

2019 ANNUAL REPORT



SOUTHERN CALIFORNIA'S PREMIER REAL ESTATE MARKETING TEAM

Voit
REAL ESTATE SERVICES

**THE ZEHNER
DAVENPORT**
INDUSTRIAL GROUP



2019

THE BEAT GOES ON

We predicted a year ago that Southern California's industrial property market would maintain the status quo, which meant that vacancy would remain extremely low, rents and sales prices would keep moving higher, and despite political tensions at home and global economic challenges abroad, business decisions would be made with an optimistic slant. For the most part, that turned out just the way we expected. Our team had our busiest year ever, completing 90 leases and 22 sales, despite tight market conditions.

One thing we did not anticipate was the return of mortgage interest rates to an historic low point. The Fed cut its Fed Funds Rate three times during the year, and that brought the yield down on the 10-year Treasury bond, the primary benchmark for setting mortgage interest rates. That was welcome news for buyers and sellers, as the lower cost of capital helped to absorb the impact of the steady increase in sales prices.

Landlords were no less picky than their prospective tenants in 2019. They continued to take advantage of the low-supply environment by pushing for longer leases, better credit and nominal tenant incentives. One very interesting change during the year was the narrowing gap in lease rate based on size range. Historically, smaller spaces have commanded disproportionately higher rates, but property taxes, the main operating expense component, have moved sharply higher in larger buildings that have recently changed hands at record prices. We are currently marketing a 200,000-square-foot building with a \$.26 per square foot per month property tax pass-through to the eventual occupant.

Looking forward we see a mixed bag of economic and political forces that could significantly influence business decisions going forward. Key economic indicators bode well for 2020. US GDP growth is holding in the low 2% range, which is enough to keep the current recovery going. Unemployment is at a 60-year low and wage growth, especially in the lower tier, is running well ahead of inflation. That has boosted consumer spending heading into the new year. Add the fact that trade tensions have eased with the signing of a preliminary agreement with China and the finalization of the USMCA, a long-anticipated replacement for the outdated NAFTA treaty. The easing of tariffs on a wide variety of goods should give Southern California a welcome boost, given the fact that more than a third of US port activity takes place at the ports of Long Beach and Los Angeles.

The General Election in November is perhaps the biggest wild card in our market outlook. Upcoming elections often slow down decision making and ratchet up uncertainty, but this time around there may be more at stake, as the policy differences between our current president and any of the Democratic Party's candidates are at opposite ends of the political spectrum, especially when it comes to taxation and the regulatory environment. If the polls indicate a tight race after primary season, we can expect to see tenants, buyers, sellers and landlords take more of a wait-and-see approach.

COVERAGE

OWNER USER SALES

INVESTMENT SALES

LANDLORD & TENANT REPRESENTATION

DEVELOPMENT SERVICES

CONSULTING & DUE DILIGENCE

MARKET RESEARCH

FINANCIAL ANALYSIS

VALUATION



RECAP



11 INVESTMENT SALES	126 TRANSACTIONS	22 SALES	93 LEASES	4,483,004 SQUARE FEET
\$431,663,753 CONSIDERATION				

TEAM



MITCH ZEHNER
EXECUTIVE VICE PRESIDENT

Mitch began his career in 1984. Mitch's reputation as a tireless advocate is well-known and well-deserved. He approaches every transaction as if he is standing in the shoes of his client, and that has earned him the loyalty and respect of everyone he works with.

He is driven by competitive spirit and the fierce desire to do things right and do them well.



SETH DAVENPORT
EXECUTIVE VICE PRESIDENT

Seth brings over a decade of industrial experience and an impressive transaction record to the team. A character in so many respects, Seth has risen to the top of the commercial real estate heap in record time. He brings to his clients a unique blend of hard work, market intelligence, communication skill and sense of humor that produces superior results.

People do business with him because they like him and they trust him.



JENNIFER ELLISON
EXECUTIVE CLIENT COORDINATOR

Now in her 21st year in commercial real estate, Jennifer's broad knowledge base, practical experience and focus on quality is essential to the team's operating efficiency.

As Executive Client coordinator, the team counts on her to keep things moving relative to all team listings, transactions in progress and marketing programs.



SABAS VARGAS
EXECUTIVE CLIENT COORDINATOR

Sabas has been with the Zehner Davenport Industrial Group for over 20 years. He has been described by his Managing Director as the "world's greatest employee" and his teammates agree.

He is the team's go-to resource for so many things, but is primarily involved in aggregating market data, developing digital and print marketing collateral.



We thank you for your continued support of our efforts. We continue to expand our platform of tools and resources, so that you remain confident in your decision to choose us as your real estate advisor. If we haven't had that the opportunity to serve you yet, we certainly look forward to doing so soon.



ADAM HILL
VICE PRESIDENT

As a former Vice President of Sales and Marketing, Adam has over 17 years of business and sales experience, having built a start-up company from the ground up, into a market-leader. His successes stem from his ability to connect with business owners, understanding their core needs and building relationships that add value. He has a reputation for being a passionate, reliable, and trust worthy business advisor that is willing to go the extra mile and always has his client's best interests at heart.



MICHAEL ZEHNER
SENIOR ASSOCIATE

Michael is currently in his 8th year with Voit Real Estate Services as a Senior Associate. He joined the firm after graduating from the University of San Diego. Michael has taken on the North Orange County Market with a "boots on the ground" approach, actively marketing and digging up business on a daily basis. Michael is responsible for building team business development, marketing and all aspects of sales and leasing. His focus is always on the principles of diligent work and integrity, to ensure that his client's best interest is the number one priority and that every transaction is as seamless as possible.



BRYSON LLOYD
SENIOR ASSOCIATE

As a member of USC's Football Team beginning in 2009, Bryson developed a strong work ethic, team orientation and competitive spirit that he now brings to the Zehner Davenport Industrial Group. He is responsible for developing new client relationships and marketing of the team's listings in the Mid-Counties area of Los Angeles. Bryson brings a unique blend of youthful spirit, strong determination, and commitment to service that make him a valuable addition to the team.

PARTIAL CLIENT LIST





This team brings a blend of market knowledge, strategy, and honesty to every transaction. There is a reason they are market leaders. We chose to only work with the best, and we recommend The Zehner Group. Mitch Payton, Owner & President - Pro Circuit Racing International



NOTABLE 2019 TRANSACTIONS

INVESTMENT SALE
REPRESENTED SELLER & BUYER
\$123,650,000



BECKMAN BUSINESS CENTER
210 Lambert, 4260 & 4278 N. Harbor Blvd.
Fullerton, California
663,257 SQ. FT. INDUSTRIAL BUILDINGS

INDUSTRIAL SALE
REPRESENTED SELLER
\$20,959,078



BECKMAN BUSINESS CENTER
4250 N. Harbor Boulevard
Fullerton, California
105,322 SQ. FT. INDUSTRIAL BUILDING

LAND SALE
REPRESENTED BUYER
\$24,000,000



PHOENIX CLUB LAND
1200 & 1204 S. Phoenix Club Drive
Anaheim, California
18.12 ACRES OF LAND

INDUSTRIAL LEASE
REPRESENTED LANDLORD
\$13,553,312



434 W. MEATS AVENUE
434 W. Meats Avenue
Orange, California
173,809 SQ. FT. INDUSTRIAL BUILDING

INVESTMENT SALE
REPRESENTED SELLER & BUYER
\$15,900,000



OFFICE BUILDING SALE
2742 Dow Avenue
Tustin, California
51,588 SQ. FT. OFFICE BUILDING

INVESTMENT SALE
REPRESENTED SELLER
\$16,489,830



BECKMAN BUSINESS CENTER
4320 N. Harbor Boulevard
Fullerton, California
78,523 SQ. FT. INDUSTRIAL BUILDING



To sum up or take on 2020, we expect “slightly less of the same”. By that we mean that lease rates and sales prices will keep moving higher, but at a more moderate pace, and businesses will remain in growth mode, but with a greater focus on controlling occupancy costs.

INDUSTRIAL SALE

REPRESENTED SELLER & BUYER

\$14,825,000



2009-2011 RAYMER AVENUE

2009-2011 Raymer Avenue
Fullerton, California

126,413 SQ. FT. INDUSTRIAL BUILDING

INDUSTRIAL LEASE

REPRESENTED LANDLORD

\$24,800,000



BECKMAN BUSINESS CENTER

4278 North Harbor Boulevard
Fullerton, California

212,202 SQ. FT. INDUSTRIAL BUILDING

INVESTMENT SALE

REPRESENTED BUYER

\$8,200,000



2365 RAILROAD STREET

2365 Railroad Street
Corona, California

42,912 SQ. FT. INDUSTRIAL BUILDING

INVESTMENT SALE

REPRESENTED BUYER

\$21,300,000



A.H. BUSINESS CENTER

5100-5150 E. La Palma Avenue
Anaheim Hills, California

154,627 SQ. FT. BUSINESS PARK SALE

INVESTMENT SALE

REPRESENTED SELLER & BUYER

\$20,750,000



F.V. COMMERCE CENTER

17151-17233 Newhope Street
Fountain Valley, California

118,007 SQ. FT. BUSINESS PARK SALE

INVESTMENT SALE

REPRESENTED BUYER & SELLER

\$7,500,000



15415 MARQUARDT AVENUE

15415 Marquardt Avenue
Santa Fe Springs, California

59,669 SQ. FT. INDUSTRIAL BUILDING



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