

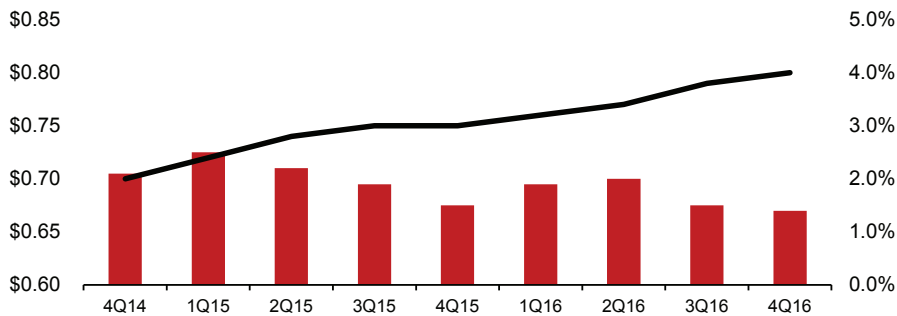
San Fernando Valley

Industrial Market Trends 4Q 2016



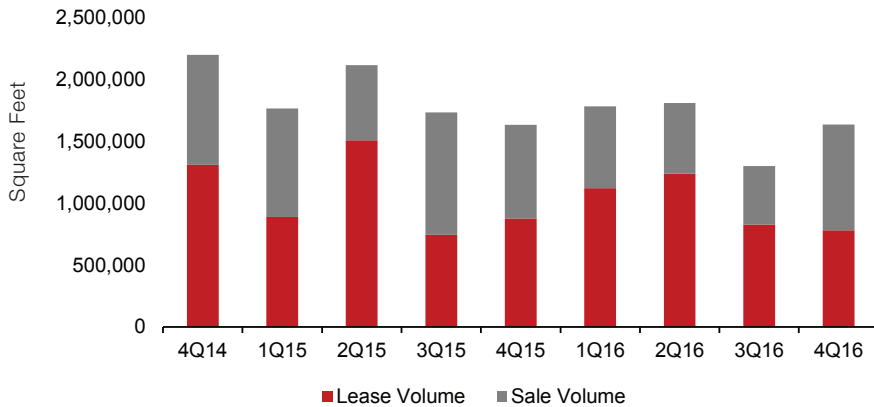
Record High Rents Spurs Spec Construction

Asking Rent and Vacancy



The San Fernando Valley industrial market continued its eighth consecutive quarter of sustained occupancy and rent growth that began 1Q 2015. Average asking rents have grown 6.7% over the year and are expected to continue rising going into 2017. Similarly, the vacancy rate fell 10 basis points to 1.4%, which remains one of the lowest vacancy rates on record. Despite the shortage of available space, the San Fernando Valley industrial market saw 180,192 square feet of occupancy gains over the last quarter.

Lease and Sale Volume



Due to the extreme lack of supply, the leasing volume this quarter dipped by 6% compared to last quarter and by 10.8% compared to last year. On the other hand, sales activity increased 13.2% from a year ago and average sale prices held steady.

This quarter, construction began on the 361,038 square foot warehouse/distribution Sun Valley Business Center. The project is expected to be completed in July 2017 and is already 73.1% preleased, indicating strong underlying demand for new industrial space in the marketplace.

In neighboring Santa Clarita, the Valencia Gateway and IAC Commerce Center projects will be delivered next quarter, adding 699,610 square feet of new industrial space to the LA North submarket. These two properties do not have a tenant lined up, and were built on speculative basis.

Market Trends

Total Inventory **165,419,173**

	4Q16	3Q16	4Q15
Asking Rent (Price/SF)	\$0.80	\$0.79	\$0.75
Vacancy Rate (%)	1.4%	1.5%	1.5%
Lease Volume (SF)	782,831	829,816	878,080
Sale Volume (SF)	856,845	473,544	757,160
Under Construction (SF)	364,638	13,600	28,620
Deliveries (SF)	10,000	0	238,116

Market Statistics

Submarket	Total RBA (SF)	Under Const. (SF)	Total Avail. (%)	Total Vacant (%)	4Q16 Lease Vol. (SF)	YTD Lease Vol. (SF)	4Q16 Sales Vol. (SF)	YTD Sales Vol. (SF)	Direct Asking Rent \$/PSF	Average Sale Price \$/PSF
Central SFV	19,312,592	0	1.9%	0.5%	315,698	914,493	53,384	228,735	\$0.83	\$178
East SFV	59,064,543	364,638	2.8%	1.3%	301,723	1,971,154	673,945	1,899,558	\$0.83	\$152
West SFV	27,935,644	0	4.0%	2.3%	165,410	1,092,012	129,516	436,009	\$0.76	\$117
SFV Total	106,312,779	364,638	2.9%	1.4%	782,831	3,977,659	856,845	2,564,302	\$0.80	\$148
Santa Clarita Valley	19,774,533	699,610	9.8%	2.1%	39,605	790,736	190,522	724,006	\$0.66	\$125

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

Select Lease Transactions

Tenant	Address	Square Feet	Lease Rate
Mission Foods	14200 Arminta St, Panorama City	200,003	Withheld
Galpin Jaguar	13005-13009 Saticoy St, North Hollywood	47,929	\$0.95
Vivitech Solutions	15392 Cobalt St, Sylmar	46,500	\$0.65

Rents are NNN unless otherwise noted .

Select Sales Transactions

Buyer	Seller	Address	Square Feet	Sale Price
LBA Realty	TriumphGroup, Inc	9301 Mason Ave, Chatsworth	101,900	\$11,350,000
Jot Engineering, Inc	JT Contractors, Inc	836 Arroyo Ave, San Fernando	44,941	\$6,946,790
Modern Props	Harout & Roza Abrahamian	956-972 Griswold Ave, San Fernando	38,450	\$5,729,050

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