

MARKET TRENDS

VENTURA COUNTY INDUSTRIAL

MARKET DRIVERS

Ventura County's Industrial market is experiencing its third consecutive quarter of negative direct net absorption, totaling negative 73K SF in 1Q24.

Vacancy and availability rates continue an upward trend, only two-years removed from the 1.4% direct vacancy rate in early 2022. Currently direct vacancy sits at 3.4%, which has increased quarter-over-quarter (QOQ) and year-over-year (YOY).

Only the Moorpark/Simi Valley and Thousand Oaks submarkets had negative net absorption this quarter. The positive absorption in the surrounding submarkets was not enough to pull the region out of the red. The Central Ventura submarket led the region in absorption with positive 94K SF.

Sublease vacancy throughout the market remained a low 0.5%, only 20 basis points (bps) higher YOY and unchanged QOQ.

Between 1Q20 and 1Q23, average rental rates grew rapidly by \$0.49/sf to \$1.25/sf NNN. Rental rates look like they have settled and have remained relatively flat throughout 2023. Currently, average direct asking rental rates are \$1.25/sf, up 2.5% QOQ.

Leasing activity totaled 449,191 SF in the first quarter, a 4.7% increase year-over-year. Leasing activity throughout 2023 totaled 2.4M SF, only slightly lower than the 5-year average of 2.8M SF.

Looming recession concerns led to limited sales volume throughout 2023, totaling 1.3M SF. This quarter, sales volume totaled 687k SF, a 516% increase YOY. The uptick in sales volume may indicate that there is a growing sentiment of a more positive economic outlook from investors.

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Market Summary

	1Q24	4Q23	1Q23	YOY Change
Direct Vacancy Rate	3.4%	3.2%	2.7%	70 bps
Availability Rate	5.7%	5.3%	4.1%	160 bps
Asking Lease Rate	\$1.25	\$1.22	\$1.24	0.8%
	1Q24	2023 Total	1Q23	YOY Change
Leasing Activity (SF)	449,191	2,364,509	428,976	4.7%
Sales Volume (SF)	687,216	1,322,072	111,524	516.2%
Net Absorption (SF)	(73,127)	(367,414)	(45,603)	N/A

↑ **449K SF**
LEASING ACTIVITY

↓ **-73K SF**
NET ABSORPTION

↑ **3.4%**
VACANCY RATE

↑ **\$1.25**
ASKING RENT (AVG)

↓ **74K SF**
NEW DELIVERIES

Year-Over-Year Trend

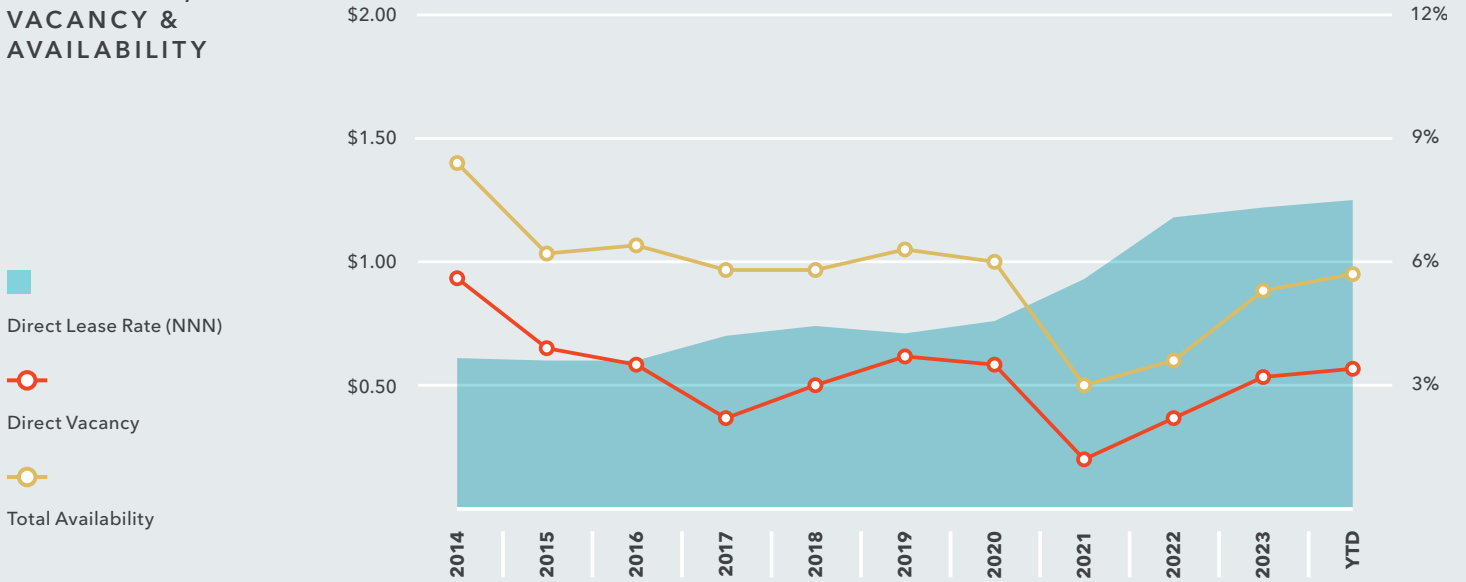
Market Highlights

DIRECT VACANCIES rose to 3.4%

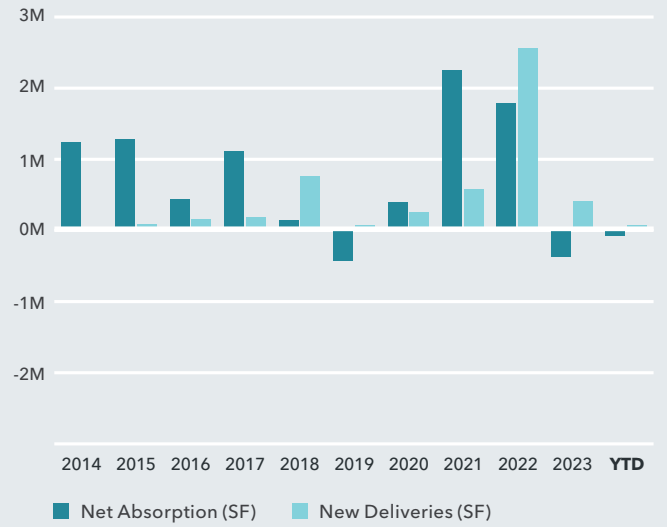
DIRECT ASKING LEASE RATES remained steady YOY at \$1.25/SF NNN

INDUSTRIAL PROPERTIES under 50,000 SF accounted for over 66% of 1Q24 leasing activity

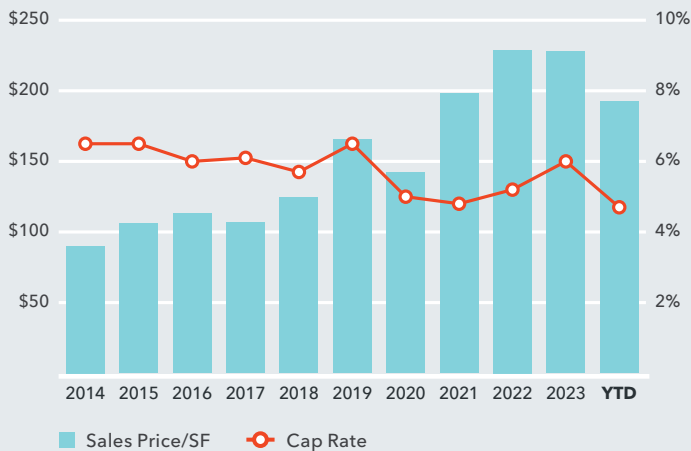
LEASE RATE, VACANCY & AVAILABILITY



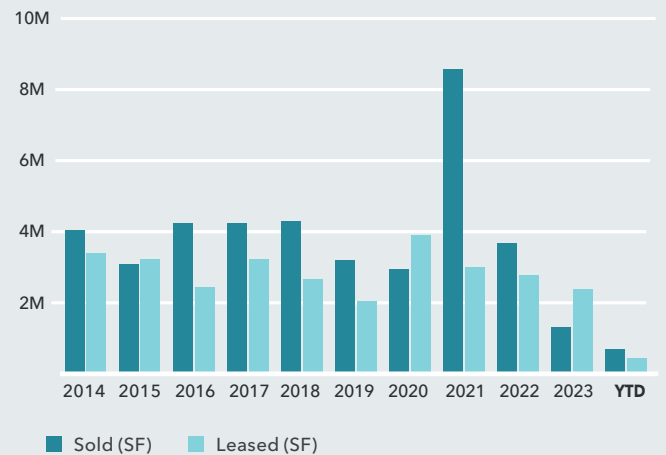
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	1Q 2024 Direct Net Absorption	YTD Direct Net Absorption	1Q 2024 Leasing Activity	YTD Leasing Activity	SF Under Construction	YTD Construction Completions	Avg NNN Rental Rate
Central Ventura	14,560,144	3.9%	4.1%	94,453	94,453	105,556	105,556	10,000	0	\$1.03
Moorpark/Simi Valley	13,684,079	4.7%	6.0%	(112,628)	(112,628)	39,436	39,436	500,402	0	\$1.45
Oxnard/Pt Hueneme	26,521,883	1.8%	1.9%	42,475	42,475	104,572	104,572	0	74,281	\$1.06
Thousand Oaks	8,823,947	6.5%	7.5%	(97,645)	(97,645)	125,775	125,775	145,290	0	\$1.29
Ventura	11,864,538	2.5%	2.6%	218	218	73,852	73,852	0	0	\$1.04
Ventura County Totals	75,454,591	3.4%	3.9%	(73,127)	(73,127)	449,191	449,191	655,692	74,281	\$1.25

ECONOMIC REVIEW

In January, the Oxnard-Thousand Oaks-Ventura MSA reported an unemployment rate of 5.2%, an increase from the 4.5% reported in October of last year. The 5.2% unemployment rate is the highest the region has seen since October of 2021.

The Port of Hueneme received a \$2 million federal grant in late 2023 for planning activity for an auto parking structure that will be used to transfer automobiles off the port. Currently, the Port of Hueneme is the 6th largest port specializing in the logistics of automobiles within the United States.

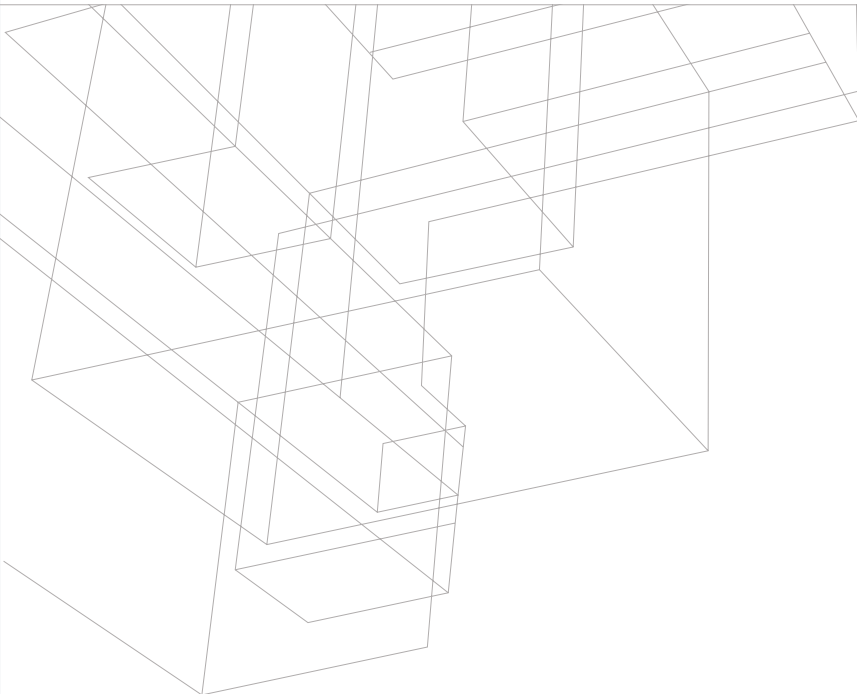
CERF's 2024 VC economic forecast reported that Ventura County has the third most expensive cost of living of all counties in California due to a 3,500+ unit housing shortage as a main factor.

NEAR-TERM OUTLOOK

Demand for smaller sized industrial requirements, specifically for buildings under 50K SF, continues to generate steady demand. These properties accounted for 297k SF of leasing activity, or roughly 66% of the quarter's total leasing activity.

Leasing activity continues to trail more recent previous annual averages, primarily due to lack of inventory with direct vacancy rates remaining at a low 3.4%. Currently there are over 600k SF of industrial properties under construction. More industrial space is in the pipeline with 101 Logistics Center, a 750k SF fully entitled proposed industrial complex that is expected to break ground in early 2025.

Sources: Kidder Mathews Research, CoStar, United States Bureau of Labor Statistics, Port of Hueneme, CERF



SIGNIFICANT SALE TRANSACTIONS 1Q 2024

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
2300 Corporate Center Dr	Thousand Oaks	88,064	\$15,500,000	\$176.01	Eris Home Products	Taft Electric Company
4893 Mcgrath St	Ventura	14,630	\$3,210,000	\$219.41	Harvey W & Susan E Saarloos Living Trust	Nektonic Holdings LLC
6544 Beene Rd	Ventura	3,790	\$1,075,000	\$283.64	Raymond & Dedee Savala	Hughes Family Trust

SIGNIFICANT LEASE TRANSACTIONS 1Q 2024

Property	Submarket	SF	Transaction Date	Landlord	Tenant
3233 E Mission Oaks Blvd	Central Ventura	28,888	January 2024	Rexford Industrial	Maxx Group
3051 Sturgis Rd	Oxnard/ Pt Hueneme	25,188	March 2024	Hiji Brothers	Restore Pros, Inc
3233 Mission Oaks Blvd	Central Ventura	13,269	January 2024	Rexford Industrial	P- Cove

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Easy Street Industrial Center, Building 2	NEC Madera Rd & Easy St	Moorpark/Simi Valley	175,035	Xebec	2Q 2024
Easy Street Industrial Center, Building 1	NEC Madera Rd & Easy St	Moorpark/Simi Valley	144,965	Xebec	2Q 2024
1300 Lawrence	1300 Lawrence	Thousand Oaks	120,290	Undisclosed	4Q 2024
Easy Street Industrial Center, Building 3	NEC Madera Rd	Moorpark/Simi Valley	65,003	Xebec	2Q 2024
Easy Street Industrial Center, Building 5	NEC Madera Rd	Moorpark/Simi Valley	46,305	Xebec	2Q 2024

Data Sources: Kidder Mathews Research, CoStar, United States Bureau of Labor Statistics, Port of Hueneme, CERF



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The information in this report was composed by the Kidder Mathews Research Group.

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COMMERCIAL BROKERAGE	<i>\$10B</i> 3-YEAR AVERAGE TRANSACTION VOLUME	<i>49.7M</i> ANNUAL SALES SF	<i>43.7M</i> ANNUAL LEASING SF
ASSET SERVICES	<i>51M SF</i> MANAGEMENT PORTFOLIO SIZE	<i>750+</i> ASSETS UNDER MANAGEMENT	<i>250+</i> CLIENTS SERVED
VALUATION ADVISORY	<i>2,600+</i> 3-YEAR AVERAGE ASSIGNMENTS	<i>43</i> TOTAL APPRAISERS	<i>25</i> WITH MAI DESIGNATIONS

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