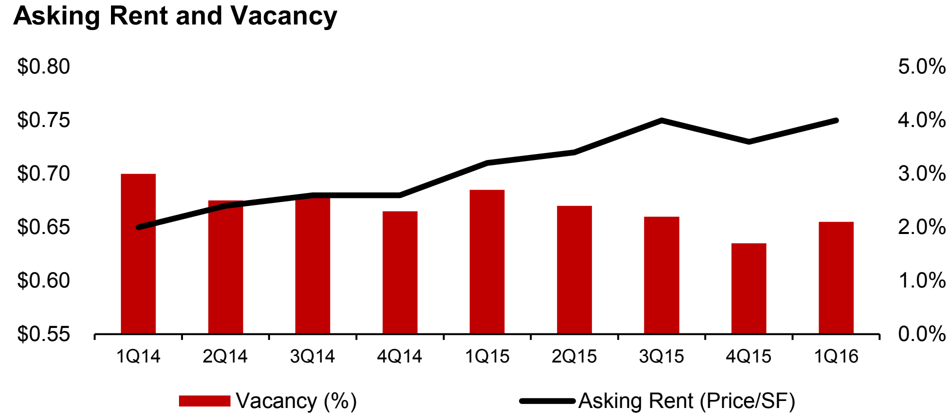
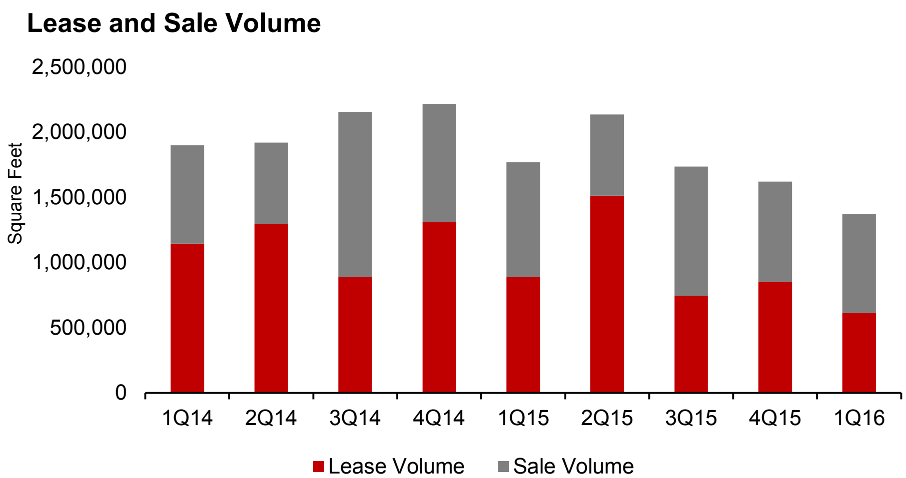
San Fernando Valley
Industrial Market Trends 1Q 2016

NAI Capital
Commercial Real Estate Services, Worldwide.

Industrial Market Remains Tight
-Rents rise to $0.75/SF in Q1



Rents reflect buildings 10,000+ SF
Does not include Santa Clarita



Does not include Santa Clarita

Market Trends

Total Inventory (SF)			106,381,731
	1Q16	4Q15	1Q15
Asking Rent (Price/SF)	$0.75	$0.73	$0.71
Vacancy Rate (%)	2.1%	1.7%	2.7%
Lease Volume (SF)	612,890	853,621	891,506
Sale Volume (SF)	760,339	767,796	880,439
Under Construction (SF)	0	28,620	374,116
Deliveries (SF)	28,620	238,116	140,368

The San Fernando Valley industrial market remained tight through the first quarter of 2016. First quarter vacancy increased slightly to 2.1%, up 40 basis points over the previous quarter but down 60 basis points from a year ago. Despite the increase in vacancy, available space in the market remains scarce. Tenants must work to find appropriate space and land constraints make new construction extremely limited. Currently, there is no new construction in any of San Fernando Valley's submarkets. Despite the recent uptick, vacancy in the San Fernando Valley remains lower than the county average of 4.2%. The San Fernando Valley is expected to continue to see solid demand and dwindling supply.

Direct asking rents averaged $0.75/SF in the first quarter of 2016, up $0.02 since last quarter and up 5.6% from 1Q 2015. Rents are also $0.04 above the county average of $0.71/SF. Sale and leasing volume declined from the prior quarter. Lease volume was down 28.2% over 4Q15 and sale volume was down 1.0%.

The decline in lease and sale volumes is a function of limited supply. Pricing is expected to continue trending upward.

Market Statistics

Submarket	Total RBA (SF)	Under Const. (SF)	Total Available (%)	Total Vacant (%)	1Q16 Lease Vol. (SF)	YTD Lease Vol. (SF)	1Q16 Sales Vol. (SF)	YTD Sales Vol. (SF)	Direct Asking Rent $NNN	Average Sale Price/ SF
Central SFV	19,378,262	0	2.3%	1.5%	103,043	103,043	112,853	112,853	$0.79	$199
East SFV	59,328,616	0	2.6%	1.6%	371,314	371,314	537,694	537,694	$0.74	$161
West SFV	28,124,853	0	3.4%	3.6%	138,533	138,533	109,792	109,792	$0.74	$127
SFV Total	106,831,731	0	3.3%	2.1%	612,890	612,890	760,339	760,339	$0.75	$157
Santa Clarita Valley	19,785,953	0	5.0%	3.8%	295,380	295,380	240,878	240,878	$0.61	$122

Includes all building sizes
Rents reflect buildings of 10,000+ SF

Select Lease Transactions

Address	Tenant	Square Feet	Rent
28340 Avenue Crocker	Triscenic	70,325	$0.62/SF NNN
5433 W San Fernando Rd	Active Window Supply	67,387	$0.79/SF NNN
7915-7933 Haskell	Studio Production Services	37,473	$0.87/SF NNN

Select Sales Transactions

Buyer	Seller	Address	Square Feet	Sale Price
Hileman Cowley Partners	Mason Willadean H Trust	1840 Victory Blvd	56,547	$15,300,000
Horus Investments Bradley LLC	CLPF-Sun Valley Industrial LP	8901 Bradley Ave	55,005	$7,800,000
Rex Investment LLC	Gloria-Densmore LLC	7730-7738 Gloria Ave	54,597	$8,783,000

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Santa Clarita Valley

- Canyon Country
- Newhall
- Santa Clarita
- Stevenson Ranch
- Valencia

Map not to scale

San Fernando Valley

West

- Calabasas
- Canoga Park
- Chatsworth
- Northridge
- Reseda
- Tarzana
- Woodland Hills

Central

- North Hills
- Panorama City
- Sepulveda
- Van Nuys

East

- Arleta
- Burbank
- Glendale
- Mission Hills
- North Hollywood
- Pacoima
- San Fernando
- Sun Valley
- Sunland
- Sylmar
- Tujunga

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Chad Gahr, SIOR
Senior Vice President
818 742 1626 direct
cgahr@naicapital.com
CA BRE Lic. #01230414

David Young, SIOR
Senior Vice President
818 742 1651 office
dyoung@naicapital.com
CA BRE Lic. #00914504

NAI Capital Southern California Office Locations

Headquarters

Encino
16001 Ventura Blvd., Ste. 200
Encino, CA 91436
(818) 905-2400

Los Angeles County

Commerce
500 Citadel Dr., Ste. 100
Los Angeles, CA 90040
(323) 201-3600

Diamond Bar
21660 E. Copley Dr., Ste. 320
Diamond Bar, CA 91765
(909) 348-0600

Pasadena
225 S. Lake Ave., Ste. 1170
Pasadena, CA 91101
(626) 564-4800

Torrance
970 W. 190th St. Dr., Ste. 100
Torrance, CA 90502
(310) 532-9080

Valencia
27451 Tourney Rd., Ste. 200
Valencia, CA 91355
(661) 705-3550

West Los Angeles
11835 Olympic Blvd., Ste. 700E
Los Angeles, CA 90064
(310) 440-8500

Ventura County

Oxnard
300 Esplanade Dr., Ste. 1660
Los Angeles, CA 90040
(805) 278-1400

Westlake Village
2555 Townsgate Rd., Ste. 320
Westlake Village, CA 91361
(805) 446-2400

Simi Valley
2655 First St., Ste. 250
Simi Valley, CA 93065
(805) 522-7132

Orange County

Irvine
1920 Main St., Ste. 100
Irvine, CA 92614
(949) 854-6600

San Clemente
120 1/2 South El Camino Real, Ste. 210
San Clemente, CA 92674
(949) 874-0415

Inland Empire

Ontario
800 N. Haven Dr., Ste. 400
Ontario, CA 91764
(909) 945-2339

Temecula
27720 Jefferson Ave., Ste. 330
Temecula, CA 92590
(951) 491-7590

Victorville
13911 Park Avenue, Ste. 206
Victorville, CA 92392
(760) 780-4200

Coachella Valley

Palm Desert
75-410 Gerald Ford Dr., Ste. 200
Palm Desert, CA 92211
(760) 346-1566

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