



Industrial San Fernando & Ventura
22Q2

Key Takeaways

- Average asking rents increased to \$1.42 NNN.
- Vacancy remained unchanged at 0.5%.
- Net absorption closed out at 175K SF.
- Total gross activity reached 1.2 MSF.

Vacancy Rate 0.5% <small>YOY</small> ▼ <small>FORECAST</small>	Net Absorption 174K SF <small>YOY</small> ▼ <small>FORECAST</small>	Under Construction 622K SF <small>YOY</small> ▼ <small>FORECAST</small>	Average Asking Lease Rates (NNN) \$1.42/SF <small>YOY</small> ▲ <small>FORECAST</small>
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The Valley Continues its Historic Rental Rate Growth

The San Fernando Valley & Ventura County industrial market continues to see strong tenant demand, posting 174,642 SF of positive net absorption. The overall vacancy rate was unchanged at 0.5% quarter over quarter and 80 basis points below its mark from one year ago. Average asking rates continued to climb with a 22% jump from Q1, closing out the quarter at \$1.42 NNN. Development activity remained strong with 622,056 SF under construction. The most populous region of Los Angeles, the Valley is home to major motion picture, music recording and television production companies.

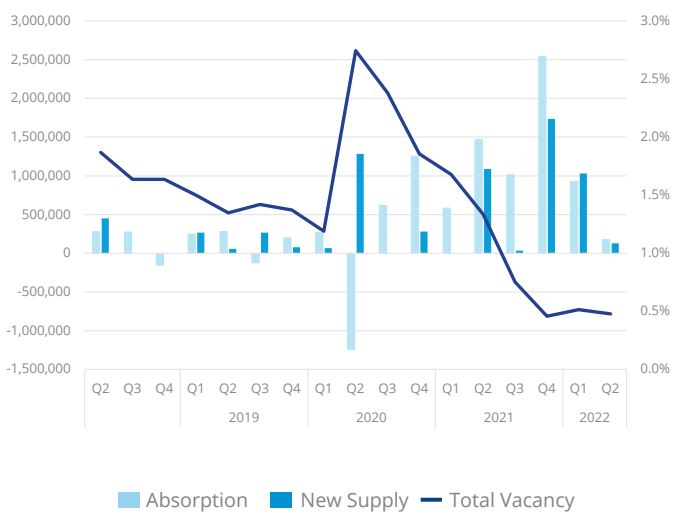
Market Indicators

▼ 4.5% Unemployment Rate	▲ 3.7% GDP - Quarterly % Change YOY	▲ 3.0% U.S. 10-Year Treasury Note
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Historic Comparison

	Q2 2021	Q1 2022	Q2 2022
Total Inventory (SF)	174,843,689	174,710,044	174,973,639
New Supply (SF)	1,089,078	1,031,795	129,950
Net Absorption (SF)	1,469,472	926,959	174,642
Overall Vacancy	1.3%	0.5%	0.5%
Under Construction (SF)	2,848,938	752,006	622,056
Overall Asking Lease Rates (NNN)	\$0.93	\$1.16	\$1.42

Market Graph



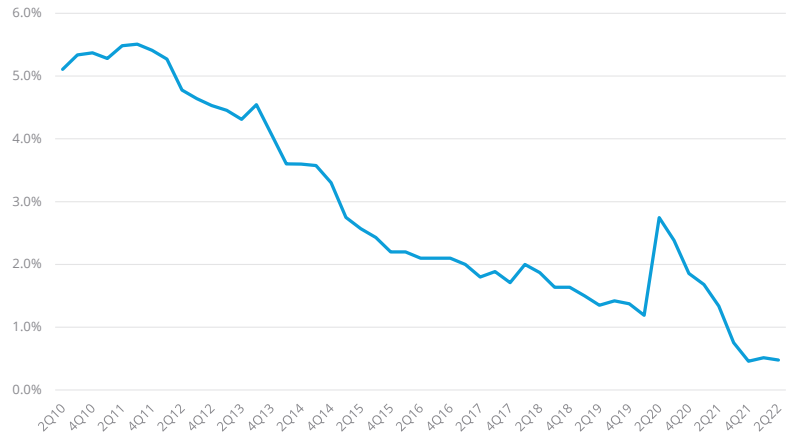
Over the last seven quarters, the San Fernando Valley & Ventura County market has recorded 8.4 MSF of positive net absorption. Construction completions were historically high at 4.1M SF due to a few large facilities that aren't typical for this market.

Labor Force

	Construction	Manufacturing	Transportation, Trade & Utilities
12-Mo Employment Growth (%)	2.7%	2.9%	4.2%
12-Mo Actual Employment Change	4,000	9,200	33,500

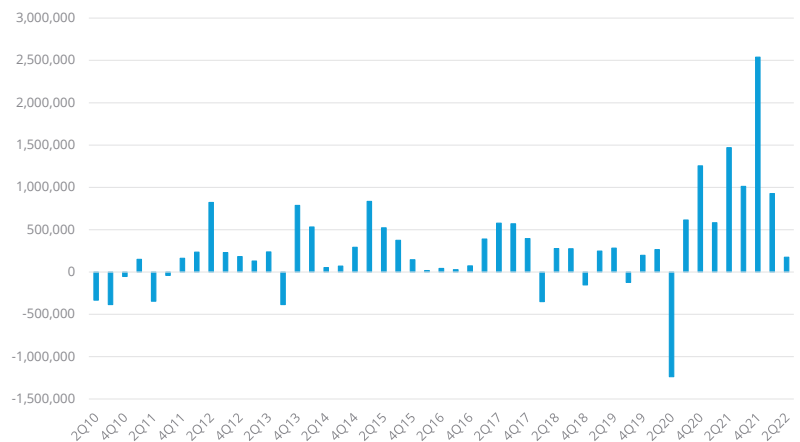
Vacancy

Overall vacancy was unchanged at 0.5% to close out the second quarter of 2022. With a pandemic peak of 2.7%, the San Fernando Valley & Ventura County market has swiftly recovered over the last 24 months. Ventura County vacancy currently sits at 0.7%, and the remainder of the Valley sits at 0.4%. Santa Clarita, which historically had a higher vacancy than the San Fernando Valley, now has the second lowest vacancy of any submarket in North Los Angeles at 0.5%. Much like the rest of greater Los Angeles, the San Fernando Valley will continue to see small fluctuations in vacancy as tenants struggle to find room to expand.



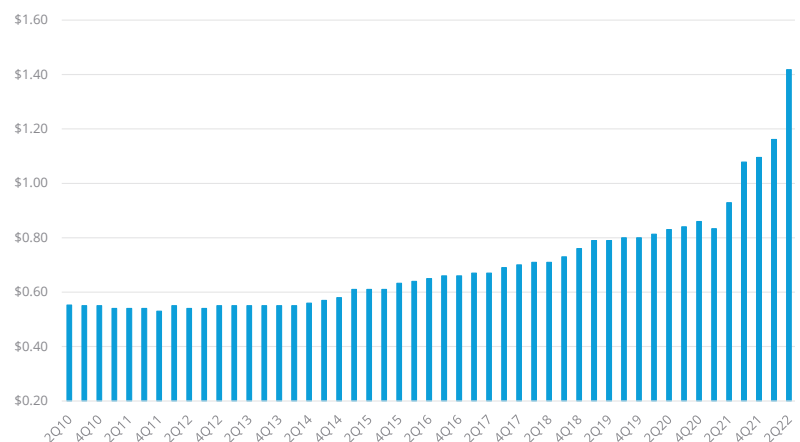
Absorption & Leasing Activity

Net absorption topped out at 174,642 SF of positive demand, the region's eighth consecutive quarter in the black. Total leasing activity was 831K SF in 85 lease transactions. The East SF Valley submarket recorded the highest positive net absorption in the Valley with 141,787 SF, lowering its vacancy to 0.1%. With historically tight market conditions and now very limited options in the Santa Clarita Valley, competition will be turbulent for tenants looking to expand within the Valley & Ventura County.



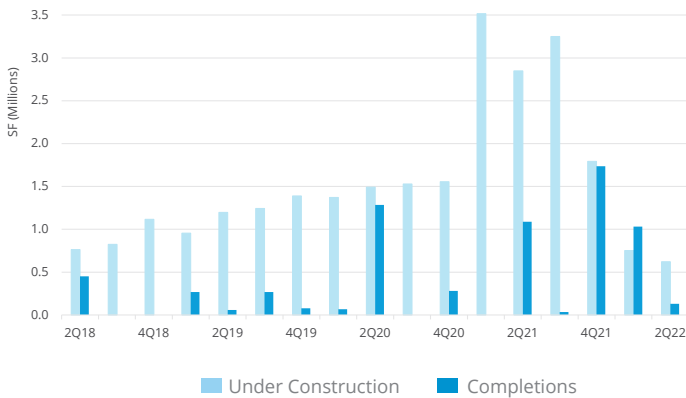
Rental Rates

Average asking rents continued to climb, posting another high-water mark at \$1.51 NNN in the San Fernando Valley and \$1.15 NNN in Ventura County. Rates jumped the most (9.9%) in the West SF Valley submarket, now 34% higher than 12 months ago. Overall rents in the San Fernando Valley are now 52% higher than this time last year, while Ventura County rents have increased 34% over the same period.



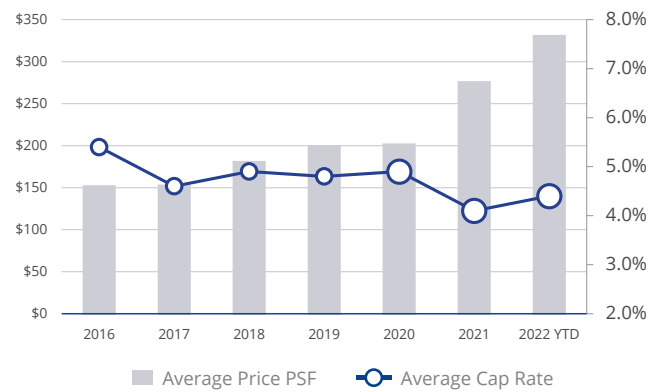
Construction

Construction activity remains active with 622,056 SF currently underway. Like most of greater Los Angeles, the San Fernando Valley is an infill market with very little room for new development. The majority of development (55%) is at the Tapo Canyon Commerce Center and will bring five buildings to a submarket that doesn't typically see new industrial construction.



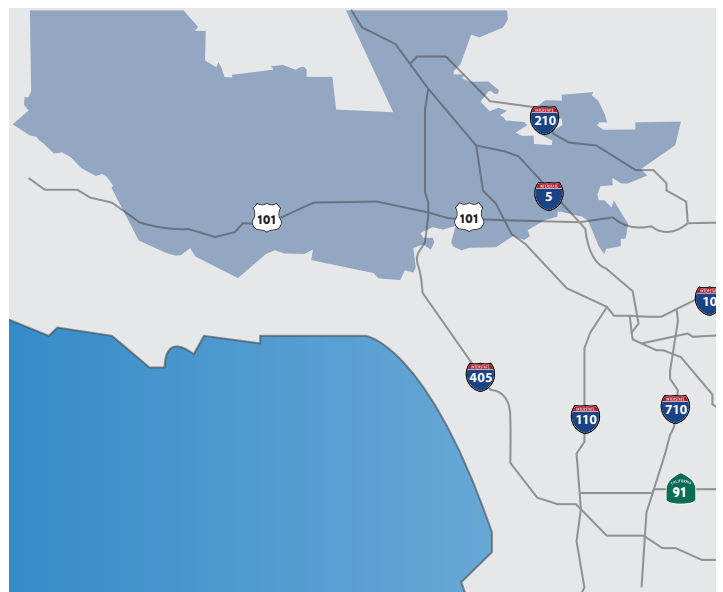
Investment Trends

The industrial sector's massive boom sparked by the COVID-19 pandemic has propelled industrial investment to the top of the most desired list for investors over the last 24 months. E-commerce has grown exponentially in that same period and will continue to attract institutional capital. With inflation at a 40-year high, rising interest rates and overall economic uncertainty, we can expect investors to take their foot off the gas until the economy normalizes. With an all-time low vacancy and record-high rent growth, investors are highly competitive in greater Los Angeles as the big players look to increase their industrial portfolios in Southern California.



Market Description

The San Fernando Valley and Ventura County industrial market includes 175M 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
14200 Arminta St, Panorama City	200,004 SF	\$90.2 Million	\$450.8 PSF	Rexford Industrial	Apex Equity Properties LLC
29125 Avenue Paine, Valencia	175,897 SF	\$45.0 Million	\$255.8 PSF	Rexford Industrial	29125 Avenue Paine LLC
26235 Technology Dr, Valencia	155,924 SF	\$37.0 Million	\$237.3 PSF	American Paper & Plastic	Crowsnest Properties
2680 Westhills Ct, Simi Valley	61,300 SF	\$19.9 Million	\$325.2 PSF	Alpine Corporation	Decker-Goetsch Properties
13170 Telfair Ave, Sylmar	38,600 SF	\$10.5 Million	\$272.0 PSF	The Garvi Group	Western Flower Enterprises LLC

Leasing Activity

Address	Size SF	Lease Type	Submarket	Lessee	Lessor
7425 Coldwater Canyon, North Hollywood	76,630 SF	New	East SF Valley	Elite Roofing Supply	Frontier Building Supply Co
2390 Ward Ave, Simi Valley	76,090 SF	New	Simi Valley/Moorpark	Snyder-Diamond	Rexford Industrial
225 Parkside Dr, San Fernando	40,000 SF	New	East SF Valley	Triscenic Production Services	San Fernando Associates
7915 Haskell Ave, Van Nuys	37,473 SF	New	Central SF Valley	Hagerty Garage & Social	Arka Properties Group

Major Developments

Address	Developer	Size SF	Submarket	Status	Estimated Completion
Tapo Canyon Commerce Center, Simi Valley	Stream Realty	344,056 SF	Simi Valley/Moorpark	Under Construction	Q3 2022
Needham Ranch	Trammel Crow	278,000 SF	Santa Clarita Valley	BTS	Q3 2022

San Fernando & Ventura | Q2 2022 | Industrial | Market Statistics

Existing Properties		Construction		Vacancy		Availability	Activity				Absorption		Rents
Submarket/ Bldg Size	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	50,747,030	0	0	0.1%	0.5%	0.8%	89,961	278,786	368,747	760,447	141,787	171,038	\$1.64
West San Fernando Valley													
Subtotal	25,800,518	0	0	0.9%	0.5%	2.3%	52,007	105,281	157,288	398,374	-113,267	-113,061	\$1.46
Central San Fernando Valley													
Subtotal	13,700,531	0	0	0.1%	0.2%	0.4%	0	147,070	147,070	260,332	13,024	19,024	\$1.52
Santa Clarita Valley													
Subtotal	20,861,859	0	278,000	0.5%	0.3%	0.6%	0	47,317	47,317	221,768	-39,072	351,056	\$1.37
San Fernando Valley Overall													
10,000 - 19,999	21,826,836	0	0	0.3%	0.5%	0.7%	66,213	157,214	223,427	422,698	35,266	-19,854	\$1.58
20,000 - 39,999	27,063,692	0	0	0.4%	0.6%	1.1%	75,755	248,246	324,001	650,758	39,491	42,206	\$1.53
40,000 - 69,999	20,129,498	0	0	1.1%	0.4%	2.0%	0	115,872	115,872	218,477	-142,516	-152,434	\$1.45
70,000 - 99,999	11,198,691	0	0	0.2%	0.2%	1.1%	0	41,372	41,372	138,848	900	70,550	\$1.55
100,000 - 249,999	22,210,590	0	0	0.0%	0.3%	0.9%	0	15,750	15,750	210,140	69,331	487,589	\$1.52
250,000 - 499,999	3,961,125	0	278,000	0.0%	0.0%	0.0%	0	0	0	0	0	0	n/a
500,000 +	4,719,506	0	0	0.0%	0.0%	0.0%	0	0	0	0	0	0	n/a
Total	111,109,938	0	278,000	0.4%	0.4%	1.1%	141,968	578,454	720,422	1,640,921	2,472	428,057	\$1.51
Ventura County													
West Ventura County	43,663,500	68,650	0	0.4%	0.4%	1.1%	83,550	86,512	170,062	461,256	100,433	639,792	\$1.02
Simi Valley/ Moorpark	11,919,954	61,300	344,056	0.1%	0.1%	2.5%	0	110,984	110,984	140,357	58,976	72,548	\$1.03
Conejo Valley	8,280,247	0	0	3.0%	3.2%	7.1%	0	54,953	54,953	93,274	12,761	-38,796	\$1.27
Total	63,863,701	129,950	344,056	0.7%	0.7%	2.1%	83,550	252,449	335,999	694,887	172,170	673,544	\$1.15
San Fernando Valley & Ventura													
Market Total	174,973,639	129,950	622,056	0.5%	0.5%	1.4%	326,278	830,903	1,157,181	2,436,568	174,642	1,101,601	\$1.42

FOR MORE INFORMATION

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