



Industrial

San Fernando & Ventura

21Q3

Key Takeaways

- Average asking rents increased to \$1.08 NNN.
- Vacancy dropped 50 basis points to 0.8%.
- Net absorption recorded positive 1,012,534 SF.
- Total gross activity reached 2.7M SF.

Vacancy Rate
0.8%



Net Absorption
1.0M SF



Under Construction
3.2M SF



Overall Asking Lease Rates (NNN)
\$1.08/SF



Lights, Camera, Where Did The Vacancy Go?

The San Fernando Valley & Ventura County industrial market continues to show strong market fundamentals, with 1,012,534 SF of positive net absorption. The overall vacancy rate decreased to 0.8% from 1.3% at the end of Q2 2021 and 160 basis points below its mark from one year ago. Construction activity remains robust with 3.2M SF currently underway. The most populous region of Los Angeles, the Valley, is home to major motion picture, music recording and television production companies. The pandemic put a stop on movie/television production for a good part of 2020. As restrictions have eased, the Valley is booming and the industrial market set new records with vacancy and average asking rents.

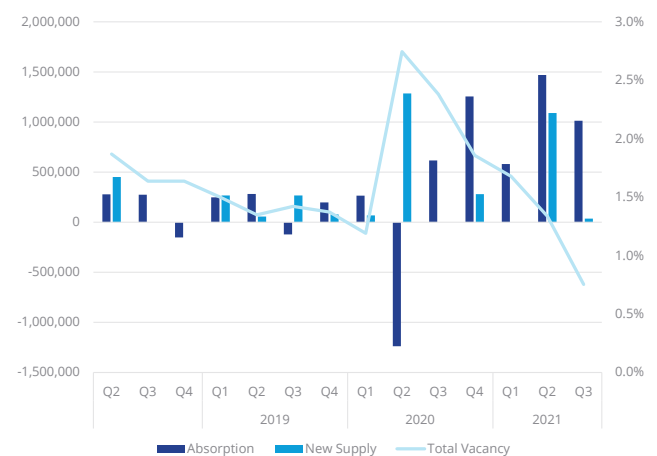
Market Indicators



Historic Comparison

	Q3 2020	Q2 2021	Q3 2021
Total Inventory (SF)	170,155,361	171,524,667	171,559,797
New Supply (SF)	0	1,089,078	35,130
Net Absorption (SF)	616,000	1,469,472	1,012,534
Overall Vacancy	2.4%	1.3%	0.8%
Under Construction (SF)	1,529,500	2,848,938	3,249,868
Overall Asking Lease Rates (NNN)	\$0.83	\$0.93	\$1.08

Market Graph



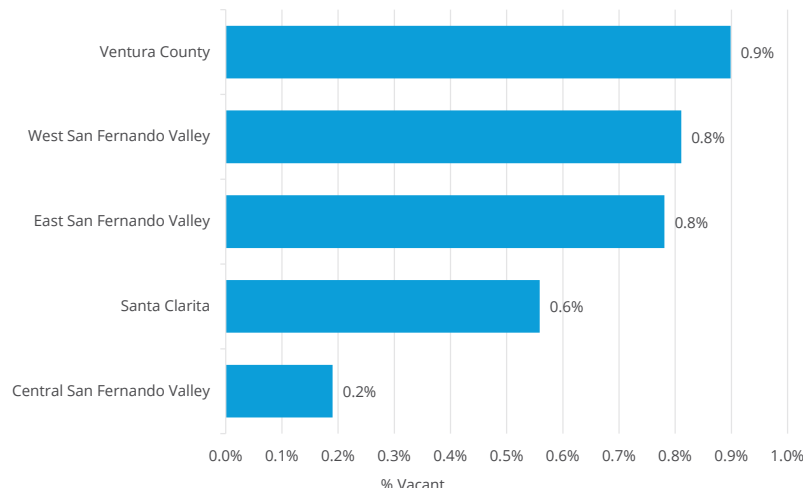
Over the last five quarters, the San Fernando Valley & Ventura County market has recorded 4.9M SF of positive net absorption. Construction completions were minimal, with only 35,130 SF delivered. However, net absorption surpassed 1M SF for the second quarter in a row, which brought vacancy below the 1% threshold.

Labor Force

	Construction	Manufacturing	Transportation, Trade & Utilities
12-Mo Employment Growth (%)	0.9%	-0.4%	4.5%
12-Mo Actual Employment Change	1,300	-1,100	35,100

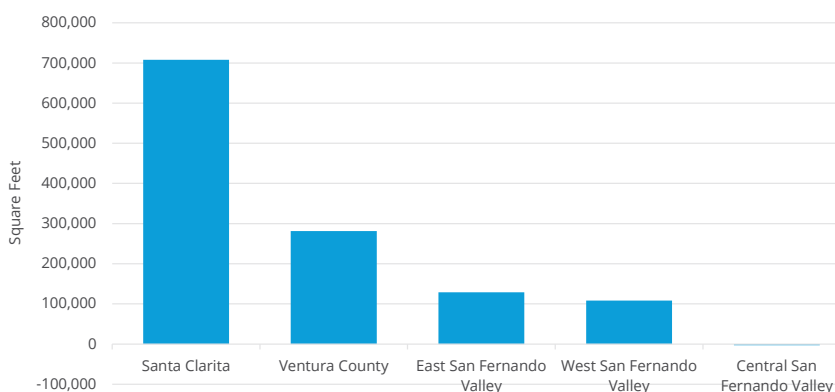
Vacancy

Overall vacancy dropped 50 basis points to 0.8% to close out the third quarter of 2021. With a pandemic peak of 2.7%, the San Fernando Valley & Ventura County market has quickly recovered over the last 15 months. Ventura County vacancy currently sits at 0.9%, and the remainder of the Valley sits at 0.7%. Santa Clarita Valley, which historically had a higher vacancy than the San Fernando Valley, dropped 340 basis points to a historic low of 0.6%. Much like the rest of greater Los Angeles, the San Fernando Valley will continue to see low vacancy and availability rates due to the industrial real estate boom sparked by the COVID-19 pandemic.



Absorption & Leasing Activity

Net absorption for the third quarter of 2021 topped out at 1,012,534 SF. Leasing activity totaled 2.3M SF in 148 lease transactions. The Santa Clarita Valley submarket recorded the highest positive net absorption with 707,953 SF. DrinkPak taking occupancy of two buildings at the Center at Needham Ranch development represented 40% of net demand. With historically tight market conditions and now very limited options in the Santa Clarita Valley, competition will be fierce for tenants looking to expand within the Valley & Ventura County.



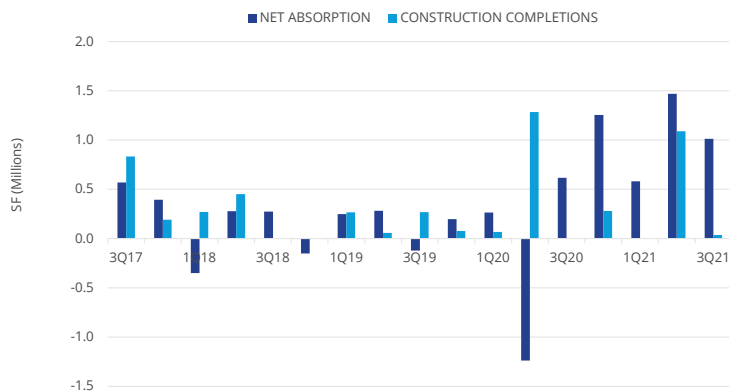
Rental Rates

Average asking rents continued to climb, posting another high-water mark at \$1.21 NNN in the San Fernando Valley and \$0.91 NNN in Ventura County. Rates jumped significantly (15%) in the East San Fernando Valley submarket, as the East's vacancy is now below 1%. As rents continue to rise, tenants renewing their leases from five years ago will see significant increases in market rent as availability remains tight and competition fierce in the high clearance and dock high loading buildings.



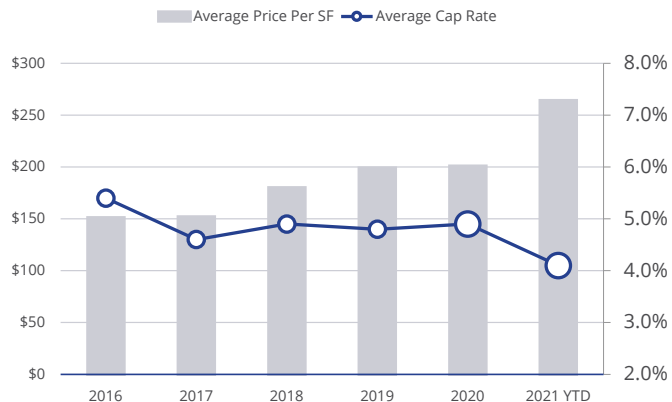
Construction

Construction activity remains robust with 3.25M SF currently underway. Like most of greater Los Angeles, the San Fernando Valley is an infill market with very little room for new development. Despite a large footprint under development, 73% (2,489,946 SF) is already spoken for. Amazon is expected to take occupancy of their 1.5M SF facility in Oxnard next quarter.



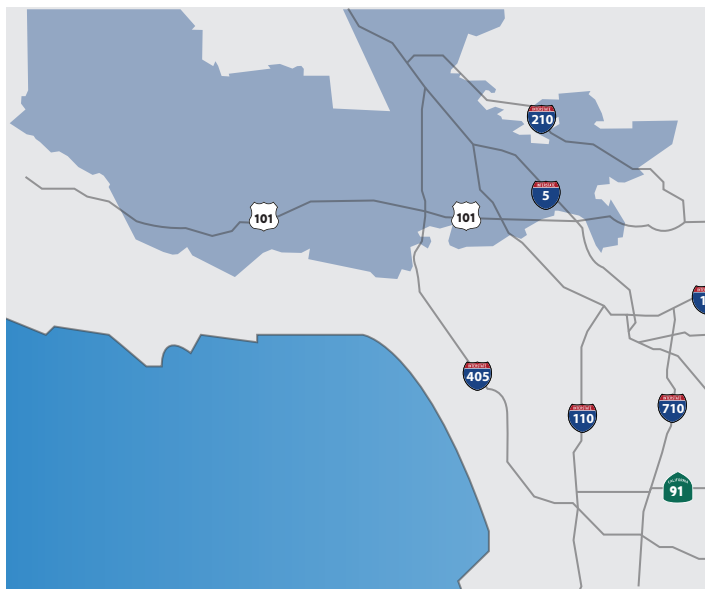
Investment Trends

The industrial sector's massive boom sparked by the COVID-19 pandemic has propelled industrial investment to the top of the most desired list of investors. E-commerce has grown exponentially since the start of the pandemic and will continue to attract institutional investment. With an all-time low vacancy and record-high lease rates, pricing is forecasted to increase with further cap rate compression.



Market Description

The San Fernando Valley and Ventura County industrial market includes 172M SF of standard industrial space and represents 20% of the total industrial space in buildings 10,000 SF and greater in greater Los Angeles County. It is a moderately mature market, with 68% of its space built more than 20 years ago. The market is oriented toward small to medium-sized manufacturers and distributors, with only 29% of its space contained in big-box buildings (100,000+ SF).



Sales Activity

Address	Size SF	Sale Price	Price PSF	Buyer	Seller
9140 Lurline Ave, Chatsworth	146,516 SF	34.5 Million	\$235.5 PSF	Link Logistics	13230 Saticoy LLC
201 Flynn Rd, Camarillo	117,342 SF	20.0 Million	\$170.4 PSF	Westcore Properties	DQ Acquisition 4 LLC
9353 Winnetka Ave, Chatsworth	68,634 SF	18.5 Million	\$269.5 PSF	C-III Capital Partners	Chatsworth Products, Inc.
20409 Prairie St, Chatsworth	40,001 SF	9.0 Million	\$225.0 PSF	Staley Point Capital	Hart Investments LLC

Leasing Activity

Address	Size SF	Lease Type	Submarket	Lessee	Lessor
24903 Avenue Kearny, Valencia	214,436 SF	New	Santa Clarita Valley	CC Wellness	Dedeaux Properties
21480 Needham Ranch Pkwy, Santa Clarita	169,854 SF	New	Santa Clarita Valley	Tire Warehouse	Trammel Crow
28470 Witherspoon Pkwy, Valencia	111,373 SF	New	Santa Clarita Valley	Advanced Nutrients	DWS
3001 Hollywood Way, Burbank	93,158 SF	New	East SF Valley	Confidential	Overton Moore Properties

Major Developments

Address	Developer	Size SF	Submarket	Status	Estimated Completion
3100 Sakioka Dr, Oxnard	Seefried Industrial	1,527,505 SF	West Ventura	Pre-Leased	Q4 2021
1101 Del Norte, Oxnard	Lineage Logistics	576,025 SF	West Ventura	Build To Suit	Q2 2022
Tapo Canyon Commerce Center, Simi Valley	Stream Realty	344,056 SF	Simi Valley/ Moorpark	Under Construction	Q3 2022
21480 Needham Ranch, Santa Clarita	Trammel Crow	178,156 SF	Santa Clarita Valley	Under Construction	Q4 2021

Existing Properties		Construction		Vacancy		Availability	Activity				Absorption		Rents
Submarket/ Subtype	Total Inventory SF	Completions Current Qtr SF	Under Construction SF	Vacancy Rate	Vacancy Prior Qtr	Availability Rate	Sales Activity SF	Lease Activity SF	Total Gross Activity Current	Total Gross Activity YTD	Net Absorption Current	Net Absorption YTD	Avg Direct Asking Rate (NNN)
East San Fernando Valley													
Subtotal	50,969,723	0	0	0.8%	1.1%	1.1%	208,445	425,574	634,019	1,683,143	128,977	1,097,666	\$1.34

West San Fernando Valley													
Subtotal	25,436,382	0	0	0.8%	0.4%	1.6%	0	162,910	162,910	503,315	-103,354	108,298	\$1.15

Central San Fernando Valley													
Subtotal	13,680,569	0	0	0.2%	0.2%	1.5%	0	134,877	134,877	344,112	-2,580	28,847	\$1.36

Santa Clarita Valley													
Subtotal	20,441,228	0	447,816	0.6%	4.0%	1.0%	37,462	1,010,251	1,047,713	2,044,040	707,953	900,270	\$0.90

San Fernando Valley Overall													
10,000 - 19,999	21,901,954	0	0	0.6%	0.5%	1.2%	130,485	212,186	342,671	342,671	-11,129	-11,129	\$1.39
20,000 - 39,999	26,996,756	0	0	0.5%	1.0%	1.3%	115,422	477,662	593,084	593,084	122,424	122,424	\$1.25
40,000 - 69,999	20,213,959	0	45,000	0.7%	0.3%	1.4%	0	143,278	143,278	143,278	-81,522	-81,522	\$1.15
70,000 - 99,999	11,039,672	0	0	1.1%	1.6%	0.4%	0	195,846	195,846	195,846	52,801	52,801	\$1.12
100 - 249k	21,694,930	0	402,816	0.9%	3.9%	1.5%	0	704,640	704,640	704,640	648,422	648,422	\$0.90
250 - 499k	3,961,125	0	0	0.0%	0.0%	2.6%	0	0	0	0	0	0	\$1.45
500,000 +	4,719,506	0	0	0.0%	0.0%	0.0%	0	0	0	0	0	0	n/a
Total	110,527,902	0	447,816	0.7%	1.3%	1.2%	245,907	1,733,612	1,979,519	4,574,610	730,996	2,135,081	\$1.21

Ventura County													
West Ventura County	41,492,489	0	2,224,180	0.9%	0.8%	1.2%	47,444	199,471	246,915	246,915	-26,140	-26,140	\$0.86
Simi Valley/ Moorpark	11,566,826	35,130	405,356	0.3%	2.4%	2.8%	42,025	202,656	244,681	244,681	249,898	249,898	\$0.89
Conejo Valley	7,972,580	0	172,516	1.6%	2.3%	2.5%	0	187,294	187,294	187,294	57,780	57,780	\$1.08
Total	61,031,895	35,130	2,802,052	0.9%	1.3%	1.7%	89,469	589,421	678,890	678,890	281,538	928,318	\$0.91

San Fernando Valley & Ventura County													
Market Total	171,559,797	35,130	3,249,868	0.8%	1.3%	1.4%	402,419	2,323,033	2,725,452	7,486,736	1,012,534	3,063,399	\$1.08

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