

Industrial

Q3 2011 Market Analysis

All indicators improve in the quarter

Vacancy levels, asking lease rates and absorption all registered positive momentum in the quarter as leasing activity increased to its highest levels in more than 2 years.

A total of 655,000 square feet of industrial space was leased in 110 deals in the quarter, a 38 percent increase over the prior quarter and more than 30 percent more than the 501,784 square feet of space leased in the year-ago period. All of the current quarter's leasing was done on a direct basis.

Vacancy levels declined two tenths of a percentage point to 6.1 percent for direct and sublet space compared to the prior quarter, but it is also noteworthy that current vacancy levels are also below the year-ago period when 6.2 percent of the region's industrial space was vacant. On a direct basis, third quarter vacancies fell to 5.8 percent, from 5.9 percent in the prior quarter.

Absorption moved into positive territory at 114,000 square feet, compared with the second quarter of the year when 268,523 fewer square feet of space was leased than was vacated, and the third quarter of 2010 when absorption was negative 159,516 square feet.

Several large transactions took place in

Camarillo including a 44,390-square-foot industrial lease at 3883 Via Pescador and 800 Avenida Acaso, and an 85,000-square-foot lease at 5217 Camino Ruiz, both Lee & Associates transactions.

Asking rents rose minimally to \$0.55 per square foot in the quarter, from \$0.54 per square foot in the prior quarter, but are still lower than the year-ago period when asking lease rates averaged \$0.57 per square foot.

Although the Ventura industrial market has seen slight improvements over the course of the last two years, this was the first quarter when all indicators showed improvement.

Only time will tell whether the uptick will be sustained, but at Lee & Associates, we are definitely seeing increases in the number of companies seeking space in the market.

Sale prices appear to be stabilizing after falling from a high of \$155.00 per square foot in 2008.

Year to date, the median price for industrial building sales remained virtually unchanged at \$103.05 per square foot, compared to \$103.28 per square foot at the end of 2010.

To date, 16 industrial buildings were sold in Ventura County.



Economy at a Glance

Jobs: Locally, the job growth in Ventura and Santa Barbara Counties is outperforming the state of California, according to the California Economic Forecast's analysis as reported in its "The Economic Watch" newsletter in October. Economists attributed the healthier climate to Ventura's location which, like other coastal locations, is attracting tech jobs, a sector responsible for much of the job growth.

Moving: Harbor Freight tools said it will relocate operations at four Oxnard distribution facilities to a consolidated facility in Moreno Valley, a move that is expected to affect 320 Oxnard workers. The Oxnard facilities will be closing in 2012 and 2013.

Mall Makeover: JC Penney last month completed a \$3 million renovation of its store at The Oaks in Thousand Oaks. The remodel is part of a \$650 million improvement plan underway by the retailer.

Gas: Taxable sales in Ventura County rose 9.2 percent in the second quarter, at least the third consecutive increase, according to data reported in the *Ventura County Star*. The increase was attributed to rising gasoline prices.

MARKET TRENDS: CHANGE FROM PREVIOUS QUARTER



ASKING RENTS
\$0.55



DIRECT VACANCY
5.8%



TOTAL NET ABSORPTION
114,000 SF

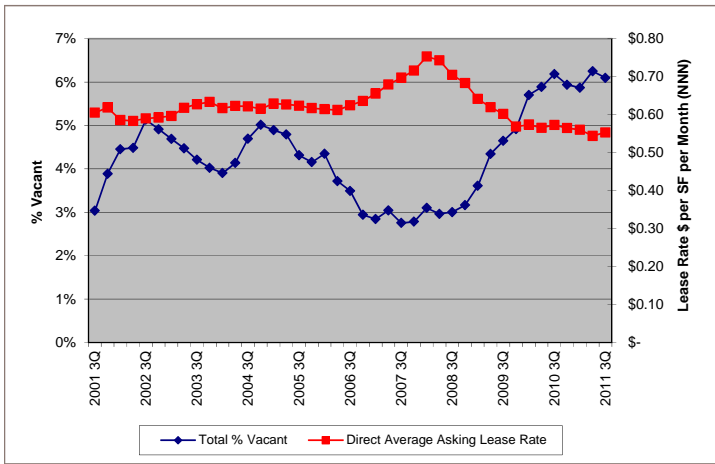


CONSTRUCTION
163,500 SF

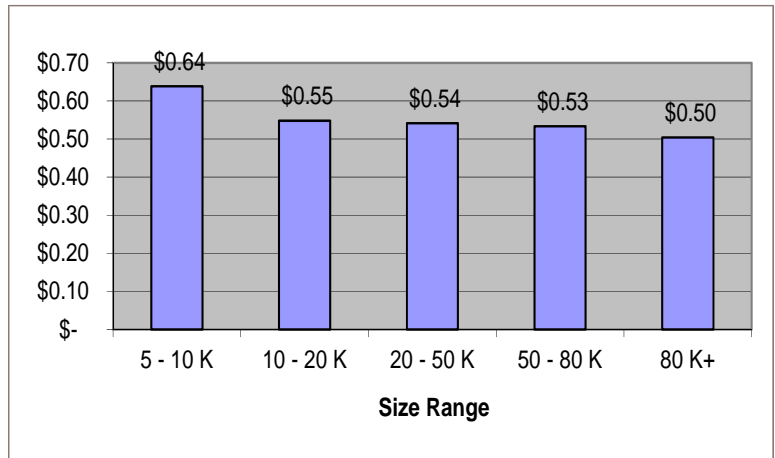
Ventura County Industrial Trends: Period Ending Sept. 30, 2011

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	1,240,800	93,900	93,900	7.6%	7.6%	34,900	34,900	\$0.81	\$0.75 -	
Calabasas	8	259,800	5,200	5,200	2.0%	2.0%	0	0	\$0.00	\$0.00	
Camarillo	321	10,866,200	614,700	677,500	5.7%	6.2%	105,900	105,900	\$0.50	\$0.47	
Fillmore / Santa Paula	105	2,972,000	138,100	138,100	4.6%	4.6%	(9,500)	(9,500)	\$0.50	\$0.42 -	
Newbury Park / Thousand Oaks	223	7,331,400	309,600	309,600	4.2%	4.2%	400	400	\$0.68	\$0.70 -	
Oxnard / Port Hueneme	727	24,210,400	1,308,200	1,325,700	5.4%	5.5%	(53,300)	(60,000)	\$0.53	\$0.52	163,500
Simi Valley / Moorpark	379	11,935,800	1,079,500	1,204,400	9.0%	10.1%	11,100	11,100	\$0.55	\$0.52 -	
Ventura	541	11,664,500	507,300	542,200	4.3%	4.6%	31,200	31,200	\$0.57	\$0.52	
Total	2348	70,480,900	4,056,400	4,296,700	5.8%	6.1%	120,700	114,000	\$0.55	\$0.51	163,500

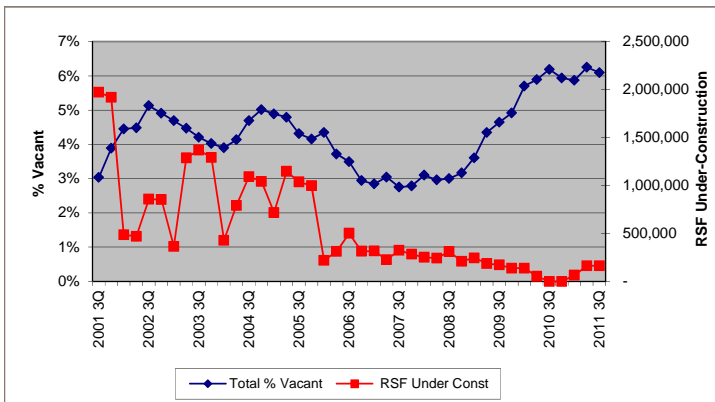
VACANCY VS. ASKING LEASE RATE



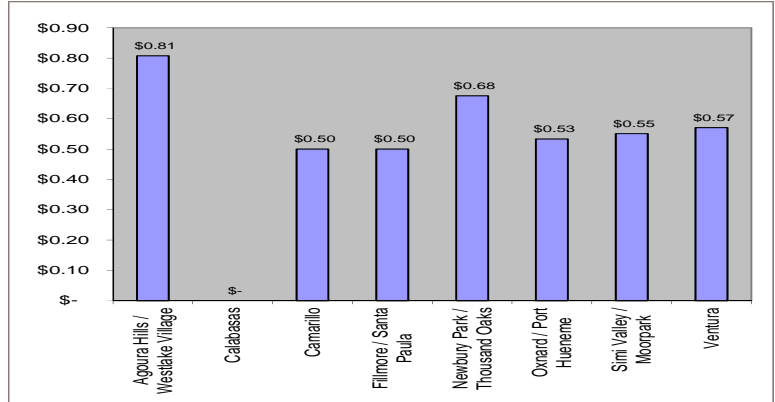
ASKING LEASE RATES BY SIZE RANGE



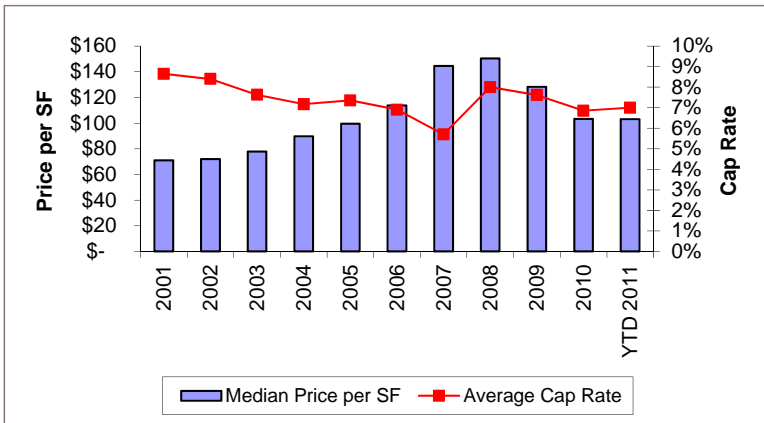
VACANCY VS. CONSTRUCTION



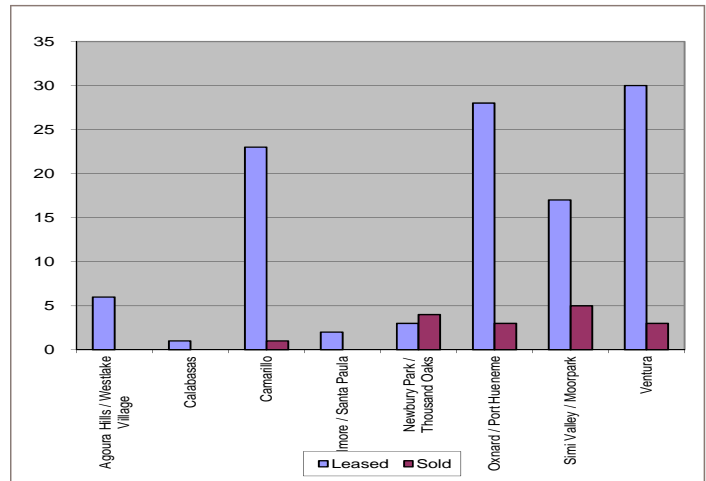
ASKING LEASE RATES BY SUBMARKET















PRICE PSF VS. CAP RATE



LEASE VS. SALE TRANSACTIONS



SIGNIFICANT SALES & LEASE TRANSACTIONS

	<i>Address</i> City	5380-5390 Gabbert Road Moorpark 	<i>Price/SF</i> <i>Sq Ft</i> <i>Type</i>	\$135.11 23,685 Sale	Grossman Holdings, LLC acquired this Class A industrial building for \$3,200,000 in an owner-user transaction. Seller was RPM Investments, Inc.
	<i>Address</i> City	5155 Goldman Ave. Moorpark	<i>Price/SF</i> <i>Sq Ft</i> <i>Type</i>	\$87.10 54,052 Sale	A furniture company acquired this industrial/flex building for \$4,708,125 for its own use. The property was built in 1986 and includes 17,500 SF of office space.
	<i>Address</i> City	1100 Mountain View Ave. Oxnard, CA 	<i>Price/SF</i> <i>Sq Ft</i> <i>Type</i>	\$86.83 41,460 Sale	Owner-user Diversified Minerals acquired this industrial building for \$3,600,000 from Thomas Deardorff. The property was built in 1982 and contains 1,500 square feet of office space.
	<i>Address</i> City	321 Todd Court Oxnard	<i>Price/SF</i> <i>Sq. Ft.</i> <i>Type</i>	\$74.24 53,398 Sale	321 Todd Court LLC acquired this Class B industrial property for \$3,964,161 from Robbins Family Trust. The property was built in 2000.
	<i>Address</i> City	1400 E. Statham Parkway Oxnard	<i>Sq Ft</i> <i>Type</i>	94,113 Lease	Accurate Metal Fabricators, LLC leased this space at \$0.34 PSF net for a 64-month term. The 104,073 SF building is owned by Pacific Prime Properties.
	<i>Address</i> City	Mission Oaks Business Park 5217 Camino Ruiz #B Camarillo 	<i>Sq. Ft.</i> <i>Type</i>	85,000 Lease	Perfect Promotional Products, LLC leased this space at \$0.49 PSF NNN for an 86-month term from PEGH Investments, LLC. Transaction includes 4 months free rent and annual increases.
	<i>Address</i> City	Mission Oaks Business Park 5187 Camino Ruiz #B Camarillo 	<i>Sq Ft</i> <i>Type</i>	38,454 Lease	County of Ventura leased this space at \$0.75 PSF G for a 120-month term from Fubarco Production, LLC. The transaction included 4 months free rent.
	<i>Address</i> City	5397 Commerce Ave Moorpark	<i>Sq Ft</i> <i>Type</i>	31,685 Lease	Hooper Custom RV Service, LLC leased this building fat a rate of \$0.39 PSF NNN for a 60-month term with lease rate increase to \$0.49 PSF in years 3-5.



Denotes Lee & Associates transaction

LA North/Ventura, Inc.

Corporate ID# 01191898
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John Ochoa SIOR 805-626-1208 Principal, Industrial	Paul Capra 805-626-1264 Retail	David Kim 805-626-1234 Office	Steve Nishi 805-626-1202 Industrial	

MARKET DEFINITIONS

RENTABLE AREA

Includes all Class A, B and C multi-tenant and single-tenant industrial 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 sublease.

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.

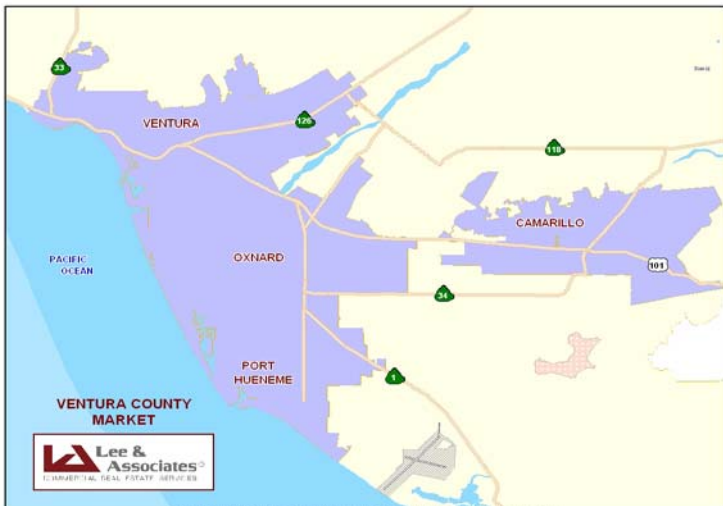
AVERAGE SALE PRICE

Based on actual prices of sold buildings as reported in public records and by CoStar. Includes all industrial buildings 5,000 SF and larger.

AVERAGE CAP RATES

Based on capitalization rates in completed transactions as reported to CoStar. Includes all industrial buildings 5,000 SF and larger.

CITIES IN THE VENTURA COUNTY REGION



- Agoura Hills/
Westlake Village
- Agoura Hills
- Oak Park
- Westlake Village
- Calabasas
- Camarillo
- Camarillo
- Somis
- Fillmore/
Santa Paula
- Moorpark/
Simi Valley
- Newbury Park/
Thousand Oaks
- Oxnard/
Port Hueneme
- Oxnard
- Pt. Hueneme
- Saticoy
- Ventura
- Mira Monte
- Oak View
- Ojai
- Ventura

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Calabasas 26050 Mureau Rd. #101 Calabasas, CA 91302 818-223-4388	John Battle, SIOR Cheri Blessing Grant Fulkerson Margie Jones Joe Jusko Randy Kobata	Mark Leonard Scott Linklater Jeff McGuire Eric Nishimoto Jay Rubin Jack Schlaifer	Robert Shafer Scott Silverstein Tom Specker Marc Spellman Gary Wagmeister Ben Williams

Antelope Valley 38460 5th St. West #G Palmdale, CA 93534 661-341-3300	Jan Chait Susan Champion
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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 43 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.