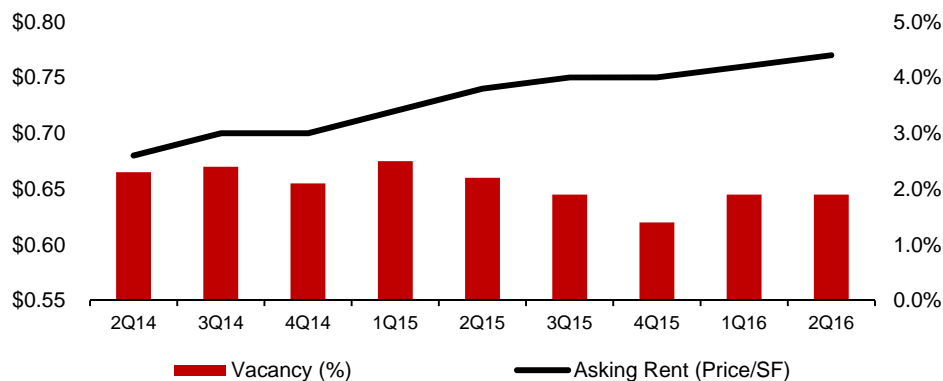


Rents Rise as Space Shortage Remains

-Average Rents Surpass the County Average

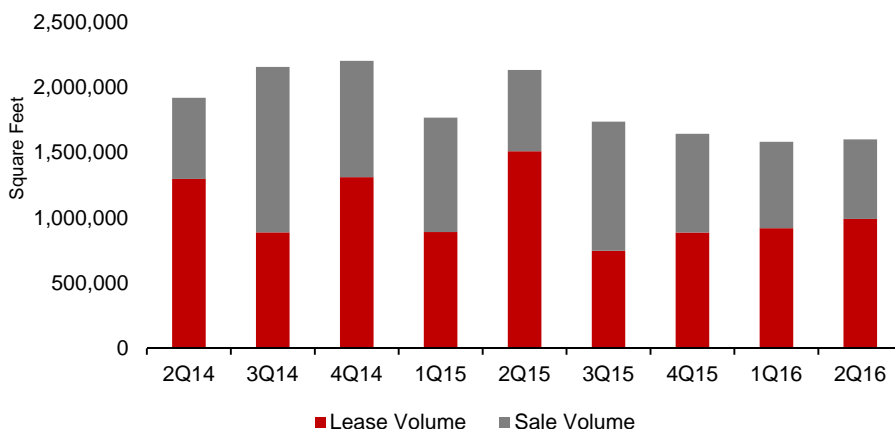
Asking Rent and Vacancy



The San Fernando Valley industrial market remained tight through the second quarter of 2016. Second quarter vacancy at 1.9% remained steady from the prior quarter and down 30 basis points from a year ago. There is almost no vacancy in the market with scarce available space. Tenants should leave plenty of time to find suitable space. Land constraints make new construction extremely limited. Currently, there are only two buildings totaling a mere 364,638 square feet under construction in the East San Fernando Valley submarket. Due to sustained demand and dwindling supply, the San Fernando Valley is expected to continue to experience a space shortage.

Direct asking rents averaged \$0.77/SF in the second quarter of 2016, up 1.3% from last quarter and up 4.1% from 2Q 2015. Rents are also \$0.04 above the county average of \$0.73/SF. Sale and leasing volume declined from a year ago. Lease volume for the first half of this year was down 16.0% over the same period in 2015 and sale volume was down 15.2%. The decline in lease and sale volumes is a function of limited supply. Pricing is expected to continue on an upward trend.

Lease and Sale Volume



Does not include Santa Clarita

Market Trends

Total Inventory (SF) 106,081,706

	2Q16	1Q16	2Q15
Asking Rent (Price/SF)	\$0.77	\$0.76	\$0.74
Vacancy Rate (%)	1.9%	1.9%	2.2%
Lease Volume (SF)	1,038,886	980,068	1,510,625
Sale Volume (SF)	610,049	662,101	622,767
Under Construction (SF)	364,638	0	374,116
Deliveries (SF)	0	28,620	0

Market Statistics

Submarket	Total RBA (SF)	Under Const. (SF)	Total Available (%)	Total Vacant (%)	2Q16 Lease Vol. (SF)	YTD Lease Vol. (SF)	2Q16 Sales Vol. (SF)	YTD Sales Vol. (SF)	Direct Asking Rent \$/NNN	Average Sale Price/SF
Central SFV	19,354,611	0	1.9%	1.3%	215,900	466,233	99,058	130,531	\$0.80	\$206
East SFV	59,127,468	364,638	3.0%	1.5%	442,767	957,707	431,706	952,542	\$0.78	\$153
West SFV	27,599,627	0	3.8%	3.3%	380,219	595,014	79,285	189,077	\$0.74	\$152
SFV Total	106,081,706	364,638	3.0%	1.9%	1,038,886	2,018,954	610,049	1,272,150	\$0.77	\$160
Santa Clarita Valley	19,678,799	254,722	5.4%	3.3%	174,624	524,064	-	267,702	\$0.62	\$112

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

Select Lease Transactions

Address	Tenant	Square Feet	Asking Rate
16689 Schoenborn St	UPS	136,240	\$0.77/SF NNN
1050 Arroyo St	Triscenic Production Services	76,993	\$0.67/SF G
15148 Bledsoe St	Blondy Bath & Home	32,331	\$0.65/SF NNN

Select Sale Transactions

Buyer	Seller	Address	Square Feet	Sale Price/SF	Sale Price
Rexford Industrial	Zodax	525 Park Ave	63,403	\$120	\$7,600,000
Alireza Kolahi	Mario & Galdys Cedillo	20235 Nordhoff St	25,800	\$167	\$4,300,000
RWBW LLC	ISO Beauty Inc	6703-6705 Valjean Ave	17,700	\$236	\$4,176,000

J.C. Casillas
 Vice President
 Research, Marketing, Communications
 NAI Capital
jcasillas@naicapital.com

Jillian Olivas
 Research and Communications Assistant
 NAI Capital
jolivas@naicapital.com

NAI Capital
 16001 Ventura Boulevard
 Suite 200
 Encino, California 91436