

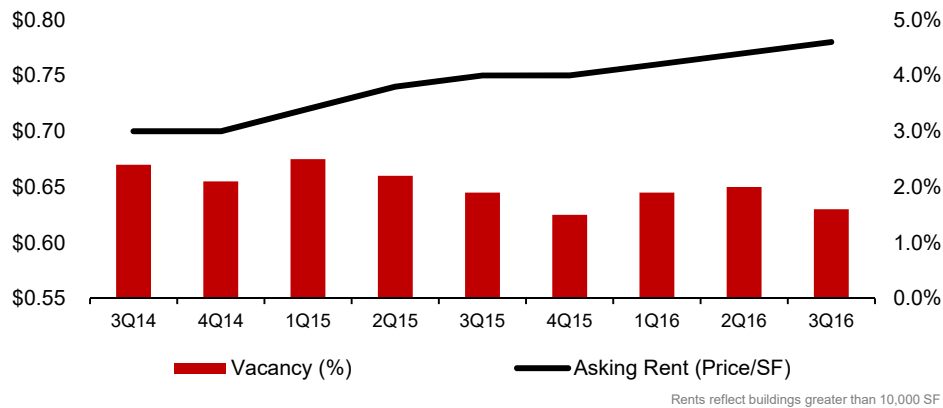
San Fernando Valley

Industrial Market Trends 3Q 2016

Record High Rents, Lowest Vacancies

-Average rents continue to surpass the county average

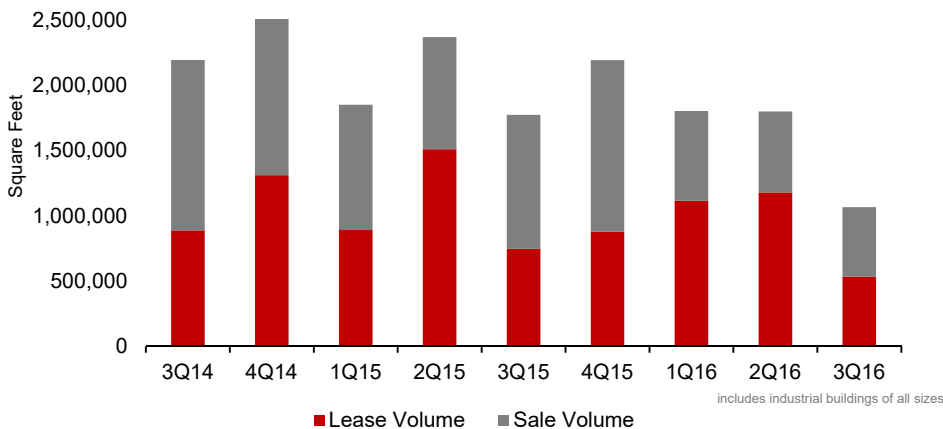
Asking Rent and Vacancy



The San Fernando Valley industrial market has continued its seven quarter trend of sustained occupancy and rent growth since 1Q 2015. Average asking rents in the San Fernando Valley climbed 4% over the year from \$0.75/SF to \$0.78/SF. The vacancy rate fell 40 basis points from last quarter to 1.6%. Over the year, occupancy grew by 468,832, while both sales and leasing activity declined due to increased asking rents and sale prices. Average sale prices increased to \$175/SF, up 6% over the quarter and 26% over the year. As of the third quarter, there is a single 3,600 square foot warehouse under construction in Sun Valley. Scarcity of land is pushing development into the Santa Clarita Valley. The Valencia Gateway Village and IAC Commerce Center are nearing completion, and these properties will deliver a total of 652,942 of class A industrial space to the Santa Clarita market in early 2017.

Demand is coming from tenants, investors and owner-users competing for industrial space, driven by a strengthening economy as well as increased cargo volume from the ports of Los Angeles and Long Beach. August figures, the latest available, indicate year to date inbound loaded cargo volumes were up 6.8% over last year. Extremely low vacancy is likely to continue into the coming year as land remains expensive. New construction will provide limited supply, but will likely not satiate the market's demand for new industrial space. This lack of inventory will result in declining sales and leasing activity, with rising rents and sale prices.

Lease and Sale Volume



Market Trends

Total Inventory (SF)	106,081,706		
	3Q16	2Q16	3Q15
Asking Rent (Price/SF)	\$0.78	\$0.77	\$0.75
Vacancy Rate (%)	1.6%	2.0%	1.9%
Lease Volume (SF)	534,352	1,179,330	747,346
Sale Volume (SF)	531,677	619,922	1,026,665
Under Construction (SF)	3,600	3,600	266,736
Deliveries (SF)	0	0	136,000

Market Statistics

Submarket	Total RBA (SF)	Under Const. (SF)	Total Available (%)	Total Vacant (%)	3Q16 Lease Vol. (SF)	YTD Lease Vol. (SF)	3Q16 Sales Vol. (SF)	YTD Sales Vol. (SF)	Direct Asking Rent \$/NNN	Average Sale Price/SF
Central SFV	19,333,679	0	1.6%	0.3%	84,390	581,013	46,993	192,894	\$0.81	\$215
East SFV	59,273,312	3,600	3.0%	1.3%	223,638	1,384,721	383,322	1,327,775	\$0.79	\$167
West SFV	27,904,089	0	3.6%	3.0%	226,324	863,728	104,012	320,425	\$0.76	\$180
SFV Total	106,511,080	3,600	2.9%	1.6%	534,352	2,829,462	534,327	1,841,094	\$0.78	\$175
Santa Clarita Valley	19,702,787	652,942	8.3%	2.5%	147,464	681,912	627,836	944,386	\$0.64	\$135

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

Select Lease Transactions

Tenant	Address	Square Feet	Asking Rate
Cosmetic Group USA, Inc.	12708 Branford St.	100,109	\$0.68 NNN
Body Theory Fitness	21150-21160 Califa St.	28,122	\$1.25 NNN
Rodeo Food, Inc.	10848 Cantara St.	27,135	\$0.79 NNN

Select Sale Transactions

Buyer	Seller	Address	Square Feet	Sale Price/SF	Sale Price
Xebec Realty Partners	Russell Bloomberg	10445 Glenoaks Blvd	84,670	\$83	\$7,025,000
Extra Space Storage, Inc.	Morelli Brothers Enterprises LLC	6527 San Fernando Rd	54,200	\$255	\$13,800,000
Tirso George, Jr.	Young Industrial Properties LLC	10909 Tuxford St.	46,593	\$151	\$7,015,000

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