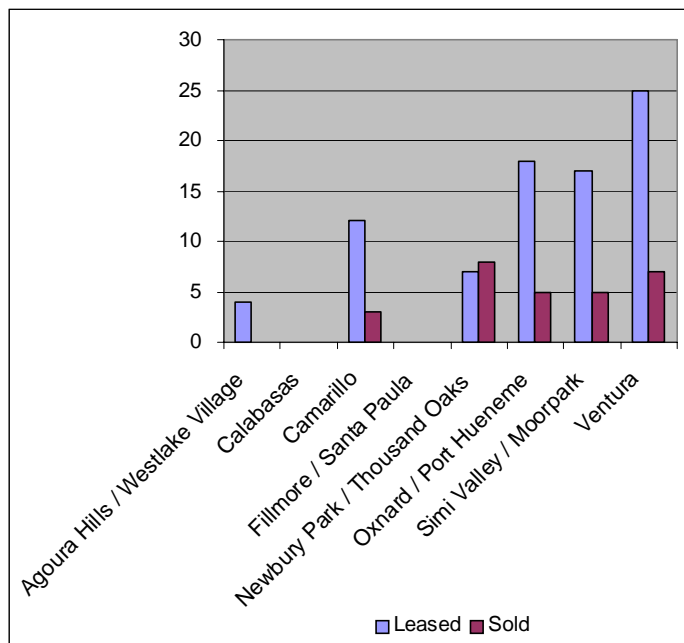
ASKING LEASE RATES BY SUBMARKET



PRICE PSF VS. CAP RATE



LEASE VS. SALE TRANSACTIONS



SIGNIFICANT SALES & LEASE TRANSACTIONS



Address 25 E. Easy St.
City Simi Valley

Price/SF \$116.00
Sq Ft 23,812
Type Sale

ValueClick, Inc. sold this Class B industrial building to Montedoro Partners LLC for \$2,762,192 after 371 days on the market. The asking price was originally \$3,547,988.



Address 4795 McGrath St.
City Ventura

Price/SF \$115.95
Sq Ft 16,387
Type Sale

ARP Automotive Racing Products acquired this industrial warehouse from investors for \$1,900,000. The property had been on the market for 158 days. It was built in 1975.



Address 396 W. Ventura Blvd.
City Camarillo

Price/SF \$105.74
Sq Ft 41,610
Type Sale

This Class B self-storage building was sold to an owner user, Golden State Self Storage, by Kunz Investments LLC for \$4.4 million.



Address 1144 Tourmaline Dr.
City Newbury Park

Price/Sq Ft \$105.00
Sq. Ft. 16,215
Type Sale

Delcar Properties sold this Class C industrial building for \$1,702,575 to Fullner Family. The building was constructed in 1984 and renovated in 2007.



Address Camarillo Commerce Center
City 4030 Via Pescador
Camarillo

Sq Ft 98,952
Type Lease

Dynacorn International leased this entire building from Dynacorn International Inc. for an 84-month term at \$0.42 PSF NNN. The building includes 20,000 SF of office space.



Address 501 Flynn Rd.
City Camarillo

Sq Ft 48,500
Type Lease

Camelback-Armacel leased this entire building for a 60-mos. term at a rental rate of \$0.39 PSF NNN in year one. Year two rate is \$0.49 with 3% increases in years 3-5.



Address Channel Islands Business Center
City 1601 Emerson Ave.
Oxnard

Sq Ft 32,052
Type Lease

Leading Industry leased this building from Ted R. Cooper for one year with an option to extend for 12 mos. Lease rate is \$0.47 NNN PSF



Denotes Lee & Associates transaction

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Industrial

MARKET DEFINITIONS

RENTABLE AREA

Includes all Class A, B and C multi-tenant and single-tenant office buildings of 5,000 square feet 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.

DIRECT NET ABSORPTION

Net change in occupied square feet from one period to the next, not including the effects of occupied sublease space.

DIRECT ASKING LEASE RATE

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

SUBLEASE ASKING LEASE RATE

Calculated for sublease available space using full service gross rents. Rents are weighted by total square feet available for sublease.

UNDER CONSTRUCTION

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

AVERAGE SALE PRICE

Based on actual prices of sold buildings as reported in public records and by CoStar. Includes all office buildings and all sizes in market.

AVERAGE CAP RATES

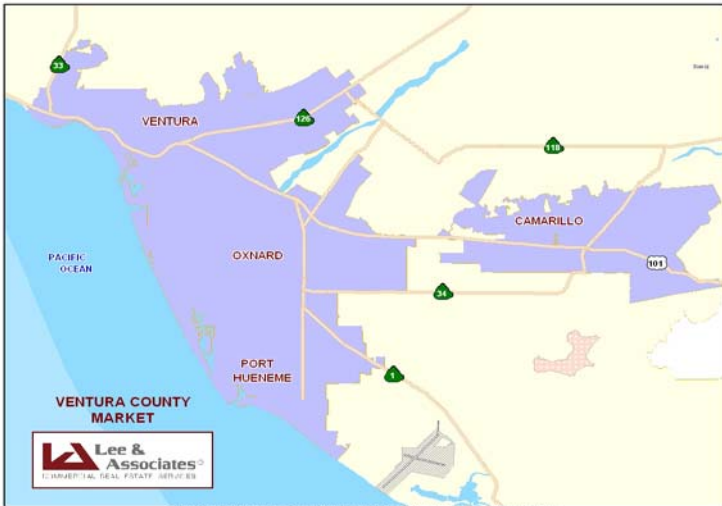
Based on capitalization rates in completed transactions as reported to CoStar. Includes all office buildings and all sizes in market.

About Lee & Associates

Celebrating more than 30 years of leadership excellence in commercial real estate, Lee & Associates is one of the largest national commercial real estate providers with regional expertise. Lee & Associates currently has 38 offices with more than 600 agents located in California, Arizona, Idaho, Illinois, Michigan, Missouri, Nevada, New Jersey, Texas and Wisconsin.

Lee & Associates-LA North/Ventura, Inc. a member of the Lee & Associates Group of Companies, is a full service commercial brokerage company with offices in Sherman Oaks, Calabasas, Ventura County and Antelope Valley. Additional information is available at www.lee-associates.com.

CITIES IN THE VENTURA COUNTY REGION



Agoura Hills/
Westlake Village
Agoura Hills
Oak Park
Westlake Village

Newbury Park/
Thousand Oaks

Calabasas

Oxnard/
Port Hueneme
Oxnard
Pt. Hueneme
Saticoy

Camarillo
Camarillo
Somis

Ventura
Mira Monte
Oak View
Ojai
Ventura

Fillmore/
Santa Paula

Moorpark/
Simi Valley

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