

A short horizontal bar with segments of green, blue, and orange.

CoStar's Commercial Real Estate Update

Appraisal Institute, So Cal Chapter
February 26, 2019





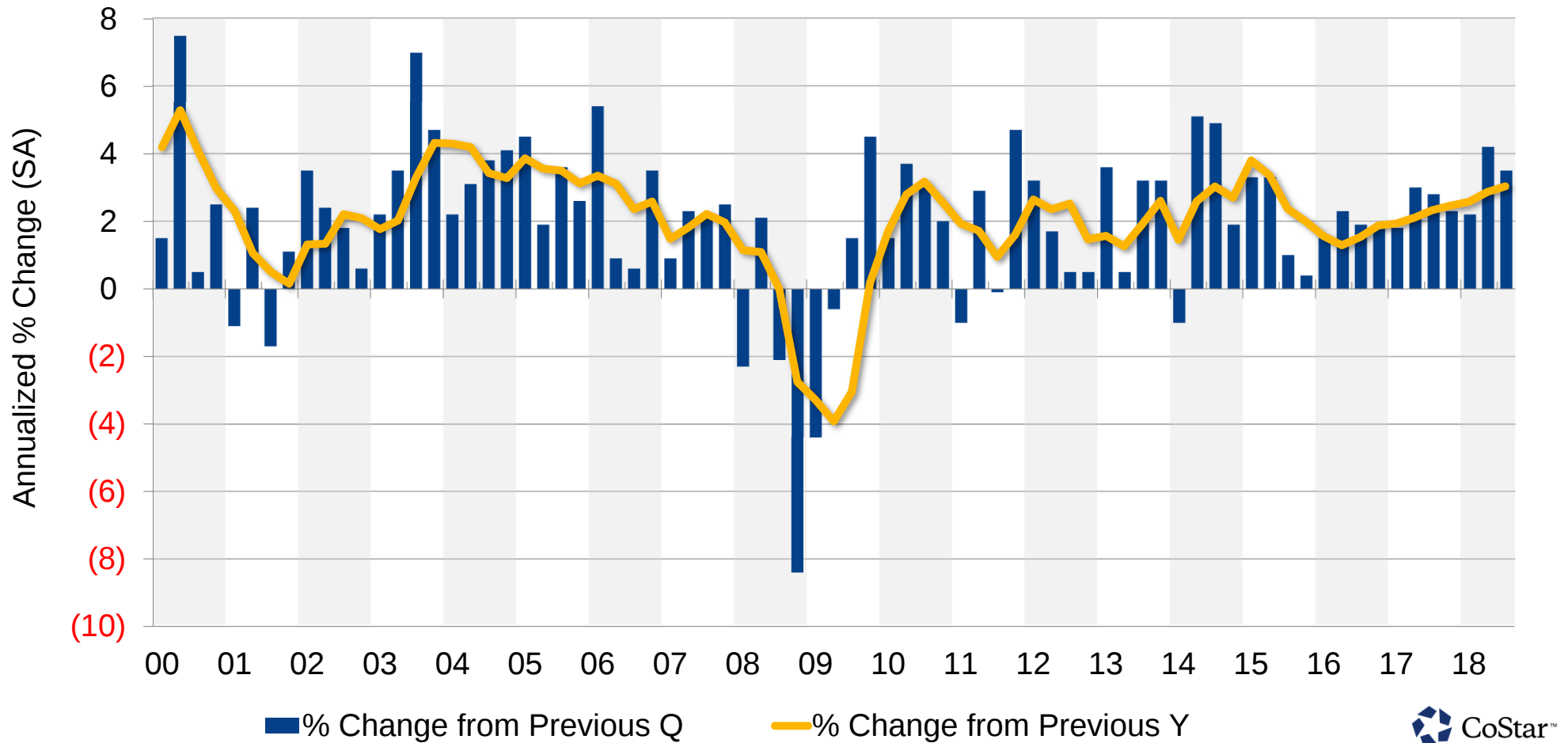
Index ▲ 1.56 ▼ 0.78

Economic Overview

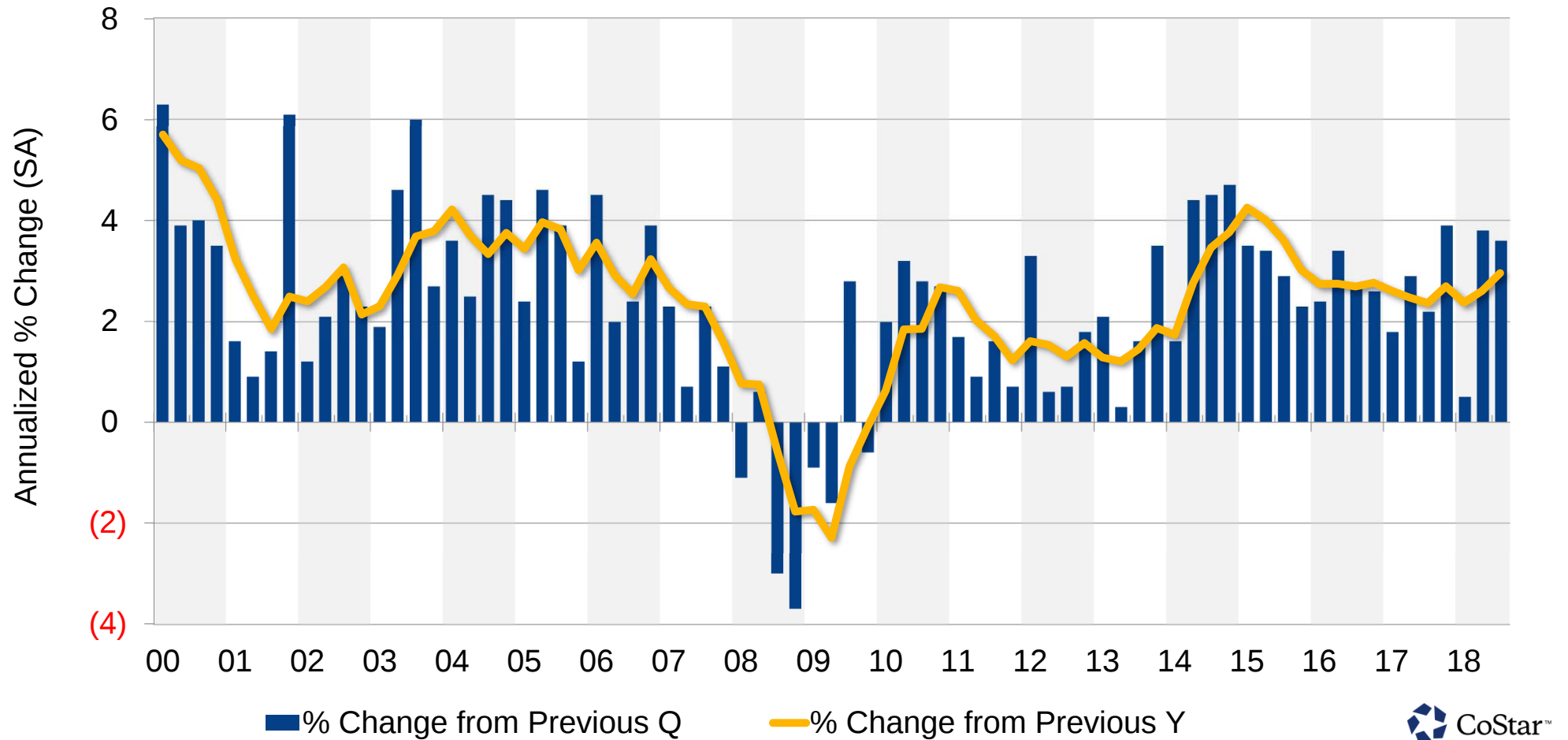


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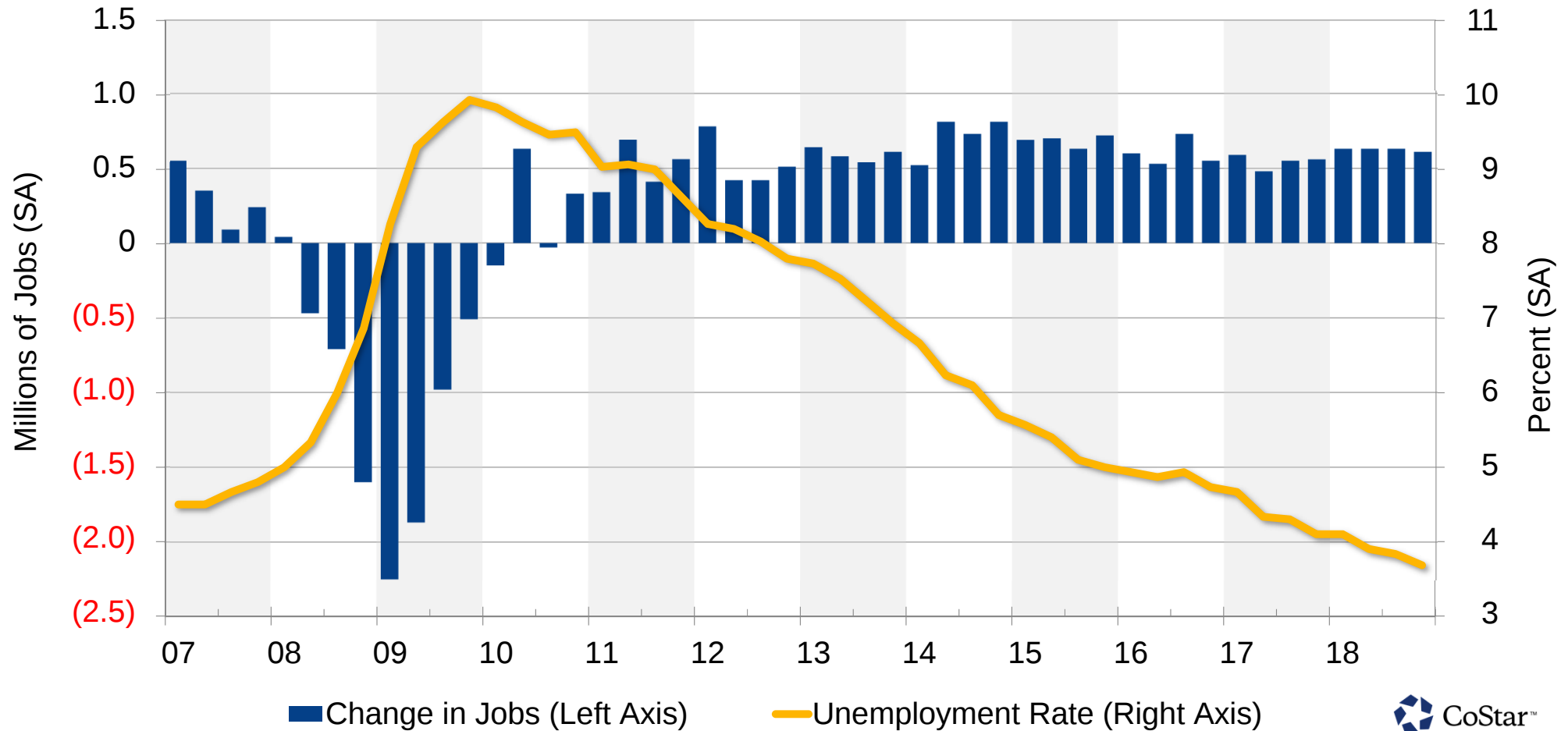
Real GDP Has Been Solid and Accelerating



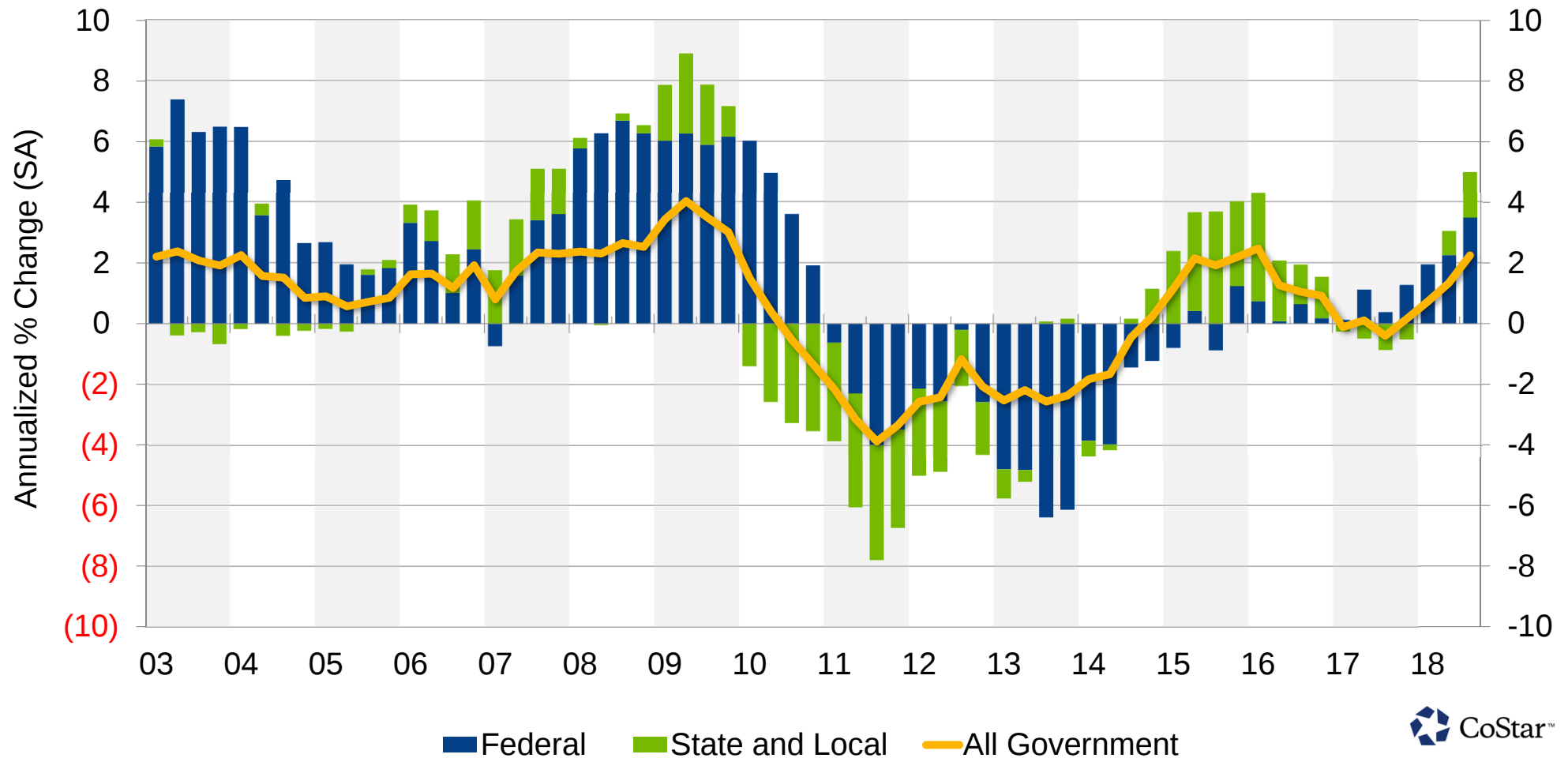
Consumer Spending Is Driving Economic Growth



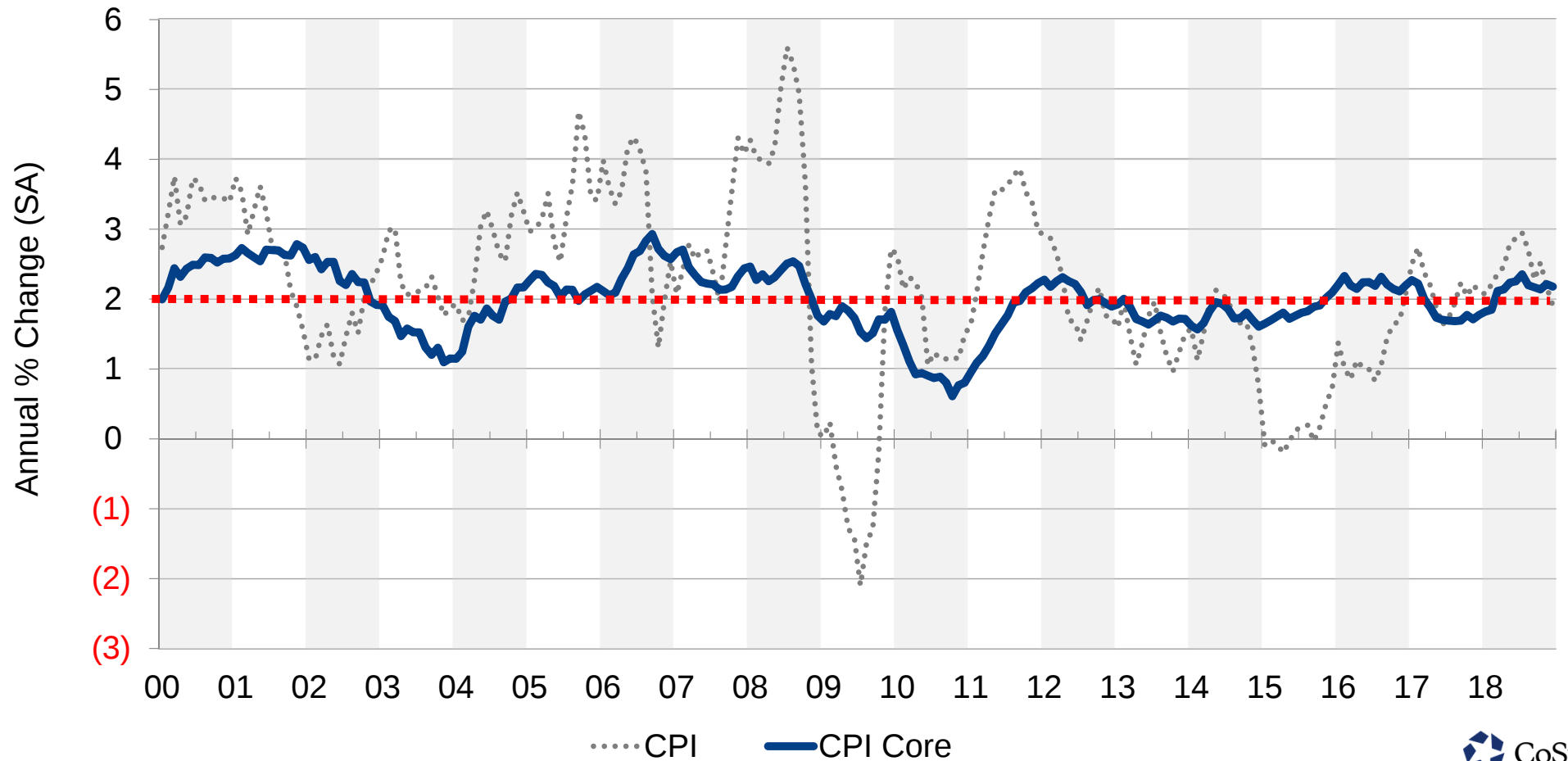
Job Growth Is Steady; Unemployment Is Falling



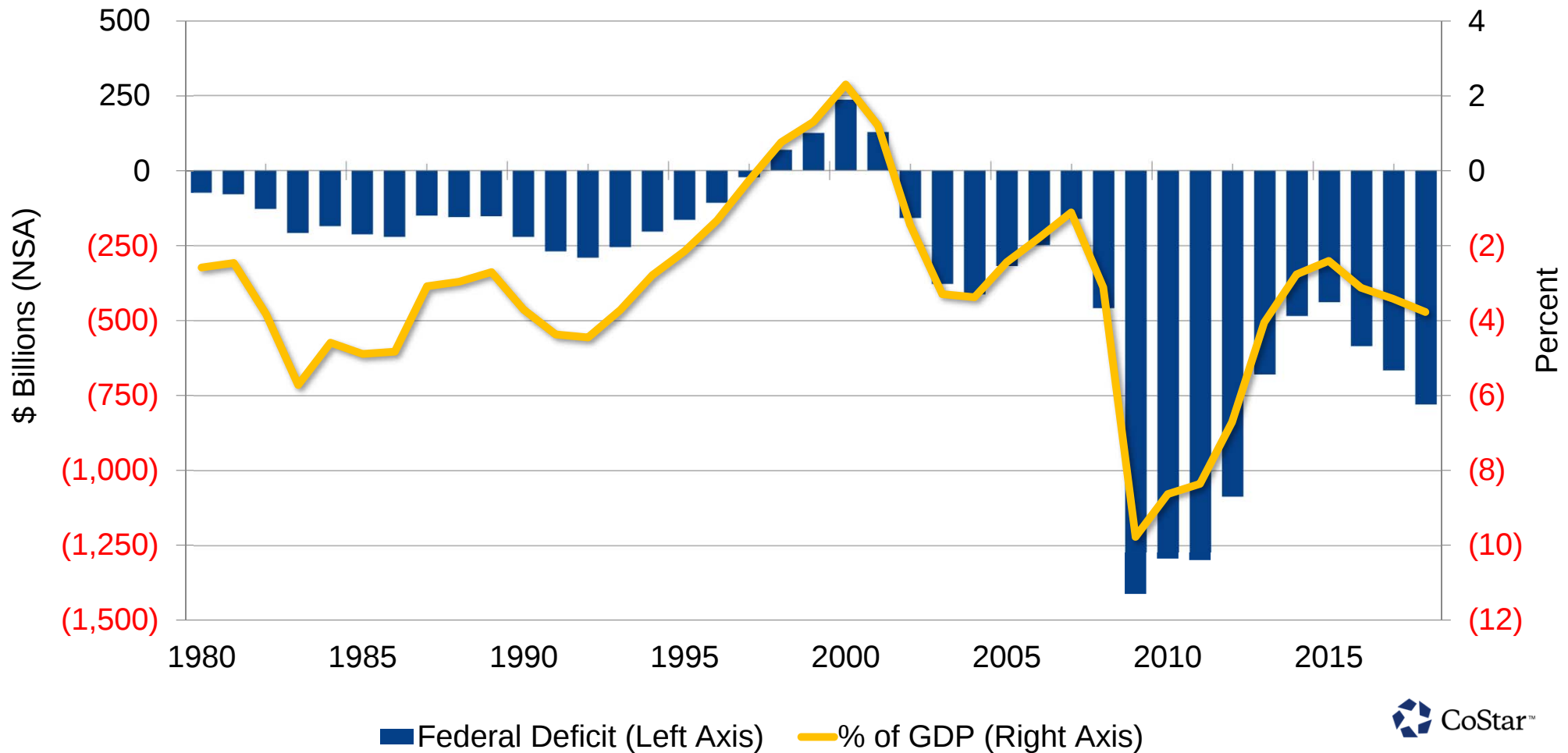
Government Spending Is Ramping Up Again



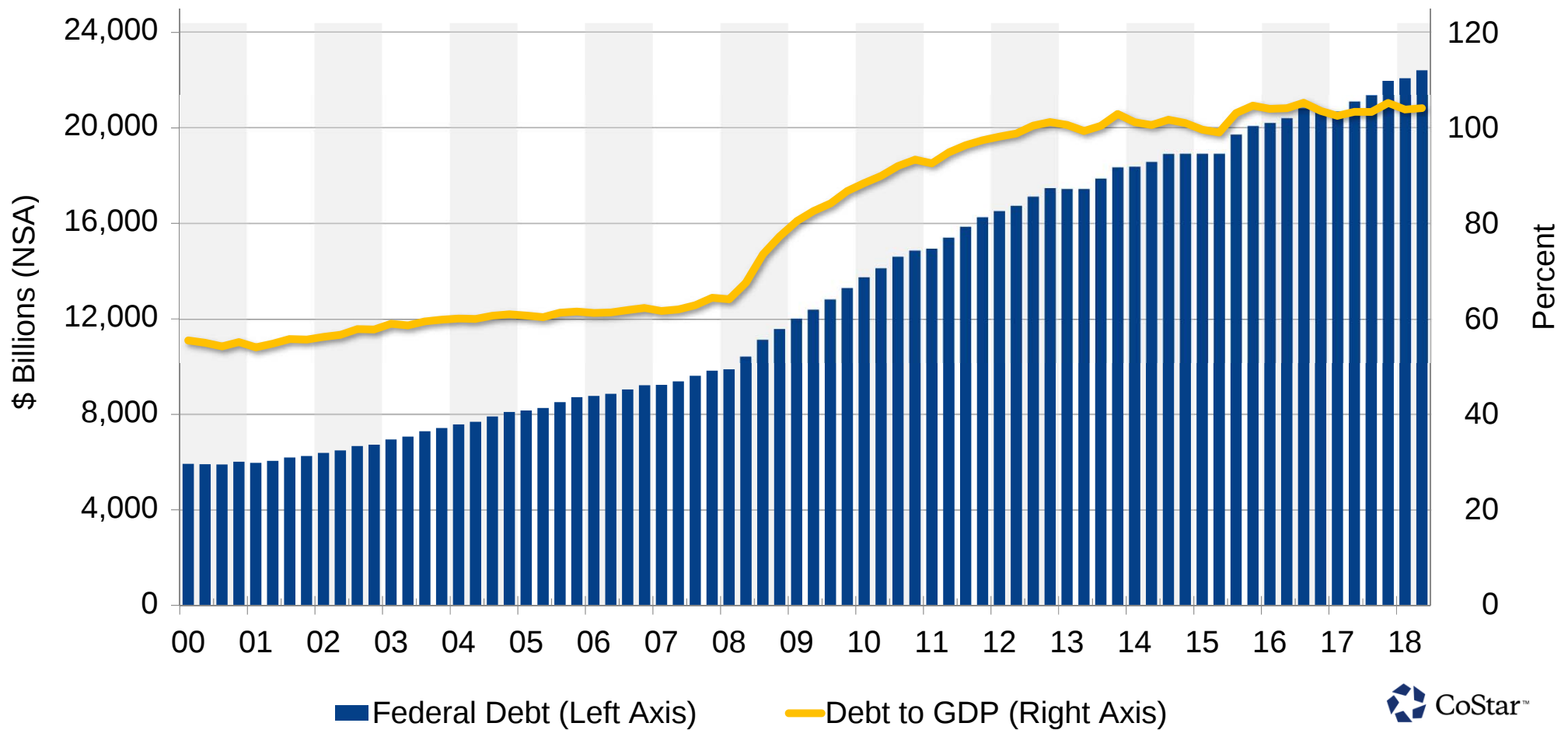
Inflation Remains Tame



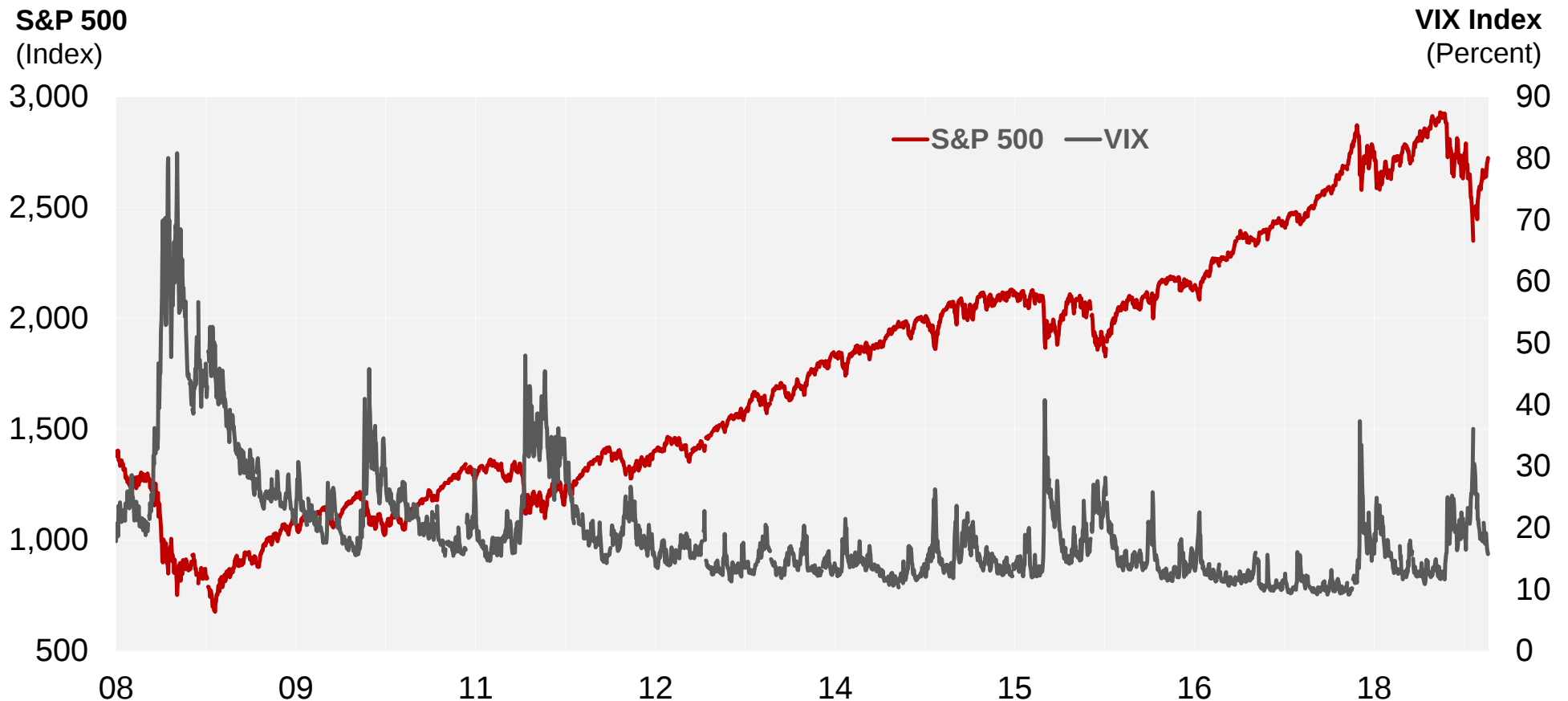
Budget Deficits as Far as the Eye Can See ...



... Creating a Mounting Debt



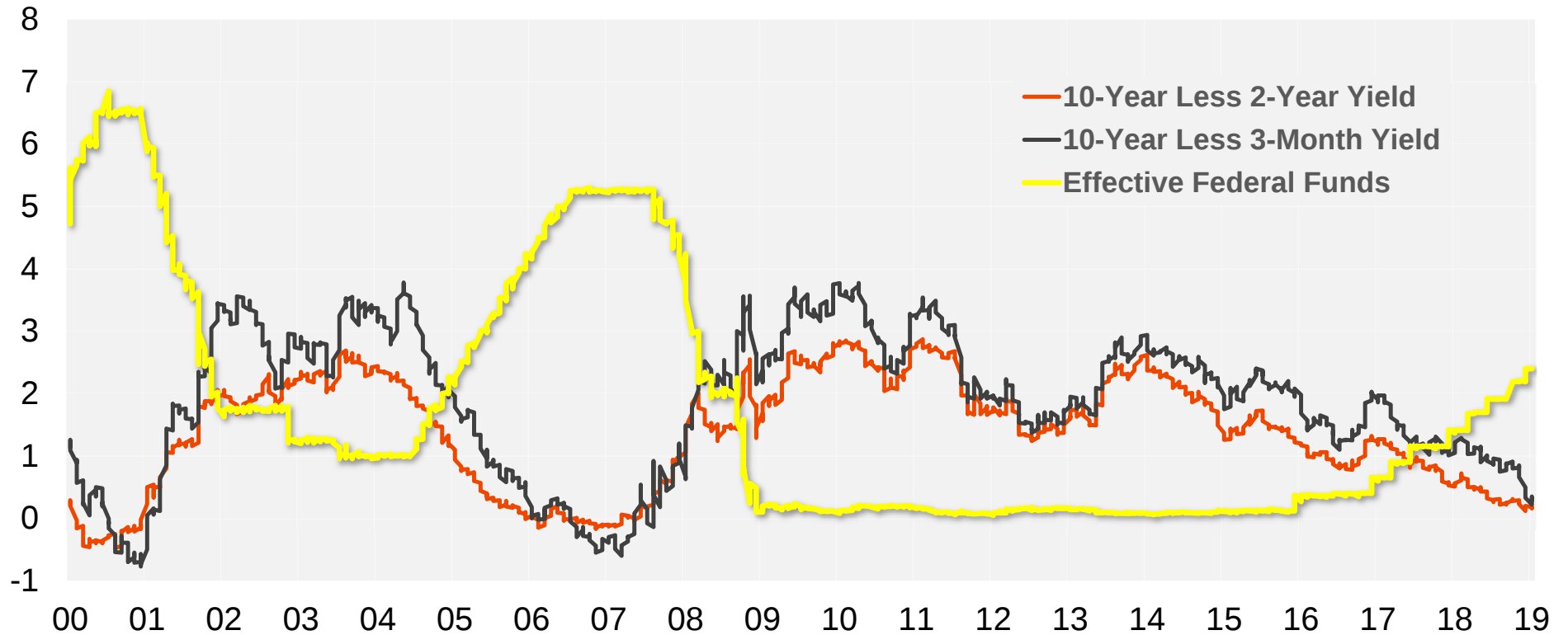
U.S. Equity Markets Panicking, Volatility Rising



Spreads Are Compressing

Percent

(Not seasonally-adjusted)

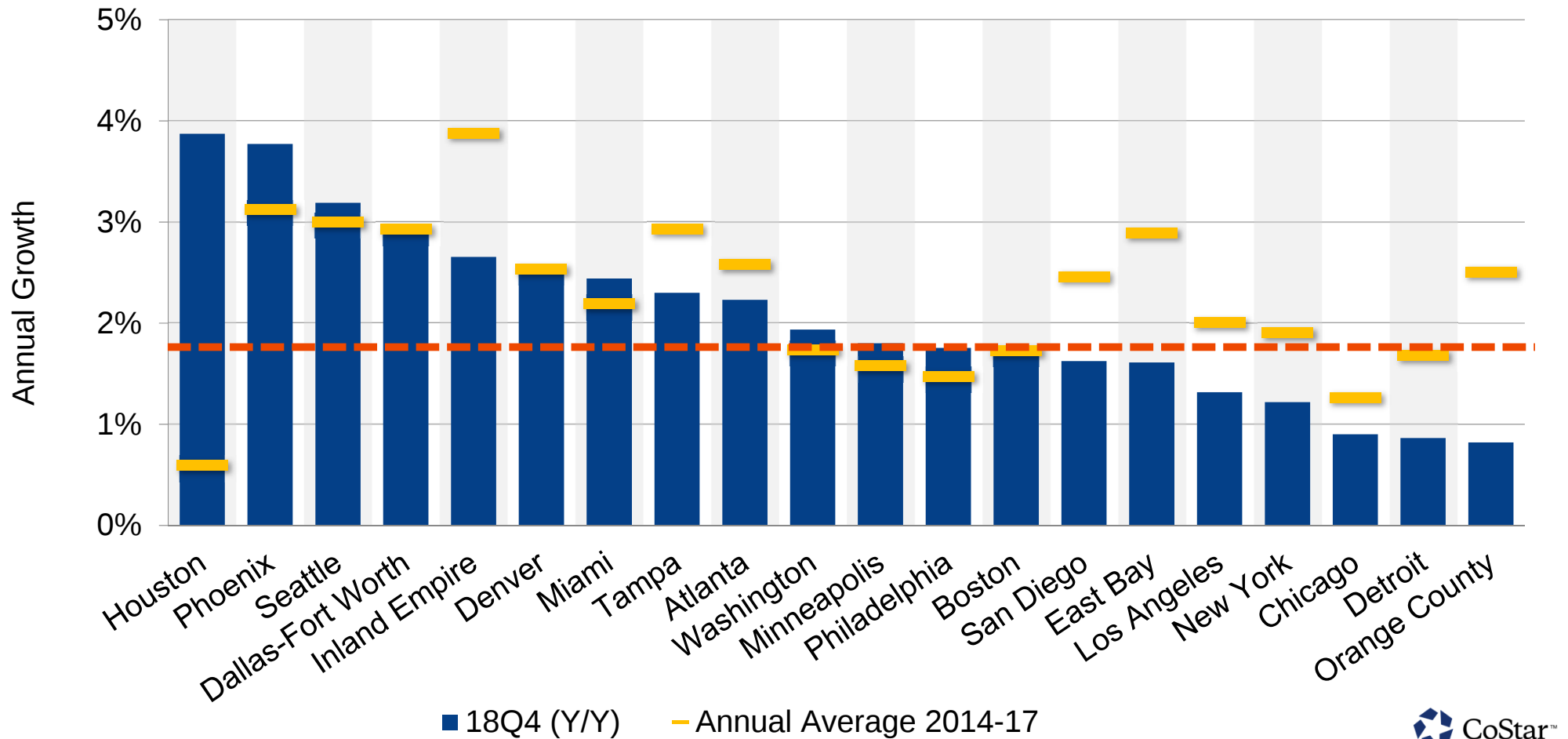


Source: Federal Reserve

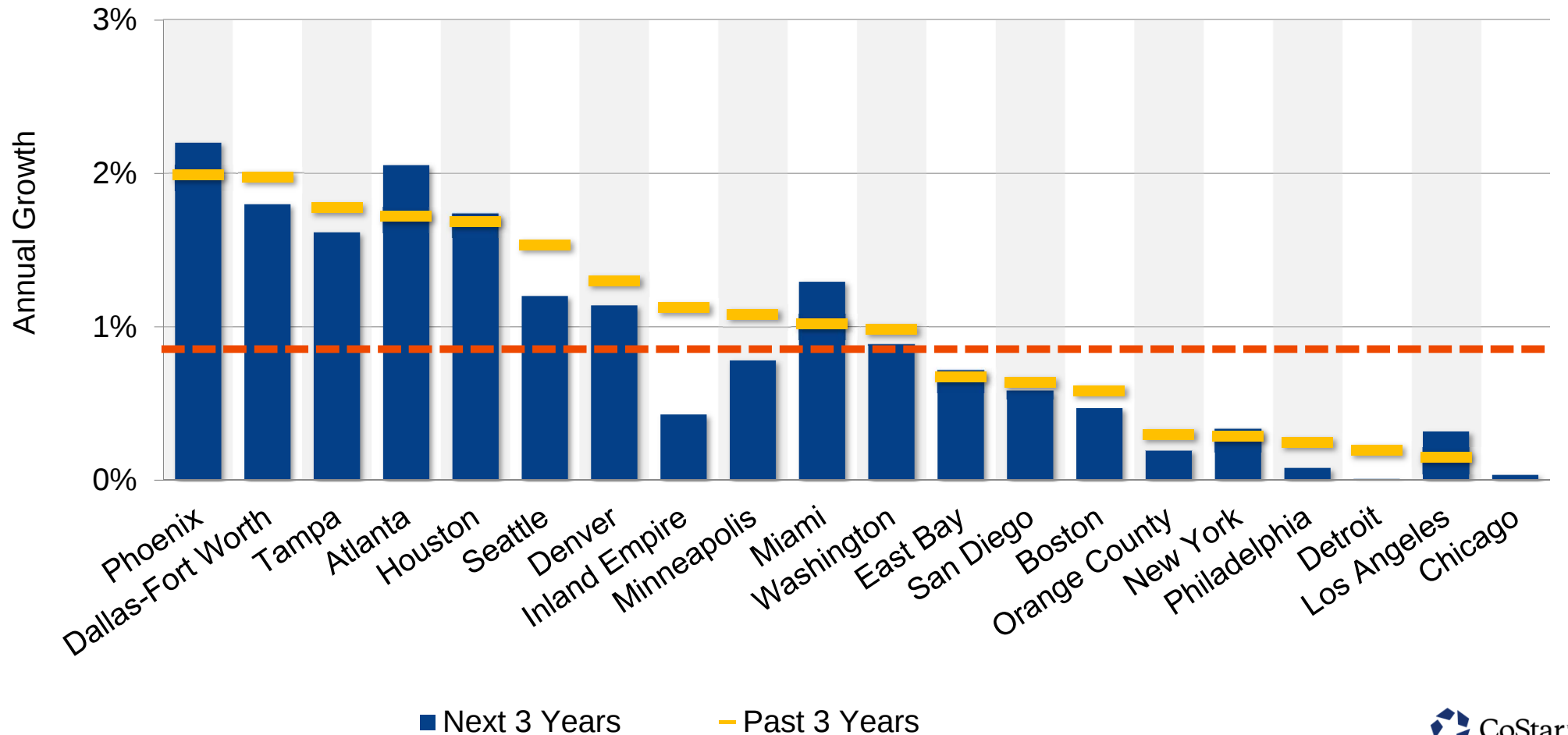
Outlook and Risks

- Global slowing
- Fiscal stimulus is winding down - US slowing
- Heightened uncertainty as trade tensions continue
- Heightened uncertainty in divided government
- Inflation might still pick up
- Long term rates should rise

Job Growth in Major Markets



Population Growth in Major Markets



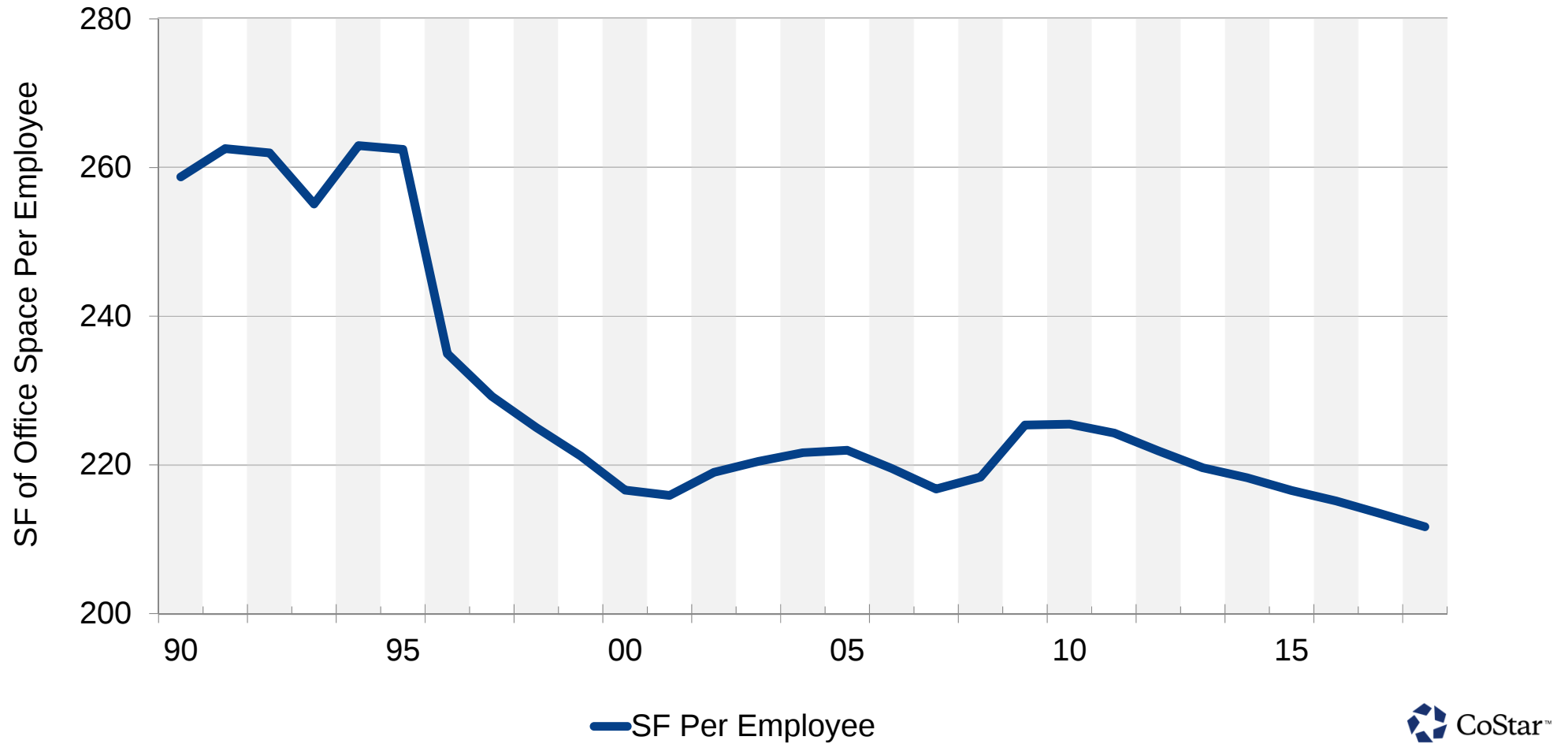


Office Overview

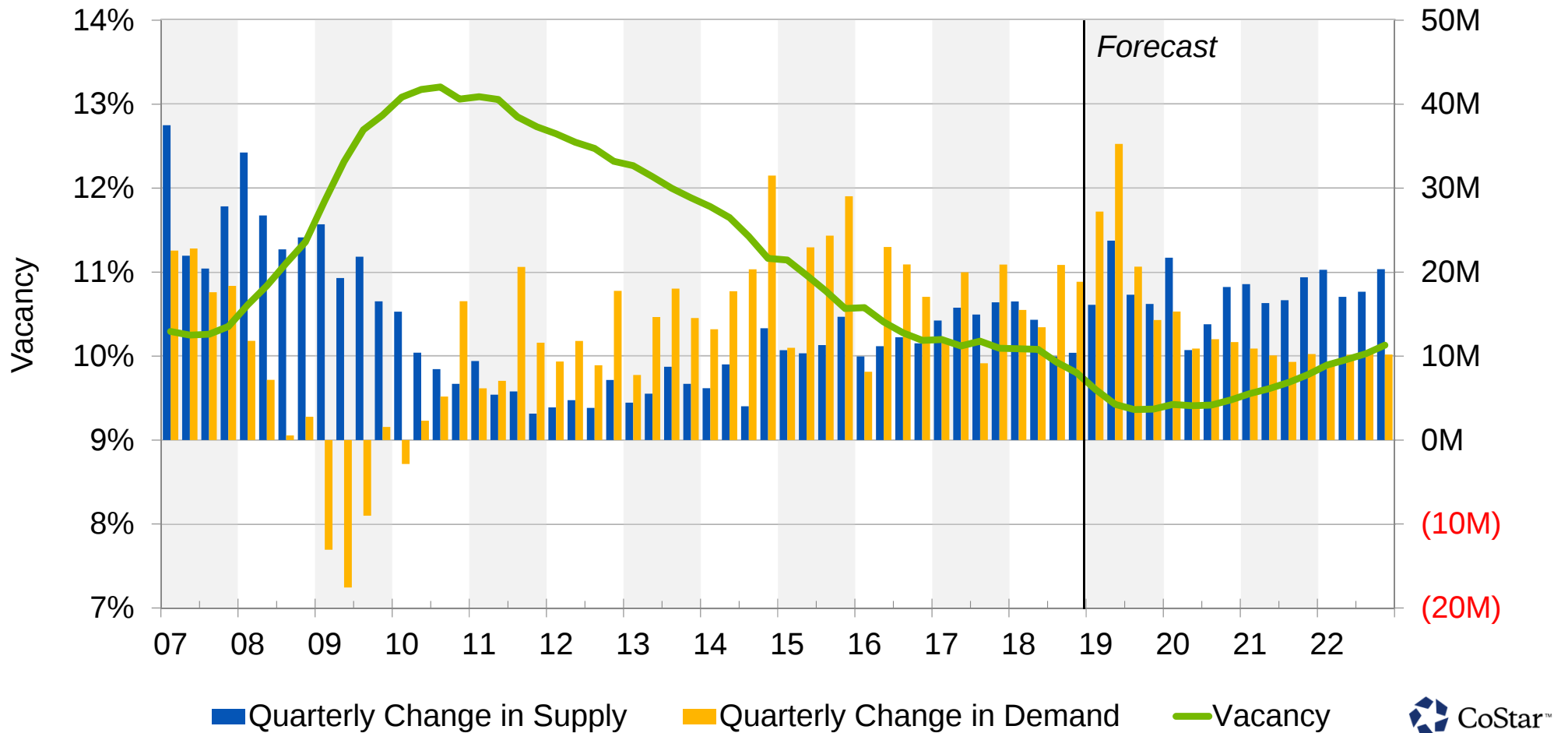


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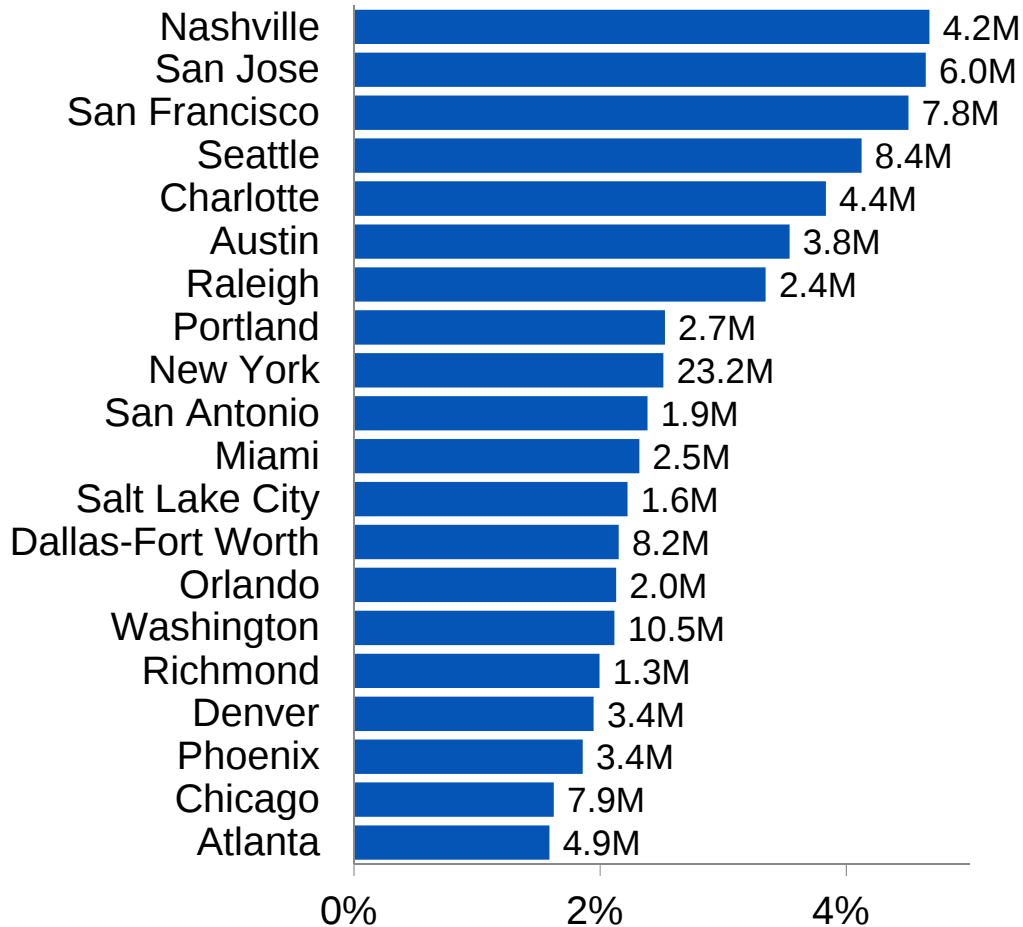
Office Workers Using Less Space



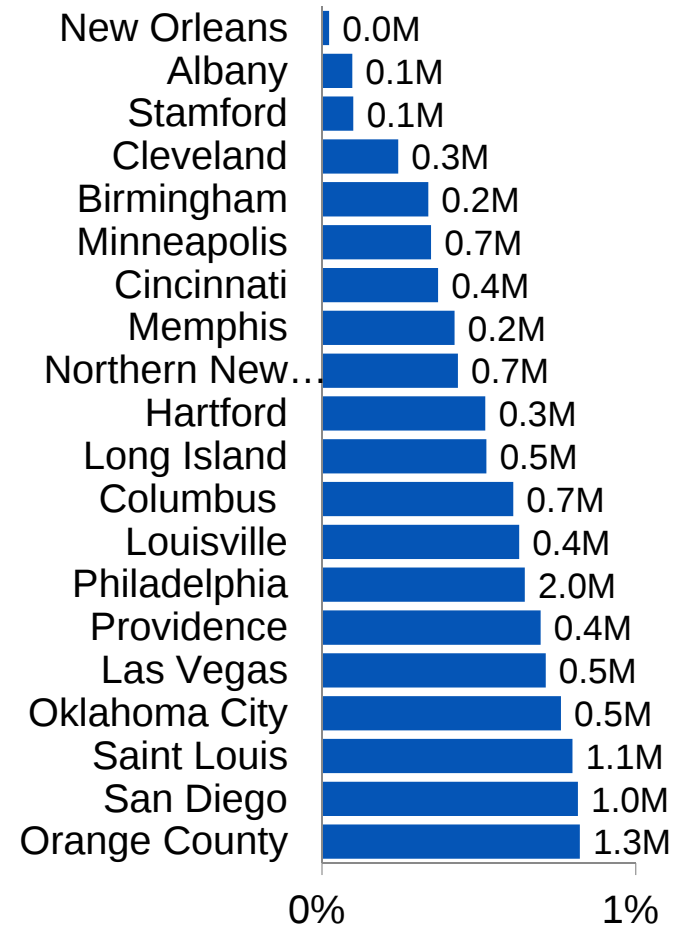
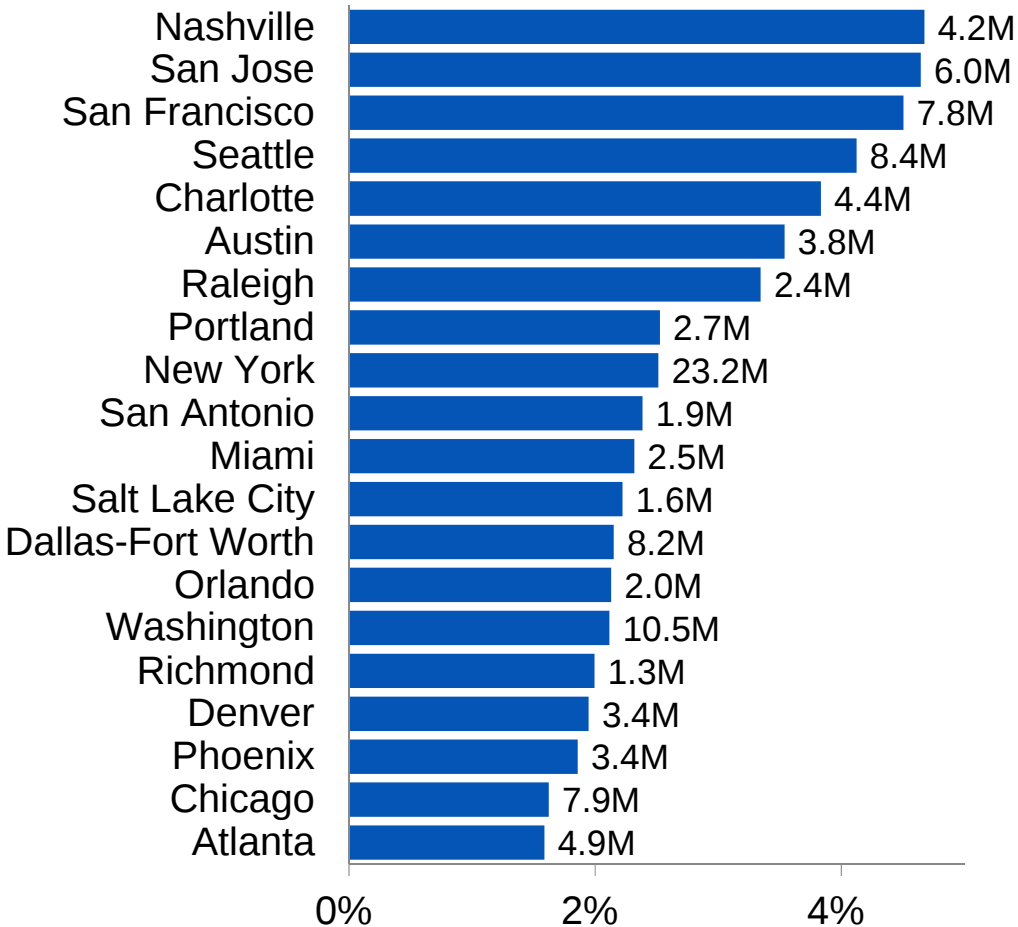
Office Fundamentals: Base Case Outlook



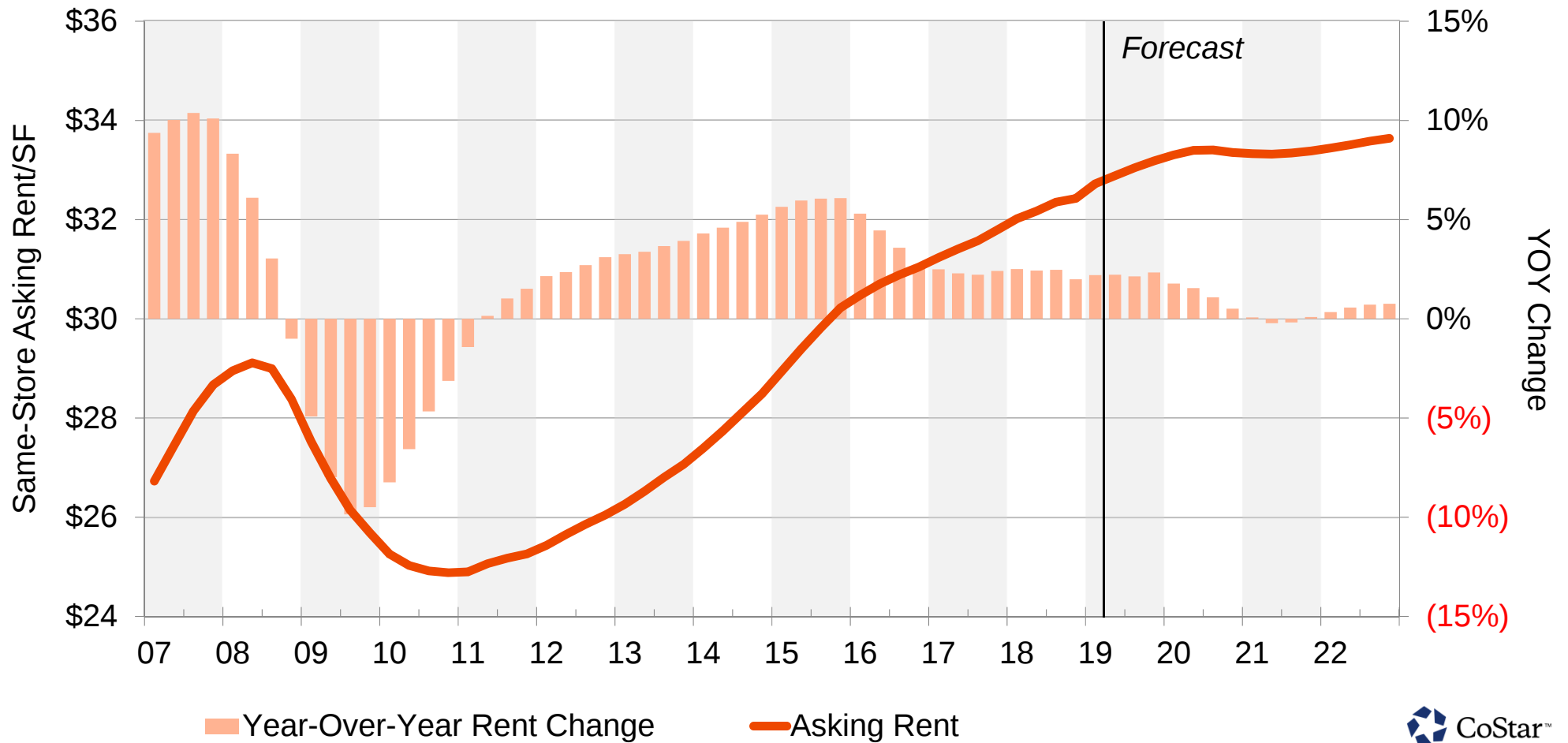
Space Under Construction, Most



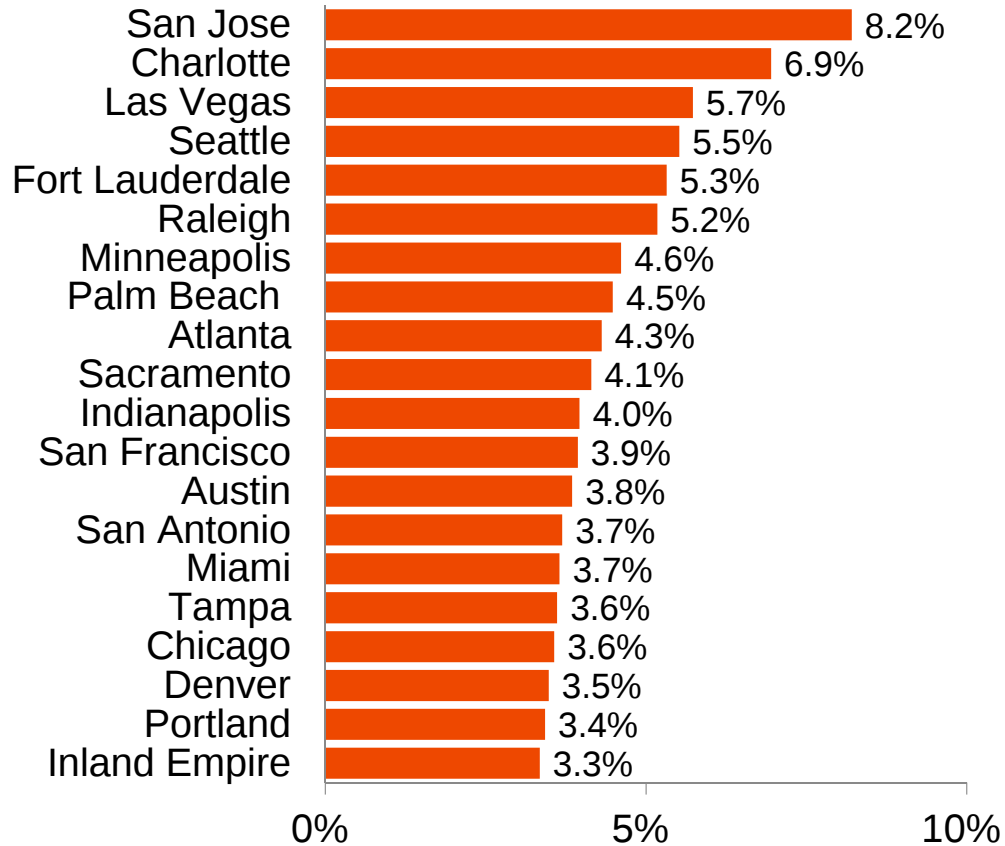
Space Under Construction, Most and Least



National Office Same-Store Rents

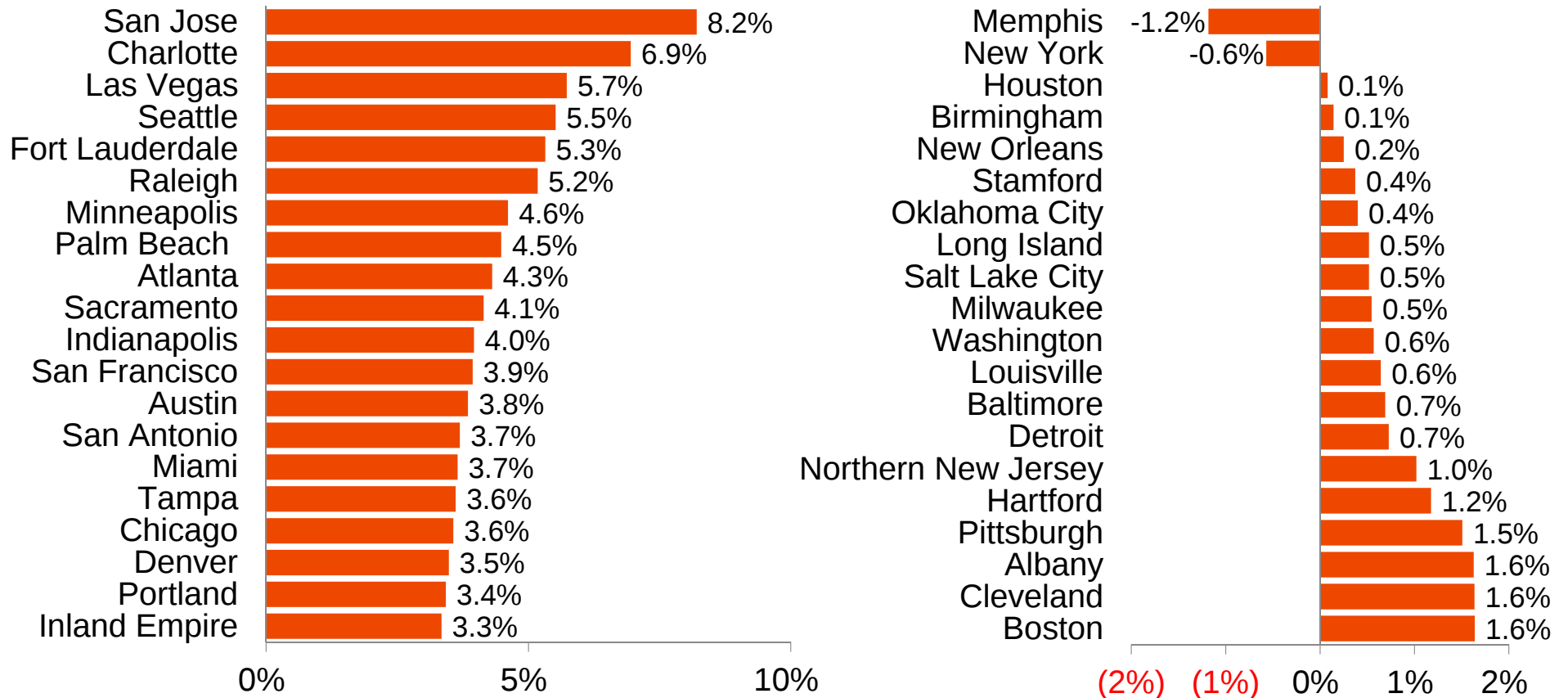


Top Rent Growth Markets

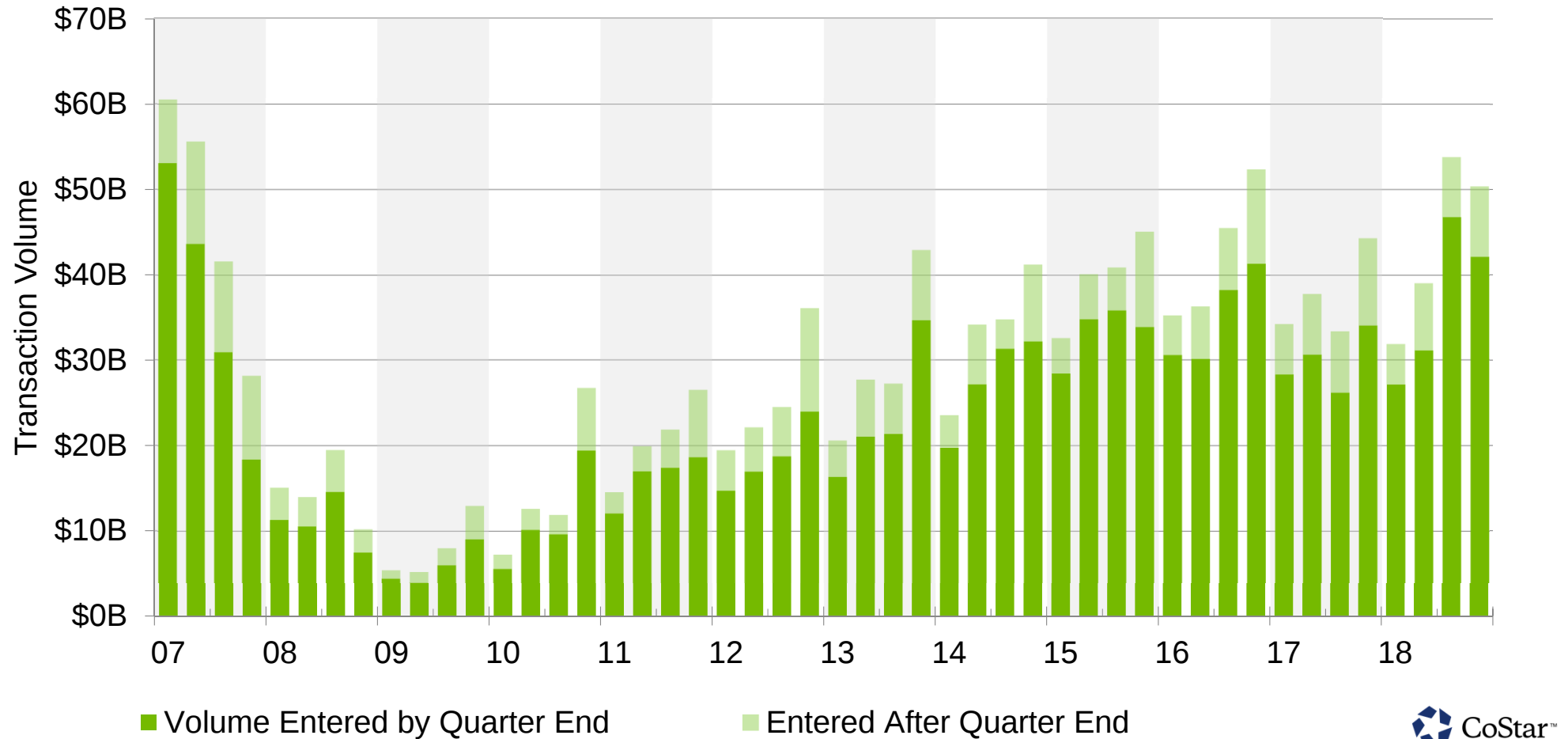


■ Rent Growth, YOY

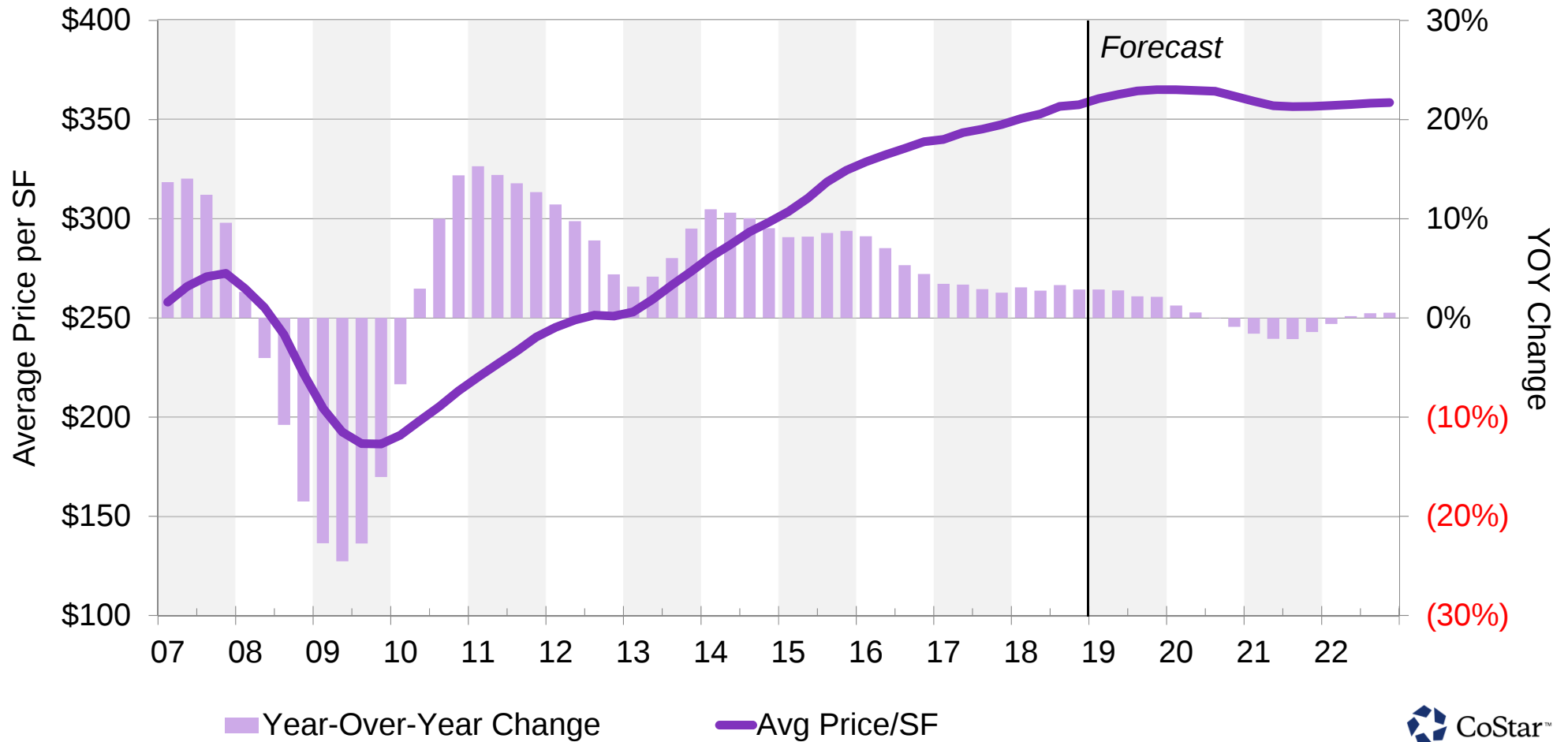
Top Rent Growth Markets, and Bottom



Quarterly Office Transaction Volume



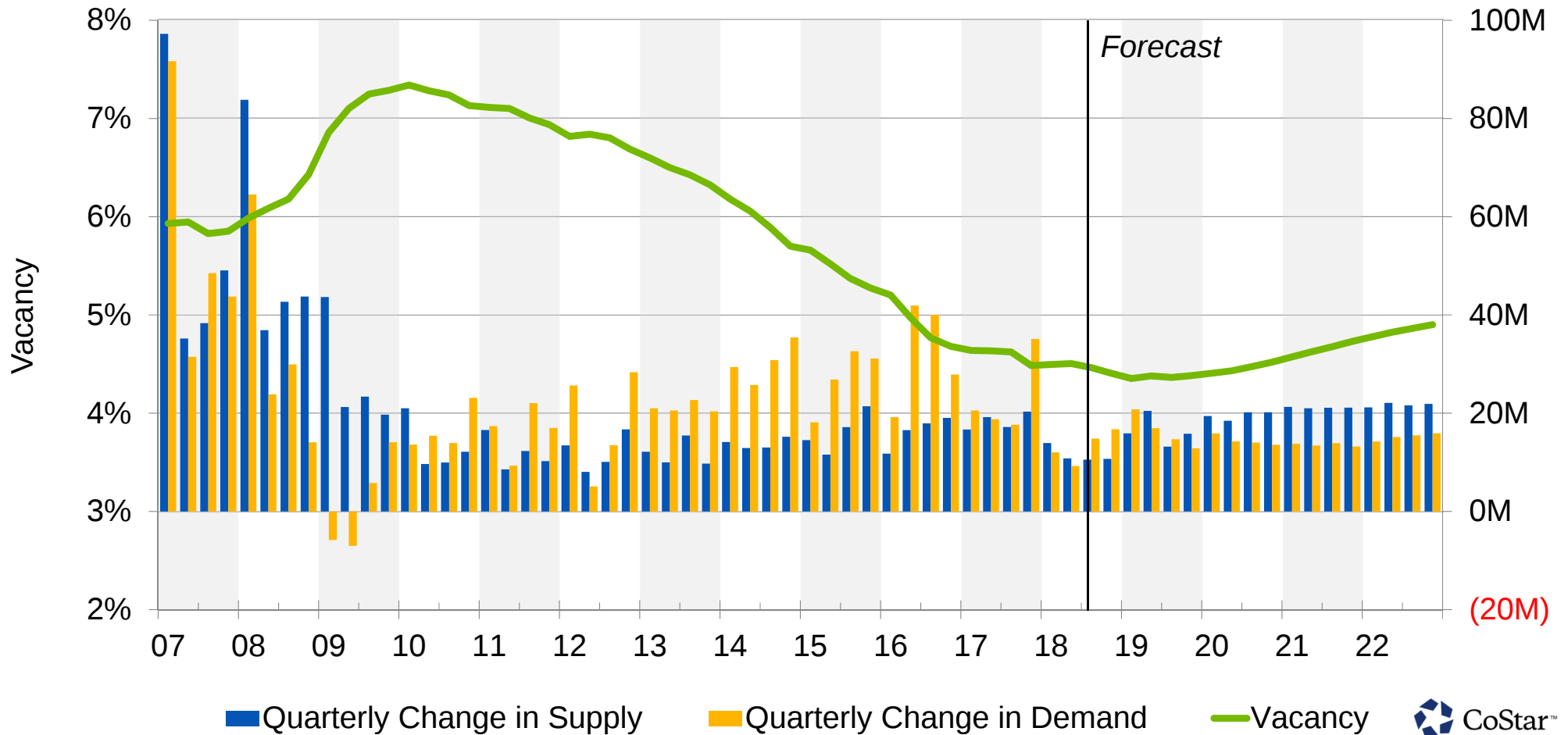
National Office Average Price



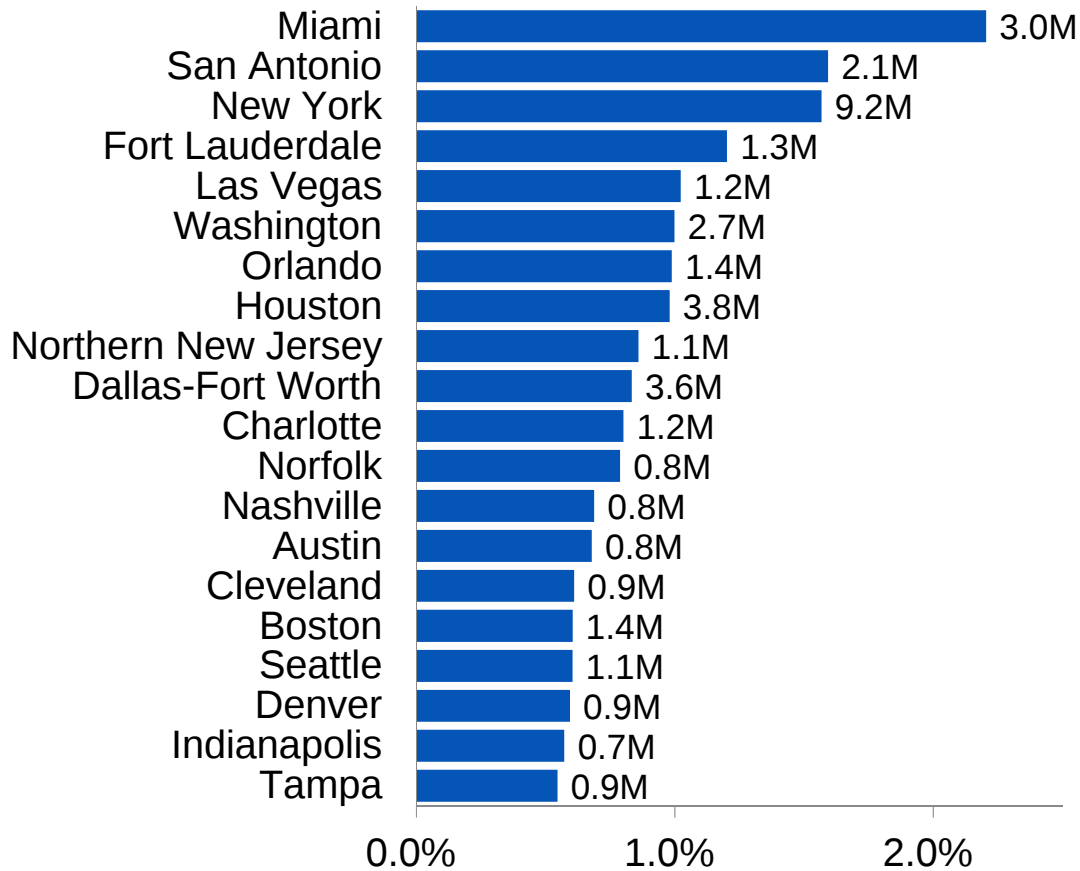


Retail Overview

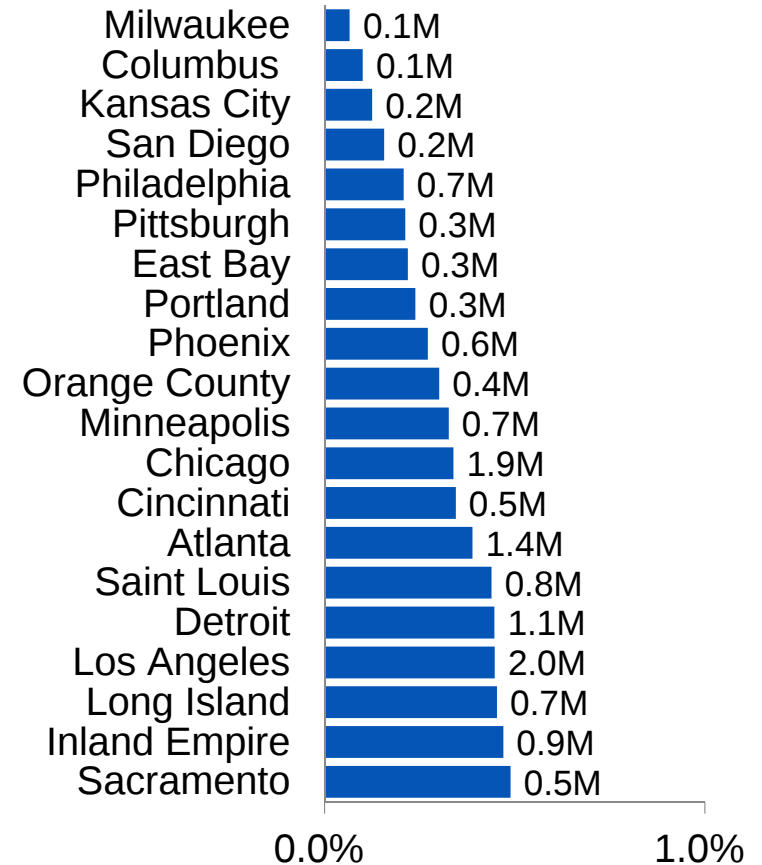
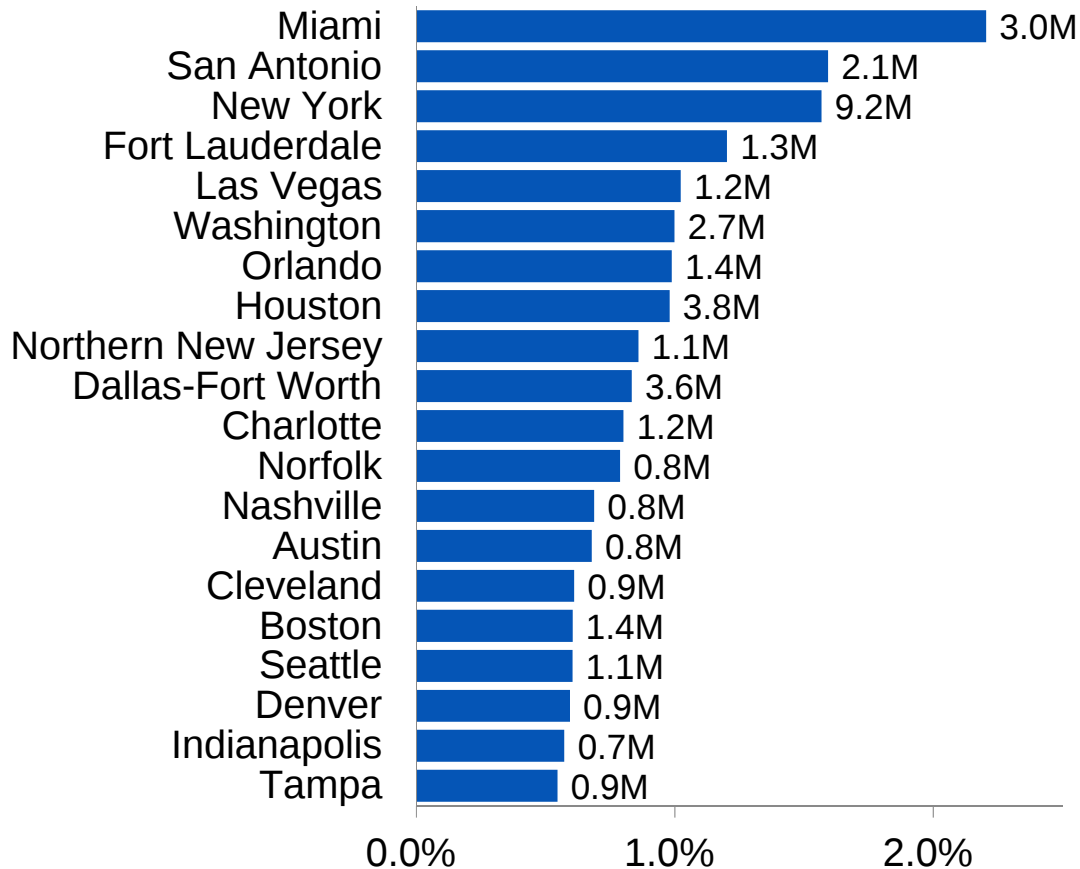
Retail Fundamentals: Base Case Outlook



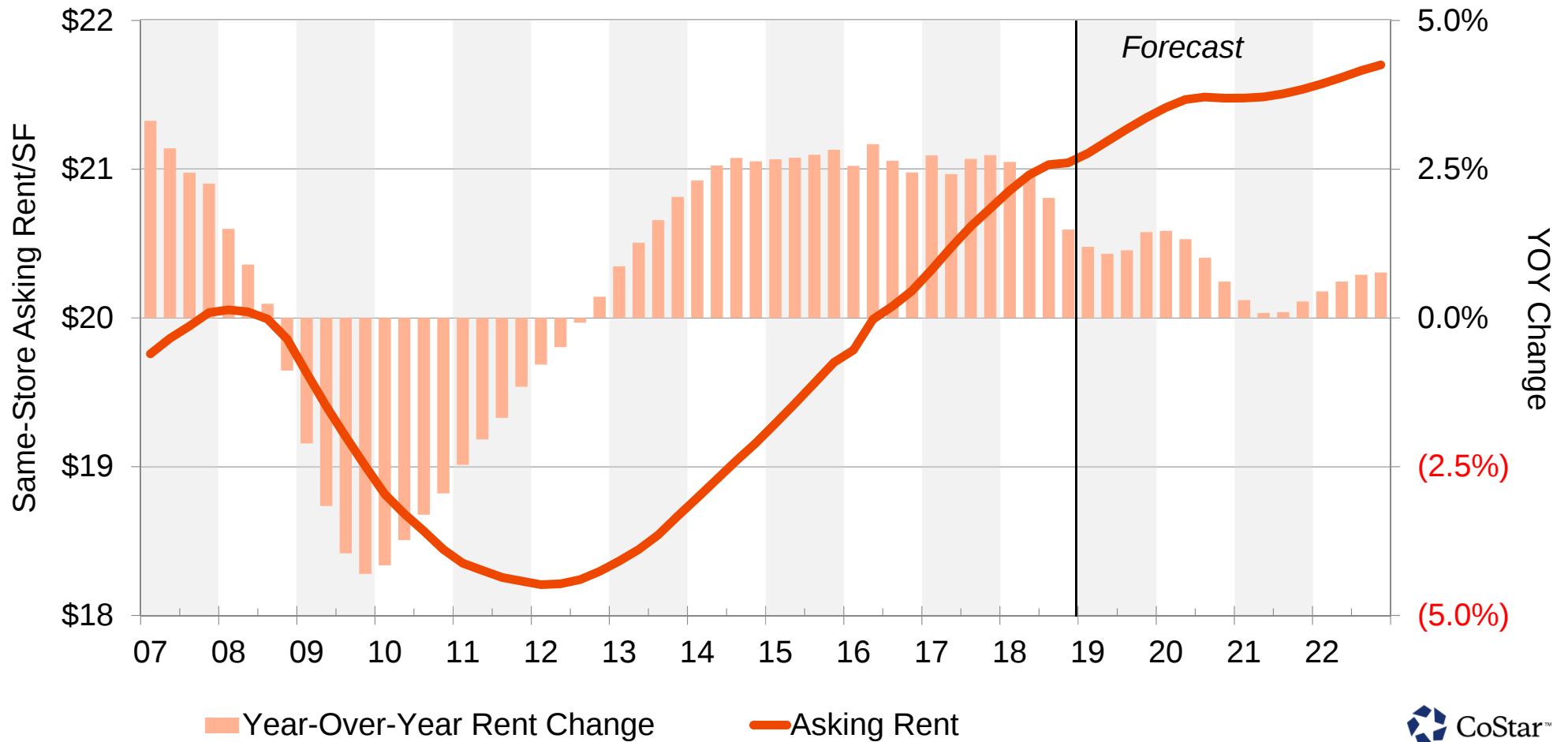
Space Under Construction, Most



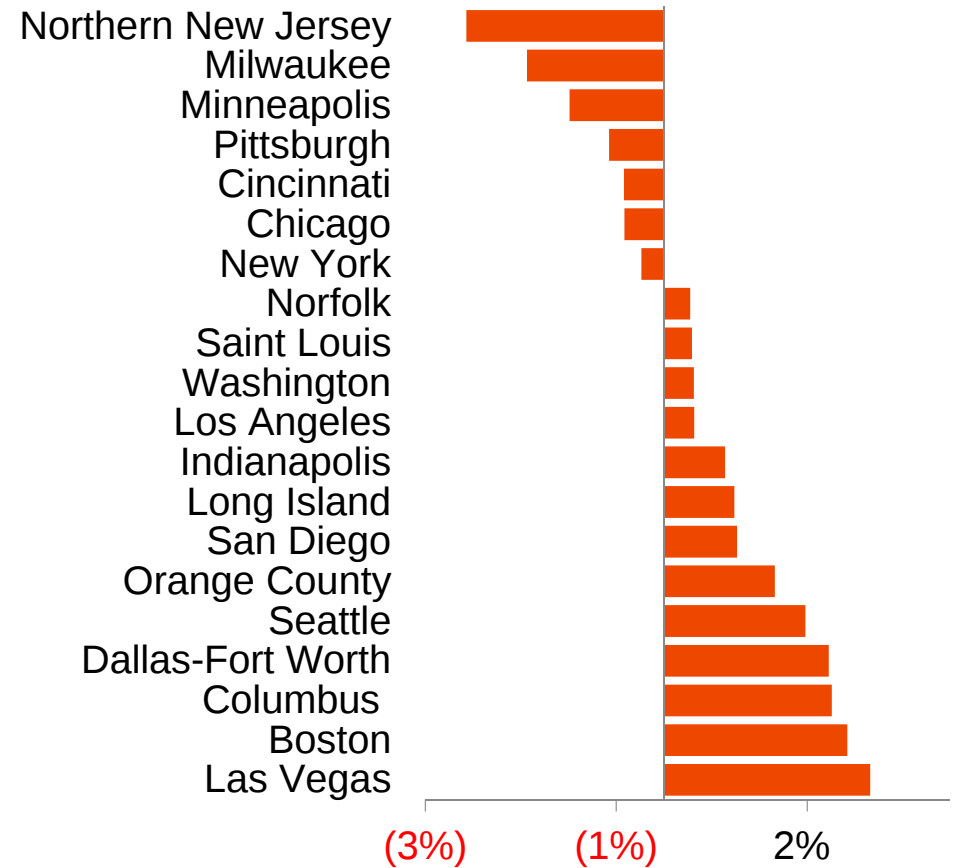
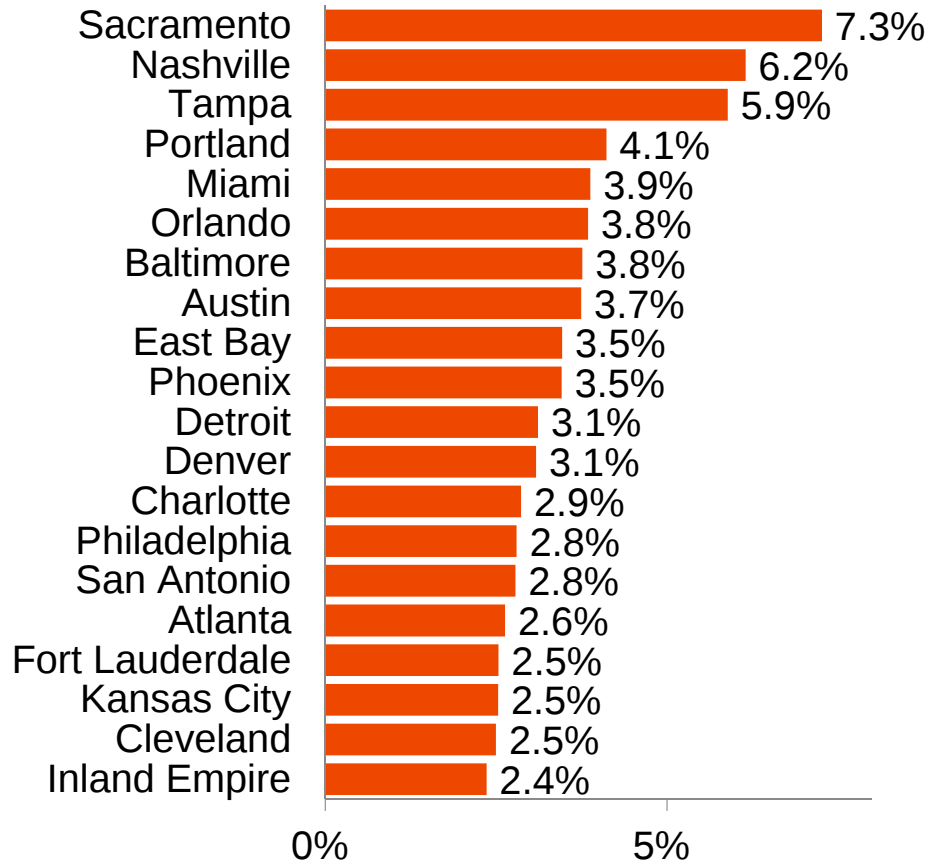
Space Under Construction, Most and Least



National Retail Same-Store Rents

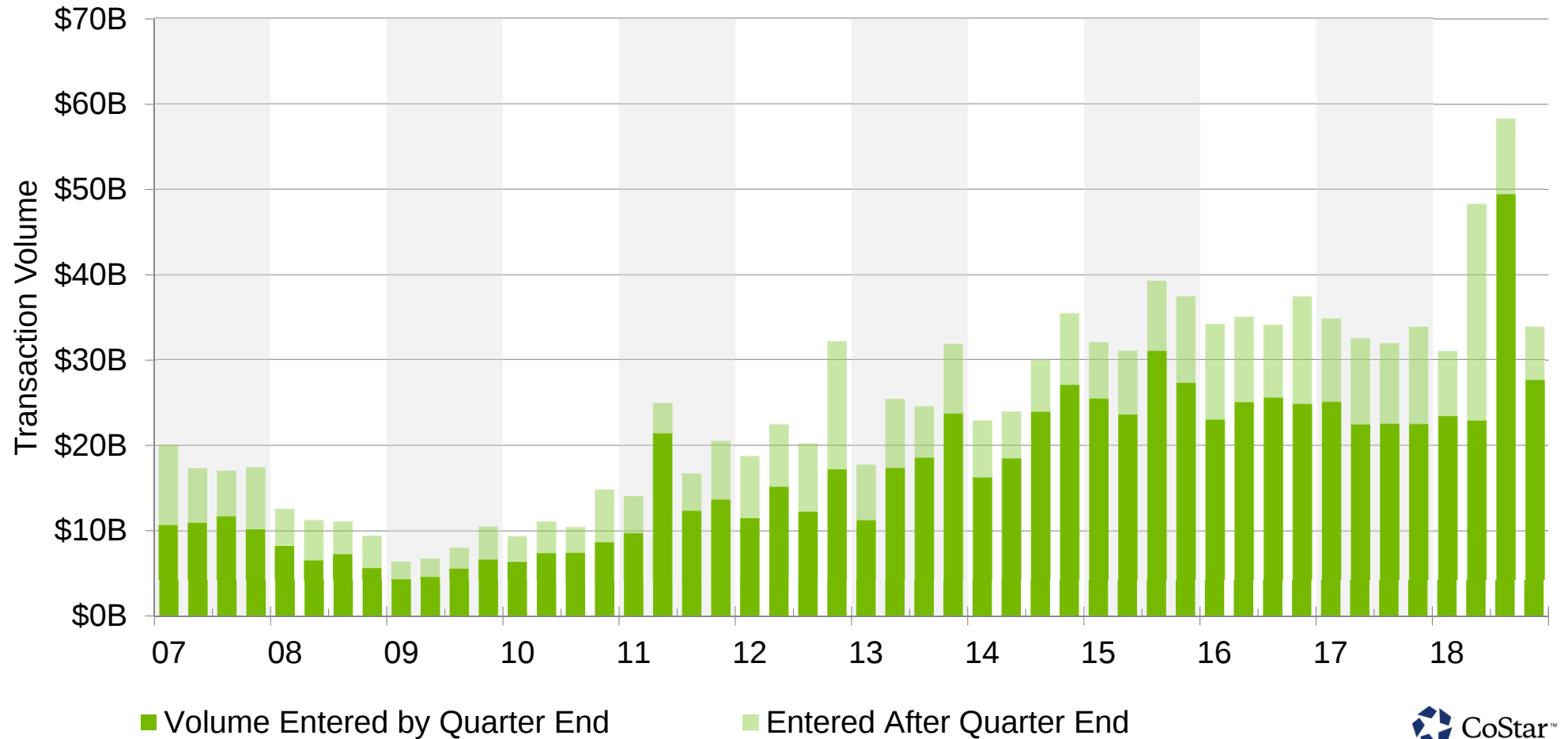


Top Rent Growth Markets

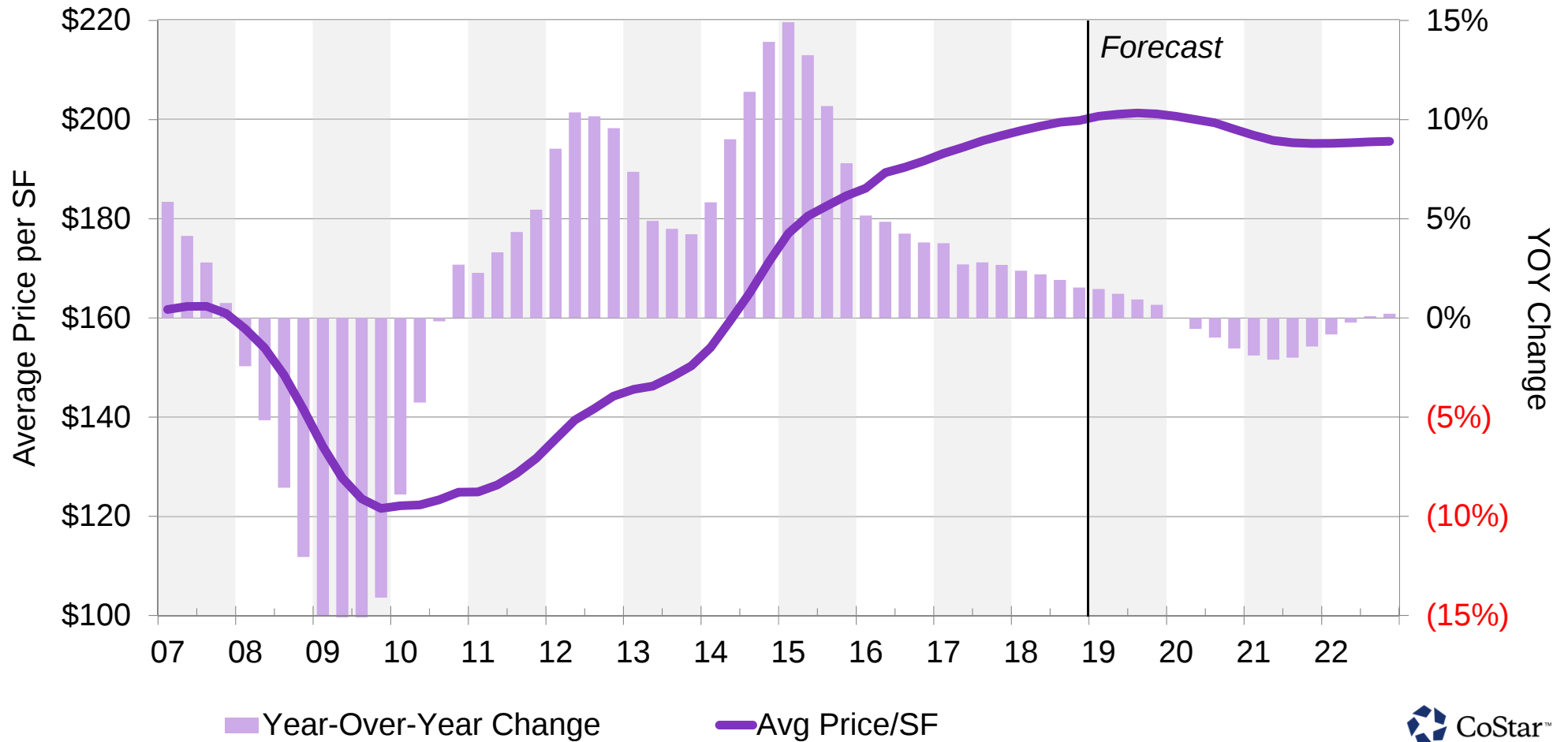


■ Rent Growth, YOY

Quarterly Retail Transaction Volume



National Retail Average Price



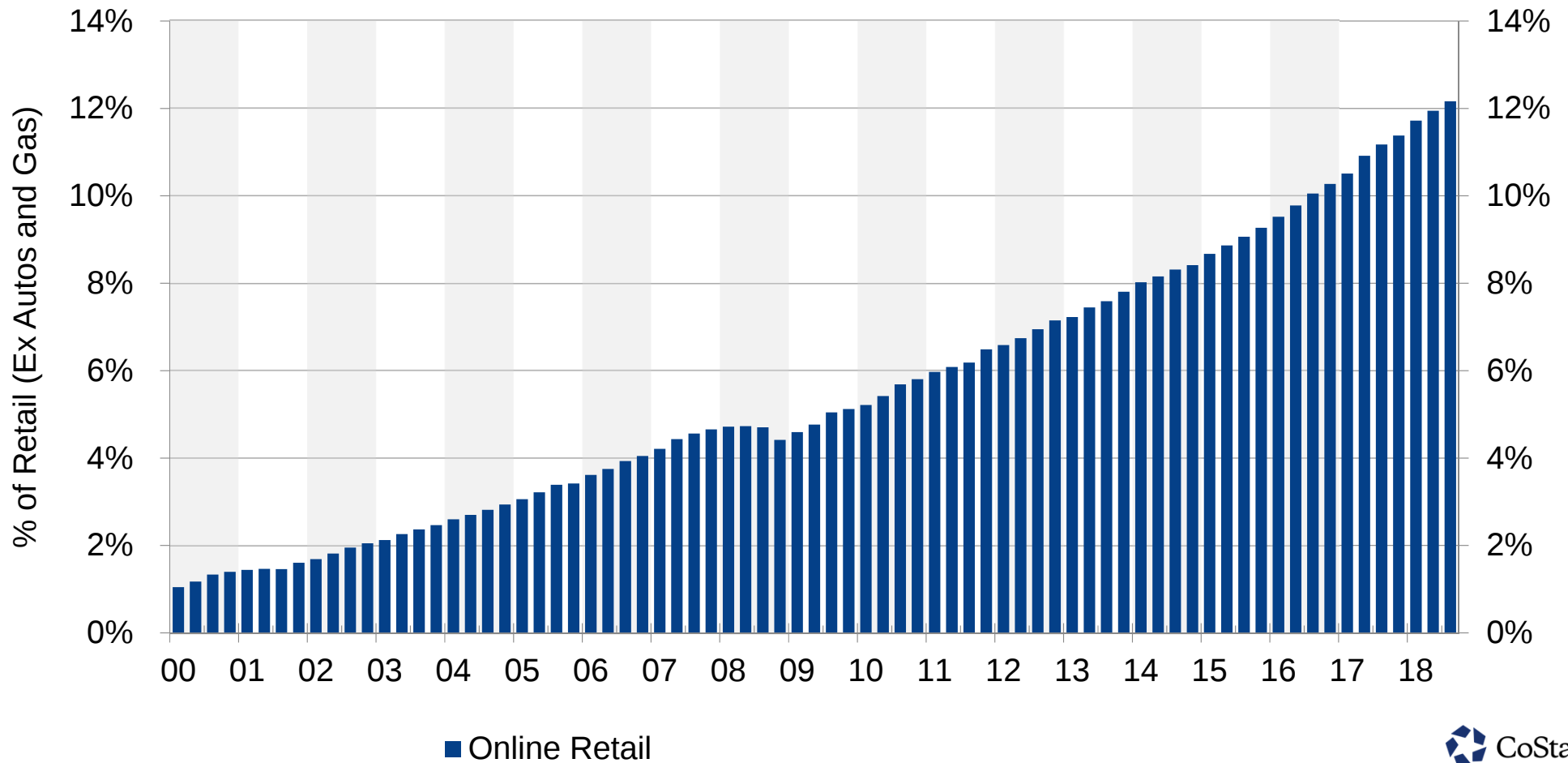


Industrial Overview

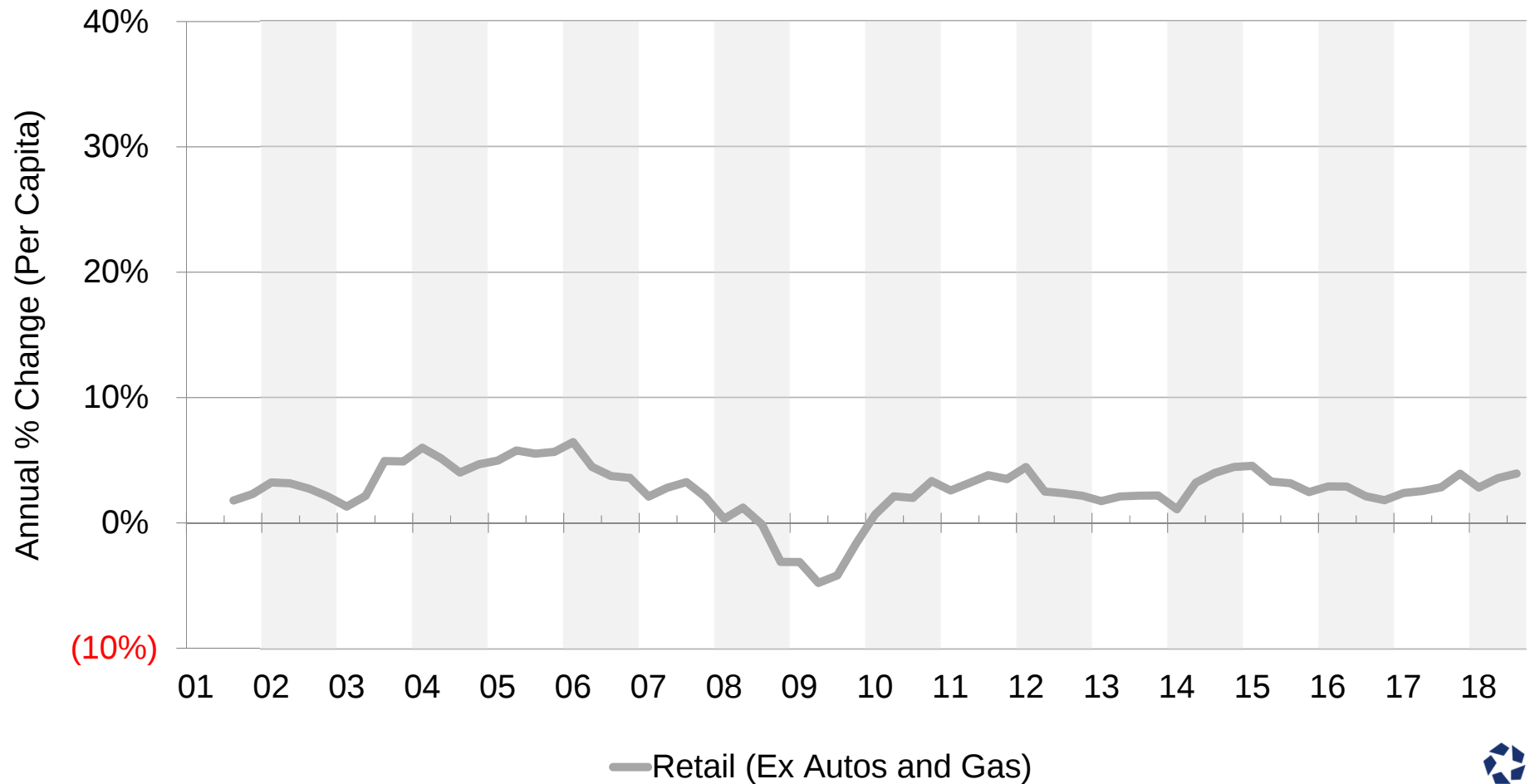


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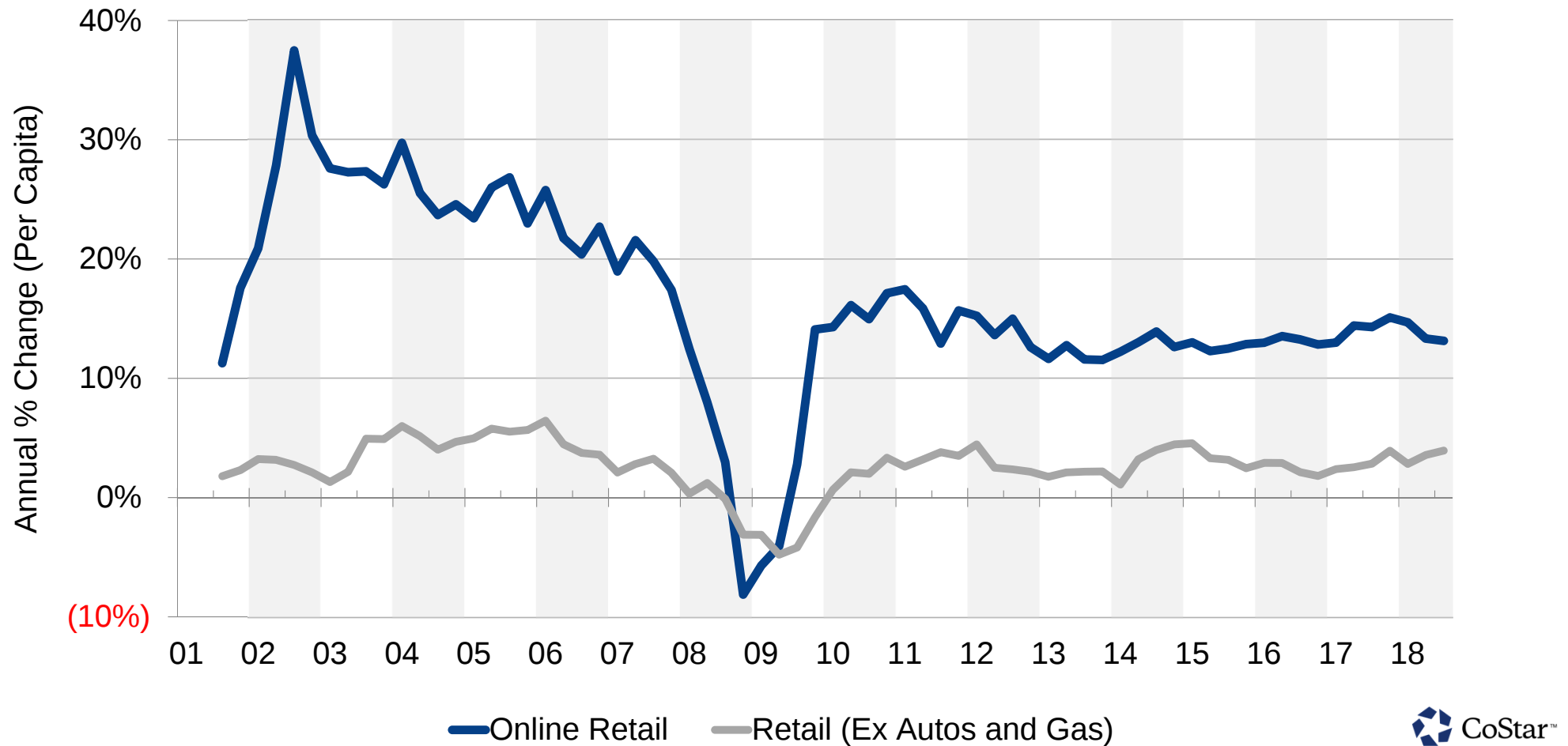
E-Commerce Share of Retail Climbing



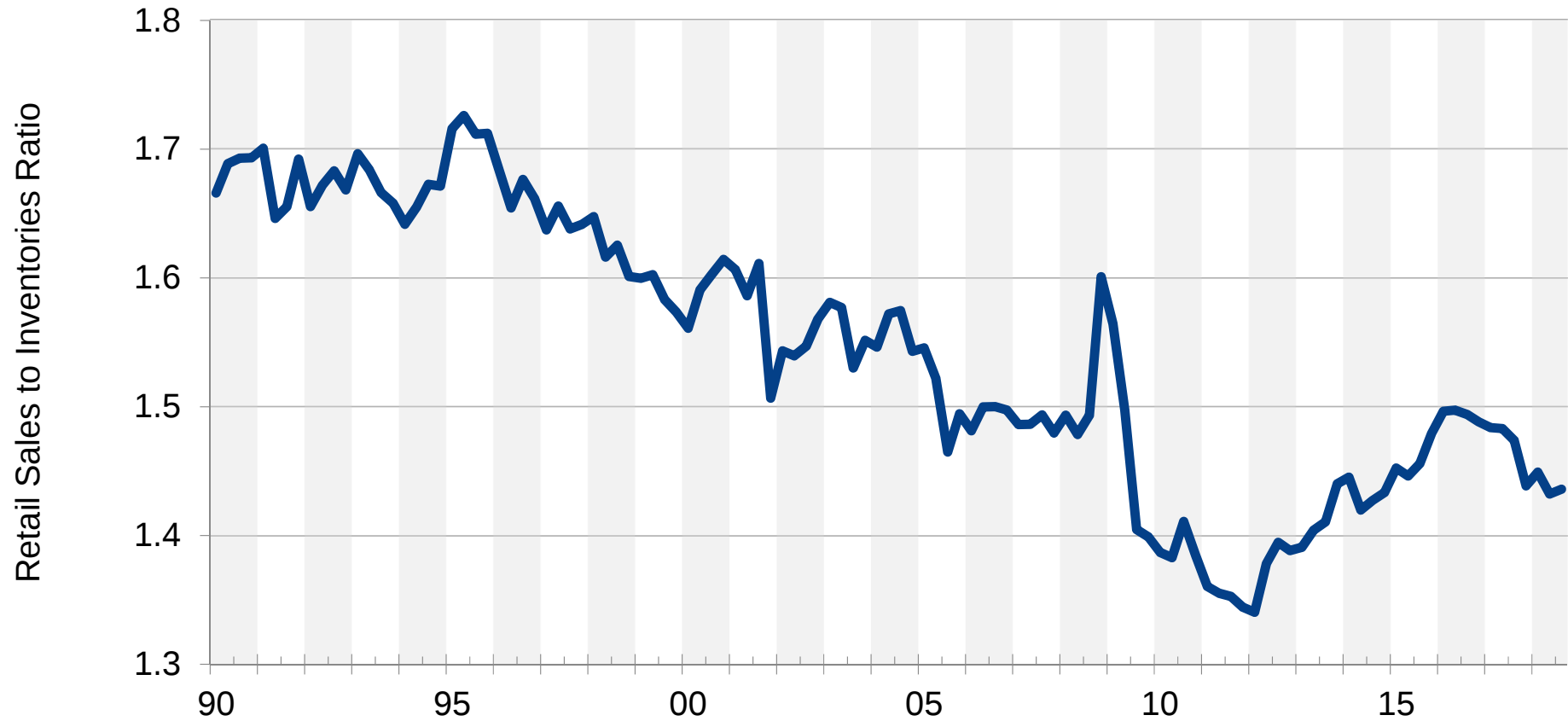
Online Sales Growing 3x Faster than Overall Retail



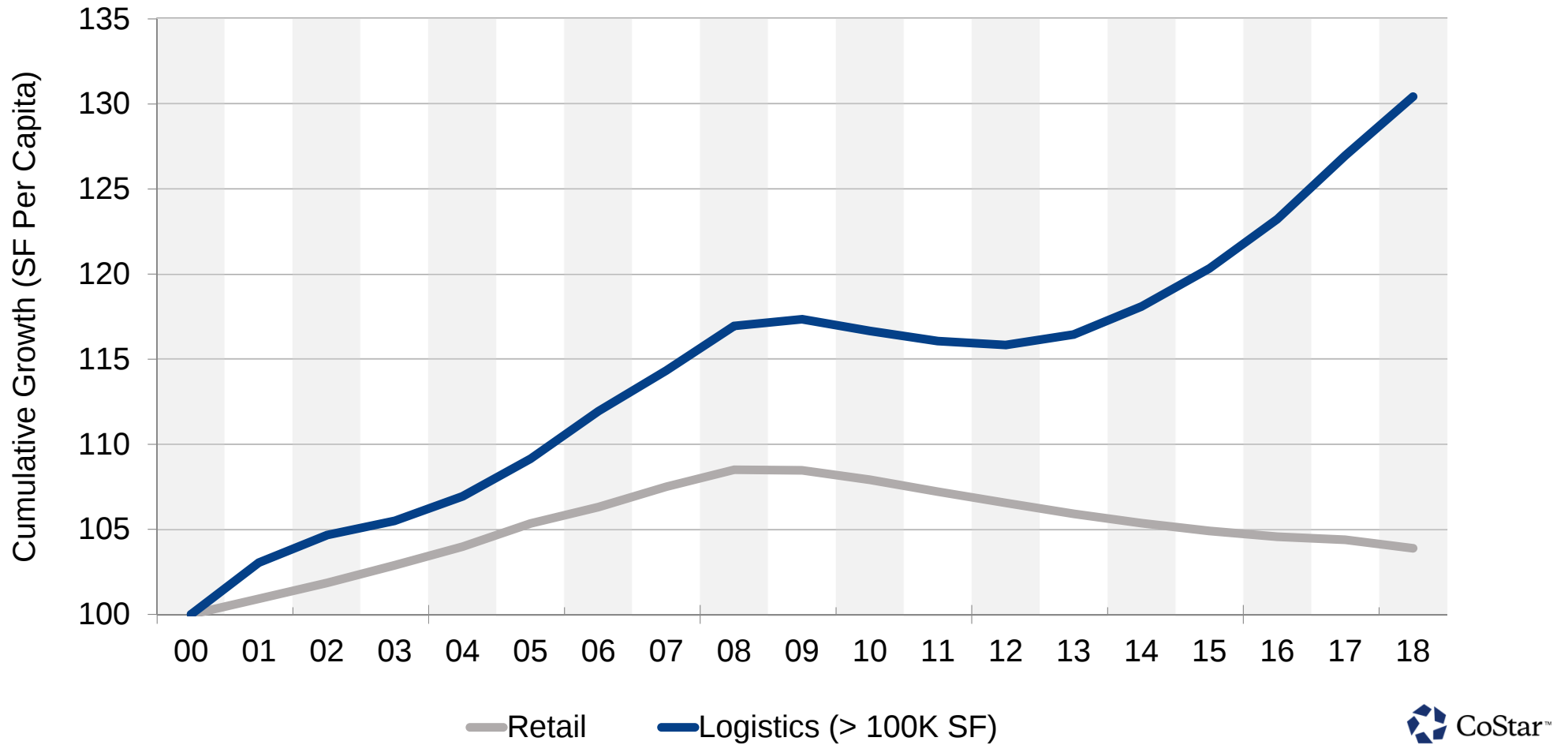
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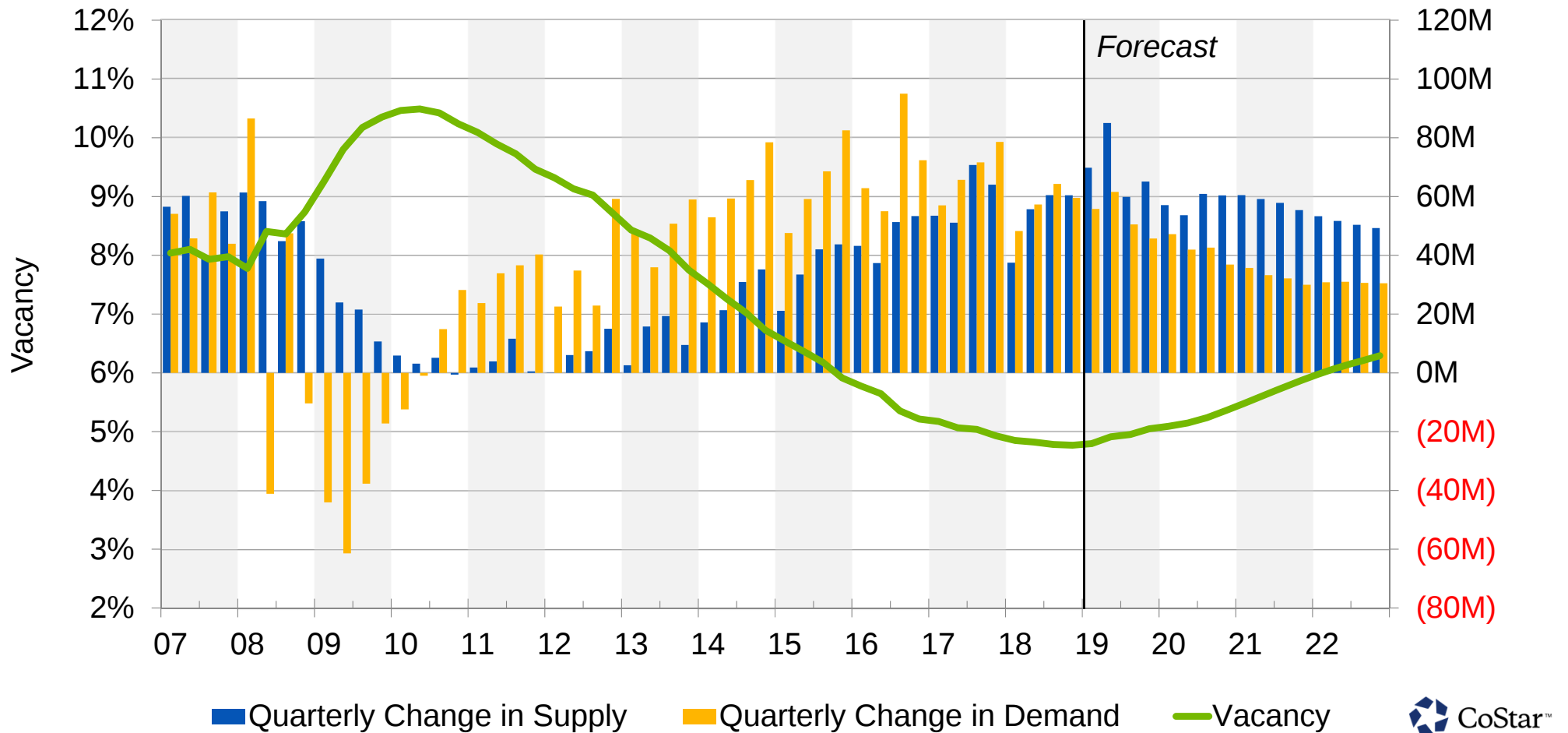
E-Commerce Is Growing Inventories Again



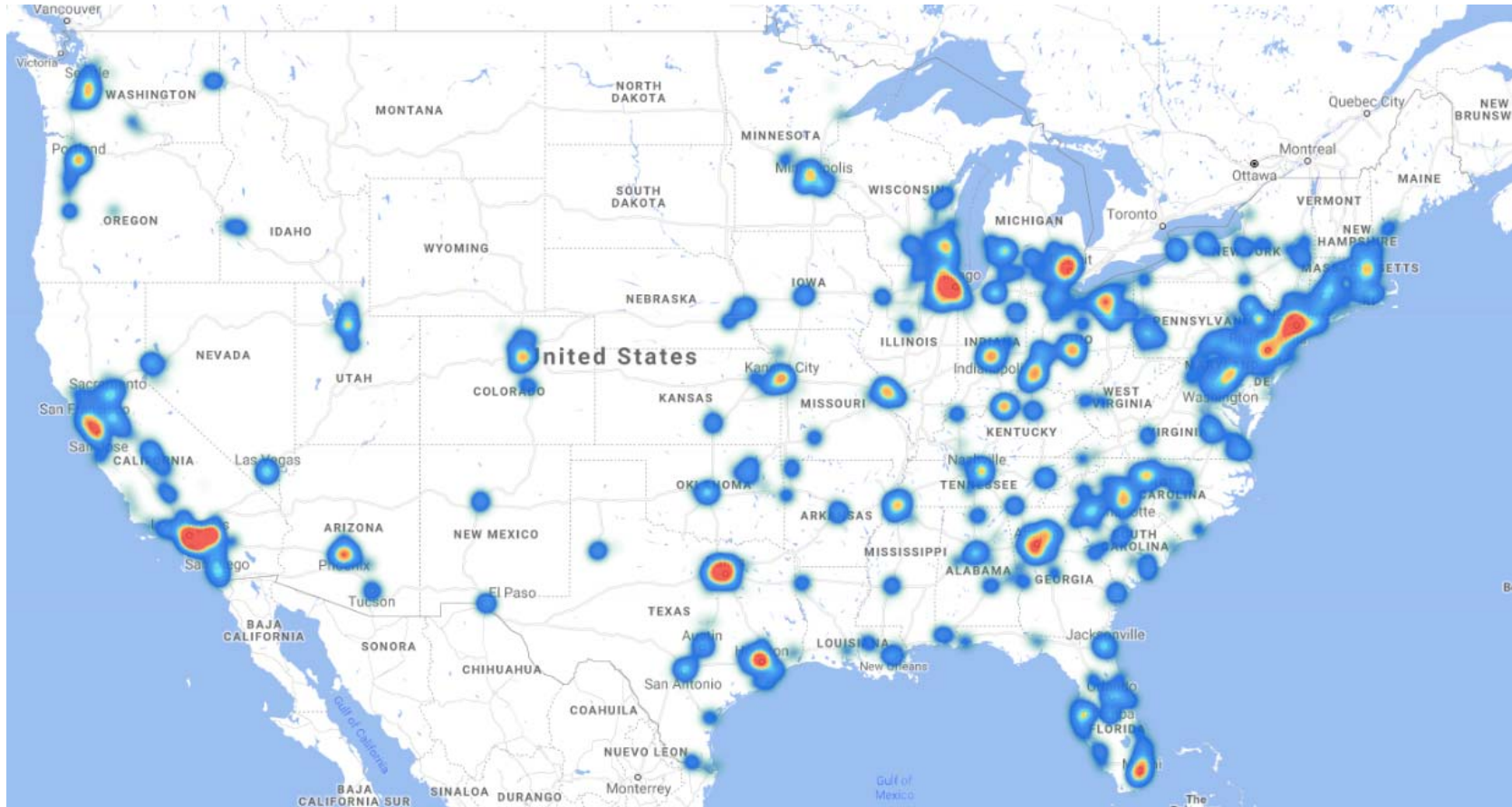
Retail Space Languishes, Warehouses Flourish



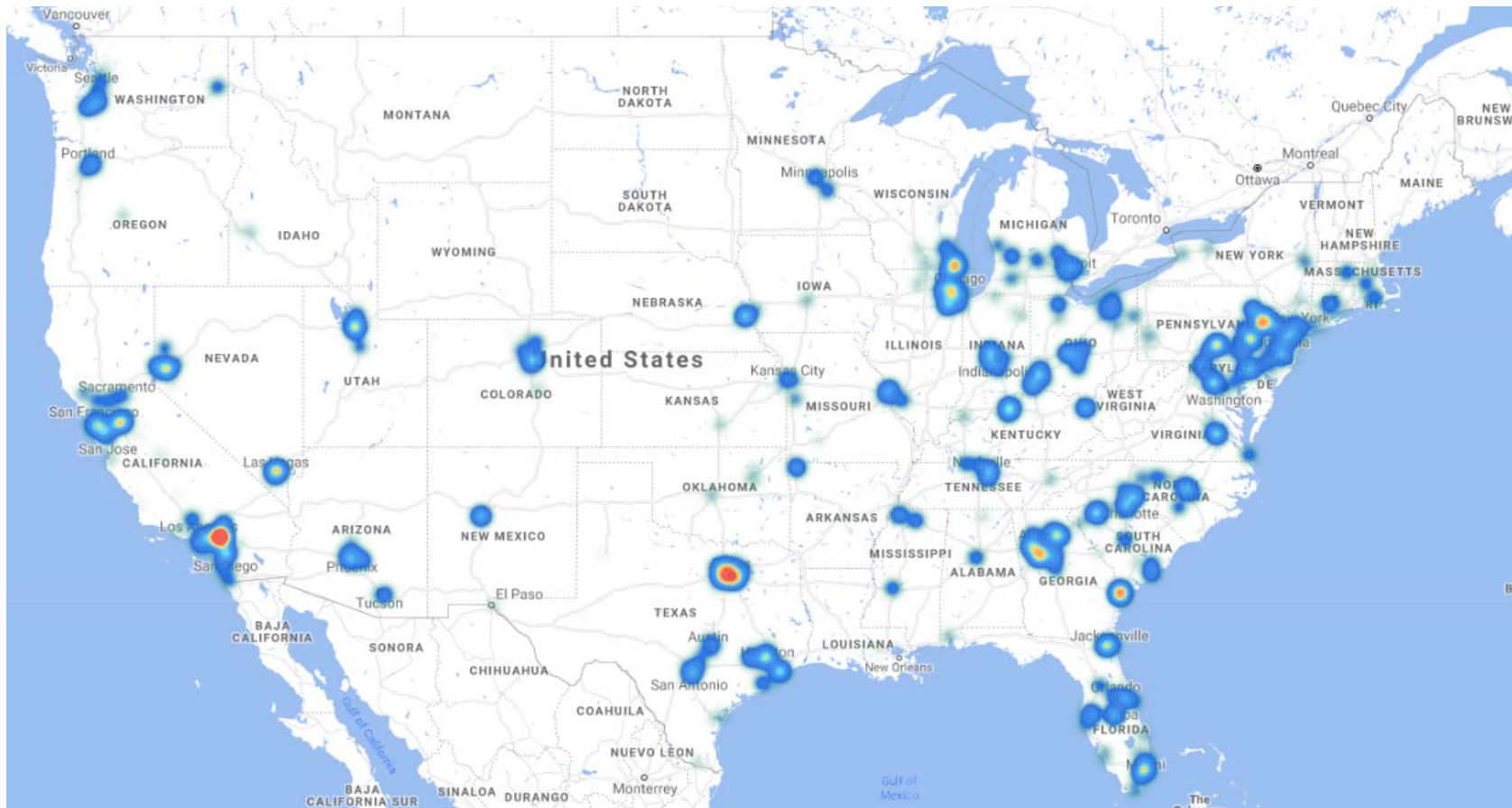
Industrial Fundamentals: Base Case Outlook



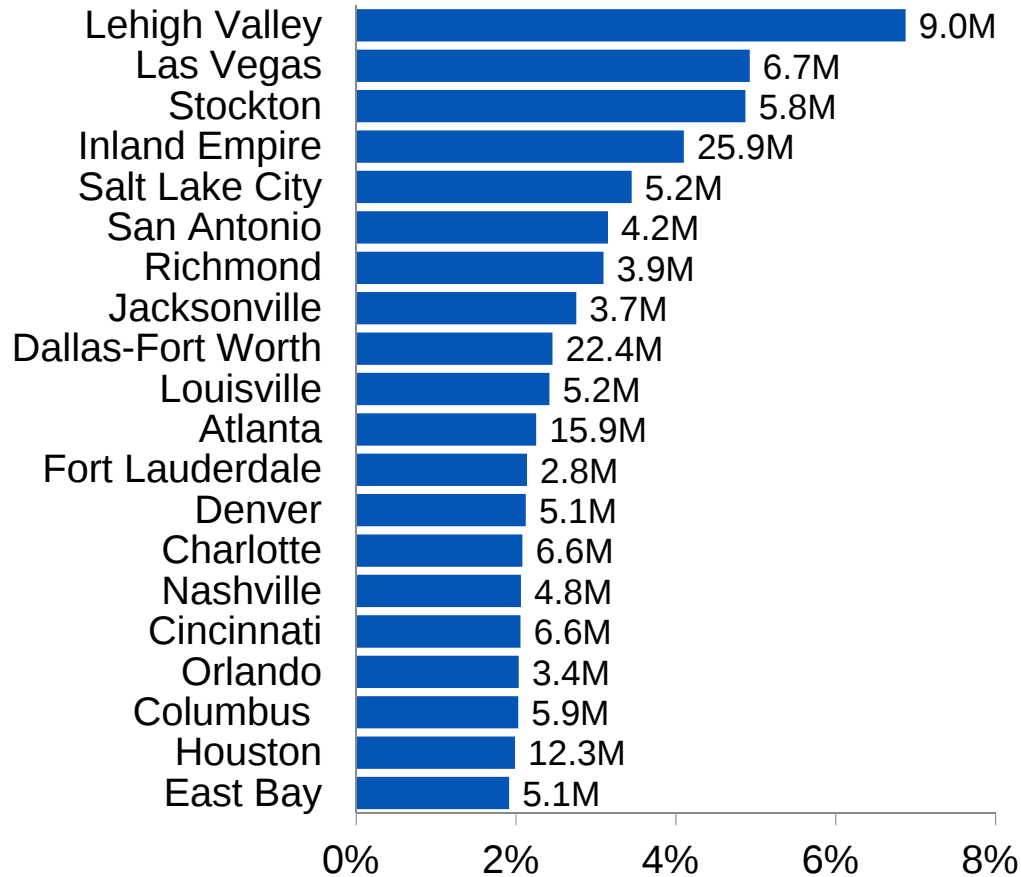
Industrial Inventory



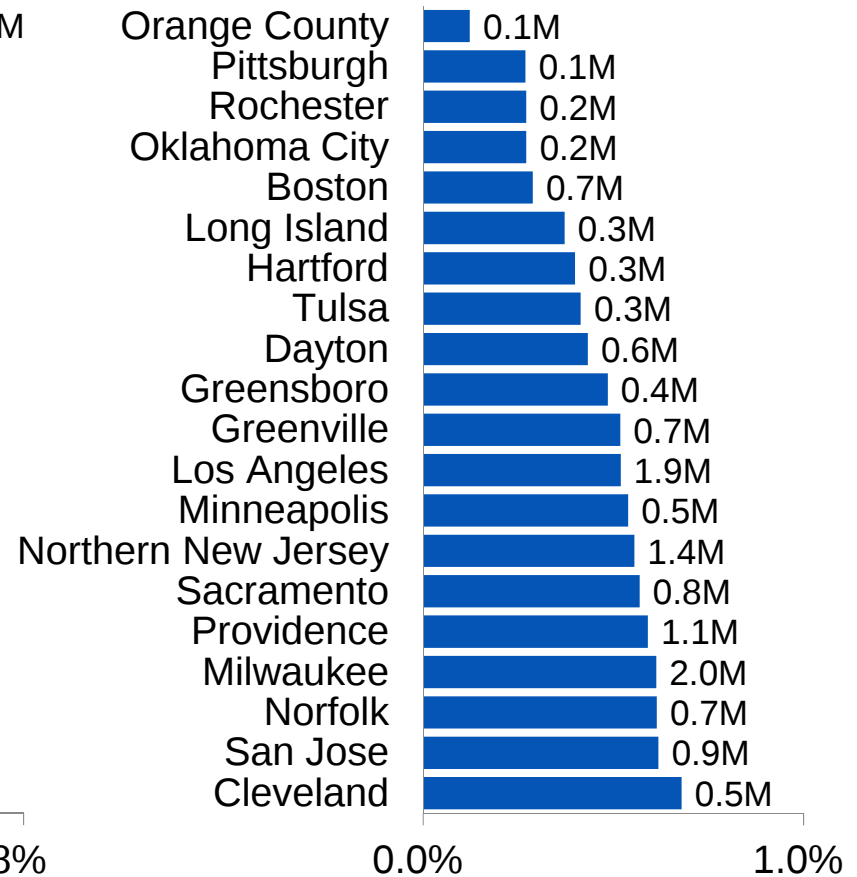
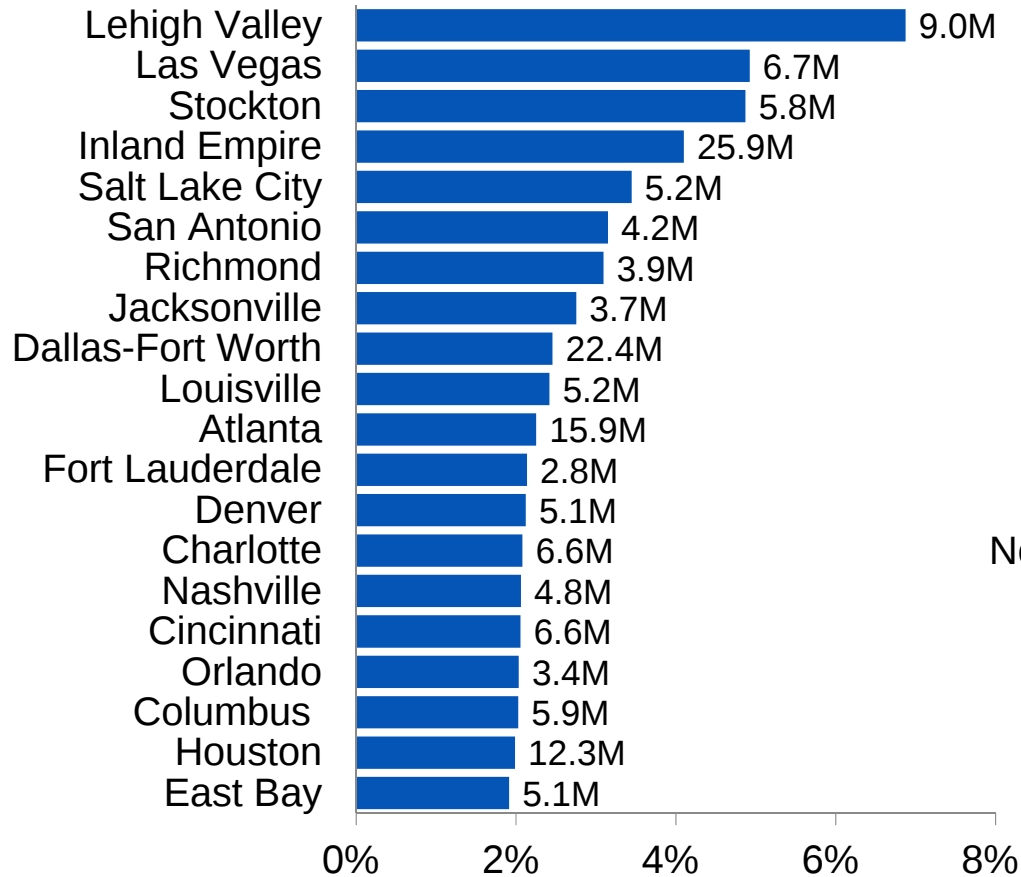
Industrial Under Construction



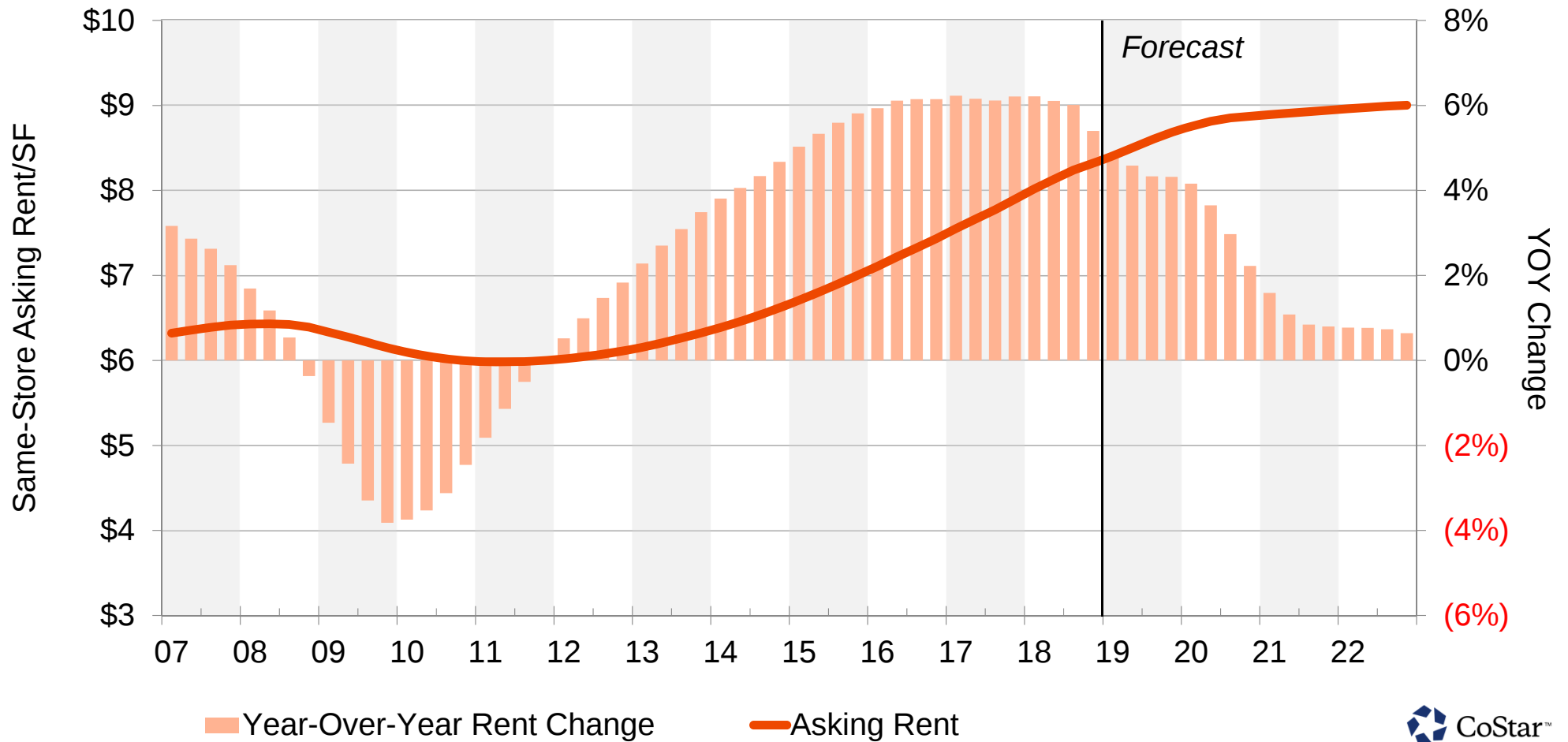
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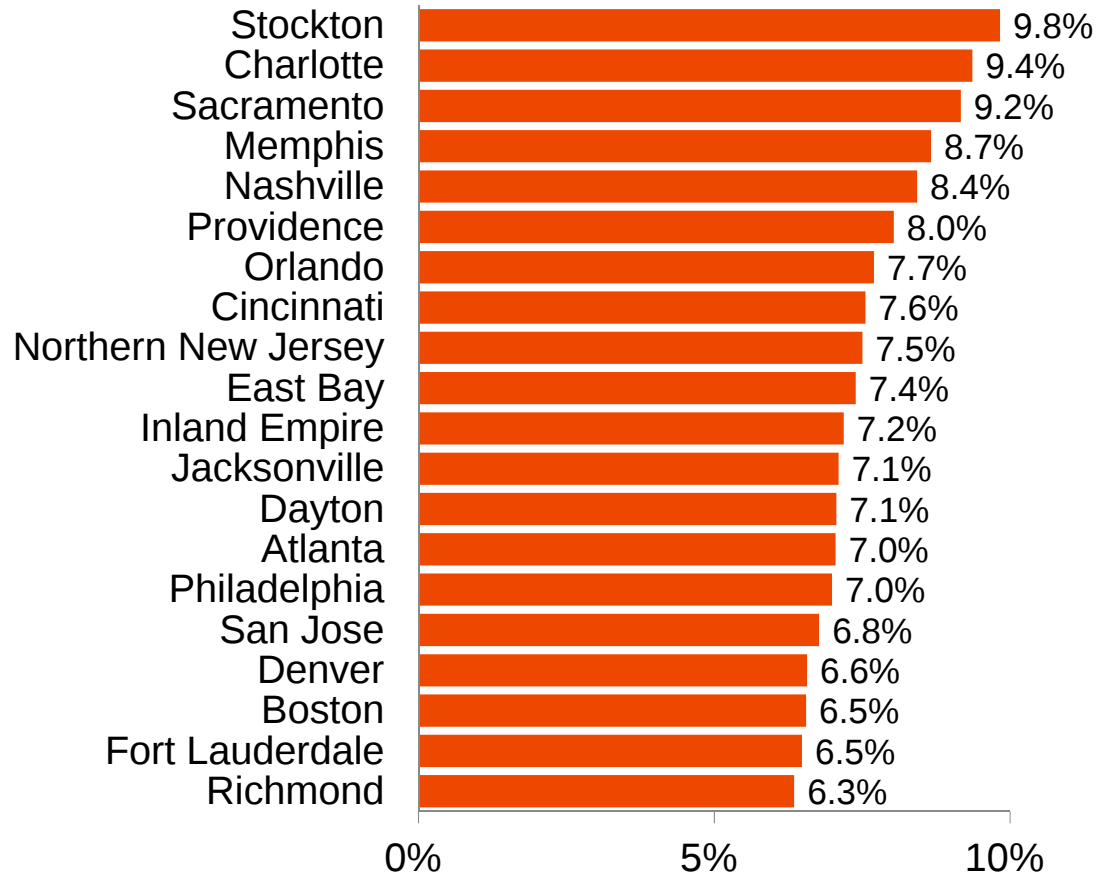
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National Industrial Same-Store Rents

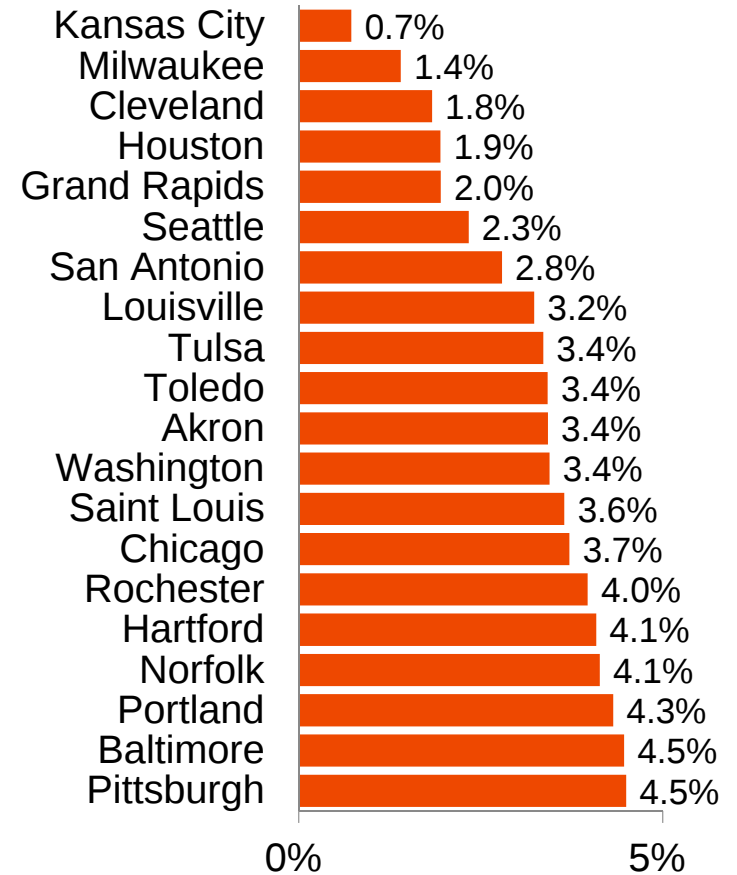
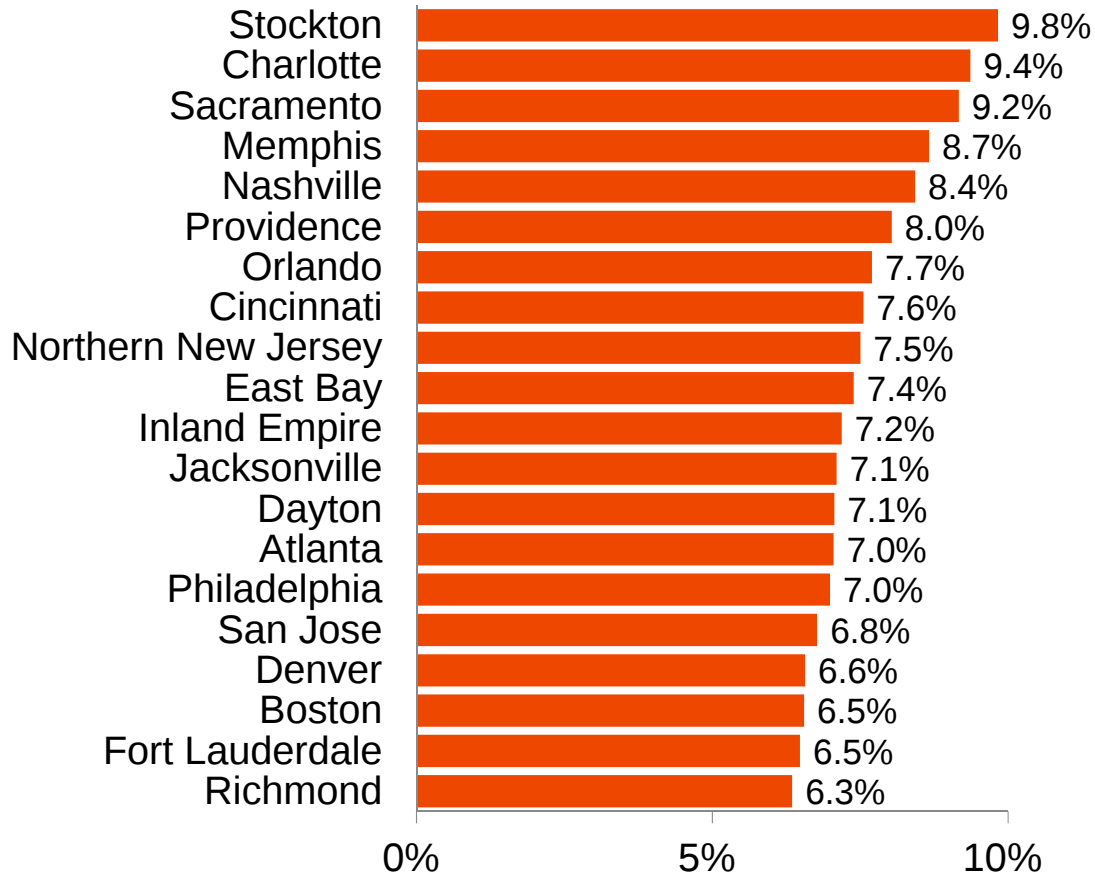


Top Rent Growth Markets

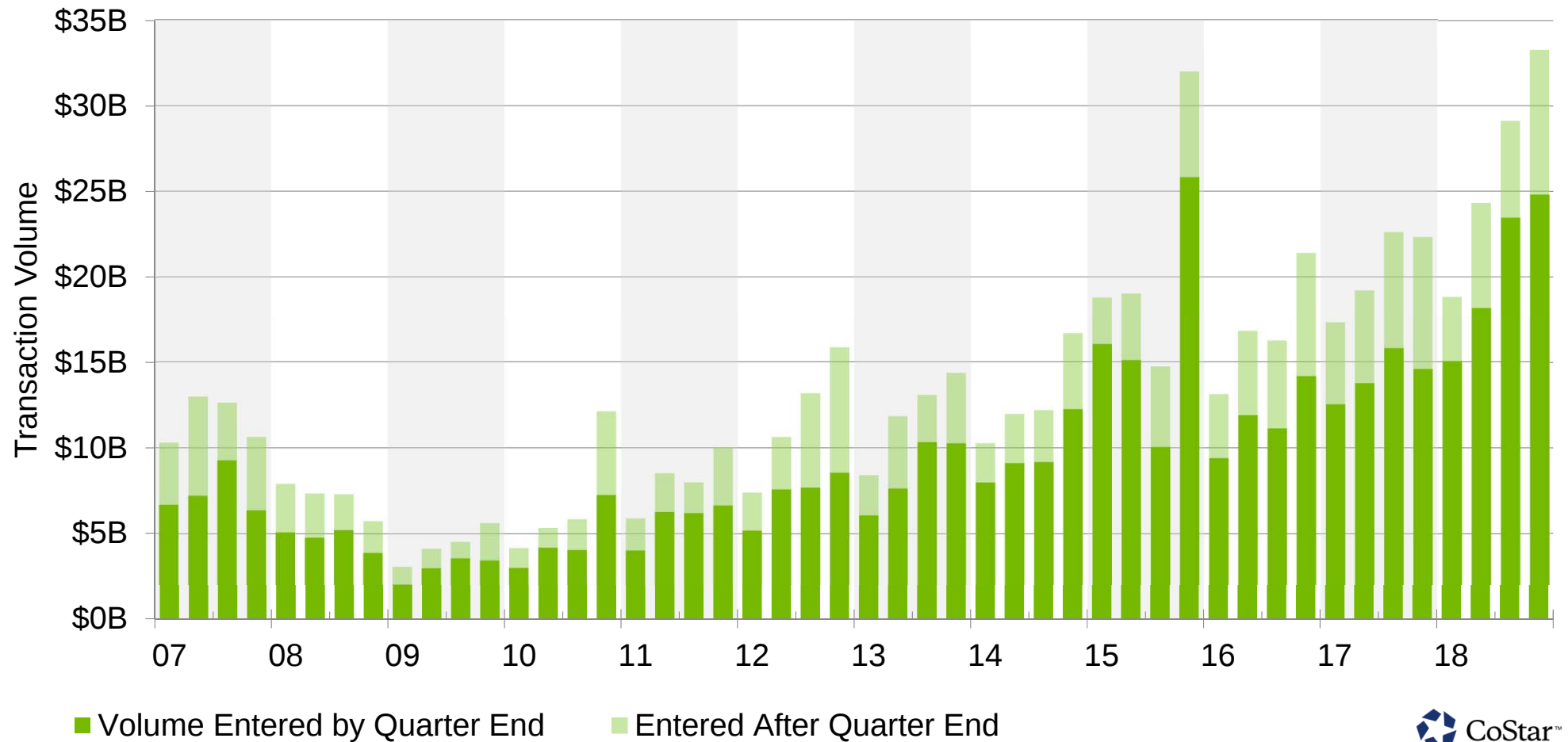


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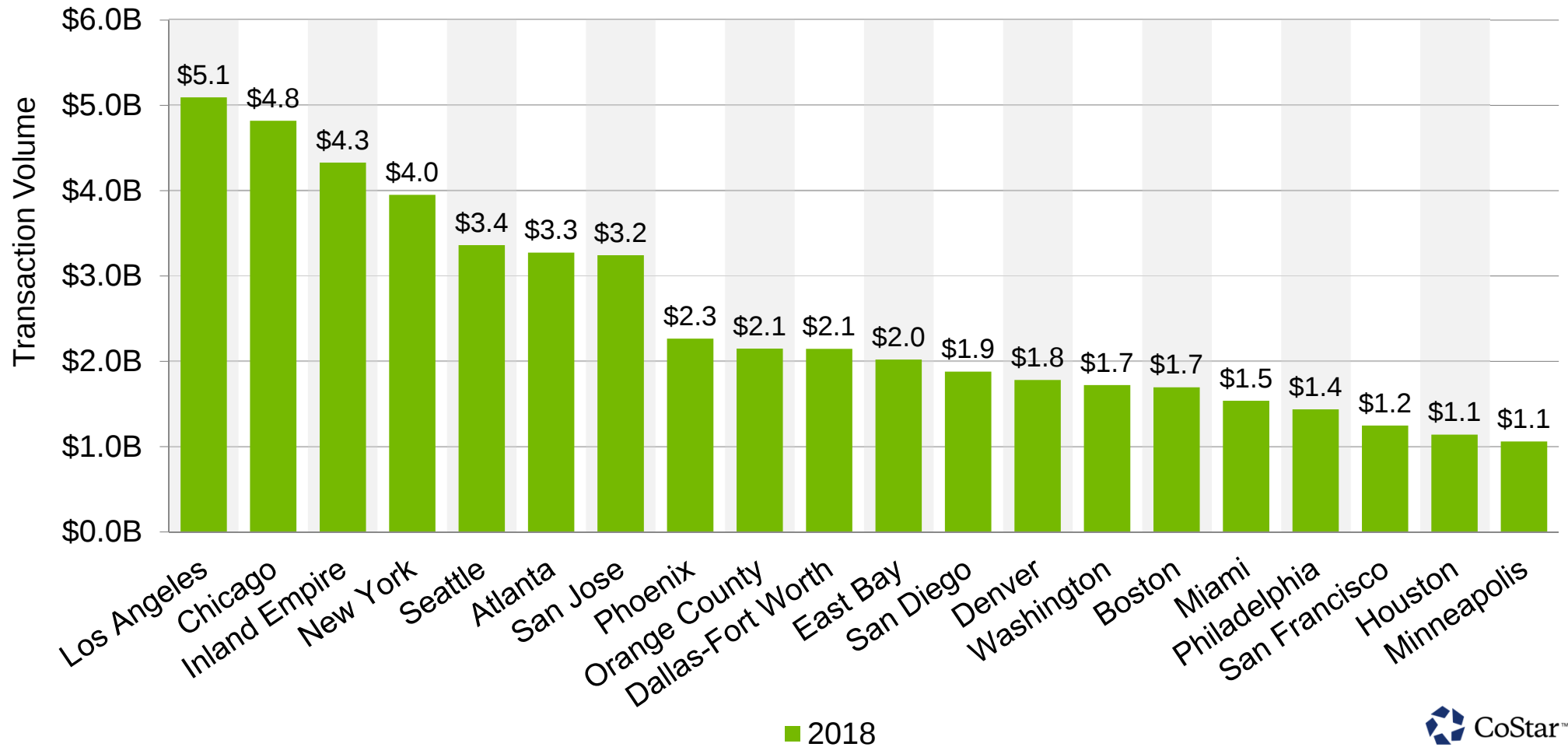
Top Rent Growth Markets, and Bottom



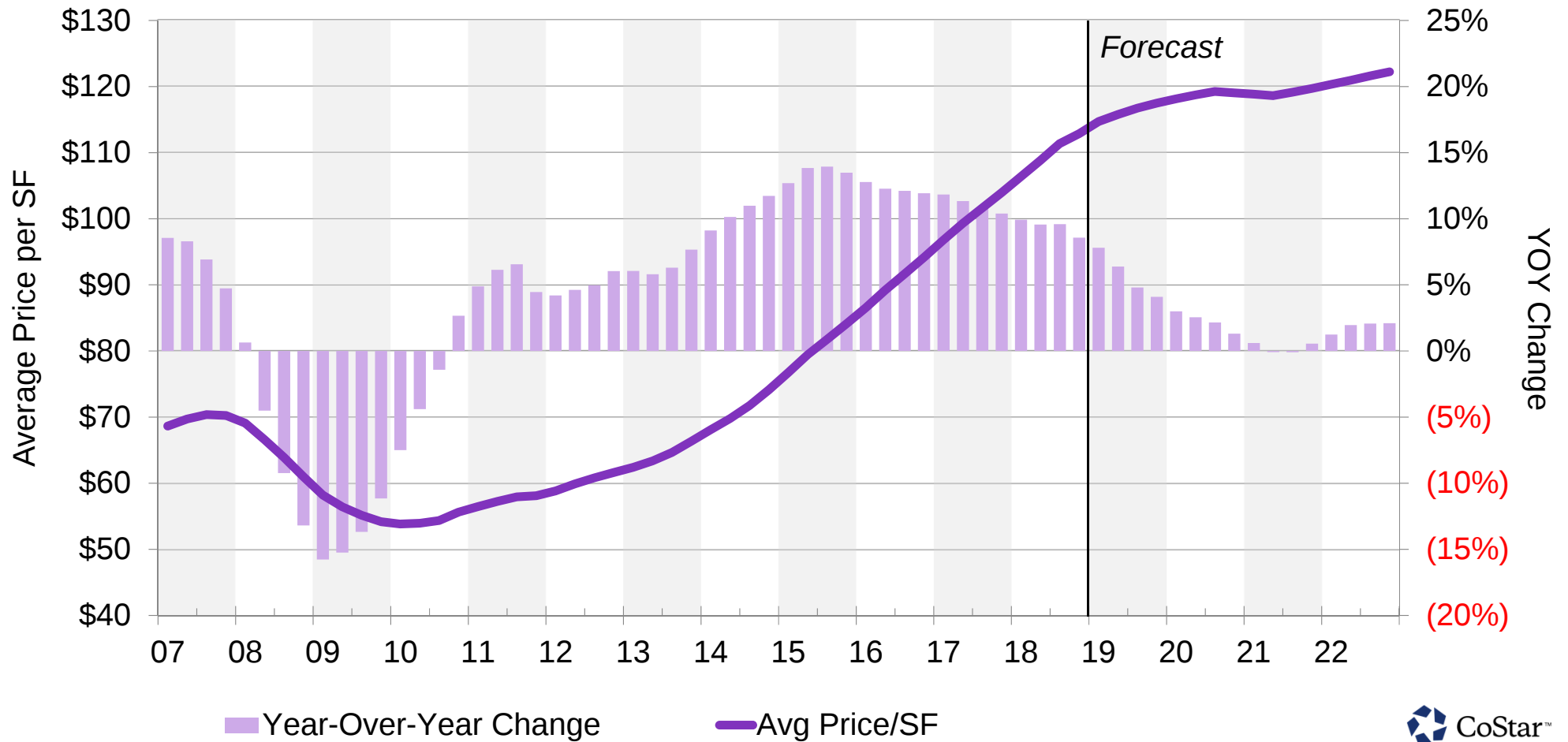
Quarterly Industrial Transaction Volume



Industrial Deal Volume for 2018, Top 20 Markets



National Industrial Average Price



Ventura and Santa Barbara Market Trends



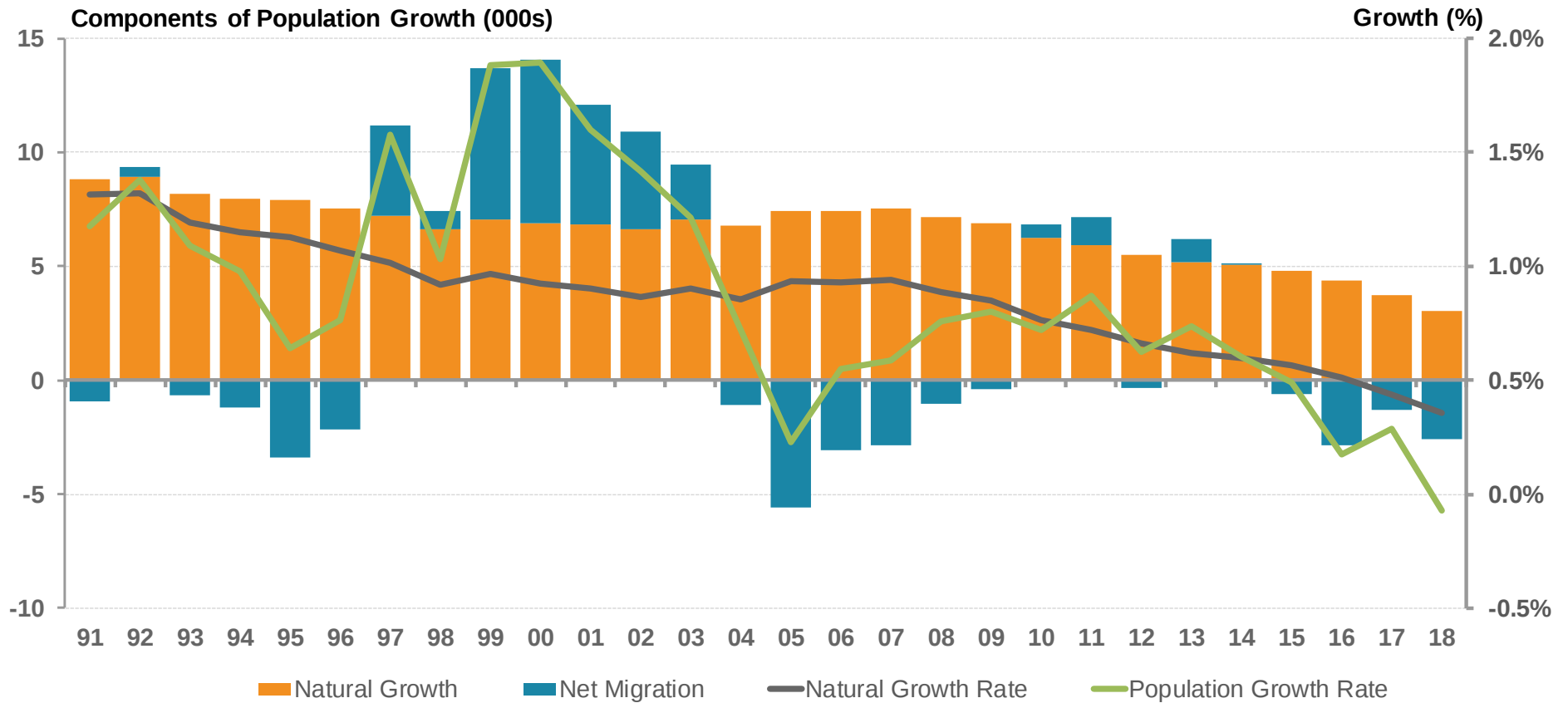
CoStar™
The knowledge market



Regional Economy



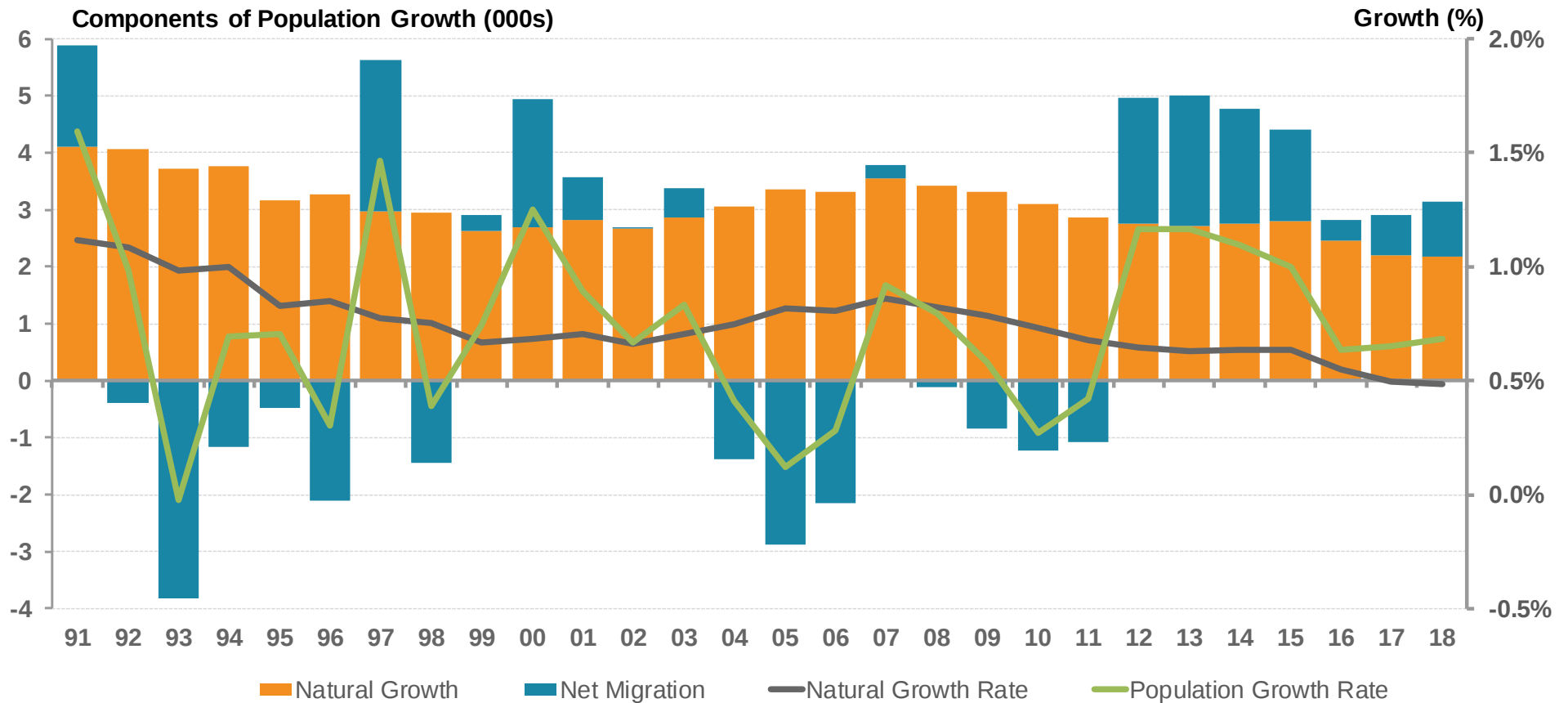
Ventura Population Growth



Source: California Department of Finance, Demographic Research Unit

Estimates as of July 1

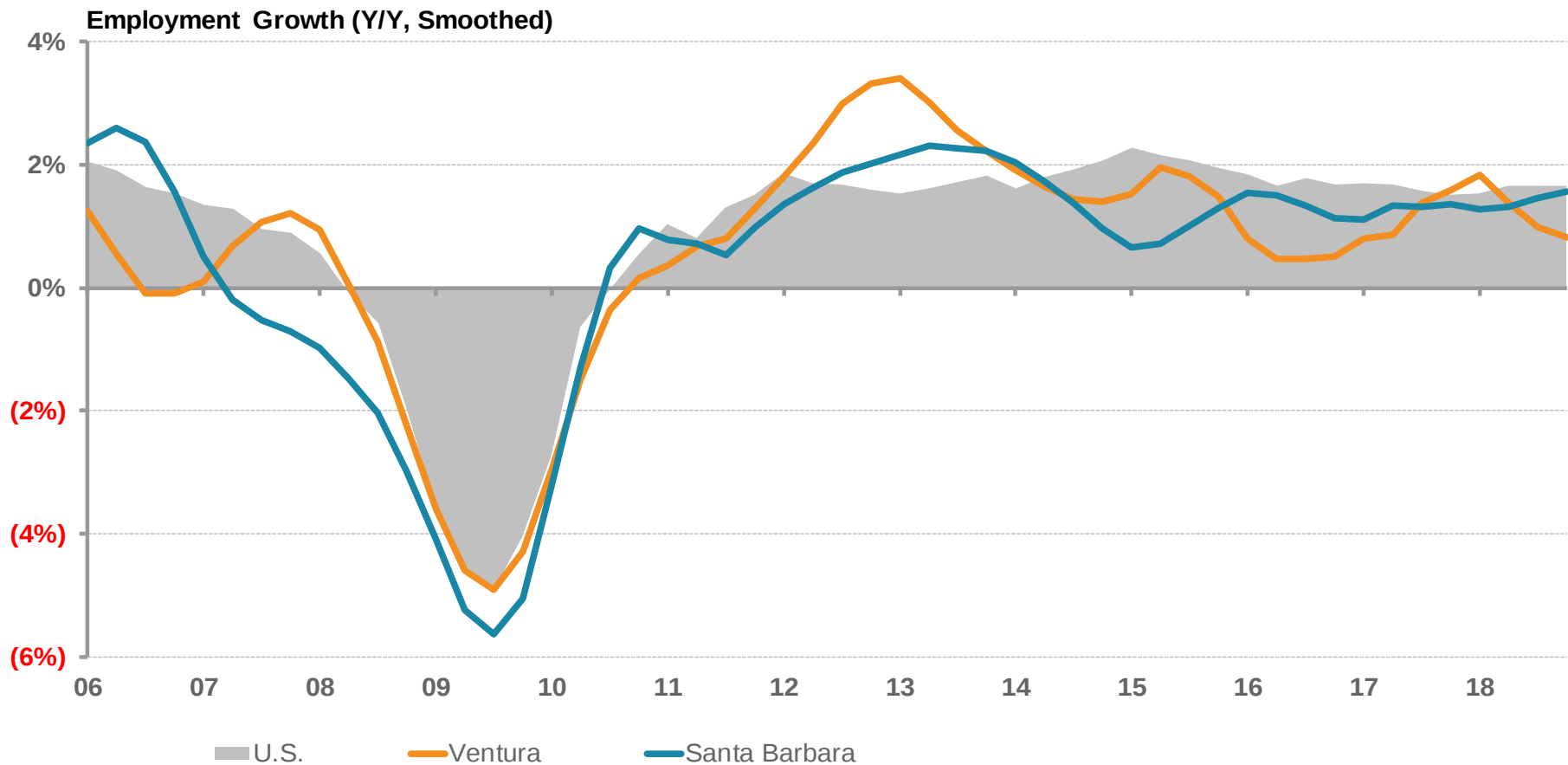
Santa Barbara Population Growth



Source: California Department of Finance, Demographic Research Unit

Estimates as of July 1

Ventura and Santa Barbara Employment

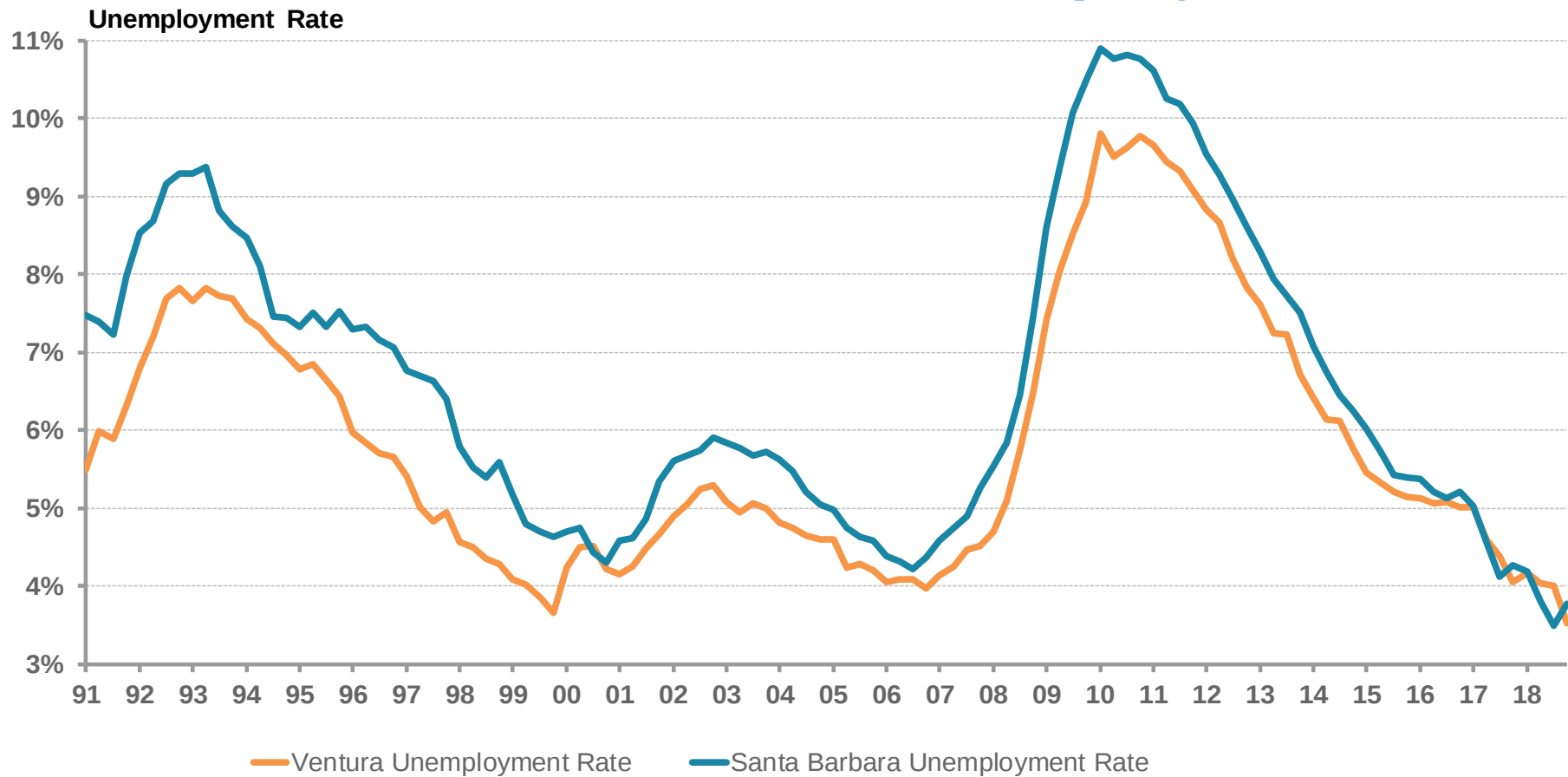


Sources: Moody's Analytics; CoStar

End of 18Q4



Ventura and Santa Barbara Unemployment



Sources: Moody's Analytics; CoStar

End of 18Q4



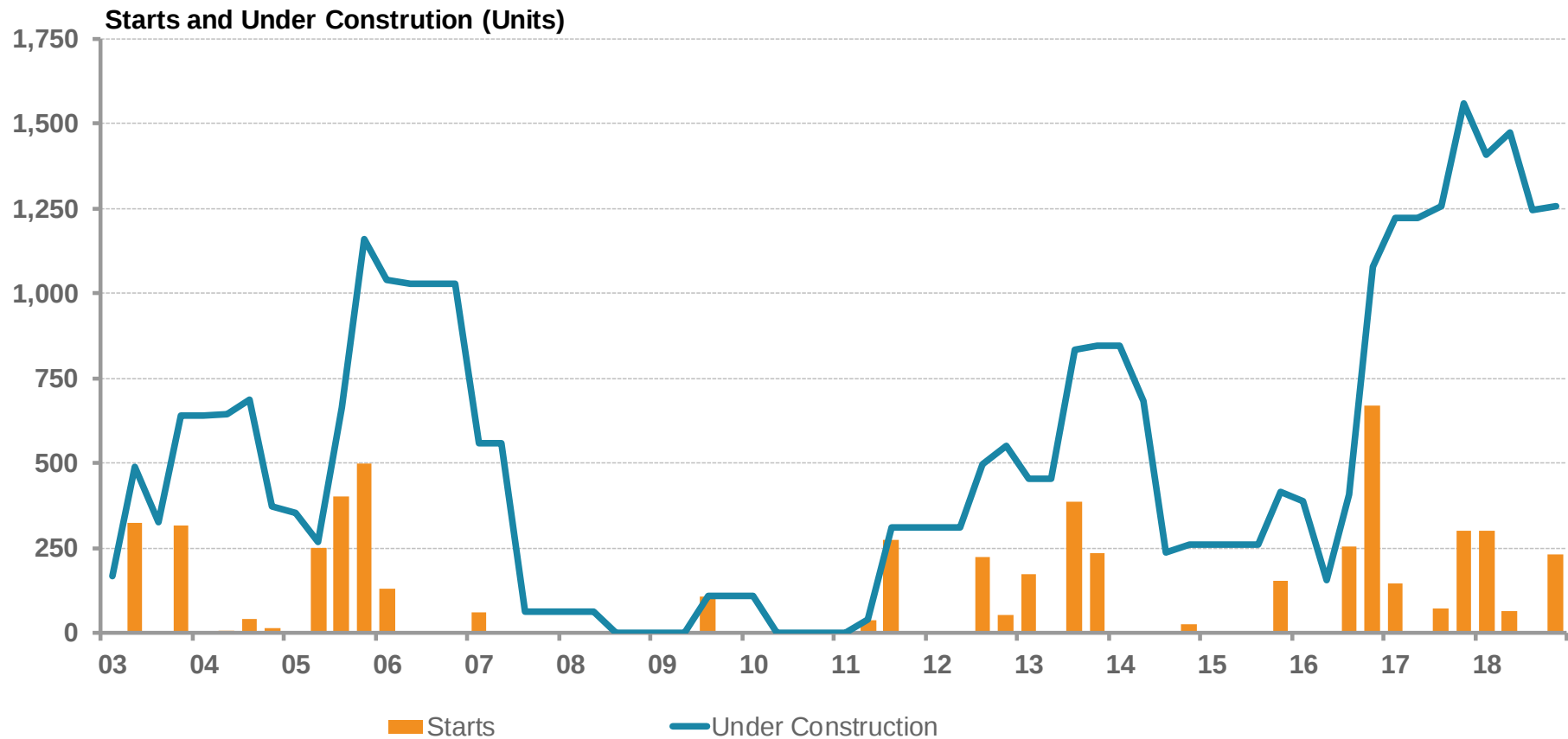
Apartment Market



SONATA
AT RIVERPARK
RHF
CoStar™



Ventura Apartment Construction Activity

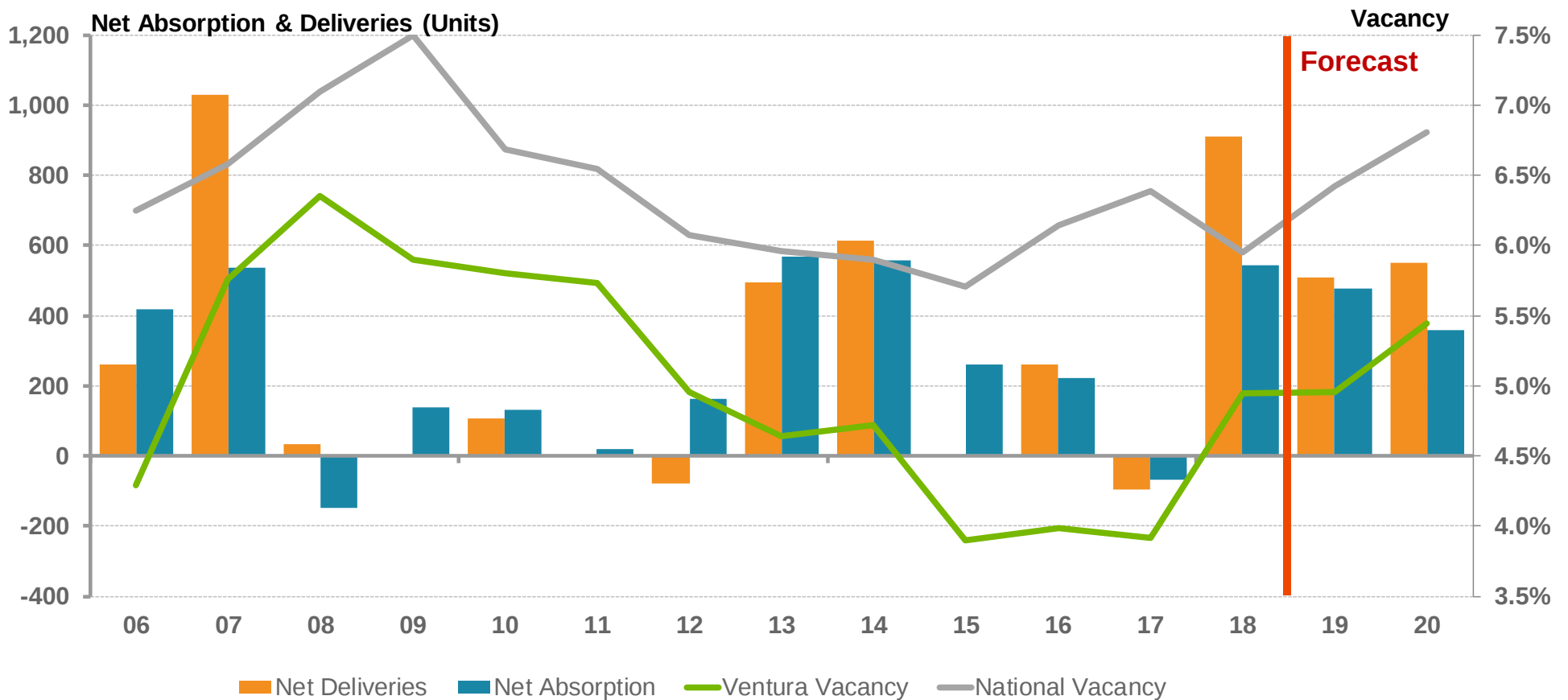


Source: CoStar

End of 18Q4



Ventura Apartment Fundamentals

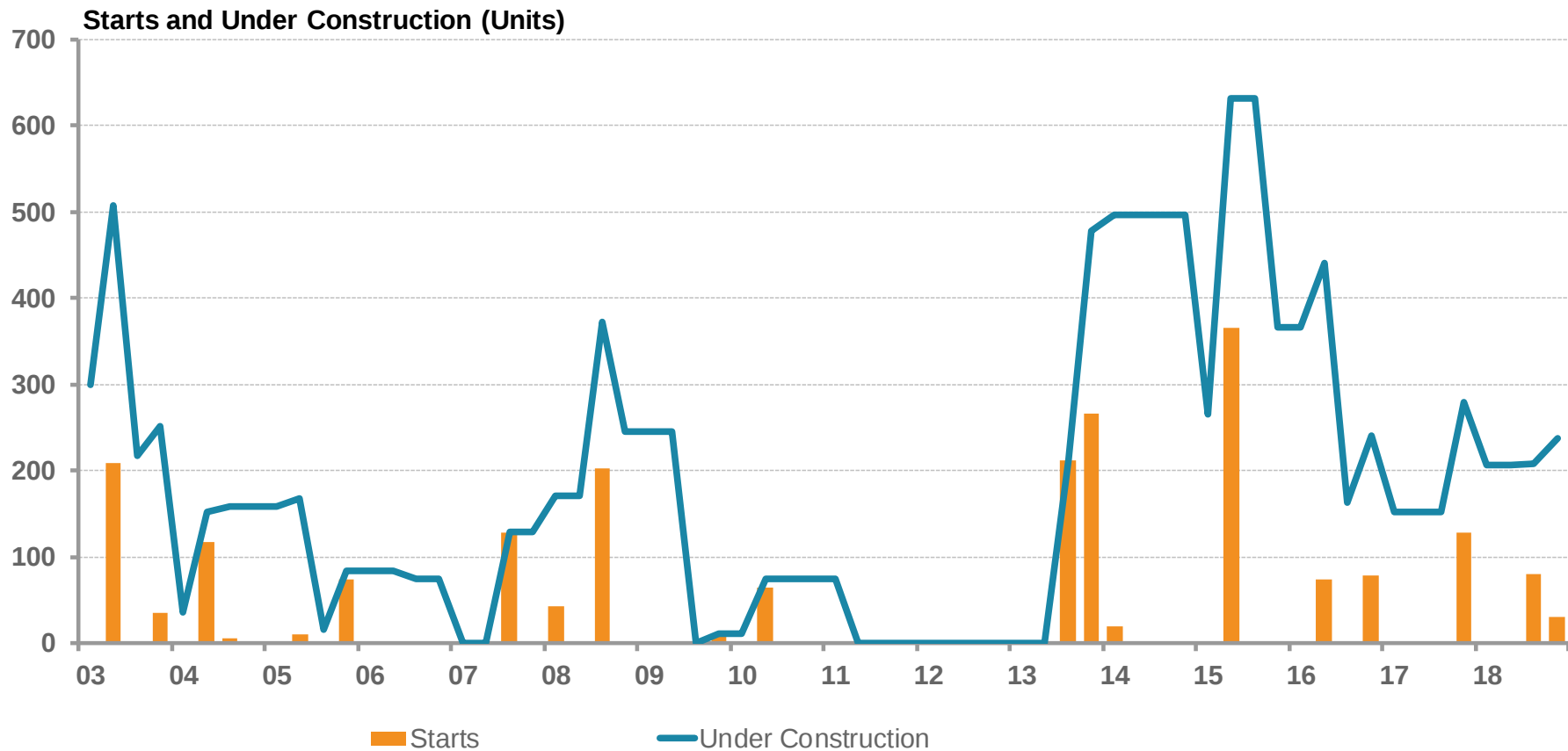


Source: CoStar

End of 18Q4



Santa Barbara Apartment Construction Activity

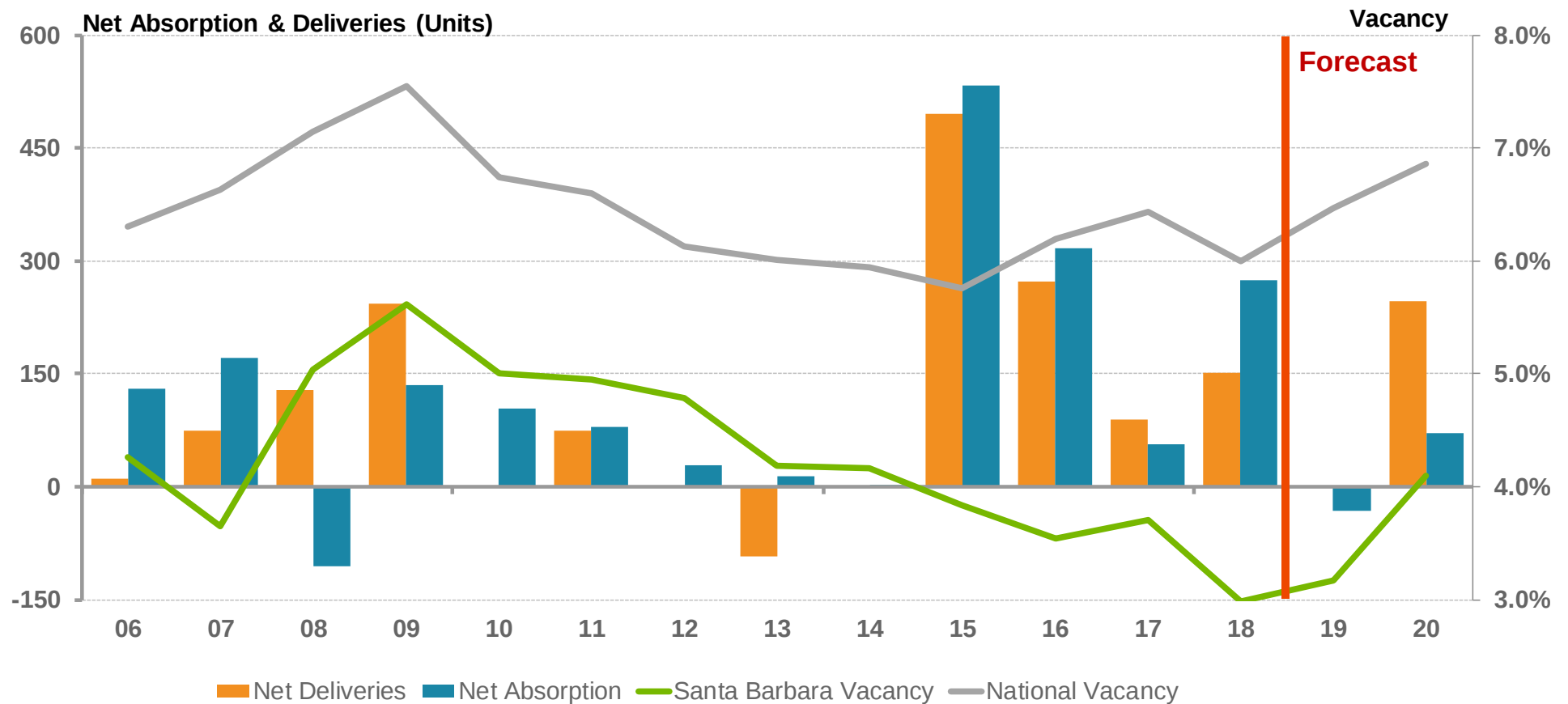


Source: CoStar

End of 18Q4



Santa Barbara Apartment Fundamentals

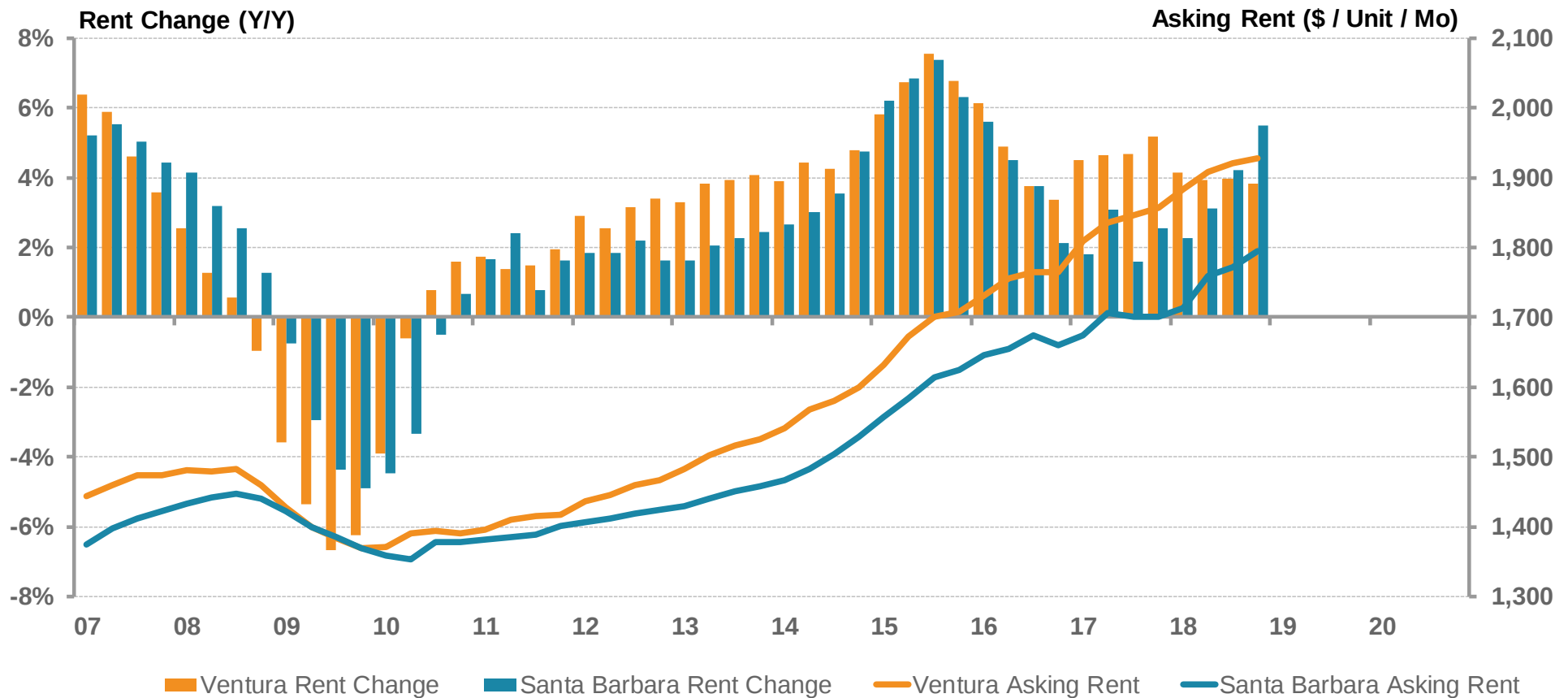


Source: CoStar

End of 18Q4



Ventura and Santa Barbara Apartment Rents

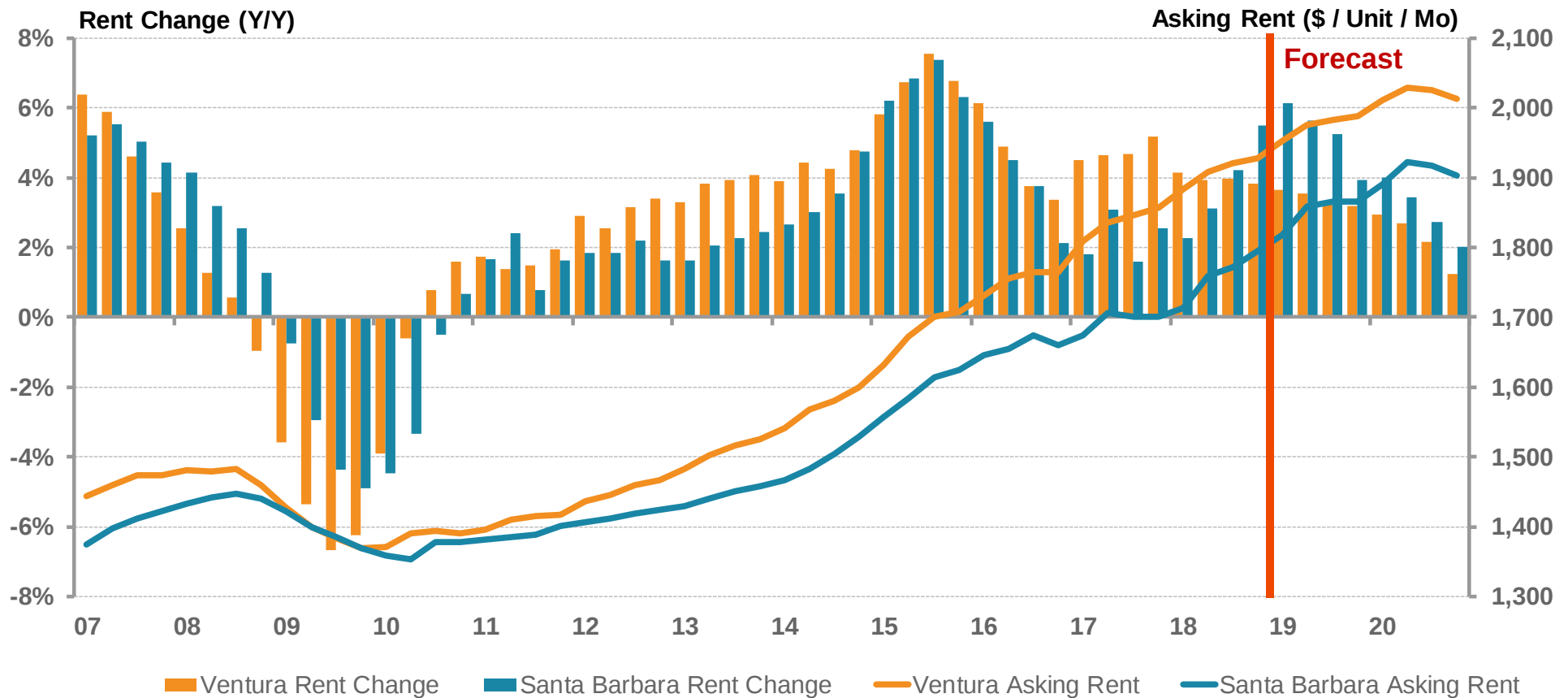


Source: CoStar

End of 18Q4



Ventura and Santa Barbara Apartment Rents



Source: CoStar

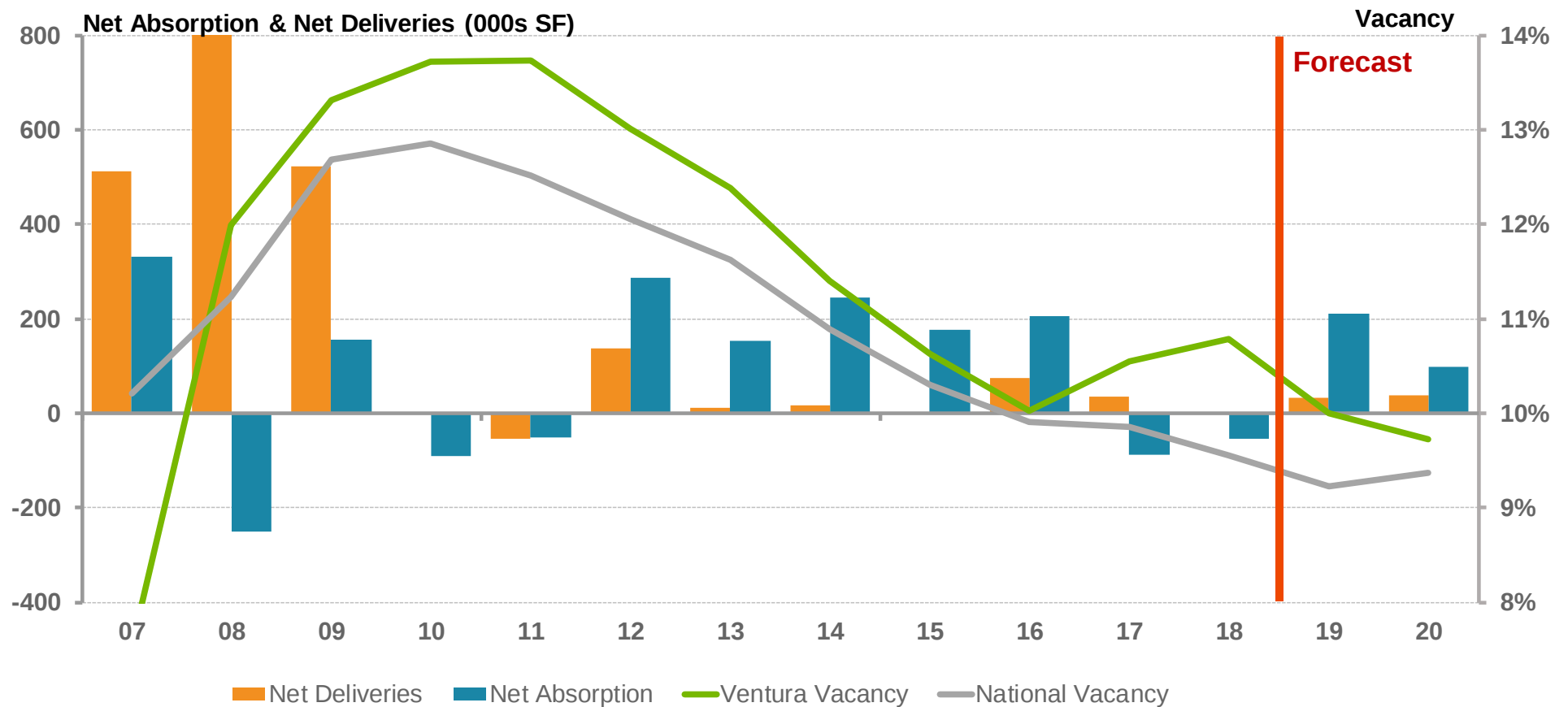
End of 18Q4



Office Market



Ventura Office Fundamentals

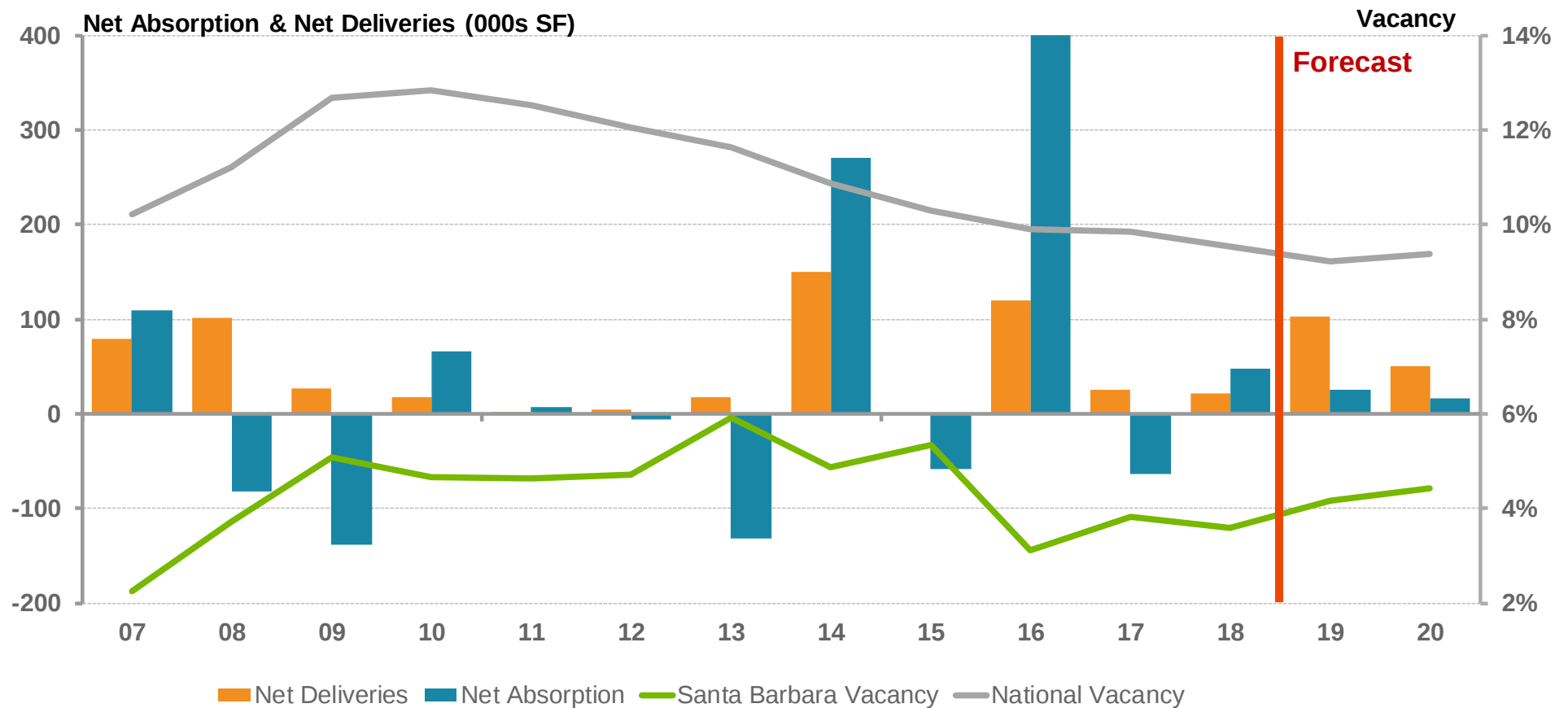


Source: CoStar

End of 18Q4



Santa Barbara Office Fundamentals

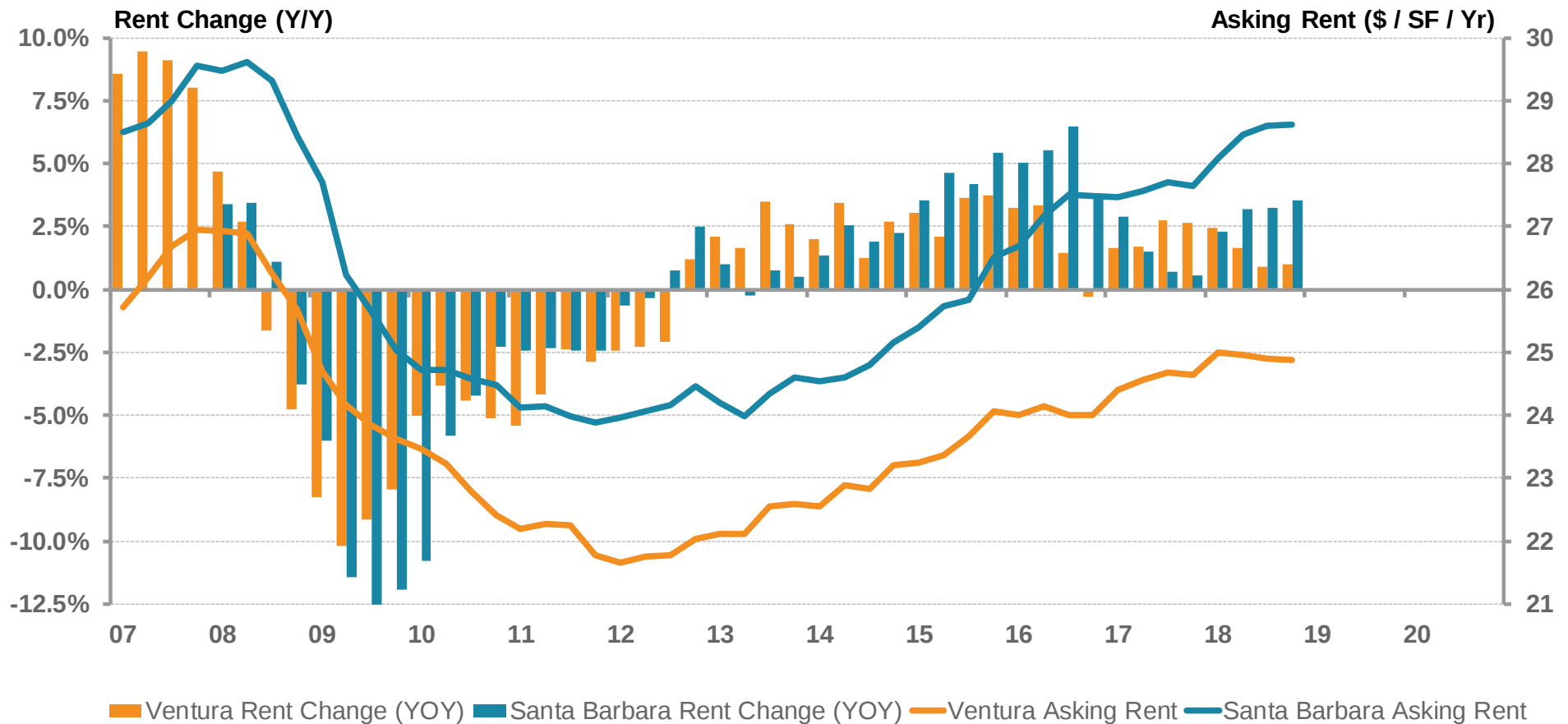


Source: CoStar

End of 18Q4



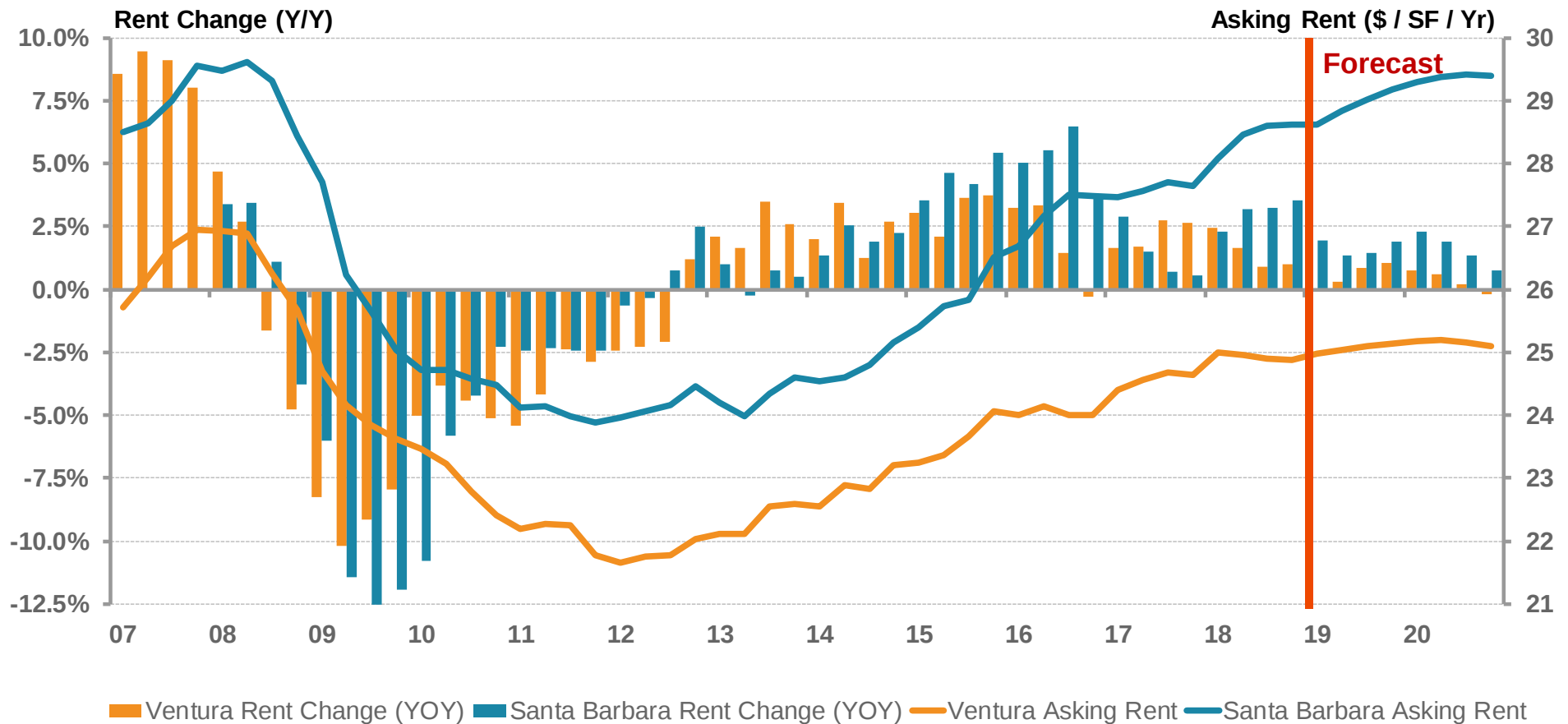
Ventura and Santa Barbara Office Rents



Source: CoStar

End of 18Q4

Ventura and Santa Barbara Office Rents



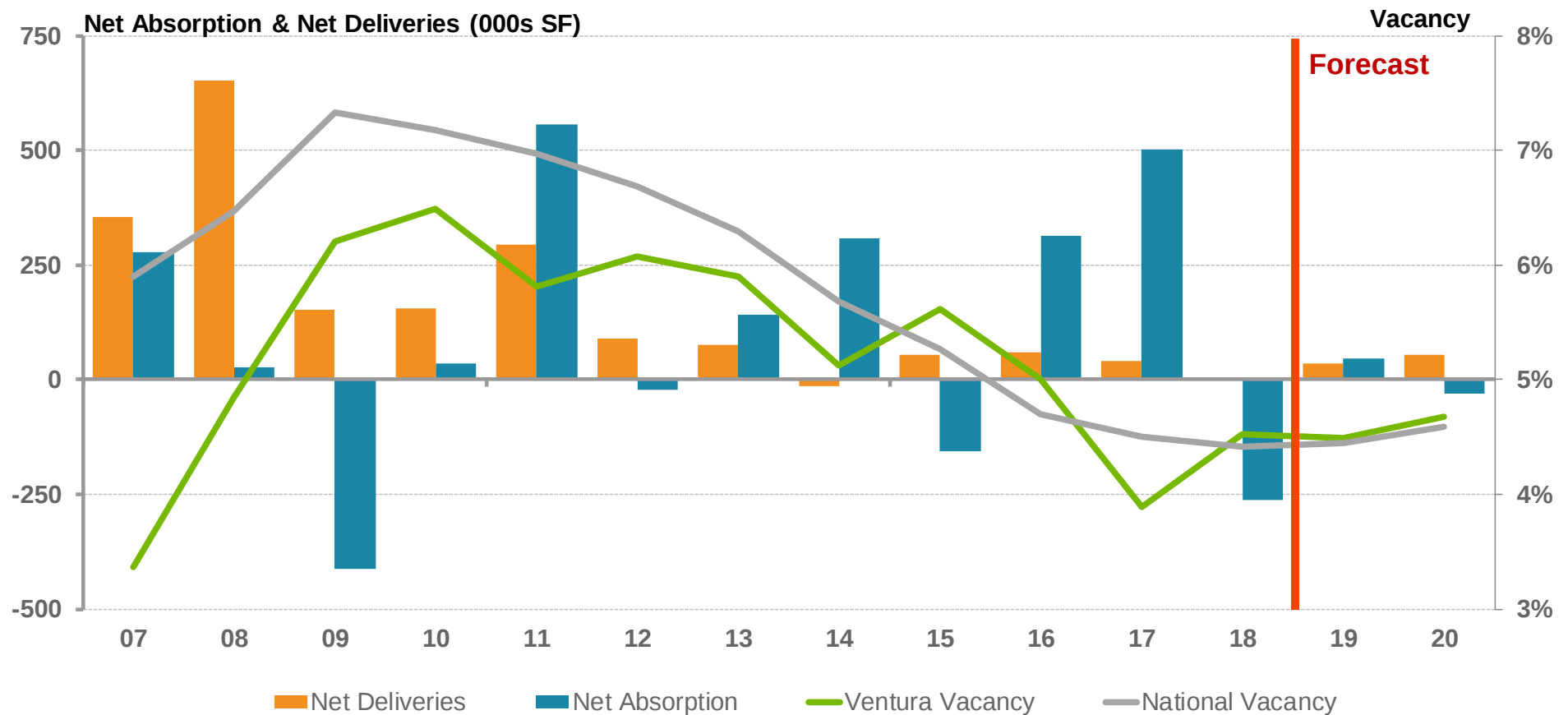
Source: CoStar

End of 18Q4

Retail Market



Ventura Retail Fundamentals

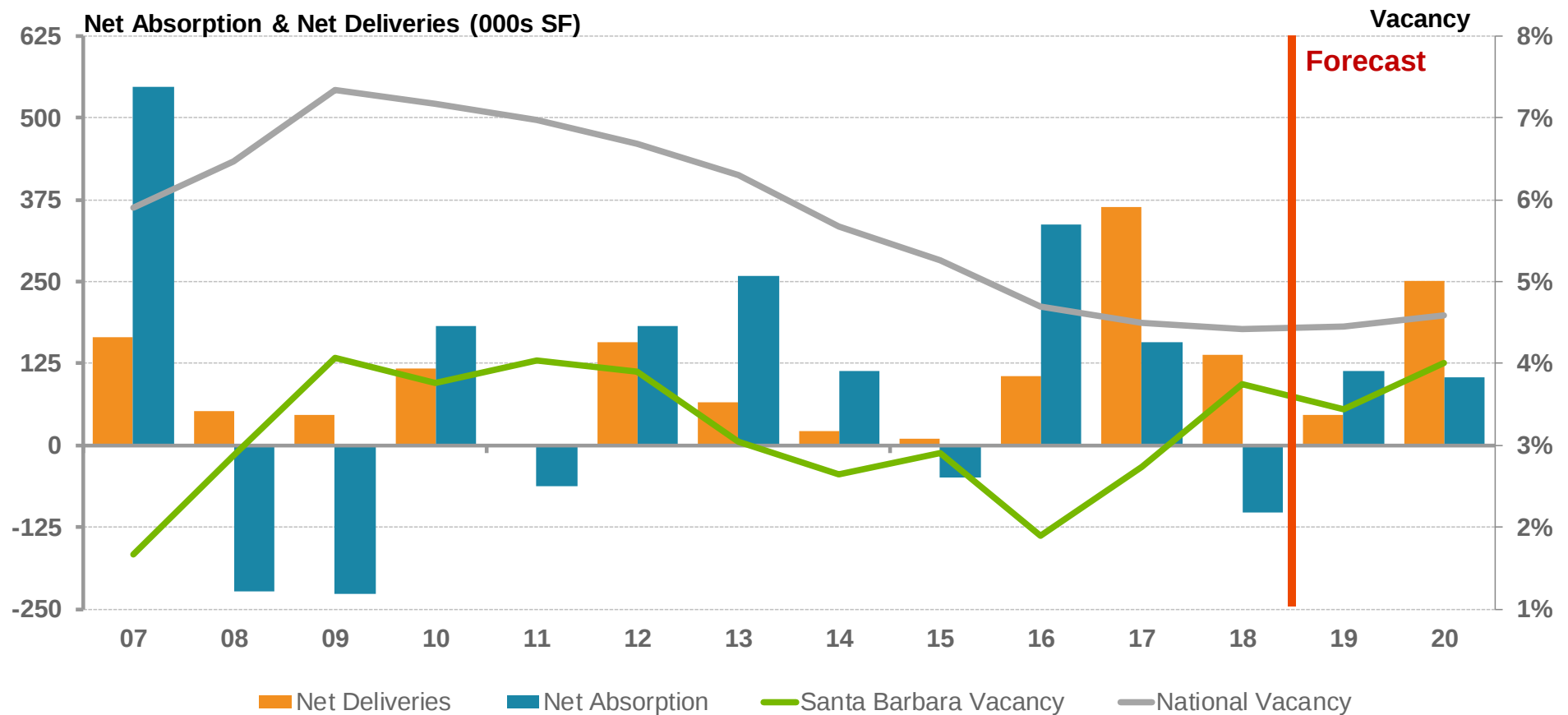


Source: CoStar

End of 18Q4



Santa Barbara Retail Fundamentals

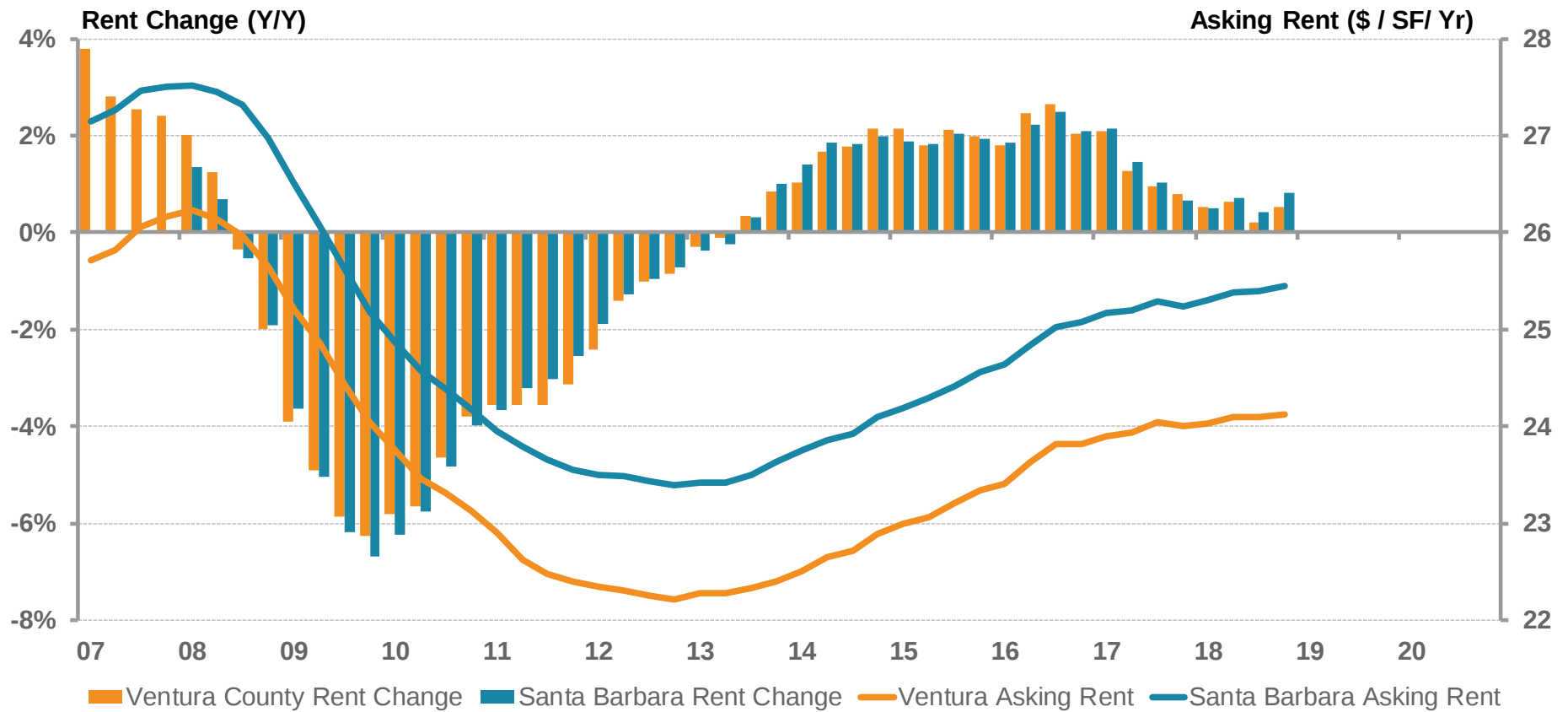


Source: CoStar

End of 18Q4



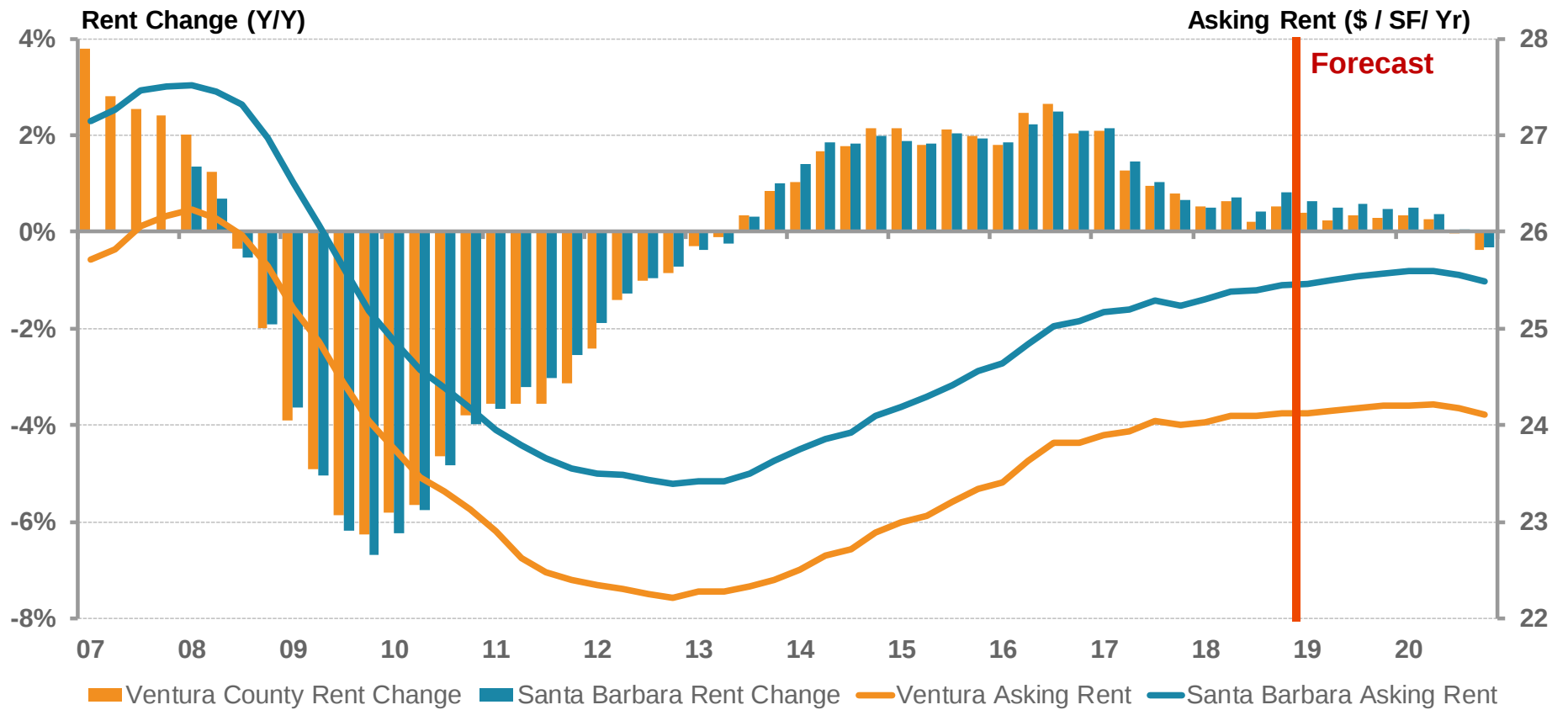
Ventura and Santa Barbara Retail Rents



Source: CoStar

End of 18Q4

Ventura and Santa Barbara Retail Rents



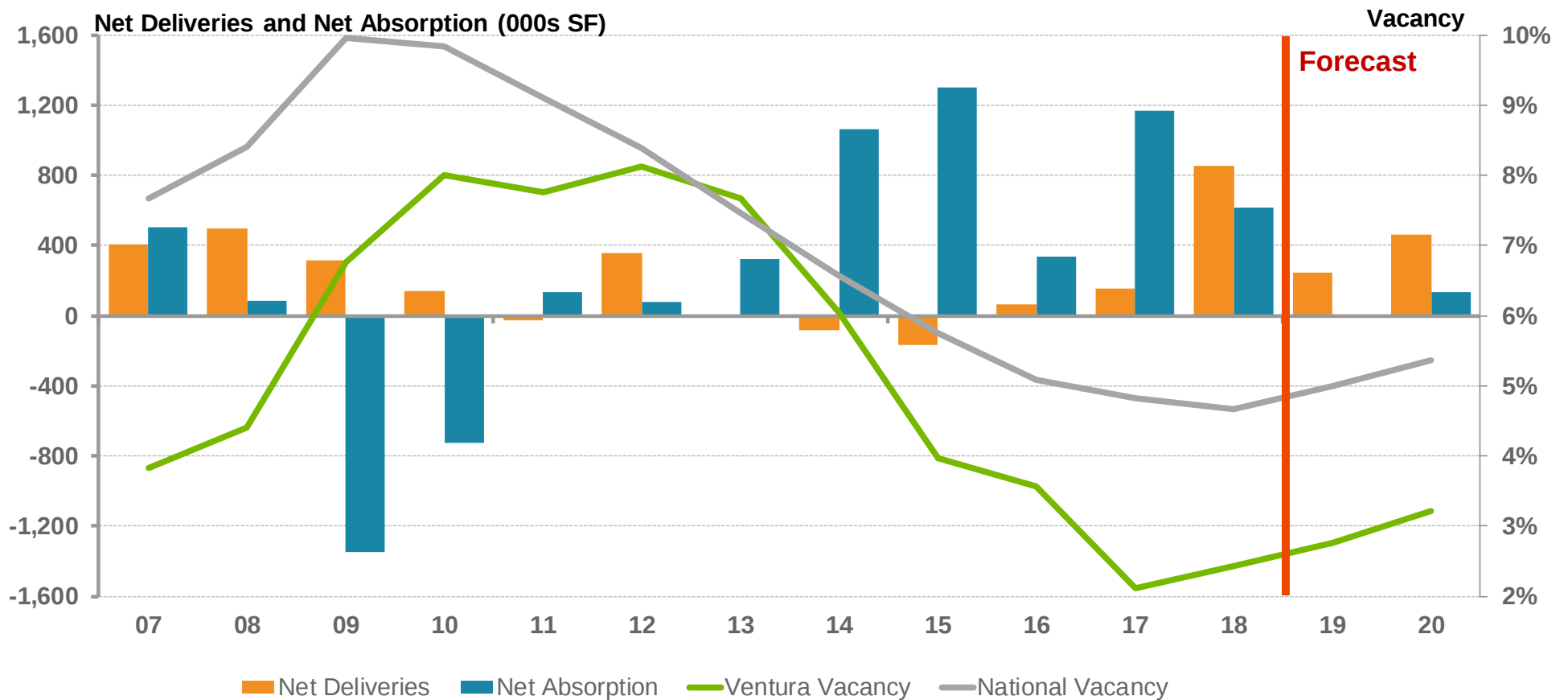
Source: CoStar

End of 18Q4

Industrial Market



Ventura Industrial Fundamentals

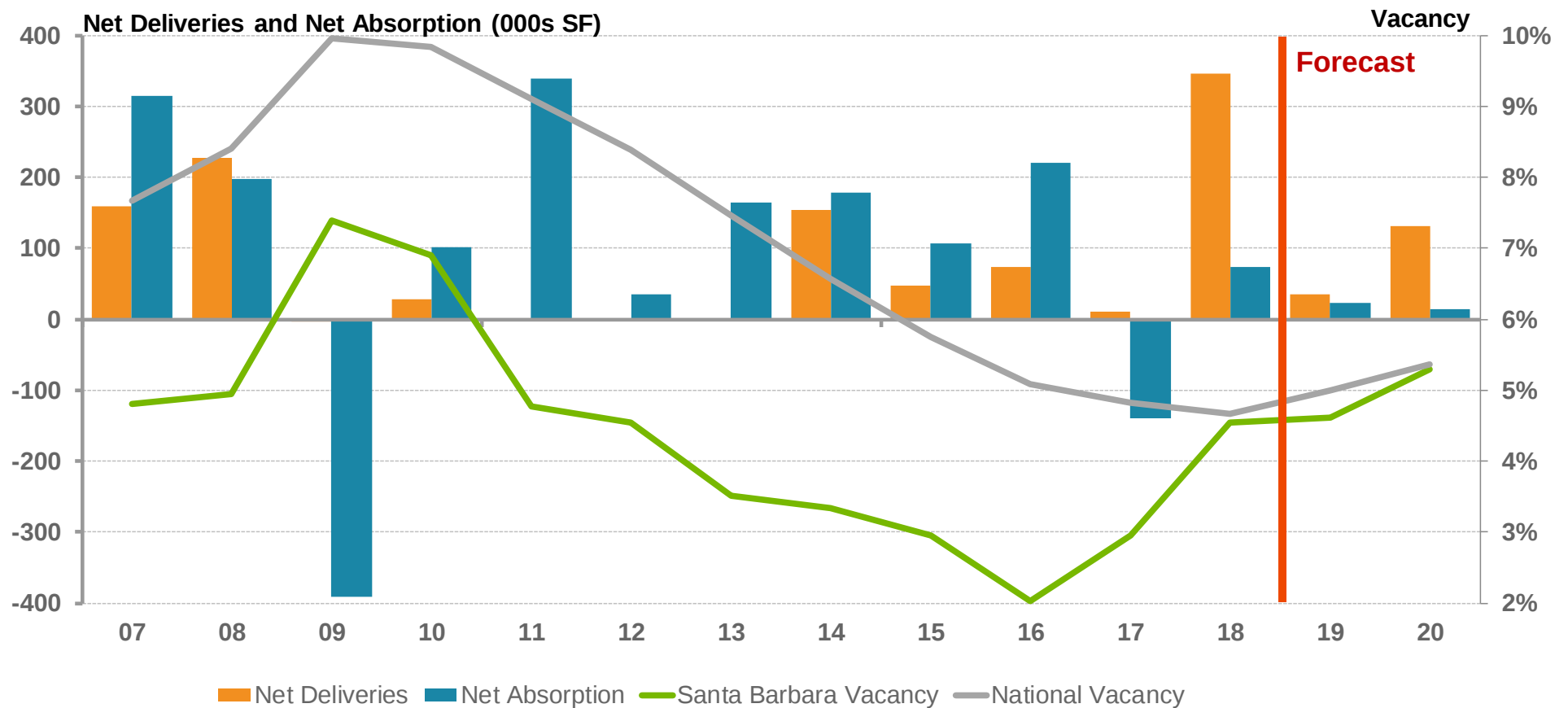


Source: CoStar

End of 18Q4



Santa Barbara Industrial Fundamentals

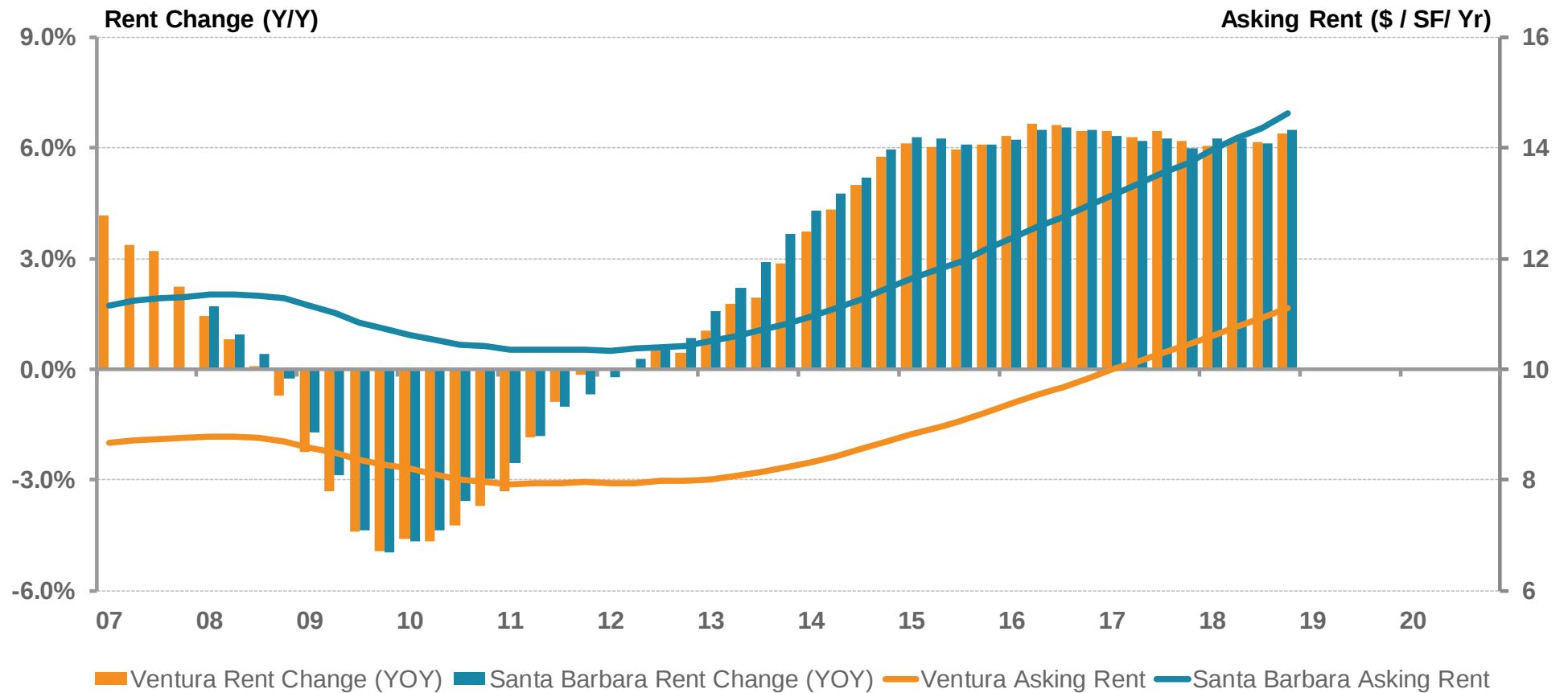


Source: CoStar

End of 18Q4



Ventura and Santa Barbara Industrial Rents

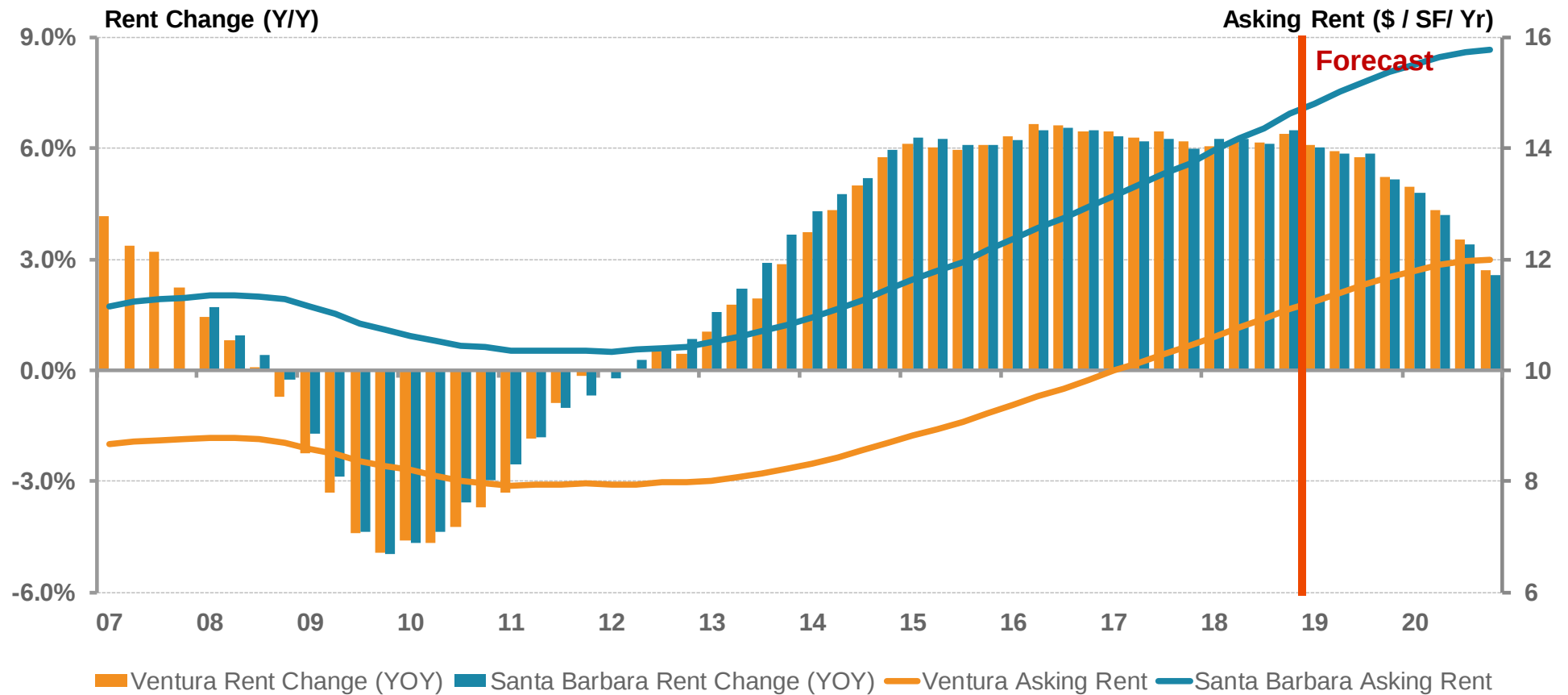


Source: CoStar

End of 18Q4



Ventura and Santa Barbara Industrial Rents



Source: CoStar

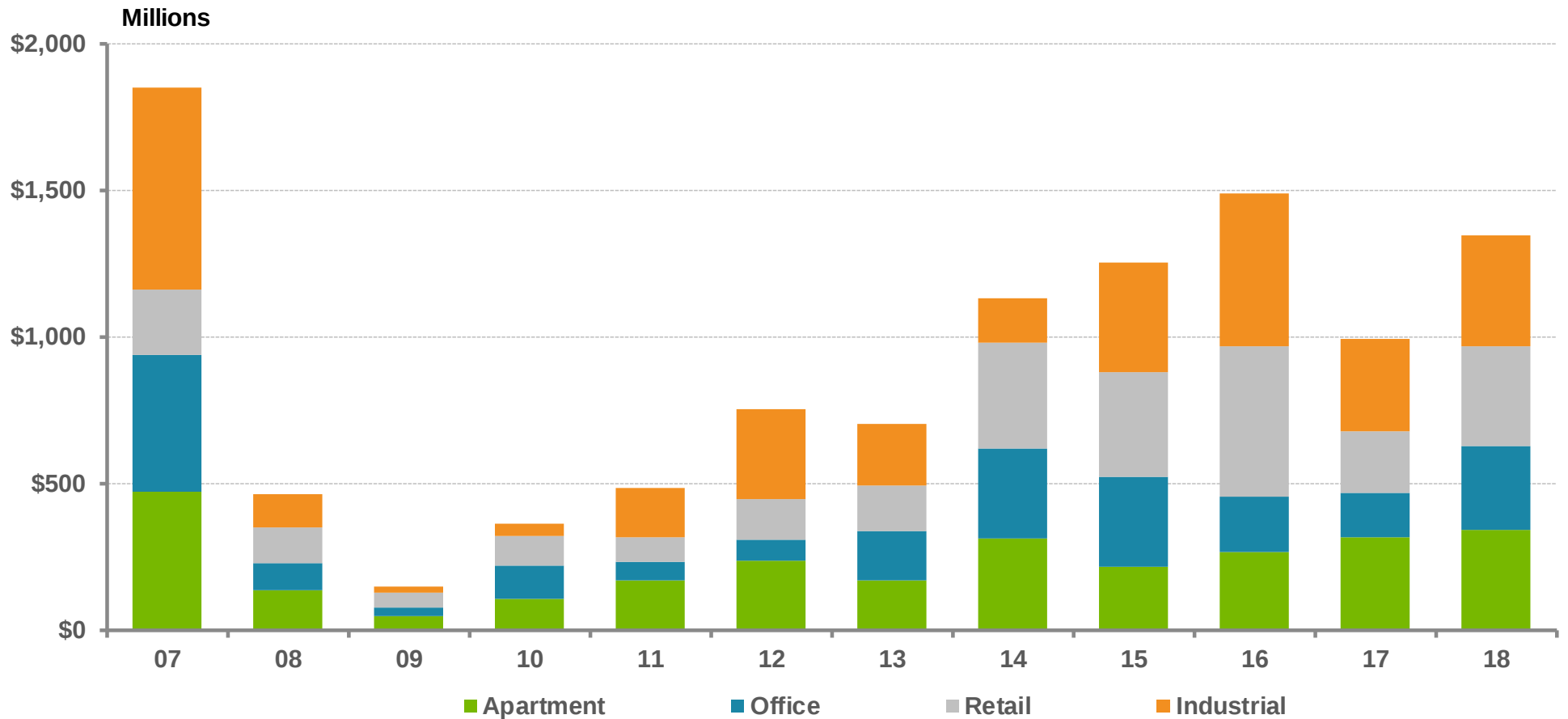
End of 18Q4



Sales Activity



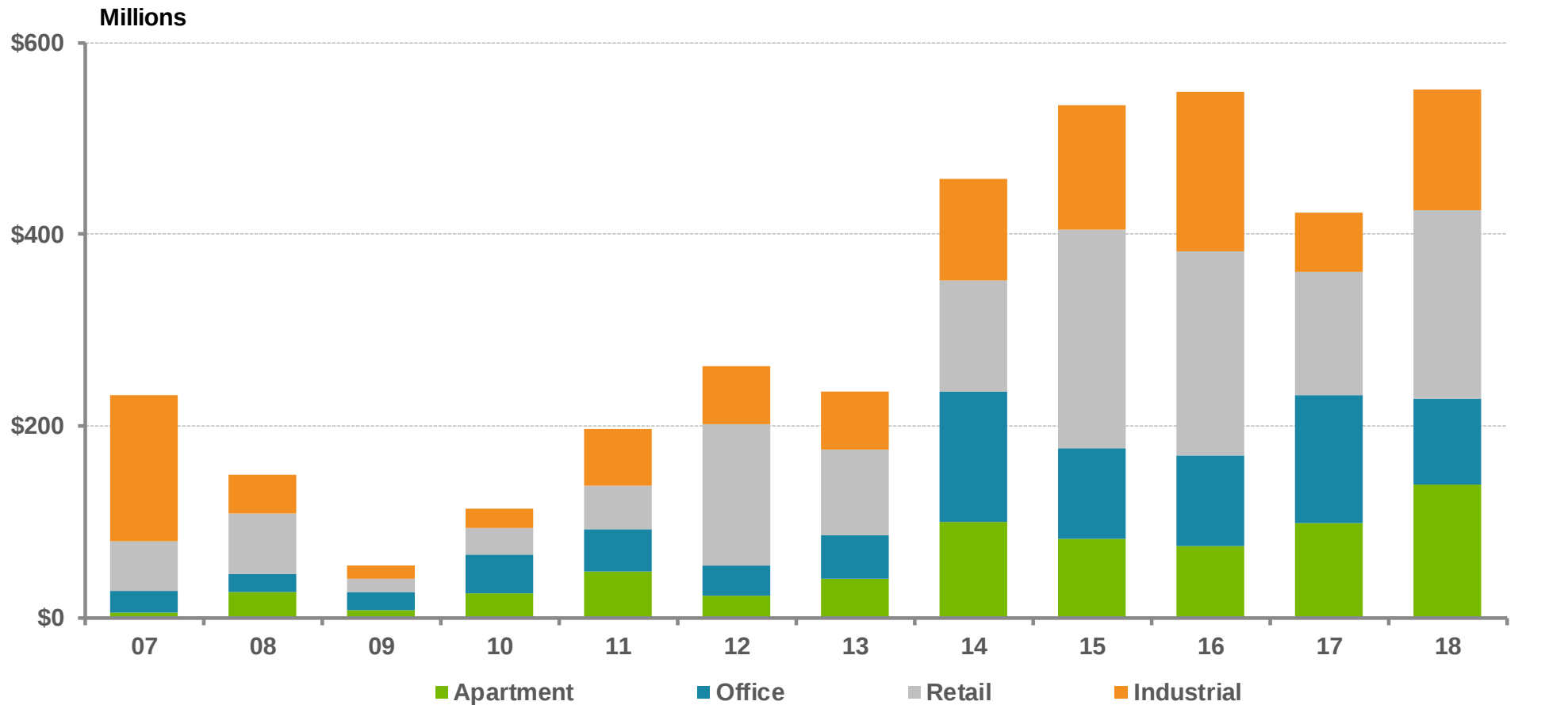
Ventura CRE Sales Volume



Source: CoStar

End of 18Q4

Santa Barbara CRE Sales Volume

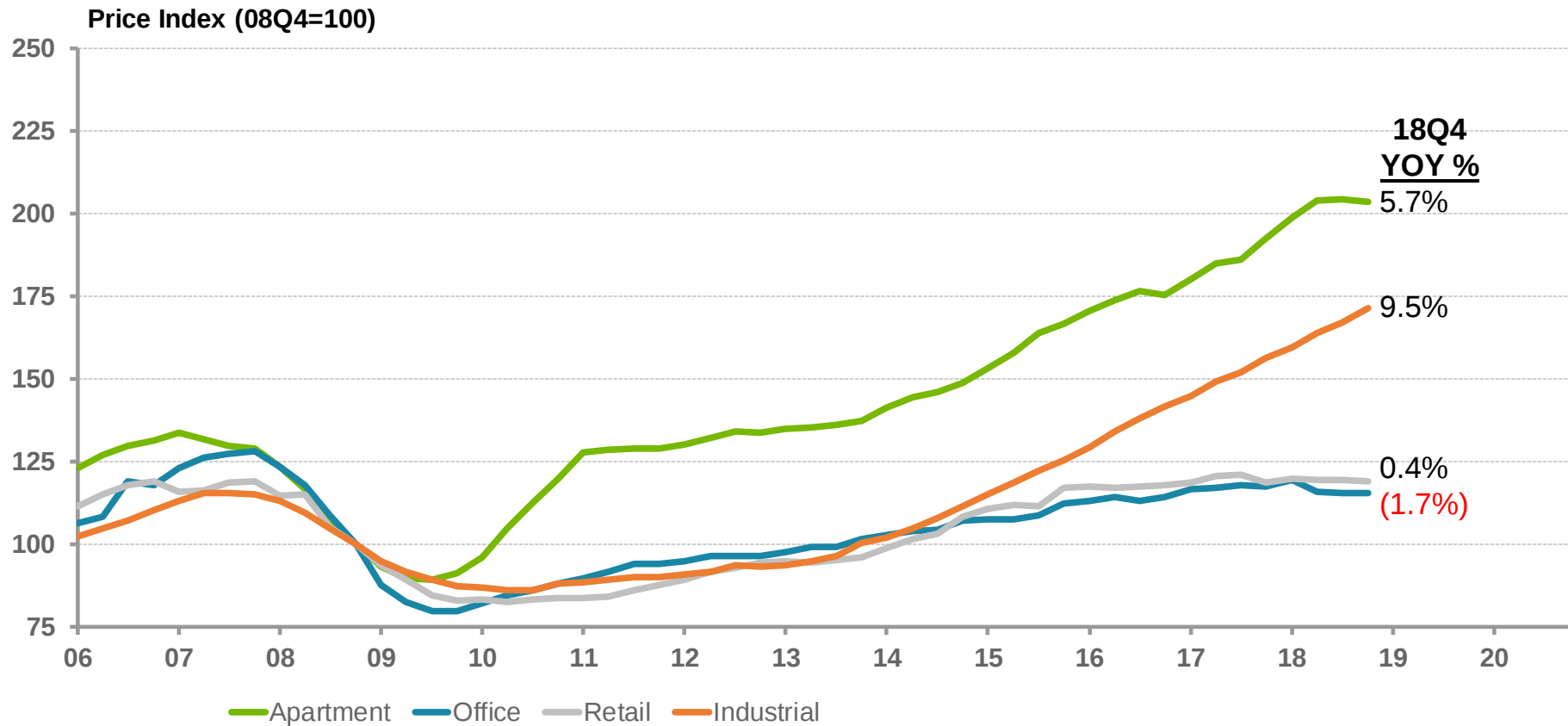


Source: CoStar

End of 18Q4



Ventura County Price Index

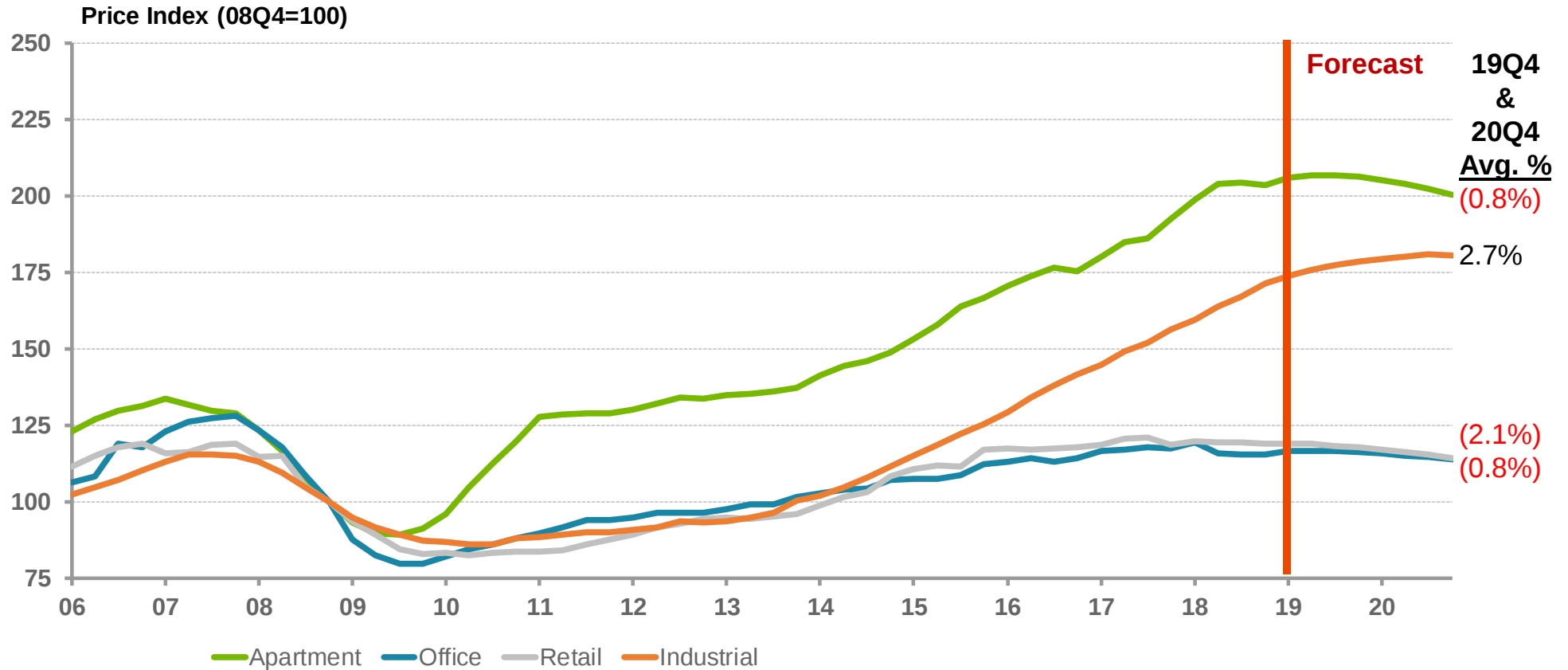


Source: CoStar

End of 18Q4



Ventura Price Index

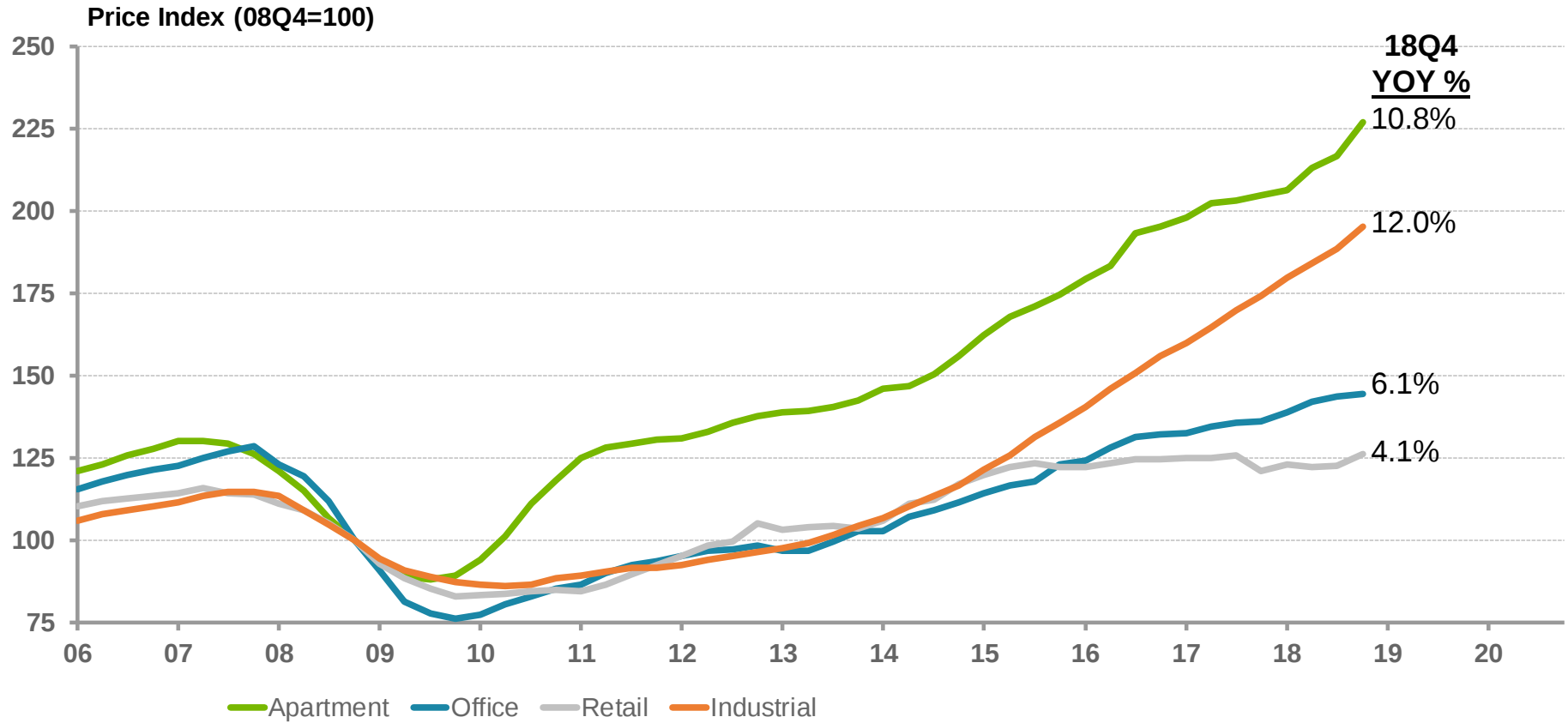


Source: CoStar

End of 18Q4



Santa Barbara Price Index

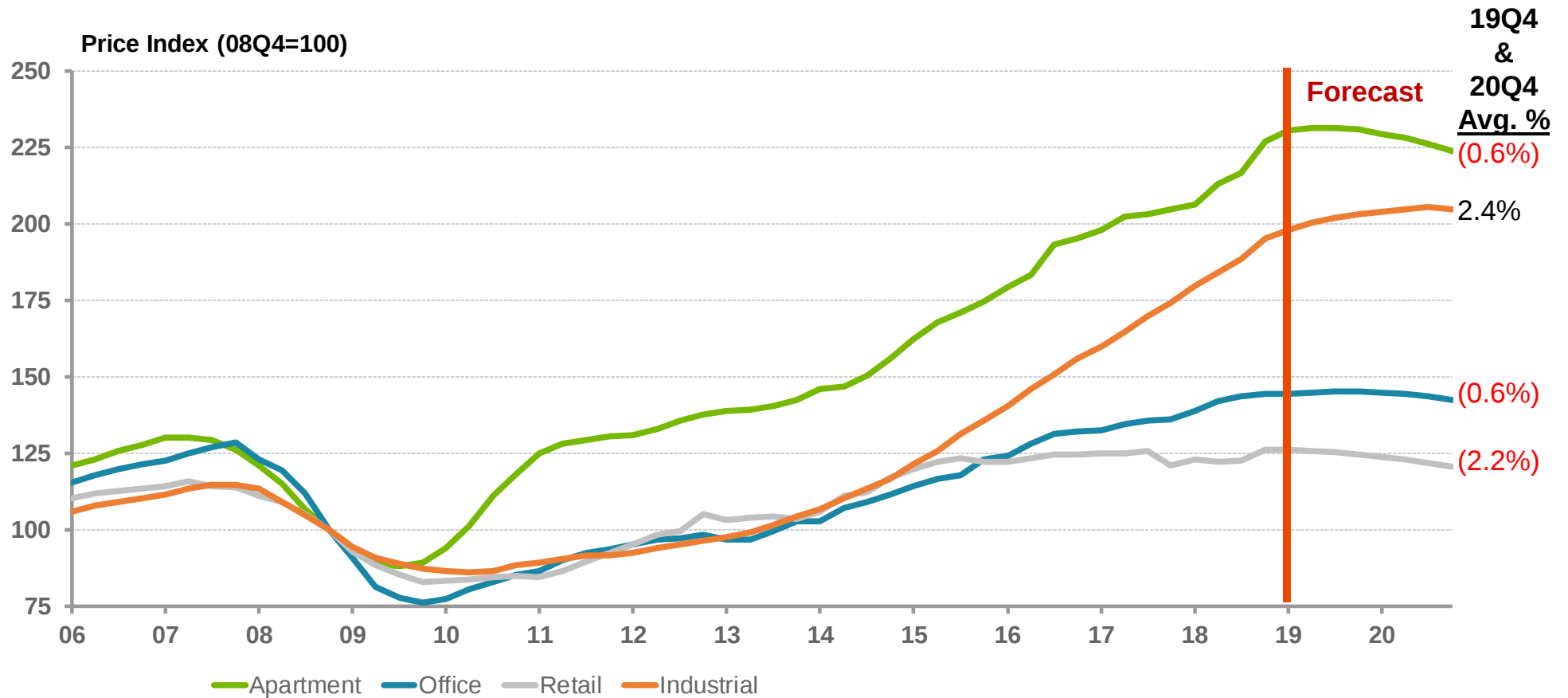


Source: CoStar

End of 18Q4



Santa Barbara Price Index



Source: CoStar

End of 18Q4





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